Crossgates expansio

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GUILDERLAND — The growth of Crossgates Mall from 160 to 230 tenants is expected to generate nearly $5 million a year for the mall owner, Pyramid Cos.

New tenants in the expanded mall are expected to bring in $3.4 million for Syracuse-based Pyramid during the first year, according to legal papers filed by Jordan Marsh in its fight against Filene's regarding the expansion project. Those papers also show that the new leases allow Pyramid to garner $1.3 million more from existing tenants through increases in their leases that are triggered to go into effect when new anchor stores, tenants and growth at the mall takes place.

The expansion and renovation increased the mall from 875,000 square feet to 1.52 million square feet. In 1991, documents showed that 150 Crossgates tenants resulted in $11.3 million in rents, not including rent-related fees. Newer documents filed for Colonie Center show that mall was reaping $7.83 million in rents for 109 occupied stores, not including additional fees. Many of the 45 that were vacant then have since been filled, increasing that $7.83 million figure.

Many Crossgates tenants were hit with increases when their 10-year leases were up for renewal when the mall celebrated its 10th anniversary this spring. Food court tenants contended they suffered the largest blow. About a dozen left. Ten-year tenant Ben & Jerry's left after the 384-square-foot store's $3,400-per-month rent was increased. Originally, payments were $2,416 when the store began leasing space in 1984, but through the years, payments skyrocketed at one point to as high as $6,300, when other rent-related fees were added. Ben & Jerry's considered a smaller, 156-square-foot kiosk, but that was going for $45,000 a year, about 2½ times what the store had been paying.

Pyramid, meanwhile, contended the food court would be more profitable because it would be in the center of the mall after the expansion.

When Pyramid took out a $23.5 million loan for its expansion in 1991 — the $200 million expansion was delayed for years due to environmental and zoning hurdles — documents

n worth about $5 million a year in leases

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A BAGPIPER led the procession when Crossgates Mall opened its new wing on Thursday. The expansion is expected to generate about $5 million a year for the mall's owner, Pyramid Cos.

revealed that the 150 tenants resulted in $11.3 million yearly in rents. The 100,000-square-foot Caldor store was paying $750,000 a year, in addition to rent-related costs, and J.C. Penny was paying $670,216 for 138,189 square feet. Other anchor stores, such as Jordan Marsh and Filene's, don't pay rent because they own their space. That will also be the case with Lord & Taylor. The average rent per square foot for small stores was $27.88. The two smallest stores, Original Cookie and Newstop, both 187 square feet, were paying $235 and $168 per square foot, respectively.

Michael Shanley, a partner in Pyramid and a lawyer, declined to specify how much rents have climbed since the loan papers were filed. Ben & Jerry's old lease called for a 3 percent yearly rise, which would have jumped to 5 percent annually if a new 10-year agreement were signed. Shanley said all stores' rents didn't increase. "Some went up and some went down," he said.

Bringing in new tenants to the area, or new anchor stores, which generate much of the mall traffic through advertising, also can result in rent increases. "The (tenant) mix changes at Crossgates constantly. We're always trying to upgrade the center," Shanley said. Among the tenants that are new to the area are: Lord & Taylor, Abercrombie & Fitch (which was located at the mall in 1984), Eddie Bauer Home Store, William Sonoma, Bugaboo Creek and Ruby Tuesday.

But rents aren't the only fees tenants pay. They also are hit with merchants' association fees, marketing and common-area-maintenance fees, and percentage rents. Other factors pushing up fees include real estate taxes, footing the bill for an anchor store's tax and a pro-rated share of tax payments for any vacant space.

But it's the percentage rents that allow a mall owner to reap the success enjoyed by individual stores. Loan papers filed when Colonie Center was used as collateral for a refinancing offer a rare glimpse into exactly what fees tenants pay, and how much a mall can benefit.

Percentage rents work like this: Colonie Center's The Limited clothing store pays $309,562 in minimum annual rent based on 15,108 square feet of space, multiplied by its minimum price of $20.49 per square foot.

If sales exceed a certain multiple of its annual rent — a percentage determined when tenants negotiate their rents — it must pay 4 percent of the difference in additional rent. For The Limited, if gross receipts exceed $7.73 million (its yearly rent divided by 4 percent), it must pay the mall owner 4 percent of those additional sales.

Shanley said not all Crossgates tenants pay percentage rents. "It varies from store to store," he said. "It's a negotiated fee." Although he declined to name smaller stores that don't pay percentage rents, he said that fee isn't tacked on for stores that own their space.

According to Manhattan-based International Council of Shopping Centers, smaller vendors generally pay higher rents, about $75 to $100 for kiosks and carts. Industry analysts say that's because they're located in high-visibility areas. For short-term kiosk owners, such as those set up during the holidays, rents can include electricity.