



The EPMS *Shopping Report Performance Comparison* A Multifamily Industry Benchmark 4th Quarter 2003

In 2004, we predict a new year that will continue many of the challenges and demands of 2003 but have a much brighter light visible at the end of the tunnel! Steady job growth and a more positive outlook of the economy by the general public will improve our industry's troubles. Yet, we believe continued apartment construction in some major markets will keep occupancy down and perpetuate the ridiculous incentives that cripple many of the nation's apartment markets. It will be better in 2004, but it will continue to be a challenge. Fortunately, that means *job security* for you apartment professionals who know how to make it happen! More than ever, our industry is looking for people who can perform!

SAFE – Systems * Accountability * Focus * Execution

Last quarter we introduced our *SAFE* concept. What we said in the last Benchmark report still applies: Have **S**ystems in place to monitor and measure on-site performance. The old management saying is still true today: "If you can't measure it, you can't manage it!" **S**ystems that measure performance make on-site professionals responsible to desired standards and achievements. That is simply "**A**ccountability". Being **A**ccountable to a measurable set of standards results in higher performance levels. This process of reaching higher performance levels starts with an intense **F**ocus on the end result. What do you want to achieve? Finally, there has to be **E**xecution of the **S**ystems created to meet the desired objective. Even the best strategic plan and well-designed **S**ystems are for naught without **E**xecution.

Many of our customers responded positively and are using these four key concepts to enhance their overall leasing performance and to increase shopping scores. We like to say it is better to lease *SAFE* than sorry! So we will take a look at the first of these four disciplines, "Systems", in this Benchmark letter and see how this quarter's top performers have used structure and organization (SYSTEMS!) to create a superior sales force.

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

EPMS shopping customers have asked us for years, "*How do my on-site leasing professionals compare to those in other similar companies?*" This benchmark of leasing performance was created over three years ago to answer that question. Our "*Shopping Report Performance Comparison*" allow you to compare your company's leasing performance to other national and regional operators. EPMS compares the affirmative answers to ten leading and universal performance questions that are common to all telephone/on-site mystery shopping reports. These ten questions are included in the comparison chart attached to this letter.

5,131 Shops in This Quarter's Benchmark Comparison – A New Record Participation!

The number of participating companies and actual shopping reports continues to increase. This Fourth Quarter, 2003 *Shopping Report Performance Comparison* includes 5,131 individual shops from 30 companies, an increase of 3,000 reports from one year ago. This significantly larger sample has made the data more meaningful and significant. While it does not represent the industry at large, this benchmark certainly reflects leasing performance by top companies who focus on leasing and have created **systems** to develop the finest sales teams possible.

We welcome three new companies, AvalonBay Communities, Inc., Metric Property Management, and Simpson Property Group, to this quarter's benchmark. 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*. Without their participation and willingness to share performance scores, our quarterly report would not be possible!

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

Gables Residential Services repeats top performance in Fourth Quarter at 94.44%

Repeating at the top position for the second quarter in a row, Gables Residential Services also achieved the highest comparison average score in the history of the benchmark! A long time participant, Gables Residential Services, posted an overall average shopping score of 94.44% on 392 individual shops. The company is one of the largest apartment operators in the nation and currently manages 50,063 apartment homes in 178 communities, owns 83 communities with 22,851 stabilized apartment homes primarily in Atlanta, Houston, South Florida, Austin, Dallas, Tampa, and Washington, DC and has an additional 8 communities with 2,143 apartment homes under development or lease-up.

Gigi Giannoni, Vice President of Marketing and Training for Gables Residential Services is elated by her on-site teams’ most recent accomplishment. She told us, "Achieving excellence is a team effort, and the fourth quarter outcome proves that consistency and focus by the majority delivers strong results. Maintaining first place two quarters in a row, especially with such worthy and quality competition, makes us proud. However, equally as important as leading the benchmark this quarter is our internal measurement of improvement over our percentages from last quarter. That is true progress. It is exciting to see the industry as a whole elevate its' standards in desiring to deliver a quality experience to the customer while still recognizing a critical element of this effort - closing the sale!"

