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

FORM 10-Q

(Mark One)

_X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2005

OR

____ 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 1-12993

ALEXANDRIA REAL ESTATE EQUITIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	95-4502084
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

135 North Los Robles Avenue, Suite 250, Pasadena, California 91101
(Address of principal executive offices including zip code)

(626) 578-0777
(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 ___X___ No ________

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes ___X___ No ________

As of May 6, 2005, 21,171,230 shares of common stock, par value $.01 per share, were outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

Alexandria Real Estate Equities, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands)

	March 31, 2005	December 31, 2004
	(Unaudited)	
Assets		
Rental properties, net	$ 1,521,845	$ 1,427,853
Properties under development	281,713	252,249
Cash and cash equivalents	3,770	3,158
Tenant security deposits and other restricted cash	18,688	17,669
Tenant receivables	3,579	2,542
Deferred rent	46,298	43,166
Investments	65,970	67,419
Other assets	62,348	58,228
Total assets	$ 2,004,211	$ 1,872,284
Liabilities and Stockholders' Equity		
Secured notes payable	$ 680,917	$ 638,946
Unsecured line of credit and unsecured term loan	537,000	548,000
Accounts payable, accrued expenses and tenant security deposits	57,091	48,581
Dividends payable	17,262	16,284
Total liabilities	1,292,270	1,251,811
Stockholders' equity:		
Series B preferred stock	57,500	57,500
Series C preferred stock	129,638	129,638
Common stock	211	196
Additional paid-in capital	512,996	421,835
Deferred compensation	(7,762)	(7,807)
Retained earnings	2,322	5,267
Accumulated other comprehensive income	17,036	13,844
Total stockholders' equity	711,941	620,473
Total liabilities and stockholders' equity	$ 2,004,211	$ 1,872,284

See accompanying Notes to Condensed Consolidated Financial Statements.

Alexandria Real Estate Equities, Inc. and Subsidiaries
Condensed Consolidated Income Statements
(Unaudited)
(dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
Revenues				
Rental	$	43,776	$	33,774
Tenant recoveries		11,592		8,314
Other income		721		687
		56,089		42,775
Expenses				
Rental operations		12,693		8,735
General and administrative		4,445		3,636
Interest		11,321		6,709
Depreciation and amortization		12,641		9,981
		41,100		29,061
Income from continuing operations		14,989		13,714
Income from discontinued operations, net		--		1,626
Net income	$	14,989	$	15,340
Dividends on preferred stock		4,022		2,225
Net income available to common stockholders	$	10,967	$	13,115
Earnings per share - basic:				
Continuing operations (net of preferred stock dividends)	$	0.56	$	0.60
Discontinued operations, net		--		0.08
Earnings per share - basic	$	0.56	$	0.68
Earnings per share - diluted:				
Continuing operations (net of preferred stock dividends)	$	0.55	$	0.59
Discontinued operations, net		--		0.08
Earnings per share - diluted	$	0.55	$	0.67
Weighted average shares of common stock outstanding:				
Basic		19,468,620		19,206,954
Diluted		19,789,798		19,584,003

See accompanying Notes to Condensed Consolidated Financial Statements.

Alexandria Real Estate Equities, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Operating Activities		
Net income	$ 14,989	$ 15,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of property	--	(1,627)
Depreciation and amortization	12,641	9,981
Amortization of loan fees and costs	1,969	558
Amortization of premiums on secured notes payable	(224)	(31)
Stock compensation expense	992	926
Changes in operating assets and liabilties:		
Tenant security deposits and other restricted cash	(1,019)	(2,852)
Tenant receivables	(1,042)	(535)
Deferred rent	(3,142)	(3,064)
Other assets	(7,073)	(4,386)
Accounts payable, accrued expenses and tenant security deposits	13,567	5,206
Net cash provided by operating activities	31,658	19,516
Investing Activities		
Purchase of rental properties	(62,025)	--
Proceeds from sales of property	--	5,454
Additions to rental properties	(22,371)	(18,359)
Additions to properties under development	(39,561)	(6,112)
Additions to investments, net	(890)	(1,371)
Net cash used in investing activities	(124,847)	(20,388)
Financing Activities		
Proceeds from secured notes payable	33,580	38,000
Principal reductions of secured notes payable	(2,051)	(2,078)
Net reductions of unsecured line of credit	(11,000)	(26,000)
Proceeds from exercise of stock options	1,111	3,722
Net proceeds from issuances of common stock	89,118	--
Dividends paid on common stock	(12,935)	(11,176)
Dividends paid on preferred stock	(4,022)	(2,225)
Net cash provided by financing activities	93,801	243
Net increase (decrease) in cash and cash equivalents	612	(629)
Cash and cash equivalents at beginning of period	3,158	4,985
Cash and cash equivalents at end of period	$ 3,770	$ 4,356

See accompanying Notes to Condensed Consolidated Financial Statements.

Alexandria Real Estate Equities, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Background and Basis of Presentation

Background

As used in this Form 10-Q, references to the "Company", "we", "our" and "us" refer to Alexandria Real Estate Equities, Inc. and its subsidiaries.

