ModernGraham Valuation

Company Name:

AvalonBay Communities Inc



Company Ticker Date of Analysis

2/28/2018

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	\$21,545,664,869 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.37 Fail
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	104.40% Pass
Moderate PEmg Ratio	PEmg < 20	27.38 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.08 Pass

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

Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.37 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-18.41 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 No No Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.70
MG Growth Estimate	5.70%
MG Value	\$113.45
MG Value based on 3% Growth	\$82.64
MG Value based on 0% Growth	\$48.44
Market Implied Growth Rate	9.44%

MG Opinion

\$156.02 Current Price % of Intrinsic Value 137.52%

Opinion Overvalued MG Grade D+

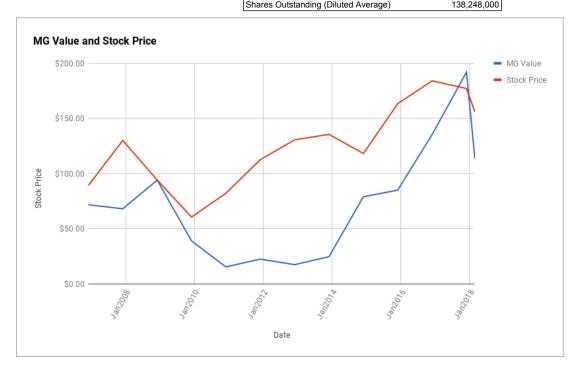
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$56.36
Graham Number	\$84.91
PEmg	27.38
Current Ratio	0.37
PB Ratio	2.08
Current Dividend	\$5.68
Dividend Yield	3.64%
Number of Consecutive Years of Dividend	
Growth	6

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus SEC Filings**

EPS History		EPSmg History	
Next Fiscal Year		Nord Financi Vana Fatinada	05.70
Estimate	•	Next Fiscal Year Estimate	\$5.70
Dec2017	\$6.35	Dec2017	\$6.10
Dec2016	\$7.52	Dec2016	\$5.68
Dec2015	\$5.51	Dec2015	\$4.68
Dec2014	\$5.21	Dec2014	\$4.13
Dec2013	\$2.78	Dec2013	\$3.46
Dec2012	\$4.32	Dec2012	\$3.75
Dec2011	\$4.87	Dec2011	\$3.54
Dec2010	\$2.07	Dec2010	\$3.05
Dec2009	\$1.93	Dec2009	\$3.62
Dec2008	\$5.17	Dec2008	\$4.31
Dec2007	\$4.38	Dec2007	\$3.82
Dec2006	\$3.42	Dec2006	\$3.45
Dec2005	\$4.05	Dec2005	\$3.37
Dec2004	\$2.92	Dec2004	\$2.99
Dec2003	\$3.73	Dec2003	\$2.91
Dec2002	\$2.23	Dec2002	\$2.45
Dec2001	\$3.02	Balance Sheet Information	12/1/2017
Dec2000	\$2.53	Total Current Assets	\$234,592,000
Dec1999	\$2.03	Total Current Liabilities	\$632,776,000
Dec1998	\$1.84	Long-Term Debt	\$7,329,470,000
		Total Assets	\$18,414,821,000
		Intangible Assets	\$0
		Total Liabilities	\$8,026,775,000
		Shares Outstanding (Diluted Average)	138,248,000





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 <u>AvalonBay Communities Inc Valuation – May 2016 \$AVB</u> <u>AvalonBay Communities Inc. Annual Valuation – 2014 \$AVB</u>

Other ModernGraham posts about related companies Weyerhauser Co Valuation - February 2018 \$WY

Alexandria Real Estate Equities Inc Valuation – February 2018 \$ARE

Education Realty Trust Inc Valuation - Initial Coverage \$EDR

American Campus Communities Inc Valuation – September 2017 \$ACC

 $\underline{\textbf{First Industrial Realty Trust Inc Valuation} - \textbf{Initial Coverage \$FR}}$

Saul Centers Inc Valuation - Initial Coverage \$BFS

Douglas Emmett Inc Valuation – Initial Coverage \$DEI

Lexington Realty Trust Valuation - Initial Coverage \$LXP

LTC Properties Inc Valuation - Initial Coverage \$LTC

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