SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended: March 31, 1998

Commission File No. 17533

FEDERAL REALTY INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

District of Columbia	52-0782497
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1626 East Jefferson Street, Rockville, Maryland	20852-4041
(Address of principal executive offices)	(Zip Code)

(301) 998-8100
(Registrant's telephone number, including area code)

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

Class	Outstanding at May 4, 1998
Common Shares of Beneficial Interest	39,827,120

This report contains 22 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 1998

I N D E X

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 1998

PART I. FINANCIAL INFORMATION

The following financial information is submitted in response to the requirements of Form 10-Q and does not purport to be financial statements prepared in accordance with generally accepted accounting principles since they do not include all disclosures which might be associated with such statements. In the opinion of management, such information includes all adjustments, consisting only of normal recurring accruals, necessary to a fair statement of the results for the interim periods presented.

The balance sheet as of December 31, 1997 was audited by Grant Thornton LLP, independent public accountants, who expressed an unqualified opinion on it in their report dated February 5, 1998. All other financial information presented is unaudited but has been reviewed as of March 31, 1998 and for each of the three month periods ended March 31, 1998 and 1997 by Grant Thornton LLP whose report thereon appears on Page 4. All adjustments and disclosures proposed by them have been reflected in the data presented.

Accountants' Review Report

Trustees and Shareholders
Federal Realty Investment Trust

We have reviewed the accompanying consolidated balance sheet of Federal Realty Investment Trust as of March 31, 1998 and the related consolidated statements of operations, shareholders' equity and cash flows for the three month periods ended March 31, 1998 and 1997. These financial statements are the responsibility of the Trust's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1997 and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 5, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1997 is stated fairly, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Grant Thornton LLP

Washington, D.C.
May 5, 1998

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS
(see accountants' review report)

	March 31, 1998 (Unaudited)	December 31, 1997
ASSETS	(in thousands)	
Investments		
Real estate, at cost	$ 1,481,386	$ 1,453,639
Less accumulated depreciation and amortization	(255,703)	(247,497)
	1,225,683	1,206,142
Mortgage notes receivable	40,733	38,360
	1,266,416	1,244,502
Other Assets		
Cash	15,890	17,043
Notes receivable - officers	1,360	1,190
Accounts receivable	16,204	17,604
Prepaid expenses and other assets, principally property taxes and lease commissions	35,939	32,128
Debt issue costs	3,339	4,106
	$ 1,339,148	$ 1,316,573
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$125,721	$125,940
Mortgages payable	95,277	95,633
Notes payable	67,112	119,028
Accrued expenses	18,126	23,419
Accounts payable	10,349	7,093
Dividends payable	18,448	18,368
Security deposits	4,449	4,423
Prepaid rents	4,591	2,818
Senior notes	335,000	255,000
5 1/4% Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	34,973	35,752
Commitments and contingencies	--	--
Shareholders' equity		
7.95% Series A Cumulative Redeemable Preferred Shares, liquidation preference $25 per share, 4,000,000 shares issued in 1997	100,000	100,000
Common shares of beneficial interest, no par or stated value, unlimited authorization, issued 39,849,424 and 39,200,201 shares, respectively	701,246	684,823
Accumulated dividends in excess of Trust net income	(229,126)	(222,709)
	572,120	562,114
Less 27,386 and 52,386 common shares in treasury - at cost, respectively, deferred compensation and subscriptions receivable	(22,307)	(8,304)
	549,813	553,810
	$ 1,339,148	$ 1,316,573

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS
(see accountants' review report)
(unaudited)

(In thousands, except per share data)	Three months ended March 31, 1998	1997
Revenue		
Rental income	$ 52,481	$ 43,920
Interest	1,594	1,500
Other income	2,102	3,227
	56,177	48,647
Expenses		
Rental	11,922	10,216
Real estate taxes	5,472	4,574
Interest	12,693	11,989
Administrative	1,841	2,101
Depreciation and amortization	10,769	10,124
	42,697	39,004
Operating income before investors' share of operations	13,480	9,643
Investors' share of operations	(786)	(332)
Net Income	$ 12,694	$ 9,311
Dividends on preferred stock	(1,988)	--
Net income available for common shareholders	$ 10,706	$ 9,311
Earnings per common share, basic	$ 0.27	$ 0.25
Weighted average number of common shares, basic	38,949	37,483
Earnings per common share, diluted	$ 0.27	$ 0.24
Weighted average number of common shares, diluted	39,870	38,033

