



CITY OF DALLAS

D Economy: A Monthly Briefing

Thinking Big About Small Business

September 2006

Highlights

In this issue of D Economy, read about two new hotels that have re-opened after renovations and re-naming (page 2) and the drop in Dallas' unemployment rate, which outperformed the metro, state, and nation (page 3). Also, learn about a new OED publication that helps investors learn more about Dallas, the City's economy, and opportunities for new development (page 4).

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In 2005, 80 percent of all Dallas businesses were classified as small, and they employed 34 percent of the City's workforce. Although large corporations are more likely to make newspaper headlines, the City of Dallas realizes that small businesses are just as important to the City's economy. Accordingly, a key function of the Office of Economic Development (OED) Small Business Initiatives (SBI) division is to support small business development and job creation in Dallas.

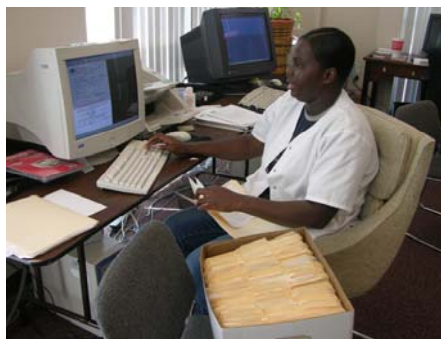
SBI has several programs to help small businesses, including the Southern Dallas Development Corporation (SDDC). SDDC makes loans directly or in partnership with conventional banks.

The Business Assistance Centers (BACs) are another popular SBI program. Dallas' seven BACs are strategically located in low-to-moderate income areas to facilitate these areas' access to small business services and to enhance the local economy through business development and job creation.

At a BAC, a fledgling business owner can receive technical

assistance, for example, about how to start a business, the legal forms needed, taxes, marketing, bookkeeping, management, software training and access to capital. Secondly, the BAC program offers assistance with business plan development and loan referrals for financial assistance.

Figure 1
Wise Business Services Inc.
Employee Annie Newell of the
Quality Control Division



BACs also sponsor workshops and seminars where small business owners can meet with agencies such as the IRS, SBA and the regional chambers of commerce to discuss business challenges and opportunities.

Additionally, all BACs have business incubator offices. Incubator tenants receive below-market rates to open an office, whose average size is 91 square feet. Onsite benefits include shared resources, such as fax and copier machines and

receptionist services. BAC tenants can also benefit from collaboration with business coaches who offer "hands-on" technical assistance. There are currently 27 BAC incubator businesses.

Wise Business Services Inc. (WBSI), a document management outsourcing firm, is a BAC incubator success story. CEO Demetria L. Wise started the company from home in 1997 and now headquarters it at the Innerscity Community Development Corporation (ICDC) BAC # 2. WBSI projects its sales to increase 150 percent from \$200,000 in 2005 to \$500,000 this year. ICDC BAC#2 has provided Ms. Wise with "hands-on" technical assistance: business plan development, financial analysis, human resources assistance and record keeping. WBSI has a nine-member staff (**Figure 1**). In 2004, the National Minority Supplier Development Council named the company a "Regional Supplier of the Year."

To learn more about the SBI group and how BACs help new business owners fulfill their dreams and increase employment opportunities, go to the OED Web site at: http://www.bigd-ed.org/small_business.html.●

Council News

On August 23, City Council approved up to \$217,000 in funding for public improvements for the Green Zone Performing Arts Center in the Design District Tax Increment Finance District (Council District 2). The center, located at 161 River Edge Drive, will have 30,000 square feet for four theaters, two courtyards and two loft apartments for visiting artists. The Green Zone Performing Arts Center will provide entertainment for future residents and visitors and complement the burgeoning creative business environment in the Design District.●

Real Estate

Iron Mountain Information Management will become the latest tenant in Panattoni Development Co.'s Pinnacle Park West Building in early 2007 (Council District 3).
Source: Dallas Morning News, August 24, 2006.●

CTDI Inc. has leased 50,000 square feet in the Pinnacle Industrial Center industrial park (Council District 3). The maintenance service solutions provider to the telecommunications industry acquired the last space available in the facility. *Source: CoStar.com, August 25, 2006.*●

Rosewood Property Co. has plans to build Rosewood Court, a 19-story, 400,000-square-foot office tower with retail space across the street from the Crescent complex in Uptown (Council District 14). The new building already has many new tenants signed up to move in. *Source: Dallas Morning News, September 6, 2006.*●

Marking a first for the district, the Richardson Independent School District (RISD) has agreed to participate financially in the Skillman Corridor Tax Increment Financing District (TIF). The \$10 million RISD committed in future tax revenue for the TIF's 30-year life will fund

improved utilities, roads and other public infrastructure in the TIF, which runs along Skillman Avenue between Northwest Highway and LBJ Freeway (Council District 10).

