

01.25.24

Q4 2023 QUARTERLY REPORT

DOWNTOWN

# SHIFT

**DOWNTOWN  
HOUSTON+**

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# LETTER FROM OUR CEO



8.3 million visitors enjoyed Downtown in 2023. These visitors made 38.6 million trips to Downtown, and none of those trips were work-related. Moreover, the supply of hotel rooms expanded by 118 rooms with the delivery of the Moxy hotel, and year-over-year hotel room occupancy increased by nearly 10%.

As a long-standing community priority, the growth of the Downtown neighborhood showed encouraging signs over 2023. By adding 656 new residential units, Downtown's residential inventory grew by an impressive 9% over the course of the year. This growth is critical to building the vibrant urban community replete with active storefronts that so many desire in Downtown.

As our second edition of these relaunched reports, this report includes an overview of the pipeline and performance of long-term investments that fuel and transform our city. It includes details of the three developments that delivered in Q4. Those new projects range from a glitzy new 375,000 SF office tower to a hip office-residential conversion. As a complement to these reports, our team also produces a corresponding webinar that offers Q&A. You can stream those sessions from our website, [www.downtownhouston.org](http://www.downtownhouston.org), and feel free to contact our team to participate in our next live event.

We hope you find this edition a valuable and trusted resource.

Sincerely,

**Kristopher Larson, AICP, LPM**  
**President & CEO**

As 2023 ended, there was a real sense of anticipation and optimism for the coming year. The U.S. economy stabilized across 2023 while concerns about inflation slowed. Thankfully, we avoided the bear market that some predicted at the beginning of the year. To wit, Downtown's nine Fortune 500-headquartered companies climbed an average of 24.3 spots from 2022 to 2023. Aside from economic indicators, the Downtown community received much-needed certainty about the leadership changes occurring across the region, most notably within the office of the Mayor, the City Council, and the Greater Houston Partnership.

Closer to home, in Q4 Downtown Houston saw continued growth in return-to-office trends, residents moving into new housing units, plus visitors swarming baseball games, concerts, theater performances, and holiday events. Parks and bars & restaurants, new and long beloved, welcomed guests daily. Visitors filled our hotel rooms and convention centers. All the while, office vacancy stabilized and plans for adaptive reuse and entertainment-forward destinations were revealed.

Building upon its foundation as the premiere regional submarket for work, Downtown continues to grow as a destination for fun, food, recreation, and entertainment and as a place to call home.

# 2023 HIGHLIGHTS

38.6<sub>M</sub>

VISITS

8.3<sub>M</sub>

UNIQUE VISITORS

**Downtown activity rebounded in 2023. When compared with 2019 data, 67% of worker volume and 85% of visitor volume returned Downtown. Combined with the continued growth of the residential population, daily activity downtown has shifted from office destination to mixed-use neighborhood.**

**9 of the 22 Houston-based Fortune 500 Companies are in Downtown. On average, these nine Downtown companies moved up 24.3 spots from 2022 to 2023.**



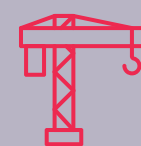
9%

INCREASE (656 UNITS) IN RESIDENTIAL INVENTORY



375<sub>k</sub>

SQUARE FEET NEW CLASS A OFFICE SPACE



4

DEVELOPMENT PROJECTS DELIVERED (3 IN Q4 2023)



+118

HOTEL ROOMS

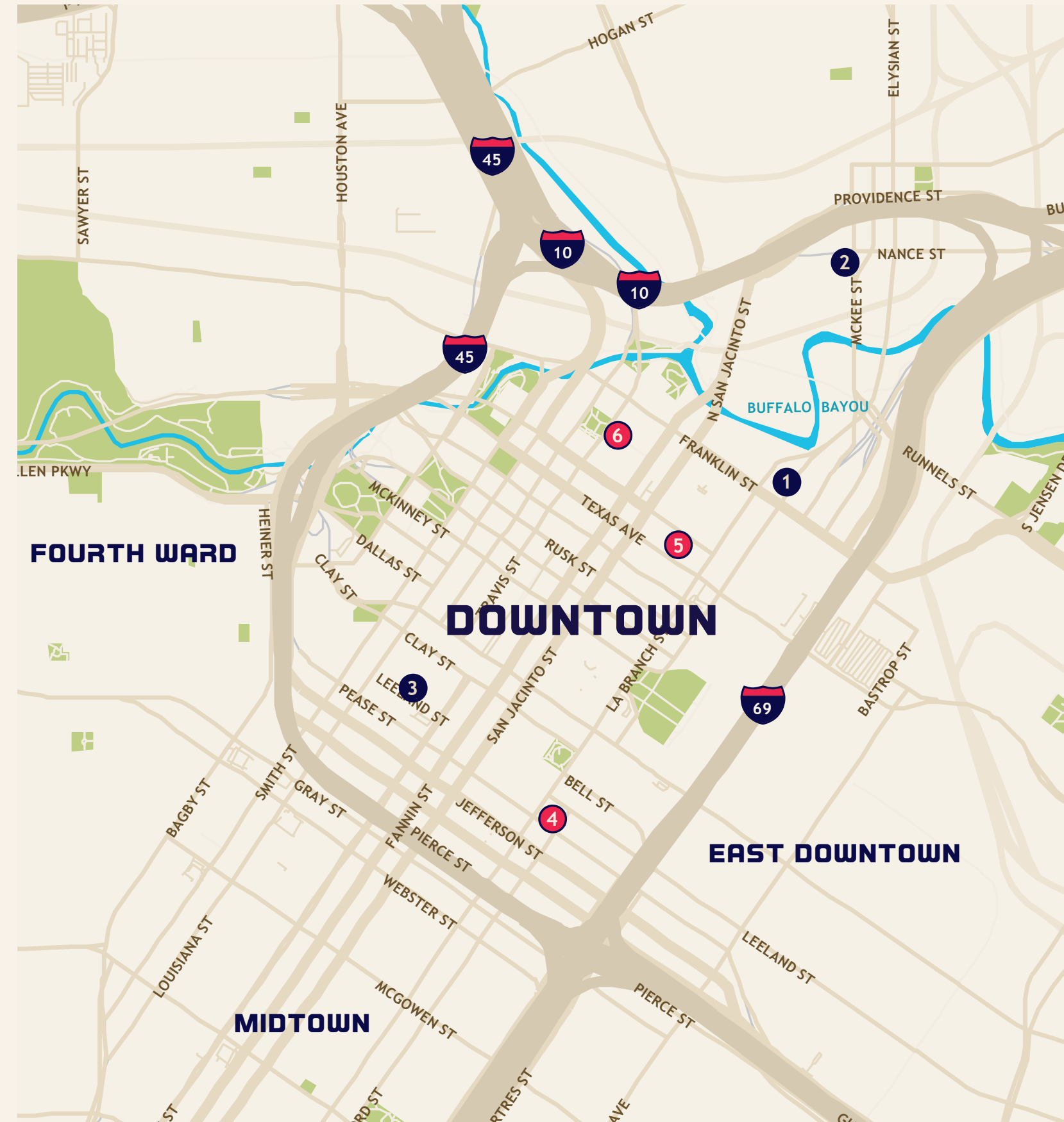
# DEVELOPMENT PIPELINE MAP

**KEY** ● Residential ● Hospitality

	NAME	DEVELOPER	ADDRESS	BUILDING STATUS	EST. DELIVERY	RENTABLE BUILDING AREA	# OF UNITS	# OF STORIES
1	Sovereign at the Ballpark	Sovereign Properties	101 Crawford St	Under Construction	-	193,000	229	6
2	Warehouse District Phase I and II	Urban Genesis	813 & 850 McKee St	Under Construction	Early 2024	-	489	5
3	800 Bell	Carnegie Management Inc	800 Bell St	Proposed	-	1,200,000	400	45
4	Home2 Suites and Tru by Hilton Houston Downtown	PA Hospitality	1540 Leeland St	Under Construction	Late 2025	123,000	221	9
5	Holiday Inn Express and Staybridge Suites Houston TX	Neway Hospitality	1319 Texas St	Under Construction	Late 2025	-	275	17
6	Ascend Collection Houston	Choice Hotels	402 Main St	Proposed	2025	50,250	67	10



THE WAREHOUSE DISTRICT DEVELOPMENT PRE-LEASED UNITS IN DECEMBER 2023 WITH FIRST MOVE-INS SCHEDULED FOR FEBRUARY 2024.



# TOP STORIES OF Q4



## + NOVEMBER ELECTION OUTCOME

December 9th ushered in new City leadership which impacts Downtown: A new Mayor and Controller, first-time Council Members for Districts H and I, plus three new at-large members joined District C's returning Council Member around the City Hall "horseshoe." Downtown Houston+ looks forward to continued collaboration with the elected officials entrusted by the people to implement an uplifting vision of Downtown and our region.

