

3Q 2017 DOWNTOWN HOUSTON MARKET UPDATE

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, 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 been significantly reduced. One Shell Plaza, which had the largest contiguous sublease space in Houston –about 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 about 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.

There is growing demand for apartments as jobs return to Houston, amid the gradual oil recovery, dwindling apartment deliveries, and declining construction costs. Job growth has surpassed expectations, with over 45,000 new jobs created in Houston in the 12 months leading up to May. Nearly 11,000 new apartment units were absorbed in Houston 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 multiple 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).

Q3 KEY HIGHLIGHTS

1,162

New residential units
opened in Q3

7

New retailers
added in Q3

MARKET OVERVIEW

RESIDENTIAL

- 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](#))
- 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](#))

- Hines' **Aris Market Square**, located at 409 Travis St., opened in early September. The exterior design of the 32-floor, 274-unit luxury high-rise pays homage to the old-style architecture of Downtown's Historical District. Thirty leases have been signed and ten residents have moved into the building. ([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](#))

- 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](#))
- 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](#))

5,902 RESIDENTIAL UNITS	320 UNDER CONSTRUCTION	1,454 PROPOSED
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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 white tablecloth restaurant, and other lobby improvements. The tower is currently 90% 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, next to the University of Houston, will be Foundry Club's first office beyond North Texas and Beijing. ([HBJ](#), [Chronicle](#))
- Brookfield Properties has agreed to purchase 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 will make Brookfield a dominant office landlord in Downtown, adding to the 8.1 million-SF it already owns. The sale is expected to close at the end of the year. ([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 about 250,000-SF to 431,307-SF (more than 18 floors). Midway and Lionstone plan to redesign GreenStreet's four-city-block urban campus in-line with today's "creative office" space designs, and market it as the most attractive alternative to traditional office space in Downtown. ([HBJ](#), [Bisnow](#), [RNR](#))
- Crescent Real Estate Equities' proposed 29-story, 603,000-SF Downtown office tower, **Six Houston Center**, is still in the development pipeline. The project, which was proposed before oil prices

crashed, will be built on the eastern side of Downtown, but not too soon. ([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](#))

754,000 SF
UNDER CONSTRUCTION

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 will anchor Midway's improvements to GreenStreet. The hotel includes a 3,500-SF ballroom and 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 patio, and a ground floor restaurant/bar. ([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 rebuild. ([Website](#))

7,778 HOTEL ROOMS | **969+** PROPOSED

RETAIL

- **Leaf & Grain** is open at the Shops at Houston Center, at 1200 McKinney St., at the far 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 & 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](#))
- 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. ([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 new Food Hall set to debut in early 2018 at 712 Main in The Jones on Main building is now officially called **Finn Hall**. Formerly known as "The Food Hall at Main and Rusk," the new name is 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, **Hoggbirds Rooftop Lounge** is nearing completion 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 has joined the founders of Free Range Concepts in the development of **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, 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. The **RYDE Downtown** 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](#))

7 NEW RETAILERS

Other Developments

- Jones Plaza will be undergoing an \$18 million re-Design 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 and will host the first three operas of the Theater's 2017-2018 season. The "unconventional opera" venue, called **HGO Resilience Theater**, will accommodate about 1,700 seats. **Jones Hall** suffered much less damage; its reopening date is yet to be determined. **The Hobby Center for 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 currently 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](#))

- Following the final Steering Committee meeting of the Plan Downtown team in August and the Leadership Group in September, the project consultants are in the process of finalizing the report. 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 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, “**The Arcade**” is on display at Avenida De Las Americas. Made by Texas-based artists Sunny Sliger and Marianne Newsom of the art group, The Color Condition, The Arcade features millions of brightly colored streamers draped from treetops and lampposts. The streamers are made of tablecloth, shower curtains and painters drop cloths. In celebration of the George R. Brown and Discovery Green’s anniversary, this free dynamic exhibition at 1500 McKinney St. is meant to inspire people to go out into the street, and will run through November 15th. ([Houston Public Media](#), [Houstonia](#))
- The Partners of the SFK Development, the former hotel owners are nearly 90% finished with an \$85 million hotel development plan for **801 Calhoun**. The former 30-story, 600-room hotel was the largest Holiday Inn in the continental US, and was later converted to a Days Inn, until it was vacated in 1998. SKF is looking for financing for the project. ([Bisnow](#))

