

Q2 2019

Downtown Houston Market Update

Central Houston, Inc. and Houston Downtown Management District

Downtown came off the second quarter with sound fundamentals across employment, office leasing and new construction. For example, the Houston metro created 14,700 new jobs in June and 82,900 new payrolls for the past 12 months, up 2.7 percent with the majority of the gains being in professional, scientific and technical services.

Residential occupancy was up rather sharply during the quarter, close to five percentage points, as the new high-rises continued their lease-ups boosted by normal seasonal gains. For office transactions, Downtown's Bank of America Tower delivered at 800 Capitol this June as 88 percent preleased, which include the signature tenants Bank of America with 210,000-SF and Waste Management with 284,000-SF. The 35-story Class A tower, with 756,000-SF of office and 24,000-SF of retail, exemplifies the latest in technology and sustainability designed for tenants attracting and retaining top talent.

The AC Hotel by Marriott, with 194 rooms located on Main and Rusk, will be opening in late-July and soon thereafter two additional new Downtown hotels, Cambria Hotel and Hyatt Place, will begin welcoming guests. Meanwhile, one of the fastest-growing trends in Downtown retail, the food hall market, has expanded exponentially. Starting in 2016, food halls began popping up in Downtown with Conservatory Underground Beer Garden & Food Hall followed by Finn Hall. Downtown's two newest include Understory which just recently opened this quarter and Bravery Chef Hall in July.

Last, design renderings of Downtown's highly anticipated Southern Downtown Park were revealed. The new park will be located at the 1500 block of Fannin and will occupy a portion of the block between Fannin, San Jacinto, Belland Leland streets. Design plans highlight an L-shaped site that will be framed by garden zones on the north and the south, dog runs, an indoor/outdoor café, lawn and unique playscape. The café operator is expected to be announced in August of this year.



Understory Culinary Market

Market Overview

RESIDENTIAL HIGHLIGHTS

6,086
residential units

873
under construction

1,179
planned

90.3%
occupancy rate

RESIDENTIAL

Downtown began 2Q 2019 with occupancy of 86.8 percent, a sharp rise of more than 16 percent in the past 12 months when it measured 70 percent. The gains were mainly driven by stronger Downtown leasing velocity in recently completed luxury multifamily rental properties as properties continue their lease-up. Downtown rents are averaging \$2.06-SF, holding steady over the past 12 months.

Downtown ended the second quarter with occupancy of 90.3 percent ahead of the Houston average of 90.2 percent. Downtown rent averages continue to hold steady over the quarter at \$2.03-SF and far above the Houston average of \$1.18-SF. Downtown's residential population continues the positive momentum showing significant gains fueling new residential development as 873 units are currently under construction.

Houston's population and job gains are fueling a significant portion of this new Downtown residential demand. Metro Houston created 89,200 new payrolls in the 12 months ending June 2019 according to the U.S. Bureau of Labor Statistics. Metro employment now stands at nearly 3.2 million full-time jobs, the highest point on record and bodes well for near-term multifamily demand, including Downtown with its growing inventory of new Class A units. According to the U.S. Census Bureau's American Community Survey, the two census

tracts comprising Downtown contain 10,964 residents this year, recently increasing from 10,241 2018's results.

Houston developer, Randall Davis Company, has sold the historic eight-story, 79-unit, mixed-use **Hogg Palace Lofts**, to Austin investor, Kline Properties. Originally constructed in 1921, Randall Davis Company converted the former office building to lofts in 1995, located at 401 Louisiana. Hogg Palace is designated a historical building by the Texas Historical Society and is also listed on the National Register of Historic Places. ([RNR](#), [HBJ](#))

OFFICE

The economic outlook for the Houston office market during 2Q 2019 remains positive, in light of population and job growth and Houston's office market continued its expansion. Downtown's Bank of America Tower delivered at 800 Capitol this June at 88 percent pre-leased, which include the signature tenants Bank of America with 210,000-SF and Waste Management with 284,000-SF. The 35-story Class A tower, with 756,000-SF of office and 24,000-SF of retail, exemplifies the latest in technology and sustainability designed to help tenants attract and retain top talent.



Marlowe Condominiums

Market Overview

OFFICE HIGHLIGHTS

51,440,604 sf
current inventory

1,273,699 sf
under construction

3,700,000 sf
planned

OFFICE (CONTINUED)

Though the overall Houston office market saw vacancy rise in quarterly vacancy by 40 basis points, move-ins scheduled into 2020 suggest vacancy are poised to decline in the coming quarters. Meanwhile, Downtown's office vacancy inched up to 20.6 percent during 2Q where the Class A office sector posted 278,181-SF of direct net absorption bringing the year-to-date total up to 192,927-SF. Large lease activity (>50,000-SF) grew over the past year and accounted for 70.7 percent of all Downtown leasing volume larger than 10,000-SF over the past 12 months in 92 lease transactions.

One of the largest lease transactions signed during 2Q was King & Spalding's 91,264-SF lease renewal at 1100 Louisiana Street as the law firm remains a long-term tenant in the tower since 1995. Also noteworthy is Lovett Commercial unveiling its plans in June to redevelop the former-Barbara Jordan Post Office, located at 410 Franklin, into a 550,000-SF multiuse development intended to become Downtown's newest destination location. Newly renamed Post Houston, the project plans to offer 130,000-SF of office space, 60,000-SF retail, 45,000-SF dedicated to a market hall and 20,000-SF of co-working space. The developer plans to deliver phase one of the renovated multiuse building by summer 2020.

The flight to quality office work environments is driving demand for newly constructed and newly renovated buildings. This trend is sparking an increased demand for superior space with more efficient floor plates and state-of-the-art interior design in order to capitalize on the shift in employees' demand for a better workplace experience. On the flip side of this trend is that tenants' overall space needs end up being reduced as more efficiency is factored into the design with such models as flexible workstation configuration, open space concepts and breakout, call and focus rooms. For example, Bank of America reduced its office size by 28 percent (or 77,000-SF) in its relocation to Bank of America Tower at 800 Capitol.

