UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

or

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

For the transition period from ____________ to _____________.

COMMISSION FILE NO. 33-98136

CHELSEA GCA REALTY PARTNERSHIP, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	22-3258100
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

103 EISENHOWER PARKWAY, ROSELAND, NEW JERSEY 07068
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES - ZIP CODE)

(973) 228-6111
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days   Yes X No .

There are no outstanding shares of Common Stock or voting securities.

CHELSEA GCA REALTY PARTNERSHIP, L.P.

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ITEM 1. FINANCIAL STATEMENTS

CHELSEA GCA REALTY PARTNERSHIP, L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	March 31, 1999	December 31, 1998
	(Unaudited)	(Note 1)
Assets		
Rental properties:		
Land	$ 109,031	$109,318
Depreciable property	692,520	683,408
Total rental property	801,551	792,726
Accumulated depreciation	(111,367)	(102,851)
Rental properties, net	690,184	689,875
Cash and equivalents	17,919	9,631
Notes receivable-related party	-	4,500
Deferred costs, net	15,222	17,766
Properties held for sale	4,125	8,733
Other assets	47,407	42,847
TOTAL ASSETS	$ 774,857	$773,352
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Unsecured bank debt	$ 155,035	$ 151,035
7.75% Unsecured Notes due 2001	99,845	99,824
7.25% Unsecured Notes due 2007	124,720	124,712
Construction payables	8,367	12,927
Accounts payable and accrued expenses	16,808	19,769
Obligation under capital lease	9,571	9,612
Accrued distribution payable	14,615	3,274
Other liabilities	27,624	29,257
TOTAL LIABILITIES	456,585	450,410
Commitments and contingencies		
Partners' capital:		
General partner units outstanding, 15,609 in 1999 and 15,608 in 1998	276,569	280,391
Limited partners units outstanding, 3,429 in 1999 and 1998	41,703	42,551
TOTAL PARTNERS' CAPITAL	318,272	322,942
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 774,857	$ 773,352

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CHELSEA GCA REALTY PARTNERSHIP, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER UNIT DATA)

	1999	1998
REVENUES:		
Base rent	$24,555	$19,266
Percentage rent	2,371	1,786
Expense reimbursements	8,192	6,800
Other income	1,845	654
TOTAL REVENUES	36,963	28,506
EXPENSES:		
Interest	6,283	4,125
Operating and maintenance	9,151	7,590
Depreciation and amortization	9,924	7,278
General and administrative	1,139	886
Other	418	628
TOTAL EXPENSES	26,915	20,507
NET INCOME	$10,048	$7,999
Preferred unit requirement	(1,047)	(1,047)
NET INCOME TO COMMON UNITHOLDERS	$9,001	$6,952
NET INCOME TO COMMON UNITHOLDERS:		
General partner	$7,380	$5,682
Limited partners	1,621	1,270
TOTAL	$9,001	$6,952
NET INCOME PER COMMON UNIT:		
General partner	$0.47	$0.37
Limited partners	$0.47	$0.37
WEIGHTED AVERAGE UNITS OUTSTANDING:		
General partner	15,608	15,353
Limited partners	3,429	3,431
TOTAL	19,037	18,784

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CHELSEA GCA REALTY PARTNERSHIP, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(UNAUDITED)
(IN THOUSANDS)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$10,048	$7,999
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,924	7,278
Proceeds from non-compete receivable	4,600	-
Amortization of non-compete revenue	(1,284)	-
Additions to deferred lease costs	(101)	(978)
Other operating activities	29	97
Changes in assets and liabilities:		
Straight-line rent receivable	(335)	(329)
Other assets	6,142	5,762
Accounts payable and accrued expenses	(2,936)	(200)
Net cash provided by operating activities	26,087	19,629
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to rental properties	(13,803)	(27,238)
Additions to deferred development costs	(359)	(890)
Proceeds from sale of center	4,483	-
Payments from related party	4,500	-
Additions to investments in joint ventures	(13,153)	-
Other investing activities	-	(285)
Net cash used in investing activities	(18,332)	(28,413)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(3,414)	(3,414)
Debt proceeds	4,000	12,000
Repayments of debt	-	(4,000)
Additions to deferred financing costs	(90)	(1,083)
Net proceeds from sale of common stock	37	25
Other financing activities	-	(57)
Net cash provided by financing activities	533	3,471
Net increase (decrease) in cash and equivalents	8,288	(5,313)
Cash and equivalents, beginning of period	9,631	14,538
Cash and equivalents, end of period	$17,919	$9,225

