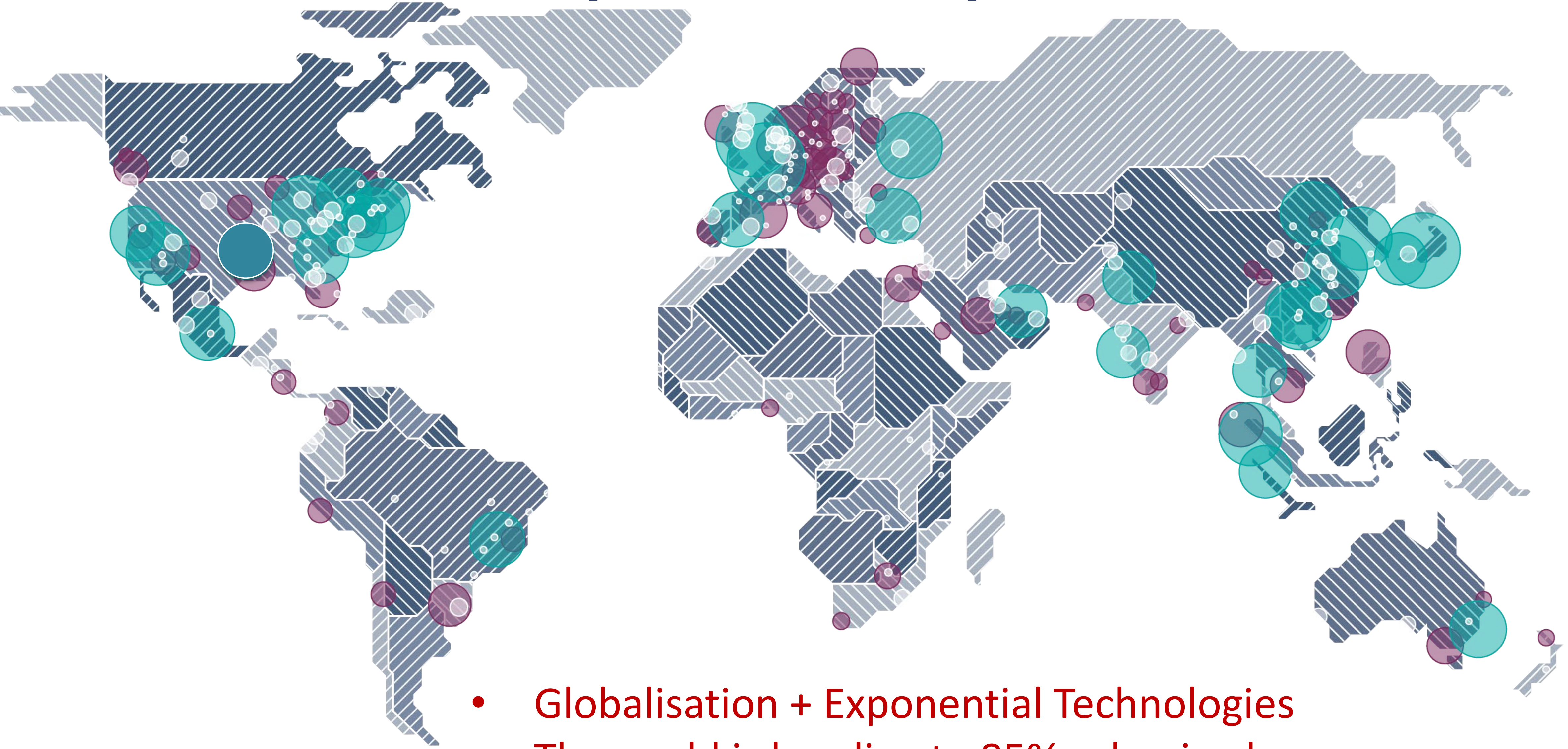
Dallas and its Downtown: A Global View

Dr Tim Moonen
The Business of Cities
January 2019

This presentation

1. Dallas in the Metropolitan Century
2. Downtowns and Competitive Metros
3. Dallas in the Global Benchmarks
4. What the Rest of the World is Doing
5. Downtown in Dallas's Next Cycle

Dallas in the Metropolitan Century



- Globalisation + Exponential Technologies
- The world is heading to 85% urbanised.
- A new global urban system in train

The Business Of Cities

The Megatrends define the Metropolitan Century

Urbanisation and metropolitan growth	Re-urbanisation of jobs and capital
Aging population	Economic transition and the rise of the innovation economy
Exponential technology change	The rise of Asia
Globalisation of trade, supply and value chains	Resource scarcity and energy convergence
Intensifying climate change	Rising infrastructure and governance gaps

For cities this means:

1. Soaring demand, especially in core locations
2. Demographic Disruption, Rising Expectations
3. High returns for urban innovation

