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OVERVIEW:

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PRESENTATION

Operator

Greetings, and welcome to the Regency Centers Corporation's Fourth Quarter 2023 Earnings Call. (Operator Instructions) As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Christy McElroy, Senior Vice President, Capital Markets. Thank you, Christy. You may begin.

Christy McElroy - *Regency Centers Corporation - SVP of Capital Markets*

Good morning, and welcome to Regency Centers' Fourth Quarter 2023 Earnings Conference Call. Joining me today are Lisa Palmer, President and Chief Executive Officer; Mike Mas, Chief Financial Officer; Alan Roth, East Region President and Chief Operating Officer; and Nick Wibbenmeyer, West Region President and Chief Investment Officer.

As a reminder, today's discussion may contain forward-looking statements about the company's views of future business and financial performance including forward earnings guidance and future market conditions. These are based on management's current beliefs and expectations and are subject to various risks and uncertainties. It's possible that actual results may differ materially from those suggested by these forward-looking statements we may make. Factors and risks that could cause actual results to differ materially from these statements may be included in our presentation today and are described in more detail in our filings with the SEC, specifically in our most recent Form 10-K and 10-Q filings.

In our discussion today, we will also reference certain non-GAAP financial measures. The comparable GAAP financial measures are included in this quarter's earnings materials, which are posted on our Investor Relations website. Please note that we have also posted a presentation on our website with additional information, including disclosures related to forward earnings guidance. Our caution on forward-looking statements also applies to these presentation materials.

Lisa?

Lisa Palmer *- Regency Centers Corporation - President, CEO & Non Independent Director*

Thank you, Christine. Good morning, everyone. We had another strong quarter in Q4, finishing off an exceptional year for Regency. I'm so proud of the success and what we were able to accomplish, a direct result of the hard work of our dedicated and talented team.

Tenant demand across our shopping centers remains robust and this is most evident in our record shop occupancy and then the strength of our leasing pipeline. As we look ahead, we believe the current macroeconomic backdrop supports the continuation of positive trends for neighborhood and community shopping centers. This favorable retail demand environment has also served as a great foundation for driving success in creating value through our sector-leading development program. In 2023, we started more than $250 million of new projects. With a healthy pipeline of future projects that the team continues to build, we are on track to start $1 billion or more of projects over the next 5 years.

My hat is off to all involved on our team. You have heard me say before, I believe we have the best development platform in this sector. Our experienced team and ability to create value through this platform, and the ability to self-fund with levered free cash flow are unique competitive advantages for Regency.

It was also a big year on the transactional side, highlighted by the closing of the Urstadt Biddle acquisition in August. The integration into Regency is now essentially complete. Kudos to all involved for affecting such a smooth and seamless transition.

Our ability to grow through developments and transactions is also a testament to the strength and stability of our balance sheet, which, in turn, enabled us to successfully execute on our $400 million bond issuance and revolving credit line recast in January. Our ability to access low-cost capital is reflective of the quality of our portfolio, our track record and the strength of our lending relationships. Most of you on this call also know that I'm very proud of Regency's best-in-class corporate responsibility, reputation and practices. I'm also grateful when the efforts of our team are recognized, such as in Newsweek's most recent America's Most Responsible Companies list, where Regency ranked sixth overall in the United States and first in the real estate and housing category.

Our company has been included in this list for all 5 years of its existence, and this is the highest ranking any real estate company has ever achieved. For the benefit of our shareholders and all stakeholders, we are committed to adhering to our corporate responsibility principles in all areas of our business.

Before turning it over to Alan, I do want to reiterate that we believe the strength in leasing demand over the past 24 months or so is showing no signs of abating. Consistent job growth and moderating inflation are driving consumer resiliency in our trade areas. We also continue to experience tailwinds favoring brick-and-mortar retail in strong suburban markets, supporting a positive retail environment ahead.

Alan?

Alan Todd Roth *- Regency Centers Corporation - COO & President of East Region*

Thank you, Lisa, and good morning, everyone. We had another quarter with great operating results and leasing momentum, capping off a very active 2023. Our teams are taking full advantage of the healthy retail environment that has continued into 2024. Our success was evident in same-property NOI growth of 3.6% in 2023 excluding COVID period reserve collections and termination fees, with base rent growth being the most significant driver, a function primarily of driving rents higher, commencing shop occupancy and bringing redevelopment projects online.

In the fourth quarter, we executed nearly 2.5 million square feet of leases with activity from categories including grocers, restaurants, health and wellness, off-price and personal services. Our leasing pipelines continue to be robust, representing another 1 million square feet of potential new leases in LOI and lease negotiation. We achieved cash rent spreads of 12% on a blended basis in Q4, including 35% spreads on new leasing. Full year 2023 cash rent spread of 10% was our highest annual level since 2016.

GAAP and net effective rent spreads were above 20% in the quarter, demonstrating our ability to obtain contractual rent steps in our leases, while also being judicious on CapEx spend. Our same-property percent lease rate was up another 30 basis points in Q4, ending the year at 95.7% and our pre-lease spread widened further to 280 basis points as a result of our leasing success in the quarter. This pipeline of executed deals now reflects more than $40 million of base rent for leases yet to commence.

I've said in the past that records are made to be broken, and the team drove our shop lease rate to yet another new record high of 93.4% in the fourth quarter. That represents an impressive 150-basis-point increase in shop leasing year-over-year, reflective of nearly 1.4 million square feet of shop space leased, our highest shop volume in more than a decade.

Our anchor lease rate also ticked higher in the quarter and ended the year up 10 basis points over 2022, despite the impact from bankruptcy-related closures. Our teams have made great progress remerchandising this space with exceptional retailers and at higher rents. And in some cases, our ability to recapture the space has acted as a catalyst for long-awaited redevelopment projects.

