

# The Wayne B. Swearingen Report

**Information Specific on Markets and Timing**

**October, 2010 (Posted June 2011)**

**WITH GUEST CONTRIBUTORS  
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**This is the ninth in a series of reports dealing with changes occurring in our market. The report is the property of Wayne B. Swearingen and Barclay Commercial Group, Inc. There is no affiliation with any other business entity or market study.**

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## **FORWARD**

### **June 2011**

This was my ninth Report in the series. The first was eleven years ago. The last was in 2006. Several new Report attempts have been made in the past two years, but events were changing the real estate landscape so fast, and I knew it would be out of date when published. This Report was sent to clients in December, 2010. Now, I am posting it on my web site.

Friends have encouraged me for years to write a book about my 49 years in commercial real estate in Dallas/Fort Worth. I could, but just this report took five months. This is as close as I will get to a book. I have clients to service and a business to run.

The purpose of publishing the Report is to make my clients and friends the best informed about our business. When I set out twenty one years ago to form Barclay Commercial Group, my goal was to raise the bar and provide services well above and beyond the norm. This has been accomplished. In staying compact and outsourcing specialties, the model has worked for me and extremely well for my clients.

You will read some history in the Report. How many times have we heard...”If we don’t study history and learn from it, we are destined to repeat our mistakes with disastrous consequences”. So true. Now that we have the mid-term election behind us, there should be more sanity in Washington and a growing measure of confidence in the U.S. government, allowing some business expansion. November 6, 2012 will be a key date in completing the turnaround.

Please forgive any mistakes you may see. I did the best I could with my limited ability. I don’t claim to be a good writer, or even a writer. Nor am I politically correct. I am thankful for that.

The Report starts with three short case studies, then some comments on past real estate transactions as a direct result of my clients’ using the information from previous Reports. Then, it ventures into the topics that I feel most affect commercial real estate in the Dallas/Fort Worth Metroplex.

I dedicate this ninth Report first to my wife, Barbara, who was patient with me while piles of paper and notes were covering our dining table, June through August of 2010. Also to daughters and grandkiddos, with whom I hope to spend more time.

Enjoy,

Wayne B. Swearingen, CRE, SIOR

## **INTRODUCTION, METHODOLOGY AND OUTLINE OF REPORT**

**This fall completes my 48<sup>th</sup> year of *active duty* in the Dallas/Fort Worth commercial real estate field. Because of longevity, we seniors are often asked the standard questions about the market and trends, such as “Are we overbuilding residential condos?”. In year 2000, I decided to start keeping notes and articles in order to better answer these questions. That led to a series of market reports for my investors and other clients, of which this is the ninth. My last report was in 2006, posted on my web site. This report will be posted at a later date.**

**It is time consuming to condense eighteen two inch files into a few meaningful paragraphs, with opinions and recommendations. The disastrous political and economic climate for the past 22 months has caused delays, but there are some new signs of reversal and hope. (Opinion)**

**I recommend reading the sections or topics of interest to you in making your real estate decisions.**

## **RECENT CASE STUDIES**

**The McQueary Henry Bowles Troy assignment and textbook success story**

**Frost Bank – Addison, Texas, another successful transaction with signage**

**Two past projections and opportunities that turned out to be home runs for our investor clients**

## **TOPICS**

**Review of 2006 Report, Hits and Misses**

**The Economic Mess, and for how long?**

**Job losses and the future “Jobless Recovery” (an oxymoron)**

**How all of the above has affected:**

- **Office Building rents**
- **Absorption, moves**
- **Office Building values...the REAL values**

**What to expect and when?**

**Retail – the hardest hit and most overbuilt, but my investors want to buy core strip retail**

**Multi-family, apartments, condos...overbuilt for three to five years**

**Mass Transit – a silver lining, long term (all major medical now Dart Light Rail served with the opening of the Green Line north in December, 2010)**

**LBJ Freeway – 13 miles of major transportation construction, starting in 2011 and creating big opportunities**

**Industrial and Distribution –rolling on, and the least damaged by the economy**

**Trinity River Plans, both Dallas and Fort Worth – long, long term great improvements, creating more opportunities...and jobs**

**Dallas design District**

## **Medical and Healthcare**

**Love Field Area – trains, planes, and autos converge**

**Southlake – by Steve Shrum, Co-Managing Partner, Glacier Commercial Realty, L.P.**

**Frisco – by Andrew Beckman, CCIM, also Co-Managing Partner, Glacier Commercial Realty, L.P.**

**Dallas CBD, Arts District, Uptown – long term value increases with highest rents around the Woodall Rodgers Deck Park, OUR CENTRAL PARK**

**Construction Costs (a bright spot), and Construction Management Programming and Control – by Noel Ragin, Principal, NWR Consulting Ltd.**

## **RECENT CASE STUDIES**

### **McQueary Henry Bowles Troy**

At the turn of the century, Barclay Commercial Group, Inc. was hired by MHBT to virtually become the real estate department for this rapidly expanding insurance and risk management firm. This is the ideal client for my Private Company Tenant Representation operation. They demand, deserve, and receive our absolute attention.

By 2002, MHBT had expanded to 40,000 SF and continued to grow through mergers and key hires. As with any growing tenant, the occupied space starts to become inefficient. In May, 2007, new marching orders came down from the Board to begin a serious search

for newer space, with designed expansion room, major signage if possible, and sensitivity to public transportation as gas prices were in the rise. All of this had to meet a critical time frame at the end of the existing lease and meet a very conservative budget.

In June of 2007, it was announced that AIG was going to vacate the top floors of Walnut Glen Tower, on Walnut Hill between Presbyterian Hospital and Central Expressway. After research, it was then confirmed that we might be able to achieve the major signage for MHBT in place of AIG. I assembled the process team, to include Staffelbach Designs for test-fits and interior design, NWR for Process Management, construction management, furniture, and move coordination, and Mike Harris of MHBT as the key point person. Mike heads IT for MHBT, a key person in designing new space around the highly technical needs of any cutting edge company today. This was a “textbook story” of how a small shop can give superior service by outsourcing the best talent. Carla Sans, President of MHBT comments “I just don’t believe that huge companies, with multitudes of trainees, can deliver the level of professional results through loyalty, experience, accountability, and personal service that we receive constantly from Barclay Commercial”.

We achieved every one of our goals for the client, and MHBT moved into 65,000 SF of space, the top three floors of the new **MHBT Building**, in June of 2009. In April, 2010, MHBT expanded to 75,512 SF. In June, 2010, the new building signage was hoisted into place.



