

## A MONTHLY BRIEFING

In this issue of *D Economy* read about the Dallas companies named as the fastest growing in the country (page 2) and about the city's unemployment picture (page 3). Also, learn about a new way of thinking about Texas' biggest cities, including Dallas (page 4).

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### Convention Center Hotel to Transform a Promising Part of Downtown

The City of Dallas is building a new convention center hotel on six acres along Young Street just north of the convention center (Figure 1). Dallas is the only major Texas city to not have a convention center hotel, and until recently it was the only top convention center destination to not already have one or to have plans for one underway.

With the ninth largest convention center in the nation for prime exhibit space, Dallas should be a top contender for most large conventions. But without an attached hotel, meeting planners tend to look elsewhere. In fact, meeting planners said in a 2006 survey that a convention center hotel within a five minute walk of the center is an absolute must when they book their meetings. From 2003 to 2007, the city lost 68 meetings due to the lack of a convention center hotel and destination appeal.

Omni Hotels will operate the convention center hotel. The hotel will have 1,000 rooms with about 80,000 square feet of meeting space, including senior and junior ballrooms. There will also be an underground garage with 720 parking spaces. Groundbreaking was held on September 15, 2009.

Another two-acres of land that the city bought surrounding the hotel site will be reserved for ancillary and complementary development, such as restaurants, retail and entertainment.

The city is issuing \$479.8 million in revenue bonds for the construction of the hotel at an interest rate of 4.69 percent. The sale included a combination of taxable, tax-exempt, capital appreciation and Build America Bonds. Both the issuance total and interest rate came below the city council's cap of \$514 million in bonds and 5.5 percent interest rate.



Figure 1. Conceptual Rendering of New Omni Dallas Convention

The Dallas Convention and Visitors Bureau reports that due to the city's progress on building the new hotel, it has received commitments for meetings totaling 400,000 room nights in the new hotel, with more expected in the coming months.

The convention center location is one of three "anchors" that the city has identified as particularly important for revitalizing downtown. Investing in the convention center area is expected to attract new development and to enhance the visitor experience.

The city's studies have found that when the convention center comes online, in early 2012, the travel and tourism industry and meeting events should be recovering from today's recession. With this fortuitous timing and the hoped-for ancillary development around the hotel, the southeast corner of downtown will be a lively place to be.

-Sonya Smith

## Business News

- Inc. Magazine has named eight Dallas businesses to its Inc. 500 list, which is a ranking of the country's fastest growing companies in terms of revenue. Another five companies on the list hail from North Texas. Dallas-based advertising and marketing firm One Technologies is the highest-ranking of the thirteen, landing the number eight spot (Council District 13). Other Dallas companies and their rankings include Improving Enterprises at number 120 (Council District 11), Stream Energy (Council District 2) at number 198, Medigain at number 269 (Council District 14), AJ Riggins at number 366 (Council District 14), Ovation Health & Life Services at number 371 (Council District 12), Xenosoft Technologies at number 451 (Council District 12), and H&H Steel Fabricators at number 466 (Council District 11). SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 13, 2009.
- A new University Co-op store has opened across from NorthPark Center on Northwest Highway (Council District 13). The University Co-op sells University of Texas at Austin college merchandise. The store is a not-for-profit corporation owned by the students, faculty and staff of UT-Austin. In addition to Austin and now Dallas, the University Co-op also has stores in Houston and San Antonio. SOURCE: DALLAS MORNING NEWS, AUGUST 16, 2009.
- Pinkberry, a frozen yogurt chain that also has stores in New York and California, has announced plans to open its first Texas store at the Preston Royal Village shopping center in north Dallas in November (Council District 11). The store will employ about 20 workers. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 20, 2009.

