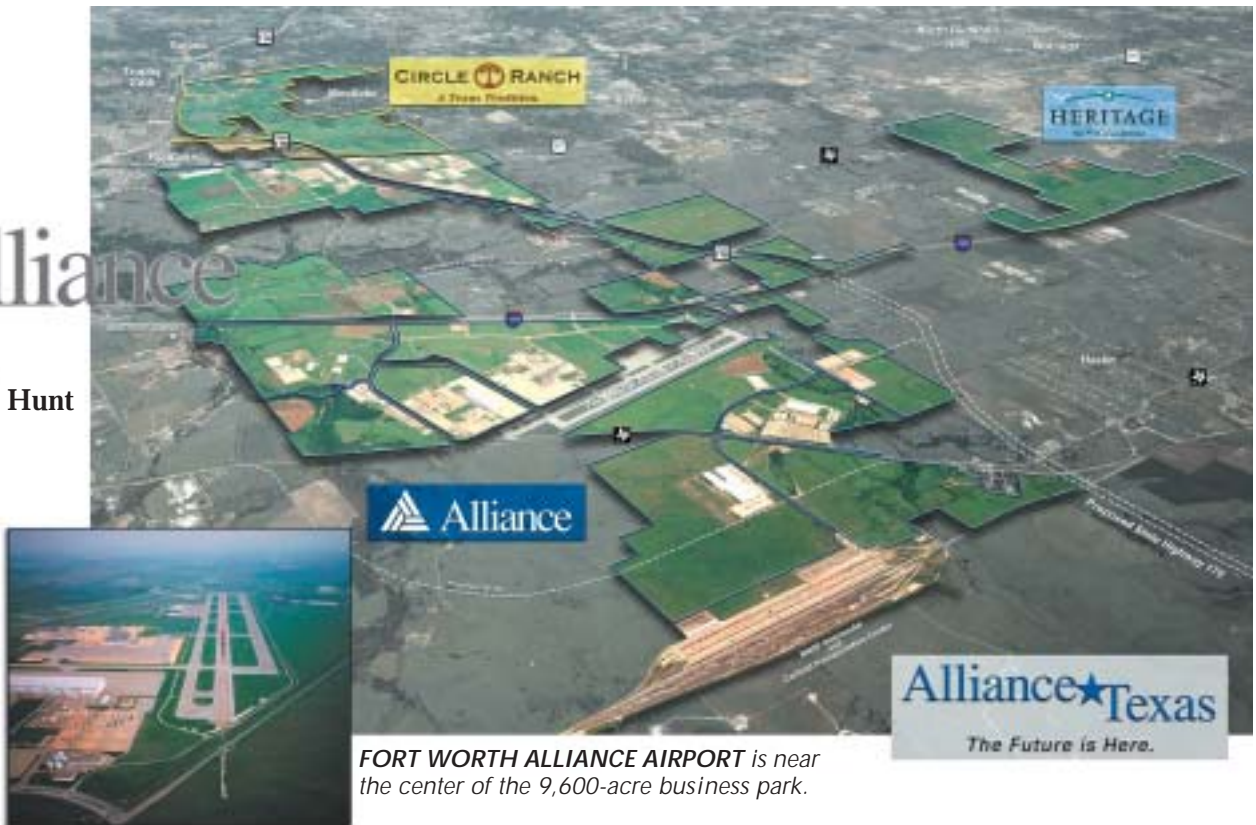


A Reprint from *Tierra Grande*, the Real Estate Center Journal



By Harold D. Hunt



FORT WORTH ALLIANCE AIRPORT is near the center of the 9,600-acre business park.

From its beginning as the western hemisphere's first completely industrial airport, AllianceTexas has evolved into one of the largest and most successful master-planned communities in the country. Hillwood's 15,000-acre development spans two counties (Tarrant and Denton), and includes parts of four cities (Fort Worth, Roanoke, Haslet and Westlake) and two school districts (Northwest and Keller ISDs).

The success story within this success story is the development's 9,600-acre business park, referred to simply as "Alliance." Since its 1989 inception, more than 20,000 jobs have been created by businesses located in the park.

Alliance's success can be attributed to three factors. First, the park's strategic location and modern infrastructure provide companies with a basic framework to improve the speed and efficiency of their operations. Second, economic incentives such as triple freeport tax exemptions, a foreign trade zone (FTZ) and an enterprise zone offer substantially reduced business costs. Third, Alliance partners with an array of service-oriented businesses to provide world-class transportation, education and communication services to tenants, helping them compete successfully in a global economic environment.

