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EASTGROUP PROPERTIES ANNOUNCES THIRD QUARTER 2008 RESULTS

- Funds from Operations of \$20.5 Million or \$.82 Per Share, an Increase of 2.5% Compared to the Same Quarter Last Year
- Net Income Available to Common Stockholders of \$7.2 Million or \$.29 Per Share
- \$23 Million Invested in Development and Acquisitions During the Quarter
- 21 Development Projects with Estimated Costs of \$129 Million Under Construction or In Lease-Up at Quarter-End
- 95.1% Leased, 94.4% Occupied
- Customer Retention Rate of 75% in the Third Quarter
- Paid 115th Consecutive Quarterly Dividend – \$.52 Per Share
- Interest Coverage of 3.8x and Fixed Charge Coverage of 3.7x
- Redeemed 1,320,000 Shares of Series D Preferred Stock for \$33 Million and Expensed Original Issuance Costs of \$674,000 (\$.03 per share)
- Executed an Application on a \$59 Million Mortgage at 5.75% Fixed Interest Rate to Close in December
- Debt Maturities of \$31.4 Million in 2009 and None in 2010

JACKSON, MISSISSIPPI, October 22, 2008 - EastGroup Properties, Inc. (NYSE-EGP) announced today the results of its operations for the three and nine months ended September 30, 2008.

David H. Hoster II, President and CEO, stated, "We are pleased to report that EastGroup's funds from operations (FFO) per share for the third quarter met the upper end of our guidance and represented an increase of 2.5% over last year's third quarter. This was the 17th consecutive quarter of increased FFO per share compared to the previous year's quarter. It was achieved in spite of expensing the original issuance costs (\$.03 per share) as part of the redemption of our preferred shares this year and a large termination fee (\$.04 per share) included in last year's third quarter FFO."

FUNDS FROM OPERATIONS

For the quarter ended September 30, 2008, FFO was \$.82 per share compared to \$.80 for the same period of 2007, an increase of 2.5% per share. Property net operating income (PNOI) increased 7.5% primarily due to additional PNOI of \$2,105,000 from newly developed properties and \$782,000 from 2007 and 2008 acquisitions, offset by a decrease of \$708,000 from same property growth resulting from a large termination fee in last year's third quarter. FFO for this quarter also included the expensing of \$674,000 of original issuance costs due to the redemption of EastGroup's Series D Preferred Stock.

Same property operating results decreased 2.5% for the quarter; 1.4% before straight-line rent adjustments. Excluding termination fee income for both periods, same property operating results increased 0.3%; 1.4% before straight-line rent adjustments. Property results for the third quarter of 2007 included \$966,000 of termination fee income mainly from one tenant's early termination, and lease termination fee income for the third quarter of 2008 was \$186,000. Rental rate increases on new and

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renewal leases (6.3% of total square footage) averaged 15.8% for the quarter; 9.1% before straight-line rent adjustments.

For the nine months ended September 30, 2008, FFO was \$2.45 per share compared with \$2.26 for the same period of 2007, an increase of 8.4% per share. PNOI increased 10.7% primarily due to additional PNOI of \$5,963,000 from newly developed properties and \$2,863,000 from 2007 and 2008 acquisitions, offset by a decrease of \$110,000 from same property growth.

For the nine months ended September 30, 2008, same property operating results decreased 0.1% and increased 0.6% before straight-line rent adjustments. Rental rate increases on new and renewal leases (15.4% of total square footage) averaged 12.7% for the nine months; 5.3% before straight-line rent adjustments.

FFO and PNOI are non-GAAP financial measures, which are defined under *Definitions* later in this release. Reconciliations of FFO and PNOI to Net Income, the most directly comparable GAAP financial measure, are presented in the attached schedule "Reconciliations of Other Reporting Measures to Net Income."

EARNINGS PER SHARE

On a diluted per share basis, earnings per common share (EPS) was \$.29 for the three months ended September 30, 2008, compared to \$.30 for the same period of 2007. Diluted EPS was \$.97 for the nine-month period in 2008 compared to \$.78 in 2007. The Company recognized gain on sales of real estate investments, gain on sales of securities, gain on involuntary conversion, and lease termination fee income during the first nine months of 2008. These transactions increased EPS in the first nine months of 2008 by \$.09 per share as compared to the same period of 2007.

