UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008.

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: **1-12762**

MID-AMERICA APARTMENT COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

TENNESSEE	**62-1543819**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6584 POPLAR AVENUE **MEMPHIS, TENNESSEE**	**38138**
(Address of principal executive offices)	(Zip Code)

(901) 682-6600
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange
Series H Cumulative Redeemable Preferred Stock, Par value $.01 per share	New York Stock Exchange

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

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

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

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 the filing requirements for the past 90 days. þ Yes o No

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

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

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes þ No

As of June 30, 2008, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was $1,370,618,258, based on the closing sale price as reported on the New York Stock Exchange.

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

Class	Outstanding at February 6, 2009
Common Stock, $.01 par value per share	28,226,241 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Certain portions of the Proxy Statement for the Annual Meeting of Shareholders to be held May 28, 2009 to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.	Part III

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Risks Associated with Forward-Looking Statements

Mid-America Apartment Communities, Inc. considers this and other sections of this Annual Report on Form 10-K to contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, 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 related to the future. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, development and renovation activity as well as other capital expenditures, capital raising activities, rent growth, occupancy, and rental expense growth. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and variations of such word similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unanticipated adverse business developments affecting us, or our properties, adverse changes in the real estate markets and general and local economies and business conditions. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such forward-looking statements included in this report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

- inability to generate sufficient cash flows due to market conditions, changes in supply and/or demand, competition, uninsured losses, changes in tax and housing laws, or other factors;
- increasing real estate taxes and insurance costs;
- failure of new acquisitions to achieve anticipated results or be efficiently integrated into us;
- failure of development communities to lease-up as anticipated;
- inability of a joint venture to perform as expected;

- inability to acquire additional or dispose of existing apartment units on favorable economic terms;
- losses from catastrophes in excess of our insurance coverage;
- unexpected capital needs;
- inability to attract and retain qualified personnel;
- potential liability for environmental contamination;
- adverse legislative or regulatory tax changes;
- litigation and compliance costs associated with laws requiring access for disabled persons;
- imposition of federal taxes if we fail to qualify as a REIT under the Internal Revenue Code in any taxable year or foregone opportunities to ensure REIT status;
- inability to acquire funding through the capital markets;
- inability to pay required distributions to maintain REIT status due to required debt payments;
- changes in interest rate levels, including that of variable rate debt, such as extensively used by us;
- loss of hedge accounting treatment for interest rate swaps due to volatility in the financial markets;
- the continuation of the good credit of our interest rate swap and cap providers;

- the availability of credit, including mortgage financing, and the liquidity of the debt markets, including that provided to us by Fannie Mae and Freddie Mac, at present operating under the conservatorship of the United States Government; and
- inability to meet loan covenants.

ITEM 1. BUSINESS.

Overview of Mid-America

Founded in 1994, Mid-America Apartment Communities, Inc. is a Memphis, Tennessee-based self-administered and self-managed real estate investment trust, or REIT, that focuses on acquiring, owning and operating apartment communities in the Sunbelt region of the United States. We, together with our subsidiaries, report as a single business segment. As of December 31, 2008, we owned 100% of 143 properties representing 41,928 apartment units, 20 of which were under construction, and had a 33.33% ownership interest in Mid-America Multifamily Fund I, LLC, or Fund I, which owned 2 properties containing 626 apartment units. Our apartment communities were located in 13 states.

Mid-America’s business is conducted principally through Mid-America Apartments, L.P., which we refer to as our operating partnership. Mid-America is the sole general partner of the operating partnership, holding 289,449 common units of partnership interest, or common units, comprising a 1% general partnership interest in the operating partnership as of December 31, 2008. Mid-America’s wholly-owned qualified REIT subsidiary, MAC II of Delaware, Inc. is a limited partner in the operating partnership and, as of December 31, 2008, held 26,251,923 common units, or 90.70% of all outstanding common units.

Our corporate offices are located at 6584 Poplar Avenue, Memphis Tennessee 38138 and our telephone number is (901) 682-6600. As of December 31, 2008, we had 1,173 full time employees and 72 part time employees.

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to “we,” “us,” “our,” “the company,” or “Mid-America” refer collectively to Mid-America Apartment Communities, Inc. and its subsidiaries.

Operating Philosophy

Mid-America’s primary objectives are to protect and grow existing property values, to maintain a stable and increasing cash flow that will fund its dividend through all parts of the real estate investment cycle, and to create new shareholder value by growing in a disciplined manner. Mid-America focuses on growing shareholder value by effectively and efficiently operating our existing investments and, when accretive to shareholder value, through new investments.

Investment Focus. Mid-America's primary investment focus is on apartment communities in the Sunbelt region of the United States. We believe that sustaining a relatively young portfolio with continued growth potential is important, and believe that we have one of the younger portfolios in the apartment sector. We are focused on the acquisition of new properties with exceptional growth potential and properties that we believe can be repositioned with appropriate use of capital and our operating management skills. We are currently focusing on increasing our investments in relatively new properties within our current geographic area with the potential for above average growth. We have an existing joint venture whose goal is to acquire and reposition properties 7 – 15 years old that has now completed its investment program. We are working to establish a new joint venture to continue this investment strategy.

