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Next Big Thing

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In the mid-1980s, Ross Perot headed north of Dallas and began developing what has since evolved into one of the area's premier office parks. The 2,665-acre Legacy, in Plano, is a major corporate hub for companies such as Frito Lay Corp., JCPenney, Dr Pepper/Seven Up and AT&T Wireless. It also boasts a bustling retail and residential component called Legacy Town Center. All in all, more than 36,000 people live and work in Legacy.

Also in the mid-1980s, Perot's son, Ross Perot Jr., began work on AllianceTexas in north Fort Worth. What started as a 2,000-acre commercial park surrounding the world's first industrial airport has blossomed into a massive 17,000-acre mixed-use development that sprawls across four cities. Its 65 square miles contain 24.4 million square feet of commercial space and 5,200 single-family homes. Three new projects are under way that will add more than 5 million square feet of retail space.

As commercial development begins to pick up in North Texas again, the Dallas Business Journal decided to take a look at two emerging projects following in the footsteps of Legacy and AllianceTexas and poised to become the next big thing.

Mercer Crossing

Mercer Crossing is sitting pretty. Nestled in the triangle created by Interstates 35-E and 635 and the President George Bush Turnpike, the 1,100-acre development offers two vital benefits, access and visibility. With plenty of trees, a lake and the

Elm Fork of the Trinity River meandering through it, it also provides a lush, green environment.

Dallas real estate investor Gene Phillips began assembling land for Mercer Crossing in the mid-1990s, starting with a 275-acre parcel and ultimately pulling together 40 additional tracts. R.L. Lemke oversees the project for Phillips' company, Prime Asset Management.

"It will be very similar to Legacy but located in the middle of town," Lemke said. "We're five miles from Dallas/Fort Worth International Airport and five miles from Love Field."

The initial focus has been office, with Hickory Centre, a three-building, 425,000-square-foot complex. Work is under way on the first residential component, Laguna Vista, a 208-unit apartment complex on the south side of Interstate 635. At full build out, Mercer Crossing will contain 7,000 housing units, millions of square feet of office space, schools and retail stores.

Because of its key location, and because so much time was spent assembling the tracts, Prime Asset is being very picky about who gets to build what on the land, Lemke said.

"We have turned down a significant number of buyers," he said. "We have a vision for this property and we're not going to deviate from it. We're not in a hurry."

Mercer Crossing will have two major components -- a corporate campus perimeter surrounding a mixed-use town center. The development extends

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into parts of Dallas, Carrollton and Irving, but the bulk of it falls within Farmers Branch, which has agreed to use form-based zoning, a New Urbanism alternative to conventional zoning.

"It falls back on the type of zoning from the mid-1800s that brought us urban landscapes in our major cities that we so cherish today," Lemke said. "The beauty of it is the city gets the very best for its citizens and the developer gets to react instantly to market conditions. Form-based zoning provides protection for residents by dictating what the streets will look like, as well as the pedestrian and public areas, but what use we put to the property beyond the front door is of our own choosing."

What Prime Asset is going for is a combination of for-rent and for-sale residential, office, retail and hotel space.

The city of Farmers Branch has created a \$160 million Tax Increment Finance district to help support the development of Mercer Crossing. It covers the majority of the undeveloped land on the property and includes \$60 million of infrastructure work, said Norma Nichols, the city's director of economic development.

"It's a true public-private partnership," she said. "Over time, Mercer Crossing could generate \$1 billion worth of value for the city of Farmers Branch. We're very excited about the potential. We think it represents a large percentage of our future tax base."

Dallas Logistics Hub

The Allen Group is a month away from unveiling site plans for Dallas Logistics Hub. But the massive southern Dallas County project is already acting as a magnet, drawing interest to that area.

Several developers, including Duke Realty Corp, are moving to control acreage there for new facilities.

And "The Hub," as the San Diego-based The Allen Group calls it, is growing as well. The company has already closed on 4,500 acres for the

project and is close to acquiring land that will push the total to 6,000 acres, said Jon Cross, company spokesman. It could easily top 6,500 acres, he added.

The development surrounds a \$100 million Union Pacific Railroad Co. (NYSE: UNP) intermodal facility, located in Wilmer and Hutchins in southern Dallas County. The 360-acre truck and rail yard, called the Dallas Intermodal Terminal, opened in September 2005.

The Dallas Logistics Hub will include an industrial park and about 500 acres of land for residential development. It's just two miles south of Interstate 20, a key trucking corridor, and is also close to Interstate 35 and Interstate 45, which links the development with the Port of Houston. Air access will be provided by the nearby Lancaster Municipal Airport, which plans improvements to better handle increased business.

The Dallas Logistics Hub has a lot in common with AllianceTexas. Both include highway and airport access, a railroad intermodal yard and room for major distribution centers, warehouses and other commercial uses.

No doubt the Dallas Logistics Hub is "the biggest thing in the Dallas industrial market," said Dan Cook, senior director of global supply chain solutions for Cushman & Wakefield of Texas Inc. "It's huge. The only thing that you can compare it to is Alliance."

The development has a lot going for it, Cook said. It adds a major intermodal location to South Dallas, one that will help companies trim transportation costs. The long-term scope of the project will also have a ripple effect, as other services follow the industry and jobs there.