

The State of Downtown Dallas



DOWNTOWN
DALLAS INC

Downtown Dallas, Inc.

Presented By: Jennifer Scripps & The DDI Economic Development Team

March 7, 2024

Downtown Dallas, Inc. (DDI) is the principal advocate, champion, and steward of Downtown.

Founded in 1958 as the Central Dallas Association, we are a private 501c6 nonprofit.



15k
Residents

50
Residential
Properties

140
Commercial Office
Buildings

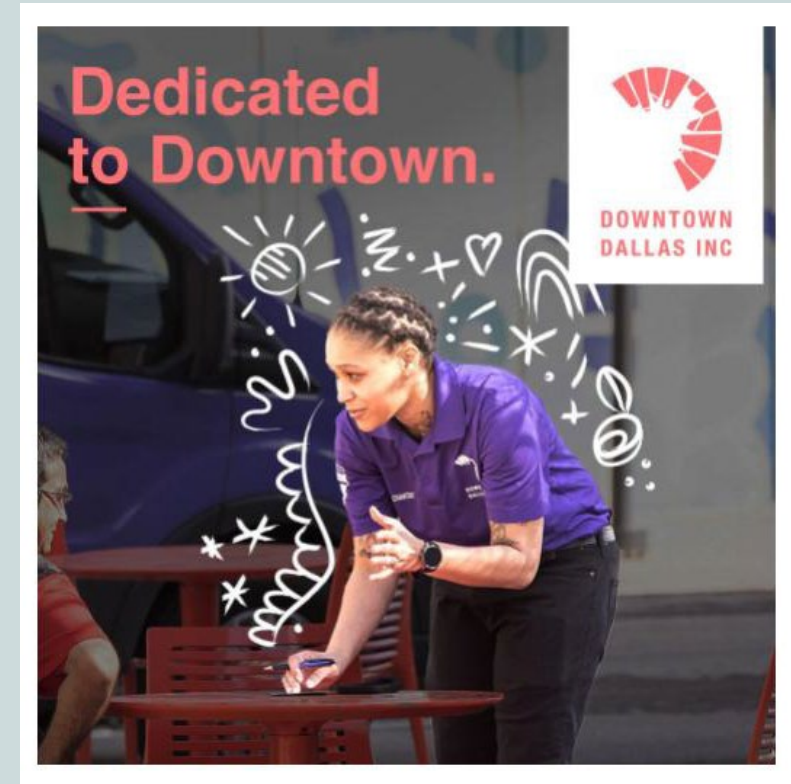
30
Hotels

Downtown Dallas, Inc.

The Downtown Improvement District (DID), is DDI's primary source of funding.

Property owners inside the freeway loop pay an annual assessment for enhanced security, clean, and homeless outreach services, as well as parks operations and programming, and Downtown marketing and business recruitment.

Our remaining funding comes from membership dues, annual fundraisers, and sponsorship programs.



