



## Hotel Association of Tarrant County

Fort Worth Lodging Market Trends

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1

## Kathleen Donahue



- DFW Native
- Texas, Oklahoma, Arkansas
- Industry Articles
- Speaker

2



2



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3

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**Development Cost Survey  
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HOTEL VALUATION INDEX





HOTEL COST ESTIMATING GUIDE  
2019

JN+A and HVS Design

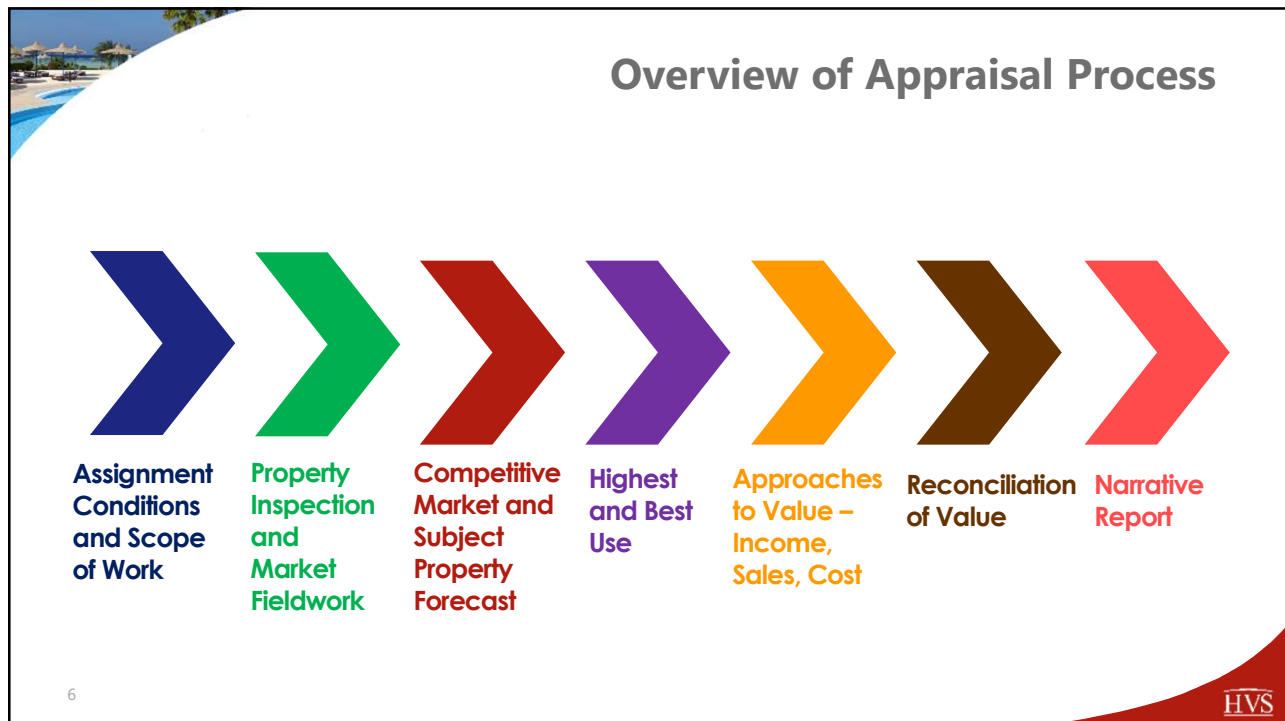




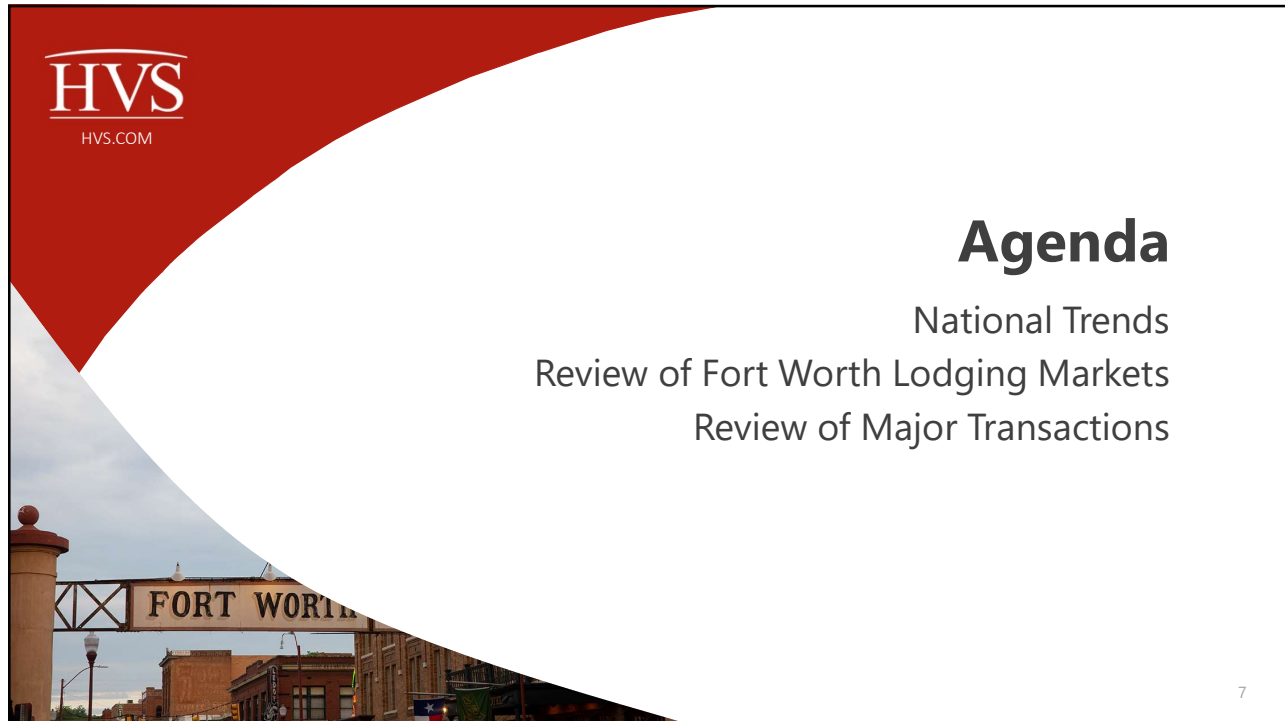

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The slide features a red curved graphic on the left side. In the top left corner, the HVS logo is displayed with the website HVS.COM below it. The bottom left corner shows a photograph of the Fort Worth skyline, including a sign that reads "FORT WORTH".

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# Agenda

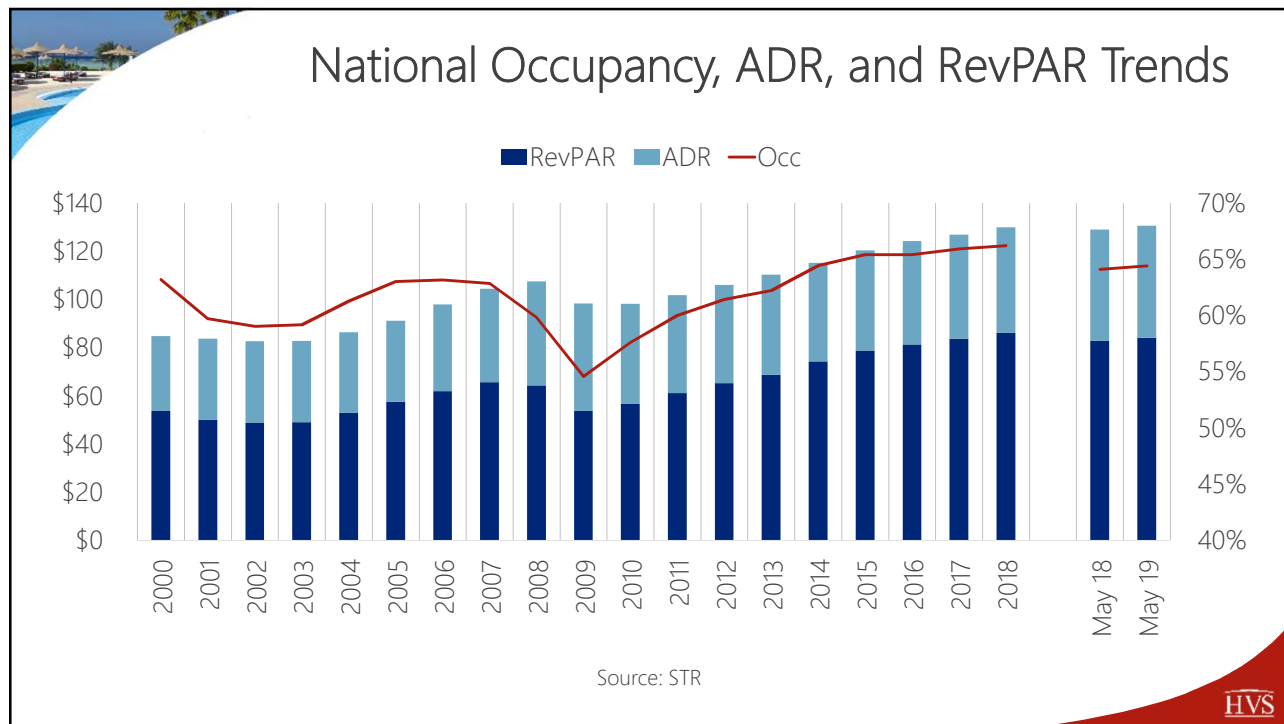
- National Trends
- Review of Fort Worth Lodging Markets
- Review of Major Transactions

