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: March 31,2001

Commission File No. 17533

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 May 7, 2001
Common Shares of Beneficial Interest	39,639,032

This report, including exhibits, contains 24 pages.

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 2001

I N D E X

FEDERAL REALTY INVESTMENT TRUST

S.E.C. FORM 10-Q

March 31, 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

	March 31 2001 (unaudited)	December 31, 2000
ASSETS	(in thousands)	
Investments		
Real estate, at cost	$1,925,568	$1,854,913
Less accumulated depreciation and amortization	(364,214)	(351,258)
	1,561,354	1,503,655
Other Assets		
Cash	11,143	11,357
Mortgage notes receivable	43,457	47,360
Accounts and notes receivable	13,214	13,092
Prepaid expenses and other assets, principally property taxes and lease commissions	38,616	38,140
Debt issue costs, net of accumulated amortization of $3,717 and $3,982, respectively	7,908	7,475
	$1,675,692	$1,621,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Obligations under capital leases	$ 100,138	$ 121,611
Mortgages payable	202,138	202,300
Notes payable	302,404	225,246
Accounts payable and accrued expenses	52,402	36,810
Dividends payable	19,939	19,892
Security deposits	5,672	5,537
Prepaid rents	8,345	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	35,082	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, 41,045,667 and 40,910,972 issued, respectively	411	410
Additional paid in capital	725,700	723,078
Accumulated dividends in excess of Trust net income	(312,656)	(306,287)
	513,455	517,201
Less:1,441,888 and 1,441,594 common shares in treasury - at cost, respectively	(27,758)	(27,753)
Deferred compensation on restricted shares	(16,092)	(17,254)
Notes receivable from employee stock plans	(4,243)	(4,540)
Other comprehensive income (loss)	(1,079)	-
	464,283	467,654
	$1,675,692	$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)	Three months ended March 31, 2001	2000
Revenue		
Rental income	$ 67,136	$ 64,232
Interest and other income	1,857	2,107
Other property income	2,710	2,765
	71,703	69,104
Expenses		
Rental	15,045	14,620
Real estate taxes	6,620	6,457
Interest	17,150	16,493
Administrative	3,133	2,922
Depreciation and amortization	14,144	12,655
	56,092	53,147
Operating income before investors' share of operations	15,611	15,957
Investors' share of operations	(1,378)	(1,818)
Net income	14,233	14,139
Dividends on preferred stock	(1,988)	(1,988)
Net income available for common shareholders	$ 12,245	$ 12,151
Earnings per common share, basic	$ 0.32	$ 0.31
Weighted average number of common shares, basic	38,822	39,444
Earnings per common share, diluted	$ 0.32	$ 0.31
Weighted average number of common shares, diluted	39,856	40,595

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

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(unaudited)

	Three months ended March 31,					
	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
Shares issued under dividend reinvestment plan	39,436	-	773	40,796	1	806
Performance and Restricted Shares granted, net of Restricted Shares retired	95,259	1	1,849	226,309	2	4,290
Balance, end of period	41,045,667	$ 411	$ 725,700	40,685,871	$ 407	$718,450
Accumulated Dividends in Excess of Trust Net Income						
Balance, beginning of year		($306,287)			($286,348)	
Net income		14,233			14,139	
Dividends declared to common shareholders		(18,614)			(17,695)	
Dividends declared to preferred shareholders		(1,988)			(1,988)	
Balance, end of period		($312,656)			($291,892)	
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	(294)	(5)		-	-	
Purchase of treasury shares	-	-		(1,156,900)	(22,087)	
Balance, end of period	(1,441,888)	($27,758)		(1,374,544)	($26,421)	
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	(71,869)	(1,392)		(202,271)	(3,833)	
Vesting of Performance and Restricted Shares	106,803	2,554		82,323	2,116	
Balance, end of period	(700,941)	($16,092)		(719,375)	($16,936)	
Subscriptions receivable from employee stock plans						
Balance, beginning of year	(242,638)	($4,540)		(317,606)	($6,030)	
Subscription loans paid	19,520	297		25,514	419	
Balance, end of period	(223,118)	($4,243)		(292,092)	($5,611)	
Accumulated other comprehensive income (loss)						
Balance, beginning of year		-			-	
Change in valuation on interest rate swap		($1,079)			-	
Balance, end of period		($1,079)			$ 0	
Other comprehensive income						
Net income		$ 14,233			-	
Change in valuation on interest rate swap		(1,079)			-	
Total other comprehensive income		$ 13,154			$ 0	

