FINAL TRANSCRIPT

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Extra Space Storage first quarter 2008 earnings conference call. My name is Sylvana, and I will be your coordinator for today. At this time all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of this conference. (OPERATOR INSTRUCTIONS) As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the presentation over to your host for today's call, Mr. James Overturf, of Extra Space Storage. You may proceed, sir.

James Overturf - *Extra Space Storage, Inc. - IR*

Thank you, Sylvana Welcome to Extra Space Storage's first quarter 2008 conference call. With us today are CEO and Chairman of the Board, Kenneth Woolley, President, Spencer Kirk, CFO, Kent Christensen, and COO, Karl Haas. In addition to our press release we have also furnished unaudited supplemental financial information on our website.

Please remember that management's prepared remarks and answers to your questions contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address matters which are subject to risks and uncertainties that may cause actual results to differ from those discussed today. Examples of forward-looking statements include statements related to Extra Space's development acquisition programs, revenues, net operating income, FFO and forward-looking guidance. We encourage all of our listeners to review a more detailed discussion related to these forward-looking statements contained in the company's filings with the SEC. These forward-looking statements represent management's estimates as of today. Extra Space Storage assumes no obligation to update these forward-looking statements in the future because of changing market conditions or other circumstances. With that I would like to turn the call over to Extra Space Storage's Chairman and CEO, Kenneth M. Woolley.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Thank you, James. Good morning. Thank you for joining us today. If I sound a little different, we have got the allergy season here in Salt Lake City with a lot of pollen in the air, so I hope you'll excuse my voice. We have joining -- with us today, Spencer Kirk, our President, Karl Haas, our Chief Operating Officer and Kent Christensen, our Chief Financial Officer. As you can see by our results, you can tell that the storage business is not suffering due to the slow down here in the economy. We do have some weakness in parts of the country, but by and large the business is good, and we're very happy with that. We remain -- we sustained or kept our occupancy stable on a year on year basis with rentals for the quarter actually increases 10% and move outs decreasing just over 1% on a same-store basis during the quarter. So far in April, our occupancy has actually increased on a same-store basis, and rentals are slightly ahead of the year before and vacates are slightly behind. So this is a good sign for the -- during the busy rental season time, which we're just now entering.

Overall, we generated $0.28 of FFO for the quarter before an impairment charge, which Kent will talk about in more detail regarding our auction-rate securities and our development dilution. After the $0.02 impairment charge and the $0.01 for development dilution, we generated a net of $0.25 of FFO per share for the quarter. Our same-store revenues, including tenant insurance income was up 3% as we maintained our occupancy at increased rents to existing customers. We chose to show the same-store income with both insurance and without insurance, because we have been making a fairly intensive push on encouraging our tenants to purchase tenant insurance from us. Two of our competing public storage -- self-storage companies -- Sovereign Self-Storage and U-Store-It , both include the tenant insurance in their same-store numbers, and public storage doesn't. We actually had included it up until this past year and then didn't include it last year. So we're going to -- in the future we'll show it both ways, you can see it both ways.

The growth rate was within our expectations for the quarter, and we're reasonably pleased with the pace. We do expect, however, that that pace will increase slightly during the coming quarter. We made no acquisitions during the quarter. While there's still a market out there for buying properties, we have raised our cap rates for purchase. The sellers have not been willing to bring down their price, and the result has been -- I guess you call it disintermediation. There has been a slowdown in the number of transactions taking place, not just by ourselves, but I think in the market generally. Sellers are still -- have high expectations.

We're being more conservative in our buying expectations, so it's slowed down our ability to buy. In talking with our head of development yesterday, he feels like he just now is seeing a few people lower prices, which may give us the opportunity to buy more during the coming quarter. On a development front, we have 10 properties that will be open this year with a total cost of $83.2 million. We had no openings during the first quarter. We expect several properties to open during the second quarter.

In total, we have 40 properties in our development pipeline at various stages, from just the initial contract on the land to all the way through construction and just about opening.

Those of you who attended our investor day last month saw that these developments will provide a solid opportunity for higher life-time rates of return than outright purchases, and we are expecting these developments to contribute to our FFO growth in the future. Although they are in the short run -- they are dilutive. In the long run they are accretive. And in fact if you took all of the developments that we have already opened or will open this year, and you mark them to market as if they were fully full, they would be accretive to about $0.16 a share in our numbers. In addition to the investor day materials that were added to our website at the time of the investor day, we have also provided additional -- couple of additional tables this quarter, which may be of interest to many of you in the supplemental package. One of those tables shows the rental activity for our same-store properties, rental vacates, which we'll be updating you on in the future, so you can sort of see the trend of rental activities and vacates during the quarter. With that I would like to turn the call over to Karl Haas, our Chief Operating Officer, who will give you more detail on our

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Karl Haas - *Extra Space Storage, Inc. - COO*

Thanks, Ken And the good news is, is allergies should get better later this week when it snows. As Ken today it at the property level we had another good quarter of growth. Our same-store grew to 211 properties experienced a 3% increase in revenue, and a 3.2% increase in net operating income, which includes tenant insurance income. Average square foot occupancy during the quarter and at the end of the quarter were flat compared to 2007. Net rentals were up 2% for the quarter, and move outs down 1.1%, which we think is a good sign, considering all of the news about the economy recently. Our expense growth came in at budgeted levels at 2.7%. Our team did a great job of controlling expenses, especially given the large increases in snow removal expenses over last year.

RevPAR for the same-store pool increased 2.2% to $13.98 a square foot. The increase came from improved achieved rents from our existing customers. On a year on year comparison of street rates, we have seen the delta come closer in line to last year in the past month. We anticipate equilibrium by early summer and to have more pricing power as the year continues. We're continuing to strengthen our grip on unified pricing management at the individual unit level, as our technical capabilities allow us to do more to maximize revenue through more data-based analysis. That capability is definitely allowing us to price more accurately in tune with customer demand and competition, we have a significant technology upgrades going in through -- throughout the organization this year, and we are looking forward to applying those upgrades in the pursuit of creating pricing optimization and operating efficiency. Our entire pool of 615 stabilized properties that we manage had similar results to our same-store pool during the quarter. Same-store occupancy for this group of properties increased a solid 50 basis points to 84%, compared to 83.5% same time in 2007. This, we think, shows the demand is still strong.

