# 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 27, 2010

## 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.)* |

Ballston Tower
671 N. Glebe Rd, Suite 800
Arlington, Virginia 22203
*(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 27, 2010, AvalonBay Communities, Inc. issued a press release announcing its financial results for the third quarter 2010. 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 27, 2010, including Attachments.

99.2 Supplemental discussion of third quarter 2010 operating results (the “Full Release”) dated October 27, 2010, 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 27, 2010

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

Exhibit Index

| | |
|---|---|
| 99.1 | Press Release of AvalonBay Communities, Inc. dated October 27, 2010, including Attachments. |
| 99.2 | Supplemental discussion of third quarter 2010 operating results (the “Full Release”) dated October 27, 2010, including Attachments. |

AvalonBay COMMUNITIES, INC. PRESS RELEASE

For Immediate News Release
October 27, 2010

**AVALONBAY COMMUNITIES, INC. ANNOUNCES**
**THIRD QUARTER 2010 OPERATING RESULTS**

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today that Net Income Attributable to Common Stockholders ("Net Income") for the quarter ended September 30, 2010 was $24,654,000. This resulted in Earnings per Share – diluted ("EPS") of $0.29 for the quarter ended September 30, 2010, compared to EPS of $0.72 for the comparable period of 2009, a decrease of 59.7%. For the nine months ended September 30, 2010, EPS was $1.76 compared to $1.54 for the comparable period of 2009, a per share increase of 14.3%.

The decrease in EPS for the quarter ended September 30, 2010 from the prior year period is due primarily to gains from community dispositions during the three months ended September 30, 2009 not present in the current year period. The increase for the nine months ended September 30, 2010 over the prior year period is due primarily to an increase in gains from community dispositions.

The year-to-date increase is also attributable to impairment charges reported in 2009 not present in 2010. The Company has not impaired any assets or abandoned any material pursuits during 2010. However, the Company's focus on development of apartment communities and the existing development pipeline present a valuation risk that could result in future abandoned pursuits and/or impairment charges that are not apparent or determinable at this time.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the quarter ended September 30, 2010 decreased 10.1% to $0.98 per share from $1.09 per share for the comparable period of 2009. FFO per share for the nine months ended September 30, 2010 decreased by 8.0% to $2.99 from $3.25 for the comparable period of 2009. Adjusting for the non-routine items detailed in Attachment 14, FFO per share for the three and nine months ended September 30, 2010 would have decreased by 9.2% and 14.4%, respectively from the prior year period.

The Company's results for the three months ended September 30, 2010 exceeded the Company's outlook provided in the Company's second quarter 2010 earnings release in August 2010, with the variances detailed in the following table.

**Third Quarter 2010 Results**
**Comparison to August 2010 Outlook**

| | | Per Share |
|---|---|---|
| Projected FFO per share (August 2010 Outlook) | $ | 0.95 |
| Community Revenues | | 0.02 |
| Community Expenses | | (0.02) |
| Favorable Interest Rates | | 0.02 |
| Favorable Overhead & Other | | 0.01 |
| Actual FFO per share 3Q 2010 | $ | 0.98 |

Commenting on the Company's results, Bryce Blair, Chairman and CEO, said, "It was an active quarter. We started five new apartment communities and, through our investment management platform, acquired three existing assets. Improving operating fundamentals in our markets and a favorable capital markets environment allowed us to exceed the outlook we provided in August and to raise our full year financial outlook by $0.07 per share."

**Operating Results for the Quarter Ended September 30, 2010 Compared to the Prior Year Period**

*For the Company*, including discontinued operations, total revenue increased by $3,518,000, or 1.6% to $227,710,000. *For Established Communities*, rental revenue increased 0.2% due to an increase in Average Rental Rates of 0.4%, offset by a decrease in Economic Occupancy of 0.2%. As a result, total revenue for Established Communities increased $253,000 to $163,648,000. Operating expenses for Established Communities increased $1,867,000, or 3.3% to $59,241,000. Accordingly, NOI for Established Communities decreased by $1,614,000, or 1.5% to $104,407,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities from the third quarter of 2009 compared to the third quarter of 2010:

**Q3 2010 Compared to Q3 2009**

| | Rental Revenue | Operating Expenses | NOI | % of NOI (1) |
|---|---|---|---|---|
| New England | 1.9% | 5.2% | (1.1%) | 20.7% |
| Metro NY/NJ | 1.2% | 8.8% | (3.1%) | 28.2% |
| Mid-Atlantic/Midwest | 1.5% | 0.9% | 1.0% | 15.7% |
| Pacific NW | (5.4%) | 13.6% | (14.3%) | 4.1% |
| No. California | (1.9%) | (3.3%) | 0.6% | 19.5% |
| So. California | (3.1%) | (3.6%) | (0.6%) | 11.8% |
| Total | 0.2% | 3.3% | (1.5%) | 100.0% |

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

**Operating Results for the Nine Months Ended September 30, 2010 Compared to the Prior Year Period**

*For the Company*, including discontinued operations, total revenue increased by $1,501,000, or 0.2% to $667,516,000. *For Established Communities*, rental revenue decreased 2.0% due to a decrease in Average Rental Rates of 2.7%, offset by an increase in Economic Occupancy of 0.7%. Total revenue for Established Communities decreased $10,118,000 to $485,137,000. Operating expenses for Established Communities increased $4,800,000, or 2.9% to $172,263,000. Accordingly, NOI for Established Communities decreased by $14,918,000 or 4.6% to $312,874,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009:

**YTD 2010 Compared to YTD 2009**

| | Rental Revenue | Operating Expenses | NOI | % of NOI (1) |
|---|---|---|---|---|
| New England | (0.2%) | 3.4% | (2.6%) | 20.2% |
| Metro NY/NJ | (0.9%) | 4.8% | (3.7%) | 28.2% |
| Mid-Atlantic/Midwest | 0.3% | 2.4% | (1.3%) | 15.9% |
| Pacific NW | (7.9%) | 6.9% | (14.5%) | 4.2% |
| No. California | (5.6%) | 0.1% | (7.4%) | 19.5% |
| So. California | (4.4%) | 0.5% | (6.3%) | 12.0% |
| Total | (2.0%) | 2.9% | (4.6%) | 100.0% |

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

**Development Activity**

During the third quarter of 2010, the Company commenced the development of five communities: Avalon Queen Anne, located in Seattle, WA; Avalon Springs II, located in Wilton, CT; Avalon at the Pinehills II, located in Plymouth, MA; Avalon Green II, located in Greenburgh, NY and Avalon Brandemoor II, located in Lynwood, WA. These five communities will contain 920 apartment homes and will be developed for an estimated Total Capital Cost of $232,500,000. Four of the Company's five development starts are second phases of existing operating communities.

**Redevelopment Activity**

During the third quarter of 2010, the Company completed the redevelopment of Avalon Burbank, located in Burbank, CA. Avalon Burbank contains 400 apartment homes and redevelopment was completed for a Total Capital Cost of $23,400,000, excluding costs incurred prior to redevelopment.

During the third quarter of 2010, the Company commenced the redevelopment of Avalon at Decoverly, located in Rockville, MD. Avalon at Decoverly contains 564 apartment homes and will be redeveloped for an estimated Total Capital Cost of $7,800,000, excluding costs incurred prior to redevelopment.

**Investment and Investment Management Fund Activity**

The Company currently has investments in and serves as the manager for two private, discretionary investment management vehicles.

AvalonBay Value Added Fund, L.P. ("Fund I") is a private, discretionary investment vehicle in which the Company holds an equity interest of approximately 15%.

During the third quarter of 2010, the Company purchased a non-recourse mortgage note secured by a Fund I community in an auction process run by the then-current lender for $24,000,000. The note pays interest-only through the maturity date of October 2014 at a stated interest rate of 6.06% and requires remittance of interest based on available cash flow, with any deficiency added to the note's principal. Beginning in the third quarter of 2010, the Company consolidated the net assets and results of operations of the community, with the debt eliminated in consolidation.

AvalonBay Value Added Fund II, L.P. ("Fund II") is a private, discretionary investment in which the Company holds an equity interest of approximately 31%.

During the third quarter of 2010, Fund II acquired three communities:

· Creekside Meadows, a garden-style community consisting of 628 apartment homes located in Tustin (Orange County), CA, was acquired for a purchase price of $98,500,000;

- Grove Park Apartments, a garden-style community consisting of 684 apartment homes located in Gaithersburg, MD was acquired for a purchase price of $101,000,000; and
- The Apartments at Briarwood, a garden-style community consisting of 348 apartment homes located in Owings Mills, MD, was acquired for a purchase price of $44,750,000.

At September 30, 2010, Fund II had invested $381,612,000.

**Financing, Liquidity and Balance Sheet Statistics**

At September 30, 2010, the Company had no amounts outstanding under its $1,000,000,000 unsecured credit facility. In August 2010, the Company executed its option to extend the maturity of the unsecured credit facility for one year to November 2011.

At September 30, 2010, the Company had $407,141,000 in unrestricted cash and cash in escrow. The cash in escrow is available for development activity and includes $93,440,000 in bond proceeds related to an existing Development Right that the Company expects to develop in the future.

Unencumbered NOI as a percentage of total NOI generated by real estate assets for the nine months ended September 30, 2010 was 67%. Interest Coverage for the third quarter of 2010 was 2.9 times.

*New Financing Activity*

In July 2010, the Company completed the sale of the shares authorized under the Company's Continuous Equity Program (the "CEP"). A summary of activity for the life of the program is provided in the following table:

**$400 million CEP**
**2010 and Historical Activity**

| | Shares Issued | Average Price/Share | Net Proceeds |
|---|---|---|---|
| 3Q 2010 | 76,700 | $ 100.41 | $ 7,586,000 |
| YTD 2010 | 3,080,204 | 95.88 | 290,884,000 |
| Total Program | 4,585,105 | 87.24 | 393,993,000 |

*Debt Repayment Activity*

In October 2010, the Company repaid a variable rate secured mortgage note in the amount of $28,989,000 in accordance with its scheduled maturity date. Also in October 2010, the Company repaid a 5.17% fixed rate secured mortgage note in the amount of $9,780,000 in advance of its July 2024 scheduled maturity date.

**Fourth Quarter and Full Year 2010 Financial Outlook**

For the fourth quarter of 2010, the Company expects EPS to be in the range of $0.25 to $0.29. The Company expects EPS for the full year 2010 to be in the range of $2.01 to $2.05.

The Company expects Projected FFO per share to be in the range of $0.98 to $1.02 for the fourth quarter of 2010 and Projected FFO per share for the full year 2010 to be in the range of $3.97 to $4.01.

The Company expects the trend of improved sequential operating performance to continue in the fourth quarter 2010. A comparison of the Company's current full year 2010 outlook and the June 2010 outlook follows:

**Full Year 2010 Outlook**
**Comparison to June 2010 Full Year Outlook**

| | Per Share |
|---|---|
| Projected FFO per share June 2010 Outlook | $ 3.92 |
| Community Revenues | 0.06 |
| Community Expenses | (0.03) |
| Favorable Interest Rates | 0.02 |
| Favorable Overhead & Other | 0.02 |
| Projected FFO per share current 2010 Outlook | $ 3.99 |

**Fourth Quarter 2010 Conference/Event Schedule**

The Company expects to release its fourth quarter and full year 2010 earnings on February 2, 2011 after the market closes. The Company expects to hold a conference call on February 3, 2011 at 1:00 PM EST to discuss the fourth quarter and full year 2010 results.

The Company is scheduled to participate in the following conferences during the fourth quarter of 2010:

**4Q 2010 Conference Schedule**

| Event/Conference | Date |
|---|---|
| NAREIT Annual Convention | Nov 15-17 |
| AVB Investor/Analyst Day | Nov 17-18 |
| Goldman Sachs Conference | Dec 2 |
| Barclays Real Estate Conference | Dec 7 |
| Wells Fargo Conference | Dec 8 |

At the events listed above, management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; financial outlook; portfolio strategy and other business and financial matters affecting the Company. Details on each conference and access to any related materials will be available in advance of the conference event at the Company's website at http://www.avalonbay.com/events.

Presentations at the Company's Investor/Analyst Day are scheduled from 8:30 a.m. to 12:30 p.m. East Coast time on Thursday, November 18, 2010. In addition to the topics described above, at that event the Company's executive officer team will also present and answer questions regarding a preliminary outlook for 2011. A live webcast of the Investor/Analyst Day presentations can be accessed from the Company's website at http://www.avalonbay.com/events, where the presentation materials will also be posted by the beginning of the presentations. The webcast and materials will be available for one week after the presentations.

**Other Matters**

The Company will hold a conference call on October 28, 2010 at 1:00 PM 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 1-763-416-6924 internationally.

To hear a replay of the call, which will be available from October 28, 2010 at 4:00 PM EDT to November 4, 2010 at 11:59 PM EST, dial 1-800-642-1687 domestically and 1-706-645-9291 internationally, and use Access Code: 10174107. 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. To receive future press releases via e-mail, please submit a request through http://www.avalonbay.com/email.

**About AvalonBay Communities, Inc.**

As of September 30, 2010, the Company owned or held a direct or indirect ownership interest in 179 apartment communities containing 52,490 apartment homes in ten states and the District of Columbia, of which 12 communities were under construction and seven 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 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," "anticipates," "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: we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; 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; 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 or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; and increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability. Additional discussions of risks and uncertainties appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 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 2010. 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 attributable to common stockholders 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 attributable to common stockholders is as follows (dollars in thousands):

| | Q3 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Net income attributable to common stockholders | $ 24,654 | $ 58,154 | $ 148,304 | $ 123,253 |
| Depreciation - real estate assets, including discontinued operations and joint venture adjustments | 59,794 | 56,239 | 175,399 | 163,891 |
| Distributions to noncontrolling interests, including discontinued operations | 14 | 14 | 41 | 52 |
| Gain on sale of previously depreciated real estate assets | -- | (26,670) | (72,220) | (26,670) |
| FFO attributable to common stockholders | $ 84,462 | $ 87,737 | $ 251,524 | $ 260,526 |
| Average shares outstanding - diluted | 85,768,696 | 80,609,277 | 84,129,894 | 80,170,093 |
| Earnings per share - diluted | $ 0.29 | $ 0.72 | $ 1.76 | $ 1.54 |
| FFO per common share - diluted | $ 0.98 | $ 1.09 | $ 2.99 | $ 3.25 |

The Company’s results for the quarter ended and year-to-date September 30, 2010 and the comparable prior year periods include the non-routine items outlined in the following table:

Non-Routine Items
Decrease (Increase) in Net Income and FFO
(dollars in thousands)

| | YTD 2010 | Q3 10 | YTD 2009 | Q3 09 |
|---|---|---|---|---|
| Land impairments | $ - | $ - | $ 20,302 | $ - |
| Abandoned pursuits (1) | - | - | 2,098 | - |
| Severance and related costs | (1,550) | - | 2,000 | - |
| Federal excise tax | - | - | (485) | (485) |
| Loss/(Gain) on medium term notes repurchase | - | - | (1,062) | - |
| Gain on sale of land | - | - | (241) | (241) |
| Promoted interest in joint venture | - | - | (3,894) | - |
| Legal settlement proceeds, net | (927) | - | (1,100) | 1,000 |
| Severe weather costs | 672 | - | - | - |
| Investment Management Fund transaction costs, net (2) | 416 | 416 | - | - |
| Total non-routine items | $ (1,389) | $ 416 | $ 17,618 | $ 274 |
| Weighted Average Dilutive Shares Outstanding | 84,129,894 | 85,768,696 | 80,170,093 | 80,609,277 |

(1) Abandoned pursuits includes costs expensed by the Company for individual pursuits in excess of $1,000 in a given quarter.

(2) Represents the Company's proportional share of the Fund activity.

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 2010 to the range provided for projected EPS (diluted) is as follows:

| | Low range | High range |
|---|---|---|
| Projected EPS (diluted) - Q4 2010 | $ 0.25 | $ 0.29 |
| Projected depreciation (real estate related) | 0.73 | 0.73 |
| Projected gain on sale of operating communities | -- | -- |
| Projected FFO per share (diluted) - Q4 2010 | $ 0.98 | $ 1.02 |
| | | |
| Projected EPS (diluted) - Full Year 2010 | $ 2.01 | $ 2.05 |
| Projected depreciation (real estate related) | 2.81 | 2.81 |
| Projected gain on sale of operating communities | (0.85) | (0.85) |
| Projected FFO per share (diluted) - Full Year 2010 | $ 3.97 | $ 4.01 |

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 expenses, expensed development and other pursuit costs, net interest expense, gain (loss) on extinguishment of debt, general and administrative expense, joint venture income (loss), depreciation expense, impairment loss on land holdings, 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 2010 | Q3 2009 | Q2 2010 | Q1 2010 | Q4 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|---|---|---|
| Net income | $ 23,980 | $ 58,101 | $ 51,066 | $ 72,366 | $ 32,350 | $ 147,414 | $ 121,924 |
| Indirect operating expenses, net of corporate income | 7,189 | 6,987 | 7,849 | 7,232 | 7,378 | 22,269 | 22,922 |
| Investments and investment management expense | 1,026 | 976 | 1,047 | 1,039 | 1,045 | 3,111 | 2,799 |
| Expensed development and other pursuit costs | 737 | 1,721 | 443 | 505 | 746 | 1,685 | 5,096 |
| Interest expense, net | 44,262 | 41,205 | 41,458 | 42,541 | 42,107 | 128,260 | 108,215 |
| (Gain) loss on extinguishment of debt, net | -- | -- | -- | -- | 26,972 | -- | (1,062) |
| General and administrative expense | 7,039 | 5,750 | 4,041 | 8,895 | 10,360 | 19,975 | 18,388 |
| Joint venture loss (income) | 325 | (190) | (463) | (227) | 2,698 | (364) | (4,139) |
| Depreciation expense | 58,628 | 52,987 | 57,356 | 55,972 | 55,269 | 171,956 | 153,992 |
| Impairment loss - land holdings | -- | -- | -- | -- | 850 | -- | 20,302 |
| Gain on sale of real estate assets | -- | (26,911) | (21,929) | (50,291) | (41,806) | (72,220) | (26,911) |
| (Income) loss from discontinued operations | 99 | (3,685) | (138) | (1,875) | (2,433) | (1,917) | (10,991) |
| NOI from continuing operations | $ 143,285 | $ 136,941 | $ 140,730 | $ 136,157 | $ 135,536 | $ 420,169 | $ 410,535 |
| Established: | | | | | | | |
| New England | $ 22,562 | $ 22,802 | $ 22,300 | $ 21,643 | $ 21,918 | $ 66,505 | $ 68,299 |
| Metro NY/NJ | 29,944 | 30,893 | 30,589 | 29,507 | 29,650 | 90,041 | 93,521 |
| Mid-Atlantic/Midwest | 18,290 | 18,102 | 18,665 | 17,546 | 18,233 | 54,501 | 55,213 |
| Pacific NW | 4,035 | 4,709 | 4,249 | 4,426 | 4,144 | 12,710 | 14,859 |
| No. California | 20,248 | 20,130 | 20,245 | 20,158 | 19,827 | 60,651 | 65,521 |
| So. California | 9,328 | 9,385 | 9,431 | 9,707 | 9,834 | 28,466 | 30,379 |
| Total Established | 104,407 | 106,021 | 105,479 | 102,987 | 103,606 | 312,874 | 327,792 |
| Other Stabilized | 19,411 | 15,325 | 18,129 | 16,866 | 16,869 | 54,403 | 33,584 |
| Development/Redevelopment | 19,467 | 15,595 | 17,122 | 16,304 | 15,061 | 52,892 | 49,159 |
| NOI from continuing operations | $ 143,285 | $ 136,941 | $ 140,730 | $ 136,157 | $ 135,536 | $ 420,169 | $ 410,535 |

NOI as reported by the Company does not include the operating results from discontinued operations (i.e., assets sold during the period January 1, 2009 through September 30, 2010 or classified as held for sale at September 30, 2010). 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 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Income from discontinued operations | $ (99) | $ 3,685 | $ 1,917 | $ 10,991 |
| Interest expense, net | -- | -- | -- | 682 |
| Depreciation expense | 125 | 2,330 | 371 | 7,702 |
| NOI from discontinued operations | $ 26 | $ 6,015 | $ 2,288 | $ 19,375 |
| NOI from assets sold | $ -- | $ 6,058 | $ 2,242 | $ 19,501 |
| NOI from assets held for sale | 26 | (43) | 46 | (126) |
| NOI from discontinued operations | $ 26 | $ 6,015 | $ 2,288 | $ 19,375 |

Projected NOI, as used within this release for certain development 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 communities, Projected NOI is calculated based on the first year of stabilized operations 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 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 communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the development 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 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 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Rental revenue (GAAP basis) | $ 163,464 | $ 163,194 | $ 484,744 | $ 494,864 |
| Concessions amortized | 705 | 2,472 | 3,451 | 8,103 |
| Concessions granted | (516) | (2,016) | (1,585) | (6,791) |
| Rental revenue (with concessions on a cash basis) | $ 163,653 | $ 163,650 | $ 486,610 | $ 496,176 |
| % change -- GAAP revenue | | 0.2% | | (2.0%) |
| % change -- cash revenue | | 0.0% | | (1.9%) |

Economic Gain (Loss) is calculated by the Company as the gain (loss) 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 (Loss) to be an appropriate supplemental measure to gain (loss) 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 (Loss) for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain (Loss) to gain on sale in accordance with GAAP for both the nine months ended September 30, 2010 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 and gain on the sale of investments in real estate joint ventures, 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 attributable to the Company 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 2010 are as follows (dollars in thousands):

| | | |
|---|---|---|
| Net income attributable to common stockholders | $ | 24,654 |
| Interest expense, net | | 44,262 |
| Depreciation expense | | 58,628 |
| Depreciation expense (discontinued operations) | | 125 |
| EBITDA | $ | 127,669 |
| EBITDA from continuing operations | $ | 127,643 |
| EBITDA from discontinued operations | | 26 |
| EBITDA | $ | 127,669 |
| EBITDA from continuing operations | $ | 127,643 |
| Interest charges | $ | 44,262 |
| Interest coverage | | 2.9 |

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.

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, 2010 is as follows (dollars in thousands):

| | |
|---|---|
| NOI for Established Communities | $ 312,874 |
| NOI for Other Stabilized Communities | 54,403 |
| NOI for Development/Redevelopment Communities | 52,892 |
| Total NOI generated by real estate assets | 420,169 |
| NOI on encumbered assets | 138,404 |
| NOI on unencumbered assets | 281,765 |
| | |
| Unencumbered NOI | 67% |

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 of the beginning of the prior year. Therefore, for 2010, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2009 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.

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.

PRESS RELEASE

For Immediate News Release
October 27, 2010

**AVALONBAY COMMUNITIES, INC. ANNOUNCES**
**THIRD QUARTER 2010 OPERATING RESULTS**

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today that Net Income Attributable to Common Stockholders ("Net Income") for the quarter ended September 30, 2010 was $24,654,000. This resulted in Earnings per Share – diluted ("EPS") of $0.29 for the quarter ended September 30, 2010, compared to EPS of $0.72 for the comparable period of 2009, a decrease of 59.7%. For the nine months ended September 30, 2010, EPS was $1.76 compared to $1.54 for the comparable period of 2009, a per share increase of 14.3%.

