Americold Offers 8.6% Dividend Yield While Waiting for Market Thaw

Price $10.57 **Dividend Holding** **November 18, 2025**

- 8.6% Dividend Yield.
- 1.4 billion cubic feet of capacity across 235 warehouses, providing a globally diversified, hard-to-replicate cold-storage footprint.
- 18% US market share, 6% global market share.
- 60.0% of warehouse segment revenue under fixed contracts, anchoring cash flows through a soft volume and pricing environment.
- Development pipeline targeted at 10–12% ROIC, increasingly focused on build-to-suit and higher-growth international markets (notably Asia-Pacific).
- Near-term headwinds in 2026–2027 from excess capacity and weaker demand.

Investment Thesis

Americold (COLD) is a cold-storage REIT that manages 1.4 billion cubic feet of storage globally across 235 warehouses. Due to a glut of supply in the market, COLD's stock price has deteriorated 50.5% on a year-to-date basis. Currently, COLD pays out an 8.6% dividend that we view as well-covered and sustainable even in a weakening operating environment. We believe COLD has a strong, oligopolistic asset base through what we believe is in a cyclical, not structural, downturn.

At today's valuation, we think the market is over-discounting near-term occupancy and pricing headwinds while underappreciating the durability of COLD's contracted cash flows, development pipeline, and strategic positioning with blue-chip customers. For investors able to look through a potentially difficult 2026, we see an attractive upside for a long-term oriented investor.

Estimated Fair Value

EFV (Estimated Fair Value) = EFY27 FFO (Funds From Operations) times P/FFO (Price/FFO)

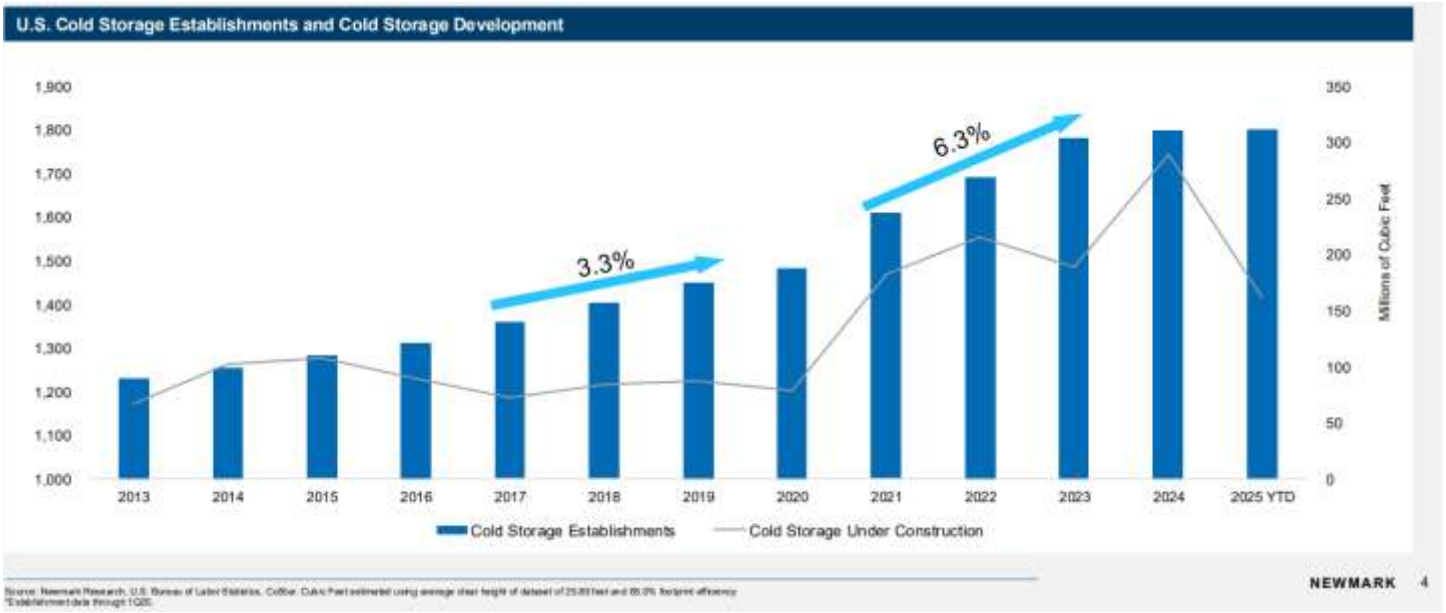
EFV = E26 FFO X P/FFO = $1.05 X 15.2 = $16.01

