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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: SEPTEMBER 30, 1998

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 Number: 1-6064

ALEXANDER'S, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	51-0100517
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY	07663
(Address of principal executive offices)	(Zip Code)

(201)587-8541
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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.

[X] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

[ ] Yes [ ] No

As of October 23, 1998 there were 5,000,850 common shares outstanding.

ALEXANDER'S, INC.

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PART I. FINANCIAL INFORMATION

ALEXANDER'S, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS EXCEPT SHARE AMOUNTS)

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
ASSETS:		
Real estate, at cost:		
Land	$ 69,557	$ 45,571
Buildings, leaseholds and improvements	147,337	123,612
Capitalized expenses and predevelopment costs	52,616	47,163
Total	269,510	216,346
Less accumulated depreciation and amortization	(50,611)	(35,224)
	218,899	181,122
Investment in unconsolidated joint venture	--	10,611
Real estate, net	218,899	191,733
Cash and cash equivalents	14,466	2,691
Restricted cash	11,175	1,872
Receivable arising from condemnation proceedings	--	14,700
Accounts receivable, net of allowance for doubtful accounts of $631 and $147	4,490	1,064
Receivable arising from the straight-lining of rents, net	11,881	7,805
Deferred lease and other expenses	28,857	12,443
Deferred debt expense	3,098	783
Other assets	6,289	1,983
TOTAL ASSETS	$ 299,155	$ 235,074

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Debt	$ 262,269	$ 208,087
Amounts due to Vornado Realty Trust and its affiliate	5,840	6,888
Accounts payable and accrued liabilities	10,143	4,174
Other liabilities	17,178	2,296
Minority interest	600	600
TOTAL LIABILITIES	296,030	222,045
Commitments and contingencies		
Stockholders' Equity:		
Common stock; $1.00 par value per share; authorized 10,000,000 shares; issued 5,173,450	5,174	5,174
Additional capital	24,843	24,843
Deficit	(25,932)	(16,028)
	4,085	13,989
Less treasury shares, 172,600 shares at cost	(960)	(960)
Total stockholders' equity	3,125	13,029
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 299,155	$ 235,074

See notes to consolidated financial statements.

ALEXANDER'S, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands except per share amounts)

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 1998	SEPTEMBER 30, 1997	SEPTEMBER 30, 1998	SEPTEMBER 30, 1997
Revenues:				
Property rentals	$ 11,100	$ 4,317	$ 23,451	$ 13,167
Expense reimbursements	5,101	419	7,711	1,713
Equity in income of unconsolidated joint venture	--	1,280	2,519	3,895
Total revenues	16,201	6,016	33,681	18,775
Expenses:				
Operating (including management fee to Vornado of $210 and $630 each for the three and nine months ended in 1998 and 1997, respectively)	6,951	1,501	11,964	5,378
General and administrative (including management fee to Vornado of $540 and $1,620 each for the three and nine months ended in 1998 and 1997, respectively)	869	1,026	3,106	3,039
Depreciation and amortization	1,219	588	2,910	1,741
Total expenses	9,039	3,115	17,980	10,158
Operating income	7,162	2,901	15,701	8,617
Write-off of the carrying value of the Lexington Avenue building and related predevelopment costs	(15,096)	--	(15,096)	--
Interest and debt expense (including interest on loan from Vornado)	(4,336)	(3,250)	(11,261)	(9,855)
Interest and other income, net	328	214	752	1,078
Net loss	$(11,942)	$ (135)	$ (9,904)	$ (160)
Net loss per share - basic	$ (2.39)	$ (.03)	$ (1.98)	$ (.03)
Net loss per share - diluted	$ (2.39)	$ (.03)	$ (1.98)	$ (.03)

See notes to consolidated financial statements.

