

# **The Economic, Fiscal, and Developmental Impacts of the Dallas Center for the Performing Arts**

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## EXECUTIVE SUMMARY

Many cities have embraced the performing arts, not only as an amenity but as a catalyst for economic development and downtown renewal. The New Jersey Performing Arts Center in Newark, the Kimmel Center for the Performing Arts in Philadelphia, and the Lincoln Center in Manhattan have all been instrumental in revitalizing previously depressed urban areas. In conjunction with the arts institutions already in place, the new Dallas Center for the Performing Arts (DCPA) will play an important role in current efforts to transform downtown Dallas into a vibrant, 24-hour residential, commercial, and entertainment hub.

Construction of the \$275 million DCPA will pump about \$460 million into the local economy and create more than 4,500 jobs. Once construction is completed, ongoing spending for operations and maintenance will exceed \$8 million annually and support about 120 full-time-equivalent jobs. More significantly, the DCPA is expected to draw almost 700,000 visitors to downtown annually after several years of operation. Spending by local and non-local visitors will exceed \$18 million per year, generating more than \$31 million of economic activity and supporting upwards of 400 new downtown jobs. Property and sales taxes will jump by \$3.4 million annually, and City of Dallas hotel taxes will increase by almost \$400,000.

A tremendous amount of private development is currently underway, or planned, adjacent to DCPA. These projects will have injected more than \$560 million into the local economy by the time they are completed, supporting 9,700 person years of employment, boosting area incomes by \$414 million, and generating \$29.1 million in

state and local tax receipts. Rapidly rising land values near the DCPA suggest additional development is likely in the near future.

The Dallas Center for the Performing Arts will constitute one of the most comprehensive arts complexes to be found anywhere in the world at a single location. Presenting first-rate talent to residents and visitors, the DCPA will immensely enhance the North Texas region's quality of life. Dallas will also gain from an "artistic dividend" as the creativity and specialized skills of the arts community spill over into other industries.

## **I. Introduction**

Groundbreaking for the Dallas Center for the Performing Arts (DCPA) took place in November 2005. This \$275 million complex will include the Winspear Opera House, the Wyly Theatre, and a new outdoor Performance Area connected to the Annette Strauss Artist Square. These new venues, along with a future City Performance Hall, will complement the arts institutions already in place—the Dallas Museum of Art, the Meyerson Symphony Center, the Nasher Sculpture Center, and the Crow Collection of Asian Art. When completed, the Dallas “arts district” will offer one of the largest and most comprehensive assemblages of arts institutions anywhere in the world, including four buildings designed by Pritzker Prize winners.

In addition to elevating the quality of life for Dallas residents and visitors, the DCPA will have significant local economic and fiscal impacts as a result of the new jobs and income generated by construction and operations of the new facilities. What’s more, the DCPA is a critical component of efforts currently underway to revitalize Dallas’ Downtown and turn it into a vibrant 24-hour residential, commercial, and entertainment hub.

In this report, we identify and calculate the economic and fiscal impacts that will attend construction and operations of the DCPA. We also look at ancillary commercial and residential development likely to occur in close proximity to the DCPA. Finally, we consider the importance of the DCPA in making Downtown Dallas a desirable place to work, live, visit, and recreate.

## **II. The Economic Impact of the Arts: An Overview**

Many studies have been conducted over the past decade, both general and specific, documenting the contribution of arts activities to local economic development. We discuss several of these below.

A. *Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and their Audiences.* Americans for the Arts, a public interest group advocating increased private and government spending for the arts, has prepared several studies estimating the total nationwide economic impact of the arts, the most recent in 2002. Their latest analysis is derived from a survey of 91 communities across 34 states. Detailed expenditure data were collected from 3,000 arts organizations and 40,000 arts attendees. The study focused solely on nonprofit arts organizations and excluded spending by individual artists and for-profit arts and entertainment venues.

Project economists estimated that the nonprofit arts industry generated \$134 billion in total economic activity in 2000 and supported 4.9 million full-time-equivalent (FTE) jobs—a greater percentage of the U.S. workforce than is employed as accountants, lawyers, physicians, or computer programmers. Household income was boosted by \$89.4 billion in 2000 as a result of this spending while state and local revenue coffers were enhanced by about \$14 billion. Federal income tax receipts were increased \$10.5 billion from spending by the nonprofit arts industry.

