NNN REIT, Inc. (NNN)

Updated February 18th, 2026 by Samuel Smith

Key Metrics

Current Price:	$39.7	**5 Year CAGR Estimate:**	11.3%	**Market Cap:**	$7.4 B
Fair Value Price:	$47.3	**5 Year Growth Estimate:**	2.6%	**Ex-Dividend Date:**	4/30/26[1]
% Fair Value:	84%	**5 Year Valuation Multiple Estimate:**	3.6%	**Dividend Payment Date:**	5/15/26[1]
Dividend Yield:	6.0%	**5 Year Price Target**	$54	**Years of Dividend Growth:**	36
Dividend Risk Score:	C	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

National Retail Properties (NNN) is a triple-net lease REIT that owns single-tenant retail properties across the United States, with a market capitalization of approximately $7.4 billion. The company 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 disciplined strategy and 1,000+ property portfolio, National Retail has offered consistent growth with markedly low volatility. It is also characterized by very high occupancy rates, which reached 98.3% at year-end 2025; its 15-year low occupancy rate is 96% and it typically ranges between 98%-99%. NNN is a Dividend Champion with 36 consecutive years of dividend increases.

On February 11, 2026, NNN REIT, Inc. reported fourth-quarter and full-year 2025 results with record acquisitions and strong dividend growth. For Q4 2025, AFFO per share increased 6.1% year-over-year to $0.87, while core FFO per share similarly rose 6.1% to $0.87. For the full year, AFFO per share was $3.44 (up 2.7%) and core FFO per share was $3.41 (up 2.7%). The company achieved record investment volume in 2025 with acquisitions totaling just over $900 million across the year at a 7.4% average initial cap rate, the highest in company history. Portfolio occupancy strengthened to 98.3% at year-end, representing an 80-basis-point sequential improvement, with annualized base rent rising nearly 8% year-over-year to $928 million. NNN announced its 36th consecutive annual dividend increase and repaid a $400 million 4% coupon note while maintaining a strong balance sheet. The company executed forward term swaps totaling $200 million at a fixed 3.22% SOFR and maintained Baa1 ratings with no floating-rate debt. Management's 2026 guidance projected AFFO per share of $3.52–$3.58 (midpoint approximately 3.2% growth) and planned to fund roughly $600 million in acquisitions through approximately $210 million in free cash flow, $130 million in dispositions, and incremental debt while remaining leverage-neutral.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO/S	$2.35	$2.52	$2.65	$2.76	$2.59	$2.86	$3.14	$3.26	$3.32	$3.41	***$3.38***	***$3.85***
DPS	$1.78	$1.86	$1.95	$2.06	$2.07	$2.10	$2.20	$2.23	$2.29	$2.36	***$2.40***	***$3.05***
Shares[1]	147.2	153.6	161.6	171.7	175.3	175.6	181.5	182.5	187.6	189.9	***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 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.

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[1] In millions

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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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	16.7	14.8	16.1	19.2	15.4	16.5	14.4	11.8	12.0	11.7	***11.7***	***14.0***
Avg. Yld.	4.5%	5.0%	4.6%	3.9%	5.2%	4.5%	4.9%	5.8%	5.7%	5.9%	***6.0%***	***5.7%***

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 years' 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

