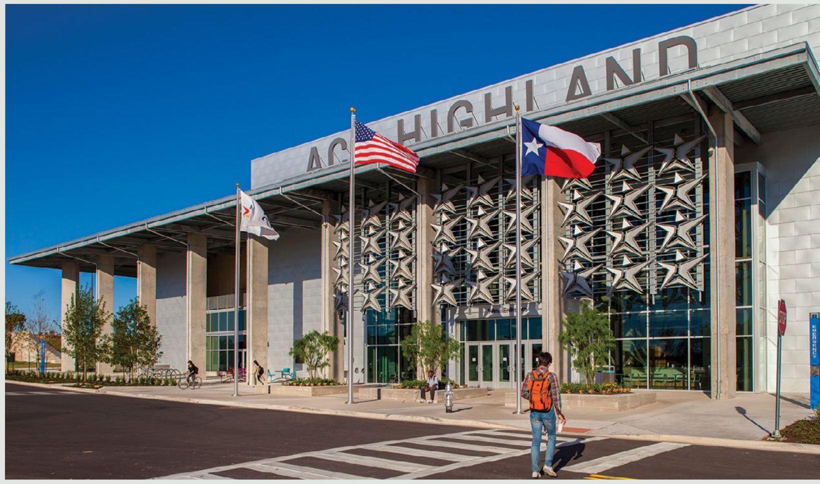

December 2019

Repurposing Retail Centers: Profiles in Adaptation, Repositioning and Redevelopment

Jason Beske, AICP

NAIOP RESEARCH FOUNDATION

About NAIOP

NAIOP, the Commercial Real Estate Development Association, is the leading organization for developers, owners and related professionals in office, industrial, retail and mixed-use real estate. NAIOP comprises some 20,000 members in North America. NAIOP advances responsible commercial real estate development and advocates for effective public policy. For more information, visit naiop.org.

The NAIOP Research Foundation was established in 2000 as a 501(c)(3) organization to support the work of individuals and organizations engaged in real estate development, investment and operations. The Foundation's core purpose is to provide information about how real properties, especially office, industrial and mixed-use properties, impact and benefit communities throughout North America. The initial funding for the Research Foundation was underwritten by NAIOP and its Founding Governors with an endowment established to support future research. For more information, visit naiop.org/research.

About the Author

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Disclaimer

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Executive Summary

The declining prospects of North America's shopping malls have been the subject of significant media attention, industry concern and public interest. Faced with competition from e-commerce and shifting consumer preferences for other retail formats and experiences, hundreds of traditional shopping malls have closed in recent decades, with many more closures expected in the coming years. The NAIOP Research Foundation commissioned this report to examine how developers are transforming struggling or closed malls into properties that fit within current market conditions and serve the needs of their surrounding communities. The author interviewed five developers who have recently redeveloped malls in the United States and Canada about how they have transformed and revitalized these properties.

Once able to attract consumers by offering a range of retail options in a single location, traditional malls have struggled to compete with other retail formats in recent years. Many anchor stores and smaller mall-based retailers have gone out of business due to competition from online and budget retailers. Although certain upscale malls located in dense and growing metropolitan areas continue to attract customers, Class B and C retail centers have struggled to remain open.

While many of these properties may no longer support a traditional mall, they are often strong candidates for redevelopment. This report examines how developers have revitalized properties by adding new uses, amenities and services. Individual profiles describe how developers repositioned or redeveloped obsolete malls using a variety of approaches.

Repositioning or transforming a mall presents unique challenges and opportunities. An analysis of this report's case studies reveals several key findings that will be useful for developers and communities as they consider how best to reposition these sites:

- **Successfully repositioning or redeveloping a mall often requires that developers introduce new uses to the property.** A mall closure or high vacancy rates usually indicate that a property will struggle to be profitable if it is used exclusively for retail. In some cases, dedicating a portion of the property to complementary uses such as office space or residential units can improve a property's viability by giving potential customers more reasons to visit the site. In other cases, developers may prefer to completely replace retail in favor of uses that are better suited to current market conditions.
- **When adding new uses to an existing building, it often makes sense to consolidate the remaining retail space to improve sales and visitor convenience.** Co-locating retailers in a smaller space can concentrate customer foot traffic, reviving one of the benefits that attracted retailers to malls in the first place. Consolidating retailers also frees up space for other complementary uses.
- **A mall's location and layout can make it a good candidate for redevelopment.** Malls often have close proximity to major freeways and public transit, increasing their value as sites for office, multifamily or industrial uses. Most malls also feature large surface parking lots that provide developers with room to erect new buildings or expand existing ones. Where present, pad sites may provide additional options for redevelopment, or they can be leased out to provide a source of income while a redevelopment project is underway.

- **Working closely with local officials and members of the community is usually critical to a project's success.** In addition to being important for obtaining needed entitlements, active community engagement can identify local needs and facilitate adjacent public infrastructural improvements. Good relations with local officials and stakeholders can help a developer identify uses and amenities that will maximize a project's value. They can also be an important asset if a developer needs to update entitlements to secure an unexpected tenant or wants to participate in a public-private partnership.
- **A successful mall redevelopment project often provides a community with significant economic and social benefits.** In addition to new jobs, the projects examined in this report also gave communities a range of benefits such as affordable housing, new services and accessible public spaces. In most cases, developers found that communities welcomed the opportunity to transform malls that had ceased to benefit the local economy.

Both the decline of traditional malls and their successful redevelopment demonstrate that properties must meet current economic and social needs to thrive. This report should instill optimism in landowners, developers and community leaders that struggling malls can have a promising second act.

Introduction

Since its peak in the 1990s, the number of North American malls has steadily declined. There once were roughly 1,500 in the United States, but that number now stands at around 1,000, with many more expected to close in the coming decades.[1]

E-commerce has contributed to a decline in foot traffic at most malls, impairing the performance of mall-based retailers. Although the concept of a variety of stores in a single location once contributed to a thriving retail ecosystem, the recent decline and extinction of numerous retailers have made many malls a challenging environment for those that remain.[2] This continued pattern of decline suggests that malls' fundamental business model may no longer be viable in many locations.[3]

Although the buildings and parking lots that dying malls leave behind serve as symbols of a changing economy, their underlying land and infrastructure can aid future redevelopment. Development teams across the United States and Canada are demonstrating a range of possibilities for repurposing or redeveloping struggling malls.

In many instances, malls are being repurposed with new uses, amenities and services. This can broaden their allure and satisfy community needs, giving these properties life for the foreseeable future. Conversely, other developers are opting to completely redevelop mall sites and create new mixed-use neighborhoods or industrial parks.

These trends reflect a growing need to reinvent or repurpose mall properties.[4] The sites profiled in this study provide benefits beyond those traditionally offered by shopping centers, ranging from valuable neighborhood open space in a mixed-use district to a charter school in an underserved community.

The NAIOP Research Foundation commissioned this report to help the real estate development community understand how malls can be redeveloped to meet shifting consumer and regional demands. It examines the conversion of malls and shopping centers in Austin, Texas; Burnaby, British Columbia; Nashville, Tennessee; Randall Park, Ohio; and Charlotte, North Carolina. Each unique case study addresses how developers approached acquisition, financing, master planning and construction.

These case studies represent only a small sample of mall-redevelopment projects that are occurring across North America. Nonetheless, they provide insight into the challenges and opportunities related to mall redevelopment and its significance for local communities.

Case Profiles

Highland Mall, Austin, Texas

The Highland Mall in north Austin, Texas opened in 1971 as the city's first suburban shopping mall. It was built on the former site of the St. John's Industrial Institute and Home for Negro Orphans, which was abandoned in the 1940s. In its prime, the mall included 1.2 million square feet of retail, including four anchor stores, on an 81-acre site. Although financially successful in its first decades, the mall closed in 2015 after years of steady decline. However, beginning in 2010, Austin Community College (ACC) began acquiring portions of the mall and its surrounding land with plans to redevelop the property into a regional education center. ACC assumed ownership of all parcels by 2012, and renovations to the property are currently underway. A public-private partnership made the transformation of the mall possible, providing an innovative model for the redevelopment of other distressed malls.