The study also highlights the importance of arts spending for tourism and downtown revitalization, pointing out that the arts attract visitors to downtown and also extend the business day. Restaurants and shops often stay open late to accommodate arts patrons.

*B. The Artistic Dividend: The Arts Hidden Contributions to Regional Development.* In 2003, Professor Ann Markusen of the University of Minnesota published an exploratory study suggesting that the arts have economic impacts beyond simply totaling up the amounts that patrons spend on tickets, parking, meals, and merchandise at and around major theatres, symphony halls, and galleries. She found that the productivity of and earnings in a regional economy rise as the incidence of artists within its boundaries increases because artists' creativity and specialized skills enhance the design, production, and marketing of products and services in other sectors of the local economy.

This "artistic dividend" is a product of long-term commitments by philanthropists, patrons, and the public sector to regional arts organizations, arts education, and individual artists. It is enhanced by entrepreneurial activity among artists and contributes to a higher urban quality of life. What's more, Markusen finds that the artistic dividend compares favorably with economists' analyses of professional sports dividends.

Interestingly, Markusen notes that Dallas currently boasts a below-average concentration of artists. By inference, development of the Dallas Center for the Performing Arts can help overcome this deficiency and create that "critical mass" wherein the arts can become an important driver of downtown revitalization while enhancing the quality of life amenities of all residents in the Metroplex.

*C. The Arts, Culture, and the Texas Economy.* In 2001, economist M. Ray Perryman conducted a comprehensive examination of the impact of the arts on Texas, its regions, and its metropolitan areas. According to his calculations, when viewed within the framework of their entire role in the state economy, the arts account for about \$62

billion of personal income and almost 2 million jobs. The contribution of the cultural arts as traditionally measured (visual, literary, media, and performing) also has a substantial impact on the Texas economy, generating nearly \$19 billion of personal income and supporting more than 600,000 permanent jobs.

Importantly, Perryman finds that the Dallas metropolitan area is the most “arts intensive” urban region of the state as measured by economic impacts, with a per capita output of \$6,654. And, similar to Markusen’s analysis, Perryman demonstrates that the cultural arts permeate and add value to hundreds of other industries while facilitating the creative process that is essential to innovation and growth in a dynamic economy.

*D. Economic Impact Study of the Arts and Cultural Organizations in North Texas.*

Over the past decade, Deloitte & Touche has prepared five studies on the economic impact of the arts in the North Texas region, with the most recent one conducted in 2003. Utilizing spending surveys from arts and cultural organizations in the Metroplex, Deloitte & Touche calculates the total economic impact of these expenditures. In 2003, for example, the total economic impact of the arts in North Texas was estimated at \$780.8 million comprised of \$400.7 million from operations, \$57.7 million from construction, and \$322.4 million from indirect audience spending associated with attendance at arts events. About \$504 million of this impact is estimated to occur within the City of Dallas.

To estimate indirect spending, Deloitte & Touche used multipliers provided by the IMPLAN Group, a Minnesota firm that has developed input-output models for metropolitan areas. (This same model will be used later in this report to estimate the likely economic impacts of the Dallas Center for the Performing Arts).

The 85 organizations responding to the 2003 survey employ 1,904 personnel on a full-time basis and an additional 2,096 on a part-time basis. In addition, they utilize 2,403 independent contractors. Eighty-five percent of the artists and performers employed by North Texas arts and cultural organizations live in the North Texas region.

Using the IMPLAN multipliers, Deloitte & Touche estimated the overall employment impact from direct arts spending at 8,897 FTEs in 2003 plus 8,780 FTEs that are supported by indirect spending. Finally, 966 FTEs could be attributed to construction spending in 2003.

In sum, the Deloitte & Touche studies have consistently found that “arts and culture” are major enterprises in the Metroplex, generating a sizable share of the region’s income and supporting many thousands of jobs.

*E. The New Jersey Performing Arts Center.* The New Jersey Performing Arts Center (NJPAC), located in downtown Newark, is a \$180 million, 12-acre complex housing a music hall, a theatre, two restaurants, and other facilities that opened in 1997. Funded with a combination of public and private money, it serves as the home for the New Jersey Symphony Orchestra, the New Jersey State Opera, and various New Jersey dance and theater companies. NJPAC has also become a leading venue for top-flight artists on tour.