BUT ALSO

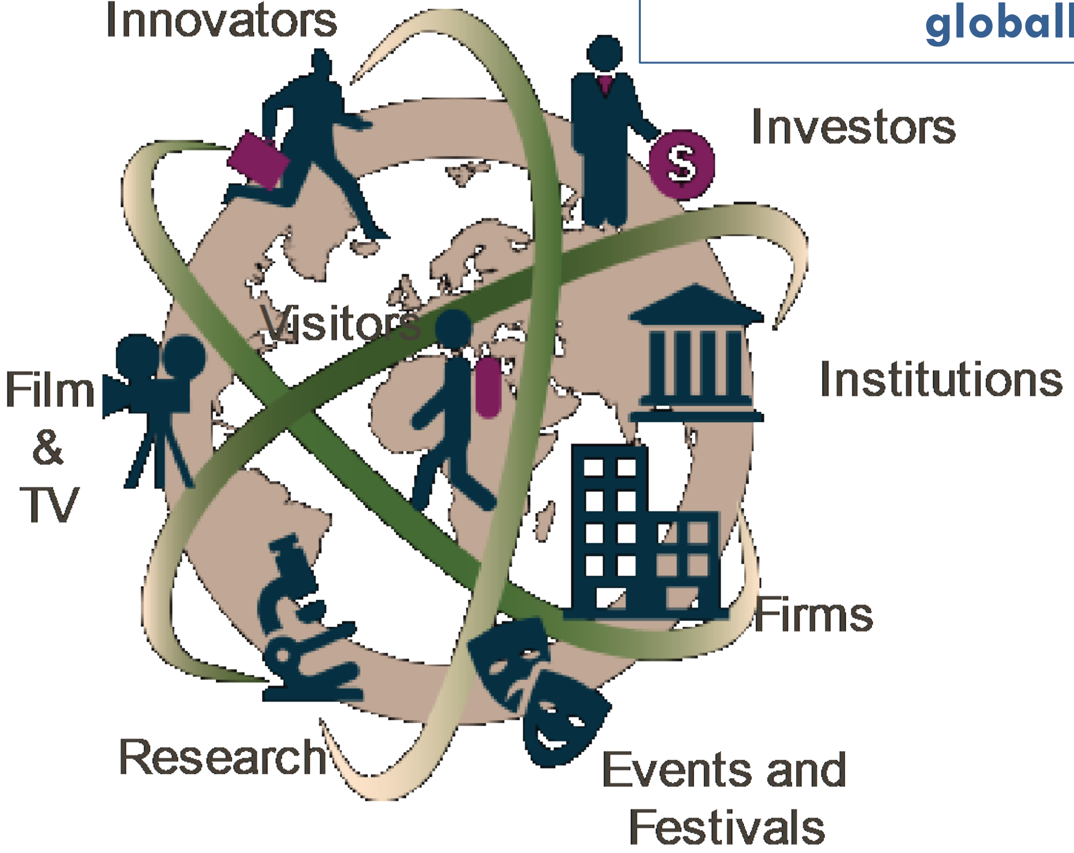
1. Higher risk of 'side-effects' and 'lock-in'
2. Greater reputational risks and exposure.
3. More tactics needed to 'get cities right'.

The new mobility… not just FDI and tourism

More and More cities are:

- Hubs of digital & scientific industries
- Produce content for global consumers
- Provide R&D sites for global firms.
- Incubate and spread innovation
- Offer SMEs eco-system for trade
- Draws for enterprising migrants
- Attract students from 2+ continents
- Destinations for tourists, conventions

These activities are increasingly mobile and contested by cities globally

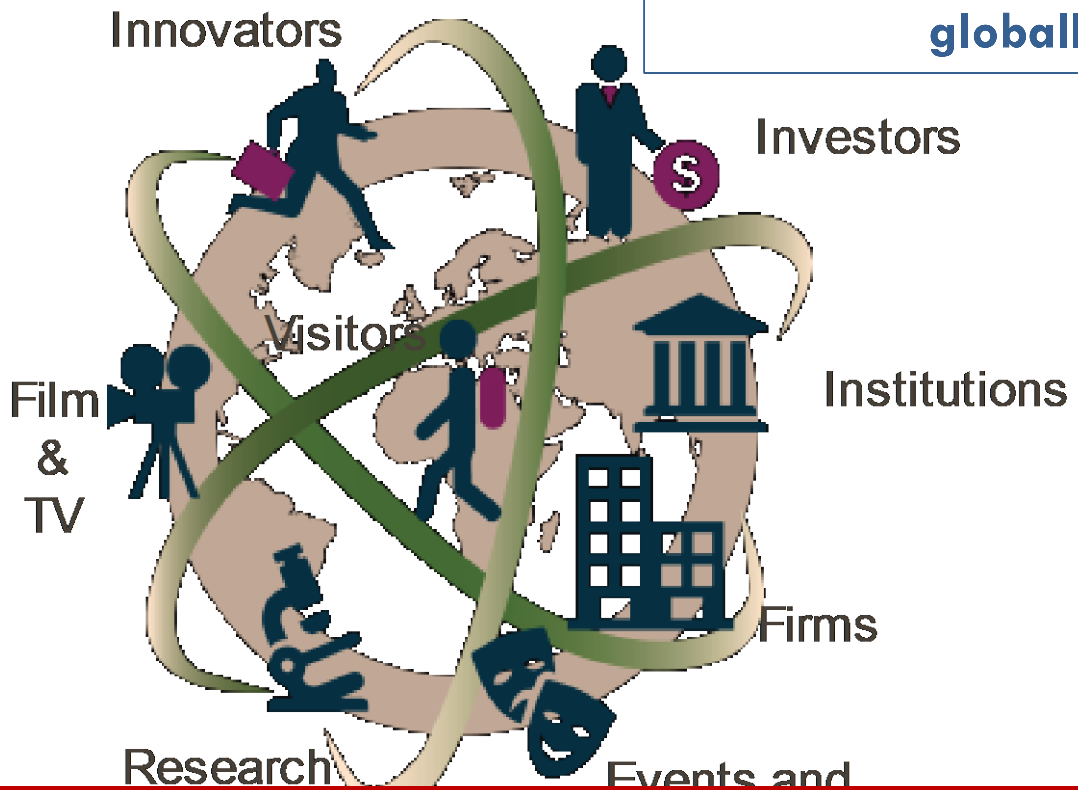


The new mobility… not just FDI and tourism

These activities are increasingly mobile and contested by cities globally

More and More cities are:

- Hubs of digital & scientific industries
- Produce content for global consumers
- Provide R&D sites for global firms.
- Incubate and spread innovation
- Offer SMEs eco-system for trade
- Draws for enterprising migrants
- Attract students from 2+ continents
- Destinations for tourists, conventions



This means Cities must do more than have a good business climate.

They also need to foster eco-systems, cluster specialisation, and develop an all-round business reputation and brand. Downtowns are fundamental to this.

Re-urbanisation trends favour Downtowns

Tourism
is
re-urbanising

Retail
is
re-urbanising

Housing
is
re-urbanising

Knowledge Economy
is
re-urbanising

Urban Real Estate
is now an
Investment Asset

Why are businesses moving back to cities?

