

ModernGraham Valuation

Company Name:

Equity Residential

Company Ticker EQR

Date of Analysis

8/21/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$23,805,390,893	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.32	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	160.46%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.29	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.24	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.32	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	61.13	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.79
MG Growth Estimate	15.00%
MG Value	\$223.04
MG Value based on 3% Growth	\$84.00
MG Value based on 0% Growth	\$49.24
Market Implied Growth Rate	1.39%

MG Opinion

Current Price	\$65.38
% of Intrinsic Value	29.31%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.85
Graham Number	\$90.07
PEmg	11.29
Current Ratio	1.32
PB Ratio	2.24
Current Dividend	\$2.11
Dividend Yield	3.23%
Number of Consecutive Years of Dividend Growth	0

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[Google Finance](#) [MSN Money](#)
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[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$11.85	Next Fiscal Year Estimate	\$5.79
Dec2015	\$2.36	Dec2015	\$2.84
Dec2014	\$1.73	Dec2014	\$2.95
Dec2013	\$5.16	Dec2013	\$3.25
Dec2012	\$2.70	Dec2012	\$2.15
Dec2011	\$2.98	Dec2011	\$1.92
Dec2010	\$0.95	Dec2010	\$1.63
Dec2009	\$1.27	Dec2009	\$2.14
Dec2008	\$1.46	Dec2008	\$2.56
Dec2007	\$3.39	Dec2007	\$2.93
Dec2006	\$3.50	Dec2006	\$2.50
Dec2005	\$2.79	Dec2005	\$1.89
Dec2004	\$1.50	Dec2004	\$1.44
Dec2003	\$1.57	Dec2003	\$1.40
Dec2002	\$1.18	Dec2002	\$1.29
Dec2001	\$1.34	Dec2001	\$1.29
Dec2000	\$1.67	Dec2000	\$1.20
Dec1999	\$1.14	Balance Sheet Information 6/1/2016	
Dec1998	\$0.82	Total Current Assets	\$575,430,000
Dec1997	\$0.88	Total Current Liabilities	\$436,207,000
Dec1996	\$0.85	Long-Term Debt	\$8,510,994,000
		Total Assets	\$21,229,922,000
		Intangible Assets	\$0
		Total Liabilities	\$10,069,344,000
		Shares Outstanding (Diluted Average)	382,065,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Equity Residential Analysis – 2015 Update \\$EQR](#)
- [17 Companies in the Spotlight This Week – June 21, 2014](#)
- [Equity Residential Annual Valuation – 2014 \\$EQR](#)

Other ModernGraham posts about related companies

- [Host Hotels and Resorts Inc Valuation – July 2016 \\$HST](#)
- [Iron Mountain Inc Valuation – July 2016 \\$IRM](#)
- [Vornado Realty Trust Valuation – July 2016 \\$VNO](#)
- [Public Storage Valuation – July 2016 \\$PSA](#)
- [Macerich Co Valuation – July 2016 \\$MAC](#)
- [HCP Inc Valuation – July 2016 \\$HCP](#)
- [Apartment Investment & Management Co Valuation – July 2016 \\$AIV](#)
- [Crown Castle International Corp Valuation – June 2016 \\$CCI](#)
- [General Growth Properties Inc Valuation – June 2016 \\$GGP](#)
- [Boston Properties Inc Valuation – June 2016 \\$BXP](#)