The decrease in EPS for the quarter ended September 30, 2010 from the prior year period is due primarily to gains from community dispositions during the three months ended September 30, 2009 not present in the current year period. The increase for the nine months ended September 30, 2010 over the prior year period is due primarily to an increase in gains from community dispositions.

The year-to-date increase is also attributable to impairment charges reported in 2009 not present in 2010. The Company has not impaired any assets or abandoned any material pursuits during 2010. However, the Company's focus on development of apartment communities and the existing development pipeline present a valuation risk that could result in future abandoned pursuits and/or impairment charges that are not apparent or determinable at this time.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the quarter ended September 30, 2010 decreased 10.1% to $0.98 per share from $1.09 per share for the comparable period of 2009. FFO per share for the nine months ended September 30, 2010 decreased by 8.0% to $2.99 from $3.25 for the comparable period of 2009. Adjusting for the non-routine items detailed in Attachment 14, FFO per share for the three and nine months ended September 30, 2010 would have decreased by 9.2% and 14.4%, respectively from the prior year period.

The Company's results for the three months ended September 30, 2010 exceeded the Company's outlook provided in the Company's second quarter 2010 earnings release in August 2010, with the variances detailed in the following table.

**Third Quarter 2010 Results**
**Comparison to August 2010 Outlook**

| | Per Share |
|---|---|
| Projected FFO per share (August 2010 Outlook) | $ 0.95 |
| Community Revenues | 0.02 |
| Community Expenses | (0.02) |
| Favorable Interest Rates | 0.02 |
| Favorable Overhead & Other | 0.01 |
| Actual FFO per share 3Q 2010 | $ 0.98 |

Commenting on the Company's results, Bryce Blair, Chairman and CEO, said, "It was an active quarter. We started five new apartment communities and, through our investment management platform, acquired three existing assets. Improving operating fundamentals in our markets and a favorable capital markets environment allowed us to exceed the outlook we provided in August and to raise our full year financial outlook by $0.07 per share."

**Operating Results for the Quarter Ended September 30, 2010 Compared to the Prior Year Period**

*For the Company*, including discontinued operations, total revenue increased by $3,518,000, or 1.6% to $227,710,000. *For Established Communities*, rental revenue increased 0.2% due to an increase in Average Rental Rates of 0.4%, offset by a decrease in Economic Occupancy of 0.2%. As a result, total revenue for Established Communities increased $253,000 to $163,648,000. Operating expenses for Established Communities increased $1,867,000, or 3.3% to $59,241,000. Accordingly, NOI for Established Communities decreased by $1,614,000, or 1.5% to $104,407,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities from the third quarter of 2009 compared to the third quarter of 2010:

**Q3 2010 Compared to Q3 2009**

| | Rental Revenue | Operating Expenses | NOI | % of NOI (1) |
|---|---|---|---|---|
| New England | 1.9% | 5.2% | (1.1%) | 20.7% |
| Metro NY/NJ | 1.2% | 8.8% | (3.1%) | 28.2% |
| Mid-Atlantic/Midwest | 1.5% | 0.9% | 1.0% | 15.7% |
| Pacific NW | (5.4%) | 13.6% | (14.3%) | 4.1% |
| No. California | (1.9%) | (3.3%) | 0.6% | 19.5% |
| So. California | (3.1%) | (3.6%) | (0.6%) | 11.8% |
| Total | 0.2% | 3.3% | (1.5%) | 100.0% |

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

**Operating Results for the Nine Months Ended September 30, 2010 Compared to the Prior Year Period**

*For the Company*, including discontinued operations, total revenue increased by $1,501,000, or 0.2% to $667,516,000. *For Established Communities*, rental revenue decreased 2.0% due to a decrease in Average Rental Rates of 2.7%, offset by an increase in Economic Occupancy of 0.7%. Total revenue for Established Communities decreased $10,118,000 to $485,137,000. Operating expenses for Established Communities increased $4,800,000, or 2.9% to $172,263,000. Accordingly, NOI for Established Communities decreased by $14,918,000 or 4.6% to $312,874,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009:

**YTD 2010 Compared to YTD 2009**

| | Rental Revenue | Operating Expenses | NOI | % of NOI (1) |
|---|---|---|---|---|
| New England | (0.2%) | 3.4% | (2.6%) | 20.2% |
| Metro NY/NJ | (0.9%) | 4.8% | (3.7%) | 28.2% |
| Mid-Atlantic/Midwest | 0.3% | 2.4% | (1.3%) | 15.9% |
| Pacific NW | (7.9%) | 6.9% | (14.5%) | 4.2% |
| No. California | (5.6%) | 0.1% | (7.4%) | 19.5% |
| So. California | (4.4%) | 0.5% | (6.3%) | 12.0% |
| Total | (2.0%) | 2.9% | (4.6%) | 100.0% |

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

**Development Activity**

During the third quarter of 2010, the Company commenced the development of five communities: Avalon Queen Anne, located in Seattle, WA; Avalon Springs II, located in Wilton, CT; Avalon at the Pinehills II, located in Plymouth, MA; Avalon Green II, located in Greenburgh, NY and Avalon Brandemoor II, located in Lynwood, WA. These five communities will contain 920 apartment homes and will be developed for an estimated Total Capital Cost of $232,500,000. Four of the Company’s five development starts are second phases of existing operating communities.

**Redevelopment Activity**

During the third quarter of 2010, the Company completed the redevelopment of Avalon Burbank, located in Burbank, CA. Avalon Burbank contains 400 apartment homes and redevelopment was completed for a Total Capital Cost of $23,400,000, excluding costs incurred prior to redevelopment.

During the third quarter of 2010, the Company commenced the redevelopment of Avalon at Decoverly, located in Rockville, MD. Avalon at Decoverly contains 564 apartment homes and will be redeveloped for an estimated Total Capital Cost of $7,800,000, excluding costs incurred prior to redevelopment.

**Investment and Investment Management Fund Activity**

The Company currently has investments in and serves as the manager for two private, discretionary investment management vehicles.

AvalonBay Value Added Fund, L.P. (“Fund I”) is a private, discretionary investment vehicle in which the Company holds an equity interest of approximately 15%.

During the third quarter of 2010, the Company purchased a non-recourse mortgage note secured by a Fund I community in an auction process run by the then-current lender for $24,000,000. The note pays interest-only through the maturity date of October 2014 at a stated interest rate of 6.06% and requires remittance of interest based on available cash flow, with any deficiency added to the note’s principal. Beginning in the third quarter of 2010, the Company consolidated the net assets and results of operations of the community, with the debt eliminated in consolidation.

AvalonBay Value Added Fund II, L.P. ("Fund II") is a private, discretionary investment in which the Company holds an equity interest of approximately 31%.

During the third quarter of 2010, Fund II acquired three communities:

- Creekside Meadows, a garden-style community consisting of 628 apartment homes located in Tustin (Orange County), CA, was acquired for a purchase price of $98,500,000;
- Grove Park Apartments, a garden-style community consisting of 684 apartment homes located in Gaithersburg, MD was acquired for a purchase price of $101,000,000; and

- The Apartments at Briarwood, a garden-style community consisting of 348 apartment homes located in Owings Mills, MD, was acquired for a purchase price of $44,750,000.

At September 30, 2010, Fund II had invested $381,612,000.

**Financing, Liquidity and Balance Sheet Statistics**

At September 30, 2010, the Company had no amounts outstanding under its $1,000,000,000 unsecured credit facility. In August 2010, the Company executed its option to extend the maturity of the unsecured credit facility for one year to November 2011.

At September 30, 2010, the Company had $407,141,000 in unrestricted cash and cash in escrow. The cash in escrow is available for development activity and includes $93,440,000 in bond proceeds related to an existing Development Right that the Company expects to develop in the future.

Unencumbered NOI as a percentage of total NOI generated by real estate assets for the nine months ended September 30, 2010 was 67%. Interest Coverage for the third quarter of 2010 was 2.9 times.

*New Financing Activity*

In July 2010, the Company completed the sale of the shares authorized under the Company's Continuous Equity Program (the "CEP"). A summary of activity for the life of the program is provided in the following table:

**$400 million CEP**
**2010 and Historical Activity**

| | Shares Issued | Average Price/Share | Net Proceeds |
|---|---|---|---|
| 3Q 2010 | 76,700 | $ 100.41 | $ 7,586,000 |
| YTD 2010 | 3,080,204 | 95.88 | 290,884,000 |
| Total Program | 4,585,105 | 87.24 | 393,993,000 |

*Debt Repayment Activity*

In October 2010, the Company repaid a variable rate secured mortgage note in the amount of $28,989,000 in accordance with its scheduled maturity date. Also in October 2010, the Company repaid a 5.17% fixed rate secured mortgage note in the amount of $9,780,000 in advance of its July 2024 scheduled maturity date.

**Fourth Quarter and Full Year 2010 Financial Outlook**

For the fourth quarter of 2010, the Company expects EPS to be in the range of $0.25 to $0.29. The Company expects EPS for the full year 2010 to be in the range of $2.01 to $2.05.

The Company expects Projected FFO per share to be in the range of $0.98 to $1.02 for the fourth quarter of 2010 and Projected FFO per share for the full year 2010 to be in the range of $3.97 to $4.01.

The Company expects the trend of improved sequential operating performance to continue in the fourth quarter 2010. A comparison of the Company's current full year 2010 outlook and the June 2010 outlook follows:

**Full Year 2010 Outlook**
**Comparison to June 2010 Full Year Outlook**

| | Per Share |
|---|---|
| Projected FFO per share June 2010 Outlook | $ 3.92 |
| Community Revenues | 0.06 |
| Community Expenses | (0.03) |
| Favorable Interest Rates | 0.02 |
| Favorable Overhead & Other | 0.02 |
| Projected FFO per share current 2010 Outlook | $ 3.99 |

**Fourth Quarter 2010 Conference/Event Schedule**

The Company expects to release its fourth quarter and full year 2010 earnings on February 2, 2011 after the market closes. The Company expects to hold a conference call on February 3, 2011 at 1:00 PM EST to discuss the fourth quarter and full year 2010 results.

The Company is scheduled to participate in the following conferences during the fourth quarter of 2010:

**4Q 2010 Conference Schedule**

| Event/Conference | Date |
|---|---|
| NAREIT Annual Convention | Nov 15-17 |
| AVB Investor/Analyst Day | Nov 17-18 |
| Goldman Sachs Conference | Dec 2 |
| Barclays Real Estate Conference | Dec 7 |
| Wells Fargo Conference | Dec 8 |

At the events listed above, management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; financial outlook; portfolio strategy and other business and financial matters affecting the Company. Details on each conference and access to any related materials will be available in advance of the conference event at the Company's website at http://www.avalonbay.com/events.

Presentations at the Company's Investor/Analyst Day are scheduled from 8:30 a.m. to 12:30 p.m. East Coast time on Thursday, November 18, 2010. In addition to the topics described above, at that event the Company's executive officer team will also present and answer questions regarding a preliminary outlook for 2011. A live webcast of the Investor/Analyst Day presentations can be accessed from the Company's website at http://www.avalonbay.com/events, where the presentation materials will also be posted by the beginning of the presentations. The webcast and materials will be available for one week after the presentations.

**Other Matters**

The Company will hold a conference call on October 28, 2010 at 1:00 PM 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 1-763-416-6924 internationally.

To hear a replay of the call, which will be available from October 28, 2010 at 4:00 PM EDT to November 4, 2010 at 11:59 PM EST, dial 1-800-642-1687 domestically and 1-706-645-9291 internationally, and use Access Code: 10174107. 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. To receive future press releases via e-mail, please submit a request through http://www.avalonbay.com/email.

