

A MONTHLY BRIEFING

COMERICA CHOOSES DALLAS FOR NEW HEADQUARTERS

In this issue of *D Economy*, read about plans for a new mixed-use project in the Skillman Corridor TIF District that will replace aging apartments (page 2), and learn about the City of Dallas closing the unemployment gap with the nation (page 3). Also, read about the first winner of the Dallas Fashion Incubator's Texas' Next Top Designer competition and the latest edition of the Office of Economic Development (OED) publication, *Dallas Economic Review* (page 4).

New look: with this issue, *D Economy* becomes the third OED publication to adopt the department's new branding image.

Inside This Issue:

NEWS SHORTS	2
DALLAS EMPLOYMENT	3
DALLAS FASHION INCUBATOR AND DALLAS ECONOMIC REVIEW	4



City of Dallas

OFFICE OF
ECONOMIC DEVELOPMENT

On Tuesday, March 6, Comerica Incorporated announced that it will be moving its headquarters from Detroit, Michigan, to Dallas (Figure 1). This announcement brings to Dallas one of the nation's largest financial services companies. With \$58 billion in assets and \$3.7 billion in revenue in 2006, Comerica will be the largest bank in Texas and the 13th largest public company in Dallas.

Comerica has been expanding rapidly in the South and Southwest. Between 1997 and 2006, Texas, California, Arizona and Florida have accounted for an increasing share of the company's business. For instance, as a percent of the entire company, loans in these four states have increased from 27 to 50 percent, deposits from 27 to 45 percent, revenue from 27 to 44 percent, and net income from 30 to 46 percent.

The company considered other locations for its headquarters, but concluded that a Dallas headquarters would give it the best access to all of its markets. Considering that two-thirds of Americans are expected to live in the southern and western parts of the country by 2030, a Dallas headquarters location makes sense for a growing company.

Although Comerica has had a presence in Texas for almost 20 years, the move to Dallas

will make it the biggest bank holding company headquartered in the state. This status will differentiate the company in a competitive banking environment, helping it to gain new customers, enhance existing customer relationships and attract a talented work force.

The City of Dallas is proposing about \$500,000 in incentives for Comerica, and the state's Texas Enterprise Fund is providing a \$3.5 million grant. Comerica is expected to bring about 200 employees, including corporate executives, to Dallas. The state expects the move to generate \$47 million in capital investment in Texas.

Comerica's decision reinforces Dallas' reputation as a center for finance, which had its beginning in 1913 when the city

was chosen as a Federal Reserve headquarters. At the end of 2006, Dallas employed 108,000 workers in the financial services industry. Dallas has a higher concentration of these workers than the nation, with 10.3 percent of the work force compared to the U.S. at 7.1 percent.

After the real estate collapse of the 1980s Dallas lost most of its homegrown banks. Comerica's relocation will reaffirm Dallas' reputation as a large financial employment center and a national banking headquarters town.



Figure 1.
CHAIRMAN AND CEO RALPH W. BABB JR., MAYOR LAURA MILLER AND GOVERNOR RICK PERRY ANNOUNCE THE COMERICA MOVE TO DALLAS.
PHOTO COURTESY OF COMERICA.

Business News

- A new venture capital firm, Trailblazer Capital LP, has opened shop in Dallas (Council District 14). The firm has \$5 million in capital and plans to invest in start-up companies in the business services, education, manufacturing and technology fields. *SOURCE: DALLAS BUSINESS JOURNAL, MARCH 2, 2007.*
- Cirrus Health has relocated its headquarters from Trophy Club to Dallas at 9301 North Central Expressway (Council District 13). The new location houses all executive and support functions. *SOURCE: BUSINESS-WIRE.COM, MARCH 6, 2007.*
- Proquest, a provider of educational materials, is moving its headquarters to Dallas from Ann Arbor, Michigan. The company has not said how many employees will relocate. *SOURCE: DALLAS MORNING NEWS, MARCH 9, 2007.*
- Airport Council International ranked D/FW Airport number one in the Americas for customer service and the fifth best in the world. *SOURCE: DALLAS MORNING NEWS, MARCH 12, 2007.*

