CAMDEN PROPERTY TRUST
Form 10-K
February 22, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 1-12110

CAMDEN PROPERTY TRUST

(Exact name of registrant as specified in its charter)

Texas	**76-6088377**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3 Greenway Plaza, Suite 1300 Houston, Texas	**77046**
(Address of principle executive offices)	(Zip Code)

Registrant s telephone number, including area code: (713) 354-2500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares of Beneficial Interest, $.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No þ

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicated by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in the Rule 12b-2 of the Exchange Act).

Yes o No þ

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was $3,449,575,611 based on a June 30, 2007 share price of $66.97.

On February 15, 2008, the number of outstanding common shares of the registrant s was 52,693,750 (net of 12,828,468 treasury shares).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement in connection with its Annual Meeting of Shareholders to be held May 6, 2008 are incorporated by reference in Part III.

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PART I

Item 1. Business

General Development of Business

Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust (REIT), is engaged in the ownership, development, construction and management of multifamily apartment communities. Our multifamily apartment communities are referred to as communities, multifamily communities, properties, or multifamily properti in the following discussion.

Our executive offices are located at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046 and our telephone number is (713) 354-2500. Our website is located at www.camdenliving.com. On our website, we make available free of charge our annual, quarterly and current reports, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the SEC). We also make available, free of charge on our website, our Guidelines on Governance, Code of Business Conduct and Ethics, Code of Ethical Conduct for Senior Financial Officers and the charters of each of our Audit, Compensation, Nominating and Corporate Governance Committees. This information is also available in print free of charge to any person who requests it by contacting us at Camden Property Trust, 3 Greenway Plaza, Suite 1300, Houston, Texas 77046, attention: Investor Relations.

Our annual, quarterly and current reports, proxy statements and other information are electronically filed with the SEC. You may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE., Washington, D.C. 20549. Please contact the SEC at 1-800-SEC-0330 for further information about the operation of the SEC s Public Reference Room. The SEC also maintains a website at www.sec.gov which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Financial Information about Segments

We are engaged in the ownership, development, construction and management of multifamily apartment communities. As each of our apartment communities has similar economic characteristics, residents, and products and services, our operations have been aggregated into one reportable segment. See our consolidated financial statements and notes included thereto in Item 15 of this Annual Report on Form 10-K for certain information required by Item 1.

Narrative Description of Business

As of December 31, 2007, we owned interests in, operated or were developing 193 multifamily properties comprising 66,468 apartment homes located in 13 states. We had 3,383 apartment homes under development at 11 of our multifamily properties, including 1,257 apartment homes at four multifamily properties owned through joint ventures and several sites we intend to develop into multifamily apartment communities. Additionally, two properties comprised of 391 apartment homes were designated as held for sale.

Operating Strategy

We believe producing consistent earnings growth through property operations, development and acquisitions, achieving market balance and recycling capital are crucial factors to our success. We rely heavily on our sophisticated property management capabilities and innovative operating strategies to produce consistent earnings growth.

Real Estate Investments and Market Balance. We believe we are well positioned in our current markets and have the expertise to take advantage of opportunities in new markets which have healthy long-term fundamentals and strong growth projections. These capabilities, combined with what we believe is a conservative financial structure, allow us to concentrate our growth efforts toward selective opportunities to achieve our strategy of having a geographically and physically diverse portfolio of assets which meet the requirements of our residents.

We continue to operate in our core markets in which we believe we have an advantage due to economies of scale. We feel, where possible, it is best to operate with a strong base of properties in order to benefit from the personnel allocation and the market strength associated with managing several properties in the same market. However, consistent with our goal of generating consistent earnings growth, we intend to selectively dispose of properties and redeploy capital if we determine a property cannot meet long-term earnings growth expectations.

We believe we have a strong development pipeline, and we expect selective development of new apartment properties will continue to be important to the growth of our portfolio for the next several years. We use experienced on-site construction superintendents, operating under the supervision of project managers and senior management, to control the construction process. Risks inherent to developing real estate include zoning changes, environmental matters and changes in economic conditions during the development process. See further discussion of risks associated with development and construction in our Risk Factors section.

We typically make physical improvements at our acquired properties, such as new or enhanced landscaping design, new or upgraded amenities and redesigned building structures, which, coupled with a strong focus on property management, branding and marketing, have resulted in attractive yields on acquired properties.

Our expertise in development and redevelopment allow us to selectively acquire apartment communities. In the fourth quarter of 2007, we had the first closing of our discretionary investment vehicle, which during its investment period (ending no later than December 2011) will be our exclusive vehicle for acquiring apartment communities, subject to certain exceptions. Over the next several years, we expect to increase our acquisition activity through the discretionary investment vehicle, focusing on communities in our markets that can benefit from redevelopment, repositioning or market cycle opportunities. Please review the Risk Factors section for a discussion of risks associated with acquisitions and our discretionary investment vehicle.

Sophisticated Property Management. We believe the depth of our organization enables us to deliver quality services, promote resident satisfaction and improve resident retention, thereby reducing operating expenses. We manage our properties utilizing a staff of professionals and support personnel, including certified property managers, experienced apartment managers and leasing agents, and trained apartment maintenance technicians. Our on-site personnel are trained to deliver high quality services to their residents. We strive to motivate our on-site employees through incentive compensation arrangements based upon operational results produced at their property, rental rate increases and level of lease renewals achieved.

Operations. We believe an intense focus on operations is necessary to realize consistent, sustained earnings growth. Ensuring resident satisfaction, increasing rents as market conditions allow, maximizing rent collections, maintaining property occupancy at optimal levels and controlling operating costs comprise our principal strategies to maximize property net operating income. We believe our web-based property management and revenue management systems strengthen on-site operations and allow us to quickly adjust rental rates as local market conditions change. Lease terms are generally staggered based on vacancy exposure by apartment type so lease expirations are matched to each property s seasonal rental patterns. We generally offer leases ranging from six to fifteen months, with individual property marketing plans structured to respond to local market conditions. In addition, we conduct ongoing customer service surveys to ensure timely response to residents changing needs and a high level of satisfaction.

Investments in Joint Ventures. We have entered into, and may continue in the future to enter into, joint ventures (including limited liability companies) or partnerships through which we would own an indirect economic interest in less than 100% of the community or communities owned directly by the joint venture or partnership. Our decision whether to hold the entire interest in an apartment community ourselves, or to have an indirect interest in the community through a joint venture or partnership, is based on a variety of factors and considerations, including: (i) our projection, in some circumstances, we will achieve higher returns on our invested capital or reduce our risk if a joint venture or partnership vehicle is used; (ii) our desire to diversify our portfolio of communities by market; (iii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) the economic and tax terms required by a seller of land or of a community, who may prefer or who may require less payment if the land or community is contributed to a joint venture or partnership. Investments in joint ventures or partnerships are not limited to a specified percentage of our assets. Each joint venture or partnership agreement is individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited

to varying degrees depending on the terms of the joint venture or partnership agreement.

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We have formed the Camden Multifamily Value Add Fund, L.P., (the Fund), a discretionary investment vehicle to make direct and indirect investments in multifamily real estate throughout the United States, primarily through acquisitions of operating properties and certain land parcels which we will contribute to the Fund for development. The Fund will serve, until the earlier of (i) four years from the date of the final closing of the Fund or (ii) such time as 90% of the Fund s committed capital is invested, as the exclusive vehicle through which we will acquire fully-developed multifamily properties, subject to certain exceptions. These exceptions include properties acquired in tax-deferred transactions, follow-on investments made with respect to prior investments, significant transactions which include the issuance of our securities, significant individual asset and portfolio acquisitions, significant merger and acquisition activities, acquisitions which are inadvisable or inappropriate for the Fund, transactions with our existing ventures, contributions or sales of properties to or entities in which we remain an investor and transactions approved by the Fund s advisory board. The Fund will not restrict our development activities and will terminate after a term of eight years from the final closing, subject to two one-year extensions. As of December 31, 2007, we have acquired two communities with the intent of being owned by the Fund, but which are currently consolidated and included in our operating results. We are currently targeting acquisitions for the Fund where value creation opportunities are present through one or more of the following: redevelopment activities, market cycle opportunities or improved property operations. We expect the Fund to have equity commitments of up to $300 million, and the ability to employ leverage through debt financings up to 70% on a stabilized portfolio basis, which would enable the Fund to invest up to approximately $1 billion. One of our wholly-owned subsidiaries is the general partner of the Fund, and we have committed 20% of the total equity of the Fund, up to $60 million. We have received commitments from an unaffiliated investor of $150 million as of December 31, 2007. We expect the final closing of the Fund to occur during 2008. There can be no assurance as to the timing of such closing, the size or investment performance of the Fund.

Competition

There are numerous housing alternatives which compete with our properties in attracting residents. Our properties compete directly with other multifamily properties as well as condominiums and single family homes which are available for rent or purchase in the markets in which our properties are located. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired property, as well as on the rents charged.

Employees

At December 31, 2007, we had approximately 1,900 employees, including executive, administrative and community personnel.

Qualification as a Real Estate Investment Trust

As of December 31, 2007, we met the qualification of a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the Code). As a result, we, with the exception of our taxable REIT subsidiaries, will not be subject to federal income tax to the extent we meet certain requirements of the Code.

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Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks. Please note additional risks not presently known to us or which we currently consider immaterial may also impair our business and operations.

Risks Associated with Real Estate

Unfavorable changes in economic conditions could adversely impact occupancy or rental rates.

Economic conditions may significantly affect apartment home occupancy or rental rates. Occupancy and rental rates in the markets in which we operate, in turn, may have a material adverse impact on our cash flows and operating results. The risks which may affect conditions in these markets include the following:

- changes in the national, regional and local economic climates;
- local conditions, such as an oversupply of apartments or other housing available for rent, or a reduction in demand for apartments in the area;
- a future economic downturn which simultaneously effects more than one of our geographical markets; and
- increased operating costs, if these costs cannot be passed through to residents.

National, regional and local economic climates may be adversely affected should population or job growth continue to slow. Certain of the markets in which we operate have recently experienced a decrease in job growth. To the extent this worsens, market rental rates will likely be adversely affected. We could also face challenges of adequately managing and maintaining our properties due to increasing operating costs associated with resident turnover and other factors. As a result, we may experience a decrease in rental revenues, which may adversely affect our results of operations and our ability to satisfy our financial obligations and to pay distributions to shareholders.

Difficulties of selling real estate could limit our flexibility.

Real estate investments generally cannot be disposed of quickly, especially when market conditions are poor. This may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. In addition, in order to maintain our status as a REIT, the Code imposes restrictions on our ability to sell properties held fewer than four years, which may cause us to incur losses thereby reducing our cash flows and adversely impacting distributions to shareholders.

Compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial cost.

The Americans with Disabilities Act (ADA), the Fair Housing Amendments Act of 1988 (FHAA), and other federal, state and local laws generally require public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing properties. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features which increase our construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on us with respect to improved access by disabled persons. We may incur unanticipated expenses that may be material to our financial condition or results of operations to comply with ADA, FHAA, and other federal, state and local laws, or in connection with lawsuits brought by private litigants.

Competition could limit our ability to lease apartments or increase or maintain rental income.

There are numerous housing alternatives which compete with our properties in attracting residents. Our properties compete directly with other multifamily properties as well as condominiums and single family homes which are available for rent or purchase in the markets in which our properties are located. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired property, as well as on the rents charged.

