

Q1 2018 DOWNTOWN HOUSTON MARKET UPDATE

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 two office building sale listings (1001 McKinney, 1600 Smith), two major planned office tower renovations (Bank of America Center, Houston Center (4 buildings)), two new hotels (AC Hotel by Marriott, Hyatt Place Hotel) and two new 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.

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; Hunton Andrews Kurth LLP (following its merger with Hunton & Williams LLP); Arundo Analytics, which is set to double its headcount; downtown incubator, Station Houston; Alvarez & Marsal (after its recent acquisition of TRCG Advisers). Downtown has also seen major M&A 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% 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 70 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% 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, *and the downtown projects completed just in time for the big game*. 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.

Q1 KEY HIGHLIGHTS

220 New residential units opened in Q1

7 New retailers added in Q1

MARKET OVERVIEW

RESIDENTIAL

- **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** – formerly known as Camden Conte – 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 Square Park. ([HBJ](#), [Chronicle](#), [Bisnow](#))
- **The Catalyst**, a new 359-unit, 28-story luxury high-rise apartment, overlooking Minute Maid Park officially opened on April 5. One of the Downtown Living Initiative projects, the building is about 25 percent occupied and is offering two to three months free rent on some floor plans. Among other unique amenities, the Catalyst has a 7th-floor dog park, a 20,000-SF outdoor terrace with a yoga lawn, and views of Minute Maid Park. The property's 7,400-SF ground-floor restaurant space will be occupied by Irma's restaurant. ([Bisnow](#), [HBJ](#))
- Less than a year after opening, Downtown's tallest residential high-rise, **Market Square Tower**, located at 777 Preston, reached 90% 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)

5,992 RESIDENTIAL UNITS

371 UNDER CONSTRUCTION

1,179 PROPOSED

OFFICE

- Brookfield Asset Management has put up its **1600 Smith** Street office tower on sale. HFF is marketing the 51-story, 1.1 million-SF tower. The building's main tenant, United Airlines, vacated the tower to Hines' new 609 Main at Travis. ([RNR](#))
- Skanska's 35-story, 775,000-SF **Capitol Tower** has topped out, with a commemorative ceremony held on April 4. Precertified 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 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. An extension of the building's tenants' workplaces, *The Assembly* will only be available to Capitol Tower's tenants. ([Bisnow](#), [HBJ](#), [Chronicle](#), [HBJ](#), [PDRCorp](#))
- Brookfield Properties recently announced 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. Renovation plans should be complete within a year. The priority is to make the building more inviting at the street level. Brookfield will likely renovate both the property's skybridges, add a white tablecloth and fast-casual restaurant on the ground floor, upgrade the lighting, furniture and building materials in the lobbies, create more common gathering areas, expand the medical services offered at The Shops at Houston Center and explore creative multiple concepts fitness options. ([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](#))
- **WeWork**, the global co-working giant and the fourth most valuable startup in the U.S. just behind Uber, Airbnb and Elon Musk's 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 more than 120 employees. Valued at about \$20 billion, the co-working company has about 210,000 members in more than 70 global cities. The WeWork building is connected to the JP Morgan Chase building (712 Main) via the Currency Lounge, a first floor and mezzanine common area. ([HBJ](#), [WeWork](#), [Swamplot](#))

775,000 SF
UNDER CONSTRUCTION

HOTEL

- NewcrestImage has begun construction to transform the historic 104-year-old 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 10-story 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](#), [Hotel-Online](#), [REBUSINESS](#))
- Houston First is hearing proposals for a hotel on top of the Partnership Tower garage. Officials from the Texas Hospitality Partners LLC and W Hotel parent Marriott made 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](#))

