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BEEP.OQ - Q1 2026 Mobile Infrastructure Corp Earnings Call

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Marc Riddick *Sidoti & Company LLC - Analyst*

PRESENTATION

Operator

Hello, and welcome to Mobile Infrastructure first quarter 2026 earnings conference call. (Operator Instructions)

I would now like to hand the conference over to Casey Kotary. You may begin.

Casey Kotary - *Mobile Infrastructure Corp - Investor Relations*

Thank you, operator. Good morning, everyone, and thank you for joining us to review Mobile's first quarter 2026 performance. With us today from Mobile are Stephanie Hogue, CEO; and Paul Gohr, CFO. In a moment, we will hear management statements about the company's results of operations as of the first quarter of 2026. Before we begin, we would like to remind everyone that today's discussion includes forward-looking statements, including projections and estimates of future events, business or industry trends, or business or financial results.

Actual results may vary significantly from those statements and may be affected by the risks Mobile has identified in today's press release and those identified in its filings with the SEC, including Mobile's most recent annual report on Form 10-K and its most recent quarterly report on Form 10-Q. Mobile assumes no obligation and does not intend to update or comment on forward-looking statements made on this call. Today's discussion also contains references to non-GAAP financial measures that Mobile believes provide useful information to its investors. These non-GAAP measures should not be considered in isolation from or as a substitute for GAAP results. Mobile's earnings release and the most recent quarterly report on Form 10-Q provide a reconciliation of those measures to the most directly comparable GAAP measures and a list of the reasons why Mobile uses these measures.

I will now turn the call over to Mobile's CEO, Stephanie Hogue, to discuss the first quarter 2026 performance. Stephanie?

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Thank you, Casey, and good afternoon, everyone. Thank you for joining us today. Our first quarter results reflect solid execution against the initiatives we laid out for 2026. We focused on driving utilization and contract growth, while delivering on the first phase of our asset rotation program. Supported by higher residential demand and continued return-to-office momentum, contract parking volumes grew approximately 6% year-over-year and contract parking now represents approximately 38% of our management agreement revenue.

Before walking through the quarter in more detail, let me introduce the metric we are reporting for the first time today: same-location NOI. As we execute the second year of our three-year $100 million asset rotation strategy, the composition of our total portfolio is changing. Total portfolio NOI now blends two stories, how the operating portfolio performs and how the rotation reshapes it. Same-location NOI strips out the noise from rotation timing and gives investors a clean period-over-period view of the operating portfolio. This is the metric we use internally to evaluate the underlying business, and we will report it every quarter going forward.

For the first quarter, same-location NOI grew 4.4% year-over-year to $4.6 million, up from $4.4 million. Same-location revenue was approximately flat at the operating level. The growth in NOI was driven by active expense discipline as well as lease to management agreement conversions completed over the last year.

The period included winter weather typical of our Midwestern markets in January as well as ongoing redevelopment around several of our largest assets and pockets of hotel occupancy softness. Growing the operating portfolio's NOI through that backdrop while continuing to rotate noncore assets and reduce debt reflects the operating discipline we have set as a strategic priority.

Portfolio utilization ended March up roughly 8 percentage points year-over-year, ahead of our planned utilization. Parking is fundamentally a utilization-driven business with daily perishable inventory. As assets approach stabilized occupancy, optionality increases, both with rate and parker mix optimization. We are seeing more of the portfolio cross into that range. The portion of our management agreement portfolio operating above 80% utilization in the first quarter increased 750 basis points year-over-year, which will allow us to contemplate rate expansion across specific rate bands and/or parker type.

In markets where we have seen stable utilization for more than 12 months, we have implemented rate increases or started to optimize parker mix. Cincinnati is the next key market in that progression, focusing first on utilization and then on parker mix and rate. Turning to contract parking. Contract volumes grew 6% year-over-year in the quarter with continued strength in residential and meaningful contributions from return-to-office momentum. Three markets stand out.

