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 2, 1998

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

MARYLAND	1-12672	77-0404318
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS 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)

ITEM 5. OTHER EVENTS.

SPECIAL MEETING OF STOCKHOLDERS

On October 2, 1998, the Company held a Special Meeting of Stockholders (the "Special Meeting") at which the holders of record of the Company's common stock, par value $.01 per share (the "Common Stock"), as of the close of business on August 26, 1998 (the "Record Date") were asked to vote on certain amendments to the Company's charter (the "Charter"). Specifically, the stockholders were asked to vote on (i) amendments to the Charter that would reduce the number of authorized shares of Common Stock which the Company may issue from 300,000,000 to 140,000,000, (ii) an amendment to the Charter which would enable the stockholders of the Company to remove a director from office with or without cause upon the affirmative vote of a majority of the shares then entitled to vote at a meeting of the stockholders called for such purpose, and (iii) an amendment to the Charter changing the name of the Company from "Avalon Bay Communities, Inc." to "AvalonBay Communities, Inc."

Each of proposals (i) and (iii) was approved at the Special Meeting by the affirmative vote of the holders of the requisite number of shares of Common Stock outstanding as of the Record Date. Immediately following the Special Meeting on October 2, 1998, the Company caused Articles of Amendment to the Charter to be filed with, and accepted for record by, the State Department of Assessments and Taxation of the State of Maryland. Accordingly, the Company is now authorized to issue 140,000,000 shares of Common Stock and its name has been changed to "AvalonBay Communities, Inc." A copy of such Articles of Amendment to the Charter is being filed herewith as Exhibit 3.1(ii).

PROPERTY ACQUISITION

HANOVER HALL. On July 20 1998, the Company agreed to acquire Hanover Hall and Summer Terrace (a combined community known as Hanover Hall) consisting of 388 apartment homes in two adjacent 13-story buildings located in Stamford, Connecticut from Hanover Hall Limited Partnership and Summer Terrace Limited Partnership. The anticipated purchase price for this community is approximately

$37 million. The purchase will be funded by drawing on the Company's $600 million unsecured revolving credit facility from Morgan Guarantee Trust Company of New York, Union Bank of Switzerland and Fleet National Bank, as co-agents, and other participating banks (the "Unsecured Credit Facility"). The Unsecured Credit Facility bears interest at the London Interbank Offered Rate (based on a maturity selected by the Company) plus 0.60% per annum and matures in June 2001. In addition, the Unsecured Credit Facility includes a competitive bid option for up to $400 million and two, one-year extension options. This acquisition is expected to close in November 1998. However, because the purchase of this community is still pending, there can be no assurance that the Company will consummate the acquisition or, if acquired, that it will be purchased on terms currently contemplated. Neither the Company, any subsidiary of the Company nor any director or officer of the Company is affiliated with or has a material relationship with the sellers of this community.

In assessing the communities, the Company's management considered the existing leases, which are the primary source of revenue, the occupancy rates, the competitive nature of the markets and comparative rental rates. Furthermore, current and anticipated maintenance and repair costs, real estate taxes and capital improvement requirements were evaluated. Management is not aware of any material factors that would cause the reported financial information in the accompanying Historical Summaries of Operating Revenues and Expenses to be misleading.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements under Rule 3-14 of Regulation S-X

(b) Pro Forma Financial Information. Unaudited pro forma financial information as of and for the six months ended June 30, 1998 and for the year ended December 31, 1997 are included as Exhibit 99.1 hereto.

(c) Exhibits

3.1(i)	Articles of Amendment and Restatement of Articles of Incorporation of the Company, dated as of June 4, 1998. (Incorporated by reference to Exhibit 3.1(i) to the Company's Form 10-Q for the quarter ended June 30, 1998).
3.1(ii)	Articles of Amendment, dated as of October 2, 1998.
12.1	Statements of Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends and Ratios of Earnings to Fixed Charges
23.1	Consent of PricewaterhouseCoopers LLP
99.1	Unaudited pro forma financial information as of and for the six months ended June 30, 1998 and for the year ended December 31, 1997.

SIGNATURE

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

AVALONBAY COMMUNITIES, INC.

