CAMDEN PROPERTY TRUST
Form 10-Q
August 03, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from __________ to __________

Commission file number: 1-12110

CAMDEN PROPERTY TRUST

(Exact Name of Registrant as Specified in Its Charter)

TEXAS	76-6088377
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

3 Greenway Plaza, Suite 1300, Houston, Texas 77046
(Address of Principal Executive Offices) (Zip Code)
(713) 354-2500
(Registrant s Telephone Number, Including Area Code)
N/A
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

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

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

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

Yes o No þ

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

As of July 31, 2007, there were 56,127,983 shares of Common Shares of Beneficial Interest, $0.01 par value, outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands)	June 30, 2007	December 31, 2006
ASSETS		
Real estate assets, at cost		
Land	$ 713,084	$ 693,312
Buildings and improvements	4,144,075	4,036,286
	4,857,159	4,729,598
Accumulated depreciation	(788,318)	(762,011)
Net operating real estate assets	4,068,841	3,967,587
Properties under development, including land	454,617	369,861
Investments in joint ventures	12,722	9,245
Properties held for sale, including land	72,577	32,763
Total real estate assets	4,608,757	4,379,456
Accounts receivable affiliates	35,341	34,170
Notes receivable		
Affiliates	45,560	41,478
Other	11,565	3,855
Other assets, net	136,524	121,336
Cash and cash equivalents	3,058	1,034
Restricted cash	20,053	4,721
Total assets	$ 4,860,858	$ 4,586,050
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities		
Notes payable		
Unsecured	$ 2,065,175	$ 1,759,498
Secured	566,001	571,478
Accounts payable and accrued expenses	128,892	124,834
Accrued real estate taxes	29,785	23,306
Distributions payable	44,982	43,068
Other liabilities	115,547	105,999

Total liabilities	2,950,382	2,628,183
Commitments and contingencies		
Minority interests		
Perpetual preferred units	97,925	97,925
Common units	105,353	115,280
Other minority interests	10,916	10,306
Total minority interests	214,194	223,511
Shareholders equity		
Common shares of beneficial interest	654	650
Additional paid-in capital	2,204,525	2,183,622
Distributions in excess of net income	(241,711)	(213,665)
Employee notes receivable	(1,976)	(2,036)
Treasury shares, at cost	(265,210)	(234,215)
Total shareholders equity	1,696,282	1,734,356
Total liabilities and shareholders equity	$ 4,860,858	$ 4,586,050

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share amounts)	**2007**	**2006**	**2007**	**2006**
Property revenues				
Rental revenues	$ 135,343	$ 131,740	$ 268,495	$ 260,837
Other property revenues	16,218	12,905	30,872	24,959
Total property revenues	151,561	144,645	299,367	285,796
Property expenses				
Property operating and maintenance	38,926	38,165	77,556	74,835
Real estate taxes	17,127	15,732	33,186	31,580
Total property expenses	56,053	53,897	110,742	106,415
Non-property income				
Fee and asset management	2,420	3,120	4,806	5,597
Interest and other income	1,810	3,611	3,372	4,364
Income on deferred compensation plans	4,835	2,331	7,141	2,381
Total non-property income	9,065	9,062	15,319	12,342
Other expenses				
Property management	4,800	4,966	9,528	9,192
Fee and asset management	811	3,238	2,431	4,604
General and administrative	7,912	8,036	15,966	15,450
Interest	29,279	31,259	57,069	62,174
Depreciation and amortization	39,311	39,645	78,388	75,108
Amortization of deferred financing costs	906	909	1,819	1,950
Expense on deferred compensation plans	4,835	2,331	7,141	2,381
Total other expenses	87,854	90,384	172,342	170,859
Income from continuing operations before gain on sale of properties, equity in income of joint ventures, minority interests and income taxes	16,719	9,426	31,602	20,864
Gain on sale of properties, including land		810		1,309
Equity in income of joint ventures	484	569	1,219	2,886
Income allocated to minority interests				
Distributions on perpetual preferred units	(1,750)	(1,750)	(3,500)	(3,500)
Income allocated to common units and other minority interests	(1,343)	(959)	(2,130)	(2,074)

Income from continuing operations before income taxes	14,110	8,096	27,191	19,485
Income tax expense current	(316)		(2,221)	
Income from continuing operations	13,794	8,096	24,970	19,485
Income from discontinued operations	2,341	3,057	4,472	6,680
Gain on sale of discontinued operations	30,976	23,652	30,976	51,044
Income from discontinued operations allocated to common units	(4,519)	(223)	(4,789)	(1,184)
Net income	$ 42,592	$ 34,582	$ 55,629	$ 76,025
Earnings per share basic				
Income from continuing operations	$ 0.23	$ 0.15	$ 0.43	$ 0.35
Income from discontinued operations, including gain on sale	0.49	0.47	0.52	1.03
Net income	$ 0.72	$ 0.62	$ 0.95	$ 1.38
Earnings per share diluted				
Income from continuing operations	$ 0.23	$ 0.14	$ 0.42	$ 0.35
Income from discontinued operations, including gain on sale	0.48	0.47	0.51	1.01
Net income	$ 0.71	$ 0.61	$ 0.93	$ 1.36
Distributions declared per common share	$ 0.69	$ 0.66	$ 1.38	$ 1.32
Weighted average number of common shares outstanding	58,894	55,506	58,854	54,901
Weighted average number of common and common dilutive equivalent shares outstanding	59,929	56,683	59,961	56,083

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	**Six Months Ended June 30, 2007**	**2006**
Cash flows from operating activities		
Net income	$ 55,629	$ 76,025
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization, including discontinued operations	80,417	78,641
Amortization of deferred financing costs	1,822	1,956
Equity in income of joint ventures	(1,219)	(2,886)
Distributions of income from joint ventures	2,541	
Gain on sale of properties, including land		(1,309)
Gain on sale of discontinued operations	(30,976)	(51,044)
Income allocated to common units and other minority interests	6,919	3,258
Accretion of discount on unsecured notes payable	311	358
Amortization of share-based compensation	3,438	3,990
Interest on employee notes receivable	(52)	(31)
Net change in operating accounts	(8,420)	7,050
Net cash provided by operating activities	110,410	116,008
Cash flows from investing activities		
Increase in real estate assets	(314,392)	(252,398)
Proceeds from sales of properties, including land and discontinued operations	48,679	91,394
Proceeds from sales of assets to joint ventures		7,813
Distributions of investment from joint ventures	1,803	8,319
Investment in joint ventures	(5,377)	(308)
Issuance of notes receivable other	(8,710)	
Payments received on notes receivable other	1,000	4,055
Issuance of notes receivable affiliates	(4,082)	(23,464)
Earnest money deposits on potential transactions	(954)	(2,105)
Payment of merger related liabilities		(5,125)
Change in restricted cash	(13,856)	(105)
Increase in non-real estate assets and other	(3,998)	(1,423)
Net cash used in investing activities	(299,887)	(173,347)

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(in thousands)	**2007**	**2006**
Cash flows from financing activities		
Net increase in unsecured line of credit and short-term borrowings	$ 158,000	$ 10,000
Proceeds from notes payable	298,950	
Repayment of notes payable	(157,061)	(82,164)
Proceeds from issuance of common shares		255,131
Distributions to shareholders and minority interests	(88,240)	(79,547)
Repurchase of common shares and units	(20,102)	(113)
Net (increase) decrease in accounts receivable affiliates	(956)	962
Common share options exercised	3,432	2,658
Repayment of employee receivable	112	74
Payment of deferred financing costs	(3,551)	(2,466)
Other	917	928
Net cash provided by financing activities	191,501	105,463
Net increase in cash and cash equivalents	2,024	48,124
Cash and cash equivalents, beginning of period	1,034	1,576
Cash and cash equivalents, end of period	$ 3,058	$ 49,700
Supplemental information		
Cash paid for interest, net of interest capitalized	$ 51,822	$ 63,945
Cash paid for income taxes	2,570	
Supplemental schedule of noncash investing and financing activities		
Acquisition of Summit Properties, Inc:		
Fair value of assets acquired	$	$ 1,881
Liabilities assumed		1,881
Value of shares issued under benefit plans	16,117	16,376
Cancellation of notes receivable affiliate in connection with property acquisition		12,053
Distributions declared but not paid	45,139	43,031
Conversion of operating partnership units to common shares	11,638	5,650
Minority interests issued in connection with real estate contribution	532	
Increase in payables associated with the repurchase of common shares	11,104	
Contribution of real estate assets to joint ventures		3,173
(Increase) decrease in liabilities in connection with property transactions, net	(300)	650
Common units issued in connection with joint venture transaction		1,900

See Notes to Condensed Consolidated Financial Statements.

CAMDEN PROPERTY TRUST
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business

Business. Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust (REIT), is engaged in the ownership, development, construction and management of multifamily apartment communities. Our multifamily apartment communities are referred to as communities, multifamily communities, properties, or multifamily properties in the following discussion. As of June 30, 2007, we owned interests in, operated or were developing 198 multifamily properties comprising 67,973 apartment homes located in 13 states, which includes nine communities with 2,515 apartment homes classified as held for sale. We had 3,782 apartment homes under development at 12 of our multifamily properties, including 1,528 apartment homes at five multifamily properties owned through joint ventures, and several sites we intend to develop into multifamily apartment communities.

