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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 31, 2007

AVALONBAY COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

Commission file number 1-12672

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

2900 Eisenhower Avenue, Suite 300
Alexandria, Virginia 22314
(Address of principal executive offices)(Zip code)

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

(Former name, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 31, 2007, AvalonBay Communities, Inc. issued a press release announcing its financial results for the third quarter 2007. That release referred to certain attachments with supplemental information that were available on the Company's website. The full text of the press release, including the supplemental information and attachments referred to within the release, are furnished as Exhibit 99.1 and Exhibit 99.2 hereto.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1	Press Release of AvalonBay Communities, Inc. dated October 31, 2007, including Attachments.
99.2	Supplemental discussion of third quarter 2007 operating results (the "Full Release") dated October 31, 2007, including Attachments.

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SIGNATURE

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

AVALONBAY COMMUNITIES, INC.

Dated: October 31, 2007

By: /s/ Thomas J. Sargeant
Thomas J. Sargeant
Chief Financial Officer

Exhibit Index

99.1	Press Release of AvalonBay Communities, Inc. dated October 31, 2007, including Attachments.
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PRESS RELEASE

Exhibit 99.1

Contact: Thomas J. Sargeant
Chief Financial Officer
AvalonBay Communities, Inc.
703-317-4635

For Immediate News Release
October 31, 2007

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2007 OPERATING RESULTS

(Alexandria, VA) AvalonBay Communities, Inc. (NYSE: AVB) reported today that Net Income Available to Common Stockholders for the quarter ended September 30, 2007 was $126,594,000. This resulted in Earnings per Share — diluted ("EPS") of $1.58 for the quarter ended September 30, 2007, compared to $0.53 for the comparable period of 2006, a per share increase of 198.1%. This increase is primarily attributable to gains from the sale of communities and growth in income from existing and newly developed communities.

For the nine months ended September 30, 2007, EPS was $2.74 compared to $2.83 for the comparable period of 2006, a per share decrease of 3.2%. This decrease is primarily attributable to a decrease in gains from the sale of land and communities in 2007 as compared to 2006, partially offset by growth in income from existing and newly developed communities in 2007. Results discussed in this release for both 2007 and 2006 include non-cash charges associated with our change in the accounting for certain land leases.

Funds from Operations attributable to common stockholders — diluted ("FFO") for the quarter ended September 30, 2007 was $95,302,000, or $1.19 per share, compared to $81,261,000, or $1.07 per share for the comparable period of 2006. FFO per share increased 11.2%, due primarily to contributions from improved community operating results and newly developed communities.

FFO per share for the nine months ended September 30, 2007 increased by 9.1% to $3.47 from $3.18 for the comparable period of 2006. FFO per share for the nine months ended September 30, 2007 and September 30, 2006, includes $0.01 and $0.18 per share, respectively, related to the sale of land parcels. Adjusting for these land sales in both years, FFO per share increased 15.3%, driven primarily by improved community operating results and contributions from newly developed communities.

Commenting on the Company's results, Bryce Blair, Chairman and CEO, said "Same store revenue and NOI growth remain above long-term trends and reflect the continued healthy apartment fundamentals in our markets. The health of our markets and the strength of our balance sheet position us well for opportunities and challenges heading into next year."

Operating Results for the Quarter Ended September 30, 2007 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $22,784,000, or 12.1% to $210,451,000. *For Established Communities*, rental revenue increased 5.0%, comprised of an increase in Average Rental Rates of 5.2% and a decrease in Economic Occupancy of 0.2%. As a result, total revenue for Established Communities increased $7,951,000 to $165,035,000. Operating expenses for Established Communities increased $604,000, or 1.1% to $53,538,000. Accordingly, Net Operating Income ("NOI") for Established Communities increased by $7,347,000, or 7.1%, to $111,497,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities from the third quarter of 2006 to the third quarter of 2007:

3Q 07 Compared to 3Q 06

	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
Northeast	2.8%	2.6%	2.9%	43.0%
Mid-Atlantic	5.3%	1.7%	7.7%	15.6%
Midwest	2.0%	11.8%	(3.8%)	2.0%
Pacific NW	11.0%	2.4%	15.7%	4.6%
No. California	8.3%	(3.1%)	13.4%	22.6%
So. California	4.0%	0.2%	5.7%	12.2%
Total	5.0%	1.1%	7.1%	100.0%

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

Cash concessions are recognized in accordance with Generally Accepted Accounting Principles ("GAAP") and are amortized over the approximate lease term, which is generally one year. The following table reflects the percentage changes in rental revenue on a GAAP basis and Rental Revenue with Concessions on a Cash Basis for our Established Communities:

	3Q 07 vs 3Q 06
Rental Revenue Change with Concessions on a GAAP Basis	5.0%
Rental Revenue Change with Concessions on a Cash Basis	4.3%

Operating Results for the Nine Months Ended September 30, 2007 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $65,409,000, or 12.0% to $610,696,000. *For Established Communities*, rental revenue increased 6.0%, comprised of an increase in Average Rental Rates of 6.3% and a decrease in Economic Occupancy of 0.3%. As a result, total revenue for Established Communities increased $27,412,000 to $487,066,000, and operating expenses for Established Communities increased $2,814,000 or 1.8% to $156,102,000. Accordingly, NOI for Established Communities increased by $24,598,000 or 8.0% to $330,964,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the nine months ended September 30, 2007 as compared to the nine months ended September 30, 2006:

YTD 2007 Compared to YTD 2006

	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
Northeast	3.4%	1.5%	4.4%	42.8%
Mid-Atlantic	6.9%	5.2%	7.9%	16.1%
Midwest	5.9%	10.5%	3.1%	2.1%
Pacific NW	11.7%	(0.2%)	18.2%	4.3%
No. California	8.9%	(0.8%)	13.1%	22.1%
So. California	5.3%	1.2%	7.0%	12.6%
Total	6.0%	1.8%	8.0%	100.0%

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

Development and Redevelopment Activity

The Company completed the development of three communities during the third quarter of 2007:

- Avalon Wilshire, located in Los Angeles, CA, is a mid-rise community containing 123 apartment homes and was completed for a Total Capital Cost of $47,600,000;
- Avalon Lyndhurst, located in the Northern NJ area, is a garden-style community containing 328 apartment homes and was completed for a Total Capital Cost of $83,100,000; and
- Avalon at Glen Cove North, located in Long Island, NY, is a mid-rise community containing 111 apartment homes and was completed for a Total Capital Cost of $40,300,000.

The Company commenced construction of three communities during the third quarter of 2007: Avalon Sharon and Avalon at the Hingham Shipyard, both located in the Boston market, and Avalon Union City, located in Northern CA. These three communities are expected to contain an aggregate of 829 apartment homes when completed for an estimated Total Capital Cost of $208,600,000.

During the third quarter of 2007, the Company commenced the redevelopment of Essex Place, located in Boston, MA, and Avalon Redmond Place, located in Redmond, WA. These two communities contain an aggregate of 508 apartment homes and will be redeveloped for an expected Total Capital Cost of $15,800,000, excluding costs incurred prior to the start of redevelopment.

The Company purchased a land parcel located in Chicago, IL for $23,000,000. The Company expects to begin construction of the first phase of a multi-phase community in 2008.

Acquisition Activity

During the third quarter of 2007, the Company purchased a garden-style community located in San Jose, CA, adjacent to its existing Countrybrook community. The new community, renamed Countrybrook II, contains 80 apartment homes and was acquired for a purchase price of $17,700,000. The Company will operate this community in conjunction with Countrybrook.

Disposition Activity

During the third quarter of 2007, the Company sold three communities: Avalon View, located in the New York Metro area; San Marino, located in Northern CA; and Avalon West, located in the Boston market. These three communities, which contained a total of 656 apartment homes, were sold for an aggregate sales price of $127,000,000. The sale of these three communities resulted in a gain as reported in accordance with GAAP of approximately $78,300,000 and an Economic Gain of approximately $71,500,000. The weighted average Initial Year Market Cap Rate for these three communities was 4.6% and the Unleveraged IRR over an approximate 13-year holding period was 17.0%.

In October 2007, the Company completed the sale of its partnership interest in Avalon Grove to its third–party venture partner for $63,446,000. Avalon Grove, located in the Fairfield-New Haven market of Connecticut, was previously reported as an unconsolidated real estate investment. The Company will continue to manage this community.

Investment Management Fund Activity

AvalonBay Value Added Fund, L.P. (the "Fund") is a private, discretionary investment vehicle in which the Company holds an equity interest of approximately 15%. During the third quarter of 2007, the Fund acquired the following communities:

- South Hills Apartments, located in Southern CA, is a garden-style community containing 85 apartment homes and was acquired for $20,700,000;
- Avalon Rutherford Station, located in Northern NJ, is a garden-style community containing 108 apartment homes and was acquired for $35,850,000; and
- Colonial Towers, located in the Boston market, is a garden-style community containing 211 apartment homes and was acquired for $21,500,000.

During the third quarter of 2007, the Fund completed the redevelopment of Avalon Redmond, located in Seattle, WA. Avalon Redmond is a garden-style community containing 400 apartment homes and was completed for a Total Capital Cost of $7,100,000, excluding costs incurred prior to the start of redevelopment.

During the third quarter of 2007, the Fund commenced the redevelopment of Cedar Valley, located in Columbia, MD. Cedar Valley contains 156 apartment homes and will be redeveloped for an aggregate Total Capital Cost of $4,000,000, excluding costs incurred prior to the start of redevelopment.

The Fund has invested $771,775,000 as of September 30, 2007. Management expects to invest approximately $50,000,000 of additional funds to redevelop the assets acquired, at which time, the Fund will become fully invested.

Financing, Liquidity and Balance Sheet Statistics

In August 2007, the Company repaid $150,000,000 of unsecured notes with an annual interest rate of 5.0% pursuant to their scheduled maturity.

As of September 30, 2007, the Company had $245,000,000 outstanding under its $650,000,000 unsecured credit facility. Leverage, calculated as total debt as a percentage of Total Market Capitalization, was 24.5% at September 30, 2007. Unencumbered NOI for the nine months ended September 30, 2007 was 83.2% and Interest Coverage for the third quarter of 2007 was 4.4 times.

In August 2007, the Company announced that its Board of Directors authorized an increase in its common stock repurchase program. Under the revised authorized limits, the Company may acquire shares of its common stock in open market or negotiated transactions up to an aggregate purchase price of $300,000,000. From August 1, 2007 to September 30, 2007, the Company repurchased 1,031,400 shares at an average price of $111.31 per share through this program.

Revised Accounting Interpretation

As discussed in Amendment No. 1 to the Company's 2006 Annual Report on Form 10-K/A, the Company made a change related to its accounting for land leases. This change resulted in a non-cash charge to operating expenses and reduced reported FFO by $0.03 and $0.10 per share from what would have been reported for the three and nine months ended September 30, 2007 under the Company's prior accounting treatment. Results for the three and nine months ended September 30, 2006 have also been restated, reducing reported FFO by $0.04 and $0.11 per share from what had previously been reported to reflect the impact of this change in land lease accounting.

Fourth Quarter and Full Year 2007 Financial Outlook

The Company expects EPS in the range of $1.09 to $1.13 for the fourth quarter of 2007. Based on changes in the Company's disposition plan, the Company is revising its projected EPS to a range of $3.83 to $3.87 for the full year 2007.

The Company re-affirmed the midpoint of the range for the 2007 outlook provided in the second quarter earnings release, while narrowing the expected range. The Company expects Projected FFO per share in the range of $4.63 to $4.67 for the full year 2007. The Company expects Projected FFO per share in the range of $1.16 to $1.20 for the fourth quarter of 2007. The financial outlook provided for the fourth quarter and full year 2007 includes non-cash charges of $0.03 and $0.13 per share, respectively, related to the revised land lease accounting discussed in Amendment No. 1 to the Company's 2006 Annual Report on Form 10-K/A.

Other Matters

The Company will hold a conference call on November 1, 2007 at 11:00 AM EDT to review and answer questions about this release, its third quarter results, the Attachments (described below) and related matters. To participate on the call, dial 1-877-510-2397 domestically and 1-706-634-5877 internationally.

To hear a replay of the call, which will be available from November 1, 2007 at 1:00 PM EDT to November 8, 2007 at 11:59 PM EST, dial 1-800-642-1687 domestically and 1-706-645-9291 internationally, and use Access Code: 19275540.

A webcast of the conference call will also be available at http://www.avalonbay.com/earnings, and an on-line playback of the webcast will be available for at least 30 days following the call.

