

D

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Economy

A MONTHLY BRIEFING

In this issue of *D Economy*, read about the Dallas campus of the University of North Texas reaching an important milestone (page 2). Also, learn about the effect that the national recession is having on Dallas' employment situation (page 3). On page 4, see a map of businesses and employers around the city's DART stations.

PARTNERSHIP WILL CREATE ACTION PLANS FOR DISTRESSED NEIGHBORHOODS

The Dallas City Council recently approved an unusual arrangement that will result in professionally prepared action plans for projects in four of the city's priority areas for development: 1) Lancaster Corridor, 2) the MLK Station in Fair Park, 3) Frazier Courts, also in Fair Park, and 4) the Five Points region (at the intersection of Park, Fair Oaks and Ridgecrest) (Figure 1). The innovative partnership brings together the city, the Real Estate Council (TREC) and St. Louis-based developer McCormack Baron Salazar (MBS).

TREC has donated \$275,000 to acquire MBS' services, and MBS will also donate in-kind services worth \$275,000. Private donors are providing up to \$200,000, for a total project cost of \$750,000.

All four of the neighborhoods suffer from neglect and will benefit from redevelopment. Possible ideas include improved connection to public transit, support for retail expansion, middle-income housing, new office space and expanded public meeting spaces.

MBS will provide a site survey and a management plan for a potential project in each area. They will analyze current market conditions and provide tailored development strategies, including financial analysis. Upon completion, which is expected by October 2009, TREC will donate the plans to the city for public use.

TREC is a non-profit organization that supports economic development, community housing and neighborhood revitalization efforts. Created in 1990, it has donated more than \$6.5 million and provided more than \$75 million in donated services. The foundation sponsors

several programs to provide technical and financial assistance, and its members have performed over 20,000 hours of volunteer time for North Texas residents.

MBS is one of the largest real estate developers specializing in economically integrated neighborhoods in the United States. Since 1973, MBS has sponsored 124 projects in 33 cities and has built more than 13,895 housing units. MBS rebuilds the infrastructure of distressed urban communities by partnering with local residents, municipalities, neighborhood groups and institutional stakeholders to promote

healthy, self-sustaining regions.

The partnership between the city, TREC and MBS will complement the Southern Dallas Task Force, as it will provide an action plan for project implementation in some promising but difficult areas of the city. Ultimately, the partnership should benefit not only the residents of the four neighborhoods, but also the entire city, as increased economic vitality is a goal for all of Dallas.



Figure 1. Focus Areas for the MBS Action Plans

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Center City News

- Uptown is a high-performing real estate submarket in Dallas, even with the national and local economic slowdown. Under-construction residences include the Ritz-Carlton condo tower, which will open in June and is already almost two-thirds purchased. Recently completed buildings include the Glass House, which will start leasing soon, Cirque, which is half leased, and 1900 McKinney, which is about 20 percent leased. Three new recently opened office buildings are Rosewood Court, 2000 McKinney and One Victory Park. The new buildings added in 2008 are more than 70 percent leased. Saint Ann Court is scheduled to deliver by this fall, and it is already 71 percent pre-leased. After Saint Ann Court, the next new office building, 17 Seventeen McKinney, won't open until 2010. SOURCE: DALLAS MORNING NEWS, FEBRUARY 20, 2009.

Southern Dallas News

- This spring semester, the University of North Texas campus in Dallas reached the 1,000 full-time student equivalent threshold it needs to become a free-standing university (Council District 8). With 1,032 students, it can become independent of the campus in Denton and grant its own degrees. The school expects the move to occur in 2010. SOURCE: DALLAS MORNING NEWS, FEBRUARY 3, 2009.
- Oncor Electric Delivery Company purchased 9.3 acres in the Dallas Logistics Hub from developer Allen Group. Starting in May, Oncor will build a new electric substation on the site, which will serve the future needs of the Logistics Hub. At build-out, the Logistics Hub will have more than 60 million square feet of industrial space. SOURCE: DALLAS MORNING NEWS, FEBRUARY 19, 2009.
- Stephanie Gonzalez recently opened a day spa, Skin & Body Solutions, at 307 Bishop Avenue (Council District 1). She hopes to expand the Oak Cliff location and to also expand her business in other locations in the Dallas area. SOURCE: OAK CLIFF TRIBUNE, FEBRUARY 20, 2009.

