Equity Residential (EQR)

Updated March 2nd, 2026 by Samuel Smith

Key Metrics

Current Price:	$64	**5 Year CAGR Estimate:**	9.6%	**Market Cap:**	$24 B
Fair Value Price:	$74	**5 Year Growth Estimate:**	3.2%	**Ex-Dividend Date:**	4/1/26[1]
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.8%	**Dividend Payment Date:**	4/15/26[2]
Dividend Yield:	4.3%	**5 Year Price Target**	$86	**Years Of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Equity Residential is a publicly traded real estate investment trust and member of the S&P 500 that owns, develops, and manages high-quality apartment communities across major U.S. metropolitan markets. The company operates a portfolio of approximately 318 rental properties comprising over 86,000 apartment units, with primary concentration in dynamic urban and suburban submarkets of Southern California, San Francisco, Washington D.C., New York, Seattle, and Boston. Equity Residential also has targeted presence in high-growth markets including Atlanta, Austin, Dallas/Fort Worth, and Denver. The company generates income primarily through leasing apartment communities to residents.

On February 5, 2026, Equity Residential reported fourth-quarter 2025 results that reflected both operational strength and emerging challenges in the multifamily housing market. Revenue of $781.91 million fell short of expectations and normalized FFO per share of $1.03 narrowly missed the $1.04 consensus, while full-year normalized FFO per share of $3.99 also landed just below the $4.00 estimate, signaling a modest earnings shortfall despite otherwise solid fundamentals. GAAP EPS of $1.00, however, exceeded the $0.42 forecast and net earnings rose to $626.3 million from $546.7 million in the prior-year quarter, highlighting strong bottom-line performance under GAAP. Operationally, the company posted a healthy occupancy rate of 96.4 percent and achieved the highest resident retention in its history, with only 7.4 percent of move-outs tied to home purchases, the lowest level ever, underscoring the stickiness of its renter base. Same-store revenue grew 2.6 percent and same-store NOI increased 2.2 percent for the full year, and Equity Residential returned capital to shareholders via $300 million of share repurchases, retiring 4.8 million shares, which supports per share metrics. At the same time, revenue softness versus estimates and rental growth deceleration in coastal markets in the back half of 2025, combined with same-store expense growth of 3.7 percent outpacing 2.6 percent revenue growth, compressed margins and highlighted cost pressures. Management's 2026 guidance points to a slower growth phase, with projected same-store revenue growth of only 1.2 to 3.2 percent, same-store NOI growth of 0.5 to 2.5 percent, and normalized FFO per share expected to reach a midpoint of $4.08, implying a modest 2.25 percent year-over-year improvement and suggesting a more challenging near-term operating environment.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO/S	$73.62	$3.28	$3.27	$3.53	$3.33	$2.99	$3.52	$3.78	$3.89	$3.99	***$4.09***	***$4.78***
DPS	$10.02[3]	$2.02	$2.16	$2.27	$2.15	$2.41	$2.50	$2.65	$2.70	$2.77	***$2.77***	***$3.22***
Shares[4]	367.1	368.2	369.9	372.0	372.7	375.9	378.6	379.6	379.7	374.0	***373.0***	***380.0***

Equity residential properties are located in some of America's most affluent markets, which results in relatively robust rental collections due to the high quality of the trust's tenants. Additionally, these locations have consistently seen increasing pricing trends. We forecast FFO/share CAGR of 3.2% in the medium-term, following the strong rebound in residential occupancy and overall pricing. The trust had slashed its dividend back during the great financial crisis. In

[1] Estimated dates based on past dividend dates
[2] Estimated dates based on past dividend dates
[3] Includes $8.00 of special dividends amid sale of non-core assets.
[4] Share count is in millions.

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2016, the base rate dividend was “cut” again due to the trust divesting some of its non-core assets and paying shareholders a massive dividend with the proceeds. Since then, the dividend has grown annually before suffering a slight cut in 2020 due to uncertainty surrounding COVID-19. Moving forward, we expect solid dividend per share growth to continue.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/FFO	21.7	19.8	19.3	23.8	16.8	29.5	18.1	15.8	19.1	14.8	***15.6***	***18.0***
Avg. Yld.	3.0%	3.3%	3.6%	2.6%	4.3%	2.8%	4.2%	4.5%	3.7%	4.7%	***4.3%***	***3.7%***

Due to the stable performance of Equity Residential over the past decade, its shares have traded at a consistent valuation multiple of around 20 times the underlying FFO. However, we have reduced our fair value multiple to 18 times FFO due to rising interest rates. While the trust’s performance has recovered in the wake of COVID-19, the stock price remains somewhat undervalued, trading at 15.6 times its forward FFO. As a result, we expect valuation multiple expansion over the next half-decade.

