ESSEX
PROPERTY TRUST, INC.

ESSEX ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2018 RESULTS AND 2019 GUIDANCE

San Mateo, California—January 30, 2019—Essex Property Trust, Inc. (NYSE:ESS) announced today its fourth quarter and full-year 2018 earnings results and related business activities.

Net Income and Funds from Operations ("FFO") per diluted share for the quarter ended and year ended December 31, 2018 are detailed below.

	Three Months Ended December 31,		%	Year Ended December 31,		%
	2018	2017	Change	**2018**	2017	Change
Per Diluted Share						
Net Income	**$1.78**	$1.57	13.4%	**$5.90**	$6.57	-10.2%
Total FFO	**$3.02**	$3.01	0.3%	**$12.76**	$11.91	7.1%
Core FFO	**$3.19**	$3.01	6.0%	**$12.57**	$11.91	5.5%

Fourth Quarter and Full-Year Highlights:

- Reported Net Income per diluted share for the fourth quarter of 2018 of $1.78, compared to $1.57 in the fourth quarter of 2017. The increase was primarily due to gain on sale of real estate during the current quarter.
- Grew Core FFO per diluted share by 6.0% compared to the fourth quarter of 2017 and 5.5% for the full-year 2018.
- Achieved same-property gross revenue and net operating income ("NOI") growth of 2.9% and 2.5%, respectively, compared to the fourth quarter of 2017. For the full-year, achieved same-property gross revenue and NOI growth of 2.8% and 2.9%, respectively.
- Sold three communities during the fourth quarter of 2018 for a total contract price of $285.3 million. For the full-year, the Company sold four communities for a total contract price of $417.3 million.
- Committed $57.6 million in three preferred equity and subordinated debt investments for the full-year 2018.
- Repurchased $47.5 million in common stock under the stock buyback program during the fourth quarter of 2018 and $51.2 million for the full-year 2018.

"We continued to produce favorable results in the fourth quarter and full-year 2018, reflecting an improving economy and a stable operating environment in our West Coast markets. We expect these conditions to continue into 2019, leading once again to market rent growth near long-term averages. Solid job growth and higher income growth rates underlie our belief that housing affordability pressures are slowly abating, improving our outlook longer term" commented Michael Schall, President and CEO of the Company.

SAME-PROPERTY OPERATIONS

Same-property operating results exclude any properties that are not comparable for the periods presented. The table below illustrates the percentage change in same-property gross revenues for the quarter ended December 31, 2018 compared to the quarter ended December 31, 2017, and the sequential percentage change for the quarter ended December 31, 2018 compared to the quarter ended September 30, 2018, by submarket for the Company:

	Q4 2018 vs. Q4 2017	Q4 2018 vs. Q3 2018	% of Total
	Gross Revenues	Gross Revenues	Q4 2018 Revenues
Southern California			
Los Angeles County	3.2%	1.0%	19.7%
Orange County	2.1%	0.8%	11.3%
San Diego County	3.2%	0.3%	8.8%
Ventura County	3.5%	0.8%	4.5%
Other Southern California	4.5%	-0.1%	0.5%
Total Southern California	**3.0%**	**0.8%**	**44.8%**
Northern California			
Santa Clara County	3.2%	0.9%	15.8%
Alameda County	2.6%	0.7%	7.1%
San Mateo County	4.2%	0.4%	5.1%
Contra Costa County	1.7%	0.6%	5.0%
San Francisco	1.9%	1.2%	3.4%
Other Northern California	3.0%	10.3%	0.3%
Total Northern California	**2.9%**	**0.8%**	**36.7%**
Seattle Metro	**2.5%**	**0.9%**	**18.5%**
Same-Property Portfolio	**2.9%**	**0.8%**	**100%**

	Year-Over-Year Growth Q4 2018 compared to Q4 2017			Year-Over-Year Growth YTD 2018 compared to YTD 2017		
	Gross Revenues	Operating Expenses	NOI	Gross Revenues	Operating Expenses	NOI
Southern California	3.0%	2.6%	3.1%	3.1%	2.4%	3.3%
Northern California	2.9%	5.1%	2.1%	2.4%	1.4%	2.8%
Seattle Metro	2.5%	4.4%	1.7%	2.9%	5.2%	1.9%
Same-Property Portfolio	**2.9%**	**3.8%**	**2.5%**	**2.8%**	**2.6%**	**2.9%**

