HVS

MARKET REPORT

Forth Worth Market Intelligence Report 2013

AUGUST 5, 2013

Energy exploration in the Fort Worth Basin is revving up the region's economy and generating demand for hotels in the Metroplex. Will recent growth in Fort Worth's energy, commercial, and leisure sectors continue over the long term?

Fort Worth, Texas, the western anchor city of the Dallas/Fort Worth Metroplex, offers one of the most diverse metropolitan landscapes in the West. The city extends from skyscraping commercial office buildings to renovated historic districts such as the Fort Worth Stockyards National Historic District and Sundance Square. Fort Worth has grown from a dusty town along the famed Chisholm Trail to the nation's sixteenth-largest city and the fifth-largest city in Texas, with an economy that ranges across the services, trade, manufacturing, transportation, communication, and construction industries.

In addition to several cities located outside the western half of Interstate Loop 820, the Mid-Cities area occupies a large share of the greater Fort Worth market, including the cities of Arlington, Grapevine, Southlake, Colleyville, HEB (Hurst, Euless, and Bedford), NRH (North Richland Hills and Richland Hills), Haltom City, Watauga, and Keller, as well as smaller towns such as Trophy Club and Roanoke.

Economy Update

The following table illustrates historical and projected employment, population, and income data for the overall Fort Worth market.

HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2000	801,930	—	204,716	—	157,319	—	637,880	—	1,743,570	—	$82,121	—
2001	790,700	(1.4) %	205,139	0.2 %	149,022	(5.3) %	652,070	2.2 %	1,784,080	2.3 %	83,913	2.2 %
2002	785,130	(0.7)	206,059	0.4	146,330	(1.8)	665,590	2.1	1,822,680	2.2	83,844	(0.1)
2003	784,170	(0.1)	209,718	1.8	144,585	(1.2)	677,290	1.8	1,856,900	1.9	86,011	2.6
2004	804,970	2.7	215,376	2.7	143,523	(0.7)	688,460	1.6	1,890,040	1.8	91,101	5.9
2005	825,130	2.5	223,515	3.8	144,737	0.8	708,250	2.9	1,950,700	3.2	95,762	5.1
2006	851,670	3.2	230,624	3.2	149,442	3.3	724,690	2.3	1,993,650	2.2	101,604	6.1
2007	873,170	2.5	236,255	2.4	150,736	0.9	742,150	2.4	2,042,480	2.4	106,597	4.9
2008	872,270	(0.1)	236,751	0.2	145,884	(3.2)	758,190	2.2	2,088,250	2.2	108,161	1.5
2009	838,770	(3.8)	231,288	(2.3)	132,654	(9.1)	772,580	1.9	2,127,960	1.9	100,740	(6.9)
2010	847,870	1.1	235,750	1.9	134,287	1.2	787,260	1.9	2,161,560	1.6	107,336	6.5
2011	869,100	2.5	242,513	2.9	138,458	3.1	804,580	2.2	2,204,170	2.0	109,412	1.9
2012	892,240	2.7	249,292	2.8	143,643	3.7	821,750	2.1	2,250,860	2.1	113,526	3.8
Forecasts												
2013	*916,100*	*2.7 %*	*256,581*	*2.9 %*	*146,734*	*2.2 %*	*840,080*	*2.2 %*	*2,298,190*	*2.1 %*	*$115,719*	*1.9 %*
2014	*946,570*	*3.3*	*266,729*	*4.0*	*148,838*	*1.4*	*860,520*	*2.4*	*2,348,250*	*2.2*	*120,582*	*4.2*
2015	*980,910*	*3.6*	*277,757*	*4.1*	*151,751*	*2.0*	*882,800*	*2.6*	*2,399,590*	*2.2*	*127,435*	*5.7*
2016	*1,010,210*	*3.0*	*287,414*	*3.5*	*153,835*	*1.4*	*905,740*	*2.6*	*2,452,810*	*2.2*	*133,554*	*4.8*
2017	*1,030,360*	*2.0*	*294,573*	*2.5*	*154,431*	*0.4*	*927,610*	*2.4*	*2,505,000*	*2.1*	*137,781*	*3.2*