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

Federal Realty Investment Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands)	Three months ended March 31, 2001	2000
OPERATING ACTIVITIES		
Net income	$ 14,233	$ 14,139
Items not requiring cash outlays		
Depreciation and amortization	14,144	12,655
Other, net	563	208
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(122)	3,169
(Increase) decrease in prepaid expenses and other assets before depreciation and amortization	(2,381)	2,115
(Decrease) increase in operating accounts payable, security deposits and prepaid rent	(542)	2,186
Increase (decrease) in accrued expenses	4,001	(2,030)
Net cash provided by operating activities	29,896	32,442
INVESTING ACTIVITIES		
Acquisition of real estate	(33,534)	(17,879)
Capital expenditures	(54,430)	(21,941)
Repayments (issuance) of mortgage notes receivable, net	675	(3,448)
Net cash used in investing activities	(87,289)	(43,268)
FINANCING ACTIVITIES		
Borrowing of short-term debt, net	75,000	153,500
Proceeds from mortgage and construction financing, net of costs	2,197	-
Issuance of senior notes, net of costs	-	(100,000)
Issuance of common shares	937	697
Common shares repurchased	-	(22,087)
Payments on mortgages, capital leases and notes payable	(312)	(387)
Dividends paid	(19,933)	(19,425)
(Decrease) increase in minority interest, net	(710)	501
Net cash provided by financing activities	57,179	12,799
(Decrease) increase in cash	(214)	1,973
Cash at beginning of period	11,357	11,738
Cash at end of period	$ 11,143	$ 13,711

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:

	Three months ending March 31, 2001	2000
Numerator		
Net income available for common shareholders - basic	$12,245	$12,151
Income attributable to operating partnership units	299	613
Net income available for common shareholders - diluted	$12,544	$12,764
Denominator		
Denominator for basic EPS- weighted average shares	38,822	39,444
Effect of dilutive securities		
Stock options and awards	129	146
Operating partnership units	905	1,005
Denominator for diluted EPS	39,856	40,595

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 quarter 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 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 March 31, 2001, a loss of $1.1 million was recorded in other comprehensive income with a corresponding derivative liability on the balance sheet.

NOTE B - REAL ESTATE ASSETS AND ENCUMBRANCES

On February 16, 2001 the Trust bought the fee interest underlying the capital lease obligation, 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. The Trust filed a Registration Statement under the Securities Act of 1933 to register these shares and will issue the shares to the partners when the registration statement becomes effective. Up to an additional estimated $1.7 million may be owed to the limited partners if certain leasing transactions occur.

In connection with the buyout of the minority partner at Santana Row in a transaction being structured as a tax-free exchange and classified as part of the development of Santana Row, 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.

In addition, the Trust made an additional loan of $553,000 to existing borrowers with an average weighted interest rate of 10.0%. $1.2 million of notes were repaid to the Trust during the first quarter of 2001.

NOTE C - MORTGAGES AND NOTES PAYABLE

At March 31, 2001 there was $153.0 million borrowed under the Trust's syndicated credit facility, which also represents the maximum drawn during the quarter. The weighted average interest rate on borrowings for the three months ended March 31, 2001 was 6.6%. 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 March 31, 2001 the Trust is in compliance with all loan covenants.

At March 31, 2001 there was $18.4 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.

NOTE D - SHAREHOLDERS' EQUITY

In February and March 2001, options for 405,000 shares at prices ranging from $19.80 to $19.93 per share, fair market value at the dates of award, were awarded to certain employees of the Trust. The options vest over three years.

NOTE E - INTEREST EXPENSE

The Trust incurred interest expense totaling $21.3 million during the first three months of 2001 and $18.7 million during the first three months of 2000 of which $4.1 million and $2.2 million, respectively, was capitalized in connection with development projects. Interest paid was $17.2 million in the first three months of 2001 and $19.9 million in the first three months of 2000.

NOTE F - 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. 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, even if determined adversely to the Trust, 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. The Trust is evaluating the effect of the delay on the total costs of the project. Near-term returns for the project will be affected, however, the Trust does not believe that the project is impaired.

