



**The EPMS *Shopping Report Performance Comparison*
A Multifamily Industry Benchmark
3rd Quarter 2002**

What is going on with our industry? Are these the worst of times? No, we have seen much lower occupancy rates...much lower in the mid and late 80's. Are these the best of times? Certainly not! How we miss the heydays of the late 90s! Yet, this is a most exciting and stimulating time for a true property management professional! Never have we experienced a market that the really expert operators can make such an immediate and measurable impact. Our hope is that this letter finds you still having fun after all these years...and making a greater difference than ever before!

Being a partner in your success – even in this difficult market - is our constant challenge and the very mission of Ellis Property Management Services! Since 1984, EPMS has strived to produce the fairest and most comprehensive performance evaluations for you and your on-site leasing professionals. Part of our commitment is the impetus of the enclosed *Quarterly Shopping Report Performance Comparison*. This nationwide evaluation has become the benchmark of which the country's leading apartment owners and management companies measure their leasing prowess!

"The EPMS Quarterly Shopping Report Performance Comparison: A Multifamily Industry Benchmark." Our original purpose for this report was to address a question that was often asked by many of our EPMS Shopping customers, *"How do our 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.

With consultation from our major customers, EPMS has identified the ten leading and universal performance questions that are common to all telephone/on-site mystery shopping reports. The Quarterly *"Shopping Report Performance Comparison"* measures the affirmative answers to those ten key and universal shopping report questions.

Our 3rd Quarter Performance Comparison reveals some intriguing trends that indicate an industry standing strong in the heat of a marketing battle. While a few experts say the hardest times have passed, our customers do not report much relief from the struggle to win over and keep enough residents to enhance value and grow occupancy. Yet, rather than making a retreat, we have seen a heroic resurgence in your efforts with higher shopping scores and increasingly savvy professionals stationed at your communities! In fact, the average quarterly shopping score is up 5.8 points compared to the same time period **two years ago** when we enjoyed stronger demand in a better economic climate.

23 Participating Companies Representing 2,434 Total Shops

This 3rd Quarter 2002 *Shopping Report Performance Comparison* set a new mark in terms of company participation. Participation in the EPMS *Quarterly Shopping Report Performance Comparison* is a benefit reserved for those companies who are frequent, long-term shopping customers. A minimum of 20 shops during the quarter is required to be included. We want to identify and warmly thank the current companies who contributed their shopping data to this quarter's *Shopping Report Performance Comparison*:

AIMCO	E&S Ring Corporation	Home Properties
Amlı Residential	EPT Management	Lincoln Property Company
Archstone - Smith	Equity Residential Properties	Post Properties
BRE Properties	Fairfield Residential	Tarragon Management
Capreit	Fogelman Management Group	Trammel Crow Residential Services
ConAm Management	Forest City Residential Management	Village Green Companies
CWS Apartment Homes	Gables Residential Services	Windsor Communities
David Drye Company	Greystar Management Services	

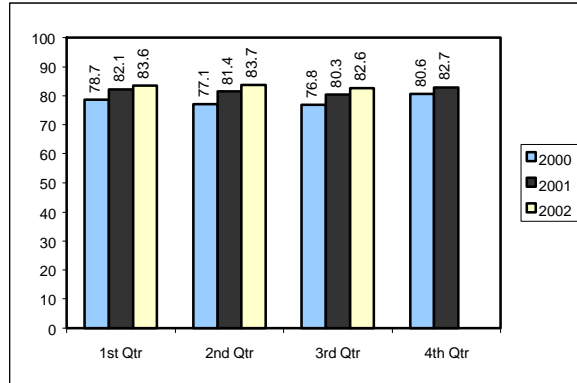
LPC Ranks Number 1 For the Fourth Straight Quarter

Lincoln Property Company continues to prevail as the leading company in shopping report performance. LPC ranks first this quarter with an overall rating of 90.3%. Congratulations to LPC for their consistent shopping report performance! LPC's Senior Vice President, Fred Chaney, commended his on-site teams throughout the country. While Lincoln placed in the top position, we are impressed with the entire group of companies and the overall average performance of this large sampling of shops nationwide.

3rd Quarter Dip continues to be a Comparison Trend

At 82.6%, this is the highest 3rd quarter score in the comparison's history and just a tenth of a point below last year's record in the 4th quarter, the typical high quarter for the year. While this quarter's score is a record for the 3rd quarter and only a hair and a point below last quarter's all time high, it follows an interesting trend that we have seen in the previous third quarters. For the past two years, the 2nd quarter has dipped slightly below the 1st, followed by the 3rd quarter dropping to the lowest of the year.

