



D Economy: A Monthly Briefing

Shopping in Dallas Keeps Getting Better

Dallas loves to shop! For proof, one only need look at the numbers. In 2005, the City's gross sales increased by 7.9 percent to \$112.3 billion from the year before. The City's sales tax receipts, which topped \$198 million in the City's 2004-05 fiscal year, are anticipated to reach \$213.5 million in this fiscal year. This amount would almost match the most recent high of \$216.9 million in 2001, right before the tech bust occurred (Figure 1). Sales tax in FY 2007 is expected to exceed 2001 (\$223.3 million).

A robust retail economy indicates an improved economic outlook for the City's residents, and it is also good news for the City's budget. Rising sales tax revenue helps to lessen the City's need for prop-

erty tax revenue, which in turn attracts new businesses to Dallas. A healthy retail sector greatly benefits the City and those who live here.

Most shoppers, however, do not think of the City's budget when making purchases. They look for price, quality and convenience. Due to some recent changes in the Dallas retail landscape, all three factors are becoming even better. Northern Dallas is seeing re-investment in older retail facilities as well as infill development. Southern Dallas is gaining momentum in attracting new and better quality retail.

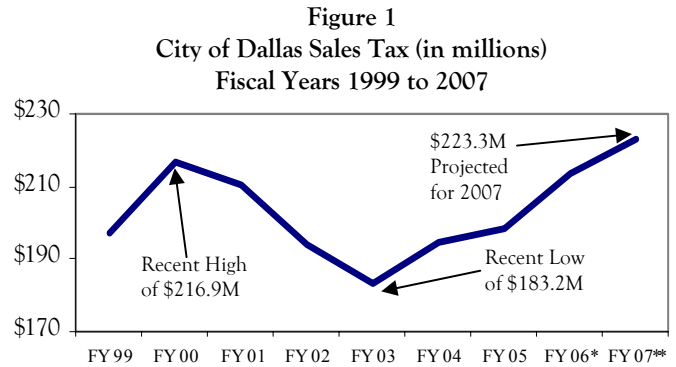
This article highlights examples of each type of development.

NorthPark Center

NorthPark Center, a stalwart of Dallas' shopping culture, completed a \$225 million remodel in May that almost doubled the mall's square feet and ultimately will add 90 stores to the mall's roster (Council District 13). The mall will be home to many firsts and onlys in Texas, including a Barney's New York. The renovation also added a tranquil 1.4-acre park in the mall's interior perimeter (Figure 2).

Prestonwood Town Center

A new infill shopping center is
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*Estimate. **Projected.

Source: City of Dallas, Office of Financial Services.

Figure 2
NorthPark's CenterPark



Council News

On August 9, City Council authorized tax increment financing (TIF) funding up to \$4,402,000 to be committed to TCF Interests Partnership's mixed-use development, 1525 Turtle Creek at the District, in the Design District TIF District. The project is planned to have approximately 40,000 square feet of retail and showroom space and 244 residential units. Both site-specific and District-wide public improvements will be made. District-wide improvements will include gateways at Oak Lawn/Stemmons and Hi Line/Stemmons, streetscape improvements along Hi Line Drive, and improvements along a portion of Turtle Creek Boulevard. ●

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Highlights

In this issue of *D Economy*, read about a new shopping center planned for Mockingbird Lane near Love Field (page 2) and the continued expansion of Dallas' workforce employment and the number of jobs in Dallas (page 3). Also, learn about the Office of Economic Development's new publication, the *Dallas Economic Review* (page 4).

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Real Estate News

Alliance Properties has purchased the 1913 building in Oak Lawn that once operated as Parkland Hospital and plans to redevelop it (Council District 2). Plans call for the original building and a few more on the 8.3-acre complex to be preserved. Crow Holdings will join the redevelopment effort and will move its corporate headquarters into the old building and into new construction behind it, designed in a modern style but made of complementary materials to the hospital building. An underground parking garage will also be built in the first phase. Alliance Properties plans new mixed-use

construction with possibly residential, retail, office and hotel on the site. *Source: Dallas Morning News, August 18, 2006.*●

The 11-acre site where a vacant Syms department store sits near the entrance of Love Field on Mockingbird Lane will soon be transformed into new retail space (Council District 14). Developer Shafer Property Co. will build a 160,000 square foot shopping center on the property. *Source: Dallas Morning News, August 17, 2006.*●

Shopping in Dallas Keeps Getting Better

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Figure 3
Prestonwood Town Center



under construction in North Dallas. Prestonwood Town Center, a retail power center, is on the site of the former Prestonwood Mall at Beltline and Montfort (Council District 11). The 62-acre site is anchored by a Wal-Mart Super Center (Figure 3). Developer Archon Group has also secured tenants Anna's Linens, Barnes & Noble, Circuit City, Comp USA, Kirkland's, Office Depot, Petco, Ultra and Wachovia Bank. It is expected to open in the Spring of 2007.

