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Health Care REIT, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Okay, thank you. Ladies and gentlemen, we now begin the question and answer session. (Operator Instructions). And our first question comes from Lou Taylor from Deutsche Bank Group. Go ahead please.

Lou Taylor - Deutsche Bank Group

Hi, thanks. Good morning, guys. George, can you talk a little about your disinvestment kind of philosophy and outlook. I mean, can you give me your viability given your development spending needs. I mean, do you think you're going to be active either acquiring or disposing assets in the next, say, couple of quarters or so?

George Chapman

Lou, it sort of imponderable, but you know we're going to be extremely selective in taking advantage of any opportunities and it's incumbent upon us as well to let the cap rate suggest totally adjusting in the various sectors.

We do hope that we complete some additional dispositions, however. And some of the methods are still available to some of the folks who want to take us out of some of the stand-alones assets through the agencies. We've been pretty good the last quarter or something.

So, we're going to be probably slower a little until the markets really opening giving us a cost effective capital. But we're going to find probably some very good, selected assets that we can put our money into. But it clearly in these times, we're going to be very, very careful.

Lou Taylor - Deutsche Bank Group

Okay. Can you comment just on the occupancy trends at the assisted living and the independent living, I mean, it seems to be eroding steadily to the first half. Can you give us an update in terms on how much further they've eroded since June 30, and what your expectations are in terms of the pace of erosion now going forward or pace in improvement?

George Chapman

Well, let me make a couple of general comments from Ray and Scott, you should step in here.

One is not surprising that they would be under some pressure, given the closeness to the housing market especially with the IL overtime. And even as the assisted living. You know, we found Lou, that even in the acute care space, you know, there are some weakness that comes about when the economy is down for several quarters, you know. Whether it's the increase in bad debts or it's a delay in an even pursuing elective surgeries.

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