UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

Commission file number 1-12672

AVALONBAY COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	**77-0404318**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4040 Wilson Blvd., Suite 1000
Arlington, Virginia 22203
(Address of principal executive offices, including zip code)

(703) 329-6300
(Registrant's telephone number, including area code)

(Former name, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AVB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

139,604,637 shares of common stock, par value $0.01 per share, were outstanding as of April 30, 2021.

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AVALONBAY COMMUNITIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	3/31/2021 (unaudited)	12/31/2020
ASSETS		
Real estate:		
Land and improvements	$ 4,422,683	$ 4,394,298
Buildings and improvements	17,439,415	17,231,275
Furniture, fixtures and equipment	941,756	924,583
	22,803,854	22,550,156
Less accumulated depreciation	(5,859,490)	(5,700,179)
Net operating real estate	16,944,364	16,849,977
Construction in progress, including land	818,232	989,765
Land held for development	184,058	110,142
For-sale condominium inventory	253,859	267,219
Real estate assets held for sale, net	52,776	16,678
Total real estate, net	18,253,289	18,233,781
Cash and cash equivalents	129,298	216,976
Cash in escrow	100,434	96,556
Resident security deposits	30,914	30,811
Investments in unconsolidated real estate entities	210,650	202,612
Deferred development costs	47,081	55,427
Prepaid expenses and other assets	195,965	207,715
Right of use lease assets	152,901	155,266
Total assets	$ 19,120,532	$ 19,199,144
LIABILITIES AND EQUITY		
Unsecured notes, net	$ 6,703,759	$ 6,702,005
Variable rate unsecured credit facility	—	—
Mortgage notes payable, net	834,025	862,332
Dividends payable	223,805	224,897
Payables for construction	84,954	93,609
Accrued expenses and other liabilities	303,188	274,699
Lease liabilities	179,968	181,479
Accrued interest payable	62,203	49,033
Resident security deposits	56,426	55,928
Liabilities related to real estate assets held for sale	443	311
Total liabilities	8,448,771	8,444,293
Commitments and contingencies		
Redeemable noncontrolling interests	2,857	2,677
Equity:		
Preferred stock, $0.01 par value; $25 liquidation preference; 50,000,000 shares authorized at March 31, 2021 and December 31, 2020; zero shares issued and outstanding at March 31, 2021 and December 31, 2020	—	—
Common stock, $0.01 par value; 280,000,000 shares authorized at March 31, 2021 and December 31, 2020; 139,604,087 and 139,526,671 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	1,396	1,395
Additional paid-in capital	10,657,665	10,664,416
Accumulated earnings less dividends	47,151	126,022
Accumulated other comprehensive loss	(37,883)	(40,250)
Total stockholders' equity	10,668,329	10,751,583
Noncontrolling interests	575	591
Total equity	10,668,904	10,752,174
Total liabilities and equity	$ 19,120,532	$ 19,199,144

See accompanying notes to Condensed Consolidated Financial Statements.

AVALONBAY COMMUNITIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(Dollars in thousands, except per share data)

	For the three months ended	
	3/31/2021	3/31/2020
Revenue:		
Rental and other income	$ 550,258	$ 601,260
Management, development and other fees	877	1,007
Total revenue	551,135	602,267
Expenses:		
Operating expenses, excluding property taxes	140,050	132,609
Property taxes	69,410	67,026
Expensed transaction, development and other pursuit costs, net of recoveries	(170)	3,334
Interest expense, net	52,613	55,914
(Gain) loss on extinguishment of debt, net	(122)	9,170
Depreciation expense	183,297	177,911
General and administrative expense	17,352	17,320
Total expenses	462,430	463,284
Equity in (loss) income of unconsolidated real estate entities	(467)	1,175
Gain on sale of communities	53,727	24,436
Gain on other real estate transactions, net	427	43
Net for-sale condominium activity	(913)	3,460
Income before income taxes	141,479	168,097
Income tax benefit (expense)	755	(91)
Net income	142,234	168,006
Net income attributable to noncontrolling interests	(11)	(35)
Net income attributable to common stockholders	$ 142,223	$ 167,971
Other comprehensive income:		
Loss on cash flow hedges	—	(17,603)
Cash flow hedge losses reclassified to earnings	2,367	1,949
Comprehensive income	$ 144,590	$ 152,317
Earnings per common share - basic:		
Net income attributable to common stockholders	$ 1.02	$ 1.19
Earnings per common share - diluted:		
Net income attributable to common stockholders	$ 1.02	$ 1.19

See accompanying notes to Condensed Consolidated Financial Statements.

AVALONBAY COMMUNITIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Dollars in thousands)

	For the three months ended	
	3/31/2021	3/31/2020
Cash flows from operating activities:		
Net income	$ 142,234	$ 168,006
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation expense	183,297	177,911
Amortization of deferred financing costs	1,837	1,882
Amortization of debt discount	642	411
(Gain) loss on extinguishment of debt, net	(122)	9,170
Amortization of stock-based compensation	5,382	5,338
Equity in loss of, and return on, unconsolidated real estate entities and noncontrolling interests, net of eliminations	1,994	1,871
Abandonment of development pursuits	246	1,988
Unrealized gain on terminated cash flow hedges	(2,654)	—
Cash flow hedge losses reclassified to earnings	2,367	1,949
Gain on sale of real estate assets	(54,154)	(24,479)
Gain on for-sale condominiums	(131)	(4,903)
Decrease (increase) in resident security deposits, prepaid expenses and other assets	9,423	(1,239)
Increase in accrued expenses, other liabilities and accrued interest payable	39,784	3,799
Net cash provided by operating activities	330,145	341,704
Cash flows from investing activities:		
Development/redevelopment of real estate assets including land acquisitions and deferred development costs	(198,373)	(245,789)
Capital expenditures - existing real estate assets	(28,020)	(32,922)
Capital expenditures - non-real estate assets	(2,234)	(10,663)
(Decrease) increase in payables for construction	(8,655)	462
Proceeds from sale of real estate, net of selling costs	76,543	63,073
Proceeds from the sale of for-sale condominiums, net of selling costs	13,569	98,790
Mortgage note receivable lending	—	(179)
Mortgage note receivable payments	1,250	960
Investments in unconsolidated real estate entities	(10,032)	(9,799)
Net cash used in investing activities	(155,952)	(136,067)
Cash flows from financing activities:		
Issuance of common stock, net	11	125
Dividends paid	(222,734)	(213,671)
Net borrowings under unsecured credit facility	—	750,000
Issuance of mortgage notes payable	—	51,000
Repayments of mortgage notes payable, including prepayment penalties	(28,488)	(51,484)
Issuance of unsecured notes	—	699,252
Repayment of unsecured notes, including prepayment penalties	—	(658,655)
Payment of deferred financing costs	—	(5,988)
Receipt (payment) for termination of forward interest rate swaps	6,962	(20,314)
Payment to noncontrolling interest	(22)	(35)
Payments related to tax withholding for share-based compensation	(13,228)	(14,346)
Distributions to DownREIT partnership unitholders	(12)	(12)
Distributions to joint venture and profit-sharing partners	(82)	(102)
Preferred interest obligation redemption and dividends	(400)	(600)
Net cash (used in) provided by financing activities	(257,993)	535,170
Net (decrease) increase in cash, cash equivalents and cash in escrow	(83,800)	740,807
Cash, cash equivalents and cash in escrow, beginning of period	313,532	127,614
Cash, cash equivalents and cash in escrow, end of period	$ 229,732	$ 868,421
Cash paid during the period for interest, net of amount capitalized	$ 37,252	$ 36,985

See accompanying notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

The following table provides a reconciliation of cash, cash equivalents and cash in escrow reported in the Condensed Consolidated Statements of Cash Flows (dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
Cash and cash equivalents	$ 129,298	$ 777,995
Cash in escrow	100,434	90,426
Cash, cash equivalents and cash in escrow reported in the Condensed Consolidated Statements of Cash Flows	$ 229,732	$ 868,421

Supplemental disclosures of non-cash investing and financing activities:

During the three months ended March 31, 2021:

- As described in Note 4, "Equity," 149,520 shares of common stock were issued as part of the Company's stock-based compensation plans, of which 56,545 shares related to the conversion of performance awards to common shares, and the remaining 92,975 shares valued at $16,347,000 were issued in connection with new stock grants; 839 shares valued at $138,000 were issued through the Company's dividend reinvestment plan; 74,726 shares valued at $13,228,000 were withheld to satisfy employees' tax withholding and other liabilities; and 343 restricted shares with an aggregate value of $69,000 previously issued in connection with employee compensation were canceled upon forfeiture.

- Common stock dividends declared but not paid totaled $222,424,000.

- The Company recorded an increase of $273,000 in redeemable noncontrolling interest with a corresponding decrease to accumulated earnings less dividends to adjust the redemption value associated with the put options held by joint venture partners and DownREIT partnership units.

- The Company reclassified $2,367,000 of cash flow hedge losses from other comprehensive income (loss) to interest expense, net, to record the impact of the Company's derivative and hedge accounting activity.

During the three months ended March 31, 2020:

- The Company issued 161,229 shares of common stock as part of the Company's stock-based compensation plans, of which 96,317 shares related to the conversion of performance awards to restricted shares, and the remaining 64,912 shares valued at $14,640,000 were issued in connection with new stock grants; 529 shares valued at $112,000 were issued through the Company's dividend reinvestment plan; 70,351 shares valued at $14,346,000 were withheld to satisfy employees' tax withholding and other liabilities; and 3,931 restricted shares with an aggregate value of $660,000 previously issued in connection with employee compensation were canceled upon forfeiture.

- Common stock dividends declared but not paid totaled $224,079,000.

- The Company recorded a decrease of $471,000 in redeemable noncontrolling interest with a corresponding increase to accumulated earnings less dividends to adjust the redemption value associated with the put options held by joint venture partners and DownREIT partnership units.

- The Company recorded an increase to accrued expenses and other liabilities of $3,302,000, an increase in prepaid expenses and other assets of $22,000 and a corresponding adjustment to accumulated other comprehensive loss, and reclassified $1,949,000 of cash flow hedge losses from other comprehensive income (loss) to interest expense, net, to record the impact of the Company's derivative and hedge accounting activity.

- The Company recorded $46,875,000 of lease liabilities and offsetting right of use lease assets related to the execution of two new office leases.

AVALONBAY COMMUNITIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization, Basis of Presentation and Significant Accounting Policies

Organization and Basis of Presentation

AvalonBay Communities, Inc. (the "Company," which term, unless the context otherwise requires, refers to AvalonBay Communities, Inc. together with its subsidiaries), is a Maryland corporation that has elected to be treated as a real estate investment trust ("REIT") for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). The Company focuses on the development, redevelopment, acquisition, ownership and operation of multifamily communities in New England, the New York/New Jersey metro area, the Mid-Atlantic, Southeast Florida, Denver, Colorado, the Pacific Northwest, and Northern and Southern California.

At March 31, 2021, the Company owned or held a direct or indirect ownership interest in 275 operating apartment communities containing 81,227 apartment homes in 11 states and the District of Columbia. In addition, the Company owned or held a direct or indirect ownership interest in 15 communities under development that are expected to contain an aggregate of 4,560 apartment homes when completed, as well as The Park Loggia, which contains 172 for-sale residential condominiums, of which 80 have been sold as of March 31, 2021, and 66,000 square feet of commercial space, of which 87% has been leased as of March 31, 2021. The Company also owned or held a direct or indirect ownership interest in land or rights to land on which the Company expects to develop an additional 25 communities that, if developed as expected, will contain an estimated 8,075 apartment homes.

The interim unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements required by GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited financial statements should be read in conjunction with the financial statements and notes included in the Company's 2020 Annual Report on Form 10-K. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year. Management believes the disclosures are adequate to ensure the information presented is not misleading. In the opinion of management, all adjustments and eliminations, consisting only of normal, recurring adjustments necessary for a fair presentation of the financial statements for the interim periods, have been included.

Capitalized terms used without definition have meanings provided elsewhere in this Form 10-Q.

Earnings per Common Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares outstanding during the period. All outstanding unvested restricted share awards contain rights to non-forfeitable dividends and participate in undistributed earnings with common shareholders and, accordingly, are considered participating securities that are included in the two-class method of computing basic earnings per share ("EPS"). Both the unvested restricted shares and other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The Company's earnings per common share are determined as follows (dollars in thousands, except per share data):

	For the three months ended	
	3/31/2021	3/31/2020
Basic and diluted shares outstanding		
Weighted average common shares - basic	139,291,187	140,376,996
Weighted average DownREIT units outstanding	7,500	7,500
Effect of dilutive securities	253,726	393,377
Weighted average common shares - diluted	139,552,413	140,777,873
Calculation of Earnings per Share - basic		
Net income attributable to common stockholders	$ 142,223	$ 167,971
Net income allocated to unvested restricted shares	(324)	(427)
Net income attributable to common stockholders, adjusted	$ 141,899	$ 167,544
Weighted average common shares - basic	139,291,187	140,376,996
Earnings per common share - basic	$ 1.02	$ 1.19
Calculation of Earnings per Share - diluted		
Net income attributable to common stockholders	$ 142,223	$ 167,971
Add: noncontrolling interests of DownREIT unitholders in consolidated partnerships	12	12
Adjusted net income attributable to common stockholders	$ 142,235	$ 167,983
Weighted average common shares - diluted	139,552,413	140,777,873
Earnings per common share - diluted	$ 1.02	$ 1.19

Certain options to purchase shares of common stock in the amount of 294,115 were outstanding as of March 31, 2021, but were not included in the computation of diluted earnings per share because such options were anti-dilutive for the period.

Legal and Other Contingencies

The Company is involved in various claims and/or administrative proceedings that arise in the ordinary course of its business. While no assurances can be given, the Company does not currently believe that any of these outstanding litigation matters, individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to amounts in prior years' notes to financial statements to conform to current year presentations as a result of changes in held for sale classification, disposition activity and segment classification.

For-Sale Condominium Inventory

The Company presents for-sale condominium inventory at historical cost and evaluates the condominiums for impairment when potential indicators exist, as further discussed in Note 6, "Real Estate Disposition Activities."

Leases

The Company is party to leases as both a lessor and a lessee, primarily as follows:

- lessor of residential and commercial space within its apartment communities; and
- lessee under (i) ground leases for land underlying current operating or development communities and certain commercial and parking facilities and (ii) office leases for its corporate headquarters and regional offices.

Lessee Considerations

The Company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an identified asset, including specified portions of larger assets, for a period of time in exchange for consideration. The Company's leases include both fixed and variable lease payments, which are based on an index or rate such as the consumer price index (CPI) or percentage rents based on total sales. Lease payments included in the lease liability include only payments that depend on an index or rate. For leases that have options to extend the term or terminate the lease early, the Company only factored the impact of such options into the lease term if the option was considered reasonably certain to be exercised. The Company determined the discount rate associated with its ground and office leases on a lease by lease basis using the Company's actual borrowing rates as well as indicative market pricing for longer term rates and taking into consideration the remaining term of each of the lease agreements.

Lessor Considerations

The Company evaluates leases in which it is the lessor, which are composed of residential and commercial leases at its apartment communities, and determined these leases to be operating leases. For lease agreements that provide for rent concessions and/or scheduled fixed and determinable rent increases, rental income is recognized on a straight-line basis over the noncancellable term of the lease, which, for residential leases, is generally one year. Some of the Company's commercial leases have fixed-price renewal options, and the lessee may be able to exercise its renewal option at an amount less than the fair value of the rent at such time. The Company only includes renewal options in the lease term if, at the commencement of the lease, it is reasonably certain that the lessee will exercise this option.

Additionally, for the Company's residential and commercial leases, which are comprised of the lease component and common area maintenance as a non-lease component, the Company determined that (i) the leases are operating leases, (ii) the lease component is the predominant component and (iii) that all components of its operating leases share the same timing and pattern of transfer.

Revenue and Gain Recognition

Revenue from contracts with customers is recognized in accordance with the transfer of goods and services to customers at an amount that reflects the consideration that the Company expects to be entitled to for those goods and services. The majority of the Company's revenue is derived from residential and commercial rental income and other lease income, which are accounted for under ASC 842, Leases, discussed above. The Company's revenue streams that are not accounted for under ASC 842 include (i) management fees, (ii) rental and non-rental related income and (iii) gains or losses on the sale of real estate.

The following table provides details of the Company's revenue streams disaggregated by the Company's reportable operating segments, further discussed in Note 8, "Segment Reporting," for the three months ended March 31, 2021 and 2020. Segment information for total revenue has been adjusted to exclude the real estate assets that were sold from January 1, 2020 through March 31, 2021, or otherwise qualify as held for sale as of March 31, 2021, as described in Note 6, "Real Estate Disposition Activities" (dollars in thousands):

	For the three months ended				
	Established Communities	Other Stabilized Communities	Development/ Redevelopment Communities	Non-allocated (1)	Total
For the three months ended March 31, 2021					
Management, development and other fees	$ —	$ —	$ —	$ 877	$ 877
Rental and non-rental related income (2)	1,668	427	135	—	2,230
Total non-lease revenue (3)	1,668	427	135	877	3,107
Lease income (4)	500,590	29,566	15,569	—	545,725
Business interruption insurance proceeds	—	—	—	—	—
Total revenue	$ 502,258	$ 29,993	$ 15,704	$ 877	$ 548,832
For the three months ended March 31, 2020					
Management, development and other fees	$ —	$ —	$ —	$ 1,007	$ 1,007
Rental and non-rental related income (2)	1,633	594	51	—	2,278
Total non-lease revenue (3)	1,633	594	51	1,007	3,285
Lease income (4)	551,000	27,991	4,738	—	583,729
Business interruption insurance proceeds	—	—	—	—	—
Total revenue	$ 552,633	$ 28,585	$ 4,789	$ 1,007	$ 587,014

(1) Revenue represents third-party management, asset management and developer fees and miscellaneous income which are not allocated to a reportable segment.

(2) Amounts include revenue streams related to leasing activities that are not considered components of a lease, including but not limited to, apartment hold fees and application fees, as well as revenue streams not related to leasing activities, including but not limited to, vendor revenue sharing, building advertising, vending and dry cleaning revenue.

(3) Represents all revenue accounted for under ASC 606.

(4) Amounts include all revenue streams derived from residential and commercial rental income and other lease income, which are accounted for under ASC 842.

Due to the nature and timing of the Company's identified revenue streams, there are no material amounts of outstanding or unsatisfied performance obligations as of March 31, 2021.

Lease Revenue Reserves

The Company assesses the collectability of its lease revenue and receivables on an on-going basis. Under ASC 842, Lease Accounting, the Company assesses the probability of receiving all remaining lease amounts due on a lease by lease basis, reserving for revenue and the related receivables for those leases where collection of substantially all of the remaining lease payments is not probable. Subsequently, the Company will only recognize revenue to the extent cash is received. If the Company determines that collection of the remaining lease payments becomes probable at a future date, the Company will recognize the cumulative revenue that would have been recorded under the original lease agreement.

In addition to the specific reserves recognized under ASC 842, the Company also evaluates its lease receivables for collectability at a portfolio level under ASC 450, Contingencies – Loss Contingencies. The Company recognizes a reserve under ASC 450 when the uncollectible revenue is probable and reasonably estimable. The Company applies this reserve to the population of the Company's revenue and receivables not specifically addressed as part of the specific ASC 842 reserve.

COVID-19 Pandemic

In March 2020, the World Health Organization designated COVID-19 as a pandemic. While the Company has taken various actions in response to the COVID-19 pandemic, the ultimate impact on its consolidated results of operations, cash flows, financial condition and liquidity will depend on (i) the duration and severity of the pandemic, (ii) the effectiveness of vaccines and the rate of vaccinations, (iii) the duration and nature of governmental responses to contain the spread of the disease and assist consumers and businesses, (iv) consumer and business responses to the pandemic, including preferences for where and how to live and work, and (v) how quickly and to what extent normal economic and operating conditions can resume. Because of this uncertainty, any estimate of the expected impact of the COVID-19 pandemic on results of operations, cash flows, financial condition, or liquidity for periods beyond the three months ended March 31, 2021 is uncertain.

