

Dallas Business Journal

July 19, 2007

Dallas Logistics Hub –the new buzz in southern Dallas County

As most industry experts will acknowledge, the three most important success factors in real estate are “location, location, location.” This statement is especially true in the context of global trade and transportation trends, all taking place around Dallas, Lancaster, Wilmer and Hutchins –home to the new Dallas Logistics Hub (“The Hub”).

The Allen Group, one of the nations’ fastest growing privately held real estate firms, is responsible for the creation of one of the most sophisticated logistics parks in North America, with over 6,000 acres master-planned for the development of more than 60million square feet of distribution, manufacturing, office and retail uses.

The Dallas Logistics Hubs’ unique infrastructure access includes: Union Pacific’s Southern Dallas Intermodal Terminal, a planned BNSF Intermodal facility, four major highways and the possibility of a future air-cargo facility at Lancaster Airport. The Hub will position Southern Dallas County ad the premier trade hub in the United States and will serve as the gateway for the distribution of goods to the major population centers throughout the Central and Eastern United States.

Slated to be one of the biggest economic engines in North Texas, the Dallas Logistics Hub, at full-out, will create approximately 31,000 direct and 32,000 indirect jobs and have a \$68.5 billion economic impact to the Dallas/Fort Worth Metroplex.

“Transfers to inland ports are becoming more frequent, driving demand for larger, exceptionally well-located distribution and logistics facilities such as the Dallas Logistics Hub,” said Edward Romanov, President & Chief of The Allen Group. “This is due o the fact that the sheer volumes of

goods that flow through our nation’s seaports have overwhelmed the port’s capacity to process the goods.”

Because of their structural limitations or technological shortcomings, many of the facilities at surrounding ports are too aged, outmoded and ill-equipped to meet the challenges of the 21st century. Additionally, the cost of land and lease rates around the major sea port markets have increased dramatically, creating an over-developed and overpriced market.

The Dallas Logistics Hub is a key component of the NAFTA infrastructure and will serve as a major “inland port” bringing products form the Ports of L.A./Long Beach and Huston, as well as the western deep water ports in Mexico for regional and national distribution. This prime location in the southern sector of Dallas has very little congestion issues; thereby preventing additional distributions in the supply chain process.

Just days after the successful Dallas Logistics Hub opening in April 2007, with over 1,000 people in attendance, The Allen Group announced they had executed an agreement granting BNSF Railway Company the right to purchase the land within The Hub as the next step in elevating the possibility of a new intermodal facility at this location.

“Under the agreement, BNSF has the right to purchase a minimum of 387 up to a maximum of 530 acres of land within The Hub for construction of an intermodal facility,” explained Daniel McAuliffe, President of Allen Development of Texas. “The site under option fronts 8,000 feet of BNSF track in the Cities of Dallas and Lancaster and represents a

www.allengroup.com



portion of the 2.5 miles of BNSF track frontage located within The Hub.”

Additionally, in early June, INVITE, an entity of the State of Nuevo Leon, Mexico, signed a historic Memorandum of Understanding (MOU) to increase the competitiveness of the Interpuerto and the Dallas Logistics Hub. INVITE is simultaneously developing an inland port and manufacturing facility of their own, and the new international partnership will focus on improving the security, speed and efficiency of moving goods between these two major logistics centers –thus creating an efficient new trade corridor between Mexico and the United States.

Furthermore, the MOU establishes a collaborative of the parties on several issues, including the designation of a customs pre-clearance zone for the development of integrated logistics systems connecting the Interpuerto in Monterrey –Saltillo, Mexico and the Dallas Logistics Hub in Southern Dallas County, Texas. INVITE has also initiated the creation of improved logistics systems between the states of North Eastern Mexico and Texas, designated as NEMEX-TEX, including the development of Monterrey as a Logistics Gateway.

“The objectives on both sides of the boarder are to improve the competitiveness of enterprises established at both locations, as well as to bring the goods movement through the area,” said Leslie Jutzi, Director of Government Affairs and Community Relations for Allen Development of Texas.

The Allen Group anticipates that this proprietary transportation system and formalized relationship with INVITE will result in better delivery times and an increase of competitiveness with Mexican goods being delivered to the Dallas Logistics Hub.

In addition to the MOU signing, The Allen Group has begun construction on two spec

warehouse/distribution buildings –192,500 and 633,500 square feet respectively. Commencing this summer, the first two spec buildings are slated for completion in February 2008.

As inland port locations are quickly becoming huge markets for the regional distribution of goods to population centers throughout the U.S. it is important that companies undergo due diligence when searching for industrial , office, warehouse and/or build to suit options and select locations that offer multiple transportation options such as the Dallas Logistics Hub.

Notably, there are only a few prime locations in this country that can accommodate true inland ports. Highway systems have largely been built out and large land positions are limited, expensive and difficult to assemble. Those who are successful at distribution and logistics in the decades to come will be companies that capitalize on identifying large logistical sites, strategically at the nexus of our interstate highway systems.

The Allen Group specializes in the development of high-end industrial, office, retail and mixed-use properties throughout the United Sates. The company’s major focus is the development of logistics parks –“inland ports” –that are strategically situated adjacent to some of the most sophisticated rail, intermodal and highway infrastructure in the country. The Allen Group has developed over one billion dollars in project, ranging in size up to 1.7 million square feet and currently has over 8,000 acres under development across the United States.

For more information about The Allen Group, please log on to www.allengroup.com or for more information about the Dallas Logistics Hub, visit www.dallashub.com.

