COPT Defense Properties (CDP)

Updated March 21st, 2026 by Felix Martinez

Key Metrics

Current Price:	$31	**5 Year Annual Expected Total Return:**	7.1%	**Market Cap:**	$3.6B
Fair Value Price:	$33	**5 Year Growth Estimate:**	2.5%	**Ex-Dividend Date:**	03/31/26
% Fair Value:	94%	**5 Year Valuation Multiple Estimate:**	1.2%	**Dividend Payment Date:**	04/15/26
Dividend Yield:	4.1%	**5 Year Price Target**	$37	**Years Of Dividend Growth:**	4
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

COPT Defense Properties is a Real Estate Investment Trust (REIT) that invests in office and data center buildings, mainly in the suburbs of the Washington, D.C. metropolitan area. It primarily leases to the U.S. government and its contractors. As of December 31, 2025, the company derived 95.5% of its core portfolio annualized rental revenue from Defense/IT Locations and 5% from its Regional Office Properties. CDP's core portfolio of 201 properties encompassed 23.9 million square feet and was 95.3% leased. The company has a current market capitalization of $3.6 billion. On September 15th 2023, the company changed its name from Office Properties Trust to COPT Defense Properties and its ticker symbol from "OFC" to "CDP".

On February 5th, 2026, OFC reported fourth quarter results for fiscal year 2025. COPT Defense Properties delivered solid 2025 results with total revenue of $763.9 million (+7.6% YoY) and net income of $159.5 million (vs. $143.9 million in 2024). EPS increased to $1.34 from $1.23, while adjusted FFO per share rose to $2.72 from $2.57 (+5.8%), marking the seventh consecutive year of FFO growth. Quarterly EPS came in at $0.33 (vs. $0.31 YoY), and quarterly FFO per share was $0.70 (vs. $0.65 adjusted in 2024).

Operationally, the portfolio remained strong with 94.0% occupancy and 95.3% leased levels across 25.1 million square feet, including a higher-quality Defense/IT segment at 95.5% occupied and 96.5% leased. The company executed 3.1 million square feet of leasing in 2025, including 557,000 square feet of vacancy leasing (nearly 40% above target) and achieved 77.9% tenant retention. Same-property cash NOI increased 4.1% for the year, with quarterly growth of 2.6%, reflecting steady rental income expansion.

Capital deployment and balance sheet metrics remained disciplined, with $278 million invested into five new projects that were 81% pre-leased. The development pipeline totals 882,000 square feet (86% leased) with a projected cost of $448 million. Financially, net debt stands at ~$2.59 billion, with net debt to adjusted EBITDA at 5.9x and fixed charge coverage at 4.3x. Liquidity was strengthened through a $400 million bond issuance, expanded credit capacity to $800 million, and a weighted average interest rate of 3.5% with 100% fixed-rate debt.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.01	$2.03	$2.01	$2.03	$2.12	$2.29	$2.36	$2.42	$2.57	$2.72	***$2.76***	***$3.12***
DPS	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.14	$1.18	$1.22	***$1.27***	***$1.33***
Shares[1]	94.5	99.2	104.1	111.6	112.1	112.4	112.6	112.0	112.9	113.3	***114.0***	***117.0***

The most significant growth prospects from CDP will be the continuation of profitable acquisitions in the future and increasing rents at a modest rate. CDP had grown FFO at a Compound Annual Growth Rate (CAGR) of 3.4% over the past ten years. Over the past five years, FFO growth has improved with a CAGR of 3.8%. During the COVID-19 pandemic, most REITs had to cut their dividend, or FFO decreased for the year. However, FFO increased by 4% from 2019 to 2020 for the company. We expect CDP to continue to grow FFO at a 2.5% CAGR for the next five years.

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[1] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	15.5	14.4	10.5	14.5	12.3	12.2	11	10.6	12.1	10.1	***11.3***	***12.00***
Avg. Yld.	3.5%	3.8%	5.2%	3.7%	4.2%	3.9%	4.2%	4.5%	3.8%	4.4%	***4.1%***	***3.6%***

CDP currently trades hands with a 11.3x FFO, which is lower than its peers. Over the ten year history of CDP, the Trust has ten-year multiple averages of 12.3x FFO. Thus, we think a multiple of 12.0x FFO is fair for CDP. This will provide a 1.2% tailwind expansion over the next five years. The current dividend yield of 4.1% is in line with its five-year average. Thus, the company looks to be fairly valued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	55%	54%	55%	54%	52%	48%	47%	47%	46%	45%	***46%***	***43%***

