



Getty Realty Corp. (GTY)

Updated February 18th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$30	5 Year CAGR Estimate:	9.9%	Market Cap:	\$1.7 B
Fair Value Price:	\$34	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	3/27/2025
% Fair Value:	87%	5 Year Valuation Multiple Estimate:	2.7%	Dividend Payment Date:	4/10/2025
Dividend Yield:	6.3%	5 Year Price Target	\$38	Years Of Dividend Growth:	12
Dividend Risk Score:	F	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

Getty Realty (GTY) is a real estate investment trust (REIT) that specializes in the acquisition and development of convenience, automotive and other single-tenant retail real estate. The REIT has 1,118 properties in 42 states across the U.S. and a market capitalization of \$1.7 billion. About 67% of the properties are convenience and gas stores.

Getty Realty has a defensive business model, as its tenants are established retailers that are resistant to recessions and the threat of e-commerce. It is remarkable that nearly 70% of the properties of the REIT are corner locations in high-density metropolitan areas. In addition, the REIT has an eye-opening occupancy rate of 99.7%.

In mid-February, Getty Realty reported (2/12/25) financial results for the fourth quarter of fiscal 2024. Rental income grew 15% over the prior year's quarter thanks to the acquisition of new properties and growth in rental rates. Adjusted funds from operations (AFFO) per share grew only 5%, from \$0.57 to \$0.60, due to higher interest expense and increased depreciation due to the acquisition of many new properties.

In contrast to most REITs, which are suffering from high interest expense amid nearly 23-year high interest rates, Getty Realty has low interest expense thanks to its healthy balance sheet. Management provided guidance for AFFO per share of \$2.38-\$2.41 in 2025. Accordingly, we expect FFO per share of \$2.40.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	\$1.39	\$1.67	\$1.56	\$1.80	\$1.86	\$2.31	\$1.88	\$2.44	\$2.06	\$2.34	\$2.40	\$2.65
DPS	\$0.93	\$1.03	\$1.16	\$1.31	\$1.42	\$1.50	\$1.58	\$1.66	\$1.74	\$1.82	\$1.88	\$2.12
Shares¹	33.4	33.8	36.9	40.2	41.1	42.1	44.8	46.8	50.2	55.7	60.0	80.0

Getty Realty benefits from the sustained growth of sales of convenience stores, which have proved resilient to all kinds of downturns, such as recessions, the pandemic and the boom of e-commerce. Convenience stores have grown their sales by 6% per year on average over the last 40 years, with markedly low volatility. The resilience of convenience stores renders the business model of Getty Realty strong, as the REIT has been able to increase rental rates while it has always enjoyed sector-leading occupancy rates.

Getty Realty has grown its FFO per share by 6.0% per year on average over the last decade and by 4.7% per year on average over the last five years. It invested \$209 million in acquisitions and developments in 2024. As this amount is 12% of the market cap of the REIT, it certainly bodes well for future growth. Nevertheless, due to a somewhat volatile performance record in the last four years, we assume 2.0% average annual growth of FFO per share until 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg P/FFO	12.2	12.8	17.1	15.1	17.2	12.1	16.3	11.9	15.6	12.5	12.5	14.3
Avg. Yld.	5.5%	4.8%	4.4%	4.8%	4.5%	5.4%	5.2%	5.7%	5.4%	6.2%	6.3%	5.6%

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Getty Realty Corp. (GTY)

Updated February 18th, 2025 by Aristofanis Papadatos

Getty Realty has traded at an average P/FFO ratio of 14.3 over the last decade, with remarkably low variation in its valuation level throughout this period. The stock is currently trading at a P/FFO ratio of 12.5, which is lower than its historical average valuation level. We expect the stock to revert to its average valuation level in five years thanks to lower interest rates. If this occurs, the stock will enjoy a 2.7% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	67%	62%	74%	73%	76%	65%	84%	68%	84%	78%	78%	80%

