

# North

**Building on the strengths of past growth and recent investment, the region is becoming an urban community with a wide variety of choices for businesses, residents, and visitors.**

North Texas in 2008 is a region of change and complexity. In some ways, it confirms traditional perceptions of Texas. In others, it contradicts those images with a reality that is much more diverse and a transformation that is happening rapidly. What is clear, though, is that north Texas is one of the best places in the nation to explore and experience the dynamics that are shaping successful 21st century American metropolitan areas.

## **Regional Growth**

North Texas—defined by the U.S. Census Bureau as the Dallas/Fort Worth/Arlington metropolitan statistical area—ranks fourth in population in the nation among metropolitan areas, behind only New York City, Los Angeles, and Chicago. In 2007, more than 6.2 million people lived in this 6,185-square-mile (16,019-sq-km) region that, as defined by the Census Bureau, encompasses 12 counties. One of the fastest-growing large metropolitan areas, north Texas added more than 1 million residents between 2000 and 2007—more than the entire population of San Jose or Detroit—and added more population from 2006 to 2007 than any other metropolitan region in the nation, 162,250 new residents, according to the Census Bureau.

# Tex Overview

KAREN S. WALZ

GETTY IMAGES.

Bank of America Tower, Dallas, Texas.

as



This geographic information system map shows the U.S. Census Bureau's Dallas/Fort Worth/Arlington metropolitan statistical area.



COURTESY OF NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**FIGURE 1: NORTH TEXAS CITIES WITH OVER 100,000 RESIDENTS**

City	Population*
Dallas	1,280,500
Fort Worth	686,850
Arlington	364,300
Plano	255,700
Garland	224,750
Irving	205,600
Grand Prairie	161,550
Mesquite	136,750
Carrollton	120,150
McKinney	112,000
Denton	105,550

\* Estimated as of January 1, 2008.

Source: North Central Texas Council of Governments.

The region's population growth is largely based on natural increase—births outnumbering deaths—and international migration. Census Bureau statistics for 2000 to 2005 attribute 50.7 percent of population growth to natural increase. International migration accounted for 35.3 percent of the growth, while migration from other parts of the United States represented only 14 percent.

Like many urban regions, north Texas has two major cities at its core. Dallas, to the east, had almost 1.3 million people in 2007, according to estimates by the North Central Texas Council of Governments (NCTCOG). The city prides itself on being business driven, sophisticated, and larger than life. About 50 miles (80 km) to the west is Fort Worth, with about 690,000 residents. It sees itself as more casual and friendlier than its bigger neighbor, with a cowboy image that fits its location “where the West begins,” as its motto asserts. Though some historic rivalries between the two cities continue, the past decade has seen a significant number of regional partnerships and collaboration, with the cities sharing leadership roles.

North Texas serves as a classic example of the outward growth pattern of 20th century American urban areas. In 1960, 68 percent of the region's residents lived in Dallas or Fort Worth. But since then, much of the region's growth has occurred outside the two core cities, and today only 30 percent of the population lives there. Unlike many other core cities, though, Dallas and Fort Worth are still growing.

Since 2000, they have added 244,000 residents—the equivalent of Madison, Wisconsin—and growth in the core cities accounts for 22 percent of the region's population gain over that period.

Notably, Fort Worth and Dallas are not the only major cities in north Texas. A total of 11 cities in north Texas have more than 100,000 residents. These cities are equivalent to the core cities of other regions: for example, Garland is about the same size as Orlando, Florida. These cities epitomize the national phenomenon of “boomburbs”—post-World War II suburban communities that have grown rapidly and consistently. Seven north Texas cities qualify as boomburbs, and another four are “baby boomburbs,” according to a recent analysis by Robert E. Lang and Jennifer B. LeFurgy in their 2007 book *Boomburbs: The Rise of America's Accidental Cities*.

During their early growth decades, these cities fit the typical suburban image—predominantly residential bedroom communities where most households included children and most residents were white and fairly affluent. Today, however, they are home to extremely diverse populations, major employment centers, and regional entertainment venues. Each city has its own priorities for civic investment, economic development, and community character, so they offer many options for a family or business locating here.