2. Summary of Significant Accounting Policies

Principles of Consolidation. The condensed consolidated financial statements include our assets, liabilities and operations and those of our wholly-owned subsidiaries and partnerships. We also assess whether consolidation of any entity in which we have an equity interest is necessary based on applicable accounting guidance. Any entities that do not meet the criteria for consolidation, but where we exercise significant influence are accounted for using the equity method. Any entities that do not meet the criteria for consolidation and where we do not exercise significant influence are accounted for using the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

Interim Financial Reporting. We have prepared these financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) for interim financial statements and the applicable rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all information and footnote disclosures normally included for complete financial statements. While we believe the disclosures presented are adequate for interim reporting, these interim financial statements should be read in conjunction with the financial statements and notes included in our 2006 Form 10-K. In the opinion of management, all adjustments and eliminations, consisting of normal recurring adjustments, necessary for a fair representation of our financial condition have been included. Operating results for the three and six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year.

Use of Estimates. The preparation of our financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, results of operations during the reporting periods and related disclosures. Our more significant estimates relate to determining the allocation of the purchase price of our acquisitions, estimates supporting our impairment analysis related to the carrying value of our real estate assets, estimates of the useful lives of our assets, reserves related to co-insurance requirements under our property, general liability and employee benefit insurance programs and estimates of expected losses of variable interest entities. Future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

Reportable Segments. Our multifamily communities are geographically diversified throughout the United States and management evaluates operating performance on an individual property level. However, as each of our apartment communities has similar economic characteristics, residents, and products and services, our apartment communities have been aggregated into one reportable segment with activities related to the ownership, development, construction and management of multifamily communities. Our multifamily communities generate rental revenue and other income through the leasing of apartment homes, which comprised 96% of our total consolidated revenues for the six months ended June 30, 2007 and 2006.

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

Upon the acquisition of real estate, we allocate the purchase price between tangible and intangible assets, which includes land, buildings, furniture and fixtures, the value of in-place leases, including above and below market leases, and acquired liabilities. When allocating the purchase price to acquired properties, we allocate costs to the estimated intangible value of in-place leases and above or below market leases and to the estimated fair value of furniture and fixtures, land and buildings on a value determined by assuming the property was vacant by applying methods similar to those used by independent appraisers of income-producing property. Depreciation and amortization is computed

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on a straight-line basis over the remaining useful lives of the related assets. The value of in-place leases and above or below market leases is amortized over the estimated average remaining life of leases in-place at the time of acquisition. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities.

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

	Estimated Useful Life
Buildings and improvements	5-35 years
Furniture, fixtures, equipment and other	3-20 years
Intangible assets (in-place leases and above and below market leases)	6-13 months

As discussed above, carrying charges are principally interest and real estate taxes capitalized as part of properties under development. Capitalized interest was $5.4 million and $10.5 million for the three and six months ended June 30, 2007, respectively, and $5.5 million and $10.7 million for the three and six months ended June 30, 2006, respectively. Capitalized real estate taxes were $1.2 million and $1.9 million for the three and six months ended June 30, 2007, respectively, and $0.9 million and $1.6 million for the three and six months ended June 30, 2006, respectively. All operating expenses associated with completed apartment homes are expensed.

Costs recorded as repair and maintenance includes all costs which do not alter the primary use, extend the expected useful life or improve the safety or efficiency of the related asset. Our largest repair and maintenance expenditures relate to landscaping, interior painting and floor coverings. Property operating and maintenance expense and income from discontinued operations included repair and maintenance expenses totaling $11.1 million and $21.4 million for the three and six months ended June 30, 2007, respectively, and $10.3 million and $19.6 million for the three and six months ended June 30, 2006, respectively.

Capital expenditures totaled $44.3 million and $23.2 million during the six months ended June 30, 2007 and 2006, respectively. Included in the $44.3 million for the six months ended June 30, 2007 is $25.3 million of non-recurring capital improvements on renovation and rehabilitation projects at certain of our multifamily properties.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge equal to the difference between the carrying value and the estimated fair value is recognized.

Recent Accounting Pronouncements. In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109. FIN 48 prescribes a two-step process for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The first step involves evaluation of a tax position to determine whether it is more likely than not the position will be sustained upon examination, based on the technical merits of the position. The second step involves measuring the benefit to recognize in the financial statements for those tax positions that meet the more-likely-than-not recognition threshold.

We adopted FIN 48 as of January 1, 2007. If various tax positions related to certain real estate dispositions are not sustained upon examination, we would be required to pay a deficiency dividend and associated interest for prior years. We have decreased distributions in excess of net income as of January 1, 2007 for the adoption impact of FIN 48 by approximately $2.5 million and have recorded interest expense of approximately $0.3 million and $0.6 million for the three and six months ended June 30, 2007, respectively, for the interest related to the deficiency dividend for these transactions. Our period of uncertainty with respect to these real estate dispositions will expire within the next twelve months, at which time we would reverse the recorded liability to current period operations. We have no unrecognized tax benefits.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. The statement does not require new fair value measurements, but is applied to the extent other accounting pronouncements require or permit fair value measurements. The statement emphasizes fair value as a market-based measurement which should be determined based on assumptions market participants would use in pricing an asset or liability. We will be required to disclose the extent to which fair value is used to measure assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings (or changes in net assets) for the period. This statement is effective for fiscal years beginning after November 15, 2007. We are currently evaluating what impact, if any, our adoption of SFAS No. 157 will have on our financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis (i.e., the fair value option), which are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. Additionally, SFAS No. 159 allows for a one-time election for existing positions upon adoption, with the transition adjustment recorded to beginning retained earnings. This statement is effective for fiscal years beginning after November 15, 2007. We have not yet determined whether we will elect the fair value option for any of our financial instruments.

Reclassifications. Certain reclassifications have been made to amounts in prior period financial statements to conform to current period presentations. We reclassified nine properties previously included in continuing operations to discontinued operations during the quarter ended June 30, 2007. Please see further discussion of assets held for sale in Note 4 *Property Acquisitions, Dispositions and Assets Held for Sale.*

3. Per Share Data

Basic earnings per share are computed using income from continuing operations and the weighted average number of common shares outstanding. Diluted earnings per share reflect common shares issuable from the assumed conversion of common share options and awards granted and units convertible into common shares. Only those items that have a dilutive impact on our basic earnings per share are included in diluted earnings per share. For the six months ended June 30, 2007 and 2006, 3.0 million and 3.5 million units convertible into common shares were excluded from the diluted earnings per share calculation as they were not dilutive. For the three months ended June 30, 2007 and 2006, 3.0 million and 3.4 million units convertible into common shares were excluded from the diluted earnings per share calculation as they were not dilutive.

The following table presents information necessary to calculate basic and diluted earnings per share for the three and six months ended June 30, 2007 and 2006:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(in thousands)	**2007**	**2006**	**2007**	**2006**
Basic earnings per share calculation				
Income from continuing operations	$ 13,794	$ 8,096	$ 24,970	$ 19,485
Income from discontinued operations, including gain on sale	28,798	26,486	30,659	56,540
Net income	$ 42,592	$ 34,582	$ 55,629	$ 76,025
Diluted earnings per share calculation				
Income from continuing operations	$ 13,794	$ 8,096	$ 24,970	$ 19,485
Income allocated to common units	6	5	9	10
Income from continuing operations, as adjusted	13,800	8,101	24,979	19,495
Income from discontinued operations, including gain on sale	28,798	26,486	30,659	56,540
Net income, as adjusted	$ 42,598	$ 34,587	$ 55,638	$ 76,035
Weighted average common shares outstanding	58,894	55,506	58,854	54,901
Incremental shares issuable from assumed conversion of:				
Common share options and awards granted	527	669	599	666
Common units	508	508	508	516
	59,929	56,683	59,961	56,083

Weighted average common shares outstanding, as adjusted

In April 2007, our Board of Trust Managers approved a program to repurchase up to $250 million of our common equity securities through open market purchases, block purchases, and privately negotiated transactions. We intend to use the proceeds from asset sales and borrowings under our secured line of credit to fund any share repurchases. Under this share repurchase program, we repurchased 459,000 shares for a total of $31.1 million through June 30, 2007.

4. Property Acquisitions, Dispositions and Assets Held for Sale

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

Discontinued Operations and Assets Held for Sale. For the three and six months ended June 30, 2007 and 2006, income from discontinued operations included the results of operations for twelve operating properties, containing 3,445 apartment homes, classified as held for sale, which included three operating properties sold during 2007. For the three and six months ended June 30, 2006, income from discontinued

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operations also included the results of operations of eight operating properties sold during 2006. As of June 30, 2007, the nine operating properties held for sale had a net book value of $57.7 million.

The following is a summary of income from discontinued operations for the three and six months ended June 30, 2007 and 2006:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2007**	**2006**	**2007**	**2006**
Property revenues	$ 6,392	$ 9,631	$ 13,068	$ 20,893
Property expenses	3,147	4,857	6,327	10,432
Net operating income	3,245	4,774	6,741	10,461
Interest	118	121	236	242
Depreciation and amortization	786	1,596	2,033	3,539
Income from discontinued operations	$ 2,341	$ 3,057	$ 4,472	$ 6,680

During the six months ended June 30, 2007, we recognized gains of $31.0 million from the sale of three operating properties, containing 930 apartment homes, to unaffiliated third parties. These sales generated net proceeds of approximately $48.7 million. Our restricted cash balance as of June 30, 2007 included $12.5 million in proceeds held with a qualified intermediary for use in a like-kind exchange. During the six months ended June 30, 2006, we recognized gains of $51.0 million from the sale of five operating properties, containing 1,781 apartment homes, to unaffiliated third parties. These sales generated net proceeds of approximately $87.8 million.

