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PRESENTATION

Operator

Greetings, and welcome to Regency Centers Corporation First Quarter 2021 Earnings Conference Call.

(Operator Instructions)

As a reminder, this conference call is being recorded. I would now like to turn the conference over to your host, Christy McElroy. Please -- thank you. You may begin.

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

Good morning, and welcome to Regency Centers' First Quarter 2021 Earnings Conference Call. Joining me today are Lisa Palmer, President and Chief Executive Officer; Mike Mas, Chief Financial Officer; Jim Thompson, Chief Operating Officer; and Chris Leavitt, SVP and Treasurer.

As a reminder, today's discussion may contain forward-looking statements about the company's views of future business and financial performance, including forward earnings guidance and future market conditions. These are based on management's current beliefs and expectations and are subject to various risks and uncertainties. It is possible that actual results may differ materially from those suggested by the 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 10-K. 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 additional disclosures related to forward earnings guidance and the impact of COVID-19 on the company's business. Lisa?

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

Thank you, Christy, and good morning, everyone. Thank you so much for joining us at the end of what I know has been a long week in earnings season. It's also been a long, and oftentimes, difficult past year. But as a company and an industry, we've really come so far.

First, as always, I'd like to thank the entire team here at Regency. I'm really proud and appreciative of what we've been able to accomplish over the last year. A quarter ago when we spoke to you, we were facing rising restrictions in parts of the country, contributing to continued uncertainty about the future. We are gaining ground, but still playing defense.

As I sit here today, I'm really pleased to report that we've turned a corner over the last 3 months. We are encouraged by continued improvement in the retail environment and in the health of our tenants. And you can see the evidence of that in our first quarter results. As well as in our revised forward earnings guidance. We've seen a continued trend towards easing tenant restrictions, which is especially impactful to our California properties.

Some categories and geographies still continue to lag. But overall, we are on an improving trajectory. These lifting restrictions that allow our tenants to open and operate are having the waterfall effect of improving foot traffic, and tenant sales as consumers are reengaging when they're able to. And in turn, we are collecting more rent and have seen an improving trend of rent collection. Mike will discuss this in greater detail, but the main drivers of our earnings guidance increase results from this improvement.

We expect higher collections on cash basis tenants as well as some additional recovery of 2020 rents that we had previously reserved. And we are also encouraged by continued demand with regards to leasing. Thinking a bit longer term, we believe there are clear tailwinds for our company and our sector as the pandemic has shined a spotlight on our business in a positive way. As we all have experienced the world with e-commerce retail sales spiking meaningfully, our tenants will clearly see and appreciate the value of the last-mile distribution capabilities that their stores in our centers offer.

And after spending months at home facing restrictions on interaction, consumers have a new appreciation for the environment and convenience of our open-air neighborhood and community centers. But all of that said, our heads aren't here in the Jacksonville sand. We acknowledge and appreciate that real challenges in brick-and-mortar retail still exist, and there will continue to be shrinking of retail GLA in the U.S. But well-located well operated centers like we own, will still be a critical component of the retail ecosystem, meeting the demands of retailers, service providers and consumers.

This renewed appreciation from both sides fortifies the long-term need for physical locations close to consumer zones. And then also the micro migration that's occurring with more people moving into the suburbs, this should provide a long-term benefit to our suburban shopping center portfolio has showed a more permanent shift toward part time, remote work, increasing daytime population foot traffic, close to the consumer's home.

Finally, as the macroeconomic and retail environment has shifted toward a definitive trajectory of improvement, as a company, we have pivoted from defense to offense. We are on our front foot. We are focusing on growth, not just organically, but putting capital to work externally. We are well positioned to take advantage of opportunities. We continue to have the best balance sheets in the sector with low leverage full revolver capacity and access to low cost capital.

Additionally, as you know I like to remind you, even with no reduction in our dividend throughout the pandemic, we are generating solid free cash flow, which we expect will only continue to grow with our revised outlook. From this position of strength, we continue to focus on value creation within our development and redevelopment pipeline. Recall that we added 2 new ground-up projects to our in process pipeline a quarter ago. And in the near future, we expect to add a couple more.

With the success we've seen with Phase 1 of Carytown, we plan to move forward with Phase II. We also plan to move our mixed-use multiphase Westbard project in Bicester, Maryland, into the in-process pipeline.

To finish up, we are still on the recovery path back to our 2019 NOI, but the pace on that path feels better. The environment is healthier and more certain today. And as a result, we have greater conviction and are more positive in our outlook. We are pivoting to office. We remain bullish on open air, grocery-anchored neighborhood and community centers. As I've heard several times over the past month or so, today is better than yesterday, and I'm confident that tomorrow will be better than today. Jim?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Thanks, Lisa, and good morning, everyone. I echo Lisa's comments and thank our Regency team for the successes we've been able to achieve during this difficult period. When the vaccine news was first announced last November, we began to see a light at the end of the tunnel in regards to pandemic. Seated here today, the tunnel is shorter, and the light is getting brighter.

We're not completely out of the woods yet. Governmental capacity restrictions remain in some of our markets, particularly on the West Coast. And just last week, we saw row backs announced in Oregon and Washington in response to increasing levels of cases. But overall, we are moving in the right direction. As stay at home orders and restrictions have been lifting on the West Coast in recent months, we are seeing that translate into higher foot traffic and rent collection.

This is similar to what we saw during 2020 in other markets across the country as they reopened. Speaking of foot traffic, as evidenced in the chart on Page 4 of our slide deck, foot traffic in our portfolio as a whole has recovered to 90% of 2019 levels in April. While in some regions, it's close to 100%.

Rent collections on current period billings have continued to improve at 93% in the first quarter and 94% for April. The West region still lags on foot traffic and collections, but is gradually catching up to the other regions and remains our greatest opportunity to drive future upside. As we've discussed on prior calls, we've taken a patient approach with deferral agreements, not pushing tenants into an agreement until they are open and operating.

