SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED SEPTEMBER 30, 1998   COMMISSION FILE NO. 1-12504

THE MACERICH COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND	95-4448705
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

401 WILSHIRE BOULEVARD, SUITE 700, SANTA MONICA, CA 90401

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (310) 394-6911

N/A

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR,
IF CHANGED SINCE LAST REPORT)

NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK, AS OF NOVEMBER 6, 1998.

COMMON STOCK, PAR VALUE $.01 PER SHARE: 32,501,963 SHARES

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 TWELVE (12) MONTHS (OR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORT) AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST NINETY (90) DAYS.

YES X   NO

FORM 10-Q

INDEX

THE MACERICH COMPANY (THE COMPANY)

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	September 30, 1998	December 31, 1997
ASSETS:		
Property, net	$1,862,142	$1,407,179
Cash and cash equivalents	16,902	25,154
Tenant receivables, net, including accrued overage rents of $2,280 in 1998 and $4,330 in 1997	27,951	23,696
Due from affiliates	-	3,105
Deferred charges and other assets, net	67,832	37,899
Investment in joint ventures and the Management Companies	229,474	7,969
Total assets	$2,204,301	$1,505,002
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$134,807	$135,313
Others	967,778	771,246
Total	1,102,585	906,559
Bank notes payable	140,000	55,000
Convertible debentures	161,400	161,400
Accounts payable and accrued expenses	23,950	17,335
Due to affiliates	36	15,109
Other accrued liabilities	60,536	32,841
Preferred stock dividend payable	4,193	-
Total liabilities	1,492,700	1,188,244
Minority interest in Operating Partnership	163,099	100,463
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Series A cumulative convertible redeemable preferred stock, $.01 par value, 3,627,131 and 0 shares issued and outstanding at September 30, 1998 and December 31, 1997, respectively	100,000	-
Series B cumulative convertible redeemable preferred stock, $.01 par value, 5,487,471and 0 shares issued and outstanding at September 30, 1998 and December 31,1997, respectively	150,000	-
Common stock, $.01 par value, 100,000,000 shares authorized, 32,468,300 and 26,004,800 shares issued and outstanding at September 30, 1998 and December 31, 1997, respectively	325	260
Additional paid in capital	303,162	219,121
Accumulated earnings	-	-
Unamortized restricted stock	(4,985)	(3,086)
Total stockholders' equity	548,502	216,295
Total liabilities and stockholders' equity	$2,204,301	$1,505,002

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

THE MACERICH COMPANY (THE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	January 1 to September 30, 1998	1997
REVENUES:		
Minimum rents	$127,052	$101,228
Percentage rents	6,709	6,434
Tenant recoveries	60,775	49,558
Other	3,125	2,465
Total Revenues	197,661	159,685
OPERATING COSTS:		
Shopping center expenses	62,135	51,830
General and administrative expense	3,119	2,099
Interest expense:		
Related parties	7,555	7,531
Others	58,545	39,871
Depreciation and amortization	38,919	29,815
Total Expenses	170,273	131,146
Equity in income (loss) of unconsolidated joint ventures and the management companies	8,432	(7,608)
Gain on sale of assets	9	1,620
Income before extraordinary item and minority interest	35,829	22,551
Less extraordinary loss on early extinguishment of debt	2,414	563
Less minority interest in net income of the Operating Partnership	7,748	7,195
Net income	25,667	14,793
Less preferred dividends	6,898	-
Net income - available to common stockholders	$18,769	$14,793
Earnings per common share - basic:		
Income before extraordinary item	$0.68	$0.58
Extraordinary item	(0.06)	(0.01)
Net income - available to common stockholders	$0.62	$0.57
Weighted average number of common shares outstanding - basic	30,154,000	25,886,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating units outstanding	42,310,000	37,981,000
Earnings per common share - diluted:		
Income before extraordinary item	$0.68	$0.58
Extraordinary item	(0.06)	($0.01)
Net income - available to common stockholders	$0.62	$0.57
Weighted average number of common shares outstanding - diluted for EPS	42,920,000	38,402,000

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

THE MACERICH COMPANY (THE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	July 1 to September 30,	
	1998	1997
REVENUES:		
Minimum rents	$47,424	$35,674
Percentage rents	2,458	2,278
Tenant recoveries	23,953	18,645
Other	1,244	435
Total Revenues	75,079	57,032
OPERATING COSTS:		
Shopping center expenses	24,135	19,896
General and administrative expense	942	910
Interest expense:		
Related parties	2,472	2,538
Others	22,416	13,701
Depreciation and amortization	15,312	10,134
Total Expenses	65,277	47,179
Equity in income (loss) of unconsolidated joint ventures and the management companies	2,852	(8,681)
Gain on sale of assets	-	1,620
Income before extraordinary item and minority interest	12,654	2,792
Less extraordinary loss on early extinguishment of debt	2,324	51
Less minority interest in net income of the Operating Partnership	1,558	871
Net income	8,772	1,870
Less preferred dividends	4,193	-
Net income - available to common stockholders	$4,579	$1,870
Earnings per common share - basic:		
Income before extraordinary item	$0.19	$0.07
Extraordinary item	(0.05)	0.00
Net income - available to common stockholders	$0.14	$0.07
Weighted average number of common shares outstanding - basic	32,468,000	25,956,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating units outstanding	44,761,000	38,023,000
Earnings per common share - diluted:		
Income before extraordinary item	$0.19	$0.07
Extraordinary item	(0.05)	0.00
Net income - available to common stockholders	$0.14	$0.07
Weighted average number of common shares outstanding - diluted for EPS	45,353,000	38,444,000

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

THE MACERICH COMPANY (THE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	January 1 to September 30, 1998	1997
Cash flows from operating activities:		
Net income - available to common stockholders	$18,769	$14,793
Preferred dividends	6,898	-
Net income	25,667	14,793
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary loss on early extinguishment of debt	2,414	563
Gain on sale of assets	(9)	(1,620)
Depreciation and amortization	38,919	29,815
Amortization of net discount (premium) on trust deed note payable	(330)	25
Minority interest in the net income of the Operating Partnership	7,748	7,195
Changes in assets and liabilities:		
Tenant receivables, net	(4,255)	663
Other assets	(25,831)	(2,226)
Accounts payable and accrued expenses	6,615	2,305
Preferred stock dividend payable	4,193	-
Other liabilities	27,695	3,846
Total adjustments	57,159	40,566
Net cash provided by operating activities	82,826	55,359
Cash flows from investing activities:		
Acquisitions of property and improvements	(381,726)	(147,585)
Renovations and expansions of centers	(25,153)	(10,072)
Additions to tenant improvements	(3,696)	(2,093)
Deferred charges	(11,780)	(9,879)
Equity in (income) loss of unconsolidated joint ventures and the management companies	(8,432)	7,608
Distributions from (contributions to) joint ventures	(213,073)	(4,384)
Loan repayments to affiliates, net	(11,968)	(704)
Proceeds from sale of assets	-	4,332
Net cash used in investing activities	(655,828)	(162,777)
Cash flows from financing activities:		
Proceeds from mortgages and notes payable	397,679	316,115
Payments on mortgages and notes payable	(186,440)	(162,645)
Net proceeds from equity offerings	416,833	-
Dividends and distributions to partners	(56,424)	(48,875)
Dividends to preferred stockholders	(6,898)	-
Net cash provided by financing activities	564,750	104,595
Net decrease in cash	(8,252)	(2,823)
Cash and cash equivalents, beginning of period	25,154	15,643
Cash and cash equivalents, end of period	$16,902	$12,820
Supplemental cash flow information:		
Cash payment for interest, net of amounts capitalized	$62,020	$41,069
Non cash transactions:		
Acquisition of property by assumption of debt	$70,116	$46,202
Acquisition of property by issuance of OP units	$7,917	-

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

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. INTERIM FINANCIAL STATEMENTS AND BASIS OF PRESENTATION:

The accompanying consolidated financial statements of The Macerich Company (the "Company") have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and have not been audited by independent public accountants.

