AvalonBay COMMUNITIES, INC.

PRESS RELEASE

For Immediate News Release
October 27, 2014

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2014 OPERATING RESULTS

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today Net Income Attributable to Common Stockholders for the quarter ended September 30, 2014 of $241,100,000. This resulted in Earnings per Share – diluted ("EPS") of $1.83 for the three months ended September 30, 2014, compared to a loss of $0.08 per share for the comparable period of 2013. For the nine months ended September 30, 2014, EPS was $4.14 compared to EPS of $0.80 for the comparable period of 2013, an increase of 417.5%.

The increase in EPS for the three and nine months ended September 30, 2014 over the respective prior year periods is due primarily to (i) an increase in joint venture income resulting from the gains on sales of communities in various ventures, as well as from the Company's promoted interests; (ii) increases in Net Operating Income ("NOI") from newly developed and operating communities; (iii) losses on an interest rate contract in the prior year periods, not present in 2014; and (iv) a decrease in depreciation expense related to in-place leases acquired as part of the Archstone acquisition, as described in the Company's first quarter 2013 earnings release dated April 30, 2013. The increase for the nine months ended September 30, 2014 is also attributable to a decrease in expensed acquisition costs related to the Archstone acquisition.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended September 30, 2014 increased 81.4% to $2.14 from $1.18 for the comparable period of 2013. FFO per share for the nine months ended September 30, 2014 increased 55.1% to $5.49 from $3.54 for the comparable period of 2013. FFO per share adjusted for non-routine items as detailed in Attachment 17 ("Core FFO" per share) increased by 6.1% to $1.73 and 9.5% to $5.05 for the three and nine months ended September 30, 2014, respectively, over the prior year periods.

The following table compares the Company's actual results for FFO per share and Core FFO per share for the third quarter 2014 to its July 2014 outlook:

Third Quarter 2014 Results
Comparison to July 2014 Outlook

	Per Share			
		FFO		Core FFO
Projected per share - July 2014 outlook (1)	$	2.15	$	1.72
Community NOI		0.03		0.03
Overhead and other		(0.02)		(0.02)
Joint venture income		(0.01)		0.01
CEP share issuance	$	(0.01)	$	(0.01)
Q3 2014 per share reported results	$	2.14	$	1.73

(1) Represents the mid-point of the Company's July 2014 outlook.

Commenting on the Company's results, Tim Naughton, Chairman and CEO, said, "Our third quarter results were in-line with our expectations. Apartment fundamentals remain healthy across our markets, and support strong performance from our stabilized portfolio and continued value creation from our development platform."

Operating Results for the Quarter Ended September 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $30,222,000, or 7.5%, to $430,525,000. This increase is primarily due to growth in revenue from development communities and growth in Established Community revenue noted below.

The Company updated its Established Communities portfolio, as of April 1, 2014, primarily to incorporate the stabilized assets acquired as part of the Archstone acquisition, which closed in February 2013. The Company's Established Communities' operating results for the three months ended September 30, 2014 include most of the stabilized operating communities acquired as part of the Archstone acquisition.

For Established Communities as of April 1, 2014, which includes 51,524 apartment homes, rental revenue increased 3.7% due to an increase in Average Rental Rates. If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 3.9%. Total revenue for Established Communities increased $12,191,000 to $336,452,000. Operating expenses for Established Communities increased $63,000, or 0.1%, to $102,927,000. Accordingly, NOI for Established Communities increased $12,128,000, or 5.5%, to $233,525,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the third quarter of 2014 compared to the third quarter of 2013:

Q3 2014 Compared to Q3 2013

Established Communities as of April 1, 2014 - 51,524 apartment homes

	Rental Revenue				
	Avg Rent Rates	Ec Occ	Opex	NOI	% of NOI (1)
New England	2.5 %	0.2 %	(0.5)%	4.6 %	14.6%
Metro NY/NJ	3.0 %	0.3 %	3.0 %	3.9 %	26.0%
Mid-Atlantic	(0.6)%	(0.5)%	1.5 %	(2.2)%	15.9%
Pacific NW	5.7 %	0.2 %	(1.6)%	9.4 %	4.8%
No. California	7.6 %	0.1 %	(4.4)%	12.2 %	20.4%
So. California	4.1 %	0.1 %	(0.5)%	6.8 %	18.3%
Total	3.7 %	0.0%	0.1 %	5.5 %	100.0%

(1) Represents each region's % of total NOI from the Company, including discontinued operations.

