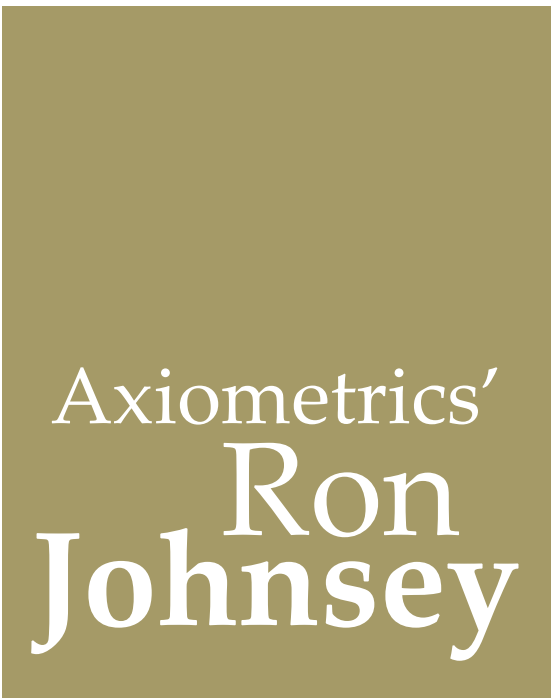


As a real estate syndicator early in his career, Ronald Johnsey had watched the institutional management firms that oversaw large funds pile on fees for their services. And in the strong real estate market of the mid 1980s, the rewards seemed justified. But by the early 1990s, many of those investments had sunk into financial distress under the weight of an economic recession. Johnsey saw a bright side.



The situation presented an opportunity to buy up portfolios of apartment buildings at a substantial discount, reinvest in them, and eventually lease them at a profit.

Johnsey urged the firm he was working with to consider such a strategy but found the company disinterested in the idea. After all, it was still collecting a steady stream of charges for administering the funds it managed, despite the fact that many now had assets underwater. Because the firm was essentially in a fee business, it received its compensation both in good times and in bad. The losses were to be borne by the investors.

Soon after the recession ended and the real estate market started its slow climb to recovery through the mid to late 1990s, real estate investment trusts began to emerge as an increasingly popular investment vehicle. Johnsey immediately liked their structure. Unlike some of the syndicators and fund management firms he had observed, REITs were transparent. Their management was incentivized through stock options and other benefits to keep them profitable, not to passively preside over them while levying fees irrespective of performance.

“There was definitely a better sense of alignment,” Johnsey said.

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Johnsey had an inkling that the popularity of REIT investing would take off as a result. And he had a plan to cater to it.

By carefully tracking the performance of the properties a REIT held in its portfolio and delivering this information quickly, Johnsey realized he could give shareholders all the data they would need to make profitable investments in these emerging companies. It would be a formidable task to collect such data, but it played into his skill set. During his time on the investment side of the real estate business, he had become used to wading through reams of information on large collections of assets spread across different markets. Johnsey was expert in parsing the figures into both assessments of a portfolio's health as well as an indication of larger market trends in a particular area. By arming investors with this kind of raw data, he knew they would be able to make the same judgments. Because REITs were public companies, it wouldn't be hard to know where to look to begin culling the information. Their property holdings were openly accessible.

Axiometrics, Johnsey's real estate market analysis and data collection firm, was born. At first it focused on tracking roughly 1,800 buildings held by the 14 or so major apartment REITs, providing comprehensive reports on rents and occupancy levels in a company's portfolio as well as more detailed figures such as the concessions or

discounts that a REIT handed out to renters to encourage them to sign a lease.

Johnsey quickly found consumers for his data among major banks, funds and institutions that either directly bought and traded REIT shares or provided investment advice on the sector.

"Fidelity, JP Morgan, Morgan Stanley and Goldman Sachs were all subscribing to our reports," Johnsey said.

Johnsey quickly realized the potential in broadening the company's data. Since Axiometrics was founded, it has built up a database of over 20,000 properties across 300 cities.

Johnsey quickly began to realize the potential in broadening the company's data. By tracking more properties, Axiometrics could

assemble not only reports on particular portfolios, but entire markets.

In the over 15-years since Axiometrics was founded, the company has built up a database of over 20,000 properties located in 300 cities across the country. At the same time, Johnsey has also accelerated the Axiometrics reporting cycle to a monthly basis and even less for clients who place special requests for data polled over shorter periods. The applications for the company's data have expanded as a result and so has the firm's clientele.

Real estate investors now sift through Axiometrics reports to learn about markets where they are considering an acquisition, using the detailed figures to gauge current conditions as well as forecast future performance. Existing landlords use the

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firm as an essential reference tool to track competing properties and benchmarks off of which to price their own apartments. Builders will scan the company's data to identify development opportunities in a market and help evaluate the economic feasibility of a particular project.

One of the company's unique accomplishments in the real estate metrics and analysis business is that it delivers detail and accuracy in its reports on a level that allows impressively fine-tuned and sophisticated insights into a particular market.

The hidden dynamics that become apparent after examining the company's data often run counter to prevailing trends and sentiments.

"Our numbers are refreshed every month and are incredibly accurate," Johnsey said. "Investors will have a question like, what's more profitable, investing in a multifamily development in an urban core or a suburban location? The kind of data that we deliver gives people clear insights into these kinds of subtle and complex questions."

Often, the hidden dynamics in a market that become apparent after perusing the company's data run counter to prevailing trends and sentiments.

"There's always the saying that during down periods in the market there is a flight to quality," Johnsey said. "But one of the things that our data has revealed in many instances is that Class C properties have actually been some of the strongest

performing assets in a number of markets. In Austin, Texas for instance, Class C is doing really well because with the economic downturn people shifted to less expensive options in the market and the properties also catered to college students."

Having witnessed both booms and busts in the real estate market, Johnsey has an optimistic outlook for the multifamily apartment market even amid concerns that the country could face a potential double dip recession. Though the prognosis for different markets varies, generally Johnsey says that the supply of rental apartments nationwide has remained steady in recent years and that that, along with sagging home ownership numbers, has bolstered the rental market in spite of weak job growth and other troubling economic factors that would otherwise appear to weigh on the market.

"Generally the multifamily apartment sector is strong and looks to remain that way," Johnsey said.

Johnsey said that Axiometrics plans to partner with Chandan Economics, the real estate economics firm founded by economist Dr Sam Chandan.

"We would like to provide strategic services for clients," Johnsey said. "They have asked for our independent opinions in support of investment decision-making. I think that with our data and the expertise of Sam Chandan in interpreting the trends and fitting them within the context of a broader economic picture, we're going to offer a vastly superior product to clients."

By Dan Geiger