

**The Ellis Shopping Report Performance Comparison
A Multifamily Industry Benchmark
Executive Summary
First Quarter, 2012**

Spring has sprung! The flowers are opening, trees are *blooming* and people in general are a bit friendlier than normal. It is a time for new beginnings and a *fresh new look*. In the spirit of Spring, we are pleased to unveil the First Quarter 2012 Ellis *Shopping Report Performance Comparison* under our new company name, [Ellis, Partners in Management Solutions](#), a name that supports our vision and the commitment to the *growing* needs of our customers. Many of you have shared the importance of quantifying and understanding the perception of the customer's experience. Our business strategy for 2012 is to bring awareness of "customer experience" best practices.

Understanding the mindset of today's customer, many of which are more sophisticated, informed and demanding, has become more difficult. In recognizing this challenge, we have created an integrated program for 2012 – a program that captures data from shopping reports, resident surveys and social media onto one platform, all in an effort to understand the "**Voice of the Customer**". If you think about it, shopping reports "talk about the process", resident surveys "talk to you" and social media "talks about you". Using state of the art technology, we extract data from social media sites, resident surveys and shopping reports to understand the common sentiments and themes expressed by the public. Along with defining your customer's experience, our program helps you to understand the generational differences as well as the common values, beliefs and behaviors that each generation exhibits.

In this letter, we begin our drive down **The Road to Customer Loyalty**, as well as provide our traditional market update and the results of our quarterly performance comparison.

☑ MARKET CLIMATE UPDATE

At this time, many Americans are turning to renting a home instead of buying. In Fannie Mae's fourth quarter National Housing Survey of 3,000 homeowners and renters, 48% of renters said they do not think they can afford the purchase or upkeep of a home, and 47% said they do not have good enough credit for a mortgage. Reasons for why people are choosing to rent rather than own vary from concerns about falling home prices, uncertainty about job stability, flexibility, and for some, it just fits their lifestyle. Industry experts believe that the rental housing market will remain strong in 2012 as a result of demographic trends and changing consumer behavior. This will continue driving rents up and pushing out any remaining concessions.

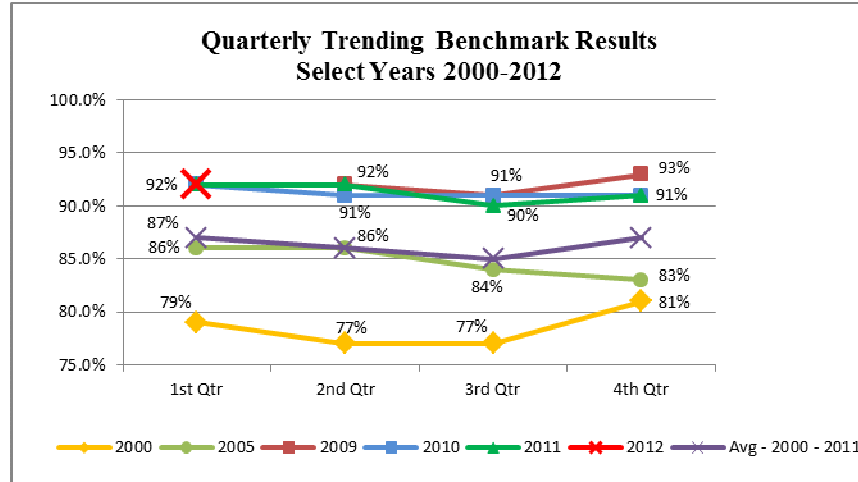
- Research conducted by the National Association of Realtors suggests multifamily housing is gearing up to be a landlord's market demanding a rise in rent increases. According to Lawrence Yun, NAR Chief Economist, job creation is one of the driving forces behind the market change. After rising 2.2% last year, average apartment rent is expected to increase 3.8% in 2012 and another 4.0% next year.
- According to the Commerce Department, new-home sales dropped 1.6% in February to a seasonally adjusted annual rate of 313,000 homes. Sales have fallen nearly 7% since December.
- American companies hired fewer workers in March, but the nation's unemployment rate dipped slightly lower to 8.2%, according to U.S. Bureau of Labor Statistics.
- Gallup's U.S. underemployment measure combines those unemployed with those working part-time but looking for full-time work. As a result of sharp declines in both of these groups, the underemployment rate, on an unadjusted basis, fell to 18.0% in March from 19.1% in February 2012.
- Americans' confidence in the economy slipped in March, after rising sharply in February. The Conference Board's Consumer Confidence Index fell to 70.2 from an upwardly revised 71.6 in February. With the job market showing improvement, most Americans remain upbeat about the state of the economy, but they are becoming a bit worried about the next six months, given rising fuel prices.

