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) **September 25, 2006**

AVALONBAY COMMUNITIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	
(State or Other Jurisdiction of Incorporation)	
1-12672	**77-0404318**
(Commission File Number)	(I.R.S. Employer Identification No.)
2900 Eisenhower Avenue, Suite 300, Alexandria, Virginia	**22314**
(Address of Principal Executive Offices)	(Zip Code)

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

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 8.01 Other Events.

On September 18, 2006, AvalonBay Communities, Inc. (the "Company") issued a press release announcing a public offering (the "Offering") of an aggregate $250,000,000 principal amount of its 5.50% Medium Term Notes due 2012 (the "2012 Notes") and an aggregate $250,000,000 principal amount of its 5.75% Medium Term Notes due 2016 (the "2016 Notes" and together with the 2012 Notes, the "Notes"). The offering was made pursuant to a Prospectus Supplement dated September 18, 2006 and a Pricing Supplement dated September 19, 2006 relating to the Company's Shelf Registration Statement on Form S-3 (File No. 333-132435). The Terms Agreement, dated September 18, 2006, by and among the Company and the Agents named therein, is filed herewith as Exhibit 1.1, and the press release announcing the Offering is filed herewith as Exhibit 99.1.

The Notes were issued under an Indenture between the Company and U.S. Bank National Association, as trustee, dated as of January 16, 1998, as supplemented by a First Supplemental Indenture dated as of January 20, 1998, a Second Supplemental Indenture dated as of July 7, 1998, an Amended and Restated Third Supplemental Indenture dated as of July 10, 2000 and a Fourth Supplemental Indenture dated as of September 18, 2006.

Interest on the 2012 Notes is payable semi-annually on January 15 and July 15 beginning on January 15, 2007, and the Notes will mature on January 15, 2012. Interest on the 2016 Notes is payable semi-annually on March 15 and September 15 beginning on March 15, 2007, and the Notes will mature on September 15, 2016. The Company will use the net proceeds, after underwriting discounts and other transaction-related costs, of approximately $247 million from the sale of the 2012 Notes and $247 million from the sale of the 2016 Notes to reduce indebtedness outstanding under the Company's unsecured revolving credit facility and for other corporate purposes. Settlement occurred on September 25, 2006.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
1.1*	Terms Agreement, dated September 18, 2006.
4.1*	Fourth Supplemental Indenture, dated September 18, 2006, between the Company and US Bank National Association.
5.1*	Legal Opinion of Goodwin Procter LLP, dated September 25, 2006.
23.1	Consent of Goodwin Procter LLP (included in Exhibit 5.1).
99.1*	Press Release of the Company, dated September 18, 2006.

* Filed herewith.

SIGNATURES

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

Date: September 25, 2006

AVALONBAY COMMUNITIES, INC.

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

EXHIBIT INDEX

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* Filed herewith.

Exhibit 1.1

AVALONBAY COMMUNITIES, INC.

Medium-Term Notes
Due Nine Months or More From Date of Issue

TERMS AGREEMENT

September 18, 2006

AvalonBay Communities, Inc.
2900 Eisenhower Avenue, Suite 300
Alexandria, VA 22314

Reference is made to (i) that certain Amended and Restated Distribution Agreement dated as of August 6, 2003 (including any exhibits and schedules thereto, the "Distribution Agreement"), by and among AvalonBay Communities, Inc., a Maryland corporation (the "Company" or "AvalonBay"), each of Banc of America Securities LLC, Citigroup Global Markets Inc., Fleet Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Morgan Stanley & Co. Incorporated and Wachovia Capital Markets, LLC, (ii) that certain Appointment Agreement dated the date hereof, by and between the Company and Deutsche Bank Securities Inc., (iii) that certain Appointment Agreement dated the date hereof, by and between the Company and Wells Fargo Securities, LLC, (iv) that certain Appointment Agreement dated the date hereof, by and between the Company and UBS Securities LLC, and (v) that certain Appointment Agreement dated the date hereof, by and between the Company and BNY Capital Markets, Inc. (the agreements in (ii), (iii), (iv) and (v) are collectively, the "Appointment Agreements" and the entities listed on Schedule 1 hereto are collectively the "Agents"). Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc. have agreed to act as the representatives (the "Representatives") of the Agents in connection with this Terms Agreement (this "Agreement"). Capitalized terms used, but not defined, in this Agreement are used in this Agreement as defined in the Distribution Agreement. This Agreement is one of the Written Terms Agreements referred to in Section 4(a) of the Distribution Agreement (as modified by Schedule 3 to this Agreement pursuant to the following paragraph).

In accordance with and subject to the terms and conditions stated in this Agreement, the Distribution Agreement and the Appointment Agreements, which agreements are incorporated herein in their entirety, except as such incorporation of the Distribution Agreement is modified by Schedule 3 to this Agreement, and made a part hereof, the Company agrees to sell to the Agents, and each of the Agents severally agrees to purchase, as principal, from the Company the aggregate principal amount set forth opposite its name in Schedule 1 hereto of the Company's Notes identified on Schedule 2 hereto. If one or more of the Agents shall fail at the Settlement Date to purchase the Notes which it or they are obligated to purchase under this Agreement, the procedures set forth in Section 4(a) of the Distribution Agreement (as modified by Schedule 3 to this Agreement) shall apply.

