

HVS Market Pulse – South Dallas, Texas

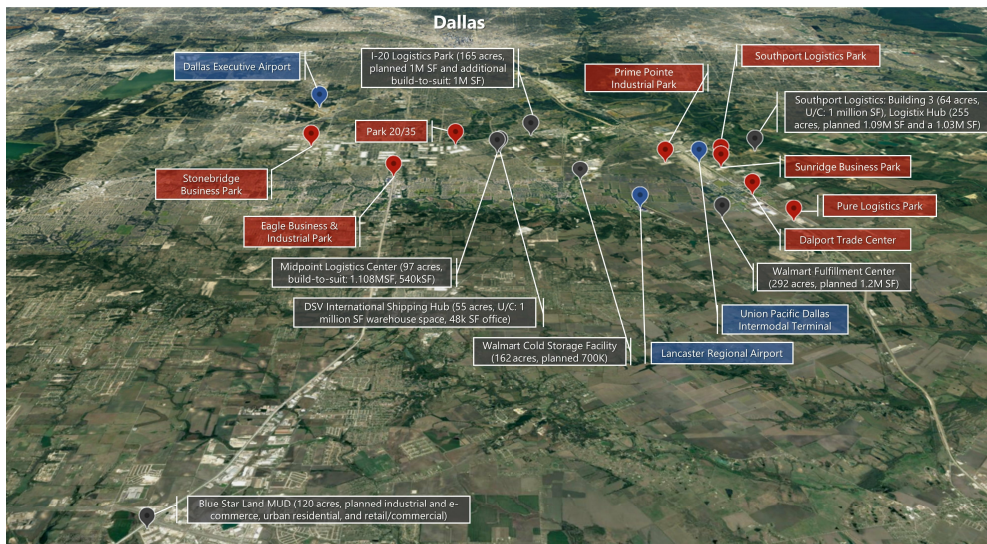
June 10, 2021 / By Kathleen D. Donahue



South Dallas Industrial Overview

The industrial sector is a key player within southern Dallas County and northern Ellis County, which are part of the **Best Southwest Partnership**. A vast network of roads in the greater Metroplex provide direct access to other parts of the region and country. South Dallas is home to the **International Inland Port of Dallas (IIPOD)**, an intermodal and logistics district that encompasses 7,500 acres and five municipalities. This area hosts over 17,000 workers, and major manufacturing tenants include **American Textile Company, Pioneer Frozen Foods, Niagara Bottling, and Serta** Dormae. Corporations with logistics/distribution facilities in the IIPOD include **Amazon, Conn's, The Home Depot, L'Oréal, and National Tire & Battery**. Additionally, in 2020, **FedEx** signed a new lease to operate its nearly 800,000-square-foot sorting facility in South Dallas, near the company's shipping hub in Hutchins.

The greater South Dallas area continues to experience development projects that will support economic growth within the manufacturing and logistics/transportation industries. The following map illustrates existing key industrial or business parks (red markers) and significant industrial projects under construction or recently announced (gray markers), as well airports and intermodal rail terminals (blue markers) in southern Dallas County and northern Ellis County.



Within the inland port, the focus of moving cargo is surface transportation. **Union Pacific's Dallas Intermodal Terminal** comprises 360 acres and has played a key role in the increase in cargo volume in the area, as the facility provides intermodal access to the Ports of **Los Angeles** and **Long Beach**. **Lancaster Regional Airport** and **Dallas Executive Airport** provide private commercial services for area businesses and service for corporate jets. The single-runway Lancaster Regional Airport is the only airport in Dallas County south of Interstate 20. At Dallas Executive Airport, construction of the **Henry B. Tippie National Aviation Education Center** is ongoing; the facility, developed by the **Commemorative Air Force**, will include a STEM Innovation aircraft hangar,

Summary

Since early March of last year, hotels in the greater Dallas/Fort Worth Metroplex have suffered varying degrees of demand loss in demand due to the COVID-19 pandemic, and while South Dallas's economy was not immune to the impact of the pandemic, the logistics/distribution, manufacturing, and industrial industries have remained strong in this market.

