



**The EPMS Shopping Report Performance Comparison
A Multifamily Industry Benchmark
1st Quarter 2006**

Greetings from your Mystery Shopping Partners! As we introduce our First Quarter 2006 **EPMS Quarterly Shopping Report Performance Comparison**, we revel in an economic climate that is definitely rebounding in ways that will benefit our industry! Apartment market fundamentals at the end of 2005 were in the best position seen in five years according to Dallas based M/PF Research. New job formation, the fuel for apartment demand, should push U.S. apartment occupancy up a half a percent in 2006. More important, overdue rent increases will be exercised this summer increasing operating income. This is the year to make up some of the ground lost the past several years.

With over 80,000 total shopping reports included in the data since inception, the **EPMS Shopping Report Performance Comparison** is the apartment industry's leading and most authoritative standard for comparing on-site apartment leasing skill level and execution. With over seven years of performance data information, the **EPMS Quarterly Shopping Report Performance Comparison**, known simply as "the Benchmark" allows participating companies to compare their on-site professionals' leasing performance to that of other regional and national apartment operators.

Does Shopping Make a Difference? This important question was addressed in our Benchmark letter last quarter and generated significant interest. Any company who invests in a comprehensive mystery shopping program must ask how this effort **adds value** to the real estate. With help from a number of long-term clients, this concern was thoroughly addressed. In that same issue we included a comprehensive explanation of "the Benchmark" and what this comparison actually does and does not measure. If you are a new reader or simply missed last quarter's report, (Fourth Quarter, 2005) check this link to get a copy, <http://www.epmsonline.com/benchmark/Benchmark4Q05.pdf>.

The Leasing Presentation: Setting the "Customer Service" Tone for the Future Resident

Beyond a persuasive and people-oriented sales "schpiel", how else does the apartment community benefit from the salesperson/customer interaction throughout the leasing presentation? Of course the leasing professional's objective is to gain a new, qualified resident, right? Yet, can we design and apply our leasing efforts to generate even more value...something beyond simply a new resident? Our EPMS shopping clients tell us "Absolutely!" In addition to adding to the resident count (putting more heads in beds), the leasing experience also defines the sort of long-term relationship you will have with this *future resident*. The leasing experience is the initial stage of that never-ending wooing of our residents that we generally refer to as **resident retention**.

Is the sales presentation an extension of the community's overall customer service? YES! Especially if presented correctly! There is not a distinct line drawn between the end of the sales presentation and beginning of customer service. Rather, it is a blur as one blends into the other. The sales presentation marks the initial beginning of what we hope will be a longtime relationship while customer service is our effort to maintain and deepen that relationship. The sales presentation is the courting; the initial overture to this prospect that we hope will grow into a mature relationship, that is, the prospect becomes a resident. Then, Customer Service is the marriage, the ongoing nurturing of that relationship. You cannot be successful with the latter if you do not first present a genuine and memorable proposal!

The Leasing Presentation as a Strategic Component of Your Overall Resident Service Program. These next two quarters we will explore this idea of using the initial sales presentation as the exchange that sets the tone for the level and quality of service the customer can expect if he chooses to lease at your community. This additional emphasis will not diminish the strength and persuasiveness of a solid sales presentation. Rather, it will enhance the leasing effort as the "customer service" component creates a friendly and genuine sales atmosphere. Later in this Benchmark letter we will hear from some of our shopping customers who incorporate customer service principles into their sales techniques. But first let us recognize this quarter's Benchmark leading companies as well as the overall averages of all participating companies.

The EPMS Quarterly Shopping Report Performance Comparison: A Multifamily Industry “Benchmark”. This summary was started in the First Quarter 2000 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?”** As a participating EPMS shopping client, you now get the answer to that question. The *EPMS Shopping Report Performance Comparison* 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 can rank participating companies, on a fair, weighted, and equal basis, according to their average leasing/shopping score. These ten Benchmark questions are included in the comparison chart attached to this letter.

36 Participating Companies Representing 4,475 Total Shops

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 40 shops during the quarter is required to be included. This summary participation represents first quarter shopping report total of 4,475 evaluations, the second largest in the history of the Benchmark. We want to welcome BRE Properties, Carmel Partners, RREEF, and Waterton Property Management as new participants in the comparison this quarter. We also want to identify and warmly thank all the current companies who contributed their shopping data to this quarter’s *Shopping Report Performance Comparison*.