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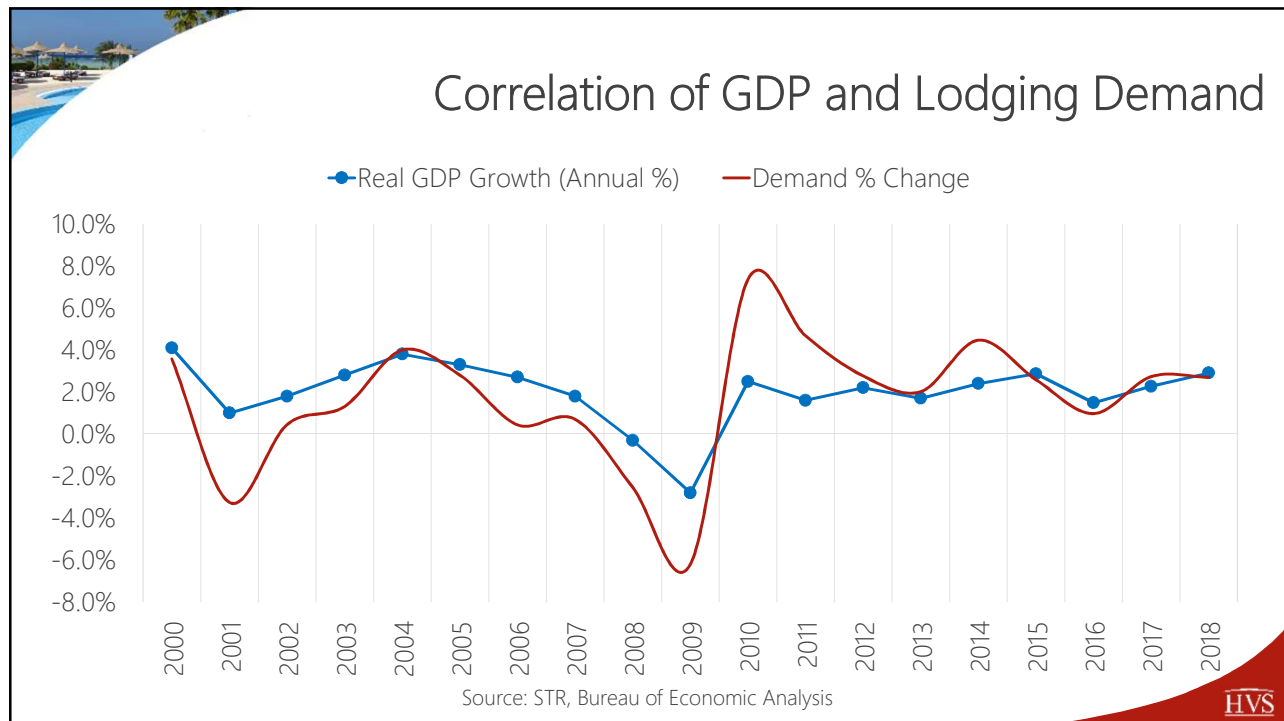
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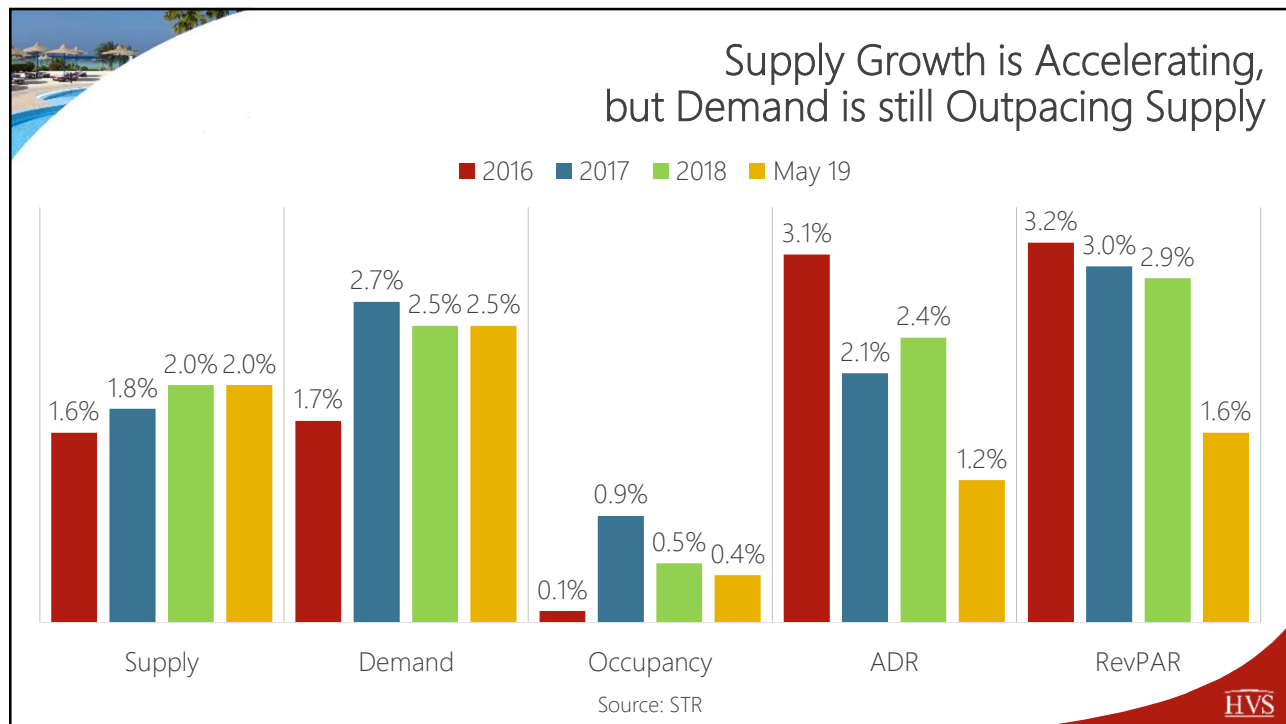


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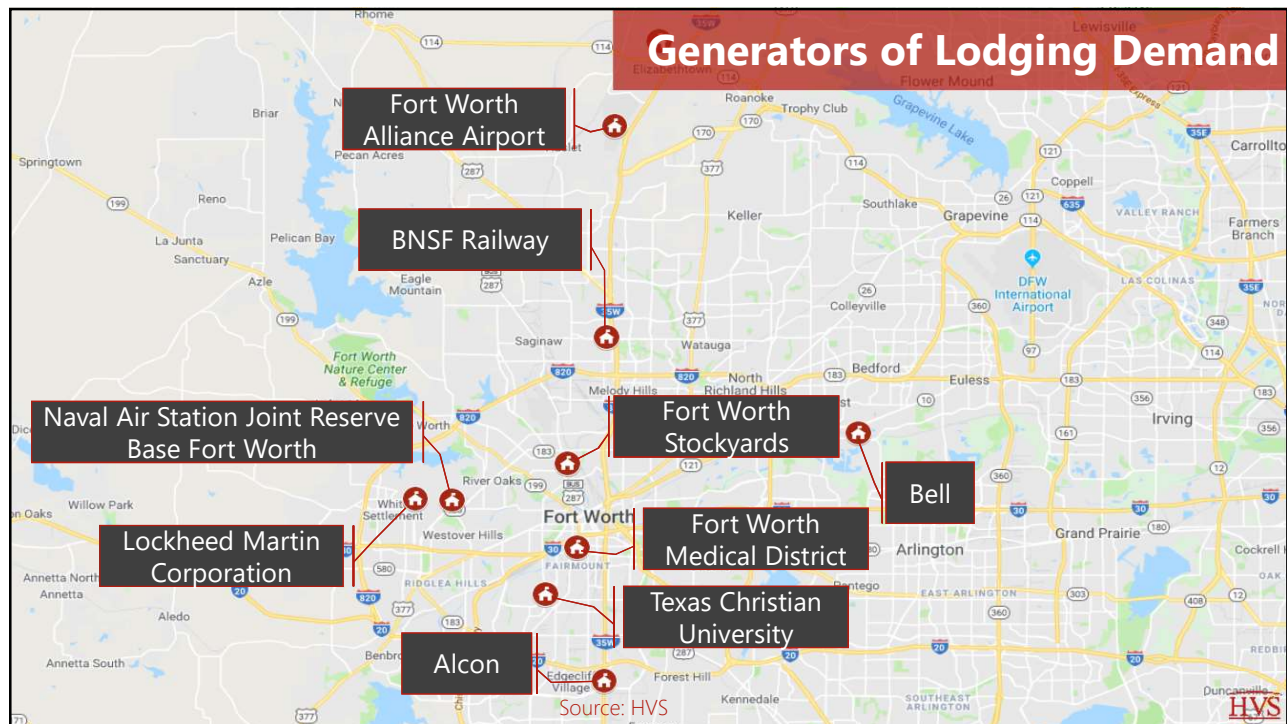




