

The Azarian Advisor

Winter 2011 Newsletter



40 Going On 41

We continue to be busy and are eagerly anticipating the Spring when we plan to break ground on the renovation of the Pine Brook Plaza (see article on page 5) and renovation and expansion of the Raritan International Center (see article on page 4). We also look forward to Stop and Shop starting construction on the Hyde Park Mall.

We are very fortunate that we have weathered the economic downturn without much upset. In fact, almost half of our properties are at full occupancy (see article on page 8). We attribute this to our hands on management, conservative business practices and also that when the market was “hot” we continued the same philosophies and practices we have used over the past 40 years. To quote Warren Buffet, “It’s only when the tide goes out that you learn who’s been swimming naked.” We always had our bathing suits on.



In September we were designated as a court appointed rent receiver / property manager for a major Bergen County shopping center. The same bank then recommended us as a court appointed rent receiver / property manager for a residential condo complex also in Bergen County and we were ultimately approved by the Bergen County Court for that assignment as well. We look forward to doing further work as a court appointed rent receiver / property manager.

As we enter our 41st year of business it is noteworthy to reflect upon the many changes we have experienced. I find this refreshing when talking with the younger people in my office. For example, I remember in the “old days” using All State forms for our leases and having them typed on a typewriter. And sometimes adding a typed rider. I was so proud when we generated our first lease on a word processor and how it only took 2 hours to print out. Or when we used to keep manual rent records by hand on a ledger sheet and when we first converted to a computerized property management software package. And when we bought our first Fax machine which printed on thermal paper. And so on. Technology has improved our professional lives in so many ways, but it has also made many things more impersonal. Unfortunately the younger people don’t understand that and I don’t think today’s technology means as much without the history and experience of the “old days”.

As a professor I also see changes in the way my students behave. For example, a few years ago when I gave my first exam, a student complained about writing his answers in a blue book-and he had only written a page and a half! I immediately thought to myself that kids today are no longer used to writing because everything is typed on computers.

I recently became a member of the Board of Trustees of St. Thomas Aquinas College (STAC) and am also serving on the Development Committee and Investment and Finance Committee. I also continue to teach at STAC as an adjunct professor in the business college teaching an evening course. I enjoy my teaching and look forward to serving as a Board and committee member. I especially enjoy working with the President of STAC, Margaret Fitzpatrick, who is an amazing lady.

On a personal note, thank you to everyone who has been supportive of our son, James. Please continue to keep him in your thoughts and prayers.

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New Federal Estate Tax Rules

By Joel K. Weinberg, Controller

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act was signed into law by President Obama on December 17, 2010. This new law provides sweeping changes to the rules governing federal estate taxes, gift taxes and generation-skipping transfer taxes for 2011 and 2012.

The federal estate exemption will be \$5 million and the estate tax rate for estates over this amount will be 35%. The estate tax has also become unified with federal gift and generation-skipping transfer taxes such that the gift tax exemption and generation-skipping transfer tax exemption will be \$5 million each and the tax rate for both of these taxes will also be 35%.

The new law has a portability feature of the estate tax exemption which eliminates the need for "AB Trust" planning for federal taxes by allowing married couples to add any unused portion of the estate tax exemption of the first spouse to die to the surviving spouse's estate tax exemption. This will effectively allow married couples to pass \$10 million on to their heirs free from estate taxes with absolutely no planning at all.

One should be aware that this law is only in effect for 2011 and 2012. Congress will have to deal with this for 2013 and beyond. Hopefully, they won't wait until the 11th hour like they did to pass the current law.

The Leasing Process and How Shopping Centers Are Changing

By Matthew C. Scozzari, Assistant Property Manager in Training, Licensed Salesperson

Since obtaining my Real Estate Salesperson license in July, I have become more actively involved in the leasing process at *Azarian Realty Co.* Specifically, I am involved with finding and contacting prospective tenants.

When we have a newly available space, it is my job to start looking for a new tenant to take over that space. I first contact similar businesses, and I send them information about our vacancy highlighting information about our space that would help benefit their potential business within our shopping center. If I do not get the response I am looking for I will begin contacting different businesses until we are able to lease the space. Sometimes the process can be very quick and we will find a new tenant within a week or two, but sometimes the process can take much longer.

