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Federal Realty Investment Trust

Second Quarter 2023 Earnings Conference Call

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Dan Guglielmone, *Executive Vice President, Chief Financial Officer and Treasurer*

Jan Sweetnam, *Executive Vice President, Chief Investment Officer*

Jeff Berkes, *President and Chief Operating Officer*

Wendy Seher, *Executive Vice President, Eastern Region President*

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Alexander Goldfarb, *Piper Sandler*

Juan Sanabria, *BMO Capital Markets*

Michael Goldsmith, *UBS*

Greg McGinniss, *Scotiabank*

Ravi Vaidya, *Mizuho*

Samir Khanal, *Evercore*

Craig Mailman, *Citi*

Lizzie Doykan, *Bank of America*

Ki Bin Kim, *Truist*

Dori Kesten, *Wells Fargo*

Michael Mueller, *J.P. Morgan*

Floris Van Dijkum, *Compass Point*

Linda Tsai, *Jefferies*

Paulina Rojas, *Green Street*

PRESENTATION

Operator

Good afternoon, and welcome to the Federal Realty Investment Trust Second Quarter 2023 Earnings Conference Call. (Operator Instructions)

Please note, this event is being recorded.

I would now like to turn the conference over to Leah Brady, Vice President of Investor Relations. Please go ahead.

Leah Brady

Good afternoon. Thank you for joining us today for Federal Realty's second quarter 2023 earnings conference call.

Joining me on the call are Don Wood, Federal's Chief Executive Officer; Jeff Berkes, President and Chief Operating Officer; Dan G., Executive Vice President, Chief Financial Officer and Treasurer; Jan Sweetnam, Executive Vice President, Chief Investment Officer; Wendy Seher, Executive Vice President, Eastern Region President; and Dawn Becker, Executive Vice President, General Counsel and Secretary; as well as other members of our executive team that are available to take your questions at the conclusion of our prepared remarks.

A reminder that certain matters discussed on this call may be deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any annualized or projected information as well as statements referring to expected or anticipated events or results, including guidance. Although Federal Realty believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, Federal Realty's future operations and its actual performance may differ materially from the information in our forward-looking statements. We can give no assurance that these expectations can be attained. The earnings release and the supplemental reporting package that we issued yesterday, our annual report filed on Form 10-K, and our other financial disclosure documents provide a more in-depth discussion of risk factors that may affect our financial condition and results of operation.

Given the number of participants on the call, we kindly ask you to limit yourself to one question during the Q&A portion of our call. If you have additional questions, please requeue.

With that, I will turn the call over to Don Wood to begin our discussion of our second quarter results. Don?

Donald C. Wood

Thanks, Leah, and good afternoon, everybody. Special thanks to David Simon for finishing his call, more or less on time this afternoon.

All-time record-setting quarter for Federal Realty this time with $1.67 second quarter FFO per share result, ahead of consensus, ahead of internal expectations, and ahead of last year's second quarter. By the way, last year's second quarter was helped by a large termination fee from Amazon as they exited their brick-and-mortar bookstores, ex-termination fees, this quarter's bottom line FFO per share growth grew 5% despite significantly higher interest expense. That's a really strong quarter for us.

Leasing velocity continues to be the highlight. We signed 107 comparable leases of 576,000 square feet at $35.34 a foot, 7% higher than the cash basis rent the previous tenant was paying in the final year of their lease, 19% on a straight-line basis. Demand was exceptional. When you include non-comparable leases, which, by the way, for us, largely relates to newly built out space on our redevelopment and development projects, along with our office leasing, we executed 135 leases in the second quarter for a very robust 652,000 square feet, representing $23 million of newly contracted annual rent. These are production numbers that lie well outside the averages over our very long history and will go a long way towards offsetting the loss at Bed Bath & Beyond and Christmas Tree Shops income stream in 2024, until they're re-leased and rent paying.

