Prospects Research 2010
Executive Summary

Enclosed is the annual wrap-up of findings from J Turner Research’s ongoing survey of prospects shopping for an apartment. This data has been collected from 80,400 surveys conducted nationally in 2010. This report’s intent is to provide you a summary of national aggregate information based on our findings and new insights into prospect decision-making. The graphs beginning on page 3 convey the aggregate information. Beginning on page 8, we present tables detailing new insights into prospect decision-making.

- One key finding is that 49% of prospects surveyed are currently already living in an apartment community. What this indicates is that there is a healthy market for residents who are looking to move from apartment to apartment.

- The prospects were asked the reason for their move. Almost 39% of prospects surveyed indicated wanting to move because their lease is up, they want a change, or because they are looking for a better apartment. This group represents unsatisfied residents and an opportunity to reduce turnover.

- Prospects are seeking value (see the table on page 8). The overall closing rate (prospects indicating they have leased or have decided to lease) is 47%. J Turner’s proprietary Value Perception Index drops sharply for prospects who don’t lease at the property without a significant drop in the Leasing Staff Ratings. This emphasizes the importance of prospect’s perception of value in closing a sale. The Value Perception Index is comprised of the following value categories:

  1. This seems to me to be the best property I have visited in my search for an apartment.
  2. Clearly you get your money’s worth at this community.
  3. The property seems to have a safe environment.
  4. Rent at this property is competitive with the rent at other properties that I have seen.

- Value means different things to different people. Residents were asked to define value and the results are summarized on page 8. Looking at the results, the renters can be profiled into two groups. One group defines value based on tangibles like square footage, amenities and getting what you pay for. The other group defines value based more on feelings like sense of community, security and staff.

If you have additional questions please contact Joseph Batdorf at:

jbatdorf@jturnerresearch.com or 281-558-4840 x300
Number Of Properties Visited *(while searching for an apartment)*

Mean: 4.60

- 17% One
- 12% Two
- 15% Three
- 13% Four
- 10% More than Ten
- 3% Ten
- 1% Nine
- 4% Eight
- 4% Seven
- 8% Six
- 12% Five

Mean: 4.60
Aggregate Prospect Information

Are you moving from an apartment property?

51% No
49% Yes

Reason to Move

- Change in job location: 28%
- Moving to a better apartment: 21%
- Lease up / change: 18%
- Other reasons: 11%
- Moving to a less expensive apartment: 9%
- Change in marital status (Marriage / Divorce / Breakup): 4%
- Dissatisfaction with management: 4%
- Dissatisfied with the physical aspect (of old unit): 3%
- Neighborhood going down: 2%

J Turner Research
Marketing Research for the Apartment Industry
What was your primary source of information in your apartment search?

- 53% Internet or Website
- 14% Drive By
- 13% Recommendation (Friend / Family / Co-worker)
- 6% Locator, Agent or Broker
- 6% Apartment Book or Directory
- 6% Other
- 2% Property Signs or Banner

What was the primary reason for you to stop into this property?

- Appearance 28%
- Proximity to School or Work 26%
- Other 15%
- Referred 12%
- Amenities 11%
- Specials 5%
- Locator 5%
Aggregate Prospect Information

Rating of the Community Tour

<table>
<thead>
<tr>
<th>Year</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.82</td>
</tr>
<tr>
<td>2009</td>
<td>8.80</td>
</tr>
<tr>
<td>2008</td>
<td>8.89</td>
</tr>
<tr>
<td>2007</td>
<td>8.68</td>
</tr>
<tr>
<td>2006</td>
<td>8.44</td>
</tr>
</tbody>
</table>

Were you contacted by someone after your visit (Follow Up)?

- Yes: 60%
- No: 40%
Fifty three percent of prospects that recalled being followed up indicated that they have either leased or have decided to lease at the property as compared to 40% of the ones that did not recall being followed up on.
Prospect Insights

Leasing Situation & J Turner Indexes

<table>
<thead>
<tr>
<th>Leasing Situation</th>
<th>Leasing Agent Index</th>
<th>Value Perception Index</th>
<th>Physical Marketability Index</th>
<th>Property Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have decided to lease at this apartment</td>
<td>8.69</td>
<td>8.17</td>
<td>8.40</td>
<td>8.42</td>
</tr>
<tr>
<td>I have leased at this property</td>
<td>8.69</td>
<td>8.06</td>
<td>8.24</td>
<td>8.33</td>
</tr>
<tr>
<td>I have leased elsewhere</td>
<td>7.69</td>
<td><strong>5.84</strong></td>
<td>6.87</td>
<td>6.80</td>
</tr>
<tr>
<td>I have not leased and I am NOT looking for an apartment</td>
<td>7.94</td>
<td>6.58</td>
<td>7.24</td>
<td>7.26</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>8.23</strong></td>
<td>7.17</td>
<td>7.76</td>
<td>7.72</td>
</tr>
</tbody>
</table>

The Value Perception Index drops sharply for prospects that indicated leasing somewhere else.

*Indexes are based on various factors from the prospect survey. Highest index for a leasing situation is highlighted.

The Meaning of Value

<table>
<thead>
<tr>
<th></th>
<th>0%</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get What You Pay For</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Amenities</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Square Footage</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Security / Safe</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Appearance</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Construction / Facility</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Condition</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

In another survey, the residents were asked an open-ended question on what “value” meant to them. The responses were categorized and tabulated to the left.