

Transcript of
Sovran Self Storage
Second Quarter 2015 Earnings Release Conference Call - Edited
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Participants

Diane Piegza – Vice President, Investor Relations
Dave Rogers – Chief Executive Officer
Andy Gregoire – Chief Financial Officer
Paul Powell – Chief Investment Officer
Ed Killeen – Chief Operating Officer

Analysts

Gaurav Mehta – Cantor Fitzgerald
R.J. Milligan – Robert W. Baird
Todd Thomas – KeyBanc
George Hogle – Jefferies
Stan Fediuk – SunTrust Robinson Humphrey
Jeremy Metz – UBS
Ross Nussbaum – UBS
Jonathan Hughes – Raymond James
Ki Bin Kim – SunTrust Robinson Humphrey

Presentation

Operator

Greetings and welcome to the Sovran Self Storage Second Quarter 2015 Earnings Release. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. (Operator instructions.) As a reminder, this conference is being recorded.

I would now like to turn the conference over to Diane Piegza, Vice President of Investor Relations. Thank you, please go ahead.

Diane Piegza – Vice President, Investor Relations

Thank you, Brenda, and good morning, everyone. Welcome to our second quarter 2015 conference call. Leading today's call will be Dave Rogers, Sovran's Chief Executive Officer. Also participating are Andy Gregoire, Chief Financial Officer; Paul Powell, Chief Investment Officer; and Ed Killeen, Chief Operating Officer.

As a reminder, the following discussion and answers to your questions contain forward-looking statements. Our actual results may differ from those projected due to risks and uncertainties with the company's business. Additional information concerning these factors is included in the company's latest SEC filings.

At this time, I will turn the call over to Dave Rogers.

Dave Rogers – Chief Executive Officer

Thanks, Diane, and good morning, everyone. It seems incredible to be saying this but our company's results and those of the self-storage sector are, for the umpteenth quarter, setting new highs: highest ever occupancies, highest rate per square feet, highest NOI. And the forecast calls for more.

The usual suspects are at work here: muted new supply in most markets, the scale and branding power of the larger operators, the use of technology to optimize revenue and garner efficiencies. It's like Natalie Merchant used to sing, "These are days."

Regarding our performance, as we mentioned on our last call, we came out of the shoots a little slow in January partly due to weather, partly due to a little tentativeness regarding pricing. But we had a better May than our first quarter run rate, our June was better than May, and July is stronger than June. So, we're poised to hit it pretty good in Q3.

The transaction market is open for business, as might be expected with cap rates at the levels they're at. We were able to add 9 quality stores to our existing markets in Q2, and we have another 13 under contract for \$85 million as it stands right now. As shown on one of the exhibits to the press release, six of the stores we've acquired over the past few quarters were purchased upon issuance of a certificate of occupancy, and they're leasing up quite nicely. We have two more of these under contract and quite a few more in the works.

We view this process as a great way to add value to our company and as a way of keeping an eye on and partaking in the growth of new supply in the industry.

So, fundamentals are strong, our company's in a good spot, and I think the rest of 2015 is going to be great.

Andy, want to tell us about the quarter?

Andy Gregoire – Chief Financial Officer

Thanks, Dave. Last night we reported same-store revenues increased 5.8% over those of the second quarter of 2014. The drivers behind the revenue growth were 130 basis point increase in average occupancy and a 3.9% increase in rental rates. Same-store occupancy increased to 92.7% at June 30th, that was a record level for our second quarter. Tenant insurance income for the same-store pool continued to show double-digit growth, increasing 15.1% in second quarter of 2015 as compared to the same period in 2014.

Total property operating expenses on a same-store basis increased by 1.8%, primarily as a result of increased repairs and maintenance expenses, payroll and property taxes. The increases were partially offset by lower internet marketing costs and utility costs. Same-store net operating income increased 7.8% for the quarter, which was an acceleration from the 7.5% experienced in Q1.

We have again included summary information for our same-store pool for both market and by state to provide our investors additional color on not only our largest market, Houston, but all of our major markets. In regards to Houston, we stated over the past few quarters we believe our scale and platforms will reduce any adverse impact of lower oil prices on our properties there. In fact, results have borne that out with same-store revenue and NOI experiencing increases of 5.5% and 9.2% respectively, for the quarter compared to the same period in 2014.

