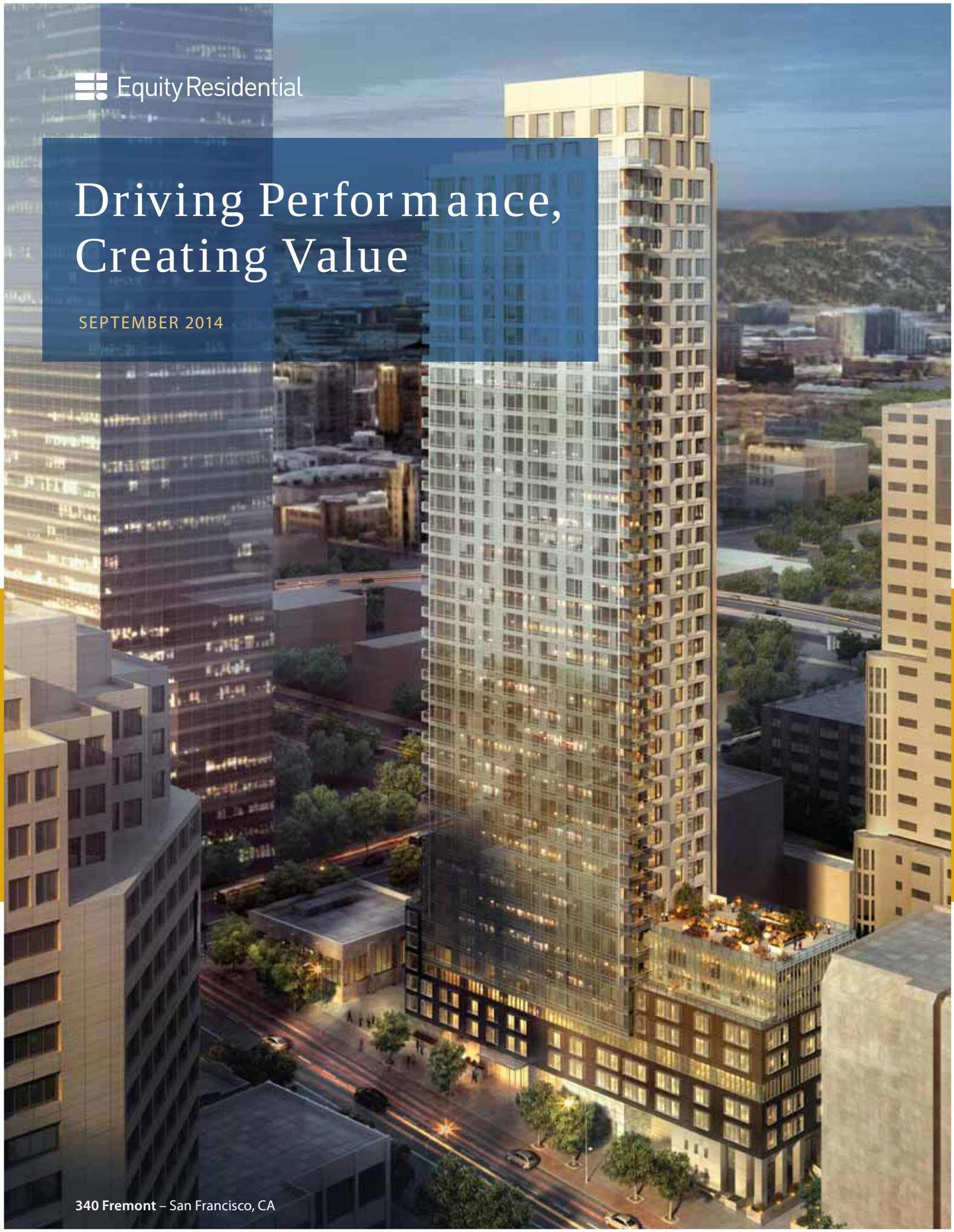
Equity Residential

Driving Performance, Creating Value

SEPTEMBER 2014



340 Fremont – San Francisco, CA

Why Equity Residential

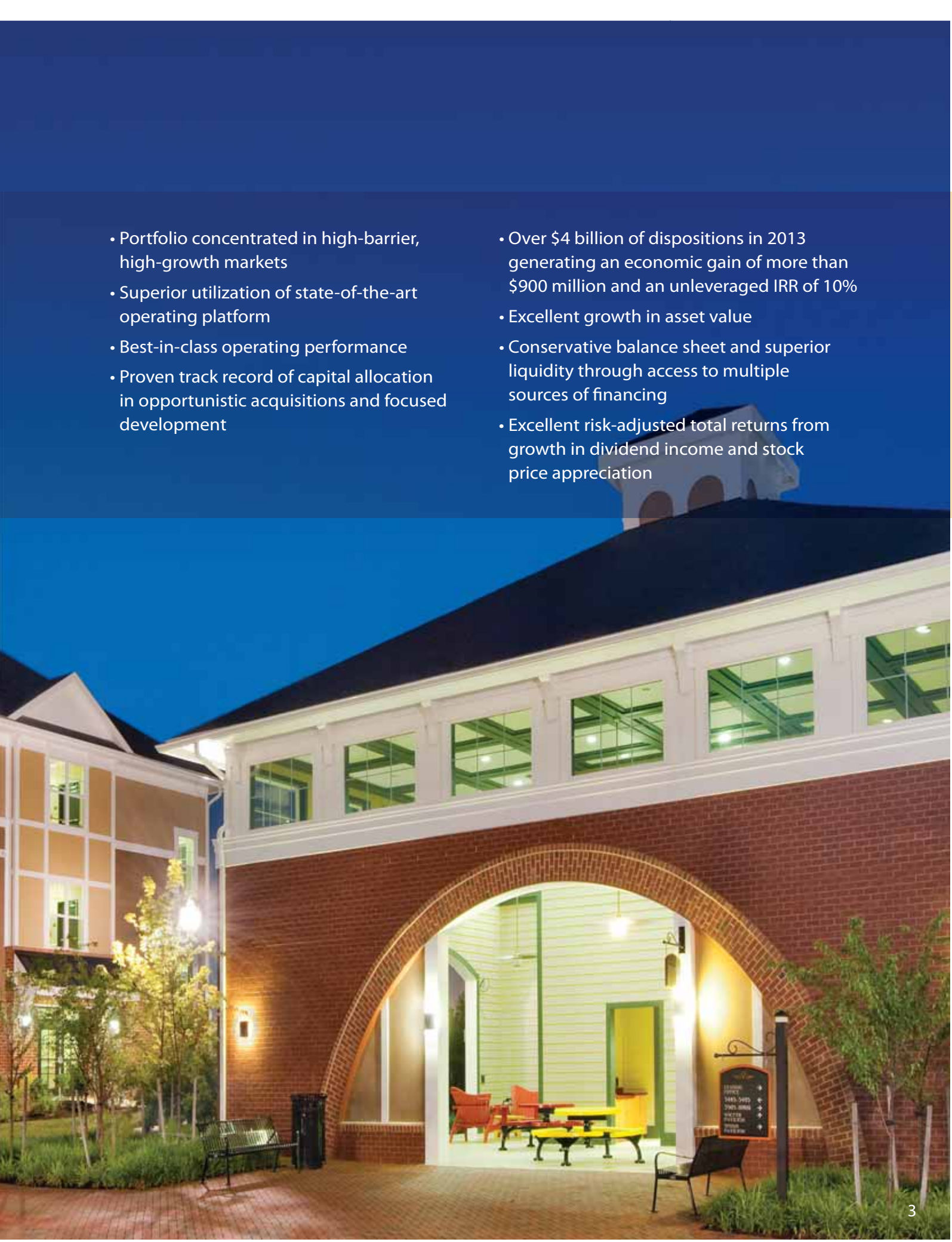
Equity Residential owns and operates the highest quality, best located portfolio of apartment assets in the public apartment space. We have focused our portfolio on Boston, New York, Washington, DC, Southern California, San Francisco and Seattle as well as South Florida and Denver.

This handful of gateway cities offer a high quality of life and are where our country's knowledge-based economy will continue to grow and continue to create well-paying jobs attracting large segments of the population opting for high-quality, well-located rental housing. These are also markets that traditionally feature high barriers to entry for the construction of new apartment supply as well as a high cost of single family home ownership.



Westchester at the Pavilions – Waldorf, MD

- Portfolio concentrated in high-barrier, high-growth markets
- Superior utilization of state-of-the-art operating platform
- Best-in-class operating performance
- Proven track record of capital allocation in opportunistic acquisitions and focused development
- Over $4 billion of dispositions in 2013 generating an economic gain of more than $900 million and an unleveraged IRR of 10%
- Excellent growth in asset value
- Conservative balance sheet and superior liquidity through access to multiple sources of financing
- Excellent risk-adjusted total returns from growth in dividend income and stock price appreciation





Favorable Demographics and Trends Will Continue to Create Ample Demand in our Core Markets

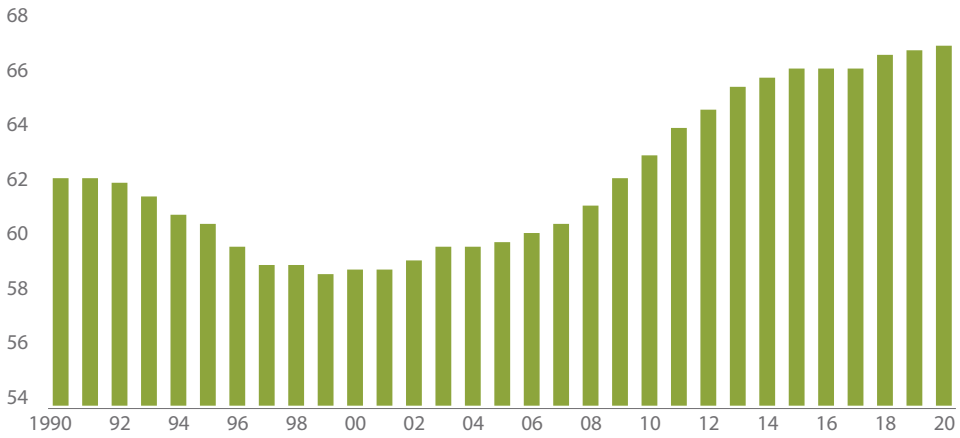
More than 1 million households are formed, on average, each year in the United States.

Nearly four million people are turning 20 each year.

People aged 20 to 34 are the prime cohort to form new households and have a 60% to 70% propensity to rent.

We focus on core markets where our country's knowledge-based economy will continue to create jobs in technology, health-care and service-related industries. These markets are where the next generation of workers – the 80 million strong "Echo Boomers" – wants to live, work and play.

