



The EPMS *Shopping Report Performance Comparison* A Multifamily Industry Benchmark 1st Quarter 2004

Is that a light at the end of the tunnel? Just as we predicted in our last benchmark letter, 2004 has started with a glimmer of hope. Recent trends indicate a strengthening of apartment markets in many parts of the Country. According to M/PF Research, occupancy in the Dallas/Fort Worth area went up a point during the First Quarter, 2004, the very quarter when apartment demand traditionally weakens. “Is it **safe** out there in these apartment markets, yet?” Speaking of **SAFE**...

SAFE – Systems * Accountability * Focus * Execution – We encourage our clients to continue to practice “safe” leasing! The **SAFE** way to present your apartment communities in their best light is to adhere to our **SAFE** concept we introduced last year. Have **Systems** in place to monitor and measure on-site performance. **Systems** that measure performance make on-site professionals responsible to desired standards and achievements. Being **Accountable** to a measurable set of standards results in higher performance levels. This process of reaching higher performance levels starts with an intense **Focus** on the end result. What do you want to achieve? Finally, there has to be **Execution** of the **Systems** created to meet the desired objective. Call us biased but we feel a consistent shopping program is one critical component of any company’s “safe” leasing efforts! This quarterly letter reports the results of companies who practice “**SAFE**” leasing.

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

This benchmark of leasing performance was created over four years ago to answer the question that many of our EPMS shopping customers have asked us for years. “*How do my on-site leasing professionals compare to those in other similar companies?*” Our *Shopping Report Performance Comparison* answers this question by allowing you to compare yourself to other national and regional operators.

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 to those ten key and universal shopping report questions.

4,064 Shops in This Quarter’s Benchmark Comparison – 30 Participating Companies! National and regional management companies continue to join our leasing performance benchmark. These companies are now using the data not only to compare themselves with other top operators throughout the Country but to also set company benchmarks to measure their own performance improvements. Though your average benchmark score may never put your company in one of the top three positions of our Quarterly *Shopping Report Performance Comparison*, you can compare on-going improvement and focus training at specifically identified areas of weakness.

Susan Lenzo, National Trainer for Home Properties, a Rochester New York based REIT, uses the EPMS benchmark report to spur her own troops to better performance. “Sure, we want to be the top company in terms of average benchmark scores and as long as I’m here, we will continue to strive for that! Yet, I am very proud of the continual improvement we are showing each quarter. Hey, we started way down there and I constantly point to our rising average score as a way to recognize and rally our on-site teams! Their improvement and growth is a great motivator and validates the resources we invest in training!”

Even our top performing company this quarter, Gables Residential, is using this benchmark as a standard in which to measure and assess their own leasing performance development. National Director of Training, Jana Martin, tells us, “Achieving the top position is great, but what is really rewarding is to see our on-going consistency as measured and accounted for by the *Shopping Report Performance Comparison* benchmark average scores. Our current high level of performance has only been possible due to our consistent practice and application of the fundamental sales techniques.”

We welcome Concord Management, Drucker & Falk, LLC, and Summit Properties 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*.

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

Gables Residential Pulls a THREEpeat in the First Quarter, 2004!

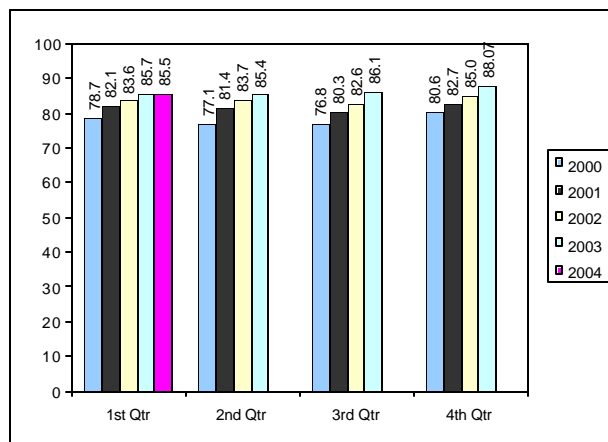
Many companies are striving to achieve the top position in our Quarterly *Shopping Report Performance Comparison* and would be delighted to accomplish this feat at least once. Yet, Gables Residential has earned the top position for a third consecutive quarter! We congratulate the Gables on-site leasing professionals who have rallied for a third time to place first in this quarterly comparison of the nation's best management companies.

