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## Feds Clear 3,200 Acres for FTZ 39 Expansion

By *Connie Gore*

DALLAS-After two years of groundwork and federal hurdles, nearly 3,200 acres in South Dallas County have been cleared for Foreign Trade Zone status. Five commercial developers and Lancaster Municipal Airport will share in the tax-free windfall, which is the largest expansion of an FTZ zone in Texas and perhaps the US.



Spec in FTZ zone

"It's in place and ready to go as soon as they do a deal," says Michael Pyles, the point man for Dallas/Fort Worth International Airport board's drive to expand FTZ 39. The decision gives added negotiating leverage to developers for their distribution centers and warehouses in and around the Union Pacific intermodal yard in southern Dallas County. The zone is classified as a second site so it's a wide open prairie instead of being structured as a subzone, which is tenant-specific.

Pyles tells GlobeSt.com that the six landowners in the expansion area paid a pro-rata share based on acreage to cover the \$200,000 tab to expand FTZ 39 from 574 acres to nearly 3,200 acres. San Diego-

based Allen Group is the largest stakeholder, having added 1,949 acres to its previously approved 1,303 acres of FTZ-designated land in the Dallas Logistics Hub. Sunridge Business Park's owner, Wilmer-Pleasant Run LP of Dallas, got approval for 434 acres; Dalport Business Park, now owned by Chicago-based First Industrial, put in 356 acres; ProLogis 20/35 Park, owned by Denver-based ProLogis, paid for 175 acres; Crossroads Trade Center, a project of Fort Worth-based Hillwood, locked in 112 acres; Lancaster's airport board secured 50 acres; and Indianapolis-based Duke Realty Corp. added 32 acres in Duke Intermodal Park. The land block straddles the cities of Hutchins, Wilmer, Lancaster and Dallas' southernmost tip, where several million sf of spec product is rising or proposed, including the Allen Group's first two buildings, totaling 827,850 sf, at 4800 and 4900 Langdon Rd.

"We do have others showing interest," Pyles says. "We probably will do an expansion in the future if they go through the hoops these people did."

CEO Richard S. Allen says Dallas Logistics Hub is the largest FTZ-designated block in the Allen Group's portfolio with the expansion. The developer's previously designated land was part of his 2,000-acre purchase of Southport. "It was still important that [expansion] application get processed because we need that designation on other sites," he says about the 6,000-acre Dallas Logistics Hub. "We did have a user that did need it and we lost that user to another park."

Dealmakers say there was more than one lost deal in recent years as the application was making its way through the process, which involved clearances from all school districts, municipalities and Dallas County before it moved to the feds' desk. "Any amenity is valuable. With Triple Freeport and now the Foreign Trade Zone, it just adds to the marketability," says Jeff Thornton, Duke's senior vice president of operations in Dallas, who added. "if tenants need it in the future, it's there." Duke has added the 627,100-sf Duke Intermodal Park to the FTZ zone.

D/FW airport's board is the gatekeeper for FTZ 39, having sought expansions via subzones in the past, but not a full-blown expansion. "This is the largest we've ever sponsored. I know it's the largest in the state of Texas," Pyles says, "and one of the largest in the US." The board has 2,500 acres of on-airport designated land in its bank.

"Parks are sustainable without it. Certain customers use it and certain customers don't," Allen says. "Clearly we do not have any industrial parks without a Foreign Trade Zone opportunity. That's an important part of the package."