G&A costs were \$822,000 higher this quarter over that of the previous year. The main reasons for the increase were the fact that we operated 30 more stores at the end of this quarter as compared to last year's second quarter, increased taxes on our taxable REIT subsidiary, and additional legal fees related to a lawsuit in New Jersey. Offsetting the impact of the increased overhead costs was a \$300,000 increase in third-party

management fees earned. Our strong performance in the first six months of 2015 led to the decision in July to increase our dividend by 13%, which brings our annualized dividend to \$3.40 per share.

Regarding properties, Dave mentioned the nine stores we purchased during the quarter for approximately \$75 million. Of the properties acquired, two were purchased at C of O for \$18 million, and the others were mature properties.

Our balance sheet remains rock solid. During the quarter we issued approximately 200,000 common shares through our ATM at an average price of \$91.53 per share, resulting in net proceeds of \$18 million, which were used to fund a portion of the nine stores purchased.

At June 30th, we had approximately \$6.6 million of cash on hand, \$204 million available on our line of credit and approximately \$133 million available under the ATM program.

With regards to guidance, same-store revenue growth for Q3 should be in the 5.5% to 6.5% range, and NOI around 7% to 8% for the quarter. Expenses outside of property taxes should increase between 3% and 4%. Property taxes for the quarter are expected to increase between 2.5% and 3.5%. We expect full year revenues to grow between 5.5% and 6.5% over 2014 and NOI to increase between 6.5% and 7.5%. Our guidance assumes an additional \$85 million of accretive acquisitions in 2015. We have not included in guidance the related acquisition costs incurred to date or that will occur in the future.

As a result of the above assumptions, we are increasing our forecasted adjusted funds from operations for the full year 2015 to between \$4.83 and \$4.89 per share and between \$1.29 and \$1.31 per share for the third quarter of 2015.

With that, Brenda, we will open the call for questions.

Operator

(Operator instructions.) Our first question comes from the line of Gaurav Mehta with Cantor Fitzgerald. Please go ahead with your questions.

<Q>: Good morning. A couple of quick questions. First on the guidance for acquisitions, just to be clear, the \$85 million that you have for the remainder of 2015 that's the assets that you have under contract.

Paul Powell – Chief Investment Officer

Yes, we have 11 of those properties are stabilized assets and another 2 are C of O opportunities that are under contract. Those C of O opportunities, one we'll probably open this year, one will probably be in 2016.

<Q>: Okay, can you touch upon the cap rates that you're seeing for stabilized assets, new markets?

Paul Powell – Chief Investment Officer

For the second quarter, the average cap rate for the stabilized assets, the seven we bought, was about 6.2%. The other two were C of O opportunities, so there is no cap rate on that. So, we're seeing in the market today roughly that range, 6% to 6.5% for stabilized assets. For a portfolio you'll probably see a little bit below sub 6% cap.

<Q>: Okay, and then lastly, can you update us on the occupancy for the month of July?

Andy Gregoire – Chief Financial Officer

Where we stand in July today is 93.1% which is 120 basis points over last July.

<Q>: Great, that's all I had.

Operator

Our next question comes from the line of R.J. Milligan with Robert W. Baird. Please go ahead with your questions.

<Q>: Good morning, guys. Dave, you mentioned that you started out the year a little tentative in terms of pushing pricing. Can you talk about how that changed in the second quarter, what levers you were pulling, and how far do you think you can push that through the back half of the year?

Ed Kileen – Chief Operating Officer

Hey, R.J., it's Ed. Well, what had happened was at the end of last year, that's when we sort of took a look at the data that drives our rate signals. Given the strong performance over the last three, four years, we decided to pull back a little bit on both asking, in-place and even discounts. So we did recalibrate and when we did see that in-place rates were being absorbed and asking rates were being accepted at higher levels at some specific markets, that's when we decided to readjust and go back and become a bit more aggressive.

Our asking rates, for instance, are now at 8.2% over last year. They've grown steadily every month, 5.5%, 7.8%, and now 8.2%, and that's 9.3% over the previous quarter. And the same with in-place rates, of our 217,000 same-store customers, 15,000 of those customers in Q2 received an increase, which is 6.8% versus 8,000 last year, and 4,200 the previous quarter.

So, we, again, looked at things, we wanted to pull back a little bit, again, given the strong results we've had the last few years, But, we decided, all these rates are being accepted, and we're going to start pushing hard again. That's what we did, end 2Q, excuse me, end 1Q and 2Q. We'll start to see those results in Q3.