In terms of Bed Bath, we lost one of our remaining nine Bed Bath leases during the quarter. That lease, a 25,000 square foot box at Mount Vernon Plaza in Northern Virginia, has been re-leased to Burlington at a 57% rent increase. Three more Bed Bath leases were rejected effective June 30, and July rent was received on the remaining five. Two of the remaining five were Buy Buy Baby locations that were assumed by online Baby retailer Dream on Me, and we, therefore, expect to continue to receive rents in the future.

The remaining three leases were rejected in the third quarter, and accordingly, we'll have a hit to occupancy of about 1% and lost rent of $2.5 million or so for the balance of 2023, all of which has been considered in our guidance. Deals are in the works for all of our Bed Bath locations and replacement rent will start to ramp up in late 2024.

Both leased and physical occupancy continued to improve compared with the previous quarter and the previous year, 94.3% leased, a 92.8% physical occupancy at quarter end are up 10 and 20 basis points, respectively, compared with the first quarter and 20 and 80 basis points, respectively, year-over-year.

Small shop occupancy gains, in particular, continued their trend during the quarter and increased 20 basis points on a lease basis and 40 on an occupied basis. That's a total increase in small shop occupancy of 310 basis points since Q1 ‘22. The quality of our small shop tenants and the discerning way that we choose them at our properties is where we create a ton of value. All small shop vacancy, or tenancy rather, is not created equal.

I've noted in the past couple of quarters that leasing productivity and rate that have occurred at the properties we've acquired over the past several years has significantly exceeded our underwriting and that has continued. Similarly, leasing productivity at properties that have recently undergone redevelopment and/or property improvement plans have outperformed our expectations, and we expect that to continue. Meaning, maybe we can be a bit too conservative at times.

The roughly 3,100 apartments that make up an important part of the revenue stream at our mixed-use and other properties remain a real differentiating bright spot for our portfolio and continue to add to both cash flow and to value. In the aggregate, our residential portfolio was 98% leased at June 30, and provided 11% more property operating income this quarter than compared with the last year's second quarter.

Resi is a super important component of our mixed-use neighborhoods, as is the office component, which is also 98% leased outside Santana West and the Choice headquarters building, which is under construction. We did, by the way, deliver the newly built out office space to Choice Hotels this quarter and expect them to finish their work and occupy the building by year-end. Sodexo, in the same building, will follow right behind.

I reported last quarter that inquiries and property tours have seen renewed life at Santana West, and that has certainly continued. Even the Northern California press is starting lower layoffs and dramatic new investment in hiring in areas like AI, electric vehicles, and related technologies. Feels like Silicon Valley is stabilizing.

I look back and I think about what it is that we're doing, and I kind of tell you that some of the country's most productive and well-known mixed-use communities sitting just outside San Jose, Boston, Washington D.C., and Miami, seem to us, seem to me, be right on the mark of the product that is and will remain in high demand as resilient consumers continue to prove that to be so.

Let me turn it over to Dan, before opening it up to your questions.

Dan Guglielmone

Thank you, Don, and hello, everyone.

Reporting a Company record FFO per share of $1.67 is very satisfying, particularly given the interest rate headwinds we faced, and is a testament to the continued strength of our business model. To reiterate Don's earlier comment, we beat our previous record of FFO in the quarter last year by 5% when adjusting for the outsized term fees that we had last year, and also posted 5% sequential growth versus the first quarter. Again, a strong indicator of the health in our underlying business.

With respect to this record performance, which significantly exceeded our expectations, we can point to the following drivers: higher property-level POI than was forecast driven by continued strength in rents, parking, specialty leasing and percentage rent, coupled with lower operating expenses as well, as a continued focus on cost controls at the corporate level resulting in lower G&A. This was offset by the aforementioned higher interest costs. As you can see, a very strong quarter.

With respect to our comparable metric, POI growth was 4.6%, excluding the impacts of term fees in prior period rent. On a cash basis, comparable POI growth, excluding term fees and prior period rent was even better, 4.7%. Term fees in the comparable pool this quarter were down significantly to $1.6 million versus $5.5 million in the second quarter of last year and prior period rent this quarter was $1.2 million versus $2.2 million in the second quarter of 2022. Again, please note, all of these figures are disclosed in detail in our supplemental 8-K on Pages 10 and 11.

