

Downtown Houston Market Update

Central Houston, Inc. and Houston Downtown Management District



Houston Skyline

Houston's resilience in the face of the unexpected is as well-known as its beautiful buildings, cyclical economy, diverse food and beverage scene and of course – its weather. The challenges of 2020 bring this resilience into a unique focus with Downtown at the heart of much of the change. Office employees adapted to working from home, restaurants and hotels carved out new and inventive service options, building and residential property managers adopted technology to conduct virtual space tours and construction crews took advantage of the time by ramping up developments from office renovations, hotel guest room and meeting space upgrades and new Class A midrise and high rise apartment units. Street improvement projects are farther along than had been expected and Downtown Launchpad, the 17,000-SF innovation hub located in the Class A 13-story Amegy on Main building, opened for business.

EXECUTIVE SUMMARY (CONTINUED)

Our update this quarter contains all the details but here are the highlights.

More than 12.8 million square feet of Class A office space renovations throughout 14 buildings will be near or have been completed this year. The pause in office market activity and now evolving changes in tenant needs will be part of the Downtown office landscape as employers go forward with changing work dynamics including a new focus on health and wellness, flexibility and customization in office environments and as a result, Downtown is strategically positioned to capture these emerging and unique trends just as they begin to make traction. Hospitality is also active in new ways. Houston First launched capabilities for virtual events with a new 5,250-square-foot studio in George R. Brown Convention Center and just next door, renovations came online at the Hilton-Americas Houston with its \$54 million guestroom and meeting space transformation. Downtown dining also began to re-open mainly with outdoor patios and then limited indoor dining. By the end of the third quarter, more than 75 percent of Downtown's street level food & beverage establishments are estimated to have opened.

So there is a lot to come back to and as we do come back to Downtown in the final weeks this year, expect to wear your mask and to physically distance and know that as our Mayor Sylvester Turner likes to say, "You've got this."

Market Overview

OFFICE HIGHLIGHTS

51,469,131 sf

office inventory

1,251,856 sf

under construction

603,629 sf

planned

OFFICE

Downtown's office market activity level mirrored those in other large Houston office submarkets. Demand is soft across the board as tenants defer long-term decisions and landlords hold the line on asking rents while framing highly competitive concession packages. These urban office market trends are expected to remain in the final quarter of the year and into early-2021. The pause in office market leasing activity, ongoing business mergers and acquisitions the now evolving changes in occupier needs due to shifts in both short- and long-term workplace strategy will be part of the Houston urban office landscape including Downtown. Houston's urban core office market will continue to favor tenants due to excess space brought by the coronavirus pandemic and the volatility in the energy sector experienced over the past several years. And while Downtown's leasing activity is expected to remain below pre-pandemic levels in the short run as tenants contend with changing work dynamics (including a new focus on health and wellness, flexibility and customization in office environments), some pent-up activity may be sparked by such needs as a reversal of worker densification, expanded space planning and interior design and virtual technology upgrades.

Looking ahead, Downtown is strategically positioned to capture these emerging and unique trends just as they begin to make traction. One silver lining to the shutdown caused this year by COVID-19, is that owners have been able to take advantage of lowered building occupancies to accelerate Downtown office construction projects. As 2020 draws to a close, more than 12.8 million square feet of Class A office space renovations throughout 14 buildings will be near or have been completed this year. During the third quarter, Brookfield Properties finished a multi-million-dollar construction project in its 35-story, 820,000 square foot Total Plaza. The redevelopment took advantage of the tower's all glass exterior (one of the first in Downtown to have such a façade) in order to bring abundant light into the building and focused on upgrades to the street and second floor lobby levels as well as the tunnel level, creating an open floor plan utilizing abundant natural light.

Brookfield Properties, which owns and operates Allen Center, the three-tower, 3.2 million square foot Class A office complex will also be soon completing its overhaul which was launched in 2016. The renovations include an upgraded conference center, a new fitness center, additional retail space nearing 30,000 square feet, outdoor terrace and a new sky bridge connecting two of the buildings. Brookfield Properties is also working on an extensive remodel of the 1.2 million square foot Heritage Plaza which includes upgrades to the building's exterior, main lobby, tenant conferencing areas and the sky lobby which began late last year.

Rounding out the Downtown office pipeline are two projects: Texas Tower, Houston's newest multi-tenant prime 1.1 million square foot 47-story Class A office tower located at 845 Texas Avenue being developed by Houston-based. Hines will be relocating its global headquarters from Uptown when the building is completed in late-2021. Also underway is Houston-based Lovett Commercial's redevelopment of the former Barbara Jordan post office, POST Houston, located on 16 acres at 401 Franklin Street. When completed, the 500,000 square-foot project is expected to house a food hall, 150,000 square feet of office and coworking space, a shopping area and a concert venue replete with a 5-acre rooftop park.

New York-based **Brookfield Properties** offered a preview of several new amenities tenants can expect once its overhaul of Allen Center, the extensive three-tower, 3.2 million square foot Class A office complex developed in the 1970s at the intersection of Dallas and Smith. The renovations include an upgraded conference center, located in the 34-story, 994,000 square foot **One Allen Center** (500 Dallas) will feature three meeting rooms equipped with seating capacities of 50 to 75 per room, and will also have one boardroom-style meeting room with seating for up to 14 while the entire conference center can be reconfigured to accommodate up to 185 people. Additionally, Brookfield Properties said the complex's new fitness center, located at the 53-story, 1.2 million square foot **Three Allen Center** (333 Clay) will be outfitted with Peloton bikes, rowing machines, stretch mats, towel service, locker rooms and showers. The fitness center will also include a new bicycle room for tenants who wish to take advantage of the bike trails at nearby **Buffalo Bayou Park**. The bicycle room will have a street-level entrance as well as wall-mounted storage racks for up to 35 bikes and access to servicing tools. The fitness room and bike room are scheduled to open in October 2020. The next phase of Brookfield Properties' planned renovations to Allen Center – which has an additional 28,535 square feet of retail space – include adding a new two-story lobby, a second-floor outdoor terrace, updated retail bays and tenant mix at Two Allen Center and renovated elevator lobbies and elevator cabs for both buildings. In March 2020, Brookfield Properties unveiled a new sky bridge connecting the two properties. Construction for the renovations began in April 2019 and has an estimated completion date of late 2020. Brookfield Properties is also in the works on a massive remodel of the 1.2 million square foot **Heritage Plaza** (1111 Bagby), which involves upgrades to the building's exterior, main lobby, tenant conferencing areas and the sky lobby which began late last year. ([HBJ](#), [Chron](#))

