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Vornado Realty Trust

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Introduction

Vornado Realty Trust is a name synonymous with the transformation and dynamism of American real estate, particularly in the world's most competitive urban environments. To comprehend the story of Vornado is to see firsthand how the American corporate landscape can change dramatically as it adapts to new opportunities, market forces, and leadership vision. Born from humble beginnings as a discount retail operation in 1947, Vornado's journey is an extraordinary tale of adaptation and reinvention—a saga that mirrors the evolution of the country's urban landscape and its shifting economic priorities.

Through the decades, Vornado has demonstrated a unique ability to recognize latent potential in overlooked assets and to pivot decisively when conditions demand. What began with the Hubschman brothers' "Two Guys From Harrison" store rapidly evolved into a retail juggernaut, only to be reshaped by the foresight of leaders who saw greater promise in the company's hard real estate holdings than in its merchandise sales. The ensuing transition from retail to real estate was neither easy nor guaranteed, but it would ultimately lay the foundation for Vornado's enduring legacy and present strength.

Under the leadership of Steven Roth, Vornado Realty Trust would come to exemplify strategic agility and financial discipline. The formal conversion to a publicly traded Real Estate Investment Trust (REIT) marked a pivotal shift in the company's mission and capabilities, opening new avenues for growth and innovation. This period of expansion, focused especially in New York City, set Vornado apart as a major force in shaping the city's commercial skyline—most notably through transformative projects and landmark properties such as the Penn District. The company's calculated foray into other major markets, including Chicago and San Francisco, further cemented its status as one of America's preeminent real estate players.

Vornado's story is not merely about buildings or profits, but also about responding to changing social, economic, and environmental imperatives. The company's deep and ongoing commitment to sustainability, diversity, and corporate responsibility has become central to its identity. Achievements such as reaching 100% LEED certification across its entire in-service portfolio underscore Vornado's role as a forward-thinking steward of the built environment. As market dynamics shift and stakeholders demand more than just financial returns, Vornado's investment in people, communities, and green initiatives continuously reshapes its purpose.

Challenges have been a constant companion on this journey. The company has faced downturns in the real estate market, the shifting sands of retail demand, and the

broader transformations wrought by economic cycles and changing work habits. Yet, in responding to adversity, Vornado has honed a resilient strategy rooted in the quality and adaptability of its assets, the professionalism of its people, and the discipline of its leadership team.

As we begin this exploration of Vornado Realty Trust's past, present, and future, we will delve into the company's defining moments, analyze the strategic choices behind its growth, and examine the factors shaping its prospects in an increasingly complex marketplace. This book offers not just an account of an American company, but a lens through which to view more broadly the evolution of real estate, innovation, and resilience across the modern economy.

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CHAPTER ONE: Origins: Two Guys From Harrison

The genesis of Vornado Realty Trust, a titan in the modern real estate landscape, lies not in towering Manhattan skyscrapers or sprawling commercial campuses, but in the decidedly more humble setting of a post-World War II discount store. This story begins in 1946, or perhaps even 1947, depending on the historical account, with two enterprising brothers, Herbert and Sidney Hubschman, in Harrison, New Jersey. Fresh from their service in the Navy, the Hubschmans embarked on a venture that would, in time, evolve into a publicly traded real estate investment trust.

Initially, their business was far from the grand scale of Vornado's current operations. The brothers started by selling household appliances, specifically RCA televisions, from a vacant lot in Harrison. These weren't pristine, factory-fresh models; rather, they were "scratch and dent" sets, televisions with minor cosmetic imperfections that retailers had deemed unsellable. The Hubschmans, ever the opportunists, saw not flaws but potential.

Their strategy was straightforward and effective: acquire these slightly imperfect televisions at a low price and sell them at a modest markup. They began by purchasing a batch of these returned sets, intending to sell them over the course of a month. The brothers devised their own publicity, placing flyers on car windshields in the neighborhood to spread the word about their bargain televisions. The response was immediate and overwhelming. The entire supply that they expected to last a month sold out within a matter of hours.

This unexpected success validated their approach and proved there was a significant appetite for affordable goods in the post-war era. The Hubschmans continued their arrangement with RCA, demonstrating a keen eye for opportunity and a willingness to operate outside conventional retail norms. Their reputation for offering top-quality brands at prices that made shoppers "do a double-take" quickly grew.

The informal operation soon transitioned into a more structured business. By the late 1940s, the Hubschmans had expanded beyond televisions, offering other major appliances like refrigerators and washing machines. Their first physical store opened in 1946, situated above an empty diner in Harrison. The establishment was initially known as "Two Guys from Harrison." The name itself was a testament to their disruptive presence in the market. Competitors, frustrated by the Hubschmans' ability to undercut their prices, reportedly grumbled about "those two bastards from Harrison." While the brothers initially considered using this colorful moniker, newspapers wisely declined to print it, leading them to settle on the slightly more palatable "Two Guys from Harrison." The "from Harrison" was eventually dropped, and

the stores became simply "Two Guys."

This nascent enterprise was a pioneering example of the discount retail model that would later become a cornerstone of the American consumer landscape. The Hubschmans were not merely selling products; they were selling value and accessibility. Their commitment to affordability and variety resonated deeply with consumers, laying the groundwork for what would soon evolve into a substantial retail empire. The foundation for what would eventually become Vornado Realty Trust was firmly, if unknowingly, being laid, one discounted television and appliance at a time.

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