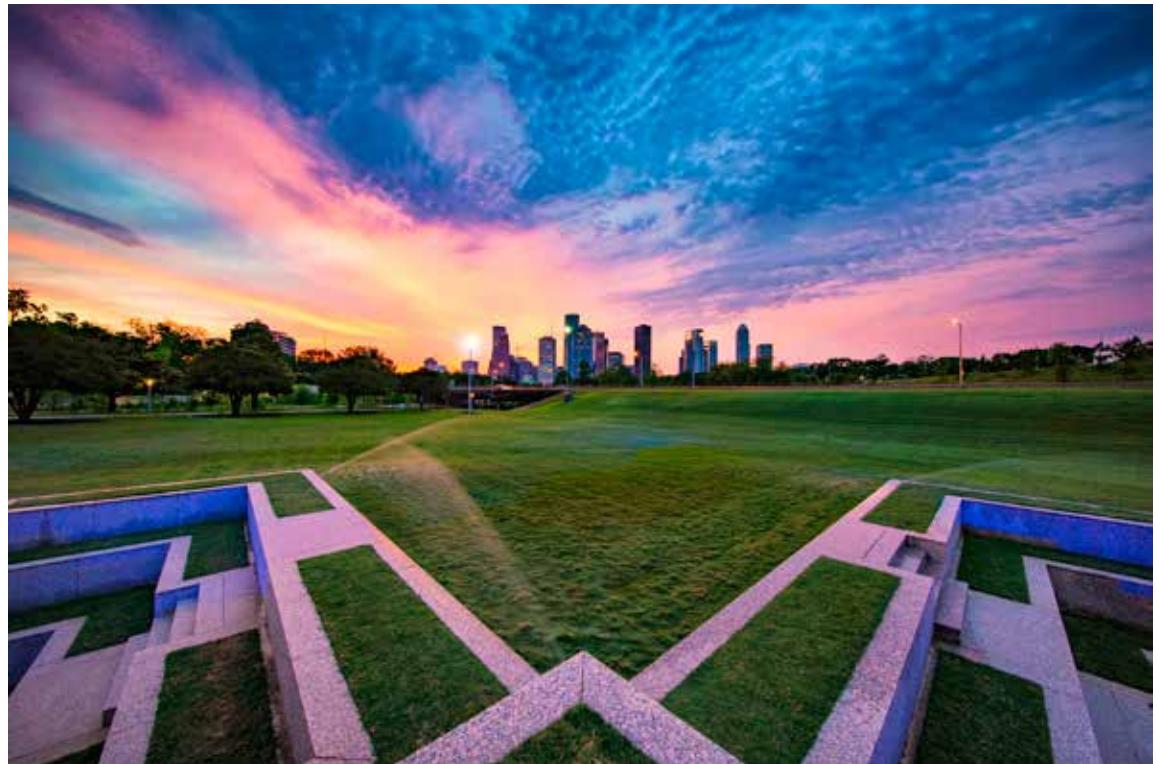


Downtown Houston Market Report

Central Houston, Inc. and Houston Downtown Management District



The Houston economy continues to expand at a good pace. Supported by high oil prices and hurricane rebuilding activity, the Houston MSA led in job growth among the major metros in the first half of the year, with an unemployment rate of 4.2%, down from 5.4% in 2017. While energy continues its push forward, trading in the \$70-\$80 per barrel range, the direction of prices in the short to medium term is uncertain. Although oil prices are at their highest levels since 2014, and energy companies have begun hiring again (year-over-year energy employment is up 2.7%), this has not significantly bolstered office occupancy. According to JLL's 2018 North America Energy Outlook, over a third of tenants with active office space requirements in Houston are energy-related. Concerned with real estate exposure however, energy companies are taking a conservative and efficient approach to office leasing—taking on shorter, more flexible leases to mitigate risk, with greater reliance on flexible or co-working space as they cautiously emerge from the downturn. More, but smaller size deals, are being made.

Q2 2018 Overview

SUMMARY (CONTINUED)

The Houston and Downtown office markets are likely to see a boost as upstream activity picks up, including recently announced offshore expansion projects. Job creation opportunities and space expansions by the energy industry will follow closely. Bankruptcies have leveled off, but Downtown continues to feel the lingering impacts of the energy downturn (mergers, acquisitions and consolidations). Following its acquisition by Vistra Energy in April 2018, Dynegy listed its 103,000-SF Houston headquarters space in 601 Travis on the sublease market, cutting 308 jobs. Linn Energy Inc. listed 64,319-SF of sublease space in 600 Travis, following bankruptcy and restructuring. Together, these increased downtown's sublease space by over 150,000-SF.

Notwithstanding, the Downtown office market and development activity have not slowed down, demonstrative of its resilient economy. In the second quarter, Downtown saw major footprint expansions for both energy and non-energy tenants, an influx of local and global law firms, and exponential growth of existing law firms. Enable Midstream Partners took down 48,000-SF of Shell's sublease space in One Shell Plaza. Lionstone Investments is relocating its headquarters Downtown to The Jones on Main from the Washington Heights area. Oil and gas consulting firm EAG Services, is relocating from Uptown to 1415 Louisiana. 609 Main added a new tenant and is now 64 percent leased: energy investment bank Simmons & Company International will be relocating from Bank of America Center to 31,000-SF in 609 Main. Shearman & Sterling LLP just opened its second Texas office on the 33rd floor of 1100 Louisiana, occupying 22,986-SF. Private equity firm Orion Energy Partners LP just opened its first Houston office in Bank of America Center. Law firm, Sidley Austin, LLP signed a long-term

lease renewal and expanded its offices in Wells Fargo Plaza by 60 percent, adding 30,000-SF to its existing 50,000-SF to accommodate its exceptional growth. Law firm Munsch Hardt Kopf & Harr PC expanded its office space by about 40 percent to keep up with its growth, adding 8,800-SF to its existing 21,200-SF in Pennzoil Place-North Tower; since 2014, the firm has doubled its Downtown lawyers, and intends to more than double again. Holland & Knight LLP, a law firm that opened its Downtown office less than three years ago at 1000 Louisiana, with three lawyers, has again expanded its employee count (a 500 percent increase in just three years). Law firm Gibson, Dunn & Crutcher LLP's opened Downtown in February 2017 with just two partners, and now has 20 staff. White & Case LLP, which opened its office Downtown in February 2018, announced plans to quadruple its staff within two years. Downtown's largest employer, Chevron, reported first quarter earnings of \$3.64 billion, up 35.6 percent from \$2.68 billion a year earlier.

For the second time this year, Downtown was named one of the top residential neighborhoods in Houston. Commercial real estate firm Berkadia named Downtown the second of the top five Houston neighborhoods with the biggest gains in occupancy year-over-year for the first quarter – an 11 percent gain to 70 percent occupancy. Over 8,000 people now live in the Downtown core, with the apartment inventory continuing to rise. DLC Residential announced a \$54 million, 229-unit mid-rise residential project, the Regalia at the Park, at 100 Crawford with delivery in about 26 months. On the hotel front, Choice Hotels International, Inc. has begun construction on the redevelopment of the Great Southwest building into a 21-story Cambria hotel. The former 30-story,600-room Days Inn hotel at 801 St. Joseph's Parkway is now listed for sale.

Tagged as one of the nation's fastest growing tech hubs, attracting significant investments from Silicon Valley companies and major local investors, the Downtown Houston innovation ecosystem continues to thrive. Just over two months of its soft opening, WeWork Downtown's leasing is exceeding expectations. The New York-based Flatiron School, an accelerated programming school, officially opened its fourth global campus in WeWork Downtown, with \$250,000 in full scholarships from Facebook for the inaugural class. Chevron Technology Ventures LLC (CTV), the Houston-based venture capital arm of Chevron Corp., also just created its sixth fund, a \$100 million fund called "Future Energy Fund" to invest in research and innovation of new, alternative energy technologies (including from more Houston companies).

Sources: ([Bureau of Labor Statistics](#); [New York Times](#); [The Washington Post](#); [The Washington Post](#); [CNBC](#); [Wall Street Journal](#); [CNN](#); [JLL](#))



WeWork at 708 Main

Market Overview

RESIDENTIAL HIGHLIGHTS

5,992
residential units

600
under construction

1,179
proposed

OFFICE HIGHLIGHTS

775,000 sf
under construction

RESIDENTIAL

Downtown now has **more than 8,000 residents**, a big leap from 3,800 in 2012 when the Downtown Living Initiative first tackled the need for more residential in Downtown, and that number is increasing monthly. "Plan Downtown" called for 12,000 additional units with the goal of reaching 30,000 residents in the next 20 years. Downtown has become more vibrant as residents have increased due to the diversity of residential options (including six buildings in the last 15 months). Downtown's overall residential market was 75.4 percent occupied at the end of Q2. ([Bisnow](#))

Fat Property, the new owner of the **Peacock & Plaza Apartments** at 1414 Austin St., a 2-building, 32-unit pre-war apartment complex a block west of the Toyota Center, plans to heavily upgrade units in one of the two buildings. Renovations will include new plumbing, electrical, HVAC systems, kitchens, appliances, and bathrooms. Units in the other building will be spruced up, but will be left somewhat original. Designed by Houston architect Lenard Gabert, its first building went up in 1926; the second followed 14 years later. ([Swamplot](#))

Florida-based developer, DLC Residential, has broken ground on **Regalia at the Park**, a \$54 million, 229-unit new apartment project at 100 Crawford. This market-driven development is evidence of the success of the Downtown Living Initiative, set up to kickstart multifamily projects Downtown. The property will include studios to two-bedroom units, a pool, yoga studio, fitness center and parking. The building will occupy the entire block bounded by Crawford, Commerce, North Jackson and Ruiz Streets, with delivery in around 26 months. ([HBJ](#))



Regalia at the Park

OFFICE

1010 Lamar office tower (also known as Younan Square) and its adjacent 550-car garage at 1111 Main (the former Sakowitz building) have been listed for sale. The 20-story, 277,991-SF office building built in 1981, is located on nearly a full city block next to GreenStreet. Younan Properties recently spent over \$4.5 million on renovations. The building is 55 percent leased and is being marketed by HFF. ([CoStar](#), [RNR](#), [Chronicle](#), [HBJ](#))

Historic and LEED Gold-certified office tower, **1001 McKinney**, which was listed on the market in early January, has been sold. The building's owners, Cameron Management and Silverpeak Real Estate Partners sold the 373,000-SF Art Deco tower building to a partnership between Houston-based TRC Capital Partners LLC and Denver-based Amstar America LLC. HFF represented the owners. Built in 1947, the property underwent a \$3 million renovation in 2014. A Morton's Steakhouse was also added to the building. The property is 75 percent occupied. ([HBJ](#))

Just over a year after its acquisition by Spear Street Capital, the 581,000-SF **5 Houston Center** office tower located at 1401 McKinney is undergoing a \$6 million renovation that will remodel its fitness center, office lounge and sky lobby, in-line with Spear Street's broad plans to reposition its acquired properties to remain competitive. ([HBJ](#))

Market Overview

HOTEL HIGHLIGHTS

7,803
hotel rooms

564
under construction

400
proposed

OFFICE (CONTINUED)



Flatiron School

The **Flatiron School**, an accelerated coding bootcamp that started in New York, officially opened its Houston school at WeWork's 708 Main St. location on June 12. The Houston Area Urban League helped recruit candidates from over 400 applicants. Facebook provided \$250,000 to fund full scholarships for all students in the inaugural class of Flatiron's flagship 15-week Immersive Full Stack Web Development Course, which starts July 16. Facebook also pledged to train 1 million people and small business owners nationwide by 2020 to help close the skills gap. ([HBJ](#), [Flatiron School](#), [Flatiron Houston](#))

The Zimmerman family, behind the Montrose hotel La Colombe d'Or, has completed the \$5 million renovation of the historic Raphael and Dorrance buildings at 110 and 114 Main St., rebranded as **Main & Co.**, into a 5-story mixed-use redevelopment. Main & Co. now includes creative office space, contemporary arts and retail space. The redesign preserved and restored much of the original interior character, while incorporating modern, sustainable and creative conveniences. The Cottonmouth Club and Lilly & Bloom cocktail lounges and LCD Art Gallery are already open. Almost 17,000-SF of office space and 5,000-SF of street-level retail space are available for lease. ([Chronicle](#), [HBJ](#))

Three companies headquartered in Downtown were named to **Forbes' 2018 America's Best Employers**. NRG Energy Inc., which has dual headquarters in Houston and New Jersey, topped the list of Houston companies at No. 7. TOTAL was ranked No. 107 while CenterPoint Energy was ranked No. 387. NRG Energy was also No. 262 on Forbes' first-ever "Global 2000: World's Best Employers," an annual list of the world's biggest public companies. ([HBJ](#))

Downtown-based companies, Plains All American Pipeline, L.P., EOG Resources, Kinder Morgan, Waste Management, LyondellBasell Industries NV and Enterprise Products Partners LP, were ranked among the London-based *Brand Finance 500 Most Valuable American Brands for 2018*. ([HBJ](#))

Downtown-based energy firm, Cheniere, made the **Fortune 500 List** for the first time, following a 336.5 percent boost in its revenues from 2016. Seventy percent of Downtown companies climbed in ranks from 2017 to 2018: Enterprise Products Partners moved from #122 to #105; Plains GP Holdings, LP moved from #141 to #115; EOG Resources made the largest leap, climbing up 86 levels from #356 to #270; Targa Resources moved from #402 to #307; CenterPoint Energy moved from #362 to #308; Calpine moved from #400 to #336; and Cheniere

HOTEL

Purchased last year by the Shinn family, **Lancaster Hotel**, is undergoing a multimillion-dollar renovation after flooding significantly during Hurricane Harvey. Located at 701 Texas, the renovated hotel will include a redesigned lobby and guest rooms, a new restaurant and bar, an outdoor mezzanine, an espresso bar and a new cardio fitness studio. Over 40 pieces of contemporary art and the work of over 60 artists will be on display in the hotel. Renovations are expected to be completed in October. The hotel underwent a \$10 million renovation in 2013. Before Hurricane Harvey, the hotel's average occupancy was around 80 to 85 percent. ([HBJ](#))



Lancaster Hotel

Market Overview

RETAIL HIGHLIGHTS

6

new retailers



Grit Grocery

RETAIL

Grit Grocery, an innovative mobile farm-to-table grocery concept that provides local, natural, and unprocessed food to urban communities, is now in the Historic Market Square neighborhood. Grit Grocery is located on the 900 block of Preston (between Main and Travis), from 4 to 9 pm every Tuesday and Thursday. ([Website](#), [Video](#))

La Colombe d'Or (LCD) Art Gallery, Downtown's newest contemporary art gallery is open at 114 Main. LCD specializes in representing contemporary and emerging artists, with exhibits displaying everything from artistic reinterpretations of cash and coins to pieces that explore luminosity. Exhibitions are open Thursdays to Saturdays from noon to 6 pm and Sundays from noon to 4 pm. ([LCD Gallery](#))

No Lines Barber Studio is open in the Warehouse District at 1401 Sterrett Street, Suite 202, Tuesdays to Saturdays from 10 am to 6 pm. ([Barber Studio](#))

The popular, next-generation, and Houston's original premium indoor cycling studio **RYDE** has opened Downtown in a street-front contemporary studio on the ground floor of the Esperson Building. Located on the corner of Milam and Rusk, the studio boasts top-of-the-line fitness equipment and a proprietary myRYDE performance tracking and analysis system. RYDE clients get performance results of their 45-minute full-body workout emailed to them after each session. ([Culturemap](#))

Whitney Andrew and two fellow Houston music veterans have opened a new performance venue dubbed **Spruce Goose: Social Flyers Club**, a nod to Howard Hughes' famed aircraft. Located on the top floor of the Henke & Pillot building at 811 Congress, Spruce Goose will bring a steady live music presence to Historic Market Square. All three have major ties to Houston's music and arts scenes. ([Houston Press](#))

Tru Essence Cosmetic & Med Spa is now open on the ground floor of SkyHouse Main at 1725 Main Suite 2 (corner of Jefferson and Fannin). A luxury cosmetic and medical spa, Tru Essence is owned and operated by medical and pharmaceutical doctors. ([Website](#))

Oxbow7 located on the ground floor of the new Le Méridien hotel has been rebranded as **Zutro Restaurant & Bar**, serving innovative regional Southern cuisine created from the freshest ingredients. The 23rd floor rooftop lounge, Hoggbirds, has also been rebranded as **Z on 23 Rooftop Lounge** and features a light menu, craft cocktails, specialty beers, a wine selection and 360-degree views of Downtown. ([Website](#))

RETAIL—COMING SOON

Charles Lusk and restaurateur Sean Marshall are opening a new restaurant—**Coterie**—this summer on the ground floor of Market Square Tower at 777 Preston. Described as "deliberately personal and uniquely Houston," the 1,500-SF space restaurant will "mirror the energy of downtown's resurgence," and include Italian handmade furniture, locally sourced fixtures, and a wine cellar where guests can walk in and select a bottle with their server. The menu will offer breakfast to late-night dishes that will include seasonal items. ([HBJ](#), [Bisnow](#), [RNR](#), [Chronicle](#))

Etro Lounge nightclub is moving Downtown from its Montrose location at 1424 Westheimer to the recently completed Main & Co. mixed-use project at 114 Main St. in August. ([HBJ](#))

RETAIL—COMING SOON (CONTINUED)

Bravery Chef Hall has announced its first cocktail concept, **Indie Bar**, inside its Aris Market Square street-level space at 409 Travis St. The concept will feature a rotating bartender, and act as an incubator for local bar professionals to grow and learn. Candidates will pitch their ideas to Bravery's partners similar to ABC's TV show "Shark Tank." The selected bartender will build a team and menu, and operate the bar. ([HBJ](#))

Finn Hall has secured its final four restaurants and two bar concepts before its fall opening in The Jones on Main at 712 Main St. The restaurants include: **Craft Burger**, started by Shannen Tune, who won the Food Network TV show "Chopped" in 2016; **Oddball Eats**, a falafel-focused Mediterranean concept owned by siblings Rani and Rene Francis; **Sit Lo**, a new concept from the team behind the Bowl'D Up food truck, showcasing 'Little Saigon' food culture with Vietnamese street food; and **Yong**, a fast-casual Korean concept by former La Grange and Cottonwood chef, Daniel Aitai. The bar concepts include: **St. Jac's**, in the main hall, offering craft beer, wine and cocktails and **Swallow's Nest**, on a mezzanine level, serving cocktails. Max Gonzalez, owner of Catalina Coffee and Amaya Roasting Co., will debut **Amaya Coffee**, a new local coffee concept offering pastries, beverages, and a new addition—affogato. Finn Hall is expected to open in September. ([HBJ](#), [HBJ](#), [HBJ](#))

A new concept tagged as "a reimagined fine dining experience" will be opening to replace Artista restaurant at the Hobby Center, which has closed. The new concept will be launched with a new restaurant name in mid-September. The Hobby Center's Grand Lobby Bistro will still serve food before performances. ([HBJ](#))

OTHER DEVELOPMENTS

Design and planning has begun on the \$22 million **Bagby Street Corridor redevelopment project**. The redesign will reduce the 4-to-5 lane street to between 3-to-4 vehicular lanes, add wider pedestrian walkways, bicycle lanes, beautification elements and signature lighting and update the storm sewer system. The project kicked off in July 2017 and is expected to last through June 2021, with design taking one year and construction taking two. ([HBJ](#), [Bisnow](#))

The design phase of the \$5 million second phase of renovations to the Downtown **Barbara Bush Literacy Plaza** has begun, led by Lauren Griffith Associates. The 0.75-acre plaza is located at 550 McKinney, between the Julia Ideson Building and the Central Library. Construction on the second phase is expected to run from early 2019 to the end of 2019. Phase 2 will include a library lounge, children's reading area and a café with indoor and outdoor seating, a water feature, video display, landscaping, and a "panel of lawn for casual seating or rotating art exhibits." The \$1.6 million first phase of the plaza's renovation project was completed in 2017. ([HBJ](#))

The **BBVA Compass Stadium** is one of the 15 venues across 13 U.S. cities to host the 2019 CONCACAF Gold Cup soccer matches next summer. This is the fourth consecutive edition of the prestigious continental soccer tournament in which BBVA Stadium will serve as a host venue. ([BBVA Compass Stadium](#), [HBJ](#))

The former Holiday Inn turned **Day's Inn Hotel** at 801 St. Joseph Pkwy. is now listed for sale by SFK Development, following a 2-week site cleanup. The 30-story, 477,981-SF property was once the largest and tallest Holiday Inn in the country with 600 guest rooms. CBRE is marketing the building, which sits on a half-block, with 24 levels of space atop a six-story parking structure, and six elevator shafts. It is one block from the Pierce Elevated, which is scheduled to be removed as TxDOT re-routes the freeway, opening up green space and removing the barrier between Midtown and Downtown. ([Swamplot](#), [RNR](#), [Bisnow](#))

Houston is among three finalists to host the **2020 Democratic National Convention** along with Milwaukee

OTHER DEVELOPMENTS (CONTINUED)

and Miami Beach. Mayor Sylvester Turner highlighted Houston's proven excellence in hosting high-profile national events such as the Super Bowl. Houston's bid proposes the Toyota Center and the George R. Brown Convention Center as the official convention sites, with around 24,000 hotel rooms available within 14 miles. ([HBJ](#), [Chronicle](#))

Part of Brookfield Properties' renovation plans to upgrade **Houston Center**, the company unveiled a series of six new, colorful murals on the 4 Houston Center wall facing McKinney to brighten up the area and encourage biking and walking. Pandr Design Co. created the murals, designed by artists Roxy Prima and Phoebe Cornog, who also installed two tunnel murals at The Court at Allen Center, another Brookfield property. Since the murals were installed, the #madeinhou hashtag has proved popular on Instagram. ([Chronicle](#), [Brookfield Twitter](#))

Houston's First Baptist Church Downtown unveiled the completed new facility at 1730 Jefferson on May 20, 2018. The former Communication Workers of America/Local 6222 Union building was redeveloped into a 3-story multi-purpose campus able to hold between 600 and 700 worshippers. ([Website](#))

Part of the Theater District's 2025 Master Plan to activate the west side of Downtown, the 1.5-acre **Jones Plaza** will undergo a \$25 million redevelopment. Rios Clementi Hale Studios is leading the "Urban Choreography" concept redesign that celebrates the plaza's dual role of a green oasis and cultural programming and special events space. Led by Houston First, the renovated plaza will be a vibrant, programmable day-and-night venue with easy access to theater facilities, art installations, performance space and a 4,000-SF dining facility. Jim Crane and the Astros' Foundation are leading the \$20 million fundraising campaign efforts. ([HBJ](#))

METRO is in the final phase of a mobility plan to address public transit needs in the Greater Houston area set to be released this summer. The main goals of the plan involve improving safety, accessibility, speed and connectivity, including forming more connections between major activity centers and airports. ([CommunityImpact](#))

Four Downtown real estate projects were winners of **2018 Landmark Awards**. The Main and Commerce Exchange won the Renovation and Rehabilitation



Houston's First Baptist Church

category; NRG sublease at One Shell Plaza won the Project Lease category. 609 Main at Texas won the Office Building or campus category; and Aris Market Square won the Multifamily category. ([HBJ](#))

An eight-foot bronze statue and monument to honor **President Lyndon Baines Johnson (LBJ)** is to be built in (little) Tranquility Park. Led by Charles Foster and the George Bush Presidential Library Foundation's David Jones, the monument will include LBJ quotes, a timeline of his career, recordings of his voice, and his ties to Houston, including his influence in securing the NASA Johnson Space Center for Houston. The LBJ monument will complement the nearby monuments of President George H.W. Bush and James A. Baker, III. The Brown Foundation of Houston has kicked off the fundraising campaign with a \$250,000 grant. ([Bisnow](#), [RNR](#))

Lyric Centre Garage, A 800-car new parking garage, opened in April at 411 Smith. The garage has a fresh and modern design aesthetic plus enhanced exterior lighting. Lyric Market, a 30,000-SF food hall located in its street-level space, is expected to open in early 2019.

Q2 2018 Overview

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES

TENANT	TYPE	TO	FROM	SF
Harris County Veterans Services	Relocation	500 Jefferson	9418 Jensen Dr.	118,896
Carrizo Oil & Gas	Renewal	500 Dallas	-	83,109
Sidley Austin, LLP	Renewal/Expansion	Wells Fargo Plaza (1000 Louisiana)	-	80,000 (Expansion: 30,000)
Haynes & Boone	Renewal	1221 McKinney	-	70,000
Constellation Energy	n/a	Kinder Morgan Tower (1001 Louisiana)	-	62,000
Royal Bank of Canada (RBC)	New to Downtown	609 Main	Williams Tower and Five Post Oak Park	54,000
Energy XXI	Renewal	One City Center (1021 Main)	-	50,000
Enable Midstream Partners	Relocation	One Shell Plaza (910 Louisiana)	1111 Louisiana	48,000
Simmons & Company International Energy Specialists	Relocation	609 Main at Texas	Bank of America Center (700 Louisiana)	31,045
Munsch Hardt Kopf & Harr PC	Renewal / Expansion	Pennzoil Place	-	30,000 (Expansion: 8,800)
Goldman Sachs	Relocation	609 Main	1000 Louisiana	29,763
Polsinelli	Renewal (Q1)	Wells Fargo Plaza (1000 Louisiana)	-	25,580
Shearman & Sterling LLP	New to Downtown	1100 Louisiana	-	22,986
Lionstone Investments	New to Downtown	The Jones on Main (712 Main)	100 Waugh Dr Houston	22,145
Zarvona Energy	Expansion	1010 Lamar	-	17,750 (Expansion: 3,400)
EAG Services	New to Downtown	1415 Louisiana	19 Briar Hollow Ln	7,035
Essentia Advisors	New to Downtown	Three Allen Center	-	5,000
Orion Energy Partners LP	New to Downtown	Bank of America Center (700 Louisiana)	-	n/a

REAL ESTATE SALES

PROPERTY NAME	SELLER	BUYER	ADDRESS	SIZE/SALE PRICE
1001 McKinney	Cameron Management & Silverpeak Real Estate Partners	TRC Capital Partners & Amstar America LLC	1001 McKinney	375,440/n/a

Sources: Houston Office Q2 2018 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

Q2 2018 Overview

CO-WORKING/INNOVATION SPACES/ INCUBATORS DOWNTOWN

PROPERTY NAME	ADDRESS
WeWork	708 Main
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
Regus	700 Milam, 2 Allen Center (1200 Smith)
Level Office	720 Rusk, 405 Main

Sources: HBJ; Central Houston, Inc.

