

## A MONTHLY BRIEFING

In this issue of *D Economy*, read about a massive \$950 million retail and apartment project planned for just south of the CBD (page 2) and about Dallas' continuing positive unemployment situation compared to the nation (page 3). Also, learn about Dallas-Fort Worth's enviable position in this time of national economic difficulties (page 4).

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City of Dallas

OFFICE OF  
ECONOMIC DEVELOPMENT

## THE HOUSING CRUNCH: ONE YEAR LATER

The weakness in national housing and credit markets has not had as great an impact on the Texas or Dallas area economies. While foreclosure rates remain high, the inventory of for-sale homes in the region is slowly declining. Consumers and businesses who managed to avoid overleveraging their assets, by and large, have fared well in maintaining value.

The need for local housing is not likely to decrease by much. This month, new figures from the U.S. Bureau of Labor Statistics show that Dallas-Fort Worth added the most new jobs of any U.S. metro area for the last 12 months ending in July—68,000 jobs, for a growth rate of 2.3 percent. DFW total employment recently exceeded 3 million, which may be a strong indicator of future housing demand.

Table 1 shows a rebound in the number of housing permits issued by the City of Dallas in the last two years. The average value of these permits continues to rise, reflecting strength in the local market.

According to S&P/Case Shiller Home Price

**Table 1.**  
**SINGLE FAMILY BUILDING PERMITS**

Year	Permits	Average Value
2000	1,267	\$165,846
2001	1,317	\$191,363
2002	1,969	\$184,727
2003	2,241	\$171,717
2004	2,996	\$183,473
2005	1,875	\$194,873
2006	996	\$256,614
2007	2,106	\$290,470
Jan.-Jun. 2008	779	\$332,531
Total	15,546	

Source: City of Dallas Department of Development Services.

Indices, Dallas' home prices for existing single family homes declined 3.2% (versus a national average decline of 15.4%) from July 2007 through June 2008. However, Dallas has enjoyed four consecutive price increases since April, indicating that the region may be rebounding.



**Figure 1. NEW HOMES UNDER CONSTRUCTION NEAR FAIR PARK**

The Real Estate Center at Texas A&M University found that in mid-2007, the state's median-priced home was \$151,000 – some two-thirds the national median of \$229,000 and about 75 percent less than California's \$589,000. Researchers at A&M see both the state and regional markets as significantly stronger than the country as a whole, as the Lone Star State avoided the national housing bubble because of more available raw land and fewer building restrictions.

Overall housing demand in DFW remains fairly strong. In the short term, prices may remain flat, but demand from demographic and employment growth should be evident in sustainable price increases in the coming years.

-Chris Bartels

## Center City News

- PM Realty is planning a new mixed-use development on Hi Line Drive at the entrance to Dallas' Design District and across the freeway from Victory (Council District 2). The project will have ground floor retail with apartments above. SOURCE: DALLAS MORNING NEWS, JULY 31, 2008.
- Developer JPI is planning a \$950 million apartment and retail project at the site of the former Alford Refrigerated Warehouses, between Cadiz and Corinth streets (Council District 2). The development could have up to 3,000 units and 400,000 square feet of retail. The site is along the Trinity River and upon completion will connect to DART's Cedars Station. Construction is expected to start in 2009 and to take seven years. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 1, 2008.
- Tenet Healthcare Corp. is moving its headquarters to Fountain Place at 1445 Ross Avenue (Council District 14) in late 2009. Tenet is the latest announced move to downtown. SOURCE: GLOBEST.COM, AUGUST 8, 2008.
- The West End Station apartments opened in August. It includes 146 apartments and ground-floor retail space near the West End DART rail station (Council District 2). SOURCE: DALLAS MORNING NEWS, AUGUST 8, 2008.
- RED Development will begin construction in early 2009 on Akard Place, a two-tower, \$400 million mixed-use development southeast of American Airlines Center (Council District 14). The two twenty-seven-story towers will have office, hotel, apartment, condo and retail space in 1 million square feet total. Construction on the first phase will take about two years. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 8, 2008.
- Developer Billingsley Co. has announced plans to build a second high-rise in the Arts District, Two Arts Plaza, just north of One Arts Plaza at Routh and Woodall Rodgers Freeway (Council District 14). It will include office and retail space, condos plus loft-style residences on the lower floors as well as an urban park. Construction will begin next year. SOURCE: DALLAS MORNING NEWS, AUGUST 28, 2008.

