
DOWNTOWN HOUSTON MARKET ANALYSIS

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Prepared for



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Downtown Houston Market Analysis

Table of Contents

EXECUTIVE SUMMARY	1
BACKGROUND	3
Fact-finding	5
DOWNTOWN HOUSTON MARKET SEGMENT PROFILE	9
Residential Population	9
Downtown Worker Population and Office Market	15
Theater Patrons	20
Sporting Events	22
Convention Visitors	25
Hotels	26
Special Events Visitors	29
Other Visitors	30
Summary of Market Segment Profile	31
QUANTIFICATION OF RETAIL DEMAND	32
Residents	33
Downtown Workers	35
Local Visitors	37
Retail Sales Potential	44
GOING FORWARD AND CAPITALIZING ON THE OPPORTUNITIES	52
Central Main Street Corridor - The Street That Links East and West	54
McKinney/Lamar Corridors	59
Prairie/Texas Corridors	62
Skyline District	66
APPENDIX A	67
APPENDIX B	75
APPENDIX C	79

Executive Summary

Downtown Houston, in the words of one interviewee, is sitting on a gushing oil patch waiting to explode. The analogy is appropriate for Downtown Houston given the sense of excitement and enthusiasm about the changes taking place. With a growing office market that can barely keep up with demand, new arts and cultural venues, sporting and entertainment facilities, and growing residential interest both on the periphery of downtown and in the center, the next big opportunity to be realized is renewed retail attention. An unprecedented amount of construction projects totaling \$3 billion having recently been completed or underway, and a further \$347 million in projects under design will ensure a legacy of good development that will benefit the downtown and the city for long into the future (see Appendix A for a detailed description).

The level of investment in these private and public sector projects in Downtown Houston will create an environment conducive to attracting increased visitation and visitation of longer durations. The projects will create a critical mass of

theater, sporting, convention, and special events to support specialized niche retailing such as sports bars and fine dining. In addition, the office sector is one of the most important components of downtown retailing. Not only do these workers shop and visit Downtown Houston during lunch breaks and after work, but they are more familiar with the amenities in the downtown and are more likely to return for sporting events, festivals, theater, dining, and shopping.

Based on Urban Marketing Collaborative's assessment of retail demand from residents, workers, and visitors for retail merchandise and eating and drinking, Downtown Houston has the potential to attract retail sales totaling \$703 million in 2001. Over half, \$388 million, will be for eating and drinking sales, and the remaining \$315 million will be for GAFO¹ sales. Given these sales levels, Downtown Houston can support almost 2.1 million square feet of retail and eating and drinking space. Accounting for current occupancy levels there is unmet demand for 527,694 square feet of retail space in 2001.

¹ GAFO is defined as general merchandise, apparel, furnishings, and other merchandise

By 2005, when many of the projects will have been completed, Downtown Houston will be a different place. Daytime and nighttime activity will have pedestrian traffic along the major streets from 12 to 18 hours during the day. Increasing the visitation levels by 14 million from 78 million to 92 million will increase the potential for retail and eating and drinking sales to \$856

million, a 22% increase over 2001. The majority, 57%, of the total sales potential will be for eating and drinking. Accounting for occupied retail space and space under construction, by 2005² there will be unmet demand for over 776,034 square feet of retail.

	2001	2005	% Change
Visitation	78,828,093	92,342,139	17.14%
Sales Potential			
GAFO Sales	\$315,476,491	\$366,548,837	16.2%
Eating & Drinking Sales	\$388,178,021	\$489,842,387	26.2%
Total Sales	\$703,654,512	\$856,391,224	21.7%
Supportable Square Footage			
GAFO	1,147,187	1,332,905	16.2%
Eating & Drinking	970,445	1,224,606	26.2%
Total	2,117,632	2,557,510	20.7%
Occupied Supply (including space under construction)			
GAFO	811,520	907,289	11.80%
Eating & Drinking ³	778,418	874,187	12.30%
Total	1,589,938	1,781,476	12.05%
Gap (unmet demand)			
GAFO	335,667	425,615	26.8%
Eating & Drinking	192,027	350,419	82.5%
Total	527,694	776,034	47.1%

² Note 2005 figures are expressed in current dollars (i.e. no adjustment has been made for inflation).

³ Other retail space is not included in the total supply as it represents commercial and service space such as dry cleaners, professional service firms (e.g. accounts), medical offices, travel agents, etc.

