

Downtown Houston Market Report

Q1

KEY HIGHLIGHTS

220

New residential units opened in Q1

7

new retailers added in Q1

The Downtown real estate market continues to be very active and on the road to recovery. The year is off to a busy start with one office building sale listing (1001 McKinney), two major planned office tower renovations (Bank of America Center, Houston Center (4 buildings)), two hotels (AC Hotel by Marriott, Hyatt Place Hotel) and two residential properties (Marlowe, Camden Downtown) under construction; one completed residential property (1711 Caroline), and the announcement of a new park planned for southern Downtown. Although robust leasing activity in 2017 significantly reduced the downtown sublease space, sublease inventory remains significant and increased in the first quarter with Hess Corporation's addition of 123,000-SF (1501 McKinney), Halcon Resources' addition of 52,000-SF (Wells Fargo Plaza), EP Energy's addition of almost 32,000-SF (1001 Louisiana) to the sublease market, among other factors. Hess' additional sublease space was due to the recently announced 300 job cuts across Houston, including in Downtown, to cut costs. However, sublease availability has been steadily declining and is at its lowest since the peak of the downturn in 2016 and we expect to see the continuing growth trend in leasing activity, albeit slower than in 2017. In the first quarter, oil prices rose to the highest level since 2015, nearing \$70 in January. Houston continues to move towards full recovery with slow but steady job growth, and the Houston region is forecasted to gain 45,000 jobs in 2018, primarily in non-energy sectors.



Main Street Square

There is cautious optimism in the market's road to recovery. The performance of the Downtown market signals that the recession has bottomed out and that the worst of the energy downturn may be over, as the market continues to show signs of improvement: free rent and other concession packages are gradually leveling out; oil prices comfortably remain in the \$60 to \$70 a barrel range; and leasing activity continues to be positive. While job growth in the energy sector is expected to remain flat in the short-term, Downtown also continues to show major signs of renewed market confidence, as several Downtown firms announced staff, and potentially, footprint expansions in the first quarter. KPMG is hiring more employees and increasing its footprint by 11,916-SF in 811 Main, bringing its total footprint to 126,433-SF; Mitsubishi Heavy Industries Ltd (LyondellBasell Tower, 1221 McKinney) plans to increase the number of employees in its oil and gas division as it adds projects to its portfolio. Others include: Deloitte LLP; Accenture; Hunton Andrews Kurth LLP (following its merger with Hunton & Williams LLP); Arundo Analytics, which is set to double its headcount; Downtown incubator, Station Houston; and Alvarez & Marsal (after its recent acquisition of TRCG Advisers). Downtown has also seen major M&A

SUMMARY (CONTINUED)



1001 McKinney

activity particularly among law firms, which could potentially bring in more employees into Downtown. Downtown continues to attract a growing number of co-working and collaborative spaces, and promote entrepreneurship and innovation. The recent opening of WeWork is expected to bring in an influx of entrepreneurs, new small businesses, and satellite campuses of major firms. Facebook also recently held a free Community Boost event in Downtown at the Houston Public Library's Julia Ideson Building at 550 McKinney St. Houston is the second city for the Community Boost event to help improve digital skills critical to growing businesses.

Flight to quality continues to spur major capital investments in renovations, repositioning older buildings to compete with trophy towers, and acting as a major talent recruiting tool for their tenants. Significant renovations continue to deliver competitive space to existing and potential tenants. Two major renovation plans totaling over \$65 million were announced in the first quarter. Brookfield Properties recently announced details of its \$50+ million renovation plans for the recently acquired Houston Center. Bank of America Tower will undergo a \$15 million renovation starting in spring 2018. Downtown continues to see an uptick in leasing activity, and a diverse group of tenant entrants and expansions. Major leases recorded in the first quarter include the following: Jackson & Walker renewed and expanded to 77,015-SF in

5 Houston Center; BB&T Scott & Stringfellow opened its first Houston office at Two Allen Center; Royal Bank of Canada (RBC) is moving Downtown and consolidating from Williams Tower and 5 Post Oak into the 36th and 37th floors of 609 Main in mid-summer 2018, occupying 54,000-SF; Yetter Coleman relocated its Downtown headquarters from 2 Houston Center to the 41st floor (24,494-SF) of 811 Main; and White & Case LLP opened its first Houston office in Two Allen Center. United Airlines completed its relocation from 1600 Smith to 225,000-SF in 609 Main. Downtown's Main Street was also named Houston's most expensive street for office leases.