**Everyone should be smiling this morning. The people of Houston are smiling because they've elected a mayor that's going to listen to them, a mayor that is known for solving problems. And that's why it's exciting to be here today."**

Mayor John Whitmire  
Source: Houston Public Media, Jan. 2, 2024



## + BARBARA JORDAN MEMORIAL PLAZA OPENING

Downtown Houston+ co-hosted the Barbara Jordan Plaza and Monument unveiling at POST Houston on December 2nd. The memorial to Houston's late U.S. Congresswoman, civil rights icon, and Fifth Ward native also marks an exclamation point on Downtown's walking trail honoring legendary leaders. Artist Angelbert Metoyer labored for three years on "I am Barbara Jordan," commissioned by POST owner Lovett Commercial. A joyous culmination of the former U.S. Post Office's revival, partly funded by a \$23 million grant from the Downtown Redevelopment Authority, the monument educates, inspires, and welcomes all.

**It does not matter where you came from, or who your parents were. What counts is who you are."**

Barbara Jordan  
Source: Urban Edge, Rice University Kinder Institute for Urban Research, Dec. 7



## + TAX INCREMENT FOR NEW SERVICE CORPORATION INTERNATIONAL HQ

One of Houston's largest publicly held companies, Service Corporation International (SCI) committed to maintain its corporate headquarters Downtown. The Downtown Redevelopment Authority board, a Downtown Houston+ affiliate and steward of Houston's Tax Increment Reinvestment Zone No. 3, voted on December 12th to authorize a tax increment reimbursement of \$13.79 million for public infrastructure improvements and storm resilience coinciding with the \$150 million SCI construction project. This public + private collaboration delivers key public benefits—retaining 900 jobs, enhancing public storm water management, pedestrian amenities, and environmental resiliency—without the DRA incurring upfront costs or new debt.

**By redeveloping this site and investing in a new headquarters tower in this location, the Downtown Redevelopment Authority's capacity to make other investments that align with our mission and the community's priorities will be expanded."**

DRA/TIRZ #3 Chair, Curtis Flowers  
Source: Realty News Report, Dec. 28, 2023



## + STATE OF DOWNTOWN BREAKS ASTROS NEWS

The November 2nd *State of Downtown* welcomed almost 800 attendees and earned front-page media coverage with the Houston Astros organization advancing its next steps toward a major mixed use, sports and entertainment development. The multi-million-dollar entertainment district will be located immediately southwest of Minute Maid Park on a 2-acre space bordered by Texas Avenue, Hamilton Street, Capitol Street and Avenida De Las Americas. The event also launched the new Downtown Houston+ brand, giving an umbrella identity to the family of aligned organizations who advocate for, plan, build, manage, and promote Downtown Houston.

**Our goal is it's an attractive area year-round, not just on game days, and it'll be a really great, happening venue."**

Giles Kibbe, Houston Astros SVP  
Source: Houston Public Media, November 3, 2023

# THE DOWNTOWN PULSE



+ Upshot



The pulse of Downtown's sidewalks, parks, trails, and destinations continued its upswing in Q4 2023. Compared with Q4 2019 visits to Downtown, 81% of visit activity returned in Q4 2023. Greenspaces and sidewalks, illuminated for the holidays, invited visitors and Downtown residents to stroll every day of the week. Cooler weather also encouraged residents from Downtown and nearby neighborhoods, as well as visitors from across Houston, to explore White Oak and Buffalo Bayou trails and their confluence at Downtown's Allen's Landing Park.

9.2<sub>M</sub>

VISITS IN Q4 2023

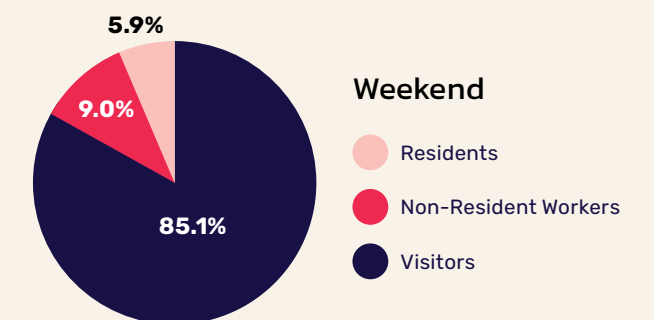
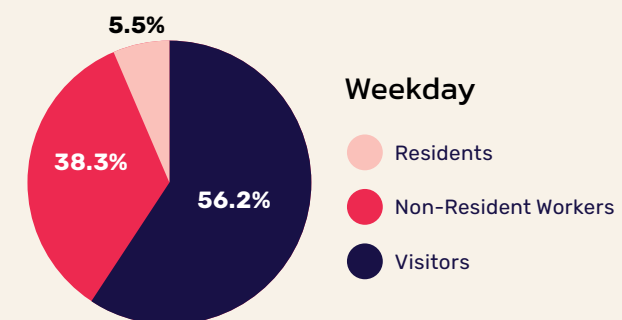
3.5<sub>M</sub>

UNIQUE VISITORS IN Q4 2023

141<sub>MINS</sub>

MEDIAN VISITOR'S LENGTH OF STAY DOWNTOWN

## Average Daily Population

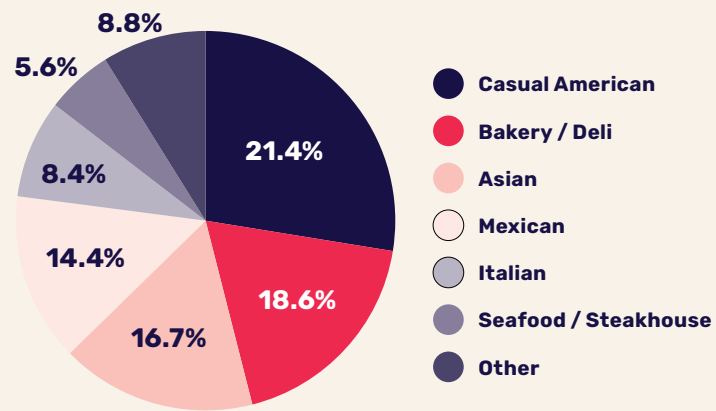


Source: Placer.ai

## DOWNTOWN STOREFRONTS

Q4 welcomed 10 new storefront openings, including five within the More Space: Main Street 2.0 promenade project area. Street-level spaces saw a higher rate (+10%) of occupancy than tunnel storefronts (82% and 72%, respectively). The overall (street-level + tunnel) storefront occupancy was 79% for the quarter. Food & beverage businesses represented 68% of overall storefronts—65% of street-level businesses vs 68% of tunnel operators.

### Downtown's Cuisines



Source: Downtown Houston+

### 10 New Openings

- + Moxy Bar**  
412 Main St
- + Dorado Sushi**  
411 Smith St (Lyric Market)
- + Francis' Café**  
411 Smith St (Lyric Market)
- + Jolie Houston**  
506 Main St
- + Off the Record**  
416 Main St
- + Samurai Noodle**  
411 Smith St (Lyric Market)
- + Slowdrip TX Coffee**  
1625 Main St, Suite A-1 (SoDo on Main)
- + Starbucks**  
411 Smith St (Lyric Market)
- + Tom's Watch Bar**  
1201 Caroline St, Suite 161
- + Victory**  
711 Main St, Suite 100



OFF THE RECORD LISTENING BAR



SLOWDRIP TX COFFEE SHOP



536+

STOREFRONTS IN DOWNTOWN'S TUNNELS AND AT STREET LEVEL, INCLUDING OFFICE TOWERS AND FOOD HALLS

## CLEAN & GREEN

Downtown saw a great deal of activity in parks in Q4. Downtown Houston+ wrapped the Market Square Park Fall Farmer's Market and shifted to holiday-themed events, including Santa Paws which brought four-footed festivity to Trebly Park. Seasonal activations also brightened Discovery Green, the Heritage Society at Sam Houston Park, the Theater District, Avenida, and Hermann Square at City Hall. A newly planted, 35-ton oak tree nestled into its new home by Lauren's Fountain in Market Square Park. Renovations in Market Square Park will bring pup-friendly turf to the dog park and an enhanced outdoor dining area surface in early 2024.



3x

ON AVERAGE, THE SIDEWALKS OF EVERY DOWNTOWN BLOCK ARE SERVICED 3 TIMES PER WEEK.



