



Demographics Are Destiny: Buy Sienna Senior Living Inc.

Description

Statistics Canada released the second round of census data in May 2017. For the first time in the history of the census, seniors made up a bigger share of the Canadian population than children. The total number of seniors came to 5.9 million. The increase in Canadians over the age of 65 was 20% compared to a 5% growth in the Canadian population overall. Those 85 and up experienced a 19% increase — 100 and over increased 41%.

Baby boomers — those born between 1946 and 1965 — are the largest demographic in Canada. By 2031, all members of this demographic will have reached the age of 65. This means that in less than 15 years, almost one in four Canadians will be over the age of 65. By 2061, there could be 12 million seniors to eight million children in Canada.

Canada is the second-youngest country in the G7, behind only the United States, trailing their high fertility rate. The aging populations of these nations are going to be an increasingly large burden on the government to meet demands. Private institutions are now moving to fill the gaps and provide services to this aging demographic.

Sienna stands to benefit from these trends

Sienna Senior Living Inc. ([TSX:SIA](#)) provides a range of senior living and care options across Ontario and British Columbia. The company offers services such as retirement communities, long-term care facilities, and others. It is one of Canada's largest owners of senior housing and the largest licensed long-term care provider in Ontario. Seniors make up over 15% of the populations of Ontario and British Columbia.

The share price of Sienna has seen growth of 7% in 2017. It has seen growth of 44% over a five-year period. As of July 26, the stock was priced at \$17.45. In May, the company announced its results for the first quarter of 2017. Diluted operating funds from operations per share were up 3.8% to \$0.30. Net operating income was reported at \$27.5 million for the quarter; this represented an increase of 28% from Q1 2016.

Sienna is set to release its next batch of earnings on August 9. Analysts are expecting strong results

and at least a 10% increase to its earnings per share. The stock boasts a dividend of \$0.08 with a dividend yield of 5.16%.

The aging Canadian population creates a unique challenge for Sienna in meeting the inevitable demand that will accelerate well into this century. An enormous transfer of family wealth will also put the burden on the children of seniors in providing the care required for this demographic segment. Investors in search of a solid short- and medium-term stock with a good dividend yield can be satisfied to add Sienna to their portfolios.

Those looking long term can feel secure in the incredible growth potential that will be offered at Sienna Senior Living due to demographic trends.

CATEGORY

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