As of March 31, 2021, the Company assessed the collectibility of the outstanding lease income receivables as a result of the impact of the COVID-19 pandemic on its residential and commercial lease portfolios. The Company recorded an aggregate offset to income for uncollectible lease revenue for its residential and commercial portfolios of $18,645,000 for the three months ended March 31, 2021 under ASC 842 and ASC 450.

2. Interest Capitalized

The Company capitalizes interest during the development and redevelopment of real estate assets. Capitalized interest associated with the Company's development or redevelopment activities totaled $8,799,000 and $11,498,000 for the three months ended March 31, 2021 and 2020, respectively.

3. Mortgage Notes Payable, Unsecured Notes, Term Loans and Credit Facility

The Company's mortgage notes payable, unsecured notes, variable rate unsecured term loans (the "Term Loans") and Credit Facility, as defined below, as of March 31, 2021 and December 31, 2020 are summarized below. The following amounts and discussion do not include the mortgage notes related to the communities classified as held for sale, if any, as of March 31, 2021 and December 31, 2020, as shown in the accompanying Condensed Consolidated Balance Sheets (dollars in thousands) (see Note 6, "Real Estate Disposition Activities").

	3/31/2021	12/31/2020
Fixed rate unsecured notes (1)	$ 6,500,000	$ 6,500,000
Term Loans (1)	250,000	250,000
Fixed rate mortgage notes payable - conventional and tax-exempt (2)	380,576	408,964
Variable rate mortgage notes payable - conventional and tax-exempt (2)	470,750	470,850
Total mortgage notes payable and unsecured notes and Term Loans	7,601,326	7,629,814
Credit Facility	—	—
Total mortgage notes payable, unsecured notes, Term Loans and Credit Facility	$ 7,601,326	$ 7,629,814

(1) Balances at March 31, 2021 and December 31, 2020 exclude $9,978 and $10,380, respectively, of debt discount, and $36,263 and $37,615, respectively, of deferred financing costs, as reflected in unsecured notes, net on the accompanying Condensed Consolidated Balance Sheets.

(2) Balances at March 31, 2021 and December 31, 2020 exclude $14,361 and $14,478, respectively, of debt discount, and $2,940 and $3,004, respectively, of deferred financing costs, as reflected in mortgage notes payable, net on the accompanying Condensed Consolidated Balance Sheets.

The following debt activity occurred during the three months ended March 31, 2021:

- In January 2021, the Company repaid $27,795,000 principal amount of 5.37% fixed rate debt secured by Avalon San Bruno II at par in advance of its April 2021 maturity date.

At March 31, 2021, the Company has a $1,750,000,000 revolving variable rate unsecured credit facility with a syndicate of banks (the "Credit Facility") which matures in February 2024. The Credit Facility bears interest at varying levels based on (i) the London Interbank Offered Rate ("LIBOR") applicable to the period of borrowing for a particular draw of funds from the facility (e.g., one month to maturity, three months to maturity, etc.) and (ii) the rating levels issued for our unsecured notes. The current stated pricing for drawn borrowings is LIBOR plus 0.775% per annum (0.89% at March 31, 2021), assuming a one month borrowing rate. The annual facility fee for the Credit Facility remained 0.125%, resulting in a fee of $2,188,000 annually based on the $1,750,000,000 facility size and based on the Company's current credit rating.

The Company had no borrowings outstanding under the Credit Facility and had $2,613,000 and $2,900,000 outstanding in letters of credit that reduced the borrowing capacity as of March 31, 2021 and December 31, 2020, respectively. In addition, the Company had $33,482,000 and $32,079,000 outstanding in additional letters of credit unrelated to the Credit Facility as of March 31, 2021 and December 31, 2020, respectively.

In the aggregate, secured notes payable mature at various dates from March 2027 through July 2066, and are secured by certain apartment communities (with a net carrying value of $1,382,452,000, excluding communities classified as held for sale, as of March 31, 2021).

The weighted average interest rate of the Company's fixed rate secured notes payable (conventional and tax-exempt) was 3.8% at both March 31, 2021 and December 31, 2020. The weighted average interest rate of the Company's variable rate secured notes payable (conventional and tax-exempt), including the effect of certain financing related fees, was 1.7% at both March 31, 2021 and December 31, 2020.

Scheduled payments and maturities of secured notes payable and unsecured notes outstanding at March 31, 2021 are as follows (dollars in thousands):

Year	Secured notes principal payments	Secured notes maturities	Unsecured notes and Term Loans maturities	Stated interest rate of unsecured notes and Term Loans
2021	$ 8,660	$ —	$ —	N/A
2022	9,918	—	450,000	2.950 %
			100,000	LIBOR + 0.90%
2023	10,739	—	350,000	4.200 %
			250,000	2.850 %
2024	11,677	—	300,000	3.500 %
			150,000	LIBOR + 0.85%
2025	12,408	—	525,000	3.450 %
			300,000	3.500 %
2026	13,445	—	475,000	2.950 %
			300,000	2.900 %
2027	15,880	236,100	400,000	3.350 %
2028	20,707	—	450,000	3.200 %
2029	11,742	66,250	450,000	3.300 %
2030	12,384	—	700,000	2.300 %
Thereafter	176,078	245,338	600,000	2.450 %
			350,000	3.900 %
			300,000	4.150 %
			300,000	4.350 %
	$ 303,638	$ 547,688	$ 6,750,000	

The Company was in compliance at March 31, 2021 with customary financial covenants under the Credit Facility, the Term Loans and the Company's fixed rate unsecured notes.

4. Equity

The following summarizes the changes in equity for the three months ended March 31, 2021 (dollars in thousands):

	Common stock	Additional paid-in capital	Accumulated earnings less dividends	Accumulated other comprehensive loss	Total stockholder's equity	Noncontrolling interests	Total equity
Balance at December 31, 2020	$ 1,395	$ 10,664,416	$ 126,022	$ (40,250)	$ 10,751,583	$ 591	$ 10,752,174
Net income attributable to common stockholders	—	—	142,223	—	142,223	—	142,223
Cash flow hedge losses reclassified to earnings	—	—	—	2,367	2,367	—	2,367
Change in redemption value of redeemable noncontrolling interest	—	—	(273)	—	(273)	—	(273)
Noncontrolling interest distribution and income allocation	—	—	—	—	—	(16)	(16)
Dividends declared to common stockholders ($1.59 per share)	—	—	(221,779)	—	(221,779)	—	(221,779)
Issuance of common stock, net of withholdings	1	(14,037)	958	—	(13,078)	—	(13,078)
Amortization of deferred compensation	—	7,286	—	—	7,286	—	7,286
Balance at March 31, 2021	$ 1,396	$ 10,657,665	$ 47,151	$ (37,883)	$ 10,668,329	$ 575	$ 10,668,904

The following summarizes the changes in equity for the three months ended March 31, 2020 (dollars in thousands):

	Common stock	Additional paid-in capital	Accumulated earnings less dividends	Accumulated other comprehensive loss	Total stockholder's equity	Noncontrolling interests	Total equity
Balance at December 31, 2019	$ 1,406	$ 10,736,733	$ 282,913	$ (31,503)	$ 10,989,549	$ 649	$ 10,990,198
Net income attributable to common stockholders	—	—	167,971	—	167,971	—	167,971
Loss on cash flow hedges, net	—	—	—	(17,603)	(17,603)	—	(17,603)
Cash flow hedge losses reclassified to earnings	—	—	—	1,949	1,949	—	1,949
Change in redemption value of redeemable noncontrolling interest	—	—	471	—	471	—	471
Noncontrolling interests income allocation	—	—	—	—	—	(35)	(35)
Dividends declared to common stockholders ($1.59 per share)	—	—	(224,083)	—	(224,083)	—	(224,083)
Issuance of common stock, net of withholdings	1	(12,492)	(1,616)	—	(14,107)	—	(14,107)
Amortization of deferred compensation	—	7,781	—	—	7,781	—	7,781
Balance at March 31, 2020	$ 1,407	$ 10,732,022	$ 225,656	$ (47,157)	$ 10,911,928	$ 614	$ 10,912,542

As of March 31, 2021 and December 31, 2020, the Company's charter had authorized for issuance a total of 280,000,000 shares of common stock and 50,000,000 shares of preferred stock.

During the three months ended March 31, 2021, the Company:

i. issued 2,126 shares of common stock in connection with stock options exercised;
ii. issued 839 common shares through the Company's dividend reinvestment plan;
iii. issued 149,520 common shares in connection with restricted stock grants and the conversion of performance awards to restricted shares;
iv. withheld 74,726 common shares to satisfy employees' tax withholding and other liabilities; and
v. canceled 343 common shares of restricted stock upon forfeiture.

Any deferred compensation related to the Company's stock option, restricted stock and performance award grants during the three months ended March 31, 2021 is not reflected on the accompanying Condensed Consolidated Balance Sheets as of March 31, 2021, and will not be reflected until recognized as compensation cost.

In July 2020, the Company's Board of Directors voted to terminate the Company's prior $500,000,000 Stock Repurchase Program (the "Amended 2005 Stock Repurchase Program") and approved a new stock repurchase program under which the Company may acquire shares of its common stock in open market or negotiated transactions up to an aggregate purchase price of $500,000,000 (the "2020 Stock Repurchase Program"). Purchases of common stock under the 2020 Stock Repurchase Program may be exercised from time to time in the Company's discretion and in such amounts as market conditions warrant. The timing and actual number of shares repurchased will depend on a variety of factors, including price, corporate and regulatory requirements, market conditions and other corporate liquidity requirements and priorities. The 2020 Stock Repurchase Program does not have an expiration date and may be suspended or terminated at any time without prior notice. During the three months ended March 31, 2021, the Company had no repurchases of shares under this program. As of March 31, 2021, the Company had $316,148,000 remaining authorized for purchase under this program.

In May 2019, the Company commenced a fifth continuous equity program ("CEP V") under which the Company may sell (and/or enter into forward sale agreements for the sale of) up to $1,000,000,000 of its common stock from time to time. Actual sales will depend on a variety of factors to be determined by the Company, including market conditions, the trading price of the Company's common stock and determinations by the Company of the appropriate sources of funding for the Company. In conjunction with CEP V, the Company engaged sales agents who will receive compensation of up to 1.5% of the gross sales price for shares sold. The Company expects that, if entered into, it will physically settle each forward sale agreement on one or more dates specified by the Company on or prior to the maturity date of that particular forward sale agreement, in which case the Company will expect to receive aggregate net cash proceeds at settlement equal to the number of shares underlying the particular forward agreement multiplied by the relevant forward sale price. However, the Company may also elect to cash settle or net share settle a forward sale agreement. In connection with each forward sale agreement, the Company will pay the relevant forward seller, in the form of a reduced initial forward sale price, a commission of up to 1.5% of the sales prices of all borrowed shares of common stock sold. During the three months ended March 31, 2021, the Company had no sales under the program. As of March 31, 2021, the Company had $752,878,000 remaining authorized for issuance under CEP V.

5. Investments in Real Estate Entities

Investments in Unconsolidated Real Estate Entities

As of March 31, 2021, the Company had investments in eight unconsolidated real estate entities with ownership interest percentages ranging from 20.0% to 50.0% and other unconsolidated investments. The Company accounts for its investments in unconsolidated real estate entities under the equity method of accounting. The significant accounting policies of the Company's unconsolidated real estate entities are consistent with those of the Company in all material respects.

The following is a combined summary of the financial position of the entities accounted for using the equity method discussed above as of the dates presented, including development joint ventures started and unconsolidated communities sold during the respective periods (dollars in thousands):

	3/31/2021 (unaudited)	12/31/2020
Assets:		
Real estate, net	$ 1,276,766	$ 1,249,730
Other assets	248,999	255,606
Total assets	$ 1,525,765	$ 1,505,336
Liabilities and partners' capital:		
Mortgage notes payable, net (1)	$ 750,370	$ 751,257
Other liabilities	172,082	163,808
Partners' capital	603,313	590,271
Total liabilities and partners' capital	$ 1,525,765	$ 1,505,336

(1) The Company has not guaranteed the outstanding debt, nor does the Company have any obligation to fund this debt should the unconsolidated entity be unable to do so.

The following is a combined summary of the operating results of the entities accounted for using the equity method discussed above for the periods presented (dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
	(unaudited)	
Rental and other income	$ 26,398	$ 33,072
Operating and other expenses	(13,631)	(12,181)
Interest expense, net	(7,668)	(8,056)
Depreciation expense	(8,478)	(8,689)
Net (loss) income	$ (3,379)	$ 4,146
Company's share of net income (loss)	$ 61	$ 1,705
Amortization of excess investment and other	(528)	(530)
Equity in (loss) income from unconsolidated real estate investments	$ (467)	$ 1,175

Expensed Transaction, Development and Other Pursuit Costs

The Company capitalizes pre-development costs incurred in pursuit of new development opportunities for which the Company currently believes future development is probable ("Development Rights"). Future development of these Development Rights is dependent upon various factors, including zoning and regulatory approval, rental market conditions, construction costs and the availability of capital. Initial pre-development costs incurred for pursuits for which future development is not yet considered probable are expensed as incurred. In addition, if the status of a Development Right changes, making future development by the Company no longer probable, any non-recoverable capitalized pre-development costs are expensed. The Company expensed costs related to development pursuits not yet considered probable for development and the abandonment of Development Rights, as well as costs incurred in pursuing the acquisition or disposition of assets for which such acquisition and disposition activity did not occur. The amount for the three months ended March 31, 2021, was a net recovery of $170,000. The amount for the three months ended March 31, 2020 was a net expense of $3,334,000. These costs are included in expensed transaction, development and other pursuit costs, net of recoveries on the accompanying Condensed Consolidated Statements of Comprehensive Income. Abandoned pursuit costs can vary greatly, and the costs incurred in any given period may be significantly different in future periods.

Casualty and Impairment of Long-Lived Assets

In the Company's evaluation of its real estate portfolio for impairment, as discussed below, it considered the impact of the COVID-19 pandemic and did not identify any indicators of impairment as a result.

The Company evaluates its real estate and other long-lived assets for impairment when potential indicators of impairment exist. Such assets are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of a property or long-lived asset may not be recoverable, the Company assesses its recoverability by comparing the carrying amount of the property or long-lived asset to its estimated undiscounted future cash flows. If the carrying amount exceeds the aggregate undiscounted future cash flows, the Company recognizes an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property or long-lived asset. Based on periodic tests of recoverability of long-lived assets, the Company did not recognize any impairment losses for the three months ended March 31, 2021 and 2020.

The Company evaluates its for-sale condominium inventory for potential indicators of impairment, considering whether the fair value of the individual for-sale condominium units exceeds the carrying value of those units. For-sale condominium inventory is stated at cost, unless the carrying amount of the inventory is not recoverable when compared to the fair value of each unit. The Company determines the fair value of its for-sale condominium inventory as the estimated sales price less direct costs to sell. For the three months ended March 31, 2021 and 2020, the Company did not recognize any impairment losses on its for-sale condominium inventory.

The Company assesses its portfolio of land held for both development and investment for impairment if the intent of the Company changes with respect to either the development of, or the expected holding period for, the land. During the three months ended March 31, 2021 and 2020, the Company did not recognize any impairment charges on its investment in land.

The Company evaluates its unconsolidated investments for other than temporary impairment, considering both the extent and amount by which the carrying value of the investment exceeds the fair value, and the Company's intent and ability to hold the investment to recover its carrying value. The Company also evaluates its proportionate share of any impairment of assets held by unconsolidated investments. There were no other than temporary impairment losses recognized by any of the Company's investments in unconsolidated real estate entities during the three months ended March 31, 2021 and 2020.

6. Real Estate Disposition Activities

The following real estate sale occurred during the three months ended March 31, 2021:

Community Name	Location	Period of sale	Apartment homes	Gross sales price	Gain on Disposition (1)
eaves Stamford	Stamford, CT	Q121	238	$ 72,000	$ 53,775

(1) Gain on disposition was reported in gain on sale of communities on the accompanying Condensed Consolidated Statements of Comprehensive Income.

At March 31, 2021, the Company had one real estate asset that qualified as held for sale.

The Park Loggia

The Park Loggia, located in New York, NY, contains 172 for-sale residential condominiums and 66,000 square feet of commercial space. During the three months ended March 31, 2021, the Company sold 10 residential condominiums at The Park Loggia, for gross proceeds of $14,609,000, resulting in a gain in accordance with GAAP of $131,000. As of March 31, 2021, there were 92 residential condominiums remaining to be sold. The Company incurred $1,044,000 and $1,443,000 during the three months ended March 31, 2021 and 2020, respectively, in marketing, operating and administrative costs. All amounts are included in net for-sale condominium activity, on the accompanying Condensed Consolidated Statements of Comprehensive Income. As of March 31, 2021 and December 31, 2020, the unsold for-sale residential condominiums at The Park Loggia have an aggregate carrying value of $253,859,000 and $267,219,000, respectively, presented as for-sale condominium inventory on the accompanying Condensed Consolidated Balance Sheets.

7. Commitments and Contingencies

Lease Obligations

The Company owns 10 apartment communities and two commercial properties, located on land subject to ground leases expiring between May 2041 and March 2142. The Company has purchase options for all ground leases expiring prior to 2060. The ground leases for nine of the 10 of the apartment communities and the rest of the ground leases are operating leases, with rental expense recognized on a straight-line basis over the lease term. In addition, the Company is party to 14 leases for its corporate and regional offices with varying terms through 2031, all of which are operating leases.

As of March 31, 2021 and December 31, 2020, the Company has total operating lease assets of $131,269,000 and $133,581,000, respectively, and lease obligations of $159,813,000 and $161,313,000, respectively, reported as components of right of use lease assets and lease liabilities, respectively, on the accompanying Condensed Consolidated Balance Sheets. The Company incurred costs of $3,827,000 and $3,917,000 for the three months ended March 31, 2021 and 2020, respectively, related to operating leases.

The Company has one apartment community located on land subject to a ground lease and two leases for portions of parking garages, adjacent to apartment communities, that are finance leases. As of March 31, 2021 and December 31, 2020, the Company has total finance lease assets of $21,632,000 and $21,685,000, respectively, and total finance lease obligations of $20,154,000 and $20,166,000, respectively, reported as components of right of use lease assets and lease liabilities, respectively, on the accompanying Condensed Consolidated Balance Sheets.

8. Segment Reporting

The Company's reportable operating segments include Established Communities, Other Stabilized Communities, and Development/Redevelopment Communities. Annually as of January 1, the Company determines which of its communities fall into each of these categories and generally maintains that classification throughout the year for the purpose of reporting segment operations, unless disposition or redevelopment plans regarding a community change. In addition, the Company owns land for future development and has other corporate assets that are not allocated to an operating segment.

The Company's segment disclosures present the measure(s) used by the chief operating decision maker for purposes of assessing each segment's performance. The Company's chief operating decision maker ("CODM") is comprised of several members of its executive management team who use net operating income ("NOI") as the primary financial measure for Established Communities and Other Stabilized Communities. NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, (gain) loss on extinguishment of debt, net, general and administrative expense, equity in income of unconsolidated real estate entities, depreciation expense, corporate income tax (benefit) expense, casualty and impairment (gain) loss, net, gain on sale of communities, (gain) loss on other real estate transactions, net, net for-sale condominium activity and net operating income from real estate assets sold or held for sale. The CODM evaluates the Company's financial performance on a consolidated residential and commercial basis, as the Company's commercial results attributable to the non-apartment components of the Company's mixed-use communities and other nonresidential operations represents 1.5% and 1.6% of total NOI for the three months ended March 31, 2021 and 2020, respectively. Although the Company considers NOI a useful measure of a community's or communities' operating performance, NOI should not be considered an alternative to net income or net cash flow from operating activities, as determined in accordance with GAAP. NOI excludes a number of income and expense categories as detailed in the reconciliation of NOI to net income.