To attract and retain the top workforce where talent is a significant competitive advantage, employers will continue to pursue premium office buildings offering flexible workspaces, in-house fitness centers, cafés and outdoor patios. This movement is guiding new office space design and impacting the amount of space being leased in Downtown.

Downtown's newest office high-rise, Skanska's 35-story office tower, Capitol Tower, is now complete, and has been officially renamed **Bank of America Tower**, after its anchor tenant, which secured naming rights for the building in 2017. Located at 800 Capitol, the 754,000-SF tower the building is opening with 88 percent of its space leased. One of its key amenities, the 35,000-SF Understory culinary market is open 7 days a week. The new building is one of only a handful of buildings in the U.S. to receive LEED Platinum v4 certification. Bank of



Bank of America Tower

America will occupy 210,000-SF, spanning six-and-a-half floors (205,000 square feet of office space, and 5,000-SF financial services center on the ground level), consolidating more than 600 employees from three Downtown offices into the new building. It moved out of 700 Louisiana in early June and will vacate its offices at 600 Travis and 1221 McKinney by early August. ([Chronicle](#), [RNR](#))

Renovations to the ground-floor of **717 Texas** office tower were completed in April. Renovations included a hospitality-inspired lobby with new furnishings, wall and elevator finishes, lighting and security console upgrades plus new food and beverage concepts offering coffee by day, happy hour in the evening and numerous casual dining alternatives. ([Chronicle](#))

Accenture is doubling the size of its Downtown innovation hub to support the strong growth of its innovation hub, due to the growing client demand for digital tech workshops and projects will impact their industries. The innovation hub, which opened in February 2017 in a 13,500-SF space at 1301 Fannin, with about a half dozen staff, has grown to over 100 employees including developers, data scientists, designers and more. Accenture is expanding the space up to nearly 30,000-SF, fully occupying the 18th floor of the building. Construction for the current hub expansion is

scheduled for completion at the end of the year. The

OFFICE (CONTINUED)

second phase of this growth project includes the creation of Houston's ICS Cyber Fusion Center to address Accenture clients' growing demand for cybersecurity within industrial capabilities. With 1,800 employees housed in its Downtown office, Accenture is the eighth-largest largest Downtown employer in Houston. ([HBJ](#); [InnovationMap](#))

Hines has launched a new coworking initiative/platform called **Hines²**, and its flexible workspace dubbed **The Square**, to meet the demand for flexible office space, and a direct response to the evolving needs of its current and future building tenants. The Square, which will focus on enterprise clients and deliver premium workplace environments in Hines buildings, will be first introduced in Downtown Houston at the 33-story 717 Texas building where it will occupy a full 28,000-SF. In addition to The Square and its month-to-month memberships, the Hines² platform will offer a suite of services that will be available to all tenants in the building. Hines selected Industrious, the largest premium flexible workspace provider in the U.S., as its initial operating partner, and is working with New York-based Convene to operate future sites that include full-service meeting and event management. ([Hines](#), [RNR](#), [Bisnow](#), [HBJ](#))

Brookfield Properties will begin major renovations to **Total Plaza** this summer, a 35-story, 821,723-SF office tower at 1201 Louisiana, to be completed in early 2020. Designed by Ziegler Cooper Architects, renovations will include new floor and wall finishes, new lighting and ceilings, modern finishes in the elevator cabs and lobbies, upgraded furniture and security console, new signage on the interior and exterior of the property and retail where two new restaurant tenants have been identified for 2020. The plaza already made some recent upgrades, such as a new state-of-the-art fitness facility, adjacent bike room and destination elevator dispatch. Total, the building's anchor tenant since 2005, recently renewed and expanded its lease, now occupying 305,680-SF. ([HBJ](#), [Bisnow](#), [CultureMap](#))

Skanska is expected to set a new price record with the potential sale of a majority stake in its brand-new Downtown skyscraper, **Bank of America Tower**, which opened in June at 800 Capitol. The estimated valuation of the building is \$550 million, or a record-high \$729 per SF. Skanska will retain a minority stake. New York's Eastdil Secured is listing the property. ([RNR](#), [HBJ](#), [RNR](#))

Lovett Commercial has launched the transformation of the former 16-acre site of the Barbara Jordan Post Office it purchased in 2015 into a 550,000-SF mixed-use destination. Situated at 401 Franklin, the renovated building, renamed **Post Houston**, will deliver phase

one in the summer of 2020. The vision of the property includes 130,000-SF of office space, 60,000-SF of retail, a 45,000-SF market hall and 20,000-SF of coworking space. Post Houston will be centered around the future of innovation, entrepreneurship and entertainment, and will include a 210,000-SF rooftop park and farm, as well as house installations and exhibits by local and international artists. Lovett's future plans include a concert venue, hotel and an entertainment room on the east side of the building. OMA New York and Houston-based Powers Brown Architecture will design the project. Renderings are available [here](#). ([RNR](#), [HBJ](#), [Chronicle](#), [HBJ](#), [HBJ](#))



Post Houston

Hines debuted an indoor bike storage facility, named The Bike Vault, in 609 Main at Texas office tower, in concert with Bike to Work Day on May 15, a national event celebrating the bicycle as a mode of transportation. The new bike storage area has parking for up to 32 bicycles, changing facilities, storage lockers, bike repair stations, free refreshments and towel service, to make it easier for its tenants to bike to work/take alternative forms of transportation. Hines plans to add a Parcel Pending location adjacent to Bike Vault with lockers where tenants can have packages and groceries delivered. ([Hines](#), [Chronicle](#))

Motiva's Levels 2 & 3 in **One Allen Center**, won the HBJ 2019 Landmark Awards for the Workplace Interior Category Winner. The company recently expanded into and renovated 26,000-SF space on two floors, adding to its existing four levels of office/employee space in the building. These two levels, renovated in part to show off Motiva's brand and host clients in visually appealing reception and conference areas, include accent walls with graphics depicting Motiva's business assets, a new reception area and conferencing center for visitors. ([HBJ](#))

