22-Feb-2012

Franklin Street Properties Corp. *(FSP)*

Q4 2011 Earnings Call

CORPORATE PARTICIPANTS

Scott H. Carter
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Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

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OTHER PARTICIPANTS

Tom Hackett
Senior Vice President, Capital Investment Counsel, Inc. (Colorado)

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Jeffrey Lau
Analyst, Sidoti & Co. LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Franklin Street Properties Fourth Quarter and Year-End 2011 Results Conference Call. All participants will be in listen-only mode. [Operator Instructions] Please note, this event is being recorded. I would now like to turn the conference to Scott Carter, General Counsel. Mr. Carter, the floor is yours, sir.

Scott H. Carter

EVP, General Counsel & Assistant Secretary, Franklin Street Properties Corp.

Thanks and good morning, everyone. Thank you for joining this call. With me this morning are George Carter, our Chief Executive Officer and John Demeritt, our Chief Financial Officer. Before I turn the call over to John, I must read the following statement.

Please note that various remarks that we may make about future expectations, plans and prospects for the company may constitute forward-looking statements for purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in the risk factor section of our annual report on Form 10-K for the year ended December 31, 2011, which is now on file with the SEC.

In addition, these forward-looking statements represent the company's expectations only as of today, February 22, 2012. While the company may elect to update these forward-looking statements, it specifically disclaims any obligation to do so. Any forward-looking statements should not be relied upon as representing the company's estimates or views as of any date subsequent to today.

At times during this call, we may refer to funds from operations or FFO. A reconciliation of FFO to GAAP net income is contained in yesterday's press release, which is available in the Investor Relations section of our website at www.franklinstreetproperties.com.

Now, I'll turn the call over to John. John?

John G. Demeritt

Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

Thank you, Scott. Welcome to our earnings call. We're going to be talking with you about our fourth quarter and year-end results and we'll start with a short overview. Afterward George Carter, our CEO, will further discuss 2011 on FSP.

I'm going to be brief and will be referring to our earnings release, the supplemental package and the 10-K that were filed last night. As of year-end, we had cash of $23.8 million and $151 million in availability on our line of credit giving us about $175 million in liquidity.

At 12/31, we had $449 million in unsecured debt and our total market cap was about $1.3 billion. We only have unsecured debt on our balance sheet and our debt to total market cap ratio was 35.2% at December 31. This leverage ratio continues to provide an attractive loan-to-value for our lenders and affords our shareholders a significant and more conservative equity investment in our real estate.

On the income statement, we measure our performance with some key drivers which we've talked about before and include FFO and gains on sale of assets as well as the total of those two combined. FFO for the fourth quarter of 2011 was up about $1 million compared to our fourth quarter last year.

We acquired a property on September 30 and another one on October 6, so there was a meaningful contribution from both of them during Q4. We also had the benefit of new leases signed over the last few months over leases that had expired. Also included in the fourth quarter were termination fees of about $325,000, but we also had $379,000 in restructuring charges related to the activities with the investment bank.

FFO for the full-year was $4.3 million ahead of 2010, which is about $0.03 per share for an increase. During 2011 we acquired five properties and we did sell two. We also increased occupancy about 3.1% during 2011 to end the year at 88.7% leased. These were factors in the increase in FFO this year compared to last.

As far as GOS is concerned, our gain on sale of our assets, we sold two properties this year. We had a total gain on sale of about $21.9 million or $0.27 per share and didn't sell any properties in 2010. When combined with FFO, our total profits therefore were $93.1 million or $1.14 per share this year compared to $0.84 in 2010.

So that's a brief overview of our financial performance, the earnings release supplemental and 10-K filings is going through a lot more detail about our results and we can also take more questions at the end if you want to discuss things further.

So this concludes financial highlights and at this point, our CEO, George Carter will tell you more about FSP results and where we are. Thanks for listening, George?

George J. Carter

Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

Thank you, John. Welcome to Franklin Street Properties fourth quarter and full-year 2011 earnings call. I will follow my written comments in our earnings release last night trying to put a little more detail in perspective to them in this call.

