



March 12, 2008

## Logistics real estate: Dallas Logistics Hub gets Foreign Trade Zone designation

*By Jeff Berman*

DALLAS—Commercial real estate developer TheAllen Group announced this week that one of its developments—the Dallas Logistics Hub (DLH), its 6,000-acre multi-modal logistics- and manufacturing-focused industrial park—has been included in the expansion Foreign Trade Zone (FTZ) #39 in Dallas.

According to the Allen Group, the DLH is the largest new logistics park under development in North America. FTZ 39 is primarily located at the Dallas-Fort Worth Airport. It is comprised of 2,469 acres that are available for foreign trade zone use, according to DFW Airport officials (with the addition of the DLH, its footprint will expand to roughly 3,200 acres, according to the Allen Group). And it is a 621-acre business park north of Highway 114 along with two air cargo distribution centers that total more than 70 acres and provide sites with direct ramp access. FTZ 39 also includes a 160,000 square-foot warehouse that is owned by DFW Airport. The warehouse offers multiple services for shippers, including: distribution handling; freight forwarding; export packing; and consolidations, among others.

The Allen Group said in a statement that the DLH officially received the FTZ 39 designation late last month, and it added that future DLH customers—or shippers—will be able to streamline domestic and international shipments by deferring and exempting goods from duty and making customs procedures more efficient. The statement also noted that an FTZ provides U.S.

importers, notably retail distribution operations, with supply chain cost savings through consolidated weekly entries to Customs, reduced duty rates through assembly or pick and pack operations, duty deferral, and local tax benefits. An FTZ designation also allows foreign items to enter the Zone and defers duty payments until those items exit the zone and enter the stream of U.S. Commerce.

While being part of FTZ 39 is likely to yield various benefits for shippers that do business at the DLH, it is likely the biggest advantage for them will come from the tax savings they will see, said Leslie Jutzi, Allen Group director of government affairs and community relations, in an interview.

Mike Pyles, FTZ 39 manager at DFW Airport, added that taxes on inventory items are exempt from being taxed and puts them in an “exempt” status, whether they are held for import or are imported into the FTZ.

“It is a big positive [for shippers], and it adds numerous jobs to the economy by having all this land as a trade zone,” said Pyles. “If the DLH has a future tenant come in that wants to buy 200 acres worth of DLH space that needs FTZ status, the Allen Group can offer them a site that is already in the zone without any waiting processes needed. All they need to do is an operating agreement with DFW Airport, and they are up and running.”

The Allen Group’s Jutzi also pointed out that when potential tenants look at potential sites, they

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



typically have a list of items they want to see at a site. That list, she said, usually includes a certain amount of land, close proximity to highways and airports, and an FTZ designation.

Along with its 6,000-acre footprint, the DLH's land is master-planned for the potential development for 60 million square feet of vertical logistics and manufacturing space, according to the Allen Group. The DLH is adjacent to Class I railroad carrier

Union Pacific's intermodal facility, the BNSF rail line, major highway connectors—I-20, I-35, I-45, and the proposed Loop 9—and Lancaster Airport, which is in the master plan stages to facilitate cargo distribution. DLH development is part of four different cities in Texas: Dallas, Lancaster, Wilmer, and Hitchins.

The Allen Group held a grand opening ceremony for the DLH in April 2007.

