



Mall owners plot how to fill Saks Global's abandoned space

Closings so far prove manageable for top-tier properties — and potentially destabilizing elsewhere



Simon Property Group has announced two restaurants that will be the initial tenants at its redevelopment of the Neiman Marcus store in Boston. (Simon Property Group)

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Just hours after Saks Global said it was closing a Neiman Marcus store at a Boston mall, the property's landlord unveiled a plan to redevelop the soon-to-be-vacant space that anchors the retail hub.

Indianapolis-based Simon Property Group, obviously prepared for the tenant exit, [said it would carve up](#) the luxury chain's roughly 100,000 square feet of space at Copley Place and fill it with a lineup of new luxury retailers and distinctive restaurants.

That tack is among the most pragmatic options for top-tier malls to replace the Neiman Marcus as well as the Saks Fifth Avenue stores that luxury retail conglomerate Saks Global is closing as part of its bankruptcy process, according to retail analysts.

The wave of Saks Fifth Avenue and Neiman Marcus closings is emerging as a sorting mechanism for malls: a manageable opportunity for top-tier properties with redevelopment options, and a potentially destabilizing blow for second-tier centers that still rely on luxury anchors to drive traffic.

"What we've seen over the last several years is that when these boxes go dark, landlords start breaking them up or completely rethinking them," Peter Braus, president of the brokerage Lee & Associates, said in an email to CoStar News.

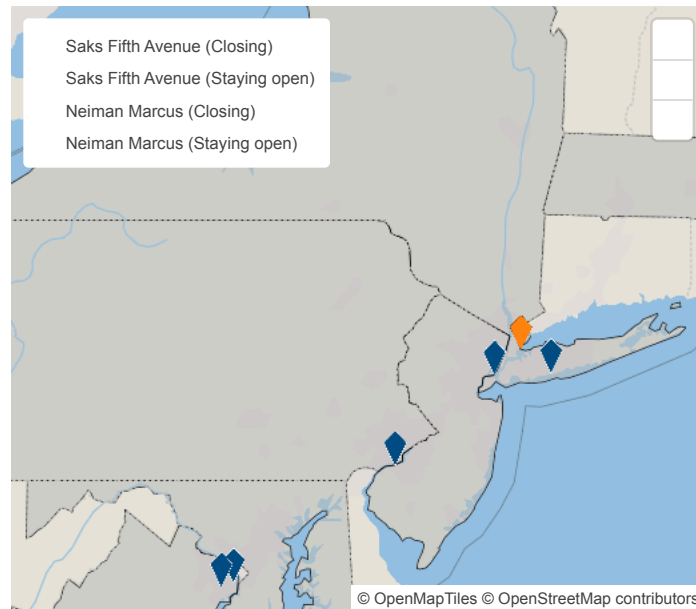
But for luxury malls other than Copley Place as well as lower-tier Class B centers — those often struggling and out of date — the looming vacancies could prove much harder and take longer to fill. In fact, the loss of a Saks Fifth Avenue or Neiman Marcus could be a dramatic blow to some retail properties, according to industry insiders, in an era when the department store sector — upscale or not — is on the wane.

Shutdown strategy

New York-based Saks Global — also the owner of Bergdorf Goodman — is shuttering nearly two dozen Saks Fifth Avenue and Neiman Marcus stores across the country in an effort to optimize its property, eliminate overlap between the two upscale chains and focus on its best-performing locations in affluent markets.

After [backtracking on three closings](#), Saks Global is now slated to shut down 21 locations in total, 18 Saks Fifth Avenue and three Neiman Marcus stores. Most of the closings will take place in May. The company is also shutting nearly its entire off-price Saks Off 5th chain.

Saks Fifth Avenue, Neiman Marcus store closings coast to coast



Source: Saks Global
Map: Muhammad Shumail



The loss of a luxury anchor store in general is bad news for retail landlords. But, depending on the specific location, it will pose more of a challenge to some than others, according to industry analysts.

For an upscale mall, there are few luxury retailers left that are looking for spaces that can top 100,000 square feet, the size of a Saks Fifth Avenue or Neiman Marcus. And for a second-tier mall, the exit of those stores could influence other retailers to follow suit.

Saks Global and Simon Property didn't respond to emails from CoStar News seeking comment.

On the flip side, many Saks Fifth Avenue and Neiman Marcus stores have been in their locations for decades and are likely paying below-market rents on the sites they lease rather than own, retail analysts said.

In those cases, a landlord can divide up that space for multiple tenants to rake in higher rents, as Simon Property is planning in Boston. And if the store that's closing was underperforming, its replacement could lure more foot traffic to a retail center. Finally, a big anchor vacancy could conceivably give a landlord the opportunity to redevelop a mall, according to analysts.