**About AvalonBay Communities, Inc.**

As of September 30, 2010, the Company owned or held a direct or indirect ownership interest in 179 apartment communities containing 52,490 apartment homes in ten states and the District of Columbia, of which 12 communities were under construction and seven 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 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," "anticipates," "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: we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; 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; 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 or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; and increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability. Additional discussions of risks and uncertainties appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 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 2010. 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 2010
Supplemental Operating and Financial Data

Avalon Towers Bellevue
Bellevue, WA

Avalon Union City
Union City, CA

Avalon Fort Greene
Brooklyn, NY

Avalon Northborough
Northborough, MA

AvalonBay offers a diverse, high quality portfolio of apartment homes in the nation's premier supply constrained markets. The Company is expanding its investment activity with increased development and acquisitions, growth platforms we expect will create value in an environment of improving apartment fundamentals.

# THIRD QUARTER 2010

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, Section 27A of the Securities Act of 1933 as amended, 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 the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 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, 2010**
(Dollars in thousands except per share data)
(unaudited)

**SELECTED OPERATING INFORMATION**

| | Q3 2010 | Q3 2009 | % Change | YTD 2010 | YTD 2009 | % Change |
|---|---|---|---|---|---|---|
| Net income attributable to common stockholders | $ 24,654 | $ 58,154 | (57.6%) | $ 148,304 | $ 123,253 | 20.3% |
| Per common share - basic | $ 0.29 | $ 0.72 | (59.7%) | $ 1.77 | $ 1.55 | 14.2% |
| Per common share - diluted | $ 0.29 | $ 0.72 | (59.7%) | $ 1.76 | $ 1.54 | 14.3% |
| Funds from Operations | $ 84,462 | $ 87,737 | (3.7%) | $ 251,524 | $ 260,526 | (3.5%) |
| Per common share - diluted | $ 0.98 | $ 1.09 | (10.1%) | $ 2.99 | $ 3.25 | (8.0%) |
| Dividends declared - common | $ 76,117 | $ 72,587 | 4.9% | $ 225,854 | $ 215,218 | 4.9% |
| Per common share | $ 0.8925 | $ 0.8925 | 0.0% | $ 2.6775 | $ 2.6775 | 0.0% |
| Common shares outstanding | 85,284,865 | 81,429,356 | 4.7% | 85,284,865 | 81,429,356 | 4.7% |
| Outstanding operating partnership units | 15,325 | 15,351 | (0.2%) | 15,325 | 15,351 | (0.2%) |
| Total outstanding shares and units | 85,300,190 | 81,444,707 | 4.7% | 85,300,190 | 81,444,707 | 4.7% |
| Average shares and participating securities outstanding - basic | 85,203,030 | 80,384,149 | 6.0% | 83,628,002 | 79,772,819 | 4.8% |
| Weighted shares - basic | 84,968,804 | 80,132,409 | 6.0% | 83,385,833 | 79,521,277 | 4.9% |
| Average operating partnership units outstanding | 15,346 | 15,351 | (0.0%) | 15,349 | 16,874 | (9.0%) |
| Effect of dilutive securities | 784,546 | 461,517 | 70.0% | 728,712 | 631,942 | 15.3% |
| Average shares outstanding - diluted | 85,768,696 | 80,609,277 | 6.4% | 84,129,894 | 80,170,093 | 4.9% |

**DEBT COMPOSITION AND MATURITIES**

| Debt Composition (1) | Amount | Average Interest Rate (2) | Remaining Maturities (1) | |
|---|---|---|---|---|
| Conventional Debt | | | 2010 | $ 119,890 |
| Long-term, fixed rate | $ 2,828,434 | | 2011 | $ 237,101 |
| Long-term, variable rate | 353,741 | | 2012 | $ 503,136 |
| Variable rate facilities (3) | - | | 2013 | $ 379,573 |
| Subtotal, Conventional | 3,182,175 | 5.8% | 2014 | $ 198,869 |
| Tax-Exempt Debt | | | | |
| Long-term, fixed rate | 193,748 | | | |
| Long-term, variable rate | 571,964 | | | |
| Subtotal, Tax-Exempt | 765,712 | 2.9% | | |
| Total Debt | $ 3,947,887 | 5.2% | | |

**CAPITALIZED COSTS**

| | Cap Interest | Cap Overhead | Non-Rev Capex per Home |
|---|---|---|---|
| Q310 | $ 7,774 | $ 5,179 | $ 122 |
| Q210 | $ 9,655 | $ 5,406 | $ 106 |
| Q110 | $ 9,836 | $ 5,491 | $ 38 |
| Q409 | $ 10,303 | $ 6,135 | $ 193 |
| Q309 | $ 11,878 | $ 5,680 | $ 59 |

**COMMUNITY INFORMATION**

| | Communities | Apartment Homes |
|---|---|---|
| Current Communities | 167 | 49,061 |

| | | |
|---|---|---|
| Development Communities | 12 | 3,429 |
| Development Rights | 24 | 6,984 |

(1) Excludes debt associated with assets classified as held for sale.
(2) Includes costs of financing such as credit enhancement fees, trustees' fees, etc.
(3) Represents the Company's $1 billion unsecured credit facility, under which no amounts were drawn at September 30, 2010.

**Attachment 2**

**AvalonBay Communities, Inc.**
**Detailed Operating Information**
**September 30, 2010**
(Dollars in thousands except per share data)
(unaudited)

| | Q3 2010 | Q3 2009 | % Change | YTD 2010 | YTD 2009 | % Change |
|---|---|---|---|---|---|---|
| Revenue: | | | | | | |
| Rental and other income | $ 225,783 | $ 213,165 | 5.9% | $ 658,040 | $ 631,392 | 4.2% |
| Management, development and other fees | 1,800 | 1,878 | (4.2%) | 5,334 | 5,423 | (1.6%) |
| Total | 227,583 | 215,043 | 5.8% | 663,374 | 636,815 | 4.2% |
| Operating expenses: | | | | | | |
| Direct property operating expenses, excluding property taxes | 59,114 | 55,164 | 7.2% | 168,492 | 158,821 | 6.1% |
| Property taxes | 23,402 | 21,093 | 10.9% | 69,695 | 61,871 | 12.6% |
| Property management and other indirect operating expenses | 8,971 | 8,832 | 1.6% | 27,287 | 28,510 | (4.3%) |
| Total operating expenses | 91,487 | 85,089 | 7.5% | 265,474 | 249,202 | 6.5% |
| Interest expense, net | (44,262) | (41,205) | 7.4% | (128,260) | (108,215) | 18.5% |
| Gain on extinguishment of debt, net | -- | -- | N/A | -- | 1,062 | (100.0%) |
| General and administrative expense | (7,039) | (5,750) | 22.4% | (19,975) | (18,388) | 8.6% |
| Joint venture income (loss) | (325) | 190 | (271.1%) | 364 | 4,139 | (91.2%) |
| Investments and investment management expense | (1,026) | (976) | 5.1% | (3,111) | (2,799) | 11.1% |
| Expensed development and other pursuit costs | (737) | (1,721) | (57.2%) | (1,685) | (5,096) | (66.9%) |
| Depreciation expense | (58,628) | (52,987) | 10.6% | (171,956) | (153,992) | 11.7% |
| Impairment loss | -- | -- | N/A | -- | (20,302) | (100.0%) |
| Gain on sale of land | -- | 241 | N/A | -- | 241 | N/A |
| Income from continuing operations | 24,079 | 27,746 | (13.2%) | 73,277 | 84,263 | (13.0%) |
| Income (loss) from discontinued operations (1) | (99) | 3,685 | (102.7%) | 1,917 | 10,991 | (82.6%) |
| Gain on sale of communities | -- | 26,670 | N/A | 72,220 | 26,670 | 170.8% |
| Total discontinued operations | (99) | 30,355 | (100.3%) | 74,137 | 37,661 | 96.9% |
| Net income | 23,980 | 58,101 | (58.7%) | 147,414 | 121,924 | 20.9% |
| Net income attributable to redeemable noncontrolling interests | 674 | 53 | 1,171.7% | 890 | 1,329 | (33.0%) |
| Net income attributable to common stockholders | $ 24,654 | $ 58,154 | (57.6%) | $ 148,304 | $ 123,253 | 20.3% |
| Net income attributable to common stockholders per common share - basic | $ 0.29 | $ 0.72 | (59.7%) | $ 1.77 | $ 1.55 | 14.2% |
| Net income attributable to common stockholders per common share - diluted | $ 0.29 | $ 0.72 | (59.7%) | $ 1.76 | $ 1.54 | 14.3% |

(1) Reflects net income or loss for investments in real estate classified as discontinued operations as of September 30, 2010 and investments in real estate sold during the period from January 1, 2009 through September 30, 2010. The following table details income from discontinued operations for the periods shown:

| | Q3 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Rental income | $ 127 | $ 9,149 | $ 4,142 | $ 29,200 |
| Operating and other expenses | (101) | (3,134) | (1,854) | (9,825) |
| Interest expense, net | -- | -- | -- | (682) |
| Depreciation expense | (125) | (2,330) | (371) | (7,702) |
| Income (loss) from discontinued operations | $ (99) | $ 3,685 | $ 1,917 | $ 10,991 |

**Attachment 3**

**AvalonBay Communities, Inc.**
**Condensed Consolidated Balance Sheets**

(Dollars in thousands)
(unaudited)

| | September 30, 2010 | December 31, 2009 |
|---|---|---|
| Real estate | $ 7,937,493 | $ 7,415,054 |
| Less accumulated depreciation | (1,650,905) | (1,474,147) |
| Net operating real estate | 6,286,588 | 5,940,907 |
| Construction in progress, including land | 402,721 | 531,299 |
| Land held for development | 228,496 | 237,095 |
| Operating real estate assets held for sale, net | 6,265 | 124,186 |
| Total real estate, net | 6,924,070 | 6,833,487 |
| Cash and cash equivalents | 229,111 | 105,691 |
| Cash in escrow | 178,030 | 210,676 |
| Resident security deposits | 22,605 | 23,646 |
| Other assets | 320,586 | 284,105 |
| Total assets | $ 7,674,402 | $ 7,457,605 |
| Unsecured notes, net | $ 1,660,480 | $ 1,658,029 |
| Notes payable | 2,287,410 | 2,316,843 |
| Resident security deposits | 33,966 | 33,646 |
| Liabilities related to assets held for sale | -- | 2,734 |
| Other liabilities | 378,085 | 390,429 |
| Total liabilities | $ 4,359,941 | $ 4,401,681 |
| Redeemable noncontrolling interests | 10,630 | 5,797 |
| Stockholders' equity | 3,303,831 | 3,050,127 |
| Total liabilities and stockholders' equity | $ 7,674,402 | $ 7,457,605 |