As I look towards 2024, it will take some time to see the benefit of this re-tenanting activity given the 12- to 24-month average downtime associated with anchor re-leasing and lead times on redevelopment projects. For example, some of the Bed Bath spaces that we've re-leased will not rent commence until the fourth quarter of this year. So even with our substantial leasing progress, our anchor commenced occupancy rate ended 2023 lower by 60 basis points. And as a result, we will feel the impact of these vacancies in 2024. That said, the work we've done to date means that we have meaningful visibility into our anchor commencement trajectory. We expect to move our portfolio lease rate even higher in 2024 as demand for space in our high-quality centers continues unabated. This will ultimately drive an elevated level of anchor commencement in late 2024 and into 2025.

In closing, I am really proud of the tremendous work and success of our team over the last year, and I'm excited for another great year of leasing activity as the current retail environment is enabling us to create meaningful long-term value at our shopping centers.

Nick?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Thank you, Alan. Good morning, everyone. We continue to experience strong momentum in our development and redevelopment program, as our investment teams were active in the fourth quarter. With additional projects breaking around in Q4, we ended 2023 with just over $250 million in starts. This is the highest level of starts in a single year for Regency in nearly 2 decades and demonstrates the incredible work and progress our team has made in sourcing new projects and ramping up our pipeline to achieve our goals.

Among our fourth quarter starts is the $23 million redevelopment of Aventura Biscayne. With this project, we are excited to bring additional shop space to one of the best pieces of commercial real estate in South Florida, adjacent to our existing Aventura Square Shopping Center. In the quarter, we also began the redevelopment of Cambridge Square, in Atlanta. This $15 million project will bring in new public as well as extensive improvements to the center.

As of year-end, our in-process pipeline has grown to $468 million, and overall, our execution remains on time and on budget with expected blending returns of more than 8%. Our in-process projects are 89% pre-leased on average, reflecting the tremendous work of our team and continued strong demand from high-quality retailers. I'll reiterate Alan's comments about anchor recapture as it can often be a catalyst to unlock accretive redevelopment opportunities and bring exciting new merchandising to reinvigorate a center. We have several examples of those within our in-process redevelopment pipeline today, including Baptist Health and Manor landing, Sprouts at Circle Marina center, REI at Walker Center and Publix at Buckhead Landing.

Moving to acquisitions. Private transaction activity remains light, but our teams were still able to close 2 compelling transactions in the fourth quarter. As disclosed previously, we closed on the acquisition of Nohl Plaza in Orange County, California in October. And as a reminder, we bought this center as the future redevelopment pipeline project. And in December, we acquired The Longmeadow Shops in Massachusetts. This 100,000 square foot neighborhood center is fully leased to a strong national merchandising mix of tenants and serves as the premier shopping and dining destination within its trade area.

Looking ahead to 2024 and beyond, our team is focused on further building our value creation pipeline and achieving our goal of starting more than $1 billion of development and redevelopment projects over the next 5 years. While it is difficult to get developments to pencil, we continue to be uniquely suited and remain optimistic about finding and executing attractive opportunities. Demand continues to be strong among best-in-class grocers, as well as other retailers and service providers looking to grow their footprints in our high-quality centers and within our trade areas. As Lisa just said, Regency has the best development team in the business, and our free cash flow and balance sheet give us the capability to fund projects and continue the success we enjoyed in 2023.

Mike?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Thank you, Nick, and good morning, everyone. I'll start with some highlights from our full year results, walk through details related to our initial 2024 guidance range and finish by discussing recent balance sheet activity.

We reported NAREIT FFO of $4.15 per share and core operating earnings of $3.95 per share in 2023. Year-over-year growth in core operating earnings per share was nearly 6% excluding the timing impact of COVID period reserve collection, driven in large part by same-property NOI growth of 3.6%. Base rent following significant gains in rent paying occupancy remained the largest contributor to our NOI growth rate at 360 basis points.

Turning to our initial guidance for 2024. I'll first refer you to the helpful detail on Slides 5 through 7 in our earnings presentation. Excluding the timing impact of COVID period reserve collections last year, the midpoint of our 2024 range reflects core operating earnings growth of more than 3%. The largest contributor to growth continues to be same property NOI, for which our guidance is in the range of 2% to 2.5%. Base rent growth this year will continue to be driven by embedded rent steps, positive re-leasing spreads, additional rent commencement of shop leases and deliveries of redevelopment projects.

However, anchor space recapture is expected to impact our commenced occupancy rate in the near term, primarily a result of bankruptcy-related move-outs and some junior anchor move-outs following lease expiration. Given the longer lead time to open new anchor tenants, we expect our average commence occupancy rate to be down by about 50 basis points year-over-year in 2024, impacting same-property NOI growth in the short term. But more importantly, due to robust tenant demand, we have been releasing the anchor space just about as quickly as we are recapturing it. And we expect our overall portfolio lease rate will trend higher throughout the year. We will begin to benefit from the outsized anchor rent commencement activity beginning in late 2024.

In addition to same-property NOI growth, our earnings range also reflects previously discussed accretion from the UBP merger as well as positive contributions from recently completed ground-up developments. As we discussed last quarter, the impact of higher rates and debt refinancing activity remains a headwind to core operating earnings growth this year. That said, we are very pleased to gain greater visibility on this impact as we took advantage of an attractive debt capital markets window in early January to prefund our 2024 maturity with a new $400 million bond priced at 5.25%.

Notably, as you consider our guidance range for interest expense and preferred dividends, please note that it is shown net of expected interest income.

January proved to be a busy month as we also closed on the recast of our revolving credit facility, which was upsized by $250 million to a $1.5 billion total commitment, which included a tightening of our borrowing spread by 15 basis points. In an environment where access to capital is even more precious and banks are being incrementally more discriminating, we are proud of this result, a reflection of Regency's performance track record, portfolio quality and balance sheet position as well as the strength of our long-standing banking partnerships.

