



## **Hudson Pacific Properties | Citi - 2024 Global Property CEO Conference | March 4, 2024**

Michael Griffin:

Welcome to the 11:00 AM session at Citi's 2024 Global Property CEO Conference. I'm Michael Griffin with Citi Research, and we're pleased to have with us Hudson Pacific and CEO Victor Coleman. This session is for Citi clients only. If media or other individuals are on the line, please disconnect now. Disclosures are available on the webcast and at the AV desk. For those in the room, or the webcast, you can go on [liveqa.com](https://liveqa.com) and enter code GPC24 to submit any questions if you do not want to raise your hand.

Victor, we'll turn it over to you to introduce HPP and the team, provide any opening remarks, and then we'll get into Q&A.

Victor Coleman:

Thank you for having us, Michael, and thank you for the conference. With me today is the HPP Senior Management Team. To my immediate left is Mark Lammas, our president, to my immediate right is Harout Diramerian, our CFO. Executive vice president in charge of marketing and investor relations, to the right of Harout, is Laura Campbell, and Art Suazo, EVP of leasing, is to the left of Mark.

I'll just start off by giving a little bit of a landscape as to where we sit, being that we're a West Coast office REIT that combines office and then studio, and our studio component portfolio stems beyond just the West Coast, it's obviously on the development side and operating businesses around our transpo. As we see a ramp up in the studio business services post the strike, our development opportunities are going to drive some form of additional external growth in the portfolio. We're also going to see significant increase in stabilization as we enter the second half of this year in the production for, not just production, but also from our ops businesses, and we're very confident that we're online for that. It was a slow start, given when the strike ended, and then it was finally settled and voted on a ratified in December. But starting this year right now, we're seeing a month-over-month increase in holds, demands, and activity in our entire portfolio.

Given that we're on the West Coast and the office market is now seeing somewhat of a shift and we're seeing some growth in tech, specifically around AI in San Francisco, but also normalized fire related tenants are coming to the table and we're negotiating a whole host of opportunities around leasing, we can get into that conversation as well. But the Silicon Valley marketplace has been our strongest tenant absorption area, followed by Seattle and then San Francisco.

Our portfolio in Los Angeles currently is almost 100% leased, so we're not seeing a tremendous amount of activity, but the reality was the strike in the entertainment business affected all businesses in Los Angeles, and now we're seeing that hopefully turn to a positive demand and increase in entertainment and media related businesses. Lastly, for those of you who have not noticed, we did some capital transactions last year to the tune of almost a billion dollars plus in sales, and we've now currently got over a billion dollars of liquidity in the portfolio, and we ended up right sizing our metrics around our leverage, and as a result, we just posted a deck today, which you can get online and you'll see are all updated for this conference and going forward.

So with that, Michael, I'll let you shoot off some questions, and the team and I will attempt to address them.

Michael Griffin:

Great, thank you so much. The first question we're asking in each of these round table sessions is, what are the top reasons investors should buy HPP stock today?

Victor Coleman:

Yeah, so first and foremost, I think we're known office, we're known media, and entertainment and studio related. We're the only institutional studio ownership in the country. And as a result of that, we're also the only public company that's studio related. When you come through a timeline like we've just done, which is really a once in a lifetime strike, that all things collided at the same time. As a result of that, your upside is massive. I think we're very conservative as to where we think our future growth is going to be, and a stabilized basis on the studio. So the post-strike demand is something that we're laser focused on. We own 70+% of the market share in the transpo business, and as a result of that, production is something that we're very laser focused on.

Secondarily, with tech and AI reverting back from its high levels to delivering now what I think has been more of the right sizing from an employment standpoint and downsizing, in some instances, we're seeing positive growth around that. And as I mentioned in my prepared remarks, we're also seeing positive growth on the ancillary fire related businesses or tech related businesses. And to date, our pipeline is as high as it's ever been. On average, we have a pipeline of about a million and a half square feet. We now have a pipeline approximately 1.9 million square feet, and so we're seeing averages pre-pandemic.

