

Fort Worth BusinessPress

Downtown

Fort Worth sets the stage for future growth

BY ANDREW TAFT

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In 2009, downtown Fort Worth will continue to absorb newly built office space and the hotel market will find its footing as properties vie for business in a market that features many more rooms than were available in the previous year. The Downtown residential market remains strong and the coming year will be one defined more by absorption than construction.

The office market is strong with a current occupancy rate of 95 percent. More than 806,000 square feet were added to the inventory in 2008 and another 399,500 square feet will be completed in 2009.

Fortunately, much of the new multi-tenant space has been absorbed.

New space is 76 percent leased, leaving about 193,440 square feet to be occupied in the coming years. No new Downtown multi-tenant office buildings have been announced. A new XTO parking structure at Seventh and Calhoun streets is expected to start construction in 2009. This garage also will feature 137,000 square feet of office space.

The hospitality segment blossomed between 2007 and 2008. More than 720 rooms were added to the market. The Clarion's transformation into an Embassy Suites, the Ramada's dramatic reopening as a Sheraton, the Care-A-Lots renovation into a Holiday Inn Express and the construction of the Omni's 608 rooms opening in January of 2009 are redefining the hospitality market in Fort Worth. A new extended stay hotel will break ground in Trinity Bluff in 2009, adding 150 rooms.

Fort Worth now offers the hotel rooms that meeting planners have been demanding and the Fort Worth Convention and Visitors Bureau has announced record-setting bookings. In fiscal year 2007, the CVB booked 129,392 room nights. In fiscal year 2008, the CVB's more robust sales staff and aggressive marketing strategies booked 258,230 room nights, an increase of 99.5 percent.

Downtown hotels are adjusting to the new dynamics brought about by the addition of more properties, cooperating on attracting new groups to Fort Worth. While competitive pressure still keeps hotel marketing staffs aggressive, this cooperation will be a key to Fort Worth's success in landing large, new conventions and trade shows.

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Andrew Taft

Our competition isn't just Dallas, it's Grapevine, and the "city in a bubble" atmosphere attempted at the Gaylord. Downtown Fort Worth's advantage is its authenticity and reputation for quality products, lively atmosphere, cleanliness, hospitality and safety. These Great City fundamentals will be important to retain as we move forward into a year of relative economic uncertainty.

Groups will still book, though fewer travelers may attend. This makes it doubly important that our product ... hotels, convention center, arts district, zoo, stockyards and a safe, clean and hospitable Downtown play their part in convincing these national meeting planners to choose Fort Worth.

Residential construction will slow in 2009, after three years of steady growth. A hundred and twelve condominium units will be delivered to the market in 2009 and these units will skew to the upper end, providing new inventory for the luxury purchaser. Of particular note is the extraordinary condominium construction taking place just outside of Downtown on West Seventh Street.

In Downtown, the Villa de Leon condominiums in Trinity Bluff will offer beautiful panoramic views of the river and the downtown skyline. This six-story, 23-unit tower is a glimpse into the residential future of Trinity Uptown and downtown.

To the south, the 89 Omni residences will also open in 2009. These units, rising in the glass tower above the Omni's 16th floor, will also feature stunning views of the skyline and all of Fort Worth beyond. Hotel services will be available to residents, adding a new lifestyle option in downtown.

While new condominium starts will likely take a breather in 2009, we will see more apartments coming on-line, with a twist. Lincoln Properties broke ground on 298 apartment units and 70 townhome-style apartments in Trinity Bluff. Like their original apartment building in that development, Lincoln designed these new units with future condo conversion in mind.

Downtown's current apartment occupancy rate is 96 percent with average rates 7 percent above those citywide. Macro-economic conditions are favorable to the apartment segment and given Downtown's occupancy and rental rates, the center city is well positioned to capitalize on this market. Look for even more apartment starts in the Trinity Bluff area.

Taken together, the office, hospitality and residential markets paint an encouraging picture of Downtown's economic health. Robust occupancy rates, strong bookings and new product are combining to add more workers, residents and visitors to the central city. While 2009 will not feature as many cranes on the skyline, the year will be one of absorption, setting the stage for future growth.

Andy Taft is the president of Downtown Fort Worth Inc.

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