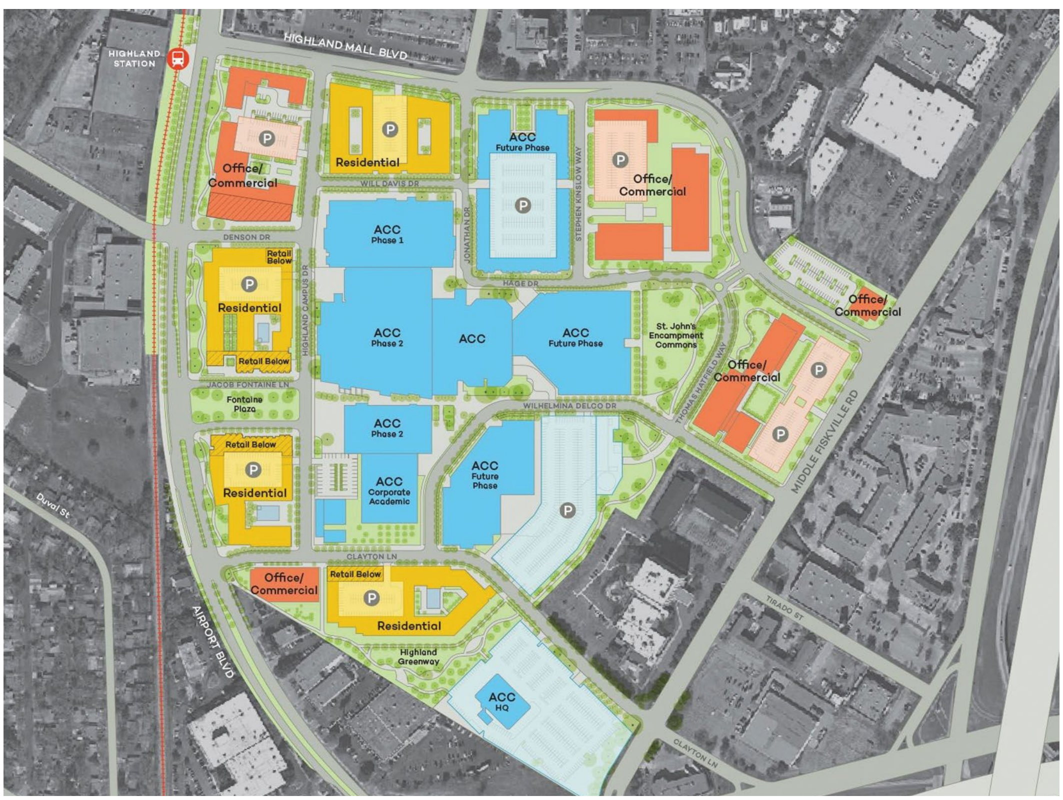
The Highland Mall was built in 1971. It officially closed in 2015 after years of decline.
Photo Credit: RedLeaf Properties, LLC

ACC was attracted to the mall's central location, proximity to the Austin commuter rail system's Capital MetroRail Highland station, and abundant space for a new campus, as the college was constrained in its existing facilities. With more than 60,000 students in its district, it needed a new campus to fulfill its educational mission. ACC saw the property as an opportunity to continue its purpose of providing affordable workforce training and contributing to community development.

The college decided to partner with RedLeaf Properties, LLC (RedLeaf) as the company could help them realize the vision of a mixed-use, transit-oriented development. RedLeaf viewed its partnership with ACC as an opportunity to give back to the community by bringing new jobs and services to a disadvantaged neighborhood. The property was also well situated for commercial uses, with an existing road network, a nearby light rail line, and proximity to downtown Austin and the University of Texas.

Financing, Acquisition and Project Planning

The site benefited from favorable zoning. In 2004, Austin had adopted the Brentwood/Highland Combined Neighborhood Plan to guide development in the two neighborhoods closest to the mall. Residents helped create the plan, which designated the Highland Mall site as a Neighborhood Urban Center, a special use permitting the redevelopment of an existing commercial center into higher densities. At the urging of local community members, Austin's Future Land Use Map supported mixed-use development at the site. Subsequent zoning required affordable housing to comprise 10 percent of new residential units, allowed for parking reductions, allotted an exemption from low-density dimensional requirements and gave additional flexibility for ground-floor commercial uses. These new zoning requirements made it easier for ACC and RedLeaf to seek entitlements for higher-density, mixed-use development and plan out the site's new future.



The site plan for the Highland campus illustrates a range of uses and variety of open spaces. The blue area is the location of the former Highland Mall.

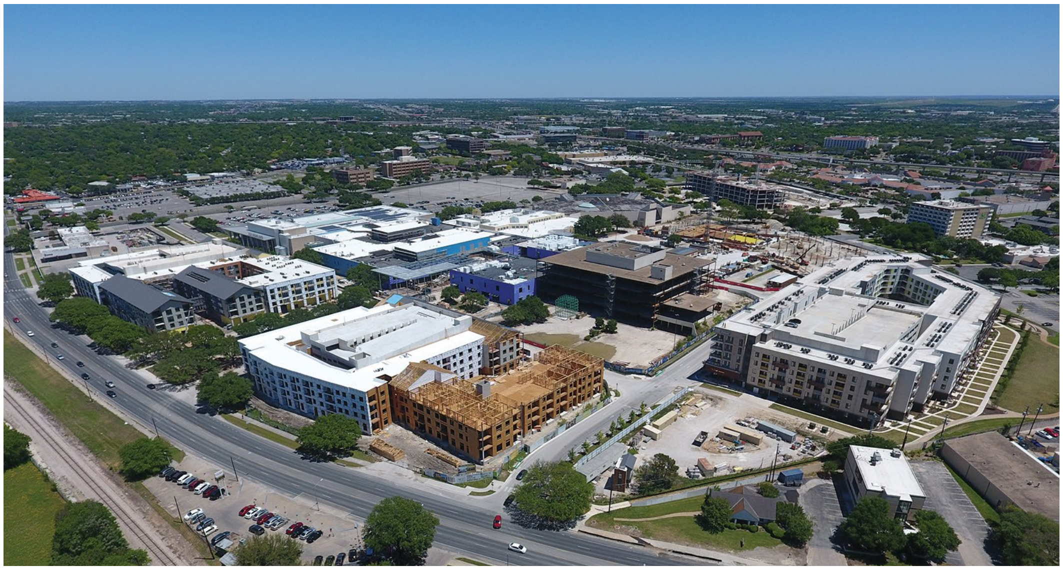
Image Credit: RedLeaf Properties, LLC

ACC and RedLeaf turned to a range of public and private sources to finance the project, including voter-approved bonds, revenue bonds, private equity and bank loans. ACC drew from two bond measures that in 2014 provided the college with $386 million for capital improvements. It took ACC six transactions, $41 million and two and a half years to buy all of the mall from its previous owners. These transactions included buying a small debt to unencumber one parcel and acquiring an adjacent property to address projected drainage issues.

When ACC initially purchased the mall property, Dillard's and Macy's were operating on-site, as were a few in-line stores. However, most of the existing tenants recognized that the mall was in decline and were already planning their exits from the property, creating an opportunity for ACC and RedLeaf to implement their plans. While a handful of leases needed to be renegotiated with some in-line retailers, they all eventually agreed to vacate the mall.

After ACC consolidated ownership of the property, the college worked with RedLeaf to establish an entity that would allow it to purchase portions of the site from ACC once the partnership had completed replatting and primary infrastructure. RedLeaf turned to a variety of private equity providers and lenders to finance its portion of the project.

ACC's agreement with RedLeaf allowed the college to oversee development decisions concerning its campus while allowing RedLeaf to determine how best to develop the remaining portions of the property. RedLeaf sought to identify uses that would be consistent with the preferences of the local community and local officials while meeting market demand. It ultimately opted for a mix of multifamily, office and retail development to complement the 1.3-million-square-foot ACC campus.



The renovation of the mall into Austin Community College's largest campus is complete. Portions of the mixed-use development on the former location of Highland Mall's parking lots are complete, with the second phase of the project scheduled for completion in 2020.