Operating Results for the Nine Months Ended September 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $139,194,000, or 12.6%, to $1,244,986,000. This increase is primarily attributable to communities acquired as part of the Archstone acquisition, new developments and growth in Established Community revenue noted below.

The Company's Established Communities' operating results for the nine months ended September 30, 2014 do not include any impact from communities acquired as part of the Archstone acquisition.

For Established Communities, which includes 37,137 apartment homes as determined at January 1, 2014, Average Rental Rates increased 3.9%, and were partially offset by a decrease in Economic Occupancy of 0.2%, resulting in an increase in rental revenue of 3.7%. If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 4.0%. Total revenue for Established Communities increased $26,206,000 to $726,503,000. Operating expenses for Established Communities increased $11,581,000, or 5.5%, to $220,808,000. Accordingly, NOI for Established Communities increased $14,625,000, or 3.0%, to $505,695,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013:

YTD 2014 Compared to YTD 2013

Established Communities as of January 1, 2014 - 37,137 apartment homes

	Rental Revenue				
	Avg Rent Rates	Ec Occ	Opex	NOI	% of NOI (1)
New England	3.0 %	(0.6)%	5.5%	0.7 %	14.7%
Metro NY/NJ	3.4 %	(0.1)%	5.7%	2.4 %	26.0%
Mid-Atlantic	(0.2)%	(0.5)%	5.9%	(3.3)%	16.1%
Pacific NW	6.3 %	(0.5)%	4.5%	6.3 %	4.8%
No. California	7.6 %	0.2%	7.4%	7.8 %	19.9%
So. California	4.5 %	(0.3)%	3.5%	4.5 %	18.5%
Total	3.9 %	(0.2)%	5.5%	3.0 %	100.0%

(1) Represents each region's % of total NOI from the Company, including discontinued operations.

Development Activity

During the three months ended September 30, 2014, the Company engaged in the following development activity:

The Company completed the development of eight communities:

- Avalon Arlington North, located in Arlington, VA;
- Avalon Dublin Station, located in Dublin, CA;
- AVA 55 Ninth, located in San Francisco, CA;
- Avalon Canton at Blue Hills, located in Canton, MA;
- Memorial Heights Villages, located in Houston, TX;
- Avalon Berkeley, located in Berkeley, CA;
- Avalon at Stratford, located in Stratford, CT; and
- Avalon North Point Lofts, located in Cambridge, MA, in which the Company has a 20% ownership interest.

These eight communities contain an aggregate of 1,595 apartment homes and were constructed for an aggregate Total Capital Cost of $466,100,000.

The Company started the construction of three communities: Avalon Framingham, located in Framingham, MA; Avalon Esterra Park, located in Redmond, WA; and Avalon North Station, located in Boston, MA. These communities will contain 1,165 apartment homes when completed and will be developed for an estimated Total Capital Cost of $438,600,000.

The Company acquired four land parcels for development, for an aggregate investment of $37,270,000. The Company has started, or anticipates starting, construction of apartment communities on these land parcels during the next 12 months.

The Company added two Development Rights. If developed as expected, these Development Rights will contain 566 apartment homes and will be developed for an estimated Total Capital Cost of $154,000,000.

The projected Total Capital Cost of overall Development Rights declined to $2.9 billion at September 30, 2014 from $3.2 billion at June 30, 2014 after giving effect to construction starts, the addition of new Development Rights, and adjustments to existing Development Rights.

Disposition Activity

In September 2014, CVP I, LLC, the entity that owns Avalon Chrystie Place located in New York, NY containing 361 apartment homes and approximately 71,000 square feet of retail space, sold the community for $365,000,000. The Company owned a 20.0% interest in the entity, and its share of the gain in accordance with GAAP for the disposition was $50,478,000. In addition, the Company earned $57,489,000 for the Company's promoted interest in CVP I, LLC.

During the three months ended September 30, 2014, AvalonBay Value Added Fund, L.P. ("Fund I"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of approximately 15.2%, sold its final apartment community containing 108 homes for $34,250,000. The Company's share of the total gain in accordance with GAAP was $345,000.