Downtown by the Numbers



\$6 billion active development

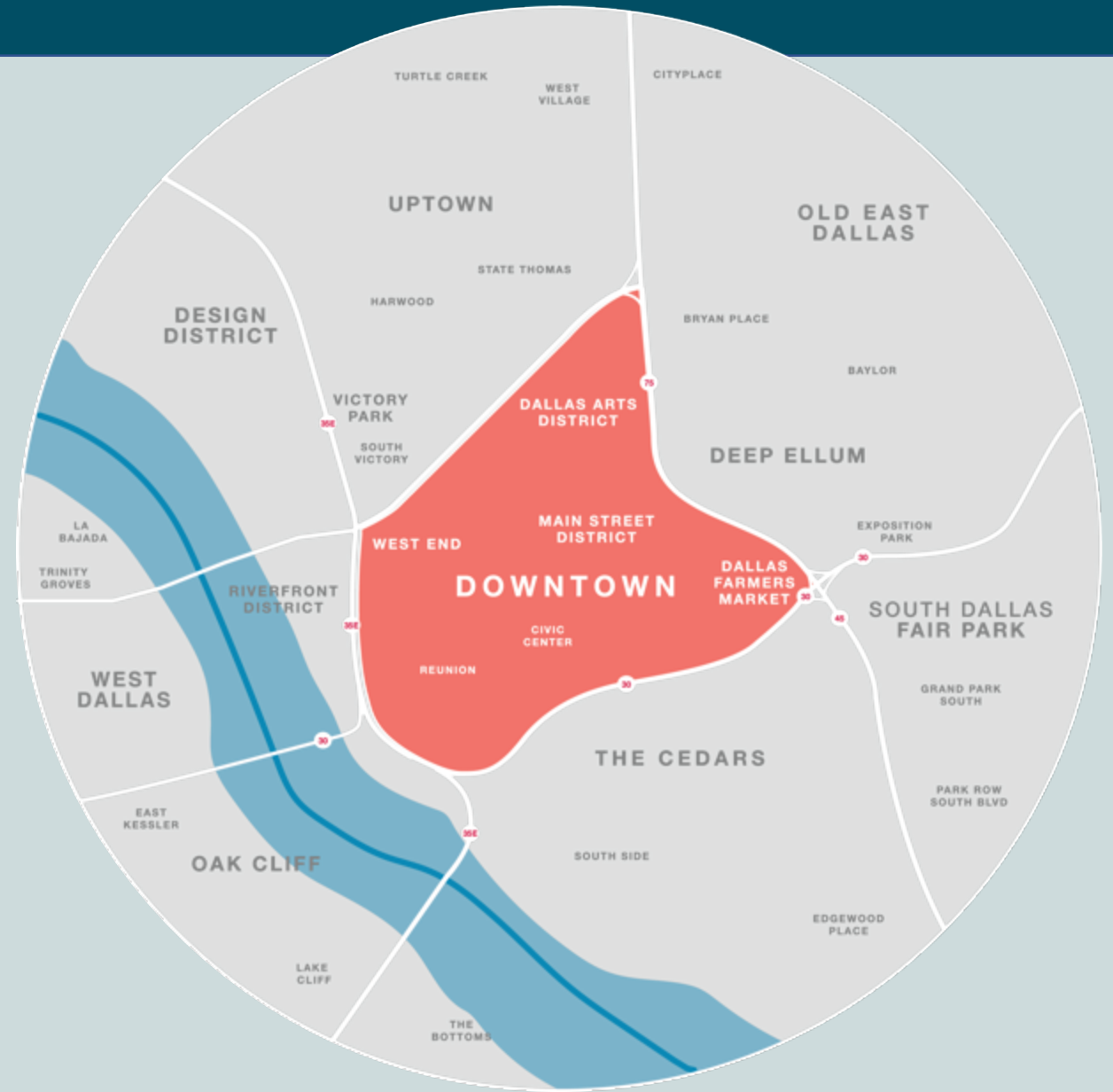
15,000 Residents

50 Residential Properties

140 Office Buildings

34M Sq Ft Office Space

30 Hotels



Commercial Office

In 2023, office using jobs grew by 4.1% over 2022 increasing the total office employment to over 1.3 million jobs in DFW.

Outer submarkets continue to build new office stock with over 5 million sf currently under construction in the region.

Downtown, developers are converting vintage buildings to residential and hospitality while planning new, mixed-use developments.



Image credit: Stream

Trammell Crow Center

Commercial Office Snapshot

Total Downtown office stock has contracted by 3.8% to 34 million sf. Downtown Dallas is still the most dense office market in DFW.

- CoStar reported 108 deals totaling 613,268 sf in 2023 down from 150 for 1,245,445 in 2022
- CBRE reported positive net absorption of 49,309 sf for Q4 for the CBD. 2023 closed with (-274,933) sf
- Avg. Gross Asking Rent for deals done in 2023 averaged \$34.15 p/sf, up from \$29.59 in 2022
- Renaissance Tower has recently taken 700,000 sf of office off-line to convert to another use

Quick Facts

- 24.3M sf of occupied space (occupied space alone would be 4th largest submarket in DFW)
- 4.5M sf of office converted or demolished since 2010
- Over \$9B in total office asset value (#2 in DFW)
- Current CBD Market Rent: \$29.77
- 26.1% Vacancy (4th highest in DFW)
- 1.1 M sf of sublet

Notable Leases



Name	Size	Building
Netherland Sewell	42,000 sf	2100 Ross
Omnicom Group	34,218 sf	Harwood Ctr
Carrington Coleman	28,605 sf	Bank of America Plaza
Simon Greenstone	28,366 sf	Bank of America Plaza
Faegre Drinker Biddle	26,016 sf	KPMG Plaza
Capital Institutional Services	24,106 sf	1700 Pacific
Hughes Marino	21,127 sf	Trammell Crow Center
Arcadis	20,028 sf	300 Pearl
Westmount Realty	19,347 sf	Plaza of the Americas
Jackson Walker	17,800 sf	KPMG Plaza
Downs & Stanford	17,409 sf	Bryan Tower

Return to Office: Downtown and Citywide



Texas leads in post-pandemic return to the office.

- Throughout 2023, Downtown averaged approximately 40,000 - 45,000 day-time employees (75K pre-pandemic) coming into the city center between the hours of 7 a.m. and 7 p.m.
- Downtown sees an average of 120,000 overall daily visits, matching our pre-pandemic tracking.

Return to office

Change in employee office visits from January 2020 to January 2024 and improvement from January 2023:

	Since 2020	Since 2023
San Francisco	-52.1%	23.2%
Chicago	-50.2%	0.1%
<i>Nationwide</i>	-42.1%	6.6%
Dallas	-34.2%	7.2%
New York	-26.5%	8.8%
Miami	-20.2%	13.9%

SOURCE: Placer.ai

Staff Graphic

Office Vacancy - National Comparisons

District Name	Total Inventory (sf)	% Vacancy
San Francisco Financial District	31,209,417	30.30%
Denver CBD	29,038,988	29.20%
Downtown San Diego	14,195,850	28.40%
Upper Tollway West Plano	39,182,624	26.30%
Downtown Dallas	34,231,920	26.10%
Houston CBD	52,912,655	24.10%
Chicago Central Loop	45,413,681	22.60%
CBD Austin	24,360,625	20.80%
Uptown/Turtle Creek	17,594,984	20.50%
Washington DC	48,635,086	18.30%
Downtown Atlanta	40,049,772	15.10%
Nashville CBD	19,667,322	14.60%

Headlines

- About 30% of Denver’s downtown office space is vacant — and that doesn’t include “zombie buildings”**

Colorado Sun 12/11/2023
- ‘Urban doom loop’ could threaten Charlotte’s commercial real estate sector**

The Carolina Journal 9/11/2023
- Will San Diego see more office buildings converted to residential?**

The San Diego Union-Tribune 1/12/2024
- San Francisco Office Vacancy Nearly 36% in Fourth Quarter**

