



# SL Green Realty Corp. (SLG)

Updated November 11<sup>th</sup>, 2025 by Aristofanis Papadatos

## Key Metrics

<b>Current Price:</b>	\$50	<b>5 Year CAGR Estimate:</b>	10.2%	<b>Market Cap:</b>	\$3.9 B
<b>Fair Value Price:</b>	\$62	<b>5 Year Growth Estimate:</b>	1.0%	<b>Ex-Dividend Date:</b>	10/31/2025
<b>% Fair Value:</b>	81%	<b>5 Year Valuation Multiple Estimate:</b>	4.4%	<b>Dividend Payment Date:</b>	11/17/2025
<b>Dividend Yield:</b>	6.2%	<b>5 Year Price Target</b>	\$65	<b>Years Of Dividend Growth:</b>	1
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	REITs	<b>Rating:</b>	Hold

## Overview & Current Events

SL Green Realty Corp. (SLG) was formed in 1980. It is an integrated real estate investment trust (REIT) that is focused on acquiring, managing, and maximizing the value of Manhattan commercial properties. It is Manhattan's largest office landlord, with a market capitalization of \$3.9 billion, and currently owns 53 buildings totaling 31 million square feet.

On June 26<sup>th</sup>, 2023, SLG sold its 50% stake in 245 Park Avenue for \$1.0 billion. Since then, the stock has more than doubled, as the sale signaled that the assets of the REIT are probably worth more than the market valued them.

In mid-October, SLG reported (10/15/2025) financial results for the third quarter of fiscal 2025. Its occupancy rate improved sequentially from 91.5% to 92.4%. Same-store net operating income dipped -4% over the prior year's quarter. However, thanks to higher occupancy and leasing activity, adjusted funds from operations (FFO) per share grew 40% over the prior year's quarter, from \$1.13 to \$1.58, exceeding the analysts' consensus by \$0.06.

SLG has been severely hit by the pandemic, which has led many tenants to adopt a work-from-home model. Occupancy of office space in New York remains near historic lows. This has caused an unprecedented tenant-friendly environment. The exceptionally high FFO per share in 2024 resulted from some non-recurring gains. Management stated that it still expects FFO per share of \$5.65-\$5.95 this year, excluding special items. Accordingly, we have kept our forecast for FFO per share of \$5.80 intact.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>FFO</b>	\$6.38	\$8.29	\$6.45	\$6.62	\$6.99	\$7.11	\$6.80	\$6.76	\$4.94	\$8.11	<b>\$5.80</b>	<b>\$6.10</b>
<b>DPS</b>	\$2.52	\$2.94	\$3.14	\$3.29	\$3.44	\$3.54	\$3.64	\$3.69	\$3.23	\$3.01	<b>\$3.09</b>	<b>\$3.25</b>
<b>Shares<sup>1</sup></b>	103.7	104.9	103.4	91.5	86.6	74.3	69.9	68.7	69.3	72.0	<b>72.0</b>	<b>72.0</b>

SLG benefits from long-term growth in rental rates in one of the most popular commercial areas in the world, Manhattan. The REIT pursues growth by acquiring attractive properties and raising rental rates in its existing properties. It also signs multi-year contracts (7-15 years) with its tenants in order to secure reliable cash flows. However, the REIT has been severely hurt by a work-from-home trend, which has gained popularity since 2020. If the REIT meets our forecast this year, its FFO per share will have decreased by 4.0% per year on average over the last five years due to the ongoing downturn in the office REIT industry. The pandemic has subsided but the REIT has not begun to recover from the work-from-home trend yet. Nevertheless, due to a low comparison base this year, we expect FFO per share to grow at a 1.0% average annual rate over the next five years.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
<b>Avg. P/FFO</b>	17.8	12.5	16.1	14.6	12.2	8.3	10.6	8.4	6.6	7.4	<b>8.6</b>	<b>10.7</b>
<b>Avg. Yld.</b>	2.2%	2.8%	3.0%	3.4%	4.0%	5.1%	5.0%	6.5%	9.9%	5.0%	<b>6.2%</b>	<b>5.0%</b>

<sup>1</sup> In millions.

