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Weingarten Realty Investors (WRI)

Q4 2018 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the Weingarten Realty, Inc. Fourth Quarter 2018 Earnings Call for February 21, 2019. My name is Brandon, and I'll be your operator for today. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session. [Operator Instructions] Please note, this conference is being recorded, and I will now turn it over to Michelle Wiggs. Michelle, you may begin.

Michelle Wiggs
Vice President-Investor Relations, Weingarten Realty Investors

Good morning and welcome to our fourth quarter 2018 conference call. Joining me today is Drew Alexander, Stanford Alexander, Johnny Hendrix, Steve Richter, Joe Shafer.

As a reminder, certain statements made during the course of this call are forward looking-statements within the meaning of the Private Securities Litigation Reform Act. These statements are based upon management's current expectations and are subject to uncertainty and changes in circumstances. Actual results could differ materially from those projected in such forward-looking statements due to a variety of factors. More information about these factors is contained in the company's SEC filings.

Also during this conference call, management may make reference to certain non-GAAP financial measures such as funds from operations or FFO, both core and NAREIT, which we believe help analysts and investors to better

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understand Weingarten's operating results. Reconciliation to these non-GAAP financial measures is available in our supplemental information package located under the Investor Relations tab of our website.

I will now turn the call over to Drew Alexander.

Andrew M. Alexander

Chairman, President & Chief Executive Officer, Weingarten Realty Investors

Thank you, Michelle. Good morning, and thanks to all of you for joining us. I would like to begin with the announcement that Stanford Alexander has been elected Chairman Emeritus. He will remain an important part of our team, and we greatly value his advice. I've been elected Chairman and will continue in my role as President and CEO.

I'm pleased to announce another good quarter, a fitting close to a very successful year, executing on the strategy we've articulated over the last 2 years. Same-property NOI growth remains strong and rental rate increases were outstanding. Our portfolio was stronger than ever and consumers continue to frequent these great centers.

We announced in early January our 2018 disposition program closed strong, with $635 million of properties sold. Over the last 2 years, we've taken advantage of the arbitrage between public and private markets, selling $1 billion of property, about 15% of our portfolio. Selling these properties generally towards the bottom of our portfolio makes our high-quality portfolio even stronger.

Our average TAP scores have improved, the demographics of the portfolio are significantly better with our average household income at $93,000, and we've lowered our exposure to power centers. We've exited multiple states through the sale of numerous assets in secondary and tertiary markets and have drastically reduced our exposure to watchlist tenants.

As a result of these dispositions, we paid our shareholders special dividends totaling $280 million. At the same time, we've dramatically strengthened our balance sheet. We have tremendous flexibility to take advantage of market opportunities. We can fund our new development, redevelopment and acquisitions as well as consider a modest share buyback program, while maintaining our strong balance sheet.

This disposition program has been dilutive in the short term. We believe the earnings dilution is worthwhile, given the improved quality of the portfolio, the increased reliability of our income stream, and our strong financial position, given the ever-changing retail environment. This program has created significant shareholder value. We expect our disposition volumes to be much less in 2019, but we'll continue to monitor the market and adjust our strategy appropriately.

With respect to our new development activities, all are progressing nicely. At both West Alex and Central Arlington in D.C. We're scheduled to begin residential pre-leasing activities in the latter half of the year and expect to have a modest amount of revenue online before year-end. At Central Arlington, we expect Harris Teeter to open around year-end 2019. We're excited as both projects will benefit from their close proximity to Amazon HQ2 and the strong Northern Virginia market.

In Seattle, we're stabilizing The Whittaker. Whole Foods is paying rent and expect to open later this year. We finished strong with the stabilized ROI at 6.8%, about 20 basis points above plan. The Driscoll at River Oaks is progressing nicely. Construction so far is ahead of plan. The 30-storied luxury high-rise at our prominent River Oaks Center here in Houston will include over 300 residential units, with around 10,000 square feet of ground floor retail space. And the total project cost will approximate $150 million.

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We have many other redevelopment projects in the pipeline that will provide excellent returns on the invested capital, and we continue to work those with great focus, great progress on development and a terrific quarter in year. Steve, the financials.