For the fourth quarter of 2011, FSP's profits as represented by FFO totaled approximately $18.5 million or $0.22 per share, an increase of approximately $2.1 million or $0.02 per share compared to the third quarter of 2011.

For the full-year 2011, FSP's profits as represented by FFO totaled approximately $71.2 million or $0.87 per share, an increase of approximately $4.3 million or $0.03 per share compared to full-year 2010.

For the full-year 2011, FSP's profits as represented by FFO plus GOS, that's gain on sale, totaled approximately $93.1 million or $1.14 per share, an increase of approximately $26.2 million or $0.30 per share compared to full-year 2010.

On a fully diluted per share basis, FFO increased by about 3.8% in 2011 while profits as measured by FFO plus gains on property sales or GOS increased by about 36%. In the past, we repeatedly referred to 2010 as our hump year and commented that we anticipated that 2011 would be the first year of profit increases since the economic downturn in 2008 and so it proved to be.

The one caveat to the 2011 forecast of a turn up in profits was that the economy would not sidetrack us by experiencing another significant downturn or double dip. In fact, the U.S. economy did experience sort of a mid-year stall that clearly slowed down FSP, as well as many other owners of commercial real estate. However lately, many metrics are looking better for the general economy and a true double dip appears to have been averted at least for the time being.

For FSP and most other suburban office owners, we believe that the possibility of significant future rental growth in our existing portfolio and more generally in most suburban office assets will be directly tied to U.S. employment growth.

At the end of the fourth quarter of 2011, the suburban office vacancy rate in the U.S. stood at a disappointing 19.6%, while FSP's vacancy rate stood at 11.3%. We believe that the fundamental delevering of a U.S. economy that that generated much of its previous growth with too much debt capital has not yet been accomplished.

We also believe that broad-based sustainable and meaningful U.S. employment growth has been much slower to get started since the technical end of our country's recent recession when compared to other past cyclical recoveries. Profit growth in FFO for Franklin Street Properties in 2012 is likely to be affected primarily by two factors: one, occupancy levels in the existing portfolio; and two, additional real estate investments that are accretive to FSP's cost of capital.

We believe that longer term profit growth and broad-based office value appreciation are not likely to occur until rental rate growth and net operating income have sustainable demand driven advances generated by higher employment and the corresponding need for more office space. We do expect to continue to grow our profits in 2012 over 2011 levels.

During 2012 FSP will continue to focus on increasing occupancy in its existing portfolio of office buildings. We experienced a high level of tenant lease rollover and vacancy in 2009 and 2010 within a relentlessly weakening overall office leasing market. Occupancy in the FSP portfolio dropped from approximately 93% to a low point of approximately 82% during that timeframe.

Along with generally stabilizing rental markets during 2011, we succeeded in raising overall occupancy in our portfolio to 88.7% as of year-end 2011 and up from 88.1% as of the end of the third quarter of 2011. In addition, we have only 4.1%, 6.3% and 6% of tenant lease expirations scheduled for 2012, 2013 and 2014 respectively. We have as our objective to move overall occupancy levels to the 90 plus percent range during 2012.

There was one new real estate investment completed in the fourth quarter of 2011 for a total initial capital contribution of approximately $76.2 million. The investment is a two-year bridge loan secured by a first mortgage on a CBD office/retail property in Minneapolis, Minnesota. The property is owned by FSP 50 South Tenth Street Corp, a single-asset-REIT affiliate of FSP.

The loan also includes a revolving line of credit component for up to $30 million to be used for lender-approved tenant improvement costs, leasing commissions and other incentives necessary to lease space at the property. Consequently, the total loan commitment amount is $106.2 million. The property is a 12-story Class A multi-tenant office/retail property, built in 2001, containing approximately 499,000 rentable square feet of which approximately 90% is office space.

