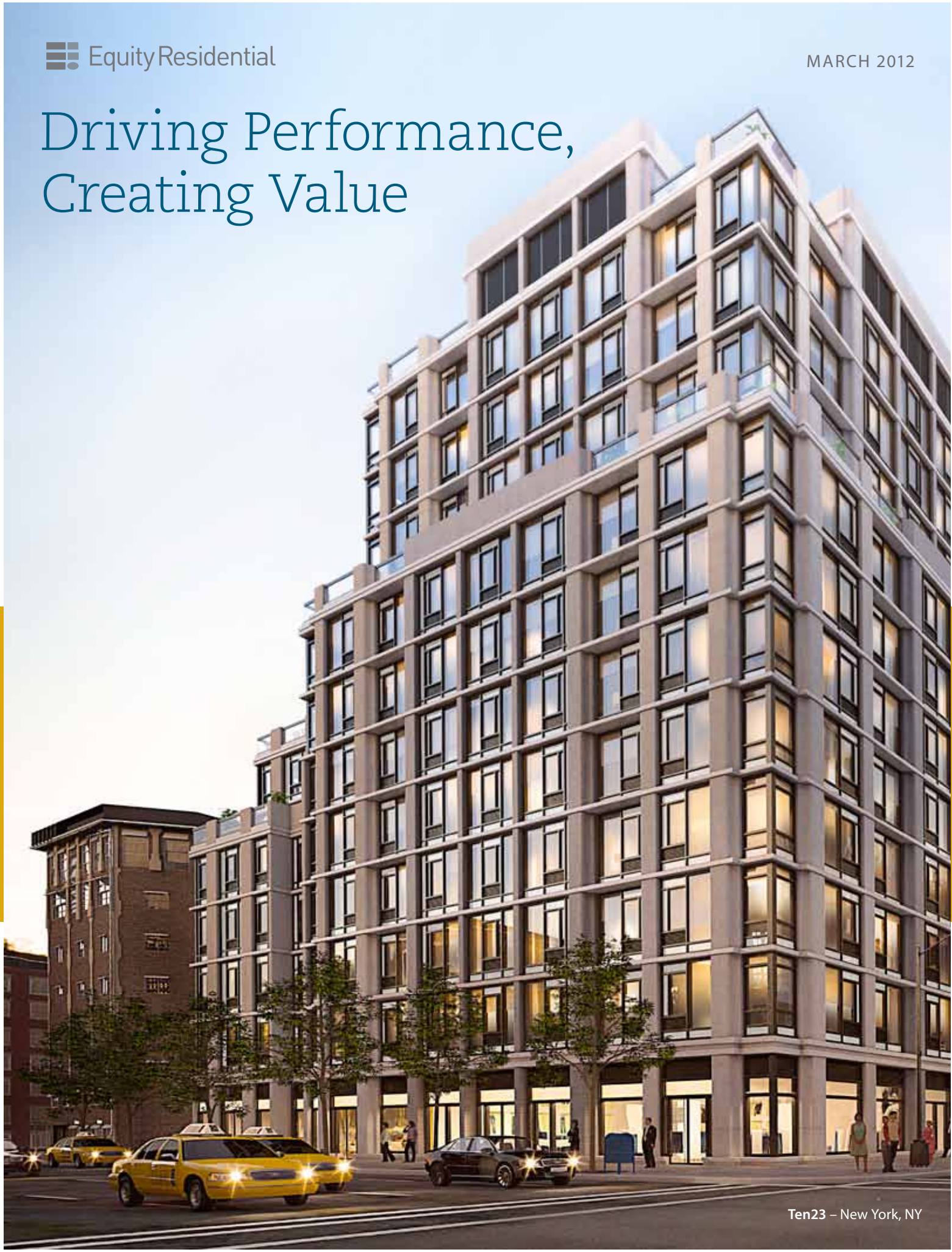
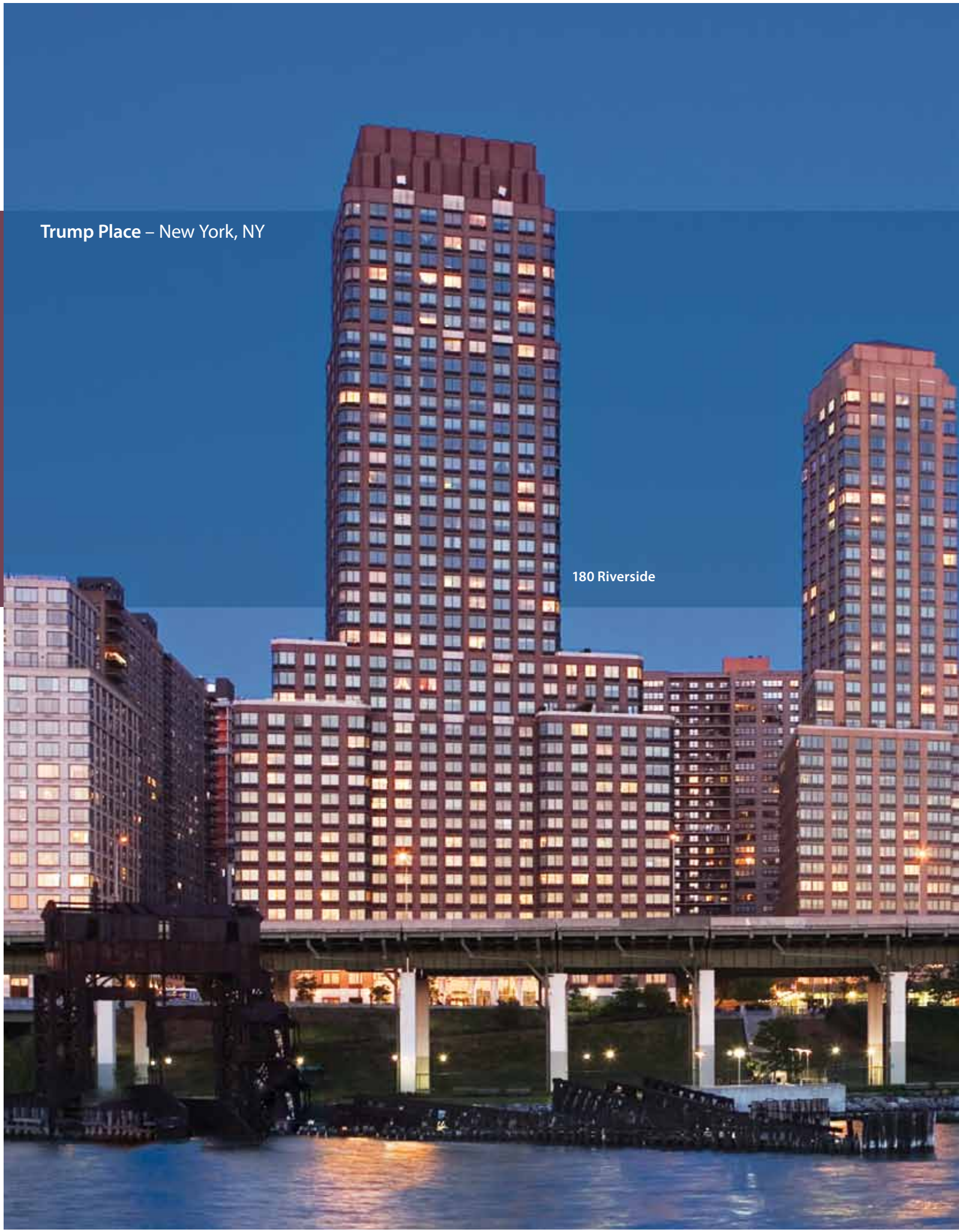
Equity Residential