And lastly, I think quality of portfolio is such that has proven out, if anybody looks at... Office has not been in anybody's radar in terms of something positive, but what we have seen consistently on the positive side is the quality of real estate prevails. In San Francisco, we own one of the nicest buildings in the city, and we're getting the highest rents in the city in that asset. That doesn't come because the marketplace is delivering that, it's because of the quality of the assets. And it's the same in Seattle, it's the same in Vancouver, which is our highest occupancy, highest growth marketplace in our portfolio there, and really has been consistently in the low 90% occupancy throughout the pandemic and throughout the most recent, the downturn as well from the work from home. So that being said, I think the upside potential in the company currently today, given where we're at and where our growth prospects are and our future aspects around cashflow, it's a great time to invest with Hudson.

Michael Griffin:

Maybe we'll start with the studio platform first. You mentioned the Hollywood strikes being in the rearview mirror and production starting to ramp back up. And how quickly do you expect the Kioti

businesses to reach stabilization, and where could you see the platform growing over the next few years?

Victor Coleman:

So right now our portfolio in Kioti and Sunset, which is the Opco, and then the bricks and mortar businesses, currently have holds on almost all of our stabilized asset level related cash flow businesses. And so what a hold is that they're waiting for green lighting on assets on production to be approved by the production companies. So we always said we'd see some form of a normalized production level second half of '24. The number of productions in Los Angeles right now is about 30% below where it was overall, but that is already garnered to be stabilized by May or June to be at where it was. Interestingly enough, because of the strike on both the actors and the writers' standpoint, we were flexible in the ability for us to take our transpo and operating businesses and look at other live entertainment aspects. And so when we have a normalized stabilization of mid-fifties to 60% of all of our equipment business, now we've enhanced that to include live shows. So we are running out for Coachella and Stagecoach this month, we're sending over 100 vehicles out for that.

We're going to see that pickup on live production, onsite location shoots and the likes of that. So we're pretty comfortable with the second half of the year being normalized. It could happen sooner, but we're not projecting it. It's only a matter of a few months. And so we believe that the production will be up and running. Our largest tenants, which are the Netflix, the Disneys, the Amazons, the Apples of the world, have maintained their budget for production for 2024, that they were going to produce content to where it was stabilized in '22. So as an example, Netflix has come out and said, "We're spending \$ 17 billion this year," that's what they're going to spend. So it's going to permeate throughout the business and we're going to be a benefactor of that.

Michael Griffin:

And do you expect that to continue in the near and medium term, these streaming services committing to spend capital on new TV shows and movies?

Victor Coleman:

100%. The numbers are over \$300 billion in production and nobody's come off those numbers.

Michael Griffin:

And can you remind us how the leasing for the studio business works? Is it a show by show basis or do these media companies typically sign longer term

Michael Griffin:

Contracts.

Victor Coleman:

It's a case by case for each sound stage in each studio. On the Sunset portfolio that we have in Hollywood, on our Sunset Gower and Sunset Bronson Studios, we have long-term leases that go to 2031. Effectively, for all of those stages, we have some long-term leasing on production companies at our Las Palmas studios. We are seeing a demand on our new product, which is Sunset Glenoaks, which is our new seven-stage facility that is completed by April of this year, for long-term leasing on a show by show basis. That is where we see more of our Quixote sound stages, and the demand around that has been

show by show. Mark can comment on the numbers, but I believe that we're making more money on a show by show. We always have, but then the comfort level of having a tenant in place long term, versus the cash flow and then maybe the downtime. On average, we're seeing a fundamental shift on smaller one, two off, three off productions on a show by show, but on a captivity basis for the entire studio, we're seeing still the demand for quality purpose-built facilities for long-term leases.

Michael Griffin:

What does the competitive landscape for the studio, either real estate or operating business ... What does that competitive landscape look like given you're the only player in the public space with a sizeable studio presence?

Victor Coleman:

There are really very few players in the marketplace. Of size, there's really only one other than us in terms of operating skills and expertise. There is only one other ownership in the landscape. There have been several, one-off production facilities that are either converted or looking to be ground up. I think a lot of those have been put on hold, given where the cost of capital is and where the debt markets are. It's still a predominantly secure marketplace for us to expand and grow and still be the leader or a leader in that marketplace. I think our comfort level with competition is not something that concerns us at this moment.

Michael Griffin:

We just had a question come in from live QA. Has there ever been a consideration to spin out or sell the studio business and then use the net proceeds to deliver or buy back stock?

Victor Coleman:

Sure. There's always opportunities in conversations and strategy sessions around spinning out or rolling it into another entity and distributing it through stock or some sort of subclassification. We'll always entertain that if it's the right decision.

