

# ACC ready to transform mall

**\$25 million allotted to Highland Mall**

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Macy's has left Austin's oldest mall but ACC has set aside the money to transform the space — and others in the mall.

**Austin Community College trustees have approved a \$25 million budget to buy and renovate its new space in Highland Mall — including the old Macy's — and gave the green light to buy more property in Central Austin.**

ACC trustees and administrators declined to answer questions about the agenda items, which were discussed behind closed doors in executive session early this month, and locked arms in silence about whether they have an interest in the second soon-to-be-vacated Dillard's outlet.

The college now owns 39 percent of Austin's oldest mall, which has lost its four anchor tenants in recent years. ACC took 18 acres and a four-story former Dillard's building last year, and it's buying the Macy's building — the store closed last month — for \$5.6 million. The project is being funded through bond sales.

That leaves two anchor slots available — one vacated by J.C. Penney Co. long ago and the one being closed now by Dillard's. The J.C. Penney property is still on the market, with no reported activity, a broker involved said, and many see ACC as the front-runner to buy or lease the Dillard's outlet space that will close in May following a legal battle between the department store and mall owners.

ACC officials deferred to spokeswoman **Alexis Patterson**, who said only that the college is keeping its options open and evaluating opportunities.

Mall owners could not be reached, but mall General Manager **Dennis Backstrom** of Jones Lang LaSalle Inc. — the real estate company hired to lease the mall — said the mall is looking for tenants.

"Our instructions are to lease the space," he said. "The ownership instructed us that it is business as usual."

There are multiple tenants looking at the Dillard's outlet, but it is "too early to speculate" who is serious, Beckstrom said.

American International Group Inc. owns the land the mall is on. It leased the dirt to the mall for almost a century and had previously alleged in a lawsuit that the mall is in default. An AIG spokesman declined comment, and it is unknown what AIG's current activity or plan is.

Even though the mall is about 75 percent vacant, it is in an attractive location and will remain a decisive force influencing area development, a local retail expert said.

“There are too many good things about that property for someone not to do something attractive with it,” Austin-based Retail Solutions Principal **Cole Brodhead** said.

There are about 80 shops left in the mall. But on a recent Monday evening, the mall was anything but a “ghost town.” Though not bustling, there were enough people milling through mall corridors for them to appear active.

One clerk, standing idly in a jewelry store — one of two remaining — said the mall rent is so cheap that the store makes a profit after a few transactions.

**Courtesy of JB Goodwin**