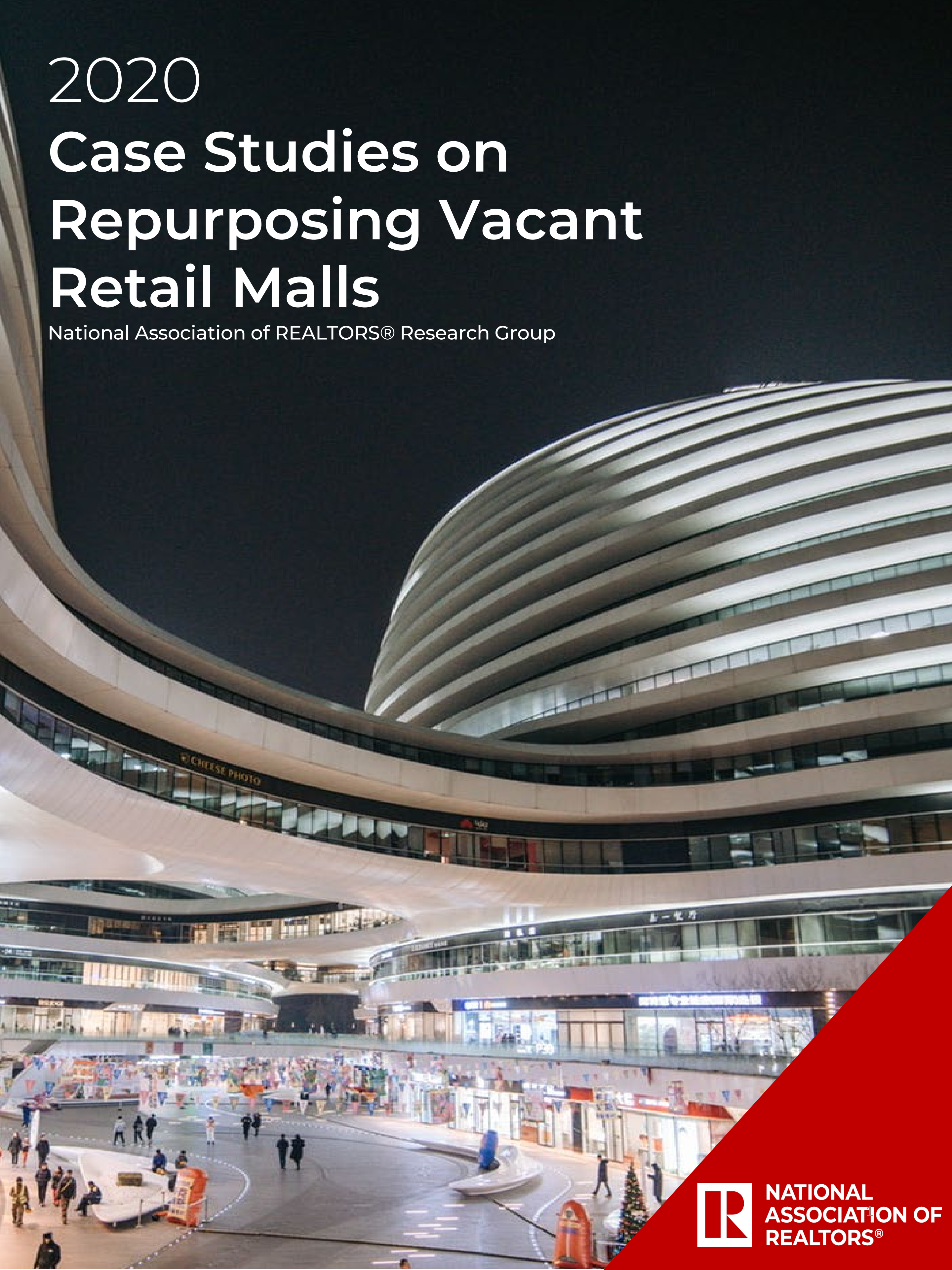

2020

Case Studies on Repurposing Vacant Retail Malls

National Association of REALTORS® Research Group

NATIONAL ASSOCIATION OF REALTORS®

CASE STUDIES ON REPURPOSING VACANT RETAIL MALLS
May 2020

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Research Background

In past years, many brick-and-mortar retail stores have closed due to intense competition from the phenomenal increase in e-commerce sales. Even before the coronavirus pandemic dealt a heavy blow to the US economy, brick and mortar retail stores were already suffering from the inroads of e-commerce. In 2019, e-commerce retail sales totaled $599.5 billion, or 11% of total retail sales of $5.5 trillion, a 22-fold increase since 2001 when e-commerce sales totaled only $27.5 billion, less than 1% of retail sales, according to the U.S. Census Bureau. However, it was not until 2017 that the wave of store closings started. Non-farm retail trade employment (seasonally adjusted) peaked to nearly 15.9 million in January 2017, but employment has fallen to 15.6 million as of March 2020, a loss of nearly 300,000 jobs during this period. The largest job losses were in clothing and clothing accessories stores (-121,800), sporting goods, hobby, book, music stores (-68,200), and department stores (-120,000), according to the Bureau of Labor Statistics. According to Coresight Research[1], an analytics company that tracks retail store closings and openings, 9,350 stores were closed in 2019, and another 2,021 have been shuttered as of April 24, 2020. The store closures include familiar household names such as Payless Shoe Source, Gymboree, Dressbarn, Charlotte Russe, Family Dollar, Gap, Sears, Walgreens, Forever 21, Kmart, Foot Locker, Bed, Bath & Beyond, Lowe's, J Crew, Kohl's, Lord & Taylor, Nordstrom, and even Walmart.

Up until the coronavirus pandemic escalated in March 2020, the retail trade industry had appeared to be on the rebound, with 2,963 new stores opened as of April 24, 2020, more than the 2,021 store closings. This recovery is now being challenged anew as some social distancing measures will likely remain in place even after sheltering and staying in place measures are lifted.

Vacant malls contribute to urban decay, declining property values, and lower tax revenues. Because of these adverse effects, it is important that vacant retail stores are repurposed for other uses.

Towards this end, the National Association of Realtors® Research Group prepared case studies that showcase how vacant retail malls are being repurposed and the sources of financing for these projects. The NAR Research Group undertook this project in support of the research agenda of the 2020 National Association of Realtors® Commercial Real Estate Research Advisory Board under Chair Soozi Jones Walker, CCIM, SIOR and Vice-Chair Dawn Aspaas.

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1 Coresight Research, https://coresight.com/retail-store-tracker/#sector-coverage

Research Background

The Research Group gathered information for these case studies using two approaches: 1) conducting a survey among its commercial members; and 2) conducting secondary research of examples of retail malls that have been repurposed successfully.

The NAR Research Group sent out the survey to 65,000 commercial members during Mach 12-23, 2020, of which 2,684 responded to the survey. The survey asked respondents to provide at most five examples of transactions they conducted or were aware of, which resulted in 90 distinct transactions. Respondents provided information about the acquisition cost (per square foot), sources of financing, cap rates, length of time the mall was vacant before acquisition, and rezoning permit requirements. The provision of information was voluntary.

The secondary research features six case studies where there is extensive project and financial information. Project information was acquired from official various state and local government websites, official developer and architect websites, and local media outlets. The financial information was gathered from official various state and local government websites, official developer websites and SEC filings. To note, the Metro North Mall was one case study that survey participants identified for which project information is available.

Case Study 1. Worcester Center Galleria, Worcester, Massachusetts
Case Study 2. Cloverleaf Mall, Richmond, Virginia
Case Study 3. Nanuet Mall, Nanuet, New York
Case Study 4. Westside Pavilion, West Los Angeles, California
Case Study 5. Euclid Square Mall, Euclid, Ohio
Case Study 6. Metro North Mall, Kansas City, Missouri

The NAR Research acknowledges the valuable support and suggestions of the following industry experts in reviewing the survey and connecting us to industry experts: Dr. Calvin Schnure, Senior Vice President, Nareit; Jane Dollinger, Senior Director of Media Relations, Nareit; and Christopher S. Gerlach, Director of Research, International Council of Shopping Centers.

Most importantly, we thank all the Realtors® who responded to the survey, providing their valuable information and time. We hope this research provides you with insights to facilitate transactions that will repurpose these vacant malls into their best uses.

Survey Findings

New Uses of the Vacant Malls

The survey asked respondents: "If you can, please provide the following information about a vacant retail mall sale or acquisition transaction in your market." The survey asked respondents to provide information on five malls. For each mall, the respondents were asked to provide 1) name of the mall; 2) location of the vacant mall. 3) subsequent use of the vacant property; 4) sources of equity financing; 5) sources of debt financing; 6) acquisition cost per square foot; 7) percent discount or premium of the price compared to the prior sales price; 8) going-in cap rate; 9) number of months the property was vacant before acquisition; and 10) size of the property in acres; and 11) if rezoning was required or not.

Among the 94 distinct vacant malls that respondents identified the use of the vacant mall, 31% reported that the vacant mall was turned into a retail store, or a popup, or had new tenant anchors. The next major uses were as a mixed use space (16%), warehouse (9%), and multi-family/residential building (7%). Respondents also reported that vacant malls were repurposed as delivery/distribution centers (5%), health care/hospitals (4%), and community colleges (4%). Other uses were as churches, offices, sports/fitness centers, call center, data center, self-storage spaces, flex spaces, or even as a cricket stadium or a police precinct.

Subsequent use of vacant malls identified by respondents	Number of respondents	Percent distribution
Another retail store, popup, building/new tenant anchors	29	31%
Mixed use (residential, office, retail)	15	16%
Warehouse	8	9%
Multifamily/Residential	7	7%
Delivery/distribution/fulfillment station	5	5%
Community college or university campus or office	4	4%
Health care/hospital/medical	4	4%
Church	3	3%
Office	3	3%
Sports plex/fitness center	3	3%
Entertainment center	2	2%
Call center	1	1%
Canabis business	1	1%
Cricket stadium	1	1%
Data center	1	1%
Flex	1	1%
Manufacturing	1	1%
Movie theater	1	1%
Non-profit	1	1%
Police precint	1	1%
Restaurants	1	1%
Self-storage	1	1%
	94	100%

Acquisition Cost, Months Vacant, Zoning

On average, vacant malls sold at a discount of 43%, among the 60 respondents who reported a price discount or premium. There was one case where the vacant property was sold at a 20% premium, while some vacant malls are practically free, sold at 90% discount of the prior sale price. The average price per square foot was $80, among the 69 respondents who reported an acquisition cost. One vacant mall was sold at $417 psf while another vacant mall was sold for as low as $1 psf.

On average, the going-in cap rate among 52 respondents was 7%. The highest cap rate reported was 10% while the lowest cap rate reported was 3%.

On average, the mall was vacant for nearly four years prior to its sale/acquisition. But one mall was vacant for 20 years while another mall was acquired only after six months of vacancy.

A majority of respondents, 63%, reported that no re-zoning was required. Only 20% reported rezoning was required.

Discount or premium from prior sale price	
Average	-43%
Maximum	20%
Minimum	-90%
Number of responses	*60*

Acquisition cost per square foot	
Average	$80
Maximum	$417
Minimum	$1
Number of responses	*69*

Going-in cap rate	
Average	7%
Maximum	10%
Minimum	3%
Number of responses	*52*

Was rezoning required?	
Yes	20%
No	63%
Don’t know/not sure/city has not decided/can't say	16%
City has no zoning	1%
Number of responses	*89*

Months property was vacant	
Average	47
Maximum	240
Minimum	6
Number of responses	*93*

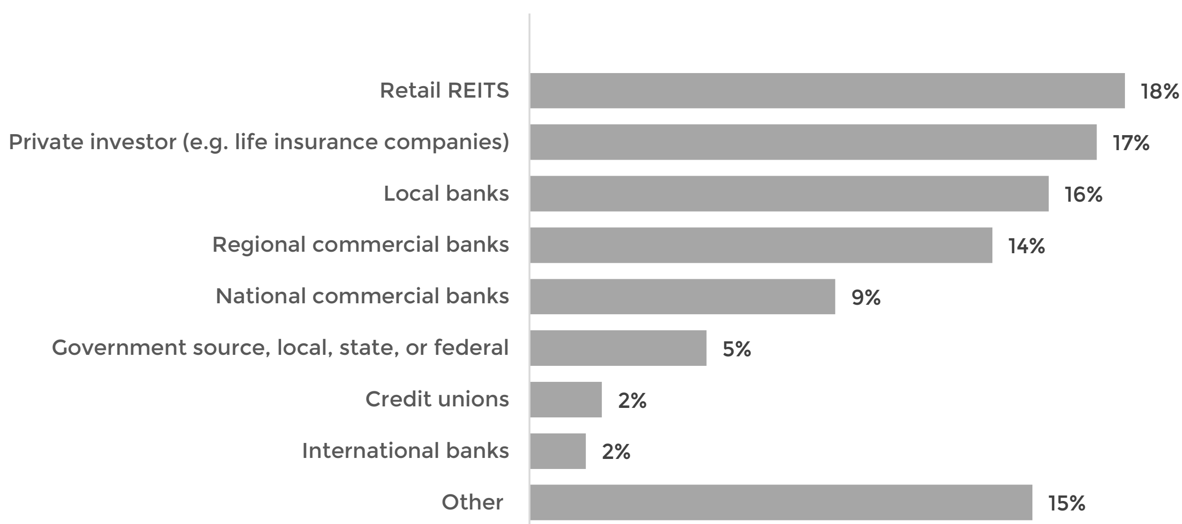
Sources of Financing

All respondents were asked: “In the past five years, where you engaged, or know someone in your market, in the sale or acquisition of a closed or vacant retail mall?” Of 2,638 respondents, 21% (550) reported Yes, 78% (2,088) reported No, and 2% (46) did not answer the question.

