SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-Q

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

For the Quarter Ended: September 30, 2001

Commission File No. 1-07533

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

Maryland	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 November 1, 2001
Common Shares of Beneficial Interest	40,042,937

This report, including exhibits, contains 31 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

September 30, 2001

I N D E X

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

September 30, 2001

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 present a fair statement of the results for the interim periods presented.

Federal Realty Investment Trust

CONSOLIDATED BALANCE SHEETS

	September 30, 2001 (unaudited)	December 31, 2000
ASSETS	(in thousands)	
Real estate, at cost		
Operating	$ 1,778,561	$ 1,679,289
Development	286,841	175,624
	2,065,402	1,854,913
Less accumulated depreciation and amortization	(386,381)	(351,258)
	1,679,021	1,503,655
Other Assets		
Cash	14,636	11,357
Mortgage notes receivable	35,505	47,360
Accounts and notes receivable	13,718	13,092
Prepaid expenses and other assets, principally property taxes and lease commissions	44,747	38,140
Debt issue costs, net of accumulated amortization of $4,452 and $3,982, respectively	7,323	7,475
	$ 1,794,950	$ 1,621,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$ 100,264	$ 121,611
Mortgages and construction loans payable	310,399	218,541
Notes payable	295,884	209,005
Accounts payable and accrued expenses	68,985	36,810
Dividends payable	20,531	19,892
Security deposits	5,943	5,537
Prepaid rents	7,910	8,819
Senior notes and debentures	410,000	410,000
5 1/4% Convertible subordinated debentures	75,289	75,289
Investors' interest in consolidated assets	34,939	47,921
Commitments and contingencies		
Shareholders' equity		
Preferred stock, authorized 15,000,000 shares, $.01 par 7.95% Series A Cumulative Redeemable Preferred Shares, (stated at liquidation preference $25 per share), 4,000,000 shares issued in 1997	100,000	100,000
Common shares of beneficial interest, $.01 par , 100,000,000 shares authorized, 41,464,936 and 40,910,972 issued, respectively	415	410
Additional paid in capital	734,319	723,078
Accumulated dividends in excess of Trust net income	(317,275)	(306,287)
	517,459	517,201
Less: 1,452,926 and 1,441,594 common shares in treasury - at cost, respectively	(27,990)	(27,753)
Deferred compensation on restricted shares	(15,715)	(17,254)
Notes receivable from employee stock plans	(4,194)	(4,540)
Other comprehensive income (loss)	(4,754)	-
	464,806	467,654
	$ 1,794,950	$ 1,621,079

The accompanying notes are an integral part of these consolidated statements

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In thousands, except per share data)	Nine months ended September 30, 2001	2000
Revenue		
Rental income	$ 205,137	$ 192,584
Interest and other income	5,275	5,759
Other property income	10,213	8,148
	220,625	206,491
Expenses		
Rental	45,632	41,057
Real estate taxes	20,877	19,720
Interest	52,360	49,521
Administrative	9,971	9,035
Depreciation and amortization	44,110	39,433
	172,950	158,766
Operating income before investors' share of operations	47,675	47,725
Investors' share of operations	(3,991)	(4,772)
Income before gain on sale of real estate	43,684	42,953
Gain on sale of real estate	7,898	3,681
Net income	51,582	46,634
Dividends on preferred stock	(5,963)	(5,963)
Net income available for common shareholders	$ 45,619	$ 40,671
Earnings per common share, basic		
Income before gain on sale of real estate	$ 0.97	$ 0.95
Gain on sale of real estate	0.20	0.10
	$ 1.17	$ 1.05
Weighted average number of common shares, basic	39,061	38,812
Earnings per common share, diluted		
Income before gain on sale of real estate	$ 0.96	$ 0.95
Gain on sale of real estate	0.20	0.09
	$ 1.16	$ 1.04
Weighted average number of common shares, diluted	40,136	39,949

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In thousands, except per share data)	Three months ended September 30, 2001	2000
Revenue		
Rental income	$ 69,543	$ 64,101
Interest and other income	1,678	1,797
Other property income	4,303	2,683
	75,524	68,581
Expenses		
Rental	15,410	13,015
Real estate taxes	7,398	6,741
Interest	17,680	15,992
Administrative	3,516	3,245
Depreciation and amortization	15,153	13,440
	59,157	52,433
Operating income before investors' share of operations	16,367	16,148
Investors' share of operations	(1,185)	(1,727)
Net income	15,182	14,421
Dividends on preferred stock	(1,988)	(1,988)
Net income available for common shareholders	$ 13,194	$ 12,433
Earnings per common share, basic	$ 0.34	$ 0.32
Weighted average number of common shares, basic	39,347	38,695
Earnings per common share, diluted	$ 0.33	$ 0.32
Weighted average number of common shares, diluted	40,492	39,774

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(unaudited)

	Nine months ended September 30,					
	2001			2000		
(In thousands, except share data)	Shares	Amount	Additional Paid-in Capital	Shares	Amount	Additional Paid-in Capital
Common Shares of Beneficial Interest						
Balance, beginning of year	40,910,972	$ 410	$723,078	40,418,766	$ 404	$713,354
Exercise of stock options	-	-	-	67,684	1	1,398
Shares issued to purchase partnership interests	328,116	3	6,759	-	-	-
Shares issued under dividend reinvestment plan	122,125	1	2,456	113,185	1	2,339
Performance and Restricted Shares granted, net of Restricted Shares retired	103,723	1	2,026	267,385	3	5,123
Balance, end of period	41,464,936	$ 415	$734,319	40,867,020	$ 409	$722,214
Accumulated Dividends in Excess of Trust Net Income						
Balance, beginning of year		($306,287)			($286,348)	
Net income		51,582			46,634	
Dividends declared to common shareholders		(56,608)			(53,945)	
Dividends declared to preferred shareholders		(5,962)			(5,962)	
Balance, end of period		($317,275)			($299,621)	
Common Shares of Beneficial Interest in Treasury						
Balance, beginning of year	(1,441,594)	($27,753)		(217,644)	($4,334)	
Performance and Restricted Shares forfeited	(11,332)	(237)		(22,789)	(470)	
Purchase of treasury shares	-	-		(1,185,400)	(22,632)	
Balance, end of period	(1,452,926)	($27,990)		(1,425,833)	($27,436)	
Deferred Compensation on Restricted Shares						
Balance, beginning of year	(735,875)	($17,254)		(599,427)	($15,219)	
Performance and Restricted Shares issued, net of forfeitures	(61,369)	(1,176)		(223,771)	(4,256)	
Vesting of Performance and Restricted Shares	115,202	2,715		82,323	2,116	
Balance, end of period	(682,042)	($15,715)		(740,875)	($17,359)	
Subscriptions receivable from employee stock plans						
Balance, beginning of year	(242,638)	($4,540)		(317,606)	($6,030)	
Subscription loans issued	(3,333)	(70)		(5,500)	(115)	
Subscription loans paid	25,189	416		70,699	1,453	
Balance, end of period	(220,782)	($4,194)		(252,407)	($4,692)	
Accumulated other comprehensive income (loss)						
Balance, beginning of year		-			-	
Change in valuation on interest rate swap		($4,754)			-	
Balance, end of period		($4,754)			$ 0	
Other comprehensive income						
Net income		$ 51,582			-	
Change in valuation on interest rate swap		(4,754)			-	
Total other comprehensive income		$ 46,828			$ 0	