Average Annual Compound Change						
2000 - 2012	0.9 %	1.7 %	(0.8) %	2.1 %	2.2 %	2.7 %
2000 - 2007	1.2	2.1	(0.6)	2.2	2.3	3.8
2007 - 2010	(1.0)	(0.1)	(3.8)	2.0	1.9	0.2
2010 - 2012	2.6	2.8	3.4	2.2	2.0	2.8
Forecast 2012 - 2017	*2.9 %*	*3.4 %*	*1.5 %*	*2.5 %*	*2.2 %*	*3.9 %*

Source: REIS Report, 4th Quarter, 2012

The greater Fort Worth area workforce grew by 23,140 between 2011 and 2012, a 2.7% increase from the prior year and the third consecutive year of growth following the economic recession of 2009.

The following table illustrates unemployment statistics for Tarrant County, the MSA, the state of Texas, and the U.S. from 2002 to 2011.

UNEMPLOYMENT STATISTICS

Year	Tarrant County	MSA	State	U.S.
2002	6.1 %	6.5 %	6.4 %	5.8 %
2003	6.3	6.6	6.7	6.0
2004	5.6	5.8	6.0	5.5
2005	5.1	5.2	5.4	5.1
2006	4.7	4.8	4.9	4.6
2007	4.3	4.3	4.4	4.6
2008	4.9	5.0	4.9(G)	5.8
2009	7.6	7.7	7.5(G)	9.3
2010	8.2	8.2	8.2(D)	9.6
2011	7.8	7.8	7.9(D)	8.9
Recent Month - January				
2012	7.4 %	7.4 %	7.5 %	8.3 %
2013	6.8	6.7	6.9	7.9

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

Unemployment in the Fort Worth area began to rise in 2008, concurrent with the national economic slowdown, and continued rising through 2010; however, an improvement in the unemployment rate was realized in 2011. As of January of 2013, the unemployment rate for Tarrant County registered 6.8%, compared with 7.9% for the nation. Nearly 24,000 new jobs are forecast for 2013, with stronger growth anticipated for 2014 and 2015.

Fort Worth's diversity of businesses and revenue generators is contributing to the area’s economic rebound. AMR Corporation (parent company of American Airlines and American Eagle Airlines), Pier 1 Imports, RadioShack, Alcon, the BNSF Railway, and Lockheed Martin are some of the larger corporations based in Fort Worth; in addition, General Motors (GM) operates an assembly plant in Arlington. Fort Worth is also home to the Naval Air Station Fort Worth Joint Reserve Base. The Barnett Shale, a deposit of up to 30 trillion cubic feet of natural gas, is located in the Bend Arch-Fort Worth Basin, and energy exploration contributes heavily to the area's economy.

Major leisure demand generators in the area include Downtown Fort Worth, Fort Worth Stockyards, Will Rogers Memorial Center, Texas Motor Speedway, Six Flags Over Texas, Six Flags Hurricane Harbor, and the Grapevine Mills Mall. Events such as the Fort Worth Stock Show & Rodeo, the Main Street Fort Worth Arts Festival, Texas Christian University events, the Crowne Plaza Invitational at Colonial, Dallas Cowboys games and other events at Cowboys Stadium, and Texas Rangers games also prove major tourism draws throughout the year.

Although activity in the oil and gas industry continues to fluctuate with changing oil prices, the breadth of employers and companies in the Forth Worth area, as well as the city's growing reputation as a convention destination following the opening of the Omni Convention Center Hotel in January of 2009, should bolster the local economy and continue to fuel its rebound from the recent recession. The variety of tourism attractions and well-developed transportation infrastructure of the Dallas/Fort Worth Metroplex, including an international airport and a favorable interstate and highway system, should also contribute to the greater market's continued strength and expansion.

Office Space Market Update

The following table details Fort Worth's office space statistics, which are important indicators of the market's propensity to attract commercial hotel demand.