And that strategy has proved to be the right one financially, and created a lot of goodwill with our retailers. Our goal is, and always has been, to get our tenants back to rent paying (inaudible) and to avoid space turning into vacancy which leads to downtime and capital to lease it back up.

As I've stated in the past, we liked our merchandising and tenant mix pre pandemic and working with these savvy operators is the best and quickest way to get their spaces stabilized and generating revenue again at or near pre pandemic levels. Turning to leasing. We are encouraged by the solid interest and activity that we're seeing. Active new leasing categories include grocers, medical, QSRs, health and beauty, fast food, home improvement, fitness and personal services.

We've also seen increased interest from traditional mall tenants moving to the open-air formats, including home concepts, specialty athletic retailers, eyewear and cosmetic retailers. Our new leasing volume in the first quarter was higher compared to Q1 2020 and in fact, was the highest first quarter new leasing volume we've seen in the last 5 years due to greater economic optimism as well as some likely pent-up demand from 2020.

Renewal leasing volumes have remained consistent throughout the pandemic, so the first quarter pace was also ahead of historical trends for both shop and acre space. Our leasing pipeline is healthy. And we are seeing this growth in retailer activity across all regions, providing confidence in the sustainability of deal volume. Our recent spreads remain muted, a function of the current environment and the mix of leases we're signing today. We've continued to have success pushing rents higher on essential tenants and QSRs, but we're also making certain shorter-term concessions for nonessential tenants and table service restaurants to help bridge them through this more difficult period, putting pressure on our initial cash spreads.

We don't see this as the long-term or reflective of the direction of market rents. Our properties have always been able to command market-leading rents over time, and we don't see this changing. Additionally, the strong embedded contractual rent growth that we've consistently achieved over the last several years generally brings our tenants' rents closer to market ahead of lease expiration, compressing those initial spreads.

Encouragingly, we are still having a lot of success negotiating rent steps in our leases, consistent with historical averages. Lastly, on occupancy. Our commence rate is down 30 basis points sequentially. We normally see this seasonal occupancy decline in the first quarter but move-outs were actually lower than we anticipated. Some of the tenants fall out that we had expected may still occur in coming quarters, but more tenants also renewed their leases than we expected.

In summary, while this past year has been one of the most difficult and challenging in my career, it has also been incredibly rewarding to see our team rise to the challenge and successfully navigate this unique environment. We're on a definite road to recovery and our visibility and conviction levels have only improved as country continues to open back up. Mike?

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

Thanks, Jim. Good morning, and happy Friday, everyone. I'll begin by addressing first quarter results and then walk through the changes in our full year guidance. First quarter NAREIT FFO was $0.90 per share. Uncollectible lease income was positive in the quarter, as reserves on current quarter billings of approximately $18 million were more than offset by the collection of over $20 million of prior period reserve revenues from cash basis tenants, including those contractually deferred, you can see the breakout of our uncollectible lease income on our COVID disclosure Page 32 of the supplemental, which also shows that excluding prior period collections, we recognized as revenue 94% of our first quarter billings.

Our cash basis tenant pool stands at 28% of ABR today. That compares to 29% a quarter ago, slightly lower due to move out activity. We've not yet moved any tenants back to accrual basis accounting from cash basis at this stage of our recovery. Our same-property commenced occupancy rate declined 30 basis points sequentially, but more importantly, as we were able to collect as we were able to collect more from our cash basis tenants, our net effective rent paying occupancy, which we've spoken about on previous calls, was actually up over 50 basis points through the first quarter.

Same-property NOI, excluding lease termination fees, declined 1.6% in the first quarter compared to prior year. As a reminder, the first quarter of 2021 was the last quarter that we will be up against the more difficult preceded comparisons. Our balance sheet remains in great shape. As mentioned a quarter ago, in mid-January, we used cash on hand to pay down our term loan. And in early February, we recast our $1.25 billion line of credit, extending our term by another 4 years.

We finished the quarter with a more normal cash balance and full revolver capacity. And have no meaningful unsecured debt maturities until 2024. The secured mortgage lending markets, which were tough last year for retail in general, have continued to open back up and showed demand for high-quality grocery-anchored shopping banks.

Especially those anchored -- those owned by stronger sponsors. Subsequent to quarter end, we closed on a $200 million refinancing of a portfolio of secured mortgage loans on 10 assets held in 1 of our JVs. The blended rate was a very compelling 2.9%. From a leverage perspective, our net debt-to-EBITDA remains at a very comfortable 5.9x, even with the impacts of the pandemic on our trailing earnings. As we -- and we see a clear path back to the low to mid-5x range as our NOI continues to recover.

Turning to guidance. We point you to Pages 13 through 15 of our earnings investor presentation. Recall that a quarter ago amid continued rollbacks in restrictions in certain markets and general uncertainty in the overall environment, we provided our earnings guidance under 3 distinct macroeconomic scenarios. Reverse course status quo and continued improvement. From a macro perspective, we now feel comfortable and confident that we are firmly in a continued improvement environment.

And as such, we feel that we can comfortably rule out the first 2 scenarios from our guidance analysis, which supported the lower and midpoint levels of our previous range. We are moving to a more traditional guidance framework around that more positive outlook with a narrower range.

There are 3 additional -- there are 3 additional major drivers that bridge us from our previous upper end of $3.14 per share for NAREIT FFO to our new range of $3.33 to $3.43 per share. The first 2 drivers directly impact same-property NOI, and I refer you to as a visual on Slide 15 of the presentation to help articulate the change. The first is higher collections of prior period reserve revenue. When we provided guidance back in February, we had already collected almost $9 million of prior period revenues.

As such, this amount was included in our previous guidance range, impacting our full year same-property NOI growth forecast by about 125 basis points. Our new guidance range now reflects an impact from prior period collections of about 425 basis points at the midpoint, of which we've already collected about 80% through April.

The remaining 20% is forecast to be collected through the balance of the year. Secondly, we now expect a higher collection rate on current year billings from cash basis tenants. In other words, the conversion of more cash basis tents from non-rent paying through rent paying. We saw our cash basis collection rate rise from January through April, and roughly 1/3 of our cash basis tenants are now current on rent. That's up from about 15% a quarter ago. This gives us added confidence in higher collection forecast on current period billings.