The accompanying notes are an integral part of these consolidated statements.

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands)	Nine months ended Sptember 30, 2001	2000
OPERATING ACTIVITIES		
Net income	$ 51,582	$ 46,634
Items not requiring cash outlays		
Depreciation and amortization	44,110	39,433
(Gain) on sale of real estate	(7,898)	(3,681)
Other, net	2,549	1,486
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(682)	2,545
(Increase) in prepaid expenses and other assets before depreciation and amortization	(11,005)	(6,277)
Increase in operating accounts payable, security deposits and prepaid rent	54	2,529
Increase in accrued expenses	8,684	2,082
Net cash provided by operating activities	87,394	84,751
INVESTING ACTIVITIES		
Acquisition of real estate	(58,089)	(23,093)
Capital expenditures - development	(113,855)	(49,109)
Capital expenditures - other	(32,855)	(49,354)
Proceeds from sale of real estate	16,255	47,157
Repayments of mortgage notes receivable, net	3,377	2,187
Net cash used in investing activities	(185,167)	(72,212)
FINANCING ACTIVITIES		
Borrowing of short-term debt, net	87,000	155,700
Proceeds from mortgage and construction financing, net of costs	105,667	12,747
Maturity of senior notes	--	(100,000)
Issuance of common shares	769	3,238
Common shares repurchased	--	(22,632)
Payments on mortgages, capital leases and notes payable	(31,273)	(1,863)
Dividends paid	(60,047)	(57,588)
(Decrease) in minority interest, net	(1,064)	(153)
Net cash provided by (used in) financing activities	101,052	(10,551)
Increase in cash	3,279	1,988
Cash at beginning of period	11,357	11,738
Cash at end of period	$ 14,636	$ 13,726

The accompanying notes are an integral part of these consolidated statements.

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, 2000 which contain the accounting policies and other data of Federal Realty Investment Trust (the "Trust").

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

	Nine months ending September 30,		Three months ending September 30,	
Numerator	2001	2000	2001	2000
Net income available for common shareholders - basic	$45,619	$40,671	$13,194	$12,433
Income attributable to operating partnership units	1,049	1,022	289	278
Net income available for common shareholders - diluted	$46,668	$41,693	$13,483	$12,711
Denominator				
Denominator for basic EPS- Weighted average shares	39,061	38,812	39,347	38,695
Effect of diluted securities				
Stock options and awards	170	160	240	157
Operating partnership units	905	977	905	922
Denominator for diluted EPS	40,136	39,949	40,492	39,774

Risk Management. Upon adoption of SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001, the Trust had no derivatives and thus there was no transition adjustment upon adoption. SFAS No. 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge of the exposure to certain risks. The Trust enters into derivative contracts, which qualify as cash flow hedges, in order to manage interest rate risk. Derivatives are not purchased for speculation. During the first nine months of 2001, the Trust entered into interest rate swaps, which fixed the interest rate at 6.22% on notional amounts totaling $125 million to hedge its exposure to increasing interest rates on its variable rate $125 million term loan. The interest rate swaps mature concurrently with the $125 million term loan on December 19, 2003. The swaps were documented as cash flow hedges and designated as effective at inception of the swap contract. Consequently, the unrealized gain or loss upon measuring the swaps at their fair value is recorded as a component of other comprehensive income within stockholders' equity and either a derivative instrument asset or liability is recorded on the balance sheet. At September 30, 2001, an expense of $4,754,000, representing the difference between the current market value and the 6.22% fixed interest rate on the swap, was recorded in other comprehensive income with a corresponding derivative liability on the balance sheet. Interest expense of approximately $2,153,000 will be reclassified from other comprehensive income into current earnings over the next twelve months to bring the effective interest rate up to 6.22%.

Certain components of real estate, mortgages and construction loans payable and notes payable on the December 31, 2000 Balance Sheet have been reclassified to conform to current period reporting classifications.

NOTE B - REAL ESTATE ASSETS

On February 16, 2001 the Trust bought the fee interest underlying the capital lease obligation of $21.4 million, thereby terminating the capital lease, on Brick Plaza in Brick, New Jersey for a purchase price of $28 million. A mortgage note receivable of $3.2 million owed to the Trust by the lessor and a $3 million security deposit on the capital lease were credited to the purchase price, resulting in a cash outlay of approximately $21.5 million.

On March 1, 2001 the limited partners in two partnerships, owning street retail properties in southern California, exercised their rights under the partnership agreements and put their interests to the Trust. The Trust purchased their interests for $18.1 million, $11.4 million in cash, which was paid at closing, and the balance in common shares of the Trust. 328,116 shares valued at $6.7 million were issued to the limited partners on June 19, 2001. The Trust estimates that an additional $1.2 million to $1.5 million will be owed to the limited partners upon completion of certain leasing transactions.

In connection with the buyout of the minority partner at Santana Row in a transaction being structured as a tax-free exchange the Trust made an investment in an office building for $8.5 million. Upon consummation of the exchange, the Trust will receive the minority interest in Santana Row and $5.9 million in cash in exchange for the building.

