

TABLE OF CONTENTS

	Page No.	
PART I	FINANCIAL INFORMATION	
Item 1	Financial Statements	3
	Consolidated Condensed Balance Sheets at March 31, 2008 (unaudited) and December 31, 2007	3
	Consolidated Condensed Statements of Operations for the three months ended March 31, 2008 and 2007 (unaudited)	4
	Consolidated Condensed Statement of Stockholders' Equity for the three months ended March 31, 2008 (unaudited)	5
	Consolidated Condensed Statements of Cash Flows for the three months ended March 31, 2008 and 2007 (unaudited)	6
	Notes to Consolidated Condensed Financial Statements	7
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 4T	Controls and Procedures	20
PART II	OTHER INFORMATION	
Item 1	Legal Proceedings	20
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 6	Exhibits and Reports on Form 8-K	20

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN SPECTRUM REALTY, INC. CONSOLIDATED CONDENSED BALANCE SHEETS (Dollars in thousands, except share amounts)

ASSETS	<u>March 31, 2008</u> (Unaudited)	<u>December 31, 2007</u>
Real estate held for investment	\$ 239,257	\$ 238,053
Accumulated depreciation	(51,835)	(48,757)
Real estate held for investment, net	<u>187,422</u>	<u>189,296</u>
Real estate held for sale	-	1,996
Cash and cash equivalents	523	847
Restricted cash	3,588	3,565
Tenant and other receivables, net of allowance for doubtful accounts of \$361 and \$186, respectively	579	561
Deferred rents receivable	1,801	1,589
Deposits held in escrow for tax-deferred exchanges	300	-
Investment in management company	4,000	4,000
Prepaid and other assets, net	<u>9,096</u>	<u>10,932</u>
Total Assets	<u>\$ 207,309</u>	<u>\$ 212,786</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable, including premium of \$53 and \$64, respectively	\$ 186,708	\$ 186,824
Liabilities related to real estate held for sale	-	2,318
Deferred tax liability	1,312	1,777
Accounts payable	2,987	2,822
Accrued and other liabilities	<u>6,470</u>	<u>8,457</u>
Total Liabilities	<u>197,477</u>	<u>202,198</u>
Minority interest	4,419	4,522
Stockholders' Equity:		
Preferred stock, \$.01 par value; authorized, 25,000,000 shares, none issued and outstanding	-	-
Common stock, \$.01 par value; authorized, 100,000,000 shares; issued, 1,616,054 and 1,613,554 shares, respectively; outstanding, 1,380,714 and 1,378,214 shares, respectively	16	16
Additional paid-in capital	46,737	46,693
Accumulated deficit	(38,254)	(37,557)
Treasury stock, at cost, 235,340 and 235,340 shares, respectively	<u>(3,086)</u>	<u>(3,086)</u>
Total Stockholders' Equity	<u>5,413</u>	<u>6,066</u>
Total Liabilities and Stockholders' Equity	<u>\$ 207,309</u>	<u>\$ 212,786</u>

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

AMERICAN SPECTRUM REALTY, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2008	2007
REVENUES:		
Rental revenue	\$ 8,259	\$ 7,179
Interest and other income	90	37
Total revenues	<u>8,349</u>	<u>7,216</u>
EXPENSES:		
Property operating expense	3,523	2,989
Corporate general and administrative	856	727
Depreciation and amortization	3,238	2,944
Interest expense	3,105	2,558
Total expenses	<u>10,722</u>	<u>9,218</u>
Net loss from continuing operations before deferred income tax benefit and minority interest	(2,373)	(2,002)
Deferred income tax benefit	848	692
Net loss from continuing operations before minority interest	(1,525)	(1,310)
Minority interest (share from continuing operations)	197	174
Net loss from continuing operations	(1,328)	(1,136)
Discontinued operations:		
Gain (loss) from discontinued operations	5	(1)
Gain on sale of discontinued operations	1,141	-
Deferred income tax expense	(421)	-
Minority interest	(94)	-
Income (loss) from discontinued operations	<u>631</u>	<u>(1)</u>
Net loss	<u>\$ (697)</u>	<u>\$ (1,137)</u>
Basic and diluted per share data:		
Net loss from continuing operations	\$ (0.97)	\$ (0.83)
Income from discontinued operations	0.46	-
Net loss	<u>\$ (0.51)</u>	<u>\$ (0.83)</u>
Basic and diluted weighted average shares used	1,375,131	1,376,804

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

AMERICAN SPECTRUM REALTY INC.
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total Equity
Balance, January 1, 2008	1,613,554	\$ 16	\$ 46,693	\$ (37,557)	\$ (3,086)	\$ 6,066
Exercise of stock options	2,500		31			31
Stock-based compensation			13			13
Net loss				(697)		(697)
Balance, March 31, 2008	<u>1,616,054</u>	<u>\$ 16</u>	<u>\$ 46,737</u>	<u>\$ (38,254)</u>	<u>\$ (3,086)</u>	<u>\$ 5,413</u>