A reconciliation of NOI to net income for the three months ended March 31, 2021 and 2020 is as follows (dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
Net income	$ 142,234	$ 168,006
Indirect operating expenses, net of corporate income	24,470	22,799
Expensed transaction, development and other pursuit costs, net of recoveries	(170)	3,334
Interest expense, net	52,613	55,914
(Gain) loss on extinguishment of debt, net	(122)	9,170
General and administrative expense	17,352	17,320
Equity in loss (income) of unconsolidated real estate entities	467	(1,175)
Depreciation expense	183,297	177,911
Income tax (benefit) expense	(755)	91
Gain on sale of communities	(53,727)	(24,436)
Gain on other real estate transactions, net	(427)	(43)
Net for-sale condominium activity	913	(3,460)
Net operating income from real estate assets sold or held for sale	(1,490)	(9,918)
Net operating income	$ 364,655	$ 415,513

The following is a summary of NOI from real estate assets sold or held for sale for the periods presented (dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
Rental income from real estate assets sold or held for sale	$ 2,303	$ 15,253
Operating expenses from real estate assets sold or held for sale	(813)	(5,335)
Net operating income from real estate assets sold or held for sale	$ 1,490	$ 9,918

The primary performance measure for communities under development or redevelopment depends on the stage of completion. While under development, management monitors actual construction costs against budgeted costs as well as lease-up pace and rent levels compared to budget.

The following table provides details of the Company's segment information as of the dates specified (dollars in thousands). The segments are classified based on the individual community's status at January 1, 2021. Segment information for the three months ended March 31, 2021 and 2020 has been adjusted to exclude the real estate assets that were sold from January 1, 2020 through March 31, 2021, or otherwise qualify as held for sale as of March 31, 2021, as described in Note 6, "Real Estate Disposition Activities."

	For the three months ended		
	Total revenue	**NOI**	**Gross real estate (1)**
For the period ended March 31, 2021			
Established			
New England	$ 73,318	$ 46,267	$ 2,768,546
Metro NY/NJ	104,949	71,640	4,113,854
Mid-Atlantic	82,931	56,291	3,562,330
Southeast Florida	7,241	4,189	394,451
Denver, CO	5,653	4,019	319,667
Pacific Northwest	30,669	20,666	1,232,975
Northern California	90,406	64,063	3,443,896
Southern California	107,091	72,535	4,363,141
Total Established	502,258	339,670	20,198,860
Other Stabilized	29,993	18,464	1,279,134
Development / Redevelopment	15,704	6,521	2,041,887
Land Held for Development	N/A	N/A	184,058
Non-allocated (2)	877	N/A	356,064
Total	$ 548,832	$ 364,655	$ 24,060,003
For the period ended March 31, 2020			
Established			
New England	$ 78,845	$ 52,269	$ 2,748,893
Metro NY/NJ	112,813	79,653	4,100,221
Mid-Atlantic	90,345	65,210	3,537,207
Southeast Florida	7,504	4,126	393,025
Denver, CO	5,170	3,340	318,624
Pacific Northwest	33,480	24,306	1,225,511
Northern California	106,877	81,879	3,425,170
Southern California	117,599	84,237	4,339,176
Total Established	552,633	395,020	20,087,827
Other Stabilized	28,585	18,396	1,260,482
Development / Redevelopment	4,789	2,097	1,413,772
Land Held for Development	N/A	N/A	38,115
Non-allocated (2)	1,007	N/A	472,311
Total	$ 587,014	$ 415,513	$ 23,272,507

(1) Does not include gross real estate assets held for sale of $75,814 as of March 31, 2021 and gross real estate either sold or classified as held for sale subsequent to March 31, 2020 of $435,561.

(2) Revenue represents third-party management, accounting, and developer fees and miscellaneous income which are not allocated to a reportable segment. Gross real estate includes the for-sale residential condominiums at The Park Loggia, as discussed in Note 6, "Real Estate Disposition Activities."

9. Stock-Based Compensation Plans

As part of its long-term compensation plans, the Company has granted stock options, performance awards and restricted stock. Details of the outstanding awards and activity are presented below.

Information with respect to stock options granted under the Company's Second Amended and Restated 2009 Equity Incentive Plan (the "2009 Plan") for the three months ended March 31, 2021, is as follows:

	2009 Plan shares	Weighted average exercise price per share
Outstanding at December 31, 2020	12,506	$ 129.35
Exercised	(2,126)	121.78
Granted (1)	294,115	180.32
Forfeited	—	—
Options Outstanding, March 31, 2021	304,495	$ 178.64
Options Exercisable, March 31, 2021	10,380	$ 130.90

(1) Include 4,847 options resulting from recipient elections to receive a portion of earned performance awards in the form of stock options.

The Company granted stock options in 2021 with the exercise price equal to the closing stock price on the date of grant. The stock options awarded in 2021 will cliff vest in two years on March 1, 2023 and they have a ten-year term. The Company used the Black-Scholes Option Pricing model to determine the grant date fair value of options. The assumptions used are as follows:

	2021
Dividend yield	3.5%
Estimated volatility	27.1%
Risk free rate	0.81%
Expected life of options	5 years
Estimated fair value	$28.64

Information with respect to performance awards granted is as follows:

	Performance awards	Weighted average grant date fair value per award
Outstanding at December 31, 2020	241,921	$ 195.13
Granted (1)	137,929	191.10
Change in awards based on performance (2)	(37,469)	156.00
Converted to common shares	(56,545)	156.00
Forfeited	—	—
Outstanding at March 31, 2021	285,836	$ 206.05

(1) The amount of common shares that ultimately may be earned is based on the total shareholder return metrics related to the Company's common stock for 69,012 performance awards and financial metrics related to operating performance, net asset value and leverage metrics of the Company for 68,917 performance awards.

(2) Represents the change in the number of performance awards earned based on performance achievement for the performance period.

The Company used a Monte Carlo model to assess the compensation cost associated with the portion of the performance awards granted in 2021 for which achievement will be determined by using total shareholder return measures. The assumptions used are as follows:

	2021
Dividend yield	3.5%
Estimated volatility over the life of the plan (1)	22.0% - 49.0%
Risk free rate	0.06% - 0.38%
Estimated performance award value based on total shareholder return measure	$213.16

(1) Estimated volatility over the life of the plan is using 50% historical volatility and 50% implied volatility.

For the portion of the performance awards granted in 2021 for which achievement will be determined by using financial metrics, the compensation cost was based on a weighted average grant date value of $178.37, and the Company's estimate of corporate achievement for the financial metrics.

Information with respect to restricted stock granted is as follows:

	Restricted stock shares	Restricted stock shares weighted average grant date fair value per share	Restricted stock shares converted from performance awards
Outstanding at December 31, 2020	131,724	$ 203.28	146,319
Granted - restricted stock shares	92,975	175.83	—
Vested - restricted stock shares	(65,213)	192.64	(71,535)
Forfeited	(343)	202.25	—
Outstanding at March 31, 2021	159,143	$ 191.60	74,784

Total employee stock-based compensation cost recognized in income was $5,247,000 and $5,039,000 for the three months ended March 31, 2021 and 2020, respectively, and total capitalized stock-based compensation cost was $1,903,000 and $3,178,000 for the three months ended March 31, 2021 and 2020, respectively. At March 31, 2021, there was a total unrecognized compensation cost of $68,665,000 for unvested restricted stock, stock options and performance awards, which does not include forfeitures, and is expected to be recognized over a weighted average period of 2.5 years. Forfeitures are included in compensation cost as they occur.

10. Related Party Arrangements

Unconsolidated Entities

The Company manages unconsolidated real estate entities for which it receives asset management, property management, development and redevelopment fee revenue. From these entities, the Company earned fees of $877,000 and $1,007,000 for the three months ended March 31, 2021 and 2020, respectively. In addition, the Company had outstanding receivables associated with its property and construction management roles of $3,686,000 and $5,408,000 as of March 31, 2021 and December 31, 2020, respectively.

Director Compensation

The Company recorded non-employee director compensation expense relating to restricted stock grants and deferred stock units in the amount of $465,000 and $455,000 in the three months ended March 31, 2021 and 2020, respectively, as a component of general and administrative expense. Deferred compensation relating to these restricted stock grants and deferred stock units to non-employee directors was $227,000 and $614,000 on March 31, 2021 and December 31, 2020, respectively, reported as a component of prepaid expenses and other assets on the accompanying Condensed Consolidated Balance Sheets.

11. Fair Value

Financial Instruments Carried at Fair Value

Derivative Financial Instruments

The Company uses interest rate swap and interest rate cap agreements to manage its interest rate risk. These instruments are carried at fair value in the Company's financial statements. In adjusting the fair value of its derivative contracts for the effect of counterparty nonperformance risk, the Company has considered the impact of its net position with a given counterparty, as well as any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. The Company minimizes its credit risk on these transactions by dealing with major, creditworthy financial institutions which have an A or better credit rating by the Standard & Poor's Ratings Group. As part of its on-going control procedures, the Company monitors the credit ratings of counterparties and the exposure of the Company to any single entity, thus reducing credit risk concentration. The Company believes the likelihood of realizing losses from counterparty nonperformance is remote. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, such as interest rate, term to maturity and volatility, the credit valuation adjustments associated with its derivatives use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. As of March 31, 2021, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined it is not significant. As a result, the Company has determined that its derivative valuations are classified in Level 2 of the fair value hierarchy.

The following table summarizes the consolidated derivative positions at March 31, 2021 (dollars in thousands):

	Non-designated Hedges
	Interest Rate Caps
Notional balance	$ 410,950
Weighted average interest rate (1)	1.7 %
Weighted average swapped/capped interest rate	6.1 %
Earliest maturity date	July 2021
Latest maturity date	February 2026

(1) For debt hedged by interest rate caps, represents the weighted average interest rate on the hedged debt prior to any impact of the associated interest rate caps.

During the three months ended March 31, 2021, the Company terminated $150,000,000 of forward interest rate swap agreements for which hedge accounting was ceased in 2020 (the "Swaps"), receiving a payment of $6,962,000. The Company recognized $2,894,000 of these proceeds as a gain in 2020, and $2,654,000 of these proceeds as a gain during the three months ended March 31, 2021 included in interest expense, net on the accompanying Condensed Consolidated Statements of Comprehensive Income.

The Company is party to five derivatives not designated as hedges at March 31, 2021 for which the fair value changes for the three months ended March 31, 2021 and 2020 were not material.

The following table summarizes the deferred losses reclassified from accumulated other comprehensive loss as a component of interest expense, net (dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
Cash flow hedge losses reclassified to earnings	$ 2,367	$ 1,949

The Company anticipates reclassifying approximately $9,467,000 of net hedging losses from accumulated other comprehensive loss into earnings within the next 12 months as an offset to the hedged item during this period.

Redeemable Noncontrolling Interests

The Company issued units of limited partnership interest in a DownREIT which provides the DownREIT limited partners the ability to present all or some of their units for redemption for cash as determined by the partnership agreement. Under the

DownREIT agreement, for each limited partnership unit, the limited partner is entitled to receive cash in the amount equal to the fair value of the Company's common stock on or about the date of redemption. In lieu of cash redemption, the Company may elect to exchange such units for an equal number of shares of the Company's common stock. The limited partnership units in the DownREIT are valued using the market price of the Company's common stock, a Level 1 price under the fair value hierarchy.

Financial Instruments Not Carried at Fair Value

Cash and Cash Equivalents

Cash and cash equivalent balances are held with various financial institutions within accounts designed to preserve principal. The Company monitors credit ratings of these financial institutions and the concentration of cash and cash equivalent balances with any one financial institution and believes the likelihood of realizing material losses related to cash and cash equivalent balances is remote. Cash and cash equivalents are carried at their face amounts, which reasonably approximate their fair values and are Level 1 within the fair value hierarchy.

Other Financial Instruments

Rents and other receivables and prepaid expenses, accounts and construction payable and accrued expenses and other liabilities are carried at their face amounts, which reasonably approximate their fair values.

Indebtedness

The Company values its fixed rate unsecured notes using quoted market prices, a Level 1 price within the fair value hierarchy. The Company values its mortgage notes payable, variable rate unsecured notes, Term Loans and outstanding amounts under the Credit Facility using a discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the instrument, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The process also considers credit valuation adjustments to appropriately reflect the Company's nonperformance risk. The Company has concluded that the value of its mortgage notes payable, variable rate unsecured notes, Term Loans and outstanding amounts under the Credit Facility are Level 2 prices as the majority of the inputs used to value its positions fall within Level 2 of the fair value hierarchy.

Financial Instruments Measured/Disclosed at Fair Value on a Recurring Basis

The following tables summarize the classification between the three levels of the fair value hierarchy of the Company's financial instruments measured/disclosed at fair value on a recurring basis (dollars in thousands):

	3/31/2021			
Description	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Asset (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Non Designated Hedges				
Interest Rate Caps	$ 88	$ —	$ 88	$ —
DownREIT units	(1,384)	(1,384)	—	—
Indebtedness				
Fixed rate unsecured notes	(6,904,309)	(6,904,309)	—	—
Mortgage notes payable, variable rate unsecured notes and Term Loans	(1,008,042)	—	(1,008,042)	—
Total	$ (7,913,647)	$ (6,905,693)	$ (1,007,954)	$ —

Description	12/31/2020 Total Fair Value		Quoted Prices in Active Markets for Identical Asset (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Non Designated Hedges								
Interest Rate Caps	$	6	$	—	$	6	$	—
Interest Rate Swaps - Assets		4,308		—		4,308		—
DownREIT units		(1,203)		(1,203)		—		—
Indebtedness								
Fixed rate unsecured notes		(7,271,799)		(7,271,799)		—		—
Mortgage notes payable, variable rate unsecured notes and Term Loans		(1,043,976)		—		(1,043,976)		—
Total	$	(8,312,664)	$	(7,273,002)	$	(1,039,662)	$	—

12. Subsequent Events

The Company has evaluated subsequent events through the date on which this Form 10-Q was filed, the date on which these financial statements were issued, and identified the items below for discussion.

In April 2021, the Company:

- acquired Avalon Arundel Crossing East located in Linthicum Heights, MD, containing 384 apartment homes for a purchase price of $119,000,000; and
- entered into an agreement to sell one operating community containing 299 apartment homes and net real estate of $19,558,000 as of March 31, 2021, resulting in the community qualifying as held for sale subsequent to March 31, 2021. The Company expects to complete the sale in the second quarter of 2021.

As of May 5, 2021, the Company has $226,000,000 outstanding under the Credit Facility.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help provide an understanding of our business, financial condition and results of operations. This MD&A should be read in conjunction with our Condensed Consolidated Financial Statements and the accompanying Notes to Condensed Consolidated Financial Statements included elsewhere in this report. This report, including the following MD&A, contains forward-looking statements regarding future events or trends that should be read in conjunction with the factors described under "Forward-Looking Statements" included in this report. Actual results or developments could differ materially from those projected in such statements as a result of the factors described under "Forward-Looking Statements" as well as the risk factors described in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020 (the "Form 10-K") and in Part II, Item 1A. "Risk Factors" in this report.

Capitalized terms used without definition have the meanings provided elsewhere in this Form 10-Q.

Executive Overview

Business Description

We develop, redevelop, acquire, own and operate multifamily apartment communities in New England, the New York/New Jersey metro area, the Mid-Atlantic, Southeast Florida, Denver, Colorado, the Pacific Northwest, and Northern and Southern California. We focus on leading metropolitan areas that we believe historically have been characterized by growing employment in high wage sectors of the economy, higher cost of home ownership and a diverse and vibrant quality of life. We believe these market characteristics have offered and will continue in the future to offer the opportunity for superior risk-adjusted returns over the long-term on apartment community investments relative to other markets that do not have these characteristics. We seek to create long-term shareholder value by accessing capital on cost effective terms; deploying that capital to develop, redevelop and acquire apartment communities in our selected markets; leveraging our scale and competencies in technology and data science to operate apartment communities; and selling communities when they no longer meet our long-term investment strategy or when pricing is attractive.

Our strategic vision is to be the leading apartment company in select U.S. markets, providing a range of distinctive living experiences that customers value. We pursue this vision by targeting what we believe are among the best markets and submarkets, leveraging our strategic capabilities in market research and consumer insight and being disciplined in our capital allocation and balance sheet management. Our communities are predominately upscale and generally command among the highest rents in their markets. However, we also pursue the ownership and operation of apartment communities that target a variety of customer segments and price points, consistent with our goal of offering a broad range of products and services. We regularly evaluate the market allocation of our investments by current market value and share of total revenue and NOI, as well as relative asset value and submarket positioning.

First Quarter 2021 Highlights

- Net income attributable to common stockholders for the three months ended March 31, 2021 was $142,223,000, a decrease of $25,748,000, or 15.3%, as compared to the prior year period. The decrease is primarily due to a decrease in NOI from Established Communities, partially offset by an increase in net gains of real estate dispositions in the current year period, a loss on extinguishment of debt in the prior year period and an increase in NOI from Development Communities in the current year period.

- Established Communities NOI attributable to our apartment rental operations, including parking and other ancillary residential revenue ("Residential"), for the three months ended March 31, 2021 was $335,617,000, a decrease of $54,543,000, or 14.0%, from the prior year period. The decrease was due to a decrease in Residential rental revenues of $49,473,000, or 9.1%, from the prior year period, of which $12,428,000 of the decline was due to an increase in Residential uncollectible lease revenue, as well as an increase in Residential property operating expenses of $4,973,000, or 3.2%, from the prior year period.

COVID-19 Pandemic

We have taken various actions in response to the COVID-19 pandemic to adjust our business operations and to address the health and safety of our residents and associates. We adopted varying measures to help mitigate the financial impact arising from the national emergency on our residents, including providing flexible lease renewal options, creating payment plans for residents who are unable to pay their rent because they are impacted by this national emergency and, in certain jurisdictions, waiving late fees and certain other customary fees associated with apartment rentals. To the extent still implemented, we may discontinue these measures at any time except where required by law.

The impact on our consolidated results of operations from COVID-19 for 2021 and periods beyond will depend on the duration and severity of the pandemic, the effectiveness of vaccines and the rate of vaccination, the duration and nature of governmental responses to contain the spread of the disease and cushion the impact on consumers, the responses of consumers and businesses with respect to living and work preferences, and how quickly and to what extent normal economic and operating conditions can resume. The current and potential future impacts of the COVID-19 pandemic on our business, particularly on (i) rent levels, collectibility of rents, occupancy and the extent to which we waive certain other customary fees associated with our apartment rental business and (ii) development timing and volume, mean that our historical results of operations and financial condition may not be indicative of future results of operations and financial condition.

The COVID-19 pandemic has impacted our rental operations including (i) revenues and expenses, as well as (ii) our collections and associated outstanding receivables. For further discussion see "Results of Operations." The following table presents the percentage of (i) apartment base rent charged to residents and (ii) other rentable items, including parking and storage rent, along with pet and other fees in accordance with residential leases, that has been collected ("Collected Residential Revenue") for our 2021 Established Communities for the three months ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 (unaudited). Collected Residential Revenue excludes transactional and other fees.

	At quarter end (1)(2)	At April 30, 2021 (3)(4)
Q2 2020	95.4%	98.3%
Q3 2020	95.1%	97.5%
Q4 2020	94.8%	96.9%
Q1 2021	94.8%	95.8%

(1) Collections presented reflect our 2021 Established Communities and exclude commercial revenue, which was 0.6% and 1.1% of our 2020 and 2019 Established Communities' total revenue, respectively.

(2) The Collected Residential Revenue percentage as of June 30, 2020 for Q2 2020, September 30, 2020 for Q3 2020, December 31, 2020 for Q4 2020 and March 31, 2021 for Q1 2021, respectively.

(3) The percentage of Collected Residential Revenue as of April 30, 2021.

(4) Collected Residential Revenue for April 2021 as of April 30, 2021 was 93.4%.