On April 27, 2001 the Trust sold the Williamsburg Shopping Center in Williamsburg, Virginia for $16.7 million resulting in a gain of $7.9 million. The proceeds from the sale were held by a qualified intermediary until the execution of a tax-free exchange for Friendship Center.

On September 21, 2001 the Trust purchased Friendship Center, a 119,000 square foot street retail property in Washington, D.C. for $33.4 million. The purchase price was funded from the proceeds from the sale of Williamsburg Shopping Center and a $17.0 million mortgage loan.

NOTE C - MORTGAGE NOTES RECEIVABLE

The Trust made additional loans of $823,000 on properties located in Manayunk, Pennsylvania to existing borrowers with an average weighted interest rate of 10.0%. During the first nine months of 2001 $4.2 million of notes secured by properties located in Philadelphia, Pennsylvania were repaid to the Trust.

NOTE D - MORTGAGES AND NOTES PAYABLE

At September 30, 2001 there was $165.0 million borrowed under the Trust's syndicated credit facility. The maximum drawn during the first nine months of 2001 was $183.5 million. The weighted average interest rate on borrowings for the nine months ended September 30, 2001 was 5.3%. The facility requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to net worth. At September 30, 2001 the Trust is in compliance with all loan covenants.

At September 30, 2001 there was $22.4 million borrowed under the construction loan for the Trust's Woodmont East development in Bethesda, Maryland. The loan, which has a floating interest rate of LIBOR plus 120 to 150 basis points, depending on occupancy levels, matures August 29, 2002 with two one-year extension options. No principal payments are due until maturity. The property secures the construction loan facility.

On April 12, 2001 the Trust obtained a $33 million mortgage loan secured by Brick Plaza in Brick, New Jersey. The mortgage, which bears interest at 7.415%, matures November 15, 2015. The loan provides for interest only payments for the initial 29 months, then monthly principal and interest payments based on a twenty-seven year amortization schedule until the maturity date. The proceeds from the mortgage loan were used to fund the purchase of the fee interest of Brick Plaza (see Note B).

On April 17, 2001 the Trust closed on a $295 million construction loan for Santana Row in San Jose, California. The loan, which initially bears interest at LIBOR plus 212.5 basis points, matures April 16, 2004 with two one-year extension options, subject to obtaining certain operating targets. The interest rate will decrease to LIBOR plus 187.5 basis points and then to LIBOR plus 162.5 basis points upon the achievement of certain leasing, occupancy and net operating income hurdles. The construction loan requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to gross asset value. The initial funding of the construction loan took place on August 23, 2001 when the equity and pre-leasing requirements were met. As of September 30, 2001, $23.0 million was borrowed under the loan. As of October 31, 2001, $43.0 million was borrowed under the loan.

On May 3, 2001 the Trust refinanced the mortgage loan secured by Federal Plaza in Rockville, Maryland. The new $36.5 million mortgage loan bears interest at 6.75% and matures on June 1, 2011. The loan provides for monthly principal and interest payments of $236,700 based on a thirty year amortization schedule until the maturity date. The proceeds from the refinancing were first used to payoff the outstanding mortgage balance on the property of $26.5 million. The remaining proceeds were used to pay down on the Trust's syndicated credit facility.

On August 30, 2001 the Trust refinanced the mortgage loan secured by Tyson's Station in Falls Church, Virginia. The new $7.0 million mortgage bears interest at 7.4% and matures on September 1, 2011. The loan provides for monthly principal and interest payments of $51,300 based on a twenty-five year amortization schedule until the maturity date. The proceeds from the refinancing were first used to payoff the outstanding mortgage balance on the property of $3.9 million. The remaining proceeds were used to pay down on the Trust's syndicated credit facility.

In connection with the purchase of Friendship Center in Washington, D.C. on September 21, 2001 the Trust placed a $17.0 million mortgage on the property. The loan, which bears interest at LIBOR plus 135 basis points, matures September 22, 2003 with three one-year extension options. The loan provides for interest only payments through maturity.

NOTE E - SHAREHOLDERS' EQUITY

During the first nine months of 2001, options for 417,500 shares at prices ranging from $19.60 to $19.93 per share, fair market value at the dates of award, were awarded to certain employees and Trustees of the Trust. The options vest over three years.

NOTE F - INTEREST EXPENSE

The Trust incurred interest expense totaling $65.1 million during the first nine months of 2001 and $58.5 million during the first nine months of 2000 of which $12.7 million and $9.0 million, respectively, was capitalized in connection with development projects. Interest paid was $56.8 million in the first nine months of 2001 and $56.7 million in the first nine months of 2000.

NOTE G - COMMITMENTS AND CONTINGENCIES

Pentagon Row is a mixed-use project with the retail component being developed by the Trust and the residential component being developed by an unrelated developer. In October 2000 the general contractor on the project was replaced by the Trust and the residential developer, because of schedule delays and other events that caused the Trust and the residential developer to conclude that the original contractor was either unable or unwilling to comply with its contractual obligations. The Trust and the residential developer filed suit against the original contractor to recover damages that are being incurred as a result of defaults under the contract. Though not quantifiable until the project is completed, the combined damage claim is estimated to be in excess of $40.0 million. The original contractor filed a counter-claim against the Trust and the residential developer for damages of $7 million plus interest, attorneys' fees and litigation costs. The Trust believes that the counterclaim is generally without merit and that the outcome of the counterclaim will not have a material adverse effect on its financial condition, results of operations or on the project. Work continues under the direction of the new general contractor. Due to the delay and other costs associated with the change in the general contractor the estimated total cost of the project is now $87 million, with an estimated stabilized return on total cost of approximately 9%, if there is no significant recovery of damages from the original general contractor. The cost of prosecuting this lawsuit, currently estimated at $1.0 million to $1.5 million, will flow through earnings as it is incurred.

In addition, the Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on the financial condition or results of operations of the Trust.

Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986, Rockville Plaza Company, an unaffiliated third party, has the right to require the Trust and the two other minority partners to purchase from half to all of Rockville Plaza Company's 37.5% interest in Congressional Plaza at the interest's then-current fair market value. Based on management's current estimate of fair market value, the Trust's estimated liability upon exercise of the put option is approximately $27 million.