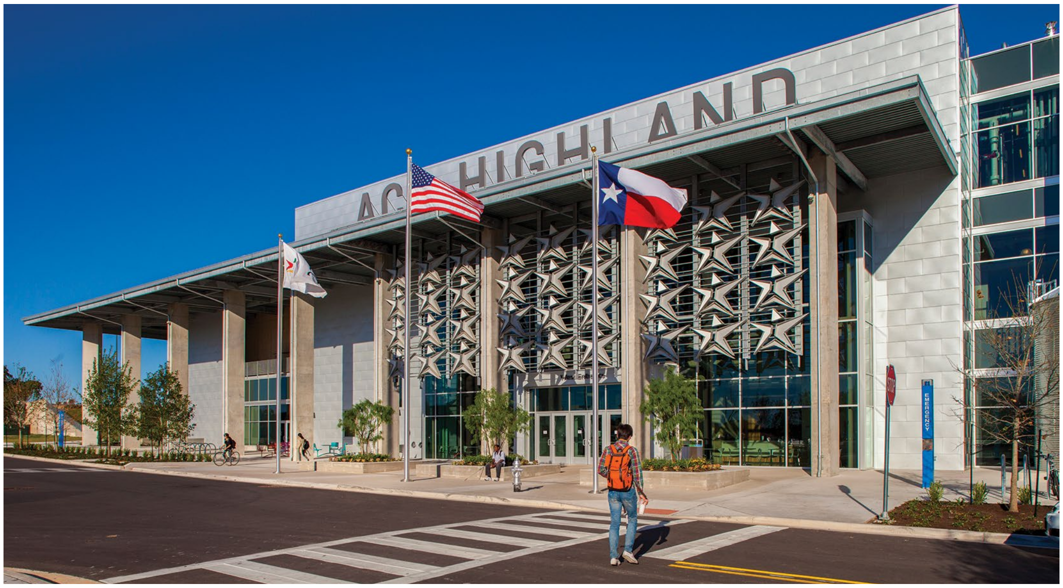
Photo Credit: RedLeaf Properties, LLC

RedLeaf developed plans for 1,200 residential units, including 120 affordable units; 100,000 square feet of retail space; 800,000 square feet of office space and 200 hotel rooms. In addition, the site will ultimately feature three parks and 1.25 miles of trails. The redeveloped property is evolving from a single-use destination retail toward a vibrant neighborhood anchored by the ACC campus. When completed in 2020, RedLeaf and ACC will have transformed a deteriorating mall on 81 acres into a mixed-use district featuring nearly four million square feet of residential, office, retail, hospitality and educational uses.

Project Development and Future Plans

RedLeaf and ACC divided responsibilities for the project, with RedLeaf taking on infrastructural work, including new roads, utilities and parks. The two partners also agreed to share architectural oversight for all development so they could ensure consistency in quality and style for the entire site.

In 2014, ACC completed Phase 1 of its portion of the project, which focused on repurposing the original mall's interior and adding a 100,000-square-foot addition to its exterior. Phase 2, which will produce additional classroom space, should be completed in mid-2020. The mall's layout has made this conversion easier, as ACC has been able to easily transform the former stores into classrooms and study areas linked by the building's large interior corridors. To redevelop the mall's interior, ACC's contractors had to remove asbestos, adjust the placement of structural columns to open up more space, and reconstruct the building's roof, which had been in place 20 years longer than its intended lifespan. The new roof allows in more natural light, improving the campus's common space. Finally, the building's electrical, plumbing and HVAC systems required significant repair and replacement. The completed ACC Highland campus now offers a broad arts curriculum, career and technical education, and a bioscience incubator.



Previously the entrance to Highland Mall, the transformed entrance now welcomes students to Austin Community College's Highland campus.
Photo Credit: RedLeaf Properties, LLC

RedLeaf's portion of the project, which is converting surface parking lots into mid-rise buildings, is also ongoing. In 2015, RedLeaf began construction of the project's first mixed-use building, which includes 309 residential units and 5,000 square feet of retail. The next phase of development is nearing completion and consists of an additional 390 residential units, 30,000 square feet of retail and a 260,000-square-foot office building. In 2018, RedLeaf completed a central park that will function as a neighborhood gathering place.

ACC will remain at the campus for the foreseeable future, but RedLeaf will vary its holding period for each type of property. It plans to lease up all the apartments it builds and then sell them within a few years of stabilization. By contrast, the firm plans to hold an office building it is developing for a longer period.

RedLeaf has already been able to lease some of the retail spaces it has built. An additional 30,000 square feet of retail is currently under construction and will be leased by restaurants, a neighborhood market and other convenience retailers. RedLeaf can lease these properties for roughly $25 to $35 per square foot, substantially higher rates than retailers in the former mall had been willing to pay.

Lessons Learned

While redevelopment can be a cause of concern within a neighborhood, RedLeaf and ACC faced almost no opposition beyond initial skepticism about the project's viability. Dissatisfaction with the decaying mall generated community support for the project. The development partners also benefited from being able to work with the community and within the neighborhood's existing vision for the property, which substantially eased the process of obtaining entitlements and local support. The existing plan and zoning reduced uncertainty, saving the development team money and time.

According to Matt Whelan, RedLeaf's founding principal, the project's complexity presented the most significant challenge to its execution. However, the redeveloped property's educational component, combined with a mix of several uses and new parks, helped to create a sense of place that added not only to the project's economic value but also to its value to the community.

> "It takes a while to convince people that the way a part of town was yesterday is not the way it is today."
>
> **MATT WHELAN, FOUNDER**
> **REDLEAF PROPERTIES, LLC**

Other developers in the area are building on RedLeaf's momentum. New residential projects are under construction, and new retail uses, such as restaurants, are locating near the site. Recently, an old hotel adjacent to Highland was demolished to build a new office building. Whelan expects that the area will continue to evolve over the next decade.

Highland Project Details

Development Team	
Developer	RedLeaf Properties, LLC
Master Planner	McCann Adams
Landscape Architects	DWG, TBG, Coleman and Associates
Project Architects	Gensler, Hsu Design, Lake Flato, BGK
Engineers	Stantec, Big Red Dog, MWM
Leasing Brokers	CBRE

Site Information	Before	After
Property Name	Highland Mall	Highland
Total Acreage	81 Acres	81 Acres
Total Number of Buildings	1	15
Total Square Feet	1.2 Million	3.5 Million
Uses		
Retail (SF)	1.2 Million	100,000
Total Number of Residential Units	–	1,200
Office (SF)	–	940,000
Academic (SF)	–	1.3 Million
Hotel	–	200 Rooms
Surface Parking Spaces	5,500	–
Structured Parking Spaces	–	9,400
Transportation Modes	Bicycle, Auto, Van/Minibus, Municipal Bus, Light Rail	
Notable Amenities	Public Plaza, Parks, Conference Facilities	

Development Timeline	
Milestone	**Year**
Original Development Completed	1970
Land/Building Acquired	2010-2012
Began Planning	2009
Began Construction	2012

Development Costs	
Land/Building Acquisition	$41 Million
Development Costs (Soft and Hard Costs Excluding Land Cost)	$1 Billion

Brentwood Town Centre, Burnaby, British Columbia

Aerial view of Brentwood Town Centre prior to redevelopment with the SkyTrain station in the foreground.
Photo Credit: Shape Properties Corporation

Brentwood Town Centre was built in 1961 and featured 540,000 square feet of retail space on twenty-eight acres. The mall included Sears, Zellers and London Drugs as anchor tenants. An additional 125 in-line tenants occupied the remaining 200,000 square feet on two separate levels. In 2013, the mall was demolished to make way for The Amazing Brentwood, a new mixed-use project that will ultimately include 6.8 million square feet of development, including outdoor shopping, public plazas and thirteen towers.

The mall site is in the city of Burnaby, British Columbia, approximately five miles east of downtown Vancouver. Downtown Vancouver's high level of density and constrained space have encouraged development to spread out across the metropolitan area. Many highways and public transit options connect Burnaby to the region. The city's infrastructure, along with policies that favor walkable and transit-oriented development, have made it an attractive location to live and work.

In recent years, Burnaby has adopted policies to encourage the redevelopment of low-density retail centers into high-density mixed-use communities. To this end, Burnaby designated four transit-adjacent town center areas for redevelopment. Vancouver's SkyTrain, an elevated rail line built as a showcase for the Expo 86 World's Fair, connects each town center to the broader region.

When Brentwood Town Centre was listed for sale in 2008, Shape Properties Corporation (SHAPE) saw an opportunity for a master-planned redevelopment supported by the municipality and existing regional planning policies. While the existing mall produced a steady revenue stream, SHAPE recognized that the property's location and zoning made it a promising candidate for redevelopment.

