
Equity Residential
Investor Update
November 2019
The Lex – San Jose, CA
LEED Gold
GRESB
Nareit 2018
Leader in the Light
Award Winner
glassdoor
2019 BEST PLACES TO WORK
EMPLOYEES' CHOICE
LEX
New
LUXURY
APARTMENTS



- We continue to see robust demand to live in the vibrant urban and dense suburban centers in the cities in which we operate.
- Very good demand and record low turnover has driven strong occupancy and absorption of new supply in our markets with recent operating results consistent with normal seasonally lower demand patterns.
- For 2019 we expect to produce same store revenue growth of 3.3% driven by renewal growth of 5.0%, new lease change of 0.4% and occupancy of 96.4%.
- We continued our re-entry into Denver and now own 5 properties with 1,624 units.
- Demand to own multifamily assets in our markets continues to be very high, leading to strong asset values and a very liquid transactions market.

Rooftop Terrace at 170 Amsterdam – New York, NY
LEED Certified

Trending Issues

Equity Residential

New Supply

- Elevated new supply continues in many of our markets in 2019, but robust demand is supporting rapid absorption.
- For 2020, supply will decline considerably in New York, increase in Boston and remain relatively flat in our other markets.

2019 Same Store Revenue

- 2019 same store revenue growth is trending ahead of our original expectations driven by strong demand across all our markets combined with lower new supply in New York and Boston.
- We expect to produce 3.3% same store revenue growth for 2019.
- Recent results have been consistent with normal seasonally lower demand patterns.

Innovation

- The recent surge in property technology ("Prop Tech") solutions for the apartment industry is creating opportunities to innovate in our business.
- We have long been a leader in deploying and investing in property technology. As a first mover in such important areas as revenue management, on line leasing, centralized procurement and internet listing services, we understand the important role that technology can play in our business.
- We are currently focused on technology that improves our operating margins and our customer experience including:
  - self guided tours enabled by technology;
  - automated responses to customer inquiries;
  - data analytics to drive expense savings and revenue improvements; and
  - smart home

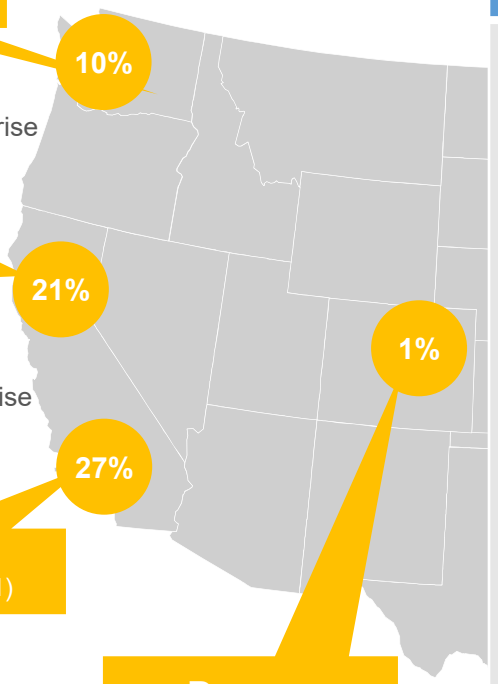
Regulatory Environment

- New York and California passed new rent control regulations this year.
- These regulations should have a modestly negative impact on our same store revenue growth.
- We are in favor of market-based solutions to address affordability issues, including zoning regulations that encourage density, regulatory reforms that lower building costs and public/private partnerships to build and fund more projects.
- We continue to focus our efforts on educating the public and policymakers on the merits of market-based solutions as we and the industry successfully did in soundly defeating Proposition 10 (would have permitted local governments to enact rent control) in California in November 2018.

Equity Residential Portfolio 2019

Equity Residential

EQR's portfolio is focused in high density urban and suburban markets



Seattle
10%

43 Properties
8,752 Units
84% NOI - Mid/Highrise
16% NOI - Garden

San Francisco
21%

51 Properties
13,606 Units
52% NOI - Mid/Highrise
48% NOI - Garden

Southern California (1)
27%

97 Properties
24,016 Units
44% NOI - Mid/Highrise
56% NOI - Garden

Denver
1%

5 Properties
1,624 Units
84% NOI - Mid/Highrise
16% NOI - Garden

EQR Portfolio Characteristics

- Highest density, best located portfolio in the public apartment REIT sector
  - 70% NOI – Mid/Highrise properties
  - 30% NOI – Garden properties
- Resident demographic that chooses to rent for lifestyle reasons
  - High Walk Score® Rankings
- Significant presence in seven markets:
  - Highly walkable urban and dense suburban markets
  - Strong demand drivers
  - Constrained supply characteristics
  - High single family housing prices
  - Superior long-term returns

Boston
10%

25 Properties
6,430 Units
87% NOI - Mid/Highrise
13% NOI - Garden

New York
14%

37 Properties
9,606 Units
97% NOI - Mid/Highrise
3% NOI - Garden

Washington, D.C.
17%

49 Properties
16,129 Units
90% NOI - Mid/Highrise
10% NOI - Garden

(1) Includes Los Angeles, San Diego and Orange County

Represents percentage of Stabilized NOI as of 09/30/19.

2019 Revenue Update

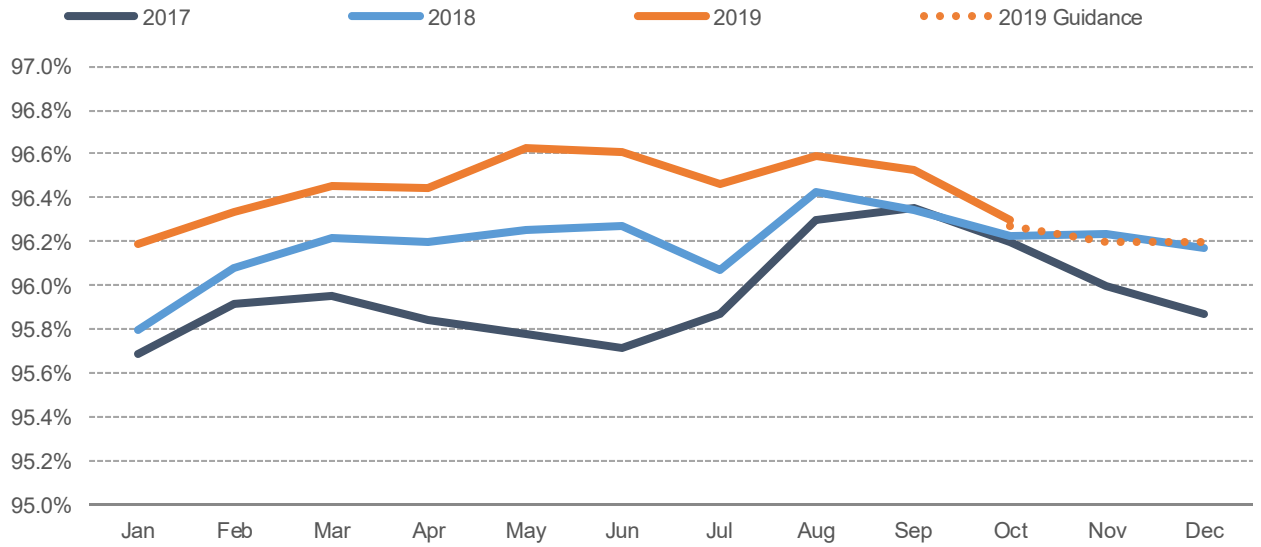
Occupancy and Rents

2019 is expected to deliver strong same store revenue growth of 3.3%.

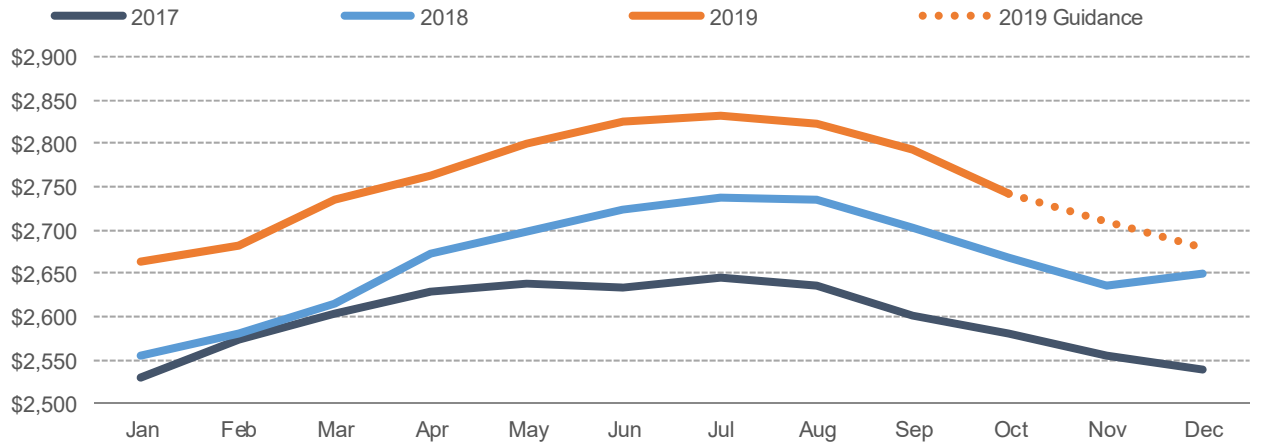
Commentary

- Occupancy remains strong with 96.4% expected for the full year.
- Strong demand continues to aid in absorption of new supply.
- 2019 Base Rents began to moderate as expected late in the third quarter based on normal seasonal demand patterns.