Our recent activity has further fortified our sector-leading balance sheet and liquidity position. We remain at the low end of our targeted leverage range of 5 to 5.5x net debt to EBITDA. And following the prefunding of our '24 maturities, our next unsecured bond maturity is not until November of 2025. We have ample capacity on our newly upsized revolver and expect to generate free cash flow north of $160 million this year. This liquidity, balance sheet capacity and differentiated access to capital allows us to further grow our development and redevelopment pipeline, as both Lisa and Nick discussed, and remain opportunistic as we look for incremental avenues to drive growth and value.

With that, we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Michael Goldsmith with UBS.

Michael Goldsmith - *UBS Investment Bank, Research Division - Associate Director and Associate Analyst*

As we look at the algorithm for 2024, is it that same property NOI growth is solid and then there's some puts and takes related to the merger and debt refinancing and a normalization of some factors that just may limit the flow through. So I guess my question is, what gets you to the low and the high end of the range this year? And then thinking about anchor leasing coming online at the end of 2024 and into 2025, and potentially more normalized comparison kind of going forward. Should that algorithm look better going forward?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Hey, Michael. You pack a punch with one question. There is a lot in there. So let me unpack some of that. And if I don't get to it all, I'm certain that others will have similar questions. So just to recap what you said there, from a core earnings perspective, big moving parts, and you've got it largely correct. Same-property NOI growth is the largest and has been the largest contributor to our earnings growth rate. So at the midpoint, we're looking at a core growth rate of just over 3%, same property growth, as you can see, 2% to 2.5% largest contributor there.

Very proud to deliver the UBP merger accretion estimate of 1.5% to our growth rate, and that's been consistent, as you know, since we announced the transaction back in May. We continue to deliver upon that underwriting. The headwinds, of course, and you alluded to some of them, but let me just click through them for the benefit of everyone. No further COVID collections of about $4 million. That's $0.02 a share. By the way, we're extraordinarily happy for that headwind to be behind us and kudos to the team for collecting on that rent. Lower termination fees is about $0.02 and of course, the results of our recent debt financing, which we're also extraordinarily pleased with is another $0.02 of headwind to earnings growth.

To your follow-up question, just let me start here. The puts and takes of outperformance, underperformance relative to the midpoint. Listen, it's going to come through the NOI plan. And specifically, within the NOI plan, it's going to come through move-outs as it's typically the occupancy and our assumptions around that. We really -- we put together this occupancy plan, this leasing plan. And later in the call, I'm sure Alan will jump in and give us some color. But we feel really good about the direction of our percent leased. When you look at the top line kind of surface level, we're going to move percent leased up towards our 96% target by about 20 basis points this year.

And on the surface, it looks like we're moving in the exact right direction, consistent with the dynamics we're seeing in the marketplace, which we spent some time on the prepared remarks describing. But it's what's happening beneath the surface uniquely in 2024, which is causing some of that drag. And we are going to see in the first quarter of this year, a decline in commenced occupancy of about 80 basis points. Much of that -- the vast majority of that, we can see its bankruptcy filings, it's move-outs from Rite Aid. It's the move-outs from Bed Bath & Beyond. We have a couple of high rent paying leases in Manhattan that are expiring, and we've got great activity on the re-lease of those spaces, but we're going to feel that occupancy decline early in the year.

And then to your -- to finish it up on your impactful question. As I said in the remarks, we're re-leasing this space is about as quickly as we can get it. By year-end, our commenced occupancy rate should be north of where we started. We should be up by about 20 basis points on that rate on a spot basis again, but it's that downtime. It's that average, it is that impact of timing that's going to weigh on our 2% to 2.5% growth rate. So lastly, '25 is looking from an algorithm perspective, '25 is looking like a disproportionate year to our standard 2.5% to 3% run rate. If all -- again, there's a lot to say here, I'm not giving '25 guidance, but if all can kind of hold together here. '25 we should see the benefit of that commenced occupancy rate coming back online and moving our growth forward.

Michael Goldsmith - *UBS Investment Bank, Research Division - Associate Director and Associate Analyst*

Mike, thanks so much for the...

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

If I may just -- if I may just 1 second. Just to come back to what we did say in our prepared remarks because the takeaway -- there's a lot of words because it was a lot -- it was a big question. The health of our business is really good. The demand is really strong, and we said that in all the prepared remarks. And the downtime that's associated with these anchor move-outs is very short term in nature. This is not something that is permanent. Certainly nothing that we're seeing right now. As I said in my remarks, as Alan did, we're not seeing any signs of the healthy demand for our space abating whatsoever. And I think that's a really important thing to remember. You can ask your second question, Michael.

Michael Goldsmith - *UBS Investment Bank, Research Division - Associate Director and Associate Analyst*

I'll keep it very short. You're looking for NOI growth of 2% to 2.5% for the core portfolio. How are you thinking about growth in the UBP portfolio? Is that growing a little bit faster than the core?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

It is. Just looking at '24 on a stand-alone basis, the growth rate in that portfolio is north of the 2% to 2.5%. It would be accretive if we had included it in the same property portfolio. It would have been additive, I should say, by about 25 basis points to that 2% to 2.5% range. We like -- and it's consistent. What we saw in that portfolio was a leasing opportunity. We -- that portfolio was about and is about 200 basis points shy of our leased rate. And the team has assimilated the assets into the Regency platform. They are making great progress, and we're excited about the prospects there, but that growth rate is slightly additive.

Operator

our next question is from Dori Kesten with Wells Fargo.

Dori Lynn Kesten - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

I know your acquisition guide currently sits at 0, but can you talk about the volume of (inaudible) describes of interest to Regency out there today? And would you be surprised if you ended the year as a net acquirer?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Appreciate the question. Yes, I'll just -- I'll give you a little color to what we're seeing in the market is we're definitely seeing a little pickup. As you heard us say time and time again in 2023, there was definitely a lot of opportunities out in the market. We were happy with the needle in the haystack. We did find, as you know, in 2023. But as we turn the page now into 2024, we are seeing more activity out there. I'd say it's still below historical norms, but definitely a pickup from '23. And as always, we're very active in underwriting and understanding those opportunities.