As competition continues to intensify, we see more companies passing the 90% threshold! Applying **systems** that include comprehensive, thoughtful training programs has created a higher overall level of leasing among the benchmark participants. Each quarter we measure the number of companies that break into the 90% range in benchmark average score. The chart below breaks down the company scores in five point increments with eight companies above 90%, two more than the previous quarter.

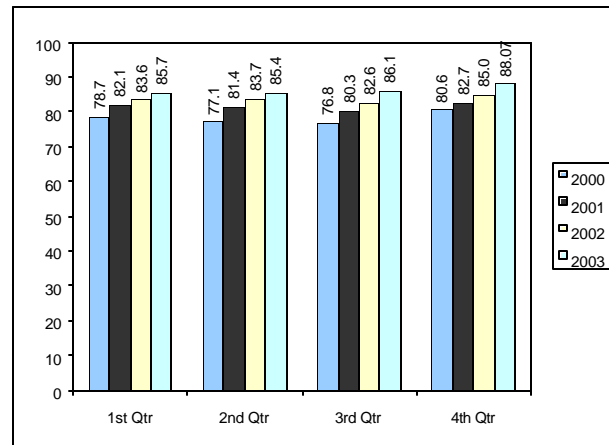
3 Companies	94.0% and Above
5 Companies	90.0% to 93.9%
9 Companies	85.0% to 89.9%
10 Companies	80.0% to 84.9%
3 Companies	76.0% to 79.9%

Fourth quarter overall average scores have also continued to climb each year. As was true last quarter, Gables Residential’s outstanding performance actually increased the spread between the top and bottom performers in our *Shopping Report Performance Comparison* this quarter. Until the past two quarters, the trend had been a slight *decrease* in the gap between the first and last place companies. The fact that the high and low company average scores as well as the overall average are moving upward indicates a general improvement in leasing performance among participants.

Quarter/Year	Overall Fourth Quarter Average	Company Score – Average Ranges		Total Shops
		High	Low	
Fourth Quarter, 2003	88.07%	94.44%	76.34%	5,131
Fourth Quarter, 2002	85.0%	90.8%	75.2%	2,145
Fourth Quarter, 2001	82.7%	88.9%	64.7%	1,917
Fourth Quarter, 2000	80.6%	89.2%	60.0%	1,261

Fourth Quarter Benchmark Sets All Time Record at 88.07%

Along with Gables Residential's single company record score, this quarter has produced the all time record average benchmark score at 88.07%. This record high comes despite the fact that this quarter's *Shopping Report Performance Comparison* consists of almost 3,000 more shops than one year ago! The chart below shows the average score by quarter for the past four years. Note the fourth quarter spike in overall average scores that has been the trend since the Benchmark's inception.



Until this year, the EPMS average shopping scores decreased each second and third quarter because rental prospect traffic increased creating a “cherry-picking” mentality. We have speculated that the on-site teams were able to achieve their leasing and occupancy goals easier due to more prospects calling and coming through the door. Then, in the traditionally slower fourth and first quarters, shopping scores would spike up as leasing professionals would frankly “try harder” due to less prospects and a greater sense of urgency! This year the top companies have responded to the on-going market instability and softness by actually increasing their performance level each quarter in 2003! While there was a nice upward spike at the end of the year, that is, the current fourth quarter, 2003, we did not experience the significant dip in overall average shopping scores in the second and third quarters. Could this indicate an industry that is evolving into a more sophisticated approach to “selling” its product?

Top Leasing Companies Practice SAFE Leasing! Effective Systems are the foundation to SAFE sales and marketing.

Systems allow companies to operate in a purposeful and calculated manner. Our Benchmark leaders use thoughtful and simple systems to maintain superior sales skills and achieve leasing excellence. This quarter's top company, Gables Residential, uses training systems that hone not just sales skills but also professional and personal skills. Vice President of Marketing and Training, Gigi Giannoni, says that the Gables University curriculum includes classes that teach personal skills while encouraging a balanced life. Enthusiasm, conflict resolution, and a zest for life are skills that are as crucial as telephone techniques and overcoming resistance. “If the leasing professional is happy with their job and content with life, the rental customer can see that in their presentation. Gables employs training systems that teach leasing professionals how to be the kind of person that others like to do business with.”