The third major driver is a reduction in G&A forecast, which we have guided lower for the full year by approximately $5 million at the midpoint. With greater certainty and firmer timing around the starts at Westbard and the second phase of Carytown, we now expect higher overhead capitalization.

Additionally, we've incorporated savings from the first quarter departure of Mac Chandler, a large portion of which was onetime in nature, resulting from the unwind of previously expensed share grants. To wrap it up, we are greatly encouraged by our first quarter results and are pleased to be revising our outlook higher today as we believe we've gained more visibility into the economic environment and the recovery of our cash flows.

As we look ahead, our priorities continue to be: first, converting nonpaying cash basis tenants back to rent paying; second, backfilling space loss to vacancy; third, returning leverage to pre-pandemic levels through organic growth; and fourth, shifting back to an opportunistic mindset from a capital allocation perspective. And with that, we'd be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from Katie McConnell with Citi.

Mary Kathleen McConnell - *Citigroup Inc., Research Division - Research Analyst*

Great. Good morning everyone, can you talk a little bit more about how cash basis collection levels trended this quarter? And what's driving the improvement over 4Q? And then for the outstanding balance, how much more upside are you assuming in collections as opposed to potential occupancy follow-up?

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

Katie, it's Mike. I'll take that one. I appreciate the question. Maybe just -- let me color up some stats around our cash basis pool and collection rate. And I think that will get you where you need to go. So for the first quarter of '21, we collected 78% of rents from our cash basis tenants. That is up from 75% a quarter ago. Interestingly, if you recast the fourth quarter, we have now collected 79%. So kind of flat. What's most interesting to us and what's driving a lot of the improvement in our guidance range is the trajectory in the current year.

So let me just throw these out actually sequentially month-over-month. January cash pool, 67%, to February, 73%, to March, 77%. And in April, we're at 81%. So it's this it's this reality in the numbers that's not necessarily presenting itself in the Q1 report in the numbers, but it's what's giving us the confidence to increase our cash collection rate going forward. It's really that March and April success as compared to January and February. And the last time we spoke to everyone early February, it wasn't -- the time was little darker than they are today. We were experiencing more rollbacks on the West Coast. All of that has changed and it's the March and April performance that's giving us the confidence to move our numbers forward.

As you think about our range on a same-property basis, it's really about uncollectible lease income more than it is about move out activity. When you think about the fungibility of those 2 numbers, we can have move-outs but it's already incorporated into our uncollectible lease income projections. So for us, we like to talk about net effective rent paying occupancy.

Right now, we're in the mid 86%, 87% range. And as I mentioned on the prepared remarks, that's up 50 basis points sequentially in the first quarter. So for us, we think, from a net effective perspective, we've troughed in our occupancy rate, and we're starting to move forward. We're converting tenants to cash basis from non-rent paying status. And that is, again, the tailwind behind that improvement.

As you think about the ends of the ranges, basically, the midpoint is, we'll call for a gradual improvement through the year from the first quarter. And then more or higher rates of collection on cash basis tenants supporting the upper end and lower percentage of cash basis sets paying us on the bottom end.

Just a little nugget which I find helpful, and I think you will, 1% collection rate on cash basis tenants is about $3 million of total revenues to Regency. So when you think about the range of our same property growth, that's roughly $10 million up or down from the midpoint. So that will help you frame out that within our guidance range, we don't have to get to 100% collection to hit the upper end of our range.

It's about roughly a 3% tolerance on either end. Sorry, I threw a lot out at you, Katie. I hope that's helpful. If you have any follow-ups, I'd be happy to take them.

Mary Kathleen McConnell - *Citigroup Inc., Research Division - Research Analyst*

That's really helpful. And then just to switch topics, given the outperformance in your shares year-to-date, what's the appetite to issue equity at this point? And is there anything embedded in guidance for that?

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

Katie, Lisa. I'll take that. We do not have anything embedded in guidance for an equity raise. We view equity -- it is a capital source to fund our growth. And to the extent that we are able to issue equity and put it to work accretively on a long-term earnings basis, long-term earnings growth basis, we will do that. And I think we have a really great track record in doing so. So it's tied to opportunities and opportunities, compelling opportunities, acquisitions. Free cash flow is still funding our development pipeline. So always an arrow in the quiver and one that we will use when we can use it accretively.

Operator

Next question comes from Craig Schmidt with Bank of America.

Craig Richard Schmidt - *BofA Securities, Research Division - Director*

Great. As the country continues to open up, are you seeing more curbside BOPIS activity, the same or less?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Craig, this is Jim. I'll take that. As you'd expect, we're seeing a lot more actually. An interesting anecdote, if you talk to -- or as I talked to Kroger, they indicated their click and collect program is 4x of historical. We're seeing all the major brands look at some form of BOPIS or collection arrangement. So it's clearly here to stay. I think it's an additional leg of getting product to the consumer, driving traffic at the store is still, obviously, getting people in the store is the best method for a grocer, but second best is being able kind of pick up or delivered to the car at curbside. So I think it's definitely a trend that's here to stay.

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

And we like that, Craig, right? I mean, any additional traffic into our centers will benefit us. It's more eyes on our shop space. They may be different strips, but it still becomes the shopping center of choice and where the consumers that are close to their homes look to go to when they need something, right, whether it's goods, services or food. We think that it really is a benefit to our shopping centers, and we like that we are in a close proximity to people's homes.

Craig Richard Schmidt - *BofA Securities, Research Division - Director*

No, I agree. I see the benefit, and thanks for the early confirmation that it is here to stay. I guess my follow-up question would be what other retailers' appetite for opening in new developments and particularly beyond the grocers?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Jim, again. I'll -- we're seeing as evidenced by our Q1 leasing real strong activity out there. The 266,000 feet, we did a new leasing in Q1 is highest in 5 years, as I indicated in the prepared remarks, our pipelines are strong. Mike mentioned Carytown Phase II. That's a current development that we're 85% leased on Phase I, took a pause during the pandemic and have very good pre-leasing and appetite for space.