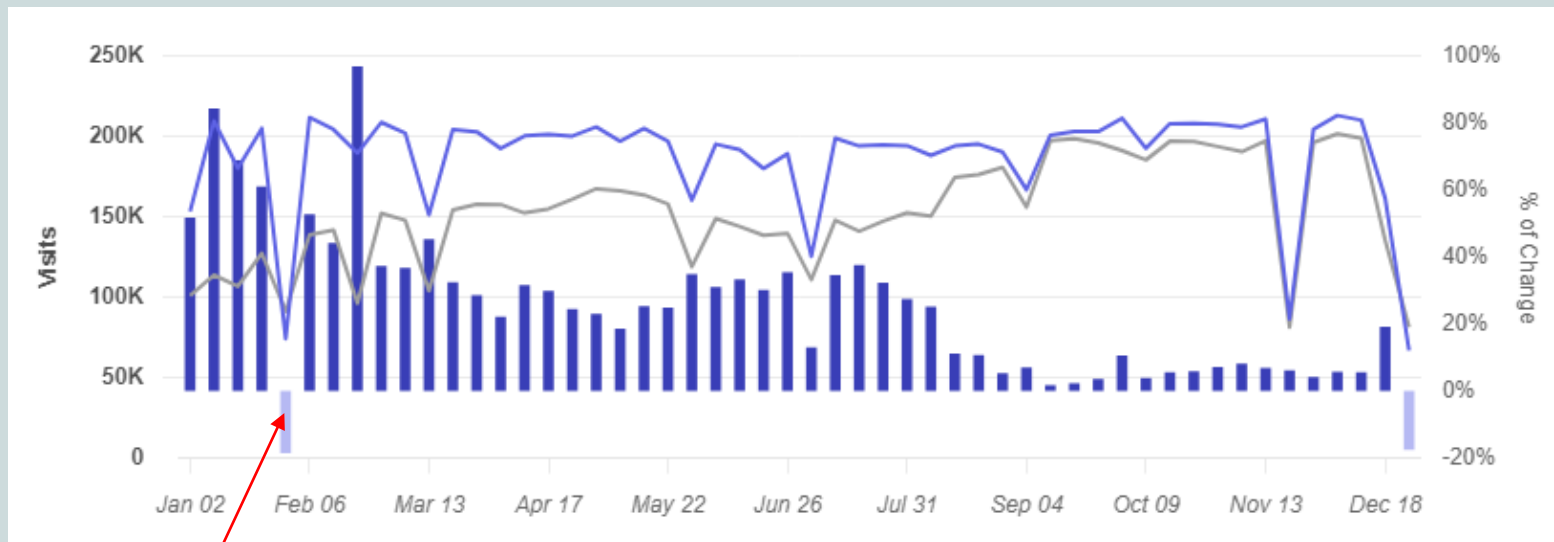
Globe Street 12/20/2023
- Demand for office space nearly back to pre-pandemic levels in some cities, but not in Chicago, report finds**

The Chicago Tribune 2/6/2024

Downtown Daytime Population

Weekly daytime population 2023 vs 2022

M-F from 7am – 7pm

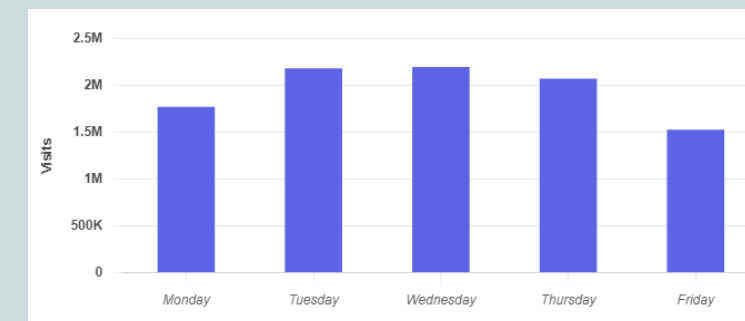


— 2023 Workers
— 2022 Workers
■ % Difference

Ice blankets North Texas as some residents venture out — but most heed pleas to stay home

Meteorologists say the freeze isn't over, but the sun should bring some relief by the end of the week.

- Overall daytime population continues to increase in the Downtown core
- Downtown is averaging 50k office workers M-F
- Psychographic Segments:
 - Young Professionals
 - Hispanic Families
 - Educated Urbanites
 - Ultra Wealthy Families
- Tuesday – Thursday crowd



Office Conversions



THE TEXAS TRIBUNE

Texas developers converting empty office space into downtown ...

The Texas Tribune › texas-office-space-housing-conversion



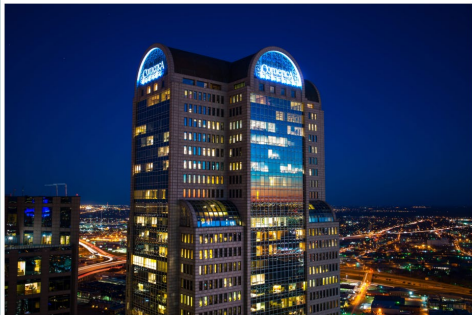
Dec 6, 2023 ... Not every downtown high-rise is a good fit for an office-to-housing conversion, but some officials and developers see benefits in turning ...



Revitalizing Downtown Dallas Through Office-to-Multifamily Conversions

These conversions honor the history of existing structures, which contributes to sustainable urban development, says Ryan Kimura, the senior VP of strategic partnerships at Premier.

