

Q2 2018 DOWNTOWN HOUSTON MARKET UPDATE

Now the second longest economic expansion in U.S. history, behind only the 1990s tech boom, the U.S. economy is showing no signs of slowing down. Continuing its longest streak of job growth on record – the 92nd consecutive month of job gains – the U.S. economy added 223,000 jobs in May in a range of industries, including manufacturing, construction and healthcare. Unemployment rate fell to 3.8%, the lowest since 2000. The Houston economy also 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. Traders are weighing expectations for higher global output stemming from OPEC ministers' agreement to raise oil production during the June 22 meeting, against increased geopolitical uncertainty surrounding key oil-producing countries – supply disruptions in Libya, production declines in Venezuela, and restoration of Iranian sanctions. 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. 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, 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% 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, and the district's apartment inventory keeps rising. 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.

Now tagged as one of the nation's fastest growing tech hubs, attracting significant investments from Silicon Valley tech companies and major local investors, the downtown/Houston innovation ecosystem continues to thrive. Just over two

months of its soft opening, WeWork downtown at 708 Main is already 75 percent leased. The New York Flatiron Coding 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](#)

Q2 KEY HIGHLIGHTS

6 New retailers added in Q2

MARKET OVERVIEW

RESIDENTIAL

- Downtown now has **more than 8,000 residents**, a big leap from 3,800 in 2013 when the Downtown Living Initiative first tackled residential need 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 plethora of residential deliveries (including six buildings in the last 15 months), and the growing interest with more offerings. Downtown’s overall residential market was 75.4% 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 each unit 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 cleaned 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](#))

5,992 RESIDENTIAL UNITS

600 UNDER CONSTRUCTION

1,179 PROPOSED

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 across from GreenStreet. Younan Properties recently spent over \$4.5 million on extensive 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](#))
- The **Flatiron School**, a 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., known 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 on the leasing market. ([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, 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 moved onto the list to #489. ([HBJ](#))

775,000 SF
UNDER CONSTRUCTION

HOTEL

- Texas Historic Landmark, **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](#))

7,803 HOTEL ROOMS	564 U/C	400 PROPOSED
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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 will park in Market Square on the 900 block of Preston (between Main and Travis streets), from 4pm to 9pm every Tuesday and Thursday. ([Website](#))
 - **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 10:00am to 6:00pm. ([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. RYDE is targeting both the daytime workforce and rapidly expanding residential and weekend populations. ([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 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](#))
- 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. on August 4. ([HBJ](#))
 - **Indie Bar**, Bravery Chef Hall's first cocktail concept will be opening this summer inside Aris Market Square 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 4 restaurants and two bar concepts before its 2018 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; **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; **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. ([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](#))

6 NEW RETAILERS

Other Developments

- One of the major west downtown transformation projects, the \$22 million **Bagby Street Corridor redevelopment project** will make the stretch from Clay to Franklin mixed-use and mixed-transport with a bike lane and more pedestrian-friendly sidewalks. Jones|Carter will lead the project to create a vibrant pedestrian area like Avenida de las Americas. 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. The Bagby Street redesign supports Plan Downtown’s vision for a “Green Loop.” ([HBJ](#), [Bisnow](#))
- The planning and 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 3 finalists to host the **2020 Democratic National Convention** along with Milwaukee and Miami Beach, Florida. Houston submitted its official bid on June 15. 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 project to upgrade **Houston Center**, the company unveiled a series of six new, colorful murals on the 4 Houston

