AvalonBay COMMUNITIES, INC.

PRESS RELEASE

For Immediate News Release
February 3, 2010

AVALONBAY COMMUNITIES, INC. ANNOUNCES FOURTH QUARTER AND FULL YEAR 2009 OPERATING RESULTS AND PROVIDES INITIAL 2010 FINANCIAL OUTLOOK

(Alexandria, VA) AvalonBay Communities, Inc. (NYSE: AVB) reported today that Net Income Attributable to Common Stockholders ("Net Income") for the quarter ended December 31, 2009 was $32,394,000. This resulted in Earnings per Share – diluted ("EPS") of $0.40 for the quarter ended December 31, 2009, compared to a Loss per Share, diluted of $0.02 for the comparable period of 2008. For the year ended December 31, 2009, EPS was $1.93 compared to $5.17 for the year ended December 31, 2008, a per share decrease of 62.7%.

The increase in the fourth quarter 2009 EPS over the prior year period is due primarily to the non-cash charges from land impairments and abandoned pursuit costs incurred in 2008. In addition, asset sales and related gains in the fourth quarter of 2009 were larger than those in the fourth quarter of 2008. The decrease for the full year 2009 EPS over the prior year is primarily due to the reduced number of communities sold and amount of gains related to these sales in 2009 as compared to the prior year.

Funds from Operations attributable to common stockholders - diluted ("FFO") for the quarter ended December 31, 2009 on a per share basis increased 113.3% to $0.64 per share from $0.30 per share for the comparable period of 2008. FFO per share for the full year ended December 31, 2009 decreased by 4.4% to $3.89 from $4.07 for the comparable period of 2008.

During the fourth quarter 2009, the Company recognized net charges for non-routine items of approximately $29,000,000 due primarily to costs associated with the tender offer on the Company's unsecured notes completed in October. For the full year 2009, the Company recognized net charges for non-routine items of approximately $46,000,000 due primarily to land impairment charges and costs associated with the October unsecured notes tender. Included in the non-routine charges for the quarter ended December 31, 2009, are impairments for one unconsolidated asset and one land parcel, for a combined total impairment of approximately $3,500,000. While the Company is not aware of any additional impairments present in its portfolio or development pipeline, the Company's focus on value creation through development of new apartments and the existence of a large development pipeline, presents valuation risk that could result in future impairment charges that are not apparent or determinable at this time.

Detail of the impacts of non-routine items on FFO and Net Income per share amounts for the fourth quarter and full year 2009 and 2008 are presented in Attachment 17.

Adjusting for these non-routine items, FFO per share for the three months and full year ended December 31, 2009 would have decreased by 18.7% and 11.3%, respectively from the prior year periods.

Commenting on the Company's results, Bryce Blair, Chairman and CEO, said "Our fourth quarter report caps a challenging year for the economy, our industry and the Company. We expect 2010 to be a transition year, where a continued weak economic climate that pressures apartment performance will trend into a period of stronger demand/supply fundamentals for 2011 and beyond. We plan to increase investment activity in 2010 to ensure we deliver product into what we anticipate will be the early growth phase of the next expansion."

Operating Results for the Quarter Ended December 31, 2009 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue decreased by $615,000, or 0.3% to $220,653,000. *For Established Communities*, rental revenue decreased 6.1% due to an increase in Economic Occupancy of 0.2% and a decrease in Average Rental Rates of 6.3%. As a result, total revenue for Established Communities decreased $9,100,000 to $143,440,000. Operating expenses for Established Communities increased $3,219,000, or 6.7% to $51,027,000. Accordingly, Net Operating Income ("NOI") for Established Communities decreased by $12,319,000, or 11.8% to $92,413,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the fourth quarter of 2008 compared to the fourth quarter of 2009:

4Q 09 Compared to 4Q 08				
	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
New England	(5.4%)	3.0%	(10.0%)	20.0%
Metro NY/NJ	(6.6%)	6.0%	(11.7%)	27.4%
Mid-Atlantic/Midwest	(1.1%)	8.6%	(6.3%)	17.1%
Pacific NW	(10.6%)	17.1%	(21.7%)	4.1%
No. California	(10.2%)	7.0%	(16.2%)	19.4%
So. California	(6.6%)	8.3%	(12.4%)	12.0%
Total	(6.1%)	6.7%	(11.8%)	100.0%

(1) Total represents each region's % of total NOI from the Company, including discontinued operations.

