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, 1998

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

1400 West Northwood Street, Greensboro, North Carolina 27408
(Address of principal executive offices)
(Zip code)

(336) 274-1666
(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

7,902,607 shares of Common Stock,
$.01 par value, outstanding as of October 30, 1998

TANGER FACTORY OUTLET CENTERS, INC.

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Part I. Financial Information

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

<TABLE>
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	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
	(Unaudited)		(Unaudited)	
REVENUES				
<S>	<C>	<C>	<C>	<C>
Base rentals	$16,771	$14,404	$48,895	$41,362
Percentage rentals	803	779	1,678	1,482
Expense reimbursements	6,957	6,200	20,442	17,799
Other income	536	274	1,208	695
Total revenues	25,067	21,657	72,223	61,338
EXPENSES				
Property operating	7,981	6,584	22,030	18,732
General and administrative	1,627	1,500	4,966	4,528
Interest	5,840	4,414	16,065	12,193
Depreciation and amortization	5,728	4,790	16,407	13,694
Total expenses	21,176	17,288	59,468	49,147
Income before gain on sale of real estate, minority interest and extraordinary item	3,891	4,369	12,755	12,191
Gain on sale of real estate	---	---	994	---
Income before minority interest and extraordinary item	3,891	4,369	13,749	12,191
Minority interest	(946)	(1,207)	(3,424)	(3,357)
Income before extraordinary item	2,945	3,162	10,325	8,834
Extraordinary item - Loss on early extinguishment of debt, net of minority interest of $128	---	---	(332)	---
Net income	$2,945	$3,162	$9,993	$8,834
Basic earnings per common share				
Income before extraordinary item	$.31	$.40	$1.13	$1.11
Extraordinary item	---	---	(.04)	---
Net income	$.31	$.40	$1.09	1.11
Diluted earnings per common share:				
Income before extraordinary item	$.31	$.39	$1.11	$1.09
Extraordinary item	---	---	(.05)	---
Net income	$.31	$.39	$1.06	$1.09
Dividends paid per common share	$.60	$.55	$1.75	$1.62

</TABLE>

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

<TABLE>
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<S>	September 30, 1998 <C> (Unaudited)	December 31, 1997 <C>
ASSETS		
Rental property		
Land	$53,869	$48,059
Buildings, improvements and fixtures	456,510	379,842
Developments under construction	9,299	26,807
	519,678	454,708
Accumulated depreciation	(79,282)	(64,177)
Rental property, net	440,396	390,531
Cash and cash equivalents	2,659	3,607
Deferred charges, net	8,765	8,651
Other assets	12,224	13,225
Total assets	$464,044	$416,014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Long-term debt		
Senior, unsecured notes	$150,000	$150,000
Mortgages payable	73,116	74,050
Lines of credit	65,330	5,000
	288,446	229,050
Construction trade payables	8,649	12,913
Accounts payable and accrued expenses	12,698	13,526
Total liabilities	309,793	255,489
Commitments		
Minority interest	36,628	38,406
Shareholders' equity		
Preferred shares, $.01 par value, 1,000,000 shares authorized, 88,770 and 90,689 shares issued and outstanding at September 30, 1998 and December 31, 1997	1	1
Common shares, $.01 par value, 50,000,000 shares authorized, 7,903,102 and 7,853,936 shares issued and outstanding at September 30, 1998 and December 31, 1997	79	78
Paid in capital	137,724	137,020
Distributions in excess of net income	(20,181)	(14,980)
Total shareholders' equity	117,623	122,119
Total liabilities and shareholders' equity	$464,044	$416,014

</TABLE>

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
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<S>	Nine Months Ended September 30, 1998 <C> (Unaudited)	1997 <C>
OPERATING ACTIVITIES		
Net income	$9,993	$8,834
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,407	13,694
Amortization of deferred financing costs	810	780
Minority interest	3,296	3,357