When marketing a space for a prospective tenant it is important to highlight the benefits that the shopping center has to offer. These highlights include: anchor tenants, existing tenants, parking availability, population demographics, etc. However, within the coming years, the highlights become more and more about how "green" a shopping center is. These "green" highlights will be if a shopping center has solar panels on the roof, energy efficient lighting, charging stations for electric cars and other future innovations.

Shopping centers are starting to become much more advanced to fit in with our changing society. Democrats in the Assembly have recently passed a package of bills that require charging stations at new shopping centers and rest areas along the New Jersey Turnpike. This will be a great fit with the development and growing popularity of electric cars and more importantly, help reduce the pollution within the state of New Jersey. These new shopping centers and rest areas that will have these charging stations will help lower pollution by allowing owners of electric vehicles to charge their cars while they are out. It is a great idea, because while shoppers are getting their hair done, shopping, eating, or working in one of these shopping centers or rest areas they will be able to plug in their cars and have them charged by the time they are ready to leave. This will allow owners to avoid worrying about whether or not their car will have enough of a charge to get them home.

"Electric vehicles and their recharging stations can be used to attract new business and industries to the state, which will lead to new jobs, economic growth and reduced energy costs for businesses, individuals, schools and governments," said Assembly Majority Leader Joseph Cryan. This is great news and it is nice to see that New Jersey is at the forefront of an innovative idea like this.



ICSC National Conference and Deal Making

By Kevin R. Pelio, Assistant Property Manager/Leasing Agent, Licensed Salesperson

On December 6th and 7th, I represented *The Azarian Group, L.L.C.* and *Azarian Realty Co.* at the ICSC 2010 New York National Conference and Deal Making at the Hilton New York Hotel on the Avenue of the Americas in Manhattan. The ICSC show is a networking and meeting place for shopping center professionals, landlords, leasing professionals and retailers alike, to network, discuss and make deals within the shopping center industry. Some 6,000 attendees were at this year's show, which I was told was a drastic increase from the "Great Recession" years of 2008 and 2009 but still substantially less than the "go-go years" when over 14,000 ICSC members would attend.

This being my first time going to the show, John Azarian was able to give me some very good guidance beforehand; however, I still was uncertain of what to expect. Overall, I made some important contacts and had a great time talking real estate with some of the major players in the shopping center industry. I spent most of my time at the conference discussing with many retailer representatives our exciting redevelopment projects and upcoming availabilities in our 16 properties.

It was great meeting many people with whom I have discussed our properties over the phone in the past but never had the chance to meet face to face. Many up and coming retailers that I was able to make contact with were: Energy Kitchen, Panchero's Mexican Grill, Toys R' Us Express and My Gym. In addition, many of our current tenant real estate representatives that I have talked with previously were in attendance and I was able to introduce myself and connect further.

There was a positive vibe throughout the entire conference and there was a lot of deal making. I was able to walk away with some great contacts and leads and have since procured meetings for the properties I discussed with targeted retailers at this event. With one year under my belt I look forward to next year's show to expand on my knowledge and contacts. More importantly I look forward to making more deals!



GRAND OPENINGS AND NEW LEASES

Azarian Realty Co. has signed a total of 16 new leases for a total of approximately 28,000 square feet from December, 2009 through December, 2010! See our most recent leases below.

Montvale Shopping Center, Montvale, NJ



Kings Cleaners signed a lease for 1,500 square feet in the Montvale Shopping Center. *Azarian Realty Co.* was able to Lease this end cap space in a matter of a few weeks.

Town Plaza II Shopping Center, Orangeburg, NY

Amazing Cuts, a unisex hair salon, has joined the Town Plaza II Shopping Center for 1,250 square feet!



Little Scoops had their grand opening in Town Plaza II Shopping Center on January 8, 2011! On their opening weekend they had eight birthday parties and the kids had a blast. *Thai Restaurant* will also have their grand opening on March 1, 2011!



Hyde Park Mall, Hyde Park, NY

Leclerc Martial Arts signed a lease for 3,785 square feet. They are an established studio in the town of Hyde Park and joined the Center to experience the excitement of the to be renovated shopping center. They are slated to open in the Spring of 2011.



Fair Lawn Medical Arts Building, Fair Lawn, NJ

Dr. Jerald N. Rosenberg has leased space for approximately 2,000 square feet and is expected to open his relocated periodontics practice on April 1, 2011.