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CHELSEA GCA REALTY PARTNERSHIP, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

Chelsea GCA Realty Partnership, L.P. (the "Operating Partnership" or "OP"), which commenced operations on November 2, 1993, is engaged in the development, ownership, acquisition, leasing and operation of manufacturers' outlet centers. As of March 31, 1999, the Operating Partnership operated 19 centers in 11 states (the "Properties") containing approximately 4.9 million square feet of gross leasable area ("GLA"). The Properties are located near large metropolitan areas including New York City, Los Angeles, San Francisco, Sacramento, Boston, Atlanta, Washington DC, Portland (Oregon) and Cleveland, or at or near tourist destinations including Honolulu, the Napa Valley, Palm Springs and the Monterey Peninsula. The Operating Partnership also has a number of properties under development and expansion. The sole general partner in the Operating Partnership, Chelsea GCA Realty, Inc. (the "Company"), is a self-administered and self-managed Real Estate Investment Trust.

Ownership of the Operating Partnership as of March 31, 1999 was as follows:

General Partner	82.0%	15,609,000	units
Limited Partners	18.0%	3,429,000	units
TOTAL	100.0%	19,038,000	

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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 notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three month period ended March 31, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. The balance sheet at December 31, 1998 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 1998.

Effective January 1, 1998, the Operating Partnership adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("Statement 131"). Statement 131 superseded FASB Statement No. 14, Financial Reporting for Segments of a Business Enterprise. Statement 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. Statement 131 also establishes standards for related disclosures about products and services, geographic areas, and major customers. The adoption of Statement 131 did not affect results of operations, financial position or disclosure of segment information as the Operating Partnership is engaged in the development, ownership, acquisition and operation of manufacturers' outlet centers and has one reportable segment, retail real estate. The Operating Partnership evaluates real estate performance and allocates resources based on net operating income and weighted average sales per square foot. The primary sources of revenue are generated from tenant base rents, percentage rents and reimbursement revenue. Operating expenses primarily consist of common area maintenance, real estate taxes and promotional expenses. The retail real estate business segment meets the quantitative threshold for determining reportable segments. The Operating Partnership's investment in foreign operations is not material to the consolidated financial statements.

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted in years beginning after June 15, 1999. Statement 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. The Operating Partnership expects to adopt the new Statement effective January 1, 2000. The Statement will require the Operating Partnership to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Operating Partnership does not anticipate that the adoption of the Statement will have a significant effect on its results of operations or financial position.

2. PROPERTIES HELD FOR SALE

As of March 31, 1999, properties held for sale represented the fair value, less estimated costs to sell, of Solvang Designer Outlets ("Solvang"). As of December 31, 1998, Lawrence Riverfront Plaza was also included in properties held for sale and was sold on March 26, 1999 with no additional loss recognized.

During the second quarter of 1998, the Operating Partnership decided to sell Solvang, a 51,000 square foot center in Solvang, California, for a net selling price of $5.6 million. The center had a book value of $10.5 million, resulting in a writedown of $4.9 million in the second quarter of 1998. During the fourth quarter, the initial purchase offer was withdrawn and the Operating Partnership received another offer for a net selling price of $4.1 million, requiring a further writedown of $1.6 million. For the quarter ended March 31, 1999, Solvang accounted for less than 1% of the Operating Partnership's revenues and net operating income.