The region's municipal landscape does not stop with these major cities. NCTCOG, which tracks growth



COURTESY OF THE DALLAS CONVENTION AND VISITORS BUREAU

The Trinity River reflects the skyline of downtown Dallas.

and other issues for more than 150 incorporated cities in north Texas, reports that the fastest-growing cities are in the northern and eastern parts of the region. In the top spot is Fate, population 4,200, with an 807 percent increase in population since 2000.

North Texas is often perceived as a region of very-low-density, sprawling development. Indeed, it is less dense than the nation's three larger regions. Of those three, the Chicago region is the least dense, with 1,309 persons per square mile (505 per sq km) of land in 2005, according to the Census Bureau. North Texas has less than half that density, with 647 persons per square mile (250 per sq km) in 2005. Even at this level, north Texas is still denser than the Atlanta region, at 587 persons per square mile (227 per sq km), and significantly denser than the Portland, Oregon, region, at 313 persons per square mile (121 per sq km), and the Denver region, at 282 persons per square mile (109 per sq km).

### The People of North Texas

The people of north Texas are younger, more ethnically diverse, and somewhat wealthier than the U.S. population as a whole, according to Census Bureau figures. The median age of 33.1 years is lower than

the national median of 36.4 years. A higher percentage of the population is under age 14—23.3 percent versus 20.3 percent for the nation as a whole—and a lower percentage of the population is over age 65, at 8 percent versus 12.4 percent. The birth rate in north Texas is higher than in the nation as a whole, as is the number of teen births. On the other hand, the number of births to unmarried women is lower than the national average.

The U.S. Census Bureau's American Community Survey for 2006 estimates that 68.2 percent of the region's population is white. African Americans constitute 14.1 percent of the population and Asians represent 4.7 percent, both higher percentages than for the country as a whole. The region also is significantly more Hispanic, with an estimated 26.5 percent of the residents of Hispanic or Latino origin, compared with 14.8 percent for the country.

The estimated median income for north Texas residents in 2006 was \$26,192, almost 8 percent higher than the national median, and the median household income, at \$52,001, is about 7 percent higher. The percentage of north Texas residents living below the poverty line is slightly lower than the U.S. average—12.9 percent versus 13.3 percent.

**FIGURE 2: PERCENTAGE OF POPULATION BY RACE**

	White	Black	Indian	Asian	Hawaiian	Other	2 or More Races
D/FW/A MSA*	68.3%	14.1%	0.5%	4.7%	0.1%	10.5%	1.8%
United States	73.9%	12.4%	0.8%	4.4%	0.1%	6.3%	2.0%

\*Dallas/Fort Worth/Arlington metropolitan statistical area.

Source: 2006 American Community Survey, U.S. Census Bureau.

The percentage of residents with no high school diploma is slightly higher than the national figure—18.8 percent versus 15.9 percent—but a higher share have a bachelor's degree, at 20.1 percent versus 17.1 percent for the country. This means the north Texas workforce has more people able to fill skilled professional jobs, but that another group of residents will not have the skills needed by many employers.

The makeup of North Texas households is generally similar to that of the rest of the nation: about half the households are families headed by a married couple, about one-third are nonfamily households, and about 15 percent are family households headed by only one person. A notable fact is that more north Texas households include children—41 percent—than do households nationwide, at 34.6 percent. And fewer north Texas households include someone who is 60 or older—22.5 percent versus 30.8 percent nationwide.

### North Texas Economy

The north Texas region's economy is the fourth largest in the nation in terms of jobs—3.0 million in 2007, according to the Real Estate Center at Texas A&M University. During the 1990s, only Atlanta added more jobs than did north Texas, but since 2000, the region has seen the pace of job growth fall below that of other large metropolitan regions. North Texas added 263,144 jobs between 2000 and 2007, placing it seventh among the top ten regions in the number of jobs created and fifth in the rate of job growth.

Despite the slowing national economy, north Texas continued to see employment growth through 2007, according to the Texas Workforce Commission. The region reported 2.97 million employed workers in January 2008, up from 2.93 million a year earlier. Its unemployment rate this past January was 4.6 percent—comparable to that of Texas as a whole and lower than the national rate of 5.4 percent.

The region's gross domestic product (GDP) of \$284.6 billion placed it fifth in the nation in 2005; it also saw the fifth-highest increase in GDP from 2001 through 2005, according to the U.S. Bureau of Economic Analysis. If it were a nation, north Texas would rank among the smaller European countries in terms of the size of its economy, according to the Greater Dallas Chamber.