ALEXANDER'S, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998	SEPTEMBER 30, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (9,904)	$ (160)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization (including debt issuance costs)	3,937	3,089
Straight-lining of rental income	(4,076)	(1,024)
Write-off of the carrying value of the Lexington Avenue building and related predevelopment costs	15,096	--
Change in assets and liabilities:		
Accounts receivable	(472)	(465)
(Investment) distributions in excess of equity in income of unconsolidated joint venture	(386)	1,481
Amounts due to Vornado Realty Trust and its affiliate	(1,048)	(1,787)
Accounts payable and accrued liabilities	(1,299)	606
Other liabilities	(120)	(317)
Other	(4,632)	(2,320)
Net cash used in operating activities	(2,904)	(897)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Kings Plaza Mall	(28,000)	--
Additions to real estate	(10,656)	(16,323)
Collection of condemnation proceeds	14,700	--
Cash restricted for construction and development	(9,237)	928
Cash restricted for operating liabilities	(66)	557
Net cash used in investing activities	(33,259)	(14,838)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of debt	90,000	16,667
Debt repayments	(38,720)	(792)
Deferred debt expense	(3,342)	(199)
Net cash provided by financing activities	47,938	15,676
Net increase in cash and cash equivalents	11,775	(59)
Cash and cash equivalents at beginning of period	2,691	5,480
Cash and cash equivalents at end of period	$ 14,466	$ 5,421
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest (including capitalized interest of $5,529 and $6,982)	$ 15,762	$ 15,489

See notes to consolidated financial statements.

ALEXANDER'S, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Balance Sheet as of September 30, 1998, the Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 1998 and 1997, and the Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 1998 and 1997 are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 1997 Annual Report to Shareholders. The results of operations for the three and nine months ended September 30, 1998 are not necessarily indicative of the operating results for the full year.

2. ACQUISITION OF KINGS PLAZA MALL AND RELATED FINANCING TRANSACTIONS

On June 18, 1998, the Company increased its interest in the Kings Plaza Mall (the "Mall") to 100% by acquiring Federated Department Store's ("Federated") 50% interest. The purchase price was approximately $28,000,000, which was paid in cash. In addition, the Company has agreed to pay Federated $15,000,000 to renovate its Macy's store in the Mall in exchange for certain modifications to the Kings Plaza Operating Agreement. The Company has accrued this liability as part of "Other liabilities" and the consideration as part of "Deferred lease and other expenses" on the Consolidated Balance Sheet. Prior to June 18, 1998, the Company owned a 50% interest in the Mall (since it was built in 1970) and accounted for this investment under the equity method.

In connection with the acquisition, the Company completed a $90,000,000 three-year mortgage loan with Union Bank of Switzerland. The loan is collateralized by the Kings Plaza Mall and the Company's anchor store and bears interest at LIBOR plus 1.25% (currently 6.91%). The proceeds from the borrowing were also used to repay $34,900,000 of existing debt ($32,000,000 of which was due in the next year). In addition, the Company expects to complete a $30,000,000 construction loan on this property with Union Bank of Switzerland, of which approximately $15,000,000 will be used to partially fund a renovation of the Mall, and $15,000,000 will be used to pay the liability to Federated noted above.

Set forth below is the unaudited pro forma condensed consolidated statements of operations for the Company for the nine months ended September 30, 1998 and 1997 as if the acquisition of the Kings Plaza Mall and the related financing transactions had occurred on January 1, 1997.

ALEXANDER'S, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except per share amounts)

	PRO FORMA FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998	SEPTEMBER 30, 1997
Revenues	$ 45,327	$ 30,301
Net (loss) income	$ (6,708)	$ 12,685
Net (loss) income per share - basic	$ (1.34)	$ .54
Net (loss) income per share - diluted	$ (1.34)	$ .54

The pro forma results for the nine months ended September 30, 1998 include the write-off of the carrying value of the Lexington Avenue building and related predevelopment costs of $15,096,000.

3. RELATIONSHIP WITH VORNADO REALTY TRUST ("Vornado")

Vornado owns 29.3% of the Company's Common Stock. The Company is managed by and its properties are redeveloped and leased by Vornado, pursuant to agreements with a one-year term expiring in March of each year which are automatically renewable. Under these agreements, the Company incurred fees of $1,563,000 in each of the three month periods ended September 30, 1998 and 1997 and $4,688,000 in the nine months ended September 30, 1998 and 1997. In addition, Vornado is due $3,221,000 at September 30, 1998 under the leasing agreement, subject to the payment of rents by tenants.

Vornado lent the Company $45,000,000, the subordinated tranche of a $75,000,000 loan, in 1995. The loan, which had a three-year term expiring on March 15, 1998, has been extended for an additional year and the interest rate has been reset from 15.60% per annum to 13.87% per annum. The Company incurred interest on its loan from Vornado of $1,595,000 and $1,794,000 in the three months ended September 30, 1998 and 1997, of which $976,000 and $1,317,000 were capitalized. Interest on the loan was $4,891,000 and $5,420,000 in the nine months ended September 30, 1998 and 1997, of which $2,785,000 and $3,796,000 were capitalized.

