ESSEX PORTFOLIO LP
Form 424B3
March 02, 2006

As filed with the Securities and Exchange Commission on March 2, 2006

Registration No. 333- 131276

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

Prospectus Filed Pursuant to Rule 424(b)(3)
UNDER
THE SECURITIES ACT OF 1933

ESSEX PROPERTY TRUST, INC. **(Exact name of registrant as specified in its charter)**	**ESSEX PORTFOLIO, L.P.** **(Exact name of registrant as specified in its charter)**

Maryland **(State or other jurisdiction of incorporation or organization)**	**77-0369576** **(I.R.S. Employer Identification Number)**	**California** **(State or other jurisdiction of incorporation or organization)**	**77-0369575** **(I.R.S. Employer Identification Number)**

925 East Meadow Drive **Palo Alto, California 94303** **(650) 494-3700** **(Address, including zip code, and telephone, including area code, of registrar's principal executive offices)**	**925 East Meadow Drive** **Palo Alto, California 94303** **(650) 494-3700** **(Address, including zip code, and telephone, including area code, of registrar's principal executive offices)**

Keith R. Guericke
President and Chief Executive Officer
925 East Meadow Drive
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-131276

PROSPECTUS

$225,000,000
Essex Portfolio, L.P.
3.625% Exchangeable Senior Notes due 2025

Fully and Unconditionally Guaranteed by
Essex Property Trust, Inc.
and

Shares of Essex Property Trust, Inc. Common Stock Issuable Upon Exchange of the Notes

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We issued a total of $225 million aggregate principal amount of our 3.625% Exchangeable Senior Notes due 2025 in a private placement completed in November 2005.

The notes bear interest at the rate of 3.625% per year, payable on November 1 and May 1 of each year, beginning May 1, 2006. The notes will mature on November 1, 2025. However, on or after November 4, 2010, we may redeem the notes in whole or in part for cash at 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest (including additional interest, if any). We may not redeem the notes prior to November 4, 2010 except to the extent necessary to preserve the status of Essex Property Trust, Inc. as a real estate investment trust. On November 1, 2010, November 1, 2015 and November 1, 2020, as well as upon the occurrence of a fundamental change (defined herein), holders may require us to repurchase notes in whole or in part for cash at 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest (including additional interest, if any).

The notes are exchangeable for shares of common stock, par value $0.0001 per share, of Essex Property Trust, Inc., which we refer to as the "Essex common shares," prior to the close of business on the second business day prior to maturity at any time on or after November 1, 2020, and also prior to November 1, 2020 but only under the following circumstances: (i) if the closing sale price of the Essex common shares reaches a specified threshold over a specified time period; (ii) if the trading price of the notes is below a specified threshold for a specified time period; (iii) if those notes have been called for redemption; (iv) upon the occurrence of the specified corporate transactions described in this prospectus; (v) upon the occurrence of a fundamental change; or (vi) if Essex common shares cease to be listed on a U.S. national or regional securities exchange or quoted on the Nasdaq National Market for a 30 consecutive trading day period. Subject to the exceptions described under "*Description of Notes*" in this prospectus, upon an exchange of notes we will deliver cash and Essex common shares, if any, with an aggregate value, which we refer to as the "exchange value," equal to the exchange rate multiplied by the average price of Essex common shares over a stated period as follows: (1) an amount in cash, which we refer to as the "principal return," equal to the lesser of (a) the principal amount of the exchanged notes and (b) the exchange value; and (2) if the exchange value is greater than the principal return, an amount with a value equal to the difference between the exchange value and the principal return, which we refer to as the "net amount." We may pay the net amount, at our option, in cash, Essex common shares or a combination of cash and Essex common shares.

The initial exchange rate for each $1,000 principal amount of notes is 9.6852 Essex common shares. This is equivalent to an initial exchange price of $103.25 per Essex common share. For a discussion of the circumstances in which the exchange rate will be subject to adjustment, see "*Description of Notes—Exchange Rate Adjustments*" in this prospectus. In addition, if certain fundamental changes occur prior to November 4, 2010 and a holder elects to exchange notes in connection with any such transaction, we will increase the exchange rate for the time period specified herein unless such transaction constitutes a public acquirer change in control (defined herein) and we elect to modify the exchange right for a right to exchange the notes for cash and shares of public acquirer common stock, if any, as described in this prospectus.

The notes are senior unsecured obligations of Essex Portfolio, L.P. and ranks equally with all of our other senior unsecured indebtedness and be effectively subordinated to our secured indebtedness to the extent of the collateral securing such indebtedness and to all liabilities and preferred equity of our subsidiaries. The notes are fully and unconditionally guaranteed by Essex Property Trust, Inc., our general partner, but Essex Property Trust, Inc. has no operations and no material assets, other than its investment in us. Essex Portfolio, L.P. and Essex Property Trust, Inc. do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. The notes are designated for trading on The PORTALSM Market of the National Association of Securities Dealers, Inc. The notes sold using this prospectus, however, will no longer be eligible for trading on The PORTALSM Market. Pursuant to a registration rights agreement, we and Essex Property Trust, Inc. have agreed to file a shelf registration statement of which this prospectus is a part, permitting the resale of the notes and Essex common shares issued upon the exchange of the notes. If we or Essex Property Trust, Inc. fail to comply with specified obligations under the registration rights agreement, additional interest will be payable on the notes.

The selling securityholders identified in this prospectus may offer from time to time up to $225 million aggregate principal amount of the notes and Essex common shares issuable upon exchange of the notes. The notes and the Essex common shares may be offered, in market transactions, in negotiated transactions or otherwise, and at prices and on terms which will be determined by the then prevailing market price or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. See *"Plan of Distribution"* on page 85 for additional information on the methods of sale.

Essex common shares are listed on the New York Stock Exchange under the symbol "ESS." On March 1, 2006, the last reported sales price for Essex common shares on the New York Stock Exchange was $100.00 per share.

See "*Risk Factors*" beginning on page 11 to read about important factors you should consider before buying the notes and the Essex common shares issuable upon exchange of the notes."

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION, NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is March 2, 2006.

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You should rely only on the information contained or incorporated by reference in this prospectus and, if applicable, any prospectus supplement. We have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus and, if applicable, any prospectus supplement or any document incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus or on the front cover of the applicable documents or as specifically indicated in the document. Our business, financial condition, results of operations and prospects may have changed since that date.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933. Under the shelf process, the selling stockholders may, from time to time, sell the offered securities described in this prospectus in one or more offerings. Additionally, under the shelf process, in certain circumstances, we may provide a prospectus supplement that will contain specific information about the terms of a particular offering by one or more stockholders. We may also provide a prospectus supplement to add, update or change information contained in this prospectus.

This prospectus and any accompanying prospectus supplement do not contain all of the information included in the registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3 of which this prospectus is a part, including its exhibits. Statements contained in this prospectus and any accompanying prospectus supplement about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters. You should not assume that the information in this prospectus, any prospectus supplement or in any document incorporated herein or therein by reference is accurate as of any date other than the date on the front of each document.

You should read both this prospectus and any prospectus supplement together with the additional information described under the heading *"Where You Can Find More Information"* on page 2 in this prospectus.

