Kimco Realty (KIM)

Updated February 10th, 2024 by Samuel Smith

Key Metrics

Current Price:	$22.4	**5 Year CAGR Estimate:**	6.0%	**Market Cap:**	$15.1 B
Fair Value Price:	$20.5	**5 Year Growth Estimate:**	3.7%	**Ex-Dividend Date:**	3/7/25
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.7%	**Dividend Payment Date:**	3/21/25
Dividend Yield:	4.5%	**5 Year Price Target**	$25	**Years of Dividend Growth:**	5
Dividend Risk Score:	F	**Retirement Suitability Score:**	C	**Rating:**	Hold

Overview & Current Events

Kimco Realty is a real estate investment trust that owns, develops, manages and operates shopping centers. Kimco, in particular, specializes in open-air shopping centers. The trust was founded in 1973, is headquartered in New Hyde Park, NY, and currently trades with a market capitalization of about $15.1 billion.

Kimco Realty reported strong fourth-quarter 2024 results on February 7, 2025, supported by favorable supply-demand dynamics, a well-curated tenant mix, and continued portfolio densification. CEO Conor Flynn highlighted the company's ongoing transformation into a grocery-anchored and mixed-use retail portfolio, emphasizing the strength of Kimco's assets in first-ring suburbs with barriers to entry. The company successfully entitled 12,000 apartment units ahead of schedule and continues to see strong demand for retail space, particularly among service-oriented and internet-resistant tenants such as medical providers, fitness centers, and off-price retailers. President Ross Cooper detailed the accretive RPT Realty acquisition, which has exceeded expectations with improved cost synergies and strong leasing performance. The integration has led to higher occupancy, same-site NOI growth, and successful asset sales that enhanced the portfolio's overall quality. CFO Glenn Cohen reported fourth-quarter FFO of $0.42 per share, an increase of 7.7% year-over-year, driven by NOI growth from acquisitions, higher minimum rents, and strong leasing performance. Same-site NOI growth for the full year was 3.5%, outperforming expectations. The company maintained a strong balance sheet with a net debt-to-EBITDA ratio of 5.3x and ample liquidity. Initial 2025 FFO guidance was set at $1.70 to $1.72 per share, with same-site NOI growth projected at 2% plus. While Kimco expects some impact from recent tenant bankruptcies, leasing momentum and rent commencements from the signed-not-open pipeline provide a strong counterbalance. The company remains focused on selective acquisitions, structured investments, and capital recycling through the disposition of certain ground leases and development entitlements.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFOPS	$1.46	$1.50	$1.52	$1.45	$1.47	$1.17	$1.38	$1.58	$1.57	$1.65	***$1.71***	***$2.05***
DPS	$0.98	$1.02	$1.08	$1.12	$1.12	$0.54	$0.61	$0.92	$0.93	$0.97	***$1.00***	***$1.15***
Shares[1]	413.7	425.6	425.5	421.4	431.8	432.4	616.7	618.6	672.9	674.1	***674.1***	***700.0***

As REITs have high non-cash expenses, primarily due to depreciation, their net earnings are usually relatively low and are therefore not reflective of the underlying earnings power and ability to generate cash flows. It thus makes sense to look at funds from operations, or FFO. Kimco Realty's FFOPS is substantially lower than before the financial crisis, but the trust has performed relatively well over the last couple of years. Kimco Realty should be able to grow its FFO through rent increases and rising operating income in the coming years as it has largely completed its portfolio repositioning program. The underlying operating performance of Kimco Realty is strong, which is reflected in positive same-property NOI growth, and it owns high quality assets in strong markets. The trust is not facing many problems due to e-commerce hurting sales at its properties so far as many of its tenants are relatively immune to e-commerce.

[1] In millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
P/FFO	17.3	18.8	13.5	9.9	13.7	9.0	18.6	13.9	11.0	15.6	***13.1***	***12.0***
Avg. Yld.	3.9%	3.6%	5.3%	7.8%	5.6%	5.1%	2.4%	4.2%	5.4%	4.0%	***4.5%***	***4.7%***

Kimco Realty trades for 13.1 times this year's expected funds from operations, which represents a premium to our fair value estimate of 12 times funds from operations. During the majority of the last decade, Kimco traded at a higher valuation, but we believe it no longer warrants a mid-teens multiple due to the decline in growth opportunities in bricks-and-mortar retail as well as elevated interest rates at the moment.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	67%	68%	71%	77%	76%	46%	44%	58%	59%	59%	***58%***	***56%***