The collection rates are based on individual resident activity as reflected in our property management systems and are presented to provide information about collections trends during the COVID-19 pandemic. Prior to the COVID-19 pandemic, the collections information provided was not routinely produced for internal use by senior management or publicly disclosed by the Company and is a result of analysis that is not subject to internal controls over financial reporting. This information is not prepared in accordance with GAAP, does not reflect GAAP revenue or cash flow metrics and may be subject to adjustment in preparing GAAP revenue and cash flow metrics. Additionally, this information should not be interpreted as predicting the Company's financial performance, results of operations or liquidity for any period. At March 31, 2021, our outstanding rent receivable balance for residential and commercial tenants, net of reserves, decreased to $15,104,000 from $18,159,000 at December 31, 2020.

First Quarter 2021 Development Highlights

At March 31, 2021, we owned or held a direct or indirect interest in:

- 13 wholly-owned communities under construction, which are expected to contain 3,757 apartment homes with a projected total capitalized cost of $1,349,000,000, and two unconsolidated communities under construction, which are expected to contain 803 apartment homes with a projected total capitalized cost of $386,000,000.

- Land or rights to land on which we expect to develop an additional 25 apartment communities that, if developed as expected, will contain 8,075 apartment homes and will be developed for an aggregate total capitalized cost of $3,196,000,000.

During the three months ended March 31, 2021, we sold one wholly-owned operating community containing 238 apartment homes for $72,000,000, and our gain in accordance with GAAP was $53,775,000. In addition, we sold 10 residential condominiums at The Park Loggia, for gross proceeds of $14,609,000, resulting in a gain in accordance with GAAP of $131,000.

In April 2021, we acquired Avalon Arundel Crossing East located in Linthicum Heights, MD. Avalon Arundel Crossing East contains 384 apartment homes and was acquired for a purchase price of $119,000,000.

Communities Overview

Our real estate investments consist primarily of current operating apartment communities, consolidated and unconsolidated communities in various stages of development ("Development Communities" and "Unconsolidated Development Communities") and Development Rights (as defined below). Our current operating communities are further classified as Established Communities, Other Stabilized Communities, Lease-Up Communities, Redevelopment Communities and Unconsolidated Communities. While we generally establish the classification of communities on an annual basis, we update the classification of communities during the calendar year to the extent that our plans with regard to the disposition or redevelopment of a community change. The following is a description of each category:

Current Communities are categorized as Established, Other Stabilized, Lease-Up, Redevelopment, or Unconsolidated according to the following attributes:

- *Established Communities (also known as Same Store Communities)* are consolidated communities in the markets where we have a significant presence (New England, New York/New Jersey, Mid-Atlantic, Southeast Florida, Denver, Colorado, Pacific Northwest, and Northern and Southern California), and 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 respective prior year period. For the three month periods ended March 31, 2021 and 2020, Established Communities are communities that are consolidated for financial reporting purposes, had stabilized occupancy as of January 1, 2020, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale as of March 31, 2021 or probable for disposition to unrelated third parties within the current year. A community is considered to have stabilized occupancy at the earlier of (i) attainment of 90% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

- *Other Stabilized Communities* are all other completed consolidated communities that have stabilized occupancy, as defined above, as of January 1, 2021, or which were acquired subsequent to January 1, 2020. Other Stabilized Communities excludes communities that are conducting or are probable to conduct substantial redevelopment activities within the current year, as defined below.

- *Lease-Up Communities* are consolidated communities where construction has been complete for less than one year and that do not have stabilized occupancy.

- *Redevelopment Communities* are consolidated communities where substantial redevelopment is in progress or is probable to begin during the current year. Redevelopment is considered substantial when (i) capital invested during the reconstruction effort is expected to exceed the lesser of $5,000,000 or 10% of the community's pre-redevelopment gross cost basis and (ii) physical occupancy is below or is expected to be below 90% during, or as a result of, the redevelopment activity.

- *Unconsolidated Communities* are communities that we have an indirect ownership interest in through our investment interest in an unconsolidated joint venture.

Development Communities are consolidated communities that are under construction and for which a certificate or certificates of occupancy for the entire community have not been received. These communities may be partially complete and operating.

Unconsolidated Development Communities are communities that are under construction and for which a certificate or certificates of occupancy for the entire community have not been received that we have an indirect ownership interest in through our investment interest in an unconsolidated joint venture. These communities may be partially complete and operating.

Development Rights are development opportunities in the early phase of the development process where we either have an option to acquire land or enter into a leasehold interest, where we are the buyer under a long-term conditional contract to purchase land, where we control the land through a ground lease or own land to develop a new community, or where we are the designated developer in a public-private partnership. We capitalize related pre-development costs incurred in pursuit of new developments for which we currently believe future development is probable.

We currently lease our corporate headquarters located in Arlington, Virginia, as well as our other regional and administrative offices under operating leases.

As of March 31, 2021, communities that we owned or held a direct or indirect interest in were classified as follows:

	Number of communities	Number of apartment homes
Current Communities		
Established Communities:		
New England	37	9,536
Metro NY/NJ	42	12,008
Mid-Atlantic	39	13,645
Southeast Florida	4	1,214
Denver, CO	4	1,086
Pacific Northwest	18	4,861
Northern California	39	11,827
Southern California	57	16,761
Total Established	240	70,938
Other Stabilized Communities:		
New England	4	1,014
Metro NY/NJ	7	2,219
Mid-Atlantic	—	—
Southeast Florida	—	—
Denver, CO	—	—
Pacific Northwest	2	590
Northern California	1	289
Southern California	1	299
Total Other Stabilized	15	4,411
Lease-Up Communities	7	2,415
Redevelopment Communities	1	344
Unconsolidated Communities	12	3,119
Total Current Communities	275	81,227
Development Communities	13	3,757
Unconsolidated Development Communities	2	803
Total Communities	290	85,787
Development Rights	25	8,075

Results of Operations

As discussed above under "Executive Overview - COVID-19 Pandemic" and elsewhere in this report, the COVID-19 pandemic has affected our business, and may continue to do so. See also Part II, Item 1A, "Risk Factors." Our year-over-year operating performance is primarily affected by both overall and individual geographic market conditions and apartment fundamentals and is reflected in changes in NOI of our Established Communities; NOI derived from acquisitions, development completions and development under construction and in lease-up; loss of NOI related to disposed communities; and capital market and financing activity. A comparison of our operating results for the three months ended March 31, 2021 and 2020 follows (unaudited, dollars in thousands).

	For the three months ended			
	3/31/2021	3/31/2020	$ Change	% Change
Revenue:				
Rental and other income	$ 550,258	$ 601,260	$ (51,002)	(8.5)%
Management, development and other fees	877	1,007	(130)	(12.9)%
Total revenue	551,135	602,267	(51,132)	(8.5)%
Expenses:				
Direct property operating expenses, excluding property taxes	114,707	108,797	5,910	5.4 %
Property taxes	69,410	67,026	2,384	3.6 %
Total community operating expenses	184,117	175,823	8,294	4.7 %
Corporate-level property management and other indirect operating expenses	(25,343)	(23,812)	(1,531)	6.4 %
Expensed transaction, development and other pursuit costs, net of recoveries	170	(3,334)	3,504	N/A (1)
Interest expense, net	(52,613)	(55,914)	3,301	(5.9)%
Gain (loss) on extinguishment of debt, net	122	(9,170)	9,292	N/A (1)
Depreciation expense	(183,297)	(177,911)	(5,386)	3.0 %
General and administrative expense	(17,352)	(17,320)	(32)	0.2 %
Equity in (loss) income of unconsolidated real estate entities	(467)	1,175	(1,642)	N/A (1)
Gain on sale of communities	53,727	24,436	29,291	119.9 %
Gain on other real estate transactions, net	427	43	384	893.0 %
Net for-sale condominium activity	(913)	3,460	(4,373)	N/A (1)
Income before income taxes	141,479	168,097	(26,618)	(15.8)%
Income tax benefit (expense)	755	(91)	846	N/A (1)
Net income	142,234	168,006	(25,772)	(15.3)%
Net income attributable to noncontrolling interests	(11)	(35)	24	(68.6)%
Net income attributable to common stockholders	$ 142,223	$ 167,971	$ (25,748)	(15.3)%

(1) Percent change is not meaningful.

Net income attributable to common stockholders decreased $25,748,000, or 15.3%, to $142,223,000 for the three months ended March 31, 2021 as compared to the prior year period. The decrease for the three months ended March 31, 2021 is primarily due to a decrease in NOI from Established Communities, partially offset by an increase in gains of real estate dispositions in the current year period, a loss on extinguishment of debt in the prior year period and an increase in NOI from Development Communities in the current year period.

NOI is considered by management to be an important and appropriate supplemental performance measure to net income because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level or financing-related costs. NOI reflects the operating performance of a community and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or group of assets. We define NOI as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, (gain) loss on extinguishment of debt, net, general and administrative expense, equity in (loss) income of unconsolidated real estate entities, depreciation expense, corporate income tax (benefit) expense, casualty and impairment (gain) loss, net, gain on sale of communities, (gain) loss on other real estate transactions, net, net for-sale condominium activity and net operating income from real estate assets sold or held for sale.

NOI does not represent cash generated from operating activities in accordance with GAAP, and NOI should not be considered an alternative to net income as an indication of our performance. NOI should also not be considered an alternative to net cash flow from operating activities, as determined by GAAP, as a measure of liquidity, nor is NOI indicative of cash available to fund cash needs. Residential NOI represents results attributable to the Company's apartment rental operations, including parking and other ancillary residential revenue. Reconciliations of NOI and Residential NOI for the three months ended March 31, 2021 and 2020 to net income for each period are as follows (unaudited, dollars in thousands):

	For the three months ended	
	3/31/2021	3/31/2020
Net income	$ 142,234	$ 168,006
Indirect operating expenses, net of corporate income	24,470	22,799
Expensed transaction, development and other pursuit costs, net of recoveries	(170)	3,334
Interest expense, net	52,613	55,914
(Gain) loss on extinguishment of debt, net	(122)	9,170
General and administrative expense	17,352	17,320
Equity in loss (income) of unconsolidated real estate entities	467	(1,175)
Depreciation expense	183,297	177,911
Income tax (benefit) expense	(755)	91
Gain on sale of real estate assets	(53,727)	(24,436)
Gain on other real estate transactions, net	(427)	(43)
Net for-sale condominium activity	913	(3,460)
Net operating income from real estate assets sold or held for sale	(1,490)	(9,918)
NOI	364,655	415,513
Commercial NOI (1)	(5,377)	(6,792)
Residential NOI	$ 359,278	$ 408,721

(1) Represents results attributable to the non-apartment components of our mixed-use communities and other non-residential operations ("Commercial").

The Residential NOI changes for the three months ended March 31, 2021, compared to the prior year period, consist of changes in the following categories (unaudited, dollars in thousands):

	For the three months ended
	3/31/2021
Established Communities	$ (54,543)
Other Stabilized Communities	633
Development / Redevelopment	4,467
Total	$ (49,443)

Rental and other income decreased $51,002,000, or 8.5%, for the three months ended March 31, 2021 compared to the prior year period. The decrease for the three months ended March 31, 2021 is primarily due to an increase of $14,465,000 in uncollectible lease revenue as a result of the COVID-19 pandemic, of which $13,568,000 relates to Residential and $897,000 relates to Commercial, as well as decreased rental rates and occupancy at our Established Communities, partially offset by additional rental income generated from development completions and development under construction and in lease-up.

As a result of the pandemic, we increased our use of residential concessions during 2020 and the three months ended March 31, 2021. The increased concessions, which are amortized on a straight-line basis over the life of the respective leases (generally one year), contributed to the overall decline in our rental revenue during the three months ended March 31, 2021 and will continue to impact rental revenue throughout 2021. The amortization of residential concessions increased by $14,983,000 in the three months ended March 31, 2021 as compared to the prior year period, and the remaining net unamortized balance of residential concessions as of March 31, 2021 was $37,095,000.

As discussed elsewhere in this report, the COVID-19 impact and related economic, regulatory and operating impacts are likely to continue to adversely affect our rental revenue during the COVID-19 pandemic. If job losses in our markets and nationally continue, this would likely continue to decrease our ability to maintain and/or increase rents and/or maintain occupancy at our historical levels. Deteriorating financial conditions among our residents and commercial tenants, as well as regulations that limit our ability to evict residents and tenants, may continue to result in higher than normal uncollectible lease revenue. The pandemic may also continue to depress demand among consumers for our apartments for a variety of other reasons, including the following: consumers whose income has declined, who are working from home remotely or who cannot freely access neighborhood amenities like restaurants, gyms and entertainment venues, may decide during the pandemic to live in markets or submarkets that are less costly than ours; low interest rates that are caused by government response to the pandemic may encourage consumers who would otherwise rent to seek out home ownership; and various sources of demand for our apartments (e.g., students, corporate apartment homes, seasonal job-related demand as in the entertainment industry) may remain below pre-pandemic levels.

Consolidated Communities — The weighted average number of occupied apartment homes for consolidated communities decreased to 74,275 apartment homes for the three months ended March 31, 2021, compared to 74,491 homes for the prior year period. The weighted average monthly rental revenue per occupied apartment home decreased to $2,466 for the three months ended March 31, 2021 compared to $2,684 in the prior year period.

For Established Communities, rental revenue decreased $50,278,000, or 9.1%, for the three months ended March 31, 2021, compared to the prior year period. Residential rental revenue decreased $49,473,000, or 9.1%, for the three months ended March 31, 2021, compared to the prior year period, with uncollectible lease revenue contributing $12,428,000 of this decrease. Commercial rental revenue decreased $805,000 or 14.3%, for the three months ended March 31, 2021, compared to the prior year period, with uncollectible lease revenue contributing $435,000 of this decrease.

The following table presents the change in Residential rental revenue for Established Communities for the three months ended March 31, 2021, compared to the prior year period (unaudited):

	For the three months ended 3/31/2021
Residential rental revenue	
Lease rates	(3.6)%
Concessions and other discounts	(2.4)%
Economic Occupancy	(0.6)%
Other rental revenue	(0.2)%
Uncollectible lease revenue	(2.3)%
Total Residential rental revenue	(9.1)%

The following table presents the change in Residential rental revenue, including the attribution of the change between rental rates and Economic Occupancy, for Established Communities for the three months ended March 31, 2021 (unaudited).

	For the three months ended March 31, 2021									
	Residential rental revenue (000s)				Average rental rates			Economic Occupancy (1)		
			$ Change	% Change			% Change			% Change
	2021	2020	2021 to 2020	2021 to 2020	2021	2020	2021 to 2020	2021	2020	2021 to 2020
New England	$ 73,359	$ 78,726	$ (5,367)	(6.8)%	$ 2,692	$ 2,886	(6.7)%	95.2 %	95.3 %	(0.1)%
Metro NY/NJ	103,266	111,552	(8,286)	(7.4)%	2,989	3,224	(7.3)%	95.9 %	96.0 %	(0.1)%
Mid-Atlantic	82,250	89,335	(7,085)	(7.9)%	2,115	2,263	(6.5)%	95.0 %	96.4 %	(1.4)%
Southeast Florida	7,227	7,490	(263)	(3.5)%	2,078	2,209	(5.9)%	95.5 %	93.1 %	2.4 %
Denver, CO	5,652	5,169	483	9.3 %	1,815	1,724	5.3 %	95.6 %	91.6 %	4.0 %
Pacific Northwest	29,741	32,438	(2,697)	(8.3)%	2,151	2,291	(6.1)%	94.8 %	97.0 %	(2.2)%
Northern California	89,647	105,837	(16,190)	(15.3)%	2,637	3,075	(14.2)%	95.8 %	96.9 %	(1.1)%
Southern California	105,965	116,033	(10,068)	(8.7)%	2,193	2,393	(8.4)%	96.1 %	96.4 %	(0.3)%
Total Established	$ 497,107	$ 546,580	$ (49,473)	(9.1)%	$ 2,443	$ 2,669	(8.5)%	95.6 %	96.2 %	(0.6)%

(1) Economic occupancy takes into account the fact that apartment homes of different sizes and locations within a community have different economic impacts on a community's gross revenue. Economic occupancy is defined as gross potential revenue less vacancy loss, as a percentage of gross potential revenue. Gross potential revenue is determined by valuing occupied homes at leased rates and vacant homes at market rents. Vacancy loss is determined by valuing vacant units at current market rents.

Direct property operating expenses, excluding property taxes, increased $5,910,000, or 5.4%, for the three months ended March 31, 2021, compared to the prior year period. The increase for the three months ended March 31, 2021 is primarily due to the addition of newly developed apartment communities, as well as the timing of repairs and maintenance projects previously delayed due to the COVID-19 pandemic.

For Established Communities, Residential direct property operating expenses, excluding property taxes, represents 99.9% of total Established Communities operating expenses for the three months ended March 31, 2021. Residential direct property operating expenses, excluding property taxes, increased $3,954,000, or 4.0%, for the three months ended March 31, 2021 compared to the prior year period. The increase for the three months ended March 31, 2021 is primarily due to increased turnover and the timing of repairs and maintenance projects previously delayed due to the COVID-19 pandemic.

Property taxes increased $2,384,000, or 3.6%, for the three months ended March 31, 2021, compared to the prior year period. The increase for the three months ended March 31, 2021 are primarily due to the addition of newly developed apartment communities and increased assessments for the Company's stabilized portfolio, partially offset by decreased property taxes from dispositions.

For Established Communities, Residential property taxes represents 98.8% of total Established Communities property taxes for the three months ended March 31, 2021. Residential property taxes increased $1,019,000, or 1.7%, for the three months ended March 31, 2021, compared to the prior year period. The increase for the three months ended March 31, 2021 is primarily due to increased assessments across the portfolio in the current year period, partially offset by a successful appeal in Metro NY/NJ in the current year period.

Corporate-level property management and other indirect operating expenses increased $1,531,000, or 6.4%, for the three months ended March 31, 2021, compared to the prior year period, primarily due to increased compensation related costs and costs related to an increased investment in technology initiatives to improve efficiency in services for resident and prospects in the current year period.

Expensed transaction, development and other pursuit costs, net of recoveries primarily reflect costs incurred for development pursuits not yet considered probable for development, as well as the abandonment of Development Rights and costs related to abandoned acquisition and disposition pursuits and any recoveries of costs incurred. These costs can be volatile, particularly in periods of increased acquisition pursuit activity, periods of economic downturn or when there is limited access to capital, and therefore may vary significantly from year to year. In addition, the timing for recoveries will not always align with the timing for expensing an abandoned pursuit. Expensed transaction, development and other pursuit costs, net of recoveries, decreased $3,504,000 for the three months ended March 31, 2021 as compared to the prior year period.

Interest expense, net decreased $3,301,000, or 5.9%, for the three months ended March 31, 2021, compared to the prior year period. This category includes interest costs offset by capitalized interest pertaining to development and redevelopment activity, amortization of premium/discount on debt, interest income and any mark to market impact from derivatives not in qualifying hedge relationships. The decrease for the three months ended March 31, 2021 was primarily due to a gain on the fair value change of derivatives not in qualifying hedge relationships, lower overall effective rates on unsecured indebtedness and a combination of a decrease in variable rates on, and amounts of, secured indebtedness. This was partially offset by a decrease in capitalized interest and an increase in outstanding unsecured indebtedness.

(Gain) loss on extinguishment of debt, net reflects prepayment penalties, the write-off of unamortized deferred financing costs and premiums/discounts from our debt repurchase and retirement activity, or payments to acquire our outstanding debt at amounts above or below the carrying basis of the debt acquired. The gain of $122,000 for the three months ended March 31, 2021 was due to the non-cash write-off of unamortized premium associated with the repayment of a secured note during the period at par, ahead of its scheduled maturity. The loss of $9,170,000 for the three months ended March 31, 2020 is due to the repayments of unsecured debt during the period.

Depreciation expense increased $5,386,000, or 3.0%, for the three months ended March 31, 2021, as compared to the prior year period, primarily due to the addition of newly developed apartment communities, partially offset by dispositions.

Equity in (loss) income of unconsolidated real estate entities decreased $1,642,000 for the three months ended March 31, 2021, compared to the prior year period. The decrease for the three months ended March 31, 2021 is primarily due to decreased NOI from the ventures in the current year period and the sale of one unconsolidated community in the prior year.

