HVS

MARKET REPORT

A Market in Transition: The Future of Downtown Dallas Hotels

OCTOBER 6, 2026

Downtown Dallas hotels are navigating convention-center disruption, corporate relocations, and sports venue shifts, with FIFA boosting 2026 rates. While occupancy may remain soft until the revamped convention center reopens in 2030, factors such as Uptown development, elevated hotel/residence projects, airport investments, and major projects support a strong longer-term outlook.

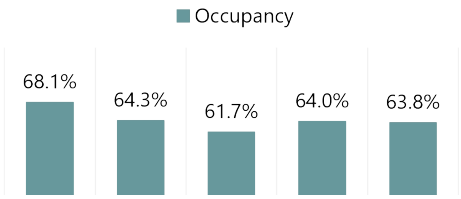
The Dallas hotel market has been navigating a period of transition since 2025, driven by shifts in group, leisure, and corporate demand sources. The phased, $3.8-billion redevelopment of the Kay Bailey Hutchison Convention Center Dallas (KBHCCD) began disrupting the citywide meeting and convention segment that year. The market is also experiencing major corporate and sports relocations away from Downtown Dallas and continued growth in Uptown. In 2026, however, FIFA-related demand helped offset some of these challenges.

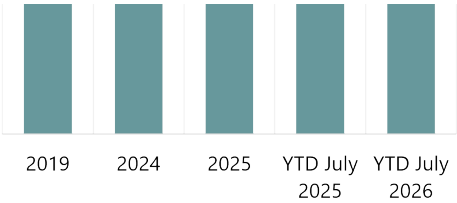
These changes are creating near-term headwinds, but they also frame the market's longer-term growth story. Hotel demand will ultimately reorient around the expanded convention center, new mixed-use development, airport investment, and a shifting corporate and entertainment landscape.

The Path Back from Pandemic-Era Losses

For this article, we reviewed a CoStar set of 65 hotels (approximately 18,100 rooms) of the upscale tier and above, located throughout Downtown Dallas submarkets such as the CBD, Uptown, Market Center, and Love Field. Occupancy for this set of hotels registered in the high 60s from 2014 through 2019, settled in the mid-60s after the pandemic, and declined modestly to the low 60s in 2025.

Latest Occupancy Data for Greater Downtown Dallas (Upscale Tier and Above) Show Declines



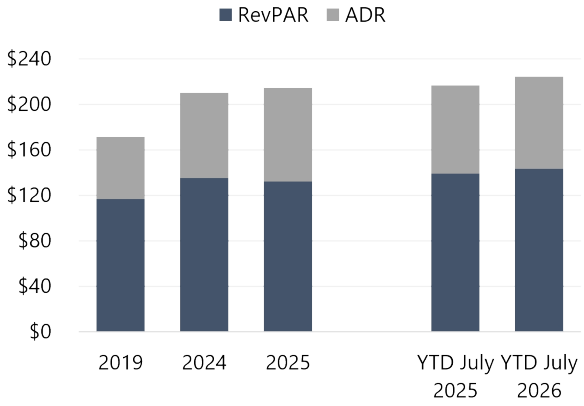


Source: CoStar

In 2025, the reduced operations of the KBHCCD as the renovation and expansion began resulted in fewer citywide events, thus reducing the compression typically generated by major conventions and leading to softer occupancy results. Compared to the Dallas market as a whole, this set of hotels, which includes three 1,000-plus-room convention hotels, endured the brunt of the reduction of group room demand, as Downtown hotels rely heavily on the convention center for weekday occupancy.

Despite some monthly contractions, ADR remained positive overall in 2025. DFW was a major host for the 2026 FIFA World Cup, with nine matches, including a semi-final, held at AT&T Stadium in Arlington; KBHCCD served as an International Broadcast Center for the event. ADR erosion occurred in the first four months of 2026, followed by stability in May, before significant increases were recorded in June and July (approximately 25% each month) as a result of dynamic pricing related to the World Cup, particularly around each match day. The ADR surge during June and July will contribute to a positive year-end ADR performance for 2026 within this set of hotels.

