

A MONTHLY BRIEFING

NEW VISION FOR SOUTHERN DALLAS

In this issue of *D Economy*, read about the new foreign trade zone designation for the Dallas Logistics Hub (page 2) and about the improvement in the city's unemployment rate (page 3). Also learn about the City of Dallas' winning projects in the *Dallas Business Journal's* Best Real Estate Deals of 2007 competition (page 4).

Dallas City Council was briefed in March on a new framework for enhancing the livability and business environment of southern Dallas. The framework, to be incorporated into the city's economic development strategic plan, *Strategic Engagement*, builds on recent momentum to bring new life to this area that counts for 49 percent of Dallas' land and 38 percent of its population.

property for new uses. For example, three business parks supported by the City since 1998 have added over 8 million square feet of industrial and retail space, new apartments and 6,500 jobs to southern Dallas.

The City of Dallas has acknowledged the great potential of its southern half and the need to play catch-up by investing over \$1 billion from the last three bond programs. Current initiatives hold the potential for more progress:

- The area surrounding the new UNT Dallas campus will be a major employment and residential center as student enrollment climbs.
- A master planning effort is underway at the International Inland Port of Dallas to coordinate development initiatives.
- Current and new TIF districts continue to improve the quality of residential and retail options while attracting new residents.
- Public safety has been enhanced by new patrol divisions and changes in service delivery.

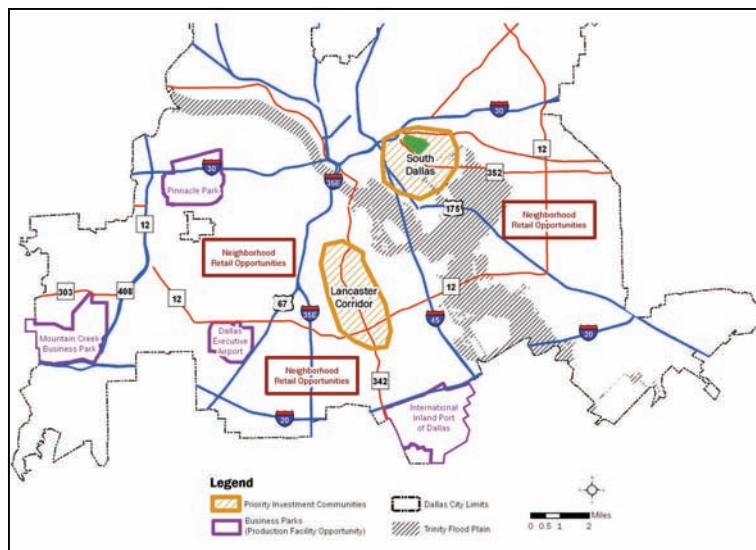


Figure 1. SOUTHERN DALLAS VISION STRATEGIES

Southern Dallas possesses great economic opportunities and needs. The new framework recognizes the challenges—a disparity in property base, jobs and education compared to northern Dallas—and responds with steps to improve conditions. It proposes addressing challenges collaboratively to overcome past neglect and oftentimes undesired negative perceptions.

The new vision calls for southern Dallas to be integrated into the regional economy, for neighborhoods to be renewed and transformed, and for plentiful retail, employment, housing and educational options.

The foundation for this vision is the abundance of land for economic expansion in southern Dallas. Much recent progress has come from adapting previously underused

The framework calls for a multifaceted approach to improve public safety, expand the housing stock and enhance living conditions through aggressive code compliance and enforcement. The City will target investment by directing significant projects in key communities to serve as a catalyst for surrounding areas (Figure 1). The City will also work to attract new businesses and neighborhood amenities that are currently lacking, such as grocery stores.

A new Southern Dallas Task Force to be appointed by the mayor will oversee the planning and tactical implementation of these strategies. Public, private and community inclusion on the task force will make this effort a truly collaborative project.

