Equity Residential (EQR)

Updated June 12th, 2026, by Kody Kester

Key Metrics

Current Price:	$67	**5 Year CAGR Estimate:**	8.3%	**Market Cap:**	$25.1B
Fair Value Price:	$70	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	06/23/26[1]
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	07/10/26[1]
Dividend Yield:	4.2%	**5 Year Price Target**	$85	**Years Of Dividend Growth:**	9
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Equity Residential (EQR) is a publicly traded real estate investment trust and member of the S&P 500 that owns, develops, and manages high-quality apartment communities across major U.S. metropolitan markets. The company operates a portfolio of approximately 312 rental properties comprising over 85,000 apartment units, with primary concentration in dynamic urban and suburban submarkets of Southern California, San Francisco, Washington D.C., New York, Seattle, and Boston. EQR also has targeted presence in high-growth markets, including Atlanta, Austin, Dallas/Fort Worth, and Denver. The company generates income primarily through leasing apartment communities to residents.

On April 28, 2026, EQR shared its earnings report for the first quarter ended March 31, 2026. The company's rental income grew by 2.5% year-over-year to $779.8 million during the quarter. That was powered by a 2.3% same store residential revenue growth rate over the year-ago period in the quarter. This was made possible by higher lease rates, higher ancillary income, vacancy improvements, and improvements in bad debt. EQR's normalized FFO per share grew by 4.2% year-over-year to $0.99 for the quarter. That beat the analyst consensus during the quarter by $0.03.

Three weeks later, EQR announced that it was planning a merger of equals with AvalonBay Communities (AVB) to create one of the country's leading real estate companies. Together, the two would have more than 180,000 rental apartments. Under the agreement (approved by the boards of both companies and pending shareholder approval), AVB shareholders will receive 2.793 shares of EQR for each share of AVB common stock owned. Upon closing, AVB shareholders will own 51.2%, and EQR shareholders will own 48.8% of the combined company on a fully diluted basis. The merger is expected to produce $175 million of gross synergies and $125 million of net synergies after real estate tax reassessments. Along with additional synergies from increased portfolio scale, the deal is expected to be accretive to shareholders of both companies. It's anticipated that the merger will be completed by the end of 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO/S	$3.09	$3.13	$3.25	$3.49	$3.26	$2.99	$3.52	$3.78	$3.89	$3.99	***$4.09***	***$4.98***
DPS	$2.06	$2.02	$2.12	$2.24	$2.38	$2.41	$2.48	$2.61	$2.69	$2.75	***$2.81***	***$3.26***
Shares[2]	365.9	368.0	369.4	371.7	372.3	375.5	378.4	379.3	379.5	377.8	***374.7***	***800.0***

Since 2016, EQR's normalized FFO per share has grown by roughly 3% annually. In recent years, normalized FFO per share has compounded at a 6%+ CAGR. Moving forward, we think that EQR has a clear path to 4% annual normalized FFO per share growth through 2031, of an anticipated 2026 base of $4.09. Continued rent growth, synergies from the merger, and investments in further improving tech-enabled efficiency will be the driving factors behind realizing this growth. Of note, the share count will be meaningfully higher from the merger of equals and incremental share issuances beyond that point.

[1] Estimated dates based on past dividend dates

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/FFO	20.8	20.4	20.4	23.2	18.2	30.3	16.8	16.2	18.2	15.5	***16.4***	***17.0***
Avg. Yld.	3.2%	3.2%	3.2%	2.8%	4.0%	2.7%	4.2%	4.3%	3.8%	4.4%	***4.2%***	***3.9%***

Over the past decade, EQR's shares have traded at a P/FFO ratio as low as the mid-teens to as much as the low-30s. The average P/FFO ratio over that time was roughly 20. Facing a higher interest rate environment, we believe that this headwind will act as a lid on EQR's fair value. This is why we think a realistic fair value multiple moving forward is now around 17. Compared to the current-year P/FFO ratio of 16.4, this suggests shares are trading near fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	67%	65%	65%	64%	73%	81%	70%	69%	69%	69%	***69%***	***65%***