Same Store Physical Occupancy



Base Rent



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

2019 Revenue Update

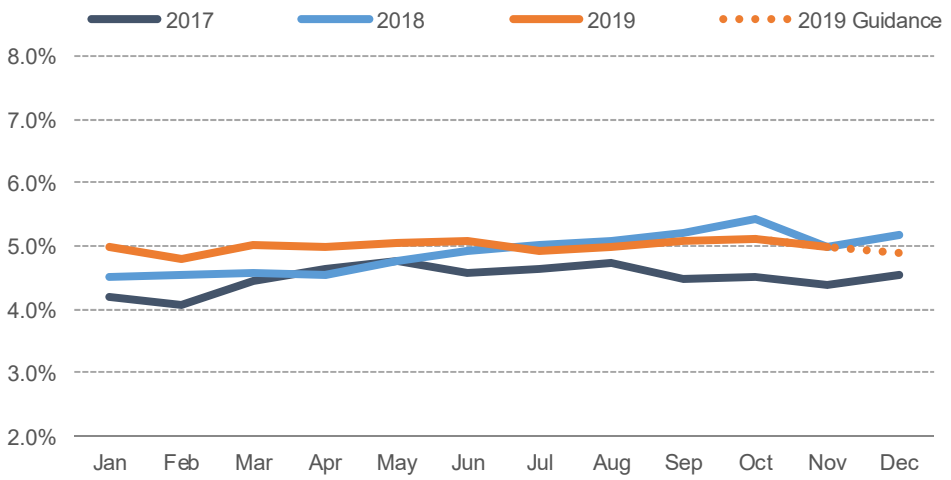
Renewals

Healthy renewal growth and retention continues across all markets.

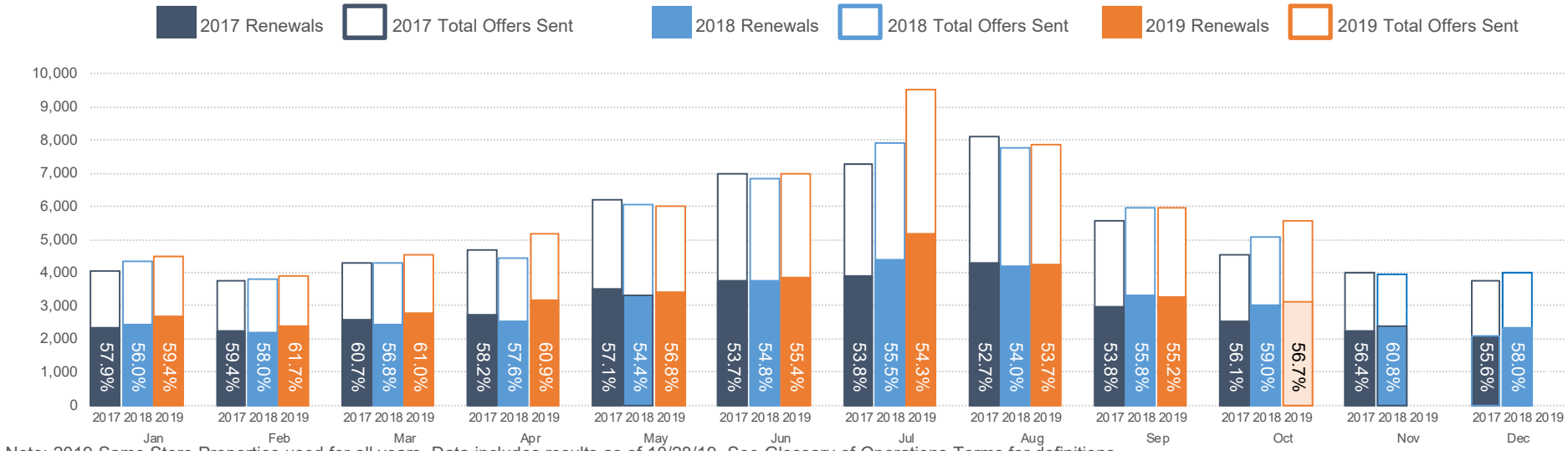
Commentary

- 2019 Achieved Renewal Rate increase will be 5.0%, which is slightly better than expected.
- Superior customer service helps drive our renewal process. High resident satisfaction scores continue to contribute to the strongest resident retention in our history.

Renewal Rate Achieved



of Residents Renewing



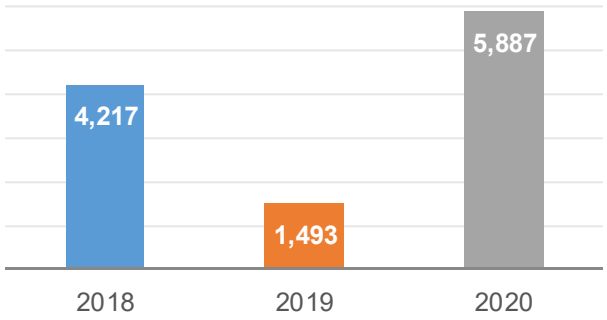
Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Boston – Revenue

5,714 Units / ~9.1% of Revenue

Strong performance due to very robust demand.

New Supply (in units)[1]

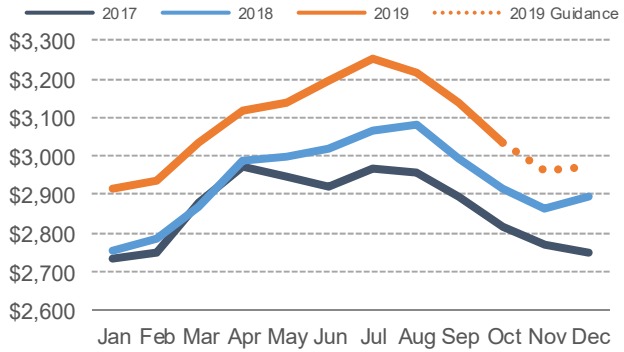


(1) Source: EQR.

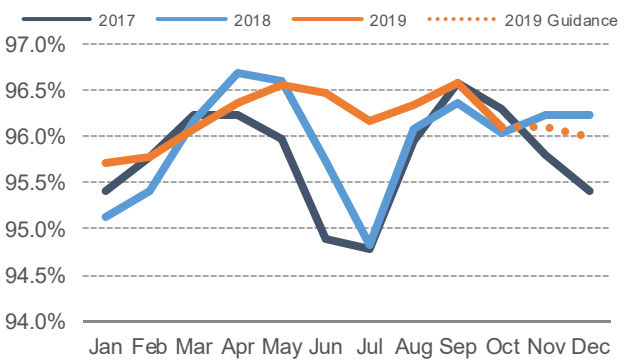
Comments

- Overall demand fundamentals remain strong for this market. Job growth in bio-tech and other high wage sectors continues to aid absorption.
- The urban sub-markets of Boston and Cambridge which represents 70% of our NOI will be impacted by additional competition from new deliveries in late 2019 and into 2020.

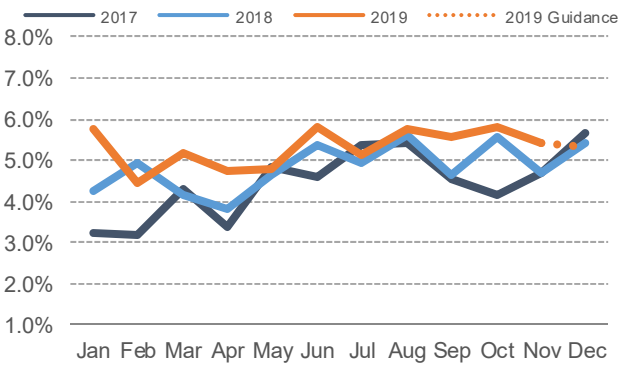
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

2019 Guidance	**0.6% New Lease Change**	**96.2% Physical Occupancy**	**5.4% Renewal Rate Achieved**	**3.9% Same Store Revenue Growth**
September YTD Results	**1.4%**	**96.2%**	**5.3%**	**3.8%**

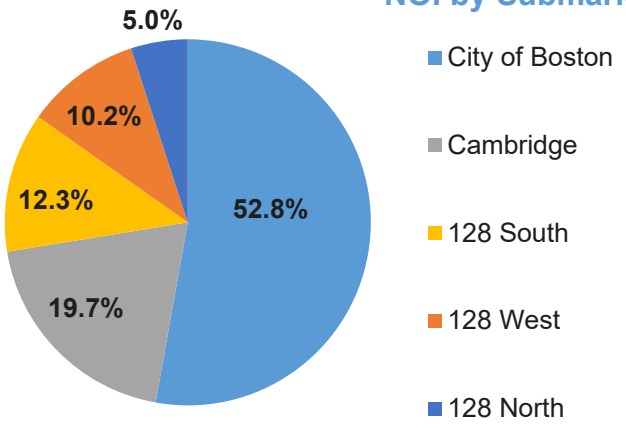
Boston

Market Profile

Equity Residential

EQR in Boston

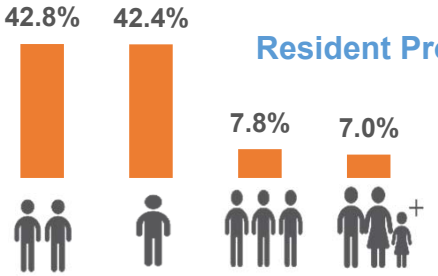
NOI by Submarket



EQR Resident Data (as of 9/30/19)*

Average Household Income	$190,718
Average Monthly Rent	$2,977
Rent as a Percent of Income	18.7%

