

ILLINOIS | INDUSTRIAL

## I-90: What's with all the new tenants?

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Called the “Golden Corridor” for good reason, I-90 has experienced an explosion of activity this year—and it’s still growing, harboring some of the sector’s biggest projects. Huntley, Illinois, is one city getting a big slice of the action.

One of the newer spec projects that broke ground this year is Huntley Commercial Center, located at 11800 Factory Shops Blvd. Huntley Investment Partners, LLC and Newmark and Development Solutions, Inc., as general contractor, celebrated the formal groundbreaking of the first building just months ago. The Class-A, 540,960-square-foot warehouse distribution facility, expected to be delivered in late 2023, and Phase II—a second, smaller building—will break ground once the first reaches a stabilized occupancy, though it’s still undetermined whether the second building will be built spec, as the first, or marketed as a build-to-suit.

The press release detailing the project noted both buildings will be constructed of precast concrete wall panels with a structural steel frame and a 36-foot clear height. Each building will be also equipped with multiple entrance features like dock doors and drive-in doors, allowing for ultimate flexibility when leasing the buildings. But in addition to the buildings’ features, it’s their location that makes them really stand out.

Senior Vice President **Michael Reschke Jr.** of **The Prime Group, Inc.**, who’s worked closely on the project, said its location along the Rockford Foreign Trade Zone is especially valuable to users that have global operations, as they don’t have to pay taxes on product stored in warehouses within the zone.

“Whether it’s importing or exporting, users can defer excise and import taxes on goods until they’re sold,” Reschke said.

The I-90 Corridor has continued to attract a fair share of global manufacturing companies for this reason, but they don’t make up the whole of the submarket’s user roster, according to Reschke.

“We’re also seeing an enormous e-commerce footprint as it continues to transform the market,” Reschke said. In fact, Huntley Commercial Center was well-substantiated by a recent commitment by a well-known e-commerce giant to occupy 1.6 million square feet across the street, and Weber-Stephen Products has maintained 800,000 square feet adjacent to the site for just under a decade.

Another big facility in Huntley was recently leased by **Entre Commercial Realty, LLC**, which will be occupied by a single tenant and is still under construction as the first phase of a three-building portfolio.

Phase I will be 40,800 square feet once completed and equipped with eight maintenance bays and four docks. It's scheduled to be delivered in Q1 2023, along with Phase II, which will be a 177,270-square-foot distribution facility. Phase III is a 45,000-square-foot maintenance facility, similar to that of Phase I, and will be delivered in the latter half of Q4 2023.

Entre's [Cory Kay](#) and [Mike DeSerto](#), who represented the developer and landlord in the transaction, said the portfolio received an immense amount of interest, specifically the smaller maintenance facility, given that the use is difficult to find and get approved. And it's one of the only facilities to offer maintenance and trailer parking in the area, to boot.

"It's been a two-year project and we've been working with the Village of Huntley for approval," Kay said. "Once construction commenced, we had a lot of interest. A large trucking firm from Schiller Park leased the entire property on a long-term basis."

And this portfolio is just one of its kind. Entre has a handful of ground-up developments in the works, along with a number of land site zoning and entitlement projects.

"Overall, the brokerage community is working through several spec developments," DeSerto said. "What once was considered a non-core market has become quite a focus, and a lot of that has to do with being located just outside of Cook County. In the North Kane/I-90 submarket alone, we're seeing just under four million square feet of spec development."

What's behind all this growth? For one, DeSerto and Kay agreed with Michael Reschke regarding I-90's strategic location near Rockford International Airport and O'Hare International Airport, and noted the immense labor pool, which has proven beneficial for businesses that have relocated or expanded into the area.

But the truth is, the growth is not new, nor are the reasons for it, and the area has grown steadily for many years—depending on how you look at it. The difference between the "then" and the "now" lies in the *kind* of growth.

According to DeSerto and Kay, I-90 used to be a relatively *inorganic* submarket, with the same businesses continually expanding and contracting within its perimeter. Only recently has the submarket seen an uptick in *organic* growth, largely due to the tax advantages and infrastructure improvements.

"Many companies are moving from other submarkets into North Kane/I-90 due to historically low vacancy rates across all submarkets," DeSerto said. "This has created the need for businesses to move from submarkets with little inventory available that they were originally set on being in."

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