By Ryan Kimura | November 14, 2023 | 2:00 pm



Comerica Bank Tower was acquired by Pacific Elm. The 10 million-square-foot tower was acquired by Pacific Elm in 2022. Plans call for a significant renovation and converting 600,000 square feet of office space into 220 multifamily units and 150 luxury hotel rooms.

The Dallas Morning News

Dallas is a top market for office to home conversions

More than 3,100 apartments coming in Dallas-area office buildings.



A corner living area in the new Peridot Apartments at downtown Dallas' Santander Tower. (Steve Brown)



Vacant Dallas office space converted to residential use for housing demand

Around 20% of Dallas office space is vacant with high demand for housing

By Ken Kalthoff • Published January 11, 2024 • Updated on January 12, 2024 at 10:36 am



Some workers have been called back to the office but demand for office space is still much lower than before the pandemic. That's left the equivalent of one out of every five Dallas office buildings vacant. Ken Kalthoff reports on the effort to turn that space into much-needed housing.

The Dallas Morning News

Office to residential conversions can revitalize Dallas' urban core

New apartments in vacant downtown offices are encouraging.



apartments at downtown Dallas' Santander Tower. (Steve Brown)

Peridot at Santander Tower & The Sinclair Residences have started leasing. The pipeline includes: Bryan Tower, Comerica Tower, and Renaissance Tower.

Multifamily

Over the past 20 years, Downtown has seen incredible growth in multifamily development, growing from just 200 residents to roughly 15,000. Available products include a variety of rental, condominium, and attached single family products.

Multifamily remains a leading sector, benefiting from strong demand and steady performance, with nearly 90% occupancy in Downtown.

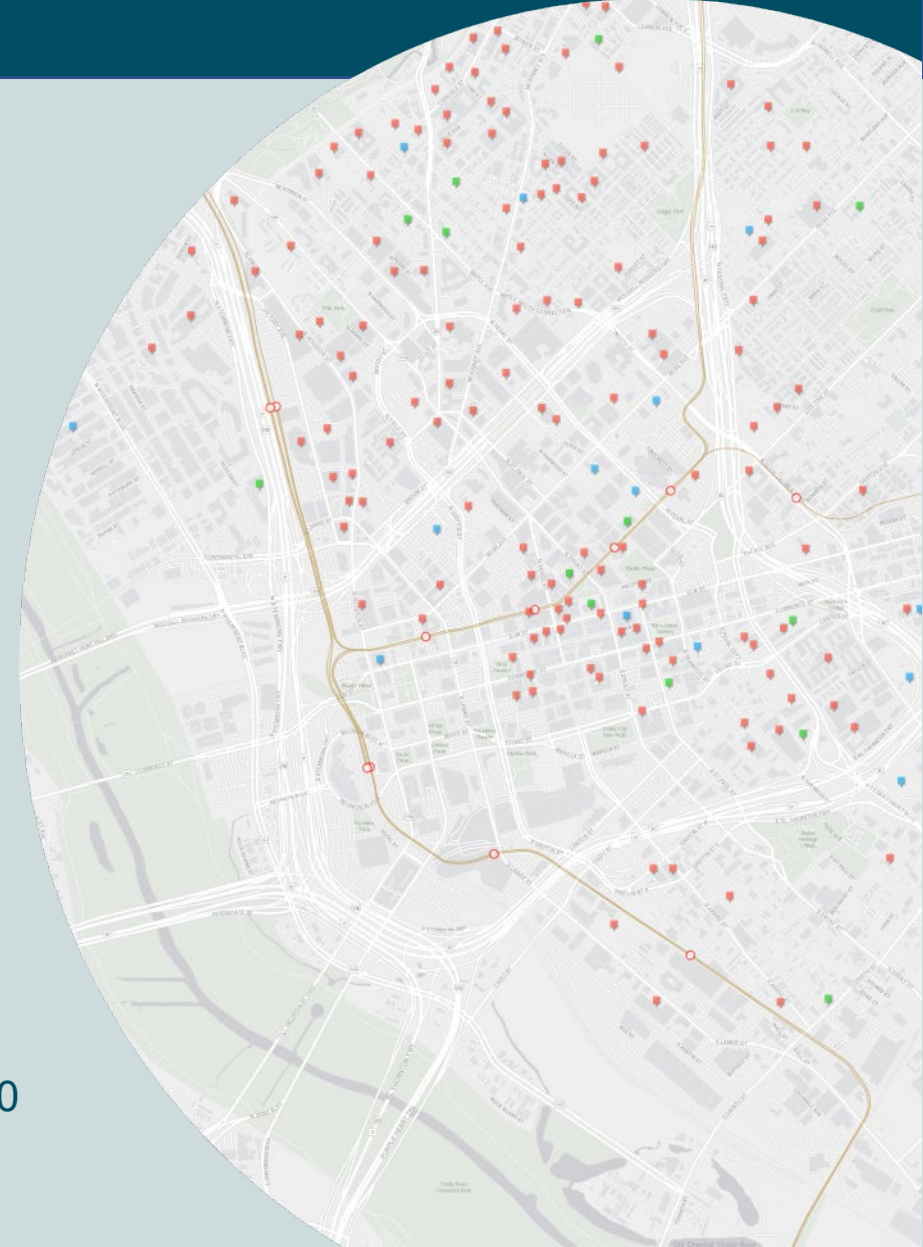


Image credit: Dallas Morning News

Peridot Residences

Multifamily Snapshot

- Multifamily remains a leading sector, benefiting from strong demand and steady performance, with nearly 90% occupancy in Downtown.
- 42 Existing Buildings with 10,115 rental Units
- Market Asking Rent p/unit: \$2,262 (\$1,200 - \$6,047)
- Market Asking Rent p/sf: \$2.24 (\$1.47 - \$4.30 p/ft)
- Same unit asking rents down 6.54% from peak in 2022
- Units Under Construction: 1,040; In the pipeline: 2,801
 - Estimated Downtown population upon completion of all projects: 20,400



