

D

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Economy

A MONTHLY BRIEFING

In this issue of *D Economy*, read about a new dog park opening in east Dallas (page 2) and about the widening of the Dallas-U.S. unemployment gap in November (page 3). Also, view a map that shows selected new business incentive and development projects that were completed or begun in 2008 (page 4).

Inside This Issue:

NEWS SHORTS	2
DALLAS EMPLOYMENT	3
2008 DALLAS BUSINESS PROJECTS	4



City of Dallas

OFFICE OF
ECONOMIC DEVELOPMENT

Dallas Shows Better Job Performance Than Nation

According to the National Bureau of Economic Research, a team of academic economists, the national economy has been in recession since December 2007. Because of the complexity of the economy, this group uses a series of indicators to judge the phases of the business cycle. While many of the indicators are not available at the level of individual cities, it is clear from the available data that Dallas has outperformed the nation so far. While recent growth has slowed, early gains in 2008 have kept the city in positive job territory.

Dallas has continued growth in payroll employment (jobs in the city that could also be held by non-residents). From July to November 2008, employment grew by 0.8 percent, which equals the same period in 2007. From July to November 2008, the nation's payroll employment declined 0.1 percent. Even with anticipated revisions to these numbers, Dallas should end the year with a better showing than the U.S.

Three of the ten Dallas industry super-sectors grew during the same time period: trade, transportation and utilities; educational and health services; and government. This job growth was enough to offset losses in the other seven industry super-sectors.

Businesses are also recognizing Dallas' promising economy. Corporate relocations and expansions continued in 2008, including such high-profile companies as AT&T (Figure 1). Other companies include Niagara Bottling, Nestle Waters, Spherion Corp., Capital One Bank and Senator Promotional Products Group USA, Inc. National downturns often motivate firms to relocate as part of either a consolidation or a rebranding, so it is not unreasonable to expect a few more relocations in 2009.

Dallas' job growth and modest housing value increases in recent years have kept current real estate values relatively steady, unlike many U.S. metros. The National Association of Realtors reports that the median price for single-family houses and condos in Dallas slipped only 2.3 percent in the third quarter of 2008,



Figure 1.
SIGN WELCOMING AT&T TO DALLAS

significantly less than the national decrease of 9.1 percent. Some other studies find an increase in Dallas housing prices and place the Dallas housing market among the best in the U.S.

The economy also has a large effect on retail sales. The Texas Comptroller reports that 2008 Dallas sales tax revenue increased a slight 1.5 percent over 2007. Although overall the year was positive, recent months show a negative trend going into 2009.

A drop in construction value is another warning sign that the city's economy is starting to cool. The value of new building permits decreased 6.8 percent from January to September 2008 compared to the year before, from \$2.4 billion to \$2.2 billion. However, ongoing construction projects such as the \$750 million Park Lane Place and the \$400 million Lake Highlands Town Center are keeping construction cranes dotting the sky.

Most Dallas industry and economic commentators are forecasting that the local economy will continue slowing into at least mid-2009. However, when compared to other metro areas and the nation, there is wide consensus that Dallas is a good place to weather this economic storm.

—By Moses Pologne

Center City News

- The Pillar Group has announced it is planning to renovate downtown's Tower Petroleum Building, built in 1931, into a new boutique hotel with 115 rooms (Council District 14). The building next door at 1900 Pacific Avenue will be demolished and in its place will come a new 57-story condominium skyscraper designed by architect Michael Graves. It will be the sixth tallest building in Dallas. The condominiums will be marketed to those making \$70,000 or more, which is less than most new condominiums in the center city. In addition, Pillar Group plans to build an underground parking garage where a surface lot now exists and to create a three-acre park at ground level. Construction is expected to start as early as June 2009, with the hotel opening in 2010 and the condominium tower in 2011. SOURCE: WFAA.COM, DECEMBER 2, 2008.
- Downtown's Sheraton Hotel, formerly the Adam's Mark, is receiving a \$90 million renovation (Council District 14). The 1,840-room hotel, the largest in the city, was purchased in 2008 by Chartres Lodging Group LLC. SOURCE: DALLAS MORNING NEWS, DECEMBER 19, 2008.
- Prescott Realty Group is preparing to break ground on Shamburger Lofts, a companion project to its already underway loft and retail development, Shelby. Both are on SMU Boulevard east of Central Expressway (Council District 14). Shelby will have 55 units and 3,500 square feet of retail space, and Shamburger will have 450 units. Combined the projects cost \$80 million, and Shelby is expected to be complete in August 2009 and initial units of Shamburger Lofts could open in fall 2010. The target residents are SMU students. Both projects are part of a larger development called University Crossing, which is a \$150 million project that includes redevelopment of existing buildings and improved pedestrian walkways and streetscapes. SOURCE: GLOBEST.COM, DECEMBER 21, 2008.