Loss on early extinguishment of debt	460	---
Gain on sale of real of estate	(994)	---
Straight-line base rent adjustment	(573)	(328)
Compensation under Unit Option Plan	177	253
Increase (decrease) due to changes in:		
Other assets	1,159	(107)
Accounts payable and accrued expenses	(828)	(1,140)
Net cash provided by operating activities	29,907	25,343
INVESTING ACTIVITIES		
Acquisition of rental properties	(44,650)	(37,500)
Additions to rental properties	(26,267)	(36,231)
Additions to deferred lease costs	(1,891)	(1,489)
Net proceeds from sale of real estate	2,561	---
Net cash used in investing activities	(70,247)	(75,220)
FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	---	27,038
Cash dividends paid	(15,194)	(12,249)
Distributions to minority interest	(5,308)	(4,914)
Repayments on notes payable	(934)	(856)
Proceeds from revolving lines of credit	112,945	107,050
Repayments on revolving lines of credit	(52,615)	(65,800)
Additions to deferred financing costs	(264)	(102)
Proceeds from exercise of unit options	762	483
Net cash provided by financing activities	39,392	50,650
Net increase (decrease) in cash and cash equivalents	(948)	773
Cash and cash equivalents, beginning of period	3,607	2,585
Cash and cash equivalents, end of period	$2,659	$3,358

</TABLE>

Supplemental schedule of non-cash investing activities:
The Company purchases capital equipment and incurs costs relating to construction of new facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of September 30, 1998 and 1997 amounted to $8,649 and $19,160, respectively.

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

TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 1998
(In thousands, except per share and square feet data)
(Unaudited)

1. Interim Financial Statements

The unaudited Consolidated Financial Statements of Tanger Factory Outlet Centers, Inc., a North Carolina corporation (the "Company"), have been prepared pursuant to generally accepted accounting principles and should be read in conjunction with the Financial Statements and Notes thereto of the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 1997. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles 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.

The accompanying 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.

2. Acquisitions, Dispositions and Development of Rental Properties

On July 31, 1998, the Company completed the acquisition of Sanibel Factory Stores, a factory outlet center on the Gulf coast of Florida between Fort Myers and Sanibel Island containing approximately 186,000 square feet, for a purchase price of $27,650. On March 31, 1998, the Company completed the acquisition of Dalton Factory Stores, a factory outlet center in Dalton, GA containing approximately 173,000 square feet, for an aggregate purchase price of $17,000. The acquisitions were accounted for using the purchase method whereby the purchase price is allocated to assets acquired based on their fair values. The results of operations of the acquired properties have been included in the consolidated results of operations since the respective acquisition dates.

During the first nine months, the Company completed the sale of its 8,000 square foot, single tenant property in Manchester, VT for $1,850 and the sale of three outparcels at other centers for sales prices aggregating $940. As a result of these dispositions, the Company recognized a gain on sale of real estate of $994 for the nine months ended September 30, 1998.

During the first nine months, the Company completed the construction and opened approximately 130,600 square feet in expansions which were significantly underway at December 31, 1997. In addition, the Company substantially completed construction and opened 20,000 square feet of a 25,000 square foot expansion to its property in Branson, MO and construction has begun on additional expansions in Sevierville, TN (96,000 square feet) and Riverhead, NY (67,000 square feet). Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $4,800 at September 30, 1998. Commitments for construction represent only those costs contractually required to be paid by the Company.

Interest costs capitalized during the three months ended September 30, 1998 and 1997 amounted to $113 and $399, respectively, and during the nine months ended September 30, 1998 and 1997 amounted to $512 and $1,451, respectively.

3. Long-Term Debt

During the first nine months, the Company amended certain of its unsecured lines of credit to increase the maximum borrowing capacity by an aggregate amount of $25,000. In addition, the Company terminated its $50,000 secured line of credit and expensed the related unamortized deferred financing costs, recognizing an extraordinary loss, net of minority interest, of $332 in the accompanying statements of operations.