Defying market conditions, Downtown's newest residential properties have been doing well. There continues to be robust interest in living Downtown, with the residential market recording an occupancy rate of 71.6 percent (at the end of Q1), even with the delivery of 6 new residential buildings in the last 15 months. Just shy of a year of being completed, Market Square Tower reached 90 percent occupancy in December 2017—a milestone achieved three months short of the developer's projected 15-month timeline, and amid market conditions. With over 8 months to completion, Marlowe condo building is already over 75 percent sold, further signaling increased demand for Downtown living. Downtown was named the hottest rental submarket in Houston by the reputed ApartmentData.com, in its February 2018 report. Downtown's high rank was due to the new property deliveries (and their unique amenities), rental rate growth and absorption, and strong leasing activity. Downtown was attributed with a 12.3 percent annualized growth from November to January, about 5 percentage points (60 percent) higher than the next highest submarket.

The Downtown hospitality market also continues to perform beyond expectations, as Downtown attracts a growing number of business and tourism visitors. Houston saw 21.8 million visitors in 2017, a 6 percent increase over 2016, breaking records for the third consecutive year. Growth in international visitors was credited to major events like the 2017 Super Bowl LI and the World Series championship. In addition, 429 future conventions and meetings were booked in 2017, representing more than 802,850 room nights, up about 5 percent from the record 765,401 room nights booked in 2016. During the first week in March, Downtown drew more than 4,300 executives and top policy officials from over 70 countries for IHS Markit's CERAWEEK, perhaps the most prominent global energy conference, at the Hilton Americas Hotel Downtown. Attendance was up about 20 percent from last year's 3,500+ attendees.

Market Overview

RESIDENTIAL HIGHLIGHTS

5,992
residential units

371
under construction

1,408
proposed

OFFICE HIGHLIGHTS

775,000 sf
under construction

RESIDENTIAL

1711 Caroline, a 5-story, 220-unit mid-rise residential building by Leon Capital Group is now leasing, and had their first set of move-ins just after the end of the first quarter. Offering a fusion of rugged charm and indulgent modern luxury, the apartment building is offering 2 months free rent. The property received its [Temporary Certificate of Occupancy \(TCO\) in March](#), and is expected to be fully completed before the summer. ([Website](#))

Camden Property Trust received building permits totaling more than \$57 million in December for the first phase of **Camden Downtown**, a 21-story, 271 unit apartment tower and its parking garage, at 1515 Austin. The project, which broke ground at the end of 2017, is expected to start leasing in the fourth quarter of 2019. The Class A tower will be built on part of a 3-acre site a block from Toyota Center, with a 20,000-SF amenity deck. The east-west orientation of the Ziegler Cooper-designed tower will create a more energy-efficient exposure of the facades and maximize views to Downtown and the adjacent Root Memorial Square Park. ([HBJ](#), [Chronicle](#), [Bisnow](#))

Less than a year after opening, Downtown's tallest residential high-rise, **Market Square Tower**, located at 777 Preston, reached 90 percent occupancy in December 2017, much faster than anticipated. Despite the market conditions, the leasing milestone was achieved three months short of Woodbranch Investments Corp.'s projected 15-month timeline and signals robust interest in living Downtown. ([Bisnow](#), [Chronicle](#), [RNR](#))



Houston Center



Market Square Tower amenities

OFFICE

Skanska's 35-story, 775,000-SF **Capitol Tower** topped out on April 4. Pre-certified LEED v4 Platinum, the highest level awarded by the U.S. Green Building Council, the Gensler-designed tower is on track for completion in the second quarter of 2019. Among the building's tenant amenities are a 7,000-SF fitness center, a two-level 40-foot ceiling atrium with 26,000-SF of retail, restaurant and dining options, a 24,000-SF SkyPark, and The Assembly, a 10,000-SF private event and meeting space on the 12th floor, with three meeting venues that can each host 140 people, and can extend out to the SkyPark. ([Bisnow](#), [HBJ](#), [Chronicle](#), [HBJ](#), [PDRCorp](#))

Brookfield Properties recently announced initial details of its \$50+ million renovation plans for **Houston Center**, the 4.2 million-SF office and retail complex it recently acquired. Plans include a revitalized mixed-use development with street-level retail, outdoor event spaces and white tablecloth restaurants. Detailed renovation plans should be complete within a year. ([HBJ](#))

Companies along America's most expensive streets have high price tags for their offices. Showcasing Downtown's regional and national competitiveness, **Main Street** was named Houston's most expensive street for office leases, and ranked # 21 on JLL's list of the most expensive commercial leases in the U.S., with average rents of \$44.24 per SF. ([Bisnow](#), [JLL](#))