Beginning in 2005, Mid-America began an initiative of upgrading a significant number of our existing apartment communities, as well as a limited program of developing new apartments, principally as expansions of existing communities. We will continue our established process of selling mature assets, and will adapt our investment focus to opportunities and markets. In order to improve our return on investment, we have from time-to-time invested with joint venture partners and anticipate this will be a growing part of our strategy.

High Quality Assets. Mid-America has one of the younger REIT portfolios, and strives to maintain a young portfolio of our assets in excellent condition, believing that continuous capital replacement and maintenance will lead to higher long-run returns on investment. Mid-America periodically and selectively sells assets to ensure that our portfolio consists primarily of high quality, well-located properties within our market area.

Diversified Market Focus. We believe the stability of our cash flow is enhanced and it will generate higher risk adjusted cash flow returns, with lower volatility, through our diversified strategy of investments over both primary and secondary markets throughout the Sunbelt region of the United States.

Intensive Property and Asset Management Focus. Mid-America has traditionally emphasized property management, and over the past several years, we have deepened our asset management functions to provide additional support in marketing, training, ancillary income and, most recently, revenue management. A large majority of Mid-America's property managers are Certified Apartment Managers, a designation established by the National Apartment Association, which provides training for on-site manager professionals. Mid-America also provides our own in-house leadership development program consisting of an 18-month, three-module program followed by two comprehensive case studies which was developed with the assistance of U.S. Learning, Inc.

Decentralized Operational Structure. Mid-America operates in a decentralized manner. We believe that our decentralized operating structure capitalizes on specific market knowledge, provides greater personal accountability than a centralized structure and is beneficial in the acquisition and redevelopment processes. To support this decentralized operational structure, senior and executive management, along with various asset management functions, are proactively involved in supporting and reviewing property management through extensive reporting processes and frequent on-site visitations. In 2004, Mid-America completed the installation of the property and accounting modules of a new web-based property management system that increased the amount of information shared between senior and executive management and the properties on a real time basis, improving the support provided to on-site property operations. In 2005, we made significant improvements to our operating platform and we expect these enhancements will help capture more operating efficiencies, continue to support effective expense control and provide for various expanded revenue management practices. In 2007, we implemented a new "yield management" pricing program that we expect will help our property managers to optimize rental revenues. We also installed new purchase order and accounts payable software in 2007 and implemented processes to provide improved controls and management information. In 2008, we implemented revised utility billing processes, rolled out new web-sites enabling on-line lease applications and improved web-based marketing programs, and we anticipate continued enhancements in 2009.

Proactive Balance Sheet and Portfolio Management

Mid-America focuses on improving the net present value of each share of Mid-America common stock. We routinely evaluate each asset and from time-to-time sell those that no longer fit our strategy. We make new investments and issue new equity when management believes it can add to value per share. In the past, Mid-America has sold assets to fund share repurchases when, in management's view, shareholder value would be enhanced.

Strategies

Mid-America seeks to increase operating cash flow and earnings per share to maximize shareholder value through a balanced strategy of internal and external growth.

Operating Growth Strategy. Mid-America's goal is to maximize our return on investment in each apartment community by increasing revenues, tightly controlling operating expenses, maintaining high occupancy levels and reinvesting as appropriate. The steps taken to meet these objectives include:

- providing management information and improved customer services through technology innovations;
- utilizing systems to enhance property managers ability to optimize revenue by adjusting rents in response to local market conditions and individual unit amenities;
- developing new ancillary income programs aimed at offering new services to residents, including telephone, cable, and internet access, on which we generate fee and commission income;
- implementing programs to control expenses through investment in cost-saving initiatives, including measuring and passing on to residents the cost of various expenses, including water and other utility costs;
- analyzing individual asset productivity performances to identify best practices and improvement areas;
- proactively maintaining the physical condition of each property;
- improving the curb appeal of the apartment communities through extensive landscaping and exterior improvements, and repositioning apartment communities from time-to-time to maintain market leadership positions;
- compensating employees through performance-based compensation and stock ownership programs;
- maintaining a hands-on management style and flat organizational structure that emphasizes senior management's continued close contact with the market and employees;
- selling or exchanging underperforming assets;
- repurchasing or issuing shares of common or preferred stock when cost of capital and asset values permit;
- aggressively managing lease expirations to align with peak leasing traffic patterns and to maximize productivity of property staffing;
- allocating additional capital, including capital for selective interior and exterior improvements, where the investment will generate the highest returns for Mid-America; and
- acquiring and from time to time developing properties when expected returns exceed our investment hurdle rate.