20+

PARKS & GREEN SPACES



TREBLY PARK

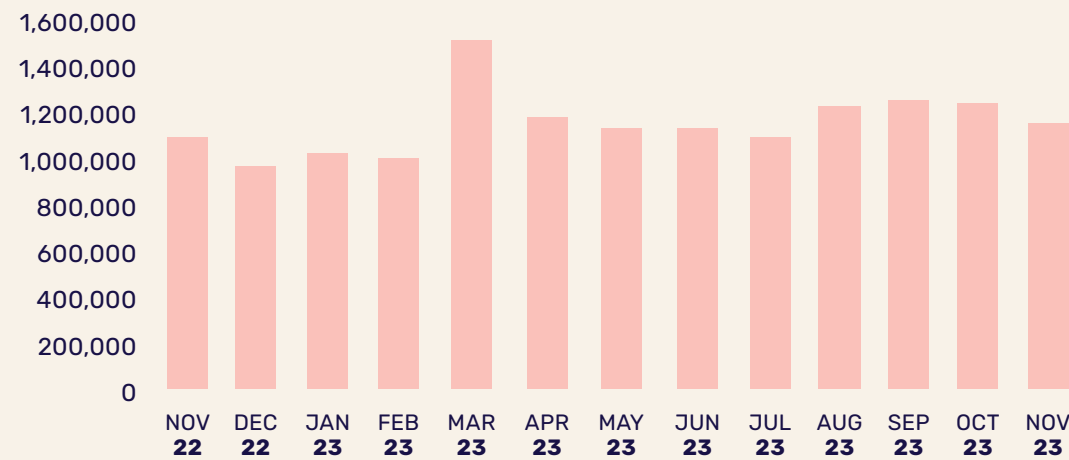
## GETTING AROUND

October through December is a favorite time of year to hit the trails as cooler weather favors active modes of transportation. A monthly average of 20,000 walkers, joggers, and cyclists accessed the Bayou trails near Allen’s Landing during Q4, which totaled 60,000 trail users throughout the quarter. METRO Lightrail ridership remains steady, a system whose highest concentration of stops can be found Downtown.

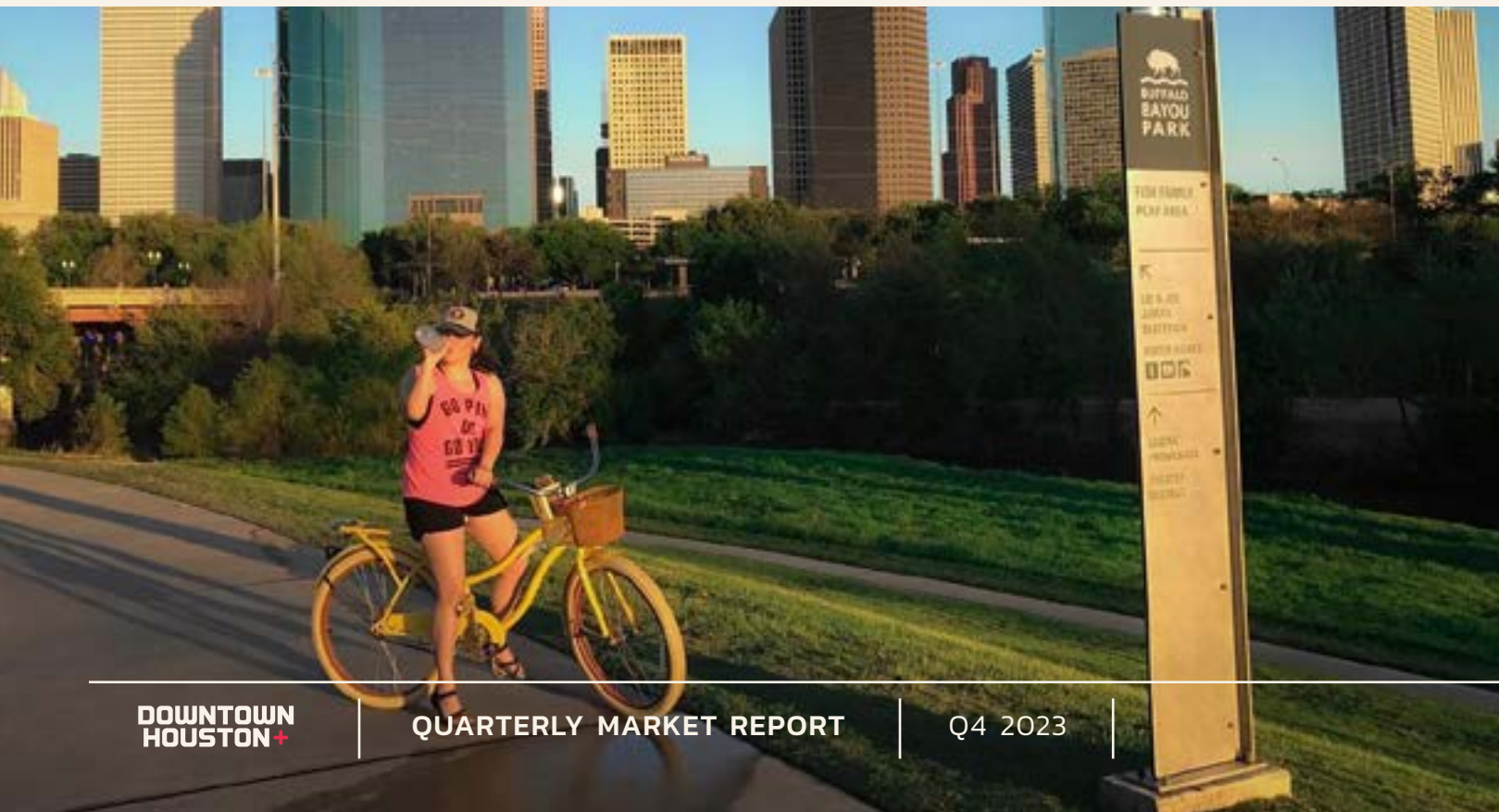


WALKERS, JOGGERS, AND CYCLISTS ENJOYED BAYOU TRAILS NEAR DOWNTOWN IN Q4, WHICH IS MORE THAN THE POPULATION OF GALVESTON

### Monthly METRORail Ridership



Source: METRO Ridership Reports



## UNCOVERING DOWNTOWN: NO ORDINARY FÊTE

Look to Allen’s Landing for a sweeping backdrop from the 1910 Sunset Coffee Building or toast the historic waterfront from The Willow Street Pump Station, built in 1902 where White Oak and Buffalo Bayous converge. Built in 1912, The Crystal Ballroom at The Rice sparkles like a coupe of bubbly. Other venerated venues include the lavish Corinthian in a distinguished 1909 structure, and the 1926 Majestic Metro Theater, crafted by famed Houston architect William Ward Watkin.

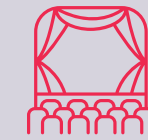
Hotel settings range from boutique and chic to big and beautiful. Consider a gilded 1920s bank building reborn as Hotel Icon or convention hotels boasting 1,000+ rooms such as the Hilton Americas and Marriott Marquis, with its eye-popping, rooftop, Texas-shaped lazy river. There’s even the C. Baldwin’s cheeky speakeasy, The Parlor Hideaway, with its female-forward design.

Downtown’s glittering skyline graces gatherings in private high-rise club spaces available for non-member booking, such as The Petroleum Club and The Houston Club. High atop the Hyatt Regency, the rotating Spindletop now serves 360-degree views exclusively for special functions.

Planners seeking the unique know the sports fantasia Tom’s Watch Bar with 100+ jumbo screens (not to be confused with the Houston Watch Co., a gem established in 1912, also available for private buy-outs); Joystix with 200+ new and classic arcade games from pinball to Pac Man; Immersive Gamebox, where competitors become life-size game pieces; and Puttshack for grown-up mini golf plus spirits to stoke spirited competition.