At 93.83%, Gables Residential has achieved the highest individual company First Quarter score in the history of this comparison. This also marks a company high for this Florida based REIT. Jana Martin had this to say on behalf of Gables Residential and their incredible on-site team members:

"It is truly remarkable that we achieved this ranking for the third quarter in a row. Even more commendable is that we are maintaining a level of excellence that is clearly reflected in these results. Consistency is key. We are extremely proud of each and every associate as it truly takes the entire Gables team to accomplish such a triumph."

We also salute **Lincoln Property Company (LPC)** and **JPI** as this quarter's number two and number three participants in terms of average score in this First Quarter, 2004 Quarterly *Shopping Report Performance Comparison*. Perennial top performer LPC achieved an overall benchmark average score of 93.37%. In just their third appearance in the EPMS *Shopping Report Performance Comparison*, JPI earned the third position at 92.53%.

First Quarter, 2004 Overall Score Declines Slightly to 85.5% compared to First Quarter, 2003. Despite a slight drop from 85.7% to 85.5% in the overall average this First Quarter, 2004, this number has improved by 6.8 points since the survey was initiated four years ago. High and low scores have continued to improve despite the record number of shops included in this first quarter of the year. We suspect that the two-tenths drop this quarter compared to one year ago is due partially to companies ramping up their shopping efforts to enhance the accountability for leasing excellence with their on-site troops.



Due to their obvious quest for leasing excellence as demonstrated by these performance averages, we have invited Gables Residential, LPC, and JPI to share with us some of their strategies for keeping their on-site leasing professionals *accountable* while also maintaining a positive work environment. We think you will find their comments insightful!

S*A*F*E Leasing Requires “Accountability”

Accountability is the “insurance” used by all three of this quarter’s top performing companies. While each has well-designed *Systems* for sales/leasing employee selection and training, good performance is never merely assumed. “Just as there is a follow up system for your rental prospects, we have built into our accountability procedures a *follow up* for leasing performance,” explains Maria Lawson, Vice President of Marketing and Training for LPC. Along with her Regional Training Directors, she has developed a routine that gets shopping reports immediately reviewed and forwarded to all LPC leasing professionals with the Regional Trainers’ positive comments that include recognition as well as corrective feedback. “As soon as the shops hit the EPMS website, our Regional Trainers forward a copy to the Regional Property Manager for review. We want to get it to the leasing professional as quickly as possible.”

Gables Residential believes **accountability** starts with giving the on-site leasing professionals a full understanding of the company’s expectations. Gigi Giannoni, Gables’ Vice President of Marketing and Training, shares these comments on accountability, “In an organization, we are responsible to each other to perform to the best of our ability and in the best interest of the organization. As such, we must be accountable for the decisions we make and actions we take, or lack thereof, and the accompanying results. Accountability is critical to improving and growing any organization.” Gables starts every new leasing person with an on-line basic leasing course that can be completed on their first day on the job. From the beginning, everyone knows the expectations and how to reach that standard of performance.

“Leasing is the front line of our management services, and we focus intensely on the performance and production of our leasing associates. I have become obsessive about measuring performance,” says JoAnn Blaylock, Senior Executive Vice President at Irving, Texas based JPI. To make certain all associates are prepared, new leasing agents participate in JPI’s “Pro Program” that teams them with another proven performer from the organization. Using basic curriculum that covers everything from Fair Housing to Basic Leasing, the new on-site employee is mentored by an experienced veteran and is ready to begin leasing almost immediately. The new employee also completes an on-line orientation that introduces them to the key JPI players, explains the JPI corporate culture, AND clarifies the performance expectations.