**☑ ELLIS QUARTERLY SHOPPING REPORT PERFORMANCE COMPARISON:
A MULTIFAMILY INDUSTRY "BENCHMARK"**

For many years, our shopping customers asked, "**How do my on-site leasing professionals compare to those in similar companies?**" In the First Quarter 2000, we created the Ellis *Shopping Report Performance Comparison* to answer that question. Known as the "Benchmark", our quarterly report allows you to compare your company's leasing performance to other national and regional operators. By measuring the affirmative answers to ten leading and universal performance questions common to all telephone/on-site mystery shopping reports, we rank participating companies on a weighted and equal basis. These ten questions are included in the comparison chart attached to this letter.

☑ ELLIS BENCHMARK QUARTERLY PERFORMANCE TRENDING

The overall average in the First Quarter 2012 reached 92% based on 3,982 shops. The high company average remained steady at 92% while the low company average took a 2.5% leap forward as compared to a year ago. The companies at the top and the bottom are clearly increasing expectations resulting in improved performance. Customer service will continue to be a strong focus as vacancy tightens and the “resident experience” becomes critical to increase loyalty and reduce future turnover.



☑ TOP-RANKED PARTICIPATING COMPANIES

1st Place – SARES-REGIS Group. 98% (4.00% standard deviation)

“SARES-REGIS Group is excited to finish once again in the EPMS top five rankings. Outstanding customer service, pride in a job well done and staying goal-oriented are what allow our teams to enjoy this success. We are so proud to have their hard work recognized. Congratulations to each and every member of the team!”

-Michelle Adrian, Director of Training

2nd Place – The Bainbridge Companies. 97% (6.28% standard deviation)

“We are so proud and excited for our entire team and their performance on the Ellis benchmark! Our teams always strive for excellence in all that they do, and these fantastic results show how dedicated they are!!! Congratulations Team Bainbridge!”

-Colleen Nolan, Director of Training

3rd Place – Venterra Realty. 97% (7.57% standard deviation)

“We are excited to see Venterra regain a spot in the top five of the Ellis Benchmark report. These outstanding results are a reflection of our team’s daily focus and passion for providing our customers and residents with A Better Way of Living! Congratulations Venterra! We look forward to seeing you shine in the top five throughout all of 2012!”

-Mary Green, Training Manager

4th Place – Gables Residential Services. 97% (8.04% standard deviation)

“Gables associates continue to display their dedication by ensuring all prospects and residents have a positive experience when they enter our communities. We are very proud of our continued success in ranking in the top five.

Thank you to our on-site teams.” -Jennifer Antos, Vice President of Learning and Development

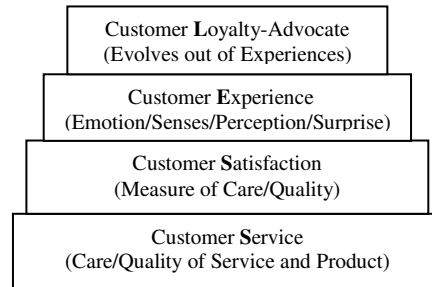
5th Place – Western National Property Management. 96% (7.52% standard deviation)

“Congratulations to Team Western once again! Achieving excellence in leasing and customer service epitomizes our company Credo, our culture, and our ongoing commitment to our residents. I am so very proud of each and every one of you!”