<Q>: Do you think it's a possibility to continue to push those further, maybe getting into double-digit year-over-year increases on street rates and maybe something higher than the 6% to 7% for in-place in the back half of the year?

Ed Kileen – Chief Operating Officer

Asking rates I doubt we'll see double-digits; that's a pretty tall order. We're going to let our rate signals play out and tell us what to do. We might indeed see that, but on average, we don't think we'll see that in asking rates. In-place, that's about the same picture, 6.8% receiving increases. I can tell you this that in Q3 the same amount of people that received increases in Q1 and Q2 combined will receive increases in Q3. So, we'll be very aggressive with in-place, but that certainly won't reach double-digits as the population of our overall customer base.

<Q>: Got it. And moving over to the C of O deals, can you talk about how they are leasing up or at least the prospects of lease up, and where rents were underwritten at the time that the deals were signed and now forecasts for where you think rents are going to play out given the strength in the fundamentals across the sector?

Paul Powell – Chief Investment Officer

Yes, hi, R.J., this is Paul. Yes, the C of O deals we've done to date, the six that we've done, we're projecting cap rates at stabilization which is basically after three years of operations, averaging around 8.5% to 8.8%. Some of

these are going to be a little bit higher because we bought them initially—the first few we bought we were able to negotiate a better price. But, on average, they're about, again, 8.5%, 8.6% of stabilization.

<Q>: And is that—how has that improved over say the past year?

Paul Powell – Chief Investment Officer

Well, the—

<Q>: Was it originally 7.5%, and now it's 8.5%?

Paul Powell – Chief Investment Officer

Well, these—again, this is an average, so I mean, right now we're underwriting deals, C of O deals, at about a 7.5% cap at stabilization. Some of the ones we did earlier last year and into early this year, we were probably closer to 8%, or 8.5% in our underwriting.

<Q>: Okay, great. Thanks, guys.

Operator

Our next question comes from the line of Todd Thomas with KeyBanc. Please go ahead with your questions.

<Q>: Hi, thanks, good morning. Just following up on the rent growth, a question in terms of the conservative start to the year in terms of raising rents, what was it that caused you to ease up? It seems like move-outs were still lower year-over-year. So, just curious if in hindsight you feel like you could have increased rents more to maximize revenue a bit more earlier in the year.

Ed Kileen – Chief Operating Officer

Todd, it really had nothing to do with the move-outs. What it had most to do with was, again, looking at the past three years of driving rates, quarter in, quarter out, the asking rates. When we looked at those rate signals in our system, the only data that was driving those signals and suggesting that we raise rents were all positive, quarter-over-quarter, year-over-year, because it was about three years ago that we really fully implemented our revenue management system. So there was never a downturn, and we just thought that there was eventually going to be a little bit of a correction required, if you will, and we thought if we're going to try that correction and dip in and allow the human element to impact rates, it would be during the off-season.

We did that; we did it quickly. We recalibrated, and then we saw that indeed we could continue to drive rates. So, it was really just the data that was driving the rate signals and then us saying maybe we should see what happens. Let's just back off a little bit and as it turns out, it was unnecessary.

Dave Rogers – Chief Executive Officer

In other words, all the data coming in—the signal that we were reading was the history, and all the history was hot history, we didn't know anything else given over the last three years. And so, I guess in a way we doubted the system. So, in hindsight, yes, we would have done it different. But the beauty of our business is you get to recover pretty quick. Even though you take a little bit of pain, because you don't get to recover that month or maybe even the month after, it's not a real long thing. So, we recovered and I think we should be in pretty good shape going forward.

<Q>: Okay, and then on the acquisitions, the seven stabilized properties that you acquired in a 6-2 cap rate, what was the occupancy for those properties?

Paul Powell, Chief Investment Officer

Todd, they averaged—the lowest was the one in Jacksonville, it opened up in December, 2013. That was at 77%. And then it ranged up to the mid-80s, upper 80% range.

<Q>: Okay, and Andy, you mentioned that cap rates for stabilized property, I think, generally, were in the 6%, 6.5% range. Are those yields consistent with those occupancy rates for the properties that you acquired in the quarter for example?

Andy Gregoire – Chief Financial Officer

I think what Paul was talking about those are forward cap rates. Yes, that was consistent with—that was first year cap rates is what Paul was quoting there.

<Q>: Okay, on the seven stabilized properties that were acquired this quarter?

