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BUILD TIME NEARS FOR 60M-SF LOGISTICS HUB

DALLAS—With another 2,000 acres in motion to buy and bank, the Allen Group is fast approaching a ceremonial shovel-turning for the Dallas Logistics Hub. The next round of deals, including 300 acres in Southport, will push the developer's total to 6,000 acres to jumpstart a 60-million-sf vision for South Dallas.

If the San Diego-based developer's schedule is held, the master plan will be before city officials in Dallas, Lancaster, Hutchins and Wilmer in August. The gala for the mixed-use project, though, is being planned for earlier in the summer at the Lancaster Airport, a Texas-style barbecue as the springboard for a Texas-size initiative.

The location and size of the first building, sure to be industrial, have yet to be determined, but the game plan is to break ground on the first spec space at the end of the year or early 2007, Dan McAuliffe, vice president of development for the Allen Group, tells GlobeSt.com. "This is the result of a lot of folks' efforts from the cities to the landowners to the Allen Group," he says. "We are putting together what will be the premier economic engine in Texas, if not in the US."

The Dallas Logistics Hub has grown into a legacy project and the developer's largest undertaking in its 10-year history. And when the Allen Group's done assembling and negotiating, it conceivably could be the only US "inland port" with two railroad-controlled intermodal bookends.

As the Allen team fine-tunes the master plan, executives confirm discussions have been held with Fort Worth-based Burlington Northern Santa Fe Railway Co. about building a second intermodal facility in the developer's backyard. The Omaha-headquartered

Union Pacific Railroad Co. is up and running with a 342-acre intermodal yard on the eastern side of the Allen Group's land; the BNSF line crosses the western boundary.

Founder and CEO Richard S. Allen has spent nearly 2.5 years buying up and locking in South Dallas land, driving his competitors to jump into the fray with plans of their own while local officials mount the attack for Foreign Trade Zone and inland port designations. The pending Southport deal, though, could prove critical since it's already FTZ-approved. It's a well-known fact that it takes less time to process an expansion application than it does a deal from scratch. Further fueling the logistical play is the City of Lancaster's drive to extend its airport runway to 6,500 feet to accommodate cargo traffic.

The best-guess at this point is "the Hub", as the team has christened it, will increase the four municipalities' tax bases by \$2.4 billion at full build-out. "Beyond being a key piece of the NAFTA Corridor infrastructure and strategically positioning Dallas as the number one trade hub in the Southwest region, the Dallas Logistics Hub, a milestone project, will have a significant, positive impact on the local communities, providing 30,000-plus jobs," Allen says. The make-ready plan includes a workforce development program that's being set up through Cedar Valley College in Lancaster. "We're not just a developer who cares about building buildings," says Jon Cross, the developer's marketing director. "It's important to the Allen Group as a developer that we embed ourselves as a member of the community."

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Cross says the Allen Group started another wave of land closings in February. He says the rest of the dirt will be in hand within months, but it's not all about industrial development. He says the master plan will include an Interstate 20 gateway with office, retail and hotel space. "And then deeper into the Hub will be a lot of industrial, manufacturing and distribution buildings," he says.

As the race continues for positioning, land prices are rising and key tracts are disappearing. The Allen Group, in fact, is holding a sales contract for an early takedown, 82 acres in Hutchins. A decision has been made to focus on the west side of the interstate, driving the land into another developer's hands.

"There are several major industrial developers that have positioned themselves in the submarket," McAuliffe acknowledges. "That will no doubt provide strong competition for transactions in the early years. But long term, we believe the size of our land positioning in this submarket will put the Allen Group at a competitive advantage since we were first into the market."

It's no secret that the Indianapolis-based Duke Realty Corp. is going to be first out of the ground with space to show the crowd of tenants, many Fortune 500 companies, now sniffing around for a deal. "We're anxious for someone to come out of the ground because we believe the success of that project will validate the location," McAuliffe stresses. "We aren't concerned about coming out of the ground first because we know we can be competitive at any point with that first building. We believe our land basis and assemblage will capture the vast majority of the deals in the market."

Besides McAuliffe, the Texas team includes Leslie Jutzi, director of government affairs and community relations, and Jason Elms, director of engineering. For now, the team's in an office in the Crescent in Uptown, but plans are afoot to lease space in Downtown until it's time to go on site at the Hub.