Resident Profile



*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Market Data

Home Affordability

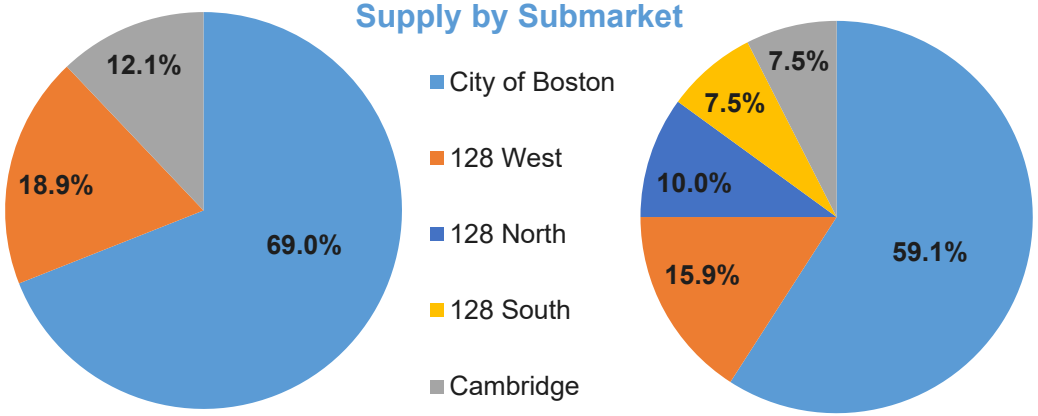
	U.S.	Boston
Median Household Income	$62,000	$87,000
Median Home Price	$259,000	$474,000
Ratio	4.2x	5.4x

Walk Score

EQR	REIT Competitor Avg
80	**51**

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

Supply by Submarket



2019
1,493 units

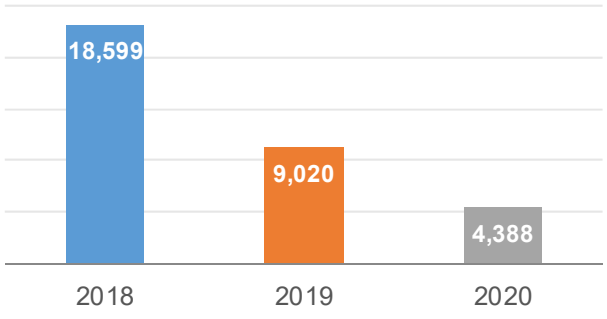
2020
5,887 units

New York – Revenue

9,235 Units / ~18.3% of Revenue

Strong demand for our product supported by favorable economic growth continues.

New Supply (in units)[1]

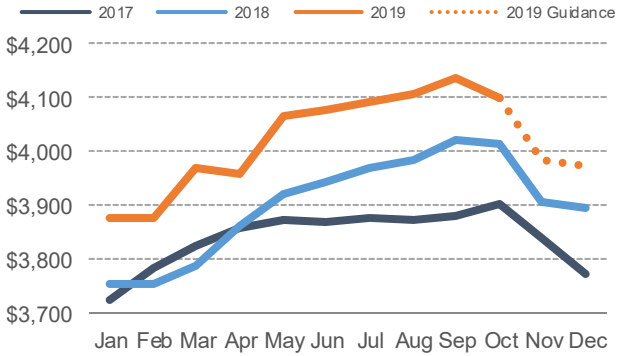


(1) Source: EQR.

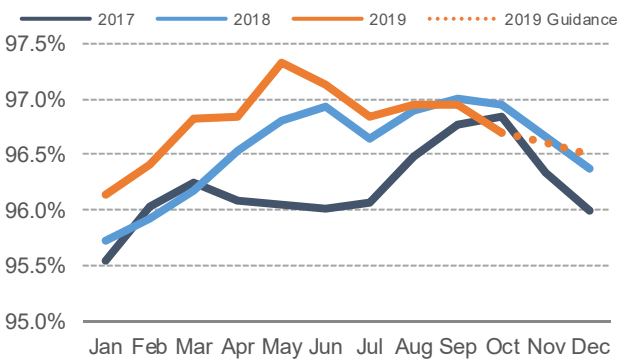
Comments

- Reduced supply in 2019 is facilitating continued recovery in this market. New supply in our competitive footprint is approximately 50% lower than in 2018, with expected deliveries under 10,000 units. The deliveries continue to be concentrated in Long Island City and Brooklyn, where, to-date we have not seen a significant impact to our operations.
- Market will benefit in 2020 from further reductions in new supply.
- Renewal Rate expectations were adjusted down by approximately 50bps for the back half of the year due to changes in rent regulations in New York. The impact on New York 2019 same-store revenue growth from regulation is expected to be a reduction of 20bps.

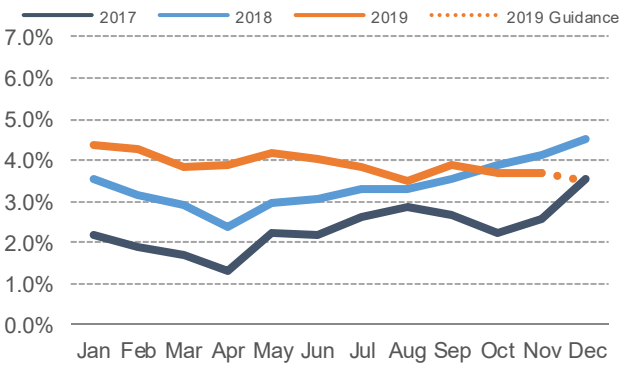
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

2019 Guidance	**0.5% New Lease Change**	**96.8% Physical Occupancy**	**3.9% Renewal Rate Achieved**	**2.5% Same Store Revenue Growth**
September YTD Results	**0.7%**	**96.8%**	**3.9%**	**2.5%**

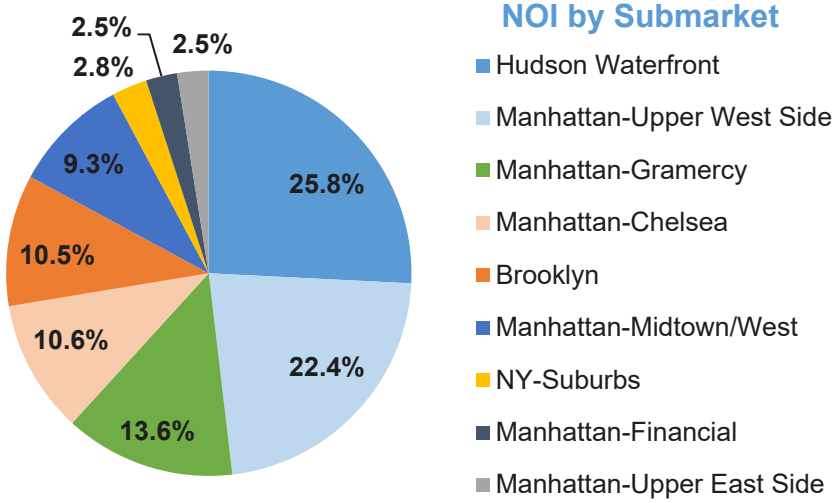
New York

Market Profile

Equity Residential

EQR in New York

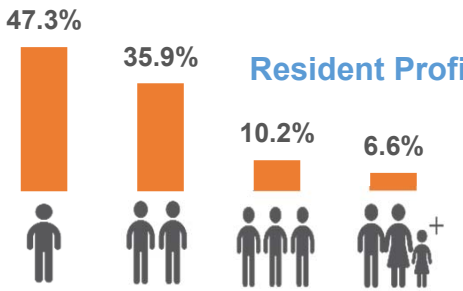
NOI by Submarket



EQR Resident Data (as of 9/30/19)*

Average Household Income	$254,685
Average Monthly Rent	$3,795
Rent as a Percent of Income	17.9%

Resident Profile



*Data for residents who have signed leases in the last 12 months as of 9/30/19.

(1) MSA data includes Manhattan only

Market Data

Home Affordability

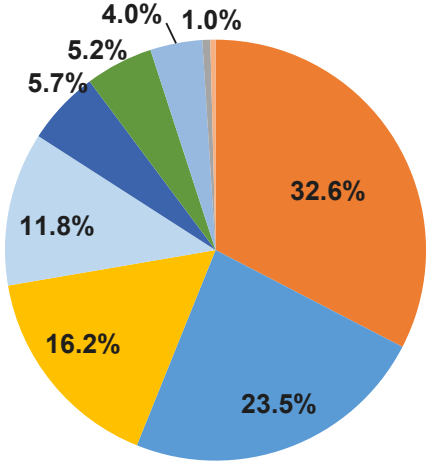
	U.S.	Manhattan
Median Household Income	$62,000	$88,000
Median Home Price	$259,000	$1,000,000
Ratio	4.2x	11.4x

Walk Score

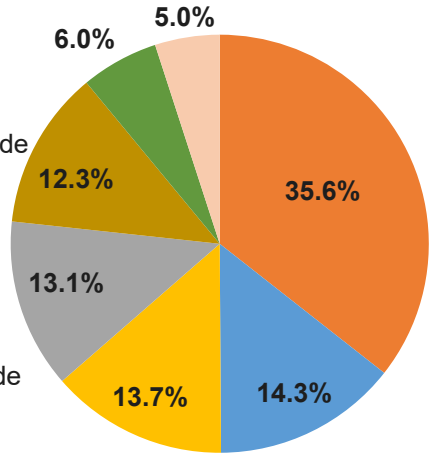
EQR	REIT Competitor Avg
95	77

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

Supply by Submarket



2019
9,020 units



2020
4,388 units

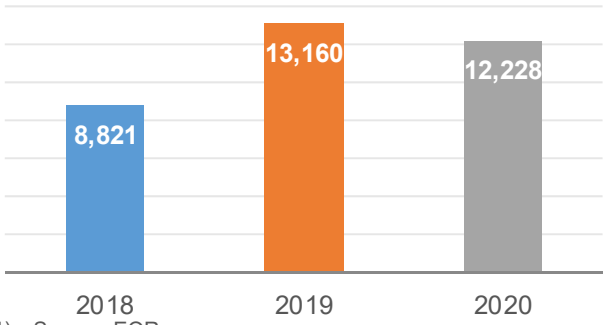
Brooklyn
Hudson Waterfront NJ
Queens - Long Island City
Manhattan - Upper West Side
Manhattan - Financial
Manhattan - Gramercy
Manhattan - Midtown West
Manhattan - Upper East Side
Manhattan - Chelsea
Other

Washington DC – Revenue

15,379 Units / ~17.8% of Revenue

Strong performance despite elevated supply.

