SBA Communications Corporation (SBAC)

Updated November 5th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$196	**5 Year Annual Expected Total Return:**	13.2%	**Market Cap:**	$21.0 B
Fair Value Price:	$225	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	11/13/2025
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.8%	**Dividend Payment Date:**	12/11/2025
Dividend Yield:	2.3%	**5 Year Price Target**	$331	**Years Of Dividend Growth:**	6
Dividend Risk Score:	B	**Sector:**	Communications	**Rating**	Buy

Overview & Current Events

SBA Communications is a leading independent owner and operator of wireless communications infrastructure, primarily including tower structures that support antennas used for wireless communications. The company owns over 44,000 tower sites which it leases to multiple wireless telecom providers. SBA also owns a site development business, through which it assists telecom providers in developing and maintaining their own wireless service networks. The company generates about $2.7 billion in annual revenues and is headquartered in Boca Raton, Florida.

On October 15th, 2025, SBA closed the sale of its 365 towers and related operations in Canada for CAD $446.0 million, completing its exit from that market.

On November 3rd, 2025, SBA posted its Q3 results for the period ending September 30th, 2025. For the quarter, revenues were $732.3 million, up 9.7% year-over-year. Total site leasing revenue grew by 4.9% as reported, and 4.4% in constant currency, while site development revenues surged 81.2%. AFFO fell slightly by 0.9% year-over-year to $354.9 million. On a per-share basis, AFFO fell by 0.6% to $3.30, due to higher interest expenses despite leasing and development growth.

During the quarter, SBA acquired 447 communication sites for $142.8 million, including 446 sites from the previously announced Millicom transaction, and also built 151 towers. Subsequent to quarter end, the company also closed on 2,020 additional Millicom sites for $217.4 million, and remains under contract to acquire 78 sites for $66.9 million. Throughout and after the quarter, SBAC repurchased 958,000 shares for $194.3 million.

Management updated its FY2025 outlook, now expecting site leasing revenues between $2.568 and $2.578 billion and AFFO per share between $12.76 and $12.98, a modest upward revision at the midpoint. The updated guidance reflects the earlier-than-expected closings of the Millicom and Canada transactions, as well as strong site development trends. We have applied the midpoint of $12.87 in our estimates, up from $12.84 previously.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO/shr[1]	$5.69	$5.95	$6.95	$7.60	$8.48	$9.43	$10.74	$12.25	$13.08	$13.37	***$12.87***	***$18.91***
DPS	---	---	---	---	$0.74	$1.86	$2.32	$2.84	$3.40	$3.92	***$4.44***	***$8.55***
Shares[2]	127.8	124.4	119.9	114.9	112.8	111.5	109.3	108.0	108.2	107.6	***107.6***	***100.0***

SBA Communications displays an excellent record of AFFO/share growth powered by continuous development and acquisitions of new towers, increased leasing activity, and rate hikes (typically in the range of 3 to 4% per year).

Further, the company maximizes its tower capacity by accommodating multiple tenants per tower structure without incurring additional costs just by placing additional antennas. SBA currently accommodates around two tenants per tower, with the capacity for more to be added going forward.

Thus, we see AFFO/share of 8% in the medium-term, driven by the aforementioned drivers, as well as stock buybacks, which are rare for REITs, and exhibit the company's ability to self-fund its future growth without diluting shareholders.

[1] The metric is used due to real estate-related depreciation, amortization, and accretion as well as other meaningful adjustments.
[2] Share count is in millions.

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Despite its REIT status, due to SBA reporting losses amid reinvesting the majority of its gross profits over the past decade, the company was not required to pay dividends. Dividend payments were initiated in 2019 and are growing rapidly amid starting out from humble levels. The previous two quarterly hikes were 15.3% and 13.3%, respectively, with ample room for further growth. We forecast DPS growth of around 14% in the medium-term, expecting the company to gradually pay out a larger chunk of its bottom line to shareholders.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	20.7	16.6	20.1	20.4	26.5	31.8	29.3	24.9	19.6	16.3	***15.2***	***17.5***
Avg. Yld.	---	---	---	---	0.3%	0.6%	0.7%	0.9%	1.3%	1.8%	***2.3%***	***2.6%***

SBA Communications has historically traded at around 23X its underlying AFFO. Investors have historically attached a premium price tag to the stock due to improving growth prospects, the 5G expansion, and economies of scale expanding its profitability potential. Its P/AFFO now stands at 15.2 its projected AFFOs. We think that a modest discount is justified in the current macroeconomic environment. Still, we believe SBA is undervalued today, and retain our fair P/AFFO at 17.5. SBA's modest yield may not be overly attractive today, but the dividend can grow rapidly over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