The north Texas economy is fairly diverse, with employment distributed among most major sectors. As of January, the largest share of north Texas jobs was in the trade, transportation, and utilities sector,



COURTESY OF THE UNIVERSITY OF TEXAS AT DALLAS

**The Alan L. MacDiarmid NanoTech Institute at the University of Texas at Dallas was founded in 2001. It uses global collaboration and interdisciplinary teams to research science and develop technology at the nanoscale.**

at 21.3 percent of jobs, according to the Texas Workforce Commission. Professional and business services capture the second-largest share of the job base, at 14.7 percent, followed by government, education, and health services; manufacturing; and leisure and hospitality, each accounting for 9 to 12 percent.

The diversity of the economic base is reflected in the major businesses located in the region, which

**FIGURE 3: EMPLOYMENT BY SECTOR, D/FW/A MSA\***

Sector	Jobs, 2008**	% of Total	Jobs, 2007**	% of Total	Change	% Change
Trade, transportation, utilities	626,800	21.3%	614,500	21.5%	12,300	2.0%
Professional/business services	432,600	14.7%	422,300	14.8%	10,300	2.4%
Government	377,400	12.8%	366,700	12.8%	10,700	2.9%
Education/health services	322,800	11.0%	303,600	10.6%	19,200	6.3%
Manufacturing	295,400	10.0%	296,400	10.4%	-1,000	-0.3%
Leisure and hospitality	273,100	9.3%	260,900	9.1%	12,200	4.7%
Financial activities	233,600	7.9%	229,300	8.0%	4,300	1.9%
Mining and construction	187,600	6.4%	176,900	6.2%	10,700	6.0%
Other services	107,000	3.6%	103,400	3.6%	3,600	3.5%
Information	89,000	3.0%	87,800	3.1%	1,200	1.4%
<b>Total, nonagriculture</b>	<b>2,945,300</b>	<b>100.0%</b>	<b>2,861,800</b>	<b>100.0%</b>	<b>83,500</b>	<b>2.9%</b>

\* Dallas/Fort Worth/Arlington metropolitan statistical area.

\*\* As of January.

Source: Texas Workforce Commission.

placed 24 companies on the 2007 *Fortune* 500 list of the nation's largest companies by revenue, according to the Greater Dallas Chamber. North Texas also enjoys other strengths that support technology and research activities. The University of Texas Southwestern Medical Center, a major international research institution located in the center of the region, has a faculty that includes four Nobel Prize winners, more than any other medical school in the world. The University of Texas at Dallas faculty includes another Nobel Prize winner. Research at these and other north Texas institutions is leading the way in fields as diverse as nanotechnology, prevention of heart disease, and treatment of Gulf War syndrome.

### Residential Market

Compared with the housing stock in other major metropolitan areas, residences in north Texas are newer and more affordable. The region had almost 2.1 million occupied housing units in 2006, of which 63.6 percent were owner occupied, the Census Bureau reports—a slightly lower rate of homeownership than the national average of 67.3 percent. Single-family homes constitute the largest share of the regional market, at 68.7 percent, as they do nationwide, at 68.9 percent. North Texas has a higher percentage of housing in large apartment buildings than the national average—22.4 percent in buildings with five or more units, compared with the national average of 16.6

percent—and a smaller share in two- to four-unit buildings, at 4.9 percent versus 8.2 percent nationwide.

Much of the housing supply in north Texas is relatively new. Almost 40 percent of the region's housing has been built since 1990; only 3.5 percent of housing was built before 1940. By comparison, 25.2 percent of the national housing stock has been built since 1990 and 14.1 percent was built before 1940.

An additional 42,161 housing units were authorized in the region in 2007. Units in buildings with five or more units represented 32.3 percent of these new permits, a larger share than in the existing stock.

The region's housing is also affordable. The housing affordability index, which measures the ratio of median family income to the cost of a median-priced existing home, was 1.51 for Dallas and 1.99 for Fort Worth in the third quarter of 2007, according to the Real Estate Center at Texas A&M. For the United States as a whole, the index was 1.07, meaning a family making the median income had slightly more income than required to purchase the median-priced home.