The consulting firm of Hamilton, Rabinovitz & Alschuler, Inc. (HRA) recently prepared an economic impact assessment of NJPAC. They estimated that in 2003 NJPAC increased statewide economic activity by \$35 million, with about \$28 million flowing through the Newark economy. About 470 New Jersey jobs could be traced directly to NJPAC, with 380 of these in the City of Newark. In addition, patrons at

NJPAC spent an additional \$12.3 million. HRA further estimated that construction of the facilities and initial operations had a total economic impact of more than \$1 billion.

Importantly, the development of NJPAC is considered a critical component in the revitalization of downtown Newark. Between the mid-1960s and the late-1980s, Newark lost 25 percent of its population, and its downtown became virtually abandoned. But over the past decade, the entire city—and especially the downtown area—has witnessed a remarkable renewal. Office buildings, retail, restaurants, and multi-family housing have sprouted close to the center, helping to bring back life to downtown Newark.

*F. Kimmel Center for the Performing Arts (Philadelphia).* The Kimmel Center, which serves as home for the Philadelphia Orchestra, the Philadelphia Pops, the Opera Company of Philadelphia, the Philadelphia Ballet, and several other arts organizations, opened in the heart of downtown Philadelphia in late 2001. This \$265 million facility is comprised of a large music hall seating 2,547 and a 651-seat theatre as well as restaurants, an education center, a public plaza, a roof garden, a gift shop, and an underground garage. Like the New Jersey Performing Arts Center, the Kimmel Center was funded with a combination of public and private money.

Prior to the center's opening, the Pennsylvania Economy League estimated that construction spending had supported more than 5,000 jobs in the region while indirectly generating about \$15 million in state and local taxes. The League further projected that the Kimmel Center, once in operation, would generate \$153 million in annual spending and support almost 3,000 direct and indirect jobs. This spending, in turn, was estimated to produce \$9.5 million in city and state income, sales, and wage taxes annually.

Downtown Philadelphia is a lively, 24-hour-a-day neighborhood with a substantial number of permanent residents, which was the case well before the Kimmel Center was built. But the center has helped keep Philadelphia's downtown competitive with other neighborhoods and enhanced its appeal as a place to live and work.

*G. The Economic Role & Impact of Lincoln Center (New York City).* Not surprisingly, New York's Lincoln Center is a giant economic generator. An October 2004 study, prepared by Economic Development Research Group, calculated that direct operations spending by Lincoln Center in 2003 exceeded \$530 million, including \$350 million for employee wages and benefits. Direct employment by the center's resident organizations was equal to 5,500 FTEs. The study further estimated that the combined economic impacts from operations and visitor spending associated with Lincoln Center and its resident organizations exceeded \$1.5 billion in 2003 and provided \$635 million in earnings for residents of the New York metropolitan area. Direct and indirect employment associated with Lincoln Center was more than 15,000.

The experience of Lincoln Center is not likely to be replicated in downtown Dallas, simply because of differences in scale. But it should be kept in mind that the upper west side of Manhattan was considered a slum area when Lincoln Center was first proposed in the late 1950s. Today, it is one of the most desirable neighborhoods in New York City.

The City of New York's finances have also benefited tremendously from ancillary development around Lincoln Center. For example, between 1963 and 2003, taxable property values in the Lincoln Square area increased by 2,600 percent, compared with just 447 percent for the rest of Manhattan. This differential rate of development and

property appreciation translates into an addition \$285 million in annual property tax revenue.

A significant amount of ancillary private development is anticipated around the Dallas Center for the Performing Arts, which can also boost the city's finances while helping to revitalize the Downtown area (see discussion below).

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Numerous studies, including those summarized above, have found that spending on the arts produces significant community economic benefits. Construction and operations of arts venues can pump large amounts of new dollars into a local economy. As these dollars turn over, a multiplier effect is realized that enhances the impact of the initial spending. Cities also gain from an "artistic dividend" as the creativity and specialized skills of the arts community spill over to other local industries. Substantial ancillary development typically occurs around new arts venues, enhancing property values and, consequently, local tax revenues. Finally, and perhaps most importantly for the City of Dallas, performing arts complexes can be a key catalyst for reviving moribund Downtown neighborhoods.

