EastGroup Properties, Inc. (EGP)

Updated November 2nd, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$175	**5 Year Annual Expected Total Return:**	9.6%	**Market Cap:**	$9.31 B
Fair Value Price:	$161	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	12/31/2025[1]
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.6%	**Dividend Payment Date:**	01/15/2026
Dividend Yield:	3.6%	**5 Year Price Target**	$237	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

EastGroup Properties is an internally-managed equity real estate investment trust founded in 1969. The trust is a leading provider of multi-tenant distribution and logistics facilities primarily in Sunbelt markets such as in the states of Florida, Texas, Arizona, California, and North Carolina. As of its latest filings, EastGroup owned 546 industrial properties across 12 states. The portfolio was 96.7% leased and 95.9% occupied as of September 30th, with no single tenant accounting for a significant portion of total annualized base rent. EastGroup generates over $640 million in annual rental revenues and is headquartered in Ridgeland, Mississippi.

On August 11th, 2025, EastGroup raised its dividend by 10.7% to a quarterly rate of $1.55.

On October 23rd, 2025, EastGroup reported its Q3 results for the period ending September 30th, 2025. For the quarter, revenues came in at $182.1 million, up 11.8% year-over-year, supported by same-property growth, new developments and acquisitions, and continued demand for infill industrial space in high-growth Sunbelt markets.

FFO of $121.1 million rose 16.3% from the prior year, or 6.6% higher on a per-share basis to $2.27. Excluding gains from involuntary conversion and business interruption claims, FFO per share was also $2.27, reflecting consistent growth and the 50th consecutive quarter of year-over-year FFO/share improvement. As in previous periods, per-share growth was modestly diluted by additional equity issuance to fund development activity.

Portfolio fundamentals remained solid, with 96.7% of the operating portfolio leased and 95.9% occupied at quarter-end, compared to 97.1% leased and 96.0% occupied in Q2. Rental rates on new and renewal leases increased 35.9% on a straight-line basis, highlighting continued rent growth momentum. Same-property NOI, excluding lease termination income, rose 7.7% on a straight-line basis and 6.9% on a cash basis.

Management reaffirmed its positive outlook for industrial demand, citing early signs of renewed development interest and limited new supply. The company narrowed its 2025 FFO/share guidance to a range of $8.94 to $8.98 (from $8.89 to $9.03 previously). We have applied the midpoint of this range in our estimates.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO/shr	$3.67	$4.02	$4.25	$4.66	$4.98	$5.38	$6.09	$7.00	$7.79	$8.35	***$8.96***	***$13.17***
DPS	$2.34	$2.44	$2.52	$2.72	$2.94	$3.08	$3.58	$4.70	$5.04	$5.34	***$6.20***	***$9.11***
Shares[2]	32.1	32.6	34	35.4	37.4	39.1	40.3	42.6	45.2	48.8	***53.4***	***60.0***

As mentioned earlier, EastGroup's FFO/share growth track record is truly one of the most impressive amongst all REITs. Besides achieving operational excellence, including maximizing its occupancy and benefiting from an ever-growing demand for distribution centers amid e-commerce's growth, the company enjoys excellent demographic tailwinds. Specifically, the company's properties are located in 13 of 15 fastest-growing markets in the United States, while its two largest by income states, Texas (~35% of annualized base rent) and Florida (~25% of ABR), are likely to see strong rental growth ahead amid their overall net adds in populations and income-tax-free statuses. While rising interest rates could

[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

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.

slow down the company's growth, we forecast FFO/share growth of 8% in the medium-term based on the company's ongoing momentum.

EastGroup also features one of the most impressive dividend growth track records amongst its industry peers, having hiked its dividend in 27 of the last 31 years. The REIT paused dividend growth during the Great Recession, but the dividend has never been cut. We have set our dividend growth estimate at 8% through 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/FFO	16.3	16.7	20.5	20.4	24.1	24.5	32.8	25.0	20.7	20.9	***19.5***	***18.0***
Avg. Yld.	3.9%	3.6%	2.9%	2.9%	2.5%	2.3%	1.8%	2.7%	3.1%	3.1%	***3.6%***	***3.8%***

Despite current challenges from elevated interest rates affecting EastGroup, its forward price-to-FFO ratio now stands at 19.5, below its historical average of about 22. We believe a modest discount is fair given that interest rates remain high despite the REIT's operating excellence. We have therefore maintained the stock's fair multiple at 18 times, anticipating a modest headwind from the current valuation moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	64%	61%	59%	58%	59%	57%	59%	67%	65%	64%	***69%***	***69%***

