CRAIN'S DETROIT BUSINESS

Real Estate

Owner of 8 Michigan shopping centers sold to competitor in $2B deal

By Kirk Pinho

Mayor and Council –

Owners of West Oaks have sold, FYI

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A real estate investment trust once based in Farmington Hills has been sold to a competitor in a $2 billion all-stock deal.

New York City-based shopping center REIT RPT Realty (NYSE: RPT) — which until 2018 was Ramco-Gershenson Properties Trust — is being sold to Jericho, N.Y.-based REIT Kimco Realty, the companies announced Monday.

Kimco said the deal, which has yet to close, would bring its enterprise value to $22 billion. The company also said the deal is expected to boost earnings, give Kimco an added presence in Sun Belt and coastal markets and access to RPT's existing joint venture partners, in particular with Singapore sovereign wealth fund GIC.

RPT's website says it has a portfolio of eight power centers in Michigan totaling about 1.79 million square feet, including: The Clinton Pointe property in Clinton Township; Hunter's Square in Farmington Hills; Southfield Plaza in Southfield; The Shops at Old Orchard in West Bloomfield Township; Troy Marketplace in Troy; the West Oaks I and West Oaks II developments in Novi; and Winchester Center in Rochester Hills.

Five years ago, RPT began making its move to New York after Brian Harper, president and CEO, took over from Dennis Gershenson, who announced he was stepping down in December 2017 after two decades leading the company.

"Since joining RPT five years ago, the team and I have worked tirelessly to create long-term stakeholder value by curating the portfolio towards coastal and Sun Belt markets, while delivering exceptional leasing results and prudently managing the balance sheet," Harper said in a news release. "After carefully considering the merits of this transaction, we believe that aligning with Kimco, a leader in the grocery-anchored shopping center space, is in the best interest of our stakeholders, given the multiple synergies that can be realized as a combined company. We also believe this transaction delivers an attractive share price premium that offers our shareholders the opportunity to participate in a larger, more liquid and diversified company that is well positioned to deliver long-term value."

RPT's total portfolio is 56 open-air shopping centers — 13 of which are jointly owned — totaling about 13.3 million square feet. Kimco's portfolio has 528 properties, not including RPT's properties.

The release says Kimco "has identified a limited group of Midwest properties" that it expects to sell off "over time."

An email was sent seeking additional details.

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.