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Briarwood owner Simon Properties Group is stuck with thirty-four empty Sears stores.

The Sears store at Briarwood quietly closed its doors late in 2018, the final chapter in the department store's seventy-eight-year history in Ann Arbor. In the final days, most shoppers were looking for bargains. Few lamented its closing.

Yet when Briarwood opened, it was an indispensable anchor to the mall, helping it to replace downtown as the county's prime shopping district. "At one time Sears was a desirable tenant—it actually drove foot traffic to the mall," says Erik Gordon, a professor at the U-M's Ross School of Business who has followed Sears' history. "That's not the case anymore. In fact, for stores located in an aisle near Sears, it actually hurts those stores. There isn't much worse than being next to a Sears. Ann Arbor and Briarwood won't miss Sears."

Even so, finding a new use for the giant 185,000-square-foot space is a daunting task, especially as the retail industry struggles to reinvent itself in the era of online shopping and changing consumer preferences.

The task falls to Briarwood owner Simon Property Group and Seritage Growth Properties, a real estate investment trust spun off from Sears by then-owner Eddie Lampert. Lampert, a hedge-fund billionaire widely blamed for riding Sears into the ground, is now being sued by the bankrupt company for "theft of its assets."

As one of the nation's largest mall owners, Simon has a full plate. If managing the closure for thirty-four Sears stores weren't enough, several other well-known retailers have announced that they too will be closing hundreds of stores this year. These include, JCPenney, J.Crew, Gap, Chico's, and the Children's Place, among others. For now, none of these retailers have plans to exit Briarwood, though all operate at the mall.

Seritage is busy too. It owns 206 Sears properties outright and another twenty-six in joint ventures. Though Seritage has successfully redeveloped several former Sears properties, many more are vacant.

"It's a big space, and we're very curious about Simon's plans for it," says Beth Carpenter, who manages the Eddie Bauer store located near the interior entrance to Sears.

Carpenter says that she was concerned initially that sales at her store might slow after Sears closed, but to her surprise, there actually has been an uptick.

"Sears had Lands' End," she explains, and when it closed "its customers looking for quality outdoor wear came here instead.

"That's been good for our business, but we don't want to see that space vacant very much longer. The sooner Simon puts something in there, the better."

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The store's closing is a chance to rethink Briarwood—and the whole State St. Corridor.

But no one is opening stores like Sears anymore. At a minimum, the space would need to be divided to attract tenants. (The smaller Maple Village Kmart—another chain largely liquidated by Lampert—had to be sliced into thirds.) And some people are thinking much bigger—about not just reshaping the mall but freeing the entire neighborhood from the auto-centric layout of mid-twentieth-century suburban shopping.

based in Indianapolis, says the company is "busy beyond belief" and that it could be several months before the future of the Sears space is decided.

"Simon and Seritage are putting on a happy face, but they're running scared," says Mark Cohen, a former Sears executive who now directs a retail studies program at Columbia Business School. "An apocalypse is ripping through retail, and in reality nobody has any idea how all this is



"Fifty years ago, malls started killing our downtown centers," says former Sears exec Mark Cohen. "Today malls are dying much more quickly."



Signs plastered over the former Sears entrance in Briarwood's east corner promise "more shopping, dining & entertainment" are "in the works."

"We're very optimistic," said Denise Murray, director of marketing and business development for Simon at Briarwood. "The closing represents a fantastic opportunity for Briarwood and Ann Arbor."

Right now, though, no one is giving details. Les Morris, a Simon spokesperson

going to end."

Cohen notes an irony in the collapse of retailers like Sears and the effects of suburban development that over the years has favored shopping malls, high-speed roadways, and single-use development.

"Fifty years ago, the malls started killing our downtown centers," says Cohen. "But it took fifty years. Today malls are dying much more quickly—in ten years, some estimates are that up to half of them will close."

Neil Saunders, a retail analyst with GlobalData Retail, has looked at a lot of malls that are struggling to fill the space left by Sears and other struggling chains.

"A decision on whether to re-tenant, renovate, or demolish a space left by the size of a store like Sears really requires a hard look at the demographics in the surrounding area," says Saunders. "It's a challenge, but they are finding creative ways to use the space, and some are doing quite well."

Spenser Allaway of Green Street Advisors, a commercial real estate research and consulting firm, says that though a lot of malls get into trouble when Sears—and even worse, a second anchor store—closes, malls in areas with a healthy regional economy, high employment, good incomes, and a growing population will make it.

"A Class A mall, like Briarwood, it should do fine," says Allaway. "It's got solid demographics, and there's really no nearby competing malls. The key will be to find new tenants that meet the needs of its shoppers."

"More experiential retailers, such as restaurants and high-end movie theaters with reclining seats that serve beer, say from a local brewery—that could really work," says Saunders. Other possibilities, he says, include gyms, grocery stores, and even apartments.

Employees at Briarwood stores say they've heard rumors about a high-end movie theater as well as more restaurants and specialty stores. At Williams-Sonoma, workers mention other possibilities, including a megachurch. Others talk about a post office or maybe a Nordstrom. A few have other ideas too.

"Malls are trying a lot of new things, maybe something like a Sky Zone or Jungle Java would work," says Mandie Russell, who was shopping with her fourteen-year old daughter. "It's such a big space, maybe a movie theatre for older kids and something like that for younger children and families?"

