

**1Q 2014 EARNINGS CALL - FINAL TRANSCRIPT
MAY 2014****CORPORATE PARTICIPANTS**

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PRESENTATION

Stacy Slater

Thank you Operator and thank you all for joining Brixmor's first quarter teleconference. With me on the call today are Michael Carroll, Chief Executive Officer and Michael Pappagallo, President and Chief Financial Officer, as well as other key executives who will be available for Q&A.

Before we begin, I would like to remind everyone that our remarks and responses to your questions today may contain forward-looking statements that are based on current expectations of management and involve inherent risks and uncertainties that could cause actual results to differ materially from those indicated, including those identified in the Risk Factors section of our Annual Report on Form 10-K, as such factors may be updated from time to time in our filings with the SEC, which are available on our website. We assume no obligation to update any forward-looking statements.

In today's remarks, we will refer to certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most comparable measures calculated and presented in accordance with GAAP are available in the earnings release and supplemental disclosure on the investor relations portion of our website.

At this time, it's my pleasure to introduce Mike Carroll.

Michael Carroll

Thank you Stacy and good afternoon everyone. During both the IPO process and as a public company these past six months, we have emphasized a simple and clear-cut strategy focused on our operating capabilities and the embedded potential of our portfolio to deliver sustainable organic growth. At the same time, we are working our balance sheet to extend our debt maturities and increase the size of our unencumbered pool en route to an investment grade rating. Mike will further discuss these efforts in his comments.

Consistent with our guidance and expectations, we reported strong same property NOI growth of 3.8% during the quarter, driven predominantly by rent growth. The transparency and simplicity of our business is best exemplified by the fact that our same property NOI translates to cash EBITDA growth of over 4%. Our disclosure continues to set the standard for the industry and provides investors a clear tool to understand our performance.

Our ABR per square foot also continued on its positive trajectory increasing to over \$12.00 per square foot from \$11.93 per square foot. This is the largest quarterly increase in ABR per square foot on record for the company. This growth has been achieved by the efforts of our leasing team and not through the sale of properties with low ABRs. Driving the increase is solid leasing spreads, with this being the third consecutive quarter with blended spreads of 11% or higher. Strong demand from our retailers is continuing to push rent levels within our portfolio. Our new lease ABR per square foot of \$15.18 is 26% above in-place rents and the highest rent level achieved in a quarter for the portfolio. When you compare these results to our expiry schedule between now and 2016 at \$11.15 per square foot, it highlights this extremely compelling opportunity. This is the structural differentiator of our portfolio; a seasoned in-fill asset base with a reservoir of below-market leases.

Our results continue to be driven by our ongoing efforts to proactively manage and upgrade our merchandise mix through leasing, anchor space repositioning and redevelopment. Just looking at the evolution of our tenant profile: In the last year, Walmart, PetSmart and Ross Dress for Less have all moved higher in our top tenant rankings. Conversely, Safeway moved out of our top ten retailers and Hobby Lobby and Delhaize moved out of our top 20 retailers as ranked by ABR.

Occupancy improved by 110 basis points on a year-over-year basis. While this is a solid result, in certain situations, we are actively choosing not to renew specific leases to enable additional anchor space repositioning and redevelopment. It is important to recognize that over the next few years there may be some bumpy quarters from an occupancy perspective as we continue to proactively recapture below-market

leases and bring in new retailers at market rents. For example, in Dallas, we did not renew a 66,000 square foot Sports Authority as part of our repositioning of the center with an 86,000 square foot new best-in-class grocer who is entering the market. And in Atlanta, we chose not to renew a 24,000 square foot OfficeMax in order to capture a significantly higher market rent with the addition of REI. This new deal will provide a significant enhancement to the overall merchandise mix of the shopping center. These are both examples where we can capitalize on the confluence of no new supply and the appeal of our strong, infill locations.

