



Prologis (PLD)

Updated July 17th, 2026 by Nikolaos Sismanis

Key Metrics

Current Price:	\$150	5 Year Annual Expected Total Return:	6.1%	Market Cap:	\$143 B
Fair Value Price:	\$119	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	09/16/2026 ¹
% Fair Value:	126%	5 Year Valuation Multiple Estimate:	-4.5%	Dividend Payment Date:	09/30/2026
Dividend Yield:	2.9%	5 Year Price Target	\$175	Years Of Dividend Growth:	12
Dividend Risk Score:	C	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

Prologis is the largest industrial U.S. REIT by far, owning about 1.3 billion square feet of real estate in 20 countries. For context, the second-largest U.S. industrial REIT in the sector is Public Storage (PSA), with a market cap of around \$57.0 billion, less than half that of Prologis. The company has a diversified rental collection base, comprising of more than 6,900 individual tenants. Prologis was founded in 1983 and is based in San Francisco, California.

On June 24th, 2026, Prologis disclosed an indicative all-share proposal to acquire SEGRO, valuing the U.K. REIT at about £12.6 billion, or 925 pence per share. SEGRO's board rejected the proposal. Under its terms, SEGRO shareholders would receive 0.084 Prologis shares per share, while Prologis has until July 22nd to announce a firm offer or withdraw.

On July 16th, 2026, Prologis reported its Q2 results for the period ending June 30th, 2026. Rental and other revenues grew by about 7.2% year-over-year to \$2.18 billion, while Strategic Capital revenues reached \$242 million. Total revenues increased by about 11.1% to \$2.43 billion. Core FFO/share rose by 11.6% year-over-year to \$1.63, supported by strong operating performance and record leasing activity.

Meanwhile, debt as a percentage of total market cap remained healthy at 23.9%. Its weighted average borrowing rate stood at 3.3%, and the weighted average term of its debt was 7.9 years. The company recorded 61.7 million square feet of lease commencements and \$89 million in estimated value creation from development stabilizations.

Management highlighted broadening customer demand and improving operating fundamentals, alongside expansion of the data-center power pipeline to 5.8 gigawatts. Reflecting this backdrop, Prologis raised its FY2026 Core FFO/share guidance for the second time this year, to a range of \$6.22 to \$6.30. We have utilized the midpoint in our estimates, which implies a year-over-year growth of 7.7%.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO/Share	\$2.57	\$2.81	\$3.03	\$3.31	\$3.80	\$4.15	\$5.16	\$5.61	\$5.56	\$5.81	\$6.26	\$9.20
DPS	\$1.68	\$1.76	\$1.92	\$2.12	\$2.32	\$2.52	\$3.16	\$3.48	\$3.84	\$4.04	\$4.28	\$6.29
Shares²	526	530	567	631	754	764	811	952	954	958	958	1200

Over the past five years, FFO/share CAGR was 8.6%, while DPS CAGR was 11.2% over the same period. Prologis has been achieving growth through its strategic acquisition and development of prime logistics properties on a global scale. The COVID-19 pandemic resulted in surging demand for the company's properties, surpassing previous peak market cycles. Prologis expects demand for its properties to remain solid, supported by strong leasing momentum and customer commitment, although near-term occupancy could be influenced by normal lease roll and some near-term move-outs before being backfilled by its active leasing pipeline.

We anticipate that Prologis can support FFO/share growth of 8% through 2031. The main drivers should prove to be a combination of structurally healthy demand for modern logistics space and the company's ability to steadily push rents

¹ Estimated dates based on past dividend dates.

² Share count is in millions.

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in infill and high-barrier markets. In addition, a large, well-located development pipeline should continue to deliver accretive growth as projects stabilize. Capital recycling and the expansion of the strategic capital business should further support earnings by improving returns on invested capital and adding high-margin fee income. Finally, newer growth vectors such as data centers and energy infrastructure provide incremental upside over time, while the balance sheet gives the company ample flexibility to fund these opportunities in a disciplined way.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	17.5	20.8	18.9	28.1	26.3	31.3	25.2	20.8	21.4	20.3	24.0	19.0
Avg. Yld.	3.0%	2.0%	2.0%	1.8%	1.8%	1.8%	2.4%	3.0%	3.2%	3.4%	2.9%	3.6%

Over the past decade, shares of Prologis have mostly traded between 20 and 30 times their underlying funds from operations. The stock's valuation has somewhat normalized from the 2019 to 2021 levels. That said, at 24x this year's expected FFO/share, we still find Prologis to be modestly overvalued. We believe a below-average multiple is fair given that interest rates remain elevated, even if cuts are expected in the near term. Note that the stock's dividend yield is above its historical average levels following the recent multiple contraction.

