FORUM SHOPS AT CAESARS, LAS VEGAS

RETAIL TROPHIES

HERE ARE THE WORLD'S MOST PRODUCTIVE MALLS RANKED BY SALES PER SQUARE FOOT

By Steve McLinden

SALES PER SQUARE FOOT – THEY ARE THE ULTIMATE MEASURE of a retail property's productivity. And a look at the world's top 15 malls reveals some commonalities that keep sales in the stratosphere: These malls are typically seated in heavily populated areas or tourism havens; they have relatively affluent regional demographics and strong brand identity; their reliance on discounters is minimal; and they tend to get refreshed and renovated regularly. They may also be, as one owner put it, subject to "chronic overmanagement."

Topping an *SCT* list of such properties is the lavishly productive Bal Harbour Shops, an open-air luxury center in the affluent village of Bal Harbour, in northern Miami-Dade County. This shopping center enjoys sales of $2,555 per square foot and is likely to approach $3,000 per square foot by year-end, according to operating partner Matthew Whitman Lazenby, the third-generation Whitman who runs the business. The latter mark would make Bal Harbour and the sales-per-square-foot average among its roughly 100 luxury brands nearly seven times the ICSC-estimated $451-per-square-foot industry average.

"The Bal Harbour experience is akin to some of the finest luxury streets in New York or Milan or Paris," Lazenby said. "And in a lot of ways we're just hitting our stride. The Miami area is a global gateway for domestic and global tourism." Sales at Bal Harbour have increased each year since its opening, except in 2001, because

GENERAL GROWTH PROPERTIES' ALA MOANA CENTER, IN HONOULU, ATTRACTS TOURISTS FROM ASIA.

of the 9/11 attacks, and in 2009, as a result of the economic downturn. Bal Harbour's tenant roster reads like a Who's Who of luxury retail: Bottega Veneta, Chanel, Gucci, Lanvin, Prada, Salvatore Ferragamo and Valentino are only a few of its several dozen luxury names.

Family ownership gives Bal Harbour latitude to adjust on the fly to market changes. "We have three generations of family present at the center, and that can't be duplicated by public traded REITs," said Lazenby, whose grandfather, Stanley, founded the center and remains active there. "If we aren't the most over-managed shopping center in country, then we are close to it." Since its opening in 1965, Bal Harbour seemed to be locked into its 400,000 square feet. But longtime neighbor Church by the Sea worked out a land swap with the center in June to relocate the church, giving Bal Harbour the chance to add 200,000 square feet and some 50 new tenants while giving more breathing room to others. "It will still be an intimate shopping experience," Lazenby said.

Simon Property Group's Forum Shops, the Las Vegas Strip luxury center that fronts Caesars Palace, is a solid No. 2. Home to some 160 shops, plus an elaborate reflecting pool, a spiral escalator and some reproductions of Roman monuments, this 636,000-square-foot, thrice-expanded property posts about $1,750 in sales per square foot yearly. Agent Provocateur, Emporio Armani, Jimmy Choo and Valentino keep the checkout stands humming like slot machines at the center that developers have dubbed the "shopping wonder of the world." A late closing time (midnight on weekends), heavy year-round tourism and haute-couture-minded high rollers help its retailers hit the big numbers.

Two Westfield Group centers tied for third place: The Westfield Stratford City, in London, and its sister property, Westfield London. Westfield Sydney took the No. 6 slot. The glimmering Westfield Stratford City, launched last September as the third-largest center in the U.K., with nearly 1.9 million square feet of retail, is hitting just over $1,600 per square foot, as is Westfield London. Adjacent to the London Olympic Park, Stratford City is anchored by department stores John Lewis and Marks & Spencer, a Waitrose supermarket and some 300 stores of all types, plus roughly 70 restaurants. As the retail component of a master-planned business, hotel and residential community of some 10 million square feet, Westfield Stratford City is creating its own built-in synergy. The Olympics spotlighted the new property, of course, but the closing of Stratford's 5,000-space parking garage in the run-up to the games limited car traffic and thus larger purchases, says Peter Lowy, Westfield co-CEO. "The Olympics were very good for food and beverage, but less so for regular retail."

Westfield London opened in late 2008. About 200,000 people work within two miles of the 1.6 million-square-foot Westfield London, which is co-owned by Commerz Real, of Germany. Tenants

Ranking the best of the best

Compiling a list of the world's top retail centers by sales per square foot can be a daunting process, beset with data deficiencies, conflicting sales figures and different measuring sticks — not to mention a general reticence among competition-minded shopping center owners. *Women's Wear Daily* last attempted this feat in 2002, and *U.S. News & World Report* ran a ranking of U.S. malls by sales per square foot in 2009 that drew criticism for omissions and dated information.