Alexandria Real Estate Equities, Inc. is a real estate investment trust ("REIT") formed in 1994. We are engaged primarily in the ownership, operation, management, acquisition, expansion and selective redevelopment and development of properties containing office/laboratory space. We refer to these properties as "life science properties". Our life science properties are designed and improved for lease primarily to pharmaceutical, biotechnology, life science product, service, biodefense, educational and translational medicine institutions/entities, as well as related government agencies. As of March 31, 2005, our portfolio consisted of 120 properties (119 properties located in nine states and one property located in Canada) with approximately 7.8 million rentable square feet of office/laboratory space.

We have prepared the accompanying interim financial statements in accordance with accounting principles generally accepted in the United States and in conformity with the rules and regulations of the Securities and Exchange Commission. In our opinion, the interim financial statements presented herein reflect all adjustments, consisting solely of normal and recurring adjustments, which are necessary to fairly present the interim financial statements. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. These financial statements should be read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2004.

Basis of Presentation and Significant Accounting Policies

The accompanying condensed consolidated financial statements include the accounts of Alexandria Real Estate Equities, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

1. Background and Basis of Presentation (continued)

International Operations

The functional currency for our subsidiaries operating in the United States is the U.S. dollar. During the current quarter ended March 31, 2005, we completed our first international acquisition of one operating property through a wholly-owned Canadian subsidiary. The functional currency for our foreign subsidiary operating in Canada is the local currency, the Canadian dollar. The assets and liabilities of our foreign subsidiary are translated into U.S. dollars at the exchange rate in effect as of the financial statement date. Income statement accounts of our foreign subsidiary are translated using the average exchange rate for the period presented. Gains resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity.

Gains or losses are recognized in the income statement when a transaction with a third party, denominated in a currency other than the entity's functional currency, is settled and the functional currency cash flows realized are more or less than the exchange rate in effect when the transaction was initiated.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of the following (in thousands):

	March 31, 2005	December 31, 2004
Unrealized gain on marketable securities	$ 13,595	$ 15,934
Unrealized gain (loss) on interest rate swap agreements	2,962	(2,090)
Unrealized foreign currency translation gain	479	--
	$ 17,036	$ 13,844

The following table provides a reconciliation of comprehensive income (in thousands):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net income	$ 14,989	$ 15,340
Unrealized (loss) gain on marketable securities	(2,339)	345
Unrealized gain (loss) on interest rate swap agreements	5,052	(1,889)
Unrealized foreign currency translation gain	479	--
Comprehensive income	$ 18,181	$ 13,796

1. Background and Basis of Presentation (continued)

Stock-Based Compensation Expense

For 2002 and all prior years, we have elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for our employee and non-employee director stock options, stock grants and stock appreciation rights. Effective January 1, 2003, we adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), prospectively to all employee awards granted, modified or settled after January 1, 2003. We have not granted any stock options since 2002. Under APB 25, because the exercise price of the options we granted equals the market price of the underlying stock on the date of grant, no compensation expense had been recognized. Although we have elected to follow APB 25 for previously granted options, pro forma information regarding net income and net income per share is required by SFAS 123. This information has been determined as if we had accounted for stock options under the fair value method under SFAS 123.

For purposes of the following pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods (in thousands, except per share information):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net income available to common stockholders, as reported	$ 10,967	$ 13,115
Fair value of stock-based compensation cost	(93)	(190)
Pro forma net income available to common stockholders	$ 10,874	$ 12,925
Earnings per share:		
Basic - as reported	$ 0.56	$ 0.68
Basic - pro forma	$ 0.56	$ 0.67
Diluted - as reported	$ 0.55	$ 0.67
Diluted - pro forma	$ 0.55	$ 0.66

1. Background and Basis of Presentation (continued)

Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R") requires measurement of all employee stock-based compensation awards using a fair value method and the recording of such expense in the financial statements. SFAS 123R eliminates the accounting for such awards using the intrinsic method pursuant to APB 25. In April 2005, the Securities and Exchange Commission amended the compliance date for SFAS 123R to no later than the beginning of the registrant's first fiscal year beginning after June 15, 2005. Accordingly, we plan to adopt SFAS 123R on January 1, 2006. We intend to use the modified-prospective transition method whereby compensation expense will be recognized relating to the remaining unvested portion of outstanding stock options at the time of adoption, and the expense will be recognized over the remaining service period. We do not expect the adoption of SFAS 123R to have a material impact on our financial statements since all awards accounted for pursuant to APB 25 will be fully vested by December 31, 2005.

2. Rental Properties, Net

Rental properties, net consist of the following (in thousands):

	March 31, 2005	December 31, 2004
Land	$ 228,963	$ 217,201
Buildings and improvements	1,342,140	1,246,888
Tenant and other improvements	137,329	139,823
	1,708,432	1,603,912
Less accumulated depreciation	(186,587)	(176,059)
	$ 1,521,845	$ 1,427,853

3. Investments

We hold equity investments in certain publicly-traded companies and privately held entities primarily involved in the life science industry. All of our investments in publicly-traded companies are considered "available for sale" in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", and are recorded at fair value. Investments in privately held entities are generally accounted for under the cost method because we do not influence any operating and financial policies of the entities in which we invest. Certain investments are accounted for under the equity method in accordance with Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB 18") and Emerging Issues Task Force Topic D-46, "Accounting for Limited Partnerships" ("EITF Topic D-46"). For all our investments, if a decline in the fair value of an investment below its carrying value is determined to be other than temporary, such investment is written down to its estimated fair value with a non-cash charge to current earnings. The factors that we consider in making these assessments include, but are not limited to, market prices, market conditions, prospects for favorable or unfavorable clinical trial results, new product initiatives and new collaborative agreements.