OFFICE SPACE STATISTICS – MARKET OVERVIEW

Submarket	Inventory Buildings	Inventory Square Feet	Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
1 Northeast	151	7,109,000	5,154,000	27.5 %	$18.18
2 Southeast	98	5,573,000	4,698,000	15.7	17.12
3 Southwest	21	1,721,000	1,540,300	10.5	17.67
4 Northwest	40	2,991,000	2,611,100	12.7	19.17
5 CBD	38	7,867,000	6,899,400	12.3	22.44
Totals and Averages	**348**	**25,261,000**	**20,902,800**	**17.3 %**	**$19.36**

Source: REIS Report, 4th Quarter, 2012

The change in office space occupancy levels in the greater Fort Worth market for the fourth quarter of 2012 varied greatly among the classes. Class A vacancy decreased roughly 70 basis points to 13.9%, while the Class B/C vacancy rate registered 21.1%, which represents an increase of approximately 90 basis points. Overall, occupancy among all classes remained relatively stagnant compared with occupancy in the previous quarter. Average rents increased minimally.

The following table illustrates a trend of office space statistics for the overall Fort Worth market.

HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET

	Fort Worth Market						
Year	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2000	23,910,000	—	21,464,000	—	10.2 %	$17.47	—
2001	23,353,000	(2.3) %	20,119,000	(6.3) %	13.8	17.85	2.2 %
2002	23,676,000	1.4	19,939,000	(0.9)	15.8	17.68	(1.0)
2003	23,895,000	0.9	19,501,000	(2.2)	18.4	17.25	(2.4)
2004	24,438,000	2.3	19,768,000	1.4	19.1	17.12	(0.8)
2005	24,561,000	0.5	20,705,000	4.7	15.7	17.19	0.4
2006	24,530,000	(0.1)	21,371,000	3.2	12.9	18.11	5.4
2007	24,499,000	(0.1)	21,786,000	1.9	11.1	19.03	5.1
2008	24,915,000	1.7	21,537,000	(1.1)	13.6	19.61	3.0
2009	25,054,000	0.6	20,829,000	(3.3)	16.9	19.12	(2.5)
2010	25,003,000	(0.2)	20,685,000	(0.7)	17.3	19.13	0.1
2011	25,206,000	0.8	20,740,000	0.3	17.7	19.27	0.7
2012	25,261,000	0.2	20,901,000	0.8	17.3	19.36	0.5
Forecasts							
2013	*25,482,000*	*0.9 %*	*21,198,000*	*1.4 %*	*16.8 %*	*$19.73*	*1.9 %*
2014	*25,620,000*	*0.5*	*21,454,000*	*1.2*	*16.3*	*20.21*	*2.4*
2015	*25,833,000*	*0.8*	*21,737,000*	*1.3*	*15.9*	*20.74*	*2.6*
2016	*26,136,000*	*1.2*	*22,129,000*	*1.8*	*15.3*	*21.50*	*3.7*
2017	*26,456,000*	*1.2*	*22,409,000*	*1.3*	*15.3*	*22.32*	*3.8*
Average Annual Compound Change							
2000 - 2012		0.5 %		(0.2) %			0.9 %
2000 - 2007		0.3		0.2			1.2
2007 - 2010		0.7		(1.7)			0.2
2010 - 2012		0.5		0.5			0.6
Forecast 2012 - 2017		*0.9 %*		*1.4 %*			*2.9 %*

