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COMMERCIAL REAL ESTATE

Why DFW is leading the nation in hotel construction



At the end of the first quarter, DFW had the most projects scheduled to start in the next 12 months with 56 projects totaling 6,537 rooms, according to analysts at Lodging Econometrics.

JAKE DEAN

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By Bill Hethcock
Senior Reporter, Dallas Business Journal
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Dallas-Fort Worth leads the nation in hotels under development or construction, with 165 projects and 19,730 rooms in the pipeline, according to a new report.

At the end of the first quarter, DFW had the most projects scheduled to start in the next 12 months with 56 projects totaling 6,537 rooms, according to analysts at Lodging Econometrics. Dallas-Fort Worth also had the most projects in early planning at the end of the first quarter, with 84 projects and 9,495 rooms.

Following DFW, the U.S. markets with the largest hotel construction pipelines by project count are Atlanta, with 135 projects and 17,646 rooms; Los Angeles, with 123 projects and 20,176 rooms; and New York, with 122 projects and 20,864 rooms.

Nationwide, more than 5,000 new hotels with more than 600,000 rooms were under construction last quarter – an increase of about 2% from a year earlier.

Hotel franchises Marriott International, Hilton Worldwide and InterContinental Hotels Group made up 67 percent of the total projects across the country's pipeline last quarter, according to the report.

One hotel project underway is the more than \$125 million JW Marriott in downtown Dallas. Expected to open next year, the 15-story hotel will sit atop a 10-story parking garage at Ross Avenue and Harwood Street.

Hotels were hit hard during the pandemic and many projects nationwide were paused or canceled. Debt financing dried up in the early stage of the pandemic, construction costs rose and labor challenges intensified, said Sloan Dean, president and CEO of Dallas-based Remington Hotels.

Dean said the amount of hotel construction in DFW attests to the strength of the North Texas economy.

“With having a lot of businesses move from California to Texas and relocating here, the demand will compensate

some of the supply growth,” Dean said. “But as a current operator of a lot of hotels, it does make me a little nervous that we're coming out of the worst crisis of our lifetime, particularly as it relates to travel, and supply in the Metroplex is continuing to (grow at a high rate) ... That new supply growth that's happening is pressure for current hotels in the greater Metroplex.”

The 2022 forecast as of Monday called for 762 new hotels with 90,032 rooms to open this year across the U.S., according to New England-based Lodging Econometrics, which updates its national forecast in real-time.

Some 5,090 projects with 606,302 rooms are in the construction pipeline nationwide, according to the real-time forecast.

T H E L I S T

North Texas Hotels

Ranked by Gross Receipts

Rank	Hotel	Gross Receipts
1	Gaylord Texan	\$25.97 million
2	Great Wolf Lodge	\$15.10 million
3	Omni Dallas Hotel	\$9.99 million
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