



Federal Realty Investment Trust

Fourth Quarter 2025 Earnings Conference Call

February 12, 2026

C O R P O R A T E P A R T I C I P A N T S

Jill Sawyer, *Senior Vice President of Investor Relations*

Donald Wood, *Chief Executive Officer*

Wendy Seher, *Eastern Region President and Chief Operating Officer*

Dan Guglielmone, *Chief Financial Officer*

Jan Sweetnam, *Chief Investment Officer*

Jeffrey Kreshek, *Western Region President*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Michael Griffin, *Evercore ISI*

Cooper Clark, *Wells Fargo*

Andrew Reilly, *Bank of America*

Greg McGinniss, *Scotiabank*

Craig Mailman, *Citi*

Alexander Goldfarb, *Piper Sandler*

Michael Goldsmith, *UBS*

Ravi Vaidya, *Mizuho*

Rich Hightower, *Barclays*

Linda Tsai, *Jefferies*

Floris van Dijkum, *Ladenburg Thalmann*

Juan Sanabria, *BMO Capital Markets*

Paulina Rojas, *Green Street*

Mark Mueller, *JP Morgan*

PRESENTATION

Operator

Good day and welcome to the Federal Realty Investment Trust Fourth Quarter 2025 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero.

After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your telephone keypad. To withdraw your question, please press star, then two. Please note, this event is being recorded.

I would now like to turn the conference over to Jill Sawyer, Senior Vice President, Investor Relations. Please go ahead.

Jill Sawyer

Thank you, Asha. Good evening, everyone. Thank you for joining us today for Federal Realty's Fourth Quarter 2025 Earnings Conference Call. Joining me on the call are Don Wood, Federal's Chief Executive Officer; Dan Guglielmo, Chief Financial Officer; Wendy Seher, Eastern Region President and Chief Operating Officer; and Jan Sweetnam, Chief Investment Officer, as well as other members of our Executive team that are available to take your questions at the conclusion of our prepared remarks.

A reminder that certain matters discussed on this call may be deemed to be forward-looking statements. Forward-looking statements include any annualized or projected information, as well as statements referring to expected or anticipated events or results, including guidance. Although Federal Realty believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, Federal Realty's future operations and its actual performance may differ materially from the information in our forward-looking statements, and we can give no assurance that these expectations can be attained.

The earnings release and supplemental reporting package that we issue tonight, our Annual Report filed on Form 10-K, and our other financial disclosure documents provide a more in-depth discussion of risk factors that may affect our financial condition and operational results.

Given the number of participants on the call, we kindly ask you to limit yourselves to one question during the Q&A portion. If you have additional questions, please re-queue.

With that, I will turn the call over to Don Wood.

Donald Wood

Thank you, Jill, and good afternoon, everybody. Strong quarter, strong year, strong 2026 guidance; 6.4% bottom line FFO growth in the quarter, 4.3% for the year, and guidance close to 6% at the midpoint for 2026. All those numbers, of course, eliminate the impact of the one-time New Market Tax Credit last year, as reflected in our new Core FFO metric. More to come on that from Dan.

Business is good, with strong demand for our assets in both our historical locations as well as the newer markets. We ended the year with the overall portfolio, 96.1% leased, 94.1% occupied, about 50 basis points higher than that, excluding newly acquired centers.

No surprise that leasing drives these and future results. With 601,000 feet of comparable deals done in the quarter at 12% rollover and 2.3 million feet of comparable deals done for the year at 15% rollover, an incremental \$11 million of new rent is under contract. Starting rent on the new 2025 leases was \$37.98

compared with ending rent on those same spaces—after years of contractual bumps, by the way—of \$33.12.

We also did 20 non-comparable deals in 2025 at an average rate of \$48.18, resulting in an incremental \$6.3 million of new rent under contract, and the deal pipeline continues to look strong. Wendy will talk more about that in a little bit. Leases signed in the fourth quarter included weighted average contractual rent bumps of 2.6%.

As strong as operations were, transaction activity was equally robust in the fourth quarter and thus far into 2026. We closed Annapolis Town Center in Maryland and Village Pointe in Omaha, adding nearly a million square feet to the portfolio for \$340 million at an initial cash-on-cash yield in the low 7% range. Re-merchandising and rents commensurate with the strong sales at these locations are the focal points of these two A-quality assets over the next five years, with targeted unlevered IRRs approaching 9%. Both have started out as we've underwritten.