4. COMMITMENTS AND CONTINGENCIES

Lexington Avenue

The Company is continuing to evaluate redevelopment plans for this site, which may include developing a large multi-use building requiring capital in excess of $300,000,000 to be expended. No development decisions have been finalized. In September 1998, the Company commenced the process of razing the existing building and accordingly, the carrying value of the building and related predevelopment costs of $15,096,000 were written-off.

ALEXANDER'S, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Environmental Matters

In June 1997, the Kings Plaza Shopping Center (the "Center"), commissioned an Environmental Study and Contamination Assessment Site Investigation (the Phase II "Study") to evaluate and delineate environmental conditions disclosed in a Phase I study. The results of the Study indicate the presence of petroleum and other hydrocarbons in the soil and groundwater. The Study recommends a remedial approach, but agreement has not yet been reached with the New York State Department of Environmental Conservation ("NYDEC") on the finalization of the approach. The Center accrued $1,500,000 at December 31, 1997, for its estimated obligation with respect to the clean up of the site, which includes costs of (i) remedial investigation, (ii) feasibility study, (iii) remedial design, (iv) remedial action and (v) professional fees. If the NYDEC insists on a more extensive remediation approach, the Center could incur additional obligations.

Such contamination may have resulted from activities of third parties; however, the sources of the contamination have not been fully identified. Although the Center intends to pursue all available remedies against any potentially responsible third parties, there can be no assurance that such parties will be identified, or if identified, whether these potentially responsible third parties will be solvent. In addition, the costs associated with pursuing any potentially responsible parties may be cost prohibitive. The Center has not recorded an asset as of September 30, 1998 for potential recoveries of environmental remediation costs from other parties.

Compliance with applicable provisions of federal, state and local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment have not had, and, although there can be no assurance, are not expected to have, a material effect on the Company's operations, earnings, competitive position or capital expenditures.

5. LOSS PER SHARE

The following table set for the computation of basic and diluted loss per share:

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997
Numerator:				
Net loss	$(11,942)	$ (135)	$ (9,904)	$ (160)
Denominator:				
Denominator for basic earnings per share -- weighted average shares	5,001	5,001	5,001	5,001
Effect of dilutive securities:				
Employee stock options*	--	--	--	--
Denominator for diluted earnings per share -- adjusted weighted average shares and assumed conversions	5,001	5,001	5,001	5,001
Net loss per share - basic	$ (2.39)	$ (.03)	$ (1.98)	$ (.03)
Net loss per share - diluted	$ (2.39)	$ (.03)	$ (1.98)	$ (.03)

* The effect of employee stock options is anti-dilutive.

6. SUBSEQUENT EVENT

On October 16, 1998, the non-affiliated limited partners of the Seven Thirty One Limited Partnership (the "Partnership"), which owns the Company's Lexington Avenue property, exercised the right to put their remaining 7.64% interest to the Partnership in exchange for a five year $15,000,000 Note. The Note bears interest at Prime plus 1% (currently 9%) and is prepayable without penalty.

ALEXANDER'S, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company's revenues, which consist of property rentals, tenant expense reimbursements and equity in income of unconsolidated joint venture were $16,201,000 in the quarter ended September 30, 1998, compared to $6,016,000 in the prior year's quarter, an increase of $10,185,000. Revenues were $33,681,000 for the nine months ended September 30, 1998, compared to $18,775,000 for the prior year's nine months, an increase of $14,906,000.

Property rentals were $11,100,000 in the quarter ended September 30, 1998, compared to $4,317,000 in the prior year's quarter, an increase of $6,783,000. Property rentals were $23,451,000 for the nine months ended September 30, 1998, compared to $13,167,000 for the prior year's nine months, an increase of $10,284,000. These increases resulted from:

	EFFECTIVE DATE	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998
Rent from new tenants:			
Kings Plaza Store Property	October 1997	$1,361,000	$3,577,000
Rego Park I	March and May 1997	--	1,232,000
Acquisition of additional 50% interest in the Kings Plaza Mall	June 1998	2,118,000	2,353,000
Consolidation of Kings Plaza Mall Operations previously recorded on the equity method	June 1998	2,118,000	2,353,000
Caldor's rejection of its Fordham Road lease	June 1997	--	(1,609,000)
Parking lot revenue		813,000	1,642,000
Other		373,000	736,000
		$ 6,783,000	$10,284,000

Tenant expense reimbursements were $5,101,000 in the quarter ended September 30, 1998, compared to $419,000 in the prior year's quarter, an increase of $4,682,000. Tenant expense reimbursements were $7,711,000 for the nine months ended September 30, 1998, compared to $1,713,000 for the prior year's nine months, an increase of $5,998,000 These increases reflect (i) corresponding increases in operating expenses passed through to tenants as a result of leases commencing subsequent to March 31, 1997 at the Rego Park I property, (ii) the commencement of operations at the Kings Plaza Store property and (iii) the acquisition of an additional 50% interest in the Kings Plaza Mall and the consolidation of its operations after June 18, 1998.

