

## A MONTHLY BRIEFING

### DOWNTOWN DALLAS GAINS MOMENTUM

In this issue of *D Economy*, learn about two recent successes of the city's Business Retention program (page 2) and about the 0.6 percentage point drop in the city's unemployment rate, which outperformed the region, state and nation (page 3). Also, view a map that shows selected new development and business incentive projects started or completed in 2007 (page 4).

A downtown buzzing with activity is a sign of a healthy economy and contributes to regional identity. Dallas is in the process of returning to the time when downtown was the core of commerce, shopping and social life, back before highways and cars made it easy to live increasingly further away from the center city.

The City of Dallas has been focusing its resources for more than 10 years on downtown. There have been and continue to be many challenges to increasing office occupancy, revitalizing obsolete buildings and creating attractions such as retail so that the streets are filled with people. However, the city's and the private sector's efforts and commitment are beginning to show tangible results.

Just this past year, two major new office buildings serving as bookends to the Arts District were completed. The new headquarters building for Hunt Consolidated, located on the west side of the Arts District, was a \$125 million investment in downtown and added 400,000 square feet of office space. One Arts Plaza, the new 7-Eleven headquarters, was also completed. One Arts Plaza also contains retail and condominiums and is on the east side of the Arts District.

New retail has also appeared on the downtown scene. The corner of Main and Akard streets has a recently-opened CVS Pharmacy, Chase Bank and a Jason's Deli (Figure 1). These amenities and more are necessary to support a population that continues to grow as more residences open downtown.



Figure 2. SCHEMATIC OF WOODALL RODGERS DECK PARK

The city's strategy for expanding downtown's role to a neighborhood and employment center is to use three distinct anchors, the Arts District, the planned Woodall Rodgers Deck Park and the convention center, to promote growth and connectivity (Figure 2). These anchors have enormous potential as attractions. The task is to tie these peripheral anchors into the historic Main Street core and surrounding areas such as Uptown and Cedars, creating continuous development corridors that offer an expanded urban experience. Connectivity between these anchors will be enhanced by the results of DART's current study of downtown transit options.

Dallas, along with private and public partners, is also creating \$103.3 million worth of parks downtown. The four parks will help develop a pedestrian-friendly environment and will provide space for diverse activities that attract people.

More things to do and see, more places to live and more places to work will restore to downtown the vibrancy it had when it was the only game in town.



Figure 1. CORNER OF MAIN AND AKARD STREETS WITH NEW JASON'S DELI, CVS PHARMACY AND CHASE BANK

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City of Dallas

OFFICE OF ECONOMIC DEVELOPMENT

## Real Estate News

- PRG Realty and Providence Realty Partners have begun site work for their new mixed-use development, Hillcrest Crossing (Council District 13). Located on 2.1 acres at Hillcrest Road and Northwest Highway, the development will be a three story, 80,000-square-foot building with 30,000 square feet of retail and underground parking. The project includes a Capital One Bank pad site, a national health and beauty spa chain, a salon and other services and restaurants. The office space will most likely be medical, financial services or oil and gas companies. SOURCE: GLOBEST.COM, NOVEMBER 29, 2007.
- Northwest Dallas is getting a new L.A. Fitness health club. The 45,000-square-foot facility will be on Forest Lane near Webb Chapel Road, which is one of the few remaining undeveloped tracts inside the 635 loop (Council District 13). The \$8.5 million club is expected to open in November 2008. SOURCE: DALLAS BUSINESS JOURNAL, DECEMBER 7, 2007
- A second phase of the Royal Highlands Shopping Center renovation will begin in January (Council District 10). The owner, JAH Realty, has already renovated the northeast corner of the center, which contains a Tom Thumb grocery store. JAH Realty purchased another 15,324 square feet of the center in August, which is set for the renovation and will be completed in August 2008. SOURCE: LAKE HIGHLANDS PEOPLE, DECEMBER 7, 2007.

## Council News

- Medline Industries, a national distributor of medical supplies and devices, will build a new 550,000-square-foot distribution/warehouse facility worth \$22.4 million in the Mountain Creek Business Park (Council District 3). The company had run out of space in its Dallas warehouse and was considering moving to San Antonio. On November 28, City Council approved a seven-year, 75 percent real property tax abatement, worth an estimated \$879,530, for Medline. Besides investing in the new building, the company will also add 10 new employees to its current staff of 90.
- Softlayer Technologies, Inc, a web hosting company, has decided to stay in Dallas instead of moving to Seattle or another city. The company is expanding its Infomart datacenter operation by 8,400 servers, an investment of \$24 million (Council District 2). On December 12, City Council approved a 50 percent business personal property tax abatement for five years, worth \$448,740, with Softlayer and the owner of the Infomart. Softlayer will add 43 employees to the current roster of 50.