And it goes back to what we always say, when we find opportunities that are equally accretive to our quality and our growth rate and accretive to earnings, we're going to pounce. And so we are hopeful to continue to find needles in the haystack as we move through '24. But as you know, we do not guide to those since we do not have clear visibility.

Operator

Our next question is from Jeff Spector with Bank of America.

Jeffrey Alan Spector - *BofA Securities, Research Division - MD and Head of United States REITs*

And thanks for the comments on '24. I know there's a lot to get done, but comments into '25, right? Because I think investors, the market is kind of trying to look past, let's say, some of these headwinds in '24 in terms of a higher longer-term growth rate for that same-store NOI. Can you remind me, like, do you have a company goal target for that same-store NOI? And second would be, what other key initiatives are you working on, whether it's portfolio composition, technology, et cetera, to again drive that higher seems to in a while, let's say, into '25 and beyond?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Thanks, Jeff, for the question. We do provide and have really -- always provided kind of our same property NOI growth model, if you will, the wheel as we affectionately call it, it's in our materials. And we do target, over the long term, to grow same-property NOI by 2.5% to 3% annually. And the primary component of that is going to be contractual rent spreads and cash re-leasing spreads. Occupancy, whether -- and in this case, we have percent commenced occupancy in 2024 coming down. Occupancy is one that will move that up or down. And then also we have had a really successful track record of adding to that same property NOI growth through our investment in redevelopment dollars.

So that is our long-term goal. And I know -- most of you know this, I've been with the company a long time. I do believe that throughout the years, we have continued to evolve and leverage all tools, technology to get better and to continue to improve processes and also continue to ensure that we are sustaining that long-term NOI growth, which is, as Mike commented, the largest contributor to core operating earnings growth.

Jeffrey Alan Spector - *BofA Securities, Research Division - MD and Head of United States REITs*

And then a more detailed question. Can you talk a little bit more about Longmeadow Shops, the acquisition in December? Can you discuss anything around the cap rate, seller motivation, value-add opportunity? Any color on that asset would be helpful.

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Sure. This is Nick. Appreciate the question, Jeff. I'll start with just your question related to the cap rate and valuation. And again, we talked about needles in the haystack and using every tool we have in our tool belt, and this is one of those opportunities where the seller approached us. They were looking for a units transaction. And as you can appreciate, a units transaction, they care about the currency they're getting. And therefore, they wanted Regency currency. They were a fan of ours from afar. And so for planning purposes, they were ready to transact. They have owned the asset for decades. And so we were excited about the opportunity. And as you can see from a valuation standpoint, this thing is plus or minus 8% going in yield. So very attractive from a yield standpoint as well as quality standpoint. And so we're excited about the future of that opportunity.

Operator

Our next question is from Craig Mailman with Citi.

Craig Allen Mailman - *Citigroup Inc., Research Division - Research Analyst*

Maybe I just want to follow up. I know it seems like the call has been kind of focused on what the longer-term earnings power is, given just how good fundamentals are. And I guess I maybe want to come out from a different way. Lisa, you've seen kind of the perfect storm of minimal supply, good demand. and that's helped to push market rent growth. But inflation has also been a big piece of that for the last couple of years as kind of top line for a lot of your tenants have taken off. As inflation starts to moderate back to more normalized levels, I mean, are you seeing any pushback on the market rent growth kind of being able to be sustained into '25? I know it's too early for '26, particularly with some cost pressures maybe on the labor side that take some of the fast casual, fast food guys that they hit some other type of tenancy?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I know you had addressed me with that question, Craig, but I think it's best to allow Alan to handle that.

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Yes, Craig. No, I appreciate the question. As I said in our opening remarks, 10% is our highest total annual rent growth in 7 years. But we prefer to emphasize the GAAP growth as a better measure. And we had some impressive spreads this quarter, 20% total over 50% on new deals. But to your question, from an inflation perspective, we're approaching peak occupancy. So I think when we get there or even when we're near that as we are now, I still think that, that pricing power is there and expectation is that the teams can continue to push on both the spreads and the steps as we go forward.

We are getting more steps, and we're getting steps in more deals now and we're getting higher steps. Approximately 95% of our new deals, head steps and 70% of those had 3% or higher. So again, I think the focus is there, and I believe that given where occupancy is that trend can continue, Craig.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

And again, I would just come on top. When you think about our business model and our value proposition to our investors, it is the sustainability and the safety of that growing cash flow stream, which translates to our core operating earnings growth and then dividend growth. And I know we're getting far removed from the 2020 year, but I think it's really important to remember that we went through I mean, a time, the entire world went through a time that none of us had ever experienced before, and we did not cut our dividend.

And I think that, that's really important when again, you think about the value proposition for our investors. It's core operating earnings growth plus dividend growth to get to total shareholder returns in the 8% to 10% range.

Craig Allen Mailman - *Citigroup Inc., Research Division - Research Analyst*

No. That's helpful. And I don't know, maybe this one is for Mike, I don't want to direct it to any one person, but interest expense headwinds have been an issue. You guys have successfully sourced some acquisitions and you have potentially $1 billion of redevelopment ongoing over the next 5 years. I'm just trying to get at, when you see coming to the numbers, the SNO pipeline really kicking in age occupancy, the timing of some of these anchor box backfills kind of normalizing out. When maybe the headwinds moderate enough that you start to see kind of the leverage multiplier on same-store kind of flow through to earnings? Is that in the next couple of years? Or do you really have to get through the kind of the continued repricing of the debt stack?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Another powerpacked question. And I appreciate it, Craig. We do have some headwinds to our growth rate this year, and we kind of -- we just ran through them and clicked through those. And I think we understand those in '24, and again, happy to dig into any of those that you'd like to. But I do see the power of our existing free cash flow and the ability for us to put that capital directly into our growing and excitingly growing development and redevelopment pipeline, which will add to our growth rate going forward. Beyond -- and we actually have, from a leverage perspective, given our balance sheet position at the low end of our targeted leverage range, we actually have, on a leverage-neutral basis, even more capital driven again by that free cash flow to put into our acquisition intent.