Cincinnati, contract counts grew approximately 24% year-over-year across our three garages. Cleveland, our contract counts grew approximately 19% and rate has already begun to follow utilization. And finally, Fort Worth, where contract counts also grew approximately 10%. This is the volume first rate second playbook and execution to build occupancy, and we earn rate back as the market stabilizes. Now turning to transient revenue.

Transient volumes grew approximately 3% year-over-year in the quarter as several key markets reopened after experiencing construction and redevelopment dislocations in 2025. As expected, we are now witnessing growing demand as these micro markets reopen, which when combined with continued momentum in contract parking and a robust spring calendar across our broader portfolio underpins the confidence our team has in Mobile's 2026 plan.

RevPAS for the quarter was $184, approximately flat year-over-year. Excluding Detroit, which is large enough to influence portfolio metrics and where we have been candid about near-term redevelopment-driven dislocation, RevPAS was $186, slightly up year-over-year. On a trailing 12-month basis, RevPAS was $200 and excluding Detroit, it was $196.

The same-location revenue picture is stable while we continue to drive utilization and the rate lever remains ahead of us in markets where utilization stabilizes. In the first quarter, we also made meaningful progress on our capital allocation strategy.

Cumulative proceeds from assets sold under our 36-month $100 million asset rotation program have now exceeded $30 million at a weighted average implied cap rate of approximately 2%. The value our assets continue to command in private market transactions illustrates the strategic value of well-located urban land, further magnifying the disconnect between the value of our portfolio and Mobile Infrastructure's current share price.

Paul will walk through the balance sheet in more detail, but I will note that we ended the quarter with total debt outstanding of $200 million, down from $207.7 million at year-end, reflecting both the Honolulu sale and the related paydown of CMBS debt.

Reducing the cost of capital remains a primary use of disposition proceeds, and we continue to evaluate that against share repurchases and selective acquisitions of higher-quality assets in coordination with our Board of Directors. Stepping back, the playbook for 2026 is unchanged from what we outlined last quarter. Continue to drive utilization across the portfolio and convert utilization into pricing leverage as markets stabilize, rotate our noncore assets into debt paydown, opportunistic share repurchases or higher quality acquisitions, all of which while continuing to optimize our operating model through technology, dynamic pricing tools, leads to management agreement conversions, and disciplined expense management. The first quarter results reflect solid execution against that playbook, and we are reaffirming our 2026 guidance, which Paul will discuss in detail. With that, I will turn the call over to Paul to address financial results.

Paul Gohr - *Mobile Infrastructure Corp - Chief Financial Officer*

Thank you, Stephanie. Good afternoon, everyone. I am pleased to discuss the financial details of our first quarter 2026 results and provide additional context on the remainder of the year. Total revenue was $7.9 million in the first quarter of 2026 compared to $8.2 million in the first quarter of 2025. The year-over-year decline was primarily attributable to the four assets sold in 2025.

Excluding those dispositions, same-location revenue was $7.9 million, essentially flat with the prior year period. We believe the Same-Location comparison is the right way to evaluate the organic performance of our continuing portfolio.

However, the flat same-location revenue does not tell the complete story of meaningful underlying activity. Consistent with the volume first rate second playbook Stephanie described, transactions and contract volumes grew across the portfolio, while we accepted near-term rate compression in markets where we are deliberately building the occupancy base.

The uplift in transient transactional counts year-over-year is particularly strong in our Cincinnati market, where the convention center reopened and has a steady calendar of events in 2026.

Revenue per affordable stall or RevPAS for the quarter was $184, approximately flat versus the prior year. On a trailing 12-month basis for the first quarter, RevPAS was $200, which is in line with the previous quarter. This is one of our core metrics for managing the portfolio, and we keep it current by adjusting the base for any assets that convert to management agreements or are sold. The sequential stability reflects our near-term focus on utilization, which has also improved both year-over-year and sequentially. And we think that's notable given we typically see a seasonal dip in Q1 coming off the fourth quarter.

