

Northwest Mall put on the block

By Nancy Sarnoff

The owners of Northwest Mall, one of Houston's largest regional retail centers, are shopping the property to potential buyers that could raze the 800,000-square-foot structure and build a high-density development in its place.

The marketing of the property, which sits on 52 acres just outside the 610 Loop in northwest Houston, comes at a time when enclosed shopping malls have fallen out of favor and the hottest retail development trends are luxury mixed-use centers and outlet malls.

Many regional malls across the Houston-area have reacted to shifting shopping preferences by adding outdoor retail components, big-box stores or nontraditional tenants like night clubs and educational centers.

The 46-year-old Northwest Mall, which is tucked behind a massive freeway reconstruction project at U.S. 290 and the 610 Loop, is more than one-third vacant.

When it opened in 1968, anchored by a Foley's and a JC Penney, the mall filled a shopping void for nearby residents and was touted for its air conditioning and 4,000-car parking lot.

Baltimore, Md.-based Rouse Co. designed Northwest Mall as a twin shopping center to Almeda Mall on the southeast side of town.

In later years, the mall suffered some setbacks.

In 2000, the Penney's store shut down because of declining sales.

The former Foley's building, which later became Macy's, has been empty



James Nielsen/Houston Chronicle

Northwest Mall, which opened in 1968, has suffered setbacks and is now more than one-third vacant.

since Hurricane Ike swept through town in 2008 and damaged the building.

The Texas Department of Transportation later acquired a large portion of the Macy's parking lot for its long-planned roadway construction project, and the store never reopened.

The mall is about 62 percent occupied.

A Palais Royal department store still operates there, and other larger tenants include an antique center and a school for health care professionals.

'Whole area is changing'

While part of the mall has been shrouded by a freeway construction zone, it is surrounded in other directions by new single-family housing and apartments.

"That whole area is changing rapidly," said Rusty Tamlyn, who along with Davis Adams is part of a team with HFF that is marketing the property.

Tamlyn said there has been "quite a bit of interest" from would-be buyers.

"Most people are looking at redeveloping it," he said.

The property is being offered by Macy's, which owns its building, and Houston-based Levcor, owner of the remaining portion of the mall.

An asking price has not been set. A few years ago, the Northwest Mall land was valued at more than \$20 per square foot, said property consultant Mark Sikes of Deal Sikes & Associates.

Today, said Sikes, whose company specializes in property valuations for eminent domain initiatives, "It could be twice that."

Sikes worked with Levcor and Macy's during the state's acquisition of some of the mall property for the highway project.

Tamlyn said the site is ideally suited for a hotel, multifamily, office and retail development.

With a tight office market in the area, Tamlyn said, "it could be a corporate office user, as well."

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