Walker & Dunlop (WD)

Updated August 18th, 2025 by Samuel Smith

Key Metrics

Current Price:	$86	**5 Year CAGR Estimate:**	10.2%	**Market Cap:**	$2.9 B
Fair Value Price:	$61	**5 Year Growth Estimate:**	15.1%	**Ex-Dividend Date:**	08/21/25
% Fair Value:	140%	**5 Year Valuation Multiple Estimate:**	-6.5%	**Dividend Payment Date:**	09/5/25
Dividend Yield:	3.1%	**5 Year Price Target**	$124	**Years Of Dividend Growth:**	8
Dividend Risk Score:	D	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Walker & Dunlop, Inc. (WD) is headquartered in Bethesda, Maryland and provides financing and advisory services for multifamily and commercial real estate across the United States. Operating through Capital Markets, Servicing & Asset Management, and Corporate segments, the company offers various loan products, including first mortgage, construction, mezzanine, and small-balance loans. It specializes in financing for multifamily, affordable, senior, and student housing through programs like Fannie Mae's DUS. Walker & Dunlop also acts as a debt broker, provides property sales brokerage, appraisals, investment banking, and market research services, and manages loans and third-party capital in tax credit equity funds. Founded in 1937, it has a long-standing presence in the real estate finance sector.

On August 7, 2025, Walker & Dunlop released financial results for the second quarter ended June 30, 2025, showing robust growth in transaction volume and net income, alongside modest softness in certain adjusted metrics. Total transaction volume surged 65 percent year-over-year to reach approximately $14.0 billion, underpinned by strength in debt financing and property sales. Total revenues climbed 18 percent to $319.2 million, driving net income of about $34.0 million and diluted earnings per share of $0.99—marking a 50 percent and 48 percent increase over Q2 2024 respectively. Despite these gains, adjusted EBITDA declined 5 percent year-over-year to $76.8 million, and adjusted core earnings per share dipped 7 percent to $1.15, both reflecting the exclusion of non-cash servicing revenue that boosted GAAP earnings.

The company's servicing portfolio grew approximately 3 percent to $137.3 billion as of June 30, 2025, fueled by continued additions across Fannie Mae, Freddie Mac, Ginnie Mae, and brokered agency loans. Assets under management rose 6 percent to $18.6 billion, reflecting growth across low-income housing tax credit funds, debt funds, and equity funds managed by its investment advisory arm. The Board declared a quarterly dividend of $0.67 per share for the third quarter of 2025.

Walker & Dunlop's strong performance highlights its ability to capitalize on increasing demand for commercial real estate financing. While GAAP earnings benefited from non-cash gains, operational fundamentals—including high transaction activity, growing AUM, and a resilient servicing portfolio—underscore the firm's momentum entering the next phase of the real estate cycle.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.72	$3.79	$4.63	$4.30	$4.68	$6.65	$7.12	$4.96	$2.75	$4.97	***$3.41***	***$6.90***
DPS	-	-	-	$1.00	$1.20	$1.44	$2.00	$2.40	$2.52	$2.60	***$2.68***	***$3.50***
Shares	30.9	30.8	30.8	30.3	30.9	31.5	32.9	33.1	33.5	33.8	***34.1***	***35.0***

We forecast 15.1% annualized earnings per share growth over the next half-decade for Walker & Dunlop. The main growth drivers will likely be strategic acquisitions and employee hires, diversification into emerging sectors as it has done with single-family rentals and build-for-rent in the past, technology improvements to its services, and doubling down its focus on high-growth markets. That said, the company is also going to face its fair share of challenges in accomplishing its growth aims as the commercial real estate finance industry is highly competitive and the sector is

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pretty economically sensitive. In particular, commercial real estate is facing challenges due to the wall of debt maturing in the coming years that will have to be refinanced at materially higher interest rates.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.7	14.8	9.4	8.0	8.6	11.7	28.1	27.0	21.8	17.0	***25.2***	***18.0***
Avg. Yld.	NA	NA	NA	2.9%	3.0%	1.8%	1.0%	1.8%	4.2%	3.1%	***3.1%***	***2.8%***

Walker & Dunlop currently trades at 25.2 times its earnings, which seems a bit rich based on its recent history. Meanwhile, we think that the company's growth will slow over time as pressures from competition in the industry weigh on the company, as well as the fact that its growing size will make it more difficult to sustain its growth rate. As a result, we think that over time, a lower valuation multiple of 18x will be warranted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