Importantly, the combination of quality anchor commencements and tenant upgrades are having a positive impact on our small shop leasing, with occupancy for spaces less than 10,000 square feet increasing 190 basis points year-over-year and 30 basis points sequentially. We believe there is additional small shop leasing runway ahead of us and are aggressively focused on such leasing efforts. During the first quarter, 93% of new leases executed were for small shop space. Of note, occupancy for spaces less than 5,000 square feet improved 500 basis points in centers where at least one anchor greater than 20,000 square feet commenced in the 18 months prior. New anchor leasing continues to be a strong catalyst for our shop leasing program.

Also driving these gains are the specialized initiatives of our National Accounts program. As we said last quarter, one area of focus for the program is expediting the legal process to accelerate lease commencement timing. In just 27 days, we were able to execute three leases with Pet Supplies Plus in the Cincinnati market.

Given strong retailer demand, we remain confident that we will meet our occupancy targets for the year-end of 93.0 – 93.5%.

During this quarter, we made important ongoing strides in fine tuning our anchor space -- making sure the right player is in the right space. This proactive management of our merchandise mix is critical to maximizing our cash flows and enhancing the quality of our centers. For example,

- In Bakersfield, California, we terminated an old CVS/Longs Drug lease and replaced it with Ross at more than double the rent. In addition, we were able to unlock the right to add an outparcel and given the highly desirable nature of the location, we have a lease signed with Panera Bread. The overall increase to ABR as a result of these transactions is expected to be over \$286,000.
- Other examples include:
 - Replacing a former Fashion Bug with Ulta Cosmetics at a 65% increase in rent.
 - Replacing an expired Office Depot with a specialty grocery store and Dollar Tree at a 42% increase in rent.
 - Replacing a Pet Depot with DSW at a 36% increase in rent.
 - And replacing a dark AC Moore and an expiring OfficeMax with Burlington at a 39% increase in rent.

These examples highlight our efforts to drive rents while simultaneously improving credit quality and reducing eCommerce risk.

As we continue to capture the embedded NOI growth within our portfolio, there is an ongoing evaluation of the longer-term growth potential of individual assets. We would expect for you to see some normal disposition activity next year as we maximize growth at particular properties. This will be part of our ongoing portfolio management and is not the creation of a “separate” pool.

Our strategy remains focused on a national platform where we will leverage our market leading grocery-anchored portfolio and deep retailer relationships to drive continued growth. We are excited to continue on this positive path during the rest of 2014.

I will now turn the call to Mike to run through our financial results and capital plan.

Michael Pappagallo

Thanks Mike. We reported FFO per diluted share of \$0.44, which reflects a strong 10% increase from the comparable first quarter of 2013. The respective periods’ financial results are presented on a pro-forma basis for the IPO transaction – which simply means that for 2013, we present results as if the IPO had occurred at the beginning of that period with the attendant impacts on portfolio composition, debt, interest expense and share count. The current 2014 numbers only have modest adjustments to present the IPO pool only. Luckily for everyone, going forward the 2014 quarters will be completely clean.

As was mentioned in our press release, the first quarter results include charges related to the early extinguishment of debt that reduced the reported FFO per share by a little under \$0.01. These charges represent a non-cash adjustment to write-off the original issuance cost when the debt was originated years ago, as well as the remaining accounting mark-to-market. Adjusting for this item, the increase in FFO per share versus last year was closer to \$0.05. As the pro-forma presentation makes for an apples-to-apples comparison, the uplift in FFO was really driven by NOI growth, which contributed \$0.02, an additional \$0.02 from interest savings and \$0.01 from the reduction in overhead costs.

Similar to the fourth quarter of 2013, our same property NOI growth was achieved primarily by rent growth and increased recovery of expenses due to higher occupancy levels over the past year. Rental growth accounts for three-quarters of the total NOI growth, and again,

the product of a broad improvement across the portfolio, not redevelopment activity, which had a minimal 10 basis point impact. Our NOI growth was noteworthy given our comp was 4% in the first quarter of 2013.