HOSPITALITY HIGHLIGHTS

7,803
hotel rooms

564
under construction

400+
planned

OFFICE (CONTINUED)

Hines' new **Texas Tower**, the 1 million-SF, 47-story office tower under construction, has been pre-certified LEED Platinum v4 for Core & Shell Rating System, by the U.S. Green Building Council, at the highest level for energy efficiency and design. The building's green features will include: easy access to public transit; bike parking, electric-vehicle charging stations, high-efficiency chillers, a unique underfloor air delivery system; energy efficient lighting; low-flow water fixtures; reflective roofing materials; several rooftop terraces; and a rain-water harvesting and condensate recovery system for irrigation. When the building is completed in the third quarter of 2022, it will be among the most sustainable office buildings in the region. The building will also seek WiredScore and WELL Building certifications for connectivity and wellness standards. ([Hines](#), [HBJ](#), [RNR](#), [Chronicle](#))

Stream Realty and DRA Advisors have put **1801 Smith** (formerly known as 600 Jefferson), on the market; HFF is handling the sale for the 20-story office tower. Stream Realty/DRA Advisors recently invested \$11 million into renovation of the 449,000-SF building, but with United Airlines' final departure from the building into 609 Main at Texas later this year, the building's occupancy rate is expected to fall to as low as 28 percent. ([RNR](#))

In partnership with Station Houston and TX/RX Labs, Microsoft launched an accelerator for smart city technology in May, which is housed in Station Houston at 1301 Fannin St. The accelerator, **Ion Smart Cities Accelerator** sponsored by Microsoft and Intel, will have its first cohort in August, with six months of pilot programs for companies developing smart city technology, aimed at using data to solve problems that plague cities, like reducing traffic and congestion or improving flood mitigation. The Microsoft Ion Smart Cities Accelerator joins a growing number of accelerators housed in Station Houston, including BBL Ventures and Founder Institute. **Eunike Ventures** formed an alliance with major energy firms to identify promising startups in the oil and gas industry. ([HBJ](#))

Hines, in partnership with New York investment firm, **Cerberus Capital**, has agreed to acquire the 75-story 600 Travis building (JP Morgan Chase tower) and the adjacent 601 Travis building, a combined 2.1 million-SF of rentable office space 415,000-SF, from Prime Asset Management for approximately \$627 million or \$300 per SF. Cerberus would own a 90 percent stake and Hines will hold the other 10 percent. ([RNR](#), [RNR](#), [HBJ](#), [RNR](#), [Bisnow](#))

1111 Fannin office tower has been listed for sale by its owner C-III Asset Management. The 17-story, 428,629-SF building is fully leased to JP Morgan Chase until September 2021. Built in 1971, the property value is estimated at around \$43 million or \$100 per SF. HFF is managing the listing.

Citing Houston as a "thriving business hub and innovative city," coworking giant **WeWork** has leased 56,000-SF in Hines' 609 Main at Texas for its second Downtown Houston location, set to open in late 2019. WeWork will occupy the 25th and 26th floors of the 48-story tower. The new location will expand the company's footprint Downtown, adding to its first location at 708 Main (The Jones on Main) and will offer coworking space for businesses of all sizes, ranging from small businesses to high-growth startups to Fortune 500 companies. Employees working out of the new WeWork space will receive 24/7 building access and micro-roasted coffee, as well as invitations to community events and business services, 609 Main's lobby café and 7,000-SF high-performance fitness center. ([HBJ](#), [RNR](#))

HOSPITALITY

A strong Texas economy is projected to be sustained throughout 2019 and position the Houston hotel market for continued RevPAR growth (revenue per available room) over the next few years, while favorable national economic fundamentals are expected to lead to U.S. hotel rooms RevPAR growth of 2.5 percent in 2019 and 2 percent in 2020.

Downtown remains the largest hospitality market in the region with more than 7,800 rooms housed in 25 hotels. Downtown's hotel occupancy rate continues to remain steady at 72.2 percent. There are three hotels currently under construction: the AC Hotel Houston (194 rooms), Hyatt Place Hotel (150 rooms) and Cambria Hotel by Choice Hotels (226 rooms), each hotel is scheduled to open in 2019. Buoyed by the healthy economy, this supply is expected to be absorbed quickly—with major events lined up for the rest of the year and the near future, including the World Petroleum Congress (WPC) in December 2020 (since it was last hosted in Houston—or any U.S. city in 1987) and the Professional Convention Management Association's annual event in January 2021. The WPC, which will be held at the George R Brown Convention Center, is expected to draw more than 15,000 attendees.

RETAIL HIGHLIGHTS

410+ shops, restaurants & bars

8 opened 2Q 2019

10+ planned

HOSPITALITY (CONTINUED)

Meanwhile, monthly RevPAR was \$140.95 during 2Q 2019 according to STR Global Research, down slightly from the same period last year but ahead of the 6-year monthly average by more than \$1.68 for the 141,575 nights that were occupied for the most recent month, June. The highest RevPAR by day of the week for Downtown's hospitality market was Wednesday last month, an indicator that the hospitality market in Downtown continues to be primarily business travelers' destination.

Still, Houston's 2018 visitor numbers set new records inching close to Houston First Corp.'s goal of 25 million annually. Last year, Houston welcomed a record 22.3 million visitors and also set a record for future meetings and conventions for the fourth year in a row. In 2018, 816,023 room nights were booked for future events, up 1.6 percent from 2017, and 498 future meetings and conventions were booked in 2018, up from 429 in 2017.

