

The Weekly Take

Right Here, Right Now: Reinventing the American Mall

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Spencer Levy

Malls have been central to American life since the mid-20th century. They play a critical role in the retail market as well as society at large, as modern-day town squares, vibrant everyday gathering places, and increasingly mixed-use destinations for entertainment and experience. But malls as an institution have been forced to change, to find ways to thrive while breaking with the traditions that wove them into our social fabric. On this episode, an asset type that's shown resilience for consumers and investors alike during a period of wholesale reinvention.

Stephen Lebovitz

I think everyone recognizes that wood is an anchor of a mall as different than it was 10 plus years ago, and that process, which has taken a lot of years, a lot of time, a lot of money, has really changed what the mall is compared to what it was.

Spencer Levy

That's Stephen Lebovitz, the CEO of CBL Properties. Headquartered in Tennessee, CBL just celebrated the 47th anniversary of a business that has even older roots. To the early 1960s, when Stephen's grandfather converted the drive-in movie theater into the first open-air shopping mall in Chattanooga. CBL now operates nationwide, primarily in middle markets with a total of 89 properties in 22 states.

Rich Frolik

People were trying to run away from the word mall because it was a four-letter word for a little bit. But when you look at over the last generation plus and then going forward, everyone knows I'm going to the mall and where it is.

Spencer Levy

And that's Rich Frolik, who is recognized as one of the top investment brokers in the shopping center, mall, and outlet space. Rich is based out of Chicago, the Midwest office of CBRE's National IREtail Partners Group, which covers every major U.S. Market. Coming up, scenes from the mall. How this historically retail-oriented and uniquely American asset type is evolving. I'm Spencer Levy. And that's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take, and we are delighted to talk about malls, open-air malls, closed malls with my old friend Rich Frolik, Executive Vice President in retail and also one of the great experts in the mall space.

Rich Frolik

Thanks, Ben. Looking forward to this.

Spencer

And the CEO of CBL, Stephen Lebovitz. Thank you for coming out, Stephen.

Stephen Lebovitz

Thank you, Spencer. Like you said, businesses evolve, and they're not always forever. I mean, there's no question about that. But malls are a huge part of American culture. You watch TV shows, they're set in malls, you know, the nostalgia. And I think the industry, capital markets, the retailers, the other uses have figured out a way to reinvent a mall. It's not what it was exactly. But it's still relevant going forward.

Spencer Levy

I think there's really a thread here that I think is important. Too many people try to run away when they have a negative connotation. And there was a negative connotation about malls.

Stephen Lebovitz

I was just going to say, and a lot of companies tried to figure out what they could call themselves and not use the word mall and get it out of their vocabulary, and everyone calls it the mall. That's what people say. We'll meet you at the mall, go to the mall, you know, our mall. And so we're like, okay, we're not going to run away. We'll, we'll embrace it.

Rich Frolik

Stephen, you made a great point. People are trying to run away from the word mall because it was a four-letter word for a little bit. But when you look at over the last generation plus and then going forward, everyone knows I'm going to the mall and where it is. And we're seeing some really interesting things going on right now, Spencer. Last year we sold about 4.2 billion as a group. And this year, we're pegging well north of \$5 billion, and hopefully even higher than that. We've been fortunate enough to be a dominant large deal player with over 20 large deals in the market of \$100 million and more, and we're coming to market. So that's a total of about \$3.5 billion. So we see a real strong second half coming up here with Spencer. And Stephen and his company has been a great driving force, both on the sales side and then on the recent acquisition side, too.