Sales-per-square-foot gauges vary from center to center and continent to continent, complicated by differing currencies and metrics, and by such exclusions as entertainment and food businesses, plus the many anchor stores that own their spaces. "I have learned that everybody has a different way of measuring sales," said Matthew Whitman Lazenby, operating partner of Bal Harbour Shops, which tops the *SCT* list. "Trying to get apples to apples without doing forensic audits can be next to impossible."

Yes, such reporting can be a hit-or-miss proposition, concurs Rich Moore, a REIT analyst at RBC Capital Markets. "They typically do not adhere to a single convention," Moore said. "Plus, not all tenants report sales, and not all landlords provide the data for each of their centers."

Moreover, certain smaller centers, owing to their condensed nature, tend to post higher sales per square foot than megamalls twice their size, observers say. Some of the highest-ticket tenants — particularly Apple, which posts some $6,000-plus in yearly sales per square foot — also tend to skew averages, according to Ian Thomas, principal of Thomas Consultants, of Vancouver, British Columbia.

Tepidations aside, *SCT* here presents its own list of the world's most productive centers, based on information from Green Street Advisors; KPMG; Thomas Consulting/*Shopping Centre News*; the REITs and owners themselves; and some extrapolations and estimates. —SM

Top 15 shopping centers by sales per square foot

			Sales psf	Owner
1.	Bal Harbour	Miami	$2,555	Whitman family
2.	Forum Shops at Caesars	Las Vegas	$1,750	Simon Property Group
3.	Westfield Stratford	London	$1,600+	Westfield Group
	Westfield London	London	$1,600+	Westfield Group, Commerz Real
5.	Shops at Columbus Circle	New York City	$1,600	Related Cos., Area Property
6.	Westfield Sydney	Sydney, Australia	$1,500	Westfield Group
7.	Mall of the Emirates	Dubai, U.A.E.	$1,423	Majid Al Futtaim Properties
8.	The Grove	Los Angeles	$1,400	Caruso Affiliated
9.	Pacific Centre	Vancouver, B.C.	$1,255	Cadillac Fairview
10.	The Mall at Millenia	Orlando, Fla.	$1,250	Forbes Co.
11.	Ala Moana Center	Honolulu	$1,200	General Growth Properties
12.	Yorkdale	Toronto	$1,194	Oxford Properties
13.	Chadstone	Melbourne, Australia	$1,157	Myer Emporium
14.	The Mall at Short Hills	Short Hills, N.J.	$1,110	Taubman Centers
15.	Americana at Brand	Glendale, Calif.	$1,100	Caruso Affiliated
	Brent Cross	London	$1,100	Hammerson, Standard Life
	Aventura	Aventura, Fla.	$1,100	Turnberry

SOURCES: THE OWNERS, KPMG, GREEN STREET ADVISORS, THOMAS CONSULTANTS/*SHOPPING CENTRE NEWS*

include Debenhams, House of Fraser and Next. "We have put 3 million square feet right in the center of London in the last three years," Lowy said. "This shows you how well-shopped London is."

Westfield Sydney, seated beneath the landmark Sydney Tower and wedged between the two largest department stores in the heart of Sydney's strongest retail precinct, conducts a brisk trade of about $1,500 per square foot. "Our Australia and London malls are very productive," Lowy said. "They're well built, well located and have many strong new retailers who are very efficient in how they use their space."

The seven-level center, which is in the final stages of redevelopment from three separate properties, has about 200 stores and is anchored by an eight-level Myer department store. A collection of high-end fashion labels, including the Australian flagship Prada store, Gucci, Salvatore Ferragamo, Versace and Zara, help drive sales. "We spend quite a lot of redevelopment dollars on our portfolio, said Lowy. "In those centers where we spend money and change the nature of the asset, those are doing very well." Westfield has 111 centers globally, 48 of them in the U.S.

At No. 5 is Time Warner Center's 8-year-old The Shops at Columbus Circle, with $1,600 in sales per square foot. Armani, Sephora and Williams-Sonoma are among the tenants here, plus an underground Whole Foods store and acclaimed eateries like Masa and Porter House New York. Some 40,000 people pass through Times Warner Center daily. Just over half the shoppers at the Shops at Columbus Circle, which is co-owned by The Related Cos. and Area Property Partners, classify themselves as locals, and about a quarter of them work in the general vicinity, according to published reports.