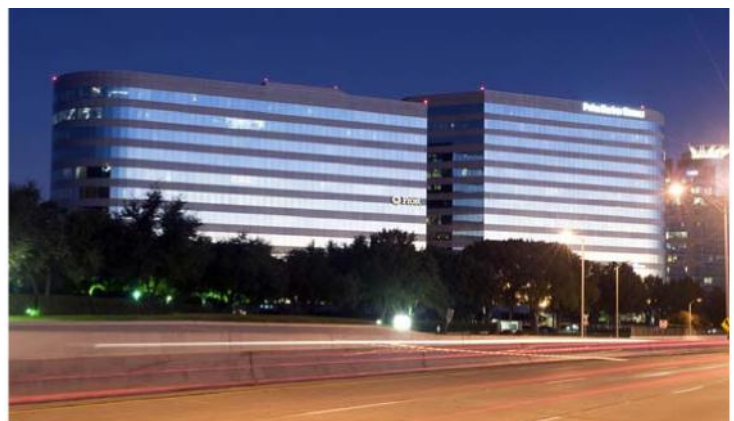
**MHBT signage going into place, June 2010**



**Swearingin with a happy Chairman of MHBT, Bill Henry, June 2010**

### **FROST BANK – ADDISON, TEXAS**

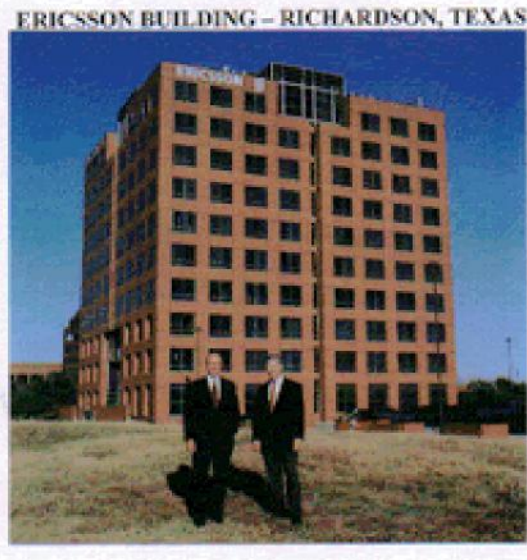
In May, 2009, Barclay Commercial Group was again selected by Frost Bank to represent Frost in Addison. Frost had over two years remaining on a lease we had transacted eight years prior. We would either negotiate a renewal or move to new space and hopefully improve parking and signage. Another goal was to find a space with a nearby motor bank which Frost did not currently have. Over the next year, options were explored, and analyzed. Finally, a new lease was successfully negotiated in the 1,037,000 SF project just across Arapaho from the current location. All of the goals were accomplished and Frost will take occupancy in late 2010 or early 2011 on a new 10 year lease.



**Frost Bank new home in Colonnade, with signage**

**Two Past Projections and Opportunities that turned into Home Runs for Clients**

In my 2002 Report, I stuck my neck out and recommended two areas for investment, West Fort Worth and Richardson. One client acted on both



**SWEARINGEN AND KING LAUGHLIN, 2001 SALE (BEFORE) RICHARDSON**

Most will remember that Richardson was in the “dot com tank” in 2001. We were also coming off of 9-11 and investors were frozen in place. Of course, that is the best time to buy. I had been familiar with the aggressive Richardson government and development officials. The high tech infrastructure is unsurpassed. Dart was under construction, soon to open new stations. It was just a matter of time. With King Laughlin, and representing both investor buyer and Ericsson (Seller), we negotiated one heck of a purchase of an office building, garage, and future development land. The mixed use re-development is now

and made substant profits.  
**THREE PHOTOS BELOW RICHARDSON PROJECTS AFTER REDEVELOPMENT**



completed, as we originally promoted it.





**Western Place, Fort Worth**

## **WEST FORT WORTH**

West Fort Worth was another home run for the same investor. As an old Air Force pilot and having done work for Lockheed in the past, I was following the development of the F-22 Raptor and the F-35 (later named Lightning). The F-35 Joint Strike Aircraft contract had not yet been awarded. My bet was that, with the successful history of the F-16 Falcon program, Lockheed would win over Boeing, creating jobs in West Fort Worth for the next 50 years. Most Dallas investors and developers had not shown interest in Fort Worth. Some friends at Huff Partners made me aware of a new listing they had to sell the twin towers which we remember as Western Place. It was then owned by the Harris Hospital of Fort Worth, now part of the Presbyterian Hospital (Texas Health Resources) system. Again, with my fellow broker King Laughlin, we moved in with our investor early, before it got “shop worn”. Our investor bought the project and closed quickly. Renovation was carried out, and along came the aircraft related tenants since Lockheed received the F-35 contract. A year later, the investor turned a handsome profit on a sale. That twin tower project is currently named Plains Capital Towers.

## **2006 REPORT HIGHLIGHTS - REVISITED**

It might be interesting to review the 2006 Report on the Barclay web site, especially the calculation of values on office building sales. The sales at that time were at an all time high. Remember...”too much money chasing too few deals”? My math said it will not work, and it proved true. Few of those assets performed. Several of those major sales are posted today for foreclosure. Many have already changed hands, taking significant write-downs. There will be more to come before the end of 2010 as loans come due.

## **HOW DID WE GET INTO THIS MESS, AND HOW LONG BEFORE WE ARE OUT?**

It started with the Democratic controlled congress in the last of the Bush years. In the fall of 2008, the first signs of the shrinking economy were seen in DFW. We had over 4,000,000 SF of office space for sub-lease. An additional 2,000,000 SF would hit the market in the next 12 months. Businesses were laying off workers and the jobless numbers began to climb. As the nation got caught up in a new wave of “promised change”, educated folks could see the move toward socialism, devastating for a capitalistic economy. Unemployment went up to 6.1% and shortly after Obama’s election, massive job cuts were announced, led by the major banks with huge debt problems. By mid November, 2008, Citigroup announced 53,000 job cuts. Unemployment went to 6.5% in November, 2008. This time, Texas was fairing better than the rest of the nation, but the financial crisis was just getting started. By January, 2009, the layoffs even hit Texas hard as the shrinking job market became a worldwide problem.

In late January, 2009, Barack Obama came up with his first “stimulus plan”. We now know that the only jobs created were government jobs, which create nothing but inefficiency. In January, 2009, private firms cut another 693,000 jobs. A bright spot in North Texas was the Barnett Shale play, creating 70,000 jobs by March.

Nationally, the commercial real estate market went into the tank by March, 2009, when 47 banks and savings institutions had failed. By April, 2009, the auto and airline industries crashed since people stopped flying and buying cars.

By October, real estate auctions were thriving and some bargains appeared. More would soon come. Unemployment was now 9.8%, where it has remained for a year. Vacancy in DFW office buildings hit a five year high at 22.7%. The only job gains in North Texas were in education, health services, and government. We had no signs of recovery and continued to sink into the worst depression I have seen. I was born in 1933, so I don’t remember much about the big one, but my dad put food on the table. A good salesman is always employed.

In the fall of 2009, Obama came up with another “stimulus”. This was also a failure. Our government was printing money and bankrupting our economy. Some of the finest DFW real estate was going back to lenders who coined the terms “extend, amend, and pretend”. Commercial construction was virtually shut down and remains so today. The values of many commercial projects, especially land for development, decreased by over 40%.

Bank failures topped 100 for the year, costing the FDIC over \$25 billion. Over 400 failures were projected. Does any of this sound like a recovery?

By the end of 2009, large corporations had shed hundreds of thousands of workers. Companies had become leaner and more efficient as they decided to “wait out” the depression. They are also sitting on some big profits. Some corporations are buying companies instead of hiring people. This does not cause office absorption; just the reverse. In January of this year, economists predicted that it will take until 2015 for unemployment to drop back to acceptable levels...I guess that would be 6%. Where did the term “jobless recovery” come from? Isn’t that an oxymoron? Jumbo shrimp makes more sense.

The fact is, those jobs are not coming back. Workers must re-tool and re-train with other skills. The re-training business should boom.

The first to hire will be small businesses and start-ups. This is the real backbone of our economy, with from 44% to 60% on private payrolls. The other job growth in North Texas will be continued corporate relocations to our area. Since 2006, our corporate relocations have netted over 5,000 top level jobs. The ripple effect is estimated at over 20,000 fresh jobs. Let’s celebrate living in North Texas.