RETAIL OPENINGS

Opened Q2 2018

Grit Grocery (mobile grocery truck)	Historic Market Square (900 block of Preston)
LCD Gallery	114 Main
No Lines Barber Studio	1401 Sterrett, Suite 202
RYDE	Esperson Building (808 Travis)
Spruce Goose: Social Flyers Club	811 Congress
Tru Essence Cosmetic & Med Spa	1725 Main, Suite 2

Spotlight on Downtown Houston

LOCAL MEDIA

June 13, 2018

WORLD CUP COMING TO U.S.; HOUSTON COULD HOST GAMES

The World Cup is returning to North America, moving Houston a lot closer to hosting one of the world's biggest soccer matches. FIFA Congress has awarded the 2026 World Cup to a united bid consisting of the United States, Canada and Mexico, beating out Morocco. Houston is one of 23 cities as potential host cities for World Cup matches; that list is expected to be trimmed to the final 16 cities by June 2020. NRG Stadium is the venue Houston has put up to host World Cup games. Hosting the 2026 World Cup could generate more than \$5 billion in short-term economic activity across North America, with an overall net benefit of \$3 to \$4 billion, according to Boston Consulting Group. Incremental economic activity could total between \$160 and \$620 million in each host city, creating a net benefit of \$90 million to \$480 million per city after accounting for potential public costs. —HBJ

June 11, 2018

HOUSTON NO. 7 BEST CITY IN AMERICA, NO. 31 IN THE WORLD

"Houston is one of the best cities in America and the world, ranked as the No. 7 best city in the U.S. and the No. 31 best city in the world by Vancouver, British Columbia-based Resonance Consultancy Ltd. In the 2018 "America's Best Cities" report, the Bayou City earned high marks for its key institutions, economic climate, infrastructure, attractions, programming, entertainment and culture. Houston almost made the top 10 cut out of all global cities in the economic climate category, coming in at No. 11 worldwide. "Smart, skilled and soulful, Houston is the American city of the future," highlighting the city's diversity and affordability. "Among many other things, you get a food scene to rival any in the country." Resonance also lauded Houston's upcoming spaceport, high-speed rail project, and the Innovation District coming to Midtown. In particular, Resonance had high praise for the recently released "Plan Downtown: Converging Culture, Lifestyle & Commerce," a comprehensive plan to re-energize downtown Houston and improve upon its residential developments, green space, walkability and public transit. —HBJ

June 6, 2018

ONCE-IN-A-LIFETIME HOUSTON EXHIBIT OFFERS RARE GLIMPSE INSIDE THE SISTINE CHAPEL

Starting on June 8, "Michelangelo's Sistine Chapel: The Exhibition" will be unveiled for a two-month run at event space The Corinthian. Expect full-sized, photographed replicas of the artist's vault frescoes, along with his 40-foot-high The Last Judgment, from the altar wall. The works have been on display around the country and the world, including at the Oculus mall in Westfield World Trade Center in New York, and The Women's Museum in Dallas. After this Houston exhibit, it will run in Hangzhou, China. Michelangelo's Sistine Chapel runs June 8 through July 31. For more information, visit the official site." —Culturemap

May 4, 2018

NEW YORK LAW FIRM OPENS HOUSTON OFFICE LED BY FORMER BAKER BOTTS PARTNER

New York-based law firm Shearman & Sterling LLP has opened its second Texas office in Houston with six partners, on May 3, at 1100 Louisiana St., in a 22,986-SF office. Shearman & Sterling will significantly expand its existing global energy capabilities with a focus on oil and gas transactions and projects to complement the firm's existing global energy group. "Our new Houston team's tremendous reputation, particularly in upstream, midstream and downstream oil and gas transactions, provides great synergies with our existing global energy offering and bolsters our client offering on the ground in one of the world's leading, and extremely active, energy markets," said David Beveridge, Shearman & Sterling's senior partner. "The launch of our Houston office advances our growth plans in the United States while furthering the firm's industry group strategy." —HBJ

Spotlight on Downtown Houston

LOCAL MEDIA (CONTINUED)

April 19, 2018

FRESH FOOD TRUCK ROLLS OUT NEW HEALTHY WAY FOR HOUSTONIANS TO SHOP FOR THEIR MEALS

"The grocery business is in a period of major changes. At the same time, the farm to table movement has made diners more aware than ever of where their food comes from. Grit Grocery is a food truck that sells fresh produce, meat, seafood, dry goods, and more. Founded by two men with Rice MBAs, Dustin Windham and Jamal Ansari, and a third, Michael Powell, who has a Ph.D. in Cultural Anthropology, Grit aims to be a convenient way for people to purchase fresh, healthy food. "It's mostly local product. We don't do processed food." The truck operates on a set schedule that takes it to a different neighborhood each weekday from 3 pm to 9 pm. Shoppers can either purchase raw ingredients or "meal bundles" that offer all the ingredients needed to prepare a specific dish. Customers have responded so favorably that Grit leased a 3,000-square-foot warehouse to store more product and has begun construction on a second truck that will allow it to reach more people." —**Culturemap**

April 17, 2018

NEW YORK PRIVATE EQUITY FIRM ESTABLISHES FIRST HOUSTON OFFICE

"New York-based private equity firm Orion Energy Partners LP announced the opening of its first Houston office in the Bank of America Center at 700 Louisiana St. on April 17. The new office implants Orion closer to where it has tended to make investments, and will augment its ability to find new investments and serve those it has secured. "Houston is a phenomenal place to live and work, and the ideal market to anchor Orion Energy's strategy in the region," said Ethan Shoemaker, the firm's managing director. Shoemaker expects Orion's participation in the region to accelerate going forward." —**HBJ**

April 15, 2018

DISCOVERY GREEN MARKS 10TH ANNIVERSARY

"Discovery Green opened a decade ago this weekend, and the downtown green space has hosted more than 12 million visitors so far and has spurred more than a billion dollars in economic development. Skeptics said the 12-acre green space would become a homeless encampment, that no suburbanite would drive all the way downtown to see a park. They were wrong. Visitor counts immediately outstripped consultants' projections, more than 1.2 million people visit the park's 1-acre lake, its playground and interactive water feature, its restaurants, amphitheater, dog runs and public art installations, its summer winter ice rink. Many visitors are drawn by the 600-some free activities the park hosts annually — from yoga, Zumba and salsa classes to film, beer and margarita festivals, 5K runs and even a contemporary circus. Others are out-of-towners, or organizers of events that see it as a key part of the pitch for conventions, Final Fours, All-Star games and Super Bowls. "I'm a native Houstonian and I'm a son of a native Houstonian, and as children we were told, 'Never go downtown,' that nothing good happened downtown outside of the Theater District," said Discovery Green's president, Barry Mandel. "So, watching children in the thousands recreate downtown on a daily basis is sometimes kind of hard to comprehend, and it is also joyful on a daily basis." —**Chronicle**

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

June 2018

HOUSTON'S NEW KINDER HIGH SCHOOL FOR PERFORMING, VISUAL ARTS BLENDS CLASSROOMS, CREATIVITY

"Occupying a full city block in downtown Houston, the new Kinder High School for the Performing and Visual Arts is nearing completion. The new flagship facility for Houston Independent School District (HISD) replaces, upgrades and expands the existing HSPVA, a magnet school for music, theater, writing, dance and art. The Kinder Foundation contributed a lead gift of \$7.5 million for the \$88.3 million arts school project in 2016 as part of that organization's \$10 million campaign to further support the HISD project and program. The new five-story 168,000 SF building has two levels of underground parking, a central 800-seat theater, a 300-seat black box theater, rehearsal rooms, an arts gallery, academic classrooms and commons, a recording studio, a roof terrace and a cafeteria, plus all the administration and faculty spaces. Founded in 1971 as HISD's cutting-edge arts and academics specialty program, HSPVA is one of the oldest such schools in the country. It's projected to open for students in January 2019. "Thanks to the inspiring commitments from both HISD and the Kinder Foundation, Houston will continue to lead the nation in accessible arts education."

Forbes

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Resources

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[Bird's-eye-view Map](#)

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Downtown Houston Market Report

Q1

KEY HIGHLIGHTS

220

New residential units opened in Q1

7

new retailers added in Q1

The Downtown real estate market continues to be very active and on the road to recovery. The year is off to a busy start with one office building sale listing (1001 McKinney), two major planned office tower renovations (Bank of America Center, Houston Center (4 buildings)), two hotels (AC Hotel by Marriott, Hyatt Place Hotel) and two residential properties (Marlowe, Camden Downtown) under construction; one completed residential property (1711 Caroline), and the announcement of a new park planned for southern Downtown. Although robust leasing activity in 2017 significantly reduced the downtown sublease space, sublease inventory remains significant and increased in the first quarter with Hess Corporation's addition of 123,000-SF (1501 McKinney), Halcon Resources' addition of 52,000-SF (Wells Fargo Plaza), EP Energy's addition of almost 32,000-SF (1001 Louisiana) to the sublease market, among other factors. Hess' additional sublease space was due to the recently announced 300 job cuts across Houston, including in Downtown, to cut costs. However, sublease availability has been steadily declining and is at its lowest since the peak of the downturn in 2016 and we expect to see the continuing growth trend in leasing activity, albeit slower than in 2017. In the first quarter, oil prices rose to the highest level since 2015, nearing \$70 in January. Houston continues to move towards full recovery with slow but steady job growth, and the Houston region is forecasted to gain 45,000 jobs in 2018, primarily in non-energy sectors.



Main Street Square

There is cautious optimism in the market's road to recovery. The performance of the Downtown market signals that the recession has bottomed out and that the worst of the energy downturn may be over, as the market continues to show signs of improvement: free rent and other concession packages are gradually leveling out; oil prices comfortably remain in the \$60 to \$70 a barrel range; and leasing activity continues to be positive. While job growth in the energy sector is expected to remain flat in the short-term, Downtown also continues to show major signs of renewed market confidence, as several Downtown firms announced staff, and potentially, footprint expansions in the first quarter. KPMG is hiring more employees and increasing its footprint by 11,916-SF in 811 Main, bringing its total footprint to 126,433-SF; Mitsubishi Heavy Industries Ltd (LyondellBasell Tower, 1221 McKinney) plans to increase the number of employees in its oil and gas division as it adds projects to its portfolio. Others include: Deloitte LLP; Accenture; Hunton Andrews Kurth LLP (following its merger with Hunton & Williams LLP); Arundo Analytics, which is set to double its headcount; Downtown incubator, Station Houston; and Alvarez & Marsal (after its recent acquisition of TRCG Advisers). Downtown has also seen major M&A

SUMMARY (CONTINUED)



1001 McKinney

activity particularly among law firms, which could potentially bring in more employees into Downtown. Downtown continues to attract a growing number of co-working and collaborative spaces, and promote entrepreneurship and innovation. The recent opening of WeWork is expected to bring in an influx of entrepreneurs, new small businesses, and satellite campuses of major firms. Facebook also recently held a free Community Boost event in Downtown at the Houston Public Library's Julia Ideson Building at 550 McKinney St. Houston is the second city for the Community Boost event to help improve digital skills critical to growing businesses.

Flight to quality continues to spur major capital investments in renovations, repositioning older buildings to compete with trophy towers, and acting as a major talent recruiting tool for their tenants. Significant renovations continue to deliver competitive space to existing and potential tenants. Two major renovation plans totaling over \$65 million were announced in the first quarter. Brookfield Properties recently announced details of its \$50+ million renovation plans for the recently acquired Houston Center. Bank of America Tower will undergo a \$15 million renovation starting in spring 2018. Downtown continues to see an uptick in leasing activity, and a diverse group of tenant entrants and expansions. Major leases recorded in the first quarter include the following: Jackson & Walker renewed and expanded to 77,015-SF in

5 Houston Center; BB&T Scott & Stringfellow opened its first Houston office at Two Allen Center; Royal Bank of Canada (RBC) is moving Downtown and consolidating from Williams Tower and 5 Post Oak into the 36th and 37th floors of 609 Main in mid-summer 2018, occupying 54,000-SF; Yetter Coleman relocated its Downtown headquarters from 2 Houston Center to the 41st floor (24,494-SF) of 811 Main; and White & Case LLP opened its first Houston office in Two Allen Center. United Airlines completed its relocation from 1600 Smith to 225,000-SF in 609 Main. Downtown's Main Street was also named Houston's most expensive street for office leases.

Defying market conditions, Downtown's newest residential properties have been doing well. There continues to be robust interest in living Downtown, with the residential market recording an occupancy rate of 71.6 percent (at the end of Q1), even with the delivery of 6 new residential buildings in the last 15 months. Just shy of a year of being completed, Market Square Tower reached 90 percent occupancy in December 2017—a milestone achieved three months short of the developer's projected 15-month timeline, and amid market conditions. With over 8 months to completion, Marlowe condo building is already over 75 percent sold, further signaling increased demand for Downtown living. Downtown was named the hottest rental submarket in Houston by the reputed ApartmentData.com, in its February 2018 report. Downtown's high rank was due to the new property deliveries (and their unique amenities), rental rate growth and absorption, and strong leasing activity. Downtown was attributed with a 12.3 percent annualized growth from November to January, about 5 percentage points (60 percent) higher than the next highest submarket.

The Downtown hospitality market also continues to perform beyond expectations, as Downtown attracts a growing number of business and tourism visitors. Houston saw 21.8 million visitors in 2017, a 6 percent increase over 2016, breaking records for the third consecutive year. Growth in international visitors was credited to major events like the 2017 Super Bowl LI and the World Series championship. In addition, 429 future conventions and meetings were booked in 2017, representing more than 802,850 room nights, up about 5 percent from the record 765,401 room nights booked in 2016. During the first week in March, Downtown drew more than 4,300 executives and top policy officials from over 70 countries for IHS Markit's CERAWeek, perhaps the most prominent global energy conference, at the Hilton Americas Hotel Downtown. Attendance was up about 20 percent from last year's 3,500+ attendees.

Market Overview

RESIDENTIAL

RESIDENTIAL HIGHLIGHTS

5,992
residential units

371
under construction

1,408
proposed

OFFICE HIGHLIGHTS

775,000 sf
under construction

1711 Caroline, a 5-story, 220-unit mid-rise residential building by Leon Capital Group is now leasing, and had their first set of move-ins just after the end of the first quarter. Offering a fusion of rugged charm and indulgent modern luxury, the apartment building is offering 2 months free rent. The property received its [Temporary Certificate of Occupancy \(TCO\) in March](#), and is expected to be fully completed before the summer. ([Website](#))

Camden Property Trust received building permits totaling more than \$57 million in December for the first phase of **Camden Downtown**, a 21-story, 271 unit apartment tower and its parking garage, at 1515 Austin. The project, which broke ground at the end of 2017, is expected to start leasing in the fourth quarter of 2019. The Class A tower will be built on part of a 3-acre site a block from Toyota Center, with a 20,000-SF amenity deck. The east-west orientation of the Ziegler Cooper-designed tower will create a more energy-efficient exposure of the facades and maximize views to Downtown and the adjacent Root Memorial Square Park. ([HBJ](#), [Chronicle](#), [Bisnow](#))

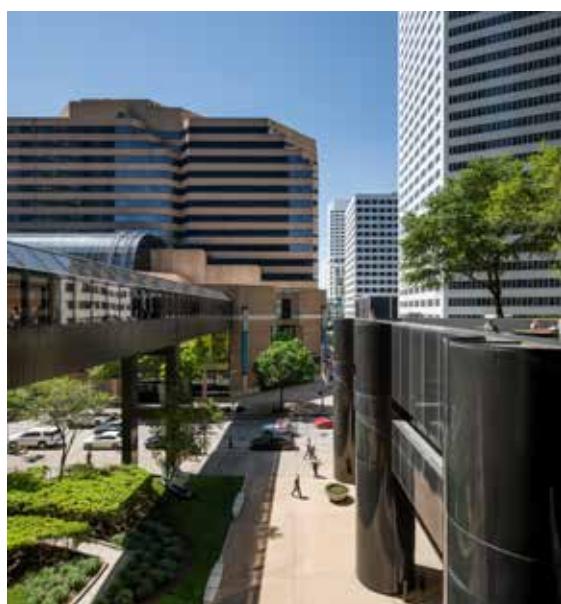
Less than a year after opening, Downtown's tallest residential high-rise, **Market Square Tower**, located at 777 Preston, reached 90 percent occupancy in December 2017, much faster than anticipated. Despite the market conditions, the leasing milestone was achieved three months short of Woodbranch Investments Corp.'s projected 15-month timeline and signals robust interest in living Downtown. ([Bisnow](#), [Chronicle](#), [RNR](#))



Market Square Tower amenities

OFFICE

Skanska's 35-story, 775,000-SF **Capitol Tower** topped out on April 4. Pre-certified LEED v4 Platinum, the highest level awarded by the U.S. Green Building Council, the Gensler-designed tower is on track for completion in the second quarter of 2019. Among the building's tenant amenities are a 7,000-SF fitness center, a two-level 40-foot ceiling atrium with 26,000-SF of retail, restaurant and dining options, a 24,000-SF SkyPark, and The Assembly, a 10,000-SF private event and meeting space on the 12th floor, with three meeting venues that can each host 140 people, and can extend out to the SkyPark. ([Bisnow](#), [HBJ](#), [Chronicle](#), [HBJ](#), [PDRCorp](#))



Houston Center

Brookfield Properties recently announced initial details of its \$50+ million renovation plans for **Houston Center**, the 4.2 million-SF office and retail complex it recently acquired. Plans include a revitalized mixed-use development with street-level retail, outdoor event spaces and white tablecloth restaurants. Detailed renovation plans should be complete within a year. ([HBJ](#))

Companies along America's most expensive streets have high price tags for their offices. Showcasing Downtown's regional and national competitiveness, **Main Street** was named Houston's most expensive street for office leases, and ranked # 21 on JLL's list of the most expensive commercial leases in the U.S., with average rents of \$44.24 per SF. ([Bisnow](#), [JLL](#))

NRG Energy, Inc., headquartered in Downtown was recognized on Forbes' "America's Best Employers for Diversity" list of 250 businesses. ([HBJ](#))

Market Overview

HOTEL HIGHLIGHTS

7,778
hotel rooms

345
under construction

620+
proposed

RETAIL HIGHLIGHTS

7
new retailers

OFFICE (CONTINUED)

WeWork, the global communal workspace giant and the fourth most valuable startup in the U.S. just behind Uber, Airbnb and SpaceX, is now open Downtown at the historic 708 Main—The Jones on Main. The new 82,236-SF location will support more than 1,400 members, feature private conference rooms, open space for large events and two outdoor terraces, and private offices for clients with up to 120 employees. WeWork has about 210,000 members in more than 70 cities globally. ([HBJ](#), [WeWork](#), [Swamplot](#))

HOTEL

NewcrestImage has begun construction on the transformation of the historic building at 723 Main Street into a 195-room, 10-floor **AC Hotel by Marriott**. The European-style property is expected to open in the second quarter of 2019. With a bold, modern but rich historic feel, the hotel will have the signature AC brand look – local commissioned vibrant artwork, upscale furnishings, and the latest high-tech amenities for an elegant, contemporary experience in an urban location. Upon completion, the property will feature a large fitness center, a business center, a cocktail lounge and a dining area that will be integrated with the Zoe Theatre, and about 4,000-SF of meeting and ballroom space. ([HotelManagement](#), [HotelOnline](#), [REBUSINESS](#))

Houston First is receiving proposals for a hotel on top of the Partnership Tower garage. Officials from Texas Hospitality Partners LLC and Marriott presented a proposal to build a **W Hotel** to the board of directors of Houston First in February. The agreement would require approval from the Houston First board and City Council. ([Chronicle](#), [HBJ](#))



AC Hotel by Marriott

RETAIL

Honeymoon Café & Bar at 300 Main St. has been renamed **Boomtown Coffee Main St. Café & Bar**. The café was recently acquired by Boomtown Coffee—led by Andrew Loreman and Matthew Toomey—who have been operating the café's on-site roaster and supplying the concept with roasted coffee beans since 2014. The concept's space was remodeled and reopened at the end of March with Boomtown's signature drinks and food menu, along with some aspects of the Honeymoon food and cocktail menu. ([HBJ](#))

Cellar 7 Wine & Bar Bites is open at 610 Main Street. From wine 101 classes, event tastings, wine dinners, to artisanal cocktails, or a local Texas brew before a theater show or a game, Cellar 7 offers more than the average wine and bar menu. ([Website](#))

The Cottonmouth Club is now open at 108 Main Street in the Brewster Building. A partnership between Reserve 101 co-founder Mike Raymond, New York and Los Angeles veteran bartender Michael Neff, and designer Greg Swanson, the bar focuses on delivering an enhanced guest experience with a '70s vibe. Drinks range from classic cocktails with a twist, to complex tinctures and garnishes. ([Website](#), [Chronicle](#), [Houston Food Finder](#), [Culturemap](#))

CVS Pharmacy, a 13,000-SF urban footprint, is now open on the ground floor of Market Square Tower at 300 Milam Street. ([Bisnow](#), [Website](#), [HBJ](#))

Market Overview

RETAIL (CONTINUED)

DuVin Pintor Gallery is Downtown's newest art and wine gallery, located at 1401 Caroline St., DuVin Pintor carries original art and boutique wines from across the globe, and features live performances from global musical artists. DuVin Pintor is open to the public 7 days a week, and also offers a private membership platform. Meeting and conference spaces are also available for bookings. ([DuVin Pintor](#))

High & Dry Rum Bar is open on the second floor of the historic 306 Main Street building. Featuring a tasteful island vibe, the bar features a covered back patio looking out over Market Square and a 50-feet long bar with four, custom, and 10 foot hand-carved tiki statues holding over 75 hand selected rums that represent regions worldwide. ([Website](#))

Kulture, a new restaurant from The Breakfast Klub's Marcus Davis, is now open on the ground floor of Partnership Tower at 701 Avenida De Las Americas. The new restaurant features Caribbean-Southern cuisine, spirits and art and music. Kulture offers lunch, wine, signature cocktails and bar bites. ([EATER](#), [HBJ](#))

La Cantina by La Calle, a new Lucha Libre themed sports bar is open at 909 Franklin. Customers can enjoy authentic tacos and Micheladas while watching their favorite soccer, boxing or UFC match on the big screen. ([Website](#))

Mexican seafood restaurant **La Fisheria** at 213 Milam has reopened its 5,000-SF Downtown location after its temporary closure due to damages from Hurricane Harvey. ([HBJ](#))

South African restaurant **Springbok** has been remodeled and rebranded, with a new name—**BirdDog Saint**. The restaurant, at 711 Main St. features a menu of tasty dishes such as ceviche, calamari, oysters, and an amazing selection of local and international beer and cocktails. ([HBJ](#))

Thai Cafe is open at 917 Franklin. The restaurant features an array of authentic Thai food and fusion, Thai teas, and coffee. Thai Cafe is open Monday through Saturday and offers lunch and dinner menus. ([Website](#))

Two Downtown restaurants made the semifinalist list for the 2018 James Beard Awards: Chef Hugo Ortega's **Xochi** (for Best New Restaurant), and **Pappas Bros. Steakhouse** (for Outstanding Wine Program). ([HBJ](#))

BBVA Compass Stadium continues to renovate their food and beverage concourse after a similar project was completed last year. The changes are aimed at enhancing the in-game experience for fans and to drive revenue growth through concessions. After years of staff growth, the Dynamo's Downtown office will also be undergoing a renovation and expansion of their two-floor space at the George R. Brown Convention Center, at 1001 Avenida de las Americas. ([HBJ](#))



Kulture

Market Overview

RETAIL—COMING SOON

Bravery Chef Hall, scheduled to open at Hines' Aris Market Square high-rise apartment in the fall, has confirmed several talented Houston chefs and restaurateurs. **MasterChef season three winner Christine Ha** will be opening her first restaurant called **The Blind Goat**. McPherson, formerly of Krisp Bird & Batter, and Gary Ly, formerly of Underbelly, will be opening a pasta restaurant called **BOH Pasta**. Andes Cafe Chef David Guerrero will debut **Nuna Nikkei Bar**, a Japanese-Peruvian restaurant. Felix Flores will be opening a new spot called **Cherry Block**. The final two restaurants are still being curated, and the hall will also include three bars. Each of the five open-kitchen stations, will offer counter-side seating for 30-40 diners each plus a walk-up area for orders to-go. ([EATER](#), [HBJ](#), [HBJ](#))

Finn Hall, one of three upcoming Downtown food halls has secured five restaurants for its chef-based concepts. These include: Cori Xiong and Chen Heng's **Mala Sichuan Bistro** (focusing on "individual-style menu items, presenting authentic Sichuan flavors and culture"); **Goode Co. Taqueria** (offering tacos from its classic Tex-Mex menu); **Low Tide** from the owners of Harold's Restaurant & Tap Room (a seafood and raw bar with ceviche, raw oysters and po'boys); **Mr. Nice Pie**, a concept from the owners of Moon Tower Inn, Voodoo Queen and Love Buzz (offering pizza slices as large as 30 inches); and Aaron Lyons' **Dish Society** offering a smaller version of its farm-to-table menu. The 20,000-SF Finn Hall is set to debut in mid-2018 inside The Jones on Main (712 Main St) with a total of 10 food outlets, a craft beer and curated wine bar, an art deco cocktail lounge and private event spaces. ([HBJ](#))

Kanaloa, a Tiki Bar, is coming to Downtown this summer at 311 Travis Street. From the owners of the Wicklow Heights bar, Kanaloa will provide a full-on tiki experience, and focus on groups and large parties. Kanaloa's food menu will feature shareable pupus (appetizers) and cocktails, and nearly 100 different rum options within a transformed space featuring booths that sit up to 12 people, an outdoor patio that will hold up to 75, and an event area upstairs. ([EATER](#), [Houston Food Finder](#))

With its striking design and location in Houston's vibrant Downtown Theater District, the **Lyric Market** experience begins at first sight, even before guests enter the multi-story structure packed with worldly, approachable concepts. Situated throughout the property, dining terraces encourage guests to gather and enjoy food and drink from the food hall-meets-international marketplace,

while taking in Downtown views. Daily programming including weekday and weekend farmers markets, community based events and Butler Service for takeaway and delivery will position Lyric Market as a community-centric gathering place to appreciate and discover the craftsmanship of cuisine. In addition to public offerings, Lyric Market will also provide spaces for private dining and meeting opportunities.