Downtown Residential Summary

Estimated Population



15,068

Total Rental Units



10,115

Total Condos / Townhomes



838

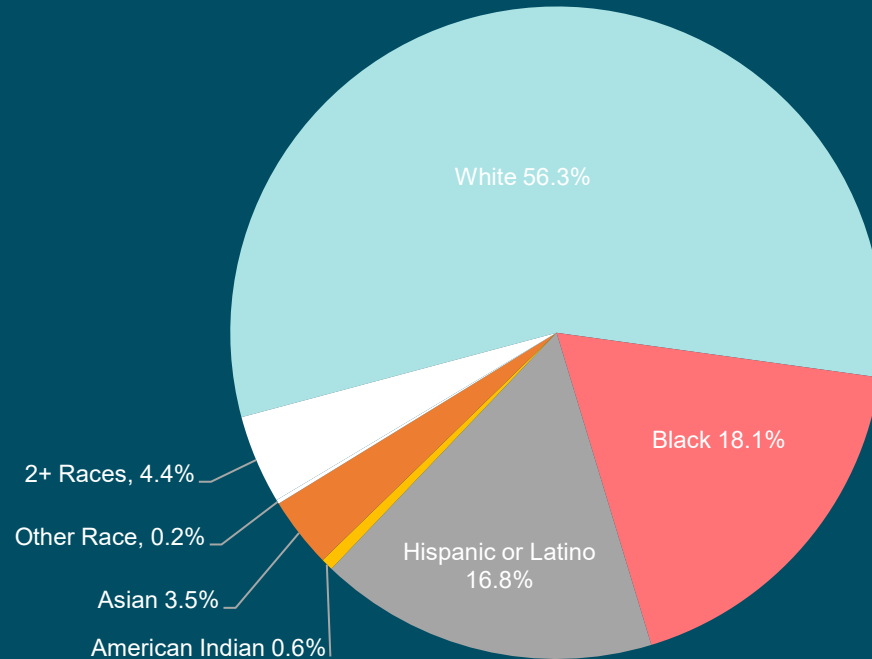
Average Household Size



1.47

Household by Type

- Male Householder: No Spouse 40%
- Female Householder: No Spouse 34%
- Married Couple 16%
- Cohabiting Couple 9%



Demographics

Primary Age Groups

- 20 – 24 10.0%
- 25 – 29 22.4%
- 30 – 34 16.8%
- 35 – 39 10.6%
- 40 – 44 7.4%
- 45 – 49 6.2%
- 50 – 54 6.3%
- 55 – 59 5.3%
- 60 – 64 4.1%
- 65 – 69 2.2%