For three years, the third quarter performance scores have been the lowest for each year. The difference in 2002 is that the 2nd quarter marginally increased, rather than decreasing, as in the past two years. If the annual trend continues, this coming 4th quarter should jump up and possibly hit the comparison's all time highest score!



Other Noteworthy Observations:

- **Less Training/Better Performance?** – While this concept runs contrary to conventional wisdom, many of our clients have reported cutbacks in their training departments while maintaining or improving performance levels. Perhaps the obvious market downturn along with the perceived risk of job loss has put leasing professionals on notice and motivated them to higher levels of performance.
- **Less Traffic and Greater Vacancies Create Sense of Urgency** – This may seem to be an obvious response, but the apartment “market correction” of the mid to late 80s produced a de-motivated on-site employee who seemed to have run out of solutions. This current market dip has brought the best out of our industry and its on-site heroes. Today the attitude seems to be “We can do this” and “We will not give up until we succeed!”
- **Hard Times have Improved Performance Scores** – Despite less demand and higher vacancies, shopping performance scores are at an all time high. Below is a comparison of the first three quarters of 2000 when times were still great to the same three quarters this year. These vacancy rates come from the *U.S. Census Bureau's Quarterly Housing Vacancy Survey* and represent multi-family properties with 5 units or more.

2000	Scores	U.S. Apt. Vacancy*	2002	Scores	U.S. Apt. Vacancy*
1 st Quarter	78.7%	8.9	1 st Quarter	83.6%	10.8
2 nd Quarter	77.1%	9.4	2 nd Quarter	83.7%	10.4
3 rd Quarter	76.8%	9.4	3 rd Quarter	82.6%	NA
4 th Quarter	80.6%	8.9	4 th Quarter		

*These rates represent gross physical vacancy. Considering the current market concessions, the 2002 net economic vacancy rate is actually greater.

- **Stronger Emphasis on Follow Up** – While the shopping scores are not designed to reflect it, we have noticed an increased intensity and repetitiveness in follow up. Some of our shoppers have had to come clean and declare their mission with your leasing professionals who persistently but appropriately follow up after the shop!

- **Ask For the Deposit!** – Only 55.3% of those on-site professionals directly asked the prospect to leave a deposit. Our experience through our contract leasing and consulting efforts is that the direct – call it 'hard' – close is STILL the most effective when coupled with a sincere leasing professional and a genuine style. It is the *natural* response to a prospect with whom you have "connected" and is showing buying signals. And remember that this 55.3% reflects presentations made to our shoppers who are trained to be closable and should appear a bit more willing than the average prospect!
- **Ready Units** – None of the participating companies had 100% ready apartments. Overall, the performance score indicated that 92.8% showed truly market ready units. Could cost cuts and leaner maintenance staffs contribute to this phenomenon? The actual available apartment home is a deciding factor for many prospects and product preparation is one area NOT to cut quality.
- **More Scrutiny by Owners and Asset Managers** – Though not reflected in these performance scores, we have been discovered by a new segment of shopping customers, the owners and owners' representatives of your properties. More and more of the actual institutional investors are calling on EPMS to evaluate their portfolio. There is even a disturbing trend toward knee-jerk reaction by changing management companies in a move of desperation by these institutions. In markets like this, as the challenge to perform and meet expectations is raised so is the accountability!

The good news is that we continue to act as professionals and respond thoughtfully and effectively to the current marketing and economic crisis. Congratulations to each of you!