	Sequential Growth Q4 2018 compared to Q3 2018		
	Gross Revenues	Operating Expenses	NOI
Southern California	0.8%	-0.1%	1.1%
Northern California	0.8%	4.3%	-0.4%
Seattle Metro	0.9%	-1.4%	2.0%
Same-Property Portfolio	**0.8%**	**1.1%**	**0.7%**

	Financial Occupancies		
	Quarter Ended		
	12/31/2018	**9/30/2018**	**12/31/2017**
Southern California	96.7%	96.5%	96.9%
Northern California	96.9%	96.3%	96.9%
Seattle Metro	96.7%	96.1%	96.4%
Same-Property Portfolio	**96.8%**	**96.4%**	**96.8%**

INVESTMENT ACTIVITY

In October 2018, Wesco V, LLC (“Wesco V”), one of the Company’s joint ventures, acquired Meridian at Midtown in San Jose, CA for a total contract price of $104.0 million. As part of the transaction, Wesco V assumed a $69.9 million loan with an effective interest rate of 4.5% and a maturity date in 2026. Meridian was built in 2015 and comprises 218 apartment homes near downtown San Jose. The Company had a preferred equity investment in Meridian, which was repaid in 2015.

In December, the Company purchased its joint venture partner’s 49.9% interest in Marquis, a 166 unit apartment community located in San Jose, CA for a pro rata contract price of $35.4 million. The property is encumbered by a mortgage totaling $45.8 million. Upon consolidation of this property, the Company recorded a $1.3 million gain to remeasure the Company’s investment in the joint venture to fair value. The gain is not included in the calculation of FFO.

DISPOSITIONS

In November, the Company sold two communities located in Chino Hills, CA that were owned as part of the co-investment platform, in which Essex has a 50% ownership interest. Enclave at Town Square, a 31-year old community containing 124 apartment homes, which was owned by BEXAEW, LLC, was sold for a total contract price of $30.5 million. The Summit, a 29-year old community containing 125 apartment homes, which was owned by Wesco III, LLC, was sold for a total contract price of $34.8 million. Total gain on sale was $10.6 million, which has been excluded from the calculation of FFO.

In December, the Company sold its 8th and Hope apartment community for a total contract price of $220.0 million, representing $739,000 per apartment home. The property contains 290 luxury apartment homes and approximately 5,900 sq. ft. of retail space located in downtown Los Angeles, CA. Essex acquired 8th and Hope in 2015 for a total contract price of $200.0 million. Total gain on sale was $39.6 million, which has been excluded from the calculation of FFO. Michael Schall, President and CEO of the Company commented, "We were able to opportunistically sell our 8th and Hope community in downtown Los Angeles at an attractive cap rate. Given the market volatility in the fourth quarter, we used the proceeds to repurchase stock at a discount to net asset value and paydown debt."

OTHER INVESTMENTS

During the fourth quarter of 2018, the Company originated a $12.5 million subordinated loan on a multifamily development located in Vista, CA. The funding for this investment is expected to occur over nine months in 2019. The subordinated loan has a 9.9% interest rate and matures in 2021.

LIQUIDITY AND BALANCE SHEET

Common Stock

During the fourth quarter of 2018, the Company repurchased 193,649 shares of its common stock totaling $47.5 million, including commissions, at an average price of $245.08 per share. For the full-year, the Company repurchased 210,483 shares of common stock totaling $51.2 million, including commissions, at an average price of $243.40 per share.

Subsequent to quarter end through January 28, 2019, the Company repurchased 234,061 shares of common stock totaling $57.0 million, including commissions, at an average price of $243.48 per share. As of January 28, 2019, the Company had $140.7 million of purchase authority remaining under the stock repurchase program.

In 2018, the Company did not issue any shares of common stock through its equity distribution program.