Like almost all REITs that have reported results to date, our operating expenses increased as a result of severe weather conditions this past winter. Much of the quarter-over-quarter variance can be traced to increased costs for post storm repairs and maintenance and snow removal cost. Due to the fixed contracts in many of our markets, the additional snow removal costs were limited, only having a \$500,000 impact; most of the additional spending was the parking lot and roof repairs and additional utility costs. We estimate the lost recovery on these incremental costs reduced same property NOI growth by 10 basis points.

We remain on target against the financial plan we provided last December. Our estimates for full year occupancy, same property NOI and FFO per share range remain unchanged. With respect to our FFO per share guidance, we want to clarify that we will report FFO and provide Company guidance using only the NAREIT definition. We will continue to update the guidance range and if we are aware of transactional costs related to our balance sheet strategy such as those incurred this past quarter we will include them in the forward guidance. As such, we ask that research analyst estimates submitted to First Call, Fact Set, Bloomberg, etc. are for the NAREIT defined FFO. This will ensure comparability to our disclosed FFO and consensus estimates, as well as to our guidance.

On capital structure, we continue to move forward with our plans to refinance and reduce debt and further simplify the debt stack. We have paid off an additional \$640 million of secured mortgage debt since the beginning of the year, as well as eliminating a \$45 million financing structure that was treated as a capital lease for accounting purposes and included in the "financing liabilities" caption in the balance sheet. In addition, we repaid \$60 million of high cost long-dated bonds of a subsidiary entity that we discussed on the prior call. This activity was funded primarily through the \$600 million term loan that we raised in March. Progress continues at a rapid clip. In just over nine months, we've increased the percentage of unencumbered NOI to total NOI from 42.0% to 47.4%, and lowered the net debt to EBITDA by over a full turn. We continue the process of repositioning the balance sheet to an investment grade profile and believe we are approaching that point in the near term.

In sum, we are on track to deliver the financial results that we set forth at our IPO launch and through the means we said -- organic growth from leasing and value creation, a singular focus on shopping center operations and efficiencies, and aggressive balance sheet management.

Thank you and we are now ready to take your questions.

QUESTION AND ANSWER

Question

In terms of small-shop occupancy for the remainder of the year, what type of tenants are you seeing the most of the activity from? How would you categorize them from a national, regional, local kind of breakout?

Tim Bruce

What we are seeing is that capital is still not readily available to the local mom-and-pops. We focus our efforts on the national and regional retailers, as well as franchisers with positive credit. In the trailing 12 months, 66% of ABR from shop came from national and regional retailers. We've done multiple deals with Dickey's Barbecue, Great Clips, Panera Bread, Pet Supplies Plus, Rue 21, Sally Beauty, Kay Jewelers, Jersey Mike's, etc.

Question

Would you say relative to maybe six months ago, are you getting more activity on small-shop leasing, the same amount that you expected, or less?

Tim Bruce

I would say that it's increasing.

Michael Carroll

This is what we've talked about a lot, is really getting the anchor piece in our shopping center solidified. Getting those anchors in and open has been a really strong catalyst to the business. We're seeing that follow-through, where we've had anchors open - the momentum has been just tremendous. We've picked up 500 basis points on our shop program in those centers. So, as that activity continues to occur with major openings, and those quality anchors season, they just continue to be a really solid draw for us to be able to drive that small-shop program.

Question

I know you came public with a specific portfolio, and you haven't really expressed much interest in making any of the big types of changes that we've seen from many of your peers. But it seems like we've seen some real strengthening in private market pricing and demand over the last six months. Mike, you mentioned in your opening remarks, possible disposition activity. Can you give us a sense for the volume of sales to expect over the next couple of years? Has the strength in the market had any impact on your view around dispositions at all?

Michael Carroll

We acknowledge that the market is strong for assets today. But from an operating standpoint, we're seeing very strong results in just our operating metrics, in properties that others would think are in markets they don't want to be in. A lot of it is driven by, from our point of view, how you define quality. And for us, it's a strong grocery anchor in a dominant location in a good market. When we look at our portfolio, and at the non-top 100 markets, we are seeing, and have been seeing, same property growth that has been in the high 4% range and that has been consistent through 2012, 2013, and so far year-to-date in 2014. So, we are continuing to drive strong operating metrics there - strong spreads and strong leasing momentum. And it really is tied into those strong grocery anchors.

