

The Azarian Advisor

Newsletter

Reflections...and Looking Ahead

As I look back and reflect upon our accomplishments in 2007, I feel quite fortunate that we were able to close on another large acquisition – the Lenox Plaza Shopping Center located on Route 46 West in West Paterson / Little Falls, New Jersey. We also solidified our expansion and renovation plans for 2008 for the Allendale Shopping Plaza, Raritan Center and Hyde Park Mall. We are about to submit our applications for Allendale and Raritan. Hyde Park was submitted last year and we have already appeared in front of the Town, several times.

As we look forward to 2008, we will be working hard on these renovation projects. We are also seeking a major acquisition for 2008 and are presently negotiating on two prime properties.

I am pleased to announce that during 2007 we hired Aaron Rothstein as a full time associate. Aaron initially interned for us over the summer and once hired immediately enrolled and completed the New Jersey State class for his real estate salesperson's license and passed the test. He has been working full time on leasing and we have greatly expanded our marketing with Aaron's time and hard work. He has also been doing a lot of cold calling. Aaron was responsible for the layout and design of this edition of *The Azarian Advisor* as well. He also oversaw our first email blast which included then-current advertisements and a full page article on *The Azarian Group, L.L.C.* which appeared in the *NJ/PA Real Estate Journal* for the *New York ICSC Idea Exchange* (see insert in this issue for reproductions of these publications). If you would like to add your email address to our list please email Aaron directly at arothstein@azariangroup.com. We plan to continue our email blasts between printed newsletters and plan on doing at least two such emails per year.

I am also pleased to announce that we recently hired JoAnn Hossack as our new receptionist / secretary. JoAnn comes to us with extensive property management experience, having worked as manager for a large condo complex in the Fort Lauderdale area.

While we may or may not be in a recession we do not believe the economy will negatively impact our properties, our operations or profit. There may be a slowdown in expansion with certain companies (like Starbucks presently) but while chain stores and companies may come and go prime locations will always be desirable and sought after by chains and large retailers.

On a personal note, 2007 was a tough year for the Azarian Family. My grandmother, Helen Avedisian, passed away at the age of 98. Six weeks later my step father, Paul McCullough, passed away at the age of 69. Dealing with these personal losses has been very tough for us. Thanks to all of you who extended your sympathies and support during this difficult time.

By John M. Azarian, CSM



In this issue of *The Azarian Advisor*:

Joel K. Weinberg's article; Why Do We Say It?; Recent Press; New Leases	Page 2
NJ/PA Article; The Dealmakers Ad	Insert
Aaron Rothstein's article; Cartoon	Page 3



Cost Segregation Studies Can Save you Money

By Joel K. Weinberg, Controller



When it comes to commercial buildings, not all depreciation is created equal. Under the traditional depreciation method, the purchase value is typically depreciated over a period of 39 years. And the land on which the building sits isn't depreciable at all. But, you can shorten that depreciation period by having a cost segregation study performed.

A cost segregation study breaks down the components of a building into shorter-term depreciation categories. The idea is that some real estate components have a shorter lifespan than the shell and other major structural aspects of the building.

For those shorter-lived features, such as fixtures, carpeting, window treatments and site improvements, a depreciation schedule is set up over five, seven or 15-year timeframes. That means you can accelerate the tax-saving benefits of depreciating these property features. And, as most investors realize, a dollar saved in the first five years of a building's life is worth more than one saved a decade or two later.

Classifying shorter-term depreciable property components is complicated. It has been defined and redefined by a series of court rulings and changing IRS rules. There are, in fact, six different methods identified by the IRS for providing a cost segregation analysis.

The owner of a building can retroactively use a cost segregation study to claim depreciation for prior years by carrying back the "catch up" of depreciation.

It won't increase your chance of being audited. Actually, the IRS encourages a properly prepared cost segregation study because it generates more accurate accounting.

Cost segregation studies can be complicated, and some items may be hard to classify. You'll also need to file an accounting method change request, if the study was prepared in a year after acquisition, to adjust depreciation to shorter lives.

