

AVALONBAY COMMUNITIES INC

Form 10-Q

November 07, 2011

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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, 2011

Commission file number 1-12672

AVALONBAY COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of

77-0404318
(I.R.S. Employer

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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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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:

95,081,836 shares of common stock, par value \$0.01 per share, were outstanding as of October 31, 2011

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

	9-30-11 (unaudited)	12-31-10
ASSETS		
Real estate:		
Land	\$ 1,353,869	\$ 1,344,946
Buildings and improvements	6,759,026	6,537,187
Furniture, fixtures and equipment	223,494	202,441
	8,336,389	8,084,574
Less accumulated depreciation	(1,825,094)	(1,682,845)
Net operating real estate	6,511,295	6,401,729
Construction in progress, including land	483,007	309,704
Land held for development	263,155	184,150
Operating real estate assets held for sale, net	58,326	60,062
Total real estate, net	7,315,783	6,955,645
Cash and cash equivalents	690,049	305,644
Cash in escrow	68,978	173,343
Resident security deposits	23,779	22,047
Investments in unconsolidated real estate entities	131,314	121,537
Deferred financing costs, net	35,633	33,284
Deferred development costs	72,479	77,253
Prepaid expenses and other assets	150,642	132,735
Total assets	\$ 8,488,657	\$ 7,821,488
LIABILITIES AND STOCKHOLDERS EQUITY		
Unsecured notes, net	\$ 1,629,234	\$ 1,820,141
Variable rate unsecured credit facility		
Mortgage notes payable	2,155,859	2,247,516
Dividends payable	84,815	76,676
Payables for construction	36,204	34,433
Accrued expenses and other liabilities	235,293	131,758
Accrued interest payable	23,600	32,248
Resident security deposits	37,550	33,785
Liabilities related to real estate assets held for sale	122,996	115,078
Total liabilities	4,325,551	4,491,635
Redeemable noncontrolling interests	6,844	14,262
Stockholders equity:		
Preferred stock, \$0.01 par value; \$25 liquidation preference; 50,000,000 shares authorized at both September 30, 2011 and December 31, 2010; zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively		

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Common stock, \$0.01 par value; 140,000,000 shares authorized at both September 30, 2011 and December 31, 2010; 95,015,548 and 85,899,080 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	950	859
Additional paid-in capital	4,638,386	3,593,677
Accumulated earnings less dividends	(409,477)	(282,743)
Accumulated other comprehensive loss	(80,866)	(1,175)
Total stockholders' equity	4,148,993	3,310,618
Noncontrolling interest	7,269	4,973
Total equity	4,156,262	3,315,591
Total liabilities and stockholders' equity	\$ 8,488,657	\$ 7,821,488

See accompanying notes to Condensed Consolidated Financial Statements.

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AVALONBAY COMMUNITIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND OTHER COMPREHENSIVE INCOME

(unaudited)

(Dollars in thousands, except per share data)

	For the three months ended		For the nine months ended	
	9-30-11	9-30-10	9-30-11	9-30-10
Revenue:				
Rental and other income	\$ 248,644	\$ 223,758	\$ 720,535	\$ 652,000
Management, development and other fees	2,433	1,800	7,085	5,334
Total revenue	251,077	225,558	727,620	657,334
Expenses:				
Operating expenses, excluding property taxes	70,017	66,569	200,401	190,872
Property taxes	24,535	23,225	73,238	69,191
Interest expense, net	43,970	44,262	134,096	128,260
Depreciation expense	62,262	57,926	185,071	169,819
General and administrative expense	6,087	7,039	21,524	19,975
Impairment loss	14,052		14,052	
Total expenses	220,923	199,021	628,382	578,117
Equity in income (loss) of unconsolidated entities	2,615	(325)	3,513	364
Gain on sale of land	13,716		13,716	
Income from continuing operations	46,485	26,212	116,467	79,581
Discontinued operations:				
Loss from discontinued operations	(1,808)	(2,232)	(5,737)	(4,387)
Gain on sale of real estate assets			7,675	72,220
Total discontinued operations	(1,808)	(2,232)	1,938	67,833
Net income	44,677	23,980	118,405	147,414
Net loss attributable to noncontrolling interests	147	674	132	890
Net income attributable to common stockholders	\$ 44,824	\$ 24,654	\$ 118,537	\$ 148,304
Other comprehensive income:				
Unrealized loss on cash flow hedges	(60,270)	(314)	(79,691)	(448)
Comprehensive income (loss)	\$ (15,446)	\$ 24,340	\$ 38,846	\$ 147,856

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Earnings per common share - basic:

Income from continuing operations attributable to common stockholders	\$ 0.51	\$ 0.32	\$ 1.32	\$ 0.96
Discontinued operations attributable to common stockholders	(0.02)	(0.03)	0.02	0.81

Net income attributable to common stockholders	\$ 0.49	\$ 0.29	\$ 1.34	\$ 1.77
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Earnings per common share - diluted: