



Alexandria Real Estate Equities (ARE)

Updated November 3rd, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$58	5 Year CAGR Estimate:	20.3%	Market Cap:	\$10 B
Fair Value Price:	\$113	5 Year Growth Estimate:	1.0%	Ex-Dividend Date¹:	12/31/25
% Fair Value:	51%	5 Year Valuation Multiple Estimate:	14.3%	Dividend Payment Date¹:	01/15/26
Dividend Yield:	9.2%	5 Year Price Target	\$118	Years Of Dividend Growth:	14
Dividend Risk Score:	F	Sector:	Real Estate	Last Dividend Increase:	Hold

Overview & Current Events

Founded in 1994 and named after Alexandria, Egypt - in homage to the scientific capital of the ancient world - Alexandria Real Estate Equities owns and operates life science, technology and agtech campuses across North America. Key locations for this Real Estate Investment Trust (REIT) include Boston, San Francisco, New York, San Diego, Seattle, Maryland, and the Research Triangle (North Carolina). The \$10 billion market cap company focuses on high quality properties in prime locations.

Alexandria's business model has taken on renewed importance as a result of the COVID-19 pandemic, as a significant number of the company's life science tenants are working on solutions for similar future crises.

On December 9th, 2024, Alexandria increased its quarterly dividend by 1.5% to \$1.32.

On October 27th, 2025, Alexandria reported third quarter 2025 results for the period ending September 30th, 2025. For the quarter, the company generated \$752 million in revenue, a 5% decrease compared to Q3 2024. Adjusted funds from operations (FFO) totaled \$378 million or \$2.22 per share compared to \$408 million or \$2.37 per share in Q3 2024.

Alexandria ended the quarter with \$4.2 billion in liquidity. And more than fifty percent of the company's tenants are investment-grade or publicly traded large cap businesses.

Alexandria downgraded its 2025 guidance, now expecting \$8.98 to \$9.04 (from \$9.16 to \$9.36 previously) in adjusted FFO, for a \$9.01 midpoint. A noteworthy comment that management made was that the Board will "carefully evaluate" the 2026 dividend strategy, which has investors concerned about a potential dividend cut on the horizon.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO	\$5.25	\$5.51	\$6.02	\$6.60	\$6.96	\$7.30	\$7.76	\$8.42	\$8.97	\$9.47	\$9.01	\$9.47
DPS	\$3.05	\$3.23	\$3.45	\$3.73	\$3.94	\$4.18	\$4.45	\$4.72	\$4.96	\$5.19	\$5.28	\$5.55
Shares²	71.5	76.1	91.6	111.0	120.8	136.0	147.5	161.7	170.9	172.3	170	200

Note that we are using adjusted FFO instead of earnings-per-share, as this better reflects the underlying earnings power of a REIT. Dating back to 2015, Alexandria has increased FFO per share by an average compound rate of 6.8% per annum and the dividend by 6.1% per annum. Impressively, the company has not failed to grow its FFO every year in the last decade.

Moving forward we believe Alexandria will struggle to grow given the slowdown in re-leasing expiring spaces, and declining occupancy. A significant hindrance is approximately 20% of its balance sheet comprises non-income producing assets, and the company is aiming to drop this to 10% to 15% in the next few years. As a result, we are expecting 1% intermediate-term growth, well below the company's historical rate. The company achieved \$1.4 billion in funding from dispositions and interest sales (non-core properties and properties which are not important to its mega campus strategy) from its value harvesting and asset recycling plan in 2024. It also expects to raise approximately \$1.5 billion

¹ Estimate.

² In millions.

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from dispositions in 2025. This will enable the company to develop properties without requiring more joint venture partners. For 2025, Alexandria expects construction spending to be roughly \$1.75 billion.

The REIT has a unique “cluster model” which focuses on providing proximity to world-renowned academic institutions, leading scientific and managerial talent, and sophisticated investment capital. This, combined with new developments and progress in life science, should provide a long runway for growth. Of course, issuing shares and managing the company’s debt load are two counterbalancing factors.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
P/FFO	17.7	16.8	20	18.2	19.7	21.6	24.2	19.7	13.6	12.4	6.4	12.5
Avg. Yld.	3.3%	3.5%	2.9%	3.1%	2.9%	2.6%	2.4%	2.7%	4.0%	4.3%	9.2%	4.7%

In the last decade, shares of Alexandria have traded hands with an average multiple of about 18.4 times FFO. We are using 12.5 times FFO as a starting fair value baseline given its current struggles. Shares are presently trading at 6.4 times expected FFO, which implies the potential for a major valuation tailwind in the next five years.

Meanwhile, the dividend has been increasing at a solid rate and should continue to aid in shareholder returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	58%	59%	57%	57%	57%	57%	57%	56%	55%	55%	59%	59%

Alexandria has put its competitive advantage on display in its FFO and dividend record during the past decade. This stems from focusing on quality properties in prime locations in a needed and growing industry. Moreover, the cluster model is a unique attribute that Alexandria continues to leverage very well.

