Welcome by:
Leslie Ashby
Downtown District Board Chair

Presentation by:
Bob Eury
Downtown District President

August 21, 2020
Office

- Downtown’s office market: **51.4 million square feet** including 5.1 million SF occupied by government agencies.
- Employment totals **168,618 full-time workers** (~80/20 split between private and public) in 4,382 businesses.
- Recent office vacancy was 20.4%, up 2% during June and July (Houston’s regional vacancy increased to 21.5%).
- Leasing activity year-to-date through July totaled more than 1.5 million SF, mainly driven by renewals.
- Downtown office work environments are adapting to the changes now required due to the COVID-19; hybrid and staggered schedules in combination of work from home.
- Near-term outlook includes lease concessions at elevated levels with historically high tenant improvement allowances as property owners remain focused on repositioning existing inventory with state-of-the-art HVAC, elevator, and security systems.
Expected Workforce: August

August 10-28, all of August
Surveyed August 3

% of workforce

- 39%
- 57%
- 31%
- 12%
- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

 Likely office occupancy now until Labor Day?
Surveyed August 17

% responding

- 37%
- 61%
- 30%
- 9%
- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

For example, on the most recent August 17th survey, 61% of respondents expect <10% of total workforce in the office, the same as the week prior.
Expected Workforce: September

For example, on the most recent August 3rd survey, 45% of respondents expect <10% workforce in the office during September compared to 46% during August.
Expected Workforce: Q4 2020

Does your organization have plans for the fourth quarter? (4Q)

Surveyed August 17

% of workforce

- Yes: 41%
- No: 59%
Our office will be working from home most likely for the remainder of 2020.
Plan phased re-opening after Labor Day, depending on school openings.
Currently surveying employees to determine availability to return to the office.
We’ve decided to move out of downtown. We are a small tenant and are going for ease of access.
Will now remain less than 10% until 2nd quarter of 2021.
Unless there is significant decrease in cases being tracked, we are prepared to work from home until Jan 2021. The flu season may greatly impact the status of Covid19 cases.
Watching trends; evaluating weekly.
We anticipate commercial real estate to pick up and we hope to be busier through 12/31.
If the number of cases continues to decline and all other measures are favorable, we would consider returning up to 25% of workforce to the office.
Increased workforce return based on COVID-19 numbers. If cases remain high, return to office may again be delayed.
Selected, recent office leases include:

- Venture Global LNG. 5 Houston Center. 58,514-SF. Renewal.
Texas Tower 845 Texas. Hines. 1.1 million-SF of prime Class A office space; 39.1% preleased. Future tenants: DLA Piper, Vinson & Elkins and the Hines global HQs.

POST Houston 401 Franklin. Mixed-use of retail, restaurant, and 150,000 SF of office workspace. February 2021.

~8.6 million square feet of office renovations will be, are have been, completed, in 2020 within 10 buildings.
Residential

- Residential units total **6,278 in 42 properties** and buildings.
- Estimated ‘core’ population includes **10,142 residents** within 5,931 households.
- 2-mile radius population totals 78,965 in 2019 compared to 74,652 in 2017.
- August Multifamily **Class A occupancy is 84.8%**, 84.2% in June, 90.2% in 2019. Average asking rents are $2.35-SF/MO, $2.38 in June and $2.49 in March.
- Downtown’s residential market is seeing new multifamily rental trends emerge such as managers adopting virtual leasing tours.
Residential: Under Construction

- **Sovereign at the Ballpark** 101 Crawford. 6-story Class A, 229 units. Sovereign Properties. September 2021.


- **808 Crawford** 808 Crawford. 43-story Class A, 339 units. High Street Residential and Trammell Crow Co. Late 2022.
8,228 hotel rooms in 27 properties.
11 hotels with AAA Four Diamond status (5,240 rooms).
Average daily rate: $192.17 YTD.
Occupancy during the COVID-19 pandemic: 68.8% (February); 26.5% (March); 4.1% (April); 10.4% (May); 13.0% (June); 14.7% (August).
RevPar down over 83.3%
August Destination Analysts survey showed 45% of respondents were “very likely” to take a Staycation.
Houston First and Downtown District are both working closely with hotels re: promoting Staycation packages as we know that leisure travel will come back before meeting/convention.