The recovery of real estate values will be driven by real job growth and optimism, reversing the socialistic policies, and a new feeling that “the worst is over”. I think it will start November 2, just a few days from now. Jobs equal leasing gains and rental increases in office, industrial, and retail. Multi-family and hospitality

will follow. I am counting on substantial gains by conservatives in both houses of congress.

The real estate recovery will be slow...probably 2013 before we can say "WE ARE BACK". Then we could experience another solid boom.

**OFFICE CONSTRUCTION,  
MOVES, CONSOLIDATIONS,  
2006-2010  
WHAT TO EXPECT NOW,  
OPPORTUNITIES**

Dallas Mayor Tom Leppert, on Sept. 16<sup>th</sup>, spoke at our NTCAR meeting with a "state of the city" address. He said that another Fortune 500 headquarters will be coming to Dallas with the announcement due in about three weeks. Some good news again.

2006 got off to a whirlwind start with Firemen's Fund moving a large service center from California to the Dallas CBD. In December, Blue Cross announced a major consolidation from four locations to a new Dart served campus on 34 acres in Galatyn Park, Richardson. Koll Development Company (KDC) will build the \$265 M complex for 2,700 employees with room to double in size.

Plains Capital Corp. moves to One Victory Park, joining Haynes & Boone as the first tenants.

In February, 2007, Fidelity Investments announced expansion of their Westlake campus with 1,535 more employees, joining the 2,800 already there. Yahoo announced the move to the Richardson Telecom Corridor. TXU Energy announced the move from the CBD to Las Colinas after TXU sold its natural

gas division to Atmos Energy. The CBD vacancy goes back to %30.

In March, 2007, Comerica Bank announced the HQ move from Detroit, bringing 200 employees to fill the space vacated by the merger of Bank One with Chase Bank in Chase Bank Tower.

In February, 2008, the Thompson & Knight law firm announced its move to One Arts Plaza, consolidating into newer and smaller space. The trend...big law and accounting firms must be in the newest buildings in order to recruit top professionals.

In June, 2008, AT&T announced its HQ move to the Dallas CBD from San Antonio, bringing 700 new workers. The ripple should produce 2,500 new jobs. Dallas provided \$11,500,000 in economic incentives. Now there are 23 Fortune 500 companies headquartered in North Texas. Vacancy in the CBD now down to 23.75%. Class A rents are \$22.00 SF on average.

In June, 2008, MHBT announced its 65,000 SF move into Walnut Glen Tower with signage to replace the AIG sign. (Previously covered)

August, 2008, Tenet Healthcare Corporation announced its move of 500 employees from LBJ to Fountain Place in the CBD, with Dart services as a major factor. Humana announced its HQ move from Fort Worth to Las Colinas, taking 150,000 SF. Caris Diagnostics consolidated 500 people into 172,000 SF in Las Colinas from Dallas and Garland.

Now, the bottom falls out.

With the changes in Washington, corporations start laying off employees and by May, 2009, over 4,300,000 SF of

sublease space is on the market. Rental rates start down again. By September, occupancy had declined by 650,000 SF in Dallas.

Then came the opportunity to do some back-filling. In December, 2009, Dean Foods announced its move to Cityplace, with signage, back-filling where 7-11 moved out. This leaves Chateau Plaza on McKinney empty, ready for a remodel and re-leasing at \$25 SF rates. Also, Oncor commits to keep 500 office workers in the CBD by moving into the old Central & Southwest Building at 1616 Woodall Rodgers Freeway, vacating space at Energy Plaza (orig. Arco Tower).

By the end of 2009, the Dallas office market was showing a NEGATIVE 2,000,000 SF absorption, the largest since 2002. With all the leasing activity, why is absorption down? Most moves were from one building or sector to another, re-positioning, cutting space, and increasing efficiency. Now, rental rates are a bargain again.

On a positive note, HMS Holding Corp., in July of 2010, announced its HQ move from Manhattan to Las Colinas. **Now, this is positive absorption.**

## OFFICE SALES AND CONSTRUCTION

2004 was a high point in sales and bargains, but some investors overpaid. 2100 McKinney in Uptown sold for \$240 SF. Suburban leased buildings were selling for \$180. SF.  
Class B \$60 to \$80 SF  
Class C \$30 to \$40 SF

In 2005, over 20 major office projects sold for prices ranging from \$53 to \$255 SF.

Through 2006, led by pension funds, office product purchasing continued with some paying 30% more than the same building sold for in 2002. I wrote about this in my 2006 report.

In March, 2006, J.P. Morgan Chase International Plaza sold at the \$300. SF level. In June, 2006, Trizec sold its entire Dallas portfolio, including Renaissance Tower, Bank One Center, Plaza of the Americas, and Galleria Towers.

In 2007, Zaya Younan continued his purchasing spree with KPMG Center and Thanksgiving Tower in the CBD and Eighty Eighty Central and North Central Plaza. In March, Crescent Real Estate Equities decided to take advantage of the high prices being paid, and put their entire suburban property portfolio on the market. In May, Cityplace sold to a Florida investor and Younan bought One Dallas Centre. Bass in Fort Worth also decided to sell the two downtown towers, and Hines bought Chase Tower in Dallas.

In 2008, the hot sales activity moved to North Dallas and Addison. CBRE Investors bought Colonnade, started a first class remodeling job, and started back-filling with quality tenants. I

represented Frost Bank in taking the vacated Bank of America lobby space and motor bank.

Tenant brokers, such as my company, spend more time today examining the landlord's credentials. We look for solid deep pockets, proven track record, and good professional and responsive leasing and management.

In Fort Worth, Pier 1 Imports sold its new 20 story tower to Chesapeake Energy for \$104 million. Fort Worth CBD space is tight with \$30. SF rents in class "A" buildings.

One of the best strategic alternative re-use examples was the 2006 purchase, by Crow Holdings, of the old historic Parkland Hospital on Maple Avenue and Oak Lawn. Crow continues to upgrade the historic buildings, build matching office buildings, and "gentrify" the neighborhood with key purchases of surrounding land. My company represented Crow in one of these purchases. On the next page is an aerial view, taken earlier this year, of the Crow Holdings project and surrounding new construction. This project includes a virtual museum of the Crow family and developments that forever changed Dallas. The Crow developed Infomart is shown in the background.

2009 started with another major purchase of Providence Towers by KBS Realty Advisors on the Tollway at Spring Valley. In June, the values started into a steep decline along with rental rates. Dallas led the nation with 17% price drop. This was because the prices were unrealistically inflated in the three previous years. Heritage Square on LBJ at the Tollway sold in the \$50 SF range to Silver Tree Partners. Crescent completed the sale of Trammell Crow

Center and Fountain Place to Barclays Capital.

Oncor completed the purchase of 1616 Woodall Rodgers Tower in December 2009 for its own use, moving 500 employees from Energy Plaza. Later, Oncor completed a sale/leaseback.

2010 started with a Denver based REIT purchasing two trophy Dallas buildings, Park Place on Turtle Creek and Preston Sherry Plaza in Preston Center.

By February, 250 commercial foreclosures were posted in North Texas, including the Four Seasons Resort and Club in Las Colinas. In March, Capri Capital Partners took "temporary" ownership of Sterling Plaza and Preston Commons in Preston Center. Then, in July, CB Richard Ellis Investors purchased the two buildings, placing these prime properties in strong hands.

What have we learned from these past four years? History repeats! Too much money chasing too few deals causes prices to get too high and the projected rents do not happen. It is part of the "cycle". There is a great opportunity for office and warehouse tenants to renew early, lower the rent, establish a new base year, cut some space if desirable, and just take advantage of the market. This is our advice to our tenant clients today. This is what we do.