Joint Venture Strategy. One of Mid-Americas strategies is to co-invest with partners in joint venture opportunities from time-to-time to the extent we believe that a joint venture will enable us to obtain a higher return on our investment through management and other fees, which leverage our skills in acquiring, repositioning, redeveloping and managing multifamily investments. In addition, the joint venture investment strategy can provide a platform for creating more capital diversification and lower investment risk for Mid-America. At present, we have focused the investment on properties 7 years old or older, with younger acquisitions becoming part of the wholly-owned portfolio.

Disposition Strategy. Mid-America from time-to-time disposes of mature assets, defined as those apartment communities that no longer meet our investment criteria and long-term strategic objectives. Typically, Mid-America selects assets for disposition that do not meet our present investment criteria, including estimated future return on investment, location, market, potential for growth, and capital needs. Mid-America may from time-to-time also dispose of assets for which we receive an offer meeting or exceeding our return on investment criteria even though those assets may not meet the disposition criteria disclosed above. No apartment communities were sold during 2008.

Acquisition Strategy. One of Mid-Americas growth strategies is to acquire and redevelop apartment communities that meet our investment criteria and focus as discussed above when the expected returns exceed our investment hurdle rate, generally defined as our estimated cost of equity plus 20%. Mid-America has extensive experience and research-based skills in the acquisition and repositioning of multifamily communities. In addition, Mid-America will acquire newly built and developed communities that can be purchased on a favorable pricing basis. We will continue to evaluate opportunities that arise, and will utilize this strategy to increase the number of apartment communities in strong and growing markets in the Sunbelt region of the United States.

The following apartment communities were purchased during 2008:

Property	Location	Number of Units	Date Purchased
100% Owned Properties:			
Cascade at Fall Creek	Humble (Houston), TX	246	January 10, 2008
Providence at Brier Creek	Raleigh, NC	313	May 21, 2008
The Edge at Lyon's Gate	Gilbert (Phoenix), AZ	312	July 31, 2008
The Sanctuary at Oglethorpe	Atlanta, GA	250	August 13, 2008
Village Oaks	Temple Terrace (Tampa), FL	215	August 27, 2008
Village Oaks (1)	Temple Terrace (Tampa), FL	4	Various
		1,340	
33.33% Owned Properties through Fund I:			
Milstead Village	Kennesaw (Atlanta), GA	310	January 17, 2008
Greenwood Forest	Greenwood Forest (Houston), TX	316	March 27, 2008
		626	
Total 2008 Acquisitions		**1,966**	

(1) On August 27, 2008, we purchased 215 units of the 234-unit Village Oaks apartments located in Temple Terrace, Florida, a suburb of Tampa. The remaining 19 units had previously been sold as condominiums and it is our intent to acquire these units if and when they become available, and operate them as apartment rentals with the rest of the community. During the remainder of 2008, we acquired four of the remaining 19 units.

Development Strategy. In 2006, Mid-America began some limited expansion development projects on adjacent land to existing apartment communities using fixed price contracts. We do not currently intend to maintain a dedicated development staff or to expand into development in a significant way. We prefer to capture accretive new growth through opportunistically acquiring new properties.

Common and Preferred Stock

Mid-America continuously reviews opportunities for lowering our cost of capital, and increasing net present value per share. We evaluate opportunities to repurchase stock when we believe that our stock price is below our net present value and accordingly repurchased common stock, funded by asset sales, between 1999 and 2001. Mid-America also looks for opportunities where we can acquire or develop apartment communities, selectively funded or partially funded by stock sales, when the investment return is projected to substantially exceed our cost of capital. We will also opportunistically seek to lower our cost of capital through refinancing preferred stock as we did in 2003, 2006 and 2007.

On November 3, 2006, Mid-America entered into a sales agreement with Cantor Fitzgerald & Co. to sell up to 2,000,000 shares of Mid-America's common stock, from time-to-time in at-the-market offerings or negotiated transactions through a controlled equity offering program. In July, 2008, we entered into a second controlled equity offering sales agreement with similar terms authorizing the sale of up to 1,350,000 shares of common stock.

The following are the issuances of common stock which have been made through these agreements through December 31, 2008:

	Number of Shares Sold	Net Proceeds	Net Average Sales Price
2006	194,000	$ 11,481,292	$ 59.18
2007	323,700	$ 18,773,485	$ 58.00
2008	1,955,300	$ 103,588,758	$ 52.98
Total	**2,473,000**	**$133,843,535**	**$54.12**

In October 2007, Mid-America redeemed all of our issued and outstanding 9¼% Series F Cumulative Redeemable Preferred Stock for $11.9 million.

Mid-America also has a direct stock purchase plan which allows for the optional cash purchase of common stock of at least $250, but not more than $5,000 in any given month, free of brokerage commissions and charges. We, in our absolute discretion, may grant waivers to allow for optional cash payments in excess of $5,000. Throughout 2008, we issued a total of 402,593 shares through the direct stock purchase plan at an average 1.5% discount, and terminated the discount in December, 2008. No waivers were granted during 2008.