## Center City News

- The Tower Club on the 48<sup>th</sup> floor of Thanksgiving Tower will receive a \$3 million renovation, the first in its 25 years in the building of the same age (Council District 14). The club's ballroom will be expanded to accommodate 100 more guests, the dining room will receive two additional private rooms and offices will be relocated for the expansion of the dining room and the bar and grill areas. The renovation will last four to five months. SOURCE: GLOBEST.COM, DECEMBER 2, 2007.
- Crow Holdings plans to expand the old Parkland Hospital building at Oak Lawn and Maple avenues to create an office campus on the property's 10 acres (Council District 2). Crow is remaking the 1913 brick hospital complex into its new offices. It is also reconstructing the 1925 Nurses Quarters on Maple and Reagan Street into a 22,000-square-foot office for smaller tenants. The Nurses Quarters building will have an underground parking garage that it will share with a newly-constructed, 40,000-square-foot office building on the property, named Woodlawn Hall. Woodlawn Hall's design is planned to complement the hospital's architecture. Crow plans more construction in the complex, as it recently purchased and demolished an apartment complex nearby on Reagan Street. The old hospital sat vacant for many years before Crow purchased it last year. SOURCE: DALLAS MORNING NEWS, DECEMBER 4, 2007.
- Construction on Oak Park, the biggest redevelopment yet in Oak Lawn, has begun (Council Districts 2 and 14). Oak Park covers seven city blocks and replaces aging retail and apartments. The first phase, which is located between Lemmon and Holland avenues, and Mahanna and Wheeler streets, will include 378 residential units and 18,500-square-feet of ground floor retail. When complete, the entire Oak Park project will have 650 apartments and up to 190 for-sale townhomes, as well as open spaces. The buildings will be three to five stories. The project will take five years to complete. SOURCE: PEGASUSNEWS.COM, DECEMBER 7, 2007.
- New York-based Equinox Fitness Club is opening a branch of its upscale fitness center in a former automobile dealership at the corner of Avondale and Oak Lawn avenues (Council District 14). The Dallas location will be the company's first in Texas. Equinox will have a gym and a spa up to 45,000 square feet, as well as 17,000 square feet of retail. The project is expected to be complete in 2009. SOURCE: DALLAS MORNING NEWS, DECEMBER 11, 2007.

# Employment

The unemployment rate in Dallas dropped 0.6 percentage points from October to November to 3.6 percent (Table 1). The metropolitan statistical area (MSA) and state rates rose 0.2 percentage points to 4.0 and 4.1 percent, respectively. The national rate rose 0.1 points to 4.5 percent. Typically, unemployment rates improve during the holiday shopping period. Except for Dallas, all of the listed areas went against this trend this year.

The number of unemployed persons in the city decreased by 13 percent while the labor force plateaued during the month. Again for the City, this reflects typical seasonal patterns for the for the holiday shopping period (Table 2).

The city continues a trend of either matching or beating the national unemployment rate 10 of the last 11 months. November's gap was 0.9 percent, a 0.7 percentage point increase over October. A positive gap means that the national rate is higher than the city's rate (Figure 3).

Figure 4 depicts the number of employed persons living in the city as 588,877 in the month of November, an increase from October's 585,730. This number reflects employment by Dallas residents only.

Dallas payroll employment (jobs in Dallas that could also be held by non-residents) plateaued in November. Initial OED estimates show that jobs from October to November remained at the 1.07 million level. The Trade, Transportation, and Utilities sector, especially Trade, experienced the greatest estimated gains with over 3,300 jobs. This offsets losses in the Professional & Business Services and Leisure & Hospitality sectors estimated over 1,100 each.