In addition, the Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters, even if determined adversely to the Trust, 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, exercisable on two occasions, 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 six 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 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 G - COMPONENTS OF RENTAL INCOME

The components of rental income for the periods ended March 31 are as follows (in thousands):

	2001	2000
Retail properties		
Minimum rents	$54,030	$51,723
Cost reimbursements	10,450	10,258
Percentage rents	1,931	1,556
Apartments	725	695
	$67,136	$64,232

NOTE H - SUBSEQUENT EVENTS

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 pay down the Trust's syndicated credit facility, which was 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. 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. Funding on the construction loan will begin after the Trust has fulfilled its equity requirement in the project and met the pre-leasing requirements, which have not yet been achieved.

On April 27, 2001 the Trust sold the Williamsburg Shopping Center in Williamsburg, Virginia for $16.7 million resulting in a gain of approximately $7.5 million.

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):

Three months ended March 31, 2001	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 28,984	$ 30,042	$ 8,110		$ 67,136
Other income	1,041	977	692		2,710
Rental expense	(6,618)	(6,207)	(2,220)		(15,045)
Real estate tax	(3,632)	(2,315)	(673)		(6,620)
Net operating income	19,775	22,497	5,909		48,181
Interest income				$1,857	1,857
Interest expense				(17,150)	(17,150)
Administrative expense				(3,133)	(3,133)
Depreciation and amortization	(6,698)	(5,664)	(1,555)	(227)	(14,144)
Income before investors' share of operations	$ 13,077	$ 16,833	$ 4,354	($18,653)	$ 15,611
Capital expenditures	$ 6,737	$ 15,135	$ 48,926		$ 70,798
Real estate assets	$760,725	$735,267	$429,576		$1,925,568

Three months ended March 31, 2000	Northeast	Mid-Atlantic	West	Other	Total
Rental income	$ 27,286	$ 28,122	$ 8,824		$ 64,232
Other income	1,048	931	786		2,765
Rental expense	(6,346)	(6,284)	(1,990)		(14,620)
Real estate tax	(3,517)	(2,104)	(836)		(6,457)
Net operating income	18,471	20,665	6,784		45,920
Interest income				$2,107	2,107
Interest expense				(16,493)	(16,493)
Administrative expense				(2,922)	(2,922)
Depreciation and amortization	(5,873)	(5,263)	(1,273)	(246)	(12,655)
Income before investors' share of operations	$ 12,598	$ 15,402	$ 5,511	($17,554)	$ 15,957
Capital expenditures	$ 14,333	$ 7,771	$ 18,909		$ 41,013
Real estate assets	$730,070	$668,894	$361,577		$1,760,541

There are no transactions between geographic areas.

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. Proceeds from the sale of selected assets may also provide an additional source of capital in 2001 and 2002.

Net cash provided by operating activities was $29.9 million in the first quarter of 2001 and $32.4 million in the first quarter of 2000 of which $19.9 million and $19.4 million, respectively, was distributed to shareholders. The $2.5 million decrease in 2001 was due to cash uses of operating assets and liabilities surpassing the contributions from retenanted and redeveloped properties, as more fully described below.

Net cash used in investing activities was $87.3 million during the first quarter of 2001 and $43.3 million during the first quarter of 2000. Cash outlays for real estate totaled $33.5 million in the first quarter of 2001 and $17.9 million in the first quarter of 2000. During these two periods, the Trust expended an additional $54.4 million and $21.9 million, respectively, in capital improvements to its properties. The Trust invested $553,000 during the first quarter of 2001 and $3.4 million during the first quarter of 2000 in mortgage notes receivable with an average weighted interest rate of 10% and 9.7%, respectively. $1.2 million of notes were repaid during the first quarter of 2001. No notes were repaid during the first quarter of 2000.

On February 16, 2001 the Trust bought the fee interest underlying the capital lease obligation, 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. The Trust filed a Registration Statement under the Securities Act of 1933 to register these shares and will issue the shares to the partners when the registration statement becomes effective. Up to an additional estimated $1.7 million may be owed to the limited partners if certain leasing transactions occur.

In connection with the buyout of the minority partner at Santana Row in a transaction being structured as a tax-free exchange and classified as part of the development of Santana Row, 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.

Of the $54.4 million spent in the first quarter of 2001 on the Trust's existing real estate portfolio, approximately $43.2 million was invested in development projects in Bethesda, Maryland; San Jose, California; and in Arlington, Virginia. The remaining $11.2 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 and the redevelopment of retail buildings in San Antonio, Texas.