Fieldstone Park Shopping Plaza, Ringwood, NJ



Tantalize Tanning joined the Fieldstone Park Shopping Plaza in September 2010 for 1,250 square feet



To view all new leases visit: <http://azariangroup.com/new-noteworthy.html>

New Leases Continued on Page 7

UPCOMING

It promises to be a busy spring and summer of 2011 as *The Azarian Group* prepares to finalize the planning for three renovation projects and break ground. Renovations and expansions are planned for the Raritan International Center, the Pine Brook Plaza, and the Hyde Park Mall.

All three projects have completely different architectural styles, however, they all have one goal in common: to modernize these well producing properties to attract new tenants, bring more traffic to the centers, and beautify the respective properties.

The Azarian Group plans to undertake the Raritan International Center and the Pine Brook Plaza projects within the same time frame, early Spring 2011. Many of the same professionals that participated on the extensive Al-lendale Town Center renovation project will be working with us on these two properties. The Hyde Park Mall start date will be determined by final approvals from the State and County levels of New York and the progress of Stop and Shop's professionals in finalizing architectural drawings and engineering documents in order to start this labor intensive project.

We are anxious to break ground on these projects as we have been planning them for many years and are excited to see the many hours of planning and hard work come to fruition!

RARITAN INTERNATIONAL CENTER



**THE LEARNING EXPERIENCE
PROTOTYPE**



← Prototype of The Learning Experience structure.



Approved renovation of the façade of the shopping center.

Anchored by national tenants Walgreens, Family Dollar and Eye Dr., the Raritan International Center will undergo a beautification project to enhance and upgrade the property.

The Azarian Group will be adding a 15,000 square foot pad site that will house The Learning Experience. This square footage will comprise of a state of the art child development center and a 5,000 square foot outdoor playground.

Other additions to the shopping center will include a new façade, landscaping, re-milling and paving of the parking lot, new parking lot striping and other additional site work including new light poles, sidewalks and curbing. Once complete the Raritan International Center will be brand new.

Please visit <http://www.azariangroup.com/Properties/Raritan-bldg.html> for more information.



RENOVATIONS

PINE BROOK

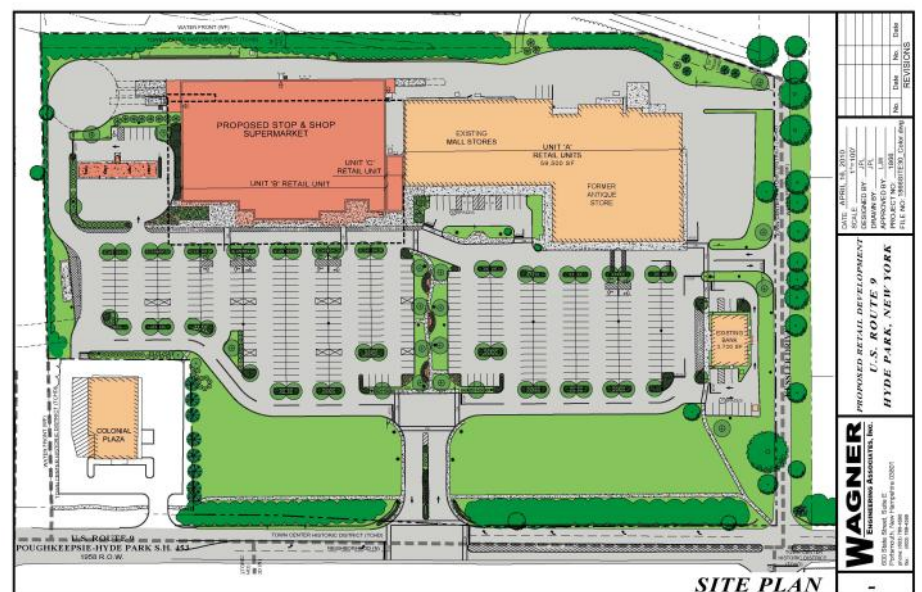
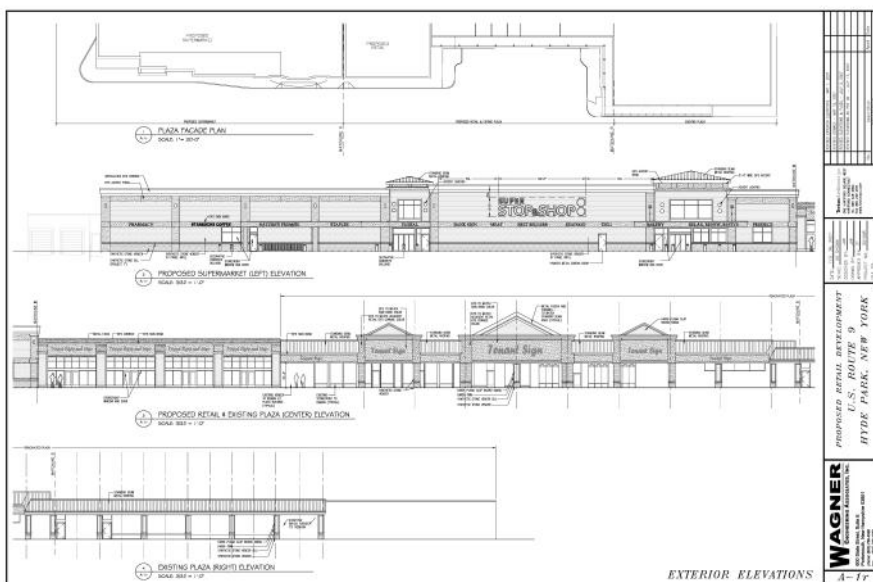
Historically at 100% occupancy, the Pine Brook Plaza will be undergoing a face lift project that is slated to start once the weather breaks. Work on the shopping center will include: new lighting, facade re-facing and architectural towers on the Northern and Southern corners of the property. Site work will include: new parking lot surfacing, parking lot repainting, paver and concrete sidewalks, new centralized dumpster enclosure and new lighting.