As long as we continue to see that growth, we really don't see a reason to be selling those assets. You can paint this with the brush that the market paints it with. But, I look at our markets that are outside of where others would want to be - in places like Naples, Florida, in Vallejo, California, and the Bay Area, basically the entire state of Connecticut is non-top 50 markets. Many of the college markets -- Ann Arbor, Boulder, etc. - we are doing very well in those markets. They have intrinsic barriers to entry that are very appealing to us and are helping us in our catalyst to growth.

So, we don't see a real push to have to do anything there. That's why I would hesitate to give you a disposition number, because until we see growth abate, we're not going to be a seller.

Question

Given the momentum that you've seen in leasing, would you expect that your blended spreads could continue to trend in the 10% to 11% range through the remainder of the year? Or should we expect any change in terms of the mix of space rolling?

Michael Carroll

Our guidance is 8% to 10%. We are still comfortable with that. I think we are a little in uncharted territory because we've never been in a prolonged period of no new supply like we're in now. So, I think there is opportunity to continue to surprise to the upside. But for now we still feel like that 8% to 10% is a good number.

Question

How do trends in TIs play into that? It seems like on a square foot basis they've been trending higher over the last few quarters.

Michael Pappagallo

Yes, that is true. I think that it underscores, also, the average higher rents that go along with that. So that on a net effective rent basis, we are showing positive momentum - we are showing increases. TIs always have been, always will be, part of the landscape. Over the longer period of time, as more and more of the proportion of deals become small ticket or small shop leasing, there will probably be less allocable TI dollars. But that will be offset, probably, by increased opportunities of anchor space expansions and redevelopment. So, it will tend to equal out.

From our perspective, as we look forward the next couple of years, expect a similar level of TI spending that we've been reporting. And hopefully what goes along with that is increased average base rent that we will be achieving.

Question

On leasing momentum, the spread between the percent leased and the percent billed, it looks like it's remained fairly constant over the last few quarters. This quarter over last, you had about a 10% increase in the ABR from leases signed but not yet commenced, to \$24 million. I was just wondering if you could provide some color on the expected timing of that rent coming online and how we should think about that spread trending if you continue to lease up the portfolio.

Michael Carroll

We think we are going to continue to be the current range on a lease versus billed spread. We still feel like we have occupancy pick up to do here. And we also continue to have some opportunities where we are fine-tuning our anchor space throughout the portfolio. So, I think we are going to be at that level, I'm going to say through this year and well into next year. And then I'm not good enough to see beyond next year. But, that would be my view there. And then, as we look at that space that's coming on, I think just as a normal cycle, you would see the majority of that space come on the latter half of the year.

Question

You mentioned expediting the legal process to accelerate timing. Is this initiative something unique to a company your size with a national platform? How much more benefit do you see coming from this process?

Michael Carroll

I think so. I think our national accounts team is unique to the business. And I think its part of what differentiates how we operate with both a regional team and then a corporate team focused on those larger national accounts. What it really allows us to do is have high-level relationships with those firms, where, because of the size and the scale of our platform, they know they're going to do multiple deals with us. So, it behooves us to work together with them to figure out how to streamline the process.

Pet Supplies Plus is a great example. We have similar examples with Walmart and Kroger and others, where we have identified counterparts on both sides of the deal equation so that there's no learning curve. They know each other. They have a basis of form and a starting point, and it really allows things to get done faster. The biggest thing we need to do in our business is eliminate downtime. We can never collect yesterday's rent. That is what we're trying to do wherever we can, eliminate downtime.

If I step back on a more macro basis, where we see the store closings and the opportunities to recapture space, we're fighting against downtime and trying to eliminate downtime -- because we are marketing to market substantial higher. But the lumpiness comes from downtime from when you take the space back from one tenant and put the next tenant in. So, we are very focused on trying to do what we can to eliminate downtime as the enemy.