### **III. The Dallas Center for the Performing Arts: The Anticipated Economic and Fiscal Impacts from Construction and Ongoing Operations**

In this section, we report the findings of our analysis of the economic and fiscal impacts that will attend new construction and operations spending associated with the Winspear Opera House, the Wily Theatre, and the Annette Strauss Artist Square venue. Consistent with the analysis conducted by Deloitte & Touche described in the previous section, we utilize an IMPLAN economic input-output model developed by the Minnesota IMPLAN Group. In the first part of our analysis we consider the economic and fiscal impacts of construction spending for the two primary venues and ancillary construction. The second part deals with on-going economic and fiscal impacts of facility operations.

The IMPLAN model provides estimates of total economic activity including direct, indirect, and induced impacts based on the activities of a given entity. For example, consider the economic impacts of construction of the Winspear Opera House. The direct effects would include the activities of the construction firm that hires employees, pays wages, and purchases building materials. In addition, the construction firm will buy office supplies, contract for construction site sanitary services, and engage professional service providers such as accountants and attorneys as a part of their normal business operations. Indirect effects capture the economic activities of the construction company's vendors. For example, the accounting firm that provides bookkeeping services to the construction firm buys office supplies, rents space, purchases computer equipment, and hires services for their business needs. Induced effects include the impact of the employees of all of these firms spending a portion of their wages and

salaries on goods and services in the local economy. The IMPLAN model provides impact estimates at the county level or aggregation of counties such as the Dallas metropolitan area and adjusts the impact estimates for spending that leaks out of the local economy. For example, the fuel used for construction equipment was not refined in the Dallas area; therefore, little of the estimated purchase value of that fuel is counted as contributing to the local economy.

Construction of the Winspear Opera House, the Wyly Theater, and the Annette Straus Artist Square outdoor performance venue, parking facilities, and related infrastructure is projected to cost \$275 million with construction starting this fall and completing in 2009. These construction expenditures will generate almost \$460 million in economic activity in the Dallas area, expressed in constant 2005 dollars (see Table 1). This activity will support more than 4,500 person-years<sup>1</sup> of employment paying in excess of \$200 million in salaries, wages, and benefits. In addition, \$37.7 million in property income<sup>2</sup> will be generated by the DCPA construction. State and local taxing jurisdictions will enjoy a temporary boost to revenues from sales and property taxes, licenses, and permit fees totaling \$13.8 million through completion of construction activities.

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<sup>1</sup> Person years refers to one full time job lasting one year. The actual number of jobs supported will vary over the construction term based on the specific phase on the building activities.

<sup>2</sup> Property income includes royalties, rents, dividends, and corporate profits.

**Table 1**

**Economic and Fiscal Impacts of Construction Activities for the  
Dallas Center for the Performing Arts  
(\$2005)**

| Description                             | Impact         |
|---|----------------|
| Total Construction Spending             | \$ 275,000,000 |
| Total Economic Activity                 | \$ 459,486,000 |
| Total Labor Income (including benefits) | \$ 202,739,000 |
| Total Employment <sup>@</sup>           | 4,580          |
| Total Property Income <sup>*</sup>      | \$ 37,710,000  |
| State and Local Taxes <sup>+</sup>      | \$ 13,785,000  |

<sup>@</sup> Expressed in person years of employment. <sup>\*</sup> Includes royalties, rents, dividends, and corporate profits.  
<sup>+</sup> Includes sales, excise, property taxes, fees, and licenses.

While the economic and fiscal impacts of the construction of the Dallas Center for the Performing Arts venues and ancillary infrastructure are impressive, they are temporary. Once construction ends, so do the impacts. However, these facilities will continue to contribute to local economic activity through spending for maintenance and operations.

On-going spending for operations and maintenance of the DCPA facilities will be over \$8 million per year by the fifth year of operations. This spending will support over \$12.4 million in annual economic activity, provide over 100 direct, indirect, and induced jobs, and increase local labor earnings (including benefits) by nearly \$4 million (see Table 2). In addition, on-going property income associated with DCPA operations will rise almost \$2 million per year. State and local taxing jurisdictions will realize about \$1.5 million in annual revenues as a result of operations at the DCPA. The City of Dallas will see \$139,000 per year in sales and property taxes as a result of operations at the Dallas Center for the Performing Arts facilities.