**Table 1. ANNUAL UNEMPLOYMENT RATES**

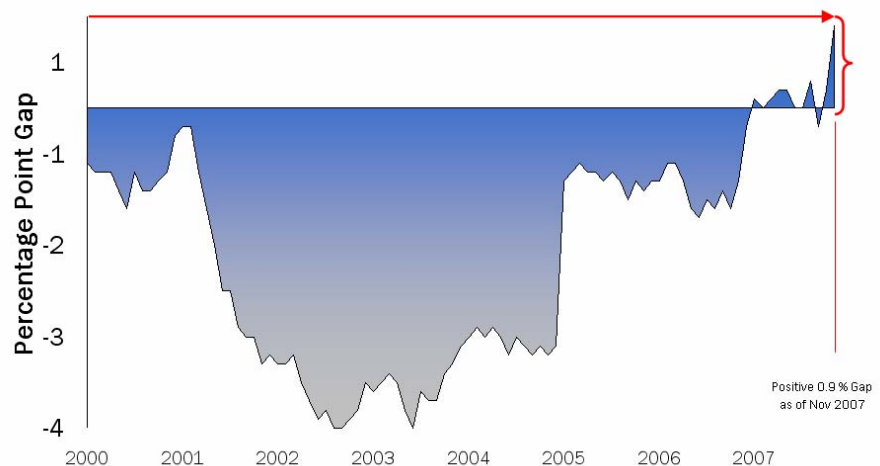
	2007 Nov	2007 Oct	Point Change
City of Dallas	3.6	4.2	-0.6
DFW MSA	4.0	3.8	0.2
Texas	4.1	3.9	0.2
U.S.	4.5	4.4	0.1
Largest U.S. Cities Avg.**		5.9	

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

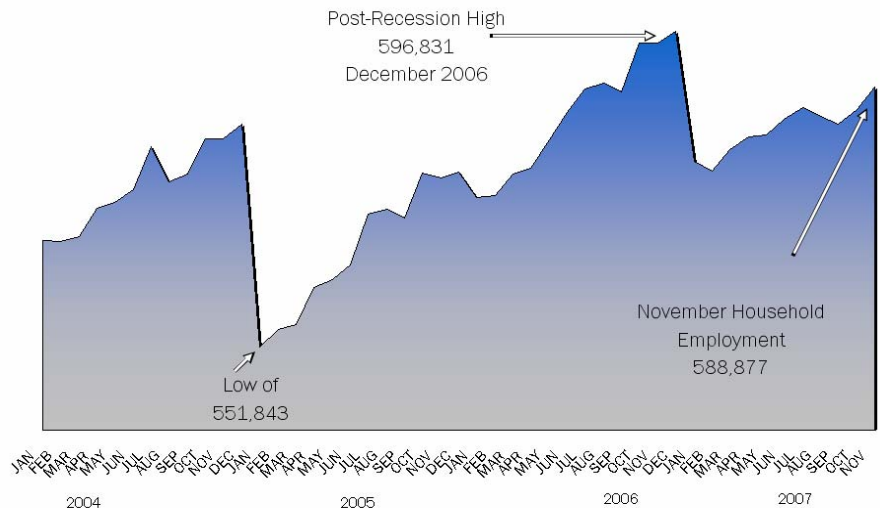
	Unemployed	Labor Force
2007 Nov	22,141	611,018
2007 Oct	25,456	611,186
Change	-3,315	-168
% Change	-13.0	0.0

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.