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

AMERICAN SPECTRUM REALTY, INC
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (697)	\$ (1,137)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,260	2,976
Deferred rental income	(212)	(300)
Minority interest	(103)	(174)
Net gain on sale of real estate asset	(1,141)	-
Stock-based compensation expense	13	8
Income tax benefit	(427)	(692)
Amortization of note payable premiums, included in interest expense	(11)	(108)
Changes in operating assets and liabilities:		
(Increase) decrease in tenant and other receivables	(7)	143
Increase in accounts payable	153	8
Increase in prepaid and other assets	1,733	1,665
Increase in accrued and other liabilities	(2,078)	(684)
Net cash provided by operating activities	<u>483</u>	<u>1,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds received from sale of real estate asset	3,014	-
Deposit held in escrow for future acquisitions	(300)	-
Real estate acquisition	-	(748)
Capital improvements to real estate assets	(1,225)	(1,419)
Net cash provided by (used in) investing activities:	<u>1,489</u>	<u>(2,167)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	300	750
Repayment of borrowings – property sales	(2,218)	-
Repayment of borrowings – scheduled payments	(409)	(450)
Repurchase of common stock	-	(150)
Acquisition of minority interest in the operating partnership	-	(122)
Proceeds from exercise of stock options	31	85
Net cash (used in) provided by financing activities:	<u>(2,296)</u>	<u>113</u>
Decrease in cash and cash equivalents	(324)	(349)
Cash and cash equivalents, beginning of period	<u>847</u>	<u>1,166</u>
Cash and cash equivalents, end of period	<u>\$ 523</u>	<u>\$ 817</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 3,056	\$ 2,653
Cash paid for income taxes	13	4

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

AMERICAN SPECTRUM REALTY, INC.
Notes to Consolidated Condensed Financial Statements

NOTE 1. DESCRIPTION OF BUSINESS

American Spectrum Realty, Inc. (“ASR” or, collectively, as a consolidated entity with its subsidiaries, the “Company”) is a Maryland corporation established on August 8, 2000. The Company is a full-service real estate corporation, which owns, manages and operates income-producing properties. Substantially all of the Company’s assets are held through an operating partnership (the “Operating Partnership”) in which the Company, as of March 31, 2008, held the sole general partner interest of .98% and a limited partnership interest totaling 86.09%. As of March 31, 2008, through its majority-owned subsidiary, the Operating Partnership, the Company owned and operated 28 properties, which consisted of 22 office buildings, four industrial properties and two retail properties. The 28 properties are located in five states.

During the three months ended March 31, 2008, the Company sold Columbia, one of the Company’s non-core properties. The property is a 58,783 square foot retail center located in Columbia, South Carolina. No properties were purchased during the three months ended March 31, 2008.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Our accompanying condensed consolidated financial statements have been prepared without audit in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (“SEC”). Pursuant to such rules and regulations, these financial statements do not include all disclosures required by accounting principles generally accepted in the U.S. for complete financial statements. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise identified. Operating results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008 or for any future period.

The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007.

The financial statements include the accounts of the Operating Partnership and all other subsidiaries of the Company. All significant intercompany transactions, receivables and payables have been eliminated in consolidation.

RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform with the current year presentation. In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”, real estate designated as held for sale are accounted for in accordance with the provisions of SFAS No. 144 and the results of operations of these properties are included in income from discontinued operations. Prior periods have been reclassified for comparability, as required.

SEGMENT REPORTING

The Company operates as one business operating and reportable segment.

NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, as an amendment to SFAS No. 133, *Accounting for*

Derivative Instruments and Hedging Activities. SFAS No. 161 requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The fair value of derivative instruments and their gains and losses will need to be presented in tabular format in order to present a more complete picture of the effects of using derivative instruments. SFAS No. 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company does not believe this statement will impact the Company.

In December 2007, FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (“SFAS No. 141(R)”). SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008, and will be adopted by the Company in the first quarter of fiscal 2009. The Company is currently evaluating the potential impact of the adoption of SFAS No. 141(R) on its consolidated results of operations and financial condition.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51* (“SFAS No. 160”). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, and will be adopted by the Company in the first quarter of fiscal 2009. The Company is currently evaluating the potential impact, if any, of the adoption of SFAS No. 160 on its consolidated results of operations and financial condition.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* (“SFAS No. 157”), effective for the Company’s fiscal year beginning January 1, 2008. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but simplifies and codifies related guidance within General Accepted Accounting Principles. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements. The adoption of this pronouncement did not have a material impact on the Company’s consolidated results of operations and financial condition. As of March 31, 2008, the Company had no financial instruments requiring fair value measurement.

STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123 (revised 2004), *Share-Based Payment* (“SFAS 123R”), using the modified prospective transition method and, therefore, has not restated results for prior periods. Under this transition method, stock-based compensation expense beginning with the first quarter of 2006 included compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provision of SFAS No. 123, *Accounting for Stock-Based Compensation* (“SFAS 123”). Stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. The Company is recognizing these compensation costs on a straight-line basis over the requisite service period of the award, which range from immediate vesting to vesting over a three-year period. Prior to the January 1, 2006 adoption of SFAS 123R, the Company recognized stock-based compensation expense in accordance with Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB 25”). In March 2005, the SEC issued Staff Accounting Bulletin No. 107 (“SAB 107”) regarding the SEC’s interpretation of SFAS 123R and the valuation of share-based payments for public companies. The Company has applied the provisions of SAB 107 in its adoption of SFAS 123R. See Note 8 for a further discussion on stock-based compensation.

MINORITY INTEREST

Unit holders in the Operating Partnership (other than the Company) held a 12.92% and 12.94% limited partnership interest in the Operating Partnership, as limited partners, at March 31, 2008 and December 31, 2007, respectively. Each of the holders of the interests in the Operating Partnership (other than the Company) has the option (exercisable after the first anniversary of the issuance of the OP Units) to redeem its OP Units and to receive, at the option of the Company, in exchange for each four OP Units, either (i) one share of Common Stock of the Company, or (ii) cash equal to the value of one share of Common Stock of the Company at the date of conversion, but no fractional shares will be issued.