The agreement negotiated between RISD and the City of Dallas allows the school district to cease participation if it hurts the district financially, promises that private and charter schools will not benefit from the funds, and arranges to help families who may be relocated by the TIF plan.

The Skillman TIF plan calls for 19 apartment complexes and several strip shopping centers to be replaced by mixed-use development. *Source: Dallas Morning News, September 12, 2006.*●

The 198-room Hotel Palomar Dallas, formerly the Mockingbird Hilton Hotel, has opened after a renovation (Council District 14). The hotel includes a spa, exhale, and a restaurant, Central 214. The \$100 million project also includes a condominium tower with 25,000 square feet of retail space, which is scheduled to be complete in November. *Source: Dallas Business Journal, September 18, 2006.*●

Business

The Dallas Film Society has partnered with the American Film Institute (AFI) to launch an international film festival in Dallas for three years, starting in the spring of 2007. This will be the City's first major film festival and is

likely to draw worldwide attention to Dallas. The 10-day event's budget is \$2.3 million. The organizers' goal is to make the Dallas-AFI film festival a top 20 film festival. *Source: CBS11tv.com, September 12, 2006.*●

Center City

National retailer Jos. A. Bank Clothiers Inc. will open a 5,000-square-foot store in the Dallas Power & Light building downtown, possibly by this fall (Council District 14). It is the first major national retailer to open downtown in recent years, and downtown promoters hope that it will set a trend for more as new residents move downtown. The Downtown Improvement District provided incentives to attract the retailer. *Source: Dallas Morning News, August 31, 2006.*●

Hotel Indigo Dallas opened on September 8 after a conversion from a Holiday Inn Hotel (Council District 14). The 170-room hotel at 1933 Main Street in downtown is a nationally registered landmark. *Source: Dallas Business Journal, September 11, 2006.*●

Churches are investing and growing in downtown Dallas. The most recent addition is First Baptist Church of Dallas' new \$48.2 million Criswell Center, which includes seating for services of 900 worshippers, two chapels, a bookstore, a coffee shop and a prayer tower (Council Dis-

trict 14).

Other churches are finding their membership increasing and their ministries thriving. The Cathedral Shrine of the Virgin of Guadalupe draws almost three times the number of people to its weekend masses than it did in the 1990s (Council District 14). First Presbyterian, which is celebrating its 150th birthday, has counted among its worshippers an increasing number of families with young children (Council District 2). The church is positioning itself to accommodate young couples downtown and empty nesters. First United Methodist Church, in the Arts District, underwent a \$7 million renovation a few years ago (Council District 14). The church is finding that the number of worshippers who live within two miles is increasing.

Downtown advocates expect the numbers to continue to increase as new apartments and condos downtown are completed. *Source: Dallas Morning News, September 16, 2006.*●

Dallas Employment

Unemployment in Dallas improved in August, dropping half a percent to 5.5 percent. This is a larger decrease than the Dallas MSA, the state, and the nation, which all decreased by 0.4 percent. (Table 1).

The number of unemployed persons decreased by 5.8 percent while the labor force fell 0.2 percent from the previous month (Table 2).

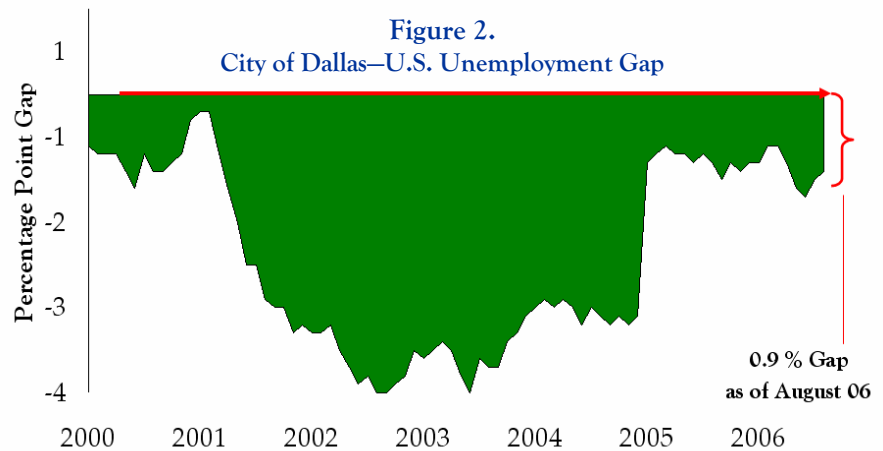
The chart in Figure 2 measures the difference between the City unemployment rate and the U.S. rate—a negative number means the City’s rate is higher than the U.S. Since the Dallas unemployment rate in August improved 0.5 percent, and the nation’s rate improved only 0.4 percent, the gap contracted from the previous month to 0.9 percent.

