a museum next month.
PAGE 3

**SMALL SUCCESS:**
A new study ranks Texas sixth in the nation for its policies and attitudes toward small business.
PAGE 6

**NEW INITIATIVE:**
A new initiative, the Dallas Market Center Square, has been formed to sell the area around Dallas Market Center as a "prime meeting and convention solution."
PAGE 7

**NEAT SOLUTION:**
When the builders who remodel Dallas' ritziest neighborhoods complained that traditional building-debris containers were unsightly and too big to be hidden, executives at Moore Disposal Inc. had to find a way to keep the builders satisfied.
PAGE 39

## BUZZ

**'Because consumer confidence is down, the guy who could afford to stay at Turtle Creek is going farther out.'**

**Michael Puls** of Foley & Puls, on occupancy prospects for the slew of new apartments in Denton.
PAGE 13

# Metroplex hotels struggle to boost occupancy rates

By LISA TANNER
Staff Writer

GREATER METROPLEX — Faced with a continuing decline in business travel, Dallas-area hotels are finding creative ways to fill their rooms. The hotels are offering special packages, targeting leisure travelers and slashing their rates in an effort to entice customers.

**BASSE:** Sees 'buyer's market' for hotel rooms

Hotels have felt the pinch this year as companies have slashed their corporate travel budgets, traditionally a major source of hotel revenue. As the high-flying expense-account travelers have been grounded, hotel occupancy rates in Dallas and other major cities have fallen.

The average June occupancy rate at Metroplex hotels was down 8% to 64%, compared with 72% occupancy in June 2000, according to PKF Consulting in Houston.

Hotels in Dallas' central business district and Market Center area showed even steeper declines. Downtown hotels showed 49% occupancy, down from 59% the previous June. Market Center hotels reported occupancies averaging 55%,

See Metroplex, Page 47

# PARCHED P

## YEARS OF DRY WEATHER, INCREASING EX
## HERDS ARE TAKING THEIR TOLL ON TEXA

By GLENN HUNTER
Staff Writer

THROCKMORTON — The sun is just coming up, fat and impossibly red, when Steve White and five cowboys ride their horses into the North Hog pasture at the Wagon Creek-Spade Ranch near Throckmorton. They fan out and then head north in a straight line, flushing

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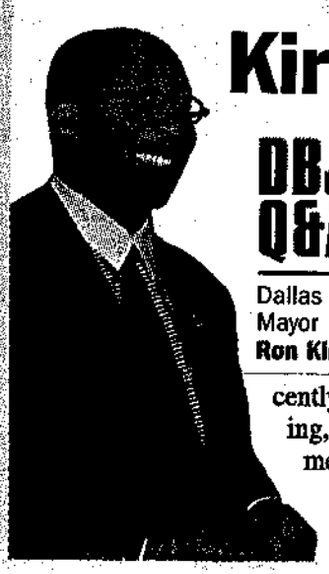


# Kirk: Orlando formidable foe

**DBJ Q&A**
Dallas Mayor **Ron Kirk**

NORTH DALLAS — Dallas Mayor Ron Kirk is back in the spotlight, mentioned widely as a potential Democratic candidate for the U.S. Senate seat held by Republican Phil Gramm. But Kirk had more than politics on his mind recently when he sat down for a wide-ranging, freewheeling discussion with staff members at the *Dallas Business Journal*. The mayor began the exchange by discussing the city's effort to boost Dallas' fledgling biotechnology industry.

**KIRK:** The biotech initiative is very much on our minds. What we would like to do is put a biotech center right next to the medical complex of The University of Texas Southwestern Medical Center at Dallas, because that's where there's intellectual talent. The good news is that we

# Metroplex: *D-FW hotels fight to attract travelers*

Continued from Page 1

down from 70% in June 2000.

Hoteliers generally consider anything below 60% to be a serious problem.

As a result of the declines, many hotel companies have instituted cost-cutting measures. Wyndham International Inc., for example, has trimmed 150 positions from its Dallas headquarters and cut 700 hotel-management jobs from February to July, the company said earlier this month.