Source: REIS Report, 4th Quarter, 2012

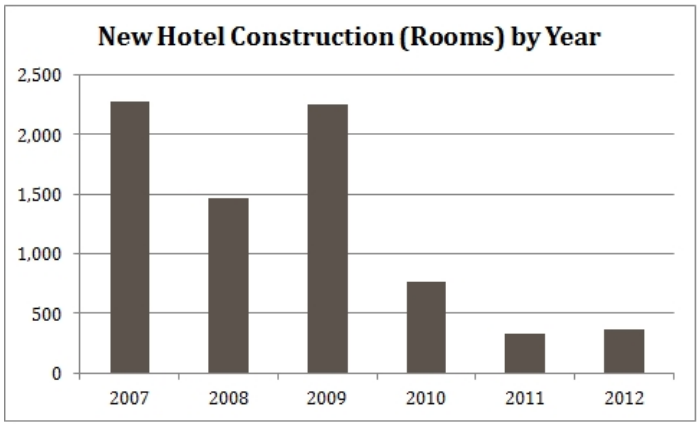
The above-average asking lease within Fort Worth's CBD reflects the desirability of this submarket. Notable office projects under construction in Downtown Fort Worth include two Class A buildings, the Westbrook and the Commerce Building; these projects are located in the popular Sundance Square and are scheduled to open by the end of 2013. Positive absorption is expected in the overall Fort Worth office market, but the addition of new supply will result in only a modest

improvement in vacancy levels.

Hotel Construction Update

The economic boom in the years prior to the recent recession spurred significant hotel construction in the Fort Worth area. The following charts depict the new supply additions realized in the greater Fort Worth market from 2007 to 2012.





In 2007, the large increase in rooms was enhanced by the opening of the 605-unit Great Wolf Lodge in Grapevine, while the opening of the 619-unit Omni Fort Worth Hotel helped push the number of new rooms to just over 2,250 in 2009. Hotel projects with openings planned for 2008 and 2009 were already in the pipeline when the recession took hold, leading to significant supply increases in those years. Developers were also encouraged to move ahead with hotel projects in Fort Worth largely on the strength of the area's economy and increased energy exploration activity; however, new construction was limited to fewer than ten properties in 2010, and fewer than five projects were recorded for both 2011 and 2012.

According to HVS research, three new hotels are under construction:

- **A 122-unit Homewood Suites** is under construction at 2200 Charlie Lane, within The Raymond Group's Midtown mixed-use development. The hotel is expected to open in June of 2013 and will be located adjacent to the newly constructed Hilton Garden Inn Fort Worth Medical Center (opened April 2012).
- A dual-branded hotel development in Grapevine's Silver Lake Crossings will include a **180-unit Courtyard by Marriott** and a **120-unit TownePlace Suites by Marriott**. The project is estimated to open in the fall of 2013, and the developer is Newcrest Development.

Two hotel projects are currently proposed:

- A 210-unit Hampton Inn & Suites is proposed for 210 E. Ninth Street, at the site of the former United Way building. The Raymond Group is developing the project, which is expected to open in the fall of 2014; construction is likely to begin in late 2013.
- A 140-room Hyatt Place is a planned part of the WestBend mixed-use development located near the intersection of South University Drive and River Run, to the east of University Park Village. Commencement of construction and potential opening dates remain speculative at this time.

While lenders have somewhat loosened the reins on construction loans as the economy has improved, the pickup in hotel construction is expected to be modest in the near term, with a larger pipeline expected in 2014.

Outlook on Market Occupancy and Average Rate

The Fort Worth market appears to be trending similarly to the broader national patterns of economic recovery. HVS forecasts the lodging market in Fort Worth to realize modest increases in occupancies in 2013, with average rate growth of 1% to 2%. Occupancy increases are expected to continue in the near term and will be supported by demand growth associated with the area's diverse economic mix, revamped and expanding downtown and entertainment areas in Fort Worth and surrounding cities, and the increased appeal of Fort Worth as a convention destination. Hoteliers are anticipated to focus on recovering room rates over the longer term, with occupancy taking precedence in the near term. Important development aspects influencing lodging trends in Fort Worth's submarkets are as follows:

Downtown Fort Worth: One of the fastest growing parts of Fort Worth is the West Seventh Street corridor. This area has been transformed over the past five years, spurred by the redevelopment of Montgomery Plaza. The area includes new apartments, bars, restaurants, and retail outlets. Currently, the rebuilding of the West Seventh Street Bridge, which connects the Cultural District, is underway; the $24.1-million project is scheduled for completion by the end of 2013. In March of 2013, Centergy Retail of Dallas purchased a 30-acre plot; plans for the site are reported to include a mixed-use development featuring retail, residential, office, and hotel buildings.

