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EDITED TRANSCRIPT

REG.OQ - Q1 2024 Regency Centers Corp Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Greetings, and welcome to the Regency Centers Corporation First Quarter 2024 Earnings Conference Call. (Operator Instructions)

As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Christine McElroy, Senior Vice President, Capital Markets. Thank you. You may begin.

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

Good morning, and welcome to Regency Centers' First Quarter 2024 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. They 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

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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 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, Christy, and good morning, everyone. We had another really solid quarter, in line with our expectations and driven by a continuation of very healthy leasing fundamentals. Robust tenant demand is driving significant leasing activity across all of our shopping centers, and this is evident in an even higher percent leased rate and strong rent growth. With this robust demand and activity, we are poised to accelerate growth into 2025. As you will hear more from Alan, we are having great success quickly re-leasing space. And I will [note], some of which we've intentionally recaptured with upgraded merchandising of leading operators and at higher rents. As a result, our pipeline of executed leases is larger than it's ever been, and we look forward to these tenants coming online propelling our future growth. I'm also really excited about the progress our team has made, executing on our value creation pipeline. Sustained development activity over the long term, which creates value and enhances growth is an important part of our business and is a differentiator for Regency in our sector today. The strength of our platform provides us an unequaled strategic advantage. Our talented and experienced national development team, our relationships with top grocers and retailers, and ready access to capital, all are enabling strong execution on an impressive lineup of great in-process projects and continued growth in our pipeline of opportunities.

As you'll hear from Nick, following our impressive execution in 2023 with over $250 million of development and redevelopment starts, we expect to drive a similar level of success this year. The benefits from this ramp-up in activity will continue to grow as NOI comes online in 2025 and beyond.

Importantly, the strength of our balance sheet and our liquidity position is what provides Regency with the ability to sustain a meaningful value creation pipeline through cycles to remain opportunistic in our capital allocation strategy and to consistently grow our dividend. And we are really gratified to see this position of strength acknowledged by Moody's with a credit rating upgrade to A3, which occurred in February. We are currently the only REIT in the open-air shopping center sector with an A rating, and we are already seeing the benefits in our relative bond market pricing, further supporting our cost of capital advantage. This is a big accomplishment and a direct result of our team's consistent track record of operational excellence and balance sheet strength over the long term. It's a reflection of what I speak to often, which is what we believe to be Regency's unique and unparalleled combination of strategic advantages that differentiates us from our peers and allows us to drive above-average earnings per share, dividend and free cash flow growth. It's the favorable attributes of our portfolio, including quality tenants and merchandising mix, format, and trade area demographics driving rent growth and durability of occupancy. It's the expertise of our people and the strength of our operating platform. It's our ability to create value through development and redevelopment consistently over time. It's the strength of our balance sheet, and it's our commitment to corporate responsibility and stakeholder stewardship.

High-quality suburban shopping centers, especially with the particular strength of our portfolio and the trade areas in which we operate will continue to benefit from structural tailwinds that support continued excellent performance and long-term growth of our business. Alan?

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

Thank you, Lisa, and good morning, everyone. We had another great quarter of leasing activity in Q1 as tenant demand for our centers remained very strong. The tremendous appetite for space that we saw in 2023 has continued unabated, enabling our team to achieve both higher rents and push our leased rate to even higher levels. We are executing leases with high-quality tenants, further improving upon the strength of our merchandising and creating value at our centers.

Our same-property percent leased rate increased by another 20 basis points this quarter to 95.8%. This is especially impressive given the significant anchor move-outs that I discussed on last quarter's call, which I'll come back to in a moment, coupled with the seasonality of higher move-outs we

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historically experienced in the first quarter. Our shop lease rate was up 10 basis points sequentially in the first quarter reaching yet another new record high for shop of 93.5%. Base rent growth in 2024 is benefiting from shop commencement activity given our record year of lease-up in 2023.

You'll recall that a quarter ago, we discussed an expected decline in our commenced occupancy rate in the first quarter, driven by anchor move-outs consistent with our plan, while our leased rate has moved even higher, our same property commenced rate ended the first quarter down 70 basis points from year-end. Roughly half of this decline was attributable to the intentional recapture of a Walmart store in Norwalk, Connecticut. Some of you were with us on a recent tour of the property, seeing firsthand this great opportunity to create value from an anchor tenant lease expiration in an exceptional location. We will experience some downtime impact while the space is built out and the center undergoes a transformative redevelopment, but the new lease of Target has already been executed with significant accretion. This is just one example of similar scenarios within the portfolio. On the surface, this disconnect between leased occupancy and rent paying occupancy would appear counterintuitive, but the strength in the leasing environment, coupled with our deliberate approach to asset management, is enabling us to take advantage of these accretive opportunities quickly and in many cases, before the tenant vacates.

We are remerchandising with upgraded stores and at higher rents, improving and growing the long-term value of our centers, and we look forward to getting these new anchors open for business in the coming months. As we've replenished this vacating space with new leases, our pipeline of executed leases has grown. We stand today with a 370 basis point delta between our same property leased and commenced occupancy rates, which is an all-time high for us, reflecting an incremental $50 million of annual base rent that will be very rewarding as these leases commence within our operating portfolio.

Beyond what's already based, we have another 1.4 million square feet of space under letter of intent or in negotiation with consistent demand across the portfolio from a wide variety of categories, including grocers, restaurants, health and wellness, off-price and personal services.

Cash re-leasing spreads in the first quarter were more than 8% on a blended basis including the highest spread for renewals that we've seen since 2019, an indication of our ability to increase rents further as occupancy rises and available spaces limited, a reflection of the strong demand in today's environment.

Both GAAP and net effective rent spreads were in the mid-teens this quarter, given strength contractual rent steps in the majority of our leases and our prudent use of leasing capital.