New Supply (in units)[1]

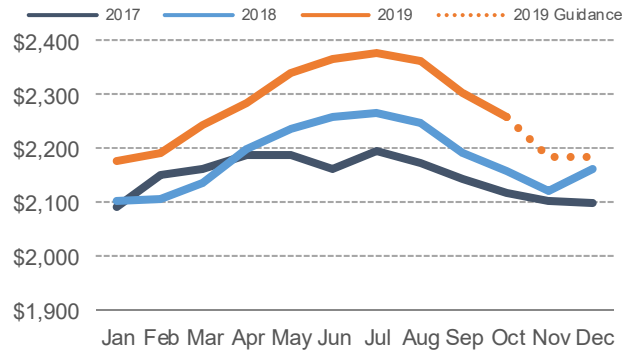


(1) Source: EQR.

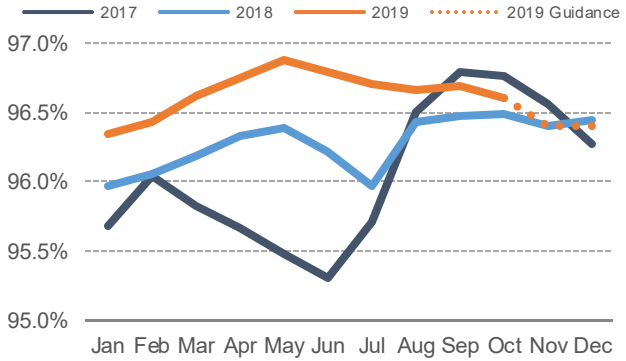
Comments

- Washington DC's economy remains strong. Gains in the Professional and Business Services sector continue to aid in the absorption of new units being delivered.
- All key metrics (base rent, physical occupancy, renewal rate) have performed ahead of our initial expectations due to improved economic conditions and continued healthy demand.
- We are cautiously optimistic that continued demand will aid in the absorption in this highly supplied market.

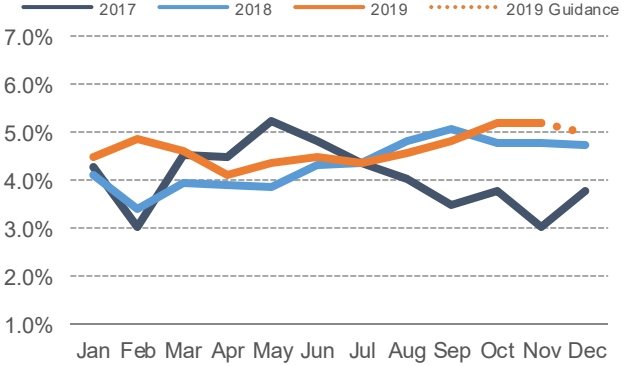
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

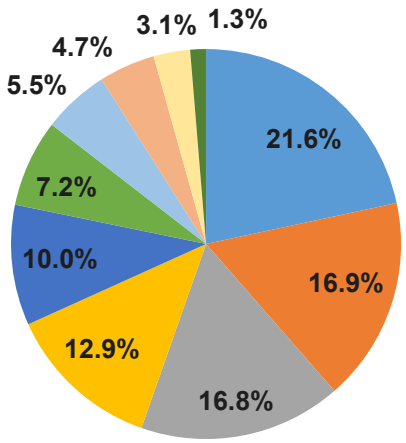
2019 Guidance	**0.5% New Lease Change**	**96.6% Physical Occupancy**	**4.6% Renewal Rate Achieved**	**2.5% Same Store Revenue Growth**
September YTD Results	**1.4%**	**96.7%**	**4.5%**	**2.3%**

Washington, DC

Market Profile

Equity Residential

EQR in Washington, DC



NOI by Submarket

- VA-Arlington-RB Corridor
- DC-Central
- VA-Alexandria
- DC-Upper NW
- VA-South Arlington
- MD-Bethesda/Chevy Chase
- VA-Fairfax
- MD-Rockville/Gaithersburg
- MD-Silver Spring
- MD-Prince George

Market Data

Home Affordability

	U.S.	Washington, DC
Median Household Income	$62,000	$101,000
Median Home Price	$259,000	$409,000
Ratio	4.2x	4.0x

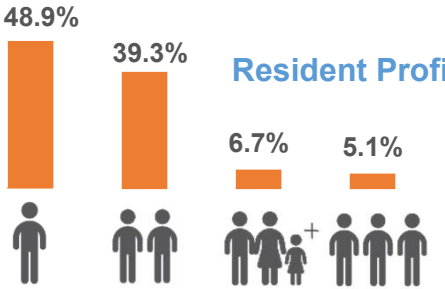
Walk Score

EQR	REIT Competitor Avg
82	63

Nearly 30% of renters in Washington, DC commute by walking or public transportation

EQR Resident Data (as of 9/30/19)*

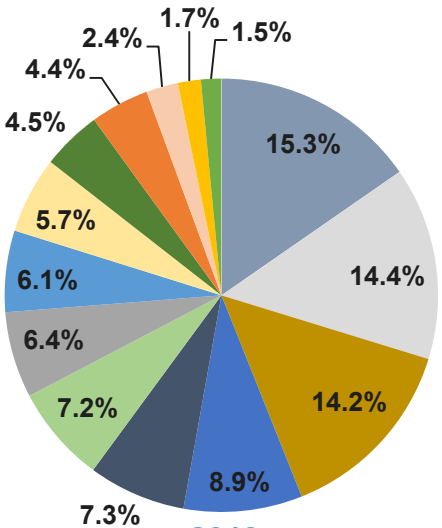
Average Household Income	$153,818
Average Monthly Rent	$2,212
Rent as a Percent of Income	17.3%



Resident Profile

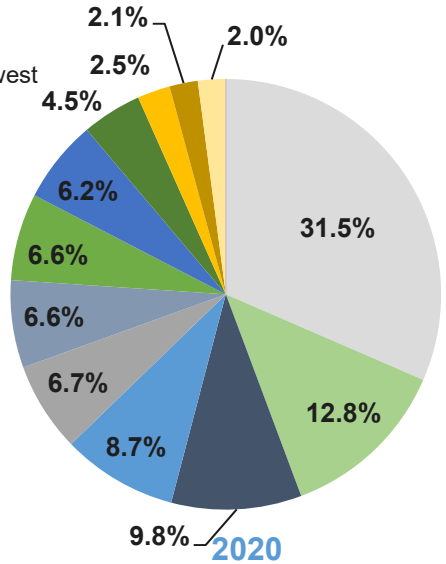
*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Supply by Submarket



2019
13,160 units

- DC - NOMA/H Street
- DC - Capitol Riverfront/Southwest
- VA - Other
- VA - South Arlington
- MD - Other
- DC - Other
- VA - Alexandria
- VA - Arlington/RB Corridor
- MD - Silver Spring
- MD - Prince George
- DC - Central
- MD - Rockville/Gathersburg
- DC - Upper Northwest
- MD - Bethesda/Chevy Chase



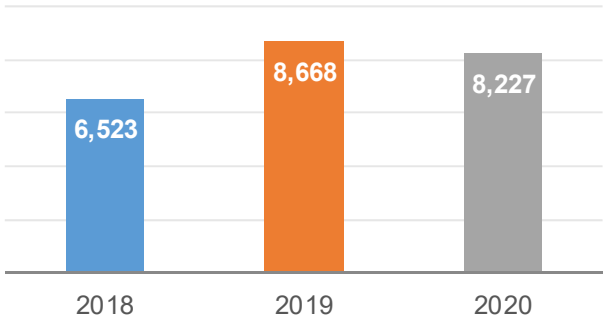
2020
12,228 units

Seattle – Revenue

7,098 Units / ~8.3% of Revenue

Market has outperformed expectations for the year.

New Supply (in units)[1]

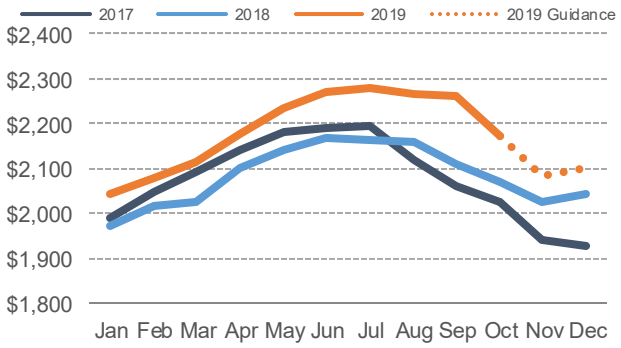


(1) Source: EQR.

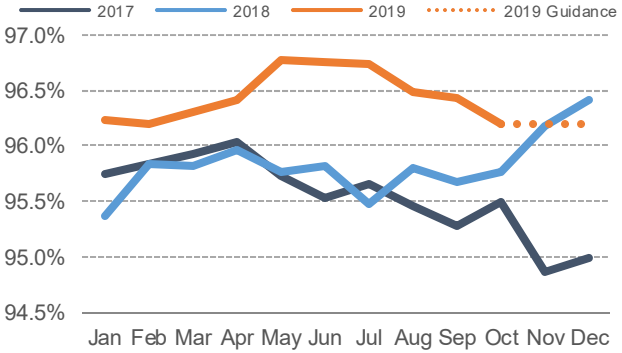
Comments

- Large employers, led by technology companies, continue to show strength and commitment to this market.
- Supply continues to be absorbed as deliveries shifted from the CBD to the suburban east side in 2019. We expect similar level of new supply in 2020, which will again be focused in the CBD submarket where we have significant concentration.

