

‘The demise of malls’ accelerates with coronavirus and as JCPenney, other retailers close stores

JCPenney’s closing of its Orlando Fashion Square store comes against the backdrop of the coronavirus pandemic but also follows a familiar pattern of years of department stores leaving Central Florida malls.

The apparel and home retailer joins Sears and Macy’s in shutting down mall stores across Central Florida. Developers were already planning to tear down Orlando Fashion Square before the virus struck.

Malls are facing even more challenges as customers enduring lockdown have grown even more accustomed to spending their money online and as national retailers struggle. Still, on a recent weekday, crowds of shoppers came out to Florida Mall weeks after it reopened from a temporary closure during the pandemic.

Even "if the economy springs back quickly, malls are going to have to deal with the impact of some long-term effects," said Kevin Hipes, general manager at Oviedo Mall in nearby Seminole County.

His mall has started to adjust after losing both Macy’s and Sears by bringing in non-retail tenants such as coworking space NeoWare and entertainment spots like District Eat and Play. Apartments and a hotel have also been planned to replace the empty Macy’s store.

"This [pandemic] is going to accelerate the demise of malls overall, and I don’t think that’s a bad thing," Hipes said. "It’s an evolution like anything else. Things don’t stay the same, and you got to get involved and get in early."

‘Not just the impact of the virus’

After filing for Chapter 11 bankruptcy protection last month, JCPenney announced 154 of its stores including at Orlando Fashion Square would be part of its first phase of closings.

Florida Mall, Altamonte Mall, Seminole Towne Center, West Oaks Mall in Ocoee and Volusia Mall in Daytona Beach so far all get to keep their JCPenney stores. Other locations in Kissimmee and Clermont also were not on the list.

However, previously filed Securities and Exchange Commission documents indicated the national retailer plans to shutter 192 of its 846 stores in the 2020 fiscal year and close and sell another 50 stores next year.

The Fashion Square store was temporarily shut down as of Friday, according to the company's website, but sales at the closing locations were expected to start in the coming weeks.



JCPenney at the Orlando Fashion Square mall was temporarily closed Thursday, and the national retailer plans to permanently close the Orlando store. (Ricardo Ramirez Buxeda/Orlando Sentinel)

Hipes anticipates other retailers on the edge of being profitable will now close stores. He expects national chains with locations in multiple malls with the same owner also will seek to negotiate rent reductions.

"They're going to assess their overall situation, not just the impact of the virus," Hipes said. "Retailers are going to use this opportunity to get rid of non-productive stores."

While customers have returned to Oviedo Mall to some degree since it opened back up in early May, it has been without a main draw in the Regal movie theater. Even as restaurant dining rooms have been allowed to open back up, Gov. Ron DeSantis just allowed movie theaters to reopen on Friday after being closed since March.

Hipes doesn't anticipate his center will be immune to problems, but he has confidence in its long-term plan.

"It's going to be a big problem, but it's going to be a short-term problem," Hipes said. "I've already got a redevelopment plan that is in the works."

New Fashion Square targeted for 2022

Even as Fashion Square loses JCPenney, the land underneath the mall has already been sold to developers Chuck Whittall and Daryl Carter, who want to turn it into an open-air center.

The goal is to have the new “experiential” center open in 2022, said Whittall, whose developments also include International Drive’s Icon Orlando. The developers are still in discussions with Bancorp, owner of the mall’s building.

Fashion Square, which opened in 1973, saw its Sears store torn down and replaced with a Floor & Decor and another space eyed for a EoS Fitness gym. The center has held on to its Macy’s, Dillard’s Clearance Center and a movie theater.

Whittall, president and CEO of Unicorp National Developments, also expects coronavirus to have devastating effects on malls.

“It’s enabled the shopper to really utilize online shopping,” Whittall said, adding that he thinks a lot of customers won’t return to malls at the same level as before the pandemic.

Masks, customers at Florida Mall

Florida Mall was bustling with customers on a recent rainy Thursday afternoon.

Shoppers waited outside Victoria’s Secret, Hot Topic and GameStop as the stores limited the number of people inside. Many customers wore masks as businesses such as Skechers required face coverings.

The Simon mall is not far from attractions like Universal Orlando and also is home to draws like the Crayola Experience store.

Aracelis Partida, 19, was killing time with Christopher Smith, 21, at the mall when she found a game she wanted for her Nintendo Switch at GameStop.

Both of the students from Orlando were wearing masks and didn’t mind that the video game store limited the number of people inside.

“I think it’s cool that they cap it,” Partida said. “It keeps the space between everyone smaller.”

Despite some dreary forecasts for malls, one expert expects Central Florida’s retail to rebound.

Orlando shoppers eager for a return to normalcy are heading to more stores and restaurants, said Justin Greider, senior vice president and Florida retail lead at real estate professional services firm JLL.

“Despite the challenges of COVID-19, there will be a bounce-back in the retail community, as travel and convention activity resumes and we see consumers ready to get back to shopping, dining and theme parks,” Greider said in a written response to questions sent through a spokeswoman. “Orlando was the top tourism destination in the world before COVID-19 and will be after. The shoppers will come back; it is just going to take a little time.”