Background

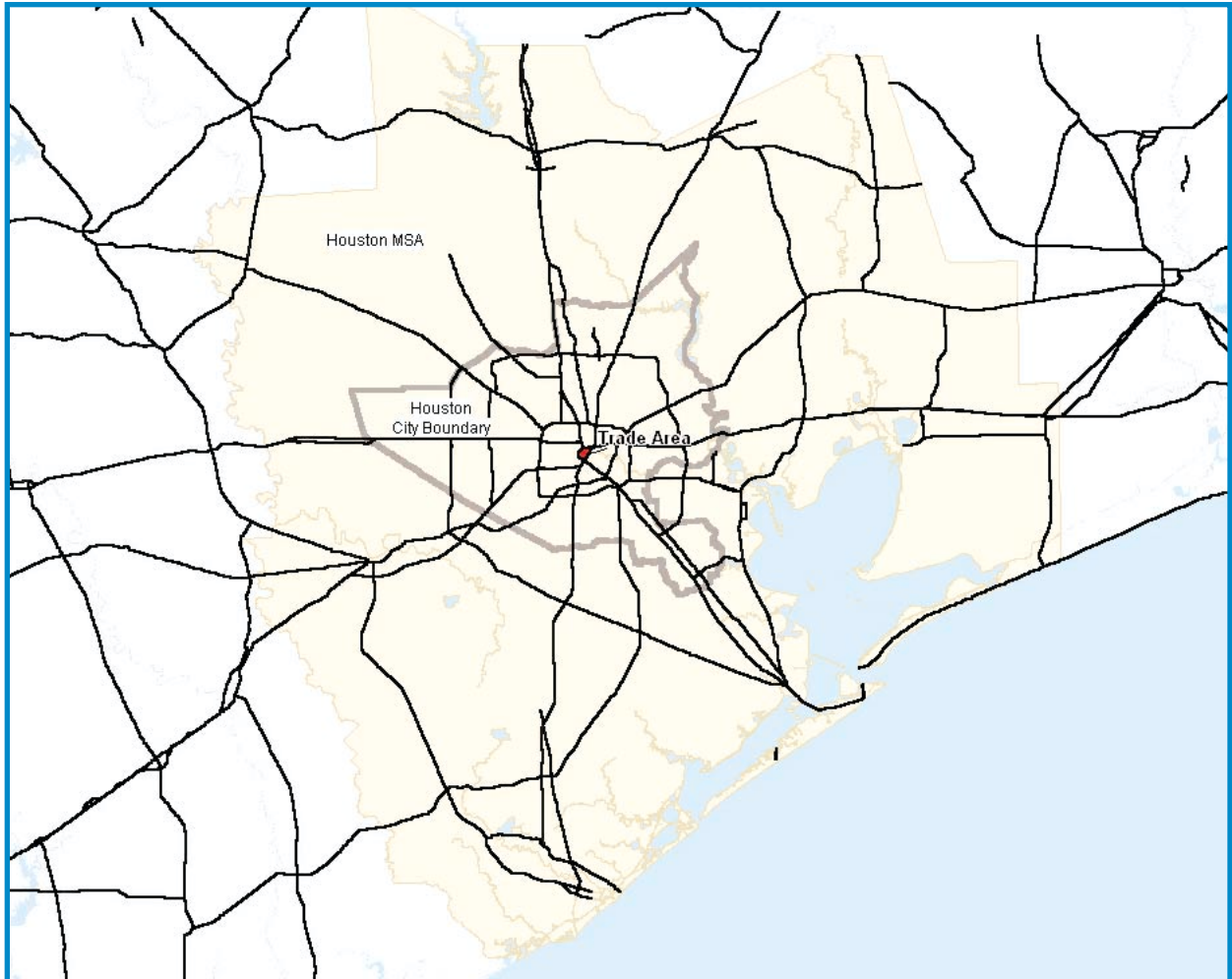
This report has been prepared by Urban Marketing Collaborative (UMC), a division of J.C. Williams Group of Toronto and Chicago. It is designed to support the development of the downtown retail revitalization plan for Downtown Houston by highlighting the current and future retail potential. In addition, it will help the Houston Downtown Management District in its efforts to market all of Downtown Houston to targeted prospective retailers.

A substantial amount of information has also been obtained from federal, state, municipal, and local Houston agencies, all of which are referenced in the body of the report.

While every reasonable effort has been made to ensure that data contained in this report is current, accurate, and complete, UMC does not assume responsibility for material changes in market conditions that occur subsequent to the completion of this report.

The following report highlights UMC's findings with respect to the changing market circumstances that will directly and indirectly affect the retail situation.

Houston MSA



Fact-finding

Secondary Research

Downtown Houston encompasses a broad array of different commercial sectors in the central area of a fast growing urban center. It is ideally sited at the center of a concentric spoke and wheel, urban configuration bordered by Highways 10, 45, and 59. Given this central location, it is affected by developments at several levels of geography, each of which needs to be treated separately.

For the sake of clarity, the following terms have been given specific geographic definitions for the duration of this report:

Downtown Houston: primarily includes the areas bounded by Highways 10, 45, and 59.

Inner Loop: the area contained within Highway 610, which circumnavigates the city; referred to as the inner suburbs.

City of Houston: located in Harris County and a small portion of Fort Bend County.

Houston PMSA: includes the counties of Chambers, Fort Bend, Harris, Liberty, Montgomery, and Waller.

Houston CMSA: includes Houston PMSA, Brazoria County, and Galveston County.

Retail Sales and Market Information: Houston

According to published statistics by the Census Retail Trade, retail sales in the City of Houston have increased sharply between 1992 and 1997 and are projected to continue to grow. During those years sales have increased from approximately \$14 billion to more than \$20 billion. This represents a 37% increase, or 6.5% annualized growth per year. Retail sales in 1997 for Houston, Houston PMSA, and Houston CMSA by major store category are listed in the following table.

For the City of Houston, 2000 marked one of the strongest years for the retail sector. For the City overall, retail occupancy levels reached a high of 89%, the highest levels in over a decade. In addition, average rents increased to \$18.40 per square foot.⁴

In 2000, retail within the Inner Loop including Downtown Houston fared better than the rest of the city. There is almost 6.9 million square feet of occupied space (approximately 6% of the city's total) leaving a vacancy rate of 7%. Rental rates for the Inner Loop are higher averaging approximately \$20 per square foot. Only the areas contained within the far north and near west had higher rental rates.

	Houston		Houston PMSA		Houston CMSA	
	Stores	Sales (\$000s)	Stores	Sales (\$000s)	Stores	Sales (\$000s)
Automobile Dealers	314	\$6,219,716	558	\$9,891,437	619	\$10,624,996
Other Motor Vehicle	65	\$174,004	136	\$323,413	364	\$388,380
Auto Parts and Accessories	462	\$675,073	802	\$1,027,245	885	\$1,100,166
Furniture Stores	234	\$563,946	350	\$717,276	378	\$743,651
Home Furnishings Stores	244	\$324,414	408	\$565,581	451	\$589,796
Electronics and Appliance Stores	356	\$950,452	588	\$1,332,505	642	\$1,363,447
Building Materials and Garden	425	\$1,840,639	891	\$2,993,185	1,030	\$3,270,641
Grocery Stores	942	\$3,002,139	1,522	\$5,646,290	1,664	\$6,264,808
Convenience Stores	247	\$125,685	389	\$197,825	425	\$214,727
Alcohol Stores	216	\$102,064	374	\$182,395	408	\$330,619
Health and Personal Care	597	\$833,604	1,010	\$1,422,911	1,117	\$1,568,252
Clothing	808	\$1,677,356	1,211	\$1,631,319	1,335	\$1,729,628
Shoe Stores	247	n/a	388	\$300,475	428	\$330,623
Jewelry, Luggage & Leather Goods	301	n/a	440	\$349,266	478	\$373,377
Sporting Goods and Hobby	281	\$431,002	544	\$751,185	608	\$808,117
Books, Periodicals, and Music	170	\$197,847	275	\$287,610	295	\$303,996
Department Stores	78	\$1,912,007	150	\$3,736,242	165	\$4,025,242
Other General Merchandise Stores	143	\$605,686	265	\$1,266,233	310	\$1,571,310
Other Retail	769	\$829,521	1,398	\$1,391,447	1,560	\$4,283,248
Total Sales	6,899	\$20,465,155	11,699	\$34,013,840	13,162	\$39,885,024