And Nick did a nice job of explaining how we think about acquisition activity going forward, which will add to our core operating earnings growth rate. But then you kind of put all that together, combined with the normalization and continued growing of our commenced occupancy through '24 towards the end, unfortunately, into '25. I think those elements will reflect themselves in a core operating earnings growth rate that is at least meeting the objectives that Lisa outlined of being 4% on core operating earnings with a commensurate increase in dividend growth.

And if we can do better on the margin in all elements of our business, rent growth maybe even pushed those occupancy records even a little bit higher, all of those should result in maybe a slightly even more amplified vision of growth.

Operator

Our next question comes from Samir Khanal with Evercore ISI.

Samir Upadhyay Khanal - *Evercore ISI Institutional Equities, Research Division - MD & Equity Research Analyst*

Mike, I guess on the integration with Urstadt Biddle, I know you've talked about the 1.5% accretion for a while now. But as you've had time to digest this portfolio, what potential further upside are you seeing maybe from an internal growth standpoint on the occupancy side? And also what about the opportunities to unlock some of the redevelopment opportunities there?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Samir, I'll reiterate the -- from the beginning, we've articulated the strategy behind this merger as being a portfolio that looks like Regency's assets. And on a long-term basis, we see a growth rate that looks like Regency's growth rate. But in the near term, one element that we liked about the opportunity was this ability to bring that rent paying occupancy higher than it is -- than it currently exists. And I just articulated. In fact, this year, we are seeing an additive growth rate from a same-property perspective because of that movement and commenced occupancy.

So there's not -- that doesn't -- what you didn't hear me say is there's a big redevelopment heavy component of this merger in the near term. But I'm not -- we're not dismissing that either. We do see -- we are -- we know it's a leasing exercise right now. But as we're leasing up this portfolio, we have an eye towards the future as we do in our -- across all of our assets. And we are constantly looking to find value-add accretive redevelopment opportunities for really well-located pieces of commercial real estate, and that's what we bought. And so we're pretty excited about the long-term prospects there.

Samir Upadhyay Khanal - *Evercore ISI Institutional Equities, Research Division - MD & Equity Research Analyst*

Okay. And then I guess my question -- second question is around the health of the consumer and the local shop segment. I mean I appreciate the comments on the consumer being resilient and you're not seeing impact to the business yet. When you look at credit card debt, it's at a record level, you see delinquencies that are up. I guess, what are you seeing, not just on the shop segment, but kind of the local side of that?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I'll take it if Alan would like to add, please feel free, Alan. But generally speaking, again, think about our portfolio and the types of shopping centers we own. Neighborhood community shopping centers, tend to be more convenience, value, necessity service. So the consumer -- and in the trade areas that we do mostly operate in, there's not been a lot of job losses. So people are -- they still have their jobs and they are still earning wages. And therefore, they're still spending. And when people do cut back, they tend to not necessarily cut back at their neighborhood and community shopping centers first. They may trade down, which sometimes also will benefit us.

So we're not going to say that we -- there will never -- that we won't feel any pressure from consumer spending declining. But again, we have long-term leases, and we can absorb in our tenants because they are high quality, good operators, can also absorb some decline in sales. Sales do not need to grow every year for a tenant to be able to pay their rent. Our tenants are great operators. And it has been, in my experience, we have gone through many cycles at Regency, and there have been moderate recessions. So even if we were to enter into a recession, there have been more moderate recessions where we really didn't feel any pain as a result of that.

And then there are ones that are much more significant like the GFC and COVID, and we did feel that pain. But I don't see that -- I don't have any visibility to a recession of that type or that type of decline in 2024. So don't expect to feel much pressure.

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

And Samir, I would just add, just from an operator's perspective, we're going to look first to our AR balances, they're healthy. We're going to look next to sales reports. They remain strong. We're going to then look at are we seeing elevated levels of assignments, we're not. And so I think sort of all of those things also dovetail into the consumers' reaction at least within our portfolio right now.

Operator

Our next question is from Greg McGinniss with Scotiabank.

Greg Michael McGinniss - *Scotiabank Global Banking and Markets, Research Division - Analyst*

You've previously spoken about finding ground-up developers maybe lacked the capital to get construction started. Do you still see that as an opportunity for investment this year? Or are there other nontraditional opportunistic investment opportunities that you're looking to pursue this year?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Greg, this is Nick. I greatly appreciate the question. Yes, I mean, I'll just say it this way, again, we have the benefit of every tool in the toolbox available to us when it comes to sourcing, development, acquisition, investment opportunities overall. And so there's no doubt, construction loans are definitely still hard for people to get. So we are continuing to be engaged with smaller developers, but many times, they need more than just debt capital. They need expertise. They need relationships to fix their cash-on-cash returns. And so debt and equity is in play in those conversations. So we continue to have dialogue related to that.

And more times than not, those conversations turn into some sort of equity participation given we can bring more tools to the overall deal than just debt. That being said, when appropriate, we will lean in to deals that we want to own long term. We've recently closed a transaction where we are just providing senior and mezz debt on a potential future acquisition, and it may have future development opportunities as well. And so again, we go into these conversations with every tool in the tool belt and bring them out, and we're excited about the future potential.

Greg Michael McGinniss - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Great. For the second question here. It's a bit of a different type of asset from your shopping center, bread and butter. But what's your confidence in re-leasing those Manhattan vacancies that you talked about? And is 101 7th Ave potentially addressed this year as well?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Greg, yes, thank you for that question. So I think as Mike mentioned in his opening remarks or maybe it was in the early part of the Q&A, those rents, as you know, are very high in Manhattan, and we did lose 2 key tenants, a former food import in the middle of last year and then a CVS that vacated just last month. We get it back, we lease it. And I think that speaks to the strength of the real estate. We do have signed transactions to solve the Third Avenue premises that unfortunately, sort of ties into that story of down rent paying occupancy in '24, where it's not going to come back online until the fourth quarter likely of this year.

