

## Study puts Dallas in top tier of world's fastest-growing economies

Sheryl Jean—Dallas Morning News

Dallas and two other Texas metropolitan areas ranked among the world's 75 fastest-growing local economies in 2014, according to a report to be released Thursday by the Brookings Institution's Metropolitan Policy Program.

Macau, China, was the world's top performer among the 300 largest global metro economies in 2014.

Overall, the per capita economic output of the top 300 metros grew 1.3 percent in 2014, compared with 1.6 percent in 2013. Employment grew at the same rate both years, 1.5 percent.

However, an uneven global recovery persists. Developing metro areas in Asia and Eastern Europe continue to lead global economic growth, a trend seen for several years. Why? Some of the developing cities, such as in China and India, are starting from a very low income level and they're moving quickly from agriculture-based economies to ones driven by transportation and technology advancements, Joe Parilla, Brookings research analyst and lead author of the report, said in a phone interview.

Despite that trend, growth accelerated in the United States and the United Kingdom, but stalled in Japan and Europe amid significant economic uncertainty.

"This was probably the best sustained year that the U.S. economy had since the recession," Parilla said. "Obviously, metros are driving that."

Metros are economic powerhouses to their nations. Brookings' 300 metros combined are home to 20 percent of the world's population and jobs, but account for nearly half of global economic output.

The 300 metros include 78 U.S. cities, led by Austin. Four U.S. cities — Austin, Houston, Raleigh, N.C., and Fresno, Calif. — landed in the top 50.

"That suggests those [four] cities are having a nice run this year — some are growing because they didn't grow before, and it's a sustained period of lasting expansion for others, particularly places like Dallas," Parilla said. "Historically industrial-driven U.S. metro areas in the Midwest and the Northeast continue to struggle. They're trying to retool their economies to find a niche in the global economy that continues to transform."

Overall, U.S. metro areas are doing better: 23 ranked among the top 120 performers in 2014, up from 17 for the 2009-14 period.

Brookings analyzed the world's 300 largest metros based on annual growth rates for per capita economic output and employment from 2013 to 2014, combining them into an index. Here are some details of the top Texas metros:

Austin ranked No. 38 based on its 1.9 percent growth in economic output and its 3.6 percent job growth in 2014.

Houston was No. 39 for its 1.6 percent annual economic growth and 3.7 percent annual job growth.

Dallas ranked No. 63, with 0.8 percent annual economic growth and 3.4 percent annual job growth.

San Antonio ranked No. 131 and El Paso was No. 175.

"Austin has been our top performer since I can remember ... in terms of population, economic growth, income and employment," said Pia Orrenius, a senior economist for the Federal Reserve Bank of Dallas. The education, government and technology industries drive the Austin economy.

"Dallas' performance was respectable," Orrenius said. "It had less growth in economic output," which reflects a higher concentration of service and finance businesses and fewer faster-growing industries, such as high-tech in Austin and energy in Houston, she said.

All but 61 global metro economies have met or exceeded pre-recession levels of both income and employment. The number of U.S. metros that have fully recovered has increased from 17 in 2012 to 32.

JOB GROWTH <sup>1</sup>	Area New Jobs	1 Mo	6 Mo	12 Mo
	Estimate	12/31	End 12/31	End 12/31
	Dallas/Plano/Irving	12,000	53,800	108,100
	Fort Worth/Arlington	5,800	22,800	28,800
		17,800	76,600	136,900
INTEREST RATES <sup>2</sup>	Rates	END 1/31	Yr. Ago	
	10 Year Treasury	1.68%	2.61%	
	11th District COFI	0.69%	0.78%	
	1 Mo. LIBOR	0.17%	0.16%	
	Spreads over the above indexes have been increasing as rates have decreased. Best all in rates for the best properties are around 3.75%.			
SUPPLY/ DEMAND <sup>3</sup>	Units Added/ Absorbed	6 Mo End 1/31	12 Mo End 1/31	24 Mo End 1/31
	<b>Dallas County</b>			
	Added	5,349	8,988	15,768
	Absorbed	2,524	8,881	14,305
	<b>Tarrant County</b>			
	Added	2,273	3,060	6,146
	Absorbed	745	3,890	6,868
OCCUPANCY RATES <sup>3</sup>	Dallas County	1/31/2014	6 Mo Ago	12 Mo Ago
	2000's	85.5%	87.8%	86.0%
	1990's	94.8%	95.4%	94.7%
	1980's	94.0%	94.3%	93.4%
	1970's or Older	92.0%	91.9%	91.1%
	<b>Tarrant County</b>			
	2000's	90.8%	92.6%	90.8%
	1990's	95.1%	94.9%	94.5%
	1980's	94.0%	94.2%	92.9%
	1970's or Older	91.3%	92.1%	90.7%
RENTAL RATES <sup>3</sup>	Dallas County	1/31/2014	6 Mo Ago	12 Mo Ago
	2000's	\$1,312	\$1,309	\$1,245
	1990's	\$1,160	\$1,163	\$1,124
	1980's	\$765	\$750	\$718
	1970's or Older	\$736	\$718	\$699
	<b>Tarrant County</b>			
	2000's	\$1,104	\$1,085	\$1,055
	1990's	\$1,032	\$1,025	\$975
	1980's	\$732	\$718	\$682
	1970's or Older	\$679	\$663	\$636
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's	1 Texas Workforce Commission 2 Banxquote.com 3 ALNsys.com - Rental rates are after concessions. Approx. 25% of 70's or older are all bills paid.		
	2007	82,200		
	2008	2,500		
	2009	(94,900)		
	2010	50,800		
	2011	51,200		
	2012	79,200		
	2013	95,000		

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