



Realty Income Corporation (O)

Updated May 8th, 2026, by Kody Kester

Key Metrics

| | | | | | |
|-----------------------------|------|--|-------------|----------------------------------|-----------------------|
| Current Price: | \$62 | 5 Year CAGR Estimate: | 10.5% | Market Cap: | \$57.6B |
| Fair Value Price: | \$71 | 5 Year Growth Estimate: | 3.5% | Ex-Dividend Date: | 06/01/26 ¹ |
| % Fair Value: | 88% | 5 Year Valuation Multiple Estimate: | 2.7% | Dividend Payment Date: | 06/15/26 ¹ |
| Dividend Yield: | 5.3% | 5 Year Price Target | \$84 | Years Of Dividend Growth: | 32 |
| Dividend Risk Score: | C | Sector: | Real Estate | Rating: | Hold |

Overview & Current Events

Realty Income (O) is a retail real estate-focused REIT that has become famous for its successful dividend growth history and monthly dividend payments. Today, it owns over 15,500 properties throughout the U.S., the U.K., and Continental Europe. O owns retail properties that are not part of a wider retail development (such as a mall) but instead are standalone properties. Its properties range from 7-Eleven convenience stores (its largest tenant) all the way up to a 21.9% stake in the world-famous Bellagio hotel and casino in Las Vegas. O was founded in 1969 and is headquartered in San Diego.

On May 6th, O released its financial results for the first quarter ended March 31st, 2026. The company's total revenue rose by 12.2% year-over-year to \$1.55 billion in the quarter. The primary growth catalyst for O was the carryover effect of its \$6.2 billion in investment volume in 2025 (a selectivity rate of merely 5%), as well as its \$2.6 billion in pro-rata investment volume in Q1 2026 (with a selectivity rate of 9%). Contractual rent increases also resulted in 0.8% same-store rental revenue growth during the quarter. The quality of O's properties allowed it to renew leases at higher rents than the previous rent (the recapture rate was 103.4% in Q1 2026) for the quarter. The REIT's occupancy rate also ticked up 40 basis points over the year-ago period to 98.9% in the quarter. O's AFFO per share grew by 6.6% year-over-year to \$1.13 during the quarter.

Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| AFFOPS | \$2.79 | \$2.96 | \$3.09 | \$3.22 | \$3.28 | \$3.59 | \$3.92 | \$4.00 | \$4.19 | \$4.28 | \$4.41 | \$5.24 |
| DPS | \$2.32 | \$2.45 | \$2.55 | \$2.62 | \$2.71 | \$2.75 | \$2.97 | \$3.05 | \$3.13 | \$3.22 | \$3.25 | \$3.77 |
| Shares² | 260.2 | 284.2 | 303.7 | 333.6 | 361.3 | 591.3 | 660.3 | 752.5 | 891.5 | 934.0 | 932.5 | 1,114 |

Since 2016, O has generated almost 5% annual AFFO per share growth. In the past five years, this has decelerated slightly to 4.2%. For the sake of conservatism, we continue to think that O can generate 3.5% annual AFFO per share growth through 2031, off an anticipated 2026 base of \$4.41. This is because while it takes more for the net lease REIT to move the growth needle now, the runway remains lengthy, with over \$14 trillion of commercial net lease real estate in the U.S. and Europe. That gives it the ability to remain highly selective with the properties it acquires and to still grow at a slow and steady pace. What's more, O is leaning more heavily into Europe (almost half of total Q1 2026 investment volume).

¹ Estimated dates based on past dividend dates.

² Share count is in millions.



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Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|------------------|------|------|------|------|------|------|------|------|------|------|-------------|-------------|
| P/AFFO | 20.0 | 18.6 | 19.9 | 22.2 | 18.3 | 19.9 | 16.2 | 14.4 | 12.7 | 13.4 | 14.0 | 16.0 |
| Avg. Yld. | 4.2% | 4.4% | 4.2% | 3.7% | 4.5% | 3.8% | 4.7% | 5.3% | 5.9% | 5.6% | 5.3% | 4.5% |