Those who responded Yes were asked to check off from the list of sources of financing for the acquisition or lease of the closed property that is being repurposed. They were also given the option “Other” and so they can provide sources of financing other than those listed.

The major sources of financing that respondents identified were retail REITS (18%), private investors such as life insurance companies (17%), local banks (16%) and regional commercial banks (14%). National commercial banks (9%), government sources (5%), credit unions (2%) and international banks (2%) each accounted for less than 10% of the responses. “Other” accounted for 15%. “Other” includes 1031 exchange, cash, owner financing, Opportunity Zone funds, mezzanine financing, and private investors such as a community college, local philanthropists, and individuals.

What was the source of financing for the acquisition or lease of the closed property that is being repurposed? Check all that apply.



Cases Identified by Respondents

Name of the mall	Location	Subsequent use	Sources of equity financing	Sources of debt financing
100 Oaks Mall	Nashville, TN	Mixed use, now 1/2 original retail space is Vanderbilt Medical Center	individual owner	Unknown
Airport warehouse	2601 NW 25 St	Warehouse	Private money 1031 exchannge	
Amigoland	Breonsville Texas	College campus	None	None
Apple tree Mall	Londonderry, NH	Retail	Owner	Local bank
Asbury plaza shopping center	Dubuque, Iowa	Retail	Same owner as Kennedy mall.	
Avenues Mall	Jacksonville, FL	unknown	REIT, international banks	
Barstow Outlet	Barstow, CA	Still 90% vacant.	REIT	Unknown
Block of several	Block of several	Apartments and entertainment centers.	Private	
Boulevard Mall	Maryland Parkway, Las Vegas, NV	Large anchor stores leased to call centers, Goodwill for regional center. 17 acres sold off to developer to building new smaller in-line center 6 months ago	Private investors /crowd funding	It was an REO ; the lender continued financing
Breckenridge Center	Louisvllle, KY	HealthCare	Individual Owner	unknown
Can't disclose	Columbus	Family Entertainment	owner, equity investors	conventional banks
Century Plaza	Birmingham	Mini Warehouse	Individual owner	Unknown
Chapel Hills Mall	Colorado springs, CO	Retail		
Chesterfield Mall	Chesterfield, Missouri			
Christ Medical Center	Crystal River FL	Medical	Local bank	Brannen Bank and Trust
Citadel Mall	Charleston, SC	retail, medical office, activities centers, planned competitive athletics center		
Collin Creek Mall	Plano, TX	pedestrian-friendly mixed-use project	Trez Capital	Midland Loan Services/PNC Bank
Concord Mall	Elkhart,IN	An office space		
Confidential	Nashville msa	Office, institutional, public	Public funds and private investors	
Confidential non disclosures.	Confidential non disclosures.	Confidential non disclosures.	Confidential non disclosures.	Confidential non disclosures.
Cortana	Baton Rouge, LA	Distribution Center in planning stage	REIT	
Cortez Plaza	Bradenton, FL	Offices, retail	Local Bank/SBA	
Crestwood Mall	Crestwood, MO 63126	Still in process	Unknown	Unknown
Crossroads	Portage michigan	Retail	Owner	None needed
Crossroads Mall	72nd & Dodge, Omaha, NE	Mixed Use	unknown	unknown
District 40 (Formerly Frederick Towne Mall)	Frederick, MD	Entertainment Center	Family Office	Local Bank
Don't remember	New Jersey	Retail store	Private investors	Private funding
East Towne	Knoxville, TN	Fulfillment	Private Equity	Private Equity
Eastridge Mall	Casper, WY	Another retail store	REIT	N/A
Echelon Mall	Evesham Twp.			
Family Video	Beaver Dam, KY	Retail	Individual	Local Bank
Former Big Box Center (National Retailer)	Tuscaloosa, AL	Converted to 3-bay Retail Building with National Tenants & three outparcels	Owner	BancorpSouth Bank
Galleria	Rock Hill, SC	Mixed use, primarily retail	Private ownership	None
Granite Run Mall	Media, Pennsylvania	Residential and reconfigured retail stores on pad sites	Unknown	Unknown
Gwinnett Place Mall	Gwinnett County GA	Cricket stadium	Individual	None
Heritage Plaza	Telluride CO	Pop up retail	Individual	None
Hickory Hollow Mall	Antioch Tennessee	Police Precint, community college, ethnic stores, ice rink	REIT, individual owners, municipal, variety of lenders	
Highland Mall	Austin, TX	Austin Community College	REIT, government financing	
Holiday Village Mall	Havre, MT 59501	has a bar, restaurant, retail store but mostly vacant	investor only had to finance a portion of auction sale	Unknown

Cases Identified by Respondents

Name of the mall	Location	Subsequent use	Sources of equity financing	Sources of debt financing
Horton Plaza	San Diego, CA	Residential		
Independence	Wilmington, NC	Reconfigured retail	Unknown	Unknown
Indian Mound Plaza	Center Ossipee NH	not determined yet		
Indian River Mall	Vero Beach FL	Still open for business with local business and large Church	Individual Owner	I don't know
Iverton	Prince George's County	Retail	Individual Investors	Individual Investors
JC Penney		Micro-restaurants or clothingr retail store		
King kullrm	Rt 59, Suffern, NY	did not go forward		
Knoxville Center Mall	Knoxville, TN	Still in planning for repurpose		
Lakewood Heights Legacy Mall	Atlanta, GA	retail & business services	individual owner	N/A
M.U.D.	DeKalb and Sycamore, IL	Warehouse, residential, retail		
Macon	Mercer University dr	Vacant	None	Robins Federal
Magnolia Town Center	9714 N. Kings Hwy, Myrtle Beach SC 29572	Semi vacant Defunct retailer/strip center	Private	
Main Street Downtown Mall	Santa Maria California	New Movie Theater, renovation of existing, face lift, etc.	Wall Street Investment Bank Purchaser	N/A
Mall adjacent to Camelot Theatre (don't remember the name)	Palm Springs CA	Retail mall		
Mall of the mainland	Texas City	gym, other retail, restaurants	unknown	unknown
Mallow Mall	Covington, VA 24426	Warehouse and retail		
McClain	Tulsa, OK	pending a sale currently	cash	none
Meadowwood Mall	Reno, NV	Fitness, activity center	REIT	National Bank
Metro north mall	Kansas City	Multi family		
Metrocenter Mall	Jackson, MS	Vacant	None	None
Muncie Mall	Muncie	Clothing and items	N/A	N/A
North Country Plaza	Central Square, NY	Retail, storage, office	Owner	Owner financing
North DeKalb Mall	Decatur, GA	Plans for mixed use of retail, hotel, residential & some office	Unknown	
North Lake Mall	DeKalb County , GA	Emory University moving into vacant Sears and other Dept store for office use	University Fund	None - all passed as too risky
Northgate Mall	Durham, NC	Nothing yet	Mixed	
Northlake Mall	Tucker, Ga	Administrative Offices for Healthcare Provider and Local County Administrative Offices		Unknown
Northtown	Dallas	Office/Data Center	Individual Owner	Do not know
Northwest Mall	NW Houston	Other	REIT and Government	
Northlake Mall	Tucker, GA	Mixed use for mostly office and some retail	Unknown	Unknown
One Bellevue Place	Nashville, TN	mixed use - residential, business, retail		
Ontario Freeway commercial	Ontario Ca	K-Mart to smaller Retail	Private Money	
Oxford Valley	Langhorne PA	residential	REIT	
Pittsburgh Mills	Frazier Twp, PA	retail mall	unknown	unknown
Power Square Mall	Mesa, AZ	Storage, multifamily, hospitality	Private, regional bank	
Oxford Valley Mall	Langhorne, PA	residential	TBD	TBD
Red Bird	Dallas Texas	Retail and random offices	REIT, Individual owner	
Richland Mall	Ontario, Ohio	Hospital	Unknown	Unknown
Ridgmar Mall	Ft Worth	none		
Redbird Mall	Dallas, Texas	hotel, medical, restaurant, office, mixed use	0	
River Ridge Mall	Lynchburg, VA	Retail stores, college class rooms	Believed to be Liberty University	
Rotterdam Square Mall	Rotterdam, NY	office	Master Tenant	Unknown
Shaws plaza & Merrimack Com	Merrimack, NH	Retail redevelopment	Individual	Regional bank
Shopco	Dubuque, iowa	Another retail	Both	
Shoppes at Cooper City	Cooper City, FL	retail stores	n/a	n/a
Silver City Galleria	Taunton, MA	To be determined		

Cases Identified by Respondents

Name of the mall	Location	Subsequent use	Sources of equity financing	Sources of debt financing
South City Center	Wichita, KS	Plasma and warehouse	REIT	Midland National Bank
Southgate Plaza	Lewiston, Idaho	Retail, Food, Coffee, Medical, Residential	Individual Owner	National Bank out of area
Southwyck Mall (sale pending)	Toledo, OH	Amazon "Delivery Station"		Toledo
Springfield Mall	Springfield, OH			
St Louis Mills	Hazelwood, MO	Multi-use Sports Plex	Individual owners	Local banks
St. Marys Square	St. Marys OH	Retail		The People's Bank
State Street Retail Center	Santa Barbara, CA	Several Department Store closings, Saks, Macys, etc	Institutional Investor	NA
St. Louis Mills Mall	Hazelwood (St. Louis County) MO	Mixed use entertainment, church, and sports, proposed	Private Financing	
Steeplegate Mall	Concord, NH	Retail store		
Stratford Square Mall	Bloomingdale, IL			
Strip mall/grocery store	Jefferson GA	Strip mall	Unknowm	Unknown
Swansea Mall	Swansea, MA	Residential, mini-storage, institutional (community college), limited retail (about 20% of original mall retail SF), solar farm, mega church	Individual owner consortium	Unknown
Tallahassee Mall now known as Centre of Tallahassee	Tallahassee, FL	Retail, dining, entertainment - AMC movie theater, amphitheater added, private school & gov't offices in former Dillard's space, condos planned but now abandoned after principle developer died,		
Three Rivers Mall	Kelso, WA	Retail, planned partial conversion to Residential Aparments	Cash Investors	
Titus Landing (previously Miracle City Mall)	Titusville, FL	demolition of 1969 mall rebuild 32 acre lifestyle retail center with a center area dedicated to community gathering/events	North Brevard Economic Development Zone	
Town Plaza Mall	Victoria, TX	University of Houston Victoria	University funds	Don't know for sure - probably borrowed from a regional bank
Town Square Mall		Owensboro, KY	Unknown	Unknown
University Mall	Little Rock, AR	Residents,restaurants		Local banks
University Mall	Pensacola,fla	BJ warehouse		National
Valley View	La Crosse, WI	consolidation of several small VA facilities	Gov't	
Valley View Mall	Dallas, TX	Mixed use development underway - Office, Retail, Multifamily, Health Club Facilities	Mixed Sources - banks, private equity and insurance companies	National Banks
Various		church	foundation, using members savings accounts	
Valley View	Dallas, TX	non profit, retail, movie theater	REIT	
Valley View Mall	North Dallas at LBJ FRWY & PREST	Main bldg - retail space - was Macy's to be redesigned & repurposed as Dallas' first legal poker gaming facility. & retail, condos, town homes, ent	All of the above (mix of financing)	Unknown
Various malls	Various locations	mixed uses	investors	banks
Vista Crossings	Vacaville, CA	New retail / Service business (e.g. Print Co. / Insurance broker)	Individual	Local Bank
Waccamaw Pottery Mall 3	Myrtle Beach, SC	Warehouse	Cash Individual Investor	None. Will have to Refi after construction and lease
Warehouse	Miami, FL	Warehouse	Cash buyer	
Westwood	North Hollywood, CA	residential	VA	government
Winn Dixie Shopping Center	Kenneth City	Retail store		
Woodbine	Toronto, Canada		Reit	
	Superior,WI	Manufacturing	Cash single entity	None
	Greensboro, GA	flex space/ retail or professional in front and warehouse in back	investor owner	none
	Eureka, CA	Cannabis business		
	New orleans, LA	Church	Local bank	First NBC Bank (now defunct)
	Oshkosh	churches	unknown	bank
	Lebanon, IN	Demised retail	cash	none
	Helena, Mt.	It has not been decided yet. They tore it down.	Don't know	Don't know
	Charlotte, NC	Mixed Use (Medical, Hospitality, Entertainment, Multifamily, Retail)	Private equity	Debt Funds
	Knoxville, TN	mixed use; retail on bottom and apartments on top		local
	Dayton, OH	private storage	n/a	private investors
	Louisville, KY	Recreational / soccer, golf		
	Pennsylvania	repurpose portions of anchor tenants	private investors/regional and local le	Combination of above
	Baltimore City	Retail store	Individual	Private
	Acworth, GA	retail strip center	Individual owner	
	Layton, UT	self storage	Individual owner	none
	935 North Expressway, Brownsville, TX 78520	Technical School	Individual owner	Insurance company
	Bridgeview, IL	Warehouse, Distribution, Manufacturing	Private Developer	NA
		Retail store	Individual	

Case Studies

Case Insights

Public financial support is necessary to spur development

One clear insight that comes from these case studies is the vital role of the local (state, county, or city) government in leading the repurposing effort to bring back economic activity in the area. The cities and counties in these case studies have provided public support through infrastructure, financial incentives, and streamlining the process for investors.