Under construction
Hospitality: Occupancy Shift

Occupancy

- Weekday Occ
- Weekend Occ

- HOUSTON CBD: 11.9%
- AUSTIN CBD, TX: 14.5%
- DALLAS CBD/MARKET CENTER, TX: 20.8%
- SAN ANTONIO CBD, TX: 26.0%
- ATLANTA CBD, GA: 41.1%
- CHICAGO CBD, IL: 44.1%
- ANAHEIM, CA: 18.0%
- NASHVILLE CBD/FRENCH QUARTER: 24.5%
- NEW ORLEANS CBD/FRENCH QUARTER: 35.9%
- ORLANDO INTERNATIONAL DRIVE, FL: 35.5%
## Hospitality: Comparable Markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Occupancy</th>
<th>YOY % Chg</th>
<th>ADR</th>
<th>YOY % Chg</th>
<th>RevPar</th>
<th>YOY % Chg</th>
<th>Supply</th>
<th>YOY % Chg</th>
<th>Demand</th>
<th>YOY % Chg</th>
<th>Revenue</th>
<th>YOY % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston CBD</td>
<td>14.4%</td>
<td>-79.2</td>
<td>$131.68</td>
<td>-19.5</td>
<td>$18.95</td>
<td>-83.3</td>
<td>-2.8</td>
<td>-79.8</td>
<td>-83.7</td>
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<tr>
<td>Dallas CBD/Market Center, TX</td>
<td>25.1%</td>
<td>-62.2</td>
<td>$104.74</td>
<td>-28.7</td>
<td>$26.32</td>
<td>-73.0</td>
<td>-0.1</td>
<td>-62.2</td>
<td>-73.0</td>
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<tr>
<td>Orlando International Drive, FL</td>
<td>26.9%</td>
<td>-66.7</td>
<td>$87.11</td>
<td>-27.7</td>
<td>$23.40</td>
<td>-75.9</td>
<td>-13.7</td>
<td>-71.3</td>
<td>-79.2</td>
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<tr>
<td>Austin CBD, TX</td>
<td>19.7%</td>
<td>-73.7</td>
<td>$123.53</td>
<td>-31.8</td>
<td>$24.31</td>
<td>-82.1</td>
<td>1.3</td>
<td>-73.4</td>
<td>-81.9</td>
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<tr>
<td>New Orleans CBD/French Quarter, LA</td>
<td>17.0%</td>
<td>-72.9</td>
<td>$105.60</td>
<td>-21.5</td>
<td>$17.93</td>
<td>-78.7</td>
<td>-13.2</td>
<td>-76.5</td>
<td>-81.5</td>
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<tr>
<td>Nashville CBD, TN</td>
<td>27.8%</td>
<td>-67.5</td>
<td>$114.80</td>
<td>-46.3</td>
<td>$31.87</td>
<td>-82.5</td>
<td>13.4</td>
<td>-63.1</td>
<td>-80.2</td>
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<tr>
<td>Chicago CBD, IL</td>
<td>24.3%</td>
<td>-72.7</td>
<td>$127.70</td>
<td>-42.1</td>
<td>$31.06</td>
<td>-84.2</td>
<td>-29.4</td>
<td>-80.7</td>
<td>-88.9</td>
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<tr>
<td>San Antonio CBD, TX</td>
<td>32.1%</td>
<td>-59.8</td>
<td>$93.21</td>
<td>-32.8</td>
<td>$29.96</td>
<td>-73.0</td>
<td>-8.8</td>
<td>-63.4</td>
<td>-75.4</td>
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<tr>
<td>Anaheim, CA</td>
<td>20.2%</td>
<td>-77.7</td>
<td>$98.48</td>
<td>-52.5</td>
<td>$19.90</td>
<td>-89.4</td>
<td>-32.2</td>
<td>-85.1</td>
<td>-92.9</td>
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<tr>
<td>Atlanta CBD, GA</td>
<td>30.0%</td>
<td>-61.4</td>
<td>$113.96</td>
<td>-23.3</td>
<td>$34.18</td>
<td>-70.4</td>
<td>-4.8</td>
<td>-63.2</td>
<td>-71.8</td>
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<tr>
<td>Houston, TX</td>
<td>38.3%</td>
<td>-41.2</td>
<td>$70.89</td>
<td>-26.7</td>
<td>$27.14</td>
<td>-56.9</td>
<td>-0.3</td>
<td>-41.4</td>
<td>-57.0</td>
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<tr>
<td>Houston Medical Center/Reliant Stadium</td>
<td>33.5%</td>
<td>-47.2</td>
<td>$96.27</td>
<td>-20.3</td>
<td>$32.28</td>
<td>-57.9</td>
<td>4.5</td>
<td>-44.8</td>
<td>-56.0</td>
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<tr>
<td>Houston Galleria/Greenway Plaza, TX</td>
<td>24.2%</td>
<td>-63.6</td>
<td>$100.87</td>
<td>-20.4</td>
<td>$24.41</td>
<td>-71.0</td>
<td>-1.5</td>
<td>-64.1</td>
<td>-71.4</td>
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</tr>
</tbody>
</table>
2019 GRBCC attendance: 700,000