The decreases in equity in income of unconsolidated joint venture (the Kings Plaza Mall) resulted from the consolidation of the joint venture's operations as noted above. Total income at the Kings Plaza Mall did not change significantly between 1997 and 1998.

ALEXANDER'S, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating expenses were $6,951,000 in the quarter ended September 30, 1998, compared to $1,501,000 in the prior year's quarter, an increase of $5,450,000. Operating expenses were $11,964,000 for the nine months ended September 30, 1998, compared to $5,378,000 in the prior year's nine months, an increase of $6,586,000. These increases resulted primarily from (i) real estate taxes which previously had been capitalized, being charged to income due to the commencement of operations at the Kings Plaza Store property and (ii) the acquisition of an additional 50% interest in the Kings Plaza Mall and the consolidation of the Kings Plaza Mall's operations after June 18, 1998, partially offset by (iii) a $667,000 charge to bad debt expense in the prior year's nine months in connection with Caldor's rejection of its Fordham Road lease.

General and administrative expenses were $869,000 in the quarter ended September 30, 1998, compared to $1,026,000 in the prior year's quarter, a decrease of $157,000. This decrease was primarily attributable to lower professional fees and corporate office expenses. General and administrative expenses were $3,106,000 for the nine months ended September 30, 1998, compared to $3,039,000 in the prior year's nine months, an increase of $67,000.

Depreciation and amortization expense increased in 1998, compared to 1997 as a result of the Kings Plaza Mall acquisition in June 1998 and the commencement of operations at the Kings Plaza Store property in October 1997.

In September 1998, the Company commenced the process of razing its Lexington Avenue building and accordingly, the carrying value of the building and related predevelopment costs of $15,096,000 were written-off.

Interest and debt expense was $4,336,000 in the quarter ended September 30, 1998, compared to $3,250,000 in the prior year's quarter, an increase of $1,086,000. Interest and debt expense was $11,261,000 for the nine months ended September 30, 1998, compared to $9,855,000 in the prior year's nine months, an increase of $1,406,000. These increases resulted primarily from interest allocated to the Kings Plaza Store property which previously had been capitalized, being charged to income in 1998 and a decrease in amortization of debt issuance costs.

Interest and other income was $328,000 in the quarter ended September 30, 1998, compared to $214,000 in the prior year's quarter, an increase of $114,000. This increase resulted primarily from an increase in interest income this year due to higher average investments. Interest and other income was $752,000 for the nine months ended September 30, 1998, compared to $1,078,000 in the prior year's nine months, a decrease of $326,000. This decrease resulted from non-recurring items in the prior year's nine months.

LIQUIDITY AND CAPITAL RESOURCES

In the aggregate, Alexander's current operating properties (six of its nine properties) do not generate sufficient cash flow to pay all of its expenses. The Company's three non-operating properties (Lexington Avenue, Paramus, and Rego Park II) are in various stages of redevelopment. As rents commence from a portion of the redevelopment properties, the Company expects that cash flow will become positive.

On June 18, 1998, the Company increased its interest in the Kings Plaza Mall (the "Mall") to 100% by acquiring Federated Department Store's ("Federated") 50% interest. The purchase price was approximately $28,000,000, which was paid in cash. In addition, the Company has agreed to pay Federated $15,000,000 to renovate its Macy's store in the Mall in exchange for certain modifications to the Kings Plaza Operating Agreement.

In connection with the acquisition, the Company completed a $90,000,000 three-year mortgage loan with Union Bank of Switzerland. The loan is collateralized by the Kings Plaza Mall and the Company's anchor store and bears interest at LIBOR plus 1.25% (currently 6.91%). The proceeds from the borrowing were also used to repay $34,900,000 of existing debt ($32,000,000 of which was due in the next year). In addition, the Company expects to complete a $30,000,000 construction loan with Union Bank of Switzerland, of which approximately $15,000,000 will be used in the future to partially fund a renovation of the Mall (estimated to cost $20,000,000 in total) and $15,000,000 will be used to pay the liability to Federated noted above.

