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Tanger Factory Outlet Centers, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Bilerman from Citi.

Analyst for Michael Bilerman- Citigroup

It's Quinton Falelli here. Just the first question, given you've had such strong [relation] spreads over this quarter and over the year, what are your expectations for same-store and NOI next year? I'm basically asking how much of it's locked in and how much comfort you could have.

Steven B. Tanger

I think we're still comfortable with our previous guidance of 4% NOI growth for 2009.

Analyst for Michael Bilerman- Citigroup

In terms of the styles which were relatively flat, and given your rents are heading up, I'm just wondering what level of comfort you have with your occupancy cost ratio. I mean, what could that increase to in a weaker sales environment?

Steven B. Tanger

Our occupancy costs is amongst the lowest in the retail industry particularly among the retail publicly traded rates. It's about 7.7% which is a fabulous shock absorber for times like this Tenant sales flat still allow us to reasonably raise rents and remain profitable for our customers, the tenants, and so far those increases in rent are reflected in the 4% NOI guidance.

Analyst for Michael Bilerman- Citigroup

In terms of your percentage rent, it looks like it's trailing about 25% lower so far this year. In your guidance of the fourth quarter are you being conservative there and what are you assuming in terms of percentage rent?

Steven B. Tanger

We have historically converted percentage rental income to base rental income or variable rent to fixed rent as we renew leases and that continues to be our strategy.

Analyst for Michael Bilerman- Citigroup

And just on the recapturing of price, you previously said that you monitor the performance for your tenants very closely and if anyone falters you'll look to recapture it. I'm just wondering if any tenants are in that position at the moment and if so, what would your relief expectations be?

Steven B. Tanger

We continue to monitor tenants. We work with tenants that are not performing well to try to help them through marketing to increase their performance. As of this point there are no additional tenants that we've decided or have been requested to take space back. This will have to be your last question. We've got many, many people on the line that I need to also get their points of view.

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