



Buy Airbnb Stock or This 1 Beaten-Up REIT?

Description

The news that **Airbnb** is gearing up to go public shouldn't surprise anybody. This IPO has been in the pipeline for some time. It's the timing that's notable, however. Airbnb is clearly bullish on a recovery. But should investors be convinced? And if investors are bullish on holiday rentals, wouldn't they be better off investing in a relevant REIT instead? Let's take a look at the facts.

Details are thin on the ground when it comes to the Airbnb IPO. In fact, other than the Wednesday announcement of the [intention to go public](#), not much else is known. The draft registration statement has been sent to the Securities and Exchange Commission (SEC), so now it's just a waiting game. Details such as the number of shares to be sold, their price range, and the date of the IPO are not yet known.

Buy an established competitor in this space?

Based on the kind of future cash flows that **American Hotel Income Properties REIT** ([TSX:HOT.UN](#)) is expected to generate, this name is around 85% undervalued, which makes this the ideal time to buy in with a view to long-term ownership. This name is coiled like a spring, packed with growth potential. Shareholders might expect 80% earnings growth over the next one to three years.

Indeed, this has been one of the worst-hit REITs on the **TSX** during the pandemic. Everything about hotel investing was wrong for the market. From travel disruption to a tourism shutdown, from cancelled conferences to a business downturn, hotels were in the direct firing line of the pandemic. But the losses of the March market crash could be the gains of the coming recovery. A vaccine could heal this whole sector.

A three-year forecast dividend yield of between 7% and 8% seems likely. The estimated payout ratio of 23% indicates suitable coverage with room for dividend growth. This makes American Hotel a speculative play for passive post-recovery income. As a trust, this REIT also offers a certain amount of diversification. A P/B ratio of 0.4 times book further indicates a thoroughly chewed-up asset selling at rock bottom prices.

Or buy this new IPO for the upside

Of course, investors in it for the upside are likely to buy Airbnb for its [momentum potential](#), not just its area of business. But for momentum investors, there are less risky options out there. For instance, IPO investors may wish to take a look at **Jamf**, which went public last month. This brand new tech stock shares a stable with Apple and could offer a derivative play for some reflected upside but at a lower outlay.

Alternatives for steep upside generation can also be found in the commodities bracket at the moment. Consider gold, lithium, forest products, or even uranium. These materials could see ongoing rising prices, boosting producers.

Gold is likely to continue to trend higher, marking an unlikely mix of safe-haven stability with 2020's characteristic mid-pandemic greed. Meanwhile, Lithium is a play for electric vehicle upside.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

POST TAG

1. recent ipo

TICKERS GLOBAL

1. TSX:HOT.UN (American Hotel Income Properties REIT LP)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks

2. Investing
3. Stocks for Beginners
4. Tech Stocks

Tags

1. recent ipo

Date

2025/07/01

Date Created

2020/08/21

Author

vhetherington

default watermark

default watermark