Downtown Redevelopment Authority

Board of Directors Meeting

December 9, 2025

Tax Increment Reinvestment Zone, Number Three
City of Houston

DOWNTOWN HOUSTON

Downtown Redevelopment Authority
Tax Increment Reinvestment Zone Number Three, City of Houston

Board of Directors Meeting
December 9, 2025

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MINUTES OF THE REGULAR MEETING
OF THE
DOWNTOWN REDEVELOPMENT AUTHORITY

November 11, 2025

The Board of Directors (the "Board") of the Downtown Redevelopment Authority (the "Authority") convened in regular session, in person and open to the public, inside the H-Town Conference Room at the Authority's office, located at 1221 McKinney Street, Suite 4250, Houston, TX 77010, on November 11, 2025, and the roll was called of the duly constituted officers and members of the Board, to wit:

Curtis Flowers	Chair
Michele Sabino	Vice Chair
Barry Mandel	Secretary
Keith Hamm	Treasurer
Regina Garcia	Director
James Harrison	Director
Kirby Liu	Director
Tiko Reynolds-Hausman	Director
William Taylor	Director

and all of said persons were present except for Secretary Mandel, Director Harrison, and Director Reynolds-Hausman. Also attending were Allen Douglas, Executive Director ("ED"); Kris Larson, President; Jana Gunter, Director of Finance, all with the Authority; and staff members Brett DeBord, Jacque Gonzalez-Garcia, Alyssa Mason, Jamie Perkins, Albert Sanchez, and Ann Taylor, all with the Authority. Additional attendees included Clark Lord, outside counsel to the Authority; and Natalia Beard and Na Wang, both with SWA.

INTRODUCTIONS AND PUBLIC COMMENTS

Chair Flowers asked for a round-room introduction of all Board members and attendees. Next, he asked if anyone wished to make a public comment. There were no public comments.

DETERMINE QUORUM; CALL TO ORDER

Chair Flowers conducted a roll call, and a quorum was established. The meeting was called to order at 12:06 PM.

MINUTES OF PREVIOUS MEETING

The Board considered approving the minutes of the October 14, 2025 regular joint board meetings. Chair Flowers asked the Board if they had any questions or revisions.

Hearing none, Chair Flowers called for a motion, moved by Vice Chair Sabino; seconded by Director Harrison; and the October 14, 2025, regular joint board meeting minutes were approved as presented.

FINANCE MATTERS

Check Register - October 2025

Jana Gunter was invited to provide highlights from the check register for the month ending October 31, 2025. Ms. Gunter shared a summary of October activities, then asked if there were any questions or comments. The Board had no questions or comments.

Chair Flowers entertained a motion to accept the October 2025 check register. Director Liu moved this motion, and Vice Chair Sabino seconded, and the Board accepted the October 2025 check register as presented.

DRA/TIRZ #3 FY26 BUDGET – SECOND AMENDMENT DISCUSSION + ACTION ITEM

ED Douglas opened discussion and referred to the second amended draft budget in the materials previously provided. He explained details of the amendment, then called for questions. Questions were asked and answered. No further discussion occurred.

Chair Flower entertained a motion to approve the second amended final draft of the FY26 Operation & CIP Budget in substantial form as recommended by the Budget & Finance Committee and release the Budget to the City of Houston for review and City Council approval. Director Taylor moved this motion, and Treasurer Hamm seconded, and the Board accepted and approved the second amended budget as presented.

AUTHORIZE EXPENDITURE FOR THE DOWNTOWN OVERLAY PROJECT

Brett DeBord was invited to open discussion about the Downtown Overlay Project. Mr. DeBord shared a presentation which illustrated the latest updates and progress on the project. Next, he introduced an authorization for the execution of necessary agreements by the appropriate officers of the Authority in an amount not to exceed $500,000 for miscellaneous project expenses related to the Downtown Overlay Project. Discussion ensued, and questions were asked and answered.

Chair Flowers called for motion to approve this request, moved by Director Liu and seconded by Director Garcia, and the Board approved the Downtown Overlay Project request as presented.

ANNUAL REVIEW OF ADMINISTRATIVE POLICIES & PROCEDURES MANUAL AND RELATED ACTION ITEM

ED Douglas opened this topic and referred to the redlined draft Administrative Policies & Procedures document in the materials previously provided. ED Douglas noted outside counsel was consulted, and no material changes were made from the year prior. He then called for comments and questions.

Hearing none, Chair Flowers called for a motion, moved by Director Liu, seconded by Vice Chair Sabino, and the Board acknowledged the annual review of the draft provided and adopted the Administrative Policies & Procedures Manual as presented.

AUTHORIZE THE RESOLUTION ADOPTING THE NINTH AMENDED PROJECT PLAN AND REINVESTMENT FINANCING PLAN

ED Douglas continued and shifted topic to the Ninth Amended Project Plan. He summarized the additions included in the proposed Plan. ED Douglas noted next steps, pending Board approval, the Plan would then be vetted through Houston City Council for their approval through the development of a City Ordinance. Discussion ensued, and questions were asked and answered.

Chair Flowers entertained a motion to approve the execution of the Resolution needed to adopt the Ninth Amended Project Plan. Treasurer Hamm moved this motion, Director Liu seconded, and the Board approved the execution of the necessary Resolution adopting the Ninth Amended Plan as presented.

UPDATE + PRESENTATION ON THE COOL CONNECTED CORRIDORS PROJECT

Jacque Gonzalez-Garcia was invited to share updates on the Cool Connected Corridors Project. She gave a brief Project summary, then introduced Natalia Beard and Na Wang, both with SWA. Ms. Beard and Ms. Wang shared a presentation and answered questions. Discussion ensued and Board action was not required.

PRESENTATION ON ECONOMIC DEVELOPMENT ADMINISTRATION GRANT FOR THE WAREHOUSE DISTRICT

Chair Flowers invited Alyssa Mason to share a slide deck about this District led effort. Ms. Mason explained the District Board approved a resolution on October 9th which allowed the District to apply for a

federal EDA Disaster Recovery Grant. If selected, the funding will be allocated toward infrastructure improvements in the Warehouse District. Discussion ensued, and questions were asked and answered. Board action was not required.

STRATEGIC ALIGNMENT UPDATES

President Larson shared the latest Strategic Alignment Updates from the month prior. Questions were asked and answered, then discussion ensued. No action was required by the Board.