Home prices in North Texas have appreciated over the past several years, but not to the extent they did in other metropolitan regions. The region is now benefiting from this slower appreciation because it is not facing the steep declines common in markets where prices skyrocketed in 2004 and 2005. Home construction is slowing, particularly on the outskirts of the region, and, according to the *Dallas Morning News*, more

**FIGURE 4: HOUSING TYPE BY UNITS IN STRUCTURE**

Housing Type	Percentage of Total	
	D/FW/A*	U.S.
One unit, detached	65.7%	63.1%
One unit, attached	3.0%	5.8%
Two units	1.4%	3.8%
Three or four units	3.5%	4.4%
Five to nine units	6.5%	4.7%
Ten or more units	15.9%	11.9%
Mobile homes/other	4.0%	6.5%

\* Dallas/Fort Worth/Arlington metropolitan statistical area.

Source: 2006 American Community Survey, U.S. Census Bureau.

than 19,000 foreclosures were reported in 2007 in the region's four central counties—Collin, Dallas, Denton, and Tarrant. While north Texas is affected by the same trends and uncertainties as the overall U.S. economy, the prognosis in the near term is for the housing market to be more stable in north Texas than in other regions.

### Office Market

The north Texas office market continues to see new investment in a diverse array of office types and locations. According to CB Richard Ellis, the region had 185 million square feet (17 million sq m) of rentable office space in the fourth quarter of 2007 and logged 680,000 square feet (663,000 sq m) of net office absorption. Continuing regional growth and a reasonably strong economy support continued interest in office investments. Overall, the average asking lease rate was \$19.08 per square foot (\$205 per sq m) and the office vacancy rate was 20.2 percent.

The region continues to add office space in suburban locations near major highways. The areas near the LBJ Freeway (Interstate 635) and the Dallas North Tollway continue to attract office construction, accounting for 80 percent of the region's net space absorption in the fourth quarter. These highway-oriented office buildings offer ready access to the region's workforce and to its extensive transportation systems. As the Dallas North Tollway has been extended to the north, new office buildings have followed this spine from Dallas to Plano and from there to Frisco and soon to Prosper.

At the same time, there is renewed interest in downtown office space. New office buildings in the Dallas downtown include the corporate headquarters for Hunt Consolidated, an oil and real estate holding company, and the multitenant One Arts Plaza, both located in the arts district. Major tenants are also locating in renovated space in downtown Dallas. The relocation of Comerica Bank's corporate headquarters from Detroit to downtown Dallas was a major accomplishment for the city in 2007. The Mercantile project, a complex public/private partnership, is renovating the Mercantile Bank Building, which was the tallest building west of the Mississippi when it was completed in 1942 but has been vacant since 1993. The new complex will include 369 residential units, as well as office and retail space.



COURTESY OF THE CITY OF FRISCO

**Public art is a distinctive feature of the Hall Office Park, located along the Dallas North Tollway in Frisco. The Texas Sculpture Garden features 41 contemporary works by Texas artists.**

In downtown Fort Worth, the office story also includes renovation and new construction. Two City Place, the renovation of Radio Shack's former building, offers 312,000 square feet (29,000 sq m) of Class A space in the center of downtown. The consumer electronics company's new campus, completed in 2005, includes a \$200 million office complex on a 35-acre (14-ha) campus adjacent to the Trinity River.

### Retail Market

North Texas has 26 square feet (2.4 sq m) of retail space per capita, 30 percent higher than the national

average, according to the 2008 Dallas/Fort Worth Summary by the Weitzman Group, CenCor Realty Services. Through 2007, retail construction activity and demand continued to be strong in many locations and markets. At the end of last year, the Dallas/Fort Worth retail markets contained over 166 million square feet (15 million sq m) of retail space, and the overall vacancy rate of 10.7 percent was up only slightly from the 10.4 percent rate reported a year earlier. Average rents at year end were \$23.87 per square foot (\$257 per sq m) for Class A retail space, \$16.02 per square foot (\$172 per sq m) for Class B, and \$10.55 per square foot (\$114 per sq m) for Class C.

