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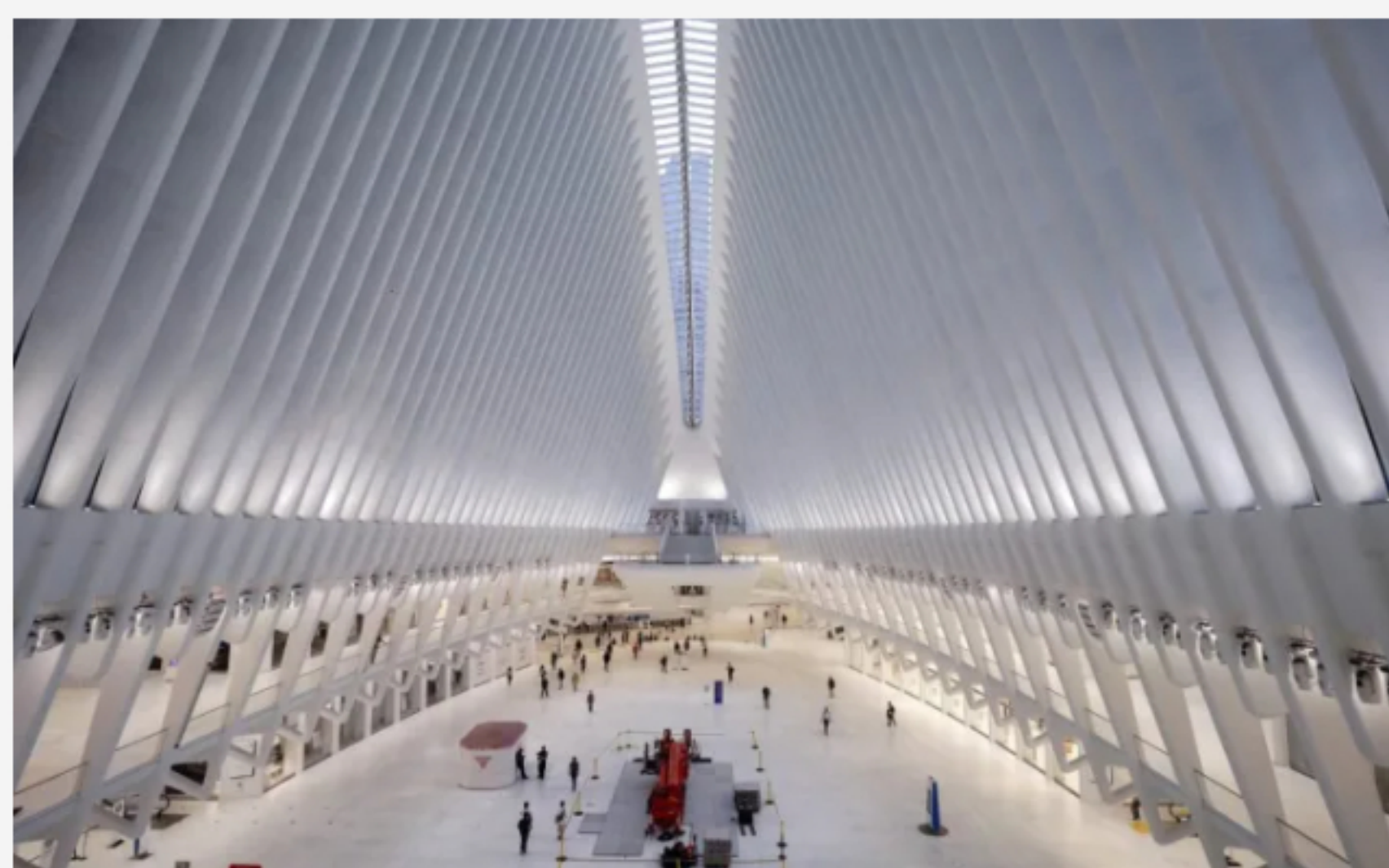
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FEB 9, 2021 9:56AM EST

The New Mall Anchors: As Traditional Department Stores Struggle, Here's What Simon CEO Sees as Their Replacement

By Samantha McDonald



Simon Property Group owns the Westfield World Trade Center in New York City.

