COPT Defense Properties (CDP)

Updated August 26th, 2026 by Felix Martinez

Key Metrics

Current Price:	$38	**5 Year Annual Expected Total Return:**	3.4%	**Market Cap:**	$4.3B
Fair Value Price:	$33	**5 Year Growth Estimate:**	2.5%	**Ex-Dividend Date:**	09/30/26
% Fair Value:	112%	**5 Year Valuation Multiple Estimate:**	-2.3%	**Dividend Payment Date:**	10/15/26
Dividend Yield:	3.4%	**5 Year Price Target**	$38	**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 $4.3 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 July 27th, 2026, OFC reported second quarter results for fiscal year 2026. COPT Defense Properties reported second-quarter 2026 diluted earnings per share of $0.40, up from $0.34 a year earlier. Funds from operations per share, as adjusted for comparability, rose 4.4% to $0.71, exceeding the midpoint of guidance by two cents. Same-property cash net operating income increased 7.4%, driven by strong occupancy and leasing activity across the portfolio.

At quarter-end, the company's 25.3 million-square-foot total portfolio was 94.1% occupied and 95.6% leased, while the core Defense/IT portfolio of 23.3 million square feet stood at 95.1% occupied and 96.4% leased. During the quarter, COPT executed 518,000 square feet of leasing, including 347,000 square feet of renewals and 139,000 square feet of vacancy leasing. Year-to-date total leasing reached 2.2 million square feet. The company also committed $43 million to a land and ground-lease acquisition in Chantilly, Virginia.

Management raised the midpoint of full-year 2026 FFO-per-share guidance by two cents to $2.78 and increased the same-property cash NOI growth midpoint by 100 basis points to 4%. The vacancy-leasing target was lifted to 475,000 square feet, and planned capital commitments for new investments were increased by $45 million to $335 million. Leadership remains constructive on the outlook, citing expected growth in U.S. defense spending and continued demand for mission-critical facilities supporting intelligence, cybersecurity, and missile-defense activities.

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	***$2.79***	***$3.16***
DPS	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.10	$1.14	$1.18	$1.22	***$1.28***	***$1.35***
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 3.9%. 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.

[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	***13.5***	***12.0***
Avg. Yld.	3.5%	3.8%	5.2%	3.7%	4.2%	3.9%	4.2%	4.5%	3.8%	4.4%	***3.4%***	***3.6%***

CDP currently trades hands with a 13.5x 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 -2.3% headwind compression over the next five years. The current dividend yield of 3.4% is lower than 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%***