Acquisitions completed earlier in the year, including Del Monte Center and two Leawood, Kansas, properties, are looking like excellent additions, particularly in Leawood, where tenant demand and expected rents are exceeding our underwriting.

On the disposition side, we closed on the sale of Bristol Plaza in Connecticut and Pallas, the peripheral residential building at Pike & Rose in the quarter, for a combined sales price of \$169 million. Just last week, we closed on Misora, the peripheral residential building at Santana Row, for proceeds of nearly \$150 million, along with another small asset sale for \$10 million. The overall combined cap rate of these dispositions was in the low fives.

As we've talked about over the last several quarters, we're also finding opportunities to intensify our properties with development, usually residential products, that is complementary to our shopping centers with little to no incremental land costs. The math works in the right locations.

If 2025 has taught us anything about value, it's that high-quality apartments adjacent to great shopping environments in strong suburban locations create a more desirable living environment. That translates into higher residential rents, stronger growth, and ultimately, lower cap rates on sale.

The 2025 and 2026 sales of Levare and Misora at Santana Row and Pallas at Pike & Rose unlocked an unmatched cost of capital for us to reinvest in material amounts at sub-5% overall.

We previously disclosed the allocation of a total of \$280 million for new residential development of The Blayr at Bala Cynwyd, which is nearly complete and ready for lease-up beginning this quarter; 301 Washington Street in Hoboken; and Lot 12 at Santana Row, which together will add more than 500 units to the portfolio.

In just this quarter, we've added another residential project to our development schedule that you can see in the 8-K. Willow Grove Shopping Center in suburban Philadelphia will be completely redeveloped and include an additional 261 apartments to complement a modernized and remerchandised shopping center.

Our experience with residential development at our retail-centric properties is a skill set developed over 25 years and is certainly a unique differentiator of our business plan. After enjoying the 6.5% to 7% or higher income contribution from each of these residential additions for a period of time, we have the optionality to take advantage of cap rates well inside those yields and reinvest them tax efficiently, just as we've done so effectively last year and this.

Twenty twenty-five was a very special year for the Trust, and 2026 and 2027 look to capitalize on that. First of all, core leasing was exceptionally strong and looks to remain that way in 2026. Our expanded geographical reach is proving particularly fruitful, with strong retailer demand anxious to be part of our property improvement effort. The last of the COVID era office leasing effort has been largely completed,

with meaningful rents starting in '26 and '27. In fact, at the mixed-use properties, we should have zero office product available for lease, and that means a hundred percent leased within the next 30 days to 45 days.

Our asset recycling effort is validating the long-term value creation that our business plan has created, and all of this is wrapped in a relatively stable interest rate environment that could result in lower rates as the year progresses. We'll see.

The refinancing of our 1.25% bonds—yes, 1.25%—this month represent the last major component of our debt portfolio, with such a large market rate adjustment less likely, and, even through that, we're guiding to near 6% growth.

Later this spring, we'll showcase our plan through an Investor Day at Santana Row. Jill has the details, and I think the save-the-dates have been sent out. Really looking forward to seeing most of you there.

Enhanced internal and external growth using all the tools at our disposal is the name of the game. Quarters like this fourth, and in fact, all of 2025, increase my confidence of our ability to do so.

Let me now turn it over to Wendy and then to Dan to provide additional color. Wendy?

Wendy Seher

Thank you, Don. In 2025 our leasing platform achieved record-breaking volumes, delivering the highest annual square footage leased in Company history, alongside the strongest comparable rent spreads achieved in over a decade. As we head into 2026, with an overall lease rate of 96.1%, our strategic focus will continue to be all about driving rent growth, disciplined expense management, and capitalizing on our quality real estate to provide continuous opportunities for multiple year growth.

For the quarter, we signed 105 comparable deals, achieving 12% rollover. Fifteen anchor leases and 90 small shop deals drove a 90-basis point increase in our total comparable lease rate sequentially. Looking ahead, the breadth and durability of demand across all categories remains strong, reinforcing my confidence in our outlook for the year ahead.

