

RESHAPING SOUTH TEXAS COMMERCIAL REAL ESTATE:

On June 4, 2019, SOUTH TEXAS COMMERCIAL ASSOCIATION OF REALTORS held their First Annual Commercial Summit at Brooks City-Base in San Antonio. The event featured presentations by Real Estate Professionals from Dallas, San Antonio, Corpus Christi, Laredo, Brownsville, Harlingen, and Austin.

BY JANIS ARNOLD



ANN EATON
OPPORTUNITY ZONES
MANAGER FOR THE
CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT
DEPARTMENT



CHRISTINE BRYANT
DIRECTOR OF BUSINESS
RETENTION & EXPANSION,
CORPUS CHRISTI REGIONAL
ECONOMIC DEVELOPMENT

ANN EATON, Opportunity Zones Manager for the City of San Antonio Economic Development Department:

- First authorized in 2017, San Antonio has OZs located in 9 parts of town: Brooks City-Base, Downtown, East Side, Far South, Far Southeast, Near South, Near Westside, Northeast Corridor, Port San Antonio, and Lackland Air Force Base.
- We've created a new mapping tool and website related to economic development opportunities in specially designated areas to market the assets and needs in our OZ clusters.
- The Westside Strategic Plan will be available in September. Working in partnership with Wendell Davis & Associates, this plan will identify business and commercial corridors in need of investment and community redevelopment.
- Our next steps will be to participate in published RFIs and to create new marketing brochures and an OZ Investor Prospectus site with stakeholders.

CHRISTINE BRYANT, Director of Business Retention & Expansion, Corpus Christi Regional Economic Development:

- Corpus Christi's population is projected to grow by almost 8,500 over the next five years, while jobs are expected to grow by 9,832 over the same five years.
- We have 4 OZs in Corpus Christi: North Beach, Downtown, Texas A&M CC, and the Naval Air Station. The cities of Taft, Robstown, and Rockport also have OZs.
- Our target industries are:
 - Specialty Steel Production.
 - Shale Oil/Natural Gas/Pipeline Industry/NGL Production.
 - Aircraft Manufacturing and Unmanned Aerial Systems.
 - Small Business & Entrepreneurship Development.
- The current capital investment totals \$26 billion, with an estimated 7,270 jobs anticipated.
- The city of Corpus Christi's economic development group/plan is working to educate property owners, developers, and investors within Corpus Christi Opportunity Zones about what this program brings to the table.
- We are working to identify and cultivate worthy real estate projects seeking equity investments. We're looking to identify businesses in OZs or businesses that would like to relocate to OZs and would be open to equity investments/partnerships. We work with allies within the region to prioritize and promote OZs, to bid an investor pool database, and to create, develop and update our website/prospectus: CorpusChristiOpportunities.com.
- CREs should familiarize themselves with Opportunity Zone guidelines. Our goal is to attract those national funds that are shopping for communities into which they can invest.

RESHAPING SOUTH TEXAS COMMERCIAL REAL ESTATE:

< Continued from Page 12



OLIVIA VARELA
LAREDO ECONOMIC DEVELOPMENT
CORPORATION

OLIVIA VARELA, President and CEO, Laredo Economic Development Corporation:

- Laredo has recently surpassed Los Angeles to become the United States' leading port. It isn't surprising once you realize that; Laredo Customs District 23 handles 40% of all trade and commerce between the U.S. and Mexico.
- A recent Industrial Trends Report provided a market snapshot of Laredo's six submarkets. Our total SF is 39,416,284 with only 248,781 SF listed as available and vacant. Thus, only 0.65% of our industrial/warehouse space is available.



STEVE TYNDAL
PROFESSIONAL PORT MANAGER, PORT
OF BROWNSVILLE

STEVE TYNDAL, Professional Port Manager, Port of Brownsville:

- The Port of Brownsville owns 40,000 +/- acres, making it the largest landowning port in the US. We have waterfront facilities on the Brownsville Ship Channel that features 13 cargo docks, five liquid docks with a 6th liquid cargo dock to be completed in 2019. We have more than 1 million SF covered storage, and more than 3.5 million SF open storage.
- We have 40,000 acres covered by federal OZs.
- We're the largest port which ships steel into Mexico.
- The average mill worker earned 104K last year, and we've added 400 high tech jobs with an average salary of 75K.



