

In The News

Exclusive: Up a billion, Legacy West development value reaches \$3.2 B

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It's been more than two years since Fehmi Karahan began racking up deals within Legacy West— the now 255-acre mixed-use development in West Plano — and yet the project has grown substantially and has beaten initial build-out estimates.

"Our numbers are much bigger than \$2 billion in value," Karahan, who is the master developer of Legacy West, told the Dallas Business Journal in an exclusive interview. "We were doing the numbers and looking at certain facilities and our grand total is nearly \$3.2 billion."

Karahan, who is also the CEO of The Karahan Cos., declined to break out specific projects — such as Toyota North America's headquarters or J.P. Morgan Chase's hub — but the entire Legacy West project ranging from corporate campuses to the retail town center to residential towers total \$3.17 billion in new real estate.

And it's not just Legacy West booming beyond initial expectations.

Each of the companies within Legacy West is preparing for future growth and have either bought up additional land tracts earmarked for expansion or developing oversized facilities that could theoretically accommodate additional employees.

Toyota's new 100-acre, 2.1 million-square-foot North American campus could easily accommodate 7,000 employees, with 7,000 parking spaces slated for the campus, which will also include a museum, medical center and fitness facility. In all, the relocation and campus are expected to cost Toyota \$1 billion.

Toyota North America spokesman Javier Moreno said there could be potentially hundreds or thousands of people at the automaker's campus beyond its 4,000 employees.

"There could potentially be several more hundred or thousands of people on the campus, but our number is 4,000," Moreno told the DBJ. "We understand there are plenty of other needs in terms of services to our partner agencies, vendors and many other on site and we want to make sure we have the flexibility to accommodate them."

Other companies making a mark in Legacy West are also keeping an eye on the future.

Boston-based Liberty Mutual Insurance has an additional 4.5 acres adjacent to its 1.1 million-square-foot hub that is being held in reserve for expansion. J.P. Morgan Chase & Co. initially bought 50 acres for its regional operation at Legacy West, but will only develop 30 acres of its holdings.

J.P. Morgan Chase is expected to build an initial 1 million square feet on the 30 acres of land, but the additional 20 acres could help the financial firm expand to 2.5 million square feet in the years to come.

"They have expansion opportunities or are planning with that in mind, but there's no imminent expansion plans taking place, but they purchased land for the future," Karahan said.

At this time, Legacy West will be home to about 15,000 employees, but Karahan said future growth projects could boost the employment within the 255-acre community to 20,000 workers.

But Plano's corporate magnet wasn't an overnight success story. Munsch Hardt Kopf & Harr P.C. Partner Glenn Callison said the development story in West Plano has been underway for the past two decades.

"The limiting factor is that there isn't much land left in the market," he told me. "The folks who already made the commitment to be there won't have a problem finding more space, but it will be harder for new players to come in."

All in, Callison, who recently conducted a panel with Karahan, Granite Properties and Mayor Harry LaRosiliere about the city's growth, said between the two big developments — Legacy West and Granite Office Park — will bring in 30,000 new jobs in the next two years.

At the intersection of the Dallas North Tollway and Sam Rayburn Tollway, he said there's \$3.5 billion of development underway. Plano-based Granite Properties is constructing a few to office tower, including the new hub for Fannie Mae.

"Plano has down a wonderful job repositioning Plano as a whole with that particular market as one of the premiere relocation sites not just in North Texas, or across the state, but across the nation," Callison said.

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