Looking at the performance of our markets, the top performers were: Chicago, Houston, Detroit, Columbus, Dallas, Nashville, and San Francisco/Oakland, with increases in revenue between 6% and 13% in those markets. Our four largest markets of Boston, Los Angeles, New York, New Jersey, and Baltimore DC all had sound quarters with revenue increases between 2.8% and 4%. We have been speaking about stabilization of occupancy and revenue in Florida for at least the last few quarters. And stabilization has been seen somewhat in Miami, Tampa and a few other smaller markets in Florida. However, many markets in Florida continue to struggle. In particular the West Palm Beach market is still not performing. Their properties are well located. We have a good team, and we are being proactive with pricing and discounting, and we are hopeful that the bottom has been reached.

To give you an idea of the impact of Florida on our overall revenue growth, without Florida, same-store stabilized revenue growth with tenant insurance income would have been 3.8%, versus the 3% that we reported with Florida included. Supply has been a discussion point in recent months as well. For Extra Space, new supply remains a nonissue in the majority of our major markets. Based on local-level surveys by our field staff, newly opened projects, and projected scheduled to open that will impact our existing properties continued to drop with the exception of the Phoenix and Philadelphia markets.

For the second rental season in a row, we recently began our international cable television advertising to drive more traffic to our stores. Our ads began running in March -- the end of March, and will run through the end of August. The ads are on specific programs that proved successful last year, such as Discovery, Food Network and DIY. We also have some spots on Spike TV for those of you who are closet ultimate fighting fans.We are testing different lengths -- length ads this year and different messages. The spots direct people to our toll free number and the website, and on the website we have already seen significant increases in traffic. We'll have more data to share with -- on our program and the results in our second quarter call. And now I would like to turn this call over to Kent Christensen, our CFO.

Kent Christensen - *Extra Space Storage, Inc. - CFO*

Hello, everyone, our first -- our FFO per share for the first quarter came in at $0.28, as Ken stated before an impairment charge on our auction rate securities and dilution from our development program, compared to $0.25 in the same quarter of last year. Taking in to consideration the $0.02 from our impairment charge and the $0.01 drag from our recently opened development properties, our fully diluted FFO per share for the quarter came in at $0.25. On February 29th, we liquidated our holdings in our auction-rate securities for $21.8 million in cash. Our total writedown on our auction-rate securities from it's original investment was $2.6 million, we look a $1.4 million writedown in this quarter, and a $1.2 million writedown in the fourth quarter of last year. We have retained our right to pursue action against the broker/dealer who sold us the securities, though a potential settlement cannot be assumed or timed. Our cash today is currently held in treasury-backed securities, and we are not exposed in any significant way to the credit markets.

Our financial position improved in almost every aspect. Total revenues increased 22.2%, which included a robust 23.3% increase in rental revenues, and a 62.3% increase in our tenant insurance revenues. Gross G&A for the quarter was $10.2 million, and after deducting management fees of $5.1 million, net G&A came in at $5.1 million. Net income including -- excluding the $1.4 million loss on our auction-rate securities rose 25.2%. On the occasion front, we have seen nearly $900 million in properties for sale, and have underwritten $280 million of them. This is a decrease from the level of activity we saw in the previous year. Our bids on average have been north of an equivalent 7.25% cap rate. In the second quarter, we anticipate the opening of three development properties at a total cost of $24.7 million. These properties are located in Chicago and Los Angeles. For the year, we estimated opening 10 properties for approximately $82 million, and we expect 14 completions in 2009 for $146 million.

Since January 1st, we have closed four construction loans, and still find we are able to obtain development financing with favorable terms. Our previously opened developments continue to add value to the company. Though development does have a short-term drag on our earnings, they are extremely valuable in the long term. For example, if all of the development properties for 2008, 2007, and 2006 are fully stabilized using today's rates, their contribution to FFO this year would represent a swing of $0.16. For modeling purposes, we have estimated our drag from our development program to be approximately $0.06 this year. At this time, we believe our debt is at an appropriate level for the self-storage product type given our stability of cash flows. Our total debt is $1.3 billion which represents as percentage of debt to total market cap including OP units of 53.3%. Our debt profile is predominantly fixed-rate debt and has well-staged maturities.

The Feds interest rate cuts have benefited our variable rate debt considerably. Our current rate as of the end of the quarter, was 4.4%, down from 5.9% as of December 31st, 2007. Our percentage of fixed-rate debt to total debt is 90.4% on our weighted average interest on all of our fixed and variable rate debt is 5%. We have $100 million available on our line of credit of which none is drawn. The credit market or us is a bit more restrictive, but we can get financing. As of today, we can obtain on-balance sheet loans from financial institutions. However, the CMBS market is not accessible.

Our relationship with lenders can -- our relationship lenders are consistently pitching us on new business. Underwriting requirements for on-balance sheet loans have changed from where they were a few months ago and debt service coverage has increased. Variable rate loans spreads average LIBOR plus 300, and fixed-rate loans are going for around 6%. Five and 10-year deals are becoming harder to find as most banks are sticking to the one and three-year time frames. Even while conventional credit is tight there remains significant interest from large institutional investors to invest in self-storage. We are speaking with potential partners on a regular basis, but have no definitive deals at this time. This is another way for Extra Space to finance its growth should the credit markets remain time.