CARLTON SCHWAB
PRESIDENT AND CEO,
TEXAS ECONOMIC DEVELOPMENT
COUNCIL

CARLTON SCHWAB, President and CEO, Texas Economic Development Council:

- In 2009, Texas lost 450,000 jobs; we didn't start getting jobs back until 2011, and since that time, we've gained 2.2 million jobs.
- When fracking became doable, the oil and gas industry took off in ways that it hadn't done since the 1930s. Back in 2009, people thought that the oil industry was over.
- Our efforts to diversify revolve primarily around public investments such as ports, airports, and highways.
- The state legislature passed an economic development sales tax authorization in 1989. Back then, we were probably the worst state in regard to promoting economic development locally. Now the economic development money available locally is vast.



EMILY RYDER PERIMETER
FEDERAL RESERVE
BANK OF DALLAS

EMILY RYDER PERIMETER: Community Development Advisor, Federal Reserve Bank of Dallas:

- The criteria for selection of our 628 OZs came from the governor's office. Those criteria are:
 - Areas that experience chronic unemployment.
 - Areas that have had natural disasters within the past two years and/or have a low population density.
- Harris County has 105 OZs; Bexar County has 24 OZs; Hidalgo County has 23 OZs; Travis County has 21 OZs, and Dallas County has 18 OZs.
- While the intent is that OZs will provide benefit to rural communities, this program is entirely market-driven.
- It may be that a market-driven approach is going to quicken gentrification and that some urban regions will be experiencing further displacement in their communities
- The criteria we look at to gauge whether or not this is happening would be a rapid acceleration of the average educational attainment growth and the average home value appreciation in a specific OZ.
- The eligibility criteria for OZs encourage local involvement.



TIFFANY WU
TEXAS REALTORS

TIFFANY WU, Texas Realtors Director of Global and Commercial Services, Topic: Global Texas Realtors:

- We are very aware that Texas realtors are the experts in their communities.
- Texas Realtors' MIPIM (Le Marché International des Professionnels de l'immobilier) is a 4-day real estate event designed for CRE professionals to meet the most influential players from all sectors of the global real estate industry.

Continued on Page 16 >

RESHAPING SOUTH TEXAS COMMERCIAL REAL ESTATE:

< Continued from Page 14



TRAY BATES
PRESIDENT AND BROKER/OWNER
OF BATES COMMERCIAL LLC,

TRAY BATES, President and Broker/Owner of Bates Commercial LLC, is the 2019 Chairman of Texas REALTORS®:

- Texas CRE professionals might consider getting behind one system as a marketing tool that will function as a national portal for our local real estate listings throughout the country.
- At the statewide level, we've been following OZs for quite some time. Investors are waiting to see how the final rulebook will look. At present, we can see the overarching rules, but not the details. As the program guidelines currently read, investors have to deploy money before the end of the year to get full benefits.
- Rather than worrying about competing with outside investors, local buyers need to show up.
- We are developing a contact list, a spreadsheet that will provide information about the type of investment deals for which people are looking.



AARON PINEGAR
SPECIAL COUNSEL WITH KATTEN,
MUCHIN AND ROSENMAN LLP

AARON PINEGAR, Special Counsel with Katten, Muchin and Rosenman LLP:

- From a legal perspective, the Opportunity Zone program, which was created by the 2017 Tax Cuts and Jobs Act, functions to encourage investment in low-income communities designated as qualified opportunity zones.
- Under this program, a taxpayer can defer an unlimited amount of tax (and obtain additional tax exclusions if specific requirements are satisfied) on gains reinvested in a "Qualified Opportunity Fund" or "QOF."
- Properly invested capital gains in a Qualified Opportunity Fund are not subject to tax until December 31, 2028, or the time the investment is sold. This rule is a huge incentive to invest money in these communities.



GERMAN RICO
HARLINGEN ECONOMIC
DEVELOPMENT CORPORATION

GERMAN RICO, Industrial Development Manager, Harlingen Economic Development Corporation:

- The city of Harlingen, located at the crossroads of the Rio Grande Valley, has 18 OZs in Cameron County, and 8 of them are in Harlingen.
 - More than 450 acres of land are available for development.
 - At the Port of Harlingen, we have more than 150 acres available on the Gulf Inter-Coastal Waterway.
 - The bridge at Los Indios is the port of entry with the shortest wait time for commercial vehicles in the U.S. The Harlingen Industrial Park has thousands of employees, covers 1.3 million SF, and has a total of 80 acres available.



AMBER GILBERT
DIRECTOR OF BUSINESS
DEVELOPMENT; BROOKS CITY-
BASE, SAN ANTONIO

AMBER GILBERT, Director of Business Development; Brooks City-Base, San Antonio:

- Started with 1300 acres.
- Offer tax-free land, flexible financing, and build-to-suit opportunities.
- Don't think of OZs as a fix for dumb ideas. We recently conducted a tenant survey, asking business owners what they wanted to increase. We received 38 of those surveys back from our 40 businesses and learned that they needed restaurants. So that's what we're prioritizing.