



**The EPMS *Shopping Report Performance Comparison*
A Multifamily Industry Benchmark
2nd Quarter 2003**

Is the market getting better? It depends on your perspective...AND on your particular market. While some experts tell us the nations' apartment markets are slightly improving, others report lackluster occupancy and rental increases. Yet we are delighted to note that many of our apartment mystery-shopping clients report higher occupancies with reduced concessions. Maybe their market is improving or maybe, just maybe, their marketing and leasing efforts have been enhanced by continued intensity to present the best product possible in the marketplace by the most friendly and capable leasing professionals! Regardless, more clients than ever are taking a renewed interest in their companies' sales people.

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. 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. And it is not uncommon for upper management to inquire of EPMS if their mid level personnel are also regularly monitoring performance.

Now Senior Executives, in concert with the regional managers and training directors, 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 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 Quarterly *Shopping Report Performance Comparison*: A Multifamily Industry Benchmark

This benchmark of leasing performance was created over three 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 Quarterly *"Shopping Report Performance Comparison"* simply compares the affirmative answers to those ten key and universal shopping report questions.

4,408 Total Shops Representing a Record 26 Participating Companies!

This quarter again sets a record in number of participating companies and total shopping reports. With a 4,408 shops, the data becomes increasingly meaningful and revealing. While not all companies for whom we shop participate in this quarterly comparison, we thought it noteworthy that 71.4% of the total 6,172 shopping reports done by EPMS this second quarter, 2003 are included.

Participation in the EPMS Quarterly *Shopping Report Performance Comparison* is a benefit reserved for those companies who are frequent, long-term shopping customers. New participating companies this quarter include Archstone Communities, First Worthing Company, Legacy Partners, S. L. Nusbaum, and Southwest Housing Management. We are indebted to the national and regional firms who allow us to compare their leasing performance data in this summary.

We want to identify and warmly thank the current companies who contributed their shopping data to this second quarter 2003 *Shopping Report Performance Comparison*.

Amlı Residential	First Worthing Company	S.L. Nusbaum Realty
Archstone Communities	Fogelman Management Group	Southwest Housing Management
BRE Properties	Gables Residential Services	Steven D. Bell & Company
Capreit	Greystar Management Services	Tarragon Management
CWS Apartment Homes	Home Properties	Trammell Crow Residential Services
E & S Ring Corporation	Legacy Partners	Village Green
EPT Management	Lincoln Property Company	Walden Residential
Equity Residential Properties	Post Properties	Windsor Communities
Fairfield Residential	RAM Partners, LLC	

CWS Apartment Homes tops benchmark Comparison in Second Quarter at 92.8%

Congratulations to CWS Apartment Homes for achieving the top position in this quarter's comparison. One of the original benchmark participants, CWS averaged 92.8% on all shopping report scores for this time period. With management operations based in Austin, it is an affiliate of CWS Capital Partners, a full service real estate company based in Newport Beach, CA, managing 8,000 plus units in Texas, California, Colorado, and North Carolina.

This accomplishment is especially sweet because CWS has fought hard to move from a near last position in a past summary to their current top ranking! In a memo of congratulations to all CWS on-site personnel, Senior Vice President - Operations, Jack Sipes paid this compliment: *"While it is fantastic to win, especially when benchmarked against our competitors, the importance of this is far greater than winning a shopping contest. This performance indicates that we are treating our customers with a high level of service and that we are doing everything we can to obtain a lease. We must continue to strive to be the best, focus on each link in the customer chain, and continue to provide each resident with exceptional service and a unique living experience."*

Competition remains stiff in the *Shopping Report Performance Comparison* as three of the top four companies this quarter have been in these top four positions for the past three quarters. These top companies, as well as a number of other participating companies with consistently high leasing performance scores, share a number of similar initiatives and corporate views regarding the urgency of leasing excellence:

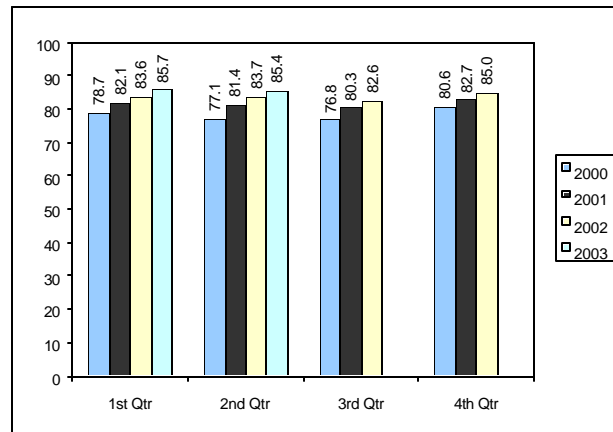
- Classroom leasing training as well as one-on-one mentoring is required for all new employees.
- Programs are in place that measure and focus on leasing performance and reward excellent presentations.
- Positive reinforcement of good performance is used through employee bonuses per shop (\$100 to \$500!), a paid day off, or whatever carrot is considered valuable to the specific individual.
- Penalties are employed for consistent under-performance ranging from \$100 docked from paycheck to, in extreme cases, termination.