Population Aged 20-34 (in millions)

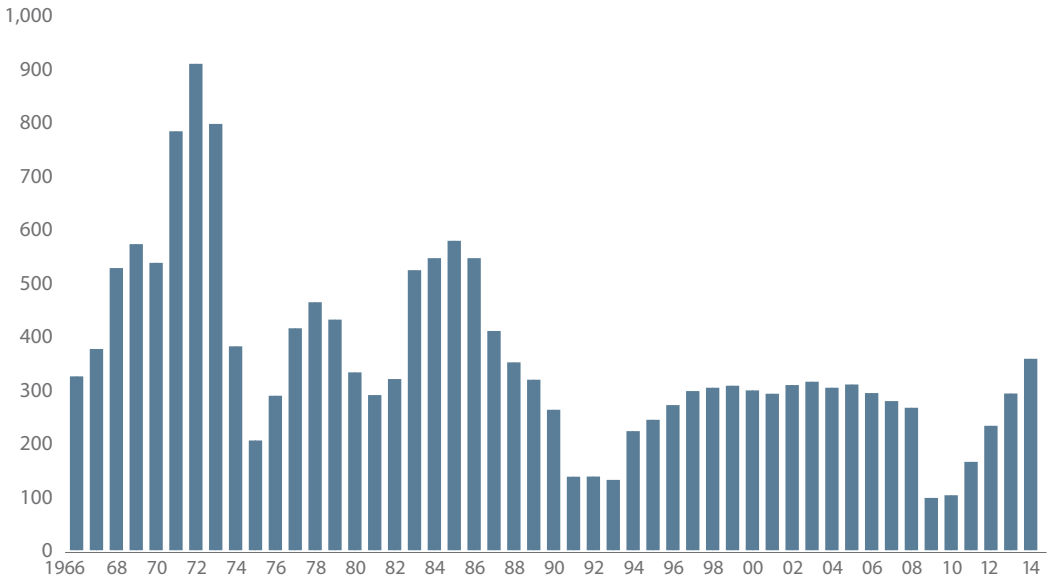


Source: Green Street Advisors

Favorable demographics will continue to create ample demand to absorb the new supply of apartment rental units in Equity Residential's core markets. After several years of undersupply, the construction of new apartments has increased, but the number of new units being completed is still well below historical levels. With apartment rentals capturing 20% to 30% of new household formations in our markets, vacancy rates will continue to stay very low.

Total Multifamily Starts (in thousands)

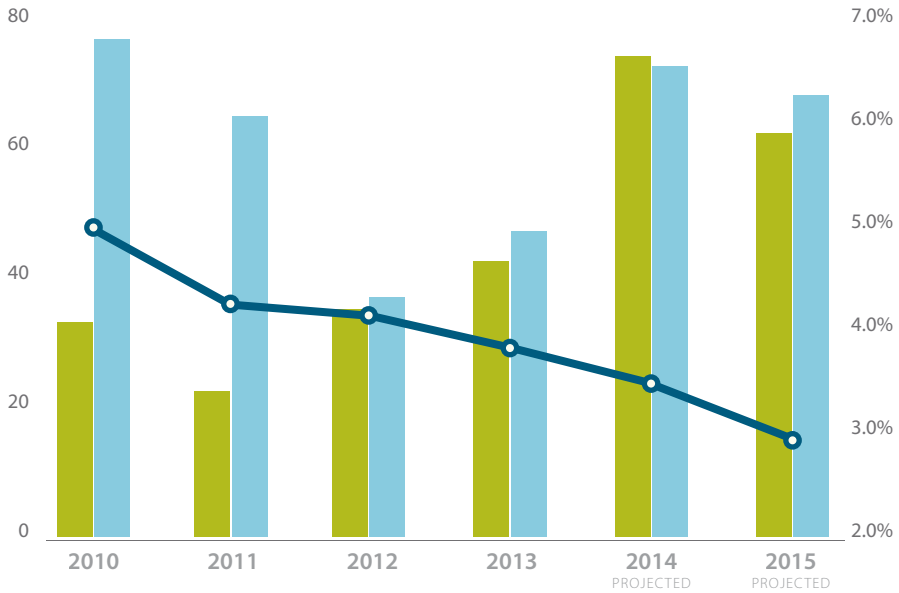
Although on the rise nationally, multifamily starts are still below the level needed to supply the echo boomers.



Source: U.S. Census Bureau

New Supply vs. New Apartment Rental Demand in EQR Core Markets
(units in thousands)

While multifamily construction starts are increasing, demand still outpaces new multifamily supply in our markets.



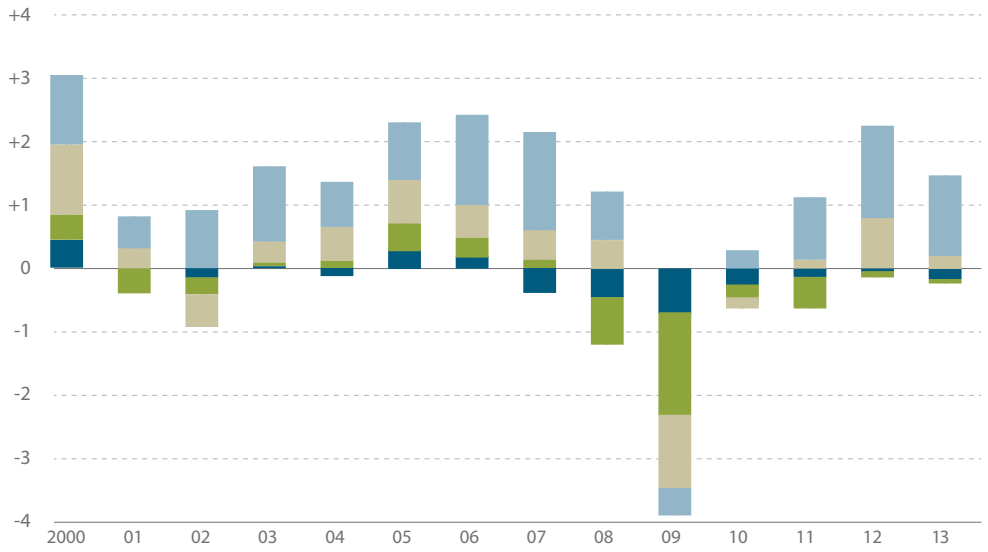
Source: MPF Research, REIS Research, EQR Data

College educated, young people make up one of our key customer demographics. The recession has been over for this group for a while – they are highly employable and forming renter households at a high rate.

Good job growth for our target demographic.

- Bachelor Degree and Higher
- Some College
- High School Diploma
- Less than High School Diploma

Job Creation by Educational Attainment (Jobs in Millions)

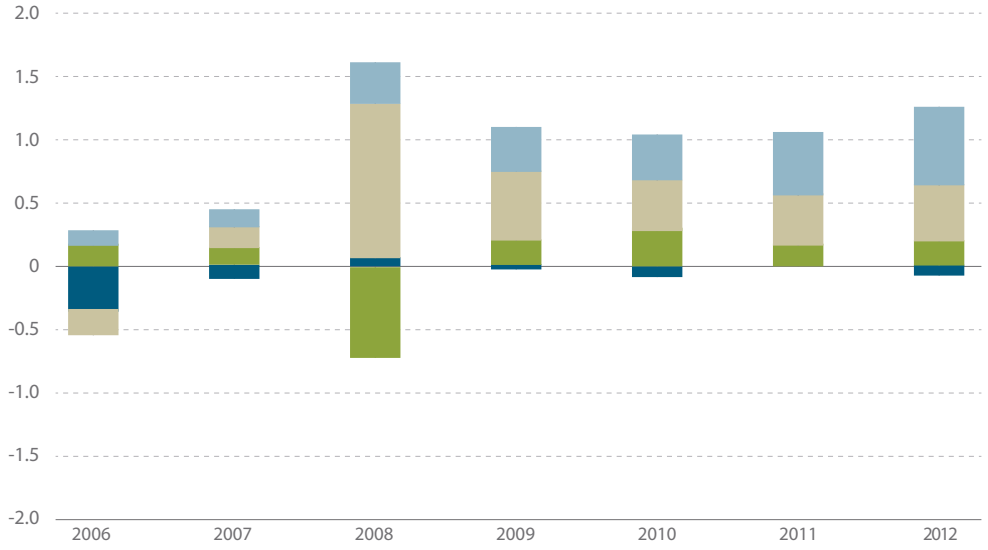


Source: Census, Rosen Consulting

Household formation will drive demand.

- Bachelor Degree and Higher
- Some College
- High School Diploma
- Less than High School Diploma

Renter Household Formation by Educational Attainment (Households in Millions)

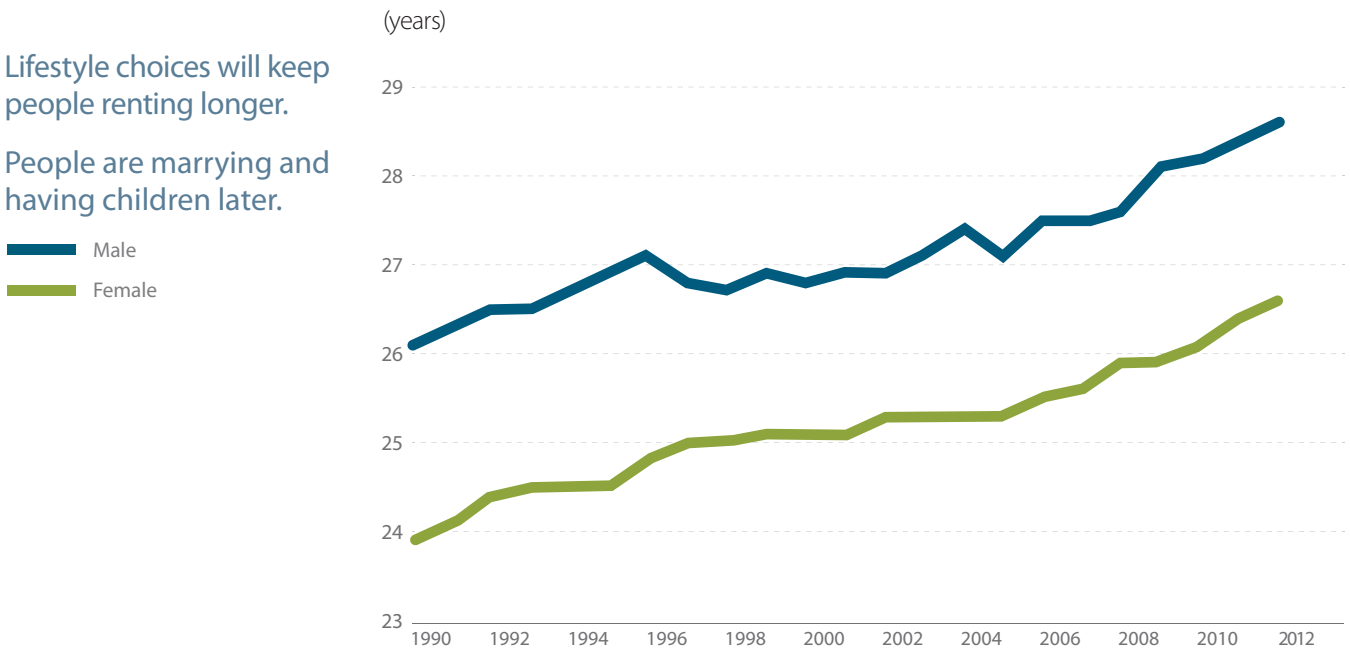


Source: Census, Rosen Consulting

Median Age at First Marriage

Lifestyle choices will keep people renting longer.

