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.

 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
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	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

MG Opinion

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

Α

Stage 3: Information for Further Research

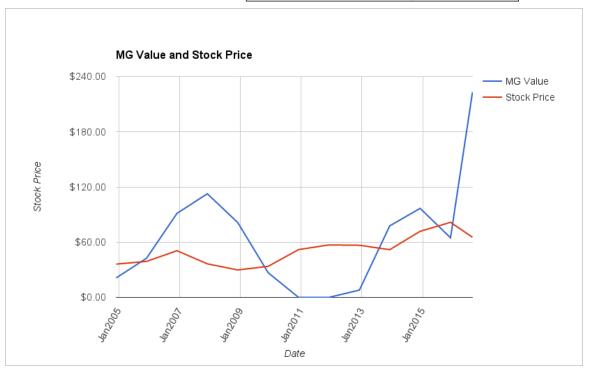
MG Grade

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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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		\$2.95
Dec2013	\$5.16		\$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