	E2025	E2026	E2027
Price-to-Sales	1.2	1.2	1.1
Price-to-FFO	10.6	11.4	10.8

SeekingAlpha Analyst Consensus

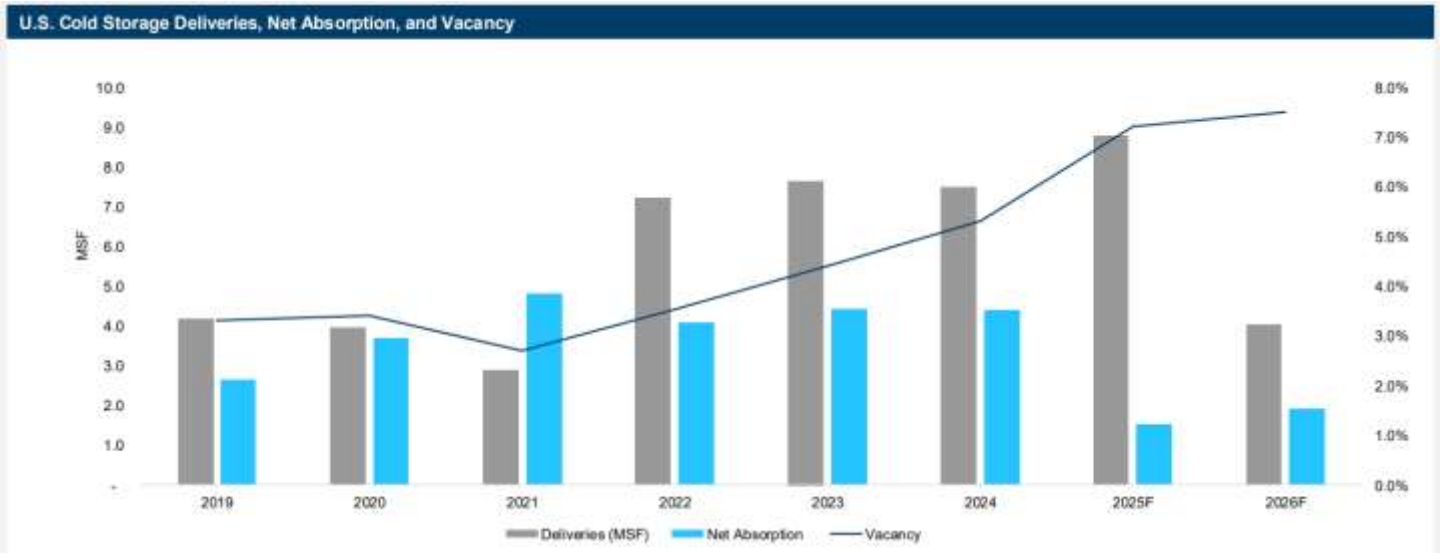
Market

The cold storage market in the United States has a concentrated market share, with COLD and LINE (Lineage Logistics) controlling around 71% of the cold storage market according to CBRE's 2022 industry report. According to the USDA, the United States has approximately 3.7 billion square feet of refrigerator warehouse storage capacity, with 2.51 billion public square feet. Between 2021 and 2023, cold storage capacity increased rapidly due to both low interest rates spurring expansion and growth in online fulfilment in groceries.



