



The EPMS *Shopping Report Performance Comparison* A Multifamily Industry Benchmark 2nd Quarter 2004

“The market is improving!” Most experts concur that occupancy rates are climbing and effective rents are, though very slowly, inching upward. Apartment demand is now surpassing new supply in many markets and the result has been some significant occupancy increases. Nationwide, March 2004 occupancy stood at 93.8%, more than a point above the December 2003 figure of 92.7%, the weakest occupancy rate in 10 years, this according to M/PF Research in their Multifamily National Survey. Yet many markets with high construction activity such as Dallas, Austin, Charlotte, Atlanta, and Denver, report flat rates and continued discounting. Is it really **SAFE** out there?

The fact is that construction continues at a brisk rate in many markets and the industry will continue to face a challenging leasing and management environment for the next 12 to 18 months. Take a **SAFE** marketing strategy that will position your portfolio to get more than it's fair share of what your particular market has to give. Ellis Property Management Services (EPMS) is partnering with you to promote “safe” leasing among your on-site teams. Practice “safe” leasing by adhering to the **SAFE** leasing concept we introduced last year.

SAFE – Systems * Accountability * Focus * Execution – Throughout the year we have used the acronym **SAFE** to describe a style of leasing that is both effective and “good” for the leasing professional, the rental prospect and the owner. Systems allow the management company to monitor and measure on-site performance. This creates Accountability that provides feedback to the individual leasing consultant while spurring the on-site team to higher performance levels. Becoming Accountable to specific training, performance, and expectation, Systems sharpens the team's **FOCUS** helping them to concentrate intensely on the property goals and see clearly the owner's priorities. Later in this letter we will feature some of the successes that this quarter's highest scoring Benchmark participants have enjoyed through pouring their attention on those activities that most impact their central mission and purpose. We will see it is all about **FOCUS**.

The EPMS Quarterly *Shopping Report Performance Comparison*: A Multifamily Industry Benchmark

Commonly referred to as simply the “Benchmark”, the EPMS Quarterly *Shopping Report Performance Comparison* was created to provide the apartment industry's leading operators with a measurement of leasing expertise that could be seen as a standard to gage their performance and improvement. Yet, the EPMS Benchmark is not an average of the performance level of all leasing professionals! We have never claimed to benchmark ALL apartment owners and management companies. Rather, the EPMS Quarterly *Shopping Report Performance Comparison* reflects the sales skill levels of an elite group of the industry's best that choose to be measured and compared by participating in this quarterly survey.

By identifying the ten leading and universal performance questions that are common to all telephone/on-site mystery shopping reports, our EPMS Quarterly *Shopping Report Performance Comparison* simply compares the affirmative answers. (Those questions are listed along the top of the detailed summary chart attached.) Because all companies are compared to the same set of criteria, our participating clients can then answer this critical question: “*How do our on-site leasing professionals compare to those in other similar companies?*”

4,862 Shops in This Quarter's Benchmark Comparison – 33 Participating Companies! Participation in the EPMS Quarterly *Shopping Report Performance Comparison* continues to grow as regional and national companies see the benefit of measuring and comparing performance on an ongoing basis. While we did not anticipate the buzz that our benchmark's comparison of companies has produced, we do appreciate the resulting spirited competition that spurs participants to achieve higher scores and stay ahead of the group! **Yet, our long-term survey contributors most value the impact that the Quarterly *Shopping Report Performance Comparison* has had on their company bottom line.**

FOCUS on “Value”

Patrick Smits, President of Walden Multifamily, has used the EPMS *Comparison* as a way to benchmark his teams' ongoing performance improvement. And improve they have! Walden joined the survey in the fourth quarter, 2002, earning a near last place position with a score of 75.2%. This second quarter, 2004, the Walden on-site professionals have rocketed to the #5 position overall and an average benchmark score of 90.8%! (Congratulations, Walden!) Patrick told us before the Benchmark, “We had no idea how we stacked up. The first round in 2002 was truly embarrassing!” He immediately called

the troops together to develop a **FOCUS** on leasing excellence. His strong and motivated training department introduced an EPMS training tool that would emphasize the 10 Benchmark questions. From Regional VP to the last leasing professional hired, Patrick challenged his Walden team to move their benchmark scores to an acceptable and appropriate level. “It was a company initiative. I asked for 100% commitment from everyone!” And this commitment had to come from senior management as well as the on-site people!

