

Regency Centers Sells \$250 Million of 10-Year ‘Green Bonds’

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Shopping center REIT [Regency Centers Corp.](#) (NYSE: REG) has completed the sale of \$250 million of 10-year “green bonds,” the first time a U.S. REIT has issued bonds that exclusively target investment in environmental [sustainability](#) projects.



Lisa Palmer, Regency Centers’ CFO, said market reaction to the bonds was “extremely positive.”

“There is a growing market of environmentally conscious investors, and we found it was a good way to connect our commitment to [sustainability](#) with the socially responsible investing community while maintaining our overall goals and strategy,” she explained.

Regency Centers noted that this is also only the second issuance of green bonds by a U.S. corporate entity. Until recently, green bond issuers were predominantly international finance organizations such as the World Bank and European Investment Bank. Earlier this year, Unibail-Rodamco SE (EuroNext: UL), a listed real estate company headquartered in Paris, announced that it had placed the first green bond issuance for a real estate company in the European market.

Regency Centers Seeking to be at Forefront of Socially Responsible Business Practices

Palmer said the decision to issue green bonds was “a natural evolution of where

our [sustainability](#) efforts have been going.” Part of Regency Centers’ strategy, she noted, is to be at the forefront of innovative and creative ways to implement socially responsible business practices.

Regency Centers made the decision to invest in [sustainability](#) more than seven years ago, according to Palmer. She pointed out that since 2009, approximately two-thirds of the company’s developments and redevelopments have received certification from the U.S. Green Building Council’s Leadership in Energy and Environmental Design ([LEED](#)) program, “with more to follow.” Net proceeds from the new bonds will be used to finance Regency Centers’ existing properties and properties under development where the company is seeking or has already been awarded [LEED](#) certification.

Steven Marks, managing director at Fitch Ratings, noted that the bond issuance “could be a significant development in that it might broaden the bond investor universe” for Regency Centers. In addition, it may also encourage other REITs to focus more on [sustainability](#) and to develop green or [LEED](#)-certified projects, he added.

Deloitte Report Shows Investors Placing Greater Value on [Green Buildings](#)

Separately, a new report from accounting firm Deloitte & Touche LLP shows that commercial real estate investors are placing greater value on [green buildings](#) as tenant demand for environmentally sophisticated properties grows.

“We think investors are looking at green real estate in a different way,” said Bob O’Brien, partner and U.S. and global real estate services leader at Deloitte.



Investors recognize the growing level of tenant demand for [green buildings](#) and that there is more income potential in those properties, he said. At the same time, investors are cognizant of the risk that properties without [LEED](#) certification will face “functional obsolescence,” O’Brien added.

“Increasingly we’re finding tenants that will only move into [LEED](#)-certified buildings as part of their own green strategies,” O’Brien said. Meanwhile, “investors increasingly tout some of the green-type investments that are within their portfolios, and pointing to REITs who have developed [sustainability](#) strategies is one way to do that,” he added.

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