Year-over-year occupancy showed continued progress with our overall occupied metric growing 80 basis points year-over-year from 92% to 92.8%, and our lease percentage increasing 20 bps from 94.1% to 94.3%. Small shop momentum continued year-over-year with a 90.2% rate being up 90 basis points over the previous year with a targeted lease rate for small shop of 92%.

Our signed not occupied percentage in total stands at approximately 3% or $34 million, comprised of roughly $17 million of incremental total rent in our existing portfolio and an additional $17 million of total rent in our non-comparable pool, where leases are signed, and the space is to be delivered. Our non-comparable signed non-occupied pool is an important differentiator of Federal's business plan, which is often overlooked.

Total comparable leasing volume for the quarter of 576,000 square feet, a Federal record for a second quarter and the second highest volume for a quarter ever on a comparable basis. The rollover at 7% on a cash basis and 19% on a straight-line basis, highlights the straight-line growth that's driven by sector-leading contractual rent bumps, which for our entire portfolio, averaged roughly 2.25% blended across both anchor and small shop.

Now, to the balance sheet. At June 30, we stood with $1.3 billion of total available liquidity comprised of $1.2 billion available under our revolver and $100 million of cash. During the quarter, we successfully demonstrated access to the unsecured market at attractive levels with a $350 million, 5.375% green bond, our second green bond, highlighting our focus on sustainability and our commitment with respect to our overall ESG strategy. Make sure to check out our annual corporate responsibility report on our website that was published in early June.

With respect to leverage, our net debt-to-EBITDA ratio continues to improve each quarter, and we fully expect to be back to our targeted level in the mid-5 times in 2024. Our in-process $750 million pipeline of active redevelopments and expansions has only $220 million remaining to spend against our $1.3 billion of available liquidity, with a large chunk of that remaining figure being leasing capital, which is good news when deployed.

Now on to guidance. We are increasing our forecast for FFO per share for 2023 by $0.04 per share at the midpoint to $6.52, from a range of $6.38 to $6.58 per share to a new range of $6.46 to $6.58 per share. Guidance now reflects 2023 FFO growth over 2022 of about 2% to 4%, or 3.2% at the midpoint.

We have managed through bankruptcies to date in the retail sector extremely well, collecting more rent from Bed Bath than we had forecasted, and having relatively small exposure to other retailer fall out. As the Bed Bath bankruptcy winds down, we expect it will result in a 31 basis point hit for the year versus our initial credit reserve of 25 to 60 basis points.

With respect to the balance of our tenancy, we are setting that reserve at 50 to 75 basis points. We will see a dip in occupancy next quarter as the impact of our lost Bed Bath locations and once Christmas Tree Shops become fully reflected but expect to finish the year back in the low to mid-92% range.

Also, keep that impact in mind for the cadence of FFO per share for the balance of the year, with third quarter forecasted at $1.61 at its midpoint and the fourth quarter at $1.65 at its midpoint. From a comparable growth perspective, given a solid first half of the year, we are affirming the 2% to 4% range for comparable POI growth, as well as our 3% to 5% range on a cash basis, adjusting for prior period rents and term fees.

Given our focus on cost controls, we lowered our G&A forecast from $54 million to $52.5 million at the midpoint, and we increased our forecast for contributions from redevelopments and expansions to $16 million to $19 million, up from the previous range of $15 million to $18 million. We have provided an updated summary of these key assumptions on our guidance on Page 27 of our 8-K.

Before I close my prepared remarks, allow me to highlight that for the 56th consecutive year, Federal's Board of Directors increased our dividend, a REIT industry record. As the sole dividend king in the real estate sector, we are extremely gratified to have stayed the course through yet another challenging economic cycle and continued providing our shareholders with comfort in reliably growing stream of cash flow. Please note that the CAGR over these 56 years is 7% compounded.

Now, I'm finished with my prepared remarks, and let me turn it back to Don Wood for the completion of his remarks.

