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All Aboard!

Dallas Blazes Light Rail Trail

By Jennifer S. Cowley

Historically, Texans have been less than enthusiastic about mass transit. In the spirit of independence, folks pretty much drive their vehicles wherever they want. But times change. And as traffic congestion mounts, citizens in metropolitan areas are exploring mass transit options, including light rail.

More people riding the rails means opportunity for investors and developers who are briskly buying and building near rail stations.

Dallas is leading the way. The Dallas Area Rapid Transit System (DART) has 40 miles of light rail and ten miles of commuter rail in operation, with 1999 ridership totalling 11.3 million light rail passenger trips and 648,000 commuter rail passenger trips. Ridership will undoubtedly increase as the system expands.

Light rail has been a popular form of transportation in the eastern United States since the 1890s, when the first such trains offered service from Albany to Syracuse, New York. Dallas started construction on its first rail line in 1996. In August 2000, Dallas passed a bond issue that will reduce the construction timeline for the light rail system by five years. The \$2.9 billion bond package, which passed by a three-to-one ratio, will fund an additional 53 miles of light rail (see map). Construction is scheduled to be completed in 2013.

The first segment of Dallas' commuter rail system opened in December 1996. Eventually, the Trinity Railway Express will run from downtown Dallas to downtown Fort Worth. Four new stations opened in fall 2000 including West Irving, CentrePort (near the D-FW Airport), Hurst-Bell (near Bell Helicopter) and Richland Hills. The final segment connecting the line to downtown Fort Worth is expected to be completed in 2001.

Development Around Rail Stations

DART and the City of Dallas have successfully encouraged new development around rail stations. Since the first rail line opened, an estimated \$800 million in private investment has been made in areas near rail lines, a figure close to the \$860 million in start-up construction costs for the light rail system.

The \$40 million Cityplace Station was scheduled to open in December 2000 at Haskell Road and U.S. Highway 75 (North Central Expressway). The light rail station will be

underground, in a three-mile-long tunnel as deep as 120 feet below the expressway.

Cityplace Company, the first developer to contribute to the cost of a DART light-rail station, paid the City of Dallas \$3.5 million towards construction of the station for its 130-acre Cityplace development. The city created a tax increment financing district (TIF), which means that Cityplace's developer will pay as much as \$10 million for public improvements and will be reimbursed from city property taxes.

Between 1992 and 1996, Cityplace property values increased by more than 40 percent, from \$56 million to \$80 million. Revenue from increased property values in this and other TIFs near light rail stations is being used for sidewalks, bridges, landscaping and other improvements around stations.

Cityplace is located along U.S. Highway 75 just north of downtown. To the east, the station will front the 42-story Cityplace office tower, and the west entrance will face new development. Trammell Crow will manage a planned eight-story, 210,000-square-foot office building on the west side of Central Expressway between Haskell and Lemmon.

Development is brisk in the area surrounding Cityplace. Treymore at Cityplace is a 180-apartment project for low-to-moderate income residents, located on Haskell, east of Central Expressway. Rents range from \$695 for a one-bedroom unit to \$1,160 for a three-bedroom. McCaslin Development recently completed the \$23 million Quarters at Cityplace at Central Expressway and Lemmon. The 244-apartment project does not contain a retail or office component.

West Village, a joint project of Urban Partners and Phoenix Property Company, is a mixed-use project located between McKinney, Lemmon, Cole and Blackburn. The four-story development is slated to open in March 2001 and will be served by the DART rail line and the McKinney Avenue Trolley. The residential component will include 178 luxury apartments and lofts with rents ranging from \$900 to \$3,800 for one- to three-bedroom apartments.

In addition, West Village will have 140,000 square feet of retail, restaurant and entertainment space. Tenants will include the Landmark Theater's Uptown Cinema, The Gap, Banana Republic, Ann Taylor Loft, Eye Pieces, Tommy Bahama and Legacy Trading Company, an Italian bistro and wine bar, a taco diner, a French bakery and a Eurolatin night club. Starbucks plans to open a larger than normal shop that will boast live entertainment along with an expanded food menu and beer and wine.

More than 1,100 apartments and lofts have been built around the Mockingbird station and in the old Sears building south of the Cedars station. Restaurants, shops, entertainment and offices also are planned around light rail stations.