NET LOSS PER SHARE

Net loss per share is calculated based on the weighted average number of common shares outstanding. The Company incurred net losses for each of the three months ended March 31, 2008 and March 31, 2007. In accordance with SFAS No. 128, *Earnings Per Share*, stock options outstanding of 29,375 and 32,813 and OP Units (other than those held by the Company) outstanding of 823,509 and 827,883 (convertible into approximately 205,877 and 206,971 shares of common stock), at March 31, 2008 and 2007, respectively, have not been included in the Company's net loss per share calculations for periods presented since their effect would be anti-dilutive.

INCOME TAXES

In May 2006, the State of Texas enacted a margin tax which will become effective in 2008. This margin tax will require each of the Company's limited partnerships and limited liability companies that operate in Texas to pay a tax of 1.0% on their "margin" as defined in the law, beginning in 2008 based on 2007 results. The legislation revises the Texas franchise tax to create a new tax on virtually all Texas businesses. The margin tax did not have a material effect on the Company's income tax liability.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109" ("FIN 48"). This statement clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. FIN 48 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. Effective January 1, 2007, the Company adopted the provisions of FIN 48 and there was no material effect on its financial statements. As a result, there was no cumulative effect related to adopting FIN 48.

As of March 31, 2008, the Company had unrecognized tax benefits of approximately \$127,000, all of which would affect our effective tax rate if recognized. The Company does not expect that the amounts of unrecognized tax benefits will change significantly within the next 12 months. The Company's policy is to recognize interest related to any unrecognized tax benefits as interest expense and penalties as operating expenses. There are no significant penalties or interest accrued at March 31, 2008. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. The Company's federal and state income tax returns are open to audit under the statute of limitations for the years ending December 31, 2004 through 2007.

NOTE 3. REAL ESTATE

ACQUISITIONS

No properties were acquired during the first quarter of 2008.

In March and April 2007, the Company completed the acquisition of a multi-tenant industrial park located in Houston, Texas. The industrial park consists of approximately 400,000 leasable square feet. The park includes 12 acres of land on which the Company anticipates developing an additional 100,000 square feet of multi-tenant industrial space. The Company also acquired two retail properties located in Houston

Texas in April 2007. These two properties have an aggregate rentable square footage of 76,000. Acquisition costs for the three properties were primarily funded with mortgage debt, with the remainder in cash.

DISPOSITIONS

During the first quarter of 2008, the Company sold a 58,783 square foot retail property (“Columbia”) located in Columbia, South Carolina for \$3,200,000. The sale generated net proceeds of approximately \$800,000, of which \$300,000 is being held in escrow to assist the funding of a future acquisition in a tax-deferred exchange.

No properties were sold during 2007.

NOTE 4. DISCONTINUED OPERATIONS

Real estate assets held for sale.

At December 31, 2007, Columbia was classified as “Real estate held for sale.” The property was sold in February 2008. No real estate assets were classified as held for sale by the Company at March 31, 2008.

The carrying amount of Columbia at December 31, 2007 is summarized below (dollars in thousands).

Condensed Consolidated Balance Sheet	December 31, 2007
Real estate	\$1,808
Other	188
Real estate assets held for sale	<u>\$1,996</u>
Note payable,	\$2,222
Accounts payable	12
Accrued and other liabilities	84
Liabilities related to real estate held for sale	<u>\$2,318</u>

Net income (loss) from discontinued operations.

Net income from discontinued operations of \$631,000 for the three months ended March 31, 2008 includes the gain on sale of Columbia and the property’s operating results through its disposition date of February 28, 2008. Net loss from discontinued operations of \$1,000 for the three months ended March 31, 2007 represents the property’s operating results for the quarter.

The operations of discontinued operations for the three months ended March 31, 2008 and 2007 are summarized below (dollars in thousands):

Condensed Consolidated Statements of Operations	Three Months Ended March 31,	
	2008	2007
Rental revenue	\$ 73	\$ 87
Total expenses	68	88
Income (loss) from discontinued operations before gain on sale, income tax expense and minority interest	5	(1)
Gain on sale of discontinued operations	1,141	-
Income tax expense	(421)	-
Minority interest from discontinued operations	(94)	-
Income (loss) from discontinued operations	<u>\$ 631</u>	<u>\$ (1)</u>

NOTE 5. NOTES PAYABLE, NET OF PREMIUM

The Company had the following notes payable outstanding as of March 31, 2008 and December 31, 2007 (dollars in thousands):