The obligations of the Agents to purchase Notes shall be subject, in addition to the conditions precedent listed in the Distribution Agreement (as is modified by Schedule 3 to this Agreement) and the Appointment Agreements, to the delivery of the following documents to the Representatives, on or before the Settlement Date:

1. the opinions and letters referred to in Sections 6(a), 6(b) and 6(c) of the Distribution Agreement (as modified by Schedule 3 to this Agreement), each dated the Settlement Date and otherwise in substantially the same form as was delivered in connection with the Company's March 2, 2005 public offering of medium-term notes (the "Prior Offering");

2. the letters of Ernst & Young LLP referred to in Section 6(d) of the Distribution Agreement (as modified by Schedule 3 to this Agreement), dated the date hereof and the Settlement Date and otherwise in substantially the same forms as were delivered in connection with the Prior Offering; and

3. the officers' certificate referred to in Section 6(e) of the Distribution Agreement (as modified by Schedule 3 to this Agreement), dated the Settlement Date and otherwise in substantially the same form as was delivered in connection with the Prior Offering.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Representatives of the Agents and their counsel. The Company will furnish the Agents with such conformed copies of such opinions, certificates, letters and other documents as the Agents shall reasonably request.

This Agreement shall be governed by the laws of the State of New York. This Agreement, the Distribution Agreement (as modified by Schedule 3 to this Agreement) and the Appointment Agreements constitute the entire agreement of the parties regarding the offering of Notes contemplated by this Agreement and supersede all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

AvalonBay Communities, Inc.

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

MORGAN STANLEY & CO. INCORPORATED

For itself and as the Representative
of the several Agents named
in Schedule 1 hereto

By: /s/ Michael Fusco
Name: Michael Fusco
Title: Executive Director

WACHOVIA CAPITAL MARKETS, LLC

For itself and as the Representative
of the several Agents named
in Schedule 1 hereto

By: /s/ William Ingram
Name: William Ingram
Title: Managing Director

Schedule 1

AGENTS' ALLOCATIONS

2012 Notes

Agent	Aggregate Principal Amount of 2012 Notes
Morgan Stanley & Co. Incorporated	$ 81,250,000
Wachovia Capital Markets, LLC	$ 81,250,000
Banc of America Securities LLC	$ 14,583,334
BNY Capital Markets, Inc.	$ 14,583,334
Deutsche Bank Securities Inc.	$ 14,583,333
J.P. Morgan Securities Inc.	$ 14,583,333
UBS Securities LLC	$ 14,583,333
Wells Fargo Securities, LLC	$ 14,583,333
	$ 250,000,000

2016 Notes

Agent	Aggregate Principal Amount of 2016 Notes
Morgan Stanley & Co. Incorporated	$ 81,250,000
Wachovia Capital Markets, LLC	$ 81,250,000
Banc of America Securities LLC	$ 14,583,334
BNY Capital Markets, Inc.	$ 14,583,334
Deutsche Bank Securities Inc.	$ 14,583,333
J.P. Morgan Securities Inc.	$ 14,583,333
UBS Securities LLC	$ 14,583,333
Wells Fargo Securities, LLC	$ 14,583,333
	$ 250,000,000

Schedule 2

TERMS OF THE NOTES

Medium-Term Notes — Fixed Rate

5.50% Notes due 2012

Principal Amount: $250,000,000
Net Proceeds to Issuer: $247,547,500
Stated Maturity Date: January 15, 2012
Original Issue Date: September 25, 2006
Interest Payment Dates: January 15 and July 15

Issue Price (Public Offering Price): 99.619%
Agents' Discount Commission: 0.60%
Interest Rate: 5.50%
CUSIP 05348E AK5
First Interest Payment Date: January 15, 2007

5.75% Notes due 2016

Principal Amount: $250,000,000
Net Proceeds to Issuer: $247,070,000
Stated Maturity Date: September 15, 2016

Issue Price (Public Offering Price): 99.478%
Agents' Discount Commission: 0.65%
Interest Rate: 5.75%

Original Issue Date: September 25, 2006 CUSIP 05348E AL3
Interest Payment Dates: March 15 and September 15 First Interest Payment Date: March 15, 2007

Redemption:
o The Notes cannot be redeemed prior to the Stated Maturity Date at the option of the Company.
x The Notes may be redeemed prior to the Stated Maturity Date at the option of the Company.
Initial Redemption Date: See Additional/Other Terms.
Initial Redemption Percentage/Redemption Price: See Additional/Other Terms.
Annual Redemption Percentage Reduction: N/A

Optional Repayment:
x The Notes cannot be required to be repaid prior to the Stated Maturity Date at the option of the Holder of the Notes.
o The Notes can be repaid prior to the Stated Maturity Date at the option of the Holder of the Notes.
Optional Repayment Dates:
Repayment Price: ____%

