ModernGraham Valuation

Company Name:

Equity Residential

Company Ticker Date of Analysis EQR

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.

 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
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	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
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

Morningstar

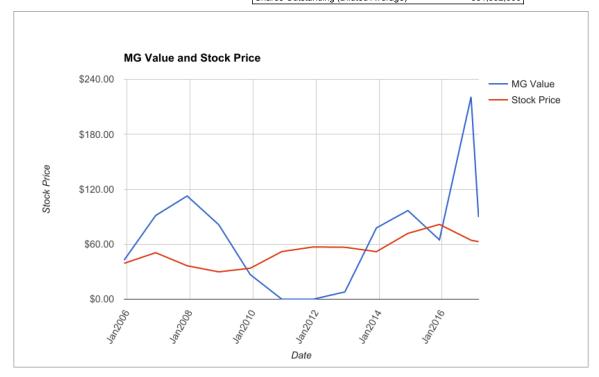
Useful Links: ModernGraham tagged articles

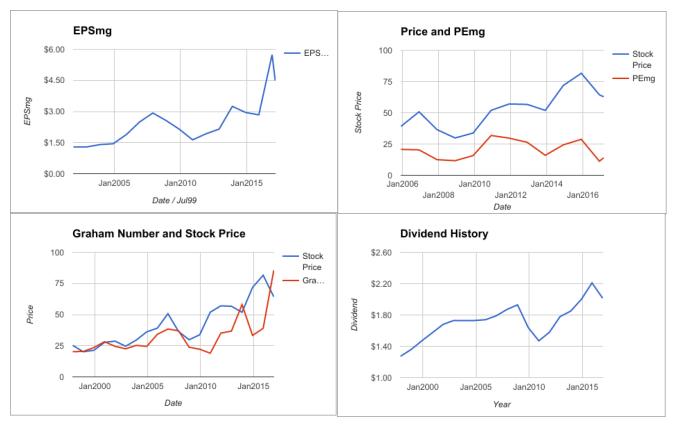
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	** **	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:

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

 $\underline{\textbf{Crombie Real Estate Investment Trust Valuation} - \textbf{Initial Coverage \$TSE:} \textbf{CRR.UN}$

Smart REIT Valuation - Initial Coverage \$TSE:SRU.UN

Prologis Inc Valuation – February 2017 \$PLD

<u>Camden Property Trust Valuation – Initial Coverage \$CPT</u>

<u>CoreSite Realty Corp Valuation – Initial Coverage \$COR</u>

Senior Housing Properties Trust Valuation - Initial Coverage \$SNH

<u>Tanger Factory Outlet Centers Inc Valuation – Initial Coverage \$SKT</u>