At this time we reiterate our guidance for the full year of fully diluted FFO in the range of $1.23 to $1.27 per share before development dilution, and $1.17 to $1.21 after consideration of the dilution. For the second quarter we estimate that our fully diluted FFO will be in the range of $0.31 to $0.32 per share before development dilution, and $0.29 to $0.30 per share after considering this dilution. Our assumption for our same-store revenue and NOI growth for the second quarter is between 3% and 4%. The underlying assumptions behind our annual guidance are listed in our earnings release, but I will highlight that it assumes no acquisitions and no settlement with our broker/dealer on the auction-rate securities. With that I'll turn the call back to Ken.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Thanks, Kent. To summarize, we're off to a good start in 2008. Back in February we forecasted same-store revenue and NOI growth of between 2.5% and 4% for the year. Though we came in at the lower end of the range for the quarter, it is the slowest rental period of the year, and we are already seeing improvement. Well, as I said, since I started in this business, over 30 years ago, I have seen some ups and downs in the business. One of the things that I would say is that during slower times, growth does slow, and then during better economic times growth increases, but there has always been growth, and our own records over a 20-year period, the growth has been in the range of 4.5% in terms of revenue growth. It has been an excellent industry. Our data today shows that 50% of our new customers -- of our customers are new, and have never used self-storage. It's really interesting when you consider 9% of U.S. households are now using self-storage, and yet of our new customers, 50% have never used it before.

Who are our customers and why did they come? Well, our customers come primarily because of some life-changing event. Often it's a graduation, a wedding, a divorce, a job move, a job loss, a retirement, something that changes in someone's life. Many of those changes have nothing to do with the upward or downward motions of the economy. They are life changes. And I think that that's one of the reasons that we see self-storage be so stable in these economic times, particularly considering when you look at our rentals and vacates and how close they are to the same period of last year. Our properties are performing positively, thanks to our continued pursuit of operating best practice, our technology leadership and our superior locations of many of our properties. And for those same reasons we continue to see our ability to raise rents to existing customers. We are, however, being very competitive, particularly in the weaker markets on a price basis.

For example, today, our street rate prices are lower in Philadelphia area and in Florida, but they are higher in Texas and New England, and Chicago, and so if you look out over the whole country, our street prices are about even with last year, but they very highly by parts of the country, based upon economic activity and storage rental activity. We're consistently looking for ways to grow by acquisition. However, we haven't been able to buy anything, at least in this quarter. We're optimistic we'll be able to see some things in the second quarter, and we are taking a conservative underwriting approach. People have asked us, where are you going to get your capital to buy more properties? The answer in the short run is that we have quite a bit of capacity on our lines of credit, and our ability to borrow. In the longer run, we are looking at the possibility of a joint venture arrangement for some of our properties that would bring more capital into the company, so that we can continue to grow.

I'm very confident in Extra Space's ability to continue to grow revenues and value for our shareholders. Some of you may have come to our recent investor event in San Francisco or listened to it on the web, I think those attendees came away with understanding better our company where we had all of our senior management there talking with you. We are always seeking ways to improve, whether it's through further upgrades of our industry-leading operational and technology systems, through stepping up the game with our already great team of people and by adding scale and performance to our quality portfolio. We appreciate the support of our investors. We're actually pretty pleased with the performance of our shares, as many of you investors may be in the last quarter, as I think not only ourselves but our peers in the self-storage business have sort of gotten the message out that we do well in slower times, and I think the market is starting to realize that. So we're happy about that, and I would expect that our peers in the self-storage business will also put up some good numbers this quarter. With that I would like to close, and give you an opportunity to ask questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) All questions must be submitted at this time in order for it to register. Questions will be taken in the order received. (OPERATOR INSTRUCTIONS) And the first question comes from the line of Christeen Kim from Deutsche Bank. You may proceed.

Christeen Kim - *Deutsche Bank - Analyst*

Hey. Good morning. Ken, you just mentioned, and I know you have spoken about this before, but joint venturing some of your properties to help improve the balance sheet. It sounds like you are pretty early in the process. How soon do you think we could hear an update on that, or something actually further along?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

I think it will probably take a couple of months. We have identified a portfolio of properties that we would like to bring to the market. We have not yet put that out to potential joint venture partners. We have received some interest from some of our current joint venture partners, and we know there are others who are interested. So I would say it's a going to be a couple of months. Since we haven't had a lot of acquisitions in the pipeline, we haven't felt the pressure right now to do that, so we haven't yet gotten it done.

Christeen Kim - *Deutsche Bank - Analyst*

Great. And in terms of just the core operations, were there any markets that surprised you this quarter, either to the upside or down side?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Well, I'm continuing -- maybe I ought to let Karl answer that, and I'll answer it if he --

Karl Haas - *Extra Space Storage, Inc. - COO*

Well, on the upside, I think, Austin and Houston and Nashville are somewhat surprises. I guess Houston -- I guess I don't think -- but I guess the oil industry, and pluses going on there. Nashville is a pleasant surprise, and been a long time since we have seen anything big there. Nothing on the negative side that's a big surprise. Ken?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Well, I think one of the surprises I have is we continue to see strength in Detroit, which is sort of amazing in my view, and I'm pleased to see Boston and the whole northeast doing well for us right now, that's a pleasant up -- surprise since we have such a big group of properties there.

Christeen Kim - *Deutsche Bank - Analyst*

Great. And just finally, I know your same-store pool is a little different this quarter than Q4. Do you know what the sequential change in occupancy was in your new same-store portfolio?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes. The sequential change in occupancy -- you mean versus -- if, for example -- if you looked at the same-store period, the current same-store pool as of December 31st versus now, we actually gained occupancy, and I think it's about 50 basis points.

Karl Haas - *Extra Space Storage, Inc. - COO*

The delta to last year has improved

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes, the delta to -- in other words if you look at the current 211, and you said, what was it as of December 31st, 2007, versus December 31st, 2006? We were actually behind half a percentage point in that pool at -- as of December 31st, 2007, so we picked up 50 basis points to be at break even. And we have actually gained another .1% on that pool through the 20 -- through today versus the previous period.

Christeen Kim - *Deutsche Bank - Analyst*

And that's the 211?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

That's the 211, so we have actually picked up 60 basis points since the first of the year in the first four months.

Christeen Kim - *Deutsche Bank - Analyst*

Perfect. Thank you.

Operator

And the next question comes from the line of David Toti from Lehman Brothers. You may proceed.

David Toti - *Lehman Brothers - Analyst*

Hello, everybody.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Hello, David.

David Toti - *Lehman Brothers - Analyst*

Couple questions. There has been a lot of talk about correlation between your business and markets that are seeing elevated foreclosure levels. It seems like the mix of markets that you have seen success in and some softness in don't really correlate with some of those foreclosure markets. Can you comment a little bit on that?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes. I think the answer is that our business doesn't correlate that well with foreclosures. I mean some other high foreclosure markets are Stockton, California, and -- where we're not doing very well. I think --

Karl Haas - *Extra Space Storage, Inc. - COO*

And Phoenix.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Phoenix.

