FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended September 30, 2001

OR

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

For the transition period from _____________ to _______________

Commission File No. 1-11986

TANGER FACTORY OUTLET CENTERS, INC.
(Exact name of Registrant as specified in its Charter)

NORTH CAROLINA (State or other jurisdiction of incorporation or organization)	56-1815473 (I.R.S. Employer Identification No.)

3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408
(Address of principal executive offices)
(Zip code)

(336) 292-3010
(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

7,929,711 Common Shares, $.01 par value,
outstanding as of November 1, 2001

TANGER FACTORY OUTLET CENTERS, INC.

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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
	(Unaudited)		(Unaudited)	
REVENUES				
<S>	<C>	<C>	<C>	<C>
Base rentals	$ 18,801	$ 17,492	$ 55,643	$ 52,912
Percentage rentals	598	898	1,448	1,902
Expense reimbursements	7,240	7,791	22,512	22,138
Other income	846	1,165	1,923	3,501
Total revenues	27,485	27,346	81,526	80,453
EXPENSES				
Property operating	8,448	8,751	26,103	24,458
General and administrative	2,012	1,862	6,097	5,489
Interest	7,546	6,852	22,837	20,451
Depreciation and amortization	7,202	6,537	21,339	19,512
Total expenses	25,208	24,002	76,376	69,910
Income before loss on sale of real estate, minority interest and extraordinary item	2,277	3,344	5,150	10,543
Loss on sale of real estate	---	---	---	(5,935)
Income before minority interest and extraordinary item	2,277	3,344	5,150	4,608
Minority interest	(507)	(803)	(1,057)	(895)
Income before extraordinary item	1,770	2,541	4,093	3,713
Extraordinary item - Loss on early extinguishment of debt, net of minority interest of $50	---	---	(130)	---
Net income	1,770	2,541	3,963	3,713
Less applicable preferred share dividends	(443)	(449)	(1,328)	(1,382)
Net income available to common shareholders	$ 1,327	$ 2,092	$ 2,635	$ 2,331

Basic earnings per common share:				
Income before extraordinary item	$ .17	$ .26	$ .35	$ .30
Extraordinary item	---	---	(.02)	---
Net income	$ .17	$ .26	$ .33	$ .30
Diluted earnings per common share:				
Income before extraordinary item	$ .17	$ .26	$ .35	$ .29
Extraordinary item	---	---	(.02)	---
Net income	$ .17	$ .26	$ .33	$ .29
Dividends paid per common share	$ .61	$ .61	$ 1.83	$ 1.82

The accompanying notes are an integral part of these consolidated financial statements.
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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

<S>	September 30, 2001 (Unaudited) <C>	December 31, 2000 <C>
ASSETS		
Rental Property		
Land	$ 59,858	$ 59,858
Buildings, improvements and fixtures	538,342	505,554
Developments under construction	---	19,516
	598,200	584,928
Accumulated depreciation	(142,182)	(122,365)
Rental property, net	456,018	462,563
Cash and cash equivalents	198	634
Deferred charges, net	11,666	8,566
Other assets	16,406	15,645
Total assets	$ 484,288	$ 487,408
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilites		
Debt		
Senior, unsecured notes	$ 175,000	$ 150,000
Mortgages payable	177,285	135,313
Term note, unsecured	---	20,000
Lines of credit	10,628	41,530
	362,913	346,843
Construction trade payables	6,431	9,784
Accounts payable and accrued expenses	14,191	12,807
Total liabilities	383,535	369,434
Commitments		
Minority interest	22,302	27,097
Shareholders' equity		
Preferred shares, $.01 par value, 1,000,000 shares authorized, 80,600 shares issued and outstanding at September 30, 2001 and December 31, 2000	1	1

Common shares, $.01 par value, 50,000,000 shares authorized, 7,929,711 and 7,918,911 shares issued and outstanding at September 30, 2001 and December 31, 2000	79	79
Paid in capital	136,529	136,358
Distributions in excess of net income	(57,403)	(45,561)
Accumulated other comprehensive loss	(755)	---
Total shareholders' equity	78,451	90,877
Total liabilities and shareholders' equity	$ 484,288	$ 487,408