Conceptual rendering of The Amazing Brentwood (development on the right) with downtown Vancouver in the background.
Image Credit: Shape Properties Corporation

Land Assembly and Financing

SHAPE decided that the Brentwood Town Centre site met its criteria because it was slated for additional density, included integrated transit and had the potential to generate positive financial returns. SHAPE partnered with the Healthcare of Ontario Pension Plan to purchase Brentwood in 2010 with conventional financing from domestic banks. In 2017, L Catterton Real Estate joined as an additional equity partner, rounding out the project's current co-ownership.

The existing mall produced beneficial holding income as the partners took the project through the rezoning and entitlement process. At the time of purchase, the mall was approximately 90 percent occupied. Shortly thereafter, however, Zellers and Sears both pulled out of Canada, leaving large vacancies at the mall.

The project's feasibility hinged on cooperation between SHAPE and the city of Burnaby. Although SHAPE purchased the site in a down market, some in the community were skeptical of the firm's ability to transform an operating mall into a high-density mixed-use development without the support of tax incentives.

Entitlement Process and Master Plan

The entitlement process required the approval of a master plan for the entire site and subsequent rezoning for site-specific design elements. The master plan established general development guidelines—including densities, building heights and land use—for the first phase of the project, and it will inform future entitlement decisions. The master plan advanced through a series of collaborative workshops involving the city and community, and SHAPE encountered minimal opposition during this process. In fact, it learned city leaders and the surrounding community broadly supported the plan.

Burnaby's Official Community Plan (OCP), which guides town center development, provided a streamlined rezoning process. The city adopted the Brentwood Town Centre Development Plan as part of its OCP in 1996. It will guide redevelopment of the property with the overarching goal of creating a "complete community" with a diverse range of housing types, employment, services and recreation opportunities. With the approval of the master plan, the first phase of the project is scheduled to open at the end of 2019. The approval process for The Amazing Brentwood's second phase is now underway.

As part of the entitlement process, SHAPE made several community-amenity contributions, including the provision of public-realm improvements and a public plaza, as well as cash contributions associated with residential density bonusing. To ensure that open space is accessible to pedestrians, Burnaby required an access easement over the plaza.

The entitlement for The Amazing Brentwood allows for more than six million square feet of development, including 4.5 million square feet of residential, 1.1 million square feet of retail and up to one million square feet of office space. Upon full development, The Amazing Brentwood will have an urban character, with a concentration of retail and commercial experiences paired with a range of residential unit types. It will also offer a variety of gathering places that accommodate pedestrians and neighborhood activities. The property's mix of uses will complement each other and contribute to a walkable urban experience.

The main plaza at The Amazing Brentwood is a vibrant pedestrian-oriented place surrounded by a variety of retail uses. The SkyTrain station provides a regional connection for residents and visitors.

Image Credit: Shape Properties Corporation

Commercial Uses

The Amazing Brentwood has commercial spaces that range from small boutiques to major retailers and office uses. Retailers are selected for their contribution to an urban street environment and the project's sense of place. About 75 percent of The Amazing Brentwood's Phase 1 is leased. SHAPE expects that number to rise to over 95 percent by summer 2020.

Upon completion, the development will include a three-level chain restaurant, the Cactus Club Café, which features a rooftop patio. Additional offerings include a 22,000-square-foot Cineplex VIP movie theater, a 1,200-desk coworking space that will provide a hub for local entrepreneurs, and a Cineplex Entertainment venue called The Rec Room, which will include auditoriums, three eateries, a sports bar, a bowling alley and more than 100 arcade games. In addition, an international food court will feature independent local eateries.

The Amazing Brentwood's outdoor shopping environment will include spill-out patios and walkable boulevards. Brentwood Plaza, with a large water fountain at the center, will anchor the shopping area and serve as the nucleus of the development.

Residential Uses

The Amazing Brentwood offers proximity to buses, bike lanes and the SkyTrain, a light rapid transit system in the Metro Vancouver Regional District, allowing residents to commute downtown and throughout the region without using automobiles. At build-out, the development will include 6,000 residential units in eleven towers. Unit types are designed to suit individuals, couples and families seeking an urban lifestyle. They will include a mix of one-, two- and three-bedroom floor plans. The smallest is a one-bedroom suite that is approximately 580 square feet.

Of the residential units planned for the first phase, 300 will be for rent, and the remaining 1,380 will be condominiums. SHAPE sold all of the for-sale units ahead of project completion. The city and community have lauded the 300 units in the first tower as a positive contribution to the housing supply in a high-demand region.

The Amazing Brentwood's first phase opened in 2019.
Photo Credit: Shape Properties Corporation

Obstacles and Lessons Learned

From the beginning, The Amazing Brentwood's co-owners planned to remain involved with the project for the long term. SHAPE's fully integrated real estate platform allows it to provide oversight and fine-tune plans throughout the development process. SHAPE manages The Amazing Brentwood's development and construction, executes leases, provides asset and property management, and manages marketing and sales.

SHAPE has extensive experience with large transit-oriented mixed-use projects, which informed its approach to the redevelopment of Brentwood. Nevertheless, the firm did encounter several challenges. The size and scope of the development required significant and complicated financing, including working with multiple lenders for different portions of the project.

Complications also arose in the deconstruction and construction processes. Costs climbed significantly while scopes of work continued to grow over the course of the project. Construction of the first phase took place next to an operating mall, adding to the project's difficulty. Moving people around the site during this phase was a logistical challenge. Finally, retail headwinds made working with key tenants more difficult than SHAPE had initially anticipated.

Although the comprehensive redesign of the existing mall into a mixed-use development presented significant difficulties, Burnaby's mayor and city council supported the project. The city's forethought in planning a network of town centers helped SHAPE develop a master plan to guide the current project and future development. Residents, workers and patrons will now be able to enjoy a range of activities within walking distance or a SkyTrain ride. This is welcome news for Burnaby as it continues to promote its town-center concept and the redevelopment of outdated commercial properties in the city.

The Amazing Brentwood Project Details

Development Team	
Developer	Shape Properties Corporation (SHAPE)
Lenders	HSBC Canada, Otera Capital, Royal Bank of Canada, TD Canada Trust, Bank of Montreal, Canadian Western Bank, Canadian Imperial Bank of Commerce, United Overseas Bank, Scotiabank
Investors	SHAPE, Healthcare of Ontario Pension Plan (HOOPP), L Catterton Real Estate (LCRE)
Master Planner	James K.M. Cheng
Landscape Architects	SWA Group and Durante Kreuke
Project Architects	Phase 1: Stantec Inc.; Phase 2: IBI Group Inc.
Interiors Architects	BYU, MG2, GH+A, Chil Interior Design
Engineers	Glotman Simpson, Norman Disney & Young, Nemetz & Associates, Thurber Engineering, GeoPacific Consultants Ltd., Dialog, Integral
General Contractor	Ellis Don (Commercial), Axiom Builders (Residential)
Leasing Brokers and Marketing/PR	SHAPE, with Digital Support from Thought Shop

Site Information	Before	After
Property Name	Brentwood Town Centre	The Amazing Brentwood
Total Acreage	28 Acres	28 Acres
Total Number of Buildings	N/A	13
Total Square Feet	539,159	6.8 Million
Uses		
Retail (SF)	507,071	1.2 Million
Number of Stores	128	TBD
Notable Retail Tenants	Sears, Zellers, London Drugs, Sport Chek, Bryan's Bridal, BMO	Sporting Life, Rec Room, H&M, Cineplex VIP
Restaurants (SF)	–	20% of GLA
Number of Restaurants	–	TBD
Residential (SF)	–	4.5 Million
Total Number of Units	–	6,000
Office (SF)	–	1.1 Million
Hotel (SF)	–	TBD
Surface Parking Spaces	1,825	–
Underground Parking Spaces	–	2.5 per 1,000 SF (Planned)
Transportation Modes	Bicycle, Auto, Van/Minibus, Municipal Bus, Rail	
Notable Amenities	Public Plaza, Theater	

Development Timeline	
Milestone	**Year**
Original Development Completed	1961
Land/Building Acquired	2010
Began Planning	2010
Financial Partner(s) Secured	2010 (HOOPP), 2017 (LCRE)
Plans Submitted to Zoning for Approval	2011
Zoning Approved	2014
Original Structures Demolished	2013
Began Construction	2014
Completed Construction	2019 (Phase 1)
Significantly (75%) Leased	2018 (Phase 1)

One Hundred Oaks Mall, Nashville, Tennessee

One Hundred Oaks is located three miles south of downtown Nashville, southeast of the intersection of the I-65 and I-440 freeways. The three-story mall opened in 1968 as Nashville's second enclosed shopping center. At that time, it was Tennessee's largest mall at just over 800,000 square feet. Situated on roughly 55 acres, the mall housed a changing blend of four anchor tenants, most notably J.C. Penney, Dillard's and Macy's. Following years of disinvestment in the mall, ATR Corinth Partners (ATR) of Dallas, Texas, embarked on a transformative project to turn a declining mall into a thriving mixed-use healthcare and retail center. The project succeeded despite a severe recession, in part due to the development team's foresight and creative response to changing market conditions.