7,778	345	620
HOTEL ROOMS	U/C	PROPOSED

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 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. Open everyday from 4pm to 11pm, Cellar 7 also offers event space in addition to a full dinner at its adjoining restaurant ‘The District’. ([Website](#))
- **The Cottonmouth Club** is now open at 108 Main Street in the Brewster Building, the former home of Barringer Bar. 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 vaguely ’70s vibe, in particular, a customer-friendly attitude, but also the unique ability to select their own glassware. The design of bar is crafted such that “the energy in the room is the first ingredient.” Drinks range from classic cocktails with a twist, to complex tinctures and garnishes. The bar also ages the whiskey in bourbon barrels from local Yellow Rose Distillery. The bar is open daily from 4pm to 2am. ([Website](#), [Chronicle](#), [Houston Food Finder](#), [Culturemap](#))
- **CVS Pharmacy** is now open on the ground floor of Market Square Tower. Nestled in Downtown Houston’s Theater District at 300 Milam Street, the new 13,000-SF urban store offers grab and go prepared foods and healthier snack options. ([Bisnow](#), [Website](#), [HBJ](#))
- **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-foot long bar with four, custom, and 10 foot hand-carved tiki statues holding over 75 hand selected rums that represent regions worldwide. From a classic cocktail to the bar’s upgraded infusions of the Mai Tai and Hurricane, High & Dry offers a variety of rum-based cocktails. ([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, Suite A. The new “an urban komfort kitchen” features a Caribbean-Southern cuisine, spirits, art and music. Kulture offers lunch, wine, signature cocktails and bar bites. Open daily from 11 a.m. to 10 p.m., the restaurant will be hosting a grand opening in April. ([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 temporarily closure due to damages from Hurricane Harvey. ([HBJ](#))
 - Le Meridien hotel's restaurant – **Oxbow 7**, rooftop lounge – **Hoggbirds**, and its banquet and room services, will no longer be overseen by local chef Bryan Caswell and his wife, Jennifer. No major changes to the restaurant are on the horizon. The restaurant still offers “elevated bayou cuisine” ... “born from the bayous (the Caswells) both explored as children.” ([HBJ](#))
 - South African restaurant **Springbok** has been remodeled and rebranded, with a new name – **BirdDog Saint**. The restaurant, which originally opened in 2014 at 711 Main St. near the JW Marriott Houston, has a new small plates menu that will no longer feature South African cuisine. ([HBJ](#))
 - Located in the heart of the Historic District, **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](#))
 - About three-quarters of the **Houston Dynamo** stadium's concourse is expected to undergo a food and beverage renovation after a similar project for the other quarter of the stadium 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, from 8,000-SF to around 10,000-SF. ([HBJ](#))
 - **DuVin Pintor Gallery**, “where Social Meets Art and Wine,” is downtown's newest Art & Wine Gallery, located at 1401 Caroline St., on the corner of Caroline and Clay, and 2 blocks from the House of Blues and Toyota Center. 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 joins the growing number of unique art galleries in downtown, including **Royal Grafix Fine Art** 15 N Chenevert St, #100, on the ground floor of CityView lofts apartment building. ([DuVin Pintor](#), [Royal Grafix Fine Art](#))
- Coming soon*
- **Benjamin**, a new restaurant concept by B&B Butchers owner, Benjamin Berg, inside is on track to open late summer or early fall inside The Star apartment building at 1111 Rusk St. 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](#))
 - The **Bravery Chef Hall** under construction at Hines' Aris Market Square high-rise apartment in the summer of 2018 has confirmed several talented Houston chefs and restaurateurs. **MasterChef season three winner Christine Ha** will be opening her first restaurant called **The Blind Goat**. Famously known as The Blind Cook, Ha will focus on Nhou cuisine, a subset of Vietnamese cooking that's meant to be consumed while drinking. Ben 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](#))

- 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](#))

- **Kanaloa**, a Tiki Bar, is coming to downtown this summer in the space formerly occupied by Market Square Bar & Grill 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](#))
- **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](#))



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.'" ULI emphasized that the \$175M renovation of the George R. Brown Convention Center, the new Partnership Tower office building and garage, and the 97,000-SF pedestrian plaza helped to transform Downtown Houston from a day-time only business center into a functioning urban hub, where cultural, sports and recreational venues contribute to a livable downtown and a notable national destination. ([HBJ](#))
- The 10-story, 300-space **Franklin/Milam 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. The Green Route will move two blocks north to Capitol Street from Walker, operating weekdays from 6:30 a.m. to 6:30 p.m. The Orange Route will now loop around Discovery Green and operate Monday through Friday from 6:30 p.m. to midnight, Saturday from 9 a.m. to midnight, and Sunday from 9 a.m. to 6 p.m., with buses every 10 minutes. Greenlink buses, which have carried 1.34 million passengers in the five-a-half years of operations, are also getting new designs. Funded by the Downtown District, Houston First, and the TCEQ, and grants from Harris County, Metro operates the lines. 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. The first three inductees for the Houston

Sports Hall of Fame have been confirmed: Earl Campbell, former Houston Oilers running back; Hakeem Olajuwon, former Houston Rockets basketball player; and Nolan Ryan, former pitcher with the Houston Astros. More details are expected to be revealed this summer. ([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](#))
- Downtown is getting another green space. The Downtown Redevelopment Authority (DRA) approved the leasing of the Goodyear Auto Service Center site at 1519 Fannin St. for the **South Downtown Park**. 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). Projects were judged on impact to Houston, such as job creation, innovation, best use of land, site plan, development of surrounding neighborhoods, visual plan, amenities and being environmentally friendly. The winners will be revealed on April 20. ([HBJ](#))

