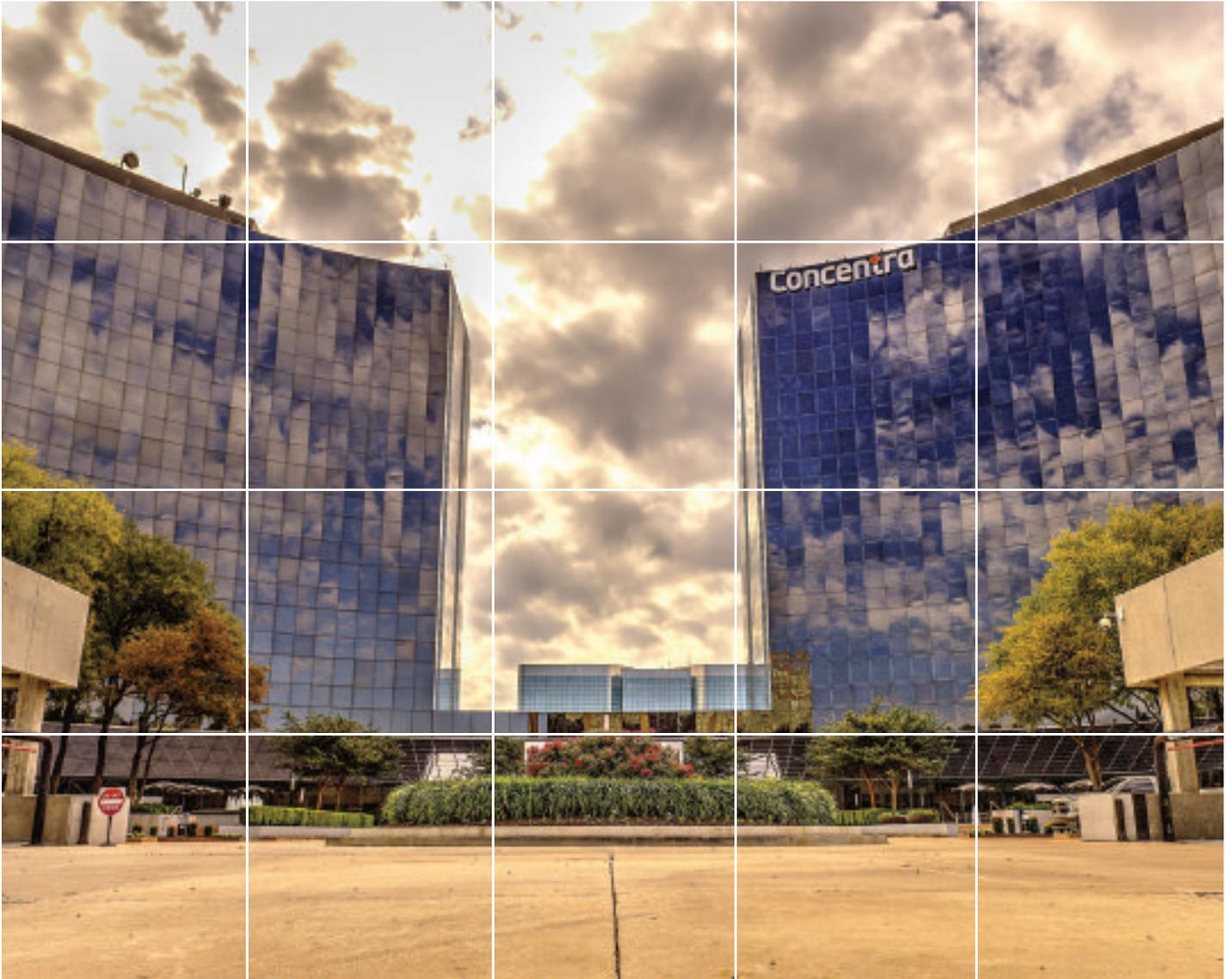


# FOUNDATIONS

Money / Real Estate / Talent



## They've Still Got It :

*Grand New Projects Are Not the Only Shining Stars in the Current North Dallas Real Estate Boom*

