

# ECONOMIC DEVELOPMENT BACKGROUNDER: IKEA CANADA

## Relocation Opportunity

As one of Burlington's top employers, IKEA Canada LP has been established in the community since 1991, making a major contribution to the economy of Burlington. This company has a firm grounding and strong economic footprint in the area.

In 2010, IKEA Canada contacted Burlington Economic Development Corporation (BEDC) with respect to opening discussion on the potential relocation and expansion of their current corporate headquarters, Warehouse and destination retail store, currently located at 1065 Plains Road East.

After conducting their own due diligence, IKEA Canada has identified that this relocation is necessary as the current facility does not suit IKEA Canada's expansion and capacity plans, both for their corporate headquarters and retail configuration. After looking at a number of options IKEA Canada has identified an existing vacant parcel of land in Burlington.

## Existing Facility

- Existing store size – approximately 250,000 sq. ft, on 12.6 acres of land.
- Employment summary:
  - 130 full-time corporate head-office employees
  - 307 retail/warehouse and restaurant employees.

## IKEA Canada: Proposed Investment

At this point, IKEA Canada wishes to remain in Burlington. IKEA Canada, has identified 3455 North Service Road as a site in Burlington that would meet all their future requirements. The site is currently vacant, just west of Walkers Line.

The proposed new facility would include:

- Proposed store size– approximately 428,500 sq. ft, on 24.3 acres of land.
- In line with IKEA's policy to have a positive impact on people and the environment, the new store will incorporate many sustainable and environmental features
- Employment summary:
  - 145 full-time corporate head-office employees

- 400 retail/warehouse and restaurant employees
- Increase in employment - 108 new jobs created.

### **The Benefits to Burlington – and Beyond**

Developing the new facility would require significant investment by both the landowner, and company. These would include investment related to site clean-up, preparation and construction that would have a positive economic impact for both the city and Region. Specifically, the economic impact for Burlington would, but not exhaustive of, include:

- Retention of approximately 437 jobs; approximately 145 of which are full-time corporate management positions.
- Creating 108 new jobs in the community.
- Preserve a Canadian corporate headquarters, and national brand, in the community.
- Retaining a company that is frequently recognized as a Top Employer by Mediacorp Inc, Toronto.
- Assuring the retention of one of the top 20 principal taxpayers in Burlington – paying over \$650,000 annually.
- As a leading tourism destination in the Greater Hamilton/ Halton area, IKEA Burlington attracts a large number of people per year. As referenced by Tourism Burlington, this is the number one tourist attraction, with visitors from both Canada and the northern US states.
- Cleaning up a large vacant site that is known to have contaminated soil.

The fiscal impact, alone, merits consideration:

- City and Regional development charges, combined, would be over \$8 million.
- City permit fees are estimated at approximately \$550,000.
- Increased tax revenue for the city.
- In total, projected development and associated costs would exceed \$60 million.

The benefits outlined above note the economic importance of retaining IKEA Canada. This is true, not only from a fiscal perspective but, as a prominent economic contributor and employer within the city.

### **Next Steps**

IKEA Canada will submit the necessary planning applications, for review by the city and commenting agencies, with the goal of beginning construction by the end of 2011 and ideally opening the new facility in 2013.

BEDC will continue to assist IKEA Canada LP in their expansion plans within Burlington –as this is a key economic driver for the Burlington community.

Once relocated, BEDC will then work with IKEA with respect to the reuse or sale of their existing facility at 1065 Plains Road East. BEDC will strive to identify and attract new retail tenants to the site in order to complement the economic profile and growth plans of the area.

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