One Liberty Properties (OLP)

Updated May 20th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$25	**5 Year CAGR Estimate:**	7.1%	**Market Cap:**	$530 M
Fair Value Price:	$23	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date[1]:**	06/25/2025
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.4%	**Dividend Payment Date[1]:**	07/09/2025
Dividend Yield:	7.3%	**5 Year Price Target:**	$25	**Years of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

One Liberty Properties is a self-administered, self-managed real estate investment trust that acquires, owns, and manages a diversified portfolio of industrial, retail, office and other properties. Almost all of One Liberty's leases are net leases, where the tenant is responsible for real estate taxes, insurance, and ordinary maintenance and repairs. One Liberty was incorporated in 1982 and became a public trust in 1983. It trades on the NYSE under the ticker symbol OLP and is headquartered in Great Neck, New York. OLP has a market capitalization of $530 million.

One Liberty's current portfolio comprises 105 properties in 32 states. The portfolio is currently at 98.5% occupancy and the trust's base rent stands at $77 million. The majority of rental income is derived from One Liberty's industrial properties (75%). The remainder of its rental income is generated by its retail, restaurant, health & fitness, theaters, and other properties.

One Liberty Properties reported first quarter 2025 results on May 6th, 2025, for the period ending March 31st, 2025. Rental income rose 7.7% year-over-year to $24.2 million from $22.4 million. And adjusted funds from operations edged up 2.9% to $10.5 million from $10.2 in the prior year period. But adjusted FFO per share remained flat at $0.48.

During the quarter, One Liberty acquired four industrial properties for $88.3 million which is expected to generate $1.6 million of quarterly rental income. It also sold two non-industrial properties for gross proceeds of $3.7 million.

At quarter-end, One Liberty had $8.2 million in cash and cash equivalents, total assets of $812 million and total debt of $471 million. Its available liquidity was $96 million, including $88 million available under its credit facility.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO	$1.92	$1.99	$2.09	$2.13	$1.98	$1.90	$1.95	$1.98	$1.99	$1.91	***$1.83***	***$2.02***
DPS	$1.58	$1.66	$1.74	$1.80	$1.80	$1.80	$1.80	$1.80	$1.80	$1.80	***$1.80***	***$1.89***
Shares[2]	16.1	16.9	18.1	18.6	19.1	19.6	20.3	20.4	20.4	20.8	***20.8***	***24.0***

One Liberty Properties has not produced much growth on a per-share basis over the last decade, given the downturn of its AFFO per share in 2024. The trust's AFFO per share has remained practically flat since 2015, but has declined an average of -0.7% in the last five years. During this time, its share count has increased at a 3% average annual rate.

The trust is focusing on reducing its retail exposure and increasing its industrial exposure, which should pay off with the long-term trends in e-commerce and the demand for warehouses and distribution facilities increasing. Year-over-year, since 2016, OLP has reduced the percentage of contractual rental income exposed to retail properties and increased its exposure to industrial properties. Given this, we estimate that One Liberty can grow adjusted FFO from here on out at approximately 2.0% annually. Additionally, a portfolio of industrial properties is likely to be valued at a higher multiple than a portfolio of retail properties, especially restaurants and theatres.

[1] Estimate
[2] In millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	11.9	11.7	11.6	12.0	14.2	10.0	14.3	13.5	10.5	12.9	***13.4***	***12.5***
Avg. Yld.	6.7%	7.0%	7.0%	7.0%	6.4%	10.0%	6.7%	6.9%	8.6%	7.4%	***7.3%***	***7.5%***

The trust's P/AFFO ratio of 13.4 is higher than its ten- and five-year historic average valuations of 12.3- and 12.2-times AFFO. We see fair value at 12.5 times AFFO, in line with its historic valuation average, implying the potential for a valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

