

Dallas' star rising as a tech capital, especially during pandemic

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Dallas-Fort Worth's economy weathered the pandemic better than most, recouping lost jobs sooner than nearly all other large metros.

It also made impressive gains as a technology capital, growing [tech-sector](#) jobs faster than the nation and gaining [market share](#) in the first year of the pandemic.

"Dallas is emerging as one of the top 10 tech centers in America," said Mark Muro, a senior fellow at the Brookings Institution and co-author of a recent report on how the pandemic affected the landscape for tech jobs.

The report identified D-FW as a "rising star" in the tech sector, among a group that includes Atlanta, Denver and San Diego. That's a notable achievement because tech fields generate faster growth and more spin-offs. And such status is hardly guaranteed; Houston, in contrast, lost tech workers.

Dallas ranks just behind eight "superstar" metros, led by San Jose, New York, San Francisco and Washington. Austin also made the superstar tier, a recognition of its fast growth and appeal to tech giants like Apple and Oracle.

In the Brookings report, the tech sector counts workers in six industries, including computer systems design and services; software publishers; semiconductor and component manufacturing; data processing and hosting; computer equipment manufacturing; and other information services.

Dallas-Fort Worth had just over 139,000 of those tech-sector workers in 2020, which ranked No. 8 in the U.S, according to the report.

The total does not count IT workers at many other large employers that aren't in the tech industry per se, such as American Airlines and Baylor Scott & White Health. So the size of the tech workforce in North Texas is actually larger, and size is part of the appeal.

"In Dallas, you just have an abundance of opportunity," said Bill Sproull, a longtime tech industry leader who formerly was CEO of Tech Titans, a local industry trade group. "A lot of these folks are being hired by

companies that are tech-enabled. Think about State Farm, Capital One and BNSF; they hire all these IT folks, and they're competing with the big tech platforms for the same labor pool."

The pandemic accelerated the movement to remote work, and Sproull said that directly benefited two tech industries in North Texas: communications and IT services. He mentioned Cisco, which operates the popular Webex conference platform; it had 2,000 employees in Richardson last year, according to the Richardson Economic Development Partnership.

The Richardson list of employers also had 1,800 workers at Texas Instruments' chip plant, 1,500 at Fujitsu Network Communications and 1,100 at AT&T.

That diverse group of companies helps attract talent to the region, Sproull said: "If one job doesn't work out, you can walk across the street and try for another one."

From 2015 to 2019, D-FW tech-sector jobs grew at an [annual rate](#) of 4.2%, faster than the national growth rate, the report said. From 2019 to 2020, which includes the first year of the pandemic, D-FW's tech sector grew by 3.8%—a percentage point higher than the average for its top rival metros.

While Seattle, New York and San Francisco grew faster, D-FW performed better than Austin, Atlanta, Boston and Los Angeles.

"D-FW actually increased its market share during the pandemic, and in my view, that's the most important metric," Muro said. "That's a fundamental indicator of D-FW's competitiveness."

Dallas is attractive to companies that want to tap a large labor pool while

also cutting operating costs, he said. And it appeals to workers who want a hybrid workplace because many companies have regional offices here.

"It seems like Dallas may be one of the winners of the post-pandemic period," Muro said.

But leaders shouldn't focus on attracting new companies, Muro said: "Focus on attracting and growing talent. Everything else will come."

Downtown Dallas has been building tech clusters for many years, encouraging innovation and entrepreneurship. It has attracted some surprising employers in the past, including tech hubs for Blue Cross Blue Shield and Sam's Club.

"You may not think of them as tech companies, but they have rich tech jobs, and they're within the downtown area," said Dustin Bullard, executive vice president of economic development and place at the advocacy group Downtown Dallas Inc.

It's important for Dallas to rank high as a tech center, he said, because the [tech industry](#) leads on many fronts, from adopting technology for remote work to providing better employee benefits.

"That eventually bleeds into more traditional industries," Bullard said.

From 2015 to 2020, Dallas added over 25,000 tech-sector workers, according to the Brookings report. That ranked sixth in the U.S. and was the highest total for an inland city.

As the pandemic health threat eases, more employers want people to come back to the office, even for a few days a week. In that environment, Dallas offers a strong proposition, said Patrick Todd, managing partner at Todd Interests, a commercial real estate investment

and development firm.

Average lease rates for commercial office space in Dallas are half the average rates in San Jose and New York—or less, according to CoStar. Many submarkets in Los Angeles also cost twice as much as here.

But it's also important to have unique spaces, such as the East Quarter that Todd is redeveloping on the edge of downtown. That project includes restoring 18 historic buildings, some 100 years old with views of the skyline.

Therabody, a health products company in Los Angeles, expanded to the East Quarter in what was described as a second U.S. headquarters.

"Companies have to give people a reason to come to the office," Todd said. "They're saying, 'I need killer space—game-changing, place-making space.' And many are coming to Dallas."

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