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Risks Associated with Our Operations

Development and construction risks could impact our profitability.

We intend to continue to develop and construct multifamily apartment communities for our property portfolio. Our development and construction activities may be exposed to a number of risks which may increase our construction costs including the following:

- inability to obtain, or delays in obtaining, necessary zoning, land-use, building, occupancy and other required permits and authorizations, or problems with subcontractors could result in increased costs;
- incurring construction costs exceeding our original estimates due to increased materials, labor or other costs, or due to errors and omissions which occur in the design or construction process;
- experiencing fluctuations in occupancy rates and rents at a newly completed property which may not be adequate to make the property profitable;
- inability to obtain financing with favorable terms for the development of a community;
- inability to complete construction and lease-up of a community on schedule, resulting in increased costs;
- incurring costs related to the abandonment of development opportunities which we have pursued and deemed unfeasible; and
- our inability to successfully implement our development and construction strategy could adversely affect our results of operations and our ability to satisfy our financial obligations and pay distributions to shareholders.

We also develop and construct properties for unrelated third parties pursuant to guaranteed maximum price contracts. The terms of these contracts require us to estimate the time and costs to complete a project and we assume the risk the time and costs associated with our performance may be greater than was anticipated. As a result, our profitability on guaranteed maximum price contracts is dependent on our ability to accurately predict these factors. The time and costs may be affected by a variety of factors, including those listed above, many of which are beyond our control. In addition, the terms of these contracts generally require a warranty period, which may have a duration of up to ten years, during which we may be required to repair, replace or rebuild a project in the event of a material defect.

Our property acquisition strategy may not produce the cash flows expected.

Subject to the requirements of the Fund, we may acquire additional operating properties on a select basis. Our acquisition activities are subject to a number of risks, including the following:

- we may not be able to successfully integrate acquired properties into our existing operations;
- our estimates of the costs of repositioning or redeveloping the acquired property may prove inaccurate; and
- the expected occupancy and rental rates may differ from the actual results.

Competition could adversely affect our ability to acquire properties.

We expect other real estate investors, including insurance companies, pension and investment funds, private investors and other apartment REITs will compete with us to acquire new properties. This competition could increase prices for the type of properties we would likely pursue and adversely affect our ability to acquire these properties or the profitability of such properties upon acquisition.

Losses from catastrophes may exceed our insurance coverage.

We carry comprehensive property and liability insurance on our properties, which we believe is of the type and amount customarily obtained on similar real property assets. We intend to obtain similar coverage for properties we acquire in the future. However, some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or earthquakes, may be subject to coverage limitations. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, to maintain appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment, as well as the anticipated future revenues from the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors also may reduce the feasibility of using insurance proceeds to replace a property after it has been damaged or destroyed.

Potential liability for environmental contamination could result in substantial costs.

Under various federal, state and local laws, ordinances and regulations, we are liable for costs to investigate and remove or remediate hazardous or toxic substances on or in our properties, in some cases, regardless of whether we knew of or were responsible for the presence of these substances. These costs, and other costs of investigation, remediation or removal of hazardous substances, may be substantial. Also, the presence of hazardous or toxic substances on a property, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent the property or use the property as collateral.

Additionally, we occasionally develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs which could relate to hazardous or toxic substances.

Over the past several years, there have been an increasing number of lawsuits against owners and managers of multifamily properties alleging personal injury and property damage caused by the presence of mold in residential real estate. Some of these lawsuits have resulted in substantial monetary judgments or settlements. Insurance carriers have subsequently excluded mold related claims from standard policies and increased the pricing of mold endorsements. Therefore, should we be named in a lawsuit regarding mold infiltration, the amount of damages may not be fully covered under insurance.

Investments through joint ventures and partnerships involve risks not present in investments in which we are the sole investor.

Instead of acquiring or developing apartment communities directly, we have invested and may continue to invest in a joint venture or partnership as a partner. These investments involve risks, including the possibility our partner may become insolvent, our partner may have business goals which are inconsistent with ours, or our partner may be in a position to take action or withhold consent contrary to our requests. We and our partner may each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner s interest, at a time when we otherwise would not have initiated such a transaction. Each joint venture or partnership agreement is individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited to varying degrees depending on the terms of the joint venture or partnership agreement.

We face risks associated with an investment in and management of a discretionary fund.

We have formed the Fund which, through wholly-owned subsidiaries, we manage as the general partner and advisor and to which we have committed 20% of the total equity interest, up to $60 million. As of December 31, 2007, the Fund had total capital commitments of $187.5 million. There are risks associated with the investment in and management of the Fund, including the following:

- investors in the Fund may fail to make their capital contributions when due and, as a result, the Fund may be unable to execute its investment objectives;

- our subsidiary which is the general partner of the Fund is generally liable, under partnership law, for the debts and obligations of the Fund, subject to certain exculpation and indemnification rights pursuant to the terms of the partnership agreement of the Fund;

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investors in the Fund (other than us), by majority vote, may remove our subsidiary as the general partner of the Fund with or without cause and the Fund s advisory board, by a majority vote of its members, may remove our subsidiary as the general partner of the Fund at any time for cause;

while we have broad discretion to manage the Fund and make investment decisions on behalf of the Fund, the investors or the advisory committee must approve certain matters, and as a result we may be unable to cause the Fund to make certain investments or implement certain decisions we consider beneficial;

we are permitted to acquire land and develop communities but are generally prohibited from acquiring fully developed multifamily properties outside of the Fund until the earlier of (i) four years from the date of the final closing of the Fund or (ii) such time as 90% of the Fund s committed capital is invested, subject to certain exceptions;

our ability to redeem all or a portion of our investment in the Fund is subject to significant restrictions; and

we may be liable if the Fund fails to comply with various tax or other regulatory matters.

We depend on our key personnel.

Our success depends in part on our ability to attract and retain the services of executive officers and other personnel. There is substantial competition for qualified personnel in the real estate industry and the loss of several of our key personnel could have an adverse effect on us.

Changes in laws and litigation risks could affect our business.

As a large publicly-traded owner of multifamily properties, we may become involved in legal proceedings, including consumer, employment, tort or commercial litigation, which if decided adversely to or settled by us, could result in liability which is material to our financial condition or results of operations.

Risks Associated with Our Indebtedness and Financing

Volatility in debt markets could adversely impact future acquisitions and values of real estate assets

The commercial real estate debt markets are currently experiencing volatility as a result of certain factors including the tightening of underwriting standards by lenders and credit rating agencies and the significant inventory of unsold Collateralized Mortgage Backed Securities in the market. The volatility has resulted in lenders decreasing the availability of debt financing as well as increasing the cost of debt financing. As a result, we may not be able to obtain debt financing in the future on favorable terms, or at all. This may result in future acquisitions generating lower overall economic returns, which may adversely affect our results of operations and distributions to shareholders. In addition, the volatility in debt markets could adversely impact the overall amount of capital investing in real estate, which may result in price or value decreases of real estate assets and in turn negatively impact the current value of our existing assets.

Insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders and create refinancing risk.

Substantially all of our income is derived from rental income from our multifamily communities. As a result, our performance depends on our ability to collect rent from residents which could be negatively affected by a number of factors, including the following:

delay in resident lease commencements;

decline in occupancy;

failure of residents to make rental payments when due;

the attractiveness of our properties to residents and potential residents;

our ability to adequately manage and maintain our properties;

competition from other available apartments and housing alternatives; and

changes in market rents.

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Cash flow could be insufficient to meet required payments of principal and interest with respect to debt financing. We are required to distribute annual dividends equal to a minimum of 90% of our REIT taxable income, computed without regards to the dividends paid deduction and our net capital gain, in order for us to continue to qualify as a REIT; this requirement limits the cash flow available to meet required principal and interest payments on our debt. We may need to refinance all or a portion of our outstanding debt as it matures. We may not be able to refinance existing debt or a refinancing may not occur on favorable terms, either of which may have a material adverse effect on our financial condition and results of operations.

We have significant debt, which could have important adverse consequences.

As of December 31, 2007, we had outstanding debt of approximately $2.8 billion. This indebtedness could have important consequences, including:

- if a property is mortgaged to secure payment of indebtedness, and if we are unable to meet our mortgage obligations, we could sustain a loss as a result of foreclosure on the mortgage;
- our vulnerability to general adverse economic and industry conditions is increased; and
- our flexibility in planning for, or reacting to, changes in business and industry is limited.

Variable rate debt is subject to interest rate risk.

We have mortgage debt with varying interest rates dependent upon the market index. In addition, we have a revolving credit facility bearing interest at a variable rate on all amounts drawn on the facility. We may incur additional variable rate debt in the future. Increases in interest rates on variable rate debt would increase our interest expense, unless we make arrangements that hedge the risk of rising interest rates, which would adversely affect net income and cash available for payment of our debt obligations and distributions to shareholders.

We may incur losses on interest rate hedging arrangements.

Periodically, we have entered into agreements to reduce the risks associated with increases in interest rates, and may continue to do so. Although these agreements may partially protect against rising interest rates, they also may reduce the benefits to us if interest rates decline. If a hedging arrangement is not indexed to the same rate as the indebtedness which is hedged, we may be exposed to losses to the extent which the rate governing the indebtedness and the rate governing the hedging arrangement change independently of each other. Finally, nonperformance by the other party to the hedging arrangement may subject us to increased credit risks.

Issuances of additional debt or equity may adversely impact our financial condition.

Our capital requirements depend on numerous factors, including the occupancy rates of our apartment properties, dividend payment rates to our shareholders, development and capital expenditures, costs of operations and potential acquisitions. If our capital requirements vary materially from our plans, we may require additional financing sooner than anticipated. Accordingly, we could become more leveraged, resulting in increased risk of default on our obligations and an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future.

Risks associated with our shares

Share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders.

For us to maintain our qualification as a REIT, we must have 100 or more shareholders during the year and not more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals. As defined for federal income tax purposes, the term individuals includes a number of specified entities. To minimize the possibility we will fail to qualify as a REIT under this test, our declaration of trust includes restrictions on transfers of our shares and ownership limits. The ownership limits, as well as our ability to issue other classes of equity securities, may delay, defer or prevent a change in control. These provisions may also deter tender offers for our common shares which may be attractive to you, or limit your opportunity to receive a premium for your shares that might otherwise exist if a third party were attempting to effect a change in control transaction.

Various changes could adversely impact the market price of our common shares.

The market price of our publicly traded common shares depends on various conditions. The risks which may affect this market price include the following:

- investor interest in our property portfolio;
- the reputation and performance of REITs;
- the attractiveness of REITs as compared to other investment vehicles;
- the results of our financial condition and operations;
- the perception of our growth and earnings potential;
- dividend payment rates; and
- increases in market rates, which may lead purchasers of our common shares to demand a higher yield.

Risks Associated with Income Tax Laws

Tax matters, including failure to qualify as a REIT, could have adverse consequences.

We may not continue to qualify in the future as a REIT. The Internal Revenue Service may challenge our qualification as a REIT for prior years and new legislation, regulations, administrative interpretations or court decisions may change the tax laws or the application of the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification.

For any taxable year we fail to qualify as a REIT:

- we would be subject to federal income tax on our taxable income at corporate rates, subject to any applicable alternative minimum tax;
- we would be disqualified from treatment as a REIT for the four taxable years following the year in which we failed to qualify, thereby reducing our net earnings available for operations, including any distributions to shareholders, as we would be required to pay significant income taxes for the year or years involved; and
- our ability to expand our business and raise capital would be impaired, which may adversely affect the value of our common shares.