Currency:
Specified Currency: U.S. Dollars
(If other than U.S. Dollars, see attached)
Minimum Denominations:
(Applicable only if Specified Currency is other than U.S. Dollars)

Original Issue Discount ("OID"): o Yes x No
Total Amount of OID:
Yield to Maturity:
Initial Accrual Period:

Form: x Book-Entry o Certificated

Additional/Other Terms:

Reopening of Issue. The Company may, from time to time and without the consent of the noteholders, reopen an issue of notes and issue additional notes having the same terms and conditions (including maturity, interest payment terms and CUSIP number) as notes issued on an earlier date, except for the issue date, issue price and, if applicable, the first payment of interest. After such additional notes are issued, they will be fungible with the notes issued on such earlier date.

Optional Redemption. The Notes may be redeemed at any time at the option of AvalonBay, in whole or in part, upon notice of not more than 60 and not less than 30 days prior to the Redemption Date, at a Redemption Price equal to the sum of (i) the principal amount of the Notes being redeemed plus accrued interest thereon to the Redemption Date and (ii) the Make-Whole Amount, if any, with respect to such Note.

Acceleration of Maturity; Make-Whole Amount. If an Event of Default with respect to the Notes that are then outstanding occurs and is continuing, and pursuant to Section 2.7 of the Amended and Restated Third Supplemental Indenture dated as of July 10, 2000 (the "Third Supplemental Indenture") the Trustee or the Holders of not less than 25% in principal amount of the then outstanding Notes of this series shall have declared the principal amount (or, if the Notes of this series are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms hereof) of all the Notes of this series to be due and payable immediately, by a notice in writing to AvalonBay (and to the Trustee if given by the Holders), then upon any such declaration such principal, or specified portion thereof, plus accrued interest to the date the Notes of this series are paid, plus the Make-Whole Amount on the Notes shall become immediately due and payable. With respect to the Notes of this series, if an Event of Default set forth in Section 501(6) of the Indenture, dated as of January 16, 1998, between AvalonBay and the Trustee (the "Indenture") occurs and is continuing, such that pursuant to Section 2.7 of the Third Supplemental Indenture all the Notes of this series are immediately due and payable, without notice to AvalonBay, at the principal amount thereof (or, if the Notes of this series are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms of the Notes) plus accrued interest to the date the Notes are paid, then the Make-Whole Amount on the Notes shall also be immediately due and payable.

Definitions. Terms used but not defined herein shall have the meanings set forth in the Indenture and the Third Supplemental Indenture. The following terms shall have the following meanings:

"Make-Whole Amount" means, in connection with any optional redemption or accelerated payment of any Note, the excess, if any, of (i) the aggregate present value as of the date of such redemption or accelerated payment of each dollar of principal being redeemed or paid and the amount of interest (exclusive of interest accrued to the date of redemption or accelerated payment) that would have been payable in respect of such dollar if such redemption or accelerated payment had not been made, determined by discounting, on a semi-annual basis, such principal and interest at the Reinvestment Rate (determined on the third Business Day preceding the date such notice of Redemption is given or declaration of acceleration is made) from the respective dates on which such principal and interest would have been payable if such redemption or accelerated payment had not been made, over (ii) the aggregate principal amount of the Notes being redeemed or paid.

"Reinvestment Rate" means fifteen (15) basis points (in the case of the 2012 Notes) and twenty (20) basis points (in the case of the 2016 Notes) plus, in both cases, the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month)

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corresponding to the remaining life to maturity, as of the payment date of the principal being redeemed or paid. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For such purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States government securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination of the Make-Whole Amount, then such other reasonably comparable index which shall be designated by AvalonBay.

Schedule 3

Modifications to Amendment Agreement

The incorporation of the Distribution Agreement into this Agreement shall be modified as set forth below.

