



## The EPMS *Shopping Report Performance Comparison* A Multifamily Industry Benchmark 1<sup>st</sup> Quarter 2008

Welcome to the **First Quarter, 2008 EPMS Quarterly Shopping Report Performance Comparison**. Ellis, Partners in Mystery Shopping provides the multi-family industry with the most anticipated national leasing performance comparison among top rated companies.

While the First Quarter 2008 was somewhat rough, it was not as bad as some experts had anticipated. A recent PricewaterhouseCoopers report predicts that apartments will hold their own this year while most other commercial real estate sectors will falter. Apartments will notice an increased demand as more and more Americans are forced out of the housing market due to tighter lending criteria and foreclosure looming. In addition, the growing renter pool of aging Baby Boomers and Echo Boomers will add to the demand.

Many experts have predicted that the “shadow market” of condominiums reverting back to rental units will force occupancy rates down; however, this inventory is being absorbed. With fewer than 100,000 units of new supply expected to be delivered annually in 2008 and 2009, vacancies are expected to rise only modestly from 5.6% in the fourth quarter to 6% and 6.3%, over the next two years respectively, according to PricewaterhouseCoopers’ Korpacz Real Estate Investor Survey.

As we moved into 2008, our industry prepared for the uncertainty of the market, as evidenced by a stronger leasing effort on the front line. EPMS supports this theory based on shopping report data collected from 40 participating companies during the first quarter of 2008. As you will review in this quarterly letter, record breaking numbers have been posted to EPMS’ *Quarterly Shopping Report Comparison*, more commonly known as the “Benchmark.” Specifically, this report reflects the highest overall average of all participants at 89.2%. Fifty percent of these companies achieved an overall average of 90% or higher.

This shopping report comparison allows companies to compare their leasing performance to other national and regional operators. The standard by which this comparison is made is found in the ten leading and universal performance questions common to all telephone and in-person mystery shopping reports. By measuring the affirmative answers to these ten questions, we can rank participating companies on a fair, weighted and equal basis according to their average shopping report score. A minimum of 40 shops during the quarter is required in order to be included in “The Benchmark” comparison and thereby benefit from knowing exactly how your leasing team performance compares to that of other companies.

**40 Participating Companies Representing 4,985 Total Shops!** We extend many thanks to all of the current companies who contributed their shopping report data for the First Quarter *Shopping Report Performance Comparison*.

Alliance Residential Company  
Aml Residential  
Avalon Bay Communities, Inc.  
BH Management Services, Inc.  
Bozzuto & Associates  
BRE Properties  
Capreit  
Capstone Real Estate  
Carmel Partners  
Colonial Properties Trust  
The Connor Group  
CTL Management, Inc.  
CWS Apartment Homes  
Drucker & Falk, LLC