3Q 2017 OVERVIEW

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES				
Tenant	Type	Building		Square Footage
		To	From	
NRG Energy	Relocation/ Consolidation/ Expansion	One Shell Plaza (910 Louisiana)	NRG Tower (1201 Fannin); 1000 Main and 1300 Main	431,307
Motiva Enterprises	Expansion/ Renewal	One Allen Center (500 Dallas St)	One Allen Center (500 Dallas St)	204,500
Saudi Aramco	New to Downtown	Two Allen Center (1200 Smith St)	9009 West Loop S	200,000
Porter Hedges LLP	Renewal	1000 Main	N/A	105,026
EDF Trading	New to Downtown	601 Travis	4700 W. Sam Houston Parkway	60,000
S&P Global Platts		1111 Bagby St	1111 Bagby St	28,560
Steven S. Toepfich & Associates	Expansion	Total Plaza (1201 Louisiana)	2777 Allen Parkway	24,076
Core Midstream	Relocation	Bank of America Center (700 Louisiana)	2429 Bissonnet St	13,783
Foundry Club (Co-working space)	New to Downtown	110-114 Main St	N/A	13,644

Spencer Ogden	Relocation/ Expansion	GreenStreet (1201 Fannin)	811 Main Street	12,000
Lazard Financial Advisory	Relocation/ Consolidation	600 Travis St. (Fl. 33)	600 Travis St. (Fl. 22 & 23)	TBD
Värde Partners	New to Downtown	609 Main	901 Marquette Avenue South, Minneapolis	TBD
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

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.

Co-Working/Innovation Spaces/ Incubators Downtown

Property Name	Address
WeWork	708 Main (Fall 2017)
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)

Sources: HBJ; Central Houston, Inc.

RETAIL OPENINGS

Opened 3Q 2017

Bardot

Leaf & Grain

Lucienne

Murphy's Deli

Oxbow 7

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. The deal includes: LyondellBasell Tower, a 46-story tower with 1M SF at 1221 McKinney; 2 Houston Center, a 40-story tower with 1M SF at 909 Fannin; Fulbright Tower, a 51-story, 1.2M SF tower at 1301 McKinney; 4 Houston Center, which has 674K SF at 1221 Lamar; and the 200K SF Shops at Houston Center at 1201 McKinney... 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

SWAMPLOT SPONSOR: DOWNTOWN DISTRICT

"...Take a good look at the new Downtown Houston website. It's your destination for everything Downtown. The website should answer what most people want to know about heading into the city. Curious about what events are happening? Check. Have an itch to discover hidden gems? Check. Hungry for good eats from a chef-driven restaurant, or looking for great brunch and breakfast spots? Check. Not sure where to find parking around your destination? Visiting for work and searching for leisure activities? Check and check. 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! ...The content reflects the Downtown District's efforts to support the growth of the residential population, provide a premier work environment, and attract locals and out-of-town visitors. Your adventure begins Downtown!"...- **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, where apartment vacancy has been rising as hundreds of new units are being completed. The next two projects to be started are expected to be a 21-story, 271-unit apartment tower by Camden Property Trust and a 40-story residential building by Trammell Crow... The downtown multifamily market was stimulated into construction by the Downtown Living Initiative, which was created about five years ago... Some 5,000 units received participated in the program, which is not accepting any more applications... 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. Maybe some retail will re-emerge. Maybe more of the empty office space will become residences. Maybe someday, Houston's Central Business District will become the Central Living District. Or at least downtown will become more like a well rounded neighborhood." – **Realty News Report**

August 07, 2017

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

"At Brasserie Du Parc, tasty French food is on the menu, just a few feet away from Discovery Green in the hustle and bustle of a revamped downtown Houston. "It's not just people who work downtown anymore," said Tina Phelipot, manager of the

restaurant. 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 also up by 20 percent since the Super Bowl. Surprisingly, though, a lot of that business is from people just a few miles down the road. "When I take a look at where they're coming from, they're coming from Katy, The Woodlands, Pearland, and they're coming here," said Scot Cotton, general manager at Marriott Marquis. Tourism officials credit the game and the investment the city made and continues to make to revitalize downtown into a destination. "In the past, people would go to San Antonio, and now they're coming downtown for our Texas Lazy River pool or just some of the activities that are down here," Cotton said." – **KHOU**

August 2, 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. "Walkable access to all of the office space here in downtown, to the major sports venues, to the theatre district as well as the bars and restaurants," Haltom said. "It's a night-and-day experience for us downtown," said Downtown District CEO Bob Eury. He's overseen development downtown for decades. "You know, you can almost see it every day, just the change to much, much more activity," Eury said. Downtown was home to just a few hundred people a few years ago. The area's residential population is now in the thousands. "We're pushing, as we speak right now, about 6,000," Eury said. "That number's growing almost daily as new residential projects come online." Downtown resident Dawn Callahan's commute is only a few blocks. "I walk to work every day," Callahan said. She works at Houston City Hall and spends most of her free time downtown as well. "It's very convenient, it's very walkable, so it feels like I have my own little neighborhood," Callahan said... 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**