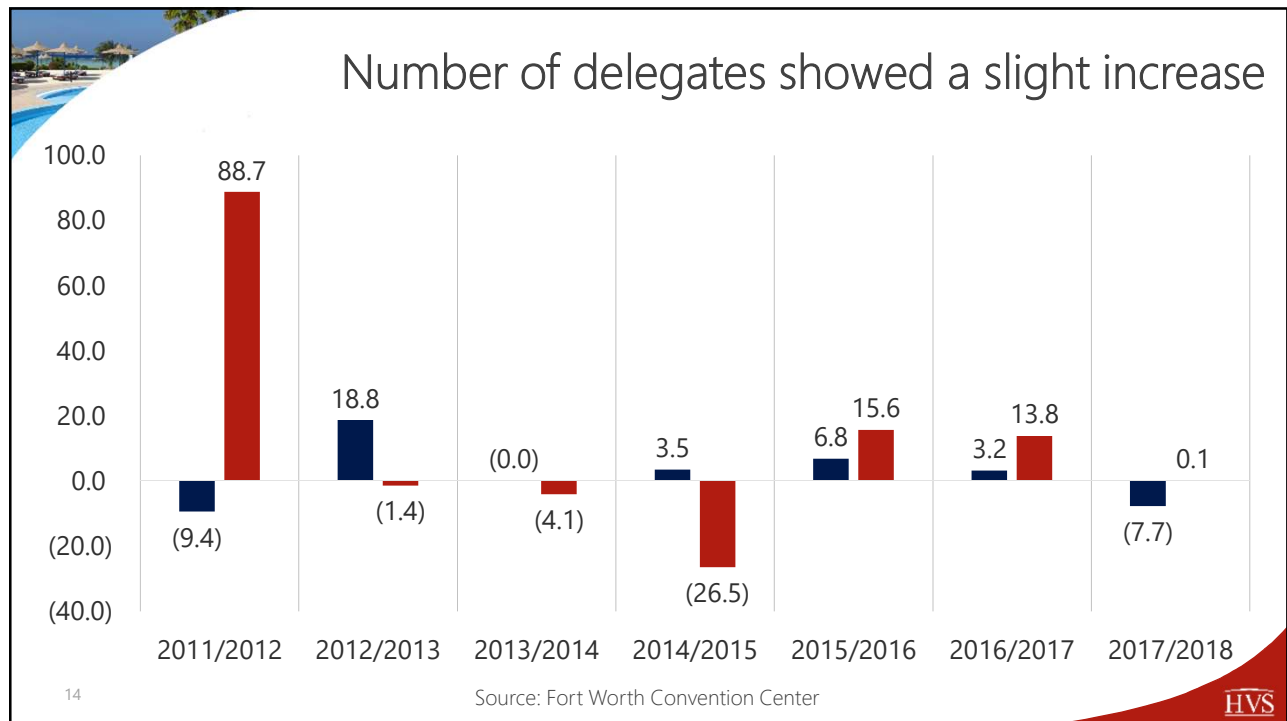
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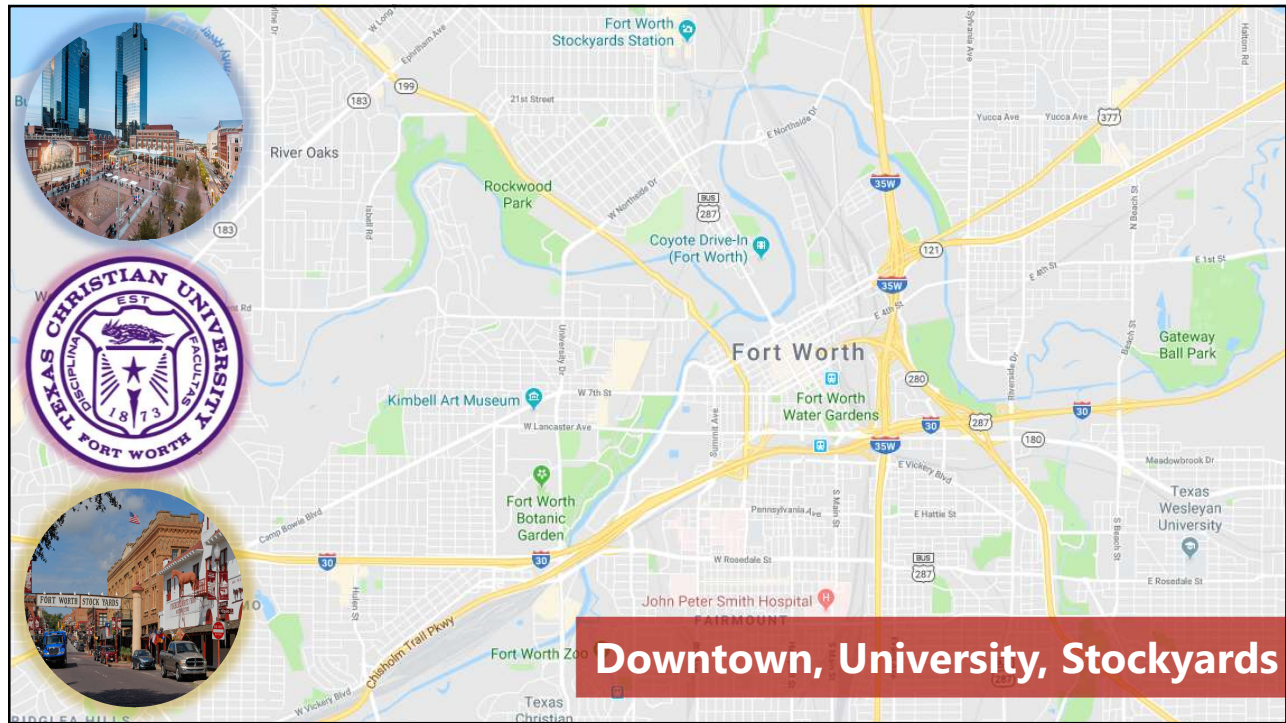
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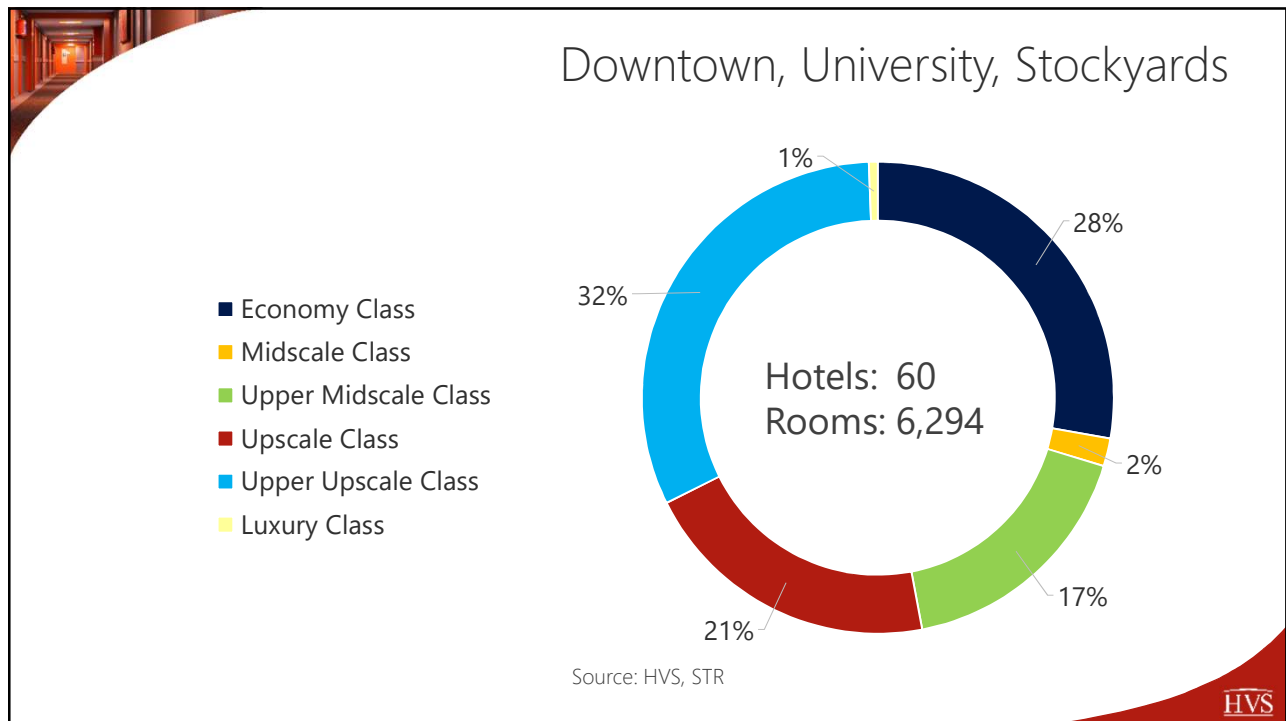
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16





- Frost Tower, 278,000-square-foot, 25-story skyscraper completed in 2018
  - REIS reports Class A vacancy rate of 18.3%, minor rate increases – Class A at \$24.13 PSF
- \$540 million Dickies Arena opening November 2019
  - 14,000-seat arena, 10,500-square-foot, exhibit hall, two 1,680 square-foot rooms meeting rooms, and 209,088-square-foot outdoor plaza
- Convention District and plans to repurpose convention center arena
- The Texas Christian University and University of North Texas Health Science Center's School of Medicine opened in Fort Worth
- Stockyards National Historic District Development
  - Hickman family's \$175 million development plan, Marine Creek district and Mule Barns
- Trinity River Vision/Panther Island Project

—TCU and UNTHSC—  
**School of Medicine**

UNTHSC HEALTH SCIENCE CENTER TCU





Downtown, University, Stockyards

17

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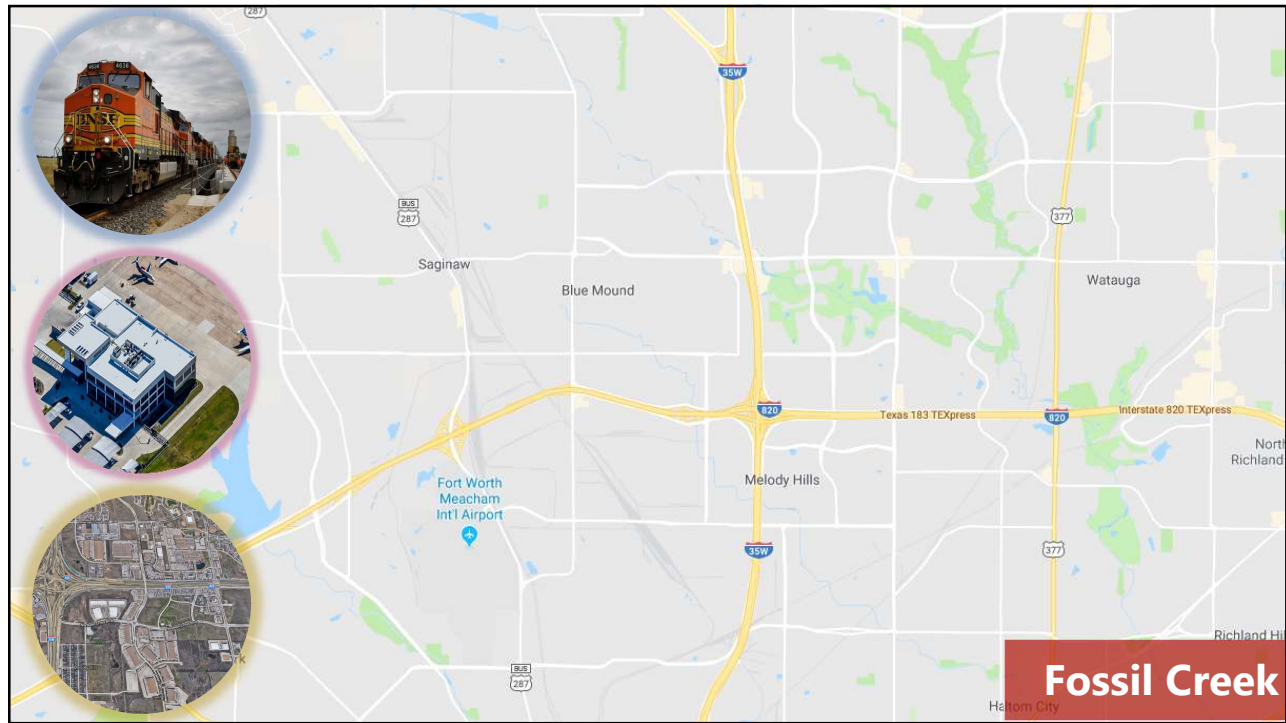
## Downtown, University, Stockyards