Stephen Lebovitz

There's been huge evolution in the mall space really over the past 10 plus years. I think it started like 2015, 2016, when Sears started to close their stores, sell their stores when Bontine liquidated in the department stores that had been the basis of the regional mall business were starting to be replaced. We originally were adding... TJ Maxx and Dick Sporting Goods, Target, and other kind of uses to malls really before other companies were doing that. But now I think everyone recognizes that wood is an anchor of a mall is different than it was 10 plus years ago. In that process, which has taken a lot of years, a lot of time, a lot of money has really changed what the mall is compared to what it was. And the malls were cookie cutter and they all basically looked the same at the same stores. We had the ring road around, we had the barbell shape with the anchors at each end, we had same anchors in all the different malls, a lot of the same stories, and now that's just not the case. Every mall in our portfolio, we have a individual strategy for it, and we have bespoke uses that we're trying to bring in depending on the market. And because of that and the success that we've had and also others in the industry, the mall is relevant again.

Rich Frolik

You know, interesting, Spencer, that that playing field right now is becoming very blurred and very mixed. The traditional mall, and there's about 900 currently in the U.S., most of those being enclosed had the anchor department stores, and then obviously all your great small shop apparels and other types of retail within them. But outlet centers are typically the made-for-outlets retailers, some of the same brands, the Nikes, etc. That one, and there's a little bit over 200 currently out in the US market, but all these formats from lifestyle to outlet to malls are really kind of morphing where the really good news is that the overall retail occupancy right now is over 95% leased and malls, outlets and lifestyle is just above 94% lease. So you've seen these things morph because there's just no new space out there being built and tenants, users are in demand. And with those high occupancy levels, they are going to whatever the best is to serve their clients, their customers. So all these formats are morphing into one with discounters going into malls and theaters going in proper locations and obviously apparel is going in all the above.

Stephen Lebovitz

There's just been so much creativity that we've been able to bring to the mall over the last few years because of these changes. We added casinos in former anchor spaces in a couple of locations, just hotels and other types of mixed use, fitness centers, a lot of restaurants, which has been really helpful from a traffic point of view. So it's just really transitioned what the mall is.

Rich Frolik

And there's been a great densification too on a lot of the models, not just infill large MSAs, but secondary markets too, the multifamily that is built around these assets

because it's easy to shop and the convenience factor is awesome for both office and also multifamily.

Spencer Levy

Stephen, you say each mall has its own individual business plan. Some have casino anchors, some have other anchors. Some are open-air, some are not. Is the mall space distinct from other retail, open-air retail, which would be grocery-anchored power centers? How would you describe maybe the mall space versus the other types of retail?

Stephen Lebovitz

Absolutely. It's different. Just being enclosed creates just a different kind of shopping environment. Certain retailers prefer the enclosed format, certain prefer open air. And then, like Rich said, there's been a convergence where a lot of retailers will go in different formats. But the mall experienced the critical mass that the mall creates from the volume of shopping. I mean we have malls that are doing over \$200 million of total sales. And then you add in the surrounding retail, the out parcels, the open air, the strip centers around. These malls are huge retail complexes. And that's something that is unique to the mall and mall operations.

Spencer Levy

Now let's talk about some of the financial metrics. Back in the day, we used to say an A mall was 500 bucks a foot or more. And we should say B mall was 350 to 450. And the C malls was everything else. How would you describe the financial performance of a good mall versus not? Stephen?

Stephen Lebovitz

Sales per square foot is still a metric that the world likes to use. And it depends on a lot of factors, but the Trophy Malls today are doing a thousand dollars, 800 plus, so that 500 has moved up. And then I think the next tier is probably 400 to 600, 700. Rich, you can tell me if you agree. And then below that, you have other, call them C or D Malls. I think what's interesting about the malls is that there are definitely some winners and there's some losers. And even in our portfolio, we look at malls that definitely have a long-term future as malls. We have properties that are malls, that in five to 10 years, we don't expect them to continue as malls and the highest value will be more of a demall and a parceling out of the property. So, again, getting back to what I was saying, how every property has a strategy. And there's so many factors, whether it's the income levels, the density of population, the traffic patterns, the infrastructure that go into what are gonna be these winners over time. I think the death of the mall has been way exaggerated. And I think that's one of the great things about the narrative today is I think people realize that it's not just the hundred trophy malls that are gonna survive, that there's also in middle markets where we operate the malls that are going to be viable and are going to be survivors and thrive over time.