People are marrying and having children later.

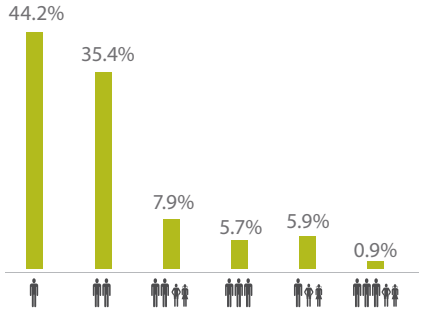


Source: Census, Rosen Consulting



The West End Apartments– Boston, MA

EQR National Resident Profile



We have focused our portfolio in markets that feature highly educated workforces, diversified economies, a high quality of life and high cost of home ownership. We have invested in high-density assets near public transportation, job centers and entertainment venues in our core markets. Our residents choose to live with us to take advantage of those features, as well as to live in proximity to other people who share their appreciation for that lifestyle.

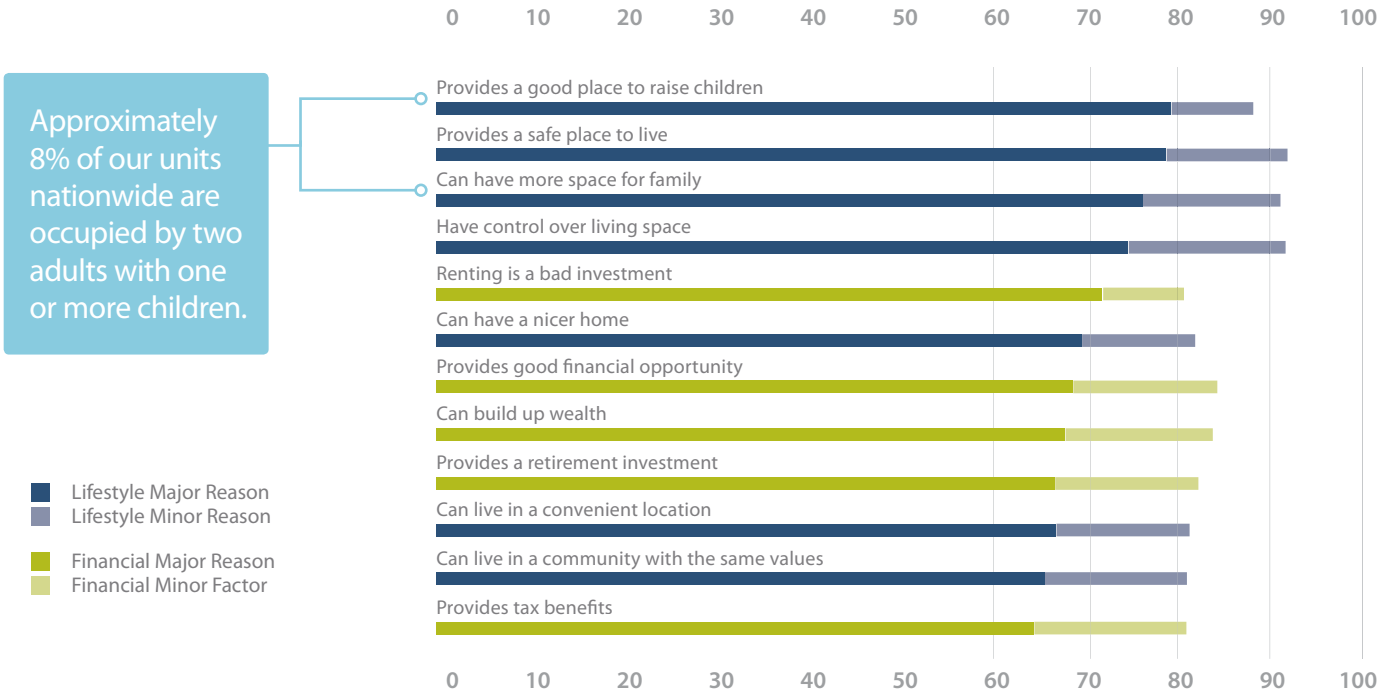
When people purchase homes they do so for mostly non-economic reasons. In a recently published study from the Joint Center for Housing Studies at Harvard University, lifestyle issues topped the reasons for buying a home.

And while there is undeniably some pent-up demand to purchase homes, it is a relatively small percentage of our residents. Those with small children are the most likely purchasers of single family homes. At Equity Residential, more than 44% of our apartment units nationwide are occupied by a single occupant. Statistically this a group that is less likely to be buying a home.

Our resident demographic chooses to rent in our locations for lifestyle reasons

Buying a Home is a Lifestyle Choice

Lifestyle Issues Top Reasons for Buying a Home (share of respondents by percent)



Approximately 8% of our units nationwide are occupied by two adults with one or more children.

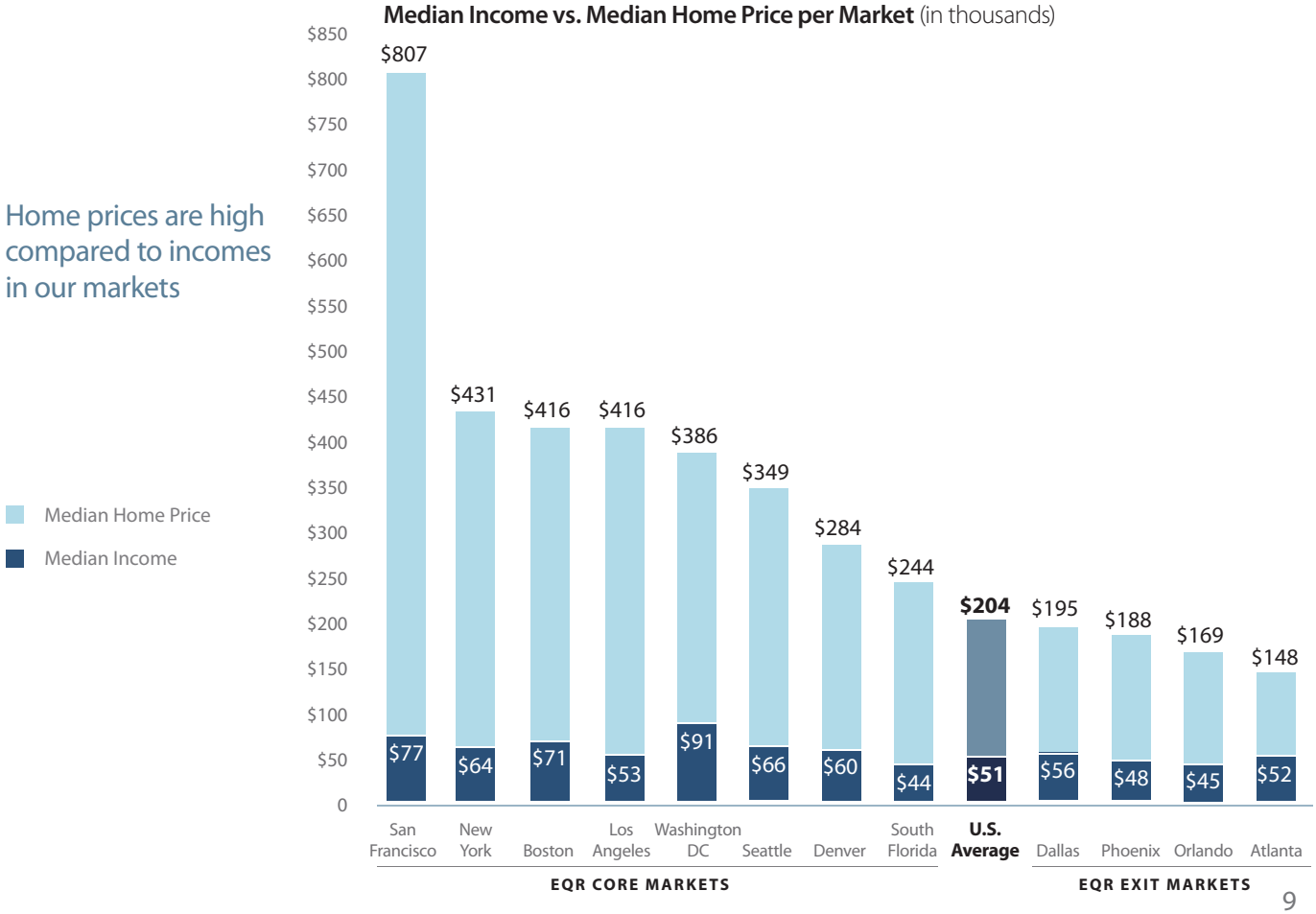
Source: Joint Center for Housing Studies at Harvard University

Less than 8% of our residents move out to buy a home each year.

Our portfolio is focused on high-barrier to entry, coastal markets, which have always featured expensive home prices compared to the national average. Also, when comparing the cost to own versus the cost to rent in these markets, the focus is too often on monthly rents versus monthly principal and interest payments on a mortgage. Little attention has been paid to fundamental issues like the ability to come up with a down payment and home repair and maintenance costs and recurring property taxes. In our markets, down payments range from tens to hundreds of thousands of dollars, making home buying unrealistic for many. Through our portfolio transformation we have exited markets with relatively low costs of home ownership.

. . . And It is Very Costly to Own a Home in Our Core Markets

Home prices are high compared to incomes in our markets



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

Equity Residential's investment strategy is to purchase, develop and operate a portfolio of high-quality apartment properties focused primarily in the six core coastal markets of Boston, New York, Washington, DC, Southern California, San Francisco and Seattle. We have invested more than $20 billion in our markets since 2005 because along with incredibly attractive lifestyles for their residents, they feature the highest average resident incomes and rents, a very favorable renter profile and a high cost of home ownership. These factors combine to make these markets the best place to generate long-term growth and a higher return to our shareholders.