SUPPLY	DEMAND	OCCUPANCY	ADR
 <p>+2,300 rooms</p>	 <p>Moderate to Strong Growth</p>	 <p>Relative Stability to Modest Correction</p>	 <p>Modest Growth</p>
<p>~308 rooms opened in 2018</p> <p>~ 942 rooms U/C</p> <p>~ 1,000 rooms in planning/early development</p>	<p>New attractions and considerable development, upside to group market, population growth</p>	<p>Limited contraction expected</p> <p>Strong flags currently register in the high 70% to low 80% range</p> <p>Occupancy expected to remain above 70%</p>	<p>Rates stagnated from 2016 to 2018</p> <p>Minimal rate growth in near term, modest growth as new development elevates product and demand increases</p>

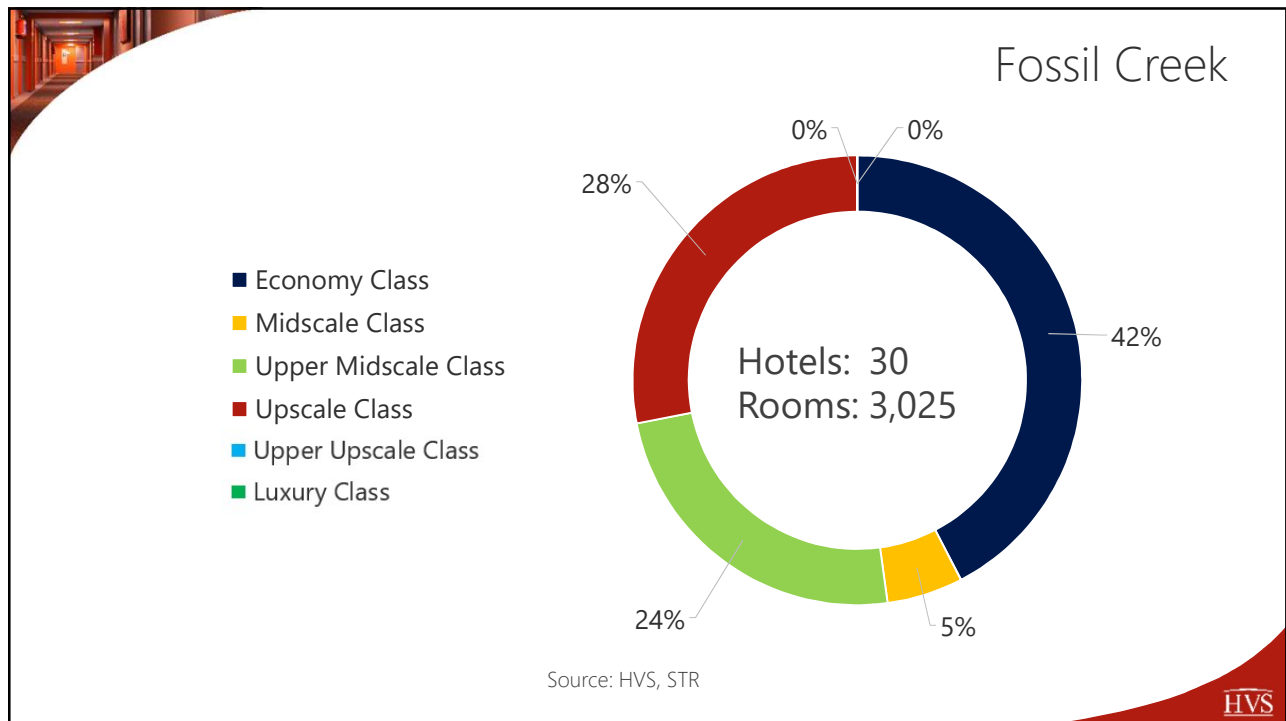
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18



19



20




- NEQ I-35W/820 - Fossil Creek Crossing Spec buildings
  - KT&G USA Corp., a Korea-based conglomerate, signed a 10-year lease for its U.S. headquarters and distribution center in Fossil Creek Crossing. The tenant, the fifth-largest tobacco company,
- Hunt Southwest Real Estate announced plans for a one-million-square-foot industrial project on 77 acres off Interstate 820 west of Interstate 35W
- Quarry Falls: \$280 million, 80-acre planned development with condominiums, apartments, two hotels, a conference center, and 3,500-seat music venue surrounding a lake with a beach, splash park, and Ferris wheel
- Former FAA building, former Bank of America campus, and Motorola plant available office space

21

Fossil Creek

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21



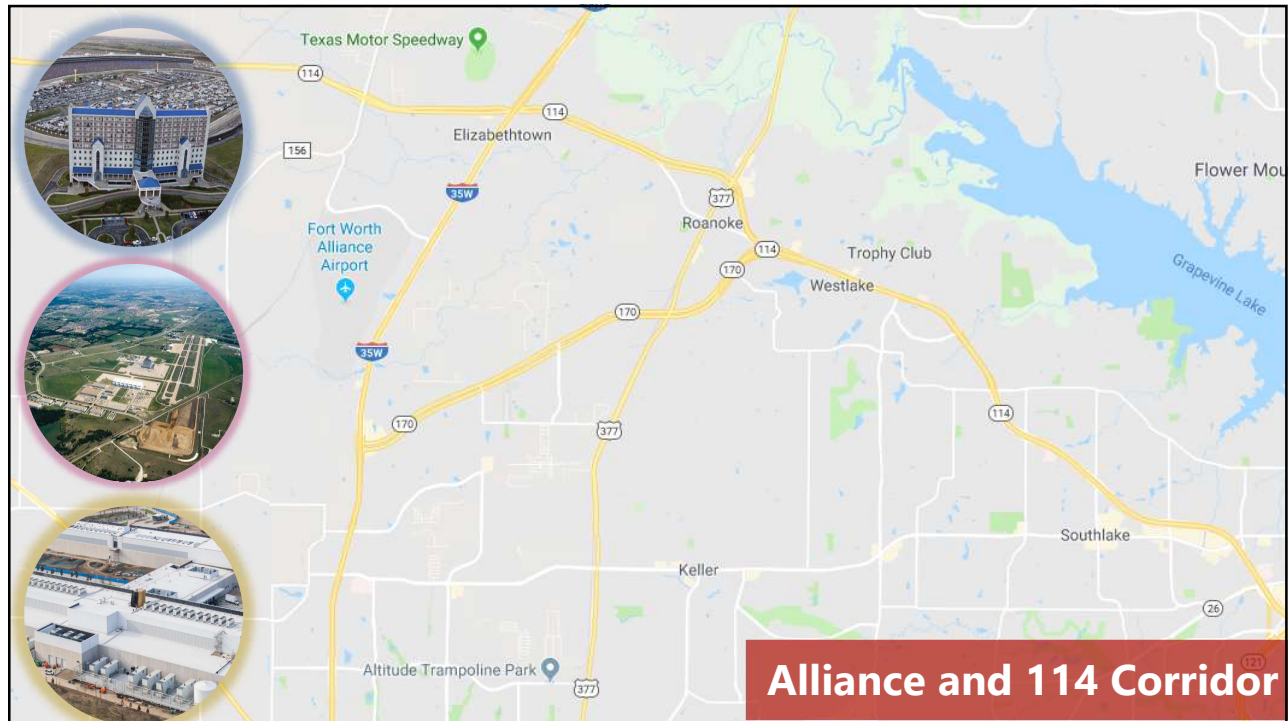
## Fossil Creek

SUPPLY	DEMAND	OCCUPANCY	ADR
<p>↑ +,1100 rooms</p> <p>~245 rooms opened in 2018</p> <p>~ 94 rooms U/C</p> <p>~ 800 rooms in planning/early development</p>	<p>↑ Moderate Growth</p> <p>Stable demand generators, proximate location to Downtown and Alliance</p>	<p>↓ Relative Stability to Modest Correction</p> <p>New supply should be absorbed relatively quickly, occupancy expected to remain in the low 70% range</p>	<p>↑ Moderate Growth</p> <p>Inflationary growth</p>