OFFICE (CONTINUED)

JPMorgan Chase bank has leased 250,000 square feet of space in the tallest office tower in Texas, the 75-story, 600 Travis Street building. The transaction is one of the largest Downtown Houston office leases in several years. Chase's move comes with as major renovations of the 1.7 million square foot tower were announced this summer by the building's owners, Houston-based **Hines** international real estate firm, and an affiliate of **Cerberus Capital Management, L.P.** which acquired the building last year. The renovations will include a redevelopment of the sky lounge on the 60th floor, improvements to the outdoor plaza and an eye-catching, pyramid-shaped expansion to the building's lobby. Chase Bank had been a long-term key tenant in the building for more than 20 years before relocating a few years ago. The bank is expected to vacate its space at the 17-story, 428,000 square foot **1111 Fannin** building, and will relocating hundreds of employees to the 600 Travis Street building, according to experts in the real estate community, and is expected to continue to occupy a significant amount of office space at the **Jones on Main** (712 Main). The planned



600 Travis

comprehensive revitalization was designed by the HOK architecture firm. A noted outdoor fixture on the plaza - the largest Joan Miró sculpture ever commissioned, entitled Personage and Birds will remain onsite but the changes on the building street level - both plaza and lobby - will be significant. Hines notes that the planned changes to the building's ground-floor plane will be some of the most transformative in its history in order to take advantage of the building's unique large plaza area. ([ConnectMedia](#), [RNR](#), [BisNow](#))

The **JPMorgan Chase** lease 250,000 SF in the 75-story building at **600 Travis** will result in the bank vacating in September 2021 when its current lease expires for its office space in the 17 story, 428,000 square foot at **1111 Fannin** where it is the sole tenant. The **1111 Fannin** building is currently controlled by New York-based **Greystone**, a private commercial real estate finance and investment company. The building is presently being marketed by Dan Miller and Martin Hogan of JLL Capital Markets and is expected to attract acquisition bids of approximately \$21 million or \$49 per square foot, according to Newport Beach, CA-based **Real Estate Alert**. Despite the market contraction caused by COVID-19 and an energy commodities slump, the 1111 Fannin building, built in 1971, has the advantage of a trove of nearby amenities. It's across the street from the **GreenStreet** (1201 Fannin) mixed-use development including the 223-room **Hotel Alessandra** (1070 Dallas), which also has an upscale **Life Time** fitness center, is one block from the 200,000 square foot **Shops at Houston Center** (1200 McKinney) - and a few blocks from the popular Downtown park, **Discovery Green** (1500 McKinney). The sale of the Downtown Houston office building will provide appraisers a contemporary comparable investment property sale in an uncertain market that has changed significantly during 2020. ([RNR](#))

Houston-based, global developer **Hines** refinanced its 48-story **609 Main at Texas** office tower during the summer. JPMorgan Chase's commercial mortgage division is preparing to issue a commercial mortgage-backed securities bond backed by the recently refinanced Class A 1.05 million square foot building, according to filings with the Securities and Exchange Commission. The refinancing and bond come after a possible sale of the landmark tower dissolved at the start of the coronavirus pandemic. The 609 Main skyscraper, completed in 2017, is nearly 95 percent leased and is home to law firms, White & Case, LP and Kirkland & Ellis LLP as well as professional services companies such as Goldman Sachs, McKinsey & Company, Inc., Savills and BlackRock and a number of tenants in energy industry including Piper Sandler, Enven Energy Corp. and Falcon Minerals. ([CoStar](#))

Market Overview

HOSPITALITY HIGHLIGHTS

8,235

current hotel rooms

150

under construction

OFFICE (CONTINUED)

New York-based **Brookfield Properties** completed one of several high-profile office tower renovation projects underway in Houston. Renovations to **Total Plaza** (1201 Louisiana) began during 2019 on the 845,000 square foot, 35-story Class A office tower are now complete. Houston-based **Ziegler Cooper Architects** handled the redesign, which upgraded the street-level and second-floor lobbies as well as the tunnel level. Houston-based **Tellepsen** led the construction. The renovation project aimed to create a user-friendly open floor plan and utilize natural light from the building's all-glass facade. Some other key elements of the project include modernized elevator cabs and lobbies, featuring backlit onyx panels in the elevator lobbies, new LED lighting and upgraded furniture across both lobbies with two new security consoles on the second-floor lobby. Brookfield also removed the east escalator on the street-level lobby facing Dallas St. in order to enhance natural lighting while also revamping the tunnel level as the building contains 11,735 square feet of retail space and will offer new furniture, white tile walls, and a preserved plant wall spanning about 8 feet by 21 feet. Total Plaza now features replaced art walls

in the street-level lobby with an art rail for traveling exhibitions, new signage on the interior and exterior of the building and construction of **Island Grill**, a Houston-based American-Mediterranean eatery, which is slated to open in late 2020. Originally built in 1971, Total Plaza has undergone previous upgrades including the addition of a fitness facility and adjacent bike room. The lobbies were previously renovated in 1996. In February 2019, anchor tenant Total reaffirmed their commitment to Total Plaza with a 305,680 square foot office lease renewal and expansion. Total Plaza is also home to the Petroleum Club of Houston, a private social and business club located on the 35th floor of the building. ([RNR](#), [HBJ](#))

HOSPITALITY

Growing staycation – or 'safecation' – hotel packages offering a range of safe, secure room, dining and spa options are an increasing focus for Downtown's hospitality industry which recently saw demand boosted by the Labor Day weekend. According to early-September data provided by Houston First, hotel occupancy throughout Downtown was 19.8 percent, an increase of more than five percent over the summer vacation months of July and August. With an average nightly rate of nearly \$138 per room, Downtown hotels continue to be the overall rate leader compared to other Texas urban core markets in Austin, Dallas and San Antonio. In order to ensure that guests feel safe, hotels have adopted the Centers for Disease Control's (CDC) safety guidelines by increasing guest room sanitization, reducing hotel staff room access during guest stays, and installing hand sanitizer stations throughout lobbies, elevator banks and common areas.