Karl Haas - *Extra Space Storage, Inc. - COO*

-- Albuquerque are showing some signs of weakness. In the micro -- those markets where there are foreclosures, and basically an overall downturn in the market, we are seeing some --

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Right. Except for Detroit, we're doing well.

David Toti - *Lehman Brothers - Analyst*

Great. And then just switching over to the development pipeline, you are obviously not pulling back on any of the existing projects that are underway, but in terms of your shadow pipeline, are you scaling back the investment dollars, or delaying any of the delivery or start times?

Karl Haas - *Extra Space Storage, Inc. - COO*

Oh, we're not. The -- as we have discussed previously, the development program is a program that's a five to six-year commitment. Once you decide that you are going to develop a property and put it under contract, it's not until five to six years from now that you see the fruits of that. So by pulling back today, all that it is doing is hindering our growth, three and four, and five years from now. We believe that the development program is a long-term sustainable program that Extra Space should be in for the long run. At the level that we're at of between 10 and 15 properties a year, we think that is sustainable with our current capital structure, and we think it is bringing a lot of value to the overall company that Extra Space is building in the long term. So it a program that we believe in and will be continuing to do.

David Toti - *Lehman Brothers - Analyst*

Okay. And I assume there has been no changes in the underwriting in those, and you expect to stabilizes yields and so forth.

Karl Haas - *Extra Space Storage, Inc. - COO*

We've brought up about 50 basis points while we're hoping to get in on the deals that we're approving today, but as -- is similar to the acquisition side, or the -- we're finding sellers a little reluctant to bring the price of the land down, which is a big component of helping to try to get our yield up on that, so we're slightly higher than what we were a year ago, but just slightly higher.

David Toti - *Lehman Brothers - Analyst*

Great. Thank you.

Operator

And the next question comes from the line of [Samit Padit] from Banc of America. You may proceed.

Samit Padit - *Banc of America Securities - Analyst*

Hi, good afternoon. Can you quantify or provide additional color on the increase in ad spending has had on website traffic, and how it is translating into increased rental activity?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

We really don't have -- we just started it March 29th, and while we have seen a spike in hits on the web, we don't really have the full flow through of the rentals yet.

Samit Padit - *Banc of America Securities - Analyst*

Okay. And then given the current disconnect between buyers and sellers in the private transaction market, in your view is buying an additional stake in your joint venture a better way to put capital to work today than trying to go out and do acquisitions in the market?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

With respect to buying an additional stake, we -- I think we announced publicly at our investor event that we have been negotiating to buy an additional stake in one of our potential joint ventures, one of the smaller joint ventures, and we had reached agreement to do that, and we expect to close on that this quarter. That -- we can't really -- it's not an either/or, because we can't really time when our joint venture partners want to sell their interest. This is a voluntary thing. This is a negotiated thing. And right now, except for this one case, we don't have any joint venture partners, and when I'm talking about that, I mean talking about our larger joint ventures, that are interested in selling any of their stake. So we're willing to do both. We view them both types of investments as being positive, and -- but we really can't time when we take out one of our larger joint venture partners.

Samit Padit - *Banc of America Securities - Analyst*

Alright. And I guess lastly, could you walk us through the increase in G&A expense this quarter, and maybe what we should be expecting for the run rate for the year?

Karl Haas - *Extra Space Storage, Inc. - COO*

The run rate for this quarter should be very comparable to what we're going to see for the remainder of this year. We're not seeing anything unique in this quarter that would be different from the rest of the year The increases from the previous year, the increase is due a lot to the acquisitions that we did last year, bring on a number of properties and the G&A cost increase for that. And overall increase just because salaries have gone up 4% to 5%, and then the -- a small, slight increase in the amount of long-term composition for some of our executive team.

Samit Padit - *Banc of America Securities - Analyst*

All right. Thanks.

Operator

Your next question comes from the line of Jordan Sadler with Key Bank Capital Markets. You may proceed.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Thank you. Just following up on a previous question, on the joint venture purchase -- or the purchase of the joint venture partner's interest that you announced at the investor day, what is the motive of the partner of Prudential looking to reduce exposure?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

I think that first of all, this is a single client account at Prudential. That single client account was reducing their overall investment in real estate. It was not multi-client account, and so we -- and I'm not sure the whole reason behind it. What is interesting is that there are other accounts at Prudential who would like to increase their exposure to self-storage, and have indicated that they would like to look at other opportunities to buy with us, but because of their internal mechanisms, they are not really allowed to sell between one account and the other. So otherwise I think they would be acquiring their own joint venture.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Just -- my -- our corporate General Counsel just came over to me and said, that we haven't actually reached a final agreement with Prudential on the exact terms of this deal. We have reached tentative verbal agreement, but we haven't actually got it in writing. So it still could come unwound here, and I was probably a little bit premature in mentioning it either at our investor day or now. But since I mentioned the investor day I brought it up here. That's one of the reasons it hasn't closed, because there's a few deal points that we haven't finally negotiated.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. Assuming that we're to -- it were to get done, what sort of cap rate are we expecting?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

It's a cap rate in the same ballpark of what we're buying other properties in the 7.25% range.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. And that would be financed under the line, I guess at this point?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes. Yes.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. And then --

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

It's about a 40 -- what it is --

Karl Haas - *Extra Space Storage, Inc. - COO*

$44 million.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

$44 million purchase.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. Perfect. The TV, the media spending, could you give us a guesstimate as to roughly how much that is going to cost you in maybe the second or third quarters?

Karl Haas - *Extra Space Storage, Inc. - COO*

I think it's going to be -- I think last year we spent about $700,000, and I think this -- we're going to double that this year, it's going to be about $1.4 million.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. And so that would be roughly evenly split between the second and third quarters at this point?

Karl Haas - *Extra Space Storage, Inc. - COO*

Yes.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

That TV advertising getting spread out over all of the properties. Through the joint ventures, and through individual properties. So it's spread evenly. It doesn't all go to the Extra Space properties.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

And you said it was pretty much national in scope?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes, it is national.

