

# Downtown Houston Market Report

## Q1

### KEY HIGHLIGHTS

# 5

new retailers added in Q1



MassChallenge Press Conference

Downtown concluded the first quarter of 2019 with sound fundamentals, and a slew of office leases, renovations, and new construction activity, thanks to improving industry trends. Rebounding from its plunge at the end of last year, WTI crude increased steadily throughout the first quarter, settling at \$61 per barrel at the end of March (a 40 percent increase over a 3-month period). Despite looming uncertainty as geopolitical tensions weigh on global and national demand outlook, the Downtown and Houston economy continue to experience robust labor market and economic growth, albeit lower than initially forecasted. Houston unemployment is at its lowest in two decades (3.7 percent in March 2019), supported by strong manufacturing employment. Stable oil prices are likely to translate to increased production, but less so to energy sector job growth, due to the growing technological efficiencies in the industry. In the midst of this, the Downtown market is bustling, as developers and landlords continue to implement innovative offerings and experiences for employees, residents and visitors. Cranes continue to dot the Downtown skyline, as a plethora of new and redevelopment projects are underway in all of Downtown's major submarkets—office, multifamily, hospitality and retail.

**SUMMARY (CONTINUED)**

On the office front, according to CBRE, top leasing transactions in the region in Q1 2019 were 36 percent more square feet than in Q1 2018; and of this, 31 percent of the leasing activity was concentrated in Downtown.<sup>1</sup> Downtown recorded over 774,000-SF in leasing activity, of which 238,000-SF were signed by firms new to Downtown, and three leases were over 100,000-SF (Direct Energy, Calpine, Hunton Andrews Kurth). Absorption in the first quarter was negative (-165,391 SF)<sup>1</sup> as most of these leases were firms moving from one Downtown building to another coupled with shrinking footprints. Hines commenced construction of Texas Tower, a new 47-story state-of-the-art office building at 845 Texas, slated for completion in late 2021. Renovation projects dominated the first quarter. In response to tenants being lured to new state-of-the-art buildings that are full of amenities and services, property owners are injecting significant amounts of capital to reposition their buildings to remain competitive, and to cater to tenants needs for thriving mixed-use, amenitized and collaborative environments, in light of the design convergence and blurring of lines between workplace and hospitality designs. Over 12 office buildings are currently under renovation, with at least five more planned.

On the residential front, Downtown's residential submarket continues to thrive, as more people choose to live in and enjoy its centralized amenities such as parks, sports and entertainment venues, and its booming culinary scene. Downtown's occupancy rate increased by 2.2 percentage points to 86.8 percent at the end of the first quarter. In line with this, Hines has commenced construction on The Preston, Houston's tallest residential tower, slated for delivery in 2022. This, in addition to two other residential buildings under construction—Camden Downtown and Regalia at the Park—will add 873 units to Downtown's growing inventory.

On the hospitality and retail fronts, Brookfield is on track to complete its renovation/rebranding of DoubleTree Hotel into C. Baldwin, Curio Collection by Hilton, this summer. Newcrestimage's AC Hotel by Marriott is also on track to open in late June and Cambria Hotel Houston Downtown will be open for business in August. Downtown had five new retail deliveries this quarter. Complementing its growing national recognition, Downtown's Finn Hall, placed 4th in the top ten winners for USA TODAY's Travel Awards' Best New Food Hall.

Downtown's emerging tech, innovation and entrepreneurial ecosystem continues to grow at a solid pace. In the first quarter alone, Downtown's innovation ecosystem gained two new co-working spaces (Life Time Work, Spaces), two new accelerators and one incubator (MassChallenge, Founder Institute, WeWork Labs), and

BUILDING	YEAR
Kinder Morgan Tower	2011
601 Travis	2011
919 Milam	2012
Pennzoil Place	2013
811 Louisiana/Two Shell	2015
1001 McKinney	2015
Esperson	2016
1000 Main	2016
1801 Smith (formerly 600 Jefferson)	2017
The Jones on Main-708 Main & 712 Main	2017
One Allen-Motiva Plaza	2017
5 Houston Center	2018
1415 Louisiana	2019
Lyric Center	2019
1010 Lamar (Lamar Plaza)	Ongoing
LyondellBasell Tower	Ongoing
2 Houston Center	Ongoing
Fulbright Tower	Ongoing
4 Houston Center	Ongoing
717 Texas	Ongoing
Bank of America Center (700 Louisiana)	Ongoing
GreenStreet-1201 Fannin/NRG Tower	Ongoing
Heritage Plaza	Ongoing
Two Allen	Ongoing
Three Allen	Ongoing
TOTAL Plaza	Ongoing
1001 Fannin	Planned
1100 Louisiana	Planned
600 Travis (JP Morgan Chase Tower)	Planned
910 Louisiana (One Shell Plaza)	Planned
One City Center (1021 Main)	Planned

Sources: Berkadia, Bisnow, CBRE, Central Houston, Colvill, Greater Houston Partnership (GHP), Houston Business Journal (HBJ), JLL, InnovationMap, Realty News Report (RNR)

two notable tech tenants (Ruths.ai and UiPath), further placing Houston on the map as a competitive tech and innovation hub. Venture capital activity has also significantly increased, with Chevron Technology Ventures new \$90 million Fund VII; and new accelerator/investment programs by BBL Ventures and Eunike Ventures.

<sup>1</sup> Source: CBRE (Marketview, Houston Office, Q1 2019)

# Market Overview

## RESIDENTIAL HIGHLIGHTS

6,086

residential units

873

under construction

1,179

planned

86.8%

occupancy rate

## RESIDENTIAL

Downtown's residential submarket is thriving and continues to attract investment and a growing number of residents, given its track record as one of the fastest growing residential neighborhoods in the region. As the demand for Downtown units has increased, evidenced by an 86.8 percent occupancy rate this quarter, so has the supply. Hines has begun construction on Houston's tallest residential tower—The Preston—slated for delivery in 2022. This is again indicative of the DLI initiative's success in kickstarting an organic response to what was evidently a huge demand for Downtown living. The submarket has grown to close to 6,100 residential units, up from about 2,500 in 2013; Downtown now houses over 9,000 residents.

