

# Don't fret, bankruptcy won't shut your mall

Real estate experts say it will be business as usual at local malls despite General Growth Properties' Chapter 11 filing.

By Parija B. Kavilanz, CNNMoney.com senior writer

NEW YORK (CNNMoney.com)—Experts say consumers are unlikely to see their area mall disappear after General Growth Properties, the second-largest mall owner in the country, filed for bankruptcy Thursday.

“It will be business as usual for consumers and stores in these malls,” said Ivan Friedman, president & CEO of RCS Retail Real Estate Advisors.

He also said that it's very rare for a mall to be shut down.

Chicago-based General Growth Properties (GGP), which owns more than 200 malls nationwide, was forced to seek bankruptcy protection after failing to raise capital to service its debt. Among its malls are South Street Seaport in New York, Water Tower Place in Chicago, Cumberland Mall in Georgia and Glendale Galleria in California.

Although real estate experts characterized GGP's situation as probably the single biggest commercial real estate bankruptcy in history, they expect that event will likely have “no implications” for consumers.

Unlike retailers such as Circuit City and Linens 'N Things, which ultimately went out of business because their concept lost relevance with shoppers, Friedman and others said General Growth's problems are more finance-related rather than consumer-driven.

Also, at a time when mall vacancies are at record highs, “[GGP's] malls are still 90% occupied,” said Victor Calanog, director of research with retail real estate firm Reis. “GGP operate fairly high-quality malls both in terms of locations and types of stores,” he said.

Even if GGP puts some of its malls on the market as part of its restructuring efforts under Chapter 11, Calanog believes the company will ultimately find buyers because of their attractive locations.

Said Friedman, “GGP doesn't really have any weak malls in its portfolio. The malls will be around. The company isn't going out of business.” ■