So we're obviously diving into Phase II to get that product online. So we're seeing good activity in new leasing as well as existing portfolio.

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

And really focused on continuing to build that development pipeline. So that we can get back to kind of pre-COVID levels in terms of our starts and spend on an annual basis.

Operator

Great our next question is from Derek Johnston with Deutsche Bank.

Derek Charles Johnston - *Deutsche Bank AG, Research Division - Research Analyst*

Are you seeing changes in the lease structures given the pandemic? Any changes like co-tenancy clauses, anything related to the methodology for assessing percentage rent especially since it seems hard to capture in omnichannel sales. And the dedicated parking that you discussed for click and Collect, is that an opportunity to push rents a bit?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Derek, good question. And I guess, the short answer on changes to lease structure is on the margin, but really no real change. I think the one thing we are seeing from a leasing standpoint is the time from negotiation to RCD. I think permitting is taking longer, decision trees are taking longer. But other than that front-end time extension, deal terms are generally holding.

The percent rent is a tricky one. That used to be everybody's metric of how well a tenant is performing is based upon their sales and their ability to pay rent, et cetera. But it's become very muddy with the Internet sales. So each tenant does it differently. Placer data has become a really helpful tool for us to -- in addition to sales compare trips to help us evaluate real volume and potential sales at least at a location.

We don't do a whole lot of percent rent work. It's generally in our grocers, which is a little cleaner. It has been clear, but now with some of the online. I'm not sure how that is going to get reported. But we just don't -- we don't have that much exposure to percentage rent, but it is a tricky -- that's a tricky area, I think, going forward. In dedicated parking, I think at this point, we're very accommodating to our tenants to help them distribute their product.

So we're not looking at that as necessarily a rental stream impact as much as continuing to drive traffic and their ability to be as successful as it can as our anchor.

Derek Charles Johnston - *Deutsche Bank AG, Research Division - Research Analyst*

All right. How about Serramonte? Is it still expected to deliver in the second half '21 given the NoCal location and shutdowns and it's a pretty large scale project? Can you give some color as to the buzz around leasing and excitement in the development?

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

I'll start with the disclosure and let Jim talk about the project. But Derek, it's a multiphase project. It's going to -- the phases will expand over multiple years for us. So I think what we'll see is that there is some visibility to delivering on the first phase of that project, which will include the large-scale investment we're making into the interior portion of them all together with the new pads we're building out on the exterior, replacing some defunct previous retail sites. So that will -- we have a lot of confidence with finish and deliver it but the rest -- the multi-phased approach to the project will span over multiple years from this point forward.

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Yes. As far as leasing activity today within the mall, we've just executed a real high-end quality restauranteur. We've got good activity with some name brands, recognizable, I won't call them junior anchors. But larger interior mall tenants that I think will really enhance our merchandising mix. We continue to work on opportunity with the JCPenney box. More to come on that, but we are getting some good traction on that anchor space. So overall, we love the real estate.

It's fantastic. It's -- we're very happy. We're open for business. The tenants and the consumers are happy that we're back at it. And there's definitely a buzz as that marketplace continues to regain some consumer confidence in getting back out in the environment.

Operator

Next question comes from Rich Hill with Morgan Stanley.

Richard Hill - *Morgan Stanley, Research Division - Head of U.S. REIT Equity & Commercial Real Estate Debt Research and Head of U.S. CMBS*

Congrats on a nice quarter, and thanks for the transparency in your various different numbers. They're very helpful. So look, as we think about this, it seems like tenant health itself is a lot better than maybe you and we feared in 2020, as evidenced by the leasing volume and the cash collections. But what I'm trying to get my arms around is what does that mean for a new normal environment going forward.

And so said another way, not trying to straight-line out the accounting reversals of some of the things that maybe should have been in 2020 if we had perfect knowledge. So 2 questions. One is just a factual question about same-store NOI, what a -- what would have same-store NOI had been in 1Q ex the cash collection benefit? And then number two, could you maybe just talk us through the leasing environment? I fully appreciate how strong the leasing was.

But if you can maybe give us an idea about what the rents look like relative to 2020 and relative to the past 5 years and how those negotiations are going, I think that would be helpful.

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

Sure, really quickly on the impact of Q1, Rich, and I'll hand it off to Jim. But prior period collections was a 950 basis point boost to our same-property growth rate in the quarter.

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Yes, and Rich, as I indicated, I think leasing in general, the terms and appetite and types of uses we're seeing really across the board, all of use is kind of coming back to the table, even the ones that have been impacted the most, which gives me comfort. When you see the fitness in personal services, folks, coming back into the marketplace, when they have been the most impacted with new locations, it indicates to me that there is a place for them in the future. And there are obviously going to be failures, but there are people ready with new capital we stepped in, in those places.

So overall, again, we're seeing for essential, we're seeing really good activity as well as rent growth, I think, in those more nonessential and more difficult challenge spaces. We're being more creative and selective in helping those folks build back their business with help. As far as overall rent spreads go, as you know, we're heavily dependent on the mix between anchor and shops and anchor releasing is generally where we have our biggest impact to mark-to-market opportunities. But in this particular quarter, we had an outlier anchor deal that was, quite frankly, had -- was driving some negative spreads. But having said that, give you a little color on that deal, it was a well-capitalized fitness franchisee who is moving down from the Northeast, I think, because of COVID. And he backfilled the space in South Florida that had been vacant 4-plus years, it was a previously occupied by an education facility, but we structured a low rent start to helping build this business with a 60% kick in rent bump in year 3, 0 landlord capital for TI or Whitebox.

Long-term is a great addition to the center because it's going to drive some traffic in that location. It's been vacant, like I said, for over 4 years. And the deal structure from our perspective is extremely appropriate for the long term good of the center. So we really continue to maintain a very high conviction and our centers have always been able to come out market-leading rents over time, and we don't see that changing. So that's kind of a long way around.

