



TERRY DARROW



DAVE ANDERSON



TOM PEARSON

security is another factor, in terms of what they require, and having enough land there where they can fence it off and have the necessary security. I think that's another factor that goes into building coverage and site coverage.

ANDERSON: Yes. We took a look at the cost of a fulfillment-type, e-commerce building. You need extra parking, more trailer storage, fencing, security, circulation lanes, and so on. It ended up that the additional land, concrete, paving, lighting, and fencing added about \$10 a foot to the building cost. That's a dilemma that developers have today. Do they build an e-commerce spec building for a potential user? If they're competing for non-e-commerce users, they're just not going to win. They're going to have a rate that they can't achieve.

WHEELER: The majority of the build-to-suit proposals have the maximum parking, trailer storage, fencing, etc. Though they all want it, how many of them want to pay for it?

ANDERSON: The last couple of build-to-suits—Kimberly Clark and Georgia Pacific—both were looking at 850,000 to 1.5 million square feet. I think it's a real dilemma, because the investors then look at it and say, "Wait a minute. What about the second generation?"

Let's talk a little bit about southern Dallas. It seems it's really exploding. I'm curious to know why the time is finally right for activity in the southern sector.

NAPPER: The southern sector has been there for 20 years. But we're just now experiencing and enjoying it. The reasons are that labor is now there, transportation is there, and you have the availability of sites. We've run out of development sites in North Dallas; there are virtually no sites around the airport. Ten years ago, we started looking to where the next sites would be, and then DISD was going for a triple Freeport exemption, and that started a whole subculture down there and a whole different market. You can develop a building at \$3.50 rent rates, which everybody wants to do.

“HOW LUCKY ARE WE? THERE'S MAYBE 9,000 ACRES OF POTENTIAL INDUSTRIAL LAND SITTING 10 TO 12 MILES FROM DOWNTOWN.”

—DAVE ANDERSON

PEARSON: I'll tell you another thing I experienced. Seven or eight years ago, Chris Teesdale and I took a listing from the Allen Group, and we had 300 acres or so that they wanted to sell. We made all the rounds to every developer, sent it out to the brokerage community, and the big negative we heard is that there's "no history." At that time, there was very little history of absorption in that market, so getting a lender on board was almost impossible. Now, eight years later, you have a history of build-to-suits down there. I think it was a big thing when companies came and had these big requirements. Developers started to see the other areas where sites were available, and all of a sudden, people and money come flooding into the marketplace.

ANDERSON: But how lucky are we? There's maybe 9,000 acres of potential industrial land sitting 10 to 12 miles from downtown Dallas. It's at the confluence of I-35 and I-45, which can hit major markets in Houston, San Antonio, and Austin. Plus, you're right there at I-20 going east and west. Then there's the FedEx Ground hub, which is the second-largest ground hub in the country. Everything is aligned.

DARROW: I think it's a mental block. If you think about LBJ and the Tollway, how far is that? You can get out of the parking garage and be up there in 15 minutes. Well, you can do the same thing to I-20 to South Dallas. So mentally there has been some sort of wall—and we don't go over that wall—but it has changed.

BRICE: I think you have the amenities and the labor pool now. If you look at all the communities—DeSoto, Cedar Hill, Duncanville—the growth that has taken place in the southern sector is from a labor standpoint.

NAPPER: Niagara had a job fair for 250 employees, and they had 1,600 people [show up]. All they did was advertise in the local papers.

DARROW: And they were qualified workers, too. That's what they were excited about: They were qualified laborers.

WHEELER: Originally a lack of infrastructure in South Dallas was the issue.

NAPPER: You've got to give credit to the City of Dallas and the infrastructure improvements they've made. And they have really helped not just Dallas but Wilmer and Hutchins. They brought water and sewers to those areas, plus tax incentives

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