Troy Guard, Chef and owner of Denver's restaurant empire TAG Restaurant Group will be making his first out-of-state debut of his award-winning **Guard and Grace** upscale steakhouse in One Allen Center's new 13,000-SF "glass box". A similar but bigger project to the one in Downtown Denver, the modern American steakhouse opening in summer 2019 at 500 Dallas will have two levels with multiple private dining rooms, a full bar and two outdoor patios where guests can dine on the new greenspace—The Acre. ([RNR](#), [Chronicle](#), [HBJ](#), [Bisnow](#), [Guard and Grace](#), [Chronicle](#))

Sapporo Japanese Sushi & Bar will soon be opening at 801 Congress Ave., occupying the former Fusion Taco space next to Barnaby's. Located in the Henry Henke Building on the corner of Congress and Milam, the restaurant is right across from Market Square Park. ([Swamplot](#))

Benjamin's, a new restaurant concept by B&B Butchers owner, Benjamin Berg, inside inside The Star apartment building at 1111 Rusk St. is scheduled to open in late 2018 or early 2019. At approximately 18,000-SF, the space will have two kitchens, 10,000-SF downstairs and a 7,500- to 7,800-SF mezzanine. The dining room will have between 180 to 200 seats, the bar will hold about 60 seats, and the private dining rooms will accommodate over 400 people. Joining Berg's chef team will be his brother, Daniel Berg, who will be relocating from New York City where he has been cooking with Daniel Boulud and Andrew Carmellini. ([HBJ](#))



Sky Dance mural

OTHER DEVELOPMENTS

Avenida Houston won the 2018 Urban Land Institute (ULI) Houston Development of Distinction Awards in the Not-for-profit category. ULI judges recognized Avenida as "transformative!" emphasizing its 'three-dimensional' capacity, which is 'full-time – day and night.'"[\(HBJ\)](#)

The 10-story, 300-space **Franklin Garage** is now open at 805 Franklin. Located one block north of Market Square Park, the parking garage by Stanton Road Capital was completed in February 2018. [\(Stanton Road Capital\)](#)

Downtown Houston's **Greenlink**, an eco-friendly free Downtown circulator bus system, expanded its routes and hours in January. Greenlink is adapting to its riders' changing needs in light of Downtown's exponential growth. Greenlink buses, which have carried 1.34 million passengers in the five-a-half years of operations, are funded by the Downtown District, Houston First, and the TCEQ, and grants from Harris County; Metro operates the service. For more information visit [DowntownDistrict](#) and [METRO](#) ([Houstonia](#), [Houston Chronicle](#)).

Midway Cos. and the Harris County Houston Sports Authority announced plans to build a **Houston Sports Hall of Fame** Downtown at the inaugural Houston Sports Awards on February 8. The hall of fame is expected to be located near the House of Blues at GreenStreet, in addition to a walk of fame for inductees. [\(HBJ\)](#), [\(HBJ\)](#)

Lyric Center Garage, part of the first phase of the \$58 million Lyric Market and Garage project at 411 Smith St. is now complete. The 8-story, 800-space parking garage by US Property Management opened in March. [\(KPRC\)](#), [\(Lyric Market\)](#)

The Downtown Redevelopment Authority (DRA) approved the leasing of the site at 1519 Fannin St. to be developed into a new park space. The **new public park** will occupy three-quarters of a block bounded by Bell, San Jacinto, Leeland and Fannin streets. An amenity for the growing number of residents in Southern Downtown, the park will be just across the street from the new Block 334 apartment complex at 1515 Main St. and a few blocks of both Skyhouse towers, Houston House apartments, and the 1711 Caroline apartments. This project supports a key recommendation of the 20-year Plan Downtown vision and the DRA will engage the community for design and programming input in late spring of 2018. Construction is expected to begin in mid-2019, with an opening date set for summer 2020. [\(HBJ\)](#), [\(Bisnow\)](#)

Several Downtown projects were among the **2018 Landmark Awards** finalists, recognized for excellence in land planning, design, construction, economics, marketing and management. Downtown finalists include: Aris Market Square (Multifamily category); 609 Main at Texas (Office Building or Campus category); NRG sublease at One Shell Plaza (Project Lease Category); Allen Center Phase 1 (Rehabilitation/Renovation category); Local Foods on Main (Restaurant category); DesignHive by Brookfield (Workplace Interior category); Harris County Houston Sports Authority (Workplace Interior category). The winners will be revealed on April 20. [\(HBJ\)](#)

The new monumental 30,000-SF **Sky Dance** mural on the façade of the 1415 Louisiana parking garage was created by international visual artist C. Finley, and commissioned by WEDGE Group. At 230 feet wide and 130 feet tall, Sky Dance is the largest mural ever realized in Houston. [\(Houston Chronicle\)](#); [\(Houstonia\)](#), [\(Culturemap\)](#)

Q1 2018 Overview

MAJOR OFFICE LEASES AND SALES

TENANT	TYPE	TO	FROM	SF
Jackson Walker	Renewal/Expansion	5 Houston Center	-	77,015
Royal Bank of Canada (RBC)	New to Downtown	609 Main	Williams Tower and 5 Post Oak	54,000
NextEra Energy	Renewal	601 Travis	-	50,283
Liskow & Lewis	New to Downtown	First City Tower (1001 Fannin St)	-	27,641
Yetter Coleman LLP	Relocation	811 Main	2 Houston Center (909 Fannin)	24,494
White & Case LLP	New to Downtown	Two Allen Center (1200 Smith St.)	-	28,350

Sources: Houston Office Q1 2018 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

INNOVATIVE WORK SPACE

PROPERTY NAME	ADDRESS
WeWork	708 Main
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
Regus	700 Milam, 2 Allen Center (1200 Smith)
Level Office	720 Rusk, 405 Main

PLANNED

Serendipity Labs	Esperson Building (808 Travis)
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Sources: HBJ; Central Houston, Inc.

RETAIL OPENINGS

opened Q1 2018

Cellar 7 Wine & Bar Bites	610 Main
CVS Pharmacy	300 Milam
High & Dry	306 Main
DuVin Pintor Gallery	1401 Caroline
La Cantina by La Calle	909 Franklin
Thai Café	917 Franklin
Boontown Coffee Main St. Café & Bar (formerly Honeymoon Café & Bar)	300 Main
BirdDog Saint (formerly Springbok)	711 Main
La Fisheria (reopened)	213 Milam

Spotlight on Downtown Houston

LOCAL MEDIA

March 29, 2018

HOUSTON SEES EVEN MORE VISITORS IN 2017, AIMING FOR 25M BY 2020

"After beating its previous goal two years early, Houston First Corp. is now aiming for 25 million visitors to Houston by 2020. The city is on its way to that goal with an estimated 21.8 million domestic and international combined visits to Houston in 2017. Of that total, an estimated 18.3 million visits were from domestic travelers, up 6 percent from 2016. Leisure travelers accounted for about 73 percent of the domestic visits, 15 percent were for business, and 12 percent fell outside those two categories. ..."On the heels of a highly successful year for Houston, beginning with the Super Bowl and ending with a World Series championship, it is no surprise that our city continues to capture the attention of more and more people who live elsewhere" – Mayor Sylvester Turner. ..."The Visit Houston team booked 429 future conventions and meetings in 2017, representing more than 802,850 room nights, up about 5 percent from the record 765,401 room nights booked in 2016. Again, the organizations cited the 2017 Super Bowl—and the downtown projects completed just in time for the big game—as factors driving that growth. ..." —**Bisnow**

March 23, 2018

BIG FOUR ACCOUNTING FIRM TO EXPAND DOWNTOWN HOUSTON FOOTPRINT

"KPMG is taking more space—and hiring more employees—in its downtown Houston office. The accounting and professional services firm is building out an additional 11,916-SF in 811 Main, formerly known as BG Group Place. According to a KPMG spokesperson, the move is due to the growth of the firm's tax and advisory services practice, as well as the firm's increased headcount. It's unclear how many new employees KPMG has hired; those figures weren't disclosed. The company currently occupies 114,517 square feet and will move into the additional space in June. The building permits list the cost of buildout at \$720,000. KPMG is the city's fourth-largest accounting firm when ranked by CPAs, according to HBJ research. As of March 9, the company has 450 certified public accountants and 1,450 full-time employees in Houston." —**HBJ**

March 19, 2018

NEW GREEN SPACE SPROUTING UP IN DOWNTOWN HOUSTON

If you live or work downtown, you will soon have another place to enjoy the outdoors. The city announced it is building a new green space near the Toyota Center. The public park will occupy three-fourths of a block near Bell, San Jacinto, Leeland, and Fannin streets. The remaining one-fourth serves as a parking area for South Texas College of Law faculty and staff. This project supports Plan Downtown—a 20-year vision plan for the downtown area that was approved last November—by creating an open space to promote visitor appeal, business climate, livability, and connectivity. Construction of the new park is expected to begin in mid-2019 and should open in the summer of 2020...." —**Culturemap**

March 16, 2018

40-STORY MARKET SQUARE TOWER FILLS UP FASTER THAN EXPECTED

"Apartment renters have claimed more than 90 percent of the units in downtown's tallest residential project: The 40-story Market Square Tower that gained national attention for its glass-bottomed sky pool hovering above Preston Street. The leasing milestone, reached in December, shaved three months off Woodbranch Investments Corp.'s projected 15-month timeline and signals downtown is no longer limited to 9-to-5 office workers and theater goers. Bars and restaurants, food halls and parks are catering to a growing population, thanks to incentives provided by the Downtown Living Initiative. "I really enjoy the way downtown is coming back," Woodbranch Investments CEO Philip Schneidau said. "In the evening, people are walking around in Discovery Green, and Market Square Park. It's really getting to be a nice neighborhood feel to it after hours, versus the business feel during the day." Downtown has grown to about 6,000 residential units, up from 2,500 at the start of 2014... A CVS store recently opened on the ground floor of the garage." —**Chronicle**

Spotlight on Downtown Houston

LOCAL MEDIA (CONTINUED)

March 6, 2018

HOUSTON NAMED NO. 2 FOR NEW, EXPANDED CORPORATE FACILITIES

"Once again, Houston and Texas are among the top areas for corporate relocations and expansions in the nation, according to Site Selection magazine. Houston ranked as the No. 2 metro in the Atlanta-based magazine's 2017 Governor's Cup, which recognizes the top states and metros for economic development. The Houston-Woodlands-Sugar Land Metropolitan Statistical Area logged 196 new and expanded corporate facilities. Texas, meanwhile, ranked as the No. 1 state by sheer number of projects for the sixth year in a row. A main reason companies choose Texas, Gov. Greg Abbott said on Site Selection magazine, is its workforce. "I asked them directly why they keep opening facilities in Texas, ... they were immediate and direct in their response: They said it's the top-quality workforce." ..."Houston is the most diverse city in the U.S. and companies thrive in our region," Bob Harvey, president and CEO of the Greater Houston Partnership. "We are powered by a highly-skilled and well-trained talent base that enjoys an excellent quality of life. All these factors, coupled with a low-cost of doing business, offer global companies vast opportunities for growth and investment." Houston has ranked among the top three metros since 2011." —HBJ

March 1, 2018

EXCLUSIVE: AFTER \$25M RAISE, HOUSTON TECH CO. MOVES OFFICES DOWNTOWN

"Arundo Analytics, a heavy industry software company with its largest office in Houston, has moved into its new offices at 1600 Smith St. from its space at downtown incubator Station Houston. The new office in Brookfield's DesignHive Rottet Studio 5,400-SF will initially house about 30 employees and is expected to hold 50 people in the next few months as the company continues to grow. "We are committed to building a leading industrial analytics software company and believe that Houston will be one of a select group of global cities that lead the digital industrial shift," Stuart Morstead, COO of Arundo. "Arundo has been a part of the Station Houston community since its inception, and was the largest member of Station Houston. Arundo serves many heavy industries with its analytics software, including the oil and gas, maritime, mining, chemicals and power and manufacturing sectors. The company is aiming to double its headcount over the next year with a majority of its growth occurring in Houston. Arundo has raised about \$32.5 million since it was founded in August 2015. It recently announced a \$25 million Series A." —HBJ

February 19, 2018

HOUSTON TAKES 4 OF 10 SPOTS ON TEXAS MONTHLY'S 2018 BEST NEW RESTAURANTS LIST

"The latest concepts from local chefs Hugo Ortega, Ronnie Killen, Justin Yu and Ryan Lachaine are among the honorees on Texas Monthly's "2018's 10 Best New Restaurants in Texas" list. Ortega's Xochi—which opened on the ground floor of the Marriott Marquis in late January 2017—tops the list. Texas Monthly calls the concept "the most fascinating restaurant to have opened in Texas in 2017" and "yet another milestone in the career of 53-year-old Ortega," who was named Best Chef in the Southwest in last year's James Beard Awards.... Justin Yu's Oxheart replacement, Theodore Rex, is No. 6. After closing Oxheart last March, Yu transformed the location into the new concept, which opened in October. Texas Monthly describes Theodore Rex as eclectic with an "accessible, changing menu," noting Yu's "food is as innovative as ever and a lot more approachable." ...Among the honorable mentions, Texas Monthly recognized Houston Astros owner Jim Crane's dual concepts Osso & Kristalla and Potente across from Minute Maid Park." —HBJ

LOCAL MEDIA (CONTINUED)

February 8, 2018

THESE ARE THE TOP 5 HOTTEST HOUSTON SUBMARKETS FOR APARTMENTS

ApartmentData.com, a data website that tracks the multifamily industry, named Downtown as the hottest rental submarket in Houston. "The report looked at a combination of rental rate growth and absorption over the past three months and attributed downtown with a 12.3 percent annualized growth from November through January. Bruce McClenney, president of ApartmentData.com, explained downtown's high rank is due to new properties that have come on the market, such as Aris Market Square, which opened in September 2017... In relation to other parts of the city, downtown didn't have much supply to begin with, McClenney said. Currently there are 23 properties downtown with almost 6,000 units while two years ago the supply was about half of that...." —HBJ

January 23, 2018

METRO HEARS SUGGESTIONS FOR NEW COMMUTER BUS SERVICE

As Houston's commuting patterns change, the Downtown Management District is pitching a new transportation proposal that could include a major expansion of park-and-ride bus service...The Management District's Transportation Committee is floating a new plan called Metro MAX. The proposal includes seven-day-a-week service from Metro's park and ride lots with commuter buses running in both directions. Speaking before Metro's Strategic Planning Committee, District Executive Director Bob Eury said a lot of people who live downtown now actually work out in the suburbs. "And it's not all sort of the way it's been where I live in the suburbs and come to work in the central part of the city," added Eury. "The game has changed on us at this point." Metro board member Christof Spieler said Houston already has the infrastructure in place to implement some of those ideas fairly quickly: "I think it would be a very worthwhile thing for us to do, to basically corridor by corridor, look at where are the low-hanging fruits in moving to this"... Metro said it's currently reviewing the District's suggestions as it develops a new regional transit plan. Metro CEO Tom Lambert said they've also brought TxDOT into the discussion..." —Houston Public Media

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

March 2018

FINDING THE MOST 'ENERGIZING' CITY FOR YOUR NEXT CONVENTION



"It was an incredible year for dining across the U.S. in 2017. With chefs from New York, Chicago and San Francisco moving to smaller markets like Denver, Raleigh, Seattle and Charleston (among others), culinary innovation is booming in cities big and small. But which food town had the biggest growth spurt this year? We've asked editors around the country to make a case for the city they believe had the biggest year in food by assessing the number of exciting new openings, award recognition and national media attention. Then we let some of the top food media brass weigh in on which locales were most exciting... No. 13: Houston, TX...While Hurricane Harvey cast a dark shadow over the city for much of 2017, one ray of light continued to be the growth and diversity of Houston's exploding restaurant scene. Hugo Ortega ended his six-year nominee streak with a James Beard Award win for Best Chef: Southwest and garnered national notice from Food & Wine, Thrillist and The NY Times for his upscale Oaxacan restaurant Xochi. Justin Yu (formerly of Oxheart, currently of Theodore Rex) broadened his reach via a collaborative venture with local craft cocktail king Bobby Heugel (Anvil, The Pastry War) at Better Luck Tomorrow. And though Bryan Caswell is not a new name in town, his first restaurant in eight years, Oxbow7, is also noteworthy..."

January 2018

TECH STARTUP EXPANDS TO 5,400 SF OFFICE SPACE IN DOWNTOWN HOUSTON



"Arundo Analytics, an analytics software startup with offices in Norway and California, has expanded its office footprint in Houston, leasing 5,400 square feet at 1600 Smith St. in the downtown area. The building was formerly known as Continental Center I and is owned and operated by Brookfield Properties. Bill Boyer of CBRE represented Arundo in the lease negotiations. The company previously occupied 1,250 square feet at 1301 Fannin St."

January 2018

HOUSTON FIRST AND KHOU PARTNER TO LAUNCH CITY'S FIRST NETWORK SATELLITE STUDIO [DOWNTOWN]



"Houston First Corporation and CBS-affiliated television station, KHOU 11, have formed a partnership to deliver the first network satellite studio in downtown Houston. The new studio will be located along the city's expanding entertainment district, Avenida Houston, with construction slated for completion in late summer. "Since the development of Avenida Houston, we have witnessed downtown transform into a local destination," said president and CEO of Houston First. "From chef-driven restaurants and luxury hospitality, the new Avenida Studio will be another great addition to this expanding entertainment district." The approximately 780-SF studio will have the flexibility to open on to the plaza, enabling reporters to directly engage with the public and be at the center of major downtown events. "The Avenida Houston location will put us at the center of downtown activity, enabling anchors and reporters to live out our brand of 'Standing for Houston' by providing us with a closer connection to the community we serve" said Susan McEldoon, General Manager of KHOU. "As the only station with a downtown studio, we will use the Avenida Houston studio as our second home to produce big, bold, original content on all of our platforms." KHOU will use the Avenida Houston studio multiple times per week to broadcast across all dayparts, including KHOU 11 News, Great Day Houston and other KHOU-produced programming and specials."

Please contact Central Houston or the District with any questions you may have:

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Resources

[Downtown Development Map](#)

[Bird's-eye-view Map](#)

[Downtown Parking Map](#)

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Downtown Houston Market Report

Q4

KEY HIGHLIGHTS

478

New hotel rooms opened in Q4

10

new retailers opened in Q4

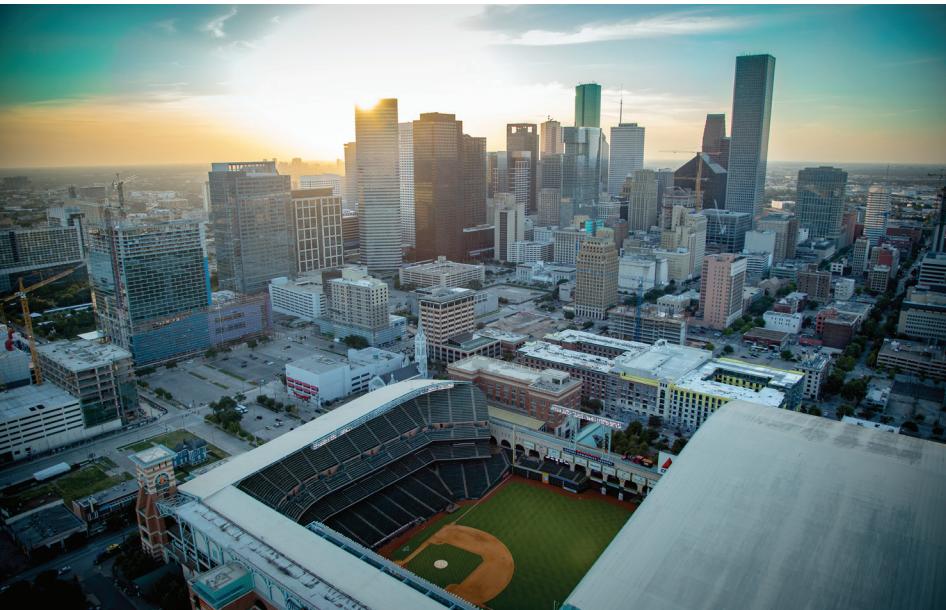
2017 was a momentous year for Downtown Houston, with incredible highs and devastating lows. The year kicked off with Downtown hosting over 1.3 million visitors for Super Bowl LIVE, a nine-day interactive fan festival leading up to Super Bowl LI. Against this backdrop, the office market continued to feel the effects of the deepest downturn in the energy industry since the 1990s. Downtown started off the year with the highest concentration of sublease space, not just in the Houston region, but in the nation. Shell's departure from One Shell Plaza (910 Louisiana) and BG Group Place (811 Main) left almost a million square feet on the sublease market, in addition to a milieu of factors that added large blocks of available space in the first half of the year. These included major energy company mergers and consolidations (most recently, the Enbridge-Spectra merger), law firms downsizing office space to cut costs, the delivery of the 1 million-SF 609 Main office tower in January, and construction of Capitol Tower in June. However, industry recovery gained momentum, with WTI Crude Oil trading between \$40 and \$50 in the first half of 2017, met with cautious optimism due to the lingering supply-demand imbalance and geopolitical uncertainty.



Super Bowl LIVE

2017 Overview

SUMMARY (CONTINUED)



Houston Skyline

Downtown displayed tremendous resilience, remaining the most attractive and competitive submarket in the region. Thanks to robust leasing and investment activity and positive absorption, the Downtown office market picked up in the second quarter. Notable deals such as NRG's sublease of 431,307-SF in 910 Louisiana, TransCanada's expansion to 260,000-SF in 700 Louisiana, Bank of America's 209,447 SF pre-lease in Capitol Tower, Motiva's expansion to 204,500-SF in One Allen Center, and Saudi Aramco's 200,000 SF lease in Two Allen Center, helped significantly reduce Downtown's available inventory by well over 2 million-SF. Sublease space decreased for four consecutive quarters. Downtown also recorded the highest and most notable office purchases, with Spear Street Capital's purchase of 5 Houston Center for \$171 million and Jefferson Smith LLC's purchase of 500 Jefferson (now 1801 Smith) for \$15.6 million, in the first quarter, and Brookfield Properties' purchase of the 4.2 million-SF Houston Center Office Complex in December for a record \$875 million – one of the largest transactions in Houston's real estate history. Beyond traditional office space, Downtown's innovation and co-working infrastructure significantly expanded in 2017. WeWork leased the entire 86,000-SF 708 Main building, with a goal to achieve of 3 percent of Downtown's total office market (~1 million-SF). Foundry Club also leased 13,644-SF in 110 Main for its first Houston co-working and collaborative workspace.

2017 was a tenant market. Downtown saw a flight to quality as tenants capitalized on the competitive rents from the excess available space, trading up to Class A and B sublease spaces offered at a discounted rate to direct space. Downtown captured the bulk of leasing in Houston, attracting prominent law firms that gravitated towards prime sublease space and Downtown's trophy towers. This in turn spurred significant renovation and redevelopment projects across the Downtown office market, with landlords repositioning buildings to cater to a variety of corporate cultures and evolve with the changing demographic and workforce to remain competitive, providing tenants with a better recruiting tool. Buildings in the process of major renovations, including Allen Center, The Jones on Main and Bank of America Center have already seen significant increase in leasing activity.

Downtown and the Houston economy's recovery process was temporarily slowed down by Hurricane Harvey's unprecedented flooding, with slightly negative job growth recorded in August. Thankfully, Downtown fared well, with little impact on the office market, and thanks to the tremendous community support, outreach and resilience, most businesses were up and running within days after the storm. Unfortunately, the Theater District, Harris County Criminal Justice Center buildings, and buildings along the Bayou suffered catastrophic flooding and damage of varying levels. All four major venues in the Theater District were impacted with the Wortham Theater Center sustaining the greatest damage. The Theater District parking garages also flooded but



Houston Harvey flooding

2017 Overview

SUMMARY (CONTINUED)

reopened to the public just before Thanksgiving. The Theater District incurred over \$120 million in losses, in addition to the millions in revenue loss from cancellation of performances, and expenses incurred to find alternative locations for productions. The Harris County Criminal Justice Center building suffered the same fate, with basements submerged in water. The Justice Center is currently closed until further notice, but the 16 County Criminal Courts at Law have been temporarily relocated to the Family Law Center at 1115 Congress Ave. Several residential, hotel and restaurant buildings along the Bayou were also impacted. While most of these buildings are back in operation; others that sustained significant flooding, including the Lancaster Hotel, Spaghetti Warehouse and Magnolia Ballroom, are temporarily closed, undergoing repairs until the foreseeable future. Overall, the region bounced back quickly, and achieved the largest job gains in the year – an addition of 43,200 jobs in October.

Downtown had strong apartment demand and absorption throughout the year, with occupancy rates averaging 66.3%, even with the delivery of 1,448 new residential units in 2017. Downtown's newest apartment buildings are exceeding performance expectations,

with several already over 60 percent leased within a few months of opening. Downtown's growing residential population remains integral to the vibrancy of Downtown, employee recruitment, tourism and retail. 2017 also saw two hotel deliveries, adding 478 hotel rooms to the growing inventory, and close to 50 new restaurants, including the critically acclaimed Xochi and Theodore Rex, by James Beard Award-winning chefs Hugo Ortega and Justin Yu, respectively.

