



Construction crews continue work Wednesday on a stretch of Maple Grove Parkway that will be connected this fall to 610 in Maple Grove. A Target-anchored retail center is across from the site where Hy-Vee plans a new store and either housing or multifamily complex. (Staff photo: Bill Klotz)

Grocer Hy-Vee plans housing, second Maple Grove store

By: Hank Long | September 7, 2016 4:06 pm

Hy-Vee likes Maple Grove so much that it's now planning two grocery stores in the northwestern suburb and a residential project on one of the sites.

The Maple Grove City Council on Tuesday approved Des Moines, Iowa-based Hy-Vee's latest proposal – a planned unit development concept to build a 96,000-square-foot grocery store and 4,100-square-foot gas station/convenience store in the northern portion of the city, just east of Interstate 94. A separate store is already approved in the southern part of the city.

The new project is on a 20.3-acre tract of farmland along the southeast quadrant of Maple Grove Parkway and the nearly completed western extension of Highway 610 to I-94.

It also includes a residential phase that Hy-Vee real estate director Phil Hoey told City Council members will either be a senior living or multifamily complex. While Hy-Vee won't develop the housing portion, it will "be looking to partner with a high-quality user for some sort of senior living or multifamily residential type use," he added.

"It would be our hope that (the residential project) could come in right alongside or soon thereafter" construction of the grocery store, Hoey said.

The site is across the street from a Super Target built in 2006, and less than a half-mile from the Maple Grove Hospital built in 2008. While the Hy-Vee store is planned on the western half, the residential project would be on the eastern portion, adjacent to a Fairview health clinic.



The typical Hy-Vee store covers 90,000 square feet of space and includes a sit-down restaurant and an attached liquor store. The Des Moines-based grocer plans to build separate 96,000-square-foot stores in north and south Maple Grove. (Submitted rendering)



It's uncommon for a grocer like Hy-Vee to actively seek out a residential partner on a commercial development. Keith Sturm, CEO of Upland Real Estate Group in Minneapolis.

"That's a new one to me, but it's a very opportunistic play for (Hy-Vee)," Sturm said. "With the site being next to the hospital and next to a grocery store, those are two very marketable amenities for residential, and that's particularly true."

A full-service restaurant, pharmacy, medical clinic and post office, and a drive-through coffee shop are also included in Hy-Vee's Maple Grove Parkway proposal. That's typical of the dozen stores Hy-Vee has either planned or already opened in the Twin Cities since the grocer made its debut in the metro one year ago.

This summer Hy-Vee opened stores in Lakeville and Brooklyn Park. The company's fifth metro area store is open in Eagan on Tuesday, said Tara Deering Hansen, a Hy-Vee spokeswoman.

The Maple Grove City Council's unanimous endorsement of the preliminary plan comes after its March approval of a development stage plan for the Hy-Vee's other Maple Grove store of the same size – about 5 miles to the southwest. In June, Hy-Vee paid \$10.6 million for the 40-acre site west of Interstate 494 near the Corcoran, which will include future phases of supporting retail development.

In an effort to avoid confusion, Maple Grove city planners are calling the projects "Hy-Vee north" and "Hy-Vee south."

Hy-Vee has kept its cards close to the vest about which store would be built first. Some council members on Tuesday pushed the company's real estate director to offer a hint.

While Hoey declined Tuesday to provide a construction timeline for the southwest Maple Grove project, he said Hy-Vee intends to "convert that land into an operating store and convert that into sales."

"So we are not coming to your community and just buying up all of your land and sitting on it," Hoey said. "That's not our objective here."

Mayor Mark Steffenson said that for the last several months he has been asked at least once a day about when the Hy-Vee project in southwestern Maple Grove will start.

"I think maybe that's an indication of the probable success of the site, but you guys know that better than I," Steffenson said.

The projects come at a time when Maple Grove continues to see residential growth. The city estimates its population at 69,249, up from 61,567 in 2010. The median household income is \$94,230, according to a city demographic report.

Each of Hy-Vee's proposed Maple Grove stores should do well because they target distinct residential areas that don't have many dedicated grocery options nearby, Sturm said.

"Maple Grove doesn't have a lot of competition for either of those (areas)," Sturm said. "So it's interesting that Hy-Vee is coming in with proposals for two stores there at the same time."