Karl Haas - *Extra Space Storage, Inc. - COO*

Well it's cable. It's's purchased, cable, so that it is bought on bulk basis throughout the country.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

All of those people up in Billings, Montana, have to come down to Salt Lake to rent from us if they see the ad.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. And then just going -- moving over the investment environment a little bit, could you talk about what you are seeing throughout in terms of flow, how that has changed?

Karl Haas - *Extra Space Storage, Inc. - COO*

On the acquisition?

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Yes.

Karl Haas - *Extra Space Storage, Inc. - COO*

They are --

Jordan Sadler - *Key Bank Capital Markets - Analyst*

So I mean whatever is for sale, of course.

Karl Haas - *Extra Space Storage, Inc. - COO*

Correct. There are less properties for sale than there were a year ago, and the sellers are individuals -- the motivated sellers are individuals that for one reason or another are needing to unwind the investment they have in self- storage. We are still not seeing any kind of distressed sales, properties that have gone into foreclosure, anything like that. The opportunities that we're seeing are partnerships, joint ventures, that are needing to unwind, because one partner or another is wanting to exit the self-storage investment, and so they are coming to the market with the portfolio or individual assets. There's -- we hope in the future that we're seeing more of these kinds of one-off and small portfolios of properties that could come for sale that could be in a more distressed situation that are going to lead to more opportunities for Extra Space, but we still haven't seen that yet.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. Lastly, just, Kent, on the debt, upcoming maturities, where do you stand on some of the upcoming roll -- the stuff that's starting to expire later this year?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

This -- we only have about $40 million this year that will expire. Next year we have about $300 million that comes due. We are seeing lots of interest from our current banks and institutions that do lending for $50 million to $75 million chunks on balance sheet, variable rate debt, secured, and so we have believe that the amount of debt that we have coming due this year and next year can be easily refinanced with the current relationships that we have and with the banks that we have a good relationship with. Extra Space historically has had a long-time relationship with a -- numbers of different banks that would -- that have loaned us money, and we have paid them back, and we think that those relationships are going to pay off over the next couple of years as we need to roll these loans that we have. Now that being said, we have looked at the debt to value -- the loan to value on all of the debt that's expiring next year, and it's currently because the NOI of these properties have gone up is between 60% and 65%. So all we need to do is get a 60% to 65% loan to value and we can replace the loans that we currently have.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Okay. And that's secured term loan --

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

That's correct. Next year would -- the loans that are expiring are secured term loans or CMBS loans, and we would anticipate -- if the CMBS market doesn't open back up to replace those it would be secured term loans.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

How far out in front of it do you want to be? So when should we expect to see you moving?

Karl Haas - *Extra Space Storage, Inc. - COO*

It would be only a couple of months generally, two to three months before the term expires that we'd be going to market and shopping the loans.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Part of the reason is there is defeasance on these CMBS loans, and there's no reason we should say a defeasance to pay off these CMBS loans early. It would just be a bad economic move for us.

Jordan Sadler - *Key Bank Capital Markets - Analyst*

Certainly. Thank you.

Operator

And the next question comes from the line of Paul Adornato from BMO Capital Markets. You may proceed.

Paul Adornato - *BMO Capital Markets - Analyst*

Thanks, good afternoon. I was wondering if you could just compare kind of your overall stance coming into this busy season compared to previous years, that is, would you consider yourselves more aggressive, or more defensive coming into this busy season in terms of pricing, etc.?

Karl Haas - *Extra Space Storage, Inc. - COO*

Actually, if you took the last three to five years, would be something -- you would probably call it more aggressive, but last year, we took a pretty aggressive stand on rates, starting in March and April, and we lowered rates as far as street rates in a lot of markets, and this year -- and we really are about at that same level, actually in some markets a little bit less. We're being very aggressive in markets where we see resistance in the marketplace to rentals. So, I would say we're as aggressive as last year.

Paul Adornato - *BMO Capital Markets - Analyst*

Yes. Okay. And just on the -- to clarify on development financing, Kent, you mentioned that development financing is available to you. But do you actually separately finance your developments or do you use your line or other resources rather than cap traditional construction markets?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

To date Extra Space has always finance its construction with construction loans through local -- in many cases local banks or regional banks, and we continue to employee that kind of a process with the construction projects we have going on now. We can obtain 80% to 85% loan to cost on these construction projects, which is a very good use of our money while the project's being built, and those loans allow us to get the property open, and then the loan stays on the properties anywhere from 18 to 36 months while we are allowed to get the properties leased up, and then at that point, the properties would roll onto some longer term financing. That kind of financing is still very available us to today. Banks are -- you have to remember self-storage is a small product type compared to other real estate products. We're going to the banks asking for $5 million to $8 million loans, and that's a really good size for banks that want to still use their balance sheet to do lending.

Paul Adornato - *BMO Capital Markets - Analyst*

Okay. And what is your sense about how those banks that you are using are financing other storage developers out there?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

It's -- that's, again, a mixed bag. We're getting reports that the banks are not lending to the new mom and pop operator who is deciding to build their first self-storage property, but if it's an established self-storage operator, they have done -- and they have a good track record, then there still is money available for individuals and mom and pops and organizations who are wanting to do construction, but as Karl spoke about, we're not seeing a lot of development taking place in any of our markets other than a couple, and there's not a lot of construction that's going on right now. And I don't know, that's kind of a dual factor, I think, and that's -- financing is one piece, but it's becoming more and more and more difficult for cities and counties and places to allow us to build our self-storage properties. It's just becoming more difficult.

Paul Adornato - *BMO Capital Markets - Analyst*

Yes.

Karl Haas - *Extra Space Storage, Inc. - COO*

I had lunch last week with the owner of one of the larger door manufacturers who indicated to me that their business was down, meaning that -- and of course the door manufacturer -- every self-storage has to have doors, and there's only four or five major door manufacturers in the U.S., and it's -- so -- and they are not sure why, but I think that it's more to do with financing and permits than anything else.

Paul Adornato - *BMO Capital Markets - Analyst*

Yes.

