

September 4, 2008

\$30M-Plus Auction Yard Fueling More CRE Plans

By *Connie Gore*



175-Acre Project Site

HUTCHINS, TX-With the final details now ironed out, the Allen Group Tuesday will break ground on its first build-to-suit in the 6,000-acre Dallas Logistics Hub in the southern sector. The milestone deal with Adesa Inc. for a 200,000-sf auto auction complex is opening doors for additional commercial space to support the multi-modal industrial hub.

"This is a very unique use. It doesn't interact or feed off the intermodal facility or the rail lines. It's a destination for car dealers," says Daniel J. McAuliffe, president of Allen Development Texas LLC, "and it creates a tremendous need for hotels in the area." Likewise, Adesa's 175-acre tract at 3501 Lancaster-Hutchins Rd., secured by a 20-year lease with options, is expected to be a catalyst for brand-new retail and restaurant development in the corridor.

The San Diego-based Allen Group has peppered Dallas Logistics Hub's master plan with eight hotels

at two entrances to its land. McAuliffe tells GlobeSt.com that the hope is at least one hotel will be under construction at the eastern end when Adesa's complex comes on line in July 2009 and \$8 million of road and utility line infrastructure is finished.

We're trying to identify what levels of service we want to have and the flags we want to have," McAuliffe says. "There is a lot of interest from the hoteliers, but nobody has stepped up at this point." The door is open to sell a site, a build-to-suit or an Allen-owned hotel with a management company to run it for the kick-off play. Meanwhile, city leaders are in talks with retail developers for a number of prime sites, he says.

For now, the focus is getting a showcase auction yard up and running for Adesa, which plans to sell its 50-acre hub at 1224 Big Town Blvd. in Mesquite, roughly 13 miles north of its new location. The same team that negotiated the build-to-suit lease is marketing the Mesquite yard--Bob Hagewood, vice president with Dallas-based Stream Realty Partners LP and Bob Ikel, an independent broker for IC3 Real Estate Consultants, also in Dallas.



Adesa Build-to-Suit

Adesa will double in size when it's time to relocate to the new yard, which will have 2,500 feet of frontage along Lancaster-Hutchins Road. With an all-in development cost topping \$30 million, the complex will consist of an 80,000-sf auction arena, 110,000-sf reconditioning center, 10,000 sf for a tech center and car wash and parking for 22,000 vehicles for inventory, customers and employees.

The Carmel, IN-based Adesa, an acronym for Auto Dealers Exchange Services of America, runs 120,000 vehicles per year on a 50-week schedule through its Dallas shop, which opened in 1996. Adesa's portfolio has 62 locations in the US, Mexico

and Canada, with all four major metros in Texas in the mix. "Texas is one of the largest markets in the country and Dallas is the largest market in Texas," says Warren Byrd, executive vice president of corporate development. "We are committed to growing our business in the industry and Dallas is long overdue for an expansion."

Adesa Dallas is a regional auction yard for a 500-mile radius, crossing over the borders of Oklahoma, Arkansas and New Mexico. Byrd says Adesa also is expanding its Kansas City, MO yard, a 150-acre corporate-owned location that will be completed in January. In Phoenix, a search is on for a new site.

Byrd says Adesa Dallas will be similar in design to its San Francisco facility, complete with photography and inspection capabilities for institutional consigners and dealers. Architura Corp. of Indianapolis designed the Adesa Dallas complex and Shiel Sexton Co., also from Indianapolis, is the general contractor.