

Composition cushions economic blow: Officials, business owners and professors say city and county buffered by unique conditions

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As the numbers of foreclosures and unemployed workers rise across the nation, the economic blow to Denton County continues to remain soft in comparison.

The somewhat optimistic local financial forecast is likely caused by the composition of the city of Denton and Denton County, said Dr. Bernard Weinstein, director of the University of North Texas Economic Development and Research Center.

"The United States' economy is slipping into a recession, but Denton County is different," Weinstein said. "For the next six months, the city of Denton and Denton County is recession-proof."

The two universities, county government and state school help insulate the county from the shell-shocked business environment that has corroded economies elsewhere in the nation, he explained.

And those few industries that have experienced job growth despite nationwide job cuts -- such as education, government and health care -- all have a home in Denton and throughout the North Texas area, said Weinstein.

"But there will be no growth like what we experienced in '07 or the first half of '08, because we are in a period of economic contraction," Weinstein said.

That economic contraction is reflected in the rising national unemployment rates and foreclosure numbers as well as on Wall Street.

In the past week, stocks have plummeted as major lenders have crumbled -- declaring bankruptcy, being sold or seeking government assistance to cover major debts.

The situation has sent stock market indexes on a roller-coaster ride, significantly down one day and up 300 points or more the next.

The unsteadiness in the financial markets has some concerned, though more on a national scale than locally.

"The markets we're in are very much like what we encountered in the '60s and '70s," said Sennett Kirk, owner of Kirk Securities in Denton. "It looks like to me that we are in a long period where we are correcting for that long-term bear market.

"Again, I think we are not to the end of it," he added.

He suggests stockholders should hold steady and not panic, despite the headline-grabbing news as Wall Street continues to grapple with the significant changes believed to have been sparked by the subprime mortgage-lending crisis that has sent foreclosures skyrocketing across the U.S.

"For people looking to buy, I would wait on that," Kirk said.

For those with stocks, "what you don't want to do is have some gut reaction and start bailing out when you should start standing pat or actually start buying stocks," he said.

On the foreclosure side, Denton County and surrounding areas are continuing to see hikes of more than 30 percent in the number of residential postings, though in overall smaller numbers than across the country, according to records from Foreclosure Listing Service Inc.

Five hundred or more homes have been posted for Denton County's monthly foreclosure auction in three of the first 10 months of the year. And foreclosures in the county have already topped last year's numbers with two months still left in 2008, records show.

For August, the national unemployment rate rose from 5.7 percent to 6.1 percent, according to the Bureau of Labor Statistics.

Despite daunting national numbers, Denton County, and Texas as a whole, is staying ahead of the game.

The statewide unemployment rate stood at 5 percent this month, while the city of Denton fared even better at 4.4 percent, according to state records.

Billy Welch, owner of Spirit Ink, a new custom screen-printing, embroidery and letter-jacket patch company, said he was surprised to see success since opening in January.

Welch was concerned about how his business would weather turbulent economic conditions.

"I thought we might see some effects with T-shirts and things of that nature. They are not a necessity," Welch said. "Our store here and the store in Sherman are doing more business than ever."

He said he has reason to be optimistic about the future of his stores, especially as the University of North Texas and Texas Woman's University start to fill their fall classes with his target demographic.

"If it was going to affect us, it would have done so during the summer months," he said.

Other businesses in Denton are also doing well, said Linda Ratliff, economic development director for the city of Denton.

"We are still continuing to grow in population and jobs," Ratliff said. "Denton's sales tax numbers indicate that our retailers are maintaining sales."

City records show sales tax numbers have increased throughout 2008.

City officials and local residents also anticipate the opening of a new major retail center, expected to pump sales tax allocations into city coffers and attract more shoppers to Denton next year.

A spokesman for the Rayzor Ranch project told Denton Chamber of Commerce members recently that "dirt will fly" at the site described as the northern gateway to the city.

