

Star-Telegram

April 13, 2007

Massive Dallas rail hub planned

By Andrea Jares

DALLAS -- For almost four years, California developers have been quietly assembling 6,000 acres south of Dallas. They hope to turn the land into a warehouse and distribution center next to the Union Pacific terminal in Wilmer that they believe will rival the giant Alliance development in north Fort Worth.

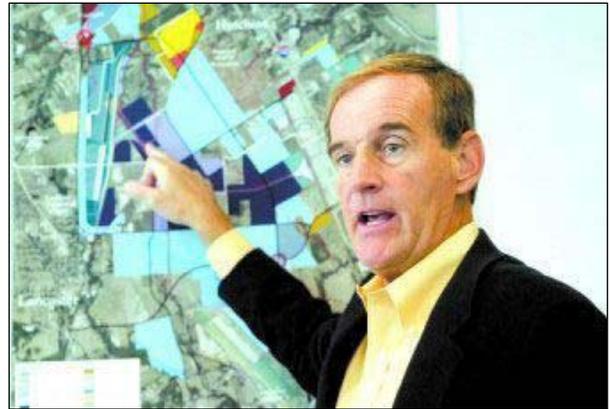
"We think it will emerge as the most vibrant new logistics park in North America," said Edward Romanov Jr., president and chief operating officer of the development company, The Allen Group .

An official unveiling of the development plans is scheduled for Friday at the Lancaster Municipal Airport, next to the site, which stretches over Dallas, Wilmer, Lancaster and Hutchins.

Top Allen executives said Wednesday that their company's Dallas Logistics Hub will be the first inland port in North America to be served by terminals of two competing rail lines. The developer is still in negotiations with BNSF for that second "intermodal" terminal, designed to link truck, train and oceangoing containers.

"Which would place us as the only logistics park in North America that has two intermodals, let alone two of the largest freight carriers bringing in containers from Asia," Romanov said.

The logistics park developers plan to connect the two terminals with a rail line, providing direct rail access to more buildings in the development. But more importantly, Romanov said, having two



Edward Romanov Jr. of The Allen Group points to a layout of the Dallas Logistics Hub as he answers a question about the development.

competing rail companies at the site could mean customers would get more negotiating power on price and more service, he said.

They also plan to one day help adapt the Lancaster airport to support cargo planes. The runway would need to be lengthened and converted to concrete from asphalt to handle heavy planes. But whether that happens will not affect plans to move forward, the developers said. Air cargo is only a small piece of the projected goods that will flow through the logistics hub.

"That is going to be icing on the cake as far as what is going to drive development in this area," said Richard Allen, the chief executive. "We're not building big distribution centers to hold computer chips that are coming in on airplanes."

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But they also believe that they have other advantages over Alliance because of the development's abundance of relatively inexpensive land and a large labor pool.

The project is within the bounds of four major highways: the Interstate 35E NAFTA corridor, Interstate 45's link to the Port of Houston, Interstate 20's straight shot to the Port of Long Beach in California, and the proposed Loop 9, which will encircle the Metroplex.

"This is what I call 'the golden box of logistics,'" Allen said.

Mike Berry, president of Hillwood Properties, said even with the advantages touted by the Dallas Logistics Hub, Alliance has an enormous head start.

It took Hillwood seven years to get the major components, such as highways, in place. And site selectors who need to move now look at what is currently in place, not what will be there in the future.

"What's in place today, at least the customers we talk to, is essential," Berry said.

Ross Perot Jr., founder of the Alliance development company Hillwood, called the plans for this logistics and warehouse center a "direct threat" to the 18,000-acre Alliance last October.

"I would say 'threat' is a bit of a harsh description," Romanov said. "Certainly we'll be a major competitor. I think there's still a viable marketplace for both projects."

Allen and Romanov point to the sharp growth of imports from Asia. There is more than enough room for Alliance, the Dallas Logistics hub and other D-FW distribution hubs to prosper. There's so much potential demand, Allen said, that it has to go somewhere.

They believe that their development has an enormous advantage over Alliance because of its proximity to three interstates, as well as the possibility of having two rail terminals.

"The demand is there for big-box distribution centers to off-load the goods coming from Asia," Allen said. "So, it's got to be filled. And it's going to be filled by the 50 industrial parks that exist in the Dallas-Fort Worth market.

"Yeah, we'll be competitors, but the balloon has got to bulge someplace," he said. "The demand is there for a second major logistics hub in the Dallas-Fort Worth Metroplex."

Land purchases

The Allen Group started buying land around the Union Pacific intermodal terminal 3 1/2 years ago. After they had closed on 2,600 acres, they realized that the land could play a larger role in capturing that eastbound cargo from Asia. They bought 3,400 more acres, assembling a total of 114 parcels in a series of intricate deals.

Friday, The Allen Group will announce plans to start the development with 640,000-square-foot and 210,000-square-foot speculative industrial buildings near Interstate 20.

BNSF signed a memorandum of understanding to build a terminal at the Dallas Logistics Hub last November, Romanov said.

Now the company has about two years to decide whether it wants to build the terminal and start construction, he said. That fits with the company's projection to reach capacity at Alliance in the next three years, he said.

Berry said his company is in talks with BNSF about expanding the Alliance rail terminal's capacity. The terminal is a main stop for Asian imports from the Port of Long Beach.

Executives said the development and surrounding community will need about \$350 million in infrastructure by the time the hub is fully built out. That money will come from a variety of sources as the development evolves, not all of which is in place. But Romanov said the developers have been in contact with the four cities in which their acreage is located about the infrastructure needs.

Berry said it took his company 15 years to get \$350 million worth of publicly funded infrastructure built at Alliance.

Alliance is only 35 percent built out, Berry notes. And it's not finished yet. He still wants to continue the expansion of Alliance Airport and see Interstate 35W widened, he said.

"Right now, infrastructure funding is very limited, and we can't afford to slow down a project that is already in high gear," Berry said.

Cargo growth

The movement of cargo has evolved significantly in recent years, Allen points out. Asian cargo is growing by leaps and bounds, and companies are challenged to find more efficient ways to get products to stores.

Shippers are experimenting with moving their containers through other West Coast ports besides the longtime favorite, the Port of Long Beach.

Companies are delaying breaking apart the containers until trains carry them much further inland, to wide-open places like Texas. North Texas is cheaper, less congested and centrally located. "It really isn't a Dallas situation. It really isn't a real estate equation," Romanov said. "It's really more of a globalization of the economy."

Distributors are demanding a new generation of building, Allen said. They want higher clearances, more automated finish-outs, and giant buildings that are sometimes 10 times as big as the 100,000-square-foot warehouse that was standard more than a decade ago, he said.

These efficiencies help keep the price to the consumer down.

"It's evolved as we've imported more and more goods," Allen said.