

Commercial Real Estate: Q&A with Greg Fuller, Granite Properties Inc.

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Greg Fuller sits in a glass-walled conference room on the eighth floor of one of the Granite Park office towers in northwest Plano, overlooking the cranes building the Dallas North Tollway and State Highway 121 interchange. Fuller, chief operating officer at Plano-based Granite Properties Inc., discussed the company's plans for future development after last fall's announcement that Granite Properties would sell its \$165 million industrial portfolio. The developer had roughly 1 million square feet of industrial space in North Texas. Fuller said that sale is giving Granite Properties the ability to focus on office.

Q. Are you seeing a northward push of office tenants in the Dallas area?

A. We are. People in the community refer to this as the barbell effect, where far northwest Dallas — or the Legacy, Plano, Frisco market — is getting a lot of attention, as well as the Uptown market. Everything in between seems to be suffering. I don't know if that's because the communities have moved north, and the better schools are north. But you also have the Uptown side, which is growing because of all the incredible infrastructure that the city has put in, as well as private investment. So you have a lot of activity down there and a lot of activity up here and the stuff in the middle seems to be waning a bit.

Q. So, has the State Highway 121/Dallas North Tollway construction affected your occupancy rate at Granite Park?

A. We have a 95 percent occupancy rate. I wouldn't be able to say that it has.

Q. Where does the northward movement end?

A. As long as housing continues to grow north, the office buildings will follow that. I think you are seeing a bit of a boomerang because of the fact that when we have \$5 or \$6 gas, people are not going to want to drive much farther north.

I think you'll see more infill in the next few years rather than just a continued sprawl much farther past (State Highway) 380.

Q. What are some infill locations you are keeping an eye on?

A. There continues to be infill properties around the Belt Line/Tollway area and Interstate 635 will become an infill area. I think you are seeing it in older parts of Plano and in Richardson. I know Fossil moved over to the old **Blue Cross Blue Shield** building, which is an infill redevelopment. Infill is more redevelopment given the maturity of the city. There's not much left of new infill product, or raw land.

Q. Why did Granite Properties decide to focus on office?

A. What we do best is office. When the world fell apart, from a recession standpoint, everything was deteriorating, whether it was hotels, apartments, office or industrial. We decided to do what we do best and that we didn't need to spread out and do multiple things we may not be as good at.

Q. What plans does Granite Properties have for the next five or 10 years?

A. We are expanding to the coasts right now, to Los Angeles and Boston, as well as continuing to grow existing cities such as Houston, Atlanta, Denver and Dallas. We are going to the coasts because we primarily see opportunity there. They were hit harder and, theoretically, we can buy lower there and sell higher there. Those areas tend to be more volatile than Dallas.