Share Repurchase Program

In 1999, Mid-America□s Board of Directors approved an increase in the number of shares of Mid-America□s common stock authorized to be repurchased to 4 million shares. As of December 31, 2008, Mid-America had repurchased a total of approximately 1.86 million shares (8% of the shares of common stock and common units outstanding as of the beginning of the repurchase program). From time-to-time, we intend to sell assets based on our disposition strategy outlined in this Annual Report and use the proceeds to repurchase shares when we believe that shareholder value is enhanced. Factors affecting this determination include the share price, asset dispositions and pricing, financing agreements and rates of return. No shares were repurchased from 2002 through 2008 under this plan.

Competition

All of Mid-America□s apartment communities are located in areas that include other apartment communities. Occupancy and rental rates are affected by the number of competitive apartment communities in a particular area. The owners of competing apartment communities may have greater resources than Mid-America, and the managers of these apartment communities may have more experience than Mid-America□s management. Moreover, single-family rental housing, manufactured housing, condominiums and the new and existing home markets provide housing alternatives to potential residents of apartment communities.

Apartment communities compete on the basis of monthly rent, discounts, and facilities offered such as apartment size and amenities, and apartment community amenities, including recreational facilities, resident services, and physical property condition. Mid-America makes capital improvements to both our apartment communities and individual apartments on a regular basis in order to maintain a competitive position in each individual market.

Environmental Matters

As part of the acquisition process, Mid-America obtains environmental studies on all of our apartment communities from various outside environmental engineering firms. The purpose of these studies is to identify potential sources of contamination at the apartment communities and to assess the status of environmental regulatory compliance. These studies generally include historical reviews of the apartment communities, reviews of certain public records, preliminary investigations of the sites and surrounding properties, visual inspection for the presence of asbestos, poly-chlorinated biphenyls, or PCBs, and underground storage tanks and the preparation and issuance of written reports. Depending on the results of these studies, more invasive procedures, such as soil sampling or ground water analysis, will be performed to investigate potential sources of contamination. These studies must be satisfactorily completed before Mid-America takes ownership of an acquisition community; however, no assurance can be given that the studies identify all significant environmental problems.

Under various federal, state and local laws and regulations, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on properties. Such laws often impose such liability without regard to whether the owner caused or knew of the presence of hazardous or toxic substances and whether the storage of such substances was in violation of a resident's lease. Furthermore, the cost of remediation and removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner's ability to sell such real estate or to borrow using such real estate as collateral.

Mid-America is aware of environmental concerns specifically relating to potential issues resulting from mold in residential properties and has in place an active management and preventive maintenance program that includes procedures specifically related to mold. Mid-America has established a policy requiring residents to sign a mold addendum to lease. Mid-America has also purchased a $5 million insurance policy that covers remediation and exposure to mold. The current policy expires in 2010 but is renewable at that time. Mid-America, therefore, believes that our exposure to this issue is limited and controlled.

The environmental studies received by Mid-America have not revealed any material environmental liabilities. Mid-America is not aware of any existing conditions that would currently be considered an environmental liability. Nevertheless, it is possible that the studies do not reveal all environmental liabilities or that there are material environmental liabilities of which Mid-America is unaware. Moreover, no assurance can be given concerning future laws, ordinances or regulations, or the potential introduction of hazardous or toxic substances by neighboring properties or residents.

Mid-America believes that our apartment communities are in compliance in all material respects with all applicable federal, state and local ordinances and regulations regarding hazardous or toxic substances and other environmental matters.

Website Access to Registrant's Reports

Mid-America files annual and periodic reports with the Securities and Exchange Commission. All filings made by Mid-America with the SEC may be copied or read at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC as Mid-America does. The website is http://www.sec.gov.

Additionally, a copy of this Annual Report on Form 10-K, along with Mid-America's Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to the aforementioned filings, are available on Mid-America's website free of charge. The filings can be found on the Investor Relations page under SEC Filings. Mid-America's website also contains our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the committees of the Board of Directors. These items can also be found on the Investor Relations page under Governance Documents. Mid-America's website address is http://www.maac.net. Reference to Mid-America's website does not constitute incorporation by reference of the information contained on the site and should not be considered part of this document. All of the aforementioned materials may also be obtained free of charge by contacting the Investor Relations Department at Mid-America Apartment Communities, Inc., 6584 Poplar Avenue, Memphis, TN 38138.

Recent Developments

Dispositions. On January 15, 2009, Mid-America sold the Woodstream apartments, a 304-unit community in Greensboro, North Carolina.

Acquisitions. On January 16, 2009, Mid-America acquired one of the 15 remaining units of the Village Oaks apartments located in Temple Terrace (Tampa), Florida.

Qualification as a Real Estate Investment Trust

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code. To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gain) to our shareholders annually. As a qualified REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent we distribute such net income to our shareholders annually. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and our property. In 2008, we declared total distributions of $2.46 per common share to our shareholders.