- Created by acclaimed international visual artist C. Finley, and commissioned by WEDGE Group, an investment firm, the new monumental 30,000-SF **Sky Dance** mural on the façade of the 1415 Louisiana parking garage. At 230 feet wide and 130 feet tall (a nearly 30,000-SF space), Sky Dance is the largest mural ever realized in Houston, and the artist’s largest public art commission to date. The mural depicts three dancers *jeté*-ing based on portraits of three leaping dancers from the Houston Ballet – soloist Mónica Gómez, first soloist Nozomi Iijima and first soloist Allison Miller, and is meant to evoke empowerment and joy. The mural celebrates Houston’s arts and culture and adds vibrant color, femininity and ‘joie de vivre’ to the Downtown landscape. The mural was completed in partnership with the Downtown District and its Art Blocks initiative. ([Houston Chronicle](#); [Houstonia Culturemap](#))

Q1 2018 OVERVIEW

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES				
Tenant	Type	Building		Square Footage
		To	From	
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.)	-	n/a

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.

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
Planned	
Serendipity Labs	Esperson Building (808 Travis)

Sources: HBJ; Central Houston, Inc.

RETAIL OPENINGS

Opened 1Q 2018

Cellar 7 Wine & Bar Bites	610 Main
CVS Pharmacy	300 Milam
High & Dry	306 Main
DuVin Pintor Gallery	1401 Caroline
Kulture	701 Avenida de las Americas
La Cantina by La Calle	909 Franklin
Thai Café	917 Franklin
Boomtown Coffee Main St. Café & Bar (formerly Honeymoon Café & Bar)	300 Main
BirdDog Saint (formerly Springbok)	711 Main
La Fisheria (reopened)	213 Milam

Mar 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**

Mar 27, 2018

NEW DOWNTOWN PUBLIC ART PIECE MAKES GIANT LEAP AS HOUSTON'S LARGEST MURAL

“Public art in Houston makes another great leap forward this spring, as the new Sky Dance mural brings a giant jeté of color and beauty to downtown. Created by acclaimed visual artist C. Finley and commission by WEDGE Group, a privately held Houston-based investment firm, this large-scale installation located at 1415 Louisiana St. will add to Downtown Houston’s artistic landscape while showcasing Houston’s performing arts... “Sky Dance celebrates the city and adds a pop of color and joie de vivre to Downtown Houston.” Once completed, the 30,000-square-foot mural will depict three soaring dancers in a moment of flight, and Finley has based those powerful painted figures on three living, leaping dancers from the Houston Ballet, soloist Mónica Gómez, first soloist Nozomi Iijima and first soloist Allison Miller. “We look forward to this mural being on display for years to come as Houston Ballet continues its mission to bring people together through artistry and dance,” described Houston Ballet executive director, Jim Nelson. At 230 feet wide and 130 feet tall, the massive artwork will become the largest mural ever realized in Houston... The mural is being completed in partnership with the Downtown District and its Art Blocks initiative... don’t miss the opportunity to take a spring walk downtown to see some art building amid the skyscrapers....” – **Culturemap**

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 21, 2018

DENVER STEAKHOUSE COMING TO DOWNTOWN HOUSTON

“Downtown is poised to get another high-end steakhouse when Guard and Grace opens next year in a snazzy, two-level space at One Allen Center, 500 Dallas. Brookfield Properties, announced this week it is partnering with Denver-based chef Troy Guard to bring his signature steakhouse concept to Houston, scheduled to open in summer 2019. It will be Guard’s first restaurant outside of Denver where his TAG Restaurant Group operates a variety of restaurants including TAG, TAG Burger Bar, Mister Tuna, HashTAG, FNG, bubu and Los Chingones. “We chose to bring Guard and Grace to Houston because, similarly to Denver when we opened the first location, the city has this passion and energy that’s just contagious – we’re really excited to become a

part of that," Guard stated... Guard and Grace features a menu that includes raw bar offerings, charcuterie, wood-fired octopus, Prime beef tartare, salads, rack of lamb, Alaskan black cod, Scottish salmon, pork chops, and a beefy lineup of Prime and Angus steaks. Guard and Grace will be a 13,000-SF restaurant on two levels in One Allen Center's new "glass box" that will provide views overlooking the property's central lawn. – **Chronicle**

