



# Agree Realty Corp. (ADC)

Updated November 17<sup>th</sup>, 2025 by Felix Martinez

## Key Metrics

<b>Current Price:</b>	\$74	<b>5 Year Annual Expected Total Return:</b>	8.8%	<b>Market Cap:</b>	\$8.5B
<b>Fair Value Price:</b>	\$78	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date:</b>	11/28/25
<b>% Fair Value:</b>	95%	<b>5 Year Valuation Multiple Estimate:</b>	1.0%	<b>Dividend Payment Date:</b>	12/12/25
<b>Dividend Yield:</b>	4.3%	<b>5 Year Price Target</b>	\$95	<b>Years Of Dividend Growth:</b>	13
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Hold

## Overview & Current Events

Agree Realty Corp. (ADC) is an integrated real estate investment trust (REIT) focused on ownership, acquisition, development, and retail property management. Richard Agree founded Agree Development Company in 1971, which is the predecessor to Agree Realty Corporation. Agree has developed over 40 community shopping centers throughout the Midwestern and Southeastern United States. At the end of December 2024, the company owned and operated 2,370 properties located in 50 states, containing approximately 48.8 million square feet of gross leasable space. The company's business objective is to invest in and actively manage a diversified portfolio of retail properties net leased to industry tenants. Agree Realty has a market capitalization of \$8.5 billion, and the company has been paying a growing dividend for eleven consecutive years.

On October 21<sup>st</sup>, 2025, Agree Realty Corp. reported third quarter results for Fiscal Year (FY)2025. The company reported strong third-quarter results for 2025, with EPS of \$0.47, beating estimates by \$0.01, and revenue of \$183.22 million, up 18.7% year-over-year. Net income per share rose 7.9% to \$0.45, while Core FFO and AFFO per share increased 8.4% and 7.2% to \$1.09 and \$1.10, respectively. The company declared a monthly dividend of \$0.256 per share, representing a 2.4% increase from the prior year, and raised full-year 2025 AFFO guidance to \$4.31–\$4.33 per share.

During the quarter, Agree Realty invested approximately \$451 million in 110 retail net lease properties and commenced five development or Developer Funding Platform projects totaling \$51 million. The company's portfolio at quarter-end consisted of 2,603 properties across all 50 states, totaling 53.7 million square feet and 99.7% leased, with a weighted-average remaining lease term of 8.0 years. Key acquisitions included 90 properties across 33 states with a weighted-average cap rate of 7.2% and approximately 70% of rents from investment-grade tenants, while dispositions totaled eight properties for \$15 million.

Management emphasized the company's strong balance sheet, with \$1.9 billion in liquidity and a 3.5x pro forma net debt to recurring EBITDA ratio. The portfolio remains diversified across tenants, retail sectors, and geographies, with top tenants including Walmart, Tractor Supply, and Dollar General, and major exposure in grocery, home improvement, and convenience stores. Given the robust investment pipeline and continued operational performance, ADC raised its 2025 investment guidance to \$1.50–\$1.65 billion, positioning the company for sustainable growth and dividend stability.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$2.39	\$2.54	\$2.72	\$2.85	\$3.08	\$3.23	\$3.58	\$3.87	\$3.93	\$4.14	<b>\$4.32</b>	<b>\$5.26</b>
<b>DPS</b>	\$1.85	\$1.92	\$2.03	\$2.15	\$2.28	\$2.40	\$2.60	\$2.80	\$2.92	\$3.00	<b>\$3.14</b>	<b>\$3.82</b>
<b>Shares<sup>1</sup></b>	18.0	23.0	28.0	32.0	41.0	52.0	67.0	79.0	95.0	101.0	<b>103.0</b>	<b>108.0</b>

Agree Realty has grown AFFO by a compound rate of 6.3% over the past ten years. However, AFFO has increased by 6.0% per year over the past five years. We expect that Agree Realty will continue to grow but at a slightly slower pace of

<sup>1</sup> Share count is in millions.

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4.0% annually for the next five years. Current growth prospects stem from the recent acquisitions announced for the year. The company has a ten-year dividend growth rate of 5.5%. We predict that Agree Realty will continue to grow its dividend at a rate of 4% for the foreseeable future. However, there is room for more significant increases as the dividend payout ratio is low for a REIT.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	14.3	18.4	19.1	20.9	23.2	20.8	20.3	18.3	16.0	16.9	17.1	18.00
Avg. Yld.	5.4%	4.2%	3.9%	3.7%	3.3%	3.6%	3.7%	4.0%	4.6%	4.3%	4.3%	4.0%

Over the past ten years, the company's average price-to-AFFO ratio has been 18.8x. We believe 18x AFFO is a reasonable valuation multiple. Thus, with shares trading at 17.1x times AFFO, this implies a modest valuation tailwind. Due to the lower average P/AFFO, the dividend yield has slowly decreased over the years. In 2011, the dividend yield was as high as 6.6%. Now Agree Realty's dividend yield is 4.3%, implying moderate overvaluation compared to the past.

