



IN THE NEWS

Shaping The Mall Of The Future In Houston

Memorial City Mall is embarking on a redevelopment boosted by the closure of Sears.

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Memorial City Mall is a longtime landmark of west Houston but in the fast-evolving world of retail, renovation is a must. MetroNational, which owns the part of the mall that doesn't belong to the department stores, has hired a Texas company to develop a new master plan that aspires to make Memorial City a paradigm of the modern shopping center and help it compete with growing online sales.

Located along I-10 and inside Beltway 8, next to the Energy Corridor and Memorial Hermann's west campus, the Memorial District is "world class real estate" in the words of Terry Montesi, CEO of Fort Worth-based Trademark Property Company, which will develop the master plan for MetroNational.

The first phase of Memorial City Mall was built in the early 1960s with its Sears store being the main catalyst for the project. After almost 60 years, Sears has again been crucial for the shopping center to pursue redevelopment. The store, located on the south side of the mall, closed in November, leaving 200,000 square feet unoccupied.

MetroNational has a long-term lease agreement with Seritage Growth Properties, which owns the space formerly used by Sears.

"We are looking at the opportunity to tear that down and actually come back with some new stores, some new opportunities, probably two levels at that point," MetroNational president Jason Johnson told News 88.7. Currently, the mall has retail giants such as Dillard's, Macy's, and JCPenney, along with more than 100 shops, restaurants and entertainment attractions like its popular double-decker carousel.



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The redevelopment will initially focus on the Sears spot but Johnson said Trademark will be looking “at the entire mall, or portions of the mall, to figure out if there’s any great opportunities, but that would most likely come in a phased approach.”

The new project aims to continue on a path to make the mall experience more interactive. That philosophy started about five years ago when MetroNational redeveloped the west side with The Square, a 4,000 square foot outdoor venue.

Public spaces and walkability are key for Trademark, which has redeveloped two other popular shopping areas in Greater Houston, Rice Village and The Woodlands’ Market Street. “We believe in public spaces as destinations and as anchors,” said Montesi.

The competition from online retail juggernauts like Amazon and eBay is also one of the factors motivating the mall’s renovation. “When you look at what amount of sales are coming in from online, it is right now at 15 percent,” said Johnson, “they are projecting it is going to be at 30 to 33 percent by 2030, so there has got to be a change, there has got to be something that we can future proof too.”

Millennials are a retail target in the 21st century economy and their preferences will also be a guiding tool for the redevelopment. Montesi noted this demographic isn’t satisfied with the shopping experience that sufficed 20 years ago. When they don’t buy online, they crave interactivity. “We might host an educational event or host an art festival or host a do it yourself paint a mural day,” he said, “I mean, anything that you are interacting with and experiencing.”

Betsy Gelb, a marketing professor at the University of Houston Bauer College of Business, agrees with that assessment and says the decision to go to a mall “is trending toward the expertise, niceness, everything in between of the people who work in the stores at the mall.” She mentions the interactions that shoppers have with specialized staff at establishments like the Apple Store as an example of that new normal in malls.

“What Memorial City [Mall] is trying to do is in a sense maintain a competitive advantage,” said Gelb, “not just over other malls, but over shopping online.”

MetroNational and Trademark anticipate the master plan for the initial phase of Memorial City Mall’s redevelopment will be ready in the spring or summer of 2020.