Amli Residential	Drucker & Falk, LLC	Milestone Management
Archstone Communities	Equity Residential	Orion Real Estate Services, Inc.
AvalonBay Communities, Inc.	Fairfield Residential	Pinnacle Realty Management
Bozzuto & Associates	Fogelman Management Group	Post Properties
BRE Properties	Gables Residential Services	Prometheus Real Estate Group
Capreit	Greystar Management	RAM Partners, LLC
Capstone Real Estate	Home Properties	Rockwell Management
Carmel Partners	JPI	RREEF
Colonial Properties Trust	Legacy Partners	Simpson Property Group
Con Am Management	Lincoln Property Company	United Dominion Realty Trust (UDRT)
Concord Management	Lynd Company, The	Village Green Companies
CWS Apartment Homes	Metric Property Management	Waterton Property Management

First Quarter 2006 Benchmark of 85.7% Ties Record. For the third time in seven first quarter reports, a Benchmark average of 85.7% was achieved. This quarter also marks a record 36 participating companies representing 4,475 total shops. The chart below shows the seven-year First Quarter history with the last four years posting near identical overall averages. While the average score is the same, the difference in these last four years is what we have referred to in the past as the “spread”, the gap between the highest and lowest average score for the quarter. JPI’s 95.2% is the highest First Quarter individual company average ever. The bottom average this quarter at 66.9% ranks third lowest ever, a percentage level low not seen since 2001. The result is the largest spread in the Benchmark history of 28.3 points.

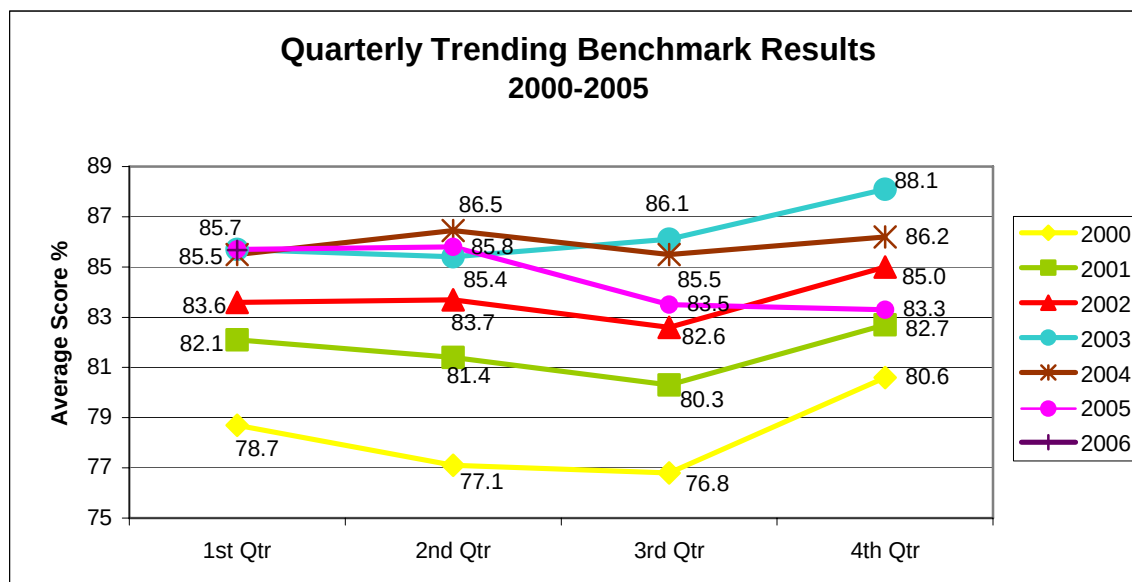
This spread between the highest and lowest participating companies is not particularly meaningful since two companies do not have that much impact on the overall average score of the larger group of 36. But the rather extreme high and low is perhaps an indication of the ranges of companies in terms of leasing performance that desire to compare themselves to other national and regional players through the **EPMS Quarterly Shopping Report Performance Comparison**. Also noteworthy is the steady increase of the average company “high” score over the past seven years.