Increased leased and occupied rates in Q4 drove our signed, not occupied spread to 200 basis points, representing a contribution of an additional \$27 million to our in-place portfolio. Robust anchor demand, particularly in California, is fueling momentum. While we anticipate seasonal occupancy shifts in the first half of 2026 while anchors transition, most of these deals are already executed at higher rents, positioning us for improved occupancy levels by the end of the year.

Small shops remain a highlight at 93.8% leased, up 50 basis points, providing mark-to-market opportunities to drive rent growth while continuing to prune and tweak a premium merchandising mix.

Leasing production from our expanded acquisition initiatives over the last few years continues to exceed expectations. In 2025, we executed 49 deals, nearly 200,000 square feet, at 34% increase from prior rents.

Over the next 24 months, we are targeting accretive capital allocations to better align these centers with our core operating standards and the high-income profile of the respective submarkets. Top-tier additions to these centers since acquisitions include names such as Solid Core, Ālō, Design Within Reach, Lovesac, Free People Movement, and State and Liberty. More to come in 2026.

Turning to our suburban portfolio in the greater Washington, D.C. area, we continue to be encouraged by the resilience across our Maryland and Virginia assets. Foot traffic momentum remains strong, with quarterly traffic increasing 3% and up overall for the year. Annual sales moved higher year-over-year, while the fourth quarter sales remained stable from a strong prior quarter comp.

What is especially encouraging to me is the outperformance of the hard goods category. We saw robust demand in furniture and home furnishing from premium brands such as Serena & Lily, West Elm, and Sur La Table. We view this as a strong indicator of the underlying health of our consumer base. Given that home furnishings are highly discretionary, our core customer in this region continues to invest in their home, signaling confidence in their personal financial position.

Now, let me turn it over to Dan to dive into the numbers.

Dan Guglielmo

Thank you, Wendy, and hello, everyone. Our FFO per share of \$1.84 for the fourth quarter reflects 6.4% growth versus last year and highlights a really strong underlying quarter operationally. This result came in slightly below the midpoint of our guidance range, solely due to a non-cash charge related to Saks filing for bankruptcy post-year-end.

Comparable POI growth, excluding prior period rent and term fees, averaged 3.8% for the year and 3.1% for the fourth quarter. On a cash basis, this metric was 3.6% and 4.3% for the full year and fourth quarter, respectively.

Now let me move quickly to the balance sheet. Liquidity at year-end stood at \$1.3 billion under our available bank facilities and cash on hand. During the fourth quarter, we closed on an additional \$250 million delayed draw term loan, providing us with enhanced financial flexibility. The facility has a five-year maturity into 2031 and an interest rate of SOFR plus 85 basis points. With respect to our \$400 million bond maturity next week, we will utilize this term loan and available capacity on our revolving credit facility to refinance it on a near-term basis. A possible unsecured note or convertible bond offering remained under consideration for later in 2026.

As lease-up of the larger commercial components of our redevelopment pipeline nears completion, with Huntington Shopping Center fully stabilized, 915 Meeting Street a hundred percent leased, and One Santana a hundred percent committed, our free cash flow after dividends and maintenance capital is expected to exceed \$100 million in 2026 and add higher in 2027 as we convert straight-line rent to cash paying rent.

With these \$600 million of projects behind us and essentially complete, our ongoing redevelopment pipeline moving forward stands at about \$500 million. This pipeline includes 780 residential units, all at existing retail properties.

During the fourth quarter, we closed on asset sales of \$169 million and added another \$159 million subsequent to year-end at a combined blended low 5% cap rate. We also have an additional \$170 million of sales in process, with expected closings in the first half of 2026 with cap rates targeted in the low 5% range.

While we have been active over 2025 deploying capital externally through our disciplined asset recycling program, we continue to maintain strong leverage metrics. Fourth quarter annualized adjusted net debt-to-EBITDA stood at 5.7 times at year-end but is now inside 5.6 pro forma for the most recent asset sales and should trend further to the low- to mid-5 times range over the course of the year. Fixed charge coverage now stands at 3.9 times and should eclipse our target metric of 4 times over the course of the year.