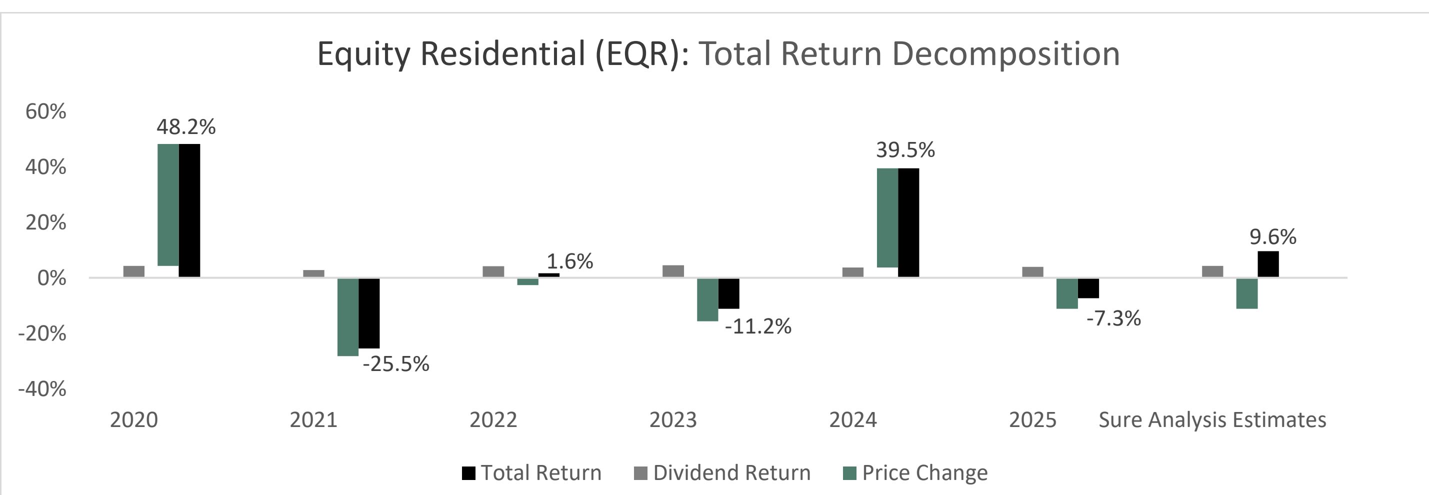
Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	65%	66%	69%	61%	72%	84%	75%	71%	71%	69%	***68%***	***67%***

The business is quite defensive against recessions given that residential real estate is an essential service and moving from one residence to another is generally viewed as highly inconvenient. As a result, tenants tend to prioritize paying their rent over non-essential spending during an economic downturn. Moreover, EQR’s balance sheet is quite strong, and its payout ratio is quite conservative at current levels. As a result, its dividend should be sustainable through an economic downturn and the REIT will likely be able to continue growing its dividend for the foreseeable future. Overall, the trust operates in a highly competitive market. However, management’s proven expertise should partially offset this risk. A prolonged recession in which individuals see their salaries declining could easily damage the trust’s performance following reduced rents, poor rental collections, and possible move-outs to cheaper areas.

Final Thoughts & Recommendation

Equity Residential has produced strong returns over the years and its multifamily real estate portfolio is high quality and well-managed. Overall, we expect annualized total returns of around 9.6% over the next half-decade, powered by its estimated growth and the 4.3% dividend yield, along with expected valuation multiple expansion. As a result, we rate EQR a Hold.



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,418	2,463	2,570	2,689	2,529	2,433	2,709	2,836	2,947	3,064
Gross Profit	903	889	900	949	792	645	856	913	915	905
Gross Margin	37.3%	36.1%	35.0%	35.3%	31.3%	26.5%	31.6%	32.2%	31.0%	29.5%
D&A Exp.	706	744	786	843	833	852	894	902	967	1,023
Operating Profit	845	837	846	909	786	620	812	878	872	870
Operating Margin	34.9%	34.0%	32.9%	33.8%	31.1%	25.5%	30.0%	31.0%	29.6%	28.4%
Net Profit	4,480	628	685	1,010	963	1,397	807	868	1,071	1,152
Net Margin	185%	25.5%	26.7%	37.6%	38.1%	57.4%	29.8%	30.6%	36.3%	37.6%
Free Cash Flow	884	1,036	1,157	1,345	1,101	1,093	1,223	1,199	1,256	1,304
Income Tax	2	0	1	(2)	1	1	1	1	1	2

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	20,704	20,571	20,394	21,173	20,287	21,169	20,218	20,035	20,834	20,746
Cash & Equivalents	77	51	47	46	43	124	54	51	62	56
Total Liabilities	9,801	9,730	9,615	10,165	9,184	9,483	8,517	8,456	9,250	9,337
Long-Term Debt	8,990	8,960	8,820	9,368	8,373	8,654	8,043	7,702	8,427	8,784
Shareholder's Equity	10,192	10,205	10,136	10,278	10,488	10,918	11,136	11,049	11,027	11,024
LTD/E Ratio	0.88	0.87	0.87	0.91	0.80	0.79	0.72	0.69	0.76	0.80

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	20.4%	3.0%	3.3%	4.9%	4.6%	6.7%	3.9%	4.3%	5.2%	5.5%
Return on Equity	40.4%	5.8%	6.3%	9.3%	8.7%	12.3%	6.9%	7.5%	9.2%	10.0%
ROIC	21.3%	3.2%	3.5%	5.1%	4.8%	7.0%	4.0%	4.5%	5.5%	5.7%
Shares Out.	367.1	368.2	369.9	372.0	372.7	375.9	378.6	379.6	379.7	374.0
Revenue/Share	6.62	6.71	6.70	6.96	6.55	6.27	6.96	7.25	7.54	7.85
FCF/Share	2.42	2.82	3.02	3.48	2.85	2.82	3.14	3.07	3.22	3.34

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