CAMDEN PROPERTY TRUST
Form 10-K
February 25, 2010

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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, 2009

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 the 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o Not applicable þ*

* As of February 25, 2010, the registrant has not been phased in to the interactive data requirements.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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 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 (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in the Rule 12b-2 of the Act). Yes o No þ
The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was $1,739,721,564 based on a June 30, 2009 share price of $27.60.
On February 19, 2010, 64,530,986 common shares of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement in connection with its Annual Meeting of Shareholders to be held May 3, 2010 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. Unless the context requires otherwise, we, our, us, and the Company refer to Camden Property Trust and its consolidated subsidiar Our multifamily apartment communities are referred to as communities, multifamily communities, properties, o multifamily properties 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.

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 communities has similar economic characteristics, residents, amenities, 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, 2009, we owned interests in, operated, or were developing 185 multifamily properties comprising 63,658 apartment homes across the United States. We had 372 apartment homes under development at two of our multifamily properties, including 119 apartment homes at one multifamily property owned through a nonconsolidated joint venture and 253 apartment homes at one multifamily property owned through a consolidated joint venture, in which we own an interest. In addition, we own other land parcels we may develop into multifamily apartment communities.

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 help us maximize the earnings potential of our communities.

Real Estate Investments and Market Balance. We believe we are well positioned in our current markets and have the expertise to take advantage of new opportunities as they arise. These capabilities, combined with what we believe is a conservative financial structure, should allow us to concentrate our growth efforts toward selective opportunities to enhance our strategy of having a geographically diverse portfolio of assets which meet the requirements of our residents.

We have historically focused our operating strategy on capturing greater market share, selectively disposing of properties, and redeploying capital in new multifamily communities while also maintaining a strong balance sheet. We have also historically evaluated acquisition opportunities as they arose, some of which were consummated and contributed to our growth and profitability.

We continue to operate in our core markets which we believe provides an advantage due to economies of scale. We believe, 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 sustained earnings growth, we intend to selectively dispose of properties and redeploy capital for various strategic reasons, including if we determine a property cannot meet long-term earnings growth expectations.

During 2008 and 2009, a number of factors adversely affecting demand for and rents received by our multifamily communities were intense and pervasive across the United States, and the conditions within the multifamily industry have become progressively more challenging. A prolonged recession, high inventory levels of single-family homes and condominiums in the markets in which we operate, overall weak consumer confidence, and high unemployment, among other factors, have persisted and, in some cases, accelerated in 2009. We believe the effects of these factors on the multifamily industry have been further magnified by high levels of home foreclosures, liquidity disruptions in the financial markets, continued job losses, and a lack of job growth. Our average apartment lease term is approximately twelve months. The impact of an economic downturn affects us quickly due to the short-term nature of our leases because our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.

Based on these market conditions and our belief these conditions will continue in the near future, we are cautious regarding expected performance and expect a decline in property revenues during 2010 as compared to 2009. However, positive impacts on our performance may result from reductions in the U.S. home ownership rate, more stringent lending criteria for prospective home-buyers, and long-term growth prospects for population, employment, and household formations in our markets. However, there can be no assurance any of these factors will develop, continue or positively impact our operating results. We have noted a recent increase in issuances of debt and equity by REITs at more attractive rates. While this may be a positive sign, we are uncertain if this level of activity will increase or continue.

During the near term, we plan to continue to focus primarily on strengthening our capital and liquidity position by generating positive cash flows from operations, reducing outstanding debt and leverage ratios, and controlling and reducing overhead costs.

Subject to market conditions, we intend to continue to look for opportunities to acquire existing communities through our investment in and management of our discretionary investment funds, the Camden Multifamily Value Add Fund, L.P. and a related co-investment partnership (the Funds). Until the earlier of (i) December 31, 2011 or (ii) such time as 90% of their committed capital is invested, subject to two one-year extensions, the Funds will be our exclusive investment vehicles for acquiring fully developed multifamily properties, subject to certain exceptions.

Sophisticated Property Management. We believe the depth of our organization enables us to deliver quality services, promote resident satisfaction, and retain residents, 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 our residents. We strive to motivate our on-site employees through incentive compensation arrangements based upon property operational results, 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 financial results. 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 an average lease of twelve months, and 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 through which we own an indirect economic interest of less than 100% of the community or communities owned directly by the joint venture. See Note 7, Investments in Joint Ventures, and Note 14, Commitments and Contingencies, of the Notes to Consolidated Financial Statements for further discussion of our investments in joint ventures.

Competition

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

Employees

At December 31, 2009, we had approximately 1,750 employees, including executive, administrative, and community personnel.

Qualification as a Real Estate Investment Trust

As of December 31, 2009, 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 continue to meet certain requirements of the Code.

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, Real Estate Capital, and Credit Markets

Volatility in capital and credit markets could adversely impact us.

The capital and credit markets have been experiencing volatility and disruption, which has caused the spreads on prospective debt financings to fluctuate and potentially make it more difficult to borrow money. If current levels of market disruption and volatility continue or worsen, we may not be able to obtain new debt financing or refinance our existing debt on favorable terms or at all, which would adversely affect our liquidity and our ability to make distributions to shareholders. This market turmoil and tightening of credit have led to an increased lack of consumer confidence and widespread reduction of business activity generally, which have adversely impacted and may continue to adversely impact us, including our ability to acquire and dispose of assets and continue our development pipeline.

We could be negatively impacted by the condition of Fannie Mae or Freddie Mac.

Fannie Mae and Freddie Mac are a major source of financing for secured multifamily rental real estate. We and other multifamily companies depend heavily on Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing apartment loans. In September 2008, the U.S. government assumed control of Fannie Mae and Freddie Mac and placed both companies into a government conservatorship under the Federal Housing Finance Agency. In December 2009, the Obama administration pledged to cover unlimited losses through 2012 for both companies, lifting an earlier cap of $400 billion. Since that time, the chairman of the House Financial Services Committee has called for a new system for providing money for mortgages and the elimination of Fannie Mae and Freddie Mac. A decision by the government to eliminate Fannie Mae or Freddie Mac or reduce their acquisitions or guarantees of apartment loans may adversely affect interest rates, capital availability, and the development of multifamily communities. Governmental actions could also make it easier for individuals to finance loans for single-family homes, which would make renting a less attractive option and adversely affect our occupancy or rental rates.

