

## Highwoods Properties (HIW)

**\$25.51** (Stock Price as of 12/18/2025)

Price Target (6-12 Months): **\$28.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 04/07/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM: D

Value: B

Growth: F

Momentum: C

### Summary

Highwoods Properties' portfolio of premier office properties in high-growth Sun Belt markets is well-poised to capitalize on tenants' growing preference for office spaces with class-apart amenities. The company is witnessing solid leasing activity. During the third quarter of 2025, Highwoods' second-generation leasing activity encompassed more than one million square feet of space, including 326,000 square feet of new leases. An aggressive capital-recycling program bodes well for future growth and a healthy balance sheet aids financial flexibility. However, competition from other players is likely to limit its pricing power and hurt profitability. A huge development outlay raises the risks related to cost overruns and lease-up concerns amid the ongoing uncertainty in the broader business environment. High debt burden adds to its woes.

### Data Overview

52 Week High-Low	\$32.76 - \$24.19
20 Day Average Volume (sh)	1,392,888
Market Cap	\$2.8 B
YTD Price Change	-16.2%
Beta	1.06
Dividend / Div Yld	\$2.00 / 7.8%
Industry	<a href="#">REIT and Equity Trust - Other</a>
Zacks Industry Rank	Top 40% (97 out of 243)

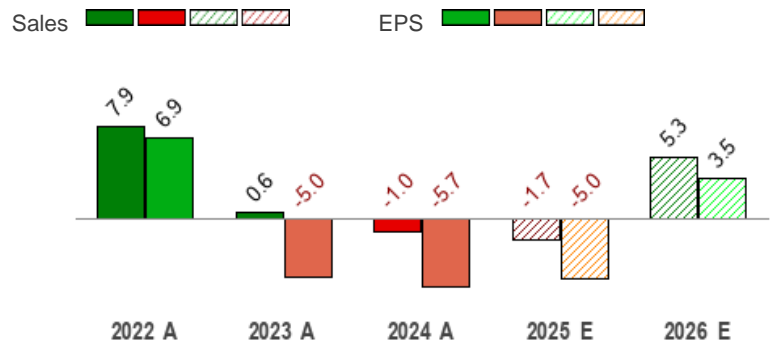
Last EPS Surprise	0.0%
Last Sales Surprise	-0.8%
EPS F1 Est- 4 week change	-0.4%
Expected Report Date	02/10/2026
Earnings ESP	-0.7%

P/E TTM	7.5
P/E F1	7.4
PEG F1	-9.0
P/S TTM	3.5

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	211 E	212 E	214 E	218 E	855 E
2025	200 A	201 A	202 A	208 E	812 E
2024	211 A	205 A	204 A	206 A	826 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	0.85 E	0.90 E	0.90 E	0.90 E	3.55 E
2025	0.83 A	0.89 A	0.86 A	0.85 E	3.43 E
2024	0.89 A	0.98 A	0.90 A	0.85 A	3.61 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/18/2025.

(2) The report's text and the price target are as of 12/05/2025.

## Overview

Raleigh, NC-based Highwoods Properties, Inc. is an office real estate investment trust (REIT) that owns, develops, acquires, leases and manages office properties. Its core portfolio consists of properties in the best business districts (BBDs) within its footprint of Atlanta, Charlotte, Dallas, Nashville, Orlando, Raleigh, Richmond and Tampa.

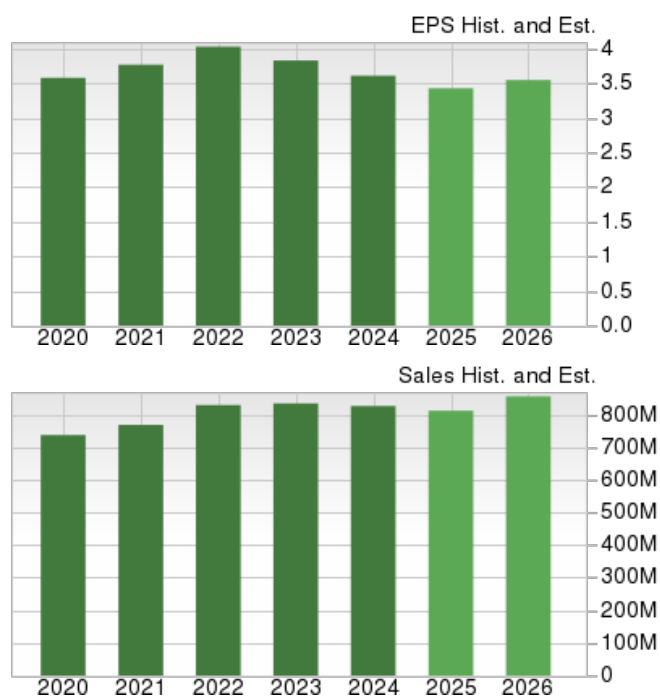
As of Sept. 30, 2025, Highwoods had ownership or an interest in 27.2 million rentable square feet (RSF) of in-service properties and 1.4 million rentable square feet of office properties under development. The company also had development land with roughly 4.2 million rentable square feet of potential office build-out.

