



2 Growth Stocks Set to Profit From the Aging Population

Description

It's no secret that the population is slowly aging. Baby boomers, those born between 1946 and 1964, were the largest generation ever. Now in 2019, the youngest of the Baby Boomers are 55 years old, with the oldest being 73.

As the boomers continue to age, new capacity will have to be built in many industries to accommodate the increase in numbers from the previous generation. This presents opportunities that could be quite lucrative.

Seniors are defined as any person over the age of 65. In Canada, it's estimated that nearly 16% of the population is a senior. These numbers are expected to rise to 23%, almost a quarter of the population, by 2030.

With such a wild swing in demographics, it only makes sense for investors to begin to position themselves within the industry.

In addition to it being a growing industry, it's also a pretty recession proof industry, as the number of people aging won't really change, only the amount of money being spent on goods and services.

Two companies that offer investors exposure to the aging population is **Park Lawn Corporation** ([TSX:PLC](#)) and **Chartwell Retirement Residences** ([TSX:CSH.UN](#)).

Park Lawn

Park Lawn is the only publicly traded company in Canada offering death care products and services. It owns cemeteries, crematoriums and funeral homes. It operates in Canada and the United States with 111 cemeteries, 85 funeral homes and 38 crematoriums.

The company has been growing through a mix of organic growth and growth by acquisition. [Park Lawn](#) spent \$275 million on acquisitions in 2018, and has already committed another \$170 million to acquisitions in 2019.

It continues to develop its existing properties, adding value and increasing operational efficiency. The company believes its streamlining efforts will continue to increase operating margins.

Park Lawn's growth has been spectacular, since 2015, the compounded annual growth rate (CAGR) of revenue for the company is 78%. Net earnings have also grown rapidly, with a CAGR of 71%.

The track record of the company is impressive, and the past performance can be seen in the share price appreciation. Since January 2013, the stock is up more than 290% compared to the TSX, which is up 57% in that same time period.

Chartwell Retirement

Chartwell is the largest Canadian owner and operator of retirement communities. The company has 209 communities totalling over 30,000 beds and does the majority of its business in Ontario, with Quebec also being a significant market. In Ontario, Chartwell has a whopping 17% of market share, making it the clear leader for retirement communities.

Chartwell is the number one operator of retirement residences with 181, almost double the next largest. It is also the fourth-largest operator of long-term care centres with 28.

With total occupancy across the portfolio of above 93%, Chartwell has been growing its revenue and operations. Funds from operations have grown at a CAGR of 11.2% since 2011. The company has been improving its operations by selling its older assets and buying newer, more high-quality assets.

Even as the company is still growing, it's rewarding investors with a solid dividend. It currently yields 4.1% and is paid out monthly.

Bottom line

By 2036, StatsCan estimates the population of people over the age of 75 will double. As Baby Boomers get older and the demographics continue to shift, there will be plenty of opportunities for savvy investors to make money. Investing now will put you in a position to capture the profits as these companies continue to grow.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:PLC (Park Lawn Corporation)

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