Under the terms of seven other partnership agreements, 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 for four of the partnerships, a limited number of common shares of the Trust at the election of the limited partners. In certain of the partnerships, 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 other partnerships, the partners may exchange their 904,589 operating units for cash or exchange into the same number of common shares of the Trust, at the option of the Trust.

NOTE H - COMPONENTS OF RENTAL INCOME

The components of rental income for the periods ended September 30 are as follows (in thousands):

	Nine months		Three months	
	2001	2000	2001	2000
Retail Properties				
Minimum rents	$164,924	$155,181	$ 56,135	$ 51,134
Cost reimbursements	33,857	31,075	11,692	11,112
Percentage rents	4,149	4,253	970	1,156
Apartments	2,207	2,075	746	699
	$205,137	$192,584	$ 69,543	$ 64,101

NOTE I - SEGMENT INFORMATION

The Trust operates its portfolio of properties in three geographic operating regions: Northeast, Mid-Atlantic and West.

A summary of the Trust's operations by geographic region is presented below (in thousands):

Nine months ended September 30, 2001	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 88,838	$ 90,408	$ 25,891		$ 205,137
Other income	4,123	4,343	1,747		10,213
Rental expense	(18,074)	(19,379)	(8,179)		(45,632)
Real estate tax	(11,669)	(7,206)	(2,002)		(20,877)
Net operating income	63,218	68,166	17,457		148,841
Interest income				$ 5,275	5,275
Interest expense				(52,360)	(52,360)
Administrative expense				(9,971)	(9,971)
Depreciation and Amortization	(20,520)	(17,586)	(5,298)	(706)	(44,110)
Income before investors' share of operations	$ 42,698	$ 50,580	$ 12,159	($57,762)	$ 47,675
Capital expenditures	$ 11,756	$ 76,775	$136,155		$ 224,686
Real estate assets	$765,507	$783,089	$516,806		$2,065,402

Nine months ended September 30, 2000	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 83,991	$ 83,956	$ 24,637		$ 192,584
Other income	3,082	2,954	2,112		8,148
Rental expense	(17,057)	(17,939)	(6,061)		(41,057)
Real estate tax	(10,741)	(6,762)	(2,217)		(19,720)
Net operating income	59,275	62,209	18,471		139,955
Interest income				$ 5,759	5,759
Interest expense				(49,521)	(49,521)
Administrative expense				(9,035)	(9,035)
Depreciation and Amortization	(18,702)	(16,140)	(3,880)	(711)	(39,433)
Income before investors' share of operations	$ 40,573	$ 46,069	$ 14,591	($53,508)	$ 47,725
Capital expenditures	$ 32,706	$ 39,322	$ 58,910		$ 130,938
Real estate assets	$ 748,136	$699,666	$356,384		$1,804,186

Three months ended September 30, 2001	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 30,399	$ 30,025	$ 9,119		$ 69,543
Other income	1,920	1,702	681		4,303
Rental expense	(5,651)	(6,875)	(2,884)		(15,410)
Real estate tax	(4,129)	(2,598)	(671)		(7,398)
Net operating income	22,539	22,254	6,245		51,038
Interest income				$ 1,678	1,678
Interest expense				(17,680)	(17,680)
Administrative expense				(3,516)	(3,516)
Depreciation and Amortization	(6,930)	(5,904)	(2,053)	(266)	(15,153)
Income before investors' share of operations	$ 15,609	$ 16,350	$ 4,192	($19,784)	$ 16,367
Capital expenditures	$ 2,651	$ 45,690	$ 36,242		$ 84,583
Real estate assets	$765,507	$783,089	$516,806		$2,065,402

Three months ended September 30, 2000	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 28,937	$ 28,146	$ 7,018		$ 64,101
Other income	1,088	846	749		2,683
Rental expense	(5,294)	(5,811)	(1,910)		(13,015)
Real estate tax	(3,709)	(2,410)	(622)		(6,741)
Net operating income	21,022	20,771	5,235		47,028
Interest income				$ 1,797	1,797
Interest expense				(15,992)	(15,992)
Administrative expense				(3,245)	(3,245)
Depreciation and Amortization	(6,440)	(5,485)	(1,290)	(225)	(13,440)
Income before investors' share of operations	$ 14,582	$ 15,286	$ 3,945	($17,665)	$ 16,148
Capital expenditures	$ 7,722	$ 17,663	$ 17,932		$ 43,317
Real estate assets	$748,136	$699,666	$356,384		$1,804,186

There are no transactions between geographic areas.

FEDERAL REALTY INVESTMENT TRUST
FORM 10-Q

September 30, 2001

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto of Federal Realty Investment Trust (the "Trust"). The Trust and its representatives may from time to time make written or oral statements that are "forward-looking", within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievement's of the Trust to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among others,

- changes in our business strategy;
- general economic and business conditions which will affect the credit worthiness of tenants;
- financing availability and cost;
- retailing trends and rental rates;
- risks of real estate development and acquisitions, including the risk that potential acquisitions or development projects may not perform in accordance with expectations;
- our ability to satisfy the complex rules in order to qualify for taxation as a REIT for federal income tax purposes and to operate effectively within the limitations imposed by these rules;
- government approvals, actions and initiatives including the need for compliance with environmental and safety requirements, and changes in laws and regulations or the interpretation thereof; and
- competition with other real estate companies and technology.

We identify forward-looking statements by using words or phrases such as "anticipate", "believe", "estimate", "expect", "intend", "may be", "objective", "plan", "predict", "project", and "will be" and similar words or phrases, or the negatives thereof or other similar variations thereof or comparable terminology. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

LIQUIDITY AND CAPITAL RESOURCES

Federal Realty meets its liquidity requirements through net cash provided by operating activities, along with traditional debt and equity funding alternatives available to it. A significant portion of cash provided by operating activities is distributed to common and preferred shareholders in the form of dividends. Accordingly, capital outlays for property acquisitions, major renovation and development projects and balloon debt repayments require debt or equity funding. At times, proceeds from the sale of selected assets may also provide an additional source of capital. Since 1988, the Trust has relied primarily on debt to fund these capital needs, and accordingly, debt as a percentage of total capitalization has steadily increased over that period. In the future, the Trust will look to common, preferred or joint-venture equity in addition to debt to fund longer term growth needs.