1 st Quarter/Year	Overall 1st Quarter Average	Company Score – Average Ranges		Total Shops
		High	Low	
1 st Quarter 2006	85.7%	95.2%	66.9%	4,475
1 st Quarter 2005	85.7%	94.1%	70.0%	4,540
1 st Quarter 2004	85.5%	93.8%	78.1%	4,064
1 st Quarter 2003	85.7%	91.6%	76.6%	3,147
1 st Quarter 2002	83.6%	88.8%	71.8%	2,323
1 st Quarter 2001	82.1%	88.8%	66.3%	1,893
1 st Quarter 2000	78.7%	85.9%	64.3%	1,267

The first quarter performance average usually takes an upswing indicating the possibility of more time and effort spent on fewer rental prospects during the slower winter leasing center. The graph below illustrates this trend that we have observed throughout the Benchmark comparison. Though there have now been a few exceptions, for the most part, the **EPMS Quarterly Shopping Report Performance Comparison** average scores have been higher in the first and fourth quarters with dips in the second and third reporting periods. You can see this clearly by the “smiles” formed by each colored line reflecting a year’s scores.

We speculate that the leasing professionals score higher on their shopping reports in the fall and winter when the offices have less traffic and each prospect can be given more attention and care. The result will be a better leasing presentation and a higher score. Even if the actual sales skills are equal throughout the year, the fact the leasing professional spends more time with the prospect in the slower months of the leasing season, the shopper will perceive a more interested and genuine salesperson. This will push the scores up!

In the busier spring and summer months, the second and third quarters, the leasing professionals may get overwhelmed with new prospects and simply cannot give each customer the same amount of uninterrupted time and attention. It might even be that the apartment occupancy jumps sufficiently so the leasing professionals feel less of a sense of urgency and does not apply his/her skills as persuasively and spend the quality time needed to fully present the community. Note the point of this discussion: the more time spent with a prospect, the more likely the sales encounter will be successful and result in a new resident! This sales principle has been put to the test and measured in a previous Benchmark letter. To see how the length of the telephone or on-site presentation relates to a prospect's likelihood to visit the property or lease, check this link to see the Third Quarter, 2004 letter, <http://www.epmsonline.com/benchmark/benchmark3Q04.pdf>.



JPI Earns This Quarter's Top Benchmark Position at 95.23%

Congratulations to Irving based JPI who earned top placement in this quarter's Benchmark with an average score of 95.23%, a record high for the first quarter. JPI is a regular on the top three list of our **Shopping Report Performance Comparison** having achieved the highest ranking now for the fourth time. **JoAnn Blaylock**, JPI Divisional President and Managing Partner had this to say about her on-site associates' command performance:

"We are humbled to once again achieve the top position within the Benchmark Report. The management companies that participate in this report are at the top of our industry and the performance bar is high. Our on-site teams rise to the occasion and I applaud their success!"

You may recognize the two other performers who earned the second and third positions. They have been consistent in their placement in the top five of our comparison for quarter after quarter. Gables Residential captured the runner up spot with an impressive 94.86% average while Lincoln Property Company was close behind at 92.81% for a strong third place finish! In fact this is the fourteenth time in 25 quarters Gables has been among the top three performers. LPC, one of our charter **Shopping Report Performance Comparison** participants has accomplished top three status a record 20 times including seven first place positions!

Customer Service Leasing. With sales presentation models that stress "service", we will benefit from the comments of two of our clients who reveal some of their concepts about service-based leasing. These trend-setting firms, along with a host of others who participate in this benchmark program, are part of a leasing renaissance that is replacing or fully expressing the idea of "relationship selling" by using "customer service" basics from the get-go. With observations and practices shared by these and other apartment management companies, let us take a look at a more mature style of leasing that incorporates customer service principles into the sales process.

Relationship Leasing and Customer Service – A Match Made in Heaven!

Though the phrase “relationship selling” may be a bit overused, most leasing professionals and their companies have become entrenched in this non-manipulative, people-oriented approach to leasing. The idea is that to make a lease you must first make a friend. Relationship leasing is built on the foundation of mutual trust. The leasing agent does not trick or force the prospect to lease. Rather, the decision to commit is collaboration between salesperson and prospect who together explore the benefits of leasing at a certain community. The key concepts are trust, openness, and a non-manipulative leasing style. Customer Service based leasing is not about leasing “customer service”. It is about using basic customer service concepts and fundamentals as key forces in a persuasive and direct leasing presentation.