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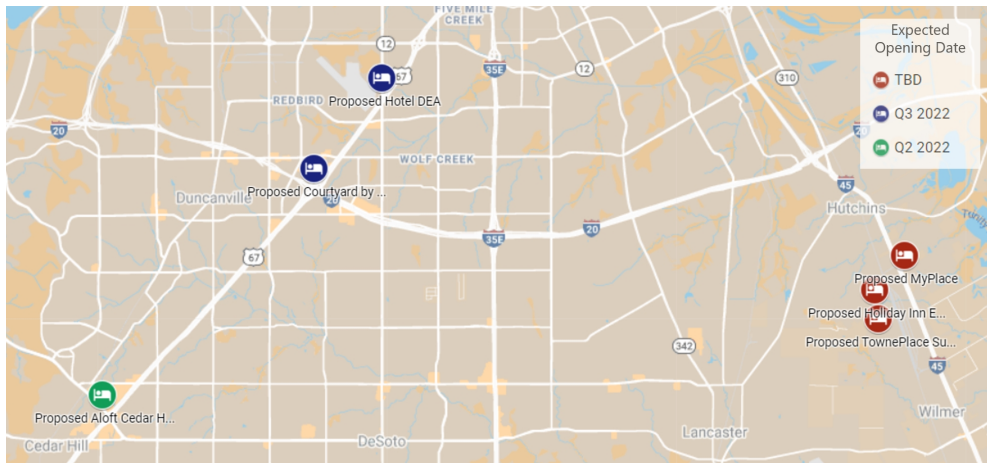
classrooms, and exhibit space. While a severe winter storm in February 2021 temporarily paralyzed the region's supply chain, the DFW Metroplex remains a strong distribution hub, supported by the area's vast transportation infrastructure and facilities, and southern Dallas County continues to strengthen as an industrial hotspot.

South Dallas Hotel Market

The South Dallas hotel market comprises properties located along the U.S. Highway 67, Interstate 35, and Interstate 45 corridors, generally south of Interstate 20. The area features roughly 50 hotels ranging from economy to select-service products and totaling approximately 2,900 guestrooms.

Prior to the COVID-19 pandemic, market occupancy was generally near or above 70%. Like the Metroplex, state, and nation, the South Dallas lodging market was not immune to the economic slowdown, and RevPAR bottomed out in April 2020. Recovery trends were evident in late 2020, and this trend has continued thus far in 2021. This market is poised to recover quickly given the prevalence of demand from the logistics, manufacturing, and industrial industries, which have greater resiliency than other prominent industries in primary or urban markets, such as finance, technology, and telecommunications.

Since 2018, nine hotels (roughly 690 guestrooms) have opened in the South Dallas market, within the communities of DeSoto, Cedar Hill, Duncanville, Lancaster, and Red Oak. Additionally, we have identified the following hotels that are under construction or in early development.



Two significant projects in the local market include the under-construction **Aloft** in Cedar Hill, which will include a 12,000-square-foot meeting and banquet facility, and the planned **Courtyard by Marriott** as part of the **Red Bird Mall redevelopment project**. This redevelopment is also slated to include 300,000 square feet of office space, 400,000 square feet of retail and restaurant space, and apartments.

Conclusion

The greater South Dallas area is well positioned for long-term economic strength. Following the widespread distribution of the vaccine and lifting of restrictions on business operations, confidence in co-working environments and travel is increasing. We anticipate that hotel demand will continue to rebound and return to pre-COVID-19 levels in this growing southern Dallas County market. Moreover, given the growing industrial landscape of the region, we expect hotel supply additions to be absorbed quickly.

We continue to watch the factors affecting the local hotel industry, and our many appraisal and consulting engagements throughout the Metroplex, inclusive of South Dallas communities, allow us to keep our finger on the pulse of the market.

For more information, please contact **Kathleen D. Donahue** from our Texas-based team.

About **Kathleen D. Donahue**



Kathleen Donahue is the Senior Managing Director and Practice Leader overseeing the West South Central region of the U.S. Kathleen joined HVS from Radisson operations in Austin, following graduation from The University of Texas at Austin. She is licensed as a certified general appraiser in Texas and surrounding states and has particularly strong knowledge of hotel markets in Texas, Oklahoma, Arkansas, and Louisiana. Contact Kathleen at +1 (972) 890-3548 or [\[email protected\]](#).