-Laura Khouri, President

☑ PERFORMANCE IMPROVEMENT TOPIC: THE ROAD TO CUSTOMER LOYALTY

Customer loyalty is probably the most hotly debated issue in business today. For many companies, the road to customer loyalty still remains unpaved. It is a big topic, and trying to manage something so complex with many moving parts can be maddening. It is a journey that begins with care, quality and service - where loyalty evolves naturally over time from great customer experiences. Here we simplify and define the four basic building blocks. Each one is necessary but not sufficient by itself.



1. **Customer Service** is the *service or care that a customer receives* before, during and after a purchase as well as the *quality of the product or service* that is being offered. It is ‘please’ and ‘thank you’, the genuine smile, letting the customer know you are there to help them through the duration of the relationship. Customer service is a part of the customer experience. Is it important? Yes! It is one of the factors that come into play when a customer is determining value. Customers often must encounter a service experience to not only be a satisfied customer but a loyal customer. **Customer loyalty is born out of positive and sometimes negative customer service experiences.** In fact, a good service recovery can create even more goodwill than if things had gone smoothly in the first place.
2. **Customer Satisfaction** is a term generally used to *measure a customer's perception* of a company’s care, products and services. Satisfaction is about fulfilling promises and expectations. Customer satisfaction plays a key role in retaining customers and driving them toward loyalty. Today’s customers are action-oriented. Good or bad they will share their experiences by tweeting, chatting, blogging, etc. They will make recommendations and give warnings to their friends and family. The louder the ranting, the more people are likely to read, watch and listen to them. It is more important now than ever before to know what your customers are saying about you. **High customer satisfaction can translate to customer loyalty, and loyalty is one of the biggest drivers of company growth.** Unsatisfied customers will never become loyal customers. The customer is your strongest marketing engine.
3. **The Customer Experience** is a story with a beginning, middle and end. It involves *emotion, senses, perception, and surprise*. It engages the customer in an inherently personal way, ultimately creating a *great memory*. If you have customers, interact with those customers in some manner, and provide them with products and services - they are having an experience with you and your brand. It is up to you whether it is memorable, average or terrible. Crafting a great customer experience requires enormous amounts of collaboration across departments in a company that often work independently and at different stages of the customer relationship. Difficult? Yes. Possible? Yes. **Companies with better customer experience have more loyal customers.** When customers like the experience, they are more likely to consider another purchase and recommend to others. They are also less likely to take their business to a competitor. Great experiences are punctuated by a “WOW” when the product or service pleases, anticipated the needs of, or pleasantly surprises the customer. “Customer Experience” is the sum-totality of how customers engage with your company and brand at every touch point.
4. **Customer Loyalty** naturally *evolves out of great experiences* with a company *over time*. It is very different from satisfaction. A satisfied customer is not necessarily a loyal customer. Satisfaction is about fulfilling promises/expectations; loyalty goes way beyond that by *creating long-lasting relationships*. When customers are loyal to a company, product or service, they not only are more likely to purchase from that company again, but they are more likely to recommend and openly share their positive feelings and experiences with others. The Internet offers the engine for them to positively influence millions of people. The same holds true, if not more so, when customers are disloyal. Unhappy customers can share their negative experiences with an ever-widening audience, jeopardizing a company’s reputation.

Customers define their loyalty to a company or product according to their total experience with it. Customer loyalty is the ultimate reward for the way a company interacts with its customers at every touch point. **Great Customer Service + High Customer Satisfaction + Memorable Customer Experience are all essential to creating Customer Loyalty.** Loyal customers buy more, stay longer and tell more people about their experience – that is true customer loyalty. *To be continued next quarter.*



We thank you for your participation and feedback, which help make this report informative and a reliable resource. We hope you will find Ellis, Partners in Management Solutions to be not only the finest source for mystery shopping but a true partner in management solutions for your organization. Visit our blog, [All Things Considered...An Ellis Perspective](#), for more insight on Customer Loyalty and other current topics.