Walden’s intense concentration on improving leasing performance exemplifies the essence of “**FOCUS**”, from the letter “**F**” in our **SAFE** leasing concept. “If you don’t know what you are dealing with, you don’t know where to start. The Benchmark told us where we were and what needed to be the **focus** of our attention”. Patrick is proud to see his company’s continued growth in the benchmark score but the resulting impact of a higher level of leasing performance is the real difference. “We could see where improved shopping scores correlated with enhanced leasing performance and higher closing ratios!” Walden’s **focus** on these benchmark questions has put more people into apartments and reduced vacancy loss. According to Patrick, “The most important outcome is that we have created more value. A better NOI and more value for our investors.”

Participating Companies. Each company is required to conduct at least 40 shops during the specific quarter to be included in this industry Benchmark. Many companies post hundreds of mystery shopping reports in that time period. We welcome Capstone Real Estate, Colonial Properties Trust, and Trammell Crow Residential/Mid Atlantic Region to this quarter’s *Shopping Report Performance Comparison*. We are indebted to the national and regional firms who allow us to compare their leasing performance data in this summary. Participation in the EPMS Quarterly *Shopping Report Performance Comparison* is a benefit reserved for those companies who are frequent, long-term shopping customers.

We want to identify and warmly thank the current companies who contributed their shopping data to this quarter’s *Shopping Report Performance Comparison*.

- | | | |
|-------------------------------|------------------------------|-------------------------------------|
| Amlis Residential | Fairfield Residential | RAM Partners, LLC |
| Archstone Communities | First Worthing Company | Simpson Property Group |
| AvalonBay Communities, Inc. | Fogelman Management Group | S. L. Nusbaum Realty |
| BRE Properties | Gables Residential Services | Steven D. Bell & Company |
| Capreit | Greystar Management Services | Summit Properties |
| Capstone Real Estate | Home Properties | Tarragon Management |
| Colonial Properties Trust | JPI | Trammell Crow Residential Services |
| Concord Management | Legacy Partners | United Dominion Realty Trust (UDRT) |
| CWS Apartment Homes | Lincoln Property Company | Village Green Companies |
| Drucker & Falk, LLC | Metric Property Management | Walden |
| Equity Residential Properties | Post Properties | Windsor Communities |

Second Quarter, 2004 Overall Score Jumps a Point to 86.5 % compared to First Quarter, 2004.

The second quarter 2004 average was the **highest second quarter average** and **second highest overall score** in the history of the comparison. And this quarter’s average score is more than a point higher than the same time period one year ago. The chart below shows the second quarter history since 2000. With 4,862 total shopping reports, it is the highest second quarter participation and the third highest in the four and a half year history of this industry leasing performance benchmark.

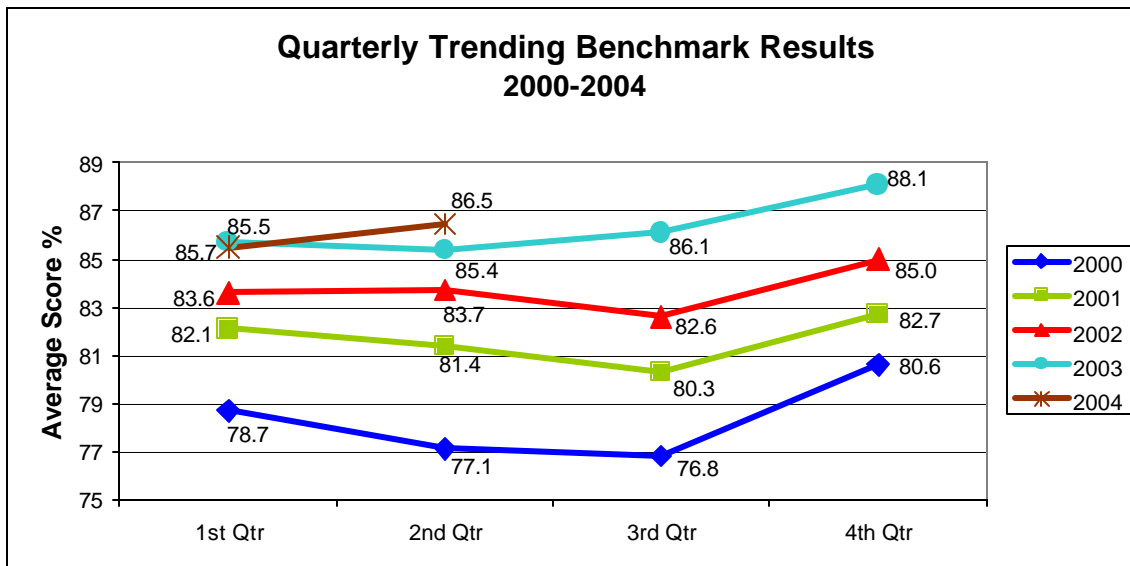
Second Quarter Benchmark Historical Data

