Put Real Estate's "Unfair Advantages" to Work for Your Portfolio

Become a member of Real Estate Winners and learn how you can start earning institutional-quality returns with less than $1,000. Simply click the link below to find out more.

SIGN ME UP!

Advertiser Disclosure

millionacres
A MOTLEY FOOL SERVICE



MILLIONACRES › REAL ESTATE INVESTING › ARTICLES

Retailers Are Getting Creative To Beat Supply-Chain Woes

Sep 30, 2021 by **Nell McPherson**

Get our 43-Page Guide to Real Estate Investing Today!

GET MY FREE COPY NOW!

Costco's (NASDAQ: COST) investors were expecting good things, and recently released fourth-quarter earnings revealed the wholesaler is performing even better than expected. In fact, most hypermarkets, including **Walmart** (NYSE: WMT), have also navigated the pandemic extremely well.

Unfortunately, major supply-chain issues that began with the pandemic show no signs of letting up. The transportation systems are clogged, and steel shipping containers have become rare treasures. Furniture, toys, and electronics are experiencing especially long delays, and retailers are ordering as much as they can as soon as they can to try to get ahead. But of course, with the shipping systems so backlogged, that's not enough.

Here are a few ways major retailers are getting creative with their logistics strategies to keep products on their shelves and ensure a happy holiday season and an abundant new year.

Taking to the sea and sky

An increasing number of large retailers are attempting to resolve these issues by taking a much more active role in the supply chain for the time being. Costco has chartered three ships for a year to transport cargo between Asia, America, and Canada. The retailer has leased thousands of containers for those ships to use and plans to make around 10 deliveries next year.

And Costco is far from alone in making big logistics moves to try to keep inventory on shelves. Last month, **Walmart** chartered ships to ensure the retail giant's ability to meet holiday demand. And as all things home-related remain in hot demand, **Home Depot** (NYSE: HD) has chartered a ship, too, and furniture retailer IKEA has invested in its own shipping containers. Specialty toy retailers are even leasing cargo planes to fly in goods from Asia.

But what about Mom and Pop's holiday?

During the pandemic eviction moratoriums, mom-and-pop landlords have been the biggest losers. And as supply-chain issues drag on, it's mom-and-pop retailers who will suffer most. Most small businesses can't afford to carry the costs of buying much more inventory than they need at once. Even if they could, they lack the warehouse space of the larger players. And they certainly can't lease ships or buy all those containers.

From lockdowns and labor shortages to the rise of e-commerce, these smaller retailers have faced many recent foes. Those still standing likely offer something that can't be found at big-box stores, be it owners and employees who go above and beyond or unique products not found elsewhere. But those receiving the bulk of their goods from overseas may now face their biggest challenge yet.

The Millionacres bottom line

As with most uncertainties in real estate right now, resume normal operations in the supply chain is largely dependent on how the pandemic

plays out from here. The major retailers that have performed well during the pandemic have put together some solid strategies for overcoming this latest obstacle. Acquiring the exclusive use of ships, planes, and shipping containers instead of waiting around for the usual shipping process to run its course makes sense. Investors should nonetheless continue to follow this situation closely.

The major retailers are gearing up to power through, albeit at greatly increased costs that will have to be passed on to the consumer. But investors in commercial properties with mom-and-pop retail tenants will likely have more to be concerned about this holiday season.

Got $1,000? The 10 Top Investments We'd Make Right Now

Our team of analysts agrees. These 10 real estate plays are the best ways to invest in real estate right now. By signing up to be a member of Real Estate Winners, you'll get access to our 10 best ideas and new investment ideas every month. Find out how you can get started with Real Estate Winners by clicking here.

SIGN ME UP!

SHARE STORY



By Nell McPherson
As a freelance editor for over a decade, Nell has worked on everything from best-selling business titles and cookbooks to ... Learn More