September 19, 2008

Dallas-Fort Worth gaining prominence as logistics hub, study says

With its midcountry location and abundance of affordable real estate, Dallas-Fort Worth has long been one of the country's largest warehousing and distribution centers.

And a new report distributed by real estate broker Colliers International suggests that the D-FW area will gain even more prominence as a logistics hub.

The credit goes, again, to location plus – the newer wrinkle – high fuel costs.

North Texas' rail networks are a big factor in competition for warehousing, according to the study written by the University of North Texas' Dr. Terrance Pohlen.

"The strategic location of the area has attracted many businesses seeking short transit times from a single point to the U.S. market," Dr. Pohlen said.

"Intermodal freight from Asia can reach the metroplex within three weeks as opposed to four weeks to arrive in Houston or the East Coast.

"Trucks departing Dallas-Fort Worth can reach over 75 percent of the U.S. population within a two-day drive time."

Colliers' executive vice presidents Tom Pearson and Chris Teesdale say that increases in fuel costs are causing most distributors to take a look at how they do business.

"We think that has a big impact on why a lot of decisions aren't being made on new distribution centers," Mr. Teesdale said. "They are trying to figure things out."

A decade ago, $500 worth of diesel fuel would have gotten a truck full of merchandise all the way across the country. At recent prices, that cargo will get only about 700 miles, the UNT study shows.

The increases in trucking costs may cause distributors to opt for multiple warehousing locations that are closer to the market they serve, rather than relying on central depots, Colliers predicts.

"That's certainly a strategy these distribution operators are considering," Mr. Teesdale said. "We are certainly going to see a lot more facilities being built here, although they would maybe not be the big million square-footers."

Stoneleigh Hotel

One of the big questions in Uptown this summer has been what's up with the Stoneleigh Hotel's new condo tower.

Construction on the high-rise residential building has been going nowhere for the last couple of months.

While work crews have continued to toil away on the lower floors of the building on Wolf Street off Maple Avenue, the height of the tower has remained unchanged.

Right now it's about half the planned 22 stories.

Execs with developer Prescott Realty – which is building the project in partnership with Apollo Real Estate Advisors of New York – say they are on track to finish the building but have been concentrating on the lower-level garage and other amenities shared with the landmark hotel.

The developers intend to close on financing for the tower soon, according to Prescott CEO Jud Pankey.

"As you can imagine, securing new financing in today's market has become more and more difficult, but it is still possible to accomplish for strong projects with strong sponsorship," he said in an e-mail. "But this is a more tedious and time-consuming process than ever.

"Despite all these challenges – and the constantly changing deal terms we have had to endure – we are at a point where we have both a senior lender and a mezzanine lender finalizing documents," he said. "So, despite all the headlines of financial marketplace turmoil, our plans are on track and we continue to look forward to the successful completion of the entire project."

Mr. Pankey said he expects work on the tower to resume "well before the holidays."

Cushman & Wakefield

Cushman & Wakefield's Dallas office is beefing up its investment sales operation with the addition of several professionals.

Stephannie Mower – who was formerly an executive vice president with PM Realty Group – has joined Cushman & Wakefield along with three other brokers.

Ms. Mower will be the executive director of the Dallas capital markets operation.

Barney McAuley, Brandon Beeson and Mart Martindale are also making the move to Cushman.