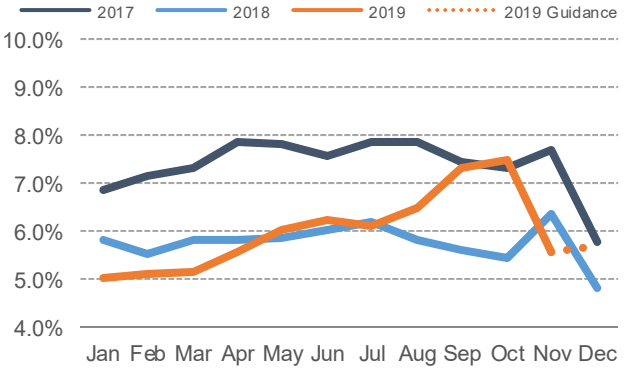
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

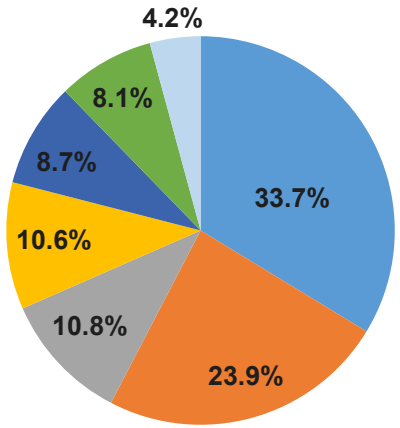
2019 Guidance	**1.5% New Lease Change**	**96.4% Physical Occupancy**	**6.1% Renewal Rate Achieved**	**3.4% Same Store Revenue Growth**
September YTD Results	**2.0%**	**96.5%**	**5.9%**	**2.9%**

Seattle

Market Profile

Equity Residential

EQR in Seattle

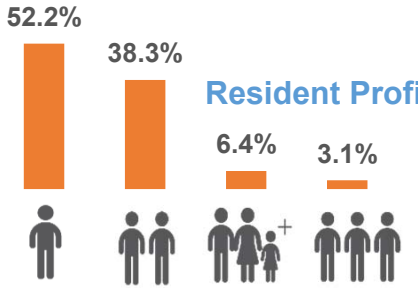


NOI by Submarket

- Belltown/CBD
- Bellevue/Redmond
- Bothell/Mill Creek Corridor
- Capital Hill/First Hill
- South Lake Union
- North Seattle
- West Seattle

EQR Resident Data (as of 9/30/19)*

Average Household Income	$134,433
Average Monthly Rent	$2,086
Rent as a Percent of Income	18.6%



Resident Profile

*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Market Data

Home Affordability

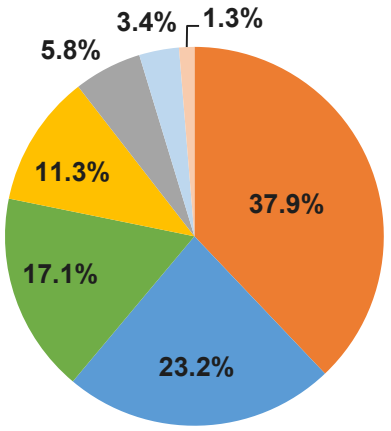
	U.S.	Seattle
Median Household Income	$62,000	$84,000
Median Home Price	$259,000	$478,000
Ratio	4.2x	5.7x

Walk Score

EQR	REIT Competitor Avg
86	63

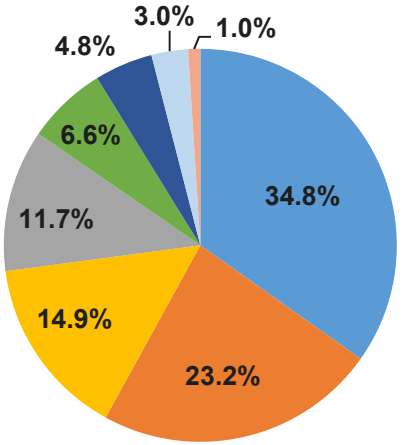
20% of renters in Seattle commute by walking or public transportation

Supply by Submarket



- Belltown/CBD
- Bellevue/Redmond
- Captial Hill/First Hill
- Bothell/Mill Creek Corridor
- North Seattle
- South Seattle
- West Seattle
- Other

2019
8,668 units



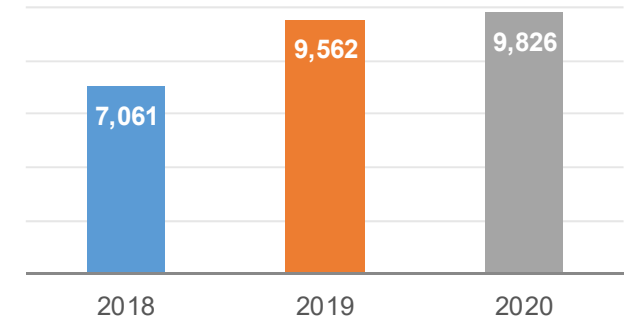
2020
8,227 units

San Francisco – Revenue

12,633 Units / ~19.4% of Revenue

One of our strongest performing markets in 2019.

New Supply (in units)[1]

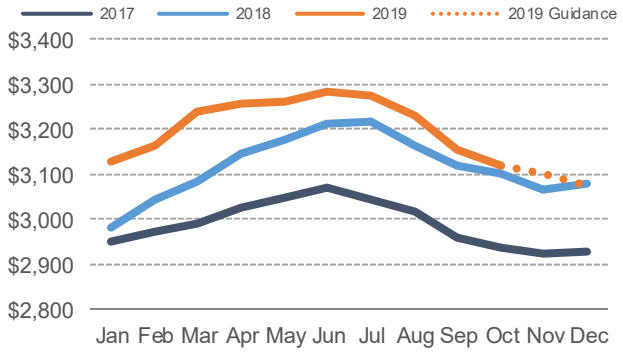


(1) Source: EQR.

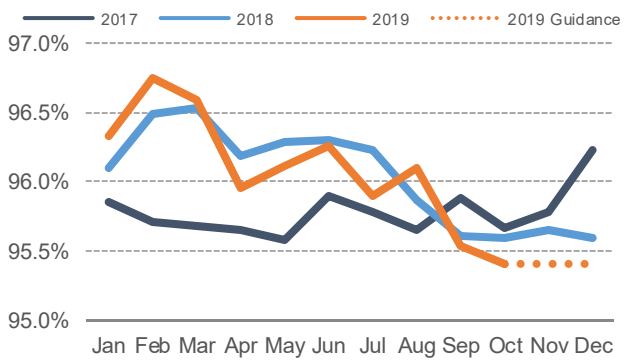
Comments

- After a strong start to the year, we have recently seen some weakening of demand, possibly in excess of usual seasonal moderation, coupled with pressure from new supply.
- Our 3.8% full year revenue growth expectation is still above our original projections at the beginning of the year for the market but is slightly lower than recent expectations.

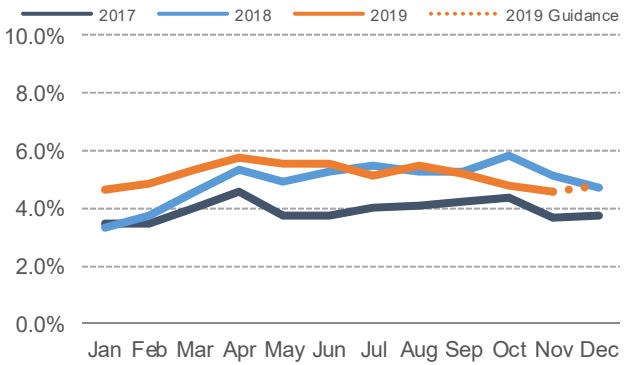
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

2019 Guidance	**0.7% New Lease Change**	**96.0% Physical Occupancy**	**5.2% Renewal Rate Achieved**	**3.8% Same Store Revenue Growth**
September YTD Results	**1.8%**	**96.2%**	**5.3%**	**3.9%**

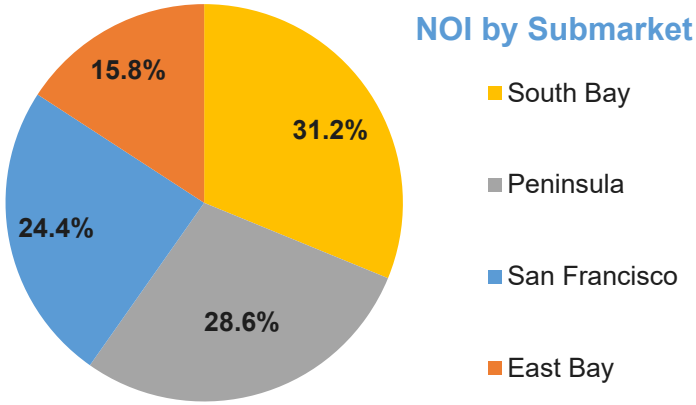
San Francisco

Market Profile

Equity Residential

EQR in San Francisco

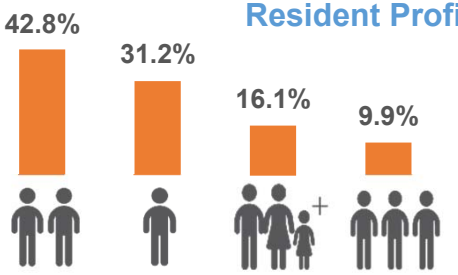
NOI by Submarket



EQR Resident Data (as of 9/30/19)*

Average Household Income	$181,269
Average Monthly Rent	$3,108
Rent as a Percent of Income	20.6%