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(see accountants' review report)
(unaudited)

(In thousands, except per share amounts)	Three months ended March 31, 1998 Shares	Amount	1997 Shares	Amount
Common Shares of Beneficial Interest				
Balance, beginning of period	39,200,201	$ 684,823	35,948,044	$ 597,917
Net proceeds from sale of shares	--	--	3,000,000	83,925
Exercise of stock options	95,365	2,051	64,501	1,360
Shares issued under dividend reinvestment plan	39,803	1,003	36,997	1,030
Performance and Restricted Shares granted	514,055	13,369	22,000	621
Balance, end of period	39,849,424	$ 701,246	39,071,542	$ 684,853

	Shares	Amount	Shares	Amount
Common Shares of Beneficial Interest in Treasury, Deferred Compensation and Subscriptions Receivable				
Balance, beginning of period	(457,111)	($ 8,304)	(480,948)	($ 8,332)
Amortization of deferred compensation	36,937	679	30,125	480
Performance and Restricted Shares granted	(539,055)	(13,830)	(22,000)	(621)
Purchase of shares under share purchase plan	6,250	94	13,856	193
Reisssuance of treasury shares	25,000	462	--	--
Increase in stock option loans, net	(65,069)	(1,408)	(12,500)	(264)
Balance, end of period	(993,048)	($ 22,307)	(471,467)	($ 8,544)

	1998	1997
Accumulated Dividends in Excess of Trust Net Income		
Balance, beginning of period	($ 222,709)	($ 200,700)
Net income	12,694	9,311
Dividends declared to shareholders	(19,111)	(16,382)
Balance, end of period	($ 229,126)	($ 207,771)

The accompanying notes are an integral part of these statements

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS
(see accountants' review report)
(unaudited)

(In thousands)	Three months ended March 31, 1998	1997
OPERATING ACTIVITIES		
Net income	$ 12,694	$ 9,311
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	10,769	10,124
Rent abatements in lieu of leasehold improvements, net of tenant improvements retired	(543)	(178)
Imputed interest and amortization of debt cost	207	165
Amortization of deferred compensation and forgiveness of officers' notes	527	172
Changes in assets and liabilities		
Decrease in accounts receivable	1,400	1,214
Increase in prepaid expenses and other assets before depreciation and amortization	(3,653)	(152)
Increase (decrease) in operating accounts payable, security deposits and prepaid rent	5,037	(548)
Decrease in accrued expenses	(5,126)	(2,900)
Net cash provided by operating activities	21,312	17,208
INVESTING ACTIVITIES		
Acquisition of real estate	(13,592)	(96,550)
Capital expenditures	(15,251)	(9,369)
Application of deposit on real estate	--	23,447
Net increase in notes receivable	(2,543)	(9,545)
Net cash used in investing activities	(31,386)	(92,017)
FINANCING ACTIVITIES		
Regular payments on mortgages, capital leases, and notes payable	(701)	(654)
Increase (decrease) in short-term debt, net	(51,790)	4,845
Issuance of senior notes, net of costs	79,540	--
Dividends paid	(18,383)	(14,403)
Issuance of shares of beneficial interest	1,093	85,575
(Decrease) increase in minority interest	(838)	167
Net cash provided by financing activities	8,921	75,530
Increase (decrease) in cash	(1,153)	721
Cash at beginning of period	17,043	11,041
Cash at end of period	$ 15,890	$ 11,762

The accompanying notes are an integral part of these statements.

Federal Realty Investment Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1998
(see accountants' review report)
(unaudited)

NOTE A - ACCOUNTING POLICIES AND OTHER DATA

Reference should be made to the notes to financial statements included in the Annual Report to shareholders for the year ended December 31, 1997 which contain the Trust's accounting policies and other data.