ITEM 1A. RISK FACTORS.

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

Failure to generate sufficient cash flows could limit our ability to pay distributions to shareholders.

Our ability to generate sufficient cash flow in order to pay common dividends to our shareholders depends on our ability to generate funds from operations in excess of capital expenditure requirements and preferred dividends, and/or to have access to the markets for debt and equity financing. Funds from operations and the value of our apartment communities may be insufficient because of factors which are beyond our control. Such events or conditions could include:

- competition from other apartment communities;
- overbuilding of new apartment units or oversupply of available apartment units in our markets, which might adversely affect apartment occupancy or rental rates and/or require rent concessions in order to lease apartment units;
- conversion of condominiums and single family houses to rental use;
- job losses resulting from further declines in economic activity;
- increases in operating costs (including real estate taxes and insurance premiums) due to inflation and other factors, which may not be offset by increased rents;
- inability to rent apartments on favorable economic terms;
- changes in governmental regulations and the related costs of compliance;
- changes in tax laws and housing laws including the enactment of rent control laws or other laws regulating multifamily housing;
- withdrawal of Government support of apartment financing through its financial backing of Federal National Mortgage Association, or FNMA, and Federal Home Loan Mortgage Corporation, or Freddie Mac;
- an uninsured loss, resulting from a catastrophic storm or act of terrorism;
- changes in interest rate levels and the availability of financing, borrower credit standards, and down-payment requirements which could lead renters to purchase homes (if interest rates decrease and home loans are more readily available) or increase our acquisition and operating costs (if interest rates increase and financing is less readily available);
- weakness in the overall economy which lowers job growth and the associated demand for apartment housing; and
- the relative illiquidity of real estate investments.

At times, we rely on external funding sources to fully fund the payment of distributions to shareholders and our capital investment program (including our existing property expansion developments). While we have sufficient liquidity to permit distributions at current rates through additional borrowings if necessary, any significant and sustained deterioration in operations could result in our financial resources being insufficient to pay distributions to shareholders at the current rate, in which event we would be required to reduce the distribution rate. Any decline in our funds from operations could adversely affect our ability to make distributions to our shareholders or to meet our loan covenants and could have a material adverse effect on our stock price.

Our financing could be impacted by negative capital market conditions.

Recently, domestic financial markets have experienced unusual volatility and uncertainty. Liquidity has tightened in financial markets, including the investment grade debt, the CMBS, commercial paper, and equity capital markets. A large majority of apartment financing, and as of December 31, 2008, 89% of our outstanding debt, is provided by or credit-enhanced by FNMA and Freddie Mac, which are now under the conservatorship of the U.S. Government. We have seen an increase in the volatility of short term interest rates and changes in historic relationships between LIBOR (which is the basis for the payments to us by our swap counterparties) and the actual interest rate we pay through the Fannie Mae Discount Mortgage Backed Security, or DMBS, and the Freddie Mac Reference Bill programs, which we believe to be temporary. This creates a risk that our interest expense will fluctuate to a greater extent than it has in the past, and it makes forecasting more difficult. Were our credit arrangements with Prudential Mortgage Capital, credit-enhanced by FNMA, or with Financial Federal, credit-enhanced by Freddie Mac, to fail, or their ability to lend money to finance apartment communities to become impaired, we would have to seek alternative sources of capital, which might not be available on terms acceptable to us, if at all. In addition, any such event would most likely cause our interest costs to rise. This could also cause our swaps to become ineffective, triggering a default in one or more of our credit agreements. If any of the foregoing events were to occur it could have a material adverse affect on our business, financial condition and prospects.

Our credit facilities with FNMA and Freddie Mac expire 2011 2018, and we anticipate that replacement facilities will be at a higher cost and have less attractive terms.

A change in U.S. government policy with regard to FNMA and Freddie Mac could seriously impact our financial condition.

The U. S. government has committed $200 billion of preferred equity each to FNMA and Freddie Mac, and placed them in conservatorship through the end of 2009. The Treasury Department has recently increased FNMA and Freddie Macs portfolio limitation to $900 billion, which at present is required to be reduced on a phased basis beginning in 2010. Through expansion of their off-balance sheet lending products (which form the large majority of our borrowing), we believe that FNMA and Freddie Mac balance sheet limitations will not restrict their support of lending to the multifamily industry and to us in particular. Statements supporting their involvement in apartment lending by the heads of multifamily lending of FNMA, Freddie Mac, and their regulator have recently been reiterated. Should this support change, it would have a material adverse affect on both us and the multifamily industry, and we would seek alternative sources of funding. This could jeopardize the effectiveness of our interest rate swaps, potentially causing a breach in one or more of our loan covenants, and through reduced loan availability, impact the value of multifamily assets, which could impair the value of our properties.