Rich Frolik

Stephen's pretty right on with the performance per square foot but I would say on the A and closed malls anything north of upper 500s to 12, 1300 square foot would be an A minus to an A plus plus and then where I think the distinction is having from the B to C malls, a B mall used to be a little bit lower and now I'd say it's closer towards 400 and above. But C's range from 1-something to 3-something depending on the market. And that's where I think that there's been a lot of value created off from A's to B's to C's, but that's kind of been the negative presses more in that C mall. That's getting repurposed though. I mean we're seeing conversion to data centers. I mean these are still now when they were built in the 60s and 70s, these are great locations a lot these and just other purposes for them. But we still see a need and an operation for all levels from A to C.

Spencer Levy

And Stephen, when we talk about the A Mall, let's just start with the best. What does the best look like?

Stephen Lebovitz

There are some iconic malls in the country that are just huge. They have the high-end retailers. They've got, they still have strong anchors. You think of Scottsdale Fashion, King of Prussia, Lenox Square in Atlanta. There's just some malls that have so much horsepower behind them that the level of sales attracts the highest end luxury retailers and like I said originally, iconic, you identify them by one word and they're superstars in the business.

Spencer Levy

What you've suggested, Stephen, is each property has its individual business plan. When you're dueling with something that doesn't have maybe the highest end retailers in it, describe your thought process on how to make that mall the most productive it can be.

Stephen Lebovitz

I would just use Hamilton Place in Chattanooga, which is our hometown mall. Our office building is right next to it, so I look at it every day. Ten years ago, I looked at a Sears building that was doing probably \$5 million in sales, and it was very depressing. Today, in that same building, just a physical building, we have Dick's Sporting Goods, Dave and Buster's, and Crunch Fitness. And then in the parking area. We have Cheesecake Factory and Aloft Hotel, another restaurant called Malone's, which will do over \$10 million. It's a group out of Kentucky that opened. So just that alone is doing probably six, eight, maybe even 10 times the volume of traffic and sales that Sears was. And in Chattanooga, Hamilton Place is, it's the mall. People shop it all the time. The traffic on weekends is heavy, which is why we're in the middle of a really exciting project to improve the access. But in a place like Chattanooga, the mall takes on a huge importance. The jobs that we create, the tax revenues that we raise, and there's an attachment. People all the time, they stop me and tell me what stores we need to add

and what stores they like, and they take it personally, which is cool. The mall is such a part of our culture over the years and generationally we've seen that change, but it's consistent and it's still a big part of people's identification with their community.

Spencer Levy

It's so big, it has so much activity, and I agree with you that a mall is more than just a place to go shopping.

Stephen Lebovitz

And the activities we do, the community-based programming that we do is really important. The fundraisers, the fun runs, it's more than shopping, it is a lot more than shopping, and it's an experience. We really take that all seriously in terms of what we can do for the community and what we bring in the role that we play.

Spencer Levy

Rich, let's talk about the capital market side of this. Tell us a little bit more about what the capital markets environment is for these malls, who are the buyers, what are they trading for, that sort of thing.

Rich Frolik

I think a little bit would be to help some context on the overall capital markets. It's dominated in retail investments still about, almost 80% is private money for all capital market retail real estate. And number two would be real estate investment trust like Stephen. And then institutional would be the smaller portion, maybe only 6% of it is on the overall market. And that runs similar really to regional malls too. Each year there's somewhere between 30 and 50 regional malls traded. Two to four billion dollars, about if you average out over the last 10 years. Last year we saw 40 transactions for 3.3 billion. And the vast, vast majority of that was all private capital. Just like each mall is different, each buyer is typically unique too. There are people who are buying cheaper square foot, higher yields, but then there are also users and then there's just high net worth and I'd call private family offices that are putting it together and taking down these large transactions and transaction size is 10 to 200 million, depending on the asset. But it is dominated by private capital overall. And with that, typically debt is required for a lot of the assets. And I think, Steve and I, you were having a conversation about this recently that how nice it is to see the debt market fully activated in all retail and once again, in regional malls side, both on the banks and the CNBS side especially. So we have a liquid market, LB pricing is all over the board and each asset is very unique and individual house. Who the buyer is and how it's priced.