FSP sponsored the syndication of the shares of preferred stock in FSP 50 South Tenth Street Corp. between November 2006 and January 2007. The property has maintained an average occupancy in excess of 98% over the past five years and, as of December 31, 2011, was approximately 98.8% leased. The property is located between and connected by a sky-bridge directly to the Target Corporation and U.S. Bancorp corporate headquarters buildings in downtown Minneapolis.

FSP has four office properties in the greater Minneapolis area, either owned directly or through affiliates, totaling approximately 1.4 million square feet. We believe that 50 South Tenth Street loan to be one of the best risk/reward adjusted real estate investments we have ever made. The opportunity was afforded to Franklin Street Properties by our original sponsorship of the 50 South Tenth Street syndication five years ago and our intimate and proprietary knowledge of the situation of the property gained to the assets management by FSP since that time.

During the fourth quarter of 2011, we completed the full $62 million subscription of our private placement offering, FSP Union Centre Corp., which began in March. On December 15, 2011, we announced that FSP Investments LLC, our broker-dealer subsidiary, will no longer sponsor the syndication of preferred stock in newly-formed single property companies.

FSP Investments LLC may sponsor other types of real estate investments in the future. FSP will continue to manage all the affairs of the 16 existing single property companies that sit outside of FSP. And FSP has meaningful equity and first mortgage loan investments in many of these entities and receives ongoing asset management fees from all of them. Original capitalization of these 16 single property companies was in excess of $900 million.

We believe FSP continues to be in an excellent position to achieve meaningful long-term profit growth. Our company will continue to use its capabilities and strong balance sheet to take advantage of competitive tenant leasing requirements and attractive real estate investment opportunities that are presenting themselves as a result of the current cyclical softness in the economy and certain commercial property markets. We are very much looking forward to 2012 and beyond.

With that, I would be happy to open it up for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. We will now being the question-and-answer session. [Operator Instructions] The first question we have will come from Thomas Hackett of Capital Investment Counsel. Please go ahead, sir.

Tom Hackett
Senior Vice President, Capital Investment Counsel, Inc. (Colorado)

Q

John and George, good morning. Did FSP receive a one-time benefit on the 50 South Tenth Street financing that was recorded in 2011 sometime in the fourth quarter and will there be some ongoing benefit from that loan over and above the cost of your funds?

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

Yes Tom, this is John Demeritt. It was part of the loan we received a 1% commitment fee upfront that we received in cash which is about $762,000 the accounting rules have us amortize that into income over the period of time we have the loan, so it's not in our fourth quarter numbers to any degree we might have amortized two days of that fee into 2011. And we have a 50 basis points approximately exit fee at the end of this loan that we'll get when that loan is repaid, so that's about 1.5% above the stated rate of about 6.5%. So, on a two-year loan, I'd say the return is about 7.25% if you want to look at how it affects us in 2012 and beyond.

Tom Hackett
Senior Vice President, Capital Investment Counsel, Inc. (Colorado)

Q

All right. Secondly, you are now 32% leveraged George talks about buying more properties, do you expect to increase that leverage by borrowing more money going forward above the 32% that you currently have?

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

We are actually 35.2% the way I have it calculated, but maybe George might want to talk about acquisitions and what have you.

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

Yes, Tom, I think we could definitely go up in leverage for a short period of time. Again for longer periods of time, I think our leverage will stay modest and I think it'll stay in the 20% to 30% area over long periods of time. But there may be short-term opportunities that are leveraged could spike up to the 40% plus level, I don't see it any higher than that.

Tom Hackett
Senior Vice President, Capital Investment Counsel, Inc. (Colorado)

Q

Thank you.

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

Well, thanks, Tom.

Operator: The next question we have comes from John Guinee of Stifel, Nicolaus.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Hi, John Guinee here. Let me drill down a little bit more on the 50 South Tenth Street, first, a big picture appears to me that your loans to affiliates now represents a little over 10% of total enterprise value, is that a correct number?