Gender



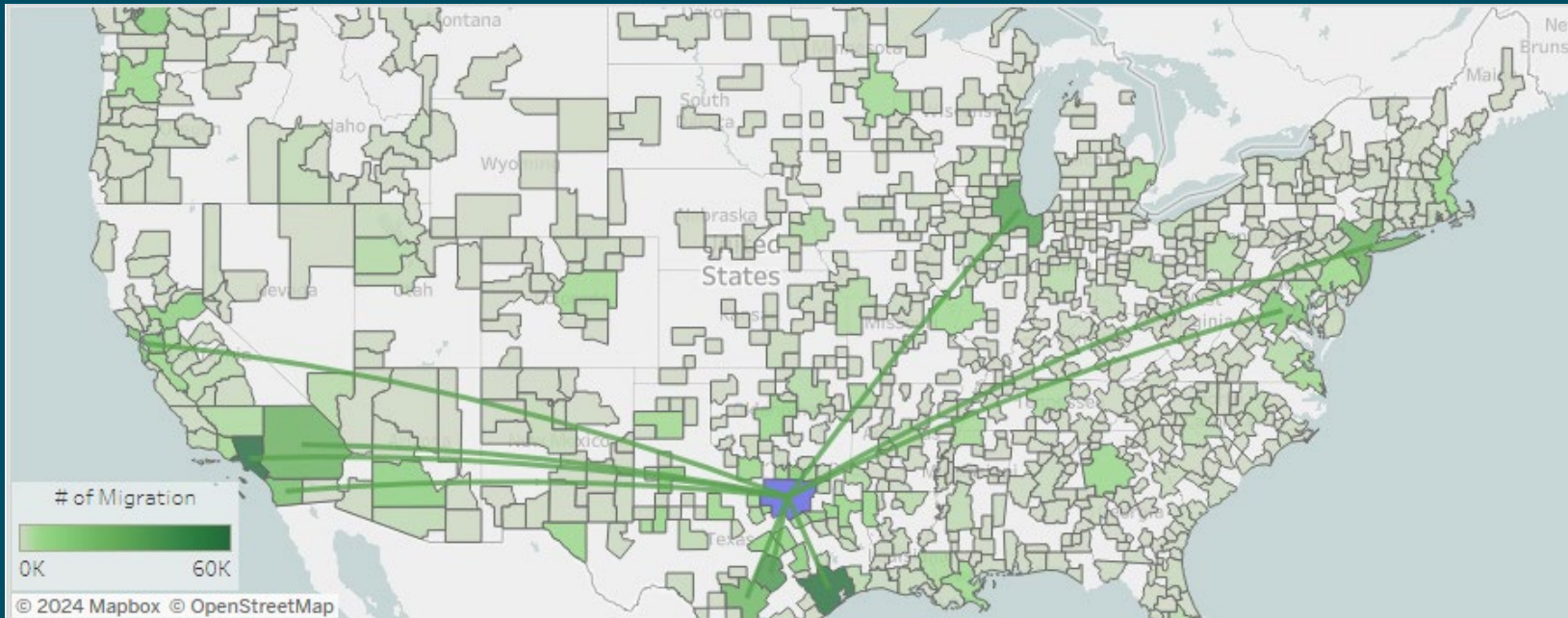
Female
45.8%



Male
54.2%



4 yr gross migration into DFW



Top 10 markets migrating into the Metroplex

Origin Region	Incoming Pop.	% of Incoming Pop.
LA-Long Beach-Anaheim, CA	60.3K	0.76%
Houston-The Woodlands-Sugarland, TX	57.7K	0.73%
Austin-Round Rock-Georgetown, TX	38.7K	0.49%
Chicago-Naperville-Elgin, IL-IN-WI	33.8K	0.43%
Riverside-San Bernadino-Ontario, CA	24.9K	0.31%
New York-Newark-Jersey City, NY-NJ-PA	24.5K	0.31%
San Antonio-New Braunfels, TX	22.8K	0.29%
San Diego-Chula Vista-Carlsbad, CA	19.2K	0.24%
San Francisco-Oakland-Berkeley, CA	16.1K	0.20%
Washington-Arlington-Alexandria, DC-VA-MD-WV	16.0K	0.20%

Psychographic Categories of Downtown residents

- **Rising Professionals**

- Well-educated college graduates renting in the trendiest parts of town. Huge podcast listeners, this segment loves NPR and a host of podcasts, particularly related to true crime. For them, local is cool. Independent coffee shops are a place to hang out.



- **Urbanists**

- Young, White, well-off renters living in gentrified neighborhoods of first-tier cities. Readers of The Intercept and Vox, these liberals can be found working in WeWork offices, touring local art museums and bookstores, and shopping at high-end stores.



- **High Risers**

- High income, highly educated, Warby Parker wearing young professionals in densely populated areas. These liberal-minded city dwellers love podcasts like The Daily and How I Built This. They read Vox, NYT Styles, and Vulture and are all over LinkedIn.



The variety of housing stock in and around the urban core continues to draw a diverse market into this dense community.

New residents migrating in from across the nation are

Tourism and Hospitality

2024 continues to be a banner year for the hospitality industry and Downtown hotel properties are leading the charge.

Downtown hosts some of the highest hotel room densities in the region with over 10,000 rooms and nearly 30 hotels currently within the Downtown Core.

Downtown continues to enjoy the strong hotel growth seen over the past five years nearing and exceeding 2019 metrics.



JW Marriott

Tourism Market is Strong

Total Hotels



30

Occupancy



62.8%
+9.5% over 2022

RevPAR



\$140
+13.8% over 2022

Room Revenue



\$534.0M
+16.0% over 2022

Downtown hotels outperformed the prior year across all key performance indicators in 2023.

Symphony Tourism Economics
Visit Dallas

Total Keys



9,326

ADR



\$223
+3.9% over 2022

Room Nights



2.4M
+11.6% over 2022

365 Day Supply

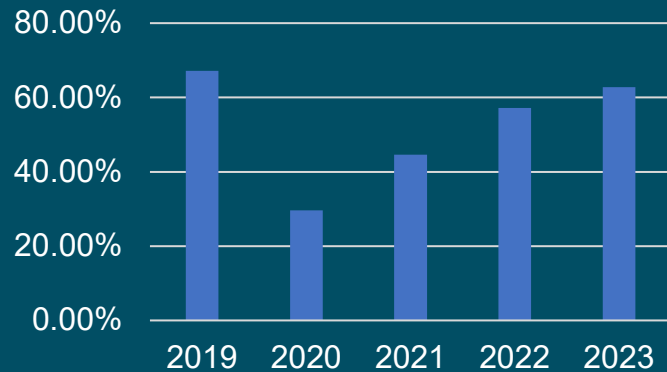


3.8 M
+1.9% over 2022
(JW Marriott)

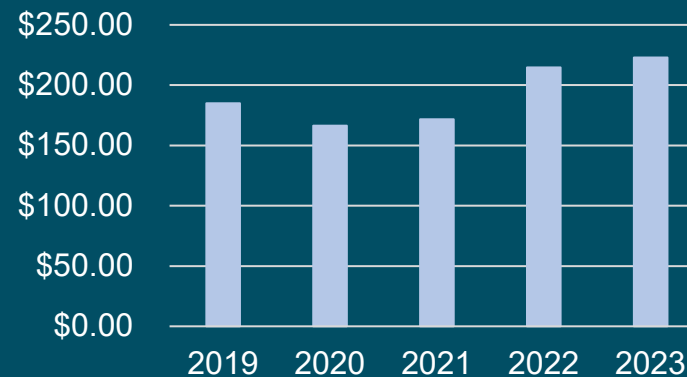
Tourism Market is Strong

Downtown hotels continue to see improvements across all key occupancy and revenue metrics