Location and Infrastructure

Alliance's infrastructure facilitates almost seamless access to three methods of transportation — rail, air and truck — allowing companies to move products quickly and efficiently.

On the western border of the park, Burlington Northern Santa Fe (BNSF) Railroad operates a 735-acre "intermodal" rail yard where shipping containers can be loaded and unloaded or switched between rail and truck without repacking the goods. The containers can be transported by ship as well.

BNSF handles about 40,000 containers per month at Alliance for companies such as Daimler-Chrysler, JCPenney,

Michael's, Hyundai and Kia. Alliance has designated 1,500 acres immediately east of the intermodal yard for rail clients to locate distribution centers. For example, JCPenney distributes goods to all of its 1,200 retail stores from a distribution facility near BNSF.

Tracks belonging to a second railroad company, Union Pacific, run along Alliance's far eastern edge near Roanoke. Spurs serving companies such as DSC Logistics and Nestlé run along U.S. Highway 377. However, most of Union Pacific's Alliance traffic is routed through the BNSF intermodal yard.

Fort Worth Alliance Airport is near the center of the park. The airport has two runways that are currently 8,200 and 9,600 feet in length. The longer runway eventually will be extended to 13,000 feet to accommodate the world's largest, fully loaded aircraft. On-site U.S. Customs offices reduce clearing times for international flights.

American Airlines' maintenance and engineering center was Alliance's first aviation-related tenant. The airport's facilities are used by a variety of firms. Gulfstream Aerospace finishes out and delivers model G200 corporate jets. Bell/Augusta Aerospace Co. will deliver and train pilots for the civilian version of the new BA609 tilt-rotor aircraft at Alliance. International Aviation Composites conducts helicopter maintenance and repair services, while Jet City, Inc., provides fixed-wing maintenance, sales and charter services. Recaro Aircraft Seating supplies airline seats to American Airlines. The U.S. Drug Enforcement Administration has administrative support offices and aircraft maintenance facilities at Alliance.

FedEx delivery service has its southwest regional hub at Alliance. The facility is the company's only completely automated hub, handling about 175,000 packages per day. The proximity of FedEx offers a speed and efficiency advantage to Alliance tenants that rely on rapid air delivery of incoming and outgoing goods.



ALLIANCE'S INFRASTRUCTURE OFFERS tenants easy access to air, rail and truck transportation, making it a natural choice for businesses like FedEx, which has its southwest regional hub at the park. Other tenants that rely on air shipping use FedEx's delivery services to benefit their own bottom lines.

DFW International Airport generally complements Alliance's other transportation services. Along the eastern border of the park, 2,400 acres have been set aside for a distribution, manufacturing and office-flex sector. Lower land costs within Alliance as compared with other land near DFW International are an incentive to locate there.

Alliance's east side is home to several regional, national or global warehouse-distribution centers. Tenants include General Motors, Georgia Pacific, Hewlett-Packard, Honeywell, Nestlé, Nokia, Randall's Foods and Zenith. More than ten million square feet has been occupied in this sector of Alliance alone.

Major ground transportation routes through Alliance include I-35W and State Highways 170 and 114. I-35W runs north-south and bisects Alliance, offering access to all major interstate highways radiating from the Metroplex. Highway 170 originates at I-35W, traveling northeast to connect to Highway 114 in the City of Roanoke. From its origin at I-35W in north Alliance, Highway 114 is a direct, 15-mile thoroughfare to DFW International Airport. Construction has begun on Highway 114 to expand it to 14 lanes. Travel time between Alliance and the DFW airport should remain at 20 minutes or less in the foreseeable future.

Economic Incentives

A freeport tax exemption allows businesses to pay no property tax on inventory that leaves the state within 175 days. Manufacturing and distribution companies that transport large amounts of inventory out of state find this exemption attractive because it directly lowers their property tax liability and indirectly lowers their overall shipping costs.

Alliance offers a triple freeport tax exemption, meaning that all three primary taxing jurisdictions — school, city and county — honor the inventory exemption. This freeport exemption is the highest level of inventory tax exemption available.

Foreign trade zones (FTZs), located in or near U.S. Customs ports of entry, are federally designated

areas into which firms can import raw materials or components, store them, assemble them or use them to manufacture new products. Companies can bring in products "in bond" (before U.S. Customs inspection) and pay no duty until the product leaves the FTZ. This moves the duty payment closer to the date when the product is actually sold, allowing importers to retain the use of their money for longer periods of time.