The following table sets forth the reconciliation between basic and diluted EPS:

	1998	1997
NUMERATOR		
Net income available for common shareholders - basic	$10,706	$ 9,311
Income attributable to operating partnership units	207	-
Net income available for common shareholders - diluted	$10,913	$ 9,311
DENOMINATOR		
Denominator for basic EPS- weighted average shares	38,949	37,483
Effect of dilutive securities		
Stock options and awards	440	550
Operating partnership units	481	-
Denominator for diluted EPS	39,870	38,033

On March 19, 1998 the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board reached a consensus opinion on issue #97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions" which requires that the internal costs of preacquisition activities incurred in connection with the acquisition of an operating property be expensed as incurred, whereas the internal costs of preacqusition activities directly identifiable with the acquistion of a nonoperating or to be developed property should be capitalized as part of the cost of the acquistion. The Trust has traditionally capitalized internal preacquistion costs of both operating and nonoperating properties as a component of the acquisition price.

Consequently, beginning in the second quarter of 1998 the Trust's general and administrative costs will increase, with a corresponding decrease to net income. The exact amount of the decrease to net income cannot be determined at this time, because the amount of acquisition effort to be spent on acquiring operating properties versus development properties is not known as it is dependent on what types of properties and opportunities are identified.

NOTE B - DIVIDENDS PAYABLE

On February 20, 1998 the Trustees declared a cash dividend of $.43 per common share, payable April 15, 1998 to common shareholders of record March 25, 1998.

On February 20, 1998 the Trustees declared a cash dividend of $.49688 per share on its Series A Cumulative Redeemable Preferred Shares, payable on April 30, 1998 to shareholders of record on April 15, 1998.

NOTE C - REAL ESTATE

During February and March 1998 the Trust purchased seven properties in San Antonio, Texas for $10.7 million in cash. An additional two properties were purchased in April 1998 for $1.3 million in cash. These properties, located on Houston Street near San Antonio's River Walk, are currently vacant and with other properties still to be purchased will be redeveloped, retenanted and remerchandised.

On February 3, 1998 the Trust purchased a retail building in close proximity to its other properties in Santa Monica, California for $2.0 million in cash. On March 30, 1998 the Trust purchased for $865,000 in cash a property adjacent to its Bethesda Row property in order to allow for future expansion.

On January 14, 1998 the Trust increased by $2.3 million, extended and refinanced mortgage loans which had been made on retail properties in Philadelphia, Pennsylvania. The new loan, which is available for up to $25 million, bears interest at 10%, and is due May 1, 2021, totalled $5.3 million at March 31, 1998. From and after May 2006, which date may be extended to April 2008, the Trust has the option to convert the loan into a partnership interest in the properties.

In January 1998 the Trust acquired the remaining .23% minority interest in the Barracks Road Shopping Center for $60,000, bringing the Trust's ownership to virtually 100%. In January 1998 the Trust also purchased 31% of the 1% minority interest outstanding in the Pike 7 Shopping Center for $143,000.

NOTE D - NOTES PAYABLE

In December 1997 the Trust replaced its unsecured medium term revolving credit facilities with four banks with a five-year syndicated line, thereby increasing the aggregate amount available from $135 million to $300 million. The syndicated line bears interest at LIBOR plus 65 basis points, requires fees and has covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. At March 31, 1998 there was $63 million borrowed under this facility. The maximum drawn during the first quarter of 1998 was $136 million. The weighted average interest rate on borrowings for the quarter ended March 31, 1998 was 6.2%.

NOTE E - SENIOR NOTES

On March 5, 1998 the Trust issued $39.5 million of 6.74% Medium-Term Notes due 2004, netting approximately $39.3 million and $40.5 million of 6.99% Medium-Term Notes due 2006, netting approximately $40.2 million. The notes pay interest semi-annually on March 30 and September 30. In anticipation of this transaction, on January 13, 1998 the Trust purchased a Treasury Yield Hedge (notional amount of $50 million) to minimize the risk of changes in interest rates. The hedge was terminated on March 5, 1998 at a gain of $1.1 million which will be recognized as a reduction in interest expense over the term of the notes.

NOTE F - SHAREHOLDERS' EQUITY

On January 1, 1998, 300,000 and 62,500 common shares, respectively, were awarded to the Trust's president and chief investment officer in a program designed to directly link a significant portion of these executives' long term compensation to the prosperity of the Trust and its shareholders. The shares vest over 13 years, but accelerated vesting over an eight year period is possible if the Trust meets certain performance critera. In order to further link his compensation with the prosperity of the shareholders, the president elected under another agreement to accept stock in lieu of his 1997 bonus and his 1998 salary. As a result in January 1998, 39,055 common shares were awarded to the president. The shares vest at the end of five years if the president is still employed by the Trust. An additional 62,500 common shares, which vest over eight years, were awarded to the chief investment officer on January 1, 1998; 25,000 of these shares were issued from treasury shares. On January 26, 1998, a third officer was awarded 75,000 restricted common shares which will vest as the Trust meets certain performance criteria.

