



CITY OF DALLAS

# D Economy: A Monthly Briefing

## City Center Hospitality

As the focal point of Dallas' commerce, the center city of Dallas must have all of the amenities needed to serve the business community. Additionally, visitors here for business, conventions or leisure need comfortable and convenient places to stay. Dallas is increasingly able to meet their needs as the variety of hotels in the center city expands.

Recently, stalwart city center hotels such as the Fairmont, the Adolphus Hotel, the Stoneleigh Hotel and the Mansion on Turtle Creek have been joined by some newcomers, often by repositioning of new brands on older hotel properties.

One trend is the opening of boutique hotels. Boutique hotels are unique and sometimes more reflective of a locality than the traditional chain hotels. They usually have high tech offerings such as wireless internet, stylish and luxurious interiors, personalized services and fewer rooms.

One of the newest to open is Hotel Indigo, the former Holiday Inn Aristocrat Hotel (Figure 1). The boutique hotel has colorful walls and decorations and is designed to encourage guests to socialize.

### Council News

On October 11, City Council authorized grants from the South Dallas/Fair Park Development Fund for four non-profit agencies in the South Dallas/Fair Park community. Academic Realities received a \$35,000 grant for expenses including laptops and software for its college preparatory program. A Sister's Gift received \$25,000 for its HIV/AIDS program. Dallas Bethlehem Center received \$35,000 for expenses for its youth development program. The fourth agency, Teens at Work, Inc., received \$34,000 for its career development training program. ●

Two new boutique hotels under construction include Joule Urban on Main Street and the Dallas Plaza. Developer Hamilton Properties is remodeling the Dallas Plaza, which is near the convention center and at the entrance to the Cedars neighborhood just south of downtown.

Convention-goers will soon enjoy another hotel near the convention center when a 116-room hotel opens in the Santa Fe IV building at 1033 Young St. City Council approved the project for tax increment financing funds in September.

The new W Hotel at Victory Park is also an example of a boutique hotel, although it is larger than typical. Three other boutique hotels in the center city include the Magnolia Hotel, Hotel Za Za and Hotel Lawrence.

A second Victory Park hotel is on its way to join the W. Construction on the Mandarin Oriental Hotel is expected to begin next year, with completion in 2009.

For those in the market for new luxury accommodations, Dallas' and Texas' first Ritz-

**Figure 1  
Hotel Indigo**



Carlton Hotel will open in the last half of 2007.

All of this new hotel activity in the heart of the City signals a resurgence of Dallas' core and expectations of increasing numbers of visitors. Hotel occupancy in the center city markets was 62.8 percent for the year as of August 2006. That is a 13.8 percent increase from last year's 55.2 percent. Room demand is up 14.8 percent, which is a remarkable improvement over 2005 and 2004, when it was -0.7 and 5.5 percent, respectively. Demand for rooms in the center city has increased more than in other Dallas markets. This points to the center city becoming a destination in and of itself. ●

October 2006

### Highlights

*In this issue of D Economy, read about Dallas' high ranking in the logistics industry (page 2) and the City's narrowing unemployment gap compared to the nation (page 3). Also learn about the changes that have taken place in Dallas' demographics between 2000 and 2006.*

### Inside this issue:

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## Southern Dallas

Houston developer Sage Development is building an apartment complex in Pinnacle Park (Council District 3). The complex will have 296 units and more than a dozen buildings. *Source: Dallas Morning News, September 28, 2006.*●

The Bishop Arts District is about to expand, with two new developments slated for the area (Council District 1). Bishop Arts Plaza at Bishop

## Real Estate

Developers are discovering the Henderson Avenue side of the Knox-Henderson area (Council District 2). New housing and retail space are being built as developers look for new opportunities near Lower Greenville and Knox Street.

Andres Properties owns several blocks in the area. The company is building townhomes at Henderson and Belmont Avenues, it is converting a supermarket and retail strip at Henderson and Capitol Avenue into a new center called the Shops on Henderson, and it plans more development on the site of the Carnival supermarket it owns on Henderson.

Another developer, Perry Homes, is building townhomes at Henderson and Belmont Avenue, which are replacing older apartments. And Phoenix Properties Co. is building more townhomes

and Colorado Boulevard will have 12,00 square feet of ground-level retail with 10 lofts on top. Construction is expected to begin by the end of 2006.