2 nd Quarter	Overall Average	Company Score – Average Ranges		Total Shops
		High	Low	
2 nd Quarter 2004	86.5%	93.2%	73.2%	4,862
2 nd Quarter 2003	85.4%	92.8%	70.0%	4,408
2 nd Quarter 2002	83.7%	89.7%	73.0%	2,465
2 nd Quarter 2001	81.4%	90.8%	67.2%	1,921
2 nd Quarter 2000	77.1%	84.3%	43.3%	1,356

Despite a record overall average, several of our customers felt their shopping and benchmark scores had fallen this quarter. Historical numbers in the graph below illustrate the previous trend of leasing performance dropping in the second and third quarters only to rise in the fourth and first quarters. Speculation has been that the EPMS average shopping scores decrease each second and third quarter because rental prospect traffic increases. When traffic is brisk and the leasing offices are hectic, it is possible that the on-site leasing professionals subconsciously (or purposely) “cherry pick” from the greater

volume of traffic that comes through the door. We have also wondered if vacation schedules and staff shortages in the Spring and Summer contribute to this apparent performance lapse in the two middle quarters? But this trend has reversed itself in 2003 and 2004!

The second quarter average score of 86.5% has gone up a point from the first quarter’s 85.5% contrary to previous trends! Now we begin new “speculation” that the very difficult years of 2003 and 2004 have compelled our industry to place even greater pressure on the on-site folks to lease and close “or else!” While “increased pressure to perform” is hard to measure, we do see the continued trend to punish or fine leasing professionals for poor performance. This is balanced by many new and creative ways developed to reward acceptable performance. Whatever the case, the average benchmark score is higher!



One more contributor to the higher average of all the participating companies is the continued increased averages of the bottom third of the participants. This will affect a higher overall average even if some of the companies experience a company-wide drop.

JPI Multifamily Joins the Elite Ranks of #1 Finishers in the Benchmark! Congratulations to Irving, Texas based JPI for earning the top place Benchmark score of 93.2% in the second quarter, 2004 *Shopping Report Performance Comparison*. JPI manages 23,000 units on 60 communities nationwide and in Canada. One of the nation’s premier developers, JPI has the continual challenge to lease and market almost every apartment community they manage from the ground up. Specializing in the lease-up of new construction, **JoAnn Blaylock**, Executive Vice President of Property Operations, tells us that sales skills in their competitive development markets are critical. JPI’s ongoing fee management requires that the company maintain a strong and trained leasing force.

This achievement of first position in this quarter’s Benchmark is a natural extension of JPI’s ongoing quest to be the best in the industry. According to Blaylock,

“Our companywide goal is to be #1! JPI seeks to be recognized by our customers as the #1 residential company in the Country. Since we joined the Benchmark the third quarter, 2003, the focus has been to progressively move the shopping scores upward. I want to salute our incredible training department for providing the tools and passion that empower our leasing associates to be the best sales force possible. Most important, I want to congratulate the JPI on-site associates for taking our company mission statement to heart and living that goal every day in their actions and attitudes on our communities throughout the Country!”

Joining JPI Multifamily in the top three positions are **Gables Residential** and **Lincoln Property Company (LPC)**. As the number two and number three participants in terms of average score in this second quarter, 2004 *Shopping Report Performance Comparison*, these perennial top performers achieved overall benchmark average scores of 92.91% and 92.28% respectively. Gables earned the first position the previous three quarters. LPC has been in the top position in six previous

quarters and in the top three in nine of the last ten quarters. All three of our top finishers have developed Systems and Accountability that have made leasing performance a primary **FOCUS** of their training programs and overall operations.

