



# Camden Property Trust (CPT)

Updated February 26<sup>th</sup>, 2025, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$122	<b>5 Year CAGR Estimate:</b>	4.6%	<b>Market Cap:</b>	\$13.2 B
<b>Fair Value Price:</b>	\$106	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date:</b>	03/31/25
<b>% Fair Value:</b>	115%	<b>5 Year Valuation Multiple Estimate:</b>	-2.7%	<b>Dividend Payment Date:</b>	04/10/25
<b>Dividend Yield:</b>	3.4%	<b>5 Year Price Target</b>	\$129	<b>Years Of Dividend Growth:</b>	14
<b>Dividend Risk Score:</b>	F	<b>Retirement Suitability Score:</b>	D	<b>Rating:</b>	Sell

## Overview & Current Events

Founded in 1993, and headquartered in Houston, Texas, Camden Property Trust is one of the largest publicly traded multifamily real estate companies in the United States. The company is structured as a Real Estate Investment Trust (REIT), owning, managing, and developing multifamily apartment communities. As of December 31<sup>st</sup>, 2023, Camden owned 177 properties containing 59,996 apartments. The \$13.2 billion market cap company has about 1,650 employees, and generates around \$1.54 billion in revenues annually.

On February 6<sup>th</sup>, 2025 Camden raised its dividend by 1.9% to a quarterly rate of \$1.05, celebrating its 14<sup>th</sup> consecutive annual hike.

On the same day, the company reported its Q4 and full-year results for the period ending December 31<sup>st</sup>, 2024. For the quarter, the company reported property revenue of \$386.3 million, relatively flat compared to Q4 2023. While same-property revenues rose 0.8%, same-store occupancy fell 20 basis points to 95.3%. Same-property expenses grew by 0.2% during the period, while same-property net operating income (NOI) grew 1.2%.

Funds from Operations (FFO) totaled \$185.0 million, or \$1.68 per share, compared to \$189.7 million, or \$1.71 per share, in Q4 2023. For the year, FFO per share also declined to \$6.70. Management introduced their 2025 outlook, expecting FFO/share to land between \$6.50 and \$6.80. The midpoint of this range stands at \$6.65, implying a continuing decline.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>FFO</b>	\$4.54	\$4.64	\$4.53	\$4.77	\$5.05	\$4.90	\$5.39	\$6.59	\$6.78	\$6.70	<b>\$6.65</b>	<b>\$8.09</b>
<b>DPS</b>	\$2.80	\$2.95	\$3.00	\$3.08	\$3.20	\$3.29	\$3.32	\$3.76	\$4.00	\$4.12	<b>\$4.20</b>	<b>\$5.11</b>
<b>Shares<sup>1</sup></b>	97.6	89.9	91.5	103.1	97.3	99.4	102.8	108.4	109.4	108.5	<b>110.1</b>	<b>115.0</b>

Over the past decade, Camden Property Trust's (CPT) FFO per share has seen a mix of steady growth, external shocks, and post-pandemic momentum, all shaped by key market forces and strategic decisions. From 2015 to 2017, FFO was around \$4.50-\$4.60, reflecting a period of stability where strong occupancy rates and consistent rental growth kept things steady.

But by 2018 and 2019, FFO started climbing past \$5.00, driven by Camden's smart acquisitions and development projects in high-growth Sunbelt markets. Then came 2020—a year that shook the entire real estate sector. The pandemic-induced rent concessions and temporary dip in demand pushed FFO down to \$4.90, but Camden held up better than many thanks to its well-diversified portfolio.

The real turning point came in 2021 and 2022 when demand for multifamily housing surged, rental rates spiked, and Camden reaped the benefits of its strategic positioning, pushing FFO to a high of \$6.59. More recently, in 2023 and 2024, the market has started to normalize, with FFO settling around \$6.70. While growth has slowed a bit due to softening rental trends and slight occupancy declines, Camden remains well-positioned for the long run. However, we can't get ourselves to set our projected growth rate for both FFO per share and dividend per share to 4% through 2030, as current market conditions present several challenges. Camden's 2025 outlook was weak and slightly below analyst expectations.

<sup>1</sup> In millions.

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This cautious outlook reflects broader industry trends, where multifamily rent growth is projected at a modest 2.2% for 2025, accompanied by an expected vacancy increase to 6.2%.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
P/FFO	16.8	17.6	16.6	20.2	20.7	19.4	25.0	20.5	15.8	15.8	18.4	16.0
Avg. Yld.	3.70%	3.60%	3.70%	3.50%	3.10%	3.50%	2.50%	2.80%	3.70%	3.9%	3.4%	3.9%

Over the past decade, Camden has traded with an average price-to-FFO ratio of just under 19. The stock's current P/FFO of 18.4 is on the lower end of its past valuation range. However, given that interest rates remain high and that Camden's growth prospects do not appear particularly exciting, we have set our fair multiple at a softer 16 FFO. Note that the dividend was cut during the Great Recession, but has since recovered nicely as the company has increased each year since. This element ought to buoy investor returns over time.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	62%	64%	66%	65%	63%	67%	62%	57%	59%	61%	63%	63%

Camden has a competitive advantage in its position as one of the largest multifamily REITs in the U.S. Its scale and expertise allow it to leverage its experience across a wide portfolio of properties and actively pursue developments.