Property (unless otherwise noted)	Maturity Date	March 31, 2008		December 31, 2007	
		Principal Balance	Interest Rate	Principal Balance	Interest Rate
<i>Fixed Rate</i>					
Pacific Spectrum	6/10/2009	5,401	8.02%	5,422	8.02%
1501 Mockingbird	6/30/2009	303	6.00%	304	6.00%
6430 Richmond Atrium	6/30/2009	723	5.50%	726	5.50%
Morenci	12/01/2009	1,590	6.60%	1,617	6.60%
Bristol Bay	8/1/2011	7,077	7.58%	7,101	7.58%
Technology	8/1/2011	7,321	7.44%	7,346	7.44%
Creekside	12/1/2011	5,972	7.17%	5,993	7.17%
16350 Park Ten Place	5/11/2012	4,571	7.45%	4,586	7.45%
16360 Park Ten Place	5/11/2012	3,581	7.45%	3,593	7.45%
2855 Mangum	5/11/2012	2,639	7.45%	2,647	7.45%
2855 Mangum	5/11/2012	1,516	6.00%	1,531	6.00%
6430 Richmond Atrium	5/11/2012	2,215	7.45%	2,222	7.45%
Southwest Pointe	6/1/2012	2,778	7.33%	2,787	7.33%
16350 Park Ten Place	5/11/2012	505	7.45%	506	7.45%
16360 Park Ten Place	8/11/2012	395	7.45%	397	7.45%
11500 Northwest Freeway	6/1/2014	4,192	5.93%	4,208	5.93%
11500 Northwest Freeway	6/1/2014	303	5.93%	304	5.93%
5850 San Felipe	8/1/2014	5,238	5.65%	5,258	5.65%
Northwest Corporate Center	8/1/2014	5,508	6.26%	5,527	6.26%
14741 Yorktown	9/1/2014	8,600	5.32%	8,600	5.32%
8100 Washington	2/22/2015	2,257	5.59%	2,266	5.59%
8300 Bissonnet	5/1/2015	4,646	5.51%	4,662	5.51%
1501 Mockingbird	7/1/2015	3,321	5.28%	3,332	5.28%
5450 Northwest Central	9/1/2015	2,705	5.38%	2,715	5.38%
800 Sam Houston Parkway	12/29/2015	2,408	6.25%	2,420	6.25%
888 Sam Houston Parkway	12/29/2015	2,408	6.25%	2,420	6.25%
2401 Fountainview	3/1/2016	12,441	5.82%	12,482	5.82%
12000 Westheimer	1/1/2017	4,250	5.70%	4,250	5.70%
Gray Falls	1/1/2017	3,100	5.70%	3,100	5.70%
6420 Richmond Atrium	6/5/2017	6,400	5.87%	6,400	5.87%
7700 Building	8/1/2017	45,000	5.99%	45,000	5.99%
	Subtotal	\$ 159,364		\$ 159,722	
<i>Variable Rate</i>					
Corporate – Secured	10/1/2008	1,936	8.07%	1,951	8.07%
Corporate – Unsecured (1)	1/12/2009	1,500	7.50%	1,500	8.25%
Beltway Industrial	5/9/2010	17,000	7.00%	17,000	7.64%
Corporate – Unsecured (2)	5/31/2010	500	7.00%	200	8.25%
NW Spectrum Plaza	4/19/2012	3,298	5.49%	3,315	7.64%
Windrose	4/19/2012	3,057	5.49%	3,072	7.64%
	Subtotal	\$ 27,291		\$ 27,038	
Loan Premium		53		64	
	Total	\$ 186,708		\$ 186,824	

(1) In May 2008, the Company made a principal payment of \$150,000 on the note, which reduced the principal balance to \$1,350,000 and the lender extended the maturity date of the note from June 12, 2008 to January 12, 2009.

(2) In March 2008, the lender extended the maturity date of the note to May 31, 2010 and funded the Company an additional \$300,000, which increased the principal balance to \$500,000.

The Company is not in compliance with a debt covenant on a mortgage loan secured by one of its office properties located in Houston, Texas. The debt covenant requires the Company to maintain a minimum tangible book net worth as defined in the debt agreement. In the event the lender elects to enforce the non-compliance matter, the Company will attempt to negotiate a revision to the loan covenant. If a refinance of the loan becomes necessary, the Company believes it could obtain a new mortgage loan for an amount in excess of the current debt balance and prepayment costs associated with the current loan.

NOTE 6. MINORITY INTEREST

OP Units (other than those held by the Company) of 823,509 (convertible into approximately 205,877 shares of common stock) were outstanding as of March 31, 2008.

During the three months ended March 31, 2008, no OP Units were redeemed for cash or exchanged for stock.

During the year ended December 31, 2007 a total of 21,998 OP Units were redeemed for cash of approximately \$145,000. No OP Units were exchanged for stock during 2007.

NOTE 7. REPURCHASE OF COMMON STOCK

In January 2006, the Company's Board of Directors authorized the repurchase of up to an additional 100,000 shares of its common stock, which increased the authorized amount to 200,000 shares. The stock repurchases were made from time to time in open market transactions. In May 2008, the authorization to repurchase shares in open market transactions was withdrawn by the Board of Directors.

During 2007, a total of 8,590 shares were repurchased in open market transactions, increasing the total number of shares repurchased under the program to 122,206 as of December 31, 2007. The total cost of the 8,590 shares repurchased amounted to \$211,000 at an average price of \$24.60 per share inclusive of transaction fees.

NOTE 8. STOCK-BASED COMPENSATION

The Company has in effect its Omnibus Stock Incentive Plan (the "Plan"), which is administered by the Board of Directors, and provides for the granting of incentive and non-qualified stock options, stock appreciation rights, restricted stock, performance units and performance shares. The Board has reserved a total of 180,000 shares under the Plan. As of March 31, 2008, 115,564 ASR shares were available for issuance to executive officers, directors or other key employees of the Company.

In accordance with SFAS No. 123R, stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated on the grant date using the Black-Scholes option-pricing model. The Company recognizes these compensation costs net of a forfeiture rate and recognizes the compensation costs for only those shares expected to vest on a straight-line basis over the requisite service period of the award.