26 scheduled events between October and July 2021 for nearly 172,000 attendees.

<table>
<thead>
<tr>
<th>Convention</th>
<th>Date</th>
<th>~Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Image Expo</td>
<td>Oct 4-5, 2020</td>
<td>6000</td>
</tr>
<tr>
<td>STCL Commencement Exercise</td>
<td>Oct 17, 2020</td>
<td>2000</td>
</tr>
<tr>
<td>Breakbulk Americas</td>
<td>Nov 3-5, 2020</td>
<td>5000</td>
</tr>
<tr>
<td>Encore Championship</td>
<td>Dec 19-20, 2020</td>
<td>20000</td>
</tr>
<tr>
<td>Houston Marathon</td>
<td>Jan 16-17, 2021</td>
<td>25000</td>
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<tr>
<td>Connect Global SKO</td>
<td>Jan 26-29, 2021</td>
<td>1500</td>
</tr>
<tr>
<td>NAPE Expo</td>
<td>Feb 10-12, 2021</td>
<td>3500</td>
</tr>
<tr>
<td>AAFS Annual Meeting</td>
<td>Feb 17-20, 2021</td>
<td>5000</td>
</tr>
<tr>
<td>Lone Star Classic</td>
<td>Feb 19-21, 2021</td>
<td>1500</td>
</tr>
<tr>
<td>HOUSTEX 2021</td>
<td>Feb 23-25, 2021</td>
<td>5500</td>
</tr>
<tr>
<td>Pipeline Pigging</td>
<td>Feb 23-25, 2021</td>
<td>800</td>
</tr>
<tr>
<td>Houston Safari Club's 2021 Convention &amp; Expo</td>
<td>Feb 26-28, 2021</td>
<td>1500</td>
</tr>
<tr>
<td>Xccelerate 2021</td>
<td>Feb 27-28, 2021</td>
<td>4000</td>
</tr>
<tr>
<td>Quinceanera Magazine Expo</td>
<td>Feb 28, 2020</td>
<td>2000</td>
</tr>
<tr>
<td>46th Annual Houston Fishing Show</td>
<td>Mar 3-7, 2021</td>
<td>3500</td>
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<tr>
<td>Cross Court Classic</td>
<td>Mar 20-21, 2021</td>
<td>22000</td>
</tr>
<tr>
<td>TELO Convention &amp; English Language Expo</td>
<td>Mar 24-26, 2021</td>
<td>4000</td>
</tr>
<tr>
<td>2021 South Central Regional Conference</td>
<td>Apr 1-3, 2021</td>
<td>4000</td>
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<tr>
<td>Natl Student Nurses Assoc Annual Convention</td>
<td>Apr 6-10, 2021</td>
<td>3000</td>
</tr>
<tr>
<td>The Ultimate Women's Expo</td>
<td>Apr 10-11, 2021</td>
<td>5000</td>
</tr>
<tr>
<td>FIRST Championship</td>
<td>Apr 21-24, 2021</td>
<td>10000</td>
</tr>
<tr>
<td>NRA 2021 Annual Mtg &amp; Exhibit</td>
<td>May 14-16, 2021</td>
<td>25000</td>
</tr>
<tr>
<td>UTHSC School of Denistry Commencement</td>
<td>May 18, 2021</td>
<td>3200</td>
</tr>
<tr>
<td>ILTA 41th Annual Operating Conf &amp; Trade Show</td>
<td>June 15-16, 2021</td>
<td>2200</td>
</tr>
<tr>
<td>2021 Pri-Med Southwest</td>
<td>June 17-19, 2021</td>
<td>5000</td>
</tr>
<tr>
<td>2021 Star of the South</td>
<td>July 23-23, 2021</td>
<td>1200</td>
</tr>
</tbody>
</table>
Approximately Half of Downtown’s street level restaurants and tunnel/food court businesses are open for dine-in and/or take-out service.