In other third quarter developments, Houston First has launched capabilities for virtual events with a new 5,250-square-foot studio in George R. Brown Convention Center. Starting in August, event planners were able to hold virtual, in-person or hybrid meetings in the newly constructed Avenida Houston Virtual Studio inside the convention center. The virtual studio is described as a permanent broadcast facility capable of hosting a wide range of events, while still adhering to social distancing mandates. The studio includes the ability to hold pre-recording panel discussions between presenters online and can host live broadcasts between the presenters located in the new George R. Brown Convention and remote speakers in a hybrid-style format.

Still, Downtown hotel operators have faced the difficult setbacks of 2020 by adjusting staff levels, offering day rate lodging packages as alternative work and refresh environments and weekend getaway packages.



Total Plaza



Hilton Americas- Houston

HOSPITALITY (CONTINUED)

Meanwhile, renovations are coming online – such as the Hilton-Americas Houston \$64 million guestroom and meeting space transformation and the planned fourth quarter opening of Downtown's newest hotel, the 150-room Hyatt Place Houston Downtown – will position Houston's largest hotel market to also be among one of most active for visitors and staycation-goers alike during the upcoming 2020 holiday season.

The **George R. Brown Convention Center** (1001 Avenida De Las Americas) has sat vacant since spring due to COVID safety precautions precluding gatherings of most sizes. But **Houston First Corp.**, the organization responsible for managing the convention center, has a new plan to make use of the building, even at a time when social distancing mandates make hosting large-scale conferences and events difficult. Starting in August, event planners were able to hold virtual, in-person or hybrid meetings in the newly constructed **Avenida Houston Virtual Studio** inside the convention center. Houston First described the virtual studio as a permanent broadcast facility capable of hosting a wide range of events, while still adhering to social distancing mandates. The 5,250 square foot studio is capable of prerecording panel discussions between presenters and then presenting those events online. It will also have the capability to host live broadcasts in which a host or a group of hosts anchor the program. The space can also be used to connect in-studio presenters with remote speakers, in a hybrid-style format. The studio comes equipped with a range of high-end equipment. To protect the safety of those booking time in the studio, Houston First has also installed a new Integrated Viral Protection system, which the organization said has been shown to be capable of eliminating up to 99.999% of COVID-19 coronaviruses and 99.8% of anthrax spores in the air by implementing a heated filtration system that does not affect the ambient temperature of the air. For Houston First, bringing the convention center back online, even at a limited capacity, is part of a strategy to help shore up the city's straining hospitality business. ([HBJ](#))

Hilton Americas-Houston (1601 Lamar) completed its \$54 million guestroom and meeting space renovation this summer. The hotel transformation is designed with the multi-tasking traveler in mind and with guest safety as its highest priority. Functionality, accessibility and comfort were focal points of the contemporary design highlighted by premium in-room amenities including additional power and USB ports, 65" 4K ultra high-resolution Samsung TVs, multifunctional furniture, wall murals created by local Houston artists, updated restrooms with walk-in showers and sliding barn doors. Along with the guidance and expertise of art consultants, art creations from eleven local artists with diverse mediums from photography, painting and collage, were selected, to enhance guestrooms with vibrancy and local flavor. In addition to guestrooms, the hotel's 91,500 square feet of meeting space has been revamped to create event experiences that are clean, safe, flexible and socially responsible incorporating 'Hilton EventReady with Hilton CleanStay.' Capable of holding large numbers of people with physical distancing enforced, Hilton Americas-Houston's flexible meeting space opens the door for weddings, galas, luncheons, fundraisers, celebrations and many other meeting and event possibilities both during and post COVID-19. The Downtown hotel contains Houston's largest number of guest rooms, ballrooms, hotel meeting space, and the offers most technologically advanced services available under one roof. The AAA Four Diamond property features 1,207 appointed guestrooms, 91,500 square feet of flexible meeting & event space, a fitness center and a 75-foot infinity indoor pool. ([HotInHouston](#))

Downtown hotels are among the most exposed commercial service and real estate sectors during the COVID-19 shutdown and early starts of what will be a slow recovery. Consequently, it may be several years before the U.S. hospitality industry recovers from Covid-19. ([HBJ](#))

Market Overview

RETAIL HIGHLIGHTS

400+
restaurants,
bars & clubs

2
opened

5
planned

RETAIL

Retail as an industry is one of the most profoundly impacted by the COVID-19 pandemic. Dine-in restaurant and bar closures drew the food and beverage industry into a dramatic pullback during the spring. As the shutdown restrictions started to be lifted in the summer, Downtown dining began to re-open mainly with outdoor patios and then limited indoor dining. By the end of the third quarter more than 75 percent of Downtown's street level food and beverage establishments (excluding bars) are estimated to be open and nearly two-thirds of the food operators in the expansive Downtown tunnel system and food courts are operating limited hours catering to the breakfast and lunch crowds.

Throughout the summer chefs and mixologists expanded to-go menus and specializing in food items that travel and pack well for carry-out and delivery including alcohol sales. Special to-go packages, take-away picnic baskets and ghost kitchens opened. In mid-September,

and Quarantine Picnic Packs, which rolled out in August. Owner, Michael Neff explained that necessity forced a shutdown to help protect the safety of Houstonians and as a result, **The Cottonmouth Club** is determining its path towards adapting by creating digital structures starting first with a virtual bar, which he said is 'now turning into a national conversation.' Bartender Stacy Gouty added that the bar is also launching the Cottonmouth Quarantine Quickstop, featuring signature cocktail concoctions, and Quarantine Picnic Packs that will be introduced on August 1st. The Picnic Packs will include beverages for two, perfect for a day in the park, at the beach or a nice staycation in the backyard. Gouty added that the experience has challenged all the crew to keep pushing forward. ([Chron](#))

Downtown live music venue and restaurant **The Rustic** (1836 Polk) announced during early-September it will launch a lineup of intimate concerts. The Rustic's 'The Safe Sounds Music Series' is bringing musicians back to its stage, with COVID-19 safety measures in place including limited capacity, social distancing, face masks and staggered arrival times for guests. Taking to the stage first in mid-September was alternative rock band Jackopierce. The 25,000-square-foot building has a retractable roof, plus a sprawling patio which is the centerpiece of its 'Kitchen. Backyard. Bar. Live Music' venue. Along with live music, guests can enjoy locally sourced homestyle dishes and smoked meats while its bar menu features 25 wines, 20 beers on tap with a Texas leaning, and classic and creative cocktails. ([Chron](#))

