

Market Intelligence Report: Grapevine, Texas

July 10, 2009 / By Courtney M. McClanahan

The City of Grapevine is situated between Grapevine and Lewisville Lakes, just north of the Dallas/Fort Worth International Airport. This prime location in the Metroplex, coupled with the state's largest convention hotel, allows Grapevine to enjoy consistent tourism and convention demand. Though hotel demand has decreased in the midst of the recession, there are signs of stability in the market, and continuing developments in the city show some promise for the long term.

Conventions

Grapevine's proximity to the Dallas/Fort Worth area helps maintain consistent convention activity in the city. The Dallas/Fort Worth International Airport provides easy access to Grapevine for groups from around the country, particularly the south-central United States. The Grapevine market has several venues to accommodate conventions. The Grapevine Convention Center, which was renovated in March of 2008, offers approximately 23,500 square feet of meeting space. The Gaylord Texan Hotel and Convention Center, the state's largest self-contained convention hotel, offers over 400,000 square feet of convention space and 1,511 guestrooms, including 127 suites.

According to Grapevine city officials, there are plans to expand the existing convention space at the Gaylord to include an additional 200,000 square feet. This project has not been officially put on hold, although a date for completion has yet to be set. In 2008, the Grapevine Convention Center alone held over 485 events, with 92,394 delegates in attendance. While city officials are not expecting this year to be as strong as the last, the convention center has continued to capture bookings in 2009, and officials do not expect a steep drop off to occur during the remainder of the year.

Tourism

Tourism and leisure demand at area hotels was down for the first and second quarter of 2009, but Grapevine's numerous tourist attractions continue to draw from both local and regional banks of visitors. Lake Grapevine encompasses approximately 7,200 acres and offers year-round activities, from fishing to sail boating and windsurfing. Grape Fest and Main Street Days have been staples of Grapevine tourism for several years, in addition to several other annual festivals for which Grapevine has become known. Grapevine's golf courses offer a total of 81 holes of championship golf. The Great Wolf Lodge features an indoor water park, and the Gaylord Texan Hotel and Resort offers five restaurants, a nightclub, and a sports bar with a 52-foot television and a cigar lounge.

Historic Main Street, where most of the festivals are hosted, features a variety of boutiques, craft shops, restaurants, and wine-tasting rooms. In spite of the nationwide recession, Historic Main Street merchants reported strong sales for December of 2008, according to the Grapevine Convention and Visitors Bureau (CVB). December even proved to be the strongest month of the year in terms of sales for some merchants. According to officials at the CVB, despite the national economy and the drop in demand, merchants on Main Street are still reporting positive numbers for retail sales. Beyond Main Street, Bass Pro Shops and Grapevine Mills Mall are two of the region's biggest retailers.

Commercial Developments

Several new commercial developments have helped Grapevine's economy and hotel market by forging ahead in the recession. Lone Star Crossing houses many national retailers and has potential for further development. Grapevine Corner, part of the mixed-use Grapevine Station, was completed in late 2008. Grapevine Station

Summary

Demand may be down, but hotels in this suburb of the Dallas/Fort Worth Metroplex are beating the curve with respect to the recession.

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encompasses more than 38 acres and approximately 462,500 square feet of office and retail space. The project is approximately 50% complete, according to Westwood Real Estate Development. Some plans have fallen through for certain projects within the development, but the developers report that most of the completed space has been leased.

Chesapeake Energy has approached the City about setting up three well sites for drilling a natural gas line. According to city officials, two of Chesapeake's permit applications were approved; however, Chesapeake has not yet set a timeline for drilling to commence. City officials note that new projects are still being proposed for the area even though the tight lending climate has limited the number of projects that have actually broken ground.

Hotels

The Grapevine Convention and Visitors Bureau reported that hotel performance statistics have deteriorated since late 2008. Hotels in the area noted a 2% decline in occupancy from 2007 to 2008, and RevPAR declined from \$107.77 to \$106.06. Through the second quarter of 2009, average rate decreased 10 – 15% percent when compared with the same period of the previous year. According to the Grapevine Economic Development Office, even with the dip in RevPAR, the city still boasts the highest position in the Metroplex.

Decreased demand and financing difficulties have limited the amount of new hotel development, with only three new projects confirmed for the city. A 101-room Hilton Garden Inn opened in June of 2009. The previously mentioned expansion of the Gaylord will also include an additional 492 guestrooms, bringing the hotel's total guestroom count to just over 2,000. An expansion was completed at the Great Wolf Lodge in January of 2009, bringing an additional 200 guestrooms to the hotel.

Conclusion

The recession hasn't markedly diminished the festival atmosphere in Grapevine, and several programs, including the Monty Python Madness Charity Festival, are set to go in the summer of 2009. Hotels in the area are feeling the strain but expected to bounce back quickly as the economy improves, and the relative lack of new supply should help existing hotels shore up their penetration rates when demand begins to return en force to the market.