March 19, 2018

NEW GREENSPACE 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**

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**

Mar 5, 2018

LAW FIRM MULLS MORE HIRING IN HOUSTON AFTER ADDING 20 ATTORNEYS GLOBALLY

“The Houston office of global law firm Orrick could see more hiring in the future after a massive addition of 20 attorneys from Andrews Kurth Kenyon. Orrick expects to continue expansion in other practice areas over the next year in its Houston office, though there's no set number the firm is targeting as it grows. Currently, the firm has about 52 attorneys in its downtown Houston office at 609 Main. “This is only the beginning,” said Carlos Treistman, partner and office leader at Orrick. “We expect exciting things to happen at this firm.” The 20-attorney hire, one of the largest to be announced this year in Houston, expanded

the public finance team. The new additions gives Orrick one of the largest public finance practices in Texas with about 25 attorneys in total..." – **HBJ**

Mar 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**

Feb 26, 2018

EVERY HOUSTON RESTAURANT VISITED BY DAVID CHANG ON 'UGLY DELICIOUS'

"After binge-watching, here's where to eat.. When David Chang's new food series Ugly Delicious made its Netflix debut, it was somewhat unsurprising that Houston played a prominent role. The city is featured extensively in episode four, titled Shrimp & Crawfish, Chang assembles a who's who of Houston chefs to explore the unique deliciousness of Viet-Cajun crawfish. In addition to the focus on crawfish, Chang and his consortium of local chefs visit iconic local restaurants and Vietnamese eateries to get a real look at what Houston's food identity really is. These five spots have a starring role in Ugly Delicious, which means that they're soon going to be really, really crowded. Oxheart (Theodore Rex) closed its doors back in 2017, but the space lives on as Theodore Rex. Catch Yu there serving a more casual, equally creative menu of dishes like Charleston Gold rice and butter beans and beef cheek stewed in pickle juice. 1302 Nance Street. ..." – **EATER**

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 *Ossso & Kristalla* and *Potente* across from Minute Maid Park." – **HBJ**

Feb 16, 2018

SNEAK PEEK: MORE DETAILS REVEALED ABOUT HOUSTON SPORTS HALL OF FAME

"The Houston Sports Hall of Fame is coming soon to the Bayou City. Harris County Houston Sports Authority, in partnership with Midway Cos. and Lionstone Investments, announced that the groundbreaking for the first phase of the hall of fame is expected to be held in summer 2018. This first phase, dubbed the "Walk of Fame," will start at the House of Blues, at 1204 Caroline St., and continue throughout GreenStreet, a mixed-use property that Midway owns in downtown Houston. Future phases will include LED video displays, interactive exhibits and an interior space. The first exhibit will be 8-foot paintings of Earl Campbell, Hakeem Olajuwon and Nolan Ryan — the inaugural class for the hall of fame — by sports artist Opie Otterstad. The paintings were unveiled at the Feb. 8 Houston Sports Awards event. "This is something all of Houston will celebrate and is long overdue,"

Janis Burke, CEO of Houston Sports Authority, said. "So many great athletes have come from here and have played here, and to celebrate and honor them with a Hall of Fame is something bigger than all of us and will outlast us all." ...” – **Bisnow**

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 McClenny, 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, McClenny said. Currently there are 23 properties downtown with almost 6,000 units while two years ago the supply was about half of that....” - **HBJ**

Jan 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**

January 4, 2018

14 PROJECTS UNDER CONSTRUCTION THAT ARE RESHAPING HOUSTON

“From skyscrapers to water parks and everything in between, development is alive and well across Houston. We rounded up the projects under construction Houstonians are most excited about. Skanska’s *Capitol Tower* kicked off its 775,000-SF Downtown tower amid millions of square feet of vacancy in Houston's Downtown. Skanska inked a deal with Bank of America to vacate its namesake building to anchor Capitol Tower. Skanska expects to deliver the tower in Q2 2019.... *HSPVA's Downtown Campus*... Houston Independent School District’s new arts-oriented high school is on track for a late 2018 completion. The High School for the Performing and Visual Arts is preparing for its move from Montrose to Downtown, which will increase the school's capacity to a total of 750 students....” – **Bisnow**

SPOTLIGHT ON DOWNTOWN HOUSTON

Regional & Global Media

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MARCH 2018

HOUSTON'S HOTTEST CHINESE RESTAURANT MAKES A MAJOR DOWNTOWN MOVE, MALA SICHUAN IS ADDING BREAKFAST IN ITS FOOD HALL DEBUT

