

The Dallas Morning News

27 August 2006

METRO

California firm bets on southern sector Dallas County: Company controls 6,000 acres, plans logistics park

HERB BOOTH
Staff Writer

Henry Hubbard can't quite grasp why a California developer quickly caught on to something that some of Mr. Hubbard's Texas neighbors have seemingly ignored for years.

"You know, long ago I took a real estate course at UT, and they said all that matters is location, location, location," said Mr. Hubbard, of Lancaster. "It's sad that it took people from California to come in here and figure that out."

And now that they have, The Allen Group is on the verge of taking over southern Dallas County.

With the purchase of most of Southport Center last week, the San Diego-based firm now owns or controls about 6,000 acres in the area. That's bigger than Wilmer or Hutchins.

And if the project, known as the Dallas Logistics Hub, eventually grows to its projected 8,000 acres, it would be bigger than Duncanville, Bedford or Farmers Branch.

Mr. Allen said that the Hub - just in land and infrastructure - is probably worth about \$500 million. He said that once the project is built out in 30 to 40 years, the Hub should be worth about \$6 billion.

Gov. Rick Perry will join other officials Sept. 18 at the Lancaster Airport when The Allen Group officially breaks ground on the Hub.

But what is The Allen Group, and why has it amassed such holdings outside its familiar environs of California? And why would company officials choose southern Dallas County for the firm's first foray away from its native state?

The short answer is that The Allen Group is a company that develops distribution, office and industrial properties within major interstate, rail and airport corridors. But the Hub - which will be the largest logistics park in North America and will eventually house more than 70 million square feet of buildings - makes anything the company has done to date pale in comparison.

Mr. Hubbard, one of the Lancaster landowners from which the firm bought a tract, said the company's dealings make for interesting times in an area of Dallas County that has long been overlooked.

"Part of it is exciting, and part is disheartening," said Mr. Hubbard, whose family farm dates back 80 years. "They could've built [Fort Worth's] Alliance down here for a fraction of what they paid up north."

Richard S. Allen, owner of The Allen Group, acknowledged that location was an important factor in deciding to jump into southern Dallas County. Mr. Allen said factors contributing to the shift in southern Dallas County from farmland to distribution crossroads were an available, but underemployed, workforce; major transportation arteries along three interstates, not including the future Loop 9; two rail lines; an airport; and an established foreign trade zone.

Mr. Allen would not disclose personal financial information about him or the business. Negotiating big deals like the Hub is not easy, Mr. Allen said, but there are ways to make the process go more smoothly.

He said land and lease negotiations have everything to do with relationships.

"Developments like this are problematic. You always run into some problems with projects like this," Mr. Allen said. "At the end of the day, the community has to trust The Allen Group. If they don't trust us, we won't be successful. Being from out of town and out of

www.allengroup.com



state is difficult, but when we first came to San Diego and Sacramento and the Central Valley, we were new, too. We hired local people."

Similar strategy

The firm followed that blueprint in Texas. The Allen Group hired Leslie Jutze, a former Dallas city employee; Dan McAuliffe, one of the movers behind RailPort, a 1,700-acre development in Midlothian; and Jason Elms, an engineer who also worked on RailPort.

Ray Bishop, airport director in Kern County, Calif., has dealt with The Allen Group in negotiations surrounding that facility.

"They're well-financed and well-led," Mr. Bishop said. "They do the kind of development that belongs here. Now, they play hardball, but they're fair."

Not everyone agrees with that assessment, however. Dallas County Commissioner John Wiley Price, who represents that part of the county, has complained that The Allen Group hasn't provided sufficient evidence of its record on minority participation in its projects.

"I've only asked one question. What is their minority participation record?" Mr. Price said. "It's real peculiar that they can't answer one question."

City, county and economic development officials in California can't answer that question specifically.

"We don't get involved in micromanaging," said Paul Saldaña, president and CEO of the Tulare County Economic Development Corp. "I haven't heard of complaints from contractors or the community, though."

Mr. Allen said his company has minority-hiring goals in place and hasn't had a chance to have a track record on minority hiring since it just started buying land in southern Dallas County this year. In addition, the companies The Allen Group has selected as finalists to design a Hutchins bridge have sizable minority interests, he said.

'Down-to-earth people'

Ellen Clark, a longtime Lancaster businesswoman, said she believes that The Allen Group will be a good neighbor in all regards.

"They're great, down-to-earth people," said Ms. Clark, who has represented some of the landowners who sold property to The Allen Group. "They're doing a lot to support the chamber and school district here. They are going to make this work and make themselves a part of the community, and the community's going to be better off with them being here."

The firm sponsored a golf tournament for the University of North Texas-Dallas, forged a workforce development partnership with Cedar Valley College and joined the Lancaster Chamber. Mr. Allen contributed to the campaigns of current mayors Joe Tillotson of Lancaster and Artis Johnson of Hutchins. Mr. Johnson said the firm will donate land on which Hutchins can build a fire station.

"This company is here for the long term. They're engaged in a 30- to 40-year development process," the Lancaster mayor said. "Everyone in Dallas knows that if you don't bring the southern sector into the economic fold, you will never have a world-class city. I applaud the Dallas leaders for recognizing that and working toward it."

Family history

Though based in San Diego, The Allen Group - in business since 1991 - doesn't have its roots in California. Mr. Allen's father, Richard E. Allen, peddled candy and gum from the trunk of his car in rural Ohio. Mr. Allen said his 86-year-old father had an entrepreneurial spirit and created several businesses.

"He made 96 cents his first year in business," Mr. Allen said of his dad. Most of those businesses were successful, but it was a vending machine cup business that soared. Mr. Allen did a little bit of everything in the business until he and his siblings decided to sell the company in 1989.

"We were doing \$100 million in sales and had 800 employees when we sold," Mr. Allen said. One of the company's five plants was in Visalia, Calif.

"I was unemployed in 1990, but pretty well capitalized. I didn't want to play golf or go to the beach, so I got into the real estate business."

Now, he's taking aim on southern Dallas County as he did on California's Central Valley.

www.allengroup.com



"I'm such a believer in" southern Dallas County, Mr. Allen said. "If you control the land, you control the development."

