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For Immediate Release

**AVALONBAY COMMUNITIES ANNOUNCES
2006 DIVIDEND INCOME TAX TREATMENT**

Alexandria, VA (January 11, 2007) - AvalonBay Communities, Inc. (NYSE: AVB) announced today the final income allocations of the Company's 2006 dividend distributions on its Common Stock and Preferred Stock. The final income allocations as they will be reported on Form 1099-DIV is set forth in the following tables:

Common Shares (CUSIP #053484101)

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payable Date</u>	<u>Distribution Per Share</u>	<u>Taxable Ordinary Income (1)</u>	<u>Return of Capital</u>	<u>Capital Gain</u>	<u>Unrecap. Section 1250 Gain</u>
1/23/2006	3/31/2006	4/17/2006	\$0.78000	\$0.37440	\$0.00000	\$0.33540	\$0.07020
5/17/2006	6/30/2006	7/17/2006	0.78000	0.37440	0.00000	0.33540	0.07020
9/13/2006	10/2/2006	10/16/2006	0.78000	0.37440	0.00000	0.33540	0.07020
12/6/2006	12/29/2006	1/16/2007	0.78000	0.37440	0.00000	0.33540	0.07020
Totals			\$3.12000	\$1.49760	\$0.00000	\$1.34160	\$0.28080
			100%	48%	0%	43%	9%

Preferred Shares Series H (CUSIP #053484705)

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payable Date</u>	<u>Distribution Per Share</u>	<u>Taxable Ordinary Income (1)</u>	<u>Return of Capital</u>	<u>Capital Gain</u>	<u>Unrecap. Section 1250 Gain</u>
12/6/2005	3/1/2006	3/15/2006	\$0.54375	\$0.26100	\$0.00000	\$0.23381	\$0.04894
1/23/2006	6/1/2006	6/15/2006	0.54375	0.26100	0.00000	0.23381	0.04894
5/17/2006	8/31/2006	9/15/2006	0.54375	0.26100	0.00000	0.23381	0.04894
9/13/2006	12/1/2006	12/15/2006	0.54375	0.26100	0.00000	0.23381	0.04894
Totals			\$2.17500	\$1.04400	\$0.00000	\$0.93524	\$0.19576
			100%	48%	0%	43%	9%

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.

(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, 2006, AvalonBay Communities, Inc., headquartered in Alexandria, Virginia, owned or held an ownership interest in 167 apartment communities containing 48,294 apartment homes in ten states and the District of Columbia, of which 17 communities were under construction and six 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 may be found on AvalonBay's Web site at <http://www.avalonbay.com>.