3. Investments (continued)

The following table summarizes our available-for-sale securities (in thousands):

	March 31, 2005	December 31, 2004
Adjusted cost of available-for-sale securities	$ 3,336	$ 3,190
Gross unrealized gains	14,029	16,110
Gross unrealized losses	(434)	(176)
Fair value of available-for-sale securities	$ 16,931	$ 19,124

We believe that the gross unrealized losses shown above are temporary and accordingly we have not recognized an other-than-temporary impairment related to available-for-sale securities as of March 31, 2005 and December 31, 2004.

Our investments in privately held entities as of March 31, 2005 and December 31, 2004 totaled $49,039,000 and $48,295,000, respectively. Of these totals, $48,295,000 and $47,433,000 are accounted for under the cost method. The remainder ($744,000 and $862,000 as of March 31, 2005 and December 31, 2004, respectively) are accounted for under the equity method in accordance with APB 18 and EITF Topic D-46. As of March 31, 2005, there were no unrealized losses in our investments in privately held entities.

4. Unsecured Line of Credit and Unsecured Term Loan

We have an unsecured line of credit that provides for borrowings of up to $500 million. The unsecured line of credit expires December 2007 and may be extended at our sole option for an additional one-year period. As of March 31, 2005, we had borrowings of $287 million outstanding on the unsecured line of credit with a weighted average interest rate of 4.15%. As of March 31, 2005, we have an unsecured term loan with outstanding borrowings of $250 million with a weighted average interest rate of 4.15%. The unsecured term loan expires in December 2009.

Borrowings under our unsecured line of credit and unsecured term loan bear interest at a London Interbank Offered Rate ("LIBOR")-based rate. For each LIBOR-based advance, we must elect a LIBOR period of one, two, three or six months.

Our unsecured line of credit and our unsecured term loan contain financial covenants, including, among other things, maintenance of minimum net worth, a leverage ratio and a fixed charge coverage ratio. In addition, the terms of the unsecured line of credit and unsecured term loan restrict, among other things, certain investments, indebtedness, distributions and mergers.

4. Unsecured Line of Credit and Unsecured Term Loan (continued)

Aggregate borrowings under the unsecured line of credit and unsecured term loan may be limited to an amount based on the net operating income derived from a pool of unencumbered properties. Accordingly, as we acquire or complete the development or redevelopment of additional unencumbered properties, aggregate borrowings available under the unsecured line of credit and unsecured term loan will increase up to a maximum combined amount of $750 million. Under these provisions, as of March 31, 2005, aggregate borrowings under our unsecured line of credit and unsecured term loan were limited to $724 million. Under the unsecured line of credit and unsecured term loan, we have an option to increase our maximum available commitment by an additional $100 million.

We utilize interest rate swap agreements to hedge a portion of our exposure to variable interest rates associated with our unsecured line of credit and unsecured term loan. These agreements involve an exchange of fixed and floating interest payments without the exchange of the underlying principal amount (the "notional amount"). Interest received under all of our swap agreements is based on the one-month LIBOR rate. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

4. Unsecured Line of Credit and Unsecured Term Loan (continued)

The following table summarizes our interest rate swap agreements as of March 31, 2005 (dollars in thousands):

Transaction Dates	Effective Dates	Notional Amounts	Effective at March 31, 2005	Interest Pay Rates	Termination Dates	Fair Values
July 2002	January 1, 2003	$ 25,000	$ 25,000	3.855%	June 30, 2005	(51)
July 2002	January 1, 2003	25,000	25,000	3.865%	June 30, 2005	(51)
November 2002	June 1, 2003	25,000	25,000	3.115%	December 31, 2005	72
November 2002	June 1, 2003	25,000	25,000	3.155%	December 31, 2005	64
December 2002	January 2, 2003	25,000	25,000	3.285%	June 30, 2006	160
December 2002	January 2, 2003	25,000	25,000	3.285%	June 30, 2006	160
December 2003	December 31, 2004	50,000	50,000	3.000%	December 30, 2005	186
December 2003	December 30, 2005	50,000	-	4.150%	December 29, 2006	98
December 2003	December 29, 2006	50,000	-	5.090%	October 31, 2008	(338)
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006	437
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006	437
April 2004	April 30, 2004	50,000	50,000	1.550%	April 29, 2005	52
April 2004	April 29, 2005	50,000	-	3.140%	April 28, 2006	319
April 2004	April 28, 2006	50,000	-	4.230%	April 30, 2007	107
April 2004	April 30, 2007	50,000	-	4.850%	April 30, 2008	(69)
June 2004	June 30, 2005	50,000	-	4.343%	June 30, 2007	(102)
December 2004	December 31, 2004	50,000	50,000	3.590%	January 2, 2008	770
December 2004	January 3, 2006	50,000	-	3.927%	July 1, 2008	711
Total Interest Rate Swap Agreements in Effect at March 31, 2005			$ 350,000			$ 2,962

5. Stockholders' Equity

In March 2005, we sold 1,437,500 shares of our common stock in an underwritten offering (including the shares issued upon exercise of the underwriter's over-allotment option). The shares were issued at a price of $62.51 per share, resulting in aggregate proceeds of approximately $89.1 million (after deducting underwriting discounts and other offering costs).