The year closed out on a high note, with the Houston Astros winning their first World Series Championship in franchise history and drawing perhaps Downtown's largest single-day crowd for the Championship Parade on November 3rd. This date was also momentous for Downtown: the Houston Downtown Management District and Central Houston unveiled Plan Downtown: Converging Culture, Lifestyle & Commerce, the 20-year vision plan for Downtown at the Central Houston Annual Meeting.

Oil prices reached a three-year high in December, nearing \$70 a barrel, restoring confidence, and making full recovery a near-future reality, pending oil prices stability, energy firms hiring, and further reduction in direct and sublease inventory.



Astros World Series Championship Parade

Market Overview

RESIDENTIAL HIGHLIGHTS

5,901
residential units

320
under construction

1,450
proposed

OFFICE HIGHLIGHTS

775,000 sf
under construction

RESIDENTIAL

1711 Caroline, a 5-story, 220-unit mid-rise residential building by Leon Capital Group is on track for completion in 1Q 2018. Offering a fusion of rugged charm and indulgent modern luxury, the apartment building is now pre-leasing. ([Website](#))

Camden Property Trust broke ground on the first block of a 2-phase, 550-unit residential development before the end of 2017. Designed by Ziegler Cooper, the first phase—**Camden Downtown**—will be a 21-story, 271-unit high-rise apartment tower at 1515 Austin. The tower will feature a 20,000-SF amenity deck and a 20th floor sky-lounge with unrivaled views of the skyline and the adjacent Root Square Park. Camden plans to start the \$145 million second phase in the first quarter of 2020. ([HBJ](#), [Ziegler Cooper](#))

OFFICE

1001 McKinney, a 24-story, 375,000-SF LEED Gold office tower, is for sale. Owned by Cameron Management and Silverpeak Real Estate Partners, the building underwent an extensive \$3 million renovation in 2014 and is currently 75 percent occupied. The building is a historic landmark on the National Register of Historic Places and is a past winner of the International BOMA Historical Office Building of The Year award. ([RNR](#), [Bisnow](#), [HBJ](#))

717 Texas has been refinanced in a \$163.5 million Goldman Sachs loan secured by JLL Capital Markets on behalf of Hines and Prime Asset Management. The deal closed in June 2017. The building was fully leased for over a decade until Freeport-McMoRan Oil & Gas vacated its space in April 2017, leaving the tower about



The ACRE, Brookfield Properties



Camden Downtown, Phase I

50 percent leased. One of the biggest office refinancing loans signed in Houston in 2017, the loan will enable the building's owners to draw additional funds toward leasing the vacant space. ([HBJ](#))

Brookfield unveiled the completed first phase of its \$48.5 million redevelopment of **Allen Center** in October. One Allen Center has been renamed **Motiva Plaza at One Allen Center**, after Motiva Enterprises expanded its footprint and gained naming rights. Highlights of the renovations include: a modern two-story glass façade lobby in One Allen Center with a slot for a chef-driven restaurant; a new transparent skybridge; a mixed-use green space, named The ACRE. Brookfield's future redevelopment efforts will focus on the full renovation of DoubleTree Hotel at 400 Dallas St., which it acquired in November 2016. ([Bisnow](#), [RNR](#))

The iconic **Bank of America Center**, a 56-story, 1.5 million-SF office tower at 700 Louisiana will be undergoing a \$15 million multiphase renovation that will add 25,000-SF of new office space, a high-end restaurant space and a revamped lobby. M-M Properties will commence Phase one of the renovations in early 2018, and Phase two in early 2019. The building is over 91 percent leased, with PMRG completing 192,000-SF of leasing since Bank of America's announced departure. ([HBJ](#), [Bisnow](#))

Skanska is planning a 24,000-SF sky park for tenants and private corporate events on top of **Capitol Tower**'s attached 11-story parking garage. The park will be irrigated by the Tower's 50,000-gallon rainwater harvest cistern. Capitol Tower is one of only four Platinum core and shell projects nationwide, pre-certified under LEED

Market Overview

HOTEL HIGHLIGHTS

7,803
hotel rooms

349
under construction

620
proposed

RETAIL HIGHLIGHTS

10
new retailers

OFFICE (CONTINUED)

v4 Platinum. Less than halfway through construction, Capitol Tower has secured a second tenant: Quantum Energy Partners, a private equity firm, which will be moving its headquarters to the top (35th) floor in November 2019, occupying 32,000-SF. The office tower is now 33% leased and is on target for completion in the second quarter of 2019. ([Bisnow](#), [Chronicle](#), [HBJ](#), [Chronicle](#), [HBJ](#), [RNR](#))

Astros Owner Jim Crane plans to convert the 18,000-SF **Hamilton Street House** property alongside Minute Maid Park to premium parking for Astros games. The Astros purchased the property from New Hope Housing, helped raise money and are working with the non-profit to relocate its operation. ([Bisnow](#))

Brookfield Property Partners has closed on the acquisition of **Houston Center**, a 4.2 million SF office and retail complex, in one of Houston's largest real estate transactions. Purchased for \$875 Million from J.P. Morgan Asset Management, this sale makes Brookfield the largest office property owner in Downtown with a 12 million-SF portfolio. Brookfield plans to invest over \$50 million in extensive renovations to expand and improve tenant amenities and redefine the public areas to keep the building competitive. Transwestern will be overseeing leasing at the building, which is currently 72 percent occupied. ([RNR](#), [HBJ](#), [CoStar](#))

Boxer Property recently bought the former **St. Joseph Professional Building**, an 18-story, 136,000-SF building at 2000 Crawford St. Boxer plans to convert the property into an iconic co-working building, update the retail spaces, shared lounges and conference facilities. ([HBJ](#), [RNR](#))

Several Downtown companies and employees were winners and finalists of HBJ's inaugural **Diversity in Business Awards**: *Outstanding companies in the small category*: Winston & Strawn LLP (Winner), Garcia Hamilton & Associates LP (Finalist); *Outstanding companies in the medium category*: Foster LLP (Finalist); *Outstanding companies in the large category*: Baker Botts LLP (Finalist), Hilton Americas-Houston Hotel (Finalist), Houston Community College (Finalist); *Outstanding individuals in the head of diversity category*: Rosa Walker, Director of Administration, Pillsbury Winthrop Shaw Pittman (Finalist); *Outstanding individuals in the role model category*: Katherine Franco, Associate, Blank Rome LLP (Finalist). ([HBJ](#))

HOTEL

In December, NewcrestImage began construction on the 10-story, 195-key **AC Hotel by Marriott** at 723 Main. A redevelopment of the former historic Houston Bar Center, the European style luxury hotel, is scheduled for completion in early 2019. The hotel will include a 3,600-SF Zoe Ballroom – a homage to The Zoe Theater, a silent movie theater that opened in 1914 on the ground floor. ([Downtown District](#), [HBJ](#))

Construction has commenced on the conversion of the historic Southwestern Bell Telephone Company office building at 1114 Texas Avenue into a new 16-story, 150-room select service **Hyatt Place** hotel. Developed and managed by Pride Management, Inc., the hotel will feature a ground-level dining area, rooftop cocktail bar/sky lounge, indoor pool, fitness center and 800-SF of meeting space. ([PMI](#), [RNR](#), [HBJ](#))

RETAIL

Café Cosmopolita opened on the ground floor of SkyHouse Houston at 1625 Main St. in the first week of December. The independent specialty coffee shop with a modern and international theme serves high quality espresso based drinks, coffee, tea, pastries, breakfast sandwiches and other beverages. ([Website](#))

The Dive, a club, bar, performance and event venue, and arcade is now open at 809 Pierce St. The venue features free arcade games and live music featuring DJs and international artists. ([Website](#))

Fabian's Latin Flavors is now open at 301 Main St. The restaurant offers authentic cuisine from various Latin American countries using fresh ingredients, unique cocktails, a charming atmosphere, and salsa music on Friday and Saturday nights. ([Website](#))

Gordi's Arepas is open within Conservatory Food Hall at 1010 Prairie St. Gordi's gives customers a taste of the authentic flavors of South American dishes, serving a variety of hot and cold, vegetarian or meat filled Venezuelan-style arepas. ([Website](#))

Located on the 23rd floor of Le Méridien Hotel at 1121 Walker St., the newly opened **Hoggbirds Rooftop Lounge** offers an exquisite menu of light bites, cocktails, specialty beers and wine selections. It also provides 360-degree views of downtown Houston. ([Website](#))

Market Overview

RETAIL (CONTINUED)

The creators of the popular Breakfast Klub have opened **Kulture** on the ground floor of the Partnership Tower in December. Located at 701 Avenida De Las Americas, Ste. A, the restaurant explores the cultural contributions of the diaspora from Africa to the Caribbean and the southern U.S. Coast through food, spirits, art and music. ([Avenida Houston](#))

GreenStreet's newest pop-up shop, **Make(her) Boutique** launched on November 10. The collaborative boutique curated by GreenStreet and Next Seed, features beautiful jewelry by Brenda Grands, healing skincare products from Camellia Alise and trendy Texascentric apparel by State Line Designs. The boutique is open Monday through Saturday. ([Website](#))

The **Pho Spot**, the latest addition to the roster of permanent vendors within Conservatory Food Hall at 1010 Prairie St., is now open every day of the week. The build-your-own-pho stand, billed as a Chipotle-style concept uses a Vietnamese family recipe. ([HoustonPress](#))

Posh Liquors has relocated from 1207 Prairie St. to 1602 San Jacinto St. The store is currently operating their delivery service of wine, liqueurs, spirits, beer, tobacco products and more. ([Website](#))

Saint Arnold Brewing Company was named "Mid-size Brewing Company and Brewer of the Year" at the 2017 Great American Beer Festival in Denver. Three of its craft beers earned medals out of about 8,000 beers from over 2,200 U.S. breweries that competed at the festival in nearly 100 categories. ([HBJ](#))

Zagat named **Houston as one of the 30 most exciting food cities in America for 2017**. Houston ranked No. 13 with Zagat citing "the growth and diversity of Houston's exploding restaurant scene." Zagat also cited Houston's Hugo Ortega's 2017 James Beard Award for best chef in the southwest and his new Downtown restaurant, Xochi, in addition to familiar names such as Justin Yu and Bryan Caswell. ([HBJ](#))

COMING SOON:

Cellar 7 Wine & Bar Bites, a wine bar and pizza place will be opening at 610 Main in February 2018. ([Website](#))

Frank's Backyard, a new beer garden is on schedule to open in the first quarter of 2018 at 413 Travis St. The bar, adjacent to Frank's Pizza, will feature an outdoor patio, an indoor seating area and a second-floor screened-in patio.

The creators of Houston's first food hall, Conservatory Underground Beer Garden & Food Hall, are opening, **Bravery Chef Hall**, on the ground level of the new Aris



Make(her) Boutique at GreenStreet

Market Overview

RETAIL (CONTINUED)

Market Square high-rise apartment. Houston's first "Chef Hall", the 9,100-SF restaurant at 409 Travis St. will feature five open-kitchen chef stations each with counter-side seating; a walk-up area to order food to-go; two wine bars; a coffee and pastry counter, and outdoor seating. The food hall will accommodate 300 to 400 diners. Kitchens by chefs David Guerrero (Andes Café); Ben McPherson (formerly of Krisp Bird & Batter); and Gary Ly (formerly of Underbelly) are confirmed, with two chefs yet to be announced. Bravery Chef Hall is slated to open in late summer. ([HBJ](#), [RNR](#), [Eater](#))

Irma's Southwest Grill will open on the ground floor of the new Catalyst luxury apartment tower in the first quarter of 2018. Located at 1423 Texas Ave., the new 6,500-SF location will open with the current Mexican concept, but a more upscale "Texas chic" feel, with an 80-seat lounge, 200-seat dining room, glass-enclosed private room, and a new name. ([Eater](#), [Catalyst](#))

Lyric Market, a 31,000-SF culturally rich and vibrant culinary destination, will be coming to the ground level of the 8-story, 700-space, 327,315-SF Lyric Centre Parking Garage. Currently under construction, the \$58 million food hall at 411 Smith St. will be fully enclosed in glass, with a new public plaza centered around David Adickes' 36-foot-tall "Virtuoso" sculpture, and outdoor seating. Lyric Market will be dominated by chef-driven concepts, in addition to vendors, a bar and lounge, underground speakeasy, an open-air terrace and café, and full-size restaurants. Tenants will occupy stalls ranging from 250 to 1,500-SF. Opening is scheduled for the fall of 2018. ([Website](#), [Swamplot](#), [HBJ](#))

High & Dry, a rum bar, will be opening its doors on the second floor of 306 Main St., just above Moving Sidewalk. The bar features a private patio. ([Website](#))



Lyric Market

Market Overview



Greenlink Downtown Circulator

OTHER DEVELOPMENTS

Downtown parking options have expanded with the opening of a new **surface parking lot at 801 Texas Avenue**, on the site of the old Houston Chronicle building. The 187-parking space lot developed by Hines offers 24/7 parking. ([Downtown District](#), [abc13](#))

A new **13-story parking garage at 803 Fannin St.** is going up on the western half of the block occupied by the Le Méridien Hotel. The new parking garage being developed by Lionstone and Midway will serve the newly renovated The Jones on Main at 708 and 712 Main St., two blocks away to the northwest. The parking garage is expected to be completed by the end of 2018. ([Swamplot](#))

Avenida Houston, by Houston First & Griffin Partners Development was named the Not-for-profit category finalist in ULI-Houston's 2018 Development of Distinction Awards. ([HBJ](#))

The Downtown District and Houston First has "relaunched" **Greenlink** with two new and improved routes and new branding of the buses. The evening and weekend Orange Route will now operate Monday through Friday from 6:30pm to midnight, Saturday from 9am to midnight and Sunday from 9am to 6pm. The Green Route days and hours will be the same, Monday through Friday from 6:30am to 6:30pm. New signage will be installed at all stops. ([Downtown District](#), [METRO](#))

Harris County courts resumed jury duty October 16 in temporary facilities. Prospective jurors report to the basement of the county administration building at 1001 Preston, and are moved to temporary locations. The Harris County Criminal Justice Center and the underground Jury Assembly Building are still closed to flooding from Harvey, and 16 county courts have temporarily relocated to the Family Law Center at 1115 Congress Ave. ([HBJ](#))

The Houston Technology Center (HTC), GHP's Technology Innovation Roundtable, and the Mayor's Technology & Innovation Task Force have created **Houston Exponential**, a new nonprofit to support local startups. Chaired by Gina Luna, and interim president/CEO, Dick Williams (formerly of Shell Wind Energy), the nonprofit aims to make Houston a top innovation ecosystem in the country, create 10,000 new technology jobs by 2022, and help Houston-based startups secure \$2 billion in venture capital investments in 2022. Houston Exponential will also launch the \$40 to \$50 million **HX Venture Fund**. ([HBJ](#))

OTHER DEVELOPMENTS (CONTINUED)

Local Billionaire Tilman Fertitta closed on a \$2.2 billion deal to buy **Houston Rockets** on October 5. Fertitta is the sole owner of Houston-based restaurant empire Landry's Inc. and the Golden Nugget Casinos and Hotels. ([HBJ](#))

Alley Theatre reopened the **Hubbard Theater** on November 24, after repairs to Hurricane Harvey damages. The theater temporarily hosted performances at the University of Houston. Most of the construction from its \$46.5 million renovation project in 2015 was not affected by Harvey. The Neuhaus and basement areas are expected to be ready for the 2018 Alley All New Festival that begins on January 20. ([HBJ](#))

Houston First and **KHOU 11** will be opening the city's first network **satellite studio** Downtown in Avenida Houston in March 2018. The 780-SF studio will put KHOU anchors and reporters at the center of Downtown events, and allow them to directly engage with the public. KHOU 11 plans to use the studio to broadcast its daytime programs, including "KHOU 11 News" and "Great Day Houston," and other programming and specials. ([KHOU](#), [HBJ](#), [Bisnow](#))

North Houston Highway Improvement Project (NHHIP), a \$7 billion, 24-mile, 3-segment TxDOT project to rebuild IH-45 from Beltway 8 through Downtown; the project includes rebuilding IH-10 across northern Downtown and IH-69 from the Montrose bridge to the IH-10 interchange. NHHIP is a priority infrastructure and transportation planning initiative for Central Houston, Downtown District and the Downtown Redevelopment Authority. These organizations are collaborating with TxDOT, the City of Houston, and other entities on project implementation, including opportunities for public space and private redevelopment in proximity to the highway project.

Central Houston and the Downtown District unveiled **Plan Downtown: Converging Culture, Lifestyle & Commerce** on November 3, 2017. This 20-year vision for the future of Downtown Houston, outlines recommendations for both short-term and long-term planning, development, innovation and design that will improve the visitor appeal, business climate, livability and connectivity within and around Downtown Houston leading up to the city's bicentennial in 2036. The full report is available [here](#). ([Downtown District](#))



Tilman Fertitta

Wortham Theater Center, initially slated to open in May, will now reopen in September, to allow for hurricane damage repairs and reconstruction. Wortham is home to the Houston Ballet and Houston Grand Opera. The Houston Grand Opera (HGO) has moved most of its performances to the HGO Resilience Theater on the third floor of the George R. Brown. The Houston Ballet has moved its performances to the Hobby Center and the Smart Financial Centre in Sugar Land. For more information, visit the Houston Ballet [website](#) and HGO's [website](#). ([Houston Press](#), [HBJ](#))

2017 Overview

RESIDENTIAL INVENTORY

RESIDENTIAL UNITS	BEFORE 2000	SINCE 2000	CURRENT INVENTORY	UNDER CONSTRUCTION	PROPOSED	TOTAL WHEN COMPLETE*
Market Rate Rental	1,016	4,011	4,957	220	1,450	6,627
Condos	200	456	656	100	0	756
Single-Family Homes	1	2	3	0	0	3
Affordable	186	99	285	0	0	285*
TOTAL	1,403	4,568	5,901	320	1,450	7,542
Estimated Population**	1,504	6,767	7,194			12,592

Based on known projects only (up to year 2023)

*Hamilton St. Residence will be closing on January 19, 2018; Total affordable inventory in 2018 is expected to fall to 156 units

**Estimated Population = # of units x Average Household size x Occupancy rate

Source: Central Houston, Inc.; CoStar

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES

TENANT	TYPE	BUILDING TO	BUILDING FROM	FINAL SQUARE FOOTAGE
Q4 TransCanada (ANR Pipeline)	Expansion (HQ)	Bank of America Center (700 Louisiana)		260,000
Talos Energy	Expansion/Relocation (HQ)	Three Allen Center (333 Clay)	One Allen Center (500 Dallas)	97,934
RBC Capital Markets	Relocation/Consolidation	609 Main at Texas	4400 Post Oak Pkwy & Williams Tower	56,584
Chamberlain Hrdlicka	Renewal	Two Allen Center (1200 Smith)		55,178
Beck Redden	Renewal	LyondellBassell Tower (1221 McKinney)		48,233
EYP Health (WHR Architects)	Expansion/Consolidation	Centerpoint Energy Tower (1111 Louisiana)	1111 Louisiana & 1201 Louisiana	47,330
Quantum Energy Partners	Relocation (pre-lease)	Capitol Tower (800 Capitol)	5 Houston Center (McKinney)	31,400
United States OCC		LyondellBassell Tower		27,223
Legacy Trust	Relocation/Renewal	1801 Smith (19th floor)	1801 Smith (3rd floor)	21,605
Kilpatrick Townsend & Stockton	New to Downtown	Bank of America Center (700 Louisiana)		17,500
Gazprom	Relocation	Three Allen Center (333 Clay)	Bank of America Center	TBD
BB&T Scott & Stringfellow	New to Downtown/Houston	Two Allen Center (1200 Smith)		TBD

2017 Overview

MAJOR OFFICE LEASES AND SALES (CONTINUE)

TENANT	TYPE	BUILDING TO	BUILDING FROM	FINAL SQUARE FOOTAGE
Q3 NRG Energy	Relocation/ Consolidation/ Expansion	One Shell Plaza (910 Louisiana)	NRG Tower (1201 Fannin); 1000 Main, 1300 Main	431,307
Motiva Enterprises	Renewal/Expansion (HQ)	Motiva Plaza (500 Dallas)	One Allen Center (500 Dallas)	204,500
Saudi Aramco	New to Downtown	Two Allen Center (1200 Smith)	9009 West Loop S.	200,333
Porter Hedges LLP	Renewal	1000 Main		105,026
EDF Trading	New to Downtown	601 Travis	4700 W. Sam Houston Parkway	61,845
Gibson Dunn	Relocation/ Expansion	BG Group Place (811 Main)	LyondellBasell Tower (1221 McKinney)	55,000
Legal Firm			LyondellBasell Tower (1221 McKinney)	48,233
The Bank of Nova Scotia	Renewal/Expansion	711 Louisiana		31,453
S&P Global Platts	Renewal	Heritage Plaza (1111 Bagby)		28,560
Tellurian	New to Downtown	Total Plaza (1201 Louisiana)		24,941
Steven S. Toeppich & Associates	New to Downtown	Total Plaza (1201 Louisiana)	2777 Allen Parkway	24,076
Lazard Financial Advisory	Consolidation	600 Travis (Fl. 33)	600 Travis (Fl. 22 & 23)	22,079
Willkie Farr & Gallagher LLP	Expansion	600 Travis		21,791
Core Midstream	Relocation	Bank of America Center (700 Louisiana)	2429 Bissonet	13,783
Foundry Club (Co-working space)	New to Downtown	110-114 Main		13,644
Spencer Ogden	Relocation/ Expansion	1201 Fannin	811 Main	12,000
Värde Partners	New to Downtown	609 Main at Texas	901 Marquette Ave. South, Minneapolis	TBD
Q2 Bank of America	Relocation (Prelease)	Capitol Tower (800 Capitol)	Bank of America Center (700 Louisiana)	209,447
TransCanada (ANR Pipeline)	Expansion (HQ)	Bank of America Center (700 Louisiana)		202,000
Crestwood Equity Partners LP	Relocation	BG Group Place (811 Main)	Bank of America Center (700 Louisiana)	114,870
Business Services Firm		1000 Main		86,000
WeWork	New to Downtown	The Jones on Main (708 Main)		82,236

2017 Overview

MAJOR OFFICE LEASES AND SALES (CONTINUED)

TENANT	TYPE	BUILDING TO	BUILDING FROM	FINAL SQUARE FOOTAGE
Macquarie Capital	Expansion	500 Dallas		71,311
Thompson & Knight	New to Downtown	BG Group Place (811 Main)		60,655
EOG Resources	Renewal	Heritage Plaza (1111 Bagby)		56,918
Gibson Dunn	Relocation/ Expansion	BG Group Place (811 Main)	LyondellBasell Tower (1221 McKinney)	55,000
Winstead PC	Renewal/Relocation	JPMorgan Chase Tower (600 Travis), Fl. 8-11	JPMorgan Chase Tower (600 Travis), Fl. 50-52	54,000
Alvarez & Marsal	Expansion	Bank of America Center (700 Louisiana)		50,000
WHR Architects	Expansion	1111 Louisiana		47,330
Boston Consulting Group	Expansion	1221 McKinney		31,000
Jones Walker LLP	Relocation/ Expansion	BG Group Place (811 Main)	1001 Fannin	27,459
Yetter Coleman	Relocation	BG Group Place (811 Main)	909 Fannin	27,459
EDP Renewables North America LLC	Expansion	Esperson Building (808 Travis)		20,441
Spencer Ogden	Relocation/ Expansion	Green Street (1201 Fannin)	BG Group (811 Main)	12,000
Chicago Title Insurance Co.	Relocation	609 Main at Texas	909 Fannin	10,000
Q1 ENI Petroleum	Renewal	Two Allen Center (1200 Smith)		142,000
Targa Resources Corp.	Relocation/ Expansion	811 Louisiana	Wells Fargo Plaza (1000 Louisiana)	127,734
Indigo Resources and MS Midstream	Expansion	600 Travis		67,710
Crestwood Partners	Relocation	BG Group Place (811 Main)	Bank of America Center (700 Louisiana)	54,215
McKinsey & Co	Relocation	609 Main at Texas	5 Houston Center (1001 Austin)	35,788

2017 Overview

MAJOR OFFICE LEASES AND SALES (CONTINUED)

TENANT	TYPE	BUILDING TO	BUILDING FROM	FINAL SQUARE FOOTAGE
Castex Energy, Inc	Renewal/Expansion	Three Allen Center (333 Clay)		27,673
Edison McDowell & Hetherington LLP	New to Downtown	1001 Fannin	Phoenix Tower (3200 Southwest Fwy)	27,000
Gibson Dunn	New	LyondellBasell Tower (1200 McKinney)		24,301
Legacy Holding	Expansion/ Relocation within building	1801 Smith		21,605
Arnold & Porter Kaye Scholer LLP	Relocation within building	Bank of America (700 Louisiana)		21,290
StanTech	New to Downtown	500 Jefferson		19,813
Motiva	New	Three Allen Center (333 Clay)		19,762
Willis Tower Watson	New	811 Louisiana		19,222
Paradox Resources	New	JP Morgan Chase Tower (600 Travis)		17,315
Freeport LNG Development, L.P	Renewal	Three Allen Center (333 Clay)		16,073
Russell Reynolds Associates	Relocation	609 Main at Texas	JPMorgan Chase Tower (600 Travis)	15,000
Enerflex Energy Systems Inc.	Renewal	Pennzoil Place (South)		11,315

REAL ESTATE SALES

PROPERTY NAME	SELLER	BUYER	ADDRESS	SIZE/SALE PRICE
Q4 Houston Center Office Complex	JP Morgan Asset Management	Brookfield Properties	1221 McKinney 909 Fannin 1301 McKinney 1221 Lamar 1201 McKinney	4.2 million SF/ \$875 million (\$208/PSF)
Q1 5 Houston Center	Columbia Property Trust	Spear Street Capital	1401 McKinney	580,875-SF/ \$171.4 million (\$295/PSF)
500 Jefferson	W.P. Carey	Jefferson Smith LLC	1801 Smith	390,479-SF/ \$15.6 million

*This report features all year-to-date leases >10,000-SF

Sources: Houston Office—2017 Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

2017 Overview

TOTAL COMPLETED

1,448
Residential Units

478
Hotel Rooms

1 million
Office Sq. Ft.