At June 30, 2007, we had 5.7 acres of undeveloped land located in Southeast Florida and Dallas, with a net book value of $14.9 million, classified as held for sale.

5. Investments in Joint Ventures

The joint ventures described below are accounted for using the equity method. These joint ventures have been funded with secured, third-party debt. We have guaranteed the repayment of the construction loans of four of our development joint ventures in an amount equal to our proportionate equity in the related joint venture. Additionally, we eliminate fee income from property management services to the extent of our ownership.

Our contributions of real estate assets to joint ventures at formation where we receive cash are treated as partial sales and, as a result, the amounts recorded as gain on sale of assets to joint ventures represent the change in ownership of the underlying assets. Our initial investment is determined based on our ownership percentage in the net book value of the underlying assets on the date of the transaction.

As of June 30, 2007, our equity investments in unconsolidated joint ventures accounted for under the equity method of accounting consisted of:

A 20% interest in 12 apartment communities containing 4,034 apartment homes located in the Las Vegas, Phoenix, Houston, Dallas and Orange County, California markets. We are providing property management services to the joint ventures and fees earned for these services totaled $0.3 million and $0.6 million for the three and six months ended June 30, 2007, respectively, and $0.3 million and $0.5 million for the three and six months ended June 30, 2006, respectively. At June 30, 2007, the joint ventures had total assets of $383.7 million and had third-party secured debt totaling $272.6 million.

A 15% interest in G&I V Midwest Residential LLC to which we sold nine apartment communities containing 3,237 apartment homes located in Kentucky and Missouri in September 2006. We are providing property management services to the joint venture, and fees earned for these services totaled $0.2 million and $0.4 million during the three and six months ended June 30, 2007, respectively. At June 30, 2007, the joint venture had total assets of $239.4 million and had third-party secured debt totaling $169.0 million.

A 20% interest in Sierra-Nevada Multifamily Investments, LLC (Sierra-Nevada), which owns 14 apartment communities with 3,098 apartment homes located in Las Vegas. We are providing property management services to Sierra-Nevada and fees earned for these services totaled $0.2 million and $0.5 million for the three and six months ended June 30, 2007 and 2006, respectively. At June 30, 2007, Sierra-Nevada had total assets of $133.2 million and third-party secured debt totaling $179.9 million.

A 50% interest in Denver West Apartments, LLC (Denver West), which owns Camden Denver West, a 320-apartment home community located in Denver, Colorado. We are providing property management services to Denver West and fees earned for these services totaled $20,000 and $40,000 for the three and six months ended June 30, 2007, respectively, and $19,000 and $39,000 for the three and six months ended June 30, 2006, respectively. At June 30, 2007, Denver West had total assets of $21.5 million and third-party secured debt totaling $16.9 million.

A 30% interest in Camden Plaza, LP to which we sold undeveloped land located in Houston, Texas in January 2006. The joint venture is developing a 271-apartment home community at a total estimated cost of $42.9 million. We are providing construction and development services to this joint venture and received fees for such services which totaled $0.3 million and $0.6 million for the three and six months ended June 30, 2007, respectively, and $0.2 million and $0.5 million for the three and six months ended June 30, 2006, respectively. Concurrent with this transaction, we provided a $6.4 million mezzanine loan to the joint venture which had a balance of $7.9 million at June 30, 2007, and is reported as Notes receivable affiliates as discussed in Note 8, Notes Receivable. At June 30, 2007, the joint venture had total assets of $40.7 million and had third-party secured debt totaling $28.1 million.

A 30% interest in Camden Main & Jamboree, LP to which we contributed $1.4 million in cash and $1.9 million in Camden Operating Series B common units in March 2006. The joint venture purchased Camden Main & Jamboree, a 290-apartment home community located in Irvine, California, which is currently under development and has a total estimated cost of $107.1 million as of June 30, 2007. We provided construction management services to this joint venture and received fees for such services which totaled $0.6 million and $0.8 million for the three and six months ended June 30, 2006, respectively. Concurrent with this transaction, we provided a mezzanine loan totaling $15.8 million to the joint venture, which had a balance of $19.0 million at June 30, 2007, and is reported as Notes receivable affiliates as discussed in Note 8, Notes Receivable. At June 30, 2007, the joint venture had total assets of $105.1 million and had third-party secured debt totaling $74.4 million.

A 30% interest in Camden College Park, LP to which we sold undeveloped land located in College Park, Maryland in August 2006. The joint venture is developing a 508-apartment home community and has a total estimated cost of $139.9 million as of June 30, 2007. We are providing construction and development services to this joint venture and received fees for such services which totaled $0.8 million and $1.4 million for the three and six months ended June 30, 2007, respectively. Concurrent with this transaction, we provided a mezzanine loan totaling $6.7 million to the joint venture, which had a balance of $7.6 million at June 30, 2007, and is reported as Notes receivable affiliates as discussed in Note 8, Notes Receivable. At June 30, 2007, the joint venture had total assets of $102.7 million and had third-party secured debt totaling $81.0 million.

A 30% interest in two development joint ventures to which we contributed an aggregate of $2.3 million in cash in 2006. Each joint venture is developing a multifamily community located in Houston, Texas. One project has 340 apartment homes and a total estimated cost of $48.0 million, and the other project has 119 apartment homes and a total estimated cost of $30.0 million. Concurrent with this transaction, we provided mezzanine loans totaling $9.3 million to the joint ventures, which had a balance totaling $11.1 million at June 30, 2007, and are reported as Notes receivable affiliates as discussed in Note 8, Notes Receivable. We are committed to funding an additional $7.8 million under the mezzanine loans. At June 30, 2007, the joint ventures had total assets of $21.7 million and had third-party secured debt totaling $2.0 million.

A 72% limited partner interest in GrayCo Town Lake Investment 2007 LP to which we contributed $5.4 million in cash. Our venture partner, an unrelated third party, contributed $2.1 million in exchange for a 28% interest. Our venture partner s interest is comprised of a 0.01% general partner interest and a 27.99% limited partner interest. The venture has purchased approximately 18 acres in Austin, Texas and intends to develop the acreage into multifamily apartment homes. At June 30, 2007, the joint venture had total assets of $22.9 million and third-party secured debt totaling $15.1 million.

6. Other Minority Interests

During the second quarter of 2007, we entered into a joint venture transaction where we received a 25% interest in CPT Development (Travis) LP in exchange for a contribution of $2.2 million in cash. Our ownership consists of a 0.1% general partner interest and a 24.9% limited partner interest. Our venture partner, an unrelated third party, contributed 3.1 acres of land in Houston in exchange for a 75% limited partner interest. The venture intends to develop the acreage into a multifamily community. As we are the general partner and our presumption of control has not been overcome based on rights granted to the limited partners, we are consolidating this venture, and at June 30, 2007, the joint venture had total assets of $2.5 million.

7. Third-party Construction Services

At June 30, 2007, we were under contract on third-party construction projects ranging from $2.5 million to $20.8 million. We earn fees on these projects ranging from 3.4% to 9.3% of the total contracted construction cost, which we recognize as earned. Fees earned from third-party construction projects totaled $0.3 million and $0.7 million for the three and six months ended June 30, 2007, respectively, and $1.3 million and $1.9 million for the three and six months ended June 30, 2006, respectively, and are included in Fee and asset management income in our condensed consolidated statements of operations. We recorded warranty and repair related costs on third-party construction projects of $17,000 and $0.7 million for the three and six months ended June 30, 2007, respectively, and $2.2 million and $2.5 million for the three and six months ended June 30, 2006, respectively. These costs are first applied against revenues earned on each project and any excess is included in Fee and asset management expenses in our condensed consolidated statements of operations.

8. Notes Receivable

We have a mezzanine financing program under which we provide secured financing to owners of real estate properties. As of June 30, 2007, we had $11.6 million of secured notes receivable due from unrelated third parties. These notes, which mature through 2009, accrue interest at rates ranging from the London Interbank Offered Rate (LIBOR) + 2% to 9.25% per annum, which is recognized as earned. We have reviewed the terms and conditions underlying the outstanding notes receivable and believe these notes are collectible, and no impairment existed at June 30, 2007. Notes receivable outstanding as of December 31, 2006 totaled $3.9 million.

We provided mezzanine construction financing in connection with certain of our joint venture transactions as discussed in Note 5, Investments in Joint Ventures. As of June 30, 2007 and December 31, 2006, the balance of Notes receivable affiliates totaled $45.6 million and $41.5 million, respectively. The notes outstanding as of June 30, 2007 accrue interest at rates ranging from LIBOR + 3% to 14% per year and mature through 2010. Additionally, we eliminate interest and other income to the extent of our ownership.