The development, which will include an estimated 2 million square feet of retail space, is expected to start again after a summer-long standstill on property that was razed earlier this year.

Officials say construction will be a welcome sight.

Karen Dickson, vice president of economic development for the Chamber of Commerce, said Rayzor Ranch has become popular among local businesses and has become like a beacon of hope in these tougher economic times.

"Everyone is talking about Rayzor Ranch," Dickson said.

The lagging economy has not just impacted the business side -- other organizations are feeling constrained.

Chuck Carpenter, president of the chamber, said local businesses have told him they've been feeling uneasy about the economy in general. And the chamber is feeling the pinch for money as well.

"We're having to be even more cautious," Carpenter said. "You learn in a nonprofit to cut something or go without."

Businesses that sell luxury items are having an especially hard time in the economy, said a city economic development official.

Even with national media reporting declining automobile sales -- especially of large, luxury vehicles -- that isn't necessarily the case locally.

Denny Aldridge, general manager at James Wood Autopark, said that while his customers are worried about the economy, those who have always driven big sport utility vehicles, pickup trucks or luxury cars are not giving up their habits.

With the state of the economy changing weekly and food prices going up, Belinda Pérez, co-owner of El Chaparral Grille, a Mexican restaurant off the Square, is adapting.

Pérez now shops at food wholesalers to help save some money.

"Business is still moving along," Pérez said.

Karin Seligmann, a local real estate agent, said the economy hasn't inhibited her operations.

"Our team is doing fine," Seligmann said. "We're maintaining our volume from last year, and we're No. 1 this year versus last year. From my perception, we're doing quite well."

Maintaining a clientele is important to developing repeat business, Seligmann said, as well as finding a niche in real estate. But even then, success is not certain in this economy.

"We're doing well, but the business as a whole is not doing as well as last year," Seligmann said.

Even if some businesses aren't doing as well as last year, each sale helps.

Alex Payne, owner of Axis Realty Group, said commercial real estate sales in North Texas have been going well, particularly in the medical field, but Denton has been affected as national retail chains hold back on opening new stores.

"Retail is a little slower right now," Payne said. "Certain restaurant chains are not willing to expand in the area."

Retail sales tax allocations to the city of Denton show a continued uptick, though in the 1 percent to 4 percent range in recent months.

Chris Rosprim, who oversees the commercial side for Scott Brown Properties, said they are still getting a number of calls from businesses seeking all sizes of space -- small, medium and large. The problem, he said, is availability of space.

One business that has benefited commercial real estate agents is the activity along the Barnett Shale, as oil and gas companies call asking for warehouse and office space, Payne said.

The oil and gas industry is one aspect that helps Denton County, said Terry Clower, associate director of the UNT Economic Development and Research Center.

"Denton County jobs are helped with the oil and gas sector," Clower said. "That is one of the main differences in the region, compared to other states that don't have this industry."

The banking business is striding along, despite national groans, said Glen McKenzie, executive vice president of DATCU in Denton.

This could be because the credit union held onto its capital -- twice that of the regulatory limit, McKenzie said.

"Our delinquencies and losses remain far below the industry norms," McKenzie said. "We do not have any of the subprime loans that have caused the mortgage situation that is occurring across the country."

Greg Moyer, with Practical Financial Planning LLC in Denton, said Denton is interconnected with the rest of an economy that he expects will tighten in the real estate and financial sectors.

Overall, Moyer said, the current economic situation reinforces the importance of saving money to ride out occasional economic bumps.

"So hang in there if you are having a rough time, and stick with the fundamental blocking and tackling," Moyer said.

Moyer doesn't expect his financial business to take too many hits, he said, and he expects a steady flow of business.

It's all about stacking the deck in one's favor and avoiding large losses, which is easier to do in Denton, he added.

"On the whole, though, I'd prefer to be here than most other parts of the country," Moyer said.

Staff writers Karina Ramirez and Lori Forgay contributed to this report.

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