Dated: October 6, 1998

By: /s/ Thomas J. Sargeant

Name: Thomas J. Sargeant
Title: Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Avalon Bay Communities, Inc.:

We have audited the accompanying historical summary of operating revenue and expenses, as defined in Note 2(a), of Hanover Hall and Summer Terrace for the year ended December 31, 1997. This historical summary is the responsibility of Hanover Hall and Summer Terrace's management. Our responsibility is to express an opinion on the historical summary based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the historical summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the historical summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the historical summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying historical summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Registration Statements on Forms S-3 and S-8 of Avalon Bay Communities, Inc.) and is not intended to be a complete presentation of Hanover Hall and Summer Terrace's revenue and expenses.

In our opinion, the historical summary referred to above presents fairly, in all material respects, the operating revenue and expenses described in Note 2(a) of Hanover Hall and Summer Terrace for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Washington, D.C.
September 11, 1998

HANOVER HALL AND SUMMER TERRACE

Historical Summaries of Operating Revenue and Expenses

For the six months ended June 30, 1998
(unaudited) and the year ended
December 31, 1997

(dollars in thousands)

	Six months ended June 30, 1998 (unaudited)	Year ended December 31, 1997 (audited)
Total revenue	$ 2,390	$ 4,576
Operating expenses:		
Property operating	750	1,712
Real estate taxes	204	416
Total operating expenses	954	2,128
Operating revenue in excess of operating expenses	$ 1,436	$ 2,448

See accompanying notes to historical summaries of operating revenue and expenses.

HANOVER HALL AND SUMMER TERRACE

Notes to the Historical Summaries of Operating Revenue and Expenses

Six months ended June 30, 1998 (unaudited)
and year ended December 31, 1997

(dollars in thousands)

(dollars in thousands)

(1) DESCRIPTION OF THE PROPERTY

Hanover Hall and Summer Terrace (the Buildings) consists of two 13-story high-rise buildings located in Stamford, Connecticut, containing 388 studio, one, two, and three-bedroom apartment homes available for lease. The Buildings were constructed in 1962.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying historical summaries of operating revenue and expenses are not representative of the actual operations for the periods presented as certain revenues and expenses, which may not be comparable to those expected to be incurred by Avalon Bay Communities, Inc. in the future operations of the Buildings, have been excluded. Interest income has been excluded from revenue, and interest, depreciation and amortization, and other costs not directly related to the future operations of the Buildings have been excluded from expenses.

(b) Revenue Recognition

Rental income attributable to residential leases is recorded when due from tenants.

(c) Interim Unaudited Financial Information

The accompanying unaudited financial information for the six months ended June 30, 1998 has been prepared consistent with the rules and regulations of the Securities and Exchange Commission governing the preparation of the amounts for the year ended December 31, 1997. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring accruals, necessary to present fairly the historical summaries of operating revenue and expenses for the six months ended June 30, 1998, have been included. The results of operations for the six-month period ended June 30, 1998 are not necessarily indicative of the results for the full year.

(3) PRO FORMA TAXABLE OPERATING RESULTS AND CASH AVAILABLE FROM OPERATIONS (UNAUDITED)

The following unaudited table is a pro forma estimate of the taxable operating income and cash available from operations of Hanover Hall and Summer Terrace for the twelve months ended June 30, 1998, as adjusted for certain items which can be factually supported. For purposes of presenting pro forma taxable operating income, revenue is recognized when it is either collectible under the lease terms or collected. Tax depreciation for the buildings is computed on the modified accelerated cost recovery system method over a 27.5-year life. This statement does not purport to forecast actual operating results for any period in the future.

Pro forma net operating income (exclusive of depreciation and amortization expense)	$2,660
Less - estimated tax depreciation and amortization expense	1,089
Pro forma taxable operating income	$1,571
Pro forma cash available from operations	$2,660

Exhibit 3.1(ii)

ARTICLES OF AMENDMENT

AMENDING THE CHARTER OF

AVALON BAY COMMUNITIES, INC.

Avalon Bay Communities, Inc., a Maryland corporation (the "Corporation"), certifies as follows:

FIRST: That the Corporation's Charter is hereby amended by:

(A) deleting Article I, Section 1.3 in its entirety and inserting the following in lieu thereof:

> 1.3 The total number of shares of Stock which the Corporation has authority to issue is two hundred ten million (210,000,000) shares, consisting of (i) fifty million (50,000,000) shares of Preferred Stock; (ii) one hundred forty million (140,000,000) shares of Common Stock; and (iii) twenty million (20,000,000) shares of excess stock, par value $.01 per share ("Excess Stock"). The aggregate par value of all the shares of all classes of Stock is $2,100,000.

