

# D

April 2007

# Economy

## A MONTHLY BRIEFING

### DESTINATION DOWNTOWN

In this issue of D Economy, read about the grand opening kick-off event for the Dallas Logistics Hub (page 2) and the 11 percent drop in the unemployed labor force (page 3). Also learn about the Office of Economic Development's success in recruiting a French company to locate in Dallas (page 4).

Despite the last half-century's emphasis on suburbs over downtowns, cities still derive their identities by their downtowns. Major cities are often recognized by visual features such as their downtown skylines, not shopping strip centers miles away.

Dallas' downtown, with its distinctive skyscrapers, serves as the physical and visual center of the city. However, since the construction of the interstate highway system, it has not been as much of a cultural, business and lifestyle force as it once was. Jobs and families migrated further out, leaving downtown to the domain of large companies and government offices.

To correct this and other problems, the City of Dallas has been undertaking several initiatives to return people to downtown after business hours. Promoting the redevelopment of vacant and obsolete buildings, new office and residential buildings, new parks, an expanded Arts District, and more retail options are adding new street life to downtown.

Downtown has gone from virtually no residential in the mid 1990s to 2,660 units and 3,700 people today. There will be 5,000 units by 2008 when high profile projects such as the Mosaic Towers, Republic Tower and The Metropolitan are all completed. Forest City's redevelopment of the Mercantile Complex will create a new anchor for an area of downtown that has seen better days.

New residents downtown need amenities such as shops and recreational opportunities. The city's Main Street Retail Incentive program has enticed six new retailers since February 2005. The Urban Market grocery store also received city assistance and provides a much-needed convenience for downtown residents. Altogether, almost 270,000 square feet of retail and restaurant space exists or is planned for downtown.

Downtown will soon also be home to several new parks, such as the Woodall Rodgers deck park and Main Street Gardens. The Woodall Rodgers Park will cover Woodall Rod-

gers between Akard and Pearl and will bridge the central business district (CBD) with Uptown. This builds on the new definition of downtown, which includes not only the CBD but also Uptown, Deep Ellum, Cedars, Victory Park and the Trinity. In the heart of the CBD, Main Street Garden will be a 2-acre oasis with shelters, stages, a dog run, a toddler lot, and fountains (Figure 1).



Figure 1. SCHEMATIC OF MAIN STREET GARDEN PARK.

All city residents will enjoy the \$275 million expansion of the Arts District. A new opera house, outdoor plaza, theater, performance hall and parking garage will add to the already impressive collection of museums such as the Dallas Museum of Art, Nasher Sculpture Garden and the Crow Collection of Asian Art.

The CBD's primary function as an office and job center will continue. New office buildings— the Hunt Consolidated building, One Arts Plaza and four office buildings in the Victory Park development— are on the way, providing urban and modern alternatives to new construction in the suburbs.

Over \$1 billion in private investment has been made in downtown Dallas in the last ten years, and the city will be investing \$477 million from the 2006 bond election (\$162 million in the CBD and \$315 million in the surrounding area). The momentum building downtown will bring new life to the heart of the city.

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City of Dallas

OFFICE OF ECONOMIC DEVELOPMENT

## Real Estate News

- Sports Club/LA will add its first gym in Texas when it opens a new location in the Park Lane Project in Dallas (Council District 13). The facility will be approximately 80,000 square feet. It will have a large weight training center, cardio machines with built-in TVs, fitness and Pilates studios, a luxury spa, a sidewalk café and more. SOURCE: COSTAR.COM, APRIL 5, 2007.
- Jesuit College Preparatory School plans to redevelop property it is buying on the corner of Inwood Road and Forest Lane (Council District 13). The school will replace townhomes on the site with a mixed-use project. The Catholic boys' school intends for the project to help fund a school expansion. The development will likely be a mix of retail and rental housing, as well as sports fields and green space for the school. SOURCE: DALLAS MORNING NEWS, APRIL 11, 2007.
- The owners of Mockingbird Station are expanding the complex by 23,000 square feet (Council District 14). The addition includes more retail and restaurant space and a two-story parking garage. Construction is expected to be complete early next year. SOURCE: DALLAS MORNING NEWS, APRIL 12, 2007.
- Behringer Harvard and Greystar Development and Construction will build a luxury apartment complex at 6044 E. Lovers Lane starting in early 2008 (Council District 14). The Plaza on Lovers Lane complex will have 155 units and will replace existing apartments on the site. The almost \$50 million redevelopment will be townhome-style, and units will average around 1,350 square feet. SOURCE: DALLAS MORNING NEWS, APRIL 16, 2007.