Now, on to a discussion of our new Core FFO metric and guidance. After much discussion with the analyst and investor community over the course of 2025 regarding recurring FFO and significant one-timers, on a go-forward basis, we will be reporting both Nareit FFO and Core FFO. Core FFO is defined in our 8-K financial supplement on Page 10. It is also outlined in a table on the fourth page of the press release. It will be GAAP-based and simply adjust our Nareit FFO for non-recurring one-time items in order

to provide an enhanced comparability across periods for Federal's underlying operating results. Such one-time items include New Market Tax Credit transaction income, executive transition costs, collection of COVID era prior period deferred rent, and other items, such as gain or loss on early extinguishment of debt.

As we look forward to 2026, our guidance for both Nareit and Core FFO is \$7.42 to \$7.52 per share, with no one-time adjustments in the forecast. At the midpoint of \$7.47 per share, this represents about 5.8% growth for core when compared to 2025 and 3.5% for Nareit defined. Twenty twenty-five Core FFO is \$7.06 per share, and Nareit FFO is \$7.22 per share, with the material difference being the \$0.15 of New Market Tax Credit income.

Guidance drivers through 2026 include comparable POI growth forecasted at 3% to 3.5%. This assumes the trajectory of occupancy in the first half of 2026 moves into the mid-93% range before returning above the current 94% level and up into the mid- and upper-94% range by year-end 2026. As a result, we are set up well for a strong 2027 on a comparable basis.

Comparable lease rollovers are forecast in the low- to mid-teens. Incremental POI contributions from our development and expansion pipeline is forecast in the \$13 million to \$15 million range. Please see some additional disclosure that we've added in our 8-K at the bottom of Page 29 with respect to the quarterly cadence of POI for 2026 from the development pipeline.

Guidance reflects a full year's contribution from \$750 million of dominant high-quality assets acquired in 2025 at roughly a 7% blended cash cap rate and a 7.5% GAAP cap rate. We are assuming our 1.25% unsecured notes are refinanced at a 4.25% to 4.5% interest rate under our available bank facilities. Please note that this represents a 170 basis point to 180 basis point financing headwind without which our midpoint Core FFO for 2026 would be growing at roughly 7.5%. We've assumed a total credit reserve of roughly 60 basis points to 85 basis points of rental income in 2026 given our limited exposure to credit issues.

Additional guidance assumptions that we usually talk about here are outlined for capitalized interest, redevelopment spend, G&A, and term fees on Page 29 of our 8-K supplement. This guidance does not include any acquisitions in 2026. None are probable enough at the moment.

With respect to asset sales, it assumes only the dispositions announced last week, Misora and Courthouse Center. For all other acquisitions and dispositions, we will adjust our guidance, likely upwards, as we go.

With respect to quarterly cadence of FFO in 2026, the first quarter will start with a range of \$1.80 to \$1.83, with the normal 1Q seasonality and asset recycling activity impacting sequential cadence from 4Q. The second and third quarters will be in the mid-\$1.80s, and the fourth quarter in the mid-\$1.90s per share.

With that, Operator, please open the line for questions.

Operator

Thank you. To ask a question, you may press star, then one, on your telephone keypad. If you're using a speakerphone, please pick up your handset before pressing the keys. At any time your question has been addressed and you would like to withdraw your question, please press star, then two. We ask that you please limit yourself to one question and rejoin the queue if you have any further questions.

The first question comes from Michael Griffin with Evercore ISI. Please go ahead.

Michael Griffin

Great, thanks. Maybe just turning to the investment pipeline. Don, or maybe Jan, can you give us a sense of, you know, what deals in the hopper are looking like today? I realize you're not guiding to anything this year, but is this more of what we've seen at Town Center in Kansas City or at the Village Pointe in Omaha? Is it stuff in kind of your core coastal markets? What are you really targeting, and do you have a feeling that we could see some deals close at some point this year?

Jan Sweetnam

Hi Michael, Jan. I hope you're well. Thanks for the question. We're still targeting large, dominant shopping centers. We're focused on new markets in the middle of the country. We're still also trying to acquire on the coasts, in our existing markets. Right now there's a couple of acquisitions that we're working on. We expect to see a lot more opportunities coming in the next several months, larger transactions, some real reason to be optimistic.

