

EPS Downtown Dallas 360 Market Analysis Study

Conducted by Economic and Planning Systems in 2015, this study evaluated the economic health of all districts within the *Downtown Dallas 360* geography. Through the study, each district was provided a “market momentum score” that ranked the strength and balance of the district’s retail, office, employment, and housing opportunities.

Dallas 360 Market Analysis

Presented to:

Downtown Dallas Inc.

Presented by:

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Economic & Planning Systems



Key Issues for Analysis

- What is Downtown's market share of the regional market and what is its competitive position?
 - Ways to leverage the unique characteristics of each
- What is the degree of support for different land use types in each district?
 - Employment/office
 - Housing
 - Retail/commercial
- What are the relative merits among the 15 districts?
 - Strong or weak market conditions
 - Degree of market activity and private sector investment
 - Need for public sector actions, such as policies and strategies
 - Opportunity for public-private-partnerships

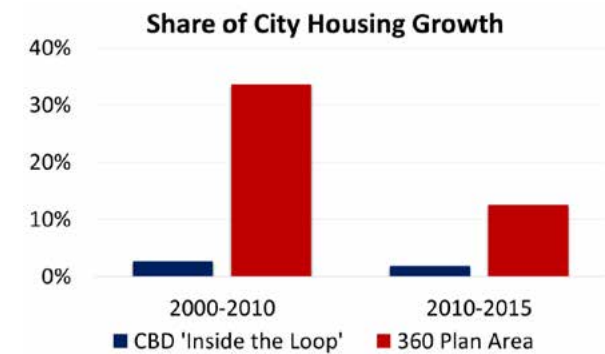


GROWTH TRENDS AND MARKET SHARE



Housing Unit Growth 2000-2015

- Growth
 - 150% growth 2000-2015
 - 15% growth 2010-2015
 - 2000: 9,700 housing units
 - 2015: 24,000 housing units
- Market Share
 - 2000-2010: 1/3 of the City's housing growth
 - 2010-2014: 12% of City growth

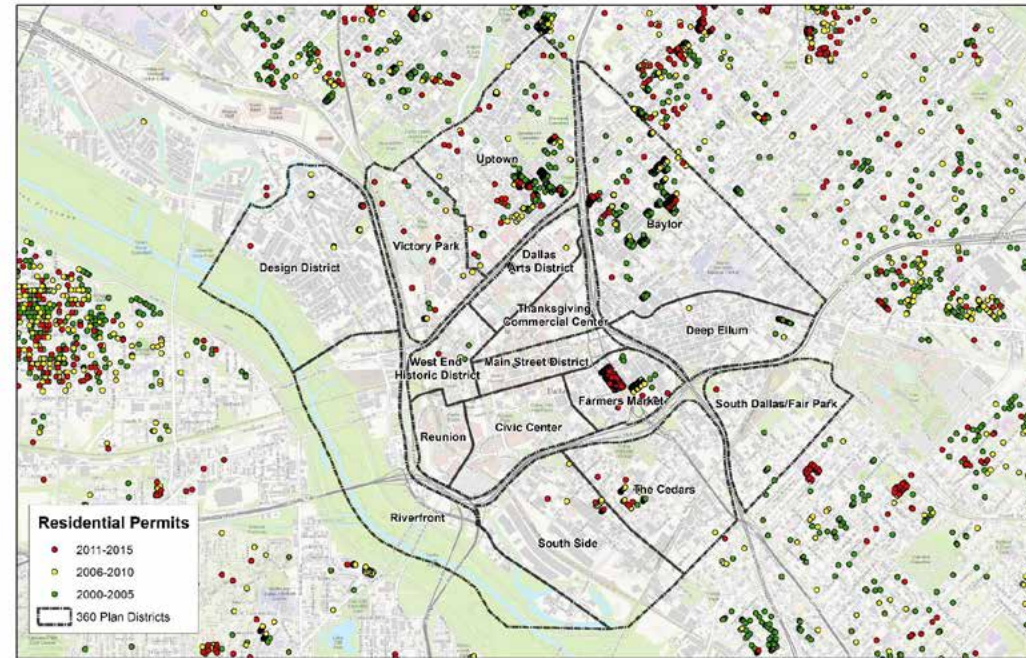


| Geography | 2000 | 2010 | 2015 |
|--------------------------|-----------|-----------|-----------|
| CBD 'Inside the Loop' | 2,670 | 3,517 | 3,942 |
| 360 Plan Area | 9,708 | 20,872 | 23,959 |
| City of Dallas | 483,321 | 516,639 | 541,496 |
| Dallas & Collin Counties | 1,048,157 | 1,243,916 | 1,321,282 |

