

The Dallas Morning News

April 14, 2007

Officials celebrate hub plans

S. Dallas County: Hopes high at ceremony for future logistics center

By Frank Trejo

LANCASTER – When Dallas Mayor Laura Miller urged the nearly 1,000 people gathered Friday at the Lancaster Municipal Airport to "celebrate like you've won the lottery," she meant it.

The reason for her exuberance was the ceremony to introduce the 6,000-acre Dallas Logistics Hub, a facility that once built many believe could become one of the largest economic engines in the region, generating billions of dollars in investment and tens of thousands of new jobs.

"We will not see this kind of development for a very long time," Ms. Miller told the crowd, adding that in time the hub may come to rival the Dallas/Fort Worth International Airport in importance for North Texas.

Friday's ceremony drew optimistic local, state and federal dignitaries, as well as area residents and business people who hope the development will be a major force in transforming southern Dallas County – a historically underdeveloped area – into a thriving economic community.

The Dallas Logistics Hub, being built by San Diego-based The Allen Group, is almost equally in Dallas, Lancaster, Wilmer and Hutchins. It has easy access to Interstates 20, 45 and 35E, as well as the proposed Loop 9.

It is adjacent to the Union Pacific intermodal railroad terminal, and Allen Group officials are negotiating with Fort Worth-based Burlington Northern Santa Fe Corp. about opening a similar

terminal on the western side of the hub. People in the logistics industry consider the land around railroad intermodals as valuable as "ocean-front property," said Richard Allen, founder and chief executive officer of The Allen Group.

Edward Romanov Jr., president and chief operating officer for The Allen Group, explained that the least expensive method of transporting goods is by ship, followed by train and then truck. Companies can save big money by keeping goods on ships and trains as long as possible and then efficiently transferring them onto trucks for shipment to major population areas, mostly in the eastern half of the U.S.

Major big-box retailers use logistics facilities such as this one and the one at Tarrant County's Alliance development, not only to unload their goods from trains but also for distribution centers where goods are stored, sorted and eventually shipped by truck to other parts of the country.

The Dallas Logistics Hub will be the first major local competition faced by Alliance, the 11,600-acre development north of Fort Worth that opened in 1989 by Hillwood, the large commercial and residential development company owned by Ross Perot Jr. The Dallas hub will pursue the same tenants as Alliance – big-box retailers and manufacturers.

When the Dallas Logistics Hub is complete in the next 30 to 40 years, it is expected to employ about 30,000 workers in as much as 60 million square feet

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of distribution, manufacturing, office and retail facilities. About 65 percent of the land will be set aside for industrial and distribution space, with offices and other commercial development on the rest.

The hub is expected to create a property tax base of \$2.5 billion. Company officials predict that the direct economic impact of construction and employment at the facility through 2035 will be \$68.8 billion.

In November, Dallas voters approved a \$33 million bond to help pay for infrastructure improvements at the hub, and Lancaster plans to eventually lengthen its 5,000-foot runway to accommodate cargo flights.

Mr. Allen said that his company has been working on opening the Dallas Logistics Hub for more than three years, starting with a site visit in October 2003. Several factors figured in the decision to develop in southern Dallas County.

"For whatever reasons, this part of the county had been underdeveloped," Mr. Allen said. "There was a large tract of land available near several key interstates, next to two rail lines and with a large available labor pool."

It was a formula that has already proved successful for Mr. Allen in California, where he launched his commercial development business. The formula was so successful that at least one North Texas city official expressed surprise that such a project like the hub hadn't already been launched here.

"It's amazing to me that a group has to come in from California and do something that should have been done 20 years ago," Lancaster Mayor Joe Tillotson said before the ceremony.

Activity in the area may be showing signs of growth. Mr. Allen said that in recent years, other major development companies have begun to show interest in southern Dallas County.

"But we were here when here wasn't cool," he said. "We're delighted to have the confirmation of our vision."

In addition to Ms. Miller and Mr. Tillotson, others in attendance at Friday's ceremony included U.S. Rep. Eddie Bernice Johnson, D-Dallas; Texas Secretary of State Roger Williams; Jan Hart Black, president of the Greater Dallas Chamber of Commerce; Dallas County Judge Jim Foster; Hutchins Mayor Artis Johnson; and Julie Nelson, deputy administrator for the U.S. Department of Transportation's maritime administration.

Now that ground has been broken on the hub, The Allen Group officials don't plan to waste much time getting their vision up and running. On Friday the company announced that it would start construction within 60 days on two buildings – one at 637,000 square feet and the other at 208,000 square feet – at the logistics hub site. Both are "spec" buildings, meaning that the company hasn't signed tenants for the structures, but officials are confident they can fill them.

"That certainly shows we're in here for the long term," Mr. Romanov said, "as if \$350 million in investment hasn't done that already."