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## Mid-America Apartment Communities Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Michael Salinsky - RBC Capital Markets.

#### Michael Salinsky - RBC Capital Markets

Eric, you talked about Jacksonville and Atlanta, are there any other markets right now that you are seeing really concerning trends?

#### H. Eric Bolton, Jr.

You know, Mike, I would say, generally not, but I'm going to let Tom answer that question.

#### Thomas L. Grimes, Jr.

The good news is generally not in a place where we have a high concentration. South Florida and Phoenix, though, on an absolute basis, have seen the most job loss with about 116,000 jobs here today in Phoenix and over 100,000 in South Florida.

But we've held up fairly well in those markets because of location and frankly, low exposure. Those are the two toughest.

#### H. Eric Bolton, Jr.

As you know, we only have one property in south Florida and two in Phoenix, so it's not a big component of our portfolio.

#### Michael Salinsky - RBC Capital Markets

So the rest of the Texas markets and everything, Memphis, Nashville, they seem to be holding up pretty good?

#### Thomas L. Grimes, Jr.

Yes, it's all holding up fairly well. Our big exposure on the tough side was really Jacksonville and Atlanta this go around.

#### Michael Salinsky - RBC Capital Markets

Can you talk a little bit about acquisitions, are you seeing any distress out there, where is asset pricing right now?

**H. Eric Bolton, Jr.**

We are definitely seeing some distress out there. We're seeing a lot of deals that we've passed on or that we put numbers out on that are coming back, and I couldn't begin to tell you where cap rates are right now. There's not a whole lot, as you know, trading hands right now. Not a lot of activity happening. There's still a spread, I think, between the bid/ask, and there's still a sort of a point of who's going to blink first I think is still out there.

I think that if the fundamentals continue to hold up, I think we're going to continue to see transaction volume remain somewhat low simply because I think if the sellers can hang on, I think they're going to definitely hang on.

But you know, where we're seeing the best opportunities and the most distressed are clearly in the lease-up situations. Developers are having a very difficult time. Of course there's some real distress out there with some of the failed condo projects and frankly, just anybody that's facing any sort of re-financing requirement over the next year tends to be a little bit more motivated to make something happen.

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