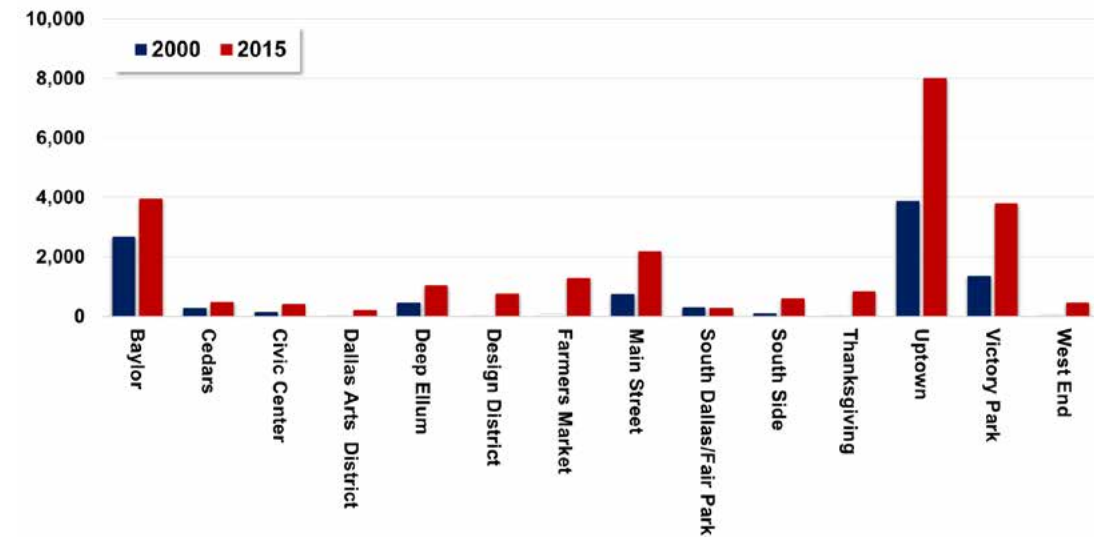
Source: ESRI; Economic & Planning Systems
H:\153062-Dallas TX\Downtown 360 Study\Data\153062-Demo.xlsx| Tenure (2)