Safety, Quality, Competitive Advantage, & Recession Resiliency

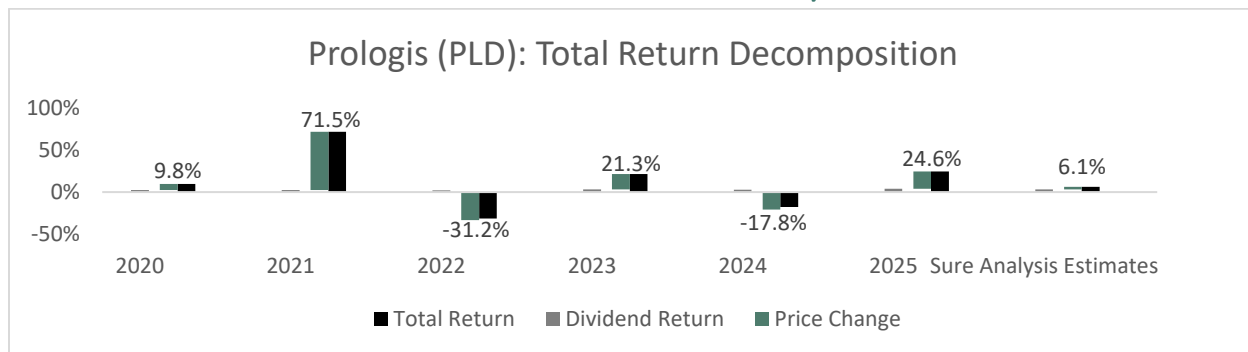
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	65%	63%	63%	64%	61%	61%	61%	62%	69%	70%	68%	68%

Prologis appears to be one of the safest choices amongst REITs during this period of uncertainty in other real estate industries. It features a healthy customer base consisting of huge enterprises that provided essential logistics services during the pandemic. Its occupancy rate remains very strong at 95.5%, and management's encouraging guidance points towards another year of record FFO/share. Also, the company's payout ratio remains healthy at 68%, which could easily support growing dividends in line with FFO/share growth. Further, while the company's low financing costs could keep rising in the current credit environment, we believe that Prologis will manage to retain competitive borrowing rates. Considering that creditors have loose demands based on Prologis' pristine financials, coupled with the company being the largest U.S. REIT in the sector, we find it incredibly unlikely that other REITs could attract cheaper financing than Prologis. Prologis has a unique competitive advantage in that regard.

Final Thoughts & Recommendation

Investors looking to buy into a growing REIT with such a diversified tenant base have limited options nowadays. In our view, Prologis combines growth with numerous operating qualities. We project annual total returns of 6.1% through 2031, driven by our 8.0% FFO/share growth estimate and the 2.9% starting yield, offset by the possibility of a 4.5% annual valuation headwind. We assign a hold rating to Prologis.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2804	3331	4439	4759	5974	8,023	8,202	8,790
Gross Profit	2047	2412	3269	3511	4465	6,013	6,144	3,929
Gross Margin	73.0%	72.4%	73.6%	73.4%	74.7%	74.9%	74.9%	44.7%
SG&A Exp.	239	267	275	293	331	390	419	0
D&A Exp.	947	1140	1562	1578	1813	2,485	2,581	2,626
Operating Profit	847	992	1402	1617	2280	3,084	3,098	3,276
Op. Margin	30.2%	29.8%	31.6%	34.0%	38.2%	38.4%	37.8%	37.3%
Net Profit	1649	1573	1482	2940	3365	3,059	3,732	3,565
Net Margin	58.8%	47.2%	33.4%	61.8%	56.3%	38.1%	45.5%	40.6%
Free Cash Flow	1804	2264	2937	2996	4126	5,373	4,912	4,119
Income Tax	63	75	131	174	135	211	167	204

Balance Sheet Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	38418	40032	56070	58490	87900	93,020	95,330	98,720
Cash & Equivalents	344	1089	598	556	278	530	1,319	1,146
Acc. Receivable	107	86	189	424	378	326	407	-
Goodwill & Int.	451	314	727	553	1183	1,011	765	588
Total Liabilities	12617	13960	19740	20740	30030	35,200	36,710	40,970
Accounts Payable	761	705	1143	1253	1712	1,766	1,769	-
Long-Term Debt	11090	11906	16850	17720	23880	29,000	30,880	37,050
Total Equity	22229	22584	31910	33360	53170	53,120	53,890	53,130
LTD/E Ratio	0.50	0.53	0.53	0.53	0.45	0.55	0.57	0.70

Profitability & Per Share Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.9%	4.0%	3.1%	5.1%	4.6%	3.4%	4.0%	3.7%
Return on Equity	8.7%	7.0%	5.4%	9.0%	7.8%	5.3%	6.4%	6.1%
ROIC	5.1%	4.2%	3.3%	5.4%	4.9%	3.6%	4.2%	3.8%
Shares Out.	590	655	754	765	812	952	954	957
Revenue/Share	4.75	5.09	5.88	6.22	7.36	8.43	8.60	9.19
FCF/Share	3.06	3.46	3.89	3.92	5.08	5.65	5.15	4.31

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

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