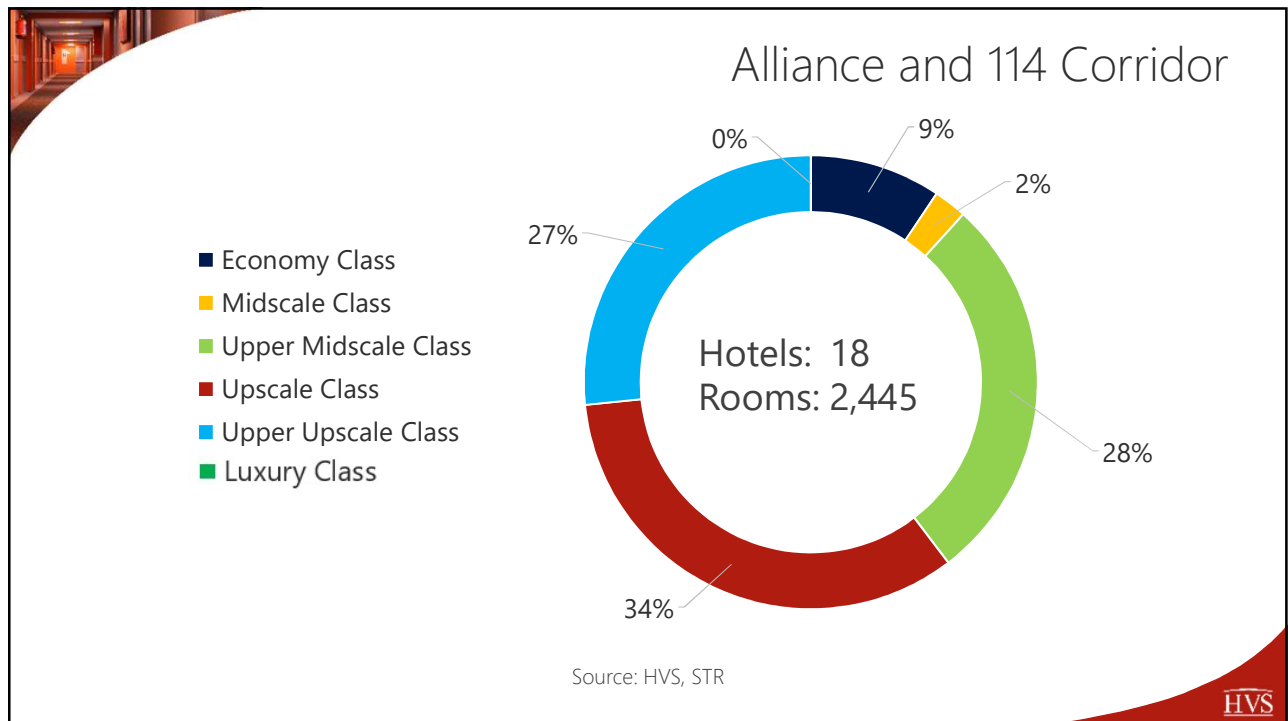
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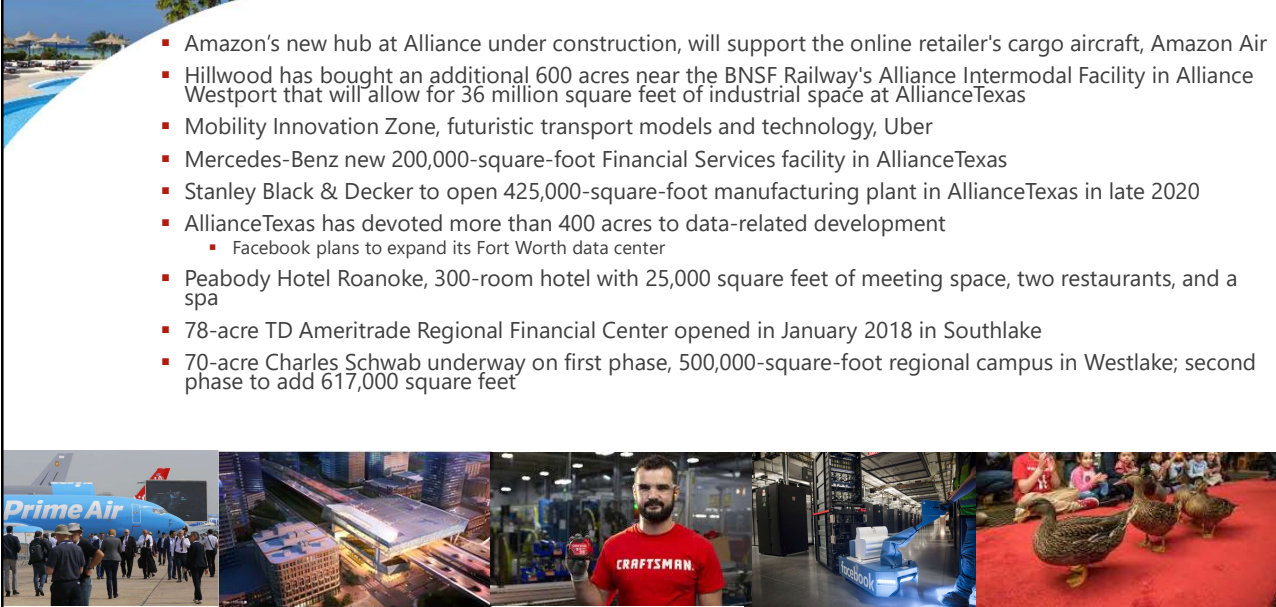


23



24





- Amazon's new hub at Alliance under construction, will support the online retailer's cargo aircraft, Amazon Air
- Hillwood has bought an additional 600 acres near the BNSF Railway's Alliance Intermodal Facility in Alliance Westport that will allow for 36 million square feet of industrial space at AllianceTexas
- Mobility Innovation Zone, futuristic transport models and technology, Uber
- Mercedes-Benz new 200,000-square-foot Financial Services facility in AllianceTexas
- Stanley Black & Decker to open 425,000-square-foot manufacturing plant in AllianceTexas in late 2020
- AllianceTexas has devoted more than 400 acres to data-related development
  - Facebook plans to expand its Fort Worth data center
- Peabody Hotel Roanoke, 300-room hotel with 25,000 square feet of meeting space, two restaurants, and a spa
- 78-acre TD Ameritrade Regional Financial Center opened in January 2018 in Southlake
- 70-acre Charles Schwab underway on first phase, 500,000-square-foot regional campus in Westlake; second phase to add 617,000 square feet





25

## Alliance and 114 Corridor

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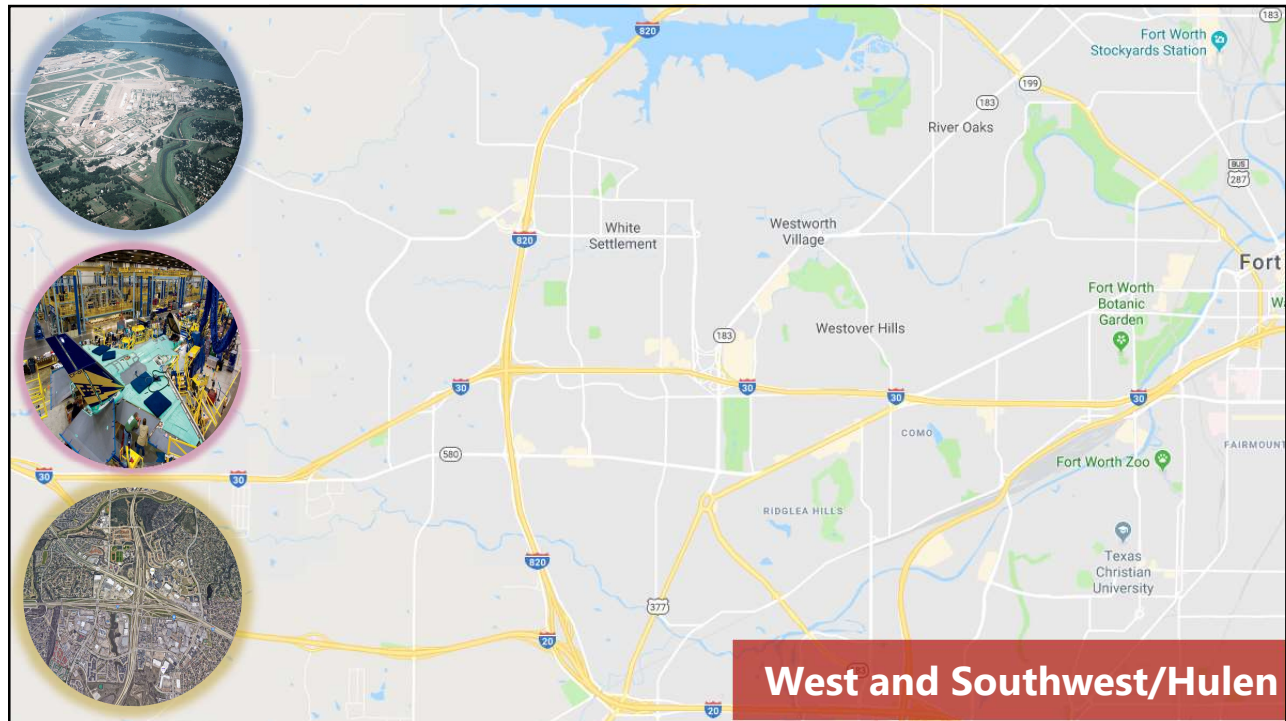
## Alliance and 114 Corridor

SUPPLY	DEMAND	OCCUPANCY	ADR
 <p>+1,600 rooms</p>	 <p>Strong Growth</p>	 <p>Relative Stability to Modest Correction</p>	 <p>Modest Growth</p>
<p>~96 rooms opened in 2018</p> <p>~ 480 rooms U/C</p> <p>~ 1,000 rooms in planning/early development</p>	<p>Alliance corridor exponential growth, 114 attracting corporate campuses, new group hotels, population and retail expanding in bedroom communities</p>	<p>Demand has generally kept pace with supply in 2017 and 2018; some occupancy loss expected with construction pipeline; strong flags operating in the high 60% to high 70% range currently. Occupancy expected to benchmark 70%</p>	<p>Rate growth &lt;2% in 2017 and 2018</p> <p>Minimal rate growth in near term, followed by more significant growth as product elevates and higher-rated corporate and group demand increases</p>

