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New hotel planned for Richardson

Hilton would be city's first new inn in five years

Dallas Business Journal - March 24, 2006 by [Sandra Zaragoza](#) Staff Writer

Carrollton-based Magnolia Lodging plans to build the first new hotel in Richardson in five years.

The hotel developer and management company plans to spend \$10 million to build a Hilton Garden Inn on the city's northern edge at Custer Road and the President George Bush Turnpike, according to Magnolia Lodging CEO Jay Shinn.

The 126-room Hilton Garden Inn will include suites, a restaurant, a coffee and wine bar, fitness room and indoor pool. Additionally, it'll have 2,000 square feet of meeting space. The hotel will break ground this spring and open in the second quarter of 2007.

About five years ago, the substantially technology-based Richardson hospitality sector was squeezed by the sector's collapse and the 9/11 attacks. Today, a more diversified mix of businesses, such as Countrywide Financial Corp., are moving in and reducing area hotels' reliance on tech-related companies.

"I think the Richardson market is much more diverse," Shinn said. "It's not just relying on telecom -- it has turned the corner."

Shinn also believes The University of Texas at Dallas campus -- a half-mile away from the hotel -- will be a major business generator.

Like the rest of Texas, the Richardson hotel market is on the upswing. In 2005, room revenues rose 15% in the city of Richardson and occupancy was at a healthy 62.5%, according to Source Strategies, a San Antonio hospitality consulting and research firm.

Revenue per available room, a hotel industry measuring stick, hit \$49.82 in Richardson last year. To put that in perspective, the Dallas, Fort Worth and Arlington markets combined averaged \$45.27 in revenue per available room and average occupancy of 58.4% in 2005.

When complete, the new Hilton Garden Inn will be the only full-service hotel on the George Bush Turnpike between Interstate 35 and Garland, according to hotel consultant Arlie Taylor. Taylor brokered Magnolia Lodging's Richardson land deal.

Taylor believes the city of Richardson has a "need for more full-service hotels." There are four full-service hotels representing 1,192 rooms in the Richardson market, including The Richardson Hotel at North Central Expressway and Campbell Road. The last hotel to be built in Richardson was the full-service Renaissance Dallas Richardson Hotel. It opened in May 2001.

Last year, the 120-room Richardson Hotel managed the highest revenue per room, at \$81.51, according to Source Strategies, a San Antonio-based hotel research company.

At least one another developer is looking to build a full-service hotel in Richardson, Taylor said.

"I am already working with a major developer to put a full-service hotel in (Richardson) over the next two to three years," he said.

Another such hotel in Richardson makes sense, said Bruce Walker of Source Strategies.

In general, however, fewer full-service hotels are being built in Texas, he added.

"One out of every 15 hotels being built is full-service," Walker said, adding that the cost of

building a full-service hotel and the expense of a restaurant can be deterrents for developers.

In Texas, developers more often develop limited service hotels, which tend to be smaller and don't offer room service or their own restaurants.

Magnolia Lodging will also run the hotel's restaurant, Great American Grill, which will offer room service.

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