DEVELOPMENT

During the first nine months of 2008, EastGroup transferred 11 development properties to the portfolio as detailed below:

<i>Real Estate Properties Transferred from Development in 2008</i>	<i>Size</i>	<i>Date Transferred</i>	<i>Cost</i>	<i>Percent Leased at 10/21/08</i>	<i>Projected Stabilized Yield⁽¹⁾</i>
	<i>(Square feet)</i>		<i>(In thousands)</i>		
Beltway Crossing IV, Houston, TX.....	55,000	01/21/08	\$ 3,436	100%	9.4%
Beltway Crossing III, Houston, TX	55,000	02/01/08	3,413	100%	9.9%
Southridge XII, Orlando, FL.....	404,000	03/20/08	18,850	100%	10.3%
Arion 18, San Antonio, TX.....	20,000	03/31/08	2,607	91%	8.7%
Southridge VII, Orlando FL.....	92,000	04/01/08	6,511	100%	9.6%
Wetmore II, Bldg C, San Antonio, TX	69,000	05/29/08	3,695	100%	10.0%
Interstate Commons III, Phoenix, AZ	38,000	06/01/08	3,097	69%	8.0%
SunCoast I, Fort Myers, FL.....	63,000	07/01/08	5,316	67%	8.0%
World Houston 27, Houston, TX	92,000	07/01/08	4,949	100%	10.5%
Wetmore II, Bldg D, San Antonio, TX	124,000	08/01/08	8,035	83%	9.3%
World Houston 24, Houston, TX	93,000	09/01/08	5,905	77%	9.5%
Total Developments Transferred	<u>1,105,000</u>		<u>\$ 65,814</u>		

(1) Based on 100% occupancy and rents computed on a straight-line basis.

During the third quarter, EastGroup began construction of Beltway Crossing VII (95,000 square feet) in Houston with a projected total investment of \$5.9 million.

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In July, EastGroup acquired 12th Street Distribution Center, a 150,000 square foot building in Jacksonville, Florida. This purchase was in connection with the Company's Orlando build-to-suit transaction with United Stationers. The Company purchased the vacant property for \$3.8 million and plans to redevelop it for multi-tenant use for a projected total investment of \$4.7 million. In addition, EastGroup completed the acquisition of 12.2 acres of land in San Antonio, Texas, for future development. The price was \$1.9 million, and the Company plans to construct three buildings with a total of 176,000 square feet.

For the full year, EastGroup expects to have development starts of \$50 to \$60 million with a total of 800,000 to 900,000 square feet.

At September 30, 2008, EastGroup had 21 development properties containing 1,862,000 square feet with a projected total cost of approximately \$129 million either in lease-up or under construction. These properties were collectively 26% leased at September 30, 2008 and 28% leased at October 21, 2008.

PROPERTY ACQUISITIONS AND SALES

In March 2007, EastGroup entered into a contract with United Stationers to acquire a 128,000 square foot warehouse in Tampa as part of the Orlando build-to-suit transaction between the two parties. In August 2008, EastGroup purchased the building through its taxable REIT subsidiary. Also in August 2008, EastGroup sold the building and recognized an after-tax gain of \$294,000, which was included in FFO and EPS.

EastGroup also sold Delp Distribution Center III, a 20,000 square foot warehouse in Memphis, for \$635,000 and recognized a gain of \$83,000. With this sale, the Company has one remaining property (92,000 square feet) in Memphis.

In addition, EastGroup sold 41 acres of residential land in San Antonio for \$841,000 with no gain or loss. This property was acquired as part of the Company's Alamo Ridge industrial land acquisition in September 2007.

DIVIDENDS

EastGroup paid dividends of \$.52 per share of common stock in the third quarter of 2008, which was the 115th consecutive quarterly distribution to the Company's common shareholders. The Company's dividend payout ratio of funds from operations was 63% for the quarter. The annualized dividend rate of \$2.08 per share yields 6.2% on the closing stock price of \$33.42 on October 21, 2008.

STRONG FINANCIAL POSITION

EastGroup's balance sheet continues to be strong and flexible with debt-to-total market capitalization of 35.5% at September 30, 2008. For the quarter, the Company had an interest coverage ratio of 3.8x and a fixed charge coverage ratio of 3.7x. Total debt at September 30, 2008 was \$668.7 million comprised of \$531.2 million of fixed rate mortgage debt and \$137.5 million of floating rate bank debt.

The Company has debt maturities of only \$31.4 million (two mortgages) in 2009 and no loans maturing in 2010. EastGroup has two revolving credit facilities of \$200 million and \$25 million and neither matures until 2012.

In September, EastGroup executed an application on a \$59 million, non-recourse first mortgage loan secured by properties containing 1.3 million square feet. The loan is expected to close in December and

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will have a fixed interest rate of 5.75%, a five-year term and a 20-year amortization schedule. The proceeds of this mortgage loan will be used to reduce variable rate bank borrowings.

