

# Logistics sprawl gets met with opposition

Neighbors pushing back over concerns about noise, pollution



Caron Blitz, left, and Barbara Raff, right, stand in Acorn Park in Riverwoods' Thorngate subdivision on Dec. 19. Blitz, Raff and hundreds of other residents successfully banded together to combat the sale of

## Baxter's Deerfield campus to Bridge Industrial. Stacey Wescott/Chicago Tribune Photos



Baxter's Deerfield campus on Dec. 19 in unincorporated Lake County. Stacey Wescott/Chicago Tribune

BY BRIAN J. ROGAL CHICAGO TRIBUNE

North suburban resident Jeremy Baker was alarmed when he heard that an industrial developer wanted to transform an office campus next to his Riverwoods subdivision into a warehouse and logistics center with hundreds of trucks coming and going each day.

“It was going to be a freight complex,” said Baker, who lives in the Thorngate community with his family. “Like many other people, I became concerned, and showed up at a homeowners association meeting for the first time in 13 years of living here.”

Opposition from Baker and other residents, who packed a local high school gym in May when site designs for the project were shown at a public meeting, ultimately quashed the plan. In September, health care giant Baxter International withdrew its plan to sell the site to Bridge Industrial for redevelopment. Baxter decided instead to keep using the 101-acre office campus between Riverwoods and Deerfield as its headquarters.

With redevelopment no longer moving forward, debate over the future of the site has subsided. But the controversy offers a glimpse into the types of battles that could take shape in the future as sites are pitched for redevelopment.

Industrial developers are breaking ground on new logistics facilities throughout the metro area, sometimes taking over whole office parks. And with online shoppers demanding ever-faster home deliveries, many new logistics buildings need to be close to dense residential areas.

In the past, developers typically built new distribution buildings in industrial districts where trucks are common, but now many have to contend with neighbors who don't want to deal with noise and pollution.

"I think now the challenge is tougher, because people are paying more attention to who's coming into their neighborhood," said Cindy McSherry, executive director of NAIOP Chicago, a commercial real estate development association.

Placing logistics buildings close to residential areas is a good strategy, said Trevor Ragsdale, U.S. head of industrial occupier services at JLL, a commercial real estate firm. It cuts delivery costs and makes shippers more competitive, but it can be jarring for neighbors to see relatively quiet office complexes replaced with trucking operations running 24/7.

"I'm not surprised that in such communities there is opposition to this kind of development," Ragsdale said.

Caron Blitz, a public relations consultant and a longtime resident of Thorngate, the same subdivision Baker lives in, raised concerns about the congestion that redevelopment would have brought to an area where

many families live.

“There are five schools in either walking or biking distance to Baxter,” she said. “Many people in Riverwoods and Deerfield, not just those from Thorngate, realized they didn’t want their kids riding their bikes while 600 trucks per day were going by. Plain and simple, a development like that does not belong here, and we were going to do everything in our power to stop it.”

Thorngate residents insist they aren’t not-in-my-backyard activists who oppose all new development schemes. Blitz said she recognizes more logistics facilities are needed, but prefers that municipal, state and county officials cooperate and come up with a regional vision that helps find more appropriate spots for shippers.

“There is a tendency for these villages and cities to work in silos as if it was just a local zoning issue, and to us that’s not acceptable,” she said.

Redevelopment is being triggered in part by the rise of hybrid work, which has decreased the demand for office space, especially in aging suburban office campuses. Municipalities will need to find new users who can pay property taxes, and attracting new logistics operations could be a partial solution, Ragsdale said.

Suburban office vacancy hit nearly 30% in the third quarter, up from 22% in 2019, according to a JLL report. And industrial or data center developers continued buying and removing vacant office space from the market, including the 2.3 million square foot Sears’ former headquarters in northwest suburban Hoffman Estates. More than 12.8 million square feet of industrial space was completed in the third quarter across the metro area, the most in one quarter since 1999.

But finding office complexes that can be converted into warehouse and distribution buildings is not easy, Ragsdale said. Class A office properties, which are in the best condition and offer the most amenities, are still in high demand, so developers need to find older Class B or C properties separate from homes and schools, with enough land for the buildings, parking and staging areas, along with quick expressway access.

“That’s challenging in Lake County,” Ragsdale said. “It’s a fully developed market.”

Nevada-based Dermody Properties bought Allstate’s Glenview campus at Sanders Road and the I-294 expressway in 2022 for \$232 million and launched its transformation into an industrial park with several million square feet. But Douglas Kiersey, Dermody’s president and CEO, calls it a “unicorn project,” and agrees it’s tough to find large, workable sites in the north suburbs.

