Phillips Edison & Company, Inc. (PECO)

Updated October 28th, 2026 by Nikolaos Sismanis

Key Metrics

Current Price:	$38	**5 Year Annual Expected Total Return:**	4.0%	**Market Cap:**	$4.9 B
Fair Value Price:	$33	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	11/16/2026
% Fair Value:	115%	**5 Year Valuation Multiple Estimate:**	-2.7%	**Dividend Payment Date:**	12/01/2026
Dividend Yield:	3.6%	**5 Year Price Target**	$39	Years **Of Dividend Growth:**	6
Dividend Risk **Score:**	D	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Phillips Edison & Company is a real estate investment trust that is one of the nation's largest owners and operators of omni-channel grocery-anchored shopping centers. At the end of Q3 2026, Phillips Edison & Company managed 328 shopping centers, including 300 wholly-owned centers totaling 33.9 million square feet across 31 states and 28 centers owned through three institutional joint ventures. The company also provides management services to its joint ventures and one private fund. Phillips Edison & Company generated $727 million in revenue last year, pays dividends on a monthly basis, and is based in Cincinnati, Ohio.

On September 1st, 2026, PECO raised its monthly dividend by 6.2% to $0.115 per share, beginning with the payment on October 1st to shareholders of record on September 15th.

On October 1st, 2026, PECO announced an expansion of its Northwestern Mutual joint venture to acquire 13 PECO-owned shopping centers valued at $377.5 million, freeing capital for properties with stronger growth prospects.

On October 26th, 2026, PECO reported Q3 results for the period ended September 30th, 2026. Total revenue rose 5.7% to $193.1 million, supported by rental growth and acquisitions. Same-center NOI increased 5.3% to $122.4 million, while new and renewal leasing spreads reached 26.3% and 25.2%. Leased portfolio occupancy was 97.5%. Operating expenses rose 3.5% to $135.3 million. Nareit FFO increased 9.8% to $98.0 million, or $0.69 per share, while Core FFO rose 11.3% to $100.7 million, or $0.71 per share, up 9.2% on a per-share basis. PECO raised its Core FFO guidance to $2.75–$2.79 per share. We expect Core FFO per share of $2.77 for 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO/shr	$1.77	$1.28	$1.94	$1.99	$1.99	$1.81	$2.15	$2.25	$2.37	$2.54	***$2.77***	***$3.21***
DPS	$2.01	$2.01	$2.01	$2.01	$0.59	$1.04	$1.09	$1.14	$1.19	$1.25	***$1.38***	***$1.76***
Shares[1]	62.2	65.5	80.5	109.0	111.2	116.7	130.3	133.0	136.8	138.9	***141.3***	***150.0***

Phillips Edison's grocery-anchored centers benefit from recurring visits for everyday goods and services, supporting tenant demand and retention. Over the medium term, replacing expiring leases at higher rents and contractual rent increases should lift property income. Redevelopment projects and the acquisition of centers with room for leasing and operating improvements offer further growth opportunities. Selling stabilized properties and contributing assets to joint ventures help fund these investments while limiting pressure on the balance sheet.

The portfolio recovered from pandemic disruption as tenants reopened and rent collections normalized. Nareit FFO per share rose from $1.81 in 2021 to $2.54 in 2025. Same-center NOI increased 3.8% in 2025, supported by higher rents and recovery income. We expect FFO per share to grow by 3% annually through 2031, allowing for financing costs and dilution alongside the benefits of rent growth and acquisitions.

In terms of its dividend, Phillips Edison slashed it during the pandemic, despite producing relatively robust results, as payouts were barely covered. Note that the company was not public at the time. The dividend has been increased in six

[1] Shares are in millions and include OP units. Historical FFO is Nareit FFO; 2026 and 2031 estimates use Core FFO.

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consecutive years since. Due to adequate room for growth following the slash, we forecast a DPS CAGR of 5% in the medium-term.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	---	---	---	---	---	16.5	14.4	14.2	14.9	13.9	***13.8***	***12.0***
Avg. Yld.	---	---	---	---	---	3.4%	3.5%	3.6%	3.4%	3.5%	***3.6%***	***4.6%***

While the stock's trading history in the public markets is short, shares have attracted a modest premium relative to its retail real estate peers. This is likely attributable to the company's properties being anchored to grocery stores, resulting in more resilient results, as well as dividends being paid monthly, which income-oriented investors generally appreciate. That said, we find Phillips Edison to be overvalued. We believe that a P/FFO closer to 12 better reflects the stock's prospects. A higher dividend yield following multiple compression would better match the stock's risk profile as well.

