



# D Economy: A Monthly Briefing

## Dallas Courts International Business in China and Mexico

January 2007

### Highlights

*In this issue of D Economy, read about the opening of the new UNT Dallas campus (page 2) and the improving City of Dallas unemployment picture, which is slightly outpacing the metro and state (page 3). Also, learn about the positive changes in the city's real estate market between 2005 and 2006.*

### Inside this issue:

News Shorts	2
Dallas Employment	3
Dallas Real Estate	4

There is no underestimating the importance of international trade to Dallas' economy: the Office of Economic Development (OED) estimates it to have a \$2.2 billion economic impact and to be the source of 40,000 jobs. Trade between China and Dallas is responsible for a large part of this economic effect. It is growing at a fast clip— between 2004 and 2005, trade between Dallas and China increased by 34 percent, and China accounted for 27 percent, or \$13.6 billion, of the Dallas area's total foreign trade in 2005.

OED's International Business Bureau (IBB) has been pursuing further business ties between Dallas and Chinese companies. Staff, accompanied by several city councilmembers, made two trips to China in 2006. The IBB has found that successful recruitment of Chinese companies requires concentrating on companies with U.S. distribution needs, promoting awareness of Dallas and building relationships through face-to-face meetings. The involvement of elected officials is particularly important because of the active participation of the Chinese government in local and national business initiatives.

In July, a Dallas delegation traveled to nine Chinese cities with populations between 4.5 and 17.5 million (Shanghai, Wuxi, Suzhou, Beijing, Tian-

jin, Qingdao (Figure 1), Xian, Wuhan, and Hong Kong). The city representatives visited big manufacturers and government officials.

Much of this trip focused on holding workshops for business groups to introduce Dallas and to explain its attractiveness

**Figure 1**  
Streets of Qingdao



as a place to do business, especially as a distribution hub for Chinese companies wanting to expand in the U.S. market. The Dallas delegation visited many leading manufacturing facilities in China. While in Hong Kong, they met with Hutchison Port Holding Company, the largest port operator in the world, and discussed the possibility of Hutchison operating the still-developing International Inland Port of Dallas (IIPOD) (Figure 2).

In September, a Dallas delegation again went to Taiwan and China to visit five more cities (Nanjing, Wenzhou, Qingdao, Shenyang and Taipei).

The IBB is also focusing on trade with Mexico. That country is Texas' largest trading partner, but still has much untapped potential in Dallas. The IBB is hoping to recruit Mexican companies by building on established relationships with port authorities, state government officials as well as existing Mexican business contacts in Dallas.

Staff and a city councilmember made trips to Mexico City, Guanajuato and Monterrey between July and October. The Dallas delegation marketed the city as a distribution and logistics hub and promoted IIPOD.

The City's efforts to attract foreign business are paying off. In 2006, the IBB recruited six foreign businesses and 48 jobs to Dallas. These results are certain to increase as the IBB makes more contacts and as the word is spread that Dallas is the cost-effective place to do business in the U.S. ●

**Figure 2**  
Dallas Delegation in Hong Kong



## Business News

Visible Technologies has opened an office in Dallas, the company's first office in the Southwest. The online brand management company, headquartered in Seattle, now has a local presence at 6016 Ainsdale Court (Council District 12). *Source: Yahoo! Finance, January 10, 2007.* ●

## Center City News

Two Arts Plaza may soon join the new One Arts Plaza building, which is the first new office building constructed downtown in almost 20 years. Developer Billingsley Co. is already working on plans for the second building, and brokers are searching for tenants. The 18-story, 442,000-square-foot building would be at Woodall Rodgers Freeway and Routh Street. Unlike One Arts Plaza, the planned building would not have residential space. *Source: Dallas Morning News, January 12, 2007.* ●

Union Datacom has completed the first phase of a new corporate division that will focus on VoIP and IPTV services. The company opened a new multimillion-dollar data center in downtown Dallas on January 7 (Council District 14). The new facility will allow the

Alsbridge has relocated its U.S. headquarters from Addison to 3535 Travis Street in Dallas (Council District 14). The move accommodates the global advisory firm to expand its marketing, research and infrastructure activities. *Source: eMediaWire, January 15, 2007.* ●

company to use its own private fiber ring to connect the largest carrier hotels in the Dallas area to a single cost-effective location. *Source: MMD Newswire, January 9, 2007.* ●

Downtown Dallas is popular with investors; more office buildings have been sold in the last 12 months than ever before. Counting pending transactions, almost \$1 billion in sales would have occurred in less than 12 months. Two factors in the activity could be in play. First, new residential development downtown makes office space more valuable. And second, national investors have significant liquidity, and existing downtown Dallas buildings are less expensive than new construction and buildings in other large city downtown markets. *Source: Dallas Morning News, January 11, 2007.* ●