The unaudited interim financial statements should be read in conjunction with the audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results for interim periods are not necessarily indicative of the results to be expected for a full year. The accompanying consolidated balance sheet as of December 31, 1997 has been derived from the audited financial statements, but does not include all disclosure required by GAAP.

Certain reclassifications have been made in the 1997 financial statements to conform to the 1998 financial statement presentation.

In March, 1998, the FASB, through its Emerging Issues Task Force ("EITF"), concluded based on EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions," that all internal costs to source, analyze and close acquisitions should be expensed as incurred. The Company has historically capitalized these costs, in accordance with GAAP. The Company has adopted the FASB's interpretation effective March 19, 1998, and expects the impact to be an approximate $0.05 per share reduction of net income per share in 1998.

In May, 1998, the FASB, through the EITF, modified the timing of recognition of revenue for percentage rent received from tenants in EITF 98-9, "Accounting for Contingent Rent in Interim Financial Periods." The Company applied this accounting change as of April 1, 1998. Although the Company believes this accounting change will have no material impact on the annual percentage rent recognized, the accounting change had the effect of deferring $1,792 and $1,572 of percentage rent that would have been recognized for the three months ended June 30, 1998 and September 30, 1998, respectively, using the previous GAAP accounting method for percentage rent recognition. As a result of this accounting change, the Company expects a portion of percentage rent that previously would have been recognized in the second and third quarters to be recognized in the fourth quarter.

In June 1998, the FASB issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for the Company's financial statements for periods beginning January 1, 2000. The new standard requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. The Company has not yet determined when it will implement FAS 133 nor has it completed the complex analysis required to determine the impact on its financial statements.

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

EARNINGS PER SHARE ("EPS")

The computation of basic earnings per share is based on net income and the weighted average number of common shares outstanding for the three and nine months ending September 30, 1998 and 1997. The diluted earnings per share gives effect to the outstanding restricted stock and common stock options calculated using the treasury stock method. The convertible debentures and convertible preferred stock would be anti-dilutive to the calculation of diluted EPS and therefore are not included. The OP units not held by the Company have been included in the diluted EPS calculation since they are convertible on a one-for-one basis. The following table reconciles the basic and diluted earnings per share calculations:

	For the Three Months Ended September 30,					
	1998			1997		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$8,772			$1,870		
Less: Preferred stock dividends	4,193			-		
Basic EPS:						
Net income - available to common stockholders	4,579	32,468	$0.14	1,870	25,956	$0.07
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	1,558	12,293		871	12,067	
Employee stock options and restricted stock	155	592		60	421	
Convertible preferred stock	n/a -antidilutive for EPS			-	-	-
Convertible debentures	n/a -antidilutive			n/a - antidilutive		
Net income - available to common stockholders	$6,292	45,353	$0.14	$2,801	38,444	$0.07

	For the Nine Months Ended September 30,					
	1998			1997		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$25,667			$14,793		
Less: Preferred stock dividends	6,898			-		
Basic EPS:						
Net income - available to common stockholders	18,769	30,154	$0.62	14,793	25,886	$0.57
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	7,748	12,156		7,195	12,095	
Employee stock options and restricted stock	411	610		179	421	
Convertible preferred stock	n/a -antidilutive for EPS			-	-	-
Convertible debentures	n/a -antidilutive			n/a - antidilutive		
Net income - available to common stockholders	$26,928	42,920	$0.62	$22,167	38,402	$0.57

(DOLLARS IN THOUSANDS)

2. ORGANIZATION:

The Company was incorporated under the General Corporation Law of Maryland on September 9, 1993 and commenced operations effective with the completion of its initial public offering ("IPO") on March 16, 1994. The Company was formed to continue the business of the Macerich Group, which since 1972 has focused on the acquisition, ownership, redevelopment, management and leasing of regional shopping centers located throughout the United States. In 1994, the Company became the sole general partner of The Macerich Partnership L.P., (the "Operating Partnership"). The Operating Partnership owns or has an ownership interest in forty-one regional shopping centers and five community shopping centers. Collectively these properties and interests are referred to as the "Centers". The Company conducts all of its operations through the Operating Partnership and other wholly owned subsidiaries, and the Company's three Management Companies, Macerich Property Management Company, Macerich Management Company, and Macerich Manhattan Management Company, collectively referred to as "the Management Companies".

The Company is a real estate investment trust under the Internal Revenue Code of 1986, as amended and owned approximately 77% of The Operating Partnership as of September 30, 1998. The limited partnership interest not owned by the Company is reflected in these financial statements as Minority Interest.

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES:

The following are the Company's investments in various real estate joint ventures, which own retail shopping centers. The Operating Partnership's interest in each joint venture as of September 30, 1998 is as follows:

Joint Venture	The Operating Partnership's Ownership %
Macerich Northwestern Associates	50%
Panorama City Associates	50%
SDG Macerich Properties, L.P.	50%
West Acres Development	19%
Manhattan Village, LLC	10%

The Operating Partnership also owns the non-voting preferred stock of the Macerich Management Company and Macerich Property Management Company and is entitled to receive 95% of the distributable cash flow of these two entities. Macerich Manhattan Management Company is a 100% subsidiary of Macerich Management Company. The Company accounts for the Management Companies and joint ventures using the equity method of accounting.

(DOLLARS IN THOUSANDS)

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES, CONTINUED:

On February 27, 1998, the Company, through a 50/50 joint venture, SDG Macerich Properties, L.P., acquired a portfolio of twelve regional malls. The total purchase price was $974,500 including the assumption of $485,000 in debt. The Company funded its 50% of the remaining purchase price by issuing 3,627,131 shares of Series A cumulative convertible preferred stock for gross proceeds totaling $100,000 in a private placement. The Company also issued 2,879,134 shares of common stock ($79,600 of total proceeds) under the Company's shelf registration statement. The balance of the purchase price was funded from the Company's line of credit. Each of the joint venture partners have assumed leasing and management responsibilities for six of the regional malls.

The results of these joint ventures are included for the period subsequent to their respective dates of acquisition.

