PRESS RELEASE

For Immediate News Release
February 3, 2016

AVALONBAY COMMUNITIES, INC. ANNOUNCES 2015 OPERATING RESULTS, 8.0% DIVIDEND INCREASE AND INITIAL 2016 FINANCIAL OUTLOOK

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today that Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended December 31, 2015 increased 11.9% to $1.97 from $1.76 for the prior year period.

Core FFO per share (as defined in this release) for the three months ended December 31, 2015 increased 14.4% to $1.99 from $1.74 for the prior year period.

Net Income Attributable to Common Stockholders for the three months ended December 31, 2015 was $155,428,000. This resulted in an increase in Earnings per Share – diluted ("EPS") of 4.6% to $1.13 for the three months ended December 31, 2015, from $1.08 for the prior year period.

The increases in FFO per share and Core FFO per share were primarily driven by an increase in Net Operating Income ("NOI") from newly developed and existing operating communities. The increase in the Company's EPS was primarily due to an increase in NOI from newly developed and existing operating communities, partially offset by a decrease in real estate sales and related gains during the three months ended December 31, 2015 compared to the prior year period.

The following table compares the Company's actual results for FFO per share and Core FFO per share for the fourth quarter of 2015 to its October 2015 outlook:

Fourth Quarter 2015 Results
Comparison to October 2015 Outlook

	Per Share	
	FFO	Core FFO
Projected per share - October 2015 outlook (1)	$ 1.94	$ 1.98
Joint venture income	0.02	—
Interest expense and other	0.01	0.01
Q4 2015 per share reported results	$ 1.97	$ 1.99

(1) The mid-point of the Company's October 2015 outlook.

For the year ended December 31, 2015, FFO per share increased 11.0% to $8.05 from $7.25 for the prior year. Core FFO per share for the year ended December 31, 2015 increased 11.4% to $7.55 from $6.78 for the prior year. EPS for the year ended December 31, 2015 increased 5.8% to $5.51 from $5.21 for the prior year.

The following table compares the Company's actual results for FFO per share and Core FFO per share for the full year 2015 to its results for the full year 2014:

Full Year 2015 Results
Comparison to Full Year 2014

	Per Share	
	FFO	Core FFO
2014 per share reported results	$ 7.25	$ 6.78
Established and Redevelopment Community NOI	0.44	0.46
Other community NOI	0.71	0.71
Capital markets and transaction activity (1)	(0.08)	(0.29)
Joint venture income and management fees (2)	(0.30)	(0.05)
Casualty and impairment gain	0.11	—
Lost NOI from Edgewater fire	(0.06)	—
Gain on sale of real estate	0.07	—
Expensed acquisition costs and other	(0.09)	(0.06)
2015 per share reported results	$ 8.05	$ 7.55

(1) FFO per share for 2015 includes gain on extinguishment of debt, net.
(2) FFO per share includes the Company's promoted interest from joint venture dispositions.

Commenting on the Company's results, Tim Naughton, Chairman and CEO, said, "2015 was another outstanding year for AvalonBay. We completed a Company record $1.3 billion of new development activity at an initial projected stabilized yield of 6.7% and delivered 11.4% Core FFO per share growth. We expect healthy growth in our stabilized portfolio and contributions from new investment activity to support another year of strong Core FFO per share growth in 2016."

Operating Results for the Three Months Ended December 31, 2015 Compared to the Prior Year Period

For the Company, total revenue increased by $40,184,000, or 9.1%, to $480,840,000. This increase is primarily due to growth in revenue from Development Communities and growth in Established Community revenue noted below.