Acquisition and Financing

ATR regularly seeks out redevelopment opportunities to add to its development portfolio. In 2006, the firm focused on three criteria to identify a new redevelopment opportunity. First, it conducted market research with the help of local brokers to identify sites with favorable demographic and economic growth trends that provide reasonable access to high-traffic streets and complementary adjacent land uses. Next, it prioritized sites in markets with high barriers to entry that restrict the supply of commercial real estate. Finally, it looked for a site that could meet the needs of an anchor tenant. ATR knew that one major tenant was looking for space in the Nashville market, and that the One Hundred Oaks property was conveniently located just 10 minutes from the tenant's existing main campus. Securing a major tenant would allow ATR to lower the risk of an otherwise mostly speculative venture. After evaluating the site, ATR decided to move forward with acquisition and planning for One Hundred Oaks.

Financing the acquisition of One Hundred Oaks was relatively simple, given the favorable lending environment in 2006. Tony Ruggeri, a partner at ATR, observed that the company would have to use a very different structure to finance the project today, as changes to loan underwriting following the financial crisis lowered the loan-to-value and loan-to-cost ratios that lenders are willing to approve. ATR purchased the mall for roughly $50 million in 2006 with financing from JP Morgan Chase and Prudential. ATR was also able to obtain a $15 million debt facility to complete some of the preliminary site development.

Tenant Reconfiguration and Construction

From the outset, ATR recognized that the project's success would hinge on its ability to turn the second and third levels of the mall into revenue-producing real estate. (Twelve retailers still under lease in the main mall building were on the first floor.) Although ATR generally focuses on retail-oriented redevelopment, commercial and medical office space were also good potential uses for these floors, given local market conditions.

The property also included two pad sites occupied by restaurants and a movie theater. Most of the mall's tenants had leases that were nearing the end of their 10-year terms. To improve the tenant mix, ATR opted not to renew several tenants' leases and obtained leases with new retailers that were a better fit for the planned redevelopment.

Retail sales at the mall had not been spectacular, but they were consistent, and occupancy costs were low. Before ATR's acquisition, tenants such as TJ Maxx, Burlington, PetSmart, Guitar Center and Regal Cinemas were still open. However, it became clear to ATR that retail would not continue to be a viable use for the second and third floors. The firm decided to move the retailers that had been located in the upper levels to the first floor, alongside the existing in-line retailers. This gave customers easier access to retailers from the mall's parking lot and consolidated foot traffic on the first floor to improve sales for the remaining retailers. The move also left the top two floors available for new uses and new tenants.

ATR's research suggested that these floors, with their 16-foot ceilings and large internal open spaces, would be a good fit for redevelopment into office space. However, ATR did not have an office tenant large enough to fill 400,000 square feet of vacant space when it acquired the property.

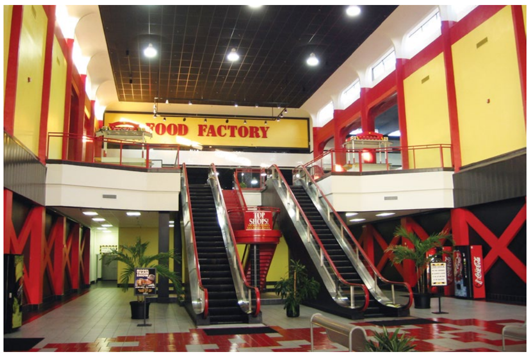
About a year into the project, ATR secured the Vanderbilt Medical Center as a tenant for the top two floors of the mall. Vanderbilt was interested in consolidating approximately 20 surrounding clinics into one convenient location that could offer patients easy access to a wide variety of specialists. Meeting Vanderbilt's needs forced ATR to obtain a larger debt facility from JP Morgan. As this phase of the project occurred at the beginning of the recession, ATR ultimately had to secure additional financing from three banks to finish the project.

The original 100 Oaks Mall entrance prior to redevelopment (left), and One Hundred Oaks' new entrance (right), which provides a fresh look, including new green infrastructure.
Photo Credit: ATR Corinth Partners

ATR reconfigured the upper floors of the mall and the attached five-story office building—a total of 450,000 square feet of space—to accommodate Vanderbilt's facility. An initial phase of the project addressed minor infrastructural improvements, updates to electrical rooms, minor asbestos remediation and structural improvements to the roof to accommodate larger HVAC units. ATR then granted Vanderbilt an allowance toward the build-out, which Vanderbilt completed on a $65 million budget with its own financing and contractor. Vanderbilt's contractor essentially gutted and rebuilt the interior space. Vanderbilt obtained financing for this phase of the project at lower rates than ATR could have secured. In exchange, it negotiated a lease with ATR that had lower long-term rental rates than it would have obtained if ATR had completed the build-out with its own money.

Zoning and Horizontal Improvements

Fortunately for ATR, zoning for the site allowed medical office uses by right, so there was no need for a lengthy and expensive entitlement process for redevelopment. However, there was a risk that the mall's 3,200 surface parking spaces would not meet current parking requirements under the current zoning ordinance. To address this, ATR conducted a parking analysis for shared uses to demonstrate to the city that the site would not be under-parked when redevelopment was complete.



The old interior of 100 Oaks was relatively dark and confined. Remodeling of the mall's interior has brought in additional light and creates a more spacious feel.
Photo Credit: ATR Corinth Partners

One thousand parking spaces were tucked away in the property's back corner, away from retailers. ATR decided to assign these spaces to Vanderbilt employees and patients to free up more parking spaces in the front of the mall for retail customers. ATR also turned the bottom floor of the attached office building, located behind the mall, into an office lobby that would facilitate access to the medical center for Vanderbilt's patients and employees.

ATR proactively approached the city about making changes to a street adjacent to the development. Numerous curb cuts made it one of the most accident-prone roadways in Nashville. At ATR's request, the city agreed to help with $600,000 to close the curb cuts, relocate a traffic signal, and centralize ingress and egress to the property.

As ATR proceeded with the project, it became aware of stormwater-management concerns due to the property's large impervious parking areas. Prompted by evolving environmental regulations, ATR decided to integrate a series of bioswales and rain gardens throughout the site to capture stormwater runoff. These features added valuable green space and landscaping to the property. ATR also built a thirty-foot engineered wall at the front of the property and extended the parking field. While it was a major undertaking, the wall significantly improved the property's aesthetics.

Seen from above, the repurposed 100 Oaks Mall provides a refurbished façade and roof while introducing permeable surfaces and trees throughout the parking field.
Photo Credit: ATR Corinth Partners

Leasing and Performance

New synergies between the property's office and retail uses reinvigorated all three levels of One Hundred Oaks. The redevelopment significantly improved the property's visibility, contributing to improved retailer sales and tenant retention. Retailers reported 15 to 20 percent increases in sales, and rental rates for retail tenants improved from approximately $5 per square foot to up to $9.50 for existing tenants and were in the mid-teens for new tenants.

Challenges and Lessons Learned

At the outset of the project, ATR planned to acquire, redevelop and sell the property within three to five years. However, it could not develop a comprehensive redevelopment plan until Vanderbilt committed to a lease one year into the project. The arrival of the 2007-2009 recession further delayed ATR's plans and made selling the property within the firm's initial timeframe less attractive. Vanderbilt's investment in the office build-out and the expectation that it would remain a tenant beyond the first twelve-year term of its lease made it easier for ATR to hold on to the property. While ATR had considered a longer holding period, it eventually opted to sell the property in 2012 to free up capital and satisfy institutional partners.