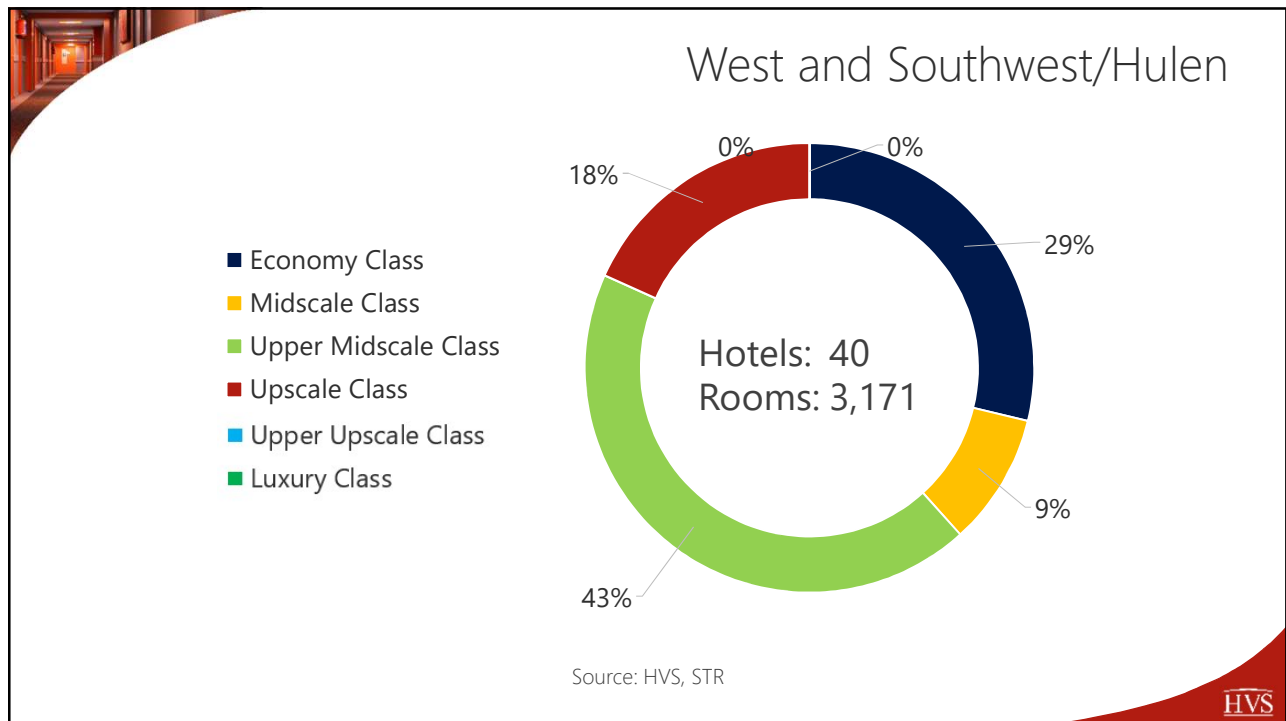
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26



27



28

- Ridgmar Mall – SeaQuest added in 2017, Sears vacated in late 2018
- 205-acre Landmark Quebec development, located northwest of Quebec Street and Loop Interstate 820
- Waterside 63-acre hybrid community and lifestyle center located off Bryant Irvin Road, north of Interstate 20 on the scenic Trinity River
  - Premier retailers, restaurants, and free public amenities
- Chisolm Creek Parkway



## West and Southwest/Hulen

29

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29

## West and Southwest/Hulen

SUPPLY	DEMAND	OCCUPANCY	ADR
<p>+300 rooms</p> <p>↑</p> <p>177 rooms opened in 2018 and 2019</p> <p>~ 0 rooms U/C</p> <p>~ 119 rooms in planning/early development</p>	<p>Modest Growth</p> <p>↑</p> <p>Stable demand generators, proximate location to Downtown and along Chisolm Trail Parkway</p>	<p>Modest Correction</p> <p>↓</p> <p>Limited additional supply growth will limit occupancy contraction to near term, stability to modest growth thereafter</p>	<p>Modest Growth</p> <p>↑</p> <p>Slowdown in rate in 2018 with new supply, rates should rebound as new supply is limited</p>

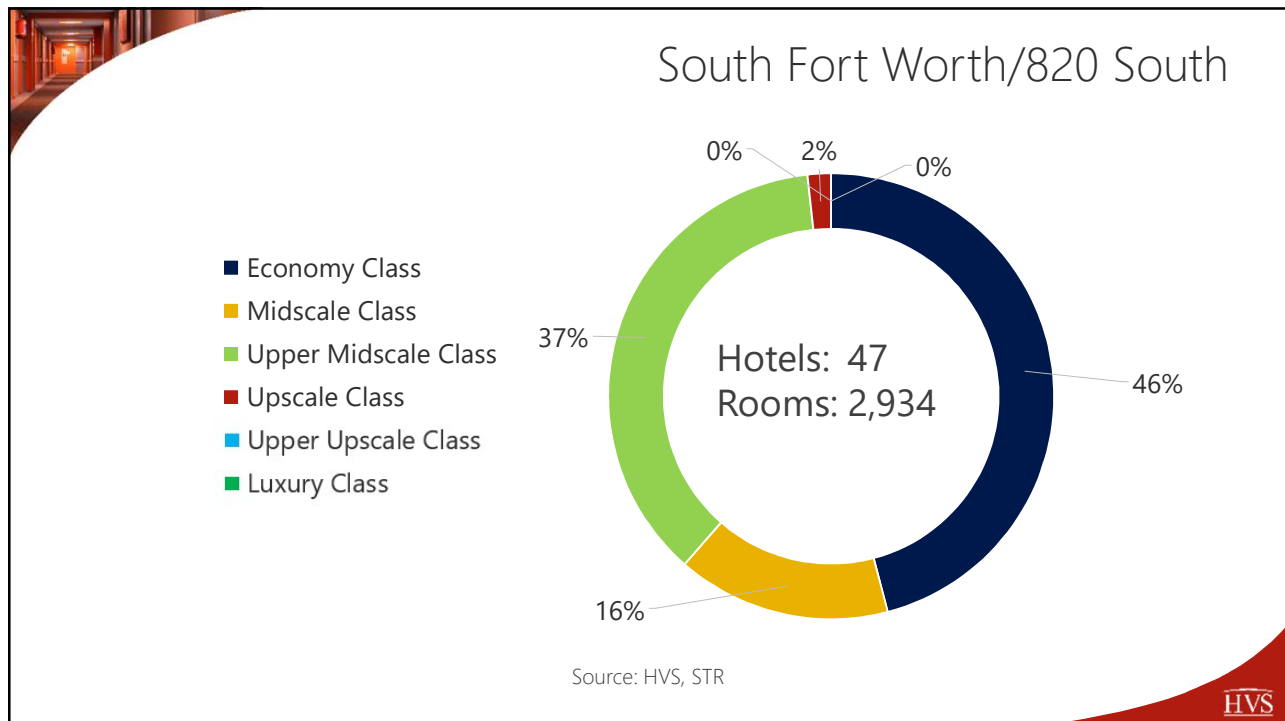
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30



31



32



- Alcon became an independent, publicly traded company in 2018 following its separation from Novartis; its Fort Worth facilities expected to remain a major operational center and innovation hub
- Louis Vuitton manufacturing plant planned for Keene, west of Alvarado
- Retail and housing growth