9
Total Projects

CO-WORKING SPACES/INCUBATORS DOWNTOWN

PROPERTY NAME	ADDRESS
WeWork	708 Main (1Q 2018)
Foundry Club	110-114 Main St. (Q1 2018)
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
Regus	700 Milam, 1200 Smith
Level Office	720 Rusk, 405 Main

PLANNED	
Serendipity Labs	Esperson Building (808 Travis)

Sources: Central Houston, Inc.

NEW DEVELOPMENT: COMPLETED IN 2017

RESIDENTIAL	ADDRESS	DEVELOPER	STORIES	UNITS	COMPLETION DATE
Q3 Catalyst	1475 Texas Ave.	Marquette Company	28 Stories	361 units	September 2017
Aris Market Square	409 Travis St.	Hines	32 Stories	274 units	July 2017
Alexan Downtown	1414 Texas Ave.	Trammel Crow	8 Stories	285 units	July 2017
Eighteen25	1825 San Jacinto St.	Allied Orion Group	8 Stories	242 units	July 2017
Q1 The Star	1111 Rusk St.	Provident Reality	16 Stories	286 units	January 2017

HOTEL	ADDRESS	DEVELOPER	STORIES	ROOMS	COMPLETION DATE
Q4 Hotel Alessandra	1070 Dallas St.	Midway Companies Inc.	21 Stories	223 rooms	October 2017
Q3 Le Méridien	1121 Walker St.	Services Group, Inc.	16 Stories	255 rooms	September 2017

OFFICE	ADDRESS	DEVELOPER	STORIES	SF	COMPLETION DATE
Q1 609 Main at Texas	609 Main at Texas	Hines	48 Stories	1 million SF	January 2017

MIXED USE/OTHER	ADDRESS	DEVELOPER	DESCRIPTION	COMPLETION DATE
Q4 801 Texas Avenue	801 Texas Avenue	Hines	187-space surface parking lot	4Q 2017

2017 Overview

RETAIL OPENINGS

opened in 2017

Arte Pizzeria (Conservatory Food Hall)	1010 Prairie St.	Oxbow 7	1121 Walker St.
Bardot	1070 Dallas St.	Pappadeux Seafood Kitchen	1001 Avenida De Las Americas
Bayou & Bottle	1300 Lamar St.	Pho Spot (Conservatory Food Hall)	1010 Prairie St.
Brasserie du Parc & Crêperie du Parc	1440 Lamar St.	Posh Liquors (relocation)	1602 San Jacinto St.
Buds Pitmaster BBQ	1001 Avenida De Las Americas	Potente	1515 Texas Ave.
Café Life Co.	804 William St.	Prelude Soffee & Tea	609 Main St.
Caffé Bene	1201 Fannin St.	Spire	1720 Main St.
Café Cosmopolita	1625 Main St., Suite A-1	Stack Burger	703 St. Joseph Pkwy
Casa Blanca Lounge	312 Main St.	Studio 809	809 Congress Ave.
The Dive	809 Pierce St.	The Pearl	1117 Prairie St.
Fabian's Latin Flavors	301 Main St.	The Tipping Point	214 Travis St.
Gordi's Arepas (Conservatory Food Hall)	1010 Prairie St.	Theodore Rex	1302 Nance St.
Hoggbirds Rooftop Lounge	1121 Walker St.	Tongue-Cut Sparrow	310 Main St.
Kulture	701 Avenida De Las Americas, Ste. A	Wokker TX Ranger	907 Franklin St.
Leaf & Grain (Shops at Houston Center)	1200 McKinney St.	Xochi	1777 Walker St.
Lucienne	1070 Dallas St.		
Make(her) Boutique	1201 Fannin St.		
Eazy Does It Bakery (Conservatory Food Hall)	1010 Prairie St.		
McAlister's Deli	1001 Avenida De Las Americas		
Moku Bar (Conservatory Food Hall)	1010 Prairie St.		
Murphy's Deli	811 Main St.		
Noble Rot Wine Bar (Conservatory Food Hall)	1010 Prairie St.		
Osso & Kristalla	1515 Texas Ave.		

2017 Overview

FUTURE DEVELOPMENT: UNDER CONSTRUCTION & PLANNED

TOTAL UNDER CONSTRUCTION & PLANNED

1,770
Residential Units

500+
Hotel Rooms

4.48 million
Office Sq. Ft.

25
Total Projects

RESIDENTIAL	STATUS	ADDRESS	DEVELOPER	FLOORS	UNITS	ESTIMATED COMPLETION
1711 Caroline	Under Const.	1711 Caroline St.	Leon Capital Group	5 Stories	220 units	1Q_2018
Marlowe	Under Const.	1311 Polk St.	Randall Davis	20 Stories	100 condos	4Q_2018
Camden Downtown	Under Const.	1515 Austin St.	Camden Property Trust	21 Stories	271 units	2Q_2020
1810 Main	Planned	1810 Main St.	Fairfield Residential	10 Stories	286 units	2Q_2020
Planned Residential	Planned	N/A	Marquette Companies	24 Stories	304 units	2Q_2020
Planned Residential	Planned	N/A	Trammell Crow	40 Stories	314 units	2Q_2020
Planned Residential	Planned	N/A	Camden Property Trust	21 Stories	275 units	2Q_2023
HOTEL		ADDRESS	DEVELOPER	FLOORS	ROOMS	ESTIMATED COMPLETION
Hyatt Place Hotel	Under Const.	1114 Texas St.	Pride Management	16 Stories	154 rooms	1Q_2019
AC Hotel by Marriott	Under Const.	723 Main St.	Newcrestimage	10 Stories	195 rooms	2Q_2019
Cambria Hotel	Planned	1314 Texas St.	Choice Hotels, Inc.	21-stories		4Q_2019
OFFICE		ADDRESS	DEVELOPER	FLOORS	SF	ESTIMATED COMPLETION
The Jones on Main	Under Const.	708 and 712 Main	Midway Cos & Lionstone	Rebranding/renovation of 708 and 712 Main		2Q_2018
Capitol Tower	Under Const.	800 Capitol St.	Skanska	35 Stories	775,000-SF	2Q_2019
800 Bell Redevelopment	Planned	800 Bell St.	Shorestein Properties	45 Stories	1.4 million-SF	N/A
6 Houston Center	Planned	1222 Rusk St.	Cresent	30 stories	600,000-SF	N/A
Chevron Office Tower	Planned	1600 Louisiana St.	SF Office Tower	50 Stories	1.7 million-SF	N/A
MIXED USE/OTHER		ADDRESS	DEVELOPER	DESCRIPTION		ESTIMATED COMPLETION
Franklin/Milam Garage	Under Const.	805 Franklin St.	Station Road Capital	10-story, 300-space parking garage		1Q_2018
Lyric Market & Garage	Under Const.	440 Louisiana St.	U.S. Property Management	8-story, 800-space parking garage and 31,000-SF culinary destination		1Q_2018 (garage) 3Q_2018 (market)
One Market Square Phase 1	Under Const.	800 Preston St.	Essex Commercial Properties	11-story, mixed-use retail and parking		1Q_2018
Joint Processing Center	Under Const.	700 N. San Jacinto St.	Harris County & City of Houston	3-story, 250,000-SF facility for HCSO & HPD		2Q_2018
The Rustic	Under Const.	Chenevert and Hamilton St.	Houston First Corporation	25,000 SF restaurant, bar and live music		3Q_2018

FUTURE DEVELOPMENT: UNDER CONSTRUCTION & PLANNED (CONTINUE)

MIXED USE/OTHER	ADDRESS	DEVELOPER	DESCRIPTION	ESTIMATED COMPLETION
Block 94	Under Const. 803 Fannin St	Midway Cos & Lionstone	13-story, 1,100-space parking garage	4Q_2018
High School for the Performing and Visual Arts	Under Const. 790 Austin St.	HISD	New HISD magnet school	4Q_2018
TUTS Margaret Alkek Educational Building	Planned 800 Bagby St.	Theatre District	3-story, 20,000-SF building to include a black box theater and additional studio and classroom space	1Q_2018
Houston's First Baptist Church Downtown	Planned 1730 Jefferson St.	N/A	Redevelopment of the CWA/ Local 6222 Union Building into a 3-story, multi-purpose campus.	N/A
Parking Garage	Planned Crawford/ Texas St.	N/A	300-car parking facility for Incarnate Word Academy/ Annunciation Catholic Church	N/A

RETAIL: PLANNED

openings for 2018

Bravery Chef Hall	409 Travis St.
Cellar 7 Wine & Bar Bites	610 Main St.
Frank's Backyard	413 Travis St.
Irma's	1423 Texas Ave.
Lyric Market	411 Smith St.
High & Dry	306 Main St.
CVS	Market Square Tower Garage
Benjamin's	1111 Rusk (The Star)
Ryde	808 Travis
Finn Hall	708 Main St.
The Rustic	Chenevert and Hamilton St.

*Based on known projects

Spotlight on Downtown Houston

LOCAL MEDIA

December 15, 2017

STUDY: HOUSTON'S MAIN STREET AMONG MOST-EXPENSIVE IN U.S. FOR OFFICE LEASES

"What do the Scanlan Building, Great Jones Building and BG Group Place have in common? They're all located on Houston's most expensive street for office leases, according to a study by Chicago-based JLL. Central Business District's Main Street is No. 21 on JLL's list of the most expensive commercial leases in the U.S., and it's the only street in Houston to make the list of 47. The average full-service rent on Main Street is \$44.24 per square foot, which is nearly 45 percent higher than the average rent in Houston at \$30.55. However, Main Street's price is a steal—JLL noted. "In the battle for talent, companies are always looking for something new to give them an edge". "Developers recognize that these high-end amenities—roof decks, open and collaborative space, etc.—will draw the big-name tenants that help developments stand out." —**Chronicle**

December 13, 2017

HOUSTON FIRST, KHOU ANNOUNCE SATELLITE STUDIO ON AVENIDA HOUSTON

"Houston First Corporation and KHOU 11 announced the city's first TV news satellite studio in downtown. The new studio will be located along Avenida Houston and is slated to open in March 2018. From chef-driven restaurants and luxury hospitality, the new Avenida Studio will be another great addition to this expanding entertainment district," said Dawn Ullrich, president and CEO of Houston First Corporation. The Avenida Houston location will put us at the center of downtown activity, enabling anchors and reporters a closer connection to the community we serve," said Susan McEllooon of KHOU. "We will use the Avenida Houston studio as our second home to produce big, bold, original content on all of our platforms." —**KHOU**

December 8, 2017

DOWNTOWN FOOD HALL CONTESTANT NO. 4 WILL PARK IN THE LYRIC CENTRE'S NEW PARKING GARAGE

"Number 4 on the list of Downtown food halls: Lyric Market, a 31,000-SF multi-restaurant space plans to move in just north of the Lyric Centre on Louisiana St. The food hall, Lyric Market, will have a new plaza with outdoor seating will go between the end of the food hall and David Adickes's self-playing-cello sculpture at the corner of Smith and Prairie streets. The Food Hall will feature different types of venues: full-service restaurants, kiosks with bar seating as well as stalls. Outdoor dining areas will line the north side of the food hall along Preston St." —**Swamplot**

December 7, 2017

CONSERVATORY OWNERS PLOT NEW FOOD HALL FOR UPSCALE DOWNTOWN HIGH RISE

"Bravery Food Hall will bring five talented Houston chefs to a single space on the ground floor of the swanky Aris Market Square high rise in Downtown Houston. The 9,100-SF restaurant space promises to be "an evolution of a food hall," offering fine dining with the speed of counter service. Bravery Chef Hall will feature five open-kitchen stations owned and operated by chefs, each with a different dining concept. The confirmed chefs are David Guerrero of Andes Café, Ben McPherson formerly of Krisp Bird & Batter, and Gary Ly, formerly of Underbelly, with two more yet to be announced. The chef hall will also include wine bars and a coffee and pastry counter. The food hall can accommodate 300 to 400 diners, and is slated to open summer 2018." —**Eater**

November 7, 2017

EXCLUSIVE: SAUDI ARAMCO SUBLEASES 200,000 SF IN DOWNTOWN TOWER

"The state-owned Saudi oil company, Saudi Aramco, will soon relocate to downtown from its building in Bellaire, which flooded during Hurricane Harvey. Saudi Aramco subleased approximately 200,000-SF in Two Allen Center from Devon Energy. In the building next door, Motiva Enterprises LLC renewed and expanded its lease in One Allen Center in June to occupy 204,500-SF. As part of its lease agreement, the building will be known as Motiva Plaza. The three-building Allen Center office complex is in the midst of a top-to-bottom \$48.5 million renovation. Meanwhile, Houston-based law firm Chamberlain, Hrdlicka recently signed a long-term lease extension for 55,178-SF of office space on the 13th and 14th floors of Two Allen Center..." —**HBJ**

Spotlight on Downtown Houston

LOCAL MEDIA (CONTINUE)

November 6, 2017

DOWNTOWN UNVEILS BOLD BICENTENNIAL VISION

"For the past 10 years, Downtown Houston has experienced what is arguably the greatest resurgence in the city's history. With \$6B invested across a broad mix of urban developments, Downtown's story is changing. City officials and local leaders gathered Friday to discuss the next step, Plan Downtown. "Have we done well? Yes. Is now the time to stop? No," Central Houston Executive Director Bob Eury said before the crowd of hundreds at Central Houston's annual luncheon. His organization's plan will focus on four broad strokes: making Downtown the best place to live, ensuring Downtown is the premier business and government location, raising the bar of urban livability and promoting innovation through the district." —[Bisnow](#)

November 3, 2017

FANS PACK DOWNTOWN STREETS FOR HOUSTON ASTROS' WORLD SERIES CHAMPIONSHIP PARADE AND CELEBRATION

"Downtown was awash in orange and blue as scores of fans flocked to the Houston Astros' World Series championship parade and celebration the afternoon of Friday, November 3. In addition to the Astros World Championship Team, the event featured Astros owner Jim Crane, manager A.J. Hinch, Astros mascot Orbit, Bobby Vasquez and the Commissioner's Trophy, Mayor Sylvester Turner, and Billy Gibbons. Streets were lined several rows deep, and parking garages were packed with people looking for a good vantage point. The Astros beat the Los Angeles Dodgers 5-1 in Game 7 to win their first-ever World Series. As Houston has been recovering from Harvey, the Astros' impressive performance has been a bright spot for the city." —[HBJ](#)

November 1, 2017

BROKER: DOWNTOWN HOUSTON HAS ENOUGH RESIDENTS TO SUPPORT MORE GROCERY STORES

"At NAI Partners' third-quarter press breakfast on November 1, brokers from the office, industrial, retail and investment sectors shared third-quarter developments, including what grocery stores might open in downtown Houston. Grocery stores will soon have little choice but to breach the downtown market, which has a large-enough mass of residents to support a grocery store, said Jason Gaines, senior vice president and retail division leader with NAI Partners. He's skeptical of Randall's, Kroger or Walmart taking the risk of building an urban, multistory grocery store in downtown Houston. "I think H-E-B definitely will," Gaines said. "Whole Foods will..." —[HBJ](#)

October 31, 2017

HOUSTON OFFICE BROKER: 'WE CAN FEEL THE MARKET STARTING TO CORRECT'

"Houston's energy sector has entered the first stages of a long recovery process. Even though the office market is still overloaded with sublease space – at around 10 million-SF – and the price of oil hasn't cracked \$60 per barrel yet, the energy market is beginning to recover and should be positively impacting Houston real estate by the end of 2018 or beginning of 2019. "The market today is very tenant favorable," JLL's Bruce Rutherford said. "But, we can feel the market starting to correct." Researchers noted a modest 1.4 percent year-over-year increase in energy employment in North America's top energy markets including Houston. The industry's hiring gains haven't yet translated into positive absorption in the office sector, though, as many energy companies still have shadow space" —[HBJ](#)

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

December 2017

30 MOST EXCITING FOOD CITIES IN AMERICA 2017



"It was an incredible year for dining across the U.S. in 2017. With chefs from New York, Chicago and San Francisco moving to smaller markets like Denver, Raleigh, Seattle and Charleston (among others), culinary innovation is booming in cities big and small. But which food town had the biggest growth spurt this year? We've asked editors around the country to make a case for the city they believe had the biggest year in food by assessing the number of exciting new openings, award recognition and national media attention. Then we let some of the top food media brass weigh in on which locales were most exciting... No. 13: Houston, TX...While Hurricane Harvey cast a dark shadow over the city for much of 2017, one ray of light continued to be the growth and diversity of Houston's exploding restaurant scene. Hugo Ortega ended his six-year nominee streak with a James Beard Award win for Best Chef: Southwest and garnered national notice from Food & Wine, Thrillist and The NY Times for his upscale Oaxacan restaurant Xochi. Justin Yu (formerly of Oxheart, currently of Theodore Rex) broadened his reach via a collaborative venture with local craft cocktail king Bobby Heugel (Anvil, The Pastry War) at Better Luck Tomorrow. And though Bryan Caswell is not a new name in town, his first restaurant in eight years, Oxbow7, is also noteworthy..."

November 2017

HOUSTON'S DOWNTOWN REDESIGN IN THE WAKE OF HURRICANE HARVEY MAY INCLUDE A FIVE MILE "GREEN LOOP"



"Plan Downtown aims to use an infrastructure overhaul to plan—and prepare—for the realities of life in what will soon become America's third-largest city.... Downtown Houston is planning a major redesign. Houston is poised to surpass Chicago as the third-most populous city in the U.S. Recently, the Houston Downtown Management District released Plan Downtown, a series of strategic recommendations that will transform the city's central business hub into a more welcoming place for residents, retailers, and entrepreneurs. One of the more interesting facets of that next chapter is a proposed five-mile "green loop," which will transform the areas on and around the soon-to-be-former freeways into public green spaces and paths for pedestrians and cyclists. The freeway project is a chance to reconnect neighborhoods that were cut off when the freeways were built," ultimately opening up downtown access to adjacent communities in a way that wasn't previously possible. Sustainability isn't the only watchword: Plan Downtown also hopes to foster innovation as well. To do that, the Downtown District aims to encourage entrepreneurship by restoring the balance between big and small businesses while envisioning offices and public spaces designed to increase what Eury calls "the density of chance interactions between people." Given its lofty aims, it'll certainly be an urban planning effort to watch."

October 2017

THE RIGHT AND WRONG WAYS TO PITCH FOR AMAZON HEADQUARTERS HQ2



John Reale (Station Houston, Downtown Houston): "In this piece, I'll focus more importantly on how to use this process to ensure you are fostering a culture that will drive success no matter what city HQ2 lands...Our Pitch: Houston Communities in Focus... Who We Are: ... Through Harvey, we came together and we revealed our character as a community. We're known for our great engineering density, being foodie heaven and our diversity, but we haven't been the shining star for as a startup ecosystem. How We Challenge Ourselves: Houston's entrepreneurial ecosystem is working to launch an Innovation District... We're actively working to achieve our grand vision of becoming a top innovation hub in the next five years. Our Mayor set a big vision. Our innovation and entrepreneurship ecosystem is responding. While transforming a city in five years may seem like a stretch goal, Houston is the birthplace of the original Moonshot that began with President Kennedy's historical declaration made from Rice University. This is the city that helped put a man on the Moon. There is no other city that embraces challenges and pushes frontiers in the world like we do, period."

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA (CONTINUE)

PAPER
CITY.

October 2017

HOUSTON'S MOST AMBITIOUS NEW HIGH-RISES — INCLUDING AN EXCLUSIVE LOOK AT A DOWNTOWN STUNNER

"The Next Wave of Super Buildings Arrives – and Raises the Ceiling... A flurry of high-rise openings over the last few years made power players aware of the benefits of this walkable urban lifestyle. It's not just a New York, or a Los Angeles, or a Chicago thing anymore. It's become an accepted, sought-after Houston staple, too. A new surge of ambitious buildings that truly sweat all the details is slowly, but surely transforming the market. The newly opened Aris Market Square only needs to look across Market Square Park to see one competitor, Market Square Tower. Whether it's downtown, River Oaks District, or the Galleria, the lines have been drawn — and it's may be the best towers win. Marvy Finger notes the escalation with a sense of nostalgia. In many ways, Finger is the godfather of the modern high-rise in Houston, with his then-audacious One Park Place heralding a new era with its 2009 opening. "The demands are so much greater from people who live in these buildings now," Finger says. "People expect much more. Everyone wants to live in a Class A building. People who used to live in a Class B building won't accept anything but Class A amenities. "Whatever you do, it'd better be special in some way."

September 2017

The New York Times

HOUSTON CONVENTION CENTER SHELTERS ONE MORE HARVEY SURVIVOR: AN OPERA COMPANY

"Houston Grand Opera, which was driven from its opera house by the flooding unleashed by Hurricane Harvey found a temporary home for the first three productions of the season: Exhibit Hall A3 of the city's George R. Brown Convention Center, which sheltered hundreds of Texans during the storm. The company is calling it "the HGO Resilience Theater." So the company will open its season on October 20. Houston is working to make a virtue of necessity, noting the recent vogue for presenting operas in offbeat spaces including factories, lofts, museums and bus depots. "We will use the space to defy normal operatic convention to present what I call 'unconventional opera,' " Perryn Leech, the company's managing director. "This will be a jewel of a performance space, with tremendous versatility. Having worked extensively with temporary and site-specific venues, I think our audiences will be amazed at the kind of direct and immersive theatrical experience we can create for them." The new "HGO Resilience Theater" will hold approximately 1,700 seats — about 700 fewer than the biggest theater at the Wortham. It will combine stadium and floor seating, and no seat will be farther than 100 feet from the stage."

Please contact Central Houston or the District with any questions you may have:

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Resources

[Downtown Development Map](#)

[Bird's-eye-view Map](#)

[Downtown Parking Map](#)

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Downtown Houston Market Update

3Q
KEY HIGHLIGHTS

1,162
New residential units
opened in Q3

7
New retailers added
in Q3

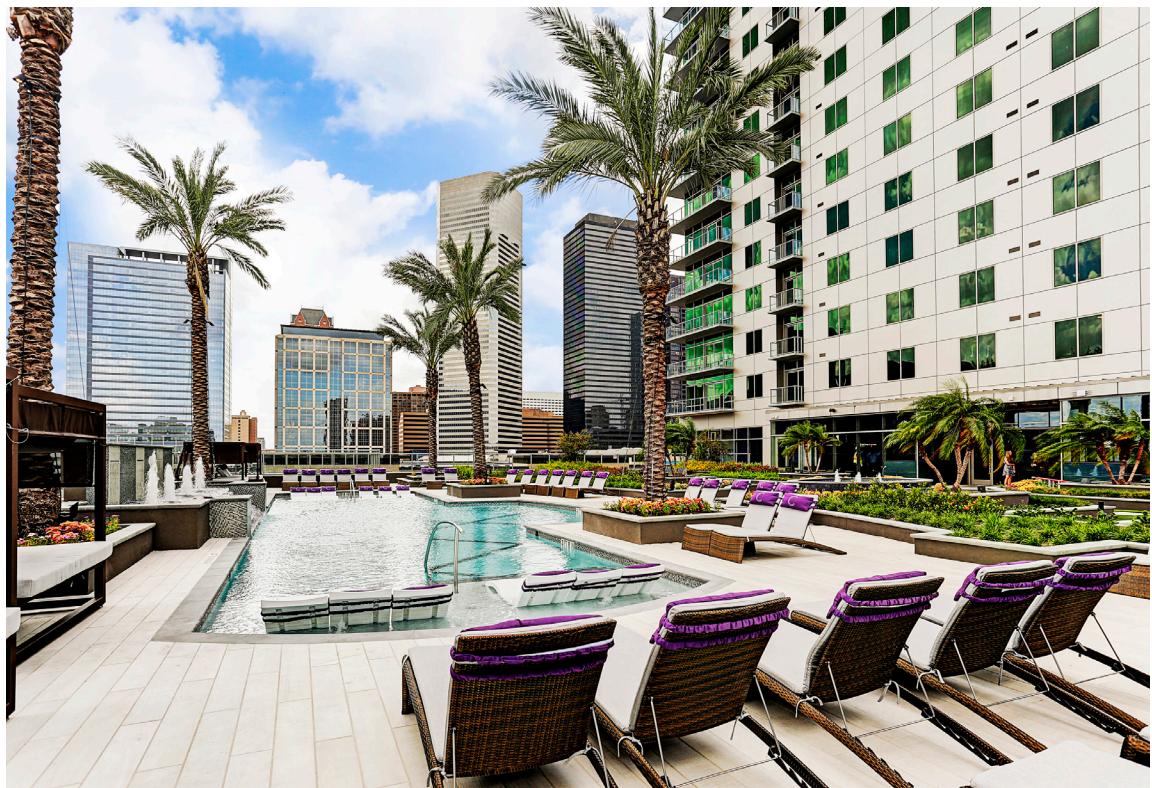
Downtown fared well during Hurricane Harvey and is back to normal operations. Thanks to the tremendous community support, outreach and resilience, most businesses were up and running the day after the storm and most workers returned to work after the Labor Day weekend. Central Houston and the Downtown District continue to coordinate with the City, County and METRO to assess the damage to properties, businesses and residents affected by the floods, and provide support accordingly, towards full recovery. Despite the disruptions to economic activity, Downtown's submarkets far exceeded expectations in the third quarter.

The Downtown office market outperformed regional submarkets, with over 1.3 million SF in major leases in the third quarter, buttressing Downtown's competitive advantage of quality and prime office space. Downtown's robust office market activity included one of the largest transactions in Houston's real estate history: Brookfield's acquisition of the 4.2 million-SF Houston Center office complex for \$875 million. Two of Downtown's largest sublease spaces have been significantly reduced. One Shell Plaza, which had the largest contiguous sublease space in Houston—approximately 800,000-SF—following the departure of Shell Oil, secured the most significant lease transaction year-to-date, with NRG Energy taking 431,307-SF (more than 18 floors). With recent deals totaling close to 230,000-SF, Shell's space at BG Group Place (811 Main Street) is almost fully sublet.