We may face other tax liabilities in the future which may impact our cash flow. These potential tax liabilities may be calculated on our income or property at either the corporate or individual property levels. Any additional tax expense incurred would decrease the cash available for distribution to our shareholders.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

The Properties

Our properties typically consist of mid-rise buildings or two- and three-story buildings in a landscaped setting and provide residents with a variety of amenities. Most of the properties have one or more swimming pools and a clubhouse and many have whirlpool spas, tennis courts and controlled-access gates. Many of the apartment homes offer additional features such as fireplaces, vaulted ceilings, microwave ovens, covered parking, icemakers, washers and dryers and ceiling fans.

Operating Properties

The 182 operating properties, including properties held through joint ventures, which we owned interests in and operated at December 31, 2007, averaged 914 square feet of living area per apartment home. For the year ended December 31, 2007, no single operating property accounted for greater than 2.1% of our total revenues. Our operating properties, including properties held through joint ventures, had a weighted average occupancy rate of 93.7% and 95.2% for 2007 and 2006, respectively. Resident lease terms generally range from six to fifteen months. One hundred and fifty-four of our operating properties have over 200 apartment homes, with the largest having 904 apartment homes. Our operating properties have an average age of 9.4 years (calculated on the basis of investment dollars). Our operating properties were constructed and placed in service as follows:

Year Placed in Service	Number of Operating Properties
2001-2007	39
1996-2000	58
1991-1995	19
1986-1990	40
1980-1985	21
Prior to 1980	5

Property Table

The following table sets forth information with respect to our operating properties at December 31, 2007.

OPERATING PROPERTIES

Property and Location	Number of Apartments	Year Placed In Service	Average Apartment Size (Sq. Ft.)	2007 Average Occupancy (1)
ARIZONA				
Phoenix				
Camden Copper Square	332	2000	786	94.2%
Camden Fountain Palms (2)	192	1986/1996	1,050	93.5
Camden Legacy	428	1996	1,067	93.0
Camden Pecos Ranch (2)	272	2001	924	95.5
Camden San Paloma	324	1993/1994	1,042	95.4
Camden Sierra (2)	288	1997	925	94.6
Camden Towne Center (2)	240	1998	871	94.1
Camden Vista Valley	357	1986	923	94.1
CALIFORNIA				
Los Angeles/Orange County				
Camden Crown Valley	380	2001	1,009	95.0
Camden Harbor View	538	2004	976	93.5
Camden Martinique	714	1986	795	92.2
Camden Parkside (2)	421	1972	836	94.7
Camden Sea Palms	138	1990	891	94.8
San Diego/Inland Empire				
Camden Old Creek (4)	350	2007	1,036	Lease-up
Camden Sierra at Otay Ranch	422	2003	962	95.1
Camden Tuscany	160	2003	891	95.0
Camden Vineyards	264	2002	1,053	91.9
COLORADO				
Denver				
Camden Arbors	358	1986	792	94.1
Camden Caley	218	2000	925	96.2
Camden Centennial	276	1985	744	95.7
Camden Denver West (3)	320	1997	1,015	96.8
Camden Highlands Ridge	342	1996	1,149	95.9
Camden Interlocken	340	1999	1,022	96.6
Camden Lakeway	451	1997	932	95.9
Camden Pinnacle (11)	224	1985	748	92.4
WASHINGTON DC METRO				
Camden Ashburn Farms	162	2000	1,061	96.4
Camden Clearbrook (7)	297	2007	1,049	95.1
Camden Fair Lakes	530	1999	996	94.7
Camden Fairfax Corner (7)	488	2006	934	95.2
Camden Fallsgrove	268	2004	996	96.1
Camden Grand Parc	105	2002	904	96.6
Camden Lansdowne	690	2002	1,006	95.4
Camden Largo Town Center	245	2000/2007	1,028	92.8

Camden Monument Place (4)	368	2007	865	Lease-up
Camden Roosevelt	198	2003	856	97.1
Camden Russett	426	2000	1,025	94.4
Camden Silo Creek	284	2004	971	95.5
Camden Westwind (7)	464	2006	1,036	92.6
FLORIDA				
Southeast Florida				
Camden Aventura	379	1995	1,106	94.5
Camden Brickell	405	2003	937	97.1
Camden Doral	260	1999	1,172	95.7
Camden Doral Villas	232	2000	1,253	96.4
Camden Las Olas	420	2004	1,043	94.3
Camden Plantation	502	1997	1,152	94.3
Camden Portofino	322	1995	1,307	95.8

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OPERATING PROPERTIES (CONTINUED)

Property and Location	Number of Apartments	Year Placed In Service	Average Apartment Size (Sq. Ft.)	2007 Average Occupancy (1)
Orlando				
Camden Club	436	1986	1,077	93.6%
Camden Hunter s Creek	270	2000	1,082	94.2
Camden Lago Vista	366	2005	954	93.6
Camden Landings	220	1983	748	93.0
Camden Lee Vista	492	2000	937	92.5
Camden Renaissance	578	1996/1998	899	92.7
Camden Reserve	526	1990/1991	824	93.3
Camden World Gateway	408	2000	979	93.2
Tampa/St. Petersburg				
Camden Bay	760	1997/2001	943	93.1
Camden Bay Pointe	368	1984	771	94.6
Camden Bayside	832	1987/1989	748	94.5
Camden Citrus Park	247	1985	704	95.0
Camden Lakes	688	1982/1983	728	93.2
Camden Lakeside	228	1986	728	93.5
Camden Live Oaks	770	1990	1,093	94.2
Camden Preserve	276	1996	942	95.1
Camden Providence Lakes (12)	260	1996	1,024	87.3
Camden Royal Palms (8)	352	2006	1,017	84.3
Camden Westshore (12)	278	1986	728	81.3
Camden Woods	444	1986	1,223	94.3
GEORGIA				
Atlanta				
Camden Brookwood	359	2002	906	94.1
Camden Deerfield	292	2000	1,187	95.0
Camden Dunwoody	324	1997	1,007	95.3
Camden Midtown Atlanta	296	2001	953	94.0
Camden Peachtree City	399	2001	1,026	95.5
Camden River	352	1997	1,103	94.8
Camden Shiloh	232	1999/2002	1,151	93.6
Camden St. Clair	336	1997	969	94.6
Camden Stockbridge	304	2003	1,009	93.7
Camden Sweetwater	308	2000	1,151	94.2
KENTUCKY				
Louisville				
Camden Brookside (5)	224	1987	732	96.5
Camden Meadows (5)	400	1987/1990	746	95.8
Camden Oxmoor (5)	432	2000	903	95.9
Camden Prospect Park (5)	138	1990	916	94.5
MISSOURI				
Kansas City				
Camden Passage (5)	596	1989/1997	832	94.3

St. Louis				
Camden Cedar Lakes (5)	420	1986	852	94.3
Camden Cove West (5)	276	1990	828	95.8
Camden Cross Creek (5)	591	1973/1980	947	95.5
Camden Westchase (5)	160	1986	945	96.1

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OPERATING PROPERTIES (CONTINUED)

Property and Location	Number of Apartments	Year Placed In Service	Average Apartment Size (Sq. Ft.)	2007 Average Occupancy (1)
NEVADA				
Las Vegas				
Camden Bel Air	528	1988/1995	943	93.5%
Camden Breeze	320	1989	846	95.6
Camden Canyon (12)	200	1995	987	94.4
Camden Commons	376	1988	936	95.0
Camden Cove	124	1990	898	96.2
Camden Del Mar (12)	560	1995	986	89.2
Camden Fairways (12)	320	1989	896	90.1
Camden Hills	184	1991	579	96.2
Camden Legends	113	1994	792	94.5
Camden Palisades	624	1991	905	94.7
Camden Pines (2)	315	1997	1,005	97.3
Camden Pointe	252	1996	985	96.9
Camden Summit (2)	234	1995	1,187	96.0
Camden Tiara (2)	400	1996	1,043	95.5
Camden Vintage	368	1994	978	93.2
Oasis Bay (6)	128	1990	876	95.9
Oasis Crossings (6)	72	1996	983	95.7
Oasis Emerald (6)	132	1988	873	95.3
Oasis Gateway (6)	360	1997	1,146	93.9
Oasis Island (6)	118	1990	901	93.1
Oasis Landing (6)	144	1990	938	93.8
Oasis Meadows (6)	383	1996	1,031	96.2
Oasis Palms (6)	208	1989	880	93.8
Oasis Pearl (6)	90	1989	930	96.8
Oasis Place (6)	240	1992	440	95.9
Oasis Ridge (6)	477	1984	391	92.2
Oasis Sands	48	1994	1,125	93.8
Oasis Sierra (6)	208	1998	922	94.6
Oasis Springs (6)	304	1988	838	93.9
Oasis Vinings (6)	234	1994	1,152	93.1
NORTH CAROLINA				
Charlotte				
Camden Ballantyne	400	1998	1,053	94.9
Camden Cotton Mills	180	2002	906	96.7
Camden Dilworth	145	2006	857	96.4
Camden Fairview	135	1983	1,036	96.1
Camden Forest	208	1989	703	93.3
Camden Foxcroft (12)	156	1979	940	93.7
Camden Grandview	266	2000	1,145	95.5
Camden Habersham	240	1986	773	95.7
Camden Park Commons	232	1997	859	94.0

Camden Pinehurst	407	1967	1,147	95.5
Camden Sedgebrook	368	1999	1,017	95.2
Camden Simsbury	100	1985	874	95.9
Camden South End	299	2003	883	95.1
Camden Stonecrest	306	2001	1,169	94.7
Camden Touchstone (12)	132	1986	899	90.0

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OPERATING PROPERTIES (CONTINUED)

Property and Location	Number of Apartments	Year Placed In Service	Average Apartment Size (Sq. Ft.)	2007 Average Occupancy (1)
Raleigh				
Camden Crest	438	2001	1,129	94.4%
Camden Governor s Village	242	1999	1,134	92.7
Camden Lake Pine	446	1999	1,075	93.1
Camden Manor Park (7)	484	2006	966	93.2
Camden Overlook	320	2001	1,056	94.2
Camden Reunion Park	420	2000/2004	972	92.4
Camden Westwood	354	1999	1,112	95.2
PENNSYLVANIA				
Camden Valleybrook	352	2002	992	95.0
TEXAS				
Austin				
Camden Briar Oaks	430	1980	711	92.8
Camden Gaines Ranch	390	1997	955	93.5
Camden Huntingdon	398	1995	903	95.7
Camden Laurel Ridge	183	1986	702	94.3
Camden Ridgecrest	284	1995	851	94.9
Camden Ridgeview (11)	167	1984	859	95.7
Camden South Congress (8)	253	2001	975	91.2
Camden Stoneleigh	390	2001	908	94.7
Camden Woodview	283	1984	644	94.7
Corpus Christi				
Camden Breakers (12)	288	1996	868	90.5
Camden Copper Ridge	344	1986	775	92.7
Camden Miramar (9)	778	1994/2004	468	77.2
Dallas/Fort Worth				
Camden Addison (2)	456	1996	942	94.8
Camden Buckingham	464	1997	919	95.2
Camden Centreport	268	1997	910	94.4
Camden Cimarron	286	1992	772	95.8
Camden Farmers Market	904	2001/2005	933	94.9
Camden Gardens	256	1983	652	94.1
Camden Glen Lakes (12)	424	1979	877	83.6
Camden Lakeview	476	1985	853	92.5
Camden Legacy Creek	240	1995	831	96.0
Camden Legacy Park	276	1996	871	96.7
Camden Oasis	602	1986	548	87.0
Camden Place	442	1984	772	93.7
Camden Springs	304	1987	713	93.2
Camden Towne Village	188	1983	735	93.7
Camden Valley Creek	380	1984	855	93.7
Camden Valley Park	516	1986	743	94.1
Camden Valley Ridge	408	1987	773	92.5

Camden Westview	335	1983	697	95.1

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OPERATING PROPERTIES (CONTINUED)

Property and Location	Number of Apartments	Year Placed In Service	Average Apartment Size (Sq. Ft.)	2007 Average Occupancy (1)
Houston				
Camden Baytown	272	1999	844	94.9%
Camden City Centre (4)	379	2007	932	Lease-up
Camden Creek	456	1984	639	91.8
Camden Greenway	756	1999	861	96.3
Camden Holly Springs (2)	548	1999	934	94.9
Camden Midtown	337	1999	843	97.9
Camden Oak Crest	364	2003	870	96.4
Camden Park (2)	288	1995	866	96.3
Camden Plaza (4) (10)	271	2007	915	Lease-up
Camden Royal Oaks (4)	236	2006	923	Lease-up
Camden Steeplechase	290	1982	748	93.1
Camden Stonebridge	204	1993	845	97.5
Camden Sugar Grove (2)	380	1997	917	95.0
Camden Vanderbilt (12)	894	1996/1997	863	87.0
Camden West Oaks	671	1982	726	93.2

(1) Represents average physical occupancy for the year except as noted below.