Unfavorable changes in economic conditions could adversely impact occupancy or rental rates.
Weakened economic conditions, including decreased job growth and job losses, have affected and continue to significantly affect apartment home occupancy and rental rates. Significant decreases in occupancy or 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;
- declines in the financial condition of our tenants, which may make it more difficult for us to collect rents from some tenants;
- changes in market rental rates;
- declines in mortgage interest rates, making alternative housing more affordable;
- government or builder incentives which enable first time have buyers to put little or no money down, making alternative housing options more attractive;
- a continued economic downturn which simultaneously affects one or more of our geographical markets; and
- increased operating costs, if these costs cannot be passed through to residents.

We may experience a decrease in rental revenues, an increase in operating expenses, or a combination of both, which may adversely affect our results of operations and our ability to satisfy our financial obligations and pay distributions to shareholders.

Short-term leases expose us to the effects of declining market rents.
Substantially all of our apartment leases are for a term of one year or less. Because these leases generally permit the residents to leave at the end of the lease term without penalty, our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.

We face risks associated with land holdings and related activities.
We hold land for future development and may in the future acquire additional land holdings. The risks inherent in purchasing, owning, and developing land increase as demand for apartments, or rental rates, decrease. Real estate markets are highly uncertain and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate as a result of changing market conditions. In addition, carrying costs can be significant and can result in losses or reduced margins in a poorly performing project. As a result, we hold certain land and may in the future acquire additional land in our development pipeline at a cost we may not be able to recover fully or upon which we cannot build and develop a profitable multifamily community. Under current market conditions, in 2009 we recorded impairment charges on land holdings for eight developments, and a land development joint venture we have put on hold for the foreseeable future. We may have future impairments of our land and related activities. These impairment charges are based on estimates of fair value. Given the current environment, the amount of market information available to estimate fair value is less than usual; if additional market information becomes available in future periods we may take additional impairment charges in the future.

Difficulties of selling real estate could limit our flexibility.
We intend to evaluate the potential disposition of assets that may no longer help us meet our objectives. When we decide to sell an asset, we may encounter difficulty in finding buyers in a timely manner as real estate investments generally cannot be disposed of quickly, especially when market conditions are poor. These difficulties have been exacerbated in the current credit environment because buyers have experienced difficulty in obtaining the necessary financing. These factors may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and may also limit our ability to utilize sales proceeds as a source of liquidity, which would adversely affect our ability to make distributions to shareholders or repay debt. In addition, in order to maintain our status as a REIT, the Code imposes restrictions on our ability to sell properties held fewer than two years, which may cause us to incur losses thereby reducing our cash flows and adversely impacting our ability to make distributions to shareholders or repay debt.

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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 and apartment homes 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 which 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 the government or 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.

Risks Associated with Our Operations

Development and construction risks could impact our profitability.

Although we expect lower levels of development activity in 2010, as compared to prior years, in the long term we intend to continue to develop and construct multifamily apartment communities for our 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;
- increased materials, labor, problems with subcontractors, or other costs due to errors and omissions which occur in the design or construction process;
- 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;
- incurring costs related to the abandonment of development opportunities which we have pursued and subsequently deemed unfeasible; and
- 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 serve as the general contractor on a limited number of development and construction projects for properties owned by 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 that 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 durations 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 acquisition strategy may not produce the cash flows expected.

Subject to the requirements of the Funds, 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;

- the expected occupancy and rental rates may differ from the actual results; and
- we may not be able to obtain adequate financing.

With respect to acquisitions of operating companies, we may not be able to identify suitable candidates on terms acceptable to us or may not achieve expected returns and other benefits as a result of integration challenges, such as personnel and technology.

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 additional operating 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 or develop 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 deductible 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.

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

We have invested and may continue to invest as a joint venture partner in joint ventures. These investments involve risks, including the possibility the other joint venture partner may have business goals which are inconsistent with ours, be in a position to take action or withhold consent contrary to our requests, or become insolvent and require us to assume and fulfill the joint venture s financial obligations. We and our joint venture partner may each have the right to initiate a buy-sell arrangement, which could cause us to sell our interest, or acquire our joint venture partner s interest, at a time when we otherwise would not have entered into such a transaction. Each joint venture 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 agreement.

We face risks associated with investments in and management of discretionary funds.

We have formed the Funds which, through wholly-owned subsidiaries, we manage as the general partner and advisor. We have committed to invest 20% of the total equity interest in each of the Funds, up to $75 million in the aggregate. As of December 31, 2009, each of the Funds had total capital commitments of $187.5 million or $375 million in the aggregate. There are risks associated with the investment in and management of the Funds, including the following:

- investors in the Funds may fail to make their capital contributions when due and, as a result, the Funds may be unable to execute their investment objectives;
- the general partner of the Funds, our wholly-owned subsidiary, has unlimited liability for the third-party debts, obligations, and liabilities of the Funds pursuant to partnership law;
- investors in the Funds (other than us), by majority vote, may remove our subsidiary as the general partner of the Funds with or without cause and the Funds advisory boards, by a majority vote of their members, may remove our subsidiary as the general partner of the Funds at any time for cause;
- while we have broad discretion to manage the Funds and make investment decisions on behalf of the Funds, the investors or the advisory boards must approve certain matters, and as a result we may be unable to cause the Funds to make certain investments or implement certain decisions we consider beneficial;

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- we are permitted to acquire land and develop communities outside of the Funds, but are generally prohibited from acquiring fully developed multifamily properties outside of the Funds until the earlier of (i) December 31, 2011 or (ii) such time as 90% of the Funds committed capital is invested, subject to certain exceptions;
- our ability to redeem all or a portion of our investments in the Funds is subject to significant restrictions; and
- we may be liable if the Funds fail 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.