Gourmet salads are now on offer in Downtown by **Sweetgreen** (820 Main) which held its soft opening in mid-September as the popular chain opens its third Houston 3,000 square foot location replete with a custom art piece created for the space by local Max Manning. The Downtown location is joining its two other Houston locations in the Rice Village and Montrose areas. Founded in 2007 by then-Georgetown University students Jonathan Neman, Nicolas Jammet, and Nathaniel Ru, Sweetgreen has grown to over 100 U.S. locations. With 29 interior seats and patio dining for 16, Sweetgreen is expected to be a hit with Downtown's lunch crowd in search for fresh, healthy choices. Sweetgreen also partners with high-profile chefs for special bowls. In Houston, Chris Shepherd contributed a Caesar salad riff with a Southern twist of pimento cheese, pecans, and a vinaigrette made with Steen's Cane syrup. Recently, the restaurant introduced a bowl designed by celebrity chef David Chang that includes kelp and sweet potatoes. The company has also earned acclaim for its innovative use of technology as more than half of all its orders are placed directly via the Sweetgreen mobile app. ([Culture Map](#), [Eater](#), [Chron](#))



The Rustic

Downtown welcomed the opening of Sweetgreen which offers fresh, healthy and diverse choices with its creative salad combinations such as its signature "Guacamole Greens" and seasonal features such as miso-glazed root vegetables. Also on the horizon for dining and Sunday Brunch options is the reopening of Xochi in early October housed in the Marriott Marquis Hotel offering its variety of house-made masas, imported Oaxacan, coffee, and stellar bar program extensive selection of mezcals, tequilas and Mexican craft beers. Guard and Grace, the 15,000-square-foot modern steak and seafood destination will reopen shortly afterwards in its Allen Center location.

Houston's favorite bars Downtown are developing new concepts to work with social distancing and other post COVID-19 safety measures for guests and patrons. In one example, The Cottonmouth Club (108 Main), the crew has created a "virtual bar" concept, "digital bar experiences,"

RETAIL—COMING SOON

Xochi (1777 Walker), part of Tracy Vaught and chef Hugo Ortega's H-Town Restaurant Group located in the **Marriott Marquis Hotel**, is scheduled to reopen Oct. 1 for happy hour, dinner, and Sunday brunch. After more than six months of closure, the restaurant will be operating at 75 percent capacity and with other now-standard cleanliness standards in place, including screening employees for temperature before shifts and using disposable menus. The menu will be paired down, with favorites remaining. The Downtown restaurant has been closed since state and county mandates due to Covid-19 went into effect in March. Xochi owner, Tracy Vaught previously stated that she did not expect to reopen Xochi for a while, with the pandemic impacting Downtown foot traffic and while a number of hurdles are still in place, the owners felt it was important to welcome guests back and again saying in a release it was time to bring life back to Downtown. ([HBJ](#), [Eater](#))

Common Bond Café & Bakery has been completed its interior construction in Downtown's latest food hall, **Understory** (800 Capitol). The 4,900 square foot full-service bakery and brasserie, located street level in the Bank of America Tower, will feature one of Common Bond's first full bars, serving beer, wine and cocktails. Pop-up events may occur as soon as this fall with a grand opening planned for later this year or early-2021. The new Downtown location will seat approximately 210 customers and employ 63 as well as having longer weekend hours. ([HBJ](#))

RESIDENTIAL

Downtown's September Multifamily Class A occupancy closed the third quarter at 83.1% down 1.5% since June. September average asking rents were \$2.28-SF/MO which subsided slightly from \$2.36-SF/MO during the second quarter as Downtown landlords offered seasonal concessions such as four to six weeks of free rent and waived application fees. Downtown apartment demand is slowly returning with residents taking the keys on 93 additional units since June. But the third quarter Downtown trends reflect those in the overall Houston market during the late summer. Houston's urban multifamily markets comprising of Montrose/Midtown, the Heights and Upper Kirby likewise saw occupancy decline by a half percent or more. Downtown continues to command the highest rents, though, which garner a premium of nearly \$1,800 per month/per unit, compared to Montrose/Midtown at \$1,655 per month/per unit ranking second.



808 Crawford

Downtown's residential market is seeing new multifamily rental trends emerge such as tenants transitioning to shorter-term leases (such as six or seven months or month-to-month extensions on expiring leases), a pattern emerging since March across Houston. Meanwhile, most multifamily portfolio owners expect the region's leasing market to post recovery signs during the next 12 to 18 months but there is an overall shift to a longer timeline across Houston's major submarkets, including Downtown, as multifamily tenant preferences change with renters adopting to a more 'wait and see' approach.

Looking ahead, the local residential sector is coming from a solid position with more than 6,300 Downtown multifamily units and where occupancy gains created an estimated population base of approximately 10,100 residents, an increase of more than 1,200 during the last two years. As a result, construction continues for four Downtown multifamily properties containing nearly 1,200 new additions. These include Fairfield Residential's location at 1810 Main which is active on its development of 286 rental units planned for completion in late-2021 or early-2022. Other Downtown projects now under construction include the mid-rise multifamily project, Sovereign at the Ballpark, containing 229 units, and the luxury 46-story high rise, The Preston, which will be Downtown Houston's tallest residential building featuring 373 units set for completion in 2022. Most recently, ground was broken this summer on a 43-story apartment tower to be located at 808 Crawford St., adjacent to Discovery Green, expected to also deliver in 2022. The tower will include 309 multifamily units including 16 two-story townhome-style units and four two-story penthouses. This project will be Downtown's only luxury high-rise offering direct access to more than 6.5 miles within Downtown Houston's skywalk/tunnel system.