With tremendous *focus*, our three leading performers for this quarter's Benchmark have been able to consistently maintain leasing excellence as demonstrated by their shopping score averages. So we have invited **JPI, Gables Residential, and LPC** to share with us some of their strategies for keeping their on-site leasing professionals **FOCUSED**.

S*A*F*E Leasing Requires "FOCUS"

Focus is the discipline to concentrate your efforts, resources, and attention on a particular objective or goal. A company's *focus* becomes its primary area of concern and responsibility. It receives the company associates' full enthusiasm, energy, and concentration. All successful management companies create training curriculum, promotions, mandates, and rewards that help their teams remain *focused*. Gables Residential makes *focus* an ongoing part of their training initiative according to **Jana Martin**, National Director of Training. She tells us, "*When we focus all of our resources on mastering a single area of our performance, we can immediately command results. That's the catch; focus on specific key areas in need of improvement or change. If you focus exclusively on results, you will never change. If you positively focus on change, you will get results. As this relates to the Benchmark Summary, we focus on improving our low scoring areas in need of change; the focus is not on the result of achieving first place.*" The top spot may not be their focus, but the results have been a consistently high benchmark score.

"*Focus is about moving the ball down the field every day*" explains **Maria Lawson**, Vice President of Marketing and Training for LPC. "*In 1999, we set out to achieve a higher level of performance on the Benchmark. Focus, hard work, and a lot of dedication to that goal by our on-site team members made it happen. With focus, we achieved the #1 position on this industry measurement of leasing performance for six consecutive quarters.*" Lawson says the trick is to not get spread too thin and forget to focus on what is really important: increasing the value of the asset. LPC is *focused* on those priorities that make a difference, generate revenue, and maintain business. And it starts in the initial training of on-site associates.

Within one week, all LPC on-site Associates attend the company's Leasing 101, a five-day intense focus on sales and service. Even veterans to the industry must participate in this week of orientation, instruction, discussion, and role-playing. New LPC employees learn and understand the company goals and their on-site priorities from day one. You cannot expect new employees to read your mind about what is most important. At LPC, team members can immediately *focus* on what is critical to meeting the property goals and corporate objectives because they are taught! How would your on-site folks answer these questions: "What are our three primary objectives? What is central and core to our daily activities? What is our most critical focus?"

Focus keeps the team members from losing sight of the goal even in the toughest conditions or rental markets. Martin told us, "Gables does not let the mistakes and disappointments of the past control and direct our future. We use them as learning tools to reform our focus." The Gables focus can change from customer service to accountability to benchmark scores to single questions such as "Asking for the Deposit or Telephone Number". Martin continues, "We evaluate our current process and we stop doing what doesn't work. Overall, we set goals and focus on them as we strive to achieve excellence." Companies that succeed, like Gables Residential, set goals, communicate those goals, focus on achieving them, and know where they are going...it is as simple as that!

One fun but effective tool that keeps JPI Leasing Associates *focused* on superior sales skills is their weekly email "Leasing Tip". Blaylock said, "These little electronic reminders can be done in short notice and allows us to redirect *focus* quickly as goals and priorities change." The graphically enhanced and often animated sales pointers get the attention of all the JPI on-site team and define what is important in their leasing efforts right now. One recent tip *focused* on getting the phone number. The email included cartoon-type characters of well-known JPI corporate folks "demonstrating" in humorous fashion with audio how TO and how NOT to secure the phone number from your telephone prospect. Now THAT created a *focus* that was remembered by all the on-site teams!

"**Focus Factor**" is a popular food supplement and vitamin regiment that claims to help users stay on track and better concentrate on important tasks. It seems our industry could also benefit from a performance enhancer like this. We recommend that your company and property goals be in writing - simple and specific - for all team members to have in hand. More than a mission statement or company motto, your *focus factor* should be a clear and sharp set of directives and measurable goals that each team member uses as a map for today's activities and efforts. The team *focus* has a long-term impact, but it is a "right now" kind of compass that reveals what we are doing this moment!