We are Focused on the Best High-Quality Apartment Rental Markets



ARTech Building – Berkeley, CA

Highest Median Resident Incomes	
All U.S. Markets	$51,579
EQR Core Markets	$66,217
EQR Residents in Our Core Markets	$89,028

Highest Average Monthly Rents	
All U.S. Markets	$1,153
EQR Core Markets	$1,949
EQR Residents in Our Core Markets	$2,231

Best Demographics for Renting Apartments EQR Core Markets Resident Profile	
Singles	44.2%
20- to 34-Year-Olds	52.6%
Couples Without Children	35.4%
55+ Year-Olds	14.0%

Highest Median Homeownership Cost	
All U.S. Markets	$204,000
EQR Core Markets	$471,000

Source: MPF Research, EQR Data

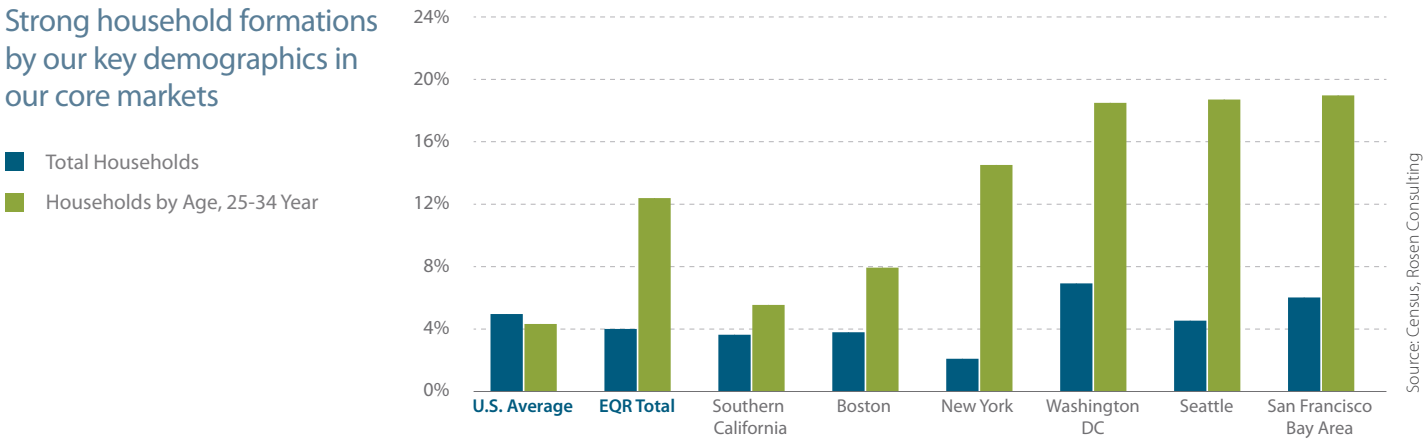
Market Statistics

	2012	2013	Projected 2014
Average Monthly Rent			
EQR Core Markets	$1,476	$1,874	$1,949
All U.S. Markets	$1,121	$1,121	$1,153
EQR Portfolio in Our Core Markets	$1,939	$2,202	$2,231
Effective Rent Growth			
EQR Core Markets	4.2%	4.0%	3.5%
All U.S. Markets	3.0%	2.9%	2.6%
Vacancy Rate			
EQR Core Markets	3.9%	3.9%	4.0%
All U.S. Markets	5.1%	5.0%	5.4%
EQR Portfolio in Our Core Markets	4.7%	4.5%	4.6%
Population Growth			
EQR Core Markets	1.2%	0.8%	0.8%
All U.S. Markets	1.1%	1.1%	1.2%
Household Formations			
EQR Core Markets	0.9%	1.1%	1.3%
All U.S. Markets	0.9%	1.2%	1.4%
Job Growth			
EQR Core Markets	1.6%	1.3%	2.0 %
All U.S. Markets	1.4%	1.3%	1.9%
Median Home Prices			
EQR Core Markets	$379,000	$385,000	$471,000
All U.S. Markets	$175,000	$180,000	$204,000

Source: MPF Research, EQR Data

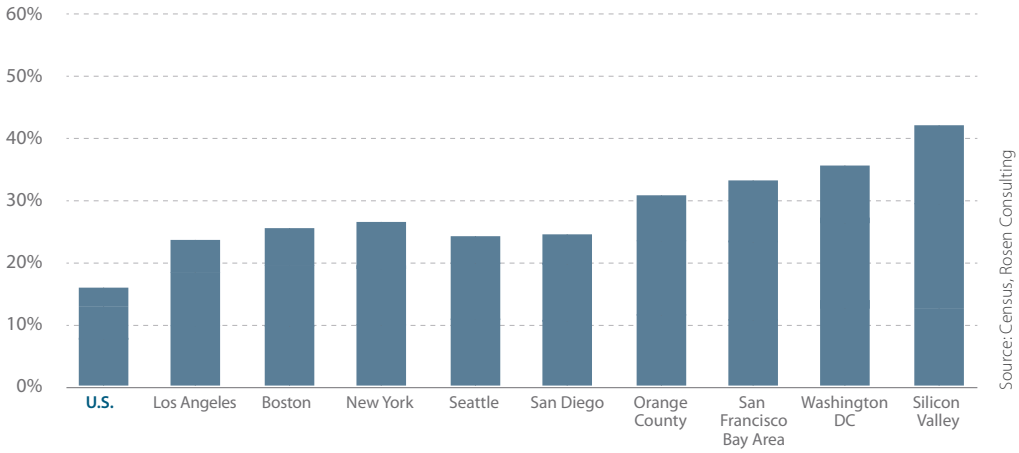
Growth in Household Formation
(2009 – 2013)

Strong household formations by our key demographics in our core markets



% of Renter Households with Incomes Over $75,000 in Our Markets

Broad pool of potential renters in EQR core markets

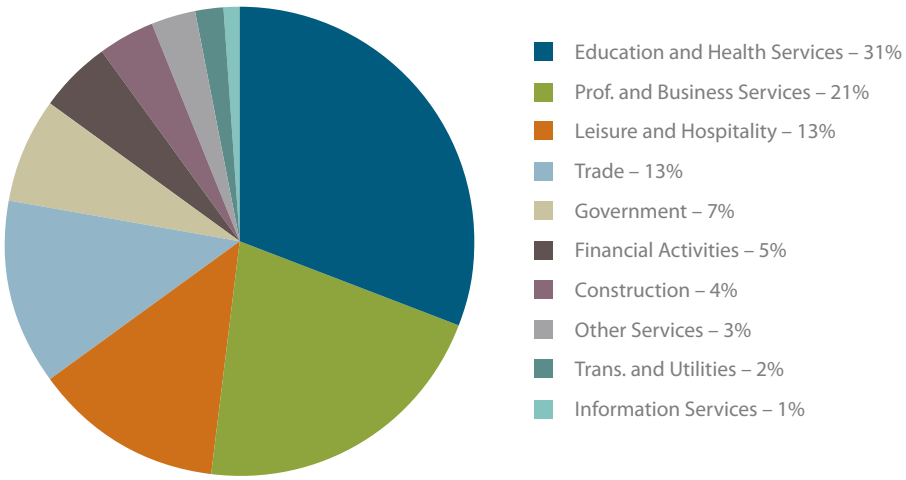




2201 Wilson– Arlington, VA

Sources of Employment Growth in EQR Core Markets – 2014f - 2018f

Good job growth forecasted across industry sectors in our core markets will drive demand



Source: Census, Rosen Consulting



Cambridge Park– Cambridge, MA



Rosslyn – Arlington, VA



Marina del Rey – Marina del Rey, CA



Alban Towers – Washington, DC



East 39th – New York, NY

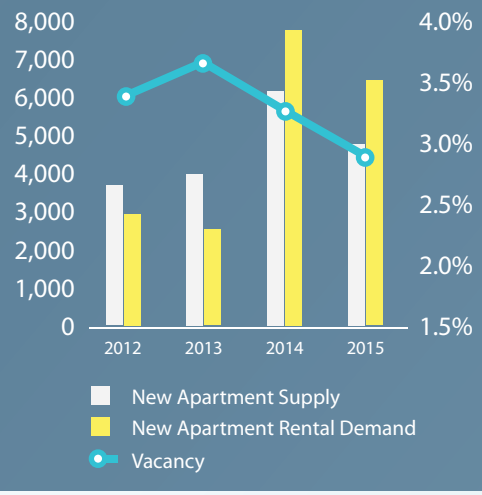
Portfolio

Portfolio Summary as of 6/30/2014

Core Markets	Total Properties	Total Units	% of Stabilized NOI	Avg. Monthly Rate Per Unit
Washington DC Metro Area	57	18,652	18.6%	$2,236
New York Metro Area	38	10,330	16.7%	3,866
San Francisco Bay Area	51	13,208	13.0%	2,328
Los Angeles	60	12,878	12.1%	2,164
Boston	34	7,816	10.1%	2,905
South Florida	36	11,731	7.5%	1,597
Seattle	41	8,250	6.8%	1,866
Denver	19	6,935	4.4%	1,382
San Diego	13	3,505	3.1%	1,958
Orange County	11	3,490	2.9%	1,770
Subtotal	360	96,795	95.2%	$2,270
Non-Core Markets				
Inland Empire	10	3,081	2.1%	1,555
Orlando	9	3,047	1.5%	1,160
All Other Markets	16	3,561	1.2%	1,164
Subtotal	35	9,689	4.8%	$1,287
Total	395	106,484	100.0%	$2,180
Military Housing	2	5,007	-	-
Grand Total	**397**	**111, 491**	**100.0%**	**$2,180**

Boston

New Supply/Demand† (units)



Market Data

	U.S.	Boston
Median Household Income	$51,579	$71,190
Median Home Price	$204,000	$416,000
Ratio	3.9 x	5.8 x

† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

WALK SCORE

EQR	REIT Competitor Avg.
69.5	48.2

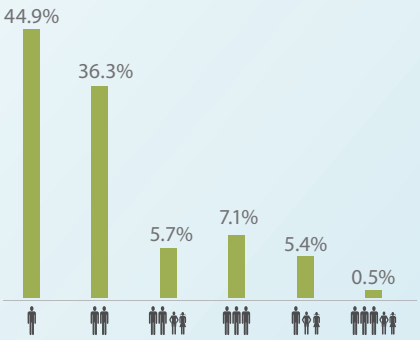
30% of renters in Boston commute by walking or public transportation.

EQR – Boston

Market Data (as of 6/30/14)

Properties	34
Units	7,816
Percent of NOI	10.1%
Occupancy	96.1%
Median Household Income	$129,600
Median Monthly Rent	$2,421
Rent as a Percent of Income	22.4%

