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## Old US shopping mall finds secret to survival as Covid rips through retail

*Community links and open-air setting give Yonkers complex the edge over struggling newcomers*



Craig Deitelzweig, chief executive of Marx Realty, says the 66-year-old Cross County Center in Yonkers, New York, has enjoyed success by sticking to a tested formula © Joshua Chaffin/FT

By **Joshua Chaffin**

Craig Deitelzweig looked like a proud shopkeeper as he took in what has been an all too rare scene at America's decimated shopping malls: throngs of customers, many laden with bags, strolling around the Cross County Center in Yonkers, New York.

Shopping malls have become one of the most challenged parts of the real estate industry in recent years, thanks to the rise of ecommerce. The coronavirus emergency is hastening their decline — so much so that some mall owners are considering converting their properties to ecommerce warehouses.

Yet the Cross County Center, a 66-year-old mall that is not terribly flashy or innovative, is rumbling along while newcomers such as the gilded Hudson Yards on the west side of Manhattan or New Jersey's vast and excessive American Dream are struggling.

After a Covid dip, its owner, Marx Realty, is collecting 95 per cent of the rent due from tenants each month. Occupancy is running at 99 per cent. When one anchor tenant, the Sears department store, went bankrupt Marx signed a deal in September to replace it with a 130,000 sq ft Target — at an almost 30 per cent increase in rent. Construction on its spruced-up location begins in January.

To Mr Deitelzweig, Marx's chief executive, the ultimate sign of the mall's health may be the sight of shoppers — all wearing face masks — lined up outside stores including jeweller Pandora. Its October sales were up 63 per cent over last year, he said. At Gap, they rose 6 per cent.

"It's sunny days," he declared. "I think people still enjoy shopping. If you look around, almost everyone has bags."

The only gloomy note on a recent afternoon was a storefront where a lonely Santa Claus was sitting behind a Plexiglas screen at a safe distance from an elf.

What accounts for the Cross County's success? It has long benefited from its location in Yonkers, a working-class town sandwiched between the New York City borough of the Bronx, just to the south, and the affluent towns further north in Westchester County.

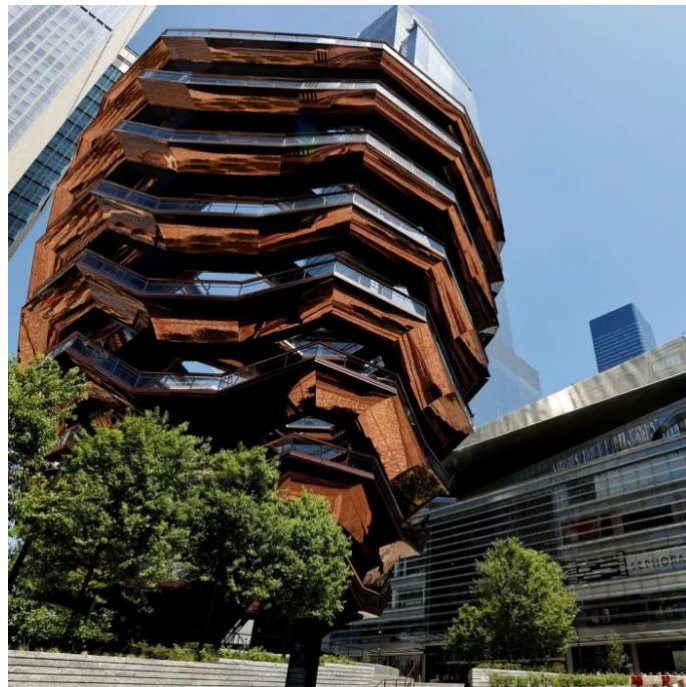
The fact that it is an open-air mall — once seen as a disadvantage — turns out to be a big plus during a viral pandemic. Several shoppers echoed the sentiment of Madeline González, who said she had come to the Cross County from the Bronx because she was "tired of being locked up".

"There was a time when enclosed malls were the thing and we were considering putting a roof over it," Mr Deitelzweig said. "Thank God we didn't."

Ultimately, he attributes the mall's success to something that is harder to quantify, and to replicate. Over decades, it has become woven into the local community — a place where families come to celebrate school graduations, watch July 4 fireworks or just to see and be seen on a weekend afternoon. "That's really the secret," Mr Deitelzweig said. "It's really a town centre more than a mall."



The American Dream mall in New Jersey contains a theme park, water park and ski slope © Samantha Nandez/BFA.com



Manhattan's Hudson Yards is part of a giant development including the Vessel tourist attraction © Reuters

A few years ago Marx considered tinkering with the formula. At the time, the \$3bn American Dream was under construction and the talk of the mall world. To attract customers, its owners invested in thrills, throwing in an amusement park, a water park, a helipad, a zoo and a 16-storey ski slope, among other amped-up attractions.

“We ultimately sat back and realised we didn’t need that,” Mr Deitelzweig said. “Your Main Street doesn’t need a giant Ferris wheel to be part of the community. You need cafés.”

Marx did opt to tweak the name — ditching the Cross County Mall to become the Cross County Center.

Whatever you call it, the Cross County’s appeal was tested when Covid-19 struck. Its April rent collections dipped to 44 per cent as New York City and surrounding areas went into quarantine. ‘It was concerning,’ Mr Deitelzweig said.

Marx allowed some restaurants and a health club, which were legally required to close, to defer their payments. But it otherwise took a hard line. “This is probably your most successful store, so pay here first,” Mr Deitelzweig recalled telling tenants — many of whom were withholding rent at other locations.

While that might sound harsh, he was unapologetic. “We really shouldn’t be their lender. We have our own lender who wasn’t supplying relief to us.”

Most have paid up. Still, Marx is currently suing to evict Gap, which Mr Deitelzweig said had only recently begun paying 50 per cent of its rent. The company, he said, was trying to “use the pandemic to absolve their legal commitments”.

Gap declined to comment specifically on its Cross County location. But it said it had been forced by the pandemic to close stores for months, adding: “As we work through remaining negotiations with landlords to equitably share the burden caused by the pandemic, we’ve paid what we believe to be fair rent under the evolving circumstances.”

If it comes to eviction, Mr Deitelzweig is confident he will find a replacement. As weaker malls succumb, he expects retailers to pay a premium to move to higher ground.

“If you’re a retailer, times have changed and you want to focus on your best locations,” he said, adding: “Retail is not dead. If it’s an area that really speaks to people, emotionally, they’re coming back.”

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