The company's long-term strategic plan entails the acquisition of high-quality, trophy office buildings in the BBDs of markets, which enjoy favorable economic and demographic trends. To support its expansion efforts, it follows a disciplined capital-recycling strategy that entails disposing of non-core assets and redeploying the proceeds in premium asset acquisitions and development projects.

In November 2025, Highwoods acquired 6Hundred at Legacy Union, a newly delivered 411,000-square-foot Class AA office tower in Charlotte's Uptown CBD that is about 84% leased with a weighted average lease term of more than 12 years. In August 2025, Highwoods announced that it had completed the acquisition of Legacy Union Parking Garage for \$111.5 million, including planned near-term building improvements. During the third quarter of 2025, Highwoods sold off a non-core office building in Richmond, VA, encompassing 107,000 square feet, for \$16 million.

Moreover, in the first half of 2025, Highwoods completed the development of 23Springs, in which it has a 50% interest along with Granite Properties, expected to be stabilized in the first quarter of 2028. During the same period, the company completed the development of Midtown East, in which Highwoods owns a 50% interest with The Bromley Companies, expected to be stabilized in the second quarter of 2026.

Note: All EPS numbers presented in this report represent funds from operations (FFO) per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.



As of 12/18/2025



As of 12/18/2025

## Reasons To Buy:

- ▲ Highwoods has a well-diversified tenant base that includes several bellwethers. Further, a large part of its portfolio is concentrated in high-growth Sun Belt markets, which have long-term favorable demographic trends and are expected to continue experiencing above-average job growth. This is likely to support Highwoods' rent growth over the long term. Net effective rents for the third quarter of 2025 were 21.8% higher than the previous five-quarter average.
- ▲ Highwoods is seeing a recovery in demand for its high-quality, well-placed office properties as highlighted by a rebound in new leasing volume. During the third quarter, the company signed 138,000 square feet of first-generation leases. During the same period, Highwoods' second-generation leasing activity encompassed 1,049,000 square feet of space, including 326,000 square feet of new leases. Going forward, the next cycle of office space demand will likely be driven by inbound migration and significant investments announced by office occupiers to expand their footprint in Sun Belt regions, as well as additional hiring plans in the company's markets. Moreover, Highwoods is seeing an increasing number of tenants returning to offices or announcing plans to come back. This is likely to support office real estate market fundamentals in the upcoming period.
- ▲ In addition, Highwoods follows a disciplined capital-recycling strategy that entails disposing of non-core assets and redeploying the proceeds in premium asset acquisitions and accretive development projects. The company has made efforts to expand its footprint in high-growth BBD markets and improve the quality of the overall portfolio on the back of acquisitions and development. In November 2025, Highwoods acquired 6Hundred at Legacy Union, a newly delivered 411,000-square-foot Class AA office tower in Charlotte's Uptown CBD that is about 84% leased with a weighted average lease term of more than 12 years. In August 2025, Highwoods announced that it had completed the acquisition of Legacy Union Parking Garage for \$111.5 million, including planned near-term building improvements. In the first nine months of 2025, Highwoods disposed of properties and land for an aggregate value of \$162.3 million. From 2010 to the third quarter of 2025, Highwoods completed buyouts worth \$4 billion, while dispositions totaled \$3.2 billion. As of Oct. 28, 2025, management expects to carry out an additional amount of up to \$500 million for each of the acquisitions and dispositions over the next six months. The company is also focused on development projects in key markets, which are likely to generate considerable annual net operating income (NOI) upon completion and stabilization. As of Sept. 30, 2025, Highwoods' development pipeline aggregated \$474.2 million (at the company's share) and is 71.9% pre-leased. Upon stabilization, the company expects these projects to provide more than \$40 million incremental NOI and be a significant driver of cash flows.
- ▲ Highwoods has adequate liquidity from cash in hand, cash flows from operating activities and other financing sources to meet short-term liquidity needs. As of Sept. 30, 2025, the company's total available liquidity amounted to more than \$625 million, including cash on hand, availability on the revolving credit facility and pro rata share of undrawn joint venture construction loans. In the third quarter of 2025, Highwoods generated 85.2% unencumbered NOI (at the company's share), providing scope to tap additional secured debt capital if required. The company has no consolidated debt maturities until 2027. Investment-grade ratings of BBB-/Baa2 from S&P and Moody's render the company access to the debt market at favorable rates. Hence, a solid balance sheet positions Highwoods to adequately fund its remaining capital obligations, such as the development pipeline and capitalize on growth opportunities.

