

A MONTHLY BRIEFING

DALLAS PARTNERS WITH URBAN LAND INSTITUTE

In this issue of *D Economy*, read about Trammell Crow's 890,000-square-foot expansion of its I-20 Distribution Center (page 2) and about the continuing improvement in the city's unemployment rate (page 3). Also, learn about how you can participate in OED's international business survey, and see the latest Dallas leading stock index (page 4).

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City of Dallas

OFFICE OF
ECONOMIC DEVELOPMENT

The City of Dallas worked closely with the Urban Land Institute (ULI) in 2008. ULI is a respected international organization of real estate development professionals dedicated to the exchange of ideas to create and sustain thriving communities.

Earlier this year, the Cedars area of Dallas was the focus of the ULI Gerald D. Hines Student Urban Design Competition. In the Hines competition, 96 multidisciplinary teams of graduate students studying real estate and related fields competed to create a master plan for Cedars and to prepare a development plan for a site around the Cedars DART station.



Figure 1. VIEW OF CEDARS TRANSIT CENTER FROM PROPOSED MASTER PLAN FOR THE CEDARS AREA. SOURCE: 2008 ULI HINES COMPETITION TEAM OF SHACHI PANDEY, TIFFANY MARSTON, YUNJIA WANG, WEI WANG AND DAVID ANDERSON FROM THE UNIVERSITY OF PENNSYLVANIA.

The winning team of Shachi Pandey, Tiffany Marston, Yunjia Wang, Wei Wang and David Anderson from the University of Pennsylvania created a master plan that anchors development along a main transit corridor to link future Cedars developments with downtown (Figure 1). The site development scheme the team designed is a planned-unit development that orients Cedars along mass transit and creates walkable corridors. The development strategy also identifies key nodes for commercial growth. To learn more about the winning plan and the competition, go to <http://udcompetition.uli.org/>.

Another ULI activity Dallas has been deeply involved in this year was hosting the 2008 ULI Spring Council Forum in May. Dallas had the

opportunity to showcase the city to 3,000 ULI members from all over the country.

The Office of Economic Development (OED) arranged tours and speakers for the Forum. Karl Stundins, OED Area Redevelopment Manager, shared his insights on the bus tour through downtown and surrounding neighborhoods. OED Director and long-time ULI trustee Karl Zavitskovsky, along with Assistant Director of Parks and Recreation Willis Winters, provided context for daylong activities of ULI's Inner City Council by speaking about the vision for downtown and the new downtown signature parks. Rebecca Dugger, Director of the Trinity

River Corridor Project, and Gail Thomas, President and CEO of the Trinity Trust Foundation, gave a presentation on the Trinity River Corridor project. Members heard a lunchtime presentation by Walt Humann about the Jubilee Project's efforts to improve the area around Fair Park.

The visitors also stopped by Victory Park to see one of Dallas' premier examples of public-private partnerships. Other sightseeing stops included the newly-renovated Mercantile building and the site of the Main Street Gardens Park

across the street. They also saw the location of the future Belo Gardens park and heard from Dan Blizzard, Downtown Dallas Chairman, and Robert Decherd, Chairman, President and CEO of Belo, about downtown revitalization and corporate commitment to invest in the city's green infrastructure.

The Arts District was also a tour destination. Participants were impressed by the \$338 million of facilities under construction in the district and by the vision for the nearby Woodall Rodgers deck park. Karl Zavitskovsky commented, "Dallas is in a very good place today, and this was validated by people from all over the world who attended the ULI Spring Forum."

Center City News

- Chicago's Cohen Financial has opened a Dallas office at 4311 Oak Lawn Avenue (Council District 14). The company's clients will be commercial real estate firms looking for financing. Cohen was attracted to Dallas by the growth in Texas, noting that it is outperforming the national economy. The office will hire seven to 10 people this year. SOURCE: DALLAS MORNING NEWS, APRIL 24, 2008.
- Two developers have plans to build new apartments near the Dallas Farmers Market downtown (Council District 14). Legacy Partners has contracted to purchase seven acres to build 460 apartment units in what it views as an "up-and-coming area." Its development will have an urban style to appeal to young renters. Trammell Crow Residential is also in negotiations to purchase land in the area. The four acres on Pearl Street are just north of the Farmers Market sheds. SOURCE: DALLAS MORNING NEWS, MAY 7, 2008.