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

About AvalonBay Communities, Inc.

As of September 30, 2007, the Company owned or held a direct or indirect ownership interest in 182 apartment communities containing 51,898 apartment homes in ten states and the District of Columbia, of which 19 communities were under construction and nine communities were under reconstruction. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in high barrier-to-entry markets of the United States. More information may be found on the Company's website at the following address http://www.avalonbay.com. For additional information, please contact John Christie, Senior Director of Investor Relations and Research at 1-703-317-4747 or Thomas J. Sargeant, Chief Financial Officer, at 1-703-317-4635.

Forward-Looking Statements

This release, including its Attachments, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these forward-looking statements by the Company's use of words such as "expects," "plans," "estimates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters. Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of risks and uncertainties, which include the following: changes in local employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; or we may abandon development or redevelopment opportunities for which we have already incurred costs. Additional discussions of risks and uncertainties appear in the Company's filings with the Securities and Exchange Commission, including the Company's Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 under the headings "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected operating results for the fourth quarter and full year 2007. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

Definitions and Reconciliations

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and further explained on Attachment 14, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 14 is included in the full earnings release available at the Company's website at http://www.avalonbay.com/earnings. This wire distribution includes only definitions and reconciliations of the following Non-GAAP financial measures:

FFO is determined based on a definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is calculated by the Company as net income or loss computed in accordance with GAAP, adjusted for gains or losses on sales of previously depreciated operating communities, extraordinary gains or losses (as defined by GAAP), cumulative effect of a change in accounting principle and depreciation of real estate assets, including adjustments for unconsolidated partnerships and joint ventures. Management generally considers FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses related to dispositions of previously depreciated operating communities and excluding 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 company's real estate between periods or as compared to different companies. A reconciliation of FFO to net income is as follows (dollars in thousands):

	Q3 2007	Q3 2006 (1)	YTD 2007 (2)	YTD 2006 (1)(2)
Net income	$ 128,769	$ 42,113	$ 226,340	$ 220,233
Dividends attributable to preferred stock	(2,175)	(2,175)	(6,525)	(6,525)
Depreciation — real estate assets, including discontinued operations and joint venture adjustments	46,913	41,224	136,677	123,711
Minority interest, including discontinued operations	53	99	225	297
Gain on sale of previously depreciated real estate assets	(78,258)	—	(78,258)	(97,411)
FFO attributable to common stockholders	$ 95,302	$ 81,261	$ 278,459	$ 240,305
Average shares outstanding — diluted	80,024,714	75,688,899	80,195,908	75,504,026
EPS — diluted	$ 1.58	$ 0.53	$ 2.74	$ 2.83
FFO per common share — diluted	$ 1.19	$ 1.07	$ 3.47	$ 3.18

(1) Amounts for the three and nine months ended September 30, 2006 have been restated from amounts previously reported to reflect a change in accounting for land leases.

(2) FFO per common share — diluted includes $0.01 for the nine months ended September 30, 2007 and $0.18 for the nine months ended September 30, 2006 related to the sale of a land parcel in each year.

Projected FFO, as provided within this release in the Company's outlook, is calculated on a basis consistent with historical FFO, and is therefore considered to be an appropriate supplemental measure to projected net income from projected operating performance. A reconciliation of the range provided for Projected FFO per share (diluted) for the fourth quarter and full year of 2007 to the range provided for projected EPS (diluted) is as follows:

	Low range	High range
Projected EPS (diluted) — Q4 07	$ 1.09	$ 1.13
Projected depreciation (real estate related)	0.59	0.61
Projected gain on sale of operating communities	(0.52)	(0.54)
Projected FFO per share (diluted) — Q4 07	$ 1.16	$ 1.20
Projected EPS (diluted) — Full Year 2007	$ 3.83	$ 3.87
Projected depreciation (real estate related)	2.28	2.32
Projected gain on sale of operating communities	(1.48)	(1.52)
Projected FFO per share (diluted) — Full Year 2007	$ 4.63	$ 4.67

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excludes corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, investments and investment management, net interest expense, general and administrative expense, joint venture income, minority interest expense, depreciation expense, gain on sale of real estate assets and income from discontinued operations. The Company considers NOI to be an appropriate supplemental measure to net income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of corporate-level property management overhead or general and administrative costs. This is more reflective of the operating performance of a community, and allows for an easier comparison of the operating performance of single assets or groups of assets. In addition, because prospective buyers of real estate have different overhead structures, with varying marginal impact to overhead by 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 groups of assets.

A reconciliation of NOI (from continuing operations) to net income, as well as a breakdown of NOI by operating segment, is as follows (dollars in thousands):

	Q3 2007	Q3 2006 (1)	YTD 2007	YTD 2006 (1)
Net income	$128,769	$ 42,113	$226,340	$ 220,233
Indirect operating expenses, net of corporate income	8,102	6,569	22,317	20,908
Investments and investment management	1,625	1,388	6,133	5,257
Interest expense, net	25,129	26,479	71,283	80,788
General and administrative expense	6,645	5,633	20,067	18,395
Joint venture income and minority interest	388	(454)	1,576	(629)
Depreciation expense	45,682	39,752	132,371	119,687
Gain on sale of real estate assets	(78,258)	(505)	(78,803)	(111,082)
Income from discontinued operations	(834)	(1,150)	(3,705)	(4,440)
NOI from continuing operations	$137,248	$119,825	$397,579	$ 349,117
Established:				
Northeast	$ 46,504	$ 45,180	$138,515	$ 132,637
Mid-Atlantic	17,977	16,698	53,273	49,362
Midwest	1,773	1,844	5,450	5,288
Pacific NW	5,784	4,998	17,131	14,499
No. California	29,401	25,917	86,335	76,312
So. California	10,058	9,513	30,260	28,268
Total Established	111,497	104,150	330,964	306,366
Other Stabilized	7,821	6,186	22,837	13,498
Development/Redevelopment	17,930	9,489	43,778	29,253
NOI from continuing operations	$137,248	$119,825	$397,579	$ 349,117

(1) Amounts for the three and nine months ended September 30, 2006 have been restated from amounts previously reported to reflect a change in accounting for land leases.

NOI as reported by the Company does not include the operating results from discontinued operations (i.e., assets sold during the period January 1, 2006 through September 30, 2007). A reconciliation of NOI from communities sold or classified as discontinued operations to net income for these communities is as follows (dollars in thousands):

	Q3 2007	Q3 2006	YTD 2007	YTD 2006
Income from discontinued operations	$ 834	$ 1,150	$ 3,705	$ 4,440
Interest expense, net	144	458	687	1,408
Depreciation expense	398	920	2,176	2,755
NOI from discontinued operations	$ 1,376	$ 2,528	$ 6,568	$ 8,603
NOI from assets sold	$ 456	$ 1,518	$ 3,567	$ 5,531
NOI from assets held for sale	920	1,010	3,001	3,072
NOI from discontinued operations	$ 1,376	$ 2,528	$ 6,568	$ 8,603

Projected NOI, as used within this release for certain Development and Redevelopment Communities and in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of this release (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For Development and Redevelopment Communities, Projected NOI is calculated based on the first year of Stabilized Operations, as defined below, following the completion of construction. In calculating the Initial Year Market Cap Rate, Projected NOI for dispositions is calculated for the first twelve months following the date of the buyer's valuation. Projected stabilized rental revenue represents management's estimate of projected gross potential (based on leased rents for occupied homes and Market Rents, as defined below, for vacant homes) minus projected economic vacancy and adjusted for concessions. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

Management believes that Projected NOI of the development and redevelopment communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the Development and Redevelopment Communities when the assets are complete and achieve stabilized occupancy (before allocation of any corporate-level property management overhead, general and administrative costs or interest expense). However, in this release the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development or redevelopment is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development or redevelopment will achieve the Projected NOI as described in this release.

Rental Revenue with Concessions on a Cash Basis is considered by the Company to be a supplemental measure to rental revenue in conformity with GAAP to help investors evaluate the impact of both current and historical concessions on GAAP based rental revenue and to more readily enable comparisons to revenue as reported by other companies. In addition, rental revenue (with concessions on a cash basis) allows an investor to understand the historical trend in cash concessions.

A reconciliation of rental revenue from Established Communities in conformity with GAAP to rental revenue (with concessions on a cash basis) is as follows (dollars in thousands):

	Q3 2007	Q3 2006
Rental revenue (GAAP basis)	$164,850	$156,943
Concessions amortized	1,563	2,459
Concessions granted	(1,558)	(1,407)
Rental revenue (with concessions on a cash basis)	$164,855	$157,995
% change — GAAP revenue	5.0%	
% change — cash revenue	4.3%	

Economic Gain is calculated by the Company as the gain on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain to be an appropriate supplemental measure to gain on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain to gain on sale in accordance with GAAP for both the nine months ended September 30, 2007 as well as prior years' activities is presented in the full earnings release.

Interest Coverage is calculated by the Company as EBITDA from continuing operations, excluding land gains, divided by the sum of interest expense, net, and preferred dividends. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. EBITDA is defined by the Company as net income before interest income and expense, income taxes, depreciation and amortization.

A reconciliation of EBITDA and a calculation of Interest Coverage for the third quarter of 2007 are as follows (dollars in thousands):

Net income	$128,769
Interest expense, net	25,129
Interest expense (discontinued operations)	144
Depreciation expense	45,682
Depreciation expense (discontinued operations)	398
EBITDA	$200,122
EBITDA from continuing operations	$120,488
EBITDA from discontinued operations	79,634
EBITDA	$200,122
EBITDA from continuing operations	$120,488
Land gains	—
EBITDA from continuing operations, excluding land gains	$120,488
Interest expense, net	25,129
Dividends attributable to preferred stock	2,175
Interest charges	27,304
Interest coverage	4.4

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment Community, or Development Right, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, all as determined in accordance with GAAP. For Redevelopment Communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Initial Year Market Cap Rate is defined by the Company as Projected NOI of a single community for the first 12 months of operations (assuming no repositioning), less estimates for non-routine allowance of approximately $200 — $300 per apartment home, divided by the gross sales price for the community. Projected NOI, as referred to above, represents management's estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation, amortization and extraordinary items. For this purpose, management's projection of operating expenses for the community includes a management fee of 3.0% — 3.5%. The Initial Year Market Cap Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for a property. Buyers may assign different Initial Year Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Initial Year Market Cap Rate is weighted based on the gross sales price of each community.

Unleveraged IRR on sold communities refers to the internal rate of return calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) are calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses. Therefore, Unleveraged IRR is not a substitute for net income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this release should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the holding period for each respective community, including net sales proceeds.

Leverage is calculated by the Company as total debt as a percentage of Total Market Capitalization. Total Market Capitalization represents the aggregate of the market value of the Company's common stock, the market value of the Company's operating partnership units outstanding (based on the market value of the Company's common stock), the liquidation preference of the Company's preferred stock and the outstanding principal balance of the Company's debt. Management believes that Leverage can be one useful measure of a real estate operating company's long-term liquidity and balance sheet strength, because it shows an approximate relationship between a company's total debt and the current total market value of its assets based on the current price at which the Company's common stock trades. Changes in Leverage also can influence changes in per share results. A calculation of Leverage as of September 30, 2007 is as follows (dollars in thousands):

Total debt	$ 3,057,102
Common stock	9,296,785
Preferred stock	100,000
Operating partnership units	7,558
Total debt	3,057,102
Total Market Capitalization	12,461,445
Debt as % of capitalization	24.5%

Because Leverage changes with fluctuations in the Company's stock price, which occur regularly, the Company's Leverage may change even when the Company's earnings, interest and debt levels remain stable. Investors should also note that the net realizable value of the Company's assets in liquidation is not easily determinable and may differ substantially from the Company's Total Market Capitalization.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by either outstanding secured debt or land leases (excluding land leases with purchase options that were put in place for governmental incentives or tax abatements) as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the nine months ended September 30, 2007 is as follows (dollars in thousands):

NOI for Established Communities	$330,964
NOI for Other Stabilized Communities	22,837
NOI for Development/Redevelopment Communities	43,778
NOI for discontinued operations	6,568
Total NOI generated by real estate assets	404,147
NOI on encumbered assets	67,919
NOI on unencumbered assets	336,228
Unencumbered NOI	83.2%

Established Communities are identified by the Company as communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the prior year. Therefore, for 2007, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2006 and are not conducting or planning to conduct substantial redevelopment activities within the current year. Established Communities do not include communities that are currently held for sale or planned for disposition during the current year.