Stephen C. Richter

Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

Thanks, Drew. Good morning, everyone. As to our operating results, core FFO for the quarter ended December 31, 2018 was $0.55 per share, down from $0.61 in the prior year. For the quarter, we estimate our disposition program cost us $0.08 per share. This was offset by increases in net operating income from our existing portfolio, due primarily to rental rate increases, new development and redevelopment completions, and reduced interest expense from lower levels of debt outstanding due to our disposition program.

For the year, core FFO was $2.28 per share for 2018 compared to $2.45 in 2017. Again, we realized increases in NOI from the existing portfolio, new developments, redevelopment as well as reduced interest expense. The full year also benefited from $0.01 per share reduced in G&A expenses due to reduced compensation cost and professional fees.

These increases were offset by our disposition program, which cost us around $0.29 per share for the year. I also wanted to point out that while it doesn't affect the year over year comparison, G&A expenses for the fourth quarter were higher than the third quarter by $0.01. This was due to the truing up of our restricted share accrual that cost us around $0.02.

The significant drop in our share price at the end of 2018 resulted in more shares being granted in accordance with our long-term incentive program, thus the increase in expense. This increase in Q4 was offset by decreased expense from assets held in our deferred compensation program. A reconciliation of net income to NAREIT FFO and core FFO is included in our press release.

Our balance sheet is stronger than ever with further de-leveraging from our disposition program. We paid a special dividend in December of $1.40 per share or $180 million, due to the significant gains from our dispositions. The remainder of the proceeds were used to pay down debt.

Our net debt to core EBITDA was a strong 5 times at year-end and our debt service coverage ratio was 4.9 times, supported by a well laddered maturity schedule that has no significant maturities until 2022. As to guidance for 2019, net income is expected to be in the range of $1.77 to $1.89 per diluted share. We expect that NAREIT FFO and core FFO will be in the range of $2.09 to $2.17 per share. This assumes acquisitions of $50 million to 150 million primarily in the latter half of the year, new development and redevelopment investment in the range of $175 million to $225 million, and dispositions in the range of $250 million to $350 million. This level of dispositions will likely result in the payment of a special dividend in 2019, albeit considerably less than 2018. As to the existing portfolio, same-property NOI with redevelopment is expected to be in the range of 2% to 3%.

Let me point out a few contributing factors embedded in our guidance assumptions. First on dispositions, both the timing and volume can significantly affect FFO as we experienced last year. Our core FFO guidance includes the full-year dilution of the 2018 dispositions of about $0.18 per share of NOI and an estimated partial year dilution of $0.07 to $0.13 of NOI for our 2019 dispositions.

Secondly, the implementation of the new leasing standard will increase general and administrative costs by $0.07 to $0.08 per share in 2019, resulting in a going forward G&A expense of $8 million to $9 million per quarter.

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Third, since we will own the residential portion of our two DC development properties, we will incur net expenses this year of around $0.01 a share as we start the preleasing process.

And fourth, regarding bad debt reserves, in our space-by-space budget for 2019, we have fallout for those tenants that we don't think will renew or will fail. In addition to this lost rent, we have a top-side reserve to cover the unexpected. Our budget for 2019 between budgeted fall-out and top-side reserves is very similar to last year and to our historical averages for bad debt over the last number of years. All the details of our guidance are included on page 10 of our supplemental, along with a roll forward of our 2018 FFO to our 2019 FFO guidance. Johnny?

Johnny L. Hendrix

Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

Thanks, Steve. We had a great fourth quarter and we're looking forward to 2019. During the quarter, the company increased same-property NOI 3.4%, executed 181 new leases and renewals for $15.1 million in annualized base minimum rent, produced rent growth of 37% for new leases, maintained a strong occupancy of 94.4%, and continued to produce very strong risk-adjusted returns on our redevelopments.

Weingarten's transformed portfolio has proven resilient even in the face of strong headwinds. As of this call, we've leased most or all of three of the four closed Toys R Us spaces, which will create significant increases in net asset value for our shareholders. We've signed leases with Burlington at Bunker Hill and Ross at Cypress Station, both here in Houston. We expect Ross and Burlington to commence late this year.