## Real Estate News

- Kosmos Energy will lease 50,000 square feet in the Park Lane development along North Central Expressway (Council District 13). Kosmos, an oil exploration and production company, found the central location appealing as well as the mixed-use nature of the project. SOURCE: DALLAS MORNING NEWS, AUGUST 14, 2008.

## Southern Dallas News

- After being torn down and rebuilt, the McDonald's at Interstate-35E and West Camp Wisdom Road in Oak Cliff has re-opened (Council District 5). The owner is confident that the local community will support his \$2 million investment. SOURCE: CBS11TV.COM, JULY 31, 2008.
- Developer Trammell Crow Co. has completed a new 362,200 square-foot industrial complex on Interstate 30 west of downtown Dallas at Adler Road (Council District 3). SOURCE: DALLAS MORNING NEWS, AUGUST 1, 2008.
- Restaurant company MD Promenade plans to open the first eatery in the Dallas Executive Airport since 2003 within the next 12 months (Council District 8). The company also plans to offer catering services on site. SOURCE: PRLEAP.COM, AUGUST 1, 2008.
- Pilgrim's Pride Corp. has joined forces with Dallas manufacturer J.O.Y. Foods Inc. (Council District 3) to form Merit Provisions, which will provide chicken nuggets, patties and fillets to McDonald's restaurants. Merit Provisions will open a new plant in Dallas, which could be operational by the end of 2010. It will employ about 200 workers. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 1, 2008.
- Cafe Brazil will open a restaurant in the Bishop Arts District (Council District 2). The new restaurant, known for its breakfast foods and specialty coffee, will be Café Brazil's first location south of the Trinity River. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 14, 2008.
- A ribbon-cutting ceremony was held August 29 to welcome new businesses to a stretch of Illinois Avenue (Council District 1). Auto Zone, Washington Mutual bank and Sierra Express car wash opened in a retail strip that is anchored by a flagship Carnival supermarket. SOURCE: OAK CLIFF PEOPLE, AUGUST 15, 2008.
- Red River Intermodal moved into 178,200 square feet in the Pinnacle Industrial Center located at 4445 Rock Quarry Road in August (Council District 3). Red River is a Louisiana-based logistics and transportation company. SOURCE: COSTAR.COM, AUGUST 21, 2008.

# Employment

Dallas' unemployment rate grew from 5.2 percent in June to 5.4 percent in July. This represents a change of 0.2 percentage points. The state and metropolitan statistical area (MSA) unemployment also grew by 0.2 percentage points, increasing to 5.0 percent each. The nation unemployment rate rose 0.3 percentage points to 6.0 percent (Table 2).

Although the City of Dallas labor force increased by 0.6 percent, a small increase over the previous month, the number of persons unemployed in the city increased by 6.2 percent. An increase in unemployment is a typical pattern for the summer months (Table 3).

Despite the unemployment rate increase, the city continued to either beat or match the national unemployment rate for the seventh consecutive month. The city outperformed the national rate by a 0.6 percentage point positive gap in July. A positive gap means that the city's rate is lower than the nation's (Figure 2).

Figure 3 depicts the number of employed persons living in the city in the month of July as 574,118. This was not only an increase from June's level of 572,517, but it is also greater than the previous post-recession high value of 569,249 in November 2007.

Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) declined for the first time since January 2008. Initial Office of Economic Development estimates show that payroll employment decreased by 4.2 percent annualized in July to slightly over 1.083 million, which follows June's revised total of 1.087. Only four sectors, Natural Resources, Mining and Construction (208), Trade, Transportation and Utilities (563), Professional and Business Services (497) and Education and Health services (518), had positive growth in employment.