In the case of the Worcester Center Galleria mixed-use development project, the city of Worcester provided $75 million in financing and the state of Massachusetts provided $25 million for the construction of a new roadway network, utilities, and public amenities. The state also shouldered $12 million in environmental cleanup abatement.

In the case of the Cloverleaf Mall mixed-use development project in Richmond, Virginia, Chesterfield County acquired the ailing mall and surrounding property to initiate development in the surrounding area. The county also provide $11.3 million in infrastructure improvements and pledged tax increments (tax increment financing) of certain real property and sales taxes collected as a revenue source for paying off bond issuances to finance the mall's acquisition and development. Once it had initiated the development, it then sold the mall to a private developer.

In the case of the Nanuet Mall redevelopment, the private investor negotiated for sales tax exemption for construction materials totaling $31 million.

In the case of the Euclid Mall in Euclid Ohio that was transformed into an Amazon fulfillment center, the County Council of Cuyahoga County provided $1.3 million for a roadway project funded from motor vehicle tax funds. The new facility also qualified for 100 percent property-tax abatement for 15 years. Amazon also received a job-created tax credit from the Ohio Tax Credit Authority worth an estimated $3.9 million over the course of ten years. Public infrastructure improvements were necessary to accommodate the traffic that would result from Amazon's arrival. This entailed the construction of new roads, improving existing roads and ancillary enhancements including sidewalks and traffic-signal modifications surrounding the Amazon property.

In the case of the Metro North Mall in Kansas City, the developers were able to acquire tax increment financing (TIF) for the estimated $187.5 million redevelopment, with the financing sourced from property taxes.

Case Insights

Mix of private development financing that can withstand economic risks is essential

Repurposing large vacant spaces requires a mix of financing from committed and deep-pocketed investors. The investment is considerable, because of the mall's sheer size and because redevelopment takes time, subjecting the project to significant macroeconomic risk. The development of the Worcester Center Galleria , Cloverleaf Mall, and Nanuet Mall all faced delays as the Great Recession hit.

Changes in demand and competition are other sources of risks that can befall the project after repurposing. Post redevelopment activity at the Shops at Nanuet is mixed. Three of the five anchors (Sears, Macy's, Fairway Market) have permanently closed their doors as of 2019. However, Sears and SPG pursued a joint venture as part of Sears plan to close 142 stores nationwide prior to their closure.

Careful planning and market assessment of the best uses of the vacant malls are essential. The best use is different for each area. In the case of the West Side Pavilion in Los Angeles, office space among tech companies was in demand. Google is One Westsides' anchor and Amazon, Lyft, HBO, Salesforce, Netflix, Square, Riot Games as recent additions. In the case of the Euclid Square Mall in Euclid, Ohio, the best use of the property called for an Amazon fulfillment center because Amazon had already started to set up fulfillment centers in Etna and Obetz. In the case of the Worcester Galleria and Cloverleaf Mall, mixed use development was the best use.

With another health crisis a possibility, one use of these vacant malls is as health armories.

Community buy-in is important

Securing community support for the redevelopment of massive vacant malls is important. This is because most development projects will require bond issuances to finance the public component of the project, typically for infrastructure projects. Community support is also important to reduce development time and delays.

In securing community support, it is essential to emphasize the benefits from the mall's development, notably job creation and future development arising from the current investment, including the infrastructure investment.

Case Insights

Success is not ensured, but with careful planning, the repurposed malls and the accompanying infrastructure development can spur other development projects. For example, the Worcester Galleria project that converted a dead mall into a prosperous retail, medical, office, housing and entertainment site spurred other investments in the area, with a combined total of approximately $2 billion of private and public investments into the downtown area.

In the Cloverleaf Mall project in Richmond, Virginia, the success originating from the Stonebridge development has produced additional private investment in the Midlothian corridor, revitalizing adjoining communities. More than 110 acres surrounding the Stonebridge development have been approved for rezoning for Starview Village in what is tabbed to be a wide-spanning mixed-use residential community.

The Metro North Crossing development is estimated to bring a total 1,413 jobs to Kansas City with an anticipated annual payroll of $35 million.

In the case of Nanuet Mall in New York, the community wanted badly to redevelop the area due the decline in economic activity with the mall's death. Because of the community support for the project, the town of Clarkstown's committed to streamlining project's approval and groundbreaking. With a streamlined process, the project was approved in nine months (longer had the process not been streamlined).

In Euclid, Ohio, it was evident to the community that an Amazon fulfillment center was better than having a vacant, tax delinquent property, so they were willing to provide incentives and pool together the financing to attract Amazon. The Greater Cleveland Partnership (the regional chamber of commerce), Cuyahoga County, Team NEO (a local economic-development group), the State of Ohio, the Ohio Department of Transportation and the City of Euclid worked together in conjunction with Amazon and JobsOhio, a private, statewide economic-development corporation to procure what would be a $250 million investment on behalf of Amazon. This agreement came a month after Amazon completed a contract to lease a built-to-suit 855,000 square foot "fulfillment center" on former Randall Park Mall site in North Randall, Ohio.

Case Studies Summary Table

Previous Purpose	Redeveloped Purpose	Location	Financing	Employment Impact
Worcester Center Galleria	CitySquare (mixed-use)	Worcester, Massachusetts	Public ($95 M) Private ($470M)	1,250+ Total Permanent Jobs
Cloverleaf Mall	Stonebridge (mixed-use)	Richmond, Virginia	Public ($17 M) Private ($120M+)	Unspecified
Nanuet Mall	The Shops at Nanuet (lifestyle)	Nanuet, New York	Public ($31 M) Private ($150 M)	2500+ Direct Hire Jobs
Westside Pavilion	One Westside (Class A office)	West Los Angeles, California	Private ($500M+)	Unspecified
Euclid Square Mall	Amazon (warehouse/ Fulfillment center)	Euclid, Ohio	Public ($1.3M+) Private ($250M)	2000+ Direct Hire Jobs
Metro North Mall	Metro North Crossing (mixed-use)	Kansas City, Missouri	Public ($143M) Private ($121M)	Estimated 1,413 Total Permanent Jobs

Case Study 1. Worcester Center Galleria
Worcester, Massachusetts

Mall: Worcester Center Galleria
Location: Worcester, Massachusetts
Closed 2006
Start of development work: 2010
Adaptive Reuse: Mixed-use development (residential, retail, office, hotel, entertainment and medical)
Financing: public-private financing: $25 million state financing, $70 million City of Worcester; $470 million in private development funds (cash, Berkeley Investments, Opus Investment Management (subsidiary of Hanover Insurance), debt financing from Wells Fargo, Fidelity Bank of Worcester, Citizens Bank, New England Carpenters, MUFG Union Bank)

The Worcester Center Galleria (WCG) opened in 1971 where a large portion of Worcester's downtown was demolished to make room for the 1 million square foot mall built on 34 acres with three anchor stores (Filene's, Jordan Marsh, and Kennedy's) and a 4,300-space parking garage with two connected high-rise buildings (100 Front Street and 120 Front Street). In 1994, with WCG seeing diminishing attention due to other local area malls, Worcester Center Associates sold the Galleria to New England Development which gradually ceased the operation of remaining stores with the intention of reinvigorating the mall. In October 1994, the Common Fashion Outlets opened as a revitalized WCG with new anchor stores and a total of 126 outlet stores.

The Worchester Center Galleria was built in July 1971 and it formally closed April 2006 after business declined.
Source: Labelscar via Arrow Map Company

The revitalization of the mall did not happen and the name was changed again to Worcester Common Outlets (WCO) in 1996 in an effort to combat dissipating interest originating from the subsequent opening of a larger outlet mall, the Wrentham Village Premium Outlets, in 1997. With a decrease in mall transactions, Berkeley Investments and Starwood Capital announced their intent to purchase the WCO from Cigna Corporation for $30.4 million. Retailers exited the WCO as leases were not renewed because of the announcement of the acquisition. While it had its share of successful years, the WCO closed in phases, with the mall shutting down permanently in April 2006.

With its vacancy becoming a blight on the community, Berkeley Investment began the demolition process of WCO in partnership with the City of Worcester in what would be largest single Public-Private Partnership in Massachusetts history, outside of Boston. The City of Worcester and Berkeley Investments agreed to construct a first-class mixed-use development called CitySquare. Both parties determined the property was well suited for retail, housing and office space as a replacement for the mall. The City of Worcester was attracted to this partnership as this joint effort would yield a project that would transform downtown Worcester and be within close proximity to public transportation and other essential infrastructure. Due to its scarcity of capital, Berkeley Investments deferred operations in 2009. Stymied by the lack of securing tenants, Berkeley Investments postponed the construction of CitySquare for years although the City of Worcester approved the first phase of the project in 2008.

Acquisition, Project Development and Sources of Financing

As the first-class development project languished for years, Berkeley Investments sold a portion of the property for $5 million to Opus Investment Management (a wholly owned subsidiary of Hanover Insurance) in 2010 and the remainder to Front Street Associates at a later date. In 2009, before the property was sold, Unum (Paul Revere Life Insurance), an insurance company, announced their intentions to lease more than 175,000 sq ft. in the future $565 million mixed-use CitySquare development. The year 2009 also saw Leggat McCall Properties (LMP) act as advisor and development manager through an engagement with Opus Investment Management. This arrangement, in conjunction with the City of Worcester and the existing property owner, produced a subdivision of the former WCG site that would enable Opus to purchase portions of the development and would leave the existing owner with leased commercial office buildings through the development phase.

In 2010, LMP began a development role in the public-private partnership with the City of Worcester. LMP and Opus closed a lease with Unum for a long-term lease transaction on 214,000 sq ft. build-to-suit space. State funding of $ 25 million materialized in 2011, so the demolition of 800,00 sq ft. of the former WCG and 2,300 of parking garage space began, including $12 million in environmental cleanup abatement. A new roadway network also started to be constructed.

Aerial view of newly constructed CitySquare
Source: Brevitas

Case Study 1. Worcester Center Galleria, Worcester, Massachusetts

The first new building at CitySquare houses 550 employees, 214,000 sq ft. of office building and a renovated 860-car parking facility by Unum at a cost of $70 million. Saint Vincent Hospital extended their campus with the addition of a 66,000 square foot Cancer Treatment and Wellness Center built on land parcel sale from LMP at $30 million. Additional investment in the CitySquare project included the construction of Worcester Common Garage (WCG), a two-level 550-car $35 million underground public parking garage. In 2015, Roseland Properties began construction on their $90 million, 365-unit residential development with an exclusive 479 space parking garage and approximately 13,000 sq ft. of ground floor retail. The construction of a $33.1 million full-service, 168 room AC Marriott hotel was completed by Colwen Hotels and XSS Hotels of Hooksett and opened next to the newly constructed 110 Grill in 2016 with some retail space being occupied by names such as Protein House and Elizabeth Grady. The CitySquare project also houses Fidelity Cooperative Bank. The CitySquare development will capitalize on additional private investment as it envisions a final phase that is comprised of a 200,000 sq ft. newly constructed office building that will sit atop the WCG (no investor to date).

Front Street Associates, a private developer and joint venture of Franklin Realty Advisors and Great Point Investors, acquired the residual buildings in the CitySquare development area, two office towers containing 640,700 sq ft. of office and retail space, and a 1,647-space structured parking facility, all part of the Mercantile Center. The $75 million Mercantile Center project which is part of the larger $565 million multi-phased public-private CitySquare project has 90,000 sq ft. of office space leased to UMass Memorial Health Care.

In order to realize the Public-Private Partnership, the investment of public funds was necessary. The District Improvement Financing (DIF), a 30-year bond issuance, was the primary source utilized to complete the abatement and demolition of the former WCG and to construct a new roadway network, utilities, and public amenities on behalf of the city. DIF provided $7.5 million towards the CitySquare project. The realized increase in tax revenues originating from the 1.2 million sq ft. of new private development will be the source of repayment of the DIF. Other sources of public financing for the project includes $25 million state financing, $16.25 million Growth District Initiative (GDI), $27.25 million MassWorks Funding and an additional $30 million in city funding. All in all, there has been approximately $95 million of public investment (City of Worcester and state of Massachusetts).

Case Study 1. Worcester Center Galleria
Worcester Massachusetts

From the onset of the CitySquare project, $470 million in private development has come to fruition with an expected additional private investment increase as a product of the development of two untapped CitySquare parcels (a park that sits aloft an underground garage and land that was home to a stone church).