Irving, Texas based JPI takes a similar Systematic approach to positive training for positive results. Senior Vice President – Associate Development and Strategic Staffing, Lucy Simone reports that while sales techniques are an integral part of their training curriculum, their trainers also infuse the JPI tradition of style, professional dress, good manners, and proper grooming into every on-site sales associate. JPI's unique and desirable product along with a very positive approach to managing and monitoring the salespeople creates a leasing environment that results in memorable presentations and most important, more leases! Simone says, “If a leasing professional is excited about their product and proud of the company they represent, the excitement and pride will be transferred to the prospect. Their leasing presentation will have more energy and depth.”

Do not get the impression that these companies are only about warm fuzzies or “Motivating and Inspiring” as Simone prefers to call it. The fact is that all three of our top performers in this fourth quarter, 2003 have invested significantly in sophisticated and high caliber training Systems. As another EPMS Benchmark top performer, Lincoln Property Company (LPC) has revamped its training program during the past two years to focus on a performance-oriented curriculum. Their initial five-day program includes ALL new LPC employees the first day and a half. Service technicians, bookkeepers, porters, and managers train together along with the leasing professionals. They spend the first day in basic orientation, which includes a review of the LPC Corporate Culture AND their use of the shopping report to monitor the entire team’s performance! Vice President of Marketing and Training, Maria Lawson, told us, “All LPC on-site employees are introduced to the shopping report concept and instructed how everyone’s efforts contribute to the overall success of the leasing team.”

LPC encourages classroom training and believes that it is more fun and productive to learn with other learners. CTAs, *Certified Training Associates*, are an extension of their aggressive training system and provide additional quality instruction and mentoring that would otherwise be logistically impossible from their six full-time regional trainers. On-site individuals that possess superior leasing skills and demonstrate the ability to guide learners in both a classroom and one-on-one settings can earn the CTA designation. CTAs must complete advanced sales and training courses to become certified. Lawson tells us, “The CTAs have immense credibility because they are real leasing professionals who are out there every day on the front lines.” CTAs must also walk the talk. They have to maintain high shopping report scores personally to stay certified and be eligible to train.

Good Systems include procedures, policies, and guidelines that are uniformly applied and enforced. The idea is CONSISTANCY and that is exactly the word used frequently by all three company representatives. Good systems allow these companies to provide the rental prospect with a consistent, memorable leasing experience every time. Yet, an effective employee selection System is the starting point for a superior sales force.

Recruiting Systems. JPI believes the road to being an industry leading company starts with recruiting and hiring the best people. Their commitment to finding quality people is evident in their full time recruiting team who personally interview all on-site candidates from assistant manager up. JPI believes best employee prospects come from the referrals of other quality on-site employees. Simone repeats one of her company’s mantras: “The end depends on the beginning.” In employee selection, this means starting with a core group of qualified and skilled managers. These key players become magnets who attract other quality on-site professionals to the JPI team. The \$1000 bounty offered to JPI employees does not hurt either.

Personality and key characteristic profiling is another system or hiring tool used by all three companies. Gables uses the Activity Vector Analysis to identify characteristics and traits that are common in their proven sales people. The inventory then matches leasing professional candidates to these key traits. Giannoni claims that Gables Residential’s upfront investment on recruiting the right “personality” results in a higher level of professional entering the field. Lawson at LPC agrees. Her company uses testing to identify the candidates that best fit the various on-site team positions or roles.

Systems simply for systems sake are not what we advocate. The examples from these three top performers for this fourth quarter, 2003 benchmark illustrate how the right sort of Systems will create a *SAFE* leasing effort that puts more prospects into apartment homes! Next quarter, we will share Accountability highlights from our top three benchmark performers.

