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Extra Space Storage Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Christine McElroy from Banc of America Securities. Please proceed.

Christine McElroy - Banc of America Securities

Hey, good afternoon, guys. Ken, you spoke earlier about a deceleration in your rental efforts as you went through throughout Q2. What have you seen in July and do you expect a further deceleration in August and September?

Kenneth Woolley

No, we don't expect a further deceleration. In July, whereas in June, we saw rentals considerably lower than the previous year's June with vacates about the same. In July, our rentals are spot on with where they were a year ago, that's up through today, and our vacates are spot on. So our rentals and vacates are virtually the same, in fact, we just looked at the numbers on our same-store pool and we're -- our net rentals were 20 units ahead of a year ago in July based on 8500 rentals, which is virtually, that's about as flat as you can be.

Also what we've seen is, we have been pushing street rents and our street rents are higher today than they were in June relative to the previous year. But those are our asking rents. So we've been able to push asking rents and so we're not expecting any further deceleration -- in fact, it looks like we've got a little bit of an acceleration right now.

Christine McElroy - Banc of America Securities

So, just a follow-up on the comment about pushing street rents, kind of in an environment where demand trends have slowed. Are you approaching the -- kind of the overall revenue management process today any differently than you were a year ago? And kind of what does that imply for the balance between occupancy and rent growth?

Karl Haas

This is Karl, I'll jump in here. We really haven't changed anything dramatically. As Ken said, starting last year, we saw the slowdown. We did implement becoming more aggressive in discounting. We were aggressive on prices, especially last year. And now, we are getting into a stabilization of occupancy, which we feel is enabling us to push our street rates. Our street rates at the end of the

first quarter were flat with the prior year. Right now, we're up about 1.6, 1.7% and we think that we can -- we might be able to hold that and even possibly push that a little bit more.

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