In March 2005, we declared a cash dividend on our common stock aggregating $13,910,000 ($0.66 per share) for the calendar quarter ended March 31, 2005. In March 2005, we also declared cash dividends on our 9.10% Series B Cumulative Redeemable Preferred Stock ("Series B preferred stock") and 8.375% Series C Cumulative Redeemable Preferred Stock ("Series C preferred stock") aggregating $1,308,000 ($0.56875 per share) and $2,714,000 ($0.5234375 per share), respectively, for the period January 15, 2005 through April 14, 2005. The dividends on our common stock, Series B preferred stock and Series C preferred stock were paid on April 15, 2005.

6. Non-Cash Transactions

In connection with the acquisitions of two properties, in two separate transactions, located in the San Francisco Bay and Suburban Washington D.C. markets, we assumed two secured notes payable. The following table summarizes these transactions (in thousands):

	Three Months Ended March 31,	
	2005	**2004**
Aggregate purchase price	$ 16,550	$ --
Secured notes payable assumed	10,104	--
Cash paid for properties	$ 6,446	$ --

For the three months ended March 31, 2005 and 2004, we incurred $992,000 and $926,000, respectively in non-cash stock compensation expense.

7. Earnings Per Share

The following table shows the computation of earnings per share, and dividends declared per common share (dollars in thousands, except per share amounts):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net income available to common stockholders	$ 10,967	$ 13,115
Weighted average shares of common stock outstanding - basic	19,468,620	19,206,954
Add: dilutive effect of stock options and stock grants	321,178	377,049
Weighted average shares of common stock outstanding - diluted	19,789,798	19,584,003
Earnings per share - basic	$ 0.56	$ 0.68
Earnings per share - diluted	$ 0.55	$ 0.67
Dividends declared per common share	$ 0.66	$ 0.60

8. Discontinued Operations

In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), we classify a property as "held for sale" when all of the following criteria for a plan of sale have been met: (1) management, having the authority to approve the action, commits to a plan to sell the property; (2) the property is available for immediate sale in its present condition, subject only to the terms that are usual and customary; (3) an active program to locate a buyer, and other actions required to complete the plan to sell, have been initiated; (4) the sale of the property is probable and is expected to be completed within one year; (5) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions necessary to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. When the property is classified as "held for sale", its operations are classified as discontinued operations in our consolidated statements of income. When a property is designated as "held for sale", amounts for all prior periods presented are reclassified from continuing operations to discontinued operations. A loss is recognized for any initial adjustment of the asset's carrying amount to fair value less costs to sell in the period the asset qualifies as "held for sale". Depreciation of assets is discontinued commencing on the date they are designated as "held for sale".

8. Discontinued Operations (continued)

The following is a summary of discontinued operations (in thousands):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Total revenue	$ --	$ 14
Operating expenses	--	15
Loss before gain on sale of property	--	(1)
Gain on sale of property	--	1,627
Income from discontinued operations, net	$ --	$ 1,626

During the first quarter of 2004, we sold one property located in the Suburban Washington D.C. market that had been designated as "held for sale" during the fourth quarter of 2003. The total sale price for the property was approximately $5.7 million. In connection with the sale, we recorded a gain on sale of property of approximately $1.6 million.

No properties have been designated as "held for sale" as of March 31, 2005 and December 31, 2004.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain information and statements included in this Quarterly Report on Form 10-Q, including, without limitation, statements containing the words "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates" or "anticipates", or the negative of these words or similar words, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by the forward-looking statements, including, but not limited to, those described below in this report and under the headings "Business Risks" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2004. We do not take any responsibility to update any of these factors or to announce publicly any revisions to any of the forward-looking statements contained in this or any other document, whether as a result of new information, future events or otherwise. Readers of this Form 10-Q should also read our Securities and Exchange Commission and other publicly filed documents for further discussion regarding such factors.

As used in this Form 10-Q, references to the "Company", "we", "our" and "us" refer to Alexandria Real Estate Equities, Inc. and its subsidiaries.

The following discussion should be read in conjunction with the financial statements and notes appearing elsewhere in this report.

Overview

Since our formation in October 1994, we have devoted substantially all of our resources to the ownership, operation, management, acquisition, expansion and selective redevelopment and development of high quality, strategically located properties containing office/laboratory space leased principally to tenants in the life science industry. We refer to these properties as "life science properties".

As of March 31, 2005, our portfolio consisted of 120 properties containing approximately 7.8 million rentable square feet of office/laboratory space. As of that date, our properties were approximately 94% leased, excluding those properties in our redevelopment program. Our primary sources of revenue are rental income and tenant recoveries from leases at the properties we own. The comparability of financial data from period to period is affected by the timing of our property acquisition, development and redevelopment activities.

