

A MONTHLY BRIEFING

In this issue of *D Economy*, read about plans for two new mixed-use developments along the North Central Expressway Corridor (page two) and about the increase in the number of jobs in Dallas in October (page three). Also, learn about the 40 Dallas companies named the fastest-growing in the region for 2008 (page 4).

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City of Dallas

OFFICE OF ECONOMIC DEVELOPMENT

The Design District: Dallas' Destination for Art and Design Services

Once a center for warehousing and light industry along with designer showrooms, the Design District is rapidly emerging as one of the most dynamic growth areas in the city. Northwest of downtown, it runs from I-35 E west to the Trinity River levee between Wycliff and Continental avenues. With the help of the City of Dallas, the art and design community and visionary developers, the District is transforming itself into a cutting-edge destination for art, furniture, antiques and design services, along with new lofts, apartments and condos.

The Design District is the site of one of sixteen Tax Increment Financing districts (TIFs) in Dallas. TIFs provide public funding for infrastructure improvements that will enhance the economic and social vibrancy of a region. The Design District TIF will link the expansion of the DART light rail system and Trinity River Corridor to the area, allowing for easier accessibility. The Trinity Strand, a 9.6-mile public hiking and jogging trail that will connect with the Katy Trail just north of the American Airlines Center, has begun the first phase of construction and raised over \$8 million from city bond funds, the North Central Texas Council of Government and private sources (Figure 1).



Figure 1. RENDERING OF THE STRAND ENTRANCE PLAZA

The number of Design District art galleries has steadily increased over the last six years, especially along Dragon Street. Currently, thirteen members of the Dallas Art Dealers Association (DADA) are located in the District, the greatest concentration in Dallas. Proximity to other galleries and boutiques helps to create an emerging "arts cluster."

Complementing the growth of the studio arts are the newest residential projects. By fall 2009, the Design District will have more than a thousand new apartments and over three hundred showrooms and retail shops. The District offers enough existing buildings and vacant land to allow developers to market to varying demographic and income levels. The District is an affordable option for in-town living.

The current taxable value of the District is \$235 million, which represents a 65.7 percent increase since 2005. New construction, increased transactions and appreciating property values have combined to raise the area's overall value. Development work this year is anticipated to attract an additional \$40 million in investment as the region continues to grow. The Design District is already one of the top spots for artistic, financial and aesthetic value in DFW and will likely become a major regional economic hub as it continues to prosper.

—By Chris Bartels

Center City News

- The renovation of Union Station was unveiled on November 20 (Council District 2). The \$23 million project allows the former rail station to be marketed as a unique facility for special events. The renovation preserves the essence of the original while creating space for a new functional purpose. Wolfgang Puck Catering and the Hyatt Regency Dallas will operate the event space. SOURCE: DALLAS MORNING NEWS, NOVEMBER 21, 2008.

Real Estate News

- Houston developer Randall Davis Co. plans to build a new nine-story condominium tower named Terranova in Preston Center (Council District 13). The Mediterranean-inspired building will be the first residential high-rise built in the area in more than a decade. Construction is expected to begin in the summer of 2009 and to take more than 18 months to complete. The developer believes the location will be attractive to empty nesters. Units will range from 1,400 to 4,400 square feet. SOURCE: DALLAS MORNING NEWS, OCTOBER 30, 2008.
- Dallas-based developer Eastern Partners plans to build a new mixed-used project dubbed The Shops at Lovers Lane on the site of the Signature Pointe apartments at Lovers Lane and Matilda Street (Council District 14). The Shops will have 65,000 square feet of retail and 23 townhomes ranging from \$300,000 to \$400,000. Eastern Partners reports that pre-leasing of the \$30 million project's retail space has been strong. Construction is expected to be complete by the end of 2009. SOURCE: DALLAS BUSINESS JOURNAL, OCTOBER 31, 2008.
- Valencia Capital Management has announced plans for MidtownPark, just east of North Central Expressway around Presbyterian Hospital (Council District 13). Valencia is the master developer for the 83-acre, mixed-use, redevelopment project. Valencia demolished over 2,000 aging apartment units on the land and is making infrastructure improvements such as new water, sewer and drainage systems. The City of Dallas invested \$10.3 million in bond money for infrastructure and the rest is funded by institutional investors. Zoning at MidtownPark allows up to 3,800 residential units, 930,000 square feet of office space, much of which will be medical, and 90,000 square feet of retail. The developer also envisions high-rise condos, senior living and an extended-stay hotel. Vertical development could begin in late 2009. SOURCE: DALLAS BUSINESS JOURNAL, NOVEMBER 7, 2008.