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 PRITCHARD ASSOCIATES, INC.

  
OLD PARKLAND

CROW HOLDINGS

## **RETAIL – HARDEST HIT BY THE ECONOMY**

Retail is one specialty I leave to the “big boys”. I have several retail clients, but I look to the large retail shops for trends and projections. It all has to do with location, roof tops, and ....are people spending. With the continued job losses, consumers are only buying what they really need.

The auto industry was the first to go down, and we all know that story. In 2006, Albertsons announced the closure of eleven unprofitable stores in the DFW market, regrouping around the most profitable. In early 2008, Kroger announced that it will take on number one, Wal-Mart, with its “Marketplace” super size 100,000 SF stores. Several outlet centers were announced and started.

Pilgrim’s Pride cut 1,100 jobs, a sign of things to come. By November, 2008, American consumers slammed their wallets shut after the financial meltdown. In April, 2009, 7-11 put all landlords on notice that rents will have to be reduced to match the economy. Pier 1 Imports and other major retailers did the same.

In May, 2009, the Henry S. Miller family announced the sale of Highland Park Village to a new owner group led by Ray Washburn of Charter Holdings. This sale was not driven by the economy. It is a long term hold by strong local interests. Location, location, location.

By October, 2009, malls and centers were experiencing over 10% vacancies and rents were plummeting. Restaurant chains switched to smaller footprints. Very little retail space was under

construction as we entered 2010. At this writing, many big box stores have FOR LEASE signs. Saks just announced the closing of the two level store at Shops at Willow Bend and several other locations around the U.S.

With all this comes opportunity. My investor clients are actively looking to buy retail strips in AA urban locations, but they must be priced realistically. It is time to buy retail.

## **MULTI-FAMILY, CONDOS, APARTMENT MAY BE IN A THREE TO FOUR YEAR TANK**

In 2006, there were seven multi-family projects underway in the Dallas CBD, both new (One Arts Plaza) and conversions (Mosaic, formerly Fidelity Union Life Tower). The latter is where I started my real estate career in 1962, leasing and managing the office project.

In March, 2007, Rosewood started the 375 unit Alta Rosewood with Wood Partners in Uptown adjacent to the new headquarters tower of Rosewood. In November, the 42 acre Glen at Preston Hollow was started on the NW corner of Central Expressway and Walnut Hill. The land was cleared and utilities brought to the great future development site; it sits that way today, and is currently being auctioned by HFF for Wells Fargo.

In November, 2007, the 31 story Azure in Uptown announced that the condo project was 90% sold. I don’t think so.

In May, 2008, Gables announced the purchase and plans for another block at Carlisle near Cedar Springs, on the Katy Trail. The land sits empty today.

In July, 2008, the Dallas Design District and along Lemmon Avenue saw starts of new apartments. The development land around Baylor Hospital and UT Southwestern/Parkland was booming with new apartments.

In late 2008 and through 2009, condo projects were switched to rental units, a sure sign of trouble. The kids doubled up or moved back home as jobs were lost. This year, the Mosaic went into foreclosure.

In February, Heritage at the Stoneleigh (pictured below), a luxury Uptown condo project projected for 22 stories and halted at 12 stories, sold for \$4,700,000, a fraction of cost. The purchaser, Centurion American Development, will be breathing life into a two year old skeleton. Construction should resume in early 2011.



**Residences at the Stoneleigh, 2010  
(New name)**

In June, 2010, strong buyers entered the market. USAA likes Uptown,

purchasing the 21 story Mondrain at Cityplace.

Also in June, the Ritz-Carlton Tower residences in Uptown announced that one third of the 95 units had been sold.

In June, the classic old Maple Terrace Apartments, built in 1925, was again put up for sale. I was one of the three broker team which sold it in 2005 to High Street Residential for over \$11,000,000. The current sale is working at about half that price.

At the end of June, the luxury Museum Tower (pictured below) was finally financed and construction is now underway on the 42 story development on the Deck Park, surrounded by the Arts District. Completion should hit the market just right in 2013-14.



**Museum Tower in the Dallas Arts District, with the Woodall Rodgers Deck Park in the foreground**

## **MASS TRANSIT, DART AND T, DFW INTERNATIONAL AIRPORT**

For several reasons, the DFW Metroplex is weathering the economic downturn better than the rest of the U.S. At the top of the list is our huge job and business generator, DFW International Airport, our **“PORT IN THE SKY”**

Since 1970, we have successfully attracted more and more national and international corporations with headquarter moves or major facilities. Another huge generator of jobs is the continued expansion of our mass transit system. .Dart in Dallas and the T in Fort Worth. In 2012, it all comes together when the Dart Orange line and the T meet at the north entry of DFW Airport.

John C. Terrell, Vice President of DFW International Airport recently gave an update to our Dallas SIOR Chapter meeting. Here are some interesting facts:

- The airport consists of 18,000 acres, larger than Manhattan. (New Yorkers still have a problem with this.)
- 6,600 acres will be developed for other commercial uses.
- 400 acres are designated at International Commerce Park
- The Airport Board has entered into drilling agreements for a projected 300 gas wells, of which 112 have been completed and are producing.
- The 25% royalties currently produce \$25,000,000 per year to the airport bottom line, to help provide infrastructure for development.
- We must have the most profitable airport in the world, generating 55,000 jobs.

Back to Dart. .by mid 2008, with the lines opened at that time, ridership hit an all time high. Mixed use development around Dart stops in Dallas and participating Dart cities was booming. Richardson, Garland, and the Baylor Hospital area were the beneficiaries. Now, in December, 2010, the Dart Green Line will open to Buckner Blvd. on the SE and North Carrollton to the north, serving UT Southwestern/Parkland, Love Field, Farmers Branch, and three stops in Carrollton. The Orange Line will branch off at the Bachman station and serve The University of Dallas, Las Colinas and the new Irving Convention Center, and the DFW Airport by 2012.

Dart ridership was down in 2010 because of job losses, but is expected to rebound in 2011. A best kept secret is the Trinity Railway Express between downtown Dallas and Fort Worth. I recommend that interested folks will enjoy what I did with my wife and friends not long ago. We parked at the Reunion Terminal in Dallas, and enjoyed a 50 minute train ride to downtown Fort Worth. There we enjoyed Sundance Square, the Bass Performance Hall, and the FW world class museums. FW folks come this way to work in downtown Dallas, or enjoy our Arts District or Mavericks and Stars games.

Real estate investment and development opportunities will continue to be centered on these mass transit stops, especially in the medical districts where parking requirements are reduced.

**LBJ FREEWAY CONSTRUCTION  
IN DALLAS-2011  
MANAGED TOLL LANES  
CHANGING HOW WE DRIVE**

Two years ago, the announcements were made about the new “private toll lane projects” coming to North Dallas. Although there has been some media coverage, the general public has no idea of the future impact of job creation over the next five years. The DFW Connector is already under construction. The North Tarrant Express is due to break ground in October, 2010. The big one in Dallas is the IH 635 Managed Lanes Project, on schedule to start in early 2011. “All of these projects are on schedule and are creating thousands of jobs in North Texas” states Andy Ritter, Director of Corporate Affairs for the LBJ Infrastructure Group. The impact will be significant on traffic patterns and real estate values. The traveling public must go through a learning curve when the new managed toll lanes become operational. You will get there faster, but you will pay accordingly.

