1 Leading Passive-Income Stock I'm Buying Hand Over Fist Right Now

Description

Canadian stocks broadly bounced back in the month of October after hitting a rough patch in September. Despite that rebound, Canadian investors are still understandably anxious. Soaring inflation forced the Bank of Canada (BoC) to pursue its most aggressive interest rate-tightening program in over a decade. This, in turn, has shaken faith in the Canada housing market and the stock market.

Today, I want to zero in on a passive-income stock that can provide some much-needed steady cash in these uncertain times: **Chartwell Retirement Residences** (TSX:CSH.UN). Let's dive in.

Why REITs are still a dependable source of passive income in 2022

Chartwell Retirement Residences is a Mississauga-based real estate investment trust (REIT) that indirectly owns and operates a complete range of seniors housing communities from independent supportive living through assisted living to long-term care. REITs have been a fantastic source of passive income for Canadian investors since the 2007-2008 financial crisis. However, there has been some anxiety surrounding interest rate hikes and how that could impact real estate and REITs in the near term.

Earlier this year, a report from **Canadian Imperial Bank of Commerce** Capital Markets predicted that REITs would not feel the interest rate hike pinch until 2025. That means Canadian investors can still depend on stocks like Chartwell for passive income right now.

Here's why I'm targeting Chartwell Retirement Residences REIT for the long term

Canadian investors should look to snatch up stocks that are positioned to benefit from Canada's aging population. In 2021, Statistics Canada revealed that the population of people aged 85 and older could triple to nearly 2.5 million people by 2046. Currently, more than one-quarter of people 85 and older live in a collective dwelling, such as a long-term-care facility, nursing facility, or seniors' residence.

ResearchAndMarkets recently estimated that the retirement community market was worth $189 billion in 2020. The market researcher projects that this market will grow to $285 billion by 2025. That would represent a compound annual growth rate (CAGR) of 8.5% over the forecast period.

This is a market that Canadian investors should be excited to jump in to for the long haul. Chartwell is especially attractive, as it offers big passive income.

Should you be encouraged by Chartwell's recent earnings?

This company released its third-quarter fiscal 2022 earnings on November 9. It delivered resident revenue of $168 million — up from $156 million in the prior year. Meanwhile, the same-property average occupancy for Retirement Operations climbed 60 basis points. Chartwell was powered by strong growth in Western Canada. Moreover, net income rose to $4.3 million compared to $0.9 million in the third quarter of fiscal 2021.

Overall, investors should be encouraged by higher resident revenues and positive retirement occupancy trends.

This REIT is a passive-income monster worth snatching up right now

Shares of this passive-income stock are trading in favourable value territory compared to its top competitors in the middle of November. Chartwell currently offers a monthly distribution of $0.051 per share. That represents a monster 7% yield.

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