Southern Dallas News

- The Bishop Arts District has a new bookstore and coffee shop (Council District 1). Gainesville, Texas-based Dichos sells a variety of books, with special attention on children's literature. The store also sells gift items and cakes, cookies and pastries. The owners plan to hold book signings and host book clubs at the store. SOURCE: OAK CLIFF PEOPLE, OCTOBER 31, 2008.
- The owners of Belmont Hotel have teamed with Bunkhouse Management to initiate a second round of renovations (Council District 6). The 1946 hotel opened in December 2005 after renovations, and it has become a popular community spot. The upcoming renovation will focus on the lobby and bar area, along with a redesign of the hotel rooms, pool and café. Community members hope that the renovated hotel and the 34 single family homes that the owner is constructing next door will spark a revitalization of the West Commerce/Fort Worth Avenue corridor. SOURCE: DALLAS BUSINESS JOURNAL, NOVEMBER 14, 2008.
- Marshalls has opened a store in the three-year-old Sierra Vista Plaza shopping center on Illinois Avenue (Council District 1). The low-price clothing retailer is expected to draw additional shoppers to Sierra Vista, which received incentives from the Dallas City Council as part of the Southern Dallas Retail Strategy (See August 2006 *D Economy*). Marshalls employs about 75 full- and part-time workers. SOURCE: OAK CLIFF PEOPLE, NOVEMBER 21, 2008 AND OFFICE OF ECONOMIC DEVELOPMENT.
- Methodist Charlton Medical Center held a topping out ceremony on November 26 to celebrate the placement of the last beam at the top of the new patient care tower. The 8-story, 72-bed tower will have larger patient rooms, enhanced technology, an inpatient surgery suite and a non-interventional cardiac center. The patient tower is part of a \$116 million expansion of the hospital located at 3500 W. Wheatland Road (Council District 8). SOURCE: OAK CLIFF TRIBUNE, NOVEMBER 26, 2008.

Business News

- A new environmentally-focused real estate firm has opened in Dallas. Enpact Group, located at 1212 Dolton Drive (Council District 2), will provide architectural, general contracting and development services for projects within Interstate 635. The firm will build sustainable, energy-efficient offices and affordable homes. Enpact believes that the Dallas market is ready for its approach, which not only considers the profitability of a project, but also its environmental and social impact. SOURCE: DALLAS BUSINESS JOURNAL, NOVEMBER 7, 2008.

Employment

The unemployment rates for the City of Dallas, metropolitan statistical area (MSA), state and U.S. all grew from September to October. At the national level, the growth was 0.1 percentage points, from 6.0 percent to 6.1 percent. This is opposite of the 0.1 percentage point decrease in unemployment in September. Each of the other regions, the city of Dallas, the MSA and the state, grew by 0.2 percentage points (Table 1).

After decreasing for two consecutive months, the Dallas labor force increased by 0.6 percent in October. The number of persons unemployed also increased. There was a 3.5 percent increase in unemployed persons from September to October (Table 2).

The unemployment rate in the city continued to either beat or match the national unemployment rate for the ninth consecutive month. The city outperformed the nation by a 0.1 percentage point positive gap in October. A positive gap means that the city's rate is lower than the nation's (Figure 2).

The number of persons employed and living in the city is 570,063 for October (Figure 3). Following the dip in September, this figure returns employment levels above 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) experienced an increase for the month of October. Initial Office of Economic Development estimates show that payroll employment increased by 4.47 percent annualized in October to approximately 1.090 million, which follows August's revised total of about 1.086 million. The government sector led the way, adding 3,003 jobs. Conversely, Natural resources, Mining, and Construction had the largest reduction in jobs at 1,371.

Table 1.
ANNUAL UNEMPLOYMENT RATES

	2008 Oct	2008 Sept	Point Change
City of Dallas	6.0	5.8	0.2
DFW MSA	5.5	5.3	0.2
Texas	5.4	5.2	0.2
U.S.	6.1	6.0	0.1
Largest U.S. Cities Avg.*		7.5	

Table 2.
CITY OF DALLAS LABOR FORCE (PERSONS)

	Unem- ployed	Labor Force
2008 Oct	36,164	606,227
2008 Sept	34,947	602,868
Change	1,217	3,359
% Change	3.5	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, PHOENIX, PHILADELPHIA, SAN ANTONIO, SAN DIEGO, SAN JOSE AND DETROIT.

