NexPoint Residential Trust, Inc. (NXRT)

Updated November 4th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$17.23	**5 Year Annual Expected Total Return:**	13.9%	**Market Cap:**	$442 M
Fair Value Price:	$26	**5 Year Growth Estimate:**	-2.0%	**Ex-Dividend Date:**	12/15/2026
% Fair Value:	65%	**5 Year Valuation Multiple Estimate:**	8.9%	**Dividend Payment Date:**	12/31/2026
Dividend Yield:	12.3%	**5 Year Price Target**	$23.86	**Years Of Dividend Growth:**	10
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating**	Hold

Overview & Current Events

NexPoint Residential Trust is a Real Estate Investment Trust primarily focused on acquiring, owning, and operating well-located middle-income multifamily properties with value-add potential in large cities, primarily in the Southeastern and Southwestern United States. The value-add component refers to the properties where the company can invest capital to provide lifestyle amenities to workforce and middle-income housing. These values-add strategies seek to provide both dramatically-improved communities for the company's residents and outsized returns for its shareholders. As of September 30th, 2026, NexPoint owned 36 multifamily properties totaling 13,305 units, with its largest market exposures in Phoenix (15.1%), South Florida (14.7%), and Dallas/Fort Worth (14.6%), based on apartment units.

On October 2nd, 2026, NexPoint acquired the 228-unit Midtown Crossing community in Raleigh for $32 million.

On October 26th, 2026, the board authorized a new $150 million share repurchase program through October 2028.

On November 3rd, 2026, NexPoint Residential Trust reported Q3 results for the period ending September 30th, 2026. Revenue increased to $64.5 million from $62.8 million a year earlier, but net operating income fell to $36.6 million from $38.8 million. Same-store NOI declined 8.2% to $35.6 million as weaker rents and occupancy weighed on operations. The net loss attributable to common shareholders widened to $0.45 per share from $0.31.

The 36-property portfolio, comprising 13,305 units, ended September at 92.8% occupancy with a weighted average effective monthly rent of $1,489. Q3 FFO declined to $0.46 per share from $0.63, Core FFO fell to $0.52 from $0.70, and AFFO decreased to $0.63 from $0.80. Nine-month AFFO totaled $2.18 per share. Management lowered its full-year outlook again, and we now expect 2026 AFFO of $2.64 per share, down from $2.86. NexPoint completed 708 full and partial upgrades during Q3 and leased 425 upgraded units, generating an average monthly rent premium of $42.54 and a 21.1% return on investment.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
AFFO/shr[1]	$1.56	$1.62	$1.88	$2.20	$2.47	$2.75	$3.55	$3.27	$3.19	$3.18	***$2.64***	***$2.39***
DPS	$0.84	$0.91	$1.02	$1.14	$1.28	$1.40	$1.56	$1.72	$1.90	$2.06	***$2.12***	***$1.64***
Shares[2]	21.4	21.7	24.6	25.2	25.8	25.6	26.2	26.2	26.2	25.5	***25.6***	***30.0***

NexPoint Residential Trust has managed to grow very rapidly since going public. The company's value-added component allows NexPoint to charge premium monthly rents compared to its residential industry peers. Since inception, NexPoint has done 11,010 full and partial upgrades, 5,302 kitchen and laundry appliance installations, and 11,520 technology packages, generating average monthly rental increases of $147, $51, and $43 per unit and returns on investment of 20.7%, 62.7%, and 37.2%, respectively.

We expect AFFO per share to decline by 2% annually through 2031, as soft rental pricing, rising property expenses, and elevated financing costs outweigh the benefits of value-add upgrades. High leverage also limits flexibility to fund

[1] AFFO adjusts Core FFO to remove items such as equity-based compensation expenses and the amortization of deferred financing costs incurred in connection with obtaining long-term debt financing.

[2] Share count is in millions.

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accretive growth. We forecast DPS to decline by 5% annually over the same period, reflecting thin coverage after recurring maintenance spending and the risk of cuts.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/AFFO	12.7	15.1	18.8	20.0	16.9	23.0	9.8	12.6	11.6	11.0	***6.5***	***10.0***
Avg. Yld.	4.4%	3.6%	2.8%	2.4%	3.5%	2.1%	5.2%	4.1%	5.1%	5.9%	***12.3%***	***6.9%***

NexPoint's valuation multiple is now hovering at 6.5 times our projected AFFO/share. We assign a fair P/AFFO multiple of 10x, reflecting weaker operating performance, high leverage, and limited room for further deterioration in dividend coverage. Therefore, we view the stock as quite undervalued at its current level. The dividend yield stands at 12.3% and is expected to contribute notably to the stock's total return prospects.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	56%	55%	52%	52%	51%	44%	53%	60%	65%	***80%***	***69%***