Stabilized/Restabalized Operations is defined as the earlier of (i) attainment of 95% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

Economic Occupancy is defined as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue is determined by valuing occupied units at contract rates and vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant apartments at their Market Rents, 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.

Exhibit 99.2

AvalonBay Communities, Inc.

For Immediate News Release
October 31, 2007

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2007 OPERATING RESULTS

(Alexandria, VA) AvalonBay Communities, Inc. (NYSE: AVB) reported today that Net Income Available to Common Stockholders for the quarter ended September 30, 2007 was $126,594,000. This resulted in Earnings per Share — diluted ("EPS") of $1.58 for the quarter ended September 30, 2007, compared to $0.53 for the comparable period of 2006, a per share increase of 198.1%. This increase is primarily attributable to gains from the sale of communities and growth in income from existing and newly developed communities.

For the nine months ended September 30, 2007, EPS was $2.74 compared to $2.83 for the comparable period of 2006, a per share decrease of 3.2%. This decrease is primarily attributable to a decrease in gains from the sale of land and communities in 2007 as compared to 2006, partially offset by growth in income from existing and newly developed communities in 2007. Results discussed in this release for both 2007 and 2006 include non-cash charges associated with our change in the accounting for certain land leases.

Funds from Operations attributable to common stockholders — diluted ("FFO") for the quarter ended September 30, 2007 was $95,302,000, or $1.19 per share, compared to $81,261,000, or $1.07 per share for the comparable period of 2006. FFO per share increased 11.2%, due primarily to contributions from improved community operating results and newly developed communities.

FFO per share for the nine months ended September 30, 2007 increased by 9.1% to $3.47 from $3.18 for the comparable period of 2006. FFO per share for the nine months ended September 30, 2007 and September 30, 2006, includes $0.01 and $0.18 per share, respectively, related to the sale of land parcels. Adjusting for these land sales in both years, FFO per share increased 15.3%, driven primarily by improved community operating results and contributions from newly developed communities.

Commenting on the Company's results, Bryce Blair, Chairman and CEO, said "Same store revenue and NOI growth remain above long-term trends and reflect the continued healthy apartment fundamentals in our markets. The health of our markets and the strength of our balance sheet position us well for opportunities and challenges heading into next year."

Operating Results for the Quarter Ended September 30, 2007 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $22,784,000, or 12.1% to $210,451,000. *For Established Communities*, rental revenue increased 5.0%, comprised of an increase in Average Rental Rates of 5.2% and a decrease in Economic Occupancy of 0.2%. As a result, total revenue for Established Communities increased $7,951,000 to $165,035,000. Operating expenses for Established Communities increased $604,000, or 1.1% to $53,538,000. Accordingly, Net Operating Income ("NOI") for Established Communities increased by $7,347,000, or 7.1%, to $111,497,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities from the third quarter of 2006 to the third quarter of 2007:

3Q 07 Compared to 3Q 06

	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
Northeast	2.8%	2.6%	2.9%	43.0%
Mid-Atlantic	5.3%	1.7%	7.7%	15.6%
Midwest	2.0%	11.8%	(3.8%)	2.0%
Pacific NW	11.0%	2.4%	15.7%	4.6%
No. California	8.3%	(3.1%)	13.4%	22.6%
So. California	4.0%	0.2%	5.7%	12.2%
Total	5.0%	1.1%	7.1%	100.0%

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

Cash concessions are recognized in accordance with Generally Accepted Accounting Principles ("GAAP") and are amortized over the approximate lease term, which is generally one year. The following table reflects the percentage changes in rental revenue on a GAAP basis and Rental Revenue with Concessions on a Cash Basis for our Established Communities:

	3Q 07 vs 3Q 06
Rental Revenue Change with Concessions on a GAAP Basis	5.0%
Rental Revenue Change with Concessions on a Cash Basis	4.3%

Operating Results for the Nine Months Ended September 30, 2007 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by $65,409,000, or 12.0% to $610,696,000. *For Established Communities*, rental revenue increased 6.0%, comprised of an increase in Average Rental Rates of 6.3% and a decrease in Economic Occupancy of 0.3%. As a result, total revenue for Established Communities increased $27,412,000 to $487,066,000, and operating expenses for Established Communities increased $2,814,000 or 1.8% to $156,102,000. Accordingly, NOI for Established Communities increased by $24,598,000 or 8.0% to $330,964,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the nine months ended September 30, 2007 as compared to the nine months ended September 30, 2006:

YTD 2007 Compared to YTD 2006

	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
Northeast	3.4%	1.5%	4.4%	42.8%
Mid-Atlantic	6.9%	5.2%	7.9%	16.1%
Midwest	5.9%	10.5%	3.1%	2.1%
Pacific NW	11.7%	(0.2%)	18.2%	4.3%
No. California	8.9%	(0.8%)	13.1%	22.1%
So. California	5.3%	1.2%	7.0%	12.6%
Total	6.0%	1.8%	8.0%	100.0%

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

Development and Redevelopment Activity

The Company completed the development of three communities during the third quarter of 2007:

- Avalon Wilshire, located in Los Angeles, CA, is a mid-rise community containing 123 apartment homes and was completed for a Total Capital Cost of $47,600,000;
- Avalon Lyndhurst, located in the Northern NJ area, is a garden-style community containing 328 apartment homes and was completed for a Total Capital Cost of $83,100,000; and
- Avalon at Glen Cove North, located in Long Island, NY, is a mid-rise community containing 111 apartment homes and was completed for a Total Capital Cost of $40,300,000.

The Company commenced construction of three communities during the third quarter of 2007: Avalon Sharon and Avalon at the Hingham Shipyard, both located in the Boston market, and Avalon Union City, located in Northern CA. These three communities are expected to contain an aggregate of 829 apartment homes when completed for an estimated Total Capital Cost of $208,600,000.

During the third quarter of 2007, the Company commenced the redevelopment of Essex Place, located in Boston, MA, and Avalon Redmond Place, located in Redmond, WA. These two communities contain an aggregate of 508 apartment homes and will be redeveloped for an expected Total Capital Cost of $15,800,000, excluding costs incurred prior to the start of redevelopment.

The Company purchased a land parcel located in Chicago, IL for $23,000,000. The Company expects to begin construction of the first phase of a multi-phase community in 2008.

Acquisition Activity

During the third quarter of 2007, the Company purchased a garden-style community located in San Jose, CA, adjacent to its existing Countrybrook community. The new community, renamed Countrybrook II, contains 80 apartment homes and was acquired for a purchase price of $17,700,000. The Company will operate this community in conjunction with Countrybrook.

Disposition Activity

During the third quarter of 2007, the Company sold three communities: Avalon View, located in the New York Metro area; San Marino, located in Northern CA; and Avalon West, located in the Boston market. These three communities, which contained a total of 656 apartment homes, were sold for an aggregate sales price of $127,000,000. The sale of these three communities resulted in a gain as reported in accordance with GAAP of approximately $78,300,000 and an Economic Gain of approximately $71,500,000. The weighted average Initial Year Market Cap Rate for these three communities was 4.6% and the Unleveraged IRR over an approximate 13-year holding period was 17.0%.

In October 2007, the Company completed the sale of its partnership interest in Avalon Grove to its third-party venture partner for $63,446,000. Avalon Grove, located in the Fairfield-New Haven market of Connecticut, was previously reported as an unconsolidated real estate investment. The Company will continue to manage this community.

Investment Management Fund Activity

AvalonBay Value Added Fund, L.P. (the “Fund”) is a private, discretionary investment vehicle in which the Company holds an equity interest of approximately 15%. During the third quarter of 2007, the Fund acquired the following communities:

- South Hills Apartments, located in Southern CA, is a garden-style community containing 85 apartment homes and was acquired for $20,700,000;
- Avalon Rutherford Station, located in Northern NJ, is a garden-style community containing 108 apartment homes and was acquired for $35,850,000; and
- Colonial Towers, located in the Boston market, is a garden-style community containing 211 apartment homes and was acquired for $21,500,000.

During the third quarter of 2007, the Fund completed the redevelopment of Avalon Redmond, located in Seattle, WA. Avalon Redmond is a garden-style community containing 400 apartment homes and was completed for a Total Capital Cost of $7,100,000, excluding costs incurred prior to the start of redevelopment.

During the third quarter of 2007, the Fund commenced the redevelopment of Cedar Valley, located in Columbia, MD. Cedar Valley contains 156 apartment homes and will be redeveloped for an aggregate Total Capital Cost of $4,000,000, excluding costs incurred prior to the start of redevelopment.

The Fund has invested $771,775,000 as of September 30, 2007. Management expects to invest approximately $50,000,000 of additional funds to redevelop the assets acquired, at which time, the Fund will become fully invested.

Financing, Liquidity and Balance Sheet Statistics

In August 2007, the Company repaid $150,000,000 of unsecured notes with an annual interest rate of 5.0% pursuant to their scheduled maturity.

As of September 30, 2007, the Company had $245,000,000 outstanding under its $650,000,000 unsecured credit facility. Leverage, calculated as total debt as a percentage of Total Market Capitalization, was 24.5% at September 30, 2007. Unencumbered NOI for the nine months ended September 30, 2007 was 83.2% and Interest Coverage for the third quarter of 2007 was 4.4 times.

In August 2007, the Company announced that its Board of Directors authorized an increase in its common stock repurchase program. Under the revised authorized limits, the Company may acquire shares of its common stock in open market or negotiated transactions up to an aggregate purchase price of $300,000,000. From August 1, 2007 to September 30, 2007, the Company repurchased 1,031,400 shares at an average price of $111.31 per share through this program.

Revised Accounting Interpretation

As discussed in Amendment No. 1 to the Company’s 2006 Annual Report on Form 10-K/A, the Company made a change related to its accounting for land leases. This change resulted in a non-cash charge to operating expenses and reduced reported FFO by $0.03 and $0.10 per share from what would have been reported for the three and nine months ended September 30, 2007 under the Company’s prior accounting treatment. Results for the three and nine months ended September 30, 2006 have also been restated, reducing reported FFO by $0.04 and $0.11 per share from what had previously been reported to reflect the impact of this change in land lease accounting.

Fourth Quarter and Full Year 2007 Financial Outlook

The Company expects EPS in the range of $1.09 to $1.13 for the fourth quarter of 2007. Based on changes in the Company's disposition plan, the Company is revising its projected EPS to a range of $3.83 to $3.87 for the full year 2007.

The Company re-affirmed the midpoint of the range for the 2007 outlook provided in the second quarter earnings release, while narrowing the expected range. The Company expects Projected FFO per share in the range of $4.63 to $4.67 for the full year 2007. The Company expects Projected FFO per share in the range of $1.16 to $1.20 for the fourth quarter of 2007. The financial outlook provided for the fourth quarter and full year 2007 includes non-cash charges of $0.03 and $0.13 per share, respectively, related to the revised land lease accounting discussed in Amendment No. 1 to the Company's 2006 Annual Report on Form 10-K/A.

Other Matters

The Company will hold a conference call on November 1, 2007 at 11:00 AM EDT to review and answer questions about this release, its third quarter results, the Attachments (described below) and related matters. To participate on the call, dial 1-877-510-2397 domestically and 1-706-634-5877 internationally.

To hear a replay of the call, which will be available from November 1, 2007 at 1:00 PM EDT to November 8, 2007 at 11:59 PM EST, dial 1-800-642-1687 domestically and 1-706-645-9291 internationally, and use Access Code: 19275540.

A webcast of the conference call will also be available at http://www.avalonbay.com/earnings, and an on-line playback of the webcast will be available for at least 30 days following the call.

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

About AvalonBay Communities, Inc.

As of September 30, 2007, the Company owned or held a direct or indirect ownership interest in 182 apartment communities containing 51,898 apartment homes in ten states and the District of Columbia, of which 19 communities were under construction and nine communities were under reconstruction. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in high barrier-to-entry markets of the United States. More information may be found on the Company's website at the following address http://www.avalonbay.com. For additional information, please contact John Christie, Senior Director of Investor Relations and Research at 1-703-317-4747 or Thomas J. Sargeant, Chief Financial Officer, at 1-703-317-4635.

Forward-Looking Statements

This release, including its Attachments, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these forward-looking statements by the Company's use of words such as "expects," "plans," "estimates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters. Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of risks and uncertainties, which include the following: changes in local employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; or we may abandon development or redevelopment opportunities for which we have already incurred costs. Additional discussions of risks and uncertainties appear in the Company's filings with the Securities and Exchange Commission, including the Company's Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 under the headings "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected operating results for the fourth quarter and full year 2007. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

Definitions and Reconciliations

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and further explained on Attachment 14, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 14 is included in the full earnings release available at the Company's website at http://www.avalonbay.com/earnings.

