



D Economy: A Monthly Briefing

Urban Land Institute Supports City's Inland Port Project

July 2006

Highlights

In this issue of *D Economy*, read about three recently announced corporate headquarters relocations to the City of Dallas (page 2) and the good news that in June the City had more employed persons than any month since the 2001 recession (page 3). Also, learn about OED's new council district fact sheets that examine economic opportunities in individual districts in light of the existing and future conditions in each.

Inside this issue:

News Shorts	2
Dallas Employment	3
Council District Fact Sheets	4

Figure 1
Cargo loading at UP Intermodal Facility



In June, the City of Dallas, Office of Economic Development (OED), requested that the Urban Land Institute (ULI) hold a five-day advisory services panel in Dallas to examine the concept of an inland port in Dallas. The ULI is an international research and education organization of real estate experts, development professionals, architects and planners, and is one of the world's most respected and quoted organizations in urban planning, land use and development.

The seven panelists who came to Dallas brought a wealth of background knowledge from their careers in different industries, including economic development, real estate banking, architecture/planning, real estate development, transportation and law.

While they were here, the panelists toured Southern Dallas County, including the new Union Pacific intermodal facility (Figure 1) and AllianceTexas. They interviewed more than 50 local experts on aspects of the project including policy, the logistics industry, development and implementation.

At the end of the five days of research, the ULI panel presented their findings to a large audience at City Hall. The panel recommended moving forward with the development of an inland port without haste. There are five to six national transportation corridors, and Dallas/Fort Worth is the hub of four of them: Dallas/LA, Dallas/Atlanta, Dallas/Mexico and Dallas/Chicago/Detroit. This allows the city to serve regional, national and international markets.

Southern Dallas is primed for development based on the convergence of the following factors:

- ◆ Location—An abundance of available, developable land.
- ◆ Transportation and labor assets—Interstate and rail infrastructure exists and is in good shape, and there is a ready labor force in the surrounding area.
- ◆ Local and national developers—Developers have already taken an interest in the region, with the Allen Group moving forward with plans to develop the Dallas Logistics Hub, and other developers also planning warehousing and distribution facilities.
- ◆ Committed governments, public officials and staff—The communities in the area are working together to launch an inland port in Southern Dallas, and Dallas City Council member Bill Blaydes has been an outspoken champion of the project.

The City of Dallas is working with Dallas County, Balch Springs, Cedar Hill, DeSoto, Duncanville, Lancaster, Mesquite and Seagoville to develop Southern Dallas into a nationwide leader in intermodal transportation and warehousing and distribution. ●

Southern Dallas

Dallas art dealer Anthony Hopkins and physician Kevin Longshaw are purchasing homes in the South Boulevard-Park Row Historic District in South Dallas to restore the homes for future generations (Council District 7). The 116 homes in the South Boulevard-Park Row Historic District were added to the National Register of Historic Places in 1979.

The historic area got its start in 1916 when the Jewish Congregation Emanu-El and their families moved there. After World War II, black professionals bought the Prairie School, Mission/Spanish Revival- and bungalow/ Craftsman-style homes that

the Temple Emanu-El families built. *Source: Dallas Morning News, July 8, 2006.*●

J.O.Y. Foods, a pizza supplier for commercial, military and school kitchens, has refurbished an old building in south Dallas to be home to its new plant. The new 24,000-square-foot plant at 4716 Bronze Way increases the company's capacity (Council District 3). J.O.Y. is starting operations at the new plant with 25 employees and will likely hire 50 more by the middle of 2007. Food processing and distribution is one of Dallas's target industries. *Source: Dallas Business Journal, July 14, 2006 and OED.*●

Relocations

Electronic Health Plans Inc., a claims processing software company, has moved its headquarters from New York to Dallas. It has space already in the Dallas Infomart (Council District 2). The company has 48 employees and plans to add two to six more in the next year. *Source: Dallas Business Journal, July 14, 2006.*●

Broadlane Inc. is moving its corporate headquarters from San Francisco to Dallas (Council District 11). The supply cost management services provider for health care organizations wants to have most of its employees in

one city, and the skilled work force and central location of Dallas prompted the company to make the move. The move will bring the total number of Broadlane employees in Dallas to 405. *Source: Dallas Business Journal, July 25, 2006.*●

American CareSource Holdings is moving its headquarters from Irving to Dallas in the Galleria Crossing office complex (Council District 11). *Source: Dallas Morning News, July 28, 2006.*●

(Editor's note: These three companies belong to Dallas' target industries of health care/IT.)

Real Estate News

Lionstone Group and Stream Realty Partners will redevelop the Exchange Park, a 24-acre site with three existing buildings in the UT Southwestern Medical Center District (Council District 2). The AT&T Building at 6303 Forest Park Rd. will be converted to residential to reach the student or faculty housing market of the university. The American General Tower building will remain office space, and the "mall" at 6363 Forest Park Road will be positioned for larger users, mostly medical office space.