MARCH 2012

Driving Performance, Creating Value

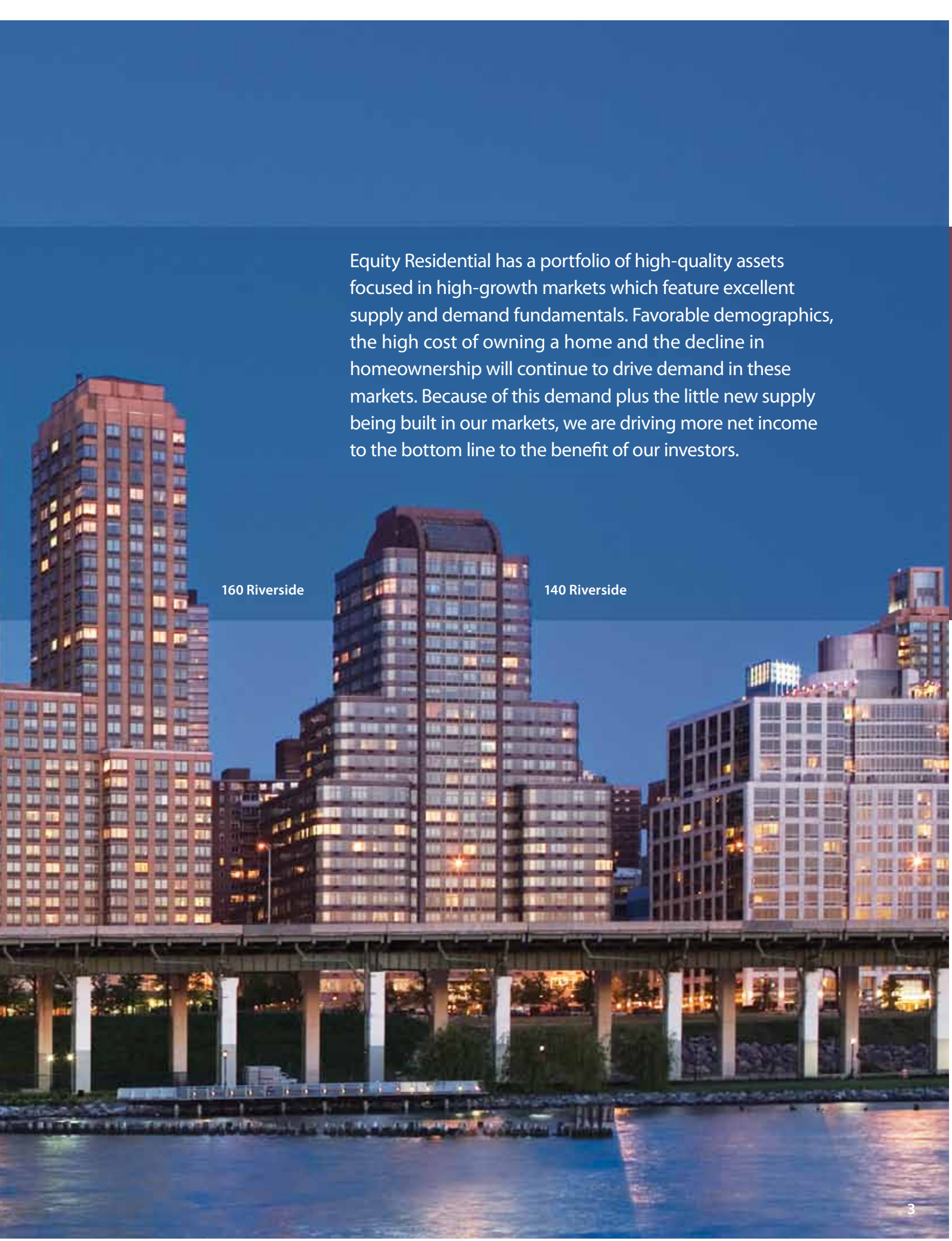


Ten23 – New York, NY



Trump Place – New York, NY

Equity Residential has a portfolio of high-quality assets focused in high-growth markets which feature excellent supply and demand fundamentals. Favorable demographics, the high cost of owning a home and the decline in homeownership will continue to drive demand in these markets. Because of this demand plus the little new supply being built in our markets, we are driving more net income to the bottom line to the benefit of our investors.