Michael Pappagallo

To that point, it's also probably the number one item that drags, in the short term, on same store NOI metrics. So, to the extent that we can reduce down time, reduce the cycle time in getting leases signed and tenants open, that will certainly help the short-term same store NOI metrics.

Question

Many of your peers are selling into the market strength - paring down their portfolios to squeeze into the same list of core markets. Whereas Brixmor is one of the few that's going to remain with a more broad market focus. Are you seeing any interesting acquisition opportunities come your way from that slimming down process?

And, second, if we fast-forward a few years, how do you think about your strategy and competitive positioning versus peers? Do you think your focus will ultimately shift towards that same slimming down market process? Or do you think you'll maintain more of a broad market focus?

Michael Carroll

I'd say, as I stated in my earlier comments, where others are selling into that strength, we are growing into that strength, if you will, because, we've really seen good momentum in those markets. I would say from an acquisition point of view, as we think about constructing this Company and the portfolio that came public, some of that was done from that, where we acquired things that some peers have sold.

I think now that we're public, it's much harder for us to buy from peers, to be quite honest with you. And I wouldn't expect to see that happen, going forward. But as far as what we see in the market -- I'll turn to Dean here -- we are still not seeing a tremendous amount of activity for what we're looking for.

We are looking for high quality grocery-anchored centers across a broad landscape, but we also want to see growth. I think a lot of what we see is very maxed out, if you will, or things that maybe were built at the peak of the last cycle and we see downside in the rents.

Dean Bernstein

Mike, I think that's right. And I would certainly add that we are tracking a lot of transactions. We are bidding selectively on properties. And we're seeing a great deal of cap-rate compression for the type of assets that we want that are already in our portfolio, with great grocer sales and grocery-anchored. And we are also seeing even cap-rates coming in on the secondary markets, as well. So, we are following that and are looking for very selective opportunities.

Michael Carroll

To add to that, we are following our original story -- we are a broad national player and we believe in the grocery-anchored space. We think the market doesn't get it on how to define grocer quality. I look at our grocer sales against peers who have narrowed focus to smaller markets and our sales are basically on par with those. If I look at that, sales are what really drive quality in the grocer business. And to the extent that we can acquire good, quality grocers -- I think the nice part about the markets outside of the top 20 is the grocery business has consolidated very nicely, where it's really Kroger, Publix, Walmart or a main player in those markets. So, you really drive dominant sales

through these grocers where the markets have consolidated. That's why the number one and number two market positioning is so important in our portfolio.

Question

Office Depot and Staples are among your top 20 tenants - we can see the absolute exposure you guys have. Can you maybe give a little color around the risks that you see of store closures or re-tenanting options there, to the extent you do face closures.

Tim Bruce

Let's take Office Depot first. They haven't been extremely forthcoming with information. That said we're really not concerned. We've got 44 leases with average ABR of about \$10.00 per foot. We see this as an opportunity to mark these spaces to market, as we've been doing thus far on a selective basis. But going forward, we see probably eight of the locations that are overlaps, potentially. But, again, we view this as an opportunity to improve the merchandise mix and release space at an accretive basis.

Same general tone with Staples, whereby, they had a downsizing program in place. They hinted about some store closures, but to date we haven't seen anything in our portfolio. There was a list that came out but none of those were in our portfolio. We continue to monitor that business on a day-to-day basis through National Accounts.

Question

On page 11 of your supplement there is about \$1.3 million of other expense in the quarter. What flowed through that line item?

Michael Pappagallo

As a general matter, what is in that caption primarily is local franchise taxes. This quarter, there was a one-time item related to some legal costs related to a property sale of quite a few years ago. So, don't expect a repeat of that.

Question

On your new versus renewal decision making process, at what point does your TI down time be overcome by the additional rent? Because your renewal spreads for this quarter were about 10% and new leases were about 21% - what do you need that spread to be to make the decision to go with a new lease and incur that downtime and additional TI cost?

