1 Top Stock to Buy Instead of Air Canada (TSX:AC)

Description

There are a great deal of unknowns facing the global airline industry. Many investors are concerned that air travel may never return to pre-pandemic levels.

Air Canada (TSX:AC) is certainly not immune to these concerns. As employees get used to working from home and businesses realize savings from expensive travel, air traffic could be impacted for years to come.

Even with drastic cost-cutting measures, the company continues to bleed cash. Every day that its planes aren't in the air, Air Canada is losing money. This has been a devastating blow to Air Canada and its investors.

Contrast this with another **TSX** stock that has seen record growth – **Real Matters** (TSX:REAL).

One of the hottest technology stocks

Real Matters, based in Markham, Ontario, offers an alternative to the traditional residential appraisal and mortgage lending industry in Canada and the United States.

The company's proprietary platform combines network management capabilities with independent qualified Field Agents to create an efficient and unique marketplace. This system eliminates the high cost and long processing time typically associated with getting an appraisal and a mortgage.

This concept seems to be taking off: Real Matters is one of the hottest technology companies of this year.

Real Matters quarterly earnings release

In the second quarter earnings release, the company reported adjusted EBITDA increased to $14.6 million from $2.8 million in the second quarter of 2019. This remarkable growth was due in large part to the strength of the U.S. refinance origination market.

As a result of significant year-over-year increases in market share and new client additions, the company recorded market-adjusted growth of 18.5% in the U.S. appraisal and 145.5% in the U.S. title business.

The growth was also seen in Canada, with second quarter revenues up 40.6% year over year. Adjusted EBITDA increased to $0.8 million from $0.4 million in the same quarter of 2019.

These fantastic results were mainly driven by higher appraisal volumes from increasing market share for certain Canadian clients coupled with and a strong mortgage origination market in Canada.

Keep in mind that these results include the month of March, when the world was well into the COVID-19 crisis.

Outlook going forward

Although the company expects weaker results in the current quarter due to the pandemic, Real Matters foresees strong annual earnings growth of 50% over the next couple of years.

While the full impact of the coronavirus on the housing market is unclear, sales and listings have dramatically decreased. In the Greater Toronto Area, which was in the midst of a red-hot real estate market before the pandemic, home sales were down 69% year over year last month, as reported by the Toronto Regional Real Estate Board.

Despite the drop in new contracts, low interest rates are contributing to an uptick in refinancing. Real Matters management estimates at least 14.5 million mortgage holders will refinance their 30-year mortgage rates.

The bottom line

With a global economic crisis unfolding, it appears we are in a low interest rate environment for the foreseeable future, which should continue to boost the mortgage refinancing business which bodes well for Real Matters.

Although the company got off to a slow start following its IPO, in recent quarters, Real Matters has shown solid growth and is currently on track for a strong showing this year.

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