



DFW's Top Real Estate Stories of 2015

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Coming up with a list of the year's top real estate stories in a market as big, broad, and active as Dallas-Fort Worth wasn't easy. Ranking them was even more difficult. For our cover story in the 2016 D CEO Real Estate Annual, editors looked beyond the biggest deals to single out the trends, transactions, and events that we felt had the greatest impact on North Texas.

We began by analyzing traffic for our D Real Estate Daily news site and surveyed the site's contributing editors and D CEO's 2015 Power Brokers. We considered all submarkets and sectors, from office and industrial to retail and multifamily.

With the Urban Land Institute selecting Dallas-Fort Worth as the country's top real estate market for 2015, ranking the region's top real estate stories isn't likely to be any easier next year—and that's good news for all of us.

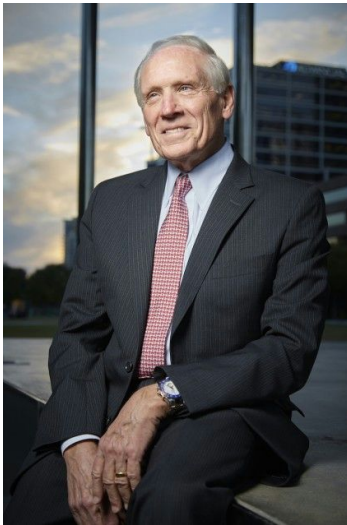
No. 1: The Impact of Klyde Warren Park

When the 4.5-acre deck park over Woodall Rodgers Freeway opened in the fall of 2012, no one could have predicted the profound impact it would have on the Dallas commercial real estate market. Those effects have especially been felt in Uptown and downtown Dallas, where office lease rates in buildings surrounding Klyde Warren have jumped by nearly 50 percent since the park made its debut.

Dallas is one of the few cities with the gumption to make something like a Klyde Warren Park happen. The effort, which began in earnest in the early 2000s, was led by banking executive Jody Grant, Crescent Real Estate's John Zogg, and Linda Owen, formerly with The Real Estate Council. "The impact has far surpassed our wildest imagination," Grant says. "We were just coming out of the Great Recession, with a lot of uncertainty about the future."

An initial impact study showed the park could lead to about \$350 million in new development. "Well, it has been over \$1 billion—in fact, it's probably a lot more than that," Zogg says. Beyond

driving up real estate values, Klyde Warren Park has helped change the perception of Dallas, Zogg says: “We’re becoming a world-class city, and it’s only going to get better.”



Jody Grant, chairman of the Woodall Rodgers Park Foundation

No. 2: American Airlines’ New HQ Hub

Rumors persisted for months that the world’s largest airline was considering a headquarters relocation, one that could potentially take it to Irving—or perhaps another market altogether. Despite the buzz, though, few believed American would leave Fort Worth, having put down deep roots ever since moving there from New York in 1979. And that’s how the story played out. In October, the carrier announced plans to build a four-building headquarters near its existing west campus at state highways 360 and 183.

The new compound will house about 5,000 employees and be built on 97 acres owned by DFW Airport, which will lease the site to American. Existing office buildings on the property—a former headquarters for Sabre Holdings—will be bulldozed to make way for new development. In a letter to employees, American said its two existing headquarters buildings were becoming increasingly inefficient and costly to maintain. What’s more, their remote location made it difficult to connect with employees at the west campus, which houses the company’s flight academy, university and conference center, reservations center, operations center, and the C.R. Smith Museum. American plans to break ground on its new headquarters in the spring, and take occupancy in 2018.

No. 3: Suburban-Urban Boom

Companies no longer want to exist on an island in a corporate park. Instead, favor has shifted to dense, multi-use projects that deliver that all-important live-work-play experience. The movement has hit North Texas in a big way.



Legacy West in Plano

CityLine in Richardson, anchored by huge operations for State Farm and Raytheon, showed everyone how it's done when it opened in 2015. The complex is still growing and eventually will contain 6 million square feet of office space, 300,000 square feet of retail space, two hotels, and as many as 4,000 apartments.

Billingsley Cos.' Cypress Waters development is seeing explosive growth. But ground zero for suburban-urban is squarely in Plano and Frisco, where the scale of development is unprecedented. At Legacy West in Plano, office campuses for Toyota Motor North America, FedEx Office, and Liberty Mutual are open or underway. Announcements in 2015 included a 30-story condo tower from Palladium USA and a 14-story multitenant office building from Gaedeke Group. A 35-acre urban village within the development will include apartments, a 300-room hotel, and 280,000 square feet of retail space.

In Frisco, Jerry Jones is at work on The Star. The 91-acre project will be home to a six-story headquarters for the Dallas Cowboys, an event center, a 200,000-square-foot Baylor sports medicine facility, and retail and entertainment space. In November, Jones announced a partnership that will add a 300-room Omni hotel.

No. 4: Facebook Friends Fort Worth

As the son of EDS founder Ross Perot, Ross Perot Jr. grew up in a data center world. So it was particularly rewarding to win a \$1 billion data center for Facebook at his AllianceTexas development in Fort Worth. "Facebook is one of the great high-tech companies of the 21st

century,” he said at a ground-breaking ceremony in July. “The fact that we were able to go through the Facebook process, which is very rigorous and very professional, and come out on top, shows the world that this is where you want big data centers to be. Data centers are the new steel factories ... they’re the engine rooms of high-tech companies.”



Construction of Facebook’s newest data center is underway in North Fort Worth.

Initial plans call for three 250,000-square-foot facilities, with the first phase slated to open next summer. They’ll sit on a 110-acre site north of State Highway 170, and are being built by DPR Fortis Mission Critical.

Facebook joins a number of other data center tenants at Alliance. With its low cost of electricity, mild weather, and separate power grid (in Texas), Dallas-Fort Worth has become one of the top data center markets in the country. “The good news is, we have Facebook in Texas,” Perot said. “The better news is, a lot more business is coming.”

No. 5: Corporations Relocations Keep Coming

The biggest commercial real estate story of 2014 was Toyota’s announcement that it was relocating its North American headquarters from Torrance, California, to Plano. The aftershocks of that announcement are still being felt. Toyota Industries Commercial Finance Inc. will establish a new headquarters at Billingsley Cos.’ Cypress Waters development. And service providers like the automaker’s ad agency and law firm are establishing a presence in the region, too.



Kubota's new headquarters in Grapevine

A decision by one of the world's most respected companies put a giant stamp of approval on North Texas. Two Torrance-based companies took notice. In August, Farmer Brothers Coffee broke ground on a \$40 million headquarters in Northlake. And in October, Kubota Tractor Corp. and Kubota Credit Corp., subsidiaries of Kubota Corp. in Osaka, Japan, kicked off construction of a new North American base in Grapevine. The complex will include a 125,000-square-foot headquarters and 68,000-square-foot research and development facility.

More than half of the 70 corporate relocations the Dallas Regional Chamber has helped secure for the region in the last three years have come from California, says Dale Petroskey, the organization's president and CEO. In a November presentation to the United Way of Metropolitan Dallas' Tocqueville Society, Petroskey said more good news is on the way: "Success always begets success. A lot of other companies are circling our area."