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SLG has traded at an average price-to-FFO ratio of 10.7 during the last nine years. We view this valuation level as fair for this REIT. The stock is currently trading at a FFO multiple of 8.6. If SLG trades at its historical valuation level in five years, it will enjoy a 4.4% annualized gain to its returns.

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

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	39%	35%	49%	50%	49%	50%	54%	55%	65%	37%	53%	53%

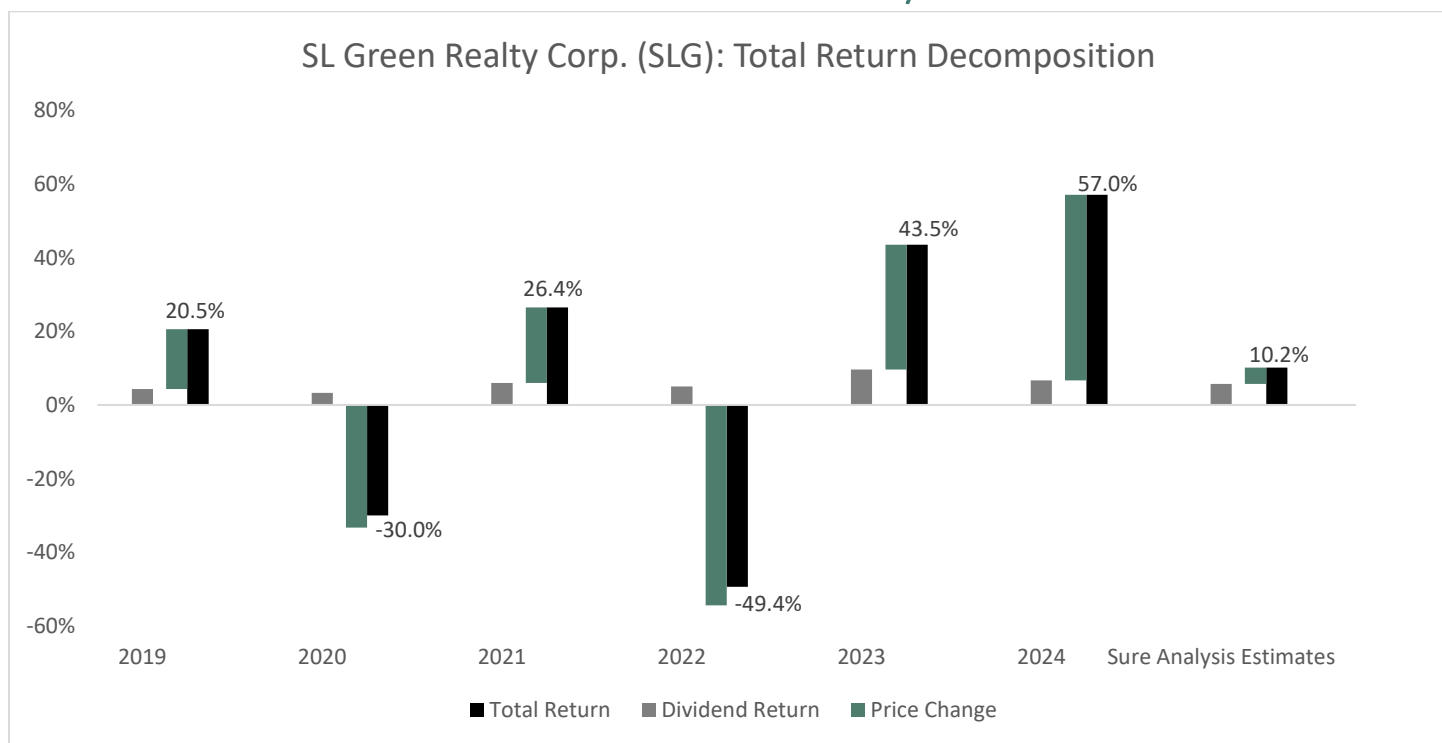
During the last 44 years, SLG has been operating, investing and developing several high-quality commercial properties in Manhattan. It has thus developed great expertise in the area, which constitutes a significant competitive advantage.