⁴ Source: CB Richard Ellis and O'Connor & Associates

Retail/Entertainment Facilities

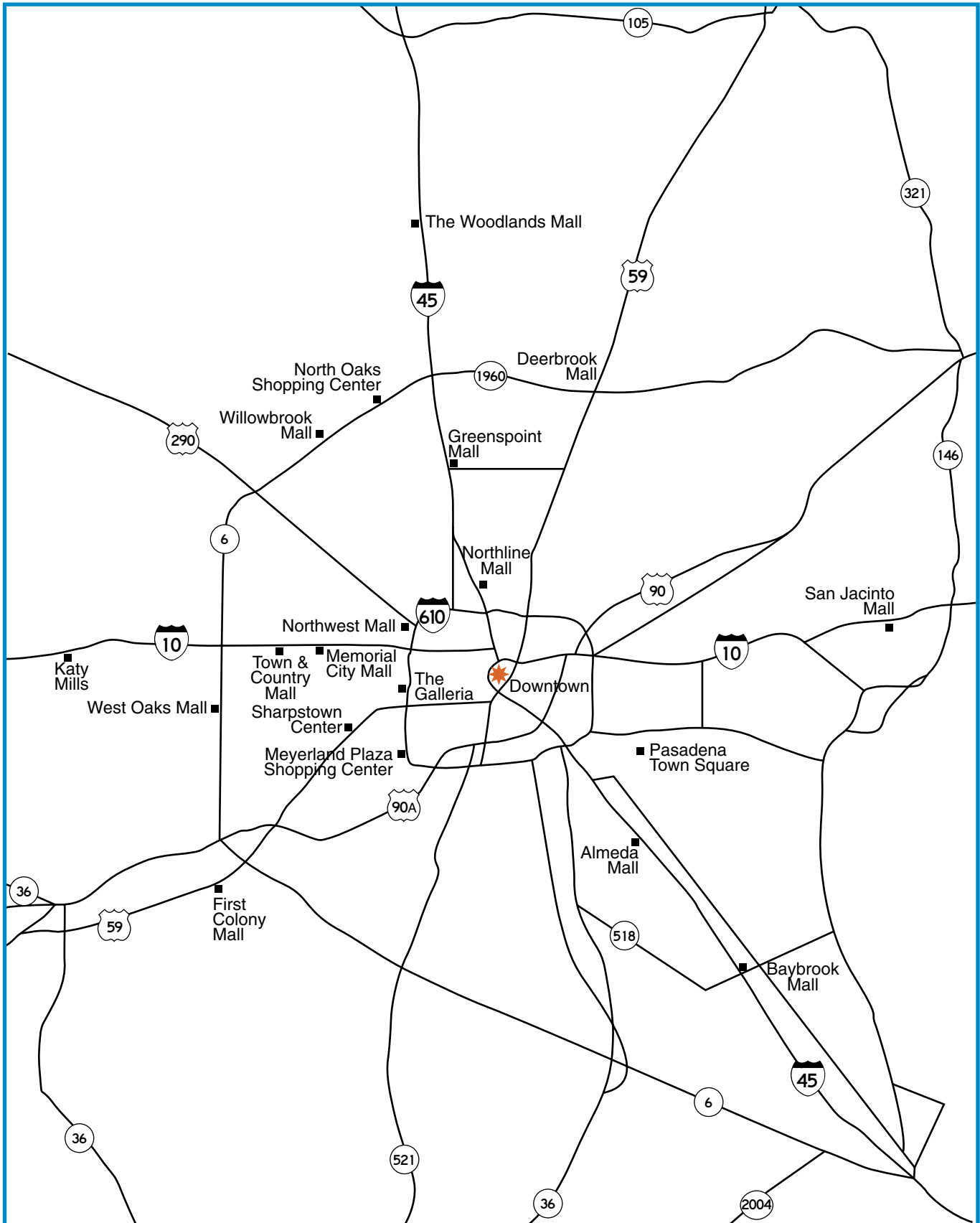
The City of Houston and the immediate built up areas are extremely well supplied with shopping centers, particularly in the West Loop/Galleria and northern sections of the City. The largest by far is The Galleria. However, the City is served by 20 large enclosed malls, with a total square footage of almost 20 million square feet but none within the Inner Loop. Northwest Mall is significant to Downtown Houston in that it is one of the closest to the downtown and as such attracts a number of downtown and Midtown residents.

The eating/drinking and personal service nature of the retailing in Downtown Houston forces downtown's residents, employees, and other visitors beyond the boundaries of the downtown to do most of their convenience and comparison shopping. However, convenience shopping will be altered with the addition of a Randall's supermarket just outside the downtown to the southwest.

In addition, Houston is served by a number of smaller centers including Highland Village, Village Arcade, and Uptown Park among others. In total there are over 825 super regional malls, regional malls, community centers, and neighborhood centers totaling over 83 million square feet of retail space.

