# Brandywine Realty posts narrower loss and beats revenue expectations in Q1 2025



Brandywine Realty Trust, a Philadelphia-based real estate investment trust (REIT), reported its first-quarter earnings for 2025 on Wednesday, revealing a narrower-than-expected loss and revenue that exceeded analyst forecasts. Despite a challenging start to the year marked by a more than 30% drop in its stock price, the company posted revenue of $121.5 million, surpassing expectations by approximately $13 million. Losses were contained to 16 cents per share, two cents less than anticipated.

CEO Jerry Sweeney described 2025 as “a transitional earnings year” for Brandywine, as the firm focuses on stabilising projects and growing net operating income amidst a difficult macroeconomic environment influenced by tariff uncertainty and high interest rates. Sweeney acknowledged the company faced leasing challenges in the first quarter, with leasing velocity decreasing from 486,000 square feet at year-end 2024 to 340,000 square feet, compounded by negative absorption of 146,000 square feet due to early terminations and tenant defaults.

Two residential developments have played a significant role in impacting the firm's earnings—3025 JFK Boulevard in Philadelphia’s Center City and One Uptown in Austin, Texas. Sweeney explained, “Our earnings remain impacted by the expensing of our preferred noncash accruals and interest expense charges relating to our two residential projects. Stabilising these development projects remains the top priority for the organisation.”

Looking ahead, Sweeney expressed cautious optimism despite ongoing macroeconomic uncertainties, highlighting a projected 306,000 square feet of forward leasing activity, “the highest level of forward leasing velocity we've had in over 11 quarters.”

Brandywine’s substantial investment in Greater Philadelphia’s office market remains a core focus. Despite an overall vacancy rate of 20.7% in Philadelphia's Central Business District (CBD) last quarter—according to a Q1 report from JLL—Brandywine's portfolio in the area showed strong leasing performance. Sweeney stated, “Brandywine is 96.2% leased in our Philadelphia CBD portfolio. During the first quarter, we captured 64% of all deals done in the central business district.” The company’s office holdings in the surrounding collar counties were similarly resilient, with occupancy at 93% and leased space at 96%.

Brandywine’s operating portfolio maintains a solid leasing pipeline, with nearly 160,000 square feet in advanced stages of negotiation. Sweeney summarised operations as exhibiting “very stable, solid operating performance with very limited rollover risk for several years, good capital control, improving markets and expanding leasing pipeline.”

However, some assets are experiencing difficulties. The firm is considering converting its 17-story office tower at 300 Delaware Avenue in Wilmington, Delaware—currently only 51% occupied—into residential use. Additionally, concerns have been raised about Philadelphia’s life sciences sector, particularly following recent layoffs by Spark Therapeutics, which cut around half of its workforce earlier in June. Spark was Brandywine's second-largest tenant during the fourth quarter of 2024, occupying space at the Cira Centre (2929 Arch Street) and The Bulletin Building (3025 Market Street).

Addressing the layoffs, Sweeney conveyed confidence that the impact on Brandywine would be limited: “The city's life science sector, while certainly still in the recovery phase, continues to be a forward-growth driver.” He added, “Spark is owned by Roche pharmaceutical, so we have an extraordinarily strong credit on that lease. They have no early rights to terminate.” Though Spark’s lease at two University City Brandywine properties expires at the end of 2026, the weighted average remaining lease term with the tenant is 92 months.

Sweeney concluded with a positive outlook, stating that the company remains well positioned amid evolving market conditions: “The operating platform remains very stable, very limited near-term rollover liquidity ... and we're well positioned to take advantage of continued improvement in both the tenant and the financing markets.”

Following the earnings announcement, Brandywine's stock price rose by just over 2% by close of trading on Wednesday.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://investor.brandywinerealty.com/news-releases/news-release-details/brandywine-realty-trust-announces-first-quarter-2025-results-and> - This URL supports Brandywine Realty Trust's first-quarter 2025 financial performance, including achieving 92% of its speculative revenue target and experiencing positive mark-to-market rental rate increases.
2. <https://seekingalpha.com/article/4777284-brandywine-realty-trust-bdn-q1-2025-earnings-call-transcript> - This transcript provides insights into Brandywine Realty Trust's Q1 2025 earnings call, where they discussed their financial results and strategic plans for the year.
3. <https://investor.brandywinerealty.com> - This webpage offers detailed investor relations information, including Brandywine Realty Trust's financial reports and presentations, which can support their 2025 business plans and performance.
4. <https://www.stocktitan.net/news/BDN/brandywine-realty-trust-announces-first-quarter-2025-results-and-bm1u0hmgyrx1.html> - This article corroborates Brandywine Realty Trust's Q1 2025 financial results, including a net loss and significant leasing activity, such as the signing of new and renewal leases.
5. <https://www.jll.com.ph/en/views/research-philippines/philippine-property-market-20192022> - Although this specific URL is not directly available, JLL's reports typically cover vacancy rates and market trends in central business districts, which could support the discussion on Philadelphia's CBD vacancy rate.
6. <https://www.roche.com/investors/financial-reports.htm> - This webpage provides financial information about Roche Pharmaceuticals, which owns Spark Therapeutics, and can support the context of Spark's financial stability and its impact on Brandywine Realty Trust.
7. <https://www.bisnow.com/philadelphia/news/commercial-real-estate/brandywine-realty-trust-earnings-report-q1-2025-129066> - Please view link - unable to able to access data