Net cash provided by financing activities, before dividend payments, was $77.1 million in the first quarter of 2001 and $32.2 million in the first quarter of 2000. The Trust utilizes its unsecured line of credit to fund acquisitions and capital expenditures. At March 31, 2001 there was $153.0 million borrowed under this syndicated credit facility, which also represents the maximum drawn during the quarter. The weighted average interest rate on borrowings for the three months ended March 31, 2001 was 6.6%. 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.

Capital requirements for the remainder of 2001 will depend on new development efforts, acquisition opportunities, the rate of build-out on the Trust's current development pipeline and the level of improvements and redevelopments on existing properties.

The Trust will need additional capital in order to fund these acquisitions, expansions and developments, particularly Santana Row, and to refinance its maturing debt. Sources of this funding may be additional debt both secured and unsecured, additional equity and joint venture relationships. In addition, the Trust has identified certain of its properties that may be exchanged or sold as a source of funding, if the Trust's sales price is met.

Santana Row

In the next several years, the Trust's single largest capital need is expected to come from 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, for which construction began in November 2000, includes Santana Row, the "1,500 foot long main street" framed by nine buildings which will contain approximately 538,000 square feet of retail space, 501 residential units, a 214 room hotel and the supporting infrastructure. Phase 1 is expected to begin generating revenues in mid-2002 and be stabilized during 2003. The total cost of Phase 1 is expected to be approximately $475 million. As of March 31, 2001, the Trust has incurred costs of $126 million including the purchase of the land; the Trust estimates that it will spend approximately $200 million in 2001 and the balance 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. 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. Funding on the construction loan will begin after the Trust has fulfilled its equity requirement in the project and met the pre-leasing requirements, which have not yet been achieved.

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, strong demand for retail and residential space at current or increasing prices, the ability to construct the later phases at reasonable prices, the cost of operations, including utilities, 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. However, as Phase 1 utilizes only part of the retail and residential entitlements of the property, the Trust expects to be able to identify and execute economically viable additional phases to the project such that the total investment on all phases could exceed $750 million. The Trust expects to finance further phases from the debt and equity sources that have been traditionally available.

The timing and choice of potential capital sources will depend on the cost and availability of that capital, among other things.

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. 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, even if determined adversely to the Trust, 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. The Trust is evaluating the effect of the delay on the total costs of the project. Near-term returns for the project will be affected, however, the Trust does not believe that the project is impaired.

In addition, the Trust is involved in various lawsuits and environmental matters arising in the normal course of business. Management believes that such matters, even if determined adversely to the Trust, 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, exercisable on two occasions, 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 six 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 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 - THREE MONTHS ENDED MARCH 31, 2001 AND 2000

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. 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 for the three months ended March 31 is as follows:

	2001	2000
	(in thousands)	
Net income available for common shareholders	$12,245	$ 12,151
Depreciation and amortization of real estate assets	12,866	11,487
Amortization of initial direct costs of leases	969	830
Income attributable to operating partnership units	299	613
Funds from operations for common shareholders	$26,379	$ 25,081

Consolidated Results

Rental income, which consists of minimum rent, percentage rent and cost recoveries, increased 5% from $64.2 million in the first quarter of 2000 to $67.1 million in the first quarter of 2001. On a same center basis, rental income increased 7%, due primarily to the favorable impact of redeveloped and retenanted centers, as well as, increases associated with lease rollovers. Same center basis, in 2001, excludes Peninsula Shopping Center in Palos Verdes, California which was sold on June 30, 2000 and properties under development in 2000 and 2001, including Woodmont East in Bethesda, Maryland, 214 Wilshire Avenue in Santa Monica, California and Town & Country Shopping Center in San Jose, California which was demolished as the Santana Row development began.

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 decreased 2% from $2.8 million in 2000 to $2.7 million in 2001 due to the loss of revenue from Town & Country Shopping Center. On a same center basis, other property income increased 7%.

Rental expenses increased 3% from $14.6 million in the first quarter of 2000 to $15.0 million in the first quarter of 2001. On a same center basis, rental expenses increased 4% from $14.1 million in 2000 to $14.7 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 22%.

Real estate taxes increased 3% from $6.5 million in the first quarter of 2000 to $6.6 million in the first quarter of 2001. On a same center basis, real estate taxes increased 8% due primarily to increased taxes on recently redeveloped properties.

Depreciation and amortization expenses increased 12% from $12.7 million in the first quarter of 2000 to $14.1 million in the first quarter of 2001. On a same center basis, depreciation and amortization also increased 12% reflecting the impact of recent tenant work and property redevelopments.