Michael Griffin:

Just touching on development opportunities, you highlighted the recently announced one in New York. I believe you also have one over in the UK as well. Expanding your studio presence into other markets, why did these developments make sense, and could we see Hudson expand into even more markets in the future?

Victor Coleman:

Well, each case is different. We currently have three development opportunities. One, as I said, is our Sunset Glenoaks, seven sound stages, that is completed this quarter or next. That will be a best-in-class, first purpose-built facility since I think 1980, right around 1980 or 80 ... Sorry, 1989. The demand for high quality facilities is extremely popular right now. We have a unique opportunity with Vornado and Blackstone and us building our Sunset Pier 94 Studios in Manhattan. It will be the only purpose-built facility in Manhattan. We're just in the process of that development opportunity, and already the demand and interest level from multiple tenants to lease it a hundred percent is better than anything we've seen.

Our London opportunity is within the 35-mile radius of production of London, and so that's effectively their equivalent of the TMZ. It's a spectacular piece of property that is, as I said, close into the city. The competitive landscape in London was a lot more prevalent prior to the downturn and then the strike. As a result of that, we're one of the only players that potentially could build there or have decided to evaluate building there. Overall, I think our asset quality on development is best in class, that all three of those facilities are purpose-built. Are we looking at other aspects of development? I think we're looking at all aspects of expanding that portfolio with our partner in Blackstone. The demand and interest and level of our understanding of where we think that business is going to go will enable us to maintain us being not just an interested, but a top player in that business and industry.

Michael Griffin:

Maybe now switching over to the office portfolio. With the headwinds facing the office macro environment broadly, how has Hudson differentiated from the competition in terms of portfolio composition, tenant makeup, or any other growth opportunities?

Victor Coleman:

I think it's no different than what I was just talking about on the studio side. Best in class has proven out in the office, no matter where you are or what you have, to be higher and better producing content of demand for leasing. At the end of the day, as I mentioned in my first remarks, high-quality real estate is leasing. We own assets in Seattle, San Francisco, Vancouver, and Los Angeles. Our high-quality assets are fully leased or almost fully leased across the board. When you start digging down ... If you look at our portfolio catering to tech, entertainment, media-related businesses, 80% of our portfolio is class A. Other 20%, that's where our work is, and that's where we are finding a lot of our energy is going to try to lease up space.

As I mentioned earlier, the demand in our markets have picked up dramatically. The tours have picked up dramatically. It is taking longer to lease, but that doesn't mean that the quality of real estate doesn't prevail. As you're entering into a different dynamic around office currently today, and yes, everybody's looking at office and saying, when's it going to rebound? The reality is, there is virtually no new product in the marketplace, in office. New product is going to lease up quickly, but the second tier of that is going to be highest and best use. We feel that our portfolio is conducive to attracting virtually any type of tenant in the markets we're in.

As a result of that, I think tenants are reevaluating how they're looking at space, and we're accommodating those thought processes, to have a lot more open space, a lot more amenities. For the most part, during the pandemic, we took our time and energy and repurposed our portfolio to accommodate the tenant's needs prior to this downturn, so we don't have a lot of capital spend going out the door to make our portfolio conducive to what the 10 demands are today.

Michael Griffin:

Do you have a sense of what utilization is in your portfolio across markets broadly?

Speaker 1:

Yeah. You're talking about physical occupancy, right?

Michael Griffin:

Yeah.

Speaker 1:

Yeah. I would say the sole exception of San Francisco CBD, which we still have Uber in that portfolio. Across the rest of our portfolio, it's in the high eighties to low nineties, is either full-time occupants in the office or hybrid work schedules, so between three, four days in the office a week. Then in San Francisco, it's still in the 40-ish percent range, but that's largely a byproduct of the fact that we have a few large tenants who during the pandemic stopped utilizing their space and have since announced relocations.

Michael Griffin:

Maybe just expanding on the leasing pipeline a bit, you noted in the investor presentation you've got about 40% activity on the one and a half million of expirations this year, only one expiration of greater than a hundred thousand square feet. How are those conversations going on renewals, and what are you expecting to have to give up, whether it's free rent or tenant improvement dollars in order to get deals done?

