

May 14, 2008

## BNSF Railway Takes 198 Acres at Dallas Logistic Hub, May Buy 164 More

By Amanda Marsh

The Allen Group has announced the sale of 198 acres of land in the Dallas Logistics Hub to BNSF Railway Co., with the additional option agreement giving BNSF the right to purchase an additional 164 acres.

The property is located in the cities of Lancaster and Dallas, and provides more than 9,000 feet of rail frontage, representing a portion of the 2.5 miles of BNSF track frontage within the project. No further details of the transaction were available.

“There is definitely a lot of momentum with this deal, and it will be one of many we hope to announce over the next two months,” an Allen Group spokesperson told *CPN*. One of these forthcoming deals will be The Hub’s first build-to-suit, which is expected to be announced in the beginning of June.

Although details about what BNSF plans to do with the land have not been discussed, analysts have ventured that it might be a possible intermodal terminal. If that is indeed true, it will be the first logistics park in the world to have two intermodal terminals, the other being a 360-acre Union Pacific terminal, the spokesperson said, noting, “It will be the first of its kind and unique in the supply chain and shipping world.”

The Hub is already positioned to receive 95 percent of its trade from the Port of Los Angeles, but well-positioned to receive trade from the Ports of

Houston and Mexico as well. This is important as manufacturers and retailers are looking to limit their transportation costs as fuel prices continue to rise, the spokesperson said.

The Hub, which spans across the communities of Dallas, Lancaster, Wilmer and Hutchins, is one of the newest logistic parks in North America, with 6,000 acres master-planned for approximately 60 million square feet of distribution, manufacturing, office and retail development. The project, a foreign trade zone, is located near four major highway connectors, including I-20, I-45, I-35 and Loop 9/Trans-Texas Corridor and a future air cargo facility at Lancaster airport. Overall, the project is expect to create 32,000 direct jobs and 33,000 indirect jobs in the southern sector of Dallas.

In October, the Allen Group started construction on the first two industrial buildings in The Hub, which total 827,000 square feet of space. The first, DLH Building 1, is a 635,000-square-foot cross-dock distribution facility, and the second, DLH Building 2, is a 192,800-square-foot warehouse facility. Both are scheduled to be completed by the end of this month. The development team includes GSO Architects, Kimley-Horn & Associates, MYCON and 3i Construction.

The Dallas-Fort Worth industrial market experienced activity slowdown in the first quarter, with 2.1 million square feet of positive net absorption, down from last quarter’s 3.8 million

square feet, according to CB Richard Ellis Inc. Despite a decrease in tenants moving into new space, total and direct vacancy rates are still down at

their respective 9.2 and 8.4 percent. The firm expects stable rental rates and healthy leasing activity for the remainder of the year.