Donald C. Wood

Thanks, Dan.

As I listen to Dan's conversation and comments there, I thought of one more point that I really wanted to make. There's so much conversation about the supermarket part of our business and part of the industry and how good that is, but I want you to know about our mixed-use communities. I spoke about the overall outsized performance of the big four mixed-use communities last quarter, but it bears repeating as its strength continued and helped drive the results in the second quarter. Taken together, Assembly Row, Bethesda Row, Pike & Rose, and Santana Row are a real company differentiator for Federal, as you know, and more in demand than ever before, with retail leased occupancy at 98% and tenant sales well above 2019 levels.

These properties are humming with estimated foot traffic in excess of 30 million shoppers in the trailing 12 months. That's a big number. It comes from the database of place for AI, which we think is well understated. In our estimation, this is the product in the market that consumers in a post-COVID world want the most. Despite the well-publicized bankruptcies of companies like Bed Bath and Christmas Tree Shops and the effects of higher interest rates on our business, I'm feeling pretty darn good about the way this year is playing out, and that's been the basis for which we could increase guidance by as much as we did this quarter.

Let's now turn it over and open it up to your questions.

Operator

(Operator Instructions) Our first question will come from Alexander Goldfarb of Piper Sandler. Please go ahead.

Alexander Goldfarb

Hey, good afternoon, and thank you, Don, for moving the call to avoid the overlap. Appreciate it.

Donald C. Wood

You're welcome, Alex.

Alexander Goldfarb

A question, I guess, on the mixed use. You guys had a recent—there was an article on you guys with Federal Plaza West, which I guess is not too far from Pike & Rose, that you got approval for some residential addition. Maybe a bit more color on this. I don't think you're anticipating on doing another Pike & Rose mega redevelopment, but maybe your thoughts on the apartments here. Then in general, are you feeling better about sort of ramping back up, adding more apartments across your shopping center portfolio, or is your view from a capital perspective that you'll do maybe a few of these at a time, but you're not planning to roll out multiple projects just given, again, cost of capital?

Donald C. Wood

Thanks, Alex. First of all, I'm really impressed that you're reading Montgomery County, Maryland press releases and get into the detail of what's going on at Federal. It's pretty cool. Yes, we did get full entitlements for apartments at Federal Plaza. I think I've talked for quite some time about using a downtime to get our development team and keep our development team working on entitlements that can be put to work as the economy changes. I know a lot of people talk about residential. Resi is a really important part for us, and it's not just resi at the mixed-use properties, which is also, obviously, an important part of what we do. We, right now, not only have just gotten Federal Plaza entitlements, but there's 500 units that are shovel ready that we could do today, and we're really looking hard at the capital allocation and the numbers to see how much—what we really need to get done there and what we can underwrite at Santana Row and at Bala Cynwyd, Pennsylvania.

In addition to that, there's another dozen properties, another 3,000 units, like 3,500 units for which we are actively working on entitlements at our shopping centers. These are places you wouldn't necessarily think about them particularly, like Friendship Heights, like the Avenue side of Baltimore, like Hoboken in New

Jersey, Pan Am shopping center, a bunch of them. When you think about us, we've done this stuff before. We've been doing it for 20 years.

Look at the back of Congressional Plaza, Housing, Chelsea Shopping Center, previously at Bala. We do a lot of this stuff, and we try to do it with our own capital when the numbers make sense so that it moves the needle. Doing stuff with the capital that we could put to work and get an above-average return will move the needle for Federal. It's one of the key differentiators given our experience that we look at and will look at over the next five and six years. Some of those projects don't pencil today. No surprise to anybody. So what? Get the entitlements, increase the value of the land. Be ready to put money to work when it makes sense. That's a key part of our growth.

Operator

The next question comes from Juan Sanabria of BMO Capital Markets. Please go ahead.

Juan Sanabria

Hi, Don. Thank you. Just curious as you think about getting bigger and looking for new opportunities, which you've talked about in the past, just how you're thinking about funding. Would you consider any joint venture of any of the big four properties that help differentiate or how are you thinking about kind of the push and pull of funding that?

