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Commercial Real Estate

## After years of work, progress at 750-acre rail-served industrial hub in Taylor is hard to grasp for owners

### RCR Taylor Logistics Park may lure massive investments to region



The RCR Taylor Logistics Park — a unicorn of an industrial hub due to all the train tracks leading to it.

ARNOLD WELLS / ABJ



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Sandwiched between Samsung's new factory and the Hutto Megasite is a rare industrial hub poised to boom. It's already a favorite for Tesla, and other companies are lining up to take space that's still mostly farmland.

When Hydie McAlister looks out over the 750-acre RCR Taylor Logistics Park, she admits it's hard to describe how it feels to see rail lines and an auto-ramp being used by customers, buildings under construction and plots of land that are soon-to-be sold and turned into more vertical development.

"When you stare at a cornfield long enough, once you see dirt moving and then a building going up, it really does start to become real," said McAlister, founding partner of

Hempstead-based McAllister Assets LLC and RCR Rail Park Development Co., the developer of the site.

Those accomplishments are a long time coming for the team behind the massive industrial project in Taylor, about 30 miles northeast of Austin. A lot has changed since they purchased the land in 2018. They started construction during the pandemic and were able to overcome workforce and supply chain disruptions caused by that. They've also had to update plans to account for mega projects popping up in the region like the big factories from Samsung Electronics Co. Ltd. down the street and Tesla Inc. in eastern Travis County.



They now are projected to bring another billion dollars of investment to the area north of Austin. RCR has been open for two years, including the auto ramp that is one of the few private options in the country and is being used by Tesla to ship cars. The park is also luring imported materials like pipe, lumber, cement and fly ash coming through the BNSF Railway and Union Pacific Railroad lines. The development team has pumped \$36 million into infrastructure improvements - part of their planned \$100 million in commitment to the site - and have received approvals from the city for site improvement, landscape plans and more.

That means much more is on the way. The site includes about 18 lots for end users, and McAllister said all the lots that are going to sell to a third party are under contract and could close in the next few months. That includes logistics and manufacturing customers providing services to companies like Tesla and Samsung. It also includes Texas Materials Inc., which recently purchased 42 acres to build multiple materials plants, and Houston-based Partners Real Estate, which has purchased multiple rail and non-rail served sites and is putting the finishing touches on the first vertical construction: a 366,000-square-foot speculative industrial building that could wrap up next month.

McAllister said they're finally at the point where they are checking boxes and not creating them. She credited their investors for hanging in there with them and understanding when they had to make changes to the projects. While their project is niche, they still service the same supply chains and products as other industrial sites, but they offer more opportunities for companies looking to move materials by rail. That makes it exciting for her - and companies looking for space in the region - to see the progress they've made.

"It has been a ride. Anyone in the developer space knows that nothing unfolds like you expected it to. It doesn't necessarily means it's worse, ours is actually better, but it did

not unfold the way we envisioned," she said.

### Adding more industrial space

The RCR project will ultimately add much-needed industrial space to an area that is going to need it - and fast.

Samsung is deep into construction on its next-generation chipmaking facility, which is said to be upward of \$17 billion in investment and is planned to include 6 million square feet of floor space, a fabrication plant, office space, a parking garage, a central utility building and special utility supply facilities that will be operational next year. Samsung is expected to continue to build out the rest of its more than 1,200-acre campus at some point with more chipmaking fabs.



Progress on Samsung's chipmaking plant in Taylor as of Dec. 2023.

ARTICLE WELLS (7/28)

That, combined with Tesla's massive gigafactory that is up and running, means potentially hundreds of suppliers could need to relocate to the region to service those two sites. Companies have been scouring every edge of the Austin metro for space, with some setting up shop as far east as Bastrop, as far north as Killeen and as far south as Kyle.

The RCR Taylor Logistics Park offers a unique addition to the ecosystem as the largest rail park in the Austin area. Developers have previously said most of the park would be used for rail lines, storage, roads and other infrastructure, while the other portion would be dedicated to industrial uses, like distribution or manufacturing companies, or those transporting food, lumber or plastics.

Offering various logistics options is key to the company's success, according to Cody Poteat, vice president of RCR Rail Co., who said the area around Austin is "rail-deprived." The fact that both BSNF and Union Pacific offer services there means more opportunities and benefits for buyers, and it allows them to promote development by offering environmentally friendly logistics services, provide an avenue for supply chains to settle in the area and drive prices lower. He also said it's rare to have private entities operating auto ramps.

"It's no secret that the city of Austin has done a tremendous job of bringing companies in different supply chains into the local economy," said Poteat, who used to work for Union Pacific. "We're really kind-of a checkbox as part of a search process for those companies because they have to have a rail service, or it's an important part of their supply chain. We've given them that access point and that's where a lot of that excitement stems from."

Carter Perrin, partner and managing director of development at Partners, said they were interested in the Taylor site prior to the Samsung announcement because it offered rail. The addition of big companies in the area has left them "thankful" for the spot they're in.

The real estate company initially purchased 53 acres at the park and recently added about 20 acres that has capacity for rail-served space. They also have another site of an undisclosed amount of acreage under control that should close by the middle of next year, Perrin said. The speculative building only used about 20 acres, and they are not ready to announce anything yet regarding tenants or plans for the other spaces.

But he said there's been a lot of activity on their sites, which is a good sign despite what is considered to be a challenging market. It's also attractive because of a combination of the rail service at the logistics park; the growth along State Highway 130 and out from Round Rock and Georgetown; manufacturers investing in the region, such as Samsung and Tesla; and, due to the available funding for companies in those supply chain through programs like the federal CHIPS Act.



Tesla's gigafactory in Taylor County as of January 2022.  
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"(Samsung and Tesla) really just legitimized the market from a manufacturing base," Perrin said. "We expect that there's going to be more multinational manufacturers that are going to be showing up in very short order in similar and additional industries."

What the RCR developers are really excited about is seeing the growth around them, according to Sharon Beach, also a founding partner of McAlister and part of the development team. Taylor is a city of about 17,000 that is about to boom, with thousands of employees expected to work at Samsung and then thousands more from the companies that serve them. She said their project was at the forefront of what many now consider the most-desirable stretch of land in the country in terms of economic development.

The company's goal was to bring logistics options to Central Texas, and they never could have predicted what came after, Beach said. But they've celebrated it; she called it more rewarding as they are a small operation, doing development, operation and marketing in house. They have attempted to ingrain themselves in the community by sponsoring local events. They've also participated in city discussions to facilitate the growth and traffic impacts of the community at large.

"It's very unique what we have done for the area and to add to the companies that are coming to the area, because we know that the warehouse and industrial space and development is booming," Beach said. "Just to know that we are part of that ... it is amazing what it turned into today."