AvalonBay COMMUNITIES, INC.

THIRD QUARTER 2007

Supplemental Operating and Financial Data

Avalon Wilshire is located in Los Angeles, CA, adjacent to Hancock Park and close to Hollywood and Beverly Hills. Completed in the third quarter of 2007 for a Total Capital Cost of $47.6 million, the community contains 123 apartment homes.

Avalon Wilshire features 1, 2 and 3 bedroom apartment homes and townhomes; all with modern finishes, including granite countertops in the kitchen, soaking tubs in the master baths, washer/dryer in all homes, private balconies and spacious living rooms for entertaining. Community amenities include street-level shops and restaurants, courtyard spa and cucina, and a private club room.

THIRD QUARTER 2007

Supplemental Operating and Financial Data

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‘The following is a “Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended. The projections and estimates contained in the following attachments are forward-looking statements that involve risks and uncertainties, and actual results may differ materially from those projected in such statements. Risks associated with the Company’s development, redevelopment, construction, and lease-up activities, which could impact the forward-looking statements made are discussed in the paragraph titled “Forward-Looking Statements” in the release to which these attachments relate. In particular, development opportunities may be abandoned; Total Capital Cost of a community may exceed original estimates, possibly making the community uneconomical and/or affecting projected returns; construction and lease-up may not be completed on schedule, resulting in increased debt service and construction costs; and other risks described in the Company’s filings with the Securities and Exchange Commission, including Amendment No. 1 to the Company’s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006 and the Company’s Quarterly Reports on Form 10-Q for subsequent quarters.

Attachment 1

AvalonBay Communities, Inc.
Selected Operating and Other Information
September 30, 2007
(Dollars in thousands except per share data)
(unaudited)

SELECTED OPERATING INFORMATION

	Q3 2007	Q3 2006 (1)	% Change	YTD 2007	YTD 2006 (1)	% Change
Net income available to common stockholders	$ 126,594	$ 39,938	217.0%	$ 219,815	$ 213,708	2.9%
Per common share — basic	$ 1.60	$ 0.54	196.3%	$ 2.78	$ 2.89	(3.8%)
Per common share — diluted	$ 1.58	$ 0.53	198.1%	$ 2.74	$ 2.83	(3.2%)
Funds from Operations	$ 95,302	$ 81,261	17.3%	$ 278,459	$ 240,305	15.9%
Per common share — diluted	$ 1.19	$ 1.07	11.2%	$ 3.47	$ 3.18	9.1%
Dividends declared — common	$ 66,934	$ 58,183	15.0%	$ 202,402	$ 174,213	16.2%
Per common share	$ 0.85	$ 0.78	9.0%	$ 2.55	$ 2.34	9.0%
Common shares outstanding	78,746,272	74,594,177	5.6%	78,746,272	74,594,177	5.6%
Outstanding operating partnership units	64,019	150,477	(57.5%)	64,019	150,477	(57.5%)
Total outstanding shares and units	78,810,291	74,744,654	5.4%	78,810,291	74,744,654	5.4%
Average shares outstanding — basic	78,962,615	74,226,808	6.4%	78,942,370	74,047,944	6.6%
Average operating partnership units outstanding	89,505	151,936	(41.1%)	119,960	180,265	(33.5%)
Effect of dilutive securities	972,594	1,310,155	(25.8%)	1,133,578	1,275,817	(11.1%)
Average shares outstanding — diluted	80,024,714	75,688,899	5.7%	80,195,908	75,504,026	6.2%

DEBT COMPOSITION AND MATURITIES

Debt Composition (2)	Amount	% of Total Market Cap	Average Interest Rate (3)	Remaining Maturities (2)	
Conventional Debt				2007	$117,802
Long-term, fixed rate	$2,052,873	16.4%		2008	$208,908
Long-term, variable rate	125,056	1.0%		2009	$231,428
Variable-rate credit facility	245,000	2.0%		2010	$235,268
Subtotal, Conventional	2,422,929	19.4%	6.5%	2011	$405,337
Tax-Exempt Debt					
Long-term, fixed rate	206,050	1.7%			
Long-term, variable rate	428,123	3.4%			
Subtotal, Tax-Exempt	634,173	5.1%	4.9%		
Total Debt	$3,057,102	24.5%	6.2%		

(1) 2006 amounts have been restated from amounts previously reported to reflect a change in accounting for land leases.

(2) Excludes debt associated with communities classified as held for sale.

(3) Includes credit enhancement fees, trustees' fees, etc.

CAPITALIZED COSTS

	Cap Interest	Cap Overhead	Non-Rev Capex per Home
Q307	$19,193	$7,008	$ 93
Q207	$18,393	$6,684	$ 38
Q107	$15,433	$6,606	$ 9
Q406	$13,909	$6,847	$ 92
Q306	$12,910	$6,361	$ 203

COMMUNITY INFORMATION

	Communities	Apartment Homes
Current Communities	163	45,812
Development Communities	19	6,086
Development Rights	52	14,477

Attachment 2

AvalonBay Communities, Inc.
Detailed Operating Information
September 30, 2007
(Dollars in thousands except per share data)
(unaudited)

	Q3 2007	Q3 2006 (1)	% Change	YTD 2007	YTD 2006 (1)	% Change
Revenue:						
Rental and other income	$ 206,634	$ 182,061	13.5%	$ 595,934	$ 527,455	13.0%
Management, development and other fees	1,490	1,585	(6.0%)	4,421	4,186	5.6%
Total	208,124	183,646	13.3%	600,355	531,641	12.9%
Operating expenses:						
Direct property operating expenses, excluding property taxes	49,128	45,502	8.0%	141,942	128,565	10.4%
Property taxes	19,058	16,734	13.9%	55,213	49,775	10.9%
Property management and other indirect operating expenses	10,792	8,154	32.4%	27,938	25,092	11.3%
Investments and investment management (2)	1,625	1,388	17.1%	6,133	5,257	16.7%
Total	80,603	71,778	12.3%	231,226	208,689	10.8%
Interest expense, net	(25,129)	(26,479)	(5.1%)	(71,283)	(80,788)	(11.8%)
General and administrative expense	(6,645)	(5,633)	18.0%	(20,067)	(18,395)	9.1%
Joint venture income and minority interest expense	(388)	454	(185.5%)	(1,576)	629	(350.6%)
Depreciation expense	(45,682)	(39,752)	14.9%	(132,371)	(119,687)	10.6%
Gain on sale of land	—	505	(100.0%)	545	13,671	(96.0%)
Income from continuing operations	49,677	40,963	21.3%	144,377	118,382	22.0%
Discontinued operations: (3)						
Income from discontinued operations	834	1,150	(27.5%)	3,705	4,440	(16.6%)
Gain on sale of communities	78,258	—	N/A	78,258	97,411	(19.7%)
Total discontinued operations	79,092	1,150	N/A	81,963	101,851	(19.5%)
Net income	128,769	42,113	205.8%	226,340	220,233	2.8%
Dividends attributable to preferred stock	(2,175)	(2,175)	—	(6,525)	(6,525)	—
Net income available to common stockholders	$ 126,594	$ 39,938	217.0%	$ 219,815	$ 213,708	2.9%
Net income per common share — basic	$ 1.60	$ 0.54	196.3%	$ 2.78	$ 2.89	(3.8%)
Net income per common share — diluted	$ 1.58	$ 0.53	198.1%	$ 2.74	$ 2.83	(3.2%)

(1) Amounts for the three and nine months ended September 30, 2006 have been restated from amounts previously reported to reflect a change in accounting for land leases.

(2) Reflects costs incurred related to investment acquisition, investment management and abandoned pursuits.

(3) Reflects net income for communities classified as discontinued operations as of September 30, 2007 and communities sold during the period from January 1, 2006 through September 30, 2007. The following table details income from discontinued operations for the periods shown:

	Q3 2007	Q3 2006	YTD 2007	YTD 2006
Rental income	$ 2,327	$ 4,021	$ 10,341	$ 13,646
Operating and other expenses	(951)	(1,493)	(3,773)	(5,043)
Interest expense, net	(144)	(458)	(687)	(1,408)
Depreciation expense	(398)	(920)	(2,176)	(2,755)
Income from discontinued operations (4)	$ 834	$ 1,150	$ 3,705	$ 4,440

(4) NOI for discontinued operations totaled $1,376 and $6,568, of which $920 and $3,001 related to assets held for sale for the three and nine months ended September 30, 2007, respectively.

Attachment 3

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

	September 30, 2007	December 31, 2006
Real estate	$ 6,100,880	$ 5,586,521
Less accumulated depreciation	(1,212,453)	(1,080,313)
Net operating real estate	4,888,427	4,506,208
Construction in progress, including land	806,189	641,781
Land held for development	373,757	202,314
Operating real estate assets held for sale, net	113,005	160,059
Total real estate, net	6,181,378	5,510,362
Cash and cash equivalents	29,216	8,284
Cash in escrow	195,409	135,917
Resident security deposits	30,325	26,429
Other assets (1)	196,371	164,499
Total assets	$ 6,632,699	$ 5,845,491
Unsecured senior notes, net	$ 2,003,394	$ 2,153,078
Unsecured facility	245,000	—
Notes payable, net	806,102	648,350
Resident security deposits	42,162	37,654
Liabilities related to assets held for sale	44,974	69,100
Other liabilities	367,603	345,844
Total liabilities	$ 3,509,235	$ 3,254,026
Minority interest	23,152	18,311
Stockholders' equity	3,100,312	2,573,154
Total liabilities and stockholders' equity	$ 6,632,699	$ 5,845,491

(1) Other assets includes $11,004 and $3,821 relating to assets classified as held for sale as of September 30, 2007 and December 31, 2006, respectively.

Attachment 4

AvalonBay Communities, Inc.
Quarterly Revenue and Occupancy Changes — Established Communities (1)
September 30, 2007

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000's) (3)		
		Q3 07	Q3 06	% Change	Q3 07	Q3 06	% Change	Q3 07	Q3 06	% Change
Northeast										
Boston, MA	3,619	$ 1,882	$ 1,877	0.3%	95.9%	95.9%	0.0%	$ 19,614	$ 19,549	0.3%
Fairfield-New Haven, CT	2,412	2,046	1,953	4.8%	97.3%	97.6%	(0.3%)	14,412	13,787	4.5%
New York, NY	1,730	2,508	2,406	4.2%	97.0%	96.9%	0.1%	12,627	12,103	4.3%
Long Island, NY	1,469	2,351	2,277	3.2%	94.2%	97.1%	(2.9%)	9,759	9,727	0.3%
Northern New Jersey	1,182	2,674	2,525	5.9%	97.3%	97.4%	(0.1%)	9,230	8,722	5.8%
Central New Jersey	814	1,705	1,695	0.6%	97.6%	95.3%	2.3%	4,065	3,949	2.9%
Northeast Average	11,226	2,147	2,082	3.1%	96.4%	96.7%	(0.3%)	69,707	67,837	2.8%
Mid-Atlantic										
Washington, DC	5,215	1,784	1,678	6.3%	96.2%	97.1%	(0.9%)	26,853	25,489	5.4%
Baltimore, MD	542	1,275	1,207	5.6%	95.9%	96.7%	(0.8%)	1,989	1,898	4.8%
Mid-Atlantic Average	5,757	1,736	1,635	6.2%	96.2%	97.1%	(0.9%)	28,842	27,387	5.3%
Midwest										
Chicago, IL	887	1,191	1,151	3.5%	95.2%	96.7%	(1.5%)	3,016	2,956	2.0%
Midwest Average	887	1,191	1,151	3.5%	95.2%	96.7%	(1.5%)	3,016	2,956	2.0%
Pacific Northwest										
Seattle, WA	2,278	1,289	1,165	10.6%	97.1%	96.7%	0.4%	8,557	7,706	11.0%
Pacific Northwest Average	2,278	1,289	1,165	10.6%	97.1%	96.7%	0.4%	8,557	7,706	11.0%
Northern California										
San Jose, CA	4,292	1,737	1,591	9.2%	97.0%	96.9%	0.1%	21,709	19,859	9.3%
Oakland-East Bay, CA	1,955	1,407	1,320	6.6%	97.0%	96.2%	0.8%	8,004	7,454	7.4%
San Francisco, CA	1,862	2,008	1,893	6.1%	97.3%	96.3%	1.0%	10,910	10,186	7.1%
Northern California Average	8,109	1,721	1,595	7.9%	97.0%	96.6%	0.4%	40,623	37,499	8.3%
Southern California										
Los Angeles, CA	1,198	1,684	1,593	5.7%	96.6%	96.3%	0.3%	5,845	5,512	6.0%
San Diego, CA	1,058	1,460	1,420	2.8%	94.9%	96.4%	(1.5%)	4,396	4,341	1.3%
Orange County, CA	916	1,477	1,393	6.0%	95.2%	96.9%	(1.7%)	3,864	3,705	4.3%
Southern California Average	3,172	1,549	1,478	4.8%	95.7%	96.5%	(0.8%)	14,105	13,558	4.0%
Average/Total Established	31,429	$ 1,812	$ 1,722	5.2%	96.5%	96.7%	(0.2%)	$ 164,850	$ 156,943	5.0%

(1) Established Communities are communities with stabilized occupancy and operating expenses as of January 1, 2006 such that a comparison of 2006 to 2007 is meaningful. The number of Established Communities was adjusted during the third quarter of 2007 to reflect changes in the Company's disposition program.