OTHER BUSINESS

Chair Flowers asked if there was any further business to be discussed. No additional business was brought forth for discussion.

NEXT MEETINGS

Chair Flowers announced the next Board meeting will take place on Tuesday, December 9, 2025, at 12:00 PM.

ADJOURN BOARD MEETING

A motion to adjourn the regular Board meeting was entertained. Treasurer Hamm moved this motion, Director Garcia seconded; and the November Board meeting was adjourned at 1:32 PM.

_____

Barry Mandel, Secretary
Downtown Redevelopment Authority ("Authority")

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MINUTES OF THE REGULAR MEETING
OF THE
TAX INCREMENT REINVESTMENT ZONE NUMBER THREE

November 11, 2025

The Board of Directors (the "Board") of the Tax Increment Reinvestment Zone Number Three (the "Zone") convened in regular session, in person and open to the public, inside the H-Town Conference Room at the Zone's office, located at 1221 McKinney Street, Suite 4250, Houston, TX 77010, on November 11, 2025, and the roll was called of the duly constituted officers and members of the Board, to wit:

Curtis Flowers	Chair
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and all of said persons were present except for Secretary Mandel, Director Harrison, and Director Reynolds-Hausman. Also attending were Allen Douglas, Executive Director ("ED"); Kris Larson, President; Jana Gunter, Director of Finance, all with the Zone; and staff members Brett DeBord, Jacque Gonzalez-Garcia, Alyssa Mason, Jamie Perkins, Albert Sanchez, and Ann Taylor, all with the Zone. Additional attendees included Clark Lord, outside counsel to the Zone; and Natalia Beard and Na Wang, both with SWA.

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Barry Mandel, Secretary
Tax Increment Reinvestment Zone Number Three (“Zone”)

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Check Register

November 2025

- Total checks issued were $456K

  - Central Houston, Inc. - $127K – Admin Contract (Oct)
  - Talon Construction LLC - $113K – Market Square Park Kiosk
  - Walter P Moore - $94K – Main Street Promenade Design & Engineering
  - Moon Papas Art - $34K – Underpassage Lighting
  - Block by Block - $29K – METRO Flagging – Main Street Promenade
  - Project Surveillance - $24K – Main Street Promenade Construction

Company name: Central Houston
Report name: Check register
Created on: 12/2/2025
Location: DRA--Main Street Market Sq Redevelopment Auth

Bank	Date	Payee	Document no.	Amount	Cleared
DRA 0879 - JP Morga	**Account no: 515270879**				
	11/24/2025	VEN-00321--Block by Block		29,235.52	11/28/2025
	11/14/2025	VEN-00028--Carr Riggs & Ingram		1,150.00	11/28/2025
	11/12/2025	VEN-00032--Central Houston, Inc	1046	126,543.61	11/28/2025
	11/7/2025	VEN-00808--Hibrid Engineering, LLC		6,930.00	11/28/2025
	11/25/2025	VEN-00092--Houston Downtown Management Dis	1047	8,522.32	In transit
	11/14/2025	VEN-00757--Moon Papas Art		33,500.00	11/28/2025
	11/24/2025	VEN-00877--NRG Business		300.33	11/28/2025
	11/14/2025	VEN-00185--Pfeiffer & Son, LTD.		501.00	11/28/2025
	11/14/2025	VEN-00664--Piper Faust		15,000.00	11/28/2025
	11/14/2025	VEN-00195--Project Surveillance, Inc		24,412.50	11/28/2025
	11/7/2025	VEN-00244--SWA Group		792.00	11/28/2025
	11/7/2025	VEN-00785--Talon Construction LLC		112,553.13	11/28/2025
	11/24/2025	VEN-00797--UES Professional Solutions 44, LLC		2,722.00	11/28/2025
	11/14/2025	VEN-00539--Walter P Moore		94,109.85	11/28/2025
Total for DRA 0879				**456,272.26**	

Downtown Redevelopment Authority

Tax Increment Reinvestment Zone #3

2026 Schedule of Board of Directors Meetings

Meetings will be held on the ***second Tuesday*** of each month from 12:00 - 1:30 p.m. in the DRA/TIRZ #3's office, located at 1221 McKinney Street, Suite 4250, inside the H-Town Conference Room.

January 13	July 14*
February 10	August 11
March 10	September 8
April 14	October 13
May 12	November 10
June 9	December 8

**tentative for July*

For additional information, please contact:

Allen Douglas
Executive Director
allen.douglas@downtownhouston.org

Jamie Perkins
Executive Assistant & Paralegal
jamie.perkins@downtownhouston.org

Recommended Board Action: Review and approve the proposed 2026 DRA/TIRZ #3 Board Meeting Dates.

AGENDA ITEM	DRA Façade Improvement Grants – Authorization for Approval
REQUEST	Authorize the execution of agreements that at a future date, in an amount up to $296,050, reimburse property owners for defined qualifying expenses on projects that are awarded the DRA Façade Improvement Grant.
ITEM HISTORY	**April 2025:** Downtown Houston + received DRA approval to launch the Facade Improvement Grant Program with a budget of $1.0M. The economic development grant program is intended to restore and revitalize building facades within the defined boundaries of TIRZ #3. **June 2025:** The grant program was publicly launched. DH+ Staff conducted a period of application development and property outreach to make eligible properties aware of the program. **October 2025:** Applicants submitted final proposals for DH+ staff review, culminating in two project recommendations presented in December for DRA Board consideration. **December 2025:** DH+ Staff is presenting the recommended Façade Improvement Grant projects to DRA Board members on December 9, 2025.
DESCRIPTION	DH+ Staff is requesting authorization to enter into the project agreements that would reimburse two properties up to $296,050 for DRA Façade Improvement Grants. The grant funding will reimburse property owners for a portion of qualifying improvements such as lighting, windows, doorways, shade structures, and related project expenditures. St. Germain Lofts and Condos' reimbursement is up to $46,050 for lighting, with $23,025 leveraged by the owner(s) for the project. The Kiam Building's reimbursement is up to $250,000 for windows, doors, and shade structures, with $127,950 leveraged by the owner(s) for the project.
CONTACTS	DRA: Allen Douglas, Executive Director and General Counsel Bracewell LLP: Clark Lord, Partner