Southern Sector News

- Oak Cliff is experiencing a townhome building boom. The latest to join the fray is INCAP Fund, which has purchased 3 acres at W. Davis St. and Hampton Rd. INCAP plans to demolish the apartment complex on the site and replace it with townhomes. *SOURCE: DALLAS MORNING NEWS, FEBRUARY 26, 2007.*
- Sweden-based Diab Group has consolidated two production facilities in DeSoto to a Dallas business park located at 8700 Autobahn Dr. (Council District 8). Diab Group manufactures composite core materials used in the marine, wind energy, transportation and aerospace industries. *SOURCE: GLOBEST.COM, MARCH 28, 2007.*

Council News

- On February 28, City Council authorized up to \$193,300 for infrastructure improvements to Main Street between Akard and Ervay Streets in downtown (Council District 14). The owner and developer of the Joule Hotel will pay the balance of the cost of the improvements, which are expected to total \$654,100. The streetscape enhancements will improve the pedestrian experience in the Main Street core area and will assist with downtown revitalization efforts. The completion date is scheduled to come before the August 2007 opening of the Joule Hotel.

Center City News

- Three tenants, including two moving from the suburbs, have signed on for the new Victory Plaza building (Council District 2). Carson Private Capital is moving from Uptown, Schlegel Sports, a marketing firm, is moving from Farmers Branch, and Public Strategies, a public relations firm, is moving from Las Colinas. *SOURCE: DALLAS BUSINESS JOURNAL, FEBRUARY 23, 2007.*
- Square One Development has plans to replace about 24 homes along Lafayette Street and Cabell Drive with new residences, possibly townhouses or rental units. The East Dallas neighborhood, near Cityplace, has inexpensive land compared to other nearby areas. *SOURCE: DALLAS MORNING NEWS, MARCH 9, 2007.*

Real Estate News

- The Urban Land Institute has recognized Mockingbird Station by including it in the Institute's new book detailing the best real estate projects in the country. Mockingbird Station is one of the Dallas area's first transit-oriented development projects. *SOURCE: DALLAS MORNING NEWS, MARCH 9, 2007.*
- Cypress Equities has purchased the property of the former Syms store near Love Field at Mockingbird Lane and Lemmon Avenue (Council District 14). The firm has not yet announced development plans for the property. *SOURCE: DALLAS MORNING NEWS, MARCH 21, 2007.*
- Prescott Realty Group released plans for a new town center project that will replace aging apartment buildings in Lake Highlands and the Skillman Corridor TIF District (Council District 10). The project is adjacent to a planned DART light rail station. Three apartment complexes will be demolished, and in their place will come 2 million square feet of retail, office space and housing. The 1,000 residential units will be a combination of loft rental units, flats, condominiums, townhouses and patio homes. The development will also have a hike and bike trail, a lake, a park and an outdoor amphitheater. *SOURCE: DALLAS MORNING NEWS, MARCH 22, 2007.*
- An analysis by First American LoanPerformance of San Francisco has found that Dallas is less at risk for defaults due to subprime house mortgage loans than the rest of the nation. Subprime loans are considered risky because they have lower credit and qualifying standards. Nationwide, 15 percent of outstanding loans are subprime; in Dallas, the number is 13.7 percent. Almost half of all foreclosures last year in Texas were financed with subprime loans. *SOURCE: DALLAS MORNING NEWS, MARCH 23, 2007.*

Employment

The unemployment rate in Dallas was unchanged from January to February at 4.9 percent. This halts the seasonal unemployment increase from 4.5 percent in December. The MSA and state values were also unchanged in February, while the national rate increased one-tenth of a percent. (Table 1).

The number of unemployed persons in the city rose by 0.6 percent while the labor force declined only 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. For the first time since charting the gap in 2000, the City of Dallas gap is not negative. January’s gap was positive by 0.1 percent while February’s gap was zero.

Figure 3 depicts the number of employed persons in the city as 576,859 in the month of February. January’s household employment value of 578,341 is due to end-of-year seasonal retail employment decline. 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 5.3 percent annualized in February to slightly over 1.049 million, which follows a month of no growth in January. The Professional / Business Services sector had the largest employment gains with over 2,500 jobs. The Other Services sector was second, creating approximately 1,150 jobs.

