



NexPoint Residential Trust, Inc. (NXRT)

Updated February 27th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$28	5 Year Annual Expected Total Return:	17.5%	Market Cap:	\$732 M
Fair Value Price:	\$42	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	03/13/2026
% Fair Value:	67%	5 Year Valuation Multiple Estimate:	8.3%	Dividend Payment Date:	03/31/2026
Dividend Yield:	7.6%	5 Year Price Target	\$51	Years Of Dividend Growth:	10
Dividend Risk Score:	D	Sector:	Real Estate	Rating	Hold

Overview & Current Events

NexPoint Residential Trust is a Real Estate Investment Trust primarily focused on acquiring, owning, and operating well-located middle-income multifamily properties with value-add potential in large cities, primarily in the Southeastern and Southwestern United States. The value-add component refers to the properties where the company can invest capital to provide lifestyle amenities to workforce and middle-income housing. These values-add strategies seek to provide both dramatically-improved communities for the company's residents and outsized returns for its shareholders. As of its latest filings, the company was invested in 36 multifamily properties, with the highest location exposures in Phoenix (15.1%), South Florida (14.7%), and Dallas/Fort Worth (14.6%), based on total apartment units.

On February 24th, 2026, NexPoint Residential Trust reported its Q4 and full year 2025 results for the period ending December 31st, 2025. For the fourth quarter, the company posted total revenues of \$62.1 million, down 2.7% from \$63.8 million in the same quarter last year. Net operating income (NOI) was \$37.1 million on 36 properties, compared to \$38.9 million on 35 properties in Q4 2024, while Q4 Same Store NOI declined 4.8% year-over-year to \$37.0 million, reflecting ongoing revenue softness in select markets.

The 36-property portfolio (13,305 units) ended the year at 92.7% occupancy with a weighted average effective rent of \$1,492. Q4 FFO was \$13.2 million (\$0.52 per share), up from \$(6.5) million (\$0.25 per share) a year ago, while Core FFO totaled \$16.5 million (\$0.65 per share) versus \$17.7 million (\$0.68 per share). AFFO was \$19.1 million (\$0.75 per share), compared to \$20.3 million (\$0.78 per share) in Q4 2024.

During 2025, NexPoint acquired Sedona at Lone Mountain, a 321-unit property in Las Vegas, for \$73.25 million, bringing the portfolio to 36 properties. The company completed 1,767 full and partial upgrades and washer/dryer installations during the year, generating an average monthly rent premium of \$60 and a 21.8% return on investment. Since inception, NXRT has completed 9,866 full and partial upgrades portfolio-wide. The company also issued full-year 2026 guidance, expecting AFFO per share of \$2.99.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
AFFO/shr¹	\$1.62	\$1.88	\$2.20	\$2.47	\$2.75	\$3.55	\$3.27	\$3.19	\$3.19	\$3.18	\$2.99	\$3.64
DPS	\$0.91	\$1.03	\$1.14	\$1.28	\$1.40	\$1.56	\$1.72	\$1.90	\$1.90	\$2.06	\$2.12	\$2.58
Shares²	21.4	21.7	24.6	25.2	25.8	25.6	26.2	26.2	26.2	26.6	26.6	30.0

NexPoint Residential Trust has managed to grow very rapidly since going public. The company's value-added component allows NexPoint to charge premium monthly rents compared to its residential industry peers. Since inception, for the properties currently in its portfolio, NexPoint has completed 9,866 full and partial upgrades, 4,979 kitchen and laundry appliance installations, and 11,199 technology packages, resulting in average monthly rental increases of \$158, \$50, and \$43 per unit and returns on investment of 20.8%, 63.7%, and 37.2%, respectively.

¹ AFFO adjusts Core FFO to remove items such as equity-based compensation expenses and the amortization of deferred financing costs incurred in connection with obtaining long-term debt financing.

² Share count is in millions.

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With high-class Americans striving for access to safe, clean, and premium housing in high job growth markets, we believe that NexPoint's premium offering packages, along with its smart acquisitions and timely disposals, will continue to thrive. That said, we have utilized a humbler AFFO/share CAGR of 4% in our medium-term estimates, as elevated interest rates should take a toll on the company's future growth prospects.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/AFFO	12.7	15.1	18.8	20.0	16.9	23.0	9.8	12.6	11.6	11.0	9.4	14.0
Avg. Yld.	4.4%	3.6%	2.8%	2.4%	3.5%	2.1%	5.2%	4.1%	5.1%	5.9%	7.6%	5.1%

NexPoint's valuation multiple is now hovering at 9.8 times management's projected AFFO/share. Despite elevated interest rates, which would typically justify significant multiple compression, we believe the company is well-managed and merits a 14x multiple. Therefore, we view the stock as quite undervalued at its current level. The dividend yield stands at 7.6% and is expected to contribute notably to the stock's total return prospects.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	56%	55%	52%	52%	51%	44%	53%	60%	60%	65%	71%	71%