At the mall with his toddler and four-year-old, Ryan Kovacs agreed that a space for younger kids would be a good addition.

"That play area down near Von Maur is a zoo," he says. "A bigger space for the kids would be great."

Store employees agree that more restaurants are needed, but aren't so keen on a movie theater.

A theater "won't bring in business," says an employee at Ocean Blue Jewelers. "People aren't going to go to the movies and shop. They're going to go to the movies and leave."



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Oxford Companies CEO Jeff Hauptman points out that Briarwood's infrastructure was designed to support cars, not people.

"I'm not sure a movie theatre would bring in the most desirable shopper, if at all," agrees Kelly Pant, a manager at Gap. "And Nordstrom—none of the big department stores are expanding. None."

"Briarwood already tried a movie theatre here—twice," says Carpenter, the manager at Eddie Bauer. "The mall could certainly use more restaurants, but those need to be in the center of the mall to help move foot traffic. Simon needs to innovate. It needs to think outside the box."

Jeff Hauptman is already doing that. "A basic rule in real estate—and that includes retail—is that it either evolves or dies," said Hauptman, CEO of Oxford Companies, a real estate services firm based in Ann Arbor.

Oxford owns or manages 2.6 million square feet of commercial property, primarily in the State-Eisenhower area. (A recent acquisition is the landmark 777 Building.) That gives it a tremendous interest in the area's development.

In Hauptman's vision, a reimagined Briarwood could serve as an epicenter for a new "suburban-urban" district, like those emerging in other parts of Michigan and throughout the country.

Hauptman likens the mall to Detroit's Renaissance Center, which was built at about the same time. He notes that the RenCen started out as a fortress cut off from the rest of the city but has since undergone a series of renovations to open it up more. He believes the same kind of transformation could happen in the S. State St. corridor and that Briarwood could play a critical role.

Simon has undertaken major redevelopments at other malls. A year ago, the company announced transformational

plans at five locations where Sears stores have closed.

Burlington Mall, outside Boston, is about the size of Briarwood and shares similar demographics. Simon is significantly altering the wing formerly occupied by Sears there to house smaller tenants, including specialty stores and several restaurants. The exterior of the old Sears will get a facelift and wider sidewalks. New walkways will be built alongside a busy thoroughfare that leads up to the mall, and a greenway, including a meadow that converts to an ice skating rink in the winter, will replace part of the parking lot.

These are the kind of improvements that Hauptman would like to see in the near term, among other more dramatic changes in the future. Some shoppers share his vision.

"I'd love to see some mixed-use development," says Amy Fairand, an Ann Arbor resident shopping at H&M. "Smaller, more unique stores and restaurants with a local flavor. And the city could really use some affordable housing."

"With everything available online today, Briarwood needs to offer its clients unique shopping experiences," agreed Hauptman. "It's got almost twenty restaurants, mostly chains. It could use more restaurants that offer a better selection, more variety, choice, and quality."

Hauptman also is a firm believer that the city needs more workforce housing. Nearly 80,000 commuters come into Ann Arbor for work every day. Many enter via State St., and he'd like to make this "gateway" to Ann Arbor more attractive, accessible, and connected to the city.

"One of the biggest challenges for Briarwood is access," says Hauptman. "For people working at one of our properties across the street, how can they easily, safely, and quickly get to the mall for lunch?"

Hauptman points out that much of the zoning in the Briarwood area dates to the 1960s and 1970s when infrastructure was developed to support cars, not people.

"More people today want to live in a place where they can get to work, shop, and play all in a walk," says Hauptman. "We're becoming more health and environmentally conscious. To cut down on carbon [emissions] we realize we have to get out of our cars more and to get healthier, we need to walk more."

The city's South State Street Corridor plan already calls for more mixed commercial, office, and residential uses around the mall. It also calls for major improvements to existing sidewalks, new sidewalks, pedestrian crossing signals, and signage that would safely link the offices, hotels, apartments, and senior living centers that surround Briarwood.

Almost all the property in the area is developed, but there is one underutilized resource: Briarwood's acres of parking. While some other nearby developments include parking decks, the mall still has surface lots—which are not nearly as busy as they used to be.

Hauptman believes that a more urban style of development would draw more businesses to the area and make it a more attractive and desirable place to live. And he thinks the the 166-acre mall property makes sense for multifamily infill development.



Hauptman says a reimagined mall could be the epicenter of a "suburban urban" district.

"Ann Arbor needs more housing, and the infrastructure in that area needs to be reworked to make it walkable," he says. "The movement has already begun."

Making it happen, he adds, will take ten years or more. "There is a lot of planning that will go on with private owners working with the city before anything becomes visible."

Going forward, Hauptman says, "basically everybody" will need to come together to transform the area: not just city planners and city council, but Simon, the AAATA, the U-M, SPARK, and others.

The price tag will be steep. Hauptman estimates that private investment in new construction alone could reach \$1 billion—and that's not counting the road work.

"What we envision are improvements on every level: better connectivity, more housing options, more retail and restaurant options," he says. But done right, the payoff will be extraordinary: replacing 1970s suburban sterility with "an area that is more vibrant and beautiful." ■