Table 1.
ANNUAL UNEMPLOYMENT RATES

	2007 Feb	2007 Jan	Point Change
City of Dallas*	4.9	4.9	0.0
DFW MSA	4.6	4.6	0.0
Texas	4.7	4.7	0.0
U.S.	5.0	4.9	0.1
Largest U.S. Cities Avg.**		6.1	

Table 2.
CITY OF DALLAS LABOR FORCE (PERSONS)

	Unemployed	Labor Force
2007 Feb	30,038	606,897
2007 Jan	29,865	608,206
Change	173	-1,309
% Change	0.6	-0.2

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

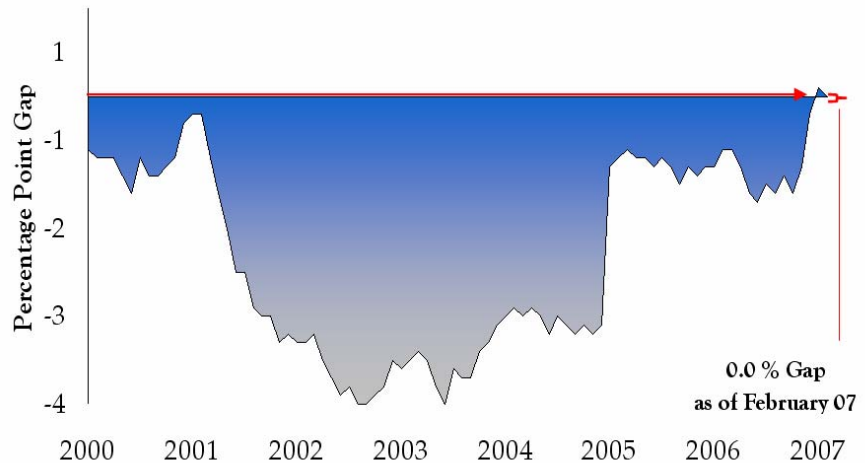
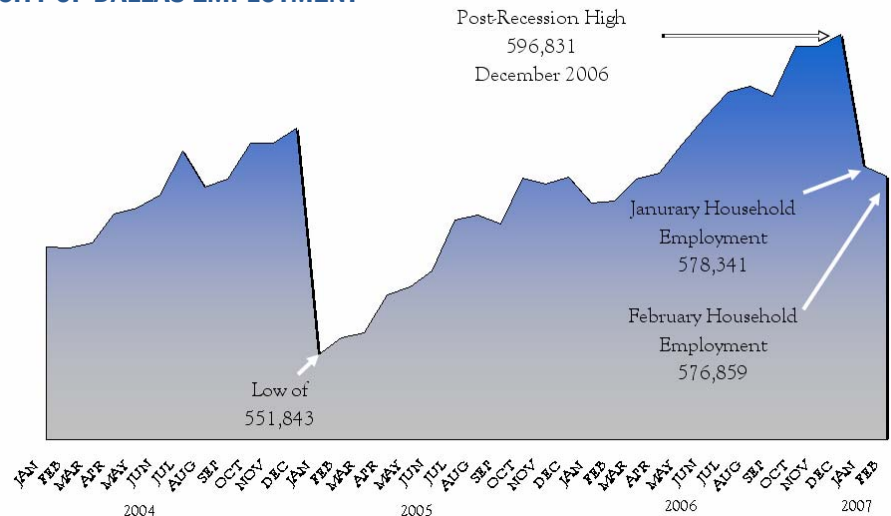


Figure 3.
CITY OF DALLAS EMPLOYMENT



Dallas Fashion Incubator

The OED Small Business Initiatives Group, in partnership with the U. S. Department of Housing and Urban Development, provides resources for seven Business Assistance Centers (BACs). BACs foster entrepreneurial and economic development in the City of Dallas by providing affordable office space, workshops, seminars and technical assistance. One of the BACs, the Dallas Fashion Incubator (DFI), nurtures diverse entrepreneurs by supporting business development specifically for the fashion and aligned industries.

