

ModernGraham Valuation

Company Name:

Equity Residential

Company Ticker EQR

Date of Analysis

6/2/2018



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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$24,344,940,720	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.07	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 beginning and end	176.73%	Pass
5. Earnings Growth	PEmg < 20	17.93	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.32	Pass
7. Moderate Price to Assets			

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	0.07	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.29	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

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.56
MG Growth Estimate	3.08%
MG Value	\$52.23
MG Value based on 3% Growth	\$51.63
MG Value based on 0% Growth	\$30.27
Market Implied Growth Rate	4.71%

MG Opinion

Current Price	\$63.83
% of Intrinsic Value	122.20%
Opinion	Overvalued
MG Grade	B-

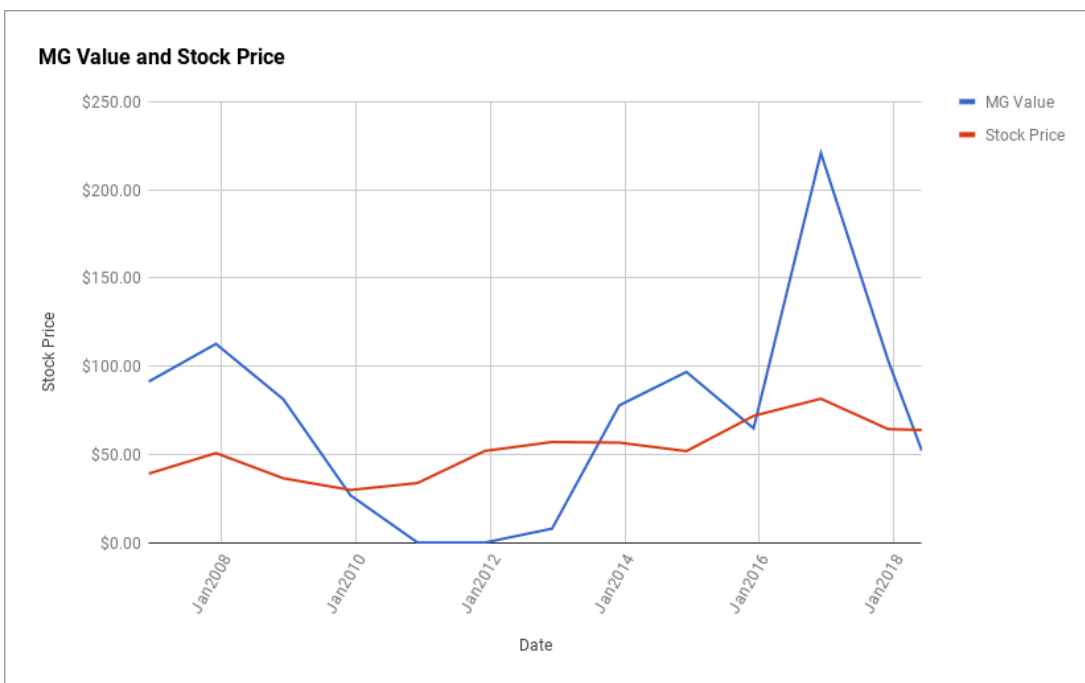
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$25.62
Graham Number	\$25.96
PEmg	17.93
Current Ratio	0.07
PB Ratio	2.32
Current Dividend	\$2.02
Dividend Yield	3.16%
Number of Consecutive Years of Dividend Growth	0

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	\$1.08	Next Fiscal Year Estimate	\$3.56
Dec2017	\$1.63	Dec2017	\$4.70
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	Balance Sheet Information 3/1/2018	
Dec2000	\$1.67	Total Current Assets	\$44,453,000
Dec1999	\$1.14	Total Current Liabilities	\$678,346,000
Dec1998	\$0.82	Long-Term Debt	\$8,425,159,000
		Total Assets	\$20,383,870,000
		Intangible Assets	\$0
		Total Liabilities	\$9,858,777,000
		Shares Outstanding (Diluted Average)	383,018,000





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

- [11 Best Stocks for Value Investors This Week – 3/4/17](#)
- [10 Low PE Stock Picks for the Defensive Investor – February 2017](#)
- [Equity Residential Valuation – February 2017 \\$EQR](#)
- [Most Undervalued Stocks of the S&P 500 – February 2017](#)
- [Best Stocks Below Their Graham Number – February 2017](#)

Other ModernGraham posts about related companies

- [Prologis Inc Valuation – May 2018 \\$PLD](#)
- [Duke Realty Corp Valuation – Initial Coverage \\$DRE](#)
- [Realty Income Corp Valuation – April 2018 \\$O](#)
- [Ventas Inc Valuation – April 2018 \\$VTR](#)
- [SL Green Realty Corp Valuation – April 2018 \\$SLG](#)
- [Regency Centers Corp Valuation – Initial Coverage \\$REG](#)
- [Host Hotels & Resorts Inc Valuation – April 2018 \\$HST](#)
- [Vornado Realty Trust Valuation – April 2018 \\$VNO](#)
- [Public Storage Valuation – March 2018 \\$PSA](#)
- [Macerich Co Valuation – March 2018 \\$MAC](#)