Confirmed permanent closures to-date
- Azuma
- Boomtown Coffee & Cafe
- Café di Firenze: Italian Espresso & Coffee Bar
- Café Express
- Frank’s Backyard

Under construction
- Sweetgreen (Main & Walker)
- McIntyre’s (901 Commerce)
- Common Bond (800 Capitol)
2019 **Rockets** home attendance: 740,392 (average 18,058 per home game).

Rockets playing in the Disney Bubble; 2021 season start date not yet confirmed.

2019 **Astros** attendance: 2,857,367 (average 35,276 per home game).

2020 Season: 60-game regular-season schedule began on July 23 and 24.

2021 Season: Major League Baseball announced regular season will begin April 1, 2021.

**Dynamo** averaged 15,874 and **Dash** 4,053.

Dash won the NWSL Challenge Cup! Dynamo playing shortened schedule. Regular season scheduled for 2021.
Theater District

- 2019 attendance: 800,000.
- **Houston Grand Opera**: cancelled through spring 2021.
- **Houston Ballet**: The Nutcracker cancelled; planning for a Jubilee of Dance in December with limited performances of a holiday show to be announced.
- **Society for the Performing Arts**: 2020 season cancelled through the end of the year. Performances currently scheduled for January 2021.
- **Theater Under the Stars**: Disney’s The Little Mermaid currently scheduled for December 6-24 and the Broadway season scheduled to begin February 9, 2021 with Rodgers and Hammerstein’s South Pacific.
- **Houston Symphony**: Fall selected performances for subscribers.
- **Alley Theatre**: Charles Dickens’ A Christmas Carol, played in the playhouse’s larger Hubbard Theater currently scheduled.
- **DACAMERA**: a re-imagined musical season is currently being scheduled for Spring 2021; outdoor concert opportunities under consideration.
- **Hobby/Broadway**: cancelled through 2020.
Education

- Fall 2019 Downtown college and high school enrollment: 16,799 students
- Majority of UHD Fall classes (approximately 80-85%) began August 19 and will be offered completely online; approximately 15-20% are scheduled in other formats including face-to-face, hybrid and online interactive.
- South Texas College of Law begins August 24 offering courses through in-person, hybrid, and online formats.
- HSPVA, part of the Houston Independent School District, will begin the 2020-2021 virtually September 8, 2020.
- Incarnate Word Academy's 2020 - 2021 school year started August 17 with remote learning and will return to campus on Monday, September 21 with a hybrid learning model.
Courts

Harris County

▪ Juror service has resumed at NRG Arena.
▪ Harris County Justice Courts resumed holding in-person dockets.
▪ Harris County Criminal Courts resumed holding limited in-person dockets; all jury trials are suspended until September 1.
▪ Harris County Civil Courts holding video hearings and trials.