## Southern Dallas News

- USA Pallet & Logistics will be leasing over 200,000 square feet for a new headquarters and manufacturing facility at 2829 Sea Harbor Rd. (Council District 6). The company, which manufactures and repairs pallets, is more than doubling its current space in the move. SOURCE: GLOBEST.COM, JULY 28, 2009.
- Energy Parametrics Communications Inc. has moved its corporate headquarters from Richardson to Dallas at 3407 W. Davis Street (Council District 3). The company is leasing 20,000 square feet and will also open a data center at the site. The power management firm, which improves energy infrastructure in an environmentally friendly way, currently employs 15 and plans to hire between 30 to 75 new employees in the next year. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 26, 2009.

## Real Estate News

- Parkland Health and Hospital System will lease almost 70,000 square feet of space in the office building at 8435 Stemmons Freeway (Council District 6). Employees from three buildings currently on the site of Parkland's new hospital campus will be housed in the new offices during the construction. Work on the \$1.27 billion hospital complex is set to begin next year, with completion scheduled for 2014. SOURCE: DALLAS MORNING NEWS, AUGUST 6, 2009.
- West Star Aviation, Inc. has almost finalized its expansion and facilities consolidation at Dallas Love Field (Council District 14). West Star Aviation performs airframe and engine repair and maintenance and other services. The company is renovating its 50,000 square foot facility on Lemmon Street. SOURCE: AIRCRAFT MAINTENANCE TECHNOLOGY ONLINE, AUGUST 7, 2009.
- Speed FC has doubled its space at the Northgate Distribution Center located at 10300 Sanden, expanding to 535,000 square feet to take over the entirety of Building 18 (Council District 10). Speed FC is a third party logistics provider. Some of the expansion will be used for a call center and web-development services. Northgate Distribution Center Building 18 was completed in January 2008. SOURCE:

## Center City News

- Houston-based Perry's Restaurants has announced plans to open a new steakhouse in Dallas at 2000 McKinney Avenue, near the Ritz Carlton Hotel and the planned Woodall Rodgers Park (Council District 14). The restaurant will seat 350. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 5, 2009.
- Orthopedic Associates of Dallas LLP has leased just over 22,000 square feet at the Baylor Medical Pavilion at 3900 Junius Street (Council District 2). The medical office building was constructed in 2007. SOURCE: COSTAR.COM, AUGUST 12, 2009.
- Downtown's Sheraton Dallas is beginning to wrap up its \$90 million renovation project that began in December 2008 (Council District 14). The Sheraton, which is Texas' largest hotel in terms of room count, is adding a frozen yogurt bar, a coffee and tea space and a 4,000 square-foot sports lounge. Remaining is a \$12 million renovation of the hotel's 310,000 square feet of conference space. Sheraton officials believe the timing of the renovations will benefit the hotel because they will be completed just as the economy is improving. The hotel employs about 700 people. SOURCE: DALLAS BUSINESS JOURNAL, AUGUST 21, 2009.

# Employment

The unemployment rate in the City of Dallas continues to grow. In July 2009 the rate reached 8.5 percent. This increase represents a 0.2 percentage point growth over the previous month. Like the city, the state experienced a 0.2 percentage point growth in July, reaching an unemployment rate of 8.2 percent. The MSA unemployment grew from 8.2 percent to 8.3 percent. The nation remained constant at 9.7 percent. (Table 1).

Both the number of persons unemployed and the labor force increased in July 2009. The number of unemployed persons in the city grew by 2,133 or 4.3 percent, while the labor force increased by 8,334 persons or 1.4 percent. (Table 2).

The city outperformed the nation's unemployment rate by a 1.2 percentage point positive gap in July (Figure 2). This is the nineteenth consecutive month Dallas has either matched or beat the national rate.

The number of Dallas residents employed in July was 556,961 (Figure 3). This number, for the fourth successive month since April 2009, continues to be higher than the January 2006 drop to 546,046, but remains below the July 2008 peak value of 574,118.

The number of jobs within the Dallas city limits increased marginally. Initial Office of Economic Development estimates show payroll employment has increased to over 1.061 million in July, following June's revised total of approximately 1.060 million. Educational and Health Services experienced the largest job growth (1,510 jobs) for the second straight month, while the Government sector had the largest decrease in jobs at 2,602.

