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REG.OQ - Q1 2026 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's first-quarter 2026 earnings call. (Operator Instructions)

Please note, this conference is being recorded.

I will now turn the conference over to your host, Christy McElroy. Please go ahead.

Christy McElroy - *Regency Centers Corp - Senior Vice President of Capital Markets*

Good morning, and welcome to Regency Centers' first-quarter 2026 earnings conference call. Joining me today are Lisa Palmer, President and Chief Executive Officer; Mike Mas, Chief Financial Officer; Alan Roth, East Region President and Chief Operating Officer; and Nick Wibbenmeyer, West Region President and Chief Investment Officer.

As a reminder, today's discussion may contain forward-looking statements about the company's views of future business and financial performance, including forward earnings guidance and future market conditions. These are based on the current beliefs and expectations of management and are subject to various risks and uncertainties. It is possible that actual results may differ materially from those suggested by these forward-looking statements we may make.

Factors and risks that could cause actual results to differ materially from these statements may be included in our presentation today and are described in more detail in our filings with the SEC, specifically in our most recent Form 10-K and 10-Q filings.

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

As a reminder, given the number of participants we have on the call today, we respectfully ask that you limit your questions to one. Please rejoin the queue if you have additional follow-up questions. Lisa?

Lisa Palmer - Regency Centers Corp - President, Chief Executive Officer, Director

Thank you, Christy. Good morning, everyone, and thank you for joining us. We are off to an outstanding start to the year, building on the positive momentum from last year. In the first quarter, we delivered strong same property NOI and earnings growth driven by robust operating fundamentals and accretive capital allocation. Our results demonstrate the durability of our portfolio, the strength of our platform, and the execution of our team.

Our tenants are performing well in our centers, supported by the resiliency and spending power of consumers in our strong suburban trade areas, as well as our focus on essential retail anchored by top-performing grocers. It is this combination of high-quality trade areas and our concentration of necessity based, value oriented, and convenience retail that positions our portfolio to perform consistently, even in uncertain macroeconomic environments.

We also continue to see significant momentum across our investments platform. Our track record of success in ground-up development is one of Regency's greatest differentiators and is a key driver of our external growth strategy. In an environment with very little new retail supply, our ability to source, execute, and deliver high-quality developments across the country really sets Regency apart. Our project deliveries will translate into meaningful NOI contribution in 2026 and beyond, boosting total NOI growth, and driving earnings and NAV accretion.

As we look ahead, I'm really energized by our strong start to the year and by the opportunities in front of us. I want to reiterate just how distinct Regency's growth story is. Our portfolio of high-quality, grocery-anchored neighborhood and community centers located in some of the strongest trade areas in the country, has consistently delivered durable cash flows across economic cycles. Our leading national development platform is creating meaningful value for shareholders at a time when few others can compete with our expertise, relationships and proven results.

Our strong balance sheet gives us flexibility and the capacity to be opportunistic with low cost and substantial access to capital. And most importantly, we have the best team in the business. With this foundation, Regency is exceptionally well positioned to continue delivering strong and sustainable growth for our shareholders. Alan?

Alan Roth - Regency Centers Corp - East Region President and Chief Operating Officer

Thank you, Lisa, and good morning, everyone. We delivered another excellent quarter to start the year, following what was a record-breaking year for us in 2025. The fundamentals across our portfolio remain strong, and I couldn't be more proud of our team's execution. Tenant demand continues to be robust across nearly all categories and regions, spanning both anchor and shop space. Grocers, restaurants, health and wellness concepts, and off-price retailers are among the most active, but the breadth of engagement across our portfolio is really impressive.

The availability of high-quality space is increasingly scarce, both at our centers and in our trade areas, and that dynamic is working in our favor. Our same property percent leased, which is approaching 97%, was up 10 basis points over the fourth quarter. A sequential uptick in Q1 is seasonally unusual, and it really speaks to the strength of the demand we're experiencing and to the durability of our occupancy.

Leased occupancy is now close to our prior peak, though I am confident further upside is achievable, particularly in anchor leasing, where we continue to have meaningful engagement with leading national retailers. What is especially encouraging is the nature of our activity today. We continue having success proactively leasing occupied space, upgrading merchandising, bringing in new and vibrant concepts, and replacing outdated or underperforming uses.