(2) Reflects the effect of concessions amortized over the average lease term.

(3) With concessions presented on a cash basis, rental revenue from Established Communities increased 4.3% between years.

Attachment 5

AvalonBay Communities, Inc.
Sequential Quarterly Revenue and Occupancy Changes — Established Communities (1)
September 30, 2007

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000's)		
		Q3 07	Q2 07	% Change	Q3 07	Q2 07	% Change	Q3 07	Q2 07	% Change
Northeast										
Boston, MA	3,619	$ 1,882	$ 1,876	0.3%	95.9%	96.1%	(0.2%)	$ 19,614	$ 19,597	0.1%
Fairfield-New Haven, CT	2,412	2,046	2,019	1.3%	97.3%	96.9%	0.4%	14,412	14,156	1.8%
New York, NY	1,730	2,508	2,487	0.8%	97.0%	97.4%	(0.4%)	12,627	12,575	0.4%
Long Island, NY	1,469	2,351	2,327	1.0%	94.2%	95.6%	(1.4%)	9,759	9,808	(0.5%)
Northern New Jersey	1,182	2,674	2,641	1.2%	97.3%	95.9%	1.4%	9,230	8,985	2.7%
Central New Jersey	814	1,705	1,703	0.1%	97.6%	96.6%	1.0%	4,065	4,018	1.2%
Northeast Average	11,226	2,147	2,127	0.9%	96.4%	96.5%	(0.1%)	69,707	69,139	0.8%
Mid-Atlantic										
Washington, DC	5,215	1,784	1,779	0.3%	96.2%	95.1%	1.1%	26,853	26,473	1.4%
Baltimore, MD	542	1,275	1,271	0.3%	95.9%	96.6%	(0.7%)	1,989	1,996	(0.4%)
Mid-Atlantic Average	5,757	1,736	1,731	0.3%	96.2%	95.2%	1.0%	28,842	28,469	1.3%
Midwest										
Chicago, IL	887	1,191	1,198	(0.6%)	95.2%	94.6%	0.6%	3,016	3,016	0.0%
Midwest Average	887	1,191	1,198	(0.6%)	95.2%	94.6%	0.6%	3,016	3,016	0.0%
Pacific Northwest										
Seattle, WA	2,278	1,289	1,262	2.1%	97.1%	95.8%	1.3%	8,557	8,264	3.5%
Pacific Northwest Average	2,278	1,289	1,262	2.1%	97.1%	95.8%	1.3%	8,557	8,264	3.5%
Northern California										
San Jose, CA	4,292	1,737	1,691	2.7%	97.0%	97.1%	(0.1%)	21,709	21,151	2.6%
Oakland-East Bay, CA	1,955	1,407	1,382	1.8%	97.0%	96.8%	0.2%	8,004	7,850	2.0%
San Francisco, CA	1,862	2,008	1,975	1.7%	97.3%	95.9%	1.4%	10,910	10,586	3.1%
Northern California Average	8,109	1,721	1,682	2.3%	97.0%	96.8%	0.2%	40,623	39,587	2.6%
Southern California										
Los Angeles, CA	1,198	1,684	1,658	1.6%	96.6%	95.8%	0.8%	5,845	5,710	2.4%
San Diego, CA	1,058	1,460	1,460	0.0%	94.9%	95.5%	(0.6%)	4,396	4,427	(0.7%)
Orange County, CA	916	1,477	1,457	1.4%	95.2%	95.8%	(0.6%)	3,864	3,836	0.7%
Southern California Average	3,172	1,549	1,534	1.0%	95.7%	95.7%	0.0%	14,105	13,973	0.9%
Average/Total Established	31,429	$ 1,812	$ 1,790	1.2%	96.5%	96.2%	0.3%	$ 164,850	$ 162,448	1.5%

(1) Established Communities are communities with stabilized occupancy and operating expenses as of January 1, 2006 such that a comparison of second and third quarter of 2007 is meaningful. The number of Established Communities was adjusted during the third quarter of 2007 to reflect changes in the Company's disposition program.

(2) Reflects the effect of concessions amortized over the average lease term.

Attachment 6

AvalonBay Communities, Inc.
Year-To-Date Revenue and Occupancy Changes — Established Communities (1)
September 30, 2007

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000's)		
		YTD Q3 07	YTD Q3 06	% Change	YTD Q3 07	YTD Q3 06	% Change	YTD Q3 07	YTD Q3 06	% Change
Northeast										
Boston, MA	3,619	$ 1,872	$ 1,859	0.7%	95.8%	96.0%	(0.2%)	$ 58,410	$ 58,130	0.5%
Fairfield-New Haven, CT	2,412	2,017	1,902	6.0%	96.5%	97.0%	(0.5%)	42,232	40,025	5.5%
New York, NY	1,730	2,481	2,361	5.1%	96.7%	97.0%	(0.3%)	37,352	35,657	4.8%
Long Island, NY	1,469	2,325	2,237	3.9%	95.5%	96.5%	(1.0%)	29,358	28,537	2.9%
Northern New Jersey	1,182	2,631	2,464	6.8%	96.7%	97.1%	(0.4%)	27,075	25,442	6.4%
Central New Jersey	814	1,687	1,675	0.7%	97.0%	95.8%	1.2%	11,984	11,763	1.9%
Northeast Average	11,226	2,124	2,046	3.8%	96.2%	96.6%	(0.4%)	206,411	199,554	3.4%
Mid-Atlantic										
Washington, DC	5,215	1,765	1,636	7.9%	95.8%	96.7%	(0.9%)	79,354	74,138	7.0%
Baltimore, MD	542	1,267	1,185	6.9%	95.8%	97.6%	(1.8%)	5,921	5,635	5.1%
Mid-Atlantic Average	5,757	1,718	1,592	7.9%	95.8%	96.8%	(1.0%)	85,275	79,773	6.9%
Midwest										
Chicago, IL	887	1,189	1,123	5.9%	95.1%	95.1%	0.0%	9,026	8,524	5.9%
Midwest Average	887	1,189	1,123	5.9%	95.1%	95.1%	0.0%	9,026	8,524	5.9%
Pacific Northwest										
Seattle, WA	2,278	1,261	1,128	11.8%	96.3%	96.4%	(0.1%)	24,903	22,288	11.7%
Pacific Northwest Average	2,278	1,261	1,128	11.8%	96.3%	96.4%	(0.1%)	24,903	22,288	11.7%
Northern California										
San Jose, CA	4,292	1,694	1,543	9.8%	97.2%	96.9%	0.3%	63,603	57,745	10.1%
Oakland-East Bay, CA	1,955	1,383	1,283	7.8%	96.8%	96.6%	0.2%	23,545	21,809	8.0%
San Francisco, CA	1,862	1,976	1,840	7.4%	96.4%	96.5%	(0.1%)	31,917	29,755	7.3%
Northern California Average	8,109	1,684	1,549	8.7%	96.9%	96.7%	0.2%	119,065	109,309	8.9%
Southern California										
Los Angeles, CA	1,198	1,661	1,564	6.2%	95.9%	95.9%	0.0%	17,167	16,170	6.2%
San Diego, CA	1,058	1,453	1,392	4.4%	95.3%	96.0%	(0.7%)	13,190	12,719	3.7%
Orange County, CA	916	1,456	1,367	6.5%	96.0%	96.5%	(0.5%)	11,521	10,871	6.0%
Southern California Average	3,172	1,533	1,450	5.7%	95.7%	96.1%	(0.4%)	41,878	39,760	5.3%
Average/Total Established	31,429	$ 1,786	$ 1,680	6.3%	96.3%	96.6%	(0.3%)	$ 486,558	$ 459,208	6.0%

(1) Established Communities are communities with stabilized occupancy and operating expenses as of January 1, 2006 such that a comparison of 2006 to 2007 is meaningful. The number of Established Communities was adjusted during the third quarter of 2007 to reflect changes in the Company's disposition program.

(2) Reflects the effect of concessions amortized over the average lease term.

Attachment 7

AvalonBay Communities, Inc.
Summary of Development and Redevelopment Activity (1) as of September 30, 2007

		Number of Communities	Number of Homes	Total Capital Cost (2) (millions)
Portfolio Additions:	(3)			
2007 Annual Completions				
Development		7	1,659	$ 382.0
Redevelopment	(4)	6	2,043	37.8
Total Additions		13	3,702	$ 419.8
2006 Annual Completions				
Development		6	1,368	$ 375.2
Redevelopment	(4)	2	506	10.1
Total Additions		8	1,874	$ 385.3
Pipeline Activity:	(3)			
Currently Under Construction				
Development		19	6,086	$ 1,724.9
Redevelopment	(4)	9	2,452	56.6
Subtotal		28	8,538	$ 1,781.5
Planning				
Development Rights		52	14,477	$ 4,353.0
Total Pipeline		80	23,015	$ 6,134.5

(1) Represents activity for consolidated and unconsolidated entities.

(2) See Attachment #14 – Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(3) Information represents projections and estimates.

(4) Represents only cost of redevelopment activity, does not include original acquisition cost.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the third quarter of 2007.