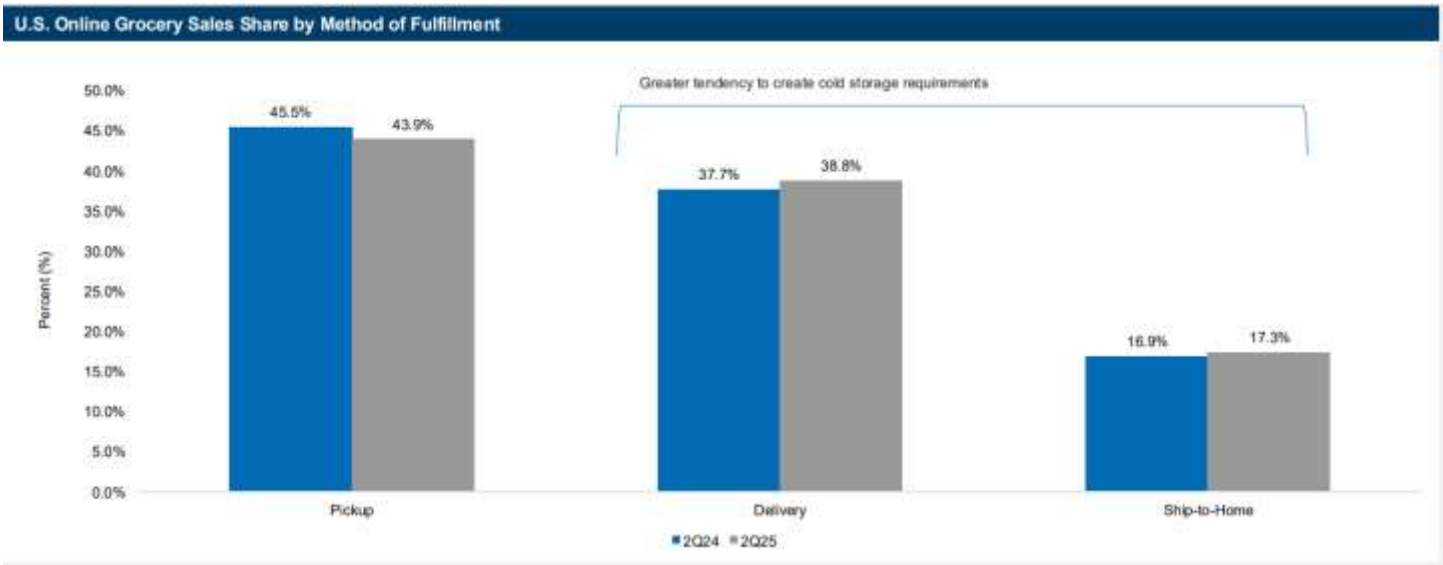
Newmark

This has led to a situation where 10% of the current cold storage inventory has been built in the last 5 years. For operators with newer inventory, occupancy rates are above the broader market. While COLD does not specifically disclose the age of its warehouses, management has emphasized a sizable portion of capex goes into upgrading facilities to keep them up to date.



Newmark

The broad market trend of cold storage capacity has historically tracked population growth and movement, with much of the cold storage expansion in the last 10 years in states with growing populations, such as Florida and Texas. This has led to rental increases in areas of high demand, which according to Newmark has pressured some operators to take their cold chain private.



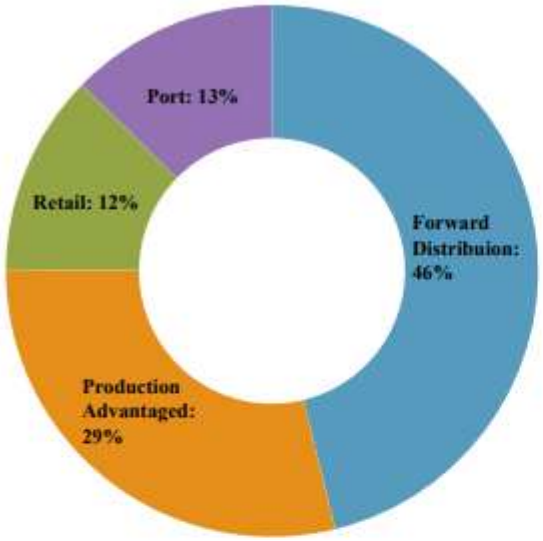
Newmark

A large secular tailwind in our view is the growth in e-grocery. Total e-grocery sales were up 28% year over year in the quarter ending June 2025 with the strongest growth in ship-to-home. Obviously, these require more third-party logistics providers or