Turning to expenses. Property taxes were $1.5 million in the first quarter of 2026 compared with $1.9 million in the prior year period. Property operating expenses were $1.8 million compared with $1.9 million in the first quarter of 2025. The year-over-year reduction in property taxes reflects our active property tax appeal management process and our consistency in property operating expenses demonstrates our expense discipline in the face of inflationary costs. Given the portfolio changes resulting from our asset rotation strategy, we are presenting net operating income or NOI on a Same-Location basis.

Same-location NOI for the first quarter of 2026 was $4.6 million compared with $4.4 million in the same period in 2025, an increase of 4.4%. The increase reflects several levers working in concert, the lease to management agreement conversions we completed over the past year, active property tax appeal management, and expense discipline, together delivering NOI growth on essentially flat same-location revenue.

As we mentioned before, parking in many of our locations is seasonal, and Q1 is typically in the range of 21% to 23% of annual NOI. General and administrative expenses were $2.4 million, flat when compared to the same period of 2025. Current period G&A included $0.8 million of noncash stock-based compensation compared to $0.7 million in the prior year quarter.

Adjusted EBITDA was $3 million for the first quarter of 2026 compared with $2.7 million in the first quarter of 2025, an increase of 8.6%. This improvement further illustrates operating discipline despite our flat revenue for the quarter. Turning to the balance sheet. At March 31, 2026, we had $14.2 million of cash, cash equivalents and restricted cash. Total debt outstanding was $200 million, down from $207.7 million at the end of last quarter.

In connection with the closing of the Honolulu sale, $8.1 million of mortgage principal was paid down on our CMBS facility. In April, we paid an additional $4.5 million towards the outstanding line of credit. In total, we have repaid $22.6 million of debt using proceeds from the asset rotation strategy.

The Honolulu disposition was the fifth asset closed under our 36-month $100 million asset rotation program, bringing cumulative proceeds above $30 million at a weighted average implied capitalization rate of approximately 2%, continuing to highlight the gap between private market value and our trading price.

As Stephanie noted, reducing the cost of capital remains a primary use of disposition proceeds alongside opportunistic share repurchases and selective acquisitions of higher-quality assets.

We are reaffirming our full year 2026 guidance we shared last quarter. For the full year, we continue to expect total revenue in the range of $35 million to $38 million, representing approximately 4% growth at the midpoint over 2025 results and approximately 8% growth on a Same-Location basis.

We expect this to be accompanied by NOI in the range of $21.5 million to $23.0 million, representing year-on-year growth of 7% at the midpoint and 10% growth on the Same-Location basis. Further, adjusted EBITDA is forecasted to range from $15.0 million to $16.5 million, representing year-on-year growth of 10% at the midpoint and 13% growth on a Same-Location basis.

This guidance is underpinned by our expectations for continued contract volume growth, the benefits of venue reopenings and recoveries across the portfolio, and the positive impact of our technology and pricing optimization initiatives.

As a reminder, this guidance does not include any future asset sales or acquisitions under our asset rotation program. With that, I will turn the call back to Stephanie for closing remarks.

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Thank you, Paul. Before we open the line for questions, I want to reaffirm the broader perspective on where we believe the business is headed. Mobile Infrastructure owns hard assets, well-located land and access points in central business districts across the United States. The strategic value of these assets is anchored in three durable characteristics, and each of them informs how we think about long-term shareholder value. First, irreplaceability.

The land we own sits in mature supply-constrained urban cores where zoning density and the economics of urban development make new garage construction fairly uneconomic. As cities continue to invest in downtown reactivation, mixed-use redevelopment and urban density, the access points we own become more strategic over time, not less.

Second, optionality through adaptive reuse. The assets in our portfolio are not static parking structures. The land beneath them and the structures themselves are durable platforms with multiple potential uses, residential, hospitality, retail, EV charging infrastructure, last mile logistics, and emerging mobility services among them.

Our 36-month asset rotation program is the most direct expression of this optionality. The valuation our assets continue to command in private market transactions reflects buyers paying for the full economic optionality of well-located urban land, not for parking income alone. Third, the ability to meet future mobility wherever it lands on the adoption curve. There is real uncertainty about how the mobility landscape evolves over the next decade. We believe the answer will be a mix, and that mix will continue to evolve.

