

Goldman Sachs bearish on Broadstone Net Lease shares, cites higher WACC

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Thursday, March 07, 2024: Broadstone Net Lease (NYSE:BNL) has been given a Sell rating by Goldman Sachs (NYSE: [GS](#)), with the investment firm setting a price target of \$14.00 for the real estate investment trust's shares. The newly initiated coverage reflects a modest expected total return of 3% compared to the average 14% total return forecasted for the firm's full REIT coverage.

Goldman Sachs' assessment points to a challenging financial landscape for Broadstone Net Lease, citing a higher Weighted Average Cost of Capital (WACC) due to a combination of a lower share price, increased cost of debt, and higher capitalization rates for non-core dispositions. These factors are seen as constraints on the company's ability to spread invest, which is the practice of investing in a range of assets to mitigate risk.

The firm's analysis indicates that investment yields for Broadstone Net Lease have not risen

proportionately to those of its peers, which could hinder the company's ability to achieve significant Adjusted Funds From Operations Per Share (AFFOPS) growth. This metric is crucial for REITs as it provides insight into the cash flow generated by their operations.

Without meaningful growth in AFFOPS, Goldman Sachs suggests that the valuation of Broadstone Net Lease is less likely to improve over the medium term. This outlook is based on the current financial conditions and market performance indicators that are specific to the company and its operations.

The price target of \$14.00 suggests a cautious view of Broadstone Net Lease's stock performance potential, reflecting the analyst's perspective on the company's financial health and market position relative to the broader real estate investment trust sector.

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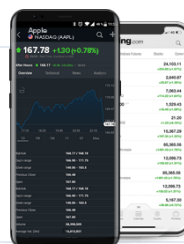
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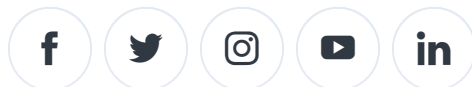
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