

Redo of San Diego Mall to Add Luxury Apartments JCPenney store will make way for 850 units at Fashion Valley.

By Jack Rogers

One of San Diego's highest-profile shopping malls is slated to become part of a mixed-use development with luxury apartments.

Simon Property Group is planning to redo the west end of Fashion Valley, replacing the JCPenney store that anchors the mall with an upscale multifamily campus featuring 850 luxury residential units.

The REIT's plans also call for 100K SF of new shops and eateries, as well as an open-air plaza. The redevelopment will encompass adjacent surface parking areas, according to a report in San Diego Union-Tribune.

The JCPenney store will remain open through the 2025 holiday season, with construction on the retail and residential redo expected to begin in early 2026, the report said.

Fashion Valley, which opened in 1969 and expanded in 1981, is located at 7007 Friars Road. The 1.7M SF mall sits on more than 80 acres.

Simon co-owns 65 acres, including the western end of the mall, with Prime Property Fund, a real estate investment fund managed by Morgan Stanley Real Estate. A section of the mall including Nordstrom and Neiman Marcus is separately owned.

"Real estate trends ebb and flow with demands, and right now that's what the market is demanding. Residential has been really underserved in a lot of markets, and our properties tend to have potential for additional density," Mark Silvestri, Simon's president of development, told the Union-Tribune. "Fashion Valley is just so well situated to provide that. We think it's a really good fit."

In 2020, Simon and Brookfield Property Group bought J.C. Penney Co.'s retail business in a bankruptcy court said that rescued the retailer.

The western end of mall, from the JCPenney store to Fashion Valley Road, is zoned for mixed-use that allows for high-density residential development, according to the Mission Valley Community Plan adopted in 2019.

Simon is working on the redevelopment with partner AMLI Residential, a Prime Property Fund subsidiary that owns and manages 26,000 apartments in 77 communities. AMLI currently is building a 434-unit apartment campus in the Kearny Mesa neighborhood in San Diego.

The luxury units at Fashion Valley will be in five-story buildings that will be built in phases, the report said.

The Fashion Valley mall is across the street from the Riverwalk Golf Club. Earlier this month, Hines halted construction on a massive mixed-use redevelopment of Riverwalk Golf Club two years after breaking ground on the project, which when fully built plans for a total of 4,300 apartment units as well as office and retail space.

After completing about \$90M of infrastructure and foundation work on the northern part of the 195-acre site, Hines has shut down the mega-project and will not resume building until economic conditions improve. The Houston-based developer cited the high cost of debt as well as high construction and supply costs as the reason for the pause, the Union-Tribune reported.