## Council News

On December 13, Dallas City Council passed a grant agreement worth \$96,000 with the Jubilee Park and Community Center Corporation for the purchase of seven surveillance cameras in South Dallas/Fair Park (Council District 7). The

grant comes from the South Dallas/Fair Park Development Fund, which assists certain neighborhoods in the South Dallas/Fair Park community through business assistance and community and economic development. ●

## Business News

In its 2007-2011 real estate investment forecast, Grubb & Ellis Co. has given the Dallas-Fort Worth area high marks for investments compared to the rest of the nation. DFW ranked second for retail, third

for industrial, fourth for office (tied with Phoenix) and fourth for apartments. The area's population and employment growth are the reason for the high rankings. *Source: Dallas Morning News, January 12,*

## Southern Sector News

The new UNT-Dallas campus opened on January 16, 2007 (Council District 8). For now, students will attend classes at the school's first building, a 75,000-square-foot building that will accommodate the spring semester's 641 full-time equivalent students. The school needs 1,000 students before it can qualify to be its own university rather than a satellite of the UNT in Denton. *Source: Dallas Morning News, January 17, 2007.* ●

The Bishop Arts District is becoming known for more than just its thriving arts scene. More than twelve restaurants are operating or in the works for this renovated and popular area of Oak Cliff. Inexpensive rents initially attracted artists to the run-down area in the 1980s. Since the 1990s, the City of Dallas' investments and the commitment of local artists and merchants have turned the area

into a popular destination for both artists, retailers and commercial establishments. *Source: Dallas Morning News, January 21, 2007.* ●

Construction has begun on the Capella Park residential development in the Mountain Lake area (Council District 3). The 400-acre development by Bishop T.D. Jakes of The Potters House and the Metroplex Economic Development Corporation is by the already completed Clay Academy. The new urbanist development will include closely-spaced homes and controlled traffic to encourage walking. Ultimately, Capella Park will have 1,000 residences, a pastoral retreat, an independent living area, a health and fitness center with baseball, soccer, football and track facilities, parks, green spaces, and a conservation area. *Source: Oak Cliff Tribune, January 11, 2007.* ●

## Dallas Employment

The unemployment rate in Dallas improved in December, dropping six-tenths of a percent to 4.5 percent. In comparison, the metro and state values decreased five-tenths percent and the national rate was unchanged. (Table 1).

The number of unemployed persons in the city decreased by 12.4 percent while the labor force declined only 0.4 percent from the previous month (Table 2).

The chart in Figure 3 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. The gap closed by 0.6 percent due to the lack of change in the national unemployment rate and the decrease in the City’s rate.

Figure 4 depicts the number of employed persons in the City as 596,831 in the month of December. The relative plateau of household employment is due to seasonal retail employment growth mitigated by other household employment losses in the manufacturing industry. This number reflects employment by Dallas residents only.

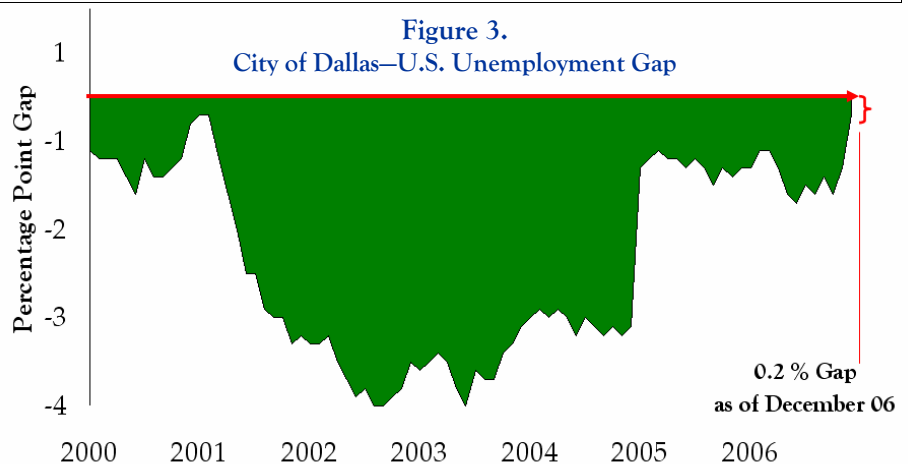
Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) grew. Initial OED estimates show that payroll employment grew 4.4 percent annualized in December to slightly over 1.044 million. The Professional / Business Services sector had the largest employment gains with over 1,380 jobs, and the Trade / Transportation / Utilities sector was second, creating approximately 1,320 jobs.●

