

November 28, 2018



AvalonBay Communities, Inc. Provides Fourth Quarter 2018 Operating Update and Announces Expected Prepayment of \$250 Million 6.10% Notes Due 2020

ARLINGTON, Va.--(BUSINESS WIRE)-- **AVALONBAY COMMUNITIES, INC. (NYSE: AVB)** (the "Company") announced today its expectation with respect to Established Communities rental revenue growth for the three months ending December 31, 2018. This projection excludes the five Manhattan communities that are anticipated to be contributed to a joint venture during this calendar quarter (with the Company retaining a 20% interest therein, as previously announced) (the "New York JV") and which are therefore not expected to be consolidated for financial reporting purposes for the period ending December 31, 2018.

Excluding the impact of these five communities, the Company now expects Established Communities rental revenue for the three months ending December 31, 2018 to increase between 2.5% and 2.6% over the prior year period. The midpoint of this range is approximately 15 basis-points above what the Company's expectation for fourth quarter performance was when the Company published its outlook for full year 2018 Established Communities rental revenue growth on October 29, 2018.

The Company also provided the following operating metrics:

Established Communities⁽¹⁾
Like-Term Effective Rent Change

	October		November ⁽²⁾	
	2018	2017	2018	2017
New England	3.1%	1.9%	2.2%	1.1%
Metro NY/NJ	2.7%	2.2%	2.9%	1.5%
Mid-Atlantic	2.4%	0.7%	2.4%	0.2%

Pacific Northwest	2.5%	0.5%	0.8%	(1.1%)
Northern California	3.0%	1.6%	3.0%	1.3%
Southern California	2.4%	3.0%	1.6%	2.7%

Total	<u>2.7%</u>	<u>1.9%</u>	<u>2.3%</u>	<u>1.4%</u>
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- (1) Established Communities does not include the impact of five Manhattan communities that are anticipated to be contributed to a joint venture during this calendar quarter.
- (2) November 2018 includes data through November 27, 2018.

The Company also announced that, in anticipation of the closing of the New York JV and the receipt of the proceeds of that transaction, the Company expects that it will prepay, on or before December 31, 2018, \$250 million aggregate principal amount of its 6.10% notes due 2020, and incur a prepayment penalty of approximately \$10 million in connection with the prepayment. The incurrence of the prepayment penalty, which was not reflected in the guidance that the Company previously published in its earnings release dated October 29, 2018, is expected to negatively impact earnings per share (EPS) and funds from operations (FFO) per share by approximately \$.07, and have no impact on core funds from operations (Core FFO) per share.

Definitions

Established Communities are consolidated communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had stabilized occupancy as of the beginning of the prior year. The Established Communities for 2018 are communities that (i) are consolidated for financial reporting purposes, (ii) had stabilized occupancy as of January 1, 2017, (iii) are not conducting or planning to conduct substantial redevelopment activities and (iv) are not held for sale or planned for disposition within the current year. A community is considered to have stabilized occupancy at the earlier of (i) attainment of 95% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

Like-Term Effective Rent Change represents the percentage change in effective rent between two leases of the same lease term category for the same apartment. The Company defines effective rent as the contractual rent for an apartment less amortized concessions and discounts. Like-Term Effective Rent Change is weighted based on the number of leases meeting the criteria for new move-in and renewal like-term effective rent change. New move-in like-term effective rent change is the change in effective rent between the contractual rent for a resident who moves out of an apartment, and the contractual rent for a resident who moves into the same apartment with the same lease term category. Renewal like-term effective rent change is the change in effective rent between two consecutive leases of the same lease term category for the same resident occupying the same apartment.

Forward-Looking Statements

The projected increase in rental revenue for Established Communities in this release is a forward-looking statement under federal securities laws and is based on the Company's

expectations, forecasts and assumptions at the time of this release. The actual increase, if any, may differ materially from the projected increase due to changes in employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions.

Risks and uncertainties related to the anticipated closing of, and timing of the closing of, the joint venture described in this release include the following, among others: the availability of financing at interest rates and for amounts and periods that are consistent with the Company's current expectations; the ability of the Company and other transaction participants to obtain the regulatory and contractual approvals and consents required to consummate the transaction on terms and within the time period consistent with the Company's current expectations; and the absence of any unanticipated adverse developments, incidents or events, or any property damage, casualty loss or personal injury, involving any of the assets that are a part of the transaction.

The Company's expectation that it will prepay the 6.10% Notes due 2020, and the approximate prepayment penalty related thereto, is a forward-looking statement. The Company may choose to delay such prepayment or not make it altogether, dependent on the timing of the closing of the New York JV and other business needs. The amount of the prepayment penalty that will be incurred if such prepayment is made will be impacted by certain interest rate changes that occur between now and the date the payment is actually made.

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, 2017 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.

About AvalonBay Communities, Inc.

As of September 30, 2018, the Company owned or held a direct or indirect ownership interest in 290 apartment communities containing 84,490 apartment homes in 12 states and the District of Columbia, of which 19 communities were under development and 15 communities were under redevelopment. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in leading metropolitan areas primarily in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and the Northern and Southern California regions of the United States. More information may be found on the Company's website at <http://www.avalonbay.com>.

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