Visibility to Customers

Opportunities to collaborate

Changing Working Practices

Sustainability Concerns

Transport, safety and education Improvements

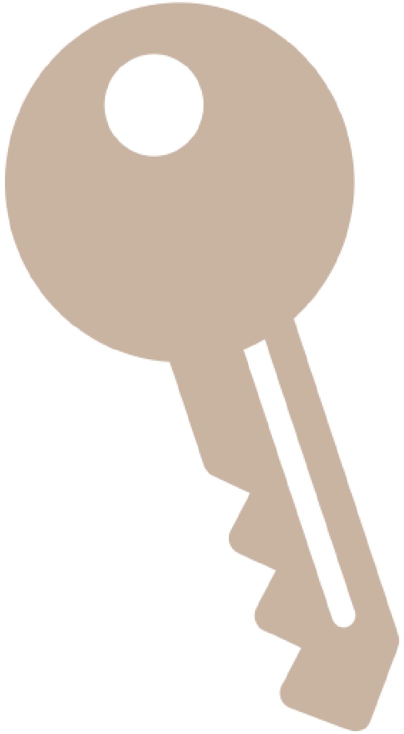
Demographics and lifestyle

Technological Advances

Access to Talent

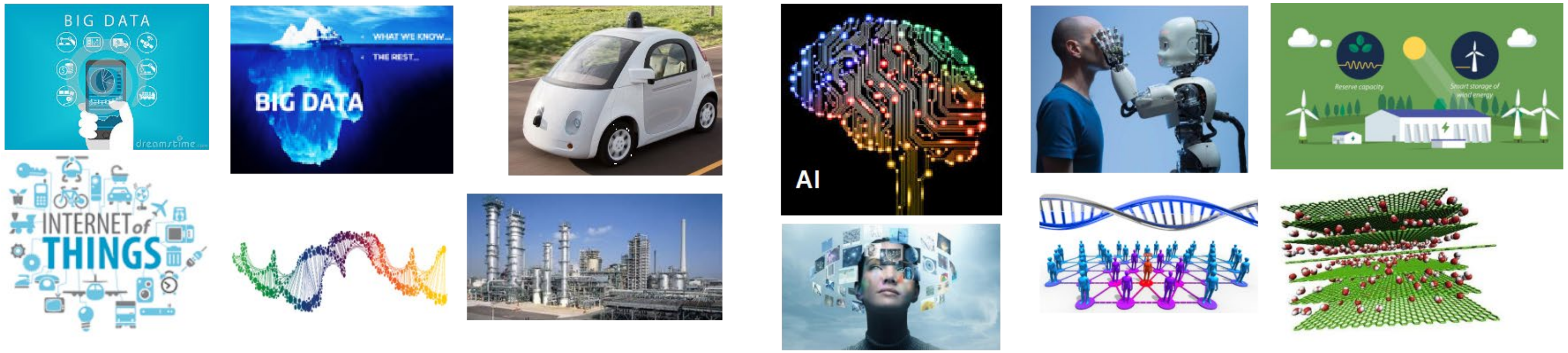
Policy-driven and market incentives

Businesses are engaging in and with cities in major new ways



1. Cities are Emerging Markets for Businesses
2. Businesses are (Re)Urbanising
3. The Urbanisation of capital
4. The rise of Tradable Urban Services
5. Cities are Hubs of Business and Cluster Innovation
6. Businesses rebranding and restructuring to meet City goals

Technology disrupts and accelerates cities



Technology catalyses new economies:

Innovation Economy | **Circular Economy** | **Sharing Economy** | **Experience Economy**

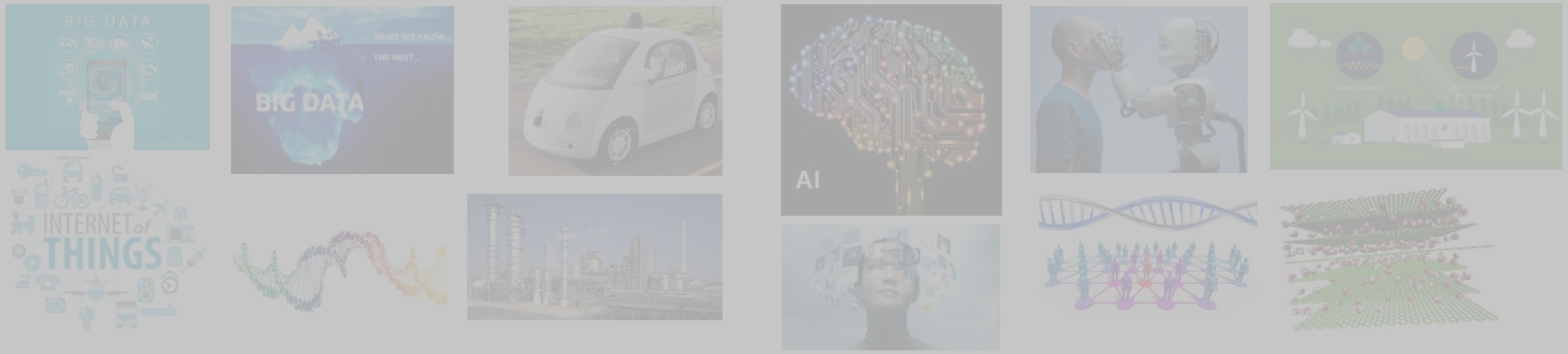
AND drives smarter cities

New business models, increased trade, and changed land use needs.

Smarter Systems
Smarter Governance
Smarter Citizens

The Business Of Cities

Technology disrupts and accelerates cities



Technology catalyses new economies:

These New Economies produce:

Innovation Economy	Circular Economy	Sharing Economy	Experience Economy

- **Premium on proximity and interactivity**
- **Increased clustering/agglomeration of activity = demand that places evolve**
- **District as venue for discovery + commercialisation**
- **Increased stickiness for talent/firms**

AND drives smarter cities

New business models, increased trade, and changing land-use needs

Smarter Systems

Smarter Citizens

Downtowns and Competitive Metros

Why does a successful Downtown matter to a metro's competitiveness?