Follow-Up Trends – 2003

Does your company teach follow-up techniques? Is follow-up an important aspect of the on-going sales and leasing efforts? That answer must be a resounding “YES”! Our statistics from over 25,000 individual shops indicate that follow-up in some form is practiced over 70% of the time. Impressive, is it not? Should this lofty number be considered an industry average? Certainly not! What the number may mean is that management companies who take leasing seriously, as indicated by a systematic shopping program, also realize that follow-up is a natural part of any leasing engagement!

And the #1 Form of Follow-Up? The Telephone! As you might guess, the telephone is the most common tool for rental prospect follow-ups. About 40% of the leasing professionals in our study group used the telephone to stay in contact with the prospect. Close behind the telephone, the second highest form of follow-up was the personal note at about 33%. Finally, an email message was used by 5% of those individuals shopped in 2003.

Below is the quarterly breakdown by follow-up types from last year:

Summary of Yes Follow-Up By Category - based on 25,877 shops				
Type of Follow-Up:	1Q03	2Q03	3Q03	4Q03
Telephone	38.44%	38.40%	36.72%	43.23%
Note	33.53%	32.97%	30.00%	34.82%
Email	5.07%	4.23%	4.02%	5.64%
Total Follow-Up Received	77.04%	75.60%	70.74%	83.69%

The 2003 quarterly overview of follow-up reveals some interesting trends and observations:

- ◆ Like the overall benchmark scores in the past, follow-up efforts peak in the first and fourth quarters but decline in the second and third quarters. Could the biggest decline, which occurred in the third quarter, indicate a staff “too busy” with prospects to follow-up?
- ◆ Email, the simplest, fastest, and cheapest form of follow-up was only used 5% of the time.
- ◆ What some would say is the most “personal” and memorable form of follow-up, a written note, was used by about one third of the leasing professionals.
- ◆ About one fourth of the leasing professionals DID NOT FOLLOW-UP!

Most management professionals realize the benefits of an appropriate and timely follow-up System. Not only does proper follow-up communicate a high level of service and professionalism, it also places your community ahead of your competitors who do not. It also provides additional exposure for your community and allows feedback from your former prospect. EPMS will continue to track follow-up and explore the correlation between high shopping scores and follow-up.

We predict 2004 to be a pivotal year in our industry and in our nation’s economy. The economy will improve, and our NOIs will follow...slowly. Be patient and realize it took several years to get to this point in our apartment cycle, and it will be awhile longer before we see a significant improvement. Here’s to a successful and profitable new year despite the current conditions. It is our mission and New Year’s resolution to be partners with you in that success!