The accompanying notes are an integral part of these consolidated financial statements.
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TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30, 2001	2000
	(Unaudited)	
OPERATING ACTIVITIES		
<S>	<C>	<C>
Net income	$ 3,963	$ 3,713
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,339	19,512
Amortization of deferred financing costs	1,299	928
Minority interest	1,007	895
Loss on early extinguishment of debt	180	---
Loss on sale of real estate	---	5,935
Gain on sale of outparcels of land	---	(908)
Straight-line base rent adjustment	269	170
Increase (decrease) due to changes in:		
Other assets	608	(534)
Accounts payable and accrued expenses	340	549
Net cash provided by operating activites	29,005	30,260
INVESTING ACTIVITIES		
Additions to rental properties	(16,595)	(25,896)
Additions to investments in joint ventures	(4,044)	(20)
Additions to deferred lease costs	(1,232)	(1,894)
Net proceeds from sale of real estate	723	8,598
Insurance proceeds from casualty losses	---	4,046
Repayments from (advances to) officers	1,422	(358)
Net cash used in investing activities	(19,726)	(15,524)
FINANCING ACTIVITIES		
Cash dividends paid	(15,805)	(15,734)
Distributions to minority interest	(5,543)	

		(5,520)
Proceeds from issuance of debt	243,853	140,084
Repayments of debt	(227,783)	(132,683)
Additions to deferred financing costs	(4,638)	(1,184)
Proceeds from exercise of unit options	201	--
Net cash used in financing activities	(9,715)	(15,037)
Net decrease in cash and cash equivalents	(436)	(301)
Cash and cash equivalents, beginning of period	634	503
Cash and cash equivalents, end of period	$ 198	$ 202

Supplemental schedule of non-cash investing activities:

The Company purchases capital equipment and incurs costs relating to contruction of new facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of September 30, 2001 and 2000 amounted to $6,431 and $13,110, respectively.

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2001
(Unaudited)

1. Business

Tanger Factory Outlet Centers, Inc., a fully-integrated, self-administered, self-managed real estate investment trust ("REIT"), develops, owns and operates factory outlet centers. The factory outlet centers and other assets of the Company's business are held by, and all of its operations are conducted by, Tanger Properties Limited Partnership, the Company's majority owned limited partnership. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and the term "Operating Partnership" refers to Tanger Properties Limited Partnership. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the context requires.

2. Basis of Presentation

Our unaudited Consolidated Financial Statements have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the Consolidated Financial Statements and Notes thereto of the Company's Annual Report on Form 10-K for the year ended December 31, 2000. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Securities and Exchange Commission's ("SEC") rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

Investments in real estate joint ventures that represent non-controlling ownership interests are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions and are included in other assets in our Consolidated Balance Sheets. Equity in income (loss) is included in other income in our Consolidated Statements of Operations.

Certain amounts previously reported for 2000 have been reclassified to conform to classifications used in 2001.

The accompanying unaudited Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

3. Development of Rental Properties

During the first nine months of 2001, we added 91,100 square feet to the portfolio in San Marcos, Texas. In addition, we have approximately 6,000 square feet of expansion space substantially complete in San Marcos that is scheduled to open during the remainder of 2001.

Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $1.1 million at September 30, 2001. Commitments for construction represent only those costs contractually required to be paid by us.

Interest costs capitalized during the three months ended September 30, 2001 and 2000 amounted to $48,000 and $328,000, respectively, and for the nine months ended September 30, 2001 and 2000 amounted to $471,000 and $687,000, respectively.

Through our joint venture, TWMB Associates, LLC ("TWMB"), with Rosen-Warren Development LLC, we began construction in September 2001 on the first phase of our 400,000 square foot center in Myrtle Beach, South Carolina. The first phase will consist of approximately 260,000 square feet with stores tentatively expected to begin opening in late 2002.

4. Investments in Real Estate Joint Ventures

At September 30, 2001, our investment in unconsolidated real estate joint ventures, of which we own 50%, was $4.2 million and is included in other assets. Our investment in real estate joint ventures is reduced by 50% of the profits earned for services we provided for the joint ventures.

The acquisition and development of the venture properties are subject to, among other things, completion of due diligence and various contingencies, including those inherent in development projects, such as zoning, leasing and financing. There can be no assurance that such transactions will be consummated. On September 17, 2001, TWMB closed on a construction loan in the amount of $36.2 million with Bank of America, NA (Agent) and SouthTrust Bank, the proceeds of which will be used to develop the Tanger Outlet Center in Myrtle Beach, SC. As of September 30, 2001, the construction loan had a zero balance. All debt incurred by unconsolidated joint ventures is secured by their respective properties as well as various joint and several guarantees by us and by our respective venture partners.

