



OK Boomer: Buy This Stock to Profit From Canada's Growing Senior Population

Description

What started out as an older man's reaction to an online video has quickly taken the internet by storm. This anonymous senior unwittingly became the subject of internet memes, when he declared that "millennials and Generation Z have Peter Pan syndrome. They don't ever want to grow up; they think that the Utopian ideals that they have in their youth are somehow going to translate into adulthood."

Thus, the phrase "OK Boomer" was born in retaliation of the ideals of older generations that have shaped the current world as we know it. This catchy retort was especially aimed at previous generations' policies on wealth accumulation and distribution, and the environment (a.k.a. climate change).

But while some people are laughing at internet memes, you could be laughing all the way to the bank by taking advantage of a stock that caters to seniors.

Canadian seniors are a growing demographic

Within the next decade, the number of Canadian seniors is projected to exceed nine million residents, 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, the average life expectancy at birth is projected to rise to 86.2 years for females and 82.9 years for males.

While an aging population presents some challenges, it also presents opportunities for investors.

Chartwell Retirement Residences

Chartwell Retirement Residences ([TSX:CSH.UN](#)) is a [REIT specializing in providing quality housing for senior citizens](#). The company is the largest operator in the Canadian senior living sector with over 200 retirement communities in Quebec, Ontario, Alberta, and British Columbia. Chartwell offers a complete range of housing communities from independent supportive living through assisted living to long-term care.

In the latest quarterly earnings release, the company reported net income of \$9.1 million and a net loss of \$0.8 million. As expected in this growing market segment, competition is increasing. Chartwell noted that its quarterly results were impacted by new competition, particularly in Ontario and Québec.

The company expects this impact to be moderated in 2020 and future years by the expected growth in demand for senior living accommodation, resulting from the accelerating growth of the population, particularly with Canadian residents over the age of 75.

It is important for REITs to maintain a strong balance sheet and have enough liquidity to purchase properties that fit within their mission. As of September 30, the company's liquidity amounted to \$384.5 million, which included \$17.3 million of cash and cash equivalents and \$367.2 million of available borrowing capacity on its credit facilities.

So far in 2019, Chartwell has completed the sale of two non-core facilities and entered a definitive agreement to sell an additional four non-core long-term facilities in Ontario. These sales are expected to close in early 2020, which will increase liquidity.

Chartwell plans to continue to expand its real estate portfolio through asset-managed programs, development of new properties, and acquisitions.

The development pipeline currently consists of 1,005 suites within four projects: 359 suites in construction and 646 suites in pre-development. In addition, Chartwell has options to acquire almost 2,800 additional suites in Québec through the company's partnership with Batimo.

As of this writing, the stock is trading at \$14.52. The current dividend is 4.15%, and the company has increased its dividend by an average of 2% for the past four years.

With a dividend that has steadily increased, a growing portfolio of properties, and a high level of liquidity, Chartwell Retirement Residences is well suited to take advantage of the coming boom of aging seniors.

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)

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