



Federal Realty Investment Trust (FRT)

Updated May 18th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$98	5 Year CAGR Estimate:	5.5%	Market Cap:	\$8.5 B
Fair Value Price:	\$86	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	7/1/25
% Fair Value:	114%	5 Year Valuation Multiple Estimate:	-2.6%	Dividend Payment Date:	7/15/25
Dividend Yield:	4.5%	5 Year Price Target	\$104	Years Of Dividend Growth:	57
Dividend Risk Score:	B	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

Federal Realty is one of the larger real estate investment trusts (REITs) in the United States. The trust was founded in 1962 and concentrates in high-income, densely populated coastal markets in the US, allowing it to charge more per square foot than its competition. Federal Realty trades with a market capitalization of \$8.5 billion today.

On May 8, 2025, Federal Realty Investment Trust (NYSE: FRT) reported its financial results for the first quarter ended March 31, 2025. The company achieved Funds From Operations (FFO) of \$146.5 million, or \$1.70 per diluted share, marking a 3.7% increase from \$1.64 per share in the same period of the previous year. Net income available for common shareholders was \$61.8 million, or \$0.72 per diluted share, up from \$54.7 million, or \$0.66 per share, in the first quarter of 2024. Total revenue rose by 6.1% year-over-year to \$309.15 million, driven by higher rental income and improved occupancy rates.

The company's comparable portfolio occupancy increased by 180 basis points year-over-year to 93.6%, with a leased rate of 95.9% at quarter-end. Comparable property operating income grew by 2.8%, reflecting the company's focus on high-quality, mixed-use properties in affluent, densely populated markets.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	\$5.32	\$5.65	\$5.91	\$6.23	\$6.33	\$4.52	\$5.57	\$6.32	\$6.55	\$6.77	\$7.16	\$8.70
DPS	\$3.62	\$3.84	\$3.96	\$4.04	\$4.20	\$4.22	\$4.26	\$4.32	\$4.34	\$4.38	\$4.40	\$4.95
Shares¹	69.7	72.1	73.2	74.4	75.7	76.7	78.6	81.4	83.0	85.7	86.3	85.0

We use funds-from-operations (FFO) instead of earnings-per-share for REITs as the latter is messy and uninformative for this industry. Prior to 2020, Federal Realty's funds-from-operations had not dipped year-over-year at any point in the past decade, a tremendously impressive feat given that the trust operates in the highly cyclical real estate sector.

While growth numbers have not always been impressive, the simple fact that it has such a consistent track record of safety and stability when it comes to funds-from-operations and dividends per share makes it one of the most desirable REITs in the market. Federal Realty's growth moving forward will be comprised of a continuation of higher rent rates on new leases and its impressive development pipeline fueling asset base expansion. Margins are expected to continue to rise slightly as it redevelops pieces of its portfolio and same-center revenue continues to move higher. Moving forward, we expect FFO/share to grow at a mid-single-digit pace. We also expect Federal Realty to continue increasing its streak of 57 consecutive years of dividend increases.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/FFO	27.8	27.2	27	22.9	19.6	20.7	16.2	24.6	13.9	14.2	13.7	12.0
Avg. Yld.	2.4%	2.5%	2.5%	2.8%	3.4%	4.5%	4.7%	2.8%	4.8%	4.6%	4.5%	4.7%

¹ Share count 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.



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Federal Realty’s valuation now stands at 13.7 times our 2025 FFO estimate, which is above our fair value estimate of 12 times FFO. That said, we expect the payout ratio to continue to trend downward moving forward as the company will be focusing on strengthening its portfolio and balance sheet moving forward, so the dividend yield will likely only increase to 4.7% over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	68%	68%	67%	65%	66%	93%	76%	68%	66%	65%	62%	57%