Operating Results for the Full Year December 31, 2009 Compared to the Prior Year

For the Company, including discontinued operations, total revenue increased by $3,963,000, or 0.4% to $886,668,000. *For Established Communities*, rental revenue decreased 3.7% due to a decrease in Economic Occupancy of 0.6% and a decrease in Average Rental Rates of 3.1%. As a result, total revenue for Established Communities decreased $22,053,000 to $588,423,000. Operating expenses for Established Communities increased $7,654,000, or 4.0% to $201,296,000. Accordingly, NOI for Established Communities decreased by $29,707,000, or 7.1% to $387,127,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the full year December 31, 2009 as compared to the full year December 31, 2008:

Full Year 2009 Compared to Full Year 2008				
	Rental Revenue	Operating Expenses	NOI	% of NOI (1)
New England	(4.0%)	2.5%	(7.5%)	20.0%
Metro NY/NJ	(4.3%)	3.0%	(7.4%)	27.4%
Mid-Atlantic/Midwest	(0.6%)	4.3%	(3.4%)	16.7%
Pacific NW	(5.0%)	5.8%	(9.3%)	4.6%
No. California	(4.7%)	4.8%	(7.9%)	20.1%
So. California	(5.0%)	7.2%	(9.7%)	11.2%
Total	(3.7%)	4.0%	(7.1%)	100.0%

(1) Total represents each region's % of total NOI from the Company, including discontinued operations.

Cash concessions are recognized in accordance with generally accepted accounting principles ("GAAP") and are amortized over the approximate lease term, which is generally one year. The following table reflects the percentage changes in rental revenue with concessions on a GAAP basis and Rental Revenue with Concessions on a Cash Basis for our Established Communities:

	4Q 09 vs 4Q 08	Full Year 09 vs Full Year 08
Rental Revenue Change with Concessions on a GAAP Basis	(6.1%)	(3.7%)
Rental Revenue Change with Concessions on a Cash Basis	(5.2%)	(3.2%)

Development Activity

The Company completed the development of four communities in the fourth quarter of 2009 totaling 1,382 apartment homes for an aggregate Total Capital Cost of $465,200,000:

- Avalon White Plains located in White Plains, NY contains 407 apartment homes and was completed for a Total Capital Cost of $153,000,000;
- Avalon Union City located in Union City, CA contains 439 apartment homes and was completed for a Total Capital Cost of $118,700,000;
- Avalon at Mission Bay North III located in San Francisco, CA contains 260 apartment homes and was completed for a Total Capital Cost of $147,400,000; and
- Avalon Blue Hills located in Randolph, MA contains 276 apartment homes and was completed for a Total Capital Cost of $46,100,000.

During 2009, the Company completed the development of nine communities containing an aggregate of 2,526 apartment homes for a Total Capital Cost of $810,700,000.

During the fourth quarter of 2009, the Company commenced the development of two communities: Avalon Northborough II, located in Northborough, MA and Avalon at West Long Branch, located in West Long Branch, NJ. These two communities will contain an aggregate 399 apartment homes when completed for an estimated Total Capital Cost of $64,900,000. These communities are the only development starts by the Company in 2009.

At December 31, 2009, the Company had seven communities under development, with a Total Capital Cost of $813,300,000, and $245,000,000 of capital remaining to be funded. This is a decrease from December 31, 2008 when the Company had 14 communities under development with a Total Capital Cost of $1,583,800,000.

Redevelopment Activity

During the fourth quarter of 2009, the Company commenced the redevelopment of Avalon at Willow Creek located in Fremont, CA. Avalon at Willow Creek contains 235 apartment homes and will be redeveloped for an estimated Total Capital Cost of $7,500,000, excluding costs incurred prior to redevelopment. The Company did not complete any redevelopments during the fourth quarter of 2009.

During 2009, the Company completed the redevelopment of four communities containing 926 apartment homes for a Total Capital Cost of $28,700,000, excluding costs incurred prior to redevelopment.

Disposition Activity

During the fourth quarter of 2009, the Company sold three communities: Avalon at Parkside, located in San Jose, CA, Avalon Orange, located in New Haven, CT, and Avalon at Flanders Hill, located in Westborough, MA. These three communities contain 640 apartment homes and were sold for an aggregate sales price of $110,175,000. These dispositions resulted in a gain in accordance with GAAP of approximately $34,190,000 and an Economic Gain of approximately $21,563,000. The weighted average Initial Year Market Cap Rate for these three communities was 6.3% and the Unleveraged IRR over a nine year average holding period was 11.5%.