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

And if I may just add, just a little bit bigger picture. When -- I think if we spoke a year ago at NAREIT, we talked about what the impact we thought might be. And gosh, we were really -- we had very little information at that time, so much uncertainty. And I know that I spoke to many of you about, we would expect that we would see some decline in market rents I can sit here today and say, we're not seeing that. And that is because, number one, we all performed so much better, I think, than we all feared that we may have. And it also speaks to the tailwinds in our sector. And the fact that we own quality shopping centers close to consumers' homes and in where tenants where our retailers and our service providers know that they're going to have highly productive stores.

They are willing to pay, as Jim just said, those market-leading rents to be in the best locations, and we're really well positioned to capture that. And there still remains limited new supply and limited new competitive supply. What I mean by that is supply that is equal in terms of the quality of what we offer. And so I like looking forward and believe that we will continue to command those market-leading rents and grow NOI from this point forward.

Richard Hill - *Morgan Stanley, Research Division - Head of U.S. REIT Equity & Commercial Real Estate Debt Research and Head of U.S. CMBS*

Yes. Lisa, that's really helpful. And just one follow-up question. If you would have asked me 3 months ago, 6 months ago, certainly 12 months ago, I would have told you I thought it was unlikely that tenants were going to be able to pay back rent and current rent. And so I think that's a pretty bullish outlook for the future if they can pay double rent. So does that mean that you're getting rents that are above 1Q '20 levels or similar to 1Q '20 levels at this point? How should we think about that as I'm just thinking about modeling core growth?

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

I'd be a little bit careful with the ability to pay double rent because a lot of that is being driven by a lot of the stimulus that is being provided by our government. Without that, I'm not certain that many tenants would be able to pay double rent. Because if they were, then we weren't charging rents high enough, and I believe that we push rents to where we can.

So I would think that, again, I think about -- that we are returning to a healthy kind of pre-COVID environment with even more support and conviction that we own the right retail. We are in the right sector in terms of the retail offering for where tenants want to be and for where consumers want to shop.

Richard Hill - *Morgan Stanley, Research Division - Head of U.S. REIT Equity & Commercial Real Estate Debt Research and Head of U.S. CMBS*

Got it. Helpful. And look, I'll reiterate that I said at the beginning. I think your disclosure is best-in-class. So kudos to Christy for making you guys do that.

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

Kudos to the whole team. Thank you all. Thank you.

Operator

Our next question comes from Greg McGinniss with Scotiabank.

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

So Lisa, I'm going to visit my mother this weekend who lives by Westbard. And I'm sure she'll be glad to hear that asset is finally getting a facelift. But I also think she want to know about potential NOI disruption there and that the rest of the relevant development starts. So any details you can provide there would be appreciated.

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

Your mother sounds like she might want to come work for Regency. I'll let Jim and Mike talk to that disruption.

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

We do have -- beyond Westbard, we have to facilitate an active redevelopment pipeline, there's going to be some disruption in NOI, Greg, as you know.

I think we have about $2 million of decline baked into our plan for '21. And then we will bring that back up starting in '22 and beyond in the accretion from those redevelopments.

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

All right. And then Jim, I had a couple of questions touching on the rent spreads again. First, could you perhaps disclose what the spreads were? If you exclude the nonessential tenants where you had to cut some deals or maybe excluding that fitness tenant that was mentioned. And second, when do you expect that you'll finish addressing leases from the more stressed tenants?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

As far as addressing the leases, obviously, that's a work that continues to be a work in progress, primarily on West today because if you look at the openings and foot traffic, most of the depressed product is still coming from the West Coast, where are just now starting to really reopen. I -- I'm sorry, to excluding I don't think we have that number at our fingertips.

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

Let us get back to you, Greg. I know this. If we -- the lease that Jim talked about on the anchor side of the new rent of the fitness center, if you were to use the full rent at the end of that basically wipes out the negative impact on new lease spreads and brings us to flat. But generally, I think the mix this quarter is basically a flat type of story.

Operator

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

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - Senior Analyst*

Just a question on the balance sheet and turning more offensive, which you touched on in your prepared remarks. Do you foresee that being more ramping up developments and redevelopments that were maybe postponed as a result of COVID? Or are you seeing interesting external acquisitions? And if so, are those more for stabilized assets or redevelopment opportunities where maybe the yield is a bit juicier kind of once you think about the long-term prospects for that asset?

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

Yes, yes and yes. More seriously, we still believe that the best use of our capital is on our redevelopment opportunities and development opportunities. So we will continue to try to rebuild that pipeline, if you will, and increase that spend. And then we're also -- we are canvassing the market for acquisition opportunities, and we will pursue those that align well with our strategy, and we've particularly been successful where we have been able to leverage that same redevelopment or development expertise that allows us perhaps to underwrite slightly better growth or leasing or some value creation. So we are looking at all, and we do have the capacity to do that. And we will, again, pivoting to grow from here.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - Senior Analyst*

And a question kind of following up on crisis earlier one. And just to play devil's advocate, if traffic could be up, if people are just kind of going there opening their truck and kind of driving out. It may not be so good for the non-anchor grocery tenants that are dominating the BOPIS activity. Do you have a sense of how much time people are spending at the centers kind of pre-COVID? And any thoughts longer-term about just what BOPIS does to the whole center, not just that one tenant?

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

We do not have the data to measure dwell time. We just have the visits what we do -- we are able to measure where the people that are visiting our center, what other centers they're visiting. So we are able to do comparative measures for that. But again, I have said this, even pre-COVID, but every shopper can essentially do what they need to do really from their homes.

The reason to come to the center is going to be value, convenience, and then also for entertainment, if you will, at our place. It's a place to go. And I think that over the past 12 months, one thing, again, that has really been solidified that human beings generally are social beings. And they want interaction and they want to get out of their homes, and they want to shop. They don't just want to buy. So I do believe the benefit of if you have anchors that are very good at BOPIS, that offers these same shoppers, the value and the convenience at the same time, it becomes their neighborhood shopping center. And it is where they will then go when they do have other needs and other wants, if you will, to shop. So that's the benefit. And I also believe that data will get better. And in time, we will be measuring dwell time at our shopping centers, but we are not there yet.