Michael Carroll

The economics are not always the only decision. A lot of times this is a merchandising play, as well. But I think that mid 20s% is where you really start to think long and hard about keeping it. Certainly, if it's not the right tenant and you can be at 20% we are going to do that all day long. And then it really relates to the capital requirement with that. But I think that mid 20% spread is probably the appropriate place where we look.

Question

Do you see the renewals -- they've obviously trended up over the last four quarters -- do you see those continuing to trend north with the strength in the market?

Michael Carroll

I'd say yes. I'm going to preface it by saying we are still in a pretty tough retail sales environment. But I do think the transformation of our portfolio with so many anchor openings that have happened over the last couple of years, good productive sales coming from that and the extra foot traffic and productivity at the centers is allowing us a little bit of tail wind to be able to drive strong renewal rates. So, I think we are going to continue that trend. But my caution on that is we still have soft retail sales across the board.

Question

On your disclosure for new leasing, you say comparable only on the spreads but you don't break out what's comparable and what's non-comparable. Is there a way to tell that from your disclosure? Most of your peers will break out a comparable and non-comparable space basis. You guys just have one bucket that lists all of your new leases. Is there way to tell which of those are factored into your spreads?

Michael Carroll

There's a comparable column there.

Question

Yes, I mean in terms of your number of leases that went into that comparable space versus that may have been excluded.

Michael Pappagallo

As an example, for the new leases signed for the quarter ended March, of the 202 leases, 69 of those were comparable. The total rent, ABR on those new leases, was \$15.18. The comparable component that had a 21% increase, the new rent level there was a little over \$16.00. You don't see that item on the disclosure, but we do disclose both the number, as well as the percentage increase.

Question

At the beginning of your comments you mentioned we should expect some normal asset sales next year. And then in response to another question, you basically defended why you don't have to sell anything. So, what should we expect next year?

Michael Carroll

I think you should expect us to be a portfolio manager. And as we see growth flattening out, you would expect us to sell assets that we see lower growth prospects with going forward. What I was trying to say in the earlier comments, at least my interpretation of it, was more at a market orientation. We're still seeing strong growth across the markets we operate in. And while we see that, we won't be big sellers.

But what I'm trying to communicate to the investors and the analysts here is that as time continues to go and as we continue to harvest these NOI gains, when we see things flattening out, you will see us be a seller and manage our way out of those assets and recycle capital. As I look today, as we continue to go through the year and harvest these NOI gains, that next year would be a year that we would start to see the potential to be selling some things.

Michael Pappagallo

One other point I would make, as we think about our financial plan, as we go forward, we are still assuming a net zero activity going forward. To the extent we harvest and sell certain assets, our intention is to plow it back out of the use of funds for both redevelopment and existing opportunity, but also potentially some acquisitions. But at least take that and recognize that we are not going to have either a major disposition or a major acquisition program as we sit here today looking out into 2015.

Michael Carroll

Asset by asset, driven by growth.

Question

If you go back to your comments last March of occupancy, and what you expect for that group of space, you've also talked about, as you move in new anchors, small shop tenants rise up X amount of basis points, but if you build it up piece by piece and look at it at a portfolio level, what do you expect is a normalized level once you have everything done in your portfolio for small shop occupancy? Compared to that 82% today?

Michael Pappagallo

We've thought about it at least through the 2016 timeframe, in terms of our projections and estimates. We estimate that our small shop occupancy will be somewhere in the 88+% level, surrounded by anchor occupancy of probably in the 97+% level. That should pencil out to somewhere close to a 95% occupancy portfolio wide, which I think is a fair representation of stabilized occupancy for a primarily grocery-anchored shopping center. Plenty of things can happen in a macro environment through that timeframe. But on a current-state basis, with the dynamics - the macro environment of supply and demand - I think that's where we are headed.

Question

In your press release and some of your opening commentary, you mentioned that \$15.00 new rent per square foot. Is that the level of rent that you're expecting to sign, maybe in 2014, 2015, overall? Is that a good number? Or is there a mix issue why that was \$15.00?

