

In this issue of *D Economy* read about the first stores to open in the massive Park Lane Place development (page 2) and about the drop in unemployment in the City of Dallas (page 3). Also, learn about the Dallas winners in the *Dallas Business Journal's* Best Real Estate Deals of the Year Awards (page 4).

### Inside This Issue:

NEWS SHORTS	2
DALLAS EMPLOYMENT	3
BEST REAL ESTATE DEALS OF THE YEAR	4



City of Dallas

OFFICE OF ECONOMIC DEVELOPMENT

## Arts District to Get New Office Tower

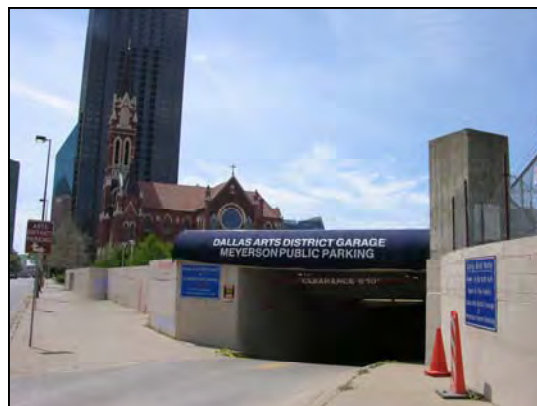
The City of Dallas and Hall Financial Group have agreed on a plan to develop a commercial tower above the Arts District parking garage (Figure 1). With an estimated value exceeding \$120 million, the 450,000 square foot tower will have office space on the higher levels and retail on the ground floor (Figure 2). The garage is located on the northeast corner of Flora and Crockett streets, across from the Meyerson Symphony Center.

The plan gives Hall Financial an option to purchase the city's interest in the garage subject to construction of the tower. Operation and maintenance of the garage will shift from the city to Hall Financial, who will be responsible for all operational costs. Existing agreements between the city and the nearby organizations that use parking spaces in the garage, including the Dallas Symphony and the Cathedral of Guadalupe, will not change.

Upon completion, the project is estimated to yield just over \$3 million annually in property tax revenue for the city. City Council approved financing of up to \$7 million from the Downtown Connection Tax Increment Finance District in support of the project



**Figure 2.**  
Rendering of Arts District Garage Tower.  
Source: Hall Financial Group.



**Figure 1.**  
Existing Arts District Garage

The city anticipates that replacing the unsightly property, derisively nicknamed "Stonehenge," with the new office tower will raise property valuations in the area and will further enhance the attractiveness of the Arts District to potential investors. The tower's proximity to the Winspear Opera House and Wylie Theater (both opening later this year) will benefit arts patrons with more local commercial and retail activity.

-Chris Bartels

## Real Estate News

- New development is transforming the stretch of Lemmon avenue west of the Dallas North Tollway. The first phase of Inland American's Cityville Oak Park development has opened, replacing about six blocks of blighted apartments and commercial buildings. Oak Park has 372 apartments and 18,300 square feet of retail, with more residences on the way. Inland America also began construction last year on a project at Lemmon and Carlisle streets that will have 227 apartments and 8,000 square feet of retail. Pricing in the area is below nearby Uptown and Oak Lawn neighborhoods. SOURCE: DALLAS MORNING NEWS, MARCH 6, 2009.
- The first three stores have opened in the massive Park Lane development— Nordstrom Rack, Dick's Sporting Goods and Lane Bryant/Cacique (Council District 13.) Park Lane, located on the east side of North Central Expressway across from NorthPark Center and near the DART Park Lane Station, will be populated with stores previously found only in the suburbs. Retail will open in phases, with some restaurants opening this summer and some other components, such as a hotel and sports club, not scheduled yet. Park Lane will also have a Whole Foods grocery store. The Heights at Park Lane, a high rise apartment complex, has already opened and is about one-third leased. Park Lane is a 33.5-acre, \$750 M development with 750,000 square feet of office and 700,000 square feet of retail, restaurant and entertainment space. Park Lane is located in the city's Vickery Meadow Tax Increment Financing District. SOURCE: DALLAS MORNING NEWS, MARCH 19, 2009 AND CITY OF DALLAS, OFFICE OF ECONOMIC DEVELOPMENT.
- Cirrus Group has received a \$16.8 M construction loan, which allows the developer to move forward on the hospital it is building on Northhaven Road, west of North Central Expressway (Council District 11). Reliant Rehabilitation Hospital will be 65,000 square feet, and construction is estimated to take 11 months. SOURCE: DALLAS MORNING NEWS, MARCH 31, 2009.