Residential Building Permits 2000-2015

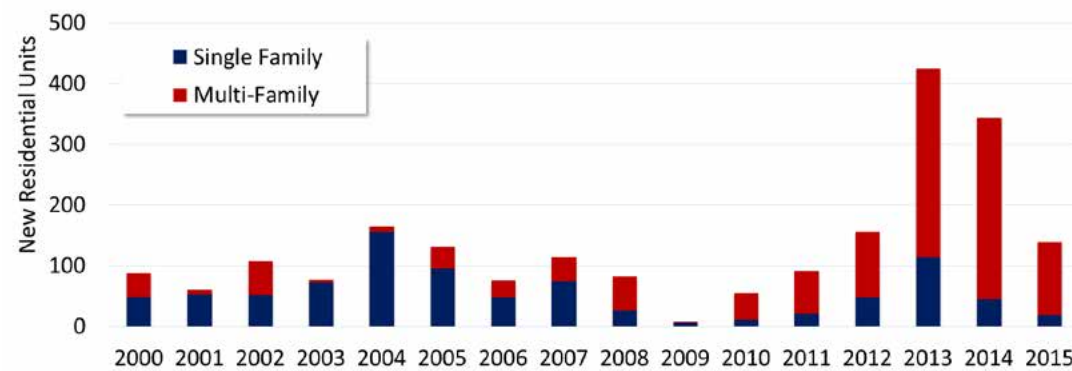


Housing Growth



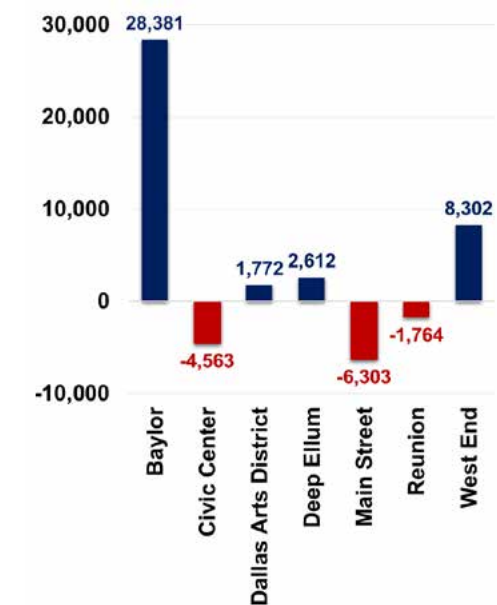
Residential Construction in 360 Plan Area

- Surge after 2010
- 27% of Dallas multifamily 2005-2015
- 32% 2010-2015
- Past five years:
 - The Taylor, Uptown (308 units)
 - The Terrace, Victory Park (463)
 - 555 Ross, West End (267)



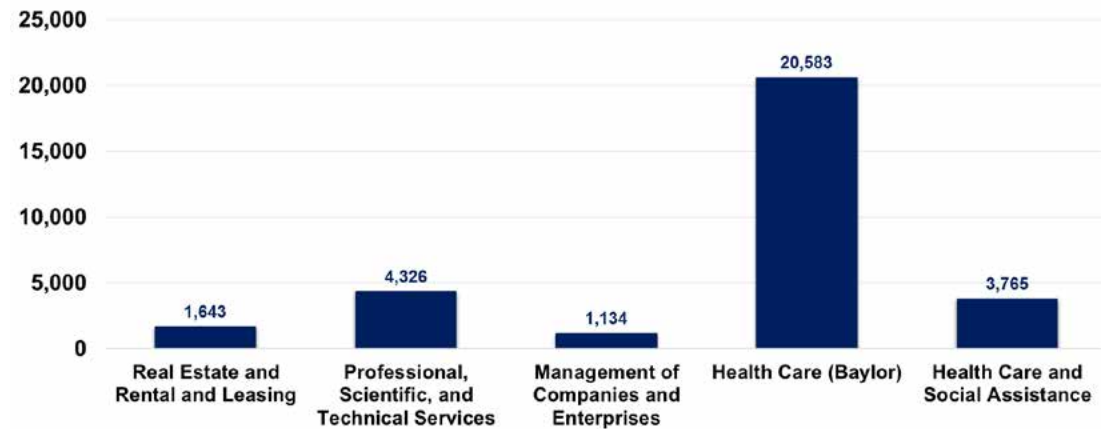
Employment Trends 2003-2013

- 9.0% of Dallas & Collin County job growth
- 360 Plan Area added 26,800 jobs (+16%)
 - Baylor +28,000 jobs
 - West End +8,300
- Contractions/Shift:
 - Civic Center, Main, Reunion
 - Conversion of Class B-C office to residential
- Trending upward
 - Santander Consumer USA Inc.
 - Active Networks
 - Omnitrac



Growth Industries 2003-2013

- 77% of net growth (20,583 jobs) attributed to the Baylor University Medical Center
- Other growth industries include Real Estate, Professional Services, Management, and Health Care