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

We may not continue to qualify as a REIT in the future. 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 and do not qualify under statutory relief provisions:

- we would be subject to federal income tax on our taxable income at regular corporate rates, including 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 values at either the corporate or individual property levels. Any additional tax expense incurred would decrease the cash available for distribution to our shareholders.

Risks Associated with Our Indebtedness and Financing

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

Substantially all of our income is derived from rental and other income from our multifamily communities. As a result, our performance depends in large part 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 communities;
- 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. In order for us to continue to qualify as a REIT we must meet a number of organizational and operational requirements, including a requirement to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. This requirement limits the cash flow available to meet required principal payments on our debt.

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

As of December 31, 2009, we had outstanding debt of approximately $2.6 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 mortgaged property;
- 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.

The mortgages on our properties subject to secured debt, our unsecured credit facility, and the indentures under which our unsecured debt was issued contain customary restrictions, requirements, and other limitations, as well as certain financial and operating covenants including maintenance of certain financial ratios. Maintaining compliance with these provisions could limit our financial flexibility. A default in these provisions, if uncured, could require us to repay the indebtedness, which could severely affect our liquidity and increase our financing costs.

We may be unable to renew, repay, or refinance our outstanding debt.

We are subject to the risk that indebtedness on our properties or our unsecured indebtedness will not be renewed, repaid, or refinanced when due or the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of the properties on disadvantageous terms, which might result in losses to us. Such losses could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, appoint a receiver and exercise rights under an assignment of rents and leases, or pursue other remedies, all with a consequent loss of our revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Code.

Variable rate debt is subject to interest rate risk.

We have mortgage debt with varying interest rates dependent upon various market indexes. 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 which 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.

Historically, we have entered into agreements to reduce the risks associated with changes in interest rates, and we may continue to do so in the future. Although these agreements may partially protect against rising interest rates, they may also 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. Additionally, nonperformance by the other party to the hedging arrangement may subject us to increased credit risks.

Issuances of additional debt 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 earlier than anticipated. If we issue more debt, 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.

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Failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets.

Moody s and Standard & Poor s, the major debt rating agencies, routinely evaluate our debt and have given us ratings of Baa1 and BBB, respectively, with stable outlooks, on our senior unsecured debt. These ratings are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. In light of the difficulties in the real estate industry and the volatile financial markets, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets.

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 of us failing 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 which might otherwise exist if a third party were attempting to effect a change in control transaction.

Our share price will fluctuate.

Stock markets in general and our common shares have experienced continued price volatility over the past year. The market price and volume of our common shares may continue to be subject to significant fluctuations due not only to general stock market conditions but also to the risk factors discussed in this report and the following:

- operating results which vary from the expectations of securities analysts and investors;
- 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;
- increases in market interest rates, which may lead purchasers of our common shares to demand a higher yield; and
- changes in financial markets and national economic and general market conditions.

We may reduce dividends on our equity securities.

On December 7, 2009, we announced our Board of Trust Managers had declared a fourth quarter dividend of $0.45 per common share, totaling $2.05 per share for the year ended December 31, 2009. In order for us to continue to qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. However, in the event of, among other factors, continued material future deterioration in business conditions, or continuing tightening in the credit markets, our Board of Trust Managers may decide to reduce our dividend while ensuring compliance with the requirements of the Code related to REIT qualification.

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Item 1B. Unresolved Staff Comments

None.

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, weight room facilities, 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 (including properties held through joint ventures)

The 183 operating properties in which we owned interests and operated at December 31, 2009 averaged 918 square feet of living area per apartment home. For the year ended December 31, 2009, no single operating property accounted for greater than 1.7% of our total revenues. Our operating properties had a weighted average occupancy rate of 93.3% and 93.9% for 2009 and 2008, respectively. Resident lease terms generally range from six to fifteen months with an average lease term of twelve months. One hundred and fifty-nine of our operating properties have over 200 apartment homes, with the largest having 904 apartment homes. Our operating properties have an average age of 10.4 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
2001-2009	49
1996-2000	57
1991-1995	19
1986-1990	39
1980-1985	14
Prior to 1980	5

Property Table

The following table sets forth information with respect to our operating properties at December 31, 2009:

OPERATING PROPERTIES Property and Location	Year Placed In Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2009 Average Occupancy (1)
ARIZONA				
Phoenix				
Camden Copper Square	2000	786	332	91.5%
Camden Fountain Palms (8)	1986/1996	1,050	192	88.9
Camden Legacy	1996	1,067	428	93.1
Camden Pecos Ranch (8)	2001	924	272	93.7
Camden San Paloma	1993/1994	1,042	324	92.2
Camden Sierra (8)	1997	925	288	90.5
Camden Towne Center (8)	1998	871	240	90.9
Camden Vista Valley	1986	923	357	90.1
CALIFORNIA				
Los Angeles/Orange County				
Camden Crown Valley	2001	1,009	380	95.0
Camden Harbor View	2004	975	538	94.3
Camden Main & Jamboree (3) (12)	2008	1,011	290	92.3
Camden Martinique	1986	794	714	92.6