3. NON-COMPETE AGREEMENT

In October 1998, the Operating Partnership signed a definitive agreement to terminate the development of Houston Premium Outlets, a joint venture project with Simon Property Group, Inc. Under the terms of the agreement, the Operating Partnership will receive payments totaling $21.4 million from The Mills Corporation, to be made over four years, as well as immediate reimbursement for its share of land costs, development costs and fees related to the project. The revenue is being recognized on a straight- line basis over the term of the agreement. The Operating Partnership received a payment of $4.6 million and recognized income of $1.3 million during the 1999 first quarter. The Operating Partnership has withdrawn from the Houston development partnership and agreed to certain restrictions on competing in the Houston market through the year 2002.

4. DEBT

On March 30, 1998, the OP replaced its two unsecured bank revolving lines of credit, totaling $150 million (the "Credit Facilities"), with a new $160 million senior unsecured bank line of credit (the "Senior Credit Facility"). The Senior Credit Facility expires on March 30, 2001 and bears interest on the outstanding balance, payable monthly, at a rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.05% (6.05% at March 31, 1999) or the prime rate, at the OP's option. The LIBOR rate spread ranges from 0.85% to 1.25% depending on the Operating Partnership's Senior Debt rating. A fee on the unused portion of the Senior Credit Facility is payable quarterly at rates ranging from 0.15% to 0.25% depending on the balance outstanding. The OP has an annual right to request a one-year extension of the Senior Credit Facility which may be granted at the option of the lenders. Lenders representing 84% of the Senior Credit Facility have agreed to extend the Facility until March 30, 2002. At March 31, 1999, $70 million was available under the Senior Credit Facility.

Also on March 30, 1998, the OP entered into a $5 million term loan (the "Term Loan") which carries the same interest rate and maturity as the Senior Credit Facility.

In November 1998, the OP obtained a $60 million term loan which expires April 2000 and bears interest on the outstanding balance at a rate equal to LIBOR plus 1.40% (6.40% at March 31, 1999). Proceeds from the loan were used to pay down borrowings under the Senior Credit Facility.

In January 1996, the OP completed a $100 million public debt offering of 7.75% unsecured term notes due January 2001 (the "7.75% Notes"), which are guaranteed by the Company. The 7.75% Notes were priced at a discount of 99.592 to yield 7.85% to investors.

In October 1997, the OP completed a $125 million public debt offering of 7.25% unsecured term notes due October 2007 (the "7.25% Notes"). The 7.25% Notes were priced to yield 7.29% to investors, 120 basis points over the 10-year U.S. Treasury rate.

Interest and loan costs of approximately $0.5 million and $1.6 million were capitalized as development costs during the three months ended March 31, 1999 and 1998, respectively.

5. PREFERRED STOCK

In October 1997, the Company issued 1.0 million shares of 8.375% Series A Cumulative Redeemable Preferred Stock (the "Preferred Stock"), par value $0.01 per share, having a liquidation preference of $50.00 per share. The Preferred Stock has no stated maturity and is not convertible into any other securities of the Company. The Preferred Stock is redeemable on or after October 15, 2027 at the Company's option. Net proceeds from the offering were used to repay borrowings under the Operating Partnership's Credit Facilities.

6. DISTRIBUTIONS

On March 11, 1999, the Board of Directors of the Company declared a $0.72 per unit cash distribution to unitholders of record on March 31, 1999. The distribution, totaling $13.7 million, was paid on April 19, 1999.

7. INCOME TAXES

No provision has been made for income taxes in the accompanying consolidated financial statements since such taxes, if any, are the responsibility of the individual partners.

8. NET INCOME PER PARTNERSHIP UNIT

Net income per partnership unit is determined by allocating net income to the general partner (including the general partner's preferred unit allocation) and the limited partners based on their weighted average partnership units outstanding during the respective periods presented.