In 2006, as part of its ongoing outreach and development activities, DFI entered into a partnership with Dallas-based retailer Stanley Korshak to launch the annual Texas Next Top Designer contest. Over 45 Texas-based designers competed. Dallas designer Abi Ferrin (Figure 4) won the inaugural award, which totaled \$20,000. The award package included a \$5,000 grant for business expenses and allows complimentary use of a design workshop and storefront space at South Side on Lamar for a year. Abi also received a trip to New York City and entry into select "Fashion Week" events and activities.

According to Elaine Raffel, marketing director of Stanley Korshak, "Abi's designs are fresh, modern and ultrawearable." Abi's free-style fashion line has gained a celebrity following, with devotees such as Molly Sims, Paula Abdul and Michelle Branch.

Since her affiliation with DFI, Abi Ferrin has created jobs for three Dallas residents and continues to create unique partnerships with local designers and retailers who partner with her in her South Side storefront, "The Revolving Door." For information about Abi Ferrin visit www.abiferrin.com and for more about the BACs and DFI visit www.dallas-edd.org/business_assistance_center.html.



Figure 4.
FASHION DESIGNER ABI FERRIN

New Dallas Economic Review Available

The Winter 2007 edition of the Office of Economic Development's publication, *Dallas Economic Review*, is now available (Figure 5). The *Economic Review* is useful to prospective and existing businesses wanting to know the state of the Dallas economy.

As an example of the data in the *Review*, the Dallas' Gross City Product (GCP) is a bright spot in the economic landscape. Between the third and fourth quarters of 2006, GCP increased 1.5 percent, matched only by the state. The national Gross Domestic Product (GDP) increased only 0.2 percent. Dallas' GCP per capita far exceeds the DFW Metropolitan Statistical Area (MSA), state and nation (Table 3). This indicator clearly expresses that Dallas is a city where business success happens.

Table 3.
GROSS PRODUCT

	Per Capita Value
City of Dallas*	\$78,339
DFW MSA	\$44,800
Texas	\$38,628
U.S.†	\$38,819

SOURCE: BUREAU OF ECONOMIC ANALYSIS, TEXAS COMPTROLLER OF PUBLIC ACCOUNTS, MOODY'S ECONOMY.COM, CITY OF DALLAS OFFICE OF ECONOMIC DEVELOPMENT (*PRELIMINARY ESTIMATE; †REVISION)

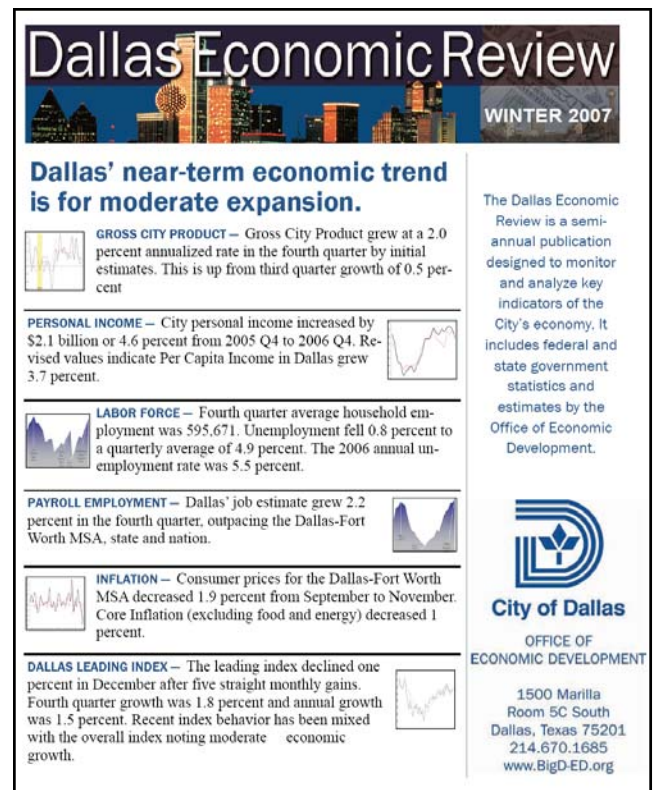


Figure 5.
Dallas Economic Review can be found at www.bigd-ed.org/data_reports.html.