Real Estate News

- Construction is progressing on Hillcrest Crossing, a three-story office and retail building at the northwest corner of Northwest Highway and Hillcrest Road (Council District 13). The development by PRG Realty will open by mid year 2009. Tenants so far include Capital One Bank, Equinox Fitness Club, Paradise Bakery and Toni & Guy. SOURCE: DALLAS MORNING NEWS, DECEMBER 5, 2008.

Southern Dallas News

- The renovation of the Top O' The Cliff Club on the 15th floor of the Bank of America Tower in Oak Cliff is complete (Council District 1). The room now has a modern look to go along with its sweeping views of Dallas. The club's Orion Ballroom can accommodate up to 800 people and already has several bookings. SOURCE: OAK CLIFF PEOPLE, DECEMBER 5, 2008.
- The Trinity Overlook, part of the Trinity River Corridor Project, was opened on December 10 with a ribbon-cutting ceremony. The overlook is located on the ramp from Beckley Avenue to the Commerce Street Bridge (Council District 6). The Overlook allows visitors to watch the Calatrava bridge construction and to enjoy views of downtown. It has concrete benches, oversized binoculars and a sidewalk. SOURCE: OAK CLIFF TRIBUNE, DECEMBER 11, 2008.
- A new restaurant named Faz Cuisine has opened in Oak Cliff at 1001 W. Jefferson Boulevard (Council District 2). The Faz family believes its restaurant serving continental cuisine with Latino accents will be a welcome addition to the more traditional Mexican restaurants nearby. SOURCE: OAK CLIFF PEOPLE, DECEMBER 12, 2008.
- Cody and Kelly Acree plan to open Unleashed, an indoor dog park and doggy day care business at 5151 Samuell Boulevard in February 2009 (Council district 4). The indoor, climate-controlled dog park is 50,000 square feet with open play areas and agility equipment. The property also has more than two acres of land that will be further developed with trails, benches and a picnic area. The Acree's plan to expand their concept if successful. SOURCE: DALLAS BUSINESS JOURNAL, DECEMBER 19, 2008.

Business News

- St. Louis-based Control Technology and Solutions has opened a Dallas office at 9330 LBJ Freeway (Council District 10). Control Technology and Solutions is a design and construction firm that specializes in energy-efficient educational, institutional and commercial buildings. SOURCE: DALLAS BUSINESS JOURNAL, DECEMBER 1, 2008.
- Dallas architectural design firm HKS Inc. (Council District 14) has opened an office in Brazil to help it expand in emerging marketplaces and to better serve South American clients. HKS is the ninth-largest architectural firm in the world, according to magazine *BD World Architecture*. SOURCE: DALLAS BUSINESS JOURNAL, DECEMBER 9, 2008.

Employment

Dallas' unemployment rate grew from 6.0 percent in October to 6.2 percent in November, a change of 0.2 percentage points. Both the state and the metropolitan statistical area (MSA) also grew by 0.2 percentage points, increasing to 5.6 percent and 5.7 percent respectively. The nation's unemployment rate increased by 0.4 percentage points to 6.5 percent (Table 1).

Both the labor force and the number of persons unemployed grew from October to November. The labor force increased by 0.5 percent, a change of 2,839 persons, and the number of persons unemployed grew by 1,845 persons, or 5.1 percent (Table 2).

The unemployment rate in the city continued to either beat or match the national unemployment rate for the tenth consecutive month. The city outperformed the nation by a 0.3 percentage point positive gap in November. A positive gap means that the city's rate is lower than the nation's (Figure 2).

Figure 3 depicts the number of persons employed and living in the city as 569,966 for November. This not only represents an increase over October's revised level of 568,972, but is also greater than the post-recession high value of 569,249 achieved in November 2007.

Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) grew for the month of November. Initial Office of Economic Development estimates show that payroll employment increased by 0.7 percent annualized in November to approximately 1.091 million, which follows October's revised total of about 1.090 million. The government, and trade, transportation and utilities sectors led the way, adding 1,301 and 1,268 jobs respectively. Conversely, leisure and hospitality had the largest reduction in jobs at 1,077.