City of Houston

▪ Municipal Courts has suspended jury trials and jury duty through September 30; the court remains open for all other proceedings.
Parks are open, but most outdoor events and festivals are cancelled for the fall. The City of Houston will review permitting requests and make decisions on a case by case basis.

Plans are progressing for holidays:

- **The Ice at Discovery Green** opens November 13.
- **Thanksgiving Parade and Mayor’s Holiday Celebration**: to be announced (MOSE is in conversations with sponsors).
- **Holiday Art Market & Holiday Movies at Market Square Park**
- **Houston First** exploring programming ideas to support hotels and businesses at Avenida.
Homeless Initiatives
COVID-19: Homelessness

#1 priority: protecting the lives of homeless individuals
- Health checks
- Food security
- Lowering density of congregate facilities - shelters
- Class C and higher misdemeanor or trespass cases not being taken

Opportunity: CARES Act funding for shelter, housing and homeless prevention
Community COVID Housing Program

July 1: City of Houston, Harris County and the Coalition for the Homeless announced a $65M plan to house 5,000 homeless over the next two years
Community COVID Housing Program

**Proposed Strategy & Estimated Impact:**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rapid Re-housing (RRH)</strong></td>
<td>Provide rental assistance for approximately 1,700 newly homeless people who do not require intensive case management.</td>
</tr>
<tr>
<td><strong>A “Bridge” to Permanent Supportive Housing (PSH)</strong></td>
<td>House approximately 1,000 people experiencing homelessness (primarily those living unsheltered and/or in encampments) while they await a PSH unit.</td>
</tr>
<tr>
<td><strong>Diversion at Shelters</strong></td>
<td>Provide up to three months' rent to prevent approximately 2,000 people from entering the homeless system.</td>
</tr>
<tr>
<td><strong>Homeless Outreach</strong></td>
<td>Expand homeless outreach to those living unsheltered outside of Houston’s urban core.</td>
</tr>
<tr>
<td><strong>PSH Homelessness Prevention</strong></td>
<td>Provide ongoing rental assistance and wraparound supportive services to approximately 200 people who are at risk of homelessness.</td>
</tr>
<tr>
<td><strong>Mental Health Case Management</strong></td>
<td>Provide enhanced mental health services to protect high-risk, recently housed people against eviction and help them maintain their connections to care and services.</td>
</tr>
<tr>
<td><strong>COVID Emergency Shelter</strong></td>
<td>Support for social distancing shelter operations and client and staff health and safety.</td>
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</tbody>
</table>

**Estimated Need:** $65M

**Proposed Sources of Funding:**

$38M investment from City of Houston • $18M investment from Harris County • $8M investment from private philanthropy

Coalition for the Homeless

The Way Home
Community COVID Housing Program: Timeline

- **Mid-July**
  - First RFP deadline; first round of 18 applicants reviewed.
  - Program management positions at the Coalition for the Homeless posted and 30 applicants interviewed.
  - Overall program organization and design finalized.

- **Late July**
  - Joint City/County committee makes subrecipient funding recommendations for first $32M.

- **Mid-September**
  - First 10 subrecipient contracts presented to Council and Commissioners Court for approval.
  - 10 Program management staff hired at the Coalition.
  - Subrecipients begin to hire 150 outreach, case management and housing navigation staff.

- **Early October**
  - Subrecipient program training complete.
  - Program begins. 50 clients enrolled in Program; housing search begins.

- **August**
  - Programmatic milestones/goals developed for the first 6 months of the Program.
  - RRH and PSH workgroups develop and finalize policies and procedures.
  - Landlord recruitment process begins.
  - First 10 funding contracts drafted; negotiations with applicant agencies begin.