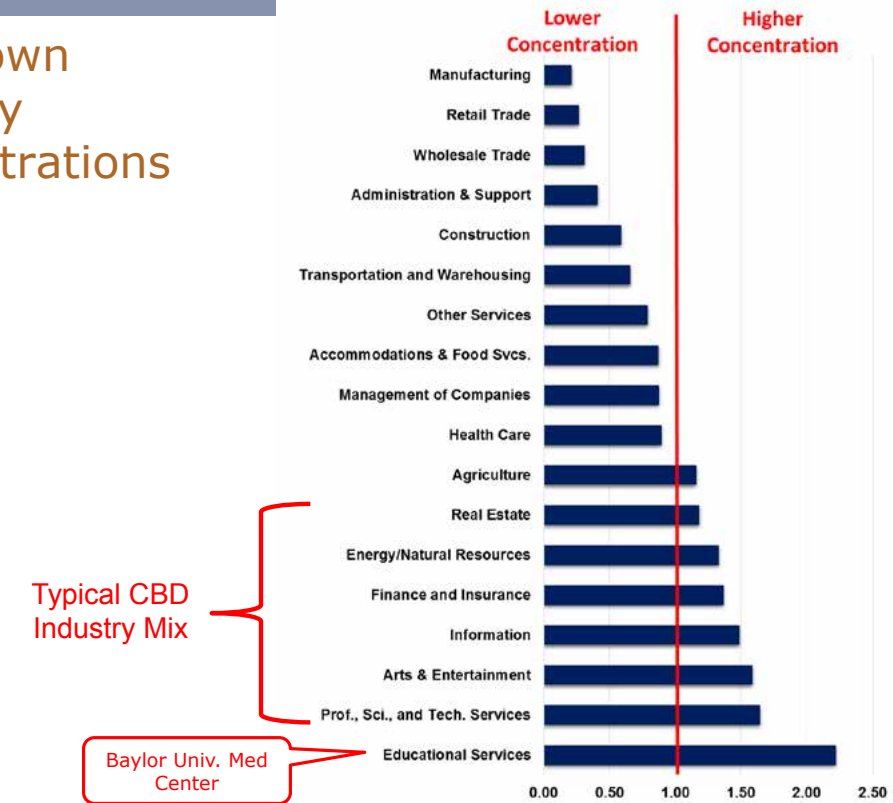


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Downtown Industry Concentrations



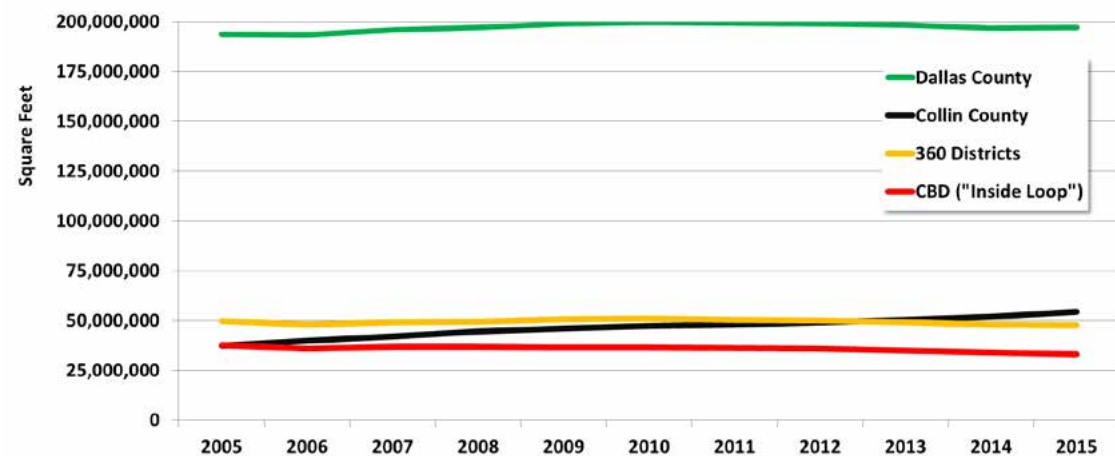
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Regional Office Market Trends

- Suburban office growth is strong – Collin County market now about the same size as Downtown
- +340,000 sq. ft. in Dallas County
- CBD and 360 Plan Areas are poised for significant growth



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Office Market Trends, 2005 - 2015

- Net loss of 1.9M sq. ft. in 360 Plan Area (-4%)
- Office to residential conversions
- Shift of office activity to Uptown, Victory Park, Arts District
- Uptown and Victory Park
 - 4.1M sf of new space built
 - 670,000 sf under construction
 - 1.8M sf proposed