Excellent Fundamentals Will Continue to Drive Growth

	Then	Now
Declining Homeownership Rate (each 1% = 1.1M households)	64.2% in 1994 became 69% in 2004	66.2% in 2011 Estimated to be 65.5% in 2012
Increasing Renter Households	34.8 million (Average: 2001 - 2007)	40 million in 2011 Estimated to be 41 million in 2012
Increased Rental Apartment Capture Rate	30% of renter household formations	40% of renter household formations
Lower Move-Outs to Purchase Homes by Our Residents	24% (Average: 2001 - 2007)	13%
Reduced Total Multifamily Starts*	280,000 to 350,000 per year (2001 - 2008)	178,000
Reduced For-Rent Multifamily Completions in EQR Markets	50,000 to 85,000 per year (2001 - 2011)	25,000
Reduced New Completions as a Percentage of Inventory in EQR Markets	1.5% - 2% per year (1998 - 2008)	0.5%

* includes for sale units

Source: U.S. Census Bureau, NMHC, Moody's Economy.com, Citigroup Research and company estimates



Promenade at Aventura – Aventura, FL



Vantage Pointe – San Diego, CA

Echo Boomers are a Key Demand Driver for Apartment Rentals

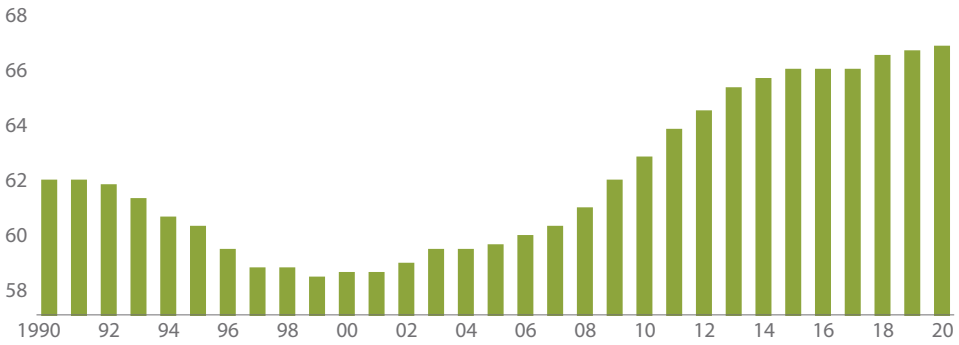
More than 1 million households are formed on average each year in the United States. Part of this household formation is the 20-34 year-old age group which is growing rapidly. This age group has a very high propensity to rent apartments.

People aged 20 to 34 have a **60%** to **70%** propensity to rent.

Nearly four million people are turning 20 each year.

Source: Green Street Advisors

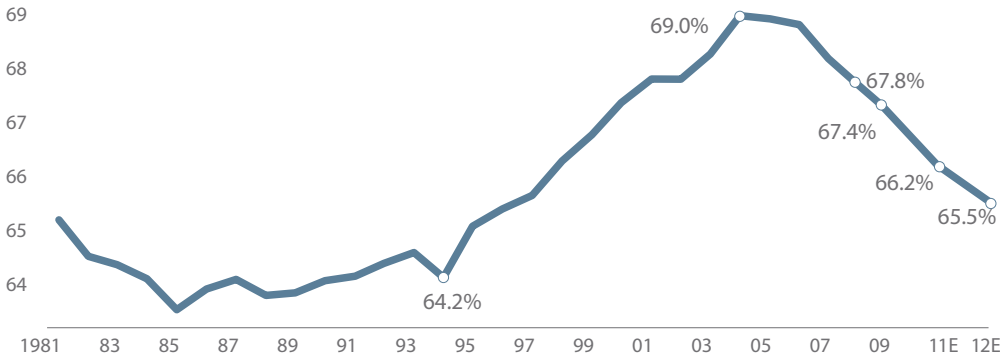
Population Aged 20-34 (in millions)



Declining homeownership is creating renter households. There are over 6 million more renter households today than when homeownership peaked in 2004.

Source: U.S. Census Bureau
2011 and 2012 data is Moody's Economy.com estimate.

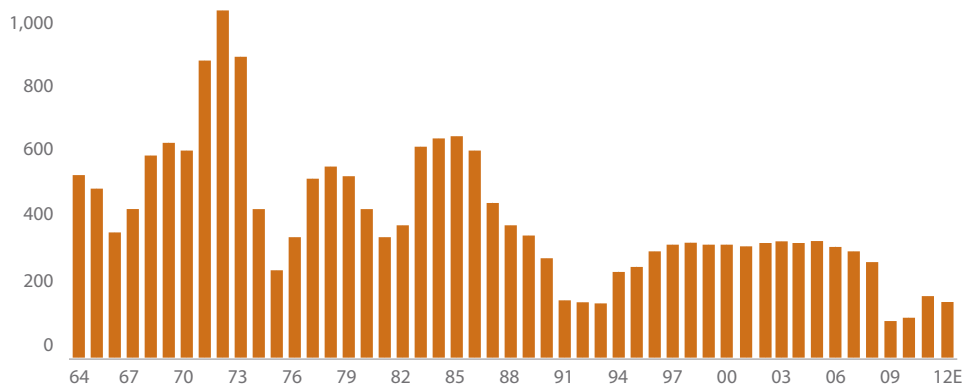
Homeownership Rate (% of households)



Multifamily starts well below historical averages.