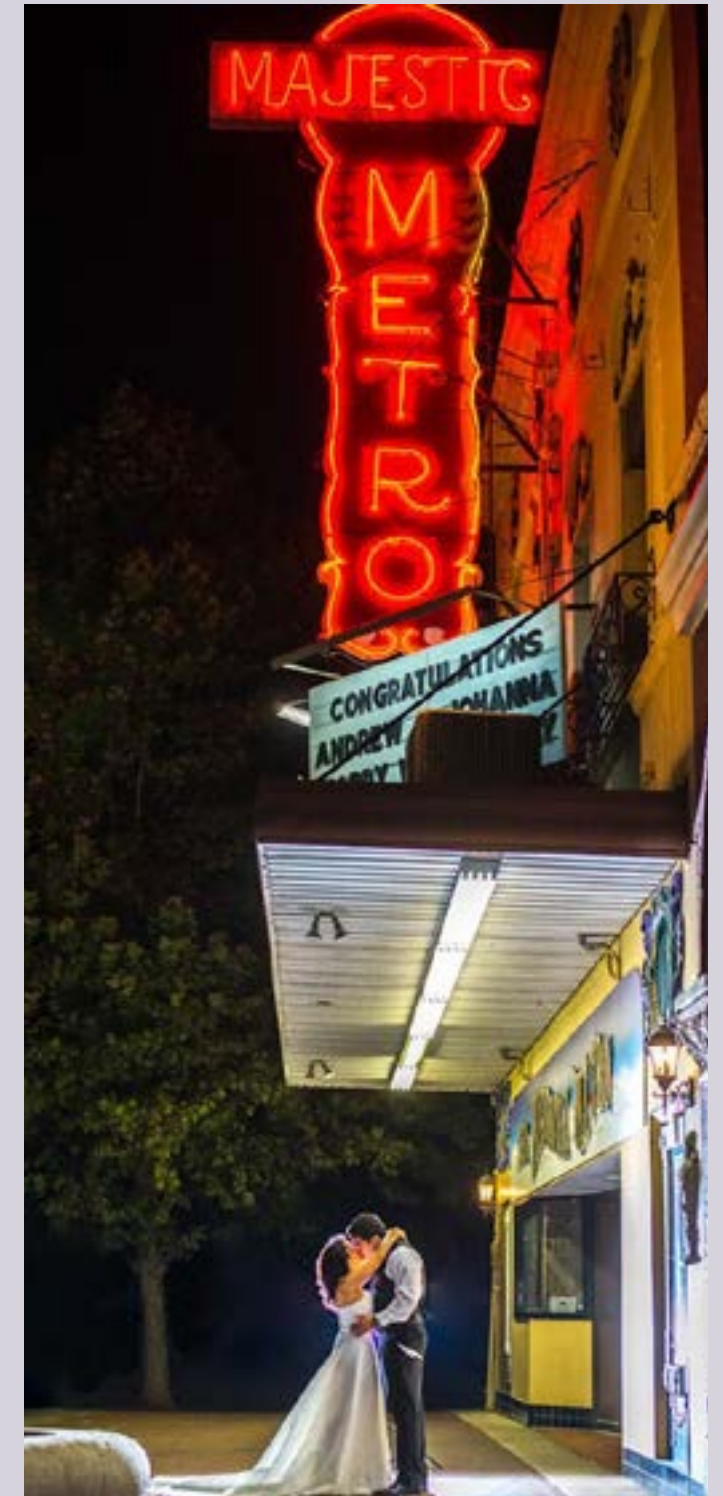
A microcosm of the city, Downtown’s dizzyingly diverse hub of experiences—spunky to sophisticated, relaxing to revved up—ensures each revelry can be distinctive and memorable.

Discover more event spaces at [www.downtownhouston.org/experience](http://www.downtownhouston.org/experience)



100+

SPECIAL EVENT SPACES DOWNTOWN

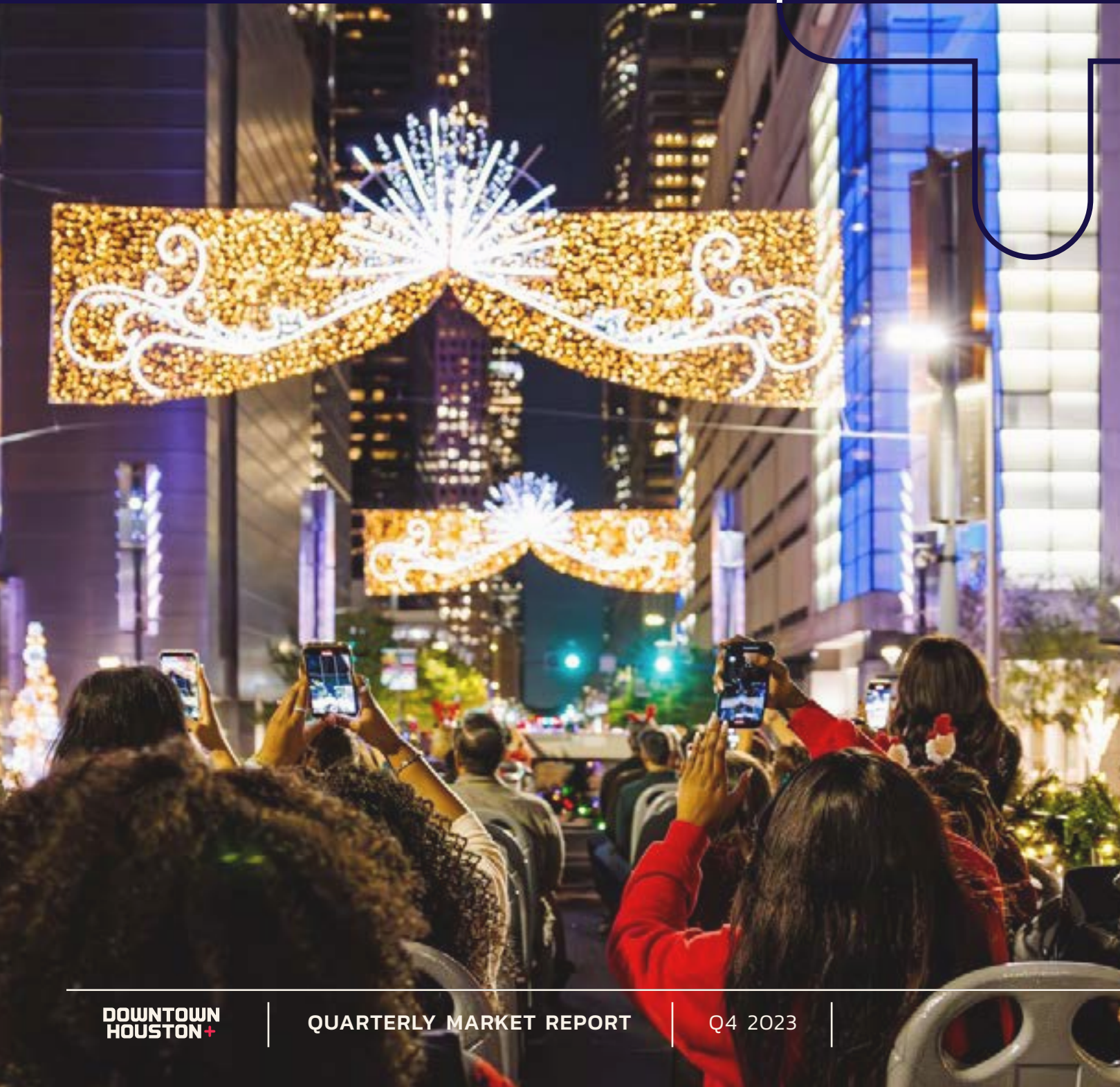




# ONLY IN DOWNTOWN



+ Upshot

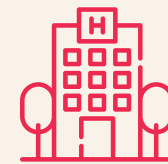


City Lights: Downtown Holiday Magic joined Downtown's stadiums, convention center, and performance venues in Q4 as a destination with an outsized impact. The City Lights series welcomed visitors from near and far at dozens of events and spectacles around Downtown. Both stadiums were active throughout the quarter thanks to the conclusion of the Astro's season, the start of the Rocket's season, and a number of concerts at each stadium. Downtown's hotel occupancy has continued to improve throughout the year, up 9.6% from a year earlier with occupancy at 58.2%.