NRG Energy, Inc., headquartered in Downtown was recognized on Forbes' "America's Best Employers for Diversity" list of 250 businesses. ([HBJ](#))

Market Overview

HOTEL HIGHLIGHTS

7,778

hotel rooms

345

under construction

620+

proposed

RETAIL HIGHLIGHTS

7

new retailers

OFFICE (CONTINUED)

WeWork, the global communal workspace giant and the fourth most valuable startup in the U.S. just behind Uber, Airbnb and SpaceX, is now open Downtown at the historic 708 Main—The Jones on Main. The new 82,236-SF location will support more than 1,400 members, feature private conference rooms, open space for large events and two outdoor terraces, and private offices for clients with up to 120 employees. WeWork has about 210,000 members in more than 70 cities globally. ([HBJ](#), [WeWork](#), [Swamplot](#))

HOTEL

NewcrestImage has begun construction on the transformation of the historic building at 723 Main Street into a 195-room, 10-floor **AC Hotel by Marriott**. The European-style property is expected to open in the second quarter of 2019. With a bold, modern but rich historic feel, the hotel will have the signature AC brand look – local commissioned vibrant artwork, upscale furnishings, and the latest high-tech amenities for an elegant, contemporary experience in an urban location. Upon completion, the property will feature a large fitness center, a business center, a cocktail lounge and a dining area that will be integrated with the Zoe Theatre, and about 4,000-SF of meeting and ballroom space. ([HotelManagement](#), [Hotel-Online](#), [REBUSINESS](#))

Houston First is receiving proposals for a hotel on top of the Partnership Tower garage. Officials from Texas Hospitality Partners LLC and Marriott presented a proposal to build a **W Hotel** to the board of directors of Houston First in February. The agreement would require approval from the Houston First board and City Council. ([Chronicle](#), [HBJ](#))



AC Hotel by Marriott

RETAIL

Honeymoon Café & Bar at 300 Main St. has been renamed **Boomtown Coffee Main St. Café & Bar**. The café was recently acquired by Boomtown Coffee—led by Andrew Loreman and Matthew Toomey—who have been operating the café's on-site roaster and supplying the concept with roasted coffee beans since 2014. The concept's space was remodeled and reopened at the end of March with Boomtown's signature drinks and food menu, along with some aspects of the Honeymoon food and cocktail menu. ([HBJ](#))

Cellar 7 Wine & Bar Bites is open at 610 Main Street. From wine 101 classes, event tastings, wine dinners, to artisanal cocktails, or a local Texas brew before a theater show or a game, Cellar 7 offers more than the average wine and bar menu. ([Website](#))

The Cottonmouth Club is now open at 108 Main Street in the Brewster Building. A partnership between Reserve 101 co-founder Mike Raymond, New York and Los Angeles veteran bartender Michael Neff, and designer Greg Swanson, the bar focuses on delivering an enhanced guest experience with a '70s vibe. Drinks range from classic cocktails with a twist, to complex tinctures and garnishes. ([Website](#), [Chronicle](#), [Houston Food Finder](#), [Culturemap](#))

CVS Pharmacy, a 13,000-SF urban footprint, is now open on the ground floor of Market Square Tower at 300 Milam Street. ([Bisnow](#), [Website](#), [HBJ](#))

RETAIL (CONTINUED)

DuVin Pintor Gallery is Downtown's newest art and wine gallery, located at 1401 Caroline St., DuVin Pintor carries original art and boutique wines from across the globe, and features live performances from global musical artists. DuVin Pintor is open to the public 7 days a week, and also offers a private membership platform. Meeting and conference spaces are also available for bookings. ([DuVin Pintor](#))

High & Dry Rum Bar is open on the second floor of the historic 306 Main Street building. Featuring a tasteful island vibe, the bar features a covered back patio looking out over Market Square and a 50-foot long bar with four, custom, and 10 foot hand-carved tiki statues holding over 75 hand selected rums that represent regions worldwide. ([Website](#))

Kulture, a new restaurant from The Breakfast Klub's Marcus Davis, is now open on the ground floor of Partnership Tower at 701 Avenida De Las Americas. The new restaurant features Caribbean-Southern cuisine, spirits and art and music. Kulture offers lunch, wine, signature cocktails and bar bites. ([EATER](#), [HBJ](#))

La Cantina by La Calle, a new Lucha Libre themed sports bar is open at 909 Franklin. Customers can enjoy authentic tacos and Micheladas while watching their favorite soccer, boxing or UFC match on the big screen. ([Website](#))

Mexican seafood restaurant **La Fisheria** at 213 Milam has reopened its 5,000-SF Downtown location after its temporary closure due to damages from Hurricane Harvey. ([HBJ](#))