Source: U.S. Census Bureau, NMHC and company reports

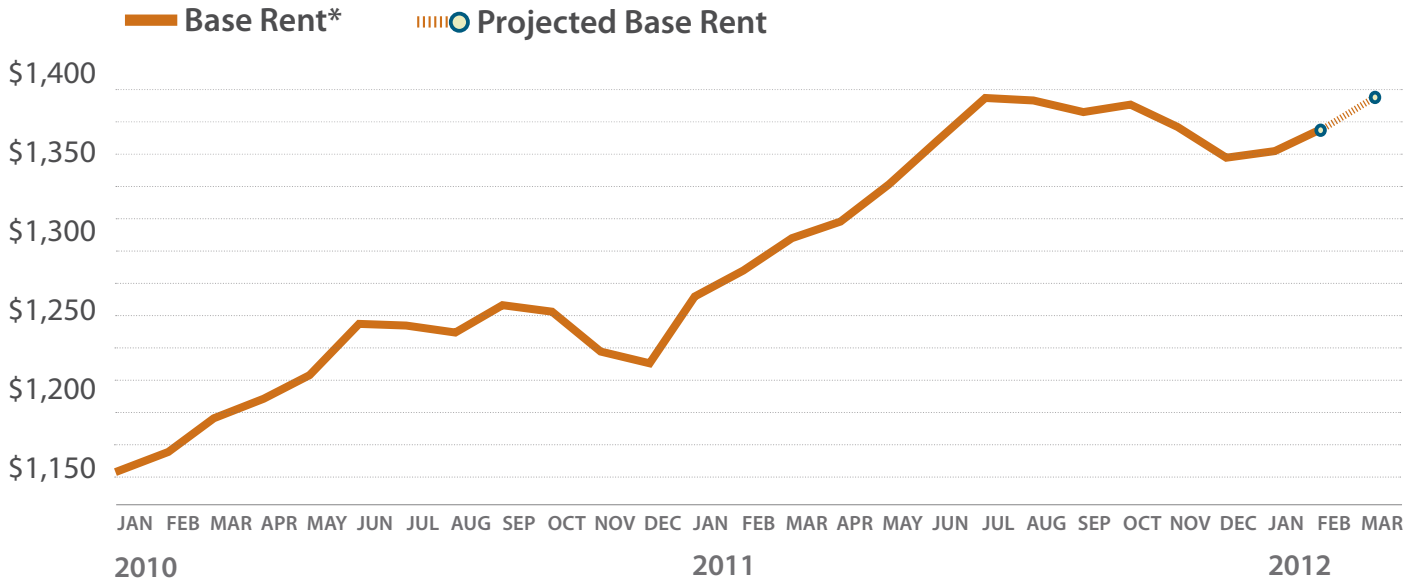
Total Multifamily Starts (units in thousands)



Equity Residential's superior utilization of its state-of-the-art operating platform gives us great visibility into our markets. It allows us to react quickly to changing market conditions and optimize rental revenues.

Equity Residential is Focused on Operations

Driving Excellent Rent Growth While Maintaining 95% Occupancy



* Base Rents are rents prior to adding any premiums for specific amenities such as views, balconies or other unit-specific features.

All Signs On The Dashboard Remain Encouraging

Equity Residential Operating Metrics

	Year over year change 4Q 11 over 4Q 10
Same Store Revenues	5.8%
Same Store Expenses	2.8%
Same Store NOI	7.6%
Base Rent	7.3%
Renewal Rent	6.4%
Occupancy **95.0%**	0.4%
Left to Lease **7.7%**	0.4%
Traffic	2%
eLeads	3%
Applications	4%
Move-ins	4%
Move-Outs to Buy Homes	13.3%
Rent as a Percent of Income	17%

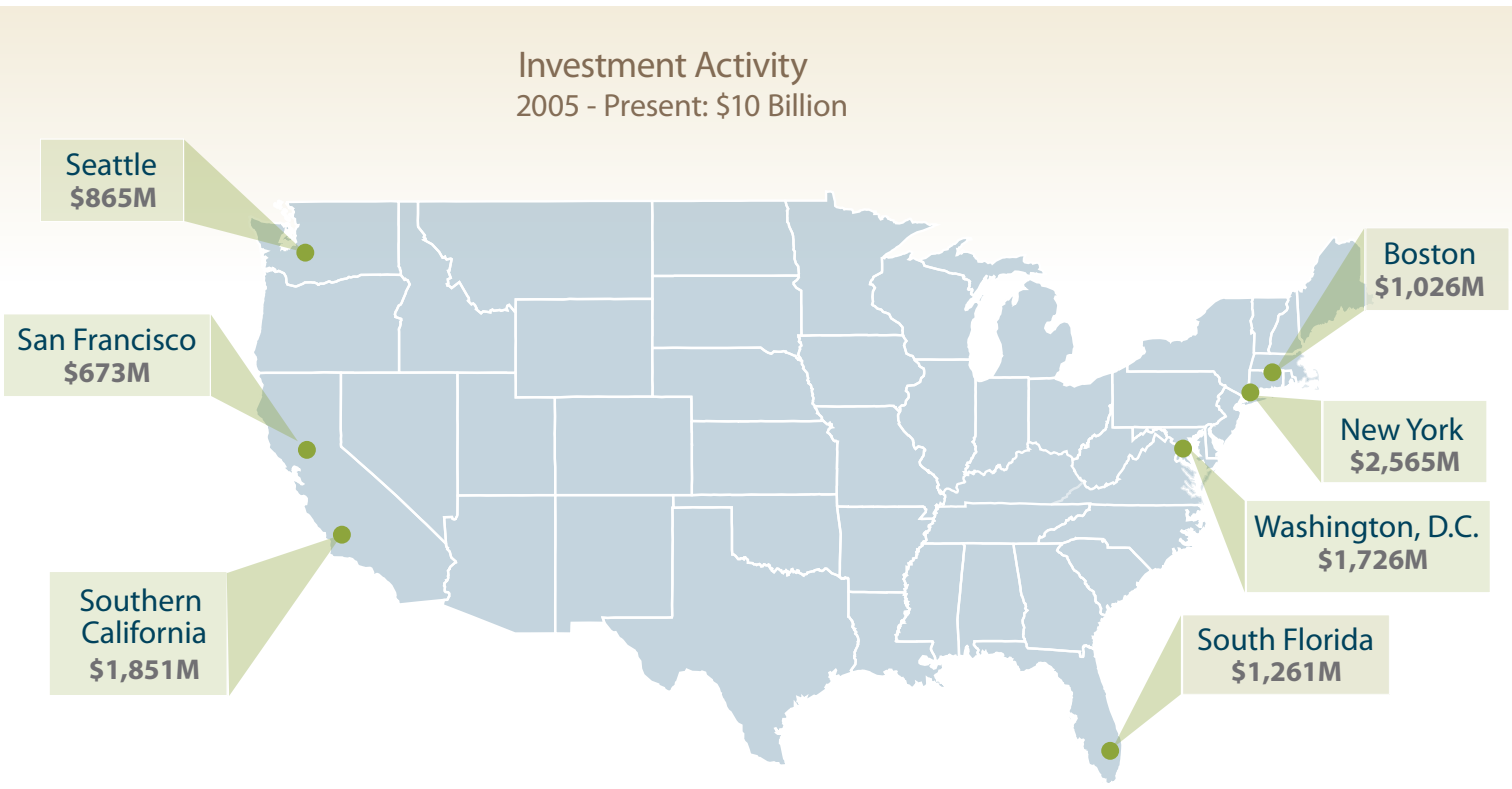
Fourth Quarter 2011 Same Store Performance