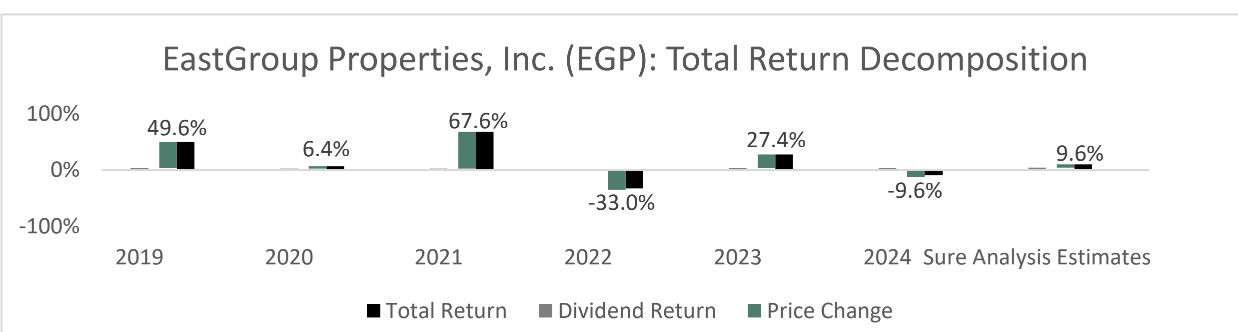
We consider EastGroup's dividend very safe. Payouts are widely covered, and EastGroup's latest bold DPS hike should further increase investors' confidence in that regard. The company showcases some of the highest quality characteristics amongst its peers. These include record occupancy rates, excellent rental growth prospects due to ideal demographics, and relatively cheap financing, including average cost of debt of around 3.77%.

Finally, cash flows are greatly diversified, with EastGroup's top 10 tenants accounting for 7.0% of the total annualized base rent. The company's advantageous industry of operations is also a great benefit in terms of driving its future growth. We believe the company displays a great completive advantage by specializing in the Sunbelt markets. Further, due to the critical nature of its distribution properties, cash flows should remain relatively resilient even under a recession. This was the case both during the Great Financial Crisis and the COVID-19 pandemic.

Final Thoughts & Recommendation

EastGroup has delivered excellent growth in its financials and capital returns over the past few years. The company's results have remained very strong even in the face of elevated interest rates, while its unique qualities are likely to lead to strong FFO/share and dividend growth moving forward. We project annualized returns of 9.6% in the medium-term, powered by our growth estimates, the starting dividend, and the possibility of a modest valuation contraction. Shares continue to earn 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	235	253	274	300	331	363	409	487	571	640
Gross Profit	168	179	194	214	238	260	294	353	417	466
Gross Margin	71.3%	70.6%	70.8%	71.2%	71.9%	71.5%	71.9%	72.5%	73.0%	72.8%
SG&A Exp.	15	13	15	14	17	15	16	17	17	21
D&A Exp.	73	78	84	92	105	116	127	154	171	189
Operating Profit	79	88	95	109	117	128	151	183	228	255
Operating Margin	33.7%	34.6%	34.7%	36.1%	35.2%	35.3%	36.9%	37.6%	39.9%	39.8%
Net Profit	48	96	83	89	122	108	158	186	200	228
Net Margin	20.4%	37.7%	30.3%	29.5%	36.7%	29.9%	38.6%	38.2%	35.0%	35.6%
Free Cash Flow	130	139	155	165	196	196	256	317	338	417

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,662	1,826	1,953	2,132	2,546	2,721	3,215	4,036	4,519	5,077
Cash & Equivalents	0	1	0	0	0	0	4	0	40	18
Accounts Receivable	32	34	37	41	46	49	59	71	82	94
Goodwill & Int. Ass.	12	14	13	13	19	16	20	22	21	40
Total Liabilities	1,103	1,184	1,202	1,227	1,344	1,450	1,644	2,082	1,911	1,785
Long-Term Debt	1,035	1,116	1,129	1,121	1,208	1,316	1,457	1,862	1,675	1,504
Shareholder's Equity	555	638	749	903	1,201	1,270	1,570	1,953	2,608	3,292
LTD/E Ratio	1.87	1.75	1.51	1.24	1.01	1.04	0.93	0.95	0.64	0.46

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.0%	5.5%	4.4%	4.3%	5.2%	4.1%	5.3%	5.1%	4.7%	4.8%
Return on Equity	8.5%	16.0%	12.0%	10.7%	11.6%	8.8%	11.1%	10.6%	8.8%	7.7%
ROIC	3.1%	5.7%	4.6%	4.5%	5.5%	4.3%	5.6%	5.5%	5.0%	5.0%
Shares Out.	32.1	32.6	34.0	35.4	37.4	39.2	40.4	42.7	45.3	48.9
Revenue/Share	7.30	7.76	8.05	8.46	8.83	9.24	10.14	11.40	12.59	13.09
FCF/Share	4.04	4.26	4.55	4.64	5.22	5.00	6.35	7.41	7.46	8.52

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