Attachment 8

AvalonBay Communities, Inc.
Development Communities as of September 30, 2007

	Percentage Ownership Upon Completion	# of Apt Homes	Total Capital Cost (1) (millions)	Schedule: Start	Schedule: Initial Occupancy	Schedule: Complete	Schedule: Stabilized Ops (1)	Avg Rent Per Home (1) Inclusive of Concessions See Attachment #14	% Comp (2)	% Leased (3)	% Occ: Physical (4)	% Occ: Economic (1) (5)
Under Construction:												
1. Avalon Riverview North, New York, NY	100%	602	$ 175.6	Q3 2005	Q3 2007	Q2 2008	Q4 2008	$ 2,870	52.7%	69.4%	41.5%	15.6%
2. Avalon Danvers (6), Danvers, MA	100%	433	84.8	Q4 2005	Q1 2007	Q3 2008	Q1 2009	1,515	61.4%	44.1%	39.5%	31.7%
3. Avalon Woburn, Woburn, MA	100%	446	83.1	Q4 2005	Q3 2006	Q4 2007	Q1 2008	1,595	100.0%	96.9%	93.0%	75.2%
4. Avalon on the Sound II, New Rochelle, NY	100%	588	181.8	Q1 2006	Q2 2007	Q2 2008	Q4 2008	2,460	61.9%	51.7%	46.1%	21.2%
5. Avalon Meydenbauer, Bellevue, WA	100%	368	84.3	Q1 2006	Q1 2008	Q3 2008	Q1 2009	1,625	N/A	N/A	N/A	N/A
6. Avalon at Dublin Station I, Dublin, CA	100%	305	85.8	Q2 2006	Q4 2007	Q2 2008	Q4 2008	1,995	N/A	0.3%	N/A	N/A
7. Avalon at Lexington Hills, Lexington, MA	100%	387	86.2	Q2 2006	Q2 2007	Q3 2008	Q1 2009	1,995	24.3%	31.8%	23.8%	15.1%
8. Avalon Bowery Place II (7), New York, NY	100%	90	61.9	Q3 2006	Q4 2007	Q1 2008	Q2 2008	4,055	N/A	50.0%	N/A	N/A
9. Avalon Encino, Los Angeles, CA	100%	131	61.5	Q3 2006	Q3 2008	Q4 2008	Q1 2009	2,650	N/A	N/A	N/A	N/A
10. Avalon Warner Place (8), Canoga Park, CA	100%	210	53.9	Q4 2006	Q2 2008	Q3 2008	Q1 2009	2,020	N/A	N/A	N/A	N/A
11. Avalon Acton (7), Acton, MA	100%	380	68.8	Q4 2006	Q4 2007	Q4 2008	Q2 2009	1,470	7.4%	7.1%	3.2%	N/A
12. Avalon Morningside Park (7), New York, NY	100%	296	125.5	Q1 2007	Q3 2008	Q1 2009	Q3 2009	3,640	N/A	N/A	N/A	N/A
13. Avalon White Plains, White Plains, NY	100%	393	154.5	Q2 2007	Q4 2008	Q2 2009	Q4 2009	2,820	N/A	N/A	N/A	N/A
14. Avalon at Tinton Falls, Tinton Falls, NJ	100%	216	41.2	Q2 2007	Q3 2008	Q4 2008	Q2 2009	1,760	N/A	N/A	N/A	N/A
15. Avalon Fashion Valley, San Diego, CA	100%	161	64.7	Q2 2007	Q4 2008	Q1 2009	Q2 2009	2,380	N/A	N/A	N/A	N/A
16. Avalon Anaheim, Anaheim, CA	100%	251	102.7	Q2 2007	Q2 2009	Q3 2009	Q1 2010	2,530	N/A	N/A	N/A	N/A
17. Avalon Union City, Union City, CA	100%	438	125.2	Q3 2007	Q2 2009	Q3 2009	Q1 2010	1,895	N/A	N/A	N/A	N/A
18. Avalon at the Hingham Shipyard, Hingham, MA	100%	235	52.7	Q3 2007	Q3 2008	Q4 2008	Q2 2009	2,090	N/A	N/A	N/A	N/A
19. Avalon Sharon, Sharon, MA	100%	156	30.7	Q3 2007	Q2 2008	Q3 2008	Q1 2009	1,610	N/A	N/A	N/A	N/A
Subtotal/Weighted Average		6,086	$ 1,724.9					$ 2,200				
Completed this Quarter:												
1. Avalon Wilshire, Los Angeles, CA	100%	123	$ 47.6	Q1 2005	Q2 2007	Q3 2007	Q1 2008	$ 2,745	100.0%	91.9%	89.4%	52.8%
2. Avalon Lyndhurst (9), Lyndhurst, NJ	100%	328	83.1	Q3 2005	Q4 2006	Q3 2007	Q1 2008	2,240	100.0%	94.8%	94.2%	77.4%
3. Avalon at Glen Cove North, Glen Cove, NY	100%	111	40.3	Q4 2005	Q1 2007	Q3 2007	Q1 2008	2,225	100.0%	82.9%	78.4%	50.8%
Subtotal/Weighted Average		562	$ 171.0					$ 2,345				
Total/Weighted Average		6,648	$ 1,895.9					$ 2,210				
Weighted Average Projected NOI as a % of Total Capital Cost (1) (10)			6.5%	Inclusive of Concessions - See Attachment #14								

Non-Stabilized Development Communities: (11)			% Economic Occ (1) (5)
Prior Quarter Completions:			
Avalon Shrewsbury	251	$ 35.9	
Total	251	$ 35.9	96.7%

Asset Cost Basis, Non-Stabilized Development			**Source**
Capital Cost, Prior Quarter Completions		$ 35.9	Att. 8
Capital Cost, Current Completions		171.0	Att. 8
Capital Cost, Under Construction		1,724.9	Att. 8
Less: Remaining to Invest, Under Construction			
Total Remaining to Invest	1,334.8		Att. 10
Capital Cost, Projected Q4 2007 Starts	(629.4)		Att. 10, Footnote 5
		(705.4)	
Total Asset Cost Basis, Non-Stabilized Development		$ 1,226.4	

Q3 2007 Net Operating Income/(Deficit) for communities under construction and non-stabilized development communities was $3.6 million. See Attachment #14.

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(1) See Attachment #14 – Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(2) Includes apartment homes for which construction has been completed and accepted by management as of October 26, 2007.

(3) Includes apartment homes for which leases have been executed or non-refundable deposits have been paid as of October 26, 2007.

(4) Physical occupancy based on apartment homes occupied as of October 26, 2007.

(5) Represents Economic Occupancy for the third quarter of 2007.

(6) Avalon Danvers experienced a fire in April 2007. The Company expects insurance proceeds will substantially cover all losses. The schedule cited above reflects delays associated with the fire.

(7) This community is being financed in part by third-party tax-exempt debt.

(8) This community was formerly known as Avalon Canoga Park.

(9) The remediation of the Company's Avalon Lyndhurst development site, as discussed in the Company's second quarter 2006 Earnings Release, is complete. The net cost associated with the remediation effort after considering insurance proceeds received to date, including costs associated with construction delays, is expected to total approximately $6.0 million. The Company is pursuing the recovery of these additional costs from the third parties involved, but any additional recoverable amounts are not currently estimable. The Total Capital Cost and yield cited above do not reflect the potential impact of the recovery of these additional costs.

(10) The Weighted Average calculation is based on the Company's pro rata share of the Total Capital Cost for each community.

(11) Represents Development Communities completed in prior quarters that had not achieved Stabilized Operations for the entire current quarter. Estimates are based on the Company's pro rata share of the Total Capital Cost for each community.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the third quarter of 2007.

Attachment 9

AvalonBay Communities, Inc.
Redevelopment Communities as of September 30, 2007

	Percentage Ownership	# of Apt Homes	Cost (millions) Pre-Redevelopment Capital Cost	Cost (millions) Total Capital Cost (1)(2)	Schedule Acquisition / Completion	Schedule Start	Schedule Complete	Schedule Restabilized Ops (2)	Avg Rent Per Home (2) Inclusive of Concessions See Attachment #14	Number of Homes Completed to date	Number of Homes Out of Service @ 9/30/07
Under Redevelopment:											
AvalonBay											
1. Avalon Walk I and II Hamden, CT	100%	764	$ 59.4	$ 71.2	Q3 1992 Q3 1994	Q1 2006	Q4 2007	Q2 2008	$ 1,305	740	1
2. Avalon at AutumnWoods Fairfax, VA	100%	420	31.2	38.3	Q4 1996	Q3 2006	Q2 2008	Q4 2008	1,365	342	10
3. Essex Place Peabody, MA	100%	286	23.7	34.5	Q3 2004	Q3 2007	Q2 2009	Q4 2009	1,295	—	—
4. Avalon Redmond Place Redmond, WA	100%	222	26.3	31.3	Q3 1999	Q3 2007	Q4 2008	Q2 2009	1,550	17	24
Subtotal		1,692	$ 140.6	$ 175.3					$ 1,350	1,099	35
Investment Management Fund (The "Fund")											
1. Civic Center Place Norwalk, CA	15%	192	38.1	43.5	Q4 2005	Q4 2006	Q4 2007	Q2 2008	1,695	168	10
2. Avalon at Poplar Creek Schaumburg, IL	15%	196	25.2	28.6	Q2 2006	Q4 2006	Q4 2007	Q2 2008	1,185	169	5
3. Avalon Sunset (3) Los Angeles, CA	15%	82	17.9	21.3	Q4 2005	Q1 2007	Q4 2007	Q2 2008	2,005	78	—
4. Paseo Park Fremont, CA	15%	134	19.8	25.5	Q4 2005	Q2 2007	Q2 2008	Q4 2008	1,455	67	12
5. Cedar Valley Columbia, MD	15%	156	21.0	25.0	Q4 2006	Q3 2007	Q1 2009	Q3 2009	1,200	2	9
Subtotal		760	$ 122.0	$ 143.9					$ 1,455	484	36
Total/Weighted Average		2,452	$ 262.6	$ 319.2					$ 1,385	1,583	71
Completed this Quarter:											
1. Avalon Redmond (4) Redmond, WA	15%	400	$ 49.2	$ 56.3	Q4 2004	Q2 2006	Q3 2007	Q2 2008	$ 1,240	400	—
Grand Total/Weighted Average		2,852	$ 311.8	$ 375.5					$ 1,365	1,983	71
Weighted Average Projected NOI as a % of Total Capital Cost (2)				9.7%	Inclusive of Concessions - See Attachment #14						

(1) Inclusive of acquisition cost.

(2) See Attachment #14 — Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(3) This community was formerly known as Fuller Martel.

(4) This community, formerly known as Ravenswood at the Park, was acquired in Q4 2004 and was transferred to a subsidiary of the Fund in Q1 2005, reducing the Company's indirect equity interest in the community to 15%.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the third quarter of 2007.

Attachment 10

AvalonBay Communities, Inc.
Summary of Development and Redevelopment Community Activity (1) as of September 30, 2007
(Dollars in Thousands)

DEVELOPMENT (2)

	Apt Homes Completed & Occupied	Total Capital Cost Invested During Period (3)	Cost of Homes Completed & Occupied (4)	Remaining to Invest (5)	Construction in Progress at Period End (6)
Total - 2005 Actual	1,480	$ 347,839	$ 219,046	$ 881,012	$ 377,320
2006 Actual:					
Quarter 1	267	$ 113,125	$ 47,014	$ 952,410	$ 468,401
Quarter 2	302	155,381	59,948	915,400	570,875
Quarter 3	509	174,587	86,515	1,007,188	593,160
Quarter 4	449	209,735	117,678	919,358	626,034
Total - 2006 Actual	1,527	$ 652,828	$ 311,155		
2007 Projected:					
Quarter 1 (Actual)	464	$ 167,109	$ 106,100	$ 908,630	$ 673,945
Quarter 2 (Actual)	724	240,036	165,064	974,266	798,358
Quarter 3 (Actual)	774	220,762	214,732	1,334,784	792,320
Quarter 4 (Projected)	637	359,285	199,866	975,499	884,330
Total - 2007 Projected	2,599	$ 987,192	$ 685,762		

REDEVELOPMENT

	Avg Homes Out of Service	Total Capital Cost Invested During Period (3)	Remaining to Invest (5)	Reconstruction in Progress at Period End (6)
Total - 2005 Actual		$ 8,972	$ 13,456	$ 7,877
2006 Actual:				
Quarter 1	32	$ 3,433	$ 18,443	$ 8,502
Quarter 2	60	3,474	21,760	10,206
Quarter 3	89	4,258	18,549	14,763
Quarter 4	60	4,378	14,991	17,602
Total - 2006 Actual		$ 15,543		
2007 Projected:				
Quarter 1 (Actual)	63	$ 3,332	$ 21,704	$ 14,538
Quarter 2 (Actual)	105	3,014	24,290	16,403
Quarter 3 (Actual)	97	3,896	61,583	16,182
Quarter 4 (Projected)	65	10,967	50,616	22,551
Total - 2007 Projected		$ 21,209		

(1) Data is presented for all communities currently under development or redevelopment and those communities for which development or redevelopment is expected to begin within the next 90 days.

(2) Projected periods include data for consolidated joint ventures at 100%. The offset for joint venture partners' participation is reflected as minority interest.

(3) Represents Total Capital Cost incurred or expected to be incurred during the quarter, year or in total. See Attachment #14 — Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(4) Represents projected Total Capital Cost of apartment homes completed and occupied during the quarter. Calculated by dividing Total Capital Cost for each Development Community by number of homes for the community, multiplied by the number of homes completed and occupied during the quarter.

(5) Represents projected Total Capital Cost remaining to invest on communities currently under development or redevelopment and those for which development or redevelopment is expected to begin within the next 90 days. Remaining to invest for Q3 2007 includes $629.4 million attributed to five anticipated Q4 2007 development starts and $40.7 million related to two anticipated Q4 2007 redevelopment starts.

(6) Represents period end balance of construction or reconstruction costs. Amount for Q3 2007 includes $2.3 million related to five unconsolidated investments in the Fund, and is reflected in other assets for financial reporting purposes.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the third quarter of 2007.

