Agree Realty Corp. (ADC)

Updated August 25th, 2026 by Felix Martinez

Key Metrics

Current Price:	$75	**5 Year Annual Expected Total Return:**	9.7%	**Market Cap:**	$9.3 B
Fair Value Price:	$82	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	08/31/26
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.0%	**Dividend Payment Date:**	09/15/26
Dividend Yield:	4.3%	**5 Year Price Target**	$100	**Years Of Dividend Growth:**	14
Dividend Risk Score:	D	**Sector:**	Real Estate	**Rating:**	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 more than 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 $9.3 billion, and the company has been paying a growing dividend for fourteen consecutive years.

On July 30th, 2026, Agree Realty Corp. reported second quarter results for Fiscal Year 2026. The company reported second-quarter 2026 net income attributable to common stockholders of $52.8 million, or $0.44 per share, up 2.2% from the prior-year period. Core funds from operations rose 7.5% to $1.13 per share, and adjusted funds from operations increased 7.4% to $1.14 per share. The company invested a record $502 million in 102 retail net-lease properties during the quarter and commenced five development or Developer Funding Platform projects with total committed capital of approximately $88 million.

For the first half of 2026, Agree invested a company-record $925 million across 187 properties while completing or advancing 20 development projects with anticipated costs of about $200 million. Net income per share advanced 10.6% to $0.94, Core FFO per share grew 7.8% to $2.25, and AFFO per share rose 7.7% to $2.28. The portfolio remained highly stable at 99.8% leased, with a weighted-average lease term of 7.7 years and 65.8% of annualized base rent derived from investment-grade tenants.

Management raised full-year 2026 investment guidance to $1.6–$1.8 billion and increased AFFO-per-share guidance to $4.57–$4.59. The balance sheet stayed strong, with pro-forma net debt to recurring EBITDA of 3.7 times after accounting for unsettled forward equity and total liquidity of approximately $1.9 billion. Monthly dividends were increased 4.3% year-over-year to an annualized rate of $3.204 per share.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.54	$2.72	$2.85	$3.08	$3.23	$3.58	$3.87	$3.93	$4.14	$4.33	***$4.58***	***$5.57***
DPS	$1.92	$2.03	$2.15	$2.28	$2.40	$2.60	$2.80	$2.92	$3.00	$3.08	***$3.20***	***$3.89***
Shares[1]	23.0	28.0	32.0	41.0	52.0	67.0	79.0	95.0	101.0	111.0	***113.0***	***120.0***

Agree Realty has grown AFFO by a compound rate of 6.1% over the past ten years. However, AFFO has increased by 5.1% 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

[1] Share count is in millions.

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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	***16.3***	***18.00***
Avg. Yld.	4.2%	3.9%	3.7%	3.3%	3.6%	3.7%	4.0%	4.6%	4.3%	4.3%	***4.3%***	***3.9%***

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 16.3x 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

