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# Macerich turns over Fiesta Mall to lender in lieu of foreclosure



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Mesa's Fiesta Mall, one of the Valley's most iconic shopping centers, is now officially lender-owned.

[Macerich Co.](#) (NYSE: MAC), a Santa Monica, Calif.-based real estate investment trust, turned the mall over to the lender by a deed-in-lieu of foreclosure on Sept. 30, [according to a filing with the U.S. Securities and Exchange Commission](#) last week. Macerich representatives did not immediately respond for comment.

I first reported that [Macerich had run into troubles with its \\$84 million commercial mortgage-backed security](#) on the property near Alma School Road and Southern Avenue this summer.

The portion of Fiesta Mall previously owned by Macerich is about 26 percent vacant. [Local real estate experts told me the mall](#) is located in a highly retail-saturated area that has been deteriorating since nearby shopping centers Tempe Marketplace and Mesa Riverview were built roughly seven years ago — shortly after Macerich acquired Fiesta Mall — and began stealing marketshare.

Records show Macerich acquired Fiesta Mall in November 2004 for \$135.3 million, less than the appraised value back then of \$140.6 million, according to loan documents provided by Trepp LLC, a New York firm that analyzes CMBSs and the commercial real estate and banking markets. The REIT used the \$84 million CMBS note, initially issued by [Bank of America](#), to help with financing.

In February, Macerich's loan was transferred to a special servicer — a company that steps in when a loan has gone into default or delinquency and works with borrowers for a resolution — due to "imminent default relating to potential tenancy issues," according to loan documents.

In March, the property was reappraised at \$39.5 million — nearly 72 percent less than the 2004 value. The following month, the loan's delinquency status was changed to foreclosure by the special servicer, LNR Partners.

Macerich's CMBS loan was secured by only 30 percent of the roughly 1 million total square feet, according to Trepp. The remaining 70 percent is occupied by the mall's anchor department stores — Dillard's, Macy's and [Sears](#) — which own their buildings, according to records in the Maricopa County Assessor's Office.

Kristena Hansen covers residential and commercial real estate.

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