The Mall of the Emirates, in the Al Barsha district of Dubai, is seventh, with an estimated $1,423 in sales per square foot. Known for its 10 sprawling anchor stores, including Debenhams and Harvey Nichols, plus the famed Ski Dubai slope, its sales outpace those of The Dubai Mall, a crosstown rival that posts some $900 per square foot.

The Grove, a fashionable, art-deco-style open-air center in the Los Angeles Fairfax District, adjacent to the famed Farmers Market, weighs in at No. 8, with $1,400 in sales per square foot. The 575,000-square-foot center has Nordstrom and Crate & Barrel anchors and flagship Abercrombie & Fitch, Apple and Barnes & Noble stores. It boasts many first-in-the-market tenants and luxury retailers. "The Grove continues to be a powerhouse and is consistently tracked as the highest-volume center on the West Coast," said Paul Kurzawa, COO of center owner Caruso Affiliated.

The 10-year-old center is fully occupied and draws about 30 percent of its traffic from tourists, plus shoppers from nearly 80 California ZIP codes, Kurzawa says. The Grove features an hourly fountain show with synchronized music, and a double-decker trolley runs through the property. It has become a Hollywood hotspot and serves as the set of the *Extra* TV show. "It's in the center of activity of what's going on in the heart of L.A.," said Kurzawa. Next up is the highly sought-after British clothing store, TopShop, which is set to open a West Coast flagship at the Grove next year.

Another Caruso property, the 4-year-old, 600,000-square-foot Americana at Brand, in Glendale, Calif., is tied for No. 15, posting sales of $1,100 per square foot. The 2011 opening of an 11,000-square-foot Apple store there helps push those numbers. The first Disney Baby store in the country is scheduled to open at the mall this month, and a three-level Nordstrom will join the mix next year, moving over from the neighboring Galleria.

Pacific Centre, of Vancouver, British Columbia, is in ninth place. At $1,255 in sales per square foot, it barely edges out Orlando's The Mall at Millenia, which placed tenth and posts $1,250 per square foot. The former, home to British Columbia's first Apple Store, an H&M flagship and a Bath & Body Works, is a 1.4 million-square-foot center that underwent a major renovation in 2008, adding on a new food court and other upgrades. The 1.1 million-square-foot Mall at Millenia, meanwhile, features anchors Bloomingdale's, Macy's and Neiman Marcus plus several luxury shops – Cartier, Chanel and Tiffany among them.

CHADSTONE, IN MELBOURNE, AUSTRALIA, IS CALLED CHADDY BY LOCALS.

General Growth Properties' cultured pearl, Ala Moana Center, in Honolulu (No. 11), is the world's largest open-air shopping center. This 2.4 million-square-foot upscale mall, built in 1959 near Waikiki, gets 42 million visitors per year. The mall posts $1,200 in sales per square foot and has 290 stores – Macy's, Neiman Marcus, Nordstrom and Tiffany among them – plus about 75 dining options. And it is home to one of the most popular amphitheaters: Ala Moana Centerstage.

Yorkdale shopping center, the largest mall in Toronto, at some 1.4 million square feet, is No. 12. Yearly sales here are $1,194 per square foot. Yorkdale has 250 stores, including The Bay, Crate & Barrel and Sears. A 145,000-square-foot expansion, which will add 40 stores, including a Microsoft store, plus 800 underground parking spaces, is nearing completion.

Chadstone, of Melbourne, Australia, known colloquially as Chaddy, opened in October 1960 as the city's first self-contained regional shopping center. The 1.7 million-square-foot super-regional, which ranked No. 13, with sales at $1,157 per square foot, is expanding in floor area to about 2 million square feet. Among its main draws are the Myer and David Jones department stores, plus Aldi, Coles and Target.

The Mall at Short Hills, in New Jersey, is No. 14, with sales of $1,110 per square foot, followed by a three-way tie for No. 15 between Americana at Brand; Aventura, Fla., Mall; and Brent Cross, London, all with sales of $1,100 per square foot. Macerich's Queens Center, in Elmhurst, N.Y., and General Growth's Fashion Show, Las Vegas, both narrowly missed the list, with sales of $1,050 per square foot each.

Of these 15, Ala Moana, Bal Harbour and Chadstone all belie the notion that older centers grow gradually less productive, being each some half a century old. SCT