

Downtown Dallas



DOWNTOWN
DALLAS INC

Downtown Dallas State of the Market

February 26, 2025

**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**

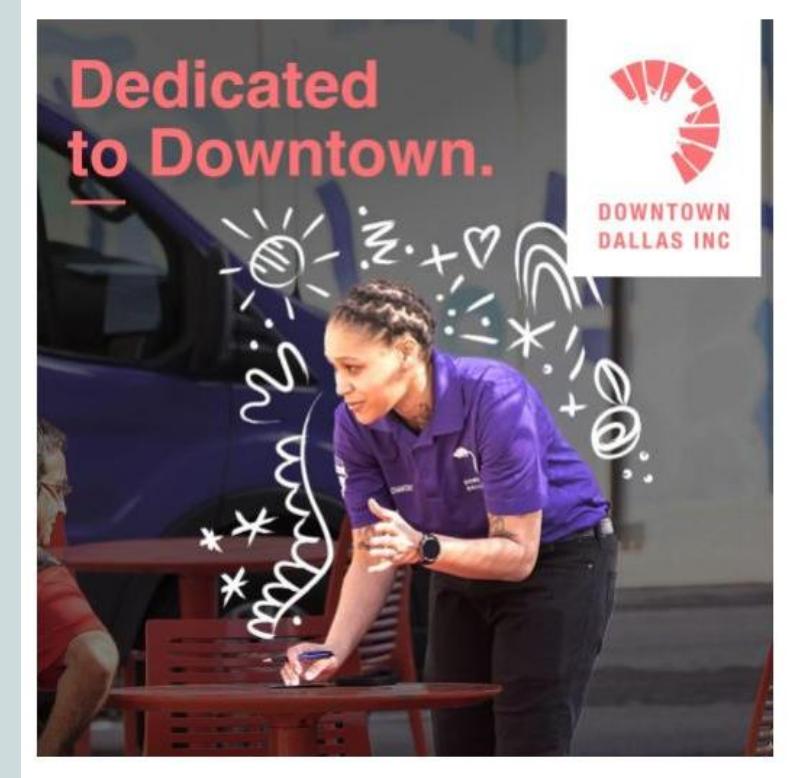
**30
Hotels**

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



DOWNTOWN
DALLAS INC

\$6 billion active development

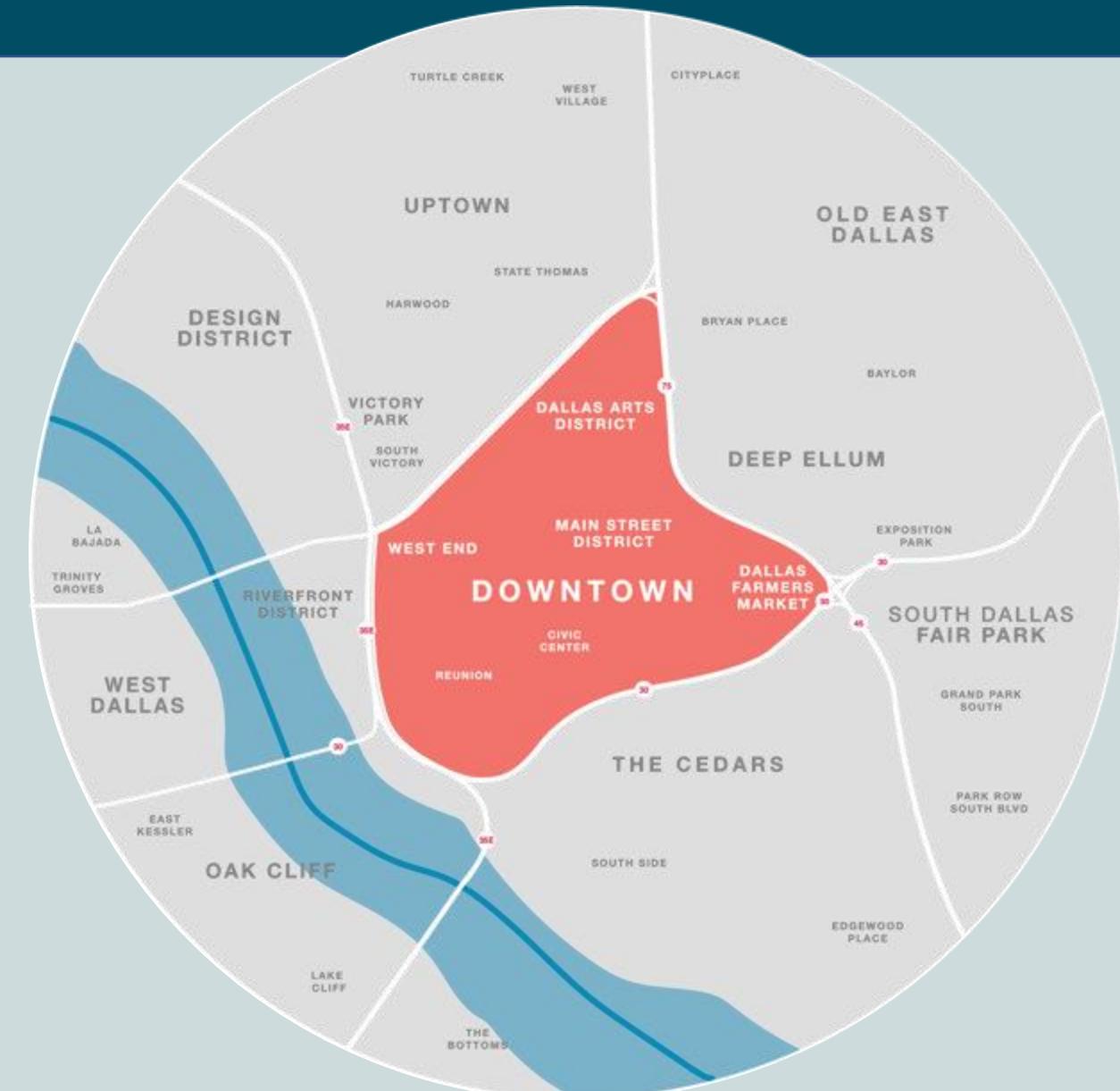
15,000 Residents

50 Residential Properties

140 Office Buildings

34M Sq Ft Office Space

30 Hotels





Unveiling the Market:

**Key insights into the
Downtown commercial real
estate market**

The background features a series of abstract, semi-transparent geometric shapes in a light teal color. These shapes include a large circle with radial lines, several cubes of varying sizes, and a rectangular prism, all arranged in a dynamic, overlapping composition.

Office

Commercial Office

Throughout 2024, many employers welcomed staff back into the office, through new mandates or employee incentives.

Increased office usage has given tenants a clearer picture of their future and is expected to help the office market stabilize in 2025.

Office construction has dwindled region-wide; less new product underway regionally will help current stock lease up in the near term.



Santander Tower

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 142 deals in Downtown totaling 1,319,960 sf in 2024
 - 2023 showed 140 deals for 696,004 sf
- CBRE shows negative net absorption of (-551,833) sf in 2024.
 - 2023 closed with (-274,933) sf
- Avg. Gross Asking Rent for deals done in 2024 averaged \$31.94 p/sf
 - down -2.1% from 2023
- Tenant activity has picked up, look for less contraction and more stabilization in 2025.
- No significant office starts in Q3 or Q4 2024 in DFW
 - Only 5,074,470 sf currently under construction in DFW

source: CBRE & CoStar

Quick Facts

- 24.1M 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: \$30.67
- 26.2% Vacancy (3rd highest in DFW)
 - 2023 closed with 26.1%
- 979K sf of sublet



Notable Leases 2024



Name	Size	Building	Deal Type
Santander	211,087 sf	Santander Tower	Renewal
Jackson Walker	147,915 sf	KPMG Plaza	Renewal
Cooper & Scully	47,900 sf	Founders Square	Renewal
Baker McKenzie	44,552 sf	1900 Pearl	Renewal
Bell Nunnally & Martin	41,704 sf	KPMG Plaza	Renewal
Mayer	39,813 sf	St. Paul Place	New
JP Morgan Chase	36,000 sf	Hunt Consolidated	New
Industrious	29,806 sf	2101 Taylor	Renewal
Morgan Lewis	29,360 sf	Comerica Bank Tower	Renewal
Pickleball.com	29,358 sf	2100 Ross	New
Littler Mendelson	26,000 sf	Trammell Crow Center	Renewal
46 Labs	25,104 sf	Factory Six03	New
FDIC	23,070 sf	Plaza of the Americas	New
Kilpatrick Townsend	21,844 sf	Trammell Crow Center	Renewal

Office Vacancy - National Comparisons

District Name	Total Inventory (sf)	% Vacancy (Trend)
San Francisco Financial District	31,846,716	30.8% 
Denver CBD	30,331,194	30.6% 
Seattle CBD	38,600,982	30.1% 
San Francisco S. Financial District	31,771,852	28.5% 
Atlanta Midtown/Pershing Point	32,817,064	27.5% 
Chicago East Loop	29,186,023	26.8% 
Atlanta Upper Buckhead	22,309,117	26.5% 
Downtown Dallas	34,088,404	26.2% 
Portland CBD	29,642,265	26.1% 
Chicago Schaumburg Area	33,731,960	25.4% 
Uptown Dallas	18,236,792	20.3% 
Dallas Upper Tollway/West Plano	42,959,756	24.1% 

Comparison- Downtown Dallas submarket occupied sf: 24.1M

Uptown/Oaklawn total submarket sf: 18.2MM

Downtown districts nationwide are grappling with high office vacancy rates. As major tenants downsize or relocate, buildings are left with large, sometimes outdated spaces that are difficult to lease in today's market.

Landlords are responding in two ways: either by **investing in building upgrades** and modern amenities to attract new tenants or by **exploring alternative uses** such as hotel or residential conversion.