11

CITY LIGHTS  
HOLIDAY VILLAGES



45%

OF INNER LOOP HOTELS  
ARE IN DOWNTOWN

## Q4 Hotel Insights

	Q4 2023	QoQ
RevPAR	\$105.03	+8.7%
Occupancy	58.2%	+9.6%

Rooms	Q4 2023
Existing Inventory	8,648
Under Construction	496

Source: CoStar, Houston First



MOXY HOTEL OPENED IN Q4

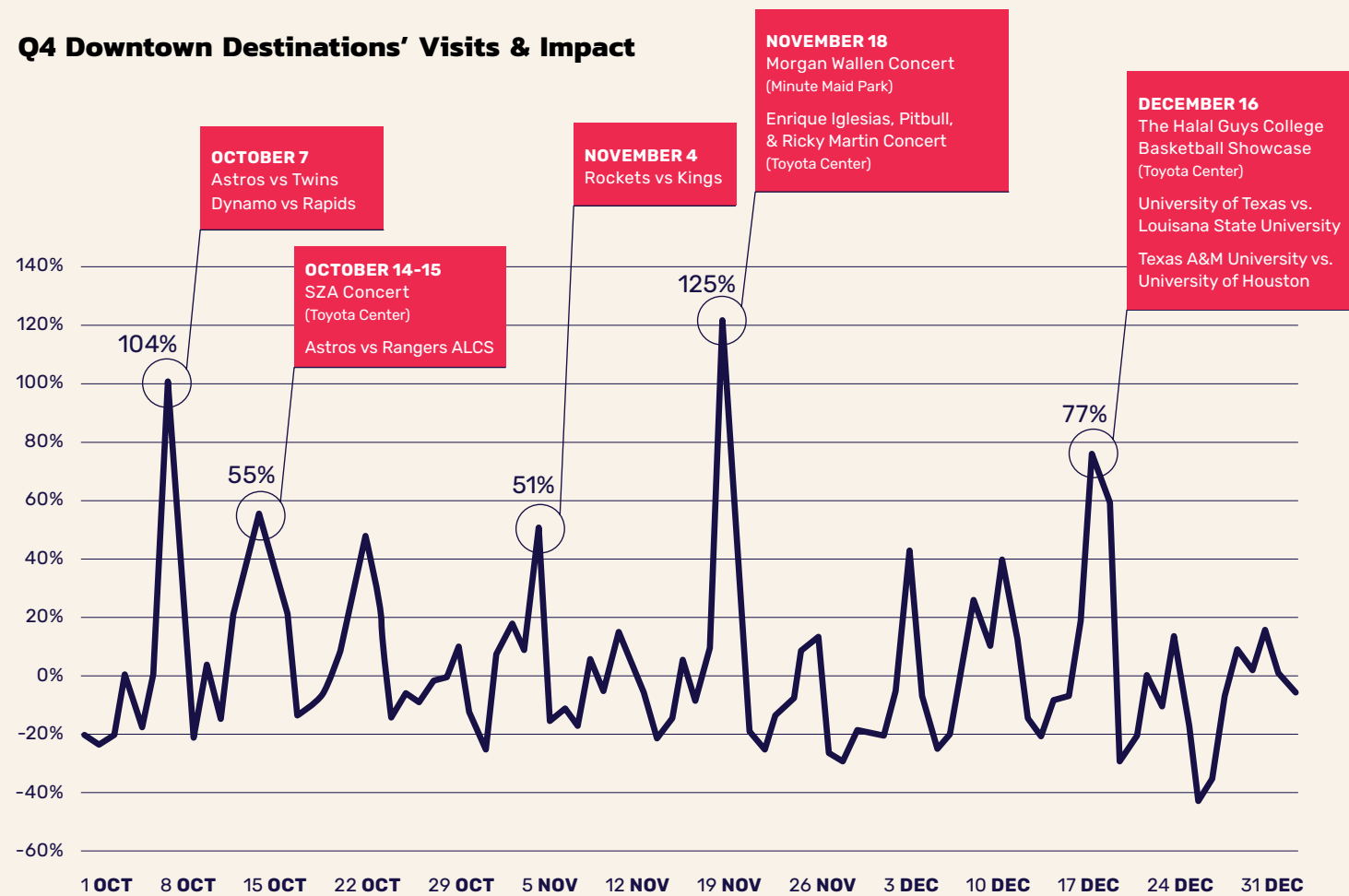
# OUTSIZED IMPACT

Q4 saw the wrap up of the Astros' season, the start of the Rockets' season, plus a number of well-attended concerts at Minute Maid Park, Toyota Center, and other venues around town such as House of Blues and the 713 Music Hall. Holiday-themed performances dominated the Theater District, welcoming theater-goers from across the region. The impact of these events were consistently impactful, with up to a 125% increase in Downtown visitation on days when there were

performances or special events when compared to baseline visitation. An important indicator for food & beverage business performance across Downtown, Texas Alcoholic Beverage Commission data demonstrated a steady increase in spending by consumers in Downtown throughout 2023. Notably, hotels made up 19% of Downtown's alcohol sales, a nod to the success Downtown has seen as a destination for staycationers, conference attendees, and tourists from afar.

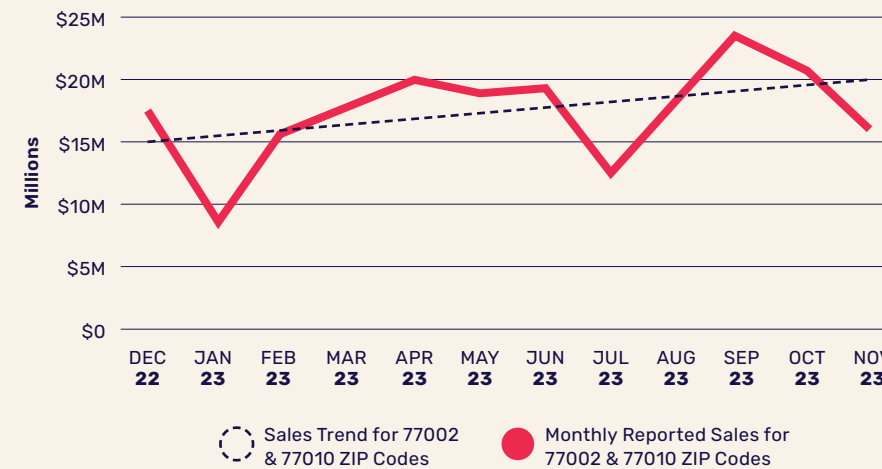


## Q4 Downtown Destinations' Visits & Impact



Percentage Change From Baseline Average | Source: Placer.ai

## 2023 Downtown Alcoholic Beverage Spending



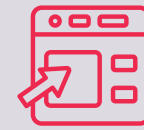
19%  
OF ALCOHOL SALES IN 2023  
OCCURED AT DOWNTOWN HOUSTON  
HOTELS AND THEIR RESTAURANTS

Source: TX Bar Tab, Texas Alcoholic Beverage Commission

## DEEP DIVE: HOLIDAYS DOWNTOWN

City Lights: Downtown Holiday Magic, the weeks-long series of holiday events and attractions, enchanted Downtown Houston visitors, residents, and workers from mid-November through December. A joint series put on by Downtown Houston+, Houston First, Discovery Green, POST Houston, and the Houston Heritage Society, City Lights brought 11 magical holiday villages to parks and event venues across the neighborhood. Evening visits were substantial at each of the event venues thanks to sparkling lights and a diverse range of programs, including dog-friendly events, movie nights, ice skating, and special ticketed experiences. Not only were there events to suit all

tastes, but Market Square Park and Trebly Park even welcomed Santas of different races/ethnicities to provide City Lights attendees the opportunity to enjoy the company of a Santa that reflected their identity. Data shows that during the evening hours in late November and December, there were nearly 1 million people at the holiday villages over the course of City Lights. To encourage adventure around Downtown, Downtown Houston+ provided complementary pedi-cab rides between the holiday villages and brought a holiday bus “trolley” to Downtown, offering people the opportunity to enjoy a cozy holiday village tour around the area.



190<sub>k+</sub>

CITY LIGHTS WEBSITE VISITS  
(HOUSTON FIRST AND DTH+)



2,453

DOGS ATTENDED SANTA  
PAWS IN TREBLY PARK



4

SANTAS OF DIFFERENT  
RACES/ETHNICITIES



3,083

PASSENGERS ON THE HOP-ON,  
HOP-OFF HOLIDAY TROLLEY



POST HOUSTON HOLIDAY VILLAGE



DISCOVERY GREEN ICE SKATING RINK



30<sub>k</sub>

ICE SKATERS ENJOYED DISCOVERY  
GREEN'S RINK (+19% Y-O-Y)



950<sub>k+</sub>

EVENING VISITS TO CITY LIGHTS  
PARKS AND VENUES DURING  
HOLIDAY EVENTS AND PROGRAMS  
IN NOVEMBER AND DECEMBER 2023

# DOING BUSINESS DOWNTOWN



RECENTLY COMPLETED 1550 ON THE GREEN



+ Upshot

Downtown Houston’s office sector navigated a period of stabilization in Q4 and throughout 2023 as the city adjusted to a post-pandemic economic landscape. Q4 continued the trend of dominance by Class A office space, solidifying the “flight to quality” seen throughout 2023. Vacancy and asking rents remained stable, signifying a period of market equilibrium. Looking ahead, 2024 and 2025 offer promising vacancy reduction prospects, fueled by office-conversion projects and new incentive programs encouraging repurposing vacant assets.

The Downtown market remains highly competitive, both within Houston and across Texas, thanks to its abundant stock of modern, Class A office space. Downtown’s continued appeal stems from its diverse amenities, central location with convenient transit and airport access, and a steadily expanding housing inventory in the immediate area and surrounding neighborhoods. These factors allow Downtown to stand out and remain a one-of-a-kind, mixed-use district for local and international businesses seeking a vibrant and dynamic environment for their employees, as evidenced by the district’s diverse workforce. 2023 closes with the completion of Skanska’s 1550 on the Green, the 28-story, 375,000 square-foot office tower with ground floor retail located immediately south of Discovery Green.

