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Article published Dec 2, 2005

Mall makeover still on New owners plan \$50M expansion, renovation

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The new owners of Stones River Mall plan to invest \$40 million-\$50 million into expanding and renovating the 13-year-old mall.

Transwestern Investment Co., a Chicago-based firm, bought the 422,227-square-foot mall located on Old Fort Parkway for \$47 million from Concorde Realty Partners and Lehman Brothers, on behalf of Aslan Realty Partners. Concorde paid \$32 million for the mall in 2000.

Stones River Mall is an attractive property due to the explosive population and job growth in Murfreesboro and the mall's access to Interstate 24, said Dirk Degenaars, managing director of retail acquisitions for Transwestern Investment Co.

"Frankly, the city seems to be a very competitive place to do business," he said. "All of those things made it an excellent opportunity."

Transwestern Investment Co. is going ahead with the previous mall owner's plans to expand the mall, including adding a 105,000-square-foot open-air lifestyle promenade, a 300-seat food court and larger anchor stores. Transwestern also plans to renovate the interior of the existing mall.

"We plan on implementing the expansion and potentially expanding the scope of the mall renovation," he said.

Construction is expected to begin in early 2006.

Holly Sears, director of economic development for the Rutherford County Chamber of Commerce, said the renovation and expansion project will allow Stones River Mall to remain one of the top producing malls in the region.

That Transwestern plans to invest \$40 million-\$50 million in the mall in addition to the purchase price "says a lot about our market," she said. "It has really grown in the last five years. It is a proven trade area."

Sears said the selling price of the mall is "right on target" with the rising property value in Rutherford County.

"It just shows how strong the market is here," she said.

In its current state, Degenaars said, Stones River Mall is a "very successful" mall. Several of the mall's 40 tenants are seeing sales of \$400 a foot or more — a "benchmark of a very strong mall," he said.

"The fact that we have stores doing this before this expansion, it gives us comfort that tenants will want to stay there," Degenaars said.

The fully leased Stones River Mall is currently anchored by four major department stores and specialty retailers such as The Buckle, Charlotte Russe, Christopher & Banks, Bath & Body Works, Gap, American Eagle Outfitters, Aeropostale, Starbucks Coffee and Victoria's Secret.

Blair Carlton, owner of Our Daily Bread in the mall, expects the sale will be positive for the mall. He said he is pleased that the expansion will still take place and said more shopping variety will benefit his business.

Degnaars said Transwestern first became aware that Stones River Mall was going to be sold in August. The company put in a contract for the mall in October and it closed in November.

Mall officials said they are finalizing leases with upscale fashion stores, restaurants for inclusion in the food court and a junior anchor store — possibly a bookstore.

Jeff Lipoksy, who will retain his position as mall general manager, said the mall also is looking at adding sit-down restaurants to the mall and mall outparcels.

Within two years, Stones River Mall will be faced with some competition — The Avenue, a 1 million square foot open-air lifestyle mall, planned for Medical Center Parkway near the I-24 interchange.

Degnaars said the expanded Stones River Mall will actually complement The Avenue, adding that there is a distinction between the types of stores that locate in a traditional mall and an open-air lifestyle shopping center.

General Growth Properties — the second largest U.S.-based publicly traded real estate investment trust — will retain its position as the mall's development, leasing and management company. General Growth currently has ownership interest and management responsibility for a portfolio of 210 regional shopping malls in 44 states, as well as ownership in planned community developments and commercial office buildings.

The company's portfolio totals approximately 200 million square feet of retail space and includes more than 24,000 retailers nationwide.
