PLRA Daily REIT Note

November 5, 2025

	11/4	Q3 FFO		2025E FFO		
	close	act.	est.	guide		est.
Office:						
Douglas Emmett (DEI)	12.84	0.34	0.34	1.45	=	1.45
Hudson Pacific (HPP)	2.25	0.04	0.03	0.19	*	0.11
Retail:						
Macerich (MAC)	17.70	0.35	0.35	na		1.46
Tanger (SKT)	33.66	0.60	0.59	2.30	↑	2.29
Health Care:						
LTC Properties (LTC)	35.58	0.69	0.68	2.70	↑	2.63

Non-REIT reporters:

Grocery Outlet (↓), GXO (↓), Lucky Strike (↔), Wolverine (↓)

**implied by Q4 midpoint*

Why are MAC and SKT so hard to value? One answer is that they're creating value with capital allocation to offset value erosion at the property level—and public investors are more familiar with the opposite version of the "**REITs are not real estate**" setup.

But every version of that RANRE story is getting harder to follow in the current market environment, which is why I've been writing about it more explicitly this year. And with these two in particular, I still see the fundamental headwinds as too much to overcome. Note that Tanger's leasing spreads are still decelerating rapidly…

Tanger (SKT) Leasing Stats	24Q2	24Q3	24Q4	25Q1	25Q2	**25Q3**
Total SF	2,000	2,599	2,411	2,496	2,811	**2,913**
Comp SF	1,795	2,339	2,121	2,221	2,527	**2,604**
spreads	**15.1%**	**14.4%**	**15.0%**	**14.1%**	**12.0%**	**10.6%**
LTM	13.9%	13.9%	14.3%	14.6%	13.8%	**12.8%**

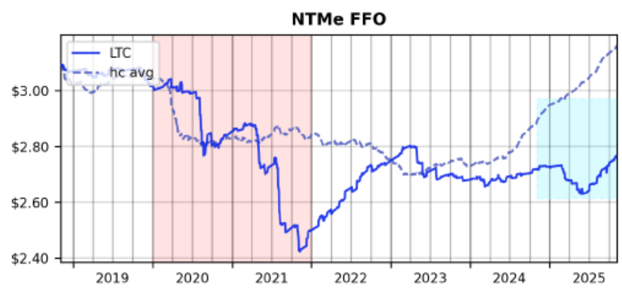
…and MAC is also not showing any signs of market rent growth…

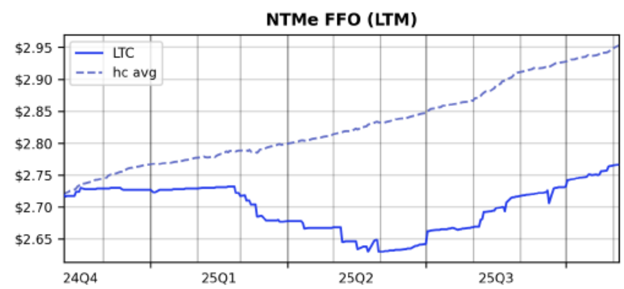
MAC ABR/SF (<10k SF)	24Q2	24Q3	24Q4	25Q1	25Q2	**25Q3**
Average in place	65.91	66.45	67.72	69.21	69.46	**69.64**
sequential chg	*0.8%*	*0.8%*	*1.9%*	*2.2%*	*0.4%*	***0.3%***
New leases (LTM)	63.35	66.98	67.74	69.99	70.57	**68.75**
Expiring leases	57.54	59.86	62.27	63.13	63.85	**64.89**
spread	*10.1%*	*11.9%*	*8.8%*	*10.9%*	*10.5%*	***5.9%***
new vs avg	***(3.9%)***	***0.8%***	***0.0%***	***1.1%***	***1.6%***	***(1.3%)***
expiring vs avg	*(12.7%)*	*(9.9%)*	*(8.0%)*	*(8.8%)*	*(8.1%)*	***(6.8%)***

…and those trends are worse than they appear, because (in both cases) they're net of significant improvements to the portfolio mix.

See **this recent SKT note** for much more. But if you want a single barometer for *any* mall or outlet turnaround story, this is a pretty good one. Market rents can be a tricky concept in multitenant retail, but we're far enough past the pandemic to expect clear evidence of same-space rent growth at the portfolio level. We are still not seeing it.

Health care REITs have had both engines firing for over a year now—positive investment spreads alongside strong fundamentals—but most of them have generated less earnings growth than you would have expected, and LTC is a prime example:





As with MAC, they've been shifting to more pro forma disclosure this year, which makes it a little harder to keep track of where the accretion from all this investment volume is leaking away. But much of it is simply not that accretive in the first place, because of this simultaneous pivot from NNN to SHOP structures—i.e. trading off current earnings for higher growth.

I am skeptical that the higher growth will even be there for anyone but WELL, but I realize that's a minority view. If you're more comfortable than me with this current ultra-consensus SHOP stampede, we can hopefully still agree that the frictional cost of diversification in HC REIT portfolios is getting ridiculous. If they're going to keep lunging in and out of different property types and investment structures every cycle, it may not even matter if they get the timing right.

SAMPLE NOTE: Comps removed

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