WHERE YOU CAN FIND MORE INFORMATION

Essex Property Trust, Inc. and Essex Portfolio, L.P. file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document that Essex Property Trust, Inc. or Essex Portfolio, L.P. files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding registrants that Essex Property Trust, Inc. or Essex Portfolio, L.P. files electronically with the SEC (http://www.sec.gov). You can inspect reports and other information that Essex Property Trust, Inc. or Essex Portfolio, L.P. files at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The information incorporated by reference is an important part of this prospectus. Any statement contained in a document which is incorporated by reference in this prospectus is automatically updated and superseded if information contained in this prospectus, or information that Essex Property Trust, Inc. or Essex Portfolio, L.P. later files with the SEC, modifies or replaces this information. Incorporated by reference are the following documents that are filed with the SEC:

· Annual Report on Form 10-K of Essex Property Trust, Inc. for the year ended December 31, 2004; and as amended on Form 8-K dated January 20, 2006;

· Annual Report on Form 10-K of Essex Portfolio, L.P. for the year ended December 31, 2004, and as amended on Form 8-K dated January 25, 2006;

· Quarterly Reports on Form 10-Q of Essex Property Trust, Inc. for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005;

· Quarterly Reports on Form 10-Q of Essex Portfolio, L.P. for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005;

· Current Reports on Form 8-K of Essex Property Trust, Inc. filed on February 14, 2005, April 13, 2005, October 25, 2005, November 2, 2005 (other than the current report furnished under Item 2.02 of Form 8-K), December 1, 2005, January 4, 2006, January 9, 2006, January 20, 2006, February 1, 2006, February 2, 2006 and February 6, 2006;

· Current Reports on Form 8-K of Essex Portfolio, L.P. filed on October 25, 2005, November 2, 2005, December 1, 2005, January 4, 2006 and January 25, 2006;

    · the description of Essex Property Trust, Inc. common stock contained in a Registration Statement on Form 8-A filed with the SEC on May 27, 1994, as amended on September 19, 2003; and

· all documents filed by either Essex Property Trust, Inc. or Essex Portfolio, L.P. with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the ''Exchange Act'') (other than current reports furnished under Item 2.02 or 7.01 of Form 8-K) after the date of this prospectus and prior to the termination of this prospectus.

To receive a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write Essex Property Trust, Inc., 925 East Meadow Drive, Palo Alto, California 94303, Attention: Secretary, Tel: (650) 494-3700.

FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act, and are subject to the ‘‘safe harbor’’ provisions created by these statutes. All statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Such statements are characterized by terminology such as ‘‘anticipates,’’ ‘‘believes,’’ ‘‘expects,’’ ‘‘future,’’ ‘‘intends,’’ ‘‘assu ‘‘projects,’’ ‘‘plans’’ and similar expressions or the negative of those terms or other comparable terminology. These forward-looking statements which include statements about our expectations, objectives, anticipations, intentions and strategies regarding the future, expected operation results, revenues and earnings, reflect only management’s current expectations and are not guarantees of future performance and are subject to risks and uncertainties, including those risks described under the heading ‘‘*Risk Factors*’’ in this prospectus, or in the documents incorporated by reference in this prospectus, that could cause actual results to differ materially from the results contemplated by the forward-looking statements. Some of these forward-looking statements include the following:

· Our expectations regarding our ability to finance all of our balloon payments when due under our mortgages and our line of credit borrowings;

· Our intent to continue to acquire multifamily residential properties;

· Our expectation to finance future acquisitions, in whole or in part, under various forms of secured or unsecured financing or through the issuance of partnership units by the Operating Partnership or additional equity;

· Our intent to continue to use leverage to increase the rate of return on our investments and to provide for additional investments that we could not otherwise make;

· Our ability to obtain additional debt financing in the future through mortgages on some or all of our properties;

· Essex Property Trust’s ability to enter into business combinations with Messrs. Marcus and Millichap and The Marcus & Millichap Company, without compliance with the super-majority vote requirements and other provisions of the Maryland General Corporation Law;

· Essex Property Trust’s ability to establish one or more series of preferred stock that could delay, defer or prevent a transaction or a change in control;

· Our expectation to engage in tax-exempt financings in the future;

· Our anticipation to maintain sufficient influence over any joint venture to achieve its objectives;

· Our plan to hold contributed assets or defer recognition of taxable gain on their sale pursuant to like-kind exchanges under Section 1031 of the Internal Revenue Code and their impact on our financial position;

· Our intention to withhold U.S. income tax at the rate of 30% on the gross amount of any distributions of ordinary income made to a non-U.S. holder;

· Essex Property Trust’s expectation to continue to be a domestically controlled REIT;

· Essex Property Trust’s intention to structure any hedging transactions in a manner that does not jeopardize its status as a REIT;

· Essex Property Trust's belief that the amount of its assets that are not qualifying assets for purposes of the 75% asset test will continue to represent less than 25% of its total assets and will satisfy the 5% and both 10% asset tests;

· Essex Property Trust's belief that it is not, and it does not expect to become, a ''pension-held REIT'';

· Our anticipation to maintain sufficient influence over the Essex Apartment Value Fund II, L.P. to permit it to achieve its business objectives; and

· Essex Property Trust's belief that it will continue to qualify as a REIT.

All forward-looking statements included or incorporated by reference in this prospectus are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement or statements, except as required by law. It is important to note that such forward-looking statements are subject to risks and uncertainties and that our actual results could differ materially from those in such forward-looking statements. The foregoing factors, as well as those under the heading "*Risk Factors*" in this prospectus and in the Section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in our most recent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we file with the SEC from time to time, among others, in some cases have affected, and in the future could affect, our actual operating results and could cause our actual consolidated operating results to differ materially from those expressed in any forward-looking statement made by us. You are cautioned not to place undue reliance on forward-looking statements contained in this prospectus.

SUMMARY

The information below is only a summary of more detailed information included elsewhere in this prospectus or the documents incorporated herein by reference. This summary does not contain all the information that is important to you or that you should consider before investing in the notes and the Essex common shares for which the notes, in certain circumstances, are exchangeable. As a result, you should read this entire prospectus, as well as the information incorporated herein by reference, carefully.

As used in this prospectus, unless the context otherwise requires, the terms "we," "us," "our" "Essex Portfolio" or "Operating Partnership" refer to Essex Portfolio, L.P. and its subsidiaries and not to Essex Property Trust, Inc., and the terms "Essex" and "Essex Property Trust" refer to Essex Property Trust, Inc. and its subsidiaries, including Essex Portfolio, L.P.

Essex Property Trust, Inc., and Essex Portfolio, L.P.

General

Essex Property Trust is a self-administered and self-managed real estate investment trust, or "REIT," that acquires, develops, redevelops and manages multifamily residential properties in selected communities located primarily in the west coast of the United States. Essex Property Trust owns all of its interests in its real properties, directly or indirectly, through Essex Portfolio, L.P. Essex Property Trust is the sole general partner of Essex Portfolio and, as of September 30, 2005, had an approximately 90.5% general partner interest in Essex Portfolio.

Our investment strategy has two components: constant monitoring of existing markets, and evaluation of new markets to identify areas with the characteristics that underlie rental growth. Our strong financial condition supports our investment strategy by providing access to a wide range of capital alternatives. This enhances our ability to quickly shift our acquisition, development, and disposition activities to markets that will optimize the performance of the portfolio.

