



Equity LifeStyle Properties, Inc. (ELS)

Updated May 14th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$62	5 Year Annual Expected Total Return:	8.7%	Market Cap:	\$12.2 B
Fair Value Price:	\$64	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	09/26/25
% Fair Value:	97%	5 Year Valuation Multiple Estimate:	0.7%	Dividend Payment Date:	10/10/25
Dividend Yield:	3.4%	5 Year Price Target	\$82	Years Of Dividend Growth:	21
Dividend Risk Score:	C	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

Equity LifeStyle Properties, Inc is a real estate investment trust which engages in the ownership and operation of lifestyle-oriented properties consisting primarily of manufactured home and recreational vehicle communities. The Trust was founded by James M. Hankins in December 1992 and is headquartered in Chicago, IL. Equity LifeStyle Properties operates through the following segments: Property Operations; and Home Sales and Rentals Operations. The Property Operations segment owns and operates land lease properties. The Home Sales and Rentals Operations segment purchases, sells, and leases homes at the properties. Today, Equity LifeStyle Properties, Inc. owns or has a controlling interest in more than 452 communities and resorts in 35 states and British Columbia, with more than 173,201 sites. Equity LifeStyle Properties, Inc trades on the New York Stock Exchange under the ticker “ELS”. The Trust has a strong dividend growth history. The company has been increasing its dividend for twenty-one consecutive years and has a current market capitalization of \$12.2 billion.

On July 21st, 2025, Equity LifeStyle Properties reported second-quarter for Fiscal Year (FY)2025. The company reported Q2 2025 revenue of \$376.9 million, down 0.8% from \$380.0 million in Q2 2024, with net income per common share steady at \$0.42. Normalized Funds from Operations (FFO) per share rose 4.7% to \$0.69, and FFO per share was also \$0.69, both meeting guidance midpoints. Core property operating revenues grew 3.5%, with manufactured home (MH) base rental income up 5.5% and RV/marina annual base rental income up 3.7%, though total RV/marina base rental income rose only 0.7%. Core property operating expenses were flat, boosting core income from property operations (excluding property management) by 6.4%. For the first half of 2025, normalized FFO per share increased 5.7% to \$1.52, despite a 2.0% drop in net income per share to \$0.99.

Balance sheet activity included a \$240.0 million unsecured term loan with \$150.0 million drawn in May and \$90.0 million in July 2025, at SOFR plus 1.20%, maturing May 2030, with swap agreements fixing the rate at 4.74%. ELS repaid \$86.9 million in mortgage loans at 3.45% and \$90.0 million on its credit line. Total assets were \$5.72 billion, with \$3.27 billion in debt and a 20.9% debt-to-market capitalization ratio. The company maintained a 5.6x interest coverage ratio and paid a \$0.515 per share dividend. Core MH and RV/marina portfolios showed resilient demand, with 116 new MH homes sold in Q2. For 2025, ELS projects full-year normalized FFO of \$3.01–\$3.11 per share, with Q3 at \$0.72–\$0.78. Core MH base rental income growth is expected at 4.9–5.9%, while RV/marina base rental income growth is forecasted at 0.6–1.6%. Property operating revenues are projected to rise 2.8–3.8%, with expenses up 0.7–1.7%, driving core income from property operations growth of 4.5–5.5%. Despite tariff and economic uncertainties, ELS’s stable MH performance, cost control, and strategic capital management position it for continued growth and shareholder value.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.52	\$1.66	\$1.80	\$1.94	\$2.09	\$2.17	\$2.53	\$2.72	\$2.75	\$2.91	\$3.06	\$3.91
DPS	\$0.75	\$0.85	\$0.98	\$1.10	\$1.07	\$1.37	\$1.45	\$1.64	\$1.79	\$1.91	\$2.06	\$2.63
Shares¹	184.0	185.0	187.0	190.0	192.0	193.0	192.6	195.3	195.0	196.6	197.0	198.0

¹ Share count is in millions.

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The continuation of acquiring properties and increasing core income from property operations will help drive FFO to grow for years to come. Over the past ten years, ELS has had a CAGR of 7.5% and a five-year CAGR of 7.1%. We think this will start to slow down as the Trust matures. Thus, we believe a 5.0% FFO growth rate is rational for the next five years. This will give us an FFO of \$3.91 per share in 2030. We also expect the Trust to continue its dividend growth history and grow its dividend at a 5.0% rate or higher as it did with the most recent increase was 7.9%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	21.9	21.8	24.7	25.1	33.7	29.2	34.9	23.8	25.7	23.3	20.3	21.00
Avg. Yld.	2.3%	2.4%	2.2%	2.3%	1.5%	2.2%	1.7%	2.5%	2.5%	2.9%	3.4%	3.2%

Currently, ELS is undervalued to our fair price of \$62. The Trust has a P/FFO of 20.3 based on FY2025 earnings of \$3.06 per share. We think a sensible P/FFO ratio is 21.0. The current valuation provides a headwind of 0.7% for the next five years. The present dividend yield is also a good indicator of the Trust's current valuation. The dividend yield of 3.4% is higher than its ten-year average of 2.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