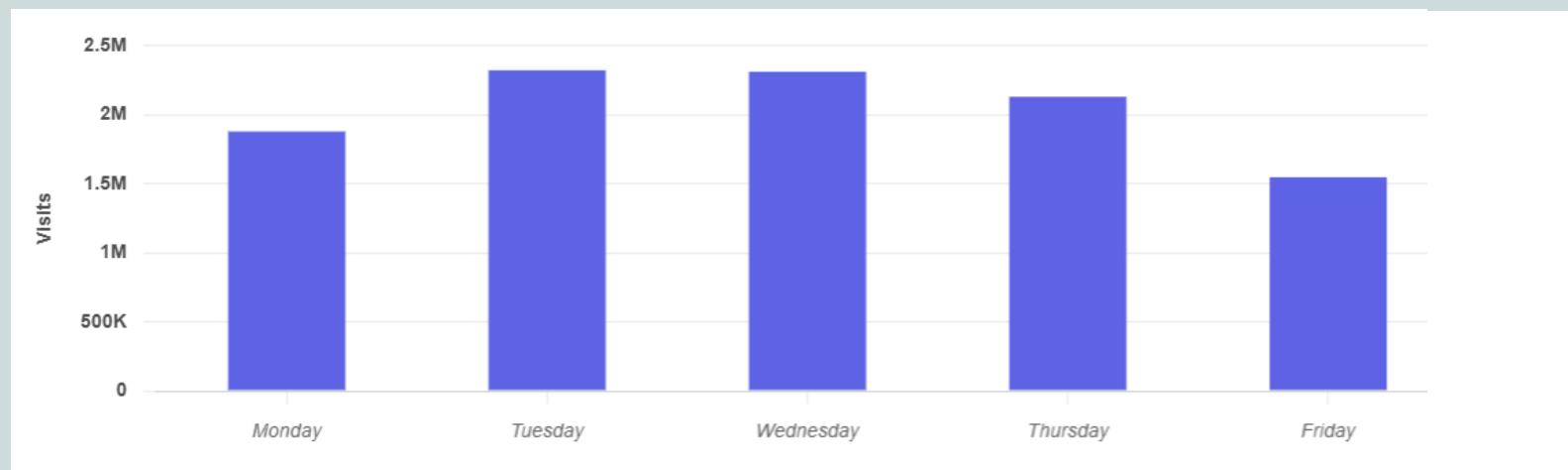
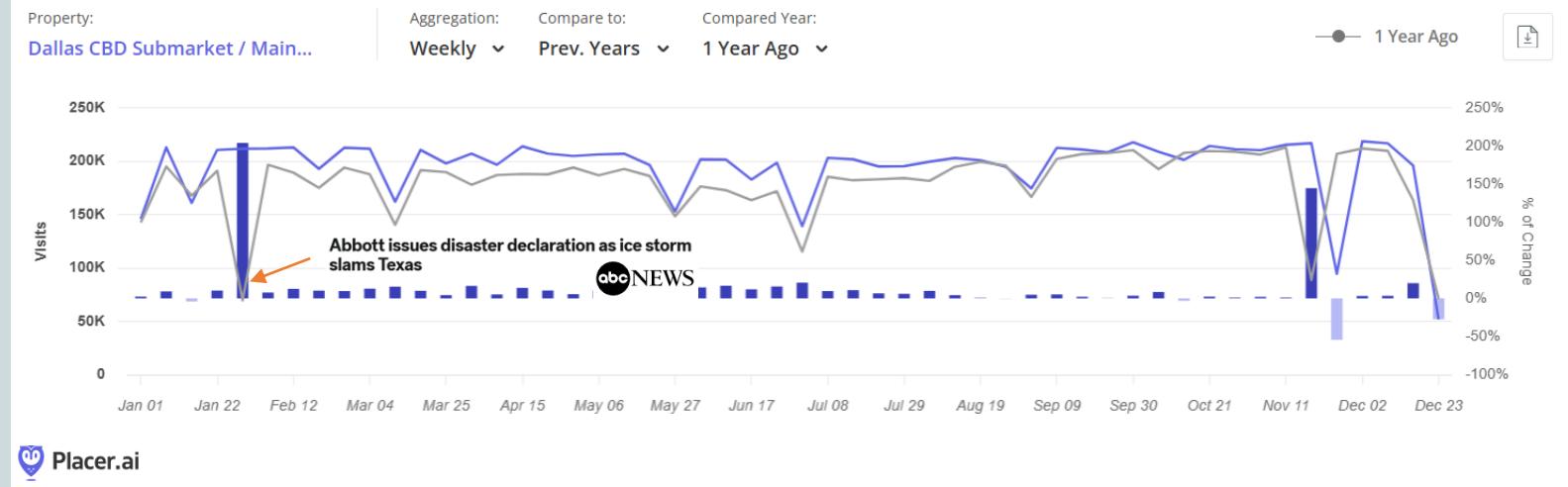


Downtown Daytime Population

New tenants combined with employers mandating more rigid return-to-office policies has led to an 8.7% increase in daytime employee traffic over 2023.

In Q4, office attendance was up 3.1% over 2023.

Daytime population is increasing almost every day of the week. Mondays are up 11.11% over 2023 while Fridays are flat.



YTD Weekly workforce population 2023 vs 2024
M-F from 7am – 7pm

2024 Annual workforce daily visits
M-F from 7am – 7pm

A graphic on the left side of the slide consists of several abstract, geometric shapes. It includes a large, semi-transparent circle with a grid pattern, several smaller rectangles with horizontal and vertical stripes, and a few cubes with a grid pattern. The shapes are rendered in a light blue-grey color and are semi-transparent, allowing the dark teal background to show through.

Multifamily

Multifamily

After years of apartment construction, new project initiation has started to taper off. Over 46,000 units were delivered in 2024; 2025 is forecasted for less than half of that at around 21,000 units.

Downtown is awaiting the opening of 3 multifamily projects while older stock renovates. Meanwhile, a few conversion projects continue to analyze the market and push along.

Rent growth has tapered in recent years which will continue to influence new project starts.



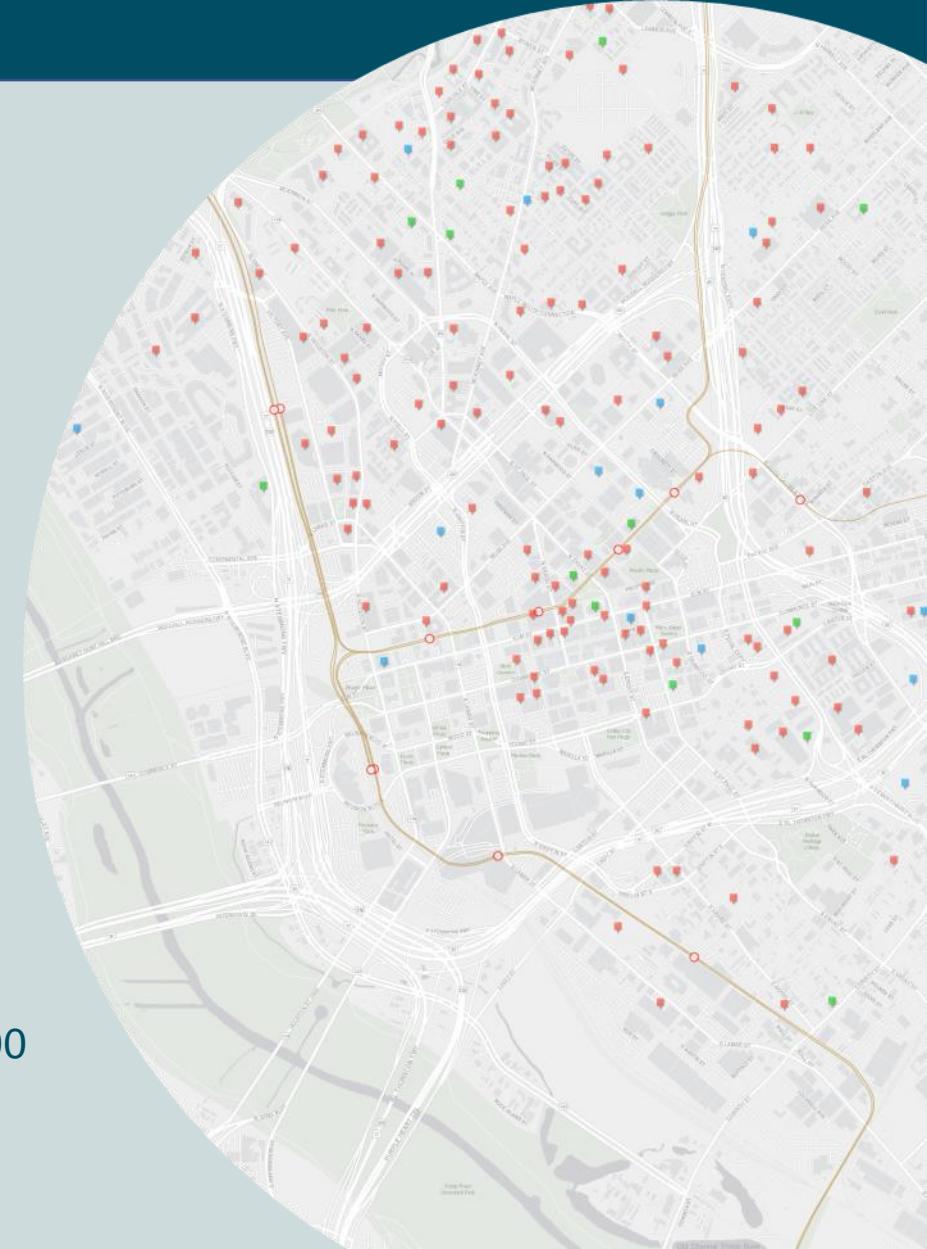
Modera St. Paul



Multifamily Snapshot

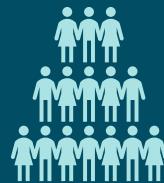


- Current Multi-family occupancy: 89.7% (+0.8%)
 - Mosaic and 3 Main are under renovation
- 42 Existing Buildings with 10,115 rental Units
- Avg. Market Asking Rent p/unit: \$2,193 (\$1,202 - \$5,597)
 - Down \$41 from 2023
- Avg. Market Asking Rent p/sf: \$2.25 (\$1.48 - \$3.97 p/ft)
 - Down \$.07 from 2023
- Same unit asking rents down 6.55% from peak in 2022
- Units Under Construction: 615; In the pipeline: 3,412
 - 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