As of September 30, 2005, we had ownership interests in 125 multifamily properties, comprising 25,950 apartment units. In addition, at September 30, 2005, we along with our affiliated entities and joint venturers were also developing three multifamily residential properties, which are expected to comprise 505 units. Our multifamily residential properties are located in Southern California (Los Angeles, Ventura, Orange, Riverside and San Diego counties), Northern California (the San Francisco Bay Area) and the Pacific Northwest (the Seattle, Washington and Portland, Oregon metropolitan areas) and other areas (Houston, Texas). At September 30, 2005, we also had ownership interests in three office buildings (with approximately 166,340 square feet), three recreational vehicle parks (comprising 562 spaces) and one manufactured housing community (containing 157 sites). Essex Property Trust became a public company in 1994. Its web site address is http://www.essexpropertytrust.com. Information on its web site does not constitute a part of this prospectus and is not incorporated by reference herein. Essex's common stock is listed on the New York Stock Exchange under the Symbol "ESS." Essex is a Maryland corporation. Essex's executive offices are located at 925 East Meadow Drive, Palo Alto, California 94303.

The Offering

We provide the following summary solely for your convenience. This summary is not a complete description of the notes. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the notes, see the section entitled "*Description of Notes*" in this prospectus.

Issuer of Notes	Essex Portfolio, L.P.
Guarantor of Notes	Essex Property Trust, Inc., our general partner.
Issuer of Common Shares Upon Exchange of Notes	Essex Property Trust, Inc., our general partner
Notes Offered	$225.0 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2025.
Maturity Date	November 1, 2025, unless earlier repurchased, redeemed, or exchanged in accordance with their terms prior to such date.
Interest	The notes bear interest at an annual rate of 3.625%. Interest is payable semi-annually in arrears on May 1 and November 1 of each year beginning May 1, 2006.
Ranking	The notes are our senior unsecured obligations and rank equal in right of payment with all of our existing and future indebtedness that is not contractually subordinated to the notes and senior to all of our subordinated indebtedness. The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the collateral securing such indebtedness, and to all liabilities and preferred equity of our subsidiaries. As of September 30, 2005, we had $1.31 billion of senior indebtedness, $1.26 billion of which was secured, and our entities which we account for under the equity method of accounting had $190.6 million of liabilities, and $24.4 million of preferred equity.
Parent Guarantee	The notes are fully and unconditionally guaranteed by Essex Property Trust, Inc., our general partner. However, Essex Property Trust has no material assets other than its investment in us.
Exchange Rights	Holders may exchange their notes based on the applicable exchange rate (described below) (i) prior to the close of business on the second business day prior to the stated maturity date at any time on or after November 1, 2020 and (ii) prior to November 1, 2020 only under the following circumstances: · during any calendar quarter (and only during such calendar quarter) commencing after December 31, 2005, if, and only if, the closing sale price of Essex common shares for at least 20 trading days (whether or not consecutive) in the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than 125% of the exchange price per Essex common share in effect on the applicable trading day;

· during the five consecutive trading-day period following any 20 consecutive trading-day period in which the average trading price of the notes was less than 98% of the product of the closing sale price of Essex common shares during such five trading-day period multiplied by the applicable exchange rate;

· if we have called the notes for redemption, until the close of business on the second trading day immediately preceding the redemption date;

· during prescribed periods upon the occurrence of specified corporate transactions as described under "*Description of Notes — Exchange Rights — Exchange Upon Specified Corporate Transactions*" in this prospectus;

· during prescribed periods upon the occurrence of a fundamental change; or

· if Essex common shares cease to be listed on a U.S. national or regional securities exchange or quoted on the Nasdaq National Market for a 30 consecutive trading day period.

By delivering to the holder cash and shares of Essex common shares, if any, we will satisfy our obligations with respect to the notes exchanged. Accordingly, upon exchange of a note, accrued and unpaid interest will be deemed paid in full rather than cancelled, extinguished or forfeited.

Exchange Rate

The initial exchange rate for each $1,000 principal amount of notes is 9.6852 Essex common shares, payable in cash and Essex common shares, if any, as described below under "*Description of Notes— Exchange Settlement*." This is equivalent to an initial exchange price of $103.25 per Essex common share. In addition, if certain fundamental change transactions occur prior to November 4, 2010 and a holder elects to exchange notes in connection with any such transaction, we will increase the exchange rate in connection with such transaction by a number of additional Essex common shares, based on the date such transaction becomes effective and the price paid per Essex common share in such transaction as described under "*Description of Notes — Exchange Rate Adjustments — Exchange Rate Adjustment Upon Certain Fundamental Changes*" in this prospectus, unless such transaction constitutes a public acquirer change of control and we elect to modify the exchange right for a right to exchange the notes for cash and shares of public acquirer common stock, if any. The exchange rate may also be adjusted under other circumstances as described below under "*Description of Notes — Exchange Rate Adjustments*."

Exchange Rate Adjustments

As described under "*Description of Notes — Exchange Rate Adjustments*," the exchange rate may be adjusted upon the occurrence of certain events, including the payment of quarterly cash dividends

	in excess of \$0.84 per share on the Essex common shares, but will not be adjusted for accrued and unpaid interest. The exchange rate will not be adjusted to the extent that such adjustments would reduce the exchange price below \$10.00.
Exchange Settlement	Subject to certain exceptions described under "*Description of Notes*" in this prospectus, for each \$1,000 principal amount of notes exchanged, a holder will be entitled to receive cash and, if applicable, Essex common shares, the aggregate value of which (the "exchange value") will be determined by multiplying the applicable exchange rate by the average of the daily volume weighted average price per share of Essex common shares for each of the 20 consecutive trading days beginning on the second trading day immediately following the day the notes are tendered for exchange.

Except as described in this prospectus, we will deliver the exchange value of the notes surrendered for exchange to exchanging holders as follows: (1) a cash amount (the "principal return") equal to the lesser of (a) the aggregate exchange value of the notes to be exchanged and (b) the aggregate principal amount of the notes to be exchanged; (2) if the aggregate exchange value of the notes to be exchanged is greater than the principal return, an amount payable in cash or, at our election, in whole Essex common shares, determined as set forth in this prospectus, or a combination thereof, equal to the aggregate exchange value less the principal return (the "net amount"); and (3) a cash amount in lieu of any fractional Essex common shares. Exchange settlement will occur no later than the third business day following the determination of the average price.

Optional Redemption Prior to November 4, 2010, we may not redeem the notes except to preserve the status of Essex as a REIT. However, on or after November 4, 2010, we may redeem the notes in whole or in part, upon not less than 30 nor more than 60 days' prior written notice to holders of the notes, for cash equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the redemption date.

Repurchase at Option of Holders on Certain Dates Holders of notes may require us to repurchase all or a portion of their notes for cash on November 1, 2010, 2015 and 2020 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date.

Repurchase at Option of Holders Upon a Fundamental Change Upon the occurrence of a fundamental change, as defined in this prospectus, holders may require us to repurchase all or a portion of their notes for cash at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date.

Ownership Limit In order to maintain Essex's qualification as a REIT under the Internal Revenue Code, ownership by any person of more than 6.0% of Essex's outstanding common shares is, subject to certain exceptions, restricted. Shares owned in excess of such limits shall be deemed "excess stock" pursuant to Essex's charter, in which case the holder will lose certain ownership rights with respect to such shares. See "*Description of Notes — Ownership Limit" and "Description of Capital Stock*."