Much of the proposed renovation will incorporate and be part of the Township of Montville's new streetscape and "Master Plan." For example, new shopping center pole lighting will match the Master Plan lighting for Bloomfield Avenue. A new sidewalk will also be installed on Bloomfield Avenue to facilitate pedestrian traffic to the Pine Brook Plaza and is also part of the Master Plan.

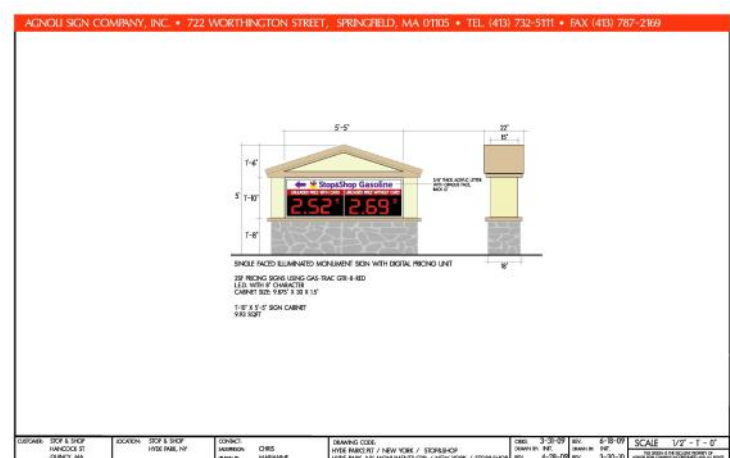
Please visit <http://www.azariangroup.com/Pine%20Brook%20Construction.htm> for more information.

HYDE PARK MALL



The Hyde Park Mall will be undergoing a redevelopment project as the Center is currently 76% dark and 37% vacant. With the addition of a brand new Stop and Shop supermarket and gasoline station, **The Azarian Group** looks to attract restaurants and shops that will work well within the existing shopping center. We are in negotiations with many national retailers who are interested in the strong location, good demographic mix and strong anchor tenant that Stop and Shop and the Hyde Park Mall offer to them.

Stop & Shop will be demolishing the existing AMES building and erecting a new building of approximately 55,000 square feet. Stop and Shop has also received approvals to install a gas pumping station in the parking lot. The entire site will be redesigned and renovated with new parking design, new pavement, new landscaping, new light poles, new storefronts throughout, new entrance sign, etc. When all work has been completed the shopping center will be BRAND NEW. Please visit <http://www.azariangroup.com/Properties/HydePark-bldg.html> for more information.



