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Dallas' Galleria would shrink its retail footprint as part of a planned makeover

Hundreds of thousands of square feet of retail at the Galleria and Arlington's Lincoln Square would be razed for new construction.



Redevelopment plans for the Galleria include an apartment high-rise, office tower and boutique hotel. (Contributed / Trademark Property Co.)



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ATLANTA — Redevelopment plans for two of North Texas' biggest shopping centers include knocking down acres of excess store space.

Fort Worth-based Trademark Property Co. is working on plans to repurpose two Dallas-Fort Worth retail centers, the Galleria Dallas and Arlington's Lincoln Square Mall.

A big chunk of both properties' existing retail space will be eliminated for new mixed-use construction, Trademark CEO Terry Montesi said.

Trademark [has been working since 2018](#) with Galleria owner UBS Asset Management on a new design for the 1.4 million-square-foot shopping mall at the Dallas North Tollway and LBJ Freeway.

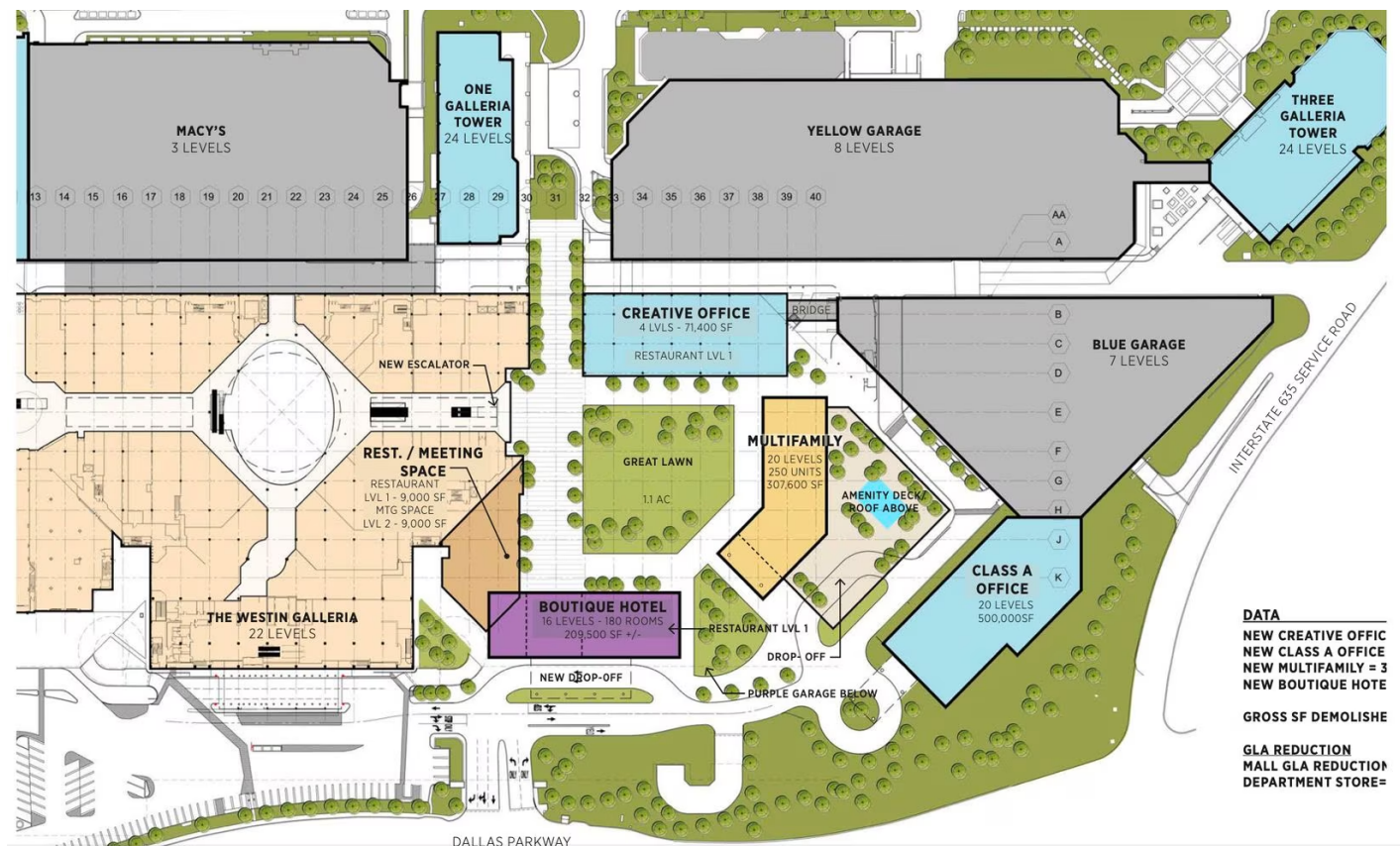
"We've been working on a redevelopment plan," Montesi said at a meeting of the National Association of Real Estate Editors. "There is an addition of a boutique hotel and demolition of the southern 20% of the mall.

"Take down 20% of the mall, add a multifamily tower, an office tower, a boutique hotel and public space," he said. "That's what people want now — mixed-use."

The 20-story apartment tower would have about 250 units.

And the design includes a 20-story, 500,000-square-foot office building.

The 16-story hotel would have about 180 rooms.



Redevelopment plans for the Galleria would replace excess retail space with apartment, hotel and office towers. (Trademark Property.)

After the presentation, Montesi in an email clarified that he was not announcing the project start, just the planning.

“I did not say we were moving forward,” he said. “I was sharing plans as requested.”

The Galleria, which opened in 1982, has three levels of shops and was once anchored by four department stores. The shopping space surrounds the 432-room Westin Galleria Hotel, which would remain in the redevelopment.

The Galleria currently has a [vacant anchor store](#) — formerly the Belk department store on Dallas Parkway. And Nordstrom is closing the third level of its [large department store](#) on the north end of the mall.

Montesi, who said his firm has done 18 retail project transformations across the country, said adding apartments is part of the redevelopment plan for all the deals he’s working on.

“There is too much retail in this country,” he said. “Many centers are too big. Where the stored-up value is in this market is multifamily.”

Montesi said his company is on track to [complete its purchase next week](#) of the almost half million-square-foot Lincoln Square shopping center on Interstate 30 in Arlington. Built in 1983, the 45-acre retail center is less than half occupied and is described as functionally obsolete.

The city of Arlington is providing Trademark with incentives to help with the development, which is expected to cost \$250 million to \$300 million.

“We will probably get rid of 200 some thousand square feet of retail,” Montesi said. “We will probably add two or three multifamily projects.

“Right now we have two grocers and a large discount department store interested,” he said. “The multifamily market is there today.”

Montesi said he expects more big shopping centers across the country to opt for major redevelopments.

But many of the properties already have too much debt. “If you are over-leveraged, you can’t attract capital,” he said.

Also, some communities don’t want to rezone their retail properties for new uses.

“There is a somewhat pervasive no-to-rental-multifamily-in-my-backyard mentality,” Montesi said. “But urban amenitized multifamily in a mixed use project is a big difference.”



This story was updated after it was published with new comments from Terry Montesi.



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