-Moses Pologne

**Table 1.**  
**ANNUAL UNEMPLOYMENT RATES**

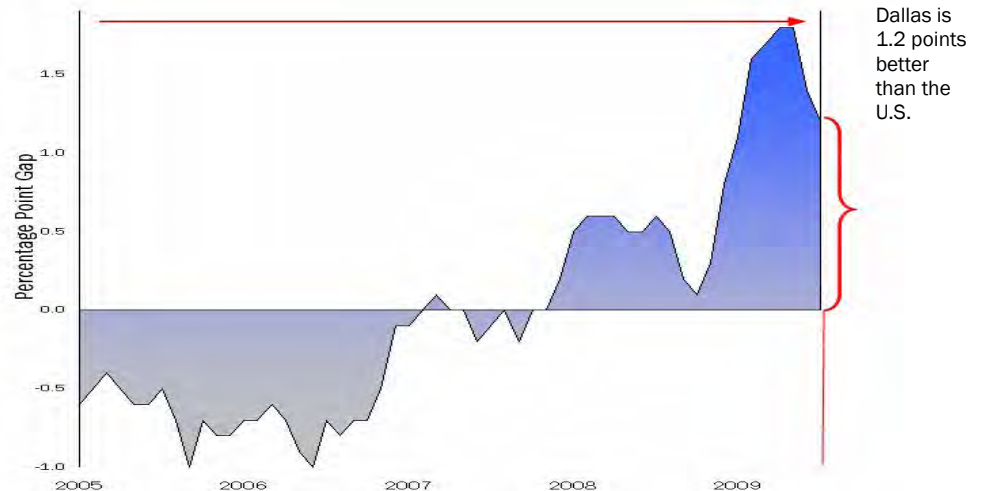
	2009 Jul	2009 Jun	Point Change
City of Dallas	8.5	8.3	0.2
DFW MSA	8.3	8.2	0.1
Texas	8.2	8.0	0.2
U.S.	9.7	9.7	0.0
Largest U.S. Cities Avg.*		12.2	

**Table 2.**  
**CITY OF DALLAS LABOR FORCE (PERSONS)**

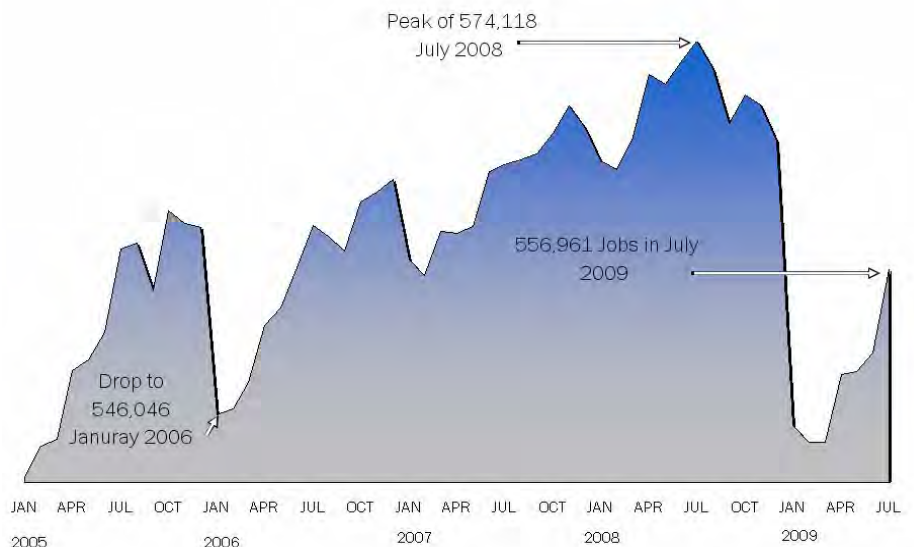
	Unem- ployed	Labor Force
2009 Jul	51,748	608,709
2009 Jun	49,615	600,375
Change	2,133	8,334
% Change	4.3	1.4

