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Sunrise Senior Living, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And we'll take our first question today from Frank Morgan at Jefferies & Company.

Frank Morgan – Jefferies & Company

A couple of questions here. First, could you comment a little bit about the discrepancy in the occupancy trends between the joint venture portfolio versus your consolidated? And then secondly, could you just elaborate a little bit more on the notion of rate discounting, like, what form will this discounting take? And a little more perspective on how that's worked historically. And I mean, it just seems like that could be a slippery slope to start down that process of discounting. And then finally, one for Mark here, just clearly putting a halt on virtually everything, it kind of seems like the short-term focus is on stabilizing, but we're curious about what you see so far based -- for the longer-term based on the amount of time you've been there. Thanks.

Tiffany Tomasso

Okay. Frank, hi, it's Tiffany. On the JV and consolidated and the difference in the occupancy growth -- in the consolidated portfolio, we saw that our strategy to really look at the vacant inventory in assisted living and really look at both pricing and sales strategy targeted to companion living has helped to drive the occupancy in that portfolio. On the JV portfolio, there is the mixture of independent living and assisted living. We saw AL maintain. We did see some decline in the IL portfolio in select markets. So, what we're doing there to kind of drive that performance moving forward -- and again, it's not across the board; it is in select markets where we are seeing more of an impact with the economy, the housing market. We are really looking at what is the right price for the vacant inventory in certain units, what is the -- are there specific move-in incentives that we can offer, help residents move in, those sorts of things. But again, I just want to stress it's not across the board. It is very targeted, both by market, by community, and then by product type. In terms of the continental rate discounting, I mean, we're still commanding a very strong ADR in both the venture portfolio and the consolidated portfolio. We did see a daily rate increase of 5.4%. So while we are very -- we are targeting inventory management and trying to move vacant inventory. It's very selective and it's not across the board, either in a community or end markets.

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