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Simon Property and Amazon's reported talks to convert department stores into fulfillment centers will have major implications in Florida

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Simon Property Group is reportedly in talks to lease department store space to Amazon.com for fulfillment centers — and if those deals come to fruition, they could have major implications throughout Florida.

Simon (NYSE: SPG), based in Indianapolis, has been in talks with Amazon for months, since before the novel coronavirus pandemic took hold in the U.S., the *Wall Street Journal* reported Sunday. The WSJ, citing people familiar with the discussions, says that Simon and Amazon have discussed converting vacant Sears and JCPenney Co. Inc. stores into fulfillment centers. Some of the discussions have reportedly centered around buying out occupied space from the retailers, according to WSJ.

In Florida, Simon has 23 properties — the most of any state, though Texas is a close second with 21 Simon-owned locations. Amazon has been gobbling up distribution space and striking deals to build new throughout the Sunshine State.

In South Florida, Simon has JCPenney locations at Coral Square Mall in Coral Springs, Dadeland Mall in Kendall and Miami International Mall in Doral.

While Simon's negotiations with Amazon (Nasdaq: AMZN) reportedly pre-date the pandemic, the pandemic has turbocharged the trends already battering the financial



PHOTO BY CARTER JOHNSTON/THE NEW YORK TIMES
A shuttered J.C. Penney Co. store.

viability of the traditional mall. The pandemic has also hamstrung, at least temporarily, mall owners' go-to answers for drawing foot traffic to their properties, like movie theaters, restaurants and adult arcades.

Before the pandemic, Simon was in talks with Michigan-based Taubman Centers for a \$3.6 billion deal that would have added several Florida luxury retail properties to its portfolio, including Tampa's International Plaza. Simon in June said it was walking away from the deal, and the two are now headed to court.

For Simon and Amazon, the deals have the potential to be a match made in heaven. Demand for industrial real estate is booming, and demand for traditional retail space is shrinking. CBRE Group Inc. reported in July that retail-to-industrial conversions have accelerated in the wake of Covid-19; there are now 59 such projects that have either been completed, proposed or are underway since 2017 — up from 24 in January 2019.

For Amazon, taking mall space gives it the vast sea of surface parking its last-mile fulfillment centers require and also puts it in close proximity to dense population centers.

Nine of Simon's **23** Florida properties are outlet malls, which do not typically have department store anchors. Here are Simon's Florida properties and whether they are home to JCPenney or Sears:

Coconut Point, Estero: Neither

Coral Square, Coral Springs: JCPenney

Cordova Mall, Pensacola: Neither

Dadeland Mall, Miami: JCPenney

Ellenton Premium Outlets, Ellenton: Neither

Florida Keys Outlet Marketplace, Florida City: Neither

Miami International Mall, Doral: JCPenney

Orlando International Premium Outlets, Orlando: Neither

Orlando Outlet Marketplace, Orlando: Neither

Orlando Premium Outlets, Orlando: Neither

Orlando Vineland Premium Outlets, Orlando: Neither

Pier Park Mall, Panama City: JCPenney

Sawgrass Mills, Sunrise: Neither

Silver Sands Premium Outlets, Destin: Neither

St. Augustine Premium Outlets, St. Augustine: Neither

St. Johns Town Center, Jacksonville: Neither

Tampa Premium Outlets, Lutz: Neither

The Avenues, Jacksonville: JCPenney

The Falls, Miami: Neither

The Florida Mall, Orlando: JCPenney

Town Center at Boca Raton, Boca Raton: Neither

Treasure Coast Square, Jensen Beach: JCPenney

Tyrone Square Mall, St. Petersburg: JCPenney

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