Our same property commenced rate also increased 20 basis points in the quarter as we made meaningful progress commencing tenants within our SNO pipeline. The pipeline continues to be a significant tailwind to future NOI growth, representing approximately \$42 million of incremental base rent. We achieved robust cash re-leasing spreads in the first quarter and GAAP spreads were near a record high. These results reflect our ability to achieve compelling mark-to-market rent increases in addition to embedding meaningful contractual rent steps into our leases.

That success is the basis for our ability to drive strong, sustainable rent growth within our portfolio over the long term. Same property NOI growth of 4.4% in the first quarter was reflective of these strong operating trends, along with the substantial progress we've made raising occupancy and completing redevelopment projects.

In closing, the trend we are seeing in leasing activity, tenant sales, collections and foot traffic remain very favorable. We are positioned for success and continued growth ahead and I'm excited about what our team will accomplish.

With that, I'll hand it over to Nick.

Nicholas Wibbenmeyer - *Regency Centers Corp - West Region President and Chief Investment Officer*

Thank you, Alan, and good morning, everyone. We continue to have significant momentum within our investments platform, evident in an active first quarter of accretive investment activity. Our team is successfully executing on and delivering projects within our in-process pipeline, and we continue to source attractive new ground-up projects.

During the first quarter, we completed \$42 million of projects, including Oakley Shops at Laurel Fields, a Safeway-anchored neighborhood center we developed ground-up in the Bay Area. Our team did an exceptional job bringing this project to fruition in less than 18 months, one of the quickest ground-up deliveries that I can recall.

We also started another \$73 million of new projects this quarter, including Crystal Brook Corner, a redevelopment on Long Island. We acquired this underutilized piece of real estate and are transforming it into a Whole Foods anchored neighborhood center. This project demonstrates our ability to look at acquisition opportunities through a differentiated lens, leveraging Regency's platform, our relationships and our development expertise to drive near-term value creation.

Our in-process pipeline now exceeds \$600 million, with exceptional leasing momentum and blended returns above 9%. The team has been executing these projects on time and on budget, which, I want to emphasize, is a direct result of the substantial risk mitigation we undertake before we break ground.

Within our ground-up development platform, we continue to see remarkable results. An example includes Ellis Village in Northern California, which we started in the second half of 2025. The project is already 100% leased with an anticipated anchor opening later this year.

Our SunVet and Stone Bridge ground-up projects in the Northeast each celebrated Whole Foods openings during the first quarter, both with strong community reception. As Lisa discussed, ground-up development remains a substantial differentiator for Regency, and our brand as a developer has never been stronger.

We are the only national developer of high-quality grocery-anchored shopping centers at scale in an environment of otherwise limited new supply. Our teams are actively sourcing new projects, and we continue to have visibility to a potential of more than \$1 billion of project starts over the next three years.

Leading grocers across the country remain engaged and eager to expand with us and shop tenants are excited to be part of our projects. Landowners trust us to deliver given our proven track record and the strength of our grocer relationships, particularly among master plan developers, where our retail projects are providing a significant amenity and value to their communities. This positive momentum continues to enhance our success, strategically positioning us to capitalize on additional opportunities.

We are creating real value for shareholders at meaningful spreads to market cap rates, and we are excited about the opportunities for continued growth in our investment platform. Mike?

Michael Mas - *Regency Centers Corp - Chief Financial Officer, Executive Vice President*

Thank you, Nick. Good morning, everyone. Regency delivered another strong quarter to start the year, a testament to our team's continued execution on our strategy and the favorable conditions of our markets. Same property NOI growth was 4.4% in the first quarter including 3.5% of base rent growth. Recall last quarter, we discussed that Q1 would be above and that Q2 would fall below our full-year guidance range.

With this quarter driven by the uneven nature of other income, and next quarter driven by a tough comp relative to last year's favorable expense reconciliation performance. Most importantly, base rent continues to grow at very healthy levels, benefiting from increasing rents, commencing our SNO pipeline, and delivering on our accretive redevelopment projects.