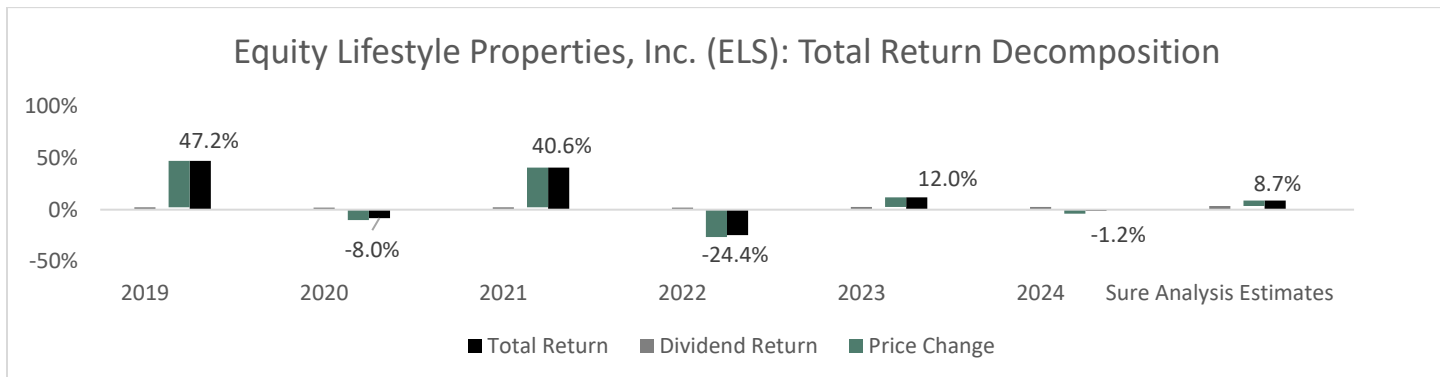
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	49%	51%	54%	57%	51%	63%	57%	60%	65%	66%	67%	67%

ELS's competitive advantage is that Equity LifeStyle has a national presence and excellent reputation within the industry, which allows the Trust to pursue opportunities to increase customer service and deliver quality earnings for shareholders. During the Great Recession in 2007-2010, the Trust performed very well. In 2008, FFO increased 5% from \$0.76 per share 2007 to \$0.80 per share in 2008. In 2009, FFO jumped by 12% to \$0.99 per share. During the COVID-19 pandemic, the Trust saw the same results. In 2020, FFO grew 4% to \$2.17 per share. Thus, ELS is a resilient, high-quality Trust. ELS does not have an S&P Credit Rating. However, the Trust's balance sheet is satisfactory, with a current debt to equity ratio of 2.4 and a long-term debt cap ratio of 70.8%. The dividend is very well covered, with only 67% of FFO going toward its dividend payment. Since 2005, ELS has not had a dividend payout ratio higher than 66%.

Final Thoughts & Recommendation

Equity LifeStyle Properties is a fantastic trust to own in a portfolio. The Trust has a solid business model that allows it to rapidly expand its affordable housing segment. The healthy balance sheet will help drive high acquisition volumes. The current risk is that the Trust is overvalued to our fair price estimate. We expect a five-year annual rate of return of 8.7%. This is primarily because of the fair valuation. Thus, ELS is considered a hold at the current price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	807	856	912	968	1021	1080	1260	1,431	1,472	1433
Gross Profit	464	491	520	556	591	615	699	701	740	708
Gross Margin	57.4%	57.3%	57.0%	57.4%	57.9%	57.0%	55.5%	49.0%	50.3%	49.4%
SG&A Exp.	90	93	99	108	112	119	136	96	96	88
D&A Exp.	117	122	125	139	154	158				209
Operating Profit	255	277	298	311	327	341	375	406	441	416
Operating Margin	31.5%	32.4%	32.6%	32.1%	32.0%	31.6%	29.8%	28.4%	30.0%	29.0%
Net Profit	139	173	198	213	279	228	262	285	314	367
Net Margin	17.3%	20.2%	21.7%	22.0%	27.4%	21.1%	20.8%	19.9%	21.3%	25.6%
Free Cash Flow	259	233	252	232	186	249				355

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,400	3,479	3,610	3,926	4,151	4,419	5,308	5,493	5,614	5646
Cash & Equivalents	80	56	36	69	29	24	123	22	30	6
Total Liabilities	2,408	2,397	2,510	2,732	2,829	3,114	3,822	3,975	4,115	3822
Long-Term Debt	2,126	2,091	2,200	2,348	2,408	2,667	3,274	3,388	3,519	3205
Shareholder's Equity	789	872	1,032	1,122	1,250	1,234	1,415	1,445	1,429	1741
LTD/E Ratio	2.30	2.07	2.13	2.09	1.93	2.16	2.31	2.34	2.46	1.84

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.1%	5.0%	5.6%	5.6%	6.9%	5.3%	5.4%	5.3%	5.7%	6.5%
Return on Equity	17.8%	20.9%	20.8%	19.7%	23.5%	18.4%	19.8%	19.9%	21.9%	22.1%
ROIC	4.4%	5.5%	6.1%	6.2%	7.7%	5.9%	6.0%	5.9%	6.3%	7.3%
Shares Out.	184.0	185.0	187.0	190.0	192.0	193.0	192.6	195.3	195.4	196.6
Revenue/Share	4.39	4.63	4.88	5.09	5.32	5.61	6.89	7.33	7.53	7.29
FCF/Share	1.41	1.26	1.35	1.22	0.97	1.30				1.81

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

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