

# THE WALL STREET JOURNAL.

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<https://www.wsj.com/articles/simon-property-wants-to-reopen-malls-but-gets-stymied-by-political-opposition-11589284805>

## PROPERTY REPORT

# Simon Property Wants to Reopen Malls, but Gets Stymied by Political Opposition

As coronavirus lockdowns lift, confusion rises on when to allow people back in

By [Esther Fung](#)

May 12, 2020 8:00 am ET

[Simon Property Group](#) is trying to open many malls as soon as it can, but some local politicians are stalling efforts to get many of them back in business.

In the past two weeks, the Indianapolis-based company had to backpedal on plans for reopening some of its properties in Indiana and New York, after local officials—especially in areas harder hit by the coronavirus—said it was too soon to allow people into malls.

In Indiana, [Simon Property](#) had to postpone the reopening dates of four malls from the first weekend of May to May 16. The governor loosened stay-at-home regulations on May 1 but Marion County and Monroe County, which have higher population densities, extended their respective stay-at-home orders till May 15.

In New York, local lawmakers said they were surprised last week when they learned that [Simon Property](#) plans to open its seven malls and outlets in the state on May 16, including tourist magnet Woodbury Common Premium Outlets and the Shops at Nanuet, the day after the state's executive order to stay at home ends. Simon Property later said it made a mistake including properties in New York and it will comply with the state and local directives.

“At first I thought it was a rumor, and I was shocked to hear and see on their website, information that they will open on the 16th. I think that it's really inappropriate to be advertising that right now,” said David Carlucci, a Democratic New York state senator, later adding that he appreciated the company's correction on the matter.



Simon Property Group, the company that owns the Shops at Nanuet in Nanuet, N.Y., said it will comply with state and local directives on reopening.

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“This is really the epicenter of where we had the highest infection rate of Covid-19; we still have deaths every day in Rockland County and throughout New York state,” said Mr. Carlucci. “Yes the hospitalization rate has declined over the past few weeks, thank goodness, but we are not out of the woods yet.”

New York state officials said the pace of reopening depends on a formula based on hospitalization rates. While construction and manufacturing may restart first, restaurants and hair salons may only reopen in June at the earliest.

Simon Property, the largest mall owner in the U.S. with more than 200 properties in the country, is seen as a leader and trendsetter in the industry. It introduced a slew of social-distancing protocols, placed hand sanitizers and offered face masks to any shopper who requests it. Its reopening list, which could change depending on state and local guidelines, has malls in Massachusetts, Connecticut, Hawaii, Minnesota, Wisconsin and Illinois that will open after May 16.

In the first quarter, the company reported a 20.2% decline in net income attributable to shareholders, from the same period a year earlier. During the earnings call, Simon Property’s chief executive, David Simon, said that 77 of its U.S. properties have reopened with safety guidelines as of May 11, and that the retailers are benefiting from pent-up demand.

“The municipalities and the governments ultimately are going to appreciate what we’ve done year after year, delivering sales and property tax payments,” said Mr. Simon. “We’d garner the respect that we deserve.”

Companies and local officials are trying to find a way to reopen businesses to prevent the economy from deteriorating further and at the same time, prevent a second wave of infections. Guidelines could differ from county to county, and some smaller businesses have petitioned to reopen their stores earlier.

Malls in South Carolina, Georgia, Oklahoma and Texas were among the first to reopen. In Florida, shopping centers in Miami-Dade county and south Florida remained closed, while their peers in other parts of the state have reopened because they had lower rates of infection.



Businesses are temporarily closed at Woodbury Common Premium Outlets.

PHOTO: KEVIN HAGEN FOR THE WALL STREET JOURNAL

Illinois is lifting restrictions at a slower pace than these states, with a five-phase reopening plan.

Regarding malls, Illinois Gov. J.B. Pritzker, said on Thursday that reopening indoor venues with hundreds of people walking together will be extraordinarily difficult under the epidemiological recommendations. “That’s something that will have to happen over the course of months and not in the immediate next phase,” said Mr. Pritzker.

Some brokers noted retail landlords struggling with rent collection in April and May are prodding their tenants to get ready to reopen so there is less excuse to not pay rent.

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Landlords also noted that many regions rely on malls for revenues from property and sales taxes and if closures continue, they will ask for more tax relief. In New Hampshire, Simon Property has already asked the city of Manchester to defer taxes and reduce its assessment of the Mall of New Hampshire.

Tenants also want to reopen businesses, but they are concerned about how quickly to ramp up operations because of capacity restrictions and uncertainty over how much demand would recover.

“It’s a crazy dance,” said Soozan Baxter, a retail and hospitality consultant.

Other landlords said they prefer to wait for the state to provide a date for nonessential retail to open.

Mall of America in Bloomington, Minn., said that it began curbside pickup last week after the governor gave an order allowing nonessential retail to proceed on May 4, but for now, the property remains closed.

The country’s largest mall by leasable retail space is working with state and national organizations in retail, theme parks, attractions and tourism to come up with plans focused on how to keep people safe and comfortable when we welcome them back, said Jill Renslow, executive vice president of business development and marketing for Mall of America.

“We will continue following guidance from our state government on a safe reopening timeline,” said Ms. Renslow.



The Shops at Nanuet on May 10.

PHOTO: KEVIN HAGEN FOR THE WALL STREET JOURNAL

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*Are you ready to shop in a mall? Why or why not? Join the conversation below.*

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