

AXIOMETRICS INC.

AXIOMETRICS Reports Significantly Worse Results for the Second Quarter of 2009

On Wednesday July 8, 2009, the *Wall Street Journal* published an article titled "Apartment Vacancy Rate Hits 22-Year High". The author quoted extensively the numbers on the apartment market from REIS Inc., a New York real-estate research firm. I would like to compare our numbers to REIS' for the markets shown in the article. (I was also quoted.) We are finishing the quality control for the June surveys and finalizing our results. The results that we use herein are an average of our April and May surveys so they are not the final results for the quarter. (Our final June and 2Q09 results will be available next week.) Even so, the different results that we get versus REIS are significant. The link to the article follows:
<http://online.wsj.com/article/SB124701848135809721.html#mod%3DtestMod%26articleTabs%3Darticle>

There is a great difference in the methodologies used by REIS and AXIOMETRICS to collect performance metrics on the apartment market. Because of this difference, the results can be quite significant, resulting in an incorrect analysis about the performance of a market and the aggregated results for the 79 markets that REIS tracks. I want to make everyone aware of these differences by focusing on the information that REIS provided for the markets in the article.

REIS surveys a sample of apartment properties each quarter. We survey 100% of our universe each month, completing about 20,000 property surveys per month. Because we are surveying more properties every month, we believe that our results are more informative about what is happening in the markets. Additionally, we survey the same properties in each measurement period. For example, for the 2Q08 to 2Q09 measurement period, we survey the exact same properties. REIS does not do this.

The table below compares the results. Our more frequent surveys and the use of same-community portfolios to measure the change in effective rental rates and vacancy produces a drastically different result. On average, for the markets shown below, our results are about 2.2 times worse than the REIS results. The difference is particularly large in the New York, San Jose, and the Fairfield County markets.

Comparison REIS vs. AXIOMETRICS

2Q08 to 2Q09

Annual Effective Rental Rate Growth

| Market | REIS | AXIOMETRICS |
|------------------|-------------|--------------------|
| New York | -5.8% | -10.8% |
| San Jose | -5.1% | -9.7% |
| San Francisco | -4.7% | -6.8% |
| Miami | -3.9% | -7.3% |
| Fairfield County | -3.8% | -10.1% |
| Ventura County | -3.6% | -8.8% |
| Orange County | -3.6% | -7.7% |

| | | |
|-----------------|-------|--------|
| Las Vegas | -3.4% | -10.9% |
| Long Island, NY | -3.3% | -7.0% |

For the 79 major markets, REIS reported that the vacancy rate was 7.5% in 2Q09, up from 6.1% in 2Q08. We believe that the current (2Q09) vacancy rate for these same markets is more like 8.0%, up from 6.6% in 2Q08 on a same community basis. The highest vacancy rate we have recorded for these markets occurred in 1Q09 at 8.3%.

If you have any questions or comments, please give me a call or send me an email.

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