Resident Profile



*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Market Data

Home Affordability

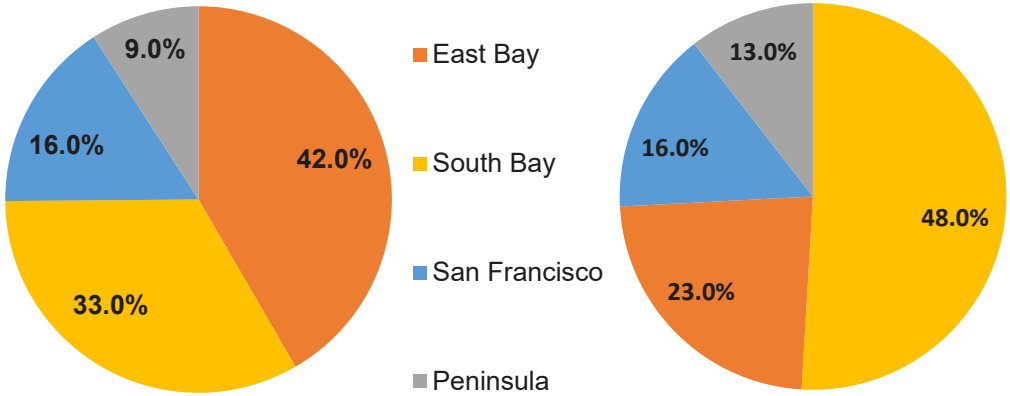
	U.S.	San Francisco
Median Household Income	$62,000	$109,000
Median Home Price	$259,000	$986,000
Ratio	4.2x	9.0x

Walk Score

EQR	REIT Competitor Avg
67	62

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

Supply by Submarket



2019
9,562 units

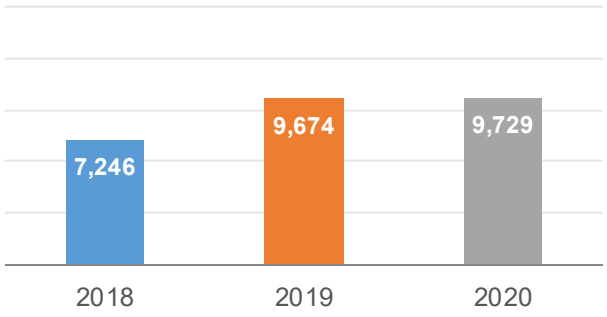
2020
9,826 units

Los Angeles – Revenue

15,371 Units / ~18.9% of Revenue

Strong performing market but new supply is currently pressuring pricing power.

New Supply (in units)(1)

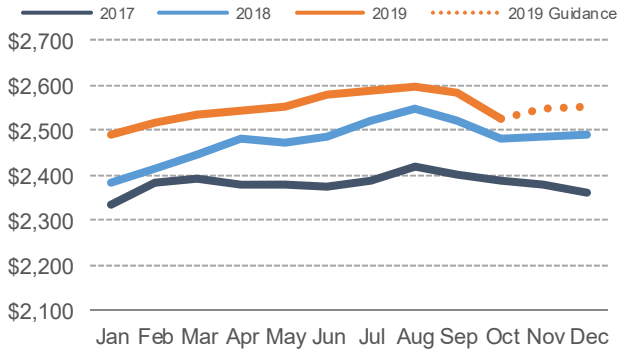


(1) Source: EQR.

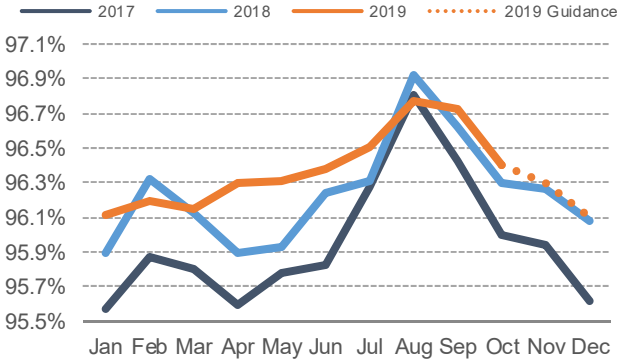
Comments

- As expected, we are experiencing an impact on new lease pricing from increased deliveries in the back half of 2019.
- 2020 delivers will be at similar rate, leading to continued supply pressure in our larger NOI submarkets of West LA, Downtown LA, and San Fernando Valley.
- While retention has improved year over year, renewal rate achieved was lower than expected in the first half of the year but recently has been trending inline with our expectations.

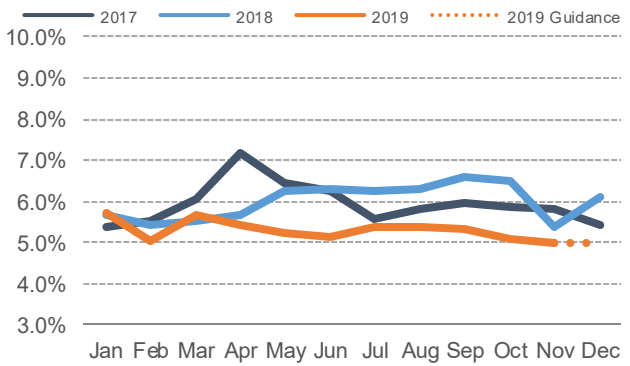
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

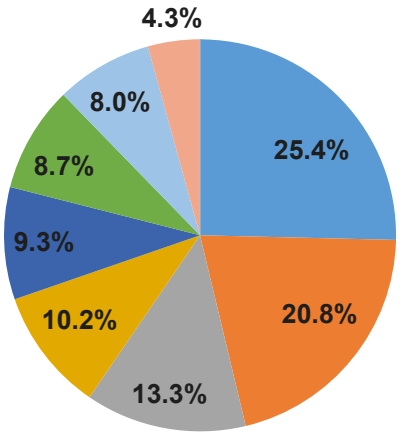
2019 Guidance	**-0.3% New Lease Change**	**96.3% Physical Occupancy**	**5.3% Renewal Rate Achieved**	**3.8% Same Store Revenue Growth**
September YTD Results	**0.1%**	**96.4%**	**5.4%**	**4.1%**

Los Angeles

Market Profile

Equity Residential

EQR in Los Angeles



NOI by Submarket

- West Los Angeles
- Downtown Metro
- San Fernando Valley
- Santa Clarita Valley
- South Bay
- Glendale/Pasadena
- Inland Empire

Market Data

Home Affordability

	U.S.	Los Angeles
Median Household Income	$62,000	$66,000
Median Home Price	$259,000	$597,000
Ratio	4.2x	9.0x

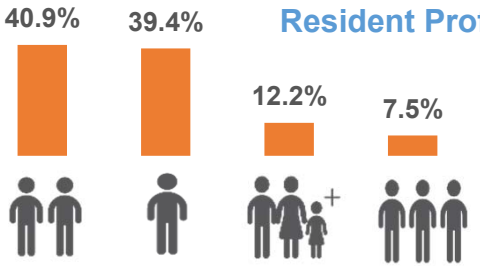
Walk Score

EQR	REIT Competitor Avg
74	67

EQR Resident Data (as of 9/30/19)*

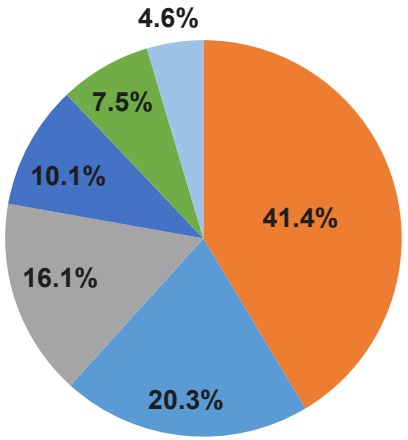
Average Household Income	$141,608
Average Monthly Rent	$2,475
Rent as a Percent of Income	21.0%

Resident Profile

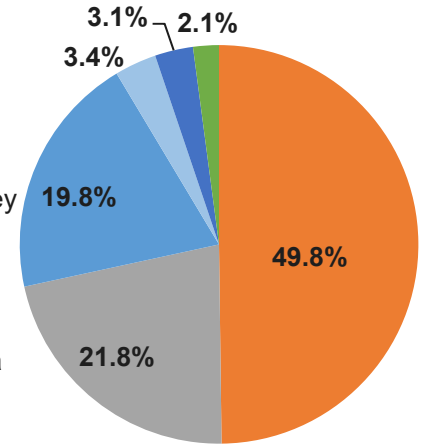


*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Supply by Submarket



- Downtown Metro
- West Los Angeles
- San Fernando Valley
- South Bay
- Glendale/Pasadena
- Inland Empire



2019
9,674 units

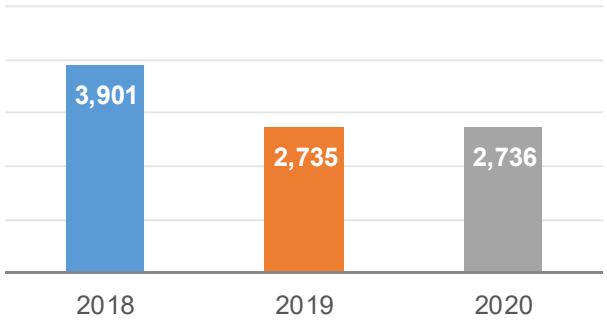
2020
9,729 units

Orange County – Revenue

4,028 Units / ~4.2% of Revenue

Strong occupancy driving outperformance.

