

Evolution of Regional Malls- Repurposing of Anchor Department Stores and Malls

Description:

The history of regional malls and anchor department stores began with the opening of the two-level, fully enclosed Southdale Mall in Edina, Minnesota in 1956. The subsequent long-term growth of the mall concept was driven by post-World War II suburban developments that drew the population from the inner cities. Eventually, the mall and department store markets became overbuilt.

In the 1990s, malls and department stores struggled due to competition from the emergence of on-line sales. Competition also came from single-tenant, big-box discount stores, like Walmart, Kohl's, and Target, among others, and neighborhood and community open-air strip centers.

As the number of malls and traditional anchor department stores declined, redevelopment scenarios grew in numbers and include total or partial demolition of the mall's improvements, reuse of the land for other uses, and/or reuse of vacant anchor space.

Pricing methodology research for obsolete malls and anchors reveals varied techniques but mostly rely on double-digit capitalization rates.

Often assessors avoid the concept of double-digit cap rates and over assess malls. The solution covered in the presentation is detailed comparable sale identification and verification of the important characteristics of the comparables to effectively compare to the subject property to arrive at a fair market-based assessment.

Bios:

Peter Korpacz

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Founder & President

Korpacz Realty Advisors, Inc.

- He has extensive experience in real estate appraisal, counseling, publication, and research fields.
- He is president of Korpacz Realty Advisors, Inc., specializing in litigation-support, including expert witness testimony and consulting services.
- His primary focus is assessment work and includes cap rate studies, appraisal reviews, and valuations of regional malls, big-box properties, and other retail properties, data centers, hotels, valuations of major office buildings, including corporate headquarters, and methodology studies for valuations of various property types.
- He was the founder and original publisher of the quarterly Korpacz Real Estate Investor Survey®.

- He was a principal researcher and advisor for the annual Emerging Trends in Real Estate® from the 2001 U.S. issue through the 2008 U.S. issue.
- He's authored numerous articles; been a contributor to numerous real estate books, including the 8th and 9th editions of The Appraisal of Real Estate and the 1st and 2nd editions of The Dictionary of Real Estate Appraisal; and a former editor-in-chief of The Appraisal Journal for 3 years.
- He co-authored the article — Changing Emphasis in Appraisal Techniques: The Transition to Discounted Cash Flow — cited as one of nine articles out of more than 4,000 articles published in The Appraisal Journal in its first 75 years (1932-2007) that had a "meaningful influence on the readership."
- He is an ardent supporter of the IAAO library!

For further information on Mr. Korpacz and his firm, you are encouraged to visit the firm's website at www.korpaczra.com where you can find numerous interesting articles, relevant court decisions, and his detailed qualifications.

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Over thirty (30) years of real estate industry and project management experience on a global scale including business strategy, real estate research, litigation expert, site location analysis, construction management in a variety of commercial and industrial projects nationally and internationally, industry recognized thought leadership, and 3½ year's international experience in the Middle East, Europe, and Africa.

Consulting assignments include litigation expert consulting, ground-breaking industry research, mass appraisals, business restructuring and bankruptcy, , economic and demographic trend analysis, international and domestic real estate investment strategies, real estate capital markets, international real estate research, seniors housing, retail bankruptcy and restructuring, corporate real estate, institutional real estate portfolio analysis, and applied use of statistical modeling to real estate issues.

Construction and project management experience in commercial and industrial projects, including project management, construction estimating, scheduling, contract management, field management, and construction litigation support analysis. Commercial projects include office, multifamily, seniors housing, mixed-use and retail buildings. Industrial projects include warehouses, mining, oil exploration, offshore construction, gas processing, chemical plants, and hydroelectric and alternative energy projects.

Academic experience covers endowed chair in real estate, guest lecturing throughout the United States, real estate center director, editorial member of several real estate journals, and executive positions with the American Real Estate Society.