Washington, D.C.-based **WhyHotel**, which operates temporary pop-up hotels in new luxury apartment buildings, will open its first Houston location in Camden Downtown apartment tower. WhyHotel will lease about 100 units within **Camden Downtown**, the 21-story, 271-unit luxury apartment high-rise located at 1515 Austin. Being a pop-up, the hotel will only operate for a limited time, from when the tower opens in December 2019 through late 2020 (during the new building's lease-up phase), drawing Downtown visitors and prospective residents, and helping to bring in additional income for the property during its lease-up period. Rates will be competitive to surrounding hotels and corporate housing units, and customers will be able to book anywhere from a one-night stay to as long as three months. ([HBJ](#), [Chronicle](#), [Bisnow](#))

Woodbranch Investments Corp., the developer behind Downtown's Market Square Tower residential high-rise, has purchased the 0.7-acre site (31,250-SF parcel) of the **Hampton Inn and Homewood Suites** dual-branded hotel property located at 710 Crawford, from investor Joni Anderson-Ballis. Woodbranch bought the land, while the hotel is owned separately by Houston-based American Liberty Hospitality and has a long-term ground lease. ([Chronicle](#), [HBJ](#))

Newcrestimage is on track to open the 195-room **AC Hotel Houston Downtown**, a Marriott hotel at 723 Main, by the end of July. The modern European style hotel, a redevelopment of the former 10-story, 105-year old Houston Bar Center Building, will be the city's first AC-brand hotel, and only the second in Texas. In addition to the plethora of amenities, the hotel will feature the AC Lounge and the Zoe Ballroom. The hotel also will feature a media salon and a coffee house. ([Culturemap](#))

C. Baldwin Hotel Curio Collection by Hilton, with its 354 rooms located at 400 Dallas, unveiled its new soft opening this quarter. C. Baldwin will be the second Curio-branded property in Houston, a Hilton line of handpicked, independent hotels. The hotel is estimated to complete all renovations, including the highly anticipated Rosalie restaurant, in September. The Sam Houston Hotel, also Downtown, is the other Curio-branded property in town. ([HBJ](#))

RETAIL

Retail is evolving into a concept where the experience of shopping, dining, entertainment, activities and events is driving force behind new development, design and construction. Take for example, Downtown's constantly evolving culinary scene. One of the fastest-growing trends in retail, the food hall market has expanded exponentially over the last three years. Starting in 2016, food halls began popping up in Downtown with Conservatory Underground Beer Garden & Food Hall followed by Finn Hall. Downtown's two newest include Understory just recently opened this quarter and Bravery Chef Hall which opens in July.

Meanwhile luxury beauty and style shops are 'checking' into the C. Baldwin. Sloan/Hall, a lifestyle boutique known for its carefully curated and constantly rotating mix gifts, jewelry, fashion and home goods by owners Marcus Sloan and Shannon Hall will open and occupy 600-SF in the lobby and Paloma, a luxury beauty destination using only non-toxic products for its nail and beauty treatments, will offer manicures, pedicures, facials, waxing and more in a 1,300-SF space. Both are scheduled to open in September.



AC Marriott

Market Overview

RETAIL (CONTINUED)

Base, a new nightclub by Concepts to Fruition (C2F), is now open in the basement of 801 Congress in Market Square. The club features a New York-style aesthetic touted as "billionaire's basement" and an air of mystery, with no sign out-front, (but entrance is through the lobby, into the basement), no doorway (but patrons can push on the wall below the neon sign that reads "Shhh..." to enter the main part of the club). ([Culturemap](#), [PaperCityMag](#))

Pop-up boutique featuring unique local jewelry, clothing and art designs, **LAUNCH**, is moving to a permanent space within the George R. Brown Convention Center in July 2019 from its current store on the ground floor of the Partnership Tower at 701 Avenida De Las Americas. ([LAUNCH](#))

The **Pluckers** stand at Minute Maid Park opened up in time for the Astros home opener. ([abc13](#))

Shake Shack opened at 702 Main in June. The 3,242-SF space, formerly occupied by Brown Bag Deli, offers wine and beer, along with Shake Shack's signature gourmet take on fast-food burgers, hot dogs, classic crinkle-cut fries and frozen custard ice cream shakes including the Pie Oh My. Eco-friendly, the Downtown locale was constructed with recycled and sustainable materials. Booths are made from lumber certified by the Forest Stewardship Council, while tabletops are made from reclaimed bowling alley lanes. ([Chronicle](#))

Strato 550, a sky-high Mediterranean-inspired restaurant and conference center occupying the entire 43rd floor of 1415 Louisiana, opened to the public in June. Strato 550 replaces The 43rd Restaurant & Lounge. Houston Executive chef Evan Parker heads the kitchen, which offers seasonally driven, "approachable cuisine with a Mediterranean influence" with ingredients sourced from local farms and purveyors. The conference center offers four meeting rooms for groups up to 12, with its own customized menus. The restaurant is open for lunch and cocktail hours on weekdays. ([HBJ](#), [HBJ](#), [Bisnow](#), [HBJ](#), [Culturemap](#), [Eater](#))

Located in the heart of Market Square, the Downtown location of **Treebeards** at 315 Travis, has expanded its hours to include lunchtime on Saturdays from 11 am to 2:30 pm. ([HoustonFoodFinder](#))

Boomtown Coffee, **Flip 'n Patties**, and **Mona Fresh Italian Food** are now open at Understory, the 35,000-SF culinary market and community hub at the new Bank of America Tower at 811 Rusk. **SeaSide Poké** signed a long-term lease for 498-SF and will open in along with **East Hampton Sandwich Company**, **Mama Ninfa's Tacos y Tortas** and **Common Bond**. Understory's grand



Paloma Salon

opening is scheduled for August 12. ([Culturemap](#), [HBJ](#), [HBJ](#), [Bisnow](#), [HBJ](#)) ([Culturemap](#))

Lucienne at Hotel Alessandra at 1070 Dallas in Downtown Houston is now offering cocktail workshops from professionals every Saturday from 3 to 4:30 pm. There's a new theme each month focusing on three cocktails made with particular spirits and an equal number of small bites paired alongside. In addition to the cocktail workshop portion, attendees also learn the history and origins of the featured liquors or spirits. ([Houston Food Finder](#))