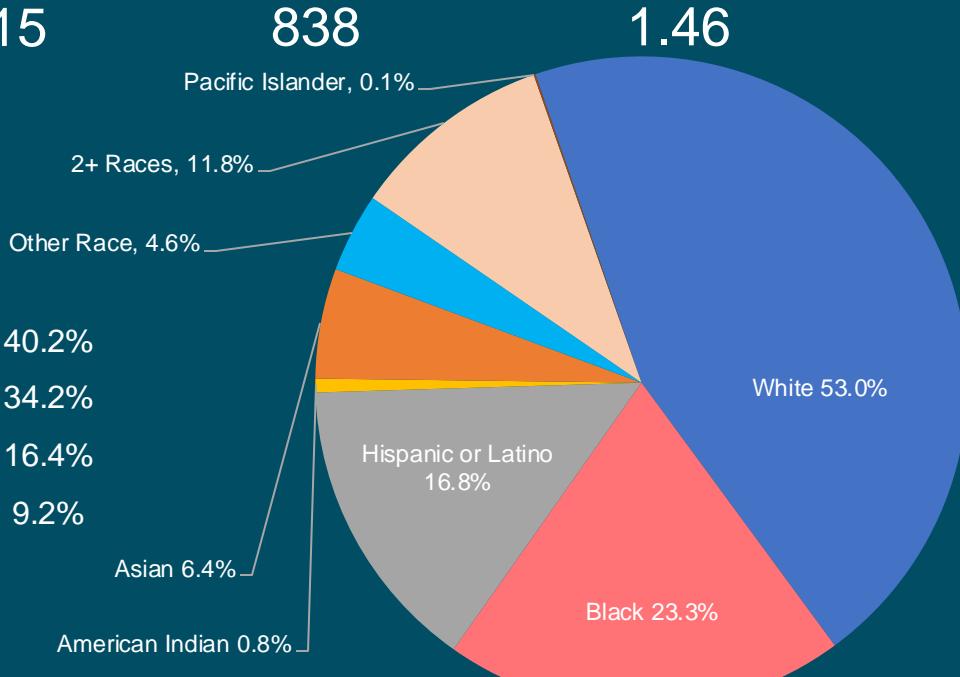
Average Household Size



1.46

Household by Type

- Male Householder: No Spouse
- Female Householder: No Spouse
- Married Couple
- Cohabiting Couple



Demographics

Primary Age Groups

- 0 – 4 2.3%
- 5 – 9 1.6%
- 10 – 14 1.2%
- 15 – 19 1.2%
- 20 – 24 8.1%
- 25 – 34 42.1%
- 35 – 44 18.2%
- 45 – 54 11.0%
- 55 – 64 9.4%
- 65 – 74 3.9%
- 75 – 84 0.8%
- 85+ 0.2%

Gender





Retail

Retail Openings 2024 – to date

Wicked Butcher	Main Street District
Liam's Steakhouse	West End Historic District
Little Daisy	Main Street District
Metropolitan Cafe	Main Street District
The Kati Roll Company	Main Street District
Basilico	Discovery District
The Flour Shop	Discovery District
The Dock Local	Discovery District
The Spun Cow	Discovery District
Oodle's Noodles	Discovery District
Juju's	Discovery District
O'Desi Aroma	Discovery District
Moak's Family Texas BBQ	West End Historic District
Bahn Shop	Discovery District
Indian Masala Tadka	West End Historic District
Hurtado BBQ	Farmers Market
Bucket & Rope	Farmers Market
Seek Restaurant	East Quarter
Hurtado BBQ	Farmers Market

The Dallas Morning News

Dallas leaders turn on pressure to keep Neiman Marcus downtown

Official calls for meeting of key parties to find a solution.



Downtown leaders are fighting to keep the Neiman Marcus flagship store open

The building is 279,044 sf.



**DOWNTOWN
DALLAS INC**

Michelin Guide Recommends



**The Michelin Guide
recommended 3
Downtown restaurants
in 2024**

**Monarch, Tei-An, and
Crown Block all
received the honor.**



The Retail Coach



Downtown Dallas, Inc. has contracted The Retail Coach to aid in retail recruitment.

In 2024 the firm met with area stakeholders, local retail brokers, and current downtown retailers.

The Retail Coach team is available for consultation regarding downtown retail recruitment.

Services Provided

- Retail demand and leakage analysis specific to Downtown.
- Arranged meetings with national retailers at ICSC on behalf of DDI.
- Regular meetings with DDI regarding specific vacancies throughout Downtown.



Hospitality And Tourism

Tourism and Hospitality

2024 saw another solid year for the hospitality sector in Downtown, Dallas with increases in ADR and Revenue per Available Room.

Tightened family budgets led to decreased occupancies at budget hotels while full service and luxury were increasing rates.

Business travel continues to recover while local hotels brace for construction at the KBHCC.



Hyatt Regency

Tourism Market is Strong

Total Hotels



30

Occupancy



62.2%
-1.2% against 2023

RevPAR



\$143
+2.4% over 2023

Total Keys



9,326

ADR



\$230
+3.6% over 2023

Room Revenue



\$561.0M
+4.3% over 2023

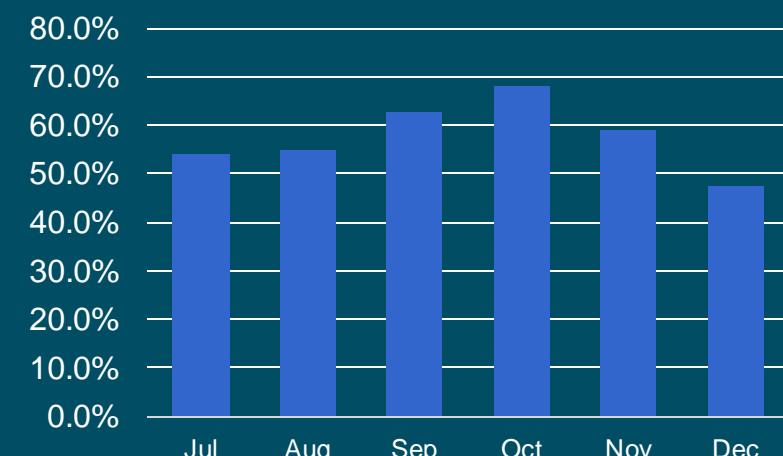
Downtown Hotels play a critical role in our region's economy.

The density and variety of hotel rooms in and around the Downtown core have made Dallas a top destination for conferences, events, and large meetings.

Hospitality Market

- 2024 Occupancy was down (-1.2%) to 2023
- 2024 ADR up +3.6% and RevPAR up +2.4%

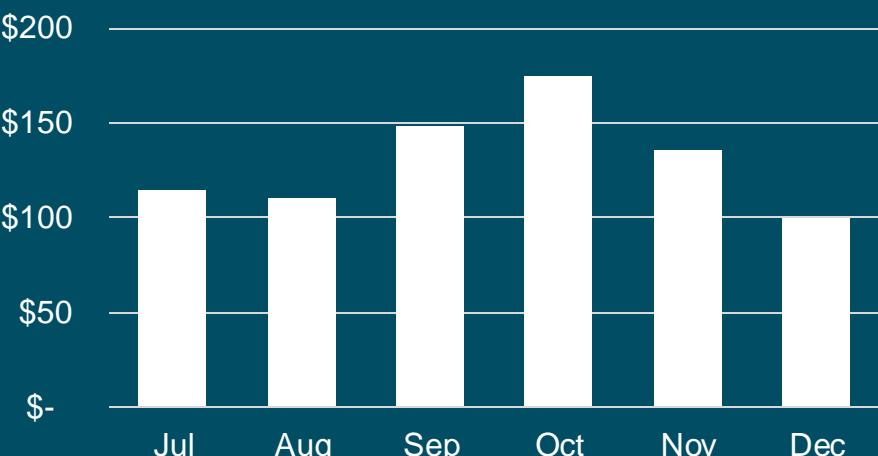
Occupancy



ADR



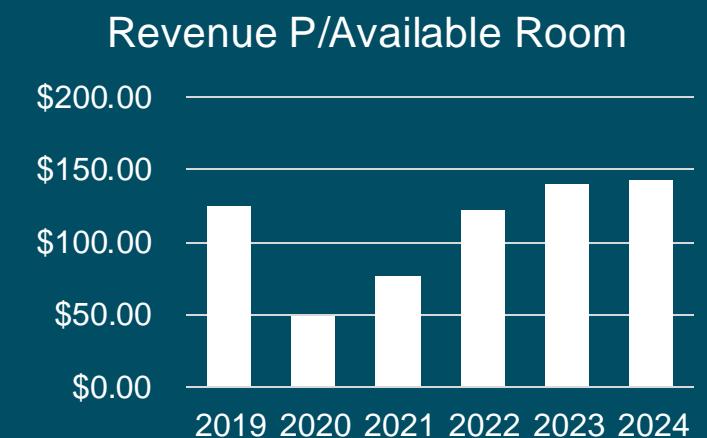
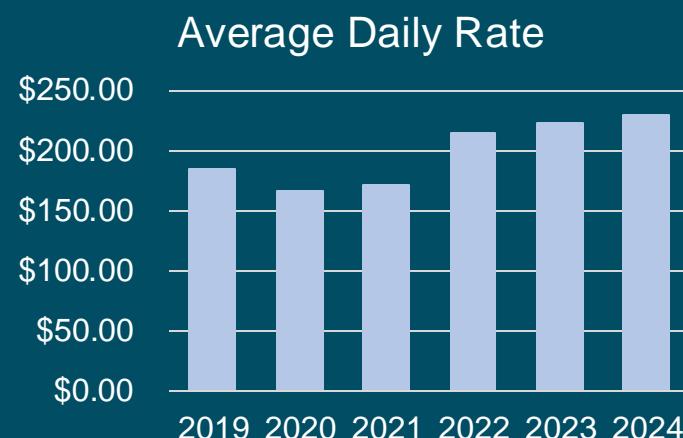
RevPAR