Results of Operations

Comparison of Three Months Ended March 31, 2005 ("First Quarter 2005") to Three Months Ended March 31, 2004 ("First Quarter 2004")

Rental revenues increased by $10.0 million, or 30%, to $43.8 million for First Quarter 2005 compared to $33.8 million for First Quarter 2004. The increase resulted primarily from rental revenues from properties acquired, placed in service or redeveloped after January 1, 2004.

Tenant recoveries increased by $3.3 million, or 39%, to $11.6 million for First Quarter 2005 compared to $8.3 million for First Quarter 2004. The increase resulted primarily from tenant recoveries from properties acquired, placed in service or redeveloped after January 1, 2004.

Other income was $721,000 for First Quarter 2005 compared to $687,000 for First Quarter 2004.

Rental operating expenses increased by $4.0 million, or 45%, to $12.7 million for First Quarter 2005 compared to $8.7 million for First Quarter 2004. The increase resulted primarily from rental operating expenses (the majority of which are recoverable from our tenants through tenant recoveries) from properties acquired, placed in service or redeveloped after January 1, 2004.

General and administrative expenses increased by $809,000, or 22%, to $4.4 million for First Quarter 2005 compared to $3.6 million for First Quarter 2004 primarily due to increases in payroll related expenses and increases related to other administrative costs. These increases were associated with the growth in both the depth and breadth of our operations from 91 properties with approximately 5.7 million rentable square feet at March 31, 2004 to 120 properties with approximately 7.8 million rentable square feet at March 31, 2005.

Interest expense increased by $4.6 million, or 69%, to $11.3 million for First Quarter 2005 compared to $6.7 million for First Quarter 2004. The increase resulted from increases in indebtedness on our unsecured line of credit, unsecured term loan and secured notes payable, and increases in the floating interest rates on our unsecured line of credit and unsecured term loan. These borrowings were utilized to finance the acquisition of properties in 2004 and 2005, and the development and redevelopment of properties. The weighted average effective interest rate on our unsecured line of credit and unsecured term loan (not including the effect of interest rate swap agreements) increased from 2.63% as of March 31, 2004 to 4.15% as of March 31, 2005. We have entered into certain swap agreements to hedge a portion of our exposure to variable interest rates with our unsecured line of credit and unsecured term loan (see "Liquidity and Capital Resources – Unsecured Line of Credit and Unsecured Term Loan").

Depreciation and amortization increased by $2.7 million, or 27%, to $12.6 million for First Quarter 2005 compared to $10.0 million for First Quarter 2004. The increase resulted primarily from depreciation associated with the properties acquired, placed in service or redeveloped after January 1, 2004.

Income from discontinued operations, net was $1.6 million for First Quarter 2004. It reflects the results of operations of one property in the Suburban Washington D.C. market that was sold in First Quarter 2004. In connection with this sale, we recorded a gain of approximately $1.6 million. No properties were sold or designated as "held for sale" during First Quarter 2005.

Liquidity and Capital Resources

Cash flows

Net cash provided by operating activities for First Quarter 2005 increased by $12.1 million to $31.7 million compared to $19.5 million for First Quarter 2004. The increase resulted primarily from increases in cash flows from our portfolio of operating properties and an increase in net cash provided by operating activities primarily from an increase in certain operating liabilities (accounts payable, accrued expenses and tenant security deposits).

Net cash used in investing activities for First Quarter 2005 increased by $104.5 million to $124.8 million compared to $20.4 million for First Quarter 2004. This increase was primarily due to the purchase of rental properties and additions to properties under development for the First Quarter 2005.

Net cash provided by financing activities for First Quarter 2005 increased by $93.6 million to $93.8 million compared to $0.2 million for First Quarter 2004. This increase was primarily due to the net proceeds from our common stock offering in First Quarter 2005.

Contractual obligations and commitments

Contractual obligations as of March 31, 2005, consist of the following (dollars in thousands):

		Payments by Period			
	Total	2005	2006-2007	2008-2009	Thereafter
Contractual Obligations					
Secured notes payable (1)	$ 677,065	$ 21,396	$ 256,538	$ 158,068	$ 241,063
Unsecured line of credit and unsecured term loan	537,000	--	287,000	250,000	--
Ground lease obligations	64,896	1,355	3,683	3,801	56,057
Other obligations	4,740	351	1,277	1,208	1,904
Total	$ 1,283,701	$ 23,102	$ 548,498	$ 413,077	$ 299,024

(1) Excludes unamortized premiums of $3.9 million as of March 31, 2005.

Secured notes payable as of March 31, 2005 included 30 notes secured by 57 properties and eight land development parcels.

The unsecured line of credit expires December 2007 and may be extended at our sole option for an additional one-year period. The unsecured term loan expires December 2009.

Ground lease obligations as of March 31, 2005 include leases for seven of our properties and one land development parcel. These lease obligations have remaining lease terms of 28 to 51 years, exclusive of extension options.

In addition to the above, we were committed as of March 31, 2005 under the terms of contracts to complete the construction of properties under development at a remaining aggregate cost of approximately $15.5 million.

As of March 31, 2005, we were also committed to fund approximately $17.8 million for the construction of building infrastructure improvements under the terms of leases and/or construction contracts and approximately $15.7 million for certain investments.

