

Wednesday, April 13, 2022

# European owner to sell all of its US Westfield malls



Photo courtesy of CoStar

The Westfield UTC mall is one of several shopping centers in San Diego County that will be sold by Unibail-Rodamco-Westfield.

**By Thor Kamban Biberman**

After reporting late last month that it would drastically reduce the size of its U. S. portfolio, the European firm Unibail-Rodamco-Westfield announced this week it will be exiting the U.S. mall market entirely.

The company will sell all of its Westfield malls, including those at University Towne Centre, Mission Valley, Escondido, and Plaza Bonita in San Diego County.

Westfield UTC is anchored by a two-level Nordstrom. The mall underwent a makeover a few years ago that added such brands as Apple, Allen Edmonds, Arhaus, Billabong, Cotton On, Jo Malone London, Kendra Scott, Marine Layer, No Rest for Bridget, Rodd & Gunn, Saje Natural Wellness, Superdry, Untuckit, Vessel, and Vineyard Vines.

Tenants at Westfield Mission Valley include Bloomingdales, The Outlet Store; Nordstrom Rack; Bed, Bath & Beyond; and 24-Hour Fitness.

Tenants at Westfield North County in Escondido include Nordstrom, Target, Apple, Michael Kors, Lucky Brand, Macy's, Forever 21, MAC Cosmetics, Coach, H&M, and Lush.

Tenants at Plaza Bonita include AMC Theatres, Nordstrom Rack, Target, Macy's, H&M, Urban Decay, Hollister, Victoria's Secret, MAC Cosmetics, and NYX Professional Makeup.

Unibail-Rodamco and/or Westfield entities had previously sold downtown's Horton Plaza (which is now being transformed into a creative office and retail complex by Stockdale Capital Partners), Parkway Plaza in El Cajon, and Plaza Camino Real (now The Shoppes at Carlsbad).

Unibail-Rodamco may not have had to sell all of its U.S. assets. One of the strategies cited by the European investor is to "maximize asset values by unlocking mixed-use development opportunities with significant residential potential."

The footprint and the area immediately surrounding the UTC mall already fits the bill with retail, housing, and office uses all within walking distance. What's more, the recent addition of the Mid-Coast Trolley delivers passengers right onto the property.

Flocke & Avoyer President Steve Avoyer agreed that Westfield UTC already has it all, but that the other sites could be more problematic unless they have a mixed-use development that includes housing.

Avoyer said if other malls, such as Westfield North County and Plaza Bonita, could add multi-story, residential components, that would complement centers that aren't faring as well as they otherwise might.

"We have a housing shortage," he said, adding a residential component could also provide the malls with the level of traffic they haven't seen in years.

Malls were having a difficult time long before the pandemic due to factors ranging from location to tenant mix. Avoyer emphasized that just because a certain formula works at one mall, doesn't mean it will work at another.

"One size does not fit all," he said.

And with the pandemic, malls were languishing around the world until people were free to re-enter them once more.

Unibail-Rodamco-Westfield says by divesting its U.S. malls, its' EBITDA (earnings before interest, taxes, depreciation and amortization) should reach pre-COVID rates next year, and be even stronger by 2024.

Unibail-Rodamco paid the equivalent of \$24.7 billion to acquire then-Australian-based Westfield in June 2018.

"By 2024, we will have successfully reshaped the business to capture future growth, centered on our portfolio of flagship destinations in the wealthiest cities and catchment areas in Europe," Jean-Marie Tritant, Unibail-Rodamco-Westfield's CEO, said in a statement.

While online retailing only accelerated its influence, Tritant emphasized there will always be a place for brick-and-mortar stores.

"Physical stores are a vital part of leading brands' omnichannel and drive-to-store strategy, a role reinforced and validated by the post-pandemic recovery," he said.

Tritant said his mall's top retailers have increased in earnings and, in many cases, in size since 2019.

"Our platform of shopping and lifestyle destinations in Europe presents a powerful opportunity to grow media advertising and brand experience revenues by converting our European footfall of 550 million visits in 2021 into qualified audiences," he said. "We are building the capabilities to market URW's pan-European platform to advertisers by creating a dedicated business division, powered by new data

intelligence. These strong foundations will generate 75 million [pounds] in annual net revenues by 2024, with significant upside potential.

"This is the beginning of an exciting journey for URW that will reshape the business to focus on our core strengths in Europe, create a new media platform, and unlock value from our asset portfolio to generate sustainable growth by 2024 and beyond."