Real Estate News

- The site of the former Arcadia Theater on Lower Greenville will soon be home to a new, 32,000-square foot retail and office building (Council District 2). Owner Madison Partners plans to begin constructing the up-to-\$6 million building this spring. It will have retail and restaurant space on the ground floor and office space above. The building will have a sod roof, shade awnings, dual photovoltaic panels and vines for shading. SOURCE: DALLAS MORNING NEWS, FEBRUARY 1, 2009.
- Developer Crossland Group has announced that the first phase of its mixed-use project southwest of Cedar Springs Road and Douglas Avenue, Ilume, will open in July (Council District 2). The rest of the five-story project should open by the end of the year. SOURCE: DALLAS VOICE, FEBRUARY 2, 2009.
- A new Ronald McDonald House is under construction at 4707 Bengal Street, near the campuses of both the Children's Medical Center Dallas and the Texas Scottish Rite Hospital for Children (Council District 2). The home will provide 54 bedrooms and six rooms for families with children receiving bone marrow and organ transplants. The \$24.1 million project is expected to be complete in December 2009. SOURCE: DALLAS MORNING NEWS, FEBRUARY 5, 2009.

Business News

- Looney Ricks Kiss Architects is creating a Sustainable Multifamily Renovation Group in its Dallas office (Council District 14). The group will focus on making clients' existing apartments more energy-efficient. SOURCE: DALLAS MORNING NEWS, FEBRUARY 27, 2009.
- The new Whole Foods Market in Lakewood opened in February, replacing an older and much smaller store on Lower Greenville. The new store is twice the size and is in the location of a former Minyard Food Store at Abrams Road and Gaston Avenue (Council District 14). The store carries specialty cheeses and beers and gluten-free and organic products. It has a 12-foot long dairy case, and butchers can print recipes on computerized scales to go along with customers' meat selections. SOURCE: DALLAS MORNING NEWS, FEBRUARY 28, 2009.

Employment

The City of Dallas and the state experienced increases in the unemployment rate of 1.1 percentage points for January 2009. The city's rate grew from 6.3 percent to 7.4 percent, while the state grew from 5.7 percent to 6.8 percent. The metropolitan statistical area (MSA) increased by slightly more, growing by 1.2 percentage points to 7.1. The nation's unemployment rate continued to grow faster than Texas and the Dallas area, increasing by 1.4 percentage points (Table 1).

The number of persons unemployed in Dallas continued to increase, while the labor force shrank slightly. The number unemployed grew 5,966, a 15.8 percent increase. The labor force decreased by 3,201, or 0.5 percent (Table 2).

The unemployment rate in the city continued to beat or match the national unemployment rate for the twelfth consecutive month. The city outperformed the nation by a 1.1 percentage point positive gap in January (Figure 2).

For the month of January 2009, the number of employed city residents (household employment) was 544,824 (Figure 3). This number is lower than the July 2008 post-recession high value of 574,118.

Dallas payroll employment (jobs in Dallas that could also be held by non-residents) declined for the month of January. Initial Office of Economic Development estimates show that payroll employment had a sharp decrease in January to approximately 1.060 million, which follows December's revised total of over 1.084 million. The industry sector that experienced the largest job growth was Professional and Business Services (5,795 jobs), while Natural Resources, Mining and Construction had the largest decrease in jobs with a total of 3,572.