Table 1.
ANNUAL UNEMPLOYMENT RATES

	2008 Nov	2008 Oct	Point Change
City of Dallas	6.2	6.0	0.2
DFW MSA	5.7	5.5	0.2
Texas	5.6	5.4	0.2
U.S.	6.5	6.1	0.4
Largest U.S. Cities Avg.*		7.8	

Table 2.
CITY OF DALLAS LABOR FORCE (PERSONS)

	Unem- ployed	Labor Force
2008 Nov	37,987	607,953
2008 Oct	36,142	605,114
Change	1,845	2,839
% Change	5.1	0.5

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, PHOENIX, PHILADELPHIA, SAN ANTONIO, SAN DIEGO, SAN JOSE AND DETROIT.

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

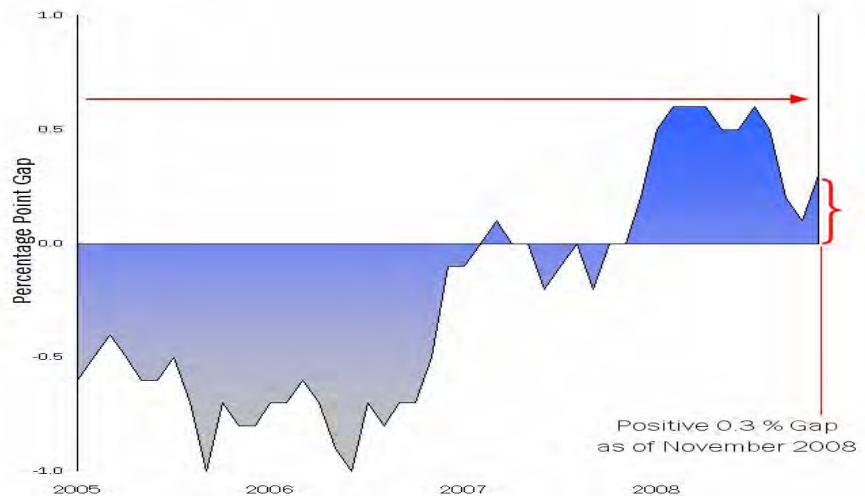
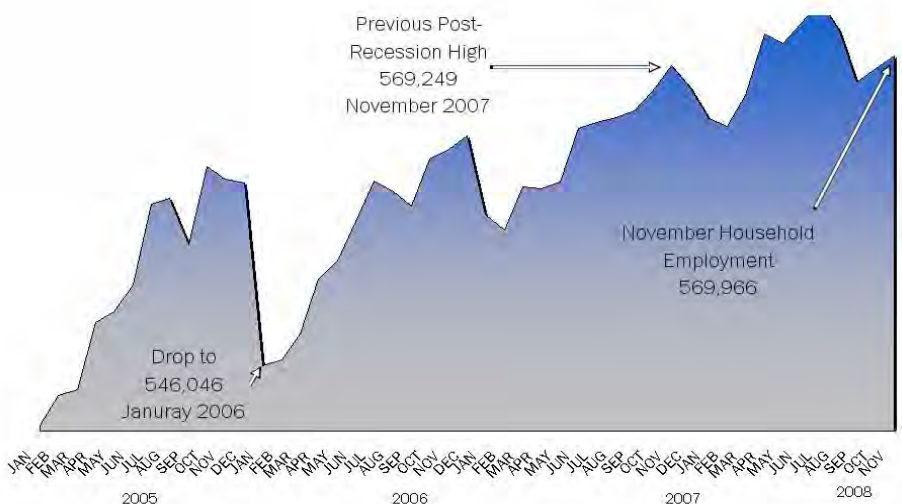
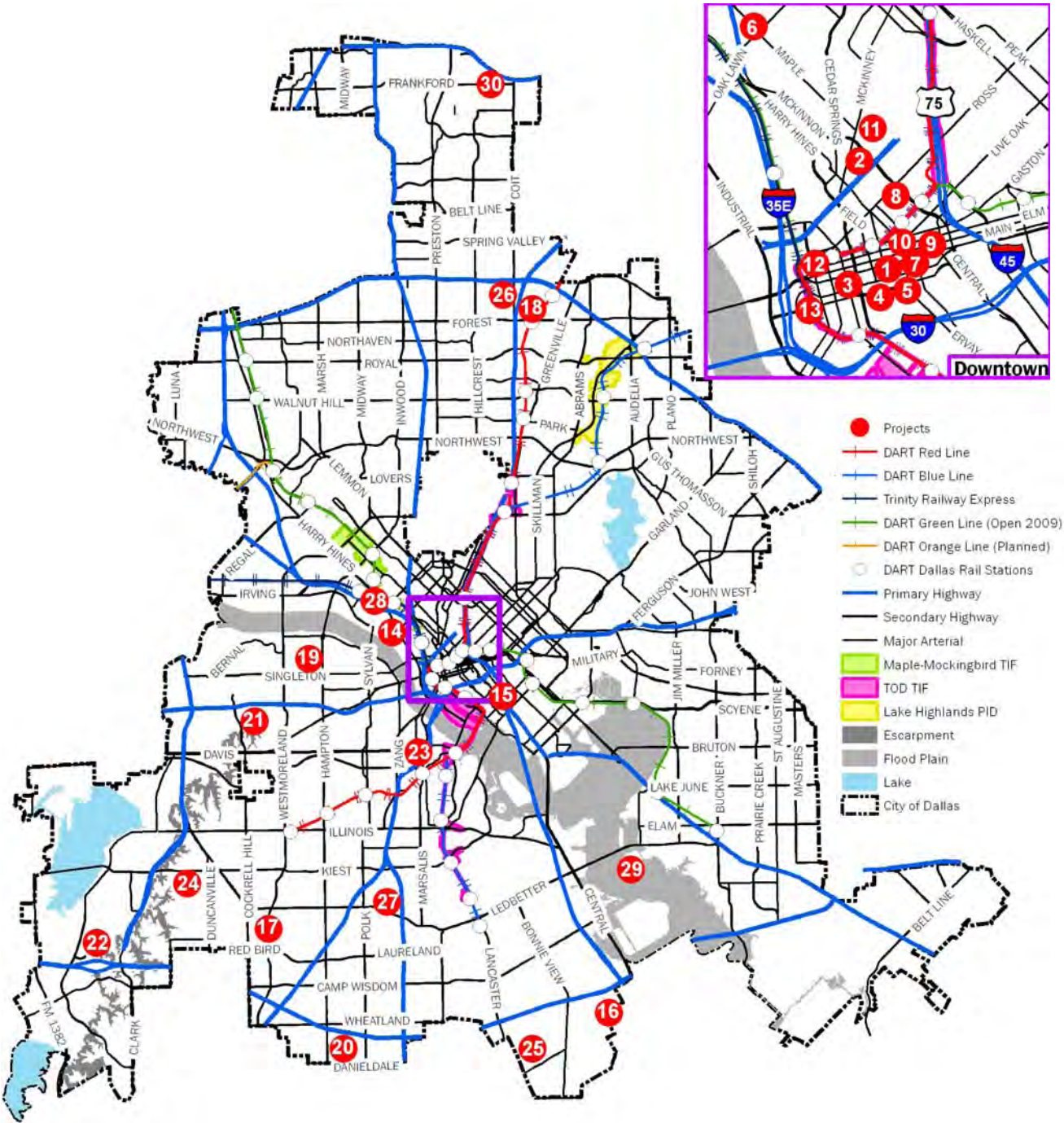