1. The third paragraph of Section 1(a) is hereby amended and restated in its entirety as follows:

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 333-132435) for the registration of debt securities, including the Notes, under the Securities Act of 1933, as amended (the "Securities Act"), and the offering thereof from time to time in accordance with Rule 430A or Rule 415 of the rules and regulations of the Commission thereunder (the "Securities Act Rules and Regulations"). Such registration statement has become effective. Such registration statement (and any further registration statements which may be filed by the Company for the purpose of registering additional Notes and in connection with which this Distribution Agreement is included or incorporated by reference as an exhibit) and the prospectus constituting a part thereof (including in each case the information, if any, deemed to be part thereof pursuant to Rule 430A or 430B of the Securities Act Rules and Regulations), and any prospectus supplement and pricing supplement relating to the Notes, including all documents incorporated therein by reference, as from time to time amended or supplemented by the filing of documents pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Securities Act or otherwise, is referred to herein as the "Registration Statement." A prospectus supplement (the "Prospectus Supplement") setting forth the terms of the offer of the Notes contemplated by this Distribution Agreement, and additional information concerning the Company has been or will be prepared and will be filed by the Company pursuant to Rule 424(b) of the Securities Act Rules and Regulations, on or before the second business day after it is first used in connection with the offer and sale of Notes under this Distribution Agreement (or such earlier time as may be required by the Securities Act Rules and Regulations). The final form of prospectus included in the Registration Statement, as supplemented by the Prospectus Supplement (including any supplement to the Prospectus that sets forth the purchase price, interest rate or formula, maturity date and other terms of a particular issue of Notes and all documents incorporated therein by reference (each, a "Pricing Supplement")), is referred to herein as the "Prospectus," except that if any revised prospectus, whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424(b) of the Securities Act Rules and Regulations, shall be provided to the Agents by the Company for use in connection with the offer and sale of any of the Notes under this Distribution Agreement, the term "Prospectus" shall refer to such revised prospectus from and after the time such documents are first provided to the Agents for such use. All references to the Prospectus shall be deemed to include, without limitation, the information deemed to be included therein pursuant to Rule 430B. Any registration statement (including any supplement thereto or information which is deemed part thereof) filed by the Company under Rule 462(b) of the Securities Act Rules and Regulations (a "Rule 462(b) Registration Statement") shall be deemed to be part of the Registration Statement. Any prospectus (including any amendment or supplement thereto or information which is deemed part thereof) included in the Rule 462(b) Registration Statement shall be deemed to be part of the Prospectus. The term "Time of Sale Prospectus" shall refer to the prospectus included in the Registration Statement at the time the Registration Statement originally became effective as supplemented by any Prospectus Supplement, preliminary prospectus or Prospectus available at the time of any offer of Notes together with any free writing prospectus, as defined under Rule 405 of the Securities Act, available at such time that has been identified in a Written Terms Agreement. For purposes of this Distribution Agreement, all references to the Registration Statement, the Prospectus, any preliminary prospectus, any Time of Sale Prospectus or any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval System

(EDGAR), and such copy shall be identical (except to the extent permitted by Regulation S-T) to any Prospectus delivered to any Agent for use in connection with the offering of the Notes by the Company.

2. Section 3(a) is hereby amended and restated in its entirety as follows:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission. If the Registration Statement is an automatic shelf registration statement as defined in Rule 405 under the Securities Act, the Company is eligible to use the Registration Statement as an automatic shelf registration statement and the Company has not received notice that the Commission objects to the use of the Registration Statement as an automatic shelf registration statement. The Prospectus Supplement setting forth the terms of the offer of the Notes contemplated by this Distribution Agreement, and additional information concerning the Company has been or will be prepared and will be filed by the Company pursuant to Rule 424(b) of the Securities Act Rules and Regulations, on or before the second business day after it is first used in connection with the offer and sale of Notes under this Distribution Agreement (or such earlier time as may be required by the Securities Act Rules and Regulations).

3. Section 3(b) of the is hereby amended and restated in its entirety as follows:

(b) *Compliance with Securities Act*. Each part of the Registration Statement, when such part became or becomes effective, and the Prospectus and any amendment or supplement to such Registration Statement or such Prospectus, on the date of filing thereof with the Commission and as of the date hereof, complied or will comply in all material respects with the requirements of the Securities Act and the Securities Act Rules and Regulations; the Indenture, on the date of filing thereof with the Commission and as of the date hereof complied or will comply in all material respects with the requirements of the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (the "TIA"); each part of the Registration Statement, when such part became or becomes effective did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and as of the date hereof did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Time of Sale Prospectus does not, and at the time of each offer of the Notes in connection with the offering and at the relevant Settlement Date, the Time of Sale Prospectus, and any amendment or supplement thereto by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that the foregoing shall not apply to (i) that part of the Registration Statement which constitutes the Statement of Eligibility and Qualification under the TIA and (ii) statements in, or omissions from, any such document in reliance upon, and in conformity with, information concerning the Agents that was furnished to the Company by the Agents specifically for use in the preparation thereof. The Company acknowledges that the only information furnished to the Company by the Agents on or before the date hereof specifically for inclusion in the Registration Statement or the Time of Sale Prospectus or the Prospectus is the information set forth in Schedule I hereto.

3. Section 3(c) is hereby amended and restated in its entirety as follows:

(c) *Incorporated Documents.* The documents incorporated by reference in the Registration Statement, the Prospectus, the Time of Sale Prospectus and any amendment or supplement to such

Registration Statement, such Prospectus or such Time of Sale Prospectus, when they became or become effective under the Securities Act or were or are filed with the Commission under the Exchange Act, as the case may be, conformed or will conform in all material respects with the requirements of the Securities Act, the Securities Act Rules and Regulations, the Exchange Act and the rules and regulations of the Commission thereunder (the "Exchange Act Rules and Regulations"), as applicable.

4. Section 3 is hereby modified to include the following additional representation:

(gg) The Company is not an "ineligible issuer" in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or behalf of or used by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in a Written Terms Agreement, and electronic road shows each furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus.