Figure 3 depicts the number of employed persons in the City as 589,489 in the month of August. 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.

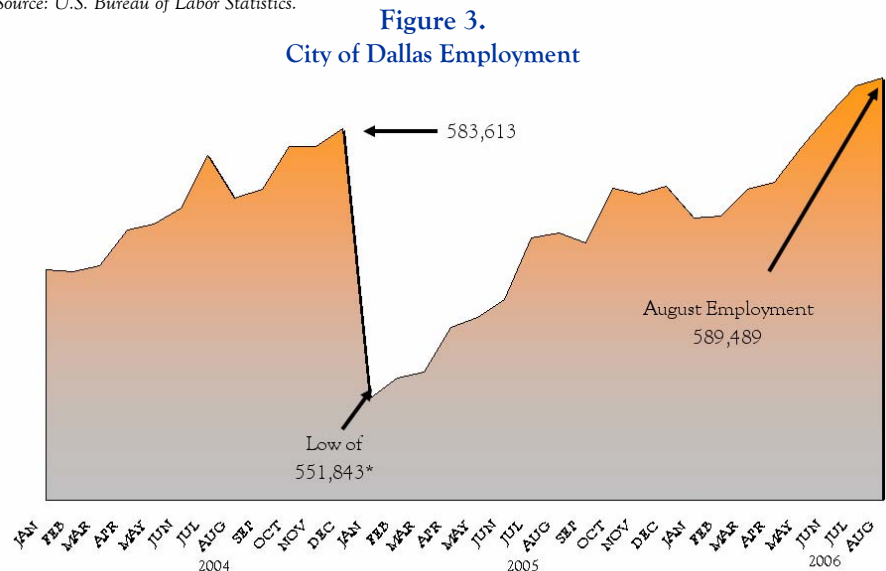
Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) grew. OED estimates show that payroll employment grew 2.5 percent annualized in August to slightly over 1.033 million. The Professional Services sector had the largest employment gains (997), with Trade/Transportation/Utilities, Education/Health Services and Government sectors following with nearly equivalent values (over 600 each). Growth in the last three sectors are attributed to seasonal “back to school” employment.●

| Table 1. Unemployment Rates | | | Table 2. City of Dallas Labor Force (Persons) | | | |
|--------------------------------|-------------|--------------|---|--------------|-----------------|----------------|
| | 2006 Aug | 2006 July | Point Change | | Unem- ployed | Labor Force |
| City of Dallas | 5.5 | 6.0 | -0.5 | 2006 Aug | 35,372 | 624,861 |
| Dallas MSA | 4.9 | 5.3 | -0.4 | 2006 July | 37,550 | 626,175 |
| Texas | 5.1 | 5.5 | -0.4 | Change | -2,178 | -1,314 |
| U.S. | 4.6 | 5.0 | -0.4 | % Change | -5.8 | -0.2 |

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



Source: U.S. Bureau of Labor Statistics.



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

New Publications Sell Dallas to Investors

OED frequently receives requests from developers, investors, businesses and other parties for profiles of Dallas. Sometimes a request is for a specific need, but often it is simply for general information about the City's demographics, businesses, labor force, infrastructure and other assets. To improve the City's responsiveness to these inquiries, OED has published a new three-part document, *Economic Development Profile* (Figure 4).

Economic Development Profile introduces the City of Dallas to prospective investors, developers and businesses. The intent is to support development by informing the private sector decision-making process so that both public and private return are maximized.

The first section, the *Overview*, reviews economic development policy and activity in the City of Dallas and provides an his-

torical and regional context to economic development in the City. *Economy* highlights important statistical indicators of Dallas' overall economic performance since 2000. *Opportunities* provides details on the City's 10 priority economic development geographic areas.