Second Quarter, 2003 Sets Quarterly Performance Comparison Record at 85.4%

This Quarter's 2003 performance scores are up significantly compared to previous second quarters! The average score of 85.4% not only marks the highest Second Quarter overall average, but it is also the second highest average score for the three-year history of the survey! Only last quarter, first quarter 2003, at 86.5% was greater. This Second Quarter 2003 *Shopping Report Performance Comparison* is also the first in which the top four companies all earned average scores in the 90s!

Second Quarter 2003 Average Score Follows Typical Cycle

Has the continued sluggish market and decrease in demand created an increased sense of urgency among our on-site heroes? The comparison chart below seems to indicate such a trend as average shopping scores creep upward. Yet, while 85.4% is the highest Second Quarter score in the history of the study, it follows previous second quarter patterns of being lower than the first and last quarters. Other than one minor exception in the Second Quarter 2002, the benchmark quarterly trend has seen significant average score dips in the busy spring and summer (second and third) quarters only to see rebounds in the first and last quarters of each year.



We have speculated 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. Could it also be possible that vacation schedules and staff shortages contribute to this apparent performance lapse in the two middle spring and summer quarters?

If this trend continues to run its course, we can predict the average score in the third quarter to drop to about 84.5% and then zoom to a new overall record average of 87% in the last quarter of this year.

High/Low Ranges Increase Spread

Breaking previous “narrowing” trends, the high/low range, the difference between the highest and lowest company score averages increased this quarter. Participating companies in this Second Quarter 2003 report post a 22.8-point gap between the top and the bottom finishers compared to a 15.0 gap last quarter. This greater difference between our first and last place companies is not an indication of weaker performance levels. Rather, it is the result of the larger statistical sampling in this quarter’s report.

2 nd Quarter	Overall Average	Company Score – Average Ranges		Total Shops
		High	Low	
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

Trends Worth Tracking

- Economic Occupancy vs. Benchmark Scores - Like many of our best ideas, this one comes from one of our clients. Is there a way to compare a company’s economic occupancy to its average benchmark shopping score? Would there be any meaningful correlation? We would like to provide this kind of data if enough clients would like to participate. Question: How do we gather economic occupancy information that would meet some sort of consistent criteria between companies?
- Do you show a model, available vacancy, or both? – A client recently tracked individual mystery shops to see if there was a correlation between what the leasing professional showed the prospect. In comparing over 90 shops, they found that shopping scores were highest when the leasing professional showed both a model and a ready vacant apartment. The lowest shopping scores occurred when only a model apartment was shown.

Relationship Selling - A New Way to Sell Apartments?

As the competition between properties for fewer prospects continues to rise, we keep hearing the buzz about this new fangdangled approach to leasing. “Relationship Selling” remains the rage and some companies are reorganizing their training departments to accommodate this style of sales that treats the rental prospect as a “human being” with real needs and wants rather than just another piece of traffic. Yet, is this really a new approach? We think not! Rather, because of the highly competitive atmosphere, we believe many companies are re-discovering the type of selling that has ALWAYS been superior and most effective.

Relationship selling is nothing novel or unique. Effective selling has always been about creating relationships. People do business with people they like. That goes for leasing apartments, too! We observe that top leasing professionals, as well as entire companies, who maintain high shopping scores month after month, have always used the relationship-oriented approach. Their successful formula for recruiting, training, and keeping top "relationship-oriented" leasers is simple:

1. Find and recruit nice people with sales personalities.
2. Pay competitive salaries that include performance based incentives.
3. Teach, and then constantly reinforce, the basic leasing or sales skills.
4. Measure and monitor performance.
5. Heap on the praises for appropriate performance!

Rather than an advanced sales curriculum with 20 different course modules, we recommend a simple but direct training approach that emphasizes the leasing basics and reinforces basic people skills. Does today's leasing professional really need to be able to identify 10 different customer personalities and how to specifically deal with each? Our observations indicate that the best leasers are friendly, enthusiastic, and professional AND are expert at using **basic** leasing skills.

Noteworthy Observations

- The on-site professionals are getting the message loud and clear. Management expects leasing excellence and your performance will be monitored, measured, and critiqued! The good news: More and more on-site folks are saying, "Bring it on! I want to be shopped!" At the site level, there is a healthy and positive view of shopping as a valuable training tool and a validation of their hard work and superior skills.
- The bar has been raised in the apartment leasing profession. An "acceptable" performance level is now what we would have referred to as "excellent" just a few years ago. And the proof of expertise is measured by results...not simply a shopping score. The focus is on production. "How many new residents did you put into an apartment this month?" Results transcend a leasing professionals sales approach and style!