At September 30, 1998, the Company had revolving lines of credit with an unsecured borrowing capacity of $100,000, of which $34,670 was available for additional borrowings.

In October 1998, the Company entered into an interest rate swap effective through October 2001 with a notional amount of $20,000 which fixed the 30 day LIBOR index at 5.47%.

4. Income 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, which the Company adopted in its financial statements for the year ended December 31, 1997.

<TABLE>
<CAPTION>

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
<S>	<C>	<C>	<C>	<C>
Basic earnings per share				
Income before extraordinary item	$2,945	$3,162	$10,325	$8,834
Less: Preferred Share dividends	(481)	(450)	(1,433)	(1,358)
Income available to common shareholders	$2,464	$2,712	$8,892	$7,476
Weighted average Common Shares	7,901	6,819	7,881	6,756
Basic earnings per share	$.31	$.40	$1.13	$1.11
Diluted earnings per share				
Income before extraordinary item	$2,945	$3,162	$10,325	$8,834
Less: Preferred Share dividends	(481)	(450)	(1,433)	(1,358)
Income available to common shareholders	$2,464	$2,712	$8,892	$7,476
Shares:				
Weighted average Common Shares	7,901	6,819	7,881	6,756
Effect of outstanding share and unit options	117	147	163	95

Weighted average Common Shares plus assumed conversions	8,018	6,966		8,044	6,851
Diluted earnings per share	$.31	$.39		$1.11	$1.09

</TABLE>

Options to purchase Common Shares which were excluded from the computation of diluted earnings per share because the exercise price was greater than the average market price of the Common Shares totaled 272 and 9 for the three months ended September 30, 1998 and 1997, and 267 and 9 for the nine months ended September 30, 1998 and 1997, 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 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.

5. Shareholders' Equity

On July 30, 1998, the Company's Board of Directors declared a distribution of one Preferred Share Purchase Right (a "Right") for each then outstanding Common Share of the Company to shareholders of record on August 27, 1998.

The Rights are exercisable only if a person or group acquires 15% or more of the Company's outstanding Common Shares or announces a tender offer the consummation of which would result in ownership by a person or group of 15% or more of the Common Shares. Each Right entitles shareholders to buy one-hundredth of a share of a new series of Junior Participating Preferred Shares of the Company at an exercise price of $120, subject to adjustment.

If an acquiring person or group acquires 15% or more of the Company's outstanding Common Shares, an exercisable Right will entitle its holder (other than the acquirer) to buy, at the Right's then-current exercise price, Common Shares of the Company having a market value of two times the exercise price of one Right. If an acquirer acquires at least 15%, but less than 50%, of the Company's Common Shares, the Board may exchange each Right (other than those of the acquirer) for one Common Share (or one-hundredth of a Class B Preferred Share) per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable Right will entitle its holder to buy, at the Right's then-current exercise price, Common Shares of the acquiring company having a market value of two times the exercise price of one Right.

The Company may redeem the Rights at $.01 per Right at any time prior to a person or group acquiring a 15% position. The Rights will expire on August 26, 2008.

On October 13, 1998, the Company's Board of Directors authorized the repurchase of up to $5 million of the Company's Common Shares. The timing and amount of purchases will be at the discretion of management.

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

CAUTIONARY STATEMENTS

Certain statements contained in the discussion below, including, without limitation, statements containing the words "believes," "anticipates," "expects," and words of similar import, constitute "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

the effects of future events on the Company's financial performance; the risk that the Company may not be able to finance its planned development, acquisition and expansion activities; risks related to the retail industry in which the Company's outlet centers compete, including the potential adverse impact of external factors such as inflation, tenant demand for space, consumer confidence, unemployment rates and consumer tastes and preferences; risks associated with the Company's development, acquisition and expansion activities, such as the potential for cost overruns, delays and lack of predictability with respect to the financial returns associated with these development activities; the risk of potential increase in market interest rates from current rates; risks associated with real estate ownership, such as the potential adverse impact of changes in the local economic climate on the revenues and the value of the Company's properties; and the risks that a significant number of tenants may become unable to meet their lease obligations or that the Company may be unable to renew or re-lease a significant amount of available space on economically favorable terms. Given these uncertainties, current and prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

OVERVIEW

The discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto. Historical results and percentage relationships set forth in the Consolidated Statements of Operations, including trends which might appear, are not necessarily indicative of future operations.

