

A Reprint from *Tierra Grande*

Park with a Spark

Development Nurtures
Clean Technology

By Harold D. Hunt



“Small opportunities,”
a Greek politician once noted,
“are often the beginning
of great enterprises.”

The 40-acre Texas Clean Energy Park (TCEP) slated for development on Austin’s southeast side has the potential to become just such an enterprise. New York state first developed a clean energy business park several years ago, but the concept is new for Texas: a commercial park designed to attract companies, jobs and research money focused on clean, renewable-energy technology.

If the TCEP project is successful, Central Texas will earn a place on the map of areas known for hosting businesses working to protect the environment and produce alternative energy options. Future implications for commercial real estate around the TCEP are considerable.

Clean Energy’s Park Place

The Texas Foundation for Innovative Communities (TFIC), a 501(c)(3) nonprofit corporation, was created in 2006, primarily as a vehicle to develop the TCEP. The Texas Workforce Commission awarded the foundation \$600,000 in 2007 to be used on phase one of the park. This phase will consist of a campus dedicated to promoting business, research, education and training activities that will attract and support clean renewable energy business development, entrepreneurial ventures and innovative products.

The foundation will partner with research institutions, corporations and other experts within the alternative energy field to develop a reservoir of local knowledge and human resources. Worker training seminars will be tailored specifically to companies that choose to locate in the facility.

“The TCEP is intended to be a magnet,” says John Rosshirt, executive director of the park and TFIC.

“Additionally, specialized internship opportunities for students are being planned and coordinated with alternative energy businesses in the park.”

A major focus of TCEP is to encourage students from across the state to develop an interest in engineering and technical sciences, leading to a workforce capable of meeting the needs of this rapidly growing industry.

Phase two will be a 100-acre green industrial business park for companies involved in solar power, renewable energy materials and energy-saving technologies. Along with the research campus, all buildings developed in the business park will be constructed to meet Leadership in Energy and Environmental Design (LEED) green building standards.

Two research and development facilities, each containing 150,000 square feet, are planned for completion in the research campus by mid-2010. The buildings will house startup companies and provide space for the foundation’s activities.

Negotiations are underway to lure HelioVolt to become an anchor tenant in the park. HelioVolt developed and patented a method of manufacturing a solar “thin film” product that can be mass-produced at a fraction of the cost of traditional solar panels. The

product should dramatically improve the odds that solar-generated electricity will be able to compete directly with natural gas and coal for electrical power generation.

HelioVolt's first manufacturing facility, under construction in Trammell Crow's Expo Business Park adjacent to the proposed TCEP site, will create 150 new jobs and cost approximately \$80 million.

Company officials hope to locate research and development facilities inside the TCEP. HelioVolt would be joined by other academic and industrial partners in developing innovative, environmentally sustainable solar-powered architecture.

HelioVolt's fundraising success resulted in Texas becoming the fifth-largest recipient of clean-energy investment in 2007, according to Dow Jones VentureSource. Austin Mayor Will Winn has said that the manufacturing component HelioVolt brings to Austin is critical to Central Texas becoming a regional clean-tech economy.

Trammell Crow Connection

The Southeast Austin industrial market took off in the late 1980s in support of semiconductor chip manufacturing in the area. Suppliers to chip fabricators needed to be close by to carry out just-in-time deliveries. The steady decline in Austin's chip production has created the need for a new industrial demand driver in the Southeast market.

Eyeing the need for a firm to develop an industrial park suited for specialty manufacturing and research and development facilities, TCEP founders Stan Starrett and Bill Stanberry approached Trammell Crow. Lance Sallis, managing director of Trammell Crow's Austin operations, recognized the TCEP's long-term potential as a replacement demand driver for the company's Expo Business Park.

And so the stars began to align for the TCEP and Trammell Crow. The first order of business was to find a location for TCEP. A search of possible sites yielded a 140-acre block of land located in the vicinity of industrial parks near Austin-Bergstrom International Airport. The tract was owned by the Texas Permanent School fund and administered by the General Land Office (GLO). The foundation, in a cooperative effort with the GLO, arranged to lease or purchase the land.

The agreement with TCEP provided that Trammell Crow would purchase the site from the GLO and develop the property as a clean energy park. All building construction would be handled by Trammell Crow who would, upon closing the sale of the property, promptly deed back 40 acres of the tract to the foundation to be used to support the TCEP's vision.

Trammell Crow has since put out a contract to buy the land, located adjacent to Expo Business Park on the south side of Burluson Road near East Stassney Lane. The state obviously wants the park project to happen. However, the GLO must consider its fiduciary duty to the school fund to obtain a fair price for the property.

Trammell Crow is conducting all the necessary due diligence involved with the land purchase. The 40-acre donation is partly possible because Trammell Crow is leaving enough room in the land price to donate that piece to a nonprofit.

Topography is working in favor of the project as well. The donated acreage for the TCEP is fairly uneven in elevation,

making the tract desirable for smaller, campus-style buildings limited to a footprint of 15,000 to 20,000 square feet.

"That same topography would work against you in the development of typical industrial space having a much larger footprint," says Sallis.

The exact mix of space in the TCEP has not yet been established. For example, the need for office or teaching space may be greater than is currently planned. When completed, TCEP should include about 12 buildings totaling more than one million square feet and costing more than \$100 million.

While much of the space developed in the TCEP will be specialty space, the functionality and space demands of the adjacent 100-acre green industrial park will be no different than any other industrial park. However, Sallis believes that tenants will be drawn to the park because it supports clean energy values.

Other entities supporting the establishment of a clean energy park include the City of Austin, Austin Energy, the University of Texas (UT), and UT's Clean Energy Incubator.

LEED Role

Two recently released studies, one by the New Buildings Institute (NBI) and one by CoStar Group, validate that LEED buildings are outperforming conventionally constructed properties in energy savings, occupancy rates, sales price and rental rates. The NBI study revealed that new, LEED-certified

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buildings are performing 25 to 30 percent better on average than non-LEED certified buildings in terms of energy use.

Most of the costs of constructing a LEED-certified building are up-front "soft costs" such as the commissioning cost to measure and document that LEED specifications are met. Training employees to use only environmentally safe products is another soft cost that Trammell Crow has encountered.

Sallis points out an upside to building green within the TCEP. "If we find that there is a demand for something like a more environmentally friendly spray paint or liquid nail that's not being produced today, I consider that a business opportunity for tenants in the TCEP," he says.

With state government, private and nonprofit support, TCEP may become a significant new enterprise for Texas. 📍

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THE TAKEAWAY

Plans for the Texas Clean Energy Park include a 40-acre research campus and 100-acre industrial park for companies working on solar power, renewable energy materials and other energy-saving technologies. The southeast Austin development has the potential to make the area a regional clean-tech center.



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