During 2009, the Company sold five communities containing 1,037 apartment homes. These communities were sold for an aggregate sales price of $179,675,000, resulting in a GAAP gain of approximately $61,116,000 and an Economic Gain of approximately $44,490,000. The weighted average Initial Year Market Cap Rate related to these dispositions was 6.5% and the Unleveraged IRR over a weighted average holding period of approximately 10 years was 13.0%.

In January 2010, the Company sold Avalon at Danada Farms, a 295 apartment home community, located in Wheaton, IL for $45,450,000.

Investment Management Fund Activity

The Company currently has investments in and serves as the manager for two private, discretionary investment management vehicles.

In November 2009, AvalonBay Value Added Fund II, L.P. ("Fund II") purchased its second community located in Fairfax, VA. The garden-style community containing 491 homes, will be renamed Avalon Fair Oaks and was acquired for a purchase price of $71,000,000 or approximately $145,000 per apartment home.

In February 2010, Fund II purchased its third community located in Montgomery Village, MD. The garden-style community, renamed Avalon Rothbury, contains 203 homes and was acquired for a purchase price of $31,250,000 or approximately $154,000 per apartment home.

Financing, Liquidity and Balance Sheet Statistics

During 2009, the Company raised approximately $1,722,000,000 from a variety of sources as detailed below:

- Secured debt of $833,580,000, which includes $93,440,000 held in escrow, associated with a Development Right ;
- Gross proceeds from asset sales of approximately $193,200,000;
- Unsecured debt of $500,000,000;
- Issuance of common stock with net proceeds of approximately $103,000,000; and
- Additional joint venture partner capital commitments for Fund II of approximately $92,000,000.

The proceeds received from these transactions were used to fund the Company's development and redevelopment activity, to redeem certain secured and unsecured notes (including the October 2009 unsecured note tender discussed in the next section) and to repay all amounts then outstanding on the Company's unsecured credit facility discussed below.

At December 31, 2009, the Company had no amounts outstanding under its $1,000,000,000 unsecured credit facility and the Company had $316,367,000 in unrestricted cash and cash in escrow. The cash in escrow is available for development activity and includes $93,440,000 in bond proceeds related to an existing Development Right that the Company expects to develop in the future. Unencumbered NOI as a percentage of total NOI generated by real estate assets for the full year December 31, 2009 was 65%. Adjusting for the costs associated with the tender offer completed in October 2009, discussed below, Interest Coverage for the fourth quarter of 2009 was 2.7 times.

Capital Markets Activity

In October 2009, the Company completed a tender offer commenced in September 2009. The Company purchased $300,000,000 principal amount of its unsecured notes at a weighted average purchase price of 108% of par. Also in October 2009, the Company purchased an additional $10,100,000 principal amount of its unsecured notes at a price of 107% of par. The Company recognized a charge for the purchase premium and the accelerated recognition of certain deferred issuance costs of approximately $27,000,000 in the fourth quarter of 2009. All of the notes purchased by the Company were cancelled.

In October 2009, the Company repaid the final $112,200,000 outstanding under its $330,000,000 unsecured term loan in advance of the January 2011 scheduled maturity date.

Also in October 2009, the Company effectively converted $300,000,000 principal of fixed rate unsecured notes with a weighted average maturity of approximately two years to floating rate debt at a weighted average interest rate of three month LIBOR plus 5.42%, through the execution of interest rate swaps.

In December 2009, the Company repaid a $33,615,000 variable rate secured note, pursuant to its scheduled maturity.

In February 2010, the Company repaid a $13,691,000 6.47% fixed rate secured note in advance of its March 2012 scheduled maturity date.

2010 Financial Outlook

Management considers several third party economic forecasts in setting operating expectations for 2010. Based on a composite view of these forecasts, management expects job growth to emerge in the second half of 2010. Growth in those age groups that have historically demonstrated a higher propensity to rent will continue to generate pent-up demand for rental housing, which may materialize as job markets improve. The for-sale housing market is expected to remain sluggish in most of the Company's markets during 2010. In addition, the level of new rental completions in the Company's markets is anticipated to decline during 2010 from 2009 levels.

The following presents the Company's financial outlook for 2010, the details of which are summarized on Attachments 15 and 16.

Projected EPS is expected to be within a range of $1.60 to $1.85 for the full year 2010.