Sincerely,

Joanna Ellis

Joanna Ellis, CAPS
Chief Executive Officer

Enclosure

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SHOPPING REPORT PERFORMANCE COMPARISON®
MULTIFAMILY INDUSTRY BENCHMARK
FIRST QUARTER, 2012

	TELEPHONE PRESENTATION		ON-SITE PRESENTATION										STD DEV
	Q1 Set Appt	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	CLIENT AVERAGE		
QUESTION OVERALL AVERAGE	94.78%	88.40%	95.10%	93.14%	94.75%	94.90%	94.30%	96.41%	74.84%	90.78%	92%	13.85	
SARES-REGIS Group	100.00%	97.40%	100.00%	98.70%	100.00%	100.00%	100.00%	97.40%	92.21%	98.70%	98%	4.00	
The Bainbridge Companies	100.00%	97.83%	100.00%	97.83%	100.00%	95.65%	95.65%	97.83%	84.78%	100.00%	97%	6.28	
Venterra Realty	96.88%	95.31%	100.00%	96.88%	96.88%	98.44%	100.00%	98.44%	85.94%	98.44%	97%	7.57	
Gables Residential Services	97.05%	95.28%	97.94%	97.94%	98.82%	97.35%	99.12%	98.23%	91.74%	95.58%	97%	8.04	
Western National Property Management	97.98%	96.97%	97.98%	98.99%	100.00%	75.76%	98.99%	100.00%	96.97%	97.98%	96%	7.52	
CLIENT 6	96.48%	95.07%	95.07%	93.66%	100.00%	99.30%	96.48%	99.30%	85.92%	96.48%	96%	8.02	
CLIENT 7	100.00%	93.62%	100.00%	93.62%	96.81%	96.81%	97.87%	98.94%	85.11%	94.68%	96%	9.67	
CLIENT 8	97.96%	91.16%	97.28%	97.96%	97.28%	96.60%	95.92%	98.64%	88.44%	95.24%	96%	10.60	
CLIENT 9	98.44%	96.88%	95.31%	95.31%	96.88%	98.44%	96.88%	100.00%	84.38%	90.63%	95%	9.08	
CLIENT 10	96.68%	89.21%	97.10%	95.02%	97.10%	96.27%	96.27%	98.34%	84.23%	96.27%	95%	10.21	
CLIENT 11	100.00%	89.74%	100.00%	92.31%	100.00%	92.31%	97.44%	94.87%	87.18%	94.87%	95%	10.97	
CLIENT 12	96.36%	92.73%	98.18%	96.36%	98.18%	100.00%	94.55%	98.18%	69.09%	94.55%	94%	9.52	
CLIENT 13	98.00%	90.00%	97.33%	93.33%	96.00%	98.67%	94.00%	97.33%	80.67%	90.67%	94%	10.95	
CLIENT 14	100.00%	89.83%	96.61%	91.53%	96.61%	98.31%	93.22%	93.22%	91.53%	89.83%	94%	11.91	
CLIENT 15	98.36%	88.52%	98.36%	95.08%	91.80%	93.44%	95.08%	100.00%	77.05%	96.72%	93%	9.98	
CLIENT 16	95.41%	90.83%	96.33%	95.41%	95.41%	99.08%	96.33%	95.41%	76.15%	91.74%	93%	11.78	
CLIENT 17	100.00%	89.02%	91.46%	92.68%	93.90%	96.34%	95.12%	97.56%	85.37%	87.80%	93%	14.70	
CLIENT 18	96.15%	92.31%	96.15%	96.15%	86.54%	94.23%	96.15%	96.15%	71.15%	92.31%	92%	12.79	
CLIENT 19	95.15%	86.41%	95.15%	95.15%	97.09%	94.17%	95.15%	97.09%	76.70%	91.26%	92%	13.52	