For Established Communities, Average Rental Rates increased 5.8%, and were partially offset by a decrease in Economic Occupancy of 0.4%, resulting in an increase in rental revenue of 5.4%. If the Company were to include current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 5.7%. Total revenue for Established Communities increased $17,739,000 to $352,951,000. Operating expenses for Established Communities decreased $922,000, or 0.9%, to $99,830,000. NOI for Established Communities increased $18,661,000, or 8.0%, to $253,121,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the fourth quarter of 2015 compared to the fourth quarter of 2014:

Q4 2015 Compared to Q4 2014

	Rental Revenue				
	Avg Rent Rates	Ec Occ	Opex (1)	NOI	% of NOI (2)
New England	5.2%	0.7 %	0.4 %	9.0%	15.4%
Metro NY/NJ	4.4%	(0.7)%	1.0 %	3.9%	24.5%
Mid-Atlantic	0.9%	0.2 %	(0.9)%	2.0%	15.2%
Pacific NW	7.6%	(0.4)%	(1.0)%	10.6%	5.0%
No. California	11.3%	(1.2)%	(3.1)%	14.9%	20.9%
So. California	6.7%	(0.7)%	(2.8)%	10.3%	19.0%
Total	5.8%	(0.4%)	(0.9)%	8.0%	100.0%

(1) See Attachment 7, Operating Expenses ("Opex"), for discussion of Q4 year over year variances.

(2) Represents each region's % of total NOI for Q4 2015, including amounts related to communities that have been sold or that are classified as held for sale.

Operating Results for the Year Ended December 31, 2015 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $170,388,000, or 10.1%, to $1,856,028,000. This increase is primarily due to growth in revenue from Development Communities and growth in Established Community revenue noted below.

For Established Communities, Average Rental Rates increased 5.3%, and were partially offset by a decrease in Economic Occupancy of 0.3%, resulting in an increase in rental revenue of 5.0%. If the Company were to include current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 5.2%. Total revenue for Established Communities increased $65,692,000 to $1,384,823,000. Operating expenses for Established Communities increased $12,036,000, or 3.0%, to $411,418,000. NOI for Established Communities increased $53,656,000, or 5.8%, to $973,405,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the year ended December 31, 2015 compared to the prior year:

Full Year 2015 Compared to Full Year 2014

	Rental Revenue				
	Avg Rent Rates	Ec Occ	Opex (1)	NOI	% of NOI (2)
New England	4.1%	0.4 %	7.2 %	2.8%	14.4%
Metro NY/NJ	4.0%	(0.6)%	2.9 %	3.3%	25.0%
Mid-Atlantic	0.5%	0.3 %	2.6 %	0.2%	15.5%
Pacific NW	7.3%	(0.2)%	4.5 %	8.2%	5.1%
No. California	10.4%	(0.9)%	2.5 %	11.9%	21.0%
So. California	6.5%	(0.2)%	(0.1)%	9.4%	19.0%
Total	5.3%	(0.3)%	3.0 %	5.8%	100.0%

(1) See Attachment 7, Operating Expenses ("Opex"), for discussion of year over year variances.

(2) Represents each region's % of total NOI for Full Year 2015, including amounts related to communities that have been sold or that are classified as held for sale.

Development Activity

During the three months ended December 31, 2015, the Company engaged in the following development activity:

The Company completed the development of five communities:

- Avalon Baker Ranch, located in Lake Forest, CA;
- Avalon Marlborough, located in Marlborough, MA;
- AVA Theater District, located in Boston, MA;
- Avalon Bloomfield Station, located in Bloomfield, NJ; and
- Avalon Framingham, located in Framingham, MA.

These five communities contain an aggregate of 1,582 apartment homes and were constructed for an aggregate Total Capital Cost of $482,100,000.

The Company started the construction of four communities:

- Avalon Maplewood, located in Maplewood, NJ;
- Avalon Rockville Centre II, located in Rockville Centre, NY;
- AVA Wheaton, located in Wheaton, MD; and
- Avalon Dogpatch, located in San Francisco, CA.

These communities will contain a total of 1,045 apartment homes when completed and will be developed for an aggregate estimated Total Capital Cost of $403,100,000.

The Company added four Development Rights during the three months ended December 31, 2015. If developed as expected, these Development Rights will contain a total of

1,512 apartment homes and will be developed for an aggregate estimated Total Capital Cost of $502,000,000.

The projected Total Capital Cost of overall Development Rights decreased to $3.4 billion at December 31, 2015 from $3.6 billion at September 30, 2015.