9. Notes Payable

The following is a summary of our indebtedness:

(in millions)	**June 30, 2007**	**December 31, 2006**
Unsecured line of credit and short-term borrowings	$ 364.0	$ 206.0
Senior unsecured notes		
$50.0 million 4.30% Notes, due 2007	50.3	51.0
$150.0 million 5.98% Notes, due 2007		149.9
$100.0 million 4.74% Notes, due 2009	99.9	99.9
$250.0 million 4.39% Notes, due 2010	249.9	249.9
$100.0 million 6.77% Notes, due 2010	99.9	99.9
$150.0 million 7.69% Notes, due 2011	149.7	149.7
$200.0 million 5.93% Notes, due 2012	199.5	199.4
$200.0 million 5.45% Notes, due 2013	199.2	199.1
$250.0 million 5.08% Notes, due 2015	248.7	248.6
$300.0 million 5.75% Notes, due 2017	299.0	
	1,596.1	1,447.4
Medium-term notes		
$15.0 million 7.63% Notes, due 2009	15.0	15.0
$25.0 million 4.64% Notes, due 2009	26.2	26.6
$10.0 million 4.90% Notes, due 2010	11.0	11.2
$14.5 million 6.79% Notes, due 2010	14.5	14.5
$35.0 million 4.99% Notes, due 2011	38.4	38.8
	105.1	106.1
Total unsecured notes	2,065.2	1,759.5
Secured notes		
4.55% - 8.50% Conventional Mortgage Notes, due 2007 2013	501.4	506.4
4.24% - 7.29% Tax-exempt Mortgage Notes, due 2025 - 2028	64.6	65.1

	566.0	571.5
Total notes payable	$ 2,631.2	$ 2,331.0
Floating rate debt included in unsecured line of credit (5.50% - 5.76%)	$ 364.0	$ 206.0
Floating rate tax-exempt debt included in secured notes (4.24% - 5.11%)	58.1	58.6

We have a $600 million unsecured credit facility which matures in January 2010. The scheduled interest rate is based on spreads over LIBOR or the Prime Rate and the scheduled interest rate spreads are subject to change as our credit ratings change. Advances under the line of credit may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of six months or less and may not exceed the lesser of $300 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations, all of which we were in compliance with at June 30, 2007.

Our line of credit provides us with the ability to issue up to $100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line, it does reduce the amount available. At June 30, 2007, we had outstanding letters of credit totaling $20.6 million, and had $215.4 million available under our unsecured line of credit.

On May 4, 2007, we issued $300 million in senior unsecured notes from our previously filed universal shelf registration statement. The public offering price of the notes was $299.0 million, and we received net proceeds of $297.0 million, after underwriter fees of $2.0 million. The notes bear interest at 5.7% beginning May 4, 2007, and interest is payable each May 15 and November 15, beginning November 15, 2007. The entire principal amount of the notes is due on May 15, 2017. The notes are redeemable at any time at our option, in whole or in part, at a redemption price equal to the principal amount and accrued interest of the notes being redeemed, plus a make-whole provision. This provision is consistent with all our previously issued unsecured note offerings.

At June 30, 2007 and 2006, the weighted average interest rate on our floating rate debt, which includes our unsecured line of credit, was 5.5% and 5.3%, respectively.

Our indebtedness, excluding our unsecured line of credit, had a weighted average maturity of 5.3 years. Scheduled repayments on outstanding debt, including our line of credit, and the weighted average interest rate at June 30, 2007 are as follows:

(*In millions*) **Year ending December 31,**	**Amount**	**Weighted Average Interest Rate**
2007	$ 63.1	4.7%
2008	200.6	4.8
2009	198.1	5.0
2010	816.7	5.3
2011	248.3	6.5
2012 and thereafter	1,104.4	5.5
Total	$ 2,631.2	5.4%

10. Related Party Transactions

We perform property management services for certain properties owned by joint ventures in which we own an interest. Management fees earned on these properties amounted to $0.8 million and $1.5 million during the three and six months ended June 30, 2007, respectively, and $0.6 million and $1.1 million during the three and six months ended June 30, 2006, respectively. See further discussion of fees earned from joint ventures for construction management and development services in Note 5, Investments in Joint Ventures.

In conjunction with our merger with Summit Properties, Inc., we acquired employee notes receivable from former employees of Summit. At June 30, 2007, the notes receivable had an outstanding balance of $2.0 million, and were 100% secured by Camden common shares.

11. Share-based Compensation

Share Awards. Share awards have a vesting period of five years. The compensation cost for share awards is based on the market value of the shares on the date of grant and is amortized over the vesting period. To determine our estimated future forfeitures, we used actual forfeiture history. At June 30, 2007, the unamortized value of share awards totaled $27.2 million.

Valuation Assumptions. The weighted average fair value of options granted in 2007 was $11.04. We calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The following assumptions were used for options granted during 2007:

Expected volatility	17.1%
Risk-free interest rate	4.6%
Expected dividend yield	3.7%
Expected life (in years)	6

Our computation of expected volatility for 2007 is based on the historical volatility of our common shares over a time period equal to the expected term of the option and ending on the grant date. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield on our common shares is calculated using the annual

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dividends paid in the prior year. Our computation of expected life was determined using historical experience of similar awards, giving consideration to the contractual terms of the share-based awards.

Share-based Compensation Award Activity. The total intrinsic value of options exercised during the six months ended June 30, 2007 was $2.7 million. As of June 30, 2007, there was approximately $0.2 million of total unrecognized compensation cost related to unvested options, which is expected to be amortized over the next twelve months.

The following table summarizes share options outstanding and exercisable at June 30, 2007:

	Outstanding Options		Exercisable Options		
Range of Exercise Prices	**Number**	**Weighted Average Price**	**Number**	**Weighted Average Price**	**Remaining Contractual Life**
$24.88-$41.90	337,992	$ 35.70	337,992	$ 35.70	4.4
$42.90-$43.90	355,486	42.98	355,486	42.98	6.5
$44.00-$73.32	466,360	49.49	399,694	50.15	6.3
Total options	1,159,838	$ 43.48	1,093,172	$ 43.35	5.8

The following table summarizes activity under our 1993 and 2002 Share Incentive Plans for the six months ended June 30, 2007:

	Options / Share Awards Outstanding	**Weighted Average Exercise / Grant Price**	**Weighted Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value** *(1)*
Outstanding at January 1, 2007	3,452,711	$ 38.25		
Granted	248,936	77.58		
Exercised	(114,037)	37.80		
Forfeited	(59,262)	59.61		
Outstanding at June 30, 2007	3,528,348	$ 40.44	5.8	$ 93,607,072
Vested share awards	1,831,314	$ 34.19		

(1) Intrinsic value is calculated using the closing price of our common shares on June 29, 2007 of $66.97 per share.

12. Net Change in Operating Accounts

The effect of changes in the operating accounts on cash flows from operating activities is as follows:

	Six Months Ended June 30,	
(in thousands)	**2007**	**2006**
Decrease (increase) in assets:		
Other assets, net	$ (2,376)	$ (7,742)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(10,410)	(2,644)
Accrued real estate taxes	6,356	5,699
Distributions payable	3,980	3,957
Other liabilities	(5,970)	7,780
Change in operating accounts	$ (8,420)	$ 7,050

13. Commitments and Contingencies

Construction Contracts. As of June 30, 2007, we were obligated for approximately $94.6 million of additional expenditures on our recently completed projects and those currently under development. We expect to fund a substantial portion of this amount with our unsecured line of credit.

Summit Merger Contingencies. On December 19, 2003, Camden Summit Partnership received notice of a demand for arbitration asserted by Bermello, Ajamil & Partners, Inc. (Bermello) against Coral Way, LLC for unpaid architectural fees. In this demand, Bermello alleged they were entitled to an increased architectural fee as a result of an increase in the cost of the project. Camden Summit Partnership asserted a counter-claim against Bermello for damages related to the cost to correct certain structural and other design defects, and delay damages. On October 31, 2006, the parties entered into a settlement of Bermello s claims for unpaid architectural fees and its claims were dismissed. On February 22, 2007, the parties entered into a settlement of Camden Summit Partnership s counter-claims for damages and its claims were released.

Other Contingencies. In the ordinary course of our business, we issue letters of intent indicating a willingness to negotiate for acquisitions, dispositions or joint ventures and also enter into arrangements contemplating various transactions. Such letters of intent and other arrangements are non-binding, and neither party is obligated to pursue negotiations unless and until a definitive contract is entered into by the parties. Even if definitive contracts are entered into, the letters of intent relating to the purchase and sale of real property and resulting contracts generally contemplate such contracts will provide the purchaser with time to evaluate the property and conduct due diligence, during which periods the purchaser will have the ability to terminate the contracts without penalty or forfeiture of any deposit or earnest money. There can be no assurance definitive contracts will be entered into with respect to any matter covered by letters of intent or we will consummate any transaction contemplated by any definitive contract. Furthermore, due diligence periods for real property are frequently extended as needed. An acquisition or sale of real property becomes probable at the time the due diligence period expires and the definitive contract has not been terminated. We are then at risk under a real property acquisition contract, but only to the extent of any earnest money deposits associated with the contract, and are obligated to sell under a real property sales contract.

We are currently in the due diligence period for certain acquisitions and dispositions and other various transactions. No assurance can be made we will be able to complete the negotiations or become satisfied with the outcome of the due diligence or otherwise complete the proposed transactions.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on our consolidated financial statements.

