Terreno Realty Corporation (TRNO)

Updated May 11th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$66	**5 Year Annual Expected Total Return:**	9.5%	**Market Cap:**	$7.0 B
Fair Value Price:	$62	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	06/26/26
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.4%	**Dividend Payment Date:**	07/10/26
Dividend Yield:	3.1%	**5 Year Price Target**	$91	**Years Of Dividend Growth:**	14
Dividend Risk Score:	C	**Sector:**	Real Estate	**Hating:**	Hold

Overview & Current Events

Terreno Realty Corporation specializes in acquiring, owning, and operating industrial real estate in key coastal markets across the United States, including Los Angeles, Northern New Jersey/New York City, San Francisco Bay Area, Seattle, Miami, and Washington, D.C. Its portfolio includes various types of industrial properties such as warehouse/distribution, flex, transshipment, and improved land. Terreno now owns 310 buildings totaling 19.9 million square feet, 46 improved land parcels covering about 147.0 acres, and has five properties under development or redevelopment that, upon completion, will consist of five buildings aggregating approximately 0.9 million square feet. Terreno is based in Bellevue, Washington.

On May 6th, 2026, Terreno Realty posted its Q1 results for the period ending March 31st, 2026. Revenues grew by 12.7% compared to last year, reaching $124.4 million, up from $110.4 million in the same quarter of 2025. This increase in revenues was primarily driven by higher rental revenues and tenant expense reimbursements across Terreno's six core coastal markets.

Cash rents on new and renewed leases commencing during the quarter increased by 22.4%, covering about 0.7 million square feet in the operating portfolio and 7.2 acres in the improved land portfolio. Tenant retention for the operating portfolio stood at 72.6% for the quarter. Portfolio occupancy at the end of the quarter was 96.3%, while same-store occupancy stood at 97.6%.

Despite higher operating expenses and interest costs, gains on property sales and solid same-store NOI growth drove another quarter of earnings growth. Terreno reported basic FFO per diluted share of $0.68 for the quarter, up from $0.62 in the same period last year. Based on Terreno's portfolio and leasing profile, we project FFO/share of $2.81 for this year to be prudent. This could be adjusted upward in later reports.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.86	$1.09	$1.30	$1.38	$1.44	$1.71	$2.00	$2.22	$2.42	$2.77	***$2.81***	***$4.13***
DPS	$0.76	$0.84	$0.92	$1.02	$1.12	$1.26	$1.48	$1.70	$1.88	$2.02	***$2.08***	***$3.06***
Shares[1]	44.7	51.4	57.5	64.4	67.8	70.5	75.5	83.2	95.5	102.5	***105.2***	***120.0***

Terreno Realty Corporation ends to strategically position itself in submarkets with constrained supply dynamics, such as Washington, D.C., where industrial supply has declined by about 20% since 2010, supporting pricing power. This shrinking-supply backdrop exemplifies Terreno's focus on markets with limited new inventory, where the company often finds opportunities to convert existing buildings into higher and better uses over time while supporting rental rate growth.

More specifically, about 43% of its portfolio is located in shrinking supply submarkets, marked by diminishing industrial inventory. Furthermore, 39% of its portfolio operates in submarkets with no net new supply, featuring older industrial properties ripe for redevelopment into modern facilities, typically within infill areas. Finally, around 18% of Terreno's

[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.

portfolio is located in new supply submarkets, where industrial buildings are expected to maintain their current state, often with available undeveloped land for future industrial expansion.

We believe this well-thought-out focus on property investing provides an edge for the company, which is why expect above-average FFO/share and DPS growth rates of 8% over the medium-term. This is modestly humbler estimate from its historical average to account for elevated interest rates that could hamper the company's growth.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	27.6	28.3	28.0	32.0	37.7	37.1	33.0	26.7	25.1	21.7	***23.6***	***22.0***
Avg. Yld.	3.2%	2.7%	2.5%	2.3%	2.0%	2.0%	2.2%	2.9%	3.1%	3.4%	***3.1%***	***3.4%***

Terreno Realty has historically traded at a premium valuation due consistently posting industry-beating growth in its key financial metrics. Despite interest rates pressuring most equities these days, particularly REITs, the stock's P/FFO is now hovering at 23.6 times this year's expected FFO/share. We believe this is a slightly rich multiple for TRNO. The dividend yield, at 3.1% is above the stock's historically average and should contribute meaningfully to its total return prospects.