South African restaurant **Springbok** has been remodeled and rebranded, with a new name—**BirdDog Saint**. The restaurant, at 711 Main St. features a menu of tasty dishes such as ceviche, calamari, oysters, and an amazing selection of local and international beer and cocktails. ([HBJ](#))

Thai Cafe is open at 917 Franklin. The restaurant features an array of authentic Thai food and fusion, Thai teas, and coffee. Thai Cafe is open Monday through Saturday and offers lunch and dinner menus. ([Website](#))

Two Downtown restaurants made the semifinalist list for the 2018 James Beard Awards: Chef Hugo Ortega's **Xochi** (for Best New Restaurant), and **Pappas Bros. Steakhouse** (for Outstanding Wine Program). ([HBJ](#))

BBVA Compass Stadium continues to renovate their food and beverage concourse after a similar project was completed last year. The changes are aimed at enhancing the in-game experience for fans and to drive revenue growth through concessions. After years of staff growth, the Dynamo's Downtown office will also be undergoing a renovation and expansion of their two-floor space at the George R. Brown Convention Center, at 1001 Avenida de las Americas. ([HBJ](#))



Kulture

RETAIL—COMING SOON

Bravery Chef Hall, scheduled to open at Hines' Aris Market Square high-rise apartment in the fall, has confirmed several talented Houston chefs and restaurateurs. **MasterChef season three winner Christine Ha** will be opening her first restaurant called **The Blind Goat**. McPherson, formerly of Krisp Bird & Batter, and Gary Ly, formerly of Underbelly, will be opening a pasta restaurant called **BOH Pasta**. Andes Cafe Chef David Guerrero will debut **Nuna Nikkei Bar**, a Japanese-Peruvian restaurant. Felix Flores will be opening a new spot called **Cherry Block**. The final two restaurants are still being curated, and the hall will also include three bars. Each of the five open-kitchen stations, will offer counter-side seating for 30–40 diners each plus a walk-up area for orders to-go. ([EATER](#), [HBJ](#), [HBJ](#))

Finn Hall, one of three upcoming Downtown food halls has secured five restaurants for its chef-based concepts. These include: Cori Xiong and Chen Heng's **Mala Sichuan Bistro** (focusing on "individual-style menu items, presenting authentic Sichuan flavors and culture"); **Goode Co. Taqueria** (offering tacos from its classic Tex-Mex menu); **Low Tide** from the owners of Harold's Restaurant & Tap Room (a seafood and raw bar with ceviche, raw oysters and po'boys); **Mr. Nice Pie**, a concept from the owners of Moon Tower Inn, Voodoo Queen and Love Buzz (offering pizza slices as large as 30 inches); and Aaron Lyons' **Dish Society** offering a smaller version of its farm-to-table menu. The 20,000-SF Finn Hall is set to debut in mid-2018 inside The Jones on Main (712 Main St) with a total of 10 food outlets, a craft beer and curated wine bar, an art deco cocktail lounge and private event spaces. ([HBJ](#))

Kanaloa, a Tiki Bar, is coming to Downtown this summer at 311 Travis Street. From the owners of the Wicklow Heights bar, Kanaloa will provide a full-on tiki experience, and focus on groups and large parties. Kanaloa's food menu will feature shareable pupus (appetizers) and cocktails, and nearly 100 different rum options within a transformed space featuring booths that sit up to 12 people, an outdoor patio that will hold up to 75, and an event area upstairs. ([EATER](#), [Houston Food Finder](#))

With its striking design and location in Houston's vibrant Downtown Theater District, the **Lyric Market** experience begins at first sight, even before guests enter the multi-story structure packed with worldly, approachable concepts. Situated throughout the property, dining terraces encourage guests to gather and enjoy food and drink from the food hall-meets-international marketplace,

while taking in Downtown views. Daily programming including weekday and weekend farmers markets, community based events and Butler Service for takeaway and delivery will position Lyric Market as a community-centric gathering place to appreciate and discover the craftsmanship of cuisine. In addition to public offerings, Lyric Market will also provide spaces for private dining and meeting opportunities.