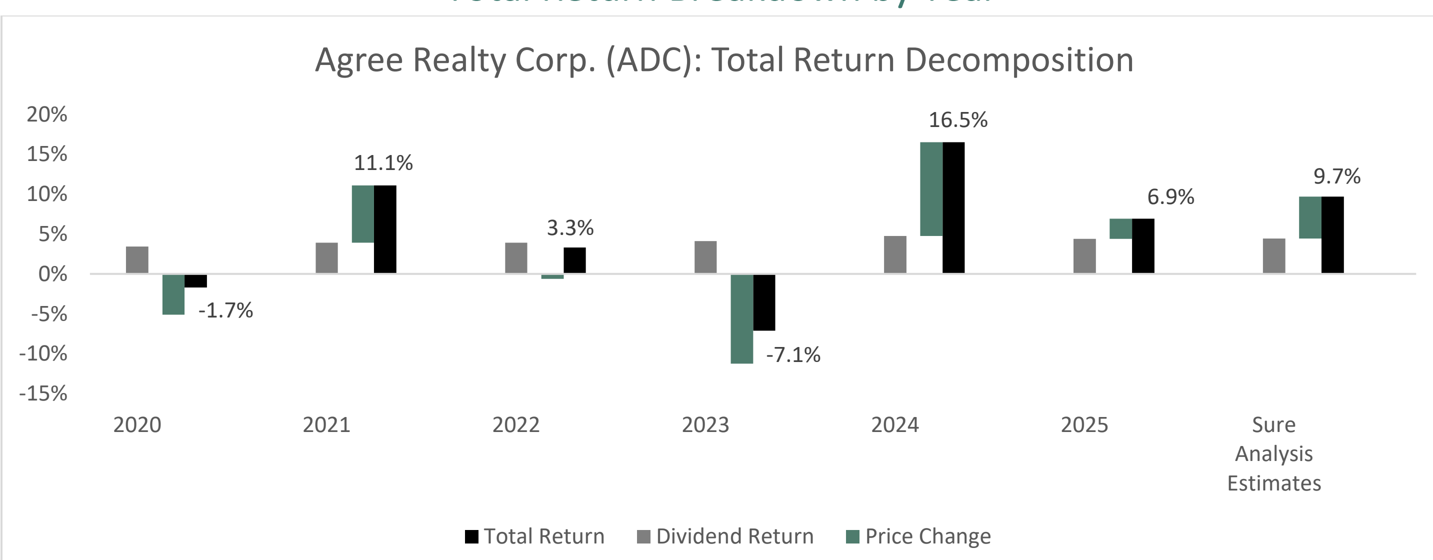
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	76%	75%	75%	74%	74%	73%	72%	74%	72%	71%	***70%***	***70%***

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 9.7% 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
Revenue	92	112	137	187	249	339	430	538	617	718
Gross Profit	83	99	120	164	217	298	378	471	542	630
Gross Margin	90.6%	88.8%	87.6%	87.5%	87.2%	87.9%	87.8%	87.5%	87.8%	87.7%
SG&A Exp.	8	9	12	16	21	25	30	35	37	44
D&A Exp.	23	32	44	59	83	120	167	209	240	276
Operating Profit	52	63	75	103	129	177	214	260	298	347
Operating Margin	56.4%	56.5%	54.9%	54.8%	52.0%	52.2%	49.8%	48.3%	48.3%	48.3%
Net Profit	45	58	58	80	91	122	152	170	189	204
Net Margin	49.3%	52.1%	42.4%	42.7%	36.8%	36.0%	35.5%	31.6%	30.6%	28.5%
Free Cash Flow	62	82	93	127	143	246	362	392	432	504
Income Tax	0	0	1	1	1	2	3	3	4	2

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,142	1,495	2,028	2,665	3,886	5,227	6,713	7,775	8486	9797
Cash & Equivalents	33	51	54	16	6	43	28	11	6	16
Accounts Receivable	12	15	22	27	38	53	66	83	106	123
Goodwill & Int.	140	195	280	344	474	672	799	854	865	1001
Total Liabilities	456	583	790	973	1,360	1,808	2,083	2,575	2976	3527
Accounts Payable	6	11	21	49	71	70	84	101	116	172
Long-Term Debt	401	520	720	872	1,218	1,688	1,940	2,411	2785	3295
Shareholder's Equity	683	909	1,236	1,689	2,524	3,243	4,454	5,024	5335	6271
LTD/E Ratio	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
Return on Assets	4.7%	4.4%	3.3%	3.4%	2.8%	2.7%	2.6%	2.4%	2.3%	2.2%
Return on Equity	8.0%	7.3%	5.4%	5.5%	4.3%	4.2%	4.0%	3.5%	3.5%	3.5%
ROIC	4.9%	4.6%	3.4%	3.5%	2.9%	2.8%	2.6%	2.4%	2.4%	3.8%
Shares Out.	23.0	28.0	32.0	41.0	52.0	67.0	79.2	95.4	101.9	111.2
Revenue/Share	3.99	4.03	4.23	4.55	4.74	5.05	5.43	5.63	6.06	6.46
FCF/Share	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.