Participating Companies

AmlI Residential	Palms Associates
Apartment Trust of America	Pinnacle (PRMC)
BH Management Services, Inc.	Post Properties
Bozzuto & Associates	RAM Partners, LLC
BRE Properties	SARES-REGIS Group
Carmel Partners	Sequoia Equities, Inc.
Colonial Properties Trust	Simpson Property Group
Cottonwood Residential	The Bainbridge Companies
CWS Apartment Homes, LLC	Timberland Partners
Fairfield Residential	TriBridge Residential
Gables Residential Services	UDR
GHP Management	Venterra Realty
Greystar Management Services	Walton Communities
Guardian Management, LLC	Waterton Residential
Holland Residential	Weidner Apartment Homes
IMT Residential	Western National Property Management
JMG Realty, Inc.	Windsor Property Management Co / GID
Kettler Management	Wood Partners
Legacy Partners Residential, Inc.	

* Representing 3,982 shopping reports

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CLIENT 20	95.35%	91.86%	94.19%	91.86%	96.51%	93.02%	89.53%	97.67%	80.23%	89.53%	92%	15.70	
CLIENT 21	97.50%	87.50%	95.00%	87.50%	95.00%	97.50%	97.50%	95.00%	65.00%	87.50%	91%	12.18	
CLIENT 22	96.47%	82.94%	95.00%	93.24%	96.18%	96.18%	94.12%	96.76%	70.29%	90.29%	91%	13.79	
CLIENT 23	90.79%	90.79%	94.74%	92.11%	94.74%	97.37%	93.42%	97.37%	68.42%	89.47%	91%	14.25	
CLIENT 24	98.85%	98.85%	93.10%	94.25%	91.95%	97.70%	87.36%	95.40%	74.71%	81.61%	91%	14.40	
CLIENT 25	93.62%	80.85%	93.62%	93.62%	93.62%	93.62%	93.62%	97.87%	68.09%	91.49%	90%	12.16	
CLIENT 26	93.97%	89.66%	98.28%	92.24%	93.97%	91.38%	92.24%	97.41%	68.97%	86.21%	90%	13.54	
CLIENT 27	92.37%	81.36%	92.37%	92.37%	94.92%	97.46%	91.53%	95.76%	71.19%	88.14%	90%	13.80	
CLIENT 28	89.44%	83.33%	92.22%	91.67%	91.11%	92.78%	92.78%	96.11%	68.89%	88.33%	89%	14.96	
CLIENT 29	94.74%	77.63%	89.47%	90.79%	98.68%	96.05%	88.16%	94.74%	63.16%	92.11%	89%	17.41	
CLIENT 30	97.83%	91.30%	95.65%	91.30%	91.30%	93.48%	80.43%	91.30%	58.70%	84.78%	88%	13.85	
CLIENT 31	93.42%	89.47%	96.05%	92.11%	84.21%	94.74%	89.47%	94.74%	57.89%	85.53%	88%	15.28	
CLIENT 32	83.33%	77.08%	93.75%	100.00%	95.83%	93.75%	95.83%	97.92%	43.75%	91.67%	87%	12.50	
CLIENT 33	90.79%	81.58%	94.74%	89.47%	88.16%	92.11%	92.11%	93.42%	64.47%	86.84%	87%	16.52	
CLIENT 34	87.72%	82.46%	91.23%	92.98%	87.72%	84.21%	92.98%	94.74%	57.89%	89.47%	86%	20.51	
CLIENT 35	97.18%	87.32%	83.10%	90.14%	92.96%	92.96%	92.96%	87.32%	45.07%	78.87%	85%	15.48	
CLIENT 36	84.20%	80.75%	90.80%	83.05%	89.37%	91.09%	91.95%	91.95%	58.91%	83.91%	85%	19.81	
CLIENT 37	90.14%	73.24%	88.73%	85.92%	78.87%	88.73%	85.92%	90.14%	36.62%	77.46%	80%	19.67	

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Greystar Management Services	Walton Communities
Guardian Management, LLC	Waterton Residential
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