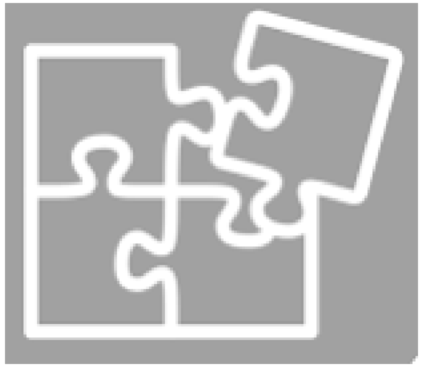
It maximises access from homes to jobs and services	It provides the business clustering to fit with needs of higher productivity economy.	It is the core node of the metropolitan investment market	Makes the innovation economy more visible	Optimise use of infrastructure and creates economies of scale
Magnet of tourism and leisure, build destination brand	Fosters the creation of knowledge and the expansion of culture.	Location of icons & memory, identity & reputation, visibility and affinity, and 'shrines'.	Meets the surging demand of people to live there	Creates more customers and tax revenue (avg 31% of citywide tax revenue in US)

BUT SUPPORT FOR DOWNTOWNS IS RARELY AUTOMATIC

- **requires joint working between the public and private sectors and amongst multiple land owners.**

The Business Of Cities

The challenges many Downtowns face: a summary



- ✗ Low visitation and affinity from metro population.
- ✗ Contradictory policy, codes and regulations
- ✗ Fragmented and short-termist municipal systems
- ✗ Small scale can make it hard to develop high value roles.
- ✗ How to retain consumption economy vs big box retail?
- ✗ Cohesion and social equity
- ✗ Infrastructure investment not keeping pace with growth.
- ✗ Relationships with higher tiers of government.

Downtowns are undergoing a series of important changes in the current cycle…

- Increased residential population
- Agglomeration of jobs in new sectors
- Changing roles as destinations
- Growth of knowledge institutions
- Imperatives to reduce carbon intensity

These changes are driving a series of common imperatives for Downtowns in the next 20 years

- Smarter systems for management/operational efficiency
- Increased capacity in transport, land use, services & utilities
- Flexible planning systems to foster mixed-use/densification
- Stronger focus on optimising public space and heritage assets
- Coordination and PPPs
- Citizen engagement and participation

…and are in turn encouraging a common set of initiatives and tools:

- Transport termini as anchors for local economic development
- Projects to enhance vibrancy, support the evening economy & create "18 hour" cities
- Strengthening of access to river & waterfront district
- Proactive and multi-stakeholder district management and branding
- PPPs, govt. collaboration and new financing methods to deliver and manage key infrastructure

Positive Momentum in Downtown Dallas

- 12,000 in Downtown (up dramatically since 2000), 50,000 in Greater Downtown
- Inspiring vision for Greater Downtown
- Established Arts District
- New experiments with mobility
- Successful leverage of PPPs, incentives
- TIF districts enhancing public goods

69% Enjoy Living Downtown as opposed to the suburbs

67% Want to live in a walkable part of town to avoid driving often

THE 360 PLAN

DART

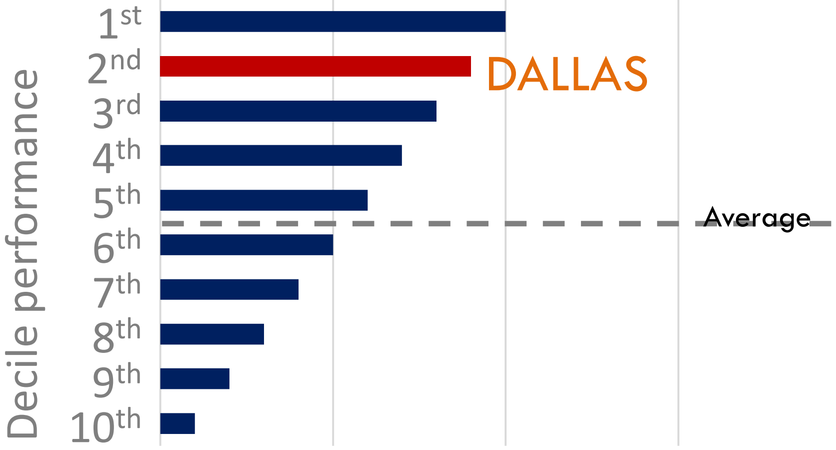
And the Promise of the High Speed Rail Line

- A catalytic opportunity with potential to spur a whole new cycle of redevelopment
- Puts Downtown at the heart of a 16 million person mega region

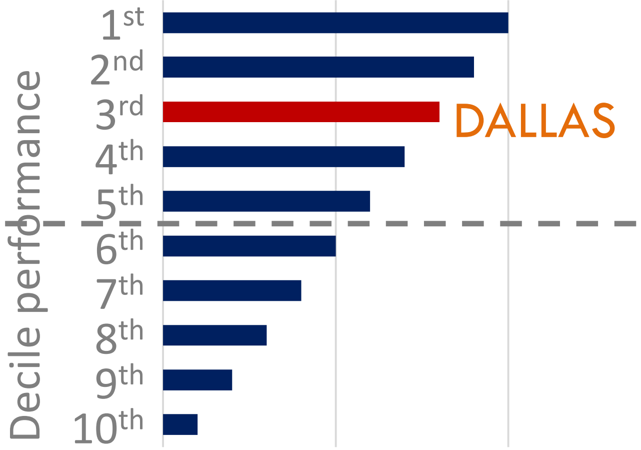
What do the Global Benchmarks Tell Us about Dallas?