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^o
MULTIFAMILY INDUSTRY BENCHMARK
SECOND QUARTER, 2003**

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	
OVERALL AVERAGE	84.5%	70.8%	93.2%	87.7%	95.1%	93.6%	89.2%	94.7%	63.7%	85.0%	85.4%
CWS Apartment Homes	93.8%	75.0%	96.9%	96.9%	100.0%	100.0%	96.9%	100.0%	71.9%	96.9%	92.8%
CLIENT 2	89.0%	84.9%	95.6%	90.3%	96.2%	97.5%	95.6%	97.8%	80.5%	89.3%	91.7%
CLIENT 3	89.2%	83.1%	100.0%	95.2%	97.6%	97.6%	96.4%	96.4%	60.2%	91.6%	90.73%
CLIENT 4	90.5%	86.7%	92.7%	91.3%	98.5%	96.3%	89.0%	95.2%	78.4%	88.0%	90.66%
CLIENT 5	83.1%	68.8%	97.4%	97.4%	98.7%	97.4%	88.3%	97.4%	67.5%	92.2%	88.8%
CLIENT 6	88.5%	79.1%	94.9%	94.9%	93.6%	96.6%	88.9%	97.0%	62.1%	88.9%	88.5%
CLIENT 7	88.0%	74.0%	92.0%	90.0%	98.0%	96.0%	100.0%	100.0%	50.0%	86.0%	87.4%
CLIENT 8	84.2%	73.9%	94.3%	89.3%	96.1%	91.6%	91.6%	95.1%	68.1%	85.5%	87.0%
CLIENT 9	86.2%	75.9%	94.8%	79.3%	96.6%	100.0%	87.9%	91.4%	70.7%	82.8%	86.6%
CLIENT 10	92.5%	72.5%	92.5%	90.0%	95.0%	90.0%	87.5%	100.0%	55.0%	87.5%	86.3%
CLIENT 11	91.5%	75.5%	95.7%	85.1%	92.6%	95.7%	87.2%	95.7%	52.1%	85.1%	85.6%
CLIENT 12	85.7%	77.6%	93.9%	95.9%	98.0%	91.8%	85.7%	91.8%	53.1%	81.6%	85.5%
CLIENT 13	88.8%	68.1%	89.4%	90.0%	93.8%	95.0%	91.9%	93.8%	56.3%	85.6%	85.3%
CLIENT 14	83.3%	54.8%	90.5%	76.2%	97.6%	100.0%	85.7%	97.6%	69.0%	83.3%	83.8%
CLIENT 15	84.1%	64.6%	91.2%	89.4%	93.8%	86.7%	87.6%	97.3%	57.5%	81.4%	83.4%
CLIENT 16	88.1%	61.2%	94.0%	82.1%	95.5%	92.5%	86.6%	94.0%	52.2%	85.1%	83.1%
CLIENT 17	84.0%	60.0%	88.7%	84.0%	94.7%	90.7%	83.3%	96.7%	56.7%	85.3%	82.4%
CLIENT 18	67.4%	55.8%	88.4%	88.4%	98.8%	96.5%	94.2%	91.9%	57.0%	81.4%	82.0%
CLIENT 19	89.1%	37.0%	91.3%	84.8%	95.7%	95.7%	87.0%	93.5%	52.2%	89.1%	81.5%
CLIENT 20	81.8%	54.5%	97.7%	84.1%	88.6%	93.2%	80.7%	90.9%	50.0%	84.1%	80.6%
CLIENT 21	75.3%	47.4%	94.8%	84.4%	90.9%	92.9%	84.4%	92.2%	49.4%	79.9%	79.2%
CLIENT 22	75.2%	36.2%	91.4%	80.0%	94.3%	91.4%	72.4%	89.5%	53.3%	78.1%	76.2%
CLIENT 23	85.6%	62.1%	87.1%	65.9%	88.6%	89.4%	77.3%	92.4%	38.6%	72.0%	75.9%
CLIENT 24	57.9%	55.3%	81.6%	84.2%	86.8%	97.4%	84.2%	94.7%	31.6%	73.7%	74.7%
CLIENT 25	69.4%	47.2%	83.3%	65.3%	87.5%	93.1%	84.7%	90.3%	40.3%	76.4%	73.8%
CLIENT 26	56.1%	35.1%	89.5%	66.7%	75.4%	94.7%	78.9%	94.7%	36.8%	71.9%	70.0%

* Representing 4,408 shopping reports

Participating Companies:

AmlI Residential
Archstone Communities
BRE Properties
Capreit
CWS Apartment Homes
E & S Ring Corporation
EPT Management
Equity Residential Properties
Fairfield Residential

First Worthing Company
Fogelman Management Group
Gables Residential Services
Greystar Management Services
Home Properties
Legacy Partners
Lincoln Property Company
Post Properties
RAM Partners, LLC

S.L. Nusbaum Realty
Southwest Housing Management
Steven D. Bell & Company
Tarragon Management
Trammell Crow Residential Services
Village Green
Walden Residential
Windsor Communities

Benchmark 1st Place Company: CWS Apartment Homes
Jack Sipes - Senior Vice President - Operations
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