“The same key concepts in our leasing and sales training are key concepts in our resident service training modules,” says **Greg Gasior**, National Director of Training for Gables Residential. “The first encounter with our associates can set the prospect’s mood for the remainder of their visit or stay at our community.” Both sales and customer service are all about relationship and respect. These two concepts share many of the same elements.

Gables Residential monitors their customer service skills through their ongoing shopping program. Gasior explains that the Gables Leasing Associates are trained to treat each customer as they would a friend or family member. “We want our customers to walk away with the feeling of trust and a sense of friendship with our sales professionals.” He continues, “Our associates strive to build a rapport with each customer they encounter.” This kind of relationship goes beyond simply sales. Measured by their shops, these issues are customer service principles!

Regardless if they realize it, successful multifamily companies are universally applying customer service principles throughout their leasing efforts. “Customer service principles are intertwined throughout our sales and leasing training,” reports JPI’s Blaylock. As proof, she lists some key JPI **leasing** principles that fit the long-term resident as much as the rental prospect.

- Having a professional, polished image on the front line. You are the first, and sometimes the only, impression for the company.
- Stand up and greet EVERY prospect that comes in the door. If the prospect has an appointment, make sure to identify them by name.
- Be prepared. Always be ready for a prospect! Be enthusiastic!
- Become a good listener! Have good eye contact. Ask questions. Control the conversation. Repeat back the information the prospect has given to you. Be genuinely concerned about the customer’s needs. Pause and give an opportunity for the prospect to answer. Eliminate the distractions around you. Summarize...and take notes!
- The “Leasing Trap” needs to be impeccable at all times. Curb appeal pristine, amenity package glistening and the made-ready units in perfect condition. Demonstrate and stress the value of what they will be getting. This also includes your web presence.
- The “closing” process should be effortless. It should start in the initial phase to eliminate any “uncomfortable” feelings once the tour is over. Our Leasing Professionals feel confident overcoming objections or “finding solutions” for any concern the prospect may have.

What resident would not recognize these sales principles as superior and extraordinary treatment...GREAT customer service! And it all starts with the initial “sales” encounter with a rental prospect or future resident. When an apartment seeker discusses a recent positive visit to an apartment community, he/she does not speak of the leasing professional’s persuasive and effective “sales techniques”. Rather, this rental prospect will speak in terms of the “service” he/she received from the leasing professional. This property visitor views the leasing presentation as form of **service** and will perceive it as great, average, or unacceptable.

Shopping Reports: A Measure of Customer Service? If the leasing presentation is the initial opportunity to practice great customer service, can we monitor and measure this through the shopping report? Absolutely! Many of the customer service basics are imbedded in every sales presentation. And these basics are measured in the typical mystery shopping report. We have actually identified a number of specific questions found on most shopping reports that are customer service-based activities. These questions reflect the sort of service the prospect can expect if he/she moves in.

Based on over 4,500 shops of **benchmark participants** in this First Quarter 2006, we have isolated 10 questions that are related to customer service. These questions are universal to shopping reports and are found in some form or fashion in most written evaluations. The questions address customer service “basics” such as being perceived as warm and friendly, immediate acknowledgement, and making a positive first impression.

Customer Service based leasing is not really new. The service-based questions we have identified below have been measured in most shopping reports for many years. A quick review of the average scores seems to indicate our customers have high marks in these service-oriented types of leasing performance questions. Companies that frequently shop their on-site professionals tend to score superior in leasing skills and sales expertise. Our shoppers would not rate these leasing professionals so high unless their sales presentation included many skills that work as well in customer service as they do in leasing.

Average Scores On Customer Service Oriented Questions In EPMS Shopping Reports

Question	% Yes
1. Did the Leasing Professional convey a warm and inviting attitude?	90.4%
2. Based on the Leasing Professional's presentation, were you motivated to visit the community?	79.4%
3. Was your first impression of the community and curb appeal a positive one?	94.7%
4. Did the Leasing Professional greet you with a smile, or if busy, acknowledge you immediately?	92.6%
5. Did the Leasing Professional make a positive first impression and appear genuinely interested in helping you?	90.6%
6. Did the Leasing Professional show an apartment that was clean, made ready, and comfortable in temperature?	86.6%
7. Did the Leasing Professional point out advantages you said were important?	80.2%
8. Did the Leasing Professional effectively overcome your objection(s)?	85.4%
9. Based on the Leasing Professional's presentation, would you have leased an apartment?	82.3%
10. Did the Leasing Professional follow-up by:	
a. Telephone?	40.4%
b. Mail?	29.0%
c. Email?	11.3%

Next quarter we will break down some of these sales questions that apply equally to customer service. With the help and input of a number of our shopping clients, we will examine the implications of a successful “customer service” based leasing presentation. How do top companies use the initial sales encounter to create the perception of GREAT Customer Service? And how does this translate into long-term residents and lease renewals?