It's a little too early to kind of forecast how much we'll be able to buy this year. But based on where we are today, and, you know, similar to last year, I would expect that the bulk of our activity will occur in the second half of this year. From my perspective, reasons to be optimistic.

Operator

The next question comes from Cooper Clark with Wells Fargo. Please go ahead.

Cooper Clark

Great, thanks taking the question. I wanted to talk about the multifamily development and also ongoing recycling plan. Curious how much more peripheral multifamily you could potentially market for sale this year if you're able to source attractive opportunities on the acquisition side, and also, where yields stand today on the entitled multifamily development pipeline.

Donald Wood

Sure, Michael, let me start with you on that—or Cooper, rather, sorry. Let me start on that. It's such a kind of unique thing that we have here by having that value in there. There are still opportunities for us to monetize some residential product. I'm not going to go into the specific ones right now, but you could probably guess. Again, they're peripheral to our primary mixed-use assets and our shopping center assets. But that stuff is at 5% or lower in terms of those cap rates, and that's just it's just a real advantage.

Now, in total, there's probably another \$400 million or \$500 million to be able to do of that ilk—not sure that we will do that. We don't have them in the marketplace yet, but I'm pushing hard, frankly, to start doing that come the second quarter, third quarter, and fourth quarter of this year, to the extent we find the assets that Jan was just talking about a minute ago.

You had one other—you had a backup question. Sorry, I don't remember what it was. Anybody?

Female Speaker

Yields on development pipeline.

Donald Wood

What's that?

Female Speaker

Yields on residential development pipeline.

Donald Wood

Basically, we're able to underwrite the new development pipeline at somewhere between 6.5% and 7% on most of them. The reality is those are low-fives cap rate assets today. What I think will happen is, while we enter into it at 6.5% and 7%, you'll see strong growth in those assets. Because the one thing that is crystal clear is at fully-amenitized shopping centers, those rents are higher, they tend to have more retention, and they tend to grow faster. I'm just really encouraged about this program, which I don't think anybody's got the expertise that we do on the shopping center side to be able to do this kind of stuff. We've been doing it for a long time. I think you should look hard at that portfolio, and we'll be talking to you more about that in the quarters to come.

Operator

The next question comes from Andrew Reilly with Bank of America. Please go ahead.

Andrew Reilly

Hi, good afternoon. Thanks for taking my question. Wendy highlighted that 2025 delivered the strongest rent spreads in, I believe, over a decade. I'm just wondering, is that pricing power being driven by any specific property types or regions, or is that really truly broad-based? Do you view these levels of pricing power across the portfolio as sustainable throughout 2026?

Wendy Seher

Thank you for the question, Andrew. I do consider them broad-based. It's a good time to be in a CLO position with this high demand that we're having across the board and limited supply and the kind of premier properties that we own. It doesn't get any better than right now.

I will say that what you're seeing on being able to drive rents, if you look at our last three years, we are consistently overall driving rents higher and higher percentage-wise every year for the last three years. I'm really thrilled with that. Then, when you look at the demand on the anchor side, you're going to see that our occupancy is going to be kind of driving up as we head into the latter part of the year.

Yes, all metrics are good right now, and I do think—although Dan's going to look at me—I do think, given what I know of today and we look at our rollover for next year, we should be able to be equal to where we are today.

Operator

The next question comes from Greg McGinniss with Scotiabank. Please go ahead.

Greg McGinniss

Hey, thanks for taking the question. Dan, I was just hoping that you could kind of give us the breakdown on the same-store NOI growth and then the primary pieces that are kind of adding on top of that to get to the 6% growth. That would be appreciated. Then, if there's anything in the term fee, which is bigger this year than last year that's, like, known and in particular, it'd be appreciated. Thank you.

Dan Guglielmo

Yes. Now, with regards to kind of getting to the 6% FFO growth, yes, roughly, and as I've been talking to folks, the 3% to 3.5% that I've been talking to folks about over the course of 2025, roughly about \$0.30 of growth there. Represents probably a good—more than half of the growth in FFO drivers there. Then, with

probably net from acquisitions and net from redevelopment, you've got about \$0.12 each there. Very, very consistent with kind of the guidance we have been giving.

