



Ingka Investments invests in Extell Development's class-A retail & office tower on Fifth Ave.

July 16, 2024 - Owners Developers & Managers



Manhattan, NY Ingka Investments, the investments arm of Ingka Group, which owns the majority of IKEA stores worldwide, has made an investment on Fifth Ave. The investment in 570 Fifth Ave. will be part of the real estate portfolio of Ingka Investments and marked a significant step in Ingka Group's long-term strategy to enhance its city center retail presence. The new class-A retail and office tower is being developed by Extell Development Company, one of the nation's premier development firms. The building is scheduled for tenant delivery in 2028.

This alliance between two industry leaders marks the largest development on Fifth Ave. in more than 60 years. Located at the intersection of the Plaza and Grand Central Districts, 570 Fifth Ave. will be a one million s/f mixed-use commercial building, with a reputable address, access to transportation, architecture and amenities. A new IKEA customer meeting point will be located in the building's prime retail space of 80,000 s/f arranged over two large cellar levels with a corner entrance on Fifth Ave. With a focus on sustainability and wellness, the tower is targeting a minimum LEED Gold certification and will exemplify high sustainability standards and low carbon operation principles.

Peter van der Poel, managing director of Ingka Investments said, "We are excited to share the news of this major investment that boosts our growth strategy across the U.S., a vital market for Ingka Group. Investing in Fifth Ave. goes beyond just growing our footprint; it's about changing the way we engage with consumers and playing a part in creating strong, sustainable economies and business communities."

The investment is another step in Ingka Group's strategy to evolve its retail operations by adapting to urban growth and changing consumer shopping preferences. This initiative involves introducing innovative retail formats in city centers, enhancing accessibility and convenience for customers. Located near Grand Central Station and Bryant Park, the new development benefits from accessibility.

Ingka Investments will hold a one-third stake in the project alongside preferred equity components and full ownership of the prime retail space where the IKEA customer meeting point will be located. Extell will hold a two-thirds stake in the project.

Since 2019 Ingka Group has opened stores and shops in major cities, including Tokyo, Madrid, Paris and London, as well as planning studios in Vienna, Barcelona, Berlin and Prague – bringing the IKEA home furnishing offer to many more people, as well as the company's latest innovations within the digital customer experience.

Javier Quiñones, CEO & chief sustainability officer, IKEA U.S.: "This next phase of our investment and expansion in the U.S. signals our commitment to bring IKEA closer to people in city centers. While we are in the very early stages of planning for the IKEA location, we can promise to deliver an experience that is full of inspiration and designed to meet the home furnishing dreams of the many New Yorkers."

Gary Barnett, founder and chairman, Extell Development Company said, "We have been working on

assembling this project for almost two decades and Ingka Investments' substantial commitment allows us to move forward with the construction and leasing of the best new office building in New York. This will be the first office tower to begin construction in the city post pandemic and it is a great sign of New York's resilience. We are thankful to the Ingka Group team for their confidence in the project and New York's future and look forward to a rewarding partnership. We are also thankful to our lenders, Meritz Securities and IGIS, for their continued commitment to the project."

Photo credit: KPF

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540