Summary unaudited financial information of joint ventures accounted for using the equity method is as follows (in thousands):
<TABLE>
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Balance Sheets	September 30, 2001
Assets:	
<S>	<C>
Investment properties at cost, net	$ 1,986
Cash and cash equivalents	5,440
Other assets	2,453
Total Assets	$ 9,879
Liabilities and Venturers' Equity:	
Accounts payable and other liabilities	$ 1,249
Total liabilities	1,249
Venturers' equity	8,630
Total liabilities and venturers' equity	$ 9,879

</TABLE>

5. Debt

On May 1, 2001, we entered into an eight year collateralized loan with John Hancock Life Insurance Company for $19.45 million at a fixed rate of 7.98%. The proceeds were used to reduce amounts outstanding under existing lines of credit.

On March 26, 2001, we entered into a five year collateralized loan with Wells Fargo Bank for $24.0 million at a variable rate of LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under existing lines of credit. Additionally on March 26, 2001, we extended the maturity date of our existing $29.5 million term loan with Wells Fargo Bank from July 2005 to March 2006.

On February 9, 2001, we issued $100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of $97 million were used to repay all of the outstanding indebtedness under our $75 million 8.75% notes which were due March 11, 2001. The net proceeds were also used to repay the $20 million LIBOR plus 2.25% term loan due January 2002 with Fleet National Bank and Bank of America. The interest rate swap agreements associated with this loan were terminated at a cost of $295,200 which has been included in interest expense. In addition, approximately $180,000 of unamortized costs were written off as an extraordinary item. The remaining proceeds were used for general operating purposes.

At September 30, 2001, we had revolving lines of credit with an unsecured borrowing capacity of $85 million, of which $74.4 million was available for additional borrowings. During the first nine months of 2001, we extended the maturity on two $25 million lines of credit from June 30, 2002 to June 30, 2003.

On October 3, 2001 we cancelled a $10 million revolving credit facility which reduced our unsecured lines of credit borrowing capacity to $75 million. This credit facility had been reduced from $25 million to $10 million on July 1, 2001. Accordingly, approximately $26,000 of unamortized costs associated with the credit facility will be written off during the fourth quarter of 2001.

6. Accounting Change - Derivative Financial Instruments

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138 (collectively, "FAS 133"). Upon adoption we recorded a cumulative effect adjustment of $216,500 loss, net of minority interest of $83,000, in other comprehensive income (loss). As discussed in Note 5, certain interest rate swap agreements were terminated during the first quarter and the other comprehensive loss totaling $106,000, net of minority interest of $41,000, recognized at adoption relating to these agreements was reclassified to earnings. In accordance with the provisions of FAS 133, our sole remaining interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value. At September 30, 2001, the fair value of the hedge is recorded as a liability of $1,044,000 in accounts payable and accrued expenses. For the three and nine months ended September 30, 2001, the change in the fair value of the remaining derivative instrument was recorded as a $320,000 and $644,000 loss, net of minority interest of $122,000 and $247,000, respectively, to accumulated other comprehensive income. Total comprehensive income for the three and nine months ended September 30, 2001 is as follows (in thousands):

<TABLE>
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	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2001
<S>	<C>	<C>
Net income	$ 1,770	$ 3,963
Other comprehensive income (loss):		
Cumulative effect adjustment of FAS 133 adoption, net of minority interest of $83	---	(217)
Reclassification to earnings on termination of cash flow hedge, net of minority interest of $41	---	106
Change in fair value of cash flow hedge, net of minority interest of $122 and $247	(320)	(644)
Other comprehensive loss	(320)	(755)
Total comprehensive income	$ 1,450	$ 3,208

</TABLE>

7. Earnings Per Share

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share (in thousands, except per share amounts):

<TABLE>

<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Numerator:				
<S>	<C>	<C>	<C>	<C>
Income before extraordinary item	$ 1,770	$ 2,541	$ 4,093	$ 3,713
Less applicable preferred share dividends	(443)	(449)	(1,328)	(1,382)
Income available to common shareholders - numerator for basic and diluted earnings per share	$ 1,327	$ 2,092	$ 2,765	$ 2,331
Denominator:				
Basic weighted average common shares	7,930	7,905	7,925	7,886
Effect of outstanding share and unit options	24	52	24	27
Diluted weighted average common shares	7,954	7,957	7,949	7,913
Basic earnings per share before extraordinary item	$ .17	$ .26	$ .35	$ .30
Diluted earnings per share before extaordinary item	$ .17	$ .26	$ .35	$ .29

</TABLE>

The computation of diluted earnings per share before extraordinary item excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. Options excluded totaled 1,243,000 and 663,000 for the three months ended September 30, 2001 and 2000, respectively, and 1,245,000 and 1,276,000 for the nine months ended September 30, 2001 and 2000, respectively. The assumed conversion of preferred shares to common shares as of the beginning of the year would have been anti-dilutive. The assumed conversion of the partnership units held by the minority interest limited partner as of the beginning of the year, which would result in the elimination of earnings allocated to the minority interest, would have no impact on earnings per share since the allocation of earnings to a partnership unit is equivalent to earnings allocated to a common share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the unaudited, Consolidated Financial Statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, Consolidated Statements of Operations, including trends that might appear, are not necessarily indicative of future operations.