The discussion of the Company's results of operations reported in the Consolidated Statements of Operations compares the three and nine months ended September 30, 1998 with the three and nine months ended September 30, 1997. Certain comparisons between the periods are also 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 which may occur subsequent to the original opening date.

The Company continues to grow principally through acquisitions and expansions of existing factory outlet centers. On July 31, 1998, the Company completed the acquisition of Sanibel Factory Stores, a factory outlet center on the Gulf coast of Florida between Fort Myers and Sanibel Island containing approximately 186,000 square feet, for a purchase price of $27.65 million. On March 31, 1998, the Company completed the acquisition of Dalton Factory Stores, a factory outlet center in Dalton, GA containing approximately 173,000 square feet, for an aggregate purchase price of $17.0 million. On March 31, 1998, the Company also completed the sale of its 8,000 square foot, single tenant property in Manchester, VT for $1.85 million.

During the first nine months, the Company completed the construction and opened approximately 130,600 square feet in expansions which were significantly underway at December 31, 1997. In addition, the Company substantially completed construction and opened 20,000 square feet of a 25,000 square foot expansion to its property in Branson, MO and construction has begun on additional expansions in Sevierville, TN (96,000 square feet) and Riverhead, NY (67,000 square feet).

A summary of the operating results for three and nine months ended September 30, 1998 and 1997, calculated on a weighted average GLA basis, is presented in the following table.
<TABLE>
<CAPTION>

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
<S>	<C>	<C>	<C>	<C>
GLA at end of period (000's)	4,954	4,289	4,954	4,289
Weighted Average GLA(a) (000's)	4,869	4,079	4,700	3,928
Outlet centers in operation	31	30	31	30
New centers acquired	1	2	2	3
Centers sold	---	---	1	---
Centers expanded	1	1	1	2
States operated in at end of period	23	23	23	23
Per square foot				
Revenues				
Base rentals	$3.44	$3.53	$10.40	$10.53
Percentage rentals	.16	.19	.36	.38

Expense reimbursements	1.43	1.52		4.35	4.53
Other income	.11	.07		.26	.18
Total revenue	5.14	5.31		15.37	15.62
Expenses					
Property operating	1.64	1.61		4.69	4.77
General and administrative	.33	.37		1.06	1.15
Interest	1.20	1.08		3.42	3.10
Depreciation and amortization	1.18	1.17		3.49	3.49
Total expenses	4.35	4.23		12.66	12.51
Income before gain on sale of real estate, minority interest and extraordinary item	$.79	$1.08		$2.71	$3.11

</TABLE>

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

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 1998 to the three months ended September 30, 1997

Base rentals increased $2.4 million, or 16%, in the 1998 period when compared to the same period in 1997 primarily as a result of a 19% increase in weighted average GLA. The increase in weighted average GLA is due to the acquisitions in October 1997 (180,000 square feet), March 1998 (173,000 square feet), and July 1998 (186,000 square feet) as well as expansions completed in the fourth quarter of 1997 and first quarter 1998. The decrease in base rentals per weighted average GLA of $.09 in the three months ended September 30, 1998 compared to the same period in 1997 reflects the impact of these acquisitions, which collectively have a lower average base rental rate per square foot, as well as a decrease in the occupancy rate from 98% at September 30, 1997 to 95% at September 30, 1998. Base rentals per weighted average GLA, excluding these acquisitions, during the 1998 period decreased $.06 per foot to $3.47.

