## State of the Outlet Industry, Part 3

# Outlet GLA plentiful in U.S. value centers

**Taubman Co.'s** 1.3 million-sf Dolphin Mall in Miami flourishes with Latin American visitors.

48 projects have a lot of outlet tenants, just not quite enough to be called outlet centers.

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Editor in Chief

**When the first** value megamall opened in 1985 in Woodbridge, Va., the retail development community was quick to proclaim Potomac Mills and its followers as revolutionary. Certainly the merchandising concept, dubbed "shoppertainment" by its creator, Mills Corp., caught the fancy of developers who wanted to create true town centers that drew locals and tourists with restaurants, game halls, nightclubs, movies and outlet shopping.

Early developers recognized the concept wouldn't work in every market – and it hasn't – and that at most, the U.S. could support somewhere in the neighborhood of 30 such projects. Twenty-five years after Potomac Mills opened, there are 23 value megamalls operating in the U.S. and none planned. In Canada, Ivanhoe Cambridge's 1.1 million-sf Cross Iron Mills in Calgary, Alberta, opened this year, and the same developer's 1.2 million-sf Vaughan Mills, in Ontario, opened in 2004.

Simon Property Group acquired the Mills portfolio of 17 projects (now 16 with the sale of Cincinnati Mills this year) in March 2007 for $1.4 billion. In its 2nd quarter 2009 filing, for the period ending June 30, Simon reported that the Mills portfolio's occupancy was 90.9 percent and comparable sales psf $397.

*VRN* defines a value megamall as an enclosed project greater than 700,000 sf. The tenancy in value megamalls is a combination of full-price, value, outlet and entertainment, often with big-box anchors. The outlet component in value megamalls accounts for approximately one-third of the project's GLA, which is significant given the overall size of the centers.

However, *VRN*'s definition of an outlet center requires 50 percent outlet occupancy. For this reason, despite their outlet tenancy, value megamalls and value-oriented strip or village centers aren't


**The 133,000-sf** Colonnade is the upscale outlet wing of Simon Property Group's 2.3 million-sf Sawgrass Mills in Sunrise, Fla.

### Value Megamalls Snapshot:

**23** value megamalls totaling **30.6 million sf**
Aggregate outlet GLA in those megamalls: approximately **10 million sf**
Average population within 40 miles: **3.8 million** people
Average household income: **$69,782**

### Value-Oriented/Lifestyle Centers Snapshot

**25** value-oriented/lifestyle centers totaling **7.3 million sf**
Aggregate outlet GLA in those projects: approximately **2.4 million sf**
Average population within 60 miles: **2.4 million** people
Average household income: **$57,118**

included in *VRN*'s outlet-center database, which includes 216 outlet centers totaling 58.6 million sf. In fact, 15 of the 25 centers listed in *VRN*'s database as value-oriented had at one time been classified as outlet centers. Former outlet centers apparently don't fade away; they become value-oriented centers, often bustling with business.

*VRN* conservatively estimates that at least 12 million sf of additional outlet GLA is found in the nation's 23 value megamalls and 25 value-oriented/lifestyle centers, which together total 37.9 million sf.

Two value-oriented projects with outlet components are planned:

- Kennedy Commercial's 325,000-sf Shoppes

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**Arizona Mills, which** opened in 1997, was developed when three competitors – Mills Corp., Simon DeBartolo Group and Taubman Co. – joined forces rather than race to be the first to open.

## Where the value megamalls are:

Arizona
California (2)
Colorado
Florida (3)
Georgia
Illinois
Kansas
Maryland
Michigan
Missouri
North Carolina
New Jersey
New York
Ohio
Pennsylvania
Tennessee
Texas (2)
Virginia
Washington

## Where the value-oriented/ lifestyle centers are:

Arkansas
Arizona
California (7)
Georgia
Idaho
Kansas (2)
Kentucky
Michigan
Missouri
North Carolina
Nebraska
New Jersey
Nevada
Ohio
South Carolina
Virginia
Wisconsin

## 23 U.S. Value Megamalls, by GLA

| Center | Location | Developer | Year Opened | GLA |
|---|---|---|---|---|
| **Sawgrass Mills/Colonnade Outlets** | Sunrise, Fla. | The Mills (Simon) | 1990 | 2,322,000 |
| **Potomac Mills** | Woodbridge, Va. | The Mills (Simon) | 1985 | 1,960,000 |
| **Gurnee Mills** | Gurnee, Ill. | The Mills (Simon) | 1991 | 1,800,000 |
| **Franklin Mills** | Philadelphia, Pa. | The Mills (Simon) | 1989 | 1,700,000 |
| **Grapevine Mills** | Grapevine, Texas | The Mills (Simon) | 1997 | 1,600,000 |
| **Ontario Mills** | Ontario, Calif. | The Mills (Simon) | 1996 | 1,500,000 |
| **Cincinnati Mall** | Cincinnati, Ohio | Whichard Real Estate | 2004 | 1,500,000 |
| **Great Lakes Crossing** | Auburn Hills, Mich. | Taubman Centers | 1998 | 1,360,000 |
| **Dolphin Mall** | Miami, Fla. | Taubman Centers | 2001 | 1,315,000 |
| **Great Mall** | Milpitas, Calif. | The Mills (Simon) | 1994 | 1,300,000 |
| **Concord Mills** | Concord, N.C. | The Mills (Simon) | 1999 | 1,300,000 |
| **Jersey Gardens** | Elizabeth, N.J. | Glimcher Realty Trust | 1999 | 1,296,015 |
| **Arizona Mills** | Tempe, Ariz. | The Mills (Simon) | 1997 | 1,200,000 |
| **Discover Mills** | Lawrenceville, Ga. | The Mills (Simon) | 2001 | 1,200,000 |
| **Arundel Mills** | Hanover, Md. | The Mills (Simon) | 2000 | 1,200,000 |
| **Katy Mills** | Katy, Texas | The Mills (Simon) | 1999 | 1,200,000 |
| **Colorado Mills** | Lakewood, Colo. | The Mills (Simon) | 2002 | 1,105,000 |
| **Festival Bay Mall** | Orlando, Fla. | Belz Enterprises | 2003 | 1,100,000 |
| **St. Louis Mills** | Hazelwood, Mo. | The Mills (Simon) | 2003 | 1,100,000 |
| **Opry Mills** | Nashville, Tenn. | The Mills (Simon) | 2000 | 1,100,000 |
| **SuperMall** | Auburn, Wash. | Glimcher Realty Trust | 1995 | 942,731 |
| **The Great Mall of the Great Plains** | Olathe, Kan. | Block & Co. | 1997 | 781,875 |
| **The Mall at the Source** | Westbury, N.Y. | Simon Property Group | 1997 | 726,000 |
| **23 projects** | **19 states** | **6 owners** | | **30,608,621** |