Total stock-based compensation expense recognized for the three months ended March 31, 2008 and 2007 amounted to \$13,000 and \$8,000, respectively. Compensation expense is included in general and administrative expense in the Company's consolidated condensed statement of operations for all periods presented. Compensation expense for the three months ended March 31, 2008 and 2007 did not have an impact on basic and diluted earnings per share.

Stock Options

No stock options have been granted since 2006. The Company has a policy of issuing new shares upon the exercise of stock options. During the three months ended March 31, 2008, 2,500 options were exercised. Cash of \$31,069 was received from the exercise of these options.

The following table summarizes activity and outstanding stock options under the plan:

	Shares Under Option	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding on January 1, 2008	32,813	\$24.07	
Granted	-	-	
Forfeited	(938)	\$14.86	
Exercised	(2,500)	\$12.43	\$ 30,181

Outstanding on March 31, 2008	29,375	\$23.93	\$ 233,038
Exercisable as of March 31, 2008	25,313	\$25.22	\$ 188,133

The following table summarizes certain information for stock options outstanding on March 31, 2008:

Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$8.10 - \$12.20	12,500	6.0 years	\$10.66
\$18.25 - \$27.16	11,250	6.4 years	\$20.65
\$60.00 - \$60.00	5,625	3.5 years	\$60.00

The following table summarizes certain information for stock options exercisable on March 31, 2008:

Range of Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$8.10 - \$12.20	11,563	5.9 years	\$10.87
\$18.25 - \$27.16	8,125	5.8 years	\$21.57
\$60.00 - \$60.00	5,625	3.5 years	\$60.00

A summary of the status of the Company's nonvested stock options as of January 1, 2008 and changes during the three months ended March 31, 2008 is presented below:

Nonvested Stock Options	Number	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2007	5,000	\$9.00
Granted	-	-
Vested	-	-
Forfeited	(938)	\$8.67
Nonvested at March 31, 2008	4,062	\$9.08

As of March 31, 2008, there was \$18,000 of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a remaining weighted-average vesting period of 1.2 years.

Restricted Stock

In May 2007, the Company issued a total of 4,750 shares of Common Stock to its officers and directors. Prior to this issuance, no restricted stock had been issued under the Plan since 2002. The restrictions on the shares issued in May 2007 lapse in three equal annual installments commencing on the first anniversary date of the issuance. Compensation expense is recognized on a straight-line basis over the vesting period.

During the three months ended March 31, 2008, compensation expense of \$8,000 was recognized for restricted shares. Recipients of restricted stock have the right to vote all shares, to receive and retain all cash dividends payable to holders of shares of record on or after the date of issuance and to exercise all other rights, powers and privileges of a holder of Company shares, with the exception that the recipient may not transfer the shares during the restriction period.

A summary of the status of the Company's restricted stock awards as of January 1, 2008 and changes during the three months ended March 31, 2008 is presented below:

Restricted Stock Awards	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2007	4,250	\$22.75
Granted	-	-
Vested	-	-
Forfeited	-	-
Nonvested at March 31, 2008	4,250	\$22.75

As of March 31, 2008, there was \$79,000 of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over a remaining weighted-average restriction period of 2.2 years.

NOTE 9. RELATED PARTY TRANSACTIONS

During 2007, the Company entered into a lease agreement with Galardi Group for 15,297 square feet of office space at the Company's 7700 Irvine Center property. John N. Galardi, a principal stockholder and director of the Company, is a principal stockholder, director and officer of Galardi Group. The lease commenced March 1, 2008 and has a five year term. The annual base rent due to the Company pursuant to the lease is \$504,081.

The Company pays a guarantee fee to William J. Carden, Mr. Galardi and CGS Real Estate Company, Inc., a company owned indirectly by Messrs. Carden and Galardi ("the Guarantors"), in consideration for their guarantees of certain obligations of the Company. Mr. Carden is the Chief Executive Officer, a director and a principal stockholder of the Company. The Guarantors are paid an annual guarantee fee equal to between 0.25% and 0.75% (depending on the nature of the guarantee) of the outstanding balance of the guaranteed obligations ("Guarantee Fee"). The Guarantee Fee is paid for a maximum of three years on any particular obligation. The Company accrued \$49,000 for the three months ended March 2008 related to the Guarantee Fee for the 2008 year.

As disclosed in the Company's proxy statement filed March 31, 2008, three directors; Mr. Carden, Mr. Galardi and Timothy R. Brown, filed a 10b-5.1 trading plan with the SEC in December 2007 to jointly purchase up to 300,000 shares of ASR stock, commencing December 26, 2007; through May 12, 2008, they have jointly purchased 72,787 shares.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Company is aware that one of its properties may contain hazardous substances above reportable levels. The property is located in the State of Indiana. The Company retained an environmental expert that developed a clean up and monitoring plan that has been approved by the State of Indiana. In 2005, the Company accrued \$75,000 for the future environmental cleanup and monitoring, of which \$64,000 has been spent to date. The Company does not anticipate that future clean up costs will materially exceed the remaining accrual of \$11,000 at March 31, 2008.

Certain claims and lawsuits have arisen against the Company in its normal course of business. The Company believes that such claims and lawsuits will not have a material adverse effect on the Company's financial position, cash flow or results of operations.

NOTE 11. SUBSEQUENT EVENT

On April 30, 2008, the Company purchased Fountainview Place I and II, a 178,000 square foot office property located in Houston, Texas. The project, which consists of two adjacent buildings, is within blocks of the Company's 2401 Fountainview office building. Acquisition costs for the property were funded with new mortgage debt and proceeds from a tax-deferred exchange.