Northeast: The LEGOLAND Discovery Center, a $12-million children's attraction, opened at Grapevine Mills in March of 2011, and the $15-million SEA LIFE aquarium opened in July of 2011. Great Wolf Lodge and the Gaylord Texan Resort & Convention Center are also popular attractions; the Gaylord unveiled a ten-acre water park in 2011. The $2.5-billion North Tarrant Express project, which will improve travel and connectivity in the Mid-Cities area, is underway and includes the significant redevelopment of Interstate 820 and the State Highway 121/183 corridor between Interstate 35W and Industrial Boulevard in North Tarrant County.

Northwest: In November of 2012, NGC Renewables finalized its purchase of 18.6 acres in the Alliance development in Fort Worth; NGC Renewables, a subsidiary of China-based NGC Transmission Equipment, makes wind turbine transmission equipment and plans to build a new North American headquarters.
Southwest: Texas Christian University's (TCU) football stadium underwent a $164-million renovation project that was completed just before the 2012 season. A $45-million renovation project is expected at TCU's Daniel-Meyer Coliseum.

Southeast: From restaurants and retail to cultural and entertainment activities, increased development in Downtown Arlington and at The University of Texas at Arlington has occurred in recent years. College Park District is a primary component of the redevelopment in Downtown Arlington and includes College Park (an $80-million residential and retail development) and a $78-million on-campus special events center named College Park Center. Retail developments have also flourished along the Interstate 20 corridor. The Arlington Highlands lifestyle center was completed in 2011; this 80-acre, mixed-use development houses over 800,000 square feet of office, retail, restaurant, and entertainment space. In addition, Traders Village Flea Market is located just east of Arlington in Grand Prairie and is the largest weekend flea

market in Texas. Furthermore, Paragon Outlets in neighboring Grand Prairie opened in August of 2012 and features more than 100 leading retailers.

Recent Hotel Transactions

Hotel transactions that have occurred in the state since January 1, 2011, are summarized in the following table. Transactions within the Dallas/Fort Worth Metroplex are highlighted.

REVIEW OF HOTEL TRANSACTIONS

Property	Location	Sale Date	Price	Rooms	Price/Rm	Overall Cap
Hotel Icon	Houston, Texas	Jan-11	$27,000,000	135	$200,000	—
Hampton Inn & Suites Texarkana	Texarkana, Texas	Jan-11	9,100,000	81	112,346	11.2%
Holiday Inn Express Beaumont Northwest	Beaumont, Texas	Jan-11	7,400,000	81	91,358	11.6%
Motel 6 Houston North Spring	Spring, Texas	Feb-11	2,600,000	108	24,074	4.8%
Hampton Inn Houston Galleria	Houston, Texas	Mar-11	20,300,000	176	115,341	8.3%
Americas Best Value Inn Amarillo East	Amarillo, Texas	Mar-11	1,300,000	110	11,818	—
Sheraton Dallas North	Dallas, Texas	Apr-11	10,250,000	309	33,172	—
Holiday Inn Express Royse City Rockwall	Royse City, Texas	Apr-11	1,870,700	68	27,510	—
Hilton Dallas Park Cities	Dallas, Texas	May-11	42,000,000	224	187,500	6.5%
Red Roof Inn Corpus Christi South	Corpus Christi, Texas	Jun-11	3,000,000	120	25,000	11.3%
Hampton Inn Orange	Orange, Texas	Jun-11	5,200,000	68	76,471	—
Homewood Suites by Hilton San Antonio Riverwalk	San Antonio, Texas	Jul-11	32,670,681	146	223,772	6.5%
Comfort Inn Hillsboro	Hillsboro, Texas	Jul-11	1,100,000	50	22,000	9.9%
Courtyard by Marriott El Paso Airport	El Paso, Texas	Jul-11	12,350,000	90	137,222	7.9%
Howard Johnson Express Inn San Antonio	San Antonio, Texas	Jul-11	2,525,000	53	47,642	10.5%
Embassy Suites DFW Airport South Irving	Irving, Texas	Jul-11	22,295,000	305	73,098	10.9%
La Quinta Inn & Suites Waxahachie	Waxahachie, Texas	Jul-11	2,400,000	83	28,916	—
Hyatt Place Fort Worth Hurst	Hurst, Texas	Jul-11	12,000,000	127	94,488	—
Hyatt Place Fort Worth	Fort Worth, Texas	Jul-11	12,000,000	127	94,488	—
Fairmont Dallas	Dallas, Texas	Aug-11	69,000,000	545	126,606	6.3%
Victorian Inns Waco	Waco, Texas	Aug-11	825,000	39	21,154	—
Fairway Inn	La Porte, Texas	Aug-11	1,325,000	55	24,091	12.5%
Quality Suites Houston	Houston, Texas	Aug-11	1,870,000	60	31,167	—
TownePlace Suites by Marriott Austin Northwest	Austin, Texas	Sep-11	6,684,137	127	52,631	—
TownePlace Suites by Marriott College Station	College Station, Tex	Sep-11	4,947,314	94	52,631	9.7%
TownePlace Suites by Marriott Houston Clear Lake	Houston, Texas	Sep-11	4,947,314	94	52,631	—
TownePlace Houston Northwest	Houston, Texas	Sep-11	6,684,137	127	52,631	—
Comfort Inn & Suites Champions	Houston, Texas	Oct-11	1,575,000	57	27,632	—
Homewood Suites by Hilton Austin Round Rock	Round Rock, Texas	Oct-11	15,500,000	115	134,783	—
Americas Best Value Inn & Suites Irving Dallas	Irving, Texas	Nov-11	1,900,000	125	15,200	—