High Street Residential, the residential subsidiary of Dallas-based **Trammell Crow Co.**, has broken ground on a 43-story apartment tower at 808 Crawford St., next to Discovery Green, and is expected to deliver in late 2022, according to company officials in July. Houston-based **Ziegler Cooper Architects** is the architect on the project, and Dallas-based **Andres Construction**,

Market Overview

RESIDENTIAL HIGHLIGHTS

6,279
residential units

1,197
under construction

579
planned

83.1%
occupancy rate

RESIDENTIAL (CONTINUED)

which has a Houston office, is the general contractor. Other design partners include **Walter P Moore, SCA Consulting Engineers, Kudela & Weinheimer, Wylie Consulting Engineers** and **Waldrop + Nichols**. The tower will include 309 apartment units in a mix of one-, two- and three-bedroom floor plans, including 16 two-story townhome-style units on the 15th through 34th floors and four two-story penthouses on the 41st floor. Units will feature 9- to 10-foot ceiling heights, floor-to-ceiling windows, blackout shades, kitchens with gas ranges and quartz countertops, European-made custom cabinetry, spa-like bathroom features and large custom closets. There will be three levels of amenities, including a rooftop pool with indoor and outdoor lounge areas and a cantilevered observation deck more than 430 feet above street level. The 14th-floor amenities will feature a lounge and clubroom, including a catering kitchen; a fitness center; two guest suites for short-term stays of residents' guests; an enhanced work-from-home center with conference rooms and coworking arrangements; an outdoor fireplace and seating area; barbecue grills; a yoga terrace; and multiple seating areas with views overlooking Discovery Green. Other amenities will include a coffee and refreshment bar; a covered dog run and indoor pet spa with grooming stations; 24/7 valet parking and concierge and security services; bike storage; and private air-conditioned storage. The project will be the first luxury high-rise in the area that will offer direct access to the Houston skywalk/tunnel system, according to Trammell Crow Co. ([HBJ](#))

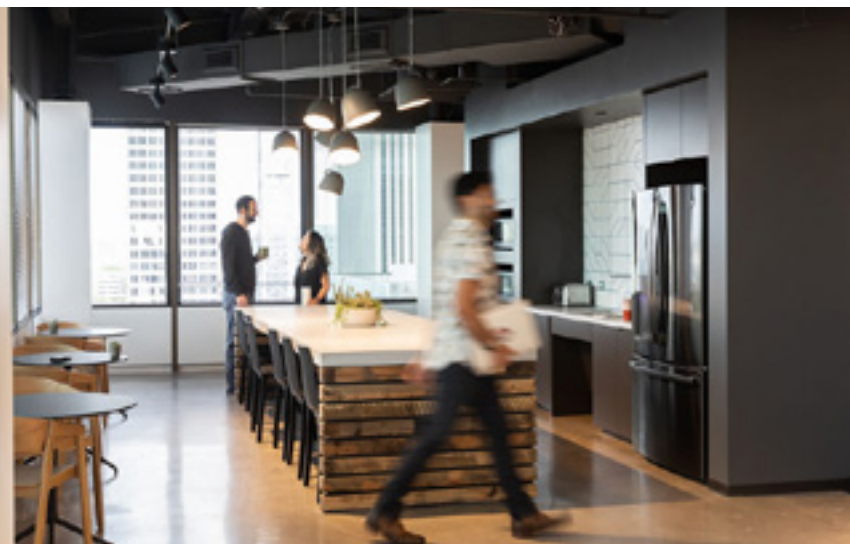
INNOVATION

Downtown's Innovation Hub is at the center of a corridor from UH-Downtown along Main Street into Midtown, the Museum District and past Hermann Park to Rice University and the Texas Medical Center. This four-mile corridor is an extraordinarily powerful social and economic convergence linked by light rail, bike lanes and sidewalks offering easy access to key industry and institutions along with an unparalleled array of amenities.

Downtown is continuing to make substantial headway on Central Houston, Inc.'s vision to establish a vibrant innovation space that becomes the center of gravity for technology and entrepreneurship in the northern node of the Houston Innovation Corridor. Downtown Launchpad, the 17,000-SF innovation hub located in the Class A 13-story Amegy on Main building, opened for business during September, bringing start-up boot camps and new business incubation to Downtown Houston. Central Houston, Inc. and Downtown Redevelopment Authority were among the driving forces behind Downtown Launchpad. Resident partners include nationally recognized startup accelerators, MassChallenge Texas and gener8tor, along with global nonprofit incubator Impact Hub Houston. Operation partner, The Cannon, will be the space's community manager. In addition to space for accelerator and incubator program employees and participants, Downtown Launchpad will also be a place for idea incubation, entrepreneur boot camps, community events, workforce development, innovation labs, creatives, coworking and corporate innovation. This environment enables entrepreneurs to move seamlessly through the stages of startup production, all in one space.

Central Houston, Inc. and the Downtown Redevelopment Authority selected the Amegy on Main building, which had already begun creating a robust innovation ecosystem with the build-out of The Cannon Tower, a coworking venture operated by The Cannon on the 13th floor of the building. The Cannon Tower opened in December 2019, the same month that construction on Downtown Launchpad began. Impact Hub Houston signed on as Downtown Launchpad's third resident partner in July 2020.

Downtown Launchpad's September 30 opening included a Virtual Open House featuring introductory remarks by Mayor Sylvester Turner. Following the tour of the space including conference rooms and work areas, a panel discussion about this unique space and how it's poised to transform Houston's startup ecosystem included John Nordby of MassChallenge Texas; Grace Rodriguez, Impact Hub Houston; and Abby Taubner, gener8tor as featured speakers.



Downtown Launchpad

INNOVATION (CONTINUED)

This summer, **Downtown's Innovation Hub** welcomed the addition of global incubator **Impact Hub** to the Bayou City, a global ingroup focused on high-impact companies as well as diversity and inclusion. **Impact Hub Houston** (1801 Main), will be co-located in the new **Downtown Launchpad**, which opened in September, and during its first year will host 36 Startup Events including Lunch & Learns, Community Events, Panel Conversations, Entrepreneur Boot Camps and will reach more than 2,400 attendees. Founded in 2018, Impact Hub Houston will host the annual Houston Global Innovation Startup Week while supporting a minimum of 20 Entrepreneurs and Startups Monthly. **Grace Rodriguez**, who co-founded local startup hub Station Houston in 2016, joined Impact Hub Houston as executive director and CEO in October 2018. The nonprofit works to build an inclusive and diverse innovation ecosystem for founders of all walks of life. Impact Hub Houston launched this summer a new

“accelerate” membership, which offers a customized curriculum, access to the global Impact Hub network and more. Impact Hub Houston joins Downtown Boston-based **MassChallenge Texas** and Madison-based **gener8tor** in Downtown Launchpad to provide programming while **The Cannon** makes available additional coworking services. Impact Hub Houston is part of 100 Impact Hubs in over 55 countries around the world. Impact Hub Houston offers a community membership, where for a monthly fee of \$35, innovators and entrepreneurs can connect to its global community as well as access global coworking spaces. Impact Hub Houston is also offering its new accelerate membership with ongoing, accelerator-style programming and support curriculum delivered in on-demand featuring personalized program planning, personalized development planning, mentorship and masterclasses from experts around the world that are in this entire Impact Hub network. ([HBJ](#), [HBJ](#))