Balance Sheet

In January 2019, the Company extended the maturity date of its $1.2 billion unsecured line of credit facility to mature in December 2022 with one 18-month extension, exercisable at the Company's option. The pricing on the line of credit is LIBOR + 0.825%, a reduction of 0.05% from prior pricing.

As of January 28, 2019, the Company had approximately $1.2 billion in undrawn capacity on its unsecured credit facilities.

2019 Full-Year Guidance and Assumptions

Per Diluted Share	Range
Net Income	$4.81 - $5.21
Total FFO	$12.82 - $13.22
Core FFO	$12.83 - $13.23
U.S. Economic Assumptions	
GDP Growth	2.5%
Job Growth	1.3%
ESS Markets Economic Assumptions	
Job Growth	1.8%
Market Rent Growth	3.1%
Estimated Same-Property Portfolio Growth based on 47,902 Apartment Homes	
Southern California	2.5% to 3.5%
Northern California	2.6% to 3.6%
Seattle	2.3% to 3.3%
Gross Revenue	**2.5% to 3.5%**
Operating Expense	**2.5% to 3.5%**
Net Operating Income	**2.1% to 3.9%**

OTHER KEY ASSUMPTIONS

- Acquisitions of $200 - $400 million.
- Dispositions of $300 - $500 million.
- Preferred equity investments of $50 - $100 million.
- Total development spending in 2019 for existing projects under construction is expected to be approximately $250 million at the Company's pro rata share. The Company does not currently plan to start any new developments during 2019.
- Revenue generating capital expenditures are expected to be approximately $80 million at the Company's pro rata share.
- The repayment of $887 million of secured and unsecured debt that originally matures in 2019 and 2020 with a weighted average effective rate of 4.1%.

For additional details regarding the 2019 assumptions, please see page S-14 of the accompanying supplemental financial information. For the first quarter of 2019, the Company has established a guidance range of Core FFO per diluted share of $3.14 to $3.24.

CONFERENCE CALL WITH MANAGEMENT

The Company will host an earnings conference call with management to discuss its quarterly results on Thursday, January 31, 2019 at 10 a.m. PT (1 p.m. ET), which will be broadcast live via the Internet at www.essex.com, and accessible via phone by dialing toll-free, (877) 407-0784, or toll/international, (201) 689-8560. No passcode is necessary.

A rebroadcast of the call will be available online for 30 days and digitally for 7 days. To access the replay online, go to www.essex.com and select the fourth quarter 2018 earnings link. To access the replay digitally, dial (844) 512-2921 using the replay pin number 13685822. If you are unable to access the information via the Company's website, please contact the Investor Relations Department at investors@essex.com or by calling (650) 655-7800.

CORPORATE PROFILE

Essex Property Trust, Inc., an S&P 500 company, is a fully integrated real estate investment trust (REIT) that acquires, develops, redevelops, and manages multifamily residential properties in selected West Coast markets. Essex currently has ownership interests in 245 apartment communities with an additional 6 properties in various stages of active development. Additional information about Essex can be found on the Company's website at www.essex.com.

This press release and accompanying supplemental financial information will be furnished to the Securities and Exchange Commission electronically on Form 8-K and can be accessed from the Company's website at www.essex.com. If you are unable to obtain the information via the Web, please contact the Investor Relations Department at (650) 655-7800.

FFO RECONCILIATION

FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), is generally considered by industry analysts as an appropriate measure of performance of an equity REIT. Generally, FFO adjusts the net income of equity REITs for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains on sales of real estate and extraordinary items. Management considers FFO and FFO which excludes non-core items, which is referred to as "Core FFO," to be useful supplemental operating performance measures of an equity REIT because, together with net income and cash flows, FFO and Core FFO provide investors with additional bases to evaluate the operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and to pay dividends. By excluding gains or losses related to sales of depreciated operating properties and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help investors compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered part of the Company's core business operations, Core FFO allows investors to compare the core operating performance of the Company to its performance in prior reporting periods and to the operating performance of other real estate companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company's actual operating results.