OPERATING PROPERTIES Property and Location	Year Placed In Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2009 Average Occupancy (1)
Camden Parkside (8)	1972	836	421	92.7
Camden Sea Palms	1990	891	138	94.2
San Diego/Inland Empire				
Camden Old Creek	2007	1,037	350	93.9
Camden Sierra at Otay Ranch	2003	962	422	94.0
Camden Tuscany	2003	896	160	93.6
Camden Vineyards	2002	1,053	264	89.6
COLORADO				
Denver				
Camden Caley	2000	925	218	94.8
Camden Centennial	1985	744	276	93.2
Camden Denver West (9)	1997	1,015	320	94.8
Camden Highlands Ridge	1996	1,149	342	95.0
Camden Interlocken	1999	1,022	340	96.1
Camden Lakeway	1997	932	451	93.6
Camden Pinnacle	1985	748	224	93.2
WASHINGTON DC METRO				
Camden Ashburn Farms	2000	1,062	162	95.6
Camden Clearbrook	2007	1,048	297	96.7
Camden College Park (3) (12)	2008	942	508	79.8
Camden Dulles Station (2)	2009	984	366	Lease-Up
Camden Fair Lakes	1999	1,056	530	95.4
Camden Fairfax Corner	2006	934	488	95.2
Camden Fallsgrove	2004	996	268	97.0
Camden Grand Parc	2002	674	105	96.1
Camden Lansdowne	2002	1,006	690	94.8
Camden Largo Town Center	2000/2007	1,027	245	90.1
Camden Monument Place	2007	856	368	93.8
Camden Potomac Yard (3)	2008	835	378	84.2
Camden Roosevelt	2003	856	198	96.3
Camden Russett	2000	992	426	94.4
Camden Silo Creek	2004	975	284	96.4
Camden Summerfield (3)	2008	957	291	84.8
Camden Westwind	2006	1,036	464	95.3
FLORIDA				
Southeast Florida				
Camden Aventura	1995	1,108	379	93.9
Camden Brickell	2003	937	405	94.4
Camden Doral	1999	1,120	260	96.0
Camden Doral Villas	2000	1,253	232	96.7
Camden Las Olas	2004	1,043	420	94.5
Camden Plantation	1997	1,201	502	94.4
Camden Portofino	1995	1,112	322	95.1
Orlando				

Camden Club	1986	1,077	436	94.1
Camden Hunter s Creek	2000	1,075	270	94.8
Camden Lago Vista	2005	955	366	93.8
Camden Landings	1983	748	220	93.9
Camden Lee Vista	2000	937	492	92.9
Camden Orange Court	2008	812	261	78.9
Camden Renaissance	1996/1998	899	578	92.9
Camden Reserve	1990/1991	824	526	93.6
Camden World Gateway	2000	979	408	93.1
Tampa/St. Petersburg				
Camden Bay	1997/2001	943	760	93.8
Camden Bay Pointe	1984	771	368	91.7
Camden Bayside	1987/1989	748	832	93.6
Camden Citrus Park	1985	704	247	92.1
Camden Lakes	1982/1983	732	688	91.7
Camden Lakeside	1986	729	228	92.1
Camden Live Oaks	1990	1,093	770	94.7
Camden Preserve	1996	942	276	93.8
Camden Providence Lakes	1996	1,024	260	93.3
Camden Royal Palms	2006	1,017	352	92.0

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OPERATING PROPERTIES Property and Location	Year Placed In Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2009 Average Occupancy (1)
Camden Westshore	1986	728	278	93.6
Camden Woods	1986	1,223	444	92.5
GEORGIA				
Atlanta				
Camden Brookwood	2002	912	359	93.2
Camden Dunwoody	1997	1,007	324	93.8
Camden Deerfield	2000	1,187	292	94.5
Camden Midtown Atlanta	2001	935	296	93.1
Camden Peachtree City	2001	1,027	399	94.2
Camden River	1997	1,103	352	93.2
Camden Shiloh	1999/2002	1,143	232	93.5
Camden St. Clair	1997	999	336	93.2
Camden Stockbridge	2003	1,009	304	91.7
Camden Sweetwater	2000	1,151	308	92.1
KENTUCKY				
Louisville				
Camden Brookside (10)	1987	732	224	92.8
Camden Meadows (10)	1987/1990	746	400	95.3
Camden Oxmoor (10)	2000	903	432	96.0
Camden Prospect Park (10)	1990	916	138	94.7
MISSOURI				
Kansas City				
Camden Passage (10)	1989/1997	834	596	95.2
St. Louis				
Camden Cedar Lakes (10)	1986	852	420	92.3
Camden Cove West (10)	1990	828	276	95.8
Camden Cross Creek (10)	1973/1980	947	591	95.2
Camden Westchase (10)	1986	945	160	95.7
NEVADA				
Las Vegas				
Camden Bel Air	1988/1995	943	528	92.7
Camden Breeze	1989	846	320	93.2
Camden Canyon	1995	987	200	95.6
Camden Commons	1988	936	376	91.0
Camden Cove	1990	898	124	93.1
Camden Del Mar	1995	986	560	93.2
Camden Fairways	1989	896	320	94.4
Camden Hills	1991	439	184	90.8
Camden Legends	1994	792	113	93.4
Camden Palisades	1991	905	624	92.2
Camden Pines (8)	1997	982	315	93.8
Camden Pointe	1996	983	252	93.0
Camden Summit (8)	1995	1,187	234	94.7
Camden Tiara (8)	1996	1,043	400	93.7

Camden Vintage	1994	978	368	92.3
Oasis Bay (11)	1990	876	128	92.5
Oasis Crossings (11)	1996	983	72	94.4
Oasis Emerald (11)	1988	873	132	91.2
Oasis Gateway (11)	1997	1,146	360	91.9
Oasis Island (11)	1990	901	118	92.1
Oasis Landing (11)	1990	938	144	92.7
Oasis Meadows (11)	1996	1,031	383	90.7
Oasis Palms (11)	1989	880	208	90.7
Oasis Pearl (11)	1989	930	90	94.7
Oasis Place (11)	1992	440	240	89.9
Oasis Ridge (11)	1984	391	477	85.3
Oasis Sierra (11)	1998	923	208	94.0
Oasis Springs (11)	1988	838	304	89.5
Oasis Vinings (11)	1994	1,152	234	90.7
NORTH CAROLINA				
Charlotte				
Camden Ballantyne	1998	1,045	400	93.2
Camden Cotton Mills	2002	905	180	95.3
Camden Dilworth	2006	857	145	95.4