5. References to "Prospectus" in Section 3(d), (e), (f), (g), (i), (l), (n), (o), (p), (r), (v), (x),(z), (bb), and (ee); Section 5(d), (g), (l), (n) and (o); Section 6(g) and (n); and 8(a), (b) and (c) shall be deemed to refer to each of "the Prospectus and the Time of Sale Prospectus".

6. Section 5 is hereby amended to include the following additional covenants:

(s) The Company shall furnish to the Agents a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which the Agents reasonably object.

(t) The Company shall not take any action that would result in the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Agents that the Agents otherwise would not have been required to file thereunder, but for the action of such Agent.

(u) If the Time of Sale Prospectus is being used to solicit offers to buy the Securities at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Agents, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Agents and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with law.

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7. Section 9(a) is hereby amended and restated in its entirety as follows:

(a) *Indemnification of the Agents by the Company.* The Company will indemnify and hold harmless the Agents and their directors, officers, employees and agents and each person, if any, who controls any Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all investigative, legal and other expenses reasonably incurred in connection with, and any and all amounts paid in settlement of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred, to which an Agent, or any such person, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based on (i) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or the Prospectus or any amendment or supplement to the Registration Statement, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or the Prospectus or in any documents filed under the Exchange Act and deemed to be incorporated by reference into the Time of Sale Prospectus or the Prospectus, or in any application or other document executed by or on behalf of the Company or based on written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Notes under the securities laws thereof or filed with the Commission, (ii) the omission or alleged omission to state in such document a material fact required to be stated in it or necessary to make the statements in it not misleading or (iii) any act or failure to act or any alleged act or failure to act by an Agent in connection with, or relating in any manner to, the Notes or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, liability, expense or damage arising out of or based upon matters covered by clause (i) or (ii) above (*provided* that the Company shall not be liable under this clause (iii) to the extent it is finally judicially determined by a court of competent jurisdiction that such loss, claim, liability, expense or damage resulted directly from any such acts or failures to act undertaken or omitted to be taken by an Agent through gross negligence or willful misconduct); *provided* that the Company will not be liable to the extent that such loss, claim, liability, expense or damage arises from the sale of the Notes to any person by an Agent and is based on an untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to an Agent furnished in writing to the Company by such Agent expressly for inclusion in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus or the Prospectus.

8. Section 9(b) is hereby amended and restated in its entirety as follows:

(b) *Indemnification of the Company and its Directors, Certain Officers and Control Persons by the Agents.* The Agents will indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Company and each officer of the Company who signs the Registration Statement to the same extent as the foregoing indemnity from the Company to the each Agent, but only insofar as losses, claims, liabilities, expenses or damages arise out of or are based on any untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information relating to an Agent furnished in writing to the Company by such Agent expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any other free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or the Prospectus. This indemnity will be in addition to any liability that an Agent might otherwise have; *provided, however*, that in no case shall an Agent be liable or responsible for any

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amount in excess of the total discount or commission received by such Agent in connection with the offering of the Notes that were the subject of the claim for indemnification.

9. Section 13 of the Distribution Agreement is hereby amended and restated in its entirety as follows:

13. Termination. The Company shall have the right to terminate this Distribution Agreement with respect to any or all of the Agents at any time by giving notice hereunder to the Agents as hereinafter specified. Each Agent shall have the right by giving notice as hereinafter specified to terminate this Distribution Agreement and/or any Terms Agreement hereunder at any time, provided that if such termination would occur on or after the date of such Terms Agreement and prior to the Settlement Date with respect to such Terms Agreement, any Agent may terminate this Distribution Agreement and such Terms Agreement only if (i) the Company shall have failed, refused or been unable, at any time, to perform any agreement on its part to be performed hereunder, (ii) any other condition of the Agents' obligations hereunder is not fulfilled when due, (iii) the rating assigned by either of the Rating Agencies to the Company or the Notes as of or subsequent to the date of this Distribution Agreement shall have been lowered since that date or if either of the Rating Agencies shall have publicly announced that it has under surveillance or review for the purpose of considering lowering such rating, its rating of the Company or the Notes, (iv) trading in any of the equity securities of the Company shall have been suspended by the Commission, the NASD, by an exchange that lists such equity securities or by the Nasdaq Stock Market, (v) trading in securities generally on the New York Stock Exchange or the Nasdaq Stock Market shall have been suspended or limited or minimum or maximum prices shall have been generally established on such exchange or over the counter market, or additional material governmental restrictions, not in force on the date of this Agreement, shall have been imposed upon trading in securities generally by such exchange or by order of the Commission or the NASD or any court or other governmental authority, (vi) a general banking moratorium shall have been declared by either Federal or New York State authorities, (vii) any material adverse change in the financial or securities markets in the United States or in political, financial or economic conditions in the United States or any outbreak or material escalation of hostilities or declaration by the United States of a national emergency or war or other calamity or crisis shall have occurred the effect of any of which is such as to make it, in the sole judgment of the Agents, impracticable or inadvisable to market the Shares on the terms and in the manner contemplated by the Prospectus and the Time of Sale Prospectus, or (viii) if there shall have come to the attention of the Agents any facts that would cause them to believe that the Prospectus or the Time of Sale Prospectus, at the time it was required to be delivered to a purchaser of Notes, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading. Any such termination notice shall be effective only with respect to such Agent. As used in this Section 13, the term "Prospectus" means the Prospectus in the form first provided to the Agents for use in confirming sales of the related Notes. In the event of any such termination, neither party will have any liability to the other party hereto, except that (i) an Agent shall be entitled to any commission earned in accordance with the third paragraph of Section 4(b) hereof, (ii) if at the time of termination (a) such Agent shall own any Notes purchased by it as principal with the intention of reselling them or (b) an offer to purchase any of the Notes has been accepted by the Company but the time of delivery to the purchaser or his agent of the Note or Notes relating thereto has not occurred, the covenants set forth in Sections 5 and 8 hereof shall remain in effect until such Notes are so resold or delivered, as the case may be, and (iii) the covenant set forth in Section 5(f) hereof, the provisions of Section 10 hereof, the indemnity and contribution agreements set forth in Section 9 hereof, and the provisions of Sections 11, 15 and 16 hereof shall remain in effect.