And as to Second Avenue, we're negotiating a lease there as well. So the real estate certainly is strong enough for us to find those replacement users. Feel very good about that, but it is impacting us in '24. As to Barney's, we continue to pursue all avenues, leasing it, demising it, redeveloping it or evaluating the sale. And so for us, we're going to act upon what makes the most best financial sense, and it's certainly a top priority for us.

Operator

Our next question is from Ron Kamdem with Morgan Stanley.

Ronald Kamdem - *Morgan Stanley, Research Division - Equity Analyst*

Two quick ones. So I'm looking at the supplement, I see Avenida and Biscayne and Cambridge Square was added. Maybe can you provide an update on Westbard Square, that looks like $450 million. Is that still coming on in the next sort of 12 to 18 months? And even beyond that, how are you guys thinking about potential sort of new starts in development, given the strength of the balance sheet?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Ron, greatly appreciate the question. So I'll start with Westbard. I'm really happy to announce that redevelopment continues to progress very well. Giant, which is the grocer that we relocated and built a new flagship for them, just opened in the last couple of weeks and is doing tremendously well. So if anyone is in the D.C. area, I would highly recommend you all checking out that asset. We're very proud about the continued redevelopment potential as the team is doing a nice job keeping us on time and on budget.

And then as you sort of zoom out and look at the wider scope, we feel really good about our development and redevelopment pipeline. As we mentioned in our prepared remarks, we started over $250 million in 2023, which was the highest amount of starts in quite some time, but we're not done. We still see a very strong pipeline as we look into 2024 and beyond. And it's all aspects of the business. It's redeveloping our existing portfolio. Sometimes it's teared out rebuilds of grocers, as you've seen with Cambridge, as you mentioned. Other times, it is putting these junior boxes back in production in one way or another, as Alan and I alluded to in our prepared remarks.

And then last but not least, it is ground up, net new ground-up opportunities that are extremely difficult to pencil. There's no question about that. These are difficult transactions to pull together. But as you saw us execute in 2023, we are doing it. and we're excited about the potential to continue with several projects, some sooner than later. We hope to announce one here in the next couple of weeks in the Northeast. That would be a phenomenal ground-up opportunity. Our team is rounding home base right now. So excited that pipeline we expect to grow and hit as we've articulated, our $1 billion of starts plus or minus in the next 5 years.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

It's -- so many of you know how to play softball. And my favorite softball team actually opened the season today, and this is a softball, give me another opportunity to say the best team in the business, the best platform in the business. Our leveraged free cash flow funds it and that is a competitive advantage for us. And it's something we're really proud of. And I expect, and I'm confident that we will continue to execute and perform. Thanks for the question. That was great.

Ronald Kamdem - *Morgan Stanley, Research Division - Equity Analyst*

Great. Just if I could sneak in my second one. Just closing the thought on the same-store NOI. One, specifically, I think you talked about the 80 basis point step in 1Q. What's bad debt that's factored into the same-store NOI guidance and how that compares sort of historical? And then just a bigger picture, is the messaging that because this was sort of an odd year, as you sort of flip the calendar we should be thinking more about sort of the same-store NOI translating to core earnings growth in sort of the mid-single digits and so forth? Just making sure that's still the messaging.

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Yes. Appreciate it, Ron. So from a credit loss perspective, I think is at, I'll take your question. We are planning for 75 to 100 basis points of -- and that's -- by the way, that's a metric on billed revenues, but we are planning for 75 to 100 basis points of credit loss. That is very similar to what we planned for. And in fact, we kind of ended the year towards the lower end of that range in '23. Roughly half of that credit loss provision is, I'd call, bankruptcy related and the balance roughly to traditional bad debt expense.

I think to extend your question beyond kind of as we deal with the drop in commenced occupancy in '24, and Alan alluded to some of the reasons for that. But as we solve them pretty actively throughout the course of the year, yes, we're going to -- it's about driving that commence occupancy rate, closing that gap on that SNO pipeline. That is what's going to translate to top line earnings growth on a core basis.

Operator

Our next question is from Juan Sanabria with BMO Capital Markets.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst*

Just maybe a sample here, Lisa, given your recent comments. But just -- just curious on why do you think you guys are able to find a decent amount of development start opportunities when, if we listen to some of your peers, they're saying market rents have to grow 40% to 50% for new developments to pencil. Where is the disconnect, I guess, in those two comments?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I've never seen Nick play softball, so I'm a little afraid of this answer. I'll let him answer.

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Thank you, Juan. I appreciate the question. With that set up, now I'm nervous when my answer is going to be. No, I'm kidding. No, it is a great question, Juan. And both are true. And so I just want to keep stressing that. It is very, very difficult to find land that is priced appropriately, tenants that want to pay enough rent to make sense for that land cost and not construction cost. And so it is extremely difficult, and I want to stress that, and it is finding needles in a haystack. But because it's so hard and because you have to have all of those tools in your tool belt is why I am so excited because as Lisa has said time and time again, and I couldn't agree more. We have the best team in the business. We have 23 offices waking up every day, working with our critical grocery partners, helping them grow their business, and they want to grow their business.

And so they are sitting at the table with us shoulder to shoulder with the land sellers, with the contractors helping us collectively all figure out how do we make these deals pencil so that they can get that new stores opened. And so although there are very few opportunities where that calculus comes together to make financial sense is not zero, and we continue to get more than our fair share. And so it's because it's so hard to find those opportunities that excites me because we can execute on, and we will continue to.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst*

But where do you think we should think of yields for new starts that you may find in '24?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Another great question. As you've seen, our in-process pipeline, as you can see, is in that 8% plus range on a blended basis, I would expect that to be the continued blended rate. That's not to say some opportunity that we want to lean into that we think are really compelling that we won't see the numbers start with a 7 from an initial yield standpoint. And so I would say that's where our eyesight is, is 7% on the low end of the range for really compelling risk-adjusted returns. But on a blended basis, we'd expect to see us continue to push north of 8%.

