

# IKEA STORE A 'HUGE WIN' FOR MERRIAM



**Vacant Merriam Village is to be razed before construction begins. Doors are to open in 2014.**

By Joyce Smith & Kevin Collison - The Kansas City Star

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Ikea, known for its easy-to-assemble furniture and Swedish meatballs, finally put together the announcement that its fervent fans longed to hear: It's coming to the Kansas City area.

The iconic Swedish retailer on Thursday ended several years of speculation by unveiling plans to open a store on a hilltop in Merriam, at the southeast corner of Interstate 35 and Johnson Drive, in fall 2014.

If all goes as planned, Ikea will demolish the never-opened Merriam Village shopping complex, sitting on 18 acres at 6030 Eby Ave., and replace it with a two-story, 349,000 square-foot building painted in Ikea's brigh blue and yellow.

The company said it wanted to give its more than 62,000 Kansas City area customers (based on its database of past purchases) a store of their own and "fill in the middle" of the country. The Merriam store is expected to draw customers from a six-state area. The closest store to Kansas City is in the Minneapolis area across from the Mall of America, with other stores in the Chicago, Dallas, and Denver areas.

"We wanted to bring a little more Sweden to America's heartland," Joseph Roth, a company spokesman, said at Thursday's press conference at the Merriam site. "Ikea doesn't open stores very often. When we do open, it is for long term."

Privately held Ikea was founded in Sweden in 1943 and has 338 stores in 40 countries. Most of its expansion is overseas. It last opened a store in Colorado in mid-2011, and no Ikea stores will open in the United States this year or next. A previously announced Miami store also is planned for 2014.

Ikea is known for its colossal bright blue and yellow buildings, after the colors of Sweden's flag. The stores offer "everything for the home under one roof," nearly 10,000 items designed and built exclusively for Ikea - sofas, kitchen appliances, kitchen cabinets, faucets and sinks, baby bibs and cribs, curtains and blinds, towels and bath mats.

At the Merriam store, customers will enter through the lobby, where they can drop off their children in a supervised play area. They can take the escalator to the second floor where the layout winds past 50 "inspirational" room settings and three model-home interiors.

They can then take a breather in a 450-seat cafeteria-style restaurant. The menu offers Ikea's famous Swedish meatballs and other Swedish specialties, such as lingonberries and salmon plates, as well as American dishes.

Customers then can head downstairs to the first-floor Marketplace, which will sell cookware, lighting and textiles. Customers can also pick up some of the furniture pieces in the self-serve furniture area. The pieces are flat-packed for home assembly.

After they check out, they can refuel at the Exit Bistro, picking up such treats as 50-cent hot dogs, along with cinnamon buns and soft-serve frozen yogurt. The Swedish Foodmarket also will be on the first floor selling packaged Swedish delicacies, treats, and even frozen Swedish meatballs to take home.

Ikea is one of a handful of retailers - including Trader Joe's, Chick-fil-A, and Apple - that have built cult followings through offering good products and by making an emotional connection with consumers. As a result, their customers advertise for them, spreading the word.

Thousands of Ikea fans from Hawaii to Memphis have started "Bring IKEA to..." Facebook pages. "Bring Ikea to Kansas City" has more than 9,100 followers. Customers camp out overnight before new store openings, and Ikea's annual catalog is published in 30 languages.

Cities also clamor for Ikea stores of their own, knowing they will bring tax revenues and a broader boost to their local economies. For Merriam it was particularly poignant, going from a brand new center that never opened its doors to nabbing one of the world's top retailers.

"They (Ikea) are going to be bringing thousands and thousands of people to this region who are going to be staying in our hotels and eating at our restaurants," said Merriam Mayor Ken Sissom. "They are going to want to get gas. They are going to want to do some more shopping. We are going to have the busiest QuikTrip in the world right down the hill."

The Merriam store will use more than 500 mostly local workers during the construction phase. Once it opens it will have a staff of about 350 employees, including interior designers, accountants, and 60 to 80 food service workers.