Courtesy of:
Visit Dallas
Symphony Tourism Economics
Charts represent only CBD hotels

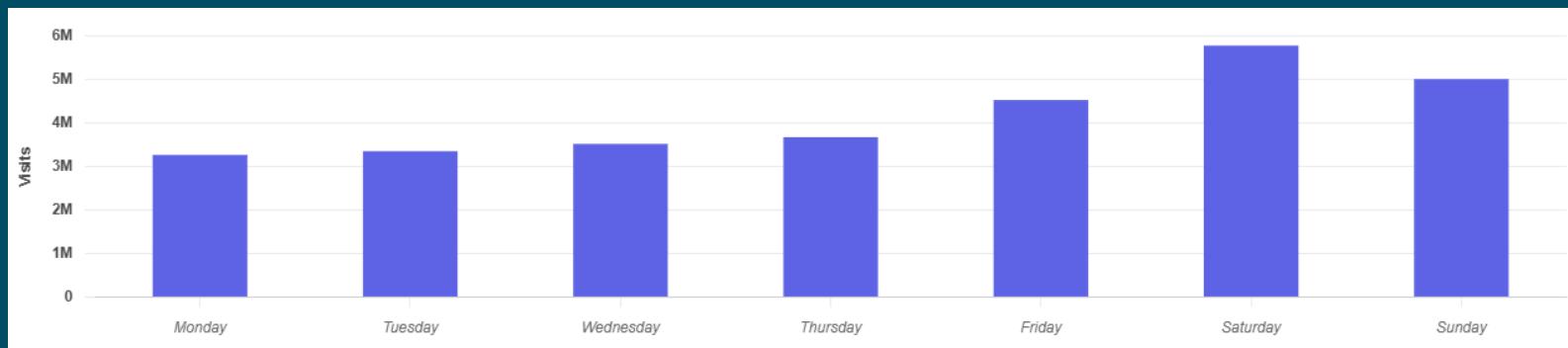
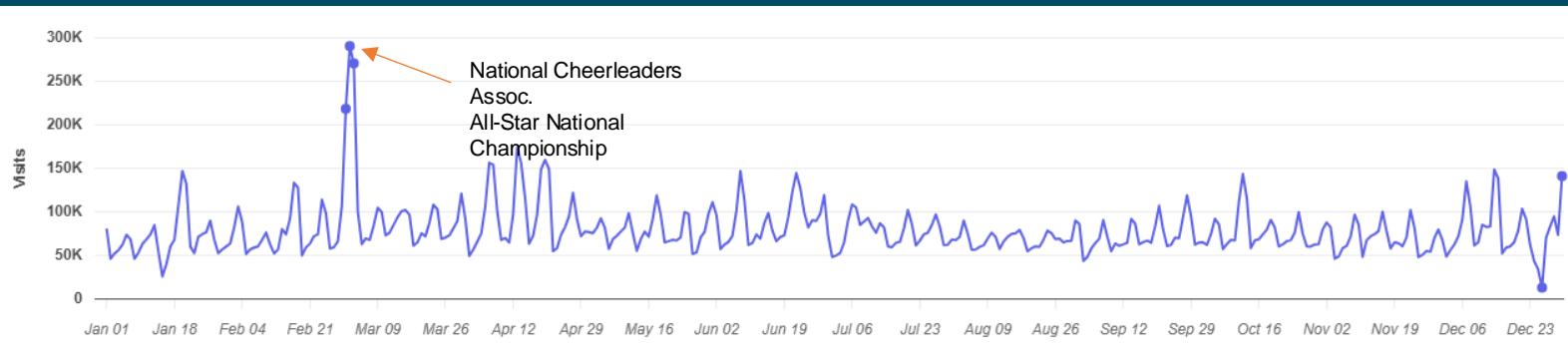
Tourism Market is Strong

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



Source: Visit Dallas
Symphony Tourism Economics
Charts represent only CBD hotels

Downtown Tourism



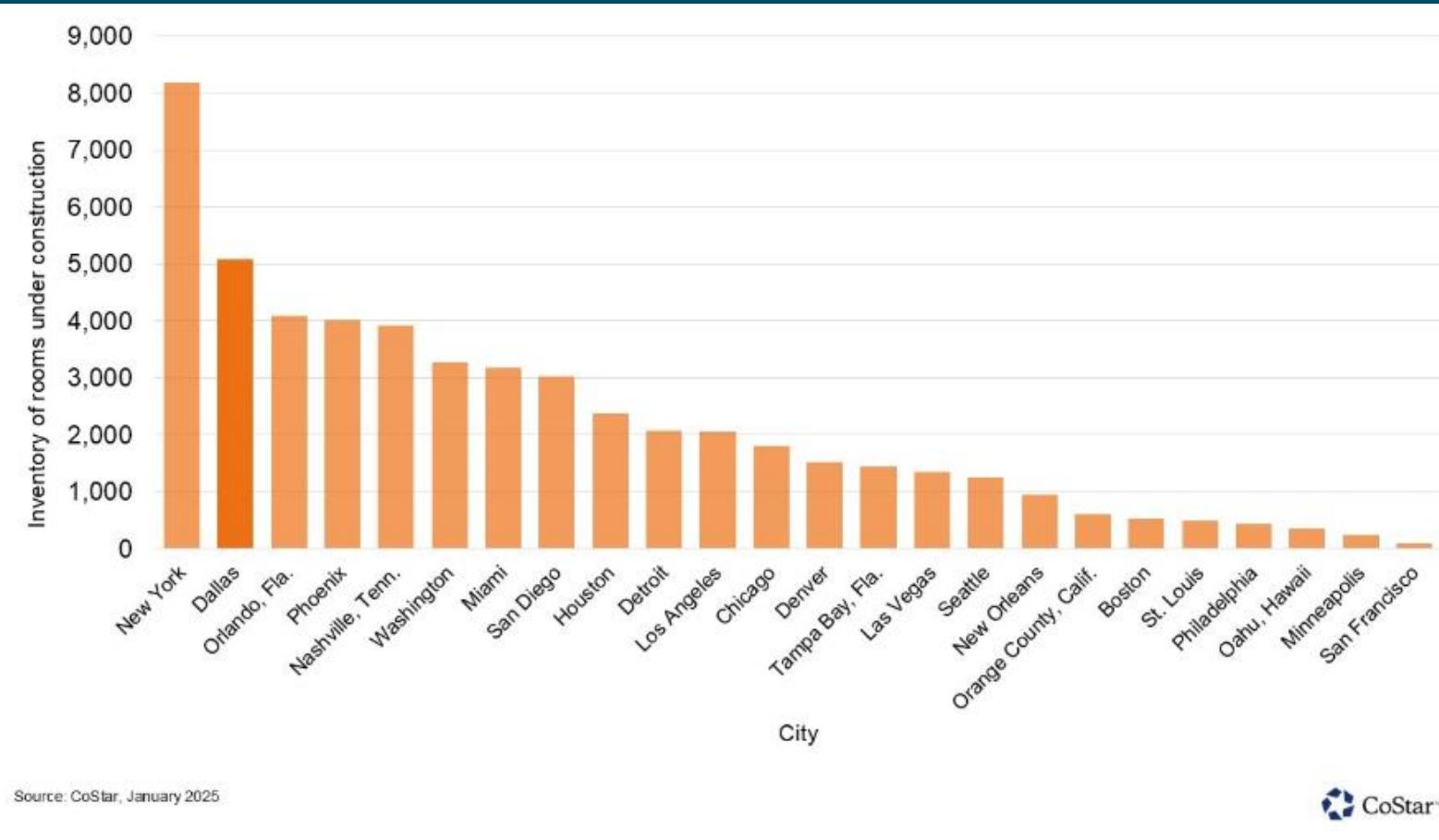
Downtown Dallas welcomed more than **7.5 million visitors in 2024** trailing 2023 by -7.1%.

Aside from large events, marathons, and parades, the district hosts between 30 – 40 thousand visitors each week. This includes everyone from international tourist to local families visiting the DMA.

Over 40% of visitors are with family either traveling for one of the **youth sports events** or coming downtown for leisure such as to the Farmers Market or to attend a DDI event.

Recent data from the Global Business Travel Association (GBTA) shows that **the outlook for business travel in 2025 is positive**, with most industry professionals expecting continued growth and expansion, indicating that business travel is likely to rebound to, or even surpass pre-pandemic levels, with a focus on managing costs, prioritizing traveler experience, and incorporating sustainable practices.

Downtown Hospitality



CoStar reports that **Dallas ranks second for most hotel rooms under construction**, trailing only New York in this category. **There are currently, 4,800 keys under construction on the city; 2,600 are expected to deliver this year.**

This trend will continue as there are **approximately 8,000 keys in the pipeline** in final planning stages.

This hotel growth is concentrated in two markets: Denton/Lewisville/McKinney and the CBD/Market Center.