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Real Estate News

- The new owner of the Village View Apartments at Skillman Street and Fisher Road has begun demolishing the apartments to replace them with 422 new units (Council District 14). Construction will begin in June and will take more than a year to complete. Many apartments in the surrounding area have recently been replaced or will be soon. SOURCE: DALLAS MORNING NEWS, FEBRUARY 25, 2008.
- Prescott Realty Group plans to invest \$150 million to turn ten acres across North Central Expressway from the site of the future George W. Bush presidential library at SMU into new residential, retail and office space (Council District 14). The Radisson hotel currently on the site will be renovated, and new retail will be added to the ground floor. Between 400 and 500 new residential apartments and condominiums in a range of styles will be built in a highrise building, and a 250,000-square-foot midrise will have ground floor retail and office and residential above. Connecting the project to the library across the street will be a new pedestrian bridge over the expressway. Prescott also plans to build a new \$50 million apartment complex on the site of the former Shamburger Lumber yard nearby. It will have 400 rental units with retail on the ground floor. SOURCE: DALLAS MORNING NEWS, FEBRUARY 29, 2008.
- McShane Cos. Recently announced the latest redevelopment to come to old East Dallas near downtown. Two late 1950s apartment buildings on Live Oak Street between Bennett and Fitzhugh avenues will be demolished and replaced with new apartments (Council District 2). McShane Cos. plans to build more than 160 new units on the site. SOURCE: DALLAS MORNING NEWS, MARCH 17, 2008.
- A new Holiday Inn Express is coming for the intersection of LBJ Freeway and Preston Road (Council District 11). The hotel will have 102 rooms and is expected to open in fall 2009. Nearby expansion and renovation of the Dallas Galleria is driving new development in the area. About \$10 million will be invested in the hotel. SOURCE: DALLAS MORNING NEWS, MARCH 17, 2008.
- Icon Partners has announced plans for Icon Midtown, a new mixed-use center located at LBJ Freeway and the Dallas North Tollway (Council District 11). The \$1 billion development will be walkable and have landscaped streetscapes. It will have a 34-story office tower, 500 residential units, 525,000 square feet of retail and entertainment space, a food district, a boutique hotel and a spa. SOURCE: COSTAR.COM, MARCH 18, 2008.

Business News

- The U.S. Census Bureau will locate its regional headquarters for the 2010 Census in the building at 2777 N. Stemmons Freeway (Council District 2). The Census will employ almost 200 people during its peak operations. The regional headquarters will oversee other offices in Texas, Louisiana and Mississippi. SOURCE: DALLAS BUSINESS JOURNAL, MARCH 14, 2008.
- The Judge Group has expanded its South-Central operations by opening a new location in Dallas at 12700 Park Central Drive to give the firm a stronger presence in Dallas (Council District 11). The professional services firm will focus on information technology, engineering, finance and accounting. SOURCE: CENTRE DAILY TIMES, MARCH 19, 2008.

Southern Dallas News

- The Bishop Arts District has a new tenant (Council District 1). The Daniel Padilla Gallery, located at 838 W. Davis Street, held a grand opening on February 23. The gallery features works by artists Daniel Padilla and Manuel Padilla. SOURCE: OAK CLIFF TRIBUNE, FEBRUARY 28, 2008.
- Vista Property Co. has purchased two properties in southern Dallas, one a 52,000-square-foot building located at 425 W. Jefferson Blvd. (Council District 1), leased to Famsa, and the other a 147,000-square-foot shopping center at 10201 Lake June Rd. (Council District 5). Lake June Plaza will be redeveloped and renamed Vista de las Campanas, and Vista Property plans to attract new retailers, including a grocer, to the shopping center. SOURCE: GLOBEST.COM, MARCH 3, 2008.
- The U.S. government has expanded the foreign trade zone at the Southport business park to include some of the Dallas Logistics Hub. Foreign trade zones are attractive to businesses because imports and exports are not taxed and duty payments can be deferred. SOURCE: DALLAS MORNING NEWS, MARCH 11, 2008.
- On February 28, a groundbreaking was held for a new housing community at N. Westmoreland Rd. and Singleton Blvd. (Council District 3). Greenleaf Village II is being built through a public-private partnership and will have affordable housing. SOURCE: OAK CLIFF TRIBUNE, MARCH 13, 2008.
- Courtland Development and Panattoni Development Co. plan to break ground this summer on a new warehouse in the Mountain Creek Business Park (Council District 3). The 458,640-square-foot speculative warehouse is being built because of recent success the companies have had with other nearby speculative buildings. SOURCE: GLOBEST.COM, MARCH 25, 2008.