A change in the value of our assets could cause us to experience a cash shortfall and be in default of our loan covenants.

Mid-America borrows on a secured basis from FNMA, Freddie Mac, and Regions Bank. A significant reduction in value could require us to post additional collateral. While we believe that we have significant excess collateral and capacity, future asset values are uncertain. If we were unable to meet a request to add collateral to a credit facility, this would have a material adverse affect on our liquidity and our ability to meet our loan covenants.

Debt level, refinancing and loan covenant risk may adversely affect our financial condition and operating results and our ability to maintain our status as a REIT.

At December 31, 2008, we had total debt outstanding of $1.3 billion. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate the apartment communities or pay distributions that are required to be paid in order for us to maintain our qualification as a REIT. We currently intend to limit our total debt to approximately 60% of the undepreciated book value of our assets, although our charter and bylaws do not limit our debt levels. Circumstances may cause us to exceed that target from time-to-time. As of December 31, 2008, our ratio of debt to undepreciated book value was approximately 50%. Our Board of Directors can modify this policy at any time which could allow us to become more highly leveraged and decrease our ability to make distributions to our shareholders. In addition, we must repay our debt upon maturity, and the inability to access debt or equity capital at attractive rates could adversely affect our financial condition and/or our funds from operations. We rely on FNMA and Freddie Mac, which we refer to as the Agencies, for the majority of our debt financing and have agreements with the Agencies and with other lenders that require us to comply with certain covenants, including maintaining adequate collateral that is subject to revaluation quarterly. The breach of any one of these covenants would place us in default with our lenders and may have serious consequences on our operations.

Interest rate hedging may be ineffective.

We rely on the financial markets to refinance debt maturities, and also are heavily reliant on the Agencies, which provide credit or credit enhancement for approximately $1.2 billion of our outstanding debt as of December 31, 2008. The debt is provided under the terms of credit facilities with Prudential Mortgage Capital (credit-enhanced by FNMA) and Financial Federal (credit-enhanced by Freddie Mac). We pay fees to the credit facility providers and the Agencies plus interest which is tied to the FNMA DMBS rate, and the Freddie Mac Reference Bill Rate. The Agencies have been placed into conservatorship by the U.S. Government (under the supervision of the Federal Housing Finance Agency), which has committed $200 billion of capital to each, if needed.

The interest rate market for the FNMA DMBS rate and the Freddie Mac Reference Bill Rate, both of which have been highly correlated with LIBOR interest rates, are also an important component of our liquidity and interest rate swap effectiveness. In our experience, the FNMA DMBS rate has averaged 5 basis points to 12 basis points below LIBOR, and the Freddie Mac Reference Bill rate has averaged 15 basis points to 17 basis points below LIBOR, but in the past year the spreads have increased significantly and have been more volatile than we have historically seen. We believe that the current market illiquidity is an anomaly and that the spreads and the volatility will return to more stable historic trends, but we cannot forecast when or if the uncertainty and volatility in the market may change. Continued unusual volatility over a period of time could cause us to lose hedge accounting treatment for our interest rate swaps, resulting in material changes to our consolidated statements of operations and balance sheet, and potentially cause a breach with one of our debt covenants.

The difference in interest rates between the DMBS and Reference Bill rates and three-month LIBOR, which is a component of the ineffectiveness of the LIBOR-based swaps, flows through interest expense in the current period, and together with the recognized ineffectiveness (which is also an adjustment to current period interest expense), reduces the effectiveness of the swaps.

We also rely on the credit of the counterparties that provide swaps to hedge the interest rate risk on our credit facilities. We use three major banks to provide nearly 78% of our swaps, JP Morgan Chase, Royal Bank of Canada, and Deutsche Bank, all of which have high investment grade ratings from Moody's and S&P. In the event that one of our swap providers should suffer a significant downgrade of its credit rating or fail, our swaps may become ineffective, in which case the value of the swap would be adjusted to value in the current period, possibly causing a substantial loss sufficient to cause a breach with one of our debt covenants.

One or more interest rate swap or cap counterparties could default, causing us significant financial exposure.

We enter into interest rate swap and interest rate cap agreements only with counterparties that are highly rated (generally, AA- or above by Standard & Poors, or Aa3 or above by Moody's). We also try to diversify our risk amongst several counterparties. In the event one or more of these counterparties were to go into liquidation or to experience a significant rating downgrade, this could cause us to liquidate the interest rate swap, or lose the interest rate protection of an interest rate cap. Liquidation of an interest rate swap could cause us to be required to pay the swap counter party the net present value of the swap, which may represent a significant current period cash charge, possibly sufficient to cause us to breach one or more loan covenants.

Variable interest rates may adversely affect funds from operations.