DRA Façade Improvement Grants

A detailed presentation will be shared during the Meeting

AGENDA ITEM	Owner-Furnished Items and Miscellaneous Expenses for the Cool Connected Corridors: Phase 1 (Texas Avenue)
REQUEST	Authorize the execution of necessary agreements by the appropriate officers of the Authority in an amount not to exceed $2,700,000 for the procurement of Owner-Furnished Items and Miscellaneous Expenses related to the Cool Connected Corridors: Phase 1 (Texas Avenue).
ITEM HISTORY	**February 2025:** The Cool Connected Corridors project was adopted as a key component of the Public Realm Action Plan. **Original Phase 1:** Defined as Texas Avenue (14 blocks) and McKinney Street (7 blocks). **Revised Phase 1 (through July 2026**): Focuses solely on Texas Avenue (14 blocks). Enhancements on McKinney Street (7 blocks) will be coordinated with the new Houston Center owner, Stream, for 1.5 blocks and implemented in Phase 2 for alignment with their designs. **HDMD Funding & Timeline (Sep 2025 - Jun 2026):** The Houston Downtown Management District (HDMD) funded the detailed design and engineering process, which started in September 2025. This fast-paced timeline is critical to ensure all fixtures are installed in time for the June 2026 World Cup. **Community Engagement:** Included direct outreach to every property and business on Texas Avenue, as well as a large community engagement event emphasizing residential participation.
DESCRIPTION	Authority Staff is requesting authorization of $2,700,000 for the procurement of owner-furnished items and miscellaneous expenses which are part of the currently out-to-bid and being-permitted contract scope for Phase 1 (Texas Avenue). Items to include: Luminous Shade Structures (to address where there are gaps in tree canopy / especially hot urban heat islands as well as lighting gaps). Lighting the existing robust tree canopy with fixtures. New planters. This request strategically leverages the CenterPoint Foundation grant of $500,000. Phase 2 (July 2026 through December 2026) will focus on remaining McKinney enhancements as well as improvements to Preston Street between Sesquicentennial Park and Main Street.
CONTACTS	DRA: Brett DeBord, Director of Operations & Capital Projects

Cool Connected Corridors: Phase I

A detailed presentation will be shared during the Meeting

AGENDA ITEM	Economic Development Inducement – Authorization for Approval
REQUEST	Authorize staff to enter into a grocery incentive agreement with The Meyer Group and Henderson & Kane for up to $500,000 to support capital expenses associated with the conversion of 315 Travis into a neighborhood grocery store to be operated by Henderson & Kane Grocers, conditioned on the operator maintaining a going-concern for more than five years.
ITEM HISTORY	**December 2024:** The 2025 Strategic Retail Plan, an engagement with Mike Berne Consulting, was finalized and shared with the DRA Board. The plan made recommendations to support grocery as a future priority product type and to allocate $500,000 of economic development inducement funding in the 25-26 DRA budget. **April 2025:** Downtown Houston+ engaged Concentric Community Advisors as a grocery consultant and launched the Downtown Grocery Feasibility Study to explore impactful ways to expand the grocery offering in Downtown. The study includes interviews with operators, resident surveys, and analysis of the existing grocery product availability. **October 2025:** The Downtown Grocery Feasibility Study was finalized and shared with the DRA Board. A core recommendation of the study is to directly support small-footprint neighborhood markets as a way to add product availability, enhance Downtown's 'livable ecosystem,' and improve resident quality of life.
DESCRIPTION	Staff is requesting Board authorization to support the conversion of 315 Travis into a neighborhood grocery store. This one-time economic inducement will be governed by a multi-party agreement between the DRA, the landlord, and grocery operator. This authorization request is aligned with DH+'s Economic Development strategy for retail, is within the approved DRA budget, and reactivates a notable vacancy with a use that improves the livabiilty of Downtown.
CONTACTS	DRA: David Cisneros, Economic Development Manager DRA: Cassie Hoeprich, Director of Planning & Economic Development

2025 Downtown Houston+ Grocery Feasibility Study

I. Introduction and Summary

Downtown Houston+, an umbrella entity of Central Houston Inc. (CHI), the Houston Downtown Management District (HDMD), and the Downtown Development Authority (DRA/TIRZ #3), recently undertook the creation of a new Strategic Retail Plan for Downtown Houston. The core prioritization of the Strategic Retail Plan was the attraction and support of businesses that generate vibrancy and street-level activation. As a follow-up to the creation of the SRP, Downtown Houston+ determined that additional analysis of the 'Grocery Opportunity' was merited.

Downtown Houston has a rich cultural history, serves as a vibrant economic hub, and is home to many of the region's most-beloved institutions. Over the decades, retail and population dynamics have shifted, leading to an incomplete Downtown retail ecosystem and an opportunity for public intervention. In particular, stakeholders consistently lift up a lack of grocery in Downtown Houston as a key issue..

Contained in this Grocery Feasibility Study are an analysis of current consumer behavior, an assessment of current operator offerings, and a sizing of the market opportunity for new grocery. Ultimately this analysis will be layered with the 2025 Strategic Retail Plan, the Downtown Residential Survey, and create a meaningful path forward in advancing the availability of grocery options in Downtown Houston.

Key Takeaways of the Grocery Feasibility Study are:

1. There is More Existing Grocery in Downtown Than is Known
The existing bodega and market network solves many of the immediate needs for Downtown, but these businesses need support and repositioning to provide the products that are needed today.
=> Recommended DH+ actions: Coaching, product diversification, and strategic repositioning.

2. There is Significant Demand Currently to Support Additional Grocery
There is an estimated annual $17.2MM of grocery leakage from residents alone, large enough to support a variety of new Downtown grocery businesses.
=> Recommended DH+ Actions: Advocacy and messaging that aligns with market realities.

3. Public Leadership is Needed to Initiate Growth
Through the support of the HDMD and DRA, DH+ needs to serve as the vision-setter and facilitator of future of grocery investment.
=> Recommended DH+ Actions: Dealmaking inducements to seed grocery investment.

In addition to recommended actions, the Grocery Feasibility Study identified three geographies in Downtown Houston+ that currently have the demographic and density characteristics that would support additional grocery investment. These are:

1. **Market Square Historic District**
2. **Main Street Promenade**
3. **South Downtown**

Downtown Houston+ is publishing this Grocery Feasibility Study as a complementary tool to its ongoing public realm work, clean and safe initiatives, and operational role in Downtown. Together, these efforts are designed to aim to create a cohesive, walkable environment, enriching the Downtown Houston experience for residents, workers, and visitors alike.