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**



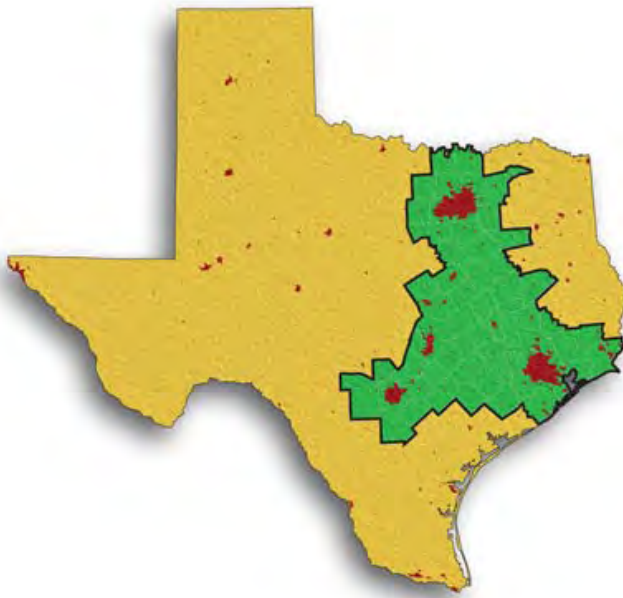
**Figure 3.**  
**CITY OF DALLAS EMPLOYMENT**



## NEW REPORT ADVOCATES FOR GREATER INTEGRATION OF DALLAS, AUSTIN, HOUSTON AND SAN ANTONIO

The Center for Sustainable Development at the University of Texas at Austin's School of Architecture recently published a new report, "Reinventing the Texas Triangle," subtitled "Solutions for Growing Challenges." This report examines the megaregion called the Texas Triangle, which contains Dallas, Fort Worth, Austin, San Antonio and Houston, and all of the areas in between (Figure 4).

A megaregion is made up of at least two large metropolitan areas with interdependent ecologies, similar economies and a multimodal transportation infrastructure. The authors advocate using megaregions as a new geographic unit for planning to offer "provocative and visionary answers to growing problems such as congestion, development disparity and air pollution that are facing individual metropolitan areas or cities but are unlikely to be solved by each individually."



**Figure 4.**  
**The Texas Triangle Megaregion**

The Texas Triangle is one of 11 national megaregions. It contains 66 counties and four metropolitan statistical areas (MSAs). Its population in 2000 was 14.7 million, or 70.3 percent of the state's entire population, although it only counts for 21.4 percent of the state's land area.

The report finds that the five primary cities in the Texas Triangle have grown to be complementary to each other, each with its own strengths. Dallas is a land transportation hub and plays a leading role in the petroleum, telecommunications, computer technology, banking and transportation industries. San Antonio has a military-dependent economy but is also one of the top tourist attractions in the U.S. Houston has the nation's second largest deepwater port and is a world energy capital. Fort Worth also has a military/defense industry along with a manufacturing base. Austin's economy has historically been dominated by government and higher education, but in recent decades has also become a center for computer technology as well as television, film and music.

The Texas Triangle is expected to grow by ten million people in the next 40 years. This growth brings challenges,

namely in natural resources (land and water), in responding to the needs of a more diverse and international population, and in mobility. One advantage of the Texas Triangle is that it is contained entirely within a single state, which means that regional policymaking may be easier to implement than if the megaregion crossed state boundaries, as is the case in several of the nation's other megaregions.

The report advocates a regional planning approach in the Texas Triangle, one that first develops a vision for the region's future. All of the metro areas in the Texas Triangle have their own planning organizations working in isolation, but an effort to create an overarching group for the entire area is needed. The authors say that the Texas Triangle needs strategies to define areas of preferred growth to reduce sprawl, to create a new transportation network for intercity travel, to improve global economic competitiveness, and to conserve natural resources. These strategies are all interconnected and must be addressed to face the challenges ahead.

The full report can be found at [http://soa.utexas.edu/files/csd/UTSoA\\_TexasTriangle\\_Final.pdf](http://soa.utexas.edu/files/csd/UTSoA_TexasTriangle_Final.pdf).

-Sonya Smith