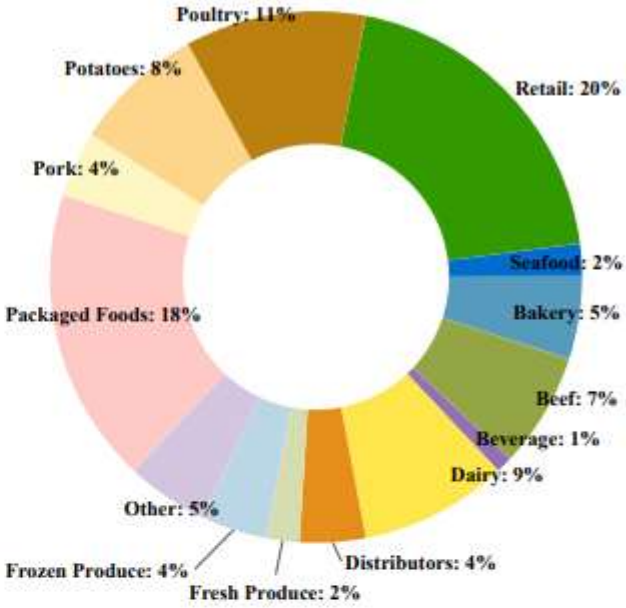
providers themselves to invest in cold storage closer to customers. According to CBRE, around 34% of leased cold storage is now third-party logistics providers.

Business

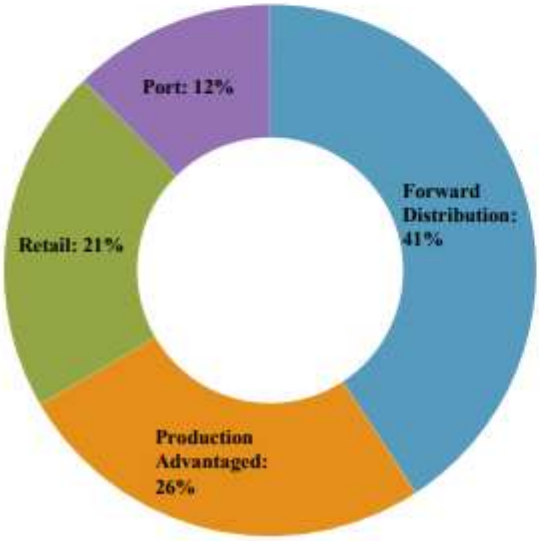
Warehouse Segment Cubic Feet by Warehouse Type (At September 30, 2025)



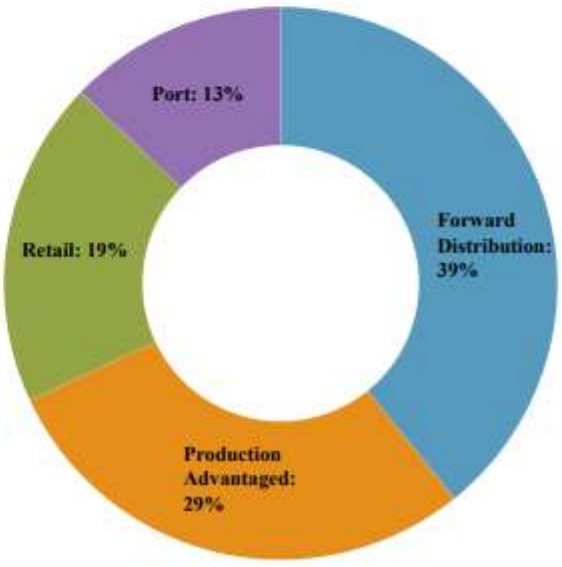
Warehouse Segment Revenue by Commodity Type (Last Twelve Months Ended September 30, 2025)



Warehouse Segment Revenue by Warehouse Type (Last Twelve Months Ended September 30, 2025)



Warehouse Segment Contribution (NOI) by Warehouse Type (Last Twelve Months Ended September 30, 2025)



Production Advantaged and Retail are typically single-tenant built-to-spec with long fixed-term contracts.