9. COMMITMENTS AND CONTINGENCIES

The Operating Partnership has minority interests ranging from 5% to 15% in several outlet centers and outlet development projects in Europe. Two outlet centers, Bicester Village outside of London, England and La Roca Operating Partnership Stores outside of Barcelona, Spain, are currently open and operated by Value Retail PLC and its affiliates. Three new European projects and expansions of the two existing centers are in various stages of development and are expected to open within the next two years. The Operating Partnership's total investment in Europe as of March 1999 are approximately $3.5 million. The Operating Partnership has also agreed to provide up to $22 million in limited debt service guarantees under a standby facility for loans arranged by Value Retail PLC to construct outlet centers in Europe. The term of the standby facility is three years and guarantees shall not be outstanding for longer than five years after project completion. As of March 1999, the Operating Partnership has provided limited debt service guaranties of approximately $14 million for two projects.

During 1998, the Operating Partnership entered into a memorandum of understanding (expiring in June 1999) with two partners to study the feasibility of developing new outlet centers in Japan. The partners are currently researching potential development sites and intend to organize a formal joint venture when viable projects are located and approved. The Operating Partnership's current financial commitment is not material.

Construction has commenced on Orlando Premium Outlets ("OPO"), a 430,000 square foot 50/50 joint venture project between the Operating Partnership and Simon. OPO is located on Interstate 4, midway between Walt Disney World/EPCOT and Sea World in Orlando, Florida and is scheduled to open in the first half of 2000. In February 1999, the joint venture entered into a $82.5 million construction loan agreement that is expected to fund approximately 75% of the costs of the project. The loan is 50% guaranteed by the Operating Partnership and as of March 31, 1999, there were no amounts outstanding. The balance of construction costs will be funded equally by the Operating Partnership and Simon.

The Operating Partnership is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Operating Partnership or its properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by the Operating Partnership related to this litigation will not materially affect the financial position, operating results or liquidity of the Operating Partnership.

10. RELATED PARTY INFORMATION

In September 1995, the Operating Partnership transferred property with a book value of $4.8 million to the Company's former President (a current unitholder) in exchange for a $4.0 million note secured by units in the Operating Partnership (the "Secured Note") and an $0.8 million unsecured note receivable (the "Unsecured Note"). In January 1999, the Operating Partnership received $4.5 million as payment in full for the two notes. The remaining $0.3 million write off was recognized in December 1998.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

GENERAL OVERVIEW

The Operating Partnership has grown by increasing rent at its existing centers, expanding its existing centers, developing new centers and acquiring and redeveloping centers. The Operating Partnership operated 19 manufacturers' outlet centers at March 31, 1999 compared to 20 at the end of the same quarter in the prior year. The Operating Partnership's operating gross leasable area (GLA) at March 31, 1999 (which excludes properties held for sale), increased 10.3% to 4.9 million square feet from 4.4 million square feet at March 31, 1998. Net GLA added since April 1, 1998 is detailed as follows:

	12 mos ended March 31, 1999	3 mos ended March 31, 1999	9 mos ended December 31, 1998
Changes in GLA (sf in 000's):			
NEW CENTER DEVELOPED:			
Leesburg Corner	270	-	270
TOTAL NEW CENTER	270	-	270
CENTERS EXPANDED:			
Woodbury Common	145	-	145
Wrentham Village	126	-	126
Camarillo	45	-	45
North Georgia	31	-	31
Folsom	19	-	19
Columbia Gorge	16	-	16
Other (net)	2	15	(13)
TOTAL CENTERS EXPANDED	384	15	369
CENTERS HELD FOR SALE/SOLD:			
Lawrence Riverfront	(146)	-	(146)
Solvang Designer Outlets	(52)	-	(52)
TOTAL CENTERS HELD FOR SALE/SOLD	(198)	-	(198)
NET GLA ADDED DURING THE PERIOD	456	15	441
GLA AT END OF PERIOD	4,891	4,891	4,876

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 1999 TO THE THREE MONTHS ENDED MARCH 31, 1998.