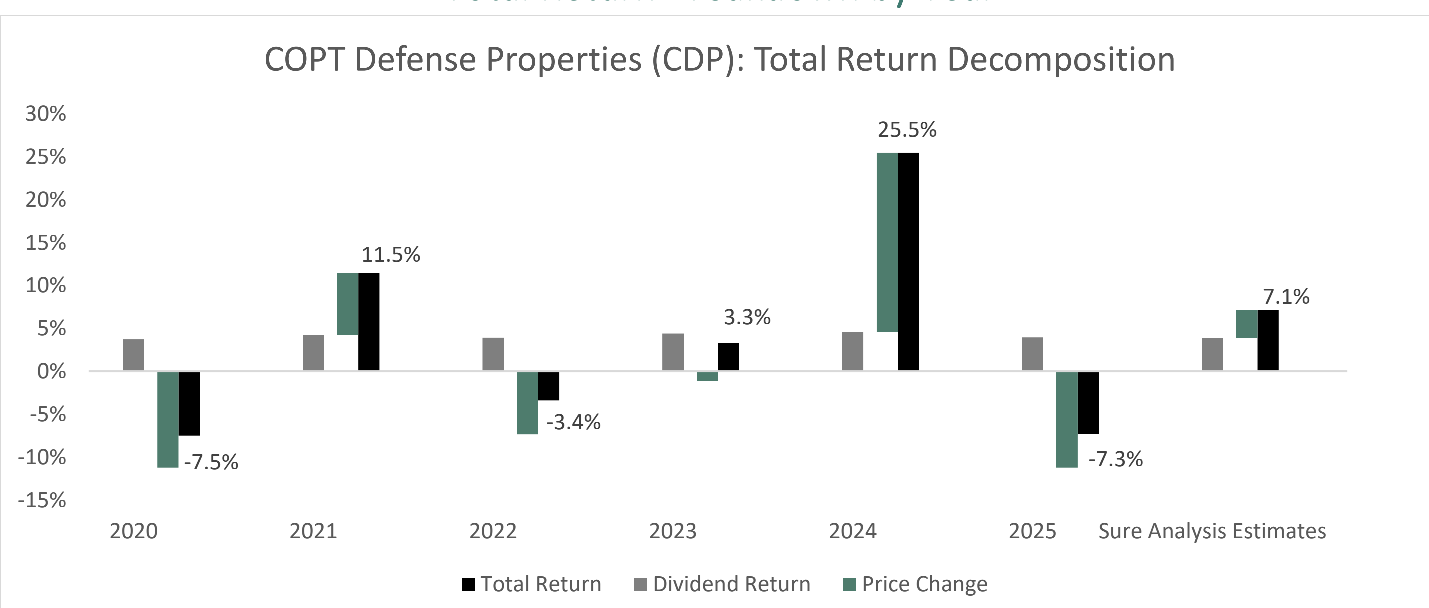
CDP's competitive advantage is that it has a strong management team. The company was very resilient during The Great Recession in 2008-2009 and during the COVID-19 pandemic. For example, in 2008, FFO increased by 9% to $2.44 per share. As mentioned above, CDP was one of the fortunate REITs that increased FFO in FY2020. This speaks volumes as most REITs struggle mightily during the pandemic. Also, the REIT did not have to cut its dividend during that downturn.

CDP has a good balance sheet. The Trust has an interest coverage ratio of 2.9 and a debt-to-equity ratio of 1.8. The dividend payment is modest compared to other REITs paying out 46% of its FFO. The low dividend payout ratio should help the company start a dividend growth policy in the future.

Final Thoughts & Recommendation

CDP is a well-run office, data centers, and defense REIT with a good balance sheet. The Trust went through the COVID-19 pandemic like it was not even there. The Trust offers an expected total return for the next five years of 7.1%. However, at the current price, the stock earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	625	574	613	578	612	582	664	739	685	753
Gross Profit	188	199	188	182	191	197	209	220	231	260
Gross Margin	30.1%	34.6%	30.7%	31.4%	31.3%	33.9%	31.5%	29.8%	33.7%	34.5%
SG&A Exp.	45	45	37	35	40	37	41	39	43	47
D&A Exp.	142	135	137	139	139	140	151	144		156
Operating Profit	143	154	151	147	152	160	169	181	188	213
Operating Margin	22.9%	26.8%	24.6%	25.4%	24.8%	27.5%	25.4%	24.5%	27.4%	28.3%
Net Profit	178	30	69	72	192	97	77	173	-73	139
Net Margin	28.5%	5.2%	11.2%	12.5%	31.3%	16.7%	11.5%	23.4%	-10.7%	18.5%
Free Cash Flow	181	208	207	156	204	206	219	229		300
Income Tax	0	0	1	0	0	0	0	0	1	0

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,909	3,781	3,595	3,656	3,854	4,077	4,262	4,257	4,247	4254
Cash & Equivalents	60	210	12	8	15	18	13	12	168	38
Accounts Receivable	135	125	119	116	123	133	150	168	198	204
Goodwill & Int. Ass.	98	78	59	43	27	19	15	10		
Total Liabilities	2,274	2,163	2,104	2,003	2,106	2,358	2,578	2,510	2,700	2694
Accounts Payable	92	109	108	93	149	143	186	158	133	126
Long-Term Debt	2,078	1,904	1,828	1,824	1,831	2,087	2,272	2,232	2,416	2392
Shareholder’s Equity	1,345	1,351	1,402	1,585	1,679	1,661	1,623	1,682	1,484	1493
LTD/E Ratio	1.35	1.25	1.30	1.15	1.09	1.26	1.40	1.33	1.63	1.60

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.7%	0.8%	1.9%	2.0%	5.1%	2.5%	1.8%	4.1%	-1.7%	3.3%
Return on Equity	13.7%	2.2%	5.0%	4.8%	11.7%	5.8%	4.7%	10.5%	-4.5%	8.9%
ROIC	5.0%	0.8%	2.0%	2.1%	5.4%	2.6%	2.0%	4.4%	-1.9%	3.5%
Shares Out.	97.7	94.5	99.2	104.1	111.6	112.1	112.4	112.6	112.2	112.9
Revenue/Share	6.40	6.07	6.18	5.55	5.48	5.20	5.91	6.56	6.11	6.67
FCF/Share	1.85	2.20	2.09	1.50	1.83	1.84	1.95	2.04		2.65

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Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.