And I'll just stress again on the development side. I do not expect we're going to wake up tomorrow and see a bunch of new supply coming on market because of how difficult it is first and foremost. And then number two, I just want to stress how much we do de-risk these opportunities before we close and put a shovel in the ground. And so we have entitlements in hand before we close. We are substantially pre-leased, especially with our grocers and other anchors as you've seen in our pipeline. And so that pre-leasing is really critical to high-quality anchor tenants.

And then last but not least, our construction drawings and bids are in hand. And so again, those are the key pieces of the puzzle to have in hand to give us the confidence that these deals do make sense. These projects can move forward. And as you've seen, our teams have done a tremendous job, and I appreciate the daily efforts of once we start making sure we bring them online, on time and on budget. And as Lisa has alluded to, we have a very strong track record of doing that given that history.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - MD & Senior U.S. Real Estate Analyst*

And one more follow-up if you don't mind that. Anything unusual in the fourth quarter on the OpEx side flowing through the same store that kind of impacted the growth rate for the quarter that we should be aware of taking forward?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Yes and no. So on a year -- on a full year basis in '23, I think our growth rate was about 7% on OpEx. Insurance is a big part of the story, Juan. I think you're pretty well versed in what the property insurance markets feel like today, and we're not immune from that impact. Inflation has been an impact as well. As you know, we're largely triple net. So we're able to pass through successfully the vast majority of any increases, including those in insurance to our tenant base. And you can see that in our recovery rate, which has held its own.

We did have a unique item in the fourth quarter in real estate taxes where we had kind of a burn off of a brownfield credit in a real estate tax line item. I don't know if you're picking that up in your analysis, but that was one unique item in the fourth quarter. That won't -- so that credit won't recur going forward.

Operator

Our next question is from Anthony Powell with Barclays.

Anthony Franklin Powell - *Barclays Bank PLC, Research Division - Research Analyst*

I guess a clarification question on the junior anchor comments, the ones that moved out at lease expiration. We is all Manhattan and other on the watchlist tenants? Or are there other tenants in that bucket? And if so, why did they move or why do they, I guess, vacate?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Anthony, this is Alan. I appreciate the questions. So it was Manhattan bankruptcies. But on top of that, there was many intentional move-outs as part of our intense asset management approach. And so I would give a few examples. I know a number of you live in or around Connecticut and Norwalk, by way of example. We've got a retailer that's going to stop paying rent here next month, and we're going to be down the entire year, and we are bringing Target into that project. It's not going to open until likely Q2, Q3 of 2025. Phenomenal merchandiser, great and highly accretive transaction and something that was absolutely the right long-term decision for us yet impacting 2024.

I would also take a couple of office supply examples. We had 3 of them in fact that we intentionally made the decision to replace them one with Sprouts, one with HomeSense, one with a Baptist Health medical facility that I think Nick had mentioned in his remarks. And again, this is just an opportunity to enhance merchandising, provide durable occupancy with enhanced tenant credit and get really significant rent growth. And so that is our proactive way of really thinking through this and just from sort of that uneven climb comment. It's coming off-line here in '24 from a rent paying perspective and filtering its way back in year-end and into '25.

Anthony Franklin Powell - *Barclays Bank PLC, Research Division - Research Analyst*

Okay. I guess on my next question, so you look at '25 and '26, you have like 7% of your anchors, I guess, expirations in those 2 years. Are you going to keep doing this and maybe pushing tenants out for higher rent? Or is this kind of the peak of this activity in '24?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

I mean, look, I would just say from a practical perspective, we are constantly looking at our entire portfolio for opportunities to appropriately remerchandise, drive accretive returns, focus on redevelopment opportunities. That's always been part of our mantra, and we're going to certainly continue to do that.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

And I'd just add that over the long term, we would come back to our components of same-property NOI growth and would still expect to be in that 2.5% to 3% range.

Operator

Our next question is from Ki Bin Kim with Truist Securities.

Ki Bin Kim - *Truist Securities, Inc., Research Division - MD*

Just want to go back to Juan's question about OpEx expenses. I guess at high level, I know you explained some of the causes a bit, but I guess how concerning is the increase in expenses as it pertains to your business and ability to push rent? And does that actually start to impact the way you think about where you want to own properties, whether that be local politics or how these local governments are run?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

I appreciate the question, Ki Bin. Listen, from a -- on a go-forward basis, the directionality of our OpEx and the growth rate in that line item hasn't changed our capital allocation thoughts at all. We continue to want to grow our portfolio across the entirety of our regions. In fact, there's in particular, Phoenix, we'd like to dive into and add to the extent we can find some opportunities in that region and add that to the Regency portfolio, but kind of no change from a capital allocation perspective as a result of the increases. I'll let Alan comment on the pressure that may or may not exist on rent growth.

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Yes. I would say, Ki Bin, generally speaking, we're not seeing the pressure to rent growth. Does it play a small part? Sure. I mean at the end of the day, our retailers certainly look at their overall occupancy costs. And so when you kind of layer all of that in, again, on the margin, I think that could certainly have a small little impact, but it's just not material enough at this point to really change. I think the reality is where we are.

Ki Bin Kim - *Truist Securities, Inc., Research Division - MD*

Okay. And then a quick follow-up here. The 50 basis points drag from the commenced occupancy, is that roughly equivalent to the NOI drag?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Let me break down the NOI drag a little differently, which I think will help you out. So same property NOI growth, let me go through the puts and takes to everyone's benefit, 2% to 2.5%. Again, base rent is going to be the largest positive contributor to that growth rate and in fact, about the same range, and that's rent-steps lease spreads and the commencement of the shop occupancy, helping support that growth. Redevelopment contributions are going to be 50 to 75 basis points to the positive. And then here's your question on the offsets. It's really coming from 2 primary areas, bankruptcies, it's about 50 basis points of drag in that area. And that's both actual announced known bankruptcies as well as the potential for bankruptcies in 2024.