## Center City News

- Dallas caterer Eddie Deen has opened a space called Edison's for private events. Located in downtown at 1724 Cockrell Avenue, Edison's has a 1940s theme and has room for about 400 people (Council District 2). SOURCE: PEGASUSNEWS.COM, MARCH 17, 2009.
- After departing two years ago, the Hard Rock Cafe has announced it will return to Dallas this summer. It will be located in Victory Park, specifically the House, the condo tower that will open soon (Council District 2). The restaurant/concert venue will have 265 seats as well as outdoor seating. SOURCE: DALLAS MORNING NEWS, MARCH 17, 2009.
- Organic and natural food grocery store Newflower Farmers Market, known as Sunflower Farmers Market outside of Texas, opened a new store on Henderson Avenue at the site of a former Carnival store (Council District 2). The East Dallas store is the company's third in Texas. SOURCE: DALLAS MORNING NEWS, MARCH 18, 2009.
- The Tower Residences at The Ritz-Carlton is expected to be completed this summer, earlier than originally expected. The 23-story high rise will have 95 condos, 65 of which have already sold. Between 300 and 400 workers are constructing the tower. SOURCE: PEGASUSNEWS.COM, MARCH 26, 2009.

## Business News

- Dallas-based Syndiant received a \$3.5 M Technology Commercialization Award from the Texas Emerging Technology Fund (Council District 12). Syndiant's technologies will provide a large screen experience for handheld electronics. SOURCE: EARTHTIMES.ORG, MARCH 9, 2009.
- Interstate Batteries Franchise and Development is opening a new training center at 10200 Plano Road (Council District 10). The center hosts All Battery University, which will support franchisees. It will have a custom battery assembly lab and training retail store. SOURCE: PEGASUSNEWS.COM, MARCH 17, 2009.

## Southern Dallas News

- The groundbreaking ceremony for La Reunion Town Center was held on March 26 (Council District 3). La Reunion is a mixed-use project that will have independent senior living, apartments, townhomes and retail. It is in the city's Fort Worth Avenue Tax Increment Financing District. SOURCE: PEGASUSNEWS.COM, MARCH 25, 2009 AND CITY OF DALLAS, OFFICE OF ECONOMIC DEVELOPMENT.
- The Dallas Fire Department has re-opened Station 33 in Oak Cliff on Illinois Avenue (Council District 3). The station, built in 1951, underwent a \$3 M renovation to modernize and expand it. It is now twice as large, and it will be LEED certified. SOURCE: PEGASUSNEWS.COM, MARCH 27, 2009.

# Employment

The unemployment rate for the City of Dallas, the DFW MSA and Texas decreased for the first time since April 2008. The city and the MSA rate decreased by 0.1 percentage points, while Texas decreased by 0.2 percentage points. The city's rate fell from 7.4 percent to 7.3 percent. The MSA and state decreased to 6.9 and 6.6 respectively. The unemployment rate for the nation increased by 0.4 percentage points, from 8.5 percent to 8.9 percent. (Table 1).

The number of unemployed persons in Dallas also decreased for the first time since April 2008. There were 991 fewer unemployed. The labor force continued to decrease, falling 2,615, a -0.4 percent change. (Table 2).

The city outperformed the nation's unemployment rate by a 1.6 percentage point positive gap in February (Figure 2). This is the thirteenth consecutive month Dallas has matched or beat the national rate.

In February, the number of Dallas residents employed was 543,632 (Figure 3). This number continues to be lower than the July 2008 post-recession high value of 574,118.

