

Port property getting tight, expensive

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CORPUS CHRISTI - By Chris Ramirez

There's a downside to the Port of Corpus Christi's newfound popularity, officials are learning — land for future growth is getting scarce. And expensive.

Corpus Christi's port is the nation's fifth largest, based on tonnage, spanning some 25,000 acres and straddling two counties.

That sounds big.

But port officials concede it's getting harder to find vacant parcels for other projects. Now, the hunt is on to find more dirt.

"It's really getting tight out there," said Frank C. Brogan, managing director for the port. "The demand for land has certainly outpaced anything we could have ever expected."

The port's highway, rail and maritime access have long made it a key destination for energy companies. Its star has only risen in the six years that wells have pumped in the nearby Eagle Ford Shale energy play. Today, the port has more than three dozen tenants, and little room, for any, upon which to expand. That also makes it tough to court many new companies.

Brogan said the port has missed out on "several opportunities" the past two years because of the land shortage. Officials now are exploring ways to get additional real estate.

“We’re trying to play catch-up,” Brogan said.

EFFECTS OF ENERGY?

Eagle Ford has complicated things:

Availability — Land on the Nueces County side of the port is pretty much all spoken for. It had, for example, about 1,000 acres on the north side of the Inner Harbor available for development when the Joe Fulton International Trade Corridor opened in 2007. Today, there’s about 200 acres left.

Sticker shock — Waterfront property has appreciated both faster and higher than many expected, especially on the San Patricio County side. Property values, in some cases, are 500 percent higher than they were just two years ago, San Patricio County Appraisal District records show.

Utilities — Inland parcels within reach of the waterfront were at one time used to grow cotton, sorghum and other crops. Piping in water and electricity might be too burdensome for some new businesses.

In recent months, the port authority has discussed in executive session the prospect of buying or leasing additional land, according to meeting minutes. Much of the talk has centered on the Inner Harbor, the LaQuinta Terminal and parcels on the San Patricio County side of the port. No contracts have been signed.

‘BUYING INTO’ FUTURE

Lynn Spencer hopes some kind of land deal happens soon.

She has seen space shrink on the Nueces County side of the port in recent years. She doesn’t want the trend to repeat itself in San Patricio County, where she runs the local economic development corporation. Some property owners, particularly those near existing plants, are being encouraged to put their land on the market.

“It’s a challenge,” Spencer said. “It’s (land) needed by businesses looking to move in to the area. We don’t want to ... diminish farmers, especially those who are producing. They’re a business too.

“If they can see the value of how it would help San Patricio County and the port become globally competitive, they can ... help us grow and create jobs for people. They need to buy into it.”

Waterfront property in the port has become an increasingly hot commodity since 2008, the year the Petrohawk Energy Corp. drilled the first Eagle Ford wells in LaSalle County. Just 28 drilling permits were issued that year, but it didn’t take long for other companies to follow.

Lots more.

Land, at the time, was abundant.

In November 2012, the port sold the former Naval Station Ingleside to Occidental Petroleum Corp. for \$82 million. The company plans to build a propane export facility on the 800-acre parcel.

Operations there are expected to begin in mid 2015.

Brogan said the port doesn’t regret selling the base, even while it’s struggling to find more land.

“It was a good deal at the time, one that will benefit the community for years to come with jobs and economic growth,” Brogan said.

Twelve industrial plants, including Cheniere Energy’s \$11 billion liquefied natural gas facility, and TPCO America Inc.’s \$1.3 billion pipe manufacturing operation, are in various stages of development around the port, and are slated to begin running within the next three years. Also Voestalpine, an Austrian company, is constructing a \$750 million iron plant near Gregory.

That's adding to the pressure to find more space.

Soon.

INLAND OPTIONS

Brogan said, during the past 18 months, the port has weighed operating two inland storage facilities, one in each county but has not thoroughly researched the prospect.

Several San Patricio County sites were looked at. Among them were those near Sinton, and parcels along Farm-to-Market Road 631, between Odem and Portland. No movement has been made on any of them, Brogan said.

The port even discussed installing rail lines from Odem, which sits on U.S. Highway 77, to LaQuinta, on the waterfront. However, scores of wind turbines in the area complicates things.

Land also is available in Robstown, about 20 miles west of Corpus Christi.

Port officials say that community's biggest advantage is its already-functioning railroad system. But according to Ray Hunt, Robstown's selling points don't stop there.

As executive director for the Robstown Improvement Development Corp., Hunt believes the city is equipped to help the port address its land crunch right away.

During an Oct. 14 Port Authority meeting in Robstown, he and other city officials made a formal pitch to ask for deeper consideration as an inland port site. Hunt said Robstown — population 13,000 — has the potential to cultivate strong workforce talent because it lies between Texas A&M University-Kingsville and Texas A&M University-Corpus Christi. The community also has straight-shot highway access to the port on State Highway 44.

Hunt considers the city's greatest advantage to be its land, acres of it that are already fitted with sewer and water hookups. Robstown has offered the port 175 city-owned acres, but said it is willing to buy another 2,500 acres of neighboring farm land, if necessary.

"We're in a position where we can give them what they need right away," Hunt said.

SAN PATRICIO SURGE?

Land has gotten so expensive, investors looking to set up smaller companies anywhere near the energy plants are scared off, said Matthew Cravey, president of Cravey Real Estate Services in Corpus Christi.

His agency is handling the sale of Abel V. Solis' 130-acre farm, which sits in the shadows of the TPCO project, near State Highway 35 and Farm-to-Market Road 136.

Solis' property has hugely appreciated in a short period despite having no utilities — it was recently appraised at \$1.6 million, compared with \$256,000 just two years ago.

It hasn't sold.

Businesses, instead, are retreating to Ingleside, Aransas Pass, even Corpus Christi, where there's already built-in infrastructure, Cravey said.

"If you've got a 100-acre tract and no utilities, what business is going to jump at that?" he said. "Everybody's looking for that sweet spot, that piece of land that's got access to both utilities and the port. But where is it?"

San Patricio County stands to prosper if the port is able to solve its land predicament, said Jim Lee, the chief economist at Texas A&M University-Corpus Christi. He predicts San Patricio County will become "a dominant driver of economic growth in the next decade" once it solves land crunch puzzle.

"(It's) simply because that side of Corpus Christi Bay still has abundant undeveloped

land, while the Nueces (County) side is getting close to full,” Lee said.

Twitter: @Caller_ChrisRam

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