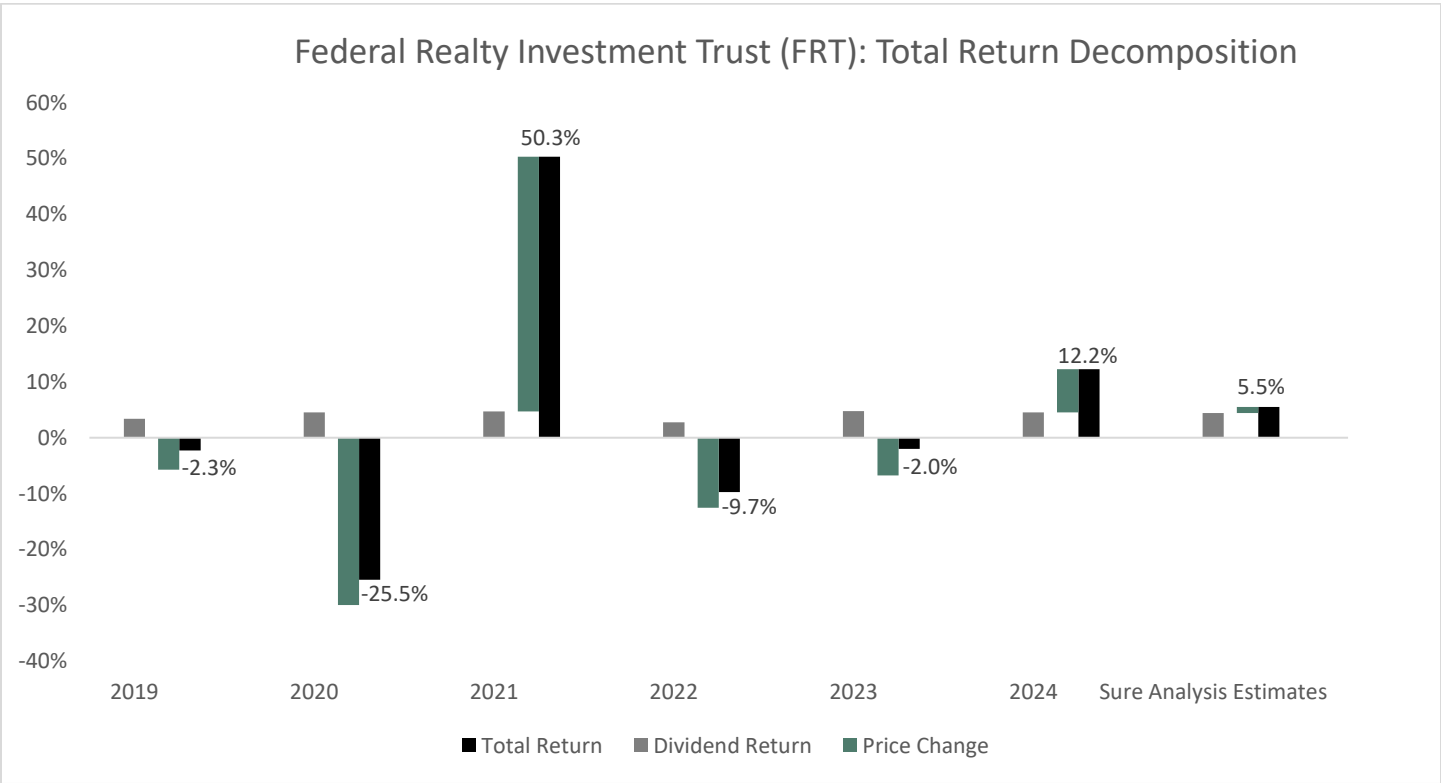
Federal Realty’s payout ratio has been pretty steady in the past decade, and we do not see that changing. The preferred mix of dividend payments as a percentage of FFO is two-thirds, and that is where we see the dividend in the coming years. Federal Realty’s dividend payment is still considered moderately safe and should continue to be raised for many years to come.

Federal Realty’s competitive advantages include its superior development pipeline, its focus on high-income, high-density areas and its decades of experience in running a world-class REIT. These qualities allow it to perform admirably, and even grow through recessions, when some of its lesser peers struggle to keep the lights on.

Final Thoughts & Recommendation

We are forecasting total annualized returns of 5.5% going forward. Federal Realty is a high-quality name that has an impressive dividend growth track record. However, we rate the REIT as a Hold given its mediocre total return outlook.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	744	802	857	915	936	835	951	1,074	1,132	1,202
Gross Profit	511	548	585	628	637	545	635	718	769	811
Gross Margin	68.6%	68.4%	68.2%	68.6%	68.1%	65.3%	66.7%	66.8%	67.9%	67.4%
SG&A Exp.	36	33	36	34	43	42	50	53	51	50
D&A Exp.	175	194	216	244	240	255	280	302	322	343
Operating Profit	300	321	332	350	355	249	305	363	397	418
Operating Margin	40.3%	40.0%	38.8%	38.2%	37.9%	29.8%	32.0%	33.7%	35.0%	34.8%
Net Profit	210	250	290	242	354	132	261	385	237	295
Net Margin	28.3%	31.2%	33.8%	26.4%	37.8%	15.8%	27.5%	35.9%	20.9%	24.6%
Free Cash Flow	87	(10)	(60)	148	52	(132)	31	100	245	328

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,897	5,423	6,276	6,290	6,795	7,608	7,622	8,234	8,437	8,525
Cash & Equivalents	21	23	15	64	127	798	162	86	251	123
Accounts Receivable	110	117	210	142	153	160	169	198	202	229
Total Liabilities	2,977	3,204	3,743	3,686	4,019	4,921	4,745	5,022	5,211	5,100
Accounts Payable	147	202	196	178	256	229	235	190	175	184
Long-Term Debt	2,556	2,727	3,213	3,158	3,357	4,291	4,048	4,329	4,599	4,474
Shareholder's Equity	1,654	1,967	2,107	2,186	2,375	2,304	2,421	2,794	2,804	3,012
LTD/E Ratio	1.54	1.38	1.42	1.35	1.32	1.74	1.57	1.47	1.55	1.41

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.5%	4.8%	5.0%	3.9%	5.4%	1.8%	3.4%	4.9%	2.8%	3.5%
Return on Equity	11.3%	12.1%	12.2%	9.4%	13.2%	4.8%	9.4%	12.7%	7.4%	8.9%
ROIC	4.9%	5.3%	5.4%	4.2%	6.0%	2.0%	3.8%	5.3%	3.1%	3.8%
Shares Out.	69.7	72.1	73.2	74.4	75.7	76.7	78.6	81.4	83.0	85.7
Revenue/Share	10.79	11.28	11.87	12.49	12.52	11.06	12.29	13.35	13.92	14.39
FCF/Share	1.25	(0.14)	(0.83)	2.02	0.70	(1.75)	0.40	1.24	3.01	3.92

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

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