During the first three months of 1998, 95,365 common shares were issued at prices ranging from $20.75 per share to $25.75 per share from the exercise of stock options.

The Trust accepted notes of $1.6 million from certain of its officers and employees in connection with the issuance of 73,947 of these shares.

On January 2, 1998, 200,000 options were awarded to an officer of the Trust at a price of $25.875 per share. The options vest at the rate of 50,000 shares at the end of years two through five. On January 26, 1998, 796,000 options, vesting over three years, were awarded to certain officers and employees at a price of $25.1875 per share.

NOTE G - INTEREST EXPENSE

The Trust incurred interest expense totaling $14.0 million during the first quarter of 1998 and $12.4 million during the first quarter of 1997, of which $1.3 million and $368,000, respectively, were capitalized. Interest paid was $16.1 million in the first quarter of 1998 and $13.0 million in the first quarter of 1997.

NOTE H - COMMITMENTS AND CONTINGENCIES

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The Trust has retained an environmental consultant to investigate contamination at a shopping center in New Jersey. The Trust is evaluating whether it has insurance coverage for this matter. Although the Trust is still investigating the chlorinated solvent contamination in response to NJDEP directives, information collected to date indicates that remediation of this contamination is not likely to have a material effect upon the Trust's financial condition. The Trust has also identified chlorinated solvent contamination at another property. The contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of this situation is preliminary and it is impossible, at this time, to estimate the range of remediation costs, if any.

On December 4, 1997 the Trust purchased the retail portion of a mixed use property located in Queens, New York. Environmental studies performed prior to the acquisition identified petroleum and solvent contamination in the soil and groundwater at various locations at the property. Additional investigation as to the nature and extent of contamination is required at this property. Although the seller states that it is not responsible for this investigation or remediation, the Trust disagrees and intends to pursue the seller to enforce its obligations with respect to contamination at the property. At this time, the Trust is unable to determine what impact, if any, this situation will have on the Trust's financial condition.

Pursuant to the provisions of the respective partnership agreements, in the event of the exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and an 18.75% interest at Congressional Plaza at its then fair market value.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of another partnership, the partners may exchange their 481,378 operating units into cash or common shares of the Trust, at the option of the Trust.

At March 31, 1998 in connection with certain redevelopment projects and tenant improvements, the Trust is contractually obligated on contracts of approximately $10.8 million. At March 31, 1998 the Trust is also obligated under leases with tenants to provide up to an additional $10.7 million in building and tenant improvements.

NOTE I - COMPONENTS OF RENTAL INCOME

The components of rental income for the three months ended March 31 are as follows:

	1998	1997
	(in thousands)	
Retail properties		
Minimum rents	$42,244	$34,470
Cost reimbursements	7,993	7,619
Percentage rents	1,605	1,210
Apartments	639	621
	$52,481	$43,920

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Federal Realty meets its liquidity requirements through net cash provided by operating activities, long term borrowing through debt offerings and mortgages, medium and short term borrowing under revolving credit facilities, and equity offerings. Because a significant portion of the Trust's net cash provided by operating activities is distributed to shareholders, capital outlays for property acquisitions, renovation projects and debt repayments require funding from borrowing or equity offerings.

Net cash provided by operating activities increased to $21.3 million in the first quarter of 1998 from $17.2 million in the first quarter of 1997 of which $18.4 million and $14.4 million, respectively, was distributed to shareholders. The increase from 1997 to 1998 was primarily due to a $3.4 million increase in net income.

During the first quarter of 1998, the Trust invested $13.6 million in cash to acquire real estate assets, $15.3 million to improve its properties and $2.5 million in mortgage notes receivable. During February and March 1998 the Trust purchased seven properties in San Antonio, Texas for $10.7 million in cash. An additional two properties were purchased in April 1998 for $1.3 million in cash. These properties, located on Houston Street near San Antonio's River Walk, are currently vacant and with other properties still to be purchased will be redeveloped, retenanted and remerchandised. On February 3, 1998 the Trust purchased a retail building in close proximity to its other properties in Santa Monica, California for $2.0 million in cash. On March 30, 1998 the Trust purchased for $865,000 in cash a property adjacent to its Bethesda Row property in order to allow for future expansion.