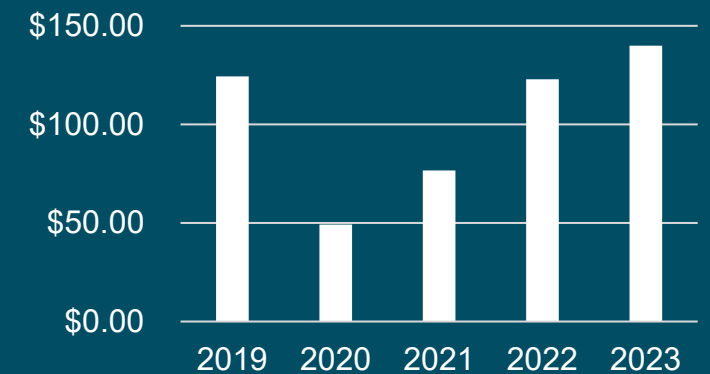
Occupancy



Average Daily Rate



Revenue P/Available Room



Visit Dallas
Symphony Tourism Economics
Charts represent only CBD hotels

Construction and Pipeline

Buildings continue to change hands in the Downtown core, with billions in new development on the horizon

Renovations and conversions continue to be highlights thorough 2024.

The delivery of our final signature park and large public infrastructure projects offer key opportunities to reshape major segments of Downtown



Modera St. Paul

Recent Deliveries



The Sinclair



Harwood Park



Peridot



Pearl Lofts



Modera St. Paul



700 Jackson

Under Construction

Development Pipeline



Bryan Tower



Ross + Field Tower



Renaissance
Tower



Reunion District



Jackson St. Apartments



One NewPark



Dallas Gateway



711 Pearl

Kay Bailey Hutchison Convention Center



Building Program Summary

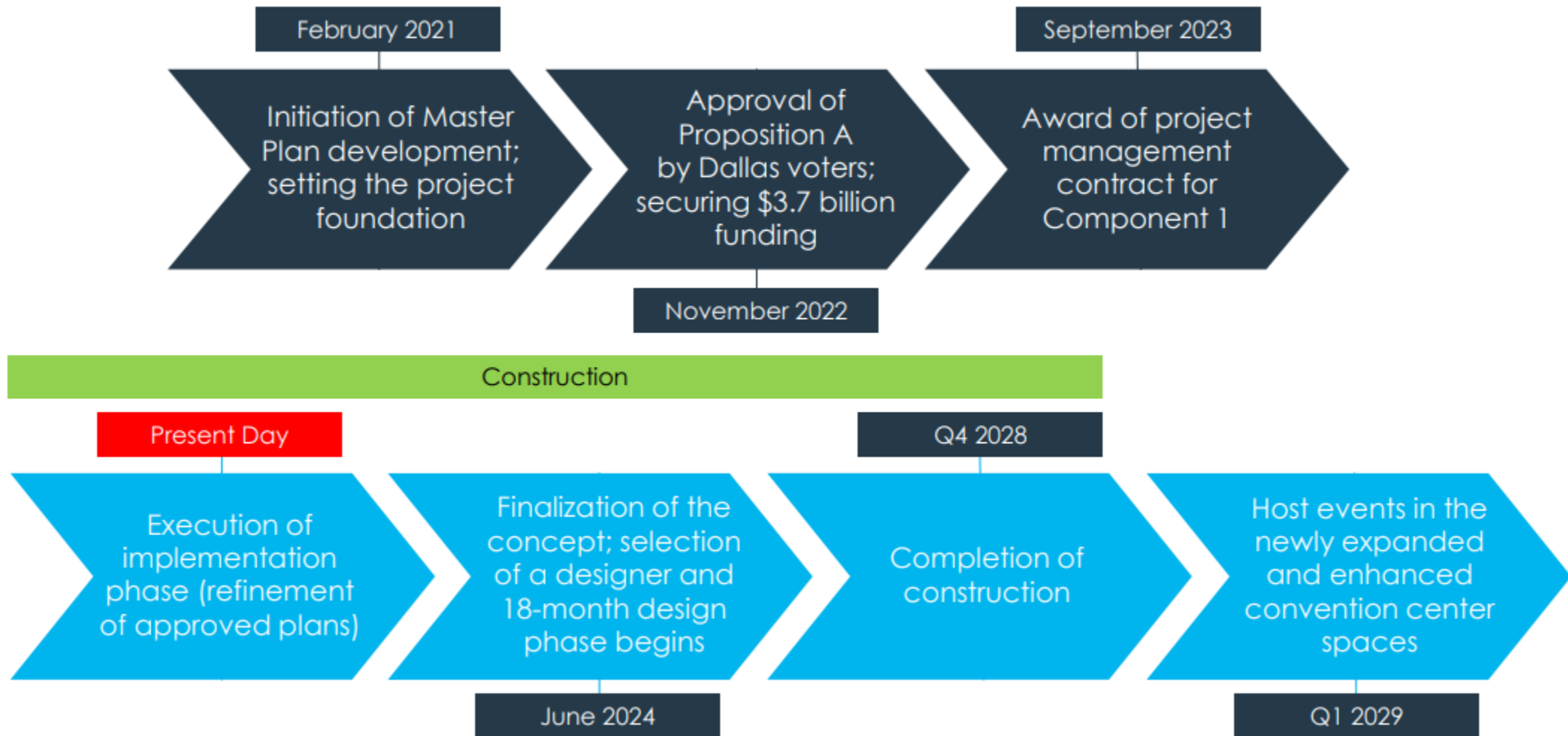
	Current	Planned
Exhibition Halls	724,000	800,000
Ballrooms	65,000	170,000
Largest Ballroom	27,000	105,000
Meeting Room	100,000	260,000
Parking	2,000	2,000