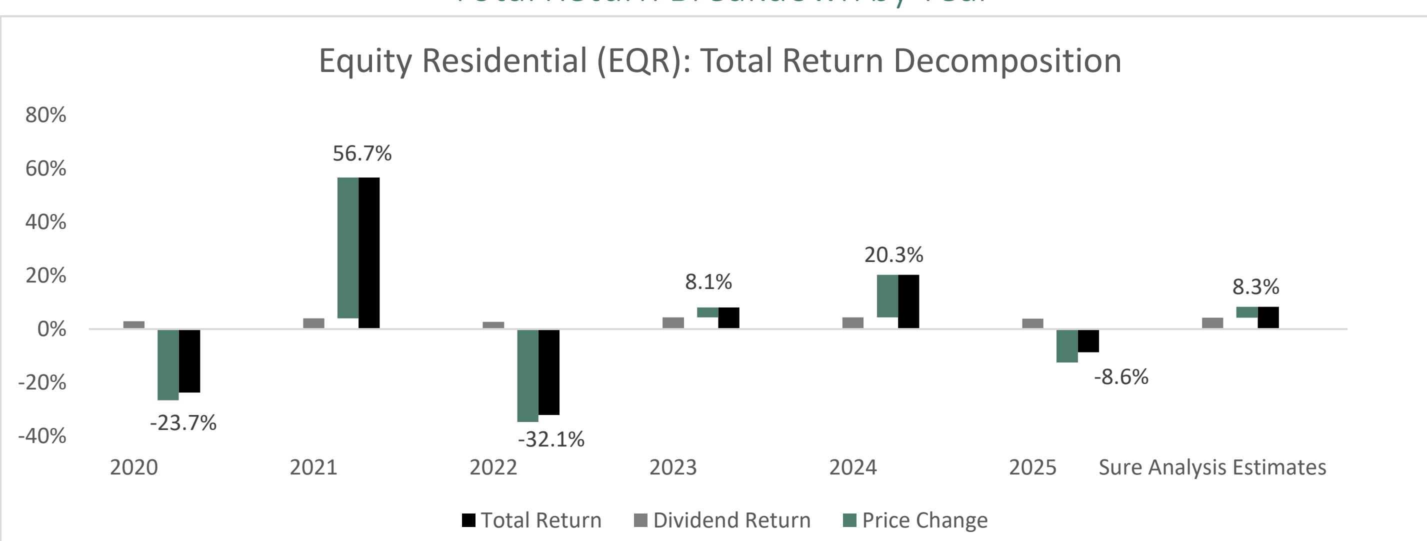
EQR's core competitive advantage is its focus on coastal gateway markets, such as New York, Boston, Washington D.C., Southern California, San Francisco, and Seattle. Strict zoning laws and land scarcity make it difficult for new competitors to add meaningful supply, which protects EQR's existing pricing power. The company's size and scale also lower the cost-to-serve per unit, while its extensive technology provides data-driven insights. This helps EQR to optimize pricing, marketing, and capital allocation. Then, there's the fact that EQR's demographic of affluent and educated professionals leads to low turnover rates, which reduces the costs associated with preparing units for new tenants.

EQR is financially stable, too, with a net debt to normalized EBITDAre of just 4.3x. The company enjoys an A- S&P credit rating with a positive outlook and an A3 Moody's credit rating (A- equivalent) with a stable outlook. EQR's dividend payout ratio is sustainable, with the payout ratio likely to be in the high-60% range in 2026. The knocks against it are that it cut its dividend during the Great Recession and, within the last decade, when it was divesting non-core properties. The dividend growth rate is also likely to be modest, which is what produces the F grade for the Dividend Risk Score.

Final Thoughts & Recommendation

EQR's 4.2% dividend yield, 4.0% annual normalized FFO per share growth prospects, and 0.7% annual valuation multiple upside could deliver 8.3% annualized total returns through 2031. This is why we're reiterating our Hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,418	2,463	2,570	2,689	2,529	2,433	2,709	2,836	2,947	3,064
Gross Profit	903	889	900	949	792	645	856	913	915	905
Gross Margin	37.3%	36.1%	35.0%	35.3%	31.3%	26.5%	31.6%	32.2%	31.0%	29.5%
D&A Exp.	706	744	786	843	833	852	894	902	967	1,023
Operating Profit	845	837	846	909	786	620	812	878	872	870
Operating Margin	34.9%	34.0%	32.9%	33.8%	31.1%	25.5%	30.0%	31.0%	29.6%	28.4%
Net Profit	4,480	628	685	1,010	963	1,397	807	868	1,071	1,152
Net Margin	185%	25.5%	26.7%	37.6%	38.1%	57.4%	29.8%	30.6%	36.3%	37.6%
Free Cash Flow	884	1,036	1,157	1,345	1,101	1,093	1,223	1,199	1,256	1,304
Income Tax	2	0	1	(2)	1	1	1	1	1	2

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	20,704	20,571	20,394	21,173	20,287	21,169	20,218	20,035	20,834	20,746
Cash & Equivalents	77	51	47	46	43	124	54	51	62	56
Total Liabilities	9,801	9,730	9,615	10,165	9,184	9,483	8,517	8,456	9,250	9,337
Long-Term Debt	8,990	8,960	8,820	9,368	8,373	8,654	8,043	7,702	8,427	8,784
Shareholder's Equity	10,192	10,205	10,136	10,278	10,488	10,918	11,136	11,049	11,027	11,024
LTD/E Ratio	0.88	0.87	0.87	0.91	0.80	0.79	0.72	0.69	0.76	0.80

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	20.4%	3.0%	3.3%	4.9%	4.6%	6.7%	3.9%	4.3%	5.2%	5.5%
Return on Equity	40.4%	5.8%	6.3%	9.3%	8.7%	12.3%	6.9%	7.5%	9.2%	10.0%
ROIC	21.3%	3.2%	3.5%	5.1%	4.8%	7.0%	4.0%	4.5%	5.5%	5.7%
Shares Out.	367.1	368.2	369.9	372.0	372.7	375.9	378.6	379.6	379.7	374.0
Revenue/Share	6.62	6.71	6.70	6.96	6.55	6.27	6.96	7.25	7.54	7.85
FCF/Share	2.42	2.82	3.02	3.48	2.85	2.82	3.14	3.07	3.22	3.34

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.