One enterprising investor is taking advantage of the new jobs coming to North Dallas. Thunder Road is the brainchild of Dave Corriveau of Dave & Busters fame. He has purchased a line of duplexes along Thunder Road, a street with unique zoning on the SW corner of LBJ and the Dallas North Tollway. These have been remodeled and converted to furnished, upscale, all inclusive temporary corporate housing. He is literally across LBJ from the headquarters of the group building the LBJ managed lane project. For more information, Dave’s web site is:

[www.ecr-thunder.com](http://www.ecr-thunder.com)

**INDUSTRIAL AND DISTRIBUTION  
MAY BE THE LEAST DAMAGED  
BY THE CURRENT ECONOMY**

In 2006, the big news was the purchase of 6,000 acres in the Dallas southern sector by The Allen Group of San Diego. The grand opening of Dallas Logistical Hub was held September 18 with the master plan calling for the development of farm land south of I-30 and mostly west of I-45, a 30-40 year project.

In 2007, intermodal shipping was growing at 15-20% per year, with Chinese imports the leading factor. Goods are shipped on 8,000 container ships, unloaded in California, and shipped by rail to hubs such as this, then downloaded to tractor trailers to distribute all over the eastern U.S.

In May, 2008, Fort Worth based BNSF purchased 198 acres in the Dallas Logistics Hub. BNSF is the second largest railroad, now joining Union Pacific Railroad, the largest, already operating in the hub. Supply chain management and commercial real estate are two of the most important components of business, forming the foundation that supports the global economy.

By 2010, the economy had taken its toll on warehouse and distribution centers with vacancy reaching 10% and spec construction [halted. Net](#) effective rental rates have dropped, just as with office product. A \$2.75 NNN rate is norm in large REIT owned properties. “We could have a four to five year supply of spec space today” states Jesse Pruitt, Principal of Somervell Commercial Realty. With the exception of certain specialty needs, and build-to-suit projects, construction has stopped”.

**This is time to rent or buy.**

**TRINITY RIVER PROJECTS IN DALLAS AND FORT WORTH MARGARET HUNT HILL BRIDGE ALL MOVING FORWARD, DESPITE SOME OPPOSITION; OPPORTUNITIES CREATED**

My files on the Trinity River Project in Dallas go back to 1998, when Dallas voters approved \$146,000,000 in bonds as the city's share of the \$1.2 billion Trinity River Corridor Plan. Our Trinity has ranged from a trickle to a bulging lake and efforts over the years to make it a navigable canal have failed. Now plans started for the largest public works project in the city's history, including levees, lakes, bridges, public parks, and a much needed 10 mile toll road. Construction was expected to extend to 2025. The next four years saw the plan batted around, with hurdles to overcome. City Councilpersons became "engineers".

By 2003, revised plans were submitted and the big war started over the location of the toll road and speed limits. The first bridge model was unveiled by celebrated Spanish architect Santiago Calatrava, spanning the Trinity and connecting the Dallas CBD to Singleton Blvd. in West Dallas via Woodall Rodgers Freeway. The search for the money began; could Dallas again show that old "CAN DO" attitude?

In July, 2004, revised plans were published and most obstacles facing the U.S. Army Corps of Engineers were being solved. As waterfronts were identified, private investors started blocking future development sites. They were early, reminding me of the rush to buy land around DFW Airport in the 60's. Public projects always have delays and land speculators must have deep pockets and patient money, or go broke.

In 2005, the first \$12,000,000 donation was announced by Hunt Petroleum Foundation with the first bridge to be named for Margaret Hunt Hill. The second bridge over I-30 will be named for Margaret McDermott. In March, 2005, the U.S. House passed the \$284 billion Transportation Bill and the money was in place. Land speculation continued around the future bridges.



**MARGARET HUNT HILL BRIDGE CONSTRUCTION, SEPTEMBER, 2010**

In 2007, the first big fight started over the changes to the Trinity Plan and the routing of the tollway. New Mayor, Tom Leppert led the group in favor of the new plan and Councilwoman Angela Hunt led the opposition. Hunt was successful in obtaining signatures for a costly referendum to be held Nov. 6<sup>th</sup>. The entire Trinity project was in jeopardy. 53% of voters rejected Hunt's plan and another obstacle was overcome.

Meanwhile, in Fort Worth, 2008 saw the start of Trinity River Vision, a master plan for re-routing the river behind new levees. Private development was well underway before the current economic downturn. As with Dallas Uptown, a boost has come from lowering land prices and there will be development opportunities for the next 10 years.

## **DALLAS DESIGN DISTRICT**

Another hot re-development area in Dallas is just west of Victory and adjacent to the Trinity River project on the west. Conversion of older Trinity Industrial warehouses started some time ago with designers opting out of the market center, but now you have the residential element competing with pricier Uptown and also complimentary retail elements.

Things really kicked off in 2006 with Crow announcing 240 lofts with 40,000 SF of retail. In 2007, the Dallas Center for Contemporary Art purchased a former sheet metal plant in the old Trinity Industrial District. Artists, dealers, and residential developers were flocking to the area. The Trinity Strand trail was underway, soon to connect to the popular Katy Trail near American Airlines Center in Victory.

By the end of 2008, over 1,000 apartment units were developed by Michael Ablon and Alexan (Trammell Crow Residential). Rents average \$1,400 per month. Despite the current economic downturn, the Dallas Design District is now defined and established as a 24 hour urban venue, consisting of 200 shops, showrooms and offices. With land prices down for a while, future opportunity for investment and development will continue.

## **MEDICAL AND HEALTHCARE BOOMING**

Even in this economy, the healthcare business is booming. North of the Dallas Design District, along Harry Hines, massive growth is taking place by UT Southwestern and Parkland. From Stemmons Freeway to Maple Avenue, new construction can be seen, and multi-family projects are still starting. In the middle of it all is the Dart Green Line, with stops at the Dallas Market Center, Parkland Hospital, and Inwood Road. This line opens December, 2010. A new Biotech Park and center opened in 2009 on Inwood Road. Land speculation in the area continues. This year, the UT System Board of Regents approved \$800 million for a new hospital containing 424 beds, 24 operating rooms, and a 450 auto garage. This replaces the aging St. Paul Hospital.

On the other side of Dallas, also now served by new Dart Rail stops, is the ever expanding Baylor Healthcare Campus. In 2008, a new \$350 million, 120 bed cancer center was started, to open in 2013. Complimentary new apartment projects surround the Dart stops. The key to land values is proximity to Dart and reduced parking requirements.

We recommend land investment in and around medical areas.

**LOVE FIELD, LEMMON AVENUE,  
MAPLE AVENUE....  
TRAINS, PLANES, AND AUTO  
BUSINESSES CONVERGE**

Love Field was named for Lt. Moss Lee Love, an early flying pioneer. When WWI broke out, training bases were opened across the South. Love Field was one of these, where WWI pilots had constant wrecks in their newly invented flying machines, soon to become weapons of war. In my 2006 Report, I covered some of the history of Love Field, Great Southwest Airport, and the DFW International Airport. (See my web site [www.barclaycom.com](http://www.barclaycom.com))

Today, Love Field construction is underway with a \$519 million renovation to be completed in late 2014, coinciding with the phasing out of the Wright Amendment. Then it will be non-stop to most major U.S. cities. Dart rail follows Denton Drive to the Love Field Rail Terminal.

During this writing, Southwest Airlines just announced the buyout of AirTran Airways, making it the nation's fourth largest carrier behind United Airlines/Continental, Delta Airlines, and American Airlines. Just think about it... The nation's third and fourth largest carriers are now to be headquartered in the DFW Metroplex, one at DFW and the other at Love Field.