Shopping Center	Location	Size (GLA)	Anchors
The Galleria	West	2,100,000	Lord & Taylor, Macy's, Neiman Marcus, Saks Fifth Ave.
Greenspoint Mall	North	1,700,000	Dillard's, Dress for Less, Foley's, Palais Royal, Sears
San Jacinto Mall	East	1,500,000	Foley's, JC Penny, Mervyn's, Sears
Willowbrook Mall	North	1,470,700	Foley's, Dillard's, JC Penny, Lord & Taylor, Palais Royal, Sears
Memorial City Mall	West	1,358,000	Foley's, Mervyn's, Sears, Lord & Taylor
Sharpstown Center	West	1,348,000	Foley's, Cineplex Odeon, JC Penny
Katy Mills	West	1,300,000	AMC, Burlington Coat Factory, J. Jill, Bass Pro, Polo, J. Crew
The Woodlands Mall	North	1,178,455	Foley's, Dillard's, JC Penny, Mervyn's, Sears
Baybrook Mall	South	1,083,753	Dillard's, Mervyn's, Sears
West Oaks Mall	West	1,051,696	Foley's, Dillard's, JC Penny, Mervyn's, Palais Royal, Sears
First Colony Mall	West	1,000,000	Foley's, Dillard's, JC Penny, Mervyn's
Deerbrook Mall	North	1,000,000	Foley's, Dillard's, JC Penny, Mervyn's, Sears
Almeda Mall	South	799,706	Foley's, JC Penny, Old Navy, Palais Royal, Ross Dress For Less
North Oaks Mall	North	795,693	Target, TJ Maxx, Old Navy, Ross Dress For Less, Shoe Warehouse
Pasadena Town Square	East	745,000	Foley's, Dillard's, Sears
Northline Mall	North	422,911	Palais Royal, Magic Theaters, Family Foods
Town & Country Mall	North	420,000	Neiman Marcus, Dillard's
Northwest Mall	West	209,933	Foley's, Old Navy
Meyerland Plaza S.C.	West	159,941	JC Penny, General Cinema, Kmart, Marshalls
Total		19,643,788	

Major Malls in Houston



Downtown Houston Market Segment Profile

Downtown Houston draws upon a diverse group of market segments. These include:

- Residential population both in the downtown and near-in residents
- Downtown workers
- Visitors
 - Theater patrons
 - Sporting event attendees
 - Convention center visitors
 - Hotel guests
 - Special events visitors
 - Other visitors

Residential Population

Over the last years, Harris County, including the City of Houston, has experienced a considerable amount of new development both in the downtown and in the outlying areas, and into the surrounding counties in terms of office, residential, and retail development. The number of projects that have been completed or that are currently underway have created more favorable quality of life amenities that have been an extra drawing card to entice people to move to the area.

Due in large part to a strong economy during the past decade, the residential population for Houston CMSA has been increasing dramatically. The positive growth has also affected Downtown Houston whereby its population is expected to almost double in size by 2006 compared to 2001.

Year	Houston CMSA	Annualized % Change	Houston	Annualized % Change	1.5 Mile Radius	Annualized % Change	Downtown Houston	Annualized % Change
1980	3,108,901		1,615,745		n/a		1,232	
1990	3,728,832	1.83%	1,630,553	0.09%	70,599		1,419	1.42%
2001	4,737,791	2.22%	1,889,453	1.35%	73,717	0.39%	2,303	4.50%
2006	5,089,285	1.44%	1,978,137	0.92%	76,314	0.49%	4,481	14.23%

The most recent population estimates based on the 2000 Census put Houston CMSA's 2006 population at over five million. This represents an annualized population growth from 2001 of 1.44%. This suggests that growth in the CMSA is still increasing, but at a slower rate than in the past. However, Downtown Houston is expected to grow by an even faster rate than in the past. Downtown Houston should reach a population of 4,481 by 2006.

During the 1980s, Downtown Houston's population increased from approximately 1,200 to 1,400. By 2001, the downtown had added almost another 1,000 residents specifically due to loft renovation projects in the Historic District spurred by the renovation of the Rice Hotel.

While traditionally, Downtown Houston has not been a major residential center, recent residential projects underway in the Central Business District and on the outskirts of the downtown will assist in bringing more people downtown, thereby increasing the dynamics of the downtown environment. Recent Census figures indicate that almost 74,000 people live within 1.5 miles of Downtown Houston (Midtown) of which 14,000 live in multi-family dwellings.

There are currently 18 residential developments in Downtown Houston containing 1,931 housing units that range in size from two units at the Foley Building, 214 Travis Street, to 403 units at Houston House on Fannin Street.

Even more interesting is the number of residential units that are scheduled to be completed in the next 3 years. Eleven new projects will add an additional 1,270 housing units to the market and assist to bring more life and excitement to Downtown Houston. By 2005 there will be 3,201 housing units accommodating an estimated 4,481⁵ people.

The type of residents attracted to the lofts in Downtown Houston tend to be:

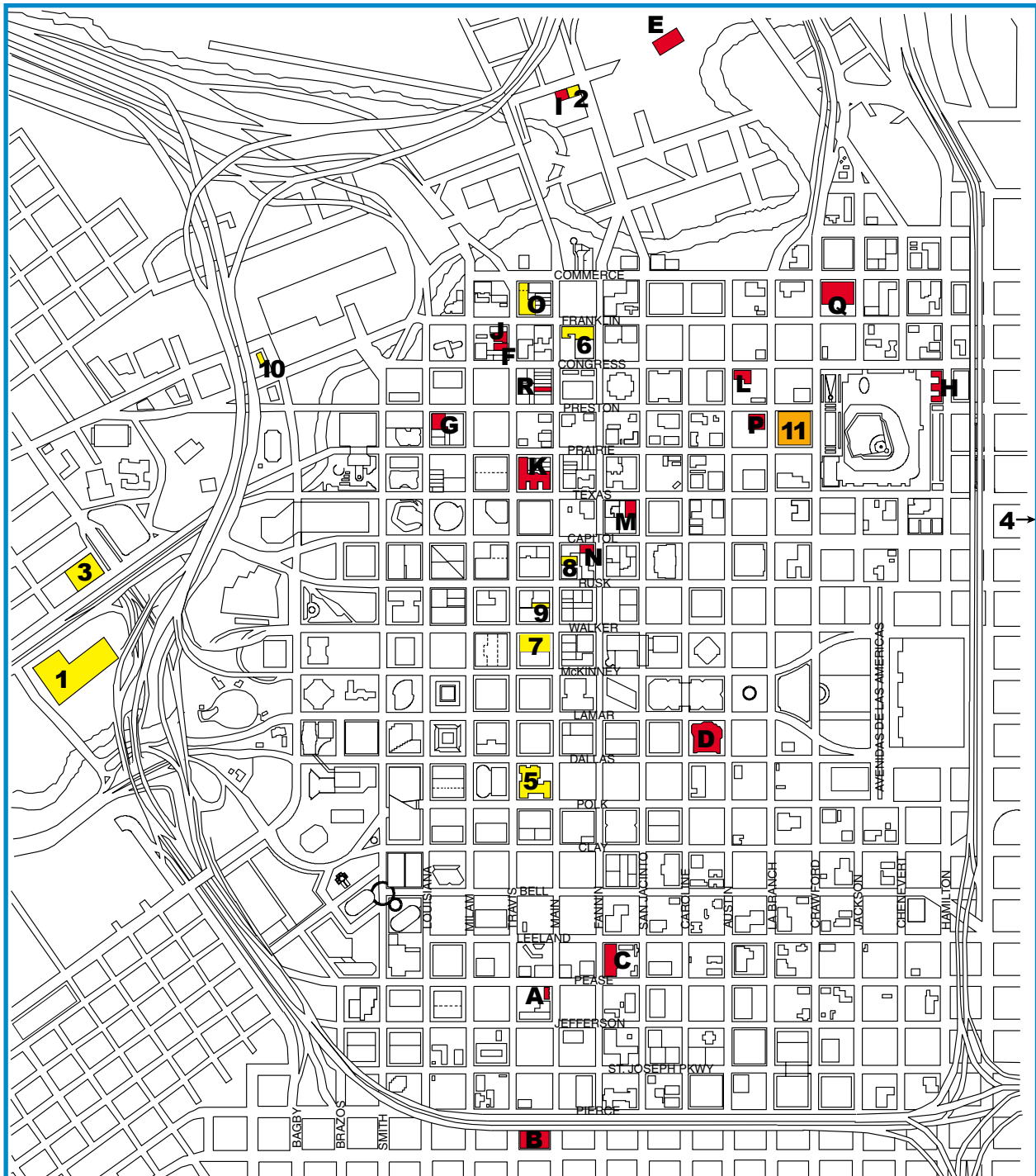
- young urban professionals working downtown,
- empty nesters, and
- reverse commuters.

The lofts tend to be in the mid to upper income level range. Loft resale prices in Downtown Houston vary from approximately \$150,000 for a 700 square foot unit to \$450,000 for a 2,100 square foot unit. On a per square foot basis, housing resale prices are within \$205 to \$270 per square foot.

The map on the following page illustrates existing, under construction, and proposed residential developments. Appendix C contains a list of the projects.

⁵ Based on 1.4 persons per household at 100% occupancy. The 100% occupancy is based on increased demand due to the completion of several shopping, entertainment, and cultural amenities.

Residential Projects



Future Residential Developments

- 1 Sabine Street Lofts
- 2 San Jacinto Lofts
- 3 Buffalo Lofts
- 4 The Lofts at the Ballpark
- 5 Humble Building
- 6 Franklin Lofts
- 7 Commerce Towers
- 8 Capital Lofts
- 9 Main Eight Twelve
- 10 One Bayou Park
- 11 Ballpark Place

Current Residential Developments

- | | |
|---------------------------------------|-----------------------------|
| A Beaconsfield Condos | J Hermann Lofts |
| B 2016 Main | K The Rice |
| C Houston House | L 1414 Congress |
| D Four Seasons Lofts | M The Keystone Lofts |
| E Dakota Lofts/Erie Iron Works | N St. Germain |
| F Foley Building | O Bayou Lofts |
| G Hogg Palace | P D'George |
| H New Hope Housing I, II, III | Q Elder Wagon Works |
| I White Oak Lofts | R 306 Main |

- Existing
- Proposed
- Under Construction



In addition there are 36 multi-unit residential units in Midtown that contain 2,369 housing units and approximately 3,173 people. Also, there are 23 multi-unit residential units within 1.5 miles of Downtown Houston that contain 4,949 housing units and approximately 6,626 people for a combined population of 9,799⁶. The total population living in multi-family units within 1.5 miles of Downtown Houston in the year 2005 is 14,280 people and is based on completed or announced projects to date. Total population for the area will be over 75,000. New residential developments to the west and southwest of the downtown will impact upon the downtown retail sector for neighborhood-serving retail. As mentioned, the new residential growth has paved the way for a proposed new supermarket in this area.

Qualitatively, Downtown Houston's residential population is significantly different from the population of the surrounding communities. Generally speaking, it has a much greater representation of young urban professionals.

The following table is a compilation of data based on estimates from the 1990 and 2000 Census. The table contains 2001 estimates for population size, and ethnicity based on the 2000 Census. However, the household size, age profile, household income profile, and occupation categories are based on estimates from the 1990 Census and 1995 Update Census taking into consideration new information available from the 2000 Census. Because of the recent changes to the Downtown Houston residential market, UMC believes some of the estimates to misrepresent reality. Particularly, household income is expected to be higher than currently stated.

⁶ The preceding population numbers for Midtown and 1.5 mile radius of Downtown Houston are based on a database of multi-unit developments with occupancy varying from 95% to 100% and an average of 1.4 persons/household. See Appendix B for a complete listing.