## Business News

- Venture capital funding in Dallas in the first quarter of the year outpaced national funding gains, according to two different sources. The Quarterly Venture Capital Report by Dow Jones VentureOne and Ernst & Young LLP found that venture capital funding in North Texas increased 64 percent from the first quarter of 2006 to \$128.5 million, compared to only an 8 percent increase nationwide.

Another study, the MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association, looked at Dallas companies only and found a 10 percent increase to \$154.9 million. The telecommunications industry was the big winner, receiving \$62.7 million. SOURCE: DALLAS MORNING NEWS, APRIL 24, 2007.

- Dallas has a strong showing on *Inc. Magazine's* list of the hottest cities for entrepreneurs. Dallas moved up 18 spots on the list of big cities to number 25 among a field of 65. The methodology of the rankings emphasizes job growth as a measure of economic vitality. SOURCE: INC MAGAZINE, MAY 2007.

## Center City News

- Chicago law firm Sonnenschein, Nath & Rosenthal is opening a three-lawyer office in downtown Dallas (Council District 14). The Dallas office is the firm's first in Dallas. The office will focus on intellectual property, government, health care and labor law. Sonnenschein is the tenth largest Chicago-based law firm. SOURCE: DALLAS MORNING NEWS, APRIL 10, 2007.
- Scott & Scott LLP has renewed and expanded its lease in the JPMorgan Chase Tower downtown (Council District 14). The Dallas-based firm specializing in information technology law more than doubled its space in the building after considering other alternatives. The additional space was needed because in the last year the firm has increased its office staff by 100 percent to 22 employees and plans to hire 10 new attorneys a year. The proximity of the nearby DART Pearl Station was a crucial factor in Scott & Scott's decision to stay in the JPMorgan Chase Tower. SOURCE: DALLAS BUSINESS JOURNAL, APRIL 13, 2007.

## Southern Sector News

- The Bishop Arts District area will soon add another unique restaurant option. Fort Worth's only vegan restaurant, Spiral Diner, will open a Spiral Diner Dallas this fall at 1101 N. Beckley Ave. (Council District 1). Vegans are people who eat only plant products and do not consume anything derived from animals. The new restaurant will serve comfort foods. SOURCE: DALLAS BUSINESS JOURNAL, APRIL 13, 2007.
- A grand opening kick-off event was held on April 13 for the Dallas Logistics Hub, which is located on 6,000 acres in Dallas, Wilmer, Hutchins and Lancaster. California-based The Allen Group is the developer. The logistics hub will be an inland port, serving shipments that come in by rail to be run through customs, warehoused or shipped elsewhere by train or truck. It could eventually create 30,000 new jobs. The site is an excellent location because of the large swaths of developable land and the proximity to four major highways - I-20, I-45, I-35 and the future Loop 9, part of the Trans-Texas Corridor. During the kick-off event, BNSF revealed that it has acquired the right to 387 acres to build an intermodal facility, and it was revealed that plans are underway to build two buildings of 640,000 and 210,000 square feet in Dallas' Southport business park. SOURCE: OAK CLIFF TRIBUNE, APRIL 19, 2007, AND OFFICE OF ECONOMIC DEVELOPMENT.
- Old Dominion Freight Line Inc. out of North Carolina will build a new \$20 million trucking terminal in southern Dallas at 3300 Duncanville Road (Council District 3). Construction on the 107,000 square foot terminal is expected to be complete in the spring of 2008. The location will serve to break bulky loads into smaller shipments. SOURCE: DALLAS BUSINESS JOURNAL, APRIL 20, 2007.