Registration Rights We and Essex have agreed to file, at our expense, with the SEC within 90 calendar days after the original issuance of the notes, and to use our and Essex's reasonable best efforts to cause to become effective within 180 calendar days after the original issuance of the notes, a shelf registration statement with respect to the resale of the notes and the Essex common shares issuable upon exchange of the notes. See "*Description of Notes — Registration Rights; Additional Interest*."

We and Essex have also agreed to use our and their reasonable best efforts to keep the shelf registration statement effective until the earliest of the following:

· the date when all registrable securities have been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

· the date when all registrable securities may be resold without restriction pursuant to Rule 144(k) under the Securities Act.

To sell your notes or any Essex common shares issued upon exchange of the notes pursuant to the shelf registration statement, you must, among other things, be named as a selling securityholder in the prospectus. To be so named, you must complete and deliver a notice and questionnaire, which is available upon request from us.

If we and Essex fail to comply with specified obligations under the registration rights agreement, additional interest will be payable on the notes. See "*Description of Notes — Registration Rights; Additional Interest*."

This prospectus is part of the shelf registration statement filed pursuant to the terms of the registration rights agreement.

The PORTAL^{SM} Market	The notes are designated for trading in The PORTALSM Market. The notes sold using this prospectus, however, will no longer be eligible for trading on The PORTALSM Market. We do not intend to apply for listing of the notes on any securities exchange or for the inclusion of the notes in any automated quotation system.
New York Stock Exchange Symbol for Common Stock	Essex common shares are listed on the New York Stock Exchange under the symbol "ESS."
Use of Proceeds	We will not receive any cash proceeds from the sale of the notes or Essex common shares issuable upon exchange of the notes offered under this prospectus.
Book-Entry Form	The notes are issued in book-entry only form and are represented by a permanent global certificate deposited with a custodian for, and registered in the name of a nominee of The Depository Trust Company, commonly known as DTC, in New York, New York. Beneficial interest in the global certificate representing the notes will be shown on, and transfer will be effected only through, records maintained by DTC and its direct and indirect participants and such interests may not be exchanged for certificated notes, except in limited circumstances described in "*Description of Notes — Book-Entry System*."
Material U.S. Federal Income Tax Considerations	The notes and the Essex common shares issuable upon exchange of the notes are subject to special and complex United States federal income tax rules. Holders are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the notes and Essex

common shares issuable upon exchange of the notes. See "*Material U.S. Federal Income Tax Considerations*."

Risk Factors	You should read carefully the "*Risk Factors*" section of this prospectus beginning on page 11 of this prospectus to ensure that you understand the risks associated with an investment in the notes and the Essex common shares that may be issued upon exchange of the notes.

RISK FACTORS

You should carefully consider the risks described below before making a decision to invest in the notes and the Essex common shares for which the notes, in certain circumstances, are exchangeable. These risks are not the only ones faced by Essex Portfolio and Essex Property Trust. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect the financial condition, results of operations, business and prospects of Essex Property Trust and its subsidiaries, including Essex Portfolio. The trading price of the notes and the Essex common shares for which the notes, under certain circumstances, are exchangeable could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to this Offering

The effective subordination of the notes may limit our ability to satisfy our obligations under the notes.

The notes are senior unsecured obligations of Essex Portfolio and rank equally with all of our other indebtedness that is not expressly subordinated to the notes. However, the notes are effectively subordinated to all of the secured indebtedness of Essex Portfolio to the extent of the value of the collateral securing such indebtedness. As of September 30, 2005, the total secured indebtedness of Essex Portfolio was approximately $1.26 billion. The indenture governing the notes does not prohibit us from incurring additional secured indebtedness in the future. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral that secures such secured indebtedness. Therefore, such collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes, until such secured indebtedness is satisfied in full.

The notes also are effectively subordinated to all unsecured and secured liabilities and preferred equity of the subsidiaries of Essex Portfolio. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, Essex Portfolio, as an equity owner of such subsidiary, and therefore holders of our debt, including the notes, will be subject to the prior claims of such subsidiary’s creditors, including trade creditors, and preferred equity holders. As of September 30, 2005, the total liabilities (exclusive of intercompany debt, trade payables, dividends payable and accrued expenses) of Essex Portfolio was approximately $1.31 billion. In addition, as of September 30, 2005, the total liabilities (exclusive of intercompany indebtedness, trade payables, dividends payable and accrued expenses) of the entities which we account for under the equity method of accounting was approximately $190.6 million. The indenture governing the notes does not prohibit our subsidiaries from incurring additional indebtedness or issuing preferred equity in the future.

We may not have the cash necessary to pay the principal return and any net amount upon an exchange of notes or to repurchase the notes on specified dates or following certain fundamental change transactions.

Upon an exchange of notes in accordance with their terms, we will be required to pay the principal return of such notes in cash. Furthermore, there may be circumstances that prevent us from issuing Essex common shares for all or any portion of any net amount deliverable upon an exchange of notes, thereby requiring us to satisfy our net amount obligation in cash. Holders of notes also have the right to require us to repurchase the notes for cash on November 1, 2010, 2015 and 2020 or upon the occurrence of certain fundamental change transactions. Any of our future debt agreements or securities may contain similar provisions. We may not have sufficient funds to pay the principal return and any such net cash amount or make the required repurchase of notes, as the case may be, in cash at the applicable time and, in such circumstances, may not be able to arrange the necessary financing on favorable terms. In addition, our ability to pay the principal return and any such net cash amount or make the required repurchase, as the case may be, may be limited by law or the terms of other debt agreements or securities. Our failure to pay the principal return and any such net cash amount or make the required repurchase, as the case may be, would constitute an event of default under the indenture governing the notes which, in turn, could constitute an event of default under other debt agreements or securities, thereby resulting in their acceleration and required prepayment and further restrict our ability to make such payments and repurchases.

Essex Property Trust has no operations, other than as our general partner, and no material assets, other than its investment in us.

The notes are fully and unconditionally guaranteed by Essex Property Trust. However, Essex Property Trust has no operations, other than as our general partner, and no material assets, other than its investment in us. Furthermore, Essex Property Trust’s guarantee of notes are effectively subordinated to all unsecured and secured liabilities and preferred equity of its subsidiaries (including the entities we account for under the equity method of accounting).

There is currently no active public trading market for the notes, and an active public trading market for the notes may not develop or, if it develops, be maintained or be liquid.

There is no established public trading market for the notes. The notes originally issued in the private placement are eligible for trading, and are currently designated for trading, on The Portal Market. However, notes sold pursuant to this prospectus will no longer be eligible for trading on The Portal Market. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Although the initial purchasers have advised us that they intend to make a market in the notes, they are not obligated to do so and may discontinue any market-making at any time without notice. Accordingly, an active public trading market may not develop for the notes and, even if one develops, may not be maintained or be liquid. If an active public trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes is likely to be adversely affected and holders may not be able to sell their notes at desired times and prices or at all. If any of the notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of Essex common shares, prevailing interest rates, the financial condition, results of operations, business, prospects and credit quality of Essex Property Trust and its subsidiaries, including us, and other comparable entities, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control and others of which would not affect debt that is not convertible or exchangeable into capital stock. Historically, the market for convertible or exchangeable debt has been volatile. Market volatility could materially and adversely affect the notes, regardless of the financial condition, results of operations, business, prospects or credit quality of Essex Property Trust and its subsidiaries, including us.

Additional notes issued pursuant to the exercise of the initial purchasers’ option may not be fungible with the notes issued on the original issue date.