FFO and Core FFO do not represent net income or cash flows from operations as defined by U.S. generally accepted accounting principles ("GAAP") and are not intended to indicate whether cash flows will be sufficient to fund cash needs. These measures should not be considered as alternatives to net income as an indicator of the REIT's operating performance or to cash flows as a measure of liquidity. FFO and Core FFO do not measure whether cash flow is sufficient to fund all cash needs including principal amortization, capital improvements and distributions to stockholders. FFO and Core FFO also do not represent cash flows generated from operating, investing or financing activities as defined under GAAP. Management has consistently applied the NAREIT definition of FFO to all periods presented. However, there is judgment involved and other REITs' calculation of FFO may vary from the NAREIT definition for this measure, and thus their disclosures of FFO may not be comparable to the Company's calculation.

The following table sets forth the Company’s calculation of diluted FFO and Core FFO for the three months and years ended December 31, 2018 and 2017 (in thousands, except for share and per share amounts):

Funds from Operations attributable to common stockholders and unitholders	Three Months Ended December 31, **2018**	Three Months Ended December 31, 2017	Year Ended December 31, **2018**	Year Ended December 31, 2017
Net income available to common stockholders	**$ 117,820**	$ 103,613	**$ 390,153**	$ 433,059
Adjustments:				
Depreciation and amortization	**120,597**	117,988	**479,884**	468,881
Gains not included in FFO	**(51,439)**	(34,779)	**(73,683)**	(159,901)
Depreciation and amortization from unconsolidated co-investments	**15,609**	15,196	**62,954**	55,531
Noncontrolling interest related to Operating Partnership units	**4,071**	3,536	**13,452**	14,825
Depreciation attributable to third party ownership and other	**(241)**	(212)	**(940)**	(286)
Funds from Operations attributable to common stockholders and unitholders	**$ 206,417**	$ 205,342	**$ 871,820**	$ 812,109
FFO per share – diluted	**$ 3.02**	$ 3.01	**$ 12.76**	$ 11.91
Expensed acquisition and investment related costs	**$ 38**	$ 415	**$ 194**	$ 1,569
Gain on sale of marketable securities	**(68)**	(259)	**(737)**	(1,909)
Unrealized losses on marketable securities	**5,585**	-	**5,159**	-
Interest rate hedge ineffectiveness (1)	**87**	(59)	**148**	(78)
Loss on early retirement of debt	**-**	1,796	**-**	1,796
Gain on early retirement of debt from unconsolidated co-investment	**-**	-	**(3,662)**	-
Co-investment promote income	**-**	-	**(20,541)**	-
Income from early redemption of preferred equity investments	**(50)**	(100)	**(1,652)**	(356)
General and administrative and other, net	**6,171**	(1,418)	**8,745**	(1,083)
Insurance reimbursements and legal settlements, net	**-**	-	**(561)**	(25)
Core Funds from Operations attributable to common stockholders and unitholders	**$ 218,180**	$ 205,717	**$ 858,913**	$ 812,023
Core FFO per share – diluted	**$ 3.19**	$ 3.01	**$ 12.57**	$ 11.91
Weighted average number of shares outstanding diluted (2)	**68,322,115**	68,321,214	**68,322,207**	68,194,472

(1) Interest rate swaps are generally adjusted to fair value through other comprehensive income (loss). However, because certain of our interest rate swaps do not have a 0% LIBOR floor, while related hedged debt in these cases is subject to a 0% LIBOR floor, the portion of the change in fair value of these interest rate swaps attributable to this mismatch, if any, is recorded as noncash interest rate hedge ineffectiveness through interest expense.

(2) Assumes conversion of all outstanding limited partnership units in Essex Portfolio, L.P. (the “Operating Partnership”) into shares of the Company’s common stock and excludes all DownREIT limited partnership units for which the Operating Partnership has the ability and intention to redeem the units for cash and does not consider them to be common stock equivalents.