Sources of financing on the private side of the partnership include the utilization of their own cash, debt financing, tax credits and private equity e.g. New England Carpenters provided $20 million in equity, debt financing of $46 million was provided by Wells Fargo Bank, N.A., and Fidelity Bank of Worcester, Citizens bank provided an additional $41.4 million, and many more financing providers. When completed, private side investment in CitySquare project will be approximately $470 million and would have transformed, in conjunction with the City of Worcester, a deteriorating and vacant mall that occupies 34 acres into a mixed-use project that is anticipated to create more than 2.2 million sq. ft. of commercial, medical, retail, entertainment, and residential space.

Previously the North Plaza entrance into the North Mall and parking garage, the transformed entrance is now a landscaped area that Unum Group occupies and a remodeled parking facility.
Source: Unilock Commercial

Case Study 1. Worcester Center Galleria
Worcester Massachusetts

The Aftereffect

While the announcement of the CitySquare development caused some concern and skepticism from residents as redevelopment often does, the skepticism began to dissipate once residents saw the development actually progressing. The discontentment with the WCG promoted community support for making downtown a more pleasant experience. The major overhaul of the WCG into a mixed-use development, combined with the medical component, aided in not only the project's economic value but also value to the community.

Rebuilding the downtown and the surrounding areas of the city of Worcester section-by-section has elevated the city to new heights. With the CitySquare development being a contributor of Worcester's most recent economic upswing, the Greater Worcester Area has experienced an increase in population, job growth, wages, and a reduction in jobless claims en route to becoming the second most populated city in New England.

"For so many years the old mall just served as a big roadblock for people and vehicles in our downtown. Now with the mall gone, new buildings in place, new streets, new businesses settling there, it's like 'Welcome to the 21st-century economy.'"
– Michael E. Traynor, City of Worcester Chief Development Officer

While not the sole contributing factor as it pertains to the growth and revitalization of the City of Worcester's downtown, the CitySquare development played a vital and significant role in scaling their economic performance. The CitySquare project converted a dead mall into a prosperous retail, medical, office, housing and entertainment site that has greatly improved the infrastructure of the city. The CitySquare development has spurred other investments in the area, with a combined total of approximately $2 billion of private and public investments into the downtown area. With recent announcements for more developments, the expectation is that Worcester will continue its evolution as time progresses.

Case Study 1. Worcester Center Galleria
Worcester Massachusetts

City Square Development Details

Project Team	
Owner/Client	Hanover Insurance, Leggat McCall Properties, Berkeley Investments, City of Worcester
Master Plan Architect	Arrowstreet
Developers	Leggat McCall Properties, Franklin Realty, Berkeley Investments
Development Management	Leggat McCall Properties, Franklin Realty, Berkeley Investments
Construction Management	Leggat McCall Properties, Franklin Realty, Berkeley Investments

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Worcester Center Galleria	City Square
Total Acreage	34 Acres	20 Acres
Total Square Feet	-	2 Million
Uses		
Retail (SF)	1 Million	350,000
Office/Medical	-	500,000
Residences	-	1,000 Units
Parking Spaces	4,300	3,900
Hotel	-	168 Rooms
Note: *Uses based on Arrowstreet blueprint*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1971
Land/Building Acquired	2004-2010
Initial Planning	2004
Construction Started	2010

Project Cost	
Development Value	$565 Million

Case Study 2. Cloverleaf Mall
Richmond, Virginia

Mall: Cloverleaf Mall
Location: Richmond, Virginia
Closed 2008
Start of development work: 2011
Adaptive Reuse: Mixed-use development (residential, retail, office, entertainment and medical)
Financing: public-private financing: $17 million County and $120 million in private development funds (cash, Hutensky Capital Partners, S2 Capital Partners and other private investors)

Located in Richmond, Virginia just off of Midlothian Turnpike and west of Chippenham Parkway in Chesterfield County, the regional enclosed shopping mall, Cloverleaf Mall, opened in 1972. At just over 760,000 sq ft. and the first of its kind in the Richmond Metropolitan area, Cloverleaf was situated on 83 acres where the mall itself sat on 46 acres and housed 42 stores.

The Cloverleaf Mall opened in two phases. The first phase was anchored by J.C. Penny and Sears and in the second phase by Thalhimers. After a couple of successful decades, the mall began to decline by 1996 after a double homicide that occurred at the shopping center. The Cloverleaf Mall never recovered from that unfortunate occurrence. As other neighboring shopping centers underwent renovations and opened, Cloverleaf saw reduced foot-traffic that ultimately led to its' anchors vacating their space. Now anchorless, other tenants at Cloverleaf Mall began to vacate their leased space in pursuit of opportunities elsewhere.

Aerial photograph on the day of the Cloverleaf Mall grand opening in in 1972.
Source: Richmond Times-Dispatch

Case Study 2. Cloverleaf Mall
Richmond, Virginia

Acquisition, Project Development and Sources of Financing

In the ensuing years, revenues continued to decrease, leading to the mall owner Apollo Zamias Limited Partners filling for Chapter 11 bankruptcy. The bankruptcy resulted in Cloverleaf Mall being sold to the Canadian Imperial Bank of Commerce in Toronto in 2002.

Envisioning revitalizing the site and Midlothian corridor, Chesterfield County obtained a purchase option for the property in 2004. Chesterfield County would then purchase the mall and 37 acres for $9.2 million but that sale did not include the land that the mall resides on nor the land that was occupied by J.C. Penny, Hecht's and their respective parking lots. The county sought to pay an additional $4.25 million to Millmar Properties in an effort to eliminate the $28,000 a month lease arrangement to operate the mall that they had with the landowner for the land the mall occupied. Land contract issues led Millmar Properties to sue Chesterfield's Economic Development Authority (EDA) which set a more complex appraisal process in motion. The lawsuit ended when Chesterfield County agreed to purchase the land for $7.25 million.

Prior to purchasing the property for $9.2 million, Chesterfield County had a short-lived public-private partnership with Maryland based firm, Chesapeake Realty Ventures in 2004, as they devised a plan to convert the old ailing mall and surrounding property into a mix-used development. The county moved on from this partnership to pursue another public-private partnership with the Philadelphia Management Company, but this partnership failed as well.

The EDA exercised its Taxable Redevelopment Facility Note, Series 2004 on behalf of the County to acquire the former Cloverleaf Mall property and paid down its debt through the sale of portions of the redevelopment asset.

In an effort to secure a financial partner for the redevelopment of Cloverleaf Mall, Chesterfield County made preliminary concessions to whom would be their partner in the redevelopment of the area. The county signed an agreement with Crosland Southeast in 2006 to redevelop the Cloverleaf Mall site for a multi-phased, mixed-use development anchored by a 123,600 sq. ft. Kroger Marketplace that includes office space, restaurants, retail and a residential component called Chippenham Place. The county would pay for the land, mall, infrastructure improvements, demolition costs, road improvements, etc. with the expectation that Crosland would then purchase the mall from the county at the purchased price.

Case Study 2. Cloverleaf Mall
Richmond, Virginia

In 2007, after Chesterfield County rezoned the property, Crosland Southeast agreed to purchase the mall from the county for the amount Chesterfield County invested in it, with contingencies. The Board of Supervisors approved the sale of the mall to Crosland Southeast in phases to cover the cost Chesterfield County paid for its purchase of the mall from Millmar Properties ($9.2 million) and the purchase of the underlying 46 acres ($7.25 million). Chesterfield County also approved the establishment of a CDA (community development authority) to provide no more than $11.3 million in infrastructure improvements. The county's CDA helped fund infrastructure improvements and pledged tax increments of certain real property and sales taxes collected within the CDA district as a revenue source for paying off the debt issued. The EDA entered into an agreement to also provide the CDA with tax-exempt revenue notes for infrastructure improvements as well. Private partners utilized various sources of funding such as private equity and internal capital.

Chesterfield County sought to attract private investors by utilizing a Tax Increment Financing (TIF) for its bond issuance. In a TIF style financing, the bonds are backed by a percentage of projected future (and higher) tax collections caused by increased property values or new business activity within the designated project area.

The former entrances of J.C. Penny, Thalhimers, and food court of the dilapidated Cloverleaf Mall.
Source: Flickr: Will Fisher

Case Study 2. Cloverleaf Mall
Richmond, Virginia

With the announcement of Cloverleaf Mall's closure in 2008, Chesterfield County signaled the beginning of the area's redevelopment. Cloverleaf Mall officially closed its doors forever in February 2008, and Stonebridge Marketplace, the new official name of the development, would be underway. But the Great Recession would delay the development, and Cloverleaf Mall sat in a dilapidated state until demolition began in 2011.

Crosland Southeast hired the Timmons Group, an engineering, design and technology firm to perform site engineering & planning and pre-development services and pursued a joint venture with equity partner, Connecticut-based, Hutensky Capital Partners for the Stonebridge development. With demolition completed, there remained two well-established businesses at the former Cloverleaf Mall site, Bank of America and Firestone Tire and Auto.

The Stonebridge project would be developed in 4 phases. Phase 1 was the development of the Kroger Marketplace. Phase 2 consisted of developing the circumjacent smaller retail shops and outparcels. Phase 3 was the development of a 13-acre parcel for retail space and restaurants, and Phase 4 was a 12-acre parcel development for office space.

New Stonebridge redevelopment of the former Cloverleaf Mall site.
Source: Richmond Times-Dispatch

Case Study 2. Cloverleaf Mall
Richmond, Virginia

In 2012, the first phase of the $120 million+ Stonebridge development was completed. The size of the first phase was 144,000 sq. ft. and 27,600 sq. ft. of retail space on 28.5 acres. At the forefront of the first phase was the opening of the $18.5 million, 123,600 sq. ft. Kroger Marketplace grocery store, which anchors the development and represents the Kroger Company's largest single-store investment at the time. The residual square footage of the retail phase of the Stonebridge development consists of a Kroger fuel station, 27,000 sq. ft. of smaller retail stores and four outparcels where the investment was about $27 million.

Tenants of the second segment of the second phase consist of Qdoba Mexican Grill, Sweet Frog, Krispy Kreme, ABC Liquors, Great Clips, Subway and Sleepy's. The second phase when completed (ongoing as of 2020) will yield more than 175,000 sq. ft. retail space and 600 multifamily residences on 34 acres. The 600 units of multifamily residences, Element at Stonebridge, began construction in 2014, courtesy of Virginia Beach-based Boyd Homes. It is a $60 million project apart of the Stonebridge development. Boyd Homes purchased a 17-acre section of the project site in 2013 for $3.45 million. Once 400 units are completed and filled, Boyd Homes will build an additional 200 units for a total of 600 residential units.

In 2014, S2 Capital Partners, LLC. an affiliate of Stewart Commercial Realty Services, LLC. acquired 52,000 sq. ft, 8-acre strip center, Stonebridge Marketplace, in multi-use Stonebridge development for $12 million from the original developer Crosland Southeast.

During the second phase of the Stonebridge development, the Richmond Volleyball Club announced the construction of a $7 million, 50,000 sq ft. indoor sports facility at Stonebridge in an effort to add a new element to the Stonebridge development. This would be yet another public-private partnership derived from the Stonebridge development. With Stonebridge quickly becoming denser and having more diverse development tenants, S2 Capital Partners expressed its interest to continue to invest in the development by divulging plans and ultimately constructing what would be portions of Phase 3 and 4, two buildings: a 7,200 sq ft. building that was sold to Spectrum Transformation Group, a behavioral outpatient treatment provider, and an 8,400 sq ft. mixed-used development, on outparcels within the current development.

Case Study 2. Cloverleaf Mall
Richmond, Virginia

With 14 remaining acres available as a portion of the Stonebridge property, Shamin Hotels purchased the land from the Chesterfield Economic Development Authority (CDA). Shamin Hotels intends to construct a $30 million, 200-room hotel and 10,000 sq. ft. conference center, mixed-use project with self-contained retail and residential aloft ground-floor retail, and entertainment operations that will begin in 2021.

The Obstacles and Aftereffect

Pursuing the redevelopment of land that sat decrepit economically was one obstacle but doing so while dealing with a lawsuit during the Great Recession posed a more significant obstacle. Additionally, while there were willing participants, having willing partners that had enough capital and that were willing to move forward quickly was another issue. So, as opposed to sitting back in a wait-and-see approach, the county moved with haste in revitalizing the area by purchasing the vacant mall, and once the right partner came along, the county moved with even more urgency by providing financing and infrastructure support.

With the community having expressed much support and enthusiasm for the redevelopment of the Cloverleaf mall, the latter Stonebridge site has transformed the area for the better. Not only is the infrastructure better, but the Stonebridge development provides more efficient land use, higher than expected sales and real estate tax revenue which is a distinct difference from what was generated at the former Cloverleaf Mall prior to ceasing operations.

The success originating from the Stonebridge development has produced additional private investment in the Midlothian corridor as indicated by the revitalization in adjoining areas of the community. Now, more than 110 acres surrounding the Stonebridge development has been approved for rezoning for Starview Village in what is tabbed to be a wide-spanning mixed-use residential community that would be comprised of 1,250 residential units in complexes shared with office and retail space beneath that will complement the revitalization of the area.

"…positive business partnership between Chesterfield County and Crosland that has made this key revitalization project successful."