Andy Gregoire – Chief Financial Officer

Correct.

Paul Powell – Chief Investment Officer

That's correct.

<Q>: Okay, what was the—are you able to share what the initial yield was at closing?

Paul Powell – Chief Investment Officer

They were probably upper 5%, I don't have that in front of me, but say 5, 5.75%.

Dave Rogers – Chief Executive Officer

Jacksonville certainly last year.

Yes, Jacksonville [indiscernible] was from about—well [indiscernible] went from almost 0 to 77 rate. But the other stabilized probably at 5.8%, 5.85%.

<Q>: Okay, and then just a quick one on the certificate of occupancy deals that you're acquiring. Are all these wholly-owned deals? Are there any joint ventures or situations where the developer's staying in the deal at all?

Paul Powell – Chief Investment Officer

These are wholly-owned by Sovran, no participation by the developers.

<Q>: Okay, great. Thank you.

Operator

Our next question comes from the line of George Hoglund with Jefferies. Please go ahead with your questions.

<Q>: Hi, guys, just a couple questions here. One, on some of the markets where there's weak same-store NOI performance, for example, in New Orleans and Virginia Beach, can you just comment on what was going on there?

Ed Kileen – Chief Operating Officer

Sure, George, in New Orleans that CBSA actually includes the stores in Lafayette. And Lafayette are the stores that really impacted that, I guess you could say, poor performance. There were really just two locations specifically where we had pretty, I would say, substantially large buildings shut down for major repair and rehab projects. The New Orleans store, actually, fared pretty well.

Virginia Beach, again, that was the same story from really first quarter the heavy forgiveness of rents of the military forces coming home. And then we had to fight one pretty strong comp that opened as a new store and their rates were extremely low and we've just had to compete with that for a bit. That'll start to unwind a little bit and we'll be able to raise our rates.

<Q>: Okay, and then just two more markets in, I guess, Beaumont, Port Arthur, Texas, and Youngstown, Ohio.

Andy Gregoire – Chief Financial Officer

Yes, George, those were—the NOI reduction was because of property taxes. Those had significant—Beaumont, Jefferson County was very aggressive with property taxes which you can see the expense growth was high. Same thing in Ohio we had some property tax growth.

<Q>: Okay, and then just one thing on the third-party management business, is your view changing at all given somewhat of an increase in new supply coming and more development? Are you guys looking to possibly increase management of third-party assets?

Dave Rogers – Chief Executive Officer

George, I think that's probably the way we are playing the third-party game is with new development. A lot of the existing stores, especially in these times, the prospects we see to manage existing stores are pretty much the ones that are in pretty rough shape. So, a lot of our effort has focused on working with developers of new stores, where with we think are quality builders in markets that we know and those are the contracts that we're going after on the three PM basis. That's, I think—you won't see us doing a lot of three PM but the management that you do see will be along those lines.

<Q>: Alright, thanks, guys.

Operator

Thank you, and our next question comes from the line of Stan Fediuk with SunTrust Robinson Humphrey. Please go ahead with your questions.

<Q>: Hi, good morning. Just a quick question, what markets are the pending acquisitions in?

Paul Powell – Chief Investment Officer

We're looking to close on properties in South Carolina, Florida, and North Carolina, and New York.

<Q>: Regarding the Houston flooding, did you see any significant disruptions?

Dave Rogers – Chief Executive Officer

That's my bad; I was on a road show with Ki Bin and—oh, I'm sorry, different topic. No, Houston flooding we were not impacted at all.

<Q>: Okay, just wanted to follow up, thank you.

Operator

Our next question comes from the line of Jeremy Metz with UBS. Please go ahead with your questions.

<Q>: Hi, good morning, guys. Just I guess sticking with Houston, then, I was going to ask the same thing about any impacts in flooding. As I look at the same-store growth, it was obviously pretty solid this quarter, expenses played a role. But occupancy was down about 170 basis points, so it seemed to wind a little bit from 1Q, so I'm just wondering if you can update us on what's going on there, if it's just how you're pulling levers to drive that revenue growth.

Ed Kileen – Chief Operating Officer

Jeremy, we're keeping a real close eye on that market as I'm sure you well know. We were down a few basis points in occupancy, and I think last year we were up against a quarter where we realized that we could be pushing rates a little bit harder now than we were same time last period. That really isn't a strong indicator for us, 92% is certainly a healthy occupancy.