Donald C. Wood

Juan, it's a great question. Let's talk holistically about how we fund the Company and where we move forward. I think one of the big differentiators of this Company is that we have a ton of equity effectively tied up, if you will, in the big four. I've talked about it in the past and today is not the right day taking a joint venture partner on Assembly or on Santana, but those markets will open up, and we want to be ready to be able to do that. I do think that when you think about the long-term plan of Federal, that harvesting, if you will, some of the great work that we've done—I'm sitting here right now at Assembly Row, this is where we had our Board meeting. Today I'm looking out this window, and we're real proud of what we created here, and it's a ton of value.

Yes, over the medium term, that is a critical source of funding and one that is, I believe, will trade. We'll show it when we show it when we can do that, at well under what history common stock would effectively be at, because I don't think we're getting paid for the value that we did here. That's a critically important part. In addition, when you talk about the nearer term funding plan, Dan can talk about, you know that the capital markets are open to us and have been open to us even in the worst of times.

The notion of using all of the arrows in our quiver over the next year or so is what you should expect as we normally would run the Company. Longer term, there's a special lower cost of capital tied up in this Company that's going to really help us grow over the medium term.

Operator

The next question comes from Michael Goldsmith of UBS. Please go ahead.

Michael Goldsmith

Good afternoon, good evening. Thanks a lot for taking my questions. Questions on Santana Row and more specifically, Santana West. What's the latest and greatest on the leasing conversations that you're having there? As you talk to tenants, are they thinking through return to office and how return to office looks at a mixed-use center versus a traditional office setting? Is that part of the conversations there? Is that driving momentum? As the kind of return to office kind of continues to amplify. Thanks.

Donald C. Wood

Yes, Michael, it's a great question. Let me give you a little bit here and then have Jeff or Jan to expand to the extent there's something else to say. The important thing to understand here, I do believe there is a stabilization happening in the Valley. I think if you lived out there or saw the press and everything out there, you'd say, maybe we are getting some sort of a period of time where things can start happening. We are in some earnest and, frankly, advanced negotiations with tenants for space right now that are looking at our space simply because of where it is at Santana Row. Simply because that is a brand-new product that is fully amenitized.

I've been snake-bitten a couple of times before, so I'm certainly careful about this. I'm pretty confident that we'll have some leasing success in the relatively near future. I hope I'm right. If I'm not, you can say I was wrong. It feels palpably different in the Valley than it has over the last year or two. I know that from a product standpoint, this is the stuff that—we're getting the views because of the type of product that we have because of the fully amenitized mixed-use environment. This is where it's at.

Jan Sweetnam

I think the only thing I would add, Michael, this is Jan, is that we're seeing more than our fair share of looks right now in the marketplace, the very reason that Don laid out. Everyone we're talking to wants to have the care to bring their people back in the office, where they want to go to work. Those are the types of tenants we're talking to right now, and it's been real positive.

Operator

Our next question comes from Greg McGinniss of Scotiabank. Please go ahead.

Greg McGinniss

Hey, good evening. Just hoping you could touch on what you're seeing in terms of acquisition opportunities within the market today, whether you're starting to see a narrowing of bid ask spreads and where there's properties out there of the quality that you're looking to acquire?

Jeff Berkes

Hey Greg, it's Jeff. Yes, the market is starting to pick up a little bit. There's been a handful of trades, or maybe slightly less than a handful of trades, in our West Coast markets at cap rates to start with a five. There's probably another couple of handfuls of deals in the marketing process on both the East and West Coast where we would look to buy and the expectations there are sub six. We're starting to see more stuff come to the market and the bid ask spreads start to narrow.

As you know, we have a very active team. We're always in the market. We're always trying to force stuff before it gets into an auction process. We're looking at a lot of stuff, but we're selective too and don't really have anything to talk about at this point. Definitely out there, are definitely looking and starting to see more activity. Hopefully, we'll have something good to report in coming quarters in that regard.