**Table 2.**  
**ANNUAL UNEMPLOYMENT RATES**

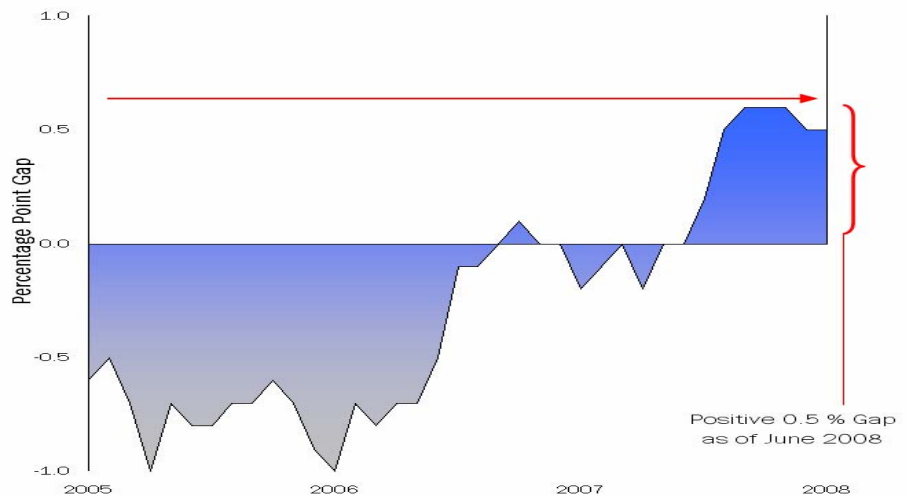
	2008 July	2008 June	Point Change
City of Dallas	5.4	5.2	0.2
DFW MSA	5.0	4.8	0.2
Texas	5.0	4.8	0.2
U.S.	6.0	5.7	0.3
Largest U.S. Cities Avg.*		7.3	

**Table 3.**  
**CITY OF DALLAS LABOR FORCE (PERSONS)**

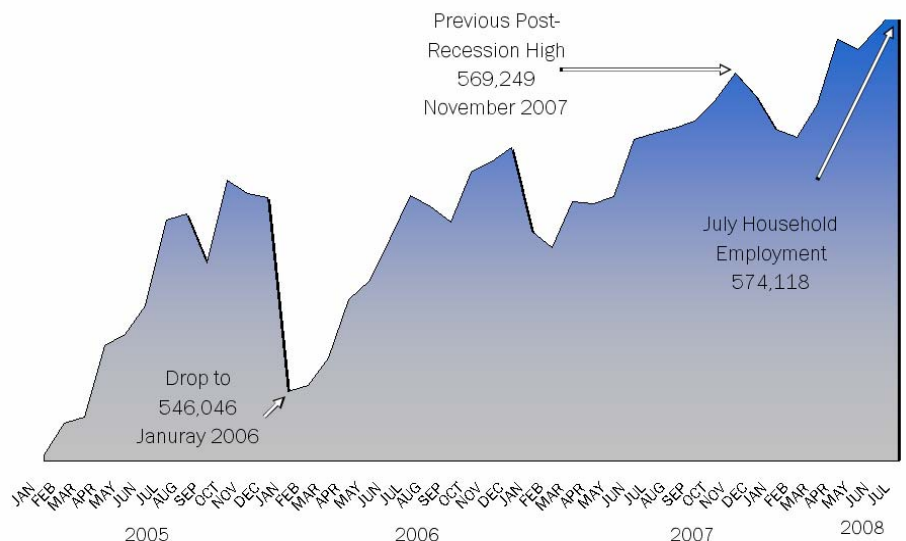
	Unemployed	Labor Force
2008 July	33,064	607,182
2008 June	31,134	603,651
Change	1,930	3,531
% Change	6.2	0.6

SOURCE: TEXAS WORKFORCE COMMISSION, U.S. BUREAU OF LABOR STATISTICS, VALUES NOT SEASONALLY ADJUSTED. .  
\* 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 AND U.S. METRO ECONOMY COMPARISONS