Southern Dallas News

- North Oak Cliff is set to get a new high-end gourmet market this summer. Bolsa, a combination café, market and wine bar, will carry organic items at its new store at 614 West Davis Street (Council District 1). The store is located in a renovated garage building. It will also have an outdoor patio that connects to two indoor bar spaces. SOURCE: OAK CLIFF TRIBUNE, MAY 23, 2008.
- On May 3, Dallas ISD held the dedication for the new Maria Luna Food Service Facility at 1515 Grand Avenue (Council District 7). The new food facility is home to the administrative offices of the district's Food and Child Nutrition Services Department. It also has a food service warehouse and commissary, a bakery, packaging area and an auditorium. The 153,575-square-foot facility was built with funds from 2002 school district bond program. SOURCE: OAK CLIFF TRIBUNE, MAY 1, 2008.
- Developer Trammell Crow Co. is planning a second construction phase of bulk distribution space at the I-20 Distribution Center after leasing the first building, at 531,000 square feet, to Home Depot. The second phase will be an 890,000-square-foot building at the site located southwest of Interstate 20 and Interstate 35 (Council District 8). The new building is expected to be complete in December 2008. Demand for distribution space in southern Dallas is driving the expansion of the I-20 Distribution Center. In 2005, the City of Dallas entered into a public/private partnership with Trammell Crow to help develop the project. SOURCE: DALLAS BUSINESS JOURNAL, MAY 2, 2008.

Business News

- While in China on a trade mission with other Dallas city council members and business leaders, Mayor Tom Leppert announced that the ZTE Corporation, a Chinese telecommunications company, will establish its US headquarters in north Dallas (Council District 12). The new office will employ 65 workers. ZTE is planning an expansion to ramp up its marketing to Americans. Worldwide, ZTE employs 49,000 people. The Dallas City Council approved a public/private partnership agreement with ZTE as part of the company's move. SOURCE: DALLAS MORNING NEWS, APRIL 30, 2008.
- Spherion Corp. is opening a Recruitment Process Outsourcing division in Dallas at 17177 Preston Road (Council District 12). The 200 employees at the new office, who will hire recruiters and employment specialists, will earn between \$35,000 and \$70,000 annually. The division serves as the recruiting departments of their client companies. Spherion was attracted to Dallas by the high concentration of high-tech professionals, the Central Time Zone location and the high number of Fortune 500 companies in the area. SOURCE: DALLAS BUSINESS JOURNAL, MAY 9, 2008.

Real Estate News

- The strong economy in Dallas, affordable land, low taxes, and abundant work force have buoyed developers' confidence in Dallas projects. The largest driver in construction projects have been population growth – Dallas-Fort Worth grew faster than any other metro area between 2006 and 2007. Another has been DART expansion. Developers believe strongly in the potential of transit-oriented development and have begun exploring the opportunities it presents. The \$750 million Park Lane Place by Harvest Partners and Prescott Realty Group's \$400 million Lake Highland Town Center are highlights of this trend. The pending overhaul of the city's zoning codes as recommended in the city's first comprehensive land use plan, *forwardDallas!*, will ease developers' ability to adopt more mixed-use and transit-oriented development. Also, new residential options and the Trinity River Corridor project are poised to greatly expand the population of downtown. All these trends combine to create a positive momentum for the real estate outlook of Dallas.

SOURCE: NATIONAL REAL ESTATE INVESTOR ONLINE, MAY 1, 2008.

Employment

The unemployment rate in Dallas dropped to 4.2 percent in March. The metropolitan statistical area (MSA) and state rates declined 0.3 percent each to 3.9. The national rate fell 0.4 percentage points to 4.8 percent (Table 1).

The number of unemployed persons in the city decreased by 7.1 percent while the labor force increased by 0.4 percent during the month (Table 2).