Coupled with Houston's consistent population growth driven in part by the city's lower cost of living, strong job growth and demographic trends are expected to continue to fuel sustained multifamily demand and absorption. Millennials, most of whom are postponing suburban home ownership, are remaining in apartments or purchasing condo units in the central city. Baby Boomers are also giving up the empty-nester life and large homes in the suburbs for life in the central city with proximity to parks, cultural and entertainment venues. Investors are responding to Downtown's evolution into a residential neighborhood by providing quality of life and lifestyle amenities. A case in point is high-end fitness chain, Life Time's choice to open in GreenStreet next year, but also the growing number of retail offerings in Downtown. Combined with Downtown's expanding green space, including the new Southern Downtown Park, demand for Downtown housing is only poised to grow.

## MARKET HIGHLIGHTS



The Preston

Hines has begun construction on Houston's tallest residential tower, **The Preston**, a 46-story, 373-unit tower, at 414 Milam in Downtown. Located at the former Houston Chronicle parking garage site, the building's unique diagonal positioning will provide panoramic views. Units will range from 580-SF to 2,927-SF; 10 penthouse apartments on levels 44 and 45 will range in size from 1,739-SF to 2,927-SF. The amenity-rich tower will include a state-of-the-art fitness center, bike shop, co-working space, social lounges, 6,804-SF of ground-floor retail and restaurant space, and a 23,500-SF tenth floor amenity level with resort-style pool and yoga lawn. The project, which commenced in March, is slated for completion in the third quarter of 2022, with preleasing to begin in October 2021. ([Hines](#), [REBusiness](#), [HBJ](#), [Bisnow](#), [Chronicle](#), [Culturemap](#))

**The Star** apartments at 1111 Rusk won the "For-Profit-Large" category in the Urban Land Institute (ULI) Houston's 2019 Development of Distinction Awards for most compelling and innovative real estate projects in Houston. CBRE will manage retail leasing for the property. The historic 1915 Texaco Building was recently renovated into 286 luxury apartments and 26,000-SF of retail. ([Forbes](#), [Bisnow](#))

## OFFICE

The Downtown office market has been extremely active since the year began, with major lease deals, renovations, and new construction activity. Key fundamentals indicate that the Downtown's office market delivered strong performance in the first quarter and continues to show signs of improvement. Between January and March alone, Downtown recorded close to 774,000-SF in leases, close to 50 percent (375,581-SF) were renewals, reiterating tenant's confidence in the submarket; BG Group Place (811 Main) is 93.6 percent leased; most of the sublease space in One Shell Plaza (910 Louisiana) has been leased; 609 Main at Texas is over 80 percent leased, after securing several leases this quarter. Co-working trends are also contributing to absorption, with co-working and innovation-related leases accounting for over 100,000-SF of leases in the first quarter alone. Overall vacancy however remains high 20.4 percent in Q1 2019, a slight increase from 19.7 percent in Q4 2018, all of which Class A buildings accounted for. This is underpinned by growing inventory from the two office towers under construction accompanied by footprint shrinkage.

Spurred by this flight to quality, Downtown is seeing a wave of renovations and reinvestments to attract and retain tenants. As tenants upgrade to recently built towers, landlords have had to extensively renovate or redevelop their products with new amenities, given the

## Market Overview

### OFFICE HIGHLIGHTS

51,686,341 SF  
office inventory

1,881,581 SF  
under construction

3,700,000 SF  
planned

### OFFICE (CONTINUED)

more competitive leasing environment.

Renovations have sparked demand; most of the buildings under renovation bagged several major leases in the first quarter.

- Two Houston Center (2HC) inked four major leases totaling over 150,000-SF: Energy and utility company, Direct Energy will relocate its 930 employees from Greenway Plaza into 105,578-SF in its new corporate headquarters in 2HC in April 2021, making the company the largest tenant in the building; Gensler will move its 288-person office from Pennzoil Place into 45,000-SF in 2HC in late 2019.
- LyondellBasell Industries N.V., which currently has its U.S. operations headquartered in LyondellBasell Tower, is expanding into 52,000-SF in 2HC; Vorys, Sater, Seymour and Pease, will relocate its 28 employees from Bank of America Center (700 Louisiana St.) into 22,627 SF of office space at 2HC in June 2019, an expansion of 29 percent.
- Fulbright Tower (1301 McKinney St.) inked two leases: oil and gas consulting firm, Netherland, Sewell & Associates renewed its 25,543-SF lease; Enlink Midstream expanded by 15,000-SF.
- Hines is renovating 717 Texas, which inked two major leases totaling 154,000-SF: Calpine, an anchor tenant since 2003, renewed its 126,000-SF lease; Smyser Kaplan & Veselka leased 27,795-SF at 717 Texas, a 24 percent expansion.
- Schiffer Hicks & Johnson PLLC and BMO Capital Markets Corp. renewed and expanded their leases by an additional 74 percent and 23 percent respectively in Bank of America Center (700 Louisiana St.), which is undergoing a \$20 million renovation.
- The recently completed \$15 million capital improvement to 1415 Louisiana helped secure 84,000-SF in leases.
- Undergoing extensive renovations, GreenStreet secured over 105,000-SF in office leases from coworking companies, Spaces (63,000-SF) and Life Time Work (38,000-SF), and MassChallenge (5,000-SF).

New buildings are doing just as well. Capitol Tower is now 82 percent leased; Hines' 801 Texas tower is 33 percent pre-leased. EnVen Energy Corp. signed a new 57,139-SF lease in 609 Main, relocating from Three Allen Center (333 Clay St.). Law firm Womble Bond Dickinson (US) LLP leased new space at 811 Main. Other notable leases include: Hunton Andrews Kurth's renewal of its 134,763-SF lease at 600 Travis, where it has been a tenant for 38



One Shell Plaza

years, and is undertaking a \$3 million renovation to part of its office space. Calgary-based Parkland Fuel Corp., which markets petroleum products, opened a Supply and Trading Floor and its first Houston office Downtown.

