

Harbor mall owner files bankruptcy due to debt

By: Sam Eckstein, *The Johns Hopkins Newsletter*, April 30, 2009

General Growth Properties (GGP), one of the biggest mall operators in the country and in Baltimore, filed for Chapter 11 bankruptcy earlier this month.

The Chicago-based company's \$27 billion debt forced 158 of its over 200 shopping centers to file for Chapter 11 bankruptcy, including Harborplace in the Inner Harbor. GGP also owns Towson Commons, which has not filed for bankruptcy.

When a company has filed for Chapter 11, it is permitted to continue to operate as normal while it develops a long-term plan to restructure its business and financial obligations, a process that for GGP is expected to take around 18 months to 2 years.

Harborplace is not in danger of closing due to its bankruptcy, according to William H. Cole IV, City Councilman for the district.

"I don't see this affecting the tourist or visitor experience [at the Harbor]. I don't see this changing anything. Harborplace remains the top tourist attraction in Maryland. I can't imagine any scenario where it won't be there," he said.

Day-to-day operations of GGP's malls are expected to continue as usual, according to a GGP press release.

Cole supported the shopping center giant's claim, saying that the move to Chapter 11 was only about restructuring their finances and not about changing their operations.

On April 22, GGP announced that additional properties, including seven more in Maryland, would file for bankruptcy.

A GGP press release on the same day discussed the prospect of additional properties filing for bankruptcy in the future.

"We do not currently contemplate that additional GGP subsidiaries will file for protection, although it is possible that circumstances could change during the restructuring process," Adam Metz, chief executive officer of GGP wrote.

While the company will be selling some of its properties as part of the restructuring plan, it is unclear which properties will be sold. GGP representatives could not be reached for comment.

"I have not heard anything indicating that [GGP] is looking to sell [Harborplace]. I don't really know what their strategy is, but I have been assured by many City officials that they are not looking to sell," Cole said.

GGP purchased Harborplace and many other properties in 2004, from the Maryland-based Rouse Company in a \$12.6 billion deal. According to Cole, the company has made changes and renovations to Harborplace that have allowed the aging tourist hotspot to feel new.

The retail stores in Harborplace have not been contacted or received any notices from GGP, but managers are not worried about the future of the waterfront mall.

"Business has been great," said GNC Live Well store manager Dave Atkins.

He said he is not worried about his store or the mall's prospects because Chapter 11 does not equate with liquidation. He doesn't expect Harborplace to disappear.

Entering the Inner Harbor's busiest season there is additional cause for optimism.

"This is not something that I think is going to affect Harborplace long-term. Give them an opportunity to restructure some of their debt and operate as the Harborplace we've known," Cole said.