# Employment

The unemployment rate in Dallas fell from February's 4.9 percent to 4.4 percent in March, a 0.5 percentage point decline. The MSA, state, and national values also declined by the same amount. (Table 1).

The number of unemployed persons in the city declined by 11 percent while the labor force was essentially unchanged 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. This is only the third month since 2000 that the City of Dallas gap is not negative. March's gap was positive by 0.1 percent.

Figure 3 depicts the number of employed persons in the city as 580,002 in the month of March. This number reflects employment by Dallas residents only.

Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) grew. Initial Office of Economic Development (OED) estimates show that payroll employment grew 4.7 percent annualized in March to slightly over 1.052 million, which follows February's revised total of 1.048. The Professional / Business Services sector had the largest employment gains with over 1,900 jobs. The only sector to lose employment was Information, decreasing by approximately 140 jobs.

**Table 1.**  
**ANNUAL UNEMPLOYMENT RATES**

	2007 Mar	2007 Feb	Point Change
City of Dallas	4.4	4.9	-0.5
DFW MSA	4.1	4.6	-0.5
Texas	4.2	4.7	-0.5
U.S.	4.5	5.0	-0.5
Largest U.S. Cities Avg. **		5.6	

**Table 2.**  
**CITY OF DALLAS LABOR FORCE (PERSONS)**

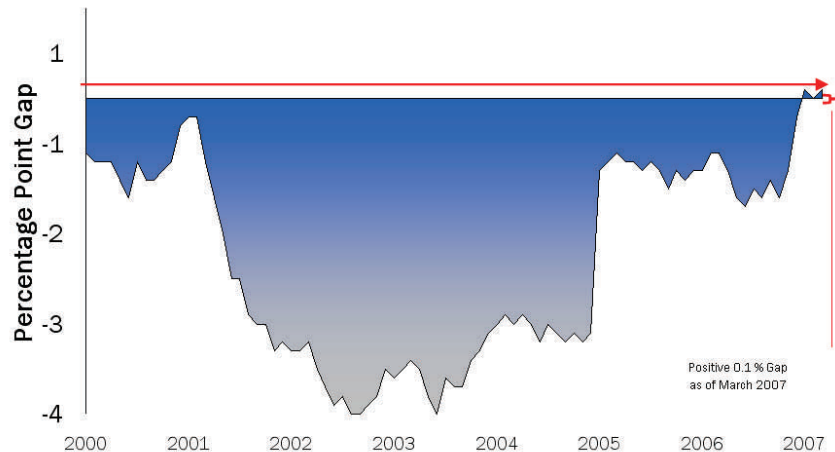
	Unemployed	Labor Force
2007 Mar	26,735	606,737
2007 Feb	30,038	606,897
Change	-3,303	-106
% Change	-11.0	-0.0

SOURCE: TEXAS WORKFORCE COMMISSION, U.S. BUREAU OF LABOR STATISTICS, VALUES NOT SEASONALLY ADJUSTED.

