Community Healthcare Trust Inc (CHCT)

Updated August 12th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$14	**5 Year CAGR Estimate:**	19.4%	**Market Cap:**	$389 M
Fair Value Price:	$19	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date[1]:**	08/08/2025
% Fair Value:	74%	**5 Year Valuation Multiple Estimate:**	6.3	**Dividend Payment Date[1]:**	08/22/2025
Dividend Yield:	13.2%	**5 Year Price Target**	$25	**Years Of Dividend Growth:**	9
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Community Healthcare Trust is a REIT which owns income-producing real estate properties linked to the healthcare sector, such as physician offices, specialty centers, behavioral facilities, inpatient rehabilitation facilities, and medical office buildings, in the trust's target sub-markets within the United States. The trust has investments in 200 properties in 36 states, totaling 4.5 million square feet. Community Healthcare Trust trades on the NYSE under the ticker symbol CHCT and is headquartered in Franklin, Tennessee. It has a market capitalization of $389 million.

On July 29th, 2025, Community Healthcare Trust reported second quarter results for the period ending June 30th, 2025. Funds from operations (FFO) per share sunk 47% to $0.23 from $0.43 in the prior year quarter. Adjusted FFO per share also dropped 6% to $0.50. Six cents of this decrease resulted from recording a $1.7 million reserve on interest receivable associated with the geriatric behavioral hospital tenant, as collectability was no longer assured and the tenant intends to sell its business.

During the quarter, Community Healthcare disposed of one property in Ohio, earning net proceeds of $0.6 million. The trust also has six properties under definitive purchase agreements, with a combined purchase price of roughly $146 million, expected to close from 2025 through 2027. And subsequent to Q2, on July 9, CHCT acquired one inpatient rehabilitation facility in Florida for $26.5 million. It was 100% leased to a tenant through 2040.

The board of directors passed a 0.5% increase to the quarterly dividend to $0.4725 per share, or an annualized rate of $1.89 per share. CHCT has increased its dividend every quarter since its IPO.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFOPS	-	$1.41	$1.41	$1.53	$1.67	$2.03	$2.20	$2.49	$2.49	$2.22	***$1.85***	***$2.36***
DPS	-	$1.53	$1.57	$1.61	$1.65	$1.69	$1.73	$1.77	$1.81	$1.85	***$1.89***	***$2.09***
Shares[2]	-	11.3	14.8	17.7	18.7	23.1	24.3	23.8	26.0	26.8	***27.0***	***40.0***

Community HealthCare Trust was made public in 2016, so there exists only eight years of complete financial results from which to base future estimates off. In the five-year period from 2019 through 2024, CHCT grew funds from operations by 6% annually, which is decent. Even throughout the COVID pandemic, CHCT continued growing its AFFO.

We expect that the trust can increase AFFO per share at a 5.0% annualized growth rate beyond 2025. The trust will grow its healthcare property portfolio through acquisitions of non-urban healthcare facilities, which provide stable revenue growth and long-term cash flows. CHCT avoids urban properties to avoid competition from other REITs, which increases its potential for more attractive risk-adjusted returns. The trust acquires primarily individual properties worth between $5 million and $30 million. Healthcare-related real estate rents and valuations are generally more stable than other property types due to favorable demographic trends and the rising demand for healthcare, regardless of the economic climate.

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[1] Estimate
[2] In millions

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The trust's network of relationships in the healthcare market has allowed CHCT to acquire healthcare properties in its target markets from third-party owners of existing healthcare facilities, physician owners and with healthcare providers through sale/leaseback transactions. Existing shareholders can expect to be diluted over the long term, as CHCT has increased its outstanding shares by 8% annually over the trailing five years. Despite this increasing number of shares, FFO growth still came in positively over that period, so CHCT has been making good investments.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	-	14.5	18.0	18.4	23.7	21.5	21.6	15.2	13.5	10.0	***7.8***	***10.5***
Avg. Yld.	-	6.8%	6.1%	5.7%	4.2%	3.9%	3.5%	4.5%	5.4%	8.5%	***13.2%***	***8.4%***

Since IPO, Community Healthcare has traded at an average P/AFFO ratio of 17.4. We peg fair value at 10.5 times FFO given issues with its tenants. Still, we believe shares today are undervalued, implying a valuation tailwind. The 13.2% yield today is well above its long-term average yield of 5.4%, which could further indicate that shares are undervalued here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout		108%	111%	105%	99%	83%	78%	71%	72%	83%	***102%***	***88%***

The trust's payout ratio began above 100% of funds from operations, but as FFO increased, the ratio fell to more reasonable levels. Although the 2025 payout ratio is projected at 102%, it may decrease over the coming years if FFO growth surpasses dividend increases as we forecast.

Community Healthcare is somewhat recession resistant, as it owns properties which must operate in both good and bad financial times, but this does not completely prevent the threat of its partners and tenants facing financial difficulties.

CHCT's competitive advantage lies in its management's strong network of relationships to take advantage of in making attractive acquisitions and its focus on non-urban healthcare properties which result in higher risk-adjusted returns, but we would only call this a moderately strong advantage amongst its peers.