NOI AND SAME-PROPERTY NOI RECONCILIATIONS

NOI and Same-Property NOI are considered by management to be important supplemental performance measures to earnings from operations included in the Company's condensed consolidated statements of income. The presentation of same-property NOI assists with the presentation of the Company's operations prior to the allocation of depreciation and any corporate-level or financing-related costs. NOI reflects the operating performance of a community and allows for an easy comparison of the operating performance of individual communities or groups of communities. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impacts to overhead by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or group of assets. The Company defines same-property NOI as same-property revenue less same-property operating expenses, including property taxes. Please see the reconciliation of earnings from operations to NOI and same-property NOI, which in the table below is the NOI for stabilized properties consolidated by the Company for the periods presented (dollars in thousands):

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	**2018**	2017
Earnings from operations	**$ 109,412**	$ 112,375	**$ 450,128**	$ 446,522
Adjustments:				
Corporate-level property management expenses	**7,749**	7,552	**31,062**	30,156
Depreciation and amortization	**120,597**	117,988	**479,884**	468,881
Management and other fees from affiliates	**(2,371)**	(2,647)	**(9,183)**	(9,574)
General and administrative	**16,912**	10,659	**53,451**	41,385
Expensed acquisition and investment related costs	**38**	415	**194**	1,569
NOI	**252,337**	246,342	**1,005,536**	978,939
Less: Non-same property NOI	**(20,140)**	(19,796)	**(82,998)**	(82,177)
Same-Property NOI	**$ 232,197**	$ 226,546	**$ 922,538**	$ 896,762

SAFE HARBOR STATEMENT UNDER THE PRIVATE LITIGATION REFORM ACT OF 1995:

This press release includes "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. Forward-looking statements are statements which are not historical facts, including statements regarding the Company's expectations, estimates, assumptions, hopes, intentions, beliefs and strategies regarding the future. Words such as "expects," "assumes," "anticipates," "may," "will," "intends," "plans," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, among other things, statements regarding the Company's intent, beliefs or expectations with respect to the timing of completion of current development and redevelopment projects and the stabilization of such projects, the timing of lease-up and occupancy of its apartment communities, the anticipated operating performance of its apartment communities, the total projected costs of development and redevelopment projects, co-investment activities, qualification as a REIT under the Internal Revenue Code, the real estate markets in the geographies in which the Company's properties are located and in the United States in general, the adequacy of future cash flows to meet anticipated cash needs, its financing activities and the use of proceeds from such activities, the availability of debt and equity financing, general economic conditions including the potential impacts from the economic conditions, trends affecting the Company's financial condition or results of operations, changes to U.S. tax laws and regulations in general or specifically related to REITs or real estate, changes to laws and regulations in jurisdictions in which communities the Company owns are located, and other information that is not historical information.

While the Company's management believes the assumptions underlying its forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect the Company's current expectations of the approximate outcomes of the matters discussed. Factors that might cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, the following: the Company may fail to achieve its business objectives; the actual completion of development and redevelopment projects may be subject to delays; the stabilization dates of such projects may be delayed; the Company may abandon or defer development projects for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development, increases in the cost of capital or lack of capital availability, resulting in losses; the total projected costs of current development and redevelopment projects may exceed expectations; such development and redevelopment projects may not be completed; development and redevelopment projects and acquisitions may fail to meet expectations; estimates of future income from an acquired property may prove to be inaccurate; occupancy rates and rental demand may be adversely affected by competition and local economic and market conditions; there may be increased interest rates and operating costs; the Company may be unsuccessful in the management of its relationships with its co-investment partners; future cash flows may be inadequate to meet operating requirements and/or may be insufficient to provide for dividend payments in accordance with REIT requirements; there may be a downturn in general economic conditions, the real estate industry, and the markets in which the Company's communities are located; changes in laws or regulations; the terms of any refinancing may not be as favorable as the terms of existing indebtedness; and those risks, special considerations, and other factors referred to in the Company's annual report on Form 10-K, quarterly reports on form 10-Q, and other reports that the Company files with the SEC from time to time. All forward-looking statements are made as of the date hereof, the Company assumes no obligation to update or supplement this information for any reason, and therefore, they may not represent the Company's estimates and assumptions after the date of this press release.

DEFINITIONS AND RECONCILIATIONS

Non-GAAP financial measures and certain other capitalized terms, as used in this earnings release, are defined and further explained on pages S-17.1 through S-17.4, "Reconciliations of Non-GAAP Financial Measures and Other Terms," of the accompanying supplemental financial information. The supplemental financial information is available on the Company's website at www.essex.com.

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