92%

CLASS A LEASES MADE UP 92% OF TOTAL LEASING ACTIVITY IN Q4 2023

89%

CLASS A LEASES MADE UP 89% OF TOTAL LEASING ACTIVITY THROUGHOUT 2023

Source: CoStar

## Q4 Office Insights

	Q4 2023	QoQ	YoY
Downtown Overall Average Asking Rent PSF (Annual)	\$41.10	-0.2%	+1.8%
Downtown Class A Average Asking Rent PSF (Annual)	\$43.82	-0.4%	+1.5%
Overall Vacancy Rate	23.9%	-0.1%	0.0%

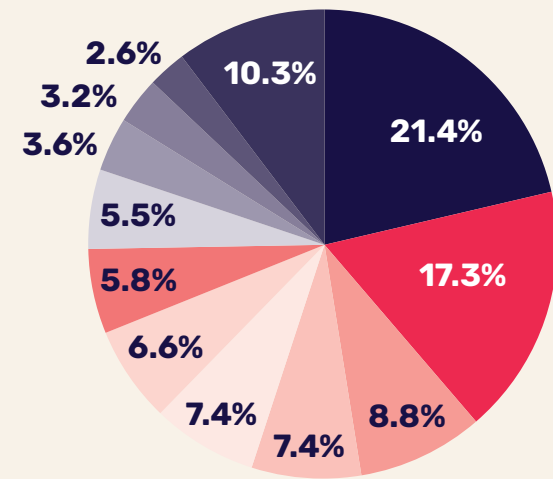
	Q4 2023	2023
Total SF Leased	314,977	1,794,236

Source: CoStar

## DOWNTOWN'S WORKFORCE

Nearly 150,000 workers walk, ride, and drive to jobs in Downtown Houston. While the energy sector has long fueled Downtown Houston's economic engine, the diversity of Downtown's workforce reflects an evolving composition of Downtown industries. Professional services sector has been on the rise, and many law firms, accounting firms, and consulting firms have expanded their operations in Downtown.

### Downtown Houston Employment Composition



- Public Administration
- Professional, Technology & Science
- Management
- Finance & Insurance
- Administration Support & Waste Management
- Mining, Oil & Gas
- Transportation & Warehousing
- Utilities
- Construction
- Accommodation & Food Services
- Arts, Entertainment & Recreation
- Other

Source: MySidewalk (LODES 2020)

## GREATER HOUSTON PARTNERSHIP AND HOUSTON FIRST

In addition to Downtown Houston+, Downtown is home to organizations with missions to advance economic development in Downtown Houston and across the region. Two key partners for Downtown Houston+ include Greater Houston Partnership and Houston First Corporation.



Greater Houston Partnership (GHP) is the Houston region's business engine and fuels regional growth by attracting global companies, fostering trade, and advocating for pro-business policies across the 12-county region. Headquartered in Downtown's Partnership Tower, GHP partners with Downtown Houston+ on connecting Downtown leaders with corporate prospects, data analysis, and driving strategic initiatives to advance economic development in the heart of the city.

## Houstonfirst

Houston First Corporation (HFC) is a local government corporation, established in 2011 to promote Houston tourism and conventions and to operate the city's convention and performing arts facilities in Downtown Houston. Headquartered in Partnership Tower, HFC partners with Downtown Houston+ and other venues to promote Downtown as a world-class destination.

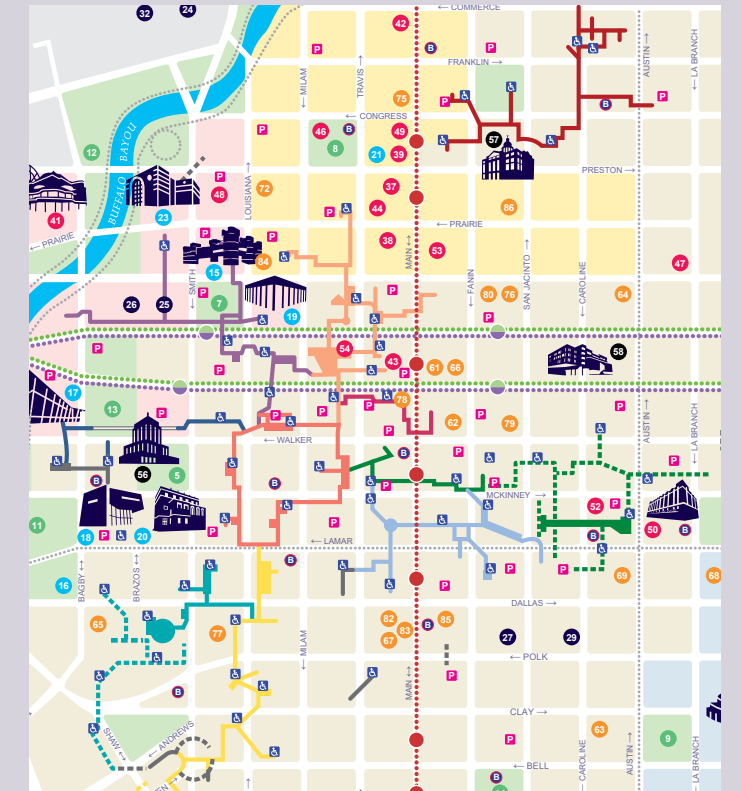
**~50%** OF DOWNTOWN JOBS ARE IN PUBLIC ADMINISTRATION, PROFESSIONAL TECHNOLOGY & SCIENCE, AND MANAGEMENT

## DEEP DIVE: THE TUNNELS

A regionally-unique amenity for workers, Downtown Houston's retail tunnels connect office buildings and boast 101 businesses, or 25% of Downtown's overall storefronts. 68% of these businesses are food & beverage enterprises with operating hours catered to Downtown's office workers. The tunnels are perceived as inaccessible to the general public, which is somewhat by design as they are privately managed by property owners and open only during weekday business hours.

The tunnels grew organically over time, starting in the 1930s with a single tunnel connecting two movie theaters. The theaters were owned by the same entrepreneur, and the first tunnel's purpose was to share air conditioning. Gradually, other buildings began constructing their own tunnels for various purposes, eventually merging into the intricate network we see today.

Moving forward, Downtown's tunnels—and office workers—will likely seek a more deliberate relationship to the street level. An example of this trend can be found with Understory, located at the base of the Bank of America Tower. Understory is a food hall and community space, designed as an atrium and features offerings both at street level and at "tunnel level."



THE TUNNELS OF DOWNTOWN HOUSTON

**25% OF STOREFRONTS IN DOWNTOWN ARE LOCATED IN THE TUNNELS—68% ARE F&B**



THE COMMUNITY GATHERING SPACE IN UNDERSTORY

# LIVING DOWNTOWN



+ Upshot

Q4 witnessed persistent stability in asking rent, vacancy, and cap rates across Downtown Houston’s multifamily assets, nearly mirroring Q3. Notably, Downtown continues to dominate in terms of construction activity, boasting a greater increase in under-construction units than both year-over-year growth in Greater Downtown (the two-mile radius around Downtown) and the broader project pipeline inside Loop 610. High-quality offerings in Downtown keep asking rents per square foot consistently higher than the overall average for the greater Downtown area.

Downtown Houston celebrated a housing milestone: The delivery of a naturally-occurring office-to-housing project, Elev8. Bringing 372 new housing units to Downtown, the Elev8 project converted a 1970s office building into high-end apartments at 1801 Smith. The project is a timely delivery in the wake of the recently published Downtown Houston+ Office Conversion Study which unpacks incentive models for buildings that face hurdles for conversion. Elev8’s arrival is just the tip of the iceberg for new housing in and around Downtown. Neighboring communities around light rail lines, Buffalo Bayou trails, and protected bike and walking paths are witnessing a surge in multifamily developments. This trend signifies a broader transformation of Houston, with Downtown emerging as a vibrant hub for living, not just working.

7,726 MULTIFAMILY UNITS

Source: CoStar

## Downtown Houston Multifamily Insights

	Downtown	Greater Downtown	The Loop
Existing Units	7,726	31,112	129,756
YoY	+9.4%	+6.6%	+3.0%
Under Construction Units	718	3,601	6,863
Monthly Avg Asking Rent	\$2,315	\$1,859	\$1,714
Monthly Avg Asking Rent/SF	\$2.31	\$2.03	\$1.90
QoQ	-0.8%	-1.1%	-0.8%
YoY	-2.1%	-2.3%	-0.9%
Vacancy Rate	16.3%	11.1%	8.9%
QoQ	+3.3%	+0.7%	+0.3%
YoY	+0.3%	+0.6%	+0.2%
Market Cap Rate	6.08%	6.37%	6.33%
QoQ	+0.08%	+0.08%	+0.08%
YoY	+0.71%	+0.73%	+0.70%

Source: CoStar

Note: Greater Downtown is the two-mile radius around Downtown’s most center point

10,170 RESIDENTS

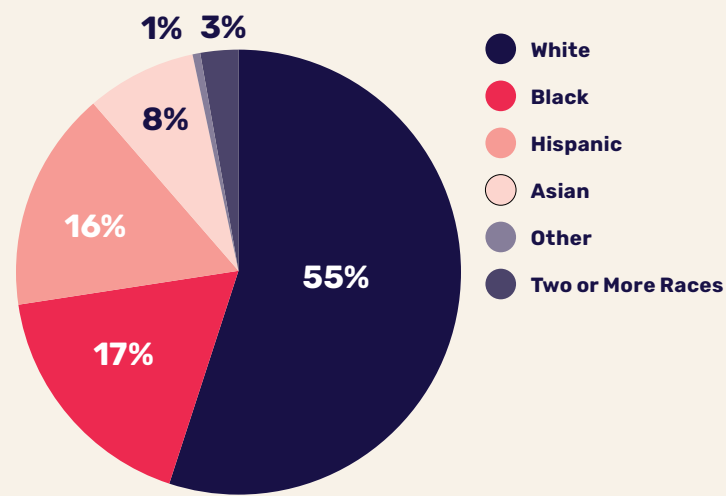
Source: mySidewalk (Census). Note: This figure is different from the Q3 2023 report due to a change in source from Placer to an analysis of Census data

