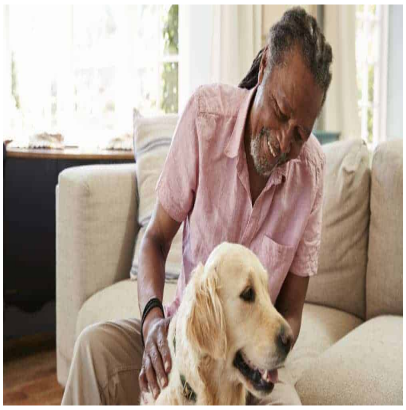

These 3 Stocks Will Boom as Canada’s Population Ages

Description

Canada, along with a bunch of other countries, is rapidly getting older. The median age of the population is currently 40.8 years. That, according to Statistics Canada, could rise to 47 by 2065. There are already more seniors (aged 65 or older) than children (aged 14 or younger), and this trend is likely to continue for decades.

That long-term demographic shift will undoubtedly have an economic impact. Companies providing healthcare and senior living facilities are already riding high. Some of them offer incredible dividends and steady growth prospects for investors looking for a source of passive income and capital appreciation.

Here are the three stocks I believe offer the perfect opportunity in this sector.

Accessibility

Laval-based **Savaria** (TSX:SIS) is, as far as I can tell, the only stock that offers a pure play on the growing need for accessibility solutions. The company provides home elevators, wheelchair lifts, stairlifts, specialized beds, therapeutic surfaces, and van conversions.

After reporting extraordinary sales growth throughout 2017 and 2018, driven by an extensive acquisition spree, the company has now settled on a lower operating margin (7%) and slower growth trajectory. This is why the stock is down 33% over the past year.

However, this plunge has created an opportunity for contrarian dividend seekers. Savaria currently offers a 3.6% dividend yield. Coupled with its low debt-to-equity ratio (64%) and forward price-to-earnings ratio (18), the stock seems like a bargain.

Healthcare

Another obvious target for Canada's demographic shift is the healthcare industry. Healthcare costs tend to rise as the population gets older. However, with Canada's universal healthcare coverage and lack of medical device manufacturing stocks, the options for investors are fairly limited.

However, I believe **NorthWest Healthcare** (TSX:NWH.UN) is an exception. The real estate investment trust is focused exclusively on a portfolio of hospitals and health clinics spread across the world. The company already manages properties in Brazil, New Zealand, and Germany, while it recently entered the Australian market. All these countries face similar demographics shifts.

Investors who've held onto the stock for the past four years have nearly doubled their investment. The trust currently offers a jaw-dropping 6.95% dividend yield and is currently trading at 13 times its annual adjusted funds from operations (AFFO), which means it's fairly priced for long-term income-seeking investors.

Senior living

Finally, the industry that probably benefits the most from an ageing population is long-term-care accommodation. **Sienna Senior Living** (TSX:SIA), with its steady double-digit growth rate and lucrative dividend yield, is a leader in this sector.

The company owns 70 properties with an average occupancy rate of 98.2%, while it also manages a network of 12,000 professional caregivers. It's an integrated solution provider well positioned for a market that is nearly certain to expand over time.

At the moment, SIA's stock is trading at an all-time high. Nonetheless, the dividend yield is still 4.6%, and the company's market value hovers around $1.2 billion. It's got a lot of potential, but the hefty price-to-earnings ratio (116) could make it the riskiest stock on this list.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/28
Date Created
2019/08/13
Author
vraisinghani