

Simon Property Group Generated Record \$4.5B In Cash Flow In 2021 As Retail Recovered

February 9, 2022 | Jacob Wallace, Bisnow Washington, D.C. (<https://www.bisnow.com/author/jacob-wallace-533636>) (<mailto:jacob.wallace@bisnow.com>)



Reports of the death of the mall have been greatly exaggerated, if Simon Property Group (<https://www.bisnow.com/tags/simon-property-group>)’s latest earnings call is to be believed.

The country’s largest mall owner announced it generated nearly \$4.5B in funds from operations in 2021, its best total ever.

During its earnings call (<https://www.fool.com/earnings/call-transcripts/2022/02/07/simon-property-group-spg-q4-2021-earnings-call-tra/>), SPG Chairman, CEO and President David Simon (<https://www.bisnow.com/tags/david-simon>) said the mall REIT was on strong financial footing thanks in part to its investments in retailers (<https://www.bisnow.com/new-york/news/retail/landlords-buying-tenants-rosenberg-and-estis-studiob-107032>) like JCPenney (<https://www.bisnow.com/tags/jcpenny>) and its ownership stake in Taubman Realty (<https://www.bisnow.com/tags/taubman-realty>) Group.

“They produced terrific results in 2021,” Simon said on the earnings call.

SPG has stakes in 232 properties across three continents, some through Taubman and Paris-based real estate group Klépierre. The developer’s footprint is expanding, opening a project each in the UK and South Korea last year and continuing work on locations in France and Japan.

The REIT’s record cash flow came on the back of a strong fourth quarter, in which SPG’s domestic net operating income increased by 22.4% over Q4 the previous year. The company’s full-year NOI increased by 12% over 2020, Simon said.

That's a significant improvement from mid-2021, when SPG began shifting its portfolio (<https://www.bisnow.com/national/news/retail/simon-property-more-malls-going-poorly-bad-retail-month-109891>) of properties as locations in nondominant destinations underperformed. Overall, half of the REIT's net operating income came from five states this year: Florida, California, Texas, New York and New Jersey.

The REIT also saw its strongest lease-up in six years, inking more than 4,100 leases that took up more than 15M SF of space. Occupancy is also nearing pre-pandemic numbers, reaching 93.4% by the end of the year.

It's a timely note of confidence for publicly traded SPG, which saw its stock slip (<https://www.bisnow.com/national/news/capital-markets/reit-stocks-dive-with-larger-market-put-investors-on-edge-111607>) 7.8% ahead of the Federal Reserve's policy meeting in late January. The stock has yet to recover from a broader slide since Jan. 13 and is down more than 10% from the previous month, as of noon ET on Wednesday.

"'22 is going to continue to be a transition year, like '21 was," Simon said on the earnings call, as The Real Deal first reported (<https://therealdeal.com/2022/02/08/we-kicked-the-crap-out-of-21-largest-u-s-mall-owner-claims-comeback/>). "But we kicked the crap out of '21."

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