Several Downtown companies have a reported a general upward trend in employment, with some indicating planned headcount increases for the near future.

- Deloitte expanded by approximately 100 employees, following its lease renewal in Heritage Plaza.
- Accenture acquired Enaxis Consulting, expanding its headcount by about 75 employees.
- Motiva Enterprises LLC renovated its headquarters in Allen Center as it prepares to add close to 300 employees by the end of next year.
- Following its acquisition of Coastal Flow Measurement Inc., Quorum Business Solutions Inc. expanded its staff from 425 people to about 500, with plans to further increase to about 600 employees by the end of the year.
- NRG Energy's president and CEO, Mauricio Gutierrez, announced significant staff growth plans in its Downtown office as it plans to grow its retail business.
- EY (Ernst & Young LLP) acquired CPA firm Linn Thurber LLP, adding more than 20 Linn Thurber employees to its office at 5 Houston Center.
- KBR's CEO announced double digit percentage growth in KBR's headcount especially in Downtown, by the end of 2019.
- Software company, Arundo Analytics Inc., plans to add employees to its Downtown headquarters to propel its growth.

## OFFICE (CONTINUED)

- Haynes and Boone LLP announced plans to grow the firm's presence Downtown.
- Womble Bond Dickinson (US) LLP plans to hire more attorneys and professionals in its newly opened office.
- RG Energy Inc., Kinder Morgan, AlixPartners LLP, Capco, Robert W. Baird & Co., and Elevate Midstream Partners LLC have also announced 2019 footprint and/or headcount growth plans ranging anywhere from 15 to 50 percent.

Resources are ramping up for Downtown's thriving entrepreneurial and startup community. The second largest co-working space in Downtown by square footage, international coworking company, Spaces, will be moving into GreenStreet in late 2019. Life Time Inc. is bringing its new coworking concept, Life Time Work, a 38,000-SF coworking space to GreenStreet (1201 Main St.) in 2020. Downtown now has eight co-working companies, an unprecedented expansion a key amenity for cluster growth in Downtown's dynamic innovation ecosystem.

Downtown also gained new two accelerators and one incubator. Supported by a \$2.5 million grant economic development grant from the Downtown Redevelopment Authority (DRA), an affiliate of Central Houston, Inc., global nonprofit startup accelerator, MassChallenge, expanded into Downtown. Headquartered in Boston, and with locations in Israel, Mexico, Rhode Island, Switzerland and Texas, MassChallenge is sure to attract a diverse range of global high-potential startups from all industries. Silicon Valley-based Founder Institute, a global early stage accelerator program, also launched its second Texas location in Houston, operating out of Station Houston. WeWork launched its global startup incubator program, WeWork

Labs, in 708 Main. Downtown gained two notable tech tenants: oil and gas AI-enabled analytics platform, Ruths.ai, and global robotics company UiPath, which has a presence in 18 countries, moved into the Main&Co (114 Main) historic redevelopment, accounting for 100 percent of the office space in the mixed-use building.

There has also been a significant increase in venture capital activity. Chevron Technology Ventures launched a \$90 million fund in March, Fund VII, to find and invest in startups to secure access to oil and gas resource optimization technologies. This is in addition to its prior fund, Fund VI (the future energy fund), that focuses on alternative energy technologies. BBL Ventures, a Houston venture capital firm, launched a startup accelerator program, BBL Labs, in February, operating out of Station Houston, to pair energy giants with early-stage technology companies that can solve their biggest challenges. Eunike Ventures, a venture capital group with an accelerator for oil and gas startups, has partnered with three large energy firms, including Downtown's Hess Corp., to find and invest in startup tech breakthroughs in the oil and gas industry.

### MARKET HIGHLIGHTS

The **1111 Fannin** Downtown office tower has been listed for sale by owner C-III Asset Management. The 17-story, 428,629-SF building is fully leased to JP Morgan Chase until September 2021. ([RNR](#))

A \$15 million capital improvement campaign was recently completed at **1415 Louisiana**, the 43-story, office tower owned by Wedge Group Inc. Upgrades include a new modern lobby with Italian stone, new entryway, elevator cabs, a conference center and two new restaurants, and a fitness center, and a massive "Sky Dance" mural on the exterior. ([Bisnow](#), [RNR](#), [Website](#))

**717 Texas**, a 33-story, 700,000-SF office tower, is undergoing renovations, which Hines expects to complete this summer. Upgrades include a hospitality-inspired lobby with new furnishings, new wall and elevator finishes, lighting/security console upgrades, street-level activation, numerous day and evening food and beverage concepts. ([Hines](#), [Bisnow](#))

Silicon Valley-based **Founder Institute**, a global early stage accelerator program, has launched its second Texas location in Downtown Houston, operating out of Station Houston (1301 Fannin). Each cohort consisting of about 30 companies participates in a 14-week course



GreenStreet

## OFFICE (CONTINUED)

of education, mentorship and business development. ([InnovationMap](#), [Founder Institute](#))

Midway Companies and Lionstone Investments converted more than 130,000-SF of retail space at **GreenStreet** to office space, most of which has already been leased. Midway is also renovating the former NRG Tower office building (1201 Fannin); including the lobby, to better suit multiple tenants. ([Chronicle](#))

Brookfield Properties broke ground on the full-scale renovation of **Houston Center**, the 9.2-acre, 4 million-SF mixed-use complex, in February. The transformation, which includes a new central plaza and greenspace, a digital water wall, entertainment space, an iconic stair connection to new landscaped terraces, two-story glass façade, reclud skybridges, a new 10,000-SF fitness center, new dining and retail, coworking space and more, are scheduled to wrap up in late 2020. The 2 Houston Center and LyondellBasell Tower lobbies will be completely recreated with a new two-story glass lobby with entry from McKinney or Fannin Streets. Phase II, which will focus on The Shops at Houston Center, will be announced in the future. ([HBJ](#), [Houston Center](#), [HC Brochure](#))