Kent Christensen - *Extra Space Storage, Inc. - CFO*

It really bodes well for the existing properties.

Paul Adornato - *BMO Capital Markets - Analyst*

Yes. Okay. Great. Thank you.

Operator

And the next question comes from the line of Jeff Donnelly from Wachovia. You may proceed.

Jeff Donnelly - *Wachovia - Analyst*

Good morning, guys. Kent just the first question, really point of clarification. Did your original same-store NOI guidance for 2008 include the tenant insurance income or did it exclude it?

Karl Haas - *Extra Space Storage, Inc. - COO*

It excluded it. This is the first time we reported wilt the tenant insurance income.

Jeff Donnelly - *Wachovia - Analyst*

Okay. That's helpful. And I guess a question for the team as well, and maybe Ken, you'll take this one, is I'm curious kind of where you are seeing capitalization rates in the market today. For the sorts of products you guys would be interested in, what is that spread between how you are now underwriting property and where you think sellers would sell? I guess what kind of returns are you or do you think your competitors are looking for?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Well, first of all, last year we bought all of our stabilized properties at around the 7% cap rate. Now that cap rate is defined as normalized -- or updated property taxes included. A management fee of 6% included or implied, and that that is the actual run rate of cash flows, as opposed to a pro forma in the future cap rate or a backward looking cap rate. Now -- that's how we define cap rate. We bought $385 million worth at that rate -- or in that . The problem is we only bought one on-market deal of the 32 properties we purchased. We were basically under -- we were overbid on everything we bought except on this one deal, which meant that the transactions taking place in the market were taking place in the mid-6%s not -- or even lower, we had one large buyer last year and the year before that was really buying in the 5%s, with the hope of somehow improving operations and getting the cap rates up. Today the cap rates are still -- the buyers or the sellers are still asking in the low to mid-6%s, and we're up in there in the 7.25% range, and we're not buying much.

And the -- there's a slight slacking according to what Jim Stevens, our Head of Acquisitions, is saying, he is seeing a slight decrease in cap rate -- rather a decrease in prices increase in cap rate, going on in the marketplace today, but it's not very dramatic, and so it's hard to define that cap rate, because there are transactions and there have been a lot of transactions taking place in the low to mid-6%s that we haven't participated in, because it would be dilutive to our company. Our company's stock is not trading at a cap rate of 6%, it's trading at a higher cap rate. So if we start buying at 6%, we're just diluting our

Jeff Donnelly - *Wachovia - Analyst*

What about some of the larger portfolios out there? I mean, like anecdotally we've heard OB companies are looking to sell assets -- any sense how significant a portfolio such as that or theres could be out there in the market and where pricing might be on a trade such as that?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

I really don't have a comment on that.

Jeff Donnelly - *Wachovia - Analyst*

Okay. And just -- I guess and one follow-up, just Kent back to my original question. I guess if your guidance excluded the tenant insurance income, I guess does that mean that you necessarily sell short this quarter versus your original guidance or am I missing -- not interpreting that?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

Maybe I misspoke when you asked the question a minute go. What I thought you asked was did your same-store guidance as far as what we thought the NOI increase was going to be on our same-store included tenant insurance, and it did not. But tenant insurance was included in our FFO guidance for the year. All we have done is taken it out of a specific line item as far as tenant insurance and tenant expense, income and expense, and included the appropriate amount of tenant insurance that's being sold at our same-store properties in the same-store numbers. So it's not changing any of our numbers, it's only changing how it is we're reporting where the insurance is showing up. Did that make sense?

Jeff Donnelly - *Wachovia - Analyst*

It does. It does. I just -- I thought before your same-store range was 2.5% -- I can't remember off the top of my head -- 2.5% to 4%, I think.

Kent Christensen - *Extra Space Storage, Inc. - CFO*

2.5% to 4% and with tenant insurance included it would be higher than that.

Jeff Donnelly - *Wachovia - Analyst*

Okay. Okay. Okay. Thank you.

Operator

And the next question comes from the line of Derek De Vries from Merrill Lynch. You may proceed.

Chris Pike - *Merrill Lynch - Analyst*

Hey, guys, it's actually Chris here. Kent, I just wanted to circle back with respect to your comments on the debt maturities, and your ability to turn those out. So is the short answer that while let's say rates are going to be a bit higher of what is turning, you are going to have to refinance -- you are going to be able to get more proceeds, so your overall interest payment will be in line?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

If we could -- as we roll the loans next year, if we want to try to get a higher loan to value, that could result in more proceeds. My comment a minute ago was along the lines of, if we kept the proceeds -- we didn't get any additional proceeds, all we did was roll the loan, then we should have a substantial appetite from banks and other financing organizations to do the loans that we would need to be able to roll our debt. But I think that there is -- there could be some opportunity if these loans roll that we would be able to get higher loan to values than where they are currently at, and potentially have some additional proceeds, which would then take the total interest expense up a little, because we would have a larger loan with a slightly higher interest rate, but then we would have cash available for us to be able to do acquisitions.

Chris Pike - *Merrill Lynch - Analyst*

Okay. Okay. But just if we just roll whatever is in place, I guess is there a base assumption in terms of what the overall marginal increase in borrowing cost is going to be?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

Right now we're seeing between 5.75% and 6% would be what we would be able to roll those loans at a fixed rate at. So if you look at the difference between where the loans are at today, and that's the pricing today, and that would be the difference.

Chris Pike - *Merrill Lynch - Analyst*

Okay. And I guess back to Karl's -- I guess question with respect to Karl, the $1.4 million of TV ad spent, and I think Ken indicated that is going to be spent pro rata or they would be split up across both the whole and the joint venture, then the managed properties, assuming -- you are not going to -- the managed properties pay their own pro rata share of that, your joint venture partners, you are only going to take your ownership from in that. Is the $1.4 million going to be the cost to EXR?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

The total spend of the program. So about 1/3 of that would be hitting our properties.

Chris Pike - *Merrill Lynch - Analyst*

Okay.

Kent Christensen - *Extra Space Storage, Inc. - CFO*

And the 1/3rd that hits our properties is already in our NOI budgeted numbers. It's not an extra thing.

