

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.

BioMed Realty Trust Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions).

Your first question will come from the line of Paul Puryear from Raymond James. Please proceed.

Paul Puryear - Raymond James

Hi. Good morning, guys.

Alan Gold

Good morning, Paul.

Paul Puryear - Raymond James

Alan, going back to the Analyst Day which you had back in November, I think your statement was that if the capital markets didn't open up there were going to be some tenant problems. You would get through '09 okay, but by 2010 you would have some tenants that would definitely have some problems.

I don't want to put words in your mouth, so rephrase that if I've got it wrong, but could you comment on that and anything that's changed since then?

Alan Gold

Okay. I think that's a really good question because I'm sure it's on top of many of our investors' minds. First of all, as we've said in the past and we've also said recently, the access to capital is critically important to the life science industry. Without capital, the life science industry just cannot function.

We do believe that there is still access to some type of capital and that many of our tenants were opportunistic and fortunate to have raised capital early on and have sufficient runway today to sustain them through a prolonged drought in the capital markets. But if that prolonged drought extends much beyond two more years, I think any and many of the life science industry tenants are going to be under severe stress.

This current capital constrained market has been going on for 12; 18 months already. The longest one we've seen in the past has been in that three-year time frame, and even during that three-year

time frame we did see stress, but tenants were able to creatively come up with the capital necessary to sustain them through those droughts.

I think talking about the tenants that we see coming up, we do have a tenant watch list. Our tenant watch list does contain a few more tenants than the last quarter, but I don't think it's anything more unusual yet than what is normal course-of-business for the life science industry.

Paul Puryear - Raymond James

Since November, has anything changed? You're comments on the private funding sounded, maybe, a little more positive.

Alan Gold

I think in November we were starting to see a reduction in the VC funding. I think the fourth quarter VC funding was off again. We really need to see what the first quarter of 2009 really looks like to really get a good feel as to how difficult 2009 is going to be. So, I think it's just too early for me to update that information.

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