**IMAGINE A HOLLOW** North Dallas; imagine the city exactly as is, but without the emotion, drive and steady chaos of its occupants. Suddenly, all that stands are cold perpendiculars, thirsting for businesses and consumers alike. This is commercial real estate. By itself, it may not sound tender or sympathetic, but it sets in motion the daily routine of Dallas-Fort Worth's

approximately 7.5 million residents. Whether we're toting our children, our coffees, our experiences or our visions, we're both consciously and unconsciously shaping the city around us, softening the harsh right angles and creating a home.

The home we've created in North Dallas is nothing short of resplendent, and that's primarily because



# Snapshot of North Dallas Commercial Real Estate

North Dallas Commercial Real Estate Continues to Grow, from Office Space and Retail To Warehouse and Industrial Properties

By Aly Payne

our area offers a wide array of commercial property – office, retail, industrial, multifamily, hotels, etc. Likewise, a sizable percentage of the commercial real estate can be labeled as elite. In this edgy, sometimes even duplicitous, business, these classifications make all the difference.

Each class varies depending on property type, as well as amenities, aesthetics and location. In regard to office buildings, “Class A” is considered the crème de la crème due primarily to quality of construction and location. “Class B” pertains to quality construction with a less desirable location, and “Class C” encompasses all remaining properties.

For North Dallas cities such as Addison, location is hard to beat, according to the Town’s Director of Economic Development & Tourism, Orlando Campos. “The area sits equidistant from Downtown Dallas and the suburbs of Plano and Frisco. This provides companies with an opportunity to capture a labor force from a much broader region with much easier access.” He goes on to explain how its location also “provides for a much quicker access to DFW and Love Field and has access to a much broader ancillary support system with hotels and restaurants.”

You don’t have to boast business acumen or a knack for commercial environment to understand the value in geographical location. Neighboring Dallas Midtown, currently under construction, will be host to a postal code that also turns heads

– be it in the north or south – with Addison’s same central locale. However, ease of travel isn’t always what contributes to mass appeal. Having everything right at your fingertips brings its own je ne sais quoi.

Just a few miles down the North Dallas Tollway, Plano’s Legacy West made its recent debut. Exuding sophistication, the 250-acre lush urban destination is quickly becoming home to coveted retail, dining, residential, hotel and office space. The reason for batting eyelashes? That same “live, play, work” space offers consumers and business residents the whole package. Sure, it may require more travel time to Downtown, but it begs the question, why even leave in the first place? And if you must, it’s still only a stone’s throw away from the Dallas North and Sam Rayburn toll roads.

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 -Orlando Campos,  
 Town of Addison’s  
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 Tourism

North Dallas continues to acquaint itself with this increasingly popular concept of “live, play, work,” recognizing the demand and celebrating its place in society. In fact, we’re sure to see the blueprint only evolve. Town of Addison’s Orlando Campos believes we’re going to see the area transition into a more modern, mixed-use development with large office buildings, some retail, and multifamily units, forcing the existing demographics to change quite a bit as a result. How quickly can we expect this to occur? Well, that may be dependent upon the various headquarters located in

North Dallas, both present and future.

Currently, major employers in the area include Texas Instruments, Bank of America, Mary Kay Cosmetics, Hilton Worldwide, JC Penney Co., Hitachi Consulting, InterContinental Hotel Dallas, Dr Pepper Snapple Group Inc., Toyota, Cinemark Holdings Inc., and Rexel. The list goes on, and the list keeps extending. In 2017, Addison alone welcomed 18 additional corporations to the mix - Cinepolis, Wing Aviation, Digility, and Vitas Healthcare are among the many. Each time a new player is welcomed, the arena changes and at a faster pace.