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

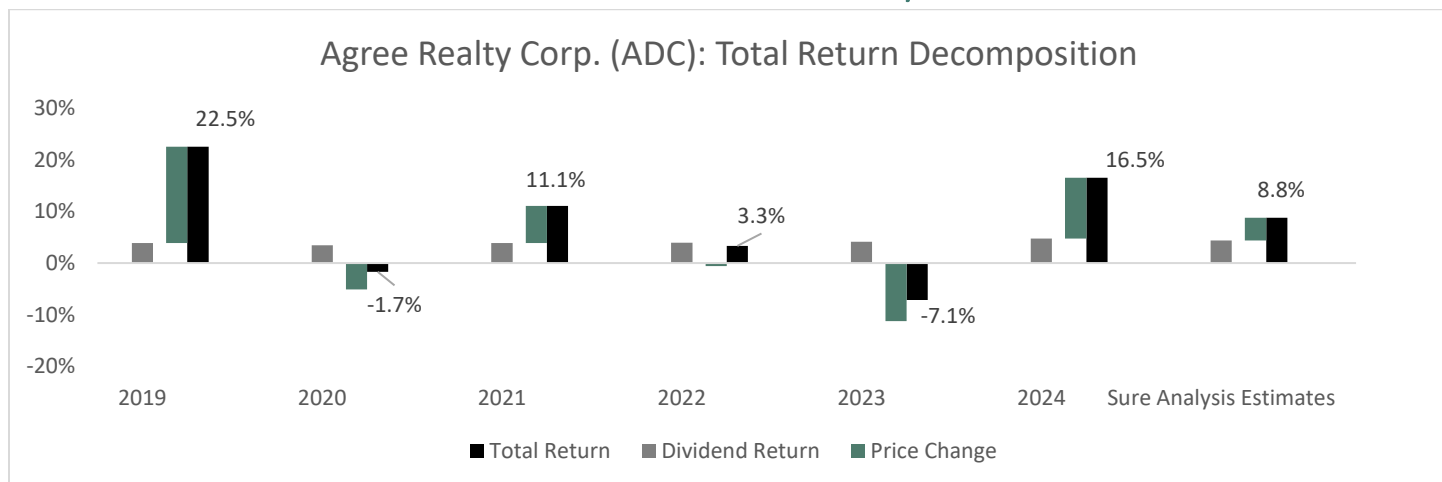
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	77%	76%	75%	75%	74%	74%	73%	72%	74%	72%	73%	73%

Agree Realty Corp's most important competitive advantage is the management team. AFFO grew by 5% in 2008 and 11% during the last recession in 2009. During the COVID-19 pandemic, Agree Realty continued to pay out its dividend and increased it by 3% in December. As noted above, Agree Realty increased AFFO by 8.1% in 2022. This speaks volumes regarding Agree Realty's resilience. Agree Realty also has a solid balance sheet. The company has a BBB credit rating from S&P and a debt-to-equity ratio of 0.6.

## Final Thoughts & Recommendation

Agree Realty Corp. is a high-quality company with a relatively high P/AFFO ratio over the past five years. There is minimal risk, considering that Agree Realty has an outstanding balance sheet, and the company was able to go through the COVID-19 pandemic with minimal hiccups. The company is undervalued at today's price, in our view. We estimate a 5-year annual return of 8.8% going forward, stemming from 4.0% growth, a 4.3% dividend yield, and a valuation tailwind. However, shares earn a hold rating 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	70	92	112	137	187	249	339	430	538	617
Gross Profit	64	83	99	120	164	217	298	378	471	542
Gross Margin	90.9%	90.6%	88.8%	87.6%	87.5%	87.2%	87.9%	87.8%	87.5%	87.8%
SG&A Exp.	7	8	9	12	16	21	25	30	35	37
D&A Exp.	16	23	32	44	59	83	120	167	209	240
Operating Profit	40	52	63	75	103	129	177	214	260	298
Operating Margin	57.3%	56.4%	56.5%	54.9%	54.8%	52.0%	52.2%	49.8%	48.3%	48.3%
Net Profit	39	45	58	58	80	91	122	152	170	189
Net Margin	55.8%	49.3%	52.1%	42.4%	42.7%	36.8%	36.0%	35.5%	31.6%	30.6%
Free Cash Flow	45	62	82	93	127	143	246	362	392	432
Income Tax	---	0	0	1	1	1	2	3	3	4

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	790	1,142	1,495	2,028	2,665	3,886	5,227	6,713	7,775	8486
Cash & Equivalents	3	33	51	54	16	6	43	28	11	6
Accounts Receivable	7	12	15	22	27	38	53	66	83	106
Goodwill & Int. Ass.	77	140	195	280	344	474	672	799	854	865
Total Liabilities	336	456	583	790	973	1,360	1,808	2,083	2,575	2976
Accounts Payable	3	6	11	21	49	71	70	84	101	116
Long-Term Debt	317	401	520	720	872	1,218	1,688	1,940	2,411	2785
Shareholder's Equity	451	683	909	1,236	1,689	2,524	3,243	4,454	5,024	5335
LTD/E Ratio	0.70	0.59	0.57	0.58	0.52	0.48	0.49	0.42	0.46	0.51

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.6%	4.7%	4.4%	3.3%	3.4%	2.8%	2.7%	2.6%	2.4%	2.3%
Return on Equity	9.7%	8.0%	7.3%	5.4%	5.5%	4.3%	4.2%	4.0%	3.5%	3.5%
ROIC	5.8%	4.9%	4.6%	3.4%	3.5%	2.9%	2.8%	2.6%	2.4%	2.4%
Shares Out.	18.0	23.0	28.0	32.0	41.0	52.0	67.0	79.2	95.4	101.9
Revenue/Share	3.87	3.99	4.03	4.23	4.55	4.74	5.05	5.43	5.63	6.06
FCF/Share	2.47	2.69	2.97	2.88	3.07	2.73	3.67	4.57	4.10	4.24

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

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