II. Why Does Grocery Deserve Our Attention?

Downtown Houston is home to ten Fortune 500 headquarters, hundreds of historic buildings, world-class performing arts spaces, millions of square feet of occupied Class-A office, and championship-winning sports venues. Houston's Downtown serves as the cultural, economic, and civic anchor of the largest city in Texas and fourth largest in the United States. Downtown lies in the geographic center of a thriving 7.5-million-person region.

However, the economic success story of Downtown Houston runs at odds with an enduring observation: that Downtown lacks the vibrant retail life and storefront activity expected in the core of a major urban area. Perhaps most notably, Downtown Houston has a significant lack of grocery availability. Street-level activity and retail availability are perceived to be indicators of the health of a neighborhood. Is it possible for Downtown Houston to exist as a thriving, global neighborhood without additional grocery anchors?

Downtown Houston has many strong attributes and growth indicators:

1. Residential Vacancy is at a 6-year-low. The Downtown Living Initiative (DLI) helped increase the supply of residential units in Downtown to 8,222. Entire sections of Downtown have been repositioned into dense, residential neighborhoods.

2. Downtown now sees over 40M annual visits from 9 million unique visitors. The GRB Convention Center, our sports stadia, Downtown parks, and the Theater District have seen significant increase in visitor traffic

3. Houston leads the nation in return-to-work. Downtown has ten Fortune 500 headquarters, with millions of square feet of occupied Class-A office, and an average daytime office worker population of 80K+.

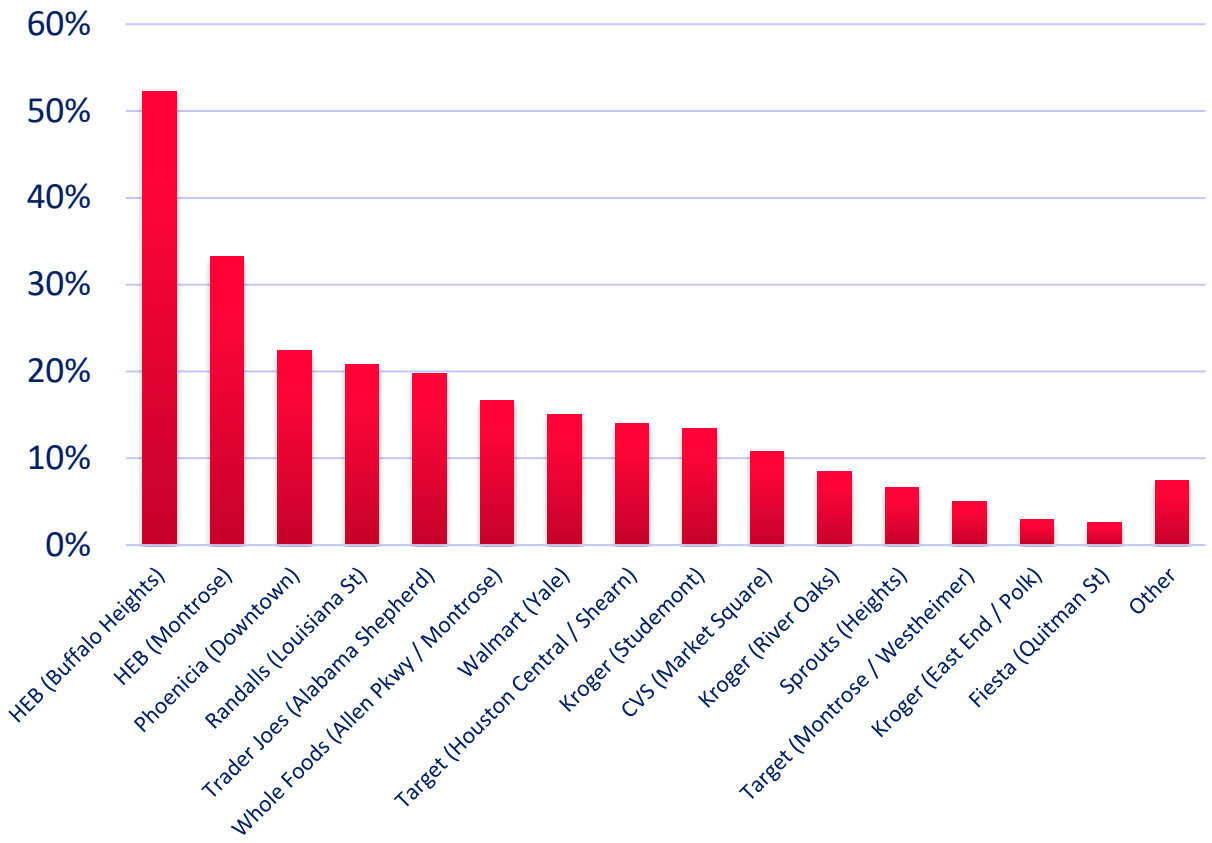
4. Downtown Houston contains the core urban hotel cluster. Downtown is home to approximately 46% of the total hotel rooms inside-the-loop, with a total of 8,944 hotel keys. Thousands of daily hotel guests swell the overnight population of Downtown Houston throughout the year.

Despite these impressive market dynamics, the private sector has not developed new grocery options in Downtown Houston for at least a 15-year period, declining to take advantage of the purchasing power of residents, workers, and visitors. This analysis was launched as an examination of the opportunity for the public sector to step in and seed new grocery investment.