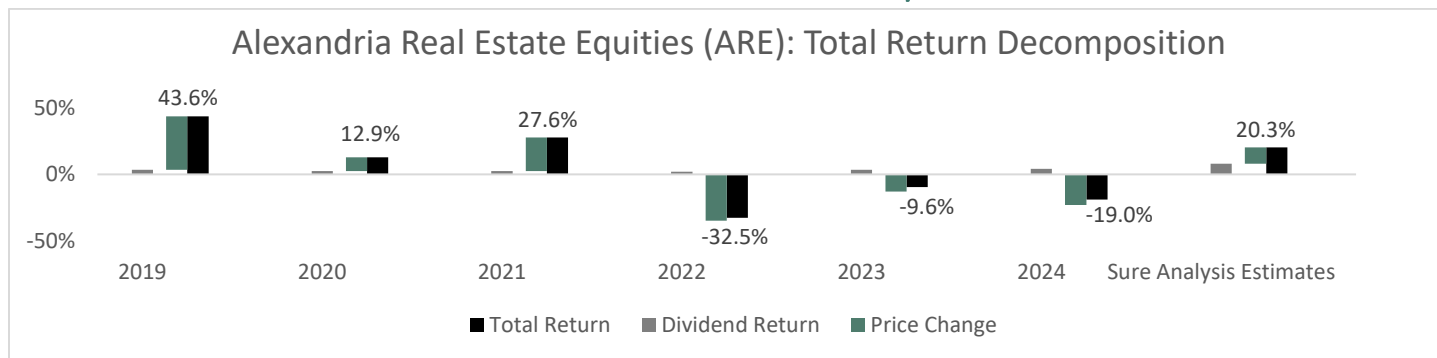
As of the last quarterly report, Alexandria had a net debt and preferred stock to adjusted EBITDA ratio of 6.1X and a fixed-charge ratio of 3.9X, which compares to its year-end goals of 5.5X to 6.0X and 3.6X to 4.1X. We are encouraged by the quality of the company’s tenants along with the fact that only 7% of the company’s total debt matures through 2027 and the weighted average remaining debt term is 11.6 years.

During the last recession, FFO dipped -23% in 2010 and the dividend was slashed from \$3.18 in 2008 to \$1.50 in 2010. While the company performed well throughout the pandemic, this is something to keep in mind, nevertheless.

Final Thoughts & Recommendation

Shares have declined 49% in the trailing one-year period, and the stock now trades significantly below our fair value estimate, thus offering a healthy margin of safety. Alexandria offers quality properties in prime locations and has a very good track record. Total return potential comes in at 20.3% per annum, stemming from 1.0% FFO growth, a 9.2% starting yield and a potential valuation tailwind. ARE 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	820	922	1128	1327	1531	1886	2114	2589	2886	3116
Gross Profit	558	643	802	946	1086	1355	1491	1806	2027	2207
Gross Margin	68%	70%	71%	71%	71%	72%	70.5%	69.8%	70.2%	70.8%
SG&A Exp.	60	64	75	90	109	133	151	177	199	168
D&A Exp.	261	313	417	478	545	698	821	928	1000	1117
Operating Profit	237	266	311	378	432	524	518	626	734	836
Operating Margin	29%	29%	28%	28%	28%	28%	24.5%	24.2%	25.4%	26.8%
Net Profit	144	-66	169	379	363	771	571	522	104	323
Net Margin	18%	-7%	15%	29%	24%	41%	27%	20.1%	3.6%	10.4%
Free Cash Flow	343	393	451	570	684	883	1010	1294	1631	1505

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	8881	10355	12104	14465	18391	22830	30220	35523	36770	37530
Cash & Equivalents	125	125	254	234	190	569	361	825	618	552
Accounts Receivable	10	10	10	10	11	733	7.4	8	8	6
Total Liabilities	4601	4984	5632	6581	8236	9395	11190	12840	14150	15130
Accounts Payable	240	366	350	216	199	285	513	390	524	535
Long-Term Debt	3936	4164	4765	5478	6777	7563	8792	10160	11320	12240
Shareholder's Equity	3608	4679	5875	7278	8866	11730	16190	18972	18470	17890
D/E Ratio	0.99	0.85	0.80	0.75	0.76	0.65	0.54	0.54	0.61	0.68

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.7%	-0.7%	1.5%	2.9%	2.2%	3.7%	2.2%	1.6%	0.29%	0.87%
Return on Equity	4.1%	-1.6%	3.2%	5.8%	4.5%	7.5%	4.1%	3.0%	0.55%	1.43%
ROIC	1.8%	-0.7%	1.6%	3.1%	2.4%	4.1%	2.3%	1.7%	0.31%	0.94%
Shares Out.	71.5	76.1	92.1	103.3	112.5	126.5	147.5	161.7	170.9	172.1
Revenue/Share	11.46	12.11	12.25	12.85	13.61	14.91	14.34	16.02	16.88	18.11
FCF/Share	4.79	5.17	4.90	5.52	6.08	6.98	6.85	8.01	9.54	8.74

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

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