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Commercial Real Estate: Granite drawing plans for $70M office tower

Premium content from Dallas Business Journal by Candace Carlisle, Staff writer
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Burgeoning office tenant demand in far North Plano has a developer sketching plans for an estimated $70 million, 300,000-square-foot office tower at Granite Park off the Dallas North Tollway at the southeast corner of Texas 121.

Other developers in the area are also dusting off tower designs in preparation for potential play.

The proposed 10- to 15-story office tower would be the fourth building at Granite Park — a Class A office park with more than 1 million square feet of office space in northwest Plano — and could break ground within five months of securing a tenant, said Greg Fuller, chief operating officer of **Granite Properties**.

The developer would need a tenant to secure financing, and therefore, the project won't likely begin for another 18 to 24 months, he said.

Granite Park is 95 percent occupied.

The office tower would be located next to the Dallas North Tollway with the highest visibility in Granite Park. A lease could include naming rights on the building, he said. The tenant could help customize the new building's designs, Fuller said.

Leasing rates are hovering between $22 and $24 per square foot for the North Plano and Frisco submarket, according to real estate sources.

Prior to moving forward, rents in the area would need to justify construction, landing somewhere closer to $30 per square foot, Fuller said.

Hall Office Park in Frisco has land sites for two 8- to 12-story office towers left on its 162-acre development.

The improving market had the developer revisiting previous building designs within the past few months, said Kim Butler, director of leasing for **Hall Financial Group**.

The buildings' designs were done in 2007 and shelved during the recession.

A project would likely require 40 percent to 60 percent preleasing to finance the project, Butler said. The 15 buildings at Hall Office Park are 91 percent occupied.

The tenant market, especially among the services industry — specifically technology, engineering and health care-related companies — has grown, Butler said. Corporate tenants are making decisions on leases and have expanding space needs.

"Tenants need space, and they need it yesterday," she said.

There's high demand for the area near Legacy Drive and the Dallas North Tollway, said Mike Wyatt, executive director and member of the tenant advisory group for **Cushman & Wakefield of Texas**.

"It's the hottest submarket in the city," Wyatt said. "It's the address of choice among corporate users in the city right now. It's an amenity-rich area, and because of that, companies want to move north and away from older, more congested areas."

That demand is driving up lease rates in existing buildings, especially those close to amenities, he said.

As the market's vacancy drops, there's more of a probability the developers will begin planning for new towers, Wyatt said.

Wyatt said he's confident developers will begin to plan now for "dirt will fly" in 2012.