ALEXANDER'S, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company estimates that its capital expenditure requirements for the redevelopment of its Paramus property, will cost approximately $100,000,000. The Company is evaluating development plans for the Lexington Avenue site, which may include a large multi-use building requiring capital in excess of $300,000,000 to be expended. While the Company anticipates that financing will be available after tenants have been obtained for these redevelopment projects, there can be no assurance that such financing will be obtained or if obtained, that such financings will be on terms that are acceptable to the Company. In addition, it is uncertain as to when these projects will commence.

Property rentals from Caldor, which filed for relief under Chapter 11 of the United States Bankruptcy Code in September 1995, represented approximately 9% and 22% of the Company's consolidated revenues for the nine months ended September 30, 1998 and for the year ended December 31, 1997. Caldor rejected its Fordham Road lease effective June 6, 1997 and accordingly, no longer pays rent. Alexander's has filed a claim for damages based on such rejection. The annual base rental revenue under this lease was $3,537,000. The loss of property rental payments, if any, under the Caldor lease for the Flushing property, could have a material adverse affect on the Company's financial condition and results of operations.

The Company's $75,000,000 loan, collateralized by a mortgage on its Rego Park I property, which was scheduled to mature on September 30, 1998, has been extended to March 30, 1999. The loan bears interest at LIBOR plus 1.00% (currently 6.64%) and is guaranteed by the Company. In connection with the loan extension, the Company paid a fee of 1/8%. The Company expects to refinance this loan through the issuance of public or private debt.

On October 16, 1998, the non-affiliated limited partners of the Seven Thirty One Limited Partnership (the "Partnership"), which owns the Company's Lexington Avenue property, exercised the right to put their remaining 7.64% interest to the Partnership in exchange for a five year $15,000,000 Note. The Note bears interest at Prime plus 1% (currently 9%) and is prepayable without penalty.

The Company estimates that the fair market values of its assets are substantially in excess of their historical cost and that it has additional borrowing capacity. Alexander's continues to evaluate its needs for capital which may be raised through (a) property specific or corporate borrowing, (b) the sale of securities and (c) asset sales.

Although there can be no assurance, the Company believes that these cash sources will be adequate to fund cash requirements until its operations generate adequate cash flow.

CASH FLOWS

Nine Months Ended September 30, 1998

Cash used in operating activities of $2,904,000 was comprised of (i) a net loss of $9,904,000 and (ii) the net change in operating assets and liabilities of $7,957,000, offset by (iii) non-cash items of $14,957,000. The adjustments for non-cash items are comprised of (i) the write-off of the carrying value of the Lexington Avenue building and related predevelopment costs of $15,096,000 and (ii) depreciation and amortization of $3,937,000, offset by (iii) the effect of straight-lining of rental income of $4,076,000.

Net cash used in investing activities of $33,259,000 was primarily comprised of (i) $28,000,000 for the acquisition of the remaining 50% interest in the Kings Plaza Mall, (ii) the escrowing of cash from the condemnation of a portion of the Paramus property ($4,172,000) and cash from the proceeds from the Kings Plaza Shopping Center loan ($5,131,000) which is restricted as to its use and (iii) capital expenditures of $10,656,000, partially offset by (iv) proceeds from the condemnation of a portion of the Paramus property of $14,700,000.

Net cash provided by financing activities of $47,938,000 was comprised of (i) proceeds from the issuance of debt on the Kings Plaza Center of $90,000,000, offset by (ii) repayments of debt of $38,720,000 and (iii) debt issuance costs of $3,342,000.

ALEXANDER'S, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Nine Months Ended September 30, 1997

Cash used in operating activities of $897,000 was comprised of a net loss of $160,000 and the net change in operating assets and liabilities of $2,802,000, partially offset by the net change in non-cash items of $2,065,000. The adjustments for non-cash items are comprised of depreciation and amortization of $3,089,000, offset by the effect of straight-lining of rental income of $1,024,000.

Net cash used in investing activities of $14,838,000 was comprised of capital expenditures of $16,323,000, offset by the releases of $1,485,000 of restricted cash.

Net cash provided by financing activities of $15,676,000 was comprised of borrowings under the Rego Park I construction loan of $16,468,000 (net of debt issuance cost), offset by repayment of debt of $792,000.