The refi headwind is kind of roughly \$0.12 in terms of refinancing the 1.25% bonds, the way we're planning them out. That gets you to kind of almost that 6% FFO drive. Our comparable growth is pretty broad-based. It's rent bumps; it is rollover; it is parking. It is across the spectrum of kind of what we create in terms of a comprehensive shopping center growth profile. Nothing stands out there.

With regards to term fees, it's slightly higher than last year. We're just under \$6 million. We're guiding to \$7 million to \$8 million, and we kind of feel like there's some things that are identified. We'll see how that comes out. That's an estimate, and that's why we give a range. But kind of in line, our 20-year history is probably in and around \$7 million or \$8 million. The last 10 years, probably more in the \$5 million to \$6 million. You are kind of right in line with the historical levels on term fees.

Operator

The next question comes from Craig Mailman with Citi. Please go ahead.

Craig Mailman

Hey, everyone. Just curious, Don, as you guys ramp up the sales here, and acquisitions take a little bit longer or more back-end weighted in a given year, just from a timing perspective, do you have enough cushion in the dividend to either 1031 these from a timing perspective or absorb some of the gains, or could there be a bit of a special potential here as we move on later through the year?

Donald Wood

I think, Craig, that, that you can count on us managing tax efficiently through the dividend and sales of gains and 1031s. All of those tools are available to us to manage our taxable income and our dividend in line with what we've been doing for a bunch of years. That's what you should expect, not a special dividend.

Operator

The next question comes from Alexander Goldfarb with Piper Sandler. Please go ahead.

Alexander Goldfarb

Hey, good evening. Don, you were among the standouts sticking with the Nareit FFO and not going to Core. Real estate has a lot of—yes, there's a lot of costs, there's a lot of benefits, right? Sometimes you win on revenue, sometimes there's added costs from various things. But as you run the Company and look at your team, you don't judge them and say, "Oh, well, take out these items, take out those items. I'll give you, you know, I'll let you hit your number." You judge your team based on how they perform.

When you switch to the Core, I get it that there's volatility, but at the same time, isn't the whole point to judge the Company based on the results they deliver as sort of the ball lies, not where you'd like it to be?

Donald Wood

Alex, adding on a Core FFO metric is truly simply a tool that's aimed, not having anything to do with this team at all, but everything to do with being able to better analyze the financial results of the Company, making it easier for you to see, kind of missing some of the missteps that we've had in the past with simply using Nareit FFO. That is completely what this is all about.

What is important in our view is that this is not used as a nickel and diming, if you will, of the Nareit FFO result, but rather big items, consequential items, that just plain old distort the operating results of the Company. That's all that's about. This team is judged on their performance based on what they do day in and day out, and changing to a Core FFO metric will have no impact on that whatsoever.

Operator

The next question comes from Michael Goldsmith with UBS. Please go ahead.

Michael Goldsmith

Good afternoon. Thanks a lot for taking my question. Comparable POI growth in 2025 of 3.8%, initial guidance for 2026 of 3% to 3.5%. Just a couple of questions on this. Can you bridge the gap from 2025 to 2026? Any headwinds that would drive a deceleration? Then, is that 3% to 3.5%, the right way to think about this steady state run rate of the business, or as you continue to reposition the portfolio into higher growth assets, can it accelerate from here? Thanks.

Dan Guglielmo

Yes, the big driver in terms of the deceleration is just we will be turning over, as Wendy alluded to in her comments, a significant amount of anchor space that's already leased at much higher rents, but there will be downtime. As leases end, we position the spaces to give to the incoming tenants at higher rent. That's about a 75-basis point drag of comparable POI, so the 3% to 3.5% has got 75 basis points of drag from that temporary disruption in occupancy. We'll see a spike in SNO as a result over the course of the year.

We're at 200 basis points. It's been increasing as both metrics increase, occupied and leased. We expect that to balloon a bit in the middle of the year and then come back down by the end of the year as occupancy levels get back up into the 94%, mid-94s, upper 94s, from the 94% level today. That's probably the biggest driver. The second question?

Female Speaker

(Inaudible).