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

OVERVIEW

American Spectrum Realty, Inc. ("ASR" or, collectively, as a consolidated entity with its subsidiaries, the "Company") is a Maryland corporation established on August 8, 2000. The Company is a full-service real estate corporation, which owns, manages and operates income-producing properties. Substantially all of the Company's assets are held through an operating partnership (the "Operating Partnership") in which the Company, as of March 31, 2008, held the sole general partner interest of 0.98% and a limited partnership interest totaling 86.09%. As of March 31, 2008, through its majority-owned subsidiary, the Operating Partnership, the Company owned and operated 28 properties, which consisted of 22 office buildings, four industrial properties and two retail properties. The 28 properties are located in five states.

During the three months ended March 31, 2008, the Company sold Columbia, one of the Company's non-core properties. The property is a 58,783 square foot retail center located in Columbia, South Carolina. No properties were purchased during the three months ended March 31, 2008.

The properties held for investment by the Company were 85% occupied at March 31, 2008 compared to 91% at March 31, 2007. The Company continues to aggressively pursue prospective tenants to increase its occupancy, which if successful, should have the effect of improving operational results.

In the accompanying financial statements, the results of operations Columbia are shown in the section "Discontinued operations". Columbia was classified as "Real estate held for sale" at December 31, 2007. As such, the revenues and expenses reported for the periods presented exclude results from properties sold or classified as held for sale. The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with the consolidated financial statements of the Company, including the notes thereto, included in Item 1.

The Company intends to continue to seek to acquire additional properties in its core markets of Texas, California and Arizona and further reduce its non-core assets while focusing on an aggressive leasing program during 2008.

CRITICAL ACCOUNTING POLICIES

The major accounting policies followed by the Company are listed in Note 2 – Summary of Significant Accounting Policies – of the Notes to the Consolidated Financial Statements. The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Actual results could differ materially from those estimates.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

- Certain leases provide for tenant occupancy during periods for which no rent is due or where minimum rent payments increase during the term of the lease. The Company records rental income for the full term of each lease on a straight-line basis. Accordingly, a receivable, if deemed collectible, is recorded from tenants equal to the excess of the amount that would have been collected on a straight-line basis over the amount collected and currently due (Deferred Rent Receivable). When a property is acquired, the term of existing leases is considered to commence as of the acquisition date for purposes of this calculation.
- Many of the Company's leases provide for Common Area Maintenance ("CAM")/Escalations ("ESC") as the additional tenant revenue amounts due to the Company in addition to base rent. CAM/ESC represents increases in certain property operating expenses (as defined in each respective lease agreement) over the actual operating expense of the property in the base year.

The base year is stated in the lease agreement; typically, the year in which the lease commenced. Generally, each tenant is responsible for their prorated share of increases in operating expenses. Tenants are billed an estimated CAM/ESC charge based on the budgeted operating expenses for the year. Within 90 days after the end of each fiscal year, a reconciliation and true up billing of CAM/ESC charges is performed based on actual operating expenses.

- Rental properties are stated at cost, net of accumulated depreciation, unless circumstances indicate that cost, net of accumulated depreciation, cannot be recovered, in which case the carrying value of the property is reduced to estimated fair value. Estimated fair value (i) is based upon the Company's plans for the continued operation of each property and (ii) is computed using estimated sales price, as determined by prevailing market values for comparable properties and/or the use of capitalization rates multiplied by annualized net operating income based upon the age, construction and use of the building. The fulfillment of the Company's plans related to each of its properties is dependent upon, among other things, the presence of economic conditions which will enable the Company to continue to hold and operate the properties prior to their eventual sale. Due to uncertainties inherent in the valuation process and in the economy, the actual results of operating and disposing of the Company's properties could be materially different than current expectations.
- Gains on property sales are accounted for in accordance with the provisions of SFAS No. 66, *Accounting for Sales of Real Estate*. Gains are recognized in full when real estate is sold, provided (i) the gain is determinable, that is, the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated, and (ii) the earnings process is virtually complete, that is, the Company is not obligated to perform significant activities after the sale to earn the gain. Losses on property sales are recognized immediately.

RESULTS OF OPERATIONS

Discussion of the three months ended March 31, 2008 and 2007.

The following table shows a comparison of rental revenues and certain expenses for the quarter ended:

	March 31,	March 31,	Variance	
	2008	2007	\$	%
Rental revenue	\$ 8,259,000	\$ 7,179,000	\$ 1,080,000	15.0%
Operating expenses:				
Property operating expenses	3,523,000	2,989,000	534,000	17.9%
General and administrative	856,000	727,000	129,000	17.7%
Depreciation and amortization	3,238,000	2,944,000	294,000	10.0%
Interest expense	3,105,000	2,558,000	547,000	21.4%

Rental revenue. Rental revenue increased \$1,080,000, or 15.0%, for the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007. This increase was primarily attributable to \$604,000 in revenue generated from two retail properties and one industrial property acquired during the second quarter 2007. Greater revenues from properties owned for the full three months ended March 31, 2008 and March 31, 2007 accounted for the remaining increase of \$476,000. The increase in revenue from the properties owned for the full three months ended March 31, 2008 and March 31, 2007 was primarily due to increases in rental rates and a reduction in rent concessions. The increase was also attributable to higher common area maintenance fee revenue and lease termination revenue. The increase in revenue was partially offset by a decrease in weighted average occupancy of properties held for investment, which decreased from 91% at March 31, 2007 to 85% at March 31, 2008. The decrease in occupancy was due, in part, to the three value-added properties acquired in 2007. Rental revenue from the acquired properties has been included in the Company's results since their respective dates of acquisition.

