Real Estate Insider

Nation's largest mall owner completes Taubman buyout

By Kirk Pinho

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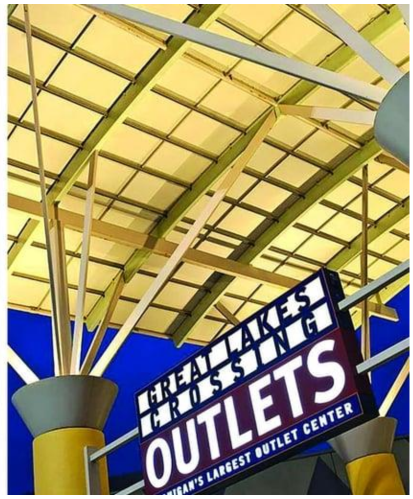

Credit: Taubman Centers

Taubman's final properties were Twelve Oaks Mall in Novi and Great Lakes Crossing Outlets in Auburn Hills.

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The nation's largest mall owner has completed its acquisition of pioneering Michigan mall developer Taubman Realty Group.

Indianapolis-based Simon Property Group LP (NYSE: SPG) said Monday that it had purchased the remaining 12% of Bloomfield Hills-based Taubman Realty Group LP in exchange for 5.06 million limited partnership shares in SPG. The value of the deal was not disclosed.

The Taubman family will remain in the mall business — but in a different way. Over the last three years, Taubman has accumulated more than 8.3 million shares in Simon Property Group.

Simon started its buyout in February 2020 with a $3.6 billion purchase agreement ($52.50 per share) to acquire 80% of Taubman.

Since the first deal closed at the end of 2020 for $2.65 billion ($43 per share) following lawsuits and other negotiations, Simon has been buying the remaining 20% of Taubman, first with an acquisition of 4% (1,725,000 shares) in September 2023 for $199.6 million and another 4% (1,572,500 shares) in the fourth quarter last year for $266.7 million, according to Simon annual reports.

All told, the Taubmans now own about 8.36 million shares of Simon, which was trading at just shy of $183 a share on Tuesday afternoon, putting the Taubmans' ownership stake at about

$1.53 billion of the company with a market capitalization of about $60.4 billion as of Tuesday afternoon. Its enterprise value is $85.1 billion.

"We are pleased to finalize this transaction, which will be accretive to Simon," David Simon, chairman, CEO and president of Simon Property Group, said in a press release. "This acquisition aligns with our strategy of owning high-quality assets, unlocking operational synergies and driving further innovation. With full ownership of TRG, we are well-positioned to capitalize on new growth opportunities, increase net operating income and deliver long-term returns to our shareholders."

Robert Taubman, chairman and CEO of Taubman Realty Group, declined to comment to Crain's.

The Taubman malls were 94.2% occupied, generating an average base minimum rent of $72.36 per square foot. Taubman's website lists 22 malls in its portfolio: 18 in the U.S., two in China and two in South Korea.

"I want to thank everyone at Taubman, present and past, for their contributions to our success over the 75 years since our founding by my father Alfred," Robert Taubman said in the release. "I also want to thank David and his team for our wonderful partnership over the past five years. With this transition, (brother) Billy and I look forward to being significant Simon shareholders for many years to come."

Prior to the deal announced this week, Taubman's remaining Michigan malls were Great Lakes Crossing Outlets in Auburn Hills and Twelve Oaks Mall in Novi. In 2014, Taubman sold The Mall at Partridge Creek in Clinton Township and Fairlane Town Center in Dearborn, plus two others, for $1.4 billion.

Founded in 1950 by A. Alfred Taubman, who died in 2015 at age 91, the previously named Taubman Centers Inc. held an illustrious place as a pioneer of shopping mall development. The company developed Lakeside Mall in Sterling Heights, its first enclosed Michigan mall, in 1976.

Simon Property Group owns Briarwood Mall in Ann Arbor and Birch Run Premium Outlets in Birch Run.

By Kirk Pinho

Kirk Pinho is a senior reporter covering commercial real estate. Since joining Crain's Detroit Business in 2013, he has written about leasing, development and property sales in Detroit and its suburbs, as well as the industry's trends, personalities and quirks.