



North Star Sheets will be the first tenant in Cottage Grove's Southeast Industrial Park, co-developers Hillcrest Development and Opus Group announced this week. (Submitted image: The Opus Group)

## Cottage Grove development lands cardboard manufacturer

By: William Morris ○ April 5, 2018 4:27 pm

Cardboard manufacturer North Star Sheets didn't dawdle when it decided to open its first Minnesota facility.

In fact, North Star, which is owned by Indianapolis-based Schwarz Partners, needed to be up and running in 12 months or less, said Opus Development Co. Senior Director Phil Cattnach on Thursday. Schwarz did not return a call seeking comment for this article.

Fortunately, Opus and Hillcrest Development had just the spot: 16 shovel-ready acres just off of Highway 61 in Cottage Grove. The partners began construction Tuesday on the 161,000-square-foot warehouse building and expect to complete it in September, just nine months after North Star's initial request.

"That's a pretty tight timeline unless they're willing to find something existing," Cattnach said Thursday.

The new building, at 7550 91st St. S., is the first in the Southeast Industrial Park, a 38.72-acre site owned by Hillcrest and co-developed by Hillcrest and Opus. The companies have been looking to develop the site for several years but wanted to find a project to make use of a key feature on the site: a rail line served by Canadian Pacific.

"What we were really looking to capitalize on was the rail connectivity," Cattnach said.

North Star Sheets, he said, needed that connectivity. Opus is the general contractor and architect for the project, and the added railroad spur track brought an extra wrinkle to the design.

"It's not a cookie cutter like spec industrial," he said.

The developers brought the proposal in January to the city, which also wasted no time. Jennifer Levitt, Cottage Grove's community development director and city engineer, said the city prides itself on prompt processing of development proposals.

“We were able to fast-track them,” she said. “They talked to us in mid-January, and we were able to issue a building permit by March 8.”

Cattanach declined to share the total value of the project, although the building permit valuation was \$8.14 million. North Star has told the city it expects to hire 40 to 50 employees at the site.

The vacancy rate for industrial buildings in the east metro submarket — of which Cottage Grove is a part — was 2.8 percent in the fourth quarter of 2017, according to the most recent numbers from the Minneapolis office of CBRE. The overall vacancy rate for the Twin Cities is 4.5 percent.

Hillcrest and Opus continue to market the remainder of the business park, and Levitt said the city is excited to see further development at the site. There are 24 additional acres open for development in the industrial park.

“It’s been a site we’ve been excited to see action on,” she said. “... Hillcrest still has under option the remaining part that’s immediately adjacent to the rail. We’d love to see another business come in to the same area as North Star Sheets.”

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