OPERATING PROPERTIES Property and Location	Year Placed In Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2009 Average Occupancy (1)
Camden Fairview	1983	1,036	135	96.1
Camden Forest	1989	703	208	89.3
Camden Foxcroft (4)	1979	940	156	92.0
Camden Grandview	2000	1,057	266	95.4
Camden Habersham	1986	773	240	93.0
Camden Park Commons	1997	861	232	92.4
Camden Pinehurst	1967	1,147	407	93.1
Camden Sedgebrook	1999	972	368	93.3
Camden Simsbury	1985	874	100	93.9
Camden South End Square	2003	882	299	93.1
Camden Stonecrest	2001	1,098	306	93.2
Camden Touchstone	1986	899	132	94.9
Raleigh				
Camden Crest	2001	1,013	438	93.9
Camden Governor s Village	1999	1,046	242	92.4
Camden Lake Pine	1999	1,066	446	93.9
Camden Manor Park	2006	966	484	94.5
Camden Overlook	2001	1,060	320	94.7
Camden Reunion Park	2000/2004	972	420	92.9
Camden Westwood	1999	1,027	354	94.5
PENNSYLVANIA				
Camden Valleybrook	2002	992	352	94.7
TEXAS				
Austin				
Camden Amber Oaks (2) (7)	2009	862	348	Lease-Up
Camden Cedar Hills (3)	2008	911	208	91.1
Camden Gaines Ranch	1997	955	390	92.6
Camden Huntingdon	1995	903	398	93.7
Camden Laurel Ridge	1986	702	183	92.9
Camden Ridgecrest	1995	855	284	93.7
Camden South Congress (7)	2001	975	253	93.8
Camden Stoneleigh	2001	908	390	94.2
Corpus Christi				
Camden Breakers	1996	868	288	94.2
Camden Copper Ridge	1986	775	344	94.4
Camden Miramar (6)	1994-2004	482	778	84.4
Dallas/Fort Worth				
Camden Addison (8)	1996	942	456	93.5
Camden Buckingham	1997	919	464	94.8
Camden Centreport	1997	911	268	93.3
Camden Cimarron	1992	772	286	94.5
Camden Farmers Market	2001/2005	932	904	93.9
Camden Gardens	1983	652	256	93.8
Camden Glen Lakes	1979	877	424	93.9

Camden Legacy Creek	1995	831	240	95.5
Camden Legacy Park	1996	871	276	94.4
Camden Oasis	1986	548	602	86.6
Camden Springs	1987	713	304	92.1
Camden Valley Creek	1984	855	380	93.4
Camden Valley Park (5)	1986	743	516	Redevelopment
Camden Valley Ridge	1987	773	408	93.1
Camden Westview	1983	697	335	91.4
Houston				
Camden Braeswood Place (2) (13)	2009	1,042	340	Lease-Up
Camden Baytown	1999	844	272	93.3
Camden City Centre	2007	932	379	94.3
Camden Creek	1984	639	456	93.5
Camden Greenway	1999	861	756	95.4
Camden Holly Springs (8)	1999	934	548	94.4
Camden Midtown	1999	844	337	96.3
Camden Oak Crest	2003	870	364	95.5
Camden Park (8)	1995	866	288	96.9
Camden Plaza (12)	2007	915	271	92.5
Camden Royal Oaks	2006	923	236	91.0

OPERATING PROPERTIES	Year Placed	Average Apartment	Number of	2009 Average Occupancy
Property and Location	In Service	Size (Sq. Ft.)	Apartments	(1)
Camden Steeplechase	1982	748	290	92.7
Camden Stonebridge	1993	845	204	96.7
Camden Sugar Grove (8)	1997	921	380	94.0
Camden Vanderbilt	1996/1997	863	894	95.8
Camden Whispering Oaks (3)	2008	934	274	87.5

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

(2) Properties under lease-up at December 31, 2009.

(3) Development property stabilized during 2009 average occupancy calculated from date at which occupancy exceeded 90% through year-end.

(4) Redevelopment completed during 2009 average occupancy calculated from date at which occupancy exceeded 90% through year-end.

(5)

Properties under redevelopment at December 31, 2009.

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

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

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

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

private investor.

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

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

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

(13) *Property owned through a joint venture in which we own a 72% interest. The remaining interest is owned by an unaffiliated private investor.*

Item 3. Legal Proceedings

For discussion regarding legal proceedings, see Note 14, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

Item 4. Reserved

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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 under the symbol CPT, and distributions per share declared for the quarters indicated are as follows:

	High	Low	Distributions
2009 Quarters:			
First	$ 30.63	$ 17.56	$ 0.70
Second	30.99	21.71	0.45
Third	42.73	25.10	0.45
Fourth	44.01	35.24	0.45
2008 Quarters:			
First	$ 54.65	$ 42.18	$ 0.70
Second	55.35	44.08	0.70
Third	54.87	41.79	0.70
Fourth	44.95	18.96	0.70

	Years Ended December 31,				
Index	**2005**	**2006**	**2007**	**2008**	**2009**
Camden Property Trust	119.1	157.5	107.5	75.1	108.9
FTSE NAREIT Equity	112.2	151.5	127.7	79.5	101.8
S&P 500	104.9	121.5	128.2	80.7	102.1
Russell 2000	104.6	123.8	121.8	80.7	102.6

As of February 19, 2010, there were 723 shareholders of record and approximately 18,835 beneficial owners of our common shares.

In April 2007, our Board of Trust Managers approved a program to repurchase up to $500 million of our common equity securities through open market purchases, block purchases, and privately negotiated transactions. Under this program, we repurchased 4.3 million shares for a total of approximately $230.2 million through December 31, 2009. The remaining dollar value of our common equity securities authorized to be repurchased under the program was approximately $269.8 million as of December 31, 2009. There were no repurchases of our equity securities during the quarter ended December 31, 2009.

See Part III, Item 12, for a description of securities authorized for issuance under equity compensation plans.

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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 ended December 31, 2005 through 2009. 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 reclassified for discontinued operations and adoption of new accounting standards.

COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

	Year Ended December 31,				
(in thousands, except per share amounts and property data)	**2009**	**2008**	**2007**	**2006**	**2005(e)**
Operating Data (a)					
Total property revenues	$ 623,926	$ 624,016	$ 588,319	$ 561,029	$ 485,696
Total property expenses	246,867	239,282	217,694	211,336	184,862
Total non-property income (loss)	25,443	(19,540)	25,002	35,530	50,912
Total other expenses	376,497	331,278	339,548	345,908	338,520
Income (loss) from continuing operations attributable to common shareholders	(69,028)	(14,072)	41,377	119,238	146,726
Net income (loss) attributable to common shareholders	(50,800)	70,973	148,457	232,846	199,086
Income (loss) from continuing operations attributable to common shareholders per share:					
Basic	$ (1.09)	$ (0.26)	$ 0.70	$ 2.07	$ 2.79
Diluted	(1.09)	(0.26)	0.68	2.01	2.61
Net income attributable to common shareholders per share					
Basic	$ (0.80)	$ 1.28	$ 2.54	$ 4.08	$ 3.80
Diluted	(0.80)	1.28	2.50	3.93	3.55
Distributions declared per common share	$ 2.05	$ 2.80	$ 2.76	$ 2.64	$ 2.54
Balance Sheet Data (at end of year)					
Total real estate assets, at cost	$ 5,505,168	$ 5,491,593	$ 5,527,403	$ 5,141,467	$ 5,039,007
Total assets	4,607,999	4,730,342	4,890,760	4,586,050	4,487,799
Notes payable	2,625,199	2,832,396	2,828,095	2,330,976	2,633,091
Perpetual preferred units	97,925	97,925	97,925	97,925	97,925
Equity	1,609,013	1,501,356	1,653,340	1,859,942	1,494,001
Other Data					
Cash flows provided by (used in):					
Operating activities	$ 217,688	$ 216,958	$ 223,106	$ 231,569	$ 200,845
Investing activities	(69,516)	(37,374)	(346,798)	(52,067)	(207,561)
Financing activities	(91,423)	(173,074)	123,555	(180,044)	6,039
Funds from operations diluted (b)	109,947	169,585	227,153	237,790	195,290
Property Data					
Number of operating properties (at the end of year) (c)	183	181	182	186	191
Number of operating apartment homes (at end of year) (c)	63,286	62,903	63,085	63,843	65,580
Number of operating apartment homes (weighted average) (c)(d)	50,608	51,277	53,132	55,850	55,056

Weighted average monthly total property revenue per apartment home	$ 1,034	$ 1,055	$ 1,025	$ 970	$ 888
Properties under development (at end of period)	2	5	11	11	9

(a) Excludes discontinued operations.

(b) Management considers Funds from Operations (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 certain noncontrolling 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 assist in the comparison of the operating performance of a company s real estate between periods or as compared to different companies.

(c) *Includes discontinued operations.*

(d) *Excludes apartment homes owned in joint ventures.*

(e)

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; forward-looking statements are not guarantees of future performances, results, or events. 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 which 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:

- volatility in capital and credit markets could adversely impact us;
- we could be negatively impacted by the condition of Fannie Mae or Freddie Mac;
- unfavorable changes in economic conditions could adversely impact occupancy or rental rates;
- short-term leases expose us to the effects of declining market rents;
- we face risks associated with land holdings and related activities;
- difficulties of selling real estate could limit our flexibility;
- compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial cost;
- competition could limit our ability to lease apartments or increase or maintain rental income;
- development and construction risks could impact our profitability;
- our acquisition strategy may not produce the cash flows expected;
- competition could adversely affect our ability to acquire properties;
- losses from catastrophes may exceed our insurance coverage;
- investments through joint ventures involve risks not present in investments in which we are the sole investor;
- we face risks associated with investments in and management of discretionary funds;
- we depend on our key personnel;
- changes in laws and litigation risks could affect our business;
- tax matters, including failure to qualify as a REIT, could have adverse consequences;
- insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders;
- we have significant debt, which could have important adverse consequences;
- we may be unable to renew, repay, or refinance our outstanding debt;
- variable rate debt is subject to interest rate risk;
- we may incur losses on interest rate hedging arrangements;
- issuances of additional debt may adversely impact our financial condition;
- failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets;
- share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders;
- our share price will fluctuate; and
- we may reduce dividends on our equity securities.

These forward-looking statements represent our estimates and assumptions as of the date of this report, and we assume no obligation to update or supplement forward-looking statements because of subsequent events.

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Executive Summary

During 2008 and 2009, a number of factors adversely affecting the demand for and rents received by our multifamily communities were intense and pervasive across the United States, and the conditions within the multifamily industry have become progressively more challenging. A prolonged recession, high inventory levels of single-family homes and condominiums in the markets in which we operate, overall weak consumer confidence, and high unemployment, among other factors, have persisted and, in some cases, accelerated in 2009. We believe the effects of these factors on the multifamily industry have been further magnified by high levels of home foreclosures, liquidity disruptions in the financial markets, continued job losses, and lack of job growth. Our average apartment lease term is approximately twelve months. The impact of an economic downturn affects us quickly due to the short-term nature of our leases because our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.

Based on these market conditions and our belief these conditions will continue in the near future, we are cautious regarding expected performance and expect a decline in property revenues during 2010 as compared to 2009. However, positive impacts on our performance may result from reductions in the U.S. home ownership rate, more stringent lending criteria for prospective home-buyers, and long-term growth prospects for population, employment, and household formations in our markets, although there can be no assurance any of these factors will develop, continue or positively impact our operating results. We have noted a recent increase in issuances of debt and equity by REITs at more attractive rates. While this may be a positive sign, we are uncertain if this level of activity will increase or continue.

During the near term, we plan to continue to primarily focus on strengthening our capital and liquidity position by generating positive cash flows from operations, reducing outstanding debt and leverage ratios, and controlling and reducing overhead costs.

We review our long-lived assets on an annual basis or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Our impairment evaluations take into consideration the current and anticipated economic climate. Based on our evaluations, we recorded significant impairment charges in the fourth quarter of 2009 for land holdings for eight future projects and a land development joint venture we have put on hold for the foreseeable future.