Strong growth continues in the big-box segment of the market, with Wal-Mart opening four new Supercenters in 2007, plus additional smaller stores. In fact, Wal-Mart accounted for 25 percent of the region's retail construction last year. Retailers have moved to fill stores left vacant when Mervyn's left the region in 2006, and two other national brands—Albertsons and Super Saver—cut back significantly. This space has now been leased to brands including Dillard's, Dick's Sporting Goods, and Barnes & Noble.

New retail centers continue to open in suburban parts of the region. In 2007, over 3.8 million square feet (353,000 sq m) of new retail space was added, with four suburban submarkets—Lewisville/Flower Mound, Grand Prairie, McKinney, and Frisco—accounting for about 75 percent of the total. These new centers are located across the region, though, including facilities such as the Plaza at Rockwall, the Shops at Vineyard Village in Euless, the Mansfield Marketplace in Mansfield, and Uptown Village at Cedar Hill. This trend continues into this year with projects scheduled to open, including several major new retail centers in Allen.

### Industrial Market

North Texas is a perennial top-five industrial market, according to CB Richard Ellis. At the end of 2007, the region had 665.5 million square feet (61.8 million sq m) of leasable industrial space, of which 14.2 million square feet (1.3 million sq m) was completed last year. The vacancy rate for the fourth quarter stood at 8.9 percent, and the average asking rental rate was \$3.88 per square foot (\$41.76 per sq m). Industrial development in north Texas benefits from the extensive trans-



COURTESY OF THE CITY OF CEDAR HILL

portation network and the region's role as a prime location for logistics and distribution activities. Dallas/Fort Worth International Airport is the country's third-busiest airport, measured by number of operations, and is supplemented by commercial activity at Dallas Love Field, Alliance Airport, and other regional airports.

An additional logistics center planned for southern Dallas County would provide support for industrial uses related to cargo distribution and handling. The Dallas Logistics Hub, a 6,000-acre (2,400-ha) project being developed by the Allen Group, will provide 60 million square feet (5.6 million sq m) of industrial, warehouse, office, and mixed-use space in a location with ready access to Interstates 20, 45, and 35 East, future Loop 9, Union Pacific and BNSF facilities, and the Lancaster Airport. The project is designed to offer capacity in Dallas for management of global freight arriving in Houston; Long Beach, California; or the ports of western Mexico and destined for the central United States and Canada—an illustration of the global vision that is driving north Texas's industrial development.

### Hotel/Tourism Market

North Texas is the number-one leisure travel destination in Texas, according to the Office of the Governor.

**The fountains and splash pools are a focal point for Uptown Village at Cedar Hill, which opened this March. It is the first open-air regional lifestyle center in the southeastern part of the north Texas region.**

**Dallas/Fort Worth International Airport's Terminal D was completed in 2006. The 2.1 million-square-foot (195,000-sq-m) terminal serves international flights and includes the airport's customs and border patrol facilities.**

COURTESY OF DALLAS/FORT WORTH INTERNATIONAL AIRPORT



People visit for the sports, entertainment, shopping, cultural offerings, and conventions, and to see friends and family. The region's direct economic benefit from tourism in 2006 was \$17.3 billion, and an estimated 145,280 jobs are related to the sector. North Texas accounted for 32 percent of the state's tourism-related economic benefits in 2006, the Office of the Governor reports. In the third quarter of 2007, the region's 824 hotels provided more than 96,000 hotel rooms; the hotel occupancy rate for the year was 67 percent for Fort Worth/Arlington and 60 percent for Dallas.

National and international hotel chains are well represented in north Texas, with options ranging from budget and extended-stay hotels to luxury brands, including local luxury hotels such as the Rosewood Mansion on Turtle Creek and the Hotel Adolphus, both in Dallas. Major resorts such as the Gaylord Texan Resort and Conference Center on Lake Grapevine offer relaxation as well as business services. In addition, the region has seen a renaissance in small, boutique hotels in recent years, many of which are located in renovated buildings near downtown areas. Among the more noteworthy are Fort Worth's Ashton Hotel, the Magnolia Hotel in downtown Dallas, and the Belmont Hotel across the Trinity River from downtown Dallas—all located in buildings that are historic landmarks.

### **Sustainable Sunbelt**

Though North Texas remains a strong region for typical suburban development, it also offers examples of more sustainable models in a fast-growing Sunbelt setting. North Texas is actively pursuing sustainable goals with new development patterns, green building design, and various public policy initiatives.