The discussion of our results of operations reported in the unaudited, Consolidated Statements of Operations compares the three and nine months ended September 30, 2001 with the three and nine months ended September 30, 2000. Certain comparisons between the periods are made on a percentage basis as well as on a weighted average gross leasable area ("GLA") basis, a technique which adjusts for certain increases or decreases in the number of centers and corresponding square feet related to the development, acquisition, expansion or disposition of rental properties. The computation of weighted average GLA, however, does not adjust for fluctuations in occupancy that may occur subsequent to the original opening date.

Cautionary Statements

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, the following:

- - general economic and local real estate conditions could change (for example, our tenant's business may change if the economy changes, which might effect (1) the amount of rent they pay us or their ability to pay rent to us, (2) their demand for new space, or (3) our ability to renew or re-lease a significant amount of available space on favorable terms);

- - the laws and regulations that apply to us could change (for instance, a change in the tax laws that apply to REITs could result in unfavorable tax treatment for us);

- - availability and cost of capital (for instance, financing opportunities may not be available to us, or may not be available to us on favorable terms);

- - our operating costs may increase or our costs to construct or acquire new properties or expand our existing properties may increase or exceed our original expectations.

General Overview

At September 30, 2001, we owned 29 centers in 20 states totaling 5.3 million square feet of GLA compared to 29 centers in 20 states totaling 5.0 million square feet of GLA at September 30, 2000. Since September 30, 2000, we have expanded our Sevierville, Tennessee; Lancaster, Pennsylvania; and San Marcos, Texas centers, increasing GLA by a net of approximately 322,000 square feet.

During the first nine months of 2001, we added 91,100 square feet to the portfolio in San Marcos, TX. Currently, we have an additional 6,000 square feet of expansion space substantially complete in San Marcos, TX, which is scheduled to open during the remainder of 2001.

Through TWMB, our joint venture with Rosen-Warren Development LLC, we began construction in September 2001 on the first phase of our 400,000 square foot center in Myrtle Beach, SC. The first phase will consist of approximately 260,000 square feet with stores tentatively expected to begin opening in late 2002.

A summary of the operating results for the three and nine months ended September 30, 2001 and 2000 is presented in the following table, expressed in amounts calculated on a weighted average GLA basis.

<TABLE>
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	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
<S> <C>	<C>	<C>	<C>	<C>
GLA open at end of period (000's)	5,326	5,004	5,326	5,004
Weighted average GLA (000's) (1)	5,317	5,010	5,289	5,117
Outlet centers in operation	29	29	29	29
Centers sold	---	---	---	2
Centers expanded	---	---	1	---
States operated in at end of period	20	20	20	20
Occupancy percentage at end of period	95%	95%	95%	95%
Per square foot				
Revenues				

Base rentals	$ 3.54	$ 3.49	$ 10.52	$ 10.34
Percentage rentals	.11	.18	.27	.37
Expense reimbursements	1.36	1.56	4.26	4.33
Other income	.16	.23	.36	.68
Total revenues	5.17	5.46	15.41	15.72
Expenses				
Property operating	1.59	$ 1.75	4.94	4.78
General and administrative	.38	.37	1.15	1.07
Interest	1.42	1.37	4.32	4.00
Depreciation and amortization	1.35	1.30	4.03	3.81
Total expenses	4.74	4.79	14.44	13.66
Income before loss on sale of real estate, minority interest and extraordinary item	$ .43	$ .67	$ .97	$ 2.06

(1) GLA weighted by months of operations. GLA is not adjusted for fluctuations in occupancy which may occur subsequent to the original opening date.

</TABLE>

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2001 to the three months ended September 30, 2000

Base rentals increased $1.3 million, or 7%, in the 2001 period when compared to the same period in 2000. The increase is primarily due to the effect of the expansions during the fourth quarter of 2000 and continuing into the first half of 2001 in our San Marcos, TX center as mentioned in the General Overview above. Base rent per weighted average GLA increased by $.05 per square foot from $3.49 per square foot in the three months ended September 30, 2000 to $3.54 per square foot in the three months ended September 30, 2001. The increase is mainly attributable to the slightly higher than average base rent in the expanded centers.