We currently have five wholly-owned land parcels held for future development we plan to develop. However, the commencement of future developments may continue to be impacted by macroeconomic issues, multifamily market conditions, and other factors. We will continue to evaluate future development starts based on market, economic and capital market conditions. However, if current conditions persist, there can be no assurance we will not have further impairments in the future.

Subject to market conditions, we intend to continue to look for opportunities to acquire existing communities through our investment in and management of our Funds. Until the earlier of (i) December 31, 2011 or (ii) such time as 90% of their committed capital is invested, subject to two one-year extensions, the Funds will be our exclusive investment vehicles for acquiring fully developed multifamily properties, subject to certain exceptions.

Property Portfolio

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

	December 31, 2009		December 31, 2008	
	Apartment Homes	**Properties**	**Apartment Homes**	**Properties**
Operating Properties				
Las Vegas, Nevada	8,016	29	8,016	29
Houston, Texas	6,289	16	6,620	16
Dallas, Texas	6,119	15	6,119	15
Washington, D.C. Metro	6,068	17	5,702	16
Tampa, Florida	5,503	12	5,503	12
Charlotte, North Carolina	3,574	15	3,574	15
Orlando, Florida	3,557	9	3,557	9
Atlanta, Georgia	3,202	10	3,202	10
Raleigh, North Carolina	2,704	7	2,704	7
Southeast Florida	2,520	7	2,520	7
Los Angeles/Orange County, California	2,481	6	2,481	6
Austin, Texas	2,454	8	2,106	7
Phoenix, Arizona	2,433	8	2,433	8
Denver, Colorado	2,171	7	2,171	7
San Diego/Inland Empire, California	1,196	4	1,196	4
Other	4,999	13	4,999	13
Total Operating Properties	63,286	183	62,903	181
Properties Under Development				
Houston, Texas	372	2	712	3
Washington, D.C. Metro			366	1
Austin, Texas			348	1
Total Properties Under Development	372	2	1,426	5
Total Properties	63,658	185	64,329	186
Less: Joint Venture Properties *(1)*				
Las Vegas, Nevada	4,047	17	4,047	17
Houston, Texas *(2)*	2,199	7	2,199	7
Phoenix, Arizona	992	4	992	4
Los Angeles/Orange County, California	711	2	711	2
Austin, Texas	601	2	601	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	13,071	44	13,071	44

Total Properties Owned 100%	50,587	141	51,258	142

(1) *Refer to Note 7, Investments in Joint Ventures, of the Notes to Consolidated Financial Statements for further discussion of our joint venture investments.*

(2) *Includes Camden Travis Street, a fully-consolidated joint venture, of which we retain a 25% ownership.*

Stabilized Communities

We generally consider a property stabilized when 90% occupancy is achieved at the beginning of a period. During the year ended December 31, 2009, stabilization was achieved at seven recently completed development properties as follows:

Property and Location	Number of Apartment Homes	Date of Construction Completion	Date of Stabilization
Camden Main & Jamboree joint venture *Irvine, CA*	290	3Q08	1Q09
Camden Cedar Hills *Austin, TX*	208	4Q08	2Q09
Camden Potomac Yard *Arlington, VA*	378	2Q08	3Q09
Camden Summerfield *Landover, MD*	291	2Q08	3Q09
Camden Whispering Oaks *Houston, TX*	274	4Q08	3Q09
Camden College Park joint venture *College Park, MD*	508	3Q08	3Q09
Camden Orange Court *Orlando, FL*	261	2Q08	4Q09

Partial Sales and Dispositions to Joint Ventures Included in Continuing Operations

There were no partial sales or dispositions to joint ventures for the years ended December 31, 2009 or 2007.

In March 2008, we sold Camden Amber Oaks, a development community in Austin, Texas, to one of the Funds for approximately $8.9 million. No gain or loss was recognized on the sale. Concurrent with the transaction, we invested approximately $1.9 million in the Fund. In August 2008, we sold Camden South Congress to the same Fund for approximately $44.2 million and recognized a gain of approximately $1.8 million on the sale. In conjunction with the transaction, we invested approximately $2.8 million in the Fund.

Discontinued Operations and Assets Held for Sale

We intend to maintain a long-term strategy of managing our invested capital through the selective sale of properties and to utilize the proceeds to reduce our outstanding debt and leverage ratios and 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, 2009. The components of earnings classified as discontinued operations include separately identifiable property-specific revenues, expenses, depreciation, and interest expense, if any. Any gain or loss on the disposal of the properties held for sale is also classified as discontinued operations.

During the year ended December 31, 2009, we received net proceeds of approximately $28.0 million and recognized a gain of approximately $16.9 million from the sale to an unaffiliated third party of one operating property with a net book value of approximately $11.3 million, containing 671 apartment homes. During the year ended December 31, 2008, we received net proceeds of approximately $121.7 million and recognized gains of approximately $80.2 million from the sales of eight operating properties, containing 2,392 apartment homes, to unaffiliated third parties. During the year ended December 31, 2007, we received net proceeds of approximately $166.4 million and recognized gains of approximately $106.3 million from the sales of ten operating properties, containing 3,054 apartment homes, to unaffiliated third parties.

During the year ended December 31, 2008, we recognized a gain of approximately $1.1 million from the sale of land adjacent to our regional office in Las Vegas, Nevada. The gain on this sale was not included in discontinued operations as the operations and cash flows of this asset were not clearly distinguished, operationally or for reporting purposes, from the adjacent assets.

There were no sales of undeveloped land during the years ended December 31, 2009 or 2008. During the year ended December 31, 2007, we sold undeveloped land totaling approximately 0.9 acres to unrelated third parties. In connection with these sales, we received net proceeds totaling approximately $6.0 million and recognized gains totaling approximately $0.7 million.

We reclassified the undeveloped land parcels previously included in discontinued operations to continuing operations during December 31, 2009 as management made the decision not to sell these assets after an existing sales contract was terminated. As a result, we adjusted the current and prior period consolidated financial statements to reflect the necessary reclassifications.

