

Special Features

A View From The Field: Garland Northeast Dallas Submarket

By George Tanghongs
Vice President
BRADFORD COMPANIES



George Tanghongs is Vice President for Bradford Companies in the Northeast Corridor. George represents Bradford clients in the leasing of industrial and technology portfolio assets.

George Tanghongs has hands on experience in the marketing of over 2,500,000 SF comprised of over 30 projects of industrial and technical facilities in the Garland, Richardson, and Plano area. George was employed at Bradford from June 1995 to December 2001 and rejoined Bradford in 2003. He has successfully leased over 3,791,844 square feet in 367 transactions for more than \$75,944,308 in transaction value in the Northeast Corridor.

George is a licensed real estate broker in the State of Texas, and has a Bachelor of Business Administration from the University of Texas. He is an active member of the North Texas Commercial Association of Realtors (NTCAR).

The Garland industrial submarket is located within the Northeast Dallas market. Garland is served by four major arteries US 75, IH 30, IH 635, and SH 190 with Dallas/Fort Worth international airport 30 minutes away. What many people do not realize is that Garland is the ninth largest city in Texas and the second largest city in Dallas County; it covers 57 square miles and is among the list of the top 100 of the largest cities in the United States, with more room to build on. The newest growth area is the Firewheel 190 Corridor. Garland was the first city in North Texas to begin construction on what many consider to be the key to accessing the northeastern part of Dallas County with the President George Bush Tollway/SH 190. This highway will also provide Garland with a direct linkage to the DFW International Airport. It will be a six-lane divided highway that will be Dallas' second loop. There are approximately 2,500 acres that are still available in Garland that is zoned for industrial development. The majority of it is located in the Firewheel 190 Corridor planned development area.

The Northeast Dallas industrial market has recorded a positive absorption of over a million square feet in the first half of 2005. The last time positive absorption was over a million square feet was over five years ago. Quoted rental rates have slipped between \$0.25 and \$0.50 in the first half of 2005. The largest project that is under construction is Texas Instruments' new three billion dollar semiconductor plant is scheduled to be completed in 2006. This will bring many ancillary businesses to the North Texas area. The University of Texas at Dallas will also spend approximately \$85 million dollars in a new engineering building on their existing campus.

The two large leases that were completed was Kingsley Tools 98,548 square feet at Miller Park Road and Lone Star Plastics 128,000 square feet renewal and expansion at Market Street.

The main drive for this market seems to be the manufacturers that are numbered over 400 strong and other large industrial businesses that are about 4,500 in strength. Electro-Optics, electronic radar equipment, and other businesses that manufacture electronic components have embraced the city since the 1950's. Some of the top employers in the city are; Raytheon/E-Systems, Sears Industrial Park, Baylor Medical Center Garland, Software Spectrum Inc., Kraft Foods, Northrup Grumman, Varo, LLC, National Spirit Group, Intercontinental Mfg. Co., and Verizon.

An important issue that manufactures are glad to have is the Freeport Exemption. Garland is a Triple Freeport Zone with Dallas County, Garland ISD, and City of Garland participating in inventory tax exemptions for goods shipped out of state within 175 days. The Garland Independent School District passed the Freeport Exemption in December 1999 and that has helped manufactures and warehouses save more that \$2.47 million per year on inventory taxes. Other incentives include tax abatements, electric rate discounts, economic development grants, sales tax rebates, permit/development fee waivers, and infrastructure cost participation. Garland is extremely aggressive and creative with the use of incentives when it comes to attracting the right type of company development, redevelopment or facility

The outlook for the Garland industrial submarket is good. Garland will continue to enjoy strong rental rates. In some of the older properties, several building owners are renovating their properties in order to increase rental rates and to retain their existing tenants.