Net cash provided by operating activities was $87.4 million in the first nine months of 2001 and $84.8 million in the first nine months of 2000 of which $60.0 million and $57.6 million, respectively, was distributed to shareholders. Contributions from retenanted and redeveloped properties, as well as, increased lease termination fees, as more fully described below, were the primary sources of these increases.

Net cash used in investing activities was $185.2 million during the first nine months of 2001 and $72.2 million during the first nine months of 2000. Cash outlays for acquiring real estate totaled $58.1 million in the first nine months of 2001 and $23.1 million in the first nine months of 2000. During these two periods, the Trust expended an additional $146.7 million and $98.5 million, respectively, in capital improvements to its properties. The Trust invested $823,000 during the first nine months of 2001 and $3.7 million during the first nine months of 2000 in mortgage notes receivable with an average weighted interest rate of 10%. During the first nine months of 2001 and 2000, respectively, $4.2 million and $5.9 million of mortgage notes receivable were repaid. Cash of $16.3 million in the first nine months of 2001 and $47.2 million in the first nine months of 2000 was received from the sale of properties.

On February 16, 2001 the Trust bought the fee interest underlying the capital lease obligation of $21.4 million, thereby terminating the capital lease, on Brick Plaza in Brick, New Jersey for a purchase price of $28 million. A mortgage note receivable of $3.2 million owed to the Trust by the lessor and a $3 million security deposit on the capital lease were credited to the purchase price, resulting in a cash outlay of approximately $21.5 million.

On March 1, 2001 the limited partners in two partnerships, owning street retail properties in southern California, exercised their rights under the partnership agreements and put their interests to the Trust. The Trust purchased their interests for $18.1 million, $11.4 million in cash, which was paid at closing, and the balance in common shares of the Trust. 328,116 shares valued at $6.7 million were issued to the limited partners on June 19, 2001. The Trust estimates that an additional $1.2 million to $1.5 million will be owed to the limited partners upon completion of certain leasing transactions.

In connection with the buyout of the minority partner at Santana Row in a transaction being structured as a tax-free exchange the Trust made an equity investment of $2.6 million and a loan of $5.9 million to a partnership which purchased a building for $8.5 million. Upon consummation of the exchange, the Trust will receive the minority interest in Santana Row and repayment of its $5.9 million loan in exchange for its $2.6 million investment in the building.

On April 27, 2001 the Trust sold the Williamsburg Shopping Center in Williamsburg, Virginia for $16.7 million resulting in a gain of $7.9 million. The proceeds from the sale were held by a qualified intermediary until the execution of a tax-free exchange for Friendship Center.

On September 21, 2001 the Trust purchased Friendship Center, a 119,000 square foot street retail property in Washington, D.C. for $33.4 million. The purchase price was funded from the proceeds from the sale of Williamsburg Shopping Center and a $17.0 million mortgage loan.

Of the $146.7 million spent in the first nine months of 2001 on the Trust's existing real estate portfolio, approximately $113.9 million was invested in development projects in Bethesda, Maryland; San Jose, California; and in Arlington, Virginia. The remaining $32.8 million of capital expenditures relates to improvements to common areas, tenant work and various redevelopments, including the office expansion and retenanting of Willow Lawn Shopping Center, the renovation of Brunswick Shopping Center, the redevelopment of retail buildings in San Antonio, Texas and the redevelopment and retenanting of certain of the Trust's California street retail buildings.

Net cash provided by financing activities, before dividend payments, was $161.1 million in the first nine months of 2001 and $47.0 million in the first nine months of 2000. In most cases, the Trust utilizes its unsecured line of credit to fund acquisitions and capital expenditures prior to obtaining permanent financing for these expenditures. At September 30, 2001 there was $165.0 million borrowed under this syndicated credit facility. The maximum drawn during the first nine months of 2001 was $183.5 million. The weighted average interest rate on borrowings for the nine months ended September 30, 2001 was 5.3%. The facility requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to net worth. At September 30, 2001 the Trust is in compliance with all loan covenants.

On April 12, 2001 the Trust obtained a $33 million mortgage loan secured by Brick Plaza in Brick, New Jersey. On May 3, 2001 the Trust refinanced the $26.5 million mortgage loan secured by Federal Plaza in Rockville, Maryland by placing a new $36.5 million mortgage loan on the property. On August 30, 2001 the Trust refinanced the $3.9 million mortgage loan secured by Tyson's Station in Falls Church, Virginia by placing a new $7.0 million mortgage on the property. In connection with the purchase of Friendship Center in Washington, D.C. on September 21, 2001 the Trust placed a $17.0 million mortgage on the property.

Capital requirements for the remainder of 2001 will depend on the rate of build-out on the Trust's current developments and the level of improvements and redevelopments on existing properties. Current requirements for the remainder of 2001 for these projects are approximately $55 million. The Trust's unsecured line of credit and the $290 million Santana Row construction loan will be available to fund these needs.

Longer term, the Trust will need additional capital in order to fund acquisitions, expansions and any new developments, including future phases of Santana Row, and to refinance its maturing debt. In light of the current economic climate, the Trust is assessing its development pipeline and any new development initiatives will be conservatively underwritten before any work is commenced. Sources of this future funding may be additional debt, both secured and unsecured, additional equity and joint venture relationships.

Santana Row

For the balance of 2001 and 2002, the Trust's single largest capital use is the development of Santana Row, a multi-phase mixed-use project being built on 42 acres in San Jose, California in the heart of Silicon Valley. The project will consist of residential, retail and hotel components, creating a community with the feel of an urban district. Phase 1 of the project, includes Santana Row, the "1,500 foot long main street" and nine buildings which will contain approximately 538,000 square feet of retail space, 501 residential units, a 214 room hotel and the supporting infrastructure. Eight buildings comprising 440,000 square feet of retail space, are expected to be completed during the third quarter of 2002 with the ninth being completed twelve to eighteen months later. The total cost of Phase 1 is expected to be approximately $475 million. As of September 30, 2001, the Trust has incurred costs of $202 million including the purchase of the land; the Trust estimates that it will spend approximately $36.6 million in the last three months of 2001 and most of the balance of the cost in 2002 to complete the first phase of the project.

