
Raia Properties – *An American Success Story*

The year was 1930, the height of the Great Depression. Unable to find work and with a growing family to support, Joseph Raia, Sr. was forced to strike out on his own. With the few dollars he had saved, he purchased an eight-year-old Model T Ford truck and began hauling sand and gravel from his hometown of Garfield, New Jersey.

It was a modest start for a family business that within a few decades would blossom into the leading concrete producing firm in northern New Jersey with over 500 employees – and ultimately into the real estate firm that today owns and manages a 2 million sq.-ft. portfolio of investment properties located throughout the north east and southern United States.

The Raia brothers grow with the business

“Growing up, we lived right next to the original plant in Garfield, so we learned the concrete business from the ground up. We washed and repaired the trucks, and worked with Dad nights, weekends, and during our summer vacations. We lived and breathed the business, which made it easier for us when we joined the company later on.”

The speaker is Joseph Raia, Jr., the eldest of the three Raia

brothers, all of whom are Principals in the company today.

“Dad taught us the value of hard work and perseverance. Mom, a college graduate and teacher, directed our education. I went to college for business management, while Lawrence obtained a B.S. degree in civil



engineering and an MBA, and Samuel has a B.S. degree in public accounting and an MBA” he continues.

“So when we went to work at Raia Industries full time, I was ready to manage the trucks, plants, and labor force; Lawrence managed sales, customer service, and quality control; and Samuel headed the office with particular focus on finance and accounting.”

In the right place, at the right time

By the late 1960s, when all three brothers joined the company, there were a lot of changes going on in the local concrete industry. A number of large concrete producers in northern New Jersey were getting out of the

business, and the Raias were ready to expand.

“My Dad was running seven trucks, and we were delivering concrete from our own plant on the original Garfield location.” Lawrence Raia relates.

“In 1969, we purchased an existing automated concrete plant in Bogota, New Jersey, and that truly began our materials business expansion. We now had a plentiful source of raw material available at a cheaper price, by virtue of our ability to bring raw materials in by barge, and we had a modern, efficient plant.”

With the new concrete operation in place, Raia Industries was well positioned to take advantage of the unprecedented building boom going on in northern New Jersey. They secured contracts to supply concrete, stone, and asphalt for bridgework, roadwork, office buildings, hi-rise apartments and commercial buildings ... they even barged concrete trucks out to do development work on Ellis Island and the Statue of Liberty.

“Our plants were the first in the area to produce central-mixed concrete as opposed to concrete mixed in the truck itself,” says Samuel Raia. “We continually traveled the country visiting other operations as well

as keeping abreast of developments overseas in order to remain on the cutting edge of innovations like superplasticizers and other additives that create extremely high-strength design mixes. And with our educational backgrounds in modern management, accounting, and information technology principles, we had a much more efficient operation than most competitors.”

The customer always comes first

“In all our dealings with our customers, honesty, integrity,

service. Our reputation in the marketplace is paramount.”

“For example, a lot of companies wouldn’t deliver concrete on Saturdays because of the extra labor costs,” Joseph says. “We always worked Saturdays in order to supply homeowners and masons doing side jobs. We’d deliver as little as one yard of concrete for a small sidewalk or fifty yards for a new house foundation.”

In 1975, another major supplier in the area was looking for a buyer, and the Raias stepped in and purchased their second concrete plant. This process contin-

Continental Airlines Arena, sections of Giant Stadium, and the Hartz Mountain complex in Secaucus which encompassed more than 29 million square feet of floor space.

“At our peak, we operated 150 concrete mixers, 70 dump trucks, had more than 500 employees, and produced and delivered more than 750,000 cubic yards of concrete, 500,000 tons of sand and gravel, one million tons of stone and 200,000 tons of asphalt in a year,” Lawrence says. “For the foundation of the 22-story International Crossroads development in Mahwah, we had 100 trucks on the project that were able to deliver 8,000 yards of concrete in 13 hours so it could be done in one record setting monolithic pour.”

Another reason that Raia Industries continued to get the large concrete contracts was their strict quality control standards. Lawrence explains, “In a high-rise building, soon after you pour the foundation, you’re pouring a complete floor every other day. When the inspectors test the strength of the concrete 28 days after it’s poured, you’d better be right because there’s no going back. “Our reputation and focus on strict quality control standards made developers comfortable and ensured that we didn’t have quality issues.”