We intend to treat the notes issued pursuant to the initial purchasers’ exercise of their option to purchase additional notes as a “qualified reopening” of the original issuance, within the meaning of the U.S. Treasury regulations governing original issue discount on debt instruments (the “OID Regulations”). Accordingly, for purposes of the OID Regulations, we will treat the notes issued upon exercise of the option as having the same issue date and the same issue price as the notes issued on the original issue date. If the additional notes issued upon exercise of the option did not constitute a “qualified reopening” of the original issuance under the OID Regulations, such additional notes may have a different amount of original issue discount for tax purposes than the original issue, and may not be fungible for tax purposes with the original issue. If any additional notes are not fungible with the original issue for tax purposes, they would be assigned a separate CUSIP number and would not trade together with the original notes as of the date of determination. As a result, the trading market for such additional notes would be substantially reduced, and holders of such additional notes at the time of such determination may not be able to sell their notes at desired times and prices or at all. Any such additional notes may trade at a substantial discount from their purchase price.

Holders of notes are not entitled to any rights with respect to Essex common shares, but are subject to all changes made with respect to Essex common shares.

Holders of notes are not entitled to any rights with respect to Essex common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on Essex common shares), but holders of notes are subject to all changes affecting Essex common shares. Holders of notes are entitled to the rights afforded Essex common shares only if and when Essex common shares are delivered to them upon an exchange of notes. For example, in the event that an amendment is proposed to the charter or bylaws of Essex Property Trust requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to a holder's receipt of Essex common shares upon an exchange of notes, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting Essex common shares.

The price of Essex common shares may fluctuate significantly.

The market price of Essex common shares may fluctuate significantly in response to many factors, including:

- actual or anticipated changes in operating results or business prospects;
- changes in financial estimates by securities analysts;
- an inability to meet or exceed securities analysts' estimates or expectations;
- conditions or trends in our industry or sector;
- the performance of other multifamily residential REITs and related market valuations;
- announcements by Essex or its competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- hedging or arbitrage trading activity in Essex common shares;
- changes in interest rates;
- capital commitments;
- additions or departures of key personnel; and
- future sales of Essex common shares or securities convertible into, or exchangeable or exercisable for, Essex common shares.

Holders who receive Essex common shares upon exchange of their notes will be subject to the risk of volatile and depressed market prices of Essex common shares. In addition, many of the factors listed above are beyond our control. These factors may cause the market price of Essex common shares to decline, regardless of the financial condition, results of operations, business or prospects of Essex Property Trust and its subsidiaries. It is impossible to assure exchanging holders that the market prices of Essex common shares will not fall in the future.

The conditional exchange feature of the notes may prevent an exchange of notes prior to November 1, 2020. We also have the right to deliver all cash upon an exchange of notes and holders may not receive any Essex common shares upon exchange.

The notes are exchangeable (i) prior to the close of business on the second business day prior to the stated maturity date at any time on or after November 1, 2020 and (ii) prior to November 1, 2020 but only if the closing sale price of Essex common shares reaches a specified threshold over a specified time period, if the trading price of the notes is below a specified threshold for a specified time period, if those notes have been called for redemption, if certain specified corporate transactions or events or a fundamental change occurs, and then only at prescribed times, or if Essex common shares cease to be listed on a U.S. national or regional securities exchange or the Nasdaq National Market for 30 consecutive trading days. See "*Description of Notes—Exchange Rights*" in this prospectus. If these conditions are not met, holders of notes will not be able to exchange their notes prior to November 1, 2020 and therefore may not be able to receive the value of the consideration for which the notes would otherwise be exchangeable. In addition, even if such conditions are met, upon an exchange of notes, we are required to pay the principal return in cash and, to the extent any net amount exists, we may elect to pay the entire net amount in cash. As a result, we are not required to deliver any Essex common shares upon an exchange of notes. Therefore, holders may not be able to obtain any benefits of future ownership of Essex common shares upon any such exchange and would be required to incur the related transaction costs to purchase Essex common shares with the cash consideration received upon such exchange, including Essex common shares that holders may require in order to cover short positions.

The increase in the exchange rate for notes exchanged in connection with certain fundamental change transactions may not adequately compensate holders for the lost option time value of their notes as a result of any such fundamental change.

If certain transactions that constitute a fundamental change occur prior to November 4, 2010, under certain circumstances, we will increase the exchange rate by a number of additional Essex common shares for a stated period as provided herein. This increased exchange rate will apply only to holders who exchange their notes in connection with any such transaction. The number of additional Essex common shares will be determined based on the date on which the transaction becomes effective and the price paid per Essex common share in such transaction, as described under "*Description of Notes — Exchange Rate Adjustments — Exchange Rate Adjustment After Certain Fundamental Changes*" in this prospectus. Although the number of additional Essex common shares is designed to compensate holders for the lost option time value of the notes as a result of such transaction, the amount of the increase in the exchange rate is only an approximation of such lost value and may not adequately compensate holders for such loss. In addition, notwithstanding the foregoing, if (i) such transaction occurs on or after November 4, 2010, (ii) the price paid per Essex common share in the transaction is less than $87.39 or in excess of $170.00 or (iii) we elect, in the case of a public acquirer change of control, to modify the exchange right in lieu of increasing the exchange rate, the exchange rate will not be increased.

The exchange rate of the notes may not be adjusted to the extent that the adjustments would reduce the exchange price to below $10.00.

The exchange rate of the notes may not be adjusted, including in connection with a fundamental change, to the extent that the adjustments would reduce the exchange rate to below $10.00. See "*Description of Notes — Exchange Rate Adjustments.*" As a result, holders of the notes will not realize the benefits of an increase to the exchange rate otherwise described in this prospectus if such increase, together with previous increases, would result in the exchange price falling below $10.00.

The exchange rate of the notes is subject to adjustment for certain events, including, but not limited to, certain dividends on Essex common shares, the issuance of certain rights, options or warrants to holders of Essex common shares, subdivisions or combinations of Essex common shares, certain distributions of assets, debt securities, capital stock or cash to holders of Essex common shares and certain tender or exchange offers, and in certain circumstances, in connection with a fundamental change, as described under "*Description of Notes — Exchange Rate Adjustments*" in this prospectus. The exchange rate will not be adjusted for other events, such as an issuance of Essex common shares for cash, that may adversely affect the trading price of the notes and Essex common shares. An event may occur that is adverse to the interests of the holders of the notes and their value but does not result in an adjustment to the exchange rate.

The definition of a fundamental change requiring us to repurchase notes is limited and therefore the market price of the notes may decline if Essex Portfolio or Essex Property Trust enters into a transaction that is not a fundamental change under the indenture.

The term “fundamental change,” as used in the notes and the indenture, is limited and may not include every event that might cause the market price of the notes to decline. As a result, our obligation to repurchase the notes upon a fundamental change may not preserve the value of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction.

Upon exchange of the notes, holders may receive less consideration than expected because the value of Essex common shares may decline between the day that the exchange right is exercised and the day the value of the Essex common shares is determined.

The exchange value that holders will receive upon exchange of notes will be determined on the basis of the average of the daily volume weighted average price per price of Essex common shares on the New York Stock Exchange for each of the 20 consecutive trading days beginning on the second trading day following the date the notes are tendered for exchange. Accordingly, if the price of Essex common shares decreases after the exchange right is exercised, the exchange value will be adversely affected.

The net share settlement feature of the notes may have adverse consequences.