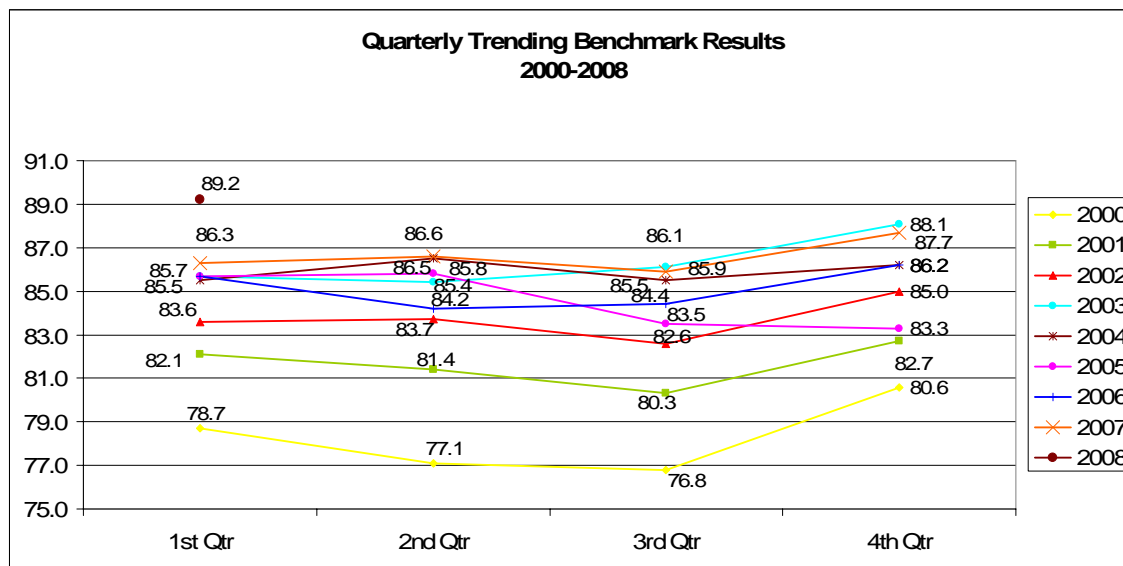
E & S Ring Corporation  
Fairfield Residential  
Fogelman Management Group  
Gables Residential Services  
Greystar Management  
JPI  
Legacy Partners  
Lincoln Property Company  
Lynd Company, The  
Lyon Apartment Communities  
Madison Apartment Group LP  
Metric Property Management  
Milestone Management

Pinnacle Realty Management  
Post Properties  
Prometheus Real Estate Group  
RAM Partners, LLC  
Sequoia Equities  
Simpson Property Group  
Tarragon Management, Inc.  
UDR, Inc.  
Village Green Companies  
Waterton Residential  
Weidner Investment Group  
Western National Group  
Zom Residential Services, Inc.

**An incredible start to the New Year!** The participating companies rallied their sales teams and set a new record in Benchmark history! This quarter’s participating companies achieved an amazing average Benchmark score of 89.2%. This overall score is the highest score in the history of the Benchmark. The top five finishers in this quarter’s contest had an overall average score of 95.01%! An unbelievable feat! The driving force accounting for this historical high is based on the fact that 20 of the 40 participating companies averaged 90% or higher.

1 <sup>st</sup> Quarter	Overall Average	Company Score – Average Ranges		Total Shops
		High	Low	
1 <sup>st</sup> Quarter 2008	89.2%	96.3%	73.4%	4,985
1 <sup>st</sup> Quarter 2007	86.3%	94.9%	70.8%	5,809
1 <sup>st</sup> Quarter 2006	85.7%	95.2%	66.9%	4,475
1 <sup>st</sup> Quarter 2005	85.7%	94.1%	70.0%	4,540
1 <sup>st</sup> Quarter 2004	85.5%	93.8%	78.1%	4,064
1 <sup>st</sup> Quarter 2003	85.7%	91.6%	76.6%	3,147
1 <sup>st</sup> Quarter 2002	83.6%	88.8%	71.8%	2,323
1 <sup>st</sup> Quarter 2001	82.1%	88.8%	66.3%	1,893
1 <sup>st</sup> Quarter 2000	78.7%	85.9%	64.3%	1,267

**The Benchmark Scores Continue to Climb!** At an overall average of 89.2%, this score is almost 3% higher than any prior first quarter performance. This is a perfect example of the commitment and focus that participating companies use to consistently drive and exceed expectations. These companies firmly believe and practice the old adage, “Inspect what you expect!”