The CBD/Market Center has 16% of the under-construction stock. **Downtown shows 599 keys in planning and an additional 1,491 in the due diligence pipeline.**

Downtown Hotel Performance

		Supply	Demand	Revenue	\$ Change	% Change
2009	City of Dallas	8,733,222	4,584,645	\$463,190,894		
	Downtown Dallas	2,371,956	1,151,023	\$159,739,926		
	Non-Downtown	6,361,266	3,433,622	303,450,968		
2023	City of Dallas	12,954,488	8,410,442	\$1,249,846,622	\$786,655,728	169.8%
	Downtown Dallas	3,841,016	2,414,153	\$537,126,644	\$377,386,718	236.3%
	Non-Downtown	9,113,472	5,996,288	712,719,978	\$409,269,010	134.9%

Over the last 15 years, downtown hotel revenues have grown by almost \$400 million annually from about \$150 million to almost \$550 million. This growth accounts for about half of the total growth when comparing to the city as a whole.

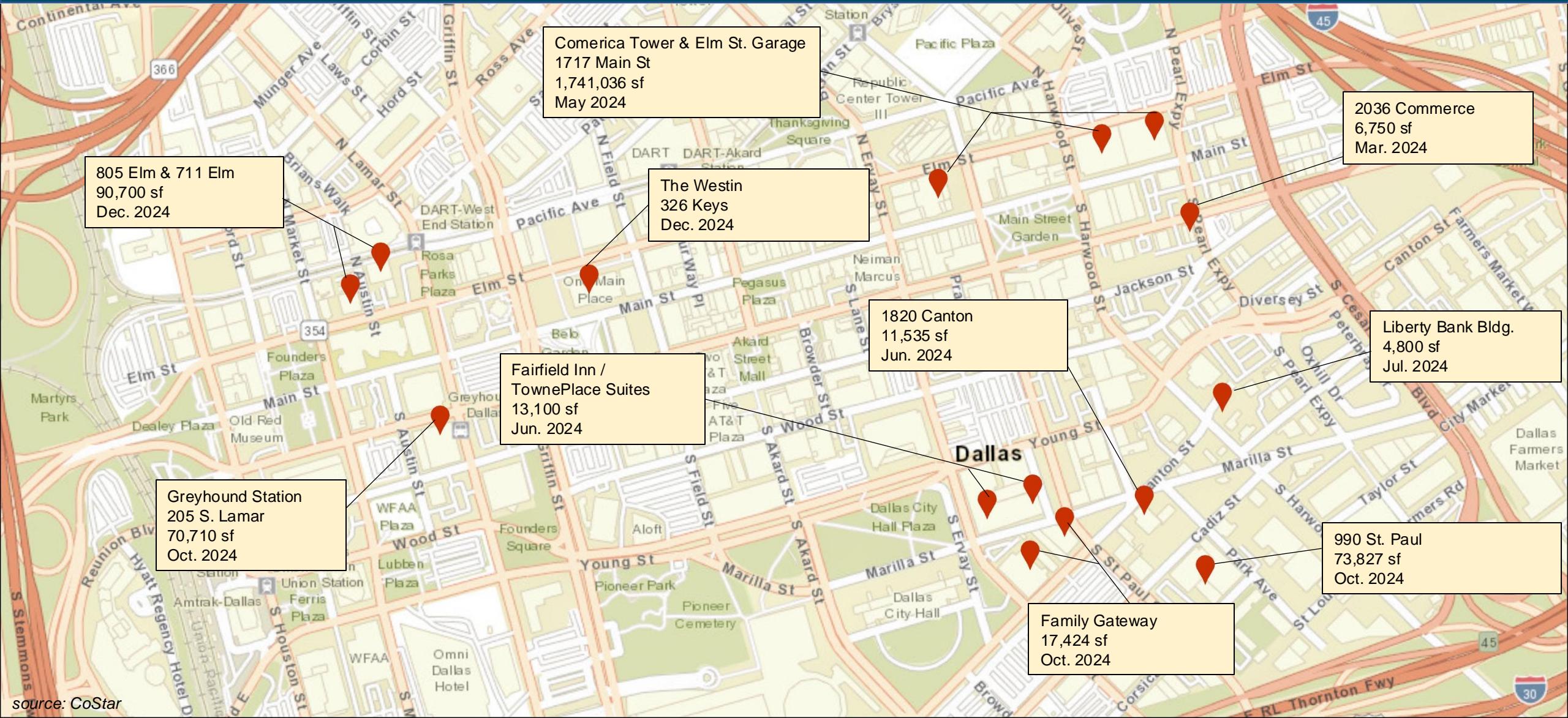
In other words, annual downtown hotel revenues have grown by 236% compared to 135% for non-downtown; downtown hotel revenues are growing almost twice as fast.





Notable Property Transactions

2024 Notable Property Transactions





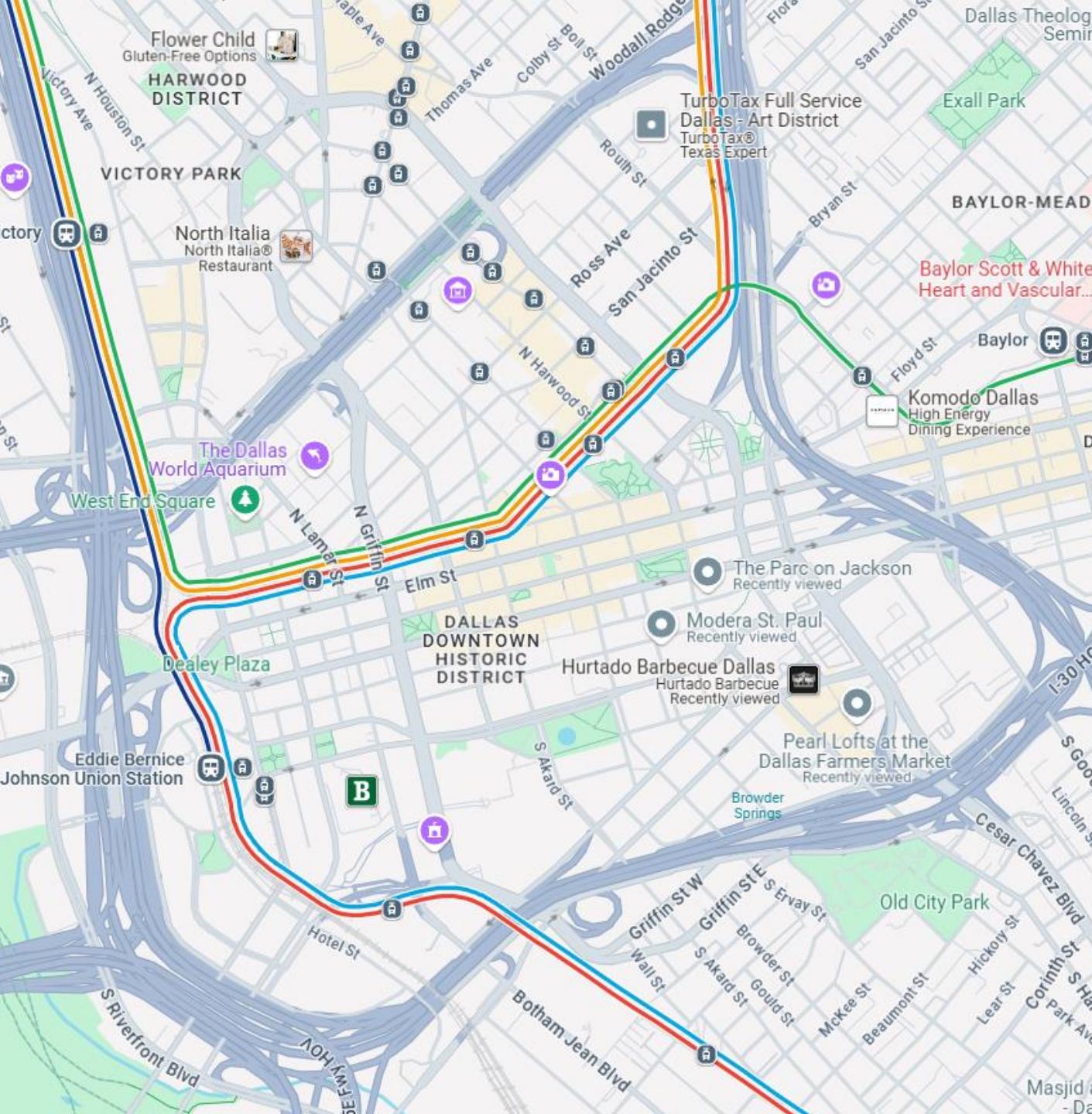
Transit & Transportation

DART

DART plays a major role in Downtown, with both the **East and West Transfer Centers**, along with the **Downtown Transit Mall** bringing all light rail lines and access through the heart of the neighborhood.