Looking through the variables in first and second quarters, we are maintaining guidance for full year same property NOI growth of 3.25% to 3.75% as well as for growth in core operating earnings and Nareit FFO per share each at 4.5% at the midpoint. We continue to expect total NOI growth north of 6%, reflecting meaningful contributions from ground-up development deliveries and the substantial acquisitions we completed last year.

We did make a few minor assumption changes within our outlook. We modestly increased development and redevelopment spend as a result of increased starts expectations as well as our acquisitions guidance to now include known transactions. These changes reflect continued strong investment activity and support positive momentum in external growth and value creation.

The strength of our balance sheet is an important element of this ability to accretively allocate capital. We have worked strategically over time to position the company with low leverage, strong liquidity and dependable access to attractively priced capital. In February, we issued \$450 million of seven-year unsecured notes at a 4.5% coupon, achieving the lowest credit spread in Regency's history.

This execution represents one of the most favorable cost of debt capital in the REIT sector and is a direct reflection of our A credit ratings from both Moody's and S&P. Leverage remains near the low end of our target range of 5 to 5.5 times, and we have nearly full availability on our credit facility and our strong free cash flow generation allows us to fund our development pipeline with no current need to raise equity or sell properties.

In closing, we are gratified by another strong quarter and look forward to continued success as our teams execute our differentiated strategy through the balance of the year.

With that, we welcome your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Michael Goldsmith, UBS.

Michael Goldsmith - UBS AG - Analyst

Great. Yeah. So I wanted to walk through the non-cash revenue component, you guided to \$51 million for the year. So pro-rated, that would have been -- if you split it by 4, probably would have been at \$12.75 million for the first quarter. You came in at like \$9.7 million-ish.

So can you kind of walk through what drives the difference there from the kind of like the pro-rated number, the lumpiness that is natural with the non-cash revenues and how you expect the rest of the year to play out?

Michael Mas - Regency Centers Corp - Chief Financial Officer, Executive Vice President

Sure. Thank you, Michael. I appreciate the question. As you just said, non-cash can be uneven by its nature and a little straight lining of our guidance range would have led to a little bit of a higher expectation for Q1. Had a couple of things going on, one, we did make an adjustment to a single tenant, one lease where we moved that lease to a cash basis.

So that, in effect, results in a reserve on straight-line rent that's booked in the quarter. And that's probably the largest component that you're seeing drive that variance today. We haven't taken our eyesight off full-year guidance. Obviously, at \$51 million.

And I'd also say last year, just as a reminder, you can get fits and starts with tenant move-outs and the acceleration of below-market rents. That can also be a driver of changes to the cadence of non-cash. So just to make sure you keep a look out for that going forward.

Well, quickly, I'd say, another commercial for why we use core operating earnings to really tell the story of how we grow cash and cash flow at Regency, we eliminate non-cash, we eliminate non-recurring. I think that core operating earnings number is really valuable as we think about the earnings potential of the company.

Operator

Samir Khanal, Bank of America.

Samir Khanal - Bofa Merrill Lynch Asset Holdings Inc - Analyst

Maybe to start kind of high level, grocers are stable. I mean, I guess, maybe provide color on kind of small shop tenant health, given the macro and higher prices. Talk about occupancy costs? And have you seen any differences among categories amongst the shop tenants, the discretionary retail or restaurants, given higher prices in the macro?

Lisa Palmer - Regency Centers Corp - President, Chief Executive Officer, Director

Thanks, Samir. I'll start, and then I'll have Alan color it up with specific to our portfolio. But as you've heard us say many, many times, and we are really well positioned to perform throughout economic cycles, because of the format of our shopping centers, necessity, value, convenience. In even tougher times, we're well aware of the pressures on consumers with the rise in gas prices.

Then -- but there's even a trade-down effect oftentimes, and Alan can color that up with our foot traffic. So we start to see even more traffic at our centers as a result of that. And then on top of that, layer in the trade areas in which we operate. And our consumers are more resilient

and more able to withstand these price increases and pressures. So our tenants are healthy. We're seeing that in every metric within the portfolio. And I'll let Alan color that up a little bit more.

Alan Roth - *Regency Centers Corp - East Region President and Chief Operating Officer*

Yeah. Good morning, Samir. So talking about the tenants being healthy that Lisa just said. I think the first place I'm going to look is at their sales, and they do remain healthy within our portfolio. The next spot I'm going to look is at our collections, and we're continue to be near record lows there. And then as Lisa mentioned, foot traffic.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

Record lows on bad debt.