Lease Commitments. At June 30, 2007, we had long-term operating leases covering certain land, office facilities and equipment. Rental expense totaled $0.8 million and $1.6 million for the three and six months ended June 30, 2007, respectively, and totaled $0.7 million and $1.4 million for the three and six months ended June 30, 2006, respectively. Minimum annual rental commitments for the remainder of 2007 are $1.4 million and for the years ending December 31, 2008 through 2011 are $2.6 million, $2.3 million, $2.1 million and $1.7 million, respectively, and $7.9 million in the aggregate thereafter.

14. Income Taxes

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement we distribute at least 90% of our taxable income to our shareholders. As a REIT, we generally will not be subject to federal income tax on distributed taxable income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax. Historically, we have only incurred state and local income, franchise and margin taxes. Taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to applicable federal, state and local income taxes. We have provided for income, franchise and margin taxes in the condensed consolidated statements of operations for the three and six months ended June 30, 2007 primarily for state and local taxes associated with property dispositions, entity level taxes for our taxable operating partnerships and federal taxes on certain of our taxable REIT subsidiaries. We have no significant temporary differences or tax credits associated with our taxable REIT subsidiaries.

15. Subsequent Events

Subsequent to June 30, 2007, we repurchased 283,865 common shares at a total cost of $18.9 million using proceeds available under our unsecured line of credit.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

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

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

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

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

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

- Development and construction risks could impact our profitability;

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

- Difficulties of selling real estate could limit our flexibility;

- We have significant debt, which could have important consequences;

- Our variable rate debt is subject to interest rate risk;

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

- Losses from catastrophes may exceed our insurance coverage;

- Potential liability for environmental contamination could result in substantial loss;

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

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

- Compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial costs;

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

- We depend on our key personnel; and

Changes in laws and litigation risks could affect our business.

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

Executive Summary

Based on our results for the six months ended June 30, 2007 and the projected economic conditions, we expect moderate growth during the remainder of 2007 from the revenue generated by our stabilized communities. The economic factors affecting our revenue growth include continued job growth and population growth in a number of markets in which we operate, as well as decreased housing affordability due to rising interest rates resulting in multifamily apartment communities being an economically attractive alternative to purchasing a single-family home which positively affects apartment housing demand.

We intend to focus on our market balance investment strategy and to improve our portfolio mix through the acquisition and disposition of real estate assets. We expect market concentration risk to be mitigated as our property operations are not centralized in any one market.

In positioning for future growth, we intend to continue focusing on our development pipeline and maintain approximately $2.0 billion to $2.5 billion in our current and future development pipelines. Total projected capital costs and the commencement of future developments may be impacted by increasing construction costs and other factors. Additionally, the use of technology, including our web-based property management and revenue management systems, is expected to increase revenues and improve our operating efficiencies.

Property Portfolio

Our multifamily property portfolio, excluding land held for future development, is summarized as follows:

	June 30, 2007		December 31, 2006	
	Apartment Homes	Properties	Apartment Homes	Properties
Operating Properties				
Las Vegas, Nevada	8,064	30	8,064	30
Dallas, Texas *(1)*	7,773	20	7,773	21
Houston, Texas	5,696	13	5,696	13
Tampa, Florida	5,987	13	5,635	12
Charlotte, North Carolina	4,146	17	4,146	17
Washington, D.C. Metro	4,157	12	3,834	11
Orlando, Florida	3,296	8	3,296	8
Atlanta, Georgia	3,202	10	3,202	10
Raleigh, North Carolina	2,704	7	2,704	7
Denver, Colorado	2,529	8	2,529	8
Austin, Texas	2,778	9	2,525	8
Southeast Florida	2,520	7	2,520	7
Phoenix, Arizona	2,433	8	2,433	8
Los Angeles/Orange County, California	2,191	5	2,191	5
St. Louis, Missouri	1,447	4	2,123	6
Louisville, Kentucky	1,194	4	1,448	5
Corpus Christi, Texas	1,410	3	1,410	3
San Diego/Inland Empire, California	1,196	4	846	3
Other	1,468	4	1,468	4
Total Operating Properties	64,191	186	63,843	186
Properties Under Development				
Washington, D.C. Metro	1,914	5	2,237	6
Houston, Texas	1,109	4	650	2
Austin, Texas	208	1		
San Diego/Inland Empire, California			350	1
Los Angeles/Orange County, California	290	1	290	1
Orlando, Florida	261	1	261	1
Total Properties Under Development	3,782	12	3,788	11
Total Properties	67,973	198	67,631	197
Less: Joint Venture Properties *(2)*				
Las Vegas, Nevada	4,047	17	4,047	17
Dallas, Texas	456	1	456	1
Houston, Texas	1,946	6	1,487	4
Washington, D.C. Metro	508	1	508	1
Denver, Colorado	320	1	320	1

Phoenix, Arizona	992	4	992	4
Los Angeles/Orange County, California	711	2	711	2
St. Louis, Missouri	1,447	4	1,447	4
Louisville, Kentucky	1,194	4	1,194	4
Other	596	1	596	1
Total Joint Venture Properties	12,217	41	11,758	39
Total Properties Owned 100%	55,756	157	55,873	158

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

(2) Refer to Note 5, Investments in Joint Ventures in the Notes to Condensed Consolidated Financial Statements for further discussion of our joint venture investments.

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Stabilized Communities

We consider a property stabilized once it reaches 90% occupancy, or generally one year from opening the leasing office, with some allowances for larger than average properties. During the six months ended June 30, 2007, stabilization was achieved at three recently completed properties as follows:

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

Acquisitions

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

Discontinued Operations and Assets Held for Sale

Income from discontinued operations includes the operations of properties, including land, sold during the period or classified as held for sale as of June 30, 2007. The components of earnings classified as discontinued operations include separately identifiable property-specific revenues, expenses, depreciation and interest expense, if any. The gain or loss on the disposal of the held for sale properties is also classified as discontinued operations. We intend to maintain a strategy of managing our invested capital through the selective sale of properties and to utilize the proceeds to fund investments with higher anticipated growth prospects in our markets.

A summary of our dispositions during 2007 and properties held for sale as of June 30, 2007 is as follows:

($ in millions) Property and Location	Number of Apartment Homes	Date of Disposition	Year Built	Net Book Value *(1)*
Sold				
Camden Taravue St. Louis, MO	304	2Q07	1975	
Camden Trace Maryland Heights, MO	372	2Q07	1972	
Camden Downs Louisville, KY	254	2Q07	1975	
Total apartment homes sold	930			
Held for Sale				
Camden Eastchase Charlotte, NC	220	n/a	1986	$ 4.8
Camden Glen Greensboro, NC	304	n/a	1980	4.8
Camden Isles Tampa, FL	484	n/a	1983/1985	8.6
Camden Pinnacle Westminster, CO	224	n/a	1985	11.0
Camden Ridge Ft. Worth, TX	208	n/a	1985	3.7
Camden Ridgeview Austin, TX	167	n/a	1984	4.1
Camden Terrace Ft. Worth, TX	340	n/a	1984	5.9
Camden Timber Creek Charlotte, NC	352	n/a	1984	10.1
Camden Wendover Greensboro, NC	216	n/a	1985	4.7
Total apartment homes held for sale	2,515			$ 57.7

(1) Net Book Value is land and buildings and improvements less the related accumulated depreciation as

of June 30, 2007.

During the six months ended June 30, 2007, we recognized gains of $31.0 million from the sale of three operating properties, containing 930 apartment homes, to unaffiliated third parties. These sales generated net proceeds of approximately $48.7 million. During the six months ended June 30, 2006, we recognized gains of $51.0 million from the sale of five operating properties, containing 1,781 apartment homes, to unaffiliated third parties. These sales generated net proceeds of approximately $87.8 million.

At June 30, 2007, we had several undeveloped land parcels classified as held for sale as follows:

($ in millions) **Location**	**Acres**	**Net Book Value**
Southeast Florida	3.1	$ 12.4
Dallas	2.6	2.5
Total land held for sale		$ 14.9

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Development and Lease-Up Properties

At June 30, 2007, we had three completed properties in lease-up as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Cost to Date**	**% Leased at 7/31/07**	**Date of Construction Completion**	**Estimated Date of Stabilization**
In Lease-Up: Wholly-Owned					
Camden Westwind *Ashburn, VA*	464	$ 95.0	90.1%	2Q06	3Q07
Camden Royal Oaks *Houston, TX*	236	20.9	62.7%	3Q06	1Q08
Camden Old Creek *San Marcos, CA*	350	92.1	75.4%	1Q07	4Q07
Total wholly-owned	1,050	$ 208.0			

At June 30, 2007, we had several properties, which we were developing, in various stages of construction as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Estimated Cost**	**Cost Incurred**	**Included in Properties Under Development**	**Estimated Date of Construction Completion**	**Estimated Date of Stabilization**
Under Construction: Wholly-Owned						
Camden Monument Place *Fairfax, VA*	368	$ 64.0	$ 58.3	$ 38.1	4Q07	2Q08
Camden Potomac Yards *Arlington, VA*	379	110.0	92.3	92.3	4Q07	4Q08
Camden City Centre *Houston, TX*	379	54.0	46.5	29.0	4Q07	3Q08
Camden Summerfield *Landover, MD*	291	68.0	43.1	43.1	4Q08	1Q09
Camden Orange Court *Orlando, FL*	261	49.0	32.5	32.5	3Q08	1Q09
Camden Circle C *Austin, TX*	208	27.0	4.6	4.6	4Q08	1Q09
Camden Dulles Station *Oak Hill, VA*	368	77.0	35.7	35.7	1Q09	3Q09
Total wholly-owned	2,254	$ 449.0	$ 313.0	$ 275.3		
Under Construction Joint Ventures	290	$ 107.1	$ 104.3		4Q07	1Q08

