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Extra Space Storage, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

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

Michael Salinsky – RBC Capital Markets

First question here, can you talk about the pricing on the fourth quarter transactions? And also, where asset pricing is in the markets right now for things you're looking at?

KW

For the properties we acquired we acquired at around a seven cap, some of those were a little higher some were a little lower but as I stated those were all things that were put under contract before the credit crisis and so we felt an obligation to close on those transactions. We've been pleased with how those properties have performed and they're adding to our portfolio. Like I said they came in on actual performance on about a seven cap.

Michael Salinsky – RBC Capital Markets

Secondly, in your supplemental it shows a little bit more development drag in 2009 and 2010 than you had shown last quarter. Is that related to mix or are you seeing a little bit of slowing on the lease up times? What was the driver behind that?

KW

The driver is mostly the delaying on some of the properties opening and those openings being pushed in to later years. There has been on a few of our properties a little more slowdown on getting some properties leased up but on some of our other properties they're on budget or slightly ahead of budget. So, on a total we are not seeing a dramatic slowdown in the lease up of our properties. As I said, there are some a little faster, some a little slower.

Michael Salinsky – RBC Capital Markets

Switching over to operations, Karl what level of renewal increases are you guys pushing along right now? Where is the delta right now between street rates and renewals?

Karl T. Haas

The existing customer increases are running around 7%, they're slightly down from earlier in the year and last year. I don't have in front of me the delta – it's around 10%.

Michael Salinsky – RBC Capital Markets

Going forward here just in terms of the focus for 2009 are you going to continue to push rates or is the focus more on maintaining occupancy at this point?

Karl T. Haas

We're working on occupancy. Once we have the customers in we feel like we still can do rate increases and we have a chance to bring those customers back up to prices where we want them to be. Like we said earlier, the surprising part is while you do get some – if we didn't do any rate increases we would probably have some vacates that wouldn't happen but everything we have looked at has indicated that our existing customer rate increases are netting us a plus and you can't increase people if you don't get them in, in the first place. So, our focus right now is being aggressive to get customers in.

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