During the three months ended September 30, 2014, AvalonBay Value Added Fund II, L.P. ("Fund II"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of approximately 31.3%, sold two communities containing an aggregate of 711 apartment homes for an aggregate sales price of $166,950,000. The Company's share of the total gain in accordance with GAAP was $21,624,000.

In conjunction with the disposition of these communities, the respective ventures repaid an aggregate of $198,961,000 of related secured indebtedness in advance of the scheduled maturity dates. This resulted in charges for prepayment penalties and a write off of deferred financing costs, of which the Company’s portion was approximately $2,339,000, and was reported as a reduction of Joint Venture Income.

Liquidity and Capital Markets

At September 30, 2014, the Company did not have any borrowings outstanding under its $1,300,000,000 unsecured credit facility, and had $535,692,000 in unrestricted cash and cash in escrow.

The Company’s annualized Net Debt-to-EBITDA for the third quarter of 2014 was 5.2 times.

New Financing Activity

In August 2012, the Company commenced a third continuous equity program (“CEP III”), under which the Company may sell up to $750,000,000 of shares of its common stock from time to time during a 36-month period. During the three months ended September 30, 2014, the Company sold 650,579 shares at an average sales price of $153.68 per share ($151.37 per share net of offering fees and discounts), for net proceeds of $98,481,000. As of September 30, 2014, the Company had $346,304,000 remaining authorized for issuance under this program.

On September 9, 2014, based on a market closing price of $155.83 per share on that date, the Company entered into a forward contract to sell 4,500,000 shares of common stock for an initial forward price of $151.74 per share, net of offering fees and discounts. The sales price and proceeds achieved by the Company will be determined on the date or dates of settlement, with adjustments during the term of the contract for the Company’s dividends as well as for a daily interest factor that varies with changes in the Fed Funds rate. Settlement of the forward contract will occur on one or more dates not later than September 8, 2015.

Fourth Quarter and Updated Full Year 2014 Outlook

For the fourth quarter of 2014, the Company expects EPS in the range of $1.05 to $1.11 and expects Projected FFO per share in the range of $1.74 to $1.80. For the full year 2014, the Company expects EPS in the range of $5.19 to $5.25 and expects Projected FFO per share in the range of $7.23 to $7.29.

EPS and Projected FFO per share for the fourth quarter and full year 2014 are expected to be impacted by non-routine items. Adjusting for non-routine items as detailed in Attachment 17, the Company expects Projected Core FFO per share for the fourth quarter of 2014 to be in the range of $1.73 to $1.79, and $6.78 to $6.84 for the full year 2014.

Fourth Quarter Conference Schedule

The Company is scheduled to participate in NAREIT’s REITWorld Conference in Atlanta, GA from November 5-7, 2014, and UBS’ Global Real Estate CEO/CFO Conference in London from December 2-3, 2014. During these conferences, Management may discuss the Company’s current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; portfolio strategy and other business and financial matters affecting the Company. Details on how to access related materials will be available on the Company’s website at http://www.avalonbay.com/events.

Other Matters

The Company will hold a conference call on October 28, 2014 at 1:00 PM ET to review and answer questions about this release, its third quarter 2014 results, the Attachments (described below) and related matters. To participate on the call, dial 800-723-6575 domestically and 785-830-1997 internationally and use conference id: 1703289.

To hear a replay of the call, which will be available from October 28, 2014 at 6:00 PM ET to November 3, 2014 at 11:59 PM ET, dial 888-203-1112 domestically and 719-457-0820 internationally, and use conference id: 1703289. A webcast of the conference call will also be available at http://www.avalonbay.com/earnings, and an on-line playback of the webcast will be available for at least 30 days following the call.

The Company produces Earnings Release Attachments (the "Attachments") that provide detailed information regarding operating, development, redevelopment, disposition and acquisition activity. These Attachments are considered a part of this earnings release and are available in full with this earnings release via the Company's website at http://www.avalonbay.com/earnings. To receive future press releases via e-mail, please submit a request through http://www.avalonbay.com/email.

In addition to the Attachments, the Company provides a management letter and teleconference presentation that will be available on the Company's website at http://www.avalonbay.com/earnings before the market opens on October 28, 2014.

About AvalonBay Communities, Inc.