RETAIL—COMING SOON

Bravery Chef Hall is scheduled to open in July on the ground floor of Hines' Aris Market Square apartment tower at 409 Travis. The 9,000-SF, chef hall is designed as an entrepreneurial endeavor—a true incubator space for established and up-and-coming chefs. Bravery has five food concepts: **BOH Pasta**; **Kokora**; **Cherry Block Butcher & Kitchen**; **The Blind Goat**; and **Atlas**. Its three bars include: **Lockwood Station**, a rotating concept; **Bravery Wine Bar**; and **Secret Garden**, housed in a greenhouse on the back patio. ([HBJ](#), [Bravery Chef Hall](#))

Island Grill, an American-Mediterranean concept, will open its sixth location—and first Downtown—at Brookfield's Total Plaza in 2020. The restaurant will occupy 3,160-SF on the ground floor. ([Bisnow](#))

Mia Bella Trattoria has leased a 3,800-SF space in **The Star** apartments at 1111 Rusk. The Italian restaurant will be relocating from its current location at 1201 Caroline in GreenStreet to the ground floor of the 286-room luxury apartment building. ([Chronicle](#), [Bisnow](#), [Bisnow](#))

RETAIL—COMING SOON (CONTINUED)

One of Landry's most popular restaurant concepts, **Saltgrass Steak House**, will be opening in Downtown at Avenida Houston, in the fall. The restaurant will be taking the space formerly occupied by Bud's Pitmaster, and will serve its certified angus beef steaks, scratch-made bread and homemade desserts. ([Chronicle](#))

A **Starbucks** coffee shop will open on the ground level of the upcoming AC Hotel Houston, opening onto Main Street. The Starbucks will be accessible from both the street and the hotel lobby. ([Chronicle](#))

Press Waffle Co., a Dallas-based waffle shop that appeared and successfully secured funding on ABC's Shark Tank in March 2019, will open its first Houston location this September in Downtown's Lyric Market. ([HBJ](#)) Lyric Market is parting ways with Houston-based Clark Cooper Concepts, US Property Management, has partnered with nationally acclaimed Colicchio Consulting. ([HBJ](#), [EATER](#))

Two Houston-based retail concepts, Sloan/Hall and Paloma, will open in the lobby of the newly remodeled C. Baldwin, Curio Collection by Hilton hotel in September. **Sloan/Hall**, a lifestyle boutique known for its carefully curated and constantly rotating mix gifts, jewelry, fashion, and home goods by owners Marcus Sloan and Shannon Hall, will occupy 600 SF. The C. Baldwin location will be a "tightly edited version" of the boutique's River Oaks location. **Paloma**, a luxury beauty destination that uses only non-toxic products for its nail and beauty treatments, will offer manicures, pedicures, facials, waxing and more in a 1,300-SF space. Both retailers will be open to Downtown travelers, visitors, residents and employees. ([HBJ](#), [Bisnow](#), [RNR](#), [Culturemap](#))

Celebrity chef, Chris Cosentino, best known for winning season four of *Top Chef Masters* and for his West Coast restaurants, will be opening a 2,630-SF, Italian restaurant called **Rosalie Italian Soul**, named after his great-grandmother, at the new C. Baldwin Hotel Downtown. In addition to the restaurant's menu, Cosentino and his team will be responsible for the entire food and beverage program for the C. Baldwin Hotel, including in-room dining and the banquet program. Cosentino will host themed events at the hotel during banquets, such as taco nights and Viet-Cajun nights with full crawfish boils. Set to open this fall, the restaurant will be open for breakfast, lunch and dinner, and will seat 145. ([Bisnow](#))

OTHER DEVELOPMENTS

BBVA Compass has changed its name to **BBVA**. The global banking group said in April it would be rebranding all of its franchises to BBVA, including its U.S. bank and BBVA Compass. This means that BBVA Compass Stadium, home of the Houston Dynamo (Major League Soccer) and Houston Dash (National Women's Soccer League) has been renamed BBVA Stadium. The \$95 million stadium opened in 2012, and BBVA's \$20 million naming sponsorship lasts for 10 years. ([HBJ](#))

Conroe area commuters can now park and ride to Downtown on METRO's new **Conroe Park & Ride** route which launched in April. The new service is located under the freeway at F.M. 2854, runs along Milam and Travis and provides three inbound and outbound trips Monday through Friday. ([Conroe Park & Ride](#))

NOW ON STANDS: **downtown Magazine** summer edition. It's been 50 years since we first put a man on the moon. What better reason to reflect on how Space City, and in particular, Downtown, has changed since that historic 1969 July? Read all about Downtown's along with features on Greater Houston Partnership— the primary driver of Houston's economic development engine; Downtown's "culinary art museum," Kulture Restaurant; TC Energy Theater District Open House 2019 and more. ([Downtown Magazine Summer 2019](#))

Skanska has partnered with Sawyer Yards, a creative community in the Arts District northwest of Downtown, to provide rotating art installations to Understory, the 35,000-SF community hub and culinary market at Downtown's Bank of America Tower. Every six months, the 100-foot glass wall lining Milam Street, known as the **Milam Art Wall**, will feature work from Sawyer Yards artists curated by Grace Zuñiga, Sawyer Yards' creative director. ([Chronicle](#))

From June 14th through September 2nd, witness the magic on the Avenida Plaza that is the **Impulse** interactive art installation. This luminescent installation features a series of twelve interactive seesaws that respond through light and sound when put into motion. Impulse will be available to the public throughout the entire week from 8 am to 11 pm during its stay on the Avenida Plaza from June 14th through September 2nd. ([Avenida Houston](#))

Market Overview



Southern Downtown Park

OTHER DEVELOPMENTS (CONTINUED)

