

# ModernGraham Valuation

Essex Property Trust  
Inc



## Company Name:

Company Ticker ESS

Date of Analysis

3/14/2017

## 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	\$14,771,574,817	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.40	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	115.80%	Pass
6. Moderate PEmg Ratio	PEmg < 20	55.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.39	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	1.40	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	48.54	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.08
MG Growth Estimate	6.46%
<b>MG Value</b>	<b>\$87.33</b>
MG Value based on 3% Growth	\$59.12
MG Value based on 0% Growth	\$34.66
Market Implied Growth Rate	23.38%

### MG Opinion

Current Price	\$225.35
% of Intrinsic Value	258.03%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$85.78
Graham Number	\$86.14
PEmg	55.27
Current Ratio	1.40
PB Ratio	2.39
Current Dividend	\$6.40
Dividend Yield	2.84%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.49	Next Fiscal Year Estimate	\$4.08
Dec2016	\$6.27	Dec2016	\$4.20
Dec2015	\$3.49	Dec2015	\$3.06
Dec2014	\$2.06	Dec2014	\$2.69
Dec2013	\$4.04	Dec2013	\$2.85
Dec2012	\$3.41	Dec2012	\$2.22
Dec2011	\$1.24	Dec2011	\$1.86
Dec2010	\$1.14	Dec2010	\$2.30
Dec2009	\$2.91	Dec2009	\$2.92
Dec2008	\$2.09	Dec2008	\$2.98
Dec2007	\$4.24	Dec2007	\$3.28
Dec2006	\$2.45	Dec2006	\$2.76
Dec2005	\$3.32	Dec2005	\$2.84
Dec2004	\$3.36	Dec2004	\$2.57
Dec2003	\$1.57	Dec2003	\$2.22
Dec2002	\$2.60	Dec2002	\$2.45
Dec2001	\$2.63	Dec2001	\$2.29
Dec2000	\$2.37	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$2.36	Total Current Assets	\$398,911,000
Dec1998	\$1.36	Total Current Liabilities	\$284,305,000
Dec1997	\$1.92	Long-Term Debt	\$5,563,260,000
		Total Assets	\$12,217,408,000
		Intangible Assets	\$0
		Total Liabilities	\$6,025,230,000
		Shares Outstanding (Diluted Average)	65,588,000





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 [Essex Property Trust Inc. Analysis – October 2015 Update \\$ESS](#)  
[Essex Property Trust Inc. Analysis – Initial Coverage \\$ESS](#)

Other ModernGraham posts about related companies [Caretrust REIT Inc Valuation – Initial Coverage \\$CTRE](#)  
[Federal Realty Investment Trust Valuation – Initial Coverage \\$FRT](#)  
[Extra Space Storage Inc Valuation – Initial Coverage \\$EXR](#)  
[UDR Inc Valuation – Initial Coverage \\$UDR](#)  
[Digital Realty Trust Inc Valuation – Initial Coverage \\$DLR](#)  
[Mid-America Apartment Communities Inc Valuation – Initial Coverage \\$MAA](#)  
[American Tower Corp Valuation – February 2017 \\$AMT](#)  
[Chartwell Retirement Residences Valuation – Initial Coverage \\$TSE:CSH.UN](#)  
[Equity Residential Valuation – February 2017 \\$EQR](#)  
[Communications Sales & Leasing Valuation – Initial Coverage \\$CSAL](#)