In December 1997, North Valley Plaza, which was 50% owned by the Company, was sold.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures, and the Management Companies, followed by information regarding the Operating Partnership's beneficial interest in the combined operations. Beneficial interest is calculated based on the Operating Partnership's ownership interests in the joint ventures and the Management Companies.

COMBINED AND CONDENSED BALANCE SHEETS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	September 30, 1998	December 31, 1997
Assets:		
Properties, net	$1,145,295	$153,856
Other assets	36,129	10,013
Total assets	$1,181,424	$163,869
Liabilities and partners' capital:		
Mortgage notes payable	$619,063	$84,342
Other liabilities	44,898	6,563
The Company's capital	229,474	7,969
Outside partners' capital	287,989	64,995
Total liabilities and partners' capital	$1,181,424	$163,869

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES -- CONTINUED:

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	Nine Months Ended September 30, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	$73,245	$27,999	$4,808	$106,052
Expenses:				
Shopping center expenses	26,134	9,394	-	35,528
Interest expense	18,120	5,061	(294)	22,887
Management company expense	-	-	6,663	6,663
Depreciation and amortization	12,977	3,196	444	16,617
Total operating expenses	57,231	17,651	6,813	81,695
Gain (loss) on sale or write-down of assets	-	126	(197)	(71)
Net income (loss)	$16,014	$10,474	($2,202)	$24,286

	Nine Months Ended September 30, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	-	$22,372	$3,062	$25,434
Expenses:				
Shopping center expenses	-	8,169	-	8,169
Interest expense	-	4,777	(93)	4,684
Management company expense	-	-	3,397	3,397
Depreciation and amortization	-	3,218	283	3,501
Total operating expenses	-	16,164	3,587	19,751
Loss on sale or write-down of assets	-	(20,576)	-	(20,576)
Net loss	-	($14,368)	($525)	($14,893)

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES -- CONTINUED:

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	Three Months Ended September 30, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	$31,492	$9,094	$1,690	$42,276
Expenses:				
Shopping center expenses	11,571	2,968	-	14,539
Interest expense	7,797	1,898	(103)	9,592
Management company expense	-	-	2,549	2,549
Depreciation and amortization	6,111	1,139	134	7,384
Total operating expenses	25,479	6,005	2,580	34,064
Gain (loss) on sale or write-down of assets	-	-	-	-
Net income (loss)	$6,013	$3,089	($890)	$8,212

	Three Months Ended September 30, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	-	$ 8,550	$1,214	$9,764
Expenses:				
Shopping center expenses	-	3,116	-	3,116
Interest expense	-	1,595	(46)	1,549
Management company expense	-	-	1,493	1,493
Depreciation and amortization	-	1,153	103	1,256
Total operating expenses	-	5,864	1,550	7,414
Loss on sale or write-down of assets	-	(20,923)	-	(20,923)
Net loss	-	$(18,237)	($336)	($18,573)

Significant accounting policies used by the unconsolidated joint ventures and the Management Companies are similar to those used by the Company.

(DOLLARS IN THOUSANDS)

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES -- CONTINUED:

Included in mortgage notes payable are amounts due to related parties of $74,911 and $43,500 at September 30, 1998 and December 31, 1997, respectively. Interest expense incurred on these borrowings amounted to $1,057 and $750 for the three months ended September 30, 1998 and 1997, respectively, and $2,540 and $2,233 for the nine months ended September 30, 1998 and 1997, respectively.

PRO RATA SHARE OF COMBINED AND CONDENSED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

The following tables set forth the Operating Partnership's beneficial interest in the joint ventures:

	Nine Months Ended September 30, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	$36,622	$8,242	$4,568	$49,432
Expenses:				
Shopping center expenses	13,067	2,927	-	15,994
Interest expense	9,060	1,749	(279)	10,530
Management company expense	-	-	6,330	6,330
Depreciation and amortization	6,488	1,072	422	7,982
Total operating expenses	28,615	5,748	6,473	40,836
Gain (loss) on sale or write-down of assets	-	23	(187)	(164)
Net income (loss)	$8,007	$2,517	($2,092)	$8,432

	Nine Months Ended September 30, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	-	$8,024	$2,909	$10,933
Expenses:				
Shopping center expenses	-	3,039	-	3,039
Interest expense	-	1,600	(88)	1,512
Management company expense	-	-	3,227	3,227
Depreciation and amortization	-	1,423	268	1,691
Total operating expenses	-	6,062	3,407	9,469
Loss on sale or write-down of assets	-	(9,072)	-	(9,072)
Net loss	-	($7,110)	($498)	($7,608)

(DOLLARS IN THOUSANDS)

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES -- CONTINUED:

PRO RATA SHARE OF COMBINED AND CONDENSED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	Three Months Ended September 30, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	$15,746	$2,703	$1,605	$20,054
Expenses:				
Shopping center expenses	5,785	950	-	6,735
Interest expense	3,898	689	(98)	4,489
Management company expense	-	-	2,421	2,421
Depreciation and amortization	3,055	375	127	3,557
Total operating expenses	12,738	2,014	2,450	17,202
Gain (loss) on sale or write-down of assets	-	-	-	-
Net income (loss)	$3,008	$689	($845)	$2,852

	Three Months Ended September 30, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Mgmt Companies	Total
Revenues	-	$2,896	$1,153	$4,049
Expenses:				
Shopping center expenses	-	1,102	-	1,102
Interest expense	-	536	(44)	492
Management company expense	-	-	1,418	1,418
Depreciation and amortization	-	480	98	578
Total operating expenses	-	2,118	1,472	3,590
Loss on sale or write-down of assets	-	(9,140)	-	(9,140)
Net loss	-	($8,362)	($319)	($8,681)

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

4. PROPERTY:

Property is comprised of the following at:

	September 30, 1998	December 31, 1997
Land	$403,738	$313,050
Building Improvements	1,602,276	1,235,459
Tenant Improvements	44,710	38,097
Equipment & Furnishings	8,707	7,576
Construction in Progress	36,607	13,247
	2,096,038	1,607,429
Less, accumulated depreciation	(233,896)	(200,250)
	$1,862,142	$1,407,179

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

5. MORTGAGE NOTES PAYABLE:

Mortgage notes payable at September 30, 1998 and December 31, 1997 consist of the following:

Property Pledged As Collateral	Carrying Amount of Notes 1998 Other	1998 Related Party	1997 Other	1997 Related Party	Interest Rate	Payment Terms	Maturity Date
Capitola Mall	----	$37,433	----	$37,675	9.25%	316 (d)	2001
Chesterfield Towne Center	$65,230	----	$65,708	----	9.10%	548(e)	2024
Chesterfield Towne Center	3,290	----	3,359	----	8.54%	28(d)	1999
Citadel	74,861	----	75,600	----	7.20%	544(d)	2008
Corte Madera, Village at (k)	40,000	----	----	----	9.63%	interest only	1998
Crossroads Mall (a)	----	35,374	----	35,638	7.08%	244(d)	2010
Fresno Fashion Fair (j)	69,000	----	38,000	----	6.52%	interest only	2008
Greeley Mall	17,251	----	17,815	----	8.50%	187(d)	2003
Green Tree Mall/Crossroads - OK Centre at Salisbury (b)	117,714	----	117,714	----	7.23%	interest only	2004
Holiday Village Mall	----	17,000	----	17,000	6.75%	interest only	2001
Lakewood Mall (c)	127,000	----	127,000	----	7.20%	interest only	2005
Northgate Mall	----	25,000	----	25,000	6.75%	interest only	2001
Parklane Mall	----	20,000	----	20,000	6.75%	interest only	2001
Queens Center	65,100	----	65,100	----	(f)	interest only	1999
Rimrock Mall	31,134	----	31,517	----	7.70%	244(d)	2003
South Plains Mall	29,441	----	----	----	6.3% (i)	348 (d)	2008
South Towne Center	64,000	----	65,000	----	6.61% (g)	interest only	2008
Valley View Center	51,000	----	51,000	----	7.89%	interest only	2006
Villa Marina Marketplace	58,000	----	58,000	----	7.23%	interest only	2006
Vintage Faire Mall (h)	54,757	----	55,433	----	7.65%	427(d)	2003
Westside Pavilion	100,000	----	----	----	6.67%	interest only	2008
Total	$967,778	$134,807	$771,246	$135,313			

Weighted average interest rate at September 30, 1998	7.01%
Weighted average interest rate at December 31, 1997	7.42%

Notes:

(a) This note was issued at a discount. The discount is being amortized over the life of the loan using the effective interest method. At September 30, 1998 and December 31, 1997, the unamortized discount was $405 and $430, respectively.

(b) This loan is cross collateralized by Green Tree Mall, Crossroads Mall, Oklahoma and The Centre at Salisbury.

(c) On August 15, 1995, the Company issued $127,000 of collateralized floating rate notes (the "Notes"). The Notes bear interest at an average fixed rate of 7.20% and mature in July 2005.

5. MORTGAGE NOTES PAYABLE, CONTINUED:

The Notes require the Company to deposit all cash flow from the property operations with a trustee to meet its obligations under the Notes. Cash in excess of the required amount, as defined, is released. Included in cash and cash equivalents is $750 of restricted cash deposited with the trustee at September 30, 1998 and at December 31, 1997.

(d) This represents the monthly payment of principal and interest.

(e) This amount represents the monthly payment of principal and interest. In addition, contingent interest, as defined in the loan agreement, may be due to the extent of 35% of the amount by which the property's gross receipts (as defined in the loan agreement) exceed a base amount specified therein. Contingent interest expense recognized by the Company was $234 and $0 for the nine months ended September 30, 1998 and 1997, respectively.

(f) This loan bears interest at LIBOR plus 0.45%. There is an interest rate protection agreement in place on the first $10,200 of this debt with a LIBOR ceiling of 5.88% through maturity with the remaining principal having an interest rate cap with a LIBOR ceiling at 7.7%.

(g) In July 1998, this loan was reduced by $1,000 and converted into a fixed rate loan bearing interest at 6.61% maturing in 2008.

(h) Included in cash and cash equivalents is $3,031 and $3,030 at September 30, 1998 and December 31, 1997, respectively, of cash restricted under the terms of this loan agreement.

(i) This note was assumed at acquisition. At the time of acquisition in June 1998, this debt was recorded at fair market value and the premium is being amortized over the life of the loan using the effective interest method. The monthly debt service payment is $348 per month and is calculated based on a 12.5% interest rate. At September 30, 1998, the unamortized premium was $6,479.

(j) The Company incurred a loss on early extinguishment of the old debt of $2,324.

(k) This loan was refinanced on October 25, 1998. The new loan is for $60,000, bears interest at LIBOR plus 2% and matures on November 1, 1999.

The Company periodically enters into treasury lock agreements in order to hedge its exposure to interest rate fluctuations on anticipated financings. Under these agreements, the Company pays or receives an amount equal to the difference between the treasury lock rate and the market rate on the date of settlement, based on the notional amount of the hedge. The realized gain or loss on the contracts is recorded on the balance sheet and amortized to interest expense over the period of the hedged loans. The Company has one unsettled treasury lock for a notional amount of

5. MORTGAGE NOTES PAYABLE, CONTINUED:

$140,000. As of September 30, 1998, the treasury rate lock was higher than the market rate resulting in an unrealized hedge liability of approximately $6,900, which has been accrued at September 30, 1998.

Certain mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

Total interest expense capitalized for the three months ending September 30, 1998 and 1997 was $730 and $1,617, respectively; and $2,201 and $1,916 for the nine months ended September 30, 1998 and 1997, respectively.

The market value of notes payable at September 30, 1998 and December 31, 1997 is estimated to be approximately $1,240,700 and $1,013,000, respectively, based on current interest rates for comparable loans.

6. BANK NOTES PAYABLE:

At December 31, 1997, the Company had $55,000 outstanding under its $60,000 unsecured credit facility, which bore interest at LIBOR plus 1.325%. On February 26, 1998, the Company increased this credit facility to $150,000 with a maturity of February 2000, currently bearing interest at LIBOR plus 1.10%. As of September 30, 1998, $140,000 was outstanding on this line of credit.

7. CONVERTIBLE DEBENTURES:

During 1997, the Company issued and sold $161,400 of convertible subordinated debentures (the "Debentures") due 2002. The Debentures, which were sold at par, bear interest at 7.25% annually (payable semi-annually) and are convertible at any time, on or after 60 days, from the date of issue at a conversion price of $31.125 per share. The Debentures mature on December 15, 2002 and are callable by the Company after June 15, 2002 at par plus accrued interest.

8. RELATED-PARTY TRANSACTIONS:

The Company has engaged The Management Companies to manage the operations of its properties and certain unconsolidated joint ventures. For the three months ending September 30, 1998 and 1997, management fees of $718 and $552, respectively; and for the nine months ending September 30, 1998 and 1997 of $1,968 and $1,572, respectively, were paid to the Management Companies by the Company.

8. RELATED-PARTY TRANSACTIONS, CONTINUED:

Certain mortgage notes were held by outside partners of the individual Macerich Group partnerships. Interest expense in connection with these notes was $2,784 and $2,538 for the three months ended September 30, 1998 and 1997, respectively; and $7,659 and $7,531 for the nine months ended September 30, 1998 and 1997, respectively. Included in accrued interest expense is interest payable to these partners of $492 and $517 at September 30, 1998 and December 31, 1997, respectively.

9. COMMITMENTS AND CONTINGENCIES:

Certain partnerships have entered into noncancellable operating ground leases. The leases expire at various times through 2070, subject in some cases to options to extend the terms of the lease.

Certain leases provide for contingent rent payments based on a percent of base rent income, as defined. Ground rent expenses were $115 and $230 for the three months ended September 30, 1998 and 1997, respectively; and $760 and $573 for the nine months ended September 30, 1998 and 1997, respectively. There were no contingent rents in either period.