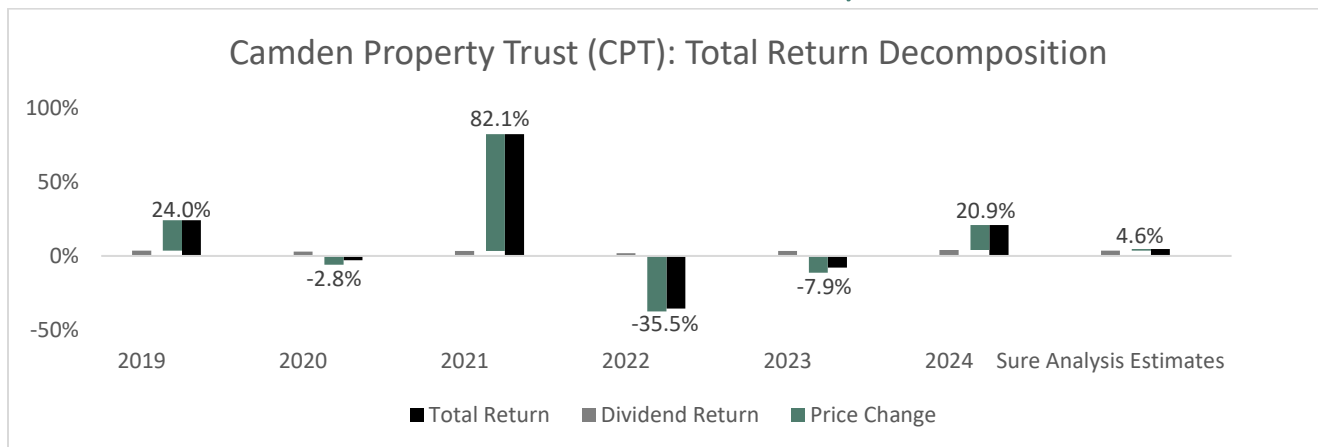
The company's FFO payout ratio has hovered in the 60% to 70% range for the last decade. We anticipate it will remain at slightly lower levels, with dividend growth tracking FFO growth over time. During the Great Recession, Camden posted FFO of \$2.90, \$1.68, \$2.72, and \$2.73 for the 2008 through 2011 stretch. Meanwhile, the dividend was cut from \$2.80 down to \$1.80 on an annual basis. This gives you some idea of the toll that recessions can take on the business, along with Camden's ability to bounce back. The company is holding up much better in the current environment, so far.

As of the most recent report, Camden held \$8.6 billion in real estate and \$8.9 billion in total assets against \$4.1 billion in total liabilities. The company's net debt-to-adjusted EBITDA ratio equaled 3.8, improving from 4.0x last year.

## Final Thoughts & Recommendation

Camden is a leading multifamily REIT with a solid operating history. However, its FFO/share growth has stalled recently, and could potentially decline further in 2025. We remain prudent regarding its medium-term prospects due to a tough residential market despite an easing macro this year. We are forecasting a below-average annual total return potential of 4.6%, as a 4% growth in FFO/share and a 3.4% starting yield could be offset by a 2.7% annual valuation headwind. Shares earn a sell rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	790	836	876	901	955	1028	1044	1144	1423	1542
Gross Profit	505	535	565	572	611	662	649	727	894	958
Gross Margin	64%	64%	64%	64%	64%	64%	62%	63.5%	62.8%	62.1%
SG&A Exp.	69	67	70	72	74	76	71	80	60	63
D&A Exp.	222	241	250	264	301	336	---	421	577	575
Operating Profit	214	227	245	236	236	250	211	226	261	324
Operating Margin	27%	27%	28%	26%	25%	24%	20%	19.8%	18.3%	21.0%
Net Profit	292	249	820	196	156	220	124	304	654	403
Net Margin	37%	30%	94%	22%	16%	21%	12%	26.6%	46.0%	26.1%
Free Cash Flow	-79	11	100	136	145	148	---	149	295	384
Income Tax	2	2	2	1	1	1	2	2	3	4

## Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	6044	6038	6028	6174	6220	6749	7199	7977	9328	9384
Cash & Equivalents	154	11	237	368	34	23	420	613	10	260
Accounts Receivable	26	25	24	24	23	22	20	19	13	12
Total Liabilities	3087	3065	2856	2612	2782	3047	3682	3711	4271	4332
Accounts Payable	157	133	138	128	147	172	176	192	211	223
Long-Term Debt	2731	2725	2481	2205	2322	2524	3167	3170	3681	3715
Shareholder's Equity	2884	2896	3092	3483	3364	3629	3445	4167	4987	4981
LTD/E Ratio	0.95	0.94	0.80	0.63	0.69	0.70	0.92	0.76	0.74	0.75

## Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	5.0%	4.1%	13.6%	3.2%	2.5%	3.4%	1.8%	4.0%	7.6%	4.3%
Return on Equity	10.4%	8.6%	27.4%	6.0%	4.6%	6.3%	3.5%	8.0%	14.2%	8.0%
ROIC	5.3%	4.4%	14.4%	3.4%	2.7%	3.7%	1.9%	4.3%	8.1%	4.6%
Shares Out.	88.5	89.5	89.9	92.5	95.4	99.4	99.4	102.8	108	109
Revenue/Share	\$8.93	\$9.34	\$9.75	\$9.74	\$10.01	\$10.35	\$10.50	\$11.12	\$13.13	\$14.19
FCF/Share	-\$0.89	\$0.13	\$1.11	\$1.47	\$1.52	\$1.49	---	\$1.45	\$2.72	3.53

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

## Disclaimer

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