At *The Azarian Group, L.L.C.*, we have been successfully using cost segregation analysis for over 25 years.

We have used cost segregation analysis on our recent acquisitions.



Why Do We Say It?

Do you know where these common expressions come from?

- ◆ **Barking up the wrong tree** originated with hunting dogs that would bark at the bottom of a tree where they mistakenly thought their quarry was hiding
- ◆ **When you can't hold a candle to someone**, you can't measure up. This comes from the practice of apprentices holding a candle so their master could see what they were doing. If an apprentice couldn't even do that, he was obviously inferior.
- ◆ If your temper gets out of control and you **fly off the handle**, you're like a loose axe head that flies off its handle.
- ◆ **Stealing one's thunder**: this phrase originated in 1709 when John Dennis, an English playwright, invented a new method of simulating the sound of thunder on stage that used metal balls rolling around in wooden troughs. Dennis's play was not successful but his technique was, and when he realized it was being used in a later production of *Macbeth*, he purportedly accused the director of stealing his thunder.
- ◆ **A flash in the pan**, something with great promise that doesn't come to fruition, dates back to Gold Rush days. A miner might see a flash in his pan that didn't turn out to be gold. Similarly, something doesn't **pan out** when it doesn't meet expectations.

Recent Press

The Azarian Group, L.L.C. was recently featured in the following publications:

- ◆ [The Dealmakers](#) "Space Place listings" (1/18/08)
- ◆ [The Dealmakers](#) "Space Place listings" (12/07/07)
- ◆ [NJPA Real Estate Journal](#) "Shopping Centers" (11/07)
- ◆ [The Record](#) (8/31/07)

For more info and to view all press please visit <http://azariangroup.com/new-noteworthy.html>

New Leases

Our newest Lease:

**Lenox Plaza Shopping Center,
Little Falls, NJ**

- Happy Nails & Spa

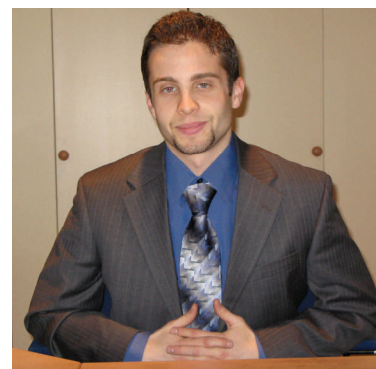
For more info and to view all new leases visit <http://azariangroup.com/new-noteworthy.html>

My First Lease as a Licensed Real Estate Agent

By Aaron B. Rothstein, Associate

Once I knew that I would be working for *The Azarian Group, L.L.C.* full-time I was determined to get my New Jersey Real Estate license. I felt as though it was an important step toward becoming a more productive and better educated employee.

Now that I have my real estate license I feel better equipped to contribute to the active leasing of spaces. I began aggressively pursuing prospective tenants and advertising our availabilities in every way possible. I utilize several methods in my attempts to make contact with prospective tenants. These methods include cold calling, mailing flyers, sending e-mails, making phone calls and posting online listings at a plethora of websites. Since my employ I have always put forth my best effort to advertise our available properties and bring in prospective tenants.