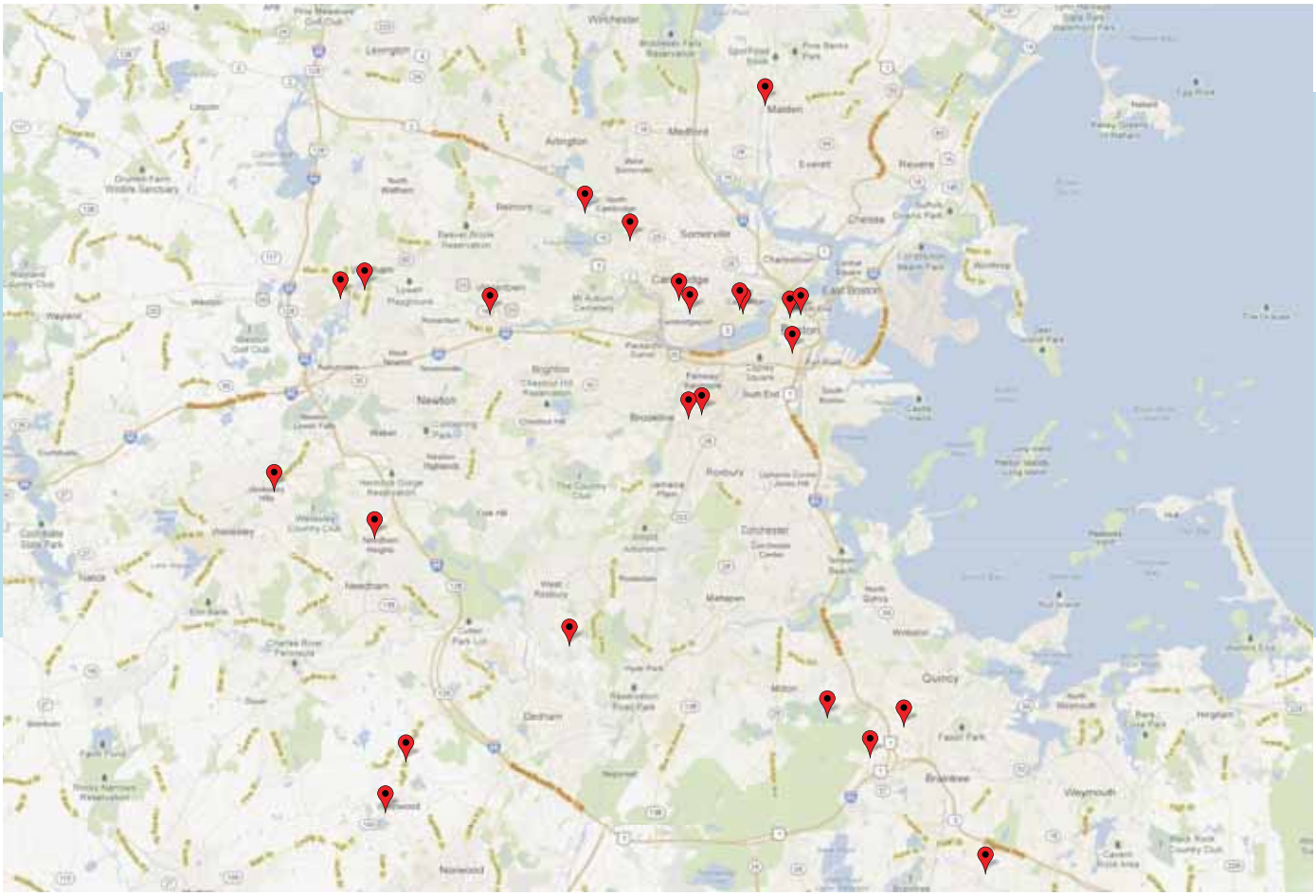
Resident Profile





Asteria – Boston, MA

Equity Residential Portfolio





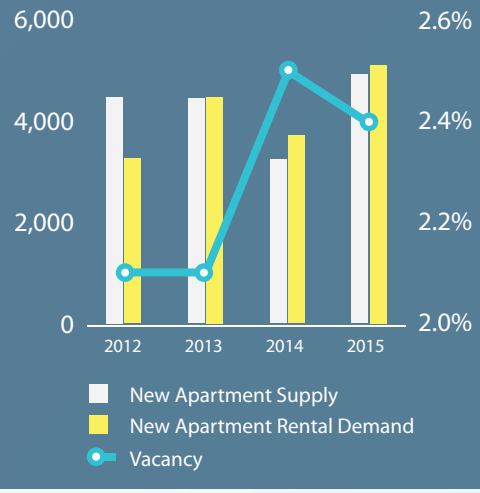
Longview Place – Waltham, MA



Third Square – Cambridge, MA

New York Metro Area

New Supply/Demand† (units)
(Manhattan)



Market Data

	U.S.	New York
Median Household Income	$51,579	$64,538
Median Home Price	$204,000	$431,000
Ratio	3.9 x	6.6 x

† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

WALK SCORE

EQR	REIT Competitor Avg.
93.0	77.6

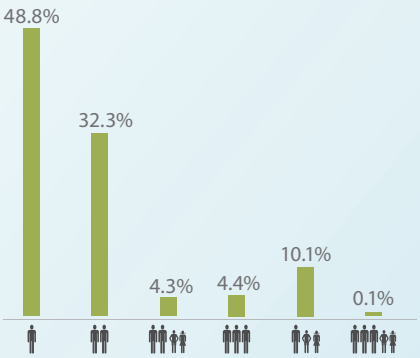
More than 50% of renters in New York commute by walking or public transportation.

EQR – New York Metro Area

Market Data (as of 6/30/14)

Properties	38
Units	10,330
Percent of NOI	16.7%
Occupancy	96.2%
Median Household Income	$180,000
Median Monthly Rent	$3,265
Rent as a Percent of Income	21.8%

Resident Profile





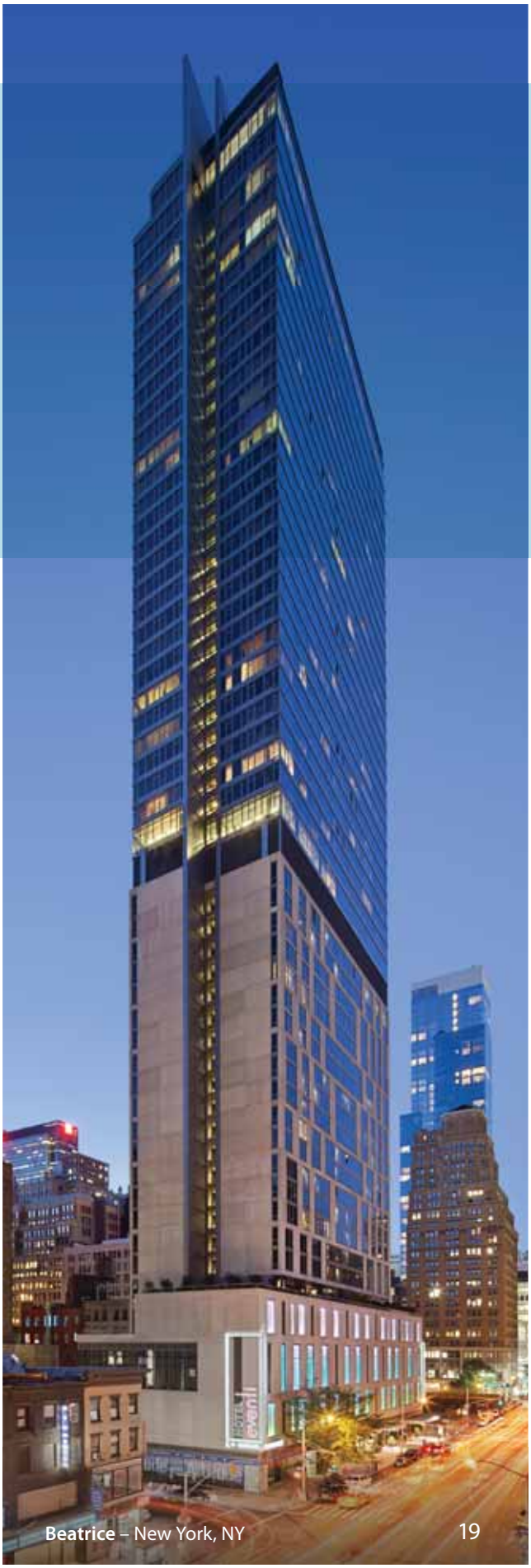
777 Sixth Avenue – New York, NY

Equity Residential Portfolio





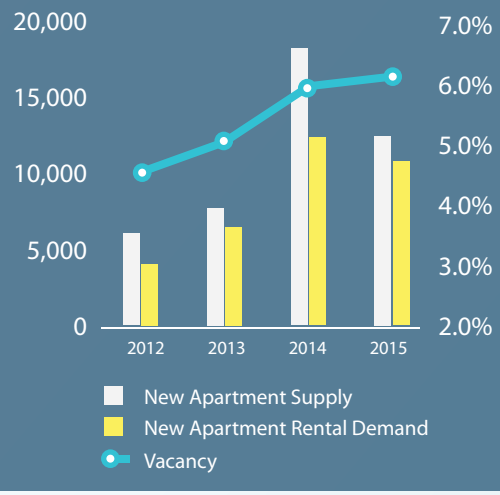
Longacre House – New York, NY



Beatrice – New York, NY

Washington, DC Metro Area

New Supply/Demand† (units)



Market Data

	U.S.	Washington, DC Metro
Median Household Income	$51,579	$91,843
Median Home Price	$204,000	$386,000
Ratio	3.9 x	4.2x

† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

WALK SCORE

EQR	REIT Competitor Avg.
77.5	56.3

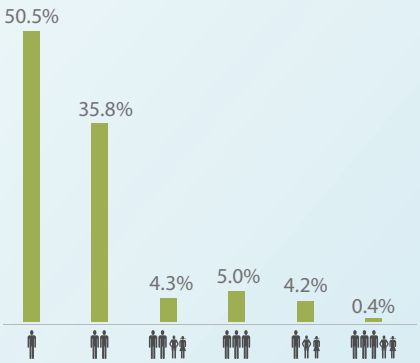
Nearly 30% of renters in DC market commute by walking or public transportation.