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
FOURTH QUARTER, 2003

	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	88.01%	72.19%	94.41%	90.16%	95.69%	95.40%	92.21%	96.05%	68.13%	89.17%	88.07%
Gables Residential Services	93.37%	88.27%	97.70%	96.68%	97.96%	97.96%	97.19%	97.45%	84.95%	92.86%	94.44%
CLIENT 2	93.75%	86.46%	98.96%	100.00%	98.96%	100.00%	96.88%	98.96%	75.00%	94.79%	94.38%
CLIENT 3	94.18%	89.26%	95.75%	94.41%	99.11%	97.76%	93.29%	96.87%	86.13%	93.29%	94.00%
CLIENT 4	92.50%	85.00%	100.00%	92.50%	100.00%	95.00%	100.00%	100.00%	72.50%	95.00%	93.25%
CLIENT 5	95.06%	74.69%	99.38%	97.53%	97.53%	97.53%	95.68%	97.53%	75.31%	98.76%	92.90%
CLIENT 6	95.18%	78.31%	97.59%	97.59%	93.98%	100.00%	93.98%	93.98%	72.29%	93.98%	91.69%
CLIENT 7	93.33%	80.00%	100.00%	86.67%	90.00%	96.67%	93.33%	96.67%	83.33%	96.67%	91.67%
CLIENT 8	63.46%	88.46%	100.00%	94.23%	100.00%	98.08%	96.15%	98.08%	75.00%	96.15%	90.96%
CLIENT 9	87.06%	61.18%	95.29%	92.94%	97.65%	98.82%	97.65%	98.82%	78.82%	88.24%	89.65%
CLIENT 10	89.63%	76.67%	95.00%	91.98%	96.60%	93.77%	93.40%	95.93%	73.21%	89.14%	89.53%
CLIENT 11	93.18%	72.73%	88.64%	97.73%	97.73%	100.00%	97.73%	97.73%	50.00%	95.45%	89.09%
CLIENT 12	88.29%	79.28%	95.50%	91.89%	90.09%	92.79%	95.50%	93.69%	61.26%	88.29%	87.66%
CLIENT 13	87.76%	81.63%	89.80%	83.67%	97.96%	93.88%	89.80%	97.96%	59.18%	89.80%	87.14%
CLIENT 14	94.74%	78.95%	94.74%	89.47%	100.00%	100.00%	84.21%	94.74%	52.63%	78.95%	86.84%
CLIENT 15	88.89%	61.62%	95.96%	91.92%	94.95%	97.98%	92.93%	95.96%	54.55%	90.91%	86.57%
CLIENT 16	90.40%	62.40%	94.40%	88.80%	94.40%	97.60%	86.40%	94.40%	62.40%	85.60%	85.68%
CLIENT 17	81.97%	66.20%	92.67%	86.48%	97.74%	94.93%	95.49%	96.06%	53.80%	89.57%	84.401%
CLIENT 18	90.00%	48.00%	96.00%	90.00%	90.00%	98.00%	96.00%	94.00%	54.00%	88.00%	84.400%
CLIENT 19	77.59%	61.21%	92.24%	91.38%	93.97%	94.83%	89.66%	96.55%	56.03%	87.07%	84.05%
CLIENT 20	86.05%	58.14%	93.02%	93.02%	97.67%	100.00%	90.70%	90.70%	41.86%	88.37%	83.95%
CLIENT 21	87.93%	60.34%	96.55%	84.48%	98.28%	89.66%	84.48%	87.93%	55.17%	91.38%	83.62%
CLIENT 22	87.93%	70.69%	91.38%	73.28%	92.24%	95.69%	86.21%	98.28%	50.86%	85.34%	83.19%
CLIENT 23	85.71%	57.14%	88.57%	75.24%	97.14%	97.14%	84.76%	96.19%	66.67%	80.95%	82.95%
CLIENT 24	88.83%	49.75%	92.38%	87.31%	93.40%	92.89%	90.36%	96.45%	48.22%	88.32%	82.79%
CLIENT 25	84.50%	63.57%	88.76%	84.11%	88.37%	91.47%	81.01%	93.02%	62.40%	80.62%	81.78%
CLIENT 26	76.62%	55.84%	89.61%	88.31%	89.61%	94.81%	88.31%	93.51%	51.95%	84.42%	81.30%
CLIENT 27	78.79%	69.70%	81.82%	78.79%	100.00%	100.00%	75.76%	96.97%	57.58%	69.70%	80.91%
CLIENT 28	71.07%	44.65%	91.82%	83.02%	89.31%	93.08%	86.79%	96.86%	57.23%	84.28%	79.81%
CLIENT 29	76.92%	41.03%	92.31%	76.92%	94.87%	94.87%	89.74%	89.74%	48.72%	84.62%	78.97%
CLIENT 30	74.65%	42.25%	91.55%	66.20%	84.51%	98.59%	87.32%	97.18%	40.85%	80.28%	76.34%

* Representing 5,131 shopping reports

Participating Companies:

Aml Residential
Archstone Communities
AvalonBay Communities, Inc.
BRE Properties
Capreit
CWS Apartment Homes
E & S Ring Corporation
Equity Residential Properties
Fairfield Residential
First Worthing Company

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

Simpson Property Group
S. L. Nusbaum Realty
Southwest Housing Management
Steven D. Bell & Company
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Gables Residential Services
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