Essential Properties Realty Trust Inc (EPRT)

Updated October 26th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$31	**5 Year CAGR Estimate:**	9.9%	**Market Cap:**	$6.2 B
Fair Value Price:	$32	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	12/31/2025
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.6%	**Dividend Payment Date[1]:**	01/14/2025
Dividend Yield:	3.9%	**5 Year Price Target:**	$43	**Years of Dividend Growth:**	6
Dividend Risk Score:	D	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Essential Properties Realty Trust Inc is a real estate investment trust which acquires, owns, and manages single-tenant properties that are leased on a long-term basis to middle-market companies who operate service-oriented or experience-based businesses. Such businesses include restaurants, car washes, automotive services, medical services, convenience stores, entertainment, health & fitness, and early childhood education. The trust owns or has an interest in 2,266 properties spanning 25.2 million square feet. The company leases to over 400 tenants across 18 industries in 48 states. The diversified REIT trades on the NYSE under the ticker symbol EPRT. The trust has a market capitalization of $6.2 billion and is headquartered in Princeton, New Jersey.

On May 30th, 2025, Essential Properties announced a two cent dividend increase to $1.20 annually.

Essential Properties reported third quarter 2025 results on October 22nd, 2025, for the period ending September 30th, 2025. For the quarter, funds from operations increased by 8% year-over-year to $0.52 per share. Adjusted FFO rose by 12% to $0.48 per share. At the end of the quarter, weighted average occupancy stood at 99.8%. The properties are under a weighted average lease term of 14.4 years with a weighted average rent coverage ratio of 3.6X.

EPRT raised its 2025 guidance again, now expecting to earn AFFO per share of $1.87 to $1.89, and invest $1.2 billion to $1.4 billion in its investment portfolio.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFOPS	-	-	-	$0.78	$1.14	$1.11	$1.34	$1.53	$1.65	$1.74	***$1.89***	***$2.53***
DPS	-	-	-	$0.43	$0.88	$0.93	$0.98	$1.07	$1.11	$1.16	***$1.20***	***$1.53***
Shares[2]	-	-	-	61.8	75.3	96.2	117.5	135.9	153.5	177.1	***200.0***	***245.0***

EPRT was formed in mid-2018, so its results and performance only go back so far. Considering that 2018 data only spans June 25th to December 31st, year-over-year comparisons can only truly begin with the year 2019, therefore there is little data from which to base future expectations off.

Based on the data we do possess; Essential Properties increased its adjusted funds from operations by 14% and 9% on average over the last six and five years, respectively. We estimate the trust can grow its AFFO per share by 6% annually going forward. Essential Properties believes it can achieve growth through further sale-leaseback transactions with middle-market companies. In 2023, 99% of its investments were sale-leasebacks transactions, and the trust invested $1.2 billion in 2024 into growing the business. The trust also believes its balance sheet is well positioned to fund external growth opportunities, all while maintaining its conservative leverage profile. The trust had $1.4 billion available liquidity as of September 30th, 2025.

We anticipate additional share issuance over the next few years as the real estate trust seeks capital to expand its property holdings. Despite the increase in shares, EPRT's AFFO per share has continued to rise, indicating effective investment decisions by the company.

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[1] Estimate

[2] In thousands

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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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	-	-	-	17.8	18.3	16.5	19.9	15.3	14.5	16.6	***16.5***	***17.0***
Avg. Yld.	-	-	-	3.1%	3.4%	5.3%	3.6%	4.3%	4.6%	4.0%	***3.9%***	***3.6%***

Essential Properties has traded at a price-to-adjusted funds from operations ratio of 17.0 on average since inception in 2018. Today shares are trading at 16.5 times expected 2025 AFFO, while we peg fair value at 17.0 times AFFO. This increase in valuation could result in a 0.6% annualized gain on total returns over the next five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	-	55%	77%	84%	73%	70%	67%	67%	***63%***	***61%***

The payout ratio has been healthy since the inception of the trust, and we expect this to continue. Essential Properties is still in its growth phase; thus, its yield is lower than that of many other REITs which have greater payout ratios.