Spencer Levy

Let's assume you're dealing with a stabilized mall. Give me some metrics on what people are paying on a cap rate basis, what kind of loan values you're getting. Just a little bit more granular.

Rich Frolik

Sure. If you look at the last couple years, we've seen as low as six cap rates and as high as in the upper teens. So it is all over the board. Good performing malls from B to A is typically a CMBS type transaction that's going on. And Stephen, I think you took yours down on a bank line, but CMBS transaction, you're looking at somewhere around 60 to 70 percent with your debt stack. And then on the equity side, it's somewhere around 30, 35 percent of equity. Again, all over the board, the vast majority of Bs are probably more in that low to mid double digit gap rate. With the debt where it is today, it's still very, very positive leverage and excellent returns from day one.

Stephen Lebovitz

We have a couple of really recent data points to back up the capital markets. So we closed on a refinancing of a mall, Cross Creek Mall in Fayetteville, North Carolina, in June. It was a CNBS loan, \$480 per square foot. So it was the first mall CNBS financing under 500 a foot. For us... In 10 years. And that market has kept going up in terms of sales per square foot floor. So we feel like that's a great indication of the higher comfort level with malls in the financial markets. And then as Rich said, we just did an acquisition of four malls for just under \$180 million that we announced two weeks ago. And we financed that through bank, it was a new seven-year total term. So significant term. Primarily fixed with a small floating rate component to give us some flexibility, but roughly 60% loan to value, 7.7% interest rate. Those transactions, they give the market some good visibility on what's happening. So we're really happy with the success. And even on the acquisition we did, the four malls, we had other options. We had interest, we had CNBS interest, we had debt fund interest. So the markets have gotten very constructive in the past year or so, and we view that favorably for the space.

Spencer Levy

And so Stephen, as a publicly traded REIT, just going to the real estate side, tell me about what CBL's real estate strategy is to try to achieve those kind of results.

Stephen Lebovitz

We have a mix of properties, like I said, we have close to 90 properties, 55 malls. So we have a fair number of open air centers. And with Rich and his team's help, we had an amazingly successful transaction where we sold an open air power center in the Iberville, Mississippi for a single digit cap rate to a private buyer. And that closed in early July. And so we were able to sell at a single digit cap rate and then buy in the double digits. So it's a very creative financially. And also it simplifies our story. I think people look at us as a mall operator, 70% of our NOI comes from malls. So both in terms of just getting some clarity on who is CBL and where are we looking going forward. I think the pairing of these two transactions really helps. To bring our story that much clearer to the market.

Spencer Levy

Let's talk about repositioning. There's a lot of private investors that are jumping in there. So why don't we talk about that sector for a moment, Rich. What are you

seeing?

Rich Frolik

Everyone is out there looking for value and repositioning, but the real, very candid issue is that there's not a lot of value opportunity out there that's immediate, because everything is overall so well leased up still. And I think your question was how to reposition assets. Well, the CBLs of the world are best to repossession a lot those assets because they know the business with inside the business, and that reposition is very challenging on the larger region of all assets. But because of the desire for value, people are going after every asset and type.

Spencer Levy

Stephen, in most of our real estate asset class, or many of our asset classes, with many of our investors, particularly the large institutions, the private equity firms, they're saying, you know what? We have a strategy. We only buy in the top 25 markets. Maybe we buy in the smile states, the secondary and sometimes tertiary markets. We're not going there. But I looked at your portfolio and your portfolio has quite a few assets in secondary and what I might consider to be a tertiary market. Tell us about that.

