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This REIT Plans to 'De-Mall' Some of Its Major Mall Properties

Oct 03, 2021 by **Nell McPherson**

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The pandemic has been an interesting ride for real estate investors. Some sectors have thrived, while others have suffered terribly. But retail has been quite the mixed bag. Many grocery stores, drugstores, and other essential retailers thrived while some nonessential retailers such as department stores closed their doors for good.

Developers have been giving some of those empty department stores new life, transforming them into everything from schools and libraries to offices and mixed-use properties.

And now real estate investment trust (REIT) **Urban Edge Properties** (NYSE: UE) has announced some big changes coming to three of its mall properties. Let's look at what those entail and how investors could be impacted.

These aren't the malls you remember

Between the shift toward e-commerce that was already in progress and then of course the pandemic, malls have suffered while warehouses have thrived. The self-storage sector has also been a bright spot in all this as people reorganize their homes and lives. All that stuff has to go somewhere to make room for home offices, workout rooms, playrooms, and more.

So it makes sense that Urban Edge is adding industrial and self-storage space to its Hudson Mall in Jersey City, New Jersey. Not only is warehouse

space red-hot in general, but having it on-site will likely make getting orders to the mall's stores faster than ever.

Residential is yet another bright sector this REIT is tapping into in hopes that its mall properties can thrive. The company plans to add residential space at the back of its Yonkers Gateway Center in New York and is looking into adding both residential and office space to Bergen Town Center in Paramus, New Jersey. Urban Edge also has plans to create more engaging outdoor environments at its properties.

This sort of mixed-use development has been gaining in popularity for a while now, and mall properties tend to be well suited to these types of renovations. They're already centrally located, and the mixed-use aspect is enticing for potential residents who like the idea of living, working, shopping, and dining without ever having to leave the property. This type of arrangement could even make a return to the office an easier sell for workers who've gotten used to telecommuting and don't savor the idea of hopping back into traffic.

The Millionacres bottom line

In their heyday, most malls were fairly similar. Sure, there were big variations in size and store selection, but a mall generally had retail stores, a dining area, maybe an arcade or movie theater -- and that was about it. Now, at some mall properties, people can live, work, store their belongings, and -- yes -- still shop, too.

In short: The mall isn't what it used to be. And for real estate investors, that could be a good thing.

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As a freelance editor for over a decade, Nell has worked on everything from best-selling business titles and cookbooks to ... Learn More

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