In some cases, importers assemble foreign components in the U.S. and effectively create a U.S. product, thereby lowering or completely eliminating import duty. Some foreign firms combine the benefits of a foreign trade zone with the triple freeport exemption by shipping their products out of state within the 175-day limit.

A federal program enacted in June 2000 made FTZs even more attractive. The Weekly Entry Program allows importers to consolidate inventory entering an FTZ, paying only one \$485 "merchandise processing fee" per week. In the past, a fee was assessed per entry.

FTZs have been operating at Alliance for about ten years. Alliance is proposing that time-critical truck traffic be allowed to drive straight through U.S.-Mexico border crossings in-bond, receiving their initial inspections at Alliance. Such a program could reduce truck congestion and waiting periods at Texas border crossings while improving the efficiency and speed of deliveries.

Enterprise zones are a third economic incentive offered at Alliance. The Texas Enterprise Zone Program, administered by the Texas Department of Economic Development, encourages job creation and capital investment in areas of economic distress. Enterprise zones are designated for a period of seven years.

A portion of Alliance lies within the North Fort Worth Enterprise Zone, which was designated in 1997 and expires September 1, 2004. State incentives include one-time refunds of state sales and use taxes and franchise taxes for firms locating within the zone. Local incentives include reduced development fees, permit fee waivers and reduced investment requirements for tax abatement consideration.



MANY OF ALLIANCE'S anchor tenants, including Nokia, purchase a variety of goods and services from smaller firms within the park, increasing efficiency on both ends of the business spectrum.

Partnering with Service-Oriented Businesses

Many ancillary companies supplying components or services to larger firms have found it efficient to locate facilities at Alliance. Some are third-party logistics (3PL) providers, which perform operational tasks companies want to outsource. Common tasks conducted by 3PL firms include transportation, warehousing, distribution, packing or assembly.

Alliance operates its own 3PL firm, Alliance Operating Services (AOS), providing such services as foreign trade zone assistance, overseas container processing and third-party warehousing. Tenants relocating to Alliance can let AOS receive, inventory and store their furniture, fixtures and equipment ahead of time to minimize any down time or disruptions during move-in.

Outside 3PL companies operating at Alliance include DSC Logistics, Ryder System, Inc., Trans-Trade, Inc., UPS Logistics and Value and Service Logistics. The types of services offered by 3PL firms operating at Alliance generally complement each other, producing a wide range of possibilities for tenants seeking to outsource parts of their operations.

Other ancillary firms provide services or components to Alliance's largest businesses. At least five provide goods or services to Nokia. InteSys Technologies produces plastic and metal-engineered assemblies; Perlos provides exterior parts; Savcor Coatings applies metal coatings to plastic parts; Triple S Plastics provides injection molding; and Norampac provides the final packaging for Nokia's cellular phone operation.

A variety of educational and technical training programs also are provided at Alliance. The Alliance Opportunity Center

(AOC) offers technical training for employees of companies located in the park. The AOC operates in conjunction with Tarrant County College, providing instructors and facilities for training employees in skills such as operating a forklift.

Texas Christian University's TCUglobalcenter at Alliance offers advanced degrees and provides conferencing facilities. The center has two executive conference rooms and three classrooms. TCU conducts an executive MBA program, one-day corporate training seminars and provides advanced teleconferencing capabilities at Alliance.

Alliance offers the services of a new Hillwood division, TeraSpace Networks, to build and market data centers in metropolitan areas across the United States. TeraSpace has just completed the first phase of a 1.1-million-square-foot Internet data center on Alliance's east side. The company also provides power and fiber optic connectivity to more than a dozen web-hosting and carrier-hotel companies such as AT&T, Worldcom and Qwest, that offer their services to Alliance tenants. More than 60 miles of fiber optic cable has been laid in and around Alliance, providing tenants with optimum telecommunication connectivity.

Alliance has attracted a host of world-class employers by combining easy access to transportation, communication and education facilities with a set of economic incentives designed to lower business costs. This formula maximizes businesses' competitiveness in the global economy, and makes Alliance one of the most modern, innovative commercial developments in the world. 📍

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Tierra Grande (ISSN 1070-0234), formerly *Real Estate Center Journal*, is published quarterly by the Real Estate Center at Texas A&M University, College Station, Texas 77843-2115. Subscriptions are free to Texas real estate licensees. Other subscribers, \$20 per year.

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