2 Stocks to Buy in an Aging Economy

Description

Canada's demographics have been evolving for years, and with Baby Boomers retiring, we're seeing a lot more people making up the over 65 segment of the population. According to Statistics Canada, by 2036, we could see seniors making up about a quarter of the entire population. That means that the economy will be dealing with employment issues, and also that demand for senior services and senior living facilities could see unprecedented demand in this country.

It's one reason we've seen more focus from the government on retirement and why this is an important area to consider, especially from an investment point of view. After all, investors want to look at emerging trends and industries where there will be significant growth. For that reason, the two stocks below could be great long-term buys that could see significant sales growth in the years to come.

Savaria Corporation (TSX:SIS) focuses on offering its customers better mobility. Whether it's a vertical lift, a home elevator or wheelchair accessible conversions for a van, there are many products that Savaria currently produces that could see significant demand over the next several years. These types of mobility products are essential for many seniors, which is what makes investing in this company a very appealing option.

This isn't like investing in a fast-food chain, however, where people can skip if their budget gets tight or a cable company whose services you can cancel if you feel you're not getting enough value from. Instead, you're investing in a company that makes products that are essential in the day-to-day lives of many seniors.

It's definitely a long-term investment. With sales in the past 12 months totaling just $245 million with profits of $21 million, the company isn't a big player just yet. However, those numbers are a big improvement from 2013, when Savaria generated just $5 million in profit from $76 million in sales.

The stock also offers a decent dividend of 2.6% for investors who are willing to wait for the growth to be realized.

Extendicare Inc (TSX:EXE) doesn't produce products, but instead offers long-term care facilities. It is a little more diversified in that Extendicare isn't reliant solely on seniors, as it offers options for those in need of nursing care or physical therapy as well. While there's certainly some overlap in those services, the company opens itself up to more customers by offering a more diverse set of services.

At over $1 billion in sales in the past year, Extendicare has a much stronger top line than Savria, although its margins are noticeable smaller with net income of less than $40 million over its past four quarters. Nonetheless, it's still a great growth option for investors looking for something beyond the latest tech trend. And with a presence mostly in Ontario, there's still a lot of room for Extendicare to expand its services across the country.

Like Savaria, Extendicare also offers a dividend. And at over 6.5%, it's a great option for investors looking to secure some recurring income.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:SIS (Savaria Corporation)

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