Greg McGinniss

Thanks, Jeff. If I could just follow up on Santana West on a more modeling based question. When you have to stop capitalizing interest on that property, is there going to be any sort of disconnect between when a tenant is moving in and the interest that's being capitalized there?

Dan Guglielmone

Yes. We fully expect to be able to capitalize based on our build-out plan for the floor-by-floor and the timing and so forth through the end of 2024, and we expect to replace the—we expect to have income starting as we bring that capitalized interest down. We don't expect the disconnect at the moment, but we'll know more as we get leases signed and as we continue to build out and see on the success of the multi-tenant approach that we've had in the building.

Operator

The next question comes from Haendel St. Juste of Mizuho. Please go ahead.

Ravi Vaidya

Hi there. This is Ravi Vaidya on the line for Haendel St. Juste. Hope you guys are doing well. Just one question here. Can you comment on your watch list? What would you estimate it to be on an ABR basis? What would you estimate the embedded mark-to-market would be on that subset?

Dan Guglielmone

We've done very well with regards to the watch list so far. I think that with the exception of Bed Bath, we've had very little exposure to the failing retailers that we've had to date. I think that, just generally, those that are on our people's radar, whether they be Joanne or At Home or other names like that, we have very limited exposure there. I think, Wendy, I don't know if there's other comments.

Wendy Seher

Yes. We're constantly reevaluating the list, and it's not just the watch list, but it's who's going up in size, who's going down in size, and how are we managing what that means to us in the long term. If you look at what bankruptcies, I'm feeling pretty good about what I see on our watch list. If you look at the bankruptcies we've had, David's Bridal, both of our leases were assumed. Party City, we have short-term leases with them, and we have one lease out for signature to backfill. The one location and the second location has two letters of intent on it. Tuesday Morning, we had three locations with them, two of them already signed leases and one is in lease documentation we executed this quarter. Feeling pretty strong.

Operator

The next question comes from Samir Khanal of Evercore. Please go ahead.

Samir Khanal

Hey, Dan, similar to the last question, just on sort of the watch list. I know you've put in this sort of a general reserve, I think you said about, if I recall, it's 50 to 75 bps. I'm just trying—knowing that it's sort of August here, is that you just being a little bit conservative, or do you expect some fallout into the back half of the year? I just want to make sure I'm not missing anything. Any hints or any comments you can provide into maybe even next year. Where do you think that general reserve would be? Do you think it will be higher or lower, similar to this year? Thanks.

Dan Guglielmone

Yes. Kind of the first half of the year outside of Bed Bath & Beyond, we had about 50 basis points of credit reserve impact. I think we—as I stated, we're going to end up with, or expect to end up with on Bed Bath, about 31 basis points for the full year. Okay. Then with regards to the second half of the year, the 50 to 75 basis points, there may be some conservatism in there. Right now, we initially came out with 100 to 130 basis points at the start of the year, it's probably more in the 80 to 100 basis points. We've made some real progress there. Hopefully, we'll do better than that 50 to 75.

Operator

The next question comes from Craig Mailman of Citi. Please go ahead.

Craig Mailman

Hey. Dan, I just want to kind of go through—there's a $0.06 essentially sequential dip, which I think is about $4.9 million from 2Q FFO to 3Q FFO. I know you already kind of called out the $2.5 million from three Bed Bath rejections. Could you just kind of bridge the balance of the sequential decline for us?

Dan Guglielmone

Yes. A big hit there is going to be the interest expense. We refinanced a bond in the second quarter, repaid them effectively on June 1, we're going to see the full quarter there. Plus, the Fed continues to raise rates, and we do have a little bit of exposure on the floating rate side. That's probably the lion's share in addition to the Bed Bath impact in 3Q.

Operator

The next question comes from Lizzy Doykan of Bank of America. Please go ahead.

Lizzy Doykan

Hi, everyone. Thanks for having me on. You did comment on leasing productivity and that's continued to outperform expectations. Can you talk about the spreads achieved on the leases executed this quarter? It just looked like that moderated, particularly on renewals. Just want to get some more color on what tenants are still willing to take and kind of comment on the outlook for the trend on spreads going forward?