United Commercial Urban Centers is developing Mockingbird Station, a retail, entertainment, apartment, office and hotel complex next to Southern Methodist

University and adjacent to the Mockingbird light rail station. The pedestrian-oriented environment includes eight major restaurants, 550,000 square feet of office space, the Angelica Film Center and a Virgin music store. The project's 220 loft apartments include 146 one-bedroom units that rent for \$972 per month; two-bedroom units range from \$1,900 to \$4,900 per month. Existing warehouse and office buildings were integrated with new construction. Phoenix Properties converted the former Dr. Pepper Bottling Company building into 500 luxury apartment units in the same area.

Two office buildings near the Park Lane Station have been acquired and may be redeveloped. Rancho Vista Development Company announced plans for a 200-acre mixed-use development in Richardson on North Central Expressway between Campbell and Renner roads. Galatyn Park, developed by Galatyn Properties, will be located in the same Telecom Corridor area and will include a performing arts center and an office-conference complex on 27 acres adjacent to the new Galatyn Park DART station. Ground has already been broken on a new Marriott Hotel. A 40-acre mixed-use development is planned at the Parker Road rail station in Plano, which is expected to open in summer 2003.

In south Dallas, new commercial and retail development is under construction near the Illinois Station and on Lancaster Road near the 8th & Corinth Station. Plans are underway for 300 to 500 condominium units in the Farmers Branch downtown area as a result of a planned line through the city.

Economic Impact of Light Rail

In 1999, the Center for Economic Development and Research at the University of North Texas conducted a study of the DART light rail system's economic impact. One part of the study focused on changes in property values. Appraisal data on 700 commercial and residential properties located within a quarter mile of the 15 existing light rail



stations revealed that between 1994 and 1998, total property values increased in 11 of the 15 rail station neighborhoods. Property values around DART stations increased 25 percent more than in the control neighborhoods. Some rail stations experienced larger gains, including the Cityplace-Mockingbird-Lovers Lane corridor.

The largest property value increase was at the Lovers Lane Station, where values increased by 66 percent overall. Office property values rose 73 percent. Cityplace had an overall 59 percent gain in property values with office values up 69 percent and retail values up 67 percent. Around the Keist Station, retail property values rose 84 percent; vacant property values increased 44 percent. The largest increase in residential property values was seen at the VA Hospital station, where values rose 65 percent. The largest increase in industrial values, 35 percent, occurred in the area around the 8th & Corinth Station.

The study also examined changes in occupancy and rental rates surrounding rail stations. A total of 200 office buildings, retail properties and industrial sites within a quarter mile of existing DART light rail stations were examined.

Average occupancy rates for Class A office buildings near DART stations jumped from 80.2 percent in 1994 to 88.5 percent in 1998, an increase that far surpasses the 1 percent gain citywide. Rents rose from \$7.40 to \$23 per square foot. Occupancy rates for Class B office buildings increased 4.9 percent, with rental rates rising 40 percent. Occupancy of Class C buildings rose 1.6 percent to 46.4 percent. Rental rates increased 21 percent to \$11.39 per square foot. Rental rates



DALLAS RESIDENTS passed a \$2.9 billion bond package to fund another 53 miles of light rail.

for classes A and C were similar to citywide rates. Occupancy rates for industrial properties increased 16 percent; rents increased 27.4 percent.

On the retail side, rental rates rose 29 percent between 1994 and 1998. However, occupancy rates declined in community retail centers. Neighborhood retailers' rental rates increased 3.3 percent, while occupancy rates rose 6.2 percent. Strip centers experienced a 4.2 percent increase in occupancy rates and an 18.4 percent gain in rental rates.

Light rail's positive impact in Dallas — on the public and businesses alike — may mean that more and more Texans hang up their spurs in favor of riding the rail. All aboard! ♣

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Other Texas cities have found it difficult to get on track with light rail.

Houston is on board but only after much debate over financing the \$272 million, 7.5-mile starter rail line, which will run from downtown to the Astrodome. By 2004, visitors will be able to get a checkup

at the medical center, attend a Texans football game and shop downtown without using their cars. Plans for extensions to the initial rail line are being considered.

San Antonio citizens voted down a \$1.5 billion light rail proposal that would have been financed by a quarter-cent sales tax increase, fares and a \$750 million matching grant from the Federal Transit Administration.

Austin citizens voted "no" on a proposed \$1 billion light rail plan that would have included 23 stops serving the central city and outlying areas. ♣



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