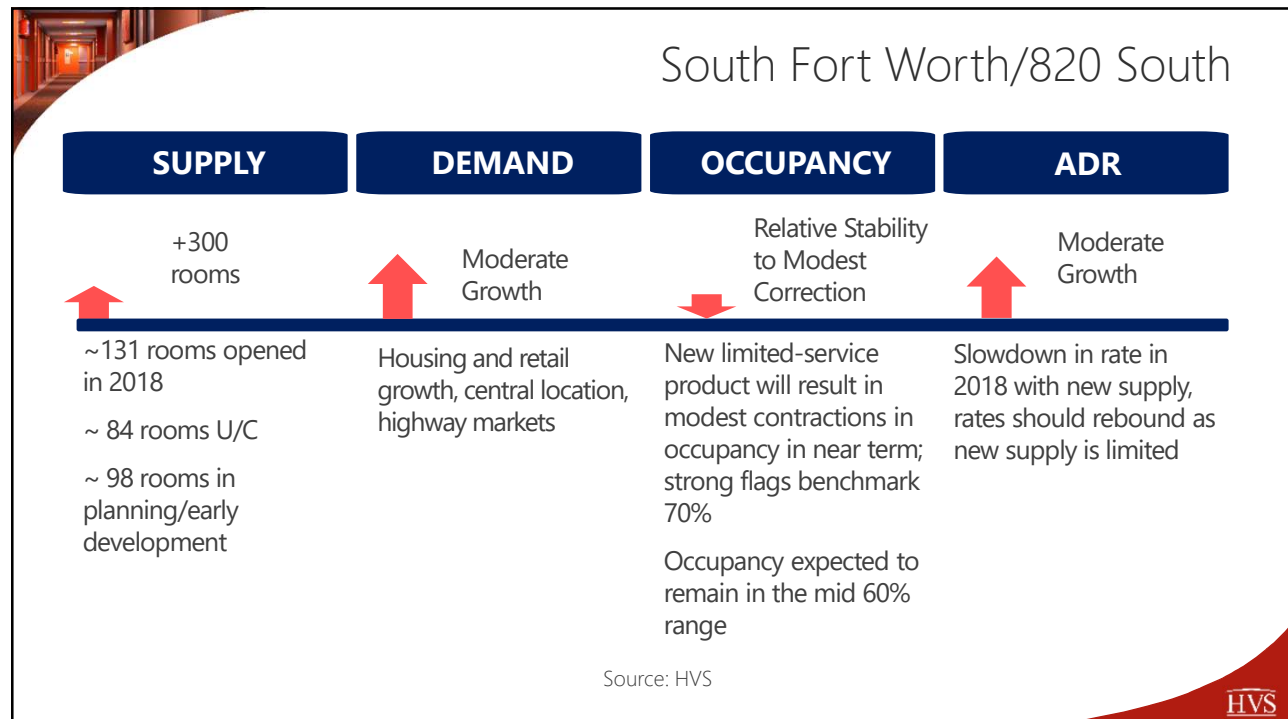


## South Fort Worth/820 South

33

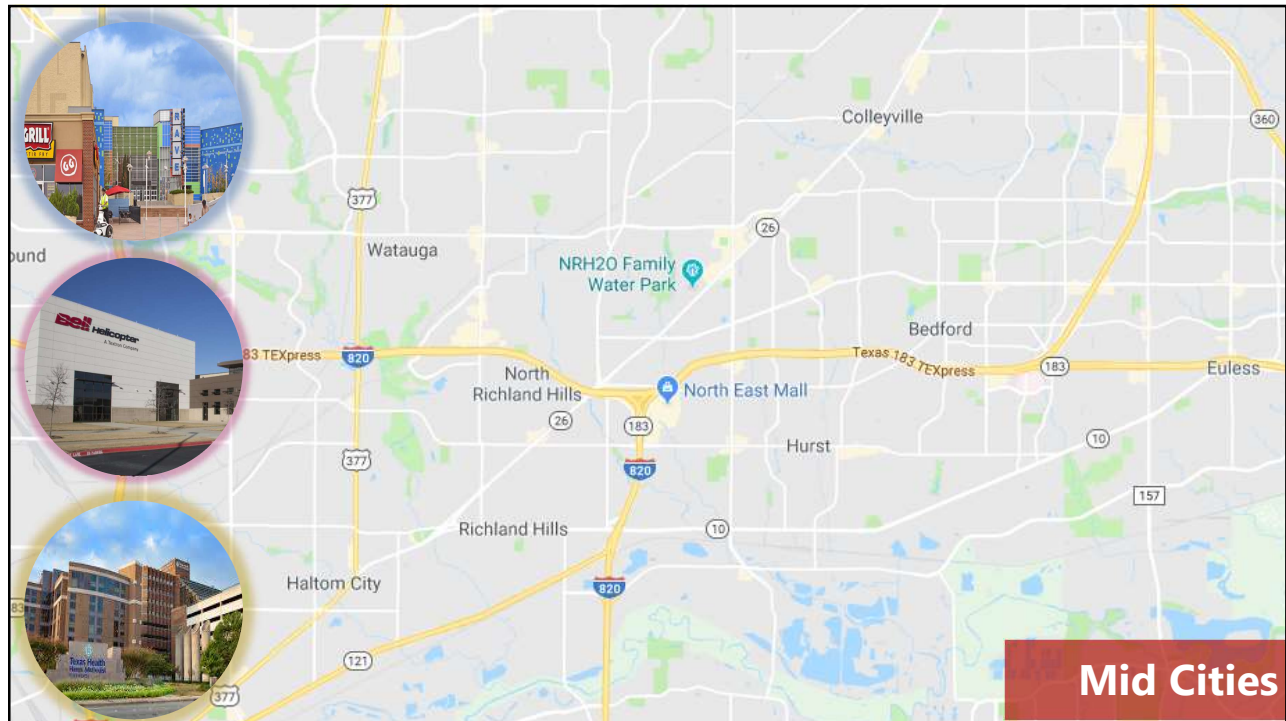
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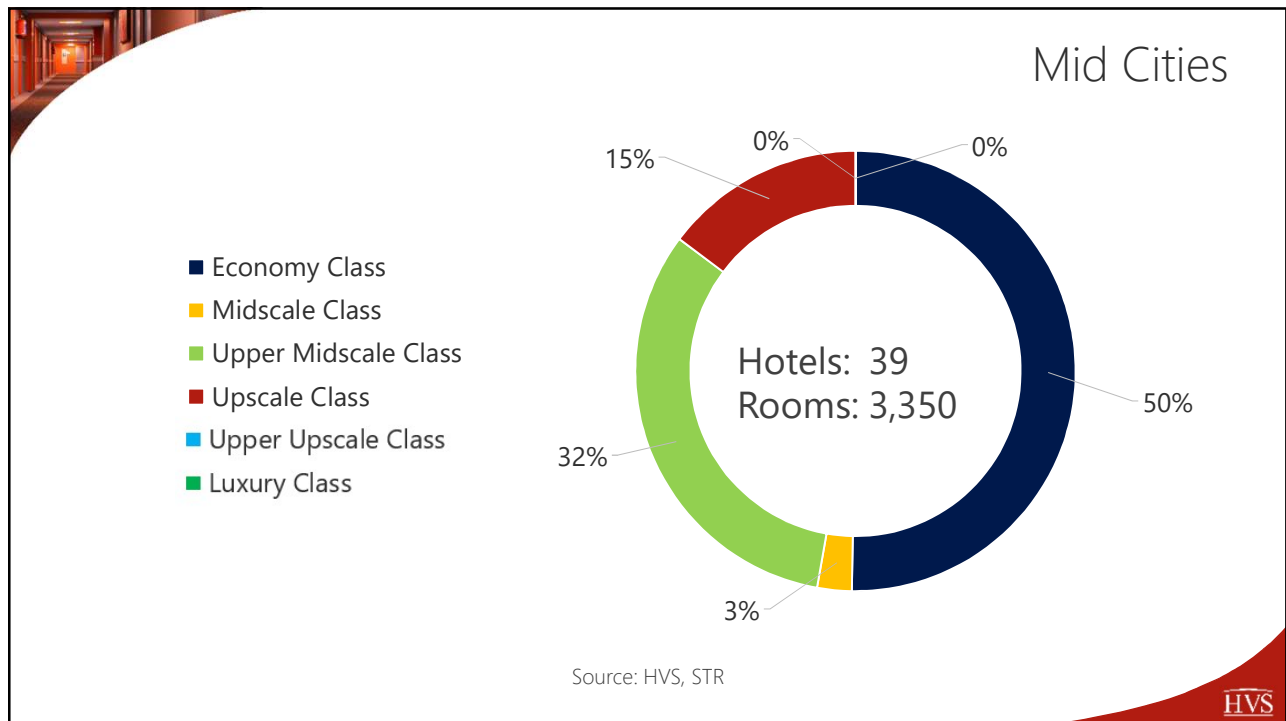


34


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35



36



- Hilton Garden Inn, attached to the Hurst Conference Center opened in 2018, larger events and conferences
- Glade Parks, a 194-acre mixed-use development on State Highway 121 in Euless
- Berry Creek Village, a 10.5-acre retail, office, and restaurant development in NRH along Mid Cities Boulevard, across the street from Birdville High School




Mid Cities

37

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37



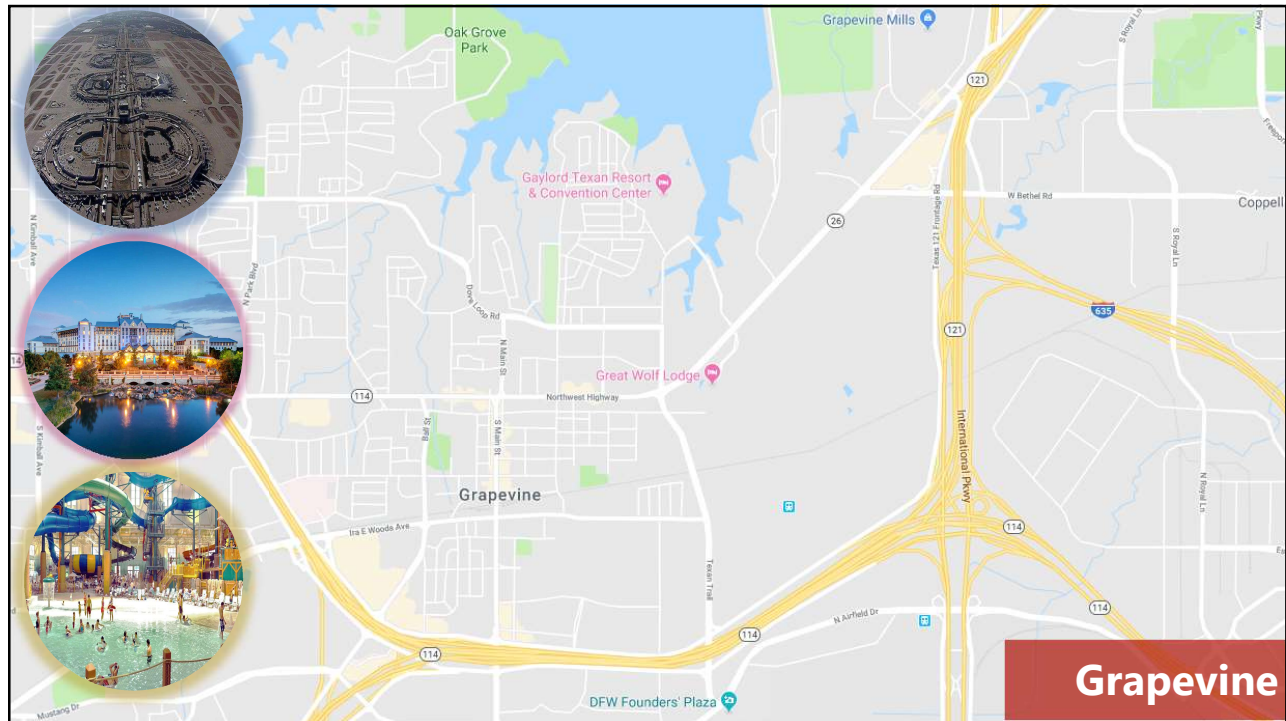
Mid Cities

SUPPLY	DEMAND	OCCUPANCY	ADR
<p>↑ +1,000 rooms</p> <p>~240 rooms opened in 2018 and 2019 ~ 436 rooms U/C ~ 360 rooms in planning/early development</p>	<p>↑ Moderate Growth</p> <p>Stable demand generators, housing and retail growth, central location</p>	<p>↓ Relative Stability to Modest Correction</p> <p>New limited-service product will result in modest contractions in occupancy in near term; strong flags operating in the high 70% to low 80% range currently. Occupancy expected to remain in the 70% range</p>	<p>↑ Moderate Growth</p> <p>Strength of new brands and increasing retail landscape expected to support rate growth</p>