Dan Guglielmo

Steady state? I would say, look, I think historically, when you look back, we're in the 3% to 4% range. I think with some of the acquisitions, \$2 billion of acquisitions, and we're seeing that we're operating these assets, I think, better than we had expected, and with growth rates that are higher than the kind of 3% to 4%, that we've historically seen in our portfolio. I would hope that that would move up into the upper end of kind of the 3% to 4% range. I think next year, 2027, we're well positioned to kind of be in and around that 4% level from where we sit today.

Operator

The next question comes from Ravi Vaidya with Mizuho. Please go ahead.

Ravi Vaidya

Hi there, hope you guys are doing well. I wanted to ask about tenant credit. It seems like the reserves are a bit conservative. Can you provide a bit more color here? What was the amount realized in full year 2025, and are there any tenants or categories that are on your watch list? Can you add color on the market-to-market opportunity for some of the recent bankruptcies, Container Store (multiple speakers).

Dan Guglielmo

(Multiple speakers) sure. There were too many questions in there. Let me just start here with regards to the tenant credit. You know, 60 to 85 is lower than we were to start of the year. Last year, it was 75 to a hundred. We were about 80-ish finishing up the year, kind of in that ballpark. It's not a very precise number, but yes, that's kind of where we ended up, 80 to 85 in 2025. The 60 to 85, we don't have a lot of exposure to tenant credit issues. We just don't.

We do have Saks. Saks has got two exceptionally strong locations. One we're getting back, or expect to get back, or it's closed for going out of business sales at OFF 5th at Assembly Row, which is a great box facing the power center, right on a corner. It's probably got a hundred percent roll-up in rent from what's current rent to where market rent is, so it's a huge opportunity.

The other location is a Saks Fifth Avenue store, a flagship location on Greenwich Avenue, hugely productive in the over-affluent submarket of Greenwich, Connecticut. Arguably, one of the best pieces of real estate in the portfolio. Yes, we'll see how that all plays out, but really, really great real estate with respect to that.

The other thing that we keep an eye on is—and we've talked about it is—Container Store. All five locations paying rent; all five locations we feel good about. I think that that's kind of the color we can give there. We'll see how this all plays out. I think we're well covered in the 60 basis point to 85 basis point range that we've given.

Operator

The next question comes from Rich Hightower with Barclays. Please go ahead.

Rich Hightower

Hi, good evening, guys. I want to go back to one of the comments Wendy made in the prepared commentary about California being especially robust, I guess, enough to make it into the comments. Just tell us what's going on there. We're hearing that from other property types as well, perhaps it's all sort of singing the same chord, but I'd like to hear what you guys are seeing.

Donald Wood

Can we tee up Jeff Kreshek to answer that? Jeff, I'd love you—Jeff runs our West Coast operations, as our president. Jeff, I'd love you to talk about that.

Jeffrey Kreshek

Yes, sure. Rich, thanks for the question. Simply put, California is going to be our largest source of growth for the next few years, given the backlog of leasing and development activity and the strategic capital recycling we're seeing out of Santana Row and Grossmont. California is going to be a big, big contributor going forward for a number of years.

Operator

Next question comes from Linda Tsai with Jefferies. Please go ahead.

Linda Tsai

Hi, just a question on timing. In terms of the \$13 million to \$15 million for the development expansion pipeline, what's the timing of that?

Dan Guglielmo

Yes, we've given some additional disclosure that hopefully will make it easy for everybody to understand. At the bottom of Page 29 in our 8-K supplement, at the bottom of the guidance page, there is sequential quarterly cadence of the increase over the course of the year. It'll be pretty pro rata, it'll be pretty close each quarter. You'll see the ramp-up from the \$17 million coming from the properties in the development pipeline up to roughly a midpoint range that gets you to that kind of \$30 million to \$32 million, or a \$31 million midpoint. That \$14 million, the cadence is outlined there.

Anybody have any questions with regards to this additional disclosure that I think it'd be welcomed by most of you, feel free to give me or Jill a call. We'll walk you through it.

Operator

The next question comes from Floris van Dijkum with Ladenburg Thalmann. Please go ahead.

Floris van Dijkum

Hey, guys, thanks for taking my question. It seems like some people, based on the questions you've had, the comp NOI growth perhaps is understating the true growth that you expect to get from this portfolio and from this portfolio in '26. I know that in the past your comp NOI as a percentage of overall NOI was actually pretty robust and pretty high. What percentage of your NOI is being captured in your comp pool today, and how does that impact the SNO pipeline as well?