Troy Guard, Chef and owner of Denver's restaurant empire TAG Restaurant Group will be making his first out-of-state debut of his award-winning **Guard and Grace** upscale steakhouse in One Allen Center's new 13,000-SF "glass box". A similar but bigger project to the one in Downtown Denver, the modern American steakhouse opening in summer 2019 at 500 Dallas will have two levels with multiple private dining rooms, a full bar and two outdoor patios where guests can dine on the new greenspace—The Acre. ([RNR](#), [Chronicle](#), [HBJ](#), [Bisnow](#), [Guard and Grace](#), [Chronicle](#))

Sapporo Japanese Sushi & Bar will soon be opening at 801 Congress Ave., occupying the former Fusion Taco space next to Barnaby's. Located in the Henry Henke Building on the corner of Congress and Milam, the restaurant is right across from Market Square Park. ([Swamplot](#))

Benjamin's, a new restaurant concept by B&B Butchers owner, Benjamin Berg, inside inside The Star apartment building at 1111 Rusk St. is scheduled to open in late 2018 or early 2019. At approximately 18,000-SF, the space will have two kitchens, 10,000-SF downstairs and a 7,500- to 7,800-SF mezzanine. The dining room will have between 180 to 200 seats, the bar will hold about 60 seats, and the private dining rooms will accommodate over 400 people. Joining Berg's chef team will be his brother, Daniel Berg, who will be relocating from New York City where he has been cooking with Daniel Boulud and Andrew Carmellini. ([HBJ](#))

Market Overview



Sky Dance mural

OTHER DEVELOPMENTS

Avenida Houston won the 2018 Urban Land Institute (ULI) Houston Development of Distinction Awards in the Not-for-profit category. ULI judges recognized Avenida as "transformative!" emphasizing its 'three-dimensional' capacity, which is 'full-time – day and night.'" ([HBJ](#))

The 10-story, 300-space **Franklin Garage** is now open at 805 Franklin. Located one block north of Market Square Park, the parking garage by Stanton Road Capital was completed in February 2018. ([Stanton Road Capital](#))

Downtown Houston's **Greenlink**, an eco-friendly free Downtown circulator bus system, expanded its routes and hours in January. Greenlink is adapting to its riders' changing needs in light of Downtown's exponential growth. Greenlink buses, which have carried 1.34 million passengers in the five-a-half years of operations, are funded by the Downtown District, Houston First, and the TCEQ, and grants from Harris County; Metro operates the service. For more information visit [DowntownDistrict](#) and [METRO](#) ([Houstonia](#), [Houston Chronicle](#)).

Midway Cos. and the Harris County Houston Sports Authority announced plans to build a **Houston Sports Hall of Fame** Downtown at the inaugural Houston Sports Awards on February 8. The hall of fame is expected to be located near the House of Blues at GreenStreet, in addition to a walk of fame for inductees. ([HBJ](#), [HBJ](#))

Lyric Center Garage, part of the first phase of the \$58 million Lyric Market and Garage project at 411 Smith St. is now complete. The 8-story, 800-space parking garage by US Property Management opened in March. ([KPRC](#), [Lyric Market](#))

The Downtown Redevelopment Authority (DRA) approved the leasing of the site at 1519 Fannin St. to be developed into a new park space. The **new public park** will occupy three-quarters of a block bounded by Bell, San Jacinto, Leeland and Fannin streets. An amenity for the growing number of residents in Southern Downtown, the park will be just across the street from the new Block 334 apartment complex at 1515 Main St. and a few blocks of both Skyhouse towers, Houston House apartments, and the 1711 Caroline apartments. This project supports a key recommendation of the 20-year Plan Downtown vision and the DRA will engage the community for design and programming input in late spring of 2018. Construction is expected to begin in mid-2019, with an opening date set for summer 2020. ([HBJ](#), [Bisnow](#))

Several Downtown projects were among the **2018 Landmark Awards** finalists, recognized for excellence in land planning, design, construction, economics, marketing and management. Downtown finalists include: Aris Market Square (Multifamily category); 609 Main at Texas (Office Building or Campus category); NRG sublease at One Shell Plaza (Project Lease Category); Allen Center Phase 1 (Rehabilitation/Renovation category); Local Foods on Main (Restaurant category); DesignHive by Brookfield (Workplace Interior category); Harris County Houston Sports Authority (Workplace Interior category). The winners will be revealed on April 20. ([HBJ](#))

The new monumental 30,000-SF **Sky Dance** mural on the façade of the 1415 Louisiana parking garage was created by international visual artist C. Finley, and commissioned by WEDGE Group. At 230 feet wide and 130 feet tall, Sky Dance is the largest mural ever realized in Houston. ([Houston Chronicle](#); [Houstonia](#), [Culturemap](#))

