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## City of Allen building \$70M spec office park



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A rebounding and ultra-competitive market has one Dallas-area suburb racing to find space for corporate tenants.

The initial phase of the \$70 million AllenPlace — a four-building, 468,000-square-foot Class A development off North Central Expressway between McDermott and Bethany roads — is expected to break ground by September.

That project is imperative to the future of Allen's corporate recruitment, said [Harry Whalen](#), executive director and CEO of [Allen Economic Development Corp.](#) in an exclusive interview with the Dallas Business Journal.

"This field will become hundreds, if not thousands of jobs within the five-year build-out," Whalen said, as he toured the site. "This has a tremendous impact on Allen from business travelers booking hotel stays to new residential development and commercial activity. The growth is in the North Dallas market, and we have these folks meeting that demand."

The development corporation plans to sell Houston-based development firm Sentinel Capital LLC the 18.5-acre tract of land east of North Central Expressway for the project.

The land was purchased by the organization in the 1990s after the site landed in default during the savings-and-loan crisis. The deal was not finalized before this article went to press.

The economic development organization expects to present the deal to the city on June 5. It does not need approval from the City Council.

There's no contiguous Class A office space greater than 22,000 square feet in Allen, which has forced the city's economic development office to turn away corporate tenants eyeing the city, Whalen said.

He declined to disclose the names of the companies seeking space but said their industries include technology, engineering and health care. This project solves that problem, he said.

Allen's not alone. Other cities north of Dallas have a lack of office space, which has inspired developers to begin speculative work on office projects, including [Craig Hall's](#) addition to [Hall Office Park](#) in Frisco, [Granite Properties'](#) office tower at Granite Park and Trammell Crow's project off of Legacy Drive in Plano. Randy Heady recently finished Headquarters I at Legacy Town Center in the West Plano submarket.

"The market has been very healthy," said [Sally Bane](#), executive director of Plano Economic Development. "We have consistently seen large opportunities, and it continues to be a hot real estate market."

Cities with available Class A office space have an edge when it comes to recruiting corporate tenants, Whalen said. Allen's occupancy rate for Class A office space is 95 percent, compared with an average suburban occupancy rate of 85 percent for Class A space.

Allen's development corporation has negotiated a package with Sentinel Capital that will provide subsidized land and other tax benefits for the project. Terms of the economic development package were not disclosed.

The initial building at AllenPlace is scheduled for completion by summer 2014.

The development will include conference rooms, training rooms, teleconference facilities, an on-site cafe, fitness center and dry cleaning and auto care concierge services.

### **Lining up tenants**

Even though a tenant has yet to sign on to the speculative project, two undisclosed tenants ranging from 15,000 square feet to 55,000 square feet are actively negotiating on the project, said [Greg Nelson](#), managing director of Sentinel Capital.

"Things are really lining up quickly, and there isn't much time to sleep," he said, adding that rising construction costs are also driving the development firm's desire to begin the project at the end of the summer.

This is Sentinel Capital's first development in North Texas, but the firm has developed in Texas and owns about 1 million square feet of office space in the

Lone Star State, along with about 5,700 apartment units.

"You just can't put an office park anywhere, a community has to be supportive of it," Nelson said. "Allen's demographic numbers have been supportive of it consistently for the past 20 years, which makes it a great target for a development like this."

Houston-based Goulas + Associates Inc. is the project architect for AllenPlace, which is being marketed in the low \$20s per square foot.

[Ben Appleby](#) of Houston-based PM Realty Group is leasing the project.

Part of the reason behind the demand for more corporate space in Allen stems from workers shying away from long commutes, said Appleby, senior vice president of leasing at PM Realty Group. Allen's population has doubled in the past 12 years to nearly 90,000 residents.

"People don't want to drive that far; they want to be home with their families," Appleby said. "The Allen population is growing at a rapid pace, and the city has really protected their schools, which you'll find that suburbs that do this are really good places to build office buildings."

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Cutline: From the ground up: From left to right, [Dan Bowman](#) with Allen Economic Development Corp.; [Ben Appleby](#), senior vice president with PM Realty Group; [Harry Whalen](#), executive director and CEO of Allen Economic Development Corp.; and [Greg Nelson](#), managing director of Sentinel Capital on the 18-acre future site of AllenPlace office park.

Candace covers commercial and residential real estate and sports business.

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