Improvements to Trust properties during the first quarter of 1998 included $2.1 million on the redevelopment of Old Town Center in Los Gatos, California; $1.0 million on predevelopment work at San Jose Town & Country Village Shopping Center; $1.1 million on the final stages of the redevelopment of Wynnewood Shopping Center in suburban Philadelphia; $1.8 million on the expansion of the Falls and West Falls Shopping Centers in suburban Washington, D.C.; $1.6 million on the retenanting of Finley Shopping Center in suburban Chicago;

$531,000 on the renovation of Feasterville Shopping Center in Pennsylvania; and $666,000 on renovations of main street retail properties in Santa Monica and Pasadena, California.

On January 14, 1998 the Trust increased by $2.3 million, extended and refinanced mortgage loans which had been made on retail properties in Philadelphia, Pennsylvania. The new loan, which is available for up to $25 million, bears interest at 10%, and is due May 1, 2021, totalled $5.3 million at March 31, 1998. From and after May 2006, which date may be extended to April 2008, the Trust has the option to convert the loan into a partnership interest in the properties.

In December 1997 the Trust replaced its unsecured medium term revolving credit facilities with four banks with a five-year syndicated line, thereby increasing the aggregate amount available from $135 million to $300 million. The syndicated line bears interest at LIBOR plus 65 basis points, requires fees and has covenants requiring a minimum shareholders' equity and a maximum ratio of debt to net worth. At March 31, 1998 there was $63 million borrowed under this facility. The maximum drawn during the first quarter of 1998 was $136 million and the weighted average interest rate on borrowings for the quarter was 6.2%.

On March 5, 1998 the Trust issued $39.5 million of 6.74% Medium-Term Notes due 2004, netting approximately $39.3 million and $40.5 million of 6.99% Medium-Term Notes due 2006, netting approximately $40.2 million. The notes pay interest semi-annually on March 30 and September 30. In anticipation of this transaction, on January 13, 1998 the Trust purchased a Treasury Yield Hedge (notional amount of $50 million) to minimize the risk of changes in interest rates. The hedge was terminated on March 5, 1998 at a gain of $1.1 million which will be recognized as a reduction in interest expense over the lives of the notes.

The Trust is contractually obligated on contracts of approximately $10.8 million for redevelopment and tenant improvements and is committed under leases for up to an additional $10.7 million in tenant work and general improvements to its properties. In addition to these committed amounts, the Trust has budgeted an additional $60 million for the remainder of 1998 for improvements to its properties. These committed and budgeted improvements include the redevelopment of Old Town Center, the renovation and retenanting of certain of the San Diego and Santa Monica main street retail properties, the renovation of Feasterville Shopping Center and the completion of the renovation and expansion of Gratiot Plaza. The Trust has balloon mortgage obligations of $53.5 million due during the second and third quarter of 1998.

These expenditures will be funded with the revolving credit facilities pending their long term financing with either equity or debt.

The Trust plans to acquire additional retail properties and, in addition, has located sites where it intends to build new retail properties. The Trust will need additional capital in order to fund these acquisitions, expansions, developments and refinancings. Sources of this funding may be additional debt and additional equity. The timing and choice between additional debt or equity will depend upon many factors, including the market price for the Trust's shares, interest rates and the Trust's ratio of debt to net worth. The Trust believes, based on past experience, that it has the access to the capital markets needed to raise this capital.

CONTINGENCIES

As previously reported, certain of the Trust's shopping centers have some environmental contamination. The Trust has retained an environmental consultant to investigate contamination at a shopping center in New Jersey. The Trust is evaluating whether it has insurance coverage for this matter. Although the Trust is still investigating the chlorinated solvent contamination in response to NJDEP directives, information collected to date indicates that remediation of this contamination is not likely to have a material effect upon the Trust's financial condition. The Trust has also identified chlorinated solvent contamination at another property. The contamination appears to be linked to the current and/or previous dry cleaner. The Trust intends to look to the responsible parties for any remediation effort. Evaluation of this situation is preliminary and it is impossible, at this time, to estimate the range of remediation costs, if any.