Q1 2018 Overview

MAJOR OFFICE LEASES AND SALES

TENANT	TYPE	TO	FROM	SF
Jackson Walker	Renewal/Expansion	5 Houston Center	-	77,015
Royal Bank of Canada (RBC)	New to Downtown	609 Main	Williams Tower and 5 Post Oak	54,000
NextEra Energy	Renewal	601 Travis	-	50,283
Liskow & Lewis	New to Downtown	First City Tower (1001 Fannin St)	-	27,641
Yetter Coleman LLP	Relocation	811 Main	2 Houston Center (909 Fannin)	24,494
White & Case LLP	New to Downtown	Two Allen Center (1200 Smith St.)	-	28,350

Sources: Houston Office Q1 2018 – Quarterly Market Reports (Colvill, CBRE, Cushman & Wakefield, HFF, JLL, NAI Partners, Newmark Grubb Knight Frank, PMRG, Transwestern); CoStar; Houston Business Journal (HBJ); Houston Chronicle; Realty News Report; Bisnow; Central Houston, Inc.

INNOVATIVE WORK SPACE

PROPERTY NAME	ADDRESS
WeWork	708 Main
Accenture Innovation Hub	1301 Fannin
Station Houston	1301 Fannin
Regus	700 Milam, 2 Allen Center (1200 Smith)
Level Office	720 Rusk, 405 Main

PLANNED

Serendipity Labs	Esperson Building (808 Travis)
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Sources: HBJ; Central Houston, Inc.

RETAIL OPENINGS

opened Q1 2018

Cellar 7 Wine & Bar Bites	610 Main
CVS Pharmacy	300 Milam
High & Dry	306 Main
DuVin Pintor Gallery	1401 Caroline
La Cantina by La Calle	909 Franklin
Thai Café	917 Franklin
Boomtown Coffee Main St. Café & Bar (formerly Honeymoon Café & Bar)	300 Main
BirdDog Saint (formerly Springbok)	711 Main
La Fisheria (reopened)	213 Milam

Spotlight on Downtown Houston

LOCAL MEDIA

March 29, 2018

HOUSTON SEES EVEN MORE VISITORS IN 2017, AIMING FOR 25M BY 2020

"After beating its previous goal two years early, Houston First Corp. is now aiming for 25 million visitors to Houston by 2020. The city is on its way to that goal with an estimated 21.8 million domestic and international combined visits to Houston in 2017. Of that total, an estimated 18.3 million visits were from domestic travelers, up 6 percent from 2016. Leisure travelers accounted for about 73 percent of the domestic visits, 15 percent were for business, and 12 percent fell outside those two categories. ..."On the heels of a highly successful year for Houston, beginning with the Super Bowl and ending with a World Series championship, it is no surprise that our city continues to capture the attention of more and more people who live elsewhere" – Mayor Sylvester Turner. ..."The Visit Houston team booked 429 future conventions and meetings in 2017, representing more than 802,850 room nights, up about 5 percent from the record 765,401 room nights booked in 2016. Again, the organizations cited the 2017 Super Bowl—and the downtown projects completed just in time for the big game—as factors driving that growth. ..." —**Bisnow**

March 23, 2018

BIG FOUR ACCOUNTING FIRM TO EXPAND DOWNTOWN HOUSTON FOOTPRINT

"KPMG is taking more space—and hiring more employees—in its downtown Houston office. The accounting and professional services firm is building out an additional 11,916-SF in 811 Main, formerly known as BG Group Place. According to a KPMG spokesperson, the move is due to the growth of the firm's tax and advisory services practice, as well as the firm's increased headcount. It's unclear how many new employees KPMG has hired; those figures weren't disclosed. The company currently occupies 114,517 square feet and will move into the additional space in June. The building permits list the cost of buildout at \$720,000. KPMG is the city's fourth-largest accounting firm when ranked by CPAs, according to HBJ research. As of March 9, the company has 450 certified public accountants and 1,450 full-time employees in Houston." —**HBJ**

March 19, 2018

NEW GREEN SPACE SPROUTING UP IN DOWNTOWN HOUSTON

If you live or work downtown, you will soon have another place to enjoy the outdoors. The city announced it is building a new green space near the Toyota Center. The public park will occupy three-fourths of a block near Bell, San Jacinto, Leeland, and Fannin streets. The remaining one-fourth serves as a parking area for South Texas College of Law faculty and staff. This project supports Plan Downtown—a 20-year vision plan for the downtown area that was approved last November—by creating an open space to promote visitor appeal, business climate, livability, and connectivity. Construction of the new park is expected to begin in mid-2019 and should open in the summer of 2020...." —**Culturemap**