HBJ's 2019 Landmark Awards were announced. The Educational Facility winner was **Kinder High School for the Performing and Visual Arts (HSPVA)**. HISD's HSPVA is a 168,000-SF campus on a 1.32-acre block in Downtown Houston. The high school is unique for being the only public high school in Houston with a focus on visual and performing arts. It is comprised of five performance spaces, a recording studio, dance studios, gallery space for studio art students, a ceramics studio, soundproofed practice rooms, a creative writing wing, a print-making lab and much more. The campus is designed around the 800-seat Denney Theater, which sits at the heart of the school and hosts around 20 shows per academic year. The design of the theater was modeled after Moores Opera House at the University of Houston, a theater that HSPVA has utilized for years. ([HBJ](#))

In addition, the HBJ's 2019 Landmark Award winner for Rehabilitation/Renovation was **Wortham Theater Center**. Though Houston's Theater District experienced unprecedented damages during Hurricane Harvey, the Wortham suffered the most by far. Houston First Corp. estimates that costs to repair the Wortham totaled over

\$100 million, excluding efforts to mitigate future flooding or costs to repair the underground parking garages. Over 12 feet of floodwaters inundated the Wortham's entire 150,000-square-foot basement, which included performance and rehearsal spaces plus rooms for props, wigs, costumes and more. ([HBJ](#))

Downtown Redevelopment Authority unveiled design renderings to the public for **Southern Downtown Park** in April. The new park will be located at the 1500 block of Fannin and will occupy a portion of the block between Fannin, San Jacinto, Bell and Leland Streets. Design plans highlight an L-shaped site that will be framed by garden zones on the north (bordering Bell Street) and the south (bordering Leeland Street), dog runs, an artistic playscape, green lawn and café that will be open for breakfast, lunch and dinner daily. The café operator is expected to be announced in August and bidding for the park contractor will begin in December 2019, with a construction start date set for March 2020 and expected opening in March 2021. Once open, the space will be managed and programmed by the Downtown District. ([Culturemap](#))

Q2 2019 Overview

MAJOR OFFICE LEASES AND SALES

OFFICE LEASES

TENANT	TYPE	TO	FROM	SQUARE FOOTAGE
Hunton Andrews Kurth LLP	Renewal	JP Morgan Chase Tower (600 Travis)		134,763
King & Spalding	Renewal	1100 Louisiana		91,264
Spaces (coworking spaces)	New to Downtown	GreenStreet (1201 Main)		63,429
WeWork	New/Expansion	609 Main at Texas	New	63,233
EnVen Energy	Relocation	609 Main at Texas	Three Allen Center (333 Clay)	57,139
White & Case LLP	Relocation	609 Main at Texas	Two Allen Center (1200 Smith)	57,315
Gensler	Relocation	2 Houston Center (909 Fannin)	Pennzoil Place (711 Louisiana)	45,000
Life Time Work (coworking spaces)	New to Downtown	GreenStreet (1201 Main)		37,681
Golden Pass LNG	Relocation	811 Louisiana	Allen Center	31,834
Shearman & Sterling	Relocation/Expansion	Bank of America Tower (800 Capitol)	Enterprise Plaza (1100 Louisiana)	31,257
Netherland Sewell & Associates, Inc. (NSAI)	Renewal	Fulbright Tower (1301 McKinney)		26,000
MRC Global, Inc.	Relocation (Sublease)	Fulbright Tower (1301 McKinney)	Fulbright Tower (1301 McKinney)	25,114
Distribution International	New (Sublease)	601 Jefferson		24,608
Vorys, Sater, Seymour and Pease LLP	Relocation/Expansion	2 Houston Center (909 Fannin)	Bank of America Center (700 Louisiana)	22,627
PNC Financial Services Group Inc.	Relocation	609 Main at Texas	Two Allen Center (1200 Smith)	20,197
Schiffer Hicks & Johnson, PLLC	Renewal/Expansion	Bank of America Center (700 Louisiana)		10,875
Hines Construction Services	Relocation	1001 McKinney	1001 McKinney	8,604
Boswell Law Firm	New to Downtown	1010 Lamar		1,386

Sources: Houston Office—2019 Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, MadisonMarquette, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

CO-WORKING SPACES/ INCUBATORS DOWNTOWN

PROPERTY NAME	TYPE	ADDRESS
Accenture Innovation Hub	Innovation space	1301 Fannin
BBL Labs (BBL Ventures)	Accelerator	1301 Fannin (out of Station Houston)
Bond Collective	Coding School	Pennzoil Place (711 Louisiana)
Flatiron School (WeWork)	Co-working	708 Main
Founder Institute	Accelerator	1301 Fannin (out of Station Houston)
Ion Smart Cities Accelerator (Microsoft)	Accelerator	1301 Fannin (out of Station Houston)
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/Incubator	708 Main
WeWork	Co-working	708 Main
WeWork	Co-working	609 Main
WeWork Labs	Incubator	708 Main

Sources: HBJ; Central Houston, Inc.

RESTAURANT & RETAIL OPENINGS

opened Q2 2019

BARS & RESTAURANTS

Base	801 Congress
Plucker's Wing Bar	Minute Maid Park (section 157)
Shake Shack	The Jones on Main (712 Main)
Strato 550	1415 Louisiana
Understory Food Hall	
Boomtown Coffee	800 Capitol
Flip 'n Patties	
MONA Fresh Italian Food	

COMING SOON

Bravery Chef Hall	
Atlas Dinner	
BOH Pasta	
The Blind Goat	
Cherry Block Butcher & Kitchen	Bravery Chef Hall (409 Travis)
Kokoro	
Bravery Wine Bar	
Lockwood Station	
Secret Garden Patio Bar	
Guard + Grace	One Allen Center (500 Dallas)
Island Grill	Total Plaza (1201 Louisiana)
Mia Bella	The Star (1111 Rusk)
Mendocino Farms Sandwich Market	609 Main at Texas
Saltgrass Steak House, Landry's Inc.	George R. Brown Convention Center (1001 Avenida De Las Americas)
Starbucks	AC Hotel (712 Main)
Understory Food Hall	
SeaSide Poke	
East Hampton Sandwich Company	800 Capitol
Mama Ninfa's Tacos y Tortas	
Common Bond	