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at Solstice in Mesquite, Nev., August 2010

- Sunnyside Crossroads' 110,000-sf Sunny Side Crossroads Outlet Center in Idaho Falls, Idaho, May 2010

Craig Realty Group is adding outlet tenancy to Poag & McEwen's existing 225,000-sf Lifestyle Outlets at Manteca (Calif.), which is on the chart below.

One value megamall expansion is planned – a 53,000-sf expansion of the 1.1 million-sf Colorado Mills in Lakeland, Colo., scheduled to open in October 2010. A 22,000-sf expansion of 2.3 million-sf Sawgrass Mills' Colonnade, near Fort Lauderdale, opened this fall.

One value-oriented center expansion is planned – a 96,250-sf expansion to Bedrock's 308,456-sf Nez Perce Plaza in Lewiston, Idaho, scheduled to open in 2010. An expansion of undetermined size is also planned at 118,300-sf Commerce Crossing in Commerce, Ga., scheduled to open in 2012.

**Holland Town Center,** developed by the orginal Horizon Group in 1988, sold in July to SugarOak Properties for $2.8 million.

## 27 U.S. value-oriented/lifestyle centers, by GLA

with significant outlet tenancy

| Center | Location | Developer | Year Opened | GLA |
|---|---|---|---|---|
| **Biltmore Square Mall** | Asheville, N.C. | Biltmore Eight | 1989 | 494,919 |
| **Ozark Center Point Place** | Springdale, Ariz. | Mathias Properties | 1995 | 352,050 |
| ***HomeWorks at Jeffersonville** | Jeffersonville, Ohio | Rudnick Development | 1993 | 315,000 |
| **Nez Perce Plaza** | Lewiston, Idaho | Bedrock | 2002 | 308,456 |
| ***The Shoppes at Branson Meadows** | Branson, Mo. | Chelsea Property Group | 1995 | 287,000 |
| ***San Ysidro Village** | San Diego, Calif. | Westwood Financial Corp. | 1989 | 258,000 |
| ***Preferred Outlets at Laughlin** | Laughlin, Nev. | Ariel Preferred Retail Group | 1996 | 256,800 |
| ***Barefoot Landing** | N. Myrtle Beach, S.C. | Barefoot Landing | 1988 | 256,319 |
| ***Cedar Creek Mall** | Rothschild, Wis. | Cedar Creek Mall | 1993 | 250,000 |
| ***Lake Arrowhead Village** | Lake Arrowhead, Calif. | Pacific Capital Investments | 1980 | 236,000 |
| ***Holland Town Center** | Holland, Mich. | SugarOak Properties | 1988 | 193,775 |
| ***Nebraska Crossing Factory Stores** | Gretna, Neb. | First Management | 1993 | 192,000 |
| ***Williamsburg Pottery Factory** | Lightfoot, Va. | Williamsburg Pottery Factory | 1983 | 186,000 |
| ***Chisholm Trail Center-Outlet & Retail Shops** | Newton, Kan. | Chisholm Trail Center | 1996 | 170,000 |
| **Marina Square Shopping Center** | San Leandro, Calif. | RREEF Management Company | 1990 | 167,089 |
| ***American Tin Cannery** | Pacific Grove, Calif. | Foursome Development Co. | 1988 | 145,000 |
| **Interstate 10 Outlet Mall** | Iowa, La. | USC-TEXAG | 1989 | 130,753 |
| ***Dry Ridge Outlet Center** | Dry Ridge, Ky. | Dry Ridge Capital | 1991 | 129,270 |
| ***Olde Lafayette Village** | Lafayette, N.J. | Olde Lafayette Village | 1985 | 122,000 |
| ***Commerce Crossing** | Commerce, Ga. | Healey Weatherholtz Properties | 1990 | 118,300 |
| **Citizens Bank Plaza** | Truckee, Calif. | Truckee Donner I | 1990 | 38,200 |
| **Lifestyle Outlets at Manteca** | Manteca, Calif. | Poag & McEwen | 2009 | 225,000 |
| **The Block at Orange** | Orange, Calif. | The Mills A Simon Company | 1998 | 800,000 |
| **The Legends at Village West** | Kansas City, Kan. | RED Development | 2006 | 1,100,000 |
| **Foothills Mall** | Tucson, Ariz. | Feldman Mall Properties | 1982 | 517,000 |
| **27 centers** | **18 states** | **25 owners** | | **7,248,931** |

*Project opened as an outlet center