Victor Coleman:

Hey, listen, we're not leaving anything on the table when it comes to negotiating. We're 40 to 50% retention, seems reasonable for this year, and the conversations are fluid. We're not losing out to competition, and we're not losing out to rate. I think, as I said earlier, what we're losing out to is just time. It's just taking time for us to execute some of these transactions, and we're comfortable that the quality of real estate that we own and the tenant's desires to stay with our assets is consistent. That being said,

Victor Coleman:

At the end of the day, there has been a downsizing almost uniformly with tech and that's flattened out, and we believe that the next aspect of that will be growth-.tech companies have benefited greatly from downsizing, and as a result, now productivity levels are, I believe, at the comfort level that they think it's going to be sustainable. From that point on, we'll see where the growth goes.

Michael Griffin:

So I guess, to that end, Victor, what do you think it's going to take for some of these larger space takers to re-enter the market? Is it turning back on employment growth? Is it other factors that come into play? When do we start seeing those larger entrants come back?

Victor Coleman:

Michael, that's a good question. I think we're seeing less of the larger yesterday tech companies coming back to the marketplace anytime real soon, with the exception of... I mean, Apple's expanding in Seattle, we've seen several large tenants expanding in Seattle, not dissimilar to the new wave of today's tech tenants, which is AI in San Francisco. It's been a massive boost to the city to have a million square feet of new tenant demand in the city, and it's not stopping at those levels. We're a little further behind because of the entertainment strike in Los Angeles for the media companies to grow, but hopefully

media and gaming companies will come to the table on the same level in that marketplace. So it's differentiated by market, but we're getting close.

Michael Griffin:

How real is the long-term demand that AI is bringing for office space needs in downtown San Fran, and do you think that can really help kind of re-boost and revitalize that CVD?

Victor Coleman:

100% will help. 100% it's real. How much more? I don't know. I mean, I think the quality and the capitalization of these companies are very high, and so that's where we sit today. And they're all backed by companies that already have existing space in other marketplaces, so we're seeing it come to fruition. It's in San Francisco because of the employment availability of some of the tech companies that have laid off a lot of these tech and engineering qualified individuals who now are available to have jobs in this next sector of growth.

Michael Griffin:

We had a question come in from live QA. Can you speak to concessions being used across your portfolio and is there any way to quantify it either in terms of percent of rent or months of free rent, et cetera?

Victor Coleman:

Yeah, I'll take this to our top level and let [inaudible 00:20:35] jump in a little bit because that's what he's here for. But the reality is, on the concessions, we've seen very little movement on free rent, if at all, in the most recent negotiations in the last twelve-plus months. So we're not changing or seeing a change in that in terms of the demand by tenants. That doesn't mean we wouldn't because don't want to let any deal go by, but right now, that's not been a push button. Conversely to that, we're actually seeing our capitalizing tenant improvement costs going down from where it was 24, 36 months ago in the last 12 months. Comment on that.

Speaker 2:

Yeah. I mean, it's a market by market specific convention, right? And Victor hit the nail on the head. I will say that if you look at... I think what proves this out is if you look at our trailing 12 on spend relative to each deal from trailing 12 months prior to pandemic, beginning, we're only down 5%, right? So our rates have remained very, very consistent and the spin hasn't gone crazy.

Michael Griffin:

And then, maybe just sticking with you there are just on the leasing environment, if tech leasing doesn't pick back up maybe as expected over the next couple of years, do you think demand from other industries can help backfill that space and then ease the supply pressure some of your markets are facing?

Speaker 2:

Yeah. Well, first of all, we've seen tech demand increase, right? Probably year-over-year, it's probably up about five, 7%. So that is happening. What we saw during the pandemic when there wasn't as much

tech demand, we saw the fire sector really dominating the landscape with mostly small to mid-size tenants and we've consistently seen that. Even in the Valley, we've seen some of the fire sector growing and it's been carrying the day with our really smaller suites that are available.

Michael Griffin:

And with the hybrid work model that a lot of employers have started implementing, do you think longer term this will make them look to take less space, or rather, would they look to reinvent their current real estate needs to keep more or less the same square footage?

Victor Coleman:

I think consistently what we've seen is the square footage per person has gone up in the hybrid model, but that's because they've adapted certain space to be much more collaborative, open-end space with amenity based. And so we're not seeing it reduce, and probably not going to see it increase. I think it's going to be stable. As everybody knows, it doesn't matter if you're working three, five, seven days a week, you still need the space.

Michael Griffin:

Maybe just switching over to capital allocation opportunities, we've seen some distress deals across markets start to transact now, but curious if you're seeing any opportunities on the distress side out in your markets, and if so, how best do you think you can capitalize on those?