New Supply (in units)[1]

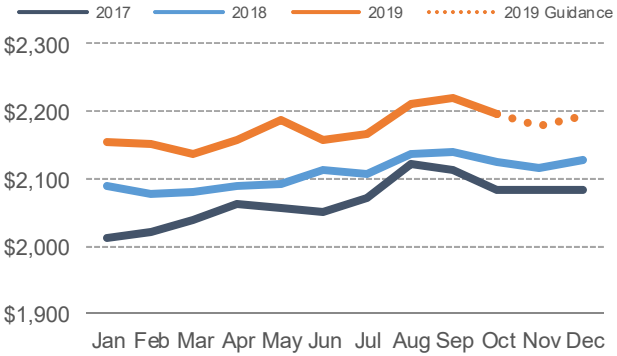


(1) Source: EQR.

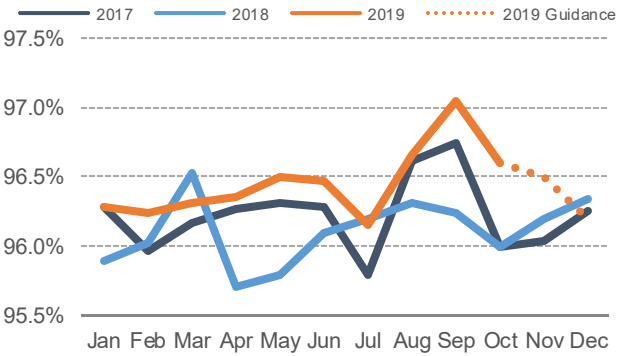
Comments

- Job growth is moderating, but the overall demand outlook remains constructive.
- 2020 new supply expected to be equal to 2019.

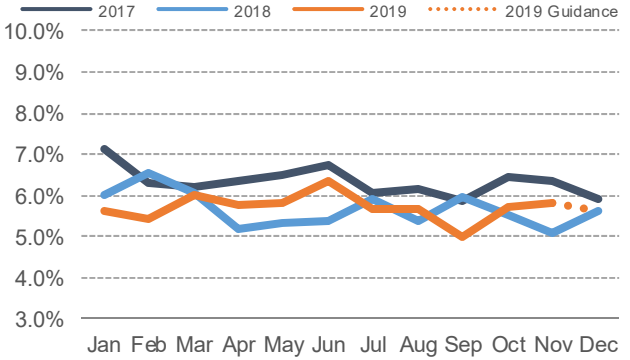
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

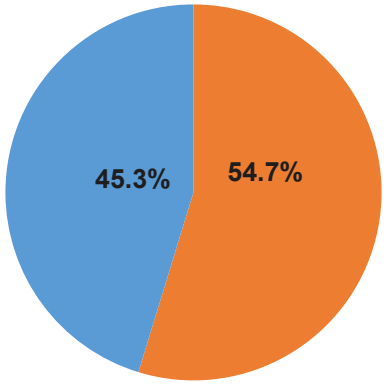
2019 Guidance	**0.0% New Lease Change**	**96.4% Physical Occupancy**	**5.7% Renewal Rate Achieved**	**3.8% Same Store Revenue Growth**
September YTD Results	**0.3%**	**96.4%**	**5.7%**	**3.9%**

Orange County

Market Profile

Equity Residential

EQR in Orange County



NOI by Submarket

- South Orange
- North Orange

Market Data

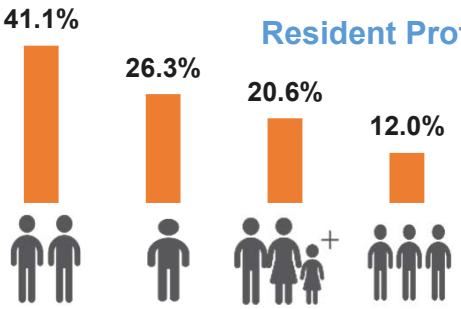
Home Affordability

	U.S.	Orange County
Median Household Income	$62,000	$88,000
Median Home Price	$259,000	$692,000
Ratio	4.2x	7.9x

EQR Resident Data (as of 9/30/19)*

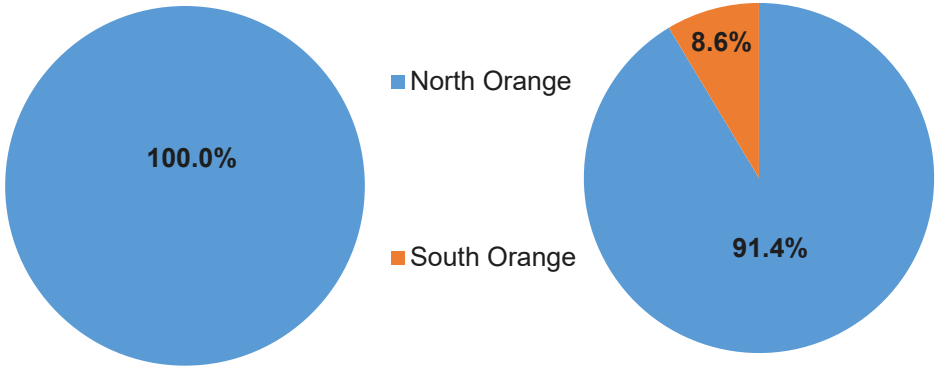
Average Household Income	$114,747
Average Monthly Rent	$2,142
Rent as a Percent of Income	22.4%

Resident Profile



*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Supply by Submarket



2019
2,735 units

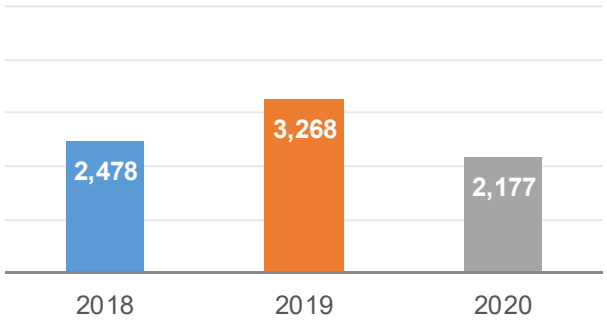
2020
2,736 units

San Diego – Revenue

3,385 Units / ~3.8% of Revenue

Performance has lagged expectations.

New Supply (in units)[1]

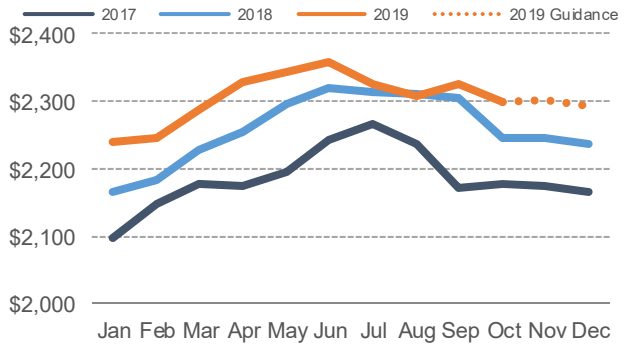


(1) Source: EQR.

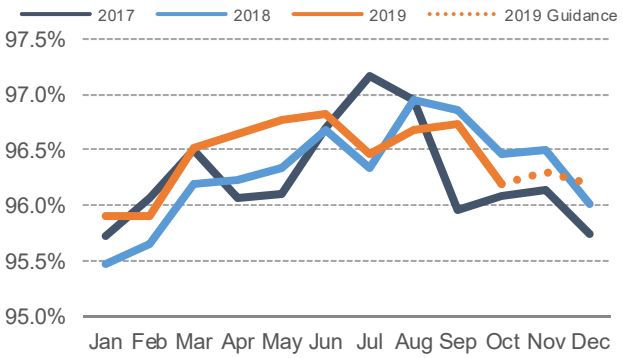
Comments

- Limited pricing power and pressure on occupancy due to supply in the downtown submarket has moderated overall performance.
- New supply is expected to abate slightly in 2020.

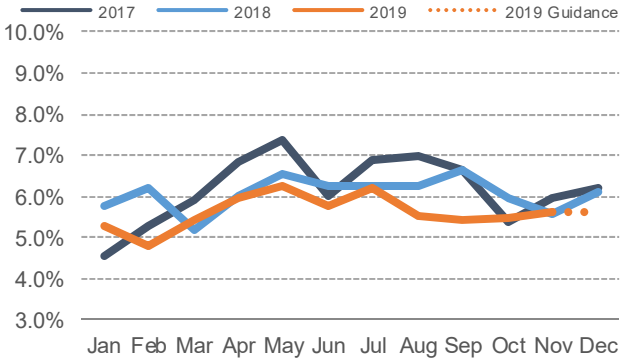
Base Rent



Physical Occupancy



Renewal Rate Achieved



Note: 2019 Same Store Properties used for all years. Data includes results as of 10/28/19. See Glossary of Operations Terms for definitions.

