

Taubman, Kimco Start Off 2016 With 'De-Malling' Plans for Pair of Retail Centers

Retail REITs Moving Away from Enclosed Malls to Street Retail and Open Air Centers by [Mark Heschmeyer](#)

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Enclosed malls may not be dead or dying, but retail property REITs are clearly moving to pursue open air and street retail centers in future developments.

Just today, Taubman Centers Inc. announced that it cancelled plans for an enclosed regional mall slated as part of the Miami Worldcenter mixed-use, urban development in Miami, FL. Instead, Taubman said it will pursue an open-air "high-street" retail concept for the project.

Also Kimco Realty Corp. said it will buy out its joint venture partner to acquire full ownership of the struggling Owings Mills Mall in the Baltimore market. Kimco plans to redevelop the dated mall as a new open-air center.

"I don't know that it is as much about the enclosed mall being dead... than a number of other factors," said Soozan Baxter, principal of Soozan Baxter Consulting, a landlord-focused retail advisory firm in New York.

International tourism is down significantly and there are a lot of upscale properties already in the Miami market coming into play that may have factored into Taubman's decision, Baxter said.

"Plus, Taubman has a great history of doing open-air centers," she added. "Taking a page out of what is being done in their hometown (Detroit) with the revitalization of street retail, seeing the competition in the market, and knowing how well street retail can do, I think it is a wise choice, but it is not an indication that the mall concept is dead."

Baxter, also a former Baltimore resident, added that Kimco's plans to redevelop Owings Mills Mall into an open air mall is in keeping with the times.

"I think it reaffirms that developers must constantly reinvest and evolve or else risk someone else coming in and dominating," Baxter said.

Taubman Changes Plans for Enclosed Regional Mall

Taubman, in conjunction with investment partner The Forbes Co. and Miami Worldcenter's master developer, Miami Worldcenter Associates, said it believes the characteristics of the site and the market are more conducive to a high street retail than a traditional enclosed mall.

"We've invested a significant amount of time on the project," said Robert S. Taubman, chairman, president and CEO of Taubman Centers. "Unfortunately, we were unable to structure an enclosed mall program that meets our investment criteria. We're pleased, however, to work with The Forbes Company and Miami Worldcenter Associates on the potential development of a high street plan that we all believe will provide an outstanding retail experience."

Taubman and Forbes have agreed with Miami Worldcenter Associates on preliminary terms to lease the retail

portion of the street level project, with an option to purchase the retail component for a predetermined price once it opens.

In previous comments on the changing retail market in Florida, Taubman said, "I think clearly the stronger dollar is impacting all gateway markets, especially the tourist market, and retailers do feel that impact in a place like Miami and we can see a drop in Orlando. But it doesn't change their long-term growth market. Everyone believes that Miami is really one of the great markets in United States," Taubman said.

Taubman already made headlines to start out 2016 by teaming up The Macerich Co. to buy another street retail project -- the iconic Country Club Plaza mixed-use property in Kansas City from Highwoods Properties for \$660 million.

Kimco Set for Open Air Retail Center in Baltimore

As part of its ongoing investment simplification initiative to focus on its U.S. portfolio and reducing its joint venture program, Kimco said it will buy out General Growth Properties' remaining 50% ownership interest in the Owings Mills Mall in the Baltimore metropolitan area.

In related moves, Kimco also acquired the anchor parcels owned by J.C. Penny Co. for \$5.2 million and is under contract to acquire the parcel owned by Macy's for \$7.5 million to acquire full ownership of the Owings Mills Mall, which the REIT plans to redevelop as a new open-air center.

As of Sept. 30, 2015, the 1.1 million-square-foot Owings Mills Mall and surrounding retail properties were just 28% leased.

"We are committed to "de-malling" the site and revitalizing it into an open-air shopping center," Kimco said on its website.



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