Final Thoughts & Recommendation

Community Healthcare has a short track record of financial results; however, it has increased funds from operations at this time at a decent rate. Additionally, the trust is dedicated to the dividend which has increased every quarter since IPO. We estimate that CHCT trades below fair value and offers 19.4% annual total returns. CHCT earns a hold rating.

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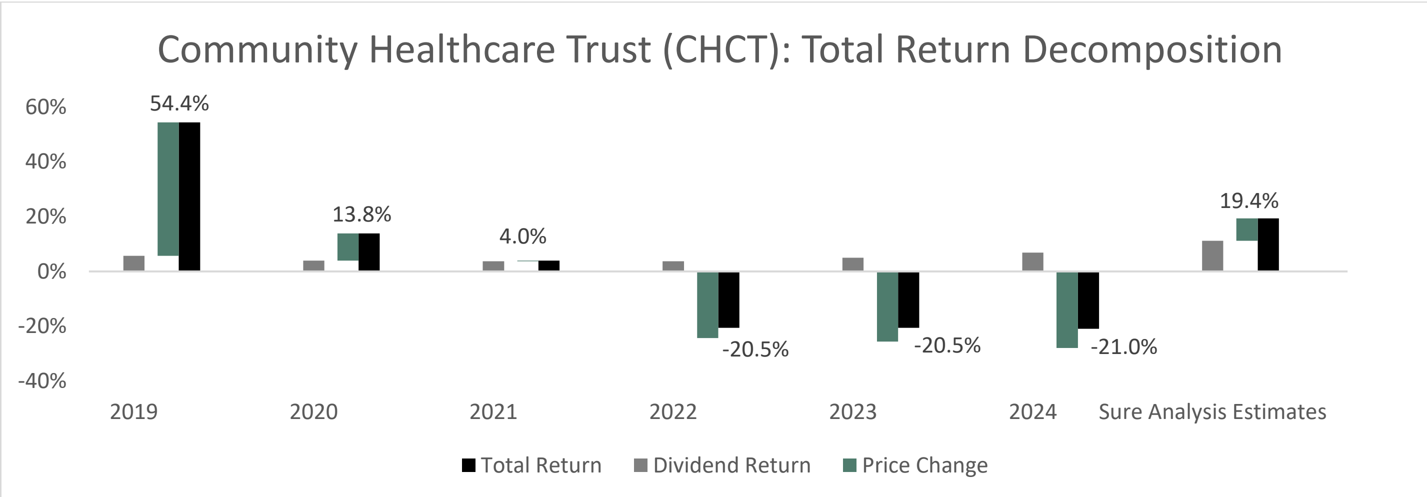
Total Return Breakdown by Year



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	9	25	37	49	61	76	91	98	113	116
Gross Profit	7	20	29	39	49	62	75	81	92	93
Gross Margin	76.7%	81.2%	76.7%	79.5%	79.9%	82.0%	83.3%	83.0%	81.4%	80.3%
SG&A Exp.	2	3	4	6	8	9	12	15	27	19
D&A Exp.	5	13	18	20	23	26	31	33	40	44
Operating Profit	-1	4	7	13	19	28	33	34	25	20
Operating Margin	-13.1%	15.4%	18.5%	27.7%	30.7%	36.9%	36.3%	34.7%	22.1%	17.2%
Net Profit	-1	3	4	4	8	19	22	22	8	-3
Net Margin	-11.1%	12.0%	10.8%	8.2%	13.1%	25.0%	24.2%	22.4%	7.1%	-2.6%
Free Cash Flow	2	13	21	20	28	41	49	50	42	34
Income Tax		0	0	-2	1	0	0	0	0	0

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	143	252	386	427	563	668	754	876	945	993
Cash & Equivalents	2	2	2	2	2	2	2	11	3	4
Accounts Receivable	1	3	5	5	8	10	14	18	23	25
Goodwill & Intang.	0	0	0	0	0	1	1	2	3	2
Total Liabilities	21	58	102	155	209	238	292	380	432	517
Long-Term Debt	17	51	93	148	194	212	266	353	403	486
Shareholder's Equity	122	194	283	272	353	430	462	497	513	476
LTD/E Ratio	0.14	0.26	0.33	0.54	0.55	0.49	0.57	0.71	0.79	1.02

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets		1.4%	1.1%	1.1%	1.7%	3.1%	3.2%	2.7%	0.9%	-0.3%
Return on Equity	-2.4%	1.7%	1.5%	1.6%	2.7%	4.9%	5.0%	4.6%	1.5%	-0.6%
ROIC		1.4%	1.1%	1.1%	1.7%	3.2%	3.3%	2.8%	0.9%	-0.3%
Shares Out.		11.3	14.8	17.7	18.7	23.1	24.3	23.6	25.2	26.5
Revenue/Share	1.83	2.23	2.52	2.75	3.26	3.51	3.89	4.1	4.5	4.4
FCF/Share	0.45	1.18	1.42	1.13	1.50	1.92	2.11	2.11	1.68	1.29

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