During 2015, the Company:

- completed the development of 13 communities containing an aggregate of 4,170 apartment homes, for a Total Capital Cost of $1,312,700,000; and

- commenced the development of 13 communities which are expected to contain an aggregate of 3,758 apartment homes and be completed for a Total Capital Cost of $1,191,500,000.

Acquisition Activity

In January 2016, the Company acquired Avalon Hoboken located in Hoboken, NJ. Avalon Hoboken contains 217 apartment homes and was acquired for a purchase price of $129,700,000, which includes the assumption of an interest-only mortgage loan secured by the community in the amount of $67,904,000. The mortgage loan has a 4.18% fixed interest rate and matures in December 2020.

Disposition Activity

Consolidated Apartment Communities

During the three months ended December 31, 2015, the Company sold Avalon Charles Pond, a wholly-owned community located in Coram, NY. Avalon Charles Pond contains 200 apartment homes and was sold for $51,000,000, resulting in a gain in accordance with GAAP of $9,474,000 and an Economic Gain of $1,531,000. Avalon Charles Pond yielded an Unleveraged IRR of 6.4% over an investment period of 7.8 years.

During 2015, the Company sold three wholly-owned communities, containing 851 apartment homes. These communities were sold for an aggregate sales price of $265,500,000 and a weighted average Initial Year Market Cap Rate of 5.3%, resulting in an aggregate gain in accordance with GAAP of $115,625,000 and an Economic Gain of $68,174,000. The three communities yielded an Unleveraged IRR of 10.1% over an investment period of 11.5 years.

Unconsolidated Real Estate Investments

During 2015, real estate ventures in which the Company had a direct investment sold eight communities containing 2,870 apartment homes for an aggregate sales price of $583,800,000, resulting in an aggregate gain in accordance with GAAP for the Company of $33,579,000.

In conjunction with the dispositions and operating activities, the Company received distributions of $121,636,000 from its investments in unconsolidated real estate entities. This amount includes $20,680,000 received from the joint venture partner associated with MVP I, LLC, the entity that owns Avalon at Mission Bay North II, upon agreement with the partner to modify the joint venture agreement to eliminate the Company's promoted interest for future return calculations and associated distributions. Prospectively, earnings and distributions for MVP I, LLC will be based on the Company's 25.0% equity interest in the venture.

Liquidity and Capital Markets

At December 31, 2015, the Company did not have any borrowings outstanding under its $1,300,000,000 unsecured credit facility, and had $505,328,000 in unrestricted cash and cash in escrow.

The Company’s annualized Net Debt-to-Core EBITDA for the fourth quarter of 2015 was 4.8 times.

During the three months ended December 31, 2015, the Company had the following capital markets activity:

- The Company issued $300,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement for net proceeds of approximately $297,072,000. The notes mature in November 2025 and were issued at a 3.5% coupon interest rate.

- The Company commenced a new continuous equity program ("CEP IV") under which the Company may sell up to $1,000,000,000 of its common stock from time to time. As of December 31, 2015, the Company has not sold any common stock under the CEP IV.

- The Company repaid two fixed rate secured mortgage notes pursuant to their scheduled maturity dates at par. The mortgage notes had an aggregate principal balance of $103,430,000 and a weighted average effective interest rate of 6.18%.

During 2015, in addition to proceeds from dispositions, the Company sourced approximately $1,534,423,000 from the following capital markets activity:

- The Company settled 4,500,000 shares of common stock for net proceeds of $659,423,000, pursuant to the forward equity sale contract entered into in September 2014 to sell 4,500,000 shares of common stock, as described in the Company's third quarter 2014 earnings release dated October 27, 2014.

- The Company issued $825,000,000 aggregate principal amount of unsecured notes in two public offerings under its existing shelf registration statement, for net proceeds of $817,725,000 and a weighted average contractual interest rate of 3.47%.

- The Company borrowed the final $50,000,000 available under its $300,000,000 variable rate unsecured term loan, maturing in March 2021.