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels (the "breakpoint"), decreased $300,000, and on a weighted average GLA basis, decreased $.07 per square foot in 2001 compared to 2000. September 2001 same-store sales decreased by 5% as a result of the effects on consumer spending caused in part by the tragic events of September 11, 2001. For the first nine months of 2001, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 2001, decreased by 3% resulting in a decrease in percentage rental income.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses generally fluctuates consistently with the reimbursable property operating expenses to which it relates. Expense reimbursements, expressed as a percentage of property operating expenses, decreased from 89% in 2000 to 86% in 2001 primarily as a result of higher non-reimbursable expenses.

Other income decreased $319,000 in 2001 compared to 2000. The 2000 period included gains on sales of outparcels of land of $482,000 compared to no outparcel sales in 2001. This decrease was offset in part by higher vending income in 2001.

Property operating expenses decreased by $303,000, or 3%, in the 2001 period as compared to the 2000 period and, on a weighted average GLA basis, decreased $.16 per square foot from $1.75 to $1.59. The decrease is the result of a company-wide effort to improve operating efficiencies and reduce costs in common area maintenance and marketing.

General and administrative expenses increased by $150,000, or 8%, in the 2001 period as compared to the 2000 period and, as a percentage of total revenues, were approximately 7% of total revenues in both the 2001 and 2000 periods.

Interest expense increased $694,000 during the 2001 period as compared to the 2000 period due primarily to our increased debt levels attributable to the additional 326,000 square feet of development completed since September 2000. Depreciation and amortization per weighted average GLA increased from $1.30 per square foot in the 2000 period to $1.35 per square foot in the 2001 period due to a higher mix of tenant finishing allowances included in buildings and improvements which are depreciated over shorter lives (i.e. over lives generally ranging from 3 to 10 years as opposed to other construction costs which are depreciated over lives ranging from 15 to 33 years).

Comparison of the nine months ended September 30, 2001 to the nine months ended September 30, 2000

Base rentals increased $2.7 million, or 5%, in the 2001 period when compared to the same period in 2000. The increase is primarily due to the effect of the expansions completed since September 30, 2000, as mentioned in the General Overview above, offset by the loss of rent from the sales of the centers in Lawrence, Kansas and McMinnville, Oregon in June 2000. Base rent per weighted average GLA increased by $.18 per square foot from $10.34 per square foot in the nine months ended September 30, 2000 to $10.52 per square foot in the nine months ended September 30, 2001. The increase is the result of the expansions which had a higher average base rent per square foot compared to the portfolio average and the sales of the centers in Lawrence, KS and McMinnville, OR which had a lower average base rent per square foot compared to the portfolio average.

Percentage rentals decreased $454,000, and on a weighted average GLA basis, decreased $.10 per square foot in 2001 compared to 2000. September 2001 same-store sales decreased by 5% as a result of the effects on consumer spending caused in part by the tragic events of September 11, 2001. For the first nine months of 2001, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1, 2001, decreased by 3% resulting in a decrease in percentage rental income. Reported same-space sales for the rolling twelve months ended September 30, 2001, defined as the weighted average sales per square foot reported in space open for the full duration of each comparison period, increased 3% to $284, reflecting the continued success of our strategy to re-merchandise selected centers by replacing low volume tenants with high volume tenants. Reported tenant sales for the first nine months of 2001 for all Tanger Outlet Centers increased by 10% to $968 million compared to $880 million in 2000.

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses generally fluctuates consistently with the reimbursable property operating expenses to which it relates. Expense reimbursements, expressed as a percentage of property operating expenses, decreased from 90% in 2000 to 86% in 2001 primarily as a result of higher non-reimbursable expenses.

Other income decreased $1.6 million in 2001 compared to 2000. The 2000 period included gains on sales of land outparcels totaling $908,000 and the recognition of business interruption insurance proceeds relating to the Stroud, Oklahoma center totaling $985,000 which were recognized in the first six month of 2000. These items were offset in part by increases in the 2001 period in vending and interest income.

Property operating expenses increased by $1.6 million, or 7%, in the 2001 period as compared to the 2000 period and, on a weighted average GLA basis, increased $.16 per square foot from $4.78 to $4.94. The increases are the result of certain increases in real estate tax assessments and higher common area maintenance expenses.

General and administrative expenses increased $608,000, or 11%, in the 2001 period as compared to the 2000 period and, as a percentage of total revenues, were approximately 7% of total revenues in both the 2001 and 2000 periods.