What does not change is the need for access points where vehicles arrive, dwell, and depart. Our portfolio today sits at those access points and the physical structures are adaptable to whatever combination of moves ultimately win. We are not making a bet on any single mobility outcome. We are positioned and prepared to participate in all of them.

Within that long-term frame, our near-term focus remains the same; drive utilization, convert utilization into rates, rotate noncore assets at private market valuations, and continue to deleverage and optimize the operating model.

The first quarter is one data point on that path. We are encouraged by what we saw in the period, and we remain confident in our 2026 plan. We continue to believe that the underlying value of this portfolio, as reflected in our NAV, materially exceeds the current trading value of our shares. Our focus remains on closing that gap through disciplined execution and a shareholder-first approach to capital allocation. Thank you for your continued support, your questions, and your engagement with our story.

Operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Marc Riddick, Sidoti.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Hey, good afternoon.

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Hey, Mark, how are you?

Marc Riddick - *Sidoti & Company LLC - Analyst*

Good. I wanted to touch maybe we could start off with the -- if you could share some details around the asset sale -- the recent asset sales and maybe the cap rates that you're seeing there.

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Yes. So we are a year into our asset rotation strategy. Overall have exceeded about $30 million, slightly over. We don't really break out over each particular asset cap rate, but still hovering around about 2% in sale cap rates.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Okay. Great. And then in your prepared remarks, you made mention of the -- of debt reduction with proceeds. Maybe you could talk a little bit about sort of how you're viewing the overall prioritization of cash usage in the near term? And then I have another follow-up on that.

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Yes, absolutely. So first and foremost, as we've continued to say, paying down our line of credit is the most accretive use of proceeds. So you'll continue to hear us talk about that as we sell noncore assets. After that, I would say it's a close second between buying back stock, which at current levels is extraordinarily accretive to shareholders versus highly accretive acquisitions in markets where we have strong conviction for growth. So every month, we're meeting with the Board talking to them about balancing those three capital allocations, but it will be one of the three through the year.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Great. And then -- I want to shift gears to the utilization performance, which certainly sounded encouraging. Maybe you talk a little bit about what that pacing looked like? Or was that sort of across the board through the quarter and maybe -- or maybe what you're seeing there as far as the utilization improvements?

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Yes. Utilization is the single most important factor that we consider when we're looking at the underlying performance of assets. And it's really because utilization -- each parking stall is perishable by the hour. So unlike most real estate where you have either long-term leases or in hotels, you have a daily user, we can turn a stall 2 times, 3 times, 4 times a day. And so when you start to approach stabilized assets, you're actually over 100% utilization.

And so we look at utilization in several different ways. They're sort of pre-stabilized where rate is really what you're using to drive and win those longer-term sticky contracts, either residential or contractual or hotel. And then from there, you really have the rate lever every year with all three of those. So that's really how we're focused right now. It's making sure that the parker mix is right for the asset between residential, your contract commercial, so your monthly worker downtown, and then hotel, and then backfilling with transient.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Okay. And then I think you mentioned in your prepared remarks around return-to-office transfer activity. Maybe you could just spend a little time on what you've seen there and how it's benefited you if that was a particular market or where that benefit is that you're seeing on the return-to-office trends?

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Yes, absolutely. I would say it is really across the portfolio. And the difference is it's more consistent. Certainly, in the Midwest, we are seeing larger blocks, but Texas as well, it's blocks of parkers as opposed to one-on-one individuals approaching four parking. We are getting a much larger -- much larger interest base for companies looking for bringing back people full time and they need 500 to 1,000 parking spaces.

So that's really the difference. I would say, it's market agnostic, and we're seeing it sort of throughout the portfolio, certainly in some cities or submarkets more than others.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Great. Thank you very much.

Stephanie Hogue - *Mobile Infrastructure Corp - Chief Executive Officer*

Thanks, Marc.

Operator

Thank you. (Operator Instructions) I'm showing no further questions in the queue.

That concludes today's conference call. Thank you for your participation. You may now disconnect.