**Gables Residential Captures the #1 Position at 96.33% - the Company’s Best Average!** This score is the second highest company average in Benchmark history. Gables Residential, an eight year benchmark participant, continues to raise the bar, not only within their own organization, but for our industry as a whole. **Jana Muma**, Vice President, Learning and Development, exclaimed:

*“This is absolutely unbelievable! Congratulations to our associates on their outstanding performance. They should be so proud. We are always working to challenge ourselves and beat our own scores, and it’s exciting to know that we exceeded some very specific goals that we had in place.”*

**Carmel Partners** maintains their hold on **Second Place** with an overall average of **95.77%**. Carmel has participated in the Ellis benchmark program since 2006. Over the last several quarters, they have observed an increase in their overall performance. **Kate Grasso**, Director of Training and Development, states, “We believe that shopping reports are extremely powerful leasing tools that can measure and enhance leasing performance. Shopping reports identify where our strengths are along with the areas we need to focus on and improve. All of our associates are trained by professional Carmel Partners Sales Trainers, and they are given all of the tools and techniques to be successful.”

With a full 1% gain from their fourth quarter score, **Tarragon Management, Inc.**, an eight year benchmark participant, moves into **Third Place** with an average score of **95.74%**. **Wendy Muse**, Vice President of Education, shared these comments, “We set our expectations for excellence, and our teams continue to meet the challenge. Our on-site personnel are the foundation of our success, and they continue to make us proud.”

The **Fourth Place** position is filled by another eight year benchmark participant, **Amlı Residential** with a score of **93.71%**. **Carol Gardner**, Senior Vice President, Education, adds, “We continue to hone our skills in a changing market. Customers are demanding and want immediate results. We must ensure our approach is tailored to their needs.”

Rounding out the **Top Five** is **AvalonBay Communities, Inc.** with an average score of **93.55%**. A participant of the Benchmark for over four years, AvalonBay is another company that consistently achieves great results. According to **Melanie Jones**, Operations Manager, AvalonBay rolled out a detailed shopping report protocol. The protocol is consistently followed and is part of their policies and procedures. This protocol includes actions associated with both high and low shopping scores. AvalonBay’s shopping program has allowed them to gain consistency with their sales approach.

### PERFORMANCE IMPROVEMENT PROGRAMS

The 2008 Benchmark letters will focus on how companies have successfully and consistently driven results quarter after quarter. The first quarter Benchmark will concentrate on the importance of objectively evaluating existing performance, obtaining buy-in at all levels, and determining the accountability piece for both strong and poor shopping report performance. In second quarter, we will provide information on what companies are doing to reward leasing professionals who meet or exceed the company’s expectations when it comes to shopping reports. In third quarter, we will share how companies differ with regard to consequences and/or redirection for poor shop performance. The fourth quarter letter will summarize our findings during 2008, outlining how all of these components, if properly implemented, can lead to a stronger, healthier bottom line.

One of the biggest challenges facing property management companies is transforming performance objectives into consistent results. Many different organizations (industries of all types) face this same challenge. Competition is fierce, which means that companies must maximize productivity from each sales professional. Simply stated, each sales professional must convert potential customers to move-ins. This objective supports why shopping report programs have become a focus and an integral component of many multi-family companies. In the past, many companies have relied on their training departments to meet this objective. However, there has been a mind shift that all levels of management should participate in the shopping program in order to effectively get the best results.

To obtain buy-in for any idea requires careful planning and the ability to communicate the organization’s vision to build momentum for success. Most would agree that communication needs to start with the senior and/or executive team. A top-down approach, as used by many of the benchmark participating companies, has contributed to these companies’ successes. For the first quarter top five performers, their shopping report programs are endorsed and driven by top level management. However, as Wendy Muse adds, “The buy-in process can be slow at times. It is a challenge to raise expectations and hold people accountable. It wasn’t easy in the beginning, but we showed our employees the benefits of the program, provided them with training, and rewarded their successes.”

“The proof is in the pudding so to speak,” says **Jana Muma**. “It’s an easy sell when the positive results translate to the bottom line. Over the years, we’ve increased frequency of the shops which is certainly an expense, but the return on investment is driven by improvement in all facets of our business from closing percentages and customer service to maintenance teams and the quality of the product that we provide.”

