



How to Profit from Canada's Aging Population

Description

Canada's population is changing rapidly. The number of people over the age of 65 is set to grow by more than 50% over the next decade. Although an aging population presents some challenges, it also presents opportunities for investors looking to profit from the trend.

Canada's changing demographics

In 2014, there were six million senior citizens living in Canada. Within the next 10 years, the number of seniors is projected to swell to over nine million, or nearly 25% of the population.

Not only is the number of seniors living in Canada increasing, but people are also living longer. By 2036, it is estimated that the average life expectancy at birth will rise to 86.2 years for women and 82.9 years for men.

Today's seniors are more active than previous generations. Eighty percent of seniors participate in at least one social activity per month, 36% volunteer, and 13% of seniors are employed.

Retirement communities

While many Canadians prefer to stay at home during their senior years, the reality is that most people will need some type of assistance as they age. Many will require a stay in a residence offering assisted living, medical, or rehabilitative services. When choosing a place to reside, Canadians are looking for a safe and comfortable residence and a community that offers programs suited to their active lifestyles.

Chartwell Retirement Residences ([TSX:CSH.UN](#)) is a REIT specializing in providing quality housing for senior citizens. It owns and operates over 200 retirement communities in Quebec, Ontario, Alberta, and British Columbia. Chartwell offers a complete range of housing communities, including independent supportive living, assisted living, and long-term care.

With a market cap of \$3.26 billion, Chartwell is Canada's largest operator in the Canadian senior living

sector. In the most recent earnings call, Chartwell CEO Brent Binions announced same-property net operating income (NOI) increased by 4.7% and funds from operations (FFO) per unit grew by 10%.

This year Chartwell has already opened three new retirement residences and plans to open four more by the end of 2019. Although the current occupancy rate is approximately 90%, the company has an aggressive goal of 95% by 2023.

Chartwell believes the increase can be achieved through better engagement of its employees, thereby creating a better environment for its residents. Seventy percent of Chartwell's residents learn about the properties through personal referrals.

In the past few years, Chartwell has been systematically [reducing the average age of its portfolio of residences](#). The average age of the properties added to the portfolio is seven years, while the average age of properties sold is 25 years. The company recently received approval of a five-year extension of a \$400 million debt obligation, allowing the company to stagger its obligations and improve the rate stability of its debt.

The stock is trading at \$15.41 as of this writing. The current dividend is 3.9% and the company has increased its dividend by an average of 2% for the past four years. The company will deliver its next quarterly earnings report on August 9.

The bottom line

While there are [REITs that specialize in everything from residential properties to office spaces to self-storage facilities](#), companies able to take advantage of Canada's aging population are set for success. With a dividend that has steadily increased, a growing portfolio of properties, and a revised debt structure, Chartwell is well suited to take advantage of the coming boom of aging seniors.

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