

January 14, 2009



AvalonBay Communities Announces 2008 Dividend Income Tax Treatment

ALEXANDRIA, Va.--(BUSINESS WIRE)-- AvalonBay Communities, Inc. ("AvalonBay" or the "Company") (NYSE:AVB) announced today the final income allocations of the Company's 2008 dividend distributions on its Common Stock and Preferred Stock. The final income allocations as they will be reported on Form 1099-DIV are set forth in the following tables:

Common Shares (CUSIP #053484101)

| Declaration Date | Record Date | Payable Date | Distribution Per Share | Taxable Ordinary Income (1) | Return of Capital | Capital Gain | Unrecap. Section 1250 Gain |
|------------------|-------------|--------------|------------------------|-----------------------------|-------------------|--------------|----------------------------|
| 2/5/2008 | 4/1/2008 | 4/15/2008 | \$0.89250 | \$0.14280 | \$0.00000 | \$0.53550 | \$0.21420 |
| 5/21/2008 | 6/30/2008 | 7/15/2008 | 0.89250 | 0.14280 | 0.00000 | 0.53550 | 0.21420 |
| 9/18/2008 | 10/3/2008 | 10/15/2008 | 0.89250 | 0.14280 | 0.00000 | 0.53550 | 0.21420 |
| 12/17/2008 | 12/29/2008 | 1/29/2009 | 2.70000 | 0.43200 | 0.00000 | 1.62000 | 0.64800 |
| | | Totals | \$5.37750 | \$0.86040 | \$0.00000 | \$3.22650 | \$1.29060 |
| | | | 100% | 16% | 0% | 60% | 24% |

Preferred Shares Series H (CUSIP #053484705)

| Declaration Date | Record Date | Payable Date | Distribution Per Share | Taxable Ordinary Income (1) | Return of Capital | Capital Gain | Unrecap. Section 1250 Gain |
|------------------|-------------|--------------|------------------------|-----------------------------|-------------------|--------------|----------------------------|
| 12/5/2007 | 3/3/2008 | 3/17/2008 | \$0.54375 | \$0.08700 | \$0.00000 | \$0.32625 | \$0.13050 |
| 2/5/2008 | 6/2/2008 | 6/16/2008 | 0.54375 | 0.08700 | 0.00000 | 0.32625 | 0.13050 |
| 5/21/2008 | 8/29/2008 | 9/15/2008 | 0.54375 | 0.08700 | 0.00000 | 0.32625 | 0.13050 |
| 2/5/2008 | 10/15/2008 | 10/15/2008 | 0.17520 | 0.02803 | 0.00000 | 0.10512 | 0.04205 |

| | | | | | |
|--------|-----------|-----------|-----------|-----------|-----------|
| Totals | \$1.80645 | \$0.28903 | \$0.00000 | \$1.08387 | \$0.43355 |
| | 100% | 16% | 0% | 60% | 24% |

Components may not sum to the totals due to rounding differences. Additionally, the Company did not incur any foreign taxes, and the information above presents final income allocations. The fourth quarter common stock dividend of \$2.70 per share consists of a regular dividend of \$0.8925 per share and a special dividend of \$1.8075 per share.

(1) None of the dividends classified as taxable ordinary income represents "qualified dividend income" and, therefore, are not eligible for capital gains rates.

About AvalonBay Communities, Inc.

As of December 31, 2008, the Company owned or held a direct or indirect ownership interest in 178 apartment communities containing 50,289 apartment homes in ten states and the District of Columbia, of which 15 communities were under construction and nine communities were under reconstruction. AvalonBay is in the business of developing, redeveloping, acquiring, and managing apartment communities in high barrier-to-entry markets of the United States. More information on AvalonBay, an S&P 500 company, may be found on the Company's Web site at <http://www.avalonbay.com>.

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