Our team across the country is energized by the unwavering strength and leasing activity we are seeing, supported by a limited supply of high-quality retail space available and a surplus of great retailers actively looking to expand. We look forward to harvesting the benefits of our record high SNO pipeline, getting those tenants open and operating and continuing to move the occupancy needle higher in the months ahead. Nick?

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

Thank you, Alan. Good morning, everyone. Motivated by our tremendous success in 2023, including the start of more than $250 million of new projects, our team remains very active, both executing and growing our development and redevelopment pipelines. Among our first quarter starts was the shops at Stone Bridge in Cheshire, Connecticut. This $67 million ground-up development will be anchored by Whole Foods as well as T.J. Maxx and while we just broke ground last month, we are already seeing significant leasing demand. The project serves as the retail component of a new master plan community, a format with which we've had great success over the years. We recognize the mutual benefits and value that these relationships with master plan developers can provide for our shopping centers as well as the communities they serve.

In addition to new starts, we continue to make great progress executing on our in-process pipeline and bringing NOI online. In total, we now have more than $0.5 billion in process, which is nearly 90% leased with blended returns of 9%. And in 2024, we plan to complete over $200 million of these projects. Some examples of the tremendous progress are several exciting recent anchor openings that are worthy of highlighting.

At our Glenwood Green ground-up development in Old Bridge, New Jersey, both Target and ShopRite celebrated successful grand openings last month and the project is now nearly 95% leased. Exciting shop tenants opening soon include Honeygrow, Duck Donuts and Playa Bowls.

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At Westbard Square and Bethesda, the new giant grocery store opened in January, and rent will start commencing from the shop space over the coming months, including tenants such as Tate, Stretch zone, Silver and Sons BBQ and Oak Barrel & Vine.

Turning to the private transactions market. Although data points and deal volumes remain below historical norms, we are seeing increased activity in deeper bidding pools in the marketplace and cap rates remain low. The implications of the recent move in treasuries remains to be seen, but our team is actively underwriting acquisition opportunities that fit within our portfolio quality, growth and earnings accretion requirements. This includes a great asset that we are buying in Westport, Connecticut, immediately adjacent to one of our existing centers, adding to our already strong portfolio in that region. As we look ahead, our team is focused on sourcing accretive investment opportunities across our national platform. We expect to execute on acquisitions opportunistically, and we have great visibility on development and redevelopment activity as we continue to grow our pipelines. We are planning for another year of project starts north of $200 million and remain on track to meet our strategic objective of completing more than $1 billion of projects over the next 5 years. We are partnering with leading grocers looking to grow their footprints in high-quality centers within our attractive trade areas and our recent project successes are also driving additional opportunities to further grow our pipeline. The strong momentum within our program is supported by macro tailwinds within the shopping center business, but more importantly, by Regency sourcing and execution capabilities. As you hear me repeatedly say, we have the best development team in the business, which combined with our free cash flow and balance sheet give us an unequaled ability to fund and drive significant value creation within our investment program. 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 first quarter results and then walk through updates to our 2024 guidance and forward expectations before ending with comments on our balance sheet position. We reported Nareit FFO of $1.08 per share and core operating earnings of $1.04 per share for the first quarter. Same-property NOI growth, excluding term fees and COVID period reserve collections was 2.1%. It's worth a reminder that while bad debt this quarter trended closer to our historical averages, we are comping against a year ago bad debt number that was net positive, which we know is unusual. This anomaly impacted our first quarter growth rate by 60 basis points. At 2.7%, base rent was the largest contributor to same-property NOI growth and continues to be the best indicator of portfolio performance. This was largely driven by our team driving rec growth through embedded rent steps and re-leasing spreads as well as executing on our redevelopment pipeline.

Our same-property leased occupancy rate is 95.8%, up another 20 basis points in the quarter, reflecting the continued strong leasing environment. First quarter earnings results benefited from a $0.01 of timing-related items outside of the same property pool as well as $0.01 of straight-line rent, which you can see in our increased full year noncash guidance. Additionally, recall that we typically recognize more than half of our annual percentage rents in the first quarter, benefiting Q1 by about $0.03 compared to the implied run rate for the balance of the year.

I also would like to point out our new AFFO disclosure on Page 9 of our supplemental, which highlights what in our view, is one of the most important performance metrics, reflecting a REIT's ability to grow dividends and to invest back into its business in order to grow earnings. This added disclosure also provides transparency around the level of capital used to drive same-property NOI growth and allows for greater apples-to-apples comparison across the peer group.

Turning to our guidance updates. As always, I'll refer you to the helpful detail on Slides 5 through 6 in our earnings presentation. We raised our Nareit FFO outlook by $0.01 at the midpoint, which corresponds to the increase in our guidance for noncash items. Our guidance for same-property NOI growth remains unchanged at 2% to 2.5%, excluding term fees and COVID period reserve collections. We also adjusted our full year transactions outlook.

As Nick referenced earlier, the asset we are buying in Westport is now included in our acquisition guidance, and we modestly increased our dispositions guidance to include the potential sale of a few smaller noncore lower growth assets. Notably, our core operating earnings per share guidance, excluding COVID period reserve collections, implies growth of more than 3% at the midpoint despite higher interest rates and the impact of our debt refinancing this year.

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As we look beyond the calendar year, we wanted to highlight some tailwinds we see impacting our growth, especially as it relates to items where we have greater visibility. We've discussed the meaningful growth coming from our pipeline of executed leases where outsized commencement activity will begin as we approach year-end and move into 2025.

As Alan mentioned, our SNO pipeline sits at a historical high of more than $50 million of annual base rent, of which about 65% is scheduled to commence by the end of this year. In fact, we expect our spot commenced occupancy rate to end this year, roughly 50 basis points higher as compared to year-end 2023. As these lease commencements are weighted to the second half of the year, the NOI and earnings impact will largely occur in 2025.