(2) Properties owned through a joint venture in which we own a 20% interest. The remaining interest is owned by an unaffiliated private investor.

(3) Property owned through a joint venture in which we own a 50% interest. The remaining interest is owned by an unaffiliated

private investor.

(4) *Properties under lease-up at December 31, 2007.*

(5) *Properties owned through a joint venture in which we own a 15% interest. The remaining interest is owned by an unaffiliated private investor.*

(6) *Properties owned through a joint venture in which we own a 20% interest. The remaining interest is owned by an unaffiliated private pension fund.*

(7) *Development property completed during 2007 average occupancy calculated from date at which occupancy exceeded 90% through year-end.*

(8) *Properties acquired during 2007 average occupancy calculated from date of acquisition date through*

year-end.

(9) *Miramar is a student housing project for Texas A&M at Corpus Christi. Average occupancy includes summer which is normally subject to high vacancies.*

(10) *Property owned through a joint venture in which we own 30%. The remaining interest is owned by an unaffiliated private investor.*

(11) *Properties held for sale at December 31, 2007.*

(12) *Properties under redevelopment at December 31, 2007.*

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Item 3. Legal Proceedings

For discussion regarding legal proceedings, see Note 17, Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The high and low closing prices per share of our common shares, as reported on the New York Stock Exchange composite tape, and distributions per share declared for the quarters indicated are as follows:

	High	Low	Distributions
2007 Quarters:			
First	$ 79.26	$ 68.09	$ 0.69
Second	75.32	66.97	0.69
Third	68.74	54.96	0.69
Fourth	66.82	45.78	0.69
2006 Quarters:			
First	$ 72.70	$ 58.40	$ 0.66
Second	73.55	65.50	0.66
Third	77.99	72.80	0.66
Fourth	80.97	71.40	0.66

As of February 15, 2008, there were 727 shareholders of record and approximately 28,500 beneficial owners of our common shares.

The following table summarizes repurchases of our equity securities in the quarter ended December 31, 2007:

	Total Number of Shares Purchased	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Programs**	**Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (1)**
Month ended October 31, 2007	21,100	$ 59.88	21,100	$ 163,550,000
Month ended November 30, 2007	1,575,000	52.03	1,575,000	81,603,000
Month ended December 31, 2007	680,400	46.68	680,400	49,842,000
Total (2)	**2,276,500**	**$ 50.50**	**2,276,500**	

(1) In April 2007, our Board of Trust Managers approved a program to

repurchase up to $250.0 million of our common equity securities through open market purchases and privately negotiated transactions. In January 2008, our Board of Trust Managers approved the repurchase up to an additional $250.0 million of our common equity securities.

(2) During the year ended December 31, 2007, we repurchased approximately 3.6 million common shares for cash totaling approximately $200.2 million, or $55.54 average price per share.

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Item 6. Selected Financial Data

The following table provides selected financial data relating to our historical financial condition and results of operations as of and for each of the years ending December 31, 2003 through 2007. This data should be read in conjunction with Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes. Prior year amounts have been restated for amounts classified as discontinued operations.

COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

	Year Ended December 31,				
(in thousands, except per share amounts and property data)	**2007**	**2006**	**2005(d)**	**2004**	**2003**
Operating Data					
Total property revenues	$ 609,080	$ 580,576	$ 504,061	$ 365,261	$ 348,209
Total property expenses	227,306	220,163	193,792	147,621	138,333
Total non-property income	25,002	35,530	50,912	27,884	12,066
Total other expenses	344,996	350,850	343,155	211,236	194,859
Income from continuing operations	47,078	125,016	151,526	22,767	18,329
Net income	148,457	232,846	199,086	41,341	29,430
Income from continuing operations per share					
Basic	$ 0.81	$ 2.21	$ 2.91	$ 0.55	$ 0.47
Diluted	0.80	2.14	2.72	0.54	0.44
Net income per share					
Basic	$ 2.55	$ 4.11	$ 3.83	$ 1.00	$ 0.75
Diluted	2.51	3.96	3.58	0.98	0.71
Distributions declared per common share	$ 2.76	$ 2.64	$ 2.54	$ 2.54	$ 2.54
Balance Sheet Data (at end of year)					
Real estate assets	$ 5,527,403	$ 5,141,467	$ 5,039,007	$ 3,159,077	$ 3,099,856
Total assets	4,890,760	4,586,050	4,487,799	2,629,364	2,625,561
Notes payable	2,828,095	2,330,976	2,633,091	1,576,405	1,509,677
Minority interests	219,952	223,511	221,023	159,567	196,385
Shareholders equity	1,531,313	1,734,356	1,370,903	738,515	784,885
Other Data					
Cash flows provided by (used in):					
Operating activities	$ 223,106	$ 231,569	$ 200,845	$ 156,997	$ 144,703
Investing activities	(346,798)	(52,067)	(207,561)	(65,321)	(94,386)
Financing activities	123,555	(180,044)	6,039	(92,780)	(47,365)
Funds from operations diluted (a)	227,153	237,790	195,290	143,669	135,699
Property Data					
Number of operating properties (at the end of year) (b)	182	186	191	144	144
Number of operating apartment homes (at end of year) (b)	63,085	63,843	65,580	51,456	51,344
Number of operating apartment homes (weighted average) (b)(c)	53,132	55,850	55,056	47,118	46,382
Weighted average monthly total property revenue per apartment home	$ 1,005	$ 951	$ 871	$ 777	$ 754
Properties under development (at end of period)	11	11	9	3	2

(a)

Management considers FFO to be an appropriate measure of the financial performance of an equity REIT. The National Association of Real Estate Investment Trusts (NAREIT) currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America (GAAP)), excluding gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including minority interests, which

are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties and excluding depreciation, FFO can help one compare the operating performance of a company s real estate between periods or as compared to different companies.

(b) Includes discontinued operations.

(c) Excludes apartment homes owned in joint ventures.

(d) The 2005 results include the operations of Summit Properties Inc. subsequent to February 28, 2005.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and notes appearing elsewhere in this report. Historical results and trends which might appear in the consolidated financial statements should not be interpreted as being indicative of future operations.

We consider portions of this report to be forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to our expectations for future periods. Forward-looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions or other items relating to the future. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, we can give no assurance our expectations will be achieved. Any statements contained herein that are not statements of historical fact should be deemed forward-looking statements. Reliance should not be placed on these forward-looking statements as they are subject to known and unknown risks, uncertainties and other factors beyond our control and could differ materially from our actual results and performance.

Factors that may cause our actual results or performance to differ materially from those contemplated by forward-looking statements include, but are not limited to, the following:

Insufficient cash flows could affect our ability to make required payments for debt obligations or pay distributions to shareholders and create refinancing risk;

Unfavorable changes in economic conditions could adversely impact occupancy or rental rates;

We have significant debt; which could have important adverse consequences;

Volatility in debt markets could adversely impact future acquisitions and values of real estate assets;

Various changes could adversely impact the market price of our common shares;

Development and construction risks could impact our profitability;

Our property acquisition strategy may not produce the cash flows expected;

Difficulties of selling real estate could limit our flexibility;

Variable rate debt is subject to interest rate risk;

Issuances of additional debt or equity may adversely impact our financial condition;

Losses from catastrophes may exceed our insurance coverage;

Potential liability for environmental contamination could result in substantial costs;

Tax matters, including failure to qualify as a real estate investment trust (REIT) could have adverse consequences;

Investments through joint ventures and partnerships involve risks not present in investments in which we are the sole investor;

We face risks associated with investment in and management of a discretionary fund;

Our dependence on our key personnel;

- We may incur losses on interest rate hedging arrangements;
- Competition could limit our ability to lease apartments or increase or maintain rental income; and
- Changes in laws and litigation risks could affect our business.

These forward-looking statements represent our estimates and assumptions as of the date of this report.

Executive Summary

Based on our results for the year ended December 31, 2007 and the projected economic conditions, we expect moderating growth during 2008. Economic factors affecting our revenue include declining job growth and continued population growth and household formations in the markets in which we operate, as well as declining fundamentals in the for-sale single-family housing market. Negative sentiment currently surrounding single-family housing could have a positive impact on multifamily demand, as more potential home buyers choose to rent and existing renters extend their stays in apartment homes. However, high inventories of unsold single-family homes in select markets could cause further declines in home prices, making home buying a more attractive option for some renters or resulting in additional single-family homes becoming rental units.

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We intend to look for opportunities to acquire existing communities through our investment in and management of a discretionary investment fund. During its term, which will end eight years from the final closing, subject to two one-year extensions, the Fund will be our exclusive investment vehicle for acquiring fully developed multifamily properties, subject to certain exceptions. We expect market concentration risk to be mitigated as our property operations are not centralized in any one market and our portfolio of apartment communities are geographically diverse. We also intend to continue focusing on our development pipeline with approximately $2.0 billion to $2.5 billion in our current and future development pipelines. Total projected capital costs and the commencement of future developments may be impacted by increasing construction costs and other factors.