10. Paragraph (B) of Exhibit C to the Distribution Agreement shall be amended and restated in its entirety as follows:

(b) No facts have come to our attention which cause us to believe that the Prospectus (excluding the financial statements and notes thereto, financial schedules and other financial or statistical information and data included therein or omitted therefrom and the Form T-1, as to which we express no opinion), as of its date or the date hereof, or the Time of Sale Prospectus as of the time of any offers of the Notes or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Exhibit 4.1

AVALONBAY COMMUNITIES, INC

Issuer

to

U.S. BANK NATIONAL ASSOCIATION

Trustee

Fourth Supplemental Indenture

Dated as of September 18, 2006

Medium-Term Notes Due Nine Months or More from Date of Issue

FOURTH SUPPLEMENTAL INDENTURE, dated as of September 18, 2006 (the "Supplemental Indenture"), between AVALONBAY COMMUNITIES, INC., a corporation organized under the laws of the State of Maryland (herein called the "Company"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as successor trustee (in such capacity, the "Trustee") under the Senior Indenture defined below, having a place of business at 100 Wall Street New York, NY 10005.

RECITALS OF THE COMPANY

The Company hereby states as follows:

The Company has heretofore delivered to the State Street Bank and Trust Company (the "Original Trustee"), in its capacity as original trustee thereunder, an Indenture dated as of January 16, 1998 (the "Senior Indenture") by and between the Company (formerly known as Bay Apartment Communities, Inc.) and the Original Trustee (as to which U.S. Bank National Association now serves as successor in the capacity of Trustee), together with a First Supplemental Indenture dated as of January 20, 1998, a Second Supplemental Indenture dated as of July 7, 1998, a Third Supplemental Indenture dated as of December 21, 1998, and an Amended and Restated Third Supplemental Indenture dated as of July 10, 2000, the forms of which have been filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, and incorporated by reference as exhibits to the Company's Registration Statement on Form S-3 (Registration No. 333-132435), providing for the issuance from time to time of Senior Debt Securities of the Company (the "Securities") in an unlimited aggregate principal amount, including a series of debt securities entitled "Medium-Term Notes Due Nine Months or More from Date of Issue" (the "MTNs").

The Company wishes to amend Section 101 and the first paragraph of Section 303 of the Senior Indenture as set forth below.

The Company also wishes to amend, with respect to all issuances of MTNs on or after the date of this Fourth Supplemental Indenture, Section 2.4(1) of the Third Amended and Restated Indenture as set forth below.

The Company intends in all other respects to continue the Third Amended and Restated Supplemental Indenture in full force and effect except as expressly set forth in this Fourth Supplemental Indenture.

Section 901(5) of the Senior Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Senior Indenture to change or eliminate any of the provisions of the Senior Indenture, subject to certain limitations with respect to outstanding Securities. This Fourth Supplemental Indenture does not affect any outstanding Securities.

The Trustee is willing to enter into this Fourth Supplemental Indenture at the Company's request, subject to compliance with Section 901 of the Senior Indenture, as applicable.

Section 901(7) of the Senior Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Senior Indenture to establish the form or terms of Securities of any series as provided by Sections 201 and 301 of the Senior Indenture.

The Board of Directors of the Company has previously duly adopted resolutions authorizing the Company to execute and deliver this Supplemental Indenture.

All the conditions and requirements necessary to make this Fourth Supplemental Indenture, when duly executed and delivered, a valid and binding agreement in accordance with its terms and for the purposes herein expressed, have been performed and fulfilled.

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of each of the series of Securities provided for herein by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes (as defined in the Amended and Restated Third Supplemental Indenture referred to above) or of any series thereof, as follows:

ARTICLE ONE

SECTION 1.1. Amendment of Section 101 of the Senior Indenture.