And as Nick discussed, we've continued to ramp-up our in-process development and redevelopment activity and look forward to completing these projects delivering space and commencing rent. We expect same-property NOI to benefit from this redevelopment activity and for growth to accelerate into 2025. The positive contribution to same-property NOI is likely to exceed 100 basis points next year, leading to above-trend overall growth, and total NOI growth will also benefit from the continued momentum of our ground-up development program, which will also start to bear more fruit as we head into next year.

Finally, turning to our balance sheet. The recent credit rating upgrade from Moody's to A3 further validates Regency's balance sheet strategy and liquidity position. we are relatively insulated from the current volatility in the debt capital markets as our balance sheet is in phenomenal shape. The majority of this year's maturities have been prefunded following our bond issuance in January, which we are gratified to price at a 10-year treasury yield meaningfully below where it sits today. And our next unsecured bond maturity is not until November 2025.

Nearly all of our debt is fixed. Our weighted average maturity is close to 7 years, and we remain near the low end of our targeted leverage range of 5 to 5.5x net debt preferred to EBITDA. We have approximately $1.7 billion of liquidity today including nearly full capacity on our revolver, and we remain on track to generate free cash flow of more than $160 million this year.

With that, we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Comes from the line of Jeff Spector with Bank of America.

Elizabeth Yang Doykan - *BofA Securities, Research Division - Research Analyst*

(technical difficulty)

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

We cannot hear the question. I don't know if it's us or if it's.

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

Lizzy, you're breaking up a bit.

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Elizabeth Yang Doykan - *BofA Securities, Research Division - Research Analyst*

Hello, can you hear me now?

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

Yes

Elizabeth Yang Doykan - *BofA Securities, Research Division - Research Analyst*

So I was asking (technical difficulty) if any of the benefit to same-store flowed through in the first quarter? Just seeing if maybe you [saw] any upside leasing or additional sources of accretion might have exceeded your expectations as we're through the early part of the year.

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

I think, Lizzy, you're still breaking up a little bit in the early parts, but I think I understand the gist of your question. Maybe cadence on earnings given the beat in the first quarter versus the run rate for the balance of the year. I think that's what I heard you ask.

Let me just kind of go back to some of the comments I made in the remarks and maybe color some of that up a little bit for you. Let me start by saying at a very high level, we thought we delivered a really solid quarter. We were very happy with our performance. We met our plan. Our confidence in our outlook was simply confirmed as you can see through our limited guidance changes. There was some timing in the first quarter that I -- as I outlined in the remarks that do impact our forward run rate, right? So percentage rent is the biggest one. That is a seasonal issue. It's 50% or more of that rent is collected in the first quarter. That does lead to about a $0.03 kind of deceleration from an earnings impact perspective going forward on a run rate. And then there were some timing a little timing issues coming out of the non-same property portfolio, which as, again, as a reminder, is a little larger than it customarily is because we have our entire Urstadt Biddle merged portfolio designated as non-same for 2024.

But what -- but those timing issues didn't change our outlook for the year, right? So those aren't going to flow through in any kind of additive way. So at this point, we continue to have a lot of confidence in the guide that we shared last quarter. We did raise Nareit FFO by $0.01. That is incremental to the plan that's coming from noncash revenue and specifically straight-line rents coming out of -- improved straight-line rents coming out of the development pipeline. We also had a mark-to-market adjustment following a mortgage paydown that we executed on this quarter.

So those -- that led to the $2 million that we increased our noncash guidance and that's what you're seeing flow through from [an] Nareit FFO perspective. Let me just end with this. From a same-property growth, we didn't modify the range. We have a lot of conviction in that range. We -- the fallout in percent commenced that we anticipated and communicated last quarter happened as we planned. And the best part of that is we've re-leased as much space as we've gotten back and then some, done a remarkable job there. And our outlook for the balance of the year and commencing that rent going into end of '24 and into '25, we feel really good about.

Elizabeth Yang Doykan - *BofA Securities, Research Division - Research Analyst*

That's helpful. And I apologize for the connection issue. Just as a follow-up, I know you all said that you're viewing external growth opportunities opportunistically, and there's a lot to go on the development, redevelopment front. But just curious on maybe what kind of opportunities would look most -- the most interesting to you today, maybe what you're seeing out in the market. More color on that would be helpful.

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

I'll take that and allow Nick to come over top of me if he wants to add a little more detail. Really unchanged, our investment strategy, whether it's for acquisitions, which we've had recent success with or whether it's for development, is aligning with our operating portfolio. So above-average

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quality with regards to merchandising mix, the tenants and to the extent that we can add our expertise to make that happen, we're looking for those opportunities as well. Grocery anchored primarily and also in great trade areas with above-average demographics.

We've had success from both the acquisition and the development strategy and doing that and remaining disciplined. And we continue to find opportunities. I really want to reiterate because I know that we continue to get questions about our development pipeline. Remember, we're generating ample free cash flow and the best use of that free cash flow is into our developments and redevelopments, and we have had a really impressive track record in that, especially of late 2023 was an exceptional year. And as I said in my prepared remarks, we expect that to continue into 2024. And I'm not saying that it's easy, but when you take what we have, which is a talented, experienced development team across the country, when you have access to capital with the strength of our balance sheet, and when you have the relationships that we have with top grocers, top retailers, master plan community developers, it's equaling success, and we're really proud of that.

Operator

Our next question comes from the line of Michael Goldsmith with UBS.

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

Same-property NOI growth of 2.1% in the quarter. Mike, you called out a tough bad debt comparison of 60 basis points with base rent contribution at 2.7%. So looking forward, can you remind us of maybe any other moving pieces in the comparisons that if we should use that 2.7%, the high 2% range is the rate, base rent growth is the forward trajectory? And did you say that next year should be about 100 basis points above trend?

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

Thanks, Michael. As I -- as we look into the balance '24, 2% to 2.5% guide range. We still have a lot of confidence in that expectation. It's going to hover around, it's going to hover within that range quarter-over-quarter and really pretty consistent, I would say, as we look through the balance, and I appreciate you highlighting the fact that Q1 did have a unique anomaly in the prior year basis.