Property Portfolio

Our multifamily property portfolio, excluding land held for future development and joint venture properties which we do not manage, is summarized as follows:

	December 31, 2007		December 31, 2006	
	Apartment Homes	Properties	Apartment Homes	Properties
Operating Properties				
Las Vegas, Nevada	8,064	30	8,064	30
Dallas, Texas *(1)*	7,225	18	7,773	21
Houston, Texas	6,346	15	5,696	13
Tampa, Florida	5,503	12	5,635	12
Washington, D.C. Metro	4,525	13	3,834	11
Charlotte, North Carolina	3,574	15	4,146	17
Orlando, Florida	3,296	8	3,296	8
Atlanta, Georgia	3,202	10	3,202	10
Austin, Texas	2,778	9	2,525	8
Raleigh, North Carolina	2,704	7	2,704	7
Denver, Colorado	2,529	8	2,529	8
Southeast Florida	2,520	7	2,520	7
Phoenix, Arizona	2,433	8	2,433	8
Los Angeles/Orange County, California	2,191	5	2,191	5
San Diego/Inland Empire, California	1,196	4	846	3
Other	4,999	13	6,449	18
Total Operating Properties	63,085	182	63,843	186
Properties Under Development				
Washington, D.C. Metro	1,543	4	2,237	6
Houston, Texas	733	3	650	2
Austin, Texas	556	2		
Los Angeles/Orange County, California	290	1	290	1
Orlando, Florida	261	1	261	1
San Diego/Inland Empire, California			350	1
Total Properties Under Development	3,383	11	3,788	11
Total Properties	66,468	193	67,631	197
Less: Joint Venture Properties *(2)*				
Las Vegas, Nevada	4,047	17	4,047	17

Houston, Texas	1,946	6	1,487	4
Phoenix, Arizona	992	4	992	4
Los Angeles/Orange County, California	711	2	711	2
Washington, D.C. Metro	508	1	508	1
Dallas, Texas	456	1	456	1
Denver, Colorado	320	1	320	1
Other	3,237	9	3,237	9
Total Joint Venture Properties	12,217	41	11,758	39
Total Properties Owned 100%	54,251	152	55,873	158

(1) Effective January 1, 2007, the operations of two adjacent properties were combined.

(2) Refer to Note 8, Investments in Joint Ventures in the Notes to Consolidated Financial Statements for further discussion of our joint venture investments.

Stabilized Communities

We consider a property stabilized once it reaches 90% occupancy. During the year ended December 31, 2007, stabilization was achieved at four completed properties as follows:

Property and Location	Number of Apartment Homes	Date of Completion	Date of Stabilization
Camden Fairfax Corner *Fairfax, VA*	488	3Q06	1Q07
Camden Manor Park *Raleigh, NC*	484	3Q06	2Q07
Camden Clearbrook *Frederick, MD*	297	1Q07	2Q07
Camden Westwind *Ashburn, VA*	464	2Q06	3Q07

Acquisition Communities

During April 2007, we acquired Camden South Congress, a 253-apartment home community located in Austin, Texas for $42.8 million and during June 2007 we acquired Camden Royal Palms, a 352-apartment home community located in Tampa, Florida for $41.1 million. Both properties were purchased with proceeds using our unsecured line of credit. The purchase prices of these properties were allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values at the date of acquisition.

Dispositions and Partial Sales to Joint Ventures Included in Continuing Operations

During the year ended December 31, 2006, we recognized gains of $91.5 million from the partial sale of nine properties to an affiliated unconsolidated joint venture. This partial sale generated net proceeds of approximately $170.9 million. During the year ended December 31, 2005, we recognized gains of $132.1 million from the partial sales of twelve properties to twelve affiliated unconsolidated joint ventures. These partial sales generated net proceeds of approximately $316.8 million. The gains recognized on the partial sales of these assets were included in continuing operations as we retained a partial interest in the ventures which own these assets.

During the year ended December 31, 2006, we recognized gains of $0.5 million and $4.7 million on the partial sales of land to two joint ventures located in Houston, Texas and College Park, Maryland, respectively. The gains recognized on the sales of these assets were included in continuing operations as we retained a partial interest in the ventures which own these assets.

During the year ended December 31, 2006, we recognized a gain of $0.8 million on the sale of land located adjacent to one of our pre-development assets in College Park, Maryland. During the year ended December 31, 2005, we recognized a gain of $0.8 million on the sale of land located adjacent to one of our pre-development assets in Houston, Texas. Also during 2005, we sold undeveloped land located in Dallas, Texas to an unrelated third party. In connection with our decision to sell this undeveloped land, we recognized an impairment loss of $0.3 million. These transactions were included in continuing operations as the cash flows from these land parcels were not separately identifiable from the cash flows generated by the adjacent pre-development assets.

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Discontinued Operations

We intend to maintain a strategy of managing our invested capital through the selective sale of properties and to utilize the proceeds to fund investments with higher anticipated growth prospects in our markets. Income from discontinued operations includes the operations of properties, including land, sold during the period or classified as held for sale as of December 31, 2007. The components of earnings classified as discontinued operations include separately identifiable property-specific revenues, expenses, depreciation and interest expense, if any. The gain on the disposal of the held for sale properties is also classified as discontinued operations.

A summary of our 2007 dispositions and properties held for sale as of December 31, 2007 is as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Date of Disposition**	**Year Built**	**Net Book Value *(1)***
Dispositions				
Camden Taravue				
St. Louis, MO	304	2Q07	1975	n/a
Camden Trace				
Maryland Heights, MO	372	2Q07	1972	n/a
Camden Downs				
Louisville, KY	254	2Q07	1975	n/a
Camden Ridge				
Ft. Worth, TX	208	4Q07	1985	n/a
Camden Terrace				
Ft, Worth, TX	340	4Q07	1984	n/a
Camden Eastchase				
Charlotte, NC	220	4Q07	1986	n/a
Camden Glen				
Greensboro, NC	304	4Q07	1980	n/a
Camden Isles				
Tampa, FL	484	4Q07	1983/1985	n/a
Camden Timber Creek				
Charlotte, NC	352	4Q07	1984	n/a
Camden Wendover				
Greensboro, NC	216	4Q07	1985	n/a
Total apartment homes sold	3,054			
Held for Sale				
Camden Pinnacle				
Westminster, CO	224	n/a	1985	$ 11.2
Camden Ridgeview				
Austin, TX	167	n/a	1984	4.2
Total apartment homes sold and held for sale	3,445			

(1) Net Book Value is land and

buildings and improvements less the related accumulated depreciation as of December 31, 2007.

During the year ended December 31, 2007, we received net proceeds of approximately $166.4 million and recognized gains of $106.3 million from the sale of the ten operating properties listed above to unaffiliated third parties. During the year ended December 31, 2006, we received net proceeds of approximately $137.3 million and recognized gains of $78.8 million from the sale of eight operating properties, containing 3,041 apartment homes, to unaffiliated third parties. During the year ended December 31, 2005, we received net proceeds of approximately $125.1 million and recognized a gain of $36.1 million on the sale of three operating properties, containing 1,317 apartment homes, to unaffiliated third parties.

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Upon our decision to abandon efforts to develop certain land parcels and to market the parcels as held for sale, we reclassified the operating expenses associated with those assets to discontinued operations. At December 31, 2007, we had several undeveloped land parcels classified as held for sale as follows:

($ in millions) **Location**	**Acres**	**Net Book Value**
Southeast Florida	2.2	$ 7.2
Dallas	2.4	1.8
Total land held for sale		$ 9.0

During the year ended December 31, 2007, we sold 0.9 acres of undeveloped land to an unrelated third party. In connection with this sale, we received net proceeds of $6.0 million and recognized gains totaling $0.7 million. During the year ended December 31, 2006, we sold undeveloped land totaling 8.7 acres to unrelated third parties. In connection with these sales, we received net proceeds of $41.0 million and recognized gains totaling $20.5 million. Land sales during the year ended December 31, 2005 were immaterial.

Development and Lease-Up Properties

At December 31, 2007, we had five completed properties in lease-up as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Cost Incurred**	**% Leased at 2 /11/08**	**Date of Completion**	**Estimated Date of Stabilization**
Consolidated					
Camden Old Creek *San Marcos, CA*	350	$ 92.1	90%	1Q07	1Q08
Camden Royal Oaks *Houston, TX*	236	21.0	78%	3Q06	2Q08
Camden Monument Place *Fairfax, VA*	368	62.2	73%	4Q07	2Q08
Camden City Centre *Houston, TX*	379	51.1	60%	4Q07	3Q08
Total consolidated	1,333	$ 226.4			
Equity Interests					
Camden Plaza *Houston, TX*	271	$ 40.7	61%	3Q07	2Q08

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At December 31, 2007, we had several properties in various stages of construction as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Estimated Cost**	**Cost Incurred**	**Included in Properties Under Development**	**Estimated Date of Completion**	**Estimated Date of Stabilization**
Consolidated:						
Camden Potomac Yard *(1)*						
Arlington, VA	378	$ 110.0	$ 101.6	$ 65.6	1Q08	1Q09
Camden Orange Court						
Orlando, FL	261	49.0	42.2	42.2	3Q08	1Q09
Camden Circle C						
Austin, TX	208	27.0	10.0	10.0	4Q08	1Q09
Camden Summerfield *(1)*						
Landover, MD	291	68.0	57.9	25.2	4Q08	1Q09
Camden Dulles Station						
Oak Hill, VA	366	77.0	51.7	51.7	1Q09	3Q09
Camden Whispering Oaks						
Houston, TX	274	30.0	10.2	10.2	1Q09	3Q09
Camden Amber Oaks						
Austin, TX	348	40.0	8.2	8.2	2Q09	3Q10
Total consolidated	2,126	$ 401.0	$ 281.8	$ 213.1		

(1) Properties in lease-up as of December 31, 2007.

Our consolidated balance sheet at December 31, 2007 included $446.7 million related to properties under development. Of this amount, $213.1 million related to our projects currently under development. Additionally, at December 31, 2007, we had $233.6 million invested in land held for future development, which includes $185.4 million related to projects we expect to begin constructing during the next 18 months. We also had $43.8 million invested in land tracts adjacent to recently completed and current development projects, which we may utilize to further develop apartment homes in these areas. We may also sell certain parcels of these undeveloped land tracts to third parties for commercial and retail development.

At December 31, 2007, we had investments in four joint ventures which were developing four multi-family communities:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Estimated Cost**	**Total Cost Incurred**
Braeswood Place *(2)*			
Houston, TX	340	$ 48.6	$ 21.4
Belle Meade *(2)*			
Houston, TX	119	33.2	8.6

Camden Main & Jamboree *(1)*					
Irvine, CA	290		112.0		107.8
Camden College Park *(1)*					
College Park, MD	508		139.9		118.5
Total	1,257	$	333.7	$	256.3

(1) Properties in lease-up as of December 31, 2007.

(2) Properties being developed by joint venture partner.