The strengths of Dallas in an International Perspective

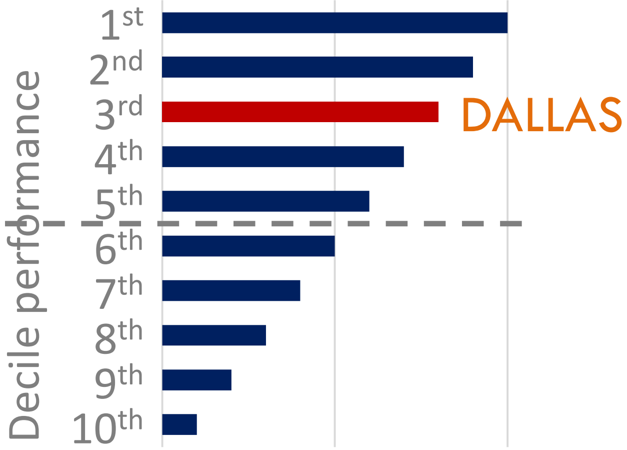
PACE OF ECONOMIC GROWTH CYCLE



HOST TO CORPORATE HQ FUNCTIONS

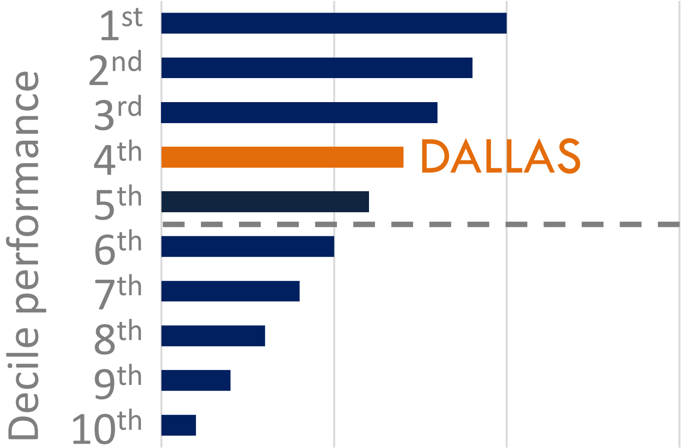


INNOVATION & TECH ECONOMY

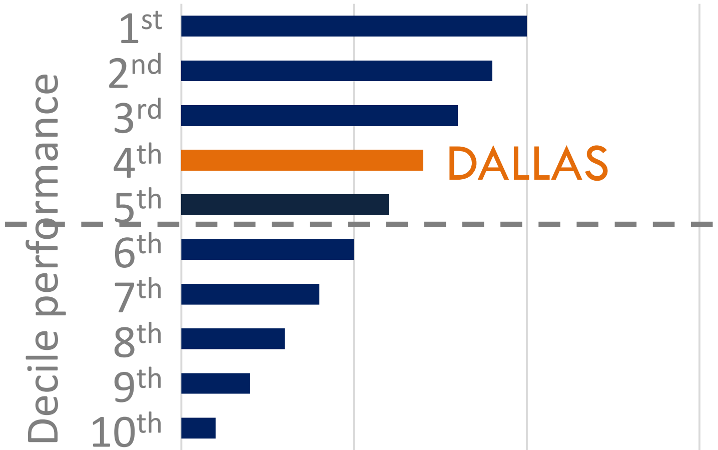


Based on Dallas position among 20 global ‘peer cities’, across more than 250 performance benchmarks between 2017 and 2018. The cities are Milan, Perth, Melbourne, Abu Dhabi, Birmingham (UK),Madrid, Hangzhou, Nagoya, Berlin, Toronto Atlanta, Houston, Austin, Nashville, Denver, San Antonio, Phoenix, Chicago and Charlotte. Final comparative position calculated using ELO Algorithm.