The 10.1 acres of vacant land is being considered for residential use of at least 500 units. Construction on the \$80 million mixed-use project is expected to begin in September. *Source: GlobeSt.com, July 18, 2006.*●

A long time investor in the neighborhood, Andres Real

Estate, has purchased Jerry's Supermarket at Henderson and Capitol Ave. and a nearby Carnival supermarket (Council District 2). Jerry's Supermarket will be remade into a shopping center named the Shops on Henderson, with restaurants and retailers. The Carnival site and three acres of land will be redeveloped. The company reports great interest from restaurants and retailers. The area along Henderson in East Dallas is seeing recent growth as more people recognize its advantageous location near downtown. *Source: Dallas Morning News, July 26, 2006.*●

Granite Properties has plans to build an office and apartment complex on two acres it recently bought at Cedar Springs Road and Akard Street (Council District 14). The office tower will also have residential space and retail. *Source: Dallas Morning News, July 26, 2006.*●

Business News

Powell Goldstein LLP is opening a new office in Dallas. It will have 13 staff members in the JP Morgan Chase Tower at 2200 Ross Avenue (Council District 14). The expansion comes because the Dallas and Texas legal markets are a good match for the firm's strengths in health care, banking, real estate and litigation. *Source: Yahoo!Finance, July 12, 2006.*●

A 2006 survey by The Blackbook of Outsourcing and the Brown-Wilson Group named Affiliated Computer Services as the number one best managed outsourcing vendor company in the nation (Council District 2). *Source: Dallas Business Journal, July 17, 2006.*●

Dallas Employment

Unemployment at all levels grew in June, with the unemployment rate in the City of Dallas' increasing at the same pace as the Dallas Metropolitan Statistical Area (MSA). The Bureau of Labor Statistics estimates that Dallas residents' unemployment rate rose to 6.0 percent in June, an increase of 0.5 percent from May's rate (Table 1).

Along with the rise in the unemployment rate, the number of unemployed persons rose by 12.1 percent while the labor force rose 1.3 percent from the previous month (Table 2). The increases in the City's unemployment rate, unemployment level, and labor force level are attributable to seasonal reductions and new graduates entering the labor force.

The chart in Figure 2 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 change in April was more than the nation's, the gap increased 0.1 percent from the previous month to 1.2 percent.

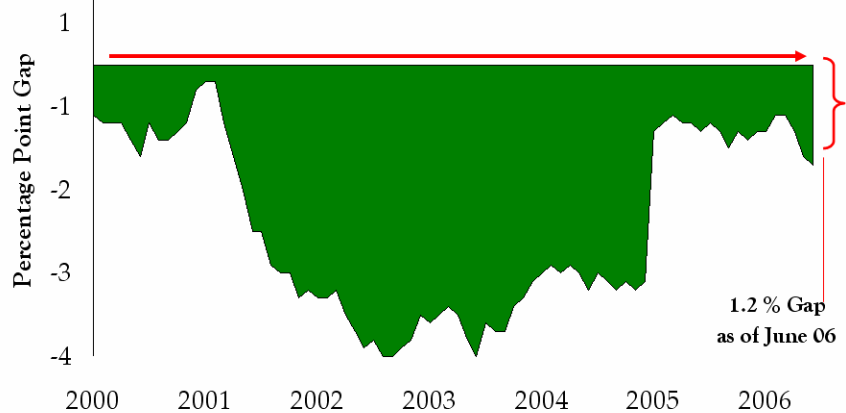
Figure 3 depicts the number of employed persons in the City as 585,233 in the month of June. Dallas' work force employment in June was the highest since the recession of 2001. This level surpassed the most recent high of 583,613 that occurred in December 2004. This number reflects employment by Dallas residents only.

Results are also positive for the number of estimated jobs in Dallas (meaning jobs in the City that could also be held by non-Dallas residents). The Office of Economic Development estimates that June's job count was just over 1.03 million. The largest employment gaining sector in June was Professional / Business Services with 1,993 workers. The greatest percentage growth was in Natural Resources / Construction at 21.0 percent.

Table 1. Unemployment Rates			Table 2. City of Dallas Labor Force (Persons)		
	Jun 2006	May 2006	Point Change	Unem- ployed	Labor Force
City of Dallas	6.0	5.5	0.5	Jun 2006 37,622	622,855
Dallas MSA	5.3	4.8	0.5	May 2006 33,576	614,973
Texas	5.5	4.9	0.6	Change	4,046
U.S.	4.8	4.4	0.4	% Change	12.1
					7882
					1.3