And then the Manhattan assets that we've spoken about today at length is dragging us by about 30 basis points. So that 80 bps, Ki Bin, I just summarized for you, that's essentially tied to that rent that commenced occupancy drag in the first quarter.

Operator

Our next question is from Linda Tsai with Jefferies.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

Not sure if you answered this with the previous line of questioning, but you said 2025 is setting up based on lease timing to be a disproportionate year of growth in NOI. So does that mean '24 should be disproportionately above your long-term 3% target?

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

I think you meant to say 2025 in your question, not '24?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Yes. We're not meeting our objectives in 2024 that we articulate on a long-term basis. And then we -- frankly, I mean, hold -- we're pretty serious about hold ourselves accountable to. And in '25, yes, to the extent -- and again, we're not giving '25 guidance, Linda, but to the extent we -- the portfolio delivers what we see it delivering at the end of this year, going into '25 and compressing that commenced rate, bringing that growing SNO pipeline back online, yes, that should translate into above-average core operating earnings growth. All else being equal, and I stress all else being equal. We're going to have a bond to refinance again in '25. I mean there are other elements to the plan that certainly incorporate that will impact that result. But I think that the idea and the direction that you have in mind is correct.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Yes. And the other big part of all else being equal is we can't control any geopolitical or economic uncertainty, but all else being equal, absolutely agree that's why I'd come back to over the long term, 2 years isn't a long term, but it's an average. We would expect to be in that 2.5% to 3% average same-property NOI growth.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

That's very helpful. And my second question is the Rite Aids and Bed Bath & Beyond that contribute to the economic anchor occupancy decline. Can you just give us an update on where you are in the various stages of signed leases versus working on backfills still?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Yes, Linda, happy to answer that question. This is Alan. So the team has made really great progress. I'll start with Bed Bath & Beyond. Nine of our 12 are executed. And again, so a number of those won't be coming online until later in this year, but really great retailers, REI, RH Outlet, LL Bean, Fresh Market, T.J. Maxx, I mean there's some just great users that are backfilling these. And we've experienced rent spreads that actually exceeded what we anticipated north of 40%, while also keeping our capital levels, as I mentioned in my remarks, at a very, I think, judicious level for those.

So the remaining 3 are all in negotiation right now. So we are beyond the point of prospecting. We hope to wrap those up in relative short order and really have all of those back open and rent paying. With respect to Rite Aid, we had at the time of filing 22 locations, including those that came through the UBP merger. Six of those have been rejected. 5 are closed. One is in the closing process. And again, I think a testament to how our team proactively gets out in front of these, 2 of those 6 locations are already leased, 1 to a hardware store, 1 to a fitness operator. And so we're actively pursuing the remaining 4, and we're going to stay on our front foot relative to the balance of that portfolio as Rite Aid continues to go through the process as they haven't officially exited bankruptcy.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

And how do we think about those rents for Rite Aid? Are they sort of all over the map? Or are they above or below market?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

Yes. Interestingly enough, I like the way you just phrase that. They are all over the map. However, I will tell you that we are double digit certainly from a mark-to-market. I'd say, generally speaking, 15% to 20%, but there's some really massive ones that can be in there. There are some flat ones. So -- but generally, I feel really good about certainly the upside depending on those that we get back.

Operator

(Operator Instructions) Our next question is from Mike Mueller with JPMorgan.

Michael William Mueller - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Just a really quick one here. Your 93.4% small shop leased rate. What's the commenced level that goes along with that? And where do you think that commenced level can grind higher to, if at all?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

Let's see here. We are at 89.9% commenced shop occupancy. Our -- the SNO on the shops was 350 basis points at year-end. How much higher, what record are you going to set, Alan?

Alan Todd Roth - *Regency Centers Corporation - COO & President of East Region*

North. We're going to continue to take it north, Mike.

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

I would -- I mean, here -- pretty close -- we're getting pretty close to...I mean we're in thin air, I've used the words to describe the level of lease rate that we have in our shop space. I like to think we can continue to grind it higher. We have great centers really good spaces that are still available and a great leasing team. And we'll keep pushing. The commenced is just going to follow, right? So we are going to deliver on these leases. On balance, all in, that spread on a normal basis, including anchor should be 175 basis points between leased and commenced.

Michael William Mueller - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Okay. So that spread applies to small shops, too?

Michael J. Mas - *Regency Centers Corporation - Executive VP & CFO*

The small shop spread will be wider. The anchor spread will be narrower. We'll get back to you, Mike, on what kind of long-term spread is.

Operator

Our next question is from the Floris Van Dijkum with Compass Point.

Unidentified Analyst

Ken Billingsley for Floris. A quick question on your guidance for '24. Given the same economic conditions that are supporting your core business, you're guiding to $100 million in dispositions at approximately 5.5% cap rate. Can you provide some color as to why you're seeing that given your confidence in this cap rate?

Nicholas Andrew Wibbenmeyer - *Regency Centers Corporation - CIO & President of West Region*

Ken, this is Nick. I appreciate that question. As you know, our guidance on disposition is when we have clear visibility to that. And so as we've stated over the last several years now, we feel really good about our portfolio and don't have the need to sell assets. that have risk, but we still have nonstrategic assets that we will prioritize for sale. And so those assets in the guidance, we do have visibility to that pricing. They're nonstrategic. And for instance, a couple of them are single tenants. And so we feel good about that guidance, and we feel good about that cap rate given the assets have been selected to be disposed of.

Operator

There are no further questions at this time. I'd like to hand the floor over to Lisa Palmer for any closing comments.

Lisa Palmer - *Regency Centers Corporation - President, CEO & Non Independent Director*

Thank you all for your interest in Regency, and I hope everyone has a great weekend. Thank you.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.