“We will be able to count on one hand projects of this scale over the next 10 years,” he said.

Allstate’s former campus works as an industrial park because its 232 acres are separated from most nearby residences by the expressway and surrounding forest preserves, Kiersey added. And Sanders Road is a five-lane highway, designed to handle what once was up to 13,000 people arriving daily, so it’s a locale accustomed to heavy traffic.

The new industrial park may end up having far less traffic than envisioned, he added. Dermody just signed its first lease, with Upside Foods, a commercial-scale food producer, and instead of warehouse or distribution firms using heavy trucks, other potential tenants now include high-tech manufacturers and companies looking for showroom space.

“We’re not trying to force something into a neighborhood that was heavily residential,” Kiersey said. “As an industrial developer we have to be thoughtful about picking our spots. We don’t want to go where we’re not wanted.”

Dermody was also planning to demolish and replace the former CVS Caremark office building in Glenview with a logistics center, but recently canceled the project, at least temporarily, due to the rise in interest rates and borrowing costs, Kiersey said.

“We got pinched, but we’re still interested in the property,” he said.

Developers need to develop the right message for any nearby residents and show whether a proposed project will disrupt their lives, Ragsdale

said.

That aspect is where Bridge and Deerfield officials fell short, Blitz said. The developer said early this year that it wanted to buy and demolish the Baxter offices, and annex the unincorporated site to Deerfield, but the community did not see detailed plans until they were posted online in April, just several weeks before the initial Deerfield Plan Commission meeting.

Baxter claimed the new world of hybrid work meant it could get by with less space, and no longer needed the 645,000-square-foot headquarters, designed by SOM's Bruce Graham and Fazlur Khan, the designers of Chicago's Willis Tower, formerly known as Sears Tower. Bridge wanted to build an 896,000-square-foot industrial building, a 228,000-square-foot industrial building, hundreds of loading docks, and a smaller recreational building along Saunders Road, which separates Baxter from Thorngate, a group of more than 300 homes.

"We were all stunned," Blitz said.

A Bridge spokesperson said the company had no comment, and messages to Deerfield officials were not returned.

In response to the proposed development, residents learned how to be community organizers, said Lisa Rosen, a Thorngate resident.

"Everyone wanted to help, but at first no one knew how to channel that energy or what to do," she said. "Our slogan was 'Show up, speak up, sign up.' "

They created a Facebook group called 60015 Unite, which quickly grew to 1,500 people. The organizers hosted get-togethers, recruiting babysitting crews so young parents could attend, got more than 5,000 people to sign a petition and raised enough funds to hire experts to produce their own traffic and pollution study.

More than 500 people turned out to a raucous Plan Commission meeting in May, many waving signs saying, "No trucks" and "Keep our kids safe and healthy." Commission members posed a lot of questions about possible increases in particulate matter and other pollution to Bridge

representatives, who said the site when complete could attract fewer trucks than initially thought.

In June, Bridge Industrial pulled its request for annexation to Deerfield, and over the summer instead sought a zoning change from Lake County officials for the project, now calling for a smaller pair of buildings with fewer loading docks, which could have uses other than warehousing and distribution.

“Maybe (Bridge Industrial) never encountered this kind of opposition and were not prepared,” said Barbara Raff, president of Thorngate Owners Association.

In September, Baxter’s neighbors claimed victory when the company announced the property was no longer for sale and would continue as its headquarters.

“In all honesty, we were surprised, but happily so,” Blitz said. “It’s a huge story of David beating Goliath.”

David Meek, a Highland Park attorney hired by the Thorngate Owners Association, said the lesson is clear.

“There are sites in Lake County that might be appropriate for this type of business, but this wasn’t one of them,” he said.

Blitz said she doesn’t want this year’s organizing work to go to waste. Their next steps are to encourage residents to reach out to elected officials, including at the state level, and encourage them to set some ground rules governing large-scale redevelopment.

State Sen. Julie Morrison, whose district includes Thorngate, said she anticipates more obsolete office campuses will be sold and targeted for reuse. She plans to draft legislation that addresses concerns raised by Blitz and others.

“The bill would consider the regional impact on communities, schools and other stakeholders that may or may not have direct involvement in property reuse decisions without hamstringing the authority of the municipality that contains the property in question,” she said.

Blitz added they will also encourage people to vote, and even run themselves for seats on local planning boards.

“Until this happened, people did not understand the power they had,” she said. “They’re all paying attention now.”