Tenant security deposits and restricted cash

Tenant security deposits and other restricted cash as of March 31, 2005 consist of the following (in thousands):

	Amount
Funds held in trust under the terms of certain secured notes payable	$ 12,210
Security deposit funds based on the terms of certain lease agreements	2,072
Other funds held in escrow	4,406
	$ 18,688

Secured debt

Secured debt as of March 31, 2005 consists of the following (dollars in thousands):

	March 31, 2005	December 31, 2004
Secured debt, interest rates varying from 3.69% to 8.71%, (weighted average effective interest rate of 5.88% and 5.67% at March 31, 2005 and December 31, 2004, respectively), maturity dates ranging from September 2005 to August 2021	$ 677,065	$ 635,432
Unamortized premiums	3,852	3,514
Total secured debt	$ 680,917	$ 638,946

Our secured notes payable generally require monthly payments of principal and interest. At March 31, 2005, our secured notes payable were comprised of $472.0 million and $208.9 million of fixed and variable rate debt, respectively, compared to $437.2 million and $201.7 million of fixed and variable rate debt, respectively, at December 31, 2004.

The following is a summary of the scheduled principal payments for our secured debt and the weighted average interest rates as of March 31, 2005 (in thousands):

Year		Amount	Weighted Average Interest Rate (1)
2005	$	21,396	5.88%
2006		207,124	5.90%
2007		49,414	6.34%
2008		115,641	6.27%
2009		42,427	6.83%
Thereafter		241,063	6.83%
Subtotal		677,065	
Unamortized premiums		3,852	
Total secured debt	$	680,917	

(1) The weighted average interest rate is calculated based on the outstanding debt as of April 1st for 2005, and as of January 1st for each year thereafter.

Unsecured Line of Credit and Unsecured Term Loan

We have an unsecured line of credit that provides for borrowings of up to $500 million. The unsecured line of credit expires December 2007 and may be extended at our sole option for an additional one-year period. As of March 31, 2005, we had borrowings of $287 million outstanding on the unsecured line of credit with a weighted average interest rate of 4.15%. As of March 31, 2005, we have an unsecured term loan with outstanding borrowings of $250 million with a weighted average interest rate of 4.15%. The unsecured term loan expires December 2009.

Borrowings under our unsecured line of credit and unsecured term loan bear interest at a LIBOR-based rate. For each LIBOR-based advance, we must elect a LIBOR period of one, two, three or six months.

Our unsecured line of credit and our unsecured term loan contain financial covenants, including, among other things, maintenance of minimum net worth, a leverage ratio and a fixed charge coverage ratio. In addition, the terms of the unsecured line of credit and unsecured term loan restrict, among other things, certain investments, indebtedness, distributions and mergers.

Aggregate borrowings under the unsecured line of credit and unsecured term loan may be limited to an amount based on the net operating income derived from a pool of unencumbered properties. Accordingly, as we acquire or complete the development or redevelopment of additional unencumbered properties, aggregate borrowings available under the unsecured line of credit and unsecured term loan will increase up to a maximum combined amount of $750 million. Under these provisions, as of March 31, 2005, aggregate borrowings under our unsecured line of credit and unsecured term loan were limited to $724 million. Under the unsecured line of credit and unsecured term loan, we have an option to increase our maximum available commitment by an additional $100 million.

We utilize interest rate swap agreements to hedge a portion of our exposure to variable interest rates associated with our unsecured line of credit and unsecured term loan. These agreements involve an exchange of fixed and floating interest payments without the exchange of the underlying principal amount (the "notional amount"). Interest received under all of our swap agreements is based on the one-month LIBOR rate. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

The following table summarizes our interest rate swap agreements as of March 31, 2005 (dollars in thousands):

Transaction Dates	Effective Dates	Notional Amounts	Effective at March 31, 2005	Interest Pay Rates	Termination Dates	Fair Values
July 2002	January 1, 2003	$ 25,000	$ 25,000	3.855%	June 30, 2005	(51)
July 2002	January 1, 2003	25,000	25,000	3.865%	June 30, 2005	(51)
November 2002	June 1, 2003	25,000	25,000	3.115%	December 31, 2005	72
November 2002	June 1, 2003	25,000	25,000	3.155%	December 31, 2005	64
December 2002	January 2, 2003	25,000	25,000	3.285%	June 30, 2006	160
December 2002	January 2, 2003	25,000	25,000	3.285%	June 30, 2006	160
December 2003	December 31, 2004	50,000	50,000	3.000%	December 30, 2005	186
December 2003	December 30, 2005	50,000	-	4.150%	December 29, 2006	98
December 2003	December 29, 2006	50,000	-	5.090%	October 31, 2008	(338)
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006	437
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006	437
April 2004	April 30, 2004	50,000	50,000	1.550%	April 29, 2005	52
April 2004	April 29, 2005	50,000	-	3.140%	April 28, 2006	319
April 2004	April 28, 2006	50,000	-	4.230%	April 30, 2007	107
April 2004	April 30, 2007	50,000	-	4.850%	April 30, 2008	(69)
June 2004	June 30, 2005	50,000	-	4.343%	June 30, 2007	(102)
December 2004	December 31, 2004	50,000	50,000	3.590%	January 2, 2008	770
December 2004	January 3, 2006	50,000	-	3.927%	July 1, 2008	711
Total Interest Rate Swap Agreements in Effect at March 31, 2005			$ 350,000			$ 2,962

We do not believe we are exposed to more than a nominal amount of credit risk in our interest rate swap agreements as the counterparties are established, well-capitalized financial institutions. In addition, we have entered into master derivative agreements with each counterparty. These master derivative agreements (all of which are on the standard International Swaps & Derivatives Association, Inc. form) define certain terms between us and each counterparty to address and minimize certain risks associated with our swap agreements, including a default by a counterparty.