Fitch Ratings affirmed EastGroup's BBB Issuer Default Rating on September 30, 2008, with a stable outlook. Mr. Hoster commented, "We believe this is a positive confirmation of the strength of our earnings and balance sheet in a difficult economic environment."

During the third quarter, the Company redeemed all 1,320,000 shares of its 7.95% Series D Cumulative Redeemable Preferred Stock. The redemption took place on July 2, 2008, at a redemption price of \$25.00 per share plus accrued and unpaid dividends of \$.011 per share for the period from July 1, 2008, through and including the redemption date, for an aggregate redemption price of \$25.011 per Series D Preferred Share. Original issuance costs of \$674,000 (\$.03 per share) were expensed in July.

OUTLOOK FOR REMAINDER OF 2008

FFO per share for 2008 is estimated to be in the range of \$3.28 to \$3.30. Diluted EPS for 2008 is estimated to be in the range of \$1.24 to \$1.26. The table below reconciles projected net income to projected FFO.

	Low Range		High Range	
	Q4 2008	Y/E 2008	Q4 2008	Y/E 2008
	<i>(In thousands, except per share data)</i>			
Net income	\$ 6,941	32,650	7,443	33,152
Dividends on preferred shares	-	(1,326)	-	(1,326)
Costs of redemption – Series D Preferred Shares	-	(682)	-	(682)
Net income available to common stockholders	6,941	30,642	7,443	31,144
Depreciation and amortization	13,867	52,314	13,867	52,314
Gain on sales of depreciable real estate investments	-	(2,032)	-	(2,032)
Funds from operations available to common stockholders	\$ 20,808	80,924	21,310	81,426
Diluted shares	25,070	24,642	25,070	24,642
Per share data (diluted):				
Net income available to common stockholders	\$ 0.28	1.24	0.30	1.26
Funds from operations available to common stockholders	\$ 0.83	3.28	0.85	3.30

The following assumptions were used:

- Average occupancy of 93% to 94% for the quarter.
- No acquisitions, dispositions or termination fees in the fourth quarter.
- Floating rate bank debt at an average rate of 4.5% for the fourth quarter.
- New fixed rate debt of \$59 million on December 10, 2008 at 5.75%.

DEFINITIONS

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

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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.

CONFERENCE CALL

EastGroup will host a conference call and webcast to discuss the results of its third quarter and review the Company's current operations on Thursday, October 23, 2008, at 11:00 a.m. Eastern Time. A live broadcast of the conference call is available by dialing 1-800-862-9098 (conference ID EastGroup) or by webcast through a link on the Company's website at www.eastgroup.net. If you are unable to listen to the live conference call, a telephone and webcast replay will be available on Thursday, October 23, 2008. The telephone replay will be available until Thursday, October 30, 2008, and can be accessed by dialing 1-800-283-8520. Also, the replay of the webcast can be accessed through a link on the Company's website at www.eastgroup.net and will be available until Thursday, October 30, 2008.

SUPPLEMENTAL INFORMATION

Supplemental financial information is available by request by calling the Company at 601-354-3555, or by accessing the report in the Reports section of the Company's website at www.eastgroup.net.

COMPANY INFORMATION

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 25.4 million square feet with an additional 1.8 million square feet of properties under development. EastGroup Properties, Inc. press releases are available on the Company's website.

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 not in the present or past tense and can be identified by the words "will," "anticipates," "expects," "believes," or other words or phrases that indicate future trends or events. Forward-looking statements are inherently subject to known and unknown risks and uncertainties, many of which the Company cannot predict, including, without limitation:

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- 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, development or operating costs may be greater than anticipated or acquisitions may not close as scheduled.

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.