Another driving factor in this area is the auto business. New and remodeled dealerships line Lemmon Avenue and spread now to Denton Drive. The businesses cater to Park Cities and the Uptown residential sectors.

If you add medical, air transportation, Dart Rail, and the auto business, just buy

land in the middle of the action and be patient.

**BARCLAY COMMERCIAL HAS  
MOVED AN OFFICE IN THIS  
AREA, TO BE CLOSE TO THIS  
ACTION**

In January of this year, I moved my operations office from Preston Center to Bluffview Towers on Northwest Highway, just east of Love Field. (The mailing address and main office remain the same on Maple Avenue.) I share office and work space with two long time friends and real estate professionals, and their brokers. Glacier Commercial Realty, L.P. was founded by Steve Shrum and Andrew Beckman in 2003. I asked both to contribute to this report, each covering a geographic area in which they specialize. **The next two sections are theirs.**

**SOUTHLAKE, TEXAS  
BY STEVE SHRUM CO-  
MANAGING PARTNER  
GLACIER COMMERCIAL  
REALTY**

There once was a small town, located 5 minutes from DFW Airport, where people loved to go to the country and buy their chicken, eggs, and loaf of bread. Today, Southlake, TX has grown into a major shopping area where people can not only buy their eggs and bread, but spend all day shopping and eating at the Southlake Town Square amongst 600,000 SF of shops and restaurants. In the years to come, plans call for expansion of office and retail to over 3.3 million square feet. Southlake is one of the only markets in the State of Texas where the rates are quoted on a NNN (triple net) basis. That means the Tenant, not the Landlord, pays the base rent plus the taxes, insurance, CAM (common area maintenance) and electricity, which can run an additional \$6-11.00 per SF. For retail at the Town Square, rates can be as high as \$40.00 SF plus another \$11.00 SF for NNN charges.

The office market has approximately 9,426,993 SF of total office in the NE Tarrant County area with a vacancy of 1.3 M or 85% leased. Office rates average from \$16.00 NNN - \$22.00 NNN. The office rates in Southlake are the 3rd highest rates in the entire Metroplex behind Dallas Uptown (Crescent area) and Preston Center. Many investors are looking at the region for investment opportunities, but the cap rates still range from 8% on the low side to 9.5% on the high side. Through the so called "recession" the last 2 years, rental rates have been maintained in this region and land prices have remained very high due to shortage of actual land left for sale.

Land prices range from \$5.00 SF on the low side to over \$20.00 SF for the prime located pieces. The region has also seen a positive absorption of over 75,000 SF when the rest of the DFW Metroplex has shown a negative 500,000 SF.

Currently in the Southlake area, there are several new developments slated to start:

1) Children's Medical Center, Dallas:

- located on 114/Whites Chapel; purchased 10 acres out of the 285 acres owned by Hines
- 21 Million dollar project
- 34,000 SF outpatient specialty center. Currently under construction; will staff 54 people today with expected growth to 84 people

2) Carillon Project:

- Hines bought 285 acres at the NE Corner of 114/Whites Chapel
- Mixed Use Development consisting of 330,000 SF retail, 150,000 SF hotel, 365,000 SF office, with a Performing Arts Center in the center of development.

3) Southlake Regional Medical Center:

- located directly across 114 from Hines Project
- 30 acres, 900,000 SF total
- medical and surgical hospital
- 130,000 SF hospital 80,000 SF medical office initially

4) Deloitte University:

- located 5 minutes to the west of Southlake on the Circle T Ranch
- 300 million dollar facility currently under construction; completion date fall 2011
- National training facility for Deloitte to bring employees in from around the world

- 700,000 SF training center including 300 room hotel located on 107 acres
  - Over 40,000 Deloitte people will come through facility each year
- 5) Southlake Town Square:
- 125 acres; ultimate 3.3 M SF
  - High end retail/office/restaurants-595,000 SF
- 6) Gateway Church:
- Purchased 190 acres on Hwy 114 at Carroll
  - Currently building a 206,000 SF facility which will be completed by January 2011
  - Church expanding; currently has 16,000 members
- 7) Champion Crossing
- State of the Art 114,000 SF office complex, consisting of six individual single-story buildings, built by Champion Partners, headquartered in Dallas
  - Located at the intersection of Kimball and Continental in Southlake, near Dragon Stadium
  - The project has attracted such companies as Del Frisco Restaurant Group, Inprov, Adams Engineering, Wal-Mart, S&K Sales, Solara HealthCare, and Database Group.

The driving force behind the NE Tarrant County region, specifically Southlake, is its proximity to DFW International Airport and being directly between Dallas and Ft. Worth. Commuters have less than a 30 minute drive to either city and a 5 minute drive to DFW Airport. New families coming to the area also look at the schools as being a top priority. The Southlake Schools (Carroll ISD) have exemplary schools and have always excelled through academics, athletics, and placing a high percentage

of graduating students in top Universities around the Country.

You can still go out and buy your country chicken, eggs, and loaf of bread, but how it has changed over the past 10 years! A great place to live; a great place for investment.

**Steve Shrum**  
**Glacier Commercial Realty**  
**214-819-4502 Direct**

**FRISCO, TEXAS**  
**BY ANDREW BECKMAN**  
**CO-MANAGING PARTNER**  
**GLACIER COMMERCIAL**  
**REALTY**

When Wayne asked me to write a column about the land market, I was thinking how much things have changed since I was asked to do something similar in 2007. That year I was interviewed by the Dallas Business Journal for an article titled “Spiking Land Prices”. It was about how land, particularly in Frisco, had in some cases quadrupled in value since the mid-nineties and that even single family land was achieving prices up to \$2.00 per square foot and up. Those price ranges were the absolute peak that year; but then in 2008 things started to come down, just as things eventually do in the real estate cycle.

A unique thing about development land is that, considering all sectors of commercial real estate (office, retail, industrial, multifamily), land has the shortest growth period and the longest trough period in the economic cycle. It’s a lagging indicator of the market. It’s the first thing to slow down and the last thing to speed back up. To illustrate,

using office development as an example, when demand is outpacing supply, and prices have started to trend upward, the office market is in a growth period. And at some period thereafter, land development occurs as a result, hence the lag time. Then, in most cases, when the office market gets saturated with supply, prices began to stabilize, demand slows, causing the development business to react and stop (hopefully!). Those who have made money in the land business have had shorter windows of opportunity than those who haven't. Further, everyone who made money speculating on land did so in a growth market where development was taking place.

I've been asked frequently, "So Andrew, where are we now in the cycle"?

If we take the first part of that question and just answer, "where are we now?", it's something like this... We have not had any significant development since the fall of 2008. For the most part, single-family housing starts have all but halted; there is virtually no speculative office, industrial, retail or multi-family projects going on. This is generally due to basic economics; demand is down, prices are down, and there is more than ample supply. Then throw in the lending crisis and it's a bad cocktail. Commercial land sales are still occurring, but at a mere fraction of what they were and the foregoing sites are either small user driven sites or sites that sellers cannot afford to keep.

There are some bright spots in the market: Frisco, and the northern sectors of the market, continue to inch along despite the economy. Frisco is reporting sales tax revenues up 5% over last year. Developers have broken ground on several new restaurants, a major movie theater, and several small user

driven office developments. Lenders are reluctant to lend on anything not user driven and in the case of Frisco, the local economy is strong enough to generate some user driven deals. This year I sold three well located small (each less than five acres) user tracts with utilities and zoning on Preston Road for a mere 10%-20% discount from 2007 pricing.