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

I don't know, how you calculate total enterprise value, John, but it's certainly a substantial amount.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

But basically your equity cap plus your debt comes out to about $1.3 billion and your loan to affiliates is about $140 million. So you are a little over 10%, what do you see happening there, is that a max out or do you see that increasing?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

This is George, John. Our loans to affiliates are just on a property by property basis. They are wonderful investments for us. They match short-term with sort of nature of our line, most of them other than 50 South Tenth Street, our real loan-to-value type loans are much better than – much better risk/reward adjusted for timeframes in any place else we can get a return, we know these properties intimately and on a property by property basis. If the entities that own those properties require financing we would consider them at any time. At the present time we don't have any additional plans to make loans, but additional loans, but additional loans could be in the future if they made sense for FSP.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay. So on 50 South Tenth Street, just drilling down a little bit. It looks like there was a $76 million BofA loan, $70 million worth of equity syndication proceeds, $146 million, about $292 a foot. The BofA loan matured. What was your options with BofA to rebalance that loan, pay it down a little bit or extend it with BofA and then what other things did you look at on this particular asset?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

So this is sort of a view from 10,000 feet and it's, again we have to be a little careful here in that 50 South Tenth Street Corp. is a public reporting company and so it's under all the rule Reg FD and all that sort of stuff. So I want to try to give you again a little bit higher view of this, but it's not much different I think than many other people find themselves in today with office buildings.

We bought and syndicated this building 2006, 2007 and took out a fairly high loan-to-value at that time, about 60%, which again for FSP particularly back in that time would have been of extremely high leverage. We didn't really have much of any leverage back then. So here is a single property. We took out a 60% loan-to-value. It was a five year loan with BofA, five year loan, interest only.

And the lo and behold you go through this downturn. The property is just a magnificent piece of real estate, performed beautifully over the timeframe, always 98% or better occupied during the timeframe, pays big dividends to the 50 South Tenth Street shareholders. But as you got to the maturity of the BofA loan, again with the downturn, we talked to BofA, 50 South Tenth Street talked to BofA to see if they would be interested in extending the loan and like the most lenders they said, well, now the loan-to-value has potentially changed to where we wouldn't want to extend the loan for that amount.

And on 50 South Tenth, there was a specific issue which affected that loan-to-value and that was that about half of the square footage of that property is leased to between a sublease and a primary lease is leased to one company, the Target Corporation. And those leases expired or do expire in about two to three years. So when you look at the possibility of the office space portion of this property going 50% vacant, if you don't release that space, that same 60% loan-to-value that was given five years ago is not available today at least from a conventional lender.

And so the 50 South Tenth Street board, knowing this was the case, early in 2011 commissioned a survey from a third party to check out all possible lenders to replace this loan. And 50 South Tenth Street commissioned a survey, got its survey of over 30 lenders, most of these lenders are what you would call sort of unconventional lenders, some of the names are big names, but they have sort of an unconventional monetary component to some of their lending capabilities.

And the survey sort of priced out where you might be able to do a bridge loan of the type that FSP provided and so for the 50 South Tenth Street shareholders, the average of all of that survey was exactly what the market rate was, market terms were and FSP thought that was a great loan because we really know this property and know what the potential is to lease that 50% of that space on a longer term basis.

Again, it's leased fully for the next couple of years. So you are only talking about a longer term – longer term extension to put the loan-to-value back in its proper perspective. So FSP was more than willing to make that loan based up on 50 South Tenth Street's commission of a survey to determine what the potential lenders would be and what rates they might charge.

John W. Guinee Q
Analyst, Stifel, Nicolaus & Co., Inc.

So of the 30 lenders the average outs – the average loan was $76.2 million and the average interest rate was 6.5% plus fees?

George J. Carter A
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

That's correct.

John G. Demeritt A
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

Yes.

John W. Guinee Q
Analyst, Stifel, Nicolaus & Co., Inc.