I did say plus 100, let's make sure we understand what that means. That's the positive contribution coming from redevelopment deliveries to our same property growth rate. We are really excited about the -- and have growing conviction in that pipeline and that delivery of projects. And you can see it on our redevelopment disclosure page, by the way, and get really comfortable yourself with thinking about when that income will be delivered.

Remember, and we spent a lot of time kind of talking about our steady-state growth rate generally, redevelopments are going to provide about a plus or minus 50 basis point positive contribution to our growth, plus 100 basis points in our outlook for 2025 is materially better than that. And again, I would just come back to the conviction we have over that, given the projects that we see, the leasing that the team has executed on and really, it's just a matter of executing on deliveries and commencing those rents, which you'll start to see happen in earnest towards the end of this year and into 2025.

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

I'll just add, and I promise, Mike, I won't give guidance for 2025. But what I would like to add, Michael, if you just go back and you look at long-term growth rates, same property NOI growth, AFFO growth rate, I picked 5 years, you will see that Regency is at the top of the sector with that. And that is the result of our strategy. It's all of the things, right? It's our unequaled strategic advantages that I talked about in my prepared remarks. And with that, given 2024 is a temporary dip from those long-term expectations, we would expect 2025 would kind of make up for that. And that -- with the growth of 2025 that we expect all else being equal with regards to the economy, we would still -- we will rise to the top of the sector.

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

And my follow-up is on the SNO pipeline. It took a step up here now currently sitting at 370 basis points or $50 million with the SNO pipeline. What's the elevated -- what's the trajectory from here? Should we expect that to be worked down through '24 and '25 or should it kind of still remain elevated and choppy. Just trying to understand better around how you -- how quickly you can monetize this elevated pipeline.

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

Listen, I hope for the right reasons, I hope it grows, and I'm looking at Alan when I say that and he'd say the same thing. I think we have a lot of conviction in our leasing team's ability. We know our properties and how well they are desired by the tenant community and we have a lot of conviction in continuing to lease at a high rate.

So I wouldn't be honestly, I'd like to see that number increase. But from an economic impact perspective, our commenced -- it's about our commenced occupancy rate is the essence of your question. And we do think as we look at our plans, we do think that we've troughed on a spot basis from a commenced perspective. All planned, we knew these move-outs were going to occur in the first quarter of this year. And now it's about moving and delivering space, moving that commence rate up. Let me give you something to help you with your question. A little bit over $50 million of SNO pipeline from an ABR perspective, 65% of those leases will commence by year-end, but that's not rent, right? So $14 million, plus or minus, I'm going to be in the area. We should recognize in the earnings in '24. So that's only 1/4 of that pipeline. So that tells you that, that adds to that conviction we have in 2025, the balance of that ABR is going to come online as we deliver units into 2025.

Operator

Our next question comes from the line of Juan Sanabria with BMO Capital Markets.

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

Just curious on the decisions, in some cases, to be proactive and trying to increase the -- or improve their merchandise mix and increase rents and if that -- how are you making that decision? And it seems like that's obviously a product of a stronger market here. Could you do more of that in '25 that could temporarily offset growth? Just trying to play devil's advocate here.

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

Juan, this is Alan. Thank you for the question. We've always taken the long-term view of intense asset management. And so to answer your question, we're absolutely all about what is the right long-term decision for the asset, for the portfolio and for the future success of Regency. It's interesting. I said last quarter that we moved 3 office supply stores out of our portfolio. I'm not so sure that I actually identified who's replacing them. But to take those units and replace those with Sprouts in one location, HomeSense in another location, and a Baptist Health medical facility in a third location.

I think it's just really good examples of how we look at enhancing the merchandising, providing durability to our occupancy through better tenant credit and to your point, getting significant rent growth. So it's certainly the mindset of how we're trained. It's certainly the mindset of how we think about managing our portfolio, and I would expect that to continue.

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

And then just curious on how Urstadt is performing if that would have been -- if included in the same-store numbers additive and presumably, there's more lease-up opportunities there. Does that maybe then create a tough comp issue next year as that's folded into the same-store pool?

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

Let me take it first, and then I'd like Alan to give some color on what you've seen in the portfolio. But from my perspective, the Urstadt portfolio is performing right on plan. And we had high expectations for the portfolio, and the team is doing a remarkable job of delivering on those expectations. So just to reiterate that, we called for about 1.5 points worth of accretion. We're going to deliver that and that we haven't come off plus or minus that expectation. And there's a little bit of timing noise from a cadence perspective as I indicated in the first quarter, and that will level off by year-end. Is additive or would have been additive, had we called it same property by about the same amount I mentioned last quarter, which we said we're up to about 0.25 point. So I'll leave it at that. And if Alan has a comment.

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

Yes. Juan, the only thing I would add is we continue to be thrilled with the expanded platform, but I am personally probably more thrilled with the great people that have come into the organization as a result of it. And we did have another productive quarter. We signed about 50 transactions in that portfolio. And as I said, the last few quarters, there's runway there. We are going to grow that 93% formerly leased portfolio and leverage the platform, certainly that we have, and that is the hyper focus of the company right now relative to that acquisition.

Redevelopments are something that are more medium to long term, but we're doing some small little [pad deals] out in the parking lot, maybe evaluating a couple of multi-tenant deals, but largely, it's a hyper focus on leasing and the team is doing well.

Operator

Our next question comes from the line of Greg McGinniss with Scotiabank.

Viktor Fediv - *Scotiabank Global Banking and Markets, Research Division - Associate*

This is Viktor Fediv for Greg McGinniss. So we've noticed that your new leases, tenant allowances and landlord work as a percentage of new base rents have increased both on a quarter-over-quarter and year-over-year basis. Just curious, was it something unique this quarter or it's a current market environment. So you need to provide higher TAs and [landlord] work to get new leases done.