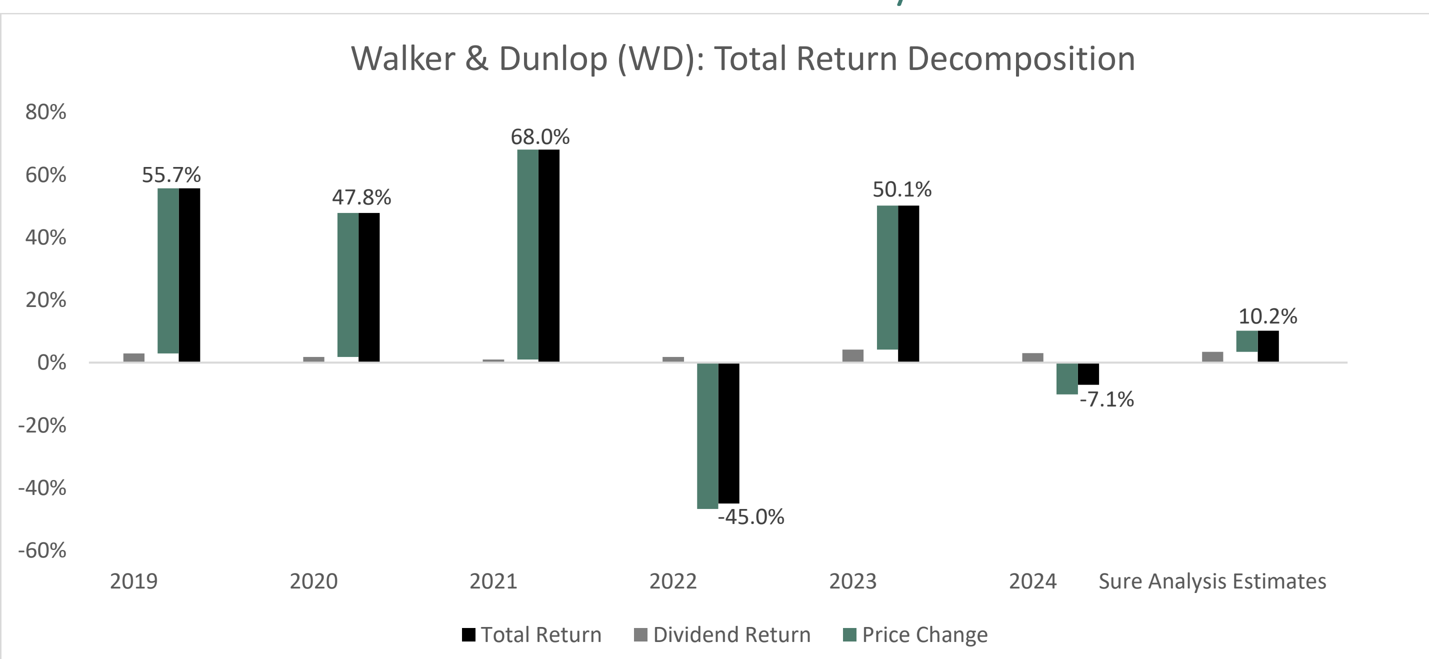
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	NA	NA	NA	23%	26%	22%	28%	48%	92%	52%	***79%***	***51%***

Walker & Dunlop's competitive advantage is rooted in its comprehensive service offerings and strong relationships with government-sponsored enterprises (GSEs) like Fannie Mae and Freddie Mac. These partnerships enable the company to provide clients with a diverse range of financing solutions, enhancing its market position. Additionally, Walker & Dunlop's investments in technology and data analytics have streamlined operations and improved client services, further distinguishing it from competitors. That said, the company is far from recession-proof as a downturn in the commercial real estate market would likely weigh pretty heavily on the company.

Final Thoughts & Recommendation

We expect that solid growth alongside a decent dividend yield will be complemented by some valuation multiple expansion to result in 10.2% annualized total returns for Walker & Dunlop over the next half-decade. However, its unimpressive combination of yield and expected dividend growth makes it a Hold.

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	468	575	712	725	817	1,084	1,259	1,259	1,054	1,132
Gross Profit	274	338	413	418	457	606	648	617	472	504
Gross Margin	58.5%	58.7%	58.0%	57.6%	55.9%	56.0%	51.4%	49.0%	44.7%	44.5%
SG&A Exp.	32	36	42	50	59	60	73	109	96	107
D&A Exp.	98	111	131	142	152	169	210	235	227	238
Operating Profit	135	186	234	213	230	330	359	251	138	114
Operating Margin	28.9%	32.3%	32.8%	29.3%	28.2%	30.5%	28.5%	20.0%	13.1%	10.1%
Net Profit	82	114	211	161	173	246	266	214	107	108
Net Margin	17.5%	19.8%	29.7%	22.3%	21.2%	22.7%	21.1%	17.0%	10.2%	9.6%
Free Cash Flow	(1,340)	757	1,062	59	423	(1,414)	861	1,561	(17)	116
Income Tax	53	71	22	52	57	84	86	56	35	31

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,515	3,052	2,208	2,782	2,675	4,651	5,206	4,045	4,052	4,382
Cash & Equivalents	137	119	191	90	121	321	306	226	329	279
Accounts Receivable	24	29	42	50	52	66	212	202	234	336
Goodwill & Int. Ass.	504	619	759	847	902	1,114	1,836	2,134	1,991	1,878
Total Liabilities	3,023	2,437	1,393	1,875	1,633	3,455	3,628	2,329	2,306	2,622
Accounts Payable	68	93	130							
Long-Term Debt	2,814	2,154	1,102	1,457	1,200	2,809	2,682	1,242	1,370	1,550
Shareholder's Equity	488	610	809	902	1,036	1,196	1,550	1,689	1,724	1,748
LTD/E Ratio	5.77	3.53	1.36	1.62	1.16	2.35	1.73	0.73	0.79	0.89

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.0%	3.5%	8.0%	6.5%	6.4%	6.7%	5.4%	4.6%	2.7%	2.6%
Return on Equity	17.7%	20.6%	29.5%	18.7%	17.8%	22.0%	19.2%	13.0%	6.2%	6.2%
ROIC	3.2%	3.7%	9.0%	7.5%	7.5%	7.9%	6.4%	5.9%	3.5%	3.4%
Shares Out.	30.9	30.8	30.8	30.3	30.9	31.5	32.9	33.1	33.5	33.8
Revenue/Share	15.13	18.84	22.68	23.11	26.52	34.86	39.93	38.51	32.07	34.15
FCF/Share	(43.30)	24.79	33.85	1.89	13.72	(45.50)	27.31	47.75	(0.51)	3.51

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