**Table 2**

**Economic and Fiscal Impacts of Ongoing Operations  
Dallas Center for the Performing Arts  
(\$2005)**

| Description                             | Impact        |
|---|---------------|
| Total Operations Spending <sup>@</sup>  | \$ 8,377,000  |
| Total Economic Activity                 | \$ 12,442,000 |
| Total Labor Income (including benefits) | \$ 3,996,000  |
| Total Employment <sup>@</sup>           | 119           |
| Total Property Income*                  | \$ 1,973,000  |
| State and Local Taxes <sup>+</sup>      | \$ 1,487,000  |
| City of Dallas Sales and Property Taxes | \$ 139,000    |

<sup>@</sup> Expressed in person years of employment. \* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

#### **IV. Economic and Fiscal Impacts from Visitor Spending**

The various venues of the Dallas Center for the Performing Arts will draw tens of thousands of visitors to Downtown each year. In addition to the new Winspear Opera House and Wyly Theatre, the DCPA complex will include an outdoor “performance area” that will be connected to the existing Annette Strauss Artist Square. At present, Artist Square draws about 125,000 visitors to Downtown for programs ranging from concerts to arts festivals to food fairs. With the addition of two permanent sound stages in the new performance area, a broader range of events can be presented at Artist Square. Within a few years, attendance could easily exceed 300,000.

AMS Planning and Research Corporation has estimated that by the third year of operations, the Winspear Opera House will host 173 performances while the Wyly Theater hosts 205. Attendance is projected at 275,294 patrons for the Opera House and 95,788 for the Theater. ***Thus the three venues combined are expected to draw almost 700,000 visitors to Downtown after several years of operation.***

Spending by these visitors will have substantial economic and fiscal impacts and will also help support nascent retail and restaurant activity in the Downtown area. Visitor spending at the arts venues is accounted for in the operating budgets of the individual facilities. However, the experience of other arts venues in Dallas and elsewhere suggests that restaurants, retailers, and hotels in close proximity to the DCPA will see a boost in sales on performance days. Assuming about one-third of the arts patrons have dinner in Dallas, but not at the performing arts center, local restaurants will see almost \$12 million in new sales once all facilities are at full operation. Similarly, we expect about one in five patrons to also make retail purchases in conjunction with their trip to Downtown

Dallas, though we use a very conservative estimate of only about \$20 per shopper. Even with this conservative estimate, area retailers could realize more than \$3 million in new spending as a spin-off from patrons attending events at the DCPA. In addition, we anticipate that five to ten percent of visitors to the DCPA will be from out-of-town. Using the lower end of that range, and assuming the arts center itself generates only one room night per couple, area hotels will still see about \$3 million per year in new bookings. Combined, this new spending by visitors totals about \$18.4 million per year, generating over \$31 million in area economic activity, boosting local labor income by \$11.6 million, and supporting over 400 jobs (see Table 3). In addition, property income will increase by \$4.3 million. The City of Dallas will record almost \$400,000 per year in new sales and hotel tax revenues with total state and local tax contributions approaching \$2 million per year.

**Table 3**

**Economic and Fiscal Impacts of Visitor Spending  
Away From the Performing Arts Venues of the  
Dallas Center for the Performing Arts  
(\$2005)**

| <b>Description</b>                      | <b>Impact</b> |
|---|---------------|
| Total Visitor Spending                  | \$ 18,393,000 |
| Total Economic Activity                 | \$ 31,177,000 |
| Total Labor Income (including benefits) | \$ 11,589,000 |
| Total Employment <sup>@</sup>           | 411           |
| Total Property Income*                  | \$ 4,253,000  |
| State and Local Taxes <sup>+</sup>      | \$ 1,915,000  |
| City of Dallas Sales and Hotel Taxes    | \$ 395,000    |

<sup>@</sup> Expressed in person years of employment. \* Includes royalties, rents, dividends, and corporate profits.  
+ Includes sales, excise, property taxes, fees, and licenses.

Though difficult to quantify at this time, to the extent the new opera and theater venues attract more road shows and non-local artists to Dallas, the Downtown economy

will also benefit from spending by these performers at hotels, restaurants, and shopping. Similarly, more out-of-town patrons can be expected to visit the city once the DCPA is completed. Their spending will provide a further economic boost to Downtown Dallas.

## **V. Likely Ancillary Development Around the Dallas Center for the Performing Arts**

After languishing for several decades, Downtown Dallas is now springing back to life. Private developers are planning in excess of \$500 million in new construction and rehabilitation projects within the central business district, the City of Dallas has established tax increment financing zones within and adjacent to Downtown totaling \$243 million, and the City is also subsidizing a Main Street retail revitalization program. Downtown has also become a nascent residential neighborhood as a result of numerous loft and condo conversion projects.