Safety, Quality, Competitive Advantage, & Recession Resiliency

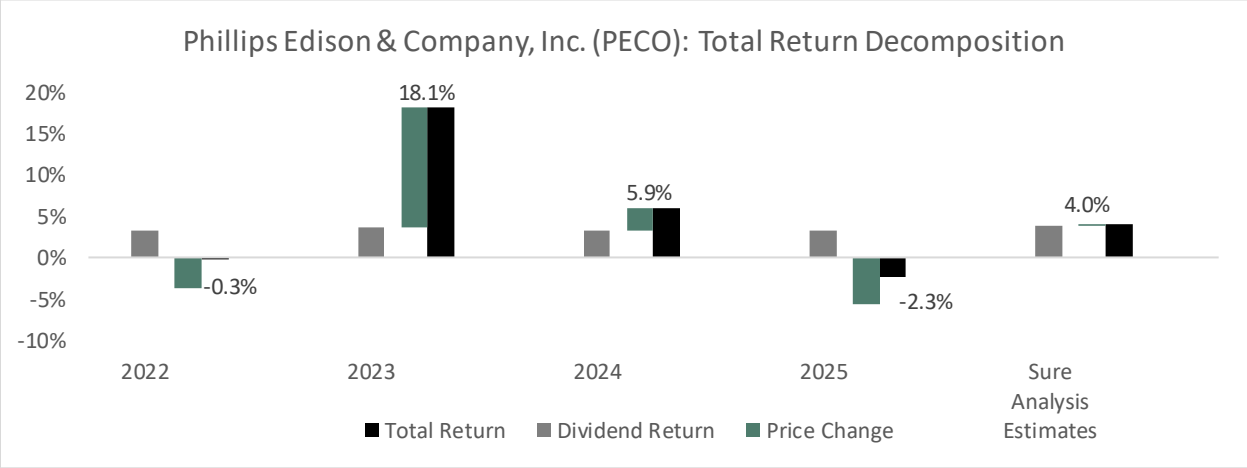
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	114%	157%	104%	101%	30%	57%	51%	51%	50%	49%	***50%***	***55%***

Phillips Edison's dividend should be relatively safe at its current levels, due to a payout ratio of about 50% against our Core FFO estimate. The company features several qualities as well, including the ability to retain excellent occupancy rates due to a necessity-based property portfolio, modest rent growth prospects, and noteworthy cash flow diversification. Further, the company's outstanding debt had a weighted-average interest rate of 4.5% and a weighted-average maturity of 5.3 years, including all extension options, as of September 30th, 2026. Fixed-rate debt represented 85.2% of total debt, including its share of joint ventures. That said, we believe that overall growth in the retail real estate space should be rather limited. Additionally, while the company's metrics should remain relatively robust compared to its average peer amid its tenants focusing on necessity-based goods and services, it's still vulnerable to a recession.

Final Thoughts & Recommendation

Phillips Edison & Company is a rather noteworthy retail real estate REIT with a number of qualities. It performed well in the past couple of years, while management projects further growth this year. Still, we believe that returns from the growth in FFO/share and the dividend could be largely offset by valuation headwinds, with our total return prospects coming in at just 4.0%. The frequency of payouts is attractive, but we would require a higher projected return to recommend buying the stock. PECO earns a hold rating due to progressively growing its dividend.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	258	312	430	537	498	533	575	610	661	727
Gross Profit	179	214	298	376	344	375	412	435	471	517
Gross Margin	69.5%	68.8%	69.2%	70.0%	69.0%	70.3%	71.7%	71.3%	71.3%	71.1%
SG&A Exp.	38	37	50	49	41	49	45	44	46	51.6
D&A Exp.	103	130	191	237	225	221	232	231	246	266
Operating Profit	36	47	56	90	77	104	131	154	171	199
Operating Margin	13.8%	15.0%	13.0%	16.8%	15.6%	19.6%	22.8%	25.2%	25.9%	27.4%
Net Profit	9	(38)	39	(64)	5	15	48	57	63	111.3
Net Margin	3.5%	-12.3%	9.1%	-11.8%	1.0%	2.8%	8.3%	9.3%	9.5%	15.3%
Free Cash Flow	77	67	104	151	147	188	186	196	240	212.0
Income Tax	-	-	-	-	-	-	-	-	-	1.3

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,380	3,526	5,163	4,828	4,679	4,669	4,735	4,866	5,046	5,286
Cash & Equivalents	8	6	17	18	104	93	5.5	4.9	4.9	3.5
Accounts Receivable	31	47	61	47	47	37	38	45	47	53.6
Inventories	-	-	17	6	-	2	0	-	-	-
Goodwill & Int. Ass.	-	84	43	34	36	36	36	-	36	29
Total Liabilities	1,155	2,047	2,751	2,659	2,663	2,192	2,138	2,212	2,412	2,697
Accounts Payable	56	103	123	124	177	97	113	116	163	180.3
Long-Term Debt	1,056	1,807	2,438	2,354	2,292	1,891	1,896	1,969	2,110	2,375
Shareholder's Equity	1,201	1,046	1,998	1,814	1,690	2,150	2,236	2,310	2,320	2,287
LTD/E Ratio	0.88	1.73	1.22	1.30	1.36	0.88	0.85	0.85	0.91	1.04

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.4%	-1.3%	0.9%	-1.3%	0.1%	0.3%	1.0%	1.2%	1.3%	2.4%
Return on Equity	0.7%	-3.4%	2.6%	-3.3%	0.3%	0.8%	2.2%	2.2%	2.4%	4.8%
ROIC	0.4%	-1.4%	1.0%	-1.4%	0.1%	0.3%	1.1%	1.3%	1.3%	---
Shares Out.	62.2	65.5	80.5	109.0	111.2	116.7	130.3	133	136.8	138.9
Revenue/Share	4.14	4.76	5.35	4.92	4.48	4.57	4.42	4.59	4.83	5.23
FCF/Share	1.24	1.02	1.30	1.39	1.32	1.61	1.43	1.47	1.75	1.53

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

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