Net income before minority interest increased $2.0 million to $10.0 million for the three months ended March 31, 1999 from $8.0 million for the three months ended March 31, 1998. Increases in revenues, primarily the result of expansions, and a new center opening, were offset by higher interest on borrowings and depreciation and amortization.

Base rentals increased $5.3 million, or 27.5%, to $24.6 million for the three months ended March 31, 1999 from $19.3 million for the three months ended March 31, 1998 due to expansions, a new center opened, and higher average rents on new leases and renewals.

Percentage rents increased $0.6 million to $2.4 million for the three months ended March 31, 1999, from $1.8 million for the three months ended March 31, 1998. The increase was primarily due to the opening of one new center in 1998, expansions, increased tenant sales and a higher number of tenants contributing percentage rents.

Expense reimbursements, representing contractual recoveries from tenants of certain common area maintenance, operating, real estate tax, promotional and management expenses, increased $1.4 million, or 20.5%, to $8.2 million for the three months ended March 31, 1999 from $6.8 million for the three months ended March 31, 1998, due to the recovery of operating and maintenance costs from increased GLA. The average recovery of reimbursable expenses was 89.5% in the first quarter of 1999, compared to 89.6% in the first quarter of 1998.

Other income increased $1.2 million to $1.8 million for the three months ended March 31, 1999, from $0.6 million for the three months ended March 31, 1998. The increase is primarily the result of income from the agreement not to compete with the Mills Corporation in the Houston, Texas area.

Interest in excess of amounts capitalized increased $2.2 million to $6.3 million for the three months ended March 31, 1999 from $4.1 million for the three months ended March 31, 1998 primarily due to higher debt balances from increased GLA in operation.

Operating and maintenance expenses increased $1.6 million, or 20.6%, to $9.2 million for the three months ended March 31, 1999 from $7.6 million for the three months ended March 31, 1998. The increase was primarily due to costs related to expansions and a new center opening.

Depreciation and amortization expense increased $2.6 million, or 36.4%, to $9.9 million for the three months ended March 31, 1999 from $7.3 million for the three months ended March 31, 1998. The increase was due to depreciation of expansions and a new center opening in 1998.

General and administrative expenses increased $0.2 million to $1.1 million for the three months ended March 31, 1999 from $0.9 million for the three months ended March 31, 1998 primarily due to increased personnel, overhead costs and accrual for deferred compensation.

Other expenses decreased $0.2 million to $0.4 million for the three months ended March 31, 1999 from $0.6 million for the three months ended March 31, 1998. The decrease was primarily due to reduced legal expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Operating Partnership believes it has adequate financial resources to fund operating expenses, distributions, and planned development and construction activities. Operating cash flow during 1999 is expected to increase with a full year of operations of the 776,000 square feet of GLA added during 1998, including the opening of Leesburg Corner Premium Outlets in October 1998, and expansions of approximately 310,000 square feet in 1999. In addition, at March 31, 1999 the Operating Partnership had $70.0 million available under its Senior Credit Facility, access to the public markets through shelf registrations covering $200 million of equity and $175 million of debt, and cash equivalents of $17.9 million.

Operating cash flow is expected to provide sufficient funds for distributions. In addition, the Operating Partnership anticipates retaining sufficient operating cash to fund re-tenanting and lease renewal tenant improvement costs, as well as capital expenditures to maintain the quality of its centers.

Distributions declared and recorded during the three months ended March 31, 1999 were $13.7 million, or $0.72 per unit. The Operating Partnership's distribution payout ratio as a percentage of net income before depreciation and amortization, exclusive of amortization of deferred financing costs, minority interest and extraordinary item ("FFO") was 74.1% during the three months ended March 31, 1999. The Senior Credit Facility limits aggregate dividends and distributions to the lesser of (i) 90% of FFO on an annual basis or (ii) 100% of FFO for any two consecutive quarters.