There has been a general feeling that, since the market fall of 2008, there would be a plethora of "deals", like 50% or more discounts from 2007 pricing. There are dozens of land funds with the sole intention of buying cheap, holding, and selling when things turn. But the reality is there has not been nearly as many "deals", at least to the extent of what we all thought, author included. And even the deals that are out there (and there are some great deals out there including ones in Frisco), are not being consummated. The reason: Many investors are asking, "That sounds like a great price, but how long do I have to hold it?" What they are really asking is for our position on the cycle, because the difference in holding a non-income producing asset for say, four years instead of two years, can wipe out the anticipated return. Land speculation along the future Dallas North Tollway and Preston Road was occurring in such frenzy and so far north that these properties were closer to the Red River than the Dallas CBD. Such tracts that are two or more cycles away are fine for future development, but it's imperative to price with that in mind.

No one can truly say where we are in the cycle today. But if we are cognizant of what is happening right now in the land market, that's the first step. The second is to keep a watchful eye on the trends in office, retail, industrial and multi-family markets; for absorption and vacancies to shift, rents to

move up and supply to diminish. The land market will follow close behind.

**Andrew Beckman**  
**Glacier Commercial Realty**  
**214-819-4501 Direct**

**DALLAS CBD,  
UPTOWN, AND THE  
WOODALL RODGERS  
DECK PARK, BRINGING  
THE TWO  
TOGETHER...FINALLY  
BY WAYNE B. SWEARINGEN  
BARCLAY COMMERCIAL GROUP**

My career in real estate started in 1962, leasing and managing the office buildings at Akard, Bryan, and Pacific for Fidelity Union Life Insurance Company. Those CBD blocks were the center of downtown, at the time. There was no suburban office market to speak of. Only Stemmons Towers, the Meadows Building, and Exchange Park (then called Uptown) were the choices. The core of the CBD moved west with One Main Place, then back east with 2001 Bryan Tower and Plaza of the Americas, two of our projects. Then, the momentum swung back west with completion of Interfirst Plaza (now Bank of America Tower). We represented the original bank in the 72 story build-to-suit in 1985, and the surviving bank after the crash of 1990.

When the Lynch brothers came to Dallas in the 80's, we advised them where to locate their first office development. We suggested that they jump the "new" Woodall Rodgers Freeway and build on Akard, offering suburban parking ratio of 3 per 1,000 SF and still be walking distance from the established CBD, where parking lots were being gobbled up by development. They built what is

today Advancial Tower, and Uptown was born. Later the Crescent was developed, re-defining the luxury and class benchmark in Uptown.

Today, the Woodall Rodgers Deck Park, under construction, will finally join the CBD and Uptown with our version of Central Park. I predict the highest office rents will be surrounding the park and the Arts District. Today, office rents range from \$17 SF to \$28 SF in the CBD and \$19 SF to \$40 SF in Uptown. A few sub-lease bargains can still be found by experienced professionals.

**Projects surrounding the Deck Park**



**Woodall Rodgers Deck Park, 2010**





**New Hunt Headquarters on the Deck Park, 2010**

happy to say there are a few silver linings to the storm clouds that have gathered over the local commercial real estate industry lately. For one, almost all project costs have moderated and there is no upward pressure in sight. Design fees, furniture, materials, and labor costs are all less than they used to be. The abundance of material and labor in the land of supply and demand means that they both cost less than they used to. And, you can get them when you need them. As you might imagine, this has a significant positive impact on the schedule as well as the budget.

Competition is so vigorous that overhead is cut to the bone and profits are nearly non-existent. And, you can just about take your pick from a number of highly qualified general contractors. I used to feel fortunate to get three good GC's to bid a project. Now I routinely have five or six and they're all aggressive. I recently bid a project worth about \$1,800,000. The difference between low bid and second-low was \$679. That's not even a rounding error. In this environment, competition rules so you're more likely to bid your project than to negotiate the contract and the winning bid may surprise you. Regardless, it's a good time to build something.

## **PROJECT COSTS – THE GOOD NEWS**

**BY NOEL RAGIN**

**PRINCIPAL OF NWR CONSULTING LTD., DALLAS**

**A Project Management Consultancy**

**You may learn more about the firm at [www.nwrconsulting.net](http://www.nwrconsulting.net)**

My mother was always keen on pointing out the silver linings that seem to come with storm clouds. I'm

## **THE BAD NEWS**

If there is any bad news, it's that you have to be careful to select bidders that have the stability and resources to complete the project. And, once you have selected a general contractor, you have to make certain that his subs are equally stable, and throughout construction you must be alert for any signs of weakness that would

undermine the project. Also, with such thin margins, it's more important than ever to scrutinize the inevitable change orders to make certain costs quoted are appropriate. That's another reason why it's more important than ever to start with a good set of drawings. Finally, be prepared to show the contractors that the funding for the project is secure.

### **PROJECT CONTROL – WHY 3<sup>rd</sup> PARTY PM'S ARE A GOOD IDEA**

When I am asked why it's a good idea to hire a third party Project Manager, I say it's because we do what you would do if you knew exactly what you were doing. After all, this is where your company lives. We guide you through the complexities of site selection; Work Letter and build-out negotiations; detailed design of the facility; construction; and move-in much like a lawyer guides you through the complexities of our legal system. Since we essentially become an extension of your management team, you are able to retain complete control of every aspect of your project. And you do so with the knowledge and experience of a specialist in the field.

Landlords like to say that they provide Project Management Services as part of the Lease, and that there's simply no need for a tenant to spend the money. However, while the Landlord will manage the design and construction of the facility, they are more interested in meeting their obligations under the Lease than they are in meeting their tenant's needs. The service they provide benefits them, not you. The decisions they make benefit them, not you. And they usually make you pay them 5%. It doesn't have to be that way.

Finally, not only do we manage your project the way you would, but we also reduce your risks and your uncertainties. We track project costs continuously. We track the project schedule continuously. We communicate with the Project Team continuously. We ensure legal compliance from beginning to end, and we ensure the greatest benefits from the use of your resources. We make good ideas happen.

### **WHAT WE DO**

We like to start from the very beginning and we start by defining the problem. We create a Space Program that describes basic facility needs and becomes a sort of Real Estate Guide. Then we prepare a preliminary Project Budget and a preliminary Project Schedule that we will use as our road maps throughout the project.

Working with the Tenant Rep Broker, we begin site acquisition using our Real Estate Guide. Once potential sites have been identified, we review and assess each site for required infrastructure availability, site configuration and geometry, and any characteristics that will impact the planned facility. Then we work with the Tenant Rep Broker to negotiate the Work Letter and other terms of the build-out of the facility.

Once the acquisition of the site is secure, we begin the design process in earnest. This may begin by selecting a design firm to provide the service or by working with the design firm that has been engaged by the Landlord. Regardless, we will communicate the Space Program to the selected firm and manage the completion of design ensuring conformance to the Space

Program. We believe it is critically important to prepare concise and complete construction documents since they will determine the final construction cost of the facility and reduce the need for change orders.

Once design and documentation is complete, we negotiate the contract for construction and oversee construction. We select a general contractor either through bidding or negotiation and they become a vital part of the project team. We communicate almost daily with them during construction and we observe every major operation. They participate with us in weekly progress meetings and together we manage any change order that is proposed or necessitated.