Juan Carlos Sanabria - *BMO Capital Markets Equity Research - Senior Analyst*

I love going to my center. So I agree with you. I wanted ask if maybe more solid places in the Chicago suburbs?

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

Yes.

Operator

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

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

So maybe a little bit more of an open-ended question, but I thought it was interesting that you guys made a pretty clear commitment to spend $175 million in development annually for the next 5 years. I mean, obviously, that thing wasn't in there last quarter. And it looks like you've even increased the scope of Serramonte. So like I said, a little bit of open-end question, but this is a pretty long-term commitment, I think carries a lot more weight. I'm not sure if I'm overreaching, but just help us walk through what you're seeing in thinking.

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

Yes. Ki Bin, let me start with a little bit of disclosure response, maybe. And then I know Lisa will jump in from just a capital allocation perspective. We did make a change in a tweak to the Serramonte number, really just to include the GLA of the entire center as we do for all other redevelopments. We had realized that we weren't including all the GLA on-site. So that's not really a scope change. But we are -- we do remain bullish on the redevelopment project at Serramonte.

From a forward-looking perspective, you did pick up on the $175 million of forward capital spend really kind of just a placeholder. And our intent has been pretty consistent. We would like to put the work anywhere from plus or minus $1 billion over the next 5 years. And we want to put that capital to work in the form of new development ground up as well as redevelopment of our existing shopping centers. And we are looking forward to getting back on our front foot and making progress in building those pipelines from here, starting with Carytown Phase II and Westbard.

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

I don't know that I have much to add because I think Mike said it really well. Just that we remain committed to development. It has been -- it is a core competency of Regency. I believe we have one of, if not the best teams in the business. That development expertise benefits our ability to maximize and optimize the value of our operating assets in addition to ground up developments. And we are always looking to expand that, and it enhances our future growth rate.

It is -- with that $100 million of free cash flow that we're generating to the extent that we put that to work in developments at approximately 7% returns. That benefits all of us.

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

Okay. And switching topics, we cover other sectors as well, obviously. And there's incredibly tight cap rates and a lot of capital chasing returns industrial and self-storage and even triple net, which is still retail, but I guess, treated differently. Is there a scenario building where you were starting to see some private equity money finding renewed interest in retail?

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

As we've been speaking to you over the past year, cap rates remain pretty sticky for the neighborhood, grocery-anchored shopping centers. And that hasn't -- they may have moved very marginally up. And I would say that's been wiped out, and they've come back down to where they were. We are seeing some new money coming into the sector, but there -- it's chasing more of, as you just said, chasing more yield versus the alternative investment opportunities for them. I think that the capital flowing into the neighborhood grocery anchored shopping centers, there was already a pretty -- it was already pretty substantial. So that hasn't changed much.

Where we are seeing the notable new capital is more in the higher yield large or unconventional centers, but where there is distress. So that would be typically in areas where Regency really wouldn't play.

Operator

Our next question comes from Linda Tsai with Jefferies.

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

Given the year-to-date success of cash basis tenants paying back rent, can you tell us about the process that's entailed in moving cash basis back onto accrual? And maybe a sense of how much earnings could still benefit from straight-line rent receivables coming back that had been written off?

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

Sure. The process will be very careful. We need, Linda, it's much more -- the standard is much more of an assessment about the future rent paying ability than the past. And while the past is oftentimes reflective of that tenant's ability to pay rent, it won't simply be a light switch where you've come current, therefore, you're back to accrual basis.

We're going to need to build a track record. We're going to need to hit some thresholds on our ability to project the forward rent paying ability of those tenants. So that assessment likely isn't going to occur at Regency until later this year. We have included no change on straight-line rent into our guidance. And you'll see that in our revised ranges is still plus or minus $30 million. So we've incorporated no change in moving tenants back to accrual.

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

Got it. And then on North Burrow Crossing, realize you've entered into a purchase agreement. Why did it make sense to part with it? And then maybe where it fits in your asset quality DNA of premier plus premier -- and quality core?

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

I'll take the beginning of that. I may turn it over to Mike for the DNA category. North Burrow Crossing was -- came to us as part of -- it's an unwind of a JV that we inherited with the Equity One merger. So that is part of the reason for the disposition. But also that when we look at that, when we think about prioritizing assets for disposition. It's the lower growth nonstrategic assets. And that would fit in this category. I'm not sure I know exactly...

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

It fits into the quality core. So that third to you, Linda, is how it graded out.

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

So it is more about future NOI growth potential at that asset.

Operator

Our next question is from Mike Mueller with JPMorgan.

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

Lisa, I know you mentioned stimulus checks when you were talking about prior period collections, but are there any other I guess, category differences, regional versus local categories that we should think of in terms of where the collections have been coming from?

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

I'll take that. Stimulus did have a lot to do with it, we think. But the category is driving our prior period rent collections is the same that we're driving our reserves last year, right? So local bias, small shop bias, West Coast bias generally. And when you think about categories, it's fitness, restaurants, personal services, entertainment, those have been the more variable type of revenue streams. And that's what we're seeing come in the door now.

Operator

Our next question is from Wes Golladay with Baird.

Wesley Keith Golladay - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Can you comment on why the reserves were $17 million, largely comparable to the fourth quarter in the -- I guess, against the backdrop of kind pay and more on a cash basis? And I guess, could this be upside -- an upside reversal later in the year?

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

Sure. So let me get a little bit technical to help, and then we'll kind of bring it up bigger picture. But so the fourth quarter, it's a little bit apples and oranges. So let's try to make it apples-to-apples. Fourth quarter had about a $500,000 positive impact from prior period in that number. And then the first quarter of '21 had about $1 million additive related to CAM reconciliations. So there's a bit of a seasonal component to it, right? So we billed cam recs to cash versus tenants. So that amplifies the bad debt expense. So the apples-to-apples change is really about $1.5 million of improvement.

