

Follow us on



Thursday, Sept. 13, 2012 | 8:23 a.m.

[Print/Digital Subscriptions](#) | [Customer Care](#)

[Hi, \(not you?\)](#) | [Member Center](#) | [Sign Out](#)

[Sign In or Register](#)



Search

☒ Site ☐ Web

Web Search by YAHOO!

The Atlanta Journal-Constitution

Posted: 6:11 p.m. Wednesday, Sept. 12, 2012

## Mall woes: Gwinnett Place changes hands, Southlake troubled

### Related

By Arielle Kass

The Atlanta Journal-Constitution

Two malls at opposite ends of metro Atlanta face financial troubles amid changing shopping habits and lingering fallout from the recession.

Gwinnett Place Mall is under new ownership after a foreclosure last month, while the owner of Southlake Mall in Clayton County has taken steps that could lead to foreclosure, according to Trepp, a real estate research firm.

Neither mall plans any immediate changes to store lineups or operations.

In general, though, malls everywhere are in a period of transition. Some are doing well, while others struggle to bring in shoppers as online sales rise.

Some metro Atlanta malls are adding everything from amusement parks to driver services offices to keep people coming. One, Union Station mall in Union City, closed its doors at the end of 2010 after years of decline.

Two other Georgia malls — in Macon and Gainesville — have been foreclosed on, said Ryan McCullough, a real estate economist with real estate service firm CoStar Group. Since 2008, there have been 72 mall foreclosures in the U.S.

Simon Property Group, the former owner of Gwinnett Place in Duluth, said in February that it had “disposed of” its interest in the long-vexed mall, but it wasn’t until Aug. 7 that the ownership changed.

Gwinnett Place is now being run by McKinley, a Michigan-based real estate management firm, on behalf of C-III Asset Management, a company that helps operate distressed properties. The mall is owned by a Merrill Lynch-created commercial mortgage-backed security.

"At some point in time, the property will be sold," said Michael Ludden, a senior vice president for C-III Asset Management. "Now, it's business as usual."

Whether the change at Gwinnett Place is good or bad for the area in the short term remains to be seen. Gwinnett Place was the county's first mall but has been largely eclipsed by the bigger, splashier Mall of Georgia up I-85, by Discover Mills and by the growth of open-air shopping alternatives.

At the same time, the shopping population around the mall has changed dramatically since Gwinnett Place opened in 1984.

While McKinley is taking immediate steps to clean the property and make minor improvements, it will be more than a month before C-III gives any direction as to what the company should do to add stores at Gwinnett Place, Ludden said. The mall has all its anchors, but the interior is only 56 percent occupied, according to Trepp. Ludden called filling the space "a challenge."

Jim Bieri, a partner with Michigan's Stokas Bieri Real Estate, said national tenants that had a relationship with previous owner Simon will no longer feel the need to stick around if their stores are not making money. According to Trepp data, 15 percent of Gwinnett Place's leases expire within a year, and an additional 24 percent expire in one to two years.

"The likelihood of losing a few more stores is high," Bieri said.

Without a permanent owner, Gwinnett Place suffers in other ways, said George Thorndyke, whose Madison Walk owns the property for MegaMart, one of the mall's anchors. While Thorndyke said the foreclosure does not make much difference for shoppers who go to the mall regularly, there is no one to plan events that will bring in new shoppers.

"You can't move forward if you don't have somebody in charge," he said. "It makes it stagnant, and stagnant is not good."

Joe Allen, executive director of the Gwinnett Place Community Improvement District, said he hopes McKinley — and whoever buys the mall — will stabilize the property so it can be repositioned. One recent study of the area suggested removing the mall's roof and adding more homes in the area.

Similar factors have forced changes have been made at some other now-forgotten malls, Allen noted.

"We're ready for the next step," he said. "It's going to have to be different than it is."

A spokesman for General Growth Properties, the owner of Southlake in Morrow, would not comment on the Trepp report or its plans for the mall. But Ludden, with C-III, confirmed that company is acting as a "special servicer" for Southlake, overseeing that troubled loan.

Chancey Woods, manager of the Barber Shop at Southlake, said business and foot traffic at the mall have suffered since Clayton County ended C-Tran, its bus system, in 2010. Wisdom DeGreat opened a kiosk to sell fashion belts less than two weeks ago, but he said business has been slow so far.

According to Trepp data, the mall is 90 percent occupied, but 31 percent of its leases expire within a year, and an additional 25 percent expire in two years.

If the mall forecloses, DeGreat said, it indicates that there probably aren't enough customers there to support his business. DeGreat, who signed a year lease, said he doesn't want to get stuck paying his \$1,300 monthly rent out of pocket.

"If they foreclose, I have to go," he said.

## More News

### More from ajc.com

- Driver killed in fiery plunge off I-75 identified
- Former mall owner faces more legal troubles
- APD clears officers of profiling Tyler Perry
- Hip-hop mogul's death in NYC ruled a suicide
- For now, justice on hold in Texas rape case

### From around the web

- The Hottest Gray Haircolor Solution for 2012 (Hair Color For Women)
- Drive to These 8 Beautiful Waterfalls NOT Named Niagara (AARP.org)
- How Long Before TV and Internet Are Completely Merged? (Yahoo!)
- Niall Ferguson: Obama's Gotta Go (The Daily Beast)
- Credit Score Ranges: What's a Good Credit