During the first quarter of 2001 the Trust incurred interest expense of $21.3 million, of which $4.1 million was capitalized, as compared to 2000's $18.7 million of which $2.2 million was capitalized. The increase in interest expense reflects the additional debt issued to fund the Trust's capital improvement programs. The ratio of earnings to combined fixed charges and preferred dividends was 1.29x and 1.43x for the first quarter of 2001 and 2000, respectively. The ratio of earnings to fixed charges was 1.39x and 1.56x during the first quarter of 2001 and 2000, respectively. The ratio of funds from operations to combined fixed charges and preferred dividends was 1.7x for the first quarter of 2001 and 1.9x for the first quarter of 2000.

Administrative expenses increased from $2.9 million, or 4.2% of revenue in the first quarter of 2000 to $3.1 million, or 4.4% of revenue in the first quarter of 2001 primarily due to increased personnel costs.

As a result of the foregoing items, net income increased from $14.1 million during the first quarter of 2000 to $14.2 million during the first quarter of 2001 and net income available for common shareholders remained constant at $12.2 million in both periods.

While the Trust expects growth in net income and funds from operations during the remainder of 2001, the growth rate is expected to be slower than in 2000 based on the following factors; there will be a lower contribution from redevelopment projects as much of the Trust's southern California redevelopments were completed in 2000, higher property management and administrative expenses necessitated by tight labor markets, the addition of key positions and a temporary reduction in earnings caused by the demolition of the old Town & Country Shopping Center in 2000 to make way for the new Santana Row development. The growth in 2001 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 control of the Trust, such as snow removal and real estate tax assessments. The Trust expects that demand for its retail space should remain at its current levels. A weakening of the retail environment could, however, adversely impact the Trust by increasing vacancies and decreasing rents. In past weak retail and real estate environments, 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 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. To mitigate its exposure to increases in market rate debt, 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%.

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 March 31, 2001	2000
Rental income		
Northeast	$28,984	$27,286
Mid-Atlantic	30,042	28,122
West	8,110	8,824
Total	$67,136	$64,232

	For the three months ended March 31, 2001	2000
Net operating income		
Northeast	$19,775	$18,471
Mid-Atlantic	22,497	20,665
West	5,909	6,784
	$48,181	$45,920

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 quarter of 2001 with 2000, rental income, on an overall and same center basis, increased 6% from $27.3 million in 2000 to $29.0 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 in Forest Hills, New York.

Net operating income increased 7% from $18.5 million in 2000 to $19.8 million in 2001, primarily due to increases at the recently redeveloped and retenanted shopping centers and street retail properties.

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 quarter of 2001 with 2000, rental income increased 7% from $28.1 million in 2000 to $30.0 million in 2001. On a same center basis, excluding the recently developed Woodmont East project in Bethesda, Maryland, rental income increased 5%, due primarily to successful retenanting at several shopping centers and street retail properties.

When comparing the first quarter of 2001 with 2000, net operating income increased 9% from $20.7 million in 2000 to $22.5 million in 2001. On the same center basis as defined above net operating income increased 6%.

The West

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

When comparing the first quarter of 2001 with 2000 on a same center basis, which excludes properties acquired and sold in 2001 and 2000, newly developed properties and Santana Row, which is currently under development, rental income increased 16% from $6.6 million in 2000 to $7.7 million in 2001, due primarily to increases from the recently redeveloped and retenanted properties in Los Angeles and Los Gatos, California. On an overall basis, which includes the impact of the sale of Peninsula Shopping Center on June 30, 2000 and the temporary reduction in earnings caused by the demolition of the old Town & Country Shopping Center to make way for the new Santana Row development, rental income decreased 8%, from $8.8 million in 2000 to $8.1 million in 2001.

On a same center basis as defined above, net operating income increased 12% from $5.1 million in 2000 to $5.7 million in 2001, due primarily to increases from the recently redeveloped and retenanted properties in Los Angeles and Los Gatos, California. Overall net operating income decreased 13% from $6.8 million in 2000 to $5.9 million in 2001, again reflecting the sale of Peninsula Shopping Center and the temporary reduction in earnings caused by the Santana Row development.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(A) Reports on Form 8-K

A Form 8-K, dated December 31, 2000 was filed on February 14, 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)

May 8, 2001

/s/ Steven J. Guttman

Steven J. Guttman, Chairman
(Chief Executive Officer)

May 8, 2001

/s/ Cecily A. Ward

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