ATR's decision to convert the top two floors of the mall to office space was uncommon at the time. According to Ruggeri, retailers tended to be reticent about sharing parking space with medical offices, as they expected patients to depart a property without visiting adjacent retailers. To overcome retailer reservations, ATR conducted research demonstrating that medical office peak hours tended to be at times when retail foot traffic was lowest, and that peak retail foot traffic occurred when medical offices were closed. This pattern allowed for minimal competition for parking spaces. On top of that, the Vanderbilt medical center would bring 1,000 employees and a large number of patients to the property. Projected daily patient counts were the equivalent of daily foot traffic at two Walmart Supercenters.

In addition to the difficulties associated with redeveloping a property during a recession, integrating new uses and managing construction while retail tenants remained open proved challenging. Effective construction management was key. With significant overlap in the project's timing, financing and delivery dates, construction needed to occur simultaneously across the property. At the same time, retailers continued to operate their businesses in the middle of a large active construction zone that employed more than 1,000 workers at the peak of the project.

To avoid overburdening any one area at any given time, ATR broke the site into four quadrants and spread out construction activity amongst them. At one point, crews built plywood tunnels from the end of the parking area to the mall interior to ensure pedestrian safety. Nobody could get within fifty feet of the building without going through a tunnel.

Despite these challenges, ATR considers the project a success. It transformed a struggling mall into a thriving medical and retail center, and residents now have convenient access to quality healthcare. Despite initial concerns about the synergy of uses, retailers are succeeding and the parking has worked flawlessly. ATR hopes to transfer the lessons it learned and duplicate its success in the Atlanta market.

> "If you take the continuum of emotion from absolute pure exhilaration and joy...to abject fear, we had every emotion along that continuum during the project."

ANTHONY RUGGERI, PARTNER
ATR CORINTH PARTNERS

One Hundred Oaks Project Details

Development Team	
Developer	ATR Corinth Partners
Lenders	JP Morgan, Comerica, Compass
Investors	Thackeray Partners
Landscape Architect	Gresham Smith
Project and Interiors Architect	Gresham Smith
Engineer	Gresham Smith
General Contractor	Bailey Construction
Leasing Brokers	The Shopping Center Group (Retail); CBRE (Office)

Site Information	Before	After
Property Name	100 Oaks	One Hundred Oaks
Total Acreage	N/A	56 Acres
Total Number of Buildings	N/A	5
Total Square Feet	N/A	891,000
Uses		
Retail (SF)	814,000	387,950
Number of Stores	N/A	17
Notable Retail Tenants	TJ Maxx, Ross, Burlington	TJ Maxx, Ross, Burlington, Michaels, PetSmart
Restaurants (SF)	–	13,000
Number of Restaurants	–	4
Notable Restaurant Tenants	–	Panera, Panda Express, Logans
Medical Office (SF)	–	450,000
Surface Parking Spaces	3,201	3,201
Transportation Modes	Bicycle, Auto, Municipal Bus	

Development Timeline	
Milestone	**Year**
Land/Building Acquired	2006
Began Planning	2006
Financial Partner(s) Secured	2007
Plans Submitted to Zoning for Approval	2007
Zoning Approved	2007
Began Construction	2007
Completed Construction	2009
Significantly (75%) Leased	2008

Randall Park Mall, Randall Park, Ohio

Randall Park Mall opened in 1976 as the largest mall in the United States. At its peak, it included 200 in-line stores and seven anchor tenants totaling 2.2 million square feet. Built on the former site of the Randall Race Track in the small suburban village of North Randall, Ohio, the mall was located approximately nine miles southeast of downtown Cleveland. It entered into a steady decline in the 1990s, reaching a vacancy rate of 92 percent by 2000. At one point, the mall employed 1,700 people. Its subsequent closure in 2009 significantly impaired the local job market.

Like many regional shopping centers, Randall Park Mall was located near the intersection of two interstates (I-480 and I-271). This was one of the factors that motivated Industrial Commercial Properties (ICP) to acquire the property in 2014. ICP specializes in the acquisition, development and management of commercial and industrial real estate throughout the United States. From the company's perspective, the mall site had all the infrastructure and access it needed to develop a successful industrial park.

Initially, ICP planned to tear down the mall and build a new industrial park on the site, perhaps repurposing one or two of the anchors in the process. ICP had the support of a community that was highly motivated to see the vacant mall replaced with new development. However, the process of acquiring the mall proved to be a challenge due to the property's multiple owners.

Early in the planning process, ICP learned that Amazon was in the market for a new fulfillment center, and the e-commerce company approached the village of North Randall about the possibility of locating a facility in the community. ICP worked closely with the village to secure Amazon as a tenant, setting the stage for the redevelopment of the dying mall into an industrial park anchored by a fulfillment center.

Rezoning, Acquisition, and Financing

ICP completed the rezoning process in 2014 after a brief four-month process that had the support of the village's mayor and other municipal officials. Rezoning occurred before ICP acquired all the parcels that constituted the mall. Although the formal rezoning process was brief, it was the product of a much longer dialog about possible redevelopment scenarios between ICP and village leaders. These discussions had been going on for several years, helping the two parties create a close working relationship and understand the site's full potential.

ICP began acquiring the site by purchasing the interior of the massive mall with tax certificates it had acquired from a third party. However, obtaining the rest of the mall would prove difficult. Chris Semarjian, owner of ICP, was initially uncertain whether the firm would be able to acquire all the mall's anchor properties, which each had different owners. ICP had to make eight acquisitions over three years to eventually gain ownership of the entire mall. Most included the purchase of interior retail space and a portion of the surrounding parking lot, such as the acquisition of the 125,000-square-foot former Dillard's that ICP bought from the village of North Randall. Some acquisitions included the purchase of outparcels, including a three-acre parcel from the neighboring community of Warrensville Heights.

One of ICP's largest purchases was the mall's former Sears building, which included 285,000 square feet on more than twenty acres. ICP's final acquisition was a former J.C. Penney, which then housed Powersports, a school that trains recreational-vehicle mechanics. To facilitate the demolition of the building, ICP relocated Powersports to a location closer to the company's main campus in downtown Cleveland. ICP used internal capital to finance all the acquisitions except for the purchase of the Sears building, which it financed with a loan from a local bank.

Although Amazon received tax incentives for the project, ICP did not. The firm instead deferred incentives for users that would occupy the site in the future.

Site Development and Infrastructure

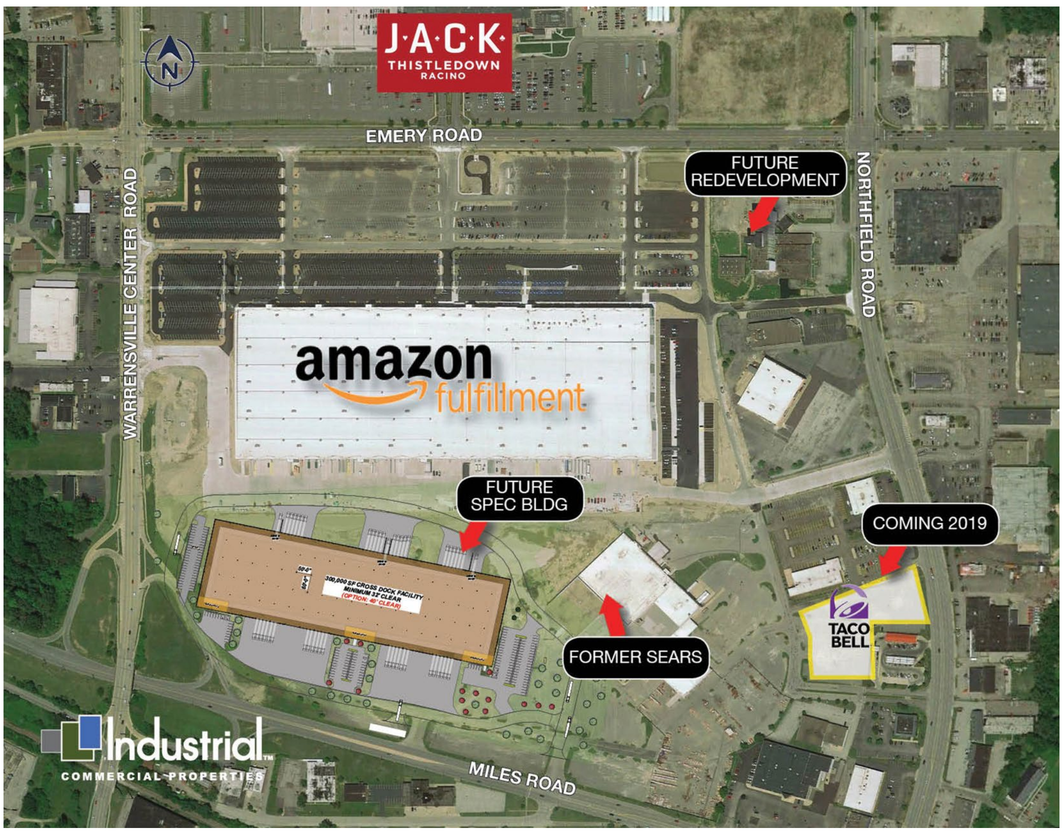


Image Credit: Industrial Commercial Properties LLC

ICP completed acquisition of the mall in 2014. Original plans to repurpose existing buildings and construct new ones for industrial users gave way to redeveloping the site for Amazon's fulfillment center soon after ICP took full ownership. ICP ultimately sold sixty-nine acres of the 100-acre site for the development of the 885,000-square-foot, $180 million facility. The firm proposed building and leasing the facility to Amazon, but Amazon opted to purchase the land and work with its national development partner, Seefried Industrial Properties, Inc. (Seefried) of Atlanta, Georgia, to complete the building.

