



# Moving reasons to relocate

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## Businesses from other states find plenty of incentives to move to Northwest Indiana

With its business-friendly climate, Northwest Indiana has been setting the table for out-of-state companies, especially from Illinois, to pull up stakes and migrate to the Hoosier state. Now the feast is well underway.

In the past 20 years, an influx of businesses has come to Northwest Indiana, sometimes at the expense of Cook County, Illinois.

According to the U.S. Bureau of Labor Statistics' quarterly census of employment and wages, the four-county Northwest Indiana Region (Lake, Porter, Newton and Jasper counties) added 1,585 new firms, an 11% percent increase, since 2012. On the other hand, Cook County lost 9,091 establishments, a 6% loss. In 2022 alone, Northwest Indiana added 805 new establishments, a 5% increase, while Cook County lost a net of 89.



A 400,000-square-foot commercial spec building at 24 Marble St. in Hammond is underway. Completion is expected in late 2024. (Provided by the city of Hammond)

“This is an incredible statistic, as Cook County alone has an economy roughly 12 times the size of the economy in Northwest Indiana,” said Micah Pollak, associate professor of

economics in Indiana University Northwest's School of Business and Economics and director of the Center for Economics Education and Research.

"There are a number of factors coming together simultaneously," he said. "Northwest Indiana has always been interested in trying to create and promote a very business friendly environment, with lower taxes and improved infrastructure."




Micah Pollak

Not least among the factors likely to spur further growth is the South Shore Line's Double Track Northwest Indiana Project. The project, which involves improvements to more than 26 miles of track from Gary to Michigan City, is expected to reel in 6,000 new jobs and \$3 billion in economic impact by 2048.

## Tax benefits

The Indiana Economic Development Corp. said that in recent years, 55 companies have announced plans to move all or a portion of their operations to Indiana, accounting for up to 5,588 new jobs and more than \$610 million in capital investment.

They include Hoist Liftruck, now owned by Toyota Industries, which moved from Bedford Park, Illinois, to the long-vacant Blaw-Knox tank factory in East Chicago. The move resulted in 500 jobs. Incentives played a big part in inducing the company to make the \$40 million investment, including \$14.79 million in state, regional and local dollars, compared with a relatively paltry \$200,000 in tax breaks offered by the state of Illinois.



Representatives from Hoist Liftruck and Toyota Industries North America announce Toyota's purchase of Hoist Liftruck, which now operates as Hoist Material Handling Inc. (Provided by Hoist Material Handling Inc.)

Lori Tubbs, a partner at McColly Bennett Commercial Advantage, who brokered the deal that landed Hoist, credited Indiana's generous incentives with helping make the move happen.

Tubbs said Indiana has attracted business not only from Illinois, but in other areas of the country as well. She said she brokered a deal in 2019 to bring Miami, Florida-based Elite Sales Inc., which specializes in rigging hardware products, including a vast line of wire ropes, to a new warehouse in Dyer.

Tubbs also was involved in Windy Hill Food Group's acquisition of a warehouse in East Chicago. The California-based food distributor moved into a 60,000-square-foot building once occupied by a manufacturer of straws, napkins and Styrofoam cups.

"Indiana's AAA credit rating provides a very solid business basis for these folks to move here," she said.

AM Manufacturing moved from Dolton, Illinois, to Munster in 2014. The firm, which has been in business since 1961, serves the dough and baking

industry. It manufactures labor-saving equipment, including pizza, tortilla and bagel equipment. Its new facility in Munster has double the manufacturing space of its previous plant.

"The building we're in now is just much better. It's in a good location. It's a cleaner, easier place to operate out of," said Greg Johnson, AM Manufacturing's sales and marketing manager.

## Spec building


Mike Kelly, managing partner of Park Development Partners, said his firm is aiming to entice companies leaving Illinois to its 23-acre industrial development at **24 Marble St.** in Hammond. In 2018, it purchased the property for \$1 million. It just completed a \$40 million, 400,000-square-foot spec building on the site and is in the process of marketing it.

"We're obviously trying to capture companies leaving Illinois," said Kelly, whose firm, Hammond-based Kelly Construction, partnered with Great Lakes Capital of South Bend on the project.