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

Viktor, this is Alan. Thank you for the question. The short answer is we're not seeing any material shift at all, although there is a slight elevation this quarter. I'll start on the renewal front. The elevation you see there is one tenant that we did a turnkey relocation to make way for a larger junior box. If you take that one out, our capitals are absolutely in line with historic levels. And again, I think that ties back to the intense asset management mindset of what's right for the asset.

On the new leasing front, I would just tell you, it's largely elevated by anchor leasing. And we had 4 anchor transactions. Notably, one of them was a space that was vacant for over 7 years. And so again, I think there's some mix issue in terms of just anchor transactions that's driving that, but we're not seeing any market shifts as a result.

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

I think it's -- yes, it's important to just reiterate that, our strategy and our approach hasn't changed. We're very judicious with our leasing capital and do believe that, that is clearly leads to again, ample free cash flow growth, but also helps drive our AFFO growth, which if you were to look at long-term AFFO growth, we do lead the sector.

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Viktor Fediv - *Scotiabank Global Banking and Markets, Research Division - Associate*

And then as a follow-up, could you please provide some additional color on the remaining $75 million of dispositions. So far, both dispositions in '24 were in Florida. And apart from properties being noncore, was it also driven by just relatively more attractive pricing than transaction market in Florida now, and should we expect other dispositions be within the same submarket or there are no other noncore assets in that submarket.

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

Viktor, this is Nick. I appreciate the question. As you referenced, I mean, you answered part of the question in your question, which is we are always looking to fortify our growth profile. And we're always looking to potentially sell noncore, nonstrategic assets at attractive cap rates. And so as we look into the future, as you see in our guidance now, we do expect to continue to sell assets at attractive cap rates, recycle that capital into more accretive opportunities that we may see. And so it just so happened, these 2 were in Florida, but I would now tell you, strategically, we are trying to exit Florida, as you know, we have a tremendous portfolio in Florida.

And so these are really case-by-case decision to asset by asset, trade area by trade area. And so I would not expect these additional assets necessarily be in Florida.

Operator

Our next question comes from the line of Ronald Kamdem with Morgan Stanley.

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

Just 2 quick ones. So one on -- just on the acquisition front, obviously, the $46 million added in the guidance. Maybe can you talk about just how that came about? And has sort of opportunities sprung up or change given sort of the move in rates has that sort of slowed activity?

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

Ronald, this is Nick again. I appreciate the question. So let me talk first to the first part of your question, which is about the acquisition we've now guided to. And so that asset, we're very excited about. It's a 76,000 square foot shopping center in Westport, Connecticut, a CVS anchored, and for those of you recently on our tour in the Northeast, you'll be familiar with it. The center directly across the street from our Trader Joe's asset that we own at the corner of Compo Road and Post Road. And so just a tremendous opportunity to bring a great asset into a region that we already are really, really familiar with and excited about, again, adding to that great portfolio. And so that asset was fully marketed. And so we competed in on-market process. And I think given our reputation and our presence in the market definitely helped us as it related to that competition. And so excited to get that closed here very, very soon, maybe even as soon as today.

And so beyond that, we continue to be, again, opportunistic, as Lisa indicated earlier, which is looking across the country for opportunities that we believe we can create and add value to shopping centers. And so there is definitely more opportunities on the market over the last quarter than there were in the quarter before.

But as we all know, treasuries have moved here in the last couple of weeks. And so it's TBD of does that slow transaction volume or not. But from the chatter we're hearing, we do expect transaction volume to stay pretty darn steady and we're going to take advantage of any opportunity we see that we think we can add value to.

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Operator

Does that complete your question?

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

Yes. My second question was just on the same-store. Look, I'm getting the theme of the call, which seems to be acceleration in 2025 on the same-store. I guess the question is, is the conviction coming from sort of the fact that you have sort of the [signed-not] leased pipeline and you have visibility or is it more that the sort of the tenant health, there's no sort of larger move-outs or bankruptcies, that could be a headwind next year or both, right? Just trying to figure out where the conviction is coming?

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

I'll answer that just very high level and to the extent that my partners here want to add any more specific color, but it is both. I'm glad that you added that at the end. I mean, I think you can see with our leasing success and results, the health in the portfolio and where -- we can say, some records are meant to be broken and we continue to drive our percent leased higher and higher. And that SNO pipeline is real. And so that does create real visibility to rent that will commence and we also have been really successful with our redevelopment pipeline. And Mike talked about those in the prepared remarks and in one of the questions. And we have real visibility to that also being additive in 2025. So it's all of the above.

Operator

Our next question comes from the line of Haendel St. Juste with Mizuho.

Ravi Vijay Vaidya - *Mizuho Securities USA LLC, Research Division - VP*

This is Ravi Vaidya on the line for Haendel. I hope you guys are doing well. We've heard from you and your peers that the leasing environment is very strong and robust. But I just wanted to ask, particularly around [Med care] and urgent care centers and things along that line. We've started to hear some softness in demand from some of the operators there, notably Walmart. And just wanted to hear your thoughts on what you're seeing from a leasing demand perspective.

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

Ravi, it's Alan. So our current medical exposure is about 7% of ABR, and that has grown from 5% where we were pre-COVID. We are very comfortable not only with where it is, but certainly comfortable if it were to continue to grow. Interestingly, we signed nearly 20 new medical leases in the first quarter, and that was our second highest category for new leasing from a square footage perspective. And it was largely dentists, optometrists, physical therapy, primary care and it included a new ground lease that we also did with the largest primary care operator in Houston, where they're going to build a new medical building where Regency didn't even invest any capital on that.

But overall, we're comfortable certainly with that category. From an urgent care, specifically to answer that question, it's just not a significant piece of our medical exposure, it's less than 1% of our ABR. We, interestingly also have all the medical transactions we did in the first quarter, none of our new leasing activity this quarter was in the urgent care facility arena. But I would just take us back to the strict vetting process that we do for all of our operators, whether medical, personal services, restaurants, et cetera. And I think the team does a really nice job to make sure we're aligning with the right operators.