Life Time Inc. will be opening its new coworking concept, **Life Time Work**, a 38,000-SF space in GreenStreet (1201 Main St.) in 2020. Life Time Work's slightly more upscale model is geared towards and appeals to older, more established companies. Every membership will come with a membership to the health club. The company's total lease of 94,000-SF on two floors includes a 56,000-SF athletic, health and wellness facility. ([HBJ](#), [Chronicle](#), [REBusiness](#), [RNR](#))

**MassChallenge**, a global network of zero-equity startup accelerators, launched Downtown in March, supported by a five-year \$2.5 million grant from the Downtown Redevelopment Authority (DRA), an affiliate of Central Houston, Inc. Occupying 5,000-SF at GreenStreet, MassChallenge will nurture and launch inventors and entrepreneurial ventures through a zero-equity, six-week boot camp, using a range of in-person training, mentoring, community connectivity and virtual classes from the Austin-based program. The inaugural cohort will begin this summer and will support up to 25 startups. ([MassChallenge](#), [RNR](#), [Chronicle](#), [RNR](#), [InnovationMap](#), [Bisnow](#), [RNR](#))

JLL has secured a \$52.8 million loan from MetLife Investment Management to refinance the 600,000-SF **Niels and Mellie Esperson** office buildings on behalf of Contrarian Capital Management and Cameron Management. The loan replaces the building's maturing

debt. ([RNR](#), [Bisnow](#))

International coworking company, **Spaces**, will be opening a 63,000-SF location in GreenStreet (1201 Fannin) in late 2019, occupying three floors. Spaces GreenStreet will offer collaborative areas, team rooms, coworking space, phone booths, meeting rooms, fully furnished private offices and a 3,000-SF rooftop patio. ([InnovationMap](#), [Bisnow](#), [HBJ](#))

Hines and Ivanhoé Cambridge have commenced construction of **Texas Tower**, a new 47-story, 1.1-million-SF state-of-the-art office tower at 854 Texas Ave., on the former Houston Chronicle site. Designed by Pelli Clarke Pelli, the diagonally-angled tower will be built to very high standards including LEED Platinum, WiredScore and WELL Building Standards. Scheduled for completion at the end of 2021, Texas Tower is already 33 percent leased. Texas Tower will feature a dramatic lobby; multiple food and beverage offerings; a full-service conference facility; public gardens on level 12; and a high-performance fitness center. ([Hines](#), [RNR](#), [HBJ](#), [Chronicle](#))

In addition to recent upgrades—a new fitness center, bike room and destination elevator dispatch in two elevator banks—Brookfield began more renovations to **Total Plaza** in early 2019. These include renovation of the main lobby, with new floor and wall finishes, new lighting and ceilings; new furniture and security console; modern finishes in the elevator lobbies and cabs; and new signage and graphics on the building's interior and exterior. ([Chronicle](#))

Brookfield began renovations of **Two and Three Allen Centers**, the second phase of its "Reimagining of Allen Center" project in April 2019, with an estimated completion in late 2020. Both buildings will receive improvements to activate street-level retail and create more openness and walkability. Renovations at Two Allen Center will include a new two-story lobby, second-floor outdoor terrace and updated retail bays. Three Allen Center will get a renovated lobby and a new shower and locker facility. Both buildings' elevator lobbies and elevator cabs will be renovated, and a new skybridge will connect the towers. ([Bisnow](#), [Chronicle](#), [HBJ](#), [RNR](#), [Allen Center](#))

**WeWork Labs**, WeWork's global startup incubator program, launched in March, housed in WeWork's Downtown location at 708 Main St. The program will nurture and accelerate up to 30 startups, providing education, mentorship, and resources to scale their solutions, coordinated by partner organization, Alice, an entrepreneurial digital resource for innovation. ([InnovationMap](#), [HBJ](#), [Chronicle](#))

## Market Overview

### HOSPITALITY HIGHLIGHTS

7,803  
hotel rooms

564  
under construction

400+  
planned

### RETAIL HIGHLIGHTS

415+  
restaurants, bars & clubs

5  
new retailers

28+  
planned  
(including 3 Food Halls)



Hotel Alessandra

## HOSPITALITY

As with retail, Downtown's hospitality, cultural and entertainment sectors continue to receive national attention. In its February publication "9 Great Reasons To Visit Houston In 2019," *CNN* not only points to Downtown as having most of the top travel attractions in Houston, but recommends Downtown as one of the three main neighborhoods of choice for accommodation, for travelers to have the best access to the city's highlights.

### MARKET HIGHLIGHTS

Brookfield's **C. Baldwin, Curio Collection by Hilton**, the rebranded 354-room independent hotel (formerly DoubleTree Hotel), is on track for its grand-opening on October 10, and will formally adopt its new name on June 2. The renovated hotel will feature ballrooms named after influential Houston women, and a new signature Italian restaurant Rosalie, by celebrity chef, Chris Constantino. ([Bisnow](#), [HBJ](#), [Bisnow](#), [RNR](#), [Culturemap](#), [RNR](#))

**Hilton Americas-Houston Hotel**, the city's largest convention center hotel at 1600 Lamar, will be undergoing an extensive \$37 million renovation. Led by Gensler, each of its 1,200+ rooms will receive \$31,000 in upgrades, a new color and design scheme, new artwork from 11 local artists and in-suite technology. Construction will start in the second quarter and be completed in phases throughout the year to limit hotel disruption. ([Bisnow](#), [HBJ](#), [Chronicle](#))

Downtown's **Hotel Alessandra** took the number-two spot on *Interior Design* magazine's national best design list for "cool and captivating lobbies." Part of the Valencia brand, Alessandra "pairs traditional glamour with modern sophistication." ([Culturemap](#))



Brasserie du Parc

## RETAIL

Downtown's constantly evolving culinary scene continues to grab local and national attention. Narrative around this year's retail buzzword, 'Food Halls,' continues to focus on Downtown, as highlighted in *CNN*'s February publication, "9 Great Reasons To Visit Houston In 2019." Complementing its growing national recognition, Downtown's newest food hall, Finn Hall, placed 4th in the top ten winners for 2019 *USA Today*'s "10 Best Readers Choice Travel Awards' Best New Food Hall". However, Downtown's Finn Hall in The Jones on Main, and its soon-to-be counterparts, Bravery Chef Hall in Hines' Aris residential tower and Understory at Skanska's new office tower, Capitol Tower, play a bigger role than meeting the demand for 'approachable' culinary offerings; they are also making both the office and residential buildings they are housed in more attractive to tenants, as Downtown emerges as a true live-work-play destination. Downtown had five new retail deliveries in the first quarter; over 28 new retailers are coming soon or planned.