The largest component of business with 91.4% of revenues is the operation of owned cold storage warehouses. For the trailing 9 months ending September 2025, revenue decreased 1.5% with management chalking it up to the combined impact of increased capacity within the cold storage segment along with lower consumer volumes due to macroeconomic conditions. The segment's net operating income margin expanded 20bps to 33.4% thanks to rent increases.

As of the quarter ending September 2025, 63.6% of warehouse segment revenues was fixed contract in nature, which is at management's long-term goal. The remaining revenues come from on-demand contracts. Month-to-month contracts are contracts that previously were long-term and roll into month-to-month upon expiry before a new contract is signed.

Contract Expiry	% of Warehouse Segment (TTM)	# of Contracts
Month-to-Month	10.3%	171
2025	2.5%	62
2026	18.0%	189
2027	6.8%	80
2028	7.9%	63
2029+	14.7%	52
Total	**60.0%**	**617**

Occupancy rates for the quarter ending September 2025 are 73.8% leased, with 62.8% physical occupancy. The 1,000-bps spread between leased occupancy versus physical was characterized by management as "middle of the fairway" by its typical customers. However, it's largest competitor and the largest provider in the United States LINE has only a 600bps spread as of the quarter ending June 2025. Typically, dry storage warehouses have less give on leased versus physical as the products they store are less seasonal and are nonperishable. We believe that management will likely have to lower prices to maintain occupancy levels going into 2026 given the volume of expiring contracts, which they estimate to be a 100-200bps headwind. Even with rent price reductions, management expects a 200-300bps headwind to occupancy going into 2026.

The second largest segment at 7.2% of revenues is transportation, which encompasses arranging and overseeing freight delivery. Revenues in this segment dropped 12.1% compared to the first 9 months of 2024 largely due to lower volumes. Net operating income margins contracted by 110bps to 17.0%. Finally, third party management makes up under 1.5% of revenue at a net operating margin of 23.0%. In line with transportation, revenues declined by 11.6% due to volume loss.

Both of these segments are supplementary in our view and are high-variable cost businesses that are much more cyclical than the core segment. When there is periods of

high demand, customers are much more likely to enlist external services like third party management of their own facilities or freight brokering while during downturns they are likely to bring those items internal.

Acquisitions and Divestitures

In the development pipeline, the typical net operating income return on invested capital appears to be targeted at 10-12% at stabilization. Pre-stabilization, it is typically negative as ramping can be a technical challenge at more automate facilities. For projects over the trailing 36 months, the stabilized ROIC is reported as 11% as of the quarter ending September 2025, with net operating income margins of 15%.

Facility	Type	Pallet Count	Cost ($ million)	Estimate of Completion	Stabilization Estimate
Allentown, PA	Expansion	37,000	$79	Complete	3Q26
Lancaster, PA	New (built for tenant)	28,000	$164	Complete	3Q25
Plainville, CT	New (built for tenant)	31,000	$161	Complete	3Q26
Kansas City, MO	New (CPKC partnership)	22,000	$100	Complete	1Q26
Sydney, Aus	Expansion	13,000	~$30	1Q26	1Q27
Christchurch, NZ	Expansion	16,000	~$34	1Q26	3Q27
St John, NB	New	22,000	~$80	3Q26	1Q28
Dallas, TX	Expansion	22,000	~$150	3Q26	1Q28
Baytown, TX	Acquisition	36,000	$127	Purchased	1Q27

Despite a tougher operating environment, the expansions have had strong demand thus far, with Allentown, PA reporting 2 quarters faster than expected stabilization. In the new facilities, the facility built in partnership with CPKC has moved forward the timeline of stabilization by 3 months.

Plainville, on the other hand, was moved back 2 quarters so that management could focus on the opening of the Lancaster facility. The Lancaster facility is highly automated, and management reported that there were some technical issues that required more attention.

Given the difficult operating environment and lower expected occupancy, we believe that it is likely the pipeline will shrink over the medium term and management will not seek to open facilities unless they are built-to-spec for tenants. Management commented during the quarter ending September 2025 that building 'speculative' facilities was not something they would be engaging in, and that even the built-for-spec opportunities are more attractive abroad. Management highlighted Asia-Pacific in particular, stating that the net operating income for facilities in the region have increased 16% year to date, and that economic occupancy is "well-over" 90%.