Stephen Lebovitz

We have always embraced the middle markets. We're headquartered in Chattanooga, Tennessee. It's a prime market. The total trade area, which goes out 30, 40 miles, is a half million people. But people will drive to our malls from those distances because of the critical mass that we establish. And we're comfortable in those kind of markets. We have malls in North Dakota, we just bought a mall in Grand Junction, Colorado. These are not Denver, it's not Dallas, but there's the malls, like I said earlier, have a really important role in their communities and they continue to not only survive and also thrive. And I would say, picking up on the point that you were just talking about, there really hasn't been any new supply in malls built for a long time. The last new mall we built and closed mall was 05, so 20 years. The last large open air center we built was 08. And there have been malls that have closed or have gotten transitioned to other uses. So when you take that into account, a lot of markets don't have room for five malls or two malls, you know, depending on the size. But if the market is large enough, it's got growth, it's got... Good characteristics then there's an opportunity for the mall to work and that's the kind of market that we know and that we focus on really over the career of the company.

Spencer Levy

When you buy retail, I think one of the old-school ways to value the retail trade area is by concentric circles around the center, and if you're dealing with a grocery store, the concentric circles may go a couple of miles, but when you're deal with a mall, the concentrate circles of the trade area is much wider, and you mentioned 40 miles, is that a normal trade area. Stephen?

Stephen Lebovitz

That's one of the nice things about the middle markets is you draw from a further

distance just because there aren't viable shopping options. I mean, I mentioned Grand Junction, the closest malls are 200 miles away, Denver and Salt Lake City. There's nothing in between. And there are a lot of retailers that are succeeding in these markets because they're offering customers something different. Online shopping is there, but it's only doing so much. And people will return to the stores and they will go try things on and they want the instant gratification. So that's been a factor that we've adjusted to over the years, but today there's an equilibrium and retailers have figured out how to operate in a market where you have both physical stores and online shopping and to offer that to their customers and make that work. There's just a lot of adjustments that have been part of this evolution that you talked about earlier that speak to why the malls are doing better today.

Rich Frolik

I think without any new supply, that those markets are as safe as anything out there. People drive hundreds of miles away, whether it's an outlet center or a regional mall, and they make a day out of it. It's a full customer experience, getting up early, shopping, eating, playing, whatever the entertainment is at each of these assets. Those are families coming those are teenagers up and also I think there's just a lot of great synergy and customer satisfaction by making it a day. It's a special trip for them.

Stephen Lebovitz

And when you get into larger markets, you have more competition. You don't have to drive as far. And that presents different kinds of challenges. We like being the only game in town or the largest mall in the market. I mean, we feel like that's a good place to operate.

Spencer Levy

One of the beautiful things about malls, they're stub to water and electric. They've got great parking. They're typically a pertinent or near major highways. It's great real estate. So many great things can happen. I can point to 20 examples of former closed malls that became open air and are now some of the great retail properties in America. But that's a massive, expensive, risky transformation, but that is happening. Tell us a little bit about that, Rich.

Rich Frolik

Well, I think that when you can even define or look at an asset and see potential for value change over time, that is probably the hottest commodity. We're working on a department store that's closing currently. And the rental demand for that is almost three and a half times what the department store was paying. So breaking up that department store is expensive. But you're looking at three to four times rental income and then also just rejuvenate the entire section of that asset. We're seeing this repositioning going on, but it is expensive. I think Stephen probably knows that as well as anyone. Both getting to the department store, working through anchor easement agreements, but boy, when you can unlock that value, it really not only boosts your NOI, but also I think it lowers

your exit cap rate dramatically.