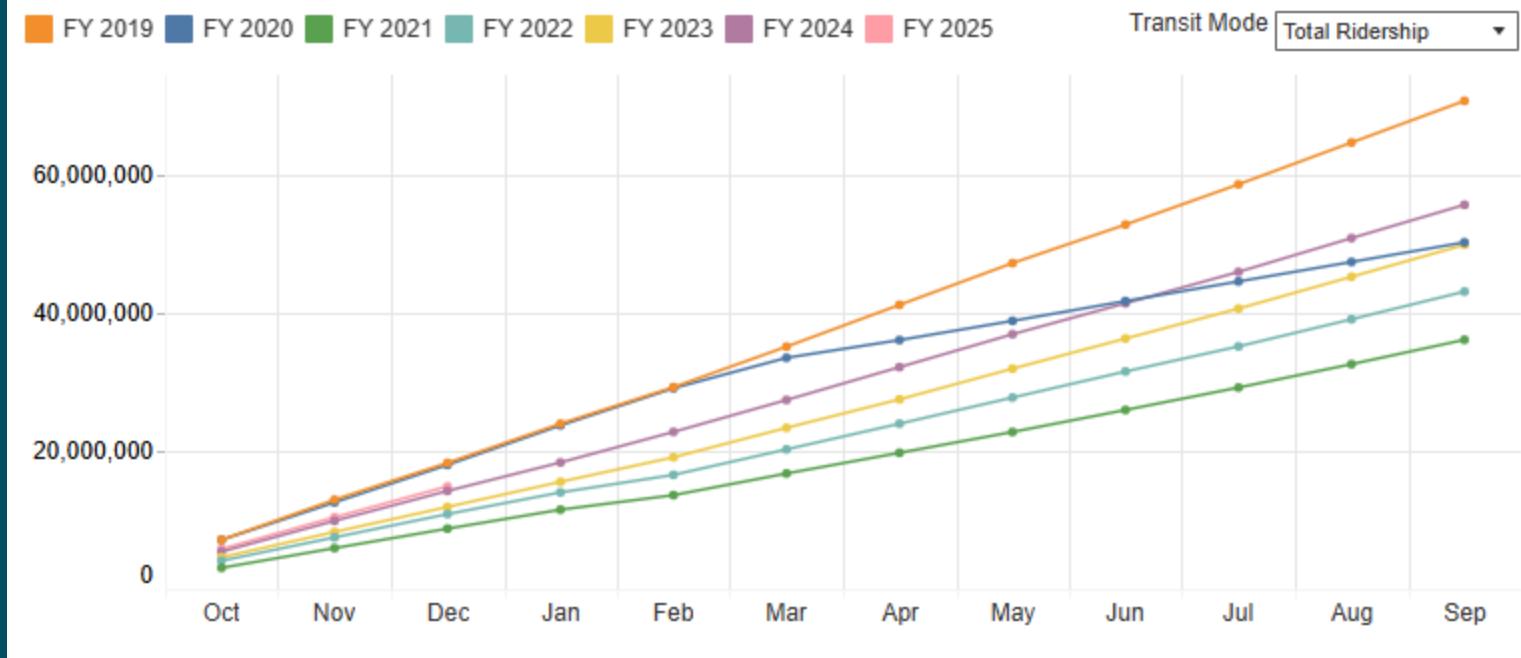
In Downtown DART also manages the **2.45 mile streetcar** from **Union Station** to **Bishop Arts**, and supports the **M-Line trolley** that connects **Downtown and Uptown**.

All lines meet in Downtown with 6 light rail stations, 9 trolley stops, and the EBJ Union Station where you can catch the Trinity Rail Express and the Amtrack **making Downtown one of the most transit rich environments in the region**.



DART Ridership

Ridership by Transit Mode of Service



DART ridership increased 10% over 2023 and continues to trend positive.

- System-wide DART ridership peaked in 2019 with 70,756,585 riders across all modes.
- In 2024; 55,684,829 riders utilized the transit system region-wide.
- Average weekday ridership is up to 200,000 passengers, just 19% behind 2019.
- Almost 9% of Downtown workers commute via DART. (esri)





Downtown Market Trajectory

Recent Deliveries



The Sinclair



Harwood Park



Peridot



700 Jackson

Office to residential conversions

- 585 Units delivered
- 998,344 sf reduction in commercial office sf.

The delivery of the 4th signature Downtown Park

- 20+ acres added through conversion of existing flat lots

700 Jackson - Dallas County Garage

- 1,228 parking Spaces and 18,228 sf of retail space

Under Construction and Predevelopment



Projects Under Construction



Pearl Street Lofts

(March 1)



Modera St. Paul



The Parc on Jackson

Pipeline Projects



711 Pearl



West End Plaza



Bryan Tower



501 Elm

Under Construction and Pipeline Totals

Total residential units currently under construction

- 615 total units
- 3 total properties

Pipeline projects Totals

- Multifamily Units: 3,412
- Hotel Keys: 398
- Retail: 20,000

More developers have realized the potential in the Downtown submarket. Mill Creek Residential, Sycamore Strategies, 3L Living, and Empira Group have all started planning or constructing projects in the past 2 years in the CBD.



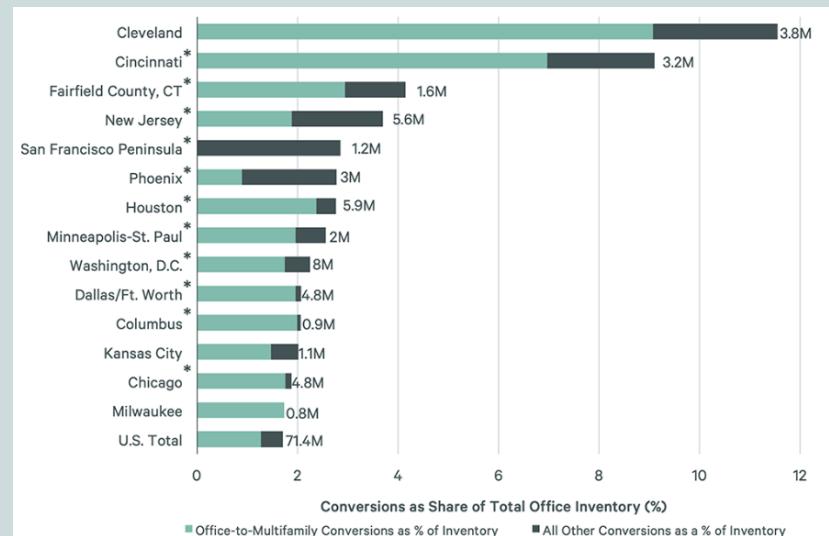
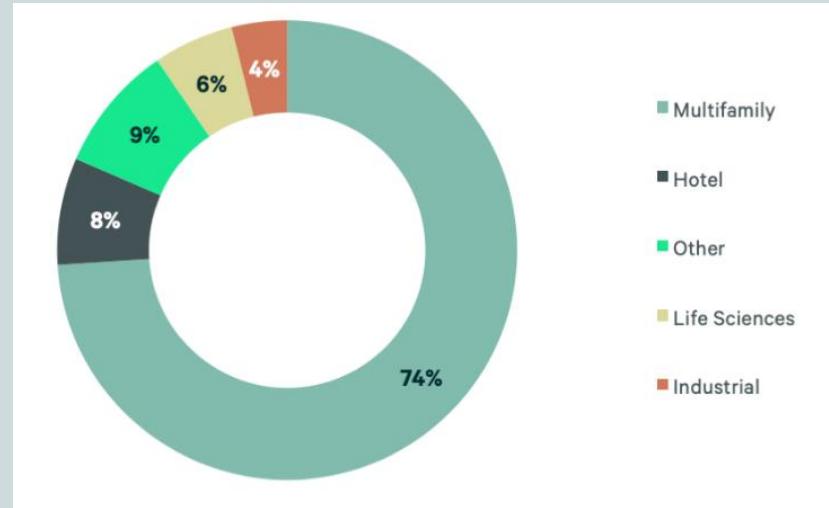
Office Conversions



Across the country, nearly 100 office conversion projects were delivered in 2024 and in 2025 there are 94 projects already underway with another 185 in some phase of planning.

Most cities are struggling with vacant office and a lack of housing, spurring cities to incentivize office to apartment conversions. Often time, other uses make sense and buildings or portions of them, are converted to Hotels, laboratories, schools, or other uses.

Dallas has long been a leader in office conversions, and sits within the top 10 cities for overall modern office conversion projects.



Downtown Dallas Conversions

To date in Downtown, office space has been converted to almost **6,000 apartment units and nearly 4,000 hotel keys.**

Recent conversions include **Peridot and The Guild Hotel at Santander Tower**, **The Sinclair** at the former Energy Plaza, and **The National / Thompson Hotel**.

Currently, there are an additional 1,130 units planned within several other projects in early planning stages.



Todd Interests has reconfigured the former Energy Plaza into 293 luxury apartments and 450,000 sf of class AA office surrounded by best-in-class amenities.

Office Conversion Challenges

Challenges Include:

- Larger buildings
 - **Increased basis and conversion costs**
 - **Identifying a complementary mix of uses**
- Larger service cores
 - **Large central areas and elevator lobbies** create cavities where revenue recovery is challenging
- Financing costs
 - **High interest rate environment**
- Construction costs
 - **Construction materials prices, are falling, but remain, up to, 39.7% higher than pre-pandemic levels.**