“Accountability” applied with consistency and fairness. Clearly communicating leasing expectations is a fundamental objective with all our top performers this quarter. These expectations include the shopping score thresholds that are considered “acceptable” for a leasing professional. “The shopping reports are an excellent accountability tool! We let our new people know that 80% or higher is “acceptable” but a seasoned Gables leasing professional should shoot for 100% and maintain a consistent 95% average score,” says Martin. Both LPC and JPI shoot for individual shopping scores in the 90s and all three companies have penalties for not meeting these expectations. Lawson tells us that her company practices the same sort of consistency in making their leasing professionals accountable for performance as they expect in the actual leasing presentations. “We demand a consistently high level of performance and likewise we are consistent about rewarding those who meet our high leasing standards. And there are predictable and consistent consequences when a leasing professional falls short.”

Like many of the leading real estate management companies, our three top companies this quarter have a three-strike rule when it comes to shopping report performance. While the third strike may not always result in a termination, on the third poor shopping report, “We will discuss with the individual if *sales* is an appropriate career course for them and explore alternative career options either within or outside of JPI,” says Blaylock. Most companies, such as LPC, are not as understanding as JPI and simply terminate the employee on the third bad shop – strike three and you’re out! At Gables, each region has its own policy regarding the consequences of a bad shopping report.

Second and Third chances are always available at even the most demanding of our upper tier companies. Leasing professionals at Gables Residential who score below 80% on their individual shop get an automatic enrollment in the company’s “Leasing Dynamics” basic training course. This practice has enhanced this entry-level course by adding seasoned veterans to the group of participants. The newbies benefit from learning along side experienced leasing professionals. The leasing professional will be re-shopped after the class and will have to attend “Leasing Dynamics” again until they score 80% or better. LPC leasing folks who miss the mark are required to attend the fun, upbeat, AND intensive “Benchmark Boot Camp” where Regional Trainers reinforce the leasing basics as well as train attendees how to address the ten critical benchmark shopping report questions in every leasing presentation. LPC leasing professionals also pay a \$100 fine for poor shops in some circumstances.

A second poor shop at JPI results in a conference with the Regional Manager and Regional Trainer to work out a customized plan with the associate to succeed in their leasing and sales efforts. That plan includes re-training AND requires the associate to cough up the amount of his or her average leasing commission as a financial penalty. The plan is also followed by another shop that can be the last straw for an under performer. Blaylock notes that associates are rarely terminated due to performance because of the JPI Training Department’s fast response to provide support to struggling leasing professionals.

“Positive reinforcement is crucial when you are holding someone accountable,” believes Martin. Positive feedback and upbeat corrective actions are used to “Gablize” their leasing professionals and instill a sense of confidence. Lawson agrees, “You must have systems in place to provide encouragement, too. Our on-site people do a good enough job beating themselves up. They do not need that from a supervisor.” Lawson can find something positive in even the weakest presentation. “Even a score of 12 may indicate the initial greeting was friendly. We try to build on the positives!” Despite their aggressive pursuit of leasing excellence along with high shopping and benchmark question scores, our leading companies refrain from intimidation and bullying to produce results. When it gets to that point, they tell us that you simply have the wrong player in the position. At that point, you either retrain or rehire.

“When you set realistic expectations and appropriate rewards, good people hold themselves personally accountable,” says Blaylock. “95% of accountability comes from the JPI associate’s heart. It comes from inside, and that is why accountability starts with hiring the right people.” The other top performing organizations echo this belief. “People want to succeed. The real driver in this accountability thing is the person’s individual desire to do a good job,” Lawson tells us. “The LPC team members feel when they fail individually, they have personally let down their team. Even the Regional Leaders make themselves accountable. They realize if their region is lagging behind in their shopping scores, they impact the entire company’s numbers.”

Accountability and rewards work hand in hand. Recognition for a job well done is one of the most important motivators to most employees. All three companies award up to \$200 for a perfect shop. At Gables, top leasing professionals earn the “Top Shop” designation and receive recognition in their Quarterly Meeting and in the corporate newsletter. Annually, six to ten team members are recognized with the prestigious Circle of Excellence award that entitles them to attend the corporate annual meeting, attend an outside conference, and receive their choice of fine jewelry or a vacation package.

