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MONTHLY CIRCULATION TO MORE THAN 6,000 APARTMENT OWNERS, PROPERTY MANAGERS, ON-SITE & MAINTENANCE PERSONNEL

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Less than a Quarter of Renters Pay Rent Online, According to NMHC Survey

WASHINGTON, DC -- Despite significant investments by apartment firms to offer online and automated rent payment systems and growing use of the Internet to pay bills, most renters continue to deliver a rent check to their property office each month, according to a new research report by the National Multi Housing Council (NMHC).

Automated Payments: Progress and Challenges provides the results of a survey of 110 leading apartment firms about their experience in automating the payment of rent and other fees.

Just a few years ago, virtually no apartment firm accepted credit cards for rent and all rent payments took place in the property office. The industry has made great strides since then in offering automated payment methods such as online check pay-

ments, credit card payment and the scanning of checks. These options improve the customer's experience as well as back-end processing, which reduces the owner's costs and improves property cash flow.

Unfortunately, few renters are taking advantage of these new payment options.

Survey Key Findings: Adoption Rates for Automated Payments

- 74 percent of firms now allow renters to use a credit card to pay rent.

- Although 81 percent allow renters to pay rent online either via a

credit card or bank transfer, only 18 percent of payments are made that way.

- 76 percent of renters pay their rent with a check delivered to the office; only 12 percent pay via a credit card and only 10 percent pay via an automated bank transfer.

- Even though apartment firms can now easily

scan checks for faster processing, more than two-thirds of check

payments received are still manually processed.

- 70 percent of apartment firms engage a third-party firm to provide an automated payment solution rather than developing their own system.

Convenience Fees

- One obstacle to greater online rent payment is the convenience fee banks charge firms that accept credit cards. The majority of respondents (79 percent) pass this fee on to the resident, which can discourage credit card use.

- For firms that accept credit cards for rent payment, most (64 percent) have a flat fee pricing schedule. Although this simplifies matters for the renter, it may not cover the apartment company's

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Global Trade Seen Rebounding in 2010 as Recovery Finds Footing

World trade has started to revive, signaling the beginning of a global and U.S. recovery. U.S. export volume increased 6 percent since April, and continuing improvement in trade volume has the potential to stimulate production and encourage hiring in areas such as manufacturing, transportation and trade-related finance. Currently, the volume of world trade is forecast to decline 11.9 percent in 2009, but a modest 2.5 percent rise is projected for 2010 as

an economic recovery takes hold. World trade volume has increased by an average of 6 percent annually since 1970.

The declining U.S. dollar bolstered manufacturers that sell products overseas. Export volume has risen every month since April, with a 0.2 percent gain posted in August. A reduction in business inventories accompanied the rebound in exports, as stocks of goods declined 5 percent

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Increase in Applicant Traffic Should Continue Through 2009

For apartment operators, job equal tenants. A year ago at this time, we were entering a period of great uncertainty, and renters seemed to have disappeared from the market. With monthly traffic at apartment communities off by as much as 20% early in 2009, thousands of extra units were left unoccupied. Approximately, 3.4 million jobs were shed in the first 6 months of 2009, with almost 750,000 being cut in January alone.

From 2008 to 2009 RentGrow's client base saw a decline in application processing of -13.5% in Q1 and -12.1% in Q2.

Starting in July 2009, things began to get a little better on the employment front. While jobs were still being lost, the rate at which this was happening began to slow considerably. In turn, for Q3 of 2009, RentGrow's client base saw a much smaller decline in application processing compared to 2008, at only -3.3%.

anticipating an increase in traffic of around 6.5% for Q4 of 2009 compared to the same quarter a year ago. While we won't be back to pre-2008 levels any time soon, the next few months look a lot brighter than the last few.

What does this mean for our clients?

Most indicators suggest that applicant traffic rates are improving, but don't expect big numbers of new applicants to reappear overnight. First of all, although the relative year-over-year traffic statistics are trending upward, we still expect the typical seasonal patterns to occur, including reduced traffic in the autumn and winter months. In addition, it took several years for this economic cycle to fully decline, and it may take several more to improve. That being said, the data provides a reason to be optimistic: if, like most of the multifamily industry, you have been experiencing significantly reduced year-over-year applicant traffic, you may have already hit rock bottom several months ago.

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Looking Ahead

As we project out through the end of 2009 and into early 2010, things are looking up in terms of applicant traffic. Based on our modeling, and shown in the chart above, we are

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Global Trade Seen Rebounding in 2010 ...continued from page 1

from April to August, hitting a 13 percent decrease year over year. Businesses are shipping items off of the shelf to meet foreign demand, and inventories will need to be replenished as global demand for U.S. goods continues to recover, which could trigger hiring by manufacturers that export products. Significant hiring has yet to occur, but, on a positive note, industrial production rose for the third consecutive month in September, as a 0.7 percent gain was recorded.

Reflecting both the diminished purchasing power of the U.S. dollar and sluggish domestic demand, U.S. import volume fell 0.6 percent in August and has decreased 28.6 percent over the past year. Comparisons to year-earlier periods will soon appear more favorable, however, due to a sharp drop in import volume that began in the fourth quarter of last year. Nonetheless, U.S. consumers will remain cautious through 2010, even as an economic recovery starts to take shape.

A rebound in global trade will help initiate and sustain an economic recovery in the nation while boosting warehouse and distribution properties. An improvement in import volume, especially, will trigger new demand for warehouse and distribution space. Year to date through the third quarter, industrial property vacancy climbed 130 basis points on negative net absorption of 152 million square feet. A recovery in world trade also will prop up the office sector in port cities such as Houston, Los Angeles, Miami and Seattle, where trade-related finance and brokerage employment occupy a sizable amount of office space.

The weakness in import volume this year reflects continuing difficulties in the retail property sector, as many retailers have encountered tepid consumer demand for imported products. National retail property vacancy hit 9.9 percent in the third quarter, up 40 basis points from the preceding quarter, as negative net absorption totaled 45 mil-

lion square feet. Store inventories are lean, and a better-than-expected holiday shopping season may drive several retailers to replenish stocks, thereby raising import volume.

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Increase in Applicant Traffic Should Continue Though ...continued from page 1

Conclusion

We've all learned a lot over these past few challenging months. Many companies took advantage of the "down time" to get back to the basics and focused on improving operational efficiencies. As things improve, let's not forget perhaps

the most important lesson we've learned: each prospective resident you see is more valuable than ever before. It's likely that you will have more applicant traffic to help fill your units in 2010 than you did in 2009 - make the most of each of these opportunities.

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