Table 1.
ANNUAL UNEMPLOYMENT RATES

	2009 Jan	2008 Dec	Point Change
City of Dallas	7.4	6.3	1.1
DFW MSA	7.1	5.9	1.2
Texas	6.8	5.7	1.1
U.S.	8.5	7.1	1.4
Largest U.S. Cities Avg.*		9.1	

Table 2.
CITY OF DALLAS LABOR FORCE (PERSONS)

	Unem- ployed	Labor Force
2008 Jan	43,828	588,485
2008 Dec	37,862	591,686
Change	5,966	-3,201
% Change	15.8	-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

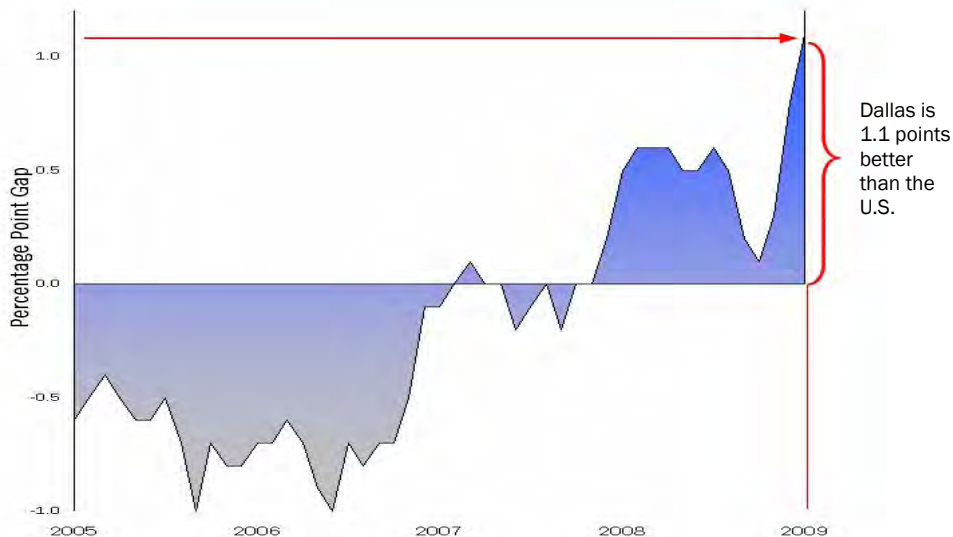
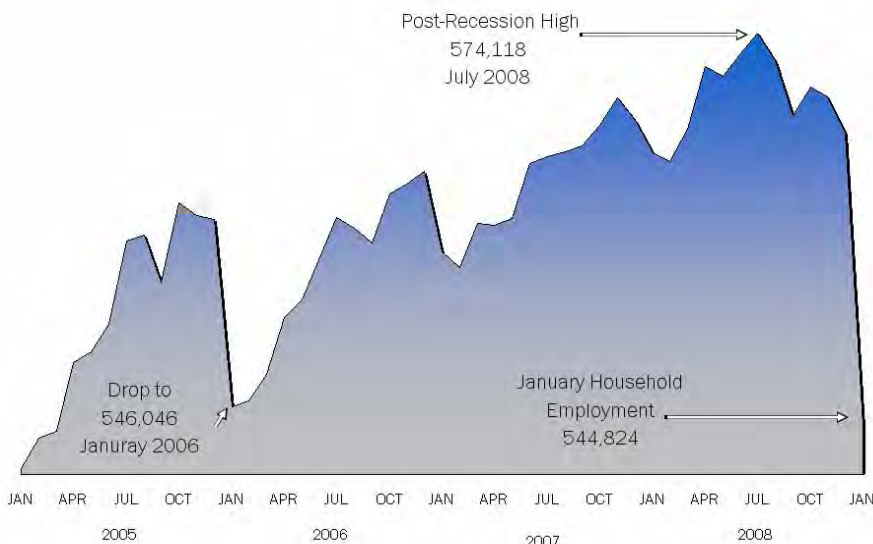


Figure 3.
CITY OF DALLAS EMPLOYMENT



EMPLOYMENT AROUND DART STATIONS

As DART prepares to open the Green Line, starting this fall, more and more Dallas residents will be able to leave their cars behind to get to their jobs. Tables 3 and 4 below show the concentration of jobs within a quarter-mile and a half-mile of Dallas DART stations. Each dot near a rail station represents one business establishment.