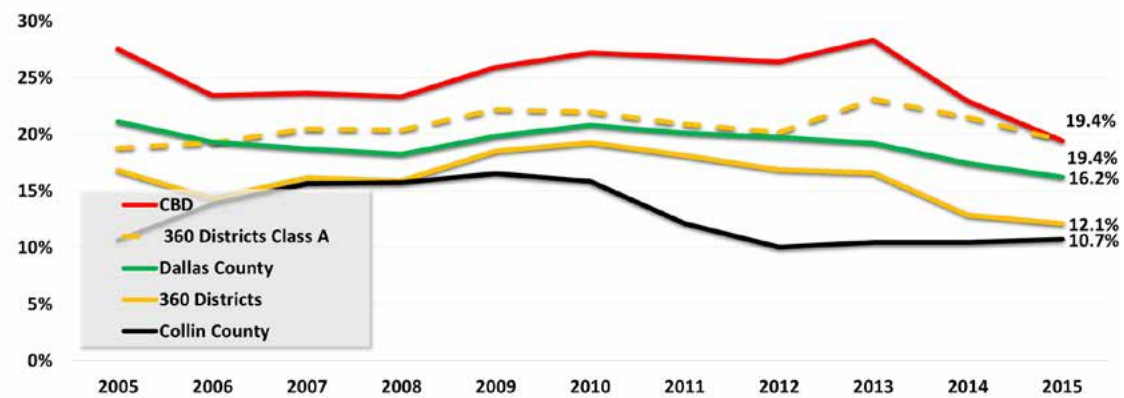
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Office Vacancy 2005-2015

- Market is strengthening but large amounts of vacant space persist in the CBD
- Class A space still at 19% vacant
- Brokers indicate that much of the Class B space is misclassified as Class A