III. The Downtown Grocery Market Context

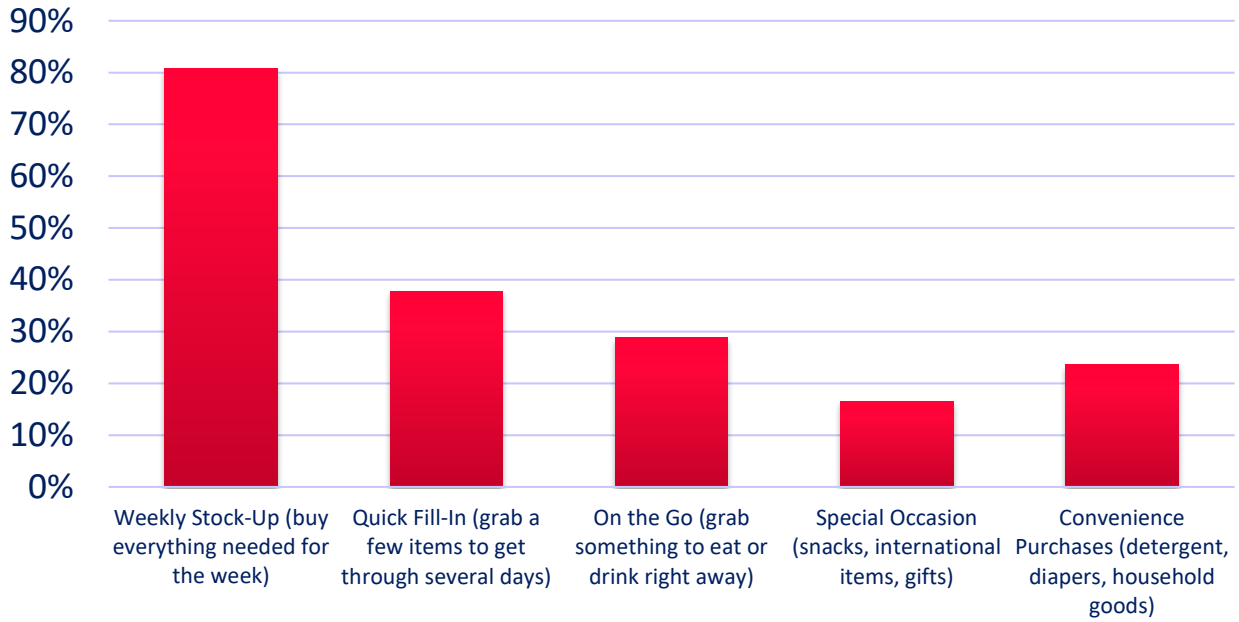
In the wake of the COVID-19 Pandemic and a sluggish return to office, the office worker segment has proven to be an unreliable driver of economic activity for retail and grocery operators. As such, the bulk of analysis of the Downtown Grocery market conditions focused on the habits and needs of the current residential population. A survey of the purchasing habits of 396 Downtown Houston residents led to several interesting insights into the current market dynamics.

Q: "Where do you currently shop for groceries? (Choose up to 3)"



Respondents indicated overwhelmingly that they leave Downtown Houston to make grocery purchases. Additionally, only 22% of Downtown Residents indicated that they shop at Phoenicia, Downtown's one full-service grocery store.

Q: "What type of grocery experience would you like to be more available in Downtown Houston?"

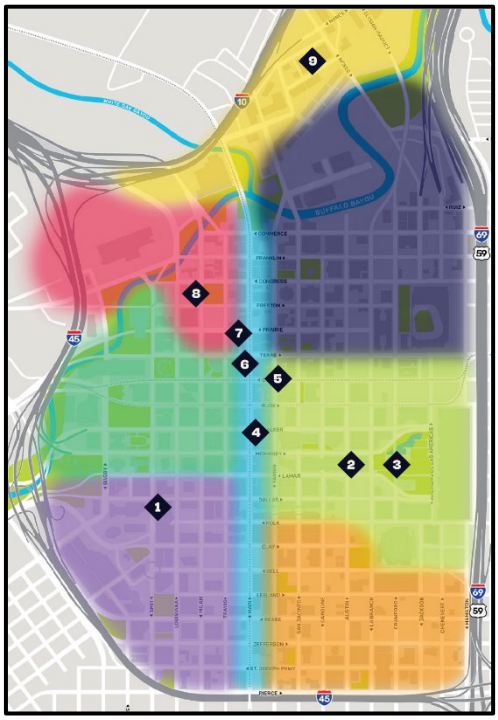


Respondents to the question indicated that they would like a comprehensive shopping experience within Downtown. In a separate, dedicated question, they further indicated a preference for a weekly grocery trip. It is possible that more frequent trips would begin to occur after the development of walkable grocery options in the future.

Existing Grocery Supply

Beyond examining the current grocery shopping habits of residents, Downtown Houston+ also took an inventory of existing businesses in Downtown that sell grocery products. Nine at-grade businesses were initially identified, and an assessment scorecard was developed to assess the product availability and quality at each individual store.

1. **Einstein Bros Market**
2. **Phoenicia Specialty Foods**
3. **Grove Market and Provisions**
4. **Main Food Store**
5. **Fannin Food Mart**
6. **District 7 Restaurant & Market**
7. **914 Prairie**
8. **CVS Market Square**
9. **Blacks Bodega**



Assessment Methodology

The product availability scorecard looked at 15 sub-categories of products within the conventional grocery category. When assessing individual businesses, each product category was ranked by degree of representation in each individual store. Each store was ranked by 4 individual surveyors, and the entries were averaged to create the final scores for each product in each store.

	Product Family	0 = Non-Existent	1 = Limited	2 = Adequate	3 = Exceptional
	Produce				
	Meats				
	Prepackaged meals (Canned Foods, Frozen Meals)				
	Snacks & Junk Food				
	Bottled Beverages				
	Beer & Wine				
	Tobacco Products				
Store Name	Medicine, Cosmetics, Toiletries				
Address	Paper & Plastic Products (Paper Towels, Plates, Cups, Utensils)				
	Pet Food				
	Automotive & Hardware				
	Baby Products				
	Cleaning Supplies				
	Dairy & Fridge Items				
	Hot Food				

Assessment Results

Highest Product Availability in Downtown
Snack and Junk Food (2.8)
Bottled Beverages (2.4)
Medicine/Cosmetics and Toiletries (2.2)

Lowest Product Availability in Downtown
Meats (0.3)
Baby Products (0.4)
Hardware (0.4)

Strongest Product Offering by Store
Phoenicia Specialty Foods (2.5)
Main Food Store (2.5)
CVS Market Square (2.0)

Most-Limited Product Offering by Store
Grove Market and Provisions (0.9)
District Market (1.0)
Einstein Bros Market (1.0)

The results show a surprising availability of some convenience items. Certain stores are currently providing high-levels of product availability to Downtown shoppers. Clear product holes exist, with meats, family, and household products lacking representation. It is clear that despite some outlier operators, a more complete offering is needed to support the Downtown residential population.

IV. The Downtown Grocery Opportunity

An essential component of the Grocery Feasibility Study is the quantification of grocery demand in Downtown Houston. Working with Concentric Community Partners, an outside consulting group, DH+ analysis has shown that of the $19.8MM of annual grocery purchases made by Downtown residents, $17.2MM, or 87%, takes place outside of Downtown Houston.