As Mayor Sylvester Turner and the growing innovation and entrepreneurial ecosystem actively work to make Houston a top innovation hub, Downtown continues to attract global co-working spaces and incubators like Foundry Club, which signed a lease in August for its first Houston location in Downtown in Historic Market Square.

SUMMARY (CONTINUED)

Job growth has surpassed expectations, with over 45,000 new jobs created in Houston in the 12 months leading up to May. This has also positively affected the demand for apartments as nearly 11,000 new units were absorbed during the first half of 2017, more than double the units absorbed in all of 2016. Of the Houston submarkets, Downtown had some of the strongest apartment demand and absorption in the first half of 2017, absorbing close to 1,000 units. Downtown's newest luxury mid and high-rise apartment buildings are performing well, with over 100 leases signed and move-ins within weeks of opening. Downtown's residential market had a 75.8 percent occupancy rate in the third quarter (excluding the two high-rise towers that delivered at the tail end of the quarter).



Catalyst, Luxury High-Rise Apartments

Market Overview

RESIDENTIAL

RESIDENTIAL HIGHLIGHTS

5,902
residential units

320
under construction

1,454
proposed

Trammel Crow's **Alexan Downtown** is open and leasing at 1414 Texas Ave. Completed in July, the 8-story, 285-unit residential property is offering a 2-month move-in concession. ([Website](#))

Hines' **Aris Market Square**, located at 409 Travis St., opened in early September. Beautifully situated, much consideration has gone into the exterior design and landscaping of the 32-floor, 274-unit luxury high-rise due to its location within the Historic Market Square neighborhood. Thirty leases have been signed to date. ([HBJ](#); [Website](#))

Marquette Company's **Catalyst** is open at 1475 Texas Ave. The 28-story, 361-unit luxury high-rise apartment tower is offering a one-month move-in concession. The building's first tenants moved in early September. ([Website](#))

Allied Orion Group's 8-story, 242-unit apartment building, **Eighteen25**, opened in July and its first tenants moved in on August 15. Located at 1825 San Jacinto St., the building is offering move-in concessions and live-work apartments, the first of its kind in Downtown. ([Website](#))

Randall Davis has pre-sold 70 percent of **Marlowe**, his 20-story, 95-unit luxury condominium tower. The tower, which is currently under construction, is slated for completion in 4Q 2018. ([HBJ](#))

Camden Property Trust announced plans to break ground on **Camden Conte**, the first phase of its Camden Downtown project. Construction on the 21-story, 271-unit luxury residential tower located on the corner of Leeland and La Branch is expected to begin in November 2017, with the first tenants moving in late 2018. Camden Conte is expected to reach 95 percent occupancy in 2020. The \$145 million second phase is slated to begin sometime in the future. ([RNR](#), [Chronicle](#), [Bisnow](#), [HBJ](#), [HBJ](#))

Trammell Crow will begin construction on its 40-story, 314-unit residential high-rise at **800 Walker** in early 2018. One of the Downtown Living Initiative projects, the tower is estimated to be completed in mid-2020. ([Chronicle](#), [Bisnow](#))



Bank of America Center

OFFICE

Houston's iconic **Bank of America Center**, the 1.2 million-SF office tower at 700 Louisiana, is being renovated. Owner M-M Properties plans to recapture 35,000-SF of space by redeveloping the former (and unused) 2-story Western Union building encased and hidden within the office tower for 35 years. The renovation will provide room for a new restaurant and other lobby improvements. The tower is currently 90 percent leased. ([RNR](#), [Bisnow](#), [Swamplot](#))

Foundry Club is the latest co-working and collaborative workspace to open Downtown. The company signed a 13,644-SF lease within Downtown's 1870s-era redevelopment, **Main & Co. buildings**, at 110-114 Main St. The Downtown location, across from the University of Houston, will be Foundry Club's first office beyond North Texas and Beijing. ([HBJ](#), [Chronicle](#))

Market Overview

OFFICE HIGHLIGHTS

754,000 sf
under construction

HOTEL HIGHLIGHTS

7,778
hotel rooms

969+
proposed

OFFICE (CONTINUED)

Brookfield Properties is purchasing the 4.2 million-SF **Houston Center** office complex from J.P. Morgan Asset Management (represented by HFF) for \$875 million in one of the largest transactions in Houston's real estate history. The four-building portfolio includes: LyondellBasell Tower; 2 Houston Center; Fulbright Tower; 4 Houston Center and the Shops at Houston Center. The complex is positioned for significant upgrades to compete with Houston's evolving Class-A office space. The acquisition reinforces Brookfield as a dominant office landlord in Downtown, adding to the 8.1 million-SF it already owns. The sale is expected to close in November 2017. ([RNR](#), [Bisnow](#), [HBJ](#))

NRG Energy Inc. is moving from GreenStreet at 1201 Fannin to **One Shell Plaza** at 910 Louisiana in the spring of 2018. The company will consolidate its staff from GreenStreet, 1000 Main and 1300 Main, and almost double its footprint from 250,000-SF to 431,307-SF (more than 18 floors). Midway and Lionstone plan to redesign the four-city-block urban campus and market it as an attractive alternative to traditional office space in Downtown. ([HBJ](#), [Bisnow](#), [RNR](#))

Skanska's 750,000-SF 35-story office tower under construction, **Capitol Tower**, is one of a few "core and shell" projects nationally to be pre-certified LEED v4 Platinum, the highest level. ([Chronicle](#))

HOTEL

Hotel Alessandra, a 21-story, 223-key boutique hotel at 1070 Dallas Street is now open. Developed by Midway and Valencia Group, and designed by Rottet Studio and Gensler, the hotel anchors Midway's improvements to GreenStreet. The hotel includes a restaurant, bar, spa, 3,500-SF ballroom and a contemporary conference and event space. ([Website](#))

The 21-story, 255-key **Le Méridien Houston Downtown** hotel, a redevelopment of the Melrose building, opened on September 12. Located at 1121 Walker Street, the hotel has nine meeting spaces totaling about 8,000-SF, a 22nd-floor ballroom that can hold up to 450 people, a rooftop bar and a street-level restaurant, both operated by Caswell Concepts. ([Website](#))

The **Lancaster Hotel**, an icon in Houston's Theater District since 1926, sustained significant flooding during Hurricane Harvey. The hotel is closed for the foreseeable future as management assesses the damages and rebuilds. ([Website](#))



Hotel Alessandra

RETAIL

Leaf & Grain is open at the Shops at Houston Center, at 1200 McKinney St., located on the west end of the fourth floor. The vendor's family-built menu features fast, healthy and affordable hearty salads and grain bowls and homemade dressings. ([Houstonia](#))

Upscale restaurant, **Lucienne**, and lobby bar, **Bardot**, are open at the new Hotel Alessandra. The 64-seat Lucienne, on the second floor of the hotel, serves breakfast, lunch and dinner, and features unique Mediterranean cuisine indulgences crafted by Chef Jose Hernandez. Bardot, a separate bar and lounge on the second floor above the atrium, offers luxurious ambiance, a bar, hand-crafted cocktails and menu options. ([Houston Eater](#), [Website](#))

Murphy's Deli opened on the ground floor of BG Group Place in September, in the former Which Wich restaurant space. Services include a full coffee bar and grab-and-go lunches.

James Beard nominated Chef Bryan Caswell opened his newest restaurant and bar, **Oxbow 7** on the ground floor of the new Le Méridien hotel at 1121 Walker St. on September 20. Oxbow 7 is independently managed and separate from the hotel, and serves refined Bayou cuisine. ([Website](#))

David Buehrer and Ecky Prabanto opened their latest concept, **Prelude Coffee & Tea** in 609 Main, on September 19. The menu includes espresso-based drinks, teas, match-based beverages, and food options including Morningstar doughnuts, breakfast tacos, and lunch items. ([HBJ](#))

Justin Yu's new highly-anticipated **Theodore Rex** restaurant at 1302 Nance St. is now open. Located in the former Oxheart space, the 'modern bistro' serves a la carte dishes and features a menu that changes weekly with a few exceptions, in addition to a lengthy list of affordably-priced wines. ([Houston Eater](#), [Houston Press](#))

Market Overview

RETAIL HIGHLIGHTS

7
new retailers



Oxbow 7



RYDE Indoor Spin Studio

RETAIL (CONTINUED)

Hugo Ortega's latest Mexican cuisine concept, **Xochi**, which opened in January at 1777 Walker, received Wine Spectator's 2017 Award of Excellence. The restaurant has a wine selection at 155. The restaurant was also named 'One of the Country's Best New Restaurants' by Eater roving critic Bill Addison and 'Houston's Best Restaurant for 2017' by Houston Chronicle food critic Allison Cook. ([HBJ](#), [EaterHouston](#))

COMING SOON:

CVS/Pharmacy is under construction on the ground floor of Market Square Tower at 777 Preston St. This new 13,000 SF urban store concept is scheduled to open in early 2018 at the corner of Congress and Milam streets. ([Website](#))

Downtown's next Food Hall, set to debut in early 2018 at 712 Main in The Jones on Main building, has been named **Finn Hall**, an ode to architect Alfred C. Finn, who designed the 1929 historic building. The new food-centric venue will house ten "chef-driven" restaurants, a craft cocktail, beer and wine bar, an Art Deco-style cocktail lounge and private event spaces. Each restaurant will offer all-day dining. Finn Hall is searching for restaurants to fill its 20,000-SF space. ([Finn Hall](#), [PaperCity](#)).

Located on the 23rd floor of the Le Méridien hotel, Bryan and Jennifer Caswell are finishing up **Hoggbirds Rooftop Lounge** for an opening date in late October. The bar offers 360-degree views of Downtown, with a light menu, craft cocktails, specialty beers and a unique wine selection. ([Website](#))

Irma's Southwest Grill located at 1423 Texas Avenue is under construction inside the new Catalyst luxury apartment tower. The new 6,500-SF Mexican-concept restaurant is expected to open on February 1. ([HBJ](#))

Pat Green and Free Range Concepts are developing **The Rustic**, a mixed-use restaurant and music venue concept located at 1836 Polk St., near the George R. Brown and

Discovery Green. Its third location in Texas, The Rustic broke ground on August 2 and is scheduled to open in the spring of 2018. The 25,000-SF space will feature nightly live music performances, full-service dining featuring farm-fresh, homestyle dishes and a selection of wines, spirits and beers on tap. Bookings for large-scale events and corporate gatherings will be available. ([HBJ](#), [Houston Press](#), [HBJ](#))

RYDE, an indoor spin studio, will be opening on the ground floor of the Esperson Building at 808 Travis in early 2018. **RYDE Downtown's** 5,100-SF space will be more than double the size of the River Oaks location, with tunnel connectivity, full locker rooms and showers, expanded retail selection, and onsite parking. ([Bisnow](#))

OTHER DEVELOPMENTS

Jones Plaza will be undergoing an \$18 million redesign as the first part of its 2025 master plan to reshape the Theater District. Houston First Corporation has issued a Request for Qualifications (RFQ) for the redesign/transformation of Downtown's 1.5-acre public plaza into a vibrant public square that is visually and physically accessible; welcoming and comfortable; programmed and managed; usable both day & night; and reflective of the performing arts character ([Bisnow](#), [Houston First](#)).

The **Wortham Theater Center** is closed at least until May 2018 to repair damages from Harvey flooding. The George R. Brown Convention Center will temporarily house the Houston Grand Opera in Exhibit Hall A3 for their first three operas of the 2017–2018 season. The "unconventional opera" venue, called **HGO Resilience Theater**, will accommodate about 1,700 seats. **Jones Hall** suffered much less damage; the Houston Symphony has scheduled its first performance of the season back in the venue on October 20. **The Hobby Center for**



Arcade at Discovery Green and Avenida Houston

OTHER DEVELOPMENTS (CONTINUED)

Performing Arts sustained minimal impact from the storms and is holding performances. The **Alley Theatre** suffered major damages and relocated its initial performances for the 2017–2018 season to the Quintero Theatre at 3351 Cullen Blvd. on the University of Houston campus. ([HBJ](#), [Bisnow](#), [HBJ](#), [Theater District](#))

Due to the impact of Hurricane Harvey, the **Harris County Criminal Justice Center** building located at 1201 Franklin St. is closed until further notice. The 16 County Criminal Courts at Law have been temporarily relocated to the Family Law Center at 1115 Congress Ave. Jury duty for the Downtown courthouses is cancelled through October 13. ([HBJ](#), [HBJ](#), [Website](#))

Project consultants for Plan Downtown are in the process of finalizing the report, following the final Steering Committee meeting in August and the Leadership Group in September. The final report—**Plan Downtown: Converging Culture, Lifestyle & Commerce**—will be unveiled at the Central Houston Annual Luncheon on Friday, November 3, 2017 at the Hilton Americas-Houston. Further information on the 2017 Annual luncheon is available here on the [Website](#).

Salvation Army of Greater Houston has moved its Houston command center to Downtown at 1500 Austin Street to allow for greater operational efficiency for the workers and emergency disaster services vehicles in the Harvey response efforts. ([HBJ](#))

Discovery Green's newest art installation, Arcade is on display in the park and at Avenida Houston. Made by Texas-based artists Sunny Sliger and Marianne Newsom of the art group, The Color Condition, Arcade features millions of brightly colored streamers draped from tree-tops and lampposts. The streamers are made of table-cloth, shower curtains and painters drop cloths. This free and dynamic exhibition will run through November 15th. ([Houston Public Media](#), [Houstonia](#))

SFK Development, owners of **801 St. Joseph Parkway**, the former 30-story, 600-room hotel, Days Inn, are reportedly finishing up a hotel plan for the building. SFK is looking for financing for the project. ([Bisnow](#))

3Q 2017 Overview

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES

TENANT	TYPE	TO	FROM	SQUARE FOOTAGE
NRG Energy	Relocation/ Consolidation/ Expansion	One Shell Plaza (910 Louisiana)	NRG Tower (1201 Fannin); 1000 Main and 1300 Main	413,307
Motiva Enterprises	Expansion/Renewal	Motiva Plaza (formerly One Allen Center, 500 Dallas)	Motiva Plaza (formerly One Allen Center, 500 Dallas)	204,500
Saudi Aramco	New to Downtown	Two Allen Center (1200 Smith)	9009 West Loop S	200,000
Porter Hedges LLP	Renewal	1000 Main	N/A	105,026
Talos Energy	Expansion	Two Allen Center (1200 Smith)	N/A	85,050
EDF Trading	New to Downtown	601 Travis	4700 W Sam Houston Parkway	61,845
Legal firm	N/A	LyondellBasell Tower (1221 McKinney)	N/A	48,233
The Bank of Nova Scotia	Expansion	711 Louisiana	N/A	31,453
S&P Global Platts	Renewal	1111 Bagby	1111 Bagby St	28,560
Tellurian	New to Downtown	Total Plaza (1201 Louisiana)	N/A	24,941
Steven S. Toeppich & Associates	New to Downtown	Total Plaza (1201 Louisiana)	2777 Allen Parkway	24,076
Lazard Financial Advisory	Consolidation	600 Travis (Fl. 33)	600 Travis (Fl. 22 & 23)	22,079
Willkie Farr & Gallagher LLP	Expansion	600 Travis	N/A	21,791
Core Midstream	New to Downtown	Bank of America Center (700 Louisiana)	2429 Bissonnet St	13,783
Foundry Club (Co-working space)	New to Downtown	110-114 Main	N/A	13,644
Spencer Ogden	Relocation/Expansion	GreenStreet (1201 Fannin)	811 Main Street	12,000
Värde Partners	New Downtown	609 Main	901 Marquette Avenue South, Minneapolis	TBD

3Q 2017 Overview

MAJOR OFFICE LEASES AND SALES (CONTINUED)

REAL ESTATE SALES

PROPERTY NAME	SELLER	BUYER	ADDRESS	SIZE/SALE PRICE
Houston Center Office Complex	JP Morgan Asset Management	Brookfield Properties	1221 McKinney 909 Fannin 1301 McKinney 1221 Lamar 1201 McKinney	4.2 million SF/ \$875 million
Esperson Buildings	Cameron Management & Contrarian Capital of Greenwich	N/A	808 Travis St. 815 Walker Ave.	599,107 SF/ \$70 million

Sources : Houston Office Q3 2017 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

RETAIL OPENINGS

opened 3Q 2017

Bardot
Leaf & Grain
Lucienne
Murphy's Deli
Oxbow 7
Prelude Coffee & Tea
Theodore Rex

CO-WORKING SPACES/ INCUBATORS DOWNTOWN

PROPERTY NAME	ADDRESS
WeWork	708 Main (Early 2018)
Foundry Club	110-114 Main St. (Fall 2017)
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
Regus	700 Milam, 2 Allen Center (1200 Smith)
Level Office	720 Rusk, 405 Main

COMING SOON

Serendipity Labs	Esperson Building (808 Travis)
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Sources: HBJ; Central Houston, Inc.

Spotlight on Downtown Houston

LOCAL MEDIA

September 18, 2017

\$875M HOUSTON CENTER TRANSACTION IS THE LATEST SIGN OF HOUSTON'S ROBUST OFFICE INVESTMENT

"Brookfield has agreed to pay \$875M for the Houston Center office complex, a four-building portfolio totaling 4.2M SF. J.P. Morgan Asset Management decided to part ways with the value-add investment opportunity. Completed in 1982, the asset is positioned for extensive upgrades to compete with Houston's evolving Class-A office space... With Houston's recent office struggles, 2016 was a year to wait and see, but 2017 has seen its share of office deals as buyer and seller expectations align. Office investment sales totaled \$330M in 2016. This year has already far surpassed that number, with \$1.4B sold to date..." —**Bisnow**

August 10, 2017

SWAMPLAND SPONSOR: DOWNTOWN DISTRICT

"The Downtown District's new online platform aims to inform, educate, and entertain—so that residents, visitors, and commuters can enjoy the abundance of Downtown's amenities and offerings: dining, playing, enjoying the arts, worshipping, and learning!" —**Swamplot**

August 10, 2017

MULTIFAMILY TSUNAMI: THE NEXT WAVE OF DOWNTOWN APARTMENT CONSTRUCTION COMING SOON TO HOUSTON

"Developers are preparing to start building another round of high-rise residential towers in downtown Houston... The downtown multifamily market was stimulated into construction by the Downtown Living Initiative, which was created about five years ago... The city's Downtown Living Initiative did accomplish what it was designed to do -get more people living downtown. This provides support for more entertainment and restaurant options, while creating a better convention package and enabling downtown dwellers to walk to work." —**Reality News Report**

August 07, 2017

< DOWNTOWN > HOUSTON BUSINESSES SCORE LASTING BENEFITS AFTER SUPER BOWL LI

"It's been six months since Houston's Super Bowl, and restaurants that rushed to open for the big game are cashing in. "With downtown being a destination kind of like the new Heights, there's new restaurants and bars opening up. There's definitely a lot more foot traffic," Phelipot said... At the Marriott Marquis, visitors have kept rolling in. The hotel tells us since the game, they've seen a 20 percent increase in groups wanting to book rooms. That trend continues today. Their demand on the weekend is also up by 20 percent since the Super Bowl." —**KHOU**

August 02, 2017

THE CHANGING FACE OF DOWNTOWN HOUSTON

"There's a boom in downtown Houston. Right now, there is more than a billion dollars' worth of construction going on, and much of it is residential. Developers hope people will not only want to work downtown, but live there, too. "You know, we think it's a smart gamble," said Hines project director David Haltom. "The real estate game is about making smart bets, and we believe in the future of Houston and the future of this area in downtown Houston in particular." Hines is behind Aris Market Square.... Haltom and others believe there is pent up demand downtown while other parts of Houston deal with an apartment glut... Retail follows rooftops, they say... "You have to be patient," Eury said. "We do realize that does take that growth of the residential population to make that retail really work." For now, things seem to be looking up downtown..." —**KHOU**

Spotlight on Downtown Houston

LOCAL MEDIA (CONTINUED)

July 31, 2017

REVITALIZED MARKET SQUARE MAY LURE HOUSTONIANS DOWNTOWN

"The park has a lot of new neighbors. Market Square Park, in the north end of downtown, is on the verge of becoming the city's newest hotspot. It's brimming with new bars, restaurants, residences and the park that itself has had a makeover. It didn't happen overnight. It took a decade of investment and planning from the Downtown District and the Downtown Redevelopment Authority, two organizations tasked with imagining and implementing improvements."... —[Houston Public Media](#)

July 10, 2017

GLOBAL PRIVATE EQUITY FIRM TO OPEN FIRST HOUSTON OFFICE AT 609 MAIN

"A Minnesota-based international private equity firm, which has raised more than \$50 billion in its lifetime, is opening its first Houston-area office. Värde Partners will open an office at 609 Main, downtown's newest trophy tower, spokeswoman Paula Prahl confirmed to the Houston Business Journal. The office will focus on energy investment. The private equity firm recently filed a \$450,000 construction permit with the city of Houston. D.E. Harvey Builders Inc. is the builder for the office, which will be on the 39th floor... The firm has about a dozen offices in places including New York, London, Tokyo, Singapore and Hong Kong, per its website. Its global headquarters is located in Minneapolis..."

—[Bisnow](#)

REGIONAL & GLOBAL MEDIA

October 2017

THE RIGHT AND WRONG WAYS TO PITCH FOR AMAZON HEADQUARTERS HQ2

Forbes

"...In this piece, I'll focus on how to pitch the second Amazon headquarters – Amazon HQ2 – but more importantly, how to use this process to ensure you are fostering a culture that will drive success no matter what city HQ2 lands...Our Pitch: Houston Communities in Focus... Whatever Jeff Bezos and Co. decide, the bigger question ... is how do we continue to grow our ecosystem to launch the next Amazon?..."

August 2017

EXCLUSIVE: BOOMING LEASING ACTIVITY COUNTERS CRAZY SUPPLY IN TOP 10 OFFICE METROS

Forbes

"According to Colliers International's latest Top Office Metros Report. "... Even greater attention is being paid to attracting talent. Those CBDs characterized by flexible lifestyle, access to transportation, quality education and work-life balance continue to show sustained strength," Colliers International Eastern Region President Joe Harbert said... Next is a quick snapshot detailing the performance of the top 10 office markets in Q2 ... Houston's commercial real estate market has suffered many blows these past few years due to headwinds in the energy sector. Though a massive exodus of energy firms has exacerbated challenges in Houston's office market, there remains some demand from firms weathering the storm. In Q2, three of the largest leases signed were for core Houston submarkets..."

July 2017

HOUSTON ASPIRES TO BOOST ITS WORLD-CLASS STATUS WITH PLAN DOWNTOWN

Texas
Architect

"The Houston Downtown Management District (Downtown District) has announced Plan Downtown: a 20-year vision that will outline recommendations for development within and around the city's core. Led by Asakura Robinson with Sasaki Associates, Traffic Engineers, Inc., and HR&A Advisors, the plan aims to build on recent improvements that make downtown a better place to live, work, and play, as well as a destination that will attract more international businesses and tourists. It will address mobility, congestion, and connectivity issues and promote sustainable development and networked public green space."

Please contact Central Houston or the District with any questions you may have:

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RESOURCES

[Downtown Development Map](#)

[Bird's-eye-view Map](#)

[Downtown Parking Map](#)

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2Q 2017

Downtown Houston Market Update

2Q
KEY HIGHLIGHTS

0

New retailers added in 2Q

Downtown is bustling with market activity midway through the year. In April, WeWork announced that they will be opening their first Houston location in Downtown at 708 Main. Downtown continues to attract an increasingly diverse mix of creative and innovative office spaces to cater to its growing entrepreneurial community. The corporate office inventory is also growing as Skanska has resumed construction on its 750,000 square feet (SF) Capitol Tower, which will be anchored by and named after Bank of America. Hundreds of new residents have moved into Downtown within the last quarter, as new residential properties have been filling up quickly. Downtown's residential population is set to grow even more, with three mid-rise and two high-rise residential properties lined up to deliver 1,382 units next quarter. Amid a building residential boom, rental rates are very competitive, and landlords are offering bigger concessions than ever. The worst of the energy downturn has passed, and the economy is gradually moving towards recovery, evidenced by strong office leasing activity in the second quarter. Several large leases were signed in the second quarter, totaling over a million SF.



WeWork, Chelsea/NYC

Market Overview

OFFICE HIGHLIGHTS

50,429,579 sf
office space

754,000 sf
under construction

OFFICE

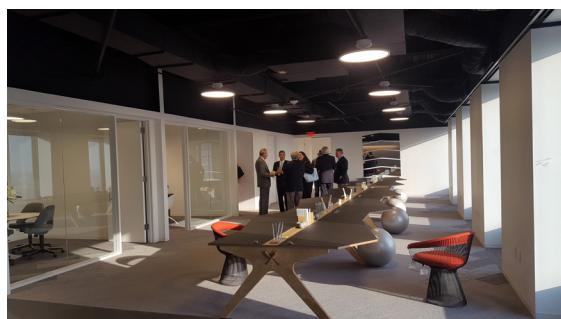
Global co-working giant, **WeWork** will open its first Houston location Downtown this December in the newly branded **The Jones at Main** at 708 Main. WeWork will occupy 86,000 SF, housing over 1,400 of its members. The facility will accommodate a broad range of companies, including individuals, startup firms and entrepreneurs, but also provide private offices with space for more than 120 employees for companies that need to have a regular presence in Houston. ([HBJ](#), [Chronicle](#), [RNR](#))

One Allen Center is soon to be renamed **Motiva Plaza** after its new anchor tenant, Motiva Enterprises LLC. Motiva renewed and expanded its lease by 15 percent in the building to 204,500 SF. ([HBJ](#), [Chronicle](#))

Skanska has resumed construction on **Capitol Tower**, its 35-story 754,000 SF office tower at 811 Rusk. The building's lead tenant, Bank of America, preleased 210,000 SF (six and a half floors) and acquired the naming rights for the tower. The tower's two-story, open-air atrium lobby will include retail, open seating areas and space for public performances. Capitol Tower is the only building Downtown with five tunnel connections, and the first Houston project to receive LEED v4 Platinum precertification. ([HBJ](#), [RNR](#))

Hines unveiled its twenty-first tower in the Houston skyline, **609 Main**, at a grand opening on May 17. Hines, the building's first tenant, moved into its new Southwest regional office on the 44th floor on April 22. The building is 60 percent leased. ([HBJ](#), [Bisnow](#), [RNR](#))

Brookfield launched **DesignHive**, four creative "office of the future" prototypes in 1600 Smith, on May 11. The University of Houston and Rice University's **Bayou Startup Showcase**, a 12-week long incubator for tech teams, has signed on as the first tenant in the 3,370 SF suite designed by Ziegler Cooper. ([HBJ](#), [HBJ](#))



DesignHive/Rottet Studio



Esperson Buildings

Chevron's **1500 Louisiana** is undergoing a \$10 million renovation as part of the company's relocation of around 900 employees from its Bellaire campus. ([HBJ](#), [Bisnow](#)) ([HBJ](#))

The historic **Niels and Mellie Esperson Buildings** are up for sale. HFF is marketing the building on behalf of the owners, Houston-based Cameron Management and Contrarian Capital of Greenwich, Connecticut. The owners have invested close to \$9 million into improvements, including a major redesign of its lobby and tunnel space, and most recently, a newly renovated 14th floor corridor, a new tenant bike room, and an UBER/VIP drive-through. ([HFF](#), [HBJ](#), [Chronicle](#))

Three Downtown buildings were among the 2017 Outstanding Building of the Year (TOBY) Award winners. The International TOBY Award Winners were: Corporate Facility: **HESS Tower**; Renovated: **One Shell Plaza**. The Regional TOBY Award Winner/Over 1 million SF: **1100 Louisiana**. ([Bisnow](#))

Market Overview

RESIDENTIAL HIGHLIGHTS

4,611*
residential units

1,482
under construction

1,454
proposed

*Hamilton Street Residence is permanently closing this summer, following Astros Owner Jim Crane's purchase of the property. Located adjacent to the Minute Maid Ballpark, the 129 unit-property which opened in 1995, was Houston's first single room occupancy (SRO) affordable housing.