March 16, 2018

40-STORY MARKET SQUARE TOWER FILLS UP FASTER THAN EXPECTED

"Apartment renters have claimed more than 90 percent of the units in downtown's tallest residential project: The 40-story Market Square Tower that gained national attention for its glass-bottomed sky pool hovering above Preston Street. The leasing milestone, reached in December, shaved three months off Woodbranch Investments Corp.'s projected 15-month timeline and signals downtown is no longer limited to 9-to-5 office workers and theater goers. Bars and restaurants, food halls and parks are catering to a growing population, thanks to incentives provided by the Downtown Living Initiative. "I really enjoy the way downtown is coming back," Woodbranch Investments CEO Philip Schneidau said. "In the evening, people are walking around in Discovery Green, and Market Square Park. It's really getting to be a nice neighborhood feel to it after hours, versus the business feel during the day." Downtown has grown to about 6,000 residential units, up from 2,500 at the start of 2014... A CVS store recently opened on the ground floor of the garage." —**Chronicle**

LOCAL MEDIA (CONTINUED)

March 6, 2018

HOUSTON NAMED NO. 2 FOR NEW, EXPANDED CORPORATE FACILITIES

"Once again, Houston and Texas are among the top areas for corporate relocations and expansions in the nation, according to Site Selection magazine. Houston ranked as the No. 2 metro in the Atlanta-based magazine's 2017 Governor's Cup, which recognizes the top states and metros for economic development. The Houston-Woodlands-Sugar Land Metropolitan Statistical Area logged 196 new and expanded corporate facilities. Texas, meanwhile, ranked as the No. 1 state by sheer number of projects for the sixth year in a row. A main reason companies choose Texas, Gov. Greg Abbott said on Site Selection magazine, is its workforce. "I asked them directly why they keep opening facilities in Texas, ... they were immediate and direct in their response: They said it's the top-quality workforce." ... "Houston is the most diverse city in the U.S. and companies thrive in our region," Bob Harvey, president and CEO of the Greater Houston Partnership. "We are powered by a highly-skilled and well-trained talent base that enjoys an excellent quality of life. All these factors, coupled with a low-cost of doing business, offer global companies vast opportunities for growth and investment." Houston has ranked among the top three metros since 2011." —HBJ

March 1, 2018

EXCLUSIVE: AFTER \$25M RAISE, HOUSTON TECH CO. MOVES OFFICES DOWNTOWN

"Arundo Analytics, a heavy industry software company with its largest office in Houston, has moved into its new offices at 1600 Smith St. from its space at downtown incubator Station Houston. The new office in Brookfield's DesignHive Rottet Studio 5,400-SF will initially house about 30 employees and is expected to hold 50 people in the next few months as the company continues to grow. "We are committed to building a leading industrial analytics software company and believe that Houston will be one of a select group of global cities that lead the digital industrial shift," Stuart Morstead, COO of Arundo. "Arundo has been a part of the Station Houston community since its inception, and was the largest member of Station Houston. Arundo serves many heavy industries with its analytics software, including the oil and gas, maritime, mining, chemicals and power and manufacturing sectors. The company is aiming to double its headcount over the next year with a majority of its growth occurring in Houston. Arundo has raised about \$32.5 million since it was founded in August 2015. It recently announced a \$25 million Series A." —HBJ

February 19, 2018

HOUSTON TAKES 4 OF 10 SPOTS ON TEXAS MONTHLY'S 2018 BEST NEW RESTAURANTS LIST

"The latest concepts from local chefs Hugo Ortega, Ronnie Killen, Justin Yu and Ryan Lachaine are among the honorees on Texas Monthly's "2018's 10 Best New Restaurants in Texas" list. Ortega's Xochi—which opened on the ground floor of the Marriott Marquis in late January 2017—tops the list. Texas Monthly calls the concept "the most fascinating restaurant to have opened in Texas in 2017" and "yet another milestone in the career of 53-year-old Ortega," who was named Best Chef in the Southwest in last year's James Beard Awards.... Justin Yu's Oxheart replacement, Theodore Rex, is No. 6. After closing Oxheart last March, Yu transformed the location into the new concept, which opened in October. Texas Monthly describes Theodore Rex as eclectic with an "accessible, changing menu," noting Yu's "food is as innovative as ever and a lot more approachable." ...Among the honorable mentions, Texas Monthly recognized Houston Astros owner Jim Crane's dual concepts Oso & Kristalla and Potente across from Minute Maid Park." —HBJ

LOCAL MEDIA (CONTINUED)

February 8, 2018

THESE ARE THE TOP 5 HOTTEST HOUSTON SUBMARKETS FOR APARTMENTS

ApartmentData.com, a data website that tracks the multifamily industry, named Downtown as the hottest rental submarket in Houston. "The report looked at a combination of rental rate growth and absorption over the past three months and attributed downtown with a 12.3 percent annualized growth from November through January. Bruce McClenny, president of ApartmentData.com, explained downtown's high rank is due to new properties that have come on the market, such as Aris Market Square, which opened in September 2017... In relation to other parts of the city, downtown didn't have much supply to begin with, McClenny said. Currently there are 23 properties downtown with almost 6,000 units while two years ago the supply was about half of that...." —HBJ