Alan Roth - *Regency Centers Corp - East Region President and Chief Operating Officer*

On bad debt, thank you. Foot traffic, it's very resilient. When we look at the Q1 results, we are up 2.3%. But to your point of the recent sort of macro environment and higher fuel prices, what does April look like? And when we look at the portfolio in April, foot traffic is actually up 3%, more than it was in Q1 during this time period of increased fuel prices.

So look, we continue to feel good, and I would bring that back to Lisa's comment of the consumers and the trade areas in which we are operating. But we're going to continue to keep a watchful eye on things, but things remain certainly positive from all metrics that we have access to.

Operator

Craig Mailman, Citi.

Craig Mailman - *Citi Infrastructure Investments LLC - Analyst*

You guys have bumped the increased start expectations a bit here. Can you talk about which projects are now slated to start this year? And just the overall kind of leasing activity, and maybe anything else on the horizon that wasn't included in these new starts, but maybe could potentially start later this year? Kind of just talk about the overall environment of your different projects.

Michael Mas - *Regency Centers Corp - Chief Financial Officer, Executive Vice President*

Craig, I appreciate the question. Let me start and I'm going to give it to Nick real quick because I want to just clear up something. We guide on development spend. But we are highlighting that. We have some added visibility to added starts that will drive that spend this year. But I want that to be clear that it's a spend guidance, not starts guidance. And then Nick will take it from there.

Nicholas Wibbenmeyer - *Regency Centers Corp - West Region President and Chief Investment Officer*

Yeah, Craig. I appreciate the question. As we said in our opening remarks, we feel really good about our ground-up development program. And so as you've seen over the last three years, we've started just over \$800 million. And as we look forward, we expect our investment platform to invest over \$1 billion over the next three years.

And so you can just see continued upward momentum as our team does a tremendous job uncovering these opportunities around the country. And so we continue to be bullish about that opportunity set. Therefore, we are raising our eyesight regarding what that spend will be based on an expectation of higher starts than previously anticipated.

Operator

Juan Sanabria, BMO Capital Markets.

Juan Sanabria - Bank of Montreal - Analyst

Just piggybacking off of Craig's question. Just on the greenfield new starts, you mentioned master plan communities being a good source of opportunities for you. But just curious if with the uncertainty on the single-family build for rent with the ROAD to Housing Act, if that's creating any temporary pausing by some of the developers for homes? And has that any changes to the prospects of like that line of business going forward for Regency's future development pipeline?

Nicholas Wibbenmeyer - Regency Centers Corp - West Region President and Chief Investment Officer

Yeah. Greatly appreciate the question. And that's a really insightful question. The reality is our program to date has not been heavily involved in the build-to-rent type communities. And so the master plan developers we are working with and continue to work with around the country are single-family for sale communities and or they have other aspects of townhomes or apartment buildings.

And so we haven't seen any impact to the master plan communities we're working on in terms of their appetite and desire to continue to push forward to build retail within their communities at this point.

Operator

Todd Thomas, KeyBanc Capital Markets.

Todd Thomas - KeyBanc Capital Markets Inc - Analyst

I guess sticking with that a little bit in terms of the ground-up development. Can you talk about the cadence of starts? How that looks during the balance of the year? And also discuss how yields are trending on new projects -- new ground-up projects that you're underwriting relative to the yields and whether or not future master plan starts would sort of look similar or potentially have a different yield profile?

Nicholas Wibbenmeyer - Regency Centers Corp - West Region President and Chief Investment Officer

Yeah. I appreciate the question, Todd. In terms of your first question on timing, if you want to talk about lumpy development is where it gets the lumpiest in terms of timing. And that's because our focus is not hitting some time line. Our focus is absolutely making sure we derisk these opportunities before we close. And so we want to make sure we're fully through entitlements.

We want to make sure we have pre-leasing done with our anchors. We want to make sure we have drawings done and bids in hand. We want to make sure we have visibility to executing on these projects. And as you can appreciate, that's an extremely complicated process. And we always laugh, you're always one phone call away from a delay from any different outside input on that process. And so we're excited about that program. It is building, but it will always be lumpy.