RevPAR Growth Became Positive in 2026, Influenced by FIFA



Source: CoStar

Looking Ahead: Through 2030 and Beyond

With KBHCCD not scheduled to fully reopen until 2030, the market is experiencing a transitional period as hotels seek alternative sources of group business to offset the disruption. Occupancy is expected to realize slow growth in the next several years given the anticipated scarcity of large citywide events through 2030. Following the 2030 debut of the new KBHCCD, we expect occupancy for this subset of hotels in Downtown Dallas to strengthen to the mid-to-high 60s in 2031. Going forward, area hotels should also continue to benefit from large, one-time events, such as the 2026 Republican

Midterm Convention held in September 2026.

Rendering of the Expanded KBHCCD

Published with Permission from Visit Dallas

In the office sector, which fuels the commercial demand segment, AT&T and Fifth Third Bancorp are expected to move their headquarters operations out of the city's core by the end of 2028. The residual vacancy in office towers within the CBD has prompted conversions of these towers to hotels, apartments, or mixed uses. Comerica Bank Tower is planned to be transformed primarily into residential and hotel space, eliminating more than half of the office space. Similarly, Bank of America Plaza has been slated to be reconfigured into a modern mixed-use hub with several office floors converted into a luxury hotel.

Meanwhile, new corporate development is focused within Uptown. Goldman Sachs is building a $500-million campus in the Victory Park/North End area of Dallas, scheduled to open in 2028. Morgan Stanley selected Dallas for a major new U.S. operational hub, which will comprise an estimated $1.33-billion high-rise development at 2401 McKinney Avenue in Uptown. Dallas' rapidly growing financial hub, dubbed "Y'all Street," is anchored by the launch of the Texas Stock Exchange (TXSE) in July 2026.

Within the leisure segment, American Airlines Center will host the Dallas Wings starting in 2027, and the AA Center has long been a contributor of room nights during sports events, concerts, and other special events. However, the future of the facility is uncertain given the planned departures of the Dallas Mavericks and Stars to new, separate arenas in the city. Both teams plan to leave the 25-year-old AA Center in the coming years following the construction of new arenas elsewhere in the city. Moreover, the historic Neiman Marcus flagship store in Downtown Dallas closed permanently at the end of September 2026. Nonetheless, leisure demand remains strong, particularly in the lifestyle-focused enclaves of the Arts District, Uptown, and Turtle Creek. Supporting future growth is the Klyde Warren Park expansion, which will extend the park nearly two acres to the west, covering the final recessed portion of the Woodall Rodgers Freeway.

Hotel Projects Reshaping the Uptown and Downtown Hotel Landscape

In addition to attracting corporate tenants, Uptown has drawn multiple new luxury hotel/residential projects. Key projects are shown in the interactive map below.

Sources: CoStar, Four Seasons, Knox, Proper Hotel, EDITION

In the Downtown submarket, a noteworthy project is the new $800-million, 30-story convention hotel with about 1,000 rooms near the Kay Bailey Hutchison Convention Center proposed by developer Ray Washburne. Furthermore, Therme Group, an Austria-based wellness company, has proposed an $850-million spa and waterpark wellness resort on 24 acres along the Trinity River near Downtown Dallas; the resort would be the company's first U.S. location, with a target opening by 2031.

Foundations for Future Growth

The greater Downtown Dallas hotel market is in a transition period, prompted by KBHCC's $3.8-billion overhaul and modernization, as well as corporate and sports migration from the downtown market. Moreover, new development is largely centered in Uptown, including "Y'all Street" with the national securities exchange based in Dallas. Along with the inherent upside with the renovated and expanded convention center opening in 2030, several factors support an optimistic long-term outlook for the Dallas hotel market as a whole, including DFW Airport's massive, $9-billion DFW Forward expansion and Dallas Love Field's $2.5-billion transformation known as the Love Field Expansion Airport Program (LEAP). While the market may face near-term volatility, Downtown Dallas is positioned to emerge from this period of transformation as a more diversified and resilient lodging market.

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