Attachment 11

AvalonBay Communities, Inc.
Future Development as of September 30, 2007

DEVELOPMENT RIGHTS (1)

Location of Development Right			Estimated Number of Homes	Total Capital Cost (1) (millions)
1.	Irvine, CA	(2)	279	78
2.	San Francisco, CA Phase III	(2)	260	158
3.	Coram, NY	(2)	200	48
4.	Shelton, CT		99	27
5.	Brooklyn, NY	(2)	628	319
6.	Los Angeles, CA	(2)	174	78
7.	Randolph, MA	(2)	276	54
8.	Northborough, MA		350	61
9.	Pleasant Hill, CA	(4)	416	153
10.	Kirkland, WA Phase II	(2)	181	60
11.	Rockville Centre, NY		349	129
12.	Norwalk, CT		311	84
13.	Canoga Park, CA	(2)	297	85
14.	Andover, MA	(2)	115	21
15.	Bellevue, WA		408	126
16.	North Bergen, NJ	(3)	164	48
17.	Chicago, IL Phase I	(2)	492	173
18.	Wilton, CT	(2)	100	24
19.	Camarillo, CA		376	55
20.	Irvine, CA III		170	73
21.	San Francisco, CA		157	50
22.	Brooklyn, NY II		825	443
23.	New York, NY II		680	261
24.	Seattle, WA		201	65
25.	Cohasset, MA	(2)	200	38
26.	Dublin, CA Phase II		405	105
27.	Greenburgh, NY Phase II		444	112
28.	Plymouth, MA Phase II		69	17
29.	Irvine, CA II	(2)	179	57
30.	Wheaton, MD	(2)	320	107
31.	West Long Branch, NJ	(3)	180	34
32.	Milford, CT	(2)	284	45
33.	Stratford, CT	(2)	146	23
34.	Highland Park, NJ		178	42
35.	Oyster Bay, NY	(2)	150	42
36.	Quincy, MA	(2)	146	24
37.	Shelton, CT II		240	66
38.	Roselle Park, NJ	(3)	300	70
39.	Yonkers, NY		400	88
40.	Randolph, NJ		115	31
41.	Hackensack, NJ		230	56
42.	Bloomingdale, NJ		173	38
43.	Alexandria, VA	(2)	283	73
44.	Garden City, NY		160	58
45.	Tysons Corner, VA	(2)	439	121
46.	Gaithersburg, MD		254	41
47.	Chicago, IL Phase II	(2)	492	141
48.	Oakland, NJ		228	49
49.	Plainview, NY		160	38
50.	Wanaque, NJ		210	45
51.	Yaphank, NY	(2)	343	57
52.	Rockville, MD	(2)	241	62
	Total		14,477	$ 4,353

(1) See Attachment #14 — Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(2) Company owns land, but construction has not yet begun.

(3) This Development Right is subject to a joint venture arrangement.

(4) This Development Right is subject to a joint venture arrangement. In connection with the pursuit of this Development Right, $125 million in bond financing was issued and immediately invested in a guaranteed investment contract (“GIC”) administered by a trustee. The Company does not have any equity or economic interest in the joint venture entity at this time, but has an option to make a capital contribution to the joint venture entity for a 99% general partner interest. Should the Company exercise this option, the bond proceeds will be released from the GIC and used for future construction of the Development Right. Should the Company decide not to exercise this option, the bond proceeds will be released from escrow and the bonds will be redeemed without penalty.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the third quarter of 2007.

Attachment 12

AvalonBay Communities, Inc.
Unconsolidated Real Estate Investments (1) as of September 30, 2007
(Dollars in Thousands)

	Unconsolidated Real Estate Investments	Percentage Ownership	# of Apt Homes	Total Capital Cost (2)	AVB Book Value Investment (3)	Outstanding Debt Amount	Outstanding Debt Type	Outstanding Debt Interest Rate	Outstanding Debt Maturity Date	AVB's Share of Partnership Debt
AvalonBay Value Added Fund, LP										
1.	Avalon at Redondo Beach Los Angeles, CA	N/A	105	$ 24,408	N/A	$ 16,765	Fixed	4.84%	Oct 2011	$ 2,548
2.	Avalon Lakeside Chicago, IL	N/A	204	18,053	N/A	12,056	Fixed	5.74%	Mar 2012	1,833
3.	Avalon Columbia Baltimore, MD	N/A	170	29,237	N/A	22,275	Fixed	5.48%	Apr 2012	3,386
4.	Avalon Redmond Seattle, WA	N/A	400	55,716	N/A	36,500	Fixed	4.96%	Jul 2012	5,548
5.	Avalon Sunset Los Angeles, CA	N/A	82	20,237	N/A	11,500	Fixed	5.41%	Feb 2014	1,748
6.	Avalon at Poplar Creek Chicago, IL	N/A	196	27,420	N/A	16,500	Fixed	4.83%	Oct 2012	2,508
7.	Civic Center Place (4) Norwalk, CA	N/A	192	41,542	N/A	23,806	Fixed	5.29%	Aug 2013	3,619
8.	Paseo Park Fremont, CA	N/A	134	22,436	N/A	11,800	Fixed	5.74%	Nov 2013	1,794
9.	Avalon at Yerba Buena San Francisco, CA	N/A	160	66,650	N/A	41,500	Fixed	5.88%	Mar 2014	6,308
10.	Avalon at Aberdeen Station Aberdeen, NJ	N/A	290	58,129	N/A	34,456	Fixed	5.73%	Sep 2013	5,237
11.	The Springs Corona, CA	N/A	320	47,621	N/A	26,000	Fixed	6.06%	Oct 2014	3,952
12.	The Covington Lombard, IL	N/A	256	32,404	N/A	17,243	Fixed	5.43%	Jan 2014	2,621
13.	Cedar Valley Columbia, MD	N/A	156	21,044	N/A	12,000	Fixed	5.68%	Feb 2014	1,824
14.	Avalon Centerpoint Baltimore, MD	N/A	392	78,788	N/A	45,000	Fixed	5.74%	Dec 2013	6,840
15.	Middlesex Crossing Billerica, MA	N/A	252	37,251	N/A	24,100	Fixed	5.49%	Dec 2013	3,663
16.	Avalon Crystal Hill Ponoma, NY	N/A	168	38,010	N/A	24,500	Fixed	5.43%	Dec 2013	3,724
17.	Skyway Terrace San Jose, CA	N/A	348	74,255	N/A	37,500	Fixed	6.11%	Mar 2014	5,700
18.	Avalon Rutherford Station East Rutherford, NJ	N/A	108	36,285	N/A	20,719	Fixed	6.13%	Sept 2016	3,149
19.	South Hills Apartments West Covina, CA	N/A	85	20,753	N/A	11,762	Fixed	5.92%	Dec 2013	1,788
20.	Colonial Towers/South Shore Manor Weymouth, MA	N/A	211	21,515	N/A	—	N/A	N/A	N/A	—
	Fund corporate debt	N/A	N/A	N/A	N/A	119,500	Variable	6.22%	2008(5)	18,164
		15.2%	4,229	$ 771,754	$ 110,456	$ 565,482				$ 85,954(6)
Other Operating Joint Ventures										
1.	Avalon Grove Stamford, CT	(7)	402	$ 51,819	$ 7,386	$ —	N/A	N/A	N/A	$ —
2.	Avalon Chrystie Place I (8) New York, NY	20.0%	361	130,673	25,559	117,000	Variable	3.82%	Nov 2036	23,400
3.	Avalon at Mission Bay North II (8) (9) San Francisco, CA	25.0%	313	122,055	25,167	85,336	Variable	6.63%	Sep 2008 (10)	21,334
			1,076	$ 304,547	$ 58,112	$ 202,336				$ 44,734
			5,305	$ 1,076,301	$ 168,568	$ 767,818				$ 130,688

(1) Schedule does not include one community (Avalon Del Rey) that completed development in the third quarter of 2006 under a joint venture arrangement. AVB owns 30% of this community, however due to the Company's continuing involvement, it is consolidated for financial reporting purposes.

(2) See Attachment #14 — Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(3) These unconsolidated real estate investments are accounted for under the equity method of accounting. AVB Book Value Investment represents the Company's recorded equity investment plus the Company's pro rata share of outstanding debt.

(4) This community's debt is a combination of two separate fixed rate loans which both mature in August 2013. The first loan totals $18,154 at a 5.04% interest rate and was assumed by the Fund upon purchase of this community. The second loan was procured in connection with the acquisition in the amount of $5,652 at a 6.08% interest rate. The rate listed in the table above represents a weighted average interest rate.

(5) As of September 30, 2007, these borrowings include $93,100 in borrowings under the Fund's credit facility secured by uncalled capital commitments maturing in January 2008 and $26,400 in borrowings under a separate unsecured credit facility maturing in December 2008. The 6.22% interest rate represents a weighted average for both facilities during the third quarter of 2007.

(6) The Company has not guaranteed the debt of the Fund and bears no responsibility for the repayment.

(7) After the venture makes certain threshold distributions to the third-party partner, the Company generally receives 50% of all further distributions. In October 2007, the Company sold its investment interest in Avalon Grove to its joint venture partner for approximately $63,446.

(8) After the venture makes certain threshold distributions to the third-party partner, the Company generally receives 50% of all further distributions.

(9) Total Capital Cost for this community represents the capitalized costs incurred and projected to incur as part of the development completion, and is not the gross real estate cost as recorded by the joint venture as of September 30, 2007.

(10) The maturity date as reflected on this attachment may be extended to September 2010 upon exercise of two one-year extension options. MVP I, LLC, the entity that owns and developed Mission Bay North II, has entered into an early rate lock agreement to refinance this construction loan in the fourth quarter of 2007.

Attachment 13

AvalonBay Communities, Inc.
Summary of Disposition Activity (1) as of September 30, 2007
(Dollars in thousands)

Number of Communities Sold	Weighted Average Holding Period (2)	Gross Sales Price	GAAP Gain	Accumulated Depreciation and Other	Economic Gain (3)	Weighted Average Initial Year Mkt. Cap Rate (2) (3)	Weighted Average Unleveraged IRR (2)(3)
1998:							
9 Communities		$ 170,312	$ 25,270	$ 23,438	$ 1,832	8.1%	16.2%
1999:							
16 Communities		$ 317,712	$ 47,093	$ 27,150	$ 19,943	8.3%	12.1%
2000:							
8 Communities		$ 160,085	$ 40,779	$ 6,262	$ 34,517	7.9%	15.3%
2001:							
7 Communities		$ 241,130	$ 62,852	$ 21,623	$ 41,229	8.0%	14.3%
2002:							
1 Community		$ 80,100	$ 48,893	$ 7,462	$ 41,431	5.4%	20.1%
2003:							
12 Communities, 1 Land Parcel (4)		$ 460,600	$ 184,438	$ 52,613	$ 131,825	6.3%	15.3%
2004:							
5 Communities, 1 Land Parcel		$ 250,977	$ 122,425	$ 19,320	$ 103,105	4.8%	16.8%
2005:							
7 Communities, 1 Office Building, 3 Land Parcels (5)		$ 382,720	$ 199,766	$ 14,929	$ 184,838	3.8%	18.0%
2006:							
4 Communities, 3 Land Parcels (6)		$ 281,485	$ 117,539	$ 21,699	$ 95,840	4.6%	15.2%
2007:							
3 Communities, 1 Land Parcel (2)		$ 132,800	$ 78,803	$ 6,793	$ 72,010	4.6%	17.0%
1998 - 2007 Total	**6.6**	**$ 2,477,921**	**$ 927,858**	**$ 201,289**	**$ 726,570**	**6.1%**	**15.6%**

(1) Activity excludes dispositions to joint venture entities in which the Company retains an economic interest.

(2) For purposes of this attachment, land sales and the disposition of an office building are not included in the calculation of Weighted Average Holding Period, Weighted Average Initial Year Market Cap Rate, or Weighted Average Unleveraged IRR.

(3) See Attachment #14 — Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(4) 2003 GAAP gain, for purposes of this attachment, includes $23,448 related to the sale of a community in which the Company held a 50% membership interest.

(5) 2005 GAAP gain includes the recovery of an impairment loss of $3,000 recorded in 2002 related to one of the land parcels sold in 2005. This loss was recorded to reflect the land at fair value based on its entitlement status at the time it was determined to be planned for disposition.

(6) 2006 GAAP gain, for purposes of this attachment, includes $6,609 related to the sale of a community in which the Company held a 25% equity interest.

Attachment 14

AvalonBay Communities, Inc.
Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms

This release, including its attachments, contains certain non-GAAP financial measures and other terms. The definition and calculation of these non-GAAP financial measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. The non-GAAP financial measures referred to below should not be considered an alternative to net income as an indication of our performance. In addition, these non-GAAP financial measures do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered as an alternative measure of liquidity or as indicative of cash available to fund cash needs.