(B) deleting Article II in its entirety and inserting the following in lieu thereof:

ARTICLE II

NAME

The name of the Corporation is:

"AvalonBay Communities, Inc."

(C) deleting the first two sentences of Article VII, Section 7.1 in their entirety and inserting the following in lieu thereof:

> 7.1 AUTHORIZED STOCK. The total number of shares of Stock which the Corporation has authority to issue is two hundred ten million (210,000,000) shares, consisting of (i) fifty million (50,000,000) shares of Preferred Stock, par value $.01 per share; (ii) one hundred forty million (140,000,000) shares of Common Stock, par value $.01 per share; and (iii) twenty million (20,000,000) shares of Excess Stock, par value $.01 per share. The aggregate par value of all the shares of all classes of Stock is $2,100,000.

SECOND: The foregoing amendments to the Corporation's Charter were advised by the Board of Directors of the Corporation and were approved by the stockholders of the Corporation at a Special Meeting of Stockholders held on October 2, 1998.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to the Charter of the Corporation to be executed in its name and on its behalf on this 2nd day of October 1998, by the President of the Corporation who acknowledges that these Articles of Amendment are the act of the Corporation and that to the best of his knowledge, information and belief and under penalties for perjury, all matters and facts contained in these Articles of Amendment are true in all material respects.

AVALON BAY COMMUNITIES, INC.

(seal)

By: /s/ Charles H. Berman

Charles H. Berman
President

ATTEST

By: /s/ Jeffrey B. Van Horn

Jeffrey B. Van Horn
Secretary

EXHIBIT 12.1

AVALONBAY COMMUNITIES, INC.
RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

<TABLE>
<CAPTION>

	Six months Ended June 30, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996	Year Ended December 31, 1995	March 17- December 31 1994	January 1- March 16, 1994	Year Ended December 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Operating Income	$ 31,221	$ 38,941	$ 19,626	$ 11,460	$ 7,486	$ (716)	$ (447)
(Less) Nonrecurring item:							
Gain on sale	$ -	$ -	$ -	$ (2,412)	$ -	$ -	$ -
(Plus) Extraordinary item:							
Unamortized loan fee write-off	$ -	$ -	$ 511	$ -	$ -	$ -	$ -
(Plus) Fixed charges:							
Interest expense	$ 17,363	$ 14,113	$ 14,276	$ 11,472	$ 4,782	$ 2,358	$ 10,932
Interest capitalized	6,525	6,985	2,567	3,641	2,096	-	-
Debt cost amortization	336	505	667	1,278	241	80	218
Preferred dividend	8,523	7,480	4,264	917	-	-	-
Total fixed charges (1)	$ 32,747	$ 29,083	$ 21,774	$ 17,308	$ 7,119	$ 2,438	$ 11,150
(Less):							
Interest capitalized	$ 6,525	$ 6,985	$ 2,567	$ 3,641	$ 2,096	$ -	$ -
Preferred dividend	8,523	7,480	4,264	917	-	-	-
Adjusted earnings (2)	$ 48,920	$ 53,559	$ 35,080	$ 21,798	$ 12,509	$ 1,722	$ 10,703
Ratio (2 divided by 1)	1.49	1.84	1.61	1.26	1.76	0.71	0.96

</TABLE>

AVALONBAY COMMUNITIES, INC.
RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>
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	Six months Ended June 30,	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,	March 17- December 31	January 1- March 16,	Year Ended December 31,

	1998	1997	1996	1995	1994	1994	1993
Net Operating Income	$ 31,221	$ 38,941	$ 19,626	$ 11,460	$ 7,486	$ (716)	$ (447)
(Less) Nonrecurring item:							
Gain on sale	$ -	$ -	$ -	$ (2,412)	$ -	$ -	$ -
(Plus) Extraordinary item:							
Unamortized loan fee write-off	$ -	$ -	$ 511	$ -	$ -	$ -	$ -
(Plus) Fixed charges:							
Interest expense	$ 17,363	$ 14,113	$ 14,276	$ 11,472	$ 4,782	$ 2,358	$ 10,932
Interest capitalized	6,525	6,985	2,567	3,641	2,096	-	-
Debt cost amortization	336	505	667	1,278	241	80	218
Total fixed charges (1)	$ 24,224	$ 21,603	$ 17,510	$ 16,391	$ 7,119	$ 2,438	$ 11,150
(Less):							
Interest capitalized	$ 6,525	$ 6,985	$ 2,567	$ 3,641	$ 2,096	$ -	$ -
Adjusted earnings (2)	$ 48,920	$ 53,559	$ 35,080	$ 21,798	$ 12,509	$ 1,722	$ 10,703
Ratio (2 divided by 1)	2.02	2.48	2.00	1.33	1.76	0.71	0.96

</TABLE>

Exhibit 23-1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements of AvalonBay Communities, Inc. on Form S-8 (File No. 333-16837), Form S-8 (File No. 333-56089), Form S-3 (File No. 333-16647), Form S-3 (File No. 333-15407), Form S-3 (File No. 333-41511) and Form S-3 (333-60875) of our report dated September 11, 1998 appearing on page 5 of this Form 8-K.