Annual Guidance Assumptions

2019 Guidance	**0.1% New Lease Change**	**96.4% Physical Occupancy**	**5.6% Renewal Rate Achieved**	**3.4% Same Store Revenue Growth**
September YTD Results	**0.4%**	**96.5%**	**5.7%**	**3.6%**

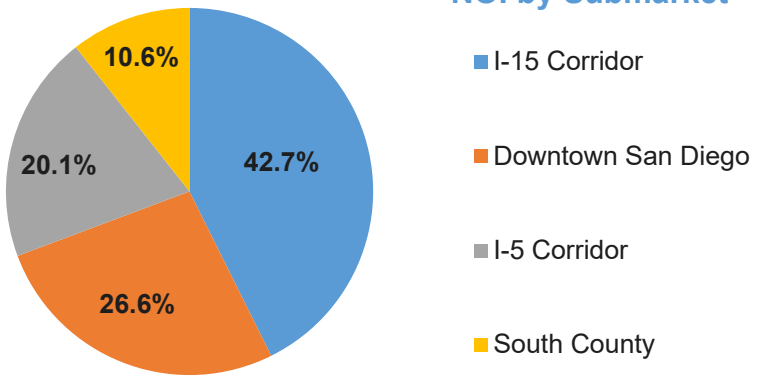
San Diego

Market Profile

Equity Residential

EQR in San Diego

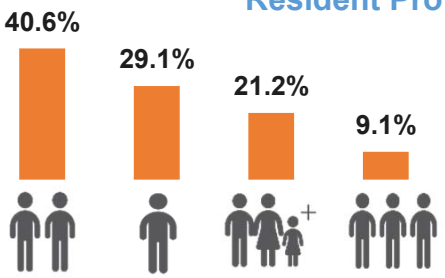
NOI by Submarket



EQR Resident Data (as of 9/30/19)*

Average Household Income	$120,293
Average Monthly Rent	$2,288
Rent as a Percent of Income	22.8%

Resident Profile



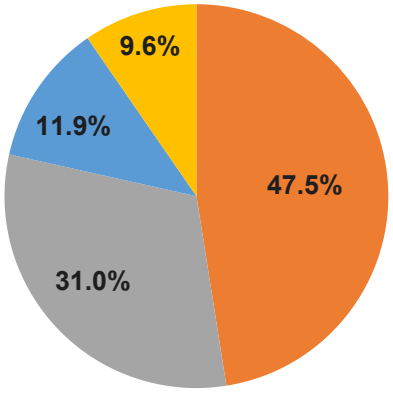
*Data for residents who have signed leases in the last 12 months as of 9/30/19.

Market Data

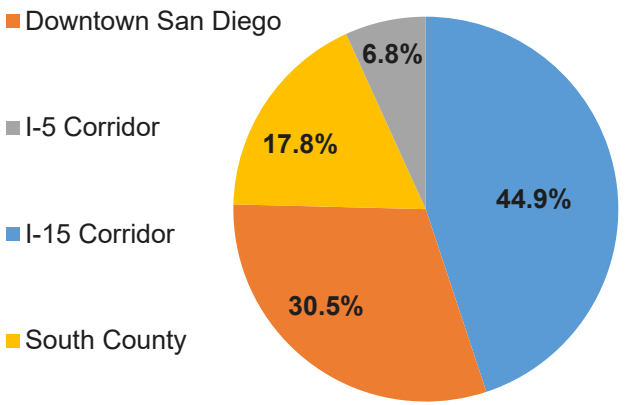
Home Affordability

	U.S.	San Diego
Median Household Income	$62,000	$78,000
Median Home Price	$259,000	$543,000
Ratio	4.2x	7.0x

Supply by Submarket



2019
3,268 units



2020
2,177 units

Initiatives (2019 & 2020)

Enhancing our operating platform through centralization, digitization and new technology.

Sales 2020

- Remote Leasing Support
- Centralized Renewal Negotiation
- Self-Guided Tours
- AI E-Lead Response
- Regional Leasing Teams
- Online Leasing Enhancements

Service 2020

- Service Mobility
- Smart Building Access
- BMS Systems / Sensors
- Regional Service Teams
- Service Apprenticeship
- Service Request Analytics

Other Initiatives

- Furnished Housing
- Modular High-Rise Construction
- Resident Portal / App
- Roommate Matching
- Common Area Rentals

Long Term Enablers

AI | Big Data/Analytics | CRM | Smart Home | Mobility/Workflow

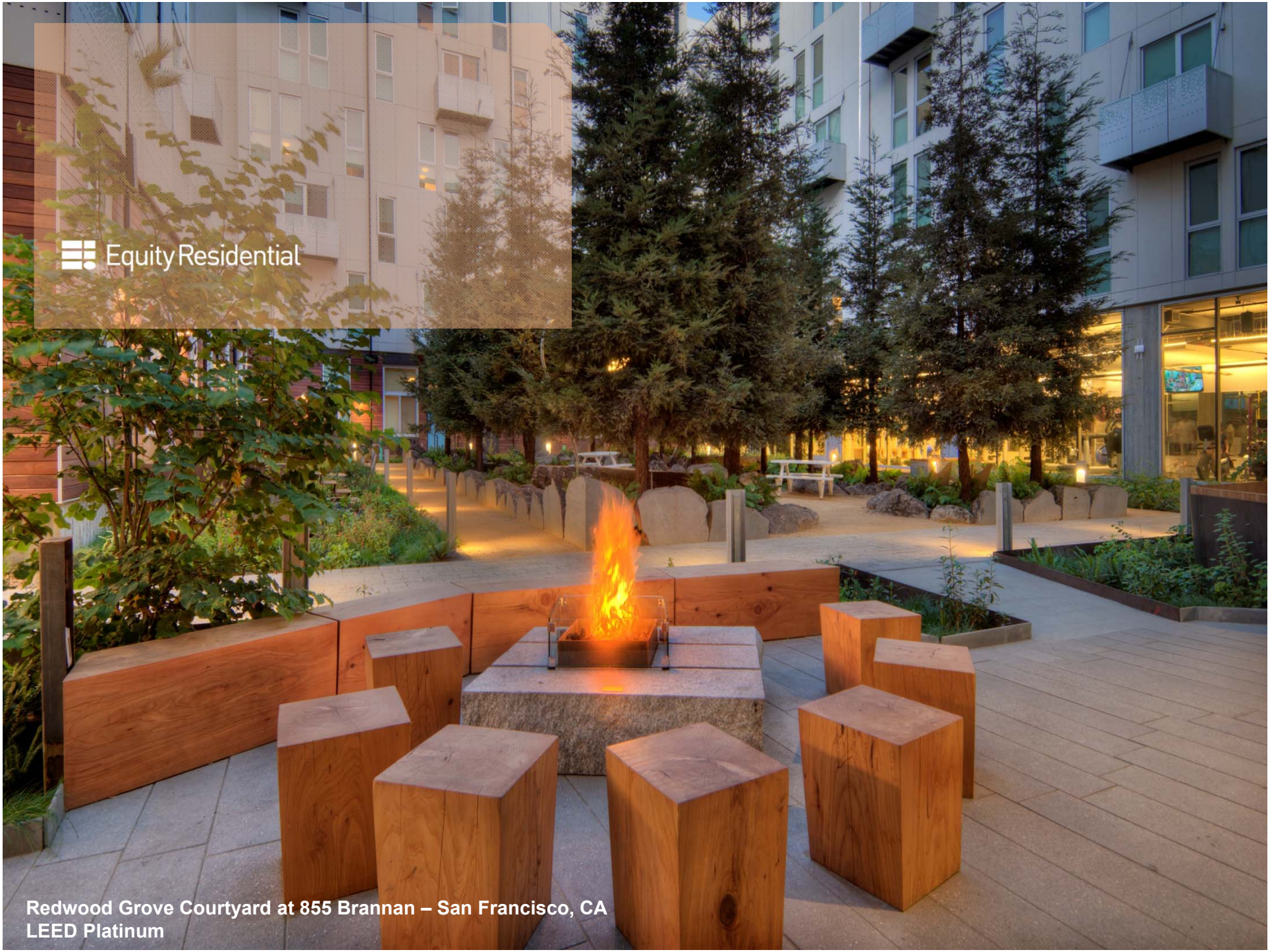
Additional Notes to Presentation

Forward-Looking Statements

In addition to historical information, this presentation contains forward-looking statements and information within the meaning of the federal securities laws. These statements are based on current expectations, estimates, projections and assumptions made by management. While Equity Residential's management believes the assumptions underlying its forward-looking statements are reasonable, such information is inherently subject to uncertainties and may involve certain risks, including, without limitation, changes in general market conditions, including the rate of job growth and cost of labor and construction material, the level of new multifamily construction and development, competition and local government regulation. Other risks and uncertainties are described under the heading "Risk Factors" in our Annual Report on Form 10-K and subsequent periodic reports filed with the Securities and Exchange Commission (SEC) and available on our website, www.equityapartments.com. Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not guarantees of future performance, results or events. Equity Residential assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Glossary of Operations Terms

Operations Term	Definition
% of Residents Renewing	Total renewals divided by total offers sent for any given period for leases that went to full term.
Base Rent	Monthly average for the daily market rent for all occupied and unoccupied apartment units, produced by the Company's revenue management system, without concessions or discounts being applied.
Embedded Growth	Income growth resulting from residential and non-residential rents in place as of 12/31 of the prior year times twelve. Assumes there is no change in rents or occupancy for the entire year.
Net Operating Income (NOI)	NOI is defined as rental income less direct property operating expenses (including real estate taxes and insurance). The Company believes that NOI is helpful to investors as a supplemental measure of its operating performance because it is a direct measure of the actual operating results of the Company's apartment properties. NOI does not include an allocation of property management expenses either in the current or comparable periods. Rental income for all leases and operating expense for ground leases (for both same store and non-same store properties) are reflected on a straight-line basis in accordance with GAAP for the current and comparable periods.
New Lease Change	The change in rent for a lease with a new or transferring resident compared to the rent for the prior lease of the identical apartment unit, regardless of lease term and without concessions or discounts being applied. New lease change is seasonal and tends to be much higher during the second and third quarter.
Physical Occupancy	The weighted average occupied apartment units for the reporting period divided by the average of total apartment units available for rent for the reporting period.
Renewal Rate Achieved	The change in rent for a new lease on an apartment unit where the lease has been renewed compared to the rent for the prior lease of the identical apartment unit, regardless of lease term.
Revenue Growth	The change in total revenue expressed as a percentage for the designated period. Total revenue includes rental revenue and all other residential and non-residential revenues, such as garage and retail revenues.
Same Store Properties	For annual comparisons, primarily includes all properties acquired or completed that are stabilized prior to January 1, 2017, less properties sold. Properties are included in Same Store when they are stabilized for all of the current and comparable periods presented.



Redwood Grove Courtyard at 855 Brannan – San Francisco, CA
LEED Platinum