FFO is determined based on a definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is calculated by the Company as net income or loss computed in accordance with GAAP, adjusted for gains or losses on sales of previously depreciated operating communities, extraordinary gains or losses (as defined by GAAP), cumulative effect of a change in accounting principle and depreciation of real estate assets, including adjustments for unconsolidated partnerships and joint ventures. Management generally considers FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses related to dispositions of previously depreciated operating communities and excluding 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 company's real estate between periods or as compared to different companies. A reconciliation of FFO to net income is as follows (dollars in thousands):

	Q3 2007	Q3 2006(1)	YTD 2007(2)	YTD 2006(1)(2)
Net income	$ 128,769	$ 42,113	$ 226,340	$ 220,233
Dividends attributable to preferred stock	(2,175)	(2,175)	(6,525)	(6,525)
Depreciation — real estate assets, including discontinued operations and joint venture adjustments	46,913	41,224	136,677	123,711
Minority interest, including discontinued operations	53	99	225	297
Gain on sale of previously depreciated real estate assets	(78,258)	—	(78,258)	(97,411)
FFO attributable to common stockholders	$ 95,302	$ 81,261	$ 278,459	$ 240,305
Average shares outstanding — diluted	80,024,714	75,688,899	80,195,908	75,504,026
EPS — diluted	$ 1.58	$ 0.53	$ 2.74	$ 2.83
FFO per common share — diluted	$ 1.19	$ 1.07	$ 3.47	$ 3.18

(1) Amounts for the three and nine months ended September 30, 2006 have been restated from amounts previously reported to reflect a change in accounting for land leases.

(2) FFO per common share — diluted includes $0.01 for the nine months ended September 30, 2007 and $0.18 for the nine months ended September 30, 2006 related to the sale of a land parcel in each year.

Attachment 14 (continued)

Projected FFO, as provided within this release in the Company's outlook, is calculated on a basis consistent with historical FFO, and is therefore considered to be an appropriate supplemental measure to projected net income from projected operating performance. A reconciliation of the range provided for Projected FFO per share (diluted) for the fourth quarter and full year of 2007 to the range provided for projected EPS (diluted) is as follows:

	Low range	High range
Projected EPS (diluted) — Q4 07	$ 1.09	$ 1.13
Projected depreciation (real estate related)	0.59	0.61
Projected gain on sale of operating communities	(0.52)	(0.54)
Projected FFO per share (diluted) — Q4 07	$ 1.16	$ 1.20
Projected EPS (diluted) — Full Year 2007	$ 3.83	$ 3.87
Projected depreciation (real estate related)	2.28	2.32
Projected gain on sale of operating communities	(1.48)	(1.52)
Projected FFO per share (diluted) — Full Year 2007	$ 4.63	$ 4.67

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excludes corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, investments and investment management, net interest expense, general and administrative expense, joint venture income, minority interest expense, depreciation expense, gain on sale of real estate assets and income from discontinued operations. The Company considers NOI to be an appropriate supplemental measure to net income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of corporate-level property management overhead or general and administrative costs. This is more reflective of the operating performance of a community, and allows for an easier comparison of the operating performance of single assets or groups of assets. In addition, because prospective buyers of real estate have different overhead structures, with varying marginal impact to overhead by 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 groups of assets.

Attachment 14 (continued)

A reconciliation of NOI (from continuing operations) to net income, as well as a breakdown of NOI by operating segment, is as follows (dollars in thousands):

	Q3 2007	Q3 2006 (1)	YTD 2007	YTD 2006 (1)
Net income	$128,769	$ 42,113	$226,340	$ 220,233
Indirect operating expenses, net of corporate income	8,102	6,569	22,317	20,908
Investments and investment management	1,625	1,388	6,133	5,257
Interest expense, net	25,129	26,479	71,283	80,788
General and administrative expense	6,645	5,633	20,067	18,395
Joint venture income and minority interest	388	(454)	1,576	(629)
Depreciation expense	45,682	39,752	132,371	119,687
Gain on sale of real estate assets	(78,258)	(505)	(78,803)	(111,082)
Income from discontinued operations	(834)	(1,150)	(3,705)	(4,440)
NOI from continuing operations	$137,248	$119,825	$397,579	$ 349,117
Established:				
Northeast	$ 46,504	$ 45,180	$138,515	$ 132,637
Mid-Atlantic	17,977	16,698	53,273	49,362
Midwest	1,773	1,844	5,450	5,288
Pacific NW	5,784	4,998	17,131	14,499
No. California	29,401	25,917	86,335	76,312
So. California	10,058	9,513	30,260	28,268
Total Established	111,497	104,150	330,964	306,366
Other Stabilized	7,821	6,186	22,837	13,498
Development/Redevelopment	17,930	9,489	43,778	29,253
NOI from continuing operations	$137,248	$119,825	$397,579	$ 349,117

(1) Amounts for the three and nine months ended September 30, 2006 have been restated from amounts previously reported to reflect a change in accounting for land leases.

NOI as reported by the Company does not include the operating results from discontinued operations (i.e., assets sold during the period January 1, 2006 through September 30, 2007). A reconciliation of NOI from communities sold or classified as discontinued operations to net income for these communities is as follows (dollars in thousands):

	Q3 2007	Q3 2006	YTD 2007	YTD 2006
Income from discontinued operations	$ 834	$ 1,150	$ 3,705	$ 4,440
Interest expense, net	144	458	687	1,408
Depreciation expense	398	920	2,176	2,755
NOI from discontinued operations	$ 1,376	$ 2,528	$ 6,568	$ 8,603
NOI from assets sold	$ 456	$ 1,518	$ 3,567	$ 5,531
NOI from assets held for sale	920	1,010	3,001	3,072
NOI from discontinued operations	$ 1,376	$ 2,528	$ 6,568	$ 8,603

Attachment 14 (continued)

Projected NOI, as used within this release for certain Development and Redevelopment Communities and in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of this release (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For Development and Redevelopment Communities, Projected NOI is calculated based on the first year of Stabilized Operations, as defined below, following the completion of construction. In calculating the Initial Year Market Cap Rate, Projected NOI for dispositions is calculated for the first twelve months following the date of the buyer's valuation. Projected stabilized rental revenue represents management's estimate of projected gross potential (based on leased rents for occupied homes and Market Rents, as defined below, for vacant homes) minus projected economic vacancy and adjusted for concessions. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

Management believes that Projected NOI of the development and redevelopment communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the Development and Redevelopment Communities when the assets are complete and achieve stabilized occupancy (before allocation of any corporate-level property management overhead, general and administrative costs or interest expense). However, in this release the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development or redevelopment is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development or redevelopment will achieve the Projected NOI as described in this release.

Rental Revenue with Concessions on a Cash Basis is considered by the Company to be a supplemental measure to rental revenue in conformity with GAAP to help investors evaluate the impact of both current and historical concessions on GAAP based rental revenue and to more readily enable comparisons to revenue as reported by other companies. In addition, rental revenue (with concessions on a cash basis) allows an investor to understand the historical trend in cash concessions.

A reconciliation of rental revenue from Established Communities in conformity with GAAP to rental revenue (with concessions on a cash basis) is as follows (dollars in thousands):

	Q3 2007	Q3 2006
Rental revenue (GAAP basis)	$164,850	$156,943
Concessions amortized	1,563	2,459
Concessions granted	(1,558)	(1,407)
Rental revenue (with concessions on a cash basis)	$164,855	$157,995
% change — GAAP revenue	5.0%	
% change — cash revenue	4.3%	

Economic Gain is calculated by the Company as the gain on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain to be an appropriate supplemental measure to gain on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain to gain on sale in accordance with GAAP for both the nine months ended September 30, 2007 as well as prior years' activities is presented on Attachment 13.

Interest Coverage is calculated by the Company as EBITDA from continuing operations, excluding land gains, divided by the sum of interest expense, net, and preferred dividends. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. EBITDA is defined by the Company as net income before interest income and expense, income taxes, depreciation and amortization.

Attachment 14 (continued)

A reconciliation of EBITDA and a calculation of Interest Coverage for the third quarter of 2007 are as follows (dollars in thousands):

Net income	$128,769
Interest expense, net	25,129
Interest expense (discontinued operations)	144
Depreciation expense	45,682
Depreciation expense (discontinued operations)	398
EBITDA	$200,122
EBITDA from continuing operations	$120,488
EBITDA from discontinued operations	79,634
EBITDA	$200,122
EBITDA from continuing operations	$120,488
Land gains	—
EBITDA from continuing operations, excluding land gains	$120,488
Interest expense, net	25,129
Dividends attributable to preferred stock	2,175
Interest charges	27,304
Interest coverage	4.4

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment Community, or Development Right, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, all as determined in accordance with GAAP. For Redevelopment Communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Initial Year Market Cap Rate is defined by the Company as Projected NOI of a single community for the first 12 months of operations (assuming no repositioning), less estimates for non-routine allowance of approximately $200 — $300 per apartment home, divided by the gross sales price for the community. Projected NOI, as referred to above, represents management's estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation, amortization and extraordinary items. For this purpose, management's projection of operating expenses for the community includes a management fee of 3.0% — 3.5%. The Initial Year Market Cap Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for a property. Buyers may assign different Initial Year Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Initial Year Market Cap Rate is weighted based on the gross sales price of each community.

Unleveraged IRR on sold communities refers to the internal rate of return calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) are calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses.

Therefore, Unleveraged IRR is not a substitute for net income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this release should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the holding period for each respective community, including net sales proceeds.

Leverage is calculated by the Company as total debt as a percentage of Total Market Capitalization. Total Market Capitalization represents the aggregate of the market value of the Company's common stock, the market value of the Company's operating partnership units outstanding (based on the market value of the Company's common stock), the liquidation preference of the Company's preferred stock and the outstanding principal balance of the Company's debt. Management believes that Leverage can be one useful measure of a real estate operating company's long-term liquidity and balance sheet strength, because it shows an approximate relationship between a company's total debt and the current total market value of its assets based on the current price at which the Company's common stock trades. Changes in Leverage also can influence changes in per share results. A calculation of Leverage as of September 30, 2007 is as follows (dollars in thousands):

Total debt	$ 3,057,102
Common stock	9,296,785
Preferred stock	100,000
Operating partnership units	7,558
Total debt	3,057,102
Total Market Capitalization	12,461,445
Debt as % of capitalization	24.5%

Because Leverage changes with fluctuations in the Company's stock price, which occur regularly, the Company's Leverage may change even when the Company's earnings, interest and debt levels remain stable. Investors should also note that the net realizable value of the Company's assets in liquidation is not easily determinable and may differ substantially from the Company's Total Market Capitalization.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by either outstanding secured debt or land leases (excluding land leases with purchase options that were put in place for governmental incentives or tax abatements) as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the nine months ended September 30, 2007 is as follows (dollars in thousands):

NOI for Established Communities	$330,964
NOI for Other Stabilized Communities	22,837
NOI for Development/Redevelopment Communities	43,778
NOI for discontinued operations	6,568
Total NOI generated by real estate assets	404,147
NOI on encumbered assets	67,919
NOI on unencumbered assets	336,228
Unencumbered NOI	83.2%

Attachment 14 (continued)

Established Communities are identified by the Company as communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the prior year. Therefore, for 2007, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2006 and are not conducting or planning to conduct substantial redevelopment activities within the current year. Established Communities do not include communities that are currently held for sale or planned for disposition during the current year.

Development Communities are communities that are under construction and for which a final certificate of occupancy has not been received. These communities may be partially complete and operating.

Redevelopment Communities are communities where substantial redevelopment is in progress or is planned to begin during the current year. For wholly-owned communities, redevelopment is considered substantial when capital invested during the reconstruction effort is expected to exceed the lesser of $5,000,000 or 10% of the community's acquisition cost. The definition of substantial redevelopment may differ for communities that are not wholly-owned.

Average Rental Rates are calculated by the Company as rental revenue in accordance with GAAP, divided by the weighted average number of occupied apartment homes.

Economic Occupancy is defined as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue is determined by valuing occupied units at contract rates and vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant apartments at their Market Rents, 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.

Market Rents as reported by the Company are based on the current market rates set by the managers of the Company's communities based on their experience in renting their communities' apartments and publicly available market data. Trends in market rents for a region as reported by others could vary. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Non-Revenue Generating Capex represents capital expenditures that will not directly result in revenue earnings or expense savings.

Stabilized/Restabilized Operations is defined as the earlier of (i) attainment of 95% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

Average Rent per Home, as calculated for certain Development and Redevelopment Communities in lease-up, reflects (i) actual average leased rents for those apartments leased through the end of the quarter net of estimated stabilized concessions, (ii) estimated market rents net of comparable concessions for all unleased apartments and (iii) includes actual and estimated other rental revenue. For Development and Redevelopment Communities not yet in lease-up, Average Rent per Home reflects management's projected rents.

Development Rights are development opportunities in the early phase of the development process for which the Company either has an option to acquire land or enter into a leasehold interest, for which the Company is the buyer under a long-term conditional contract to purchase land or where the Company owns land to develop a new community. The Company capitalizes related predevelopment costs incurred in pursuit of new developments for which future development is probable.