In that market, again, looking at it closely, measuring foot traffic, all the fundamentals remain real strong in Houston. Again, the foot traffic is brisk, the online traffic in Houston is real strong for those Houston-specific landing pages online, calls are up, reservations continue to be strong. So, really, we're not seeing any weakness in demand. I know there's some macro indicators that are impacting some of the other segments, but with a close eye on Houston right now, and in stores, we're just not seeing it yet.

Dave Rogers – Chief Executive Officer

Jeremy, even quarter-over-quarter, March to June, we increased by 110 basis points. It was a high barrier last year at 94% in that market, and as I've said, 92.3% isn't too bad, especially because we're getting some rate pushes.

Ed Kileen – Chief Operating Officer

Yes, we're pushing rates pretty hard in Houston.

<Q>: Okay, alright. We talked a lot about the rent side, but can you just give us an update on discounting, where it trended in Q2 versus last year, and I guess how it's trending today?

Andy Gregoire – Chief Financial Officer

Sure, Jeremy, this is Andy. Q2 of 2014 we gave away \$940,000 of free rent. We reduced that this Q2, we gave away about \$780,000. So we've reduced by about \$160,000 the free rent we gave away during the quarter. The number of customers getting the free rent has been reduced, and the average that they're receiving has been reduced. It was a tough comp but we still managed to reduce free rent.

<Q>: And so are you lower today versus last year?

Andy Gregoire – Chief Financial Officer

Yes, we are.

<Q>: And then just one for Paul on the C of O deals, I appreciate the added disclosure you guys have. It sounds like you're still talking about three leasing cycles here. As I look at some of these occupancies it looks like you can probably get there in two. I'm just wondering if the success you're seeing, does it give you more comfort—or comfort to do more C of O deals than maybe prior expectations, or does it make you think about doing development again at all?

Paul Powell – Chief Investment Officer

Yes, Jeremy, there is a lot of opportunity for C of O deals, we're being very selective; Sovran will not do development ourselves, we will continue to align ourselves with preferred developers in target markets. But yes, we're seeing opportunity and we're very active in discussions. Yes, you should see some more C of O deals signed up by Sovran over the next six months or so.

<Q>: Okay, I'm on with Ross, I think he has a question.

<Q>: Yes, hi guys, I just want to step back on the same-store revenue growth question. I'm sure it hasn't escaped your attention of the three self-storage REITs that have reported this quarter you guys had the lowest same-store revenue growth, and yours was only up 10 bps from Q1 while the other two guys were up 70 bps, and it looks like 110 bps. I guess, maybe to frame it a different way, what do you think it was that you guys saw earlier this year that your peers didn't see, right? Because your peers kept their foot on the gas pedal while you didn't, and I'm just wondering what we all should take from that, that you saw something that your competitors didn't.

Dave Rogers – Chief Executive Officer

Ross, a couple of things, this is Dave. As I said, we came in with reading only hot signals, and come off a three-year period that those are the only signals you're getting, you're going to change. I don't want to say those guys behind the orange doors and the guys in Salt Lake and Philly, they know what they're doing; they're good operators and we give them all the props in the world. But we've been in that position ourselves a few times over the past few years. We've been in the pole position, and we hit it—we're certainly working and fighting real hard to get back to one and two in the ranking with revenue.

I think as the pendulum swings we'll get there. I'll tell you what, I wish we could have taken Horace Greeley's advice and gone west a few years ago. We don't have any assets in California and there's a real party going on out there. That has a lot to do with it, and unfortunately, we're just watching through the window on that one. If you take apart the market by market, and you look at the west coast, it is just—it's a blast out there. That's a bigger picture answer.

The idea of us—and part of it was us taking our foot off the gas a little bit, but that's hardly the whole story. On an apples-to-apples, market-to-market basis it diminishes quite a bit.

<Q>: No, I think that's probably a fair answer. Actually, when I go back and look at 2Q 2014 you guys were in pole position from revenue growth, so you guys had the toughest comps this quarter as well.

Dave Rogers – Chief Executive Officer

Thank you, okay, good. Just to be clear, we did notice that we're in the shadows here. We pay attention.

Operator

(Operator instructions.) Our next question comes from the line of Jonathan Hughes with Raymond James. Please go ahead with your questions.