On April 17, 2001, the Trust closed on a $295 million construction loan. The loan, which initially bears interest at LIBOR plus 212.5 basis points, matures April 16, 2004 with two one-year extension options, subject to obtaining certain operating targets. The interest rate will decrease to LIBOR plus 187.5 basis points then to LIBOR plus 162.5 basis points upon the achievement of certain leasing, occupancy and net operating income hurdles. The construction loan requires fees and has various covenants including the maintenance of a minimum shareholders' equity and a maximum ratio of debt to gross asset value. The initial funding of the construction loan took place on August 23, 2001 when the equity and pre-leasing requirements were met. As of September 30, 2001, $23.0 million was borrowed under the loan. As of October 31, 2001, $43.0 million was borrowed under the loan.

The success of Santana Row will depend on many factors which cannot be assured and are not entirely within the Trust's control. These factors include among others, the demand for retail and residential space and at what prices, the ability to construct the current and later phases at reasonable prices, the cost of operations, including utilities and insurance, the availability and cost of capital and the general economy, particularly in the Silicon Valley.

The Trust has not finalized the cost and scope for future phases of Santana Row and will not do so until the success of Phase 1 and future demand for rental space can be determined. However, as Phase 1 utilizes only part of the retail and residential entitlements of the property and as Phase 1 contains infrastructure for further phases, the Trust expects to identify and execute economically viable additional phases to the project.

CONTINGENCIES

Pentagon Row is a mixed-use project with the retail component being developed by the Trust and the residential component being developed by an unrelated developer. In October 2000 the general contractor on the project was replaced by the Trust and the residential developer, because of schedule delays and other events that caused the Trust and the residential developer to conclude that the original contractor was either unable or unwilling to comply with its contractual obligations. The Trust and the residential developer filed suit against the original contractor to recover damages that are being incurred as a result of defaults under the contract. Though not quantifiable until the project is completed, the combined damage claim is estimated to be in excess of $40.0 million. The original contractor filed a counter-claim against the Trust and the residential developer for damages of $7 million plus interest, attorneys' fees and litigation costs. The Trust believes that the counterclaim is generally without merit and that the outcome of the counterclaim will not have a material adverse effect on its financial condition, results of operations or on the project. Work continues under the direction of the new general contractor. Due to the delay and other costs associated with the change in the general contractor the estimated total cost of the project is now $87 million, with an estimated stabilized return on total cost of approximately 9%, if there is no significant recovery of damages from the original general contractor. The cost of prosecuting this lawsuit, currently estimated at $1.0 million to $1.5 million, will flow through earnings as it is incurred.

In addition, the Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters will not have a material effect on the financial condition or results of operations of the Trust.

Under the terms of the Congressional Plaza partnership agreement, from and after January 1, 1986 Rockville Plaza Company, an unaffiliated third party, has the right to require the Trust and the two other minority partners to purchase from half to all of Rockville Plaza Company's 37.5% interest in Congressional Plaza at the interest's then-current fair market value. Based on management's current estimate of fair market value, the Trust's estimated liability upon exercise of the put option is approximately $27 million.

Under the terms of seven other partnership agreements, 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 for four of the partnerships, a limited number of common shares of the Trust at the election of the limited partners. In certain of the partnerships, 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 other partnerships, the partners may exchange their 904,589 operating units for cash or exchange into the same number of common shares of the Trust, at the option of the Trust.

RESULTS OF OPERATIONS

Net income and funds from operations have been affected by the Trust's recent acquisition, development, 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. The National Association of Real Estate Investment Trusts ("NAREIT") defines funds from operations as follows: income available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items less gains on sale of real estate. 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 measure of operating performance in the industry. Nevertheless, funds from operations, as presented by the Trust, may not be comparable to funds from operations as presented by other real estate investment trusts.

The reconciliation of net income to funds from operations is as follows:

	Nine months ending September 30, 2001	Nine months ending September 30, 2000	Three months ending September 30, 2001	Three months ending September 30, 2000
Net income available for common shareholders - basic	$ 45,619	$ 40,671	$ 13,194	$ 12,433
(Gain) on sale of real estate	(7,898)	(3,681)	_	_
Depreciation and amortization of real estate assets	40,139	35,852	13,764	12,229
Amortization of initial direct costs of leases	3,015	2,597	1,039	897
Income attributable to operating partnership units	1,049	1,022	289	278
Funds from operations for common shareholders	$ 81,924	$ 76,461	$ 28,286	$ 25,837

NINE MONTHS ENDED SEPTEMBER 30, 2001 and 2000

Consolidated Results

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 6.5% from $192.6 million in the first nine months of 2000 to $205.1 million in the first nine months of 2001. On a same center basis, rental income increased 6.7%, due primarily to the favorable impact of redeveloped and retenanted centers, as well as, increases associated with lease rollovers and increased cost recoveries. Same center basis, in 2001 excludes Williamsburg Shopping Center in Williamsburg, Virginia and Peninsula Shopping Center in Palos Verdes, California, which were sold on April 27, 2001 and June 30, 2000, respectively, as well as, properties acquired and properties under development in 2000 and 2001, including Woodmont East in Bethesda, Maryland, Pentagon Row in Arlington, Virginia, 214 Wilshire Boulevard in Santa Monica, California and Town & Country Shopping Center in San Jose, California.

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. Also included are less regularly recurring items, such as lease termination fees. Other property income increased 25.3% from $8.1 million in the first nine months of 2000 to $10.2 million in the first nine months of 2001 due primarily to increases in lease termination fees of $1.0 million and parking income. On a same center basis, other property income increased 17.7%.

Rental expenses increased 11.1% from $41.1 million in the first nine months of 2000 to $45.6 million in the first nine months of 2001. Increased leasing and marketing costs associated with the Trust's development projects, as well as, operating costs associated with the Woodmont East development were a major component of this overall increase. While on a same center basis, rental expenses increased 6.7% from $39.5 million in 2000 to $42.1 million in 2001, primarily due to increased snow removal and property management costs in 2001, rental expense as a percentage of property income, rental income plus other property income, remained constant in both periods at 21%.