In 2007, the city either beat or matched the national unemployment rate in eight of the 12 months. This trend continues this year as the city experienced its fourth month of outperforming the national rate by plateauing at its 0.6 percentage points positive gap achieved in March. 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 in the month of April as 570,716. This was not only an increase from March's level of 566,477, it is greater than the previous post-recession high value of 569,249 in November 2007.

Dallas payroll employment levels (jobs in Dallas that could also be held by non-residents) grew. Initial Office of Economic Development estimates show that payroll employment grew 6.7 percent annualized in April to slightly over 1.078 million, which follows March's revised total of 1.072. The Leisure and Hospitality sector had the largest employment gains with over 2,010 jobs.

- Earnest Lloyd

Table 1.
ANNUAL UNEMPLOYMENT RATES

	2008 Apr	2008 Mar	Point Change
City of Dallas	4.2	4.6	-0.4
DFW MSA	3.9	4.2	-0.3
Texas	3.9	4.2	-0.3
U.S.	4.8	5.2	-0.4
Largest U.S. Cities Avg.*		6.2	

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

	Unem- ployed	Labor Force
2008 Apr	25,272	595,988
2008 Mar	27,197	593,674
Change	-1,925	2,314
% Change	-7.1	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, PHILADELPHIA, SAN ANTONIO, SAN DIEGO, SAN JOSE, AND DETROIT.

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

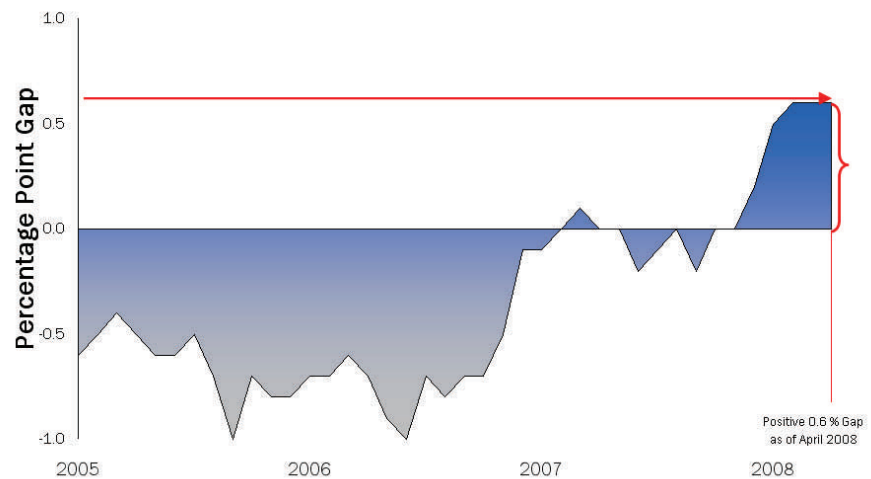
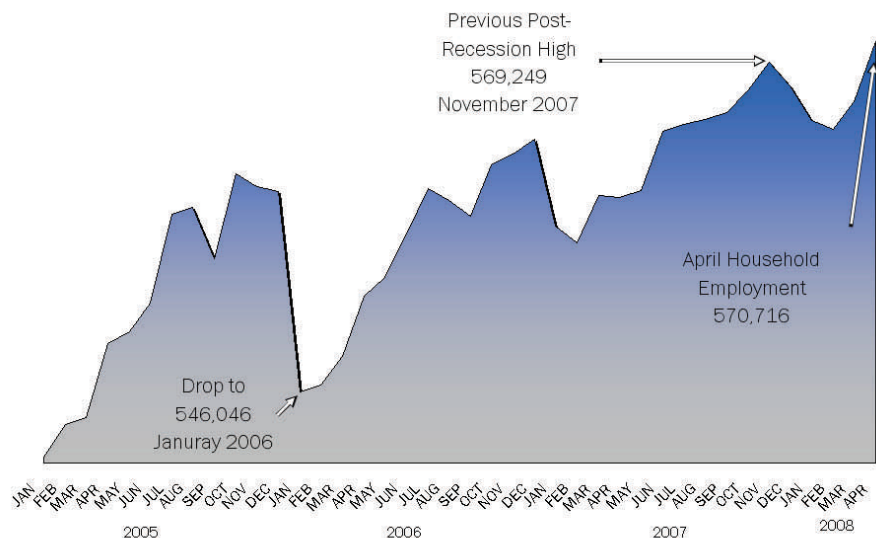