And so what you're telling me is, someone's willing to lend a $152 a foot on a low raise building in the Minneapolis CBD that may go to 50% leased in about 24 months and that same lender is willing to write a check or have an accordion feature of the loan of $30 million which gets you up to $212 a foot in the Minneapolis CBD?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

Yes, the $76.2 million was the loan amount that 50 South Tenth Street commissioned the survey for, which again is about $152 a square foot which is a fantastic price for a CBD building in Minneapolis. The $30 million revolver again is only used if in fact you get a lease extension or new tenants in the property in other words it's only used if you're going to extent the rent period so that's a different sort of pile of money, but it's in the same loan as a revolver on top of the $76.2 million, but the answer to your question is, yes.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

In this day and age a lender was willing to spend $76 million or $152 bucks a foot, so why didn't – why would FSP make this loan, you're not really in the lending business, you're in the equity investment business?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

No, John, we're in the lending business too. We're in the real estate business and we do lots of different types of real estate business. We've been making loans for a lot of years, it's part of our income. This is a wonderful real estate investment. We are willing to make this, we wanted to make this, because we think it's one of the best risk/reward adjusted investments we've ever made.

When managing this property for five years, we really believe that we will be able to recoup all of our loan, a fantastic interest rate on a short-term loan and the future value of that property will give tons of flexibility in terms of financing out with a more traditional third party long-term loan or an outright property sale.

This property is located in really one of the best locations in the whole Minneapolis CBD, it's right on Nicollet Mall, which is not a mall the way you think about it. It's a street. And it's the only building that is connected directly by skyway to Target's world corporate headquarters. And most of the other tenants in the building, Target is the tenant that has the 50% position on the building. And again Target's headquarters is right next door. Target's flagship retail store is actually part of our building, we don't own that store, it's separately deeded.

But if you know with Bentonville, Arkansas with Wal-Mart or any of these big retailers, the vendors who want to sell their goods to Target to carry in their stores want to be as close as they can to Target. And so the rest of the space is basically links to vendors and vendors are all over Minneapolis and they have a great desire to be in that property. So, even if Target were not to extend, we feel very, very confident that vendors would come in there quickly and efficiently and then make good value of their property and our loan.

In fact, Target has a made a real commitment to downtown, they actually purchased the land and older building right across the street and again, with all of our discussions with Target with their purchase of the Canadian outfit, I believe it's called Zellers. If you look at their plans for employee growth, it's significant and we believe their commitment is to downtown and believe this property figures into their commitment.

And it is that knowledge, it is that unique proprietary knowledge that you can only gain by owning and managing a property for the time that we owned and managed it. That gives us the insight into the value of this loan which we just think is extraordinary. We think it's one of the best investments we've ever made.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

And Oracle or Target's lease expires 3/31/2014, your loan expires 12/31/2013?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.
A

Right.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

Your loan matures 90 days before the lease expires?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.
A

Right.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

So, I guess the intent is that you have a new lease recast?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.
A

That's the intent.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

And if you don't have a new lease recast, what's the building worth relative to your $76 million loan?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.
A

I think a whole bunch more.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

Half leased, no cash flow?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.
A

I think a whole bunch more.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.
Q

I need to go on record, George, this feels like a really good deal for your single asset REIT, but not at all the business you should be in.

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

Well, John, I don't think it's your job to tell us what business we should be in. We are in the real estate investment business. this is a great real estate investment. If you don't think so, that's your business, but our business is real estate investing and this is one of the best investments we've ever made for our shareholders.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

How many other publicly traded office REITs are making two year bridge loans that mature 90 days before a building has the potential to go 50% occupied?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

You know that better than I would.

John W. Guinee
Analyst, Stifel, Nicolaus & Co., Inc.

Q

I do, that's my issue. All right thanks.

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

You're welcome.

Operator: The next question we have comes from Jeff Lau of Sidoti. Please go ahead.