The net share settlement feature of the notes, as described under “*Description of Notes — Exchange Settlement*” in this prospectus, may:

· result in holders receiving no shares upon exchange or fewer shares relative to the exchange value of the notes;

· reduce our liquidity because we will be required to pay the principal return in cash and may, at our option, pay the net amount in cash as well;

· delay holders’ receipt of the proceeds upon exchange; and

· subject holders to market risk before receiving any shares upon exchange.

Ownership limitations in the charter of Essex Property Trust may impair the ability of holders to exchange notes for Essex common shares.

In order to assist Essex Property Trust in maintaining its qualification as a REIT for federal income tax purposes, ownership by any person of more than 6.0% of outstanding Essex common shares is, with certain exceptions, restricted. Shares owned in excess of such limit will be deemed “excess stock” pursuant to Essex Property Trust’s charter, in which case the applicable holder will lose certain ownership rights with respect to such shares. The Board of Directors may also exempt a stockholder from the ownership limit if it received satisfactory evidence that such stockholder’s ownership of Essex common shares in excess of the ownership limit will not jeopardize Essex’s status as a REIT. As a condition to providing such an exemption, the Board of Directors must receive an opinion of counsel and representations and agreements from the applicant with respect to preserving Essex’s REIT status. See “*Description of Capital Stock*” in this prospectus. Notwithstanding any other provision of the notes, no holder of notes will be entitled to receive Essex common shares upon an exchange of notes to the extent that receipt of such Essex common shares would cause such holder (together with such holder’s affiliates) to exceed the ownership limit contained in the charter of Essex Property Trust. In such case, such holder would receive cash upon exchange, as provided herein. See “*Description of Capital Stock.*”

U.S. Federal Income Tax Risks Related to the Notes

Certain of the possible adjustments to the exchange rate may result in a deemed distribution from Essex Property Trust or in a deemed payment of interest by us to a holder of a debenture.

The exchange rate of the notes is subject to adjustment under certain circumstances. If certain of the possible adjustments to the exchange rate of the notes are made, a holder may be deemed to have received a distribution from Essex Property Trust or additional interest from us. See "*Material U.S. Federal Income Tax Considerations*."

The notes will have original issue discount ("OID") for U.S. federal income tax purposes and accordingly U.S. holders of notes will be required to include OID in income in advance of the receipt of cash attributable to such income.

The notes will have OID for U.S. federal income tax purposes. U.S. holders generally must include OID in income for U.S. federal income tax purposes under a constant yield accrual method regardless of their regular method of tax accounting. As a result, U.S. holders will include OID in income in advance of the receipt of cash attributable to such income. See "*Material U.S. Federal Income Tax Considerations — U.S. Holders of the Notes — Original Issue Discount*."

The exchange of notes for cash and any Essex common shares will be taxable for holders.

Upon any exchange of notes for cash and any Essex common shares or shares of public acquirer common stock, as applicable, a U.S. holder will recognize gain or loss equal to the difference between the amount realized and such holder's adjusted basis in such notes.

We will withhold on payments to non-U.S. holders of notes in a redemption or exchange of notes for cash and any Essex common shares or shares of public acquirer common stock.

We intend to withhold U.S. federal income tax from any amount paid to non-U.S. holders of notes in a redemption or exchange of notes for cash and any Essex common shares or shares of public acquirer common stock, as applicable. We also intend to withhold U.S federal income tax from any amount paid to non-U.S. holders with respect to deemed distributions from Essex Property Trust that may result in connection with certain adjustments made to the exchange rate of the notes. See "*Material U.S. Federal Income Tax Considerations*."

Risks Related to our Business and the Essex Common Shares

We depend on our key personnel

Our success depends on our ability to attract and retain the services of executive officers, senior officers and company managers. There is substantial competition for qualified personnel in the real estate industry and the loss of several of Essex Property Trust's key personnel could have an adverse effect on us.

Debt Financing

At September 30, 2005, we had approximately $1.31 billion of indebtedness (including $344.6 million of variable rate indebtedness, of which $138.9 million is subject to interest rate protection agreements).

We are subject to the risks normally associated with debt financing, including the following:

- cash flow may not be sufficient to meet required payments of principal and interest;
- inability to refinance existing indebtedness, including on encumbered properties;

- the terms of any refinancing may not be as favorable as the terms of existing indebtedness;

· inability to comply with debt covenants which could cause an acceleration of the maturity date; and

· repaying debt before the scheduled maturity date could result in prepayment penalties.

Uncertainty of Ability to Refinance Balloon Payments

At September 30, 2005, we had an aggregate of approximately $1.31 billion of mortgage debt and line of credit borrowings, most of which are subject to balloon payments of principal. We do not expect to have sufficient cash flows from operations to make all of such balloon payments when due under these mortgages and the line of credit borrowings. At September 30, 2005, these mortgages and lines of credit borrowings had the following scheduled principal payments:

· October 1 to December 31, 2005 — $6.5 million;

· 2006 — $26.2 million;

· 2007 — $182.4 million (includes lines of credit balance of $56 million as of September 30, 2005);

· 2008 — $156.1 million;

· 2009 — $147.7 million (includes lines of credit balance of $93.7 million as of September 30, 2005);

· 2010 and thereafter — $795.3 million.

We may not be able to refinance such mortgage indebtedness or lines of credit. The properties subject to these mortgages could be foreclosed upon or otherwise transferred to the mortgagee. This could cause us to lose income and asset value. Alternatively, we may be required to refinance the debt at higher interest rates. If we are unable to make such payments when due, a mortgage lender could foreclose on the property securing the mortgage, which could have a material adverse effect on our financial condition and results of operations.

Economic Environment and Impact on Operating Results

Both the national economy and the economies of the western states in which we own, manage and develop properties, some of which are concentrated in high-tech sectors, are subject to economic downturns. The impact of such downturns on our operating results can include, without limitation, reduction in rental rates, occupancy levels, property valuations and increases in operating costs such as advertising, turnover and repair and maintenance expenses. Reductions in occupancy and market rental rates could result in a reduction of rental revenues, operating income, cash flows, and the market value of our common stock. A prolonged downturn could also affect our ability to obtain financing at acceptable rates of interest and to access funds from the disposition of properties at acceptable prices.

Risk of Rising Interest Rates

At September 30, 2005, we had approximately $194.9 million of long-term variable rate indebtedness bearing interest at floating rates tied to the rate of short-term tax-exempt revenue bonds (which mature at various dates from 2006 through 2034), and $149.7 million of variable rate indebtedness under our lines of credit, of which $56 million bears interest at 1.0% over LIBOR and $93.7 million bearing interest at the Freddie Mac Reference Rate plus from 0.55% to 0.59%. At September 30, 2005, approximately $205.7 million of our long-term variable rate indebtedness was not subject to any interest rate protection agreements. Accordingly, an increase in interest rates may have an adverse effect on our net income and results of operations.

Current interest rates are at historic lows and could potentially increase rapidly. Significant and rapid interest rate increases would result in higher interest expense on our variable rate indebtedness. Prolonged interest rate increases could negatively impact our ability to make acquisitions and develop properties at economic returns on investment and our ability to refinance existing borrowings at acceptable rates.

Risk of Inflation/Deflation

Substantial inflationary or deflationary pressures could have a negative effect on rental rates and property operating expenses, which would adversely affect our financial position and our results of operations.