### MARKET HIGHLIGHTS

**Brasserie du Parc** now has Saturday brunch available from 11am to 3 pm, serving everything from crepes to steaks and drink specials. ([Brasserie du Parc](#))

## Market Overview

### RETAIL (CONTINUED)

**Bandero Tequila Terrace** is now open at Toyota Center. The terrace, bar and social space is open to ticketholders for home games and other events hosted at Toyota Center. ([Houstonia](#))

**Common Grounds**, a coffee bar and café is now open in the lobby of the newly renovated 5 Houston Center lobby at 1400 McKinney St. Operated by Blackwater Roasting, a coffee roaster in east downtown, the café is slated to open in the first quarter of 2019. ([HBJ](#))

**Ono Poke** has opened its second Houston location in Downtown, in the One Allen Center food court, at 500 Dallas St. The restaurant is open for lunch Monday through Friday. ([Ono Poke](#), [Culturemap](#))

**Sojourn De Nails**, a new nail salon, has opened up at the street level of Skyhouse Main (1625 Main St, Suite A-2). The salon is open daily. ([Sojourndenails](#))

**Terra**, a new coffee bar operated by Compass, is now open at the lobby-level of 1415 Louisiana, offering coffee, pastries, breakfast and lunch options. ([Bisnow](#))

### RETAIL—COMING SOON

British Chef Richard Knight will lead upscale diner, **Atlas**, the late-night spot of Bravery Chef Hall (409 Travis). With a classy and old school vibe, the diner will serve “international elevated” items, including late-night breakfast dishes. ([HoustonFoodFinder](#))

**Boomtown Coffee** will be opening its second Downtown location in Understory food hall. The sole coffee provider at Understory, Boomtown will offer its specialty coffee beverages with locally roasted beans, pastries and baked goods. ([HBJ](#), [Culturemap](#))

Chefs Matthew Baum and Rakesh Nayak and cake baker Sarah Ono plan to open **Common Bond** café and bakery on the first floor of Capitol Tower. The café will offer sweet pastries & seasonal savory dishes. ([Culturemap](#), [Common Bond](#))

**Flip 'n Patties**, which serves Filipino street food and Filipino-inspired Akaushi burgers, will be the fifth of seven restaurant concepts in Understory culinary market. Flip 'n Patties will serve locally sourced handmade signature burgers, meats, sauces and fries. ([Eater](#), [HBJ](#), [Houstonia](#), [Chronicle](#), [FlipnPatties](#))

**Guard + Grace**, will be opening in a 13,000-SF bi-level glass-box space in One Allen Center (500 Dallas) this fall. The steakhouse by Troy Guard's TAG Restaurant Group is slated for late September/early October. The menu will adapt to Houston, with a few new Asian and seafood dishes. It will seat 350, with both outside and upstairs private dining areas, and four bars. ([HBJ](#))

Former Uchi chefs Patrick Pham and Daniel Le will open **Kokoro**, a new East Asian, Japanese restaurant, in Bravery Chef Hall this summer. The restaurant will serve yakitori-style grilled skewers in addition to its sushi menu. ([Kokoro](#), [Culturemap](#), [EATER](#), [PaperCity](#))

Bravery Chef Hall has selected its first bartender, David Cedeno, for its innovative bar incubator program. Cedeno will open a mid-century inspired cocktail and drink spot called **Lockwood Station** at the food hall for a one-year stint, after which a new owner will move in, while he moves into a permanent home elsewhere. The menu will feature classics like daiquiris along with draft cocktails and drinks inspired by dishes at Bravery's six restaurants. ([Eater](#), [Culturemap](#))



Brasserie du Parc



## Market Overview

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Downtown Public Safety Guides

## RETAIL—COMING SOON

(CONTINUED)

**Mendocino Farms Sandwich Market**, a California upscale, fast-casual restaurant concept, will be opening on the ground-floor of 609 Main at Texas. Slated for this fall, the 3,612-SF concept will serve chef-driven sandwiches and salads, including vegan and gluten-free options and craft beverages. ([RNR](#), [Chronicle](#), [Website](#), [Culturemap](#))

Fast-casual Italian restaurant, **MONA Fresh Italian Food**, will be opening in Understory. MONA will serve a five-step menu. ([Bisnow](#), [Eater](#), [Culturemap](#))

Astros fans have a new dining option in Minute Maid Park. Austin-based wing joint **Pluckers**, opened in the ballpark, behind the center field. ([Culturemap](#))

New York-based global burger chain, **Shake Shack**, will open a new Downtown location at The Jones on Main (712 Main St.), in the space previously occupied by Brown Bag Deli. Slated to open this summer, they will feature the Texas-exclusive Lockhart Link burger and desserts, in addition to its signature menu, and will have seating both inside and on an outdoor patio ([Eater](#), [Culturemap](#), [Chronicle](#))

**Strato 550**, a restaurant and conference center, will be opening this spring, occupying the entire 43rd floor of 1415 Louisiana. The restaurant will replace the former The 43rd Restaurant & Lounge. Offering a Mediterranean-influenced cuisine, Strato 550 will be open to the public for lunch, weeknight cocktail hour and private events. The conference center will have four meeting rooms and customized menus. ([HBJ](#))

## OTHER DEVELOPMENTS

**Discovery Green**, Downtown's vibrant 12-acre urban park, is undergoing a \$12 million renovation that includes adding a new playground and redesigned northwest corner. Drawing more than one million visitors each year, the park has been an economic engine for Downtown. Upgrades will include two play areas with seating, 20 play pieces and improved lighting. In the interim, Yuri Suzuki's "Sonic Playground," a kid-friendly interactive sculpture from the High Museum in Atlanta, is on view. ([Click2Houston](#), [Houstonia](#), [abc13](#), [abc13](#), [Chronicle](#))

**Discovery Green** was recognized by the Texas chapter of the American Planning Association as a *Great Public Space*. This highlights the role planners and planning play in creating a community of lasting value. ([Bisnow](#))

The **Downtown District Operations Center** has moved from 1119 Milam to 1313 Main. The Downtown Operations team as well as its partners, Block By Block, HPD Downtown Operations, SEAL Security and SEARCH Outreach, will operate out of this new location.

