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BRE Properties, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Dustin Pizzo with Banc of America.

Dustin Pizzo – Banc of America

Hey, good morning everyone.

Constance Moore

Hi, Dustin.

Dustin Pizzo – Banc of America

I just – first just on the individual markets a bit. In San Francisco I mean what's preventing you there and I don't know if preventing is necessary the right word, but from turning the market rent increases into revenues and to that end should we expect the revenue growth number to kind of move back up in that market as we progress to the year and then just on the San Diego is the turnaround that we are seeing there this quarter sustainable in your views as we move forward?

Ed Lange

Well, I think prevents is the wrong word. I think that if you recall last year we had very strong market rent and revenue growth figures for the Bay Area. We put up about 4.5% revenue growth, the market rent growth came – we held market rents pretty much flat January and February. We let market rents go in March now we're going to chase it. So I think like with most market it's not a nice linear move in a series of stair steps. We pushed market rents down, we're going to turn it into revenue. So, we will see that – I'll say that variance or that gap between market rent growth and rev growth should narrow during the year. So, nothing truly changed with our expectations. On San Diego, we've seen some nice movements with San Diego for the last three quarters. If you look back over the third quarter, fourth quarter figures, we started having some nice recovery there and hard to say from a sustainable standpoint job growth year-over-year at the end of first quarter was flat over the last year, they did have 1% job growth in San Diego in 2007. I think the two bigger points in San Diego that we observed here is that San Diego from our viewpoint is about 12 to 18 months ahead of the Inland Empire, Sacramento and other markets that had the over supply issues with housing. We have seen some very nice absorption of housing in the two unlisted markets, south of Dea which is where a lot of the oversupply was and as that absorption of housing and condominium has occurred. We have also seen a slowdown in the troop rotations with the Persian Gulf activity. So that those two things

we're – and we have been waiting for a while. We had said in '06 and during '07 that if the condo situations settle down in San Diego and the troop rotations situations settle down in San Diego, we would see San Diego snap right back and I think that's what we're seeing right now. We're running 96% occupied although no concessions in our portfolio in San Diego and we will push market rent growth year-over-year about 3.5% to 4% so I would say, I think you are running at a very nice pace right now

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