In 2014, ICP and Seefried demolished all the anchors except for the former Sears building to make way for the new fulfillment center and future commercial development. The scale of the demolition, which required tearing down a roughly two-million-square-foot multistory mall, required close collaboration between ICP and Seefried.

The property's layout further complicated the site preparation process. Randall Park Mall was originally built to grant each anchor main-level and upper-level access and as a result had an undulating topography. Amazon needed its portion of the land to be relatively flat for the construction of a dock-high building. ICP expedited the substantial grading that the site required to help Amazon get the new facility up and running as quickly as possible. Amazon was ultimately able to complete construction within a year of purchasing the land from ICP. The fulfillment center, with forty-five-foot-high ceilings and twenty-six miles of conveyor equipment, is roughly a quarter-mile long and covers eighteen acres.

Although the site's existing infrastructure was a significant asset, Amazon needed to make new connections to its building. ICP coordinated additional site work to reconfigure the internal street network, and the state made offsite improvements to a nearby highway ramp to accommodate a new traffic flow pattern.

Moving forward, ICP is planning a 300,000-square-foot speculative industrial building on an adjacent outparcel that will house six additional tenants. The firm is also turning pad sites into fast food and service establishments to serve the industrial park's employees as well as surrounding neighborhoods. In addition to repurposing existing outparcels, ICP is creating more as it goes. The former mall is well-suited to complementary commercial uses that can generate additional ground-lease income.

Tenant Leasing

ICP decided to lease several spaces in the core of the site to industrial users. The 285,000-square-foot Sears store was the only original anchor building that the firm retained on the site. The building's large footprint was suitable for industrial uses, but it required the installation of several demising walls, utility splits, new sprinkler systems, HVAC and lighting. Escalators and bridge floors were also removed. The building's 26-foot-by-26-foot column spacing required modifications to accommodate light cranes for one tenant's build-out. Although the building already had a dock with seven doors, ICP installed more docks and drive-in doors so that all tenants would have access to these standard features. Overall, ICP made significant investments to turn a single-tenant retail building into an industrial facility that now hosts five tenants.

ICP leases the spaces within the industrial building for terms that range from three to ten years. Rental rates range from $3 to $5 per square foot, depending on tenant improvements and the length of the lease.

Challenges and Lessons Learned

ICP had initially planned to develop an industrial park that would hold six to eight single- and multitenant buildings, but securing Amazon changed its entire approach. While it was challenging to prepare the site and build a nearly 900,000-square-foot fulfillment center in twelve months, ICP and Seefried worked diligently to make it happen. The village of North Randall's support throughout the project aided ICP's efforts. The surrounding community wanted the project to succeed, as the mostly vacant mall was a reminder of lost jobs.

Photo Credit: Industrial Commercial Properties LLC

Currently, Amazon employs more than 2,000 workers on the site, more than the mall did at its peak. Excitement about the redeveloped property echoes the buzz surrounding the original mall's opening in 1976. Nearby property values are increasing, and businesses have expressed renewed interest in the area.

> "Being able to have the vision, conclude the acquisitions, and come out with not only a nice industrial park, but also have Amazon, and watching the community reinvent itself; it's just fantastic."
>
> **CHRIS SEMARJIAN, OWNER**
> **INDUSTRIAL COMMERCIAL PROPERTIES**

Movement Foundation, Charlotte, North Carolina

Based in Charlotte, North Carolina, the Movement Foundation is a faith-based nonprofit that seeks to "bring life, light and hope to underserved communities." In 2014, the foundation established the Movement School, a charter school that prepares youth for "college, careers and lifelong success."

Located in the heart of Freedom Drive in West Charlotte, the foundation chose to redevelop a building that previously housed a big-box retailer into the school's new home. Freed slaves had settled around the area in the late nineteenth century, and the neighborhood had since suffered from generational poverty. The school is now helping to lower barriers to education. The foundation, which is funded by Movement Mortgage, has contributed to the recent revitalization of Freedom Drive following decades of disinvestment.

The school opened in 2017, serving students in kindergarten through second grade. It will add one grade per year up until the eighth grade. Building upon the successful launch of the charter school, the foundation is now working with several partners to build affordable housing adjacent to the school. In addition to providing an education to disadvantaged students, the foundation has sought to make the site a place the community can gather around and call its own.

Image Credit: Video clip from [Movement Mortgage](#).

Site Selection

In its search for a location for the school, the foundation sought a property that would meet several criteria. It was important for the building to be in the heart of the community the foundation served, on an affordable site and that it could be retrofitted with a limited budget. The foundation was also interested in a site close to a bus route, with a parking area that could accommodate a large volume of automobile and school bus traffic. The foundation prioritized properties where an educational use would be permitted under current zoning to reduce the costs and time needed to obtain entitlements.

The foundation ultimately secured a site two miles west of uptown Charlotte that was previously occupied by a big-box store. The property also encompassed outparcels leased to tenants that included a grocery store and a local charter high school. Moving forward, revenue from these leases will offset the costs of managing the property. While the site did not need to be rezoned to operate the school, it did require a change of use for an educational occupancy.

Site Design and Development

The foundation worked with city officials throughout the site design. Garrett McNeill, the foundation's executive director, recognized the importance of explaining how the school would complement current and forthcoming community service providers such as a healthcare center for the underinsured and a community center. Collaboration with the city produced a unified vision for the property.

Although the foundation recognized that redeveloping the property for a variety of new uses would be a challenge, the site presented several opportunities. The large parking field and the former retail building's structure could easily accommodate the school. Partway through the redevelopment process, the foundation saw an opportunity to better utilize the property by also building new residential units. The second phase of development, which is expected to be completed in 2020, will produce 185 mixed-income units, with two-thirds reserved for tenants who earn between 30 percent and 80 percent of the area's median income.

The foundation does not typically build affordable housing, but adding it to the site would complement the property's other uses and meet a local need. It took multiple entities coming together in a public-private partnership to make the second phase feasible. The foundation turned to the Charlotte Housing Partnership, a notable local nonprofit, for its significant experience in affordable housing development.

The big-box building required significant repairs and updates to retrofit it for the school. It was in a state of disrepair and needed a total roof replacement. The foundation installed eight skylights along with additional windows to allow natural light into classrooms and corridors. The building also required upgrades to plumbing and HVAC systems to add restrooms and improve energy efficiencies, as well as more than $100,000 worth of asbestos abatement.

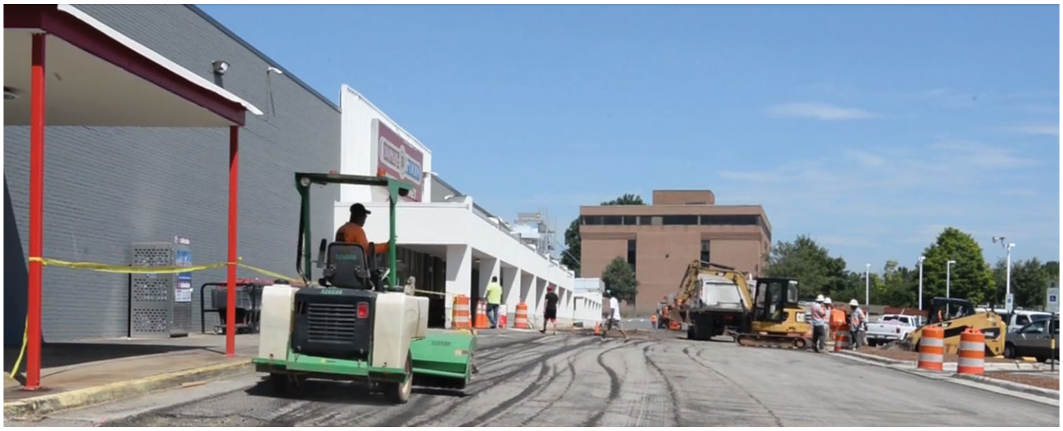


Image Credit: Video clip from The Charlotte Observer.