Grocery Leakage Methodology
Grocery purchasing power and implied leakage was calculated primarily using 2024 Bureau of Land Statistics data and US Census Bureau data. Downtown Houston has a median household income of $107,315 annually. The BLS reports that in the Houston submarket, 10.3% of household income is spent annually on food, with 53.2% of that budget allocated to grocery purchases. As such, households at this income-level are expected to have an average annual expenditure of $5,880 on grocery products. However, Downtown Houston has an average household size of 1.27, compared to 2.76 for the Houston MSA. Adjusting for household size, and spreading expenditures across 7,326 occupied residential households, a total of $19.8MM of total grocery purchases is projected to be made by Downtown residents annually. Using self-reported consumer data on grocery purchases, DH+ estimates that only $2.6MM of grocery purchases is taking place within the limits of Downtown Houston.

Implications of Analysis
Knowing that $17.2MM of grocery purchases are being made by Downtown residents in other submarkets has profound implications. An average urban grocery store needs ~$500PSF in annual sales. Meaning, that from the $17.2MM of grocer leakage by residents alone, **Downtown Houston could support up to 34,000 SF of additional grocery today**

Grocery	Typical SF
Trader Joes	10,000 – 14,000 SF
Aldi	12,000 – 20,000 SF
Royal Blue	2,500 – 3,000 SF
Foxtrot	3,000 – 4,000 SF
Phoenicia	28,000 SF

The 34,000 SF of market demand could be met by a variety of grocery formats and operator types, including a mixed ecosystem of bodegas and smaller-footprint national brands.

V. Case Study: Royal Blue Market

"Called a bodega by some, a corner store by others, Royal Blue is a modern urban grocery store in downtown Austin that has just what you need, where you need it, and when you need it."

Royal Blue Grocery was founded in 2006 by George Scariano and Craig Staley as a small, urban-bodega style grocery to serve downtown Austin. The core business idea is to combine the convenience of a corner store with quality meal offerings — groceries, grab-and-go food, coffee, and local products.

Over time, Royal Blue expanded within Austin, opening multiple locations tailored to their specific neighborhoods. The store became known for its thoughtful mix of everyday convenience items alongside gourmet and local goods. Throughout its history, Royal Blue has remained rooted in Austin's urban culture — acting as a hybrid between a convenience shop, café, and grocery, with a strong emphasis on local products and community.

This company currently operates seven compact urban locations, each under 3,000 square feet and situated within multifamily residential buildings. The model depends on density: every store must have at least 1,500 residents within a five-minute walkshed to support daily foot traffic and ongoing repeat business. Operations are intentionally lean. Each location is run by a small team of three to four employee-managers, supported by active ownership that maintains a strong presence in day-to-day decision-making. Because each neighborhood has its own personality and customer needs, the product mix is highly localized—stores only a few blocks apart may carry noticeably different shelf selections.

The ideal customer base is balanced across three groups: approximately 25% office workers who stop in during the day, 25% downtown visitors who rely on the shop for convenience and discovery, and 50% residents who treat it as their go-to neighborhood market. This blend creates a stable foundation of repeat customers and a steady stream of transactional, tourism, and residential demand.

Inside the stores, the shelves carry a mix of price points and categories, from elevated specialty items like premium olives to everyday staples like Cheetos and cleaning supplies. A large portion of the shelving is reserved for a curated wine and beer selection, which is intentionally broad, thoughtful, and tailored to customer feedback.

Prepared foods are a major draw. The grab-and-go program focuses on high-quality but straightforward items produced at a shared commissary, eliminating the need for significant prep space in each store. Hot food offerings stick to familiar crowd-pleasers—pizza by the slice, tacos, sandwiches—and are supplemented by rotating daily lunch specials, such as an $8 burger or "Thai Bowl Thursdays," which create routine and repeat demand. Each store also runs a full coffee program using locally roasted beans and maintaining the craft standards.

Overall, the concept blends density-driven site selection, lean operations, localized merchandising, and a strong prepared-foods program to create an urban market that feels both convenient and distinctly tied to its surrounding community.

Lessons from Royal Blue's Success:

- Focus on Residents, they are the lifeblood. Need 1,500 residents within a 5-minute walkshed. Office Workers and Visitors can boost sales, but they cannot reliably serve as the core customer base

- Grab N Go and Hot Food is essential. "Without this, nothing else is possible". Hot food drives foot traffic and all other purchases.

- Fixed costs need to be kept low. A lean staff with active ownership, small footprint locations, commissary-based food prep.

- Have a diverse product offering, even in limited SF. "Every product is here for a reason" Target different customer segments. Products within stores are significantly customized and store managers can make special stocking decisions based up requests from customers.

VI. Priority Clusters

Knowing that residential density is a core requirement for success in the urban grocery business model, DH+ analyzed Downtown Houston and identified three submarkets in with 1,500 residents in a 5-minute walkshed: The Historic District/Market Square Submarket (1,611), The Upper Main Street Promenade Submarket (2,338), and The South Downtown Submarket (2,194).

The Market Square Historic District

The Market Square Historic District is anchored by Market Square Park and is known for its historic low-rise buildings and cultural attractions. Weekday foot traffic is primarily office workers and residents, while weekends see a surge in visitors patronizing F&B options and nightlife. The area features many converted historic buildings as well as newer residential towers.

Retail Demand Drivers

- 8 multifamily properties totaling 1,611 units
- 4 hotel properties totaling 425 rooms
- 57 street-facing storefronts

Strengths

- Unique historic atmosphere
- Cultural attractions
- Opportunity for high-end retail

Challenges

- Perceived parking challenges
- Limited foot traffic during off-peak hours
- Lack of connectivity between POST and Historic District

Main Street Promenade

The Main Street Promenade Submarket has a mix of historic buildings and modern developments. Activity varies greatly from block to block, as each block features different types of operators—from night clubs to daytime food & beverage options. The area features a mix of low-rise historic buildings and high-rise modern buildings with glass-fronted storefronts. The Main Street Promenade redevelopment, which focuses on pedestrianizing Main Street's roadway between Commerce and Rusk, will bring an enhanced level of placemaking to Downtown's most important street when completed in 2026.