January 23, 2018

METRO HEARS SUGGESTIONS FOR NEW COMMUTER BUS SERVICE

As Houston's commuting patterns change, the Downtown Management District is pitching a new transportation proposal that could include a major expansion of park-and-ride bus service...The Management District's Transportation Committee is floating a new plan called Metro MAX. The proposal includes seven-day-a-week service from Metro's park and ride lots with commuter buses running in both directions. Speaking before Metro's Strategic Planning Committee, District Executive Director Bob Eury said a lot of people who live downtown now actually work out in the suburbs. "And it's not all sort of the way it's been where I live in the suburbs and come to work in the central part of the city," added Eury. "The game has changed on us at this point." Metro board member Christof Spieler said Houston already has the infrastructure in place to implement some of those ideas fairly quickly: "I think it would be a very worthwhile thing for us to do, to basically corridor by corridor, look at where are the low-hanging fruits in moving to this"... Metro said it's currently reviewing the District's suggestions as it develops a new regional transit plan. Metro CEO Tom Lambert said they've also brought TxDOT into the discussion..." —Houston Public Media

REGIONAL & GLOBAL MEDIA

March 2018

FINDING THE MOST 'ENERGIZING' CITY FOR YOUR NEXT CONVENTION



"It was an incredible year for dining across the U.S. in 2017. With chefs from New York, Chicago and San Francisco moving to smaller markets like Denver, Raleigh, Seattle and Charleston (among others), culinary innovation is booming in cities big and small. But which food town had the biggest growth spurt this year? We've asked editors around the country to make a case for the city they believe had the biggest year in food by assessing the number of exciting new openings, award recognition and national media attention. Then we let some of the top food media brass weigh in on which locales were most exciting... No. 13: Houston, TX...While Hurricane Harvey cast a dark shadow over the city for much of 2017, one ray of light continued to be the growth and diversity of Houston's exploding restaurant scene. Hugo Ortega ended his six-year nominee streak with a James Beard Award win for Best Chef: Southwest and garnered national notice from Food & Wine, Thrillist and The NY Times for his upscale Oaxacan restaurant Xochi. Justin Yu (formerly of Oxheart, currently of Theodore Rex) broadened his reach via a collaborative venture with local craft cocktail king Bobby Heugel (Anvil, The Pastry War) at Better Luck Tomorrow. And though Bryan Caswell is not a new name in town, his first restaurant in eight years, Oxbow7, is also noteworthy..."

January 2018

TECH STARTUP EXPANDS TO 5,400 SF OFFICE SPACE IN DOWNTOWN HOUSTON



"Arundo Analytics, an analytics software startup with offices in Norway and California, has expanded its office footprint in Houston, leasing 5,400 square feet at 1600 Smith St. in the downtown area. The building was formerly known as Continental Center I and is owned and operated by Brookfield Properties. Bill Boyer of CBRE represented Arundo in the lease negotiations. The company previously occupied 1,250 square feet at 1301 Fannin St."

January 2018

HOUSTON FIRST AND KHOU PARTNER TO LAUNCH CITY'S FIRST NETWORK SATELLITE STUDIO [DOWNTOWN]



"Houston First Corporation and CBS-affiliated television station, KHOU 11, have formed a partnership to deliver the first network satellite studio in downtown Houston. The new studio will be located along the city's expanding entertainment district, Avenida Houston, with construction slated for completion in late summer. "Since the development of Avenida Houston, we have witnessed downtown transform into a local destination," said president and CEO of Houston First. "From chef-driven restaurants and luxury hospitality, the new Avenida Studio will be another great addition to this expanding entertainment district." The approximately 780-SF studio will have the flexibility to open on to the plaza, enabling reporters to directly engage with the public and be at the center of major downtown events. "The Avenida Houston location will put us at the center of downtown activity, enabling anchors and reporters to live out our brand of 'Standing for Houston' by providing us with a closer connection to the community we serve" said Susan McEldoon, General Manager of KHOU. "As the only station with a downtown studio, we will use the Avenida Houston studio as our second home to produce big, bold, original content on all of our platforms." KHOU will use the Avenida Houston studio multiple times per week to broadcast across all dayparts, including KHOU 11 News, Great Day Houston and other KHOU-produced programming and specials."

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

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Resources

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