Highwoods' well-diversified tenant base, efforts to expand in the high-growth markets, an aggressive capital-recycling program and solid balance-sheet strength are key growth drivers.

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## Reasons To Sell:

- ▼ Highwoods faces intense competition from developers, owners and operators of office properties as well as other commercial real estate, including sublease space available from its tenants. This restricts its ability to attract and retain tenants at relatively higher rents than its competitors and hinders its leasing activity. It also impacts the company's ability to acquire high-quality properties at favorable prices. Also, occupancy troughed in the third quarter of the current year due to lease expirations at some properties. While it is expected to improve toward late 2025, management anticipates average occupancy to lie in the range of 85.7-86.3% in 2025.
- ▼ Highwoods has an extensive development pipeline aggregating \$474.2 million (at the company's share) as of Sept. 30, 2025, which is 71.9% pre-leased. Although this is encouraging for the long run, it exposes the company to various risks, including construction cost overruns, delays in project deliveries and lease-up concerns.
- ▼ Highwoods carries out the sale of non-core assets as part of its disciplined capital-recycling strategy. In the first nine months of 2025, Highwoods disposed of properties and land for an aggregate value of \$162.3 million. From 2010 to the third quarter of 2025, Highwoods completed dispositions totaling \$3.2 billion. While such dispositions are prudent for long-term growth, the near-term dilutive impacts on earnings, revenues and NOI due to lost revenues from property sales cannot be avoided in the near term.

Competition from developers, owners and operators of office properties, and a significant development outlay are likely to weigh on Highwoods. The high debt burden adds to the company's concerns.

## Last Earnings Report

### Highwoods Properties Q3 FFO Meets Estimates, Revenues Miss

Highwoods reported a third-quarter 2025 FFO per share of 89 cents, beating the Zacks Consensus Estimate of 86 cents. However, the figure was lower than the prior-year quarter's 90 cents.

Quarterly results reflected healthy leasing activity with rent growth. However, the decline in occupancy and same-property NOI undermines the results to an extent. Highwoods revised its outlook for 2025.

Rental and other revenues were \$201.8 million, missing the Zacks Consensus Estimate of \$203.4 million. The figure fell by 1.2% year over year.

#### Quarter in Detail

Highwoods' average in-place cash rent was up 1.6% per square foot from the prior-year quarter. At the end of the reported quarter, the in-service portfolio occupancy (at Highwoods' share) declined 20 basis points from the prior quarter to 85.3%. The same-property cash NOI decreased 3.6% year over year to \$131.5 million.

Highwoods' second-generation leasing activity encompassed 1.0 million square feet of space in the third quarter, including 326,000 square feet of new leases. The dollar-weighted average term is 6.7 years. GAAP rent growth was 18.3%, while net effective rents were 21.8% higher than the previous five-quarter average.

The present development pipeline aggregates \$474 million (at Highwoodsshare) and is 72% pre-leased. During the third quarter, the company also signed 138,000 square feet of first-generation leases.

#### Portfolio Activity

During the third quarter, Highwoods purchased Legacy Union Parking Garage for \$111.5 million, including planned near-term building improvements. Located at 720 South Church Street in Uptown Charlotte, the 3,057-space garage provides parking for 1.2 million square feet of office space owned by Highwoods at Legacy Union.

During the quarter, Highwoods sold off a non-core office building in Richmond, VA, encompassing 107,000 square feet, for \$16 million.