Percentage rentals, which represent revenues based on a percentage of tenants' sales volume above predetermined levels (the "breakpoint"), increased $24,000, or 3%, due primarily to the expansions and acquisitions completed in 1997. On a weighted average GLA basis, percentage rentals decreased $.03 per square foot primarily as a result of the dilutive effect of the increase in additional square footage associated with the 1998 acquisitions, without a corresponding increase in percentage rentals.

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 94% in the 1997 period to 87% in the 1998 period primarily as a result of the decrease in occupancy rates and an increase in expenses incurred from 1997 to 1998 of $.03 per square foot.

Property operating expenses increased by $1.4 million, or 21%, in the 1998 period as compared to the 1997 period. On a weighted average GLA basis, property operating expenses increased $.03 per square foot, or 2%, from $1.61 to $1.64. The increase in somewhat offset by the impact of the acquisitions, which collectively have a lower average operating cost per foot. Property operating expenses per weighted average GLA, excluding the acquisitions, increased $.06 per foot to $1.67, due primarily to an increase in expenses for advertising and promotion incurred in the 1998 period compared to the 1997 period.

General and administrative expenses increased $127,000, or 8%, in the 1998 quarter as compared to the 1997 quarter. As a percentage of revenues, general and administrative expenses decreased in the 1998 period compared to the 1997 period from 6.9% to 6.5%, and on a weighted average GLA basis, decreased $.04 per square foot to $.33 in 1998.

Interest expense increased $1.4 million during the 1998 period as compared to the 1997 period due to higher average borrowings outstanding during the period and due to less interest capitalized during the 1998 period as a result of a decrease in ongoing construction activity relative to the 1997 period. Average borrowings have increased principally to finance the acquisitions and expansions to existing centers (see "Overview" above). Depreciation and amortization per weighted average GLA increased $.01 per square foot to $1.18 per square foot during the 1998 period compared to the 1997 period.

Comparison of the nine months ended September 30, 1998 to the nine months ended September 30, 1997

Base rentals increased $7.5 million, or 18%, in the 1998 period when compared to the same period in 1997 primarily as a result of a 20% increase in weighted average GLA. The increase in weighted average GLA is due to the acquisitions in February 1997 (approximately 123,000 square feet), October 1997 (180,000 square feet), March 1998 (173,000 square feet), and July 1998 (186,000 square feet), as well as expansions completed in the fourth quarter of 1997 and first quarter 1998. The decrease in base rentals per weighted average GLA of $.13 in the first nine months of 1998 compared to the same period in 1997 reflects the impact of these acquisitions, which collectively have a lower average base rental rate per square foot, as well as a decrease in the occupancy rate from 98% at September 30, 1997 to 95% at September 30, 1998. Base rentals per weighted average GLA, excluding these acquisitions, during the 1998 period decreased $.06 per square foot to $10.47.

Percentage rentals increased $196,000, or 13%, due to the acquisitions and expansions completed in 1997. On a weighted average GLA basis, percentage rentals decreased slightly from $.38 to $.36 per square foot. For the nine months ended September 30, 1998, reported same-store sales, defined as the weighted average sales per square foot reported by tenants for stores open since January 1,1997, decreased 2% compared with the same period in 1997. Total tenant sales for all centers increased approximately 20% for the first nine months in 1998 to $770 million compared to $642 million for the same period in 1997.

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 95% in the 1997 period to 93% in the 1998 period primarily as a result of the decrease in occupancy.

Property operating expenses increased by $3.3 million, or 18%, in the 1998 period as compared to the 1997 period but, on a weighted average GLA basis, decreased $.08 per square foot from $4.77 to $4.69. The decrease reflects the impact of the acquisitions, which collectively have a lower average operating cost per foot. Property operating expenses per weighted average GLA, excluding the acquisitions, decreased $.01 per foot to $4.76.

General and administrative expenses increased $438,000, or 10%, in the 1998 quarter as compared to the 1997 quarter. As a percentage of revenues, general and administrative expenses decreased from approximately 7.4% of revenues in the 1997 period to 6.9% in the 1998 period and, on a weighted average GLA basis, decreased $.09 per square foot to $1.06 in 1998.