SLG is under pressure due to the work-from-home trend, which has resulted from the pandemic. On the one hand, it has a decent balance sheet, with a healthy BBB credit rating. As a result, it could maintain its 6.2% dividend, which is covered with a reasonable payout ratio of 53%. On the other hand, due to the surge of interest rates in the last three years, the interest expense of the REIT has exceeded its operating income by a wide margin in each of the last two years. As a result, the dividend is not safe.

## Final Thoughts & Recommendation

SLG is the largest landlord in the area of Manhattan and thus it is ideal for those who want to benefit from multi-year growth in rental rates in this area. The stock is currently facing the headwind from the work-from-home trend and high interest expense due to high interest rates but we expect more people to return to offices and interest rates to subside in the upcoming years. SLG could offer a 10.2% average annual return over the next five years thanks to 1.0% annual growth of FFO per share, a 6.2% dividend and a 4.4% potential valuation tailwind. It thus maintains its hold rating. If inflation and interest rates remain elevated for longer than currently anticipated, they are likely to weigh heavily on the performance of the stock.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,663	1,864	1,511	1,227	1,239	1,053	861	919	914	886
Gross Profit	1,096	1,269	941	779	780	664	498	488	436	432
Gross Margin	65.9%	68.1%	62.2%	63.4%	63.0%	63.1%	57.8%	53.1%	47.7%	48.7%
SG&A Exp.	95	100	100	93	101	92	95	94	111	85
D&A Exp.	588	846	419	290	284	325	228	2 24	256	214
Operating Profit	440	349	437	172	400	223	159	178	69	139
Operating Margin	26.5%	18.7%	28.9%	14.0%	32.3%	21.2%	18.5%	19.4%	7.6%	15.7%
Net Profit	291	261	113	259	281	380	457	(72)	(557)	31
Net Margin	17.5%	14.0%	7.5%	21.1%	22.7%	36.1%	53.1%	-7.8%	-61.0%	3.5%
Free Cash Flow	526	644	543	442	376	554	256	276	230	130

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	19,728	15,858	13,983	12,751	12,766	11,708	11,067	12,356	9,531	10,470
Cash & Equivalents	255	279	128	129	166	266	251	203	222	184
Accounts Receivable	562	496	423	378	327	347	296	292	298	310
Total Liabilities	11,302	7,331	6,630	6,115	6,556	6,211	5,748	7,261	5,271	5,915
Acct. Payable	196	191	137	147	167	151	158	155	153	123
Long-Term Debt	10,275	6,482	5,855	5,542	5,508	4,929	4,017	5,512	3,491	4,197
Shareholder's Equity	7,066	7,103	6,003	5,680	5,219	4,688	4,543	4,363	3,564	3,729
LTD/E Ratio	1.41	0.88	0.94	0.94	1.01	1.00	0.84	1.20	0.92	1.06

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.6%	1.5%	0.8%	1.9%	2.2%	3.1%	4.0%	-0.6%	-5.1%	0.3%
Return on Equity	3.5%	3.1%	1.4%	3.7%	4.4%	6.5%	8.5%	-1.4%	-11.9%	0.7%
ROIC	1.7%	1.5%	0.8%	2.0%	2.4%	3.4%	4.6%	-0.7%	-6.1%	0.4%
Shares Out.	103.7	104.9	103.4	91.5	86.6	74.3	69.9	68.7	69.3	72.0
Revenue/Share	16.50	18.29	15.04	14.18	14.69	14.02	12.17	13.54	13.44	13.49
FCF/Share	5.22	6.32	5.40	5.10	4.46	7.38	3.62	4.06	3.38	1.97

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

## Disclaimer

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