Stephen Lebovitz

There's a lot of strategies that we've used over the years to manage the capital, and we look at each one, but in some restaurants we'll build, some we'll sell, some we're ground leased. We've done JVs on hotels where we put in a certain amount of capital, but the majority comes from our partner. Residential, we've typically sold the land to a residential developer. So there are ways through the departments for redevelopment to offset the capital needs. But there's some cases where it's a great investment. And so we're looking at all that actively. One of the most interesting repositionings we're doing is a mall outside of Baltimore called Harford Mall, which is a mall that we decided several years ago that over time we wanted to de-mall it and harvest the value by splitting it up. Sears closed and we sold the Sears portion to another developer who brought in a supermarket and some small shops and out parcels. And then about a year and a half ago, Macy's had it on their closure list and we bought it back from Macy's and we have it under contract to actually the same developer to redevelop that portion. And then there's a mall in the middle and we all these different plans for what we'll do with the mall, but it won't be a mall. It'll be a combination of either mixed use or... boxes or pads. And we also have a part of the parking lot where we're selling to a residential developer. As a mall, I mean, it was hardly worth anything. But when you look at the sum of those parts, then we're creating a huge amount of value for the company.

Spencer Levy

I want our listeners to just, we're gonna take a step back again, just real estate 101. Everything that Stephen just described is exactly what you want to do to your real estate, which is to maximize its value through change of use, variety of uses, not being limited by it being a mall. The challenge, though, Rich pointed out, is that in a traditional retail setting, Large retailers carry market power and they can restrict the uses at your facility and by restricting the uses, sometimes what happens is a lot of those restricted uses you might have had if you had a large powerful retail there went away. What do you think about that, Rich?

Rich Frolik

Well, we're tracking in over 80% of all those bankruptcies and or downsizing have been leased for other uses too. So it's exactly what you want to happen and was gonna happen no matter what, whether COVID helped push it fast forward a little bit, which there's a strong belief in that, but that's exactly what needed to happen with all these large vintage 1960s, 70s assets. And what Stephen described with that break-up strategy is what a lot of that private equity is trying to get to and do. Take a 70-acre plus asset size, break it up into 10, 20, 30 pieces, whether it's single tenant sales on the out parcels, grocery redevelopment is coming to many regional malls, multi-family hotels. Break it up and definitely the sum of the parts is typically worth much more than the whole.

Spencer Levy

And it's not just the sum of the parts, it's the ability to make the change. So an example, bowling alleys were very often restricted in a shopping center. But that's an example of, well, if some of these big retailers go away, maybe you can put bowling alleys in or uses that have an entertainment component to it that might not otherwise have been the case before. Is that a fair way to put it?

Rich Frolik

That's a great example, but what's happening right now because the term of a lot of these anchors or junior anchors leases is coming due and they're looking for extensions, more options and more time there at low rents. What a lot the owners have been able to do is restructure all those leases and that is a huge intrinsic value there. And so getting rid of the kickouts exclusives has been a way to really grow value, but you won't see that until it's recap whether it's through debt or a sale down the road.

Stephen Lebovitz

I think the other part of it is that the mall business is very much a relationship business. And for us, the relationships are core to our success and having, even when retailers are going out of business, you still have to work with the current retailers, you have to work REAs, you work with anchors. And over years, you establish the credibility and the trust that allows these projects to be repositioned. To bring in new uses. And there's a lot behind the scenes that goes in, but it does get back to your operating expertise and how critical that is to allowing these redevelopments to happen because they're really complicated and challenging. And if you don't know how to do them and you don't have those relationships, they're practically impossible.

Spencer Levy

If my guilty pleasure is horse racing, I have a second one. I like going to movie theaters, I just do. In fact, I like seeing movies that my family doesn't like to see. I will see them alone. So my question is, when we look at these entertainment options within a mall or retail environment, movie theaters are one of them, but now people have tried all kinds of concepts from ski slopes to roller coasters to other types of moving out on the entertainment spectrum beyond just the movie. So what is the future of the movie theater? What is the feature of some of these other uses? Stephen or Rich, would either of you like to comment?

