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297-ACRE INDUSTRIAL PARK PLANNED FOR SOUTH SIDE

Locally based firm Cross & Company is making a multimillion-dollar investment in the city's South Side.

The firm recently began work on its latest master-planned industrial project: Cornerstone Industrial Park. The project is located at Loop 410 South and Interstate Highway 10 East on the city's South Side.

Phase one of Cornerstone calls for developing about 165 acres at 410 South and I-10 East -- totaling about 1 million square feet of bulk distribution space, according to Cross & Co. Vice President David M. Adelman. Development costs for this portion of Cornerstone are in the neighborhood of \$40 million, Adelman adds.

Construction on the first of several buildings within phase one of Cornerstone has already begun, Adelman says. Building 1 will be 187,932 square feet; it is set for completion in March. Adelman expects that build-out of all of the first phase will take about five years.

In all, Cross & Co. has earmarked 297 acres at 410 South and I-10 East for Cornerstone. At build out, the project could accommodate about 25 buildings -- for a grand total of 4 million square feet of industrial space. This process, Adelman adds, would likely take upward of 10 years.

Logistical support

The investment that Cross & Co. is making into Cornerstone, however, is one that Adelman believes will pay off -- especially as San Antonio's reputation as a low-cost distribution point grows.

The buildings in Cornerstone will be designed to take advantage of San Antonio's growing distribution business. For example, Building 1 in the park will have a clear/stacking height of 32 feet -- making the project one of the tallest buildings in the local industrial market. Such clear heights, Adelman continues, will appeal to the larger distribution companies that are looking for the most efficient space available.

The buildings in Cornerstone will start at 100,000 square feet. Some may ultimately go up to half-a-million square feet, says Adelman, adding that the goal with Cornerstone is to create a park that can accommodate the more traditional industrial users here, as well as the larger firms that may be looking to come to San Antonio.

Center of action

With Cornerstone, Cross & Co. also plans to take advantage of the growth patterns of the city's industrial market.

For several years, the Northeast submarket has been the epicenter of industrial development, notes Kimberly S. Gatley, who is the director of market research for locally based real estate firm REOC Partners Ltd. Indeed, the Interstate Highway 35/Rittiman Road area has essentially been ground zero for the local industrial market, Adelman adds.

But now developers are in search of "some elbow room," as Gatley puts it -- thus spurring the growth of projects in other sectors, like the Tri-County Business Park in the city of Schertz in the northeast corridor, and to the South Side. Cross & Co. recently announced plans for Tri-County West Business & Industrial Park. Save for about 9 acres, the bulk of this master-planned park will be located immediately west of the Tri-County Business Park.

Cornerstone, Adelman adds, now enables Cross & Co. to be strategically located in the other growing submarket of the local industrial market.

It was a logical shift for Cross & Co., says Gatley of Cornerstone's location, noting that the highway system there is ideally configured. And while Cornerstone is a new industrial project for San Antonio, the South Side is certainly not a new area for industrial development.

Cross & Co.'s project will be in close proximity to existing parks, such as City Park East and the Interchange East Distribution Center -- which contain roughly 253,000 and 214,000 square feet of industrial space, respectively. Even as leasing activity and rental rates in the local industrial market have been fairly flat, the market for newer products -- like that which Cornerstone plans to offer -- has been strong, Gatley and Adelman add.