Property operating expenses. Property operating expenses increased by \$534,000, or 17.9%, for the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007. The increase was primarily due to operating expenses of \$323,000 related to the three acquired properties mentioned above. Property operating expenses on properties owned for the full three months ended March 31, 2008 and 2007

accounted for the remaining increase of \$211,000. This increase was primarily attributable to an increase in repairs and maintenance costs incurred during the period, in large part related to heating and air conditioning. In addition, real estate taxes rose as a result of an increase in the assessed value of several of the Company's properties.

General and administrative. General and administrative costs increased \$129,000, or 17.7% for the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007. The increase was principally due to higher compensations costs. The increase was also attributable to higher professional fees incurred during the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007.

Depreciation and amortization. Depreciation and amortization expense increased \$294,000, or 10.0%, for the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007. The increase was principally attributable to depreciation and amortization of \$368,000 related to the acquired properties mentioned above. The increase was partially offset by a reduction in depreciation and amortization attributable to fully depreciated tenant improvements and amortized lease costs associated with properties owned for the full three months ended March 31, 2008 and 2007.

Interest expense. Interest expense increased \$547,000, or 21.4%, for the three months ended March 31, 2008 in comparison to the three months ended March 31, 2007. The increase was primarily due to interest expense associated with the acquired properties mentioned above of \$404,000. The increase was also due to the write-off of a loan premium on one of the Company's loans refinanced in July 2007, which accounted for \$97,000 of the increase in interest expense. The loan premium, which had an unamortized balance of \$1,123,000 at the time of the refinance, was amortized as an offset to interest expense during the three months ended March 31, 2007. In addition, a corporate bank loan of \$1,500,000 funded during the second quarter of 2007 also attributed to the increase in interest expense.

Income taxes. The Company recognized a deferred income tax benefit from continuing operations of \$848,000 for the three months ended March 31, 2008, compared to \$692,000 for the three months ended March 31, 2007. The increase in deferred income tax benefit for the first quarter of 2008 corresponds to the increase in loss from continuing operations for the first quarter of 2008, in comparison to the first quarter of 2007.

Minority interest. The share of loss from continuing operations for the three months ended March 31, 2008 for the holders of OP Units was \$197,000, compared to a share of loss of \$174,000 for the three months ended March 31, 2007. The minority interest represents the approximate 13% interest in the Operating Partnership not held by the Company.

Discontinued operations. The Company recorded income from discontinued operations of \$631,000 for the three months ended March 31, 2008 compared to a loss of \$1,000 for the three months ended March 31, 2007. The net income for the first quarter of 2008 includes the operating results and gain on sale of Columbia. The net loss for the first quarter of 2007 represents the properties results of operations for the period.

The net loss from discontinued operations for the three months ended March 31, 2008 and 2007 are summarized below (dollars in thousands):

Condensed Consolidated Statements of Operations	Three Months Ended March 31,	
	2008	2007
Rental revenue	\$ 73	\$ 87
Total expenses	68	88
Income (loss) from discontinued operations before income tax expense and minority interest	5	(1)
Gain on sale of discontinued operations	1,141	-
Income tax expense	(421)	-
Minority interest	(94)	-
Income (loss) from discontinued operations	\$ 631	\$ (1)

LIQUIDITY AND CAPITAL RESOURCES

During the first three months of 2008, the Company derived cash primarily from the collection of rents, proceeds from borrowings and the sale of a property. Major uses of cash included the payments for capital improvements to real estate assets, primarily for tenant improvements, payment of operational expenses, repayment of borrowings and scheduled principal payments on borrowings.

The Company reported a net loss of \$697,000 for the three months ended March 31, 2008 compared to a net loss of \$1,137,000 for the three months ended March 31, 2007. These results include the following non-cash items:

	Three Months Ended March 31,	
	2008	2007
Non-Cash Items:		
Depreciation and amortization expense	\$ 3,260	\$ 2,976
Income tax benefit	(427)	(692)
Deferred rental income	(212)	(300)
Minority interest	(103)	(174)
Stock-based compensation expense	13	8
Amortization of loan premiums	(11)	(108)

Net cash provided by operating activities amounted to \$483,000 for the three months ended March 31, 2008. The net cash provided by operating activities included \$682,000 generated by property operations partially offset by a net change in operating assets and liabilities of \$199,000. Net cash provided by operating activities amounted to \$1,705,000 for the three months ended March 31, 2007. The net cash provided by operating activities consisted of \$573,000 generated by property operations and \$1,132,000 attributable to a net change in operating assets and liabilities.

Net cash provided by investing activities amounted to \$1,489,000 for the three months ended March 31, 2008. This amount was comprised of proceeds of \$3,014,000 (included \$300,000 held in escrow for future acquisitions) received from the sale of Columbia during the first quarter of 2008, reduced by funds used for capital improvements, primarily tenant improvements, of \$1,225,000. Net cash used in investing activities amounted to \$2,167,000 for the three months ended March 31, 2007. Cash of \$748,000 was used to acquire a 22,000 square foot industrial property and \$1,419,000 was used for capital expenditures, primarily tenant improvements.

