Canada’s Newest Dividend Aristocrats (Part 3)

Description

Over the past couple of days, we have been looking at the next wave of Canadian Dividend Aristocrats. Today, we take a look at a couple of real estate companies and sleepy stock that have a proven record of dividend growth.

As a reminder, Aristocrats are companies that have raised dividends for at least five consecutive years. Achieving Aristocrat status is an important feat, and it adds instant credibility in the eyes of dividend-growth investors.

Chartwell Retirement Residences

Let’s start with a leading provider of senior housing: **Chartwell Retirement Residences** (TSX:CSH.UN). Chartwell operates over 200 retirement communities across four provinces, making it the largest such provider in the country.

At first glance, Chartwell looks like an attractive opportunity. It operates in an industry that is experiencing considerable growth thanks to the aging population. Unfortunately, this has been a very low growth company. It has averaged returns of 6% annually over the past five years and, as of writing, it only managed a 5.46% gain in 2019.

These aren’t exactly blowout numbers. The company, however, offers an attractive starting yield (4.14%) and has managed to grow the dividend, despite operating in an industry with heavy capital expenditures. Over the past five years, it has averaged low single-digit dividend growth, and it last raised the monthly dividend by 2% this past March. Think of Chartwell has a high-yielding bond.

FirstService

From low growth to high growth, **FirstService** (TSX:FSV) is on the opposite end of the growth spectrum. The company offers property management services through its FirstService Residential segment, and the FirstService Brands segment offers property services through its California Closets and Davis Restorations businesses.

Over the past five years, the company's stock price has jumped by 235% and has almost doubled in price every couple of years. In 2019, it had another great year with gains just shy of 40%.

It is therefore not surprising that FirstService has been aggressively raising the dividend. Since it introduced the dividend five years ago, it has averaged double-digit growth. It last raised dividends by 11.11% last March.

Despite the impressive dividend growth, FirstService's 0.66% yield is less than attractive. This is due in large part to the company's impressive capital appreciation. This is not a bad problem to have. It means, however, that if you are looking for income today than FirstService may not be the stock for you.

Analysts expect earnings growth of 15% annually over the next few years. Combined with the low payout ratio (18 times forward earnings), it has plenty of room for continued double-digit dividend growth.

Sleep Country Canada

As Canada's leading mattress retailer, **Sleep Country Canada Holdings** (TSX:ZZZ) operates under the Bloom, Dormez-vous, Sleep Country, and Endy brands. It operates over 250 stores and 17 distribution centres across Canada.

Over the past couple of years, Sleep Country has underperformed in a big way. The company's stock price is down 40%, as online mattress retailers have disrupted the industry. Many investors aren't aware, however, that Sleep Country scooped up a major competitor when it closed on the Endy acquisition in late 2018.

Analysts are expecting robust 20% average annual growth over the next five years. This should help prop up a dividend that currently yields an attractive 4.04% and that accounts for approximately 50% of earnings.

The company has averaged double-digit dividend growth over the course of its five-year streak. However, the last raise was considerably lower (5.45%) than its historical average. All told, this is a company that is currently cheap based on expected growth rates (PEG of 0.62) and that has a dividend which is well covered.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:FSV (FirstService Corporation)
3. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/06/30
Date Created
2019/12/27
Author
mlitalien