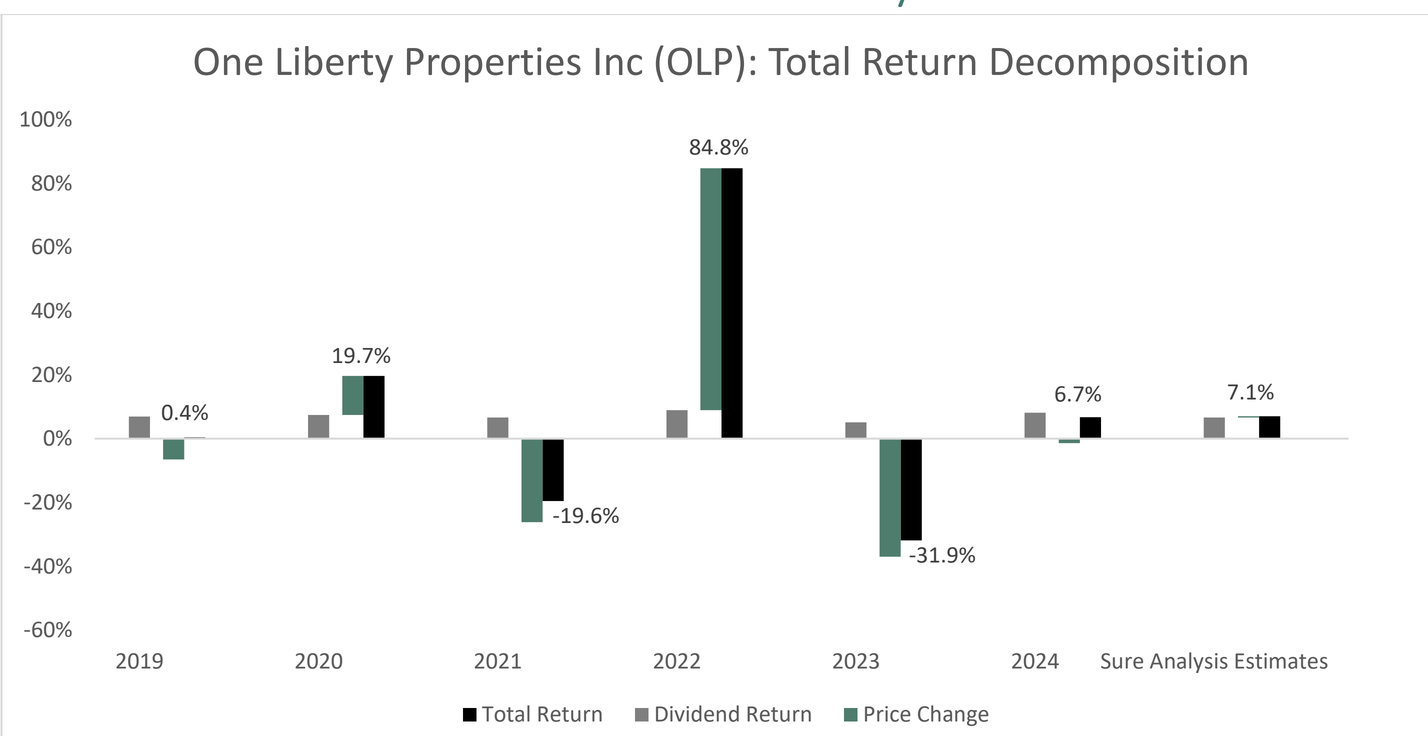
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	82%	83%	83%	85%	91%	95%	92%	91%	90%	94%	***98%***	***94%***

Despite choppy AFFO results year-over-year, One Liberty had maintained a fairly covered dividend payout, until 2019 when the coverage became somewhat under threat with a ratio higher than 90%. The payout ratio today remains approximately 98%, so it is in grave danger of being slashed, but if the trust continues executing successfully on its industrial property strategy, the payout ratio could moderate in the future. The trust's competitive advantage lies in its dedicated management with insider ownership of more than 10%, aligning management with shareholders and, according to the CEO, "dramatically differentiates" the trust from its competitors.

Final Thoughts & Recommendation

One Liberty Properties has struggled to grow adjusted funds from operations in recent years, but it has been successfully pivoting its portfolio from retail-heavy to industrial-heavy. We forecast the trust can grow AFFO per share by approximately 2.0% annually. Combined with the high 7.3% dividend yield, and -1.4% valuation headwind, we forecasted annualized total returns of 7.1%. However, given it has not increased its dividend in the last seven years, and pays out almost all of its funds from operations, OLP earns a sell rating.

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.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	66	71	76	79	85	82	83	92	91	91
Gross Profit	59	61	65	68	71	68	69	77	74	73
Gross Margin	90.3%	86.9%	85.5%	85.3%	83.4%	83.4%	83.3%	83.2%	81.3%	80.2%
SG&A Exp.	10	11	11	12	12	14	14	15	16	15
D&A Exp.	16	17	20	22	21	22	22	23	24	23
Operating Profit	33	32	32	31	36	31	32	37	33	33
Op. Margin	50.4%	45.7%	42.3%	39.3%	42.3%	38.2%	38.1%	40.5%	36.3%	36.4%
Net Profit	21	24	24	21	18	27	39	42	30	30
Net Margin	31.2%	34.6%	31.8%	26.1%	21.3%	33.5%	47.0%	45.7%	33.0%	33.6%
Free Cash Flow	34	30	44	43	36	35	49	44	46	39

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	646	733	743	781	775	776	753	783	762	767
Cash & Equivalents	13	17	14	15	11	13	16	7	26	42
Goodwill & Int.	29	33	31	27	26	25	21	20	15	14
Total Liabilities	384	442	444	482	483	484	447	466	454	458
Long-Term Debt	349	404	402	448	447	442	408	426	418	421
Total Equity	260	290	297	297	291	291	305	316	307	307
LTD/E Ratio	1.34	1.39	1.35	1.51	1.54	1.52	1.34	1.35	1.36	1.37

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.3%	3.5%	3.3%	2.7%	2.3%	3.5%	5.1%	5.5%	3.8%	4.0%
Return on Equity	8.0%	8.9%	8.2%	7.0%	6.1%	9.4%	13.0%	13.6%	9.5%	9.9%
ROIC	3.5%	3.7%	3.5%	2.9%	2.4%	3.7%	5.4%	5.8%	4.0%	4.2%
Shares Out.	16.1	16.9	18.1	18.6	19.1	19.6	20.3	20.45	20.56	20.72
Revenue/Share	4.09	4.18	4.21	4.26	4.43	4.18	4.08	4.51	4.41	4.37
FCF/Share	2.14	1.78	2.46	2.29	1.90	1.79	2.40	2.16	2.24	1.89

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