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MCKINNEY'S CRAIG RANCH, ACT II

Developer David Craig says the time has finally come for the full realization of his 2,200-acre development.

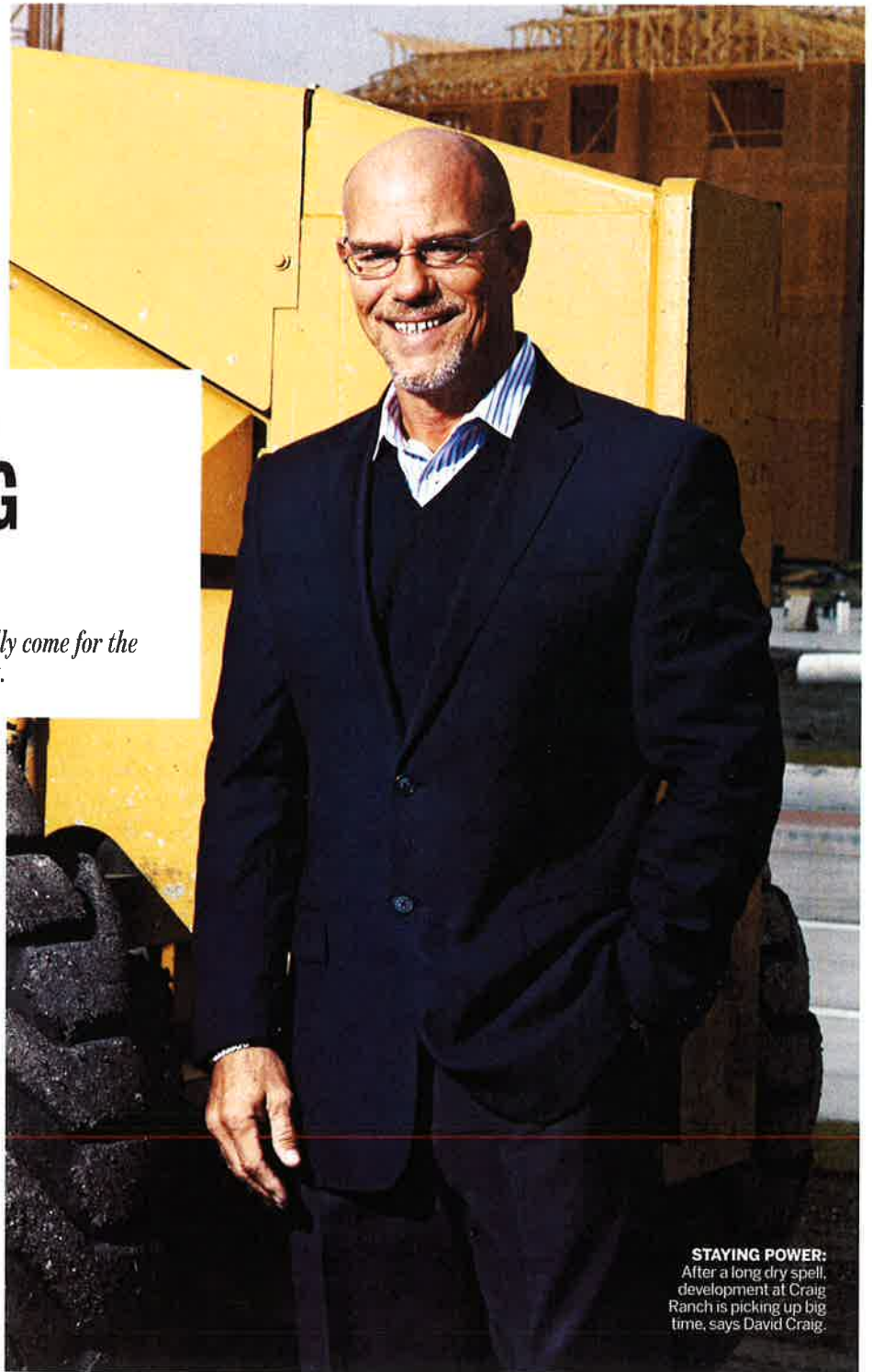
THE FIRST TIME I interviewed developer David Craig was in 2001. I had just begun reporting on commercial real estate in Dallas, after moving here from Kansas City.

With the help of a giant Mapsco book, I eventually found my way to a rural area west of McKinney, where I climbed into Craig's SUV for an off-road tour of a 1,125-acre site he controlled.

As he drove, Craig excitedly shared his vision for the land: there'd be a PGA golf course, thousands of homes and apartments—a "new urbanism" community that would also include millions of square feet of commercial space.

He was giddy; I was skeptical. We were in the middle of nowhere, and my editor had warned me about the big dreamers in Dallas, who talk up projects that never materialize. Still, other pioneers had opened up new commercial markets: Ross Perot at Legacy, his son at Alliance in North Fort Worth, Craig Hall in Frisco, and Jack Matthews in South Dallas all had the last laugh. Now, finally, Craig is laughing, too.

Speculative office development is under way at Craig Ranch, and residential activity is exploding. "Two or three years ago, we couldn't even get a conversation with builders; now,



STAYING POWER:
After a long dry spell, development at Craig Ranch is picking up big time, says David Craig.

they're beating the door down to get product in our community," Craig says. "It's a breath of fresh air."

Craig first came to North Texas in 1980, tagging along with some friends from college. A

military brat who moved around a lot as a child, he was looking for a place to put down some roots. He found it in McKinney, and opened his own real estate shop in 1980, specializing in land investments.