At Palms Town & Country near Miami, Florida, we signed a 5-year lease with Baptist Health South Florida Hospital. That lease will commence in the second quarter. The hospital lease is an interim deal that will provide us time to work through a major redevelopment of the track. We ultimately expect a vertical redevelopment incorporating HealthSouth as an anchor tenant.

Most of the other known bankruptcies have been resolved. It looks like Payless ShoeSource will be closing all its locations. We have nine Payless leases, representing 0.14% of ABR, and we expect those will be closed in May. Our guidance does not include rent beyond that date.

National Stores, Fallas Paredes and Factory 2-U terminated one of the four leases we had with them. Mattress Firm terminated 3 of their 16 leases. As for Sears, we're pleased we only have two Kmarts. We believe the store at Six Forks in Raleigh will remain open. The store at Prospector's Plaza in Placerville, California is already closed and ESL is marketing the designation rights for that lease. We should know the results of their efforts soon. Our guidance does not include any rent for this space after the first quarter of 2019.

As Steve mentioned, we expect our same-property NOI to be between 2% and 3% for 2019. While there's always risk, we have good visibility of the components. We expect contractual rent steps will contribute increases between 1% and 2%. Commencement of leases will contribute another 1% to 2%. Fallouts will offset some of this to result in our same property NOI 2% to 3%.

Our business plan does include unexpected fallouts and bankruptcies. But even if someone filed soon, we would expect to receive most of the rents in 2019. We're also in good shape with our renewals. 60% of our 2019 renewals are complete.

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As I mentioned earlier, our redevelopments are progressing very nicely. The two large shopping center redevelopments are mostly complete. Sprouts opened in Winter Park, Florida, and we've completed leasing all of the 10,000 square feet of shop space we added.

Sprouts also opened at Sunset 19, completing an incredible remerchandising for the center that has spanned several years. We relocated Bed Bath & Beyond, added Hobby Lobby, Sprouts, DSW, Cost Plus, Kirkland's, Carter's, and Five Below. We also added 12,000 square feet of new shop buildings, a great outcome for our shareholders.

Excluding River Oaks, the company currently has 15 centers under redevelopment and we expect to invest $90 million with an overall return around 10 %. We did not buy any shopping centers during the fourth quarter, but we do have a couple of projects we're seriously pursuing. We continue to search for great assets that will be accretive to our shareholders.

We've observed very little change in pricing over the last several months. Core assets continue to trade for 4.5% to 5.5% in coastal markets and 5% to 6% in other primary markets. Power centers seem to have a wider trading range, 200 to 300 basis points higher depending on tenancy. Drew?

Andrew M. Alexander

Chairman, President & Chief Executive Officer, Weingarten Realty Investors

Thanks, Johnny. Our job is to position the company to maximize the long-term value for our shareholders, and we remain focused on that goal. We will continue to invest capital in those growth opportunities that make sense from a risk-reward perspective, especially redevelopment. We'll be opportunistic on dispositions, but we expect 2019 will be significantly less than 2018, and we're always focused on leasing space in our centers to the right users.

Redevelopment on our strong pipeline of signed but not commenced leases will provide some nice tailwinds for 2019 same-property NOI growth. Our strong balance sheet continues to improve and we're well positioned to fund our future capital requirements, while still maintaining the dry powder necessary to react to other growth opportunities when they arise.

Great people, great properties, and a great platform equals great results. I thank you all for joining the call today and for your continued interest in Weingarten.

Operator, we'd now be happy to take questions.

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QUESTION AND ANSWER SECTION

Operator: Okay. Thank you, sir. We will now begin the question-and-answer session. [Operator Instructions] And from Citi, we have Christy McElroy. Please go ahead.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Hi. Good morning, everyone. Just trying to get to the disposition dilution in your guidance. As you talked about, $0.10 at the midpoint, I think is a little bit heavier than we would have expected. Even if the volume is relatively front-loaded, can you just talk about sort of the timing that you're assuming and the cap rate? I think your selling is 7.3% this year or last year. Just maybe a sense for kind of the assumptions that are going into that dilution number?

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Sure, Christy. Good morning. It's Drew. I think I'll take it and then let Steve and maybe if even Joe if he wants, get a little more granular on the guidance.