MARKET MOMENTUM RANKINGS

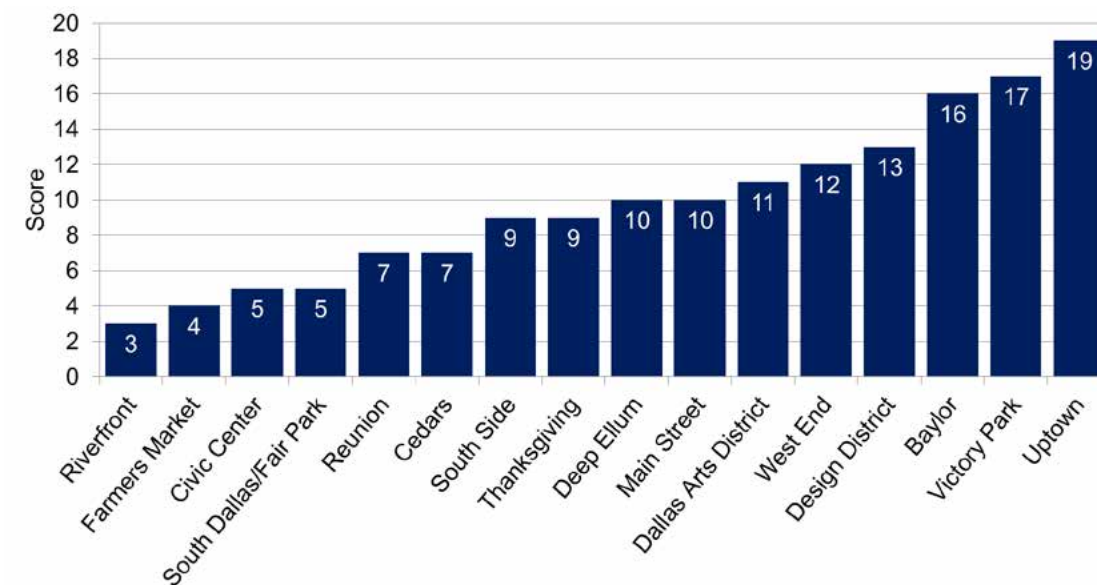


Metrics

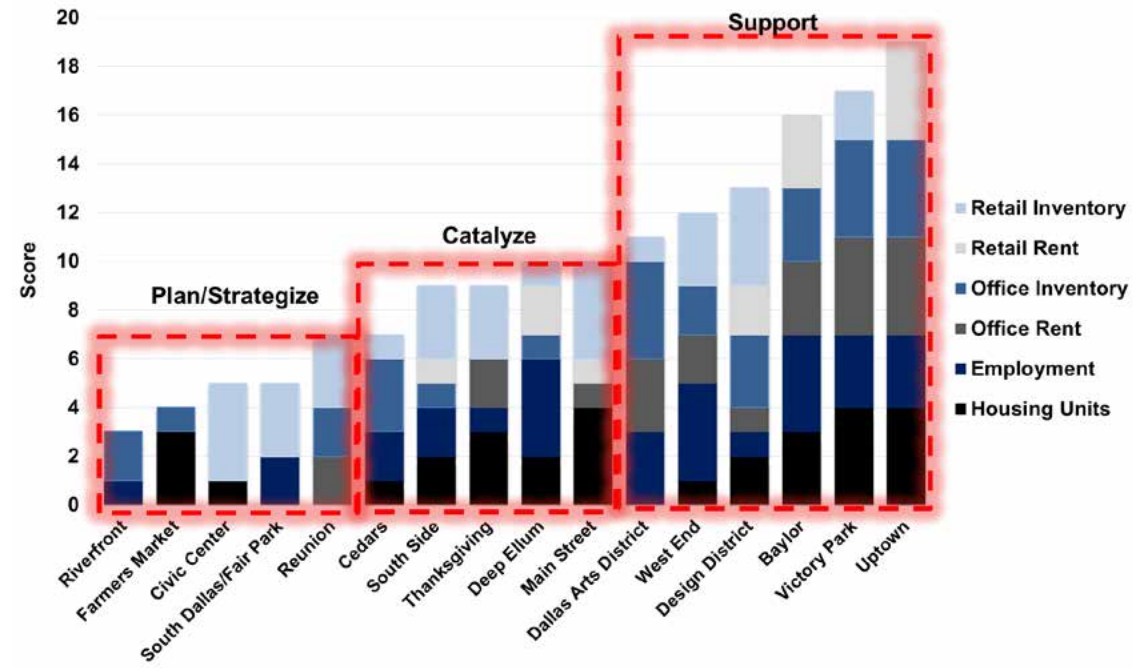
| Criteria | Measurement/Calculation | Rationale | Possible Score |
|--|------------------------------|---------------------------------|--------------------|
| Station Area Evaluation | | | |
| Market and Development Momentum | | | |
| Housing Unit Growth (2000-2015) | Total % Change | Intensity of growth in district | 0-4 |
| Employment Growth (2000-2015) | Total % Change | Intensity of growth in district | 0-4 |
| Office Development | | | |
| Office Rents | Avg Rent/SF vs. City average | Rents support new development | 0-4 |
| Office Inventory Change | % Change 2005-2015 | Market pressure | 0-4 |
| Retail Development | | | |
| Retail Rents | Avg Rent/SF vs. City average | Rents support new development | 0-4 |
| Retail Inventory Change | % Change 2005-2015 | Market pressure | 0-4 |
| Total Market & Development Momentum | | | 24 possible |