Employment

The unemployment rate in Dallas fell three tenths of a percent in February to 4.6 percent after jumping four tenths of a percent to 4.9 in January. The metropolitan statistical area (MSA) and state rates also declined 0.3 percent each to 4.3. The national rate declined 0.2 percent to 5.2 percent (Table 1)

The number of unemployed persons in the city decreased by 5.8 percent while the labor force decreased by 0.3 percent during the month (Table 2)

Due to annual revisions in city, metropolitan, state, and national employment estimates, the number of months where the city either beat or matched the national unemployment rate has been revised to eight in 2007; yet the city's rate continued to outperform the national rate during both January and February by 0.5 and 0.6 percentage points, respectively. 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 at 564,814 in the month of February, a decrease from January's 565,158. Differences between this graph and previously published graphs are due to revision to Bureau of Labor Statistics (BLS) data reaching back to 2005. This number reflects employment by Dallas residents only.

- Earnest Lloyd

Table 1. ANNUAL UNEMPLOYMENT RATES

	2008 Feb	2008 Jan	Point Change
City of Dallas	4.6	4.9	-0.3
DFW MSA	4.3	4.6	-0.3
Texas	4.3	4.6	-0.3
U.S.	5.2	5.4	-0.2
Largest U.S. Cities Avg.*		6.2	

Table 2. CITY OF DALLAS LABOR FORCE (PERSONS)

	Unemployed	Labor Force
2008 Feb	27,421	592,235
2008 Jan	29,123	594,281
Change	-1,702	-2,046
% Change	-5.8	-0.3

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

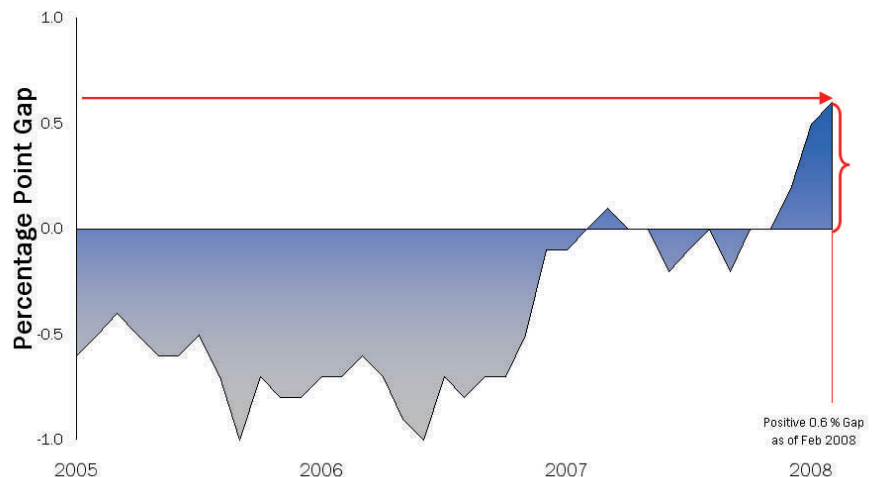
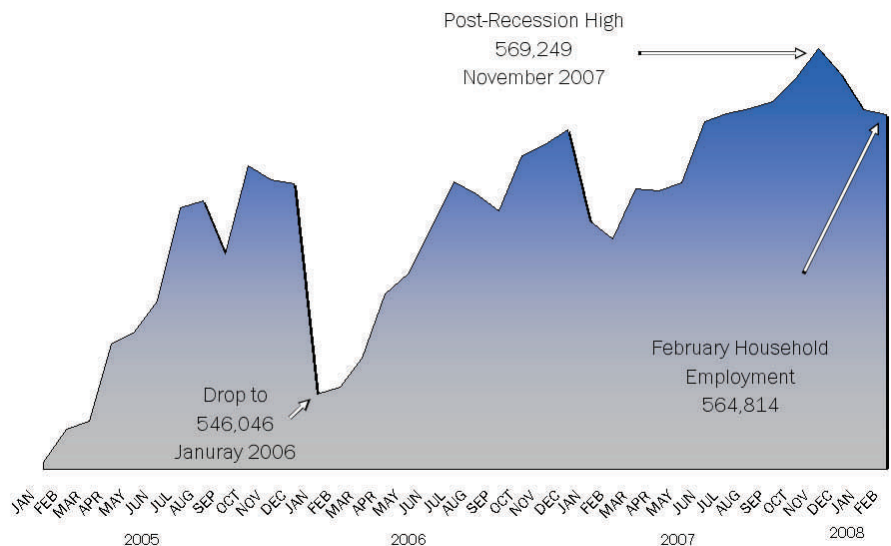