Sierra Vista Plaza

Although Dallas has the highest number of shopping centers per capita in the U.S. and double the national average of retail square feet per 1,000 population (42,000), not everyone in the City has a variety of retail options from which to choose. Southern Dallas has historically enjoyed fewer and lower quality stores than the northern part of Dallas. Per capita income in the Southern Sector is

43 percent of the City's and median household income is 30 percent less.

Nevertheless, this part of the City is ripe for development. The retail market is underserved, land is less expensive and it is home to most of the City's vacant land (21 percent undeveloped). To improve the retail market in this part of the City, the Office of Economic Development incorporated as part of its strategic plan the goal of actively seeking new stores for Southern Dallas. It also implemented a Southern Sector retail strategy to promote retail development that will support sustainable communities.

One tactic of the retail strategy is to facilitate the creation of centers of sustainable activity that generate retail opportunities. These centers require anchor stores to draw customers. The Carnival Super Market in the new Sierra Vista Plaza shopping center at Westmoreland Rd. and Illinois Ave. will serve as such an anchor (Council District 1). The City of Dallas granted the developers of Sierra Vista a 90 percent real property tax abatement for 10 years and a 30 percent public infrastructure cost participation agreement.

The 175,000-square foot Sierra Vista is on the site of an old industrial complex. The Carnival grocery store is 55,790-square feet and is a unique prototype for the nation. (Figure 4). Its emphasis is on fresh products, a wide selection of tradi-

tional brands and imported products that cater to the tastes of its customers. The store's goal is to provide high-end services at an affordable price. It will be the first grocery store in the DFW area to have an in-store medical clinic (MedExpress).

Other tenants expected for Sierra Vista include Wachovia Bank, Starbucks, Payless Shoe Source, Melrose, Amigo Wash & Dry, Dental Dreams, Andrea's, Foot Locker, Starcast Cell Phones, Ameritax, Manuela's Salon, HSBC Bank, Star Nails and Water Inn.

Figure 4
Sierra Vista Plaza & Carnival Super Market



As the Southern Sector of Dallas continues to grow, residents can expect to see even more quality and convenient retail opportunities. And Northern Dallas can expect more infill retail development as well as re-investment in existing shopping destinations. Altogether, these three trends enhance Dallas' quality of life as well as the City's financial strength.●

Dallas Employment

There was no growth in unemployment at the local levels in July. The Bureau of Labor Statistics estimates that Dallas residents' unemployment rate plateaued at 6.0 percent, a rate still higher than the metropolitan, state and national rates (Table 1).

The number of unemployed persons decreased by 0.2 percent while the labor force rose 0.5 percent from the previous month (Table 2).

The chart in Figure 5 measures the difference between the City unemployment rate and the U.S. rate—a negative number means the City's rate is higher than the U.S. Since the Dallas unemployment rate in July was unchanged, and the nation's rate worsened slightly, the gap decreased 0.2 percent from the previous month to 1.0 percent.

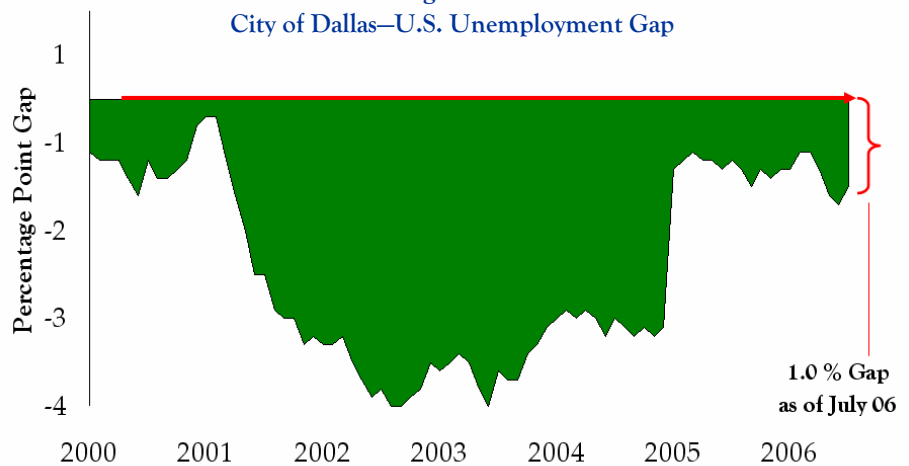
Figure 6 depicts the number of employed persons in the City as 588,625 in the month of July. Dallas' work force employment continues to surpass the post-recession 2001 high employment level in December 2004 of 583,613. This number reflects employment by Dallas residents only.