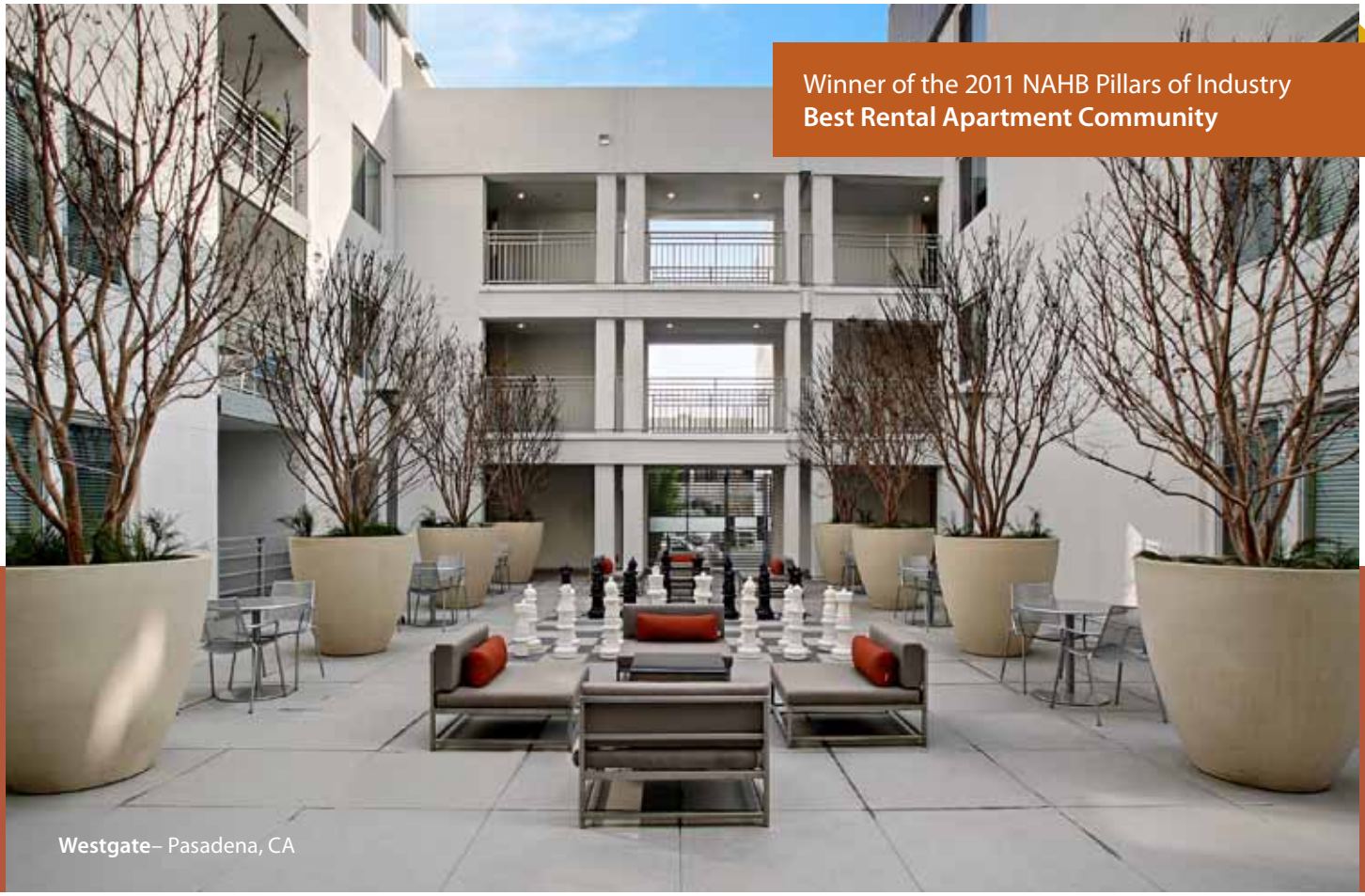
Market	Units	4Q 2011 % of Actual NOI	4Q 2011 Avg. Rental Rate[1]	Change in Revenues
New York Metro Area	7,277	12.6%	$3,070	7.4%
D.C./ Northern Virginia	7,974	10.7%	2,014	6.0%
South Florida	12,113	9.6%	1,361	4.8%
Los Angeles	7,688	8.2%	1,747	3.6%
Boston	5,347	7.9%	2,300	5.3%
San Francisco Bay Area	6,056	7.2%	1,854	10.2%
Seattle/Tacoma	8,760	7.2%	1,398	6.1%
Denver	7,970	5.9%	1,136	8.9%
Phoenix	8,880	5.0%	929	6.8%
San Diego	4,284	4.8%	1,724	2.8%
Orlando	7,265	4.3%	1,012	4.9%
Orange County, CA	3,490	3.7%	1,586	4.9%
Suburban Maryland	4,005	3.4%	1,388	2.6%
Atlanta	4,800	2.9%	1,040	5.4%
Inland Empire, CA	3,081	2.7%	1,432	2.6%
All Other Markets	6,871	3.9%	1,051	6.0%
Total	**105,861**	**100.0%**	**$1,550**	**5.8%**

[1] Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.