Interest expense increased $3.9 million during the 1998 period as compared to the 1997 period due to higher average borrowings outstanding during the period and due to less interest capitalized during the 1998 period as a result of a decrease in ongoing construction activity relative to the 1997 period. Average borrowings have increased principally to finance the acquisitions and expansions to existing centers (see "Overview" above). Depreciation and amortization per weighted average GLA remained level in the 1998 period when compared with the 1997 period at $3.49 per square foot.

The gain on sale of real estate for the nine months ended September 30, 1998 represents the sale of an 8,000 square foot, single tenant property in Manchester, VT for $1.85 million and the sale of three outparcels at other centers for sales prices aggregating $940,000.

The extraordinary loss for the nine months ended September 30, 1998 represents a write-off of the unamortized deferred financing costs due to the termination of a $50 million secured line of credit.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $29.9 and $25.3 million for the nine months ended September 30, 1998 and 1997, respectively. Net cash used in investing activities amounted to $70.2 and $75.2 million during the first nine months of 1998 and 1997, respectively, reflecting lower levels of construction activity in the 1998 period compared to the 1997 period. The net decrease in the 1998 period is also attributable to the proceeds received from the sale of one factory outlet center and three outparcels located at other existing centers. Net cash from financing activities amounted to $39.4 and $50.7 million during the first nine months of 1998 and 1997, respectively, and has decreased consistently with the capital needs of the current acquisition and expansion activity. The net decrease of $11.3 million in the 1998 period compared with the 1997 period also reflects additional dividends paid as a result of additional Common Shares outstanding and a $.13 per share increase in the year-to-date dividend distributions.

During the first nine months, the Company completed the construction and opened approximately 130,600 square feet in expansions which were significantly underway at December 31, 1997. In addition, the Company substantially completed construction of an expansion to its property in Branson, MO (25,000 square feet) and construction has begun on additional expansions in Sevierville, TN (96,000 square feet) and Riverhead, NY (67,000 square feet). Commitments to complete construction of the expansions to the existing properties and other capital expenditure requirements amounted to approximately $4,800 at September 30, 1998. Commitments for construction represent only those costs contractually required to be paid by the Company.

In September 1998, the Company sold its interest, approximately 35 acres, in a planned site in Concord, North Carolina due to the project not meeting the Company's investment criteria. The net proceeds from the sale approximated the asset's carrying cost at the time of sale.

The Company is in the process of developing plans for additional expansions and new centers for completion in 1999 and beyond and will consider other acquisitions that are suitable for its portfolio. The Company is continuing the preleasing of a planned site located in Romulus, Michigan (Detroit). However, there can be no assurance that any of these anticipated or planned developments or expansions will be started or completed as scheduled, or that any development or expansion will result in accretive funds from operations. In addition, the Company regularly evaluates acquisition proposals, engages from time to time in negotiations for acquisitions and may from time to time enter into letters of intent for the purchase of properties. No assurance can be given that any of the prospective acquisitions that are being evaluated or which are subject to a letter of intent will be consummated, or if consummated, will result in accretive funds from operations.

Management intends to continually have access to the capital resources necessary to expand and develop its business and, accordingly, may seek to obtain additional funds through equity offerings or debt financing. The Company has an active shelf registration with the SEC providing for the issuance of up to $100 million in additional equity securities and $100 million in additional debt securities. In addition, the Company maintains revolving lines of credit which provide for unsecured borrowings of up to $100 million, of which $34.67 million was available for additional borrowings as of September 30, 1998. Based on existing credit facilities, ongoing negotiations with certain financial institutions and funds available under the shelf registration, management believes that the Company has access to the necessary financing to fund the planned remaining capital expenditures during 1999.