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Ravi Vijay Vaidya - *Mizuho Securities USA LLC, Research Division - VP*

Just one more here. Where do you think CapEx goes as a percentage of NOI goes from here for you and I guess, broadly for the sector, as we're seeing occupancies are -- more, more leases are renewals than new ones. How do you think this could impact AFFO growth maybe over the next couple of years and maybe is there -- are we approaching an inflection point, I guess, is the crux of the question?

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

Ravi, it's Mike. Maybe I'll give you a bit of a boring answer, but we don't see any change. I've been pretty -- we've been pretty consistent on this topic for some time. 11% area is kind of our run rate, and that's all CapEx, right? So that's maintenance and leasing capital. And we don't see that changing on balance, on average over the long run. You're going to have periods of time where as you're adding to commenced occupancy as we are now where that could increase over that line -- that average line, again, because of the volume of activity you're doing, but the team does an incredible job of ensuring that we're investing the right amount of money into the operator's business, and we're getting a fair -- market-leading rent in those cases and market-leading terms and they're just very judicious with our capital spend, and I think that's appropriate.

Capital is precious. We're going to generate as much free cash flow as we can so that we can reinvest that to Lisa's point back into our development and redevelopment business. And when we have available capital outside of that, by properties, like the great asset we're going to add to the portfolio in Westport.

So I don't see that 11% area changing over the long run.

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

And I do just -- I want to reiterate because it's an intentional strategy to maximize rent while limiting leasing capital, trying -- staying within our parameters of our expectations and it's the strength of our asset quality and our shopping centers that allows us to do that, and we are successful in doing so. And it is a reason that we -- it does drive our AFFO growth.

Operator

Our next question comes from the line of Craig Mailman with Citi.

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

Just want to follow up. I know you guys increased dispositions a little bit here to partly pay for the Westport acquisition. But just from a need of capital, $125 million with the free cash flow you guys throw off. Is this just a placeholder because you think you could get more acquisitions? Or is this necessary to fund the redevelopment? Just trying to get that accelerated pace of dispose just given the spending you guys have.

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

Yes, I think this will help you, Craig. We don't need to sell the properties to afford or pay for the Westport acquisition. That is -- we have the free cash flow in position, we have the balance sheet capacity. We have -- on a leverage neutral basis, if you take our free cash flow expectations, we have over $300 million of kind of investment capacity at our fingertips, so to speak.

So honestly, the $25 million add was simply identifying some small noncore assets in our portfolio where we have received indications of interest that show pretty low cap rates. And when we think about that trade of exiting a noncore asset on an accretive basis, into either our developments or redevelopments on acquisition. Some of these assets, you could argue you can pay down debt and that's accretive. So when we see that trade

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opportunity, we're going to take it. And that's all we're doing here. It's just a little bit of pruning why, I think kind of smartly and over time, that's going to lead to a more durable income stream and earnings growth as well.

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

And the remaining $95 million that you guys have kind of dialed in, how much of that do you have visibility on at this point? And maybe what do you think timing could be on some of these sales?

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

I think -- I mean the $25 million that we've added, we have visibility on all of it, and it's on the market, it's actively being discussed. The $25 million is going to be back-end weighted. And I think I still have a lot of confidence that we're going to execute on that plan. The other transactions are known. They're going to occur. These aren't speculative disposition assumptions. These are -- these are actionable dispo's that we have a lot of confidence in.

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

Okay. So I guess I was getting at -- you guys have done $30 million, $25 million is incremental you kind of think, but then the other $70 million is kind of known, what's the timing on those?

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

Timing, I'm going to look to the team to help me out, but Q3 -- end of Q3 estimate on the $70 million roughly is how I would think about it.

I think about it at the kind of end of third quarter.

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

And Craig, we also announced that we did another disposition in the second quarter, it was Tamarac, and we disclosed that in the press release. It's just not in the transaction list yet.

Operator

Our next question comes from the line of Ki Bin Kim with Truist.

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

So there's been a couple of retailers in the media like Starbucks, McDonald's. And I think grocers has been talking about smaller basket sizes and certain consumers being stretched for some time. I was just curious if you've noticed any of that conversation in your dialogue with tenants today. And I know both things can coexist where demand could be good for a while, even though there might be some challenges. Just curious what you're seeing on the ground.

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

Let me just take it generally first, and then I'll let Alan talk about the actual discussions with tenants. I mean the future is always uncertain, right? And in today's world, the macroeconomic, I don't know any of us can predict what is going to happen. But what we do know is that we have high-quality centers and our trade areas have been to this point, and we expect to be able to -- and we expect to continue especially given the types of, the types of uses within our centers, right? It's value, convenience, service that we would expect that our shopping centers, the trade areas, the consumers and our trade areas are going to be capable of absorbing the macro pressures that we're seeing today.

We are generally seeing that through the results in our shopping centers. I want -- you also made a comment about stress for time, which I think is really important because this even goes to the medical that we spoke about. It's a real structural tailwind that there's -- and you've heard us say this, a renewed appreciation for a physical presence of the shopping centers near and close to people's homes to service their needs, and to buy goods because they are stretched for time. And it is why that we really do have this tailwind, the suburban shopping centers for all the types of uses that we are offering at our shopping centers. And I think that, that is -- we don't see that softening today. Alan? He thinks I hit it. So he's not going to add.

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

And on development, I don't think you guys have a large land bank and -- but you guys have been very successful in starting some projects at high yields. Also just curious about the second round of development that you might be pursuing. How might that be different in terms of yields versus the current pipeline, especially given your kind of land bank position?