**Kelsey-Seybold Clinic** is constructing a new, 2,200 SF clinic at 815 Walker, connected to the Niels and Millie Esperson Buildings in the underground tunnels in Downtown Houston. The new facility will feature one medical provider and two virtual health exam rooms. It is slated to open this summer. ([Bisnow](#))

The Downtown District has a new security program with **SEAL Security**. Two dedicated SEAL officers will patrol Downtown and walk designated high traffic areas daily from 7 pm to 3 am. This guaranteed evening and late-night presence directly supports Downtown's growing residential population, offices, hotels, entertainment venues, theaters, restaurants and bars. ([DowntownDistrict](#))

# Q1 2019 Overview

## MAJOR OFFICE LEASES AND SALES

### OFFICE LEASES

TENANT	TYPE	TO	FROM	SF
Hunton Andrews Kurth LLP	Renewal	600 Travis	-	134,763
Calpine	Renewal	717 Texas	-	126,000
Direct Energy	New to Downtown	2 Houston Center (909 Fannin)	12 Greenway Plaza	105,578
Spaces [co-working space]	New to Downtown	GreenStreet (1201 Main)	-	63,000
EnVen Energy	Relocation	609 Main at Texas	Three Allen Center (333 Clay)	57,139
Gensler	Relocation	2 Houston Center (909 Fannin)	Pennzoil Place (711 Louisiana)	45,000
Life Time Work [co-working space]	New to Downtown/Houston	GreenStreet (1201 Main)	-	38,000
BMO Capital Markets Corp.	Renewal/Expansion	Bank of America Center (700 Louisiana)	-	30,275 (expansion: 7,065)
Smyser Kaplan & Veselka LLP (HQ)	Relocation/Expansion	609 Main at Texas	Bank of America Center (700 Louisiana)	27,795 (expansion: 5,407)
Netherland Sewell & Associates, Inc. (NSAI)	Renewal	Fulbright Tower (1301 McKinney)	n/a	26,000
Vorys, Sater, Seymour and Pease LLP	Relocation/Expansion	2 Houston Center (909 Fannin)	Bank of America Center (700 Louisiana)	22,627 (expansion: 5,028)
Weil, Gotshal & Manges LLP	Renewal	Bank of America Center (700 Louisiana)	-	21,375
Kilpatrick Townsend & Stockton LLP	Renewal	Bank of America Center (700 Louisiana)	-	17,519
Womble Bond Dickinson (US) LLP	New to Downtown/Houston	811 Main	-	17,273
Schiffer Hicks & Johnson, PLLC	Renewal/Expansion	Bank of America Center (700 Louisiana)	-	10,875 (expansion: 4,627)
Carlson Capital, LP	Renewal	Bank of America Center (700 Louisiana)	-	8,774
Ruths.ai	Relocation	Main&Co (114 Main)	300 Main	8,457
UiPath	New to Downtown/Houston	Main&Co (114 Main)	-	5,187
MassChallenge	New to Downtown/Houston	GreenStreet (1201 Main)	-	5,000
Paloma Resources LLC (Q4 2018)	New to Downtown	1100 Louisiana	-	4,200
Proman Global Development LLC (Q4 2018)	New to Downtown	1100 Louisiana	-	3,500
BGN International	New	2 Houston Center (909 Fannin)	-	2,906
Parkland Fuel Corp.	New	n/a	-	n/a

\*This report features all public, year-to-date leases

Sources: Houston Office—2019 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.

## DOWNTOWN INNOVATION SPACES: CO-WORKING, ACCELERATORS, INCUBATORS

PROPERTY NAME	TYPE	ADDRESS
Accenture Innovation Hub	Innovation space	1301 Fannin
Bond Collective	Co-working	Pennzoil Place-ST (711 Louisiana)
Flatiron School (WeWork)	Coding School	708 Main
Life Time Work	Co-working	GreenStreet (1201 Main)
MassChallenge	Startup accelerator and competition	GreenStreet (1201 Main)
Novel Coworking	Co-working	720 Rusk, 405 Main
Regus	Co-working	700 Milam, Two Allen Center (1200 Smith), 1001 Texas
Servcorp	Co-working	700 Louisiana
Spaces	Co-working	GreenStreet (1201 Main)
Station Houston	Co-working/Accelerator	1301 Fannin
Veterans in Residence (ViR) (WeWork Bunker Labs)	Co-working/Accelerator	708 Main
WeWork	Co-working	708 Main
WeWork Labs	Incubator	708 Main

Sources: Central Houston, Inc.