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... In 2010, the Downtown District renovated the park, which signaled that they were serious about waking up Market Square... Next they got advice from the Urban Land Institute. The report urged them to build housing, specifically housing that would be "affordable to a broad spectrum of those working in downtown." The report said if you want a vibrant, 24/7 neighborhood, you need retail. If you want retail, you need residents. And the land downtown is really expensive, so if you want residents, you'll need incentives to make it more affordable. So they kicked off the Downtown Living Initiative, a program offering tax rebates to developers. The 32-story Aris Market Square, developed by Hines, is... complete. It's one of two new luxury apartment buildings directly facing the square, both built with funding from the Downtown Living Initiative... Dan Tidwell first opened his restaurant Treebeards in Market Square in 1978...He lives a short walk from the restaurant. So does David Haltom, working on the Aris Market Square building. "I get to walk to work every day," he said. That's pretty much what the Urban Land Institute recommended in 2012, that an incentive program build housing for people who work downtown... Ryan Leach is the executive director of the Downtown Redevelopment Authority. He said the Market Square Park area isn't done. Workforce housing could come next. "Now that we're kind of on a roll with that and we have some momentum with that, I think that there's an opportunity there for

us to focus on really creating workforce housing and affordable housing in a way that it really increases the downtown living population,” he said” ... – **Houston Public Media**

Jul 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 Prah 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**

SPOTLIGHT ON DOWNTOWN HOUSTON

Regional & Global Media



OCTOBER 2017

THE RIGHT AND WRONG WAYS TO PITCH FOR AMAZON HEADQUARTERS HQ2

“...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... *Who We Are:* ... Through Harvey, we came together and we revealed our character as a community. As we rebuild from a historically devastating storm, the vision for Houston remains intact and is clearer than ever. 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. Whether we are talking miles below the oceans floor or light years outside the hemisphere, there is no other city that embraces challenges and pushes frontiers in the world like we do, period. *How We’ll Challenge Amazon:* When I reflect on the size and scale of opportunities that we have and could tackle in Houston, I think about the complexity of problems we have already embraced as a community. I think of our standing as the energy capital of the world - is there a better place to shape the future of energy? Transportation? With the scale of the Texas Medical Center, is there a better place to shape healthcare, wellness, and practice? How can the Port of Houston, one of the largest manufacturing and logistics hubs in the country, impact a company who has relentless commitment to operational excellence? Houston is the most diverse city in America and is a roadmap for what US cities will look like in coming decades. Access to such a diverse population will challenge Amazon to make its leadership team at HQ2 look more like Houston and open doors to opportunities beyond the US... We challenge Amazon to play a leadership role in the future of energy, healthcare, space, and transportation. Access to large scale problems in several critical industries is like hitting the superfecta at the track...a rare find!... 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

“The top 10 office markets fared well in the second quarter, thanks to robust leasing activity that led to strong absorption and moderate rent gains, according to Colliers International’s latest Top Office Metros Report. Six of the 10 largest office markets in the country, as tracked by Colliers, experienced positive net absorption in Q2. Still, rising supply and corporate downsizing are putting upward pressure on vacancy rates. Four markets enjoyed a jump in rents, while rates in the other six metros remained flat. “The strength of the office market continues to be driven by the FIRE (finance, insurance and real estate) and TAMI (technology, advertising, media and information) sectors as well as the renewed trend of headquarter relocations to hip urban centers ... 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. This past quarter was no exception. Vacancies in Houston’s office market jumped above 20% with more than 800K SF of negative absorption accounted for during the quarter. 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

“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. “Downtown has come an incredible way with changes compounding year over year and plan over plan,” says Zakcq Lockrem, principal at Asakura Robinson. The last time Downtown District implemented a comprehensive plan was 2004. The new plan will address the way downtown has evolved since then and anticipate large infrastructural changes in the pipeline, such as TxDOT’s proposed reroute of I-45. “This is a major planning effort with a 13-year gap,” says Lonnie Hoogeboom, Downtown District’s director of planning, design, and development. “A lot of planning has happened on a localized level, but not at this level. How do we think about the edges and pull it together?” ... Downtown Houston is one of the few places in the region where real walkable urbanism is possible: grid pattern of streets, a wealth of pedestrian opportunities, and increasingly diverse land uses, including restaurants, entertainment, and more residential areas. How can we build on these successes to make downtown into the kind of attractive, vibrant, world-class place that will draw in people and companies from around the world?” ... “Plan Downtown gives us a chance to weave into the planning process with public input,” says Bob Eury, executive director of Downtown District... Downtown District is partnering with Houston First Corporation; Central Houston, Inc.; Downtown Redevelopment Authority/Tax Increment Reinvestment Zone (TIRZ) No.3; Buffalo Bayou Partnership; City of Houston; Harris County; and Theater District Houston. Neighboring management districts — East Downtown, Greater East End, Greater Northside, Midtown, and a 150-member steering committee — are also informing the planning efforts.”



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