“We did literally thousands of acres of transactions in what I call the ‘golden corridor,’” Craig says. “Our sweet spot was maybe down to Belt Line road, between Preston Road and U.S. 75, all the way up to Sherman. Buying and selling, buying and holding.”

He got into development in 1983. The success of his first project led to others, both residential and commercial. When the real estate downturn hit Dallas, he moved to Taiwan for five years, until the market improved. Back in McKinney, he continued to focus on local deals. In the late 1990s, he sold a parcel of land at Eldorado Parkway and U.S. 75 to Cecil Van Tuyl, an auto dealership magnate and real estate investor. The two struck up a friendship.

A few years later, Craig asked Van Tuyl to become a capital partner on a big land deal he wanted to do. While other developers were focusing on projects along the Dallas North Tollway and North Central Expressway, Craig saw an opportunity square in the middle, north of State Highway 121 between Custer and Stacy roads. “It was at the crossroads of Collin County, where four cities come together—McKinney, Allen, Plano, and Frisco,” he says. “And it featured magnificent topography, with limestone bluffs and Rowlett Creek, which traverses through the middle of the property. It was 1,125 acres of contiguous land in a prime location.”

Complications had kept other investors away. The property was in an extraterritorial jurisdiction, in what McKinney called a “future employment district.” It was not zoned for residential use. Van Tuyl signed on, though, and Craig got to work on rezoning—a process that took almost two years—and acquiring adjacent properties.

Meantime, the PGA Tour got in touch with Craig, and, ultimately, a Tom Weiskopf-designed championship course, TPC Craig Ranch, opened in 2004. It was a big year for the development, which also saw the sale of hundreds of homes, the opening of The Ballfields at Craig Ranch, and a deal with Dr. Kenneth Cooper to establish the Cooper Fitness Center at Craig Ranch.

Craig has a reputation for being a persistent salesperson—it’s hard to listen to him wax on about Craig Ranch without feeling like you should buy a home before you leave—and his powers of persuasion were on full display with the Cooper deal. Known as the “father of aerobics,” Cooper began looking for a suburban

outpost for his Cooper Aerobics Center in North Dallas in the early 2000s. He toured Craig Ranch and met with the developer in 2002. “I thought, this guy has some grandiose ideas, but they won’t be developed in my lifetime,” Cooper said at the time.

In 2004, Cooper visited again—to tell Craig that he had decided on a site in Frisco. When Cooper arrived, he was greeted not just by Craig, but by the mayor of McKinney and other muckety-mucks. He saw street signs that read “Dr. Cooper Drive” and “Aerobics Way.” There was also a 10-seat helicopter waiting to ferry him around the development. Impressed, Cooper changed his mind.

SPEC OFFICE UNDER WAY

Despite success on the residential, medical, and fitness fronts, with projects like the Michael Johnson Performance Center, office development has been slow to catch on at Craig Ranch. (The lone exception: a headquarters for the hobby-car company Traxxas, which opened in 2011.) So, too, has retail, even as nearby projects like The Village at Fairview, The Village at Allen, and the area around Stonebriar Centre in Frisco have flourished. When the most recent downturn hit around 2007, even residential work stalled.

“We basically had four years of no activity,” Craig says. “I will always be grateful to the Van Tuyl family; they didn’t have to stay with it. I stayed with it because I gave my word, and because I’m passionate about it.”

Keeping the faith has paid off. Two recent events have primed Craig Ranch for its second act. The first is the completion of the Sam Rayburn Tollway, which has drastically cut the commute time from McKinney to DFW Airport. The second is a public-private partnership with the City of McKinney to create a business park. Announced in the summer of 2013, it’s designed to support more than 2.5 million square feet of office space.

The first office developer to jump in? The Van Tuyl family’s VanTrust Real Estate. In addition to its asset management role, the Kansas City-based developer is wrapping up work on a 120,000-square-foot speculative office project

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within Craig Ranch. Dallas real estate executive Ran Holman, who recently left Hines to head up North Texas operations for VanTrust, said leasing activity has exceeded expectations.

“If you look at the 1 million square feet under construction in west Plano, it’s all Class A+ office product,” he says. “We saw an opportunity to come in with very nice value office product for users that are seeking high-density, quality space, with plenty of parking and access to amenities. If you’re a user who needs 50,000 square feet or more of that kind of space in the far North Dallas area, you don’t have a lot of viable options. So, it was a bet, but it was a good bet.”

Also under way at Craig Ranch: a multifamily project from Robert Shaw. The first phase will add 418 units of a planned 2,100 residences. More than 1,000 new single family homes also are in the works.

After 13 years, Craig says he’s pleased that the project is finally beginning to realize its potential. He’s disappointed, though, that his mentor did not live to see it. (Cecil Van Tuyl passed away in late 2012.)

“Craig Ranch has proven itself as a master-planned community. What I see in the future are corporate relocations—and a full-service hotel,” he says. “We’re now considered an ‘A’ location. Our time has arrived.” ■

Craig Ranch Stats

Size: 2,200 acres

Single-family homes: 2,700, with 1,100 more in the works

Multifamily units: 635, with 418 under construction and another 3,924 planned

Commercial: More than 700,000 square feet of existing office, medical, retail, and fitness facilities, with the potential for up to 3 million square feet at full build-out.

Economic Impact: \$600 million taxable value within Craig Ranch; \$1.7 billion in ripple effect expenditures, 2002-2012