As of September 30, 2014, the Company owned or held a direct or indirect ownership interest in 274 apartment communities containing 82,333 apartment homes in eleven states and the District of Columbia, of which 27 communities were under construction and six communities were under reconstruction. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in high barrier-to-entry markets of the United States. More information may be found on the Company's website at http://www.avalonbay.com. For additional information, please contact Jason Reilley, Director of Investor Relations at 703-317-4681.

Forward-Looking Statements

This release, including its Attachments, contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which you can identify by the Company's use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters, are based on the Company's expectations, forecasts and assumptions at the time of this release, which may not be realized and involve risks and uncertainties that cannot be predicted accurately or that might not be anticipated. These could cause actual results to differ materially from those expressed or implied by the forward-looking statements. Risks and uncertainties that might cause such differences include the following, among others: we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; changes in local employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; expenses may result in communities that we develop or redevelop failing to achieve expected profitability; our assumptions concerning risks relating to our lack of control of joint ventures and our abilities to successfully dispose of certain assets may not be realized; our assumptions and expectations in our financial outlook may prove to be too optimistic; the expected proceeds from settlement of our equity forward contract are subject to adjustment for changes in the Fed Funds rate and the amount of dividends we pay on our common stock, and our receipt of settlement proceeds assumes that we will settle the equity forward contract by physical delivery. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 under the heading "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected 2014 operating results and other financial data forecasts contained in this release. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

Definitions and Reconciliations

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and further explained on Attachment 17, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 17 is included in the full earnings release available at the Company's website at http://www.avalonbay.com/earnings.

AvalonBay
COMMUNITIES, INC.

THIRD QUARTER 2014
Supplemental Operating and Financial Data

Avalon Mosaic
Fairfax, VA

eaves West Valley
San Jose, CA

AVA Highline
New York, NY

AvalonBay offers three distinct brands – Avalon, AVA and eaves by Avalon - each targeted to different customer segments with unique needs and preferences. This expanded brand portfolio helps us reach new customers and better serve our existing residents.

THIRD QUARTER 2014

Supplemental Operating and Financial Data

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The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The projections and estimates contained in the following attachments are forward-looking statements that involve risks and uncertainties, and actual results may differ materially from those projected in such statements. Risks associated with the Company's development, redevelopment, construction, and lease-up activities which could impact the forward-looking statements are discussed in the paragraph titled "Forward-Looking Statements" in the release to which these attachments relate. Among other risks, development opportunities may be abandoned; Total Capital Cost of a community may exceed original estimates, possibly making the community uneconomical and/or affecting projected returns; construction and lease-up may not be completed on schedule, resulting in increased debt service and construction costs; and other risks described in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and the Company's Quarterly Reports on Form 10-Q for subsequent quarters, could cause actual results to differ materially from such projections and estimates.

Attachment 1

AvalonBay Communities, Inc.
Detailed Operating Information
September 30, 2014
(Dollars in thousands except per share data)
(unaudited)