Market Momentum Scoring



Market Momentum Scoring



City of Dallas Alternative Demographic Forecast

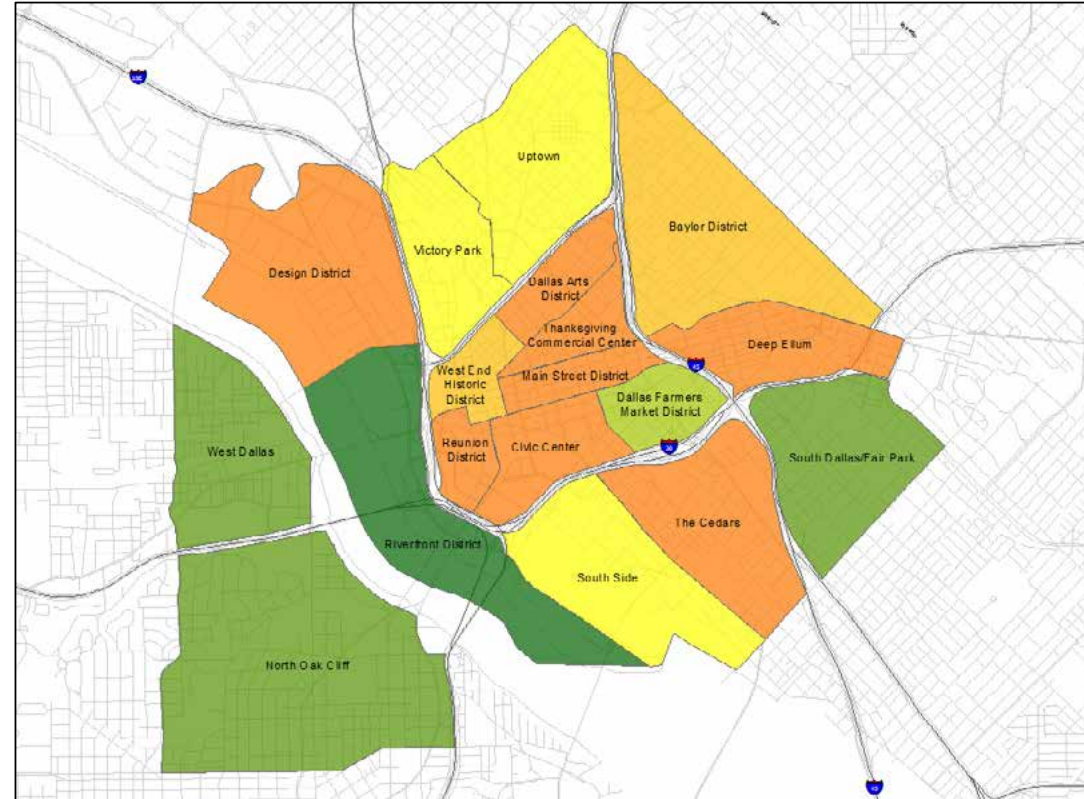
The City of Dallas and DDI analyzed *The 360 Plan* study area to create a refined 2040 employment and population forecast to use in all plan-related studies and analyses. Inputs for the updated forecast included actual residential unit counts and evaluation of existing land uses and development trends to create the alternative forecast.