During 2015, the Company repaid an aggregate of $823,472,000 of secured indebtedness with a weighted average contractual interest rate of 6.07% and a weighted average effective interest rate of 4.30%. The Company recognized a net gain in accordance with GAAP of

$26,734,000, consisting of the write-off of unamortized premium net of deferred financing costs of $38,120,000, partially offset by prepayment penalties of $11,386,000.

In January 2016, the Company entered into an amendment to increase its borrowing capacity under its unsecured credit facility from $1,300,000,000 to $1,500,000,000. In addition, the Company extended the term of the credit facility from April 2017 to April 2020, with one nine-month extension option available. As part of the amendment, the Company's current margin over LIBOR decreased to 0.825% from 0.95%, and its annual facility fee decreased to 0.125% from 0.15%.

Edgewater Insurance Settlement

In January 2016, the Company reached a final settlement with its property and casualty insurers regarding the property damage and lost income related to the Edgewater fire, resulting in aggregate insurance recoveries for these aspects of this matter, after self-insurance and deductibles, of $73,008,000. The Company received $44,000,000 of these recoveries in 2015 and expects to receive the remaining $29,008,000 during the three months ending March 31, 2016, which will be recognized as additional casualty gain and business interruption insurance recovery.

First Quarter 2016 Dividend Declaration

The Company's Board of Directors declared a dividend for the first quarter of 2016 of $1.35 per share on the Company's common stock (par value of $0.01 per share). The declared dividend is an 8.0% increase over the Company's prior quarterly dividend of $1.25 per share. The dividend is payable on April 15, 2016 to common stockholders of record as of March 31, 2016.

In declaring the increased dividend, the Board of Directors evaluated the Company's past performance and future prospects for earnings growth. Additional factors considered in determining the increase included current common dividend distributions, the relationship of the current common dividend distribution to the Company's Core FFO, the relationship of dividend distributions to taxable income, distribution requirements under rules governing real estate investment trusts, and expected growth in taxable income.

2016 Financial Outlook

The following presents a summary of the Company's financial outlook for 2016, further details for which are provided on Attachment 14.

For its first quarter and full year 2016 financial outlook, the Company expects the following:

Projected EPS, Projected FFO and Projected Core FFO Outlook

	Q1 2016			Full Year 2016		
	Low		High	Low		High
Projected EPS	$1.73	-	$1.79	$6.86	-	$7.26
Projected FFO per share	$2.04	-	$2.10	$8.12	-	$8.52
Projected Core FFO per share (1)	$1.88	-	$1.94	$8.03	-	$8.43

(1) Core FFO per share is adjusted for the items detailed in Attachment 15.

The following table compares the 2016 full year outlook for FFO per share and Core FFO per share to the Company's actual results for the full year 2015:

Full Year 2016 Outlook

Comparison to Full Year 2015 Results

	Per Share	
	FFO	**Core FFO**
2015 per share reported results	$ 8.05	$ 7.55
Established and Redevelopment Community NOI	0.50	0.50
Other community NOI (1)	0.82	0.67
Capital markets and transaction activity (2)	(0.61)	(0.40)
JV income, management fees and overhead (3)	(0.44)	(0.09)
2016 per share outlook (4)	$ 8.32	$ 8.23

(1) FFO per share for 2016 includes business interruption insurance proceeds for Edgewater.

(2) FFO per share for 2015 included gain on extinguishment of debt, net.

(3) FFO per share for 2015 included the Company's promoted interest from joint ventures and casualty and impairment gains.

(4) Represents the mid-point of the Company's January 2016 outlook.

Other Matters

The Company will hold a conference call on February 4, 2016 at 1:00 PM ET to review and answer questions about this release, its fourth quarter 2015 results, the Attachments (described below) and related matters. To participate on the call, dial 877-681-3374 domestically and 719-325-4880 internationally and use conference id: 6442204.

To hear a replay of the call, which will be available from February 4, 2016 at 6:00 PM ET to February 11, 2016 at 6:00 PM ET, dial 888-203-1112 domestically and 719-457-0820 internationally and use conference id: 6442204. 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.