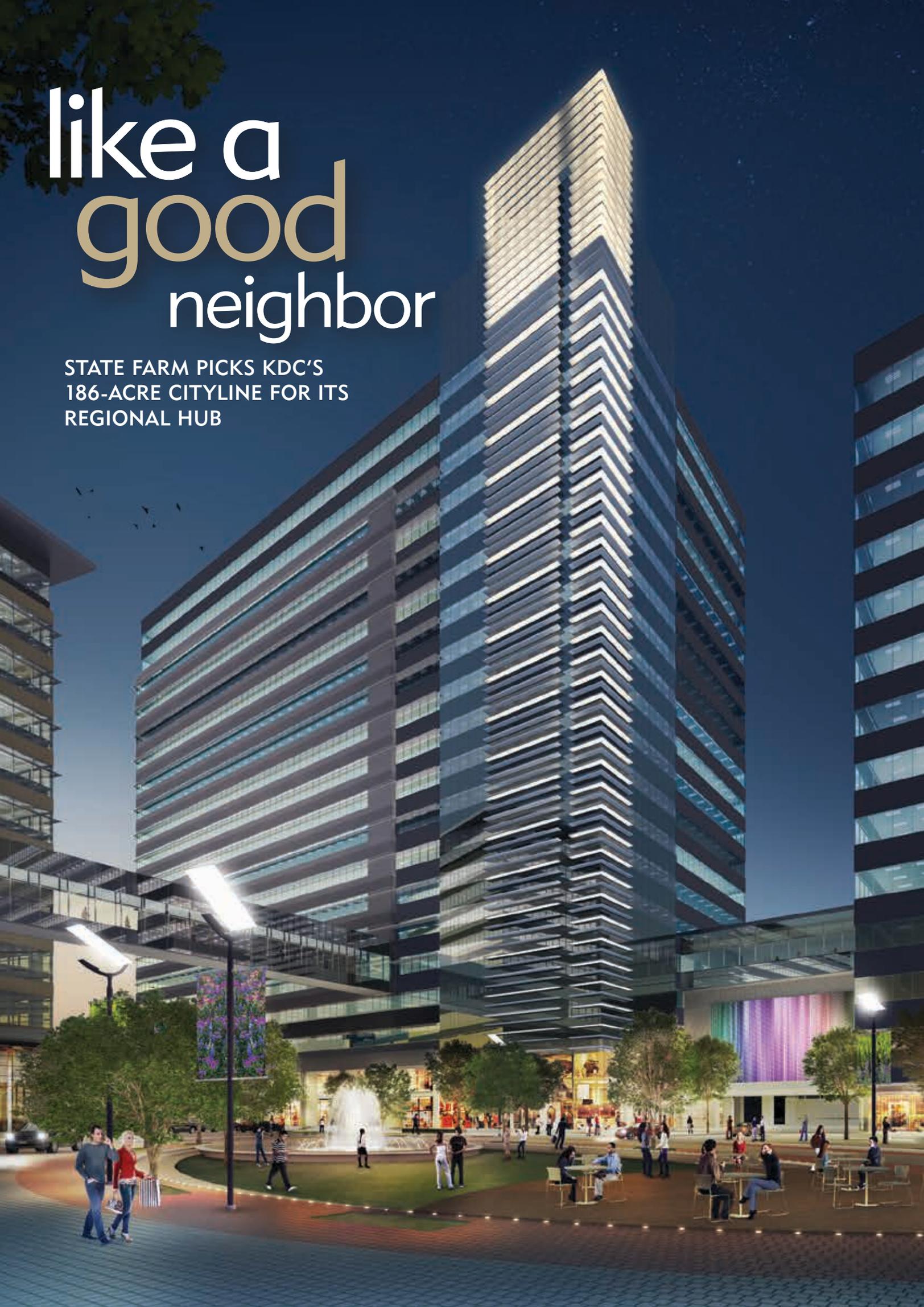


like a good neighbor

STATE FARM PICKS KDC'S
186-ACRE CITYLINE FOR ITS
REGIONAL HUB



What does it mean to be the employer of choice?

That's the question State Farm posed to KDC as the insurance company evaluated options for its new 1.5 million-square-foot regional hub in the Dallas-Fort Worth Metroplex.

The answer was an innovative, mixed-use development named CityLine, KDC's \$1.5 billion master-planned project in Richardson, Texas. Near the intersection of President George Bush Turnpike and North Central Expressway (U.S. 75), the 186-acre, mixed-use development eventually will include 5 million square feet of office space, 300,000 square feet of retail space, 3,925 apartments and two hotels, as well as State Farm's three office towers.

"A company's most precious resource is its employees," notes Steve Van Amburgh, CEO of KDC. "Smart companies have realized that the work environment plays a big role, so [human resources] and real estate are collaborating. It's a huge shift in the way Corporate America thinks about its space needs."

The new environment will serve as a hub that will provide claims, service and sales support to State Farm cus-

tomers. The 92-year-old company will have capacity of more than 8,000 employees in the CityLine complex. Currently, State Farm has roughly 2,500 employees in North Texas.