Demographic Profile Year 2001

	Downtown Houston	Inner Loop	City of Houston	Houston CMA
Population	2,303	458,724	1,889,453	4,737,791
Household	n/a	176,303	720,233	1,708,542
Persons Per Household	n/a	2.60	2.62	2.77
Age Profile				
Less than 18	3%	26%	27%	28%
18-24	21%	10%	9%	9%
25-34	26%	16%	16%	15%
35-49	32%	24%	24%	24%
50-64	11%	13%	13%	14%
65 and over	7%	11%	9%	9%
Ethnicity				
Caucasian/White	72%	51%	46%	62%
African American	19%	20%	26%	17%
Asian	1%	3%	6%	5%
Other	8%	25%	22%	16%
Hispanic	14%	43%	39%	29%
Average Household Income	\$47,350	\$70,577	\$66,036	\$74,706
Income Per Capita	\$17,221	\$27,492	\$25,275	\$27,037
Household Income Profile				
Less than \$15,000	6%	19%	15%	12%
\$15,000 to \$24,999	19%	13%	13%	10%
\$25,000 to \$49,999	39%	26%	28%	25%
\$50,000 to \$74,999	22%	17%	18%	20%
\$75,000 to \$99,999	7%	9%	10%	13%
Over \$100,000	7%	16%	16%	20%
Occupation				
Professional	34%	31%	28%	29%
Sales and Service	26%	25%	27%	25%
Administrative	22%	13%	16%	16%
Technical/Machine Operators	10%	20%	19%	21%
Laborers/Transportation	8%	9%	8%	8%
Farming	0%	1%	1%	1%
Average Household Expenditures				
All Retail (GAFO)	\$22,887	\$25,375	\$25,548	n/a
Eating and Drinking	\$3,289	\$3,021	\$3,041	n/a

Source: U.S. Census, 1990, 1995, and 2000

Other salient features from the analysis include:

- In terms of the age profile, the Inner Loop area, the City of Houston, and Houston CMSA all exhibit similar characteristics for each of the age categories. The Inner Loop has slightly fewer children and young adults and slightly more seniors than the City of Houston and Houston CMSA. Downtown Houston is markedly different in that there are very few children and young adults, and proportionately fewer seniors living in the area. Those 18 to 49 years of age dominate the downtown residential market.
- In terms of household income, albeit lower than the rest of the City, the estimates perhaps do not reflect the current changes in the residential composition of the Downtown due to estimates based on older data. Most notably, many current downtown residents are in the early household formation years and tend to be spenders rather than savers. Expenditures are for leisure activities (such as books, CDs, art) and home and electronic products.
- The inner suburbs of the City of Houston (within the Inner Loop) are not similar to many other North American cities. The 610 Loop contains a significantly large proportion of mid to high average household income residents compared to the rest of the city. The average household income (\$70,577) approaches the average household income for the entire CMSA (\$74,706). However, while 16% of the households earn more than \$100,000 per year, 19% earn less than \$15,000 suggesting a more polarized income distribution especially between the areas west of the downtown and the areas east of downtown. That being said, the inner suburbs fare much better than the near-in population surrounding other cities such as Los Angeles (\$28,788) and Orlando (\$41,200).
- The average household in Downtown Houston spends more on eating and drinking than other households in the City of Houston (\$3,289 compared to \$3,041 for the City of Houston).

Downtown Worker Population and Office Market

Downtown Houston accounts for approximately 4% of the total Houston PMSA's jobs. There are just over 153,000 employees in Downtown Houston and just over two million employees in the entire PMSA.

By far the largest group of workers, office workers account for over two-thirds of the downtown workforce.

The ten largest private employers in Downtown Houston account for at least 36,500 of the total downtown workforce. This is equivalent to 24% of the downtown workforce.

	% of Downtown Workforce
Office	71%
Government	15%
Retail	8%
Medical	3%
Education	2%
Industrial	1%
Total	100%

Rank	Employer	Number of Employees
1	Enron	6,300
2	Shell Oil	4,900
3	Exxon Mobil	4,000
4	JPMorgan Chase	3,800
5	Continental Airlines	3,500
6	Reliant Energy	3,000
7	St. Joseph	3,000
8	Foley's	3,000
9	Chevron	2,800
10	Bank of America	2,200
	Total	36,500

As mentioned, the office market is a strong integral part of the composition of Downtown Houston. The Houston office market contains 154,325,346 square feet of net rentable area of which Downtown Houston accounts for 41,276,684, or 26.7%

of the total square footage. The office market in Downtown Houston is the largest and currently the strongest submarket within the Houston area.

	Total Buildings	Net Rentable Area	Vacant Sq. Ft.	Vacancy
CBD	101	41,276,684	4,880,595	11.82%
West Loop/Galleria	120	29,442,573	3,973,016	16.89%
West	203	26,946,839	5,712,009	21.20%
Richmond/Greenway	73	10,848,873	1,652,175	15.23%
North/Northbelt	87	11,216,750	2,464,146	21.97%
Southwest	93	10,675,399	2,995,821	28.06%
North Loop/Near NW	79	7,717,231	1,641,835	21.27%
NASA/Clear Lake	56	4,301,104	915,751	21.29%
Far NW/FM 1960	74	4,093,842	754,239	18.42%
South/Southeast	42	2,734,299	777,946	28.45%
L. E Fort Bend County	25	2,457,566	590,600	24.03%
Woodlands/Conroe	41	2,614,186	589,921	22.57%
Total	994	154,325,346	27,948,054	18.11%

Source: CoStar, August 2001

In terms of Class A office space, Downtown Houston contains almost 28 million square feet. This represents 38% of the total Class A office space in the Houston area. The vacancy rate within this category for the downtown is very small, 4.31%.

	Downtown Houston	Total Excluding Downtown
Class A		
Total Buildings	28	130
Net Rentable Area	27,898,906	44,986,761
Vacant Sq. Ft.	1,203,837	6,491,918
Vacancy	4.31%	14.43%
Rental Rate	\$24.42	\$20.30
Class B		
Total Buildings	29	395
Net Rentable Area	10,042,531	49,513,722
Vacant Sq. Ft.	1,279,555	9,047,074
Vacancy	12.74%	18.27%
Rental Rate	\$18.39	\$16.02
Class C		
Total Buildings	59	368
Net Rentable Area	3,609,859	18,548,179
Vacant Sq. Ft.	1,495,123	4,405,408
Vacancy	41.41%	23.75%
Rental Rate	\$14.95	\$13.31

Source: CoStar, August 2001

See Appendix D for detailed information about the other office districts.