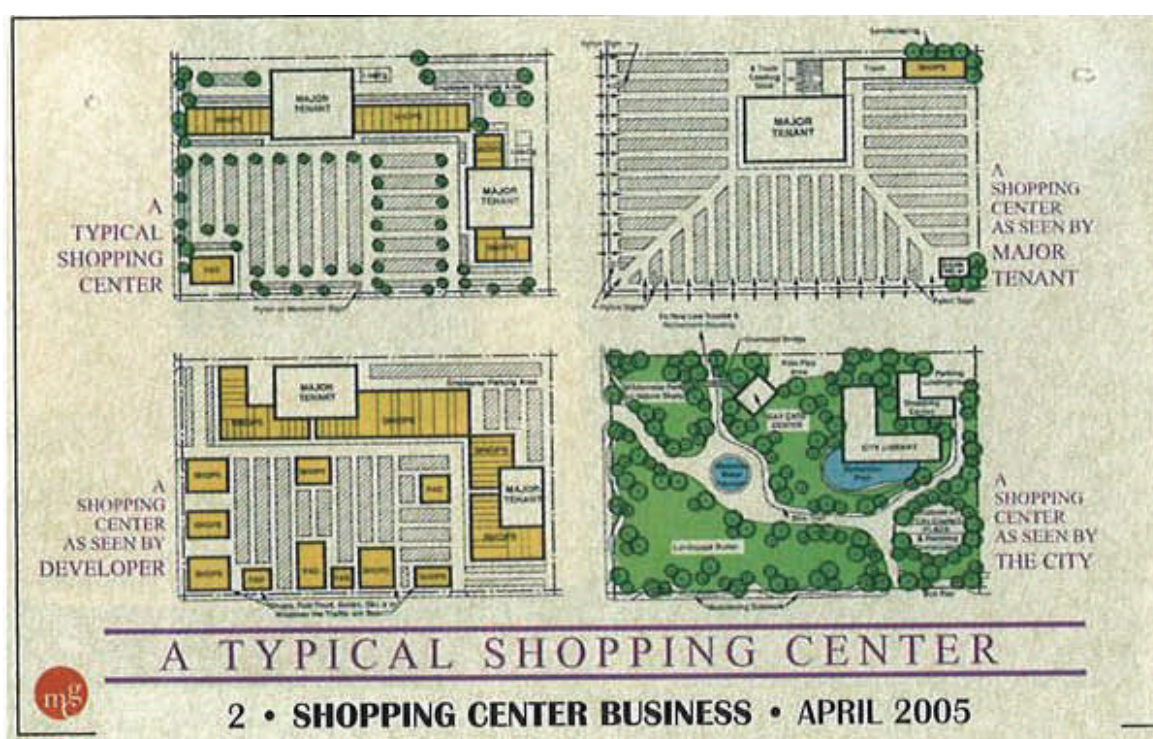


One day we received a phone call from an individual who was interested in viewing an empty store located in the Lenox Plaza Shopping Center. It was arranged that I would be meeting with the prospective tenants to show them the space, something I had done previously with Mr. Azarian but never by myself. I was very excited at this opportunity and eagerly awaited my chance to show the available space. I had put many hours and much thought into marketing our available properties. It felt as though all my efforts had paid off. I met the individuals at the Shopping Center and enthusiastically showed them around the empty store as I described to them **in person** all the things I had been trying to convey through e-mails and flyers the previous weeks. They seemed excited about the Shopping Center and I was thrilled to find out that they wanted to meet with Mr. Azarian to more thoroughly discuss their potential store and possibly negotiate a lease. I sat in on the meeting and couldn't help feeling pleased as I listened to them discuss specifics and negotiate terms. It became clear they wanted that space and intended to move in as tenants pending a review of the lease. Before they are given a lease to review the Landlord must first evaluate them in order to ensure they meet all the necessary criteria.

There are several ways a prospective tenant is evaluated when considering them for a Shopping Center. First it must be identified whether there is a conflicting use between the type of retail location they intend to open and any existing stores in the center. If there is no conflict it must then be taken into consideration what type of business they will be running and if that business will flourish based on the surrounding area. In other words, would the business be a positive addition to the shopping center. Once it has been decided that the tenant would fit into the intended center they must then undergo a review of their financial status. This is an important part of the evaluation process. It is crucial that the prospective tenant have the economic capacity to enter into a lease and it's necessary that the Landlord be satisfied with the tenants financial standing before anything legally binding is signed.

This was the first lease I would be responsible for "drawing up" and I readily did so with the guidance of Mr. Azarian. A second meeting with the Tenants was arranged after they had ample time to review the lease. The Landlord had approved them as a Tenant and the Lease was signed. The new Tenants were eager to begin construction of their upscale spa. I found the whole process to be very exciting and also a great learning experience. I was grateful for the chance to see it through to completion and now have one lease under my belt.