At December 31, 2008, effectively $185 million of our debt bore interest at a variable rate and was not hedged by interest rate swaps or caps. We may incur additional debt in the future that also bears interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect our funds from operations and the amount of cash available to pay distributions to shareholders. Our $1.0 billion secured credit facilities with Prudential Mortgage Capital, credit enhanced by FNMA, are predominately floating rate facilities. We also have credit facilities with Freddie Mac totaling $300 million which are variable rate facilities. At December 31, 2008, a total of $1.2 billion was outstanding under these facilities. These facilities represent the majority of the variable interest rates we were exposed to at December 31, 2008. Large portions of the interest rates on these facilities have been hedged by means of a number of interest rate swaps and caps. Upon the termination of these swaps and caps, we will be exposed to the risks of varying interest rates.

Losses from catastrophes may exceed our insurance coverage.

We carry comprehensive liability and property insurance on our communities, and intend to obtain similar coverage for communities we acquire in the future. Some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or earthquakes, are subject to limitations, and thus may be uninsured. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed.

Increasing real estate taxes and insurance costs may negatively impact financial condition.

As a result of our substantial real estate holdings, the cost of real estate taxes and insuring our apartment communities is a significant component of expense. Real estate taxes and insurance premiums are subject to significant increases and fluctuations which can be widely outside of our control. If the costs associated with real estate taxes and insurance should rise, our financial condition could be negatively impacted and our ability to pay our dividend could be affected.

Property insurance limits may be inadequate and deductibles may be excessive in the event of a catastrophic loss or a series of major losses, and may cause a breach of a loan covenants.

We have a significant proportion of our assets in areas exposed to windstorms and to the New Madrid earthquake zone. A major wind or earthquake loss, or series of losses, could require that we pay significant deductibles as well as additional amounts above the per occurrence limit of our insurance for these risks. We may then be judged to have breached one or more of our loan covenants, and any of the foregoing events could have a material adverse effect on our assets, financial condition, and results of operation.

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

Our capital requirements depend on numerous factors, including the occupancy and turnover rates of our apartment communities, development and capital expenditures, costs of operations and potential acquisitions. We cannot accurately predict the timing and amount of our capital requirements. If our capital requirements vary materially from our plans, we may require additional financing sooner than anticipated. Accordingly, we could become more leveraged, resulting in increased risk of default on our obligations and in an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future.

We are dependent on key personnel.

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

New acquisitions may fail to perform as expected and failure to integrate acquired communities and new personnel could create inefficiencies.

We intend to actively acquire and improve multifamily communities for rental operations. We may underestimate the costs necessary to bring an acquired community up to standards established for our intended market position. Additionally, to grow successfully, we must be able to apply our experience in managing our existing portfolio of apartment communities to a larger number of properties. We must also be able to integrate new management and operations personnel as our organization grows in size and complexity. Failures in either area will result in inefficiencies that could adversely affect our overall profitability.

We may not be able to sell communities when appropriate.

Real estate investments are relatively illiquid and generally cannot be sold quickly. We may not be able to change our portfolio promptly in response to economic or other conditions. Further, we own seven communities (of 145 total) which are subject to restrictions on sale, and are required to be exchanged through a 1031b tax-free exchange, unless we pay the tax liability of the contributing partners. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and ability to make distributions to our security holders.

Environmental problems are possible and can be costly.

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at such community. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. All of our communities have been the subject of environmental assessments completed by qualified independent environmental consultant companies. These environmental assessments have not revealed, nor are we aware of, any environmental liability that we believe would have a material adverse effect on our business, results of operations, financial condition or liquidity. Over the past several years, there have been an increasing number of lawsuits against owners and managers of multifamily properties alleging personal injury and property damage caused by the presence of mold in residential real estate.

Some of these lawsuits have resulted in substantial monetary judgments or settlements. We cannot be assured that existing environmental assessments of our communities reveal all environmental liabilities, that any prior owner of any of our properties did not create a material environmental condition not known to us, or that a material environmental condition does not otherwise exist.

Our ownership limit restricts the transferability of our capital stock.

Our charter limits ownership of our capital stock by any single shareholder to 9.9% of the value of all outstanding shares of our capital stock, both common and preferred. The charter also prohibits anyone from buying shares if the purchase would result in our losing REIT status. This could happen if a share transaction results in fewer than 100 persons owning all of our shares or in five or fewer persons, applying certain broad attribution rules of the Internal Revenue Code of 1986, as amended, or the Code, owning 50% or more of our shares. If you acquire shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs, we:

- will consider the transfer to be null and void;
- will not reflect the transaction on our books;
- may institute legal action to enjoin the transaction;
- will not pay dividends or other distributions with respect to those shares;
- will not recognize any voting rights for those shares;
- will consider the shares held in trust for our benefit; and
- will either direct you to sell the shares and turn over any profit to us, or we will redeem the shares. If we redeem the shares, you will be paid a price equal to the lesser of:

1. the price you paid for the shares; or
2. the average of the last reported sales prices on the New York Stock Exchange on the ten trading days immediately preceding the date fixed for redemption by our Board of Directors.