Since 2005, Equity Residential has invested $10 billion in high-quality properties in major markets through both acquisitions and development. We are opportunistic investors skilled at creating value. We have purchased properties on advantageous terms in complex sales from distressed sellers. We have purchased newly completed but unoccupied properties and quickly leased them up. We reposition newly acquired properties to improve their customer appeal, increase rents and maximize our returns. We are also developing in these markets, which allows us to complement our portfolio with brand new high-quality assets in fantastic locations. Going forward, we intend to continue to invest in our core markets and sell assets in our non-core markets.

Building Value with High-Quality Properties in Major Markets





Winner of the 2011 NAHB Pillars of Industry
Best Rental Apartment Community

Westgate– Pasadena, CA



777 Sixth Avenue – New York, NY



Town Square at Mark Center – Alexandria, VA



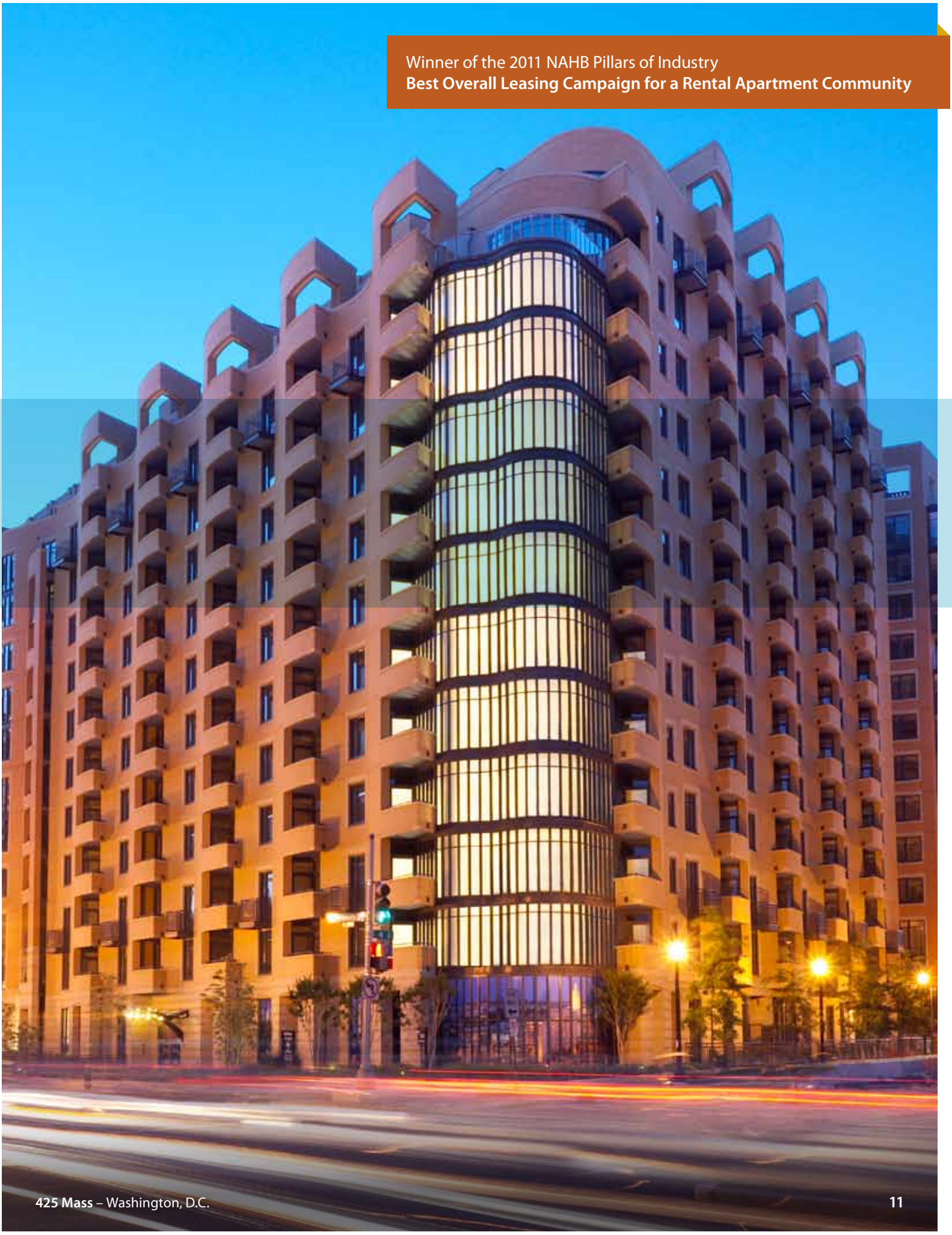
Midtown 24 – Plantation, FL



Harbor Steps – Seattle, WA



City Pointe – Los Angeles, CA



Winner of the 2011 NAHB Pillars of Industry
Best Overall Leasing Campaign for a Rental Apartment Community