"You have to look at the stores on a case-by-case basis, but in some cases, the closures can wreak havoc to the shopping center's luxury positioning while in other cases can provide an opportunity for the landlords to redevelop that space in a much more financially advantageous way," Rudy Milian, a retail consultant who heads Woodcliff Realty Advisors, said in an email to CoStar News.

It's really "the malls that were already on the margin" that will suffer if they lose a Saks or Neiman Marcus, according to Braus.

"If a property still relies on a Saks or Neiman Marcus to drive a meaningful amount of traffic, that's where you're going to see disruption," he said. "When an anchor goes dark there, it's not just about losing that tenant — it's about what it signals to the rest of the roster."

Nationwide downsizing

Saks Global filed for Chapter 11 [in January](#), just a little over a year after its predecessor, HBC, acquired Neiman Marcus Group for \$2.7 billion in December 2024.

The deal saddled Saks Global with debt, making it miss payments to vendors as well as on its debt service. When it sought bankruptcy protection, Saks Global said it planned to downsize its store fleet, so closings were expected.

Saks Global owns some of its stores, but for the locations it leases, Simon Property is its biggest landlord.

The leased Neiman Marcus space being vacated in Boston is part of Copley Place, a property with a tenant roster that includes upscale chains such as Louis Vuitton, Burberry, Gucci, Dior, Balenciaga and Celine. Simon Property will divide up the Neiman Marcus location in a multilevel redevelopment with initial occupants including Casa Tua Cucina, a Miami-born marketplace rooted in Italian cuisine, and Estiatorio Milos, a Greek seafood restaurant.

Simon Property, a real estate investment trust, said it will reveal the names of additional tenants, luxury boutiques, at a later date. Construction, including an updated exterior remodel, is expected to begin later this year with phased openings, including additional retail, dining and wellness concepts, in 2028.



The Saks Fifth Avenue shutting down in Las Vegas is on The Strip. (CoStar)

Not every landlord has a quick solution like Simon Property did.

For example, closing a Saks Global anchor often results in a vacancy of roughly 120,000 to 150,000 square feet of rented space, and the impact is "mixed depending on the quality of the overall mall and its other remaining anchor tenants," according to David Lederman, founder and chief development officer at Persistence Development, where he spearheads the redevelopment of distressed regional malls and major shopping centers.

"For A-plus luxury malls, the loss of a luxury anchor often results in temporary reduction in high-end traffic and can have co-tenancy implications," Lederman said in an email to CoStar News. "For a regional mall that is teetering between B-plus and B where Saks is the only luxury anchor, the loss of Saks can have a devastating effect on remaining tenants reliant on Saks' draw of luxury shoppers. Foot traffic drops and vacancy risks increase."

Two malls, the Biltmore Fashion Park in Phoenix and Fashion Show Las Vegas, will do well even with their Saks Global stores closing, according to Milian, as he predicted that those landlords can re-lease the space at much higher rents per square foot.

Some malls may struggle

But for shopping centers such as The Collection at Chevy Chase in Maryland; The Summit in Birmingham, Alabama; The Shops at Canal Place in New Orleans; Triangle Town Center in Raleigh, North Carolina; and Utica Square in Tulsa, Oklahoma, the loss of Saks Fifth Avenue stores will be damaging, Milian said. Triangle Town Center is also losing Macy's as an anchor tenant in addition to Saks Fifth Avenue.

The Collection, The Summit, The Shops at Canal Place and Utica Square didn't respond to emails from CoStar News seeking comment.

Summit Properties USA, the owner of Triangle Town Center, disagreed with Milian.

"While you never want to see a store close, when they do, it is usually for a reason," Jordan Barowitz, a Summit spokesman, said in an email to CoStar News. "Vacancies are opportunities to repurpose space into something more relevant — whether it be entertainment, paddle sports, or demising for smaller users — that drives visitors and customers to the property."

For Plaza Frontenac in St. Louis, the negative impact from the Saks Global closings will be "acute because the center is shaped as a dumbbell with Neiman on one side and Saks on the other," according to Milian.



In St. Louis, the Saks Fifth Avenue at the Plaza Frontenac mall will be closing, but a Neiman Marcus at the property will stay open. (CoStar)

"Losing Saks means diminished foot traffic in the Saks wing, which often results in a downward spiral in occupancy for the tenants in that wing," Milian said. "In those cases, tenants tend to exercise co-tenancy clauses that allow them to close or reduce rents to a mere percentage of sales without a minimum rent obligation."

A co-tenancy clause in a retail lease allows tenants to pay less rent or terminate their lease if specific conditions aren't met, such as an anchor store closing. That situation has [already arisen in Georgia](#), where at least one tenant at an outlet mall claims that Saks Off 5th exiting as an anchor there triggers a co-tenancy clause.

