



Hillcrest Development and The Opus Group will develop the Southeast Industrial Park on 40 acres at the northwest corner of Hemingway Avenue South and 91st Street South in Cottage Grove. (Submitted rendering)

## In Cottage Grove, industrial projects pick up steam

By: Adam Voge    April 21, 2015    3:58 pm

The big industrial projects just keep coming in Cottage Grove.

Fresh off news that Renewal by Andersen would add a \$38 million, 125,000-square-foot building in the city, a local company and two active developers are each planning new industrial projects nearby.

Minneapolis-based Hillcrest Development and the Minnetonka-based Opus Group on Tuesday announced plans for the 40-acre Southeast Industrial Park, a multi-phased industrial project on the northwest corner of Hemingway Avenue South and 91st Street South. The park could include between 425,000 and 550,000 new square feet of projects, split between two to four buildings.

The announcement comes shortly after the city gave final approval for American AGCO's 96,000-square-foot expansion to its existing Cottage Grove facilities at 7800 and 7900 97th St., just a half-mile to the south of the Southeast Industrial Park. The projects are not related.

"This site is a good piece of land; good infrastructure in a good location," Scott Tankenoff, managing partner of Hillcrest, said Tuesday in an interview.

Working with the city of Cottage Grove was an "irresistible" opportunity, he added. "Not only are they in favor of good, strong business, but they're in favor of bringing good, quality jobs to their city."

Opus and Hillcrest plan to offer rail-served industrial space with up to 38-foot-clear ceilings and outdoor storage. Canadian Pacific serves the area, and infrastructure and utilities are available on the site.



American AGCO is planning a 96,000-square-foot expansion to its existing buildings at 7800 and 7900 97th St. S. in Cottage Grove. (Staff photo: Bill Klotz)

“What makes this opportunity so compelling is there are very few sites that can accommodate rail service for large users at this scale in the greater metropolitan area,” Phil Cattanaach, director of real estate development for Opus Development, said in a statement.

An entity with the same address as Hillcrest paid \$650,000 for the site in October, according to property tax records. The seller was TCF Bank, which had foreclosed on the site.

Opus and Hillcrest haven’t announced any tenants for the park yet. Eric Rossbach, a vice president with the Minnetonka office of Colliers International, is handling leasing.

The Cottage Grove City Council voted unanimously on April 15 to approve the expansion at American AGCO, which will add to about 144,000 square feet of its operations already in the city. The expansion site is immediately west of the company’s existing buildings.

“My father started this business in 1936 in Minnesota, and we’ve been here all our lives,” Gary Duclos, president of the livestock feed company, told the City Council. “We really don’t want to leave here if we don’t have to.”

Duclos told Finance & Commerce on Tuesday that the project would cost about \$6 million. The company is hoping for tax increment financing and Minnesota Investment Funds from the state, but both of those amounts are “in negotiation” right now, he said.

American AGCO plans to add between 50 and 60 workers after the expansion. About 150 people work at the campus today.

Altogether, the projects could provide up to 650,000 new square feet of industrial space in Cottage Grove, but that’s not all to come.

Andersen Corp.’s expansion will add another 125,000 square feet and up to 200 jobs in the city. Meanwhile, medicinal marijuana maker Leafline Labs is constructing a 50,000-square-foot facility just south of American AGCO’s site, on the southwest quadrant of 97th Street South and Jamaica Avenue.

“We’ve been pretty excited lately, with lots of new businesses and expansions happening,” Myron Bailey, Cottage Grove Mayor, said at the April 15 meeting.

Some associate Cottage Grove with the exurbs, but a land broker who helped set up the Southeast Industrial Park said Tuesday that it’s gaining steam.

“There are very few 40-acre tracts of land that are pad-ready, all utilities are in place, it’s graded and you have rail,” said Andy Heieie, a senior associate for the Minnetonka office of Colliers.

Heieie added that proximity to St. Paul and Wisconsin is a big selling point for companies looking at the area.

“Good things are going to happen in Cottage Grove going forward,” he said. “It’s going to be a slow process, but we’re seeing it now with companies expanding.”

The industrial vacancy rate in the St. Paul East submarket, which includes Cottage Grove, was 7.7 percent at the end of 2014, according to research by Colliers. The vacancy rate for the entire Twin Cities was 8.6 percent.

American AGCO plans to break ground at some point next month.

Tankenoff said the Southeast Industrial Park’s timeline will depend on how quickly the park’s design and tenants come together. The project is expected to be build-to-suit.

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