Safety, Quality, Competitive Advantage, & Recession Resiliency

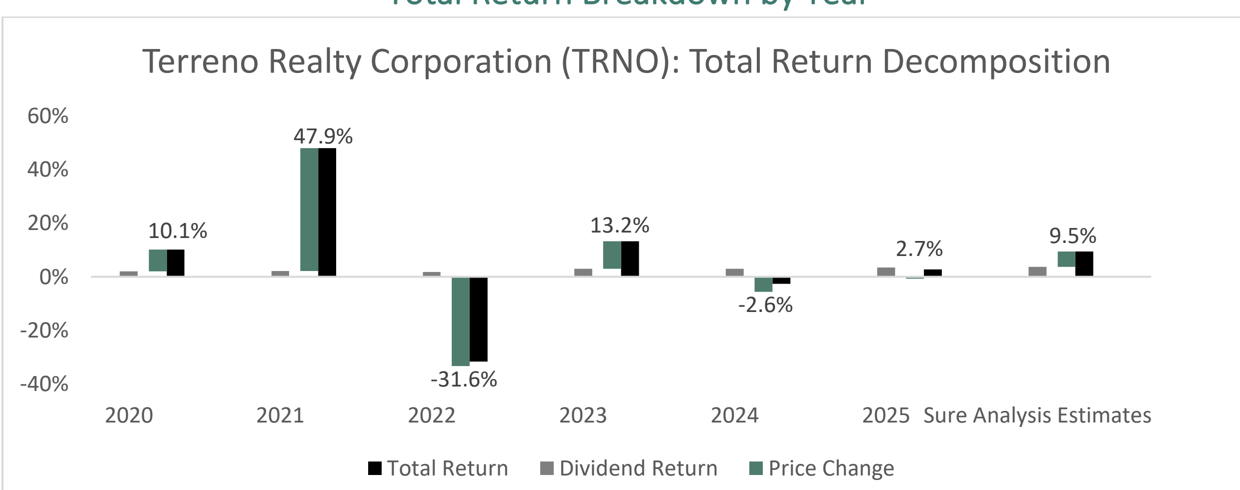
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	88%	77%	71%	74%	78%	74%	74%	77%	78%	73%	***74%***	***74%***

Terreno Realty Corporation's properties offer strategic advantages, with prime locations in major coastal U.S. markets and functional designs tailored to tenant needs. Its wide tenant base of nearly 600 tenants ensures stable occupancy rates, while proactive property management maintains high standards and tenant satisfaction. Additionally, properties in shrinking supply submarkets present opportunities for value enhancement through redevelopment, giving Terreno an edge against some of its industry peers. It's also worth noting that the remaining weighted average lease term of its property portfolio stands 4.0 years, providing a nice mix of cash flow visibility and renewal opportunities. As an industrial REIT, it is not immune to recessions, nevertheless.

Final Thoughts & Recommendation

Terreno Realty has historically achieved industry-beating returns, marked by industry-leading growth metrics over the years. We believe that its ongoing momentum will persist moving forward backed by a proven strategy in the areas it operates. We see annualized returns of 9.5% through 2031, to be powered by our growth estimates and the starting yield, offset by a potential valuation headwind. Terreno earns a hold rating due to the moderate dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	108	132	152	171	187	222	276	324	383	476
Gross Profit	78	97	112	127	138	166	207	245	285	240
Gross Margin	72.0%	72.9%	73.6%	74.2%	73.7%	74.7%	75.1%	75.6%	74.4%	50.4%
SG&A Exp.	19	20	22	24	23	27	31	38	43	-
D&A Exp.	33	36	37	39	40	43	49	59	77	122
Operating Profit	24	39	49	59	68	88	110	133	148	192
Operating Margin	22.5%	29.5%	32.5%	34.4%	36.6%	39.7%	40.0%	41.2%	38.6%	40.3%
Net Profit	15	53	63	56	80	87	198	151	185	401
Net Margin	13.9%	40.1%	41.7%	32.5%	42.7%	39.3%	71.7%	46.8%	48.3%	84.2%
Free Cash Flow	22	42	49	63	69	81	77	127	186	208

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,279	1,568	1,797	2,108	2,140	2,924	3,164	3,905	4,770	5,388
Cash & Equivalents	14	36	31	110	107	204	26	165	18	26
Goodwill	63	76	79	89	89	103	112	133	189	-
Total Liabilities	467	540	549	591	552	866	935	990	1,108	1,242
Accounts Payable	18	21	25	28	27	45	50	62	79	-
Long-Term Debt	415	462	462	492	459	721	771	772	823	1,063
Shareholder's Equity	766	1,027	1,248	1,517	1,588	2,058	2,230	2,915	3,662	4,146
LTD/E Ratio	0.51	0.45	0.37	0.32	0.29	0.35	0.35	0.26	0.22	0.26

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.2%	3.7%	3.8%	2.8%	3.8%	3.4%	6.5%	4.3%	4.3%	7.9%
Return on Equity	2.0%	5.8%	5.6%	4.0%	5.1%	4.8%	9.2%	5.9%	5.6%	10.3%
ROIC	1.3%	3.9%	4.0%	3.0%	3.9%	3.6%	6.9%	4.5%	4.5%	8.2%
Shares Out.	44.7	51.4	57.5	64.4	67.8	70.5	75.5	83.2	95.8	102.7
Revenue/Share	2.42	2.58	2.64	2.64	2.74	3.13	3.65	3.88	3.99	4.64
FCF/Share	0.50	0.82	0.85	0.97	1.02	1.14	1.01	1.52	1.94	2.03

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