He said Kelly and Great Lakes "saw this as an opportunity, because we could see the demand growing some two, three, four years ago, and obviously it's only gotten much larger now."



Lori Tubbs



AM moved to a larger facility in Munster in 2014. It doubled its manufacturing space from its location in Dolton, Illinois. (Provided by AM Manufacturing)



Mike Kelly

“First and foremost, the taxes (in Illinois) are so high, both property and workman’s comp,” Kelly said. “Those two numbers alone are devastating to a lot of manufacturing companies.”

He said several companies are interested in the property.

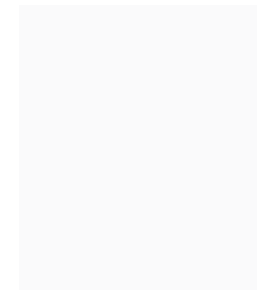
“We’re just waiting to get RFPs from them,” he said.

He said they are manufacturers from Illinois with a headcount of about 250 to 300 employees each. One company has been in the neighboring state since 1946.

“The biggest lure is the cutting of costs, because as the market is starting to change, it is getting more bleak out there, so companies are looking to cut costs,” he said. “And when you consider your workman’s comp insurance can be a difference of almost 600% between the two states for certain industries, that’s an enormous amount.”

Michael O’Connor, senior vice president of development and leasing for Holladay Properties, also is counting on companies to move here.

Holladay, a full-service real-estate development firm, has offices in Portage, South Bend, Indianapolis and other parts of the country. It offers design and construction and leasing and management services. Its developments span such areas as hospitality, industrial, multifamily, medical office and some retail.



Michael  
O’Connor

In Northwest Indiana, his projects include two office parks: AmeriPlex at the Crossroads in Merrillville and AmeriPlex at the Port in Portage. Both are mixed-use with an emphasis on light-industrial and distribution uses. The Merrillville location recently attracted tenants such as Domino’s Pizza, which located a facility for processing and distribution that serves the upper Midwest.

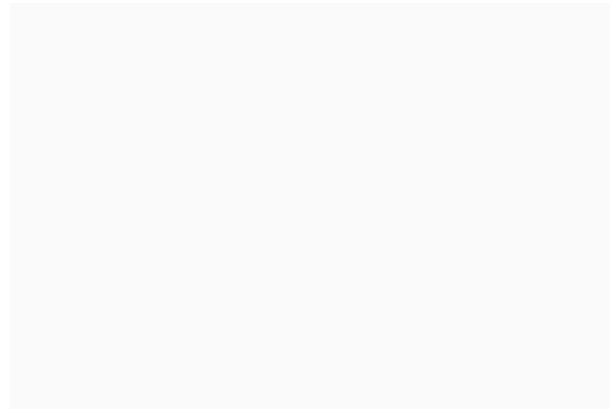
“Holladay is currently constructing a new flex-industrial building at AmeriPlex at the Crossroads in Merrillville,” O’Connor said. “The 51,000 Avanti Building is under roof with site paving in place and will be complete in April 2024 for new tenant move-in.”

O’Connor was on the leading edge of the development trend, having worked on both projects since the early 2000s.

“There is definitely an uptick in growth in companies from other (states) and internationally,” he said. “There are definitely some companies coming over from Illinois either expanding or relocating.”

The proximity to other markets is an advantage, he said.

“You can serve the Chicago area, but you can also serve Indianapolis and Detroit, and the upper Midwest with the ease of access to the interstate,” he said.

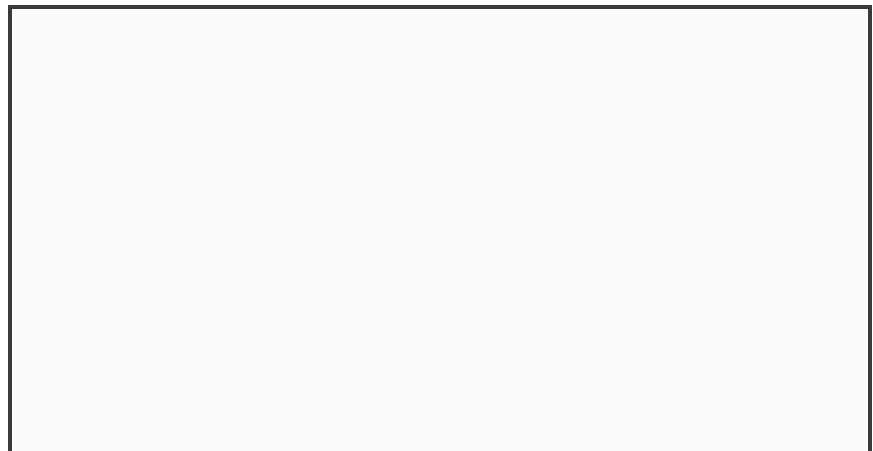


The Dearborn building is a mixed-use business park on 387 acres at AmeriPlex at the Port in Portage. (Provided by Holladay Properties)