Looking for a Great Third Quarter – We appreciate your continued support and your contributions to our Quarterly *Shopping Report Performance Comparison*. Conditions are looking up, and we hope to see a bright and busy summer ahead. Our *focus* continues to be your partner in providing the most accurate and timely on-site leasing evaluations in the industry.

The *EPMS Shopping Report Performance Summary* is an excellent tool to help you shape your company training programs to address specific strengths and weaknesses of your Leasing Professionals.

Ellis Property Management Services (EPMS), AMO, has been providing comprehensive, executive-ready shopping reports nationwide for more than 18 years. Our references include some of the largest and most well-known property management companies in the country. Shopping reports are the foundation of our company! EPMS also provides an array of training seminars, education curriculum design, and consulting that can impact leasing performance and effectiveness. For more information on EPMS' services, please contact Joanna Ellis, CAPS at (972) 256-3767 or by email, jellis@epmsonline.com. You can also visit our web site, www.epmsonline.com.



**SHOPPING REPORT PERFORMANCE SUMMARY®
MULTIFAMILY INDUSTRY BENCHMARK
SECOND QUARTER, 2004**

QUESTION OVERALL AVERAGE	TELEPHONE PRESENTATION		ON-SITE PRESENTATION									CLIENT OVERALL AVERAGE
	Q1 Set Appointment	Q2 Telephone Number	Q3 First Impression	Q4 Identify Specific Needs	Q5 Discuss/ Show Property	Q6 Apt. Condition	Q7 Feature/ Benefit Sell	Q8 Overcome Objection	Q9 Ask for Deposit	Q10 Lease from Agent		
QUESTION OVERALL AVERAGE	87.08%	72.22%	92.88%	86.63%	95.25%	94.98%	90.78%	95.25%	62.77%	86.67%	86.45%	
JPI	89.69%	85.57%	100.00%	93.81%	98.97%	100.00%	97.94%	98.97%	71.13%	95.88%	93.20%	
Gables Residential Services	89.49%	83.29%	96.23%	93.26%	97.84%	97.84%	96.23%	97.30%	85.98%	91.64%	92.91%	
Lincoln Property Company	94.01%	88.02%	93.55%	93.32%	97.93%	95.16%	89.17%	95.16%	86.18%	90.32%	92.28%	
CLIENT 4	90.20%	78.43%	96.08%	98.04%	94.12%	98.04%	96.08%	98.04%	70.59%	90.20%	90.98%	
CLIENT 5	91.67%	80.56%	95.37%	94.44%	94.44%	92.59%	96.30%	98.15%	75.93%	88.89%	90.83%	
CLIENT 6	97.92%	87.50%	95.83%	89.58%	83.33%	100.00%	100.00%	100.00%	52.09%	95.83%	90.21%	
CLIENT 7	87.80%	78.05%	90.24%	90.24%	97.56%	100.00%	95.12%	100.00%	65.85%	92.68%	89.76%	
CLIENT 8	90.10%	76.56%	94.27%	94.79%	96.35%	97.92%	95.31%	95.83%	64.06%	91.67%	89.69%	
CLIENT 9	90.69%	77.48%	96.10%	84.38%	99.40%	96.70%	95.20%	97.60%	66.07%	90.69%	89.43%	
CLIENT 10	96.00%	76.00%	93.00%	93.00%	91.00%	99.00%	85.00%	93.00%	69.00%	88.00%	88.30%	
CLIENT 11	71.15%	90.38%	94.23%	94.23%	96.15%	98.08%	94.23%	94.23%	65.38%	84.62%	88.27%	
CLIENT 12	84.72%	73.61%	88.89%	88.89%	94.44%	97.22%	86.11%	97.22%	80.56%	86.11%	87.78%	
CLIENT 13	83.53%	88.24%	90.59%	91.76%	95.29%	94.12%	88.24%	94.12%	62.35%	84.71%	87.29%	
CLIENT 14	95.90%	72.95%	96.72%	90.16%	91.80%	91.80%	87.70%	98.36%	59.84%	86.07%	87.13%	
CLIENT 15	91.15%	76.99%	90.27%	86.73%	97.35%	95.58%	95.58%	88.50%	60.18%	87.61%	86.99%	
CLIENT 16	91.88%	74.36%	96.58%	83.76%	95.73%	94.02%	88.47%	94.02%	56.41%	85.04%	86.03%	
CLIENT 17	87.13%	71.91%	91.81%	87.91%	97.53%	94.28%	90.64%	95.32%	56.70%	86.22%	85.94%	
CLIENT 18	92.45%	60.38%	96.23%	88.68%	94.34%	94.34%	90.57%	94.34%	60.38%	86.79%	85.85%	
CLIENT 19	90.81%	65.41%	91.89%	85.95%	97.30%	91.89%	90.81%	98.38%	56.22%	89.19%	85.78%	
CLIENT 20	87.84%	58.11%	89.19%	93.24%	95.95%	91.89%	93.24%	94.59%	71.62%	81.08%	85.68%	
CLIENT 21	92.31%	74.04%	94.23%	80.77%	98.08%	97.12%	93.27%	94.23%	44.23%	86.54%	85.48%	
CLIENT 22	88.54%	57.29%	92.71%	80.21%	93.75%	90.63%	85.42%	96.88%	77.08%	84.38%	84.69%	
CLIENT 23	85.56%	70.05%	91.44%	73.80%	92.52%	96.79%	86.63%	91.98%	62.57%	87.17%	83.85%	
CLIENT 24	80.56%	65.74%	88.89%	81.48%	95.37%	95.37%	90.74%	100.00%	54.63%	85.19%	83.80%	
CLIENT 25	83.33%	74.07%	90.74%	94.44%	88.89%	92.59%	88.89%	90.74%	50.00%	83.33%	83.70%	
CLIENT 26	83.05%	47.46%	93.22%	79.66%	93.22%	96.61%	91.53%	96.61%	54.24%	86.44%	82.20%	
CLIENT 27	72.50%	47.50%	92.50%	80.00%	97.50%	92.50%	87.50%	90.00%	62.50%	85.00%	80.75%	
CLIENT 28	79.31%	44.83%	93.10%	79.31%	96.55%	100.00%	87.93%	94.83%	37.93%	84.48%	79.83%	
CLIENT 29	75.44%	52.63%	96.49%	80.70%	89.47%	94.74%	84.21%	94.74%	43.86%	84.21%	79.65%	
CLIENT 30	76.92%	54.36%	90.77%	76.92%	88.21%	94.36%	89.23%	91.79%	42.05%	77.95%	78.26%	
CLIENT 31	72.73%	53.33%	87.88%	80.00%	92.12%	86.67%	83.64%	89.70%	46.67%	77.58%	77.03%	
CLIENT 32	69.62%	53.16%	87.34%	67.09%	79.75%	97.47%	84.81%	93.67%	39.24%	75.95%	74.81%	
CLIENT 33	68.25%	53.97%	80.95%	72.22%	86.51%	87.30%	83.33%	92.06%	37.30%	69.84%	73.17%	