**AvalonBay Communities, Inc.**
**Sequential Operating Information by Business Segment (1)**
**September 30, 2010**
(Dollars in thousands)
(unaudited)

| | Total Homes | Quarter Ended September 30, 2010 | Quarter Ended June 30, 2010 | Quarter Ended March 31, 2010 | Quarter Ended December 31, 2009 |
|---|---|---|---|---|---|
| **RENTAL REVENUE** | | | | | |
| Established (2) | 30,672 | $ 163,464 | $ 161,641 | $ 159,639 | $ 160,055 |
| Other Stabilized (2) (3) | 5,766 | 30,669 | 29,372 | 28,763 | 27,607 |
| Redevelopment (2) | 5,067 | 23,685 | 23,339 | 23,030 | 22,975 |
| Development (2) | 4,609 | 6,638 | 3,707 | 1,988 | 1,160 |
| Total Consolidated Communities | 46,114 | $ 224,456 | $ 218,059 | $ 213,420 | $ 211,797 |
| **OPERATING EXPENSE** | | | | | |
| Established | | $ 59,241 | $ 56,230 | $ 56,802 | $ 56,700 |
| Other Stabilized | | 12,392 | 12,022 | 11,940 | 11,292 |
| Redevelopment | | 7,652 | 7,466 | 7,315 | 7,812 |
| Development | | 3,232 | 2,482 | 1,422 | 1,304 |
| Total Consolidated Communities | | $ 82,517 | $ 78,200 | $ 77,479 | $ 77,108 |
| **NOI (2)** | | | | | |
| Established | | $ 104,407 | $ 105,479 | $ 102,987 | $ 103,606 |
| Other Stabilized | | 19,411 | 18,129 | 16,866 | 16,869 |
| Redevelopment | | 16,055 | 15,893 | 15,737 | 15,202 |
| Development | | 3,412 | 1,229 | 567 | (141) |
| Total Consolidated Communities | | $ 143,285 | $ 140,730 | $ 136,157 | $ 135,536 |
| **AVERAGE REVENUE PER OCCUPIED HOME** | | | | | |
| Established | | $ 1,854 | $ 1,821 | $ 1,804 | $ 1,813 |
| Other Stabilized | | 1,837 | 1,841 | 1,810 | 1,812 |
| Redevelopment | | 1,651 | 1,621 | 1,603 | 1,622 |
| Development (4) | | 2,009 | 2,131 | 2,266 | 1,744 |
| **ECONOMIC OCCUPANCY** | | | | | |
| Established | | 95.8% | 96.5% | 96.2% | 96.0% |
| Other Stabilized | | 95.6% | 96.1% | 94.3% | 90.1% |
| Redevelopment | | 94.4% | 94.7% | 94.5% | 93.2% |
| Development | | 48.6% | 43.2% | 31.3% | 56.2% |
| **STABILIZED COMMUNITIES TURNOVER 2010 / 2009 (5)** | | 62.8% / 70.1% | 56.6% / 64.4% | 42.1% / 47.2% | 46.3% |

(1) Excludes amounts related to communities that have been sold, or that are classified as held for sale.

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

(3) Results for these communities for quarters prior to January 1, 2010 may reflect community operations prior to stabilization, including periods of lease-up, such that occupancy levels are below what would be considered stabilized.

(4) Average revenue per occupied home for Development Communities includes only those assets with at least one full quarter of lease-up activity.

(5) Turnover represents the annualized number of units turned over during the quarter, divided by the total number of apartment homes for communities with stabilzed occupancy for the respective reporting period.

**Attachment 5**

**AvalonBay Communities, Inc.**
**Quarterly Revenue and Occupancy Changes - Established Communities (1)**

**September 30, 2010**

| | Apartment Homes | Average Rental Rates (2) | | | Economic Occupancy | | | Rental Revenue ($000's) (3) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Q3 10 | Q3 09 | % Change | Q3 10 | Q3 09 | % Change | Q3 10 | Q3 09 | % Change |
| New England | | | | | | | | | | |
| Boston, MA | 4,092 | $ 1,933 | $ 1,920 | 0.7% | 96.2% | 95.0% | 1.2% | $ 22,840 | $ 22,414 | 1.9% |
| Fairfield-New Haven, CT | 2,350 | 1,971 | 1,945 | 1.3% | 96.7% | 96.1% | 0.6% | 13,439 | 13,183 | 1.9% |
| New England Average | 6,442 | 1,947 | 1,930 | 0.9% | 96.4% | 95.4% | 1.0% | 36,279 | 35,597 | 1.9% |
| | | | | | | | | | | |
| Metro NY/NJ | | | | | | | | | | |
| New York, NY | 2,714 | 2,657 | 2,630 | 1.0% | 96.0% | 97.1% | (1.1%) | 20,764 | 20,791 | (0.1%) |
| New Jersey | 2,462 | 1,913 | 1,881 | 1.7% | 95.9% | 96.7% | (0.8%) | 13,550 | 13,423 | 0.9% |
| Long Island, NY | 1,732 | 2,300 | 2,223 | 3.5% | 96.1% | 95.6% | 0.5% | 11,488 | 11,043 | 4.0% |
| Metro NY/NJ Average | 6,908 | 2,302 | 2,261 | 1.8% | 96.0% | 96.6% | (0.6%) | 45,802 | 45,257 | 1.2% |
| | | | | | | | | | | |
| Mid-Atlantic/Midwest | | | | | | | | | | |
| Washington Metro | 5,343 | 1,808 | 1,767 | 2.3% | 96.0% | 96.7% | (0.7%) | 27,817 | 27,370 | 1.6% |
| Chicago, IL | 601 | 1,477 | 1,462 | 1.0% | 95.9% | 96.4% | (0.5%) | 2,553 | 2,540 | 0.5% |
| Mid-Atlantic/Midwest Average | 5,944 | 1,775 | 1,738 | 2.1% | 96.0% | 96.6% | (0.6%) | 30,370 | 29,910 | 1.5% |
| | | | | | | | | | | |
| Pacific Northwest | | | | | | | | | | |
| Seattle, WA | 1,943 | 1,198 | 1,261 | (5.0%) | 94.3% | 94.7% | (0.4%) | 6,585 | 6,963 | (5.4%) |
| Pacific Northwest Average | 1,943 | 1,198 | 1,261 | (5.0%) | 94.3% | 94.7% | (0.4%) | 6,585 | 6,963 | (5.4%) |
| | | | | | | | | | | |
| Northern California | | | | | | | | | | |
| San Jose, CA | 2,982 | 1,760 | 1,785 | (1.4%) | 95.2% | 96.7% | (1.5%) | 14,995 | 15,446 | (2.9%) |
| Oakland-East Bay, CA | 1,569 | 1,405 | 1,422 | (1.2%) | 96.3% | 94.7% | 1.6% | 6,369 | 6,341 | 0.4% |
| San Francisco, CA | 1,424 | 2,053 | 2,084 | (1.5%) | 95.6% | 95.9% | (0.3%) | 8,381 | 8,531 | (1.8%) |
| Northern California Average | 5,975 | 1,736 | 1,762 | (1.5%) | 95.6% | 96.0% | (0.4%) | 29,745 | 30,318 | (1.9%) |
| | | | | | | | | | | |
| Southern California | | | | | | | | | | |
| Los Angeles, CA | 1,780 | 1,582 | 1,631 | (3.0%) | 95.5% | 95.9% | (0.4%) | 8,072 | 8,357 | (3.4%) |
| Orange County, CA | 916 | 1,345 | 1,425 | (5.6%) | 94.5% | 91.8% | 2.7% | 3,492 | 3,597 | (2.9%) |
| San Diego, CA | 764 | 1,449 | 1,480 | (2.1%) | 93.9% | 94.2% | (0.3%) | 3,119 | 3,195 | (2.4%) |
| Southern California Average | 3,460 | 1,490 | 1,543 | (3.4%) | 94.9% | 94.6% | 0.3% | 14,683 | 15,149 | (3.1%) |
| Average/Total Established | 30,672 | $ 1,854 | $ 1,847 | 0.4% | 95.8% | 96.0% | (0.2%) | $ 163,464 | $ 163,194 | 0.2% |

(1) Established Communities are communities with stabilized operating expenses as of January 1, 2009 such that a comparison of 2009 to 2010 is meaningful.
(2) Reflects the effect of concessions amortized over the average lease term.
(3) With concessions reflected on a cash basis, rental revenue from Established Communities remained flat between years.

**Attachment 6**

**AvalonBay Communities, Inc.**
***Sequential Quarterly* Revenue and Occupancy Changes - Established Communities (1)**

**September 30, 2010**

| | Apartment Homes | Average Rental Rates (2) | | | Economic Occupancy | | | Rental Revenue ($000's) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Q3 10 | Q2 10 | % Change | Q3 10 | Q2 10 | % Change | Q3 10 | Q2 10 | % Change |
| New England | | | | | | | | | | |
| Boston, MA | 4,092 | $ 1,933 | $ 1,904 | 1.5% | 96.2% | 96.6% | (0.4%) | $ 22,840 | $ 22,569 | 1.2% |
| Fairfield-New Haven, CT | 2,350 | 1,971 | 1,912 | 3.1% | 96.7% | 97.1% | (0.4%) | 13,439 | 13,083 | 2.7% |
| New England Average | 6,442 | 1,947 | 1,907 | 2.1% | 96.4% | 96.8% | (0.4%) | 36,279 | 35,652 | 1.8% |
| Metro NY/NJ | | | | | | | | | | |
| New York, NY | 2,714 | 2,657 | 2,627 | 1.1% | 96.0% | 96.7% | (0.7%) | 20,764 | 20,690 | 0.4% |
| New Jersey | 2,462 | 1,913 | 1,865 | 2.6% | 95.9% | 97.0% | (1.1%) | 13,550 | 13,366 | 1.4% |
| Long Island, NY | 1,732 | 2,300 | 2,242 | 2.6% | 96.1% | 96.1% | 0.0% | 11,488 | 11,193 | 2.6% |
| Metro NY/NJ Average | 6,908 | 2,302 | 2,259 | 1.9% | 96.0% | 96.6% | (0.6%) | 45,802 | 45,249 | 1.2% |
| Mid-Atlantic/Midwest | | | | | | | | | | |
| Washington Metro | 5,343 | 1,808 | 1,774 | 1.9% | 96.0% | 96.4% | (0.4%) | 27,817 | 27,422 | 1.4% |
| Chicago, IL | 601 | 1,477 | 1,433 | 3.1% | 95.9% | 96.6% | (0.7%) | 2,553 | 2,496 | 2.3% |
| Mid-Atlantic/Midwest Average | 5,944 | 1,775 | 1,740 | 2.0% | 96.0% | 96.4% | (0.4%) | 30,370 | 29,918 | 1.5% |
| Pacific Northwest | | | | | | | | | | |
| Seattle, WA | 1,943 | 1,198 | 1,178 | 1.7% | 94.3% | 96.1% | (1.8%) | 6,585 | 6,608 | (0.3%) |
| Pacific Northwest Average | 1,943 | 1,198 | 1,178 | 1.7% | 94.3% | 96.1% | (1.8%) | 6,585 | 6,608 | (0.3%) |
| Northern California | | | | | | | | | | |
| San Jose, CA | 2,982 | 1,760 | 1,729 | 1.8% | 95.2% | 96.8% | (1.6%) | 14,995 | 14,965 | 0.2% |
| Oakland-East Bay, CA | 1,569 | 1,405 | 1,381 | 1.7% | 96.3% | 95.5% | 0.8% | 6,369 | 6,210 | 2.6% |
| San Francisco, CA | 1,424 | 2,053 | 2,016 | 1.8% | 95.6% | 97.0% | (1.4%) | 8,381 | 8,354 | 0.3% |
| Northern California Average | 5,975 | 1,736 | 1,706 | 1.8% | 95.6% | 96.6% | (1.0%) | 29,745 | 29,529 | 0.7% |
| Southern California | | | | | | | | | | |
| Los Angeles, CA | 1,780 | 1,582 | 1,579 | 0.2% | 95.5% | 95.3% | 0.2% | 8,072 | 8,034 | 0.5% |
| Orange County, CA | 916 | 1,345 | 1,339 | 0.4% | 94.5% | 95.6% | (1.1%) | 3,492 | 3,517 | (0.7%) |
| San Diego, CA | 764 | 1,449 | 1,432 | 1.2% | 93.9% | 95.5% | (1.6%) | 3,119 | 3,134 | (0.5%) |
| Southern California Average | 3,460 | 1,490 | 1,483 | 0.5% | 94.9% | 95.4% | (0.5%) | 14,683 | 14,685 | 0.0% |
| Average/Total Established | 30,672 | $ 1,854 | $ 1,821 | 1.8% | 95.8% | 96.5% | (0.7%) | $ 163,464 | $ 161,641 | 1.1% |

(1) Established Communities are communities with stabilized operating expenses as of January 1, 2009 such that a comparison of 2009 to 2010 is meaningful.
(2) Reflects the effect of concessions amortized over the average lease term.