Downtown Launchpad

DOWNTOWN INNOVATION HUB: CO-WORKING, ACCELERATORS, INCUBATORS (SORTED BY TOTAL SF)

PROPERTY NAME	TYPE	ADDRESS	SQUARE FEET
Novel Coworking	Coworking	405 Main	85,000
WeWork including: Flatiron School	Co-working Coding School		
Veterans in Residence (VIR) /WeWork Bunker Labs	Coworking/Incubator	708 Main	78,063
WeWork Labs	Incubator		
Spaces (Regus) – Opening March 2020	Co-working	GreenStreet (1201 Main)	63,429
WeWork	Co-working	609 Main at Texas	56,000
Life Time Work – Opens 2021	Co-working	GreenStreet (1202 Main)	37,681
Accenture Innovation Hub	Innovation Space	1301 Fannin	37,487
Hines2 (Hines Squared), The Square	Co-working	717 Texas	27,795
Bond Collective – Opens Late 2019 or Early 2020	Co-working	Pennzoil Place – South Tower (711 Louisiana)	25,871
Station Houston powered by Capital Factory: BBL Labs (BBL Ventures)	Co-working Accelerator		
Founder Institute	Accelerator	1301 Fannin	25,412
Ion Smart Cities Accelerator (Microsoft, Intel)	Accelerator		
The Cannon Tower	Coworking (+ event space on 11th Floor)	Amegy Bank Building (1801 Main, 13th Floor)	17,000
Downtown Launch Pad – Opening Summer 2020 MassChallenge Texas	Innovation Space		
gener8or	Accelerator	Amegy Bank Building (1801 Main, 10th Floor)	17,000
Impact Hub			
Regus	Executive Suites	Pennzoil Place – North Tower (700 Milam)	15,200
Novel Coworking	Coworking	720 Rusk	15,000
Servcorp	Executive Suites	TC Energy Center (700 Louisiana)	7,065
Regus	Executive Suites	1001 Texas	4,600
Sources: Central Houston, Inc., CoStar		GRAND TOTAL	512,603

OTHER DEVELOPMENTS

Jonathan H. Brinsden, chief executive officer of Houston-based **Midway**, a Houston-based real estate investment and development firm and **Central Houston, Inc.** Board Chair, has been appointed as Americas Chairman for the non-profit Urban Land Institute (ULI). At Midway, Brinsden oversees a number of notable projects in Houston, including the CityCentre mixed-use project at the intersection of the Katy Freeway and Beltway 8; Downtown's **GreenStreet** (1201 Fannin) mixed-use development; and the 150-acre East River which is under development on the Buffalo Bayou waterfront just east of Downtown. Brinsden brings extensive ULI leadership experience to his new volunteer role having previously served as a Global Board Director, Governing Trustee, ULI Foundation Governor and as chair of ULI Houston. Brinsden also serves on the boards of the Buffalo Bayou Partnership, SEARCH Homeless Services, and the Coalition for the Homeless. ([RNR](#))



downtown Magazine Fall Edition

Downtown's historic former Barbara Jordan Post Office (401 Franklin) will feature a six-acre rooftop farm and park – to be known as named **Skylawn** – with panoramic skyline views of Houston. Houston-based **Lovett Commercial** is developing the space, calling it POST Houston with plans to include experimental shopping options, an international food hall, coworking offices, and a music venue and 6,000 square foot event space, which will be able to host up to 300 guests. Skylawn, was designed by Hoerr Schaudt, the Chicago-based landscape architects behind Houston's **McGovern Centennial Park**. Currently the 16-acre site, which includes comprises a two-story warehouse on a more than five-acre footprint with a five-story administration building facing Franklin Street, was acquired by Lovett Commercial in 2015, is under construction, with POST Houston expected to open early 2021. The property sits on the northern end of Downtown near the corner of Franklin and Bagby, across Buffalo Bayou from the bulk of the city's office and residential towers. ([Chron](#), [Chron](#))

NOW ON STANDS: **downtown Magazine** fall edition. This issue features Market Square Park with an article, 100 Things to Love, in recognition of Market Square Park's 10th birthday celebrating the many ways it has become the heart of its Downtown neighborhood. Also read about the park's newest public art installation, *Meander*, where visitors will encounter winding, organic forms with a surface that resembles a frozen river by local artist and landscape architect Falon Mihalic. Additional features include a spotlight on Downtown Launchpad and 'safecation' ideas, from romantic weekend dates to family fun, at Downtown's hotels. ([downtown Houston Fall Magazine](#))

A unique new park and hiking trail broke ground this summer in Downtown Houston along Buffalo Bayou. Construction has begun on the new green space and 0.4-mile hike and bike trail along Buffalo Bayou from Fannin Street to McKee Street. This segment, when complete, will tie directly into the proposed **Austin Street Bikeway** and provide important connections to Buffalo Bayou Park and to trails east of Downtown, according to a press release. Helmed by **Houston Parks Board** and **Buffalo Bayou Partnership**, the project is in cooperation with the **Downtown Redevelopment Authority**, the **City of Houston**, and the **Houston Parks and Recreation Department**. The green space project will cost approximately \$8 million. Logistically, the trail will begin at Allen's Landing Park and continue east under the Fannin Street Bridge, transverse up the slope along Commerce Street before passing under the San Jacinto Bridge to the Wilson Building on Commerce Street. It will continue through the second basement level of the Wilson Building

Market Overview



Steffany Brady's *Brilliant Tapestry* (1111 Main)



Josh Ryan's *Saint Marvin* (300 Main)

OTHER DEVELOPMENTS (CONTINUED)

and under the Harris County Sheriff's Inmate Processing Center. East of the new plaza, the trail continues under the newly rebuilt Elysian Viaduct to McKee Street. The trail will connect Downtown and the south side of Buffalo Bayou to the MKT Trail and White Oak Bayou Greenway. Following approximately one year of construction, Buffalo Bayou Partnership will maintain the park and trail under contract with the Houston Parks Board as part of the Bayou Greenways 2020 maintenance agreement with the City of Houston. Buffalo Bayou Partnership project donors are Barbara and Gerald Hines, Wendy and Jeff Hines, and Sis and Hasty Johnson. Partner funding comes from the Downtown Redevelopment Authority, a public entity that facilitates positive economic development within downtown's TIRZ #3 boundaries, and Bayou Greenways 2020, a public-private partnership between Houston Parks Board and the City of Houston through the Houston Parks and Department, with catalyst funding from the **Kinder Foundation**. ([Culture Map](#))

