



## The Pandemic Recovery Play No One's Talking About

### Description

**Chartwell Retirement Residences** ([TSX:CSH.UN](https://www.chartwell.ca/TSX:CSH.UN)) is a lucrative recovery play for a number of reasons. Many think of the company as one with a decent valuation and robust growth prospects. However, there's also an intriguing recovery thesis with this REIT.

Sadly, I believe many investors are still sleeping on this stock, especially when considering the reopening catalysts in its favour. Indeed, the pandemic has hurt retirement homes the hardest. And it's understandable why investors are wary of such stocks today. Unfortunately, the [effects of the pandemic](#) are chilling for residents of retirement residences. My heart goes out to all the families devastated by the pandemic.

The good news is we're coming to the other side of this thing (hopefully). Vaccine rollouts are accelerating, and most retirement residences are fully vaccinated now.

Here's more on why I think this dividend gem could be an [attractive investment](#) option today.

## A recovery in the senior home sector is underway

Chartwell has been battling relatively low occupancy rates for some time. Of course, the pandemic hasn't helped in this regard.

Looking at the numbers, it's understandable why Chartwell stock hasn't recovered to its pre-pandemic levels as of yet. The company's occupancy rate of 82% is below its historical average.

That said, this figure is actually pretty decent when compared to other retirement residences.

Additionally, the cost structure and compressed margins of senior homes during this pandemic have been another key issue for many investors. Lower occupancy rates and continuous investments in resident care (sanitization and other COVID-related preventive measures) led to a sharp decline in net operating income in Q4.

However, once again, I think there's hope on the horizon. Looking past the pandemic, margins should expand back to historical levels alongside occupancy rates. There's a recovery on the horizon, and investors need to have foresight in this regard.

Unfortunately, Canada has been slower than many countries in rolling out vaccines thus far. That said, it's estimated that over 90% of seniors in communal homes have been vaccinated with at least one dose thus far. It's a start.

## Bottom line

As far as recovery plays go, Chartwell is a company that doesn't come to mind as a top pick for many investors. And that makes sense. It's a stock that wasn't on the radar of many investors before the pandemic.

However, Chartwell is about as close to a pure play on the recovery coming out of this pandemic that anyone could ask for. I'd suggest those optimistic about the next 12 months to consider this stock, which is still trading at a discount of more than 25% from pre-pandemic highs.

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### TICKERS GLOBAL

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

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### Author

chrismacdonald

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