Gain on sale of communities increased by $29,291,000 for the three months ended March 31, 2021, compared to the prior year period. The amount of gain realized in a given period depends on many factors, including the number of communities sold, the size and carrying value of the communities sold and the market conditions in the local area.

Net for-sale condominium activity is a net expense of $913,000 for the three months ended March 31, 2021 and a net gain of $3,460,000 for the three months ended March 31, 2020, and is comprised of the net gain before taxes on the sale of condominiums at The Park Loggia and associated marketing, operating and administrative costs. During the three months ended March 31, 2021, we sold 10 residential condominiums at The Park Loggia, for gross proceeds of $14,609,000, resulting in a gain in accordance with GAAP of $131,000, compared to the three months ended March 31, 2020 during which we sold 36 residential condominiums at The Park Loggia for gross proceeds of $105,607,000 resulting in a gain in accordance with GAAP of $4,903,000. In addition, we incurred $1,044,000 and $1,443,000 for the three months ended March 31, 2021 and 2020, respectively, in marketing, operating and administrative costs.

Income tax benefit (expense) for the three months ended March 31, 2021 consists of a benefit of $755,000 which was primarily due to a reduction in our 2021 taxes resulting from activity in our taxable REIT subsidiaries.

Reconciliation of Non-GAAP Financial Measures

Consistent with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts® ("Nareit"), we calculate Funds from Operations Attributable to Common Stockholders ("FFO") as net income or loss attributable to common stockholders computed in accordance with GAAP, adjusted for:

- gains or losses on sales of previously depreciated operating communities;
- cumulative effect of change in accounting principle;
- impairment write-downs of depreciable real estate assets;
- write-downs of investments in affiliates due to a decrease in the value of depreciable real estate assets held by those affiliates;
- depreciation of real estate assets; and
- similar adjustments for unconsolidated partnerships and joint ventures, including those from a change in control.

FFO and FFO adjusted for non-core items, or "Core FFO," as defined below, are generally considered by management to be appropriate supplemental measures of our operating and financial performance. In calculating FFO, we exclude gains or losses related to dispositions of previously depreciated property and exclude real estate depreciation, which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates. FFO can help one compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered by us to be part of our core business operations, Core FFO allows one to compare the core operating performance of the Company between periods. We believe that in order to understand our operating results, FFO and Core FFO should be examined with net income as presented in our Condensed Consolidated Financial Statements included elsewhere in this report.

We calculate Core FFO as FFO, adjusted for:

- joint venture gains (if not adjusted through FFO), non-core costs and promoted interests from partnerships;
- casualty and impairment losses or gains, net on non-depreciable real estate;
- gains or losses from early extinguishment of consolidated borrowings;
- development pursuit write-offs and expensed transaction costs, net of recoveries;
- third-party business interruption insurance proceeds and the related lost NOI that is covered by the expected third party business interruption insurance proceeds;
- property and casualty insurance proceeds and legal settlements;
- gains or losses on sales of assets not subject to depreciation;
- advocacy contributions, representing payments to promote our business interests;
- hedge ineffectiveness or gains or losses from derivatives not designated as hedges for accounting purposes;
- severance related costs;
- net for-sale condominium activity, including gains, marketing, operating and administrative costs and imputed carry cost;
- income taxes; and
- other non-core items.

FFO and Core FFO do not represent net income in accordance with GAAP, and therefore should not be considered an alternative to net income, which remains the primary measure, as an indication of our performance. In addition, FFO and Core FFO as calculated by other REITs may not be comparable to our calculations of FFO and Core FFO.

The following is a reconciliation of net income attributable to common stockholders to FFO attributable to common stockholders and to Core FFO attributable to common stockholders (unaudited, dollars in thousands, except per share amounts):

	For the three months ended	
	3/31/2021	3/31/2020
Net income attributable to common stockholders	$ 142,223	$ 167,971
Depreciation - real estate assets, including joint venture adjustments	182,314	177,428
Distributions to noncontrolling interests	12	12
Gain on sale of previously depreciated real estate	(53,727)	(24,436)
FFO attributable to common stockholders	270,822	320,975
Adjusting items:		
Joint venture losses	101	—
(Gain) loss on extinguishment of consolidated debt	(122)	9,170
Gain on interest rate contract	(2,654)	—
Advocacy contributions	—	301
Executive transition compensation costs	1,781	—
Severance related costs	—	1,951
Development pursuit write-offs and expensed transaction costs, net of recoveries	(225)	3,120
Gain on for-sale condominiums (1)	(131)	(4,903)
For-sale condominium marketing, operating and administrative costs (1)	1,044	1,443
For-sale condominium imputed carry cost (2)	2,152	3,609
Gain on other real estate transactions	(427)	(43)
Legal settlements	60	43
Income tax (benefit) expense	(755)	91
Core FFO attributable to common stockholders	$ 271,646	$ 335,757
Weighted average common shares outstanding - diluted	139,552,413	140,777,873
EPS per common share - diluted	$ 1.02	$ 1.19
FFO per common share - diluted	$ 1.94	$ 2.28
Core FFO per common share - diluted	$ 1.95	$ 2.39

(1) The aggregate impact of (i) gain on for-sale condominiums and (ii) for-sale condominium marketing, operating and administrative costs is a net expense of $913 for the three months ended March 31, 2021 and a net gain of $3,460 for the three months ended March 31, 2020.

(2) Represents the imputed carry cost of for-sale residential condominiums at The Park Loggia. We compute this adjustment by multiplying the total capitalized cost of completed and unsold for-sale residential condominiums by our weighted average unsecured debt rate.

FFO and Core FFO also do not represent cash generated from operating activities in accordance with GAAP, and therefore should not be considered an alternative to net cash flows from operating activities, as determined by GAAP, as a measure of liquidity. Additionally, it is not necessarily indicative of cash available to fund cash needs.

A presentation of GAAP based cash flow metrics is as follows (unaudited, dollars in thousands) and a discussion of "Liquidity and Capital Resources" can be found later in this report:

	For the three months ended	
	3/31/2021	3/31/2020
Net cash provided by operating activities	$ 330,145	$ 341,704
Net cash used in investing activities	$ (155,952)	$ (136,067)
Net cash (used in) provided by financing activities	$ (257,993)	$ 535,170

Liquidity and Capital Resources

We employ a disciplined approach to our liquidity and capital management. When we source capital, we take into account both our view of the most cost effective alternative available and our desire to maintain a balance sheet that provides us with flexibility. Our principal focus on near-term and intermediate-term liquidity is to ensure we have adequate capital to fund:

- development and redevelopment activity in which we are currently engaged or in which we plan to engage;
- the minimum dividend payments on our common stock required to maintain our REIT qualification under the Code;
- debt service and principal payments either at maturity or opportunistically before maturity;
- normal recurring operating expenses and corporate overhead expenses; and
- investment in our operating platform, including strategic investments.

Factors affecting our liquidity and capital resources are our cash flows from operations, financing activities and investing activities (including dispositions) as well as general economic and market conditions. Cash flows from operations are determined by operating activities and factors including but not limited to (i) the number of apartment homes currently owned, (ii) rental rates, (iii) occupancy levels, (iv) uncollectible lease revenue levels or interruptions in collections caused by market conditions and (v) operating expenses with respect to apartment homes. The timing and type of capital markets activity in which we engage is affected by changes in the capital markets environment, such as changes in interest rates or the availability of cost-effective capital. Our plans for development, redevelopment, non-routine capital expenditure, acquisition and disposition activity are affected by market conditions and capital availability. We frequently review our liquidity needs, especially in periods with volatile market conditions, as well as the adequacy of cash flows from operations and other expected liquidity sources to meet these needs.

We had cash, cash equivalents and cash in escrow of $229,732,000 at March 31, 2021, a decrease of $83,800,000 from $313,532,000 at December 31, 2020. The following discussion relates to changes in cash, cash equivalents and cash in escrow due to operating, investing and financing activities, which are presented in our Condensed Consolidated Statements of Cash Flows included elsewhere in this report.

Operating Activities — Net cash provided by operating activities decreased to $330,145,000 for the three months ended March 31, 2021 from $341,704,000 for the three months ended March 31, 2020, primarily due to decreases in rental income, including the impact of uncollectible lease revenue.

Investing Activities — Net cash used in investing activities totaled $155,952,000 for the three months ended March 31, 2021. The net cash used was primarily due to:

- investment of $198,373,000 in the development and redevelopment of communities; and
- capital expenditures of $30,254,000 for our operating communities and non-real estate assets.

These amounts are partially offset by:

- net proceeds from the disposition of one operating community and ancillary real estate of $76,543,000; and
- net proceeds from the sale of for-sale residential condominiums of $13,569,000.

Financing Activities — Net cash used in financing activities totaled $257,993,000 for the three months ended March 31, 2021. The net cash used was primarily due to:

- payment of cash dividends in the amount of $222,734,000; and
- mortgage note repayments and principal amortization payments in the amount of $28,488,000.

Variable Rate Unsecured Credit Facility

We have a $1,750,000,000 revolving variable rate unsecured credit facility with a syndicate of banks (the “Credit Facility”) which matures in February 2024. The Credit Facility bears interest at varying levels based on (i) the London Interbank Offered Rate (“LIBOR”) applicable to the period of borrowing for a particular draw of funds from the facility (e.g., one month to maturity, three months to maturity, etc.) and (ii) the rating levels issued for our unsecured notes. The current stated pricing for drawn borrowings is LIBOR plus 0.775% per annum (0.89% at April 30, 2021), assuming a one month borrowing rate. The annual facility fee for the Credit Facility remained at 0.125%, resulting in a fee of $2,188,000 annually based on the $1,750,000,000 facility size and based on our current credit rating.

We had borrowings of $313,000,000 outstanding under the Credit Facility and had $2,599,000 outstanding in letters of credit that reduced our borrowing capacity as of April 30, 2021. In addition, we had $33,882,000 outstanding in additional letters of credit unrelated to the Credit Facility as of April 30, 2021.

Financial Covenants

We are subject to financial covenants contained in the Credit Facility, Term Loans and the indentures under which our unsecured notes were issued. The principal financial covenants include the following:

- limitations on the amount of total and secured debt in relation to our overall capital structure;
- limitations on the amount of our unsecured debt relative to the undepreciated basis of real estate assets that are not encumbered by property-specific financing; and
- minimum levels of debt service coverage.

We were in compliance with these covenants at March 31, 2021.

In addition, some of our secured borrowings include yield maintenance, defeasance, or prepayment penalty provisions, which would result in us incurring an additional charge in the event of a full or partial prepayment of outstanding principal before the scheduled maturity. These provisions in our secured borrowings are generally consistent with other similar types of debt instruments issued during the same time period in which our borrowings were secured.

Continuous Equity Offering Program

In May 2019, we commenced our fifth continuous equity program ("CEP V") under which we may sell (and/or enter into forward sale agreements for the sale of) up to $1,000,000,000 of our common stock from time to time. Actual sales will depend on a variety of factors to be determined, including market conditions, the trading price of our common stock and determinations of the appropriate sources of funding. In conjunction with CEP V, we engaged sales agents who will receive compensation of up to 1.5% of the gross sales price for shares sold. We expect that, if entered into, we will physically settle each forward sale agreement on one or more dates prior to the maturity date of that particular forward sale agreement, in which case we will expect to receive aggregate net cash proceeds at settlement equal to the number of shares underlying the particular forward agreement multiplied by the relevant forward sale price. However, we may also elect to cash settle or net share settle a forward sale agreement. In connection with each forward sale agreement, we will pay the relevant forward seller, in the form of a reduced initial forward sale price, a commission of up to 1.5% of the sales prices of all borrowed shares of common stock sold. During the three months ended March 31, 2021 and through April 30, 2021, we had no sales under the program. As of April 30, 2021, there are no outstanding forward sale agreements and we had $752,878,000 remaining authorized for issuance under this program.

Forward Interest Rate Swap Agreements

During the three months ended March 31, 2021, we terminated $150,000,000 of forward interest rate swap agreements for which we ceased hedge accounting in 2020 (the "Swaps"), receiving a payment of $6,962,000. We recognized $2,894,000 of these proceeds as a gain in 2020, and $2,654,000 of these proceeds as a gain during the three months ended March 31, 2021 included in interest expense, net on the accompanying Condensed Consolidated Statements of Comprehensive Income included elsewhere in this report.

Stock Repurchase Program

In July 2020, our Board of Directors voted to terminate our prior $500,000,000 Stock Repurchase Program (the "Amended 2005 Stock Repurchase Program") and approved a new stock repurchase program under which we may acquire shares of our common stock in open market or negotiated transactions up to an aggregate purchase price of $500,000,000 (the "2020 Stock Repurchase Program"). Purchases of common stock under the 2020 Stock Repurchase Program may be exercised from time to time in our discretion and in such amounts as market conditions warrant. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions and other corporate liquidity requirements and priorities. The 2020 Stock Repurchase Program does not have an expiration date and may be suspended or terminated at any time without prior notice. During the three months ended March 31, 2021 and through April 30, 2021, we had no repurchases of shares under this program. As of April 30, 2021, we had $316,148,000 remaining authorized for purchase under this program.

Future Financing and Capital Needs — Debt Maturities

One of our principal long-term liquidity needs is the repayment of long-term debt at maturity. For both our unsecured and secured notes, a portion of the principal of these notes may be repaid prior to maturity. Early retirement of our unsecured or secured notes could result in gains or losses on extinguishment. If we do not have funds on hand sufficient to repay our indebtedness as it becomes due, it will be necessary for us to refinance or otherwise provide liquidity to satisfy the debt at maturity. This refinancing may be accomplished by uncollateralized private or public debt offerings, equity issuances, additional debt financing that is secured by mortgages on individual communities or groups of communities or borrowings under our Credit Facility. Although we believe we will have the capacity to meet our currently anticipated liquidity needs, we cannot assure you that capital from additional debt financing or debt or equity offerings will be available or, if available, that they will be on terms we consider satisfactory, especially in light of the uncertain impacts of the COVID-19 pandemic on capital markets.

During the three months ended March 31, 2021, we repaid $27,795,000 principal amount of 5.37% fixed rate debt secured by Avalon San Bruno II at par in advance of the April 2021 maturity date.

The following table details our consolidated debt maturities for the next five years, excluding our Credit Facility and amounts outstanding related to communities classified as held for sale, for debt outstanding at March 31, 2021 and December 31, 2020 (dollars in thousands). We are not directly or indirectly (as borrower or guarantor) obligated in any material respect to pay principal or interest on the indebtedness of any unconsolidated entities in which we have an equity or other interest.

Community	All-In interest rate (1)	Principal maturity date		Balance Outstanding (2)		Scheduled Maturities					
				12/31/2020	3/31/2021	2021	2022	2023	2024	2025	Thereafter
Tax-exempt bonds											
Fixed rate											
Avalon at Chestnut Hill	6.16 %	Oct-2047		$ 36,399	$ 36,245	$ 475	$ 663	$ 699	$ 737	$ 778	$ 32,893
Avalon Westbury	3.86 %	Nov-2036	(3)	62,200	62,200	—	—	—	—	—	62,200
				98,599	98,445	475	663	699	737	778	95,093
Variable rate											
Avalon Acton	1.11 %	Jul-2040	(4)	45,000	45,000	—	—	—	—	—	45,000
Avalon Clinton North	1.76 %	Nov-2038	(4)	147,000	147,000	—	—	—	—	—	147,000
Avalon Clinton South	1.76 %	Nov-2038	(4)	121,500	121,500	—	—	—	—	—	121,500
Avalon Midtown West	1.68 %	May-2029	(4)	93,500	93,500	5,200	5,600	6,100	6,800	7,300	62,500
Avalon San Bruno I	1.65 %	Dec-2037	(4)	63,850	63,750	1,800	2,000	2,200	2,300	2,400	53,050
				470,850	470,750	7,000	7,600	8,300	9,100	9,700	429,050
Conventional loans											
Fixed rate											
$450 million unsecured notes	4.30 %	Sep-2022		450,000	450,000	—	450,000	—	—	—	—
$250 million unsecured notes	3.00 %	Mar-2023		250,000	250,000	—	—	250,000	—	—	—
$350 million unsecured notes	4.30 %	Dec-2023		350,000	350,000	—	—	350,000	—	—	—
$300 million unsecured notes	3.66 %	Nov-2024		300,000	300,000	—	—	—	300,000	—	—
$525 million unsecured notes	3.55 %	Jun-2025		525,000	525,000	—	—	—	—	525,000	—
$300 million unsecured notes	3.62 %	Nov-2025		300,000	300,000	—	—	—	—	300,000	—
$475 million unsecured notes	3.35 %	May-2026		475,000	475,000	—	—	—	—	—	475,000
$300 million unsecured notes	3.01 %	Oct-2026		300,000	300,000	—	—	—	—	—	300,000
$350 million unsecured notes	3.95 %	Oct-2046		350,000	350,000	—	—	—	—	—	350,000
$400 million unsecured notes	3.50 %	May-2027		400,000	400,000	—	—	—	—	—	400,000
$300 million unsecured notes	4.09 %	Jul-2047		300,000	300,000	—	—	—	—	—	300,000
$450 million unsecured notes	3.32 %	Jan-2028		450,000	450,000	—	—	—	—	—	450,000
$300 million unsecured notes	3.97 %	Apr-2048		300,000	300,000	—	—	—	—	—	300,000
$450 million unsecured notes	3.66 %	Jun-2029		450,000	450,000	—	—	—	—	—	450,000
$700 million unsecured notes	2.69 %	Mar-2030		700,000	700,000	—	—	—	—	—	700,000
$600 million unsecured notes	2.65 %	Jan-2031		600,000	600,000	—	—	—	—	—	600,000
Avalon Walnut Creek	4.00 %	Jul-2066		4,001	4,001	—	—	—	—	—	4,001
eaves Los Feliz	3.68 %	Jun-2027		41,400	41,400	—	—	—	—	—	41,400
eaves Woodland Hills	3.67 %	Jun-2027		111,500	111,500	—	—	—	—	—	111,500
Avalon Russett	3.77 %	Jun-2027		32,200	32,200	—	—	—	—	—	32,200
Avalon San Bruno II	3.85 %	Apr-2021	(5)	27,844	—	—	—	—	—	—	—
Avalon Westbury	4.88 %	Nov-2036	(3)	12,170	11,780	1,185	1,655	1,740	1,840	1,930	3,430
Avalon San Bruno III	2.38 %	Mar-2027		51,000	51,000	—	—	—	—	—	51,000
Avalon Cerritos	3.35 %	Aug-2029		30,250	30,250	—	—	—	—	—	30,250
				6,810,365	6,782,131	1,185	451,655	601,740	301,840	826,930	4,598,781
Variable rate											
Term Loan - $100 million	1.20 %	Feb-2022		100,000	100,000	—	100,000	—	—	—	—
Term Loan - $150 million	1.13 %	Feb-2024		150,000	150,000	—	—	—	150,000	—	—
				250,000	250,000	—	100,000	—	150,000	—	—
Total indebtedness - excluding Credit Facility				$ 7,629,814	$ 7,601,326	$ 8,660	$ 559,918	$ 610,739	$ 461,677	$ 837,408	$ 5,122,924

(1) Rates are given as of March 31, 2021 and include credit enhancement fees, facility fees, trustees' fees, the impact of interest rate hedges, offering costs, mark to market amortization and other fees.

(2) Balances outstanding represent total amounts due at maturity, and exclude deferred financing costs and debt discount for the unsecured notes of $46,241 and $47,995 as of March 31, 2021 and December 31, 2020, respectively, and deferred financing costs and debt discount associated with secured notes of $17,301 and $17,482 as of March 31, 2021 and December 31, 2020, respectively, as reflected on our Condensed Consolidated Balance Sheets included elsewhere in this report.

(3) Maturity date reflects the contractual maturity of the underlying bond. There is also an associated earlier credit enhancement maturity date.

(4) Financed by variable rate debt, but interest rate is capped through an interest rate protection agreement.

(5) During 2021, we repaid this borrowing at par in advance of its scheduled maturity date.