The **Downtown District** and **UP Art Studio** have installed 18 public art installations by Texas talents, dubbed WindowWorks, from the 200 to 1800 blocks of Main Street, with a few on side streets. There's eye candy to please a range of tastes. Beast Syndicate's *The City of the Future Past* (609 Main) has comic book and graphic appeal. Laurence Unger's *Hieronymous Box* (1111 Main) is a jaunty and expansive Houston landscape. IbarraColor's *Dynamic Disruption* (402 Main), Steffany Brady's *Brilliant Tapestry* (1111 Main) and Ulys Gold's *Somos Libros* (803 Fannin) feature eye-bending geometric patterns. Usagi Wasabi's *All is Right in the Jungle* (811 Dallas), Dee Jon's *Feels Like Summer* (1313 Main) and Ruben Ramires' *Wild Flowers* (1100 Travis) are cheerfully nature-inspired. Angela Fabbri's *It's Just Paper* (930 Main) and Peso Zapata's *You'll Never Be Rich* (917 Franklin) provoke thoughts about time and money. In addition, all 18 WindowWorks installations can be seen on the [Houston Mural Map](#), although it would be more fun to get outside and explore in-person. ([Chron](#))

For the third consecutive year, the **University of Houston-Downtown** (One Main) grew its enrollment. The Fall 2020 enrollment for university reached a record 15,251 students enrolled in both undergraduate and graduate courses. This total represents a 4.2 percent increase in the University of Houston-Downtown's (UHD) total headcount and a 4.7 percent increase in semester credit hours. Fall enrollment also includes nearly 1,500 First Time in College Students (FTICs), UHD's largest freshman class. The number of graduate students also increased to 1,576, a 4.8 percent increase from 2019. Enrollment gained momentum during the summer sessions as classes remained online during COVID-19. Students gravitated to the online courses and UHD's summer enrollment increased by more than 20 percent from Summer 2019. ([UHD](#))

Q3 2020 Overview

MAJOR OFFICE LEASES (SORTED BY SF)

OFFICE LEASES

TENANT	TYPE	BUILDING TO	BUILDING FROM	SQUARE FOOTAGE
Indigo Minerals	Renewal	600 Travis		45,125
EP Energy	Relocation/Sublease	601 Travis	1001 Louisiana	62,261
Rockcliff Energy	Relocation	717 Texas	1301 McKinney	41,402
Riveria Resources	Relocation	717 Texas	600 Travis	27,114
Momentum Midstream	Renewal	600 Travis		22,575
Set Solutions	New	808 Travis	Uptown	10,000
DLR Group	Relocation	1000 Louisiana	919 Milam	9,014
Broad Reach Power	New	Three Allen Center		12,245
333 Clay	Uptown	8,891		13,021
Percussion Petroleum Management	Renewal	919 Milam		7,498
Caliche Development Partners	Renewal	600 Travis		5,677

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

RESTAURANT & RETAIL OPENINGS

BARS & RESTAURANTS

ADDRESS
Sweetgreen 820 Main
Finn Hall at the Jones on Main Pho Binh 712 Main

RETAIL

ADDRESS
Paloma Nail Salon C. Baldwin Hotel (400 Dallas)

RESTAURANT & RETAIL COMING SOON*

BARS & RESTAURANTS

ADDRESS
Island Grill Total Plaza (1201 Louisiana)
Mendocino Farms Sandwich Market Allen Center (1200 Smith)

Understory Food Hall

Common Bond Café & Bakery (April 2020)	Bank of America Tower (800 Capitol)
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Sweetgreen	1777 Walker
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RETAIL

ADDRESS
The Argyle League Bank of America Tower (800 Capitol)

*Based on known projects

Spotlight on Downtown Houston

LOCAL MEDIA

August 10, 2020

HOUSTON SCORES LOFTY RANKING IN NEW STUDY OF AMERICA'S BEST CITIES

"Houston scored a high ranking in ranking in new study of America's cities by coming 11th as the best city in the U.S. and the top city in Texas, according to a consulting firm's annual study published by Vancouver, Canada-based Resonance Consultancy Ltd., which specializes in marketing, strategy, and research for the real estate, tourism, and economic development sectors. The 2020 study notes Houston for its ethnic diversity, with more than 145 languages spoken in Houston-area homes. Highly regarded restaurants, rated fourth behind Los Angeles, New York City, and Chicago. Healthy concentration of Fortune 500 companies, representing the country's biggest businesses. Twenty-two companies based in the Houston area are listed on this year's Fortune 500, and half are located downtown . . . Resonance Consultancy ranks large U.S. cities by relying on a mix of 26 performance and quality measures. This year, New York City tops the list, followed by Los Angeles; San Francisco; Chicago; Washington, D.C.; San Diego; Las Vegas; San Jose, California; Miami; and Boston. Three spots behind Houston is Dallas, at No. 14. Austin comes in at No. 17 and San Antonio at No. 28. Fort Worth isn't included in the ranking . . ." — [Innovation Map](#)

August 17, 2020

'WALLS OF LOVE' IN DOWNTOWN HOUSTON OFFERS BASICS FOR PEOPLE WHO ARE HOMELESS

"Walls of Love, which provides basic necessities to people who are homeless around the country, has now arrived in Houston. According to the Coalition for the Homeless, "the 2019 Homeless Count & Survey shows that we can expect to see 3,938 people experiencing homelessness at any given moment in the Houston region." Holly Jackson, the founder of Walls of Love, created this initiative in the heart of Cleveland, Ohio, with the mission to "spread love in the community to support those in need without stigma," according to the website. "I once was homeless and pregnant after leaving a violent domestic violence situation," said Jackson to Chron.com. "I wasn't able to get the help I needed at the time after humbling myself to ask, and I was often judged and stigmatized, said Jackson. "I never want people to feel like that for needing help. So... I came up with a way for people to get what they need, without judgment, and where they can still feel human." According to Jackson, 507 Walls of Love have been placed in areas throughout the country with an estimated 100,000 individuals helped. Ten are permanent walls across 12 states." —[Houston Chronicle](#)