Chris Pike - *Merrill Lynch - Analyst*

Okay. I just wanted to be square on that. Call center, I guess we're still waiting for thoughts on that. I was wondering if there's any update on that front? And if there's any incremental cost associated with moving, establishing, setting one up later on in the year and baked into the '08 numbers?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

We're -- Chris, we're still heavily in the process of evaluation witting the status of our call center. Our -- whether doing it internal or external. Other factors about the call center and the cost all of the costs associated with that. Based -- the best we can tell right now is the impact on this calendar year is probably not going to be any kind of material number. The evaluation for next year is still under -- in process to try to determine where we think we are. The reason I can say that is the contract that we have for our call center right now runs through the end of the year, that's why we don't think there's any impact this year, and going in to next year we're still evaluating that. We don't know that yet.

Chris Pike - *Merrill Lynch - Analyst*

Okay. I guess the interesting comment Karl had -- or maybe it was Ken -- with respect to the retention and the new customers versus old customers, I don't know in Spencer wants to chime in here. But it is too early to draw any distention between buyer tastes with respect to some of, let's say the new breed of folks who are renting storage for the first time, versus the older folks -- the more traditional, or the tenured users of storage? Are you seeing retention higher with the new folks versus the old folks, or it is still too early to pull any quantifiable data out of that kind of stuff?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Chris, the new folks are no different than the new folks a year ago or two or three years ago. In other words, what we're tracking is that 50% of the customers coming in are -- never used self-storage before. Just like a year ago, and two years ago, five years ago. So the nature of the tenants don't seem to be any different. We are seeing just a slight slowdown in our vacates on a year on year basis, but it's just 1% or 2%. It's not enough to cause a trend. In all of our analysis of vacates after tenant increase -- rent increases, we have seen no change in the sort of rate of vacating as a result of various pricing increases. And you have to get prices going up over 10% before you see any demonstrable change in the behavior of tenants in terms of their move-out rate. And so as long as we keep our -- rental increases reasonably modest, it doesn't seem to impact our move-out rate. So you can raise some 8% versus 0%, and the move-out rate doesn't change, at least that's statistically what occurs.

Chris Pike - *Merrill Lynch - Analyst*

Okay. So there's no real difference, just one sample is a newer breed, and the older sample -- newer breed from last year.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes, there's no way to know that there's any difference in the new people than there was the new people a few years ago.

Chris Pike - *Merrill Lynch - Analyst*

Okay. Thanks a lot, guys.

Operator

And the next question comes from the line of Michael Knott from Green Street Advisors. You may proceed.

Michael Knott - *Green Street Advisors - Analyst*

Hey, Ken, and Kent, can you just provide a little color on the potential JV transaction that you are talking about bringing to market? I know you can't probably say too much, but can you just help us -- what rough size it may be, and do you view this more as an alternative source of capital, or do you see yourselves as incrementally moving even more towards the joint venture business model?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

It's more a source of capital for us, and it's also a way to upgrade our portfolio because -- and I really am not -- don't want to comment yet on the exact size of it, but it would be enough so that we would be able to have more capital to acquire and keep our leverage ratios not too far out of line, and it -- so it's a dual purpose. One is to increase the average portfolio quality of our wholly owned stores, and the other would be to give us capital for acquisitions. One of the things we have been doing is our acquisitions on average have been higher quality than the -- than our portfolio as a whole.

Michael Knott - *Green Street Advisors - Analyst*

Okay. That's helpful. And Karl, can you just give a little more color on -- I thought you made a comment earlier that you were expecting street rates and existing customer rates to merge later in the summer. Did I hear that right? Can you just provide a little more color on that thought?

Karl Haas - *Extra Space Storage, Inc. - COO*

Well, I think what I said was, we are hoping that we will get a little bit more traction on street rates later in the year. That -- we have been very aggressive on street rates, and part of it is -- and we're succeeding, we wanted to see an improvement in our square foot occupancy delta, and we have achieved some of that, and like in Detroit where we lowered rates a couple of years ago, we have now got the occupancy up and now have been able to bring rates back up. Our overall goal is to be able to get a little bit more push on the street rates as the year goes on. No real change in our strategy on existing customer rate increases.

Michael Knott - *Green Street Advisors - Analyst*

Okay. And then appreciate the disclosure on the rental and vacating activity. Can you just provide maybe one more data point? The 21,000 rentals, what percentage of total units in this same-store pool would that represent? And then what is the magnitude of the increase as you get into the busy leasing season?

Karl Haas - *Extra Space Storage, Inc. - COO*

I'm not sure we understand your question. If you look at the table, that's in the supplementaries, I think it's the same-store pool is in the table, isn't it?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

You're saying the 21 -- the 21,000 is actually -- is all -- it's 588 stores.

Karl Haas - *Extra Space Storage, Inc. - COO*

Is it 588 or 615? Well -- it's for comparable data? How many is it? Okay. It's 573 same-store properties of -- that are mature.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

It's the 211 stores it's more like in the range of about 7,000.

Michael Knott - *Green Street Advisors - Analyst*

I'll follow up offline.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Yes. Okay.

Operator

And the next question comes from the line of Mike Salinsky from RBC. You may proceed.

Mike Salinsky - *RBC Capital Markets - Analyst*

Good afternoon, guys. Real quickly going back to the joint venture you guys were talking about possibly forming. I'm assuming that would be only stabilizing property that you would be putting in there, and there's wouldn't be any development properties off-loaded into there, correct?

Karl Haas - *Extra Space Storage, Inc. - COO*

That's correct.

Mike Salinsky - *RBC Capital Markets - Analyst*

Okay. In terms -- in terms of the timing on that is, is that a second quarter event, or is that a second half of the year event? And --

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Karl Haas - *Extra Space Storage, Inc. - COO*

A second half of the year event.

Mike Salinsky - *RBC Capital Markets - Analyst*

A second half of the year event. Okay. Ken, in your comments you touched upon about 40 properties you had in the total pipeline right now. What is the total size of that in terms of dollar volume?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

The total is around $200 million, but the 40 would be over a three to four-year period of time.