Interest expense increased $2.4 million during the 2001 period as compared to the 2000 period due primarily to our increased debt levels attributable to the additional 326,000 square feet of development completed since September 2000. Our strategy to replace short-term, variable rate debt with long-term, fixed rate debt and extend our average debt maturities has resulted in an overall higher interest rate on outstanding debt. Also, $295,200 paid to terminate certain interest rate swap agreements during the first quarter of 2001 contributed to the increase in interest expense. Depreciation and amortization per weighted average GLA increased 6% from $3.81 per square foot in the 2000 period to $4.03 per square foot in the 2001 period due to a higher mix of tenant finishing allowances included in buildings and improvements which are depreciated over shorter lives (i.e. over lives generally ranging from 3 to 10 years as opposed to other construction costs which are depreciated over lives ranging from 15 to 33 years).

The extraordinary loss recognized in the 2001 period represents the write-off of unamortized deferred financing costs related to debt that was extinguished during the period prior to its scheduled maturity.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $29.0 million and $30.3 million for the nine months ended September 30, 2001 and 2000, respectively. The $1.3 million decrease in cash provided by operating activities is due primarily to an increase in interest expense in 2001 when compared to 2000 offset by a decrease in certain other assets. Net cash used in investing activities was $19.7 million and $15.5 million during 2001 and 2000, respectively. Cash used in investing activities in 2000 was favorably impacted by the receipt of insurance proceeds from casualty losses. Net cash used in financing activities decreased to $9.7 million during the first nine months of 2001 from $15.0 million in 2000 due to the increase in overall debt offset by additions to deferred financing costs related to the February bond offering and other debt issuances during the first nine months of the year.

During the first nine months of 2001, we added 91,100 square feet to the portfolio in San Marcos, TX. Currently, we have an additional 6,000 square feet of expansion space substantially complete in San Marcos, TX, which is scheduled to open during the remainder of 2001. Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $1.1 million at September 30, 2001. Commitments for construction represent only those costs contractually required to be paid by us.

Future Developments

On September 20, 2001 through TWMB, our joint venture with Rosen-Warren Development LLC, we began construction on the first phase of our new 400,000 square foot Tanger Outlet Center in Myrtle Beach, SC. The first phase will consist of approximately 260,000 square feet and include over 60 brand name outlet tenants. Currently, leases for over 195,000 square feet, or 75% of the first phase are fully executed. Stores are tentatively expected to begin opening in late 2002.

We have an option to purchase the retail portion of a site at the Bourne Bridge Rotary in Cape Cod, Massachusetts. Based on tenant demand, we plan to develop a new 250,000 square foot outlet center. The entire site will contain more than 750,000 square feet of mixed-use entertainment, retail, office and residential community built in the style of a Cape Cod Village. Obtaining appropriate approvals from local and state planning authorities for the project continues to be a challenge that currently prohibits us from estimating store openings.

The developments or expansions that we have planned or anticipated may not be started or completed as scheduled, or may not result in accretive funds from operations. In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions. We may also enter into letters of intent for the purchase or sale of properties. Any prospective acquisition or disposition that is being evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in accretive funds from operations.

Financing Arrangements

On May 1, 2001, we entered into an eight year collateralized loan with John Hancock Life Insurance Company for $19.45 million at a fixed rate of 7.98%. The proceeds were used to reduce amounts outstanding under existing lines of credit.

On March 26, 2001, we entered into a five year collateralized loan with Wells Fargo Bank for $24.0 million at a variable rate of LIBOR plus 1.75%. The proceeds were used to reduce amounts outstanding under existing lines of credit. Additionally on March 26, 2001, we extended the maturity date of our existing $29.5 million term loan with Wells Fargo Bank from July 2005 to March 2006.

On February 9, 2001, the Operating Partnership issued $100 million of 9.125% senior, unsecured notes, maturing on February 15, 2008. The net proceeds of $97 million were used to repay all of the outstanding indebtedness under our $75 million 8.75% notes which were due March 11, 2001. The net proceeds were also used to repay the $20 million LIBOR plus 2.25% term loan due January 2002 with Fleet National Bank and Bank of America. The interest rate swap agreements associated with this loan were terminated at a cost of $295,200 which has been included in interest expense. In addition, approximately $180,000 of unamortized costs were written off as an extraordinary item. The remaining proceeds were used for general operating purposes.

At September 30, 2001, approximately 51% of our outstanding long-term debt represented unsecured borrowings and approximately 59% of our real estate portfolio was unencumbered. The average interest rate, including loan cost amortization, on average debt outstanding for the nine months ended September 30, 2001 was 8.82%.

We intend to retain the ability to raise additional capital, including public debt as described above, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in our best interest and our shareholders' interests. During the second quarter of 2001, we amended our shelf registration for the ability to issue up to $200 million in debt and $200 million in equity securities. We may also consider selling certain properties that do not meet our long-term investment criteria as well as outparcels on existing properties to generate capital to reinvest into other attractive investment opportunities.