August 18, 2020

DISCOVERY GREEN UNVEILS NEW TREE-LINED ALLEY WITH 70 LED LIGHT FIXTURES

"A new tree-lined LED-lit alley is now open to the public at downtown's Discovery Green. The Green Mountain Energy Sun Club Allée is located at the northwest corner of the 12-acre park. It features 70 LED light fixtures of varying lengths suspended from the tree canopy. The Pick-Up Sticks-inspired display projects a lattice design onto the walkway below. Completed by Forney Construction LLC, the alley is part of a \$13.3 million park-wide master plan that includes new trees, an updated playground, expanded restrooms and improved lighting. It was funded by a \$300,000 grant from The Green Mountain Energy Sun Club, a nonprofit committed to advancing sustainable communities. The grant has helped to "increase security and ensure the park remains well-lit," according to Discovery Green president Barry Mandel. "Over the years, the neighborhood surrounding Discovery Green has changed to include more residential buildings and entertainment venues. These changes are drawing more visitors to enjoy the park later in the evenings," Mandel said in the release. The Green Mountain Energy Sun Club Allée will be lit every evening from dusk to dawn. Discovery Green remains open during the pandemic but encourages all park guests to follow the Center for Disease Control and Prevention health guidelines including social distancing, washing hands regularly and wearing face coverings." —[Houston Chronicle](#)

LOCAL MEDIA (CONTINUED)

August 22, 2020

HOUSTON RANKED THIRD IN ENTIRE WORLD IN CITIES OF THE FUTURE ANALYSIS, CONFIRMING ITS GLOBAL POWER STATUS: ONLY SAN FRANCISCO AND MONTREAL FINISH HIGHER, DALLAS AND AUSTIN ARE FAR BEHIND

"Houston's been a world class city for a good while, but it's finally starting to get some global recognition for that. H-Town is ranked third in the entire world in the new fDi Tier 2 Cities of the Future global rankings . . . Welcome to the future — you're living in one of its hubs. Houston secures the third spot for being "a reputable talent hub," boasting five of the world's Top 500 universities (including Rice and the University of Houston) and placing second in the world in business expansion with 53 new projects between May 2015 and April 2020. In the sub rankings, Houston takes third place in Human Capital and Lifestyle (behind only Adelaide, Australia and Montreal) and seventh place in Economic Potential, just ahead of eighth-place Austin. This is not some throwaway rankings system either. There is nothing dubious about this analysis. It comes from the fDi Intelligence division of the Financial Times, a highly-respected global news outlet." —**Houston Business Journal**

August 24, 2020

HOUSTON DEVELOPER GERALD HINES PASSES

"Gerald D. Hines, founder and chairman of the global real estate firm, Hines, passed away peacefully at home on Sunday, August 23, 2020. He was 95. Hines developed The Galleria in Houston, the architectural breakthrough Pennzoil Place and many skyscrapers, hotels and residential properties around the world. Born in Gary, Indiana on August 15, 1925, he recently celebrated his 95th birthday. The news of his passing was announced today by his son, Jeffrey C. Hines, who has been running the firm as President, and now assumes the role of Chairman and CEO of Hines. Gerald D. Hines was widely regarded and regularly honored as a leading visionary in the commercial real estate industry. He transformed an entrepreneurial startup, established in Houston in 1957, into an international powerhouse, renowned for developing, owning and managing some of the world's most recognizable architectural landmarks across five continents. With more than 4,800 employees, Hines today is active in 225 cities in 25 countries. Hines was revered for his ability to enhance urban landscapes and add lasting value to communities through innovative design concepts, intelligent planning, unmatched efficiency, trend-setting features, and the highest possible standard of quality. His careful attention to every detail and insistence on integrating the very best materials, systems and operational procedures, set the benchmark for excellence throughout the industry. Most notable was Hines' belief that memorable design by prominent architects could garner commercial success. This prevailing tenet revolutionized the building industry as well as the quality of commercial building stock in major U.S. cities, and reshaped skylines around the world."—**Realty News Report**

September 11, 2020

#STICKTOGETHERHOU: VIBRANT MURAL HONORING LOCAL HEROES OPENS AT GREENSTREET DOWNTOWN

"A powerful mural showcasing the art of sticking together is now displayed in downtown Houston, and it'll take Houstonians to help make it a continued success. #StickTogetherHOU is a very colorful project, literally. Located in the GreenStreet district, it showcases thousands of bright, multi-colored sticky notes that feature the names of local heroes. It's already chock-full of names, but there are so many heroes in Houston, surely there are some missing. That's where you can help. The mural is installed, but Third Ward artist Robert Hodge will continue to add names, as long as the public submits them. "It's designed to encourage our community to 'stick together' during this tough time," said Hodge, who developed the project. He even used it to honor his sister, a healthcare worker. The vibrant sticky notes can be seen through the window, spelling out attention grabbing words and symbols of encouragement, like "Resilient" and "HOU," and a giant heart. Hodge's intention is to "bring the Houston community together using art to showcase local unsung heroes who have emerged in the face of the pandemic or in the battle for social justice," GreenStreet said in a press release." — **Houston Chronicle**

September 24, 2020

HBJ REVEALS WHICH REAL ESTATE PROJECTS WON 2020 LANDMARK AWARDS

"The Houston Business Journal announced the winners of the 2020 Landmark Awards during a live online broadcast on Sept. 24. The awards recognize the city's top commercial real estate projects of the previous year . . . Projects are recognized for excellence in land planning, design, construction, economics, marketing and management . . . HBJ's 2020 Landmark Awards finalists include Education Facility: University of Houston-Downtown Sciences & Technology Building; Historic Renovation: AC Hotel by Marriott; Hospitality: C. Baldwin, Curio Collection by Hilton; Office Building or Campus: Bank of America Tower; Restaurant: Guard & Grace; Workplace Interior: Kirkland & Elis . . ." — **Houston Business Journal**

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Resources

[Downtown Development Map and Building Renderings – October 2020](#)

[Downtown at a Glance 2020](#)

[Downtown Hotel Building List – September 2020](#)

[Downtown Residential Building List – September 2020](#)

[Downtown Buildings & Tunnels – June 2020](#)

[Downtown Destinations – June 2020](#)

[Downtown Development Project List & Building Details – March 2020](#)

[Downtown Residential Map – March 2020](#)

[Downtown Hotel Map – October 2019](#)

[Downtown Parking Map](#)

[Downtown Bird's-Eye View – June 2018](#)

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