**AvalonBay Communities, Inc.**
**Year-to-Date Revenue and Occupancy Changes - Established Communities (1)**

**September 30, 2010**

| | Apartment Homes | Average Rental Rates (2) | | | Economic Occupancy | | | Rental Revenue ($000's) (3) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | YTD 10 | YTD 09 | % Change | YTD 10 | YTD 09 | % Change | YTD 10 | YTD 09 | % Change |
| New England | | | | | | | | | | |
| Boston, MA | 4,092 | $ 1,914 | $ 1,929 | (0.8%) | 96.2% | 95.1% | 1.1% | $ 67,769 | $ 67,541 | 0.3% |
| Fairfield-New Haven, CT | 2,350 | 1,924 | 1,978 | (2.7%) | 96.7% | 95.1% | 1.6% | 39,343 | 39,796 | (1.1%) |
| New England Average | 6,442 | 1,917 | 1,945 | (1.4%) | 96.3% | 95.1% | 1.2% | 107,112 | 107,337 | (0.2%) |
| Metro NY/NJ | | | | | | | | | | |
| New York, NY | 2,714 | 2,615 | 2,655 | (1.5%) | 96.3% | 96.3% | 0.0% | 61,547 | 62,466 | (1.5%) |
| New Jersey | 2,462 | 1,876 | 1,911 | (1.8%) | 96.4% | 95.8% | 0.6% | 40,086 | 40,585 | (1.2%) |
| Long Island, NY | 1,732 | 2,247 | 2,268 | (0.9%) | 96.2% | 94.8% | 1.4% | 33,702 | 33,537 | 0.5% |
| Metro NY/NJ Average | 6,908 | 2,260 | 2,293 | (1.4%) | 96.3% | 95.8% | 0.5% | 135,335 | 136,588 | (0.9%) |
| Mid-Atlantic/Midwest | | | | | | | | | | |
| Washington Metro | 5,343 | 1,776 | 1,763 | 0.7% | 96.2% | 96.4% | (0.2%) | 82,139 | 81,737 | 0.5% |
| Chicago, IL | 601 | 1,445 | 1,473 | (1.9%) | 96.4% | 95.9% | 0.5% | 7,534 | 7,638 | (1.4%) |
| Mid-Atlantic/Midwest Average | 5,944 | 1,743 | 1,734 | 0.5% | 96.2% | 96.4% | (0.2%) | 89,673 | 89,375 | 0.3% |
| Pacific Northwest | | | | | | | | | | |
| Seattle, WA | 1,943 | 1,188 | 1,304 | (8.9%) | 95.3% | 94.3% | 1.0% | 19,806 | 21,507 | (7.9%) |
| Pacific Northwest Average | 1,943 | 1,188 | 1,304 | (8.9%) | 95.3% | 94.3% | 1.0% | 19,806 | 21,507 | (7.9%) |
| Northern California | | | | | | | | | | |
| San Jose, CA | 2,982 | 1,738 | 1,860 | (6.6%) | 96.2% | 96.2% | 0.0% | 44,878 | 48,045 | (6.6%) |
| Oakland-East Bay, CA | 1,569 | 1,388 | 1,464 | (5.2%) | 95.7% | 94.4% | 1.3% | 18,762 | 19,532 | (3.9%) |
| San Francisco, CA | 1,424 | 2,025 | 2,147 | (5.7%) | 96.5% | 95.7% | 0.8% | 25,041 | 26,322 | (4.9%) |
| Northern California Average | 5,975 | 1,714 | 1,825 | (6.1%) | 96.2% | 95.7% | 0.5% | 88,681 | 93,899 | (5.6%) |
| Southern California | | | | | | | | | | |
| Los Angeles, CA | 1,780 | 1,578 | 1,685 | (6.4%) | 95.7% | 93.9% | 1.8% | 24,188 | 25,344 | (4.6%) |
| Orange County, CA | 916 | 1,347 | 1,445 | (6.8%) | 95.1% | 93.3% | 1.8% | 10,557 | 11,118 | (5.0%) |
| San Diego, CA | 764 | 1,439 | 1,499 | (4.0%) | 94.9% | 94.0% | 0.9% | 9,392 | 9,696 | (3.1%) |
| Southern California Average | 3,460 | 1,486 | 1,581 | (6.0%) | 95.4% | 93.8% | 1.6% | 44,137 | 46,158 | (4.4%) |
| Average/Total Established | 30,672 | $ 1,826 | $ 1,877 | (2.7%) | 96.2% | 95.5% | 0.7% | $ 484,744 | $ 494,864 | (2.0%) |

(1) Established Communities are communities with stabilized operating expenses as of January 1, 2009 such that a comparison of 2009 to 2010 is meaningful.
(2) Reflects the effect of concessions amortized over the average lease term.
(3) With concessions reflected on a cash basis, rental revenue from Established Communities decreased 1.9% between years.

**Attachment 8**

**AvalonBay Communities, Inc.**
**Operating Expenses ("Opex") - Established Communities (1)**
**September 30, 2010**

(Dollars in thousands)
(unaudited)

| | Q3 2010 | Q3 2009 | % Change | Q3 2010 % of Total Opex | YTD 2010 | YTD 2009 | % Change | YTD 2010 % of Total Opex |
|---|---|---|---|---|---|---|---|---|
| Property taxes (2) | $ 17,254 | $ 16,543 | 4.3% | 29.1% | $ 51,935 | $ 49,140 | 5.7% | 30.2% |
| Payroll (3) | 12,444 | 11,978 | 3.9% | 21.0% | 36,204 | 35,409 | 2.2% | 21.0% |
| Repairs & maintenance (4) | 11,246 | 9,406 | 19.6% | 19.0% | 29,676 | 25,906 | 14.6% | 17.2% |
| Office operations (5) | 5,161 | 6,534 | (21.0%) | 8.7% | 16,038 | 17,555 | (8.6%) | 9.3% |
| Utilities (6) | 6,662 | 6,373 | 4.5% | 11.2% | 19,258 | 19,601 | (1.7%) | 11.2% |
| Land lease expense (7) | 3,420 | 3,418 | 0.1% | 5.8% | 10,263 | 10,276 | (0.1%) | 6.0% |
| Marketing (8) | 1,823 | 1,593 | 14.4% | 3.1% | 5,068 | 4,692 | 8.0% | 2.9% |
| Insurance (9) | 1,231 | 1,529 | (19.5%) | 2.1% | 3,821 | 4,884 | (21.8%) | 2.2% |
| ***Total Established Communities Operating Expenses (10)*** | **$ 59,241** | **$ 57,374** | **3.3%** | **100.0%** | **$ 172,263** | **$ 167,463** | **2.9%** | **100.0%** |

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

(2) The increase for the quarter ended September 30, 2010 from the prior year period is due to an increase in rates primarily for our East Coast assets. In addition, the year-to-date change is also impacted by a large refund received in the prior year with no comparable activity in 2010.

(3) Payroll reflects expenses directly related to on-site operations.

(4) Repairs & maintenance includes costs associated with preparing an apartment home for new residents including carpet and appliance replacement, as well as redecorating, landscaping, snow removal and regular maintenance costs. Increased costs over the prior year period for the three and nine months ended September 30, 2010 are due to increased expenditures on carpeting, painting and landscaping to maintain the high quality appearance and amenities at our communities. Year-to-date results are also impacted by costs associated with the severe winter weather experienced on the East Coast in the fourth quarter of 2009 and the first quarter of 2010.

(5) Office operations includes administrative costs, bad debt expense and association and license fees. The decrease from the prior year periods is due primarily to a decrease in bad debt expense.

(6) Utilities represents aggregate utility costs, net of resident reimbursements. The current quarter increase is due primarily to increases in electricity and sewer usage over the prior year period. The year-to-date decrease is due primarily to increased receipts from water submetering and lower electrical expense due largely to an initiative to install equipment that reduces energy consumption.

(7) Land lease expense represents GAAP-based rental expense, which are higher than actual cash payments made. Land lease expense was $2,717 and $8,147 higher than cash payments during the quarter ended and year-to-date September 30, 2010, respectively.

(8) The increase in marketing for the three months ended September 30, 2010 over the prior year period is due primarily to the timing of internet advertising and resident brochures. The year-to-date increase over the prior year period is driven primarily by increases in resident incentives.

(9) The Company renegotiated its property insurance policies in the fourth quarter of 2009.

(10) Operating expenses for Established Communities excludes indirect costs for off-site corporate level property management related expenses, and other support related expenses.

**Attachment 9**

## AvalonBay Communities, Inc.
## Development Communities as of September 30, 2010

| | | Percentage Ownership Upon Completion | # of Apt Homes | Total Capital Cost (1) (millions) | Schedule: Start | Initial Occupancy | Complete | Stabilized Ops (1) | Avg Rent Per Home (1) | % Comp (2) | % Leased (3) | % Occ Physical (4) | % Occ Economic (1) (5) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Inclusive of Concessions See Attachment #14 | | | | |
| **Under Construction:** | | | | | | | | | | | | | |
| 1. | Avalon Fort Greene (6)<br>New York, NY | 100% | 631 | $ 304.5 | Q4 2007 | Q4 2009 | Q4 2010 | Q2 2011 | $ 2,625 | 91.3% | 84.6% | 78.4% | 55.5% |
| 2. | Avalon Walnut Creek (7)<br>Walnut Creek, CA | 100% | 422 | 151.7 | Q3 2008 | Q2 2010 | Q4 2010 | Q2 2011 | 1,880 | 69.9% | 64.7% | 57.1% | 33.7% |
| 3. | Avalon Norwalk<br>Norwalk, CT | 100% | 311 | 84.8 | Q3 2008 | Q2 2010 | Q2 2011 | Q4 2011 | 2,040 | 57.9% | 53.1% | 49.2% | 34.5% |
| 4. | Avalon Towers Bellevue<br>Bellevue, WA | 100% | 397 | 125.9 | Q4 2008 | Q2 2010 | Q2 2011 | Q4 2011 | 2,125 | 71.5% | 56.9% | 48.6% | 28.3% |
| 5. | Avalon Northborough II<br>Northborough, MA | 100% | 219 | 35.3 | Q4 2009 | Q1 2010 | Q4 2010 | Q2 2011 | 1,665 | 100.0% | 79.0% | 72.6% | 53.9% |
| 6. | Avalon at West Long Branch<br>West Long Branch, NJ | 100% | 180 | 27.6 | Q4 2009 | Q3 2010 | Q1 2011 | Q3 2011 | 1,825 | 36.7% | 44.4% | 30.6% | 5.7% |
| 7. | Avalon Rockville Centre<br>Rockville Centre, NY | 100% | 349 | 110.2 | Q1 2010 | Q3 2011 | Q3 2012 | Q1 2013 | 2,615 | N/A | N/A | N/A | N/A |
| 8. | Avalon Queen Anne<br>Seattle, WA | 100% | 203 | 56.7 | Q3 2010 | Q1 2012 | Q2 2012 | Q4 2012 | 1,925 | N/A | N/A | N/A | N/A |
| 9. | Avalon at the Pinehills II<br>Plymouth, MA | 100% | 91 | 18.4 | Q3 2010 | Q2 2011 | Q3 2011 | Q1 2012 | 1,860 | N/A | N/A | N/A | N/A |
| 10. | Avalon Springs II<br>Wilton, CT | 100% | 100 | 31.3 | Q3 2010 | Q2 2011 | Q3 2011 | Q1 2012 | 2,575 | N/A | N/A | N/A | N/A |
| 11. | Avalon Green II<br>Greenburgh, NY | 100% | 444 | 110.6 | Q3 2010 | Q4 2011 | Q1 2013 | Q3 2013 | 2,525 | N/A | N/A | N/A | N/A |
| 12. | Avalon Brandemoor II<br>Lynnwood, WA | 100% | 82 | 15.5 | Q3 2010 | Q3 2011 | Q4 2011 | Q2 2012 | 1,445 | N/A | N/A | N/A | N/A |
| | Total/Weighted Average | | 3,429 | $ 1,072.5 | | | | | $ 2,215 | | | | |

Weighted Average Projected NOI as a % of Total Capital Cost(1)(8): 6.0% Inclusive of Concessions - See Attachment #14

| **Non-Stabilized Development Communities:** (9) | | | % Economic Occ (1) (5) |
|---|---|---|---|
| Prior Completions: | | | |
| Avalon Blue Hills | 276 | $ 46.1 | 96.0% |

| **Asset Cost Basis (millions):** | | **Source** |
|---|---|---|
| Asset Under Construction and Non-Stabilized Completions | | |
| Capital Cost, Under Construction | $ 1,072.5 | Att. 9 |
| Less: Remaining to Invest, Under Construction | (292.6) | Att. 11 |
| Subtotal, Non-Stabilized Assets Under Construction | 779.9 | |
| Capital Cost, Prior Quarter Completions | 46.1 | Att. 9 |
| Total Asset Cost Basis, Under Construction and Non-Stabilized Development | $ 826.0 | |

Q3 2010 Net Operating Income/(Deficit) for communities under construction and non-stabilized development communities was $3.2 million. See Attachment #14.