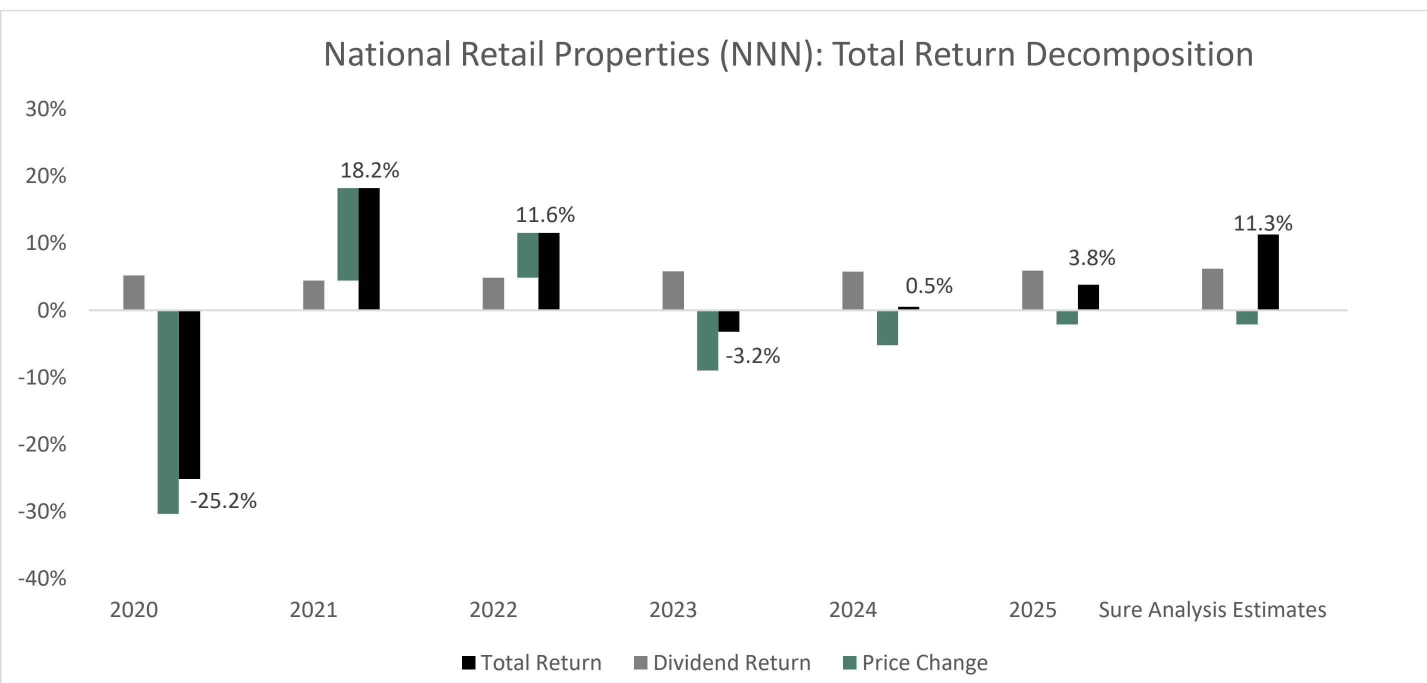
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	76%	74%	74%	75%	80%	73%	70%	68%	69%	69%	***71%***	***79%***

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 11.3% annualized total return over the next half-decade alongside relatively low risk, we rate it a Hold.



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	534	585	623	670	661	726	773	828	869	926
Gross Profit	364	388	423	454	436	493	523	561	587	620
Gross Margin	68.2%	66.4%	68.0%	67.7%	65.9%	67.8%	67.6%	67.8%	67.6%	67.0%
D&A Exp.	320	346	388	416	396	448	473	514	542	570
Operating Profit	60.0%	59.2%	62.3%	62.1%	59.9%	61.7%	61.2%	62.0%	62.4%	61.5%
Operating Margin	240	265	292	300	229	290	335	392	397	390
Net Profit	44.9%	45.4%	47.0%	44.7%	34.6%	39.9%	43.3%	47.4%	45.7%	42.1%
Net Margin	415	422	472	502	450	568	578	612	636	667
Free Cash Flow	534	585	623	670	661	726	773	828	869	926

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	6,334	6,561	7,103	7,435	7,638	7,751	8,146	8,662	8,873	9,379
Cash & Equivalents	295	1	114	1	267	171	7	5	9	6
Goodwill & Int. Ass.	65	51	50	61	55	53	48	41	33	37
Total Liabilities	2,417	2,720	2,949	3,103	3,319	3,849	4,023	4,505	4,510	4,971
Long-Term Debt	2,334	2,599	2,868	3,014	3,244	3,761	3,929	4,373	4,385	4,831
Shareholder's Equity	2,997	3,208	3,522	3,987	3,974	3,902	4,124	4,157	4,362	4,408
LTD/E Ratio	0.60	0.68	0.69	0.70	0.75	0.96	0.95	1.05	1.01	1.10

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.1%	4.1%	4.3%	4.1%	3.0%	3.8%	4.2%	4.7%	4.5%	4.3%
Return on Equity	6.6%	6.8%	7.3%	7.1%	5.3%	7.1%	8.3%	9.5%	9.3%	8.9%
ROIC	4.1%	4.2%	4.3%	4.2%	3.1%	3.8%	4.3%	4.7%	4.6%	4.3%
Shares Out.	147.2	153.6	161.6	171.7	175.3	175.6	181.5	182.5	187.6	189.9
Revenue/Share	3.69	3.91	3.98	4.06	3.84	4.16	4.37	4.56	4.72	4.93
FCF/Share	2.87	2.82	3.02	3.04	2.61	3.25	3.27	3.37	3.45	3.55

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