But that being said, we continue to have good visibility to an increased amount of starts this year, and that's why we did increase our projected spend because although lumpy and a little back-end weighted likely this year, we still feel really confident in the overall trajectory of that.

Michael Mas - *Regency Centers Corp - Chief Financial Officer, Executive Vice President*

And let me just come back in there because I want to double down on Craig's question, too. That guidance of spend, I would consider that to be ratable throughout the year from a spend standpoint. And then to Nick's point, we do think starts are growing and they'll probably be more back-end loaded, which is setting us up great for deliveries in '27 and beyond.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

And we're not -- go ahead, Nick. I was going to -- yeah, the second half of the question on yields. I'll let you take it.

Nicholas Wibbenmeyer - *Regency Centers Corp - West Region President and Chief Investment Officer*

Yeah. And then on the yields, Todd, we're not changing our eyesight. And so as you've seen, our development yields are currently in that 7%-plus range, and that's where our eyesight continues to be. And so we feel really good about achieving those returns.

Operator

Michael Griffin, Evercore ISI.

Michael Griffin - *Evercore Inc - Analyst*

Alan, I appreciated your comment on the leasing pipeline, and it looks like it's another strong year ahead with high, both same property leased as well as commenced occupancy. Your comment on the rent bumps that you're embedding. I realize that's probably more on the small shop side. But has anything been able to change in terms of the leverage that you have when it comes to those anchor leases?

I realize that a lot of these grocers will be effectively flat leases with multiple option periods. So whether it's being able to take back control of the site earlier through shorter options, whether it's embedding greater escalators throughout the lease. Can you talk about maybe the leverage on the negotiating side as it relates to particularly the anchor boxes and where you're able to push rents there?

Alan Roth - *Regency Centers Corp - East Region President and Chief Operating Officer*

Yeah, Griff, thank you for the question. And you're right. The shops in fact, just to give you the stat on that, I know you didn't ask for it, 90% of our new shop leasing did, in fact, have 3% or greater embedded rent steps and about quarter of them had 4% or greater. So you're absolutely right, we're leaning in there. In terms of leverage, what I would tell you is we're not seeing a dramatic shift in terms of the embedded steps on the anchor front.

But there is still pricing power there and whether that's having better control over work letters, lower TIs whether it's getting more rent upfront, there are levers there for sure. Not seeing much in the way of options being less.

Look, I think for us, we're willing to align as long as it's the right quality anchor retailer that can be sustainable for our project. And the pipeline is strong. We signed a Publix deal for a redevelopment in the first quarter.

We signed a PGA Superstore. We are bringing our first TESO Life to a Virginia project, that they're on rapid expansion throughout. And then a lot of the obvious names that you hear about: Ross, TJX, Burlington, Ulta, et cetera. So it's robust. I feel really good about where those anchor transactions are. And as I said in my opening remarks, that's where the real opportunity, I think, lies for us to get back to those peak levels, which we're not at in terms of driving continued occupancy.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

And I do believe it's that last statement. It's supply, demand. And when we are able to reach that peak occupancy and there's no space available for anchors. We already have pricing power and more leverage than in times when there's even more vacancy out there. Right now, there's not a lot.

As that continues to move in our favor, we incrementally will have more pricing power and incrementally have more leverage to push a little harder. But as long as they have other options and alternatives, and it also needs to be a win-win. We have to look at their businesses, their margins.

I also believe as these tenants and our retailers get more efficient, and they are learning operational efficiencies through technology through artificial intelligence, that's going to enable them to pay more rent. And I'm really optimistic about that.

Operator

Haendel St. Juste, Mizuho Securities.

Ravi Vaidya - *Mizuho Securities USA LLC - Equity Analyst*

This is Ravi Vaidya on the line for Haendel. I hope you guys are doing well. Can you identify the tenant that was moved to a cash basis? Was that a bankruptcy? And how should we think about the current bad debt range, especially since you've utilized only less than 10 bps so far of the current reserve?

Michael Mas - *Regency Centers Corp - Chief Financial Officer, Executive Vice President*

Sure. I'm not going to name the tenant by name. It's one lease in over -- well over 9,000 leases where we made a judgment call on their ability to meet the terms of their future lease obligations. Remember, they're still current, they're paying rent in the near term. Core operating earnings is unimpacted.

