

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

PS Business Parks Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Analyst for Michael Bilerman - Citigroup.

Analyst for Michael Bilerman – Citigroup

Can you just give a little bit of color regarding some of those discussions you have been having with your tenants about renegotiating those leases?

John W. Petersen

What we're talking about here is we're not having major discussions with, in fact, we make it a practice not to re-negotiate leases, I'm not sure where you got that from but we're not going in to re-negotiate leases at all. We are flexible when renewing customers, in terms of term and those kinds of things, but we don't make it a practice by any stretch of re-negotiating leases, at all. That's not what we do.

Analyst for Michael Bilerman – Citigroup

Your leasing commissions are down significantly this quarter. I'm assuming that is driven by the high level of renewals. Do you think that is sustainable or is that likely to reverse any time soon?

John W. Petersen

That will fluctuate from quarter to quarter. We are focused very much on being close to our customer base, we are focused, as I mentioned, getting to renewals early. And to the extent that you can get to your customers without a broker, transaction cost will go down. But that could change from quarter to quarter depending on marketing conditions and deal volume and those kinds of things. But we are definitely focused on going direct to our customers. No doubt.

Joseph D. Russell

To add on to that, that's another element of the broad array of tenant situations that we frequently encounter. And again, with an average tenant size of 3,500 square feet, the representation by a broker for many of our tenants just does not occur. And as J. P. mentioned, it is certainly one of our goals to stay as close to our tenants as possible, and with that we can hopefully find ways to keep our transaction costs contained as well.

Operator

Your next question comes from Michael Mueller - J.P. Morgan.

Michael Mueller - J.P. Morgan

When you think about the third quarter in terms of what was happening in terms of the environment, leasing, discussions with tenants, occupancy, how, if anything, has it changed once you have gone through the midway point of September and into October? Do you still get the feeling that the positive spreads are sticking, that occupancy is sticking?

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.