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Kempner: Can Gwinnett's 'sad mall' get its smile back?

BUSINESS By Matt Kempner - The Atlanta Journal-Constitution



Gwinnett Place mall has seen increasingly rocky times in recent years, with the departure of more national retailers and shrinking sales. The current owners say plans for a major redevelopment have been delayed but are still expected. Shawl Pryor, a senior vice president for Moonbeam Leasing & Management, said part of the work will convert some vacant store spaces into offices. MATT KEMPNER / AJC

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"Sad Mall" is what my wife calls the place that used to be one of metro Atlanta's go-to places to spend money.

Now, there's a newly revised plan to turn that frown upside down. It's just hard to see how the company that owns struggling Gwinnett Place mall is going to pull it off any time soon.

But wish them luck. Because they aren't alone. Other aging shopping centers, malls and office buildings share a Sad Mall feel that gets sadder with every fresh report on the surge in online shopping. What happens in Duluth might hint at how well others will fare.

Sun's out, gluten free buns out.









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A big remake of Gwinnett Place was supposed to begin this year. That's been delayed, but it's going to happen, I was told by a representative for Moonbeam Capital Investments, the mall's owner since late 2013.

"We will make Gwinnett Place mall more attractive to individuals again," said Shawl Pryor, a senior vice president for the owner's leasing and management arm.

He oversees about three dozen properties around the nation, including 10 malls. Several are behind on promised redevelopments.

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While Moonbeam has offices in Las Vegas and New York, Pryor stations himself at offices inside Gwinnett Place, a long trek from his home in Marietta. The company manages private equity investments from American business people, Pryor said.

"We did not purchase Gwinnett Place to let the mall become a dilapidated and blighted property."

Pryor told me he intends to submit a redevelopment plan to Gwinnett County in March with the basic concept of making Gwinnett Place a lot less of what it is: a mall circa 1984. Instead it would become as much a place to live and work as to shop.

Here's what he said he will lay out:

- A former Belk department store will be demolished and replaced with two apartment buildings with a total of 340 units and underground parking.
- Two wings of the mall – an area around the mostly-vacant food court and a walled-off section that led to Belk – will be converted into office space and leased to companies.
- A back entrance to the mall from Satellite Boulevard will be upgraded, with green space and some kind of water feature, like a little lake or maybe a fountain. Some section of the mall could be turned into an open-air plaza.

At first, Pryor told me Moonbeam expects to break ground in spring 2018. A few days later he emailed me more details, and I noticed the listed construction timing had shifted to fall 2018.

I guess the concept is fluid.

It's hard to get financing for big developments these days. I asked Pryor where the money would come from. Moonbeam, he said, has access to resources. And it wants to get some funding from the county through a tax allocation district. Plus, the company still hopes to find partners willing to go in on the venture, he said.

Will Moonbeam sell and let someone else take a shot at it?

Pryor told me the company isn't interested in that. But then he said, "For the right price, anything is for sale. At this time, we are currently not marketing the property to be sold."

'No clear path'

About the Author

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I feel for folks in the mall business. Some malls look like they're doing fine, but the prospects for plenty of others are shaky.

Bob Wordes, the chief operating officer of The Shopping Center Group, said Gwinnett Place occupies a great location with lots of commuters passing nearby.

"The challenge is there is no clear path as to what retail is going to be in the future," he told me.

As for malls generally, Wordes said, "I don't know if they have to die. But I think some have to change."

Several are working on it. Northlake Mall and North DeKalb Mall are both exploring ideas for a major redevelopment. **And a shift has already begun at Southlake where a former JCPenney has been converted into a sprawling call center.**

But Gwinnett Place has continued to sink as Moonbeam contemplates what to do. And locals have grown tired of watching the ship slowly take on water. I've read and heard about similar frustrations around other malls controlled by Moonbeam.

Shockingly few people strolled Gwinnett Place's main corridors when I've visited recently. Browsing is not an operative word. Shoppers, I'm told, get in fast and get out.

National retailers continue to leave, though so far Macy's and Sears remain on site even as they've announced a wave of closings elsewhere. More than half of Gwinnett Place's non-anchor store spaces are empty, and the mall's online directory includes shops that have long since closed. Sales of non-anchor stores have dropped by about one-quarter, just since 2014.

Nearly 90 percent of the mall's appraised value has disappeared since 2001, according to the county.

A long slide

Gwinnett Place was slipping even when it was owned by Simon Property Group, which bills itself as the world's biggest publicly traded real estate company. Eventually the property was foreclosed on. Moonbeam bought the mall for a song — \$13.5 million.

But in reality, it got less than half the mall. Most of the big anchor spots are owned by the retailers themselves, as are big swathes of parking and some of the main entry approaches on the property. That limits Moonbeam's options.

Pryor told me the firm didn't realize the magnitude of the rehab project. It had expected only to make cosmetic improvements and goose up leasing efforts.

Apparently Moonbeam initially missed what some others already had seen: Gwinnett has too much retail space, competition from the Mall of Georgia and Sugarloaf Mills pulls away tenants and the struggles of many malls aren't just a function of leftover pain from the Great Recession. They represent a fundamental shift in how and where we shop.

As malls struggle, they also put at risk commercial and residential districts that have grown up near them.

"It's definitely created a stigma in this area," said Leo Wiener, the president of retail for Ackerman & Co. and the chairman of the **Gwinnett Place Community Improvement District**. "The image of a dying mall is certainly not good for the businesses in this area."

To their credit, the CID and the county government have invested in the area. There's a new bridge and reworked interchange at Pleasant Hill and I-85. Plans call for more greenspace and a trail.

As for Moonbeam's plans, Wiener said, he hopes it actually gets underway.

"At this point," he said, "actions will speak louder than words."

What's still at Gwinnett Place?

Anchors include: Macy's, Sears, MegaMart and Beauty Master

Among other shops there: Victoria's Secret, Bath & Body Works, Express, Foot Locker, Finish Line

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