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Douglas Emmett, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question is Analyst for Michael Bilerman – Citigroup.

Analyst for Michael Bilerman – Citigroup

Jordan you talked a little bit about how the supply picture is different this time from how it was in the last cycle. Can you give us a little more color on what you're seeing in terms of the difference in demand structure relative to last time around?

Jordan L. Kaplan

On the supply side I guess. You understand on the demand side I would say that what I said in the script which is this economy is sort of hitting everybody equally so all industries, all tenant sizes, everybody is getting hit so we're not seeing anyone sector and we obviously don't have any one tenant that is really failing for us.

But, I guess last time I don't know how – we compared them both by just saying that this time people are shrinking a little bit but still seem to kind of be staying in business whereas last time we saw just the combination of the vacancy and the ability of guys to move with all the extra dollars because it was a much more of a tenants market I guess I would say. It's a tenants' market this time but it was much more of a tenants market last time.

William Kamer

Let me just add to that Irwin, in terms of as Jordan mentioned in his remarks, some of the other markets are going through a fundamental remaking of their economies in tenant demand. We in Las Angeles went through a similar phase in the early 90s when the aerospace defense industry at the end of the cold war scaled down dramatically and our whole economy had to be reinvented. That's the noticeable difference this time is that we're not seeing any one industry in LA that is suffering greatly. On the other hand, as Jordan said this recession is so broad and deep that its affecting just about everybody so there's impacts across the board.

Analyst for Michael Bilerman – Citigroup

Bill, just one other questions, can you tell us what kind of rental spreads and what kind of occupancy loss get you to the high and the low end of your range or what we should sort of be expecting?

William Kamer

It's hard to do that. If you notice we have a little bit wider band this year than we had last year. We're still trying to get our hands around it so we put in a fairly wide band. Obviously, we're seeing that the direction in occupancy if trends continue is down throughout the year at least modestly but I don't want to get in to speculating beyond that.

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