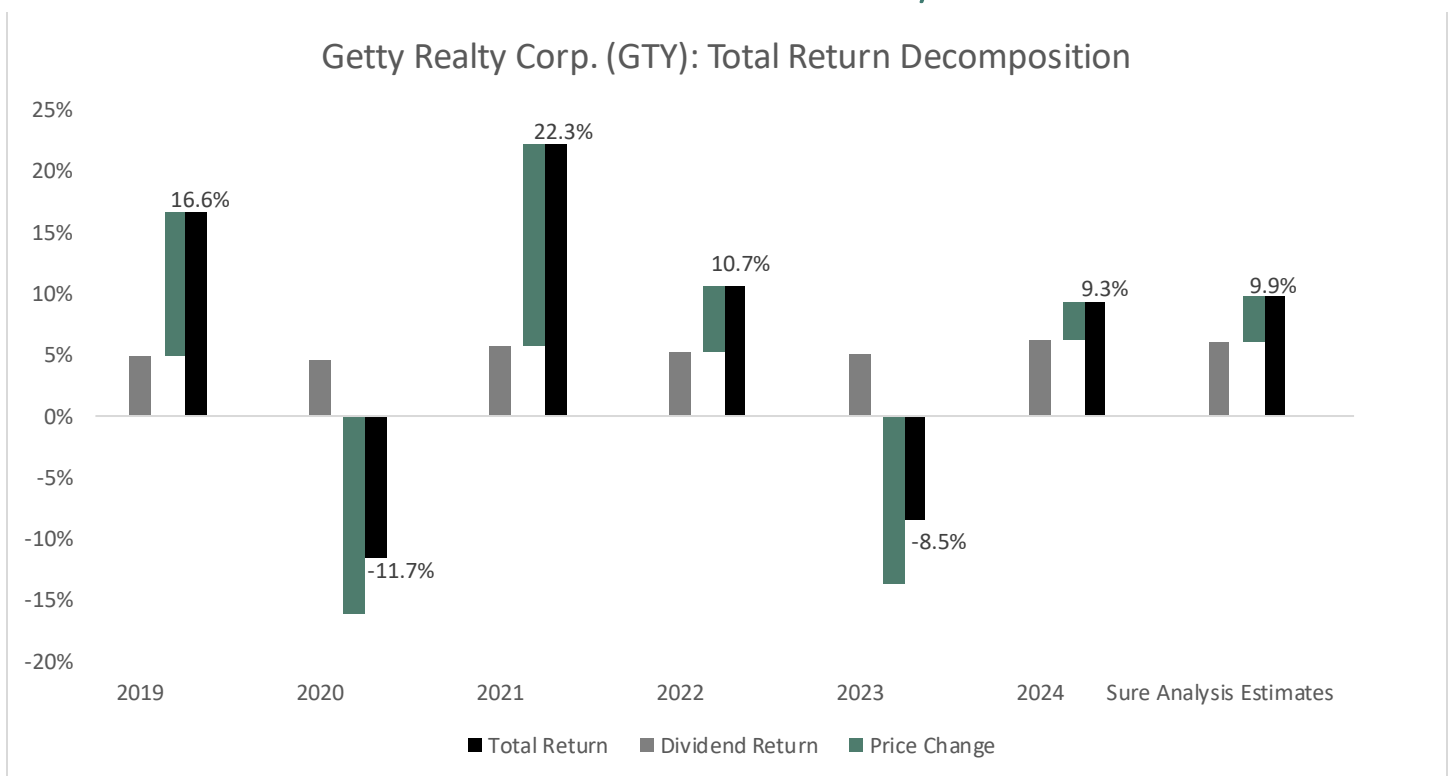
Getty Realty raised its dividend by 4% last year and it is now offering a nearly 10-year high dividend yield of 6.3%. Its payout ratio is high, at 78%, but the REIT has a defensive business model and a manageable amount of debt. It has an interest coverage ratio of 2.8 and net debt of \$894 million, which is only 53% of the market capitalization. Moreover, its only debt maturity until 2028 is \$125 million this year. As a result, Getty Realty is not likely to have any problem servicing its debt and hence it is not likely to cut its dividend in the absence of a severe downturn.

It is also worth noting that Getty Realty proved resilient to the recession caused by the pandemic in 2020, as it kept growing its FFO per share and its dividend during that crisis.

Final Thoughts & Recommendation

Getty Realty currently experiences positive but modest business momentum. Nevertheless, it remains attractive from a long-term perspective. It can offer a 9.9% average annual return over the next five years thanks to 2.0% annual growth of FFO per share, its 6.3% dividend and a 2.7% valuation tailwind. The stock receives a buy rating. We reiterate that the stock is suitable for investors who can wait patiently for interest rates to moderate in the upcoming years.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Getty Realty Corp. (GTY)

Updated February 18th, 2025 by Aristofanis Papadatos

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	111	115	120	136	141	147	155	166	186	203
Gross Profit	86	92	98	112	116	124	133	144	162	189
Gross Margin	77.8%	79.9%	81.4%	82.6%	82.2%	84.0%	85.8%	87.0%	87.2%	92.7%
SG&A Exp.	17	14	14	15	15	17	20	21	24	25
D&A Exp.	15	19	21	26	28	34	40	45	51	60
Operating Profit	45	57	65	70	70	75	74	104	92	108
Op. Margin	40.6%	49.0%	53.9%	51.1%	49.6%	51.1%	47.7%	63.1%	49.4%	53.0%
Net Profit	37	38	47	48	50	69	63	90	60	71
Net Margin	33.8%	33.3%	39.3%	35.1%	35.4%	47.1%	40.4%	54.4%	32.4%	34.9%
Free Cash Flow	49	37	59	63	77	83	87	93	105	130

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	897	877	1,073	1,162	1,212	1,350	1,467	1,562	1,822	1,974
Cash & Equivalents	4	13	20	47	22	55	25	9	3	9
Total Liabilities	490	446	519	581	622	690	722	802	867	1012
Long-Term Debt	317	299	379	444	469	549	584	693	756	905
Shareholder's Equity	407	431	554	581	589	660	745	760	956	962
LTD/E Ratio	0.78	0.69	0.68	0.76	0.80	0.83	0.78	0.91	0.79	0.94

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.7%	4.3%	4.8%	4.3%	4.2%	5.4%	4.5%	5.9%	3.6%	3.7%
Return on Equity	9.2%	9.2%	9.6%	8.4%	8.5%	11.1%	8.9%	12.0%	7.0%	7.4%
ROIC	6.0%	5.3%	5.7%	4.9%	4.8%	6.1%	5.0%	6.5%	3.8%	4.0%
Shares Out.	33.4	33.8	36.9	40.2	41.1	42.1	44.8	46.8	50.2	54.6
Revenue/Share	3.31	3.41	3.26	3.39	3.42	3.50	3.47	3.54	3.70	3.73
FCF/Share	1.48	1.08	1.59	1.56	1.87	1.96	1.93	1.99	2.09	2.38

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.