## OUR DEMOGRAPHICS

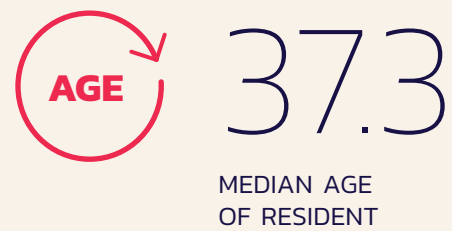
Downtown Houston's population is a blend of young professionals and established residents. While half of Downtown's residents are white, the demographics are evolving to reflect the diversity of Houston with growing proportions of residents identifying as African American or Hispanic. Over the last ten years, the number of housing units tripled and the population has more than doubled, largely credited to the Downtown Living Initiative, a program led by Downtown Houston+ and the City of Houston to support the creation of housing.



### Race / Ethnicity of Downtown Residents



Source: mySidewalk (Census 2018 - 2022)



## DEEP DIVE: OFFICE CONVERSION STUDY

In the competitive environment of office leasing, older and outdated towers struggle. This challenge is playing out in business districts across the country as cities adapt to the new normal for in-office work. In Downtown, Class A office towers comprise nearly 70% of the Downtown office market, and a handful of outdated buildings can't compete with their attractiveness.

The underperformance of those building drives vacancy rates higher, which pulls down the

market's overall occupancy rate. Further, as their taxable values diminish, so do the capacities for local agencies to provide services. Recognizing the danger of not acting, Downtown Houston+ commissioned a feasibility study to inform the establishment of a potential office conversion program in Downtown.

Read the complete study at [www.downtownhouston.org/about/priority-projects](http://www.downtownhouston.org/about/priority-projects)



### Five key takeaways from the study include:



Not all conversion candidates are alike



Acting now could minimize losses



Some of the most challenging buildings will require aligned governmental participation



The market's appetite for residential conversion is proven, marked by the recent example of Elev8 (1801 Smith Street)



**38%** Of Downtown's conversion candidates are eligible for historic designation, a milestone needed to unlock historic tax credits which are critical to many conversions.

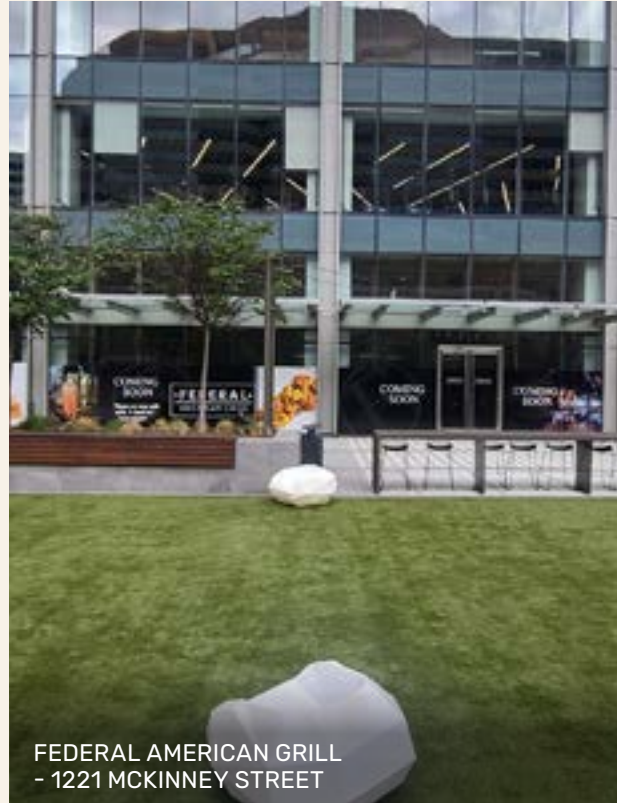
# LOOKING AHEAD

## + INVESTMENTS IN MARKET SQUARE PARK



Donated in 1854 for Houston's first open-air marketplace, Market Square Park is getting a glow-up. Arborists nursed an ailing tree seven years past life expectancy, and now a new 36'-tall oak will shade visitors as an evergreen symbol of vitality. After 13 years with a single operator, the food and beverage kiosk will welcome new energy and refreshed surroundings. Back by popular demand, the Market Square Farmers Market will return for Spring and Fall seasons. Gravel will give way to turf in the large and small dog parks. With a dedicated team cultivating Market Square Park, the best is yet to come for this 120-year-old community hub.

## + DELICIOUS DEVELOPMENTS OPENING SOON



Downtown Houston adds bragging rights as a culinary destination with two heavily anticipated new restaurants. Red-hot Houston restaurateur Benjamin Berg will bring a New England-style seafood restaurant, Dune Road to Texas Tower, Downtown's newest Hines skyscraper. And Brookfield Properties burnishes its lavishly renovated and repositioned Houston Center with Federal American Grill, adding a unique outdoor dining experience within a short walk of the convention center, Discovery Green, plus major sports and entertainment attractions.

## + TAKING THE HELM FOR HOUSTON

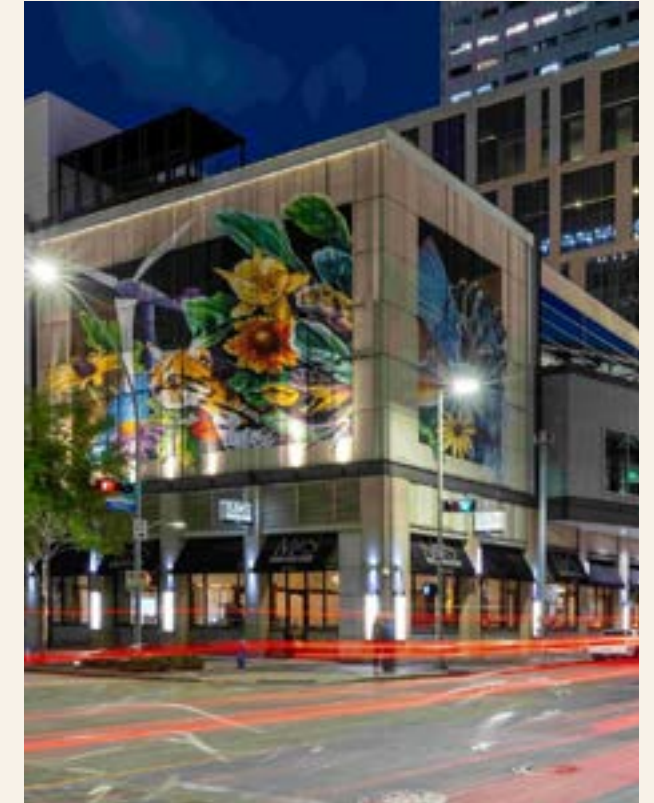
Two key Downtown Houston+ partners—Greater Houston Partnership, (GHP) and Houston First—have welcomed new leaders.

Steve Kean became CEO of GHP after 20+ years at Kinder Morgan, one of North America's largest energy infrastructure firms. "Steve...can understand and execute on the big picture and yet pay attention to details that often make the difference between success and failure," said Rich Kinder, Exec. Chairman, Kinder Morgan, Inc. and Chairman, Kinder Foundation. "I am sure he will do an outstanding job."

Mayor John Whitmire tapped Jay Zeidman, Co-Founder and Managing Partner of Altitude Ventures, to succeed outgoing Houston First Board Chair David Mincberg. Whitmire said the organization "has shown its capacity to do big things and promote Houston around the world," and expressed confidence the organization will "continue to grow our hospitality and tourism industry."

As we plan, build, manage, and promote the heart of Houston, Downtown Houston+ looks forward to working alongside these talented and proven leaders.

## + ILLUMINATING BIG ART. BIGGER IMPACT.



A strategic initiative is underway to illuminate some of the 32 murals installed through the Big Art. Bigger Change. mural program. While these artworks improve Downtown by day, their impact diminishes after sunset. As part of a new comprehensive pedestrian lighting plan, illuminating these fine-art murals aligns with a broader commitment to creating a comfortable and visually appealing urban landscape.