A second development at Bishop and Davis Street will convert a vacant 13,500-square-foot grocery store into restaurants and shops. *Source: Dallas Morning News, October 5, 2006.*●

across the street. The area is also seeing an increasing number of single family redevelopment. *Source: Dallas Morning News, September 22, 2006.*●

Westmount Realty Capital is buying 27 acres at the intersection of Forest Lane and Interstate 75 (Council District 10). The property was once the site of one of the most successful drive-in movie theaters in the country, but now is home to an automobile sales business and restaurants. The property, one of the last large parcels along the highway, is made more attractive by the completion of construction on the High Five interchange. The new use of the site, which is within walking distance of the Forest Lane DART station, could be retail, multifamily or medical office. *Source: Dallas Morning News, October 30, 2006.*●

## Business

RFI Global Services, based in the U.K., has opened a new office in Dallas at 10455 N. Central Expressway (Council District 11). The office will expand RFI's coverage of 2G/3G cellular approval test services. *Source: Test and Measurement World Online, www.tmwworld.com, October 17, 2006.*●

Expansion Management Magazine has named Dallas/Fort Worth the fourth best metro for logistics in the nation. It also ranked Dallas fourth best for interstate high-

way access and fifth best for transportation and warehousing (tied with Houston). *Source: Expansion Management, October 23, 2006.*●

Houston-based Prasolus, a seller of educational products, has opened an eight-person office in Dallas at 100 Crescent Court (Council District 14). It plans to market its Internet-based technology to North Texas school districts. *Source: Dallas Business Journal, October 27, 2006.*●

## Center City

Harwood International has announced it will begin construction in January 2007 on the 27-story Saint Ann Court on Harry Hines Boulevard and Moody Street in Uptown (Council District 14). When complete about 18 months later, it will be Uptown's tallest building. Saint Ann Court will be 320,000 square feet, and it will have office space, restaurants and shops. The developer plans to preserve the historic Saint Ann's school and use some of it for restaurant, retail and gallery space. *Source: Dallas Morning News, October 11, 2006.*●

Expecting increased interest in the area because of a new DART rail line and station, developers are making plans for investment in Deep Ellum. Alliance Communities will break ground soon on a mixed-use residential and

retail project across the street from where the rail station will be built. The station is expected to open in September 2009.

Another DART station in Deep Ellum will be located at Good Latimer Expressway and Gaston Avenue. *Source: Dallas Morning News, October 24, 2006.*●

A new eight-story condo tower will be built on Herschel Avenue near Oak Lawn Avenue (Council District 14). The tower, named Park 4200, will have a modern design along with a small park. It will have 85 units priced starting at \$250,000. Park 4200 is expected to be complete in the summer of 2008. *Source: Dallas Morning News, October 27, 2006.*●

## Dallas Employment

The unemployment rate in Dallas improved in September, dropping 0.4 percent to 5.3 percent. This is a larger decrease than the Dallas MSA and the nation, and matches Texas' decrease. (Table 1). This rate matches the revised level for April 2006 and is the lowest since March of 2001.

The number of unemployed persons decreased by 7.5 percent while the labor force fell 0.6 percent from the previous month (Table 2).

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 revised Dallas unemployment rate in September improved 0.4 percent, and the nation's rate improved only 0.2 percent, the gap contracted from the previous month to 0.9 percent.