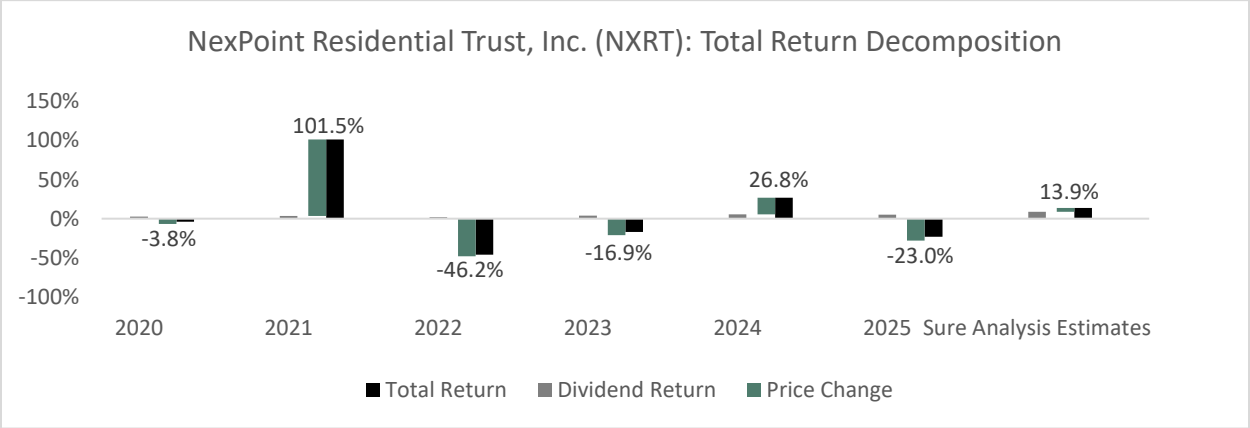
The dividend represents 80% of our FY2026 AFFO forecast, but reported AFFO adds back stock compensation and does not deduct recurring maintenance capital expenditure. Annual dividends also absorb about 95% of the company's Core FFO guidance, while Q3 Core FFO was below the quarterly payout. Thin coverage, weak same-store NOI, and high leverage underpin our forecast of dividend reductions. Regardless, we believe the company's value-added strategy and positioning in high-growth markets make for a solid competitive advantage.

That said, due to the premium the company charges for its enhanced amenities proposition, its future performance relies strongly on the health of middle to high-class income levels. Unfavorable market conditions and declines in the financial condition of its residents could affect the company worse than its cheaper, more value-oriented competitors in the residential market. While the company has not experienced a prolonged recession, it's worth noting that its robust performance remained almost intact during the pandemic, further highlighting its cash flow resilience.

Final Thoughts & Recommendation

NexPoint Residential Trust has had a tough past couple of years, as residential real estate has been under pressure in the face of rising interest rates. Despite the benefits of value-add upgrades, operating and financing pressures lead us to expect further AFFO per-share declines and dividend reductions. We forecast annualized returns of 13.9% through 2031, driven by the starting 12.3% yield and a potential valuation tailwind, partly offset by declining AFFO and dividends. We retain our hold rating due to the 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	133	144	147	181	205	219	264	278	260	251
Gross Profit	73	80	84	106	120	131	159	173	147	142
Gross Margin	54.7%	55.5%	57.2%	58.8%	58.4%	59.8%	60.2%	62.2%	56.5%	56.4%
SG&A Exp.	15	18	20	23	24	26	30	33	19	18
D&A Exp.	36	49	47	69	82	87	98	95	98	96
Operating Profit	22	13	17	15	14	18	32	45	29	28
Operating Margin	16.7%	9.2%	11.5%	8.2%	6.6%	8.2%	12.1%	16.2%	11.2%	11.1%
Net Profit	22	53	(2)	99	44	23	(9)	44	1.1	(32)
Net Margin	16.5%	37.0%	-1.1%	54.8%	21.5%	10.5%	-3.4%	15.8%	0.4%	(12.7%)
Operating Cash Flow	34	38	42	51	57	73	79	97	74	84

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,035	1,055	1,161	1,866	1,829	2,063	2,225	2,108	1,907	1,886
Cash & Equivalents	23	16	20	26	24	49	17	12	23	14
Accounts Receivable	3	3	3	6	9	5	17	15	12	9
Goodwill & Int. Ass.	4	1	1	6	1	1.6	0	0	0	1
Total Liabilities	779	816	865	1,440	1,421	1,587	1,700	1,608	1,491	1,586
Accounts Payable	6	6	6	12	10	13	12	17	11	12
Long-Term Debt	708	762	825	1,362	1,345	1,554	1,599	1,477	1,464	1,558
Shareholder's Equity	232	239	296	426	408	470	520	495	410	296
LTD/E Ratio	3.06	3.18	2.79	3.20	3.30	3.31	3.08	2.99	3.57	5.27

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.2%	5.1%	-0.1%	6.5%	2.4%	1.2%	(0.4%)	2.0%	0.1%	(1.7%)
Return on Equity	9.7%	22.7%	-0.6%	27.5%	10.6%	5.3%	(1.9%)	8.6%	0.2%	(9.0%)
ROIC	2.3%	5.4%	-0.2%	6.8%	2.5%	1.2%	(0.5%)	2.2%	0.1%	(1.72%)
Shares Out.	21.2	21.1	21.2	24.1	24.7	25.8	26.6	26.2	26.3	25.4
Revenue/Share	6.23	6.74	6.77	7.36	8.12	8.51	10.31	10.57	9.90	9.90
OCF/Share	1.58	1.75	1.93	2.09	2.27	2.84	3.09	3.68	2.80	3.29

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

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