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EASTGROUP PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
REVENUES				
Income from real estate operations	\$ 42,904	39,005	124,415	111,795
Other income	16	20	232	65
	<u>42,920</u>	<u>39,025</u>	<u>124,647</u>	<u>111,860</u>
EXPENSES				
Expenses from real estate operations	12,193	10,441	34,559	30,613
Depreciation and amortization	13,436	12,158	38,428	35,185
General and administrative	2,250	1,993	6,349	5,868
	<u>27,879</u>	<u>24,592</u>	<u>79,336</u>	<u>71,666</u>
OPERATING INCOME	15,041	14,433	45,311	40,194
OTHER INCOME (EXPENSE)				
Equity in earnings of unconsolidated investment	80	65	239	214
Gain on sales of non-operating real estate	301	9	313	23
Gain on sales of securities	-	-	435	-
Interest income	125	38	189	94
Interest expense	(7,596)	(7,086)	(22,478)	(20,162)
Minority interest in joint ventures	(169)	(133)	(462)	(441)
INCOME FROM CONTINUING OPERATIONS	<u>7,782</u>	<u>7,326</u>	<u>23,547</u>	<u>19,922</u>
DISCONTINUED OPERATIONS				
Income from real estate operations	7	88	130	211
Gain on sales of real estate investments	83	300	2,032	300
INCOME FROM DISCONTINUED OPERATIONS	<u>90</u>	<u>388</u>	<u>2,162</u>	<u>511</u>
NET INCOME	7,872	7,714	25,709	20,433
Preferred dividends-Series D	14	656	1,326	1,968
Costs on redemption of Series D preferred shares	682	-	682	-
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 7,176</u>	<u>7,058</u>	<u>23,701</u>	<u>18,465</u>
BASIC PER COMMON SHARE DATA				
Income from continuing operations	\$ 0.29	0.28	0.88	0.76
Income from discontinued operations	0.00	0.02	0.09	0.02
Net income available to common stockholders	<u>\$ 0.29</u>	<u>0.30</u>	<u>0.97</u>	<u>0.78</u>
Weighted average shares outstanding	<u>24,908</u>	<u>23,562</u>	<u>24,362</u>	<u>23,548</u>
DILUTED PER COMMON SHARE DATA				
Income from continuing operations	\$ 0.29	0.28	0.88	0.76
Income from discontinued operations	0.00	0.02	0.09	0.02
Net income available to common stockholders	<u>\$ 0.29</u>	<u>0.30</u>	<u>0.97</u>	<u>0.78</u>
Weighted average shares outstanding	<u>25,069</u>	<u>23,778</u>	<u>24,517</u>	<u>23,767</u>
Dividends declared per common share	\$ 0.52	0.50	1.56	1.50

EASTGROUP PROPERTIES, INC.
RECONCILIATIONS OF OTHER REPORTING MEASURES TO NET INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
RECONCILIATIONS OF OTHER REPORTING MEASURES TO NET INCOME:				
Income from real estate operations	\$ 42,904	39,005	124,415	111,795
Expenses from real estate operations	(12,193)	(10,441)	(34,559)	(30,613)
PROPERTY NET OPERATING INCOME (PNOI)	30,711	28,564	89,856	81,182
Gain on sales of securities	-	-	435	-
Equity in earnings of unconsolidated investment (before interest and depreciation)	197	184	593	574
Interest income	125	38	189	94
Other income	16	20	232	65
General and administrative expense (1)	(2,250)	(1,993)	(6,349)	(5,868)
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)	28,799	26,813	84,956	76,047
Income from discontinued operations (before depreciation and amortization)	10	171	201	488
Interest expense (2)	(7,596)	(7,086)	(22,478)	(20,162)
Interest expense from unconsolidated investment	(84)	(86)	(255)	(261)
Minority interest in earnings (before depreciation and amortization)	(220)	(175)	(613)	(562)
Gain on sales of non-operating real estate	301	9	313	23
Dividends on Series D preferred shares	(14)	(656)	(1,326)	(1,968)
Costs on redemption of Series D preferred shares	(682)	-	(682)	-
FUNDS FROM OPERATIONS (FFO) AVAILABLE TO COMMON STOCKHOLDERS	20,514	18,990	60,116	53,605
Depreciation and amortization from continuing operations	(13,436)	(12,158)	(38,428)	(35,185)
Depreciation and amortization from discontinued operations	(3)	(83)	(71)	(277)
Depreciation from unconsolidated investment	(33)	(33)	(99)	(99)
Minority interest depreciation and amortization	51	42	151	121
Gain on sales of depreciable real estate investments	83	300	2,032	300
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	7,176	7,058	23,701	18,465
Dividends on Series D preferred shares	14	656	1,326	1,968
Costs on redemption of Series D preferred shares	682	-	682	-
NET INCOME	\$ 7,872	7,714	25,709	20,433
DILUTED PER COMMON SHARE DATA: (3)				
Income from continuing operations	\$ 0.29	0.28	0.88	0.76
Income from discontinued operations	0.00	0.02	0.09	0.02
Net income available to common stockholders	\$ 0.29	0.30	0.97	0.78
Funds from operations available to common stockholders	\$ 0.82	0.80	2.45	2.26
Weighted average shares outstanding for EPS and FFO purposes	25,069	23,778	24,517	23,767

(1) Net of capitalized development costs of \$1,185 and \$927 for the three months ended September 30, 2008 and 2007, respectively; and \$2,901 and \$2,588 for the nine months ended September 30, 2008 and 2007, respectively.

(2) Net of capitalized interest of \$1,691 and \$1,572 for the three months ended September 30, 2008 and 2007, respectively; and \$5,044 and \$4,425 for the nine months ended September 30, 2008 and 2007, respectively.

(3) Assumes dilutive effect of common stock equivalents.