Retail Demand Drivers

- 13 multifamily properties totaling 2,338 units
- 12 hotel properties totaling 2,366 rooms
- 64 street-facing storefronts

Strengths

- High foot traffic
- Diverse mix of businesses
- Strong connectivity to other districts

Challenges

- Perceived lack of parking options
- Homogenous offering of night clubs and bars
- Negative perceptions associated with panhandling and other nuisance behaviors

South Downtown District

The South Downtown Submarket, anchored by the recently-developed Trebly Park, has both the residential population and available undeveloped parcels to pursue the attraction of larger format retailers than elsewhere in Downtown. The adjacency to Midtown, Neartown-Montrose, and the 3rd Ward, create opportunities for operators to cater to a larger trade area.

Retail Demand Drivers

- 8 multifamily properties totaling 2,194 units
- 2 hotel properties with 135 rooms
- 15 street-facing storefronts

Strengths

- Significant volume of residents in the form of mid-market renters
- Available and well-priced developable parcels
- Green space: Trebly Park

Challenges

- Evening isolation: Can feel deserted at night.
- Large parking lots exaggerate distances between buildings
- Transient population as most residents are renters

VII. Takeaways and Next Steps

The Grocery Feasibility Study was intended to assess current consumer patterns, assess product availability, and size the market opportunity in Downtown. It is the conclusion of the Grocery Feasibility study that Downtown Houston has significant unmet demand, from the current residential population alone, to support additional grocery investment. It is further recommended that Downtown Houston+ begin a campaign to recruit grocery operators to invest in a new pedestrian-oriented Downtown store, focusing its efforts on two classes of smaller operators: new construction product in South Downtown, and second generation space in the Market Square and the Main Street Promenade Submarkets. As part of its pitch, DTH+ should be willing to extend “but-for” incentives that address the upfront costs of buildout of grocery space.

The Market Square and Main Street Promenade Submarkets have available vacancies ranging from 2,500 SF to 17,000 SF. A pursuit of upmarket small format stores similar to Royal Blue Grocery, Foxtrot, Henderson & Kane, or Trader Joes is advised. The South Downtown Submarket land use conditions could potentially accommodate a more conventional, larger format store with on-site parking. Potential operators within this category broadly include Aldi, Sprouts, H-Mart, or La Michoacana.

Core Takeaways

1. Downtown Has More Existing Grocery Availability Than Expected
The existing bodega and market network solves many of the immediate needs, but these businesses need help serving residents. DH+ should pursue a strategy of working directly with the existing network of operators to better position themselves to serve the existing downtown demand. Coaching, product diversification, and strategic repositioning are recommended.

2. There is Demand to Support Additional Grocery Investment
The estimated **$17.2MM** of grocery leakage from residents alone, is large enough to support new Downtown grocery businesses. DH+ needs to begin a campaign of advocacy and messaging that advances an understanding of the true market opportunity in Downtown Houston. Networking directly with grocery operators and brokers is recommended.

3. Public Dollars Are Needed to Initiate Investment
Through the support of the HDMD and DRA, DH+ needs to serve as the vision-setter and facilitator of future of grocery investment. DH+ needs to explore the incentive tools available in future budget cycles to advance dealmaking inducements to seed grocery investment.

4. Focus on Key Geographic Nodes
There are three submarkets in Downtown Houston with 1,500 residents in a 5-minute walkshed: Historic District/Market Square (1,611), Upper Main Street Promenade (2,338), and South Downtown (2,194). DH+ needs to guide operators to these nodes, and work with landowners in these nodes to understand the market opportunity for grocery.

5. Focus on Specific Types of Grocery
Knowing the scale of unmet demand, current resident shopping habits, and the products currently underrepresented, Downtown should focus on smaller-footprint markets with fresh produce, meats, and quality prepared foods. Direct relationships should be forged with operators in this space.

6. Address Barriers to Investment
Aside from perceived lack of demand, operators are wary of buildout costs, circulation/parking issues, and public safety. DH+ should work to address these concerns through strategic interventions and early involvement in the dealmaking process.

Economic Development Inducement
Grocery Store Presentation + Discussion

A detailed presentation will be shared during the Meeting

DOWNTOWN HOUSTON+

STRATEGIC ALIGNMENT PLAN UPDATES

December 2025

GOAL 1

Champion major projects, initiatives and investments that improve Downtown.

1.3 Plan collaboratively for Downtown's evolving edges, connections, and major attractions.

Highlight: To help reduce the political and community conflict surrounding the convention center expansion and the closure of Polk Street, and help resolve the tension around diminished east-west connectivity between Downtown & EaDo, DTH+ took a position with the Mayor and City Council of volunteering to help shepherd and design connectivity solutions. The position debunked the false choice created within the façade of the political entanglement, and posited that thoughtful investment in pedestrian-friendly streets, public transit routes, and safe crossings not only benefit convention-goers but will help knit together Downtown with surrounding communities, ensuring the economic and cultural benefits of this project both gain from and extend beyond Downtown's core. DTH+ offered to leverage its deep experience in city building, including the past planning and construction of award-winning roadways such as Bagby Street, to devise and implement improvements that will ensure vital connectivity to Downtown while the Convention center expansion is underway.

Participating Agency:

Central Houston

1.4 Guide the implementation of Plan Downtown, the HDMD Service Plan, and TIRZ Project Plan.

Highlight: On November 13, the Houston Downtown Management District (HDMD) Board unanimously approved the 10-year renewal of the critical place management tool that keeps Downtown clean, safe, beautiful, and healthy. The approval capped an 11-month renewal process led by property owners and HDMD Board members. their renewals include several state-mandated steps necessary for defining the services to be provided and determining how costs are apportioned across taxable real estate within the district. This thorough effort included developing a new service plan, collecting signed petitions from property owners representing >50% of the District's assessed value, conducting a public hearing by an independent hearing examiner, and the HDMD Board action approving the renewal.

Participating Agencies:

Central Houston downtown district

GOAL 2

Enhance and maintain a comfortable, welcoming, and well-managed public realm.