Mike Salinsky - *RBC Capital Markets - Analyst*

Okay. So that's $200 million in addition to what you have shown for 2008 and 2009?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

No, that would be the total. So, it's -- because we have reported the $146 million for next year, and the amount for this year, so -- of $80 million , so -- sorry -- I'm going my math real quick, it's probably $300

Mike Salinsky - *RBC Capital Markets - Analyst*

Okay. So $300 million is what you said there. Then also in your -- in the guidance for this year, you added a disclosure you talked about $1 million to $1.2 million of tax expense related to the management company. Is that something new, or is that already included from the previous guidance that you were just clarifying right now?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

The amount -- the line item is not new. The amount is new -- not new, it's higher than what we had previously forecasted. Our tenant insurance business runs through our TRS and that business -- Karl and his team have done such an outstanding job that we we are now have to pay taxes, and we are monitoring that, and as we ended up last year, further ahead than what we anticipated, we used up any net operating loss carry forwards that we had, and as we did our tax returns, we realized that, well, any potential for having the tax expense for this year has increased higher than what we had originally anticipated, a small amount.

Mike Salinsky - *RBC Capital Markets - Analyst*

Okay. Then finally, just -- in -- just looking in general at the tenant right now, the tenant base. Are you seeing any -- I mean, the tenants becoming a little bit more price conscientious, are you still pushing along pretty good increases? I mean what is kind of -- what are you hearing from the tenants rights now, essentially?

Karl Haas - *Extra Space Storage, Inc. - COO*

Well, it's -- we don't necessarily depend on, the ad hoc comments, it's -- our revenue management group is constantly monitoring, on a -- the data from all of our existing customers, watching the rate increases, and -- we -- I guess every quarter, we have been getting reports from them, and we really haven't seen any change. The reaction -- people move out when they are ready to move out, and our rate increases don't seem to be impacting or -- accelerating their decision.

Mike Salinsky - *RBC Capital Markets - Analyst*

Okay. Thanks. That's helpful.

Operator

And the next question comes from the line of Buck Horne from Raymond James. You may proceed, sir.

Buck Horne - *Raymond James - Analyst*

Hi, good afternoon. Could you just mention what was your insurance penetration rate on tenants at the end of the quarter, and what is a reasonable goal you think you can get to by year end?

Kent Christensen - *Extra Space Storage, Inc. - CFO*

I'll jump in on this one before Ken does. We're currently at about 38%. We started -- we ended last year at about 34%, and we're over 90% of new customer penetration. Our goal for the year, right now is about 40%. Ken thinks that goal may be a little bit low, but -- and we very well may exceed it. But our goal for the year is 40%.

Buck Horne - *Raymond James - Analyst*

Okay. Great. And maybe just as -- a bigger picture question, when you are measuring the performance of a certain regional markets and you are looking at how they were performing, it just seems to me that -- there seems to be some markets, like Detroit, like Columbus, a few others out there, that -- where foreclosures are happening, but those are more likely to be sub prime or primary residences where people are actually living, and then of course you have markets like West Palm or Phoenix or Vegas or other places where you had a lot of investor speculation in housing, and the foreclosures are happening to vacant units. What are your thoughts on that trend? And on balance, do you still think foreclosures is just a nonissue for you guys?

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Well, I can't say it's a nonissue. First of all, I don't have a thought of that distinction of those different kinds of foreclosures. I think that the fact that we're doing well in Columbus, and we're doing well in Detroit, and we're not doing as well in Stockton, California, and in the San Bernardino areas, is an indication -- isn't an indication of anything, except that the economies are weaker in Stockton and San Bernardino. I don't think we really have an answer for you with respect to the correlations --

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Buck Horne - *Raymond James - Analyst*

Yes.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

-- like that. I really don't have. And I think one of the interesting things is it's probably less correlated than everybody wants to think it is.

Buck Horne - *Raymond James - Analyst*

Yes. Okay. Thank you very much.

Operator

And the next question is a follow-up question from Jordan Sadler from Key Bank Capital Markets. You may proceed, sir.

Todd Thomas - *Key Bank Capital Markets - Analyst*

Hey, guys, it's actually Todd Thomas on just a quick follow-up. Can you give a little more color on the Florida market. What you are sort of seeing in terms of demand? And what the overall environment is like? And also how long you think it will take to sort of bottom out and start to rebound.

Karl Haas - *Extra Space Storage, Inc. - COO*

Okay. I'll take a crack and -- this is Karl -- and then I'll let Ken follow up. But West Palm Beach is -- the West Palm Beach and West Florida continue to be the worst. We feel like we're hitting the bottom, but it's hard to say. There -- I mean -- West Palm Beach especially, just seems to have a lot of -- you just had a lot of bad things happening there. Surprisingly, Miami and Fort Lauderdale, where there's a lot of news about the -- all the empty condos and things like that, we haven't been hurt as badly there as we have in West Palm Beach and on the west coast. As far as recovery, I mean, I think we all believe that Florida will be a good market for us in the long term. We're continuing to develop there, and the dynamics are there, that in the long run, it should settle down, and the good news is there's not a lot of new product coming on board.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

I think that -- it appears to me -- it is kind of bottoming out, because if you look at the year on year numbers they are not as bad now as they were one quarter ago. Revenues are for the 53 Florida properties down 2.7%, occupancy is down to 1.6%. It seems to have stabilized in Tampa, where revenues are up .6%, and occupancy is up .2%. Miami is down 2.1% in revenues, and occupancy down 1.6%, but I think that's an improvement over where it was just one quarter ago. So I would say we probably have bottomed out, and that we're probably going to see a gradual upturn right now.

Todd Thomas - *Key Bank Capital Markets - Analyst*

Okay. All right. Thanks a lot.

Operator

And at this time we don't have any further questions in the queue. I will turn the call back over to management.

Kenneth Woolley - *Extra Space Storage, Inc. - Chairman, CEO*

Okay. Thank you very much for listening to the conference call, and being interested in our company. We welcome all of you as shareholders and analysts, and we would be happy to talk to you individually when you would like to, and we look forward to talking to you again in the next quarter. Thank you.

Operator

Thank you, ladies and gentlemen. This concludes the presentation for today. You may now disconnect.
