

# Mall giant suing Starbucks for closing all Teavana locations

By Lisa Fickenscher

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Memo to Starbucks: You can't close hundreds of mall locations just because you feel like it.

That's the gist of a lawsuit from mall giant Simon Properties, which gripes that the coffee giant last month announced it planned to close all 379 of its Teavana stores even though Starbucks isn't in dire financial straits.

Indianapolis-based Simon, the nation's largest mall operator, sued Starbucks last week in Indiana court, asking a judge to block Starbucks from closing the 78 Teavana stores that are located in its malls across the country.

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“Starbucks is a thriving company ... that simply believes it can make more money if it violates the leases,” Simon alleged.

In a redacted copy of the suit obtained by The Post, Simon doesn’t accuse Starbucks of trying to avoid paying what it owes for the remainder of its leases.

Rather, the mall operator appears more concerned about the harm Teavana’s store closures could inflict on the “public image” of its malls in an increasingly depressing shopping center landscape.

“Shuttering stores prematurely results in a ripple of negative, adverse economic effects in each shopping center’s community,” Simon said in the complaint.

Starbucks’ situation is different, the shopping-mall behemoth argued, from that of distressed retailers that have shuttered their mall stores, including BCBG, Jones New York, Kenneth Cole, Bebe and Nine West.

“Those retailers, at least, claimed closure was necessary to avoid bankruptcy and that staying open and fulfilling their leases would cause them financial ruin,” the complaint said. “That is obviously not the case with Starbucks.”

Court papers show Starbucks has agreed to not close any Teavana stores at Simon malls in the next 45 days as both sides hash through the litigation.

“We are responding to the lawsuit and are working to resolve this dispute,” Starbucks spokeswoman Sanja Gould said, declining to comment further.

Industry experts said Simon is responding aggressively to Starbucks’ unusual move, and the result will be closely watched by retailers and mall operators alike as mall traffic continues to dwindle.

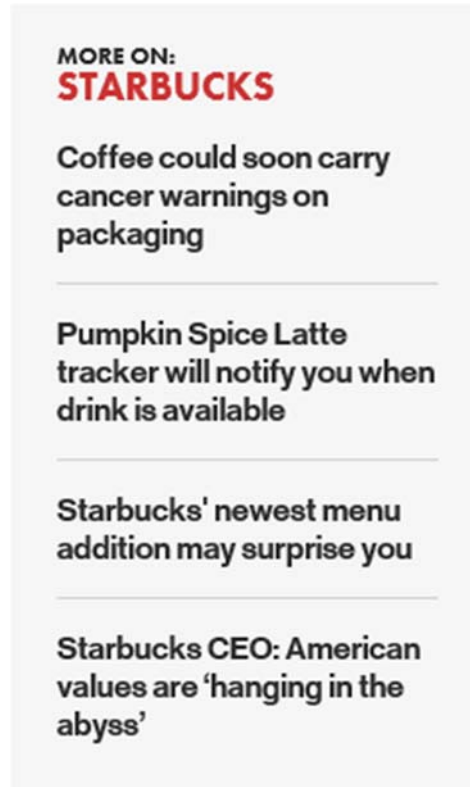
“There are others that are looking at this case to determine what they’ll do,” said bankruptcy attorney Richard Weltman of Weltman & Moskowitz. “If there’s a favorable outcome for Simon, you’d better believe that other mall operators will follow them.”

Others say Starbucks bungled the situation.

“The proper way for Starbucks to handle this is to negotiate — maybe offering to replace a Teavana store with a Starbucks,” said real estate attorney Joshua Stein. “This shouldn’t be in litigation.”

Starbucks has said that its tea business has grown 40 percent since it bought the Teavana brand in 2013, but that the Teavana stores faced mall-related headwinds.

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Starbucks told Simon that it planned to begin closing its Teavana stores in 2017, according to the complaint.

The mall operator said the closures could trigger a domino effect if other retailers exercise their co-tenancy rights, claiming that mall traffic declined because of the Teavana closures.

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