"There's a lot of competition for quality employees, not only within the insurance industry but across various sectors, and attracting and retaining those employees is critically important to the future success of State Farm," says Gary Stephenson, a spokesman for State Farm. "The physical environment is an important element of what a company has to offer."

Driven by HR Needs

As one of the oldest insurance companies in the nation, State Farm has a rich history of recruiting and retaining the best and the brightest employees. It's not uncommon to hear of people who have been with the company for more than 20 years.

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"Focusing on employees is the State Farm way," says Craig Wilson, senior managing director and principal of Cassidy Turley's Dallas office. "State Farm's HR needs really drove the effort."

Wilson and his partner Randy Cooper represented State Farm in lease negotiations for its three new office buildings, the largest office deal ever signed in North Texas.

State Farm's new regional hub was designed to recruit and retain a new





Location and the quality of the facility ranked as the most important elements for State Farm's regional hub in the Metroplex.

era of employees, specifically millennials, according to Walt Mountford of KDC. Millennials, also known as echo boomers and Generation Y, are the American teens and 20-somethings who are entering the workforce today. There are 77 million millennials, about the same size as the baby boomer generation.

Demographic research by the Pew Institute shows that millennials are confident, self-expressive, liberal, upbeat and open to change. They

are more ethnically and racially diverse than older adults. They're less religious, less likely to have served in the military and are on track to become the most-educated generation in American history.

"Millennials prefer a live-work-play environment," Van Amburgh notes. "They want to be in a work environment that is happy and energized. They don't want to be in a remote location, disconnected from everything."

In particular, millennials appreciate convenience. Studies have shown that this generation considers convenience when evaluating potential employers and choosing housing. Companies that make a conscious decision to locate their offices near quality housing have a better chance of attracting this demographic, Mountford notes.

Choosing the Best Location

Location and the quality of the facility ranked as the most important elements for State Farm's regional hub in the Dallas-Fort Worth Metroplex. The company also wanted big floorplates to maximize its efficiencies, along with a strong amenity base of restaurants, retail and hospitality uses. Proximity to mass transit was also a priority.

State Farm scoured the Dallas-Fort Worth Metroplex for an existing building, but it just didn't exist. That meant the company would need to build a facility to meet its vision.

State Farm evaluated several sites, putting all of them through an internal battery of tests and analysis. The site at the intersection of President George Bush Turnpike and North Central Expressway was

the best choice by far. It was the only one that scored the highest on all criteria.

Adjacent to the Dallas Area Rapid Transit's (DART) Bush Turnpike Station on its Red Line and two major highways, the site enjoys a level of access and visibility that is unmatched across the Dallas-Fort Worth Metroplex. It is unquestionably one of the most desirable sites in the region.

The city of Richardson had already created the transportation and utilities infrastructure needed to serve the site. In addition, the city had developed the basic legal infrastructure for tax-increment financing (TIF) for the site, as well as an overlay of zoning ordinances that allowed for mixed-use development, according to Richardson City Manager Dan Johnson.

"The existing infrastructure, zoning and TIF saved months, if not years, of work to make the site ready for a project like this," Johnson contends.

Stephenson says Richardson met State Farm's criteria. "The city is growing, and the population has the

skill sets that match our customer needs," he points out.

State Farm is growing across all lines of business, according to Stephenson. As a result, the company is expanding its presence in Atlanta and Phoenix, in addition to Dallas-Fort Worth. "We wanted to expand in locations where we had a strong existing presence," he explains.

Within a seven-mile radius, there are more than 50,000 students from several community colleges, as well as the University of Texas at Dallas. Those students will not only patronize the mixed-use property, but they also represent a pool of potential employees for State Farm.

"The site is the best spot in North Texas and arguably one of the best in the U.S.," Wilson says. "But there was no facility and no amenities. Now KDC has to create the city, and they're well on their way."

Creating a Place

Most corporate campuses are self-contained, and they don't integrate with the existing fabric of the commu-

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— Craig Wilson, senior managing director and principal, Cassidy Turley's Dallas office

nity, nor do they encourage employees to leave their workstations. State Farm wanted a different kind of corporate campus.

"It's very rare for a company to build a mixed-use environment, but that's what State Farm has done," Mountford notes. "The company wanted to create a place where the community could feel welcome. That desire really speaks to their culture and what their culture has been for more than 90 years."

Johnson notes that State Farm's commitment to the communities in which it operates is obvious. "We have seen it in their hometown and even the way their agents are active small-business partners here in Richardson," he says. "We're very

WHAT IS CITYLINE?

CityLine is KDC's new master-planned project in North Texas

Where Did the Name Come from?

KDC thought the name "CityLine" was especially appropriate because the project will be "an instant city within a city."

How Big Is CityLine?

The \$1.5 billion project sits on 186 acres.

Where Is CityLine Located?

At the intersection of President George Bush Turnpike and North Central Expressway in Richardson, Texas.

What Will CityLine Offer?

