



# Agree Realty Corp. (ADC)

Updated May 27<sup>th</sup>, 2026 by Felix Martinez

## Key Metrics

<b>Current Price:</b>	\$75	<b>5 Year Annual Expected Total Return:</b>	9.5%	<b>Market Cap:</b>	\$9.0 B
<b>Fair Value Price:</b>	\$82	<b>5 Year Growth Estimate:</b>	4.0%	<b>Ex-Dividend Date:</b>	05/29/26
<b>% Fair Value:</b>	91%	<b>5 Year Valuation Multiple Estimate:</b>	1.9%	<b>Dividend Payment Date:</b>	06/12/26
<b>Dividend Yield:</b>	4.3%	<b>5 Year Price Target</b>	\$100	<b>Years Of Dividend Growth:</b>	14
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Hold

## Overview & Current Events

Agree Realty Corp. (ADC) is an integrated real estate investment trust (REIT) focused on ownership, acquisition, development, and retail property management. Richard Agree founded Agree Development Company in 1971, which is the predecessor to Agree Realty Corporation. Agree has developed over 40 community shopping centers throughout the Midwestern and Southeastern United States. The company's business objective is to invest in and actively manage a diversified portfolio of retail properties net leased to industry tenants. Agree Realty has a market capitalization of \$9.0 billion, and the company has been paying a growing dividend for fourteen consecutive years.

On April 21<sup>st</sup>, 2026, Agree Realty Corp. reported first quarter results for Fiscal Year 2026. The company reported strong first-quarter 2026 results driven by continued acquisition activity, portfolio growth, and disciplined balance sheet management. Revenue increased 18.7% year over year to \$200.8 million, while diluted EPS rose 19.1% to \$0.50 per share. Core FFO increased 21.0% to \$136.3 million, or \$1.13 per share, and AFFO increased 20.7% to \$137.6 million, or \$1.14 per share. The company also raised its monthly dividend to \$0.267 per share for April 2026, representing a 4.3% year-over-year increase. During the quarter, Agree Realty invested approximately \$424 million in 100 retail net lease properties and completed or advanced 15 development and Developer Funding Platform projects totaling roughly \$112 million in anticipated costs.

The company continued to strengthen its financial position during the quarter by raising approximately \$658 million through forward equity offerings under its ATM program and maintaining about \$2.3 billion in total liquidity.

Management highlighted the company's conservative leverage profile, with proforma net debt to recurring EBITDA at 3.2x when accounting for unsettled forward equity. Agree Realty also expanded its access to long-term capital by drawing \$250 million from its unsecured term loan facility at a fixed all-in interest rate of 4.02% through 2031. CEO Joey Agree stated that the company remains well positioned to execute on its operating strategy due to its strong balance sheet, active acquisition pipeline, and disciplined operational focus.

Operationally, Agree Realty's portfolio remained highly stable and diversified. As of March 31, 2026, the company owned 2,756 properties across all 50 states totaling approximately 57.5 million square feet, with occupancy at 99.7% and a weighted-average lease term of 7.8 years. Approximately 65.4% of annualized base rent came from investment-grade tenants, including major retailers such as Walmart, Tractor Supply Company, Dollar General, and The Home Depot. The company maintained its 2026 AFFO guidance range of \$4.54 to \$4.58 per share and expects acquisition volume between \$1.4 billion and \$1.6 billion for the full year.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.54	\$2.72	\$2.85	\$3.08	\$3.23	\$3.58	\$3.87	\$3.93	\$4.14	\$4.33	<b>\$4.57</b>	<b>\$5.56</b>
<b>DPS</b>	\$1.92	\$2.03	\$2.15	\$2.28	\$2.40	\$2.60	\$2.80	\$2.92	\$3.00	\$3.08	<b>\$3.20</b>	<b>\$3.89</b>
<b>Shares<sup>1</sup></b>	23.0	28.0	32.0	41.0	52.0	67.0	79.0	95.0	101.0	111.0	<b>113.0</b>	<b>120.0</b>

<sup>1</sup> Share count is in millions.

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Agree Realty has grown AFFO by a compound rate of 6.1% over the past ten years. However, AFFO has increased by 5.0% per year over the past five years. We expect that Agree Realty will continue to grow but at a slightly slower pace of 4.0% annually for the next five years. Current growth prospects stem from the recent acquisitions announced for the year. The company has a ten-year dividend growth rate of 5.4%. We predict that Agree Realty will continue to grow its dividend at a rate of 4% for the foreseeable future. However, there is room for more significant increases as the dividend payout ratio is low for a REIT.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	18.4	19.1	20.9	23.2	20.8	20.3	18.3	16.0	16.9	16.6	<b>16.4</b>	<b>18.0</b>
Avg. Yld.	4.2%	3.9%	3.7%	3.3%	3.6%	3.7%	4.0%	4.6%	4.3%	4.3%	<b>4.3%</b>	<b>3.9%</b>

Over the past ten years, the company's average price-to-AFFO ratio has been 19.0x. We believe 18x AFFO is a reasonable valuation multiple. Thus, with shares trading at 16.4x times AFFO, this implies a modest valuation tailwind. Due to the lower average P/AFFO, the dividend yield has slowly decreased over the years. In 2011, the dividend yield was as high as 6.6%. Now Agree Realty's dividend yield is 4.3%, implying moderate overvaluation compared to the past.

