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STATE FARM, A NEW ECONOMY BUILD-TO-SUIT OR VALUE CAPTURE

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State Farm, a New Economy Build-to-Suit or Value Capture

How creative zoning and economic programs can provide the impetus for significant benefits to a community.

Project

The State Farm Insurance new office campus project in Richardson is part of a nationwide consolidation of the Illinois-based company's business facilities. This project is currently the largest office development in North Texas and perhaps the largest in the state.

The project, which has been undertaken by the developer KDC, is known as CityLine. This CityLine Development is a mixed-use transit-oriented development located in the City of Richardson, Texas. The specific location for the project is a premier undeveloped area in the Dallas/Fort Worth metroplex, at the cross roads of two major highways and adjacent to DART light rail line. Richardson is a business-friendly community and the fact that it offers access to both a highly-skilled work force and major transportation systems makes it one of the best locations for the office development.



The 186-acre transit-oriented development will eventually include more than 2 million square feet of office space; two hotels; 3,925 multi-family residential units; 300,000 square feet of grocery, restaurant, entertainment and retail space; and three parks. The initial phase of the project has grown since it was first announced to over 2 million square feet of office space.

The project adjacent to the Dallas Area Rapid Transit Bush Turnpike Station on the DART Red Line includes tracts of land on the east and west sides of Plano Road. The east side of Plano Road includes 147.5 acres of land on the north side of Renner Road, between Plano Road and Wyndham Lane. The west side of Plano Road includes 38.5 acres of land south of Bush Turnpike between Plano Road and the DART light rail tracks. The development will have a great

mix of amenities in a pedestrian-friendly environment inviting corporate users and the community. The focal point of the initial phase will be CityLine Plaza, a centrally located urban plaza designed by the landscape architect of Dallas' signature Klyde Warren Park sprawling across Woodall Rogers Freeway in downtown Dallas.

The initial phase of the CityLine project is part of a master-planned development with an investment which is projected to exceed \$1.5 billion. This initial phase will include the three main office towers, 13, 15 and 21 stories in height, to be leased by State Farm. The initial phase will also include 1,000 multi-family residential units, a 150-room select service hotel, a health clinic and fitness facility, more than 75,000 square feet of retail and restaurants, and a specialty grocery-anchored retail center. An additional 18.6 acres will be developed by the Zale/Corson Group which will include approximately 800 multifamily residential units, retail-ready ground floor space, structured parking, and planned streetscape amenities.

KDC recently announced the addition of a fourth office tower of 500,000 square feet. This 12 story office tower will also be leased by State Farm, increasing the initial project to 2 million square feet of office space. The fourth tower will be located across Plano Road to the east and plans include a five-level parking garage and 30,000 square feet of ground floor retail space. KDC and State Farm are also considering construction of a pedestrian bridge over the roadway to connect the eastern and western portions of the CityLine Development.

The development of this project is not expected to end with the construction of the fourth State Farm office tower. Raytheon Company plans to lease three additional office buildings, with an option for a fourth office building. These buildings will also be constructed by KDC and will increase the project foot print by approximately 600,000 square feet of space.

The Zale/Corson Group purchased approximately 19 acres in the southwest corner of the TIF No. 2 and has announced that it plans to construct an 800-unit apartment complex on the property. The first phase of 450 units will be located along Renner Road. The second phase, to be constructed north of the first phase, has an estimated completion date of 2016. The total estimated cost of this development is \$100 million.

Developer

KDC and the City of Richardson have partnered on projects in the past with great success. KDC previously developed three award winning projects in the City, including the 800,000-square-foot Nortel Networks Galatyn Park Campus in 2001 (now occupied by Bank of America and State Farm), the 1.1 million-square-foot Blue Cross Blue Shield Campus in 2009, and the 535,000-square-foot Fossil Campus in 2011.

Zoning

Bush/75 Partners, LP, also known as Parliament Group, Inc. was the original owner of the property and sought the initial form based code zoning. The Bush Central Station Transit-Oriented Development Form Based Code, adopted in February 2011, was a controversial and complex zoning case for the stakeholders. At the time of adoption there were no known plans for development of the site, although given its proximity to the DART light rail and the two major

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