Risk of Losses on Interest Rate Hedging Arrangements

We have, from time to time, 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, these agreements also may reduce the benefits to us when interest rates decline. We cannot assure you that we can refinance any such hedging arrangements or that we will be able to enter into other hedging arrangements to replace existing ones if interest rates decline. Furthermore, interest rate movements during the term of interest rate hedging arrangements may result in a gain or loss on our investment in the hedging arrangement. In addition, if a hedging arrangement is not indexed to the same rate as the indebtedness that is hedged, we may be exposed to losses to the extent that 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. In order to minimize counterparty credit risk, our policy is to enter into hedging arrangements only with large financial institutions.

On February 16, 2005, Essex entered into a $50.0 million notional forward-starting swap with a commercial bank at a fixed rate of 4.927% and a settlement date on or around October 1, 2007. This 10-year forward starting interest rate swap issued to hedge the cash flows associated with the forecasted issuance of debt expected to occur in 2007.

On August 18, 2005, Essex entered into a $50.0 million notional forward-starting swap with a commercial bank as a fixed rate of 4.869% and a settlement date between January 1, and December 1, 2008. This 10-year forward starting interest rate swap is used to hedge the cash flows associated with the forecasted issuance of debt expected to occur in 2008.

At September 30, 2005, derivative instruments designated as cash flow hedges were recorded as a net derivative asset of $91,000 and were included in prepaid expenses and other assets. The net change in fair value of the derivative instruments for the nine months was a net unrealized gain of $91,000. Derivatives designated as cash flow hedges are separately disclosed in the statement of changes in shareholders' equity accumulated other comprehensive income. No hedge ineffectiveness on cash flow hedges was recognized during 2005. Essex did not have accumulated other comprehensive income in 2004.

Acquisition Activities: Risks that Acquisitions Will Fail to Meet Expectations

We intend to continue to acquire multifamily residential properties. There are risks that acquired properties will fail to perform as expected. Our estimates of future income, expenses and the costs of improvements or redevelopment that are necessary to allow us to market an acquired property as originally intended may prove to be inaccurate. We expect to finance future acquisitions, in whole or in part, under various forms of secured or unsecured financing or through the issuance of partnership units by the Operating Partnership or related partnerships or additional equity by Essex. The use of equity financing, rather than debt, for future developments or acquisitions could dilute the interest of Essex's existing stockholders. If we finance new acquisitions under existing lines of credit, there is a risk that, unless we obtain substitute financing, Essex may not be able to secure further lines of credit for new development or such lines of credit may be not available on advantageous terms.

Further, acquisitions of properties are subject to the general risks associated with real estate investments. For further information regarding these risks, please see ''---*Adverse Effect to Property Income and Value Due to General Real Estate Investment Risks*.''

Risks that Development Activities Will Be Delayed, not Completed, and/or Fail to Achieve Expected Results

We pursue multifamily residential property development projects and these projects generally require various governmental and other approvals, which we cannot assure you that we will receive. Our development activities generally entail certain risks, including the following:

- funds may be expended and management's time devoted to projects that may not be completed;
- construction costs of a project may exceed original estimates, possibly making the project economically unfeasible;
- development projects may be delayed due to, without limitation, adverse weather conditions, labor shortages, or unforeseen complications;
- occupancy rates and rents at a completed project may be less than anticipated; and
- operating costs at a completed development may be higher than anticipated.

These risks may reduce the funds available for distribution to Essex's stockholders. Further, the development of properties is also subject to the general risks associated with real estate investments. For further information regarding these risks, please see ''---*Adverse Effect to Property Income and Value Due to General Real Estate Investment Risks*.''

The Geographic Concentration of the Properties and Fluctuations in Local Markets May Adversely Impact Our Financial Conditions and Results of Operations

We derived significant amounts of rental revenues for the nine months ended September 30, 2005 from properties concentrated in Southern California (Los Angeles, Ventura, Orange, San Diego and Riverside counties), Northern California (the San Francisco Bay Area), and the Pacific Northwest (the Seattle, Washington and Portland, Oregon metropolitan areas). As of September 30, 2005, of our 125 ownership interests in multifamily residential properties, 91 are located in California. As a result of this geographic concentration, if a local property market performs poorly, the income from the properties in that market could decrease. As a result of such a decrease in income, we may be unable to pay expected dividends to our stockholders. The performance of the economy in each of these areas affects occupancy, market rental rates and expenses and, consequently, impacts the income generated from the properties and their underlying values. The financial results of major local employers also may impact the cash flow and value of certain of the properties. Economic downturns in the local markets in which we own properties could have a negative impact on our financial condition and results of operations.

Competition in the Multifamily Residential Market May Adversely Affect Operations and the Rental Demand for Our Properties

There are numerous housing alternatives that compete with our multifamily properties in attracting residents. These include other multifamily rental apartments and single-family homes that are available for rent in the markets in which the properties are located. The properties also compete for residents with new and existing homes and condominiums that are for sale. If the demand for our properties is reduced or if competitors develop and/or acquire competing properties on a more cost-effective basis, rental rates and occupancy may drop, which may have a material adverse affect on our financial condition and results of operations.

We also face competition from other real estate investment trusts, businesses and other entities in the acquisition, development and operation of properties. Some of the competitors are larger and have greater financial resources than we do. This competition may result in increased costs of properties we acquire and/or develop.

Debt Financing on Properties May Result in Insufficient Cash Flow

Where possible, we intend to continue to use leverage to increase the rate of return on our investments and to provide for additional investments that we could not otherwise make. There is a risk that the cash flow from the properties will be insufficient to meet both debt payment obligations and the distribution requirements of the real estate investment trust provisions of the Internal Revenue Code. We may obtain additional debt financing in the future through mortgages on some or all of the properties. These mortgages may be recourse, non-recourse, or cross-collateralized. As of September 30, 2005, Essex had 81 of its 115 consolidated multifamily properties encumbered by debt. Of the 81 properties, 62 are secured by deeds of trust relating solely to those properties, and with respect to the remaining 19 properties, 4 cross-collateralized mortgages are secured by 8 properties, 6 properties, 3 properties, and 2 properties, respectively. The holders of this indebtedness will have a claim against these properties and, to the extent indebtedness is cross-collateralized, lenders may seek to foreclose upon properties, which are not the primary collateral for their loan. This, in turn, may accelerate other indebtedness secured by properties. Foreclosure of properties would reduce our income and asset value.

Dividend Requirements as a Result of Preferred Stock May Lead to a Possible Inability to Sustain Dividends

The Operating Partnership currently has $130 million in aggregate of Series B Cumulative Redeemable Preferred Units (the ‘‘Series B Preferred Units’’) and Series D Cumulative Redeemable Preferred Units (the ‘‘Series D Preferred Units’’) outstanding. In addition, Essex has approximately $25 million of Series F Cumulative Redeemable Preferred Stock (the ‘‘Series F Preferred Stock’’) outstanding. The Series B Preferred Units, the Series D Preferred Units, and the Series F Preferred Stock are collectively referred to as the ‘‘Preferred Equity’’.

The terms of the Series F Preferred Stock and of the preferred stock into which each series of Preferred Units are exchangeable provide for certain cumulative preferential cash distributions per each share of preferred stock. These terms also provide that while such preferred stock is outstanding, Essex cannot authorize, declare, or pay any distributions on Essex common shares, unless all distributions accumulated on all shares of such preferred stock have been paid in full. The distributions payable on such preferred stock may impair Essex’s ability to pay dividends on its common stock.