Dan Guglielmo

Yes, I would estimate that kind of what's in the comp pipe—the comparable pool is probably 85% to 90%. We can kind of refine that, but that feels about right. With regards to SNO, our SNO within the existing pipeline is growing, and significantly growing. With the commencement of the PwC lease and beginning to recognize that in the fourth quarter, what's coming from the development portfolio is not going to be as high as it was in past years.

SNO is probably around \$27 million in the existing portfolio, and another \$5 million to \$6 million in the development portfolio, and the cadence, about 75% of that will come on next year, so roughly call it about \$25 million, roughly \$10 million to \$11 million in the first half of the year, and call it \$14 million to \$15 million in the second half of the year, and then the balance in '27.

Operator

The next question comes from Juan Sanabria with BMO Capital Markets. Please go ahead.

Juan Sanabria

Hi, good afternoon. Just hoping you could talk a little bit about the anchor movement, kind of what's driving that. Is that proactive by you or is that something else that's going on? Then, you kind of mentioned a one-time hit that otherwise you would have hit your expectations related to Saks. If you could just quantify that dollar amount, that'd be helpful. Thank you.

Donald Wood

Yes, Juan. First of all, on the anchors, it's simply timing. The way the expirations were working, particularly on the West Coast assets, there were expirations that were coming due a lot last year and in the first half of this year, etc. We've been on top of that to try to make sure that we've got either new tenants coming in. Grossmont is basically a redevelopment of the entire asset there that's happening. Best Buy at Santana Row, which you may remember going out after an extremely productive period of time, for a new Life Time deal there.

It's simply the timing that—we've got all leased up, but there'll be a hit in the meantime, but we're plowing right through that, and it's still going to grow, hopefully at 6%, next year. That's what's going on with respect to the anchors, nothing more than timing. What was the last part?

Dan Guglielmono

The Saks charge was a non-cash charge, writing off straight-line rent at roughly around \$0.03 a share.

Operator

The next question comes from Paulina Rojas with Green Street. Please go ahead.

Paulina Rojas

Good afternoon. My question is about acquisitions. While acquisitions are shaped really by what comes to market, if you had full discretion, would you cap your exposure to new secondary or tertiary markets, or are you truly taking a fully market-agnostic approach, assuming property quality meets your standards?

Donald Wood

First of all, Paulina, I love that you started this off with of course it depends on how much supply is available, because that's a really important point. Acquisitions get lumpy. We are so completely committed to the plan that we talked about last year, which is a combination of the new markets that we talked about. I think you've seen our buy box of what markets effectively apply to that. It's a million people in a marketplace, and very affluent, all of the stuff that we've talked about.

But yes, I would be agnostic to whether we find those assets in those places or in our existing market set that we have, because real estate is local, and it really comes down to the sub-market. To the extent we find those opportunities in places that we know inside and out, and we're looking at some right now, frankly, that are adjacent to our existing assets. Love that kind of stuff. In addition to the new markets that fit the buy box, yes, we're agnostic as to which of those opportunities come to fruition. I hope that helps.

Operator

Once again, if you have a question, please press star, then one. The next question comes from Mike Mueller with JPMorgan. Please go ahead.

Mike Mueller

Yes, hi. I think you mentioned you had another \$400 million to \$500 million of non-peripheral residential left that you can sell to fund acquisitions. It seems like the acquisition opportunity is greater than that. What's next on the pecking order after those remaining resi assets?

Donald Wood

No question it's not even next. It's in conjunction with, Michael. It would be those retail assets where we've done all we can. To the extent we've done all we can and we can get a strong price for those retail assets, we'll use those to recycle into better growth opportunities. Having the opportunity to have both resi and strong retail assets that have limited growth opportunities, all of those things are considered. It's not which one is—it's not using up the resi and then moving to those. It's a combination based on market conditions and what it is where we think we can effectively get paid best for. You should see a combination of both as we move forward.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Jill Sawyer for any closing remarks. Please go ahead.

Jill Sawyer

Thanks for joining us today. We look forward to seeing many of you in Florida in a few weeks.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.