Camden Main & Jamboree						
Irvine, CA						
Camden Plaza						
Houston, TX	271	42.9	40.4		3Q07	2Q08
Camden College Park						
College Park, MD	508	139.9	100.7		1Q09	4Q09
Total joint ventures	1,069	$ 289.9	$ 245.4			

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At June 30, 2007, we had two joint venture properties under construction which were being developed by a third party, as follows:

($ in millions) **Property and Location**	**Number of Apartment Homes**	**Estimated Cost**	**Cost Incurred**
Braeswood Place *Houston, TX*	340	$48.0	$14.8
Belle Meade *Houston, TX*	119	30.0	6.3

Our condensed consolidated balance sheet at June 30, 2007 included $454.6 million related to wholly-owned properties under development. Of this amount, $275.3 million related to our wholly-owned projects currently under development. Additionally, at June 30, 2007, we had $179.3 million invested in land held for future development, which includes $136.8 million related to projects we expect to begin constructing during the next twelve months. We also had $36.4 million invested in land tracts adjacent to development projects, which are being utilized in conjunction with those projects. Upon completion of these development projects, we may utilize this land to further develop apartment homes in these areas, or sell certain parcels of these undeveloped land tracts to third parties for commercial and retail development.

Results of Operations

Changes in revenues and expenses related to our operating properties from period to period are due primarily to acquisitions, dispositions, the performance of stabilized properties in the portfolio, and the lease-up of newly constructed properties. Where appropriate, comparisons of income and expense on communities included in continuing operations are made on a 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 three and six months ended June 30, 2007 and 2006 are as follows:

	Three Months Ended June 30		**Six Months Ended June 30**	
	2007	**2006**	**2007**	**2006**
Average monthly property revenue per apartment home	$ 1,006	$ 939	$ 999	$ 932
Annualized total property expenses per apartment home	$ 4,465	$ 4,189	$ 4,435	$ 4,157
Weighted average number of operating apartment homes owned 100%	50,221	51,327	49,937	51,130
Weighted average occupancy of operating apartment homes owned 100%	94.2%	95.4%	94.4%	95.8%

Property-level operating results

The following tables present the property-level revenues and property-level expenses, excluding discontinued operations, for the three and six months ended June 30, 2007 as compared to the same period in 2006:

	Apartment Homes At	**Three Months Ended June 30,**		**Change**		**Six Months Ended June 30,**		**Change**	
($ in thousands)	**6/30/07**	**2007**	**2006**	**$**	**%**	**2007**	**2006**	**$**	**%**
Property revenues									
Same store communities	42,089	$ 125,418	$ 119,375	$ 6,043	5.1%	$ 248,893	$ 236,781	$ 12,112	5.1%
Non-same store communities	7,848	21,916	16,508	5,408	32.8	42,698	32,070	10,628	33.1
Development and lease-up communities	3,304	3,146	917	2,229	243.1	5,556	1,324	4,232	319.6
Dispositions/other		1,081	7,845	(6,764)	(86.2)	2,220	15,621	(13,401)	(85.8)

Total property revenues	53,241	$ 151,561	$ 144,645	$ 6,916	4.8%	$ 299,367	$ 285,796	$ 13,571	4.7%
Property expenses									
Same store communities	42,089	$ 45,851	$ 44,253	$ 1,598	3.6%	$ 91,405	$ 87,879	$ 3,526	4.0%
Non-same store communities	7,848	8,230	6,209	2,021	32.5	15,547	11,874	3,673	30.9
Development and lease-up communities	3,304	1,543	388	1,155	297.7	2,787	570	2,217	388.9
Dispositions/other		429	3,047	(2,618)	(85.9)	1,003	6,092	(5,089)	(83.5)
	53,241	$ 56,053	$ 53,897	$ 2,156	4.0%	$ 110,742	$ 106,415	$ 4,327	4.1%

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

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Same store analysis

Same store property revenues for the three months ended June 30, 2007 increased $6.0 million, or 5.1%, from the same period in 2006 resulting primarily from higher rental income per apartment home in all of our markets and increases in other property income, partially offset by declines in occupancy. Same store property revenues for the six months ended June 30, 2007 increased $12.1 million, or 5.1%, from the same period in 2006 resulting primarily from higher rental income per apartment home in all of our markets and increases in other property income, partially offset by declines in occupancy. Other property income increased due to utility rebillings primarily due to our implementation of CamdenTV, which provides cable services to our residents. Our revenue growth was partially the result of improving market fundamentals including growth in employment and population in the majority of our markets, the increasing cost of ownership versus rental, and rising interest rates and construction costs limiting new supply. We believe our operating performance was also the result of the continued operational and technological enhancements we are making at many of our communities, which have created efficiencies and allowed us to take advantage of improvements in the rental market.

Total property expenses from our same store communities increased $1.6 million, or 3.6%, for the three months ended June 30, 2007 as compared to the same period in 2006. The increases in same store property expenses were primarily due to increases in repair and maintenance, utilities and real estate tax expenses. These three expense categories represent an aggregate of approximately 64% of total property expenses for the three months ended June 30, 2007.

Total property expenses from our same store communities increased $3.5 million, or 4.0%, for the six months ended June 30, 2007 as compared to the same period in 2006. The increases in same store property expenses were primarily due to increases in repair and maintenance, utilities, property insurance and real estate tax expenses. These four expense categories represent an aggregate of approximately 69% of total property expenses for the six months ended June 30, 2007.

Non-same store and other analysis

Property revenues from non-same store, development and lease-up communities increased $7.6 million and $14.9 million for the three and six months ended June 30, 2007 as compared to the same periods in 2006. The increases during the periods were primarily due to the completion and lease-up of properties in our development pipeline. See Development and Lease-Up Properties for additional detail of occupancy at properties in our development pipeline.

Property revenues from dispositions/other decreased $6.8 million and $13.4 million for the three and six months ended June 30, 2007 as compared to the same periods in 2006. Dispositions/other property revenues earned during the three and six months ended June 30, 2007 primarily related to retail lease income of $1.0 million and $1.8 million, respectively. For the three and six months ended June 30, 2006, dispositions/other property revenues earned primarily related to properties partially sold to joint ventures in 2006 of $6.9 million and $13.6 million, respectively, and retail lease income of $0.9 million and $1.7 million, respectively.

Property expenses from non-same store, development and lease-up communities increased $3.2 million and $5.9 million for the three and six months ended June 30, 2007, respectively, as compared to 2006. The increase in expenses during each period was primarily due to the completion and lease-up of properties in our development pipeline.

Property expenses from dispositions/other decreased $2.6 million and $5.1 million for the three and six months ended June 30, 2007, respectively as compared to the same periods in 2006. The decrease during the three months ended June 30, 2007 as compared to the same period in 2006 was due to the disposition of properties partially sold to joint ventures during 2006.

<u>*Non-property income*</u>

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
($ in thousands)	**2007**	**2006**	**$**	**%**	**2007**	**2006**	**$**	**%**
	$ 2,420	$ 3,120	$ (700)	(22.4)%	$ 4,806	$ 5,597	$ (791)	(14.1)%

Fee and asset management								
Interest and other income	1,810	3,611	(1,801)	(49.9)	3,372	4,364	(992)	(22.7)
Income on deferred compensation plans	4,835	2,331	2,504	107.4	7,141	2,381	4,760	199.9
	$ 9,065	$ 9,062	$ 3	0.0%	$ 15,319	$ 12,342	$ 2,977	24.1%

Fee and asset management income decreased $0.7 million and $0.8 million for the three and six months ended June 30, 2007, respectively as compared to the same periods in 2006. The decreases were primarily due to decreases in construction fees earned from third party projects which decreased $1.1 million and $1.2 million for the three and six months ended June 30, 2007, respectively as compared to the same periods in 2006. These decreases were partially offset by increases in fees earned from joint ventures which increased $0.3 million and $0.4 million for the three and six months ended June 30, 2007, respectively as compared to the same period in 2006.

Interest and other income decreased $1.8 million and $1.0 million for the three and six months ended June 30, 2007, respectively as compared to the same periods in 2006. Interest income, which primarily relates to interest earned on notes receivable outstanding under our mezzanine financing program, decreased $0.1 million for the three months ended June 30, 2007 as compared to the same period in 2006. Interest income increased $0.3 million for the six months ended June 30, 2007 as compared to the same period in 2006. Changes in interest income are due to the timing of issuance new loans and repayments of existing loans. Other income, which represents income recognized upon the settlement of legal, insurance and warranty claims and proceeds from sales of technology investments, totaled $0.6 million and $0.9 million for the three and six months ended June 30, 2007, respectively, compared to $2.3 million for the three and six months ended June 30, 2006. Fluctuations of other income are due to the timing of the proceeds received and amounts are recognized into income when collected.

Income on deferred compensation plans increased $2.5 million and $4.8 million for the three and six months ended June 30, 2007 as compared to the same periods in 2006. The changes in income primarily relate to the performance of the assets held in deferred compensation plans for participants.