Over the last decade, O's P/AFFO ratio has ranged from as low as the low double-digits to as high as the low-20s. Over that time, the average P/AFFO ratio was nearly 18. Since the 10-year U.S. Treasury yield is likely to be moderately above the average in recent years, we think that a multiple one standard deviation below the 10-year average is realistic. That produces a fair value P/AFFO ratio of roughly 16. Compared to the current-year P/AFFO ratio of 14.0, this implies O's shares are trading at a double-digit percentage discount to fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---------------|------|------|------|------|------|------|------|------|------|------|------------|------------|
| Payout | 83% | 83% | 83% | 81% | 83% | 77% | 76% | 76% | 75% | 75% | 74% | 72% |

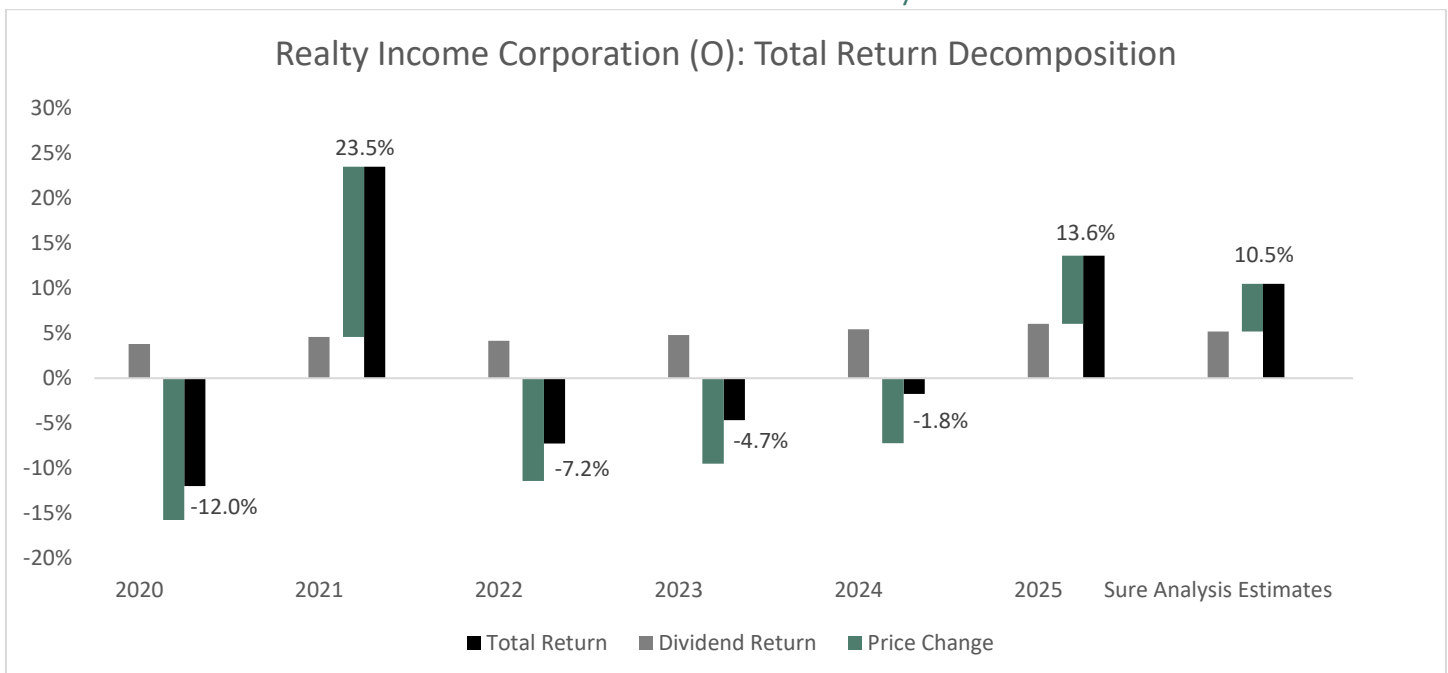
O's primary competitive advantage is its cost of capital, which creates a virtuous cycle that smaller competitors can't match. This allows it to win deals that other REITs can't touch. That has enabled the REIT to grow its AFFO per share in each of the last 10 years.

O's 34.5% net debt to total enterprise value (as of March 31st, 2026) is very strong. This is how it possesses an A- S&P credit rating with a stable outlook. The dividend also appears to be reasonably safe, with the payout ratio set to be in the mid-70% range for 2026. That's why we think that O can build on its 32-year dividend growth streak with at least 3% annual dividend growth for the foreseeable future.