During the first nine months of 1998, the Company terminated a $50 million secured line of credit and increased the unsecured lines of credit by $25 million. At September 30, 1998, approximately 75% of the outstanding long-term debt represented unsecured borrowings and approximately 79% of the Company's real estate portfolio was unencumbered. The weighted average interest rate on debt outstanding on September 30,

1998 was 8.2%.

The Company anticipates that adequate cash will be available to fund its 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 the Company receives most of its 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 the Company's debt agreements or instruments limit the payment of dividends such that dividends will not exceed funds from operations ("FFO"), as defined in the agreements, on an annual basis or 95% of FFO on a cumulative basis from the date of the agreement.

On October 8, 1998, the Board of Directors of the Company declared a $.60 cash dividend per common share payable on November 16, 1998 to each shareholder of record on October 30, 1998, and caused a $.60 per Operating Partnership unit cash distribution to be paid to the minority interests. The Board of Directors of the Company also declared a cash dividend of $.5406 per preferred depositary share payable on November 16, 1998 to each shareholder of record on October 30, 1998.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 131, " Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires public business enterprises to adopt its provisions for fiscal years beginning after December 15, 1997, and to report certain information about operating segments in complete sets of financial statements of the enterprise issued to shareholders. Segment disclosures will also be required in interim financial statements beginning in the second year of application. The Company does not believe the provisions of SFAS No. 131 will have a significant impact to the financial statements.

In May 1998, the Emerging Issues Task Force of the FASB reached a consensus on Issue 98-9, "Accounting for Contingent Rent in Interim Financial Periods". The consensus states that a lessor should defer recognition of contingent rental income until specified targets that trigger the contingent rent are met. Since the Company is currently, and has historically, followed this practice when recognizing percentage rental income, the adoption of this consensus did not have any impact on the Company's current accounting practices.

On June 15, 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities (FAS 133). FAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. FAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Management of the Company anticipates that, due to its limited use of derivative instruments, the adoption of FAS 133 will not have a significant effect on the Company's results of operations or its financial position.

FUNDS FROM OPERATIONS

Management believes that to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO should be considered in conjunction 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 properties, plus depreciation and amortization uniquely significant to real estate. The Company cautions that the calculation of FFO may vary from entity to entity and as such the presentation of FFO by the Company 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 computation of FFO for the three and nine months ended September 30, 1998 and 1997 as well as actual cash flow and other data for applicable reporting periods:
<TABLE>
<CAPTION>

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Income before gain on sale or real estate, minority interest and extraordinary item	$ 3,891	$ 4,369	$ 12,755	$ 12,191
Adjusted for depreciation and amortization uniquely significant to real estate	5,661	4,745	16,250	13,556
Funds from operations before minority interest	$ 9,552	$ 9,114	$ 29,005	$ 25,747
Diluted weighted average shares outstanding(1)	11,853	10,817	11,885	10,715
Cash flows provided by (used in):				
Operating activities			$ 29,907	$ 25,343
Investing activities			($70,247)	($75,220)

Financing activities	$ 39,392	$ 50,650

</TABLE>

(1) 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.

ECONOMIC CONDITIONS AND OUTLOOK

Substantially all of the Company's leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling the Company to receive percentage rentals based on tenants' gross sales (above predetermined levels, which the Company believes often are lower than traditional retail industry standards) which 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, advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

Approximately 731,000 square feet will come up for renewal in 1999. In addition, 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. There can be no assurance that any

tenant whose lease expires will renew such lease or that renewals or terminated leases will be released on economically favorable terms. Also, certain tenants have requested, or may request, and management may grant, from time to time, a reduction in rent to remain in operation.

The Company's portfolio is currently 95% leased. Existing tenants' sales have remained stable and renewals by existing tenants have remained strong. In addition, the Company has continued to attract and retain additional tenants. The Company's factory outlet centers typically include well known, national, brand name companies. By maintaining a broad base of credit tenants and a geographically diverse portfolio of properties located across the United States, the Company reduces its operating and leasing risks. No one tenant (including affiliates) accounts for more than 10% of the Company's combined base and percentage rental revenues. Accordingly, management currently does not expect any material adverse impact on the Company's results of operation and financial condition as a result of leases to be renewed or stores to be released.