Holding people accountable for performance is often mistaken for being hard nosed, tough or overly demanding; however, without this key component, even a well created and thoroughly communicated plan can fail. **Joe Capillo**, Vice President Business Consulting for PROFITsystems, Inc. put it this way, “We have a principle in our company that states: It’s better to be fair, supportive and demanding than to just be nice and let people fail. Allowing people to fail at their jobs is not nice. Whether it’s in sales or other operational areas, failure hurts. It diminishes people, and it diminishes your company’s culture.”

Accountability is a developmental discipline. Keeping people connected to their job performance through constant feedback and planning for improvement is necessary. **Jana Muma** mirrored this comment, “We have constant communication with our employees about the standards we have set. It starts from the day the person is hired. We send immediate email recognition when a good shop score is accomplished, and we have monthly news briefs to announce top performers. We also address areas of challenge for an individual without delay.”

Tarragon has consistently posted average scores in the 90%’s since making the shopping report tool a priority within their organization. “We have implemented an accountability program where every shop is reviewed by a trainer. An action plan is created and a follow up session may be scheduled. The goal of the coaching session is to ensure that the leasing professional has a clear understanding of what steps are necessary to improve so that success is all but guaranteed,” explained **Wendy Muse**.

Carmel utilizes a similar approach, recognizing top performers yet offering additional one-on-one training for those that do not meet the minimal expectations. According to **Kate Grasso**, their goal is to motivate, enhancing their leasing performance and confidence. Carmel Partners senior management, as well as the Regional Managers, believe in and fully support the shopping program. They continually encourage their teams to reach top performance levels.

In high performance companies, goals are clear from the top down. Everyone understands their role and makes a commitment to produce the required results. Performance accountability allows the best people to excel while identifying weak performers, providing an opportunity for training, development, and in some cases, a new career path.

Thank you for your participation in the quarterly survey. We appreciate all of the feedback that you provide to make this report informative and a resource to our fellow industry peers. We hope you will find Ellis, Partners in Mystery Shopping to be not only the finest source for mystery shopping but also a training resource for your organization. Check out the "Resources" offered on our website, [www.epmsonline.com](http://www.epmsonline.com).

Sincerely,

*Joanna Ellis*

Joanna Ellis, CAPS  
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Enclosure



