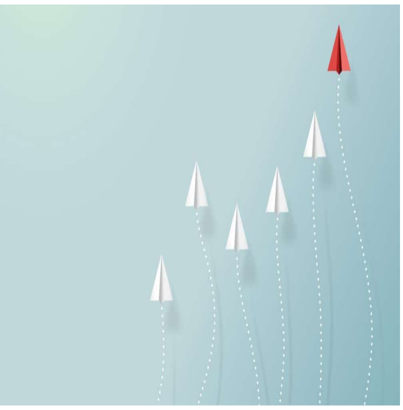

These +7% TSX Dividend Stocks Have Massive Growth Ahead!

Description

Today, you can buy three **TSX** dividend stocks that are yielding more than 7% and still have a massive growth opportunity ahead. While that sounds too good to be true, it isn't.

These TSX dividend stocks are under-valued

I am talking about TSX dividend stocks in the Canadian seniors care and retirement living sector. While the sector has been absolutely crushed due to the COVID-19 pandemic crisis, I believe there is still some really significant value today.

Of course, some of the market concerns are absolutely fair. Seniors homes, especially those with heavy long-term care exposure, have faced a significant battle against the pandemic.

But the fact is, this crisis will not last forever. Overall, seniors care providers are in a much better equipped today to control the illness. As a result, the short-term investment risks are slowly decreasing, and overarching, favourable tailwinds are beginning to show again.

Canada is aging fast

The fact is, Canada's population is rapidly aging. A massive wave of baby boomers are downsizing their homes and moving to retirement or extended-care residences. It is expected that the number of people aged over 75 will increase by 50% in the next 10 years, yet Canada still does not have enough long-term care or retirement units to keep up with the rising demand.

These TSX dividend stocks have massive yields and growth ahead

As a result, there are three TSX dividend stocks that are very cheap and have significant potential to rise in the future. They pay great, well-covered dividends and each have individual traits that make them attractive.

Sienna Senior Living

First, **Sienna Senior Living** (TSX:SIA) has a mixed portfolio of government-funded long-term care facilities and private-pay retirement residences. Its properties are located in the attractive British Colombia and Ontario markets, which have highly supportive funding models.

Sienna has the third-largest portfolio of long-term care facilities in Canada. Its balanced model is a positive because the long-term care ensures a stable revenue stream, while the private-pay residences provide a higher-margin cash flows with rental growth upside.

This TSX stock pays an 8.36% dividend and it is well covered by a conservative payout ratio of 61%. I like the balanced mix of private and public pay. Likewise, it is yielding the highest, so this would be my top pick of the three.

Extendicare

Second, **Extendicare** (TSX:EXE) has 58 long-term care centres and the largest exposure to senior's long-term care. It also has a large home-health care business and is probably the riskiest of the three because its business has more risks related to COVID-19. Seniors requiring long-term care are generally in poorer health and are more susceptible to the illness.

This TSX stock is paying an 8.15% dividend. Its payout ratio is 92%, which is somewhat high. The dividend could be suspect if a decline in revenues and an increase in costs continue to hamper FFO in 2020.

Interestingly, however, activist investor, Sandpiper Group recently increased its stake in Extendicare to over 10%. Sandpiper has unlocked significant value in a number of other real estate deals, so this is a good omen for Extendicare's stock.

Chartwell Retirement Residences

Finally, **Chartwell Retirement Residences** (TSX:CSH.UN) is Canada's largest owner/operator of high quality retirement residences. It has built a best-in-class portfolio of mainly (90%) private-pay, retirement properties.

This is generally a higher-margin business that is less regulated and operates more like an apartment REIT (with additional care services, etc.). Generally, its clientele are healthier and less susceptible to health concerns from the pandemic.

Recently, Chartwell has faced some oversupply issues; however, it has a diverse development pipeline that should be accretive over the long-term. Demand will catch up.

Chartwell has a good balance sheet with ample liquidity, its stock pays a 7.3% dividend, and its payout ratio is around 75%. Chartwell is a solid TSX dividend stock and should prove strong returns over a long time horizon.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:EXE (Extendicare Inc.)
3. TSX:SIA (Sienna Senior Living Inc.)

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