If you acquire shares in violation of the limits on ownership described above:

- you may lose your power to dispose of the shares;
- you may not recognize profit from the sale of such shares if the market price of the shares increases; and
- you may be required to recognize a loss from the sale of such shares if the market price decreases.

Provisions of our charter and Tennessee law may limit the ability of a third party to acquire control of us.

Ownership Limit. The 9.9% ownership limit discussed above may have the effect of precluding acquisition of control of us by a third party without the consent of our Board of Directors.

Preferred Stock. Our charter authorizes our Board of Directors to issue up to 20,000,000 shares of preferred stock. The Board of Directors may establish the preferences and rights of any preferred shares issued. The issuance of preferred stock could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our shareholders’ best interests. Currently, we have 6,200,000 shares of 8.30% Series H Cumulative Redeemable Preferred Stock issued and outstanding.

Tennessee Anti-Takeover Statutes. As a Tennessee corporation, we are subject to various legislative acts, which impose restrictions on and require compliance with procedures designed to protect shareholders against unfair or coercive mergers and acquisitions. These statutes may delay or prevent offers to acquire us and increase the difficulty of consummating any such offers, even if our acquisition would be in our shareholders’ best interests.

Our investments in joint ventures may involve risks.

Investments in joint ventures may involve risks which may not otherwise be present in our direct investments such as:

- the potential inability of our joint venture partner to perform;
- the joint venture partner may have economic or business interests or goals which are inconsistent with or adverse to ours;
- the joint venture partner may take actions contrary to our requests or instructions or contrary to our objectives or policies; and
- the joint venturers may not be able to agree on matters relating to the property they jointly own.

Although each joint owner will have a right of first refusal to purchase the other owner's interest, in the event a sale is desired, the joint owner may not have sufficient resources to exercise such right of first refusal.

Failure to qualify as a REIT would cause us to be taxed as a corporation.

If we failed to qualify as a REIT for federal income tax purposes, we would be taxed as a corporation. The Internal Revenue Service may challenge our qualification as a REIT for prior years, and new legislation, regulations, administrative interpretations or court decisions may change the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification. For any taxable year that we fail to qualify as a REIT, we would be subject to federal income tax on our taxable income at corporate rates, plus any applicable alternative minimum tax. In addition, unless entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would reduce our net earnings available for investment or distribution to shareholders because of the additional tax liability for the year or years involved. In addition, distributions would no longer qualify for the dividends paid deduction nor be required to be made in order to preserve REIT status. We might be required to borrow funds or to liquidate some of our investments to pay any applicable tax resulting from our failure to qualify as a REIT.

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

The Americans with Disabilities Act, the Fair Housing Act of 1988 and other federal, state and local laws generally require that public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing communities. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features that increase our construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on us with respect to improved access by disabled persons. We cannot ascertain the costs of compliance with these laws, which may be substantial.

Failure to make required distributions would subject us to income taxation.

In order to qualify as a REIT, each year we must distribute to stockholders at least 90% of our taxable income (determined without regard to the dividend paid deduction and by excluding net capital gains). To the extent that we satisfy the distribution requirement, but distribute less than 100% of taxable income, we will be subject to federal corporate income tax on the undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of:

- 85% of ordinary income for that year;
- 95% of capital gain net income for that year; and
- 100% of undistributed taxable income from prior years.

Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of the taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% nondeductible excise tax in a particular year.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities or engage in marginal investment opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of income, the nature and diversification of assets, the amounts distributed to shareholders and the ownership of our stock. In order to meet these tests, we may be required to forgo attractive business or investment opportunities or engage in marginal investment opportunities. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Mid-America seeks to acquire newer apartment communities and those with opportunities for repositioning through capital additions and management improvement located in the Sunbelt region of the United States that are primarily appealing to middle income residents with the potential for above average growth and return on investment. Approximately 75% of Mid-America's apartment units are located in Georgia, Florida, Tennessee, and Texas markets. Mid-America's strategic focus is to provide our residents high quality apartment units in attractive community settings, characterized by extensive landscaping and attention to aesthetic detail. We utilize our experience and expertise in maintenance, landscaping, marketing and management to effectively reposition many of the apartment communities we acquire to raise occupancy levels and per unit average rents.

The following table sets forth certain historical information for the apartment communities we owned at December 31, 2008:

Property	**Location**	**Year Completed**	**Year Management Commenced**	**Number of Units**	**Approximate Rentable Area (Square Footage)**	**Average Unit Size (Square Footage)**	**Mont Ren per Unit Decem 31, 200**
100% Owned							
Eagle Ridge	Birmingham, AL	1986	1998	200	181,400	907	$ 708
Abbington Place	Huntsville, AL	1987	1998	152	162,792	1,071	$ 618
Paddock Club Huntsville	Huntsville, AL	1989/98	1997	392	414,736	1,058	$ 724
Paddock Club Montgomery	Montgomery, AL	1999	1998	208	230,880	1,110	$ 767