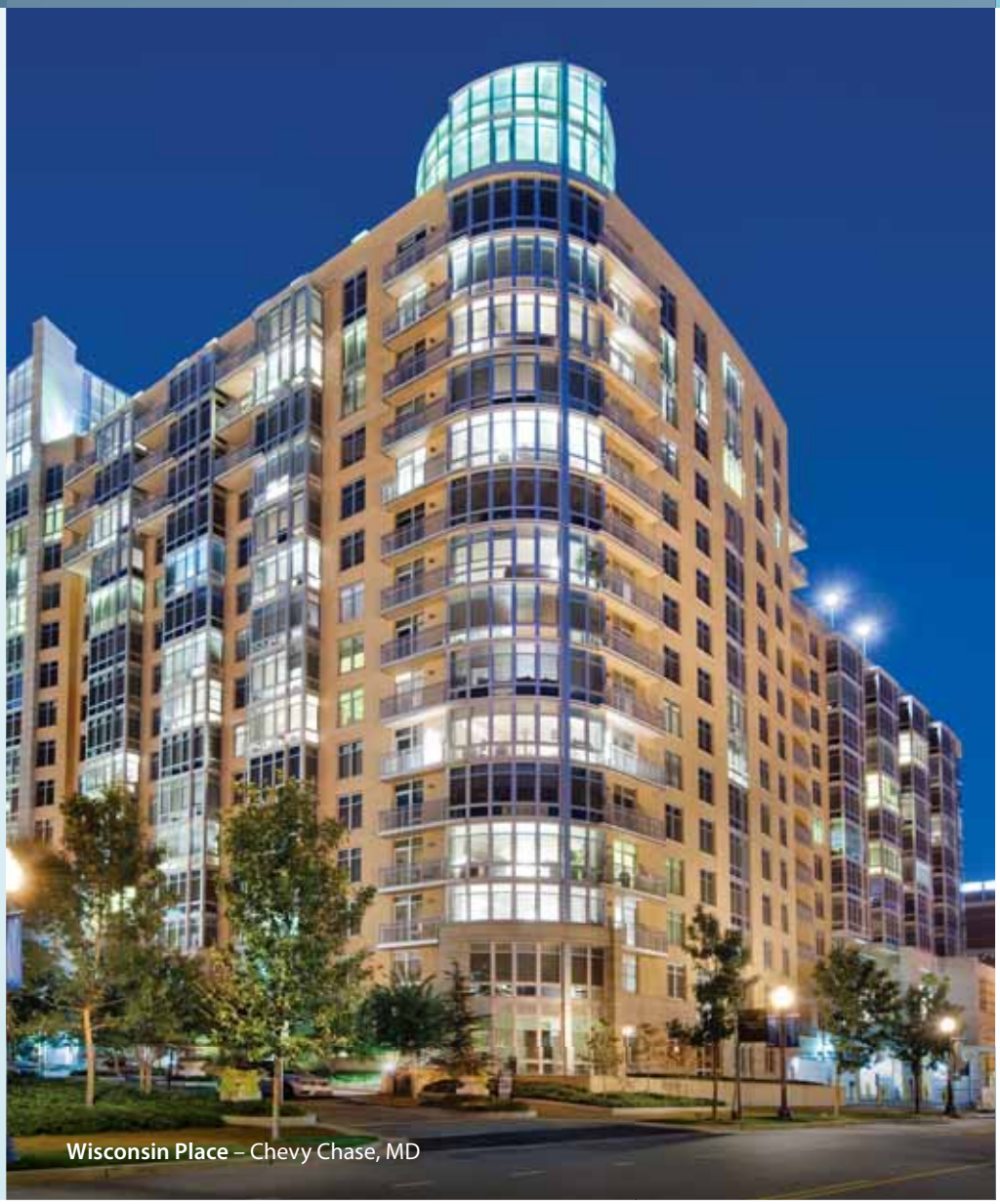
EQR – Washington, DC

Market Data (as of 6/30/14)

Properties	57
Units	18,652
Percent of NOI	18.6%
Occupancy	95.2%
Median Household Income	$99,848
Median Monthly Rent	$1,935
Rent as a Percent of Income	23.3%

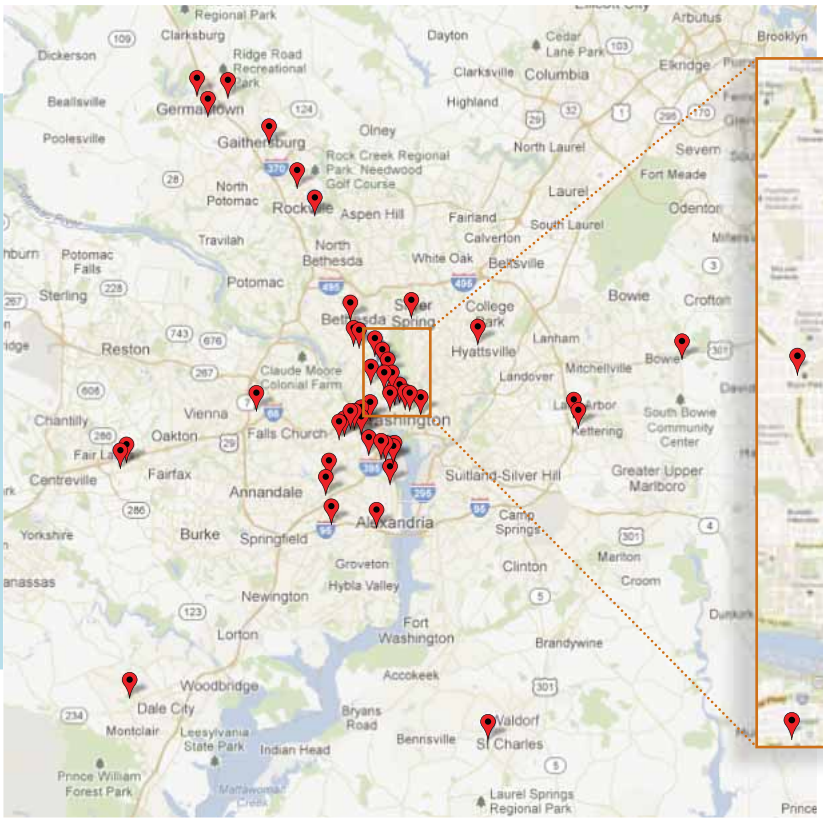
Resident Profile



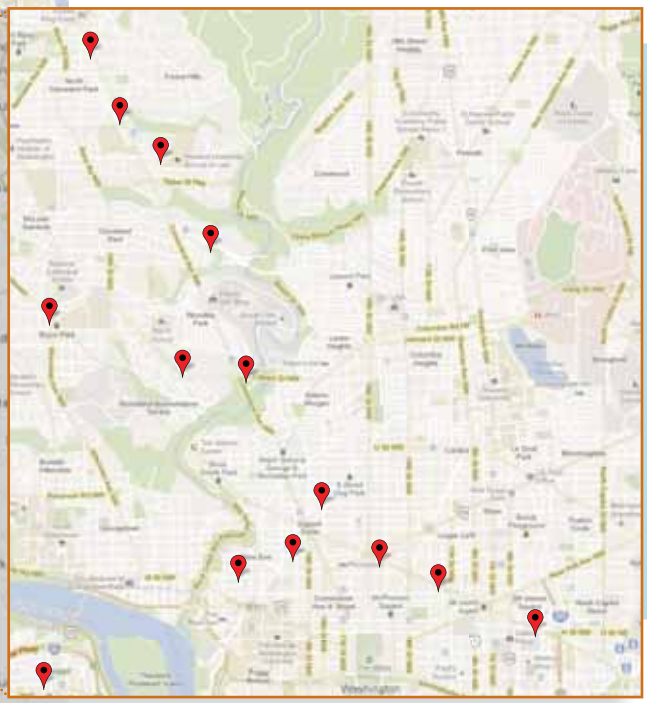


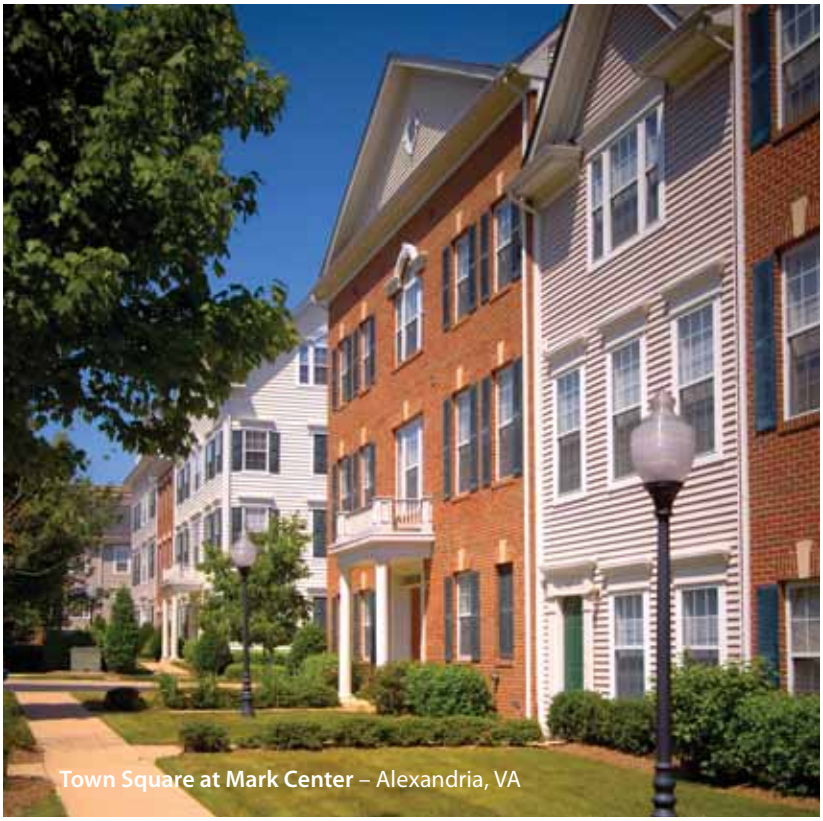
Wisconsin Place – Chevy Chase, MD

Equity Residential Portfolio



The District





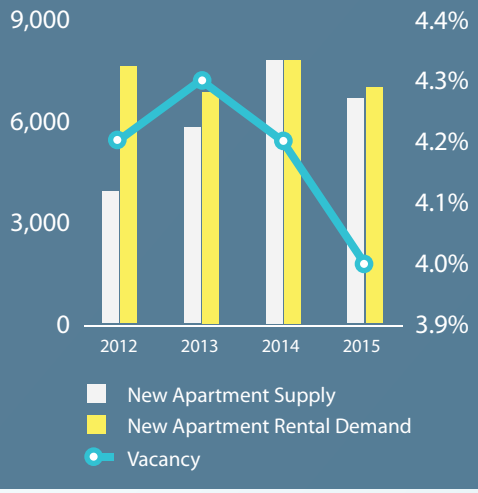
Town Square at Mark Center – Alexandria, VA



Mosaic at Metro – Hyattsville, MD

Seattle

New Supply/Demand† (units)



Market Data

	U.S.	Seattle
Median Household Income	$51,579	$66,130
Median Home Price	$204,000	$349,000
Ratio	3.9 x	5.2 x

† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

WALK SCORE

EQR	REIT Competitor Avg.
73.3	66.6

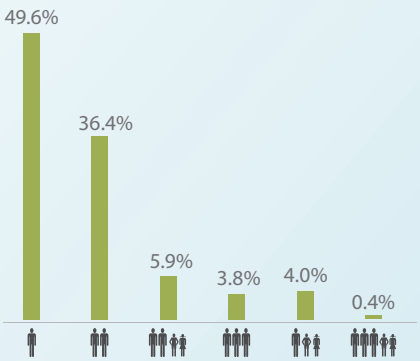
20% of renters in Seattle commute by walking or public transportation.