Over the years, Mark McHenry, principal at MSM Architects in Kansas City, has used kitchen cabinets, lighting and furniture from Ikea and recommended the company to clients. He said the products had held up well.

"It's going to fill a much-needed void when it comes to building costs. It's harder and harder where those costs can be cut," McHenry said. "And Ikea has high design standards."

Mark Hamilton, director of marketing for Nebraska Furniture Mart, whose local store is in western Wyandotte County near Kansas Speedway, also welcomed the retailer.

"We admire and respect Ikea as a company, and we really think this is something that will make more people in the Kansas City area more interested in the home furnishings we both sell," Hamilton said.

Ikea was courted by area developers for several years before making its decision to locate in Merriam.

"It's a really big plum," said Owen Buckley, president of Lane4 Property Group, a major retail developer. "It's one of the most sought after, hot retail tenants in the world."

"It's the Number 1 retailer we get asked about."

Among the locations pitched to Ikea beside Merriam were the Great Mall of the Great Plains in Olathe; the Falls, the Independence development anchored by Bass Pro; and the Trails, at the former Bannister Mall site in south Kansas City.

Lane4 has been the developer pursuing the Trails redevelopment plan for the Bannister property at Interstate 435 and Bannister Road. Lane4 had several meetings with Ikea officials over the past few years, Buckley said.

"We pushed really hard to get them to go there," he said. "We thought the Bannister Mall location served the whole metro well."

Buckley said talks with Ikea about the Bannister property ended about a year ago.

"They were very gracious and moved on at some point, saying their studies showed they needed to be in Johnson County," he said.

Buckley added it was clear that Ikea wanted to be close to an interstate highway and preferred a central location in the area.

"I think the location they picked is very good," he said. "It's somewhat close to our urban core, and it's good for infill development and northern Johnson County."

Ikea is buying the 18-acre Merriam Village from Developers Diversified Realty, also known as DDR, for an undisclosed price. It will tear down the shopping center and parking area this summer and start construction on the two-story building.

The ill-fated Merriam Village shopping center, a \$73.5 million center overlooking I-35, was completed four years ago and was to be anchored by a Circuit City electronics store.

But Circuit City pulled out of the Kansas City market in November 2008, and its 34,000-square-foot space was never filled. No other permanent tenants signed leases, so the 170,000-square-foot center has essentially been vacant since its completion.

Buckley said Developers Diversified, besides being helped by selling its failed Merriam Village project to Ikea, should benefit because it owns the Merriam Town Center shopping center just to the north across Johnson Drive.

He described Merriam Town Center, which includes a Home Depot, Petsmart, Hen House and OfficeMax, as more of a neighborhood destination. But its customer base could widen if people attracted from long distances to Ikea decide to pick up a few items there as well.

Audrey Navarro, a broker who specializes in retail for Kessinger/Hunter & Co., described it as "a huge win for Merriam and DDR."

"It will be a bit complicated to build," she said, "but it will be huge in terms of sales tax and revitalizing the Merriam Town Center."

"It's also a long-term win for rental rates and occupancy in the area. That's a huge retail base for a small town."

And in the category of regional bragging rights, Navarro said her colleagues were excited the Kansas City area had landed an Ikea before St. Louis.

"It was the talk of the office this morning," she said, "that Kansas City was not second to St. Louis."

Ikea said it looked for highly visible sites along a major highway, typically at least 20 acres. Although the company sometimes has to work with smaller sites, topographical challenges or demolitions, the Merriam site had all three challenges.

Though a retaining wall — dubbed the Great Wall of Merriam — that was built for Merriam Village helped make the site viable, Roth said other infrastructure and utilities would have to be redesigned to meet the higher usage of an Ikea. Ikea plans to ask the city to help share costs on the infrastructure changes but not on the store construction.

"The city is not putting up any money, but once the store opens the city can reimburse us" for some of the infrastructure costs, Roth said.