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

Sure, Ki Bin, this is Nick. Appreciate the question. You're absolutely right. We do not land bank as a strategy for our development program. And so we are very, very thoughtful about derisking these projects as part of our diligence while we control the real estate prior to closing. And so our process is we make sure we have control of the real estate. We make sure we have really high-quality tenants committed to the projects, especially our grocery tenants. We work through the entitlement process. We work through the pricing exercise. And as we've talked about in previous quarters, it is a challenging environment to bring all of those pieces of the puzzle together, but it is a core competency of ours, and our teams continue to do a really, really tremendous job of finding those opportunities across our platform, across the country.

And as we've said on multiple occasions, we feel really bullish about the future of our development program. We continue to lean into it and our teams are continuing to find more than our fair share of those opportunities. And as you -- in terms of your question of yield, as you can see in our in process, our yields range between 7% and 9% and on our development and redevelopment program, and that's where we're still targeting and we expect to have additional success in that range.

Operator

Our next question comes from the line of Floris Van Dijkum with Compass Point.

Floris Gerbrand Hendrik Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - MD & Senior Research Analyst*

I guess it's more of a follow-up question. In terms of the development versus redevelopment. One of Regency's core competencies has always been the development, I think, Lisa. You guys have -- you're somewhat unique as I think most of your peers are saying that rents probably need to rise by anywhere -- over 25% in order to justify new development on a national basis. But obviously, there's always unique opportunities. And I suspect Cheshire is one of those. But how much of an advantage or how much of your development -- future development pipeline do you think is going to come from your existing portfolio versus brand-new opportunities like Cheshire. And also, what's the difference in return on those kind of opportunities in your view?

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

I'll start, and then I'll let Nick finish. I think you've been following us since you do -- you have seen that the percentages were more weighted towards redevelopment in the recent past, but we have created a ton -- we've generated a ton of momentum in the ground upside. And again, this goes back to the renewed appreciation for bricks and mortar and for being close to customers' homes. And for the retailers to be able to service their customers through all channels, and one is for the customer to walk through the front door and also to buy online and pick up in store all tailwinds for our business. And you're correct, and I appreciate the acknowledgment that development has been a differentiator for us and a competitive edge, for as long as I've been at the company, and I've been here almost 28 years. And we have an extremely successful track record in that regard. And that matters because we have an experienced, talented national team with these relationships that is helping us find and Nick and the team reminds me all the time, and I'm not saying that it's not easy, but that's what makes us so good. And so that I would expect that we're going to continue to see more momentum on the ground upside. Redevelopments will also continue to happen, as Alan talked about. We intensely manage our existing portfolio, and it's an important part of fortifying our future NOI growth. But I do expect that you're going to see ground-up grow over the next few years.

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

And all I would add to that, Floris, is as Mike alluded to earlier, and we continue to be very vocal about, the great news is, for us, it's not an either/or process. We are an enviable position with our capital that we are going to take advantage of opportunities that we see in our existing portfolio. And as you see in our in process, the team has found a lot of opportunities at very accretive and attractive returns to invest new capital into our existing portfolio. But we also are going to continue to take advantage of every opportunity we see on a ground-up basis that we know we can derisk and we can put a shovel on the ground at an attractive return there. And we have capability. We have the team that's across the country focused on that, and we have the capital. And so we are blessed to be in a position of not choosing between the 2. We're going to do both.

Floris Gerbrand Hendrik Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - MD & Senior Research Analyst*

And maybe in terms of the return thresholds, I guess, maybe if you can talk about like I would imagine that some of the redevelopment opportunities are going to have higher returns, but how does that compare to buying, for example, something today in the market like a West border or other things that you're looking at? How much higher does the return need to be in order for you to pull the trigger on opportunities?

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

Sorry, I was just going to reiterate, Nick, what you already said earlier, and that was the 7% to 9%, the target threshold hasn't changed for developments. And acquisitions are going to -- it's going to vary. It's going to depend on the total return, if you will, what's the future growth right? We acquired Nohl Plaza, which had a tremendous amount of upside and a much lower cap rate, for example.

We did our Chicago acquisition, higher cap rate, not as much -- there's not as much leasing upside or redevelopment upside. So that's acquisitions are going to really vary depending upon the actual individual opportunity. Development 7% to 9%. Historically, we have always -- we've tried to target a minimum of 150 basis point spread over what that shopping center upon completion would sell in the market. And I think we're still pretty successful with that.

Operator

Our next question comes from the line of Linda Tsai with Jefferies.

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

For the 39 anchors that have signed, but not yet commenced, just wondering who some of those anchor tenants are? Like how many of those are grocers. And then I guess just my second question is do you think your grocer penetration, if it's plus 80% right now could get much higher?

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

Linda, this is Alan. I don't have the actual number of what percent were grocers, but there certainly were a number of transactions that are in there. The target that we had mentioned in Norwalk, we are very excited about the first Whole Foods Daily Shop. I think that was announced here a few months ago in Manhattan, which will be opening likely in the fourth quarter of this year. And if you haven't heard about that concept, that's their new quick and convenient shopping experience for that urban customer. We've got a couple of public deals that are under redevelopment right now. So I would tell you there's a pretty significant amount of grocer activity that is within that number. We're excited to get both of those Kroger deals -- excuse me, Publix deal is open, which are down in Atlanta. And so it's a significant part of it. Second part of your question? I'm having a moment with it.

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

Grocer penetrated. We're 80% grocery-anchored. And I don't think we see that number materially changing from this point forward. The bias here is around grocery, and we'll continue to pursue grocery-anchored shopping centers as a rule. But I don't think you're going to see that go materially or change materially from here.

Operator

Our next question comes from the line of Mike Mueller with JPMorgan.

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

So for the Stone Bridge development that's part of a master plan community, how mature or early stage is the community? And as being part of a project like that changed the risk profile or economics, you compare to a development, not one of those communities?