Final Thoughts & Recommendation

O's 5.3% dividend yield, 3.5% annual AFFO per share growth prospects, and 2.7% annual valuation multiple upside potential could generate a 10.5% annual total return through 2031. Due to its dividend risk score, we're reiterating our Hold rating for now.

Total Return Breakdown by Year



Disclosure: This analyst has a position in the security discussed in this research report.



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Income Statement Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 1,103 | 1,216 | 1,327 | 1,488 | 1,688 | 2,085 | 3,343 | 4,095 | 5,303 | 5,759 |
| Gross Profit | 369 | 397 | 453 | 517 | 907 | 1,053 | 1,446 | 1,883 | 2,529 | 2,806 |
| Gross Margin | 33.4% | 32.6% | 34.1% | 34.8% | 53.7% | 50.5% | 43.3% | 46.0% | 47.7% | 48.7% |
| D&A Exp. | 450 | 499 | 540 | 594 | 677 | 898 | 1,670 | 1,895 | 2,396 | 2,524 |
| Operating Profit | 319 | 342 | 372 | 452 | 841 | 964 | 1,091 | 1,692 | 2,354 | 2,568 |
| Operating Margin | 28.9% | 28.1% | 28.0% | 30.3% | 49.8% | 46.2% | 32.6% | 41.3% | 44.4% | 44.6% |
| Net Profit | 316 | 319 | 365 | 437 | 397 | 361 | 872 | 877 | 867 | 1,070 |
| Net Margin | 28.7% | 26.3% | 27.5% | 29.4% | 23.5% | 17.3% | 26.1% | 21.4% | 16.4% | 18.6% |
| Free Cash Flow | 791 | 861 | 915 | 1,045 | 1,107 | 1,303 | 2,468 | 2,890 | 3,452 | 3,863 |
| Income Tax | 3 | 6 | 5 | 6 | 15 | 32 | 45 | 52 | 67 | 85 |

Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Assets | 13,153 | 14,058 | 15,260 | 18,555 | 20,740 | 43,138 | 49,673 | 57,779 | 68,835 | 72,796 |
| Cash & Equivalents | 9 | 7 | 10 | 54 | 824 | 259 | 171 | 233 | 445 | 435 |
| Goodwill & Int. Ass. | 1,097 | 1,210 | 1,214 | 1,508 | 1,725 | 8,952 | 8,900 | 8,749 | 11,255 | 10,649 |
| Total Liabilities | 6,366 | 6,667 | 7,140 | 8,751 | 9,723 | 18,008 | 20,830 | 24,672 | 29,783 | 32,672 |
| Long-Term Debt | 6,109 | 6,386 | 6,816 | 8,363 | 9,259 | 17,257 | 19,980 | 23,396 | 28,388 | 30,821 |
| Shareholder's Equity | 6,371 | 7,371 | 8,089 | 9,774 | 10,985 | 25,053 | 28,713 | 32,941 | 38,841 | 39,439 |
| LTD/E Ratio | 0.90 | 0.87 | 0.84 | 0.86 | 0.84 | 0.69 | 0.70 | 0.71 | 0.73 | 0.78 |

Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 2.5% | 2.3% | 2.5% | 2.6% | 2.0% | 1.1% | 1.9% | 1.6% | 1.4% | 1.5% |
| Return on Equity | 4.7% | 4.5% | 4.7% | 4.9% | 3.8% | 2.0% | 3.2% | 2.8% | 2.4% | 2.7% |
| ROIC | 2.6% | 2.4% | 2.5% | 2.6% | 2.1% | 1.2% | 1.9% | 1.7% | 1.4% | 1.5% |
| Shares Out. | 260.2 | 284.2 | 303.7 | 333.6 | 361.3 | 591.3 | 660.3 | 752.5 | 891.5 | 934.0 |
| Revenue/Share | 4.32 | 4.44 | 4.58 | 4.71 | 4.89 | 5.03 | 5.46 | 5.91 | 6.14 | 6.32 |
| FCF/Share | 3.09 | 3.14 | 3.16 | 3.31 | 3.20 | 3.14 | 4.03 | 4.17 | 4.00 | 4.24 |

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

Disclaimer

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