2 Canadian Retail Stocks to Buy Today and Hold for the Next 2 Years

Description

As Canada winds down from its horrific third wave of COVID-19, with more jabs being put in arms, Canadians face a bright summer. I think a massive amount of pent-up consumer demand will be met this summer as consumers flock back to their favourite establishments after many months of staying inside.

That means restaurants, shopping centres, movie theatres, arcades, and all the sort could be in for a big wave of inoculated people who are more than willing to loosen their purse strings after nearly a year of aggressive saving and frugality.

In this piece, we'll have a look at two of my favourite Canadian retail stocks that could be in for major gains over the coming quarters.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) isn't a retail stock; it's a retail REIT. Still, I think it ought to be at around the top of your shopping list as we spring into Summer.

The retail REIT had been under considerable pressure through the worst of last year's lockdowns. Yet, rent collection rates were never at risk of nosediving such that the handsome distribution would have been destined for the chopping block.

SmartCentres' housed many essential retailers that still had their doors open through the worst of the COVID lockdowns. Most notably, **Walmart** continued to be a driver of mall traffic. The trend of fewer visits and larger basket sizes wasn't ideal for SmartCentres, but regardless, SmartCentres REIT's AFFOs proved pretty resilient.

As restrictions are lifted across the country, SmartCentres could be in for a wave of shoppers who are sick of ordering things online. As consumers return, Smart's more affected tenants will have a huge weight lifted off their shoulders, and SmartCentres shares could continue toward their pre-pandemic highs as occupancy rates continue to ascend.

Smart is off just 9% from its 2020 highs, with a juicy 6.3% yield.

Aritzia

Aritzia (TSX:ATZ) is a resilient retailer that broke out to a new all-time high just a few months ago. With an incredible e-commerce platform and a brand that's finding a spot with consumers at home and south of the border, it's not a mystery as to why the stock has blasted off past its pre-pandemic highs. As more people get vaccinated, Aritzia faces a wave of consumers who seek to try before they buy.

While Aritzia's digital presence is enviable, it's the physical stores that should be a major needle mover. The firm's mall-based stores have one of the best layouts of any physical store, maybe only second to **Apple** Stores. Furthermore, Aritzia's intriguing décor, which draws strongly upon the experiential factor, beckons in passing shoppers, many of whom are millennial women.

As the company looks to further replicate its Canadian success in major U.S. markets like New York and Los Angeles, I think Aritzia stock could be in for a reinvigoration of growth.

2020 was a breather year for the woman's clothing retailer, and I suspect the budding retailer will be ready to make up for lost time, as aggregate discretionary spending looks to pop on the other side of this pandemic.

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