



NNN REIT, Inc. (NNN)

Updated November 5th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$39.7	5 Year CAGR Estimate:	10.8%	Market Cap:	\$7.6 B
Fair Value Price:	\$47.5	5 Year Growth Estimate:	2.4%	Ex-Dividend Date:	1/31/26 ¹
% Fair Value:	84%	5 Year Valuation Multiple Estimate:	3.6%	Dividend Payment Date:	2/15/26 ¹
Dividend Yield:	6.0%	5 Year Price Target	\$53	Years of Dividend Growth:	36
Dividend Risk Score:	C	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

National Retail Properties is a REIT that owns single-tenant, net-leased retail properties across the United States. It is focused on retail customers because they are much more likely to accept rent hikes to avoid switching locations and losing their customer base. Thanks to this strategy, National Retail has offered consistent growth with markedly low volatility. It is also characterized by very high occupancy rates; its 15-year low occupancy rate is 96% and it typically ranges between 98%-99%.

On November 4, 2025, NNN REIT, Inc. reported third-quarter 2025 core FFO of \$0.85 per share and AFFO of \$0.86 per share, up 1.2% and 2.4% year over year, respectively, with annualized base rent at quarter-end rising over 7% to \$912 million. Portfolio occupancy temporarily dipped to 97.5% after NNN unwound a 64-asset restaurant re-tenanting amid a third-party legal dispute; management has already resolved or sold 27 of those assets and expects occupancy to exceed 98% by year-end. Operationally, renewals were a “home run”: 92 of 100 expiring leases renewed, at rents averaging 108% of prior levels, while seven vacancies were backfilled at 124% of former rents. Investment activity remained robust: NNN acquired 57 properties for \$283 million at a 7.3% initial cap (nearly 18-year average term) and, year-to-date, \$750 million across 184 assets at a 7.4% cap; dispositions totaled \$41 million, including sales of non-core and vacant assets. Balance-sheet strength persisted with Baa1 ratings, \$1.4 billion of liquidity (full revolver capacity and roughly \$160 million cash), no floating-rate debt, 5.6x leverage, and 10.7-year weighted debt maturity; the company issued \$500 million of 4.6% five-year notes on July 1 and is addressing a \$400 million November maturity with multiple funding options. Bad-debt assumptions for 2025 were reduced to 25 bps (about 20 bps booked YTD) following At Home’s bankruptcy exit with all NNN leases affirmed and collection of pre-petition rent. NNN raised 2025 guidance to core FFO of \$3.36–\$3.40 and AFFO of \$3.41–\$3.45, lifted acquisition guidance to \$850–\$950 million (midpoint a company record), increased dispositions to \$170–\$200 million, and maintained a \$0.60 quarterly dividend.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO/S	\$2.22	\$2.35	\$2.52	\$2.65	\$2.76	\$2.59	\$2.86	\$3.14	\$3.26	\$3.32	\$3.38	\$3.80
DPS	\$1.71	\$1.78	\$1.86	\$1.95	\$2.06	\$2.07	\$2.10	\$2.20	\$2.23	\$2.29	\$2.40	\$2.80
Shares¹	141	147.2	153.6	161.6	171.7	175.3	175.6	181.5	182.5	187.6	189.9	200.0

National Retail Properties has more than doubled its FFO since 2011, but it has also significantly increased its share count in order to fund its acquisitions of properties. As a result, the REIT has grown its FFO per share at a mid-single-digit rate per year on average since 2011. While the impact of dilution is noticeable, the dilution also has another, less obvious effect: it has greatly increased the financial burden of the dividend on the REIT.

We believe that growth will slow moving forward as investment spreads compress, and the law of large numbers makes it increasingly challenging to move the needle with acquisitions. The trust’s high level of occupancy should afford it low-single-digit levels of revenue growth, while slightly increasing margins should continue to see it growing FFO-per-share

¹ In millions

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at a low-to-mid-single-digit rate despite the ever-rising share count. The bulk of National Retail's FFO-per-share growth will come from net new property acquisitions.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/FFO	15.4	16.7	14.8	16.1	19.2	15.4	16.5	14.4	11.8	12.0	11.7	14.0
Avg. Yld.	5.0%	4.5%	5.0%	4.6%	3.9%	5.2%	4.5%	4.9%	5.8%	5.7%	6.0%	5.3%

Using expected FFO numbers for this year, National Retail Properties is trading at a price-to-FFO ratio of 11.7. The trust's 10-year average price-to-FFO ratio is 14, and, while some year's average multiples have been far higher due to low interest rates and strong results, we believe that current headwinds and somewhat elevated interest rates justify a lower valuation. Therefore, we are placing 14 times FFO as our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	77%	76%	74%	74%	75%	80%	73%	70%	68%	69%	71%	74%