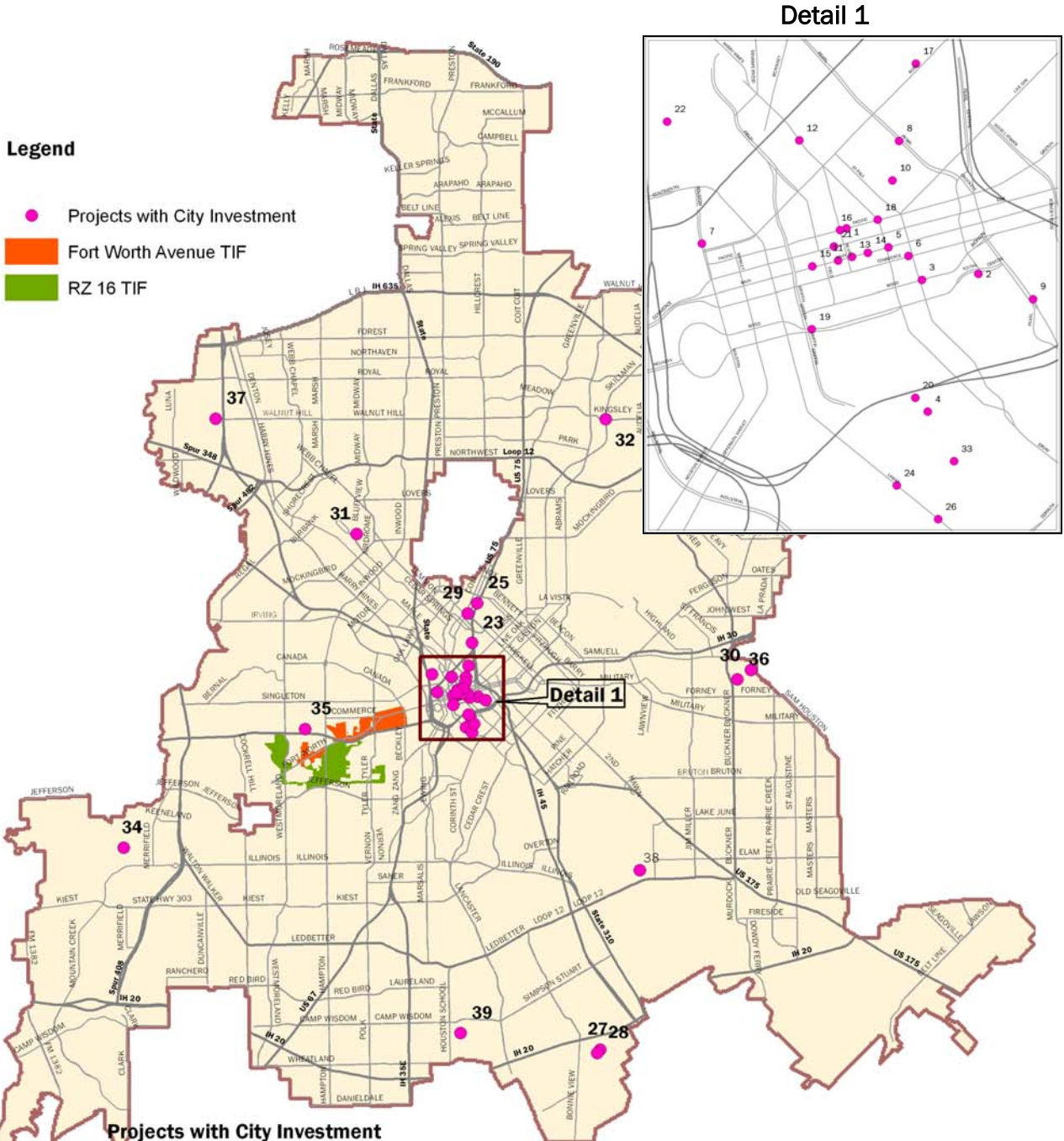
**Figure 3. CITY OF DALLAS—U.S. UNEMPLOYMENT GAP**



**Figure 4. CITY OF DALLAS EMPLOYMENT**



# SELECTED 2007 DEVELOPMENT PROJECTS (STARTED OR COMPLETED)



**Projects with City Investment**

LABEL	PROJECT NAME	LABEL	PROJECT NAME	LABEL	PROJECT NAME
1	1600 Pacific	14	Main Street Pedestrian Improvements	27	DHL Building 1
2	2100 Downtown Town Homes Ph I	15	Metropolitan	28	DHL Building 2
3	Atmos Complex	16	Mosaic (Fidelity Union)	29	DISD Facility Improvements
4	Buzz	17	One Arts Plaza	30	Eastpoint V
5	Comerica	18	Republic Center Tower I	31	Gulfstream Aerospace Services Corporation
6	Continental Building	19	Santa Fe Lofts IV	32	Lake Highlands Town Center
7	Corgan & Associates	20	The View	33	Millers Ferry Row Town Homes
8	Downtown Parking Lot Landscaping	21	Third Rail Lofts	34	Nestle Waters North America
9	Farmers Market Way Town Homes	22	Victory Tower (Mandarin Oriental)	35	Pecan Delux Candy Co.
10	Fireman's Fund Insurance Expansion	23	3200 Thomas Town Homes	36	ProLogis
11	Gulf States Building	24	Beat condominiums	37	Sinchon Grand Plaza
12	Hunt Consolidated Tower	25	Criterion Cityplace Urban Resort	38	Trinity River Audubon Center
13	Joule Hotel	26	DCCC District Office	39	UNT Dallas first building