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## Extra Space Storage Inc Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Your first question comes from Christie McElroy - Bank of America.

#### Christie McElroy - Bank of America

Ken, just following up on your comments, one of the biggest questions that people have, especially now that the outlook for consumer spending is so much in question, is the extent to which storage is needs-based versus discretionary and given the dramatic shift that we've seen over the last month or so in consumer psychology, do you think there's a potential for the demand dynamic and storage to change over the next couple of months?

#### Ken Woolley

Well, I think if you would look at our rentals through the day in October, we have more rentals in our properties today in October than we did a year ago and so we have seen no impact yet and as I mentioned on the call, so many of the self storage demand factors are positive, not positive, but they don't relate to the economy, so I can't predict that, I would not say that's true.

#### Christie McElroy - Bank of America

How did traffic trend throughout Q3? I mean, did you guys see any change in people walking into your stores in September versus July and August as we've seen a little bit on the retail side?

#### Ken Woolley

No, we haven't, but what I could say, the one big trend that was really up was, Karl mentioned that our internet reservations were up 30% for the year, but they were up 50% in the month of September over a year ago September. So, there's definitely a stronger trend towards internet rentals.

#### Christie McElroy - Bank of America

And then can you talk about, Kent, how your borrowing costs have changed kind of basically trended over the last three months and have you seen lenders ease up unavailability and pricing at all since the government has pumped more liquidity into the system. I guess as you've been kind of pulling out there as you've been looking to secure term loan?

#### Kent Christensen

To answer your second question, we still have yet to see from my perspective the lenders easing up. As I stated, we've contacted many banks and essentially eight out of ten of them are saying they're not lending right now or not lending to us, but we're still finding enough banks that are interested in lending to us that we think we're going to be able to take care of the loan obligations that we have, but in the discussions that we're having, there haven't been anybody that's said to us "we now have money because of what the government is doing," and so if it's going on, it's going on behind the scenes with us.

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