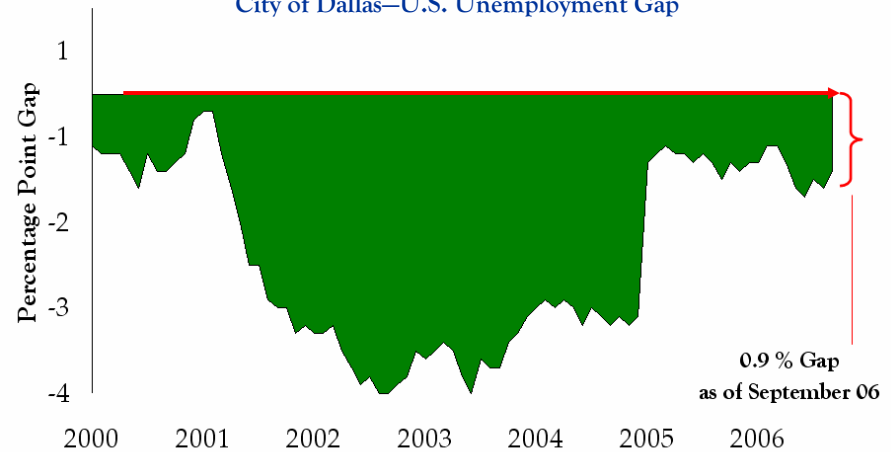
Figure 3 depicts the number of employed persons in the City as 588,137 in the month of September. This is a decrease from August's value of 589,489. Dallas' work force employment continues to surpass the previous post-recession 2001 high employment level of 583,613 in December 2004. This number reflects employment by Dallas residents only.

Dallas payroll employment levels (jobs in the City) plateaued in September. OED estimates of revised data show payroll employment slightly over 1.032 million. Strong growth in Education/Health Services and Government sectors with completion of seasonal school employment offset employment losses in the Hospitality, Manufacturing and Trade sectors. ●

Table 1. Unemployment Rates			Table 2. City of Dallas Labor Force (Persons)			
	2006 Sep	2006 Aug	Point Change		Unem- ployed	Labor Force
City of Dallas*	5.3	5.7	-0.4	2006 Sep	32,734	620,871
Dallas MSA	4.6	4.9	-0.3	2006 Aug	35,372	624,861
Texas	4.7	5.1	-0.4	Change	-2,638	-3,990
U.S.	4.4	4.6	-0.2	% Change	-7.5	-0.6

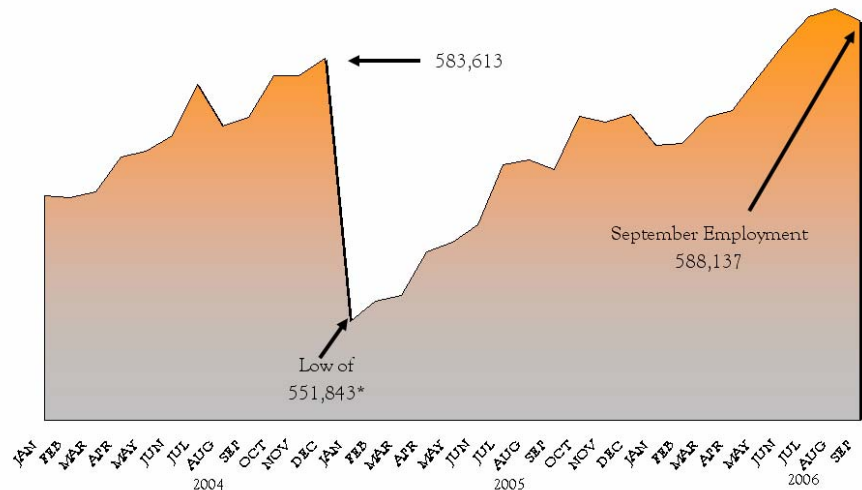
Source: U.S. Bureau of Labor Statistics, Values Not Seasonally Adjusted.  
\* Previous month's values revised

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

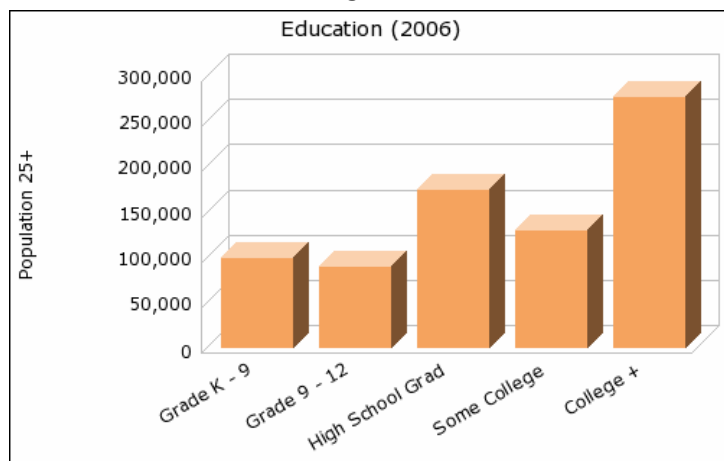
## Dallas Demographics 2006

Most everyone knows that the U.S. Census Bureau conducts a census of the nation's population every ten years. The results provide a detailed snapshot of where Americans are from, how we live, how we support ourselves, how much schooling we've had, and even how long it takes us to get to work. This data is extremely valuable for researchers and decision-makers. Data the census reveals affects political representation and even where new stores may open, or old stores close.