HOTEL HIGHLIGHTS

7,300
hotel rooms

480
under construction

185+
proposed

OFFICE (CONTINUED)

Goldman Sachs provided a \$163.5 million loan to refinance **717 Texas Avenue**, a 33-story, 696,000 SF LEED Platinum downtown office tower. JLL Capital Markets secured the loan on behalf of Hines and Prime Asset Management. The building, originally developed in 2003, had been fully leased for more than a decade until Freeport-McMoRan Oil & Gas recently vacated, leaving the tower at about 50 percent leased. ([HBJ](#), [RNR](#))

Houston Center Complex, a 4 million SF collection of Downtown office towers in the J.P. Morgan portfolio, is on the market. The complex includes the 46-story LyondellBassell, the 40-story 2 Houston Center, the 51-story Fulbright Tower and 4 Houston Center, which has 675,000 SF of office space plus the Shops at Houston Center. ([RNR](#))

RESIDENTIAL

Downtown's newest luxury apartment buildings, Hines' **Aris Market Square**, a 32-story, 274-unit high-rise; **Catalyst**, a 28-story, 361-unit high-rise; **1711 Caroline**, a 5-story, 220-unit mid-rise; and **Eighteen25**, an 8-story, 242-unit mid-rise, are now pre-leasing.

HOTEL

The 70-year-old former office of Southwestern Bell at **1114 Texas St.** will be undergoing a \$14 million redevelopment into a **Hyatt Place** hotel. The 16-story office building was one of three properties recently added to Houston's roster of landmarks. Pride Management Inc., the property owner, will be leading the redevelopment of the 115,360 SF building into a 154-room historic hotel, opening in December 2018. ([HBJ](#), [Chronicle](#))

The **Great Southwest Building** at 1314 Texas was sold to Choice Hotels International Inc. and is being redeveloped into a new luxury **Cambria Hotel & Suites**. The high-end hotel concept will have the same Art Deco design and name as its sister property in Dallas—the new Cambria Tower Petroleum Dallas in the historic Tower Petroleum building. ([HBJ](#), [Chronicle](#))

Hotel Alessandra has announced an October 2017 opening. According to the Valencia Group, which will operate the hotel in partnership with the hotel owner, Midway, the 20-story hotel is in the final stages of construction. ([HBJ](#))

RETAIL

A new nanobrewery, **160ft Beerworks** opened downtown at 1310 Nance St. on April 1, next to the former Oxheart restaurant. The 2,000 SF location seats about 35 people, and will be open Friday through Sunday. ([HBJ](#))

Bud's Pitmaster BBQ opened at 1001 Avenida de Las Americas. The restaurant's menu will feature four generations of legendary southern-style smoked BBQ recipes. ([Website](#), [AvenidaHouston](#))

Cake Life Co., a local bakery that specializes in custom cakes for all occasions and events, opened at 804 Williams St. on April 23 in the Warehouse District.

The Conservatory Food Hall and Beer Garden at 1010 Prairie added new food and beverage vendors this spring—**Arte Pizzeria** from pastry chef Kelsey Hawkins; **Mars Bakery**, a doughnut and pastry bar; and **Noble Rot Wine Bar**, a "boutique wine bar"—to their existing lineup of El Burro and the Bull and Mélange Crêperie. ([Chronicle](#), [Website](#))

LAUNCH, a collaborative pop-up shop returned Downtown on April 1, featuring new local designers and artisans that will switch out every few months. The shop is open daily at 701 Avenida de las Americas, and will remain through the end of 2017. ([Houstonia](#))

Stack Burger, a casual restaurant and burger stand is open at 703 St. Joseph Pkwy. The restaurant also features Houston local art. ([Website](#))

Pappas Bros Steakhouse won the Wine Program of the Year, and Leslie Ross Krockenberger of **Reserve 101** won the Bartender of the Year at the 2017 CultureMap Taste-maker Awards. ([culturemap](#))



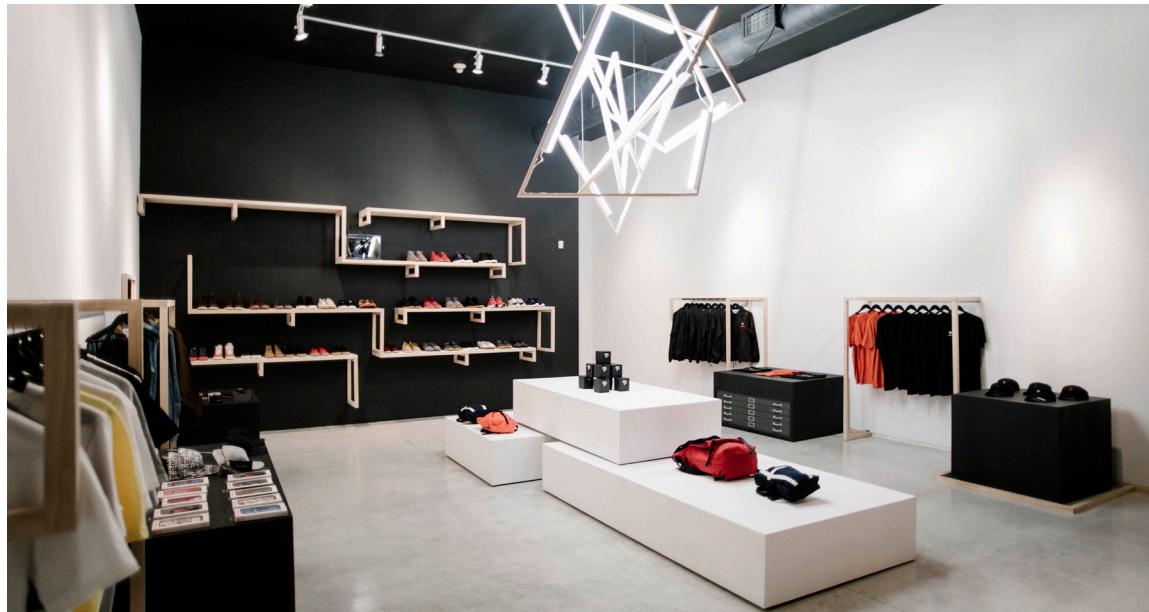
Hotel Alessandra

Market Overview

RETAIL HIGHLIGHTS



new retailers



The Tipping Point

RETAIL (CONTINUED)

The Tipping Point, Downtown's first and only creative lifestyle destination, is open in the Historic W. L. Foley Building at 214 Travis Street. Locally owned and operated by native Houstonians since 2007, the store curates a select collection of limited-edition footwear, books, art, apparel, music, and accessories that are a reflection of their creative lifestyle. ([Website](#))

COMING SOON:

B&B Butchers owner, Benjamin Berg, will be opening **Benjamin's**, a new 16,000 SF world-class restaurant on the ground and mezzanine floors of The Star apartment building at 1111 Rusk. The new restaurant is expected to open towards the end of summer 2018. ([Chronicle](#), [HBJ](#), [RNR](#))

Café Cosmopolita will be opening on the ground floor of SkyHouse Houston at 1625 Main Street in mid-September. The independent specialty coffee shop with a modern and international theme will serve high quality espresso based drinks, coffee, tea, pastries, breakfast sandwiches and other beverages.

Finn Hall is set to open in early 2018 at 712 Main in The Jones on Main. The 20,000-SF food hall will feature a dozen chef-driven food outlets, a craft beer and curated wine bar, an art deco cocktail lounge, and private spaces. The food hall will serve breakfast, lunch and dinner. ([Chronicle](#), [HBJ](#))

High & Dry, a new rum bar set to serve up an "urban oasis" will be opening on the second floor of 306 Main Street. ([Houston Eater](#))

An upscale white table cloth full-service restaurant, **Lucienne**, and lobby bar, **Bardot**, are planned on the second floor of the new Hotel Alessandra. The restaurant will feature Mediterranean cuisine from countries such as Portugal, Greece, France and Spain and seat about 100. ([Chronicle](#))

Celebrity Chef Bryan Caswell, the chef-owner of Reef, El Real, and Little Bigs plans to open a new restaurant, **Oxbow 7**, on the ground floor of the new Le Méridien hotel at 1121 Walker St., and a rooftop bar, **Hoggbirds** on the 22nd floor. The restaurant and bar are expected to open along with the hotel on August 22. ([HBJ](#), [culturemap](#), [Website](#))

Owners of Montrose coffee shop Blacksmith, Morningstar and Greenway Coffee & Tea plan to open **Prelude Coffee and Tea** inside 609 Main's lobby. ([HBJ](#))

Dallas-based restaurant and bar concept by Pat Green and FreeRange Concepts, **The Rustic**, will open its first Houston location Downtown at 1836 Polk St., next to the George R. Brown Convention Center. The 25,000-SF restaurant and bar is expected to open in the summer of 2018 and create more than 200 Houston jobs. ([HBJ](#))

Market Overview



Art Blocks: Sidewalk Cinema

CONCEPTUAL SKETCH



Plan Downtown

OTHER DEVELOPMENTS

The Downtown District has extended its public arts initiative **Art Blocks** in Main Street Square, after a successful first year. Featuring popular public art works like Trumpet Flower, Main Street Marquee and the new Sidewalk Cinema presented by Aurora Picture Show, the art installations will remain on view through December 2017. ([Houstonia](#))

A new 21-dock **BCycle station**, Downtown's fifteenth location, was installed at the Jury Assembly Building located at **1202 Franklin Street** on June 26. ([Website](#))

Uber Technologies Inc. and Cameron Management have inked a first of-its-kind agreement, naming the **Esperson Building** as a designated pickup and dropoff building. Cameron Management has also launched a lease agreement to steer Esperson tenants to alternative transportation methods, such as Metro passes, taxi services, Park and Rides, as well as Uber or Lyft, that free up needed parking spaces. ([HBJ](#))

Construction on the new Downtown campus of the **High School for the Performing and Visual Arts (HSPVA)** has topped out. The new HSPVA campus is on track for completion in the fourth quarter of 2018. ([HBJ](#))

Several Downtown buildings were among top winners of the **2017 Landmark Awards** in various categories. Community Impact: **George R Brown Convention Center** (Finalist); Historic Renovation: **Sunset Coffee Building** (Winner), **Esperson Building** (Finalist); Hospitality: **Marriott Marquis** (Winner), **Aloft Houston Downtown** (Finalist); Mixed-Use: **Market Square Tower** (Finalist); Multifamily: **500 Crawford** and **Block 334** (Finalist); Workplace Interior: **Greater Houston Partnership** at the Partnership Tower (Finalist); Rehabilitation/Renovation: **811 Louisiana** (Winner). ([HBJ](#))

Central Houston launched a new website, **Learn Central**, that provides information on 150 inner-loop schools and 33 different neighborhoods, and resources on finding centrally located childcare and after-school programs. The goal is to show young families and potential inner-loopers that many established and emerging education options close to Downtown Houston are in fact, some of the region's highest achieving public and private schools. ([Website](#); [Downtown Magazine](#))

The **Lee and Joe Jamail Skatepark** at Buffalo Bayou Park has reopened after a \$2 million renovation. Additions to the park include a grass terrace seating area, innovative shade, cooling structures and graffiti boards for local artists to work on. ([HBJ](#))

San Francisco-based ride-sharing company **Lyft** returned to the Houston market on May 31 shortly after Gov. Greg Abbott signed a statewide comprehensive transportation bill. ([HBJ](#))

A multimillion-dollar reinvention construction project on **The Met at the Downtown Club** in Allen Center is now underway to bring new dining, social, workspace and wellness features. The transformation is set to be complete in late summer 2017. ([Website](#))

Construction on the initial part of the \$7 billion **North Houston Highway Improvement Project** is expected to begin by 2020. Segment 3 of the implementation plan focuses on Downtown Houston, and will include five major projects. TxDOT estimates the project will increase traffic speed Downtown by 20 miles per hour during peak times. **TxDOT is asking for feedback on its project. Public comments are open until July 27.** ([CommunityImpact, Bisnow](#))

Plan Downtown, the 20-year vision for downtown's future, is underway. Over the last quarter, with input from public workshops, community events and leadership and steering committee meetings, the Plan Downtown team is developing and refining the conceptual plan and strategic framework. The final plan will be unveiled at the Central Houston Annual Meeting at the Hilton Americas on November 3, 2017. The public can still participate in the Plan Downtown process by completing the [My Downtown](#) survey at the [Plan Downtown website](#).

A year after the city hosted the Final Four, **Toyota Center** for the first time was awarded the South Regional of the 2020 NCAA men's basketball tournament. The 2020 Division I Men's Basketball Regionals will be held March 27 and 29 at the Toyota Center. ([HBJ](#))

2Q 2017 Overview

RELOCATIONS & EXPANSIONS

TENANT	TYPE	TO	FROM	INITIAL SF
Bank of America	Relocation	Capitol Tower, 800 Capitol	Bank of America Center	209,447
Motiva Enterprises LLC	Expansion/ Renewal	One Allen Center	One Allen Center	204,500
TransCanada	Expansion	Bank of America Center	Bank of America Center	202,000
Crestwood Equity Partners LP	Relocation	BG Group Place, 811 Main	Bank of America Center, 700 Louisiana	90,000
Business Services Firm	N/A	1000 Main	N/A	86,000
WeWork	New	The Jones on Main, 708 Main	N/A	86,000
Macquarie Capital	Expansion	500 Dallas	500 Dallas	71,311
Winstead PC	Renewal	600 Travis	N/A	66,000
Alvarez & Marsal	Expansion	Bank of America Center	Bank of America Center	50,000
WHR Architects	Expansion	1111 Louisiana	1111 Louisiana	47,330
Boston Consulting Group	Expansion	1221 McKinney	1221 McKinney	31,000
Jones Walker LLP	Relocation/ Expansion	811 Main	1001 Fannin	27,459
Yetter Coleman	Relocation	811 Main	909 Fannin	27,459
Arnold & Porter Kaye Scholer, LLP	Relocation within building	Bank of America, 700 Louisiana	Bank of America (700 Louisiana)	19,449
Spencer Ogden	Relocation/ Expansion	GreenStreet, 1201 Fannin	BG Group, 811 Main	12,000
Chicago Title Insurance Co.	Relocation	609 Main	909 Fannin	10,000
Fisher Phillips LLP	Relocation	One Shell Plaza	3 Allen Center	9,097
Western Gas Partners LP	Relocation	609 Main	811 Main	8,800
Charter Title Co.	Relocation	609 Main	811 Main	4,700

Sources: Houston Office Q2 2017 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

RETAIL OPENINGS

opened 2Q 2017

160ft Beerworks
Arte Pizzeria (new vendor in Conservatory Food Hall)
Buds Pitmaster BBQ
Cafe Life Co.
Mars Bakery (new vendor in Conservatory Food Hall)
Noble Rot Wine Bar (new vendor in the Conservatory Food Hall)
Stack Burger
Studio 809
The Tipping Point

CO-WORKING SPACES/ INCUBATORS DOWNTOWN

PROPERTY NAME	ADDRESS
WeWork	708 Main (Fall 2017)
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
DesignHive	1600 Smith
Regus	700 Milam, 2 Allen Center (1200 Smith)
Level Office	720 Rusk, 405 Main
COMING SOON	
Serendipity Labs	Esperson Building (808 Travis)

Sources: HBJ; Central Houston, Inc.

Spotlight on Downtown Houston

LOCAL MEDIA

June 13, 2017

FINDING AN INNER LOOP SCHOOL FOR YOUR KID JUST GOT EASIER

"....AS MILLENNIALS AGE, many are following in their parents' footsteps and heading to the 'burbs, where the houses are big and cheap and their kids have easy access to good schools... A new website is focused on showing potential inner-loopers they won't have to compromise on their kid's education in order to have an urban lifestyle. Central Houston, downtown's economic development group, is hoping to lure more young families inside the Loop with their new website, Learn Central. "Parents often think that they must live in the suburbs to ensure their children receive quality education," said Bob Eury, president of Central Houston... "On the contrary..., some of the region's highest achieving schools are located centrally." The site has the lowdown on 150 inner-loop schools and 33 different neighborhoods. There are even resources on finding centrally located childcare and after-school programs..." —**Houstonia**

June 8, 2017

UBER SIGNS AGREEMENT FOR FIRST-OF-ITS-KIND PICK UP LOCATION IN DOWNTOWN HOUSTON

"Uber Technologies Inc. and Cameron Management have inked a first of-its-kind agreement, naming the Esperson Building as a designated pickup and dropoff building,... Another Uber-related feature Cameron Management has launched for its Esperson tenants is a lease agreement that allots more than \$10,000... for alternative transportation methods, such as Metro passes, taxi services, Park and Rides, as well as Uber or Lyft... The goal is to steer tenants to alternative transportation methods that frees up needed parking spaces and reduces stress on the already log-jammed streets..." —**Houston Business Journal**

June 5, 2017

PART-TIME RESIDENTS FLOCK TO LUXURY CONDOS AMID URBAN RENAISSANCE

"Luxury high-rises in downtown and other premium locales inside the Loop are drawing more than empty nesters and overpaid millennials. A growing pied-à-terre community is making itself at home on the upper floors of apartment and condo towers around Houston, enjoying the city's ascendant cultural and entertainment scene while maintaining a suburban idyll a few miles away... Among the newcomers are Cory and Cherie Roper. They rent a 24th-floor pad in One Park Place ... The couple's friends thought the Ropers had lost their mind signing such a lease, Roper said, but that all changed after they visited. Now one friend has an apartment leased in the same tower, and another is planning to sign. The tower now has more than 20 pied-à-terre residents...As a Houston Rockets season-ticket holder, <Ed Laase> traveled downtown frequently, and in 2015 bought a condominium in the Four Seasons to ease the commute. But now he sees it as a retirement option. The concierge, town car and other amenities meet the needs he would have looked to fill in a retirement home, he said...." —**Houston Chronicle**

May 22, 2017

HOUSTON'S DOWNTOWN HIGH-RISE GUIDE: EVERYTHING YOU NEED TO KNOW ABOUT LIVING LARGE AND UP HIGH IN THE CITY

"... nearly 50 new luxury high-rise and mid-rise buildings <are> in various stages of construction...There are epicenters of this building boom, though, and downtown is clearly one of them. A number of ambitious new high-end projects are betting on the notion that living in downtown Houston has never been more desirable. From an upstart looking to change what a rooftop pool can be to a massive skyscraper from Houston's most storied developer, all the new big-money buildings are selling a lifestyle even more than their amenities. That lifestyle centers around the picture of big-city entertainment and yes, a very walkable downtown—in Houston. Many of these buildings are locked in a virtual arms race, trying to one up themselves with competing perks and amenities..." —**Paper City**

Spotlight on Downtown Houston

LOCAL MEDIA (CONTINUED)

May 19, 2017

HOUSTON'S GUIDE TO DOWNTOWN NIGHTLIFE

"Houston's downtown scene saw a resurgence just a few years ago, when a number of bars opened on Main Street. Now, it's packed with establishments serving craft cocktails with house-made ingredients, as well as flashy, big-budget nightclubs. Check out the varied range of bars open downtown. OKRA ... A charitable bar that donates proceeds to a different organization every month...; Captain Foxheart's Bad News Bar and Spirit Lodge... Smart cocktails in an elegant setting with a balcony overlooking downtown's busy Main Street; The Nightingale Room... Live music venue paired with great drinks...; La Carafe... It's a romantic place with a unique setting; Moving Sidewalk...; Tongue-Cut Sparrow...; MKT Bar... ; Reserve 101...; Public Services Wine & Whisky... ; Rose Gold Cocktail Den... ; The Dirt Bar...; The Pastry War... ; Little Dipper Bar... ; Batanga... ; Flying Saucer Draught Emporium... ; Foundation Room Houston... ; Houston Watch Company... ; Craft Beer Cellar Houston... " —**Houston Chronicle**

April 28, 2017

WeWork's DOWNTOWN SPACE TO SHOWCASE THE 'FUTURE OF WORK'

"WeWork, the international co-working organization ..., announced Friday its long-awaited entrance into the Houston market. "It was more of a question of when, not really if," said Adam Wacenske, regional general manager. "We were really searching for the right building and the right location. We've been in the market for a long time." The New York-based office space provider will operate 86,000 square feet of co-working space in downtown's 708 Main building. WeWork, known for its eclectic interior designs, attracts freelancers, startups, small-business owners and increasingly, larger corporations....Amenities will include private offices with space for more than 120 employees; pingpong and brainstorming rooms; private conference rooms; and open space for large events. The company joins other shared-office concepts that have opened downtown and elsewhere in Houston. "I think it's a sneak preview in the way people want to work," said Mike Fransen,...owner of Greenway Plaza.... Wacenske said...He expects the new space to attract a diverse mix of customers, including those who work in health care, technology oil and gas, professional services workers. "We believe the future of work is changing,"..."People want to work more collaboratively, from anywhere." —**Houston Chronicle**

April 7, 2017

DOWNTOWN HOUSTON IS IN THE MIDST OF A TRANSITION THAT COULD CHANGE ITS DNA

"... since Edison, a roughly 50-person law firm, relocated in 2016 to 1001 Fannin, the downtown tenant experience has been largely positive. The building is just a few blocks away from Discovery Green and the George R. Brown Convention Center enhancements that Central Houston recently finished... Overall, employees are enjoying the new restaurants and entertainment within walking distance of the office. "That wasn't here before," said Williams. "There's a lot more energy and activity." Even with many energy tenants having left downtown or downsized due to the oil slump, the area is bustling. "The longer we're here, the more converts we have," Aiken said.... "The amount of activity there, from a non-office perspective, has been pretty exciting," said Transwestern's Tyler Garrett The increase in retail and multifamily development is positioning downtown as much more of a mixed-use submarket; one where people live, work and play.... The bright, dynamic downtown that Aiken and Williams are experiencing is just a taste of what the submarket could be...." —**HBJ**

April 6, 2017

MARRIOTT CEO: WE'RE EYEING DOWNTOWN HOUSTON FOR LUXURY BRAND OPENINGS

"The Marriott Marquis, a 1,000-room luxury hotel in the heart of Houston's convention district, opened just weeks before Houston hosted the 2017 Super Bowl in February. But when it comes to downtown's luxury hotel market, Maryland-based Marriott International Inc. is just getting started, said its CEO Arne Sorenson... But as downtown Houston gains more residential and retail developments, and its convention district continues to grow, Marriott will "inevitably be here with some of (its) brands," Sorenson said. Downtown's transformation into a more walkable, urban submarket hit a high note in 2016. The area saw "unprecedented" growth in its retail and restaurant offerings last year ... "The renaissance we're seeing in downtown is very encouraging," Sorenson said, adding that Marriott is opening 50 hotels throughout Texas in 2017..." —**HBJ**

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

June 2017

10 NEW SPOTS TO EAT AND DRINK IN DOWNTOWN HOUSTON



"Until recently, downtown Houston wasn't a place you went to dine unless there was a purpose behind it...Thanks to Super Bowl LI, however, the neighborhood is suddenly flush with new places to try. From chef-driven Mexican cuisine and Italian fine dining to a 25-seat boutique cocktail bar, here's what's happening in downtown Houston right now. **Xochi**. specializes in chef-driven Oaxacan cuisine. **Potente**. Astros owner Jim Crane... wants people to enjoy themselves before the first pitch and long after the last out.... **Osso & Kristalla** just next door to Potente is the billionaire owner's second downtown establishment, this one styled as a family friendly, casual trattoria. **Grotto Downtown**...everything in the restaurant would be made from scratch. **Brasserie du Parc** provides an alluring bar and charming enclosed terrace that brings a little bit of France to Texas. **Local Foods Downtown**.... delivers a feast of healthy favorites... **The Pearl Restaurant & Bar**...newly renovated and re-concepted **Sam Houston Hotel** lobby eatery...<with a> seafood-driven menu... **Bayou & Bottle**.... at Four Seasons Hotel Houston...boasts a 125-label whisky and bourbon list, an extensive craft beer selection and custom cocktails.... **Biggio's Sports Bar**. Opened in partnership with Houston Astros Hall of Famer Craig Biggio, this upscale hangout...features two different bar areas....**Tongue-Cut Sparrow**... is modeled after the bespoke bars its principals encountered in Tokyo..." —**Forbes Travel Guide**

April 2017

THE INTERNET APPROPRIATELY FREAKED OUT OVER THIS TRIPPY SKY POOL HANGING OFF A BUILDING

TIME

"A new pool is not for the faint of heart. This residence tower in downtown Houston comes equipped with a rare extra perk for the brave at heart: a glass-bottomed pool located precipitously on its 42nd floor. Daredevils and residents of the new Market Square Tower who don't suffer from vertigo can take a dip in the water feature, which has a glass platform that extends 10 feet out from the main pool enclosure, allowing it to look (and feel) like you're literally walking on air above the street 500 feet below. Trippy. (It's also Texas's highest pool.) A video of someone walking through the pool and out onto the glass observation deck has gone viral, with plenty of viewers having very strong reactions to the dramatic footage. While some are adding the pool (which is accessible to residents only) to their bucket lists, others are adamantly opposed to its engineering. Apparently the "glass" bottom is composed of eight-inch-thick plexiglass, in case that helps rationalize away the fear." —**TIME**

Please contact Central Houston or the District with any questions you may have:

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RESOURCES

[Downtown Development Map](#)

[Bird's-eye-view Map](#)

[Downtown Parking Map](#)

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Downtown Houston Market Update

Q1

KEY HIGHLIGHTS

723

New residential units opened in Q1

1.05 million sf

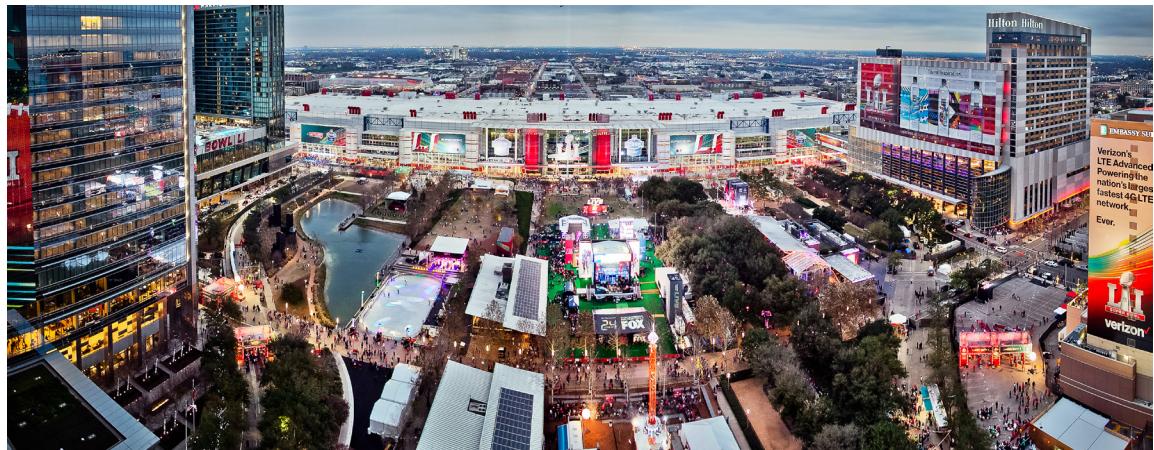
new office space opened in Q1

15

new retailers opened in Q1

SuperBowl LI kicked off 2017, accelerating completion of several projects. Downtown was the epicenter of activity, attracting over one million visitors that took part in Super Bowl LIVE, a week-long fan festival, centered in and around Discovery Green, George R. Brown Convention Center and the newly transformed plaza at Avenida Houston.