Real estate taxes increased 5.9% from $19.7 million in the first nine months of 2000 to $20.9 million in the first nine months of 2001. On a same center basis, real estate taxes increased 7.8% due primarily to increased taxes on recently redeveloped properties.

Depreciation and amortization expenses increased 11.9% from $39.4 million in the first nine months of 2000 to $44.1 million in the first nine months of 2001 reflecting the impact of recent new development, tenant work and property redevelopments.

During the first nine months of 2001 the Trust incurred interest expense of $65.1 million, of which $12.7 million was capitalized, as compared to 2000's $58.5 million, of which $9.0 million was capitalized. The increase in interest expense reflects the additional debt issued to fund the Trust's acquisitions and capital improvement programs. To mitigate its exposure to increases in variable interest rates, the Trust has entered into interest rate swaps on its $125 million term loan which locks the interest rate on this loan at 6.22%. The ratio of earnings to combined fixed charges and preferred dividends was 1.35x and 1.43x for the first nine months of 2001 and 2000, respectively. The ratio of earnings to fixed charges was 1.5x and 1.6x during the first nine months of 2001 and 2000, respectively. The ratio of funds from operations to combined fixed charges and preferred dividends was 2.0x in both the first nine months of 2001 and 2000.

Administrative expenses as a percentage of revenue remained fairly constant at 4.4% and 4.5% of revenue in 2000 and 2001, respectively.

On April 27, 2001 the Trust sold the Williamsburg Shopping Center in Williamsburg, Virginia for $16.7 million resulting in a gain of $7.9 million. In the second quarter of 2000 the Trust sold the 296,000 square foot Peninsula Shopping Center located in Palos Verdes, California for $48.6 million resulting in a gain of $3.7 million.

As a result of the foregoing items, net income before gain on the sale of real estate increased from $43.0 million in the first nine months of 2000 to $43.7 million in the first nine months of 2001, while net income increased from $46.6 million during the first nine months of 2000 to $51.6 million during the first nine months of 2001 and net income available for common shareholders increased from $40.7 million to $45.6 million.

Growth in 2002 will continue to be primarily dependent on contributions from the core portfolio. Growth of net income from the core portfolio is, in part, dependent on the financial health of the Trust's tenants and on controlling expenses, some of which are beyond the complete control of the Trust, such as snow removal, insurance and real estate tax assessments and the general economy. The current weakening of the retail and overall economic environment could adversely impact the Trust by increasing vacancies and decreasing rents. In past weak retail and real estate environments, however, the Trust has been able to replace weak and bankrupt tenants with stronger tenants; management believes that due to the quality of the Trust's properties there will continue to be demand for its space. Growth in the core portfolio however, will be offset by expenses at Santana Row. Leasing, marketing and pre-opening expenses at Santana Row prior to its opening in August 2002 and additional depreciation and interest expense as the project is phased into operations will have a dilutive effect on 2002 earnings.

Growth in net income is also dependent on the amount of leverage and interest rates. The Trust's leverage is increasing as it finances its development pipeline. In addition, to the extent variable-rate debt is unhedged, the Trust will continue to have exposure to changes in market interest rates. If interest rates increase, net income and funds from operations, as well as the ultimate cost of the Trust's development projects will be negatively impacted.

Segment Results

The Trust operates its portfolio of properties in three geographic operating regions: Northeast, Mid-Atlantic and West.

Historical operating results for the three regions are as follows (in thousands):

	For the nine months ended September 30, 2001	2000
Rental income		
Northeast	$ 88,838	$ 83,991
Mid-Atlantic	90,408	83,956
West	25,891	24,637
Total	$205,137	$192,584
Net operating income		
Northeast	$ 63,218	$ 59,275
Mid-Atlantic	68,166	62,209
West	17,457	18,471
Total	$148,841	$139,955

The Northeast

The Northeast region is comprised of fifty-four assets, extending from suburban Philadelphia north through New York and its suburbs into New England and west to Illinois and Michigan.

When comparing the first nine months of 2001 with 2000, rental income, on an overall and same center basis, increased 5.8% from $84.0 million in 2000 to $88.8 million in 2001, primarily due to increases at recently redeveloped and retenanted shopping centers and street retail properties, such as Greenlawn, Blue Star, Brunswick, Fresh Meadows, and Austin Street.

Net operating income increased 6.7% from $59.3 million in 2000 to $63.2 million in 2001, primarily due to increases at the recently redeveloped and retenanted shopping centers and street retail properties, as well as, increased lease termination fees of $890,000 in 2001 over 2000's $265,000.

The Mid-Atlantic

The Mid-Atlantic region is comprised of thirty-two assets, including Pentagon Row, which is currently under development, extending from Baltimore south to metropolitan Washington, D.C. and further south through Virginia and North Carolina into Florida.

When comparing the first nine months of 2001 with 2000, rental income increased 7.7% from $84.0 million in 2000 to $90.4 million in 2001 reflecting the contribution from the recently completed Woodmont East project in Bethesda, Maryland. On a same center basis, excluding Williamsburg Shopping Center in Williamsburg, Virginia which was sold on April 27, 2001, the recently developed Woodmont East project in Bethesda, Maryland, Pentagon Row in Arlington, Virginia and Friendship Center which was acquired on September 21, 2001 rental income increased 4.7%.

When comparing the first nine months of 2001 with 2000, net operating income increased 9.6% from $62.2 million in 2000 to $68.2 million in 2001. On a same center basis as defined above, net operating income increased 6.1%.

The West

The Western region is comprised of thirty-seven assets, including Santana Row, which is currently under development, extending from Texas to the West Coast.

When comparing the first nine months of 2001 with 2000, on a same center basis, which excludes properties acquired and sold in 2001 and 2000 and Santana Row, which is currently under development, rental income increased 18.0% from $20.7 million in 2000 to $24.5 million in 2001, due primarily to increases from recently redeveloped and retenanted properties in Los Angeles, San Francisco and Los Gatos, California. On an overall basis, which includes the impact of the sale of Peninsula Shopping Center on June 30, 2000, rental income increased 5.1%, from $24.6 million in the first nine months of 2000 to $25.9 million in the first nine months of 2001.

