

EASTGROUP

P R O P E R T I E S

NEWS RELEASE

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EASTGROUP PROPERTIES ANNOUNCES 2008 EARNINGS GUIDANCE

JACKSON, MISSISSIPPI, January 8, 2008 -- EastGroup Properties (NYSE-EGP) today announced its initial outlook for 2008. Funds from Operations (FFO) per share for 2008 is estimated to be in the range of \$3.20 to \$3.30. Earnings per share for 2008 is estimated to be in the range of \$1.01 to \$1.11. The table below reconciles projected net income to projected FFO.

	Low Range		High Range	
	Q1 2008	Y/E 2008	Q1 2008	Y/E 2008
Net income	\$ 6,083	26,655	6,559	29,035
Dividends on preferred shares	(656)	(2,624)	(656)	(2,624)
Net income available to common stockholders	5,427	24,031	5,903	26,411
Depreciation and amortization	12,561	52,023	12,561	52,023
Funds from operations available to common stockholders	<u>\$ 17,988</u>	<u>76,054</u>	<u>18,464</u>	<u>78,434</u>
Diluted shares	23,786	23,792	23,786	23,792
Per share data (diluted):				
Net income available to common stockholders	\$ 0.23	1.01	0.25	1.11
Funds from operations available to common stockholders	\$ 0.76	3.20	0.78	3.30

The following assumptions were used:

- Average occupancy of 93.5% to 95.5%.
- Same property NOI increase of 0% to 2.5%.
- Non-same property NOI:
 - Development properties not transferred to the portfolio by January 1, 2007 contributing PNOI of \$.53 per share.
 - Acquisitions of operating properties of \$40 million in the first half of 2008 and \$10 million in the second half of 2008.
 - Dispositions of operating properties of \$20 million on July 1, 2008.
- Termination fees, net of bad debt, of zero.
- No sales of land or other nondepreciable real estate.
- Floating rate bank debt at an average rate of 5.6%.
- New fixed rate debt of \$78 million in March 2008 at 5.5%.

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The Company's 7.95% Series D Cumulative Redeemable Preferred Stock is redeemable at par (\$33 million) on or after July 2, 2008. If redeemed, the original issuance costs of \$674,000 would be reported similarly to a preferred dividend and would reduce net income and FFO available to common stockholders by that amount. The redemption and related costs are not included in guidance for 2008.

In comparing the 2008 guidance to 2007 results to be reported on February 13, 2008, FFO for 2007 was affected by the following significant one-time items:

- (a) Gain on sale of land of \$.08 per share in lieu of condemnation, net of related performance-based compensation.
- (b) Termination fee of \$.04 per share for a single tenant in the third quarter of 2007. The space was re-leased immediately.

The Company's chief decision makers use two primary measures of operating results in making decisions: property net operating income (PNOI), defined as income from real estate operations less property operating expenses (before interest expense and depreciation and amortization), and funds from operations available to common stockholders (FFO). EastGroup defines FFO consistent with the National Association of Real Estate Investment Trusts' definition, as net income (loss) computed in accordance with U.S. generally accepted accounting principles (GAAP), excluding gains or losses from sales of depreciable real estate property, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO as defined by the Company refers to FFO available to common stockholders as it excludes dividends on preferred stock.

PNOI and FFO are supplemental industry reporting measurements used to evaluate the performance of the Company's investments in real estate assets and its operating results. The Company believes that the exclusion of depreciation and amortization in the industry's calculations of PNOI and FFO provides supplemental indicators of the properties' performance since real estate values have historically risen or fallen with market conditions. PNOI and FFO as calculated by the Company may not be comparable to similarly titled but differently calculated measures for other REITs. Investors should be aware that items excluded from or added back to FFO are significant components in understanding and assessing the Company's financial performance.

FORWARD-LOOKING STATEMENTS

The Company's assumptions and financial projections in this release are based upon "forward-looking" information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently subject to known and unknown risks and uncertainties, many of which the Company cannot predict, including, without limitation:

- changes in general economic conditions;
- the extent of tenant defaults or of any early lease terminations;
- the Company's ability to lease or re-lease space at current or anticipated rents;
- the availability of financing;
- changes in the supply of and demand for industrial/warehouse properties;
- increases in interest rate levels;
- increases in operating costs;
- natural disasters, terrorism, riots and acts of war, and the Company's ability to obtain adequate insurance;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that development projects may not be completed on schedule or that development or operating costs may be greater than anticipated.

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Although the Company believes that the expectations reflected in the forward-looking statements are based upon reasonable assumptions at the time made, the Company can give no assurance that such expectations will be achieved. The Company assumes no obligation whatsoever to publicly update or revise any forward-looking statements.

EastGroup Properties, Inc. is a self-administered equity real estate investment trust focused on the development, acquisition and operation of industrial properties in major Sunbelt markets throughout the United States with an emphasis in the states of Florida, Texas, Arizona and California. The Company's goal is to maximize shareholder value by being the leading provider in its markets of functional, flexible, and quality business distribution space for location sensitive customers primarily in the 5,000 to 50,000 square foot range. The Company's strategy for growth is based on ownership of premier distribution facilities generally clustered near major transportation features in supply-constrained submarkets. EastGroup's portfolio currently includes 23.7 million square feet with an additional 2.3 million square feet of properties under development. EastGroup Properties, Inc. press releases are also available on the Company's website at www.eastgroup.net.