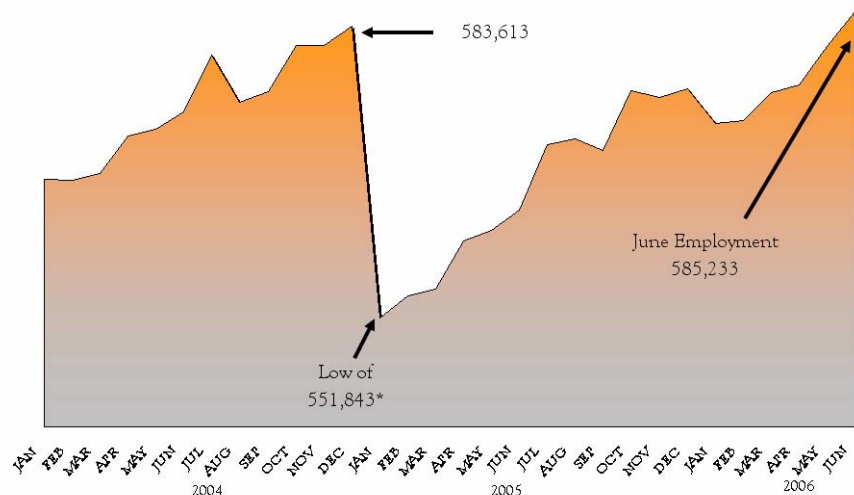
Source: U.S. Bureau of Labor Statistics, Values Not Seasonally Adjusted.

Figure 2.
City of Dallas—U.S. Unemployment Gap



Source: U.S. Bureau of Labor Statistics.

Figure 3.
City of Dallas Employment



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

Council District Fact Sheets Tailor Economic Development Strategies

Strategic Engagement, Dallas' economic development plan since September 2005, has focused on three economic outcomes: economic growth, economic opportunities for Dallas residents and sustainable revenue for City services. A five part vision statement guides development priorities for the City as a whole. Some elements of the plan are, however, more important for some parts of Dallas than others. To this end, OED has just completed an analysis of a wide range of economic, demographic and real estate statistics by Council district and compiled this data into a set of Council District Economic Development Fact Sheets. These fact sheets, available at http://www.dallascityhall.com/html/council_district_fact_sheets.html, summarize the economic characteristics of each Council district and outline elements of the *Strategic Engagement* plan that are most applicable to each.

Ideally, these fact sheets will be used by City decision makers, residents and businesses to better understand the limits and possibilities of the City's development strategy as it relates to each district. The unique economic assets and liabilities of each district require that *Strategic Engagement* be implemented with an awareness of conditions in each district.

Two characteristics in particular set important limits on a district's ability to be host to new development. One is the percent of land in the district devoted to commercial and industrial uses (**Figure 4**). Another is the amount of vacant land within a district (**Figure 5**).

Because jobs tend to be concentrated in business centers and industrial parks, their distribution is not even across the City or across districts. Many new jobs will occur in existing business parks.

Vacant land is also not evenly distributed across the City. Southern Dallas districts include most remaining vacant land. This

vacant land represents the second primary location for new job growth.

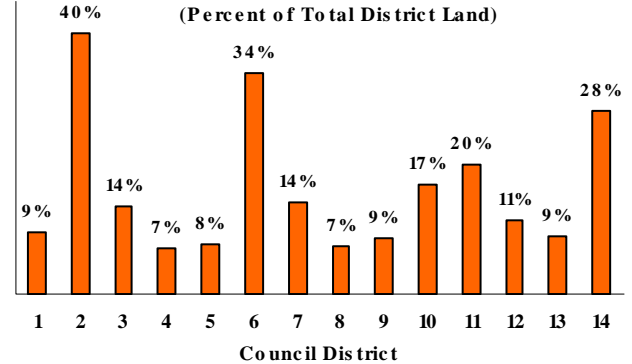
Economic development strategy for a district should reflect these underlying land use patterns.

Districts with large vacant tracks such as Districts 3 and 8, need advanced land use planning, business development incentives and new infrastructure so that their vacant land is efficiently developed.

Districts with existing business areas, such as 2 and 6, require replacement infrastructure, TIF districts and other tools to permit older industrial uses to be replaced by service and residential uses.

Some districts include relatively little of either of these land uses. Districts 4 and 12 are good examples and are mostly residential. Both of these districts are also substantially built out, except for flood plain. For this reason neither district would expect to see dramatic job growth without replacing residential neighborhoods with business parks. Instead, policy for these mostly residential districts should focus on improving neighborhood services: roads, parks, libraries, public safety, and increasing retail options, often through transit-oriented-development. It is perhaps even more important for these "bedroom" districts to have viable adjacent job centers that can meet the em-

Figure 4
Council District Commercial and Industrial Land Use



ployment needs of their residents.

For instance, the creation of a major logistics hub in southern Dallas will provide many job opportunities to District 4 residents. Similarly, redevelopment of the LBJ corridor will improve the attractiveness of District 12 neighborhoods.

Each Council district poses unique development challenges. Each district also has the potential for some level of economic development activity. While a citywide development policy is the prerequisite for development success, that policy must be applied thoughtfully to each community so that it takes advantages of unique community assets to meet the needs of its residents. ●

Figure 5
Council District Vacant Land Use (Percent of Dallas Total)