### Workforce ready

Pollak said the new key factor is an investment in human capital in the Region.

“We’re starting to see workers locate here, particularly skilled and educated workers,” while workers are also staying,” he said. “And that’s creating a really good environment for workers and for firms. Firms want to be where they can find workers.”



Graphic provided by Micah Pollak/ U.S. Bureau of Labor Statistics data

O’Connor also said the availability of labor in the workforce helps attract companies to the Region.

“Improving the way people get in and out of Chicago is definitely going to help the market and now the opportunities for residential growth in Northwest Indiana,” he said.

Chris Jones, a residential Realtor, would agree with that assessment.

“I think businesses in general are looking at the bottom line, and so as long as we have a good workforce, they’re willing to jump over the border,” he said. “The cost of living here

is better, so they're seeing an advantage. If businesses are going to be here, workers are going to be here and vice versa."

He said good schools help too. One of his clients was looking at moving to Hinsdale, Illinois, with schools in mind.

"They did a search and realized Munster is among the seventh or eighth best schools in the state of Indiana," Jones said. "And he's just like, 'I can still be 33 minutes from downtown Chicago and be in an awesome school district and pay a lot less in taxes.'"

David Lasser, principal managing broker for Commercial In-Sites based in Merrillville, noted the shift in the distribution of the workforce.

"So many people have moved their homes from Illinois to Indiana. And so now the commute to work is from Munster to Merrillville or from St. John to Crown Point," he said. "So it's a completely different commuting pattern than it had been before."

Pollak said that one indicator of strong growth is the more recent trend of population growth in the Region. Between 2010 and 2017, population fell in NWI by 1%, but between 2017 and 2022, population grew by 2.9%.



David Lasser

Lasser said one major factor in businesses relocating to Northwest Indiana is the willingness of the state to offer such incentives as the Economic Development for a Growing Economy, or EDGE, tax credit program, which provides tax credits to companies creating new jobs.

## Beyond limits

One company that took advantage of these types of incentives by jumping from Illinois to Indiana was Outstanding Tradeshow Exhibit Services Inc., a full-service designer and manufacturer of tradeshow exhibits that relocated from Romeoville, Illinois, to North Judson.

OTES invested \$1.2 million to purchase, renovate and equip a 74,000-square-foot facility, receiving up to \$115,000 in conditional tax credits from the Indiana Economic Development Corp. North Judson also approved additional incentives at the request of the Starke County Economic Development Foundation, according to a 2016 press release.

"Every year, we were having to rent a bigger facility," Founder and President Nan Wellman said. "And, of course, because we were growing so fast, my accountant was, like, 'Nan, buy a building.'"

She said he advised buying something affordable that the company could grow into. But every building she looked at in the Chicago area and the suburbs was limited in square footage and parking.

“But the thing I noticed about Illinois was the taxes were just horrendous,” she said. “If you wanted to spend a million dollars or \$850,000 on a 20,000-square-foot building, your taxes could be \$50,000 to \$200,000 a year.”



Nan Wellman

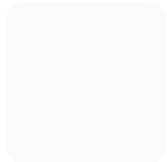
So, Wellman, who is originally from the Fort Wayne-Auburn area, began looking in her home state.

The trade show industry has experienced an upheaval due to COVID-19, but being in Northwest Indiana has softened the blow somewhat.

“It is a nice location, because we’ve got plenty of room for growth,” she said. “And if I wasn’t in this location, I don’t think I would have been able to survive the pandemic.”

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## Author



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Steve Zalusky is a newspaper journalist from suburban Chicago who covers municipal government and dabbles in writing about sports, libraries, old movies and jazz.

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