Consolidation in the concrete business

“By the 1980s, there was great momentum in our concrete business,” Samuel notes. “To main-



“In all our dealings with our customers, honesty, integrity, fairness and the clients’ needs come first.”

- Joseph S. Raia

fairness, and the clients’ needs come first. These were family values that we learned at an early age that have become the cornerstone of our business today,” Joseph adds. “We have always stressed the importance of teamwork and exceptional

ued and over the next decade the Raias acquired or built 14 more facilities. This enabled them to win some of the largest jobs at the time, which included roadwork on Route 80 and Route 287, the Newport Center Complex in Jersey City, the



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tain the volume for the plants, the equipment, and the number of employees, we needed an ever increasing level of business. We were working 12 hour days, 6 days a week, we truly hit our stride.”

Then Blue Circle Atlantic Corporation in 1987, one of the world’s leading manufacturers of building materials was looking to establish a presence in the New York and New Jersey marketplace and made us a compelling buyout offer. “We stayed on for a few years as consultants, then refocused our energies on developing and investing in commercial properties.”

Formation of a real estate portfolio

Like everything the Raia family does, the move into commercial real estate was not done haphazardly. They studied the business

first, tested the waters, and then made their move.

“We started by filling in our excess land with industrial buildings and warehouses,” Samuel explains. “We then built industrial buildings with a second floor of office space so we could learn the needs of office tenants. When we understood that, we started considering office building investments.”

And move they did throughout New Jersey, building or acquiring more than 500,000 square feet of industrial and commercial office space located in Hackensack, Montville, Teaneck, Ramsey, and Central Valley, New York.

“We’re not afraid to take calculated risks,” Samuel says,” but our intention has always been to build a portfolio that’s fundamentally sound. We have a diverse portfolio right now that

includes office buildings, industrial buildings, self-storage facilities, and residential apartment communities. Diversity and balance gives stability to our cash flows and ensures the long-range success of our company.”

“In the beginning we would basically find a location and construct a building,” he continues. “Today, we’re interested in an institutional-quality portfolio. We invest in and develop high-quality buildings in prime locations.”

“We are a family business, and as such, we are focused on long-term, sustainable performance that will benefit the family and our employees over time,” Samuel stresses.

The move into self-storage

With years of experience owning, developing, and managing commercial real estate now under their belts, the Raias were searching for new real estate opportunities. The self-storage industry emerged as a promising area of growth.

Before they made an investment, they traveled from coast to coast learning what others were doing in the self-storage industry. They found that the “first generation” of self-storage facilities had been constructed like small warehouses, commonly in remote industrial parks.

“Our research showed us that women often make the decisions regarding which self-storage facility the family is going to use and that they don’t want to go into an industrial park at night to access their belong-



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- Samuel S. Raia

ings,” Lawrence explains.

“That’s why we began to build our Raia Self Storage centers in suburban residential areas, and why we designed each storage center to have plenty of lighting in the parking areas and hallways, windows at the ends of each hall, polished floors, and call boxes in case there are any concerns. We wanted to emulate the welcoming environment typically associated with the retail industry.”

Their careful analysis of the self-storage industry began with the 140,000 sq.-ft. Mahwah Self Storage facility and a 110,000 sq.-ft. building in Central Valley, New York. “The New York site was selected on the basis of its dual demographic,” Samuel notes. “The local residents’ storage demand was severely under supplied, and the hundreds of retail outlets in nearby Woodbury Commons were clamoring for space to store

their excess inventory.”

Today, Raia Self Storage can proudly count five modern self-storage facilities in their portfolio managed under the Raia Self Storage banner. The New Jersey properties are located in Mahwah, Montville, and Hackettstown, with two additional New York locations in Central Valley and Poughkeepsie.

“All of our self-storage facilities are state of the art,” Lawrence maintains, and offer climate and humidity-controlled units, automatic sprinkler systems with smoke and heat detectors, commercial-sized elevators, oversized hallways, and covered loading areas.

“Security is a prime concern, so we installed digital video cameras that record activity 24 hours a day, electronic gates and doors, and individual door alarms controlled by our customers’ personal codes.”

“Our facilities are what the industry calls third generation self-storage centers. Therefore we offer conference rooms, computer hookups, Internet access, fax machines ... everything we can do to support business owners,” he continues.