Downtown Houston is home to over 2,000 company headquarters and includes twelve Fortune 500 companies. These companies include Enron, Dynegy, Reliant Energy, El Paso Energy, Waste Management, American General, Continental Airlines, Plains Resources, Cooper Industries, Lyondell Chemical, Kinder Morgan, Pennzoil-Quaker State, among others. Major financial institutions such as Bank of America, Bank One, JPMorgan Chase, and Wells Fargo, as well as retail operations such as Foley's Department Store are also based in Downtown Houston. This shows the diversity of the Downtown Houston business market, as it no longer is a market driven solely by the oil and gas industry, but is now a market driven by energy and trade along with other industries.

While much of this workforce is in the energy sector, the corporate structure within Downtown Houston is broadening by attracting more diverse industries.

The office population of Downtown Houston is set to climb dramatically as new construction projects will be completed in the near future. Enron Center South is slated to open 1.2 million square feet of office space in 2001 along with Five Houston Center, which will add an additional 577,000 square feet of Class A office space to the Downtown market in 2002. The second major project underway is the 833,000 square foot building at 1000 Main Street. This project is scheduled to be completed in March 2003. The third office project, Calpine Center, broke ground in August 2001, and is a 32 story, 690,000 square foot office building on Texas Avenue. Other mixed use projects such as Ballpark Place and the redevelopment of older office buildings will add additional office space to the downtown market. In total this represents over 3.2 million square feet of new office space to be added in the next 2 years.

Projected office and non-commercial office workers for Downtown Houston based on projected office completions and demand are included in the following table.

Total employee population in Downtown Houston is projected to grow by 7% from 2000 to 2005, or by 1.4% per year. Currently, Houston's economy is maintaining its counter-cyclical status. While unemployment is projected to increase in a number of other markets in the U.S., factors specific to Houston and its energy market have allowed job growth to be undeterred. Houston's unemployment rate for April stood at 3.5% compared to 4.0% for Texas and 4.4% for the U.S.⁷ According to the Greater Houston Partnership, local factors contributing to this growth include a solid demand for oil and gas, a growing energy trading business, Houston's role in international trade, and an increased demand for engineering services.⁸

	2000	2001	2002	2003	2004	2005
Office Worker	125,291	126,182	126,781	131,009	133,921	135,613
Non-Commercial Office Workers						
City of Houston	10,000	10,000	10,000	10,000	10,000	10,000
Harris County	5,000	5,000	5,000	5,000	5,000	5,000
Federal	4,000	4,000	4,000	4,000	4,000	4,000
Hotels	2,000	2,250	2,500	2,650	2,800	2,800
Restaurants	2,400	2,550	2,600	2,850	3,000	3,000
Retail	3,000	3,000	3,000	3,000	3,000	3,000
Other	500	500	500	500	500	500
Subtotal Non-Commercial Office	26,900	27,300	27,600	28,000	28,300	28,300
Total	152,191	153,482	154,381	159,009	162,221	163,913

Source: Houston Downtown Management District

⁷ Source: Bureau of Labor Statistics.

⁸ Source: Greater Houston Partnership and the Texas Workforce Commission.

5 Houston Center



560,000 square foot, 26-story office tower with 19 levels of office space and 8 levels of parking totalling 1,250 spaces. Opening third quarter 2002.

Enron Center South



1.2 million square foot office tower to serve as second headquarters with trading floors for Enron. Includes a 1,200 space parking garage. Opening fall 2001.

Theater Patrons

The theater and performing arts in Downtown Houston is growing in size each successive year. Civic and cultural (including educational) facilities in Downtown Houston stretch along Buffalo Bayou anchored by the Heritage Society Museum and the Doubletree and Hyatt Regency Hotels up to Allen's Landing and the Harris County Court District, and even extending into the artist live/work lofts near Sterrett Street. The civic and cultural facilities include the aforementioned museum, library, City Hall, University of

Houston Downtown, Jones Hall, Wortham Center, Alley Theatre, Bayou Place, Hobby Center for the Performing Arts and numerous squares and plazas that together work to create an impressive and highly visual civic and cultural gateway to Downtown Houston from the western and northern sections of the City.

Last year Jones Hall hosted 275 events and drew 422,608 visitors to the performance center. Events included the Broadway series Caberet and Ragtime, Houston Symphony's

Hobby Center for the Performing Arts



Music Hall Foundation project to be home for Theater Under the Stars musicals and Pace Theatrical Group's touring Broadway blockbuster shows. Opening in 2002.

Pop series concerts, and a lecture series by Gloria Steinem among others. Total revenues for 2000 were \$1,825,084. The Wortham Center drew 376,473 people in 2000 to 362 events. These included the ballet Cleopatra, the opera Aida, and the Mayoral Inauguration among others. Total revenues for 2000 were \$2,743,879. The Alley Theatre held almost as many events, 350, and attracted over 300,000 people. Total Revenues were over \$4,000,000.⁹

The addition of the \$85 million Hobby Center for the Performing Arts in 2002, the redevelopment of Jones Plaza into an outdoor entertainment venue, and the proposed Landry's Aquarium will reinforce this area as a cultural destination. In addition, there is the long term possibility of the U.S. Post Office site becoming available for alternative uses. Other positive notes benefiting this area include the \$2.7 million redevelopment of Allen's Landing and the \$4 million infrastructure pathway connecting it to Sesquicentennial Park. The addition of more housing in the area and nearby will add to the attractiveness of the district.

By 2002 Downtown Houston will boast eight stages located in five performance venues, and one movie theater.¹⁰ The total maximum number of seats will be over 16,000.¹¹

The following is a list of performance venues and attendance levels for Downtown Houston both present and in the future.

