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Uptown, downtown building owners hope Dallas' deck park boosts rents, leasing



Kye R. Lee/Staff Photographer

Owners of office buildings around the new Klyde Warren Park hope to profit from their proximity to the urban oasis.

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Dallas' new signature park, which bridges Woodall Rodgers Freeway, is being hailed as a great public amenity.

But real estate developers and investors are asking for a bit more.

They hope Klyde Warren Park will be the glue that unites two very different property markets.

“It merges and blends the Uptown and downtown districts — which were previously considered separate markets — together,” said Steve Everbach, who heads the Dallas office of the commercial property firm Cushman & Wakefield. “It’s a piece of the puzzle that’s been filled in.

“It will positively affect rental rates, property values and leasing over time.”

That would be a boon for downtown, which has lagged behind Uptown in office demand for years.

While office vacancy rates have dropped to about 15 percent in Uptown, they’re almost twice that high downtown.

And the quoted average office rental rates in Uptown are almost twice what they are a few blocks south in downtown Dallas.

Commercial real estate owners are optimistic that the park, which covers the vast canyon that once separated downtown and Uptown, will help blur the line between the markets.

“Initially, it should help the buildings located on the north side of downtown the most,” Everbach said.

Ross on the rise?

Replacing that noisy freeway gulch with a landscaped pedestrian zone will pull business to the area, property brokers say.

“It makes the Crescent that much closer to Ross Avenue in people’s minds,” said Joel Pustmueller, a principal with Peloton Commercial Real Estate. “It makes buildings along Ross Avenue in downtown more attractive.”

Pustmueller said that while the office skyscrapers along Ross Avenue have been fetching in the high \$20s per square foot for business space, newer buildings across the highway are in the mid- to upper \$30s.

And there is a lot less available office space in Uptown, he said.

"I think you will see increasing pressure on the downtown prices," Pustmueller said.

Mike Silliman just took over the job of leasing the 45-story Lincoln Plaza office tower, which is at Akard and San Jacinto streets four blocks south of Klyde Warren Park.

"We have the largest block of available office space closest to the park," Silliman said. "I think our building will benefit tremendously.

"Uptown is a tighter market, and tenants are looking for options," he said. "The vibrancy of the Arts District and the new park will make connection between Uptown and downtown easier."

Developer Craig Hall plans to start construction soon on an office building in downtown's Arts District. He was also a contributor to the Woodall Rodgers deck park project.

'Life and people'

Now that the grand public space is ready, Hall hopes other attractions will follow it to the neighborhood.

"What we really need now is more restaurants and things that will bring people to walk in the area," Hall said.

"We need to see life and people."

Developer Crescent Real Estate Holdings intends for its mixed-use project on Olive Street just a block north of Klyde Warren Park to add to the area's restaurant and retail space.

And Crescent has hired the same architects who worked on the park to design the outdoor spaces for its project.

"The park is going to change this whole neighborhood," said Crescent managing director John Zogg. "I think it's going to be much bigger than even we realize.

“This is where all the vibrancy in Dallas is happening.”