Recognition is also the foundation of LPC’s reward program. In addition to money, plaques, and attendance to regional and national meetings, top leasers have highlights from their actual shops printed in company publications and read at corporate meetings. This type of recognition also becomes a learning tool for other LPC team members as they hear and read the positive (and instructional) comments from the shoppers. Top leasers at JPI earn membership to the *Magna Leasa Lotta* club that includes a crystal star desk display and a beautiful signed certificate. Recently, JPI Regional Managers and Trainers bought and delivered lunch for each property on-site team that averaged 85% or higher on the benchmark questions. “The message to these on-site associates was “Thanks for keeping us competitive with the benchmark group of highly recognized companies,” says Blaylock.

Accountability of leasing performance continues to heighten, as the responsibility for leasing excellence appears to be moving up the ranks! Rather than simply holding the Training Director alone responsible, now mid and upper management seem to be interested and involved in the constant monitoring of shopping report scores. Martin tells us that at Gables, accountability starts at the top! “The Regionals are competitive, and they hold their Regional Managers and Trainers accountable, too.” Gables has created a “Traveling Trophy” that is earned by the region with the highest average from these three numbers: 1) average shopping score, 2) average benchmark score, 3) average occupancy. This interesting competition melds shopping performance with actual property operations to produce a number that truly reflects leasing excellence.

At LPC, even the Regional Vice Presidents get involved with leasing accountability by calling to congratulate a leasing professional for a great shop. The LPC regions are also compared which creates some friendly but feisty competition that heightens accountability throughout the company.

We are intrigued at the many Vice Presidents and Executive Officers who consult the EPMS website often to take a look at their portfolio’s shopping numbers. It is not uncommon for upper management to inquire of EPMS if their mid level personnel are also regularly monitoring performance through the tools available to them at www.epmsonline.com. Now Senior Executives, in concert with the Regional Managers and Trainers, are becoming the drivers in this effort to be the best in leasing and are using the EPMS Quarterly *Shopping Report Performance Comparison* as a tool to focus their higher expectations!

We are pleased to hear our clients tell us that the most significant result from their shopping programs is a more effective on-site sales effort that puts more prospects into apartments! That is the ultimate objective of shopping evaluations: give the leasing professional feedback that will improve their leasing performance and add value to the property.

We are delighted to produce this benchmark comparison as a resource that provides accurate leasing performance statistics to our clients and to the apartment industry. Yet, we take no credit for the enhanced leasing skills. It is the tenacity and drive of the readers of this letter, our valued clients and partners, who continue to translate the data into improved performance!