The new Dallas Center for the Performing Arts will enhance Downtown's appeal as a place to live and work. What's more, the expansion of the arts district itself is spurring additional commercial and residential development both adjacent to DCPA and in the Uptown neighborhood. In what follows, a few of these projects are highlighted.

A. *One Arts Plaza*. This \$100 million mixed-use development at the intersection of Flora and Routh Streets will become the new headquarters for the 7-Eleven Corporation. It will also contain an additional 180,000 square feet of multi-tenant office space plus 71 luxury condominiums and some retail. Once completed, the project will house several thousand workers who, along with residents of the condos, will help generate ongoing retail spending. Along with the Craig Hall development described below, One Arts Plaza promises to be one of major anchors cementing the arts district.

B. *Craig Hall Project*. This proposed 20-storey development may be built over the existing arts district parking garage at the intersection of Ross and Leonard. Like One Arts Plaza, this would be a mixed-use project. With an estimated construction cost of

\$200 million, the development would include 400,000 square feet of office space, 75,000 square feet of retail, and 250,000 square feet of condominiums.

Though a final decision to proceed has not yet occurred, Mr. Craig Hall has stated that he would not be considering the project if it weren't for the proximity of the new Dallas Center for the Performing Arts. Mr. Hall also believes the DCPA can be the catalyst for integrating Downtown and Uptown Dallas and turning the area into a vibrant 24-hour community.

Mr. Hall owns another tract on Ross Avenue that he is also considering for a hotel/condominium and a grocery store.

*C. Harwood International.* Harwood owns 12 square blocks in Uptown, right across Woodall Rodgers Freeway from the DCPA. Since 1999, they've completed two office towers and currently have a third office tower and a high-rise condominium under construction. These four buildings represent about \$200 million of new investment.

*D. Hunt Consolidated.* Hunt Consolidated is planning to combine its operations in a new 20-storey office building to be constructed at the intersection of Woodall Rodgers and Akard Street. With a construction cost of approximately \$60 million, the 400,000+ square foot office complex will house about 2,000 workers when completed while also adding to the active population adjacent to the DCPA.

These four projects alone will have pumped more than 560 million of construction dollars into the local economy by the time they are completed. This spending will have supported 9,700 person years of employment, boosted area incomes by \$414 million, and generated \$29.1 million in state and local tax receipts.

According to developer Kenneth Hughes, the DCPA site will be as critical to the success of the Center and the revival of Downtown as the individual performance venues. A pedestrian-friendly approach—perhaps with an adjacent park—can make the Center appealing to visitors while encouraging nearby residential development. He also believes the decking of Woodall Rodgers Freeway can enhance the site’s attractiveness while linking the DCPA and Uptown neighborhoods.

Hughes’ comments are echoed by Robert Shaw, developer of Post Uptown Village and other projects near the DCPA. Along with the American Airlines Center, the W Hotel, and other unique venues, he believes the DCPA will stimulate additional residential and commercial development in the Downtown/Uptown area.

Several other Downtown or close-to-Downtown real estate development projects have been announced in recent months. The remodeled former Southwestern Life Insurance Building at 1807 Ross Avenue has signed new leases bringing it to an 85 percent occupancy rate. Included among these is 10,000 square foot restaurant for chef Stephan Pyles, who obviously expects trade from the DCPA. John Sughrue, developer of the project, says success is due to “the Arts District being on fire.”

Groundbreaking for the Mercantile/Forest City project in Downtown is scheduled for the spring of 2006. Forest City plans to redevelop nine vacant or nearly vacant office towers into a mixed-use project including offices, apartments, and condominiums as well as 50,000 square feet of retail and a Main Street park.

Irving-based developer JPI is buying a Downtown apartment and retail building plus land for a second project at 1001 Ross Avenue. This is the latest in a series of moves by the developer to increase its investment in Downtown Dallas. The Hanover

Company—a Houston developer with two high-rise projects in Uptown—is buying 1.6 acres of land for a new mixed-use, high-rise development on the southeast corner of McKinney and St. Paul. And several developers have announced plans for apartments in the Trinity Industrial District, just west of Downtown.

Rapidly rising land values near the DCPA site suggest additional development is in the offing. Table 4 displays the changes in market value of commercially-zoned land for a selection of properties along Olive and Pearl Streets. Since 1999, these values have increased by 17 to 49 percent.