## RETAIL OPENINGS

Q4 2018

<b>Bandero Tequila Terrace</b>	Toyota Center (1510 Polk)
<b>Common Grounds</b>	5 Houston Center (1400 McKinney)
<b>Ono Poke</b>	One Allen Center (500 Dallas)
<b>Sojourn De Nails</b>	Skyhouse Main (1625 Main, Suite A-2)
<b>Terra</b>	1415 Louisiana

### COMING SOON

<b>Guard + Grace</b>	610 Main
<b>Bravery Chef Hall</b>	
Atlas Kokoro Lockwood Station	409 Travis St.
<b>Mendocino Farms Sandwich Market</b>	609 Main at Texas
<b>Understory Food Hall</b>	
Boomtown Coffee Common Bond Flip 'n Patties MONA Fresh Italian Food	800 Capitol
<b>Pluckers</b>	Minute Maid Park
<b>Shake Shack</b>	The Jones on Main (712 Main)
<b>Strato 550</b>	1415 Louisiana

\*Based on known projects

# Spotlight on Downtown Houston

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## LOCAL MEDIA

January 3, 2019

### THE FORMER TEXACO HEADQUARTERS: A CASE STUDY IN MIXED-USE REBIRTH

"Limestone vaulted arcades, Tuscan columns and deep window ledges highlight the historic frame of The Star, a century-old landmark building recently converted into a residential tower in Downtown Houston. Developed by Provident Realty Advisors, the space is all new but brought back in a historic feature—an authentic 12-foot-long TEXACO illuminated sign is a focal point of the space. The game room walls are splashed with other memorabilia from the oil company. The bottom level features a virtual golf simulator, dog spa, theater and poker room. The top floor lounge area, includes an open meeting and kitchen space, an Equinox-inspired fitness center and outdoor rooftop lounge. The final piece of the redevelopment is an 18K SF full-service restaurant on the ground level by popular restaurateur Benjamin Berg of B&B Butchers, slated to open later this year. —Bisnow

January 16, 2019

### STREET-LEVEL ACTIVATION: HOUSTON CENTER TO RECEIVE MULTILEVEL MAKEOVER

"Brookfield Properties is tackling a multilevel redevelopment at Houston Center—a 9.2-acre portfolio of three high-rise office buildings and a 16-story tower atop a 196K SF retail center, claiming the title of Downtown's largest asset. "The capital investment we are making in Houston Center is reflective of the confidence we have in Downtown." **Returning To Glory:** The building's exterior will be modernized with a three-level glass facade, activating the street-level plaza with new food and beverage offerings and infusing new pockets of green space. Construction will wrap up in late 2020. **Going Greener:** The reimaged plaza will feature a digital water wall, flexible entertainment space and a massive spiral staircase providing connectivity to the enhanced sky bridge. **Downtown's Last Retail Center:** The redevelopment of the The Shops at Houston Center shops is planned for future expansion. Brookfield is actively studying the space, and Gensler is considering design plans. —RNR

January 30, 2019

### INTERNATIONAL STARTUP ACCELERATOR RECEIVES \$2.5M GRANT TO EXPAND TO DOWNTOWN HOUSTON

"Boston-based nonprofit MassChallenge, the City of Houston and Central Houston Inc. announced the startup accelerators' expansion into downtown Houston, in a press conference. MassChallenge will run its accelerator out of GreenStreet. The Downtown Redevelopment Authority (DRA), which is affiliated with Central Houston, has approved an economic development grant for MassChallenge to operate its program, not to exceed \$2.5 million, paid over a five-year period, and will not be used for MassChallenge's cash prizes (those come its corporate partners/sponsors). MassChallenge's first Houston cohort will begin this summer and support up to 25 startups through a zero-equity, six week-long bootcamp. Internationally, MassChallenge has helped 1,900 startups raise more than \$4 billion in funding, generate more than \$2 billion in revenue and create over 120,000 jobs. —HBJ

February 4, 2019

### HOUSTON'S HIGH-RISE SHIP COMES IN WITH UNIQUE NEW HINES' SUPER TOWER. SURPRISING, UNEXPECTED DESIGN INVOKES VISIONS OF NEW YORK AND BARCELONA—INSIDE THE PRESTON'S DARING DIAGONAL WORLD

"Hines' new 46-story high-rise dubbed The Preston, its ultra-unique design (and its status as the tallest residential building downtown) will make it a head turner. "If you can imagine the building being in the shape of a ship, a boat, a sailboat at a diagonal; this isn't just an ordinary high-rise." The Preston is a tower with the ambitions and daring of a high-rise in Barcelona or New York City. "Hines wanted to get to the leading edge of design ... you can see that in the geometry of the tower itself." The unique skinny, diagonal tower will almost look like its tilted to passersby. The Preston marks another level in the evolution of its best practices, innovation and ambition in the residential market. You certainly haven't seen anything like it in Houston yet." —PaperCity

## Spotlight on Downtown Houston

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### LOCAL MEDIA (CONTINUED)

March 22, 2019

#### THESE ARE HOUSTON'S 10 BEST RESTAURANTS FOR 2019

"Theodore Rex...We're truth-tellers here in Texas. Theodore Rex is a better, more satisfying restaurant than Oxheart. Ditching the tasting menu makes dining at chef-owner Justin Yu's restaurant more customer friendly, because now people can control their costs and order as much or as little food that suits their appetite. Staple dishes like the tomato toast and Paris-Brest dessert are allowed to earn virtually permanent spots on the menu, but other options change often enough to reflect Yu and his team's commitment to seasonality. Service at both iterations has always been first rate, but it feels a little more relaxed now, which makes the restaurant more suitable for a weeknight dinner and less relegated to special occasion status." —HBJ

### REGIONAL & GLOBAL MEDIA

January 2019

#### 52 PLACES TO GO IN 2019

**The New York Times**

"No. 46 Houston. Rebounding bigger and better after a hurricane. After Hurricane Harvey, the city is back on its feet and showing off the everything-is-bigger-in-Texas attitude. Four food halls opened in 2018, including Finn Hall, which features up-and-coming chefs including the James Beard-nominated chef Jianyun Ye with a downtown outpost of his Chinese hot spot Mala Sichuan and a taqueria from the local favorite Goode Company. Finn Hall is one of four food halls that opened in Houston last year."

January 2019

#### WHERE TO GO IN 2019

#### THE 21 DESTINATIONS THAT WILL BE ESPECIALLY HOT THIS YEAR—AND THE DATA YOU NEED TO PLAN YOUR TRIP.

**Bloomberg**

"And since everything is bigger in Texas, the city is welcoming not one, not two, but four jumbo food courts, including the 9,000-square-foot Bravery Chef Hall. Culinary talent here will focus on piloting new concepts, including a wood-oven steakhouse from famed cattle rancher Felix Florez and a pasta joint from Ben McPherson, an expert in the art of fried chicken. Fine lodging options are also taking flight. Joining the city's recently-renovated Four Seasons is the year-old Post Oak—which has the benefit of not being attached to a convention center—plus an InterContinental and a Thompson.."