2.3 Partner with local agencies to provide an exceptional network of parks and greenspaces in Downtown.

Highlight: For the past few years, pedestrian safety and the quality of experience in Downtown parks and sidewalks were compromised by a proliferation of rented motorized scooters, trikes, and other motorized vehicles. The problems were a result of unintended consequences of the City's prior ordinance that led to a lack of accountability by device rental practices and inexperienced users which led to safety hazards, accessibility issues, plus disruptive and even violent behavior. The resulting system design undermined any point-to-point transportation benefits, which are the core purpose of well-managed, micromobility programs in cities across the country. DTH+ took advocacy positions at the July public hearing on a new draft ordinance, and again in November when the item returned to City Council for action. On November 19th, the Mayor and City Council formally enacted tight restrictions on commercial scooter rentals designed to reduce the problematic activity. Within days of its passage, the problematic behavior is already resolving.

Participating Agency:

Central Houston

2.8 Utilize data and analytic tools to understand the prevalence of criminal activity and shape programmatic responses.

Highlight: HDMD's investment in Flock cameras provides data that allows our organization to partner and provide law enforcement with tools to better understand drivers of criminal activity within Downtown. In November alone, the Flock cameras sent a total of 18,792 alerts to law enforcement agencies. Of those, 95 were for stolen vehicles and 39 were for suspected terrorist and gang members. By providing this data to our law enforcement partners, they can effectively allocate resources and monitor the impact of their public safety programs over time.

Participating Agency:

downtown district

Drive vibrancy through improved street-level connectivity, a commitment to walkability, and inclusive programming strategies.

3.5 Partner with Houston First in advancing strategies that connect visitors to Downtown places and experiences.

Highlight: Houston First Corp. (HFC) and DTH+ launched Downtown's winter celebrations at a sweet spectacle on Nov. 22. Along Avenida towering trees lit in unison to cap the kickoff with HFC's CEO Michael Heckman, Kroger presenting sponsor, Deanna David, Alley Theatre Managing Director, Jennifer Bielstein, and DTH+ CEO Kris Larson. New this year, DTH+ and HFC unified messaging to spotlight Sweet Spot Corridors, enchanting visitors who explore holiday villages around the North Pole (Theater District) and South Pole (Discovery Green). DTH+ and HFC also rolled out a treasure map of treats, easy navigation, and parking. A web-based app puts all the fun at our fingertips: no download, just text *Downtown Holidays* to 56512.

Participating Agency:

downtown district

3.11 Plan and implement an events and programming strategy that appeals to diverse audiences and drives vibrancy in strategic areas.

Highlight: DTH+ is implementing a data-informed programming strategy at Lynn Wyatt Square, working in close partnership with Houston First. Since Nov. 21, DTH+ has launched 23 events—timed to peak weekend demand and strong pre- and post-show audience movement—with programming ongoing through Dec. 21. Activities range from daily activations and holiday markets to movie nights, silent discos, and Encore Nights, all designed to extend dwell-time, drive exploration, and support nearby businesses. Additionally, DTH+ has collaborated with the Theater District on pop-up performances from DACAMERA and the Hobby Center, scheduled for later this month to further enrich the season and engage diverse audiences across Downtown.

Participating Agency:

downtown district

GOAL 4

Foster a vital and thriving economy through business growth, residential expansion, and enhanced reasons to be in Downtown.

4.12 Develop focused marketing materials and incentive programs intended to support storefront recruitment efforts.

Highlight: During the planning and construction of the Main Street Promenade Project, DTH+ was informed by several adjacent property owners of their planned improvements along the Main Street Corridor. To ensure the newly constructed improvements are not impacted or disturbed in the future, DTH+ assisted the property owners in navigating the City's permitting processes and incorporating their planned work into the project. Staff coordinated with both the City of Houston and stakeholders to complete all required permit applications and confirm utility needs prior to construction. This early coordination ensured that once construction began along the building frontage, utility installations could move forward smoothly with minimal interruptions or delays to the project. Reimbursement agreements were put in place with the Property Owner's for the installation of building services such as fire, water, sanitary sewer, electrical, telecommunication, and foundation footings for a future balcony.

Participating Agencies:

Downtown Redevelopment Authority | downtown district

4.15 Be the go-to organization for Downtown market research and intelligence.

Highlight: In December, DTH+ launched a new partnership with Datafy to strengthen its data-driven marketing and decision-making. The platform provides advanced insights into spending patterns, visitation trends, demographics, and audience behavior, enabling more targeted advertising and personalized engagement. Datafy also supports programmatic audience targeting and offers attribution tools that directly measure the impact of our digital efforts on real-world visits. This partnership will enhance marketing efficiency, improve stakeholder transparency, and better inform strategic planning across the organization's initiatives.

Participating Agencies:

Central Houston | downtown district | Downtown Redevelopment Authority

GOAL 5

Develop a hivemind of intelligence and goodwill by genuinely engaging and convening stakeholders.

5.1 Develop a representative engagement structure that provides stakeholders the opportunity to inform decision making and advise on the direction of Downtown.

Highlight: DTH+ is reformatting the Connect Collaborative Committee, shifting it from a consultative body to an action-oriented collaborative functioning as a civic design forum. This structural shift nurtures the relationship between downtown design and planning firms, moving them toward active dialogue. The Committee, whose membership also includes real estate partners and board members, will meet bimonthly (every other month) for structured, high-level discussions. This encourages greater civic engagement and accountability, positioning our most influential stakeholders as responsible co-creators of the public realm's future. As part of these meetings, the Committee will serve as the necessary mechanism to collaboratively develop design aspirations and recommendations for Downtown. Through thematic dialogue, the collaborative will produce publications charting a course for specific design aspirations and guiding materials for Downtown partners, including sidewalk cafes, adaptive reuse, connectivity, heat mitigation, and our park network. Crucially, these outputs will shape ongoing DTH+ public realm capital projects and real estate incentive programs. These standards will also serve essential tools for the private sector and government agencies, enabling better decision-making about private development and securing a shared, high-quality public realm for Downtown Houston.

Participating Agencies:

Central Houston · downtown district · Downtown Redevelopment Authority

5.5 Consolidate websites to be more user-friendly, Downtown-focused, and valued as the most critical information clearinghouse about Downtown.

Highlight: DTH+ is restructuring the economic development side of its website to create a simpler, more intuitive experience that is responsive to the way stakeholders use the site. Engagement with board members and partners will guide this work, refining how programs, resources and project outcomes surface to site visitors. The resulting updates will make economic development work easier to access and more effective in supporting tenant recruitment, real estate research and ongoing initiatives—improving transparency while more directly connecting users to tools that inform investment and decision-making in Downtown Houston.

Participating Agencies:

Central Houston · downtown district · Downtown Redevelopment Authority