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

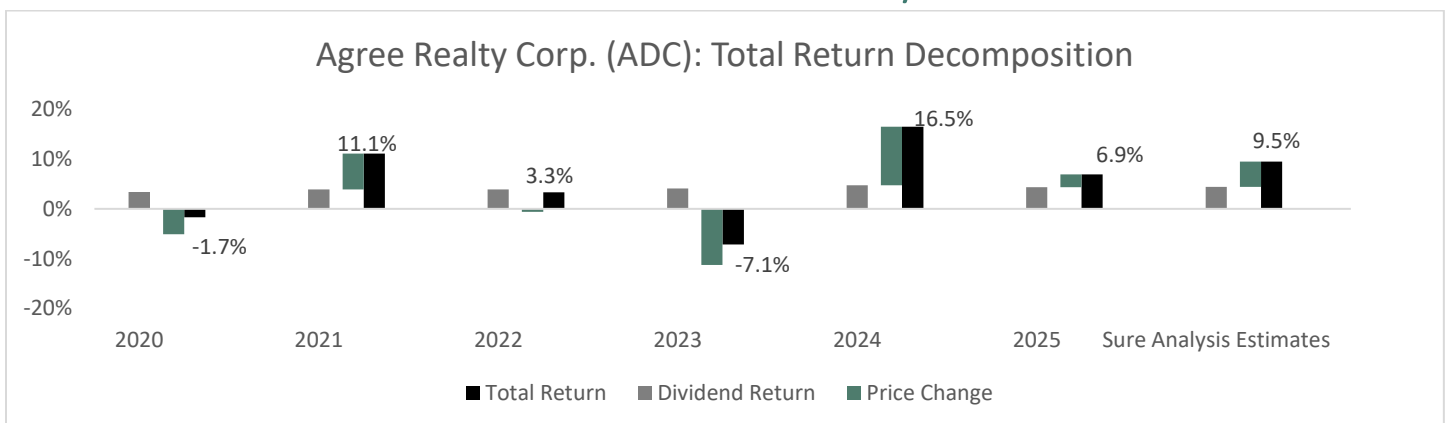
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	76%	75%	75%	74%	74%	73%	72%	74%	72%	71%	<b>70%</b>	<b>70%</b>

Agree Realty Corp's most important competitive advantage is the management team. AFFO grew by 5% in 2008 and 11% during the last recession in 2009. During the COVID-19 pandemic, Agree Realty continued to pay out its dividend and increased it by 3% in December. As noted above, Agree Realty increased AFFO by 8.1% in 2022. This speaks volumes regarding Agree Realty's resilience. Agree Realty also has a solid balance sheet. The company has a BBB credit rating from S&P and a debt-to-equity ratio of 0.6.

## Final Thoughts & Recommendation

Agree Realty Corp. is a high-quality company with a relatively high P/AFFO ratio over the past five years. There is minimal risk, considering that Agree Realty has an outstanding balance sheet, and the company was able to go through the COVID-19 pandemic with minimal hiccups. The company is undervalued at today's price, in our view. We estimate a 5-year annual return of 9.5% going forward, stemming from 4.0% growth, a 4.3% dividend yield, and a valuation tailwind. However, shares earn a hold rating at the current price.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	92	112	137	187	249	339	430	538	617	718
<b>Gross Profit</b>	83	99	120	164	217	298	378	471	542	630
<b>Gross Margin</b>	90.6%	88.8%	87.6%	87.5%	87.2%	87.9%	87.8%	87.5%	87.8%	87.7%
<b>SG&amp;A Exp.</b>	8	9	12	16	21	25	30	35	37	44
<b>D&amp;A Exp.</b>	23	32	44	59	83	120	167	209	240	276
<b>Operating Profit</b>	52	63	75	103	129	177	214	260	298	347
<b>Operating Margin</b>	56.4%	56.5%	54.9%	54.8%	52.0%	52.2%	49.8%	48.3%	48.3%	48.3%
<b>Net Profit</b>	45	58	58	80	91	122	152	170	189	204
<b>Net Margin</b>	49.3%	52.1%	42.4%	42.7%	36.8%	36.0%	35.5%	31.6%	30.6%	28.5%
<b>Free Cash Flow</b>	62	82	93	127	143	246	362	392	432	504
<b>Income Tax</b>	0	0	1	1	1	2	3	3	4	2

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	1,142	1,495	2,028	2,665	3,886	5,227	6,713	7,775	8486	9797
<b>Cash &amp; Equivalents</b>	33	51	54	16	6	43	28	11	6	16
<b>Accounts Receivable</b>	12	15	22	27	38	53	66	83	106	123
<b>Goodwill &amp; Int.</b>	140	195	280	344	474	672	799	854	865	1001
<b>Total Liabilities</b>	456	583	790	973	1,360	1,808	2,083	2,575	2976	3527
<b>Accounts Payable</b>	6	11	21	49	71	70	84	101	116	172
<b>Long-Term Debt</b>	401	520	720	872	1,218	1,688	1,940	2,411	2785	3295
<b>Shareholder's Equity</b>	683	909	1,236	1,689	2,524	3,243	4,454	5,024	5335	6271
<b>LTD/E Ratio</b>	0.59	0.57	0.58	0.52	0.48	0.49	0.42	0.46	0.51	0.54

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	4.7%	4.4%	3.3%	3.4%	2.8%	2.7%	2.6%	2.4%	2.3%	2.2%
<b>Return on Equity</b>	8.0%	7.3%	5.4%	5.5%	4.3%	4.2%	4.0%	3.5%	3.5%	3.5%
<b>ROIC</b>	4.9%	4.6%	3.4%	3.5%	2.9%	2.8%	2.6%	2.4%	2.4%	3.8%
<b>Shares Out.</b>	23.0	28.0	32.0	41.0	52.0	67.0	79.2	95.4	101.9	111.2
<b>Revenue/Share</b>	3.99	4.03	4.23	4.55	4.74	5.05	5.43	5.63	6.06	6.46
<b>FCF/Share</b>	2.69	2.97	2.88	3.07	2.73	3.67	4.57	4.10	4.24	4.53

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

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