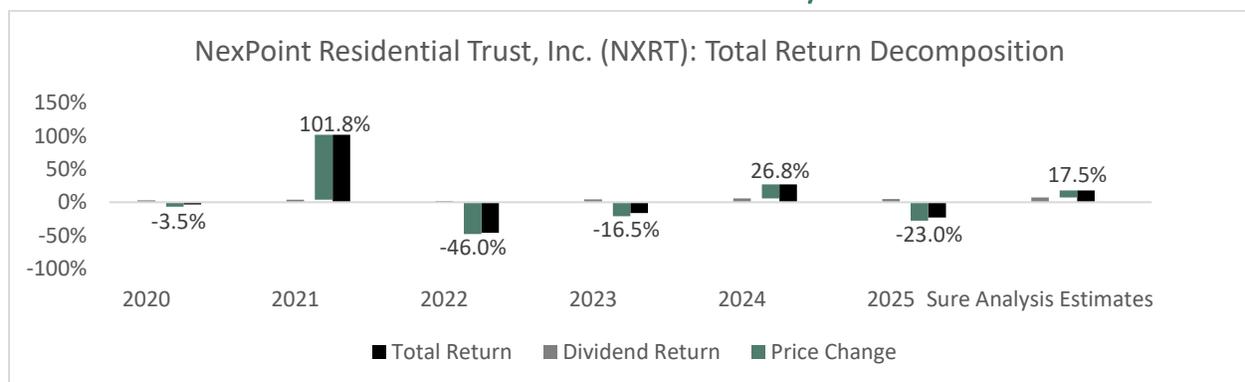
We consider NexPoint's dividend to be quite safe. The expected payout ratio for this year is a somewhat high but still reasonable 71%, though the latest dividend increase of 3.9% could be a soft hint that management is turning cautious regarding future hikes. Regardless, we believe the company's value-added strategy and positioning in high-growth markets make for a solid competitive advantage.

That said, due to the premium the company charges for its enhanced amenities proposition, its future performance relies strongly on the health of middle to high-class income levels. Unfavorable market conditions and declines in the financial condition of its residents could affect the company worse than its cheaper, more value-oriented competitors in the residential market. While the company has not experienced a prolonged recession, it's worth noting that its robust performance remained almost intact during the pandemic, further highlighting its cash flow resilience.

Final Thoughts & Recommendation

NexPoint Residential Trust has had a tough past couple of years, as residential real estate has been under pressure in the face of rising interest rates. However, we expect the company to keep growing its AFFO/share and dividend from here through its value-added strategy and ongoing acquisitions at a decent pace. We see annualized returns of 17.5% through 2031, due to the 7.6% yield, our growth estimate, and the possibility of a valuation tailwind. We rate NXRT as a hold due to its dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	118	133	144	147	181	205	219	264	278	260
Gross Profit	63	73	80	84	106	120	131	159	173	147
Gross Margin	53.4%	54.7%	55.5%	57.2%	58.8%	58.4%	59.8%	60.2%	62.2%	56.5%
SG&A Exp.	12	15	18	20	23	24	26	30	33	19
D&A Exp.	41	36	49	47	69	82	87	98	95	98
Operating Profit	10	22	13	17	15	14	18	32	45	29
Operating Margin	8.9%	16.7%	9.2%	11.5%	8.2%	6.6%	8.2%	12.1%	16.2%	11.2%
Net Profit	(11)	22	53	(2)	99	44	23	(9)	44	1.1
Net Margin	-9.2%	16.5%	37.0%	-1.1%	54.8%	21.5%	10.5%	-3.4%	15.8%	0.4%
Free Cash Flow	35	34	38	42	51	57	73	79	97	74

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	970	1,035	1,055	1,161	1,866	1,829	2,063	2,225	2,108	1,907
Cash & Equivalents	16	23	16	20	26	24	49	17	12	23
Accounts Receivable	2	3	3	3	6	9	5	17	15	12
Goodwill & Int. Ass.	1	4	1	1	6	1	1.6	0	0	0
Total Liabilities	721	779	816	865	1,440	1,421	1,587	1,700	1,608	1,491
Accounts Payable	5	6	6	6	12	10	13	12	17	11
Long-Term Debt	705	708	762	825	1,362	1,345	1,554	1,599	1,477	1,464
Shareholder's Equity	222	232	239	296	426	408	470	520	495	410
LTD/E Ratio	3.18	3.06	3.18	2.79	3.20	3.30	3.31	3.08	2.99	3.57

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-1.3%	2.2%	5.1%	-0.1%	6.5%	2.4%	1.2%	(0.4%)	2.0%	0.1%
Return on Equity	-5.4%	9.7%	22.7%	-0.6%	27.5%	10.6%	5.3%	(1.9%)	8.6%	0.2%
ROIC	-1.3%	2.3%	5.4%	-0.2%	6.8%	2.5%	1.2%	(0.5%)	2.2%	0.1%
Shares Out.	21.3	21.2	21.1	21.2	24.1	24.7	25.8	26.6	26.2	26.3
Revenue/Share	5.53	6.23	6.74	6.77	7.36	8.12	8.51	10.31	10.57	9.90
FCF/Share	1.62	1.58	1.75	1.93	2.09	2.27	2.84	3.09	3.68	2.80

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

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