Future Financing and Capital Needs — Portfolio and Capital Markets Activity

In light of the COVID-19 pandemic, we continue to monitor the availability of our various capital raising alternatives. In 2021, we expect to meet our liquidity needs from one or more a variety of internal and external sources, which may include (i) real estate dispositions, (ii) cash balances on hand as well as cash generated from our operating activities, (iii) borrowing capacity under our Credit Facility and (iv) secured and unsecured debt financings. Additional sources of liquidity in 2021 may include the issuance of common and preferred equity. Our ability to obtain additional financing will depend on a variety of factors, such as market conditions, the general availability of credit, the overall availability of credit to the real estate industry, our credit ratings and credit capacity, as well as the perception of lenders regarding our long or short-term financial prospects. In addition, the impacts of the COVID-19 pandemic on capital markets, including the availability and costs of debt and equity capital, remain uncertain and may have material adverse effects on our access to capital on attractive terms.

Before beginning new construction or reconstruction activity in 2021, including activity related to communities owned by unconsolidated joint ventures, we plan to source sufficient capital to complete these undertakings, although we cannot assure you that we will be able to obtain such financing. In the event that financing cannot be obtained, we may have to abandon Development Rights, write-off associated pre-development costs that were capitalized and/or forego reconstruction activity. In such instances, we will not realize the increased revenues and earnings that we expected from such Development Rights or reconstruction activity and significant losses could be incurred.

From time to time we use joint ventures to hold or develop individual real estate assets. We generally employ joint ventures primarily to mitigate asset concentration or market risk and secondarily as a source of liquidity. We may also use joint ventures related to mixed-use land development opportunities and new markets where our partners bring development and operational expertise and/or experience to the venture. Each joint venture or partnership agreement has been individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited to varying degrees depending on the terms of the joint venture or partnership agreement. We cannot assure you that we will achieve our objectives through joint ventures.

In addition we may pursue opportunities to invest in real estate development through mezzanine loans or other investments structured as debt.

In evaluating our allocation of capital within our markets, we sell assets that do not meet our long-term investment criteria or when capital and real estate markets allow us to realize a portion of the value created over our ownership periods and redeploy the proceeds from those sales to develop and redevelop communities. Because the proceeds from the sale of communities may not be immediately redeployed into revenue generating assets that we develop, redevelop or acquire, the immediate effect of a sale of a community for a gain is to increase net income, but reduce future total revenues, total expenses and NOI until such time as the proceeds have been redeployed into revenue generating assets. We believe that the temporary absence of future cash flows from communities sold will not have a material impact on our ability to fund future liquidity and capital resource needs.

Unconsolidated Real Estate Investments and Off-Balance Sheet Arrangements

Unconsolidated Investments - Operating Communities

As of March 31, 2021, we had investments in the following unconsolidated real estate entities accounted for under the equity method of accounting, excluding development joint ventures. Refer to Note 5, "Investments in Real Estate Entities," of the Condensed Consolidated Financial Statements included elsewhere in this report, which includes information on the aggregate assets, liabilities and equity, as well as operating results, and our proportionate share of their operating results. For ventures holding operating apartment communities as of March 31, 2021, detail of the real estate and associated indebtedness underlying our unconsolidated investments is presented in the following table (dollars in thousands).

				Debt (1)			
Unconsolidated Real Estate Investments	**Company ownership percentage**	**# of apartment homes**	**Total capitalized cost**	**Amount**	**Type**	**Interest rate**	**Maturity date**
NYTA MF Investors LLC							
1. Avalon Bowery Place I - New York, NY		206	$ 209,358	$ 93,800	Fixed	4.01 %	Jan 2029
2. Avalon Bowery Place II - New York, NY		90	90,988	39,639	Fixed	4.01 %	Jan 2029
3. Avalon Morningside - New York, NY (2)		295	211,042	112,500	Fixed	3.55 %	Jan 2029/May 2046
4. Avalon West Chelsea - New York, NY (3)		305	127,879	66,000	Fixed	4.01 %	Jan 2029
5. AVA High Line - New York, NY (3)		405	121,373	84,000	Fixed	4.01 %	Jan 2029
Total NYTA MF Investors LLC	20.0 %	1,301	760,640	395,939		3.88 %	
Archstone Multifamily Partners AC LP							
1. Avalon Studio 4121 - Studio City, CA		149	57,206	26,816	Fixed	3.34 %	Nov 2022
2. Avalon Station 250 - Dedham, MA		285	98,695	52,228	Fixed	3.73 %	Sep 2022
3. Avalon Grosvenor Tower - Bethesda, MD		237	80,895	40,486	Fixed	3.74 %	Sep 2022
Total Archstone Multifamily Partners AC LP	28.6 %	671	236,796	119,530		3.65 %	
Multifamily Partners AC JV LP							
1. Avalon North Point - Cambridge, MA (4)		426	190,302	111,653	Fixed	6.00 %	Aug 2021
2. Avalon North Point Lofts - Cambridge, MA		103	26,917	—	N/A	N/A	N/A
Total Multifamily Partners AC JV LP	20.0 %	529	217,219	111,653		6.00 %	
Other Operating Joint Ventures							
1. MVP I, LLC	25.0 %	313	128,932	103,000	Fixed	3.24 %	Jul 2025
2. Brandywine Apartments of Maryland, LLC	28.7 %	305	19,383	20,851	Fixed	3.40 %	Jun 2028
Total Other Joint Ventures		618	148,315	123,851		3.27 %	
Total Unconsolidated Investments		3,119	$ 1,362,970	$ 750,973		4.06 %	

(1) We have not guaranteed the debt of these unconsolidated investees and bear no responsibility for the repayment unless otherwise disclosed.
(2) Borrowing on this community is comprised of two mortgage loans. The interest rate is the weighted average interest rate as of March 31, 2021.
(3) Borrowing on this dual-branded community is comprised of a single mortgage loan.
(4) Borrowing is comprised of a loan made by the equity investors in the venture in proportion to their equity interests.

Unconsolidated Investments - Development Communities

The following table presents a summary of the Unconsolidated Development Communities.

	Unconsolidated Development Community	Company ownership percentage	# of apartment homes	Projected total capitalized cost (1) ($ millions)	Construction start	Initial projected occupancy	Estimated completion
1.	Avalon Alderwood Mall *Lynnwood, WA*	50.0 %	328	$ 110	Q4 2019	Q4 2021	Q3 2022
2.	AVA Arts District (2)(3) *Los Angeles, CA*	25.0 %	475	276	Q3 2020	Q1 2023	Q4 2023
	Total		803	$ 386			

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(1) Projected total capitalized cost includes all capitalized costs projected to be incurred to develop the respective Unconsolidated Development Community, determined in accordance with GAAP, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees and other regulatory fees, as well as costs incurred for first generation commercial tenants such as tenant improvements and leasing commissions. Projected total capitalized cost is the total projected joint venture amount.

(2) AVA Arts District is expected to contain 56,000 square feet of commercial space.

(3) Our total expected equity investment in AVA Arts District is approximately $27,600,000, of which $21,000,000 has already been contributed. The venture has secured a $165,600,000 variable rate construction loan to fund approximately 60% of the development of AVA Arts District, of which no amounts have been drawn as of March 31, 2021. The venture will commence draws under the loan subsequent to required equity contributions by the venture partners. We have guaranteed the construction loan on behalf of the venture, and any obligations we may incur under the construction loan guarantee, except to the extent that our misconduct gave rise to the obligation, are required capital contributions of the partners based on ownership interest.

Off-Balance Sheet Arrangements

In addition to our investment interests in consolidated and unconsolidated real estate entities, we have certain off-balance sheet arrangements with the entities in which we invest. Additional discussion of these entities can be found in Note 5, "Investments in Real Estate Entities," of our Condensed Consolidated Financial Statements included elsewhere in this report.

Unless otherwise noted, we have not guaranteed the debt of our unconsolidated real estate entities, as referenced in the tables above, nor do we have any obligation to fund this debt should the unconsolidated real estate entities be unable to do so. In the future, in the event the unconsolidated real estate entities were unable to meet their obligations under a loan, we cannot predict at this time whether we would provide any voluntary support, or take any other action, as any such action would depend on a variety of factors, including the amount of support required and the possibility that such support could enhance the return of the unconsolidated real estate entities and/or our returns by providing time for performance to improve.

There are no other material lines of credit, side agreements, financial guarantees or any other derivative financial instruments related to or between our unconsolidated real estate entities and us. In evaluating our capital structure and overall leverage, management takes into consideration our proportionate share of the indebtedness of unconsolidated entities in which we have an interest.

Contractual Obligations

We currently have contractual obligations consisting primarily of long-term debt obligations and lease obligations for certain land parcels and regional and administrative office space. As of March 31, 2021, other than as discussed in this Form 10-Q, there have been no other material changes in our scheduled contractual obligations as disclosed in our Form 10-K.

Development Communities

As of March 31, 2021, we owned or held a direct interest in 13 Development Communities under construction. We expect these Development Communities, when completed, to add a total of 3,757 apartment homes and 43,000 square feet of commercial space to our portfolio for a total capitalized cost, including land acquisition costs, of approximately $1,349,000,000. We cannot assure you that we will meet our schedule for construction completion or that we will meet our budgeted costs, either individually or in the aggregate. You should carefully review Part I, Item 1A. "Risk Factors" of our Form 10-K, as well as the discussion under Part II, Item 1A. "Risk Factors" in this report, for a discussion of the risks associated with development activity.

The following table presents a summary of the Development Communities.

		Number of apartment homes	Projected total capitalized cost (1) ($ millions)	Construction start	Initial projected or actual occupancy (2)	Estimated completion	Estimated stabilized operations (3)
1.	Avalon Old Bridge *Old Bridge, NJ*	252	$ 72	Q3 2018	Q3 2020	Q2 2021	Q3 2021
2.	Avalon 555 President *Baltimore, MD*	400	139	Q3 2018	Q3 2020	Q2 2021	Q1 2022
3.	Avalon Newcastle Commons II *Newcastle, WA*	293	107	Q4 2018	Q4 2020	Q2 2021	Q1 2022
4.	Kanso Twinbrook *Rockville, MD*	238	67	Q4 2018	Q4 2020	Q2 2021	Q4 2021
5.	Avalon Harrison (4) *Harrison, NY*	143	77	Q4 2018	Q2 2021	Q2 2022	Q3 2022
6.	Avalon Brea Place *Brea, CA*	653	290	Q2 2019	Q1 2021	Q2 2022	Q1 2023
7.	Avalon Foundry Row *Owings Mill, MD*	437	100	Q2 2019	Q1 2021	Q1 2022	Q2 2022
8.	Avalon Woburn *Woburn, MA*	350	121	Q4 2019	Q3 2021	Q2 2022	Q4 2022
9.	AVA RiNo *Denver, CO*	246	87	Q4 2019	Q1 2022	Q2 2022	Q4 2022
10.	Avalon Monrovia *Monrovia, CA*	154	68	Q4 2019	Q2 2021	Q3 2021	Q1 2022
11.	Avalon Harbor Isle *Island Park, NY*	172	90	Q4 2020	Q1 2022	Q3 2022	Q1 2023
12.	Avalon Easton II *Easton, MA*	44	15	Q4 2020	Q3 2021	Q4 2021	Q1 2022
13.	Avalon Somerville Station *Somerville, NJ*	375	116	Q4 2020	Q2 2022	Q3 2023	Q1 2024
	Total	3,757	$ 1,349				

(1) Projected total capitalized cost includes all capitalized costs projected to be or actually incurred to develop the respective Development Community, determined in accordance with GAAP, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, as well as costs incurred for first generation commercial tenants such as tenant improvements and leasing commissions.

(2) Initial projected occupancy dates are estimates.

(3) Stabilized operations is defined as the earlier of (i) attainment of 90% or greater physical occupancy or (ii) the one-year anniversary of completion of development.

(4) Development Communities containing at least 10,000 square feet of commercial space include Avalon Harrison (27,000 square feet).

During the three months ended March 31, 2021, we completed the development of the following communities:

		Number of apartment homes	Total capitalized cost (1) ($ millions)	Approximate rentable area (sq. ft.)	Total capitalized cost per sq. ft.
1.	Avalon Yonkers *Yonkers, NY*	590	$ 196	535,742	$ 366
2.	AVA Hollywood at La Pietra Place (2) *Hollywood, CA*	695	375	635,062	$ 590
3.	Avalon Acton II *Acton, MA*	86	31	128,044	$ 242
	Total	1,371	$ 602		

(1) Total capitalized cost is as of March 31, 2021. We generally anticipate incurring additional costs associated with these communities that are customary for new developments.

(2) AVA Hollywood at La Pietra Place contains 19,000 square feet of commercial space.

Development Rights

At March 31, 2021, we had $184,058,000 in acquisition and related capitalized costs for direct interests in nine land parcels we own. In addition, we had $47,081,000 in capitalized costs (including legal fees, design fees and related overhead costs) related to (i) 12 Development Rights for which we control the land parcel, typically through a conditional agreement or option to purchase or lease the land, as well as (ii) costs incurred for four Development Rights that are additional development phases of existing stabilized operating communities we own and which will be constructed on land currently adjacent to or directly associated with those operating communities for which we own the land. Collectively, the land held for development and associated costs for deferred development rights relate to 25 Development Rights for which we expect to develop new apartment communities in the future. The Development Rights range from those beginning design and architectural planning to those that have completed site plans and drawings and can begin construction almost immediately. We estimate that the successful completion of all of these communities would ultimately add approximately 8,075 apartment homes to our portfolio. Substantially all of these apartment homes will offer features like those offered by the communities we currently own.

The properties comprising the Development Rights are in different stages of the due diligence and regulatory approval process. The decisions as to which of the Development Rights to invest in, if any, or to continue to pursue once an investment in a Development Right is made, are business judgments that we make after we perform financial, demographic and other analyses. In the event that we do not proceed with a Development Right, we generally would not recover any of the capitalized costs incurred in the pursuit of those communities, unless we were to recover amounts in connection with the sale of land; however, we cannot guarantee a recovery. Pre-development costs incurred in the pursuit of Development Rights for which future development is not yet considered probable are expensed as incurred. In addition, if the status of a Development Right changes, making future development no longer probable, any unrecoverable capitalized pre-development costs are charged to expense. During the three months ended March 31, 2021, we recognized net recoveries of $170,000 for expensed transaction, development and other pursuit costs, net of recoveries, which include development pursuits that were not yet probable of future development at the time incurred, or for pursuits that we determined were no longer probable of being developed.

You should carefully review Part I, Item 1A. "Risk Factors" of our Form 10-K, as well as the discussion under Part II, Item 1A. "Risk Factors" in this report, for a discussion of the risks associated with Development Rights.

Insurance and Risk of Uninsured Losses

We maintain commercial general liability insurance and property insurance with respect to all of our communities, with insurance policies issued by a combination of third party insurers as well as a wholly-owned captive insurance company. These policies, along with other insurance policies we maintain, have policy specifications, insured and self-insured limits, exclusions and deductibles that we consider commercially reasonable. We utilize a wholly-owned captive insurance company to insure certain types and amounts of risks, which include property damage and resulting business interruption losses, general liability insurance and other construction related liability risks. The captive is utilized to insure other limited levels of risk, which may be in part reinsured by third party insurance. There are, however, certain types of losses (including, but not limited to, losses arising from nuclear liability, pandemic or acts of war) that are not insured, in full or in part, because they are either uninsurable or the cost of insurance makes it, in management's view, economically impractical. You should carefully review the discussion under Part I, Item 1A. "Risk Factors" of our Form 10-K for a discussion of risks associated with an uninsured property or casualty loss.

Our communities are insured for certain property damage and business interruption losses through a combination of community specific insurance policies and/or a master property insurance program which covers the majority of our communities. This master property program provides a $400,000,000 limit for any single occurrence, subject to certain sub-limits and exclusions. Under the master property program, we are subject to various deductibles per occurrence, as well as additional self-insured retentions. In addition to our potential liability for the various policy self-insured retentions and deductibles, our captive insurance company is directly responsible for 100% of the first $25,000,000 of losses (per occurrence) and 10% of the second $25,000,000 of losses (per occurrence) incurred by the master property insurance policy. Our master property insurance program includes coverage for losses resulting from wildfires and windstorm. Limits, deductibles, self-insured retentions and coverages are consistent with customary market programs and may increase or decrease annually during the insurance renewal process which occurs on different dates throughout the calendar year.

Many of our West Coast communities are located within the general vicinity of active earthquake faults. Many of our communities are near, and thus susceptible to, the major fault lines in California, including the San Andreas Fault, the Hayward Fault or other geological faults that are known or unknown. We cannot assure you that an earthquake would not cause damage or losses greater than our current insured levels. We procure property damage and resulting business interruption insurance coverage with a loss limit of $175,000,000 for any single occurrence and in the annual aggregate for losses resulting from earthquakes. However, for any losses resulting from earthquakes at communities located in California or Washington, the loss limit is $200,000,000 for any single occurrence and in the annual aggregate.

Our communities are insured for third-party liability losses through a combination of community specific insurance policies and/or coverage provided under a master commercial general liability and umbrella/excess insurance program. The master commercial general liability and umbrella/excess insurance policies cover the majority of our communities and are subject to certain coverage limitations and exclusions. Our captive insurance company is directly responsible for covered liability claims arising out of our primary commercial general liability policy, subject to a $2,000,000 per occurrence loss limit.

We also maintain certain casualty policies (general liability, umbrella/excess and workers compensation) for construction related risks that have various exclusions and deductibles that, in management's view, are commercially reasonable.

Just as with office buildings, transportation systems and government buildings, there have been reports that apartment communities could become targets of terrorism. Our communities are insured for terrorism related losses through the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") program. This coverage extends to most of our casualty exposures (subject to deductibles and insured limits) and certain property insurance policies. We have also purchased private-market insurance for property damage due to terrorism with limits of $600,000,000 per occurrence and in the annual aggregate that includes certain coverages (not covered under TRIPRA) such as domestic-based terrorism. This insurance, often referred to as "non-certified" terrorism insurance, is subject to deductibles, limits and exclusions.

An additional consideration for insurance coverage and potential uninsured losses is mold growth or other environmental contamination. Mold growth may occur when excessive moisture accumulates in buildings or on building materials, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. If a significant mold problem arises at one of our communities, we could be required to undertake a costly remediation program to contain or remove the mold from the affected community and could be exposed to other liabilities. For further discussion of the risks and our related prevention and remediation activities, please refer to the discussion under Part I, Item 1A. "Risk Factors - We may incur costs due to environmental contamination or non-compliance" of our Form 10-K. We cannot provide assurance that we will have coverage under our existing policies for property damage or liability to third parties arising as a result of exposure to mold or a claim of exposure to mold at one of our communities.

We also maintain a crime policy (also commonly referred to as a fidelity policy or employee dishonesty policy) that applies to losses from employee theft of money, securities or property and a cyber liability insurance policy that applies to losses from breaches of data privacy. These policies are subject to maximum loss limits and include coverage limitations or exclusion that may preclude a full insurance recovery of losses related to employee theft or breaches of data privacy.

The amount or types of insurance we maintain may not be sufficient to cover all losses and we may change our policy limits, coverages and self-insured retentions at any time.

Inflation and Deflation

Substantially all of our apartment leases are for a term of one year or less. In an inflationary environment, this may allow us to realize increased rents upon renewal of existing leases or the beginning of new leases. Short-term leases generally minimize our risk from the adverse effect of inflation, although these leases generally permit residents to leave at the end of the lease term and therefore expose us to the effect of a decline in market rents.