Stephen Lebovitz

I'll take it. So my family's roots are in the movie theater business. My grandfather operated both indoor and drive-in theaters. So we go way back and we all love movies too, and it extends down to my kids, which I'm happy. So I don't have to go by myself, sorry, Spencer. But talk about a business that has been left for dead a million times, but it's figured out a way to keep it going and whether it's the reclining seats, IMAX, the sound, the food, there are so many evolutions in movie theaters, but I mean they've had a renaissance, but we've got movie theaters that we feel like are gonna be a part of our

mix for the long-term future. There aren't new movie theaters being built or if they are, they're very, very rare. So again, that plays into the supply demand. And then as far as entertainment, there've been a lot of iterations, whether it's as simple as tilt and games, primarily, you know, the games or bowling and food and sports and ax-throwing and, you know, all these.

Rich Frolik

Pickleball a new favorite, and it's drawing a ton of people.

Stephen Lebovitz

Yeah, exactly. You know, there's a Neiman Marcus, former Neiman Marcus outside of Boston that's now a big pickleball center. So things have happened over time that no one would have ever dreamed of when those were built.

Spencer Levy

Let's now talk about the future. Stephen, how do you see the mall business, if we could still call it the mall business, evolving over the next few years?

Stephen Lebovitz

I think the trends that we've been seeing are going to continue Rich mentioned densification. We have huge parking lots that are underutilized and they're going to be even more underutilized with some of the trends in cars and automobiles and self-driving and things like that. So I think there's opportunity with our parking lots to complement the uses, whether it's new restaurants, new service type uses. And to densify the properties with other mixed uses. I think the ability to bring in different kinds of uses, traditionally not in a mall, will continue as a priority for us. There's new retailers. Primark is a great example who have been very successful with their initial foray and are continuing to expand. And they're non-US-based retailers. There's trends today with a store like Pop Mart, which is something generationally that I can't necessarily relate to, but we have lines form outside the stores or even outside the kiosk for their product. And it's an adventure, a treasure hunt. It's just something that, again, plays to the experience. So I think we'll continue to see these new uses and new retailers, and we're going to see retailers go away. I mean, it's always happened. We can make a list of retailers that we all grew up with going to the mall that are no longer around and that's not going to stop. But to what you were saying earlier, it was not a bad thing. Short term, there's some pain while we're backfilling. But longer term, it is how we reinvent the malls continuously.

Spencer Levy

Rich, how do you see the next several years of malls and like real estate?

Rich Frolik

They are major retail destinations. And with that comes all the other fun stuff and the ancillary and the densification and everything else. But these major destinations are not

going away, whether they're tertiary or primary. It just takes good operators to figure them out and keep reinventing themselves every five to 10 years. It's constant work, but with that, and I think that. As these reinventions happen you're going to see that institutional capital flow back into it like they did really through 10, 20, 30 years ago and I think then you're gonna see values increasing as that happens. So the operator is critical that these retail destinations are going nowhere.

Spencer Levy

Well, on behalf of The Weekly Take, what a great discussion of the mall space with Stephen Lebovitz, the CEO of CBL, one of the largest mall owners in the country. Stephen, terrific job.

Stephen Lebovitz

Thank you, Spencer and Rich, it's been a real pleasure.

Spencer Levy

And then my old friend, Rich Frolik, executive vice president at CBRE, one of the industry leaders in thinking about all different types of malls, capital markets leader. Great job, Rich.

Rich Frolik

Thanks Spencer and Stephen, great time and love to do it again.

Spencer Levy

Well, apologies that we didn't have time for more of a pop culture trip to the mall. *Fast Times? Paul Blart: Mall Cop*, anyone? Don't get me started. But we hope you enjoyed this conversation and that you'll share it with the folks in your network. You can do that through our website, CBRE.com/The Weekly Take, or you can use the podcast platform of your choice, wherever you find the show. I also encourage you to subscribe and sign up for our email list so we can keep you in the loop about related content and what's coming up on the show. We'll be back next week and look forward to you joining us once again. So stay tuned and as always, thanks for listening. I'm Spencer Levy. Be smart. Be safe. Be well.