Post Properties, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we will take our first question from Christina Kim with Deutsche Bank. Please go ahead.

Christina Kim – Deutsche Bank

Hi, good morning. Could you just talk a little bit about your decision to sell the impairment assets now? It doesn't seem like you have any eminent needs for the capital in this – wondering whether you are just consolidate your markets or what the rationale may be.

Dave Stockert

Yes, that's a great question. It has to do partly with consolidating our markets. We do think that given the scarcity of high-quality impairment assets that we can achieve good pricing and if we can sell assets and achieve good pricing and use that reinvestment – say the stock through repurchases and our special dividends to shareholders' we think that that's a good thing to do.

Christina Kim – Deutsche Bank

Okay. And then could you comment a little bit on Tampa and Orlando, it seems like there is much greater evaluation and fundamentals there in Q2, then we saw some – some of the appears [ph], what are you seeing there now and what's your outlook there for the rest of the year?

Tom Wilkes

Good morning, Christina. This is Tom Wilkes speaking. I think to a certain extent, this is timing related. If you go back a few quarters, our revenues on a year-over-year basis held up a bit more. But now they are experiencing the same condition that all other assets experiencing there. We are not sure that we are bottomed out. We do believe that our year – sequential decline in effective rents is decelerating. The occupancy has settled into say mid-90s and we are doing our best to raise rents on renewals where we have the opportunity, but it's a very difficult pricing environment given the job market and the oversupply of both multifamily and condo in single family.

Christina Kim – Deutsche Bank

Okay. And my final question is just on the revenue growth guidance for the year. Based on what you guys had in the first half of the year, trying to guess for the full year, it seems like there's going to be a little bit of an acceleration on this in the second half? Could you just talk about where that's coming from?

Dave Stockert

Sure. Our first quarter revenues were up 3.1%. Our second quarter was up 2.6%. That was primarily driven by the growth in effective rents, is our effective rents were up 2.6% for the first half of the year. On a full year basis, we believe that our effective rents will be 2%. So, what we see a deterring ability to raise rents on a year-over-year basis. So, one can assume that we were up 2.6% for the first half and we are going to be 2% for the year, that we anticipate only being up around 1.5% on a year-over-year basis for the third and the fourth quarter. Occupancy should be higher in the third and fourth quarter than it was in the first and second quarter as we anticipate being able to remain at around 95%. But if you look on a year-over-year basis because of the first half of the year's lower occupancy, our occupancy for the full year should be around 94.5%, which would be on par with last year's 94.5%.