Perchloroethylene (PCE) has been detected in soil and groundwater in the vicinity of a dry cleaning establishment at North Valley Plaza, formerly owned by a joint venture of which the Company was a member. The property was sold on December 18, 1997. The California Department of Toxic Substances Control (DTSC) advised the Company in 1995 that very low levels of Dichloroethylene (1,2 DCE), a degradation byproduct of PCE, had been detected in a municipal water well located 1/4 mile west of the dry cleaners, and that the dry cleaning facility may have contributed to the introduction of 1,2 DCE into the water well. According to DTSC, the maximum contaminant level (MCL) for 1,2 DCE which is permitted in drinking water is 6 parts per billion (ppb). The 1,2 DCE was detected in the water well at a concentration of 1.2 ppb, which is below the MCL. The Company has retained an environmental consultant and has initiated extensive testing of the site. Remediation began in October 1997. The joint venture agreed (between itself and the buyer) that it would be responsible for continuing to pursue the investigation and remediation of impacted soil and groundwater resulting from releases of PCE from the former dry cleaner. $100 and $65 have already been incurred by the Company for remediation, and professional and legal fees for the periods ending September 30, 1998 and 1997, respectively. An additional $461 and $621 was accrued as a liability by the Company as of September 30, 1998 and September 30, 1997, respectively. The Company has been sharing costs on a 50/50 basis with a former owner of the property and intends to look to additional responsible parties for recovery.

Low levels of toluene, a petroleum constituent, was detected in one of three groundwater dewatering system holding tanks at Queens Center. No government agency has requested any action to address this matter. Although the Company believes that no remediation will be required, the Company established a $150 reserve in 1996 to cover professional fees and testing costs, which was reduced by costs incurred of $1 and $5 for the nine months ending September 30, 1998 and 1997, respectively. The Company intends to look to the responsible parties and insurers if remediation is required.

9. COMMITMENTS AND CONTINGENCIES, CONTINUED:

The Company acquired Fresno Fashion Fair in December 1996. Asbestos has been detected in structural fireproofing throughout much of the Center. Testing data conducted by professional environmental consulting firms indicates that the fireproofing is largely inaccessible to building occupants and is well adhered to the structural members. Additionally, airborne concentrations of asbestos were well within OSHA's permissible exposure limit (PEL) of .1 fcc. The accounting for this acquisition includes a reserve of $3.3 million to cover future removal of this asbestos, as necessary. The Company incurred $206 and $94 in remediation costs for the nine months ending September 30, 1998 and 1997, respectively.

10. PRO FORMA INFORMATION:

On February 27, 1998, the Company, through a 50/50 joint venture, SDG Macerich Properties, L.P., acquired a portfolio of twelve regional malls. Additionally, on June 19, 1998, the Company acquired South Plains Mall in Lubbock, Texas for approximately $115,700. The purchase price consisted of $29,400 of debt, at market value, and $86,300 of cash.

On July 1, 1998, the Company acquired the Westside Pavilion in Los Angeles, California for $170,500. The purchase price was funded from the Company's line of credit and a new ten year $100,000 mortgage placed on the property at closing at an effective fixed interest rate of 6.67% .

The Company acquired 40% of the Village at Corte Madera in Corte Madera, California, on June 16 and the remaining 60% on July 24, 1998 and also acquired Carmel Plaza in Carmel, California on August 10, 1998. The combined purchase price was $165,500 consisting of the assumption of $40,000 of debt and the issuance of $7,900 of OP units and $117,600 in cash.

On a pro forma basis, reflecting these acquisitions and the 1998 equity offerings as if they had occurred on January 1, 1998 and 1997, the Company would have reflected net income of $30,200 and $21,400 for the nine months ended September 30, 1998 and 1997, respectively. Net income -- available to common stockholders on a basic and diluted per share basis would be $0.42 and $0.41, for the nine months ended September 30, 1998 respectively; and $0.29 and $0.29, for the nine months ended September 30, 1997, respectively.

11. PREFERRED STOCK:

In February, 1998, the Company issued 3,627,131 shares of Series A cumulative convertible preferred stock for proceeds totaling $100,000 in a private placement. The preferred stock can be converted on a one for one basis into common stock and will pay a dividend equal to the greater of $0.46 per share per quarter or the dividend then payable on a share of common stock.

On June 17, 1998, the Company issued 5,487,471 shares of Series B cumulative convertible preferred stock for proceeds totaling $150,000 in a direct private placement. The preferred stock can be converted on a one for one basis into common stock and will pay a dividend equal to the greater of $0.46 per share per quarter or the quarterly dividend then payable on a share of common stock.

NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

12. SUBSEQUENT EVENTS:

On November 10, 1998, a dividend\distribution of $0.485 per share was declared for common stockholders and OP unit holders of record on November 24, 1998. In addition, the Company declared a dividend of $0.485 on the Company's Series A cumulative convertible preferred stock and a dividend of $0.485 on the Company's Series B cumulative convertible preferred stock. All dividends/distributions will be payable on December 7, 1998.

ITEM II

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based primarily on the consolidated balance sheet of The Macerich Company (the "Company") as of September 30, 1998, and also compares the activities for the three and nine months ended September 30, 1998 to the activities for the three and nine months ended September 30, 1997.

This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto. These financial statements include all adjustments, which are, in the opinion of management, necessary to reflect the fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature.

This Quarterly Report on Form 10-Q contains or incorporates statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements appear in a number of places in this Quarterly Report on Form 10-Q and include statements regarding, among other matters, the Company's growth opportunities, the Company's acquisition strategy, regulatory matters pertaining to compliance with governmental regulations and other factors affecting the Company's financial condition or results of operations. Stockholders are cautioned that any such forward looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from the future results, performance or achievements, expressed or implied in such forward looking statements. Such factors include, among others, general economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of prospective tenants, lease rents and the terms and availability of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition with other companies, risks of real estate development and acquisition; governmental actions and initiatives; environmental and safety requirements; and Year 2000 compliance issues of the Company and third parties and related service interruptions or payment delays.

The following reflects the Company's acquisitions in 1997 and 1998:

	DATE ACQUIRED	LOCATION
"1997 ACQUISITION CENTERS":		
South Towne Center	March 27, 1997	Sandy, Utah
Stonewood Mall	August 6, 1997	Downey, California
Manhattan Village Shopping Center	August 19, 1997	Manhattan Beach, California
The Citadel	December 19, 1997	Colorado Springs, Colorado
Great Falls Marketplace	December 31, 1997	Great Falls, Montana
"1998 ACQUISITION CENTERS":		
ERE/Yarmouth Portfolio	February 27, 1998	Eight States
South Plains Mall	June 19, 1998	Lubbock, Texas
Westside Pavilion	July 1, 1998	Los Angeles, California
Village at Corte Madera	June-July 1998	Corte Madera, California
Carmel Plaza	August 10, 1998	Carmel, California

The financial statements include the results of these centers for periods subsequent to their acquisition.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

Manhattan Village Shopping Center and the ERE/Yarmouth portfolio ("Joint Venture Acquisitions") were acquired by unconsolidated joint ventures of the Company which are reflected using the equity method of accounting. The results of these acquisitions are reflected in the consolidated results of operations of the Company in equity in income of unconsolidated joint ventures and the Management Companies.