425 Mass – Washington, D.C.

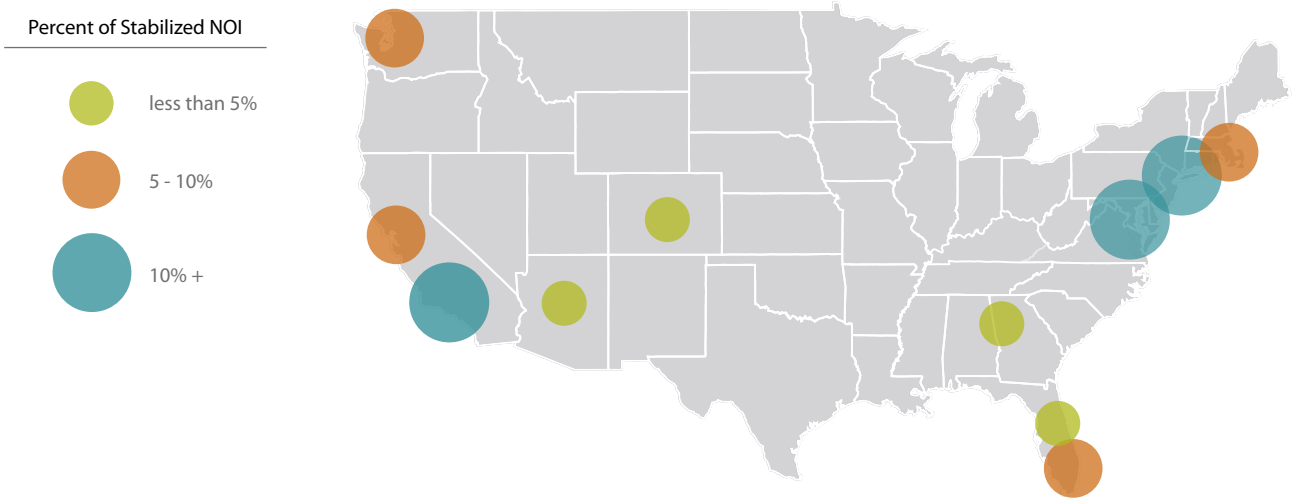
We have focused our portfolio in markets that have long-term rates of household formation that outpace expectations for the national average, and are the places that will attract the "Echo Boomer" generation as they finish school and head into the workplace. We have focused on markets in which the high cost of housing makes renting a very attractive option, allowing us to produce better long-term returns.

Equity Residential is Focused on Higher Growth Markets



Skyline Terrace – Burlingame, CA

Equity Residential Portfolio



Median Income vs. Median Home Price Per Market (in thousands)

Home prices are high compared to incomes in our markets



Source: Claritas, Moody's Economy.com and Company Data



2011 Winner of The Concrete Industry Board Award of Merit for an Architectural Concrete Structure

Our Development Capability is a Source of Attractively Priced Assets in High-Growth Markets

Ten23 – Manhattan, NY

Ten23

10TH AVENUE AND 23RD STREET, MANHATTAN, NY 10011

Equity Residential developed this 13-story tower featuring 111 market-rate apartment units and approximately 9,400 square feet of retail space in the trendy Chelsea neighborhood of Manhattan. The property is adjacent to the High Line Rail Park, a mile-and-a-half-long elevated park.

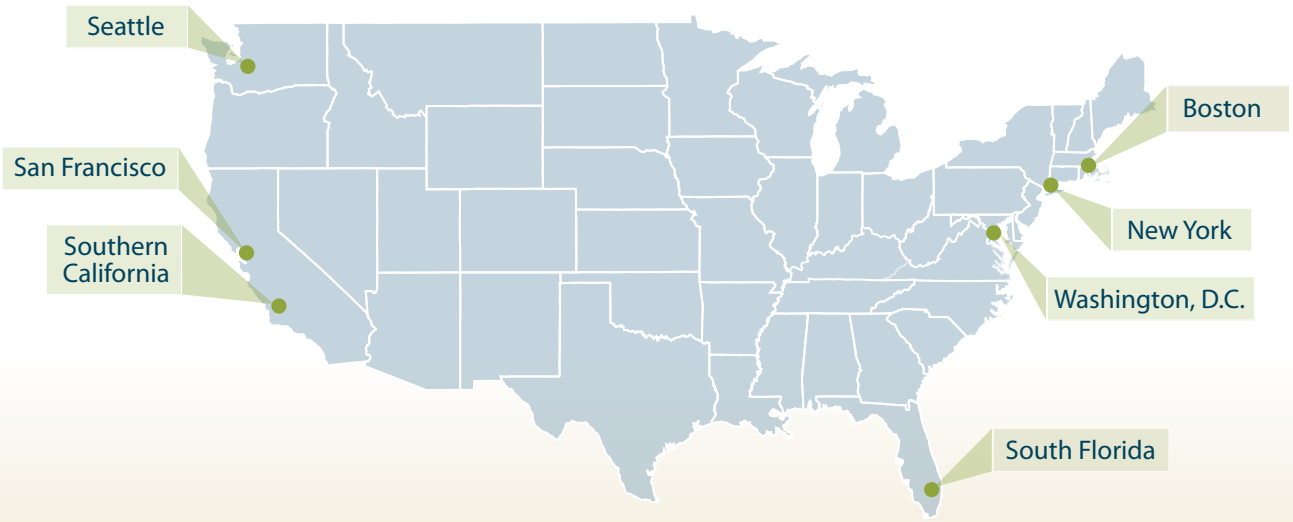
Since 2000, our in-house and joint venture development program has produced 46 properties, consisting of more than 12,500 apartments, at a total cost of $3.5 billion. We will continue to be active developers in high-barrier markets across the country.

Our Development Capability is a Source of Attractively Priced Assets in High-Growth Markets

We currently have approximately $511 million of projects under development: $88 million to be completed in 2012, $93 million to be completed in 2013 and $330 million in 2014.

We expect to start approximately $750 million in 2012. We actively look for new opportunities to develop properties where development returns provide an appropriate premium over acquiring existing assets in order to allocate capital on the highest risk-adjusted basis possible. In addition to our 2012 starts, we are currently working on $1.2 billion of projects where we have secured development rights.

Development Markets





Chinatown Gateway – Los Angeles, CA

Chinatown Gateway

NE CORNER OF BROADWAY AND CESAR CHAVEZ, LOS ANGELES, CA 90012

Equity Residential is developing Chinatown Gateway, a property featuring 280 apartments and 17,000 square feet of retail space in Los Angeles's Chinatown. The property is located along Cesar Chavez Blvd. at the intersection of North Broadway. This corner is known as the entrance to Chinatown and offers convenient access to downtown jobs and entertainment.