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
THIRD QUARTER, 2002**

	QUESTION OVERALL AVERAGE	Lincoln Property Company	CLIENT 2	CLIENT 3	CLIENT 4	CLIENT 5	CLIENT 6	CLIENT 7	CLIENT 8	CLIENT 9	CLIENT 10	CLIENT 11	CLIENT 12	CLIENT 13	CLIENT 14	CLIENT 15	CLIENT 16	CLIENT 17	CLIENT 18	CLIENT 19	CLIENT 20	CLIENT 21	CLIENT 22	CLIENT 23	
TELEPHONE PRESENTATION																									
1.	Did the consultant attempt to set an appointment with you?	81.1%	90.1%	92.4%	85.7%	84.6%	94.4%	74.7%	83.0%	91.2%	91.7%	75.9%	86.4%	85.4%	79.7%	77.3%	81.4%	78.3%	82.1%	67.9%	76.7%	68.1%	62.0%	64.2%	65.5%
2.	Were you asked for your telephone number(s)?	60.7%	82.6%	69.7%	71.4%	64.0%	69.4%	57.1%	56.8%	64.1%	66.7%	55.2%	40.9%	65.9%	51.2%	54.5%	55.7%	63.0%	38.5%	52.4%	57.8%	50.5%	56.0%	40.5%	22.7%
ON-SITE PRESENTATION																									
3.	Did the consultant make a positive first impression on you?	92.1%	92.9%	95.5%	95.0%	94.5%	100.0%	92.3%	96.6%	96.1%	91.7%	96.6%	90.9%	92.7%	91.7%	88.6%	88.6%	91.3%	79.5%	89.3%	95.6%	92.3%	82.0%	87.2%	81.8%
4.	Did the consultant determine if you had any special needs or preferences?	83.4%	90.6%	93.9%	86.6%	86.2%	91.7%	94.5%	90.9%	93.9%	75.0%	91.4%	77.3%	68.3%	83.9%	77.3%	80.0%	71.7%	79.5%	81.0%	55.6%	71.4%	66.0%	76.4%	68.2%
5.	Did the consultant discuss and/or point out amenities and facilities of the property?	94.2%	98.1%	98.5%	97.5%	93.3%	97.2%	98.9%	93.2%	93.4%	95.8%	96.6%	95.5%	100.0%	96.3%	95.5%	92.9%	95.7%	89.7%	86.9%	90.0%	89.0%	90.0%	87.2%	90.0%
6.	Did the consultant show you an apartment that was clean, made ready, and comfortable in temperature?	92.8%	93.1%	95.5%	94.1%	96.0%	94.4%	94.5%	98.9%	94.5%	95.8%	93.1%	95.5%	92.7%	93.1%	88.6%	85.7%	91.3%	94.9%	86.9%	93.3%	85.7%	96.0%	86.5%	91.8%
7.	Did the consultant sell benefits for the features discussed in the apartment?	87.8%	92.1%	98.5%	90.8%	95.7%	94.4%	100.0%	92.0%	93.9%	91.7%	94.8%	95.5%	82.9%	88.0%	84.1%	81.4%	84.8%	82.1%	77.4%	67.8%	85.7%	88.0%	73.0%	75.5%
8.	Did the consultant effectively overcome any objections you raised?	94.5%	96.1%	98.5%	97.5%	95.7%	91.7%	94.5%	92.0%	96.7%	95.8%	94.8%	95.5%	92.7%	95.4%	93.2%	98.6%	84.8%	87.2%	96.4%	87.8%	93.4%	98.0%	89.2%	90.9%
9.	Did the consultant ask you to leave a deposit?	55.3%	77.7%	42.4%	61.3%	70.0%	41.7%	69.2%	70.5%	47.0%	62.5%	39.7%	50.0%	48.8%	42.9%	54.5%	41.4%	41.3%	48.7%	41.7%	47.8%	36.3%	28.0%	41.9%	36.4%
10.	Based on the consultant's presentation, would you have leased the apartment?	84.3%	90.1%	86.4%	89.1%	88.1%	88.9%	86.8%	88.6%	90.1%	91.7%	84.5%	90.9%	80.5%	85.3%	79.5%	84.3%	80.4%	74.4%	76.2%	81.1%	75.8%	70.0%	70.9%	72.7%
	CLIENT OVERALL AVERAGE	82.6%	90.3%	87.1%	86.9%	86.8%	86.4%	86.26%	86.25%	86.1%	85.8%	82.2%	81.8%	81.0%	80.7%	79.3%	79.0%	76.1%	75.64%	75.60%	75.3%	74.8%	73.6%	71.7%	69.5%

* Representing 2434 shopping reports

Participating Companies:

AIMCO
Amli Residential
Archstone - Smith
BRE Properties
Capreit
ConAm Management
CWS Apartment Homes
David Drye Company
E & S Ring Corporation
EPT Management
Equity Residential Properties
Fairfield Residential

Fogelman Management Group
Forest City Residential Management
Gables Residential Services
Greystar Management Services
Home Properties
Lincoln Property Company
Post Properties
Tarragon Management
Trammell Crow Residential Services
Village Green
Windsor Communities

Benchmark 1st Place Company: Lincoln Property Company
Fred Chaney - Senior Vice President of Property Management

People will generally do what they are asked to do and we believe in the old adage "you need to inspect what you expect." With several markets sagging as early as mid-2001, Lincoln began re-emphasizing the importance of "closing the deal" to leasing associates across the country. Our training team focused a lot of time on sales presentation, including individual evaluation through mystery shops. We communicated our expectations to the field and issued the challenge. I am extremely proud to see they accomplished the goal set before them.