As of March 31, 2005 and December 31, 2004, our interest rate swap agreements have been classified at their fair values in our consolidated balance sheets. The offsetting adjustments were reflected as deferred gains (losses) in accumulated other comprehensive income (loss) in the stockholders' equity section of our consolidated balance sheets. Balances in accumulated other comprehensive income (loss) are recognized in earnings as swap payments are made.

Other Resources and Liquidity Requirements

In March 2005, we sold 1,437,500 shares of our common stock in an underwritten offering (including the shares issued upon exercise of the underwriter's over-allotment option). The shares were issued at a price of $62.51 per share, resulting in aggregate proceeds of approximately $89.1 million (after deducting underwriting discounts and other offering costs).

We expect to continue meeting our short-term liquidity and capital requirements generally through our working capital and net cash provided by operating activities. We believe that the net cash provided by operating activities will continue to be sufficient to enable us to make distributions necessary to continue qualifying as a REIT. We also believe that net cash provided by operating activities will be sufficient to fund recurring non-revenue enhancing capital expenditures, tenant improvements and leasing commissions.

We expect to meet certain long-term liquidity requirements, such as for property acquisitions, property development and redevelopment activities, scheduled debt maturities, expansions and other non-recurring capital improvements, through net cash provided by operating activities, long-term secured and unsecured indebtedness, including borrowings under our unsecured line of credit and unsecured term loan, and the issuance of additional debt and/or equity securities.

Capital Expenditures and Leasing Costs

The following provides additional information with respect to capital expenditures and leasing costs incurred during the three months ended March 31, 2005 (dollars in thousands):

Property-related capital expenditures (1)	$ 932
Leasing costs (2)	$ 73
Property-related redevelopment costs	$ 17,303
Property-related development costs	$ 41,294

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(1) Property-related capital expenditures include all capital expenditures except capital expenditures that are recoverable from tenants, revenue-enhancing capital expenditures and costs related to the redevelopment of a property. Capital expenditures fluctuate in any given period due to the nature, extent or timing of improvements required and the extent to which they are recoverable from tenants. Approximately 91% of our leases (based on rentable square feet) provide for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement and parking lot resurfacing). In addition, we implement an active preventative maintenance program at each of our properties to minimize capital expenditures.

(2) Leasing costs consist of tenant improvements and leasing commissions related to leasing of acquired vacant space and second generation space.

Inflation

As of March 31, 2005, approximately 83% of our leases (on a square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes and insurance, common area and other operating expenses, including increases thereto. In addition, as of March 31, 2005, approximately 6% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses. Approximately 88% of our leases (on a square footage basis) contained effective annual rent escalations that are either fixed (generally ranging from 3% to 3.5%) or indexed based on the consumer price index or another index. Accordingly, we do not believe that our earnings or cash flow from real estate operations are subject to any significant risk from inflation. An increase in inflation, however, could result in an increase in the cost of our variable rate borrowings, including our unsecured line of credit and unsecured term loan.

Funds from Operations

Generally accepted accounting principles ("GAAP") basis accounting for real estate assets utilizes historical cost accounting and assumes real estate values diminish over time. In an effort to overcome the miscorrelation between real estate values and historical cost accounting for real estate assets, the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") established the measurement tool of Funds From Operations ("FFO"). Since its introduction, FFO has become a widely used non-GAAP financial measure by REITs. We believe that FFO is helpful to investors as an additional measure of the performance of an equity REIT. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its April 2002 White Paper (the "White Paper") and related implementation guidance, which may differ from the methodology for calculating FFO utilized by other equity REITs, and, accordingly, may not be comparable to such other REITs. The White Paper defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. While FFO is a relevant and widely used measure of operating performance for REITs, it should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of financial performance, or to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. (See "Liquidity and Capital Resources - Cash Flows" above for information regarding these measures of cash flow.)

The following table presents a reconciliation of net income available to common stockholders, the most directly comparable GAAP financial measure to FFO, to funds from operations available to common stockholders for the three months ended March 31, 2005 and 2004 (in thousands):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net income available to common stockholders	$ 10,967	$ 13,115
Add: Depreciation and amortization (1)	12,641	9,981
Subtract: Gain on sale of property (2)	--	(1,627)
Funds from operations available to common stockholders	$ 23,608	$ 21,469

(1) Includes depreciation and amortization on assets "held for sale" reflected as discontinued operations (for the periods prior to when such assets were designated as "held for sale").

(2) Gain on sale of property consists of a $1.6 million gain related to the sale of one property in the Suburban Washington D.C. market in the first quarter of 2004 that had been designated as "held for sale" during the quarter ended December 31, 2003.

