



3 office buildings going up at once along Dallas North Tollway



Steve Brown
stevebrown@dallasnews.com
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Thursday's groundbreaking for the Legacy Tower office building in West Plano gave developers and city leaders a chance to celebrate one of the hottest real estate markets in the country.

The novelty of starting a new office building in these parts still hasn't worn off — even if it's the third such ceremony along the Dallas North Tollway in three months.

The long drought in commercial building caused by the recession and tighter lending standards kept the lid on office construction in North Texas for almost four years.

So developers are trying to make up for lost time.

With Trammell Crow Co.'s Legacy Tower kicking off, about 850,000 square feet of first-class office space is now coming out of the ground along the tollway in West Plano and Frisco.

Along with Crow's 13-story, 342,000-square-foot building, Granite Properties is building a 12-story, 300,000-square-foot office tower in its Granite Park development at the tollway and State Highway 121.

And Hall Financial has broken ground on a 200,000-square-foot, eight-story building in the Hall Office Park at Warren Parkway and the tollway in Frisco.

Together these buildings represent the biggest chunk of new office product to be added at the north end of the tollway in almost 10 years.

Business tenants who have been fighting over a shrinking supply of office space in that area will have to wait more than a year before the first of the projects hits the market.

In the meantime, expect rents to keep going up and occupancy rates to rise.

"There's going to be no new space up here for at least 18 to 21 months," said developer Randy Heady, who's leasing his six-story, 164,000-square-foot office project on the east side of the tollway at Headquarters Drive.

Heady Investments has signed five office leases in the new building and has more prospective tenants lined up.

Also, Primera Cos. has opened a 51,333-square-foot office building on Headquarters Drive in Legacy that's being marketed as finished office suites for small firms.

With three large projects underway in West Plano and Frisco, developers are hoping for a lull in office starts while other builders gauge the demand.

"Given the new announcements, I would suspect others will wait and see," said Greg Fuller, Granite Properties' chief operating officer. "But should some significant leasing occur quickly, I could see others jumping in for the second wave."

Developers Hines and Lincoln Property have office deals in the works along the tollway, too.

And vacancy rates are so low in that area — less than 10 percent — that developers may be tempted to start building more office space before finance rates and construction costs rise.

We won't know for a couple of years how much construction is enough.