Geographic Diversification

At December 31, 2007 and 2006, our investments in various geographic areas, excluding investments in joint ventures and properties held for sale, were as follows:

(in thousands)	2007		2006	
Washington, D.C. Metro	$ 1,196,451	21.8%	$ 1,038,981	20.4%
Southeast Florida	444,645	8.1	442,550	8.7
Houston, Texas	374,177	6.8	334,019	6.6
Dallas, Texas	372,075	6.8	378,985	7.4
Tampa, Florida	370,379	6.7	322,684	6.3
Los Angeles/Orange County, California	346,452	6.3	343,853	6.7
Orlando, Florida	336,768	6.1	288,088	5.6
Atlanta, Georgia	316,733	5.8	314,595	6.2
Las Vegas, Nevada	314,609	5.7	281,069	5.5
Charlotte, North Carolina	312,760	5.7	336,337	6.6
Raleigh, North Carolina	235,263	4.3	232,973	4.6
San Diego/Inland Empire, California	225,769	4.1	190,341	3.7
Austin, Texas	221,807	4.1	158,673	3.1
Denver, Colorado	202,962	3.7	198,185	3.9
Phoenix, Arizona	117,092	2.1	115,418	2.3
Other	105,742	1.9	122,708	2.4
Total real estate assets, at cost	$ 5,493,684	100.0%	$ 5,099,459	100.0%

Results of Operations

Changes in revenues and expenses related to our operating properties from period to period are due primarily to acquisitions, sales of assets to joint ventures, the performance of stabilized properties in the portfolio, and the lease-up of newly constructed properties. Where appropriate, comparisons of income and expense on communities included in continuing operations are made on a per-weighted average apartment home basis in order to adjust for changes in the number of apartment homes owned during each period. Selected weighted averages for the years ended December 31 are as follows:

	2007	2006	2005
Average monthly property revenue per apartment home	$ 1,005	$ 951	$ 871
Annualized total property expenses per apartment home	$ 4,501	$ 4,328	$ 4,016
Weighted average number of operating apartment homes owned 100%	50,504	50,872	48,250
Weighted average occupancy of operating apartment homes owned 100%	93.7%	95.1%	95.1%

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Property-level operating results

The following tables present the property-level revenues and property-level expenses, excluding discontinued operations, for the year ended December 31, 2007 as compared to 2006 and for the year ended December 31, 2006 as compared to 2005:

($ in thousands)	Apartment Homes at 12/31/07	Year Ended December 31, 2007	Year Ended December 31, 2006	Change $	Change %
Property revenues					
Same store communities	42,089	$ 499,776	$ 480,305	$ 19,471	4.1%
Non-same store communities	8,312	96,372	75,448	20,924	27.7
Development and lease-up communities	3,459	8,473	508	7,965	*
Dispositions/other		4,459	24,315	(19,856)	(81.7)
Total property revenues	53,860	$ 609,080	$ 580,576	$ 28,504	4.9%
Property expenses					
Same store communities	42,089	$ 185,145	$ 180,862	$ 4,283	2.4%
Non-same store communities	8,312	35,488	27,392	8,096	29.6
Development and lease-up communities	3,459	4,726	532	4,194	*
Dispositions/other		1,947	11,377	(9,430)	(82.9)
Total property expenses	53,860	$ 227,306	$ 220,163	$ 7,143	3.2%

* *Not a meaningful percentage*

Same store communities are communities we owned and were stabilized as of January 1, 2006. Non-same store communities are stabilized communities we have acquired or developed after January 1, 2006. Development and lease-up communities are non-stabilized communities we have acquired or developed after January 1, 2006. Dispositions primarily represent communities we have partially sold to joint ventures in which we retained an ownership interest.

	Apartment Homes at 12/31/06	Year Ended December 31, 2006	Year Ended December 31, 2005	Change $	Change %
Property revenues					
Same store communities	30,950	$ 317,222	$ 296,288	$ 20,934	7.1%
Non-same store communities	17,087	225,449	166,152	59,297	35.7
Development and lease-up communities	4,391	13,585	405	13,180	*
Dispositions/other		24,320	41,216	(16,896)	(41.0)
Total property revenues	52,428	$ 580,576	$ 504,061	$ 76,515	15.2%

Property expenses					
Same store communities	30,950	$ 128,255	$ 121,622	$ 6,633	5.5%
Non-same store communities	17,087	76,472	57,517	18,955	33.0
Development and lease-up communities	4,391	4,308	87	4,221	*
Dispositions/other		11,128	14,566	(3,438)	(23.6)
Total property expenses	52,428	$ 220,163	$ 193,792	$ 26,371	13.6%

* *Not a meaningful percentage*

Same store communities are communities we owned and were stabilized as of January 1, 2005. Non-same store communities are stabilized communities we have acquired or developed after January 1, 2005. Development and lease-up communities are non-stabilized communities we have developed or acquired after January 1, 2005. Dispositions primarily represent communities we have partially sold to joint ventures in which we retained an ownership interest.

Same store analysis

Our same store property revenues for the year ended December 31, 2007 increased $19.5 million, or 4.1%, from 2006 resulting primarily from higher average rental income per apartment home and increases in other property income, partially offset by declines in occupancy. Same store property revenues for the year ended December 31, 2006 increased $20.9 million, or 7.1%, from 2005 primarily from higher average rental income per apartment home.

Same store property revenues for 2007 as compared to 2006 were positively impacted by increases in revenues in substantially all markets. These revenue increases were driven by other property income which increased due to the implementation of Perfect Connection (also known as CamdenTV) which provides cable services to our residents and other utility rebilling programs. Our same store communities recognized an overall increase in average rental rates, as we experienced rental rate increases in all markets. The increase in average rental rates was a result of moderate improvements in fundamentals resulting from continued job growth, population growth, and household formations. Average occupancy at our same store properties declined less than 1% in 2007, as we saw decreases in occupancy in a majority of our markets. We believe our operating performance was also a result of the continued operational and technological enhancements we are making at many of our communities, which have created opportunities to take advantage of additional revenue sources.

Same store property revenues for 2006 as compared to 2005 were impacted by increases in revenues in all markets. These revenue increases were a result of an overall increase in average rental rates at our same store communities and increases in other property income.

Total property expenses from our same store communities increased 2.4% and 5.5% for the year ended December 31, 2007 as compared to 2006 and for the year ended December 31, 2006 as compared to 2005, respectively. The increases in same store property expenses per apartment home for the year ended December 31, 2007 as compared to 2006 were primarily due to increases in repair and maintenance expenses and utility expenses in connection with our utility rebilling program discussed above. The increases for the year ended December 31, 2006 as compared to 2005 were primarily due to increases in salary and benefit expenses, real estate tax expenses and utilities expenses.

Non-same store analysis and other analysis

Property revenues from non-same store, development and lease-up communities increased $28.9 million for the year ended December 31, 2007 as compared to 2006 and increased $72.5 million for the year ended December 31, 2006 as compared to 2005. Both periods realized increases due to the completion and lease-up of certain properties in our development pipeline. See Development and Lease-Up Properties for additional detail of occupancy at properties in our development pipeline. Increases in 2006 as compared to 2005 were primarily affected by communities acquired in the Summit merger.

Property revenues from dispositions/other decreased $19.9 million and $16.9 million for the year ended December 31, 2007 as compared to 2006 and for the year ended December 31, 2006 as compared to 2005, respectively. For the year ended December 31, 2007, revenue from dispositions/other primarily related to retail lease income of $4.3 million. Dispositions/other property revenues earned during the year ended December 31, 2006 primarily related to properties partially sold to joint ventures of $20.0 million and retail lease income of $3.1 million. For the year ended December 31, 2005, dispositions/other property revenues earned primarily related to properties partially sold into joint ventures of $35.1 million, retail lease income of $2.3 million and income associated with the amortization of above and below market leases on acquired communities of $2.8 million.

Property expenses from non-same store, development and lease-up communities increased $12.3 million for the year ended December 31, 2007 as compared to 2006 and $23.2 million for 2006 as compared to 2005. Both periods realized increases due to the completion and lease-up of properties in our development pipeline. Increases in 2006 as compared to 2005 were primarily affected by communities acquired in the Summit merger.

Property expenses from dispositions/other decreased $9.4 million and $3.4 million for the year ended December 31, 2007 as compared to 2006 and for the year ended December 31, 2006 as compared to 2005, respectively. The decrease for the year ended December 31, 2007 as compared to December 31, 2006 was due to the partial sale of nine properties to a joint venture in 2006. The decrease for the year ended December 31, 2006 as compared to December 31, 2005 was due to the partial sale of twelve properties to a joint venture in 2005.

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Non-property income

($ in thousands)	Year Ended December 31, 2007	2006	Change $	%	Year Ended December 31, 2006	2005	Change $	%
Fee and asset management	$ 8,293	$ 14,041	$ (5,748)	(40.9)%	$ 14,041	$ 12,912	$ 1,129	8.7%
Sale of technology investments	623	1,602	(979)	(61.1)	1,602	24,206	(22,604)	*
Interest and other income	8,804	9,771	(967)	(9.9)	9,771	7,373	2,398	32.5
Income on deferred compensation plans	7,282	10,116	(2,834)	(28.0)	10,116	6,421	3,695	57.5
Total non-property income	$ 25,002	$ 35,530	$ (10,528)	(29.6)%	$ 35,530	$ 50,912	$ (15,382)	(30.2)%

* *Not a meaningful percentage*

Fee and asset management income, which represents income related to third-party construction and development projects and property management, for the year ended December 31, 2007 decreased $5.7 million as compared to 2006 and increased $1.1 million for the year ended December 31, 2006 as compared to 2005. These changes were primarily due to increased fees earned from joint ventures and third-party construction and development projects in 2006 as compared to both 2007 and 2005.

Income from the sale of technology investments totaled $0.6 million, $1.6 million and $24.2 million for the years ended December 31, 2007, 2006 and 2005, respectively. During the years ended December 31, 2006 and 2005, we recognized a $1.6 million and $24.2 million gain, respectively, on the sale of our investment in Rent.com.

Interest and other income decreased $1.0 million for 2007 as compared to 2006 and increased $2.4 million for 2006 as compared to 2005. Interest income, which primarily relates to interest earned on notes receivable outstanding under our mezzanine financing program, increased $0.6 million for 2007 as compared to 2006 and decreased $2.9 million for 2006 as compared to 2005. The increase for 2007 as compared to 2006 was primarily due to new notes issued during 2007 of approximately $9.1 million and the decrease for 2006 as compared to 2005 was primarily due to repayments of approximately $21.4 million. Other income was $3.8 million in 2007 and $5.3 million in 2006. Other income represents income recognized upon the settlement of legal, insurance and warranty claims and contract disputes.

Income on deferred compensation plans decreased $2.8 million during the year ended December 31, 2007 as compared to 2006 and increased $3.7 million during the year ended December 31, 2006 as compared to 2005. The changes in income primarily related to the performance of the assets held in the deferred compensation plans for plan participants.

Other expenses

($ in thousands)	Year Ended December 31, 2007	2006	Change $	%	Year Ended December 31, 2006	2005	Change $	%
Property management	$ 18,413	$ 18,490	$ (77)	(0.4)%	$ 18,490	$ 16,145	$ 2,345	14.5%
Fee and asset management	4,552	9,382	(4,830)	(51.5)	9,382	6,897	2,485	36.0

General and administrative	32,590	37,584	(4,994)	(13.3)	37,584	24,845	12,739	51.3
Transaction compensation and merger expenses						14,085	(14,085)	*
Impairment provision on technology investment						130	(130)	*
Interest	116,281	117,862	(1,581)	(1.3)	117,862	111,052	6,810	6.1
Depreciation and amortization	162,189	153,609	8,580	5.6	153,609	159,841	(6,232)	(3.9)
Amortization of deferred financing costs	3,689	3,807	(118)	(3.1)	3,807	3,739	68	1.8
Expense on deferred compensation plans	7,282	10,116	(2,834)	(28.0)	10,116	6,421	3,695	57.5
Total non-property expenses	$ 344,996	$ 350,850	$ (5,854)	(1.7)%	$ 350,850	$ 343,155	$ 7,695	2.2%

* *Not a meaningful percentage*

Property management expense, which represents regional supervision and accounting costs related to property operations, decreased $0.1 million for the year ended December 31, 2007 as compared to 2006 and increased $2.3 million for 2006 as compared to 2005. The increase for 2006 as compared to 2005 was primarily due to an increase in the number of regional office employees which caused increases in salary and benefit expenses, including long-term incentive compensation and amortization expense recorded for share awards. Property management expenses was 3.0% of total property revenues for the year ended December 31, 2007, and 3.2% of total property revenues for the years ended December 31, 2006 and 2005.