Table 1. Unemployment Rates			Table 2. City of Dallas Labor Force (Persons)			
	2006 Dec	2006 Nov	Point Change		Unem- ployed	Labor Force
City of Dallas*	4.5	5.1	-0.6	2006 Dec	28,114	624,945
Dallas MSA	4.0	4.5	-0.5	2006 Nov	32,101	627,219
Texas	4.1	4.6	-0.5	Change	-3,987	-2,274
U.S.	4.3	4.3	0.0	% Change	-12.4	-0.4
Largest U.S. Cities Avg.**	—	5.5	—			

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

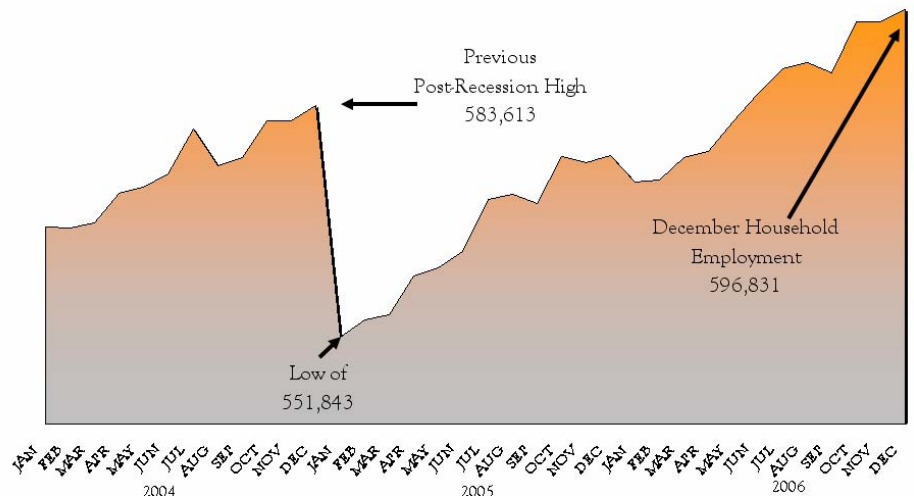
\* Previous month's values revised

\*\* Largest U.S. cities excluding Dallas are: New York, Los Angeles, Chicago, Houston, Philadelphia, San Antonio, San Diego, San Jose, and Detroit. Previous month only reported due to data availability delays by various other states.



Source: U.S. Bureau of Labor Statistics.

Figure 4.  
City of Dallas Employment



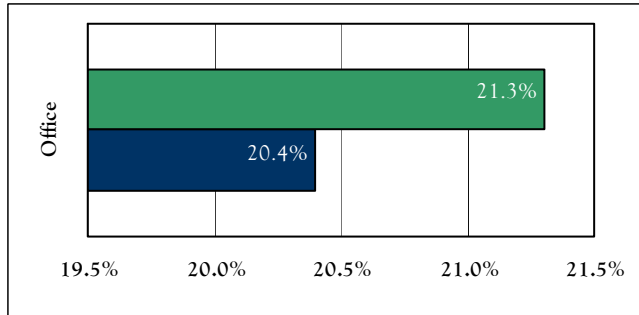
Source: U.S. Bureau of Labor Statistics. \* Revised

## City of Dallas Real Estate Snapshot—Comparing 2005 and 2006

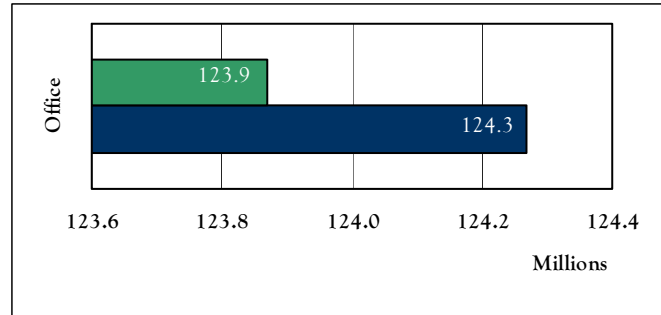
2005 2006

Source: CoStar.