Jeffrey Lau
Analyst, Sidoti & Co. LLC

Q

Hey, good morning. Just, I guess I'm going to back up and just more on a general perspective. How would you, I guess, can you put it into words a little bit more how you viewed the suburban office market in 2011 and how that's going to kind of compare to 2012 and how it's going to affect the company?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

A

Hey, Jeff, good morning. In 2011, we generally saw in all of our markets truly what you would call a broad-based stabilization of both occupancies and in generally ground levels. Now again it varies from market-to-market somewhat and it varies certainly from submarket to submarket somewhat. But broadly speaking, we think we've bottomed on at least the markets where our suburban offices are in. And I think probably suburban office in general has bottomed.

Now depending on where your leases were originally written and when they expire, you could still have some rent roll down. We've had a lot of ours expire. We've had, we've taken our business roll downs and as we don't have much lease roll or expiration coming in the next three years. So if you're in a stabilized market which we are in, and we don't have a lot of lease roll and we have an opportunity I think for increased occupancy and somewhat increased rental rates in some of our markets on some of the leases that are expiring. Some will still roll down a bit.

But I think the question for us and I think for every, probably every suburban office owner is what is the pace of climb out here. I mean you're still almost 20% vacant nationwide in suburban office. And there is only one way that you climb out and that's via employment growth and demand. And until you can get sort of general vacancy across the country down into that 10%, 12% level, it's hard to push rents at all. So I think looking forward for FSP, the FFO growth is really going to come primarily from increased occupancy rather than current leases that are rolling in terms of rental increase and obviously increased property investments that are accretive to our cost of capital.

So looking at 2012 and believing that you probably still have a fairly sluggish climb out of the recession and fairly sluggish employment growth, again although statistics have been somewhat better recently, you should look I think for occupancy increases at FSP and property investments at FSP to push the FFO or profit growth.

Jeffrey Lau Q
Analyst, Sidoti & Co. LLC

And would you say that the negotiations I guess on new leases, are they easier in certain regions, harder in certain regions at all, or is it fairly similar?

George J. Carter A
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

No, it can vary quite a bit. I mean there are markets, for example, one of the markets in Texas we are in is Houston. And the sub-markets that we are in in Houston in properties that we are in are actually fairly hot right now. I mean, Houston is energy driven and there is tightness in Energy Corridor and energy related areas. You can go over to Dallas, another Texas market that we are in and certain sub-markets in Dallas actually are still very slow and very, very tough. So there is difference between cities, between sub-markets. I mean, in Greater Dallas, if you go up to far north Dallas, that market is actually really strong right now. If you go over to the Las Colinas market in Dallas, that market is still very weak. So within the same metroplex you have huge differences in dynamics.

Jeffrey Lau Q
Analyst, Sidoti & Co. LLC

Okay, great. And what's last, I guess in terms of financing availability or like the credit facility, what's left on it?

John G. Demeritt A
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

We have about $151 million left on the $600 million line that we have currently and the banks have expressed their willingness to do some other types of debt transactions with us if we were interested in doing that.

Jeffrey Lau Q
Analyst, Sidoti & Co. LLC

When does that – the maturity date on that facility, did you guys just recently restructured that or is it?

John G. Demeritt A
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

That one matures in – with the one year extension option.

Jeffrey Lau
Analyst, Sidoti & Co. LLC

Q

Is it 2014?

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

Yes.

Jeffrey Lau
Analyst, Sidoti & Co. LLC

Q

Okay.

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

With a – I think and has a one year extension feature to it that we can take it out another year to 2015.

Jeffrey Lau
Analyst, Sidoti & Co. LLC

Q

All right, thanks.

John G. Demeritt
Chief Financial Officer & Executive Vice President, Franklin Street Properties Corp.

A

No problem, Jeff. Thank you.

Operator: At this time, we will go ahead and conclude the question-and-answer session. I would now like to turn the conference back over to George Carter for any closing remarks. Mr. Carter?

George J. Carter
Chairman, President & Chief Executive Officer, Franklin Street Properties Corp.

We'll just thank everyone for tuning into the earnings call and I look forward to speaking to you all in the next quarter.

Operator: And we thank you, sir, and to the rest of management for your time. The conference is now concluded. We thank you all for attending today's presentation. At this time, you may disconnect your lines. Thank you.