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Ready for more

Las Colinas urban center poised for major growth spurt

Dallas Business Journal - by [Katherine Cromer Brock](#) Staff writer

Two large mixed-use projects planned for the urban center of Las Colinas are scheduled to break ground by the first quarter of 2009, possibly sooner.

Officials with Water Street by Gables Residential and Las Colinas Station by Icon Partners are hopeful that work will begin on residential and retail development then.

When finished, the two large projects will bring to Las Colinas a combined 390 hotel rooms, 1,500 residential units, 250,000 square feet of retail and more than 840,000 square feet of office space.

Almost all of the 960 acres of land surrounding Lake Carolyn in the heart of the urban center has been purchased. Plans are in the works for more than a dozen parcels, said Leanne Weymouth, executive director of the Las Colinas Marketing Alliance.

Currently, there are 2,977 residential units in the Las Colinas urban center; 1,043 hotel rooms; 166,000 square feet of retail space; and about 6 million square feet of office space.

When all of the development is finished around Lake Carolyn, Las Colinas stands to have almost 11,000 residential units; 1,575 hotel rooms; 840,000 square feet of retail space; and 7.8 million square feet of office space. City officials project that the taxable value of the existing and planned development in the urban center will be about \$3.5 billion.

“The challenge is the same one that everybody’s having right now — there are tough markets out there,” said Brenda McDonald, director of real estate and development for the City of Irving. “Urban projects are moving forward in spite of the market. That speaks to what the urban center brings to the table.”

Weymouth said she’s confident that Las Colinas will be able to sustain the amount of residential and retail in the works.

The office space presents a challenge. There are currently five office developments planned.

Gables Residential and Icon Partners officials have said office developments in those projects may lag behind retail and residential, slowed by a lack of capital in the nation’s sluggish economy.

“The players that we have are so strong,” Weymouth said. “But even the strong players are having a little bit of a hard time. Unless they have a major tenant sign up for (the office space), I don’t think a lot of these will pull the trigger.”



bud force

CRITICAL MASS:
Leanne Weymouth, executive director of the Las Colinas Marketing Alliance, is helping oversee the development of new residential, retail and office space in Las Colinas’ urban center.

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Moving target

Water Street is scheduled to be the first new retail to start building, possibly by the end of the year. But that date has been moved before: the original start date was May, then June, then September, Weymouth said.

The time is right to start work on Water Street, said Tom Bakewell, regional vice president of investments with Gables. Work will begin on retail and apartments in the \$300 million project, which was partially funded by the City of Irving, with bonds and funds from a Tax Increment Finance district adding up to about \$52 million. A TIF uses tax revenue to fund projects in a designated geographical area.

Still, Bakewell said Water Street is looking for a mix of retail tenants, and isn't ready yet to announce any retailers for the project.

The goal is to have the first phase completed by the time the **Dallas Area Rapid Transit** rail station opens in the middle of the Las Colinas urban center in December 2011, Bakewell said.

Water Street's 250,000 square feet of office space and 140-room boutique hotel will be in the development's third phase, and Gables won't be the developer of those buildings. Construction won't start until Gables can find buyers.

"We anticipate by then that the economy will have rebounded, and the credit market will have improved," Bakewell said.

The market in Dallas often runs counter-cyclical to national trends, said Jim Lob, senior vice president with UGL-Equis.

"It's still strong," Lob said. "The market, we all know, has changed dramatically from a credit point of view. In that area, there's a need for residential and retail."

Apartments first on tap

Icon officials hope to break ground on Las Colinas Station's 500 apartments and a 335,000-square-foot office tower by the first quarter of 2009. But when the office development begins depends largely on future tenants coming forward.

"Preleasing for office is a requirement," said Marc Sullivan, senior vice president of Icon Partners. "We've gotten a couple of nibbles, but there's not a lot of activity." According to Icon's Web site, Las Colinas Station will be worth about \$150 million.

The first phase will be complete about two years after ground is broken.

"Right now, I'm not optimistic that anyone has the capital lined up for anything that doesn't have significant precommitment," said Robert Deptula, an office tenant broker with commercial real estate firm Transwestern.

"There isn't sufficient office demand to justify an office building unless it's part of a bigger picture. It's a process, and each of the pieces have to fall into place."

All about trains and timing

City and development officials believe that all of the pieces are in Las Colinas.

The apartments on the ground already have a 95% occupancy rate, Weymouth said. According to recent surveys, Las Colinas has about 38,000 residents, but 120,000 people travel there to work.

That makes the planned DART light rail station key to the area's growth. The train will connect Las Colinas to

downtown Dallas by 2011, then will extend to the Dallas/Fort Worth International Airport by 2013.

“That’s a lot of what the timing was based on in the beginning,” Weymouth said. “You’re going to see a lot of this finished just in time for the train in December 2011.”

Both Bakewell and Sullivan said the proximity to the new mass transit was a draw, although Deptula points out that typically, development has not preceded the opening of a new DART station. It has followed.

“It is a very attractive element, to be on the doorstep of the DART line,” Sullivan said. “We are definitely marketing the project as a truly viable, transit-oriented development.”

Bakewell said he believes proximity to the light rail will draw in office tenants and apartment dwellers.

“That was definitely a long-term factor in selecting the site,” he said.

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