Many of the variations in the results of operations, discussed below, occurred due to the addition of these properties to the portfolio during 1998 and 1997. Many factors, such as the availability and cost of capital, overall debt to market capitalization level, interest rates and availability of potential acquisition targets that meet the Company's criteria, impact the Company's ability to acquire additional properties. Accordingly, management is uncertain as to whether during the balance of 1998, and in future years, there will be similar acquisitions and corresponding increases in revenues, equity in income of unconsolidated joint ventures and the Management Companies, net income and funds from operations that occurred as a result of the addition of the 1998 and 1997 Acquisition Centers. All other centers are referred to herein as the "Same Centers".

The bankruptcy and/or closure of retail stores, particularly anchors, may reduce customer traffic and cash flow generated by a center. During 1997, Montgomery Ward filed bankruptcy. The Company has 11 Montgomery Ward stores in its portfolio. Montgomery Ward has not yet disclosed whether they will cease operating any of their stores in the Company's centers. The long-term closure of these or other stores could adversely affect the Company's performance.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

REVENUES

Minimum and percentage rents together increased by $26.1 million to $133.8 million for the nine months ended September 30, 1998 compared to $107.7 million in the nine months ended September 30, 1997. The 1997 and 1998 Acquisition Centers contributed $24.8 million of the increase with approximately $1.3 million generated from the Same Centers. The impact of EITF 98-9, "Accounting for Contingent Rents in Interim Financial Periods," which was implemented on April 1, 1998, reduced percentage rents by $2.8 million for the nine months ending September 30, 1998.

REVENUES

Tenant recoveries for the nine months ended September 30, 1998 increased by $11.2 million compared to the same period in 1997. This was primarily due to the addition of the 1997 and 1998 Acquisition Centers. In addition, Same Centers recoveries increased by $0.5 million due to increased recoverable expenses during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

EXPENSES

Shopping center expenses increased by $10.3 million for the nine months ended September 30, 1998 compared to the same period in 1997. Approximately $10.6 million of the increase was due to the addition of the 1997 and 1998 Acquisition Centers. The Same Centers had a net decrease of $0.4 million, primarily from a decrease in maintenance, repair, security and utility expenses.

General and administrative expenses increased to $3.1 million for the nine months ended September 30, 1998 compared to $2.1 million in the same period in 1997, primarily due to the accounting change required by EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions", which requires the expensing of internal acquisition costs. Previously, in accordance with GAAP, certain internal acquisition costs were capitalized. The increase is also attributable to increased executive and director compensation expense.

Interest expense increased to $66.1 million at September 30, 1998 compared to $47.4 million at September 30, 1997. This increase of $18.7 million is primarily attributable to the acquisition activity in 1997 and 1998, which was partially funded with secured debt and borrowings under the Company's line of credit. In addition, in June and July of 1997, the Company issued $161.4 million of convertible debentures, which resulted in $5.7 million of the increase.

Depreciation and amortization increased to $38.9 million at September 30, 1998 compared to $29.8 million at September 30, 1997. This increase of $9.1 million relates primarily to the 1997 and 1998 Acquisition Centers.

INCOME FROM UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES

The income from unconsolidated joint ventures and the Management Companies increased to $8.4 million compared to a $7.6 million loss for the period ended September 30, 1997. $10.5 million of the difference is attributable to the write down, and the loss on the sale, of North Valley Plaza in 1997 and the remaining due to the Joint Venture Acquisitions.

NET INCOME -- AVAILABLE TO COMMON STOCKHOLDERS

Net income for the nine months ended September 30, 1998 increased to $18.8 million compared to $14.8 million for the nine months ended September 30, 1997. This increase was due to the factors discussed above.

CASH FLOWS FROM OPERATING ACTIVITIES

As a result of the factors discussed above, cash flow from operations increased to $82.8 million for the nine months ended September 30, 1998 from $55.4 million during the same period in 1997. This increase is primarily due to increased net operating income from the 1997 and 1998 Acquisition Centers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flow used in investing activities increased to $655.8 million for the nine months ended September 30, 1998 from $162.8 million for the same period in 1997. This increase is primarily due to the increase in cash used for acquisitions in the nine months ended September 30, 1998 compared to the same period in 1997.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flow from financing activities increased to $564.7 million for the nine months ended September 30, 1998 from $104.6 million for the same period in 1997 as a result of net proceeds received from issuing stock and debt in 1998.

RESULTS OF OPERATIONS -- THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

REVENUES

Minimum and percentage rents together increased by $11.9 million to $49.9 million for the three months ended September 30, 1998 compared to $38.0 million in the three months ended September 30, 1997. The 1997 and 1998 Acquisition Centers contributed the majority of this increase. The impact of EITF 98-9, which was implemented April 1, 1998, reduced percentage rents by $1.0 million for the three months ended September 30, 1998.

Tenant recoveries for the third quarter of 1998 increased by $5.3 million compared to the third quarter of 1997. The addition of the 1997 and 1998 Acquisition Centers represented $6.0 million of this increase with the offsetting decrease of $1.3 million attributable to the Same Centers.

EXPENSES

Shopping center expenses increased by $4.2 million for the three months ended September 30, 1998 compared to the same period in 1997. Approximately $5.7 million of the increase was due to the addition of the 1997 and 1998 Acquisition Centers. The Same Centers had a net decrease of $1.5 million, primarily from a decrease in maintenance, repair, security and utility expenses.

Interest expense increased to $24.9 million for the three months ended September 30, 1998 compared to the $16.2 million for the three months ended September 30, 1997. This increase of $8.7 million is primarily attributable to the acquisition activity in 1997 and 1998, which was partially funded with secured debt and borrowings under the Company's line of credit.

Depreciation and amortization increased to $15.3 million for the three months ended September 30, 1998 compared to $10.1 million for the same period in 1997. This increase of $5.2 million relates primarily to the 1997 and 1998 Acquisition Centers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

INCOME FROM UNCONSOLIDATED JOINT VENTURES AND THE MANAGEMENT COMPANIES

The income from unconsolidated joint ventures and the Management Companies increased to $2.8 million for the three months ended September 30, 1998 compared to an $8.7 million loss for the same period in 1997. $10.5 million of the change is attributable to the write down, and the loss on sale, of North Valley Plaza in 1997 and the remaining due to the Joint Venture Acquisitions.

NET INCOME -- AVAILABLE TO COMMON STOCKHOLDERS

Net income for the three months ended September 30, 1998 increased to $4.6 million compared to $1.9 million for the three months ended September 30, 1997. This increase was due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company intends to meet its short term liquidity needs through cash generated from operations and working capital reserves. The Company anticipates that revenues will continue to provide necessary funds for its operating expenses and debt service requirements, and to pay dividends to stockholders in accordance with REIT requirements. The Company anticipates that cash generated from operations, together with cash on hand, will be adequate to fund capital expenditures which will not be reimbursed by tenants, other than non-recurring capital expenditures. Capital for major expenditures or redevelopments has been, and is expected to continue to be, obtained from equity or debt financings.