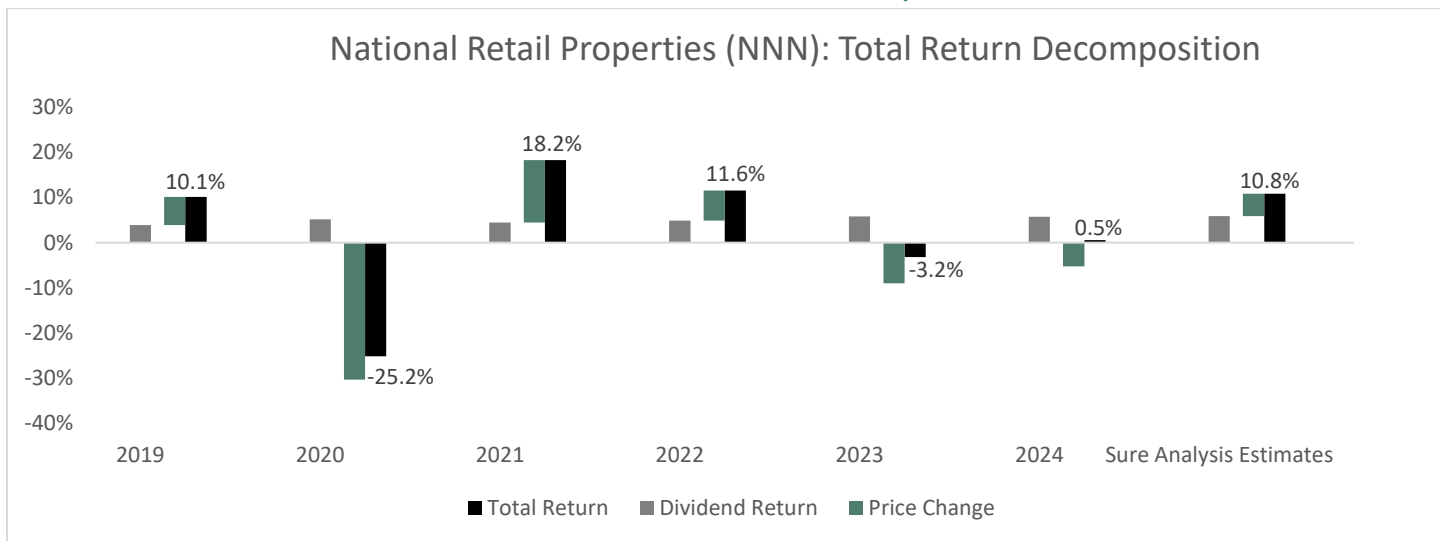
National Retail's payout ratio is being maintained at nearly three-quarters of FFO, and we believe it will stay there for the foreseeable future. Given this, the dividend is fairly safe at this point with the trust's rising earnings. On the other hand, National Retail Properties is significantly impacted by recessions. In the Great Recession, its funds from operations per share plunged 34%, from \$1.99 in 2008 to \$1.31 in 2010. Nevertheless, given that the financial crisis was triggered by the bubble in the housing market, the performance of the REIT in that crisis was satisfactory.

However, investors should keep in mind that its downside potential will likely be significant whenever the next recession shows up, particularly given its current valuation. The trust lacks any durable competitive advantages, though its scale and business network are gradually growing over time, which could give it increasing pricing power and economies of scale.

Final Thoughts & Recommendation

National Retail Properties is an attractive dividend growth stock given its 6.0% dividend yield backed by a strong balance sheet, well-diversified portfolio, impressive dividend growth streak, and lengthy growth runway. Given that it offers an estimated 10.8% annualized total return over the next half-decade alongside relatively low risk, we rate it a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	483	534	585	623	670	661	726	773	828	869
Gross Profit	463	513	562	598	643	632	698	747	800	837
Gross Margin	95.9%	96.1%	96.0%	96.0%	95.9%	95.7%	96.1%	96.6%	96.6%	96.3%
SG&A Exp.	35	37	34	34	38	38	45	50	47	45
D&A Exp.	135	149	174	174	189	197	205	224	239	250
Operating Profit	294	327	354	389	416	397	448	473	514	542
Operating Margin	60.8%	61.3%	60.6%	62.5%	62.1%	60.2%	61.7%	61.2%	62.0%	62.4%
Net Profit	198	240	265	292	299	229	290	335	392	397
Net Margin	41.0%	44.9%	45.3%	47.0%	44.6%	34.6%	39.9%	43.3%	47.4%	45.7%
Free Cash Flow	341	415	422	472	502	450	568	578	612	636

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	5,460	6,334	6,561	7,103	7,435	7,638	7,751	8,146	8,662	8,873
Cash & Equivalents	14	295	1	114	1	267	171	3	1	9
Accounts Receivable	3	3	4	4	3	4	3	4	4	3
Goodwill & Int. Ass.	72	65	51	66	76	70	67	62	53	44
Total Liabilities	2,118	2,417	2,720	2,949	3,103	3,319	3,849	4,023	4,505	4,510
Long-Term Debt	1,976	2,312	2,580	2,851	2,988	3,221	3,746	3,916	4,361	4,374
Shareholder's Equity	2,767	2,997	3,208	3,522	3,987	3,974	3,902	4,124	4,157	4,362
LTD/E Ratio	0.59	0.59	0.67	0.69	0.69	0.75	0.96	0.95	1.05	1.00

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.8%	4.1%	4.1%	4.3%	4.1%	3.0%	3.8%	4.2%	4.7%	4.5%
Return on Equity	6.2%	6.6%	6.8%	7.3%	7.1%	5.3%	7.1%	8.3%	9.5%	9.3%
ROIC	3.9%	4.1%	4.2%	4.4%	4.2%	3.1%	3.8%	4.3%	4.7%	4.6%
Shares Out.	141	147.2	153.6	161.6	171.7	175.3	175.6	181.5	182.5	187.6
Revenue/Share	3.59	3.69	3.91	3.98	4.06	3.84	4.16	4.37	4.56	4.72
FCF/Share	2.54	2.87	2.82	3.02	3.04	2.61	3.25	3.27	3.37	3.45

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

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