<Q>: Hi, guys, good morning, thanks for taking my questions. At the NAREIT Conference last month, you mentioned you'd like to make a move to California and you just touched on it briefly right there. Just wondering if you've been looking at opportunities there underwriting, was hoping you could give us an update on that front. Then maybe also if you've looked at Denver, some other Midwest MSAs that you also talked about at NAREIT last month.

Dave Rogers – Chief Executive Officer

This is Dave, Jonathan. We do always look at all the deals that come up. We've got people on the ground that are exploring opportunities. California has been, as we've mentioned before, a tough go for us. We like to get clusters of properties; we like to get scale when we hit the ground. We've had a tough time buying a quality asset in a group that we wanted to do this. It's an ongoing battle with us, I guess.

With regard to other markets, and the markets we like to go to, first and foremost markets we're in, we always want to add to our base in those markets. Denver is one we happen to be in, and we're looking to grow more there. So, it's an overall strategy, I guess, of adding where we are, looking to get scale in places where we aren't, and get that scale in a hurry like we did in Chicago a couple years ago when we went from zero to 14 stores in just an 18-month period or so.

Part of it is where you can get the deals and California is just not the place where we have not had much success on the acquisition front.

<Q>: Thanks for that. And then, last question I have is what kind of call volume growth are you seeing at the call center? Maybe any color into closing rates from the call center would be helpful.

Ed Kileen – Chief Operating Officer

Our call volume right now for the quarter is up 5%, and even despite the higher occupancies that we're experiencing, our close rate is actually up 6.3%. So things remain real strong in customer care.

<Q>: Okay, that's it for me. Thanks, guys.

Operator

Our next question is from the line of Dan [Indiscernible] with SunTrust Robinson Humphrey. Please go ahead with your questions.

<Q>: This is Ki Bin. Sorry if I missed this, but did you guys give stats on street rates year-over-year and maybe the number of customers, or the promotion dollars year-over-year?

Ed Kileen – Chief Operating Officer

Ki Bin, the street rates were up 8.2% year-over-year, and our free rent is down 17.2%.

Andy Gregoire – Chief Financial Officer

Yes, the free rent in 2Q of 2014 was \$940,000 and in 2Q of 2015 it was \$780,000.

<Q>: And if you look across your market, you obviously have, diverging things around performance across every market. Any noticeable trends on here's a couple variables that make a market really good versus some other variables that [indiscernible] consistent themes where this is the reason why these markets probably didn't do as well?

Dave Rogers – Chief Executive Officer

In a lot of cases it's almost, as Andy and Ed mentioned, when we were talking about Lafayette and New Orleans and Virginia Beach, it's almost store-specific in cases like that. Most markets are good. California and it appears that Washington and the whole west coast markets are ridiculously good, but a lot of it is supply driven, I think.

We've been talking, too, over the last three years that through it all demand continues to grow. Population grows, so you're going to get at least demand increases to match population. It seems like our sector gets a little bit more than that. So you get this creeping demand of somewhere on the order of 1% to 2.5% year after year, quarter after quarter, and the supply is static. It's just more macro, I think, at this point than anything.

You get hot spots certainly like Brooklyn, and Long Island City, and parts of Florida, really trendy spots in neighborhoods. But, I think, it's more macro at this point in the cycle than anything else.

<Q>: Okay, and where there has been new supply within your—I guess what you call your competitive radius—have you noticed any very material deceleration in your existing properties within that radius or not really?

Dave Rogers – Chief Executive Officer

I think the biggest punch you take, Ki Bin, is the ability to raise rates. I think other than that—

Ed Kileen – Chief Operating Officer

Yes, it's just, Ki Bin, usually just happens early on while the new comp comes in and then you need to compete early on and their rates are, to begin with, below market rate. So you have to adjust to that to remain competitive, but eventually that burns off. Then we're going to compete better than the next guy.

<Q>: Does NOI growth actually turn negative, though?

Ed Kileen – Chief Operating Officer

Pardon me?

<Q>: Does same-store NOI growth at that property actually turn negative?

Ed Kileen – Chief Operating Officer

We've never experienced that for that reason with a new comp coming in, no.

<Q>: Okay, thank you.

Operator

Thank you. This concludes our question and answer session. I'd like to turn the floor back to Dave Rogers for closing remarks.

Dave Rogers – Chief Executive Officer

Thank you, everyone, for the time. I know you've got a couple other calls to listen to today. We'll look forward to seeing you throughout the summer and especially at NAREIT. Take care.