In addition to these building retrofits, the foundation made several improvements to the surface parking lot. Traffic-pattern enhancements focused on the circulation of school buses and private vehicles. The foundation also added several trees to satisfy a city forestry requirement and mitigate stormwater runoff. The addition of landscape islands, trees and a playground within the parking field improved the site's aesthetics by breaking up a large, underused field of asphalt.

Financing and Tenant Leasing

The foundation financed the acquisition of the property and the construction of the school using its own funds, without the aid of a loan or any local, state or federal tax incentives. With the guidance of the Charlotte Housing Partnership, the foundation then turned to other sources to help fund the mixed-income housing portion of the project. The city of Charlotte contributed $4.5 million from its Housing Trust Fund toward this phase, which also received funding from a voter-approved affordable-housing bond. A local church made a roughly $2 million donation to cover a gap between dedicated funding and projected expenses for the second phase. The Foundation of Marsh Properties also donated 12.5 acres of land to the project.

The foundation acquired most of the site by purchasing a single eighteen-acre parcel. It then sold one outparcel to offset some of the school's construction costs. It also purchased a separate parcel to improve access to the site, allowing for a right-in/right-out turning movement for vehicles, enhancing the site's ability to safely accommodate traffic.

The design process for the mixed-income housing revealed it would require land occupied by two outparcels. As a gratuity, the foundation gave both tenants six to eight months to find new locations, and both successfully relocated within that time.

Challenges and Lessons Learned

Developing a charter school and affordable housing as a nonprofit entity presented the Movement Foundation with unique challenges and opportunities. The foundation had limited resources compared to commercial developers. The project faced potential opposition from community members who were wary of new development and perceived charter schools as diverting resources from traditional public schools. McNeill personally undertook most of the tasks associated with community engagement and construction management. Through his outreach and collaboration, he helped community members understand the foundation's vision for the project.

Image Credit: Video clip from The Charlotte Observer.

Throughout the development process, the foundation focused on establishing strong partnerships with other nonprofit organizations, the city and the local community. These were instrumental to the project's success. The establishment of the charter school required the foundation to cooperate with the state of North Carolina, and the foundation based the school's educational model on the Sugar Creek Charter School, which primarily serves economically disadvantaged students of color. The foundation also relied on partnerships with nearly a dozen public, private and faith-based organizations to finance, design and build the development's mixed-income housing. These partners all shared the common goal of serving traditionally underserved populations within the community neighboring Freedom Drive.

When rehabilitating older buildings, construction and permitting can present obstacles. Several hurdles led the foundation to question whether it was feasible to complete the project. However, it persevered and saw its way through potential roadblocks in what McNeill describes as a few "miraculous moments."

Once construction was complete, community skepticism turned into enthusiasm. The foundation has demonstrated its commitment to offering local students a high-quality education through its investments in the campus, staff and curriculum. The retrofitted school building also serves as a location where locals can organize a variety of activities, helping to further integrate the school into the community.

> "We've had community events there. We've had worship nights. We've allowed other people to rent out the space, and so it provides another revenue stream. But more than that it provides a space for the community to actually call their own."

GARRETT MCNEILL, EXECUTIVE DIRECTOR
THE MOVEMENT FOUNDATION

Movement School students receive donated shoes from the LeBron James Family Foundation and Samaritan's Feet. *Image Credit: Video clip from Movement Mortgage.*

Overall, the project was an opportunity for the foundation to serve the local community by bringing new services to a neighborhood in need. Since its completion, the school has excelled in providing local students with a quality education. Reading proficiency is near 65 percent, double the rate of nearby elementary schools. Parent participation and satisfaction rates are very high, and the teacher-satisfaction rate is among the highest in the state.

Conclusion

As the case studies reveal, developers can often identify opportunities to repurpose or redevelop closed or struggling retail centers. In some cases, developers have repurposed existing buildings for new uses, while in others, they have instead demolished existing structures to make way for new uses. Two themes remain constant across these case studies. First, each tells a story about the renewal and transformation of a previously underused site into a thriving new development that has positively contributed to its surrounding neighborhood. Second, each developer gained the support of the community and benefited from local partnerships that were essential to designing and building properties that meet community needs and fulfill developer objectives.

The case studies also suggest that North American malls will need to meet current economic and social demands to remain successful. In most cases, the developers highlighted in this study acquired malls that were failing or had closed. Most were underused, and the retailers that remained were often on their way out.

Individual case studies demonstrate innovative solutions for failing mall sites. They also illustrate themes that emerged across multiple projects:

- **When repurposing a mall for new uses, a developer can reposition remaining tenants to create a critical mass of retail.** Locating remaining retailers close together can improve their performance and benefit both visitors and other tenants. At One Hundred Oaks in Nashville, the developer moved retailers that had been scattered across the mall into a “main street” that concentrated retail foot traffic and increased convenience for visitors. This strategy freed up space for a new Vanderbilt healthcare facility, improving the local community’s access to medical services. The remaining retailers now benefit from their proximity to a facility that brings thousands of patients to their doorstep.
- **With their large footprints and parking fields, malls can often be redeveloped to support new uses that are aligned with market demand and community needs.** In Austin’s Highland Park, the mall is being converted into a community college that serves students in the region. The parking field and outparcels are being developed into a mixed-use neighborhood with a series of open spaces and a connection to the city’s light rail transit system. Residents surrounding Highland Park played a crucial role in shaping the project by advocating policies that supported mixed-use development on the site. Residents ultimately supported the redevelopment project, which brings new retail experiences, additional housing opportunities and a variety of publicly accessible open spaces.
- **Mixed-use redevelopment projects can create a sense of community by balancing complementary uses and providing accessible open spaces for public interaction.** In Burnaby, British Columbia, Shape Properties Corporation is redeveloping a mall into a vibrant mixed-use neighborhood that will include 6,000 residential units, 1.1 million square feet of office space and 1.2 million square feet of retail space. The development will help meet regional housing needs and provides access to downtown Vancouver via the SkyTrain. The transit-oriented nature of the development keeps the city within reach, and a series of open spaces offers residents and visitors with a range of activities.

- **Mall redevelopment projects often provide communities with economic and social benefits by bringing jobs back to sites that have suffered from decades of job loss.** In the case of Randall Park Mall in Ohio, the total redevelopment of the mall into an industrial park, including a new Amazon fulfillment center, created thousands of jobs in a community that had previously seen a steady decline in employment opportunities. The area around the site is experiencing a renaissance, and restaurants and retailers are once again locating near the site.
- **Mall redevelopment projects can transform neighborhoods and provide essential services to underserved communities.** The Movement Foundation's adaptive reuse of a big-box store is an example of how nonprofit or public organizations can embrace redevelopment to contribute to the communities they serve. The foundation's partnership with other nonprofits and public entities helped it deliver a school and affordable housing, contributing to a broader revitalization of the surrounding neighborhood.

Overall, the study highlights the importance of integrating projects into a surrounding community, whether through community outreach, the provision of public spaces or the addition of new uses. While they vary in scope and impact, each project represents a new hope for the communities they serve, with benefits that extend beyond a property's boundary line. As malls across North America continue to close, developers can look to an increasing number of opportunities to bring new life to properties and contribute to their surrounding communities.

Endnotes

[1] Leanna Garfield, "Here's what could happen to America's hundreds of dead malls," *Business Insider*, June 1, 2018, *https://www.businessinsider.com/what-will-happen-to-closed-malls-2017-5*.

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[4] Lauren Zumbach, "Fighting for their lives, malls reinvent themselves for the experiential set," *Chicago Tribune,* June 9, 2017, *https://www.chicagotribune.com/business/ct-struggling-mall-redevelopments-0611-biz-20170609-story.html*.

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Ronald L. Rayevich, Founding Chairman
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