A total of 5 million square feet of office space, 300,000 square feet of retail space, 3,925 apartments and two ho-

tels, as well as State Farm's three office towers totaling 1.5 million square feet.

What Makes CityLine Special?

It is adjacent to the Dallas Area Rapid Transit's (DART) Bush Turnpike Station on its Red Line and enjoys a level of access and visibility that is unmatched across the Metroplex.



excited that this caliber of company is becoming even more involved in our community.”

Without State Farm's commitment, the success of such a huge mixed-use project would be less certain, Wilson notes. “Everybody loves the idea of mixed-use, live-work-play environment, but they're very hard to kick off,” he explains. “It's the

tower. Each tower is situated on a five-level parking structure, along with ground-floor retail space. The office towers are slated for early 2015 occupancy. KDC plans to achieve LEED Silver certification from the U.S. Green Building Council. Austin Commercial is the general contractor, and Corgan Architects is the shell building and interiors architect.

“This project will be a tremendous boost for the local economy.”

— Toby Grove, president, KDC

Along with State Farm's towers, KDC's initial phase will include nearly 1,000 apartments; a 150-room select service hotel; a health clinic; a wellness and fitness facility; more than 75,000 square feet of retail, restaurants and entertainment; and a specialty grocery-anchored retail center.

“The essential difference between the State Farm project and other corporate campuses is that we're creating more than just a place to work,” Mountford notes. “We are balancing the daytime demand from the State Farm population with the creation of a destination where people will come at night and on the weekend. This will be an amenity that area residents don't currently have.”

“We wanted to see something special occur at this important crossroads of U.S. 75, the President George Bush Turnpike and the DART station, and we are thrilled State Farm and KDC have come together to create that something special,” Johnson says.

A Dedicated Team

Creating something special requires a huge amount of effort and a high level of collaboration, Mountford contends. Fortunately, KDC has a long history with the city of Richardson. The company has been involved in several corporate headquarters projects, including Blue Cross Blue Shield and Fossil Inc.

“This deal wouldn't have come together as quickly if there had not



“This is the largest and most visionary development in our history.”

— Steve Van Amburgh, CEO, KDC

classic chicken-and-egg question. Retailers want residents to come in, but people want amenities before they lease apartments. State Farm provides an instant economic engine to facilitate the other development. It really brings the project to life.”

State Farm's Class-A office buildings will consist of a 13-story tower, a 15-story tower and a 21-story

The office buildings have some unique elements, Mountford says. The retail space on the ground floor boasts high ceilings facilitated by an 18-foot floor-to-floor structure. It translates throughout the first floor of the parking structure, which creates a warm and engaging space for patrons when they leave their cars. The project also features a DART Plaza to welcome transit riders and encourage them to shop and dine.

Additionally, the project boasts a subterranean loading level, so all of the less-desirable elements associated with restaurants and retail space will be hidden and won't impact the shopping experience.

been an underlying trust between the city and KDC,” Mountford says, adding that KDC worked with the city to get the acreage rezoned and to negotiate a TIF package valued at \$118 million.

Johnson says KDC’s experience with corporate users makes it easier for the city of Richardson to support companies that want to expand or relocate. “KDC is really attuned to the needs of corporate users, and that allows us to work in tandem without duplicating effort,” he notes.

The end result is a project that benefits both State Farm and the city. “This project will be a tremendous boost for the local economy,” notes Toby Grove, president of KDC. “The true impact is potentially in the tens of billions of dollars when you think about new hires, salaries and spending. We think this is North Texas’ most significant project in 30 years.”

Grove explains that KDC is the master developer, and, as such, the company plans to bring in the best developers for various disciplines. “We made a commitment to State

Farm that we would be responsible for building this environment, and there are a lot of groups that would like to be involved,” he notes. “We have the responsibility to find the very best.”

JPMorgan Chase, U.S. Bank, Wells Fargo, Bank of Texas, Capital One Bank and Regions Bank joined forces to provide construction loans for the mixed-use project. KDC is taking an active role in the design and financing of the project, Grove notes. In particular, the company is paying close attention to density and design quality.

Additionally, KDC has dedicated more than a dozen people to the mixed-use project. “If we were a smaller group, we would be ill-equipped to handle a project like this,” Van Amburgh contends. “It’s not only large — it’s also complex because of the multiple uses.”

KDC’s ability to mobilize its team and start construction was a pleasant surprise. “Our experience with KDC has been excellent,” Stephenson notes. “Our appreciation goes out to the KDC team.”

“We are **balancing** the daytime demand from the State Farm population with the creation of a destination where people will come at night and on the weekend.”

—Walt Mountford, KDC

From KDC’s perspective, working on a project of this magnitude is both an honor and a responsibility. “This is the largest and most visionary development in our history,” Van Amburgh says. “When you’re allowed to build such a huge project, it’s humbling. We are pinching ourselves every day at the opportunity we have to create great space for State Farm and its employees, as well as Richardson residents.”

Van Amburgh concludes: “This is a transformational project. It is the most exciting project for me personally in my 30-year career. I’ve never been so energized.”