We maintain revolving lines of credit that provide for unsecured borrowings up to $85 million, of which $74.4 million was available for additional borrowings at September 30, 2001. During the first nine months of 2001, we extended the maturity on two $25 million lines of credit from June 30, 2002 to June 30, 2003. On October 3, 2001 we cancelled a $10 million revolving credit facility which reduced our unsecured lines of credit borrowing capacity to $75 million. This credit facility had been reduced from $25 million to $10 million on July 1, 2001.

Based on cash provided by operations, existing credit facilities, ongoing negotiations with certain financial institutions, the February 2001 bond offering and funds available under the shelf registration, we believe that we have access to the necessary financing to fund the planned capital expenditures during 2001.

We anticipate that adequate cash will be available to fund our operating and administrative expenses, regular debt service obligations, and the payment of dividends in accordance with REIT requirements in both the short and long term. Although we receive most of our rental payments on a monthly basis, distributions to shareholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under the existing lines of credit or invested in short-term money market or other suitable instruments. Certain of our debt agreements limit the payment of dividends such that dividends will not exceed funds from operations ("FFO"), as defined in the agreements, for the prior fiscal year on an annual basis or 95% of FFO on a cumulative basis from the date of the agreement.

On October 12, 2001, our Board of Directors declared a $.61 cash dividend per common share payable on November 15, 2001 to each shareholder of record on October 31, 2001, and caused a $.61 per Operating Partnership unit cash distribution to be paid to the minority interests. The Board of Directors also declared a cash dividend of $.5496 per preferred depositary share payable on November 15, 2001 to each shareholder of record on October 31, 2001.

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes. As a way to manage interest rate market risk and reduce our current average interest rate, we may repurchase a portion of our public debt from time to time based upon market conditions.

We negotiate fixed rate debt instruments and enter into interest rate swap agreements to manage our exposure to interest rate changes. The swaps involve the exchange of fixed and variable interest rate payments based on a contractual principal amount and time period. Payments or receipts on the agreements are recorded as adjustments to interest expense. At September 30, 2001, we had an interest rate swap agreement effective through January 2003 with a notional amount of $25 million. Under this agreement, we receive a floating interest rate based on the 30 day LIBOR index and pay a fixed interest rate of 5.97%. This swap effectively changes our payment of interest on $25 million of variable rate debt to fixed rate debt for the contract period at a rate of 7.72%.

The fair value of the interest rate swap agreement represents the estimated receipts or payments that would be made to terminate the agreement. At September 30, 2001, we would have paid approximately $1,044,000 to terminate the agreement. A 1% decrease in the 30 day LIBOR index would increase the amount paid by us by $314,000 to approximately $1,358,000. The fair value is based on dealer quotes, considering current interest rates.

The fair market value of fixed interest rate debt is subject to market risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of our total debt at September 30, 2001 was $362.1 million and the recorded value was $362.9 million. A 1% increase from prevailing interest rates at September 30, 2001 would result in a decrease in fair value of total debt by approximately $12.9 million. Fair values were determined from quoted market prices, where available, using current interest rates considering credit ratings and the remaining terms to maturity.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FAS 137 and FAS 138, (collectively, "FAS 133"). FAS 133 was effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; accordingly, we adopted FAS 133 on January 1, 2001. Upon adoption on January 1, 2001, we recorded a cumulative effect adjustment of $216,500, net of minority interest of $83,000, in other comprehensive income (loss). At September 30, 2001 in accordance with the provisions of FAS 133, our sole interest rate swap agreement has been designated as a cash flow hedge and is carried on the balance sheet at fair value. At September 30, 2001, the fair value of the hedge is recorded as a liability of $1,044,000 in accounts payable and accrued expenses.

The FASB also issued Statement of Financial Accounting Standards Nos. 141 and 142, "Business Combinations" and "Goodwill and Other Intangible Assets" ("FAS 141") and ("FAS 142"), respectively on June 29, 2001. The provisions of FAS 141 apply to all business combinations initiated after June 30, 2001. FAS 142 is required to be adopted beginning January 1, 2002. We currently do not have any assets identified as either goodwill or intangible assets.

On October 4, 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"), which is required to be adopted as of January 1, 2002. FAS 144 addresses the financial accounting and reporting for impairment of long-lived assets and for long-lived assets to be disposed of. We have evaluated the effects of adoption of FAS 144 and have determined that the adoption will have no effect on our results of operations and financial position.