- **Late September**
  - Case management and housing navigation program training begins for first 100 subrecipient staff.
  - 48-hr unit inspection process developed.

- **Mid-October**
  - First Client(s) housed.
  - First 100 units inspected and under contract.
  - Encampment strategy finalized.
By March 2021, we will have housed:

- 410 people who have experienced long-term homelessness
- 585 people who were newly homeless because of COVID
- 415 people who were on the verge of becoming homeless

Total: 1,410 people

By October 2022, we will have housed:

- 1,000 people who have experienced long-term homelessness
- 1,700 people who were newly homeless because of COVID
- 2,100 people who were on the verge of becoming homeless
- 200 people who were in danger of falling back into homelessness

Total: 5,000 people
Engage
Touch points
• HCPC
• HPD
• Hospital
• NPC

Triage
Considerations
• Prioritization
• Expanded populations

Involuntary Treatment
Treatment
Homeless Respite & Rehab Center
Navigation Center & Shelter

Incorporating temporary housing pathways

Refining and scaling system access

High Acuity
HLC
• Sober living
• Group Home
• Safe Haven

Mid Acuity
PSH
• ACT
• CTI
• Traditional

Low Acuity
RRH
• CM
• Financial Assistance

Building and scaling temporary and permanent interventions
Downtown District & Affiliates Progress
In order to reduce the risk of contracting COVID-19, DPSGS are working alternating days with 7am to 7 pm shifts; the shift is then broken down into two teams that work their own specific areas of Downtown.

Implemented an overnight crew that works from 7 pm to 4 am. This special projects team focuses on watering plants, power washing, graffiti removal and utilizing the ATLVs.

The Chartres and Pierce encampments are both cleaned twice a week, and Allen Parkway is cleaned once a week.

Twice a day clean ups are being performed at hot spot areas where the homeless congregate within Downtown.

Multiple times per week, HPD assists with temporarily moving individuals from hot spot areas so for sidewalk power washing.
Progress: Bagby Street Reconstruction

- Due to reduced traffic volumes, the City has granted permission to temporarily convert Bagby to one-way traffic to further accelerate the underground utilities and roadway paving work.
Progress: Southern Downtown Park

- Construction documents have been submitted to the City for permitting
- Contractor bids received August 20
- Groundbreaking is scheduled for September 29
Progress: Downtown Launchpad

- New innovation space in the northern node of the Houston Innovation Corridor
- Located at Amegy on Main in partnership with The Cannon
- Resident partners: MassChallenge, gener8tor and Impact Hub Houston
Progress: Planning

Warehouse District

- 10 to 12-month planning study for the area north of Commerce Street to the future NHHIP alignment, including the extension of North San Jacinto and an extension of Lyons Avenue to Main Street.
- Public workshop was on August 19.
- In the process of gathering additional public comments through surveying and one-on-one meetings.

North Houston Highway Improvement Project

- Our goal is to make the highway system surrounding Downtown a transportation improvement project that offers civic opportunities for neighborhood connectivity, economic development and public space enhancements.
Progress: Marketing

- PSAs/Commercials- second PSA should run beginning in mid-September
- ‘Staycations’ advertising campaign to support Downtown hospitality community
- ‘Welcome Back to Work’ campaign in production for fall rollout
- WindowWorks: transforming vacant & inactive window storefronts along Main with art

Support Downtown Houston’s hospitality industry - AND your own sanity.

HELLO, SAFECATION.
Progress: Main Street

- Temporarily close north and south bound lanes from Commerce to Dallas streets.
- Businesses would be allowed to extend the boundaries of their sidewalk cafe creating an expanded outdoor dining area making it feel more comfortable for patrons to return to Downtown establishments.
- Environmental art will be integrated to create a more compelling and engaging pedestrian experience.
- Downtown District board approved funding for art and infrastructure such as barricades and ramps.
- Issues: ADA compliance, TABC, traffic control, METRO safety, café guidelines