Other expenses

($ in thousands)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Change $	Change %	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	Change $	Change %
Property management	$ 4,800	$ 4,966	$ (166)	(3.3)%	$ 9,528	$ 9,192	$ 336	3.7%
Fee and asset management	811	3,238	(2,427)	(75.0)	2,431	4,604	(2,173)	(47.2)
General and administrative	7,912	8,036	(124)	(1.5)	15,966	15,450	516	3.3
Interest	29,279	31,259	(1,980)	(6.3)	57,069	62,174	(5,105)	(8.2)
Depreciation and amortization	39,311	39,645	(334)	(0.1)	78,388	75,108	3,280	4.4
Amortization of deferred financing costs	906	909	(3)	(4.0)	1,819	1,950	(131)	(6.7)
Expense on deferred compensation plans	4,835	2,331	2,504	107.4	7,141	2,381	4,760	199.9
Total other expenses	$ 87,854	$ 90,384	$ (2,530)	(2.8)%	$ 172,342	$ 170,859	$ 1,483	0.9%

Property management expense, which represents regional supervision and accounting costs related to property operations, decreased $0.2 million for the three months ended June 30, 2007 as compared to the same period in 2006. This decrease was primarily due to relocation costs recorded in 2006 associated with regional office employees. Property management expenses were 3.2% and 3.4% of total property revenues for the three months ended June 30, 2007 and 2006, respectively.

Property management expense increased $0.3 million for the six months ended June 30, 2007 as compared to the same period in 2006. The increases were primarily due to salary and benefit expenses, including increases in long-term incentive compensation partially offset by decreases in relocation costs. Property management expenses were 3.2% of total property revenues for the six months ended June 30, 2007 and 2006.

Fee and asset management expense, which represents expenses related to third-party construction projects and property management, decreased $2.4 million and $2.2 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods in 2006. These decreases were primarily due to decreases in costs and cost over-runs on third-party construction projects which decreased $2.2 million and $1.8 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods in 2006.

General and administrative expenses decreased $0.1 million for the three months ended June 30, 2007 as compared to the same period in 2006, and were 5.0% and 5.2% of total revenues for the three months ended June 30, 2007 and 2006, respectively. General and administrative expenses increased $0.5 million for the six months ended June 30, 2007 as compared to the same period in 2006, and were 5.1% and 5.2% of total revenues for the six months ended June 30, 2007 and 2006, respectively. The increase in general and administrative expenses for the six months ended June 30, 2007 was primarily due to increases in salary and benefit expenses, including executive severance costs incurred during the first quarter of 2007.

Gross interest cost before interest capitalized to development properties decreased $2.1 million and $5.3 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods in 2006. The overall decrease in interest expense was due primarily to the repayment of debt utilizing proceeds of $255.1 million from our equity offering in June 2006. This decrease was partially offset by an increase in debt outstanding as a result of continued funding of our development pipeline and increases in the effective interest rate associated with variable rate debt. Interest capitalized decreased $0.1 million and $0.2 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods in 2006.

Depreciation and amortization expenses decreased $0.3 million for the three months ended June 30, 2007 as compared to the same period in 2006, and increased $3.3 million for the six months ended June 30, 2007 as compared to the same period in 2006. Fluctuation of depreciation and amortization expenses from period to period is due to the timing of assets acquired or disposed, new development and capital improvements placed in service during the preceding year.

Expense on deferred compensation plans increased $2.5 million and $4.8 million for the three and six months ended June 30, 2007 as compared to the same periods in 2006. The changes in expense primarily related to the performance of the assets held in deferred compensation plans for participants.

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Other	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(in thousands)	**2007**	**2006**	$	%	**2007**	**2006**	**$**	**%**
Gain on sale of properties, including land	$	$ 810	$ 810	100.0%	$	$ 1,309	$ 1,309	100.0%
Equity in income of joint ventures	484	569	(85)	(14.9)	1,219	2,886	(1,667)	(57.8)
Distributions on perpetual preferred units	(1,750)	(1,750)			(3,500)	(3,500)		
Income allocated to common units and other minority interests	(1,343)	(959)	(384)	(40.0)	(2,130)	(2,074)	(56)	(2.7)
Income tax expense current	(316)		(316)	(100.0)	(2,221)		(2,221)	(100.0)

Gain on sale of properties for the three and six months ended June 30, 2006 relate to gains recognized upon the sale of undeveloped land during those periods.

Equity in income of joint ventures decreased $0.1 million for the three months ended June 30, 2007 as compared to the same period in 2006 and was primarily due to changes in the performance of assets owned through joint ventures from period to period. Equity in income of joint ventures decreased $1.7 million for the six months ended June 30, 2007 as compared to the same period in 2006. This decrease was primarily due to gains recognized of $1.8 million during the first quarter of 2006 from the sale of two properties held through joint ventures, partially offset by an increase in assets and the performance of assets owned through joint ventures.

Income tax expense, which relates to entity level taxes for our taxable operating partnerships and other state and local taxes, was $0.3 million and $2.2 million for the three and six months ended June 30, 2007. These taxes primarily related to new state tax laws which were effective during the past year, including the new Texas margin tax.

Funds from Operations (FFO)

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

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

Reconciliations of net income to diluted FFO for the three and six months ended June 30, 2007 and 2006 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2007**	**2006**	**2007**	**2006**
Funds from operations				
Net income	$ 42,592	$ 34,582	$ 55,629	$ 76,025
Real estate depreciation, including discontinued operations	39,404	40,579	79,010	77,324
Adjustments for unconsolidated joint ventures	1,225	764	2,311	1,545
Gain on sale of properties, including discontinued operations, net of taxes	(30,976)	(23,652)	(29,792)	(52,807)
Income allocated to common units, including discontinued operations	5,567	1,130	6,573	3,155
Funds from operations diluted	$ 57,812	$ 53,403	$ 113,731	$ 105,242
Weighted average shares basic	58,894	55,506	58,854	54,901
Incremental shares issuable from assumed conversion of:				
Common share options and awards granted	526	669	599	666
Common units	3,494	3,908	3,514	3,972
Weighted average shares diluted	62,914	60,083	62,967	59,539

Gain on sale of properties, including discontinued operations, net of taxes included in FFO for the three and six months ended June 30, 2007 includes income tax expense of $1.2 million associated with the gains recognized on depreciable operating property sales during 2006. Adjustments for unconsolidated joint ventures included in FFO for the six months ended June 30, 2006 includes net gains totaling $1.8 million from the sale of properties held in joint ventures. Included in the net gains recognized during the six months ended June 30, 2006 are $0.4 million in prepayment penalties associated with the repayment of mortgages in connection with the sales of each property.

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Liquidity and Capital Resources

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

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

Our interest expense coverage ratio, net of capitalized interest, was 3.0 and 2.8 times for the three months ended June 30, 2007 and 2006, respectively, and 3.1 and 2.7 for the six months ended June 30, 2007 and 2006, respectively. Interest expense coverage ratio is derived by dividing interest expense for the period into the sum of income from continuing operations before gain on sale of properties, equity in income (loss) of joint ventures and minority interests, depreciation, amortization, interest expense and income from discontinued operations. At June 30, 2007 and 2006, 81.3% and 79.4%, respectively, of our properties (based on invested capital) were unencumbered. Our weighted average maturity of debt, excluding our line of credit, was 5.3 years at June 30, 2007.

As a result of the cash flow generated by our operations, the availability under our unsecured credit facility and other short-term borrowings, proceeds from dispositions of properties and other investments and access to the capital markets by issuing securities under our automatic shelf registration statement, we believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash flow needs during the remainder of 2007 including:

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

One of our principal long-term liquidity requirements includes the repayment of maturing debt, including borrowings under our unsecured line of credit used to fund development and acquisition activities. For unsecured notes, we anticipate no significant portion of the principal of those notes will be repaid prior to maturity. Additionally, as of June 30, 2007, we had several development projects in various stages of construction, for which a total estimated cost of $136.0 million remained to be funded. We intend to meet our long-term liquidity requirements through the use of debt and equity offerings under our shelf registration statement, draws on our unsecured credit facility and property dispositions.

In June 2007, we announced our Board of Trust Managers had declared a dividend distribution of $0.69 per share to holders of record as of June 29, 2007 of our common shares. The dividend was subsequently paid on July 17, 2007. We paid equivalent amounts per unit to holders of the common operating partnership units. This distribution to common shareholders and holders of common operating partnership units equates to an annualized dividend rate of $2.76 per share or unit.

In April 2007, our Board of Trust Managers approved a program to repurchase up to $250 million of our common equity securities through open market purchases, block purchases, and privately negotiated transactions. We intend to use the proceeds from asset sales and borrowings under our secured line of credit to fund any share repurchases. Under this share repurchase program, we repurchased 459,000 shares for a total of $31.1 million through June 30, 2007. Subsequent to June 30, 2007, we repurchased 283,865 common shares at a total cost of $18.9 million.

Net cash provided by operating activities decreased $5.6 million, or 4.8%, from $116.0 million for the six months ended June 30, 2006 to $110.4 million for the same period in 2007. This decrease was primarily due to timing of accounts payable and other liabilities associated with construction and development costs on third party projects. See further detail in Note 11, Net Change in Operating Accounts. This decrease was partially offset by additional property revenues from recently developed properties and growth in property revenues from our stabilized portfolio.