The Company expects 2010 Projected FFO per share to be in the range of $3.60 to $3.85 as compared to $3.89 for the full year 2009, resulting in a decrease in Projected FFO per share of approximately 4% at the mid-point of the range.

For the first quarter of 2010, the Company expects projected EPS within a range of $1.06 to $1.12. The Company expects Projected FFO per share in the first quarter of 2010 within a range of $0.89 to $0.93.

The Company's 2010 financial outlook is based on a number of assumptions and estimates, which are provided on Attachment 15 of this release. The primary assumptions and estimates include the following:

Property Operations

- The Company expects a decline in Established Communities revenue of 3.0% to 4.5%.
- The Company expects a change in Established Communities operating expenses of (1.0%) to 1.0%.
- The Company expects a decline in Established Communities NOI within a range of 5.0% to 7.0%.

Development

- The Company currently has seven communities under development. During 2010, the Company expects to disburse approximately $375,000,000 related to these communities and expected acquisitions of land for future development.
- The Company expects to complete the development of one community during 2010 for an aggregate Total Capital Cost of approximately $77,400,000.
- The Company anticipates starting approximately $380,000,000 of new development during 2010, of which $125,000,000 is expected to be disbursed during 2010.

Dispositions

The Company expects gross sales proceeds from planned asset dispositions of approximately $190,000,000 in 2010, occurring in the early part of the year.

Capital Markets

The Company expects to issue new unsecured and secured debt, common stock or other forms of capital in 2010 totaling $200,000,000.

First Quarter 2010 Conference/Event Schedule

The Company expects to release its first quarter 2010 earnings on April 28, 2010 after the market closes. The Company expects to hold a conference call on April 29, 2010 at 1:00 PM EDT to discuss the first quarter 2010 results.

Management is scheduled to attend Citi's Global Property CEO Conference from Feb 28 - Mar 3, 2010. Management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; financial outlook and other business and financial matters affecting the Company. Details on how to access related materials will be available beginning February 5, 2010 on the Company's website at http://www.avalonbay.com/events.

Other Matters

The Company will hold a conference call on February 4, 2010 at 1:00 PM EST to review and answer questions about this release, its fourth quarter and full year results, the Attachments (described below) and related matters. To participate on the call, dial 1-877-510-2397 domestically and 1-763-416-6924 internationally.

To hear a replay of the call, which will be available from February 4, 2010 at 3:00 PM EST to February 11, 2010 at 11:59 PM EST, dial 1-800-642-1687 domestically and 1-706-645-9291 internationally, and use Access Code: 49801463.

A webcast of the conference call will also be available at http://www.avalonbay.com/earnings, and an on-line playback of the webcast will be available for at least 30 days following the call.

The Company produces Earnings Release Attachments (the "Attachments") that provide detailed information regarding operating, development, redevelopment, disposition and acquisition activity. These Attachments are considered a part of this earnings release and are available in full with this earnings release via the Company's website at http://www.avalonbay.com/earnings. To receive future press releases via e-mail, please submit a request through http://www.avalonbay.com/email.

About AvalonBay Communities, Inc.

As of December 31, 2009, the Company owned or held a direct or indirect ownership interest in 172 apartment communities containing 50,364 apartment homes in ten states and the District of Columbia, of which seven communities were under construction and seven communities were under reconstruction. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in high barrier to entry markets of the United States. More information may be found on the Company's website at http://www.avalonbay.com. For additional information, please contact John Christie, Senior Director of Investor Relations and Research at 1-703-317-4747 or Thomas J. Sargeant, Chief Financial Officer at 1-703-317-4635.

Forward-Looking Statements

This release, including its Attachments, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these forward-looking statements by the Company's use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters. Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of risks and uncertainties, which include the following: we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; changes in local employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; and increases in costs of materials, labor or other expenses may result in communities that we develop or redevelop failing to achieve expected profitability. Additional discussions of risks and uncertainties appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 under the headings "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected operating results for the first quarter and full year 2010. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

Definitions and Reconciliations

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and further explained on Attachment 17, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 17 is included in the full earnings release available at the Company's website at http://www.avalonbay.com/earnings.

FOURTH QUARTER 2009

Supplemental Operating and Financial Data

Avalon Blue Hills, located in Randolph, MA, contains 276 apartment homes and was completed in the fourth quarter of 2009 for a Total Capital Cost of $46.1 million. The community offers spacious apartments with scenic views, nearby shopping and easy access to Route 128.