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

I appreciate the question. This is Nick. I'm glad you actually pointed out that it is part of the master plan community because to us, these partnering and working with master plan developers is a real competitive advantage of ours. And so if you put yourselves in the shoe of a master plan developer, one of the most important things you can have to make sure that you continue to sell high-quality homes to high-quality purchasers is retail amenities and grocery being a really important part of that. And so in the communities that we're servicing, these are wealthy areas with expected high purchase prices for the homes. And so they want high-quality grocers. We have the relationships with the high-quality grocers. We have the expertise to design those assets at a really high level. They know we have the capital to build them. And they know we anticipate owning those. And so we're making every decision along the way from a long-term ownership perspective. And so when you put your shoe -- yourself in the seat of a master plan developer, we're really one of the best partners that you could hope for to execute on that important amenity.

And therefore, that's why we've had a lot of success in that. And so as you mentioned, Cheshire is an example of that. Our Baybrook development, our HEB development down in Houston is an example of that. Our Sienna project is an example of that, and we continue to work with a lot of large master plan developers around the country, and that's part of our pipeline.

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But I'll just add to that. These are not greenfield areas. These are not tertiary markets. These are infill master planned communities that have been underway for, in some cases, decades. And so that's where the sort of perfect formula coming together where there is demand at high enough rents to make our deals pencil, and that's the sweet spot we're working in and continue to focus on.

Operator

Our next question comes from the line of Omotayo Okusanya with Deutsche Bank.

Omotayo Tejumade Okusanya - *Deutsche Bank AG, Research Division - Research Analyst*

So based on all the commentary, on the call, everything seems to be going really, really well at the company. So I guess, just going back to guidance, Again, I'm trying to understand the solid beat in 1Q, understanding all the items. Mike, that doesn't kind of translate to a bigger increase in guidance? And kind of what's trying to connect those 2 dots of -- what am I missing?

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

Tayo. Listen, I think it's timing. Really on every -- just about every line item in our outlook, we've delivered on a full year basis, what we anticipate delivering but some of that timing was front loaded. Again, I'll just reiterating the percent rent. That's kind of a classic first quarter issue, but it occurs largely in the first quarter. Again, over half of our percentage rents are earned -- and the balance is coming from other line items like other income, where the income streams within those line items can be nonlinear. And it just so happens that some of that was occurred in the first quarter, for example, rather than our plan, which was in the second.

So some of those items are just kind of idiosyncratic. But on a full year basis, as we kind of zoom out, we are delivering on all of them at the level that we anticipated. So it's just not translating to the full year expectations. What you're sensing though, in our commentary is that the incredible quarter we have from a leasing perspective and combined with the incredible momentum we continue to generate on the development side of the business is leading to this added conviction over our future growth. And that's what we're trying to convey today is that, that plus 100 basis point contribution on same-property NOI from redevelopment, as a '25 event, you didn't hear us talk about that last quarter. That's, I think, what's happening. The quality of Q1 is translated into our conviction over the end of '24 and full year '25.

Operator

Our next question comes from the line of R.J. Milligan with Raymond James.

Richard Jon Milligan - *Raymond James & Associates, Inc., Research Division - Director & Research Analyst*

First off, I really appreciate the AFFO disclosure, hopefully, the rest of your peers that don't already provided, follow your lead. But aside from the lack of disclosure from some of your peers, there's always a lot of different bucketing of CapEx. And so, I have more of a philosophical question. In your AFFO calculation, you don't include redevelopment CapEx and I think as an industry, some of your peers are pretty discerning as to what's really redevelopment, i.e., growth CapEx. Well, I think some are pretty liberal and throwing a lot of re-tenanting into that redevelopment bucket, which really looks a lot more like maintenance CapEx. So I'm just curious how you think about bucketing those costs to get to your AFFO calculation?

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

I'm happy to take it. And RJ, I appreciate the question. The team did a nice job, really nice job enhancing our disclosure. So thank you for the kudos. I would encourage you to look at it on a look-through basis. That's my simple answer to it. And I understand that redevelopments are hybrids. They are -- they can be challenging to differentiate between maintenance capital and added capital. We -- as we think about our bucketing, it is -- we're

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densifying the site. We're adding GLA. We're significantly repositioning the asset within the market. And when that occurs, we are designating that as a redevelopment. If it's straight lease-for-lease, box-for-box re-facading that space as is, that's leasing CapEx, and we're going to put that into the leasing bucket. But I would encourage you, as you think about Regency versus others, put it all in, call redevelopment capital. We're happy for you to do it and then compare us on an apples-to-apples basis, and we like how we stack up.

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

I think what Mike is trying to say is that whether you look at it on just the leasing only, we're at the low end. And if you bump -- if you throw everything together, we're still at the low end. And it goes back again to just our intentional approach to leasing capital.

Operator

Our next question comes from the line of Anthony Powell with Barclays.

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

Just a question on the Kroger, Albertsons merger and the back and forth with the FTC in that with the dispositions. Any concerns that, that merger may be taking a bit longer to completely expected or any impact if it's not commenced, I've gotten a few questions on that from clients in the past few months.

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

I can appreciate that you probably are getting questions from that. But we don't have any new information. We're reading what you're reading -- and it has not -- it doesn't -- the timing of it isn't impacting our operations whatsoever. They're still operating as 2 separate companies. They're talking with us as 2 separate companies. I mean -- and they're key customers of ours. So we do have real -- we do have good relationships with them, but they're not allowed to give us any inside information.

We continue to feel really good about our real estate. And I think you've heard us, and you've heard me say this before, if the merger goes through, we believe that, that will create a stronger, more well-capitalized grocer that will better be able to compete with some of their competitors and will be a really strong operator for us. And if it does happen, the spin-off of stores that would -- that would happen certainly is the greatest area of uncertainty. But again, we feel really good about our stores. And those are productive grocery locations and we would expect them to continue to be so. If the merger doesn't happen, they're really good operators, and we're happy to have both of them operate in our portfolio.

Operator

Ms. Palmer, we have no further questions at this time. I would like to turn the floor back over to you for closing comments.

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

Thank you all for joining us this morning. Appreciate your interest, and have a great weekend. Thank you.

Operator

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation, and have a wonderful day.

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