



# UDR, Inc. (UDR)

Updated August 1<sup>st</sup>, 2025 by Quinn Mohammed

## Key Metrics

<b>Current Price:</b>	\$39	<b>5 Year CAGR Estimate:</b>	12.5%	<b>Market Cap:</b>	\$14 B
<b>Fair Value Price:</b>	\$49	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date<sup>1</sup>:</b>	10/10/2025
<b>% Fair Value:</b>	79%	<b>5 Year Valuation Multiple Estimate:</b>	4.9%	<b>Dividend Payment Date<sup>2</sup>:</b>	10/31/2025
<b>Dividend Yield:</b>	4.4%	<b>5 Year Price Target:</b>	\$60	<b>Years of Dividend Growth:</b>	14
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Hold

## Overview & Current Events

UDR, Inc., also known as United Dominion Realty Trust, is a luxury apartment REIT. The trust owns, operates, acquires, renovates, and develops multifamily apartment communities in high barrier-to-entry markets in the US. A high barrier-to-entry market consists of limited land for new construction, complicated entitlement processes, low single-family home affordability and strong employment growth potential. The majority of UDR's real estate property value is established in Washington D.C., New York City, Orange County, California, and San Francisco. UDR was formed in 1972 as a Virginia corporation, and today is headquartered in Denver, Colorado. The trust employs approximately 1,400 full-time associates. As of June 30<sup>th</sup>, 2025, UDR owned or had an ownership interest in 60,535 apartment homes.

On February 5<sup>th</sup>, 2025, UDR announced its 2025 dividend will be \$1.72 per share, which represents a 1.2% increase and marks the company's 14<sup>th</sup> consecutive annual dividend increase.

UDR reported second quarter 2025 results on July 30<sup>th</sup>, 2025. The company's adjusted funds from operations rose 3% year-over-year to \$0.64 per share. The quarterly AFFO payout ratio of 67% is relatively safe for a REIT that must pay out the majority of its earnings to shareholders. Physical occupancy of the real estate portfolio was flat compared to the prior year period at 96.9%.

The trust updated its guidance for 2025, now forecasting AFFO per share of \$2.49 to \$2.55, for a midpoint of \$2.52. The company also anticipates 1.75% to 3.25% growth in same-store revenue, 2.50% to 3.50% growth in same-store expenses, and 1.5% to 3.0% growth of same-store net operating income over 2024.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>AFFO</b>	\$1.51	\$1.63	\$1.72	\$1.80	\$1.92	\$1.86	\$1.82	\$2.11	\$2.21	\$2.19	<b>\$2.52</b>	<b>\$3.07</b>
<b>DPS</b>	\$1.09	\$1.16	\$1.23	\$1.28	\$1.35	\$1.42	\$1.45	\$1.52	\$1.64	\$1.70	<b>\$1.72</b>	<b>\$2.20</b>
<b>Shares<sup>3</sup></b>	263.8	267.3	268.8	269.5	286.0	294.9	301.7	322.7	328.8	331.2	<b>335.0</b>	<b>375.0</b>

UDR has grown adjusted funds from operations steadily in the last five and nine years, at 4.2% and 2.7%, respectively. AFFO failed to grow during the pandemic, but we see steady growth continuing following its recovery in 2022. Beyond 2025, we believe UDR can grow its AFFO per share by 4.0% to reach \$3.07 in 2030. As is evident by the ballooning share count, UDR's strategy focuses on raising capital by issuing equity and we see this continuing into the future.

The trust has plenty going for it, and it aims to grow AFFO by maximizing revenue by balancing blended lease rate growth against active occupancy management, and improving cost controls through its Next Generation Operating Platform (NGOP). Additionally, UDR targets generating 10% to 15% higher NOI growth than the market over the first three years of ownership following its acquisitions. Management is placing emphasis on the NGOP, expecting it to produce strong results in the years ahead. The NGOP is the self-service technology component unique to UDR and has already contributed to controllable margin expansion. It has improved the resident and prospective resident

<sup>1</sup> Estimate

<sup>2</sup> Estimate

<sup>3</sup> In thousands

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experiences; a massive portion of prospect tours were self-guided or touchless. Site-level headcount has been reduced by more than 31% since mid-2018. As a result, less employees are able to manage more units, leading to efficiencies.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	22.4	21.8	22.0	20.9	23.9	20.7	27.3	22.8	17.8	18.6	15.4	19.5
Avg. Yld.	3.2%	3.2%	3.2%	3.4%	2.9%	3.7%	2.8%	3.0%	4.1%	4.2%	4.4%	3.7%

The current P/AFFO of 15.4 based on 2025's estimated AFFO represents a discount to the 5-year average of 21.4. We find the valuation to be below our fair value estimate of 19.5X, as UDR's deserves a premium multiple due to the safety and outperformance of the apartment space among REITs. Housing is a necessary, non-discretionary expense.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