Donald C. Wood

Liz, I hear you. I really still believe very much that looking at a 7% spread on a re-leasing spread with the type of bumps that we have inherent in our lease, it's really the equivalent of 16% of a company with inherent bumps 100 basis points less than ours. I think that's a really important thing that we've been talking about over the last few quarters. When you see seven and you compare that to somebody else who doesn't have the contractual bumps of 11 or 12, we still have better economics. I don't think that's understood all that well. I don't think it's a deceleration. It's simply a matter of the mix in the particular quarter. I don't think you should draw any trend lines associated with that.

I've got to tell you, ma'am, I think something like, I'm making up a number here. I'm not sure I get this right. It's like three out of four of our leases have 3% or better bumps in them. That includes anchors. That is a big number. I don't think anybody else could say that. I don't know because nobody discloses it, I get it. But when you look at 7% bumps here, let me tell you, the economics of that are significantly better because of those bumps.

Operator

The next question comes from Ki Bin Kim of Truist. Please go ahead.

Ki Bin Kim

Thanks. Good evening. Your equity issuance guidance is lowered. I was just curious how much impact that made to your overall FFO guidance. From a realistic standpoint is issuing $100 million very realistic just given where your stock price is? When you talked about some of the acquisition opportunities at sub-6 potentially, I guess, how is that more attractive than maybe buying back your stock, which is trading at mid to higher 6s? I realize that's only one spec you want to know how you make decisions, but just curious overall.

Dan Guglielmone

No, very good question, very good question. With regards to the equity, that's just an assumption that we layer in. For our guidance it doesn't make a huge difference between the $200 million that I think we had previously. I wouldn't read too much into that. I think that it's just a number that is in there for an assumption to get to that midpoint of 6.52% and the range that we have.

With respect to buying back stock, I don't think it's a particularly attractive use of our capital today. Given we've got potentially—we want to preserve our dry powder for better opportunities currently and think that we'll focus on acquisitions and redevelopments given where we're currently trading.

Donald C. Wood

Ki Bin, I guess just one more. You certainly hear lots of companies that say, they're going to buy back stock and share repurchases are great and all. But I got to tell you, unless you're doing it in size to really change the capitalization of the company and effectively have a broader notion of that, doesn't move the needle. The idea of—unless it's deeply, deeply discounted and stays deeply, deeply discounted for a long period of time. What we see on the horizon here and the opportunities that we'd like to put money to work on driving up leverage by buying back stock doesn't make sense for us in the long-term even if it does provide a little bump, but again, how much in the short-term.

Dan Guglielmone

To the extent we don't like where our stock is trading, we've got a pool of assets that we'll opportunistically look to sell in the market and try and obtain more attractive pricing than where our stock is trading. We've got multiple arrows in the quiver to fund the business going forward.

Operator

Our next question comes from Dori Kesten of Wells Fargo. Please go ahead.

Dori Kesten

Thanks. Good evening. What refinancing options are you considering for your 2024 maturities? Then where is that pricing today?

Dan Guglielmone

With regards to the $600 million that we have coming due in January, we're in the market assessing it. It's not particularly opportunistic today. We raised $350 million back in April. I think we feel pretty good about that at 5.375% coupon for $350 million. We've got access to the market. I think today, it would be in the upper 5s if we were to access the market today. We don't particularly find that attractive, but we've got time. We've got multiple arrows in the quiver there as well in options, and we'll look to be opportunistic. Who knows where we'll be over the next several months, but we'll get it done.

Operator

Our next question comes from Mike Mueller of J.P. Morgan. Please go ahead.

Michael Mueller

Yes hi. Just a quick follow-up on the ramp-up discussion. What's the average portfolio escalator for the overall portfolio? Then if you look at first half of the year leasing, how did the bump on those leases compare to the overall portfolio?

