STAG Industrial (STAG)

Updated October 31st, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$39	**5 Year CAGR Estimate:**	8.7%	**Market Cap:**	$7.1 B
Fair Value Price:	$40	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	11/28/2025
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	12/15/2025
Dividend Yield:	3.8%	**5 Year Price Target**	$52	**Years Of Dividend Growth:**	14
Dividend Risk Score:	F	**Sector:** REITs		**Rating:**	Hold

Overview & Current Events

STAG Industrial is an owner and operator of industrial real estate. It is focused on single-tenant industrial properties and has 563 buildings across 41 states in the United States. STAG Industrial went public in 2011 and has a market capitalization of $7.1 billion.

The focus of this REIT on single-tenant properties might create higher risk compared to multi-tenant properties, as the former are either fully occupied or completely vacant. However, STAG Industrial executes a deep quantitative and qualitative analysis on its tenants. As a result, it has incurred credit losses that have been less than 0.1% of its revenues since its IPO. As per the latest data, 53% of the tenants are publicly rated and 31% of the tenants are rated "investment grade." The company typically does business with established tenants to reduce risk.

In late October, STAG Industrial reported (10/29/25) results for the third quarter of 2025. Core FFO per share grew 8% over last year's quarter, from $0.60 to $0.65, beating the analysts' consensus by $0.02, thanks to hikes in rent rates. Net operating income grew 4% over the prior year's quarter while the occupancy rate fell sequentially from 96.3% to 95.8%. On the other hand, interest expense increased 10% year-on-year due to high interest rates. This is a key reason behind the lackluster growth this year. Management slightly raised its guidance for core FFO per share this year, from $2.48-$2.52 to $2.52-$2.54. Accordingly, we have raised our forecast from $2.50 to $2.53. STAG Industrial has proved fairly resilient to the surge of interest rates in recent years thanks to its decent balance sheet. We also note that the REIT has not missed the analysts' estimates for 31 quarters in a row.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	$1.42	$1.43	$1.70	$1.80	$1.84	$1.89	$2.06	$2.21	$2.29	$2.40	***$2.53***	***$3.23***
DPS	$1.36	$1.39	$1.41	$1.42	$1.43	$1.44	$1.45	$1.46	$1.47	$1.48	***$1.49***	***$1.54***
Shares[1]	66.6	69.8	100.2	115.1	137.8	150.5	173.7	179.4	182.0	183.2	***187.0***	***300.0***

STAG Industrial has grown its FFO per share at a 6.0% average annual rate over the last decade and at a 5.5% average annual rate over the last five years. The U.S. industrial market is more than $1 trillion in size and STAG Industrial still has a market share that is less than 1% of its target market, which includes the top 60 markets of the country. Therefore, the REIT has ample room to continue to grow for years. As STAG Industrial has proved fairly resilient to the downturn caused by high interest rates, we expect it to grow its FFO per share close to its historical pace in the upcoming years. If the REIT grows its FFO per share at a 5.0% annual rate, its FFO per share will grow from $2.53 this year to $3.23 in 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg P/FFO	13.0	16.7	16.4	14.5	16.0	15.6	18.6	15.8	15.3	15.5	***15.4***	***16.0***
Avg. Yld.	6.4%	6.4%	5.3%	5.5%	4.9%	4.9%	3.8%	4.2%	4.2%	4.0%	***3.8%***	***3.0%***

[1] In millions.

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STAG Industrial is currently trading at a P/FFO ratio of 15.4, which is lower than its historical average of 16.0. If the stock trades at its average valuation level in five years, it will enjoy a 0.7% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	95.8%	97.2%	84.4%	78.9%	77.7%	76.2%	70.4%	66.1%	64.2%	61.7%	***58.9%***	***47.8%***