Cash flows used in investing activities during the six months ended June 30, 2007 totaled $299.9 million, as compared to $173.3 million during the same period in 2006. We incurred $319.5 million in property development, acquisition and capital improvement costs during the six months ended June 30, 2007 as compared to $178.7 million during the same period in 2006. See further detail of our properties under development in Development and Lease-Up Properties. Proceeds received from sales of properties, sales of assets to joint ventures and joint venture distributions representing returns of investments totaled $50.5 million for the six months ended June 30, 2007 compared to

$107.5 million for the six months ended June 30, 2006. Loans funded under our mezzanine financing program totaled $12.8 million and $23.5 million for the six months ended June 30, 2007 and 2006, respectively.

Net cash provided by financing activities totaled $191.5 million and $105.5 million for the six months ended June 30, 2007 and 2006, respectively. Net cash provided by financing activities during both periods included increases in balances outstanding under our unsecured line of credit which was used to fund development, acquisition and capital improvement activity during the periods. During the six months ended June 30, 2007, we received proceeds of $299.0 million from the issuance of unsecured debt, and we received proceeds of $255.1 million during the six months ended June 30, 2006 from the issuance of common shares. Both the issuance of debt and equity were completed to reduce the amount of borrowings outstanding under our unsecured line of credit. Repayments of notes payables for the six months ended June 30, 2007 and 2006 totaled $157.1 million and $82.2 million, respectively, due most to maturities of unsecured debt of $150.0 million and $75.0 million for the six months ended June 30, 2007 and 2006, respectively. Additionally, during the six months ended June 30, 2007, we repurchased $20.1 million in common shares and units, compared to $0.1 million for the same period in 2006.

Financial Flexibility

We have a $600 million unsecured line of credit facility which matures in January 2010. The scheduled interest rate is based on spreads over the London Interbank Offered Rate (LIBOR) or the Prime Rate. The scheduled interest rate spreads are subject to change as our credit ratings change. Advances under the line of credit may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of six months or less and may not exceed the lesser of $300 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations, all of which we were in compliance with at June 30, 2007.

Our line of credit provides us with the ability to issue up to $100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line, it does reduce the amount available. At June 30, 2007, we had outstanding letters of credit totaling $20.6 million, and had $215.4 million available, under our unsecured line of credit.

On May 4, 2007, we issued $300 million in senior unsecured notes from our previously filed universal shelf registration statement. The public offering price of the notes was $299.0 million, and we received net proceeds of $297.0 million, after underwriter fees of $2.0 million. The notes bear interest at 5.7% beginning May 4, 2007, and interest is payable each May 15 and November 15, beginning November 15, 2007. The entire principal amount of the notes is due on May 15, 2017. The notes are redeemable at any time at our option, in whole or in part, at a redemption price equal to the principal amount and accrued interest of the notes being redeemed, plus a make-whole provision. This provision is consistent with all our previously issued unsecured note offerings.

At June 30, 2007 and 2006, the weighted average interest rate on our floating rate debt, which includes our unsecured line of credit, was 5.5% and 5.3%, respectively.

We filed an automatic shelf registration statement with the Securities and Exchange Commission during 2006 that became effective upon filing. We may use the shelf registration statement to offer, from time to time, common shares, preferred shares, debt securities or warrants. Our declaration of trust provides that we may issue up to 110,000,000 shares of beneficial interest, consisting of 100,000,000 common shares and 10,000,000 preferred shares. As of June 30, 2007, we had 56,408,459 common shares outstanding.

The joint ventures in which we have an interest have been funded with secured, third-party debt. We are committed to funding an additional $7.8 million under mezzanine loans provided to joint ventures. We have guaranteed the repayment of the construction loans of four of our development joint ventures in an amount equal to our proportionate equity in the related joint venture. See further discussion of our investments in various joint ventures in Note 5 to our Condensed Consolidated Financial Statements.

Inflation

Substantially all of our apartment leases are for a term generally ranging from 6 to 13 months. In an inflationary environment, we may realize increased rents at the commencement of new leases or upon the renewal of existing leases. The short-term nature of our leases generally minimizes our risk from the adverse affects of inflation.

Critical Accounting Policies

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

Income recognition. Our rental and other property income is recorded when due from residents and is recognized monthly as it is earned. Other property income consists primarily of utility rebilling, and administrative, application and other transactional fees charged to our residents. Retail lease income is recorded on a straight-line basis over the lease term, including any construction period if we are determined not to be the owner of the tenant improvements. Interest, fee and asset management and all other sources of income are recognized as earned.

Accounting for Joint Ventures. We make co-investments with unrelated third parties and are required to determine whether to consolidate or use the equity method of accounting for these ventures. FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (as revised) and Emerging Issues Task Force No. 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights are two of the primary sources of accounting guidance in this area. Appropriate application of these complex rules requires substantial management judgment.

Asset impairment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge equal to the difference between the carrying value and estimated fair value is recognized.

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

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

Recent Accounting Pronouncements. In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109. FIN 48 prescribes a two-step process for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The first step involves evaluation of a tax position to determine whether it is more likely than not the position will be sustained upon examination, based on the technical merits of the position. The second step involves measuring the benefit to recognize in the financial statements for those tax positions that meet the more-likely-than-not recognition threshold.

We adopted FIN 48 as of January 1, 2007. If various tax positions related to certain real estate dispositions are not sustained upon examination, we would be required to pay a deficiency dividend and associated interest for prior years. We have decreased distributions in excess of net income as of January 1, 2007 for the adoption impact of FIN 48 by approximately $2.5 million and have recorded interest expense of approximately $0.3 million and $0.6 million for the three and six months ended June 30, 2007, respectively, for the interest related to the deficiency dividend for these transactions. Our period of uncertainty with respect to these real estate dispositions will expire within the next twelve months, at which time we would reverse the recorded liability to current period operations. We have no unrecognized tax benefits.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. The statement does not require new fair value measurements, but is applied to the extent other accounting pronouncements require or permit fair value measurements. The statement emphasizes fair value as a market-based measurement which should be determined based on assumptions market participants would use in pricing an asset or liability. We will be required to disclose the extent to which fair value is used to measure assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings (or changes in net assets) for the period. This statement is effective for fiscal years beginning after November 15, 2007. We are currently evaluating what impact, if any, our adoption of SFAS No. 157 will have on our financial statements.

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In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis (i.e., the fair value option), which are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. Additionally, SFAS No. 159 allows for a one-time election for existing positions upon adoption, with the transition adjustment recorded to beginning retained earnings. This statement is effective for fiscal years beginning after November 15, 2007. We have not yet determined whether we will elect the fair value option for any of our financial instruments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes to our exposures to market risk have occurred since our Annual Report on Form 10-K for the year ended December 31, 2006.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by the report pursuant to Securities Exchange Act (Exchange Act) Rules 13a-15 and 15d-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act filings is recorded, processed, summarized and reported within the periods specified in the Securities and Exchange Commission s rules and forms.

Changes in internal controls. There were no changes in our internal control over financial reporting occurring during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Subsequent to June 30, 2007, we completed our conversion of our accounting systems to the J.D. Edwards financial accounting system. As with any material change in our internal control over financial reporting, the design of this application, along with the design of the internal controls included in our processes, were evaluated for effectiveness. No other changes in our internal control over financial reporting have occurred subsequent to June 30, 2007 which have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For further discussion regarding legal proceedings, see Note 13 to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors previously disclosed in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (1)
Month ended April 30, 2007		$		$ 250,000,000
Month ended May 31, 2007	121,700	67.87	121,700	241,741,000
Month ended June 30, 2007	337,300	67.72	337,300	218,899,000
Total	**459,000**	**67.76**	**459,000**	

(1) In April 2007, our Board of Trust Managers approved a program to repurchase up to $250.0 million of our common equity securities through open market purchases, and privately negotiated transactions.

Item 3. Defaults Upon Senior Securities

None

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

Our Annual Meeting of Shareholders was held on May 1, 2007, at which time, the shareholders elected all nine of the nominees for Trust Manager by the following vote:

	Affirmative	Abstentions	Broker Non-Voters
Richard J. Campo	49,067,095	775,566	

D. Keith Oden	48,920,665	921,996
F. Gardner Parker	48,926,640	916,021
William R. Cooper	49,170,177	672,484
William B. McGuire, Jr.	40,878,462	8,964,199
William F. Paulsen	40,878,605	8,964,056
Scott S. Ingraham	49,390,835	451,826
Steven A. Webster	43,538,051	6,304,610
Lewis A. Levey	49,424,994	417,667

The shareholders ratified the appointment of Deloitte & Touche LLP as our independent auditors for the year ending December 31, 2007 by the following vote:

Affirmative	Negative	Abstentions	Broker Non-Voters
49,659,357	138,879	44,425	

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Item 5. Other Information

None

Item 6. Exhibits

(a) Exhibits

31.1 Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated August 3, 2007.

31.2 Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated August 3, 2007.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on our behalf by the undersigned thereunto duly authorized.

CAMDEN PROPERTY TRUST

/s/ Michael P. Gallagher	August 3, 2007
Michael P. Gallagher Vice President Chief Accounting Officer	Date

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Exhibit Index

Exhibit	Description of Exhibits
31.1	Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated August 3, 2007.
31.2	Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated August 3, 2007.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.