



Forget Airbnb (NASDAQ:ABNB): Buy This Canadian Growth Stock Instead

Description

Short-term rental giant **Airbnb** ([NASDAQ:ABNB](#)) is about to list today and will likely be one of the biggest [initial public offerings \(IPO\)](#) of this year. Investors have been waiting to buy Airbnb stock for years, but I'm concerned the valuation may be too high. Instead, Canadian investors can focus on a more modestly priced tech stock.

If you're looking for a potential multibagger, here's what you need to know.

Airbnb's stock valuation

To be fair, I admire Airbnb. I believe it is one of the most intriguing tech companies in the world with massive potential for upside. That being said, I'm not the only one who recognizes this potential. Demand for Airbnb stock has been sky high in recent weeks, and I have no doubt the stock will open much higher than its listing valuation.

Airbnb was worth US\$41 billion last year. That dropped to about US\$26 billion in March this year as the crisis erupted. Now, the company is listing at US\$42 billion. In other words, there is no discount for the loss of revenue and business during this crisis.

Meanwhile, Airbnb's closest rival, **Booking.com**, is worth US\$86 billion. In other words, Airbnb's growth potential seems to be priced in already, and its valuation could be fair. However, I believe investors should focus on overlooked, underhyped, and unfairly undervalued growth stocks to generate better returns.

Potential alternative

Payment tech stock **Nuvei** (TSX:NVEI) doesn't get as much attention as Airbnb, but could promise better performance over the long run. The global digital payments market is estimated to be worth \$197 billion by 2025. Meanwhile, Nuvei's valuation is just \$8.4 billion at the moment.

[My Fool colleague Jed Lloren](#) believes the rise of online gaming and increasing adoption of online shopping could drive Nuvei stock to multibagger returns. I believe there are more factors driving the

company's growth.

As digital payments get adopted in emerging markets and more traditional commerce moves online, Nuvei's potential market size could expand. Despite this potential, the stock is overlooked by investors and trades at a much more reasonable valuation as a result.

Bottom line

As a growth investor, I've been anticipating Airbnb's stock IPO for years. Despite the turmoil of this year, Airbnb clearly has a unique business model and capacity for growth that justifies an investment. However, this IPO is so eagerly awaited that I have no doubt the price could be far higher than the listing target.

Airbnb's potential growth is priced in. For investors seeking better returns, it may be a good idea to focus on an underrated tech stock. Canadian payments giant Nuvei doesn't get a fraction of Airbnb's coverage, but it could deliver excellent returns over the long term.

Consider a fairly valued Canadian tech stock for your portfolio while you wait for the hype around Airbnb to simmer down.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:ABNB (Airbnb)
2. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/08/15

Date Created

2020/12/10

Author

vraisinghani

default watermark