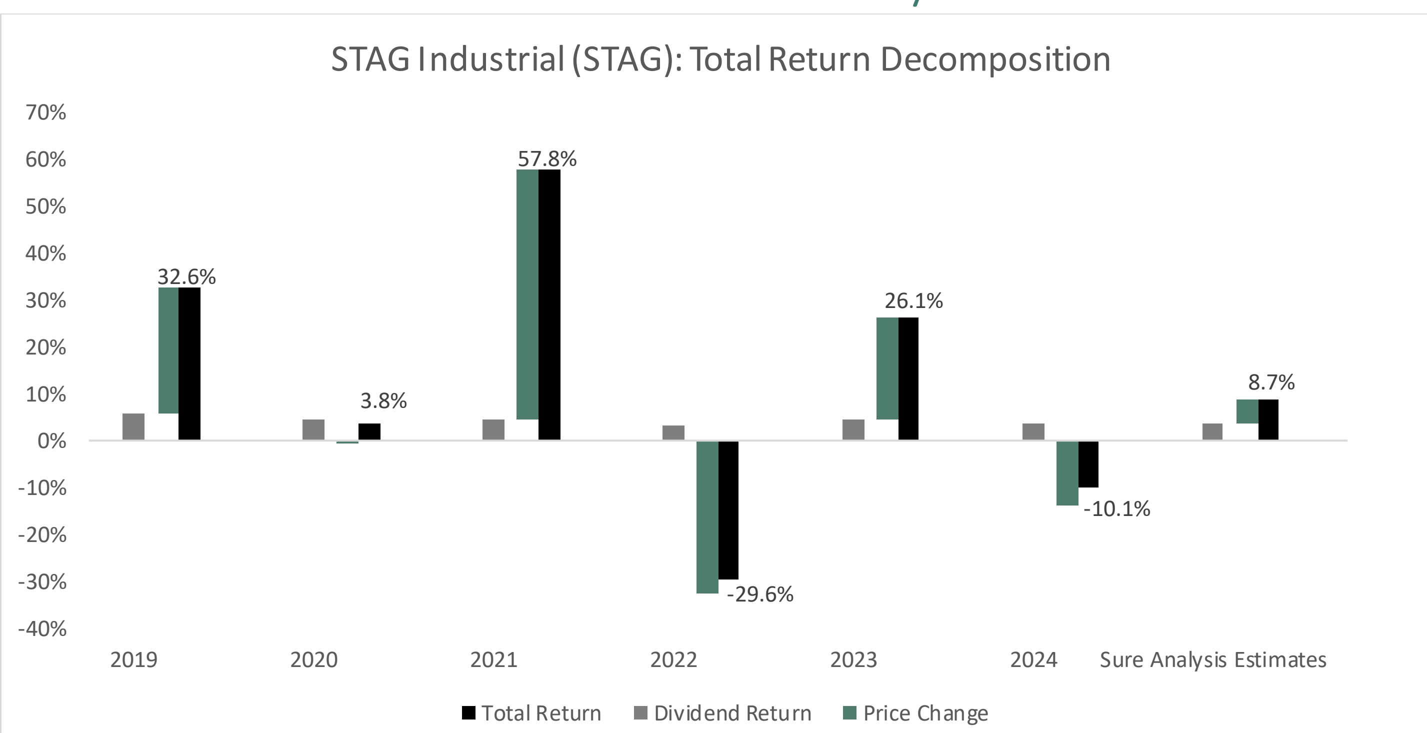
STAG Industrial has a well-laddered lease maturity schedule, with a weighted average lease term of 5 years. Thus, the cash flows of the REIT can be considered fairly reliable under normal business conditions. STAG Industrial is one of the few REITs that pay dividends on a monthly (instead of a quarterly) basis – a valuable characteristic for income investors. Income investors should also note that STAG Industrial currently offers a 3.8% yield and has never cut its dividend throughout its short history. Moreover, while its payout ratio rose to high levels during 2014-2016, it has fallen to healthy levels in the last two years. Nevertheless, the REIT has raised its annual dividend by less than 1% in each of the last eight years. Therefore, investors should not expect meaningful dividend growth going forward. Moreover, the REIT heavily dilutes its unitholders on a regular basis. Its unit count has more than quadrupled, from 42 million in 2013 to 187 million now.

Due to its focus on industrial properties, the REIT is highly vulnerable to recessions. On the bright side, the pandemic hardly affected the performance of STAG Industrial, mostly thanks to the swift recovery of the economy amid huge fiscal stimulus packages.

Final Thoughts & Recommendation

STAG Industrial has proved markedly resilient to the pandemic and the subsequent downturn from high interest rates, partly thanks to the strong profile of most of its tenants. We expect the stock to offer an 8.7% average annual return over the next five years thanks to 5.0% growth, its 3.8% dividend and a 0.7% valuation tailwind. The stock maintains its 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	219	250	301	351	406	483	562	657	708	767
Gross Profit	176	201	243	282	331	394	454	532	568	613
Gross Margin	80.5%	80.5%	80.8%	80.3%	81.5%	81.5%	80.8%	81.0%	80.2%	79.8%
SG&A Exp.	29	33	33	34	36	40	49	47	47	49
D&A Exp.	110	125	155	172	190	219	241	275	278	292
Operating Profit	37	43	59	80	109	139	167	210	242	270
Op. Margin	16.8%	17.0%	19.6%	22.9%	26.9%	28.8%	29.7%	32.0%	34.2%	35.2%
Net Profit	(27)	35	31	93	49	202	192	178	193	189
Net Margin	-12.5%	13.8%	10.4%	26.5%	12.1%	41.8%	34.2%	27.1%	27.3%	24.7%
Free Cash Flow	36	46	66	87	28	179	176	335	373	375

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1902	2186	2681	3103	4165	4,693	5,833	6,185	6,283	6,833
Cash & Equivalents	12	12	25	8	9	16	19	26	21	36
Accounts Receivable	21	25	34	42	58	78	94	116	128	136
Goodwill & Int. Ass.	276	295	313	342	475	500	568	509	436	429
Total Liabilities	1044	1119	1270	1433	1801	1,922	2,440	2,727	2,838	3,304
Accounts Payable	26	35	43	46	54	70	76	97	83	127
Long-Term Debt	980	1036	1174	1326	1645	1,703	2,218	2,499	2,624	3,029
Shareholder's Equity	683	882	1214	1539	2231	2,641	3,328	3,385	3,375	3,458
LTD/E Ratio	1.19	1.01	0.86	0.82	0.71	0.63	0.67	0.74	0.78	0.88

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-1.6%	1.7%	1.3%	3.2%	1.4%	4.6%	3.7%	3.0%	3.1%	2.9%
Return on Equity	-3.9%	4.4%	3.0%	6.8%	2.6%	8.3%	6.4%	5.3%	5.6%	5.4%
ROIC	-1.6%	1.8%	1.3%	3.3%	1.4%	4.8%	3.8%	3.1%	3.2%	3.0%
Shares Out.	66.6	69.8	100.2	115.1	137.8	150.5	173.7	178.9	180.6	182.4
Revenue/Share	3.30	3.53	3.35	3.38	3.23	3.24	3.43	3.67	3.92	4.21
FCF/Share	1.84	1.92	1.80	1.91	0.22	1.23	1.07	1.87	2.06	2.06

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