Dan Guglielmone

Yes. Blended, it's in and around roughly 2.25 across the entire portfolio, anchors, and small shop. This quarter was in line with that, maybe a little bit shy. That's retail only. Obviously, to the extent that we have other commercial leases, they tend to be higher, and they tend to have annual bumps that drives that blended spread up.

Donald C. Wood

By the way, Mike, congratulations to those Orioles, they look fantastic.

Operator

The next question comes from Floris Van Dijkum of Compass Point. Please go ahead.

Floris Van Dijkum

Hey guys, thanks. By the way, I ran into Mike at one of your competitor centers the other night, and he was wearing his Orioles cap. He's not afraid to flaunt his success this year. (Multiple speakers) Look, I think you guys are one of two shopping center companies that have raised your guidance where the midpoint is above consensus, if I'm not mistaken. Again, that should be pretty positive. There are some, obviously, financing is going to be potentially an issue that everybody has to deal with at higher rates. I was actually encouraged by the green bonds.

One of the things—and I'd love to get some more detail on this, because I think this is sort of a virtuous cycle, if you will, because I think part of the—maybe talk about the rate differential of those green bonds relative to regular bonds, probably not as much today, but also talk about what you need to do to qualify for that. What kind of return on investments and lasting power that we'll have on the overall portfolio in terms of energy efficiency, etc., and water usage?

Dan Guglielmone

Just with regards to pricing, we don't do it for the incremental pricing. You could say that there's probably incremental demand. What that means for pricing with the bonds and so forth, I think, is difficult to quantify in today's market. We do it because, honestly, we like to highlight the fact that when we develop in our mixed-use communities, we develop at LEED Gold or better. We've got a LEED Gold-certified neighborhood designation at Pike & Rose, which is one of only a dozen, I think, in the country.

ESG is an important part. I think Dawn Becker should maybe kind of highlight some of the more specifics. But look, we do the green bond because I think it kind of showcases what we do, but it also expands just the universe of potential investors who will look at the bonds, and if it gives us better pricing, that's great, but it enhances execution. I think that's the most important thing.

Operator

The next question comes from Linda Tsai of Jefferies. Please go ahead.

Linda Tsai

Hi. The comparable signed but not occupied pipeline of, I think, $34 million and the non-comp of $17 million, what's that cadence of the about $50 million coming online?

Dan Guglielmone

It's not $50 million. It's $34 million. The total is $34 million, and there's $17 million in the existing portfolio. There's $17 million in the non-comparable portfolio, space to be delivered. That will come online about 45% or $15 million is scheduled to commence the balance of this year. Then the remainder of $19 million, the lion's share of that, almost all of it, will come on in ‘24. It's a little bit more weighted in the fourth quarter than it is in the third quarter this year.

Operator

Next question comes from Paulina Rojas of Green Street. Please go ahead.

Paulina Rojas

Hello. I'm looking at your disclosure on capital expenditures, and we see maintenance topics is relative (inaudible) on last year and also other prior years. Can you provide some background on what is driving that lower rate than CapEx?

Dan Guglielmone

The lower CapEx that you're seeing this quarter?

Paulina Rojas

Yes, specifically maintenance that I think you're at $8.7 million year-to-date versus, I don't know, $14 million, $15 million last year. It's down significantly.

Donald C. Wood

Yes, Paulina. We are having a hard time hearing you. I don't know whether it's the connection or not. We're going to try to answer this, I guess, on the capital. If we're not giving you what you want, please give us a call directly. Call Dan or Melissa after this, and we'll get you specifically what you want. We're going to take a shot, I guess where we're going.

Dan Guglielmone

The numbers that you're referring to, I'm not quite sure. We'll follow up to you after the call to kind of follow up on this. One thing to notice, yes, capital is down in the quarter. I think that we feel good about that. But we can answer your specific question, we'll follow up this evening.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Leah Brady for any closing remarks.

Leah Brady

Thanks for joining us tonight. I hope you have a great rest of the summer. I look forward to seeing you soon.

Operator

The conference has now concluded. Thank you for attending today's presentation, and you may now disconnect.