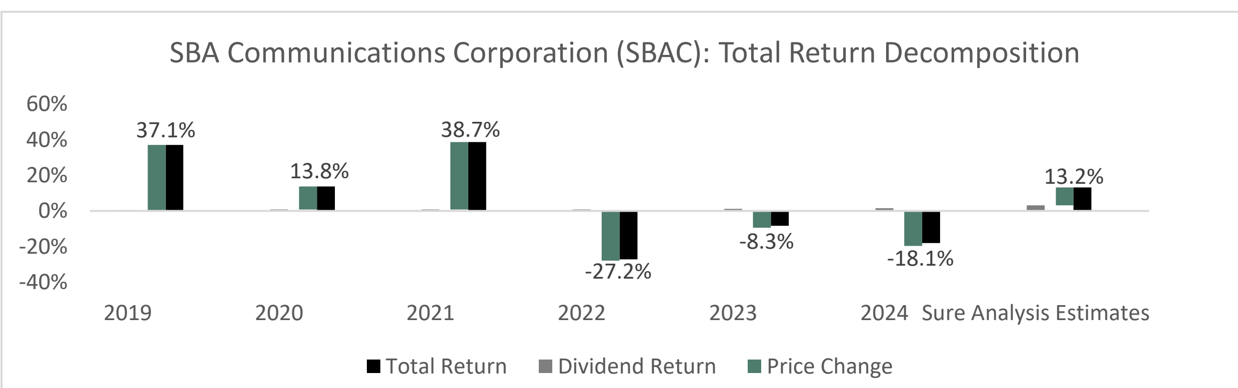
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	9%	20%	22%	23%	26%	29%	***34%***	***45%***

We consider SBA's dividend quite safe and widely covered by the underlying AFFO. The company enjoys several qualities, including a highly scalable business model, a credit-worthy tenant base of telecom majors, contractually secured and predictable revenues, and a clear runaway for gradual growth ahead. The company also enjoys a distinct competitive advantage along with the handful of other tower REITs which have formed an oligopoly in the space, which has become quite expensive to penetrate into. Unlike traditional real estate properties, whose tenants may struggle to pay rent during a potential recession, telecom companies enjoy extremely resilient revenues, while the essential and mission-critical nature of telecommunication ensures no adverse impact on SBA's performance. This was proven both during the Great Financial Crisis and the COVID-19 pandemic when revenues continued to grow during both periods.

Final Thoughts & Recommendation

Shares of SBAC have had a rough time in recent years. Still, the company's results and overall growth prospects remain robust. The current dividend, while not substantial, should gradually contribute to total returns. Our growth estimates remain strong, and the company enjoys unique qualities. Along with a potential valuation tailwind, we see annualized returns of 13.2% in the medium-term. We now rate SBA Communications as a buy.

Total Return Breakdown by Year



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.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,638	1,633	1,728	1,866	2,015	2,083	2,309	2,633	2,712	2,680
Gross Profit	1,194	1,212	1,281	1,397	1,522	1,607	1,763	1,956	2,099	2,098
Gross Margin	72.9%	74.2%	74.2%	74.9%	75.5%	77.1%	76.4%	74.3%	77.4%	78.3%
SG&A Exp.	115	143	131	143	193	194	220	262	268	259
D&A Exp.	660	638	643	672	697	722	700	708	716	270
Operating Profit	419	431	508	580	629	689	841	995	1,115	1,570
Operating Margin	25.6%	26.4%	29.4%	31.1%	31.2%	33.1%	36.4%	37.8%	41.1%	58.6%
Net Profit	(176)	76	104	47	147	24	238	461	502	750
Net Margin	-10.7%	4.7%	6.0%	2.5%	7.3%	1.2%	10.3%	17.5%	18.5%	28.0%
Free Cash Flow	514	603	671	701	816	997	1,056	1,071	1,308	1,107
Income Tax	9	11	13	4	40	(42)	15	66	51	24

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,313	7,361	7,320	7,214	9,760	9,158	9,802	10,590	10,180	11,420
Cash & Equivalents	118	146	69	143	108	309	367	144	209	190
Accounts Receivable	83	78	91	111	132	74	102	184	183	146
Goodwill & Int. Ass.	3,735	3,657	3,598	3,331	3,627	3,156	2,803	2,776	2,456	2,389
Total Liabilities	9,019	9,357	9,919	10,591	13,427	13,982	15,090	15,830	15,310	16,470
Accounts Payable	27	28	33	34	32	110	34	51	42	60
Long-Term Debt	8,452	8,776	9,311	9,939	10,334	11,096	12,300	12,870	12,320	13,590
Shareholder’s Equity	(1,706)	(1,996)	(2,599)	(3,377)	(3,667)	(4,824)	(5,283)	(5,276)	(5,171)	(5,110)
LTD/E Ratio	(4.95)	(4.40)	(3.58)	(2.94)	(2.82)	(2.30)	(2.33)	(2.44)	(2.38)	(2.66)

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-2.3%	1.0%	1.4%	0.7%	1.7%	0.3%	2.5%	4.5%	4.8%	6.9%
Return on Equity	---	---	---	---	---	---	---	---	---	---
ROIC	-2.5%	1.1%	1.5%	0.7%	2.2%	0.4%	3.6%	6.3%	6.9%	9.5%
Shares Out.	127.8	124.4	119.9	114.9	112.8	111.5	111	109.4	108.9	108.1
Revenue/Share	12.82	13.05	14.28	16.01	17.57	18.36	20.77	24.07	24.90	24.79
FCF/Share	4.02	4.81	5.55	6.01	7.11	8.79	9.50	9.79	12.01	10.24

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