

ModernGraham Valuation

Company Name:

Equity Residential

Company Ticker EQR

Date of Analysis

2/26/2017



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	\$22,976,699,323	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.37	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	308.15%	Pass
6. Moderate PEmg Ratio	PEmg < 20	13.99	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.34	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	0.37	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-33.64	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
	Score		

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.49
MG Growth Estimate	5.73%
MG Value	\$89.59
MG Value based on 3% Growth	\$65.08
MG Value based on 0% Growth	\$38.15
Market Implied Growth Rate	2.74%

MG Opinion

Current Price	\$62.78
% of Intrinsic Value	70.08%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$27.02
Graham Number	\$24.78
PEmg	13.99
Current Ratio	0.37
PB Ratio	2.34
Current Dividend	\$2.02
Dividend Yield	3.21%
Number of Consecutive Years of Dividend Growth	1

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.98	Next Fiscal Year Estimate	\$4.49
Dec2016	\$11.68	Dec2016	\$5.74
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	Balance Sheet Information	12/1/2016
Dec1999	\$1.14	Total Current Assets	\$154,153,000
Dec1998	\$0.82	Total Current Liabilities	\$420,722,000
Dec1997	\$0.88	Long-Term Debt	\$8,967,260,000
		Total Assets	\$20,704,148,000
		Intangible Assets	\$0
		Total Liabilities	\$10,475,070,000
		Shares Outstanding (Diluted Average)	381,992,000





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

- [Communications Sales & Leasing Valuation – Initial Coverage \\$CSAL](#)
- [Kite Realty Group Trust Valuation – Initial Coverage \\$KRG](#)
- [Kilroy Realty Corp Valuation – Initial Coverage \\$KRC](#)
- [Crombie Real Estate Investment Trust Valuation – Initial Coverage \\$TSE:CRR.UN](#)
- [Smart REIT Valuation – Initial Coverage \\$TSE:SRU.UN](#)
- [Prologis Inc Valuation – February 2017 \\$PLD](#)
- [Camden Property Trust Valuation – Initial Coverage \\$CPT](#)
- [CoreSite Realty Corp Valuation – Initial Coverage \\$COR](#)
- [Senior Housing Properties Trust Valuation – Initial Coverage \\$SNH](#)
- [Tanger Factory Outlet Centers Inc Valuation – Initial Coverage \\$SKT](#)