Fee and asset management expense, which represents expenses related to third-party construction and development projects and property management, decreased $4.8 million for 2007 as compared to 2006 and increased $2.5 million for 2006 as compared to 2005, primarily as a result of the timing of costs and cost over-runs recognized on third party construction and development projects during each period and a higher level of third-party construction activity in 2006 as compared to 2007 and 2005.

General and administrative expenses decreased $5.0 million during the year ended December 31, 2007 as compared to 2006 and increased $12.7 million during the year ended December 31, 2006 as compared to 2005, and were 5.1%, 6.1% and 4.5% of total revenues for the years ended December 31, 2007, 2006 and 2005, respectively. The decrease in general and administrative expenses for the year ended December 31, 2007 as compared to 2006 was primarily due to reduced legal and incentive compensation expenses. The increase in general and administrative expenses for the year ended December 31, 2006 as compared to 2005 was primarily due to costs associated with increases in salary and benefit expenses, including long-term incentive compensation and amortization expense recorded for share awards, acceleration of vesting of previously granted share awards and legal costs. During 2006, an aggregate of 76,542 share awards that otherwise would have vested from time to time over the next five years became immediately exercisable. By accelerating the vesting of these share awards, we recognized a one-time expense of approximately $4.2 million for the year ended December 31, 2006.

During the year ended December 31, 2005, we incurred transaction compensation and merger expenses totaling $14.1 million related to the Summit merger. Merger expenses primarily related to training and transitional employee costs.

Interest expense for the year ended 2007 decreased $1.6 million as compared to 2006. Factors contributing to the decrease in interest expense include repayment of debt from proceeds received from our July 2006 equity offering, property dispositions during both periods and interest adjustments related to tax liabilities. Partially offsetting this decrease was interest incurred on debt used to repurchase our common shares during 2007. While our average debt level outstanding during 2007 increased slightly as compared to 2006, we continued to fund construction costs associated with our development pipeline increasing interest capitalized by $2.0 million during 2007 as compared to 2006. Interest expense for 2006 increased $6.8 million over 2005 primarily as a result of increases in debt outstanding and increases in the effective interest rates associated with our variable rate debt. These increases were partially offset by repayment of debt from proceeds received from our July 2006 equity offering and property dispositions. Interest capitalized for the year ended December 31, 2006 increased $3.1 million over the same period in 2005.

Depreciation and amortization expense and amortization of deferred financing costs increased 5.4% during the year ended December 31, 2007 as compared to 2006 and decreased 3.8% during the year ended December 31, 2006 as compared to 2005. The increase in 2007 as compared to 2006 was primarily due to an increased level of new development and capital improvements placed in service during 2007 as compared to 2006. The decrease in 2006 as compared to 2005 was primarily due to amortization of the value of in-place leases acquired in connection with the merger with Summit of $32.3 million during the year ended December 31, 2005, offset by additional depreciation on assets acquired and new development and capital improvements placed in service during the preceding year.

Expense on deferred compensation plans decreased $2.8 million during the year ended December 31, 2007 as compared to 2006 and increased $3.7 million during the year ended December 31, 2006 as compared to 2005. The changes in expense primarily related to the performance of the assets held in the deferred compensation plans for plan participants.

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Other

($ in thousands)	Year Ended December 31, 2007	2006	Change $	%	Year Ended December 31, 2006	2005	Change $	%
Gain on sale of properties, including land	$	$ 97,452	$ (97,452)	*%	$ 97,452	$ 132,914	$ (35,462)	(26.7)%
Impairment loss on land	(1,447)		(1,447)	*		(339)	339	*
Equity in income of joint ventures	1,526	5,156	(3,630)	(70.4)	5,156	10,049	(4,893)	(48.7)
Distributions on perpetual preferred units	(7,000)	(7,000)			(7,000)	(7,028)	28	0.4
Original issuance costs on redeemed perpetual preferred units						(365)	365	*
Income allocated to common units and other minority interests	(4,729)	(15,685)	10,956	69.9	(15,685)	(1,731)	(13,954)	*
Income tax expense current	(3,052)		(3,052)	*				

* *Not a meaningful percentage*

Gain on sale of properties for the year ended December 31, 2006 included gains of $91.5 million from the partial sale of nine operating properties to an affiliated joint venture and $5.2 million from the partial sales of land to affiliated joint ventures; also included in gain on sale of properties for the year ended December 31, 2006 was $0.8 million from the sale of undeveloped land to an unaffiliated third party. Gain on sale of properties for the year ended December 31, 2005 included a gain of $132.1 million from the partial sale of 12 operating communities to affiliated joint ventures and $0.8 million from the sale of undeveloped land to an unaffiliated third party. See further discussion of gains associated with property dispositions in Property Portfolio .

The impairment loss on land for the year ended December 31, 2007 of $1.4 million coincided with our decision to abandon development efforts at a site located in Dallas, Texas. Prior to our decision to abandon efforts, the carrying value of the land was supportable with cash flow projections from expected development. While no determination has been made to dispose of the asset, we have written down previously recorded carrying costs to record the asset at fair market value. During 2005, we sold undeveloped land to an unrelated third party. In connection with our decision to sell this undeveloped land, we recognized an impairment loss of $0.3 million.

Equity in income of joint ventures decreased $3.6 million for the year ended December 31, 2007 as compared to 2006, and decreased $4.9 million for the year ended December 31, 2006 as compared to 2005. Changes from period to period are due to changes in the number of properties and gains recognized on the sale of assets held through joint ventures. During 2007, certain of our development joint ventures completed construction and as such, depreciation recorded during the period was greater than income recognized as these properties have not reached stabilization. We recognized $2.8 million of gains for our proportionate share of the sale of three properties held through a joint venture during the year ended December 31, 2006. During the year ended December 31, 2005, we recognized $11.2 million in gains for our proportionate share of the sale of three properties held in joint ventures. The gains recognized during the year ended December 31, 2005 were partially offset by losses of $2.0 million recognized in one joint venture due to debt retirement costs associated with the refinancing of debt.

Income allocated to common units and other minority interests decreased $11.0 million during the year ended December 31, 2007 as compared to 2006 and increased $14.0 million during the year ended December 31, 2006 as compared to 2005. Income allocated to common units in 2006 was due primarily to gains recognized on the partial sale of eight properties held in Camden Operating, L.P. to a joint venture during the year ended December 31, 2006. A portion of the gains recognized were allocated to minority interest holders in Camden Operating, L.P.

Income tax expense for year ended December 31, 2007 was $3.1 million. Income tax expense is comprised of $1.0 million in margin taxes, $0.5 million in federal income taxes on our taxable REIT subsidiaries, and $1.6 million in state taxes in our operating partnerships.

Funds from Operations (FFO)

Management considers FFO to be an appropriate measure of the financial performance of an equity REIT. The National Association of Real Estate Investment Trusts (NAREIT) currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America (GAAP)), excluding gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including minority interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties and excluding depreciation, FFO can help one compare the operating performance of a company s real estate between periods or as compared to different companies.

We believe in order to facilitate a clear understanding of our consolidated historical operating results, FFO should be examined in conjunction with net income as presented in the consolidated statements of operations and data included elsewhere in this report. FFO is not defined by GAAP and should not be considered as an alternative to net income as an indication of our operating performance. Additionally, FFO as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income to diluted FFO for the years ended December 31, 2007, 2006 and 2005 are as follows:

(in thousands)	**2007**	**2006**	**2005**
Funds from operations			
Net income	$ 148,457	$ 232,846	$ 199,086
Gain on sale of properties, net of tax (1)	(105,098)	(170,304)	(168,221)
Real estate depreciation and amortization (1)	161,064	157,233	168,777
Income allocated to convertible minority interests (1)	17,796	17,537	2,515
Adjustments for unconsolidated joint ventures (2)	4,934	478	(6,867)
Funds from operations diluted	$ 227,153	$ 237,790	$ 195,290
Weighted average shares basic	58,135	56,660	52,000
Incremental shares assumable from assumed conversion of:			
Common share options and awards granted	482	725	483
Common units	3,503	3,868	3,830
Weighted average shares diluted	62,120	61,253	56,313

(1) Including amounts for discontinued operations.

(2) Adjustment for 2006 and 2005 includes $2.8 million and $11.2 million in gains recognized on sales of properties held in joint ventures. 2006 adjustment is net of $0.5 million in prepayment penalties incurred with the repayment of mortgage

notes directly associated with the sold properties.

Liquidity and Capital Resources

We are committed to maintaining a strong balance sheet and preserving our financial flexibility, which we believe enhances our ability to identify and capitalize on investment opportunities as they become available. We intend to maintain what management believes is a conservative capital structure by:

- using what management believes to be a prudent combination of debt and common and preferred equity;
- extending and sequencing the maturity dates of our debt where possible;
- managing interest rate exposure using what management believes to be prudent levels of fixed and floating rate debt;
- borrowing on an unsecured basis in order to maintain a substantial number of unencumbered assets; and
- maintaining conservative coverage ratios.

Our interest expense coverage ratio, net of capitalized interest, was 3.0, 2.9 and 2.8 times for the years ended December 31, 2007, 2006 and 2005, respectively. Our interest expense coverage ratio is calculated by dividing interest expense for the period into the sum of income from continuing operations before gain on sale of properties, equity in income of joint ventures and minority interests, depreciation, amortization, interest expense and income from discontinued operations. At December 31, 2007, 2006 and 2005, 81.6%, 80.5% and 78.8%, respectively, of our properties (based on invested capital) were unencumbered. Our weighted average maturity of debt, excluding our line of credit, was 4.9 years at December 31, 2007.

As a result of the significant cash flow generated by our operations, the availability under our unsecured credit facility and other short-term borrowings, proceeds from dispositions of properties and other investments and access to the capital markets by issuing securities under our automatic shelf registration statement, we believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash flow needs during 2008 including:

- normal recurring operating expenses;
- current debt service requirements;
- recurring capital expenditures;
- repurchase of common equity securities;
- initial funding of property developments, acquisitions and notes receivable; and
- the minimum dividend payments required to maintain our REIT qualification under the Internal Revenue Code of 1986.

One of our principal long-term liquidity requirements includes the repayment of maturing debt, including borrowings under our unsecured line of credit used to fund development and acquisition activities. During 2008 approximately $200.6 million of secured mortgage notes are scheduled to mature. Additionally, as of December 31, 2007, we had several current development projects in various stages of construction, for which a total estimated cost of $119.2 million remained to be funded. We intend to meet our long-term liquidity requirements through the use of debt and equity offerings under our automatic shelf registration statement, draws on our unsecured credit facility, property dispositions and secured mortgage notes.

In December 2007, we announced our Board of Trust Managers had declared a dividend distribution of $0.69 per share to holders of record as of December 21, 2007 of our common shares. The dividend was subsequently paid on January 17, 2008. We paid equivalent amounts per unit to holders of the common operating partnership units. This distribution to common shareholders and holders of common operating partnership units equates to an annualized dividend rate of $2.76 per share or unit.

In April 2007, our Board of Trust Managers approved a program to repurchase up to $250.0 million of our common equity securities through open market purchases and privately negotiated transactions. In January 2008, our Board of Trust Managers approved the repurchase of up to an additional $250.0 million of our common equity securities.

Net cash provided by operating activities decreased to $223.1 million during the year ended December 31, 2007 from $231.6 million for the same period in 2006. The decrease was due to a decline in non-property income and timing of payments on trade payables and receivables offset by growth in revenues from our stabilized and development communities.

Cash flows used in investing activities during the year ended December 31, 2007 totaled $346.8 million, as compared to $52.1 million during the year ended December 31, 2006. Cash outflows for property development, acquisition, and capital improvements were $500.8 million during 2007 as compared to $444.3 million during 2006. Proceeds received from sales of properties and technology investments, sales of assets to joint ventures and joint venture distributions representing returns of investments totaled $178.9 million for the year ended December 31, 2007 as compared to $445.2 million for the year ended December 31, 2006. Additionally, during the year ended December 31, 2006 notes receivable affiliates increased $41.6 million as five mezzanine loans were provided to joint ventures.

Net cash provided by financing activities totaled $123.6 million for the year ended December 31, 2007, primarily as a result of $808.0 million in proceeds from notes payable, offset by repayment of balances outstanding on our line of credit of $91.0 million, payments of $213.4 million related to the payoff of two senior unsecured notes and one mortgage note, $200.5 million of common share repurchases, and distributions paid to shareholders and minority interest holders of $178.1 million. Net cash used in financing activities totaled $180.0 million for the year ended December 31, 2006, primarily as a result of the repayment of balances outstanding on our line of credit of $45.0 million, payments of $227.3 million related to the payoff of senior unsecured notes and one mortgage note and

distributions paid to shareholders and minority interest holders of $166.2 million. The cash used in financing activities was partially offset by $254.9 million of proceeds from the issuance of 3.6 million common shares in 2006.

Financial Flexibility

We have a $600 million unsecured credit facility which matures in January 2010. The scheduled interest rate is based on spreads over the London Interbank Offered Rate (LIBOR) or the Prime Rate. The scheduled interest rate spreads are subject to change as our credit ratings change. Advances under the line of credit may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of six months or less and may not exceed the lesser of $300 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations, all of which we are in compliance.

Our line of credit provides us with the ability to issue up to $100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line, it does reduce the amount available. At December 31, 2007, we had outstanding letters of credit totaling $14.6 million, and had $470.4 million available under our unsecured line of credit.

As an alternative to our unsecured line of credit, we from time to time borrow using competitively bid unsecured short-term notes with lenders who may or may not be a part of the unsecured line of credit bank group. Such borrowings vary in term and pricing and are typically priced at interest rates below those available under the unsecured line of credit.

During both 2007 and 2006, we repaid $200.0 million of maturing unsecured notes with effective interest rates of 5.6% and 6.8%, respectively. During 2007, we refinanced one of our maturing secured conventional mortgage notes, which had a balance of $6.8 million and a variable interest rate at 7.31%; the new note was for a principal amount of $9.0 million with a fixed interest rate of 6.0% and matures on August 1, 2014. We also repaid one conventional mortgage note during 2006 totaling $13.1 million, which had an interest rate of 7.6%. We repaid all notes payable using proceeds available under our unsecured line of credit.

In connection with our partial sale of nine apartment communities to a joint venture during 2006, as discussed in Note 8, Investments in Joint Ventures in the Notes to Consolidated Financial Statements, three variable rate tax-exempt mortgage notes totaling $30.5 million were assumed by the joint venture.

At December 31, 2007 and 2006, the weighted average interest rate on our floating rate debt, which includes our unsecured line of credit, was 5.0% and 5.4%, respectively.

We filed an automatic shelf registration statement with the Securities and Exchange Commission during 2006 which became effective upon filing. We may use the shelf registration statement to offer, from time to time, common shares, preferred shares, debt securities or warrants. Our declaration of trust provides that we may issue up to 110,000,000 shares of beneficial interest, consisting of 100,000,000 common shares and 10,000,000 preferred shares. As of December 31, 2007, we had 65,434,369 common shares and no preferred shares outstanding under our declaration of trust.

In June 2006, we issued 3.6 million common shares at $71.25 per share in a public equity offering under our shelf registration statement. We used the net proceeds of $254.9 million to reduce indebtedness on our unsecured line of credit and for general corporate purposes.

Contractual Obligations

The following table summarizes our known contractual obligations as of December 31, 2007:

(in millions)	Total	2008	2009	2010	2011	2012	Thereafter
Debt maturities	$ 2,828.1	$ 200.6	$ 198.1	$ 567.7	$ 248.2	$ 772.5	$ 841.0
Interest payments *(1)*	731.5	149.6	136.3	112.9	90.5	79.0	163.2
Capital contributions to Fund *(2)*	37.5	37.5					
Non-cancelable lease payments	16.2	2.5	2.3	2.3	2.2	1.8	5.1
Postretirement benefit obligations	2.5	0.2	0.2	0.2	0.2	0.3	1.4
Construction contracts	73.4	71.9	1.5				
	$ 3,689.2	$ 462.3	$ 338.4	$ 683.1	$ 341.1	$ 853.6	$ 1,010.7

(1) Includes contractual interest payments for our line of credit, senior unsecured

notes, medium-term notes and secured notes. Interest payments on the term loan were calculated based on the interest rate effectively fixed by the interest rate swap agreement. The interest payments on certain secured notes with floating interest rates and our line of credit were calculated based on the interest rates in effect as of December 31, 2007.

(2) Contingent on timing of capital calls by the Fund; subject to change.

The joint ventures in which we have an interest have been funded in part with secured, third-party debt. We are not committed to any additional funding on third-party debt in relation to our joint ventures. We are committed to funding an additional $6.2 million under mezzanine loans provided to joint ventures. We have guaranteed the repayment of the construction loans of five of our development joint ventures in an amount equal to our percentage interest in such joint ventures, totaling $65.7 million. We believe it is unlikely significant payments will be required under these guarantees. See further discussion of our investments in various joint ventures in Note 8, Investments in Joint Ventures in the Notes to Consolidated Financial Statements.

Inflation

Substantially all of our apartment leases are for a term generally ranging from 6 to 15 months. In an inflationary environment, we may realize increased rents at the commencement of new leases or upon the renewal of existing leases. The short-term nature of our leases generally minimizes our risk from the adverse affects of inflation.

Critical Accounting Policies

Critical accounting policies are those most important to the presentation of a company s financial condition and results, and require management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We follow financial accounting and reporting policies in accordance with generally accepted accounting principles in the United States of America.

Principles of Consolidation. Our consolidated financial statements include our assets, liabilities and operations and those of our wholly-owned subsidiaries and partnerships. We also make co-investments with unrelated third parties and determine whether to consolidate or use the equity method of accounting for these ventures. FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities* (as revised) and Emerging Issues Task Force No. 04-05, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* are two of the primary sources of accounting guidance in this area. In accordance with this accounting literature, we will consolidate joint ventures determined to be variable interest entities for which we are the primary beneficiary. We will also consolidate any joint ventures that are not determined to be variable interest entities but where we exercise control over major operating decisions through substantive participating rights. Any entities that do not meet the criteria for consolidation, but where we exercise significant influence are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation.

Income Recognition. Our rental and other property income is recorded when due from residents and is recognized monthly as it is earned. Other property income consists primarily of utility rebillings, and administrative, application and other transactional fees charged to our residents. Our apartment homes are rented to residents on lease terms generally ranging from 6 to 15 months, with monthly payments due in advance. Interest, fee and asset management and all other sources of income are recognized as earned. Two of our properties are subject to rent control or rent stabilization. Operations of apartment properties acquired are recorded from the date of acquisition in accordance with the purchase method of accounting. In management s opinion, due to the number of residents, the type and diversity of submarkets in which the properties operate, and the collection terms, there is no significant concentration of credit risk.

Cost Capitalization. Real estate assets are carried at cost plus capitalized carrying charges. Carrying charges are primarily interest and real estate taxes which are capitalized as part of properties under development. Expenditures directly related to the development, acquisition and improvement of real estate assets, excluding internal costs relating to acquisitions of operating properties, are capitalized at cost as land, buildings and improvements. Indirect development costs, including salaries and benefits and other related costs directly attributable to the development of properties are also capitalized. All construction and carrying costs are capitalized and reported on the balance sheet in properties under development until the apartment homes are substantially completed. Upon substantial completion of the apartment homes, the total cost for the apartment homes and the associated land is transferred to buildings and improvements and land, respectively, and the assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

Where possible, we stage our construction to allow leasing and occupancy during the construction period, which we believe minimizes the duration of the lease-up period following completion of construction. Our accounting policy

related to properties in the development and leasing phase is all operating expenses associated with completed apartment homes are expensed.

As discussed above, carrying charges are principally interest and real estate taxes capitalized as part of properties under development and buildings and improvements. Capitalized interest was $22.6 million in 2007, $20.6 million in 2006 and $17.5 million in 2005. Capitalized real estate taxes were $3.5 million, $2.6 million and $2.5 million in 2007, 2006 and 2005, respectively.

We capitalize renovation and improvement costs we believe extend the economic lives. Capital expenditures subsequent to initial construction are capitalized and depreciated over their estimated useful lives, which range from 3 to 20 years.

Depreciation and amortization is computed over the expected useful lives of depreciable property on a straight-line basis with lives generally as follows:

	Estimated Useful Life
Buildings and improvements	5-35 years
Furniture, fixtures, equipment and other	3-20 years
Intangible assets (in-place leases and above and below market leases)	average lease term

Allocations of Purchase Price. Upon the acquisition of real estate, we allocate the purchase price between tangible and intangible assets, which includes land, buildings, furniture and fixtures, the value of in-place leases, including above and below market leases, and acquired liabilities. When allocating the purchase price to acquired properties, we allocated costs to the estimated intangible value of in-place leases and above or below market leases and to the estimated fair value of furniture and fixtures, land and buildings on a value determined by assuming the property was vacant by applying methods similar to those used by independent appraisers of income-producing property. Depreciation and amortization is computed on a straight-line basis over the remaining useful lives of the related assets. The value of in-place leases and above or below market leases is amortized over the estimated average remaining life of leases in-place at the time of acquisition. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities.

Asset Impairment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment exists if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. Generally, when impairment exists the long-lived asset is adjusted to its respective fair value.

We consider projected future undiscounted cash flows, trends, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding such factors as market rents, economies, and occupancies could significantly affect these estimates. In determining fair value, management uses appraisals, management estimates, or discounted cash flow calculations. We recorded impairment charges on land of $1.4 million and $0.3 million for the years ended December 31, 2007 and 2005. Our impairment charge in 2007 coincided with our decision to abandon development efforts at a site located in Dallas, Texas. Prior to our decision to abandon development efforts, the carrying value of the land was supportable with cash flow projections from expected development.

Derivative Instruments. We utilize derivative financial instruments to manage interest rate risk and we designate the financial instruments as cash flow hedges under the guidance of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, SFAS No. 138, *Accounting for Certain Instruments and Certain Hedging Activities, an Amendment of Statement No. 133*, and SFAS 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. These statements require every derivative instrument to be recorded on the balance sheet as either an asset or liability measured at its fair value, with changes in fair value recognized currently in earnings unless specific hedge accounting criteria are met. For cash flow hedge relationships, changes in the fair value of the derivative instrument deemed effective at offsetting the risk being hedged are reported in other comprehensive income. For cash flow hedges where the cumulative changes in the fair value of the derivative exceed the cumulative changes in the fair value of the hedged item, the ineffective portion is recognized in current period earnings. All derivative instruments are recognized on the balance sheet and measured at fair value. Derivatives not qualifying for hedge treatment must be recorded at fair value with gains or losses recognized in earnings in the period of change. We

enter into derivative financial instruments from time to time, but do not use them for trading or speculative purposes. Interest rate swap agreements are used to reduce the potential impact of ch