(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 22, 2010.

(3) Includes apartment homes for which leases have been executed or non-refundable deposits have been paid as of October 22, 2010.

(4) Physical occupancy based on apartment homes occupied as of October 22, 2010.

(5) Represents Economic Occupancy for the third quarter of 2010.

(6) Average Rent per Home was mis-stated on June 30, 2010 Attachment 9. The corrected Average Rent per Home as of June 30, 2010 was $2,630.

(7) This community is being financed in part by a combination of third-party tax-exempt and taxable debt.

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

(9) 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 2010.

**Attachment 10**

**AvalonBay Communities, Inc.**
**Redevelopment Communities as of September 30, 2010**

| | 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) | Homes Completed @ 9/30/2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Inclusive of Concessions See Attachment #14 | |
| **Under Redevelopment:** (3) | | | | | | | | | | |
| 1. Avalon at Diamond Heights San Francisco, CA | 100% | 154 | $ 25.3 | $ 30.6 | Q2 1994 | Q4 2007 | Q4 2010 | Q2 2011 | $ 2,245 | 86 |
| 2. Avalon Pleasanton Pleasanton, CA | 100% | 456 | 63.0 | 80.9 | Q1 1994 | Q2 2009 | Q4 2011 | Q2 2012 | 1,490 | 191 |
| 3. Avalon Princeton Junction (4) West Windsor, NJ | 100% | 512 | 30.2 | 49.9 | Q4 1988 | Q2 2009 | Q1 2012 | Q3 2012 | 1,500 | 206 |
| 4. Avalon at Cedar Ridge Daly City, CA | 100% | 195 | 27.7 | 33.8 | Q2 1997 | Q3 2009 | Q4 2010 | Q2 2011 | 1,545 | 177 |
| 5. Avalon Warm Springs (5) Fremont, CA | 100% | 235 | 36.5 | 44.0 | Q1 1994 | Q4 2009 | Q1 2011 | Q3 2011 | 1,555 | 51 |
| 6. Avalon Summit Quincy, MA | 100% | 245 | 17.7 | 26.8 | Q3 1995 | Q2 2010 | Q4 2011 | Q2 2012 | 1,465 | 57 |
| 7. Avalon at Decoverly (6) Rockville, MD | 100% | 564 | 63.5 | 71.3 | Q3 1995 | Q3 2010 | Q4 2011 | Q2 2012 | 1,565 | -- |
| Subtotal | | 2,361 | $ 263.9 | $ 337.3 | | | | | $ 1,570 | 768 |
| **Completed this Quarter:** | | | | | | | | | | |
| 1. Avalon Burbank Burbank, CA | 100% | 400 | $ 71.0 | $ 94.4 | Q2 2002 | Q3 2008 | Q3 2010 | Q4 2010 | $ 2,045 | 400 |
| Grand Total / Weighted Average | | 2,761 | $ 334.9 | $ 431.7 | | | | | $ 1,635 | 1,168 |

(1) Inclusive of acquisition cost.

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

(3) The Company commenced the redevelopment of Avalon at Prudential Center in Boston, MA and Crowne Ridge in San Rafael, CA during the second quarter 2010 for an estimated Total Capital Cost of $35.4 million. The redevelopment of these communities is primarily focused on the exterior and/or common area and is not expected to have a material impact on community operations, including occupancy, or the expected future level of rental revenue. These communities are therefore included in the Established Community portfolio and not classified as Redevelopment Communities.

(4) This community was formerly known as Avalon Watch.

(5) This community was formerly known as Avalon at Willow Creek.

(6) Redevelopment efforts will be focused on the 368 units associated with the initial phase of this community which was acquired by a predecessor of the Company in Q3 1995.

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 2010.

**Attachment 11**

**AvalonBay Communities, Inc.**
**Summary of Development and Redevelopment Community Activity (1) as of September 30, 2010**
(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)(6) | Construction in Progress at Period End |
|---|---|---|---|---|---|
| Total - 2008 Actual | 2,907 | $ 724,962 | $ 758,238 | $ 666,623 | $ 820,218 |
| 2009 Actual: | | | | | |
| Quarter 1 | 422 | $ 124,422 | $ 143,195 | $ 526,116 | $ 776,473 |
| Quarter 2 | 719 | 128,785 | 222,384 | 395,611 | 745,907 |
| Quarter 3 | 797 | 96,859 | 262,127 | 287,833 | 576,563 |
| Quarter 4 | 555 | 101,306 | 181,678 | 245,046 | 500,671 |
| Total - 2009 Actual | 2,493 | $ 451,372 | $ 809,384 | | |
| 2010 Projected: | | | | | |
| Quarter 1 (Actual) | 279 | $ 122,151 | $ 101,286 | $ 228,620 | $ 552,899 |
| Quarter 2 (Actual) | 475 | 63,860 | 160,070 | 164,050 | 475,275 |
| Quarter 3 (Actual) | 511 | 98,774 | 169,856 | 292,611 | 383,115 |
| Quarter 4 (Projected) | 525 | 92,346 | 168,111 | 200,265 | 219,748 |
| Total - 2010 Projected | 1,790 | $ 377,131 | $ 599,323 | | |

**REDEVELOPMENT**

| | Total Capital Cost Invested During Period (3) | Remaining to Invest (5) | Reconstruction in Progress at Period End |
|---|---|---|---|
| Total - 2008 Actual | $ 45,918 | $ 53,214 | $ 47,362 |
| 2009 Actual: | | | |
| Quarter 1 | $ 12,031 | $ 40,056 | $ 40,477 |
| Quarter 2 | 15,983 | 61,157 | 38,027 |
| Quarter 3 | 12,868 | 54,489 | 31,389 |
| Quarter 4 | 10,029 | 49,527 | 30,628 |
| Total - 2009 Actual | $ 50,911 | | |
| 2010 Projected: | | | |
| Quarter 1 (Actual) | $ 12,654 | $ 36,873 | $ 27,915 |
| Quarter 2 (Actual) | 10,843 | 34,445 | 16,881 |
| Quarter 3 (Actual) | 8,870 | 33,046 | 19,606 |
| Quarter 4 (Projected) | 10,537 | 22,509 | 20,083 |
| Total - 2010 Projected | $ 42,904 | | |

(1) Data is presented for all communities currently under development or redevelopment.

(2) Projected periods include data for consolidated joint ventures at 100%. The offset for joint venture partners' participation is reflected as redeemable noncontrolling 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 construction or reconstruction.

(6) Amount for Q3 2010 includes $28.1 million expected to be financed by proceeds from third-party tax-exempt and taxable debt.

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 2010.

**AvalonBay Communities, Inc.**
**Future Development as of September 30, 2010**

**DEVELOPMENT RIGHTS (1) (2)**

| | Location of Development Right | Land Status | Estimated Number of Homes | Total Capital Cost (1) (millions) |
|---|---|---|---|---|
| 1. | San Francisco, CA | Owned | 173 | $ 62 |
| 2. | Cohasset, MA | Owned | 220 | 53 |
| 3. | Tysons Corner, VA I | Owned | 354 | 78 |
| 4. | North Bergen, NJ | Owned | 164 | 45 |
| 5. | Wood-Ridge, NJ | Optioned | 406 | 87 |
| 6. | Garden City, NY | Owned | 204 | 71 |
| 7. | Andover, MA | Owned | 115 | 27 |
| 8. | New York, NY Phase I | Ground Lease | 396 | 169 |
| 9. | Shelton, CT | Optioned | 200 | 41 |
| 10. | Seattle, WA | Owned | 271 | 81 |
| 11. | Dublin, CA Phase II | Optioned | 486 | 145 |
| 12. | Somerset, NJ | Optioned | 384 | 82 |
| 13. | Boston, MA | Option to Lease | 187 | 97 |
| 14. | Hackensack, NJ | Option to Lease | 226 | 48 |
| 15. | Rockville, MD | Owned | 240 | 57 |
| 16. | Huntington Station, NY | Optioned | 392 | 92 |
| 17. | Bloomingdale, NJ | Optioned | 174 | 33 |
| 18. | Tysons Corner, VA II | Owned | 338 | 87 |
| 19. | Stratford, CT | Owned | 130 | 25 |
| 20. | Ossining, NY | Optioned | 210 | 44 |
| 21. | Brooklyn, NY | Owned | 861 | 443 |
| 22. | Ocean Township, NJ | Optioned | 309 | 57 |
| 23. | New York, NY Phase II | Ground Lease | 295 | 142 |
| 24. | Roselle Park, NJ | Optioned | 249 | 54 |
| | Total | | 6,984 | $ 2,120 |

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

(2) Development Rights are listed in order of current anticipated construction start. The actual order in which communities are started may differ.

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 2010.

**Attachment 13**

**AvalonBay Communities, Inc.**
**Summary of Disposition Activity (1) as of September 30, 2010**
(Dollars in thousands)

| Number of Communities Sold (2) | Gross Sales Price | GAAP Gain | Accumulated Depreciation and Other | Economic Gain (4) | Weighted Average Initial Year Mkt. Cap Rate (3) (4) | Weighted Average Unleveraged IRR (3) (4) |
|---|---|---|---|---|---|---|
| 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 (5) | **$ 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 (6) | **$ 382,720** | **$ 199,767** | **$ 14,929** | **$ 184,838** | **3.8%** | **18.0%** |
| 2006: | | | | | | |
| 4 Communities, 3 Land Parcels (7) | **$ 281,485** | **$ 117,539** | **$ 21,699** | **$ 95,840** | **4.6%** | **15.2%** |
| 2007: | | | | | | |
| 5 Communities, 1 Land Parcel (8) | **$ 273,896** | **$ 163,352** | **$ 17,588** | **$ 145,764** | **4.6%** | **17.8%** |
| 2008: | | | | | | |
| 11 Communities (9) | **$ 646,200** | **$ 288,384** | **$ 56,469** | **$ 231,915** | **5.1%** | **14.1%** |
| 2009: | | | | | | |
| 5 Communities, 2 Land Parcels (10) | **$ 193,186** | **$ 68,717** | **$ 16,692** | **$ 52,025** | **6.5%** | **13.0%** |
| 2010: | | | | | | |
| 3 Communities (11) | **$ 190,450** | **$ 72,220** | **$ 48,024** | **$ 24,196** | **5.8%** | **8.9%** |
| **1998 - 2010 Total** | **$ 3,648,853** | **$ 1,441,729** | **$ 333,269** | **$ 1,108,460** | **5.8%** | **15.0%** |

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

(2) For dispositions from January 1, 1998 through September 30, 2010 the Weighted Average Holding Period is 7.9 years.