So it's basically something that we tried to articulate that it's very opportunistic. So the exact timing is a little unclear at this point and likewise produces a bit of a range. As to the cap rates, we forecast the same sort of middle-7s that we had last year, that can vary a lot quarter-to-quarter. We're also working on some land that is generally looked at differently and it's not as much money, but it is helpful. So that's sort of the broad brush.

Steve, you want to get into more of the modeling and the guidance or...

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

A

Christy, good morning. This is Steve. I would say that when you get to what we budgeted, we're guessing as to timing and volume. So the wider range is really there to protect us, so to speak, from missing in terms of when things happen. I mean, we have some stuff under contract today. We don't know whether those will close, and we have a lot of property out there on the market. So it's a guess, to some extent.

Joe D. Shafer
Chief Accounting Officer & Senior Vice President, Weingarten Realty Investors

A

And we're also being very opportunistic about it. We had a large deal that was under contract that we had to re-trade that we thought was excessive that we chose not to accept. So, again, we're being opportunistic. We don't have to sell anything. But if we're getting a good price for things towards the bottom, we think it makes sense. So we tried to outline the range, which is, as I said, a function of both the volume and the timing, and we'll certainly know more as the year goes on.

A

And, Christy, keep in mind that...

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Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

And a piece of that – yes. Go ahead.

A

I just wanted to add, keep in mind that we're sitting in cash now too. We're not in a revolver. So when you look at the spread...

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Right.

A

...that we're giving you, it's a pretty low interest income on the other end.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Yeah. That's what I was sort of going to ask about, because obviously there's the use of proceeds factor, and there are some acquisitions I think that you've baked in there, but a lot of it's also cash and that's sort of sitting there waiting to be put into – or put into development which you're not earning income on yet. So there's the dilution there. But okay, I think I sort of get it. And then just...

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

You're exactly right and that's part of the...

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Yeah.

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

...long-term look is that there is a significant development spend as we go through the year at River Oaks and the two projects in D.C., but for 2020 there's not a lot of revenue [indiscernible] (00:20:08)

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Okay. And then just on the $0.01 of drag from the two D.C. projects, I apologize if I missed this in the opening remarks, but just maybe, is this the sort of the resi components that you need to start, that are sort of in lease-up and you need to start expensing interest and other costs that have been capitalized during project time? What's sort of driving that drag?

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Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors
A

You're exactly right, it's the residential leasing which is expensed, which is more of the on-site leasing people who aren't being capitalized because they haven't been hired yet. But as we get towards the end of the year, they will be, because we'll start leasing the project and expensing that. So, I think it's a good thing that we've been working on these projects a long time and we're starting to see some revenue, albeit we will have a little expense associated with the on-site managers, on-site leasing people that will be expensed before we have sufficient revenue to cover it.

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors
A

Christy, I would just add one other thing and that is is that, these are mixed-use developments as you well know. And so you have to bring on some of the common area cost earlier than you typically would in a straight retail project that would basically open or commence when the anchors open. So there's a little bit of just the common area costs that's also going to commence. And obviously there's not any retailers open to pass that through to.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.
Q

Is there a delay in the expensing of the interest costs or does that all come on as soon as you open?

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors
A

No, that will be capitalized and the way in which though that ultimately that gets when we stop capitalizing that interest is somewhat tied to the way that we deliver the project over time. And that's subject to when we get certificates of occupancy for the project.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.
Q

Okay, thank you.

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors
A

Thank you.

Operator: And from Scotiabank, we have Greg McGinniss. Please go ahead.

Greg McGinniss
Analyst, Scotia Capital (USA), Inc.
Q

Hey, good morning. Moving back to dispositions for a minute, Drew, could you just give some more details on your comment about monitoring the market and adjusting disposition strategy accordingly? I'm trying to understand what makes you feel the $250 million to $350 million is the appropriate range today and what would have to change for that range to be adjusted. I mean, is there potential for dispositions to end the year $200 million higher than the middle of the range similar to 2018?