REVIEW OF HOTEL TRANSACTIONS - CONTINUED

Property	Location	Sale Date	Price	Room	Price/Rm	Overall Cap
Motel 6 Del Rio	Del Rio, Texas	Nov-11	$1,350,000	122	$11,066	—
Sheraton Austin Hotel	Austin, Texas	Dec-11	95,200,000	365	260,822	—
Dallas Inn	Dallas, Texas	Dec-11	2,400,000	145	16,552	—
Red Roof Inn Round Rock	Round Rock, Texas	Dec-11	2,900,000	107	27,103	—
Comfort Inn Midland	Midland, Texas	Jan-12	5,300,000	68	77,941	—
Crowne Plaza Dallas Galleria	Addison, Texas	Feb-12	20,000,000	429	46,620	—
Days Inn & Suites Tyler	Tyler, Texas	Feb-12	675,000	53	12,736	—
Renaissance Austin Arboretum	Austin, Texas	Mar-12	103,000,000	492	209,350	—
Days Inn Corpus Christi Airport	Corpus Christi, Texas	Mar-12	1,225,000	121	10,124	—
Best Western Inn & Suites New Braunfels	New Braunfels, Texas	Apr-12	3,115,000	61	51,066	11.9%
Motel 6 Dallas Arlington	Arlington, Texas	Apr-12	1,600,000	121	13,223	12.9%
Holiday Inn Express Frisco	Frisco, Texas	Apr-12	10,225,000	120	85,208	—
Night Hotel North Dallas	Dallas, Texas	May-12	6,500,000	350	18,571	—
Courtyard by Marriott Dallas Arlington South	Arlington, Texas	May-12	15,000,000	103	145,631	7.5%
Holiday Inn San Antonio Airport	San Antonio, Texas	May-12	26,778,841	397	67,453	—
Motel 6 Wichita Falls	Wichita Falls, Texas	May-12	1,050,000	81	12,963	15.0%
Aloft Houston Galleria	Houston, Texas	May-12	28,700,000	152	188,816	—
Hotel Derek	Houston, Texas	Jun-12	59,250,000	314	188,694	—
Residence Inn by Marriott Dallas Arlington South	Arlington, Texas	Jul-12	15,500,000	96	161,458	7.9%
Courtyard by Marriott Houston NASA Nassau Bay	Houston, Texas	Jul-12	14,632,000	124	118,000	—
Days Inn Denton	Denton, Texas	Jul-12	1,975,000	112	17,634	—
Hilton Garden Inn Odessa	Odessa, Texas	Aug-12	11,750,000	100	117,500	—
Holiday Inn Express Austin North Central	Austin, Texas	Sep-12	7,400,000	101	73,267	—
Sheraton North Houston at George Bush Intercontinental	Houston, Texas	Sep-12	35,000,000	420	83,333	6.7%
Hyatt Place Dallas Arlington	Arlington, Texas	Oct-12	10,795,000	127	85,000	2.4%
Hilton Garden Inn Fort Worth North	Fort Worth, Texas	Oct-12	7,200,000	98	73,469	6.9%
Homewood Suites by Hilton Houston Woodlands	The Woodlands, Texas	Nov-12	12,000,000	91	131,868	—
Sheraton Gunter Hotel San Antonio	San Antonio, Texas	Nov-12	30,187,500	322	93,750	—
La Quinta Inn & Suites Willowbrook	Houston, Texas	Nov-12	2,900,000	76	38,158	—
Park Inn Dallas Love Field	Dallas, Texas	Nov-12	3,250,000	222	14,640	—
Baymont Inn & Suites Lewisville	Lewisville, Texas	Dec-12	1,950,000	54	36,111	—
Courtyard by Marriott Houston Medical Center	Houston, Texas	Feb-13	34,750,000	197	176,396	5.7%
Americas Best Value Inn Harker Heights Killeen	Harker Heights, Texas	Feb-13	2,900,000	50	58,000	5.8%