CREDIT: JOHN NACI/AP

Faced with a rash of bankruptcies and store closures among some of their biggest retail tenants, mall owners across the country are increasingly finding themselves with a growing number of vacancies — and they're looking for more productive replacements to the once-bustling department stores that filled their anchor spaces.

Retail real estate giant Simon Property Group Inc. CEO David Simon might have an answer. In the company's fourth-quarter earnings call yesterday, the billionaire developer was asked by an analyst about his ideas for possible anchor replacements.

"I think some of these we are relooking at with the idea toward reducing the amount of new retail that we might put onboard, but also the restaurants ... I think that's going to be through a lot of the mixed-use efforts that were already underway, but I think [it] will be accelerated," he said.

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Simon also shared that the mall owner was in talks for new locations with retailers like Kohl's, which recently struck a decade-long shop-in-shop partnership with makeup purveyor Sephora; Primark, considered one of the largest apparel and accessories retailers in the United Kingdom; and Dick's Sporting Goods, which continues to benefit from macroeconomic factors like increased outdoor and fitness activities as well as strong online sales amid a resurgence in coronavirus infections.

"I would hope that some of the more thoughtful entertainment-oriented retailers — once the COVID restrictions get back — would also continue to be in our property," Simon added. "I'm hopeful we'll have a lot more of the mixed-use stuff that we're doing."

As it focuses on redeveloping existing spaces and expanding into mixed-use developments (think residential towers, offices and hotels built alongside retail spaces), Simon Property Group also made headlines back in August when a report suggested that it could use some of JCPenney's and Sears' formerly occupied anchor stores as Amazon.com Inc. fulfillment centers.

What's more, the shopping center has also repurposed the space once held by Sears at the Burlington Mall in Burlington, Mass. to accommodate smaller businesses. It now includes tenants like a Japanese BBQ restaurant, an acupuncture clinic and a gadget repair shop.

"We believe in the mixed-use component pretty significantly ... I do feel very strongly about this, that the high-quality suburbs are going to be where the action is in the future," Simon said in the call. "I'm telling you the suburbs are going to be hot. And our quality real estate is going to be where the action is for those well-located suburban centers of commerce, and that's going to be the big change coming out of the pandemic."

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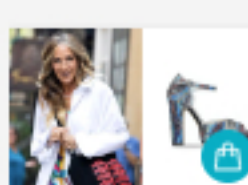
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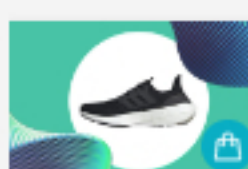
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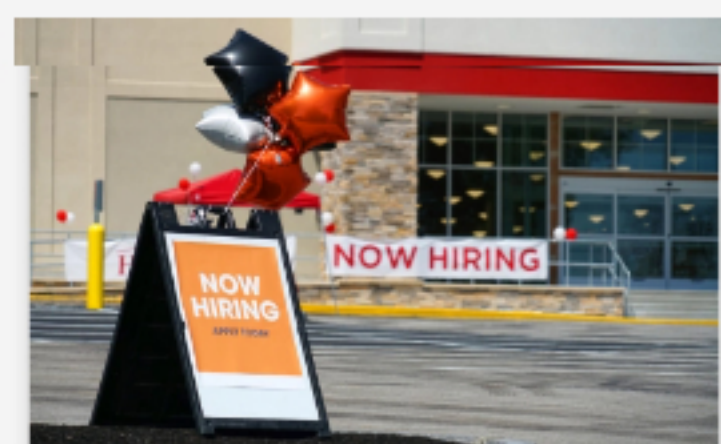
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