The first quarter of 2017 was off to a good start with the completion of The Star, a new residential property, bringing Downtown's residential unit count to 4,777. Market Square Tower, which opened in December 2016 is already 50 percent leased. The completion of Hines' 609 Main at Texas also added 1.05 million SF of new office space to Downtown's office inventory; the building is close to 60 percent leased. Seven projects are under construction for delivery in 2017, bringing in another 1,382 residential units, 480 hotel rooms and a new 10-story parking garage.



Market Overview

RESIDENTIAL HIGHLIGHTS

4,777
residential units

1,482
under construction

1,454
proposed

RESIDENTIAL

A modern makeover and redevelopment of the historic Texaco Building, **The Star**, a 323-unit mid-rise luxury residential building, opened in February. Located at 1111 Rusk, the building includes 21,000 sf of retail space, and a 9-story, 685-car parking garage that will incorporate retail. ([The Star](#), [HBJ](#), [Bisnow](#))

Camden Property Trust is delaying the construction of its proposed 20 floor, 550 unit luxury apartment project until there is some moderation in construction prices. ([HBJ](#))



The Star

OFFICE

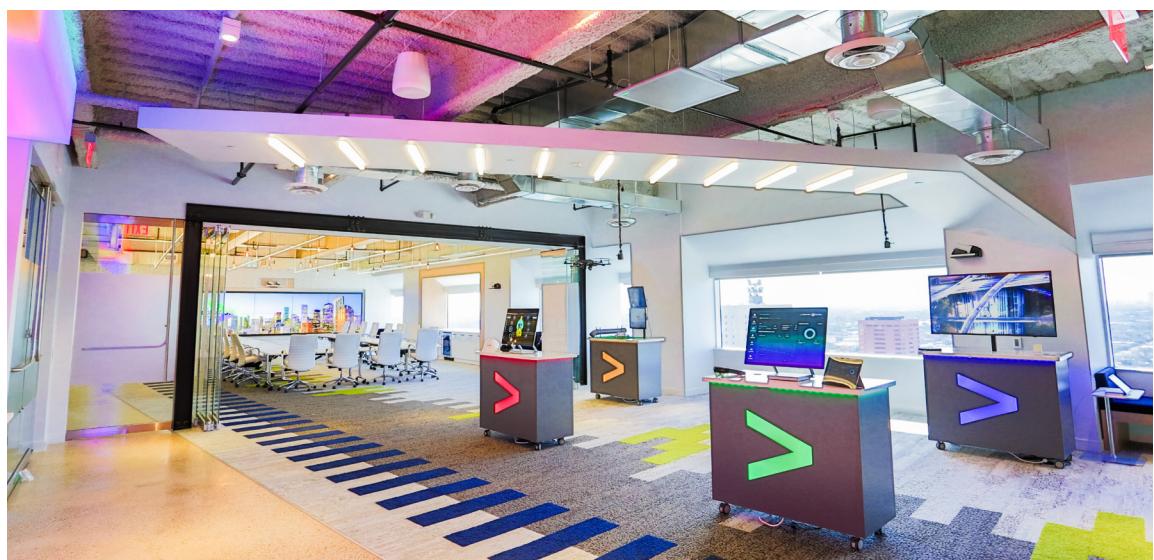
600 Jefferson has been renamed **1801 Smith**, and is undergoing a multi-million dollar renovation. This includes adding a main entrance on Smith Street, to leverage the prominent address of one of the most well-traveled streets in Downtown. ([Realty News Report](#))

Jefferson Smith LLC bought **500 Jefferson** from New York-based W.P. Carey. The new owners aim to begin renovations on the building in late 2017. With the change in ownership, plans to convert 500 Jefferson into Jefferson Towers at Cullen Center have been canceled. ([HBJ](#), [Bisnow](#))

Hines' **609 Main at Texas** is complete and about 60 percent leased. McKinsey & Co., Russell Reynolds, and Johnson Downie LLC joined the growing number of major tenants inking space at the new 1.05 million SF building. Kirkland & Ellis also nearly doubled its footprint in the building to about 105,000 SF. ([Hines](#), [HBJ](#))

Accenture recently opened a new 13,500-SF **innovation hub** in February, in the heart of Downtown as part of the company's accelerated innovation investment in the U.S. The innovation hub is designed to help clients grow, compete and transform in the digital economy. Located on the 18th floor of 1301 Fannin, the innovation hub includes a liquid studio and innovation center. These are highly collaborative environments where Accenture works side-by-side with its clients to leverage digital and emerging technologies, including artificial intelligence, blockchain, drone and computer vision, and virtual reality to create innovative and competitive business solutions. ([Accenture](#), [HBJ](#))

Houston-based Hilcorp Energy Co will be demolishing the 10-story **Americana Building** at 811 Dallas, across the street from the company's new headquarters at 1111 Travis. The building's 550-car parking garage will remain. ([HBJ](#))



Accenture

Market Overview

HOTEL HIGHLIGHTS

7,300
hotel rooms

480
under construction

185+
proposed

OFFICE (CONTINUED)

Skanska USA has begun construction on **Capital Tower**, a 35-story, 750,000 SF office tower at 811 Rusk. ([Realty News Report](#))

Brookfield is creating **DesignHive**, a collection of 'office of the future' prototypes, on the 37th floor of 1600 Smith, featuring spaces ranging from 2,815 SF to 4,193 SF. These innovative spec suites will cater to Houston's increasingly younger and more mobile workforce, and tenants' increasing demand for innovative and progressive work environments. ([HBJ](#))

Atlanta-based Columbia Property Trust sold all of its three Houston office properties to **Spear Street Capital** for \$272 million. These properties, including 5 Houston Center, totaled about 1.2 million SF. ([HBJ](#), [Realty News Report](#))

HOTEL

AC Hotel by Marriott, a 10-story, 185-room European style luxury hotel is being developed by Newcrest Image. A conversion of the Houston Bar Center at 723 Main, construction on the hotel commenced in 1Q 2017, and is slated for completion in 1Q 2018. ([HBJ](#))

RETAIL

Allen's Place, a two-level Houston history-themed neighborhood bar, opened on February 1 on the ground floor of the historic Dorrance Building at 114 Main Street. The upper level features five semi-private areas for a luxury box stadium experience. ([Website](#))

A new lobby bar and restaurant, **Bayou & Bottle**, opened in January at the Four Seasons as part of the hotel's ongoing multimillion-dollar renovations. The concept offers an upscale menu, Topgolf Swing suite and boasts the longest bar in Texas. ([HBJ](#), [Chronicle](#))

Owners of acclaimed French restaurant Étoile opened **Brasserie du Parc** on January 30 at One Park Place. The 2-level 5,500-SF French restaurant, across the street from Discovery Green, also includes **Crêperie du Parc**, a crêpe concept for to-go orders. ([HBJ](#))

Casa Blanca Lounge, a Guatemalan-style bar and lounge, is open at 312 Main Street in Historic Market Square. The lounge features live DJ's on the weekend, and is available for party reservations. ([Website](#))



Capital Tower

McAlister's Deli, a fast casual restaurant offering hand-crafted sandwiches and salads, opened just before the Super Bowl inside the George R Brown Convention Center. Located at 1001 Avenida De Las Americas, the restaurant offers dine-in, take-out and catering services.

Downtown's prominent culinary incubator, the Conservatory Food Hall and Beer Garden, has added a new food vendor, **Moku Bar**. Open at 1010 Prairie, the vendor serves fresh customized Poké and tempura options. ([Website](#))

One of the newest additions to Avenida Houston, **Pappadeaux Seafood Kitchen** opened in the southwest corner of the Convention Center. The restaurant's 30-year-old Cajun concept includes patio space and counter seating. ([Website](#))

The Sam Houston Hotel's former restaurant and bar—"17" and "The Sam Bar"—have been rebranded as **The Pearl**, a new seafood restaurant and oyster bar, which opened in February. ([HBJ](#))

Market Overview

RETAIL HIGHLIGHTS

15 new retailers

10+ proposed



Xochi

RETAIL (CONTINUED)

Astros owner, Jim Crane, opened his upscale, white table-cloth Italian restaurant, **Potente**, and his casual trattoria, **Ossو & Kristalla**, on the ground floor of the 500 Crawford residential building at 1515 Texas, in February. ([Chronicle](#); [Houston Press](#))

Downtown restaurant Prohibition Supperclub & Bar has rebranded, splitting its dinner and theater services to complement downtown's energetic, street-friendly vibe. The restaurant, **The Oyster Bar at Prohibition**, will operate only for dinner, and the theater will continue as **Prohibition Supperclub**. Each concept has separate entrances and menus, and the theater is expanding to include more seats. ([HBJ](#))

Owners of Clé Club opened **Spire**, a mostly electronic dance nightclub, on January 15 in the former First Church of Christ Scientist building at 1720 Main. ([HBJ](#))

Owner of The Pastry War, Bobby Heugel, opened **Tongue-Cut Sparrow**, a new 25-seat formal cocktail bar and event space in February, on the second-floor of 310 Main. ([HBJ](#), [Houstonia Magazine](#))

Torchy's Tacos and **Shake Shack** opened in Minute Maid Park on March 29. The renovated Budweiser Patio in the stadium also features new food selections, including a grab-and-go market serving food, beverages and other items. ([HBJ](#))

Wokker TX Ranger, a modern Asian-Southern local food truck, is open at 907 Franklin inside Craft Beer Cellar, in Historic Market Square. The food truck hand crafts unique flavors that

sum up the flavors of Houston in one bite, and includes new menu items exclusive to this location. ([Website](#))

Hugo Ortega's highly anticipated Oaxacan restaurant, **Xochi**, opened in January on the ground floor of the Marriott Marquis. Xochi features unique Mexican cuisine that incorporates traditional Oaxacan herbs and ingredients. ([HBJ](#), [Houstonia](#))

COMING SOON:

Houston's oldest and largest craft brewery, Saint Arnold Brewing Company, is planning a 20,000-SF expansion to its property: **Saint Arnoldville** will bring a new restaurant to seat around 100 people, an outdoor deck, a beer garden and lawn with games and more. ([HBJ](#))

Owners of Montrose coffee shop Blacksmith, Morningstar and Greenway Coffee & Tea plan to open **Prelude Coffee and Tea** inside 609 Main's lobby. ([HBJ](#))

The Tipping Point, Downtown's first and only creative lifestyle destination will be opening on the ground floor of the historic W. L. Foley Building at 214 Travis Street. in May. The retail store will feature select limited-edition footwear, books, art, apparel, music, and accessories. ([Website](#))

Market Overview



Lamar Cycle Track



Plan Downtown Public Workshop

OTHER DEVELOPMENTS

Ten Downtown projects made the Houston Business Journal's **2017 Landmark Awards: Houston's Top Projects** finalists list. Projects are recognized for excellence in land planning, design, construction, economics, marketing and management. ([HBJ](#))

The Metropolitan Transit Authority of Harris County has completed the final portion of the **Green Line light rail**. The Green Line now offers nine stops, from downtown's theater district to the East End. ([HBJ](#))

Houston megachurch, **Houston's First Baptist Church**, plans to buy a 40,000-square-foot office building at 1730 Jefferson to significantly expand its downtown presence. ([HBJ](#))

Incarnate Word Academy, a 9th- through 12th-grade all-girls private school at 609 Crawford St. completed Phase 1 of its \$15 million expansion—a newly constructed 18,500-SF academic building—in February. Phase 2—construction of a parking garage across the street—is underway. ([HBJ](#))

The city is finalizing a quarter-mile extension of the **Lamar Cycle Track**, a two-way bike path that links Discovery Green and Sam Houston Park, to improve connection to the Buffalo Bayou trail and other trails. The extension is on the west side near Sam Houston Park, and is expected to be completed by the end of March, after which the city will look at improving connections on the east side of downtown. ([Houston Public Media](#))

Downtown Houston athletic and sports club, **The Met at The Downtown Club**, at 340 W. Dallas St., a 155,000-SF luxury athletic and sports club within downtown Houston's Allen Center, is undergoing a multimillion-dollar renovation to increase vibrancy, and to introduce new programming and events. Renovations are expected to wrap up this summer. ([HBJ](#))

The Houston Astros unveiled major renovations to its center field concourse at the **Minute Maid Park** on March 29, featuring new restaurants, more seating options, a new mural; and several other improvements meant to better the fan experience. ([HBJ](#))

New Hope Housing's affordable, permanent housing for low-income persons, the Hamilton SRO located at 320 Hamilton at Congress Avenue, prepares to move to a new facility on the eastern edge of downtown. The Downtown property was sold to Astros owner Jim Crane, who is expected to use the property as part of the Astros ballpark complex, possibly a parking lot. ([Realty News Report](#))

TxDOT began the first of three phases of the \$30.45 million **I-45 Northbound Direct Connector Project**, with a 7-month closure of Spur 5 going northbound on Interstate 45 (the Gulf Freeway) beginning on March 3. Spur 5 will be demolished to build a new I-69/U.S. 59 northbound direct connector, which is intended to alleviate congestion by improving exit placements. A new Pease/St. Joseph exit will also be built at grade. The entire project is expected to be complete in the second quarter of 2019. ([HBJ](#))

The Downtown Management District launched **Plan Downtown**, a 20-year urban plan to redefine the next phase of Downtown's development, focusing on improvements in the areas of livability, green space, neighborhood connectivity, transportation, the future workforce, tourism and education. Houston-based design firm Asakura Robinson Co. LLC will draft the plan alongside with Sasaki, Traffic Engineers Inc. and HR&A Advisors. A 17-member leadership group consisting of city and district officials will steer the new plan. The plan is expected to be presented in late Fall, following meetings and public workshops. ([HBJ](#), [Bisnow](#))

1Q 2017 Overview

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES

TENANT	BUILDING	ADDRESS	SQUARE FOOTAGE
Q1 ENI Petroleum	Two Allen Center	1200 Smith	142,000
Targa Resources	811 Louisiana	811 Louisiana	127,734
Crestwood Midstream	BG Group Place	811 Main	54,215
McKinsey & Co.	5 Houston Center	609 Main	35,788
Castex Energy, Inc	Three Allen Center	333 Clay	27,673
Edison McDowell & Hetherington LLP	1001 Fannin	1001 Fannin	27,000
Legacy Holding	1801 Smith	1801 Smith	21,605
Arnold & Porter Kaye Sholer	Bank of America Center	700 Louisiana	21,290
Willis Towers Watson	811 Louisiana	811 Louisiana	19,222

REAL ESTATE SALES

BUYER/SELLER	PROPERTY NAME	ADDRESS	SIZE
Q1 Spear Street Capital	5 Houston Center	1401 McKinney	580,875
Jefferson Smith LLC	500 Jefferson	500 Jefferson	390,479

Sources : CoStar; Houston Office Q1 2017 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow

RELOCATIONS & EXPANSIONS

TENANT	TYPE	TO	FROM	INITIAL SF
United Airlines	Relocation	609 Main	1801 Smith Street	225,000
Targa Resources Corp.	Relocation	811 Louisiana	Wells Fargo Plaza/1000 Louisiana	127,734
Kirkland & Ellis LLP	Relocation	609 Main	JPMorgan Chase Tower, 600 Travis	105,000
Indigo Resources and M5 Midstream	Expansion	600 Travis	600 Travis	67,710
Crestwood Partners	Relocation	811 Main	Bank of America Center, 700 Louisiana	54,215
Johnson Downie LLC	Relocation	609 Main	BG Group Place	TBD
McKinsey & Co	Relocation	609 Main	5 Houston Center	35,788
Edison McDowell & Hetherington LLP	New	1001 Fannin	Phoenix Tower at 3200 Southwest Freeway	27,000
Legacy Trust Company	Expansion/ Relocation within building	1801 Smith	1801 Smith	21,605
Russell Reynolds Associates	Relocation	609 Main	JPMorgan Chase Tower, 600 Travis	15,000

Sources: Houston Office Q1 2017 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); HBJ; Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

Note: 1801 Smith Street was formerly known as 600 Jefferson and rebranded as part of Stream Realty's multimillion-dollar renovation of the building

1Q 2017 Overview

TOTAL COMPLETED

523
Residential Units

1.05 million

Office SF

2
Total Projects

NEW DEVELOPMENT: COMPLETED

TOTAL COMPLETED	RESIDENTIAL	ADDRESS	DEVELOPER	FLOORS	UNITS	COMPLETION DATE
	Q1 The Star	1111 Rusk	Provident Realty	16 floors	323 units	February 2017
OFFICE	ADDRESS	DEVELOPER	FLOORS	SF	COMPLETION DATE	
	Q1 609 Main at Texas	609 Main	Hines	48 floors	1.05 million	January 2017

RETAIL OPENINGS

opened 1Q 2017

Allen's Place

Bayou & Bottle

Brasserie du Parc & Creperie du Parc

Caffe Bene

Casa Blanca Lounge

McAlister's Deli

Moku Bar (new vendor)

Osso & Kristalla

Pappadeaux Seafood Kitchen

The Pearl

Potente

Spire

Tongue-Cut Sparrow

Wokker TX Ranger

Xochi

CO-WORKING SPACES/ INCUBATORS DOWNTOWN

PROPERTY NAME	ADDRESS
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
COMING SOON	
DesignHive	1600 Smith
Serendipity Labs	Esperson Building (808 Travis)

Sources: HBJ; Central Houston, Inc.

Spotlight on Downtown Houston

LOCAL MEDIA

March 13, 2017

10 REASONS BUYERS WILL LOVE LIVING DOWNTOWN

"In the last ten years, developers have spent more than \$4 billion to transform downtown <Houston> into a vital city center, bringing a vast spectrum of assets and amenities to the area. 1. Convenience and time saving... 2. Diversity of residents ... 3. Lots of green spaces and parks... 4. Lots of choices about where to live ...5. Sense of community...6. Entertainment galore ... 7. Sports fans' paradise ...8. ...Living in the midst of some of the world's largest and best medical centers ...10. Restaurants from around the world..."

—**Houston Agent Magazine**

March 10, 2017

A REVITALIZED GREENSTREET OFFERS WEEKLY INCENTIVES TO VISIT

"IF YOU HAVEN'T VISITED GREENSTREET since it was redeveloped and rebranded in 2013, you've got a lot of catching up to do. The 350,000-square-foot mixed use development that spans three blocks between Main and Caroline along Dallas and Polk Streets was originally built as the Houston Pavilions in 2008, but has since added inviting new amenities, from fountains to curious art installations (have you spotted the sheep yet?)." —**Houstonia**

March 7, 2017

DOWNTOWN HOUSTON A POPULAR SPOT FOR FORTUNE 500 COMPANIES

"Downtown's office market <is> still a popular place to be for many of the nation's biggest companies...at least 20 Fortune 500 companies, the nation's largest by revenue, have major downtown Houston digs... Chicago-based United Airlines, in one of last year's biggest lease deals, firmed up its commitment to downtown Houston..."

—**Houston Chronicle**

March 3, 2017

BROKER: DOWNTOWN HOUSTON BECOMING A MIXED-USE PART OF TOWN

"The amount of activity there, from a non-office perspective, has been pretty exciting. During the Super Bowl, I think the city showed off really well, and the amount of street-level retail that's gone in downtown is great to see from a long-term viewpoint. ... I think it'll be a much more mixed-use area of town rather than the 9-to-5 weekday place it was... I think it's still viewed as one of the best places to office in Houston." —**HBJ**

January 26, 2017

DOWNTOWN HOUSTON HAS UNDERGONE A DRAMATIC TRANFORMATION SINCE THE LAST SUPER BOWL

"The last time the Big Game came to town, downtown offered tourists a bunch of nightclubs... and not much else. What a difference a decade makes... 1. Market Square Park: A thoughtful 2010 redesign made this historic park a destination... 2. Art Blocks ... 3. Discovery Green: Houston's state-of-the-art urban park is always chock-full of events, activities and art... 4. Houston Is... Mural ... 7. Avenida Houston: A new pedestrian-friendly dining corridor ... 8. Conservatory: ... an underground ... a beer garden that also houses four popular food stalls ... 10. Pastry War ... 13. Pappas Bros. Steakhouse ... 14. Jackson Street Barbecue ... 15. Phoenicia ..." —**Houstonia**

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

January 2017

The New York Times

THE SUPER BOWL RETURNS TO A TRANSFORMED HOUSTON

"Upgrades include a \$175 million overhaul of the George R. Brown Convention Center, ... A new Marriott Marquis, which will serve as Super Bowl headquarters for the N.F.L., opened the day after Christmas, joining the Hilton Americas Houston as the city's second convention district hotel. Located just across from the convention center and within walking distance of the two convention hotels, Discovery Green will anchor a 10-day festival, Super Bowl LIVE, which is expected to draw more than one million people in the buildup to the game. An increasing number of downtown residential units, spawned in part by city tax incentives to developers, has drawn thousands of Houstonians to live in the central city."

January 2017

Forbes

IS HOUSTON THE NFL'S BEST SUPER BOWL HOST CITY?

"In 2004, 200,000 people took part in the festivities surrounding the Super Bowl in Houston. This year, more than 1 million people are expected to take part in activities surrounding the big game...<including> Super Bowl Live, a fan festival that runs from January 28 through February 5, centered in downtown Houston in and around Discovery Green. It's amazing to think that when Houston last hosted the Super Bowl in 2004, Discovery Green did not even exist. To make way for the downtown festivities, Houston's famed Avenida de las Americas is also undergoing a major transformation.... to create a walkable plaza. This creation gives way to perhaps the most glaring aspect of Houston's transformation, a thriving and chic culinary scene. Lining the promenade are four new restaurants in the Convention Center that are expected to open in time for Super Bowl....Houston is gearing up to use the Super Bowl as yet another opportunity to showcase just how good Texas truly is."

January 2017

 REUTERS

HOUSTON'S DOWNTOWN REVAMPED IN TIME FOR SUPER BOWL

"When Houston last hosted the Super Bowl in 2004, the oil city's sleepy downtown lacked the sizzle befitting the big game—and that prompted civic leaders to act. This time, fans arriving for Sunday's American professional football championship will discover a revamped downtown district with twice as many residents, a renovated convention area and a plethora of food and entertainment offerings. Downtown's population of 5,400 is double that of 2004 and expected to double again in the next three to four years... The population of "Greater Downtown" within a two-mile (3.2-km) radius of the inner city has grown from 49,000 to 65,000 in the past 13 years. Station Houston, a hub and support center for technology startups, recently expanded into downtown and now assists over 170 early-stage software entrepreneurs. <It> has teamed up with companies ranging from oil giants such as Royal Dutch Shell and Chevron Corp to local beer maker Buffalo Bayou Brewing Co to attract new talent and technology projects. "We have more of our members who are moving into apartments right here in downtown, taking the light rail to work," said John Reale, Managing Director for Station Houston. "You see people on the streets grabbing lunch or coffee. It's cool."

Please contact Central Houston or the District with any questions you may have:

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RESOURCES

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[Bird's-eye-view Map](#)

[Downtown Parking Map](#)

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