“You think you can handle it. But you don’t really know spicy until you’ve had Sichuan cuisine. Downtown’s about to get a big dose of the eye-watering, belly-burning, tongue-tingling dishes with the opening of a new Mala Sichuan. The Houston Chinatown institution — and arguably, still one of the best restaurants in the entire city — is opening up new branch in Finn Hall, the new food hall coming to the 37-story JPMorgan Chase Tower. Mala Sichuan will be joined by nine other eateries, an Art Deco cocktail lounge, and a craft beer and wine bar. With this downtown move, Mala Sichuan is breaking into a new scene and changing things up. Personal plates will replace Mala Sichuan’s traditional family-style dishes. Since the food hall will be open all day, Mala Sichuan is also working on a new breakfast menu to satisfy early risers. At Mala Sichuan, you can expect classic dishes like Tea Smoked Duck and Basil Crispy Chicken, alongside the fruity innovations Plum Baby Back Ribs and Garlic Cherry Pork Belly. The name Mala Sichuan is the key to the restaurant’s style. Mala sauce is a celebrated spicy sauce made of chili peppers, Szechuan peppercorn and more simmered in oil. This isn’t Americanized Chinese food. Mala Sichuan is as authentic as it gets. The James Beard Awards can attest to that. Last year, Mala Sichuan’s chef Jianyun Ye was named a finalist for Best Chef Southwest.”



MARCH 2018

FOUR NEW TOP RESTAURANTS MOVE INTO HOUSTON’S DOWNTOWN FOOD HALL CHEF-DRIVEN HAVEN KEEPS ADDING BIG NAMES

“Four more local restaurants have gotten a hall pass. Goode Co. Tacqueria, Low Tide, Dish Society and Mr. Nice Pie are the latest operators to sign on for a spot at Finn Hall, opening in mid-2018. The Houston restaurants are joining Mala Sichuan at the chef-driven space in the JPMorgan Chase & Co. Building at 712 Main. Finn Hall will feature five other local restaurant outposts, bringing the dining options to a tasty 10... *Goode Co. Taqueria’s* food hall take is a taco-centric spin on its family-inspired dishes... *Low Tide*, the offspring of Harold’s Restaurant & Taproom, is taking the communal cuisine plunge with upscale, fresh seafood. Harold’s new executive chef Richard Knight will collaborate with owner Alli Jarrett on the menu for the seafood and raw bar concept... With the Finn Hall location, *Dish Society* is setting down its fourth set of roots, sharing its locovore-friendly goods with downtown diners. “We’re approachable, farm-to-table, which fits well with the downtown consumer,” owner Aaron Lyons says. Mr. Nice Pie is taking a piece of the action with massive slices from pizzas that top out at 30 inches in diameter...”



MARCH 2018

FINDING THE MOST 'ENERGIZING' CITY FOR YOUR NEXT CONVENTION

“The diversity of U.S. cities sometimes makes choosing one for a vacation a difficult decision.... For another perspective, I asked David Peckinpugh, the president of Maritz Global Events, to name his five favorite U.S. cities for companies looking to stimulate and energize their sales staffs at special out-of-town meetings and events. Maritz Global Events, one of the largest event management companies, aims to design events that create memorable experiences and build brand loyalty...Peckinpugh books meetings and shows at many cities' convention facilities, so I asked him to also name his favorite ones. Many of the facilities hold shows and events open to the public, so vacationers and business travelers should keep an eye out for events that suit their interests in the cities they are visiting. Here are his choices:...

Houston. “This city is rebounding from very tough times. It has superb facilities, great local amenities and terrific hotels...”



MARCH 2018

MARQUETTE COS. COMPLETES 359-UNIT APARTMENT TOWER IN DOWNTOWN HOUSTON

“...Chicago-based development firm Marquette Cos. has completed Catalyst, a 359-unit apartment tower located one block from Minute Maid Park in downtown Houston. The 28-story building, which is roughly 25 percent preleased, includes Ziegler Cooper Architects-designed amenities including a 21,500-SF pool, 2,200-SF fitness center, dog park, conference room a coffee bar. The property also features 7,400-SF of ground-floor restaurant space. The property will officially open on April 5.”



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.” Situated across from Bud’s Pitmaster BBQ and the central plaza, 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:

Name: Robert Lung
Director of Economic Development

713-650-1470
rlung@centralhouston.org

Angie Bertinot
Director of Marketing
713-650-1470
angie@downtowndistrict.org

Name: Uchenna Onuzo
Research Manager
713-650-1470
uchenna@centralhouston.org

Name: Will Matthews
Business Development Manager
713-650-1470
will@centralhouston.org

Resources:

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

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