Hampton Inn & Suites North Dallas Frisco	Frisco, Texas	Feb-13	17,278,485	105	164,557	5.8%
Days Inn Lumberton	Lumberton, Texas	Feb-13	1,500,000	48	31,250	—
Manor Inn	Manor, Texas	Mar-13	225,000	18	12,500	—
Driskill Hotel	Austin, Texas	Mar-13	85,000,000	189	449,735	—
Residence Inn by Marriott Downtown	Houston, Texas	Mar-13	28,085,000	171	164,240	—
Courtyard by Marriott Downtown Houston	Houston, Texas	Mar-13	32,630,000	191	170,838	—
Courtyard by Marriott Dallas Northwest Highway at Interstate 35E	Dallas, Texas	Mar-13	3,500,000	146	23,973	—

The summary of hotel transactions illustrates a steady pace of deals during the last few years, across a variety of market segments and acquisition opportunities. The sales represent acquisitions of stabilized assets by institutional investors, as well as repositioning opportunities for entrepreneurial owner operators.

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Brokers' Outlook

According to interviews with hotel brokers active in the Dallas/Fort Worth Metroplex, hotel transaction volume is likely to increase in 2013, albeit at a gradual pace. Transaction demand was centered on strongly flagged hotels throughout the first quarter of 2013. While the number of REIT purchases has seemed to slow, many individual buyers are looking to purchase assets at a price that allows them to take advantage of future growth in the market. Owners also want to take advantage of the upswing in revenues and need to decide on the right time to sell. According to several brokers, most potential buyers still struggle in finding a willing lender and closing a deal that satisfies both the buyer and the seller. As the banking sector continues to strengthen within the Metroplex and region, lending opportunities should continue to improve and the bid/ask gap should narrow. The emphasis on new development seems to be focused on mixed-use properties that feature retail, office, and multi-family residential components.

Conclusion

Fort Worth's economy has strengthened and expanded in recent years, with growth stemming from the diversity of key drivers and industries in the market. Healthy improvements in hotel demand were realized in 2010 and 2011, and this growth outpaced supply additions, resulting in occupancy improvements for area hotels. Rate has been slower to recover, but hoteliers are anticipated to regain pricing power once occupancies approach prior peaks. A handful of hotel projects are planned to come online in 2013; however, demand is expected to continue to outpace supply additions, keeping Fort Worth's lodging industry on a track toward full recovery in the near term.