As the illustration at right shows, each party to a proposed shopping center renovation or development has its own perspective and agenda on what is important. While this illustration may seem humorous it is not far from the truth!





THE AZARIAN BUILDING
6 Prospect Street
Suite 1B
Midland Park, NJ 07432
(201) 444-7111
(201) 444-6655 FAX
www.azariangroup.com
info@azariangroup.com

Barbara Azarian McCullough, Ph.D., Our Founder
Extension 13

John M. Azarian, CSM
Licensed Real Estate Broker in NJ and NY
Extension 27
jazarian@azariangroup.com

Donna M. Azarian
Licensed Real Estate Broker
Licensed Insurance Producer
Extension 29
dazarian@azariangroup.com

Janet Critelli, Executive Assistant/Bookkeeper
Extension 25

JoAnn Hossack, Receptionist/Secretary
Extension 24

Martin G. Azarian (Ret.)

Joel K. Weinberg, Controller
Extension 18
jweinberg@azariangroup.com

Aaron B. Rothstein, Associate
Licensed Salesperson
Extension 22
arothstein@azariangroup.com

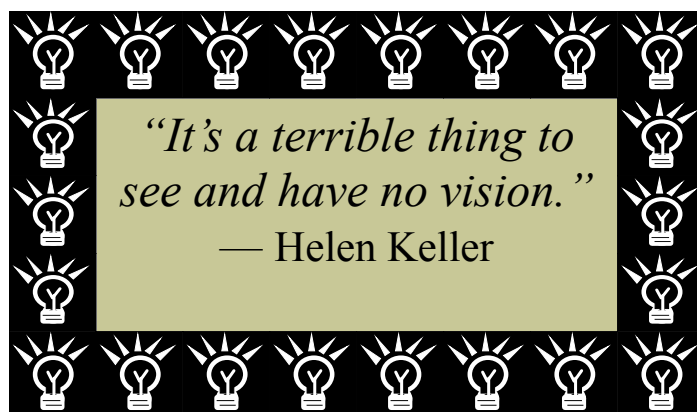
Bob Van Handle, Facilities/
Maintenance Manager

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



DISCLAIMER

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.



In Memory Of
John M. Azarian, Sr.
(1928-1976)

COMPANY OF THE MONTH

John M. Azarian, CSM, The Azarian Group

Dare to be different: Acquisitions and renovations

The Azarian Group, L.L.C. is a privately-held, full service property management / development organization engaged in the acquisition, development, management, leasing, insuring, construction and financial management of retail, commercial and investment properties for its own properties as well as third parties.

The Azarian Group purchased its first investment property in 1970. Since then we have experienced controlled and steady growth. We currently own and manage over 750,000 s/f of space in 15 properties throughout NJ and NY, with more than 250 tenants.

The Azarian Group takes a long term approach to ownership and management by seeking to effect and deliver extraordinary value by creating lasting relationships with our tenants, communities, lenders, partners and investors.

During the last nine months we acquired three major shopping centers in Northern NJ and Rockland Cty., NY.

We are also working on the acquisition of a major NJ highway strip shopping center of more than 100,000 s/f GLA.

But The Azarian Group is not all about acquisitions. As buy and hold investors, we also look to add value to our long term holdings by giving those properties the same attention as our newest acquisitions. We periodically review and evaluate all holdings for tenant mix, re-leasing needs, repositioning in the market place, anchor strength, and the need for upgrading and renovation. Even though many of our properties are the sole or dominant player in their market, we feel it is important to not become complacent and to invest in strengthening and "bringing back to life" those properties which may be tired and worn out.

A perfect case in point: our Drug Fair Shopping Center located at 397 Rte. 46 West in Fairfield, NJ. This busy highway strip center (40,000 s/f GLA) fronts on Route 46 with rear and highway jughandle access and has a 120,000 vehicle car count. The property has historically been 100% rented.

The Azarian Group purchased this property in 1979. Since then we have performed two major renovations (we just



John M. Azarian

completed the second). Both renovations were innovative and different from other shopping centers in the area (see pictures). The latest included eight foot internally illuminated dormer style panels with full size color bird pictures (all birds are indigenous to the area), along with an accent of brick columns on the front of the building.