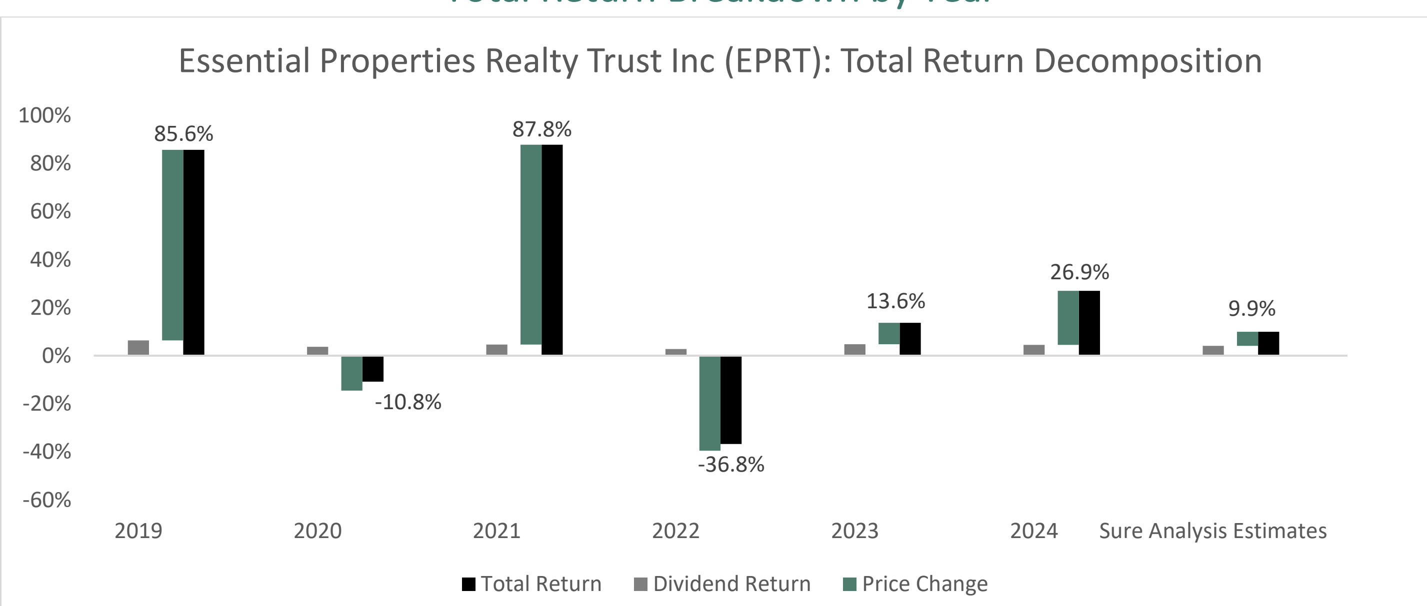
Essential Properties trust only began operating a few years ago, and thus we have no information dating back to the great financial crisis, but we would anticipate a large number of bankruptcies from so many diverse service-oriented businesses. However, the trust made it through the COVID-19 pandemic with AFFO per share practically unfazed (down 3% from 2019 to 2020), despite share count rising massively from the onset of the pandemic.

A competitive advantage of EPRT is its focus on leasing to service-oriented businesses, and in doing so, it has tenants that are well-positioned to withstand competition from e-commerce business, which in turn increases the stability and predictability of the trust's rental revenue.

Final Thoughts & Recommendation

Essential Properties Realty is a relatively new REIT and has increased its AFFO per share at a strong rate. However, as the company becomes larger, this level of growth may prove more difficult. The trust appears to be a budding dividend growth REIT as it has raised the dividend every year since inception. After declining 7% in the trailing one year, we believe shares are now trading at a 3% discount on our fair value estimate. The trust's expected annual returns come in at 9.9% in the intermediate term, and EPRT 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			54	96	139	164	230	287	360	450
Gross Profit			53	94	136	160	224	283	355	445
Gross Margin			97.2%	97.9%	97.8%	97.6%	97.5%	98.8%	98.6%	98.9%
SG&A Exp.			9	14	22	24	24	29	31	35
D&A Exp.			20	31	43	59	69	88	102	122
Operating Profit			25	49	72	75	131	165	222	287
Op. Margin			45.2%	51.1%	51.5%	46.0%	57.0%	57.6%	61.7%	63.9%
Net Profit			6	16	42	42	96	134	191	203
Net Margin			11.6%	16.2%	30.0%	25.8%	41.6%	46.8%	53.1%	45.2%
Free Cash Flow			22	46	89	99	167	211	255	308
Income Tax			0	0	0	0	0	1	1	1

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets		466	942	1,381	1,975	2,489	3,299	4,000	4,768	5799
Cash & Equivalents		2	7	4	8	27	60	62	40	41
Accts. Recv.		1	5	14	42	63	84	102	140	173
Goodwill		56	62	66	79	80	88			10
Total Liabilities		292	761	570	773	907	1,255	1,503	1,781	2227
Long-Term Debt			742	540	727	815	1,166	1,421	1,669	2118
Total Equity		175	181	562	1,194	1,575	2,037	2,488	2,979	3564
LTD/E Ratio			4.09	0.96	0.61	0.52	0.57	0.57	0.56	0.59

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets				1.3%	2.5%	1.9%	3.3%	3.7%	4.4%	3.8%
Return on Equity			3.5%	4.2%	4.8%	3.1%	5.3%	5.9%	7.0%	6.2%
ROIC				1.4%	2.6%	2.0%	3.4%	3.8%	4.5%	3.9%
Shares Out.				61.8	75.3	96.2	117.5	135.9	153.5	177.1
Revenue/Share			1.33	2.20	1.85	1.70	1.96	2.11	2.34	2.54
FCF/Share			0.55	1.05	1.18	1.03	1.43	1.55	1.66	1.74

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