Funds from Operations for the Three and Nine Months Ended September 30, 1998 and 1997

Funds from operations were $2,707,000 in the quarter ended September 30, 1998, an increase of $3,182,000 over the prior year's quarter. Funds from operations were $4,108,000 in the nine months ended September 30, 1998, an increase of $4,516,000 over the prior year's nine months. The following table reconciles funds from operations and net loss:

	For The Three Months Ended		For The Nine Months Ended	
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997
Net loss	$(11,942,000)	$ (135,000)	$ (9,904,000)	$ (160,000)
Depreciation and amortization of real property	1,219,000	588,000	2,910,000	1,741,000
Straight-lining of property rentals for rent escalations	(1,165,000)	(611,000)	(2,946,000)	(1,024,000)
Leasing fees paid in excess of expense recognized	(501,000)	(538,000)	(1,488,000)	(1,618,000)
Write-off of the carrying value of the Lexington Avenue building and related predevelopment costs	15,096,000	--	15,096,000	--
Proportionate share of adjustments to equity in income of unconsolidated joint venture to arrive at funds from operations	--	221,000	440,000	653,000
	$ 2,707,000	$ (475,000)	$ 4,108,000	$ (408,000)

ALEXANDER'S, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs, which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a relevant supplemental measure of operating performance because it provides a basis for comparison among REITs; however, funds from operations may not be comparable to similarly titled measures reported by other REITs since the Company's method of calculating funds from operations is different from that used by NAREIT. Funds from operations, as defined by NAREIT, represents net income before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified to adjust for the effect of straight-lining of property rentals for rent escalations and leasing fee expenses. Below are the cash flows provided by (used in) operating, investing and financing activities:

	For The Three Months Ended		For The Nine Months Ended	
	September 30, 1998	September 30, 1997	September 30, 1998	September 30, 1997
Operating activities	$ (2,936,000)	$ (1,211,000)	$ (2,904,000)	$ (897,000)
Investing activities	$ (2,856,000)	$ (7,441,000)	$(33,259,000)	$(14,838,000)
Financing activities	$ (756,000)	$ (131,000)	$ 47,938,000	$ 15,676,000

Year 2000 Issues

The Company is managed by Vornado Realty Trust. Vornado initiated its Year 2000 compliance programs and information systems modifications in early 1998 in an attempt to ensure that these systems and key processes will remain functional. This objective is expected to be achieved either by modifying present systems using existing internal and external programming resources or by installing new systems, and by monitoring supplier and other third-party interfaces. In many cases, the Company will be relying on statements from outside vendors as to the Year 2000 readiness of their systems, and will not, in many circumstances, attempt any independent verification. Review of the systems affecting the Company and its properties is progressing. The Company does not expect that the cost of modifications to its systems, if any, will have a material adverse effect on its financial position, results of operations or liquidity. The Company has contingency plans for its own day-to-day operational systems and management is in the process of updating these plans for possible Year 2000 specific operational requirements.

Recently Issued Accounting Standards

In June of 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Because the Company does not currently utilize derivatives or engage in hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

Quantitative and Qualitative Disclosures About Market Risks

The Company has no material exposure to market risk sensitive investments.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits: The following exhibits are filed with this Quarterly Report on Form 10-Q.

27 Financial Data Schedule

(b) Reports on Form 8-K

During the quarter ended September 30, 1998, the Company filed the reports on Form 8-K described below:

Date of Report (Date of Earliest Event Reported)	Item Reported	Date Filed
June 18, 1998	Agreement to purchase 50% interest in Kings Plaza	July 2, 1998
June 18, 1998	Amendment to Kings Plaza Form 8-K and financial statements and pro forma in connection therewith	July 31, 1998

ALEXANDER'S, INC.

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.

ALEXANDER'S, INC.
(Registrant)

Date: November 6, 1998

/s/ Joseph Macnow

JOSEPH MACNOW
Vice President - Chief Financial Officer and Chief Accounting Officer

ALEXANDER'S, INC.

EXHIBIT INDEX

This schedule contains summary financial information extracted from the Company's unaudited financial statements for the nine months ended September 30, 1998 and is qualified in its entirety by reference to such financial statements.

9-MOS
DEC-31-1998
SEP-30-1998
14,466
0
5,121
(631)
0
0
269,510
(50,611)
299,155
0
262,269
0
0
5,174
(2,049)
299,155
0
33,681
0
11,964
6,016
0
11,261
(9,904)
0
0
0
0
0
(9,904)
(1.98)
(1.98)