Another case in point: our Rochelle Park Shopping Center located at 444 Rochelle Avenue in Rochelle Park, NJ. This busy strip center is located at a very busy signalized intersection by the service access to the Garden State Plaza in Paramus, NJ. The property has also historically been 100% rented.

The Rochelle Park Shopping Center was The Azarian Group's first shopping center acquisition, over 36 years ago. Since then we have renovated the property twice, with the most recent renovation completed in 2005.

While this renovation included a red standing seam roof with color matched columns and brick paver sidewalk, the distinguishing factor is the six foot bird design in the center of the building.

As 2008 beckons we are preparing for three major renovations in our largest properties: the Allendale Shopping Plaza (90,000 s/f GLA), Raritan Center (75,000 s/f GLA) and Hyde



Drug Fair Shopping Center



Rochelle Park Shopping Center



Azarian office building

Park Mall (130,000 s/f GLA). Our designs for these properties, in keeping with typical Azarian Group themes, are innovative and different. We are also working on the acquisition of a major highway strip shopping center of more than 100,000 s/f GLA.

We are very proud of our reputation and performance over the past 37 years and we optimistically anticipate the future of The Azarian Group, L.L.C.

John M. Azarian is the owner of Azarian Management & Development Company (renamed The Azarian Group, L.L.C.), a shopping center management and development company

which owns/manages/develops 15 shopping centers, 13 in Northern NJ and two in NY, plus two office buildings, one medical building and two apartment complexes. Azarian Management's properties total approximately 750,000 s/f in size and include 250 tenants.

Mr. Azarian is also the owner of Azarian Realty Co., a commercial real estate brokerage firm, which specializes in the leasing and property management of commercial properties. He is a licensed real estate broker in the states of NJ and NY.

He graduated from Fairleigh Dickinson University with a Bachelor of Science degree in

Business Management.

Mr. Azarian has been an active member of the International Council of Shopping Centers (ICSC) since 1981. As such, he has attended numerous conferences, seminars, conventions, institutes and other professional forums on shopping center matters. He has also attended and graduated from ICSC sponsored educational seminars and programs including the University of Shopping Centers and Management Institute I and Management Institute II. Mr. Azarian was awarded the prestigious Certified Shopping Center Manager (CSM) designation from ICSC in 1991. ■

CURRENT AVAILABILITIES – NJ & NY

As seen in *The Dealmakers* | Dec. 7, 2007

Hyde Park Mall Route 9 Hyde Park, NY



3,000-33,000
SQ. FT.
AVAILABLE

- Only area shopping center
- **Brand New Super Stop and Shop & Stop and Shop Gas coming soon**
- 54,000 people in trade area; average annual HH income is \$72,000
- Next to the Historic FDR Home and Museum
- Near Vassar, Marist, Dutchess Community Colleges, Culinary Institute and Vassar Hospital
- Entire shopping center to be renovated
- Located at signalized intersection with large pylon sign
- 15 acres; 130,000 s.f. GLA shopping center; 670 parking spaces

Raritan Center 426 Raritan Street Sayreville, NJ



2,000-3,800
SQ. FT. AND PAD
W/DRIVE-THRU
AVAILABLE

- **Only area shopping center**
- Easy on/off Exit 124 Garden State Parkway
- 85,000 people in 3 miles; average annual HH income \$71,000
- The Learning Experience to open soon in new 10,000 sf building
- High density housing, apartments, townhomes, new home developments
- Near Routes 35 & 9
- **Entire shopping center to be renovated**
- Located at signalized intersection
- 14 acres; 70,000 s.f. GLA shopping center; 385 parking spaces

