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## Gwinnett Place Mall: New owners unveil plans to pursue new model

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Macy's remains a key anchor, along with Sears and Mega Mart, at Gwinnett Place Mall. The new owners, Moonbeam Capital Investments, plan to reshape the property into a live-work-play commercial hub

**PATRICK FOX**

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Once the epicenter of elite north side shopping, Gwinnett Place Mall in Duluth has lost the sparkle it had when it opened in 1984 and enjoyed through the mid '90s.

The 1.3 million-square-foot complex sits weekdays with parking spaces barely 20 percent filled. Inside, where crowds once elbowed their way up and down escalators to stroll along the two-story atrium, there is now plenty of space for shoppers to walk three-abreast without difficulty.

Shops now occupy almost 70 percent of the available space.

Yet, for all the obituaries written on the mall – the closures of Belk in 2013 and JCPenney earlier this year – the edifice is far from dead.

Steven Maksin, CEO of Moonbeam Capital Investments, which bought the distressed mall two years ago, said plans are underway to revitalize the market and make it into something new.

“Truth be told, all these assets are challenging assets to deal with,” he said. “What’s an opportunity for some is a downfall for others.”

Moonbeam operates 10 malls in 10 states throughout the United States.

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At one point, Gwinnett Place Mall was worth more than \$165 million, but the debt alone was over \$110 million at the time Moonbeam bought the property in 2013 for \$13.5 million. Besides the buildings, the deal included nearly 40 acres of land and infrastructure. It also included obligations with management and legal issues, which Maksin says are being resolved successfully.

“But by buying it for the right price, we are able to stabilize it for now,” he said. “And we have a game plan to bring its old glory back with a redevelopment plan.”

Unfortunately, a sizeable land acquisition like Gwinnett Place Mall requires a lot of planning and chasing a number of players to get the right plan in place.

Reconstituting the mall is also complicated by a restrictive easement agreement with some of the property’s major anchors. Macy’s, Mega Mart and Sears still operate as anchors at the mall.

Another complication is that traditional retail is different these days. Mall tenants and the rents they’re willing to pay are also different.

“The real challenge and the real opportunity for redevelopment comes through governmental assistance and requires a fundamental approach to mixed-use redevelopment where the multifamily, the work and live and play concept, comes into play,” Maksin said.

Moonbeam has not disclosed precise plans, but Maksin says the formula will involve some combination of restaurants, entertainment, retail and multifamily. Too much detail too early invites speculators and inflated land prices, he said.

Moonbeam has already launched nontraditional operations at other malls across the country. The company has poured millions into a state-of-the-art medical facility at one site and is discussing the possibility of building a convention center for an educational facility in Florida.

The company also has a number of colleges renting space at malls.

“Those are the key anchor plays that are available to us as tools to refocus, regroup and redevelop the mall,” Maksin said. “The traditional play is also available.”

Earlier this year, the company was able to bring in home décor superstore At Home to its Greeley, Colorado, mall, which served as an anchor play occupying 95,000 square feet of space.

“A lot depends on us taking the mall area, recognizing that the true plan will be something born out of trial and error because we live in a different era. Just simply building more retail is not going to do it for Gwinnett Place,” Maksin said.

Since it took over ownership, Moonbeam has spent significant time studying the local market.

“We know with the downsizing of retailers, the uncertainty of a number of anchor tenants and the competition in the market, there is too much competition within our 10-mile trade radius,” said Shawl Pryor, senior vice president of real estate for Moonbeam. “We’re looking at doing something that is new; it’s going to be exciting. We’re trying to create an experience with restaurants and entertainment, but also tie into that mixed-use concept.”

Indeed, the area is bustling with major retail, with a Kohl’s, Costco, Sam’s Club, Petco and PetSmart situated within two miles of the mall.

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Joe Allen, executive director of Gwinnett Place Community Improvement District, says he is encouraged by Moonbeam's plans.

"The mall may still be going through challenging times," he said. "Moonbeam has come in to pick up the pieces, try to stabilize that mall, but they are moving forward with some redevelopment plans."

Allen said the area is much more than Gwinnett Place Mall.

"Look at the shopping centers up and down Pleasant Hill Road," he said. "Mall Corners is probably 98 percent occupied, Market Fair, 98 percent occupied, Marketplace, 95-98 percent occupied. You see a new LA Fitness has just opened up, a multimillion-dollar investment in the Promenade at Pleasant Hill."

In addition, all the hotels have gone through multimillion-dollar renovations in the area, and the auto dealerships are back, he said.

The CID has helped initiate millions of dollars in street and landscaping improvements including the new diverging diamond interchange at I-85 and Pleasant Hill Road and a new traffic-response system that went live this summer.

More recently, the CID just unveiled its Activate Gwinnett Place Plan, which outlines how the group will work with the county to invest in the area, add green space and make it more walkable, Allen said.

"That mall cannot stay 100 percent retail," he said. "Retail is changing and has changed too much. This is still a strong, strong area, a strategic location in the heart of the most dynamic county in the Southeast."

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