Realty Income Corporation (O)

Updated August 11th, 2026, by Kody Kester

Key Metrics

Current Price:	$62	**5 Year CAGR Estimate:**	10.5%	**Market Cap:**	$58.6B
Fair Value Price:	$71	**5 Year Growth Estimate:**	3.5%	**Ex-Dividend Date:**	08/31/26[1]
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.7%	**Dividend Payment Date:**	09/15/26[1]
Dividend Yield:	5.2%	**5 Year Price Target**	$84	**Years Of Dividend Growth:**	32
Dividend Risk Score:	C	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Realty Income Corporation (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 more than 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 Aug. 5, O shared its earnings report for the second quarter ended Jun. 30, 2026. The REIT's total revenue surged 9.7% over the year-ago period to $1.55 billion during the quarter. As was the case in the previous quarter, the driving factor was once again the carryover effect of its $6.2 billion in investment volume in 2025 (with a selectivity rate of just 5%) and nearly $4.7 billion in year-to-date investment volume. O's contractual rent increases also contributed to a 1.2% same store rental revenue growth rate for the quarter. O's focus on owning quality properties paid off through a 102.7% recapture rate (rents on renewed leases were higher than prior rent amounts) during the quarter. The REIT's occupancy rate also edged 20 basis points higher year-over-year to 98.8% in the quarter. O's AFFO per share grew by 3.8% over the year-ago period to $1.09 for 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	***$4.43***	***$5.26***
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***
Shares[2]	260.2	284.2	303.7	333.6	361.3	591.3	660.3	752.5	891.5	934.0	***946.2***	***1,114.0***

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 $4.43. 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.

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[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

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

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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%	***5.2%***	***4.5%***

Over the last decade, O's P/AFFO ratio has varied from as little as the low double-digits to as much 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 priced 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%	***73%***	***72%***

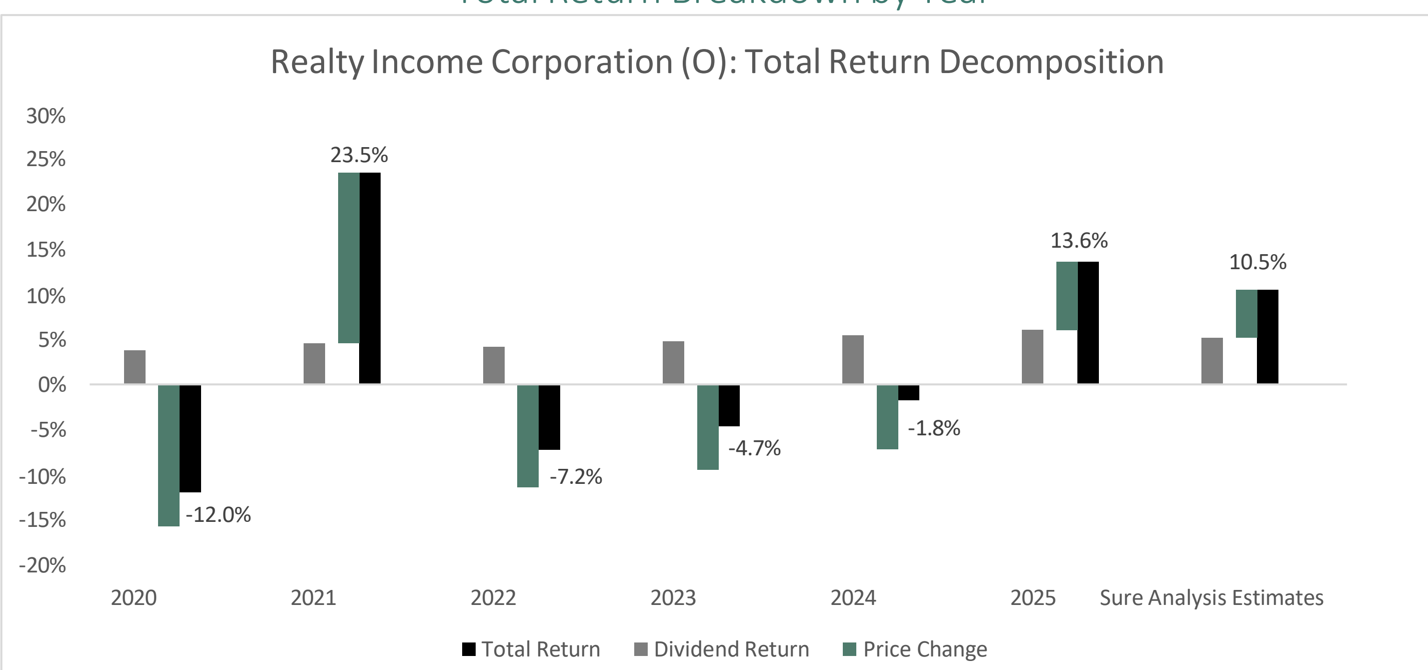
O's primary competitive advantage is its cost of capital, which creates a virtuous cycle that smaller competitors can't match. This allows it to win deals that other REITs can't touch. That has enabled the REIT to grow its AFFO per share in each of the last 10 years.

O's 34.3% net debt to total enterprise value (as of Jun. 30, 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 low-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 5.2% 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 maintaining our Hold rating.

Total Return Breakdown by Year



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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.