Risk

GLP-1s are a commonly cited risk in the consumer staple segment, with the Kansas City Fed estimating that around 6% of US adults are on GLP-1s. If this figure were to rise to 10%, food demand would fall around $50 billion annually or 3%. This would obviously reduce overall food demand, which is closely linked to the cold storage market.

A more pressing factor in our view is tariffs impacting food imports and government benefit cuts, such as SNAP, which will also reduce food demand. July One Big Beautiful Bill Act will cut SNAP by nearly $200 billion through 2034, which all directly funnels into food demand. An estimated 33% of all vegetables, 60% of fruit, 94% of seafood, and around 15% of meat consumed in the US are imported, meaning that tariff-related cost increases may shift consumer behavior away from these items. Immigration enforcement also may press down domestic output of some of these items, with a USDA estimating 42% of farm workers are without work authorization in the United States.

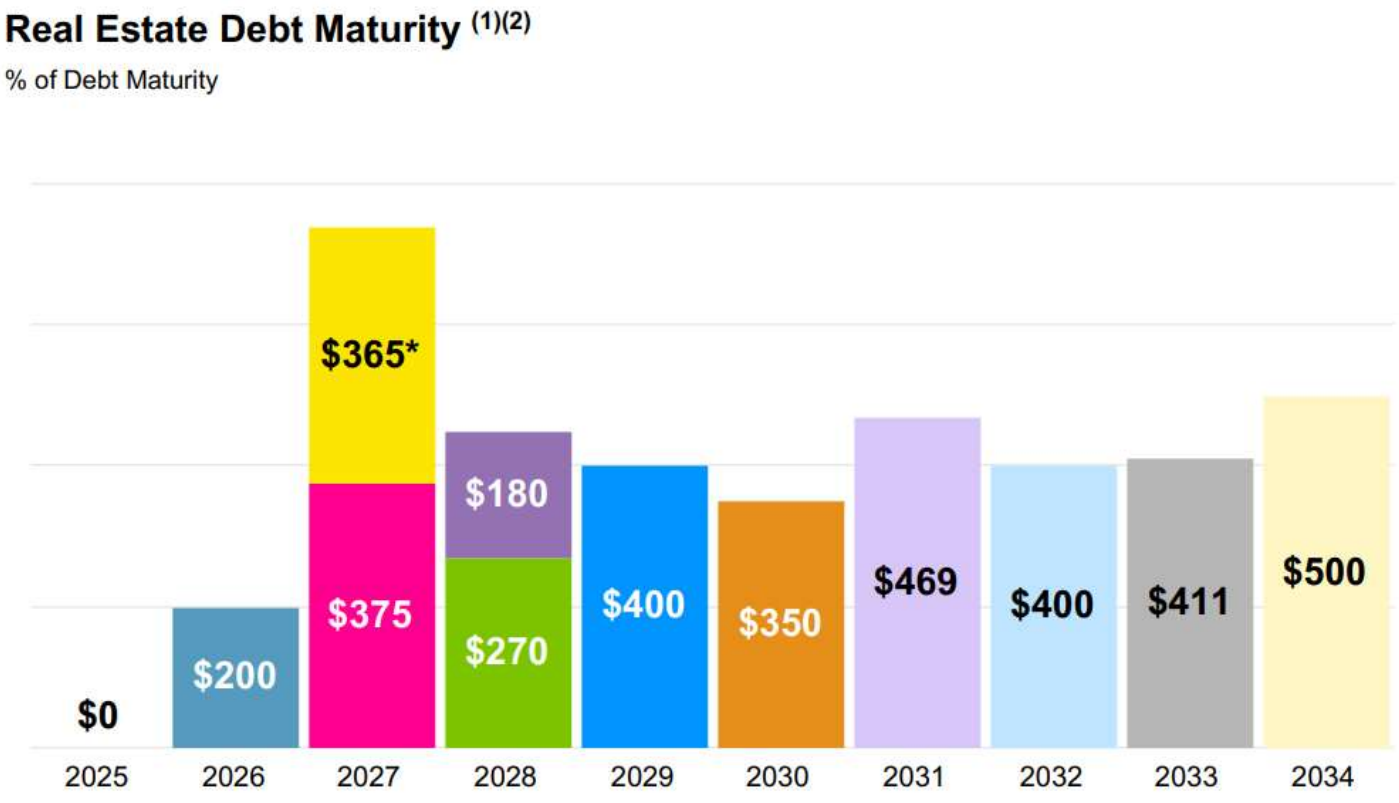
As we have discussed in our Tyson Foods article, there is a contraction in both the poultry and beef markets. In the poultry market, suppliers are still reeling from avian flu with entire flocks needing to be culled if even one bird tests positive due to the highly contagious nature of the disease. In the beef market, while avian flu is a growing concern, most farmers have still continued to slaughter heifers indicating they are not growing herds. There may be some relief on the longer-term horizon, with an 1.2% decline in beef production which the UT Institute of Agriculture places at the feet of decline in cow slaughter as farmers seek to grow the weight of cattle leading to higher retention. Whether or not this is indicative of farmers seeking to maximize economics or growing herd size is difficult to deduce as it takes around 2 years for heifers to produce a calf to add to the population of beef cattle.

