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Washington Real Estate Investment Trust Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions)Your first question comes from Mark Biffert - Oppenheimer & Co.

Mark Biffert - Oppenheimer & Co.

Skip I was wondering if you could start off by trying to figure out the timing of this stimulus impact in the D.C. market and how that plays into your guidance. It seems like you've pulled down your occupancy assumptions and increased your percentage of bad debt in revenue. How do the two tie out?

George F. McKenzie

Yes, I think as I mentioned in my comments, I mean we don't think it'll have a material impact on real estate dynamics this year. In other words, I don't think there's actually going to be leases hitting the streets that you'll actually see income from this year. What I do think the most important part is it's really going to sort of free up sort of the crisis of confidence that's out there. The problem that we're seeing and really the fundamentals really across all sectors is that everybody's playing defense right now.

And it's extremely difficult for any tenant and even the good performing tenants to take additional space, to sign a five-year extend their lease for a long period of time. Everybody wants to go one year extension, two year extension. And it's because they don't know what's going to happen next. I think the financial stimulus plan – the impact of that in 2009 will really begin to just re-establish confidence in business. And I really – and I think our guidance reflects the fact that we're not expecting any juice from that to really impact real estate economics in 2009 in our region.

Mark Biffert - Oppenheimer & Co.

Have you seen any kind of increase in traffic in your apartments related to the new administration and seeing more people move in as a result of that? And how is that impacting retail tenants viewpoints as well?

George F. McKenzie

Nothing materially with respect to the election traffic.

Mark Biffert - Oppenheimer & Co.

What are your cap rate assumptions that you're using on the planned dispositions that you have \$50 to \$75 million for?

George F. McKenzie

We have mid-sevens.

Mark Biffert - Oppenheimer & Co.

And then what are your occupancy assumptions?

George F. McKenzie

For?

Mark Biffert - Oppenheimer & Co.

Across each of the property types.

George F. McKenzie

For next year?

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