Net cash used in financing activities amounted to \$2,296,000 for the three months ended March 31, 2008. Repayment of borrowings on the sale of Columbia totaled \$2,218,000 and scheduled principal payments amounted to \$409,000 for the three months ended March 31, 2008. Proceeds of \$300,000 were generated from an additional borrowing on one of the Company's unsecured loans. Net cash provided by financing activities amounted to \$113,000 for the three months ended March 31, 2007. Proceeds of \$750,000 were obtained from a short-term bank loan. The loan provided the Company with a source of funding for the acquisition of the industrial property mentioned above. Scheduled principal payments for the quarter ended March 31, 2007 amounted to \$450,000.

The Company expects to meet its short-term liquidity requirements for normal property operating expenses and general and administrative expenses from cash generated by operations. In addition, the Company expects to incur capital costs related to leasing space and making improvements to properties provided the estimated leasing of space is completed. The Company anticipates meeting these obligations with cash currently held, the use of restricted cash, the use of funds held in escrow by lenders, and proceeds from future sales and refinancing activities.

The Company has a mortgage note of \$1,936,000 maturing in October 2008. The Company is currently negotiating a maturity extension on the note with the lender. There is no assurance that an extension will be granted. The Company also has a \$2,000,000 line of credit available if needed. The entire line was available to the Company as of March 31, 2008. Additionally, the Company had restricted cash of \$3,588,000 at March 31, 2008 on deposit with the lender for its 7700 Irvine Center property, which would

be released upon the completion of certain lease-up terms and conditions at the property. In April 2008, the lender released \$1,779,000 of the restricted cash. The balance of \$1,809,000 would be released upon the completion of certain remaining lease-up terms and conditions, which the Company anticipates meeting during the second quarter of 2008.

The Company is not in compliance with a debt covenant on a mortgage loan secured by one of its office properties located in Houston, Texas. The debt covenant requires the Company to maintain a minimum tangible book net worth as defined in the debt agreement. In the event the lender elects to enforce the non-compliance matter, the Company will attempt to negotiate a revision to the loan covenant. If a refinance of the loan becomes necessary, the Company believes it could obtain a new mortgage loan for an amount in excess of the current debt balance and prepayment costs associated with the current loan.

INFLATION

Substantially all of the leases at the industrial and retail properties provide for pass-through to tenants of certain operating costs, including real estate taxes, common area maintenance expenses, and insurance. Leases at the office properties typically provide for rent adjustment and pass-through of increases in operating expenses during the term of the lease. All of these provisions may permit the Company to increase rental rates or other charges to tenants in response to rising prices and therefore, serve to reduce the Company's exposure to the adverse effects of inflation.

FORWARD-LOOKING STATEMENTS

This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements are based on management's beliefs and expectations, which may not be correct. Important factors that could cause actual results to differ materially from the expectations reflected in these forward-looking statements include the following: the Company's level of indebtedness and ability to refinance its debt; the fact that the Company's predecessors have had a history of losses in the past; unforeseen liabilities which could arise as a result of the prior operations of companies acquired in the 2001 consolidation transaction; risks inherent in the Company's acquisition and development of properties in the future, including risks associated with the Company's strategy of investing in under-valued assets; general economic, business and market conditions, including the impact of the current economic downturn; changes in federal and local laws, and regulations; increased competitive pressures; and other factors, including the factors set forth below, as well as factors set forth elsewhere in this Report on Form 10-Q.

ITEM 4T. CONTROLS AND PROCEDURES

Management, including the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the quarter covered by this report. Based on, and as of the date of, that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There were no changes made in the Company's internal controls over financial reporting during the first quarter of 2008 that materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain claims and lawsuits have arisen against the Company in its normal course of business. The Company believes that such claims and lawsuits will not have a material adverse effect on the Company's financial position, cash flow or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In connection with the exercise of stock options, the Company issued 2,500 shares of Common Stock to a former director during the quarter ended March 31, 2008. The issuance was pursuant to the Company's Omnibus Stock Option Incentive Plan. Proceeds of \$31,069 were received from the issuance. The issuance of Common Stock was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) and Rule 506 of Regulation D promulgated thereunder.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

The Exhibit Index attached hereto is hereby incorporated by reference this item.

(b) Reports on Form 8-K:

On March 24, 2008, a report on Form 8-K was filed with respect to Item 2.02.
On March 4, 2008, a report of Form 8-K was filed with respect to Item 8.01.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

AMERICAN SPECTRUM REALTY, INC.

Date: May 14, 2008

/s/ William J. Carden
By: _____
William J. Carden
Chairman of the Board, President and,
Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2008

/s/ G. Anthony Eppolito
By: _____
G. Anthony Eppolito
Vice President, Chief Financial Officer,
(Principal Financial Officer and Accounting Officer),
Treasurer and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Title</u>
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Carden, certify that:

- 1) I have reviewed this quarterly report on Form 10-K of American Spectrum Realty, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2008

/s/ William J. Carden
By: _____
William J. Carden
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of American Spectrum Realty, Inc.(the “Company”) on Form 10-Q for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William J. Carden, President and Chief Executive Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of the dates indicated and results of operations of the Company for the period indicated.

Dated: May 14, 2008

/s/ William J. Carden

William J. Carden
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of American Spectrum Realty, Inc.(the “Company”) on Form 10-Q for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Anthony Eppolito, Chief Financial Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of the dates indicated and results of operations of the Company for the period indicated.

Dated: May 14, 2008

/s/ G. Anthony Eppolito

G. Anthony Eppolito
Vice President and Chief Financial Officer