

SOUTH FLORIDA BUSINESS JOURNAL

January 4, 2018

UMV: 76,182

Downtown Miami Macy's to close



The Macy's at 22 E. Flagler Street in downtown Miami will close in early 2018.



By [Brian Bandell](#) - Senior Reporter, South Florida Business Journal
3 hours ago

[Macy's](#) Inc. announced Thursday that its downtown Miami store will close in early 2018, ending the run of one of the oldest continually operating stores in the city.

The store is in one of Miami's most historic buildings at 22 E. Flagler Street. The closure comes at a time when downtown Miami is booming with population growth amid major residential and retail construction.

However, department stores like Macy's (NYSE: M) have been struggling to compete with online retailers and attract younger shoppers.

Macy's announced that its comparable sales increased 1 percent in November and December, although it expects comparable sales to decline between 2.4 and 2.7 percent in 2018. It said it would close 11 stores in early 2018 - part of 124 stores that it has shuttered since 2015. In most cases, clearance sales will begin Jan. 8 and last for eight to 12 weeks.

The two Florida locations on the new closure list were downtown Miami and the Oaks Mall in Gainesville.

SOUTH FLORIDA BUSINESS JOURNAL

Page 2

The downtown Miami building at 22 E. Flagler Street was originally built in 1912 as the Burdines Building, the tallest in the city at the time at five stories. It's been expanded over the years and now totals 467,158 square feet - including the parking deck - on a 72,000-square-foot lot.

Aetna Realty Group acquired the building in 2013 for deals of \$15.55 million with a local family and \$10 million with Macy's. Burdines, which is now Macy's, signed a 99-year lease for the building in 1917, and that lease has been terminated, according to county records.

Officials with Aetna Realty Group couldn't immediately be reached for comment.

It's unlikely the Miami property would be torn down and rebuilt because of the historic nature of the building.

Zach Winkler, senior VP of retail at brokerage JLL, said the downtown Miami Macy's is in an under-utilized building and it makes sense for the retailer to close that location and focus on its more successful stores in South Florida. He noted that this region has seen relatively few Macy's closures compared to other regions of the country.

"This is a bigger and older Macy's that is out of date," Winkler said. "It is the old fortress-style building with few windows on the outside. It doesn't welcome customers from the outside."

Jason Shapiro, managing director of Miami-based commercial real estate consulting firm Aztec Group, said the downtown Miami retail market is strong and growing, but Macy's wasn't able to develop a forward-thinking strategy to adapt in this market. Brickell City Centre to the south has been successful, and many smaller storefronts on Flagler Street have done well. Miami Worldcenter - a project that Macy's withdrew from a few years ago - is also building more retail just north of this property.

"This represents a tremendous opportunity to reposition this asset into something more progressive," Shapiro said. "Open more retail storefronts along the street. Turn the spaces above into collaborative workspaces or studio space."

Winkler said changes could be made to the building while preserving its historic character. It needs more windows along the street to promote retail, he added.

"The building has some good bones," Winkler said. "A lot could be done with the existing structure."