The Company believes that it will have access to the capital necessary to expand its business in accordance with its strategies for growth and maximizing Funds from Operations. The Company presently intends to obtain the additional capital necessary to expand its business through a combination of additional equity offerings and debt financings.

The Company's total outstanding loan indebtedness at September 30, 1998 was $1.7 billion (including its pro rata share of joint venture debt). This equated to a debt to Total Market Capitalization (defined as total debt of the Company, including its pro rata share of joint venture debt, plus aggregate market value of outstanding shares of common stock, assuming full conversion of all outstanding OP Units and preferred stock into common stock) ratio of 54% at September 30, 1998. The Company's debt consists primarily of fixed rate, conventional mortgages payable secured by individual properties. In connection with $65.1 million of the Company's floating rate indebtedness, the Company has entered into interest rate protection agreements that limit the Company's exposure to increases in interest rates.

The Company has filed a shelf registration statement, effective December 8, 1997, to sell securities. The shelf registration was for a total of $500 million of common stock, common stock warrants or common stock rights. On February 18, 1998, the Company issued 1,052,650 shares and on February 23, 1998, an additional 1,826,484 shares were issued. On April 24, 1998, the Company issued 808,989 shares and an additional 967,256 and 1,864,802 shares were issued on April 29, 1998 and May 29, 1998, respectively. The total gross proceeds of these transactions were approximately $178.8 million, leaving approximately $321.2 million available under the shelf registration statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

The Company has an unsecured line of credit for up to $150 million. There was $55 million of borrowings outstanding at December 31, 1997 and $140 million outstanding on September 30, 1998.

At September 30, 1998 and December 31, 1997, the Company had cash and cash equivalents of $16.9 million and $25.2 million, respectively.

YEAR 2000 READINESS DISCLOSURE

The information provided below contains Year 2000 statements and is a Year 2000 Readiness Disclosure pursuant to Pub. L. No. 105-271.

Year 2000 Issues

The Year 2000 issue results from computer programs and embedded technology using two digits rather than four to define the applicable year. The Company's computer equipment and software and devices with embedded technology that are time-sensitive may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or erroneous data which would cause disruptions of operations.

The Company has initiated a Year 2000 compliance program consisting of the following phases: (1) identification of Year 2000 issues; (2) assessment of Year 2000 compliance of systems; (3) remediation or replacement of non-compliant systems; (4) testing to verify compliance; and (5) contingency planning, as appropriate. This program includes a review of both information technology ("IT") and non-IT systems and is being supervised by the Company's Year 2000 task force which consists of management as well as operational and IT staff members.

IT Systems

The Company is conducting a review of its core computer hardware systems and software programs to determine if such systems and programs will properly process dates in the Year 2000 and thereafter. Based on manufacturer or vendor information, the Company presently believes most of its critical computer hardware systems and software programs are substantially Year 2000 compliant. The Company is currently in the process of conducting its own evaluation and testing to verify compliance of its critical hardware systems and software and expects to conclude such testing by April 1, 1999. The most important software program to the Company's operations is its property management and accounting software. The Company has been advised by its independent software vendor that it has completed its evaluation, testing and modification of this program and the necessary changes have been completed to achieve Year 2000 compliance. The Company is conducting its own evaluation and testing to confirm this conclusion. The Company is also in the process of assessing the Year 2000 compliance of other non-critical hardware systems and software programs and expects to complete such phases by December 31, 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

Non-IT Systems

Part of the Company's Year 2000 program also includes a review of the various operating systems of each of its portfolio properties and main offices. These systems typically include embedded technology which complicates the Company's Year 2000 efforts. Examples of these types of systems include energy management systems, telecommunications systems, elevators, security systems and copiers. The various operating systems are initially assigned priorities based on the importance of the system to each property's operations and the potential impact of non-compliance. A majority of the Company's properties have substantially completed their initial assessment of each system and are verifying Year 2000 compliance through the manufacturers and/or vendors of the systems. Based on the information received, each property will prepare recommendations regarding the remediation and testing phases. Remediation and testing recommendations and time lines will be prepared based on the importance of each system to the property's operations. The Company currently anticipates completing the remediation and testing phases for the critical operating systems at each property prior to June 1, 1999 and expects the Year 2000 program to continue beyond January 1, 2000 with respect to non-critical systems and issues.

Material Third Parties

The Company is in the process of communicating with material vendors, utilities, and tenants about their plans and progress in addressing the Year 2000 issues. The Company will monitor the Year 2000 progress of these entities and evaluate the impact of their progress on the Company's operations.

Costs

Because the Company's assessment and remediation efforts are ongoing, the Company is unable to estimate the actual costs of achieving Year 2000 compliance for its internal systems and equipment. To date, the Company has not expended significant amounts since its evaluation of Year 2000 issues has been primarily conducted by its own personnel.

Risks

As is true of most businesses, the Company is vulnerable to external forces that might generally effect industry and commerce, such as utility company Year 2000 compliance failures and related service interruptions. In addition, failure of information and operating systems of tenants may delay the payment of rent to the Company. A contingency plan has not been developed for dealing with the most reasonably likely worst case scenario since the Company is unable at this time to clearly identify such a scenario. The Company will continue to evaluate these and other potential areas of risk and develop contingency plans, as appropriate.

Based on currently available information, the Company believes that the Year 2000 issue will not pose significant operational problems for the Company. However, if all Year 2000 issues are not properly identified, or assessment, remediation and testing are not effected in a timely manner, there can be no assurance that the Year 2000 issue will not adversely affect the Company's results of operations or adversely affect the Company's relationships with tenants or other third parties. Additionally, there can be no assurance that the Year 2000 issues of third parties will not have an adverse impact on the Company's results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

FUNDS FROM OPERATIONS

The Company believes that the most significant measure of its performance is Funds from Operations ("FFO"). FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be: Net income (computed in accordance with GAAP), excluding gains or losses from debt restructuring and sales or write down of assets, plus depreciation and amortization (excluding depreciation on personal property and amortization of loan and financial instrument costs) and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities will be calculated on the same basis. FFO does not represent cash flow from operations, as defined by generally accepted accounting principles, and is not necessarily indicative of cash available to fund all cash flow needs. The following reconciles net income -- available to common stockholders to FFO:

	Nine months ended September 30, 1998		1997	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$ 18,769		$ 14,793
Adjustments to reconcile net income to FFO:				
Minority interest		7,748		7,195
Depreciation and amortization on wholly owned properties		38,919		29,815
Pro rata share of unconsolidated entities' depreciation and amortization		7,982		1,691
Gain on sale of assets		(9)		(1,620)
Extraordinary loss on early extinguishment of debt		2,414		563
Pro rata share of (gain) loss on sale or write-down from unconsolidated entities		164		9,072
Amortization of loan costs, including interest rate caps		(2,109)		(1,376)
Depreciation of personal property		(534)		(389)
FFO - basic (1)	42,310	73,344	37,981	59,744
To arrive at FFO - diluted:				
Impact of convertible preferred stock	5,027	6,898	-	-
Impact of stock options and restricted stock using the treasury method	610	411	421	179
Impact of convertible debentures		(n/a anti-dilutive)		
FFO - diluted (2)	47,947	$80,653	38,402	$59,923