If Essex wishes to issue any common stock in the future (including, upon exercise of stock options), the funds required to continue to pay cash dividends at current levels will be increased. Essex’s ability to pay dividends will depend largely upon the performance of the properties currently owned by us and other properties that may be acquired in the future.

Essex’s ability to pay dividends on its stock is further limited by the Maryland General Corporation Law. Under the Maryland General Corporation Law, Essex may not make a distribution on stock if, after giving effect to such distribution, either:

- Essex would not be able to pay its indebtedness as it becomes due in the usual course of business; or
- Essex total assets would be less than its total liabilities.

If Essex cannot pay dividends on its stock, Essex’s status as a real estate investment trust for U.S. federal income tax purposes may be jeopardized.

Resale of Shares Pursuant to Current and Future Registration Statements May Have an Adverse Effect on the Market Price of the Shares

Pursuant to the acquisition of John M. Sachs, Inc., a real estate company, in December 2002, we issued 2,719,875 shares of common stock, as partial consideration for the acquisition, to the trusts that were the shareholders of that company. In connection with the acquisition, Essex entered into a registration rights agreement with these trusts, pursuant to which in January 2003 we filed a registration statement on Form S-3 in order to enable the resale of these shares of common stock. In an amendment to such registration statement filed in April 2003, Essex also registered, pursuant to certain registration rights, 50,000 shares of common stock which are issuable to the trusts in connection with certain contractual obligations and 2,270,490 shares of common stock which are issuable upon exchange of limited partnership interests in the Operating Partnership. These limited partnership interests are held by senior members of our management, certain members of our Board of Directors and certain outside investors, or the Operating Partnership holders, and comprise approximately 9.5% of the limited partnership interests of the Operating Partnership as of December 31, 2005. In addition, the Operating Partnership has invested in certain real estate partnerships. In the 2003 registration statement, we also registered, pursuant to certain registration rights, 1,473,125 shares of common stock, which are issuable upon redemption of all of the limited partnership interests in such real estate partnerships. In sum, the 2003 registration statement covers in aggregate 6,513,490 shares of our common stock. In addition, on March 31, 2004, the Operating Partnership issued 109,874 operating partnership units in connection with the acquisition of Waterford Place, a 238-unit apartment community located in San Jose, California. Essex has redeemed certain of these operating partnership units for cash. As to the remaining operating partnership units, Essex granted certain registration rights to the holders of such units with respect to the shares of Essex common shares that are issuable upon exchange of such units. Also, on August 6, 2004, the Operating Partnership issued 73,088 operating partnership units in connection with the acquisition of Vista Belvedere, a 76-unit apartment community located in the Marin County town of Tiburon, California. Essex granted certain registration rights to the holders of such units with respect to the shares of Essex common shares that are issuable upon exchange of such units. On January 20, 2006, we filed a registration statement that covers the resale of the shares of Essex common shares issuable in connection with the Waterford Place and Vista Belvedere acquisitions. Furthermore, on November 29, 2005, the Operating Partnership completed a transaction in which it issued a total of $225 million aggregate principal amount of 3.625% Exchangeable Senior Notes, which are exchangeable under certain conditions for shares of Essex common shares. Essex granted certain registration rights to the purchasers of such notes. This prospectus covers the resale of such notes and the Essex common shares issuable upon the exchange of such notes. The resale of the shares of common stock pursuant to current and future registration statements may have an adverse effect on the market price of Essex common shares.

Essex's Chairman is Involved in Other Real Estate Activities and Investments, Which May Lead to Conflicts of Interest

Essex's Chairman, George M. Marcus, is not an employee of Essex. Mr. Marcus owns interests in various other real estate-related businesses and investments. He is the Chairman of The Marcus & Millichap Company, or ''MM'', which is a holding company for certain real estate brokerage, services and real estate investment companies. MM has an interest in Pacific Property Company, a company that invests in West Coast multifamily residential properties. In 1999, we sold an office building to MM, which Essex previously occupied as its corporate headquarters. Mr. Marcus has agreed not to divulge any information that may be received by him in his capacity as Chairman of Essex to any of his affiliated companies and that he will recuse himself from any and all discussions by the Essex Board of Directors regarding any proposed acquisition and/or development of a multifamily property where it appears that there may be a conflict of interest with any of his affiliated companies. Notwithstanding this agreement, Mr. Marcus and his affiliated entities may potentially compete with us in acquiring and/or developing multifamily properties, which competition may be detrimental to us. In addition, due to such potential competition for real estate investments, Mr. Marcus and his affiliated entities may have a conflict of interest with us, which may be detrimental to the interests of Essex's stockholders.

The Influence of Executive Officers, Directors and Significant Stockholders May Be Detrimental to Holders of Common Stock

As of September 30, 2005, George M. Marcus, the Chairman of Essex's Board of Directors, directly or indirectly owned 1,752,111 shares of common stock (including shares issuable upon exchange of limited partnership interests in the Operating Partnership and certain other partnerships and assuming exercise of all vested options). This represented approximately 7.6% of the outstanding Essex common shares at such time. Mr. Marcus currently does not have majority control over us. However, he currently has, and likely will continue to have, significant influence with respect to the election of directors and approval or disapproval of significant corporate actions. Consequently, his influence could result in decisions that do not reflect the interests of all Essex's stockholders. Under the partnership agreement of the Operating Partnership, the consent of the holders of limited partnership interests is generally required for any amendment of the agreement and for certain extraordinary actions. Through their ownership of limited partnership interests and their positions with us, our directors and executive officers, including Mr. Marcus and Mr. William A. Millichap, a director of Essex, have substantial influence on Essex. Consequently, their influence could result in decisions that do not reflect the interests of all stockholders.

Further pursuant to the acquisition of John M. Sachs, Inc. in December 2002, we issued, as partial consideration for the acquisition, 2,719,875 Essex common shares and an additional 35,860 Essex common shares in July 2003 to the trusts that were the shareholders of that company. As a result of this issuance, these trusts owned, as of September 30, 2005, in aggregate, approximately 5% of Essex's outstanding common shares. Pursuant to their ownership interest in Essex, these trusts may have significant influence over us. Such influence could result in decisions that do not reflect the interest of all our stockholders.

The Voting Rights of Preferred Stock May Allow Holders of Preferred Stock to Impede Actions that Otherwise Benefit Holders of Common Stock

In general, the holders of Series F Preferred Stock and of the preferred stock into which our preferred units are exchangeable do not have any voting rights. However, if full distributions are not made on any outstanding preferred stock for six quarterly distributions periods, the holders of preferred stock who have not received distributions, voting together as a single class, will have the right to elect two additional directors to serve on Essex's Board of Directors. These voting rights continue until all distributions in arrears and distributions for the current quarterly period on the preferred stock have been paid in full. At that time, the holders of the preferred stock are divested of these voting rights, and the term and office of the directors so elected immediately terminates. In addition, while any shares of Series F Preferred Stock or shares of preferred stock into which the preferred units are exchangeable are outstanding, Essex may not without the consent of the holders of two-thirds of the outstanding shares of each series of preferred stock, each voting separately as a single class:

· authorize or create any class or series of stock that ranks senior to such preferred stock with respect to the payment of dividends, rights upon liquidation, dissolution or winding-up of Essex's business;

· amend, alter or repeal the provisions of Essex's charter or bylaws, that would materially and adversely affect the rights of such preferred stock; or

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