**Table 4**

**Changes in Appraised Value of Commercially-Zoned Land Adjacent to Dallas Center for the Performing Arts, 1999-2005**

| <b>LAND VALUES</b> |                       |                       |                       |
|--------------------|-----------------------|-----------------------|-----------------------|
| <b>Year</b>        | <b>2122 Olive St.</b> | <b>2130 Olive St.</b> | <b>2001 Pearl St.</b> |
| 1999               | \$611,790             | \$190,470             | \$230,750             |
| 2000               | \$774,930             | \$190,470             | \$230,750             |
| 2001               | \$739,860             | \$226,940             | \$230,750             |
| 2002               | \$611,790             | \$226,940             | \$230,750             |
| 2003               | \$611,790             | \$226,940             | \$230,750             |
| 2004               | \$713,760             | \$283,680             | \$276,900             |
| 2005               | \$713,760             | \$283,680             | \$276,900             |

| <b>LAND VALUES</b> |                       |                       |                       |
|--------------------|-----------------------|-----------------------|-----------------------|
| <b>Year</b>        | <b>2121 Pearl St.</b> | <b>2127 Pearl St.</b> | <b>2131 Pearl St.</b> |
| 1999               | \$357,810             | \$167,580             | \$167,580             |
| 2000               | \$357,810             | \$167,580             | \$167,580             |
| 2001               | \$426,330             | \$156,410             | \$156,410             |
| 2002               | \$426,330             | \$156,410             | \$156,410             |
| 2003               | \$426,330             | \$156,410             | \$156,410             |
| 2004               | \$532,910             | \$195,510             | \$195,510             |
| 2005               | \$532,910             | \$195,510             | \$195,510             |

*Source: Dallas Central Appraisal District*

Though the new Dallas Center for the Performing Arts may not have been the determining factor guiding these new investments and escalating land values, without

question developers consider the DCPA an important amenity for future workers and residents in and around Downtown. The DCPA, along with the planned and anticipated ancillary development, increases the likelihood that Downtown Dallas will evolve into a vibrant 24-hour community producing generate an ongoing stream of economic benefits from retail spending by workers and residents.

## **VI. DCPA: A Critical Element in Keeping Dallas Competitive in the Convention and Hospitality Business**

Public officials and developers all agree that the Dallas Center for the Performing Arts is perhaps the most critical initiative among the multi-faceted efforts currently underway to revive the Downtown District. It can also help market Dallas, and especially its Downtown, to conventioners and visitors.

In its promotional materials, the Dallas Convention and Visitors Bureau is already pitching Dallas as the city with the “largest urban arts district in the nation.” According to Philip Jones, executive director of the Dallas CVB, not only will the DCPA offer cultural and entertainment options to visitors and residents, it will also offer venues for social events that are held in conjunction with conventions and professional meetings.

Because the competition for conventions, trade shows, and professional meetings is keener than ever, the Dallas Convention Center needs every marketing tool it can muster. The new DCPA should increase the appeal of Dallas as a convention city.

## **VII. Conclusion**

The Dallas Center for the Performing Arts, when fully built, will constitute one of the most comprehensive arts complexes to be found anywhere in the world at a single location. Should the City Performance Hall be constructed, the complex will loom even larger in the pantheon of performing arts centers. Presenting first-rate talent to residents of—and visitors to—the entire North Texas region, the DCPA will immensely enhance the region’s quality of life. Dallas will also gain from an “artistic dividend” as the creativity and specialized skills of the arts community spill over to other industries.

Importantly, construction and operations of DCPA will also produce significant economic and fiscal impacts as a result of new spending. Construction of the \$275 million facility alone will pump about \$460 million into the local economy and support 4,580 jobs while generating nearly \$14 million in new state and local taxes. Annual spending for ongoing operations of the Center is projected at \$8.4 million, which will boost economic activity by \$12.4 million, support 119 permanent jobs, and generate about \$1.5 million each year in new state and local tax receipts. In addition, the DCPA has already been the catalyst for more than \$560 million of ancillary development, including office, residential, and retail. More private investment near the DCPA can be anticipated in the future.

Finally, the DCPA will be magnet drawing arts lovers, conventioners, and visitors to the Downtown district. Spending by the almost 700,000 patrons anticipated by the third year of operations will boost Downtown’s retail, hotel, and restaurant business by more than \$18 million annually while generating much needed tax revenue for the City of Dallas.