NCTCOG2040 Jobs per Resident

Legend



Average jobs per resident: 4.2
Source: NCTCOG 2040 estimate

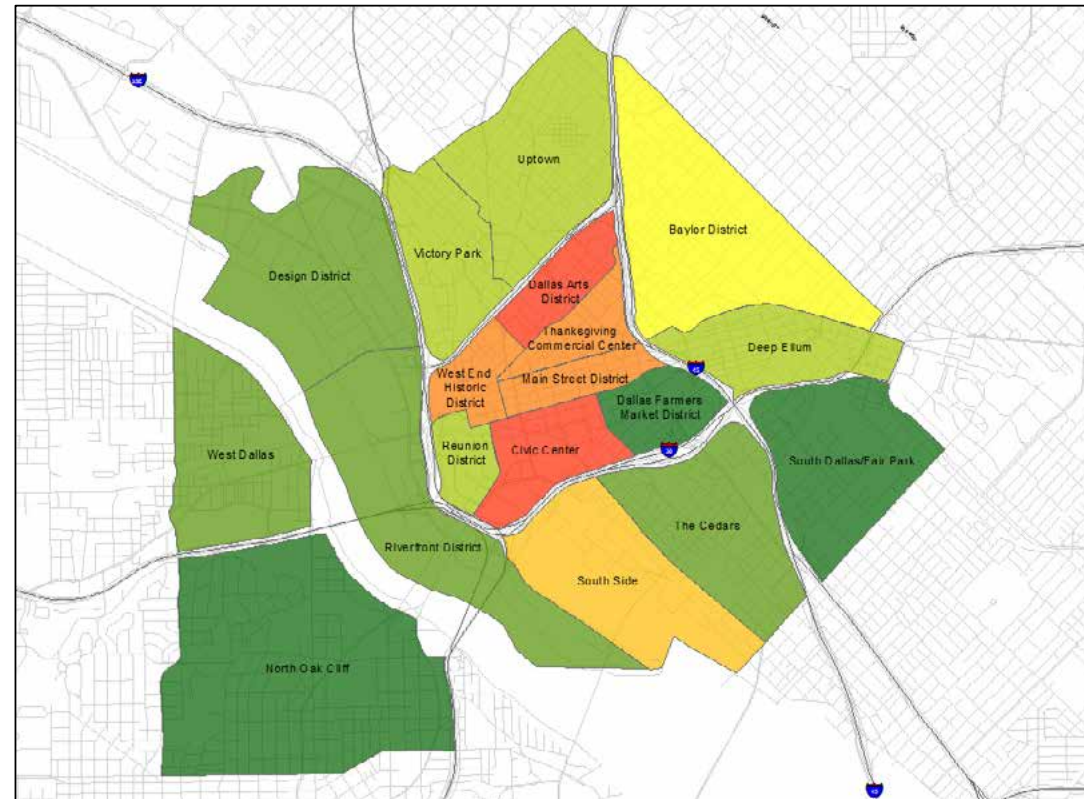


City of Dallas 2040 Jobs per Resident

Legend



Average jobs per resident: 3.1
Source: City of Dallas



| District | | Population | | | Employment | | | Employment-Population Ratio | | |
|--------------|------------------------|-----------------|---------------------------------|----------------------------------|------------------|-------------------------|----------------------------------|----------------------------------|---|--|
| No. | District Name | Pop Census 2010 | Population Forecast by TSZ 2040 | Updated Population Estimate 2040 | Jobs by TSZ 2005 | Jobs by TSZ 2040 NCTCOG | Updated Employment Estimate 2040 | Employment/Population Ratio 2010 | NCTCOG Employment/Population Ratio 2040 | Updated Employment/Population Ratio 2040 |
| 1 | Baylor District | 7,572 | 6,769 | 12,000 | 20,129 | 31,414 | 40,000 | 6.4 | 4.6 | 3.3 |
| 2 | Civic Center | 1,854 | 4,108 | 2,800 | 10,799 | 23,011 | 33,000 | 12.9 | 5.6 | 11.8 |
| 3 | Dallas Arts District | 88 | 2,871 | 3,200 | 16,871 | 27,399 | 55,000 | 111.0 | 9.5 | 17.2 |
| 4 | Dallas Farmers Market | 2,394 | 8,166 | 9,000 | 1,633 | 17,403 | 2,000 | 0.4 | 2.1 | 0.2 |
| 5 | Deep Ellum | 1,911 | 1,755 | 5,000 | 6,941 | 11,028 | 11,028 | 2.9 | 6.3 | 2.2 |
| 6 | Design District | 1,040 | 2,871 | 8,750 | 9,777 | 17,457 | 10,000 | 7.3 | 6.1 | 1.1 |
| 7 | Main Street District | 3,794 | 6,046 | 7,500 | 43,076 | 52,680 | 50,000 | 5.8 | 8.7 | 6.7 |
| 8 | North Oak Cliff | 10,746 | 9,433 | 15,000 | 8,085 | 12,587 | 12,587 | 0.7 | 1.3 | 0.8 |
| 9 | Reunion District | 14 | 1,651 | 1,651 | 5,450 | 10,855 | 4,000 | 204.8 | 6.6 | 2.4 |
| 10 | Riverfront District | 8,586 | 0 | 6,000 | 6,257 | 7,338 | 10,000 | 0.0 | NA | 1.7 |
| 11 | South Dallas/Fair Park | 2,073 | 3,172 | 3,600 | 1,729 | 5,177 | 3,000 | 1.1 | 1.6 | 0.8 |
| 12 | South Side | 937 | 2,317 | 4,500 | 4,781 | 8,552 | 19,500 | 2.8 | 3.7 | 4.3 |
| 13 | Thanksgiving Center | 1,317 | 5,121 | 3,500 | 23,824 | 30,693 | 30,693 | 16.7 | 6.0 | 8.8 |
| 14 | The Cedars | 1,068 | 1,654 | 3,000 | 5,111 | 9,386 | 4,000 | 2.5 | 5.7 | 1.3 |
| 15 | Uptown | 14,392 | 11,183 | 17,000 | 19,404 | 35,730 | 35,730 | 1.1 | 3.2 | 2.1 |
| 16 | Victory Park | 6,493 | 4,968 | 10,000 | 8,698 | 17,658 | 30,000 | 3.1 | 3.6 | 3.0 |
| 17 | West Dallas | 1,910 | 5,235 | 5,235 | 4,806 | 7,266 | 5,500 | 2.0 | 1.4 | 1.1 |
| 18 | West End District | 506 | 3,466 | 2,500 | 3,849 | 15,037 | 22,500 | 40.7 | 4.3 | 9.0 |
| TOTAL | | 66,695 | 80,786 | 120,236 | 201,220 | 340,671 | 378,538 | 3.3 | 4.2 | 3.1 |