On a same center basis as defined above, net operating income increased 12.9% from $15.9 million in 2000 to $18.0 million in 2001. Overall net operating income decreased 5.5%, again reflecting the sale of Peninsula Shopping Center and the marketing and leasing costs associated with the Santana Row development.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 2001 and 2000

Consolidated Results

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 8.5% from $64.1 million in the third quarter of 2000 to $69.5 million in the third quarter of 2001. On a same center basis, rental income increased 6.2%, due primarily to the favorable impact of redeveloped and retenanted centers, as well as, increases associated with lease rollovers and increased cost recoveries.

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. Also included are less regularly recurring items, such as lease termination fees. Other property income increased 60.4% from $2.7 million in the third quarter of 2000 to $4.3 million in the third quarter of 2001 due primarily to increases in lease termination fees, parking income and utility reimbursements. On a same center basis, other property income increased 39.9%.

Rental expenses increased from $13.0 million in the third quarter of 2000 or 19.5% of property income, rental income plus other property income, to $15.4 million, or 20.9% of property income, in the third quarter of 2001. Increased leasing and marketing costs associated with the Trust's development projects, as well as, operating costs associated with the Woodmont East development, contributed to this overall increase. On a same center basis, rental expenses increased 8.0% from $12.8 million in 2000 to $13.8 million in 2001 due primarily to increased maintenance, property management costs and bad debt.

Real estate taxes increased 9.7% from $6.7 million in the third quarter of 2000 to $7.4 million in the third quarter of 2001. On a same center basis, real estate taxes increased 8.1% due primarily to increased taxes on recently redeveloped properties.

Depreciation and amortization expenses increased 12.7% from $13.4 million in the third quarter of 2000 to $15.2 million in the third quarter of 2001 reflecting the impact of recent new development, tenant work and property redevelopments.

During the third quarter of 2001 the Trust incurred interest expense of $22.5 million, of which $4.8 million was capitalized, as compared to 2000's $19.8 million, of which $3.8 million was capitalized. The increase in interest expense reflects the additional debt issued to fund the Trust's capital improvement programs.

Administrative expenses increased from $3.2 million in the third quarter of 2000 to $3.5 million in the third quarter of 2001 or 4.7% of revenue in both periods.

As a result of the foregoing items, net income increased from $14.4 million during the third quarter of 2000 to $15.2 million during the third quarter of 2001 and net income available for common shareholders increased from $12.4 million to $13.2 million.

Segment Results

The Trust operates its portfolio of properties in three geographic operating regions: Northeast, Mid-Atlantic and West.

Historical operating results for the three regions are as follows (in thousands):

	For the three months ended September 30, 2001	2000
Rental income		
Northeast	$30,399	$28,937
Mid-Atlantic	30,025	28,146
West	9,119	7,018
Total	$69,543	$64,101
Net operating income		
Northeast	$22,539	$21,022
Mid-Atlantic	22,254	20,771
West	6,245	5,235
Total	$51,038	$47,028

The Northeast

The Northeast region is comprised of fifty-four assets, extending from suburban Philadelphia north through New York and its suburbs into New England and west to Illinois and Michigan.

When comparing the third quarter of 2001 with 2000, rental income, on an overall and same center basis, increased 5.0% from $28.9 million in 2000 to $30.4 million in 2001, primarily due to increases at recently redeveloped and retenanted shopping centers and street retail properties, such as Greenlawn, Blue Star, Brunswick, Fresh Meadows and Austin Street.

Net operating income increased 7.2% from $21.0 million in 2000 to $22.5 million in 2001, primarily due to increases at the recently redeveloped and retenanted shopping centers and street retail properties, as well as, increased lease termination fees of $554,000 in 2001 over 2000's $150,000.

The Mid-Atlantic

The Mid-Atlantic region is comprised of thirty-two assets, including Pentagon Row, which is currently under development, extending from Baltimore south to metropolitan Washington, D.C. and further south through Virginia and North Carolina into Florida.

When comparing the third quarter of 2001 with 2000, rental income increased 6.7% from $28.1 million in 2000 to $30.0 million in 2001 reflecting the contribution from the recently completed Woodmont East project in Bethesda, Maryland. On a same center basis, excluding Williamsburg Shopping Center in Williamsburg, Virginia which was sold on April 27, 2001, the recently developed Woodmont East project in Bethesda, Maryland, Pentagon Row in Arlington Virginia and the newly purchased Friendship Center in Washington, D.C. rental income increased 2.9%.

When comparing the third quarter of 2001 with 2000, net operating income increased 7.1% from $20.8 million in 2000 to $22.3 million in 2001. On a same center basis as defined above, net operating income increased 3.2%.

The West

The Western region is comprised of thirty-seven assets, including Santana Row, which is currently under development, extending from Texas to the West Coast.

When comparing the third quarter of 2001 with 2000 on a same center basis, which excludes properties acquired and sold in 2001 and 2000 and Santana Row, which is currently under development, rental income increased $1.6 million from $7.0 million in 2000 to $8.6 million in 2001 due primarily to increases from the recently redeveloped and retenanted properties in Los Angeles and San Francisco, California. On an overall basis rental income increased $2.1 million from $7.0 million in 2000 to $9.1 million in 2001.

When comparing the third quarter of 2001 with 2000, net operating income, on a same center basis as defined above, increased $1.2 million from $5.3 million in 2000 to $6.5 million in 2001. Overall net operating income increased $1.0 million, since it also includes marketing and leasing costs associated with the Santana Row development.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

(3) (i) Declaration of Trust of Federal Realty Investment Trust dated May 5, 1999 filed with the Commission on May 25, 1999 as an exhibit to the Trust's Current Report on Form 8-K is incorporated herein by reference thereto.

(ii) Bylaws of the Trust dated May 5, 1999 filed with the Commission on May 25, 1999 as an exhibit to the Trust's Current Report on Form 8-K is incorporated herein by reference thereto.

(B) Reports on Form 8-K

A Form 8-K, dated June 30, 2001 was filed on July 30, 2001 in response to Item 5.

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)

November 1, 2001 /s/ Steven J. Guttman

Steven J. Guttman, Chairman of the Board, Chief Executive Officer and Trustee (Chief Executive Officer)

November 1, 2001 /s/ Cecily A. Ward

Cecily A. Ward, Chief Financial Officer (Principal Accounting Officer)