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Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Good morning, Greg. You know, I would do my best to articulate without totally repeating myself, but it is something that, as I said, we're being opportunistic. We're taking advantage of the arbitrage opportunity between being able to sell the bottom portion of our portfolio right at NAV when the stock is at still some amount of discount to NAV. We appreciate that has some short-term pain, but we think it has long-term gain.

But as we see things with re-trades and other changes or pricing that for some reason doesn't look right to us, we don't feel the need that we have to do anything. We've only sold one property so far this year, about $24 million. As I mentioned, we had something fall out. So I think the range is a good one. Is there a chance we're outside the range on either side? Yeah, of course there is because we're, again, being opportunistic.

But we're looking at every center where we have a big proprietary model that grades everything, looks at all the different risk factors. And we're always working on a lot more than we expect to and certainly way, way more than we need to do. So it is something that when it comes to doing the right long-term things, it's not always pleasant in the short-term, I understand, but it is opportunistic and we'll be selective about it.

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

A

I might just add one thing on this one as well, and that is that, again, given that we have that opportunistic approach, we have a lot of property on the market and most of our transactions generally range in the $20 million to $40 million. But if you wind up with one big transaction and we have some larger centers, that's $100 million, that's on a $200 million to $300 million kind of range, that's significant. So, again, it's being opportunistic in which ones we sell and the mix could wind up being over or under.

Greg McGinniss
Analyst, Scotia Capital (USA), Inc.

Q

Okay. And I know you've got nothing held for sale on the balance sheet right now. But, Steve, as you just mentioned, like, how much are you marketing on the market right now?

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Comfortably over what we need to sell.

Greg McGinniss
Analyst, Scotia Capital (USA), Inc.

Q

Okay. Thanks. And then, Johnny, just a question for you. Despite a shrinking portfolio over the last couple of years, recurring CapEx has actually been trending up. Is there anything we should be reading into that growth or can you give us some details why that's occurring? And also what should we be thinking about that recurring CapEx spend in 2019, especially tenant finish?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Yeah. Greg, good morning. I don't think there's a lot to read into the numbers. Obviously, the boxes have some negotiating leverage today that is more powerful than it has been in past years, and costs are going up, construction costs overall. I think most of the increases would be related to re-leasing those boxes.

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Greg McGinniss
Analyst, Scotia Capital (USA), Inc.

Q

Okay. So would you expect a similar level then year-over-year here?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Yes.

Greg McGinniss
Analyst, Scotia Capital (USA), Inc.

Q

Okay. Thank you.

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Thanks.

Operator: From Bank of America, we have Craig Schmidt. Please go ahead.

Craig Richard Schmidt
Analyst, Bank of America Merrill Lynch

Q

Good morning. I was just wondering how active are you on the buy-online, pick-up-in-store. Which retailers are the most active in terms of trying to roll that out? And where do you think you're going to be in terms of number of centers having that access in, say, two years' time?

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Good morning, Craig. It's Drew. I might give you the big picture and maybe Johnny can chime in if he wants. So we're seeing it most significantly in our portfolio in the supermarkets, and I think basically almost every chain we're working with is working on it at some point. So certainly Walmart, Kroger, H-E-B, we've taken a long-term view and work with them for the various click-pick and facilities in the common area. It seems a little slower with the Ross' and the Marshalls. You may be more current on where that is.

I personally, Craig, think long-term, it'll be a very, very important thing, because I still think that last mile delivery is very expensive and right now it's basically given away. And as you know, there's a lot of benefits to the traffic being driven that if you're going to subsidize, you should subsidize buy-online, pick-up-in-store to get that consumer to buy other things, and then same thing with returns at store. So I think those are both very powerful to our convenient locations.

Anything to add, Johnny?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Yeah. We're probably close to 50% of our supermarkets today have some sort of buy-online, pick-up-in-store or come-buy-and-we'll-bring-it-out-to-you. We're super excited by recent trends in the recent report by Walmart. I think it really highlights where we think the business is going and that is this omni-channel model that people will

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continue to come to our shopping centers and continue to do business with us, driving our shop tenant space. So we're excited about the future and kind of what we have in front of us.

Craig Richard Schmidt
Analyst, Bank of America Merrill Lynch

Q

Great. Thanks.

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Thank you.