Victor Coleman:

I will say this on the distress side. Currently, today, clearly we're seeing distressed transactions available to anybody in the marketplace who wants to venture into those geographical regions and buy real estate on the commercial side. I think we're not at the quality of assets yet and we're not at the time in the cycle where the activity is such that people are voraciously looking to acquire. I think you need to have your finger on the pulse. I think you need to be aware and underwrite assets because there will be certain opportunities whether on a one-off basis or a portfolio when you can parse it out and sell. Those are going to be very accessible and evident for people like us to be in the marketplace and try to capitalize on that at the right time. Interestingly enough, we're looking at our very first asset that we're seriously in underwriting. It's not a large asset because it makes really good sound economic sense in the long-term growth, but yet to date we've not really seen a lot of that. I expect to see more. How long it's going to last in the marketplace? Who knows?

Michael Griffin:

And maybe to that end, just as we look forward over the next 12 months or so, is it fair to assume you would look to dispose of more assets in the portfolio or is this acquisition you're talking about underwriting, could that be a sign of things that come in terms of growing the portfolio and acquiring more?

Victor Coleman:

I think this would be great. We've right-sized our balance sheet in the last several months and we've got some long-term leverage targets, about 30% of our share of net debt to gross assets currently today, and it's a seven on the net debt EBITDA. We're positioned to take advantage of opportunities on a JV

basis with current and new JV partners. And I think, as a result, we're also positioned to take advantage of select asset sales. To date, the majority of our asset sales has been a inbound based on one-off inbound buyers, non-marketed. We have a couple of assets in the portfolio of the same elk in that we've got inbounds from third parties who are interested in buying it. So we'll evaluate highest and best opportunity in repurposing of capital and right-sizing. I think we've done an exceptional job given the time and given some of the headwinds we've had. And so we feel comfortable that this decision-making process will continue going forward.

John:

Victor, you're occupancies have fallen from the end of '22 to the end of '23, call it 800 basis points, and rents are off about four or five bucks. Do you think we're done and we found the floor and things will recover from here?

Victor Coleman:

Do I think what?

John:

Rents and occupancies have now found a floor where we are now?

Victor Coleman:

Well, let me take high-level first, John, and then we can go from there. The large tenants in our portfolio... First of all, 2024 is the lowest expiration we've had in three years. So we've hit a series of headwinds from large tenants leaving the portfolio. We only have one more tenant that's leaving, which is February of '25, I think, which is a no move out, which is Uber of size. Everything out in that is less than 100,000 feet. So that has affected between asset sales and these large tenants. That's what's taken our occupancy level down to these levels. We feel very comfortable that that swing

Victor Coleman:

I think it's going the other way now, given where the activity is and the growth. I definitely believe that we're seeing the floor in where rents are in our portfolio on our assets. Overall in the market conditions, I mean, there's very little movement on rents going the other way. Right? They're going up.

Speaker 3:

They're absolutely going up.

Victor Coleman:

And then John, lastly, as I mentioned earlier, there are assets in San Francisco as an example, where we're getting the highest rents in that marketplace. You've seen that in every marketplace. High quality assets are getting great rents. Century City is getting top rents countrywide, and then you go three miles to Westwood and they're not even related in terms of rent. So it's quality real estate is what's proving out to being the support of rent.

Speaker 3:

And can you comment on where you think cap rates are, or where you've seen transactions for comparable assets to yours?

Victor Coleman:

It's hard to quantify that. It is a general blanket, clearly. I mean, if you're talking about suburban quality class A stuff, I mean we just sold a class A asset at a six handle. So I mean that's what we sold it at. That asset 24 months ago, maybe middle of the pandemic, was a five. So that's a hundred basis points wide of a class A asset. If you look at some of the suburban or lesser quality B+, A- to B assets, I mean you're talking seven and a half to eight and a half maybe, as much as that much of a diversity.

Speaker 3:

And is that on low current occupancy? So if occupancy is down-

Victor Coleman:

Stabilized future, 12 months future.

Speaker 3:

Okay. Thank you, Victor.

Michael Griffin:

We had another question come in from live QA. Can you please provide a breakdown of NOI or FFO growth and where it's coming from, be it the studio business, the existing office business or development? And then also what has the impact of interest rates been across your portfolio?