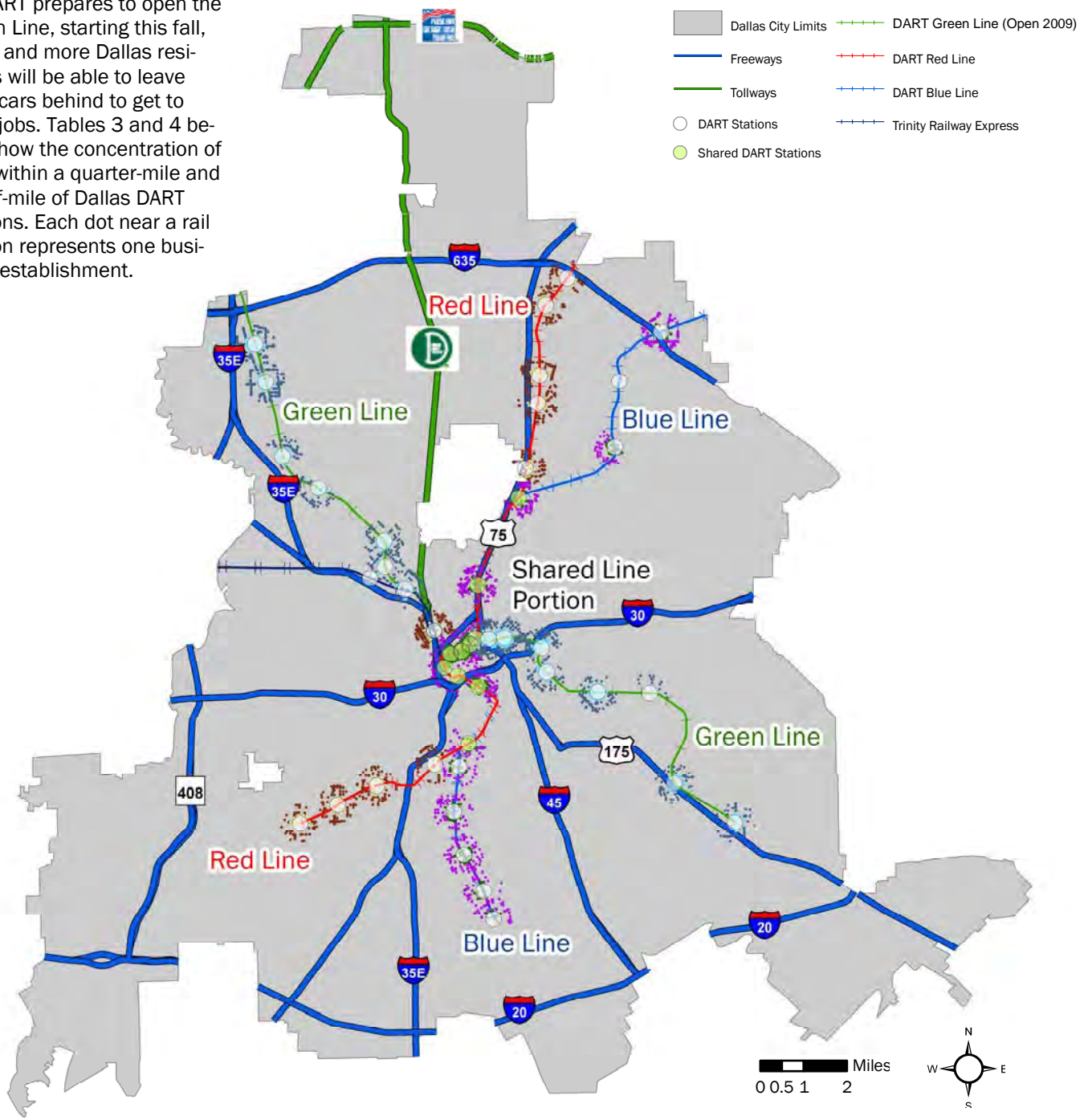


Table 3 **1/4 Mile Radius Around DART Stations**

	Blue	Red	Green	Shared	All
Businesses	288	1,286	1,237	3,671	6,482
Employees	5,164	13,697	9,121	68,252	96,234

Table 4 **1/2 Mile Radius Around DART Stations**

	Blue	Red	Green	Shared	All
Businesses	1,087	3,551	5,381	5,344	15,363
Employees	9,889	33,928	67,692	86,508	198,017

Source: City of Dallas and Dun & Bradstreet, 2009.