Winner of the 2011 NAHB Pillars of Industry
Best Mid-Rise Apartment

Equity Residential has a Solid Balance Sheet to Fund Future Growth



 Red160 – Redmond, WA



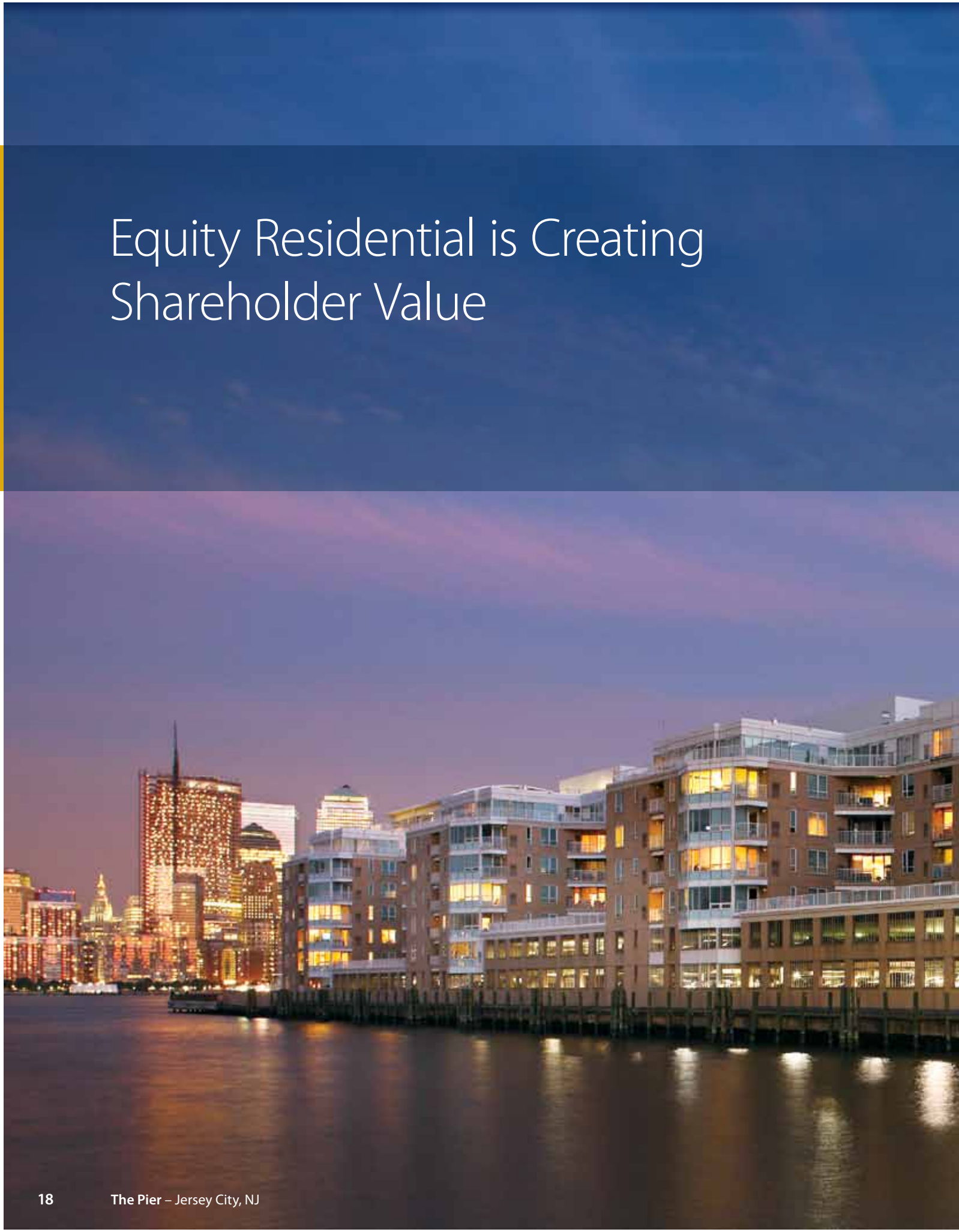
The Veridian – Silver Spring, MD



ARTech Building – Berkeley, CA

- Our capital structure strategy is to maintain a conservative balance sheet with access to many sources of capital. This gives us the firepower needed when opportunities arise.
- We maintain strong liquidity with access to multiple sources of capital including equity (common and preferred), unsecured debt, secured debt (both through Fannie Mae and Freddie Mac and through the life companies), equity-linked debt and bank debt.
- Equity Residential is rated Baa1 by Moody's, BBB+ by S&P, and BBB+ by Fitch. EQR has a net debt to EBITDA ratio of 7.2x and a fixed charge coverage of 2.6x.
- We have a $15 billion unencumbered pool of assets giving us ample borrowing capacity.
- We maintain substantial liquidity. Cash on hand (including 1031 deposits) at 12/31/2011 was approximately $385 million. We also have an undrawn $1.75 billion line of credit that matures in 2014.

Equity Residential is Creating Shareholder Value



The Pier – Jersey City, NJ

We have a well-located portfolio of high-quality assets in high-growth markets that benefit from favorable supply and demand fundamentals. We utilize a state-of-the-art operating platform that allows us to adapt quickly and aggressively manage our assets. We have a solid balance sheet to support our growth going forward. Equity Residential is creating value for its shareholders.



Equity Residential is an S&P 500 company focused on the acquisition, development and management of high-quality apartment properties in top U.S. growth markets. Equity Residential owns or has investments in 427 properties consisting of 121,974 apartment units.

Equity Residential

Two North Riverside Plaza
Chicago, Illinois 60606
312.474.1300

EquityResidential.com







FROM LEFT TO RIGHT: **Sabal Palm at Boot Ranch** – Palm Harbor, FL; **Olympus** – Seattle, WA; **Legacy Park** – Concord, CA

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: The forward-looking statements contained in this document are subject to certain economic risks and uncertainties described under the heading "Risk Factors" in the company's 2011 Annual Report on Form 10-K. The company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events. All projections are based on 2012 budgets and proforma expectations on recent acquisitions.

March 2012