#### Balance Sheet Position

As of Oct. 28, 2025, the company's total available liquidity amounted to more than \$625 million, including cash on hand, availability on the revolving credit facility and pro rata share of undrawn joint venture construction loans. The reported net debt-to-adjusted EBITDAre ratio was 6.4, unchanged from the previous quarter.

#### 2025 Guidance

Highwoods has raised its 2025 FFO per share guidance to the range of \$3.41-\$3.45 from the earlier guided range of \$3.37-\$3.45. The company expects growth in same-property cash NOI between -3% and -2%, and year-end occupancy of 85.7% to 86.3%.

**FY Quarter Ending** **12/31/2024**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	-0.79%
EPS Surprise	0.00%
Quarterly EPS	0.86
Annual EPS (TTM)	3.43

## Recent News

### Highwoods Acquires 6Hundred at Legacy Union for \$223M – Nov. 19, 2025

Highwoods is setting the stage for growth with the acquisition of 6Hundred at Legacy Union, a newly delivered 411,000-square-foot Class AA office tower in Charlotte's Uptown CBD that is about 84% leased with a weighted average lease term of more than 12 years.

The roughly \$223 million investment positions Highwoods to scale its presence in the strong BBD of Charlotte, leveraging a property with embedded upside and long-term cash-flow potential.

The property resides within the Legacy Union mixed-use campus in Charlotte, where Highwoods already owns adjoining assets, including the Bank of America Tower and SIX50 South Tryon. With the acquisition, the company's footprint at Legacy Union will expand to roughly 1.6 million square feet of Class AA office with more than 4,200 structured parking spaces. For Highwoods, a concentrated campus in a high-demand urban location allows for operational efficiencies, shared amenities and stronger leasing leverage.

### Dividend Update

On Oct. 23, Highwoods announced its third-quarter 2025 cash dividend of 50 cents per share, resulting in an annualized payout of \$2.00. The quarterly dividend will be paid out on Dec. 9 to its shareholders on record as of Nov. 17, 2025.

## Valuation

Highwoods' shares have declined 16.1% over the trailing 12-month period. While stocks in the Zacks sub-industry have decreased 1.7%, those in the Zacks Finance sector have increased 10.4% over the past year.

The S&P 500 Index is up 15.1% over the trailing 12-month period.

The stock is currently trading at 7.50X forward 12-month FFO compared to 15.68X for the Zacks sub-industry, 17.25X for the Zacks sector and 23.53X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 13.10X and as low as 4.69X, with a five-year median of 8.63X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$28.00 price target reflects 7.91X FFO per share.

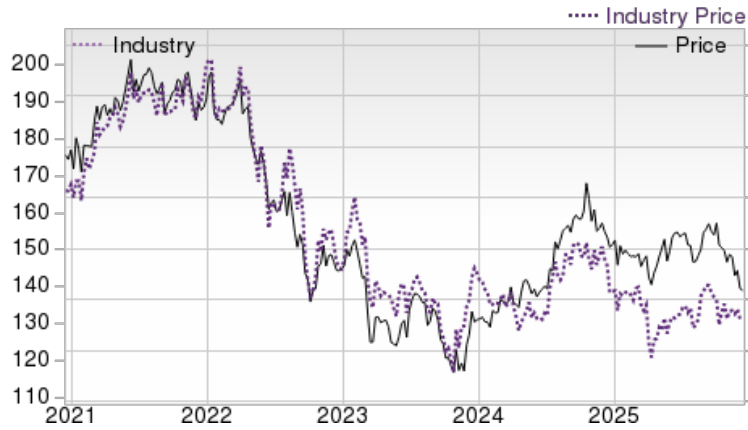
The table below shows summary valuation data for Highwoods.