Participating Companies:

Amlı Residential	JPI
Archstone Communities	Legacy Partners
AvalonBay Communities, Inc.	Lincoln Property Company
BRE Properties	Metric Property Management
Capreit	Post Properties
Capstone Real Estate	RAM Partners, LLC
Colonial Properties Trust	Simpson Property Group
Concord Management	S. L. Nusbaum Realty
CWS Apartment Homes	Steven D. Bell & Company
Drucker & Falk, LLC	Summit Properties
Equity Residential Properties	Tarragon Management
Fairfield Residential	Trammell Crow Residential Services
First Worthing Company	United Dominion Realty Trust (UDRT)
Fogelman Management Group	Village Green
Gables Residential Services	Walden
Greystar Management Services	Windsor Communities
Home Properties	

Benchmark 1st Place Company:

JPI

JoAnn Blaylock - Executive Vice President of Property Operations

"Our companywide goal is to be #1! JPI seeks to be recognized by our customers as the #1 residential company in the Country. Since we joined the Benchmark the third quarter, 2003, the focus has been to progressively move the shopping scores upward. I want to salute our incredible training department for providing the tools and passion that empower our leasing associates to be the best sales force possible. Most important, I want to congratulate the JPI on-site associates for taking our company mission statement to heart and living that goal every day in their actions and attitudes on our communities throughout the Country!"