

## KING OF PRUSSIA MALL TO EXPAND



The Simon Property Group Inc., which acquired majority ownership of the King of Prussia mall in Pennsylvania not too long ago, has announced plans for a new wing. The new wing would feature stores and restaurants that would turn the East Coast's largest shopping mall into one of the best retail outlets on the entire East Coast. The mall is currently 2.6 million square feet and the new plans call for construction of a 140,000 square foot indoor corridor that would connect the Court with the Plaza. Despite the tough economy, the King of Prussia mall continues to feed its appetite for expansion primarily because it is located in an area that features some of the highest-income households in the Philadelphia area. Esri is a company that specializes in geography and demographics. The company claims that within a 10-mile radius of the Montgomery County Mall there are households with an income of \$100,000 or more in 41 percent of those households. In 220,000 households, there are more than a half-million people living in the area. The King of Prussia mall has been able to boast retail sales of \$700 per square foot, which makes it the retail envy of landlords across the country. This number is so high that it is shared by a small number of malls across the country. There are 327 stores in the mall, with Bloomingdales and Neiman Marcus on the high end and Sears and Macys in the middle market. David Contis is the president of Simon Malls and he had the following to say about the mall: "When luxury is doing well, maybe the mid-market [retailer] isn't," Contis said. "We have such a diversity of tenants, we can weather the storm. If you look at retail sales for this Thanksgiving, they were pretty good." Benjamin J. Yang is an investment analyst who monitors financial disclosures and business moves for various firms. "The construction that's going on today is based on an expectation of what the economy's going to look like a few years from now," Yang said. "Commercial real estate, retail real estate is a very long-term business." The design for the new corridor is still in its early stage but the major plan includes a corridor of shops that will be enclosed. This would include restaurants run by well-known Philadelphia restaurateurs. The corridor would link the 1.7 million square foot Plaza with the 900,000 square foot Court. The corridor would have to be built in an existing parking area for the mall but would keep customers indoors instead of walking outside under a covered walkway to get from one wing of the mall to another wing. Contis said that new tenants might include retailers already in the mall looking to relocate, national retailers looking to open their first store in King of Prussia, or local businesses looking to expand.