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Malls pour money into upgrades to stay relevant in Amazon era

By Sarah Mulholland | BLOOMBERG NEWS JULY 05, 2017

NEW YORK — The owner of Newgate Mall plans to pour \$500,000 into overhauling its outdated food court, in a bid to lure restaurateurs and hungry shoppers. Rent payments from eateries are never going to recoup the renovation costs, but for landlord Time Equities Inc., that's not the point. The point is survival.

The food hall is part of an effort to breathe new life into the entire 718,000-square-foot center and increase foot traffic, said Ami Ziff, director of national retail at Time Equities. The New York company, which bought Newgate in Ogden, Utah, from GGP Inc. for \$69.5 million last year, is one of many landlords wagering that elaborate makeovers will keep them competitive as they reinvent their properties in the age of Amazon.com.

Costs are escalating as mall owners work to keep their real estate up-to-date and fill the void left by failing stores. The companies are turning to everything from restaurants and bars to mini-golf courses and rock-climbing gyms to draw in customers who appear more interested in being entertained during a trip to the mall than in buying clothes and electronics. The new tenants will pay higher rents than struggling chains such as Macy's and Sears, and hopefully attract more traffic for retailers at the property, according to Haendel St. Juste, an analyst at Mizuho Securities USA.

"The math is pretty obvious, pretty compelling, but there are risks," St. Juste said. "This hasn't been done before on a broad scale."

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