

# Dallas Business Journal

June 16, 2006

## **BNSF mulls southern Dallas intermodal**

*By Margaret Allen*

In a stunning blow to Hillwood's masterplanned logistics park surrounding Fort Worth Alliance Airport, BNSF Railway Co. is studying the possibility of building a second intermodal yard in North Texas, this time near competitor Union Pacific Railroad Co.'s new \$90 million Dallas Intermodal Terminal in southern Dallas County.

BNSF is mulling more than 300 acres of raw land owned by California-based The Allen Group at the southeast corner of Interstate 20 and Bonnie View Lane, said Bill Blaydes, District 10 representative on the Dallas City Council.

The Fort Worth-based railroad could have a decision in less than five months. Assuming BNSF moves forward, it would take more than 36 months to get such a facility built and running, according to Van Cunningham, BNSF's assistant vice president for economic development.

BNSF (NYSE: BNI) currently has a major intermodal yard at Alliance Airport, handling domestic and international rail freight. It competes aggressively with UP to win West Coast container shipments from the various ocean liner shipping firms.

"Long term, it's not out of the question for us to have multiple facilities here," acknowledged Cunningham, who hesitated to talk about the possibility. "We are looking at whether it's a competitive advantage for us to go there."

### **Fast-growing segment**

Intermodal railyards historically are huge magnets for warehouses and distribution customers.

Intermodal -- shipping products by multiple transportation modes -- is the fastest-growing freight segment in the nation's rail industry due to a flood of Asian goods coming into the United States. Imports arrive in ocean-going containers, mostly through Los Angeles and Long Beach, Calif., and are lifted by giant cranes onto rail cars, then shipped to intermodal yards. Trucks then deliver the containers to distribution centers. Ocean shippers tend to use one railroad exclusively for their shipments.

The Allen Group has an ambitious plan to develop its Dallas Logistics Hub, an industrial-office park on 6,000 acres of raw land around UP's terminal. If built out as planned and served by both of the nation's major intermodal carriers, the Dallas Logistics Hub could prove a huge competitor to Hillwood's Alliance development.

For BNSF to have multiple intermodal yards in one area is rare, but not unheard of. As part of its massive U.S. network of intermodal yards, BNSF has two in southern California, and three in Chicago.

BNSF entered confidential negotiations for a second yard in North Texas about a month ago, after receiving a proposal from The Allen Group. The developer has proposed either building an intermodal facility for BNSF then leasing it to the railroad, or providing financing for BNSF to build it, Blaydes said. The I-20 site is about three miles, as a crow flies, from UP's terminal. Allen Group officials didn't return calls seeking comment.

[www.allengroup.com](http://www.allengroup.com)



## Rise to prominence

A BNSF facility, should it happen, would be a huge home run for southern Dallas County. The area had been long ignored by developers until the 365-acre DIT opened in August off Interstate 45. DIT's instant success means volume there is up more than 20% over last year at UP's older, smaller yard in Dallas. DIT is handling 1,000 lifts a day, putting it on track to handle 365,000 annually, according to UP. As a result, southern Dallas County is seeing a tidal wave of interest from builders of warehouses for logistics and distribution.

Because land is plentiful, developers, including the Dallas Logistics Hub, are swamping the small towns of Wilmer and Hutchins -- where the hub is located -- with never-before-seen interest.

Ironically, the family-owned Allen Group has said all along that it is patterning its hub after Hillwood's successful Alliance development, but Hillwood chafes at the comparison, particularly since it will compete against the Dallas Logistics Hub for some of the same tenants.

The 735-acre BNSF facility at Alliance, which opened in 1994, handles 573,000 "lifts" a year, BNSF says. BNSF recently acquired additional land at Alliance and is expanding that yard. The facility can handle 1 million lifts, so still has sufficient capacity, Cunningham said.

In 2005, BNSF handled 5 million intermodal units nationwide. Its intermodal traffic has been growing close to 8% annually and represents 40% of its revenue. UP handled 3.5 million units in 2005, according to its Web site. Its intermodal traffic has been growing about 5% annually and represents about 19% of its revenue.

Both Hillwood and UP declined to comment.