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Kellogg to expand, buys property

Cereal maker obtains former salon to add on to global research institute

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Cereal and snack maker Kellogg Co. purchased a salon beside its global research institute to make way for its expansion.

City records show that Kellogg purchased Ferrari's, a salon at 68 E. Hamblin Ave., for \$550,000 on July 21.

"I was treated very fairly by Kellogg," Joe Ferrari, the salon's owner, said of the sale earlier this month.

Ferrari said that about half of his stylists, who are independent leasors, merged their services with his other salon, co-owned by Joyce Ramsdell, at 502 Main St. after Aug. 10. Others have chosen to retire or work in other locations.

"My girls are very, very loyal to us, and I appreciate all that they have done here," he said.

David Mackay, Kellogg president and chief executive officer, said in a July 30 interview that the acquisition supports the expansion of its W.K. Kellogg Institute Food and Nutrition Research at 2 E. Hamblin Ave., just west of Ferrari's. The \$54 million expansion will add 157,000 square feet to its global center for food research and development. It is expected to open in late September.

"We would use that for parking space and try to find a way to improve the visual space," he said.

Kellogg received brownfield tax incentives for the contaminated land, said Jim Hettinger, former president and chief executive officer of Battle Creek Unlimited, the city's economic development arm. The land is likely contaminated from former manufacturers and naturally occurring lead at the site.

Under Michigan law, Kellogg would not be liable for the existing contamination caused by previous occupants. It can use associated brownfield tax credits on the increased value of the developed property to fund its cleanup, he said.

Battle Creek Unlimited offered to purchase the salon in 2007 in anticipation of a Kellogg expansion plan, he said, but Ferrari's counter-offer was too high.

"Joe, because of his past dealings with Kellogg, was a tougher nut to crack," Hettinger, now a senior adviser to BCU, said Monday.

It is not the first time Ferrari has sold property to an organization with the name Kellogg in it.

He sold a school of cosmetology he owned at 45 E. Michigan Ave., a parcel that the Battle Creek City Commission designated a "blighted" area in 1987, so that the W.K. Kellogg Foundation building could

be built downtown. It was completed in 1991.

Ferrari has operated at various locations in downtown Battle Creek for 53 years. He said that his downtown businesses have moved five or six times, and each time it was directly or indirectly caused by Kellogg.

Hettinger said jokingly that the next time Ferrari purchases property, a smart investor would buy the lot next to his.

"I always figured that Kellogg was the instigator of a lot of good things downtown," Ferrari said Sunday. "I depended on Kellogg and I always will. I think it's an instrumental part of our business. I really believe we are fortunate to have Kellogg downtown."

His secret to retail success has been to purchase property close to metropolitan areas with good access to parking, he said.

Battle Creek's fashion mogul has owned as many as 23 beauty, dress and wig shops in the area at once. He said he retired last year, but he still finds reasons to pop into his salons.

"I'm just not ready to give it up yet," he said.

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