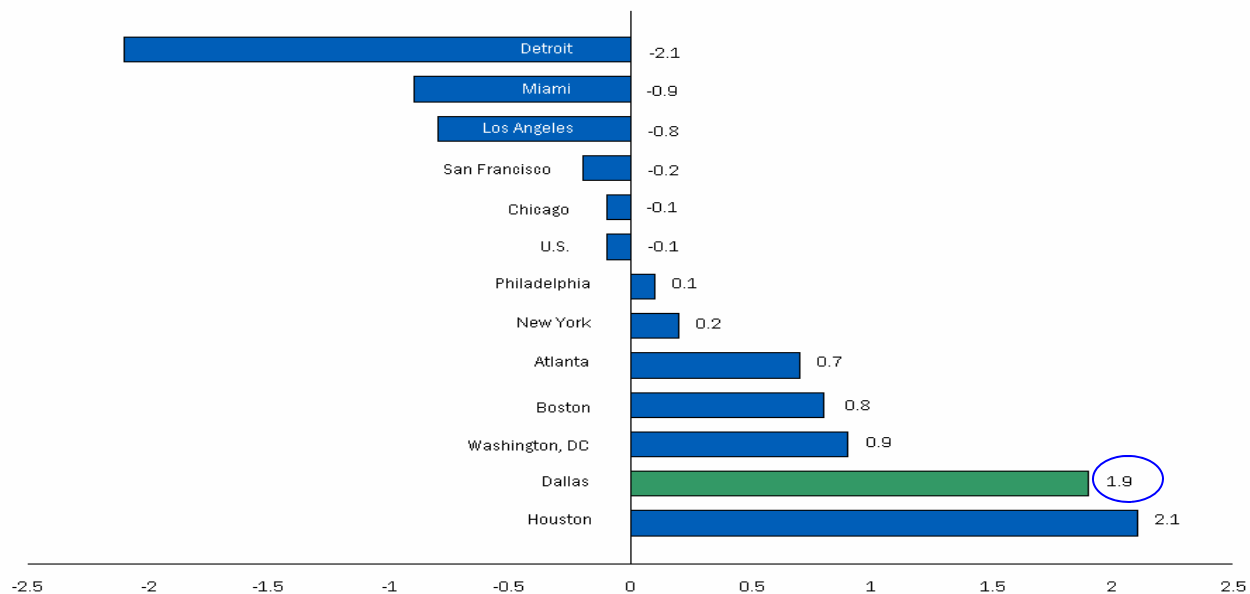
The current economic downturn that is affecting much of the nation is not affecting cities equally. A quick look at the statistics below show that Dallas, with its low cost of living and affordable housing, is high-growth in terms of the numbers of people moving here and in terms of the rate of growth (Table 4). And Dallas has increasing employment opportunities, as shown in Figure 4. The city's resilient economy is why Forbes named Dallas, along with three other Texas cities, as a top ten recession-proof city in 2008.

**TABLE 4.**  
**POPULATION AND POPULATION GROWTH RATE, COST OF LIVING AND HOUSE PRICE COMPARISONS**  
**DALLAS AND SELECTED U.S. METRO AREAS**

Metro Area	2007 Population (millions)	July 2006-July 2007 Pop. Growth Rate, (Total Pop. Increase Rank)	Cost of Living (Q2 2008; US Avg.=100)	Median House Price (Q2 2008)
Atlanta	5.3	2.9% (2)	97.6	\$158,300
Chicago	9.1	0.7% (7)	111.5	\$257,600
Dallas	6.1	2.7% (1)	91.9	\$151,000
Houston	5.6	2.2% (4)	90.3	\$153,400
Los Angeles	12.9	0.1% (69)	150.3	\$417,800
New York	18.8	0.2% (21)	218.8	\$453,400
Phoenix	4.2	3.3% (3)	101.6	\$205,100

Source: U.S. Census Bureau, C2ER, National Association of Realtors.

**FIGURE 4.**  
**PERCENTAGE CHANGE IN EMPLOYMENT FOR 12 LARGEST METRO AREAS**  
**JUNE 2007 TO JUNE 2008**



Source: U.S. Bureau of Labor Statistics.