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New office tower, hotel planned for the hot West Plano real estate market

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/Granite Properties

A rendering shows Granite Park IV, a 12-story, 300,000-square-foot office tower planned for West Plano.

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Developers are turning up the heat in West Plano's sizzling office market.

A day after a new building on the Dallas North Tollway sold for a record-setting price, builders released plans to construct another tower in the same area.

Granite Properties plans to break ground in early 2013 on the 12-story Granite Park IV building. The 300,000-square-foot speculative office project will be east of the tollway and just south of State Highway 121 in the Granite Park complex.

"We feel it's the right time to move forward," Granite Properties chief operating officer Greg Fuller said Thursday. "It's to meet the demand of business tenants that want to be in this area."

The announcement comes on the heels of the $120 million deal for the just-completed Encana Oil & Gas tower in Legacy Business Park. Cole Real Estate, an Arizona investor, is buying the 12-story tower at a record price for the Dallas area.

Granite's Fuller said that his company's existing office buildings in Granite Park are 95 percent leased.

"There's been virtually no construction here since 2008," Fuller said. "We believe that for the next three to five years, the market here looks pretty good."

Granite has been working on plans for its new office tower for several years but had delayed pulling the trigger.

With the local economy expanding and demand for office space on the increase, the builder has decided to go ahead with the deal.

Plus West Plano is considered one of the best commercial real estate markets in the country.

Granite's new tower, designed by Dallas architect BOKA Powell, will take about 14 months to build.

Granite also plans to begin construction in early April on its 300-room Hilton Granite Park, which will be built on an adjoining site.

Combined, the buildings will comprise one of the largest private-sector construction projects in North Texas, with a value of more than $150 million.

Granite Properties has been working on its West Plano business park since 1997. Since then, the developer has constructed three office towers with almost a million square feet of space plus supporting retail.

The company also built the 17Seventeen McKinney office tower in Dallas' Uptown district.

Granite Properties is a privately held commercial real estate firm that has been in business since 1991. The company has offices in Dallas, Houston, Atlanta, Denver and Los Angeles.

Granite's planned Plano tower is one of three major office projects teed up along the Dallas North Tollway in Collin County.

Just south of Legacy Drive, Trammell Crow Co. has announced plans for a 13-story speculative high-rise that would be built in partnership with real estate investment trust One Liberty Properties Inc.

And developer Craig Hall has announced plans for an eight-story, 200,000-square-foot office building to be started early next year in his Frisco office park, on the west side of the tollway just north of Highway 121.

In August, an investment partnership led by State Farm Insurance bought a 380,000-square-foot office complex on Legacy Drive east of the tollway.

So far this year, expanding and relocating businesses have leased about 600,000 square feet of additional office space in West Plano and Frisco.

The area has about a 7.5 percent office vacancy, compared with about 20 percent for all of Dallas-Fort Worth.