EQR – Seattle

Market Data (as of 6/30/14)

Properties	41
Units	8,250
Percent of NOI	6.8%
Occupancy	95.9%
Median Household Income	$91,584
Median Monthly Rent	$1,480
Rent as a Percent of Income	19.4%

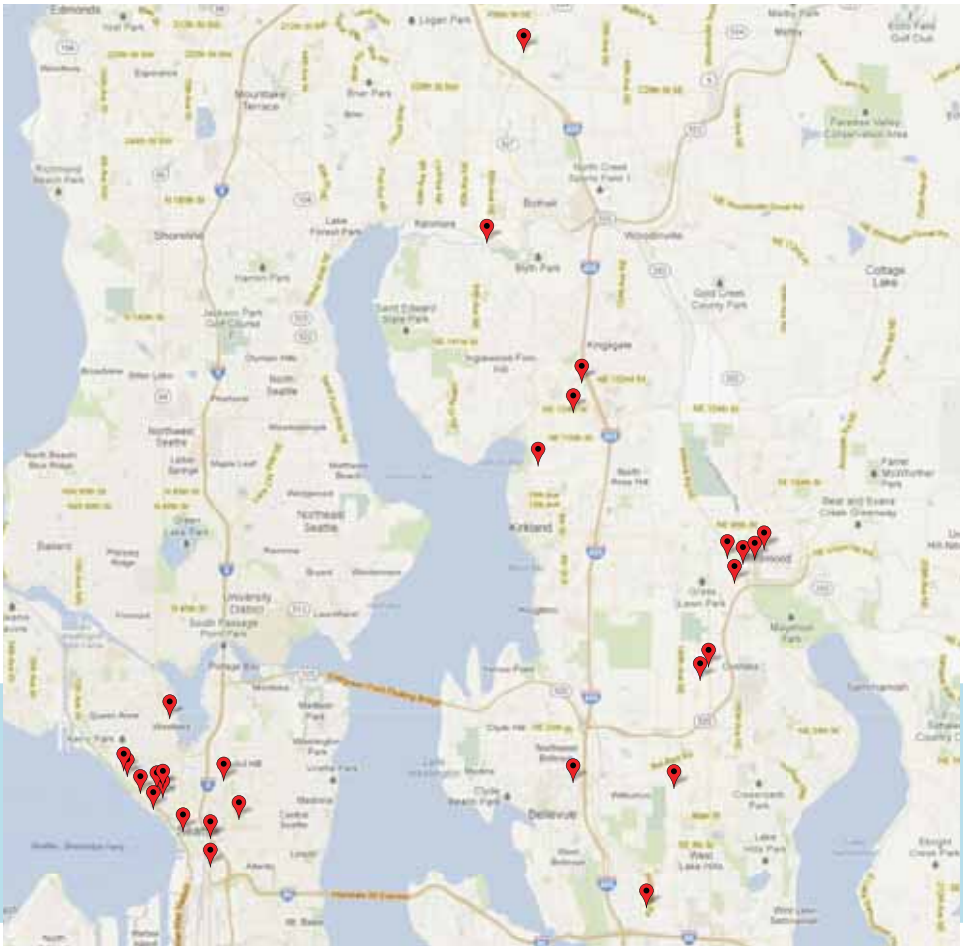
Resident Profile





Olympus – Seattle, WA

Equity Residential Portfolio





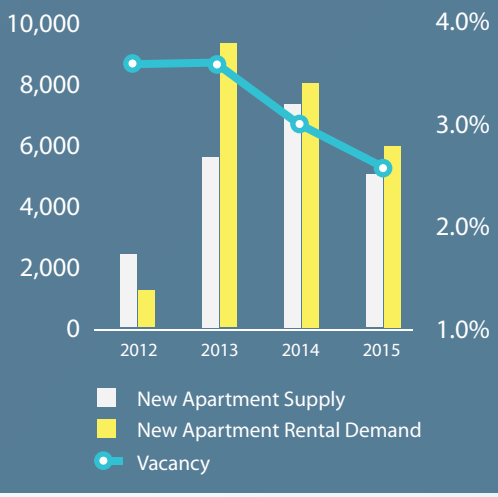
Moda– Seattle, WA



Riverpark– Redmond, WA

San Francisco

New Supply/Demand† (units)



Market Data

	U.S.	San Francisco
Median Household Income	$51,579	$77,509
Median Home Price	$204,000	$807,000
Ratio	3.9 x	10.4 x

† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

WALK SCORE

EQR	REIT Competitor Avg.
70.2	63.5

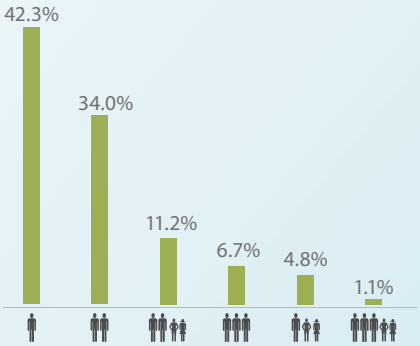
30% of renters in San Francisco commute by walking or public transportation.

EQR – San Francisco

Market Data (as of 6/30/14)

Properties	51
Units	13,208
Percent of NOI	13.0%
Occupancy	96.1%
Median Household Income	$109,992
Median Monthly Rent	$2,240
Rent as a Percent of Income	24.4%

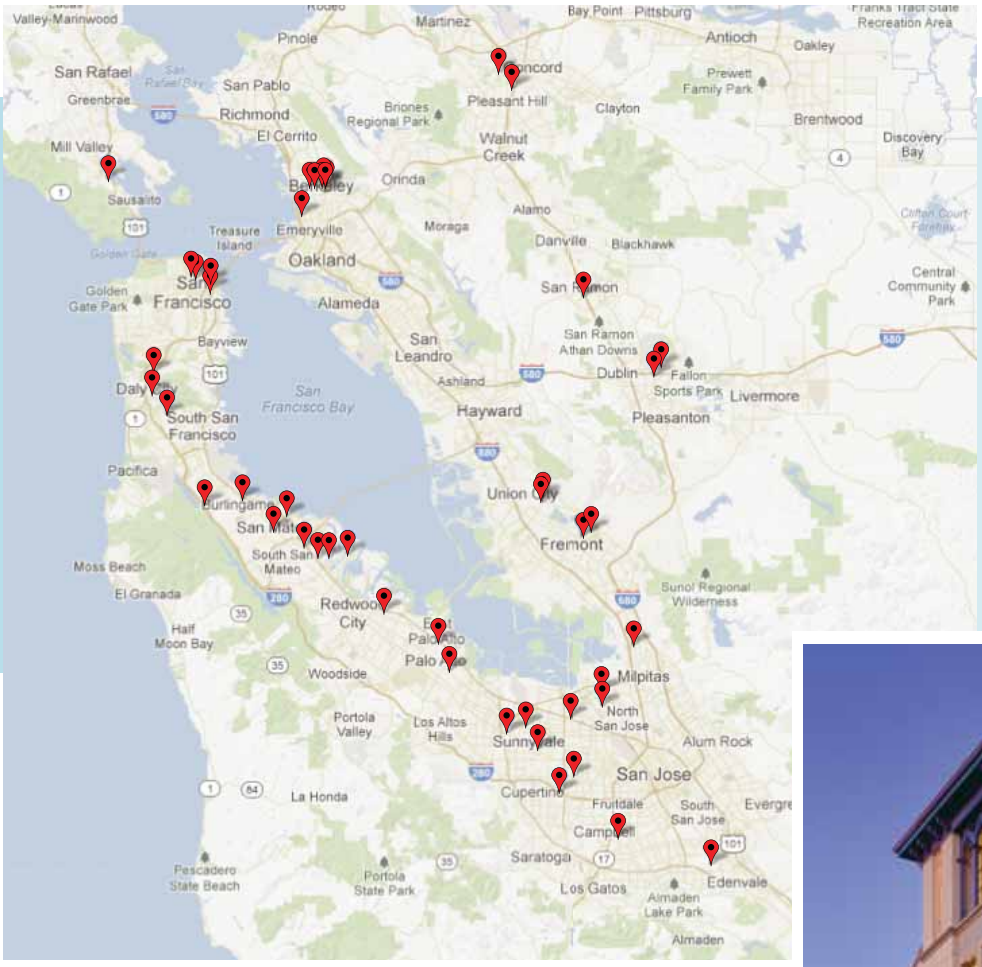
Resident Profile





Skyline Terrace – Burlingame, CA

Equity Residential Portfolio





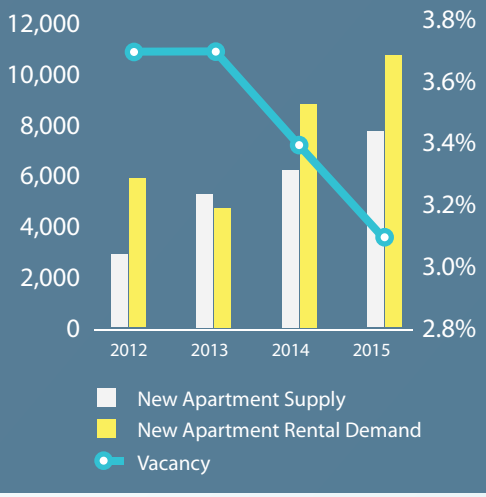
La Terraza – Colma, CA



Bachenheimer – Berkeley, CA

Los Angeles

New Supply/Demand† (units)



Market Data

	U.S.	Los Angeles
Median Household Income	$51,579	$53,125
Median Home Price	$204,000	$416,000
Ratio	3.9 x	7.8 x

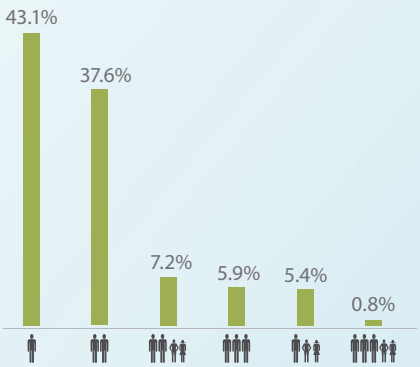
† Source: MPF Research, EQR Data *2014/2015 data projected*, Rosen Consulting

EQR – Los Angeles

Market Data (as of 6/30/14)

Properties	60
Units	12,878
Percent of NOI	12.1%
Occupancy	95.3%
Median Household Income	$96,000
Median Monthly Rent	$1,925
Rent as a Percent of Income	24.1%

Resident Profile





Sakura Crossing – Los Angeles, CA



Jia – Los Angeles, CA

Equity Residential Portfolio



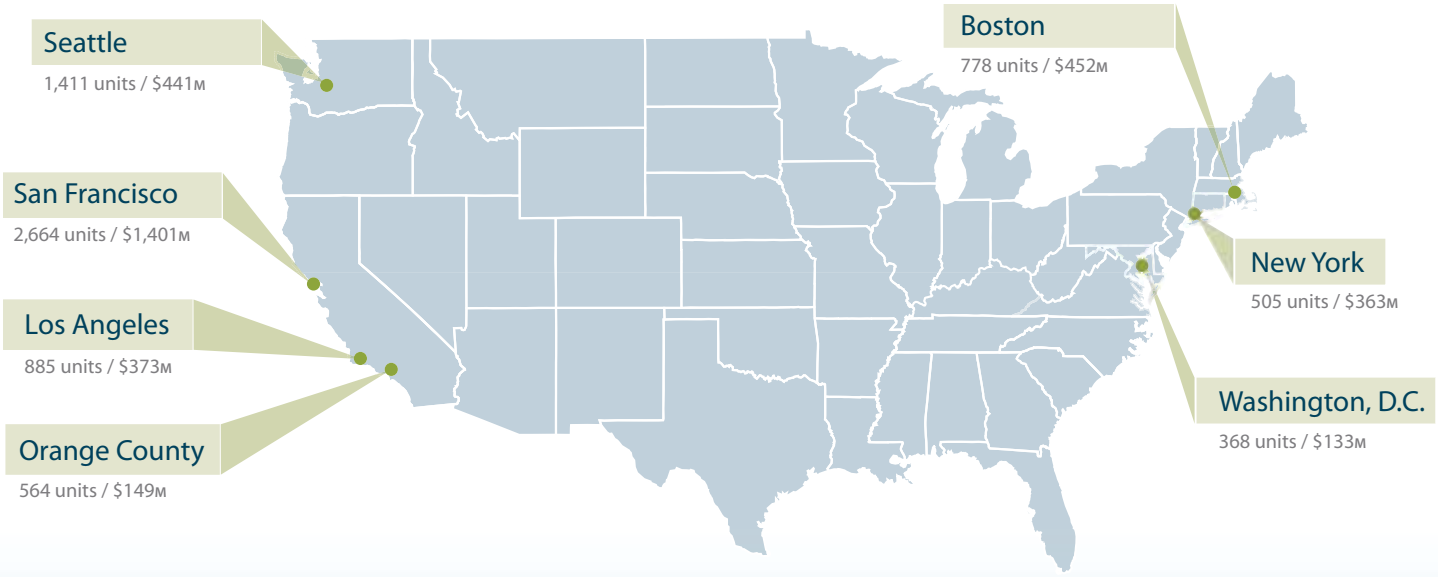
Our Development Capability is a Source of Attractively Priced Assets in High-Growth Markets

Since 2000, our 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. We 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.