How is OUR Customer Service? We cannot end this letter without being mindful of our ongoing commitment to you, our valued customer! The entire EPMS team strives to practice what we preach about serving the customer. It is our hope you benefit from our efforts! We are confident that you will let us know when we fall short of the level of service you expect and deserve.

Thank you for your continued support. We look forward to serving you for the long term!

Sincerely,

Rick Ellis

Rick Ellis, CPM
President
rellis@epmsonline.com

Joanna Ellis

Joanna Ellis, CAPS
Vice President of Operations
jellis@epmsonline.com

Enclosure



**SHOPPING REPORT PERFORMANCE SUMMARY®
MULTIFAMILY INDUSTRY BENCHMARK
FIRST QUARTER, 2006**

	TELEPHONE PRESENTATION		ON-SITE PRESENTATION								
	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	CLIENT OVERALL AVERAGE
QUESTION OVERALL AVERAGE	82.88%	73.05%	92.34%	87.37%	94.01%	96.43%	88.63%	95.40%	61.72%	84.92%	85.67%
JPI	97.73%	86.36%	97.73%	95.45%	95.45%	97.73%	97.73%	97.73%	90.91%	95.45%	95.23%
Gables Residential Services	97.18%	88.14%	94.35%	94.92%	98.31%	97.74%	97.74%	98.87%	89.83%	91.53%	94.86%
Lincoln Property Company	96.48%	86.93%	95.48%	92.21%	97.74%	97.74%	91.71%	97.24%	82.66%	89.95%	92.81%
CLIENT 4	84.65%	80.93%	97.67%	97.21%	95.81%	99.07%	95.81%	97.21%	78.14%	94.88%	92.14%
CLIENT 5	92.46%	87.21%	97.38%	91.48%	97.70%	93.44%	92.79%	96.07%	76.72%	93.44%	91.87%
CLIENT 6	82.93%	85.37%	97.56%	92.68%	95.12%	100.00%	92.68%	92.68%	73.17%	97.56%	90.98%
CLIENT 7	79.22%	77.92%	96.10%	92.21%	97.40%	98.70%	92.21%	94.81%	68.83%	93.51%	89.09%
CLIENT 8	86.27%	88.24%	98.04%	80.39%	96.08%	96.08%	92.16%	96.08%	66.67%	88.24%	88.82%
CLIENT 9	91.84%	75.51%	95.92%	85.71%	85.71%	97.96%	95.92%	100.00%	73.47%	81.63%	88.37%
CLIENT 10	98.08%	82.69%	96.15%	96.15%	94.23%	94.23%	84.62%	88.46%	61.54%	86.54%	88.27%
CLIENT 11	61.22%	83.67%	95.92%	85.71%	97.96%	97.96%	93.88%	95.92%	75.51%	93.88%	88.16%
CLIENT 12	92.65%	80.88%	91.18%	94.12%	95.59%	92.65%	91.18%	98.53%	55.88%	86.76%	87.94%
CLIENT 13	82.35%	68.63%	100.00%	86.27%	100.00%	98.04%	90.20%	98.04%	64.71%	90.20%	87.84%
CLIENT 14	92.72%	69.09%	94.54%	92.72%	92.73%	96.36%	89.09%	98.18%	60.00%	87.28%	87.27%
CLIENT 15	80.30%	68.18%	95.45%	93.94%	93.94%	100.00%	89.39%	92.42%	56.06%	90.91%	86.06%
CLIENT 16	88.07%	72.47%	90.83%	86.24%	95.41%	98.17%	85.32%	96.33%	62.39%	85.32%	86.06%
CLIENT 17	78.30%	73.58%	96.23%	84.91%	98.11%	97.17%	89.62%	92.45%	60.38%	89.62%	86.04%
CLIENT 18	85.45%	75.50%	90.35%	91.42%	96.94%	95.41%	86.98%	95.41%	58.81%	82.39%	85.87%
CLIENT 19	73.58%	69.81%	92.45%	94.34%	96.23%	94.34%	88.68%	94.34%	64.15%	86.79%	85.47%