Lenox Plaza Shopping Center 1750 Route 46 West West Paterson, NJ



4,000
SQ. FT.
AVAILABLE

- Busy ROUTE 46 high-way location w/ rear access to Route 46 jughandle and McBride Avenue
- **Daily vehicle count of 120,000 plus**
- Shadow anchored by new A&P Shopping Center
- Large Pylon Signs on Route 46 and McBride Avenue
- Exclusively occupied by National and Franchise tenants
- 115,000 people within 3 miles earning an average annual HH income of \$82,000
- Existing Stores include: Golfsmith, Sleepy's, Party City, Pizza Hut, Marty's Shoes, TD BankNorth, Blimpie, Chicken Delight and more

Town Plaza II Shopping Center 500 Route 303 Orangeburg, NY



900-4,313
SQ. FT.
AVAILABLE

- Busy location at traffic light intersection
- 130,000 people within 5 miles
- 2 large colleges nearby with LARGE resident dorm population of students
- **Annual average household income of \$85,000**
- Numerous single family homes, families, kids and apartments
- Existing shopping center stores include: Marty's Bagels, Mr. Charles Hair Salon, Tiffany Cleaners, A&A Deli, L'Artiste Restaurant, Calabria Pizza, Nail Plaza, Wok King, Mountain View Liquors and more

Allendale Shopping Plaza W. Allendale Avenue Allendale, NJ



1,500-5,000
SQ. FT.
AVAILABLE

- **Only area shopping center**
- Newly renovated and expanded A&P Fresh Store
- 67,000 people within 3 miles; average annual HH income of \$153,000
- Numerous anchor and national tenants including: A&P Fresh Supermarket, Learning Express, My Gym, Commerce Bank, McDonald's, Dairy Queen and 11 more
- Entire shopping center to be renovated and expanded
- 5 acres; 90,000 s.f. GLA Shopping Center; 360 Parking Spaces
- No competition, no potential for further development in the area

Fieldstone Park Shopping Center 130 Skyline Drive Ringwood, NJ



850 + 1,420
SQ. FT.
AVAILABLE

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

Fair Lawn Medical/ Professional Building 19-21 Fair Lawn Avenue Fair Lawn, NJ



1,500-5,000
SQ. FT.
AVAILABLE

- 2-story entrance lobby
- Underground private parking garage for tenants and staff
- Convenient location near Rt.208
- Full ADA access, luxury elevator building
- Large outside pylon sign, interior signage
- Entrance/exit signs with building number
- Well known, highly visible and accessible location
- **EXCLUSIVELY Medical/Dental/Professional Offices**
- Black granite building exterior and signs

Milton Shopping Center Oak Ridge Road Jefferson Township, NJ



2,500
SQ. FT.
AVAILABLE

- Busy location at traffic light intersection
- 30,000 people within trade area
- **Annual average household income of \$85,000**
- Numerous single family homes, families and kids
- Existing shopping center stores include: A&P (storage), United States Post Office, Century 21 Real Estate, Pizza, Chinese, Hair Salon, Bagels and more
- Act now before it's too late!

Shopping Centers Throughout New Jersey & New York:

Rochelle Park Shopping Center, Rochelle Park, NJ
Mountain Plaza, Rockaway, NJ
Fieldstone Park Shopping Center, Ringwood, NJ | **850-1,420 s.f. available**
Hyde Park Mall, Hyde Park, NY | **3,000-33,000 s.f. available**
Drug Fair Shopping Center, Fairfield, NJ
Milton Shopping Center, Oak Ridge, NJ | **2,500 s.f. available**
Pine Brook Plaza, Pine Brook, NJ
Allendale Shopping Plaza, Allendale, NJ | **1,500-5,000 s.f. available**
Raritan Center, Sayreville, NJ | **2,000-3,800 s.f. available**
Montvale Shopping Center, Montvale, NJ
Town Plaza II, Orangeburg, NY | **900-4,313 s.f. available**
Plaza K Shopping Center, Woodbridge, NJ
Lenox Plaza, West Paterson, NJ | **4,000 s.f. available**



VIEW OUR WEBSITE FOR ADDITIONAL INFORMATION

THE AZARIAN BUILDING
6 PROSPECT STREET, SUITE 1B
MIDLAND PARK, NJ 07432

201 444-7111

Fax: 201 444-6655
Email: info@azariangroup.com
www.azariangroup.com