This is an accounting treatment of future rent increases. From a ULI perspective, listen, we had a really good quarter. We largely met our expectations. We're operating at below historical averages. We plan to operate at around to slightly below historical averages, and we're meeting that expectation today.

So eyes are still pretty high, and we still feel really confident about the health of our tenancy. I feel good about the prospects for ULI going forward, which is a different comment from bankruptcies. Bankruptcies are move-outs. We are -- still find ourselves in the middle of some ongoing bankruptcy filings. Breadcrumbs are out there that would indicate potentially we have some good opportunities to come out of those okay, but we're not done with those. And bankruptcies are an uncertain process, and we just need a little bit more time to have some more clarity there than the normal part of our business.

Operator

Floris Van Dijkum, Ladenburg Thalmann.

Floris Van Dijkum - *Ladenburg Thalmann & Co Inc - Equity Analyst*

Lisa, great to hear your voice. You guys are -- you've obviously built over the last decade, a track record as being sort of best-in-class shopping center developer out there. It really differentiates your platform, as I think you alluded to. How should we think about -- as I recall, you also don't have a big land bank. So how do you protect yourself from rising land values, which is a big input in your developments?

And maybe talk about your option strategy versus -- and how long in advance do you have to work on getting a hold of land or getting land under option before you start to activate developments typically?

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

Floris, thank you. Let me -- I'd like to set it up before I pass it over to Nick to speak more specifically and to say thank you for acknowledging what I know is the best development platform in the business nationally. And a lot of what Nick is going -- how Nick will answer the question has a lot to do with why we are the best. It's the team, it's the relationships, and it's the experience and track record, all matter and all make a difference in our success. It is a virtuous cycle. So with that, I will pass it over to Nick. And again, thank you, really appreciate the comments.

Nicholas Wibbenmeyer - *Regency Centers Corp - West Region President and Chief Investment Officer*

Absolutely, Floris. And I also appreciate you noticing we're doing this very efficiently, meaning we are not driving a large land bank that we're sitting on in order to drive this development program. We are definitely working with the land sellers, optioning their property and working through the process. As I articulated earlier, derisking that process before we close. And a really, really, really hard part of our job is sitting down with landowners and having conversations about the value of their land and educating them.

And that is what we do every day. And it is the most difficult part of, I would say, the development business is sitting down with landowners, you may have one value in mind and educating them on the realities of the market. But that's what our teams do every day.

And given our track record, given our access to information, given our retailer relationships, we win more than our fair share of those conversations and jump balls with landowners for exactly that reason. And I expect it to continue, but it's never easy. It's always a challenge.

Operator

Ronald Kamdem, Morgan Stanley.

Ronald Kamdem - *Morgan Stanley - Analyst*

I was just wondering, you guys bought back the slide in the presentation about sort of the run rate for occupancy upside, which I thought was interesting because it shows that your leased occupancy is already at peak or has already exceeded sort of the previous peak, but the commenced hasn't. So my question is, do you think commenced occupancy can get to a new sort of peak this year? And maybe some commentary about what kind of tailwind that does for same-store NOI going forward?

Michael Mas - *Regency Centers Corp - Chief Financial Officer, Executive Vice President*

Well, I appreciate you noticing our great disclosure, Ron. And yes, I think we feel really optimistic about the prospects for this portfolio in this current environment that we see. We have set new records on percent leased. We have room to run on percent commenced. Our plan and expectation for the year is that we will continue to shrink that gap between leased and commenced.

We will continue to drive outsized base rent growth as a result, and there will be some amplifying factor through recoveries as well. And we think that will run through the balance of this year. Where we go from there is to be determined. I mean, I think we're also an active asset manager. We really aspire to invest into our own portfolio through redevelopment.

Sometimes that means managing some vacancy and taking on some vacancies. So we're not -- Alan would say this, we're not leasing for occupancy, we're leasing to maximize NOI over the long run. And so that's the approach we're going to take from here.