Urban mixed-use development is one of the area's success stories. Projects such as Victory Park in Dallas epitomize one aspect of this trend. Developed by Hillwood, the 75-acre (30-ha) project is anchored by the American Airlines Center, home of the Dallas Mavericks and the Dallas Stars. A former brownfield site adjacent to downtown and the thriving Dallas Uptown neighborhood, Victory Park has become one of the region's trendiest places to live, work, and dine. The W Dallas Victory Hotel and Residences opened there in 2006, and has been joined by apartment and condominium towers, high-end shopping venues, trendy bars and restaurants, and clubs such as the House of Blues.

A second development trend is transit-oriented development (TOD), with communities and developers throughout the region taking advantage of opportunities at Dallas Area Rapid Transit (DART) stations. The total value of projects attributable to the presence of a DART rail station since 1999 is \$4.26 billion, according to a 2007 report released by the University of North Texas Center for Economic Development and Research. Though transit is not the only asset supporting this development, it is playing an important role in the region's emerging pattern.

Because of the success of early projects like Mockingbird Station in Dallas, investment and design of TOD projects at other station sites is moving ahead rapidly. In downtown Plano, the Eastside Village project, developed by Amicus Partners, is now in its second phase. Together, the two phases offer 463 residential units and 40,000 square feet (3,700 sq m) of nonresidential space. Planning is underway for TOD projects at existing DART light- and commuter-rail stations; along DART's future lines, some of which are under construction; and at potential station sites along the T, a planned new

commuter-rail system to provide service to Fort Worth and other Tarrant County communities.

TOD is one of the trends supporting reinvestment in the region's first-ring suburbs. These areas, developed after World War II and having little remaining vacant land, constitute significant investment in infrastructure, private construction, and civic institutions. The public and private sectors in north Texas have used a variety of techniques to support maintenance, renewal, and restoration of these areas.



**DART light-rail stations have anchored successful transit-oriented developments such as Eastside Village in downtown Plano.**

Public and private investment can build on core assets, diversify the housing types and densities in these areas, reinvent older retail centers, and create new mixed-use development patterns.

Sustainability does not stop with transit and revitalization, however. It includes a new attitude toward the environment and use of natural resources. An early and high-profile green building in the region was the Dallas Police Headquarters, a \$60 million facility located on a former brownfield site, which has been certified Silver under the Leadership in Energy and Environmental Design (LEED) building rating system. Opened in 2003, its completion led Dallas to adopt a policy mandating that all city buildings with more than 10,000 square feet (930 sq m) of space achieve LEED Silver certification. To the north, McKinney is home to the nation's first environmentally friendly Wal-Mart,

and today green building initiatives are underway in Fort Worth, Dallas, Plano, Frisco, Arlington, and many other communities. And the Trinity River, neglected for decades, is now the centerpiece of ambitious, environmentally-friendly urban revitalization projects in both Fort Worth and Dallas.

The north Texas region has been working to address air quality issues for many years. Those efforts, and concerns about the best way to accommodate continuing growth, have led to an expanded commitment to



sustainability. Today, over 60 percent of the region's population lives in cities whose mayors have signed the U.S. Conference of Mayors Climate Protection Agreement, pledging to strive to meet the Kyoto Protocol targets in their communities. Private and public sector leaders are working together through Vision North Texas to craft a strategy to create a successful and sustainable region through 2050. (See "Vision North Texas Looks to the Future," page 46.)

The north Texas region has changed rapidly—becoming an urban community with a wide variety of choices for businesses, residents, and visitors—and it will continue to change. A region building on the strengths of past growth and recent investment, it is embracing new forms of development that are transforming neighborhoods and the entire region. North Texas is creating a future based on sustainability and collaboration among the many players, private and public, who are changing the old perceptions to realize a new and successful 21st-century reality. **UL**

**KAREN S. WALZ** is the principal of Strategic Community Solutions, an urban and strategic planning consulting firm located in Dallas.

**The Trinity Audubon Center is adjacent to the 6,000-acre (2,400-ha) Great Trinity Forest in south-central Dallas. Designed by Antoine Predock, the LEED Gold-certified facility will provide environmental education to area children and an orientation to the Trinity River for visitors.**