On March 30, 1998, the OP replaced its two unsecured bank revolving lines of credit, totaling $150 million (the "Credit Facilities"), with a new $160 million senior unsecured bank line of credit (the "Senior Credit Facility"). The Senior Credit Facility expires on March 30, 2001 and bears interest on the outstanding balance, payable monthly, at a rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.05% (6.05% at March 31, 1999) or the prime rate, at the OP's option. The LIBOR spread ranges from 0.85% to 1.25% depending on the Operating Partnership's Senior Debt rating. A fee on the unused portion of the Senior Credit Facility is payable quarterly at rates ranging from 0.15% to 0.25% depending on the balance outstanding. The OP has an annual right to request a one-year extension of the Senior Credit Facility which may be granted at the option of the lenders. Lenders representing 84% of the Senior Credit Facility have agreed to extend the Facility until March 30, 2002.

Expansions totaling more than 300,000 square feet of GLA are currently under construction and scheduled to open in 1999. These include the 120,000 square-foot third phase of Wrentham Village Premium Outlets (Wrentham, Massachusetts); the 100,000 square-foot fourth phase of North Georgia Premium Outlets (Dawsonville, Georgia); and the 90,000 square-foot second phase of Leesburg Corner Premium Outlets. These projects are under development and there can be no assurance that they will be completed or opened, or that there will not be delays in opening or completion. Excluding joint venture projects with Simon Property Group, Inc. ("Simon"), the Operating Partnership anticipates 1999 development and construction costs of $50 million to $60 million. Funding is currently expected from borrowings under the Senior Credit Facility, additional debt offerings, and/or equity offerings.

Construction is also underway on Orlando Premium Outlets ("OPO"), a 430,000 square-foot upscale outlet center located on Interstate 4 midway between Walt Disney World/EPCOT and Sea World in Orlando, Florida. OPO is a joint venture project between the Operating Partnership and Simon and is scheduled to open as a single phase in mid-2000. In February 1999, the joint venture entered into a $82.5 million construction loan agreement that is expected to fund approximately 75% of the costs of the project. The loan is 50% guaranteed by the Operating Partnership and as of March 31, 1999, there were no amounts outstanding on the loan. The balance of construction costs will be funded equally by the Operating Partnership and Simon.

The Operating Partnership announced in October 1998 that it sold its interest in and terminated the development of Houston Premium Outlets, a joint venture project with Simon. Under the terms of the agreement, the Operating Partnership will receive non-compete payments totaling $21.4 million from The Mills Corporation; $3.0 million was received at closing, the first of four annual installments of $4.6 million was received in January 1999 and the remaining installments are to be received on each January 2, through 2002. The Operating Partnership has also been reimbursed for its share of land costs, development costs and fees related to the project.

The Operating Partnership has minority interests ranging from 5% to 15% in several outlet centers and outlet development projects in Europe. Two outlet centers, Bicester Village outside of London, England and La Roca Operating Partnership Stores outside of Barcelona, Spain, are currently open and operated by Value Retail PLC and its affiliates. Three new European projects and expansions of the two existing centers are in various stages of development and are expected to open within the next two years. The Operating Partnership's total investment in Europe as of March 1999 are approximately $3.5 million. The Operating Partnership has also agreed to provide up to $22 million in limited debt service guarantees under a standby facility for loans arranged by Value Retail PLC to construct outlet centers in Europe. The term of the standby facility is three years and guarantees shall not be outstanding for longer than five years after project completion. As of March 1999, the Operating Partnership has provided limited debt service guaranties of approximately $14 million for two projects.

During 1998, the Operating Partnership entered into a memorandum of understanding (expiring in June 1999) with two partners to study the feasibility of developing new outlet centers in Japan. The partners are currently researching potential development sites and intend to organize a formal joint venture when viable projects are located and approved. The Operating Partnership's current financial commitment is not material.