We currently have more than 4,000 apartment units under construction for more than $1.9 billion and a pipeline of 3,100 units to be developed at a total cost of $1.3 billion.

 2201 Pershing – Arlington, VA

Core Development Markets



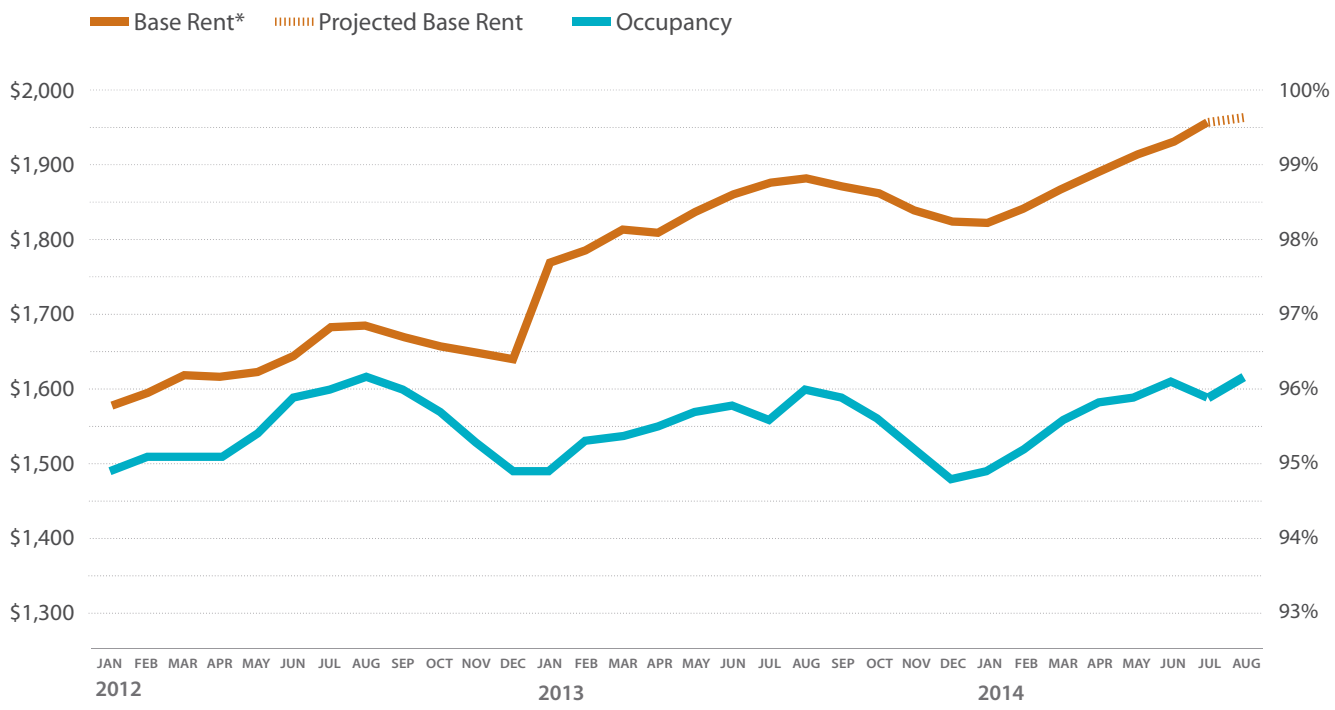


Urbana– Ballard, WA

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.

We are Focused on Operations

Maximizing Revenue by Managing Rent Growth and Occupancy



* Base Rents are rents prior to adding any premiums for specific amenities such as views, balconies or other unit-specific features.
** Archstone data included effective January 2013.

Third consecutive year of 5% or higher NOI growth

Full Year 2013 Operating Metrics

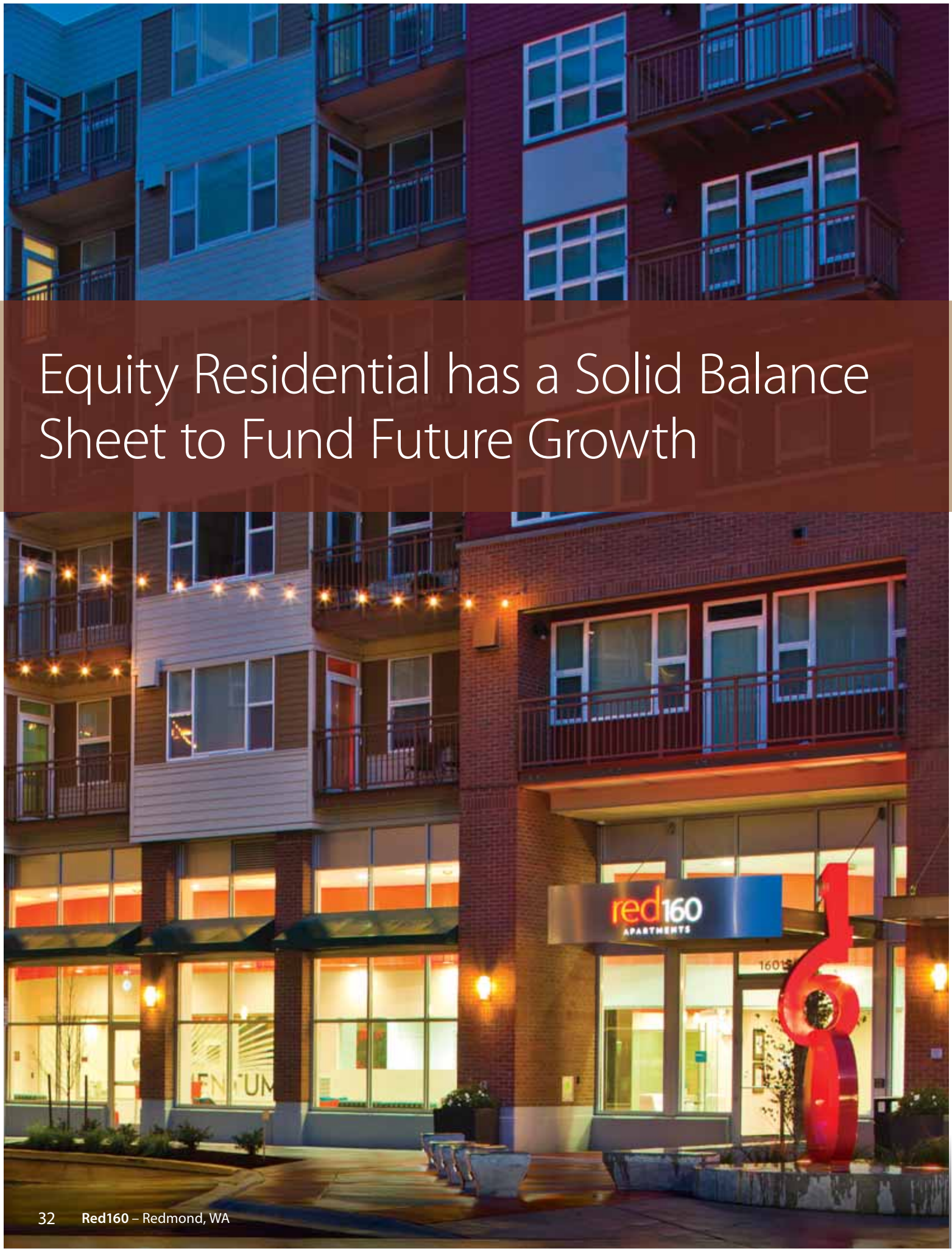
	Year-Over-Year Change 2013 Over 2012
Same Store Revenues	4.5%
Same Store Expenses	3.4%
Same Store NOI	5.0%
Base Rent	4.3%
Renewal Rent	5.3%
Occupancy **95.4%**	0.1%

First Six Months 2014 Same Store Performance

Market	Units	June YTD % of Actual NOI	June YTD Avg. Rental Rate[1]	Change in Revenues
New York Metro Area	10,330	16.9%	$ 3,802	3.7%
DC/Northern Virginia	17,553	18.4%	2,225	(0.7%)
South Florida	10,834	7.6%	1,576	4.9%
Los Angeles	11,139	10.6%	2,092	4.4%
Boston	7,722	10.3%	2,824	3.8%
San Francisco Bay Area	12,764	13.8%	2,262	8.5%
Seattle/Tacoma	7,411	6.2%	1,807	7.2%
Denver	6,935	4.8%	1,360	7.2%
San Diego	3,505	3.2%	1,940	4.4%
Orlando	3,047	1.6%	1,146	1.8%
Orange County, CA	3,490	3.1%	1,757	4.8%
Inland Empire, CA	3,081	2.3%	1,540	3.6%
All Other Markets	2,837	1.2%	1,134	3.3%
Total	**100,648**	**100.0%**	**$ 2,152**	**4.0%**

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

Equity Residential has a Solid Balance Sheet to Fund Future Growth





Ten23 – Manhattan, NY



Chelsea – New York, NY

- We maintain a conservative balance sheet with access to many sources of capital and ample liquidity. This gives us the firepower needed when opportunities arise.
- We maintain 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 and BBB+ by S&P.
- In October 2013, we closed on an $800 million secured loan from a large insurance company at a fixed rate of 4.21%, maturing in 2023.
- We expect to have a net debt to EBITDA ratio of approximately 6.9x and a fixed charge coverage of 3.1x at year end.*

* Fixed charge coverage ratio is defined as EBITDA / interest incurred (including capitalized interest) + regularly scheduled debt principal amortization + Non-cash mark-to-market amortization + preferred dividends.



Equity Residential is Creating Value

We have a portfolio of high-quality assets in the best high-growth apartment rental 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.



Avenir – Boston, MA

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 397 properties consisting of 111,491 apartment units.

Equity Residential

Two North Riverside Plaza
Chicago, Illinois 60606
312.474.1300

EquityResidential.com







FROM LEFT TO RIGHT: **Red Road Commons** – South Miami, FL; **Metro on First** – Seattle, WA; **Vantage Pointe** – San Diego, 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 2013 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 2014 budgets and proforma expectations on recent acquisitions.

September 2014