-Dan Gecker, Chairman of Chesterfield County's Board of Supervisors

Case Study 2. Cloverleaf Mall
Richmond, Virginia

Stonebridge Development Details

Project Team	
Owner/Client	Crosland Southeast, Hutensky Capital Partners, Chesterfield County, S2 Capital Partners
Master Plan Architect	McMillan Pazdan Smith
Architect	Humphreys & Partners
Developers	Crosland Southeast, Hutensky Capital Partners
Construction	HOAR Construction
Demolition	S.B. Cox
Development Management	Timmons Group
Engineering & Planning	Timmons Group

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Cloverleaf Mall	Stonebridge
Total Acreage	83 Acres	83 Acres
Uses		
Retail (SF)	-	67,416
Retail Tenants	42	19
Residential	-	600 Units
Note: *Uses based on Stonebridge blueprint (Crosland Southeast)*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1972
Land/Building Acquired	2004-2010
Initial Planning	2004
Zoning	2008
Construction Started	2010

Project Cost	
Development Value	$120+ Million

Case Study 3. Nanuet Mall
Nanuet, New York

Mall: Nanuet Mall
Location: Nanuet, New York
Closed 2012
Start of development work: 2012
Adaptive Reuse: Lifestyle development (retail)
Financing: public-private financing: Private development funds ($5.8 billion acquisition cost) and $31 million sales tax exemption

Situated on wetland near the Hudson River, the 675,000 sq. ft. Nanuet Mall opened in 1969. The Nanuet Mall accommodated 101 stores including two anchors (Bamberger's (later became Macy's) and Sears) who owned their respective real estate in a completely enclosed multi-level complex. In 1994, Nanuet Mall constructed a new wing that was anchored by Abraham & Straus that later became a Stern's that was succeeded by Boscov's.

With limited competition and at its peak, the Nanuet Mall grew to 1,000,000 sq. ft. in 1995 and reached 120 stores in 1999. But, coexisting for some time after the opening of the malls nearest competitor, Palisades Center in 1998, the mall began to decline. Although the mall was declining, positive characteristics of the mall remained such as its metro market area. The Simon Property Group (SPG) acquired the property in 1998 through the acquisition of its then owner, Corporate Property Investors for $5.8 billion ($4.8 billion cash/stock and $1 billion debt). The Simon Property Group (SPG) is the largest retail real estate investment trust (REIT) and the largest shopping mall operator in the United States.

Former entrance into the Nanuet Mall
Source: Flickr: Mike Kalasnik

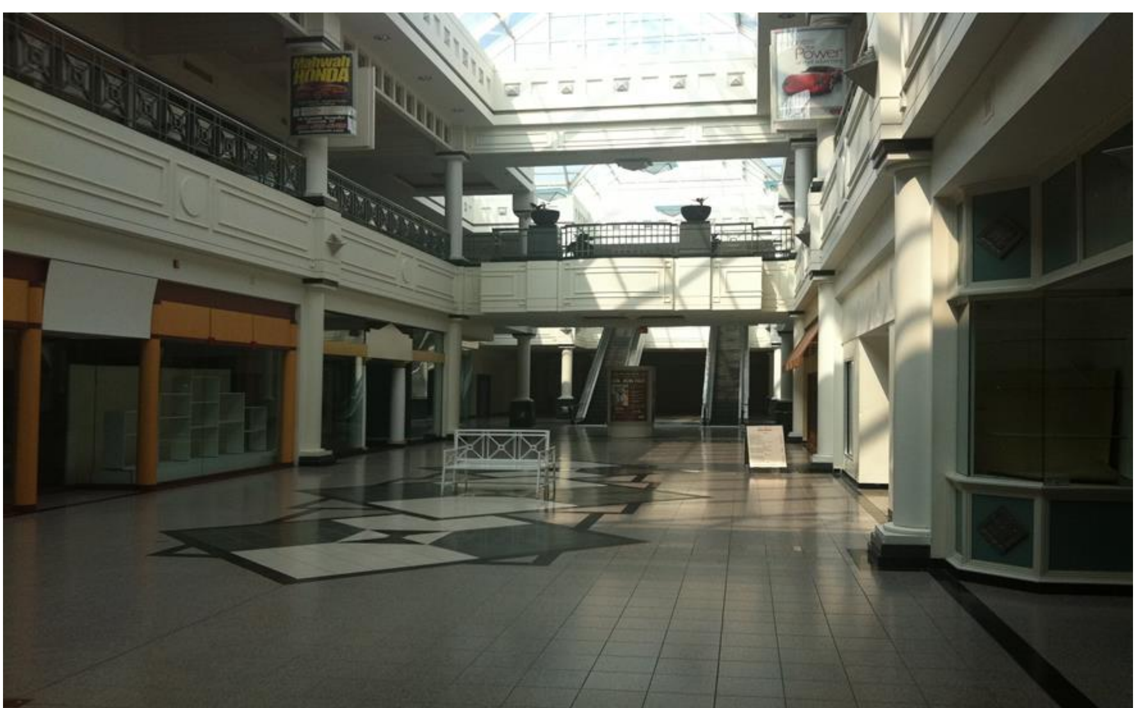
Case Study 3. Nanuet Mall
Nanuet, New York

When SPG initially acquired the mall, they were not sure what they wanted to do with it, but in 2003, SPG began to lay the groundwork for the Nanuet Malls redevelopment and announced those plans in 2008. The Great Recession would provide SPG with more than sufficient time to figure out their blueprint for the mall.

Acquisition, Project Development and Sources of Financing

Prior to announcing their intentions to redevelop the declining Nanuet Mall, the super-regional, fully enclosed mall that is approximately four miles away, Palisades Mall, began to pull sales away from the Nanuet Mall. The total mall sales a year prior to the announcement of the redevelopment was $110 million with an occupancy rate of 67%. The subsequent year, Boscov's, a major anchor at the Nanuet Mall, filed for Chapter 11 bankruptcy protection.

In 2008, SPG announced the development of an "Open Air Lifestyle Center". It purchased Boscov's lease and let contracts expire in preparation for the mall's demolition, sans the Macy's and Sears buildings. But the Great Recession delayed the scheduled redevelopment of the mall until 2012.



Empty storefronts in the corridor of the Nanuet Mall.
Source: Flickr: Mike Kalasnik

Case Study 3. Nanuet Mall
Nanuet, New York

The visibly deteriorating Nanuet Mall was practically vacant in early 2011 when SPG officially unveiled their plans to redevelop the mall in what would be a $150 million, single level (department stores are two-levels), 757,928 sq ft., 4,119 parking space, 50-store project called The Shops at Nanuet that was scheduled for a 2013 opening. The Shops at Nanuet is an open-air, Mainstreet-style shopping center that features retail shops, restaurants, Regal Cinema & RPX movie theater, 45,000 sq. ft. 24-Hour fitness center and 66,000 sq. ft. supermarket with approximately 1.5 million sq ft. of parking.

The town of Clarkstown's commitment to streamline the process aided in expedition of the project's approval and groundbreaking. With a streamlined process, the project was approved in nine months (longer had the process not been streamlined).

In 2012, all of the remaining stores in the Nanuet Mall shuttered with the exception of the two existing anchors, a 154,536 sq. ft. Sears and 221,406 sq. ft. Macy's because both own their stores and will be a part of the new development. Demolition began as well in 2012 with construction beginning immediately preceding the demolition in 2013. SPG hired Dorsky + Yue International Architecture to plan, design and construct the re-development of approximately 400,000 sq. ft. of new construction and Langan to undertake the survey, site/civil, geotechnical, traffic, landscape, natural resources, permitting services, asbestos abatement, air monitoring, and demolition oversight during the construction component of the redevelopment. In addition, SPG also hired Wick Fisher White to perform the engineering and commissioning services. In the Fall of 2013, the Shops at Nanuet redevelopment was completed.

SPG utilized cash and stock options to acquire a firm that owned the Nanuet Mall property. As a benefit of pursuing the redevelopment of the Nanuet Mall, Ira M. Emanuel, P.C., who acted as local counsel to the Retail Property Trust (RPT), a unit of SPG, secured a benefits package with the Rockland County Industrial Development Agency (RCIDA). They executed a straight lease transaction where RPT would lease the mall site to RCIDA, who then leased it back to RPT. Ira M. Emanuel, P.C. secured SPG with normal sales tax and mortgage tax relief in addition to a sales tax exemption for construction materials from Rockland. While SPG does not own the Macy's at its Shops at Nanuet development, it should be noted

Case Study 3. Nanuet Mall
Nanuet, New York

that Amherst Capital Management provided $23 million in debt to a joint venture that was led by MRA to repurpose the former Macy's lower-level into At Home. The debt was in the form of a three-year acquisition and construction loan provided to MRA and their equity partner Angelo Gordon.

Post redevelopment activity for the Shops at Nanuet is mixed. Total sales in 2015 exceeded $160 million, there was a realized 10% increase in tax revenues in Rockland County, and 96% occupancy rate. However, three of the five anchors (Sears, Macy's, Fairway Market) have permanently closed their doors by 2019. Sears and SPG pursued a joint venture as part of Sears plan to close 142 stores nationwide prior to their closure. The Macy's and Fairway Market closed their doors. So Metropolitan Realty Associates (MRA) repurposed the lower floor of Macy's for At Home, while Sears and the Fairway Market both remain vacant. Additional tenants like Express and Vera Bradley have closed their doors due to reduced foot traffic as a consequence of the closure of other major retailers at the shopping center.

Macy's, Fariway Market, Regal Theatre of the new redevelopment; The Shops at Nanuet. Source: Flickr: Wikipedia

Case Study 3. Nanuet Mall
Nanuet, New York

The Obstacles and Aftereffect

When SPG first acquired and made the decision to redevelop the Nanuet Mall, they had no idea of what they wanted to do with the property. After years of analysis and a recession, they decided on an open-air mall where retail would continue to be the focal point and because it was a good fit for the area. While it was going to be quite difficult to prepare the site and build the 757,928 square foot lifestyle center within such a short period of time, SPG, Langan, and others worked efficiently and effectively together to ensure the completion of the project within the aggressive schedule. The neighboring community wanted the development to be a success as they lost what was a great attraction due to the completion of the much larger Palisades Center just four miles away that led to the declination of business activity in the downtown Nanuet area.

Since its grand opening, the Shops at Nanuet has lost some retailers who are faltering, restructuring, or closing multiple locations, but it has become the largest employer and main attraction for new shoppers visiting the area. The redevelopment has created more than 2,500 construction and retail jobs and has attracted more tenants as well such as PF Chang's and Patsy's Pizza. Additionally, the redefining of this portion of Rockland County has inspired the surrounding shopping localities to improve their properties as well as the encouragement of new developments.

"There's always competition between and among retail venues. What we offer is a much-differentiated product mix and a different architecture."

-Thomas Schneider, Simon Property Groups Executive Vice President of Development

Case Study 3. Nanuet Mall
Nanuet, New York

The Shops at Nanuet Development Details

Project Team	
Owner/Client	Simon Property Group
Architects	Dorsky + Yue International, LLC and Langan
Developers	Simon Property Group
Construction	Langan, HVS LLC
Demolition	Langan
Local Counsel	Ira M. Emanuel, P.C.
General Contractor	Whiting-Turner Contracting
Engineering	Wick Fisher White, Langan
Signage	Allied Signage

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Nanuet Mall	The Shops at Nanuet
Total Acreage	63 Acres	63 Acres
Uses		
Retail (SF)	913,000	757,928
Retail Tenants	120	51
Note: *Uses based on The Shops at Nanuet property brochure (Simon Property Group)*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1969
Land/Building Acquired	1998
Initial Planning	2003
Demolition	2012
Construction Started	2013

Project Cost	
Development Total Value	$150+ Million

Case Study 4. Westside Pavilion
West Los Angeles, California

Mall: Westside Pavilion
Location: West Los Angeles, California
Closed 2019
Start of development work: 2019
Adaptive Reuse: Office (Class A Office)
Financing: private financing: $500+ million in private development funds (cash, Wells Fargo)

Having a prime Silicon Beach location in West Los Angeles, the 756,236 square foot retail space, 70 store, three-story urban shopping mall, Westside Pavilion was built in 1985. Prior to malls opening, the community resisted the opening as they voiced and displayed their concerns about traffic and parking issues that would arise from the malls' existence. Once opened, the community would soon embrace the mall as it had become a fundamental segment of the West Los Angeles landscape. The malls architect, Jon Jerde, who is known for his original mall designs, also designed structures for the 1984 Olympic Games in Los Angeles. Jon would also be apart of the malls expansion in 1991 known as "Westside Too".

Entrance into West Los Angeles' Westside Pavilion.
Source: Wikipedia

Case Study 4. Westside Pavilion
West Los Angeles, California

Over the course of years, the mall would see a reduction in tenants, but the mall would welcome Barnes & Noble in 1995, among others, and create an additional 1,000 parking spaces. The original portion of the mall was officially renovated in 2000. Westside Too closed in 2006 to provide space for the new 12-screen Landmark Theaters and additional restaurants that would open in 2007. The Macerich Company (MAC) purchased the Westside Pavilion mall in 1998. As time progressed, the malls tenants would vacate their respective sites such as the 138,128 sq. ft. Nordstrom anchor which relocated in 2017 to Westfield Century City, a competing two-level, 1.3 million sq. ft., shopping mall that is less than two miles away in the Century City commercial district of Los, Angeles. Mall tenants vacated due to decreasing foot-traffic, increase in competition, and changes in consumer shopping trends. The mall suffered another blow as the mall's other anchor, 220,000 sq. ft. Robinsons-May, which converted into Macy's in 2006 and owns their own space, announced in 2017 its intention to close their store. In 2018, Macy's permanently closed their doors and in 2019, the mall's interior was closed.