Figure 3.
CITY OF DALLAS EMPLOYMENT



NEW DALLAS INTERNATIONAL BUSINESS DIRECTORY

Is your company involved in international business? If so, keep reading! OED's Office of International Business is developing *Dallas International*, a new directory of foreign and domestic firms and organizations in Dallas involved in international business. *Dallas International* will have many benefits and will advance the Office of International Business' goal to promote Dallas as a truly international city. Understanding the scope of the international business conducted in Dallas can help our office track growth and trends in the city's international business activity as well as determine which countries and regions are represented here. Furthermore, it will allow us to identify industries in which Dallas' international businesses are most active.

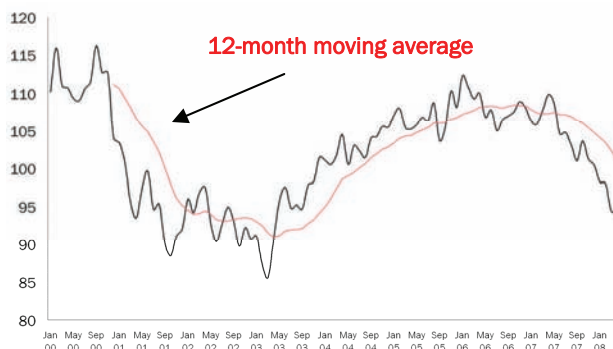


If your company conducts business internationally, please take a moment to fill out our short survey. It can be printed or taken online on the Economic Development website at www.Dallas-EcoDev.org. The deadline is July 6, 2008

For questions please contact Kendall Shiffler at 214 671-8155 or kendall.shiffler@dallascityhall.com.

INDEX OF LEADING INDICATORS

FIGURE 4.
CITY OF DALLAS LEADING INDICATOR INDEX



The City of Dallas Leading Index, a projection of the city's economic performance three to six months in advance, is providing mixed signals with three components declining but overall, showing a small increase. Since May 2007, the index has dipped below its 12-month average trend line. An index consistently above or below the average signals the city's economic direction in three to six months. For example, the May to August 2006 index period below the trend preceded the gross city product slowdown in the 2006 third quarter. Currently, three of the four indicators that make up the leading index contributed negatively in April. The leading index for April stands at 94.7 (1997=100). This is a negligible increase of 0.3 percent from the previous month. The first quarterly average fell 4.8 percent from the fourth quarter of 2007.

TABLE 3.
DALLAS INDIVIDUAL INDICATOR VALUES—APRIL 2008

	UNEMPLOYMENT CLAIMS (INVERTED-SEASONALLY ADJ)	CONSUMER EXPECTATION	STOCK INDEX	SINGLE FAMILY PERMITS (SEASONALLY ADJ)
VALUE	7,726	64.2	108.6	118
IMPACT	NEGATIVE	NEGATIVE	POSITIVE	NEGATIVE

Source: City of Dallas Office of Economic Development, Texas Workforce LMI, Conference Board

The outlook is for marginal economic growth for another three months.

In comparison, the U.S. Leading Index increased for the second straight month in April to 102.0 (2004=100). This is an increase of 0.1 percent. Six of the ten indicators that make up the leading index increased in April. Stock prices, the interest rate spread, and housing permits improved this month, more than offsetting the sharp declines in average weekly hours and consumer expectations. Average weekly initial claims for unemployment insurance (inverted), index of supplier deliveries (vendor performance) and manufacturers' new orders for consumer goods and materials also were positive but had little impact. Indicators experiencing sharp declines were average weekly hours and consumer expectations. The current behavior of the composite indexes so far still suggests that economic activity is likely to remain weak in the near term.

- Earnest Lloyd