# ABOUT DOWNTOWN HOUSTON+

## DOWNTOWN HOUSTON+

Downtown Houston+ stewards the vision of Downtown as a center of global commerce and local culture and Houston’s heart for opportunity, excitement and joy. Its family of aligned entities – Central Houston Inc., Houston Downtown Management District and Downtown Redevelopment Authority – collectively advance a shared mission to champion and enhance Downtown Houston as a connected and thriving place for everyone. For more information, visit [downtownhouston.org](http://downtownhouston.org).



### CONTRIBUTING STAFF

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*Special thanks to the featured photographers and partners. If you have inquires related to the data and information presented in this report, please contact [cassie.hoeprich@downtownhouston.org](mailto:cassie.hoeprich@downtownhouston.org).*

*To learn more about Downtown Houston+ Clean and Safe services, reach out to [operations@downtownhouston.org](mailto:operations@downtownhouston.org) or visit [downtownhouston.org](http://downtownhouston.org).*

### DOWNTOWN REDEVELOPMENT AUTHORITY BOARD

OFFICER	NAME	TITLE/ORGANIZATION
Chair	Curtis Flowers	Executive Director/ JPMorgan Chase
Vice Chair	Michele J. Sabino	Consultant/ Third Sector Services
Treasurer/ Investment Officer	Keith Hamm	Emeritus Professor of Political Science/ Rice University
Secretary	Barry Mandel	President & Park Director - Retired/ Discovery Green
Director	James B. Harrison	Principal/ Harrison Kornberg Architects
Director	Regina Garcia	Interior Design, Curator Consultant/ Corporate Gifts
Director	Kirby Liu	Managing Director/ POST HTX and Lovett Commercial
Director	Tiko Reynolds-Hausman	Chief of Staff of Operations/ Harris County Precinct 2
Director	William J. Taylor, III	Harris County Precinct 1 - Retired/ Director, Development and Infrastructure

### HOUSTON DOWNTOWN MANAGEMENT DISTRICT BOARD

OFFICER	NAME	TITLE/ORGANIZATION
Chair	Leslie Ashby	Partner/ Ashby, LLP
Vice Chair	Robbi Jones	President/ Kipling Jones & Co.
Treasurer & Investment Officer	Richard Torres	President and Executive Director/ Christus Foundation for Healthcare
Secretary	Marian Harper	Vice President, Foundation Development / Astros Foundation
Chair, Marketing & Communications	Angus Hughes	Executive Director/ Cushman & Wakefield
Chair, Retail & Attractions	Edna Ramos	Downtown Property Owner
Chair, Maintenance & Operations	Kenny Meyer	President/ MC Management & Development
Director	Crystal Allen	Managing Director/ Transwestern
Director	Sean Alley	Vice President Operations/ Brookfield Properties
Director	Kinder Baumgardner	Managing Principal/ SWA Design
Director	Genora Boykins	Asst. Regional General Counsel - Retired/ NRG Energy, Inc.
Director	Clay Crawford	Partner/ Sears & Crawford L.L.P.
Director	Marcus Davis	Owner/ Kulture
Director	Jacques D'Rovencourt	General Manager/ Hilton Americas- Houston
Director	Terry Demchak	Resident
Director	Kelly Foreman	Executive Vice President/ Amegy Bank
Director	Irma Galvan	Owner/ Irma's Original
Director	Gilbert A. Herrera	President/ Herrera Partners
Director	C.C. Huang	CPC Corporation
Director	Antoinette M. (Toni) Jackson	Principal/ The Banks Law Firm
Director	Lacee Jacobs	Senior Vice President, Strategic Leasing & Advisory/ Parkway
Director	Roland Kennedy	Internal Stakeholder Manager, Corporate Real Estate/ Chevron
Director	Sean Liu	Head of Legal/ Lionstone Investments
Director	Benjamin Llana	Vice President - Development/ Skanska
Director	Nick Massad III	Senior Vice President of Development/ American Liberty Hospitality
Director	Sherea McKenzie	Executive Director/ J C Hester House
Director	Randy Pryor	Vice President, Distribution Operations/ CenterPoint Energy
Director	Grace Rodriguez	CEO/Executive Director/ Impact Hub Houston
Director	John Schafer	Managing Director/ Hyatt Regency Houston

### CENTRAL HOUSTON INC. / CENTRAL HOUSTON CIVIC IMPROVEMENT INC. BOARD

OFFICER	NAME	TITLE/ORGANIZATION
Chair	Dilip Choudhuri	President & CEO/ Walter P Moore
Vice Chair	Stephanie Burritt	Managing Director and Principal/ Gensler
President & CEO	Kristopher Larson	President & CEO/ Central Houston Inc.
Treasurer	Alex Jessett	Executive Vice President of Finance/ Camden Property Trust
Secretary	David Ruiz	SVP/ Community Relations, Bank of America
Director	Dr. Loren Blanchard	President/ University of Houston Downtown
Director	Dougal Cameron	President/ Cameron Management
Director	Ric Campo	Chairman & CEO/ Camden Property Trust
Director	Jim Casey	Senior Managing Director & Houston Leader/ Trammell Crow
Director	Amy Chronis	US Oil, Gas & Chemicals Leader/ Deloitte
Director	Matt Damborsky	EVP, Skanska USA Commercial Development
Director	Danny David	Partner, Department Chair Litigation (Firmwide), Baker Botts
Director	Laura Edrington	Managing Partner-Houston Office/ Locke Lord LLP
Director	Mark C. Evans	Co-Chairman/ Bracewell LLP
Director	C. Richard Everett	Chairman & CEO/ Everett Interests
Director	Tilman J. Fertitta	Chairman & CEO/ Landry's Restaurants, Inc.
Director	Bradley R. Freels	Chairman/ Parkway Companies
Director	Martyn E. Goossen	Vice Chairman/ JP Morgan Chase & Co.
Director	Adam Greene	Shareholder/ Baker Donalson
Director	Fred B. Griffin	Co-Chairman/ Griffin Partners, Inc.
Director	Hillary Hart	Executive Director/ Theatre Under the Stars
Director	Michael Heckman	President & CEO/ Houston First Corporation
Director	Wendy Heger	Principal/ Page
Director	Jeffery Hildebrand	Executive Chairman and Founder/ Hilcorp Energy

CONTINUED ON THE NEXT PAGE >

# DATA SOURCES

## CENTRAL HOUSTON INC. / CENTRAL HOUSTON CIVIC IMPROVEMENT INC. BOARD

OFFICER	NAME	TITLE/ORGANIZATION
Director	Steven J. Kean	President & CEO/ Greater Houston Partnership
Director	Julie Luecht	Office Managing Principal/ KPMG LLP
Director	Ira Mitzner	President & CEO/ RIDA Development
Director	Niloufar Molavi	Global Leader Oil & Gas/ PwC
Director	John Mooz	Senior Managing Director/ Hines
Director	Hong Ogle	Houston Market President/ Bank of America
Director	Stephen Newton	Managing Director/ Area Manager/ Russell Reynolds Associates
Director	Travis Overall	Executive Vice President/ Brookfield Properties
Director	Kathy Payton	President & CEO/ Fifth Ward Community Redevelopment Corporation
Director	Daron Peschel	Sr. Vice President In Charge/ Federal Reserve Bank, Houston Branch
Director	Theola Petteway	Executive Director/ OST/Alameda Corridors Redevelopment Authority
Director	Cody Schneider	Partner/ Winstead
Director	Dave Stevenson	SVP/ Amegy Bank of Texas
Director	Amber Tierce	Corporate Affairs Manager/ Houston, Chevron Corporation
Director	Jennifer Wagner	Partner/ HKS Architecture
Director	Jason Wells	EVP/CFO/ CenterPoint Energy



### ALL SECTIONS

CoStar  
Placer.ai  
Downtown Houston+  
mySidewalk

### THE DOWNTOWN PULSE

METRO Ridership Reports ([ridemetro.org](http://ridemetro.org))  
Houston Parks Board

### ONLY IN DOWNTOWN

Texas Bar Tab ([texasbartab.com](http://texasbartab.com))  
Discovery Green ([discoverygreen.com](http://discoverygreen.com))  
Houston First Corporation ([visithoustontexas.com](http://visithoustontexas.com))  
POST Houston ([posthtx.com](http://posthtx.com))

### DOING BUSINESS DOWNTOWN

mySidewalk (LODES 2020)  
Forbes

### LIVING DOWNTOWN

mySidewalk (U.S. Census Bureau 2018 - 2022)



## LOOKING FOR ECONOMIC DEVELOPMENT ASSISTANCE?

### TYPES OF SERVICES PROVIDED:

- + A 'Welcome' Package of information related to running your business in Downtown Houston
- + Comprehensive research and reports about the Downtown market
- + Property owner/commercial brokerage contacts
- + Assistance navigating regulatory hurdles
- + Identifying clustering and co-tenancy opportunities
- + Information about business development resources, financial incentives, and other programs

**DOWNTOWN  
HOUSTON+**

[DOWNTOWNHOUSTON.ORG](http://DOWNTOWNHOUSTON.ORG)