Forward-Looking Statements

This Form 10-Q contains "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by our use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "project," "plan," "may," "shall," "will" and other similar expressions in this Form 10-Q, that predict or indicate future events and trends and that do not report historical matters. These statements include, among other things, statements regarding our intent, belief or expectations with respect to:

- the impact of the COVID-19 pandemic on our business, results of operations and financial condition;
- our potential development, redevelopment, acquisition or disposition of communities;
- the timing and cost of completion of apartment communities under construction, reconstruction, development or redevelopment;
- the timing of lease-up, occupancy and stabilization of apartment communities;
- the timing and net sales proceeds of condominium sales;
- the pursuit of land on which we are considering future development;
- the anticipated operating performance of our communities;
- cost, yield, revenue, NOI and earnings estimates;
- the impact of landlord-tenant laws and rent regulations;
- our declaration or payment of dividends;
- our joint venture and discretionary fund activities;
- our policies regarding investments, indebtedness, acquisitions, dispositions, financings and other matters;
- our qualification as a REIT under the Code;
- the real estate markets in Northern and Southern California, Denver, Colorado, and Southeast Florida, and markets in selected states in the Mid-Atlantic, New England, Metro New York/New Jersey and Pacific Northwest regions of the United States and in general;
- the availability of debt and equity financing;
- interest rates;

- general economic conditions including the potential impacts from current economic conditions and the COVID-19 pandemic;
- trends affecting our financial condition or results of operations; and
- the impact of outstanding legal proceedings.

We cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect our current expectations of the approximate outcomes of the matters discussed. We do not undertake a duty to update these forward-looking statements, and therefore they may not represent our estimates and assumptions after the date of this report. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to differ materially from the anticipated future results, performance or achievements expressed or implied by these forward-looking statements. You should carefully review the discussion under Part I, Item 1A. "Risk Factors" of our Form 10-K and Part II, Item 1A. "Risk Factors" in this report, for further discussion of risks associated with forward-looking statements.

Risks and uncertainties that might cause such differences include those related to the COVID-19 pandemic, about which there are many uncertainties, including (i) the duration and severity of the pandemic, (ii) the effect on the multifamily industry and the general economy of measures taken by businesses and the government to prevent the spread of the novel coronavirus and relieve economic distress of consumers, such as governmental limitations on the ability of multifamily owners to evict residents who are delinquent in the payment of their rent and (iii) the preferences of consumers and businesses for living and working arrangements both during and after the pandemic. Due to this uncertainty we are not able at this time to estimate the effect of these factors on our business, but the adverse impact of the pandemic on our business, results of operations, cash flows and financial condition could be material. In addition, the effects of the pandemic are likely to heighten the following risks, which we routinely face in our business:

- we may fail to secure development opportunities due to an inability to reach agreements with third-parties to obtain land at attractive prices or to obtain desired zoning and other local approvals;
- we may abandon or defer development opportunities for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development, increases in the cost of capital or lack of capital availability, resulting in losses;
- construction costs of a community may exceed our original estimates;
- we may not complete construction and lease-up of communities under development or redevelopment on schedule, resulting in increased interest costs and construction costs and a decrease in our expected rental revenues;
- the timing and net proceeds of condominium sales may not equal our current expectations;
- occupancy rates and market rents may be adversely affected by competition and local economic and market conditions which are beyond our control;
- financing may not be available on favorable terms or at all, and our cash flows from operations and access to cost effective capital may be insufficient for the development of our pipeline which could limit our pursuit of opportunities;
- the impact of new landlord-tenant laws and rent regulations may be greater than we expect;
- our cash flows may be insufficient to meet required payments of principal and interest, and we may be unable to refinance existing indebtedness or the terms of such refinancing may not be as favorable as the terms of existing indebtedness;
- we may be unsuccessful in our management of joint ventures and the REIT vehicles that are used with certain joint ventures;
- laws and regulations implementing rent control or rent stabilization, or otherwise limiting our ability to increase rents, charge fees or evict tenants, may impact our revenue or increase our costs;

- our expectations, estimates and assumptions as of the date of this filing regarding outstanding legal proceedings are subject to change; and
- the possibility that we may choose to pay dividends in our stock instead of cash, which may result in stockholders having to pay taxes with respect to such dividends in excess of the cash received, if any.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, or different assumptions were made, it is possible that different accounting policies would have been applied, resulting in different financial results or a different presentation of our financial statements. Our critical accounting policies consist of the following: (i) cost capitalization and (ii) abandoned pursuit costs and asset impairment. Our critical accounting policies and estimates have not changed materially from the discussion of our significant accounting policies found in Management's Discussion and Analysis and Results of Operations in our Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our exposures to market risk since December 31, 2020.

ITEM 4. CONTROL AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2021. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

We continue to review and document our disclosure controls and procedures, including our internal controls and procedures for financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

(b) Changes in internal controls over financial reporting.

None.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various claims and/or administrative proceedings that arise in the ordinary course of its business. While no assurances can be given, the Company does not currently believe that any of these outstanding litigation matters, individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors that could materially affect our business, financial condition or future results discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 in Part I, Item 1A. "Risk Factors." The risks described in our Form 10-K are not the only risks that could affect the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and/or operating results in the future. There have been no material changes to our risk factors since December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Issuer Purchases of Equity Securities

Period	**(a) Total Number of Shares Purchased (1)**	**(b) Average Price Paid Per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Dollar Amount that May Yet be Purchased Under the Plans or Programs (in thousands) (2)**
January 1- January 31, 2021	17	$ 160.43	—	$ 316,148
February 1- February 28, 2021	—	$ —	—	$ 316,148
March 1- March 31, 2021	74,709	$ 177.02	—	$ 316,148

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(1) Consists of shares surrendered to the Company in connection with exercise of stock options as payment of exercise price, as well as for taxes associated with the vesting of restricted share grants.

(2) The Company announced on July 29, 2020 that the Board of Directors approved the 2020 Stock Repurchase Program, under which the Company may acquire shares of its common stock in open market or negotiated transactions up to an aggregate purchase price of $500,000,000. Purchases of common stock under the 2020 Stock Repurchase Program may be exercised from time to time in the Company's discretion and in such amounts as market conditions warrant. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions and other corporate liquidity requirements and priorities. The 2020 Stock Repurchase Program does not have an expiration date and may be suspended or terminated at any time without prior notice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.		Description
3(i).1	—	Articles of Amendment and Restatement of Articles of Incorporation of the Company, dated as of June 4, 1998. (Incorporated by reference to Exhibit 3(i).1 to Form 10-K of the Company filed March 1, 2007.)
3(i).2	—	Articles of Amendment, dated as of October 2, 1998. (Incorporated by reference to Exhibit 3(i).2 to Form 10-K of the Company filed March 1, 2007.)
3(i).3	—	Articles of Amendment, dated as of May 22, 2013. (Incorporated by reference to Exhibit 3(i).3 to Form 8-K of the Company filed May 22, 2013.)
3(i).4	—	Articles of Amendment, dated as of May 14, 2020. (Incorporated by reference to Exhibit 3(i).4 to Form 8-K of the Company filed May 15, 2020.)
3(ii).1	—	Amended and Restated Bylaws of the Company, as adopted by the Board of Directors on November 12, 2015, and as further amended on February 16, 2017, November 9, 2017, and May 6, 2019. (Incorporated by reference to Exhibit 3(ii).1 to Form 10-Q of the Company filed August 6, 2019.)
10.1+	—	Employment Agreement between the Company and Benjamin W. Schall, dated as of December 4, 2020 (Incorporated by reference to Exhibit 10.1 to Form 8-K of the Company filed December 10, 2020.)
10.2+	—	The Company's Officer Severance Plan, as amended and restated on February 25, 2021. (Filed herewith.)
10.3+	—	Form of Incentive Stock Option/Non-Qualified Stock Option Agreement for use with officers and associates for 2021 Supplemental Awards. (Filed herewith.)
31.1	—	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer). (Filed herewith.)
31.2	—	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer). (Filed herewith.)
32	—	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Chief Financial Officer). (Furnished herewith.)
101	—	The following financial materials from AvalonBay Communities, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) Notes to the Consolidated Financial Statements. (Filed herewith.)
104	—	Cover Page Interactive Data File (embedded within the Inline XBRL document). (Filed herewith.)

\+ Management contract or compensatory plan or arrangement required to be filed or incorporated by reference as an exhibit to this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVALONBAY COMMUNITIES, INC.

Date:	May 5, 2021	/s/ Timothy J. Naughton
		Timothy J. Naughton Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	May 5, 2021	/s/ Kevin P. O'Shea
		Kevin P. O'Shea Chief Financial Officer (Principal Financial Officer)

Exhibit 10.2

AVALONBAY COMMUNITIES, INC.

Officer Severance Plan

(As adopted September 9, 1999 and amended and restated November 18, 2008
and further amended and restated on November 9, 2011,
February 11, 2016 and February 25, 2021)

1. Purpose. AvalonBay Communities, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the "Board") recognizes, however, that, as is the case with many publicly held corporations, the possibility of a Sale Event (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that the AvalonBay Communities, Inc. Officer Severance Plan (the "Plan") should be adopted to reinforce and encourage the continued attention and dedication of the Covered Employees (as defined below) to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Sale Event. The term "Covered Employee" means any officer of the Company holding the position of Vice President or a more senior title (each, a "Covered Employee"). Nothing in this Plan shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Covered Employee and the Company or any of its subsidiaries or affiliates (together with the Company, the "Employers"), the Covered Employee shall not have any right to be retained in the employ of the Employers.

2. Sale Event. For purposes of this Plan, a "Sale Event" shall mean the occurrence of any one of the following events:

(a) the sale of all or substantially all of the assets of the Company on a consolidated basis to one or more unrelated persons or entities, or

(b) the sale or other transfer of all or substantially all of the shares of common stock of the Company to one or more unrelated persons or entities (including by way of a merger, reorganization or consolidation in which the outstanding shares of common stock of the Company are converted into or exchanged for securities of the successor entity) where the stockholders of the Company, immediately prior to such sale or other transfer, would not, immediately after such sale or transfer, beneficially own shares representing in the aggregate more than fifty percent (50%) of the voting shares of the acquirer or surviving entity (or its ultimate parent corporation, if any). For this purpose, only voting shares of the acquirer or surviving entity (or its ultimate parent, if any) received by stockholders of the Company in exchange for the common stock of the Company shall be counted, and any voting shares of the acquirer or surviving entity (or its ultimate parent, if any) already owned by stockholders of the Company prior to the transaction shall be disregarded.

3. Terminating Event. A "Terminating Event" shall mean the termination of employment of a Covered Employee by reason of any of the events provided in this Section 3 occurring in connection with or within twenty-four (24) months following a Sale Event:

(a) termination by the Employers of the employment of the Covered Employee with the Employers for any reason other than (i) for Cause or (ii) as a result of the death or disability (as determined under the Employers' then existing long-term disability coverage) of such Covered Employee. "Cause" shall have the meaning set forth in the Company's Amended and Restated 2009 Stock Option and Incentive Plan, as the same may be amended from time to time (the "Stock Plan"), or any successor plan to the Stock Plan.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Covered Employee becoming an employee of any direct or indirect successor to the business or assets of any of the Employers, rather than continuing as an employee of the Employers following a Sale Event; or

(b) termination by the Covered Employee of the Covered Employee's employment with the Employers for Good Reason. "Good Reason" shall have the meaning set forth in the Stock Plan or any successor to the Stock Plan.

4. Special Termination Benefits. In the event a Terminating Event occurs with respect to a Covered Employee and subject to the provisions of Section 14,

(a) the Employers shall pay to the Covered Employee an amount equal to all accrued but unpaid annual base salary earned through such Covered Employee's Date of Termination. In addition, if as of the Date of Termination the Covered Employee has not yet been paid or awarded the annual cash bonus and annual long term incentive award (e.g., restricted stock in respect of the prior year's performance) he or she earned for the prior year (e.g., if the termination occurs in January so that bonuses in respect of the prior year have not yet been paid), such compensation shall also be paid. Said amounts shall be paid in cash in one lump sum payment no later than sixty (60) days following the Date of Termination; and

(b) the Employers shall pay to the Covered Employee an amount equal to the sum of the following:

(i) a cash payment representing the product of (A) the sum of the Covered Employee's annual cash bonus at target plus the dollar value of the Covered Employee's annual long-term incentive award at target (i.e., any new equity award such as restricted stock that would in the ordinary course have first been awarded promptly following the end of the current year based on an evaluation of the current year's performance, and not including any multi-year performance awards), multiplied by (B) a fraction, the numerator of which is the number of days from the beginning of the calendar year through the Covered Employee's Date of Termination and the denominator of which is 365; and

(ii) a multiple of the Covered Employee's Covered Compensation. The multiple depends on the Covered Employee's position:

If the Covered Employee is the Chief Executive Officer or President, the multiple is three (3);

If the Covered Employee is (A) an Executive Vice President or the Chief Financial Officer, Chief Investment Officer, or Chief Operating Officer, or (B) an officer who is recognized by the Company's Board of Directors as an "officer" within the meaning of Section 16 of the Securities Exchange Act of 1934 and who reports to the Chief Executive Officer or President, the multiple is two (2);

In all other instances the multiple is one (1) (except that if such Terminating Event is as a result of the Covered Employee being required to relocate his or her office, and the Covered Employee is a Vice President, the multiple of Covered Compensation referred to in this Section 4(b)(ii) is reduced to one-half (0.5) times).

For this purpose, "Covered Compensation" shall mean the sum of (A) the Covered Employee's annual base salary on the Date of Termination plus (B) the Covered Employee's target annual bonus immediately prior to the Terminating Event.

Said amount shall be paid in one lump sum payment no later than sixty (60) days following the Date of Termination; and

(c) if the Employee makes a timely election to continue benefits under COBRA, the Employers shall pay the full premium for such insurance for eighteen (18) months after the Terminating Event or until such earlier date as COBRA benefits cease to be available; and

(d) all outstanding equity awards held by the Covered Employee shall become fully vested and nonforfeitable. For clarification, it is noted that, in the case of multi-year performance awards whose terms address their treatment in the case of a Sale Event, such terms in the multi-year performance award shall be followed and take precedence over the terms that would otherwise apply, if any, under this Officer Severance Plan.

Notwithstanding the foregoing, cash severance termination benefits required by Section 4 shall be reduced by any amount of cash severance paid or payable to the Covered Employee by the Employers under the terms of any employment agreement or other plan or arrangement providing for cash compensation upon such Covered Employee's termination of employment (other than payment of accrued vacation benefits and payments under any deferred compensation plan or payment for the value of any equity award). Other benefits under this Plan shall also be reduced or eliminated to the extent the same benefits are provided to the Covered Employee under other agreements or arrangements. Therefore, a Covered Employee with an employment agreement or arrangement that provides the same or greater scope and amount of severance benefits than those provided in this Officer Severance Program will receive no payments or benefits under this Officer Severance Program.

5. Limitation.

(a) Anything in this Plan to the contrary notwithstanding, in the event that any compensation, payment or distribution by the Employers to or for the benefit of a Covered Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the following provisions shall apply to such Covered Employee:

(i) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes payable by the Covered Employee on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Covered Employee shall be entitled to the full benefits payable under this Plan.

(ii) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the benefits payable under this Plan shall be reduced (but not below zero) to the extent necessary so that the maximum Severance Payments shall not exceed the Threshold Amount. In such event, the payments shall be reduced in the following order: (A) cash payments not subject to Section 409A of the Code; (B) cash payments subject to Section 409A of the Code; and (D) non-cash form of benefits. To the extent any payment is to be made over time, then the payment shall be reduced in reverse chronological order.

For the purposes of this Section 5, "Threshold Amount" shall mean three (3) times the Covered Employee's "base amount" within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar ($1.00); and "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, or any interest or penalties incurred by the Covered Employee with respect to such excise tax.

(b) The determination as to which of the alternative provisions of Section 5(a) shall apply to the Covered Employee shall be made by such nationally recognized accounting firm as may at that time be the Company's independent public accountants immediately prior to the Sale Event (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Employers and the Covered Employee within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Covered Employee. For purposes of determining which of the alternative provisions of Section 5(a) shall apply, the Covered Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Covered Employee's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Employers and the Covered Employee.

6. Withholding. All payments made by the Employers under this Plan shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

7. Notice and Date of Termination; Etc.

(a) Notice of Termination. Any purported termination by the Employer of a Covered Employee’s employment (other than by reason of death) in connection with or within twenty-four (24) months following a Sale Event shall be communicated by written Notice of Termination from the Employers to the Covered Employee in accordance with this Section 7. For purposes of this Plan, a “Notice of Termination” shall mean a notice which shall indicate the specific termination provision in this Plan relied upon and the Date of Termination. Further, a Notice of Termination for Cause is required to include a written explanation as to the basis for such termination.

(b) Date of Termination. “Date of Termination,” with respect to any purported termination of a Covered Employee’s employment by the Employers in connection with or within twenty-four (24) months after a Sale Event, shall mean the date specified in the Notice of Termination which, in the case of a termination by the Employers other than a termination for Cause (which may be effective immediately), shall not be less than thirty (30) days after the Notice of Termination is given. Notwithstanding Section 3(a) of this Plan, in the event that a Covered Employee gives a Notice of Termination to the Employers, the Employers may unilaterally accelerate the date of termination of such Covered Employee and such acceleration shall not constitute an independent Terminating Event for purposes of Section 3(a) of this Plan or a violation of the preceding sentence (*i.e.*, the Covered Employee will be entitled to severance payments and benefits hereunder only if such Covered Employee’s Notice of Termination was with respect to a termination for Good Reason).

(c) No Mitigation. The Covered Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Covered Employee by the Employers under this Plan. Further, the amount of any payment provided for in this Plan shall not be reduced by any compensation earned by the Covered Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Covered Employee to the Employers, or otherwise.

8. Resolution of Disputes; Procedures and Scope of Arbitration.

(a) All controversies and claims arising under or in connection with this Plan or relating to the interpretation, breach or enforcement thereof and all other disputes between a Covered Employee and the Company, shall be resolved by expedited, binding arbitration, to be held in California or Virginia, as selected by the Covered Employee, in accordance with the applicable rules of the American Arbitration Association governing employment disputes. In any proceeding relating to the amount owed to a Covered Employee in connection with his or her termination of employment, it is the contemplation under this Plan that the only remedy that the arbitrator may award in such a proceeding is an amount equal to the termination payments and benefits required to be provided under the applicable provisions of Section 4 and, if applicable, Section 5 hereof, to the extent not previously paid, plus the costs of arbitration and the Covered Employee’s reasonable attorneys fees and expenses as provided below. Any award made by such arbitrator shall be final, binding and conclusive on the Company and the Covered Employee for all purposes, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Except as otherwise provided in this paragraph, each party shall pay the cost of his or her or its own legal fees and expenses incurred in connection with an arbitration proceeding. Provided an award is made in favor of the Covered Employee in such proceeding, all of his or her reasonable attorneys fees and expenses incurred in pursuing or defending such proceeding shall be promptly reimbursed to the Covered Employee by the Company within five (5) days of the entry of the award. Any award of reasonable attorneys' fees shall take into account any offer of the Company, such that an award of attorneys' fees to the Covered Employee may be limited or eliminated to the extent that the final decision in favor of the Covered Employee does not represent a material increase in value over the offer that was made by the Company during the course of such proceeding. However, any elimination or limitation on attorneys' fees shall only apply to those attorneys' fees incurred after the offer by the Company.

(c) In any case where the Company or any other person seeks to stay or enjoin the commencement or continuation of an arbitration proceeding, whether before or after an award has been made, or where a Covered Employee seeks recovery of amounts due after an award has been made, or where the Company brings any proceeding challenging or contesting the award, all of a Covered Employee's reasonable attorney's fees and expenses incurred in connection therewith shall be promptly reimbursed by the Company to the Covered Employee, within five (5) days of presentation of an itemized request for reimbursement, regardless of whether the Covered Employee prevails and regardless of the forum in which such proceeding is brought.

9. Benefits and Burdens. This Plan shall inure to the benefit of and be binding upon the Employers and the Covered Employees, their respective successors, executors, administrators, heirs and permitted assigns. In the event of a Covered Employee's death after a Terminating Event but prior to the completion by the Employers of all payments due him under this Plan, the Employers shall continue such payments to the Covered Employee's beneficiary designated in writing to the Employers prior to his or her death (or to his or her estate, if the Covered Employee fails to make such designation).

10. Enforceability. If any portion or provision of this Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Plan shall be valid and enforceable to the fullest extent permitted by law.

11. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Plan, or the waiver by any party of any breach of this Plan, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

12. Notices. Any notices, requests, demands, and other communications provided for by this Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Covered Employee at the last address the Covered Employee has filed in writing with the Employers, or to the Employers at their main office, attention of the Board of Directors.

13. Effect on Other Plans. Nothing in this Plan shall be construed to limit the rights of the Covered Employees under the Employers' benefit plans, programs or policies.

14. Nature of Payments; Requirement for Release, Confidentiality and Non-Solicitation Agreement. The amounts due pursuant to this Plan, except for payment of accrued base salary through the Date of Termination, are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty. As a condition to making the payments and providing the benefits required hereby, a Covered Employee is required to execute and deliver to the Company a Release and a Non-Solicitation Agreement (as such terms are defined below), and the Covered Employee is required to acknowledge in writing that he or she is resigning as an officer from the Company and as a director and officer of any subsidiary of the Company for which the Covered Employee serves in such capacity, before any amounts or benefits under this Plan are paid or provided. A "Release" shall mean a written release of all employment-related claims by Covered Employee of the Company in a form and manner reasonably satisfactory to the Company. Such Release shall in all events preserve Covered Employee's continuing rights under this Plan except with respect to any amount paid prior to or simultaneously with the execution of such Release, in which event Covered Employee shall acknowledge receipt of such amount and (if such is the case) that such amount was properly calculated and is in full satisfaction of the Company's obligation to pay such amount. "Non-Solicitation Agreement" means an agreement of Covered Employee with the Company that Covered Employee shall not, without the prior written consent of the Company for a period of one year following

the Covered Employee's date of termination, solicit or attempt to solicit for employment with or on behalf of any corporation, partnership, venture or other business entity, any employee of the Company or any of its affiliates or any person who was formerly employed by the Company or any of its affiliates within the preceding six (6) months, unless such person's employment was terminated by the Company or any of such affiliates. Subject to the foregoing, payments will be made as soon as reasonably practicable (as determined by the Company) after the Covered Employee's execution of the Release and Non-Solicitation Agreement and the lapse of any required revocation period but in all events such payments shall be made on or before the sixtieth (60^{th}) day after the Covered Employee's Date of Termination (or Sale Event if the Terminating Event occurs before the Sale Event), except that if such 60-day period begins in one calendar year and ends in a second calendar year, such payment in all events will occur during the second calendar year and within such 60-day period.

15. Amendment or Termination of Plan. The Company may at any time or from time to time amend or terminate this Plan, but no such amendment or termination that has an adverse impact on a Covered Employee will be effective with respect to that Covered Employee (i) if a Sale Event occurs within the six months following such amendment or termination of the Plan, or (ii) during the twenty-four (24) month period following a Sale Event.

16. Governing Law. This Plan shall be construed under and be governed in all respects by the laws of the State of Maryland.

17. Obligations of Successors. In addition to any obligations imposed by law upon any successor to the Employers, the Employers will use their best efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employers to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Employers would be required to perform if no such succession had taken place.

18. Section 409A. Anything in this Plan to the contrary notwithstanding, if at the time of the Covered Employee's "separation from service" within the meaning of Section 409A of the Code, the Company determines that the Covered Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Covered Employee becomes entitled to under this Plan would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A of the Code as a result of the application of Section 409A(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided prior to the date that is the earlier of (a) six (6) months and one (1) day after the Covered Employee's separation from service, or (b) the Covered Employee's death. Any such delayed cash payment shall earn interest at an annual rate equal to the applicable federal short-term rate published by the Internal Revenue Service for the month in which separation from service occurs, from the date of separation from service until the payment date. The parties intend that this Plan will be administered in accordance with Section 409A of the Code. The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409(A)-1(h).

Adopted by the Compensation Committee of the Board of Directors: as of September 9, 1999 and amended and restated on November 18, 2008, effective as of January 1, 2009, and further amended and restated on November 9, 2011, effective as of November 9, 2011, and further amended and restated on February 11, 2016 and on February 25, 2021.

Exhibit 10.3

AvalonBay Communities, Inc.
[Incentive] [Non-Qualified] Stock Option Agreement
(2009 Equity Incentive Plan)

Pursuant to the AvalonBay Communities, Inc. Second Amended and Restated 2009 Equity Incentive Plan (the "Plan"), AvalonBay Communities, Inc. (the "Company") hereby grants to the Optionee named below an Option to purchase on or prior to the tenth anniversary of the grant date of this option award as set forth below (the "Expiration Date") up to the number of shares of the Company's Common Stock, par value $.01 per share ("Common Stock"), set forth below at the Exercise Price set forth below:

Optionee:	ParticipantName
Grant Date:	GrantDate
Vesting Date:	March 1, 2023
Number of Shares Underlying Option (the "Option Shares"):	AwardsGranted

This option is subject to all of the terms and conditions as set forth herein, in the [Incentive][Non-Qualified] Stock Option Agreement Terms (the "Terms") which are attached hereto and incorporated herein in their entirety, and in the Plan. Capitalized terms used but not defined herein or in the Terms shall have the respective meanings ascribed thereto in the Plan.

Incentive Stock Option: This Option [shall be construed in a manner to qualify it] [does not qualify] as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

Vesting Schedule: Subject to the provisions of Section 4 and 6 of the Terms and the discretion of the Company to accelerate the vesting schedule, this Option shall vest as to exercisability to purchase the Option Shares as follows:

100.0% on the Vesting Date,

Additional Terms/Acknowledgements: The undersigned Optionee acknowledges receipt of, and understands and agrees to, this [Incentive][Non-Qualified] Stock Option Agreement, including, without limitation, the Terms. Optionee further acknowledges receipt of a copy of the Plan. Optionee further acknowledges that as of the Date of Grant, this [Incentive][Non-Qualified] Stock Option Agreement, including, without limitation, the Terms, and the Plan set forth the entire understanding between Optionee and the Company regarding the Option described herein and supersede all prior oral and written agreements on that subject.

Attachment: [Incentive][Non-Qualified] Stock Option Agreement Terms

AVALONBAY COMMUNITIES, INC.
2009 EQUITY INCENTIVE PLAN

[INCENTIVE][NON-QUALIFIED] STOCK OPTION AGREEMENT TERMS

1. Vested Option Shares. Subject to Section 4, when this Option is vested with respect to any of the Option Shares, this Option shall continue to be exercisable with respect to such Option Shares ("Vested Option Shares") at any time or times prior to the Expiration Date.

2. Manner of Exercise. The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Common Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; [for ISO's: or (iv) a combination of (i), (ii) and (ii) above] [for NQSO's: (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above]. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full purchase price for the Option Shares, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Common Stock to be purchased pursuant to the exercise of Options under the Plan and any subsequent resale of the shares of Common Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the purchase price by previously-owned shares of Common Stock through the attestation method, the number of shares of Common Stock transferred to the Optionee upon the exercise of the Option shall be net of the shares attested to.

The shares of Common Stock purchased upon exercise of this Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to this Option unless and until this Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Common Stock.

The minimum number of shares with respect to which this Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Option is being exercised is the total number of shares subject to exercise under this Option at the time.

Notwithstanding any other provision hereof or of the Plan, no portion of this Option shall be exercisable after the Expiration Date hereof.

3. Non-transferability of Option. This Option is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

4. Termination of Employment (or Other Business Relationship). If the Optionee's employment by (or other business relationship with) the Company or a Subsidiary (as defined in the Plan) is terminated, the period within which to exercise the Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's employment (or other business relationship) terminates by reason of death, this Option shall be automatically vested on the date of termination and shall be exercisable by the Optionee's legal representative or legatee (i) for a period of twelve (12) months from the date of termination or (ii) until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee's employment (or other business relationship) terminates by reason of Disability (as defined below), this Option shall be automatically vested on the date of termination, and shall be exercisable (i) for a period of twelve (12) months from the date of termination or (ii) until the Expiration Date, if earlier. The death of the Optionee during the period provided in this Section 4(b) shall extend such period (if it would otherwise expire) for six (6) months from the date of death or until the Expiration Date, if earlier.

(c) Termination by Reason of Retirement.

(i) If the Optionee's employment (or other business relationship) terminates on or after the Vesting Date by reason of Retirement (as defined below), this Option shall be exercisable until the Expiration Date, provided that if the Optionee, during the first 24 months following his or her Retirement, engages in any Restricted Activities with any Competing Enterprise (both as defined below), then the Option shall expire and terminate on the three-month anniversary of the first day that Optionee engages in such activities (such three month anniversary, the "Early Retirement Expiration Date"), whether or not the Company is aware of such activities or gives notice, written or otherwise, to Optionee to such effect. Upon the death of the Optionee during the period provided in this Section 4(c), the Optionee's estate may exercise, until the Expiration Date or, if earlier and applicable, the Early Retirement Expiration Date, this Option. During the two years after the Optionee's employment terminates by reason of Retirement, the Company may require, before allowing an Optionee to exercise this Option, that the Optionee certify in writing that he or she has not engaged in Restricted Activities with a Competing Enterprise. Notwithstanding the foregoing the Company may require, as a condition to the period of exercisability of the Option after Retirement being more than three months, that the Optionee sign and deliver a Separation Agreement (as defined below) and that such Separation Agreement become effective (including through the passage without revocation of any revocation period provided therein) within 30 days of the Optionee's Retirement.

(ii) If the Optionee's employment (or other business relationship) terminates before the Vesting Date by reason of Retirement, this Option shall terminate and be of no further force or effect, and Optionee shall have no right at any time thereafter to exercise the Option granted hereby.

(d) Termination for Cause. If the Optionee's employment (or other business relationship) terminates for Cause (as defined below), any Option held by the Optionee shall immediately terminate and be of no further force and effect.

(e) Termination Without Cause or for Good Reason within 24 Months of Sale Event. If the Optionee's employment (or other business relationship) is terminated by the Company without

Cause (whether before or after a Sale Event) or, as provided in the Plan, is terminated by the Optionee for Good Reason within 24 months following a Sale Event, this Option shall be automatically vested on the date of termination, and shall be exercisable (i) for a period of twelve (12) months from the date of termination, or (ii) until the Expiration Date, if earlier. The death of the Optionee during the period provided in this Section 4(e) shall extend such period (if it would otherwise expire) for six (6) months from the date of death, or until the Expiration Date, if earlier.

(f) Termination at the Election of the Optionee. If the Optionee's employment (or other business relationship) is voluntarily terminated at the election of the Optionee (other than for Good Reason in connection with or within 24 months following a Sale Event, death, Disability, Retirement, or a termination at the Company's election whether for Cause or without Cause), then (i) if such voluntary termination is on or after the Vesting Date, this Option may be exercised for a period of three (3) months from the date of termination, or until the Expiration Date, if earlier, or (ii) if such voluntary termination is before the Vesting Date this Option shall terminate and be of no further force or effect, and Optionee shall have no right at any time thereafter to exercise the Option granted hereby.

For purposes hereof, a business relationship shall include (i) serving on the Company's Board of Directors, which service preceded or began immediately following a termination of employment, or (ii) a consulting arrangement between Optionee and the Company that immediately follows termination of employment or termination from the Board of Directors, but only if so stated in a written consulting agreement executed by the Company and Optionee, and in such case as described in the preceding clauses (i) or (ii) Optionee shall not be considered to have suffered a termination of employment or other business relationship until the termination of such service on the Board of Directors and/or consulting arrangement.

Notwithstanding the foregoing, the Company may require, as a condition to vesting of the unvested portion of the Option, that the Optionee sign and deliver a Separation Agreement (as hereinafter defined), and such Separation Agreement becomes effective (including through the passage without revocation of any revocation period provided therein) within 30 days of his or her termination of employment, provided that no Separation Agreement shall be required as a condition to accelerated vesting for (x) a termination of employment within 24 months after a Sale Event either without Cause or for Good Reason or (y) a termination of Optionee by reason of death, or death during the thirty days following a termination of employment).

For this purpose, neither a transfer of employment from the Company to a Subsidiary (or from a Subsidiary to the Company) nor an approved leave of absence shall be deemed a "termination of employment." The Administrator's determination of the reason for termination of the Optionee's employment shall be conclusive and binding on the Optionee and his or her representatives or legatees except during the 24 months after a Sale Event.

For purposes of this Option, following terms shall have the meaning specified below:

"Cause" and "Good Reason" and "Sale Event" shall have the meanings set forth for such terms in the Plan.

"Disability" shall mean the Employee's inability to perform his normal required services for the Company and its Subsidiaries for a period of six consecutive months by reason of the individual's mental or physical disability, as determined by the Company in good faith in its sole discretion, except that the Administrator's approval will also be required in the event the participant is an officer as defined by Section 16 of the Securities Exchange Act or is at the level of executive vice president or above or is on the Company's Board of Directors.

"Retirement" shall mean the termination of the Optionee's employment (and other business relationship) with the Company and its Subsidiaries, other than for Cause, following the date on which the sum of the following equals or exceeds 70 years: (i) the number of full months of the Optionee's employment and other business relationships with the Company and any predecessor Company and (ii) the Optionee's age on the date of termination (i.e., a person whose age is 55 years, 6 months and who has worked at the Company for 14 years, 6 months meets the 70 years requirement); provided that:

(x) the Optionee's employment by (or other business relationships with) the Company and any predecessor company of the Company have continued for a period of at least 120 continuous full months at the time of termination and, on the date of termination, the Optionee is at least 50 years old; and

(y) in the case of termination of employment, the Optionee gives at least six months' prior written notice to the Company of his or her intention to retire.

"Separation Agreement" means a written agreement between the Optionee and the Company, in such form as the Company may reasonably require, providing as follows:

- the Optionee provides a full release of any actual or potential claim against the Company and its current and former directors, officers, associates, agents and affiliates, under any applicable law and theory of claim, to the maximum extent permitted by law;
- the Optionee agrees to provide reasonable cooperation with respect to investigation and litigation matters;
- the Optionee acknowledges and agrees to return all Company property and not use any Company property or proprietary information;
- the Optionee agrees not to disparage the Company or its officer, directors, agents or management, subject to reasonable exceptions set forth in the agreement; and
- for a period of at least 24 months following the Optionee's termination of employment with the Company the Optionee shall not, without the prior written consent of the Company, solicit or attempt to solicit for employment with or on behalf of any Competing Enterprise any employee of the Company or any of its affiliates or any person who was formerly employed by the Company or any of its affiliates within the preceding six months, unless such person's employment was terminated by the Company or any of such affiliates.

In addition, in connection with a termination of employment due to Retirement, a Separation Agreement shall, to the extent permitted by applicable law, provide that, for a period of at least 24 months following the Optionee's termination of employment with the Company, the Optionee shall not, without the prior written consent of the Company, engage in any "Restricted Activities" with respect to any "Competing Enterprise," as such terms are hereinafter defined, whether such activities are engaged in as an officer, employee, principal, partner, agent, consultant, independent contractor, advisor, director, or shareholder. "Restricted Activities," for purposes of this section and Section 4(c), shall mean executive, managerial, directorial, administrative, advisory, strategic, business development or supervisory responsibilities and activities relating to any aspect of multifamily rental real estate development, investment, ownership, marketing, design or management; multifamily rental real estate franchising; or multifamily rental real estate joint-venturing. "Competing Enterprise," for purposes of this section and Section 4(c), means an entity for whom both:

A. either (i) 50% or more of the assets that it has an interest in, in the United States, either directly or indirectly and in whole or in part, and valued at gross fair market value without any reduction for debt or for the equity interests of third parties, are attributable to "multifamily residential rental real estate" or (ii) 50% or more of the net operating income (calculated in the manner that the Company calculates net operating income) of the assets that it has an interest in, in the United States, either directly or indirectly and in whole or in part, is attributable to "multifamily residential rental real estate", and

B. either (i) such entity (or its ultimate parent entity) is publicly traded or (ii) such entity (and its ultimate parent entity) are private (not publicly traded) and such entity's total assets (valued at gross fair market value without any reduction for debt or for the equity interests of third parties) are valued at $350 million or more.

As used in the definition of "Competing Enterprise," "multifamily residential rental real estate" means a real property asset for which at least 70% of the net operating income is on account of residential units.

It should be noted that no provision in any required Separation Agreement shall (i) preclude an Optionee from communicating with federal, state or local governmental or regulatory agencies, (ii) require an Optionee to inform the Company about any such communication, or (iii) preclude an Optionee from collecting a government program bounty to which the Optionee may be entitled.

5. Option Shares. The Option Shares are shares of the Common Stock of the Company as constituted on the date of this Option, subject to adjustment as provided in the Plan.

6. Acknowledgment and Acceptance of Grant. Optionee agrees that he or she may be required to evidence his or her acknowledgement of this award and agreement to the terms hereof by accepting this award in the Company's stock plan administrator's system, which acceptance may be required within a certain number of days from the grant date hereof in accordance with instructions and/or announcements provided by the Company to the Optionee and, failing to accept this award within the Company's stock plan administrator's system within such number of days may constitute grounds for forfeiture of this award in the Company's sole and absolute discretion.

7. No Special Employment Rights. This Option will not confer upon the Optionee any right with respect to continuance of employment by (or other business relationship with) the Company or a Subsidiary, nor will it interfere in any way with any right of the Optionee's employer to terminate the Optionee's employment (or other business relationship) at any time.

8. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock that may be purchased upon exercise of this Option unless and until a certificate or certificates representing such shares are duly issued and delivered to the Optionee. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

9. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

10. Withholding Taxes. The Optionee shall, not later than the date as of which the exercise of this Option becomes a taxable event for federal income tax purposes, pay to the Company (or make arrangements satisfactory to the Company for payment of) any Federal, state and local taxes required by law to be withheld on account of such taxable event. The Optionee may elect to have the minimum required tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

11. Non-Solicitation. Optionee hereby agrees that, for a period of at least 12 months following Optionee's termination of employment with the Company for any reason, Optionee shall not, without the prior written consent of the Company, solicit or attempt to solicit for employment with or on behalf of any other person, firm or entity any employee of the Company or any of its affiliates or any person who was formerly employed by the Company or any of its affiliates within the preceding six months, unless such person's employment was terminated by the Company or any of such affiliates.

12. Recoupment Policy. To the extent Optionee is a "Covered Officer", as defined in the Policy for Recoupment of Incentive Compensation adopted by the Company's Board of Directors, as amended from time to time (the "Recoupment Policy"), the Option, and shares of Common Stock received pursuant to exercise of the Option, and any proceeds received in connection with any sale of shares of Common Stock shall be subject to the Recoupment Policy.

[For ISO's: 13. Qualification under Section 422. It is understood and intended that the Option granted hereunder shall qualify as an "incentive stock option" as defined in Section 422 of the Code, but the Company does not represent or warrant that this Stock Option qualifies as such. The Optionee should consult with his or her own tax advisors regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. To the extent any portion of this Option does not so qualify as an "incentive stock option," such portion shall be deemed to be a non-qualified stock option. If the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any Option Shares within the one-year period beginning on the date after the transfer of such shares to him or her, or within the two-year period beginning on the day after the grant of this Option, he or she will so notify the Company within 30 days after such disposition.][For NQSO's: Omitted.]

14. Miscellaneous. Notices hereunder shall be mailed or delivered to the Company at its principal place of business, 4040 Wilson Blvd, Suite 1000, Arlington, Virginia 22203, Attention: Senior Director of Compensation, and shall be mailed or delivered to Optionee at his address set forth in the Company's records, or in either case at such other address as one party may subsequently furnish to the other party in writing. This Option shall be governed by the laws of the State of Maryland, except to the extent such law is preempted by federal law.

[End of Text]

Exhibit 31.1

CERTIFICATION

I, Timothy J. Naughton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AvalonBay Communities, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Timothy J. Naughton

Timothy J. Naughton
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Kevin P. O'Shea, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AvalonBay Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Kevin P. O'Shea
Kevin P. O'Shea
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION

The undersigned officers of AvalonBay Communities, Inc. (the “Company”) hereby certify that the Company’s quarterly report on Form 10-Q to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2021

/s/ Timothy J. Naughton
Timothy J. Naughton
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Kevin P. O'Shea
Kevin P. O'Shea
Chief Financial Officer
(Principal Financial Officer)

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933.