

# Adaptive Reuse

## Northline Commons

- The Northline Mall was an 850,000 sq ft enclosed mall located 15 minutes from downtown Houston on Interstate Route 45.
- Originally anchored by the Montgomery Ward and Josky's Department store chains.
- In January of 1997, Management took over the daily operation of the Center.
  - At that time the property had been languishing at a 68% occupancy rate for nearly a decade. Over the course of the ensuing four year period occupancy was increased to 95%, and the vacant Josky's store was redeveloped into a Magic Johnson Theater.
  - Gross Potential Income during the period increased by 43%, and Net Operating Income by 100% (or \$1,563,232).
  - Accordingly, using a 12% capitalization rate, these results created an additional \$13,026,933 in value at Northline Mall.
- In 2007, Management recognized that the highest and best use of the property would be as an open air lifestyle center, and a comprehensive redevelopment program was undertaken.
  - All third party Ownership interests were re-purchased
  - The Mall was razed, and a 480K sq ft open-air strip was constructed in its place
  - The property is shadow anchored by a 210K sq ft Wal-Mart.
- Management has successfully repositioned the property resulting in increased value to Ownership.
- The property was sold in 2012 for a sub 6% capitalization rate.

# Northline Mall Redevelopment

HOUSTON, TX

Before and After