RETAIL

Launch	George R. Brown Convention Center (1001 Avenida De Las Americas)
Paloma Sloan/Hall	C. Baldwin Hotel (400 Dallas)

*Based on known projects

Spotlight on Downtown Houston

LOCAL MEDIA

June 25, 2019

HOW DOWNTOWN HOUSTON WENT FROM BARREN TO BUSTLING

"Decades of building new parks, sports arenas, bars and restaurants has transformed downtown into a place where Houstonians actually want to live, work and play. Walking the streets of downtown Houston on a weekday afternoon, you're likely to see children playing at area parks, dog walkers, even a jogger or two flying down Main Street, weaving through strollers and brisk-moving office workers with practiced ease. Just a few decades ago, such scenes were unimaginable. "It took a lot of time and work to get here, to make downtown into what it has become today," says Bob Eury, president of the Downtown District." —**Houstonia**

June 17, 2019

HOUSTON HOTEL OCCUPIES SPOT AMONG TEXAS' MOST LUCRATIVE LODGINGS

"JW Marriott Downtown Houston is the city's top moneymaking hotel based on revenue per available room (RevPAR), according to Source Strategies Inc. JW Marriott Downtown Houston ranked No. 29 in Texas for the first quarter of this year, with RevPAR at \$206.37, up slightly from \$205.32 during the same period in 2018. The 291-room Four Seasons "just underwent a three-year renovation, so it looks like they're getting some good demand out of the recent improvements." —**Culturemap**

June 17, 2019

WANT TO GET IN ON HOUSTON'S BOOMING TECH SCENE? HERE'S HOW.

"Home to both emerging startups and established industry giants like Chevron and JP Morgan, Houston relies on a talented tech workforce to run its various industries. According to CompTIA Cyberstates 2019 report, Houston saw 62,008 tech job postings in 2018, up 140 percent from 2017, and median tech wages in Houston are 93 percent higher than median wages for the state. Given this job availability, tech growth, and favorable salary, Houston is an ideal place to start a career as a software engineer or in data science. How to start? Coding and data science bootcamps like WeWork's Flatiron School specialize in training students in software engineering, data science, and UX/UI design and data science through its 15-week immersive courses in Houston." —**Culturemap**

May 1, 2019

HOUSTON BY THE NEIGHBORHOOD: NEW GREEN SPACES ON THE HORIZON

"Southern Downtown Park...In the block next to Houston House and catty-corner to Skyhouse Houston, look for the development of a new L-shaped Southern Downtown Park. The Downtown Redevelopment Authority just released design schematics for this new neighborhood park at the 1500 block of Fannin. Construction is set for March 2020, with expected opening in March 2021. Features and amenities: A central lawn that can be activated for games or as a seating area for events on the Trellis stage, gardens, dog parks, public art installations, bike racks, play areas, a new café, and a large walkway lined with Oak trees. —**Houston Press**

March 1, 2019

IF IT'S BEEN A WHILE SINCE YOU'VE LOOKED AT DOWNTOWN HOUSTON, LET US RE-INTRODUCE OURSELVES. WE WON'T BRAG TOO HARD, BUT WE'VE REALLY BEEN DOING SOME WORK ON OURSELVES, SOME INTROSPECTION, AND IT'S PAID OFF BIG TIME.

"We've got a lot more to offer the young professionals, the empty nesters and everyone in between. Our neighborhood in the heart of the city is alive and beating, offering residents work life, nightlife, rail access, all kinds of social activities. There are a ton of reasons why Downtown is a great place to call home. Downtown now offers a variety of rental and for sale options perfectly positioned throughout Downtown – and at all price points. The hike and bike trails along Buffalo Bayou, the 12 acres of park that make up Discovery Green and the "back yard" feel of Market Square Park, come complete with year-round programming and multiple dog parks. Downtown is the only place in the city where you really have everything you need. Not just the bars and restaurants, the theater, the parks... but medical, worship, fitness and of course transportation. Yes, you can survive without a car! And we have the most amazing grocery store in town, Phoenicia Specialty Foods. Whether you're buying or renting, prefer historic or contemporary, the good life is in Downtown. www.livedowntownhouston.org." —**Houstonia**

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA

June 2019

From Mail To Mixed Use In Downtown Houston

"Until its closing in 2009, the massive 550,000-square-foot post office complex in downtown Houston saved many a stressed taxpayer who dashed in at the last minute on April 15 to snag a qualifying postmark. Going forward, it will be re-adapted and redeveloped as Post Houston, a center of commerce and culture, a mix of arts, entertainment and creative working spaces. Its sizable rooftop, meanwhile, is becoming a five-acre park dubbed "Skylawn"—with organic farm. Frank Liu, Lovett's president, has said the company is determined to "create a one-of-a-kind urban ecosystem." The design, by architecture firm OMA and partner Jason Long in collaboration with Powers Brown Architecture, punctuates the complex's super-sized and sprawling warehouse section, defined by a flow of spaces for designated purposes: food, entertainment and creative work spaces. Monumental staircases lead to the upper floors and roof features, with landscapes designed by Hoerr Schaudt of Chicago."