As construction is underway we also begin to manage the process of occupying the new facility. We start by selecting a vendor for the installation of furniture; selecting a vendor for the installation of the data and telecommunications cable infrastructure; selecting a vendor for the installation of AV or other specialty equipment; and selecting a vendor for the relocation of furniture and equipment. Then we bring each of them on the project team and coordinate their efforts with those of everyone else every week.

Finally, at the end of the project, we make sure all's well that ends well. We ensure final payments have been made to all vendors; we collect all required Lien Waivers and Releases; secure the certificate of occupancy; and establish dates for Lease commencement and warranty periods. And we deliver it all to you.

**Noel Ragin 214-350-8710**

**This edition of The Wayne B. Swearingen Report, October, 2010, is being distributed to clients in November and December.**

**After reading, I would appreciate hearing from you with your comments. We hope you have found it informative and helpful.**

**If we can assist you in your space needs or investment strategy, please contact us.**

**Wayne B. Swearingen, CRE, SIOR  
Barclay Commercial Group, Inc.  
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## BARCLAY COMMERCIAL GROUP



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### PROFILE

Wayne B Swearingen, chairman and CEO of Barclay Commercial Group, Inc., is a 49-year leader in the Texas real estate profession.

A native Texan, Mr. Swearingen graduated from Baylor University in 1955 and then served in the Air Force as a jet bomber pilot, achieving the rank of captain. He entered the real estate business in 1962 in Dallas. He headed the real estate department of Fidelity Union Life Insurance Company, then joined Henry S. Miller Company where he formed and headed the Office Buildings Division from 1968 to 1972. Mr. Swearingen was the first tenant representative in Texas and he initiated corporate services as a specialty.

### BARCLAY COMMERCIAL GROUP FORMED

In 1990, Mr. Swearingen formed Barclay Commercial Group, Inc. to specialize in hands on consulting and brokerage. Since 2001, Barclay Commercial Group has successfully completed some of the metroplex's largest investment sales. Today, Barclay disciplines include **BUSINESS ADVISORY SERVICES** for tenants and WAYNE B. SWEARINGEN, CRE, SIOR **INVESTOR ADVISORY SERVICES** for investor clients.

### FIRST COMPANY FORMED

In August, 1972, Mr. Swearingen formed The Swearingen Company, specializing in the sale, leasing and management of major commercial properties in Texas and Oklahoma. The firm became a leading force in real estate in the 1970s and early '80s, selling and leasing more than 35 million square feet of space while the management company grew to more than 14 million square feet.

### THE WAYNE B. SWEARINGEN REPORT

In 2000, **The Wayne B. Swearingen Report** was inaugurated with the first issue published in January 2001. The report deals with many issues revolving around the real estate industry in general, and it chronicles the office market in terms of yesterday, today and tomorrow. The September 2002 publication marked the 40-year anniversary of Mr. Swearingen's entry into the field of commercial real estate and it featured many thought-provoking projections. The report is sent to investors and friends of Barclay Commercial Group, Inc. It is the property of Barclay Commercial Group.

### SWEARINGEN NAMED COUNSELOR OF REAL ESTATE CONSULTING AND EXPERT WITNESS SERVICES EXPANDED

In 1986, Mr. Swearingen was the 12th person in Dallas and 29th in Texas to receive the prestigious designation, Counselor of Real Estate (CRE.ORG), awarded by the American Society of Real Estate Counselors. The tenured professionals who become Counselors must meet specific requirements of providing impartial and independent advice and guidance to investors and companies. **Mr. Swearingen is often called upon as an expert witness, serving the legal community on real estate related matters. He also heads the newly formed Vector Property Services. Vector contracts with bank REO departments and the courts to add value and expedite disposition of repossessed properties.**

### OTHER ACHIEVEMENTS, DESIGNATIONS

Charter Incorporator, North Texas Commission  
Member, Dallas Commercial Real Estate Hall of Fame  
Past Certified Property Manager (CPM)  
Member, Society of Industrial and Office Realtors (SIOR)  
Past director, Greater Dallas Board of Realtors  
Member, National Association of Real Estate Boards  
Past president, Dallas Building Owners and Managers Association  
Past chairman, BOMA International Marketing Division  
Founder and past director, ONCOR International  
Board member, Central Dallas Association  
Past board member, Dallas Symphony Association  
Past director and chairman, Hankamer School of Business, Baylor University Inducted in 1999 into the Dallas Real Estate Hall of Fame, presented by NTCAR



**STEVE SHRUM**  
**CO-MANAGING PARTNER**

Steve Shrum co-founded Glacier Commercial Realty, L.P. in July 2003 with long time colleague Andrew Beckman. Steve began his career in 1987 at the Fults Companies where he spent 16 years specializing in office and tenant representation. Steve collected numerous awards in high production, largest deal and was an annual top producer. He then spent 18 months at Stream Realty in Dallas as a Vice President in 2002 prior to founding Glacier Commercial. Steve lives in Southlake and is married to his wife Pam, and they have four children; Austin, Sydney, Tori, and Hudson. Steve enjoys his family and his pursuits of the outdoors. Being raised in Idaho, Steve loves the outdoors and is an avid fly fisherman.

#### **Education**

The Southwestern Company, Nashville, Tennessee  
Masters in Business Management (Recruiting Award)

Idaho State University, Pocatello, Idaho  
Bachelor of Science in Biology

## **PROFESSIONAL ORGANIZATIONS/ ACTIVITIES**

North Texas Commercial Association of REALTORS®  
National Association of Realtors  
DREM – Dallas Real Estate Ministries  
Southlake Hills Homeowners President- 2006, 2007, 2008

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**Andrew R. Beckman, CCIM**  
**Co-Managing Partner**

Andrew Beckman co-founded Glacier Commercial Realty, L.P. in July 2003 with long time colleague Steve Shrum. Andrew co-manages the day-to-day operations of Glacier Commercial Realty, L.P. and actively works on transactions. Andrew began his career in 1993 at the Fults Companies where he spent nine years specializing in office and land brokerage. Andrew collected numerous awards in high production, largest deal and was an annual top producer. He then spent a year at Stream Realty in Dallas as a Vice President in 2002 prior to founding Glacier Commercial. Andrew is married to his wife Kristen, both are Dallas natives, and they have a son Henry and a daughter Marit. Andrew enjoys his family and his pursuits of the outdoors, which includes being an avid fly fisherman, bow hunter, and anything else that does not require him to have a roof over his head.

**Education and Designations**

Texas Christian University- Bachelor of Business in Marketing  
All-Southwest Conference Track Team

**Professional Organizations/ Activities**

North Texas CCIM Chapter  
Texas Christian University Young Alumni Association  
Member, The Letterman's Club of TCU  
North Texas Commercial Association of Realtors

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## **NOEL W. RAGIN**

Noel Ragin is a problem solver. With more than 30 years' experience as a successful architect, general contractor, owner's representative, developer and project manager, Noel Ragin has the unique ability to manage the complexities of commercial real estate and construction. He understands and balances the interrelation of markets, financial considerations, site selection criteria, architectural design, construction, schedules, resource acquisition strategies, and budgets.

Noel began NWR Consulting in 2002. He previously held a number of related positions in facilities and real estate management. Most recently, he was director of the Integrated Services Group for Cawley International/Wilcox Development where he provided real estate representation services, including project management, relocation management, facilities management and lease administration in coordination with real estate transactions.

Noel was also regional managing director of the Project Management Group for CB Richard Ellis, where he created and implemented a new business unit within the company to provide project management services throughout the South Central Region.

Noel holds a bachelor of architecture degree from The University of Texas at Austin and practiced as an architect for more than 10 years, designing commercial facilities' projects.