Results continue to be positive for the estimated payroll employment levels in Dallas (meaning jobs in the City that could also be held by non-Dallas residents). Revisions to the Office of Economic Development estimates show that payroll employment grew 3.3 percent in the second quarter to slightly over 1.03 million. ●

| Table 1. Unemployment Rates | | | Table 2. City of Dallas Labor Force (Persons) | | | |
|--------------------------------|--------------|--------------|---|--------------|-----------------|----------------|
| | 2006 July | 2006 June | Point Change | | Unem- ployed | Labor Force |
| City of Dallas | 6.0 | 6.0 | 0.0 | 2006 July | 37,550 | 626,175 |
| Dallas MSA | 5.3 | 5.3 | 0.0 | 2006 June | 37,622 | 622,855 |
| Texas | 5.5 | 5.5 | 0.0 | Change | -72 | 3320 |
| U.S. | 5.0 | 4.8 | 0.2 | % Change | -0.2 | 0.5 |

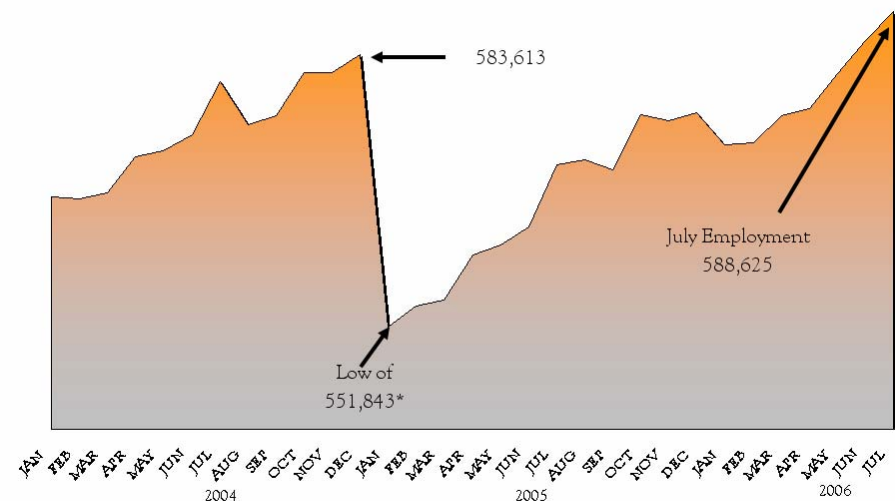
Source: U.S. Bureau of Labor Statistics, Values Not Seasonally Adjusted.

Figure 5.
City of Dallas—U.S. Unemployment Gap



Source: U.S. Bureau of Labor Statistics.

Figure 6.
City of Dallas Employment



Source: U.S. Bureau of Labor Statistics. * Revised

Tracking the Highlights of the Dallas Economy: *Dallas Economic Review*

The Office of Economic Development (OED) has produced a new periodical examining the City's economic growth and development. The *Dallas Economic Review* is a semi-annual publication designed to monitor and analyze key indicators of the City's economic performance. The publication schedule will include Summer and Winter editions. The document includes a combination of federal and state government statistics and estimates by OED. The City level data mirrors national and state level growth measures (Figure 7).

The Gross City Product (GCP) is an OED estimate of the economic output of the City. Economic output is critical because it registers the rate at which the economy is growing or shrinking in comparison to economic growth of the Texas and U.S. economies. GCP grew 2.9 percent in the second quarter of 2006.

Personal income is the sum of all earning by Dallas residents. It is an indicator of future consumer demand and a signal for overall economic health. OED estimates the City of Dallas personal income and

per capita income. At the end of fourth quarter of 2005, Dallas' Personal Income level was \$47 billion.

The City Labor Force statistics measure the employment of City of Dallas residents. The data presented are quarterly averages of the unemployment rate, the number of unemployed and labor force levels. In the second quarter of 2006 the unemployment rate was 5.1 percent, unchanged from the previous quarter.

OED also estimates workplace employment (jobs) within the City limits. The data presented are quarterly averages of payroll job counts. The payroll employment grew 3.3 percent in the second quarter to slightly over 1.03 million.

The Consumer Price Index (CPI) is the main indicator of inflation. The Dallas-Fort Worth MSA CPI is the smallest geography examined and is produced on a bi-monthly schedule. The July Dallas-Fort Worth MSA CPI grew 0.3 percent to 191.7.

Finally, the Index of Leading Indicators is a combination of economic statistics designed to anticipate the strength of the economy six months in the future. The local statistics that traditionally lead business cycle changes are Initial Unemployment Claims, Single Family Permits, the West South Central Index of Consumer Expectations and the City of Dallas Stock Index. While the quarterly average value has dropped 2.3 percent from the previous quarter, recent behavior of the index and its individual components is consistent with continued economic expansion.

The premier edition of the *Dallas Economic Review* is available at: http://www.dallascityhall.com/html/economic_development.html.●

Figure 7

Front Page of the *Dallas Economic Review*