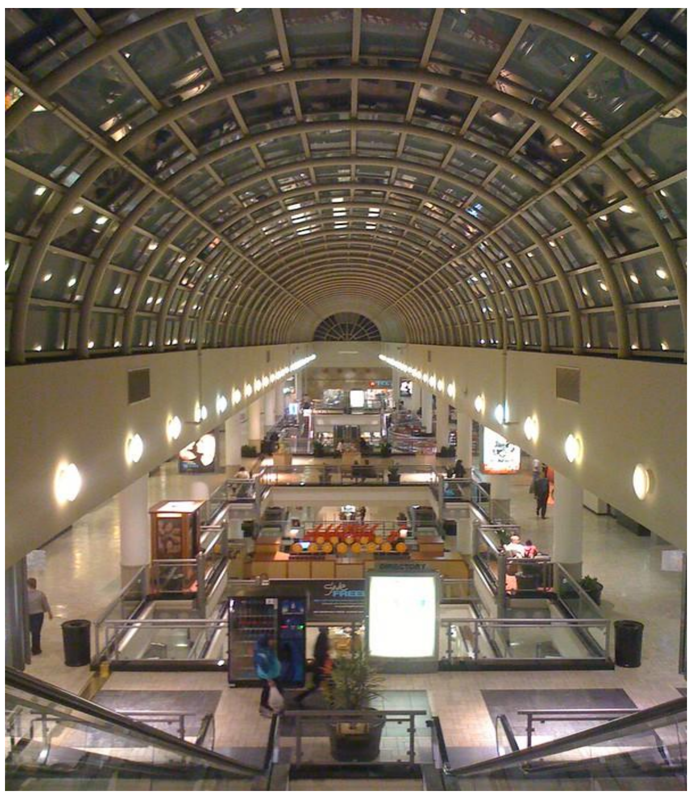
Acquisition, Project Development and Sources of Financing

In 1998, a majority owned subsidiary of The Macerich Company announced its intention to acquire the Westside Pavilion, which at that time was a productive regional mall that contained approximately 750,00 sq. ft., had store sales at approximately $360 per sq. ft., total mall sales that exceeded $240 million, mall occupancy of 98%, from Westpal L.L.C., a Delaware Limited Liability Corporation comprised of a group of pension funds. The purchase price was approximately $170.5 million and the source of financing was via a new mortgage loan of $100 million and $70.5 million in cash from the company's line of credit. The mortgage loan had a fixed interest rate of approximately 6.65% on a 10-year term.

Following Macerich's securement of Westside Pavilion, Macerich sought to demonstrate the Westside Pavilion's importance to the West Los Angeles society at large. MAC immersed themselves in the community as they listened to the community's concerns and inputs as they renovated the mall in 2000 for which, they saw an increase in specialty sales of $432 per sq. ft. in 2000, up from $375 at the time of mall acquisition of the mall. However, the productivity of mall would eventually trend downward as a result of declining revenue, tenant departures, and financial troubles of MAC.

Case Study 4. Westside Pavilion
West Los Angeles, California

The departure of Nordstrom and Macy's concurs with MAC's financial difficulty as it pertains to a 10-year, 4.47% interest rate, $142 million Wells Fargo commercial mortgage-backed securities loan (WFCM 2012-LC5) attached to the Westside Pavilion property that went to special servicing as it was transferred to Rialto Capital due to impending monetary default. The loan was originated in 2012, with a $150 million securitized balance. The malls vacancy rate declined approximately 20% from nearly 100% since the loan's origination through 2017. The malls debt-service-coverage ratio on the loan plunged to 1.1 to 1 in the middle of 2017 and from 1.4 to 1 at origination in 2012.



Interior of the Westside Pavilion in 2011.
Source: Westside Pavilion

The Westside Pavilion confronted many of the same hardships other malls across the country faced, such as the migration of retail sales online and decreasing occupancy rates. Westside Pavilion's occupancy rate decreased over five years, from 98% to 86% in 2017, and revenues decreased by approximately $5 million over the same period. In 2016, MAC indicated they had been drafting a plan to renovate the Westside Pavilion that would make the retail stores more accessible to foot-traffic and to convert the third floor into office space. While MAC would not pursue this plan to renovate the Westside Pavilion on their own, they would pursue a joint venture that would see their idea put into motion. In 2017, MAC announced plans to sell the Westside Pavilion property and the following year, 2018, they would sell the majority to Hudson Pacific Properties (HPP), a real estate investment trust that emphasizes acquiring, repositioning, developing and operating office, media and entertainment properties, in a joint redevelopment venture of the Westside Pavilion property called One Westside. In March of 2018, HPP and MAC announced their joint effort to transform the Westside Pavilion into a state-of-the-art 540,000 sq. ft. creative office space that would leave the 96,000 sq. ft. of existing space (dining and theater) unaltered with completion scheduled by mid-2021. The joint venture collaborative agreement formed between HPP and MAC would yield shared operating control with majority of ownership interest, 75%, belonging to HPP and 25% for MAC where MAC agreed to put up Westside Pavilion in exchange for $142.5 million. This deal would impute a $190 million valuation of the existing buildings and land.

The sale of the Westside Pavilion provided MAC with a surplus on the sale of the property of $46.2 million. The sales price of the Westside Pavilion was financed by $36.9 million cash and the presumption of a pro rata share of the mortgage debt on the property of $105.6 million. MAC used the capital from the sale to fund its portion of the cost to defease the Wells Fargo mortgage note associated with the Westside Pavilion property. The joint venture defeased the $140.8 million Wells Fargo mortgage note by furnishing a $149.2 million portfolio of merchantable securities as substitute collateral in place of the property.

Initially, the estimated cost of the One Westside project was between $425-$475 million, but according to MACs' 2019 Annual Report, that estimate has increased to $500-$550 million, with $125-$137.5 million belonging to MAC's pro rata share and thus, $375-$412.5 million belonging to HPP's pro rata share. MAC has provided the capital for $50.4 million of the total $201.5 million accumulated by the joint venture as of December 31, 2019. The mortgage debt for MAC is floating with an effective interest rate of 3.71%. The joint venture will fund the remaining costs of the One Westside development with its new $414.6 million construction loan that was secured on December 18, 2019. The loan carries interest at LIBOR plus 1.70%, for which could be decreased to LIBOR plus 1.50% once certain conditions are met and is due to mature in December 2024.

Case Study 4. Westside Pavilion
West Los Angeles, California

The year of 2019 was a big year for the joint venture as they secured Google as the sole tenant in their One Westside project in early January on a 14-year lease term that will commence once the construction and build-out of Google improvements is completed with a scheduled completion date of 2022. The joint venture also tapped progressive architect, Gensler to lead the design of the project with LEED Silver certification and reuse the Westside Pavilions high ceilings and multi-level atrium to create 150,000 sq. ft. floor plates of open layouts, natural light-filled interiors, 45,000 sq. ft. of outdoor terraces, patios with folding class walls and rooftop space with garden, bridge access to the theatre, other restaurants and retail and a parking ratio of 3/1,000.

Neighboring Aftereffect and Potential

Similar to the redevelopment of the Westside Pavilion, the neighboring Macy's that ceased operations in 2018 will be repurposed. While Macy's was on one end of the former Westside Pavilion, it was not owned by the malls' owner but Macy's itself, and it still exists. Goldstein Planting Investments Companies (GPI) acquired the 220,000 sq. ft. Macy's portion of the defunct Westside Pavilion with a 1,500-parking space structure in 2017 for approximately $50 million. The former Macy's will be repurposed as 230,000 sq. ft. of creative offices, much like One Westside and will be called West End. Early estimates project GPI to spend $180 million on the West End redevelopment. Jones Lang LaSalle (JLL) has arranged $119.3 million in construction financing for the adaptive reuse project on behalf of GPI. JLL secured the two-year, floating-rate loan through ACORE Capital, a commercial real estate finance company. GPI has also hired HLW Architects to perform the transition of Macy's into office space. The design will be similar to One Westside with large floor-to-ceiling glass windows, three-level courtyard, balconies and other outdoor space that is scheduled to be completed in early 2021.

Case Study 4. Westside Pavilion
West Los Angeles, California

Just as the Westside Pavilion and Macy's are undergoing redevelopment, so are other properties in the West Los Angles community. With an expected yield of 7.75-8.25%, the One Westside redevelopment is a part of the trend in its community and nationwide where commercial real estate has transitioned from riskier big-box retail stores into less risky office spaces or more suitable uses depending on the location. In this case, the need was for office space. Google is One Westsides' anchor and Amazon, Lyft, HBO, Salesforce, Netflix, Square, Riot Games as recent additions. This retail-to-office transition is becoming more common nationally as property owners often repurpose buildings that are experiencing declining foot-traffic, revenue and vacancies due to consumer shopping trends such as in this case. But the key to the success for the One Westside redevelopment hinges on its location and size. Considering One Westside is centrally located in a densely populated area of West Los Angeles and considering its proximity to Interstate I-10 and I-405 highways, convenient commuter access, parking, access to medical, entertainment, and its vicinity to prosperous communities such as Santa Monica, Malibu, etc., it has the opportunity to be a success.

"Westside Pavilion is a perfect opportunity for us to reposition a marquee asset in a premier location—this is what we do best. The project is poised to capture the strong demand from tenants for creative office space on the west side of Los Angeles. We look forward to working with Macerich and to making our signature improvements to the property, which we believe will greatly benefit the surrounding community."
- Victor Coleman, Chairman and CEO of Hudson Pacific

Case Study 4. Westside Pavilion
West Los Angeles, California

One Westside Development Details

Project Team	
Owner/Client	Hudson Pacific Properties, The Macerich Company
Architect	Gensler
Operator	Hudson Pacific Properties
Developer	Hudson Pacific Properties
Tenant	Google

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Westside Pavilion	One Westside
Total Acreage	6 Acres	6 Acres
Uses		
Retail (SF)	756,236	96,000
Retail Tenants	150	10+
Office Space		540,000
Note: *Uses based on One Westside Brochure and Hudson Pacific Properties (HPP) website*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1985
Land/Building Acquired	1998
Initial Planning	2016
Demolition	2019
Construction Started	2019
Projected Completed	Ongoing

Project Cost	
Development Total Value	$500 Million - $550 Million

Case Study 5. Euclid Square Mall
Euclid, Ohio

Mall: Euclid Square Mall
Location: Euclid, Ohio
Closed 2016
Start of development work: 2017
Adaptive Reuse: Warehouse (e-commerce distribution)
Financing: public-private financing: $113+ million private/public development funds (cash and SunTrust Robinson) and $1.3 million ($300,000 County + $1 million City and State)

Developed by Jacobs, Visconi & Jacobs, the Euclid Square Mall opened in 1977 and was comprised of 92 tenants including two two-story anchor stores (Higbee's and May Co.) and had 3,400 parking spaces. The single floor, 687,000 sq. ft. mall also contained 5 outparcels. The entire Euclid Square Mall property sat on 70.9 acres of Cuyahoga County land in Euclid, Ohio. Dillard's acquired Higbee's in 1992 and as part of that acquisition, the anchor Higbee's in Euclid Square Mall became Dillard's. A year later, in 1993, May Co. integrated their Cleveland division with Kaufmann's divisions and was repositioned as Kaufmann's.

In early 1998, as part of a 10-mall acquisition, Pennsylvania-based Zamias Services, Inc. (ZS) acquired the Euclid Square Mall for $16.5 million cash from the current mall owner, Metropolitan Life Insurance Company. When ZS acquired the mall, the mall had a vacancy rate of 15% and 14% the year prior to the acquisition. Later in 1998, one of Euclid Square Mall's anchors, Kaufmann's, would eventually close its doors as it relocated to a larger space at the newly renovated Richmond Square Mall in Richmond Heights, approximately four miles away. Soon after the Kaufmann's departure, Euclid Square Mall tenant occupancy began to decrease rapidly.

In an effort to combat decreasing tenant occupancy, Euclid Square property owner ZS performed a study of the mall and contemplated numerous re-development plans for the mall such as redeveloping the mall into a power center. But nothing came to fruition under ZS ownership as they would go on to sell majority of the Euclid Square Mall in August of 2000 to North Carolina real-estate investor Haywood E. Wichard. The sale did not include 14 acres owned by parent company, May Department Stores Company and its subsidiary, Kaufmann's.

Case Study 5. Euclid Square Mall
Euclid, Ohio

By 2001, the vacancy rate had ballooned to approximately 87%, and by 2002, the Dillard's store reduced its size as it closed the upper-level of the store in a process that converted the Dillard's store into a Dillard's Outlet location. The downward trend of the mall was of no surprise to the community as its current owner, Haywood Wichard, after initially purchasing the property, planned to hire a leasing company to fill empty storefronts.