During 2000, the American Institute of Certified Public Accountants' Accounting Standards Executive Committee issued an exposure draft Statement of Position ("SOP") regarding the capitalization of costs associated with property, plant and equipment. Under the proposed SOP, all property, plant and equipment related costs would be expensed unless the costs are directly identifiable with specific projects. General and administrative and overhead costs which are not payroll or payroll related and not directly related to the project are to be expensed as incurred. The expected effective date of the final SOP is expected in 2002 and currently we are evaluating the effects it may have on our results of operations and financial position.

Funds from Operations

We believe that for a clear understanding of our consolidated historical operating results, FFO should be considered along with net income as presented in the unaudited consolidated financial statements included elsewhere in this report. FFO is presented because it is a widely accepted financial indicator used by certain investors and analysts to analyze and compare one equity real estate investment trust ("REIT") with another on the basis of operating performance. FFO is generally defined as net income (loss), computed in accordance with generally accepted accounting principles, before extraordinary items and gains (losses) on sale of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate. We caution that the calculation of FFO may vary from entity to entity and as such our presentation of FFO may not be comparable to other similarly titled measures of other reporting companies. FFO does not represent net income or cash flow from operations as defined by generally accepted accounting principles and should not be considered an alternative to net income as an indication of operating performance or to cash from operations as a measure of liquidity. FFO is not necessarily indicative of cash flows available to fund dividends to shareholders and other cash needs.

Below is a calculation of FFO for the three and nine months ended September 30, 2001 and 2000 as well as actual cash flow and other data for those respective periods (in thousands):
<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000

- --

Funds from Operations:				
<S>	<C>	<C>	<C>	<C>
Net income	$ 1,770	$ 2,541	$ 3,963	$ 3,713
Adjusted for:				
Extraordinary item - loss on early extinguishment of debt	---	---	130	---
Minority interest	507	803	1,057	895
Depreciation and amortization uniquely significant to real estate	7,133	6,470	21,115	19,323
Loss on sale of real estate	---	---	---	5,935
Funds from operations before minority interest (1)	$ 9,410	$ 9,814	$ 26,265	$ 29,866
Weighted average shares outstanding (2)	11,713	11,730	11,708	11,705
Cash flows provided by (used in):				
Operating activities			$ 29,005	$ 30,260
Investing activities			(19,726)	(15,524)
Financing activities			(9,715)	(15,037)

(1) Includes gain on sales of outparcels of land of $482 for the three months ended and $908 for the nine months ended September 30, 2000. Also, includes $985 in business interruption proceeds for the nine months ended September30, 2000.

(2) Assumes the partnership units of the Operating Partnership held by the minority interest, preferred shares of the Company and stock and unit options are converted to common shares of the Company.

</TABLE>

Economic Conditions and Outlook

The majority of our leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling us to receive percentage rentals based on tenants' gross sales (above predetermined levels, which we believe often are lower than traditional retail industry standards) that generally increase as prices rise. Most of the leases require the tenant to pay their share of property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

While factory outlet stores continue to be a profitable and fundamental distribution channel for brand name manufacturers, some retail formats are more successful than others. As typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws.

As of January 1, 2001, approximately 29% of our lease portfolio was scheduled to expire during the next two years. Approximately 684,000 square feet of space is up for renewal during 2001 and approximately 868,000 square feet will come up for renewal in 2002. If we are unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

As of September 30, 2001, we have renewed approximately 529,000 feet, or 77% of the square feet scheduled to expire in 2001. The existing tenants have renewed at an average base rental rate approximately 7% higher than the expiring rate. We also have re-tenanted 231,000 feet of vacant space during the first nine months of 2001 at an 11% increase in the average base rental rate from that which was previously charged.

As of September 30, 2001 and 2000, our centers were 95% occupied. Consistent with our long-term strategy of re-merchandising centers, we will continue to hold space off the market until an appropriate tenant is identified. While we believe this strategy will add value to our centers in the long-term, it may reduce our average occupancy rate in the near term.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Neither the Company nor the Operating Partnership is presently involved in any material litigation nor, to their knowledge, is any material litigation threatened against the Company or the Operating Partnership or its properties, other than routine litigation arising in the ordinary course of business.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1 The Senior Indenture, dated as of March 1, 1996, among Tanger Properties Limited Partnership, as Issuer, Tanger Factory Outlet Centers, Inc., as Guarantor, and State Street Bank and Trust Company, as Trustee, incorporated by reference to Tanger Properties Limited Partnership Form 8-K dated January 31, 2001.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ FRANK C. MARCHISELLO, JR.

Frank C. Marchisello, Jr.
Senior Vice President, Chief Financial Officer

DATE: November 14, 2001