REAL ESTATE INVESTMENT

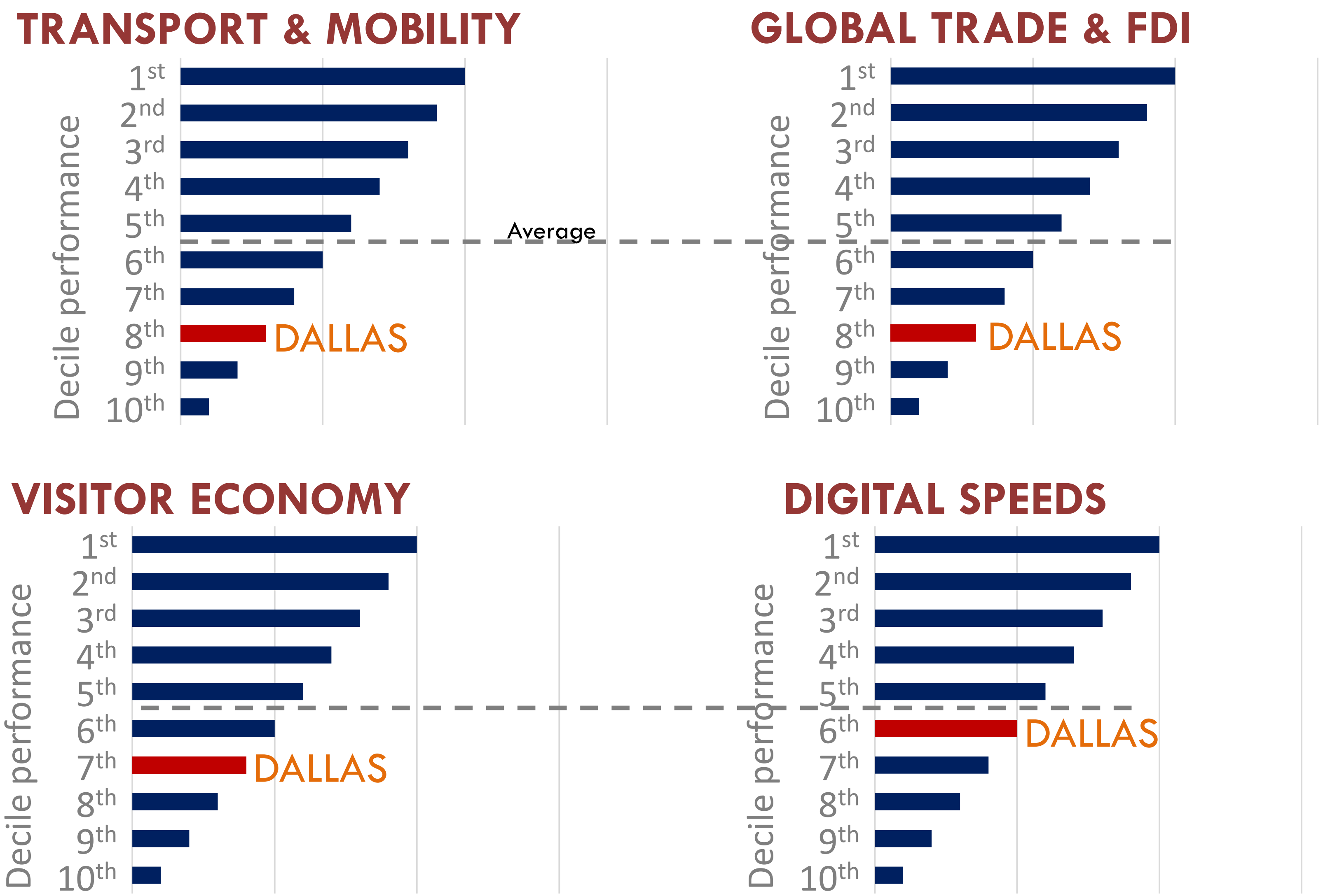


BUSINESS CLIMATE



The Business Of Cities

Dallas: Competitive constraints in International Perspective

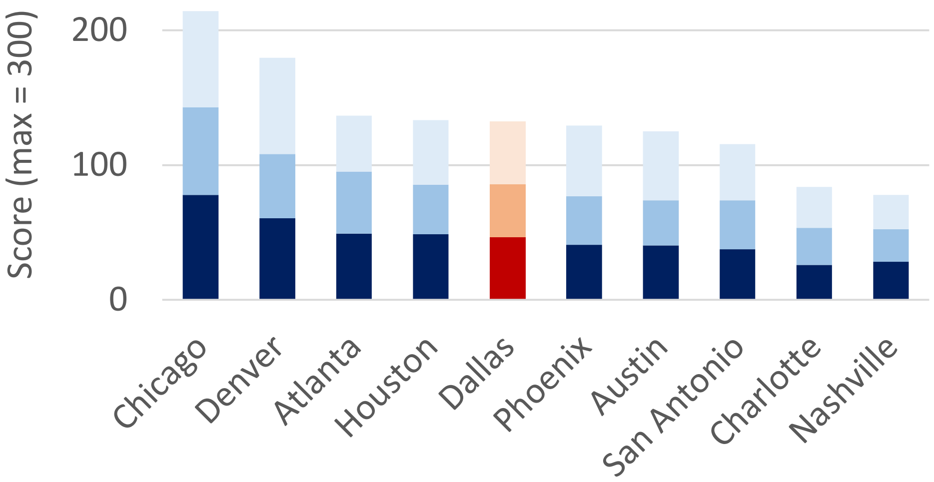


Based on Dallas position among 20 global 'peer cities', across more than 250 performance benchmarks between 2017 and 2018. The cities are Milan, Perth, Melbourne, Abu Dhabi, Birmingham (UK),Madrid, Hangzhou, Nagoya, Berlin, Toronto Atlanta, Houston, Austin, Nashville, Denver, San Antonio, Phoenix, Chicago and Charlotte. Final comparative position calculated using ELO Algorithm.

The Business Of Cities

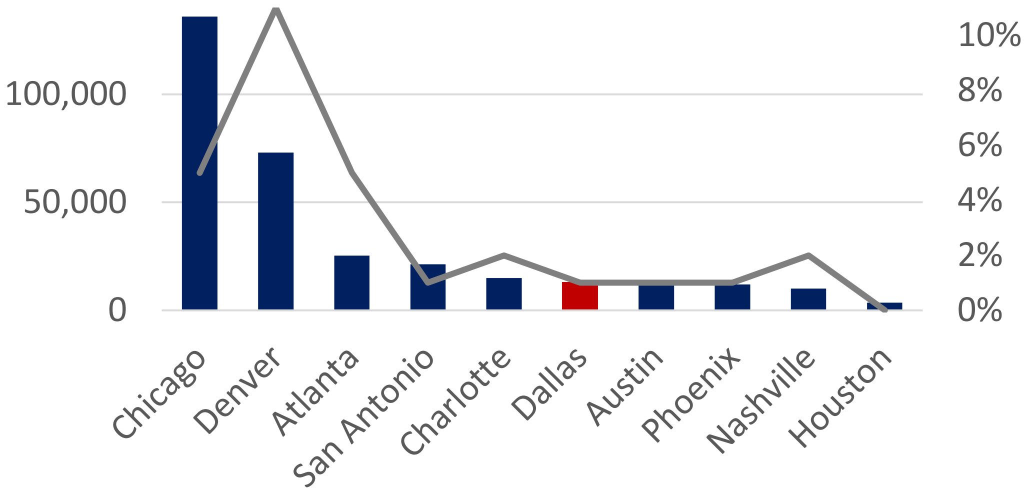
Dallas in the urban walkability and vibrancy measures

Walking, public transport and cycling friendliness



Source: walkscore.com

Downtown population



Source: Plan Bigger

Urban vitality rankings

	Compactness	Streets	Land Use Patterns
No. of cities measured	100	100	100
Chicago	13th	14th	6th
Denver	19th	28th	33rd
Atlanta	56th	45th	23rd
Austin	16th	63rd	58th
Houston	75th	17th	44th
Dallas	67th	50th	37th
Charlotte	41th	81th	60th
San Antonio	68th	40th	57th
Phoenix	76th	60th	42nd
Nashville	40th	87th	77th

Source: UrbanSCALE

Dallas: improving recognition for family friendliness, urban amenities and millennial appeal

	Leisure & Culture Options Teleport Cities	Best US Cities for Millennials (Growell)	Hipster Amenities Index* MoveHub	Best Cities to Raise a Family Niche	Perception of Place Quality Resonance**	Most Fun Cities in America Wallethub	Arts, Culture and Enter-tainment Resonance
No. of cities measured	**266**	100	**446**	231	**100**	182	**100**
Austin	89th	8th	55th	27th	9th	14th	11th
Chicago	30th	76th	108th	115th	15th	6th	2th
Dallas	62nd	12th	71st	85th	27th	27th	21st
Nashville	73th	3th	66th	114th	26th	31th	17th
San Antonio	90th	57th	223th	67th	20th	22th	16th
Houston	64th	10th	162th	53th	40th	18th	9th
Atlanta	40th	61th	14th	125th	44th	4th	20th
Denver	108th	36th	69th	103th	30th	11th	18th
Phoenix	85th	75th	90th	106th	25th	43th	28th
Charlotte	140th	5th	14th	48th	37th	54th	29th

An early sign of positive spillovers from Downtown's performance on wider Dallas

*Per capita concentration of vintage boutiques, vegan eateries, record stores & coffee shops

**Natural & built environment (e.g. parks, neighbourhoods, landmarks)

***Programming = arts, culture, entertainment and culinary scene (e.g. shopping, nightlife)

The Business Of Cities

Dallas in the global mind

What is Dallas known for?