Forbes

June 2019

TRAVEL & OUTDOORS: THE 10 BEST NEW AND IMPROVED TEXAS HOTELS Where to Stay Now 2019

"Cosmopolitan Art: Hotel Alessandra, Houston. My trips to Houston usually revolve around my favorite things: the arts, global cuisine, and sports. I try different hotels each time, always looking for something that not only matches my "living my best life" getaway goals but feels authentically Houston. After I stayed at the Alessandra on an impromptu trip last summer, my hotel-hopping ways are behind me. Opened by the Valencia Hotel Group in 2017, the 21-story Alessandra gets everything right, starting with its location. It's a stroll away from the convention center as well as concerts and Rockets games at the Toyota Center; the hotel's Maserati will take you to other downtown locales. This hotel might be too good. I was there to check out the new Menil Drawing Institute and shop at the Heights Mercantile, but all I wanted to do after checking in was lounge with a cup of Nespresso on my room's green velvet settee, soak in my deep tub, and relax by the rooftop pool. With its day spa, fine-dining restaurant (Lucienne), and Bardot lounge, this place has mastered the art of hotel-ing. That's so Houston. —Kathy Blackwell"

TexasMonthly

May 2019

C. BALDWIN: HER-STORY INSPIRES A DOWNTOWN HOUSTON HOTEL'S REBRANDING, REDEVELOPMENT

"The renovation and rebranding and of the former DoubleTree by Hilton Houston Downtown into a Curio Collection property named the C. Baldwin is shining some limelight on Charlotte Baldwin Allen, one of the city's lesser-known co-founders. History now suggests her funds likely helped bankroll the 6,000-acre land deal in 1836 by her husband and brother-in-law, the Allen Brothers. As Brookfield Properties renovates the 40-year-old property at 400 Dallas St., her name will mark a gateway location on the west side of downtown. True to the project's namesake, several successful business women are playing significant roles in the transformation. Meeting rooms are named after prominent Texas women: Adina De Zavala; Sen. Barbara Jordan; pilot Bessie Coleman; Edna Dee Woodford Saunders; Miriam "Ma" Ferguson; Isabel Brown Wilson; and music legend, Janis Joplin."

Forbes

April 2019

CHRISTINE HÀ, THE 'MASTERCHEF' WINNER KNOWN AS 'THE BLIND COOK,' IS NOW OPENING HER FIRST RESTAURANT

"Chef Christine Hà, the first blind contestant on "MasterChef" and winner of the show's third season, is opening her first restaurant, The Blind Goat, in Bravery Chef Hall, in April. It will feature a predominantly Vietnamese menu with unique influences from Hà's upbringing and global travels. "The menu is very much rooted in my Vietnamese heritage but there's a playful spin on a lot of the dishes. Houston is a fitting place to open The Blind Goat, where the menu is informed by a mix of global cuisine."

INSIDER

Spotlight on Downtown Houston

REGIONAL & GLOBAL MEDIA (CONTINUE)

May 2019

COLLEGIATE ESPORTS CHAMPIONSHIP



"ESPN Events in partnership with top esports publishers hosted the inaugural ESPN Collegiate Esports Championship in Houston from May 10–12, 2019 at the George R. Brown Convention Center. The live LAN (local area network) event featured the collegiate championships in Hearthstone, Heroes of the Storm, Overwatch, StarCraft II, and Street Fighter V: Arcade Edition. Scholarships were awarded to the winning teams' institutions. The event was part of Comicpalooza, Texas' largest pop culture festival."

April 2019

STAR SAN FRANCISCO CHEF TO OPEN AMBITIOUS ITALIAN RESTAURANT IN HOUSTON'S NEW DOWNTOWN HOTEL

PAPER
CITY.

How Chris Shepherd Helped Bring Chris Cosentino to the C. Baldwin

"Cosmopolitan Art: Hotel Alessandra, Houston. My trips to Houston usually revolve around my favorite things: the arts, global cuisine, and sports. I try different hotels each time, always looking for something that not only matches my "living my best life" getaway goals but feels authentically Houston. After I stayed at the Alessandra on an impromptu trip last summer, my hotel-hopping ways are behind me. Opened by the Valencia Hotel Group in 2017, the 21-story Alessandra gets everything right, starting with its location. It's a stroll away from the convention center as well as concerts and Rockets games at the Toyota Center; the hotel's Maserati will take you to other downtown locales. This hotel might be too good. I was there to check out the new Menil Drawing Institute and shop at the Heights Mercantile, but all I wanted to do after checking in was lounge with a cup of Nespresso on my room's green velvet settee, soak in my deep tub, and relax by the rooftop pool. With its day spa, fine-dining restaurant (Lucienne), and Bardot lounge, this place has mastered the art of hotel-ing. That's so Houston. —Kathy Blackwell"

January 2019

THE NEXT FRONTIER IN OFFICE SPACE? THE OUTDOORS

The New York Times

"Employees respond to additional places to touch down," said John Mooz of Hines. Hines's 609 Main, a 48-story office tower in downtown Houston, has landscaped outdoor space off the 12th floor, atop a podium that rises from the base of the tower. The podium houses stores and indoor parking, and the developer hired OJB Landscape Architecture to add trees, trellises and pergolas on the roof. The space has become a desirable asset for a lower-floor office that did not offer superior views, Mr. Mooz said. United Airlines leased the 12th floor and the seven floors above it. It's "a great social gathering place," said Gavin Molloy, United's VP for corporate real estate, adding that employees use it daily for relaxing, eating lunch and meeting with co-workers."

January 2019

WHY NOW IS THE PERFECT TIME TO VISIT HOUSTON

Forbes

"The sun is back out in Houston <and it> now seems more vibrant than ever. Follow the golden brick road because it leads creative clusters, including Downtown. Drinks: 'Cause You Need to Stay Hydrated...Well-worn Pastry War is a Mexican-themed bar with tequila and niche bottles of mezcal. For coffee, drop by Boomtown or Southside Espresso for trendy, caffeinated staples like whites and cordatos. Art and Commerce: stay on point with in a performance at the famed Houston Ballet. Hotels: Where to Drop Your Bags...Four Seasons, this venerable spot was recently gussied up with creamy, earth-toned rooms, a buzzy pool scene (complete with bungalows), a casual restaurant and spa. Hotel Alessandra: For a casual option, check into the breezy new 223-room hotel."

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

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RESOURCES

[Downtown Development Map](#)

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