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
Revenue:						
Rental and other income	$ 428,022	$ 386,175	10.8 %	$ 1,236,154	$ 1,060,554	16.6 %
Management, development and other fees	2,503	3,014	(17.0)%	8,253	8,198	0.7 %
Total	430,525	389,189	10.6 %	1,244,407	1,068,752	16.4 %
Operating expenses:						
Direct property operating expenses, excluding property taxes	88,412	82,004	7.8 %	256,920	214,490	19.8 %
Property taxes	44,996	42,184	6.7 %	131,920	115,096	14.6 %
Property management and other indirect operating expenses	15,721	13,810	13.8 %	44,697	38,905	14.9 %
Total operating expenses	149,129	137,998	8.1 %	433,537	368,491	17.7 %
Interest expense, net	(46,376)	(43,945)	5.5 %	(132,631)	(127,772)	3.8 %
Loss on extinguishment of debt, net	—	—	— %	(412)	—	100.0 %
Loss on interest rate contract	—	(53,484)	(100.0)%	—	(51,000)	(100.0)%
General and administrative expense	(11,290)	(9,878)	14.3 %	(30,745)	(31,262)	(1.7)%
Joint venture income (loss) (1) (2)	130,592	3,260	N/A (4)	143,527	(16,244)	N/A (4)
Investments and investment management	(1,079)	(1,043)	3.5 %	(3,195)	(3,154)	1.3 %
Expensed acquisition, development and other pursuit costs (2)	(406)	(2,176)	(81.3)%	(3,139)	(46,041)	(93.2)%
Depreciation expense	(111,836)	(159,873)	(30.0)%	(328,598)	(455,410)	(27.8)%
Gain on sale of land	—	—	— %	—	240	(100.0)%
Gain on sale of communities (3)	—	—	— %	60,945	—	100.0 %
Income (loss) from continuing operations	241,001	(15,948)	N/A (4)	516,622	(30,382)	N/A (4)
Discontinued operations:						
Income from discontinued operations	—	5,063	(100.0)%	310	12,890	(97.6)%
Gain on sale of discontinued operations	—	—	— %	37,869	118,173	(68.0)%
Total discontinued operations	—	5,063	(100.0)%	38,179	131,063	(70.9)%
Net income (loss)	241,001	(10,885)	N/A (4)	554,801	100,681	451.0 %
Net loss (income) attributable to noncontrolling interests (3)	99	170	(41.8)%	(13,872)	248	N/A (4)
Net income (loss) attributable to common stockholders	$ 241,100	$ (10,715)	N/A (4)	$ 540,929	$ 100,929	436.0 %
Net income (loss) attributable to common stockholders per common share - basic	$ 1.83	$ (0.08)	N/A (4)	$ 4.15	$ 0.80	418.8 %
Net income (loss) attributable to common stockholders per common share - diluted	$ 1.83	$ (0.08)	N/A (4)	$ 4.14	$ 0.80	417.5 %
Funds from Operations	$ 282,221	$ 153,361	84.0 %	$ 717,553	$ 447,470	60.4 %
Per common share - diluted	$ 2.14	$ 1.18	81.4 %	$ 5.49	$ 3.54	55.1 %
Dividends declared - common	$ 153,119	$ 138,459	10.6 %	$ 455,531	$ 415,353	9.7 %
Per common share	$ 1.16	$ 1.07	8.4 %	$ 3.48	$ 3.21	8.4 %
Average shares and participating securities outstanding - basic	131,529,503	129,401,567	1.6 %	130,372,780	126,265,286	3.3 %
Average shares outstanding - diluted	131,905,995	129,620,138	1.8 %	130,728,000	126,477,114	3.4 %
Total outstanding common shares and operating partnership units	132,014,335	129,410,056	2.0 %	132,014,335	129,410,056	2.0 %

(1) Joint venture income (loss) for the periods presented includes gains on dispositions of unconsolidated communities including the recognition of the Company's promoted interest related to those sales.

(2) Amounts for the three and nine months ended September 30, 2013 include an aggregate of $4,567 and $82,554, respectively, of Archstone acquisition related costs of which $2,743 and $37,295, respectively, are included as a component of joint venture income (loss).

(3) Gain on sale of communities for the nine months ended September 30, 2014 includes $16,656 related to the sale of a community owned by Fund I that was consolidated for financial reporting purposes. The Company's joint venture partners' 85% interest in this gain of $14,132 is reported as a component of net (income) loss attributable to noncontrolling interests.

(4) Percentage change is not meaningful.

Attachment 2

AvalonBay Communities, Inc.
Condensed Consolidated Balance Sheets
(Dollars in thousands)
(unaudited)

	September 30, 2014	December 31, 2013
Real estate	$ 15,923,713	$ 14,662,078
Less accumulated depreciation	(2,799,679)	(2,476,729)
Net operating real estate	13,124,034	12,185,349
Construction in progress, including land	1,343,157	1,582,906
Land held for development	176,484	300,364
Operating real estate assets held for sale, net	80,624	215,590
Total real estate, net	14,724,299	14,284,209
Cash and cash equivalents	440,028	281,355
Cash in escrow	95,664	98,564
Resident security deposits	29,604	26,672
Investments in unconsolidated real estate entities	304,795	367,866
Other assets	286,788	269,477
Total assets	$ 15,881,178	$ 15,328,143
Unsecured notes, net	$ 2,695,299	$ 2,594,709
Unsecured credit facility	--	—
Notes payable	3,546,469	3,539,642
Resident security deposits	49,425	44,823
Liabilities related to assets held for sale	1,590	15,033
Other liabilities	530,517	516,889
Total liabilities	$ 6,823,300	$ 6,711,096
Redeemable noncontrolling interests	12,596	17,320
Equity	9,045,282	8,599,727
Total liabilities and equity	$ 15,881,178	$ 15,328,143