He was open to renovations, until a market survey changed his mind. He would not pursue any redevelopment with the property as his only interest in the Euclid Square Mall property was to resell the mall for a profit. Purchasing, holding and reselling malls for a profit without regards to its current or future use was the strategy he deployed. With the expectation and realization of loss of money on the property, Hayward Wichard eventually sold the property to local businessman Ted Lichko in 2004.

An aerial view of the Euclid Square Mall in 1977.
Source: Cleveland Memory Project

Case Study 5. Euclid Square Mall
Euclid, Ohio

Prior to Ted Lichko's acquisition, Dollar Bank was the sole smaller business of the mall when they vacated their Euclid Square mall space in 2003. Ted Lichko's plan was to redevelop the entire Euclid Square Mall property and to appeal to a wide variety of specialty stores, restaurants and offices. From 1999-2004, the Euclid Square Mall's market value decreased by over $15.8 million. The performance of the Euclid Square Mall property was analogous to the decline in Cuyahoga County's property tax collection for the site. Total tax collections went from $537,586 in 1999 to $189,851 in 2004 for a decrease of approximately $350,000 which represents a total reduction of 65%.

In an attempt to revitalize the mall, in 2004, Ted Lichko opened another anchor called Outlets USA in the previous Kaufmann's space that would accompany additional smaller vendors occupying nearby space in the mall as well as the Dillard's Outlet anchor. Unfortunately, Outlets USA shuttered in 2006 and in that same year, a proposal to include the Euclid Square Mall site as part of a super-sized regional development of a neighboring abandoned industrial park was made. But, nothing became of that proposal. The mall owner also indicated an intent to demolish the mall and/or sale it, but neither happened in that year. The mall would sit, essentially vacant, half-lit, and with one lone anchor, Dillard's Outlet, and a few smaller vendors with mall access restrictions. However, Lichko would receive proposals for the mall but no contracts were exchanged and the mall would remain for sale.

By 2010, the Euclid Square Mall would have 15 tenants and one Dillard's Outlet anchor. When 2011 came to pass, more stores had shuttered and the mall had become a place of praise and worship as 16 churches had leased space. The mall also served as an event facility for community events, police training and other specialized events. When 2013 came around, the mall was nearly void of retail but filled with more than 24 churches as many retailers had shuttered or vacated their respective space and soon, the lone Dillard's Outlet anchor would inevitably do likewise.

In August 2013, Dillard's Outlet, the last remaining retail store in the Euclid Square Mall, announced the store was going to close when its lease expired in September 2013. Once the lease expired in September, Dillard's Outlet did vacate their space leaving behind them a mall outfitted with numerous churches and a few smaller businesses as tenants. The outparcels on the property were also in a similar state as the mall, but that would soon change.

Case Study 5. Euclid Square Mall
Euclid, Ohio

Unfortunately, in 2016, after years of lumbering along, the dilapidated mall was condemned and permanently closed by the City of Euclid, citing safety concerns. The mall would sit rotting and vacant until demolition began in late 2017. Most notably for 2017, Amazon announced plans to construct a 650,000 square-foot fulfillment center on the Euclid Square Mall site that would employ more than 1,000 individuals with an estimated project completion date of 2019 and cost of $175 million.

Acquisition, Project Development and Sources of Financing

In early May of 2017, Euclid's Planning & Zoning Commission heard a zoning change proposal that would rezone a group of parcels, including the Euclid Square Mall site, from a U4-Local Retail or Wholesale to U6-Industrial and Manufacturing District. The application submitted for rezoning the site was put forth by Seefried Industrial Properties, Inc. (SIP) a Georgia-based real estate developer who would be the purchaser, on behalf of Beverly Terrace Ltd, SNS Proprerties LLC, MCM Superior-Glen Apartments, Lee-Silsby Associates, and Gerome's Grove. In late August, Euclid City Council approved the rezoning of 70.9 acres of the former Euclid Square Mall site and the surrounding outparcels that include deteriorating and vacant structures of former retailers such as Toys 'R' Us, Stop-n-Shop, Red Lobster and Dollar Bank from retail to industrial use. SIP hired Langan to perform engineering, environmental, surveying and landscape architecture for their proposal. The proposed building sitting atop the rezoned site provided to

Euclid Square Mall's vacate storefronts.
Source: Flickr: Nicholas Eckhart

the Euclid Planning & Zoning Commission depict what would be a 650,000-1,000,000 sq. ft. distribution facility with 1.7 million sq. ft. of floor space spanning across multiple levels.

Considering SIP is Amazon's national development partner, as SIP is the real estate developer for numerous Amazon fulfillment center developments around the country, it came as no surprise to the community that Amazon would eventually occupy the former Euclid Square Mall site for use as their new fulfillment center as they had recently begun to expand their presence in Ohio with the opening of two fulfillment centers in Etna and Obetz in 2016. Talk of additional fulfillment centers had been swirling because the building structure and color scheme coincide with Amazon's methodology for choosing its fulfillment center sites and structures, based on documents submitted to the Euclid Architectural Review Board and Planning and Zoning Division that had approved of the schematic plans for the fulfillment center that illustrated Amazon's signature color scheme.

The Greater Cleveland Partnership (the regional chamber of commerce), Cuyahoga County, Team NEO (a local economic-development group), the State of Ohio, the Ohio Department of Transportation and the City of Euclid worked together in conjunction with Amazon and JobsOhio, a private, statewide economic-development corporation to procure what would be a $250 million investment on behalf of Amazon. Throughout the entire process, from proposal to conception, all parties meet with government officials with respect to property, acquisition, zoning, master plan, etc. The new Euclid fulfillment center deal on the former Euclid Square Mall site that Amazon agreed to was announced as a 650,000 sq ft. facility and the cost of acquiring the mall parcels and surrounding parcels was more than $7.1 million. At this point in time, the Euclid Square Mall had been behind on property-taxes for years, according to county records, and was subject to foreclosure throughout its delinquency, but the county never pursued a foreclosure of the property. This agreement came a month after Amazon completed a contract for Amazon to lease a built-to-suit 855,000 square foot "fulfillment center" on former Randall Park Mall site in North Randall, Ohio.

With Sitetech, Inc. completing demolition in 2018, the construction soon commenced. SIP tapped Atlanta-based Macgregor Associates Architects for architecture, interior design and site planning for the Euclid distribution center. SIP also sourced Langan to provide services on the redevelopment such as performing due diligence throughout the construction that would ultimately cut several months off of the project delivery timeline as it fast-tracked the project. To ensure the construction of the new fulfillments center was on schedule and running smoothly, SIP hired constructing manager, Whiting-Turner and for mechanical, electrical and plumbing engineering, SIP sought the services of Jordan & Skala Engineers, Inc. When the e-commerce fulfillment center opened in September 2019, it was 855,000 sq. ft., which was more than originally planned and the same square footage as the new fulfillment center in North Randall. Amazon also filled more than 2,000 full-time jobs which was also more than it originally announced.

The new facility qualified for 100 percent property-tax abatement for 15 years as it is in a Community Reinvestment Area (CRA). The CRA dates back to the 1990's where the property owner will not have to pay property taxes on the newly constructed fulfillment center but the underlying land will give rise to property taxes.

Previously the Euclid Square Mall site, the redeveloped entrance now greets employees and customers to Amazon's new fulfillment center.
Source: Cleveland Cement Contractors, Inc.

Case Study 5. Euclid Square Mall
Euclid, Ohio

Amazon used internal capital and bonds to finance the acquisition of the former Euclid Square Mall site and for the construction of the fulfillment center. An affiliate of SunTrust Bank issued up to $113 million in bonds on behalf of the Port of Cleveland to aid in the construction of Amazon's fulfillment course of 21 years. The Board of Directors of the Cleveland-Cuyahoga County Port Authority (Port of Cleveland) acted as the intermediary as they are encouraging nautical activity and economic development. The Port of Cleveland collected a fee of approximately $500,000 for supplying the bonds, which were of no risk to the agency nor the taxpayers.

Amazon also received a job-created tax credit from the Ohio Tax Credit Authority worth an estimated $3.9 million over the course of ten years. The credit estimate is predicated on Amazon's projection of new annual payroll for which Amazon is expecting the Euclid Fulfillment center to return at least $27.7 million by the close of 2020. So, the credit could potentially be more or less as it is a function of Amazon's performance. In order to receive the tax-credit, Amazon is required to remain in Euclid for 13 years.

Public infrastructure improvements were necessary to accommodate the traffic that would result from Amazon's arrival. This entailed the construction of new roads, improving existing roads and ancillary enhancements including sidewalks and traffic-signal modifications surrounding the Amazon property.

The County Council of Cuyahoga County awarded Karvo Companies, inc., a general contractor that individually performs 90% of contract work for Ohio Department of Transportation and assorted counties and cities throughout the state of Ohio the job for construction of the site perimeter roads. The County Council of Cuyahoga County granted Karvo $1.3 million for the roadway project. To fund its portion of the contract, the county is allocating $300,000 from County Motor Vehicle $7.50 License Tax Funds and the City of Euclid is funding the remaining $1.1 million.

Case Study 5. Euclid Square Mall
Euclid, Ohio

The Obstacles and Aftereffect

Even though it was difficult to demolish and excavate the former Euclid Square Mall property and construct an 855,000 sq. ft. fulfillment center in less than a year, Seefried and Langan worked assiduously to ensure that they remained on schedule. The Euclid community showed so much support for the revitalization efforts and welcoming Amazon as the redevelopment would remove a vacant property that was seen as a blight in the community. The Euclid site joins three functioning fulfillment centers and two sortation centers in Ohio. The additional functioning fulfillment centers are located in North Randall, Obetz and Etna Township.

Amazon's presence in Euclid has been good on its economy as it has not only brought in more direct hire jobs and other jobs, but it has also provided an increase in income taxes that the local governments receive. Amazon is contributing to the industrial boom Euclid is experiences as they are at the forefront of a renewed investment in the city. While a significant portion of the growth Euclid is experiencing is derived from its tax abatements, investments from Amazon plays a large part. While Amazon is the largest recent investment, there are other investments in the city such as Lincoln Electric. The new facility not only turned a vacant, tax delinquent and unsightly property into something more useful, but has also motivated the surrounding properties to make their sites more appealing, which lead to increasing business activity, property values and property taxes.

"We are thrilled to welcome Amazon and Seefried Industrial Properties to Euclid. The Euclid Square Mall site has been a prime target of our re-development efforts, and while some saw a dead mall, we saw an opportunity for growth and development. This project is a fantastic addition to the investment we are seeing in our industrial corridor and will provide valuable employment opportunities for our residents."

-Kirsten Holzheimer Gail, Euclid Mayor

Case Study 5. Euclid Square Mall
Euclid, Ohio

Amazon Development Details

Project Team	
Owner/Client	Seefried Industrial Properties, Inc., Google
Architect	Langan, Macgregor Associates Architects
Contractor	Whiting-Turner Contracting Company, Browder + Leguizamon & Associates, Inc. Burton Scot
Developers	Seefried Industrial Properties, Inc.
Engineer	Jordan and Skala Engineers
Demolition	Sitech, Inc.
Excavation	Newcomer Concrete Services Inc.
Tenant	Amazon

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Euclid Square Mall	Amazon
Total Acreage	70.9 Acres	70.9 Acres
Uses		
Retail (SF)	687,000	-
Retail Tenants	96	-
Warehouse Space	-	855,000
Note: *Uses based on Seefried Industrial Properties and Langan website*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1977
Land/Building Acquired	2017
Demolition	2017-2018
Construction Started	2018
Project Completed	2019

Project Cost	
Total Investment	$250+ Million

Case Study 6. Metro North Mall
Kansas City, Missouri

Mall: Metro North Mall
Location: Kansas City, Missouri
Closed 2014
Start of development work: 2019
Adaptive Reuse: Mixed-use development (residential, retail, office, hotel, entertainment)
Financing: public-private financing: Private Equity, Debt, Cash ($121 million) and TIF Total ($143 million)

Located in the Kansas City metro area, just north of the Missouri River, Sherman Dreiseszun and Frank Morgan developed the 1,300,000 sq. ft., two-level, Metro North Mall that opened in 1976. The enclosed Metro North Mall sits on 106 acres and opened with 4 anchor stores, 125 stores and a theatre. Dillard's, J.C. Penny, The Jones Store, Montgomery Ward round out the anchors. There was an AMC 6 Theatres located in the mall and another movie theatre located on a outparcel behind the mall in close proximity to Montgomery Ward. The Metro North Mall performed well until one of its anchor stores, Montgomery Ward, closed in 2001. The Metro North Mall Montgomery Ward location closed as part of the overall bankruptcy liquidation process that marked the end of Montgomery Ward's 129-year existence. Soon after the loss of the Montgomery Ward anchor, the malls customer traffic and retail sales started to decrease as tenants fled.

Aerial photograph of the Metro North Mall located in North Kansas City, Missouri.
Source: Metronorthredevelopment

Case Study 6. Metro North Mall
Kansas City, Missouri

Although the mall would acquire a junior anchor in MC Sporting Goods who operated in part of the prior Montgomery Ward space, the mall would steadily continue losing tenants. The mall lost some tenants and fell out of favor with consumers in part, due to its closest competitor, Zona Rosa, a mixed-use lifestyle center located 4 miles west of Metro North that opened in 2004. Zona Rosa was not Metro North Mall's only competition. They also had competition in the KC Metro Area from the newly renovated Independence Center, Oak Park Mall, and The Great Mall of the Great Plains, in addition to others.