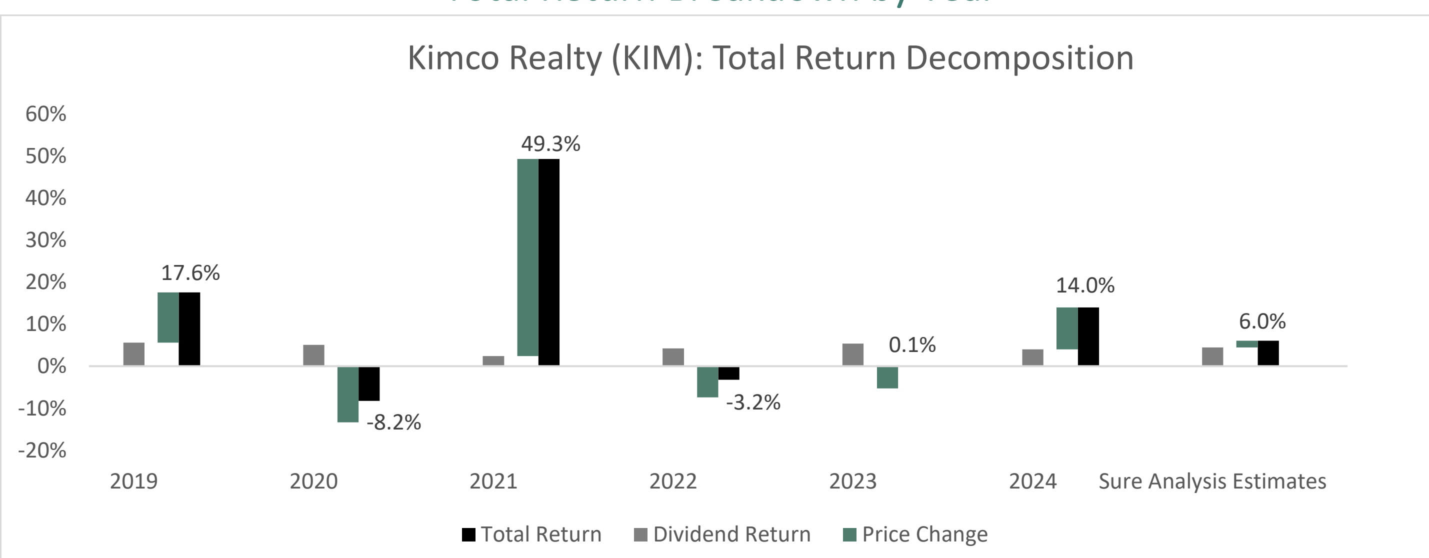
Kimco was forced to temporarily suspend its dividend due to weak economic conditions but has since resumed raising its dividend. However, it remains below pre-pandemic levels.

Some mall REITs are under a lot of pressure due to declining traffic at the malls they own, which leads to lower occupancy rates and to lower rents at the same time. Kimco Realty's focus on outdoor shopping-centers has shielded the trust from such developments so far. Traffic at its properties is solid, and its tenant base is strong as well. Top tenants include Home Depot, TJX, Walmart, as well as many grocers. During the last financial crisis Kimco Realty did not remain profitable (using FFO), but during less severe recessions the trust would likely not be impacted significantly.

Final Thoughts & Recommendation

Kimco Realty is a retail REIT, but its shopping center focus provides some protection against the rise of e-commerce companies, and the underlying performance of Kimco's assets has been very solid in the recent past. Given that most e-commerce-sensitive tenants have largely been pruned from the portfolio, per-share FFO should begin to grow again. Overall Kimco Realty earns a Hold rating from Sure Dividend as shares offer decent but not great 6% expected annualized total returns over the next half-decade due to expected multiple compression offsetting its mediocre per-share growth and fairly attractive dividend.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,167	1,171	1,201	1,165	1,159	1,058	1,365	1,728	1,783	2,037
Gross Profit	862	842	863	836	822	715	947	1,197	1,227	1,399
Gross Margin	73.9%	71.9%	71.9%	71.8%	70.9%	67.6%	69.4%	69.3%	68.8%	68.7%
SG&A Exp.	123	87	92	88	97	93	104	120	137	138
D&A Exp.	345	355	361	310	278	266	395	505	507	
Operating Profit	389	394	405	432	447	333	447	572	583	658
Operating Margin	33.3%	33.7%	33.7%	37.1%	38.6%	31.5%	32.8%	33.1%	32.7%	32.3%
Net Profit	894	379	426	498	411	1,001	844	126	654	411
Net Margin	76.6%	32.4%	35.5%	42.7%	35.4%	94.6%	61.9%	7.3%	36.7%	20.2%
Free Cash Flow	494	592	614	638	584	590	619	861	1,072	
Income Tax	60	79	(1)	2	(3)	1	3	57	61	25

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	11,344	11,231	11,764	10,999	10,998	11,614	18,459	17,826	18,274	20,310
Cash & Equivalents	190	142	239	144	124	293	326	147	781	690
Acc. Receivable	175	182	190	185	219	178	184	225	243	340
Total Liabilities	6,076	5,741	6,225	5,564	6,051	5,928	8,336	8,086	8,548	9,464
Accounts Payable	150	146	186	175	170	146	220	208	216	282
Long-Term Debt	5,376	5,066	5,479	4,874	5,316	5,355	7,476	7,158	7,617	8,461
Total Equity	5,046	5,256	5,394	5,334	4,865	5,608	9,899	9,515	9,525	10,653
LTD/E Ratio	1.07	0.96	1.02	0.91	1.09	0.96	0.76	0.75	0.80	0.79

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.3%	3.4%	3.7%	4.4%	3.7%	8.9%	5.6%	0.7%	3.6%	2.1%
Return on Equity	17.4%	7.0%	7.7%	9.1%	7.9%	18.8%	10.7%	1.3%	6.7%	4.0%
ROIC	8.8%	3.6%	4.0%	4.7%	4.0%	9.4%	5.9%	0.7%	3.8%	2.2%
Shares Out.	413.7	425.6	425.5	421.4	431.8	432.4	616.7	618.6	672.9	674.1
Revenue/Share	2.83	2.79	2.83	2.76	2.75	2.45	2.67	2.80	2.88	3.03
FCF/Share	1.20	1.41	1.45	1.51	1.38	1.37	1.21	1.39	1.73	

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