Michael Carroll

Certainly we did a lot of small shop leasing this quarter. This is the second quarter that we've been over \$15.00. The markets, at least on a rental basis, continue to get better. Our centers continue to be more appealing, that can drive higher rents. So, I think, directionally we are higher. If we look at 2013 new leases signed we were at \$13.69. And we're just over \$14.00 on a trailing 12 month basis right now. So, the message I would have, is, just generally, it's directionally higher. I really don't want to give guidance on a number per se today because there is a little bit of a mix issue, and we are working on some larger anchor transactions, which will have an influence on a weighted average basis. But, I think the real key point is we have a substantially below market portfolio. It is structurally different than our peers because of the age of the portfolio and the constraints that it had on it in the past. We are invariably taking those rents higher.

Question

Given that there is such a limited amount of supply here coming on right now, is it possible that 95% occupancy, just from a cyclical perspective, could go higher than that? And then, on the flip side of the question, I know development is relatively contained, but are there any markets that you are in where you're starting to see some signs of increased supply?

Michael Pappagallo

I'll take the first part. I would say, don't expect it. I think part of that is because there's always going to be the normal cycle of retailer store closings. And, as Mike had pointed out in his remarks, occupancy will be bumpy and there will be more than a few occasions where we will openly accept vacancy to drive a better product, a better rent over time. I just think the dynamics of the neighborhood and community shopping center portfolio is such that you might get higher, but I really wouldn't estimate that we could or should, notwithstanding the macro environment.

Michael Carroll

Then, on the supply piece, if we look out at the landscape today, we just don't see any true drivers in place. Really, when we look at all of the traditional tenants who drove development, they're generally on the sidelines. The large-format department stores, generally and the traditional groceries are not opening net new stores. They're doing a lot of on-site replacement and expansion and renovation and what have you, but not generally doing new stores.

So, it's very limited what we see. I'll give you an example. Publix is entering the Charlotte market. They are doing stores there. They're entering the Raleigh market, they are doing stores there and they are new centers. But it takes something like that, it takes somebody deciding that they're going to a new market, that's more than a mid-box retailer. It's somebody who's large-format, who's willing to sign a 20-year lease that's financeable to really drive development.

So, very spotty as far as a couple of markets like that, but, in general, almost nothing. I get back to the stat that REIS had after the first quarter, where it was less than 650,000 square feet of new shopping center space was delivered in the first quarter. I'll say that again -- 650,000 square feet. That's one or two properties. So, it's very limited.

Question

Going back to your comments on the national footprint and the quality of these under-appreciated markets. I think if you look at what some of your peers are selling in the sector, it's not so much quality at this point, a lot of it is geographic concentration, which helps from a leasing and asset management. I was just curious, how would you address that side of the equation -- that even if it is a higher quality, it's clearly more efficient to own a more geographically concentrated portfolio?

Michael Carroll

I don't think we have anything substantial on a G&A basis. Our properties are not the type of properties that have someone at the properties. They are not there on a daily basis. That's really not driving any material cost to manage a couple of properties in a market.

I think if you look at our regional structure, it really is awfully efficient. I think our G&A load as it relates to our peers is awfully efficient. Running this company on the basis that we run it, which is effectively decentralized with the regional teams, it really takes a lot of that inefficiency off the table.

Question

Have you ever looked at it from taking some of your more concentrated markets relative to some of your more dispersed assets and done a study in terms of cost and leasing efficiency, etc.?

Michael Carroll

We have looked at it. Again, we just don't see it. We cover all the markets in Texas from our Houston and Dallas offices. If I didn't have the HEB anchored property in Odessa, my savings on that would be minimal. It would be minimal. And the upside I would lose, in my view, would be a lot more than that. Do we want to be in every place that we are in forever? No. But do we want to be there to be able to harvest the growth that we see, that we hadn't been able to capitalize on in the past? Yes. So, I think, as we move forward, you'll see some rationalization around some of those concepts, but it will be more of do we want to be in that market, because we think we have the efficiencies pretty well covered.

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