The definitions of "Company Request" and "Company Order" and "Officers' Certificate" in Section 101 of the Senior Indenture are hereby amended and restated in their entirety so as to read as follows:

"Company Request" and "Company Order" mean, respectively, a written request or order signed in the name of the Company by its Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President and by its Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President and by its Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company and delivered to the Trustee.

SECTION 1.2. Amendment of the first paragraph of Section 303 of the Senior Indenture.

The first paragraph of Section 303 of the Senior Indenture is hereby amended and restated in its entirety so as to read as follows:

Section 303. Execution, Authentication, Delivery and Dating.

The Securities and any coupons appertaining thereto shall be executed on behalf of the Company by its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or one of its Vice Presidents, under its corporate seal reproduced thereon, and attested by its Treasurer, its Assistant Treasurer, its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities and coupons may be manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Securities.

SECTION 1.3. Amendment of Section 2.4(1) of the Amended and Restated Third Supplemental Indenture.

Section 2.4(1) of the Amended and Restated Third Supplemental Indenture is hereby amended and restated in its entirety, so as to read as follows; provided, however, that such amendment and restatement shall apply only to and for the benefit of MTNs issued on or after the

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date of this Fourth Supplemental Indenture; and provided, further, however, that all MTNs issued prior to the date of this Fourth Supplemental Indenture shall continue to have the benefit of, and the Company shall continue to be bound by and shall comply with, the terms of Section 2.4(1) of the Amended and Restated Third Supplemental Indenture as existing and in effect immediately prior to the date of the Fourth Supplemental Indenture:

SECTION 2.4 Limitations on Incurrence of Indebtedness.

(1) The Company will not, and will not permit any Subsidiary to, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the proceeds thereof, the aggregate principal amount of all outstanding Indebtedness of the Company and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Total Assets of the Company and its Subsidiaries as of the end of the calendar quarter covered in the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Indebtedness and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Indebtedness), by the Company or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Indebtedness.

ARTICLE TWO

MISCELLANEOUS PROVISIONS

SECTION 2.1. Ratification of Senior Indenture.

Except as expressly modified or amended hereby, the Senior Indenture, as heretofore amended by the supplemental indentures referred to above, continues in full force and effect and is in all respects confirmed and preserved.

SECTION 2.2. Governing Law.

This Supplemental Indenture and each Note shall be governed by and construed in accordance with the laws of the State of New York. This Supplemental Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, and shall, to the extent applicable, be governed by such provisions.

SECTION 2.3. Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first written above.

AVALONBAY COMMUNITIES, INC.

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

Attest: /s/ Edward M. Schulman
Edward M. Schulman
Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ WENDY KUMAR
K. Wendy Kumar
Vice President

Exhibit 5.1

GOODWIN | PROCTER

Goodwin Procter LLP
Counsellors at Law
Exchange Place
Boston, MA 02109

T: 617.570.1000
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goodwinprocter.com

September 25, 2006

AvalonBay Communities, Inc.
2900 Eisenhower Avenue, Suite 300
Alexandria, VA 22314

Ladies and Gentlemen:

This opinion is delivered in our capacity as counsel for AvalonBay Communities, Inc., a Maryland corporation (the "Company"), in connection with the Company's Registration Statement on Form S-3 (File No. 333-132435) (the "Registration Statement"), and a prospectus supplement dated September 18, 2006 and a pricing supplement dated September 19, 2006 (together, the "Prospectus Supplement"), which supplement the prospectus included in the Registration Statement, relating to the offering of an aggregate $250,000,000 principal amount of 5.50% Medium Term Notes due 2012 (the "2012 Notes") and an aggregate $250,000,000 principal amount of 5.75% Medium Term Notes due 2016 (the "2016 Notes," and together with the 2012 Notes, the "Notes") by the Company to or through the agents named in the pricing supplement dated September 19, 2006 pursuant to the terms of the Amended and Restated Distribution Agreement dated August 6, 2003 by and among the Company and the agents named therein (the "Distribution Agreement"). The prospectus included in the Registration Statement, as supplemented by the Prospectus Supplement, is herein called the "Prospectus."

The Notes are to be issued pursuant to the terms of an Indenture (the "Original Indenture"), dated as of January 16, 1998, between the Company and U.S. Bank Trust National Association, as successor trustee (the "Trustee"), as supplemented by the First Supplemental Indenture dated as of January 20, 1998 between the Company and the Trustee, the Second Supplemental Indenture dated as of July 7, 1998 between the Company and the Trustee, the Amended and Restated Third Supplemental Indenture dated as of July 10, 2000, and the Fourth Supplemental Indenture dated as of September 18, 2006, between the Company and the Trustee (collectively, the "Indenture").

We have examined the Amended and Restated Articles of Incorporation of the Company, as amended and on file with the Maryland State Department of Assessments and Taxation, the Amended and Restated Bylaws of the Company, the Indenture, the Distribution Agreement, certified resolutions of the Board of Directors of the Company (the "Board") and actions pursuant to authority delegated to the Investment and Finance Committee of the Board (the "IFC Committee") authorizing the issuance of the Notes (the "Authorizing Resolutions"), such records of corporate proceedings of the Company and legal considerations as we have deemed appropriate for the purposes of this opinion, the Registration Statement and the Prospectus Supplement and the exhibits thereto. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity with the original documents of all documents submitted to us as copies, and the accuracy of all factual statements set forth in such documents.