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
FIRST QUARTER, 2004**

QUESTION	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	85.11%	72.15%	92.20%	87.30%	92.05%	93.33%	89.40%	93.06%	63.98%	86.39%	85.50%	
Gables Residential Services	91.58%	87.50%	97.01%	95.11%	97.01%	98.64%	96.74%	97.83%	84.24%	92.66%	93.83%	
Lincoln Property Company	93.30%	90.71%	96.11%	93.95%	98.06%	96.33%	90.93%	95.03%	86.61%	92.66%	93.37%	
JPI	94.94%	79.75%	97.47%	93.67%	98.73%	98.73%	93.67%	97.47%	81.01%	89.87%	92.53%	
CLIENT 4	93.62%	74.47%	95.74%	95.74%	95.74%	100.00%	100.00%	97.87%	59.57%	100.00%	91.28%	
CLIENT 5	87.80%	85.37%	95.12%	90.24%	100.00%	92.68%	95.12%	97.56%	73.17%	95.12%	91.22%	
CLIENT 6	93.63%	78.34%	98.72%	91.72%	93.63%	97.45%	93.63%	96.18%	73.25%	92.99%	90.96%	
CLIENT 7	92.82%	82.05%	95.38%	96.41%	95.38%	96.41%	93.33%	97.95%	66.15%	91.28%	90.72%	
CLIENT 8	86.05%	76.74%	97.67%	95.35%	93.02%	97.67%	93.02%	97.67%	79.07%	88.37%	90.47%	
CLIENT 9	88.77%	77.53%	96.63%	94.38%	96.63%	96.63%	89.89%	97.75%	70.79%	91.01%	90.00%	
CLIENT 10	95.45%	77.27%	97.27%	97.27%	95.45%	88.18%	96.36%	95.45%	65.45%	89.09%	89.73%	
CLIENT 11	86.60%	75.60%	96.56%	91.41%	98.97%	93.81%	95.88%	97.94%	68.73%	91.41%	89.69%	
CLIENT 12	89.66%	83.91%	96.55%	89.66%	94.25%	95.40%	89.66%	98.85%	62.07%	90.80%	89.08%	
CLIENT 13	81.18%	67.06%	92.94%	81.18%	96.47%	96.47%	92.94%	98.82%	78.82%	88.24%	87.41%	
CLIENT 14	87.73%	77.24%	94.91%	91.92%	94.61%	96.71%	93.12%	95.81%	54.79%	85.62%	87.25%	
CLIENT 15	84.06%	68.12%	95.65%	89.86%	95.65%	98.55%	89.86%	95.65%	65.22%	85.51%	86.81%	
CLIENT 16	96.00%	60.00%	98.00%	84.00%	90.00%	100.00%	96.00%	98.00%	50.00%	94.00%	86.60%	
CLIENT 17	80.42%	59.79%	94.71%	94.71%	95.24%	94.71%	95.24%	97.88%	57.67%	93.12%	86.35%	
CLIENT 18	83.61%	55.74%	95.08%	88.52%	98.36%	91.80%	95.08%	91.80%	63.93%	90.16%	85.41%	
CLIENT 19	83.49%	56.88%	91.74%	83.49%	97.25%	95.41%	88.07%	96.33%	71.56%	85.32%	84.95%	
CLIENT 20	90.91%	67.53%	91.56%	87.66%	94.81%	91.56%	87.66%	94.80%	55.84%	83.77%	84.61%	
CLIENT 21	86.67%	57.33%	88.00%	86.67%	92.00%	97.33%	92.00%	92.00%	57.33%	85.33%	83.47%	
CLIENT 22	81.45%	69.35%	91.94%	87.10%	92.74%	96.77%	87.10%	93.55%	48.39%	85.48%	83.39%	
CLIENT 23	88.52%	74.59%	90.16%	88.52%	86.07%	94.26%	81.15%	95.08%	45.90%	81.97%	82.62%	
CLIENT 24	84.41%	61.04%	94.80%	85.71%	87.01%	92.21%	89.61%	90.91%	45.46%	87.01%	81.82%	
CLIENT 25	72.41%	53.45%	96.55%	86.21%	93.10%	91.38%	91.38%	96.55%	46.55%	87.93%	81.55%	
CLIENT 26	81.81%	73.74%	92.93%	76.77%	89.90%	89.90%	85.86%	89.90%	48.48%	81.81%	81.11%	
CLIENT 27	77.93%	55.17%	91.72%	84.14%	87.59%	92.41%	91.03%	90.34%	56.55%	82.07%	80.90%	
CLIENT 28	82.93%	60.98%	85.37%	82.93%	95.12%	95.12%	75.61%	97.56%	53.66%	75.61%	80.49%	
CLIENT 29	76.41%	54.25%	88.68%	74.06%	87.27%	97.65%	86.79%	86.79%	55.19%	79.24%	78.63%	
CLIENT 30	72.22%	61.11%	91.11%	66.67%	84.44%	98.89%	86.67%	92.22%	43.33%	84.44%	78.11%	

* Representing 4,064 shopping reports

Participating Companies:

AmlI Residential
Archstone Communities
AvalonBay Communities, Inc.
BRE Properties
Capreit
Concord Management
CWS Apartment Homes
Drucker & Falk, LLC
Equity Residential Properties
Fairfield Residential

First Worthing Company
Fogelman Management Group
Gables Residential Services
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JPI
Legacy Partners
Lincoln Property Company
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RAM Partners, LLC

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S. L. Nusbaum Realty
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Benchmark 1st Place Company:
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