Three more self-storage facilities are currently on the Raia Self Storage drawing board. And speaking of state of the art ... “The roof of our next self-storage building will have solar panels that will supply all the electricity for that building and return excess power back to the grid, generating revenue,” Lawrence proudly adds.

Residential real estate adds a new level of diversification

“I always suspected that I would end up in the family business,” says Samuel A. Raia, Director of Asset Management, representing the third generation of Raia’s in the family business.

“By the very nature of the concrete business, as kids we were always around real estate ... pouring concrete at office and commercial buildings. I knew that was where I wanted to be.”

After graduation from Boston College with degrees in Accounting and Theology, Samuel Jr. took a position with PricewaterhouseCoopers in their real estate division, working with clients like J P Morgan Strategic Property Funds and Prudential Real Estate Investors.

When Prudential had an opening in fund management Samuel Jr. saw this as an oppor-



“We continually look for opportunities to harvest gains and redeploy equity.” - **Samuel A. Raia**

tunity to make the move from accounting to asset management. Within five years, he was Director of Asset Management running a \$230 million commercial real estate portfolio.

“The experience exposed me to an incredible volume of complicated real estate transactions throughout the U.S. and many of the key players in those markets,” Samuel Jr. recalls. Prudential Real Estate Investors created a terrific learning experience by coupling day-to-day practical work experience with sponsorship of my Masters Degree in the Real Estate Development Rehabilitation & Renovation from NYU.

“Samuel Jr.’s substantial asset management experience and education made his joining the company as Director of Asset Management a mutually beneficial opportunity that neither party wanted to pass up,” remarks Lawrence.

What Samuel Jr. saw while reviewing the portfolio and demographic trends was an opportunity to divest the company of some of their office and industrial properties and move the company in a new direction – residential real estate investments in the Southeast and Mid-South.

For example, in October 2005, the Raias sold a medical office building on Prospect Avenue in Hackensack. The proceeds were used to acquire a 260-unit, class – A residential apartment community in Little Rock, Arkansas in January 2006. This was in addition to a 219-unit property in Wilmington, North Carolina they already owned and was followed quickly by the purchase of a 198-unit community in Charleston, South Carolina.

“We continually look for opportunities to harvest gains and redeploy equity,” Samuel Jr.

explains.

Again, we are a family firm focused in long term sustainable performance,” meaning that we constantly scrutinize the portfolio’s properties, performance, and strategies for holding, selling, acquiring, and refinancing assets.

Self Storage continues to be a driver of growth

“This is an exciting place to be” states Lawrence C. Raia who recently joined company as the Director of the Self Storage business. “Raia Self Storage combines extremely well designed and built storage buildings with great people and efficient operations to ultimately offer a much better product and experience to our customers. This is the solid foundation to which we plan to add three additional storage locations to over the next twenty four to thirty six months.”

“Lawrence brings a very complementary skill set to the Raia Properties management team. He is a civil engineer from Lehigh University with an MBA from Carnegie Mellon University. This education combined with extensive sales, service, marketing, and operations experience on a global scale made him well suited to address the challenges and opportunities we are facing in our self storage business.” notes Samuel Sr. “Having him join has allowed his father, Lawrence Sr., to focus on locating new sites and getting those new sites approved and developed.”



- Larry C. Raia

The future of Raia Properties Corporation

“We’re pleased with our current direction,” Samuel Jr. says. “There continues to be a lot of value in self-storage, and we need to maximize our opportunities while good sites are still available in the Tri-State metro area. There are synergies and cost savings in managing more properties than we have now.”

“Our initial goal with the residential portfolio was to reach 1,000 units, and I think we’ll exceed that number in the next 12 – 18 months,” Samuel Sr. adds.” “Our goal is to build 1 million square feet of self storage which is certainly achievable in the very near future. We’ll also consider adding institutional quality buildings to our portfolio – high-quality build-

ings in prime locations. We continually strive to be a better, stronger, more competitive company.”

From its origin in 1930 with one “used” Ford Model T hauling sand and gravel, it was clear that having a strong work ethic would be critical to the long term success of the business. In addition, the Raia brothers emphasized education and professional excellence as they built each facet of the company.

Today, the management team of Raia Properties Corporation possesses significant experience in asset management, property design and construction, operations management, and strategic planning. Combining this sophisticated management capability with their strong family heritage allows Raia Properties Corporation to set the bar high for what is sure to be a bright future.