(3) 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.

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

(5) 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.

(6) 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.

(7) 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.

(8) 2007 GAAP gain, for purposes of this attachment, includes $56,320 related to the sale of a partnership interest in which the Company held a 50% equity interest.

(9) 2008 GAAP gain, for purposes of this attachment, includes $3,483 related to the sale of a community held by the Fund in which the Company holds a 15.2% equity interest.

(10) 2009 GAAP and Economic Gain include the settlement recognition of approximately $2,770 in deferred gains for six prior year dispositions, recognition of which occurred in conjunction with the November 2009 settlement of previously disclosed litigation with The Equal Rights Center, involving accessibility of our communities.

(11) 2010 GAAP and Economic Gain include the recognition of approximately $2,300 in deferred gains from one prior year disposition, recognition of which occurred in conjunction with the April 2010 settlement of previously disclosed litigation involving the homeowners association of that community.

**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 attributable to common stockholders 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 attributable to common stockholders is as follows (dollars in thousands):

| | Q3 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Net income attributable to common stockholders | $ 24,654 | $ 58,154 | $ 148,304 | $ 123,253 |
| Depreciation - real estate assets, including discontinued operations and joint venture adjustments | 59,794 | 56,239 | 175,399 | 163,891 |
| Distributions to noncontrolling interests, including discontinued operations | 14 | 14 | 41 | 52 |
| Gain on sale of previously depreciated real estate assets | -- | (26,670) | (72,220) | (26,670) |
| FFO attributable to common stockholders | $ 84,462 | $ 87,737 | $ 251,524 | $ 260,526 |
| Average shares outstanding - diluted | 85,768,696 | 80,609,277 | 84,129,894 | 80,170,093 |
| Earnings per share - diluted | $ 0.29 | $ 0.72 | $ 1.76 | $ 1.54 |
| FFO per common share - diluted | $ 0.98 | $ 1.09 | $ 2.99 | $ 3.25 |

**Attachment 14 (continued)**

The Company's results for the quarter ended and year-to-date September 30, 2010 and the comparable prior year periods include the non-routine items outlined in the following table:

Non-Routine Items
Decrease (Increase) in Net Income and FFO
(dollars in thousands)

| | YTD 2010 | Q3 10 | YTD 2009 | Q3 09 |
|---|---|---|---|---|
| Land impairments | $ - | $ - | $ 20,302 | $ - |
| Abandoned pursuits (1) | - | - | 2,098 | - |
| Severance and related costs | (1,550) | - | 2,000 | - |
| Federal excise tax | - | - | (485) | (485) |
| Loss/(Gain) on medium term notes repurchase | - | - | (1,062) | - |
| Gain on sale of land | - | - | (241) | (241) |
| Promoted interest in joint venture | - | - | (3,894) | - |
| Legal settlement proceeds, net | (927) | - | (1,100) | 1,000 |
| Severe weather costs | 672 | - | - | - |
| Investment Management Fund transaction costs, net (2) | 416 | 416 | - | - |
| Total non-routine items | $ (1,389) | $ 416 | $ 17,618 | $ 274 |
| Weighted Average Dilutive Shares Outstanding | 84,129,894 | 85,768,696 | 80,170,093 | 80,609,277 |

(1) Abandoned pursuits includes costs expensed by the Company for individual pursuits in excess of $1,000 in a given quarter.
(2) Represents the Company's proportional share of the Fund activity.

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 2010 to the range provided for projected EPS (diluted) is as follows:

| | Low range | High range |
|---|---|---|
| Projected EPS (diluted) - Q4 2010 | $ 0.25 | $ 0.29 |
| Projected depreciation (real estate related) | 0.73 | 0.73 |
| Projected gain on sale of operating communities | -- | -- |
| Projected FFO per share (diluted) - Q4 2010 | $ 0.98 | $ 1.02 |
| | | |
| Projected EPS (diluted) - Full Year 2010 | $ 2.01 | $ 2.05 |
| Projected depreciation (real estate related) | 2.81 | 2.81 |
| Projected gain on sale of operating communities | (0.85) | (0.85) |
| Projected FFO per share (diluted) - Full Year 2010 | $ 3.97 | $ 4.01 |

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 expenses, expensed development and other pursuit costs, net interest expense, gain (loss) on extinguishment of debt, general and administrative expense, joint venture income (loss), depreciation expense, impairment loss on land holdings, 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 2010 | Q3 2009 | Q2 2010 | Q1 2010 | Q4 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|---|---|---|
| Net income | $ 23,980 | $ 58,101 | $ 51,066 | $ 72,366 | $ 32,350 | $ 147,414 | $ 121,924 |
| Indirect operating expenses, net of corporate income | 7,189 | 6,987 | 7,849 | 7,232 | 7,378 | 22,269 | 22,922 |
| Investments and investment management expense | 1,026 | 976 | 1,047 | 1,039 | 1,045 | 3,111 | 2,799 |
| Expensed development and other pursuit costs | 737 | 1,721 | 443 | 505 | 746 | 1,685 | 5,096 |
| Interest expense, net | 44,262 | 41,205 | 41,458 | 42,541 | 42,107 | 128,260 | 108,215 |
| (Gain) loss on extinguishment of debt, net | -- | -- | -- | -- | 26,972 | -- | (1,062) |
| General and administrative expense | 7,039 | 5,750 | 4,041 | 8,895 | 10,360 | 19,975 | 18,388 |
| Joint venture loss (income) | 325 | (190) | (463) | (227) | 2,698 | (364) | (4,139) |
| Depreciation expense | 58,628 | 52,987 | 57,356 | 55,972 | 55,269 | 171,956 | 153,992 |
| Impairment loss - land holdings | -- | -- | -- | -- | 850 | -- | 20,302 |
| Gain on sale of real estate assets | -- | (26,911) | (21,929) | (50,291) | (41,806) | (72,220) | (26,911) |
| (Income) loss from discontinued operations | 99 | (3,685) | (138) | (1,875) | (2,433) | (1,917) | (10,991) |
| NOI from continuing operations | $ 143,285 | $ 136,941 | $ 140,730 | $ 136,157 | $ 135,536 | $ 420,169 | $ 410,535 |
| Established: | | | | | | | |
| New England | $ 22,562 | $ 22,802 | $ 22,300 | $ 21,643 | $ 21,918 | $ 66,505 | $ 68,299 |
| Metro NY/NJ | 29,944 | 30,893 | 30,589 | 29,507 | 29,650 | 90,041 | 93,521 |
| Mid-Atlantic/Midwest | 18,290 | 18,102 | 18,665 | 17,546 | 18,233 | 54,501 | 55,213 |
| Pacific NW | 4,035 | 4,709 | 4,249 | 4,426 | 4,144 | 12,710 | 14,859 |
| No. California | 20,248 | 20,130 | 20,245 | 20,158 | 19,827 | 60,651 | 65,521 |
| So. California | 9,328 | 9,385 | 9,431 | 9,707 | 9,834 | 28,466 | 30,379 |
| Total Established | 104,407 | 106,021 | 105,479 | 102,987 | 103,606 | 312,874 | 327,792 |
| Other Stabilized | 19,411 | 15,325 | 18,129 | 16,866 | 16,869 | 54,403 | 33,584 |
| Development/Redevelopment | 19,467 | 15,595 | 17,122 | 16,304 | 15,061 | 52,892 | 49,159 |
| NOI from continuing operations | $ 143,285 | $ 136,941 | $ 140,730 | $ 136,157 | $ 135,536 | $ 420,169 | $ 410,535 |

NOI as reported by the Company does not include the operating results from discontinued operations (i.e., assets sold during the period January 1, 2009 through September 30, 2010 or classified as held for sale at September 30, 2010). 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 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Income from discontinued operations | $ (99) | $ 3,685 | $ 1,917 | $ 10,991 |
| Interest expense, net | -- | -- | -- | 682 |
| Depreciation expense | 125 | 2,330 | 371 | 7,702 |
| NOI from discontinued operations | $ 26 | $ 6,015 | $ 2,288 | $ 19,375 |
| NOI from assets sold | $ -- | $ 6,058 | $ 2,242 | $ 19,501 |
| NOI from assets held for sale | 26 | (43) | 46 | (126) |
| NOI from discontinued operations | $ 26 | $ 6,015 | $ 2,288 | $ 19,375 |

Projected NOI, as used within this release for certain Development 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 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.

**Attachment 14 (continued)**

Management believes that Projected NOI of the Development Communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the Development 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 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 2010 | Q3 2009 | YTD 2010 | YTD 2009 |
|---|---|---|---|---|
| Rental revenue (GAAP basis) | $ 163,464 | $ 163,194 | $ 484,744 | $ 494,864 |
| Concessions amortized | 705 | 2,472 | 3,451 | 8,103 |
| Concessions granted | (516) | (2,016) | (1,585) | (6,791) |
| Rental revenue (with concessions on a cash basis) | $ 163,653 | $ 163,650 | $ 486,610 | $ 496,176 |
| % change -- GAAP revenue | | 0.2% | | (2.0%) |
| % change -- cash revenue | | 0.0% | | (1.9%) |

Economic Gain (Loss) is calculated by the Company as the gain (loss) 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 (Loss) to be an appropriate supplemental measure to gain (loss) 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 (Loss) for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain (Loss) to gain on sale in accordance with GAAP for both the nine months ended September 30, 2010 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 and gain on the sale of investments in real estate joint ventures, 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 attributable to the Company 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 2010 are as follows (dollars in thousands):

| | |
|---|---|
| Net income attributable to common stockholders | $ 24,654 |
| Interest expense, net | 44,262 |
| Depreciation expense | 58,628 |
| Depreciation expense (discontinued operations) | 125 |
| EBITDA | $ 127,669 |
| EBITDA from continuing operations | $ 127,643 |
| EBITDA from discontinued operations | 26 |
| EBITDA | $ 127,669 |
| EBITDA from continuing operations | $ 127,643 |
| Interest charges | $ 44,262 |
| Interest coverage | 2.9 |

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.

**Attachment 14 (continued)**

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, 2010 is as follows (dollars in thousands):

| | |
|---|---|
| NOI for Established Communities | $ 312,874 |
| NOI for Other Stabilized Communities | 54,403 |
| NOI for Development/Redevelopment Communities | 52,892 |
| Total NOI generated by real estate assets | 420,169 |
| NOI on encumbered assets | 138,404 |
| NOI on unencumbered assets | 281,765 |
| | |
| Unencumbered NOI | 67% |

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 2010, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2009 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.

Other Stabilized Communities are completed consolidated communities that the Company owns, which did not have stabilized operations as of January 1, 2009, but have stabilized occupancy as of January 1, 2010. Other Stabilized Communities do not include communities that are planning to conduct substantial redevelopment activities or that are planned for disposition within the current year.

Development Communities are communities that are under construction during the current year. These communities may be partially or fully complete and operating.

Redevelopment Communities are communities where the Company owns a majority interest and where substantial redevelopment is in progress or is planned to begin during the current year. Redevelopment is considered substantial when capital invested during the reconstruction effort is expected to exceed either $5,000,000 or 10% of the community's pre-development basis and is expected to have a material impact on the community's operations, including occupancy levels and future rental rates.

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.

**Attachment 14 (continued)**

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 controls the land through a ground lease or owns land to develop a new community. The Company capitalizes related pre-development costs incurred in pursuit of new developments for which future development is probable.