



## Chartwell Retirement Residences: No Sleepless Nights

### Description

After yet another energy company cut its dividend today, stable and more predictable companies are looking all the more attractive. **Chartwell Retirement Residences** ([TSX:CSH.UN](https://www.chartwellretirementresidences.com)) is benefiting from positive macro fundamentals in its industry as well as improving company-specific fundamentals to make it a good place to go for dividend yield.

#### Strong dividend yield

Chartwell's dividend yield is an attractive 4.81%. In an environment of low interest rates and at a time when investors are questioning the sustainability of dividends from companies within the energy sector, this stock will have support as investors are still hungry for yield.

The dividend is sustainable, as the company's payout ratio (distributions as a percentage of Adjusted Funds from Operations) is 77%. This compares with a payout ratio of 79.1% in the same period last year.

#### Strong industry fundamentals

It is no secret that in North America, the biggest demographic trend at work today is the aging population. This has already shifted dollars away from certain industries and toward others, and will continue to do so. In fact, this shift will accelerate in the years to come as this demographic trend increasingly takes hold.

As an investor, I want to be positioned in those companies that will benefit from this shift: companies that will see a natural uptick in demand for their products and services for the simple fact that they are in the right business that caters to this aging population.

#### Occupancy rates are high and expected to rise

Although the company had a period where it struggled with weaker occupancy rates, rates are picking up and demand is expected to continue to increase. In the latest quarter occupancy levels were 90.4% compared with 89.1% in the same quarter last year. Management has said that they expect occupancy

levels to creep higher toward historical levels of 93%, and the leverage to increases in occupancy rates is very significant.

### **Expanding sources of revenue**

Chartwell is working hard to expand its sources of revenue by introducing additional care and ancillary services, such as dental, foot care, and physio services. Furthermore, the company's investments in recruitment and training of its sales force should translate into additional revenue.

### **Balance sheet is strengthening**

Chartwell has been working on refinancing its debt portfolio and has already lowered interest costs. Recently, the company sold its U.S. portfolio for US\$849 million, and this will help to further strengthen the balance sheet. Interest coverage in the third quarter was 2.47 times versus 2.26 times in the same quarter last year.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:CSH.UN (Chartwell Retirement Residences)

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