/s/ PricewaterhouseCoopers LLP

October 5, 1998
Washington, D. C.

Exhibit 99.1

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

AVALONBAY COMMUNITIES, INC.
PRO FORMA CONDENSED BALANCE SHEET
JUNE 30, 1998

(UNAUDITED)

The following unaudited Pro Forma Condensed Balance Sheet of AvalonBay Communities, Inc. (the "Company") as of June 30, 1998 gives effect to (i) the acquisition and sale of apartment communities and land that have been consummated since June 30, 1998 and the acquisition of other apartment communities that the Company expects to consummate in the near future; (ii) the investment by the Company in a participating mortgage note; (iii) the July 1998 sale of Fixed Rate Unsecured Senior Notes; and (iv) repayment of amounts outstanding under the Company's Variable Rate Unsecured Credit Facility (the " Unsecured Credit Facility").

The unaudited Pro Forma Condensed Balance Sheet is presented for informational purposes only and is not necessarily indicative of what the actual condensed financial position of the Company would have been as of June 30, 1998, nor does it purport to represent the future condensed financial position of the Company. This information should be read in conjunction with the unaudited condensed financial statements and other financial information contained in the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1998, including the notes thereto.

AVALONBAY COMMUNITIES, INC.
PRO FORMA CONDENSED BALANCE SHEET
JUNE 30, 1998
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	At June 30, 1998 (Unaudited)					
		Pro Forma Adjustments				
	Historical	Acquired Communities	Disposed Communities	Probable Acquisitions	Priors Debt Offering	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Real estate, net	$3,655,967	$145,074	$(56,515)	$37,450	$ -	$3,781,976
Cash, cash equivalents and cash in escrow	21,752	-	-	-	-	21,752
Other assets	87,466	23,874	(283)	-	2,184	113,241
TOTAL ASSETS	$3,765,185	$168,948	$(56,798)	$37,450	$2,184	$3,916,969
LIABILITIES AND STOCKHOLDERS' EQUITY						
Notes and unsecured credit facility	$1,331,059	$167,184	$(56,490)	$37,450	$2,184	$1,481,387
Payables for construction	32,848	-	-	-	-	32,848
Accrued expenses and other liabilities	115,973	1,764	(459)	-	-	117,278
TOTAL LIABILITIES	1,479,880	168,948	(56,949)	37,450	2,184	1,631,513

Minority interest of unitholders in

consolidated operating partnerships	32,323	-	-	-	-	32,323
Stockholders' equity:						
Preferred stock	143	-	-	-	-	143
Common stock	636	-	-	-	-	636
Additional paid-in capital	2,317,749	-	-	-	-	2,317,749
Deferred compensation	(6,221)	-	-	-	-	(6,221)
Dividends in excess of accumulated earnings	(59,325)	-	151	-	-	(59,174)
TOTAL STOCKHOLDERS' EQUITY	2,252,982	-	151	-	-	2,253,133
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,765,185	$168,948	$(56,798)	$37,450	$2,184	$3,916,969

</TABLE>

See accompanying notes.

AVALONBAY COMMUNITIES, INC.
NOTES TO PRO FORMA CONDENSED
BALANCE SHEET
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION

The pro forma adjustments for the Acquired Communities, Disposed Communities and Probable Acquisitions reflect the communities and land acquired (Prudential Center Apartments, Avalon Corners land, Avalon Fox Mill land and Avalon Court North land) or disposed (Aspen Meadows, Village Park of Troy and Arbor Park) by the Company subsequent to June 30, 1998, acquisitions that the Company expects to consummate in the near future (Hanover Hall) and the investment by the Company in a participating mortgage note secured by Fairlane Woods. The adjustments for Prior Debt Offering reflects the sale of $250 million in Fixed Rate Unsecured Senior Notes during July 1998, and the subsequent repayment of amounts outstanding under the Company's Unsecured Credit Facility.

