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Mall owner files for bankruptcy

General Growth to negotiate debt terms

*BY MARY FRANCIS MASSON
FREE PRESS BUSINESS WRITER*

The nation's second-largest shopping mall owner, General Growth Properties, which owns or manages 12 Michigan shopping centers, filed for Chapter 11 bankruptcy protection Thursday in a tough bargaining move to restructure its \$27 billion in debt.

General Growth, which owns more than 200 malls including Faneuil Hall in Boston and South Street Seaport in Manhattan, said shoppers at its malls will not be affected by its bankruptcy filing. Among its Michigan properties are Lakeside Mall in Sterling Heights, Southland Center in Taylor, Lansing Mall, Grand Traverse Mall and Westwood Mall in Jackson.

General Growth spokesman Wally Brewster said Thursday that all the Michigan properties would continue to operate as usual.

A Farmington Hills turnaround expert said it's unlikely shoppers will see much change immediately.

"The filing reflects the fact that retail has been pummeled," said Kenneth J. Dalto.

The Chicago-based General Growth is paying the price for its aggressive expansion at the height of the real estate boom. General Growth, like many homeowners during the frenzy, bought several properties at top dollar and is finding lenders unwilling to refinance.

The real estate crisis has been slow to affect the market for retail, hotels and office buildings. But the delinquency rate for commercial loans, while still relatively low, is creeping up and could deepen the recession.

"While we have worked tirelessly in the past several months to address our maturing debts, the collapse of the credit markets has made it impossible for us to refinance maturing debt outside of Chapter 11," CEO Adam Metz said.

Contact MARY FRANCIS MASSON: 313-222-6159 or mmasson@freepress.com.