Figure 3.
CITY OF DALLAS EMPLOYMENT



SELECTED 2008 DEVELOPMENT PROJECTS (STARTED OR COMPLETED)



1. 1407 Main St.	7. Joule Hotel	13. Union Station Renovation	19. Greenleaf Village II Houses	25. Ridge Logistics Center
2. 17 Seventeen McKinney	8. JPI Arts District Apartments	14. Trinity Strand Trail	20. I-20 Distribution Center Phase II	26. Seneca Investments Medical Office Building
3. 800 Jackson St	9. Main Street Garden Park	15. DISD Maria Luna Food Service Facility	21. I-30 Business Center	27. Sunbelt National Bank Building Renovation
4. Aloft Hotel	10. Mercantile Building Conversion	16. 4800 Langdon Rd. Buildings A&B	22. Nestlé Waters North America	28. Trammell Crow Apartments
5. AT&T Relocation	11. Texas Capital Bank Building	17. Executive Distribution Center	23. Ninth Street Townhomes	29. Trinity River Audubon Center
6. Historic Parkland Hospital Office Renovation	12. West End Station apartments	18. Forest Park Medical Center	24. Old Dominion Freight Line Inc.	30. Villas at Hillcrest

For more information or to provide comments on topics covered in *D Economy*, please contact the Office of Economic Development at 214-670-1695, or at sonya.smith@dallascityhall.com. City of Dallas Publication Number: 04/05-06.