**SHOPPING REPORT PERFORMANCE COMPARISON®  
MULTIFAMILY INDUSTRY BENCHMARK  
FIRST QUARTER, 2008**

	TELEPHONE PRESENTATION		ON-SITE PRESENTATION								CLIENT OVERALL AVERAGE
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	
	Set Appointment	Telephone Number	First Impression	Identify Specific Needs	Discuss/ Show Property	Apt. Condition	Feature/ Benefit Sell	Overcome Objection	Ask for Deposit	Lease from Agent	
<b>QUESTION OVERALL AVERAGE</b>	<b>89.43%</b>	<b>80.52%</b>	<b>94.36%</b>	<b>90.67%</b>	<b>93.86%</b>	<b>94.60%</b>	<b>93.30%</b>	<b>95.55%</b>	<b>70.83%</b>	<b>88.61%</b>	<b>89.17%</b>
Gables Residential	98.75%	92.16%	97.49%	97.49%	98.43%	98.12%	97.49%	97.81%	91.54%	93.73%	<b>96.30%</b>
Carmel Partners	95.62%	88.32%	96.35%	99.27%	99.27%	98.54%	97.81%	99.27%	89.05%	94.16%	<b>95.77%</b>
Tarragon Management, Inc.	97.87%	82.98%	100.00%	97.87%	100.00%	100.00%	97.87%	95.74%	87.23%	97.87%	<b>95.74%</b>
AmlI Residential	92.94%	87.06%	97.65%	97.06%	97.06%	98.82%	96.47%	98.82%	75.88%	95.29%	<b>93.71%</b>
AvalonBay Communities, Inc.	94.88%	89.14%	97.45%	95.21%	99.68%	94.89%	93.61%	95.53%	81.79%	93.29%	<b>93.55%</b>
CLIENT 6	96.49%	91.23%	91.23%	89.47%	100.00%	100.00%	96.49%	96.49%	82.46%	91.23%	<b>93.51%</b>
CLIENT 7	93.82%	86.14%	97.01%	95.95%	91.47%	96.80%	98.72%	97.44%	83.37%	93.18%	<b>93.39%</b>
CLIENT 8	98.08%	82.69%	96.15%	96.15%	92.31%	98.08%	98.08%	94.23%	80.77%	94.23%	<b>93.08%</b>
CLIENT 9	94.29%	88.57%	98.29%	94.29%	94.29%	97.14%	92.57%	95.43%	77.71%	92.57%	<b>92.51%</b>
CLIENT 10	98.90%	97.80%	93.41%	95.60%	92.31%	94.51%	95.60%	98.90%	65.93%	89.01%	<b>92.20%</b>
CLIENT 11	100.00%	94.12%	94.12%	82.35%	98.04%	98.04%	88.24%	94.12%	80.39%	92.16%	<b>92.16%</b>
CLIENT 12	96.15%	76.37%	95.60%	86.27%	98.91%	96.71%	92.86%	98.35%	88.46%	90.66%	<b>92.03%</b>
CLIENT 13	89.74%	87.18%	93.16%	95.73%	96.58%	97.44%	92.31%	94.87%	77.78%	94.02%	<b>91.88%</b>
CLIENT 14	91.84%	85.71%	89.79%	95.92%	97.96%	93.88%	97.96%	95.92%	79.59%	89.80%	<b>91.84%</b>
CLIENT 15	90.24%	80.49%	97.56%	97.56%	95.12%	95.12%	100.00%	97.56%	73.17%	87.80%	<b>91.46%</b>
CLIENT 16	95.10%	81.37%	95.10%	97.06%	94.12%	89.22%	98.04%	96.08%	75.49%	87.25%	<b>90.88%</b>
CLIENT 17	96.99%	66.17%	97.74%	93.24%	98.49%	96.99%	97.75%	97.74%	67.67%	93.98%	<b>90.68%</b>
CLIENT 18	92.11%	70.39%	95.39%	92.76%	97.37%	99.34%	96.71%	96.71%	71.05%	92.11%	<b>90.39%</b>
CLIENT 19	90.00%	74.00%	94.00%	90.00%	96.00%	98.00%	94.00%	94.00%	84.00%	86.00%	<b>90.00%</b>
CLIENT 20	89.47%	72.37%	97.37%	94.74%	98.03%	95.39%	96.05%	97.37%	63.16%	94.74%	<b>89.87%</b>

Participating Companies

Alliance Residential Company	Legacy Partners
AmlI Residential	Lincoln Property Company
AvalonBay Communities, Inc.	Lynd Company, The
BH Management Services, Inc.	Lyon Apartment Communities
Bozzuto & Associates	Madison Apartment Group LP
BRE Properties	Metric Property Management
Capreit	Milestone Management
Capstone Real Estate	Pinnacle Realty Management
Carmel Partners	Post Properties
Colonial Properties Trust	Prometheus Real Estate Group
The Connor Group	RAM Partners, LLC
CTL Management, Inc.	Sequoia Equities
CWS Apartment Homes	Simpson Property Group
Drucker & Falk, LLC	Tarragon Management, Inc.
E & S Ring Corporation	UDR, Inc.
Fairfield Residential	Village Green Companies
Fogelman Management Group	Waterton Residential
Gables Residential Services	Weidner Investment Services
Greystar Management	Western National Group
JPI	ZOM Residential

\* Representing 4,985 shopping reports

**Benchmark 1st Place Company**

Gables Residential Services  
Jana Muma - Vice President, Learning  
and Development

