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PS Business Parks Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jordan Sadler with Keybank Capital Markets.

Jordan Sadler - Keybank Capital Markets

Good morning, guys.

Ed Stokx

Hi, Jordan.

Jordan Sadler - Keybank Capital Markets

Joe, in your opening comment, you actually described the market is healthy, with landlord favorable dynamics. And I was curious, if you could maybe just give us a real-time update and let us know if you're seeing any hesitance at all by tenants or if you saw any hesitancy for people to commit capital and take space.

I know you're focused on smaller users, but were they I mean not focused on what was going on in the capital markets I think during the summer and late summer and even through today?

Joe Russell

I wouldn't take it as that, Jordan. What I'm talking to is the fact that, again the market statistics and the areas in which we compete in with a small user base, the competitive properties we deal with, use that we're catering to they are in a situation where still a very limited amount of competitive product in order to choose to continue occupancy whether it's in our particular location or a competitive location.

By virtue of that, I would say, as I did, the markets in general have a bias toward landlord favorable conditions. There's no question with the economic events at hand and the negativity around credit markets and housing statistics, people are probably looking at being more cautious and our small tenant guys aren't immune from that caution.

But the reality of what they are dealing with as they go to look for space or renew space, expand space, it's still a landlord favorable environment in many of our markets and that condition has not changed, even with some of the volatility tied to the overall economic environment tied to credit and housing.

Jordan Sadler - Keybanc Capital Markets

So if you were to characterize the velocity of demand that trended over the quarter and even into today, how is that is it the same trajectory high or lower?

Joe Russell

It's on par. And you can see that from the way that we've reported numbers each of the three-quarters this year. Where quarter-to-quarter we've kind of been in a range of say 1.2 to 1.3 to 1.4 million square feet a quarter of leasing activity.

Again Q3, which honestly, during the summer months can be a slower quarter for us, we were pleased by the amount of activity that we saw as, again, we took down 1.3 million square feet of new leasing.

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