But GGP, Plaza Frontenac's landlord, sees its Saks Fifth Avenue closing as the glass being half full.

"While Saks has been a great partner and an important part of Plaza Frontenac's history, we have been proactively working behind the scenes on future plans to enhance our shopping center," a GGP spokeswoman said in an email to CoStar News. "Plaza Frontenac remains highly sought-after, and the opportunity to repurpose square footage of this scale presents an exciting new chapter for GGP in the market."

'Quality over quantity'

The combination of the Saks Fifth Avenue and Neiman Marcus brands in 2024 created an overlap in some retail properties and urban downtowns such as Chicago, where a Saks Fifth Avenue near a Neiman Marcus will be closed.

Among examples across the country, Saks Global's Southern California retail closings clearly illustrate the company's emerging playbook. Even stores in premier malls are not immune, as the company narrows its network to a smaller group of locations it believes can drive the most sales.

The two Southern California stores headed for closing sit inside fully occupied, high-performing malls in Orange County and the San Fernando Valley, highlighting how Saks Global is trimming its footprint even in some of the region's most affluent shopping districts.

One of them is the Saks Fifth Avenue store at South Coast Plaza in Costa Mesa, one of the most productive shopping centers in the United States. The 2.8 million-square-foot mall is anchored by Macy's and Bloomingdale's and includes tenants such as Tiffany & Co., Zara, Uniqlo, JD Sports and The Capital Grille.



One of the Saks Fifth Avenue stores closing operates in a very successful mall, South Coast Plaza, in California. (CoStar)

Despite the property's strong performance and luxury positioning, Saks Global opted to shutter the Costa Mesa location.

"The Saks Fifth Avenue at this location is closing because the company is prioritizing quality over quantity in markets where both brands overlap," said Chris Maling, a principal at Avison Young who helps sell and lease retail properties across the region. Saks Global has opted to keep the nearby Neiman Marcus in Newport Beach open while closing the Costa Mesa Saks Fifth Avenue.

The second Southern California closing involves the Neiman Marcus store at Westfield Topanga in Canoga Park, roughly 23 miles northwest of downtown Los Angeles. According to Maling, the Neiman Marcus store at the 1.6 million-square-foot Westfield Topanga was deemed underperforming compared with other locations in the chain's national portfolio. The decision reflects the company's broader effort to eliminate stores that no longer meet its profitability targets.

Unibail-Rodamco-Westfield, Topanga's owner, didn't respond to an email from CoStar News seeking comment.

"Overall, the company will close one of the brand's stores if another exists nearby — the one that stays open is the one that outperforms the other," Maling said.

Mall options unlocked

Regardless of losing one upscale anchor — whether it's at a Class A or B mall — filling a 100,000-square-foot vacancy isn't easy, retail analysts said. Retailers with large store footprints — such as Nordstrom, Bloomingdale's and Macy's — aren't opening up new full-sized stores.

"How many retailers are there to go into these large stores?" David Swartz, a senior equity analyst at Morningstar Research Services, told CoStar News. "There just aren't that many."

Besides divvying up an anchor space, there are other possible scenarios. For example, Bloomingdale's could try to nab a former Saks Global space in a great location, either by relocating within a mall to that new site or moving from another mall to the vacancy, David Silverman, a senior director at Fitch Ratings, told CoStar News.



Saks Fifth Avenue will be exiting the North Star Mall in San Antonio. (CoStar)

Some traditional malls have replaced vacant anchors with experiential tenants — be it pickleball courts or a Dick's House of Sport — that offer activities and lease a lot of space for their locations. But at luxury malls "for the most part, that is not going to fly," Silverman said.

A tenant like Eataly, the global food hall chain, has been opening up in U.S. malls and could take up part of a former Saks Fifth Avenue or Neiman Marcus space, Bryn Feller, managing director at Northmarq's Chicago office, told CoStar News. And a movie multiplex theater could also be an appropriate replacement at an upscale retail property, according to Feller.

In some cases, a Saks Global store exit presents an opportunity for a landlord to not just backfill that space but also do some kind of vertical development and unlock "a multiple of land values in a way that you wouldn't have been able to achieve otherwise," according to Feller.

There are definitely mall owners "who quietly don't mind seeing" the Saks Fifth Avenue and Neiman Marcus closings, Lee & Associates' Braus said.

"If anything, it gives them a path to do what they've already been planning," he said. "Groups like Macerich or Brookfield Properties have been very open about repositioning their portfolios. When an anchor lease goes away, it gives them control of a big piece of real estate that may have been underutilized for years."

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