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FIRST QUARTER, 2008**

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<b>QUESTION OVERALL AVERAGE</b>	<b>89.43%</b>	<b>80.52%</b>	<b>94.36%</b>	<b>90.67%</b>	<b>93.86%</b>	<b>94.60%</b>	<b>93.30%</b>	<b>95.55%</b>	<b>70.83%</b>	<b>88.61%</b>	<b>89.17%</b>
CLIENT 21	95.65%	79.71%	94.20%	97.10%	95.65%	89.86%	95.65%	95.65%	66.67%	86.96%	<b>89.71%</b>
CLIENT 22	90.41%	82.19%	93.15%	94.52%	95.89%	95.89%	87.67%	98.63%	65.75%	90.41%	<b>89.45%</b>
CLIENT 23	77.78%	100.00%	92.59%	88.89%	96.30%	96.30%	88.89%	88.89%	74.07%	88.89%	<b>89.26%</b>
CLIENT 24	89.76%	76.38%	92.91%	88.98%	92.91%	98.43%	94.49%	96.06%	71.65%	89.76%	<b>89.13%</b>
CLIENT 25	80.77%	80.77%	95.39%	94.62%	95.38%	97.69%	92.31%	96.15%	67.70%	89.23%	<b>89.00%</b>
CLIENT 26	96.52%	83.58%	94.53%	87.07%	92.54%	95.52%	85.08%	97.51%	67.66%	79.10%	<b>87.91%</b>
CLIENT 27	77.42%	92.47%	97.85%	92.47%	95.70%	95.70%	95.70%	97.85%	47.31%	86.02%	<b>87.85%</b>
CLIENT 28	93.02%	70.93%	94.19%	90.70%	88.37%	89.53%	90.70%	100.00%	74.42%	80.23%	<b>87.21%</b>
CLIENT 29	98.15%	81.48%	96.30%	94.44%	88.89%	85.19%	87.04%	92.59%	64.81%	77.78%	<b>86.67%</b>
CLIENT 30	96.91%	80.41%	92.78%	80.41%	91.75%	89.69%	88.66%	91.75%	64.95%	86.60%	<b>86.39%</b>
CLIENT 31	81.69%	85.92%	90.14%	85.92%	94.37%	95.77%	94.37%	94.37%	50.70%	87.32%	<b>86.06%</b>
CLIENT 32	94.29%	70.00%	90.00%	88.57%	97.14%	88.57%	92.86%	87.14%	54.29%	91.43%	<b>85.43%</b>
CLIENT 33	84.93%	65.75%	90.41%	86.30%	91.78%	95.89%	94.52%	98.63%	56.16%	86.30%	<b>85.07%</b>
CLIENT 34	83.65%	73.08%	91.83%	85.58%	93.75%	91.35%	92.31%	90.39%	60.10%	84.14%	<b>84.62%</b>
CLIENT 35	86.73%	78.57%	95.92%	78.57%	89.80%	91.84%	91.84%	90.82%	52.04%	86.73%	<b>84.29%</b>
CLIENT 36	59.46%	70.95%	85.14%	91.89%	95.27%	92.57%	89.86%	92.57%	56.08%	84.46%	<b>81.82%</b>
CLIENT 37	76.92%	72.65%	91.45%	80.34%	77.78%	88.04%	82.91%	92.30%	43.59%	76.07%	<b>78.20%</b>
CLIENT 38	72.15%	62.03%	84.81%	79.75%	91.14%	88.61%	88.61%	96.20%	36.71%	77.22%	<b>77.72%</b>
CLIENT 39	66.23%	68.87%	85.43%	73.51%	79.47%	86.75%	81.46%	90.07%	52.98%	74.17%	<b>75.89%</b>
CLIENT 40	68.18%	58.44%	88.31%	65.58%	77.27%	81.82%	85.71%	87.66%	46.10%	74.68%	<b>73.38%</b>

Participating Companies

Alliance Residential Company	Legacy Partners
Amli Residential	Lincoln Property Company
AvalonBay Communities, Inc.	Lynd Company, The
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