

Landlords across America are cheering Sears' bankruptcy

By [Paul R. La Monica](#), [CNN Business](#)

Updated 11:50 AM ET, Mon October 15, 2018

New York (CNN Business) – Landlords are telling Sears: Don't let the door hit you on the way out.

Kimco ([KIM](#)) announced Monday morning that it was looking forward to getting new tenants into the spaces soon to be vacated by Sears and Kmart stores. The real estate investment trust, based in New Hyde Park, New York, has leases for three Sears locations and eleven Kmart stores.

Sears announced Monday that it would [close 142 stores](#) before the end of the year. Those closures are a "long-awaited opportunity," said Conor Flynn, CEO of Kimco, in a statement. He said he looks forward to "several new redevelopment opportunities" after Sears and Kmart vacate the premises.

The average rent for the 14 Sears and Kmart stores was \$5.25 per square foot, Kimco said. That's well below the average of \$15.95 per square foot for other Kimco properties. Sears ([SHLD](#)) signed decades-long leases on many of its real estate deals, giving its stores extremely favorable rent contracts.

Stores in Los Angeles, Miami and Long Island's affluent Hamptons area are plum opportunities for new retail tenants, according to Kimco.

Another real estate company, Seritage Growth Properties ([SRG](#)), expects to lease Sears and Kmart locations to new tenants at significantly higher rates. Seritage said it has historically gotten about 3.5 to 4.5 times more in rent by re-leasing space once occupied by Sears.



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Seritage was set up in 2015 primarily as a landlord for Sears and Kmart stores. The company has been busy shedding its exposure to Sears. About 70% of its lease income now comes from non-Sears tenants, CEO Benjamin Schall noted in a press release on Monday. That's up from just 20% when the company was formed three years ago.

Seritage tried to put a positive spin on Sears' bankruptcy. It said the company has about \$1 billion in cash thanks to a loan from Warren Buffett's Berkshire Hathaway ([BRKB](#)), which will help it complete new projects -- even if Sears were to stop paying rent.

Sears had its heyday in the time of lava lamps

Property owners largely agree they will be better off without Sears and Kmart.

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7
8

(WPG), a real estate owner that got about 1% of its rent from Sears as of the third quarter
pany for its many missteps.

"Tenants which have failed to evolve in order to satisfy an increasingly savvy consumer do not belong in our assets," said Washington Prime Group CEO Lou Conforti in a press release on Friday.

Conforti added that the company now has 47 fewer Sears locations in its portfolio than it did three years ago.

In an unusually harsh critique from a public company CEO, Conforti mocked Sears for being a company hopelessly lost in another era.

Nobody should be surprised by the Sears bankruptcy "unless they own a few Zayre or E.J Korvette locations trapped in a space-time continuum where the Sansabelt clad relax on shag carpeting, illuminated by the warm glow of a lava lamp while they drink Tang and vodka and listen to The Moody Blues," Conforti said.

Ouch.