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

	Three months ended September 30, 1998		1997	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$ 4,579		$ 1,870
Adjustments to reconcile net income to FFO:				
Minority interest		1,558		871
Depreciation and amortization on wholly owned properties		15,312		10,134
Pro rata share of unconsolidated entities' depreciation and amortization		3,557		578
Gain on sale of assets		-		(1,620)
Extraordinary loss on early extinguishment of debt		2,324		51
Pro rata share of (gain) loss on sale or write-down from unconsolidated entities		-		9,140
Amortization of loan costs, including interest rate caps		(608)		(542)
Depreciation of personal property		(168)		(166)
FFO - basic (1)	44,761	26,554	38,023	20,316
To arrive at FFO - diluted:				
Impact of convertible preferred stock	9,114	4,193	-	-
Impact of stock options and restricted stock using the treasury method	592	155	421	60
Impact of convertible debentures		(n/a anti-dilutive)		
FFO - diluted (2)	54,467	$30,902	38,444	$20,376

1) Calculated based upon basic net income as adjusted to reach basic FFO. Weighted average number of shares includes the weighted average shares of common stock outstanding for 1998 and 1997 assuming the conversion of all outstanding OP units.

2) The computation of FFO -- diluted and diluted average number of shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. Convertible debentures are anti-dilutive and are not included. On February 25, 1998, the Company sold $100 million of cumulative convertible preferred stock. On June 17, 1998, the Company sold an additional $150 million of cumulative convertible preferred stock. The preferred stock can be converted on a 1 for 1 basis for common stock. These preferred shares are not assumed converted for purposes of net income per share as they would be anti-dilutive to that calculation. The preferred shares are assumed converted for purposes of FFO diluted per share as they are dilutive to that calculation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED:

Included in minimum rents were rents attributable to the accounting practice of straight-lining of rents. The amount of straight-lining of rents that impacted minimum rents was $2.7 million and $2.6 million for the nine months ended September 30, 1998 and 1997, respectively; and $0.9 million and $0.8 million for the three months ended September 30, 1998 and 1997, respectively.

INFLATION

In the last three years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically through the lease term. These rent increases are either in fixed increments or based on increases in the Consumer Price Index. In addition, many of the leases are for terms of less than ten years, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. Additionally, most of the leases require the tenants to pay their pro rata share of operating expenses. This reduces the Company's exposure to increases in costs and operating expenses resulting from inflation.

NEW ACCOUNTING PRONOUNCEMENTS

In March, 1998, the FASB, through its Emerging Issues Task Force ("EITF"), concluded based on EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions," that all internal costs to source, analyze and close acquisitions should be expensed as incurred. The Company has historically capitalized these costs, in accordance with GAAP. The Company has adopted the FASB's interpretation effective March 19, 1998, and expects the impact to be an approximate $.05 per share reduction of net income and FFO - diluted per share in 1998.

In May, 1998, the FASB, through the EITF, modified the timing of recognition of revenue for percentage rent received from tenants in EITF 98-9, "Accounting for Contingent Rents in Interim Financial Periods." The Company applied this accounting change as of April 1, 1998. Although the Company believes this accounting change will have no material impact on the annual percentage rent recognized, the accounting change had the effect of deferring $1.8 and $1.6 million of percentage rent that would have been recognized for the three months ended June 30, 1998 and the three months ended September 30, 1998, respectively, using the previous GAAP accounting method for percentage rent recognition. As a result of this accounting change, the Company expects a portion of percentage rent that previously would be recognized in the second and third quarters to be recognized in the fourth quarter.

In June 1998, the FASB issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for the Company's financial statements for periods beginning January 1, 2000. The new standard requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. The Company has not yet determined when it will implement FAS 133 nor has it completed the complex analysis required to determine the impact on its financial statements.

THE MACERICH COMPANY (THE COMPANY)

PART II

OTHER INFORMATION

Item 1 Legal Proceedings

During the ordinary course of business, the Company, from time to time, is threatened with, or becomes a party to, legal actions and other proceedings. Management is of the opinion that the outcome of currently known actions and proceedings to which it is a party will not, singly or in the aggregate, have a material adverse effect on the Company.

Item 2 Changes in Securities and Use of Proceeds

On July 24, 1998, as partial consideration for the acquisition of The Village at Corte Madera ("Corte Madera"), The Macerich Partnership, L.P. (the "Operating Partnership") issued $8 million of OP Units in a private placement pursuant to Section 4(2) of the Securities Act to Harry S. Newman and LeRoy H. Brettin (the "Investors") as sellers of Corte Madera. The OP Units are redeemable by the Operating Partnership for cash, or at the option of the Company, for Common Stock. The Company and the Operating Partnership entered into a Redemption, Registration and Rights and Lock-Up Agreement (the "Registration Rights Agreement") with the Investors with respect to such OP Units and Common Stock. The Registration Rights Agreement, among other things, provides certain piggyback registration rights to the Investors. A copy of the Registration Rights Agreement is attached hereto as Exhibit 4.1. Additional information regarding the purchase of Corte Madera was filed with the Commission on Form 8-K dated August 7, 1998, event date July 24, 1998.

Item 3 Defaults Upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

NUMBER DESCRIPTION

None

(b) Reports on Form 8-K

A report on Form 8-K dated July 2, 1998, event date June 19, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing the acquisition of South Plains Mall.

A report on Form 8-K dated July 10, 1998, event date July 1, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing the acquisition of Westside Pavilion.

A report on Form 8-K dated July 14, 1998, event date June 17, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing the issuance of 5,487,471 shares of the Company's Series B Cumulative Convertible Redeemable Preferred Stock.

A report on Form 8-K dated August 7, 1998, event date July 24, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing the acquisition of The Village at Corte Madera.

A report on Form 8-K dated August 20, 1998, event date August 10, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing the acquisition of Carmel Plaza.

A report on Form 8-K/A, Amendment No. 1, dated August 21, 1998, event date July 1, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing certain financial statements and pro forma financial information regarding the acquisition of Westside Pavilion.

A report on Form 8-K/A, Amendment No. 2, dated September 11, 1998, event date July 1, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing certain financial statements and pro forma financial information regarding the acquisition of Westside Pavilion.

A report on Form 8-K/A, Amendment No. 1, dated November 10, 1998, event date July 24, 1998 and August 10, 1998, was filed with the Securities and Exchange Commission for the purpose of disclosing certain financial statements and pro forma financial information regarding the acquisitions of The Village at Corte Madera and Carmel Plaza.

THE MACERICH COMPANY (THE COMPANY)

Signatures

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

The Macerich Company

By: /s/ THOMAS E. O'HERN

Thomas E. O'Hern
Senior Vice President and
Chief Financial Officer

Date: November 13, 1998

THE MACERICH COMPANY (THE COMPANY)

Exhibit Index

Exhibit No.	Page

(a) Exhibits

Number	Description
None	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS FOUND ON PAGES 1 AND 2 OF THE COMPANY'S 10Q FOR THE YEAR TO DATE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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9-MOS
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SEP-30-1998
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