OUR MOST RECENT AD

THE AZARIAN GROUP'S CURRENT AVAILABILITIES IN NEW JERSEY & NEW YORK



Allendale Town Center

29-63 W. Allendale Avenue • Allendale, NJ

- Only area shopping center
- Complete renovation and expansion completed March, 2010
- 67,000 people within 3 miles; average HH income \$153,000
- Numerous anchor and franchise tenants including A&P Fresh Supermarket, Learning Express, TD Bank, Dairy Queen, Great Clips and 14 more
- 5 acres; 90,000 s.f. GLA Shopping Center; 360 Parking Spaces
- No competition, no potential for further development in the area
- **1,700-3,100 s.f. available**



Lenox Plaza Shopping Center

1750 Route 46 West • West Paterson, NJ

- Busy Route 46 highway location with rear access to Route 46 jug handle and McBride Avenue
- Daily vehicle count of 120,00 plus
- Shadow anchored by new A&P Fresh Shopping Center
- Large pylon signs on Route 46 and McBride Avenue
- Primarily occupied by National and Franchise tenants
- 115,000 people within 3 miles; average annual HH income \$82,000
- Existing stores include: Golfsmith, Sleepy's, Party City, Pizza Hut, TD Bank, Blimpie and more
- **1,200-4,000 s.f. available**



Fieldstone Park Shopping Center

130 Skyline Drive • Ringwood, NJ

- Only area shopping center
- 27 stores and offices
- 60,000 people in trade area; average annual HH income \$92,000
- Numerous anchor and franchise tenants including: Stop and Shop, US Post Office, Wachovia Bank, Coldwell Banker, Dunkin' Donuts, Dairy Queen, The UPS Store and 18 more
- 12 acres, 100,000 s.f. GLA Shopping Center, 356 Parking Spaces
- No competition, no potential for further development in the area
- **1,250-10,000 s.f. available**



Raritan Center

426 Raritan Street • Sayreville, NJ

- Only area shopping center
- Easy on/off Exit 124 Garden State Parkway; Near Routes 35 & 9
- 85,000 people in 3 miles; average annual HH income \$71,000
- The Learning Experience to open soon in new 10,000 s.f. building
- High density housing, apartments, townhomes, new home developments
- Entire shopping center to be renovated and expanded in 2011
- Located at signalized intersection
- 14 acres; 70,000 s.f. GLA Shopping Center; 385 parking spaces
- Existing tenants include: Walgreens, Family Dollar, Subway, Eye Doctor, The Learning Experience and more
- **2,500-13,650 s.f. available**



Town Plaza II Shopping Center

500 Route 303 • Orangeburg, NY

- Busy location at signalized intersection with large pylon signs
- 2 colleges nearby with LARGE resident dorm population
- 130,000 people within 5 miles; average annual HH income \$85,000 (not including college population)
- Numerous single family homes, families, children and apartments
- Existing shopping center stores include: Marty's Bagels, Tiffany Cleaners, A&A Deli, Calabria Pizza, Nail Plaza, Wok King, Mountain View Liquors and more
- **900-5,200 s.f. available**



Hyde Park Mall

Route 9 • Hyde Park, NY

- Only area shopping center
- **Brand new Super Stop & Shop and Shop Gas coming soon!**
- 54,000 people trade area; average annual HH income \$72,000
- Next to Historic FDR Home and Museum
- Nearby Vassar, Marist and Dutchess County Colleges; Culinary Institute
- Entire Shopping Center to be renovated and brand new
- 15 acre, 130,000 square foot GLA shopping center with 670 parking spaces



The Azarian Group, L.L.C.

The Azarian Building

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Shopping Centers and Office Buildings Throughout New Jersey & New York:

Rochelle Park Shopping Center, Rochelle Park, NJ
 Mountain Plaza, Rockaway, NJ **1,229-1,500 s.f. available (end caps)**
 Fieldstone Park Shopping Center, Ringwood, NJ **1,250-10,000 s.f. available**
 Hyde Park Mall, Hyde Park, NY **3,000-33,000 s.f. available**
 Walgreens Shopping Center, Fairfield, NJ **1,500 s.f. available**
 Milton Shopping Center, Oak Ridge, NJ **2,500 s.f. available**
 Pine Brook Plaza, Pine Brook, NJ
 Allendale Town Center, Allendale, NJ **1,700-3,100 s.f. available**
 Raritan Center, Sayreville, NJ **2,500-13,650 s.f. available**