So you don't see that on the surface. But then I kind of go back to my earlier comments and really, we're seeing the improvement in our cash basis tenant collection rate so late in the quarter of March and then extending beyond the quarter into April. That's what's giving us the confidence to increase our outlook moving forward. And less, even if you think about it, just big picture collection rate on the top, it's basically unchanged, right, quarter-over-quarter, it's 93%, plus or minus the same.

So that I think that helps frame out that sequential question you had.

Wesley Keith Golladay - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Got you. And then I might have missed it, but did you talk about the -- I guess, for the balance of the year, 2Q through 4Q, the amount of 2020 rent, as you will, I guess, expect to unreserve or going forward?

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

Yes. No, I appreciate you asking because we didn't get to that point. So beyond just an increasing current year collection rate, we have also included an increase in the collection of 2020 reserve rent. So we had 125 basis points in our original guidance. We now have 425 basis points positive impact in our guidance range.

So that's an incremental 300 basis points. So let's think about that in dollars. That's roughly $30 million at the midpoint in our new range. And as you can see in the results, we've already collected $20 million of that. In fact, through April, we collected another $4 million. So we're 80% through our guidance range on 2020 reserve collections.

Wesley Keith Golladay - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Got you. And then Mike, can you just clarify, I think you said occupancy troughed, is that paying occupancy or the occupancy that you show in the statistics or maybe it's both?

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

It's net effective rent paying occupancy. So it's not a number that we report on. It's basically commenced occupancy adjusted for uncollectible lease income. So that's in the 86%, 87% range today. We could lose more occupancy on a percent leased or commenced basis in the second and third quarter even. But what we think matters financially it's the fungibility again of move out and uncollectible. And we have increased our effective rent paying occupancy in the first quarter by about 50 basis points, and we're moving into that direction. I think the leasing activity that Jim and the team got done in the first quarter is, again, another kind of confidence, bill there as we think about moving occupancy forward through the balance of '21.

Operator

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

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

Lisa, maybe if you could -- I mean, you guys have a lot of dry powder an enviable balance sheets. Obviously, earnings are on the upswing. Things are looking good. Maybe your thoughts on as you deploy -- you've talked about the redevelopment, which is an attractive capital source or capital use and some of your ground-up development opportunities as well. But as you look at acquisitions, has the pandemic changed your thinking about what you want to acquire and buy? And maybe talk about the types of assets both in terms of types of assets and maybe in terms of regions and regional exposure as well?

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

I wouldn't say that the pandemic in isolation, if you think about the impacts on tenants, has necessarily changed how we're thinking about where we may want to deploy capital. But some of perhaps the more permanent trends that we -- that may -- that we are seeing from the pandemic have influenced how we're thinking about where we may deploy capital. And what I mean by that is a lot of the migration trends in terms of potentially opening or widening the fairway for us with regards to markets where we may invest.

And I don't necessarily mean that we're going to go to brand-new markets. But if you take a market that we're in like Atlanta, for example, we have been very focused in the why, if you will, like the first string of Atlanta. Now with the more permanent more remote work, people are -- we're seeing migrations pattern of people moving a little bit further away from the city. And so that may open up more opportunities for us in markets that we already know, we are already in, we already have scale, we already have critical mass, where we may be able to kind of expand that reach, if you will.

That's probably the largest influence in terms of where we're looking to deploy capital. But beyond that, our strategy has not changed. We still are -- will develop, redevelop, acquire high quality, well located, grocery-anchored neighborhood and community shopping centers.

Operator

Our next question comes from Paulina Rojas Schmidt with Green Street Advisors.

Paulina Rojas Schmidt - *Green Street Advisors - Analyst*

And how different is the interest today in the private market for smaller grocery anchored neighborhood centers versus bigger centers with maybe 1 or 2 boxes in addition to a grocer. Also, I think you said before that coverages have not changed much versus pre pandemic. And were you referring to these 2 property types that I just described or just for the smaller neighborhood centers?

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

Thanks for the question. Again, I would say, generally speaking, when -- for the past -- prior to the last 3 months, where we've really seen the transaction market open up a lot more prior to that, the properties that were trading and centers that we're trading were on the much smaller size, so really grocer anchor with small shops that were easier to underwrite because of the essential tenants that were in the shopping centers, just a smaller bite size, with the improved environment, retail environment, the improvement just overall of our economy we have seen the transaction market open more. So now there are properties and we are -- that are trading that wouldn't have even traded before. This goes back to what I said about new capital coming in, looking for higher yields. So those wouldn't even have traded. That's the larger, more unconventional, more entertainment.

With regards to boxes, there's there is definitely a premium. So cap rates are higher for where there are additional boxes. And while in the short term, you've seen higher collection rates because they're typically occupied by national tenants that are paying rents, they're still the risk that over the long term, there continues to be shrinking GLA and consolidation, especially with the impact from e-commerce. That is where we're going to see the greatest fallout and also what requires the greatest amount of capital to release. So there is a premium or higher cap rates for those types of centers.

Paulina Rojas Schmidt - *Green Street Advisors - Analyst*

But has that premium widened and -- or not?

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

I don't know that it's much different than it was pre-COVID. It's going to be -- depending on -- it's always it depends in our sector and in real estate generally. But more boxes and centers generally will push up cap rates due to the long-term risk anywhere from 50 to 100 basis points depending on what the market is in, what market that shopping center is in. And that's really not that different from pre-COVID. The difference is they weren't trading prior to the past 3 months.

Paulina Rojas Schmidt - *Green Street Advisors - Analyst*

Yes. And then I think you have mentioned before that you expected to return to pre-pandemic levels by 2023. Given your guidance raise, and generally, the more optimism there is, it seems like this to be achieved earlier. I know I'm asking a lot, but do you think -- what are the odds that you're back to pre-pandemic in 2022?

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

I'm going to pass that to Mike, so I don't get in trouble for providing 2022 or 2023 guidance.