2. ACQUIRED COMMUNITIES ADJUSTMENTS

(i) total acquisition costs of $145,074 ($130,050 related to the Prudential Center Apartments, $6,220 related to Avalon Corners land, $2,804 related to Avalon Fox Mill land, $6,000 related to Avalon Court North land);
(ii) the assumption of net liabilities totaling $1,890, and draws on the Company's Unsecured Credit Facility totaling $167,184; and
(iii) the investment of $24,000 in a participating mortgage note secured by Fairlane Woods.

3. DISPOSED COMMUNITIES ADJUSTMENTS

(i) total net real estate disposed of $56,515 ($12,300 related to Aspen Meadows, $31,815 related to Village Park of Troy and $12,400 related to Arbor Park);
(ii) the transfer of net liabilities of $176 in connection with the sale of the communities;
(iii) the repayment of $56,490 on the Company's Unsecured Credit Facility from the estimated sales proceeds; and
(iv) the recognition of a net gain totaling $151 from the sale of the communities.

4. PROBABLE ACQUISITIONS ADJUSTMENTS

(i) total acquisition costs of $37,450 related to Hanover Hall; and

(ii) draws on the Company's Unsecured Credit Facility totaling $37,450.

5. PRIOR DEBT OFFERING ADJUSTMENTS

Reflects the sale of $250,000 of Fixed Rate Unsecured Senior Notes in July 1998 at a net price of $247,816, after deduction of transaction costs. The Company used all of the proceeds to pay down amounts outstanding under its Unsecured Credit Facility.

AVALONBAY COMMUNITIES, INC.
PRO FORMA CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND THE
YEAR ENDED DECEMBER 31, 1997

(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

The following unaudited Pro Forma Condensed Statements of Operations of AvalonBay Communities, Inc. (the "Company") for the six months ended June 30, 1998 and for the year ended December 31, 1997 gives effect to (i) the June 1998 merger of Avalon Properties, Inc. with and into the Company (the "Merger"); (ii) the acquisition and sale of apartment communities and land that have been consummated since December 31, 1996 and the acquisition of other apartment communities that the Company expects to consummate in the near future; (iii) the investment by the Company in a participating mortgage note; (iv) the sale of Common Stock, Preferred Stock and Fixed Rate Unsecured Senior Notes since December 31, 1996; and (v) repayment of amounts outstanding under the Company's Variable Rate Unsecured Credit Facility (the "Unsecured Credit Facility").

The unaudited Pro Forma Condensed Statements of Operations are presented for informational purposes only and are not necessarily indicative of what the actual condensed operations of the Company would have been assuming the aforementioned transactions had been consummated as of the beginning of the respective periods, nor does it purport to represent the results of operations for future periods. This information should be read in conjunction with the unaudited condensed financial statements and other financial information contained in the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1998, including the notes thereto.

AVALONBAY COMMUNITIES, INC.
CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1998
(Unaudited)
(Dollars in thousands, except per share data)

<TABLE>
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	For the six months ended June 30, 1998					
		Pro Forma Adjustments				
	Historical	Acquired Communities	Disposed Communities	Probable Acquisitions	Prior Offerings	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total revenue	$116,230	$106,187	$(1,429)	$2,390	$ -	$223,378
Expenses:						
Operating expenses	30,705	31,572	(628)	750	-	62,399
Property taxes	9,394	9,089	(106)	204	-	18,581
Interest expense	17,363	19,853	(874)	1,217	(571)	36,988
Depreciation and amortization	24,503	27,204	(264)	533	-	51,976
General and administrative	2,946	2,558	-	-	-	5,504
Provision for unrecoverable deferred development costs	400	433	-	-	-	

833

Total expenses	85,311	90,709	(1,872)	2,704	(571)	176,281
Equity in income of unconsolidated joint ventures	238	1,112	-	-	-	1,350
Interest income	468	1,571	-	-	-	2,039
Minority interest	(404)	(583)	-	-	-	(987)
Net income	31,221	17,578	443	(314)	571	49,499
Dividends attributable to preferred stock	(8,523)	(8,190)	-	-	1,174	(15,539)
Net income available to common stockholders	$ 22,698	$ 9,388	$ 443	$ (314)	$1,745	$ 33,960
Per common share:						
Net income - basic	$ .68					$ .53
Net income - diluted	$ .66					$ .52

</TABLE>

See accompanying notes.