Jobs in the Dallas city limits declined in February. Initial Office of Economic Development estimates show payroll employment decreased in January to 1.057 million, following December's revised total of approximately 1.060 million. Educational and Health Services experienced the largest job growth (5,795 jobs), while Professional and Business Services had the largest decrease in jobs with a total of 3,572.

Typically a declining unemployment rate along with a declining labor force and payroll employment means some of the unemployed have withdrawn from the job market.

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

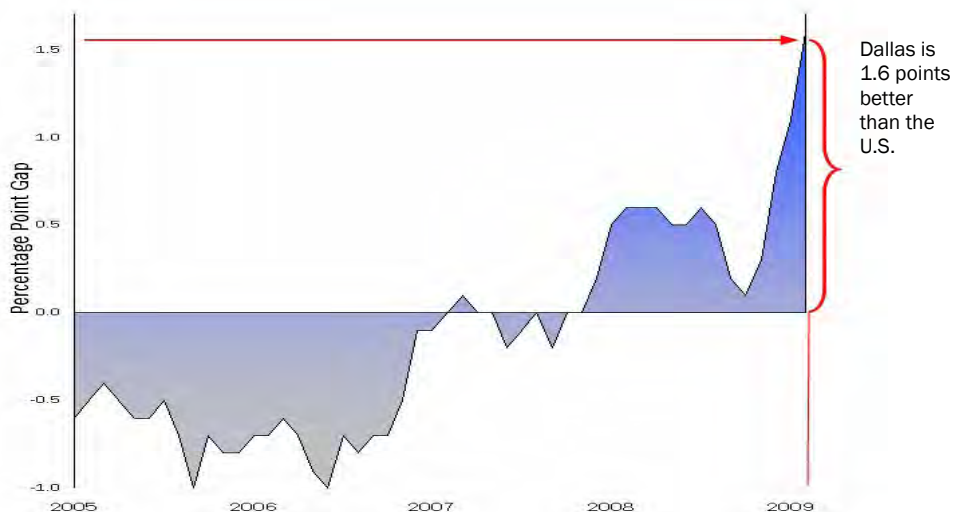
	2009 Feb	2008 Jan	Point Change
City of Dallas	7.3	7.4	-0.1
DFW MSA	6.9	7.0	-0.1
Texas	6.6	6.8	-0.2
U.S.	8.9	8.5	0.4
Largest U.S. Cities Avg.*		10.1	

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

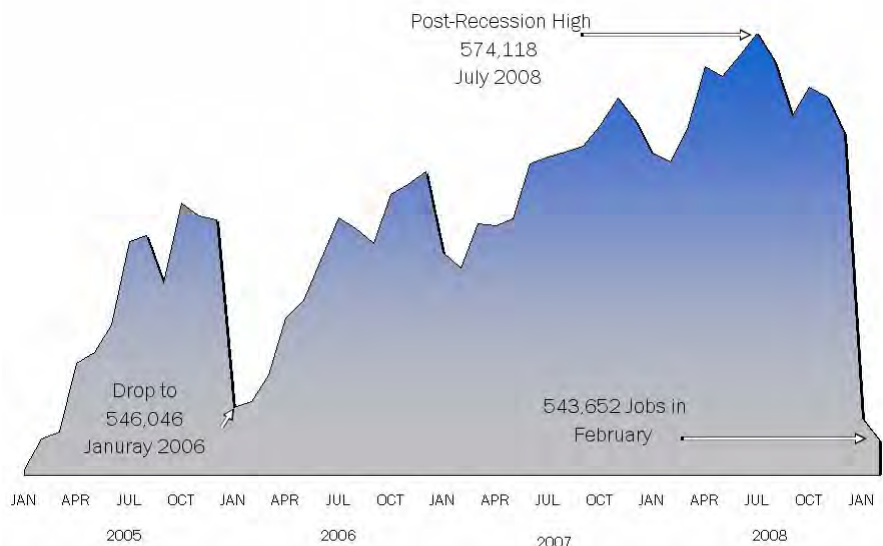
	Unem-ployed	Labor Force
2008 Feb	42,759	586,411
2008 Jan	43,750	589,026
Change	-991	-2,615
% Change	-2.3	-0.4

