



## FEATURED OPTIONS RADAR REPORT



### Bull Risk Reversal in Best in Class REIT Benefitting from Ecommerce

Ticker/Price: PLD (\$130.75)

#### Analysis:

**Prologis (PLD)** with a rare large trade on 8/24 as 1000 January 2023 \$135/\$125 bull risk reversals opened at a \$0.30 credit, a name that has seen opening sales in January and February \$100 puts back in July. PLD is pulling back this week with the inflation-hedging REITS group weak but has long been our top REIT to own long-term. PLD shares have been on a strong run since March riding the 8-week EMA higher. PLD is a global leader in logistics real estate with a focus on high-barrier, high growth markets. Its main structural growth drivers are the need for more inventory as supply chains emphasize resilience over efficiency and the acceleration of e-commerce adoption. PLD manages 4700+ buildings with 984M square feet. Its top customers are Amazon, Home Depot, Fed-Ex, UPS, XPO Logistics, Geodis, Walmart, DHL, Pepsi and the US Government. PLD has industry-leading cost of capital and continues to see strong demand and pricing with robust NOI growth from leading spreads. PLD now has a \$98B market cap and trades 32X FFO with a 1.9% dividend yield and growing revenues 7-9% annually. PLD's low cost of debt differentiates it from both industrial and REIT peers. PLD's current development pipeline of \$4.0 bn is 27% higher than 2Q19 levels. On the last earnings call PLD noted that low vacancies coupled with accelerating demand is causing it to raise its rental growth forecasts. The company mentioned that the EBITDA generated by the strategic capital business has grown at a CAGR of 26% over the last five years, and that over 90% of the AUM was in long-life and perpetual vehicles. Analysts have an average target of \$140 and short interest is 1.4% of the float. Deutsche Bank raised its target to \$150 from \$126 recently citing sector leading FFO and SSS growth as a top beneficiary of ecommerce trends. RBC raised its target to \$144 noting the operating environment shows no signs of weakening and current conditions are the best in history for the company.

#### Hawk Vision:



**Hawk's Perspective:** PLD is a high quality own, not much of an options name to trade, if it comes back in to \$128 that would be a solid level.

**Confidence Ranking:** \$\$