Expected architecture & engineering RFP to be released Spring 2024

Expected Delivery 2028/2029



Convention Center Timeline



2023 Retail/Restaurant Openings



- 800 North
- Adolphus
- Tower Gallery
- Apothecary Social
- BBQ DNA
- Botanical Mix
- Carpe Kitchen & Cocktails
- Crown Block
- Esco Lounge
- Flea Style
- Fond Restaurant
- Jack Ruby's Saloon & Grill
- Liam's Steakhouse
- Margaret's
- Mirador
- Namak Indian Cuisine
- The Operators Club
- Patrick Kennedy's
- Paw Spa
- Pizza Leila
- Sandoichi
- Soul Flow Yoga
- Starship Bagel
- Surf Camp
- Sushi by Scratch
- Sushi | Bar
- Taco Lingo
- The Perfect Place
- Vincent's
- Wild Salsa

DDI Economic Development Advisory Services

Public Process Assistance

- City planning and policy strategy
- Public Incentives advisory
- Permitting and regulatory assistance
- Project support and governmental advocacy
- City approvals support

Private project assistance

- Custom market data and reports
- Telling the Downtown story
- Regulatory research
- Market patterns and demographics
- Leasing and tenant support
- Ground floor tenanting



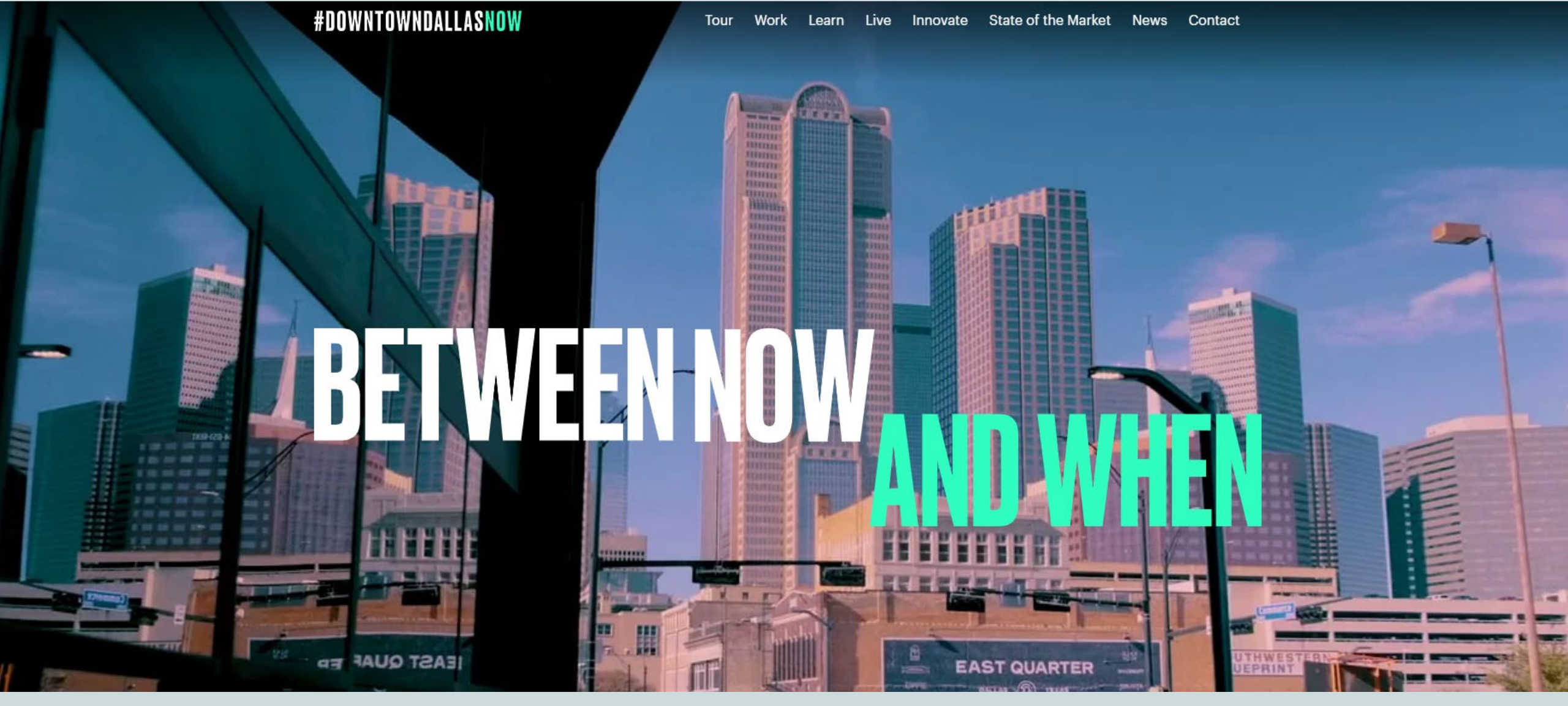
DOWNTOWNDALLASNOW.COM



#DOWNTOWNDALLASNOW

[Tour](#) [Work](#) [Learn](#) [Live](#) [Innovate](#) [State of the Market](#) [News](#) [Contact](#)

BETWEEN NOW AND WHEN



Virtual Tour Platform





**DOWNTOWN
DALLAS
.COM**