**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.**  
**JOBS HELD BY DALLAS RESIDENTS**

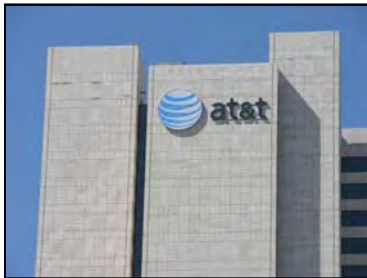


-Moses Pologne

## DALLAS RECOGNIZED FOR 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 North Texas. These prestigious awards in numerous categories honor the dealmakers, developers and cities that land the deals.

The City of Dallas had the strongest presence in the 2008 awards. Dallas won 9 out of the 19 awards, including the Jerry Fufts Memorial Award also known as the Best Real Estate Deal of the Year. This is Dallas' second year in a row to win Best Real Estate Deal. Dallas accounted for 30 percent of all projects awarded with 17 deals recognized. Dallas also accounted for 11 percent of the largest metroplex industrial leases and 22 percent of the largest office leases for the metroplex in 2008.



**Figure 4.**  
AT&T Dallas Headquarters

Dallas received the Jerry Fufts Memorial Award for securing the relocation of AT&T corporate headquarters from San Antonio to downtown Dallas. This relocation also won Best Headquarters or Corporate Campus Move (Figure 4). This move brings in 700 high-paying jobs and national and international prestige by adding to the vital mass of corporate headquarters in North Texas. The move of AT&T's executives into a 37-floor, 1.2 M sq. ft. building is an impressive deal that will continue to improve the ongoing revitalization of downtown Dallas.

The City of Dallas won Best Industrial Deal in an Existing Place for Niagara Bottling LLC's acquisition of a 441,000 sq. ft. building on 23 acres of land in the Mountain Creek Business



**Figure 5.**  
Niagara Bottling LLC

Park (Figure 5). This deal brought over 200 jobs to an underserved area of Dallas. Niagara has reached out to the community by providing water for relief efforts in Texas and getting involved with local North Texas charities.

Midtown Park is Dallas' winning Best New Mixed-Use Development. Located next to Presbyterian Hospital of Dallas, Midtown Park will include 3,800 residences, 90,000 sq. ft. of retail, 930,000 sq. ft. of office space, and a hotel. The 83-acre development is estimated to be worth \$800 M. Midtown Park is replacing thousands of blighted apartments on Central Expressway's east side.

Dallas also won the award for Best Multifamily Residential for Alexan Communities' three new projects: Alexan City North in the LBJ Corridor, Alexan Design District and Alexan Southwestern in the Medical District. Altogether, these projects will create 1,096 new luxury apartments. Each is being built in an area of new growth. They will increase the City of Dallas' tax base by \$150 M.

The award for Best Rehabilitation or Re-Use went to Reunion Tower-Union Station (Figure 6). Two landmarks that represent different periods of Dallas' history underwent a \$46 M renovation. Union Station was built in 1916 and needed renovations to be brought to code and to restore its original grandeur. Reunion Tower underwent renovations and is now home to The Best Retail Lease, Five Sixty by Wolfgang Puck. Located at the top of Reunion Tower, Five Sixty is the latest restaurant by Wolfgang Puck. It will bring an international reputation to an iconic building that helps characterize the Dallas skyline.



**Figure 6.**  
Reunion Tower

Best Commercial Property Sale went to Galleria Towers. Galleria Towers I, II, and III were sold to Cannon Commercial Inc. for \$300 M by Fortis Property Group of New York. This was one of the biggest Texas investment sales in 2008.

The Trinity River Audubon Center won Best Green Project. After two years of development the Audubon Center opened its doors in October. It is a gateway to nature and a showcase for sustainability. Built on an illegal dumpsite that the City of Dallas took over and cleaned up, it now anticipates receiving a Platinum LEED certification from the U.S. Green Building Council. The \$37 M center is a gateway to 6,000 acres of wilderness in the Trinity River Corridor.

-Anna Howe