Ultimately, no city avoids the inevitable and proverbial facelift. Over a span of five years, North Dallas' vacant, undeveloped properties have seen renovation in order to accommodate additional office buildings, living space and retail venues. Addison Circle and West Plano Village are nearly built out with luxurious town homes and swanky flats, while The Shops of Willow Bend in Plano is in the process of adding a seven-story, 200,000 square foot Class A office building.

"North Dallas will always be one of the major hubs in the Dallas-Fort Worth business community because of its convenient access to all parts of the city," said James Davis, vice president of NAI Robert Lynn, a commercial real estate company in Dallas-Fort Worth. "In fact, NAI Robert Lynn has been located in this area for almost 10 years. LBJ Freeway and the Dallas North Tollway are like 'Main and Main' in Dallas!"

So, what is it that really makes a client want to invest in a given area? "Considerations will vary from client to client on whether they are looking for office, retail or industrial," says Campos. "Fortunately, there is quite a bit of all inventory in all sectors, and each community in the immediate area has different property tax rates that impact the overall lease rate and cost of doing business." That may bode well for those areas with older, well-maintained buildings offering stronger competitive lease rates in comparison to those newly built-out areas, but it's not the only consideration.

Finding commercial property suitable for a client closely parallels buying a house, which is no easy feat. It's an emotional process - an incubator for a dream that's been nurtured and the threadwork in a meticulous and intricate pattern. Needless to say, it can be very time consuming.

First and foremost, it's necessary to hire a real estate broker who feels more like a partner, someone who strives to see the vision, has extensive knowledge of the area and building, and who is willing to negotiate the best price and circumstance. Many businesses find a broker specializing in their field - retail, office, industrial - can provide an advantage throughout the process.

But can it really be that hard when our metroplex seems to be expanding exponentially? Though fortunate enough to offer Class A properties, North Dallas buildings still vary greatly, and clients need to consider the ideal customer or employee pool, property type and zoning, size, budget, accessibility and more. Law firms

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Current occupancy in our area is 86.3 percent office with an average lease rate of \$25.20 per square foot, 91.5 percent retail with an average lease rate of \$18.08 per square foot, and 98 percent industrial with an average lease rate of \$7.17 per square foot.  
-CoStar

may choose a high-rise building with a greater amount of space, while retail owners typically favor ground-floor level surrounded by a close-knit community - it all depends on the business.

According to CoStar, the #1 commercial real estate information company, current occupancy in our area is 86.3 percent office with an average lease rate of \$25.20 per square foot, 91.5 percent retail with an average lease rate of \$18.08 per square foot, and 98 percent industrial with an average lease rate of \$7.17 per square foot. Commercial real estate firm CBRE

announced in a recent report that 2017 marked an all-time high for North Texas retail building occupancy, and it's only expected to increase. As more hotels, restaurants and living spaces cater to the needs of North Dallas companies and their employees, real estate firms will be banking on the future. One company that could turn the tables for North Dallas in 2018 is Amazon. Davis explained, "A key factor in any growing real estate market is the ability to attract new tenants and increase demand. Due to the fact that North Dallas has seen an overall decrease in vacancy over the last five years, we strongly believe corporations will continue to look for office space in this thriving hub."

Seattle-based Amazon accepted bids to build a second headquarters, and if all pans out, the company stands to employ up to 50,000 people. It's an estimated \$5 billion project, and it comes as no surprise to hear that North Dallas is in the running. Criteria for the HQ2 includes diverse population, access to a research- and information-technology-savvy workforce, and available public transportation. As previously mentioned by Campos, the exciting transition to a more modern, mixed-use development may be expedited if the online retail giant plants its stakes in our Corridor.

To put it simply, commercial real estate is so much more than vacant land, empty walls and tiled floors. It isn't just a price tag in a competitive market or the groundwork for a business agenda. Commercial real estate is a spark that catches the eye, tugging at innovation and creating a push for something bigger. It's the keys to the car, and we're in the driver's seat; how we choose to use property determines the direction in which we're cruising. So, where to next?