January 2019

#### 10 BEST READERS' CHOICE AWARDS BEST NEW FOOD HALL WINNERS



"The top 10 winners in the Best New Food Hall category are as follows: ... 4. FINN HALL-Houston... Located in the historic JPMorgan Chase & Co. building in the heart of downtown Houston, the new Finn Hall features 20,000 square feet of space for 10 chef-driven food concepts, as well as a craft beer and wine bar and an Art Deco cocktail lounge."

## REGIONAL & GLOBAL MEDIA (CONTINUED)

February 2019

### 9 GREAT REASONS TO VISIT HOUSTON IN 2019

"There's so much to see, do and eat! **Eating And Drinking:** Food halls are all the rage in Houston. Three are opening this year alone in Downtown, while a fourth opened Downtown in December 2018. Houston has never been more ripe for exploration. It wins in the aesthetics department, too: The much-photographed skyline is dotted with skyscrapers in architectural styles, and this city has countless green spaces and parks. Many of the top travel attractions are concentrated in downtown. Tourists can get around this part of town by the efficient Metro Rail system. **The Arts...**There's plenty of art on display outside of Houston's museums, too. Case in point is this large mural in Downtown by graffiti artist GONZO247. **Theater District:** There are more than a dozen theaters in this 17-block district in downtown Houston. **The 12 James Beard Award-nominated restaurants...** There's Xochi, an airy spot in downtown that turns out Oaxacan inspired dishes and was nominated for Best New Restaurant. Pappas Bros. Steakhouse, was nominated in the Outstanding Wine Program category. **IF YOU GO:** travelers will have the best access to the city's highlights by choosing accommodations in one of three main neighborhoods, including downtown, home to top restaurants and nightlife."



February 2019

### A DAY IN HOUSTON: 3 MEALS, 3 CULTURES, ONE CITY THE 52 PLACES TRAVELER FOLLOWS HIS STOMACH THROUGH THE CITY OF HOUSTON, FINDING A STAGGERING DIVERSITY ALONG THE WAY.

**The New York Times**

"Our columnist, Sebastian Modak, is visiting each destination on our 52 Places to Go in 2019 list. He arrived in Houston after stops in Puerto Rico and Panama. Houston is widely considered to be one of the most culturally diverse cities in the world. According to the city's planning department, 48 percent of residents speak a language other than English—and more than 145 languages are spoken in the city. 29 percent of the population is foreign-born. Diversity wasn't the main reason Houston was on 2019's 52 Places to Go list, but food and culture were. There's the wave of new trendy Downtown food halls... unless you sequester yourself in the chic apartments of Downtown or the mansions of River Oaks, that diversity is everywhere you look—and everywhere you eat."



February 2019

### HOUSTON UNVEILS PLANS TO BECOME A NEW TECH HUB—ARE YOU READY FOR STARTUP CITY? MAJOR PROJECTS TO LINK NEW INNOVATION CORRIDOR, DRAW CUTTING EDGE

"There's no question about it—Houston is serious about jumpstarting its startup community. The Bayou City's new innovation district is receiving a major boost thanks to two new developments. Boston-based business accelerator MassChallenge is moving into GreenStreet in Downtown. "Houston is in its early stages of developing a movement where culture and industry collide along a four-mile stretch of Main Street called the Innovation Corridor," Mayor Sylvester Turner tells the crowd at the announcement. "The corridor offers a converging point for all authentic characteristics necessary to foster a startup community...We're here to announce a significant partnership in advancing our strategic plan to make Houston an innovative city at a world-class level. MassChallenge will operate its program in Houston with a grant from the Downtown Redevelopment Authority that will not exceed \$2.5 million and will be paid over a five-year period, in partnership with the City of Houston and Central Houston."

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## REGIONAL & GLOBAL MEDIA (CONTINUED)

Forbes

March 2019

### ONE DONE, TWO TO GO AS 'REIMAGINING ALLEN CENTER' STARTS NEXT RENOVATION PHASE

"When built nearly a half century ago, Allen Center's trio of office towers reached for the sky. Renovations today are reimagining the complex's form and function at street level as part of a multi-phased project. Brookfield Properties recently announced Phase II plans to transform the office environment and experience at Two Allen Center (1977, r.1992) and Three Allen Center (1980). The scope for Two Allen Center includes a new, two-story lobby, second-floor outdoor terrace with view of The Acre and updated retail bays. In Three Allen Center, the redesign affects the lobby and adds shower and locker facilities. A new sky bridge will link the two towers. When completed in 2020, the three-tower campus will encompass not just 3.2 square feet of office space, but an assortment of new restaurant and retail options, upgraded lobbies, tenant lounges and collaborative spaces—and the Acre."

March 2019

The Boston Globe

### HOUSTON IS A FOOD LOVER'S PARADISE

#### TAKE IT FROM A BOSTON EXPAT: THE SPRAWLING TEXAS CITY IS MORE THAN JUST HEAT, HUMIDITY, AND HALLIBURTON. IT'S A CULINARY MELTING POT.

"Over the past few decades, Houston's population has been defined (and redefined) by waves of immigrants, putting down roots in Texas soil and forming thriving communities. The result of this (literal) melting pot are dishes that reflect a world. The culinary crossovers makes it one of the more accessible foodie vacations you can take. An opulent Mexican brunch spread laid out by James Beard Award-winner Hugo Ortega—the chef behind the Oaxacan-focused treasure Xochi...In the Warehouse District just north of downtown, Theodore Rex is esteemed chef Justin Yu's follow-up to his adventurous, award-winning Oxheart... And Griselda Barrios and Jodi Wray's downtown dessert cafe Treacherous Leches. Houston isn't just about eating—it's also a perfect getaway for art lovers, music buffs, sports fans, and anyone who just needs a little "me" time."

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

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**RESOURCES**

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