Operator: From JPMorgan, we have Michael Mueller. Please go ahead.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

Yeah. Hi. In terms of same-store occupancy, it looks like it ended the year at 93% flat, and your total occupancy was 92.4%. Just curious where do you see those metrics ending 2019.

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

They're going to bounce – this is Johnny, they're going to bounce around a little bit. It's possible occupancy trends down a little bit in the beginning of the year, and really that's what we have modeled in and kind of goes back up, probably 50 or 60 basis points ahead of where we are today. My guess is that that bulge of tenants who are signed and not commenced will be about the same as it is right now, kind of trending down through the rest of the year. Probably somewhere around [ph] 150 (00:29:53) is about normal and a lot of the same-store NOI growth that we have is going to be for those tenants that are commencing.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

Okay. So when you said 50 to 60, you were saying by year-end you think that level could be 50 to 60 bps higher when everything said and done?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Yes.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

Okay. Okay. That was it. Thank you.

Operator: [Operator Instructions] From Capital One securities, we have Chris Lucas. Please go ahead.

Chris R. Lucas
Analyst, Capital One Securities, Inc.

Q

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Hi, guys. Just a couple of quick questions for you. And just on the disposition pool that you put out in the marketplace at this point, how did you assemble that? What were the criteria that you used to assemble that pool?

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

Good morning, Chris. Drew, it's one of those things, as you know, I spend a lot of time on personally to sort of help Johnny out. But Johnny and I and his team, the various deals through the region like Lee Brody, who I know you know in Atlanta who handles the DC stuff, it's a very collaborative process.

Our market research team grades all the properties. We look at the TAP scores, the demos, watchlist tenants, the map, trying to look at our power center exposures, look at the proximity to our regional offices. And it's not like a formal algorithm that you plug it into a computer, but we evaluate all those things, again, consulting with the boots on the ground.

And then as I mentioned before, we always work on a whole lot more than we ever intend to think about selling. So we had a lot of flexibility to be opportunistic and take advantage of the arbitrage when we think the pricing is good. So, it's a real hands-on involved process looking at a lot of criteria, but with a lot of local real estate judgment and tenant quality judgment as well.

Chris R. Lucas
Analyst, Capital One Securities, Inc.

Q

So, I guess maybe a better question would be just in terms of the geographies that you've been exiting, have you fully exited the markets you want to be out of or are there still things that are part of the pool that are geographically driven versus, say, other factors?

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

A

We're pretty close to – we've got I think one center left in Kentucky, one in Arkansas, one in Utah that we're working on. Nothing significant from a big picture geography perspective. Then you get into some of the things that are little more outlying. The property that we sold this year is a great center, strong Harris Teeter in North Carolina, but it's in one of the more coastal communities. So it's a couple of hours away from our Raleigh office and a little more of a not-too-dense population, and we were able to sell it at a very attractive cap rate as to how it was valued on Main Street versus how it would be valued on Wall Street.

So, there is the couple of states I mentioned that we still had a little work to do. And then there's that honing to deal with things that are little bit not quite major metro.

Chris R. Lucas
Analyst, Capital One Securities, Inc.

Q

Okay. And then – thanks, Drew. I appreciate that. And then Steve, just on that same-store NOI guidance that you've provided with redevelopment, is the straight same-store NOI excluding redevelopment any different or how should we be thinking about that?

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

A

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Yeah. Good morning, Chris. We really feel that the best metric for same-store NOI is including or with redevelopment, because the redevelopment process has been historically and will continue to be a significant part of our strategy going forward. So generally, if you look over time, it's around 50 basis points of difference between the two. And in fact, for 2019, it is around 2% for same-store NOI without redevelopment. So it's pretty consistent there.

Chris R. Lucas
Analyst, Capital One Securities, Inc.

Q

Great. Thank you and that's all I have this morning.

Operator: [Operator Instructions] Okay, it looks like there are no further questions at this time. All right Drew, we'll turn it back to you for closing.

Andrew M. Alexander
Chairman, President & Chief Executive Officer, Weingarten Realty Investors

Thank you, Brandon. We'll be around all day. if there is any other questions. We look forward to seeing many of you at some of the upcoming conferences, and we really appreciate your interest in Weingarten. Thank you all very much.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.

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