Center wall facing McKinney street 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 with Houstonians seen in selfies with these eye-popping colors and slogans like "Smile, y'all are in Houston," "Made in Texas," and "Hey y'all" on social media. ([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](#))
- Also 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. A partnership between Houston First, the city of Houston, and the Downtown Redevelopment Authority, construction is expected to run from May to November 2020. The renovated Plaza will be a vibrant, programmable day-and-night venue with easy access to theater facilities, art installations, performance space, a 4,000-SF dining facility, and private events space. The DRA has committed \$5 million and Jim Crane and the Astros’ Foundation

provided \$1M toward the park, and are leading a \$20 million fundraising campaign. ([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 category; *NRG sublease at One Shell Plaza* won the Project Lease category. *609 Main at Texas* won the Office Building or campus category; *Aris Market Square* won the Multifamily category ([HBJ](#))
- An 8-foot bronze statue and monument to honor **President Lyndon Baines Johnson (LBJ)** is to be built in Little Tranquility Park. Led by Foster LLP’s 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 for President George H.W. Bush and James A. Baker on Bagby Street, which will become a pedestrian-friendly historic area upon completion of the street improvements. The Brown Foundation of Houston has kicked off the fundraising campaign with a \$250,000 grant. ([Bisnow](#), [RNR](#))

Q2 2018 OVERVIEW

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES				
Tenant	Type	Building		Square Footage
		To	From	
Harris County Veterans Services	Relocation	500 Jefferson St	9418 Jensen Dr.	118,896
Carrizo Oil & Gas	Renewal	500 Dallas St		83,109-SF
Sidley Austin, LLP	Renewal/ Expansion	Wells Fargo Plaza (1000 Louisiana Street)		80,000-SF (Expansion: 30,000-SF)

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

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 2Q 2018

Grit Grocery (mobile grocery)	Historic Market Square
LCD Gallery	114 Main St.
No Lines Barber Studio	1401 Sterrett Street, Suite 202
RYDE	Esperson Building (808 Travis)
Spruce Goose: Social Flyers Club	811 Congress
Tru Essence Cosmetic & Med Spa	1725 Main Suite 2
Z on 23 Rooftop Lounge [formerly Hoggbirds]	1121 Walker
Zutro Restaurant & Bar [formerly Oxbow7]	1121 Walker

Amaya Coffee	Finn Hall (712 Main St.)
Coterie	777 Preston
Craft Burger	Finn Hall (712 Main St.)
Etro Lounge	114 Main St.
Indie Bar Bravery Chef Hall's at	409 Travis St.
Oddball Eats	Finn Hall (712 Main St.)
Sit Lo	Finn Hall (712 Main St.)
St. Jac's	Finn Hall (712 Main St.)
Swallow's Nest	Finn Hall (712 Main St.)
Yong	Finn Hall (712 Main St.)

SPOTLIGHT ON DOWNTOWN HOUSTON

Local Media

Jun 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**

Jun 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**

June 1, 2018

ASTROS UNVEIL NEW MURAL HONORING CITY'S SUPPORT OF TEAM AT MINUTE MAID PARK

"Ahead of their series against the Boston Red Sox, the Houston Astros have unveiled a special mural at Minute Maid Park, in Home Run Alley near center field. The artwork is designed and painted by prolific local artist Alex Roman Jr. — who goes by the moniker Donkeeboy — and Art Institute of Houston students, Kelly Ledezma and graduate La'Toya Smith. The piece tells the story of the city's support of the Astros over the years and pays homage to Houston street art." – **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**

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 19, 2018

HAVEL RUCK PROJECTS HAS A LITERAL TAKE ON THE TERM ‘OPEN HOUSE’

“The artistic duo Dan Havel and Dean Ruck will begin construction on “Open House”, a “perforated house” as the newest installment of the Downtown District’s Art Blocks initiative. Open House will feature the transformation of an abandoned home, installed in downtown’s Sam Houston Park as part of the Art Blocks public art initiative. This project will have large round holes cut into it and will be wallpapered inside with historic images. Visitors will be able to walk through the house, viewing both the modern skyscrapers of Downtown Houston alongside images from the city’s past. It’s a fitting addition to the park, which includes other historic homes, such as that of Jack Yates, a freed slave who became pastor of Houston’s first African-American church. It’s a play on the layering of history.” Once complete, the piece will be on view through February of next year, and visitors will be able to walk around and through it.” – **HOUSTONIA**

Apr 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**

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.”



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