AVALONBAY COMMUNITIES, INC.
CONDENSED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1997
(Unaudited)
(Dollars in thousands, except per share data)

<TABLE>
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	For the year ended December 31, 1997					
		Pro Forma Adjustments				
		Acquired	Disposed	Probable	Prior	Pro Forma
	Historical	Communities	Communities	Acquisitions	Offerings	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total revenue	$125,827	$268,321	$(706)	$ 4,576	$ -	$398,018
Expenses:						
Operating expenses	29,016	73,945	(139)	1,712	-	104,534
Property taxes	9,467	23,644	(64)	416	-	33,463
Interest expense	14,113	74,589	(307)	2,547	(29,408)	61,534
Depreciation and amortization	27,009	71,921	(112)	1,066	-	99,884
General and administrative	6,308	5,093	-	-	-	

						11,401
Provision for unrecoverable deferred development costs	710	650	-	-	-	1,360
Total expenses	86,623	249,842	(622)	5,741	(29,408)	312,176
Equity in income of unconsolidated joint ventures	-	5,689	-	-	-	5,689
Interest income	207	3,554	-	-	-	3,761
Minority interest	(470)	(1,140)	-	-	-	(1,610)
Net income	38,941	26,582	(84)	(1,165)	29,408	93,682
Dividends attributable to preferred stock	(7,480)	(19,772)	-	-	(3,827)	(31,079)
Net income available to common stockholders	$ 31,461	$ 6,810	$ (84)	$(1,165)	$ 25,581	$ 62,603
Per common share:						
Net income - basic	$ 1.40					$ .98
Net income - diluted	$ 1.40					$ .97

</TABLE>

See accompanying notes.

AVALONBAY COMMUNITIES, INC.
NOTES TO PRO FORMA CONDENSED
STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. BASIS OF PRESENTATION

The pro forma adjustments for the Acquired Communities, Disposed Communities and Probable Acquisitions assumes that the Merger, all communities and land acquired or disposed by the Company subsequent to December 31, 1996, acquisitions that the Company expects to consummate in the near future and the investment by the Company in a participating mortgage note had occurred as of January 1, 1997. The adjustments for Prior Offerings assumes the sale of all Common Stock, Preferred Stock and Fixed Rate Unsecured Senior Notes (and the related repayment of amounts outstanding under the Company's Unsecured Credit Facility) subsequent to December 31, 1996 had occurred as of January 1, 1997.

2. ACQUIRED COMMUNITIES ADJUSTMENTS

(i) the historical operating revenues and expenses of the communities acquired;
(ii) the additional interest expense on debt at weighted average interest rates ranging from 6.5% to 6.8%, incurred for the acquisitions and interest expense on assumed debt;
(iii) the depreciation expense based on the new accounting basis of the rental properties based on a 30 year useful life; and
(iv) the historical general and administrative expenses, provision for unrecoverable deferred development costs, equity in income of unconsolidated joint ventures, interest income and minority interest of Avalon Properties, Inc.

3. DISPOSED COMMUNITIES ADJUSTMENTS

(i) the elimination of historical operating revenues and expenses of the communities sold;
(ii) the reduction of interest expense from the repayment of debt using the net proceeds; and
(iii) the elimination of historical depreciation expense of the communities sold.

4. PROBABLE ACQUISITIONS ADJUSTMENTS

(i) the historical operating revenues and expenses of the communities anticipated to be acquired;
(ii) the additional interest expense on debt at weighted average interest rates ranging from 6.5% to 6.8%, incurred for the acquisitions; and
(iii) the depreciation expense based on the new accounting basis of the rental properties based on a 30 year useful life.

5. PRIOR OFFERINGS ADJUSTMENTS

Adjustments reflect the reduction in interest expense and additional preferred dividends associated with the paydown of amounts outstanding under the Company's Unsecured Credit Facility with the proceeds from the sale of Common Stock and Preferred Stock, and the change in interest expense associated with the sale of Fixed Rate Unsecured Senior Notes subsequent to December 31, 1996.

6. EARNINGS PER SHARE

Based upon the following table of pro forma shares of common stock outstanding and common stock equivalents on a weighted average basis during the six months ended June 30, 1998 and for the year ended December 31, 1997.

<TABLE>
<CAPTION>

	For the six months ended June 30 1998	For the year ended December 31 1997
<S>	<C>	<C>
Weighted average Common Shares outstanding - basic	64,089,106	63,958,400
Weighted average Common Shares outstanding - diluted	64,791,092	64,515,021

</TABLE>