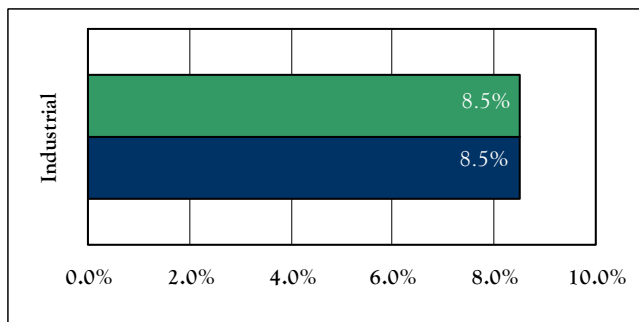
### Vacancy Rates



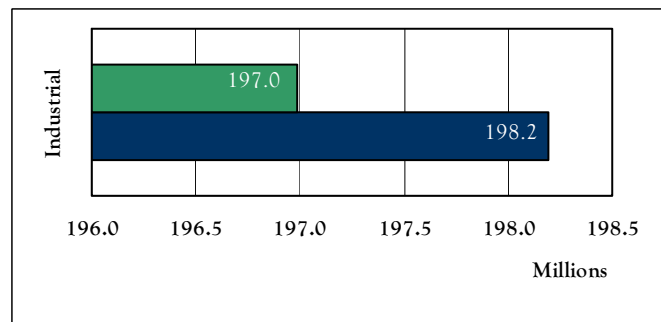
### Total Square Footage



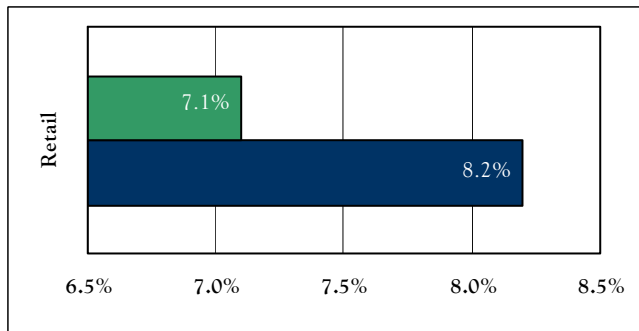
### Industrial



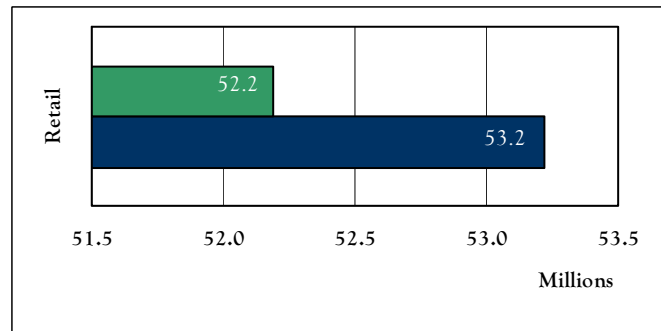
### Industrial



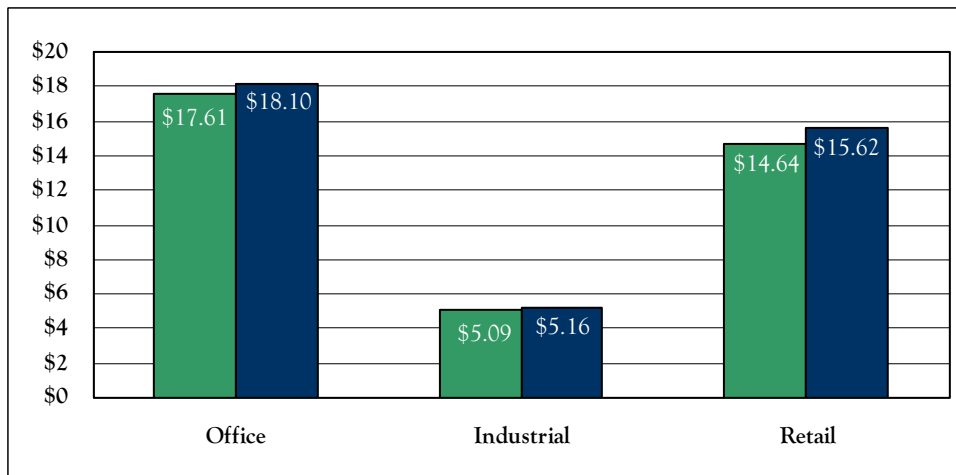
### Retail



### Retail



### Average Rent/Square Foot



Overall, 2006 was a good year for Dallas real estate. Additional inventory was added to all markets, with rents increasing in each. Office inventory increased only slightly, by 0.3 percent, but vacancy improved by 0.9 percent and rents increased 2.8 percent. Industrial inventory increased by 0.3 percent while vacancy remained steady at 8.5 percent. Industrial rents, however, increased by 1.4 percent. The retail market was more mixed, with a 6.7 percent gain in rents and a 2 percent gain in inventory, but a 1.1 percent increase in vacancy.●