



- Asking rates on renewals and new leases in 4Q
- Supply expectations for the balance of the year as well as for 2017
- Updated job growth outlook by metro
- Development update on yield trends, land and construction costs, and construction lending
- Regional trends: DC, Houston, NYC, LA, Western tech markets
- Rent growth and construction outlook by asset quality (Class A vs. Class B) and market type (urban vs. suburban)
- Most attractive use of capital in today's environment
- Move-outs for home purchases vs. long term average
- Consolidation/privatizations

Figure 39: AVB's 3Q16 results preview

AVB	3Q15		2Q16		3Q16			2016			
	Actual	Actual	Actual	Actual	Actual	DBe	Cons	Pre 3Q Guide	Post 3Q Guide	DBe	Cons
<b>Earnings</b>											
FFO/sh	\$2.02	\$1.99				\$2.18	\$2.11	\$8.26 - \$8.46		\$8.38	\$8.33
Core FFO/sh, reported	\$1.93	\$2.03				\$2.08		\$8.13 - \$8.33		\$8.20	
<b>Operating Metrics</b>											
SS NOI growth, y/y	5.1%	5.0%				4.9% total		5.00% - 5.75%		5.45% total	
SS Revenue growth, y/y	5.4%	5.0%				4.1% total		4.25% - 4.75%		4.50% total	
SS Expense growth, y/y	6.4%	4.7%				2.5% total		2.00% - 2.75%		2.39% total	
Average SS Occupancy (as initially reported)	95.3%	95.5%				95.5%					
y/y ch (as initially reported)	-40bp	-10bp				20bp					
Average SS Rental Rate (as initially reported)	\$2,400	\$2,417									
y/y ch (as initially reported)	5.8%	5.2%									

Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16

- Based on AVB's full year guidance provided on 7/25, the implied SS revenue growth for 2H16 is at +3.75%. We expect the slowdown vs. 1H16 to be gradual with 90bps of deceleration in 3Q (DBe: +4.1%) followed by another 70bps in 4Q (DBe: +3.4%)
- Update on West Coast markets, most notably softness in SF (new supply; increased concessions; slowing tech job growth) and resilience of demand in Seattle (job growth outlook vs. elevated construction)
- Expect the East Coast update to focus on recovery in DC, weakness in NYC (new supply; muted high-paying job creation), and demand concerns in New England (job growth fell below expectations in 1H; increase in concessions)
- Leasing progress at AVB's Willoughby Square/AVA DoBro, Northstation, and West Hollywood development projects and an update on overall development pipeline trends
- We don't expect any material changes to AVB's 2016 same store outlook, in light of EQR's recently reaffirmed 2016 SS revenue growth outlook
- 3Q core FFO/sh guidance of \$2.05-\$2.11 (DBe: \$2.08), 3Q FFO/sh guidance of \$2.14-\$2.20 (DBe: \$2.18)

Source: Deutsche Bank, company data, Thomson