

In The News

2 old downtown towers transforming into 3 hotels -- all on one Dallas block

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The Mercantile Commerce building is easy to overlook – even though it’s 22 stories tall.

Opened in 1956, the Commerce Street office tower has been vacant for 25 years. It’s storefronts are boarded up, dark windows on the upper floors coated with dust.

One of the last large empty buildings in downtown Dallas, the tower has been almost invisible - even though it’s just a block from Neiman Marcus.

But by late year the derelict high-rise will be full of overnight guests and its ground floor crowded with visitors.

The Mercantile Commerce building and it’s neighbor next door at 1700 Commerce are being redeveloped into three new downtown hotels with more than 400 rooms.

Lewisville-based NewcrestImage, a fast growing hotel company with properties in three states, is revamping both buildings.

NewcrestImage just opened a boutique luxury hotel in downtown New Orleans. And the company has another hotel in a historic building in Amarillo.

But the renovation of two downtown Dallas towers at once will be NewcrestImage’s most ambitious project and one of the largest such building redos in downtown Dallas.

“We were looking for opportunities in downtown Dallas and saw some that didn’t make sense,” said NewcrestImage CEO Mehul Patel. “These two buildings came to our attention and we thought this could be a good conversion.

“It was the right thing to do both buildings at once,” Patel said. “If we are committed to downtown, we might as well expedite the growth and the what’s happening.”

The older of the two office towers at Commerce and Ervay streets opened in 1923 as the Allen Building – then the finest downtown office tower.

The 18-story brick and stone high-rise more recently housed a variety of small office tenants until NewcrestImage bought the property last year.

Work crews are now demolishing the interior to build a 176-room Hampton Inn & Suites hotel, part of the Hilton brand.

“We are scheduled to open in the first quarter of next year,” Patel said. “We are 70 percent demoed inside and will have walls going up inside in two weeks.

“It will be a great addition to downtown Dallas.”

Patel said construction will start in about 60 days to gut the larger Mercantile Commerce building. The 22-story former office tower once housed operations of Mercantile National Bank and other office tenants.

“We are doing dual brands in that building – an AC Hotel by Marriott and Residence Inn by Marriott,” he said. “We have the two strongest brands we are bringing – Hilton and Marriott.”

NEW EUROPEAN BRAND

The AC Hotel is a luxury boutique hotel chain that started in Europe.

“AC Hotel is a new brand and we recently opened the first one in the country in New Orleans,” said NewcrestImage’s Narayan Patel. “We think it will be a good addition to downtown Dallas.”

The 220-room New Orleans hotel is built in the historic Cotton Exchange building near the French Quarter. Other AC Hotels are planned in Kansas City and Miami – along with the location in downtown Dallas.

Combining two separate hotel operations in a single tower was a challenge for architect Merriman Associates, which is doing the work on both of the Commerce Street buildings.

“We had to separate the two lobbies on different floors,” said architect Jerry Merriman. “It’s unusual to have three different hotel concepts going together on the same block like that.”

The hotels will share some common areas including restaurants and fitness facilities.

NewcrestImage is constructing a 10-story parking garage with a swimming pool deck on Jackson Street that will serve all the hotels.

“We made a huge commitment to build that garage and bring more parking downtown,” said Mehul Patel. “The entire block is being revitalized which is good for downtown.”

HELP FROM TAX CREDITS

NewcrestImage is funding the 2-building redevelopment with the help of tax credits.

“You can cover up to 35 percent of your cost by syndicating or selling these credits,” said Phill Geheb with Dallas law firm Munsch Hardt Kopf & Harr which advised the developer on the project. “Getting these developments done is complicated and it can be expensive.

“You end up having a great incentive that gives life to these buildings.”

John Crawford, who heads the economic development group Downtown Dallas Inc., said the project is a big win for the area.

“The NewcrestImage concept is another cutting edge development that fits perfectly into this part of downtown’s revitalization,” Crawford said. “We look forward to this development filling an important need for hotel, meeting and event space, retail and additional parking.”

While NewcrestImage has done building redevelopments before, they’ve been nowhere near the size of the downtown Dallas project.

Along with the new New Orleans hotel, the company operates a Courtyard by Marriott Hotel in a landmark office building in downtown Amarillo.

NewcrestImage now has more than a dozen hotel properties, mostly suburban properties.

The company was formed three years ago with the merger of three affiliated firms, Patel said.

“We do a lot of new construction, too,” he said. “These historic projects are a challenging but rewarding experience.”

By: Steve Brown

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