



Simon Debuts King of Prussia Expansion

by Barbra Murray

The second-largest retail center in the country completed a 155,000-square-foot expansion.

Philadelphia—[Simon](#) wraps up one of the most notable projects on its 30-plus redevelopment list with the opening of a 155,000-square-foot expansion at the King of Prussia Mall in suburban Philadelphia. The new square footage takes the shape of a connecting corridor, and solidifies the now 2.9 million-square-foot mall's position as the second-largest shopping center in the country.

It's quite a sizeable addition, but retail real estate company Simon is just giving the people what they want. "Based on the long-term success of existing King of Prussia luxury brands like Burberry, Cartier, Gucci and Tiffany & Co., demand was high among additional brands to be a part of the mall's retail roster. Customer demand was also there for expanded compelling retail and dining options," Bob Hart, general manager of King of Prussia, told [Commercial Property Executive](#).

Simon knows the property. Its history with King of Prussia began in 2003 with the acquisition of an interest in Kravco, the company that developed the asset in 1961 and enlarged it 20 years later. In 2011, Simon increased its interest in the shopping center for the last time, taking over full ownership.

Ground broke on the recently completed expansion of King of Prussia in 2014. The mall's new multilevel addition circumvents the road that had divided the roughly 1.7 million-square-foot Plaza segment from the 902,000-square-foot Court segment, making way for the addition of 50 new retail and dining offerings to the preexisting mix of 400. The redevelopment also allowed some existing tenants to relocate and expand their digs. Of course, extra shopping space warrants extra parking accommodations, and Simon delivered on that as well with a new state-of-the-art parking facility.

Simon declined to share the specific price of the King of Prussia project. However, at the close of the second quarter of this year, the company disclosed that the 33 projects then underway in the U.S. and Europe would cost Simon a total of approximately \$2.1 billion to complete. It may initially appear to be a hefty price tag for makeovers and the like, but Simon is investing money to make money—and signs indicate that these endeavors will prove fruitful.

"Redevelopments are typically a very good idea for a high-end mall owner," Richard Moore, managing director with investment bank [RBC Capital Markets](#), told *CPE*. "The land is typically already owned, so the incremental investment is lower than it would be if the company had to buy the land too. The project won't be started unless there is significant tenant demand, so there's very little risk that the expansion or other improvement won't be fully occupied. Altogether, the return on these redevelopment projects are typically the highest of any activity the company might undertake."

At mid-year, Simon's portfolio totaled 179 properties in the U.S. alone, and the retail real estate company's list of nearly three dozen redevelopments could grow even longer. As Hart noted, "Simon never stops identifying ways we can improve the customer experience."