To achieve planned growth and favorable returns in both the short and long term, the Operating Partnership's financing strategy is to maintain a strong, flexible financial position by: (i) maintaining a conservative level of leverage; (ii) extending and sequencing debt maturity dates; (iii) managing exposure to floating interest rates; and (iv) maintaining liquidity. Management believes these strategies will enable the Operating Partnership to access a broad array of capital sources, including bank or institutional borrowings and secured and unsecured debt and equity offerings, subject to market conditions.

Net cash provided by operating activities increased $6.5 million for the three months ended March 31, 1999 compared to the corresponding 1998 period, primarily due to the growth of the Operating Partnership's GLA to 4.9 million square feet in 1999 from 4.4 million square feet in 1998 and receipt of payment on a non-compete receivable. Net cash used in investing activities decreased $10.1 million for the three months ended March 31, 1999 compared to the corresponding 1998 period, as a result of proceeds from sale of a center and receipt of payment on a note receivable. At March 31, 1999, net cash provided by financing activities decreased by $2.9 million primarily due to higher borrowings for construction during the 1998 first quarter.

YEAR 2000 COMPLIANCE

The year 2000 ("Y2K") issue refers generally to computer applications using only the last two digits to refer to a year rather than all four digits. As a result, these applications could fail or create erroneous results if they recognize "00" as the year 1900 rather than the year 2000. The Operating Partnership has taken Y2K initiatives in three general areas which represent the areas that could have an impact on the Operating Partnership: information technology systems, non-information technology systems and third-party issues. The following is a summary of these initiatives:

INFORMATION TECHNOLOGY: The Operating Partnership has focused its efforts on the high-risk areas of the corporate office computer hardware, operating systems and software applications. The Operating Partnership's assessment and testing of existing equipment revealed that its hardware, network operating systems and most of the software applications are Y2K compliant. The exception is the DOS-based accounting systems which were upgraded and replaced at the beginning of 1999 to make them compatible with Windows applications primarily used by the Operating Partnership.

NON-INFORMATION TECHNOLOGY: Non-information technology consists mainly of facilities management systems such as telephone, utility and security systems for the corporate office and the outlet centers. The Operating Partnership has reviewed the corporate facility management systems and made inquiry of the building owner/manager and concluded that the corporate office building systems including telephone, utilities, fire and security systems are Y2K compliant. The Operating Partnership is in the process of identifying date-sensitive systems and equipment including HVAC units, telephones, security systems and alarms, fire and flood warning systems and general office systems at its outlet centers. Assessment and testing of these systems is approximately 75% complete and expected to be completed by June 30, 1999. Critical non-compliant systems will be replaced when identified. Based on preliminary assessment, the cost of replacement is not expected to be significant.

THIRD PARTIES: The Operating Partnership has third-party relationships with approximately 400 tenants and 4,000 suppliers and contractors. Many of these third parties are publicly-traded corporations and subject to disclosure requirements. The Operating Partnership has begun assessment of major third parties' Y2K readiness including tenants, key suppliers of outsourced services including stock transfer, debt servicing, banking collection and disbursement, payroll and benefits, while simultaneously responding to their inquiries regarding the Operating Partnership's readiness. The majority of the Operating Partnership's vendors are small suppliers that the Operating Partnership believes can manually execute their business and are readily replaceable. Management also believes there is no material risk of being unable to procure necessary supplies and services. Third-party assessment is approximately 50% complete and expected to be completed by June 30, 1999. The Operating Partnership continues to monitor Y2K disclosures in SEC filings of publicly-owned third parties.

COSTS: The accounting software upgrade and conversion is being executed under maintenance and support agreements with software vendors. The total cost of the accounting conversion which the Operating Partnership had previously commenced during the 1998 third quarter is estimated at approximately $200,000 including the Y2K portion of the conversion that cannot be readily identified and is not material to the operating results or financial position of the Operating Partnership.