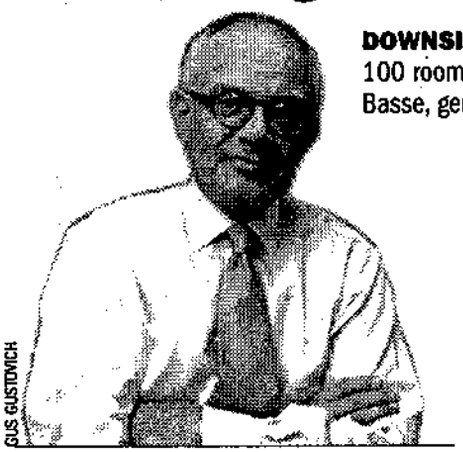
Faced with a slowing economy, companies held back on travel this year, according to the National Business Travel Association, an Alexandria, Va.-based trade group. Earlier in the year, when the association polled 200 businesses, 77% said they planned to reduce travel and 69% said they were planning to renegotiate to receive more favorable terms from travel-industry suppliers.

This month, the association did a follow-up survey. In it, 55% of the businesses said they'd hold 2002 business-travel spending at 2001 levels. But 16% of the travel managers said they'd spend more on travel in 2002.

"What we're seeing in the survey is that corporations are taking a long-term perspective on travel, and understanding that it is an essential part of doing business," said Marianne McInerney, executive director of the National Business Travel Association. "After staying home for the last few quarters, corporations see the importance of business travel as a means to support corporate sales, revenue and relationship goals."

Hotels, car-rental companies and airlines are offering lower contract rates to reach companies that pulled back on travel spending, according to the association.

"We're seeing rate cutting, not only in Dallas but in other markets," said Chuck Bedsole, senior manager and hospitality practice leader for Ernst & Young. That's a direct response to cutbacks in corporate travel, one of the first things to go in an economic slump, Bedsole said.



GUS GUSTOVICH

**DOWNSIZING:** 'A company that would have wanted 100 rooms now needs only 50 rooms,' says Hans Basse, general manager at Le Meridien Dallas.

Though not all rate cuts are substantial, even some four-star properties are reducing their rates. Overall, Bedsole said, hotels are trying to find new ways to stay connected with their customers.

## Some bright spots

At Le Meridien Dallas, business has fallen off dramatically, said general manager Hans Basse, who joined the 400-room luxury hotel in February.

To combat the decline, the hotel instituted a weekend package of $99 per room per night. That helped drive some wedding and other social business to the hotel, which generally is busiest Sundays through Thursdays.

"We put the plan into motion in early spring, and it is moving along quite nicely now," Basse said. "We're so busy on some weekends that we've had to restrict the package."

The downtown Dallas hotel, which is connected to the Plaza of the Americas, has also zeroed in on state and other governmental business to replace room bookings from corporations that have trimmed their travel budgets.

"A company that would have wanted 100 rooms now needs only 50 rooms," Basse said.

"The challenge is to keep the high-service profile and maintain the integrity of the product," he added. "Even if it's not selling at the top rate, you can't cut corners."

Still, there have been some bright spots. "We had an extremely good July," Basse said, thanks in part to the annual Mary Kay convention.

"I'm not saying that it isn't rough; it's definitely a buyer's market now," he said. "People are questioning rates. They're calling three or four properties and using the Internet to shop around."

The Hyatt Regency Dallas at Reunion has seen a slower-than-usual summer, but has found its government and association group business holding steady, said Priscilla L. Hagstrom, director of public relations.

The 1,122-room hotel is marketing its new ballroom and other space added during a massive renovation and expansion, and stepping up its focus on catering operations, Hagstrom said. The hotel landed a substantial piece of business after the Houston flood, when Bank of America booked several hundred rooms for more than a month to house employees running the bank's ATM system.

While its corporate-meeting business has taken a hit, the Four Seasons Resort and Club-Dallas at Las Colinas is working to identify industries that are still moving full speed ahead, said Angela J. Enright, director of public relations.

Dropping rates would be a last resort, because that would make it hard to raise the rates later on, Enright said.

Instead, the upscale hotel is making the most of its new ballroom space, which in turn generates room nights. The resort's wedding business has grown dramatically and leisure travelers are drawn to its restaurants, spa and golf course, Enright said.

**Contact** *DBJ* writer Lisa Tanner at ltanner@bizjournals.com or (214) 706-7117.

# TXU: *Dallas utility seeking space for new unit*

Continued from Page 1

unregulated businesses under the holding company, TXU Corp.," said Carol

the businesses. I don't think there will be any relocations, except for new hires. This is a process, and we're still in the process."

Mike Lewis, vice president of leasing for Crescent Real Estate Equities, said the ben-

**TXU Corp.**

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