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

Really no change in what we said previously. Late '22, certainly on a full year '23, is what we're talking about internally as a recovery type of period. It's important to remember there's a lot of crossover going on between '20 and '21, right? And it's producing a lot of "growth" in '21. But we've lost

-- we have lost 200 basis points of commenced occupancy. And that recovery period will take longer, as I always have, finding the tenant, negotiating the lease, building out the space, commencing rent is a process. That's really what's going to, at the end of the day, result in when we end where we end and how that relates to '19 and how quickly we can get there.

What's happening with the uncollectible lease income between '20 and '21 is -- it's a shallower trough, but it's not necessarily changing the endpoint. That's where this vacancy number matters. And it all matters because it's all cash, but that vacancy number is going to influence where we end and how -- in relation to 2019.

Operator

(Operator Instructions)

Our next question comes from Tammi Fique with Wells Fargo.

Tamara Jane Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

I guess I'm curious, as you think about new development starts. Are you at all concerned about the impact of rising construction costs on yields relative to sort of historical yields?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Yes. Tammi, we historically have done really a pretty good job of embedding growth in our underwriting so that we don't get caught flat footed. And looking over our shoulder, we've done a pretty nice job of that in existing pipeline deals. So obviously, underwriting, it's a fact out there. Construction is a challenge. Pricing is tough. Deliverables are very difficult right now. So all of those factors would go to the mixture in our thought process as we look at our underwriting and pipeline.

Tamara Jane Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay. And then maybe a bigger picture question. I guess as with any downturn, there are obviously lessons learned that lead companies to better position for the next downturn. I think in the great financial crisis, the lesson was how important liquidity and low leverage were. But curious in a year from now when you look back on this downturn, what lessons do you think Regency and other owners of retail real estate will have learned?

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

I think that interestingly, the first thing that came in mind that you started to answer that is the same thing about liquidity and financial strength. And since we did learn that so well in past downturns, I would just have to say that it just -- it really, really solidifies how important it is to keep that balance sheet extremely strong. And how you enter that downturn is so important. And that is what has enabled us to provide the support to our tenants that we're providing that enabled us to maintain our dividend and it also coming out of it, it's still strong enough that we're able to act on opportunities as we -- as they come to fruition. So that's the biggest lesson learned. Remain true, remain disciplined even when times are booming, and you will be in a position to take advantage of any disruption or distress when that downturn does happen.

Tamara Jane Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Question for Mike. I'm sorry if I missed this, but what was the nature of the termination expense in the first quarter?

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

Sure, Tammi. We bought out a lease in connection with the sale of a former shopping tenant called Pleasanton, who was the last lease remaining. We had to buy that out to deliver that site to the buyer. The buyer is building basically an office building and corporate headquarters.

Operator

Our next question is from Chris Lucas with Capital One Securities.

Christopher Ronald Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

Just a couple of quick ones on my end. I think when we're going through the pandemic, you had a number of projects that were sort of sets to deliver or nearly ready to deliver and you made accommodations with tenants for that by allowing them to open up, I'm thinking, specifically about Point 50. But are you seeing tenants that maybe had gone through that negotiated sort of delayed openings now pushing to accelerate those openings? Or is the timing pretty much set, and that's just how they're going to -- they're going to be?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

Chris, I think at this point, that's kind of behind us. The hesitation to open is it's much like the foot traffic. As people have come back and most of our assets that were in that predicament. We're seeing either the tenant that chose not to go forward has been replaced by, in a lot of cases, similar use. Because it's the right merchandising mix, it may have been partially built out along those lines. It is almost a natural that those same uses got a backfill. But we're seeing people move forward with the opportunities today.

Christopher Ronald Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

And then maybe the flip of that question is, I don't know if it's just in my neighborhood, but we're seeing more hours getting cut by shops and retailers based on a lack of staff. Are you finding retailers hesitant to sign leases in low-labor-pool-availability markets because of that? Or is that not impacting the decision processes at this point?

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

I wouldn't say it's impacting decision process right now, but it certainly is -- it's a reality out in the workplace. We hear it from retailers, restaurant tours to soft goods to just across the gamut. It's a real issue, trying to find labor. So more to come. Hopefully, there'll be some changes from the legislative changes that may be impactful to get folks interested in coming back to work, but there's definitely a lack of supply.

Christopher Ronald Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

Yes, just last question for me. On the development, when I look at your redevelopment, development page today, it's overwhelmingly oriented to redevelopment. If I look at that page, 18 months from now, does it still look over emphasized on the redevelopment, or does development have a larger play in your outlook?

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

I think that there's always going to be -- the mix of that is going to change because, again, I'll just bring it back to the core competency, the best team in the business, the way that we are even structured regionally and rather versus functionally, right. So not a development team and an operations team. We bring that expertise to bear on our existing portfolio as well. And really maximizing the value of those properties is going to continue to be an important part of our strategy. At the same time, last quarter, we had 2 new starts. They're both ground up developments. So we are continuing to pursue and look for those opportunities also. And I believe we'll have success in both.

Operator

Our next question is from Linda Tsai with Jefferies.

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

Just one follow-up. On the 3Q call, you noted that the Pacific Coast comprised nearly half of uncollected rent due to tighter lockdowns is the escalated receipt of prior period rents in 1Q '21 from fiscal year '20, weighted towards the West Coast?

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

Yes. It's nearly 40% West Coast on the prior period collections and about 1/3 coming from the southeast.

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

And then is there any sense that the West Coast markets are more impaired now from a leasing activity rents or tenants' ability to pay? Or are you just seeing more recovery overall?

James D. Thompson - *Regency Centers Corporation - Executive VP & COO*

The latter. Recovery overall. It's been exciting to see the level of activity in a market that's been very, very difficult to operate in over the last year. But we are seeing that same leasing activity in volume in the West Coast as we are across the country.

Operator

We have reached the end of the question-and-answer session. At this time, I'd like to turn the call back over to Lisa Palmer for closing comments.

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

Thank you again to the Regency team, but also thank you all for being on the call with us today. And as I opened in my remarks, I know it's been a long week and a long earnings season. And appreciate you being with us on a Friday afternoon. Have a great weekend.

Operator

This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.