CLIENT 20	87.30%	74.60%	95.24%	84.13%	95.24%	100.00%	95.24%	92.06%	41.27%	87.30%	85.24%
CLIENT 21	83.80%	78.24%	90.28%	87.96%	89.81%	97.22%	85.65%	94.44%	60.65%	84.26%	85.23%
CLIENT 22	86.33%	65.47%	92.09%	86.33%	95.68%	93.53%	85.61%	93.53%	53.96%	90.65%	84.32%
CLIENT 23	80.52%	64.94%	92.86%	84.42%	94.16%	96.75%	91.56%	96.75%	53.25%	87.01%	84.22%
CLIENT 24	75.00%	67.50%	92.50%	90.00%	92.50%	97.50%	87.50%	87.50%	60.00%	90.00%	84.00%
CLIENT 25	87.98%	68.85%	88.52%	86.89%	89.07%	94.54%	79.23%	96.72%	56.28%	80.87%	82.90%
CLIENT 26	87.15%	57.14%	88.58%	87.15%	90.00%	94.28%	88.58%	95.71%	57.14%	81.43%	82.72%
CLIENT 27	73.13%	50.75%	94.03%	89.55%	92.54%	98.51%	88.06%	97.01%	49.25%	80.60%	81.34%
CLIENT 28	68.79%	66.67%	90.78%	81.56%	90.07%	97.16%	82.27%	92.20%	53.90%	82.98%	80.64%
CLIENT 29	76.53%	43.88%	87.76%	76.53%	90.82%	97.96%	91.84%	93.88%	45.92%	76.53%	78.16%
CLIENT 30	66.66%	63.15%	96.49%	80.69%	89.47%	94.73%	80.70%	87.71%	40.36%	77.19%	77.72%
CLIENT 31	46.81%	57.45%	89.36%	85.11%	89.36%	89.36%	85.11%	93.62%	40.43%	78.72%	75.53%
CLIENT 32	63.70%	56.30%	85.19%	70.37%	87.41%	90.37%	76.30%	92.59%	40.74%	71.85%	73.48%
CLIENT 33	71.26%	55.69%	82.04%	64.07%	86.23%	96.41%	82.63%	85.63%	43.11%	65.87%	73.29%
CLIENT 34	55.77%	47.12%	82.69%	75.96%	83.65%	95.19%	83.65%	97.12%	39.42%	70.19%	73.08%
CLIENT 35	58.00%	55.64%	84.21%	75.94%	78.95%	87.97%	74.44%	91.73%	45.11%	69.92%	72.11%
CLIENT 36	57.14%	45.24%	73.81%	69.05%	76.19%	92.86%	76.19%	92.86%	28.57%	57.14%	66.90%

* Representing 4,475 shopping reports

Participating Companies:

Amli Residential	Home Properties
Archstone Communities	JPI
AvalonBay Communities, Inc.	Legacy Partners
Bozzuto & Associates	Lincoln Property Company
BRE Properties	Lynd Company, The
Capreit	Metric Property Management
Capstone Real Estate	Milestone Management
Carmel Partners	Orion Real Estate Services, Inc.
Colonial Properties Trust	Pinnacle Realty Management
Con Am Management	Post Properties
Concord Management	Prometheus Real Estate Group
CWS Apartment Homes	RAM Partners, LLC
Drucker & Falk, LLC	Rockwell Management
Equity Residential	RREEF
Fairfield Residential	Simpson Property Group
Fogelman Management Group	United Dominion Realty Trust (UDRT)
Gables Residential Services	Village Green Companies
Greystar Management	Waterton Property Management

Benchmark 1st Place Company:

JPI

JPI Divisional President and Managing Partner - JoAnn Blaylock

“We are humbled to once again achieve the top position within the Benchmark Report. The management companies that participate in this report are at the top of our industry and the performance bar is high. Our on-site teams rise to the occasion and I applaud their success!”