We are attorneys admitted to practice in The Commonwealth of Massachusetts. We express no opinion concerning the laws of any jurisdictions other than the laws of the United States of America, the Commonwealth of Massachusetts and the Maryland General Corporation Law, and also express no

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opinion with respect to the blue sky or securities laws of any state, including Massachusetts or Maryland. To the extent that any other laws govern any of the matters as to which we express an opinion herein, we have assumed, without independent investigation, that the laws of such jurisdiction are identical to those of the Commonwealth of Massachusetts, and we express no opinion as to whether such assumption is reasonable or correct.

Based on the foregoing, we are of the opinion that the Notes to be sold by the Company to or through the agents named in the Prospectus Supplement, upon issuance in accordance with the terms of the Indenture and the Authorizing Resolutions and upon execution and delivery of such Notes and payment therefor in accordance with the terms of the Indenture and the Distribution Agreement and the related Terms Agreement dated September 18, 2006, will be legally issued and constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and will be entitled to the benefits of the Indenture.

The foregoing opinion is qualified to the extent that the enforceability of any document, instrument, or Note may be limited by or subject to the effects of (i) bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer, reorganization, or other similar laws relating to or affecting creditors' rights generally, (ii) general principles of equity or public policy principals, and (iii) the refusal of a particular court to grant equitable remedies, including specific performance and injunctive relief or a particular remedy sought under the Indenture as opposed to another remedy provided for therein or available at law or in equity. We note that the enforceability of specific provisions of the Indenture and the Notes may be subject to (a) standards of reasonableness and "good faith" limitations and obligations such as those provided in the Uniform Commercial Code and similar applicable principles of common law and judicial decisions and (b) the course of dealings between the parties, the usage of trade and similar provisions of common law and judicial decision.

We express no opinions concerning (i) the validity or enforceability of any provisions contained in the Indenture or Notes that purport to waive or not give effect to rights to notice, defenses, subrogation or other rights or benefits that cannot be effectively waived under applicable law, (ii) the enforceability of indemnification provisions to the extent that they purport to relate to liabilities resulting from or based on negligence or any violation of any federal or state securities laws, (iii) the enforceability of severability clauses or (iv) the enforceability of any provision in the Indenture or the Notes that purports to waive liability for violation of securities laws.

The opinions expressed herein are being furnished to you solely for your benefit in connection with the Registration Statement, and may not be used or relied upon by you for any other purpose, nor may this opinion be quoted from, circulated, relied upon or otherwise referred to, by any other person or entity without our prior written consent. This

opinion is given as of the date first set forth above, and we assume no obligation to update this opinion. We hereby consent to the use of this opinion as an exhibit to the Company's Current Report on Form 8-K dated September 25, 2006 which is incorporated by reference into the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the 1933 Act or the General Rules and Regulations of the Securities and Exchange Commission.

Very truly yours,

/s/ Goodwin Procter LLP

GOODWIN PROCTER LLP

Exhibit 99.1

AvalonBay COMMUNITIES, INC.

PRESS RELEASE

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

For Immediate Release

AVALONBAY COMMUNITIES PRICES
$500 MILLION MEDIUM-TERM NOTES OFFERING

ALEXANDRIA, VA (September 18, 2006) - AvalonBay Communities, Inc. (NYSE: AVB) announced today that it priced a $500 million offering of medium-term unsecured notes under its existing shelf registration statement. The offering consists of two separate $250 million tranches with maturities of five and ten years. Details of the transaction are set forth in the table below:

	Offered Amount	Maturity Date	Discount to Face Value	Coupon Rate	Yield to Investors
5-year notes	$250 Million	January 15, 2012	99.619%	5.500%	5.586%
10-year notes	$250 Million	September 15, 2016	99.478%	5.750%	5.820%

Interest on the notes will be paid semi-annually. Interest on the five-year notes will be paid on January 15th and July 15th while the interest on the ten-year notes will be paid on March 15th and September 15th. These notes are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's. Settlement is scheduled for September 25, 2006.

The Company will use the net proceeds of approximately $495 million, after underwriting discounts and other transaction-related costs, to reduce indebtedness outstanding under the Company's unsecured credit facility and for other corporate purposes.

About AvalonBay Communities

As of June 30, 2006, AvalonBay Communities, Inc., headquartered in Alexandria, Virginia, owned or held an ownership interest in 160 apartment communities containing 46,904 apartment homes in ten states and the District of Columbia, of which 17 communities were under construction and three communities were under reconstruction. AvalonBay is in the business of developing, redeveloping, acquiring, and managing apartment communities in high barrier-to-entry markets of the United States. More information on AvalonBay may be found on AvalonBay's Web site at http://www.avalonbay.com.