Alan Roth - *Regency Centers Corp - East Region President and Chief Operating Officer*

And Ron, the only thing I would double down on is we executed 1.5 million square feet in Q1, and our teams are full speed ahead. They hit the ground running. I'm really proud of what they accomplished. It's more GLA than we executed in Q1 of '25, despite being at these peak levels. So they're going to continue to grind and find opportunities not just for vacant space, but to continue to lean into better operators and upgraded merchandising where we're leasing occupied space. Appreciate the question, Ron.

Operator

Hong Zhang, JPMorgan.

Hong Zhang - *JPMorgan Chase & Co - Analyst*

I guess can you just touch on how you're viewing potentially tap -- sorry, potentially tapping the equity market today, given that your stock price is higher than when you tapped it last year?

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

I was going to say, we've also grown NOI since that time. We always take an opportunistic view of issuing equity. And currently, we have more than enough balance sheet capacity, free cash flow to meet our needs. And if we were to have an opportunity that was visible to us that we could fund accretively with equity, we would take advantage of that. And I think we have a pretty good track record of issuing equity judiciously and accretively. So certainly, it is a tool in our toolbox and one that we will access when the opportunity presents itself.

Operator

(Operator Instructions) Omotayo Okusanya, Deutsche Bank.

Omotayo Okusanya - *Deutsche Bank AG - Analyst*

Yeah. I hope this is a fair question, but I think the -- sometimes the curse of doing very well over a long period of time is that people always tend to expect more and more and more. And I think, again, you're kind of having a great quarter, solid outlook, but the stock is down today.

So I guess when people are kind of looking overall at your name as of a stock that they should be owning in their portfolio relative to their peers, they may be seeing the premium valuation, which is warranted, but again, a really good operating backdrop for the entire industry. So in that world, I guess, the question I have is, how do you guys really kind of think about still being able to kind of outperform versus peers in that environment?

What are investors possibly underestimating about your story that you can provide evidence of that we should still give investors confidence that, again, you can put up superior earnings growth, which validates the premium valuation.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

I learned from my predecessor who often quoted a very wise investor that in the short term, the market is a weighing machine -- voting machine, but in the long term, it's a weighing machine. And when you take the combination of what we refer to as our strategic advantages because they are. So the quality of our portfolio, the development platform, the balance sheet and our team. The combination of those is truly unique. And over the long term, I have 100% confidence that we will be at or near the very top of the sector in same property NOI growth.

And I think if you were to look back at 5, 10 years, you're going to see that that's the case. And that's using less capital than the rest of the sector to get that growth. And then if you look back and look at investments and the accretion from investment and use of whether it be equity, new debt growth, just new incremental capital, again, the returns on that are at or very near the top of the sector.

So I do believe that because of those four things, quality of the portfolio, which is going to generate very strong same property NOI growth, a development platform that is unequaled that is going to continue to create meaningful value for our shareholders over the long term. The balance sheet to fund it and the people to execute it.

So that's how -- I believe that it's the right strategy and one that will deliver and has delivered over the long term.

Operator

Cooper Clark, Wells Fargo.

Cooper Clark - *Wells Fargo Securities LLC - Equity Analyst*

I was hoping you could talk about the portfolio trends you've seen historically during periods of higher oil prices and the impact that has on traffic levels and consumer spending trends.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

The last time we had gas prices this high was probably when it was in the middle of COVID. So it was a little bit different. So I don't think that that's necessarily a relevant historical point to look to.

But generally, I would again speak to -- and I've been with the company for 30 years and in the modern era of Regency, we have seen a decline in same property NOI really twice, once was the global financial crisis and the other was during COVID. Our property type, the format of our shopping centers, neighborhood community, centers really are defensive and they produce consistent, durable, steady cash flows through all cycles.

And again, and I'm certain Hap is probably listening, he's going to love that I've actually referred to him twice. I do remember that when I was much, much early in my career, the '98 mini recession, the '01 tech bubble, he kept saying, we choose not to participate, because we really -- we grew right through it. And so again, when you think about the quality of the portfolio, the format of the shopping centers, the trade areas in which we operate, we're able to grow right through it, and that's the expectation.

Operator

And this now concludes our question-and-answer session. I would like to turn the floor back over to Lisa Palmer for closing comments.

Lisa Palmer - *Regency Centers Corp - President, Chief Executive Officer, Director*

Thank you all. Appreciate your time, and thank you to the team as well. Have a great day.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines, and have a wonderful day.

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