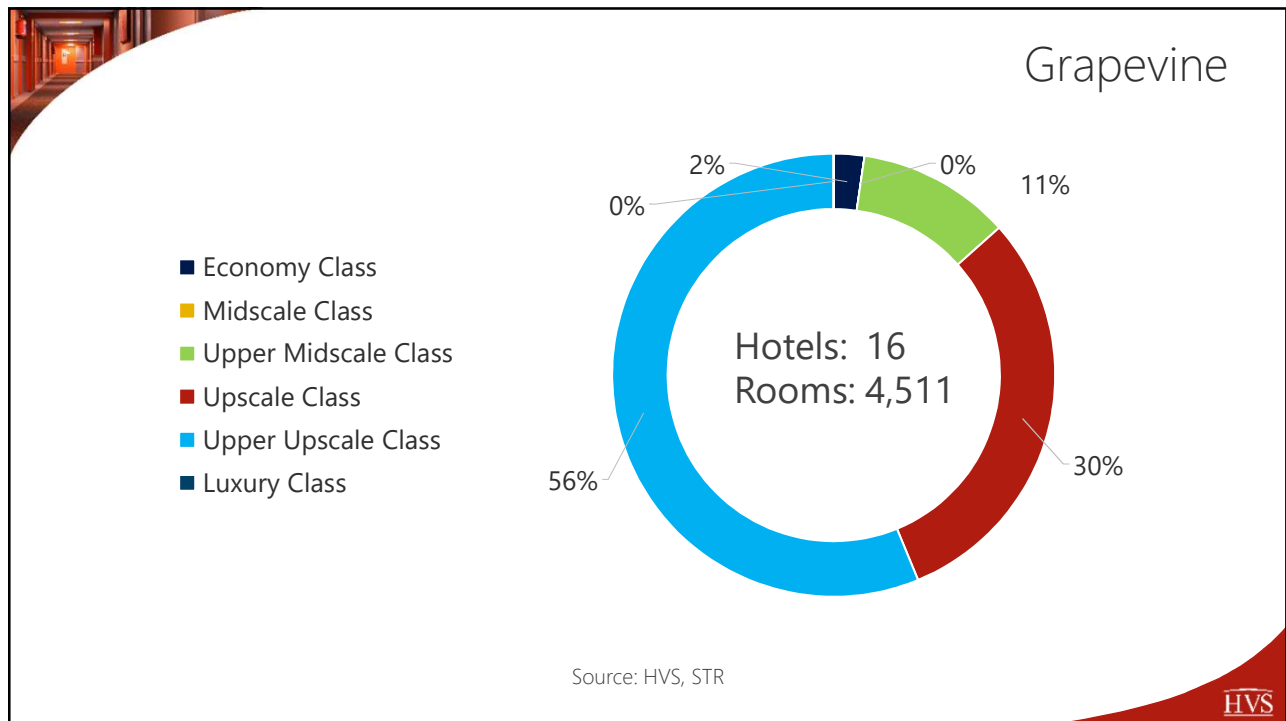
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38




39



40






- Mercedes-Benz and Kubota Tractor in 2016 and 2017
- Gaylord Texan Resort opened \$120 million expansion in 2018, added 303 rooms and 86,000 additional square feet of meeting space
- Grapevine Main - \$105 million-dollar public/private sector transit-oriented development project, TEXRail
- DFW airport, along with American Airlines, announced plans to build a Terminal F, projected to open as soon as 2025
- \$300 million Stand Rock Hospitality indoor water park and hotel complex near Grapevine Mills mall
- 35,500-square-foot Kriya Plaza on west side of Grapevine Mills

41

Grapevine

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41



Grapevine

SUPPLY	DEMAND	OCCUPANCY	ADR
<p>↑ +2,000 rooms</p> <p>0 rooms opened in 2018 and 2019</p> <p>~ 352 rooms U/C</p> <p>~ 1,700 rooms in planning/early development</p> <p>*Proximate areas of Coppell and Flower Mound included</p>	<p>↑ Moderate to Strong Growth</p> <p>Stability of DFW and future terminal expansion, growing Grapevine attraction base and connectivity, corporate growth along 121</p>	<p>↓ Modest Correction</p> <p>New supply expected to push occupancy down (less than 5 pts) over long term</p>	<p>↑ Moderate Growth</p> <p>Slowdown in rate growth in 2017 and 2018 with new supply in surrounding markets, but remained positive. Rates expected to grow back to inflationary levels given strength of market and quality of new supply</p>

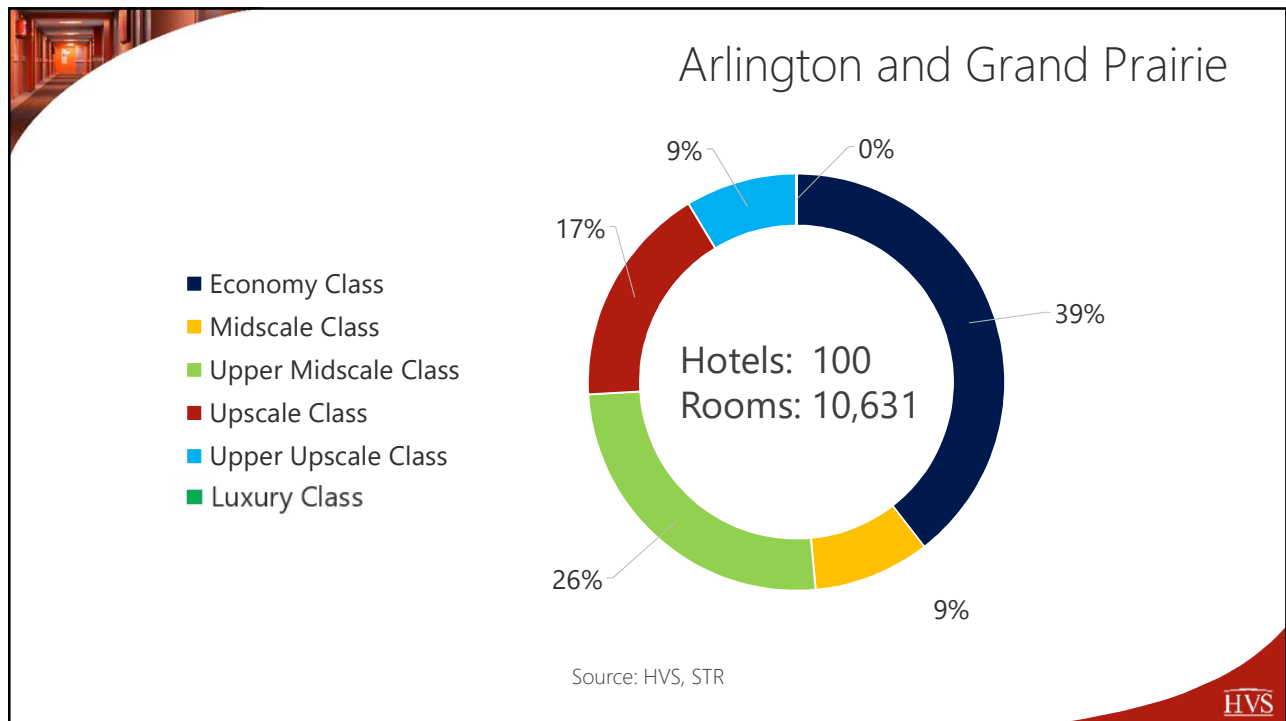
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42



43



44



- Arlington Convention Center > Esports Stadium Arlington + Expo Center
- 2018 opening of Texas Live!
  - Loews Hotel (August 2019) and Globe Life Field (March 2020)
  - Globe Life Park > repurposed as a football venue to accommodate the Dallas XFL team
- American Airlines' new campus
  - \$250 million hospitality center planned for 2021 complete with a 600-room hotel and a conference and training center
  - Double the company's previous hotel space from 300 to 600 rooms
- 2018 opening of 172-acre park home to The Epic, Epic Waters Indoor Waterpark, The Summit, and Grand Prairie's Public Safety Building
- Grand Prairie's new shopping and entertainment corridor along State Highway 161 north of Interstate 20





45

Arlington and Grand Prairie

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45

### Arlington and Grand Prairie

SUPPLY	DEMAND	OCCUPANCY	ADR
 <p>+2,200 rooms</p>	 <p>Moderate Growth</p>	 <p>Relative Stability to Modest Correction</p>	 <p>Moderate Growth</p>
<p>~136 opened 2019 ~ 893 rooms U/C ~ 1,150 rooms in planning/early development</p>	<p>Reduction of group room nights should be offset by growing tourist landscape, expanded retail, and expanded warehouse/distribution centers</p>	<p>New limited-service and select-service product already pushing occupancy to high 70s</p> <p>Contraction/stagnation expected in North Arlington as new hotels come online to south</p>	<p>Slowdown in rate in 2017 with new supply, but positive change in 2018</p> <p>Improvements with quality of product</p>

Source: HVS

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46



## Significant Hotel Transactions

- Courtyard by Marriott Fort Worth Downtown
  - \$40M (\$197,000 per room), June 2017 as part of a portfolio
- Hampton Inn & Suites Dallas DFW Airport North Grapevine
  - \$18M (\$191,000 per room), March 2018, sold with adjacent Comfort Suites

47



47



## Closing Remarks

- Most submarkets seeing high levels of new development with new supply complementing the growth
- Occupancy should contract as a whole for the market in near term, but severity will be limited
- Rate growth has been slower compared to other markets such as Dallas, but a gradual rebound to 3% growth is anticipated

48



48



# Thank you!

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49

