Alert: Better Buy Than Shopify (TSX:SHOP) Stock

Description

There's no doubt about it. **Shopify** (TSX:SHOP)(NYSE:SHOP) stock has been phenomenal. Talk about a multibagger! It has climbed more than 3,300% since its initial public offering in late 2015!

The e-commerce company has simply prospered even more throughout the pandemic as businesses of different sizes scrambled to take more of their business online.

In the first three quarters this year, Shopify posted revenues of nearly US$2 billion, up 82% year over year. It particular, it gained massive traction in Q2 and Q3, with revenue growth of 96-97%, when the pandemic had been most impactful in disrupting the global economy.

The concern is that Shopify's growth could taper off as news of effective vaccines to battle against the pandemic come into the scene. Trading at 268 times forward earnings or 34 times forward sales, Shopify stock is easily one of the most expensive stocks on the stock market!

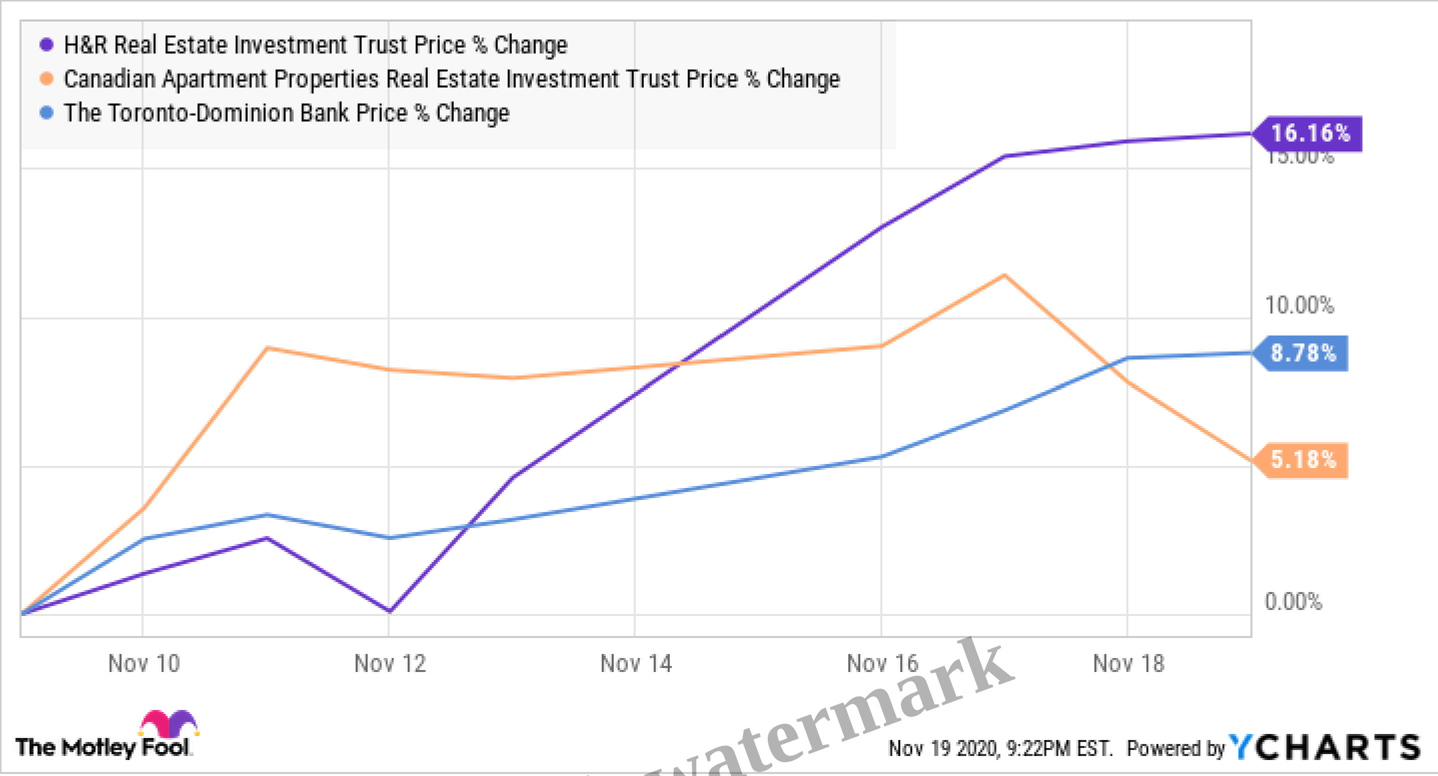
Yet, the stock's price momentum remains strong. After running up nearly 600% since 2019, the growth stock has been in consolidation mode since mid-year.

All said and done, to be on the safe side, it's best to consider Shopify stock as a "hold." And if you really want to build a position in the growth name, consider nibbling when it trades close to the bottom of its sideways channel at approximately US$900 per share. (When it trades at that price, you can either buy it on the **TSX** or **NYSE**.) And if it experiences a huge selloff, you can consider buying many more shares.

What's a better buy than Shopify stock?

Shopify stock and other stocks that have benefited from the pandemic have been bid up already. Due to the positive news of effective vaccines, money has rotated from growth stocks to value stocks.

Certain value stocks like **H&R REIT**, **Canadian Apartment Properties REIT**, and **Toronto-Dominion Bank** have more or less experienced a selloff from macro pandemic worries. Investors have accumulated and bid up shares in these names since last week, as shown in the graph below.



Data by YCharts. The price action of HR.UN, CAR.UN, and TD since November 9, 2020.

Since H&R REIT experienced the greatest pandemic impact due to its retail properties portfolio, it remains the best-value buy of the bunch. Investors who believe the economy will return to normal with an investment horizon of at least three years might consider the stock for outsized price appreciation while collecting a 5% yield.

Canadian Apartment Properties REIT (or CAPREIT) and TD stock are high-quality names in their respective industries. Conservative investors can therefore also consider buying shares in these solid dividend stocks. CAPREIT and TD stocks provide safe yields of about 2.8% and 4.6%, respectively.

The Foolish takeaway

Many growth stocks have had a nice decade's long run up. Shopify stock particularly experienced a super rally since 2019. The stock is now super expensive!

For now, it's much safer for investors to put new money in value stocks that pay decent dividends and have nice upside over the next one to two years. Of course, if Shopify stock experiences a correction, it will be a good time to consider buying some shares for exposure to long-term e-commerce growth.

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