Between the end-of-the-decade censuses, the Census Bureau conducts other, more limited surveys. However, none are as thorough as the decennial census. To fill in this gap, the City of Dallas subscribes to a proprietary vendor and uses other resources for annual estimates of population and demographic data.

The data show that Dallas in 2006 is not the same city it was in 2000. The population has increased by 6.1 percent to 1,260,950 persons. The City has grown older, with a median age of 32.1 compared to 30.5 in 2000. The age cohorts with the largest numerical increases were the 35 to 44 age group and the 45 to 54 age groups, which grew by 23,823 and 26,417, respectively. Another notable change is in ages 0 to 4, which grew by 13.2 percent.

Figure 5



Source: SRC.

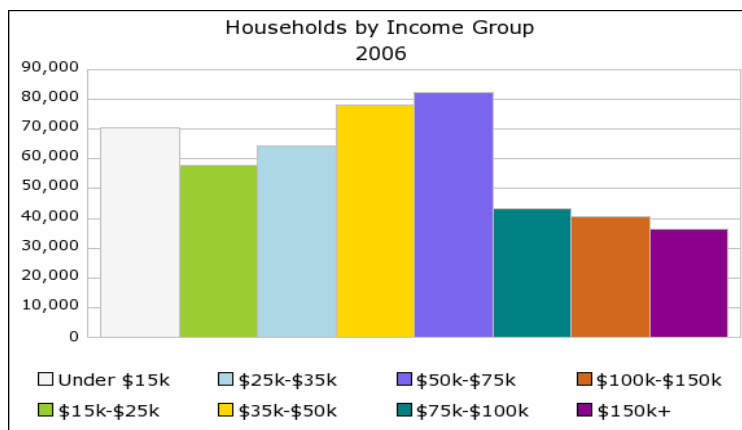
Coming as no surprise considering state trends, the Hispanic population in Dallas grew by 26.3 percent from 2000 to 2006. Hispanic ethnicity refers to anyone of Hispanic origin, regardless of race. (Race includes White, Black, American Indian or Alaska Native, and Asian or Pacific Islander.)

The Hispanic population now accounts for 42.8 percent of the City, compared to 35.5 just six years ago. The number of non-Hispanics in Dallas decreased by 6.8 percent. The Black share of the City's population decreased by 2 percentage points to 23.8 percent. Of special interest is the 43.3 percent increase (14,164 persons) of Asians or Pacific Islanders, though their share of the City's population, 3.8 percent, is still small.

The year 2006 shows improvements in the City's household income levels

(Figure 4). In 2000, the median household income was \$38,034, but now it has grown to \$42,476. The number of households making less than \$35,000 declined by 7.8 percent, and those making more than \$35,000 increased by 13.2 percent. Per cap-

Figure 4



Source: SRC.

ita income improved also, from \$21,971 in 2000 to \$25,440 in 2006, an increase of 15.8 percent.

The education levels of Dallas' population ages 25 years and older has improved since 2000 (Figure 5). The number of residents with a bachelor or graduate degree increased by 17 percent, or 34,559 persons. As a share of all the City's education levels, those with four-year and higher degrees increased from 27.7 percent of the population to 30.7 percent.

At the associates degree level, the positive change is even more dramatic. The City has 31.1 percent more associates degree holders in 2006 than it did in 2000.

Dallas also has more high school graduates (meaning those whose highest education level achieved is a high school diploma or equivalent). This category increased by 30,023 persons, or 20.8 percent. In 2000, high school graduates represented 19.7 percent of the City; in 2006 this share increased to 22.5 percent.

Altogether, having access to updated demographic data in between census years helps the City of Dallas understand important demographic shifts and to respond to changing needs. The Office of Economic Development will use this data to update information products and to market Dallas to business, retailers and developers. ●