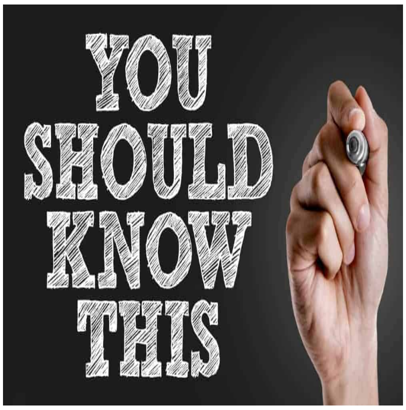

2 Ways to Bet on Canada's Aging Population

Description

It's no secret that Canada's population is aging. According to Statistics Canada, seniors (aged 65 or older) have outnumbered children (aged 14 or younger) since 2016. Seniors now represent 16.9% of the country's population and are on track to represent up to 28% by 2061.

This gradual demographic shift will also reshape the economy, as the goods and services seniors demand evolve as they age. Health, financial circumstances, proximity to family, and retirement all have an impact on a person's consumption pattern as they get older.

While the exact nature of this impact on the country's economy is difficult to predict, there are two industries that stand out as clear winners: healthcare and senior housing.

Healthcare

Age is closely correlated with the number and complexity of health problems most people face. As the nation ages, it may be fair to assume that the costs of medicines, insurance, surgeries, and hospitalizations will contribute a greater portion of the economy over time.

While most investors might consider pharmaceutical, biotech, or insurance stocks for exposure, I believe stable service providers like **Medical Facilities Corp.** and **NorthWest Healthcare** (TSX:NWH.UN) are better options.

NorthWest Healthcare, in particular, is a great option for long-term investors seeking steady returns. It's a real estate investment trust (REIT) that holds and manages a broad portfolio of hospitals and health clinics worldwide.

The trust focuses on long-term lease deals with major healthcare organizations that are unlikely to move. This strategy has helped management maintain occupancy rates at nearly 98% in recent years.

The REIT's top and bottom lines have been expanding at low single digits, which isn't particularly exciting. But the stock offers a 6.5% dividend yield and a monthly payout schedule, which might catch the attention of income-seeking investors.

Senior housing

Another beneficiary of Canada's demographic shift is the industry that provides living spaces and rental apartments specifically designed for seniors. **Chartwell Retirement Residences**, a niche REIT, is an excellent option for investors focused on this sector. But, I prefer **Sienna Senior Living Inc.** (TSX:SIA).

Senior housing isn't just about the real estate — it's also about the service and medical assistance seniors need. As a vertically integrated company, Sienna doesn't just own properties, but also manages a team of 12,000 professionals and operates 17 residences for other property owners.

At the start of 2019, the company owned 70 properties and maintained a long-term care occupancy rate of 98.2%. The company's stock is up 26% since the start of this year and has delivered a 230% total return since its listing in 2010.

At its current price, the stock offers a 4.65% dividend rate paid out annually. The company is well positioned in a steadily growing market with plenty of opportunity to expand its portfolio through acquisitions, which makes it a perfect long-term buy for investors seeking a balance between growth and income.

Bottom line

Canada's steadily aging population presents an opportunity for savvy investors. Healthcare and senior housing stocks might be the perfect proxy for this long-term demographic shift. The companies mentioned in this piece offer investors a rare combination of long-term stability and high current yields.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:SIA (Sienna Senior Living Inc.)

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