Montvale Shopping Center, Montvale, NJ
 Town Plaza II, Orangeburg, NY **900-5,200 s.f. available**
 Plaza K Shopping Center, Woodbridge, NJ
 Lenox Plaza, West Paterson, NJ **1,200-4,000 s.f. available**
 The Azarian Building, Midland Park, NJ
 Fair Lawn Medical/Professional Building, Fair Lawn, NJ **571-5,300 s.f. available**
 Neptune Plaza Shopping Center, Neptune, NJ **1,390 s.f. available**
NEW Hamilton Square Shopping Center, Waldwick, NJ **2,000-5,040 s.f. available**

Marketing Strategies

By: Kevin R. Pelio

Azarian Realty Co. markets and advertises its properties very aggressively by:

- ◆ Placing “For Lease” signs on the property and in the windows of the vacant space;
- ◆ Newspaper advertising and other trade publications as seen to the left (Page 6), as well as canvassing retailers with leasing flyers;
- ◆ Premium (paid) advertisements on internet websites such as Costar and Loopnet (see below sample screen shot).
- ◆ Internet listings on free websites such as Dealmakers;
- ◆ Bi-weekly Constant Contact email blast to area real estate salespeople and real estate professionals.

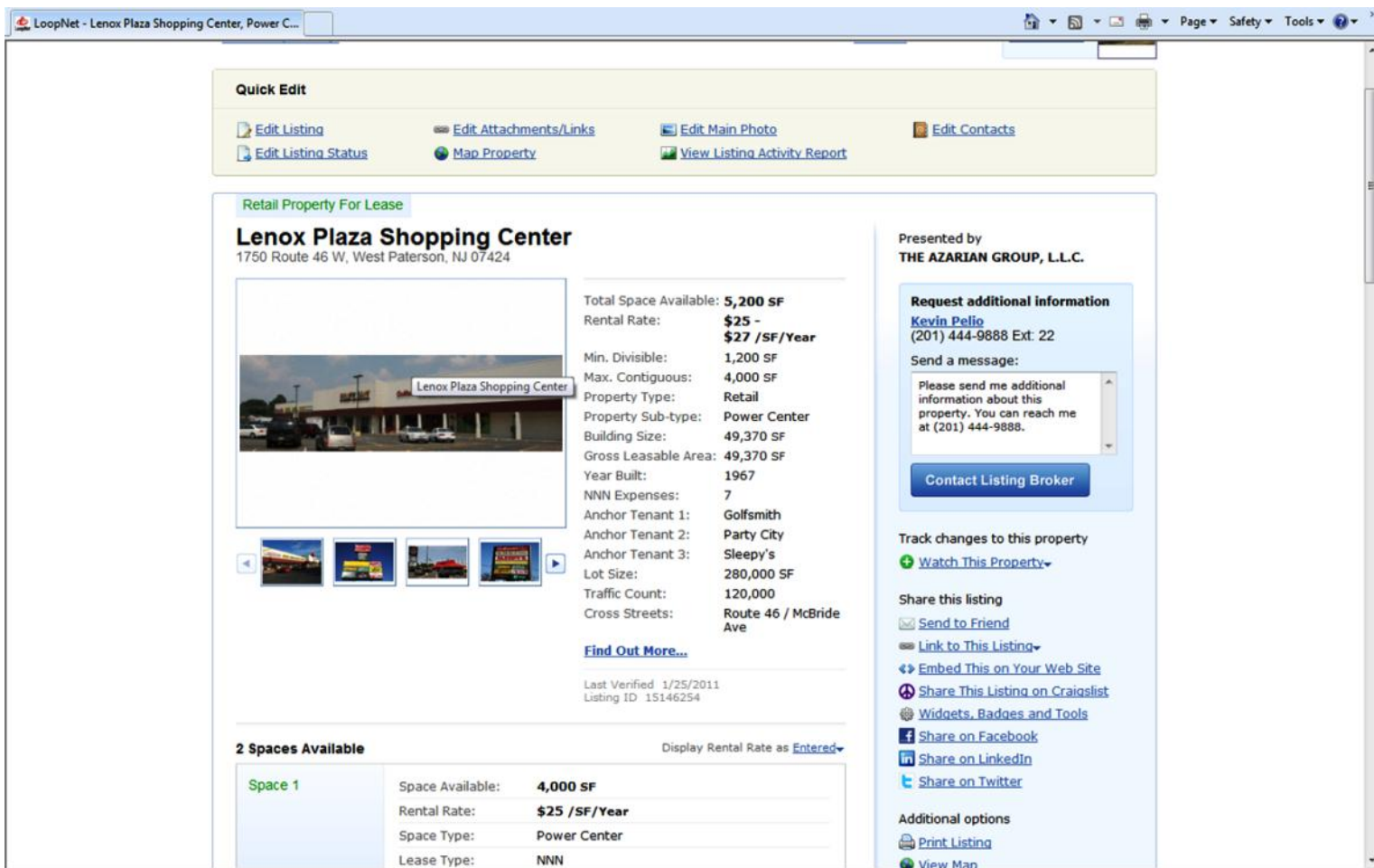


While some of the methods such as newspaper ads, prospecting flyers and cold calling have been around for a long time, many no longer use these methods since they are not “hi tech.” At *Azarian Realty Co.*, we use the old ways as well as the newest technologies to market our vacancies.

As seen in the screen shot below, an interested party can view available spaces, demographics, photos of the property, price per square foot, and other financial data and even contact Kevin Pelio of *Azarian Realty Co.* directly via email or telephone.

Loopnet also gives a prospect the flexibility to view all our vacancies and hit the “Watch the Property” function which will provide them with any changes that we have made to a property, i.e., price for square foot, availability, subdivisions, etc.

Sample Loopnet screenshot:



GRAND OPENINGS AND NEW LEASES (CONTINUED)



Allendale Town Center, Allendale, NJ

Brain Balance, a child education and behavioral development center, has leased approximately 3,100 square feet and is expected to open this location in the summer of 2011.



Pine Brook Plaza, Montville, NJ

Lafogata, a Mexican restaurant, continues the renovation of their restaurant and plans to open soon.

AZARIAN FAMILY SCHOLARSHIPS

By: Matt C. Scozzari

The John M. Azarian Memorial Armenian Youth Scholarship Fund is pleased to announce that scholarship grants were awarded to Ester Shaginian, Alene Aroustamian, and Ilona Martirosova for the 2010-2011 academic year.