The identification and remediation of systems at the outlet centers is being accomplished by in-house business systems personnel and outlet center general managers whose costs are recorded as normal operating expense. The assessment of third-party readiness is also being conducted by in-house personnel whose costs are recorded as normal operating expenses. The Operating Partnership is not yet in a position to estimate the cost of third-party compliance issues, but has no reason to believe, based upon its evaluations to date, that such costs will exceed $100,000.

RISKS: The principal risks to the Operating Partnership relating to the completion of its accounting software conversion is failure to correctly bill tenants by December 31, 1999 and to pay invoices when due. Management believes it has adequate resources, or could obtain the needed resources, to manually bill tenants and pay bills until the systems became operational.

The principal risks to the Operating Partnership relating to non-information systems at the outlet centers are failure to identify time-sensitive systems and inability to find a suitable replacement system. The Operating Partnership believes that adequate replacement components or new systems are available at reasonable prices and are in good supply. The Operating Partnership also believes that adequate time and resources are available to remediate these areas as needed.

The principal risks to the Operating Partnership in its relationships with third parties are the failure of third-party systems used to conduct business such as tenants being unable to stock stores with merchandise, use cash registers and pay invoices; banks being unable to process receipts and disbursements; vendors being unable to supply needed materials and services to the centers; and processing of outsourced employee payroll. Based on Y2K compliance work done to date, the Operating Partnership has no reason to believe that key tenants, banks and suppliers will not be Y2K compliant in all material respects or can not be replaced within an acceptable timeframe. The Operating Partnership will attempt to obtain compliance certification from suppliers of key services as soon as such certifications are available.

CONTINGENCY PLANS: The Operating Partnership intends to deal with contingency planning during 1999 as results of the above assessments are known.

The Operating Partnership's description of its Y2K compliance issue is based upon information obtained by management through evaluations of internal business systems and from tenant and vendor compliance efforts. No assurance can be given that the Operating Partnership will be able to address the Y2K issues for all its systems in a timely manner or that it will not encounter unexpected difficulties or significant expenses relating to adequately addressing the Y2K issue. If the Operating Partnership or the major tenants or vendors with whom the Operating Partnership does business fail to address their major Y2K issues, the Operating Partnership's operating results or financial position could be materially adversely affected.

FUNDS FROM OPERATIONS

Management believes that funds from operations ("FFO") should be considered in conjunction with net income, as presented in the statements of operations included elsewhere herein, to facilitate a clearer understanding of the operating results of the Operating Partnership. Management considers FFO an appropriate measure of performance for an equity real estate investment trust. FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), is net income applicable to common shareholders (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring and sales or writedowns of property, exclusive of outparcel sales, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. FFO does not represent net income or cash flow from operations as defined by generally accepted accounting principles and should not be considered an alternative to net income as an indicator of operating performance or to cash from operations, and is not necessarily indicative of cash flow available to fund cash needs.

	Three Months Ended March 31, 1999	1998
Net income to common unitholders.............	$9,001	$6,952
Add back:		
Depreciation and amortization	9,924	7,278
Amortization of deferred financing costs and depreciation of non-real estate assets.....	(435)	(400)
FFO..	$18,490	$13,830

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Operating Partnership is exposed to changes in interest rates primarily from its floating rate debt arrangements. The Operating Partnership currently does not use interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis-point adverse move (increase) in interest rates along the entire rate curve would adversely affect the Operating Partnership's annual interest cost by approximately $1.2 million annually.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The Operating Partnership did not file any reports on Form 8-K during the three months ended March 31, 1999.

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.

CHELSEA GCA REALTY PARTNERSHIP, L.P.

By: CHELSEA GCA REALTY, INC.
Its General Partner

By: /S/ MICHAEL J. CLARKE

Michael J. Clarke
Chief Financial Officer

Date: May 11, 1999

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3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
17,919
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