How is Dallas described?

Based on Review of Global Media Reputational Analysis, 2017-2018

The Business Of Cities

Analysis - by global standards Dallas appears to have:

- Enjoyed a cycle of major job, population and investment growth, driven by low cost of living/business, affordable access to space, business-friendly environment and stable fundamentals
- Very strong and consistent talent pool
- Know-how and track record of absorbing corporate and RE investment
- A promising range of urban management and fiscal tools

- A small urban core with limited ‘convenor power’ over the wider metro
- Low density throughout the metro that creates spatial imbalances in the way Downtown is accessed and experienced
- Narrow identity and limited recognition among external audiences
- Low maturity of urban precincts/districts

The Business Of Cities

Analysis - by global standards Dallas appears to have:

- Enjoyed a cycle of major job, population and investment growth, driven by low cost of living/business, affordable access to space, business-friendly environment and stable fundamentals
- Very strong and consistent talent pool
- Know-how and track record of absorbing corp
- A promising range of urban management and

- A small urban core with limited 'convenor pov
- Low density throughout the metro that creates is accessed and experienced
- Narrow identity and limited recognition amon
- Low maturity of urban precincts/districts

- A larger more vibrant Downtown gives Dallas a chance to avoid the negative externalities of larger US metros: congestion, inflation, pollution, inequality, and homogenisation
- The Quality and Efficiency to optimise the Next Cycle of growth now a priority.
- Dallas's Identity deficit requires ongoing invigoration of its Downtown

s

What is the Rest of the World Doing?

Creating high-quality city centre experiences has become a priority in the recent cycle

3 examples of successful Downtown strategies

The Business Of Cities

Melbourne: 25 year rediscovery of the CBD

1st phase – Induced Demand

- **"Postcode 3000"**: to overcome 'ghost town' effect
- Empowered agencies to manage redevelopment
- Urbanising university campuses

2nd Phase – Diversification and Activation

- Free Tram Zone + Federation Square
- World-class sports and music events - creative Industries
- A Global Identity that resonates across all segments

3rd Phase - Management

- Expansion - Major education and research precinct extension of the CBD
- Agent of Change to manage noise conflicts
- Metro Rail to manage flows

Melbourne

Impacts

- From 600 homes in the CBD in 1992 to 30,000 today; 40% student population
- 640,000 non-residents use the CBD each day, 260,000 at night.
- Highest ratio of street furniture in the world.

What Made the Difference?

Using Downtown residential population to drive Economic Diversification

Sustained City + State Gov strategic focus on planning and design

Focus on experience not transaction

Strong educational campaigns

The Business Of Cities

Milan: Re-urbanisation of a 7 million person metro

- Reconnection of Downtown with suburbs through metro and rail.
- Systematic TOD approach. Optimisation of main train termini.
- Reinventing unused public spaces, tactical urbanism, landmark development standards
- Congestion Charge in 2012
- Smart City positioning and applications

Milan: Impacts

- Full embrace of 21st century urbanism
- International visitors up to 8 million
- Tree cover from 7% to 17% of urban core.

What Made the Difference?

Business takes a lead on key projects

Using a Global Event to incentivise Partnership

Redevelopment to reveal city's underlying Identity

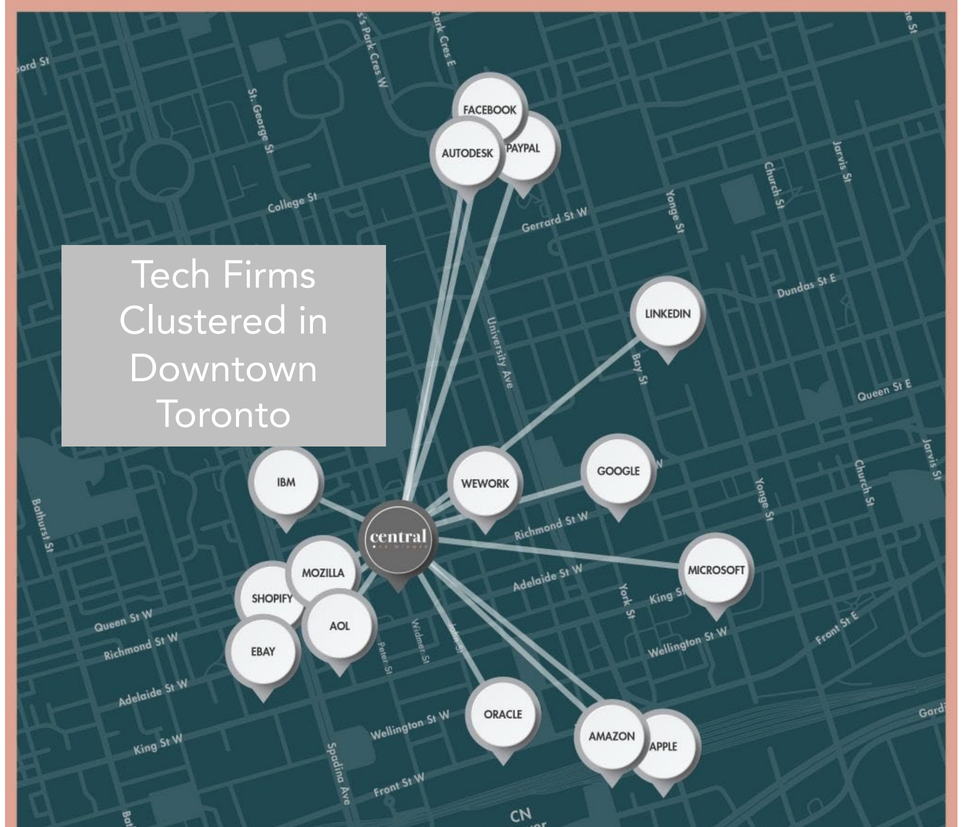
Strong sequencing with investment in Suburban Mixed Use