Victor Coleman:

So listen, I'm not going to go through our deck. We posted a deck, so take a look at the deck that was posted this morning. It's got the breakdown, it's got a future growth, and it's got a bridge that gets us from where we are today to where we'll be given some of the existing development assets coming online and leasing up.

That being said, we've talked pretty openly around our studio portfolio. And we're a stabilized occupancy on a run rate would be year-end '24, and it's roughly around \$75 million. Right? So I mean that's a good number to sort of hold your hat on in terms of some form of stabilization of the existing studio operating businesses, with the exception of the Sunset portfolio, which is a hundred percent leased.

And I'm sorry, what was the second part of the last part?

Michael Griffin:

Just the impact of interest rates and what it's been on your portfolio.

Victor Coleman:

Yeah, I mean, listen, this team has done a phenomenal job resetting our debt in place today. We don't have anything coming due till 2025. 90% of our portfolio is fixed. And the exposure on that, we've got very little coming due on an asset level with the exception of two assets. One is a single-tenant Amazon lease that's got seven years of wall to go; and the other is a single-tenant ten cent credit. Both those assets have debt coming due in 2025, and both those assets are appreciably higher than the debt levels. So it shouldn't be very challenging for us to get those either extended or we can have other opportunities around those assets.

Michael Griffin:

The regulatory environment in a lot of your markets remains a key topic of discussion. How have you been working with key public stakeholders in order to try to entice workers to feel better about coming to the office, and improving the quality of life in your CBDs?

Victor Coleman:

Yeah, I mean, listen, we're actively working to improve the quality of life in our marketplaces, promoting safety, facilitating return to work. Clearly we're focused on the key elections that are coming up in some of our markets as early as tomorrow. In San Francisco we're working with the current mayor, whether she is going to be in office or not, but we're working on the streetscape. We're working on the safety restrictions, civic programming, all the aspects of which is getting people more comfortable with coming back to the city of San Francisco and working as a five day a week work week process.

In LA, the current mayor has also a safe program that they've gotten over 17,000 people off the streets. We're focused head on with the DA race there, which is a challenge. Obviously some of the council seats to ensure much more of a moderate city council going forward.

Seattle's been probably the most aggressive and the most productive from our standpoint with relationships, and a pro new mayor and new council. So focused on where we see the weakness in our portfolio there, which is Pioneer Square. Obviously working with organizations for some storefront activation and some tenant signage, and promoting the city in a lot of ways.

I mean, we're not dissimilar to other office landlords. It's key that our cities are getting promoted from within. And so those relationships are invaluable. We've always had them. We're always going to continue to have them. And we just hope that, listen, our candidates win. If they don't, we're going to have to adapt and work with the other candidates.

Michael Griffin:

Victor, it seems like you're pretty constructive on the outlook ahead for the next year and beyond. Is it fair to characterize that we've moved past the pain point in office, or do you think there's still more issues to come?

Victor Coleman:

Listen, I can say this: if we were sitting here 10 months ago, it was pretty painful. Right? May of last year was pretty painful. I think March of last year was equally as painful, but nowhere near as what it is today. But I classify May, because we look at it started with a strike. It went on three to five months longer than anybody thought. It was impactful by the tune of billions of dollars, which then perpetuated throughout our portfolio in the office side.

I believe that those headwinds were magnified by a lot of negative press. And the reality on the street was a lot better than what we were seeing and hearing. And so as a result of that, I think we've definitely bottomed out in terms of people's interest levels of reverting to this work from home is going to be, that's it. And so we all know that's not the case. A lot of people have pontificated on the fact that work from home is here to stay. We're not believers in that. We're not seeing that, none of our other companies, none of our CEOs. If you want to advance in companies, we already know where that's going

to be. That has now changed the rhetoric, and the growth prospects I think are much better than they were as I said 10 months ago.

Michael Griffin:

I've got my rapid fire questions to end the session. What is the best real estate decision today: buy, sell, develop, redevelop, or pause?

Victor Coleman:

It's going to depend on the marketplace, but I think the reality is going to be looking at redeveloping something that's class A, or about to be class A, highest and best use of dollars. Quickly.

Michael Griffin:

What is your expectation for same-store growth for the office sector overall for 2025?

Victor Coleman:

Zero to 2%.

Michael Griffin:

And lastly, will there be more, fewer, or the same number of publicly traded office REITs a year from now?

Victor Coleman:

Same.

Michael Griffin:

Great. Thank you so much.