Retirees: Boost Your Pensions With 2 High-Yield Stocks in the Senior Housing Sector

Description

Canadians won't retire penniless because of Old Age Security (OAS) and Canada Pension Plan (CPP) benefits. Unfortunately, you might need more than the combined pensions to live comfortably in the golden years. Thus, many retirees boost their OAS and CPP benefits with passive income from dividend stocks.

However, if choosing a suitable retirement stock poses a dilemma, consider investing in a familiar sector. Apart from operating in the senior housing sector, **Extendicare Inc.** (TSX:EXE) and **Chartwell Retirement Residences** (TSX:CSH.UN) are reliable passive income providers. The former pays a hefty 6.86% dividend, while the latter's yield is a fantastic 7.35%.

Ongoing repositioning

Extendicare operates under brand names such as Extendicare, ParaMed, Extendicare Assist, and SGP Purchasing Partner Network. These brands provide care and services for seniors across Canada. The $622.2 million company offers long-term care (LTC), retirement living, and home health care services like occupational, physical, and speech therapy.

In Q2 2022, revenue and net operating income (NOI) increased by an identical 5% to $296.6 million and $30.3 million, respectively, versus Q2 2021. Notably, net earnings climbed 7,336.8% year over year to $71.4 million. According to management, Extendicare is repositioning to focus on growth in LTC and Home Health Care following the sale of its retirement home division during the quarter.

IPresident and CEO, Dr. Michael Guerriere, said Extendicare has strong liquidity and is well-positioned to deliver further growth through a less capital-intensive business model. However, finding sufficient caregivers to meet the strong and increasing demand for care is a major concern in the home healthcare segment.

Guerriere expects operations to remain challenging until market conditions improve. But despite these threats to business growth, the stock remains relatively stable. At $7.01 per share, Extendicare is outperforming the broader market year to date, +0.91% versus -8.81%.

Favourable business outlook

Chartwell, the largest operator in the Canadian seniors living sector, owns a complete range of seniors housing communities. The more than 200 quality retirement communities offer independent supportive living, assisted living, and LTC. Current investors are down 26.6% year to date ($8.33 per share) but enjoy a high dividend yield.

In Q2 2022, net income reached $1.1 million compared to the $4.6 million net loss in Q2 2021. Its $2.2 million net loss in the first half of the year was a 76.8% improvement from a year ago. The weighted average occupancy rate of the total portfolio improved to 77.5% from 77.3%.

Management’s primary focus today is recovery. Implementing innovative marketing, sales, and operating initiatives combined with strong demographic trends should drive occupancy growth in the remainder of 2022 and beyond. Chartwell also sees accelerated growth in the seniors’ population (over 75 years old) over the next 20-plus years.

The slowdown of construction activity in the last two years is a positive for Chartwell. It should support occupancy recovery in the short term and enable growth from pre-pandemic levels over the long term.

Risks to retirees

Older folks are generally more risk-averse when it comes to investing. Some seniors or retiring individuals would rather hold their cash than invest. Undoubtedly, it would be beneficial to set aside a portion of savings for investment purposes to counter increasing life expectancies and rising inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:EXE (Extendicare Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News

9. Yahoo CA

PP NOTIFY USER

1. cleona
2. cliew

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2022/10/31
Author
cliew