Toronto: Downtown rejuvenates metro economy

- Relocation of **anchor medical institutions**
- Using BIAs to develop a **network of distinctive districts** with own identity & brand & wayfinding.
- Major improvements to **Union Station** to create a new **“18-hour” consumer experience**
- Waterfront Toronto based on **unique model of 3-tier govt. collaboration.**

Toronto: Impact

- **Experience:** Entertainment District a major global destination - 17 million tourists annually
- **Population:** Downtown growing at 4x metro average
- **Productivity:** Downtown offices now compete to have access to much wider regional labour market.
- **Diversification:** successfully reduced reliance on financial services.



Summary lessons: successful strategies for Downtowns combine 3 approaches:

- Identification of **opportunities and strategies to optimise specific locations, buildings and districts**
- Downtown vision that is **owned and championed by multiple stakeholders** and can be translated into planning policies/partnership activities
- Downtown success **creates alignment** about the story of the 'whole city' and achieves multiple cycles of support
- Ongoing improvement to Downtown **operational management and enhancement.**

Downtown in Dallas's Next Cycle

Cycles in city centre development

1st Cycle

- Projects, Physical Renewal & Safety
- Promotion Alliance
- Downtown Tourism + Events
- Awareness-raising in Gov
- Focus on RE and FDI catalysts

2nd Cycle

- Strategic plans for enlarged City Centre
- Reconsideration of transit
- Proactive Cultural Insts
- Specialist Investment Agencies
- Tactical re-purposing
- ‘Whole Place’ - making and management
- Demonstrate city-wide benefits
- Funding tools developed

3rd Cycle

- Peak acceleration of residential population growth
- Relocation of assets to optimise competitiveness, destination development
- Integrated brand, story & voice for the city
- Business and Civic Leadership fully engaged
- City Centre fosters the Big City, overcomes ‘Zero Sum’, expresses city DNA and vernacular

4th Cycle

- Dealing with the Side Effects of Success
- New Edges Revealed
- Support for ’2nd CBD’ location
- Smart Demand Management
- Diversification of activities
- Leadership coalition matures
- Governance reforms at metro and state level
- International scale
- Competitive benchmarking

Cycles in city centre development

Dallas?

1st Cycle

- Projects, Physical Renewal & Safety
- Promotion Alliance
- Downtown Tourism + Events
- Awareness-raising in Gov
- Focus on RE and FDI catalysts

2nd Cycle

- Strategic plans for enlarged City Centre
- Reconsideration of transit
- Proactive Cultural Insts
- Specialist Investment Agencies
- Tactical re-purposing
- ‘Whole Place’ - making and management
- Demonstrate city-wide benefits
- Funding tools developed

3rd Cycle

- Peak acceleration of residential population growth
- Relocation of assets to optimise competitiveness, destination development
- Integrated brand, story & voice for the city
- Business and Civic Leadership fully engaged
- City Centre fosters the Big City, overcomes ‘Zero Sum’, expresses city DNA and vernacular

4th Cycle

- Dealing with the Side Effects of Success
- New Edges Revealed
- Support for ’2nd CBD’ location
- Smart Demand Management
- Diversification of activities
- Leadership coalition matures
- Governance reforms at metro and state level
- International scale
- Competitive benchmarking

The Business Of Cities

A Big Question: Dallas's Identity

- What kind of city does Dallas want to be?
- What is Dallas's brand?
- When the rest of the world thinks of Dallas, what are their perceptions, expectations, concerns, values, memories?

The possible risks if Downtown's evolution is not supported in the next cycle:

- Dallas may fail to differentiate itself
- The sense of place, identity, belonging, and story may become indistinct, eroding Dallas's magnetism.
- Projection of Dallas to the world may remain locked into a lower value cost efficiency formula
- Rejection of population growth may become widespread
- Dallas may remain a second division player in the innovation economy
- The rate of other kinds of innovation may be lower.
- Other cities in Texas may move ahead

An Equation for a Competitive Dallas

Fundamentals

- Large stable domestic market
- Corporate functions
- Attractive cost equation for labour-hungry business and talent
- Accommodating Business Environment
- Strong Technology orientation
- Logistics platform

+

New Edges

- Distinctive Lifestyle and Character
- High Liveability
- Urban quality and vibrancy
- Regional housing/lifestyle choices
- Top class institutions
- Enterprise and innovation eco-system

+

Supported by:

- Collaborative Leadership
- Metropolitan Co-ordination and Soft Governance
- A Renewed Story/Brand

=

A Successful Dallas

The Business Of Cities

What might other Downtowns in Dallas's situation now prioritise?

1. Set targets for acceleration of residential population Downtown
2. Vigorously Invest in the Brand & Story
3. Focus effort on optimising the High Speed Rail district and corridor
4. Start to curate your specialisation now.
5. Audit your assets: which of Dallas's assets might be optimally relocated?
6. After High Speed Rail, what is the next catalyst?

What might other Downtowns in Dallas's situation now prioritise?

1. Set targets for acceleration of residential population Downtown
2. Vigorously Invest in the Brand & Story
3. Focus effort on optimising the High Speed Rail district and corridor
4. Start to curate your specialisation now.
5. Audit your assets: which of Dallas's assets might be optimally relocated?
6. After High Speed Rail, what is the next catalyst?

A JOINT EFFORT

Business	Local and State Govs	Universities
Science, Tech and Research	Community	Talent
Real Estate Owners & Operators	Real Estate Investors	Agencies and Advocates

The Business Of Cities