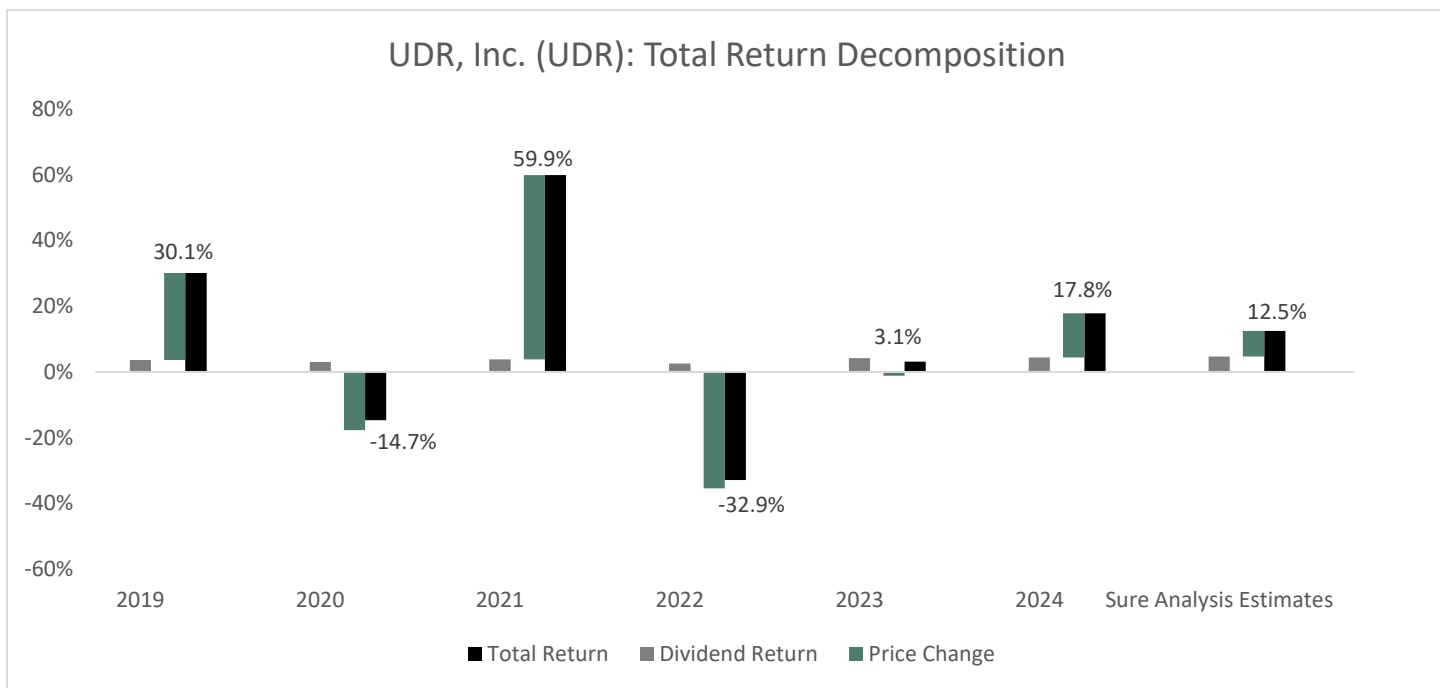
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	72%	71%	71%	71%	70%	76%	80%	72%	74%	78%	68%	72%

UDR's average 5-year payout ratio of 76% is well covered, especially within REIT space, as this sector is known for its high payout ratios. The trust has a distinct competitive advantage as it is implementing advanced technological solutions to the apartment rental business, which they believe will help to outperform peers. The company has an S&P Unsecured Rating of BBB+, and a consolidated net debt-to-EBITDA of 5.5X. UDR was negatively affected by the Great Recession as funds from operations dipped, and so did the trust's dividend. The share price cratered, but the company has become stronger since, and weathered the pandemic storm without too much difficulty.

## Final Thoughts & Recommendation

UDR has demonstrated consistent results in the past decade even throughout the pandemic, with a fairly safe payout ratio in the REIT space, however it did suffer a dividend cut during the great financial crisis. We forecast UDR will produce annualized total returns of 12.5% in the next five years, stemming from 4.0% AFFO per share growth, a 4.4% dividend yield, and 4.9% P/AFFO multiple expansion. UDR earns a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	895	960	996	1,047	1,152	1,241	1,291	1,517	1,628	1672
Gross Profit	238	239	253	286	288	215	873	331	393	417
Gross Margin	26.6%	24.9%	25.4%	27.4%	25.0%	17.3%	67.7%	21.8%	24.1%	24.9%
SG&A Exp.	60	50	49	47	52	50	96	64	70	84
D&A Exp.	381	426	436	436	508	619				
Operating Profit	162	175	189	221	216	132	136	235	287	283
Op. Margin	18.1%	18.3%	19.0%	21.1%	18.8%	10.6%	10.5%	15.5%	17.6%	16.9%
Net Profit	340	293	122	203	185	64	150	87	444	90
Net Margin	38.0%	30.5%	12.2%	19.4%	16.1%	5.2%	11.6%	5.7%	27.3%	5.4%
Free Cash Flow	341	440	393	443	446	430				

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7664	7,680	7,733	7,712	9,636	9,638	10,775	11,038	11,370	10900
Cash & Equiv. (\$B)	7	2	2	185	8	1	1	1	3	1
Total Liabilities	4,763	4,583	4,898	4,789	6,247	6,379	7,301	6,100	6,421	6437
Accounts Payable	81	104	103	76	90	111	137	153	141	115
Long-Term Debt	3,571	3,401	3,672	3,548	4,708	4,977	5,413	5,487	5,799	5827
Total Equity	2,853	3,047	2,780	2,859	3,312	3,189	3,398	4,053	3,947	3400
LTD/E Ratio	1.2	1.1	1.3	1.2	1.4	1.5	1.57	1.34	1.45	1.69

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.7%	3.8%	1.6%	2.6%	2.1%	0.7%	1.5%	0.8%	4.0%	0.8%
Return on Equity	12.3%	9.9%	4.2%	7.2%	6.0%	2.0%	4.6%	2.3%	9.0%	1.9%
ROIC	5.3%	4.5%	1.9%	3.1%	2.5%	0.8%	1.8%	0.8%	4.2%	0.9%
Shares Out.	263.8	267.3	268.8	269.5	286.0	294.9	301.7	322.7	329.1	330.1
Revenue/Share	3.39	3.59	3.70	3.88	4.03	4.21	4.28	4.70	4.95	5.06
FCF/Share	1.29	1.65	1.46	1.65	1.56	1.46				

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

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