Figure 3. CITY OF DALLAS EMPLOYMENT



DALLAS CLEANS UP AT THE BEST REAL ESTATE DEALS OF THE YEAR AWARDS

The *Dallas Business Journal's* annual Best Real Estate Deals of the Year Awards recognize the best commercial real estate deals in the North Texas area. These prestigious awards in numerous categories honor the dealmakers, developers and cities that land the deals. The city of Dallas had a successful showing in the 2007 awards, with winning projects in 10 of the 16 categories (one additional category, best commercial property sale, honors the company selling property holdings, not specific projects.) Counting both winners and finalists, Dallas projects accounted for almost half of the 50 finalists and winners. With over 350 nominated projects, Dallas had an impressive showing. No other city came close—the next highest total of winners/finalists was four.

Dallas took home the Jerry Fults Memorial Award—Best Real Estate Deal of 2007—for securing the relocation of Comerica Inc. from Detroit, Michigan. The Comerica relocation also won the Best Headquarters or Corporate Campus Move. Comerica brought 200 high-paying jobs to Dallas and the prestige of a bank headquarters. The company leased almost 200,000 square feet in downtown Dallas.

Also downtown, the expansion of Bank of America in One Main Place (as well as in the Infomart) won Best Office Deal—Existing Space. The bank consolidated some of its regional presence into 480,000 square feet at One Main Place and 360,000 square feet at Infomart.



Figure 4. AMERICAN GIRL BOUTIQUE & BISTRO

Proving the common knowledge that Dallas loves to shop, the city won the Best Retail Lease for the American Girl Boutique & Bistro (Figure 4). The store was highly coveted by other national markets. In only the first 12 weeks, more than 163,000 shoppers visited the free-standing store located at the Dallas Galleria.

Visitors in Dallas have a new luxury hotel option. The Ritz-Carlton Hotel & Residences is the winner of the Best New Retail Hospitality Project. The Ritz opened in August to great acclaim. The \$170 million project on McKinney

Avenue has 217 rooms and 70 condominiums. It also is home to Fearings, which critics call one of the best new restaurants in the nation. A second phase of the project, a 23-story, 95-condominium tower, is currently under construction and is set to open in 2009.

Phase II and III of Victory Park won the Best New Mixed-Use Development award. Projects included are residential buildings The Terrace, The Vista and Cirque, the House of Blues, Victory Tower and the Victory Plaza office buildings. Victory Park is a \$3 billion development on the site of a former brownfield.

The award for Best Rehabilitation or Re-Use went to the Stoneleigh Hotel & Spa, first opened in 1923, which recently re-opened after a \$50 million renovation (Figure 5). Each room's renovation cost averaged \$300,000. A 21-story luxury residential tower next door is under construction and will connect to the hotel by an underground tunnel.



Figure 5. STONELEIGH HOTEL & SPA

The Museum Tower in the Arts District won Best Multifamily Residential Project. The high-rise luxury condominium tower will be the tallest building built downtown since the JPMorgan Chase building in the 1980s. The \$185 million condominium tower will be in the thick of things once the Dallas Center for the Performing Arts is complete. Museum Tower is expected to be complete in 2010.

A \$116 million expansion of Methodist Charlton Medical Center netted it the Best Medical Project award. The hospital's size will increase by two-thirds and will greatly expand the services the hospital can offer. Construction will be complete in 2010.

The Best Community Impact award goes to the renovation of the Cotton Bowl in Fair Park. The stadium's \$50 million of improvements replaced seating, installed hand railings, waterproofed the exterior, replaced turf, installed new commodes, upgraded locker rooms and built a new media conference center. The renovations were crucial in securing the annual University of Texas-University of Oklahoma football game through 2015.