On December 4, 1997 the Trust purchased the retail portion of a mixed use property located in Queens, New York. Environmental studies performed prior to the acquisition identified petroleum and solvent contamination in the soil and groundwater at various locations at the property. Additional investigation as to the nature and extent of contamination is required at this property. Although the seller states that it is not responsible for this investigation or remediation, the Trust disagrees and intends to pursue the seller to enforce its obligations with respect to contamination at the property. At this time, the Trust is unable to determine what impact, if any, this situation will have on the Trust's financial condition.

Pursuant to the provisions of the respective partnership agreements, in the event of the exercise of put options by the other partners, the Trust would be required to purchase the 99% limited partnership interest at Loehmann's Plaza at its then fair market value and an 18.75% interest at Congressional Plaza at its then fair market value.

Under the terms of certain other partnerships, if certain leasing and revenue levels are obtained for the properties owned by the partnerships, the limited partners may require the Trust to purchase their partnership interests at a formula price based upon net operating income. The purchase price may be paid in cash or common stock of the Trust at the election of the limited partners. If the limited partners do not redeem their interest, the Trust may choose to purchase the limited partnership interests upon the same terms. Under the terms of another partnership, the partners may exchange their 481,378 operating units into cash or common shares of the Trust, at the option of the Trust.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 1998 AND 1997

Net income and funds from operations have been affected by the Trust's recent acquisition, redevelopment and financing activities. The Trust has historically reported its funds from operations in addition to its net income and net cash provided by operating activities. Funds from operations is a supplemental measure of real estate companies' operating performance which excludes historical cost depreciation, since real estate values have historically risen and fallen with market conditions rather than over time. Funds from operations is defined by The National Association of Real Estate Investment Trusts ("NAREIT") as follows: income available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items and significant non-recurring events less gains on sale of real estate. The Trust complies with this definition. Funds from operations does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. Rather, funds from operations has been adopted by real estate investment trusts to provide a consistent supplemental measure of operating performance in the industry.

The reconciliation of net income to funds from operations for the three months ended March 31 is as follows:

	1998	1997
	(in thousands)	
Net income available for common shareholders	$10,706	$ 9,311
Plus: depreciation and amortization of real estate assets	9,738	9,064
amortization of initial direct costs of leases	593	584
income attributable to operating partnership units	207	-
Funds from operations, diluted	$21,244	$18,959

Funds from operations increased 12% to $21.2 million in the first quarter of 1998 from $19.0 million in the first quarter of 1997.

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 19% from $43.9 million in the first quarter of 1997 to $52.5 million in the first quarter of 1998. If properties purchased and sold in 1997 and 1998 are excluded, rental income increased 6%.

Minimum rent increased 22% from $35.1 million in the first quarter of 1997 to $42.9 million in the first quarter of 1998. Excluding properties purchased and sold in 1997 and 1998, minimum rent increased 8%. The majority of the increase is attributable to retail properties which have recently been renovated and retenanted, including Troy, Wynnewood, Brick, Gratiot, Finley, Crossroads and Bethesda Row Shopping Centers.

Cost reimbursements consist of tenant reimbursements of real estate taxes (real estate tax recovery) and common area maintenance expenses (CAM recovery). Cost reimbursements increased 5% from $7.6 million during the first quarter of 1997 to $8.0 million during the first quarter of 1998. Excluding properties purchased and sold in 1997 and 1998, cost reimbursements decreased from $7.3 million to $6.9 million. Real estate tax recovery on the core portfolio increased $165,000, while CAM recovery decreased $563,000 on the core portfolio as CAM expenses, mainly snow removal decreased.

Other property income includes items which, although recurring, tend to fluctuate from period to period, such as utility reimbursements, telephone income, merchant association dues, late fees and temporary tenant income.

It also includes nonrecurring items such as lease termination fees. Other property income decreased from $3.2 million during the first quarter of 1997 to $2.1 million during the first quarter of 1998. If other income is adjusted to remove the effect of properties sold and acquired in 1997 and 1998, other income decreased $1.4 million, primarily due to a decrease in termination fees from $1.5 million in 1997 to $90,000 in 1998.