Financials

For the full year 2025, management expects same store warehouse revenue to be flat or down as much as 4%, with net operating income down 50-100bps. As previously discussed, we believe that 2026 will likely be a much more challenging operating environment, with a lot of pressures on pricing and occupancy given the high number of

contracts expiring. As a leading indicator, total warehouse throughput was down 3.4% year over year for the quarter ending September 2025 which we expect to drop further in 2026 as COLD's customers hesitate on building inventories if economic conditions continue to deteriorate. On the positive side, much of the ongoing developments are build-to-suit or expansions of in-demand facilities, which may help at least offset some of these contractions.

The debt level is concerning, though we expect it to peak around this level. For the trailing twelve months the total debt to EBITDA ratio has increased to 7.86x, compared to 6.29x for the full year 2024. Management did emphasize that the increase has come from development and as these facilities come online the cash flow will go toward deleveraging. Currently 91.2% of debt is fixed rate at an average effective interest rate of 4.15% which is favorable considering current conditions. Covenants dictate that they must remain with an interest coverage ratio above 1.5x, which is currently around 4.3x. The debt is rated at BBB, and has a weighted average term of 4.6 years.



Currently, COLD pays out a dividend of 8.6% or $0.92 annualized which would be approximately 66.2% payout ratio on the low end of 2025's AFFO (adjusted funds from operations. FFO less stock comp, non-real estate depreciation, amortization of financing,

maintenance capex) guidance. We believe this is a healthy ratio, and management recently increased the dividend by 5% to $0.23 per share in the first quarter of 2025.

While the dividend is covered by cash flow, management, and several other analysts such as Morningstar, note that the operating environment will deteriorate in 2026. During the earnings call for the quarter ending September 2025 management noted that they expect an occupancy headwind of as high as 300bps, which will drag down AFFO. Pricing will similarly see a headwind as high as 200bps, due to excess capacity. While management estimates this is transitory, and we concur, the headwinds will likely not abate until the latter half of 2027 depending on economic conditions.

As previously discussed, management emphasized that at least maintaining the dividend and an investment grade credit rating are the top capital priorities. In the worst case we do believe that management would cut the development pipeline to keep the dividend.