Property and Lease Information

The following table is a summary of our property portfolio as of March 31, 2005 (dollars in thousands):

	Number of Operating Properties	Rentable Square Feet	Annualized Base Rent	Occupancy Percentages	
Markets					
California - Pasadena	1	31,343	$ 807	98.9%	
California - San Diego	22	1,052,304	29,003	94.4%	
California - San Francisco Bay	11	674,652	21,006	100.0%	
Eastern Massachusetts	15	853,383	25,412	92.5%	
New Jersey/Suburban Philadelphia	7	458,623	7,825	100.0%	
Southeast	8	400,391	6,030	84.5%	(1)
Suburban Washington D.C.	29	2,218,550	43,598	95.3%	
Washington - Seattle	10	787,795	22,445	87.3%	
International - Canada	1	68,000	2,587	100.0%	
Total	104	6,545,041	$ 158,713	94.0%	(2)

(1) All, or substantially all, of the vacant space is office or warehouse space.

(2) Excludes 16 properties under full or partial redevelopment. The total rentable square feet associated with these properties was 1,217,948, of which 613,691 square feet were under redevelopment as of March 31, 2005. Including properties under full or partial redevelopment, occupancy as of March 31, 2005 was 87.1%.

The following table summarizes certain information with respect to the lease expirations of our properties as of March 31, 2005:

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Aggregate Portfolio Leased Square Footage	Annualized Base Rent of Expiring Leases (per square foot)
2005	62 (1)	337,209	5.0%	$23.77
2006	46	968,898	14.3%	$24.02
2007	28	663,528	9.8%	$26.73
2008	17	418,307	6.2%	$26.04
2009	22	543,159	8.0%	$23.79
Thereafter	80	3,828,703	56.7%	$27.61

(1) Includes 25 month-to-month leases for approximately 71,000 square feet.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risk to which we believe we are exposed is interest rate risk, which may result from many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control.

In order to modify and manage the interest rate characteristics of our outstanding debt and to limit the effects of interest rate risks on our operations, we may utilize a variety of financial instruments, including interest rate swaps, caps, floors and other interest rate exchange contracts. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates carries additional risks, such as counter-party credit risk and the legal enforceability of hedging contracts.

Our future earnings, cash flows and fair values relating to financial instruments are primarily dependent upon prevalent market rates of interest, such as LIBOR. However, our interest rate swap agreements are intended to reduce the effects of interest rate changes. Based on interest rates at, and our swap agreements in effect on March 31, 2005, we estimate that a 1% increase in interest rates on our variable rate debt, including our unsecured line of credit and unsecured term loan, after considering the effect of our interest rate swap agreements, would decrease annual future earnings and cash flows by approximately $4.0 million. We further estimate that a 1% decrease in interest rates on our variable rate debt, including our unsecured line of credit and unsecured term loan, after considering the effect of our interest rate swap agreements in effect on March 31, 2005, would increase annual future earnings and cash flows by approximately $4.0 million. A 1% increase in interest rates on our secured debt and interest rate swap agreements would decrease their aggregate fair value by approximately $11.5 million at March 31, 2005. A 1% decrease in interest rates on our secured debt and interest rate swap agreements would increase their aggregate fair value by approximately $18.6 million at March 31, 2005.

These amounts are determined by considering the impact of the hypothetical interest rates on our borrowing cost and our interest rate swap agreements in effect on March 31, 2005. These analyses do not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, we would consider taking actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure.

We have exposure to equity price market risk because of our equity investments in certain publicly-traded companies and privately held entities. We classify investments in publicly-traded companies as available-for-sale and, consequently, record them on our balance sheet at fair value with unrealized gains or losses reported as a component of comprehensive income or loss. Investments in privately held entities are generally accounted for under the cost method because we do not influence any of the operating or financial policies of the entities in which we invest. For all investments, we recognize other than temporary declines in value against earnings in the same period the decline in value was deemed to have occurred. There is no assurance that future declines in values will not have a material adverse impact on our future results of operations. By way of example, a 10% decrease in the fair value of our equity investments as of March 31, 2005 would decrease their fair value by approximately $6.6 million.

We have exposure to foreign currency exchange rate market risk related to our wholly-owned subsidiary operating in Canada. The functional currency of our foreign subsidiary operating in Canada is the local currency, the Canadian dollar. Gains or losses resulting from the translation of our foreign subsidiary's balance sheet and income statement are included in accumulated other comprehensive income as a separate component of stockholders' equity. Gains or losses will be reflected in our income statement when a transaction with a third party, denominated in a currency other than the entity's functional currency, is settled and the functional currency cash flows realized are more or less than the exchange rate in effect when the transaction was initiated.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We performed an evaluation, under the supervision of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on our evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective to ensure that information required for disclosure is recorded, processed, summarized and reported within the requisite time periods as of March 31, 2005.

Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the quarter ended March 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 6. EXHIBITS

10.1	Executive Employment Agreement between Alexandria Real Estate Equities, Inc. and Nancy J. Kelley, dated January 31, 2005
12.1	Computation of Consolidated Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer 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 its behalf by the undersigned, thereunto duly authorized, on May 10, 2005.

ALEXANDRIA REAL ESTATE EQUITIES INC.

/s/ Joel S. Marcus

Joel S. Marcus
Chief Executive Officer
(Principal Executive Officer)

/s/ Dean A. Shigenaga

Dean A. Shigenaga
Chief Financial Officer
(Principal Financial and Accounting Officer)