Rental expenses have increased 17% in the first quarter of 1998 from the first quarter of 1997, to $11.9 million from $10.2 million. If centers acquired and sold during 1997 and 1998 are excluded, rental expenses only increased 1%.

Real estate taxes have increased from $4.6 million during the first quarter of 1997 to $5.5 million during the first quarter of 1998, due to the recent acquisitions. Depreciation and amortization in the first quarter of 1998 was 6% greater than in the first quarter of 1997. Excluding the effect from the 1997 and 1998 acquisitions, depreciation and amortization increased 2% due to depreciation on recent tenant work and property improvements.

Interest expense increased from $12.0 million during the first quarter of 1997 to $12.7 million during the first quarter of 1998, due to interest expense on the Medium Term Notes issued in 1997 and 1998 and increased interest from greater usage on the line of credit, partially offset by an increase in interest capitalized. The ratio of earnings to combined fixed charges and preferred dividends was 1.58x for the first quarter of 1998; there were no preferred dividends in the first quarter of 1997. The ratio of earnings to fixed charges was 1.8x and 1.72x during the first quarter of 1998 and 1997, respectively. The ratio of funds from operations to fixed charges was 2.40x for the first quarter of 1998 and 2.48x for the first quarter of 1997.

Administrative expenses have decreased from $2.1 million during the first quarter of 1997 to $1.8 million during the first quarter of 1998, primarily due to temporary decreases in certain personnel costs as the Trust reorganizes its executive management.

As a result of the foregoing items, net income increased from $9.3 million during the first quarter of 1997 to $12.7 million during the first quarter of 1998. Net income available for common shareholders was $10.7 million in the first quarter of 1998 after net income was adjusted for a $2.0 million dividend on the $100 million of 7.95% Series A Cumulative Redeemable Preferred Shares issued in October 1997.

The Trust intends to continue acquiring retail properties during the remainder of 1998. If successful in so doing, these acquisitions should contribute to growth in rental income and expenses and, thereby, net income. However, the competitive market for properties may adversely impact the Trust's ability to acquire properties or the price at which they can be acquired. In response to this increasingly competitive environment, the Trust is planning to focus considerable time and resources in the future on development, with the belief that such new development, although not having a positive effect on net income and funds from operations in the very near future, will have a positive impact in the longer term. In addition, the adoption of EITF issue #97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions" which requires that the internal costs of preacquisition activities incurred in connection with the acquisition of an operating property be expensed rather than capitalized will cause general and administrative expenses to increase with a corresponding decrease to net income.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

(27) Financial Data Schedule......................Edgar filing only

(B) Reports on Form 8-K

A Form 8-K, dated September 26, 1997, was filed on February 24, 1998 in response to Item 5.

A Form 8-K, dated March 10, 1998, was filed in response to Item 5.

A Form 8-K, dated December 31, 1997, was filed on March 11, 1998 in response to Item 7.(c).

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.

FEDERAL REALTY INVESTMENT TRUST

(Registrant)

Date: May 11, 1998

Steven J. Guttman

Steven J. Guttman, President
(Chief Executive Officer)

Date: May 11, 1998

Cecily A. Ward

Cecily A. Ward
(Principal Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF FEDERAL REALTY INVESTMENT TRUST AS OF MARCH 31, 1998 AND THE RELATED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1998
MAR-31-1998
$15,890
0
17,564
0
0
0
1,481,386
(255,703)
1,339,148
0
698,399
0
100,000
701,246
(251,433)
1,339,148
0
54,583
0
17,394
0
0
12,693
10,706
0
0
0
0
0
10,706
.27
.27

Current assets and current liabilities are not listed since Federal Realty does not prepare a classified balance sheet.

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF FEDERAL REALTY INVESTMENT TRUST AS OF MARCH 31, 1997 AND THE RELATED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. IT HAS BEEN AMENDED FOR THE RESTATEMENT OF EARNINGS PER SHARE CALCULATED UNDER SFAS 128.

1,000

3-MOS
DEC-31-1997
MAR-31-1997
$11,762
0
16,132
0
0
0
1,251,867
(232,487)
1,115,089
0
585,902
0
0
684,853
(216,315)
1,115,089
0
47,147
0
14,790
0
0
11,989
9,311
0
0
0
0
0
9,311
.25
.24

Current assets and current liabilities are not listed since Federal Realty does not prepare a classified balance sheet.