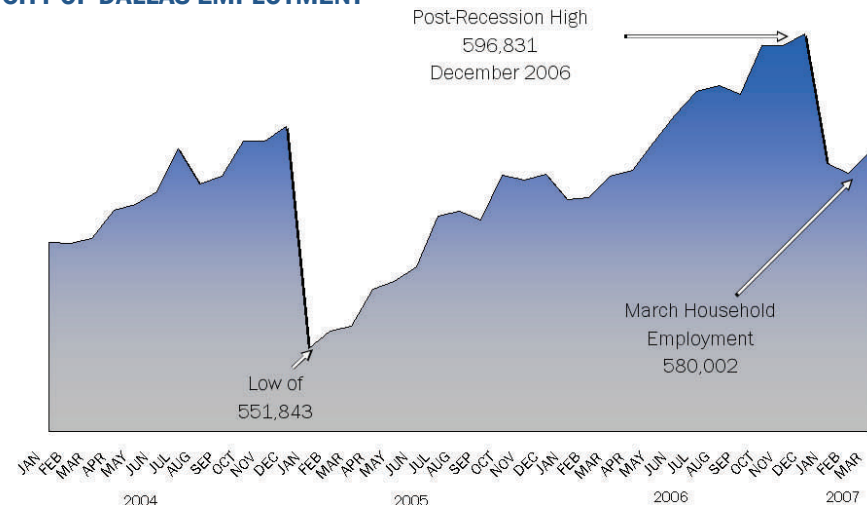
\* PREVIOUS MONTH'S VALUES REVISED

\*\* LARGEST U.S. CITIES EXCLUDING DALLAS ARE: NEW YORK, LOS ANGELES, CHICAGO, HOUSTON, PHILADELPHIA, SAN ANTONIO, SAN DIEGO, SAN JOSE, AND DETROIT.

**Figure 2.**  
**CITY OF DALLAS—U.S. UNEMPLOYMENT GAP**



**Figure 3.**  
**CITY OF DALLAS EMPLOYMENT**



## International Business Development Attracts French Office

European-based manufacturer of heat-resistant materials, Pyromeral Systems SARL, opened a North American sales office located at 3010 LBJ Freeway (Council District 13) in the summer of 2006 (Figure 4). Pyromeral had considered other U.S. locations for this venture, but chose Dallas after meeting OED International Business Development staff at a French aerospace symposium.



Figure 4.  
**PYROMERAL'S DALLAS OFFICE.**

This sales office supports customers based in the U.S. and in Canada and further promotes Pyromeral's technologies in the North American region. Pyromeral's primary operations are in Pont-Sainte-Maxence, France.

Pyromeral Systems specializes in the development and manufacturing of a new type of composite materials designed to resist heat and fire (up to 1100°C / 2000°F).

The company's technologies are used in several applications where resistance to high temperatures, lightweight, thermal insulation and easy processing are required all at the same time. Typical applications include motorsport, aerospace and defense heat shields and ducts for exhaust gases, fire barriers, high temperature composite tooling or hot glass handling materials for the production of flat glass, glass containers and tableware.

Growing interest for its technologies in North America drove Pyromeral Systems to open a sales office in the U.S. Christophe Buchler, Director of Sales and Marketing, explains: "We regularly participate in international trade shows and conferences, and many U.S.-based and Canadian-based companies expressed interest for our products during those conferences. Having a permanent office in North America was the next logical step in the growth of our company. We found Dallas, TX to be a good choice. First, there is a large concentration of aerospace and defense companies in the area, and this industry is clearly one of the largest growth opportunities for our technologies. Second, the other customers and prospects are really located all across the U.S. and Canada, so we needed a location where air and road transportations were easy to access so that we can also reach our customers easily."

The Dallas office may expand in the future, and a North American manufacturing facility is also a possibility as the company enjoys more success from its Dallas office. Pyromeral Systems can be contacted at [info@pyromeral.com](mailto:info@pyromeral.com).

## MetroPCS Holds Largest IPO of the Year

Dallas-based MetroPCS Communications Inc. had a successful initial public offering (IPO) on Thursday, April 19. The company's \$1.15 billion IPO is the largest in the nation's tech sector since Google in 2004 and the largest in the country this year. The offer price started at \$23 and closed more than \$4 higher at \$27.40.

MetroPCS sells cellular service in major metropolitan areas in the U.S. The company is different from most wireless service providers in that it does not require customers to enter into long-term contracts. Rates start at a flat \$30 a month and are not based the number of minutes used. MetroPCS has over 3.4 million customers.

The company's annual sales are over \$1 billion a year. The proceeds from the IPO will be used to enter more major markets.

MetroPCS is headquartered in Dallas at 8144 Walnut Hill Lane (Council District 13). The company began in 1994 under the name General Wireless.