Development and Lease-Up Properties

At December 31, 2009, we had one completed consolidated property in lease-up as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**		**Cost Incurred**	**% Leased at 1/31/10**	**Date of Construction Completion**	**Estimated Date of Stabilization**
Camden Dulles Station *Oak Hill, VA*	366	$	72.3	85%	1Q09	2Q10

At December 31, 2009, we had one consolidated property under construction as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**		**Estimated Cost**		**Cost Incurred**		**Included in Properties Under Development**	**% Leased at 1/31/10**	**Estimated Date of Construction Completion**	**Estimated Date of Stabilization**
Camden Travis Street (a) *Houston, TX*	253	$	39.0	$	29.5	$	8.6	31%	1Q10	1Q11

(a) Camden Travis Street is owned by a consolidated joint venture, of which we retain a 25% ownership

Our consolidated balance sheet at December 31, 2009 included approximately $201.6 million related to properties under development and land. Of this amount, approximately $8.6 million related to Camden Travis Street. Approximately $89.6 million was invested in land for projects we plan to develop, and approximately $103.4 million was invested primarily in land tracts for which future development activities have been put on hold for the foreseeable future.

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At December 31, 2009, we had investments in non-consolidated joint ventures which were developing the following multifamily communities:

($ in millions) **Property and Location**	**Ownership %**	**Number of Apartment Homes**		**Total Cost Incurred**	**% Leased At 1/31/10**
Completed Communities *(1)*					
Camden Amber Oaks *Austin, TX*	20%	348	$	35.2	80%
Braeswood Place *(2)* *Houston, TX*	72%	340		50.3	64%
Total Completed Communities		688	$	85.5	
Under Construction *(1) (2)*					
Belle Meade *Houston, TX*	30%	119	$	36.7	32%
Total Under Construction		119	$	36.7	
		Total Acres			
Pre-Development *(3)*					
Lakes at 610 *Houston, TX*	30%	6.1	$	7.1	N/A
Town Lake *(4)* *Austin, TX*	72%	25.9		40.9	
Total Pre-Development		32.0	$	48.0	

(1) Properties in lease-up as of December 31, 2009.

(2) Properties being developed by joint venture partner.

(3) Properties in pre-development by joint venture partner.

(4) We have discontinued development activities on this project. An impairment of $13.4 million has been recorded for the year ended December 31, 2009.

Refer to Note 7, Investments in Joint Ventures of the Notes to Consolidated Financial Statements for further discussion of our joint venture investments.

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Geographic Diversification

At December 31, 2009 and 2008, our investments in various geographic areas, excluding depreciation, investments in joint ventures, and properties held for sale, were as follows:

(in thousands)	2009		2008	
Washington, D.C. Metro	$ 1,193,269	21.9%	$ 1,219,866	22.4%
Southeast Florida	453,021	8.3	446,629	8.2
Tampa, Florida	393,377	7.2	386,816	7.1
Houston, Texas	389,848	7.1	377,041	6.9
Orlando, Florida	371,862	6.8	364,379	6.7
Dallas, Texas	345,814	6.3	337,890	6.2
Los Angeles/Orange County, California	332,414	6.1	330,849	6.1
Atlanta, Georgia	320,748	5.9	319,047	5.8
Charlotte, North Carolina	318,493	5.8	316,387	5.8
Las Vegas, Nevada	308,054	5.6	321,782	5.9
Raleigh, North Carolina	237,284	4.4	237,023	4.3
San Diego/Inland Empire, California	227,108	4.2	226,556	4.1
Denver, Colorado	187,544	3.4	186,292	3.4
Austin, Texas	154,473	2.8	159,897	2.9
Phoenix, Arizona	118,828	2.2	118,003	2.2
Other	109,489	2.0	107,377	2.0
Total	$ 5,461,626	100.0%	$ 5,455,834	100.0%

Results of Operations

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

	2009	2008	2007
Average monthly property revenue per apartment home	$ 1,034	$ 1,055	$ 1,025
Annualized total property expenses per apartment home	$ 4,911	$ 4,852	$ 4,551
Weighted average number of operating apartment homes owned 100%	50,272	49,312	47,832
Weighted average occupancy of operating apartment homes owned 100%	94.5%	93.8%	93.7%

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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, 2009 as compared to 2008 and for the year ended December 31, 2008 as compared to 2007:

($ in thousands)	Apartment Homes at 12/31/09	Year Ended December 31, 2009	Year Ended December 31, 2008	Change $	Change %
Property revenues					
Same store communities	42,670	$ 517,823	$ 534,356	$ (16,533)	(3.1)%
Non-same store communities	7,551	96,840	81,034	15,806	19.5
Development and lease-up communities	619	4,527	1,213	3,314	273.2
Dispositions/other		4,736	7,413	(2,677)	(36.1)
Total property revenues	50,840	$ 623,926	$ 624,016	$ (90)	0%
Property expenses					
Same store communities	42,670	$ 203,481	$ 199,930	$ 3,551	1.8%
Non-same store communities	7,551	37,985	34,201	3,784	11.1
Development and lease-up communities	619	2,028	515	1,513	293.8
Dispositions/other		3,373	4,636	(1,263)	(27.2)
Total property expenses	50,840	$ 246,867	$ 239,282	$ 7,585	3.2%

Same store communities are communities we owned and which were stabilized as of January 1, 2008. Non-same store communities are stabilized communities we have acquired, developed, or re-developed after January 1, 2008. Development and lease-up communities are non-stabilized communities we have acquired or developed after January 1, 2008.

	Apartment Homes at 12/31/08	Year Ended December 31, 2008	Year Ended December 31, 2007	Change $	Change %
Property revenues					
Same store communities	40,340	$ 498,875	$ 491,736	$ 7,139	1.5%
Non-same store communities	8,469	108,184	88,925	19,259	21.7
Development and lease-up communities	2,031	9,444	81	9,363	
Dispositions/other		7,513	7,577	(64)	(0.8)