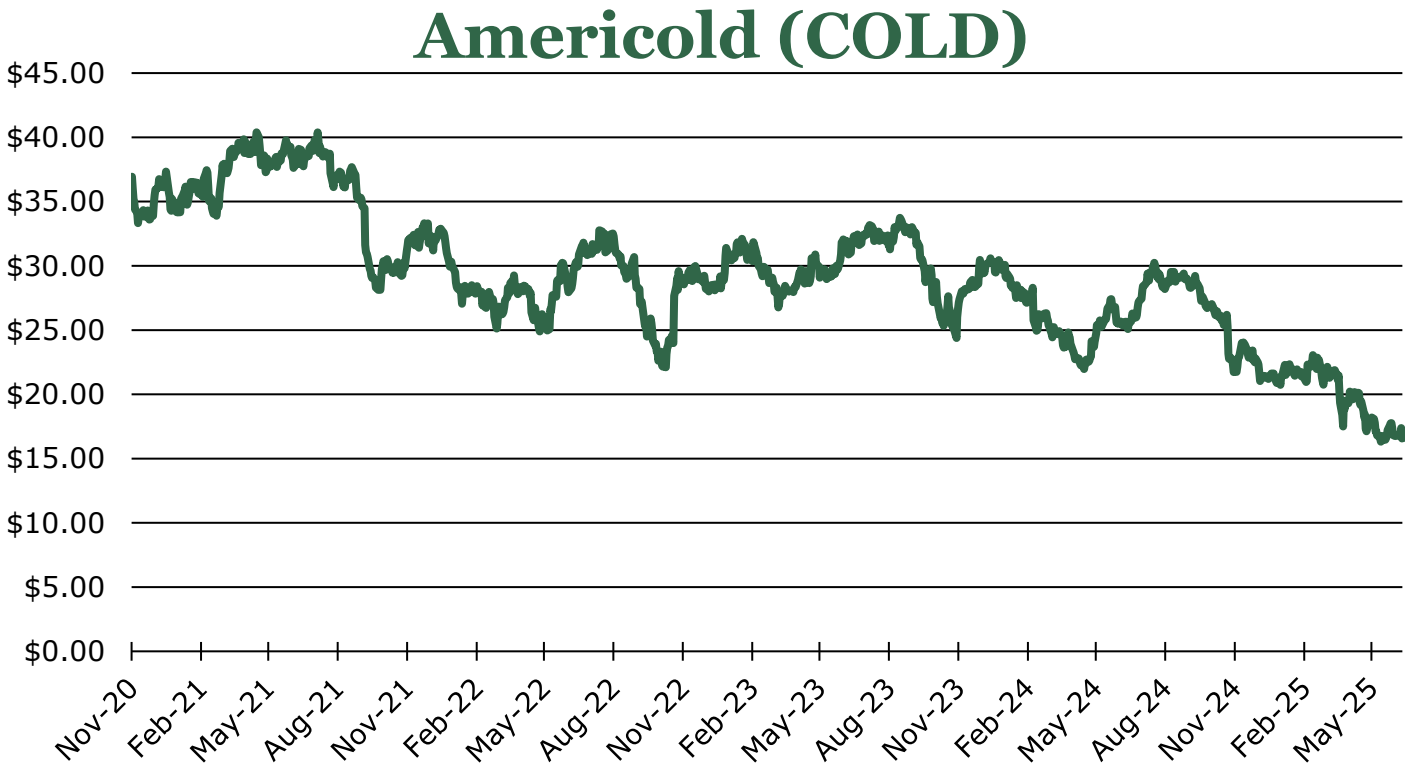
Conclusion

While the short-term operating environment will deteriorate from here we believe that committed capacity at newer facilities will buoy operating results until the broader economy recovers and older facilities begin to be decommissioned across the market. Additionally, the top 25 customers represent 50% of warehouse revenues, with 38 years average tenure which we believe provides a substantial margin of safety for continuing operations. Globally, especially in Asia-Pacific, the operating environment is still attractive, and we expect management to continue to pursue opportunities there.

Overall, while COLD will undergo some short term challenges, we believe that the dividend is overall safe and provides attractive shareholder returns while waiting for the overall market to recover.

Peer Comparisons

	Americold Realty (COLD)	Lineage (LINE)	Prologis (PLD)	STAG Industrial (STAG)
Price-to-Earnings	-	-	46.99	-
Price-to-Sales (TTM)	1.17	1.42	12.64	8.71
EV-to-EBITDA (FWD)	13.45	14.87	23.95	17.27
EBITDA Margin	20.96%	21.05%	70.90%	73.10%
Return on Equity	-1.94%	-2.04%	5.96%	7.17%
Dividend Yield	8.58%	6.32%	3.26%	3.86%



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This report was written by Julie Brown and reviewed and edited by Benjamin C. Halliburton.

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