Valuation Multiples - HIW					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	7.50	15.68	17.25	23.53
	5-Year High	13.10	22.21	18.31	23.82
	5-Year Low	4.69	12.81	12.38	15.73
	5-Year Median	8.63	15.83	16.14	21.19
P/S F12M	Current	3.42	5.16	8.90	5.33
	5-Year High	6.55	9.06	10.06	5.50
	5-Year Low	2.25	5.16	6.68	3.83
	5-Year Median	3.86	6.51	8.37	5.04
P/B TTM	Current	1.24	1.81	4.23	8.53
	5-Year High	2.18	3.06	4.37	9.16
	5-Year Low	0.76	1.39	2.87	6.60
	5-Year Median	1.36	1.84	3.52	8.04

As of 12/04/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 40% (146 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
BXP, Inc. (BXP)	Neutral	3
Cousins Properties I... (CUZ)	Neutral	2
Extra Space Storage ... (EXR)	Neutral	3
Hudson Pacific Prope... (HPP)	Neutral	3
Kilroy Realty Corpor... (KRC)	Neutral	3
SL Green Realty Corp... (SLG)	Neutral	4
Vornado Realty Trust (VNO)	Neutral	3
Alexandria Real Esta... (ARE)	Underperform	5

## Industry Comparison<sup>(1)</sup> Industry: Reit And Equity Trust - Other

	HIW	X Industry	S&P 500	BXP	CUZ	SLG
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	4
VGM Score	D	-	-	C	C	F
Market Cap	2.82 B	1.77 B	38.74 B	11.02 B	4.22 B	3.18 B
# of Analysts	4	3	22	8	3	5
Dividend Yield	7.81%	4.35%	1.42%	4.03%	5.10%	6.93%
Value Score	B	-	-	C	B	D
Cash/Price	0.01	0.04	0.04	0.08	0.00	0.11
EV/EBITDA	11.13	12.87	14.56	16.72	13.91	12.95
PEG Ratio	-9.02	2.64	2.18	6.51	1.98	NA
Price/Book (P/B)	1.19	1.11	3.30	1.47	0.89	0.80
Price/Cash Flow (P/CF)	6.65	11.02	15.17	9.10	10.15	158.63
P/E (F1)	7.48	11.30	19.74	10.09	8.83	7.70
Price/Sales (P/S)	3.48	3.71	3.08	3.18	4.38	3.27
Earnings Yield	13.39%	8.73%	5.04%	9.91%	11.31%	12.97%
Debt/Equity	1.44	0.88	0.57	2.26	0.70	1.03
Cash Flow (\$/share)	3.85	1.86	8.99	7.65	2.48	0.28
Growth Score	F	-	-	F	D	F
Hist. EPS Growth (3-5 yrs)	-0.79%	3.99%	8.16%	2.70%	2.56%	-2.95%
Proj. EPS Growth (F1/F0)	-4.99%	1.28%	8.60%	-2.96%	5.58%	14.91%
Curr. Cash Flow Growth	-10.00%	2.82%	6.75%	18.17%	3.24%	-106.47%
Hist. Cash Flow Growth (3-5 yrs)	0.83%	3.14%	7.43%	0.12%	0.29%	-48.69%
Current Ratio	1.39	1.63	1.18	4.50	0.91	3.22
Debt/Capital	59.26%	47.82%	38.01%	69.32%	41.02%	48.36%
Net Margin	15.98%	5.10%	12.78%	-5.82%	5.98%	1.75%
Return on Equity	5.48%	2.71%	17.00%	1.35%	1.20%	-0.22%
Sales/Assets	0.13	0.13	0.53	0.13	0.11	0.09
Proj. Sales Growth (F1/F0)	-1.70%	0.00%	5.79%	2.00%	14.70%	8.50%
Momentum Score	C	-	-	A	B	F
Daily Price Chg	-0.08%	0.36%	-1.16%	-1.64%	-0.16%	-2.60%
1 Week Price Chg	-0.65%	1.03%	-2.40%	3.07%	1.78%	4.81%
4 Week Price Chg	-6.84%	0.88%	1.19%	0.23%	-0.12%	1.46%
12 Week Price Chg	-18.20%	-2.42%	1.26%	-7.85%	-12.20%	-26.95%
52 Week Price Chg	-13.56%	-5.33%	14.46%	-6.32%	-14.50%	-35.47%
20 Day Average Volume	1,392,888	782,646	2,751,030	1,213,741	1,256,538	1,427,111
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.42%	0.00%	0.00%	0.16%	0.35%	-1.32%
(F1) EPS Est 12 week change	0.09%	0.38%	0.69%	0.35%	0.71%	-1.34%
(Q1) EPS Est Mthly Chg	-0.82%	0.00%	0.00%	0.53%	0.95%	-6.91%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>B</b>
Growth Score	<b>F</b>
Momentum Score	<b>C</b>
VGM Score	<b>D</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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