The *Overview* begins by presenting Dallas' economic history and the catalysts for some of its significant developments. The remainder of the document highlights Dallas' strengths, economic structure and the major economic development policies and programs.

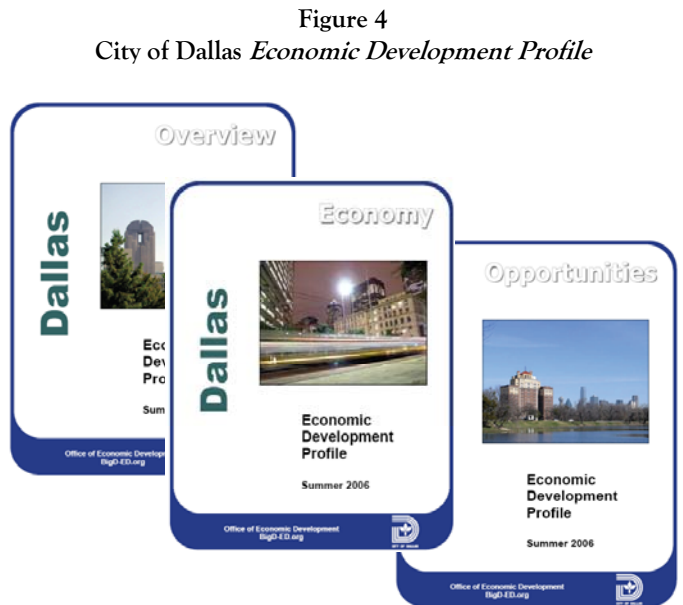
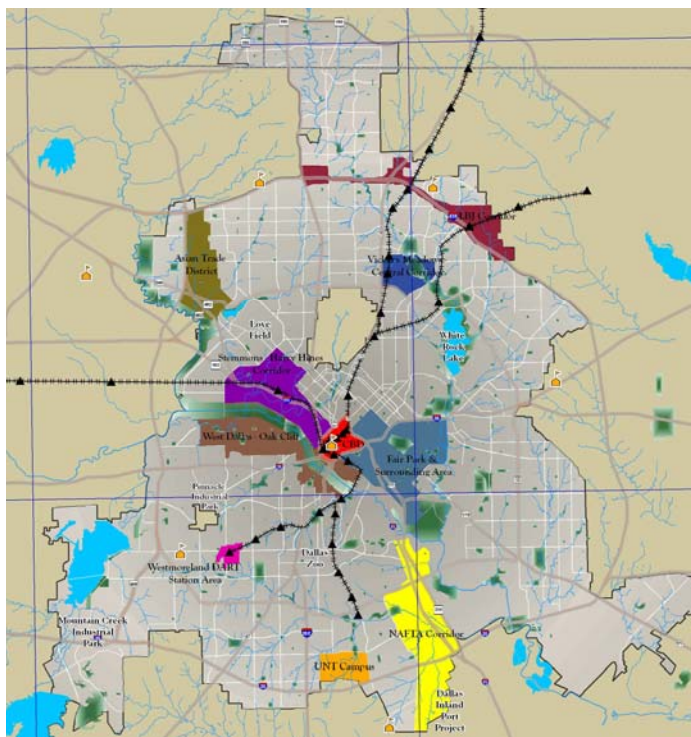


Figure 5
Strategic Opportunity Investment Areas
Economic Development Profile: Opportunities, Page 2



Economy includes details about the City's labor force and employment centers. Dallas is a job magnet in the region; more than one million jobs are in the City of Dallas, almost as many as there are total residents. Other useful information for businesses includes real estate vacancy statistics, taxable property values and other indicators of the City's economy.

Opportunities contains information about the 10 geographic opportunity areas that represent the convergence of many City priorities, such as the Trinity River Corridor Project, *Forward Dallas!*, the City's comprehensive plan and the Police and Park and Recreation department's priority areas. Together, these 10 geographic opportunity areas address Dallas' dual urban and suburban development strategy (Figure 5). They contain more than 33 percent of the City's commercial real estate but only 12 percent of the City's overall real property taxable value, which shows that their potential for investment and improvement is great.

Combined, the *Dallas Economic Development Profile* gives developers and businesses a concise and updated picture of Dallas' economy and development opportunities. It is a useful informational product to bring existing Dallas businesses up to speed on the City's economy and development programs, and it is specifically designed to be shared with those new to Dallas. To view the report, go to http://www.bigd-ed.org/data_reports.html. ●