Source: Bureau of Labor Statistics Producer Price Index

Current initiatives

DDI office conversion analysis

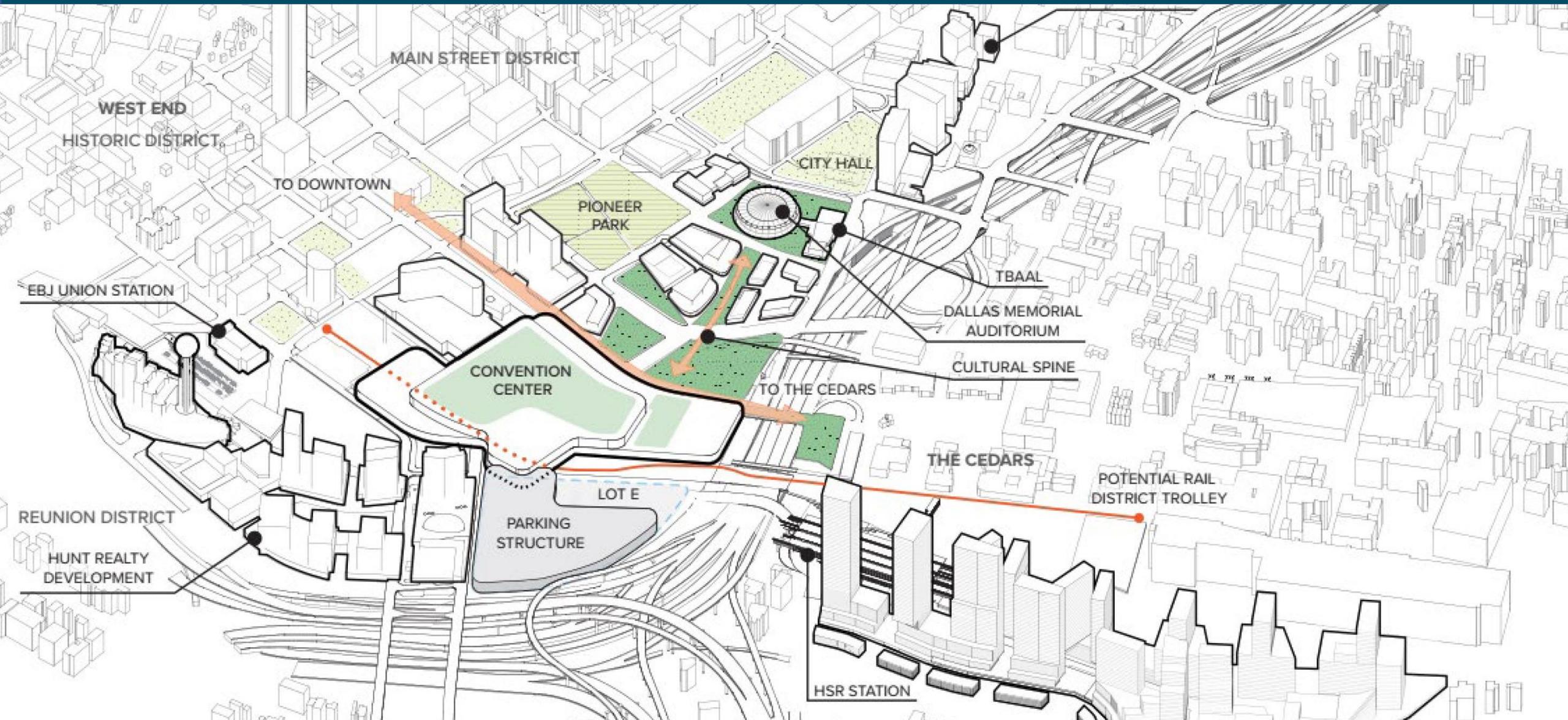
DDI has contracted AECOM to conduct an office building conversion analysis for targeted structures in the CBD, modeling representative projects, and highlighting capital strategies.

HTC District expansion

DDI is collaborating with Downtown stakeholders and Bennett Partners/Heritage Consulting to expand the geography of the current downtown historic district and allow inclusion of building stock up to and including those constructed in the late 1980s.



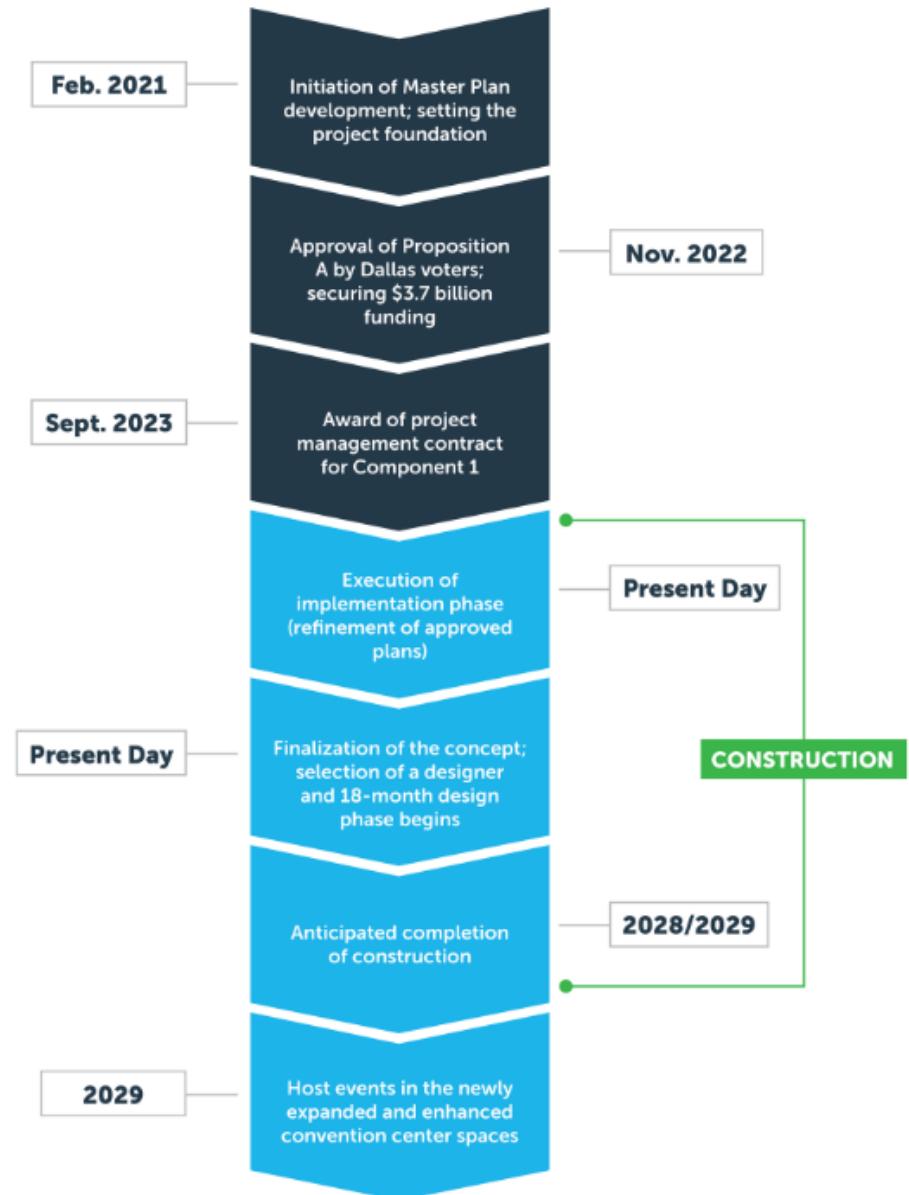
Kay Bailey Hutchison Convention Center



KBHCC Redevelopment Timeline

- **Project Components**
 - Convention Center Architecture and Engineering
 - Memorial Auditorium and The Black Academy of Arts and Letters Renovations
 - Surplus Property Transportation and Land Use Planning
 - Pioneer Plaza Renovation
- **Potential demand for an additional 3.5-4K hotel rooms.**
- **Planning to host the International Broadcast Center for FIFA 2026**
- **Approx 18-month design and pre-construction phase**
- **Anticipated project delivery in 2029**

Updated Proposed Timeline



FIFA DALLAS 2026

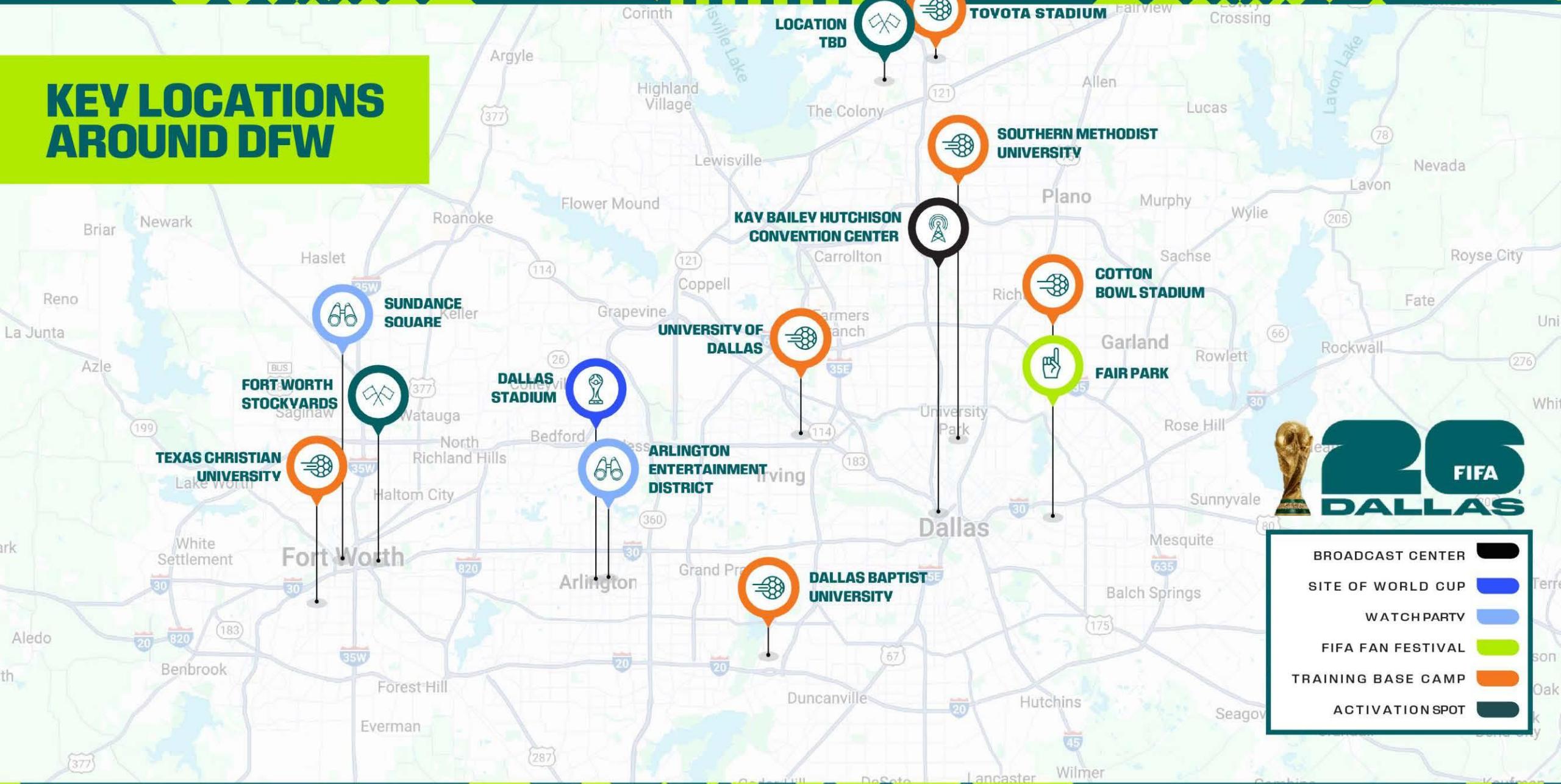
A large, modern stadium with a distinctive blue and white retractable roof and a surrounding concrete structure, identified as the AT&T Stadium in Dallas. The sky is overcast with a mix of blue and white clouds.

host
area
2026

A golden trophy, the official award for the FIFA World Cup, is positioned within a large, semi-transparent green circle. The circle contains the text "FIFA" in white at the top and "DALLAS" in white at the bottom.

