

AVALONBAY COMMUNITIES INC  
Form 10-Q  
November 02, 2018  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2018

Commission file number 1-12672

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

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

Ballston Tower  
671 N. Glebe Rd, Suite 800  
Arlington, Virginia 22203  
(Address of principal executive offices, including zip code)

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

(Former name, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

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

138,222,567 shares of common stock, par value \$0.01 per share, were outstanding as of October 31, 2018.

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

	9/30/2018 (unaudited)	12/31/2017
<b>ASSETS</b>		
Real estate:		
Land and improvements	\$4,186,360	\$4,237,318
Buildings and improvements	15,808,498	15,708,666
Furniture, fixtures and equipment	673,013	615,288
	20,667,871	20,561,272
Less accumulated depreciation	(4,585,609 )	(4,218,379 )
Net operating real estate	16,082,262	16,342,893
Construction in progress, including land	1,651,406	1,306,300
Land held for development	116,582	68,364
Real estate assets held for sale, net	79,963	—
Total real estate, net	17,930,213	17,717,557
Cash and cash equivalents	55,887	67,088
Cash in escrow	225,704	134,818
Resident security deposits	34,132	32,686
Investments in unconsolidated real estate entities	173,563	163,475
Deferred development costs	45,869	45,819
Prepaid expenses and other assets	196,751	253,378
Total assets	\$18,662,119	\$18,414,821
<b>LIABILITIES AND EQUITY</b>		
Unsecured notes, net	\$6,153,945	\$5,852,764
Variable rate unsecured credit facility	56,000	—
Mortgage notes payable, net	1,323,283	1,476,706
Dividends payable	203,624	196,094
Payables for construction	92,323	85,377
Accrued expenses and other liabilities	300,827	308,189
Accrued interest payable	66,546	43,116
Resident security deposits	61,059	58,473
Liabilities related to real estate assets held for sale	1,037	—
Total liabilities	8,258,644	8,020,719
Commitments and contingencies		
Redeemable noncontrolling interests	6,077	6,056
Equity:		
Preferred stock, \$0.01 par value; \$25 liquidation preference; 50,000,000 shares authorized at September 30, 2018 and December 31, 2017; zero shares issued and outstanding at September 30, 2018 and December 31, 2017	—	—
	1,382	1,381

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Common stock, \$0.01 par value; 280,000,000 shares authorized at September 30, 2018 and December 31, 2017; 138,222,168 and 138,094,154 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively

Additional paid-in capital	10,249,311	10,235,475
Accumulated earnings less dividends	167,946	188,609
Accumulated other comprehensive loss	(21,241 )	(37,419 )
Total equity	10,397,398	10,388,046
Total liabilities and equity	\$ 18,662,119	\$ 18,414,821

See accompanying notes to Condensed Consolidated Financial Statements.

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## AVALONBAY COMMUNITIES, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(Dollars in thousands, except per share data)

	For the three months ended		For the nine months ended	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Revenue:				
Rental and other income	\$575,070	\$549,507	\$1,703,263	\$1,600,047
Management, development and other fees	912	993	2,752	3,290
Total revenue	575,982	550,500	1,706,015	1,603,337
Expenses:				
Operating expenses, excluding property taxes	132,918	129,590	396,703	379,319
Property taxes	61,230	57,698	181,120	164,195
Interest expense, net	54,097	47,741	165,795	