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

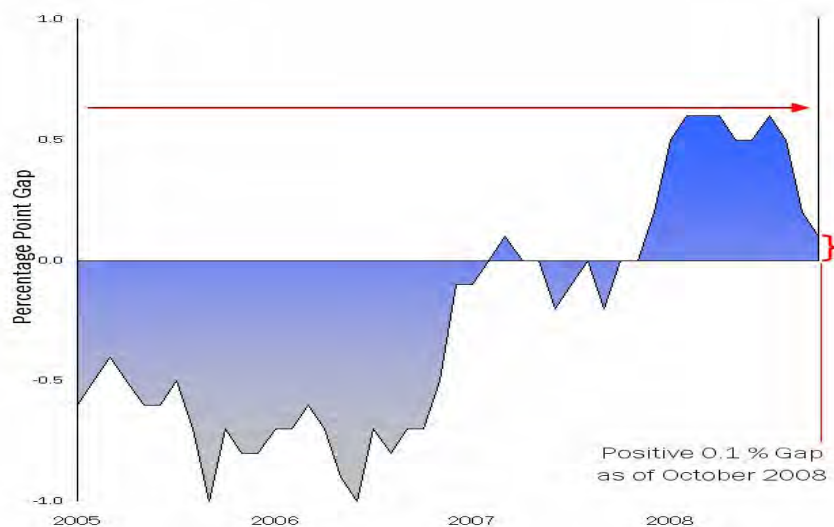
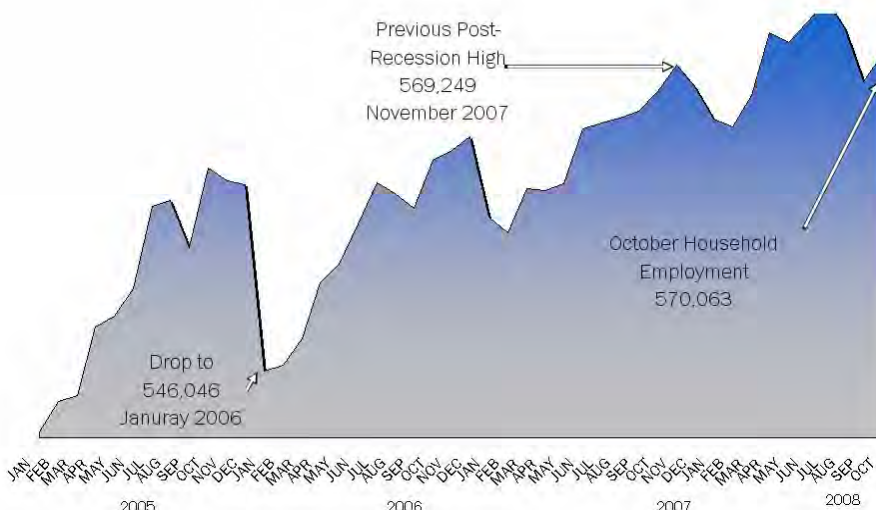


Figure 3.
CITY OF DALLAS EMPLOYMENT



DALLAS IS #1 IN FASTEST GROWING PRIVATE COMPANIES

The *Dallas Business Journal* recently published its Dallas One Hundred list for 2008, a ranking of the fastest growing private companies in North Texas. Forty percent of the companies are located in Dallas. The next highest representation belongs to Richardson, with 10 companies.

Rank	Company	Product
2	Stream Energy	Residential Energy Provider
3	Consolidated American Services	Residential Real Estate Services
5	Generational Wealth and Equity	Mergers and acquisitions
6	Pinnacle Technical Resources Inc.	IT services and solutions
10	SB International Inc.	Steel trading
13	American Fuel Distributors LP	Fuel distributors
14	E-Rewards Inc.	Online market research
15	Continental Cabinets Inc.	Kitchen and bath cabinet manufacturing
17	Haley-Greer Inc.	Curtain wall, glass/glazing contractor
24	Dodson Construction LLC	General contracting and construction
26	Xenosoft Technologies Inc.	Document processing services
29	Management Information Services	Diversified technology service provider
30	Chandler Signs LP	Manufacturing, installation, service of signage
31	On-Target Supplies & Logistics Ltd.	Logistics services
32	Chacon Autos Ltd.	Motor vehicle sales
34	Pariveda Solutions Inc.	IT consulting
35	ISNetwork	Online contractor for regulatory compliance
36	King Architectural Metals Inc.	Architectural metals and steel service center
38	Epic MedStaff Services Inc.	Health care services
41	One Technologies LP	Internet marketing
43	DFW Grating Inc.	Railroad and industrial grating fabrication
46	Wilson Associates	Interior design
49	Williams Financial Group Inc.	Commercial real estate
50	Colo4Dallas LP	Colocation
52	Capital Title of Dallas LLC	Title insurance
59	Frontline Resource Group Inc.	Employment agency
63	Trinity Consultants Inc.	Environmental consulting
64	Anthony Travel Inc.	Travel services
69	Credera	Business and technology consulting
72	United Mechanical Inc.	Plumbing and HVAC
73	Texas Institute for Surgery LLP	Surgical specialty hospital
75	Telligent Systems Inc.	Server and software services
81	The Retail Connection LP	Brokerage and investment services
83	Right Staff Inc.	Temporary and permanent staffing
85	Dallas Yellow Cab Co.	Transportation
90	Lumenate	Technical consulting
91	Truco Enterprises LP	Wholesale snack food distribution
94	Corgan Associates Inc.	Architecture firm
95	Texas Wholesale	Distributors for convenience store items
100	Conchemco Ltd.	Distribution of petrochemicals