In 2006, Macy's opened in the 244,000 sq ft. location of The Jones Store as Macy's had acquired the company. While there were a significant number of vacant storefronts such as the vacant Montgomery Ward anchor store that closed in 2001 and was never replaced, the mall still had some well-known occupants. But, the mall's occupancy rate would continue to decrease due to the disinvestment of the property. Eventually, in an effort to revitalize the struggling property, the malls owners, Overland Park-based MD Management Inc., associated with Sherman Driesuszun and Frank Morgan struck a joint venture arrangement with Colorado-based Alberta Development Partners LLC to jointly redevelop the property.

Preliminary blueprints for the project note the former mall property would be renamed to The Streets at Barrytowne and the redevelopment would yield a 2.1 million sq. ft. of retail, residential, restaurant and entertainment facility that includes a theater, commons area and park-like area. The proposal was supposed to be presented the following year and construction to begin in 2007. Conceptual plans for the property were supposed to be submitted to Kansas City planners in 2007 but were never filed. The joint venture project would never come to pass as a result of the economic recession and the passing of primary mall manager, Sherman Driesuszun, in December 2007. In consideration of those events, a decision was made to develop the project in-house as Alberta Development Partners were not making any advancements.

New redevelopment plans emerged in 2010 as MD Management Inc. initiated the city approval process. The plans, led by Colorado-based 505Design calls for a redeveloped, mixed-use enclosed mall that would be half the size of the current Metro North Mall but would retain the Macy's site. At that point in time, the mall vacancy rate was approximately 83% and down to one anchor store, Macy's, as the 168,151 sq ft. J.C. Penny's closed in 2008 and MC Sporting Goods shuttered in 2009. The 155,000 sq ft. Dillard's downsized, converted into a Dillard's clearance center and closed in 2008 as it left the mall to become a tenant at competitor, Zona Rosa. As part of Dillard's deal with ZR Metro LLC, a partnership associated with the Zona Rosa developer, in order to relocate from its Metro North Mall location to Zona Rosa, ZR Metro LLC would gain possession of its former Metro North Mall location.

This would ultimately become an obstacle for the redevelopment of the Metro North Mall site as MD Management Inc. had issues negotiating the acquisition of the former Dillard's site from ZR Metro LLC. ZR Metro LLC. was reluctant to sell MD Management Inc. the last remaining parcel they needed to acquire in order to move forward with the redevelopment as MD Management Inc. owned 6 of 8 parcels and the May Department Stores owns the Macy's store and parking parcel, but they cooperated with MD Management Inc. Despite not owning the additional parcel, renovation plans continued to progress as Kansas City planning commission endorsed MD Management's plan to redevelop the mall and awarded the firm the redevelopment rights.

Metro North Mall sits essentially vacant with a few cars in its 7,500-parking space lot.
Source: Flickr: Mike Kalasnik

Case Study 6. Metro North Mall
Kansas City, Missouri

After several failed negotiations between MD Management Inc. and ZR Metro LLC., litigation was filed on behalf of ZR Metro against the City of Kansas City, Missouri and the Planned Industrial Expansion Authority (PIEA) of Kansas City, Missouri as they did not agree that the planning requirements of the redevelopment met those outlined in the city's ordinance. Ultimately, a Clay County judge's ruling that PIEA met its burden of proving the Dillard's store blighted led to the development company condemning the property using eminent domain. Now, having complete control over the 106 acres, the redevelopment could now progress.

In May 2013, the Clay County Economic Development Council met MD Management Inc. to discuss plans to raze the mall and construct a new smaller mall concept. The concept mall would be 900,000 – 950,000 sq ft single-floor mall that would include a courtyard, theater/entertainment complex and with a redevelopment cost of approximately $200 million.

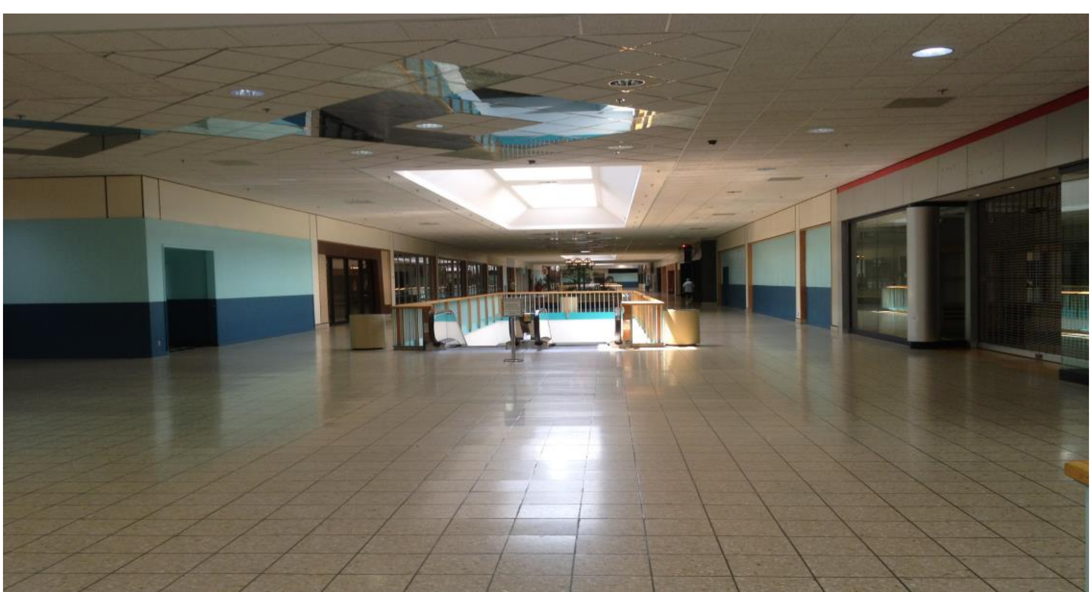
Acquisition, Project Development and Sources of Financing

The Metro North Mall closed in April 2014 as MD Management Inc. announced the closure was a necessary step that would help move redevelopment progress forward. The attached Macy's and three unattached restaurants on site would remain open. At the malls closure, there were only 2 remaining inline stores: The Wig Shoppe and GNC. In April of the following year, 2015, citing difficulties finding the right tenant mix and the property's need of a new perspective, MD Management Inc. agreed to sell the Metro North Mall to local developer, IAS Partners Ltd. for $6 million.

The redevelopment plan for Metro North Crossing LLC, a partnership formed by IAS Partners Ltd., for the Metro North Mall site provides for an open-air, mixed-use, 1,000,000 sq. ft development comprised of entertainment, retail, restaurants, offices, theatre, hotel and multi-family residences. The retail portion of the new development would be divided into big-box anchors, smaller shops and inline shops.

The developers retained Spencer Thomson of Thomson Walker LLC, an attorney to apply for essential economic development incentives from the city and to seek tax increment financing (TIF) for the estimated $187.5 million redevelopment. After a few TIF negotiations between the TIF Commission of Kansas City and the developers, a compromise was found where non-city taxing jurisdictions would consent to the developer reallocating to the redevelopment $143 million in property tax and economic activity tax (EATs) revenue generated by the improvements for 23 years that would cover project and financing expenditures. This incentive, at the time, had a present value of $71 million and would cover about 37% of the cost of the redevelopment. This includes the diverting of 50% of sales and earnings taxes, and 100% of property taxes. For providing that incentive, the developer acceded to the condition of making annual payments instead of taxes to the affected jurisdictions that would equate to 20% of the reallocated property tax revenue, which is limited to $500,000 annually. Furthermore, the jurisdictions will divide more than $10 million in PILOTs (Payment-In-Lieu-Of-Taxes) over the course of 23 years. In addition, the board of the Tax Increment Financing Commission of Kansas City required the redevelopment to be completed by October 2021.

Having secured TIF, the redevelopment of the Metro North Mall site could move forward as the sites' rezoning was approved in 2016 and with that, demolition on the dilapidated, vacant and crumbling mall commenced. Plans for redevelopment were announced. The plan called for a new open-air development called Metro North as the anchor, that the three existing restaurants would remain on their respective spaces, and the construction of many buildings, including a retail area of 798,000 sq ft, 60,000 sq ft of office area, 81,000 sq ft of restaurant area, 82,000 sq ft hotel, 177,000 sq ft of residential and 5,250 parking spaces for a total of more than 1,138,000 sq ft of total product. The development and marketing team is comprised of North Crossing LLC, Colliers International, Thomson Walker LLC, Landplan Engineering and Slaggie Architects.



Dimly light and empty interior of the near vacant Metro North Mall site.
Source: Flickr: Mike Kalasnik

But, in 2017, plans for the redevelopment changed, and they have progressively changed every year thereafter. According to the most recent project plan, in 2019, the redevelopment will consist of five projects with modifications to the prior plan where the total 1,130,975 sq. ft. product is comprised of 224,000 sq. ft. of existing retail, 20,000 sq. ft of existing restaurant space, 56,100 sq. ft golf entertainment space, 303,600 sq. ft of residential space and 547,275 total sq. ft of retail, office, hotel, restaurant, and entertainment space.

The first project of the Metro North Crossing redevelopment broke ground in 2019 on what will be a 56,100 sq. ft. golf and entertainment complex with an 8,000 sq. ft. sports bar. This complex would be developed by IAS Partners and Troon Golf, a leader in golf course management and development, called T-Shotz with and expected opening in summer 2020. Projects 2 and 3 consist of existing restaurant area. Project 4 of the redevelopment originally entailed 150 three-level residential units (177,000 sq. ft), but the number of residential units has since increased to 249 (303,600 sq. ft). Project 5 is comprised of the construction of retail, office, restaurant, hotel and entertainment space. Project 4 is to be completed by 2021 and the final project is scheduled to be completed in Fall 2026. The revised estimated cost for the development is $192 million.

The Obstacles and Potential

While there was some hesitation on behalf of MD Management to invest in the mall after Montgomery Ward vacated their space, they did intend to redevelop the mall. However, having a partner not from the community seemed to slow the progression of the mall down. But, that was not the only obstacle. Having lost the vision of redevelopment that came with mall's primary operator and developer and the difficulties that come with redeveloping a property during a recession proved quite the challenge as the project would be placed on hold and revised many times. It may be possible that the original owners were correct, in that, selling the property would be best as a new perspective would be formulated and hopefully the right tenant mix would come about. The verdict is still out on this as the redevelopment is ongoing.

Case Study 6. Metro North Mall
Kansas City, Missouri

While the community is in support of the redevelopment of the Metro North Mall, there was some opposition with respect to the TIF. But, a compromise was found that would allow the developers to make progress on a property that hasn't seen any progress for nearly two decades. New projects are being developed around the mall's neighborhood as a result of the public-private partnership between Kansas City, Hunt Midwest, KCI Corridor Tax Increment Financing Plan and MD Management that heavily invested in the prosperity of the region. In 2013, a city-funded expansion project provided road and sewer service on about 15,000 acres north of the former Metro North Mall where residential growth materialized. Now that the infrastructure is there, the city's pillars such as the future Metro North Crossing must flourish to back the realized residential growth. Other recently completed developments are thriving as they were developed during the slow-paced Metro North Crossing's redevelopment, and some are being constructed now where motivation originated from the redevelopment of the Metro North Mall such as the adjacent Twin Creeks development, a 29-acre retail property that is next to a proposed 74-acre residential development.

The Metro North Crossing development is estimated to bring a total 1,413 jobs to Kansas City with an anticipated annual payroll of $35 million. For now, Metro North Crossing LLC's ongoing construction of a mixed-use development on a demolished blighted mall is positioned to be a success.

"For over 40 years, three generations of shoppers have been coming to Metro North. It's an ideal retail location for our community, but the current physical structure has become outdated and the way that people shop today is different from years past. We believe that our new concept will add to the revitalization of the area and be a major success for the Northland."

-David Horn, Metro North Crossing LLC. Project Manager and Developer

Case Study 6. Metro North Mall
Kansas City, Missouri

Metro North Crossing Development Details

Project Team	
Owner/Client	Metro North Crossing LLC
Architect	Slaggie Architects and Piper-Wind Architects Inc.
Planning	Landplan Engineering
Developer	Metro North Crossing LLC
Engineer	Landplan Engineering
Demolition	Industrial Salvage & Wrecking Company
General Contractor	B. Dean Construction
Attorney	Thomson Walker LLC

Development Site Information	Previous Purpose	Repositioned Purpose
Property Name	Metro North Mall	Metro North Crossing
Total Acreage	106 Acres	103 Acres
Uses		
Retail (SF)	1.3 Million	651,000
Office (SF)	-	85,000
Retail Tenants	150 Peak	
Hotel (SF)	-	82,000
Residential (SF)	-	303,600
Parking Spaces	7,500	4,460
Note: *Uses based on KCMO City Clerk and Metro North Crossing Brochure and website*		

Project Timeline	
Landmark	**Year**
Original Development Completed	1976
Land/Building Acquired	2016
Rezoning	2016
Demolition	2016-2018
Construction Started	2019

Project Cost	
Total Investment	$264+ Million

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