The John M. Azarian Memorial Armenian Youth Scholarship Fund was formed in 1976 following the untimely death of John M. Azarian, Sr. by his wife, Barbara. The purpose of the John M. Armenian Memorial Armenian Youth Scholarship Fund is to award scholarships to students of Armenian descent who demonstrate compelling financial need, academic achievement and Armenian church related activities.

Applications are still being accepted for the 2011-2012 academic year. The deadline for submittal of applications is May 31, 2011. For more information please visit <http://www.azariangroup.com/scholarship.html>.

We are also in the process of establishing a scholarship at Saint Thomas Aquinas College in honor of Martin G. Azarian, who was a STAC alum.

Join our Email Newsletter list:



Between issues of **THE AZARIAN ADVISOR** we send out our email newsletters with current updates. We also send out a bi-weekly blast of our current vacancies, including, photos, detailed property info, etc., to real estate brokers and other real estate professionals. If you are not receiving our newsletters and would like to join our email newsletter list, please email Matt Scozzari at info@azariangroup.com. Please specify which email list you are interested in receiving.

You may also visit the homepage of our website, www.azariangroup.com, and automatically subscribe to our email lists on the Sign up for our Email Newsletter section of the page. Our email blasts are sent via Constant Contact and of course you can opt out at any time.

FULL OCCUPANCY

The Azarian Group, L.L.C. has been fortunate, during the recent economic downturn, to have a number of properties at full occupancy.

Please see the list of our fully rented properties below:

- ♦ The Azarian Building, 6 Prospect Street, Midland Park, NJ
- ♦ Pine Brook Plaza, 6 Route 46 West, Montville, NJ
- ♦ Montvale Shopping Center, 120 Chestnut Ridge Road, Montvale, NJ
- ♦ Rochelle Park Shopping Center, Rochelle Park, NJ
- ♦ Plaza K Shopping Center, Woodbridge, NJ
- ♦ Neptune Plaza Shopping Center, Neptune, NJ

Our average vacancy rate, among all of our 16 properties (excluding the Hyde Park Mall, which is under redevelopment) equals 7.9%. This is on the low side of the area average which ranges from 7-10%.

Barbara Azarian McCullough, Ph.D., (Retired)
Our Founder

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Oven Morrison, On-site Manager
Jose Amaya, On-site Manager
John White, On-site Manager

Martin G. Azarian
(1965-2009)

John M. Azarian, Sr.
(1928-1976)

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This Newsletter is intended for *general informational purposes only* and is **not** intended to infer or provide any opinion, recommendation or advice. You should consult with your professional advisors on all such matters.