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Washington Real Estate Investment Trust Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now be conducting a question-and-answer session. (Operator Instructions) Our first question is coming from Matthew Konrad. Please state your question, sir. .

Matthew Konrad – Friedman, Billings, Ramsey Group, Inc..

Hi. Good morning. Thanks a lot for taking my call. Just maybe if you could touch on what you're hearing from your tenants. I would expect that if I had to kind of have a spectrum of where the most risk is, I would think that it would be in some of the ma and pa places in the Retail Centers and in some of the Industrial and where they're situated with consumer or with housing. I just wanted to see what you're hearing from them, if there was anyone that you're adding to your watch list.

George McKenzie

I think you're hitting upon a good point. I mean certainly as the economy gets a little bit rougher around the edges, those are exactly the sectors where you will see some weakness. We have the ability to push rent particularly in the retail properties with respect to those smaller tenants is getting more difficult, especially in some of the core properties we have like particularly our Bradlee Shopping Center, our Foxchase Shopping Center. Those shopping centers where we really push rents in that \$50, \$40, \$50, \$60 triple net range, it is getting tougher; I have to admit, and we've sort of dialed back our expectations in that area. I would say, however, that we really haven't seen increased delinquencies at this point. In fact, our delinquencies for the year were quite low, if you looked at our earnings. So we're remaining cautiously optimistic, but we are watching the particular tenant types that you had highlighted.

Matthew Konrad – Friedman, Billings, Ramsey Group, Inc..

Great. Then trying to keep a gauge on what's going on with Dulles Metro, even kind of being in the mix is tough. I guess the only property that that really affects for you is Dulles Station; that would be eight years out anyway. Can you try to handicap what's going to happen there and how that affects the region and your properties?

George McKenzie

You're talking about the?

Matthew Konrad – Friedman, Billings, Ramsey Group, Inc..

Dulles Rail Extension.

George McKenzie

The extension of Metro.

Matthew Konrad – Friedman, Billings, Ramsey Group, Inc..

Yes sir.

George McKenzie

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