YEAR 2000 COMPLIANCE

Many currently installed computer systems are not capable of distinguishing 21st century dates with 20th century dates. As a result, in less than two years, computer systems and/or software used by many companies in a very wide variety of applications will experience operating difficulties unless they are modified or upgraded to adequately process information involving, related to or dependent upon the century change. Significant uncertainty exists concerning the scope and magnitude of problems associated with the century change.

The Company recognizes the need to ensure its operations will not be adversely impacted by Year 2000 software failures and has established a project team to address Year 2000 risks. The project team has coordinated the identification of and will coordinate the implementation of changes to computer hardware and software applications that will attempt to ensure availability, integrity and reliability of the Company's information systems. The Company is also assessing the potential overall impact of the impending century change on its business, results of operations and financial position.

The Company has reviewed its information and operational systems in order to identify those services and systems that are not Year 2000 compliant. As a result of this review, the Company has determined that it will be required to modify or replace certain information and operational systems so they will be Year 2000 compliant. These modifications and replacements are being, and will continue to be, made in conjunction with the Company's overall systems initiatives. The total cost of these Year 2000 compliance activities, estimated at less than $200,000, has not been, and is not anticipated to be, material to the Company's financial position or its results of operations. The Company expects to complete its Year 2000 project during 1999. Based on available information, the Company does not believe any material exposure to significant business interruption exist as a result of Year 2000 compliance issues. However, the Company is in the process of developing a contingency plan in the event its Year 2000 project is not completed in a timely manner. These costs and the timing in which the Company plans to complete its Year 2000 modification and testing processes are based on management's best estimates. However, there can be no assurance that the Company will timely identify and remediate all significant Year 2000 problems, that remedial efforts will not involve significant time and expense, or that such problems will not have a material adverse effect on the Company's business, results of operations or financial position.

The Company also faces the risk to the extent that suppliers of products, services and systems purchased by the Company and others with whom the Company transacts business do not comply with Year 2000 requirements. The Company has initiated formal communications with significant suppliers and customers to determine the extent to which the Company is vulnerable to these third parties' failure to remediate their own Year 2000 issues. In the event any such third parties cannot provide the Company with products, services or systems that

meet the Year 2000 requirements on a timely basis, or in the event Year 2000 issues prevent such third parties from timely delivery of products or services required by the Company, the Company's results of operations could be materially adversely affected. To the extent Year 2000 issues cause significant delays in, or cancellation of, payments from tenants of their monthly rental obligations, the Company's business, results of operations and financial position would be materially adversely affected.

CONTINGENCIES

There are no recorded amounts resulting from environmental liabilities as there are no known material loss contingencies with respect thereto. Future claims for environmental liabilities are not measurable given the uncertainties surrounding whether there exists a basis for any such claims to be asserted and, if so, whether any claims will, in fact, be asserted. Furthermore, no condition is known to exist that would give rise to a material environmental liability for site restoration, post-closure and monitoring commitments, or other costs that may be incurred upon the sale or disposal of a property. Management has no plans to abandon any of the properties and is unaware of any other material loss contingencies.

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 and which is expected to be covered by the liability insurance.

Item 6. Exhibits and Reports on Form 8-K

The Company file the following reports on Form 8-K during the three months ended September 30, 1998:

Current Report on Form 8-K dated July 31, 1998 to file the financial statements and related schedules related to the acquisition of Sanibel Factory Stores, a factory outlet center in Fort Myers, Florida.

Current Report on Form 8-K dated August 27, 1998 to report the declaration of a dividend of one preferred share purchase right for each outstanding common share and file the related Rights Agreement dated August 20, 1998 between Tanger Factory Outlet Centers, Inc. and BankBoston, N.A.

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.
Vice President, Chief Financial Officer

DATED: November 11, 1998