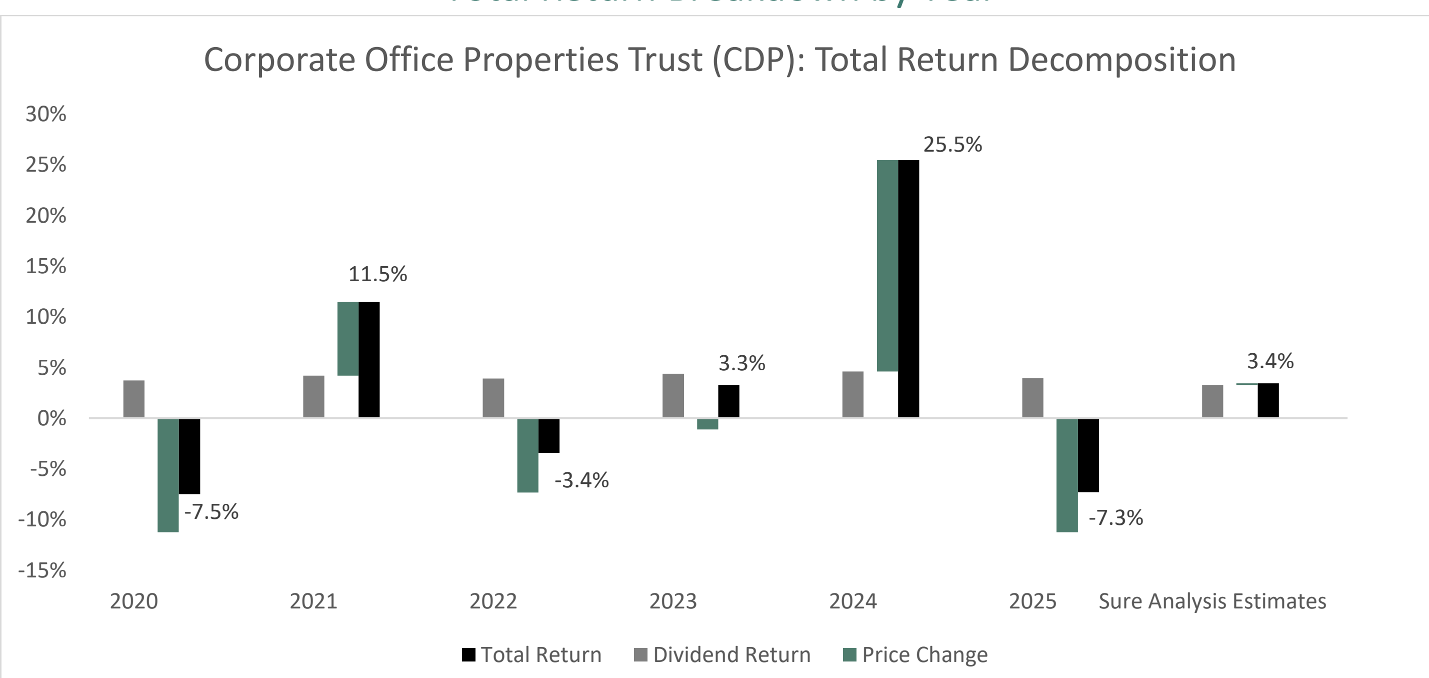
CDP's competitive advantage is that it has a strong management team. The company was very resilient during The Great Recession in 2008-2009 and during the COVID-19 pandemic. For example, in 2008, FFO increased by 9% to $2.44 per share. As mentioned above, CDP was one of the fortunate REITs that increased 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 3.4%. However, at the current price, the stock earns a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	574	613	578	612	582	664	739	685	753	764
Gross Profit	199	188	182	191	197	209	220	231	260	278
Gross Margin	34.6%	30.7%	31.4%	31.3%	33.9%	31.5%	29.8%	33.7%	34.5%	36.4%
SG&A Exp.	45	37	35	40	37	41	39	43	47	48
D&A Exp.	135	137	139	139	140	151	144		156	164
Operating Profit	154	151	147	152	160	169	181	188	213	230
Operating Margin	26.8%	24.6%	25.4%	24.8%	27.5%	25.4%	24.5%	27.4%	28.3%	30.2%
Net Profit	30	69	72	192	97	77	173	-73	139	152
Net Margin	5.2%	11.2%	12.5%	31.3%	16.7%	11.5%	23.4%	-10.7%	18.5%	19.9%
Free Cash Flow	208	207	156	204	206	219	229		300	314
Income Tax	0	1	0	0	0	0	0	1	0	1

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	3,781	3,595	3,656	3,854	4,077	4,262	4,257	4,247	4254	4702
Cash & Equivalents	210	12	8	15	18	13	12	168	38	275
Accounts Receivable	125	119	116	123	133	150	168	198	204	236
Goodwill & Int.	78	59	43	27	19	15	10			
Total Liabilities	2,163	2,104	2,003	2,106	2,358	2,578	2,510	2,700	2694	3114
Accounts Payable	109	108	93	149	143	186	158	133	126	147
Long-Term Debt	1,904	1,828	1,824	1,831	2,087	2,272	2,232	2,416	2392	2663
Shareholder's Equity	1,351	1,402	1,585	1,679	1,661	1,623	1,682	1,484	1493	1515
LTD/E Ratio	1.25	1.30	1.15	1.09	1.26	1.40	1.33	1.63	1.60	1.86

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.8%	1.9%	2.0%	5.1%	2.5%	1.8%	4.1%	-1.7%	3.3%	3.4%
Return on Equity	2.2%	5.0%	4.8%	11.7%	5.8%	4.7%	10.5%	-4.5%	8.9%	10.1%
ROIC	0.8%	2.0%	2.1%	5.4%	2.6%	2.0%	4.4%	-1.9%	3.5%	5.5%
Shares Out.	94.5	99.2	104.1	111.6	112.1	112.4	112.6	112.2	112.9	113.3
Revenue/Share	6.07	6.18	5.55	5.48	5.20	5.91	6.56	6.11	6.67	6.74
FCF/Share	2.20	2.09	1.50	1.83	1.84	1.95	2.04		2.65	2.55

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