FIFA
DALLAS

KEY LOCATIONS AROUND DFW



BROADCAST CENTER

SITE OF WORLD CUP

WATCH PARTY

FIFA FAN FESTIVAL

TRAINING BASE CAMP

ACTIVATION SPOT

FIFA WORLD CUP™ 2026

STATS



8B

SOCcer fans make it the world's
biggest and most popular sport

3.8M

DALLAS / FORT
WORTH VISITORS

1.5-2.1B

DFW PROJECTED
ECONOMIC IMPACT

5K

INTERNATIONAL MEDIA
REPRESENTATIVES IN MARKET



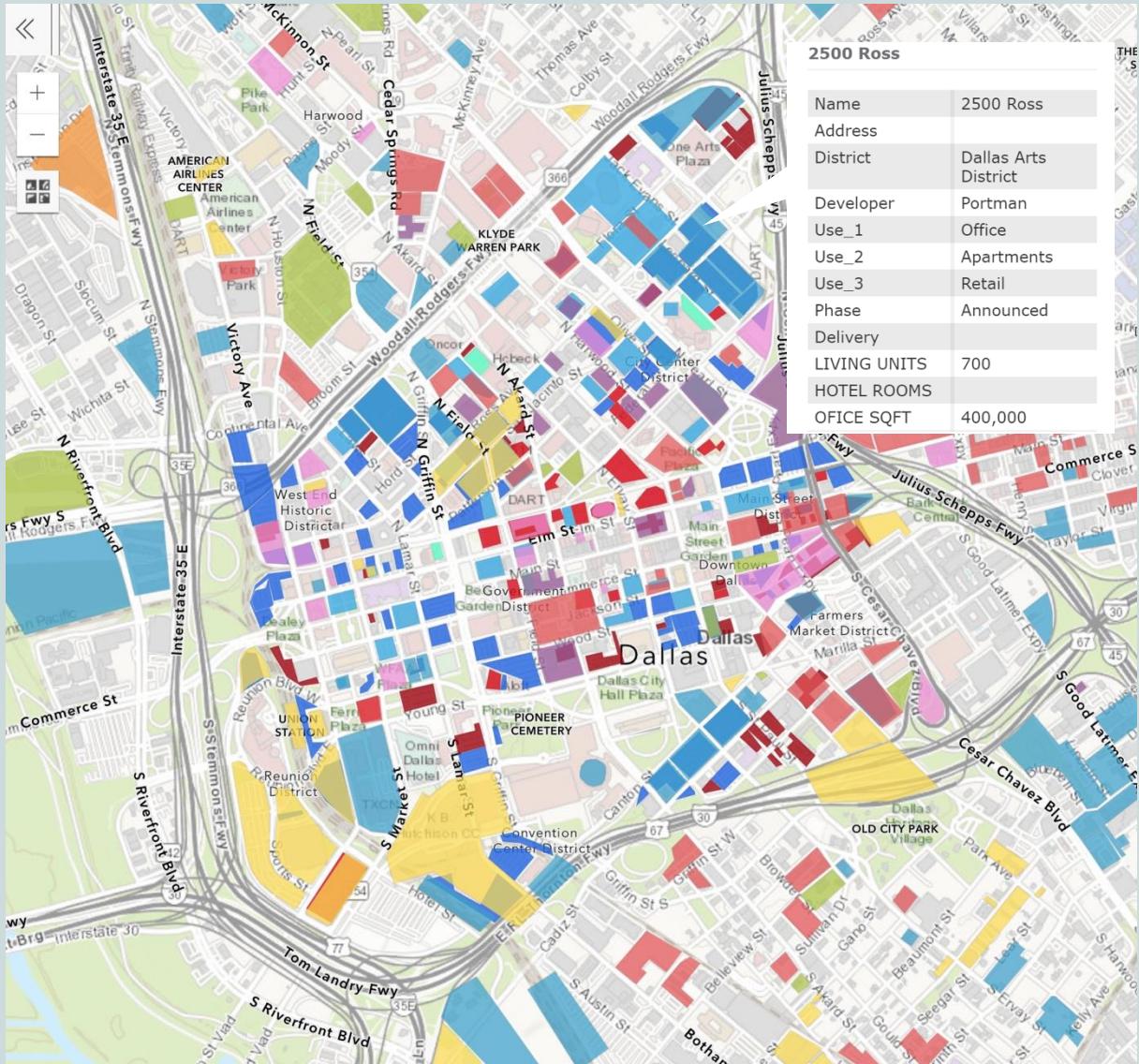
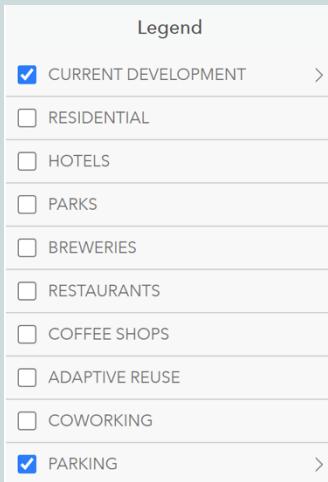


Existing DDI Resources

City Center Development Tracking

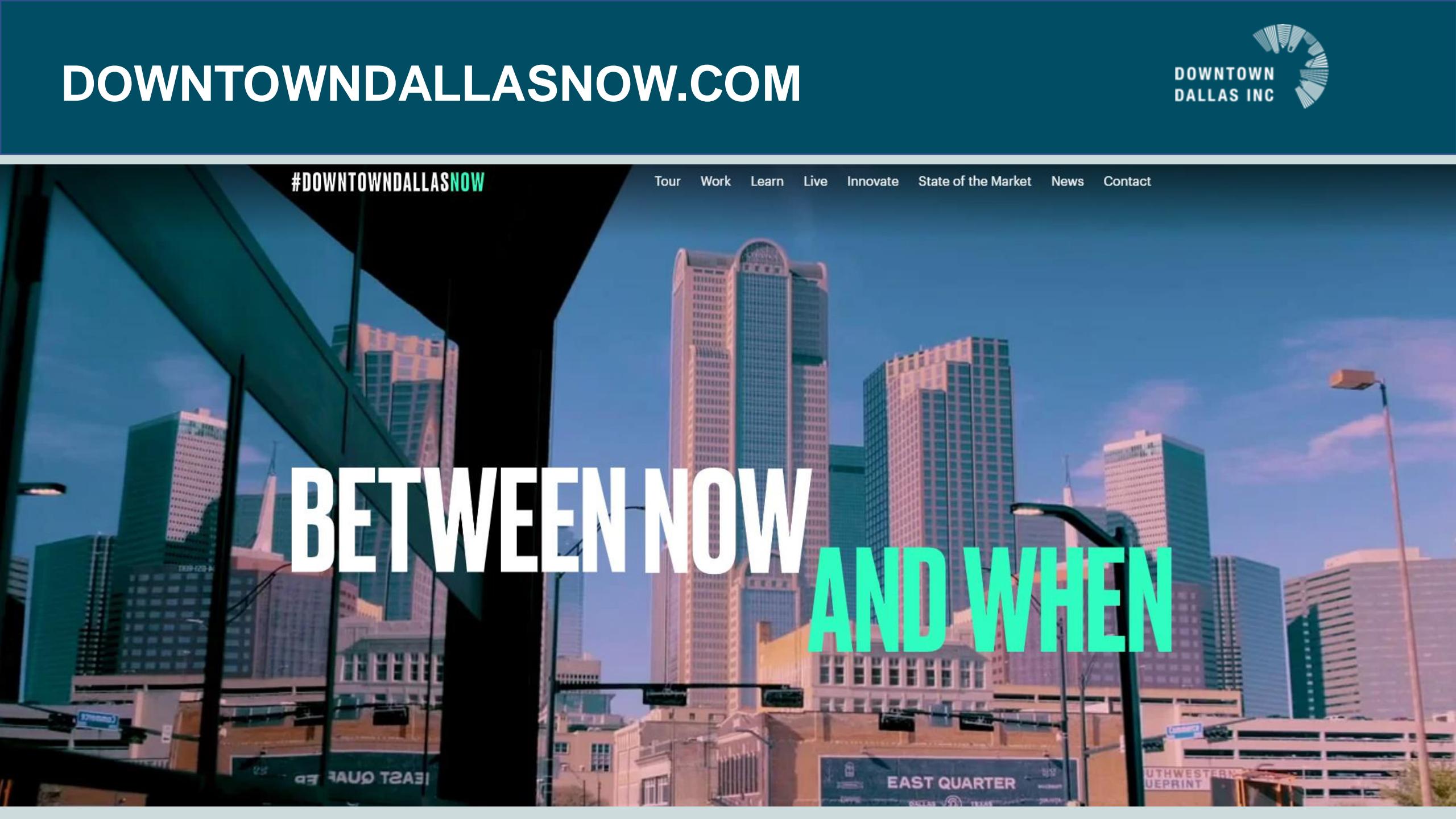


- Interactive online development map
- Development tracking from a variety of public and private sources
- Detail on planned, announced, or recently delivered
 - Unit counts and square footages
- Additional information layers such as available parking and hotel and residential information



#DOWNTOWNDALLASNOW

Tour Work Learn Live Innovate State of the Market News Contact



BETWEEN NOW **AND WHEN**

Virtual Tour Platform

available on downtowndallasnow.com



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 process project assistance

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





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