Between 2000 and 2005 the number of attendees visiting Downtown Houston for a theatrical/movie experience will increase by 730,000 visits, or by 43%. The new performance spaces and the increased usage will create the critical mass of nighttime theatrical performances throughout the week and the year to ensure Downtown Houston has a consistent supply of theater-goers to support eating and drinking and retail spin-off activity.

	2000	2001	2002	2003	2004	2005
Jones Hall	423,000	325,000	575,000	430,000	430,000	430,000
Wortham Center	376,500	385,000	380,000	380,000	380,000	380,000
Alley Theatre	300,000	300,000	300,000	300,000	300,000	300,000
Bayou Place: Aerial	300,000	300,000	300,000	300,000	300,000	300,000
Bayou Place: Angelika	219,000	219,000	219,000	219,000	219,000	219,000
Jones Plaza/Sesquicentennial	81,000	40,000	160,000	200,000	200,000	200,000
Hobby Center	-	-	600,000	600,000	600,000	600,000
Total	1,699,500	1,569,000	2,534,000	2,429,000	2,429,000	2,429,000
Other Projects						
Landry's Aquarium	-	-	500,000	1,800,000	1,700,000	1,600,000
Projected Total	1,699,500	1,569,000	3,034,000	4,229,000	4,129,000	4,029,000

Source: Houston Downtown Management District

⁹ Source: Houston Theater District Study.

¹⁰ Excludes Landry's Aquarium.

¹¹ Including the Angelika movie theater.

Sporting Events

As the western edge of Downtown Houston enhances its civic and cultural strengths, the eastern edge of Downtown Houston is being transformed into a sporting and entertainment mecca. This is due to Enron Field, the new arena, and the expanded Convention Center.¹²

In March 2000 Enron Field was completed at a cost of \$265 million. The 40,950 seat, retractable roof stadium drew over three million visitors in the opening year. The Harris County Houston Sports Authority

will begin construction on the new arena in 2001, with completion in late 2003. The Arena will be home to the Rockets (NBA), Comets (WNBA), Thunderbears, and the Aeros (IHL) as well as other smaller sporting events and concerts.

Current and estimated attendance levels for the two sporting facilities are in the following table.

	2000	2001	2002	2003	2004	2005
Enron Field	3,200,000	2,800,000	3,000,000	3,000,000	3,000,000	3,000,000
Arena						
Rockets (NBA)	-	-	-	296,000	742,500	742,500
Aeros (IHL)	-	-	-	80,000	320,000	320,000
Comets (WNBA)	-	-	-	-	171,000	171,000
Thunderbears	-	-	-	-	40,000	40,000
Other sports	-	-	-	25,000	243,000	243,000
Concerts	-	-	-	50,000	202,000	202,000
Other shows	-	-	-	100,000	385,000	385,000
Subtotal Arena	-	-	-	405,000	2,103,500	2,103,500
Yearly Total	3,200,000	2,800,000	3,000,000	3,551,000	5,103,500	5,103,500

Source: Houston Downtown Management District

¹² Note: The media village for Superbowl 2004 will be at the Convention Center.

Enron Field



40,950 seat baseball stadium with a retractable roof. Completed March 2000.

Enron Field

Opening day 2001. Enron Field draws an average of 3,000,000 fans per year.



New Downtown Arena



An 18,500-seat facility to house the Houston Rockets and the Houston Aeros. Includes an adjacent 2,500 space parking garage. Opening in the fall of 2003.

Major New East-side Development



Convention Visitors

The George Brown Convention Center located on the eastern edge of Downtown Houston is poised to become a more integral part of the Downtown Houston environment. Until recently there was very little activity east of Austin Street. Now with Enron Field, the new arena, the hotels, and new office and residential projects, east downtown will begin to develop its own unique character. Added to the mix of projects is an expanded Convention Center to the north and south of the current facility.

The expanded Convention Center will be complete by 2003. The following table illustrates some of the key changes between the existing Convention Center and the expanded one.

	Current Convention Center	Expanded Convention Center
Gross Space	1,150,000 sq. ft.	1,850,000 sq. ft.
Exhibit Space	451,500 sq. ft.	889,500 sq. ft.
Registration Space	53,000 sq. ft.	98,812 sq. ft.
Meeting Room Space	45,000 sq. ft.	110,000 sq. ft.
Meeting Rooms	41	105
Conference Rooms	4	8
Exhibit Halls	4	7
Show Offices	12	18
Lobby Entrances	3	5

The Convention and Visitors Bureau will control approximately 85% of the convention booking space for the first 2 years of operation. Currently, the mix of local and convention business traffic is 60/40. It is expected that by 2005 the proportion of local events will fall to approximately 30% and convention and national visitors will increase to 70%. In addition, there would be a renewed emphasis on keeping delegates within the Downtown Houston area rather than busing them to The Galleria.

The table below outlines the current and projected attendance figures.

	2000	2001	2002	2003	2004	2005
Convention	450,000	450,000	450,000	500,000	850,000	950,000
Local Events	520,000	520,000	520,000	520,000	520,000	520,000
Total	970,000	970,000	970,000	1,020,000	1,370,000	1,470,000

Source: Houston Downtown Management District, George Brown Convention Center

Hotels

The year 2001 will be monumental in Downtown Houston's accommodation market. For well over a decade Downtown Houston has been serviced by four hotels, with approximately 1,800 rooms. By the end of 2001 three new hotels including a Holiday Inn Express, Crowne Plaza, and Best Western will add an additional 489 rooms, and by 2005 there will be over 4,600 rooms in Downtown Houston. Other major hotels include the Courtyard by Marriott¹³ in the historic Humble Oil Building, which will be completed in 2002, the Inn at the Ballpark

near Enron Field, and the much anticipated Hilton Americas Hotel to be built by 2003 in between the new Arena and the expanded Convention Center. The Hilton will add a further 1,200 hotel rooms as well as complementary convention facilities including ballroom facilities.

From 2000 to 2005, hotel visitation is expected to increase by just over 850,000 visitors per year.

		Rooms	Occupancy	2000	2001	2002	2003	2004	2005
1	Hyatt	963	70%	295,256	295,256	295,256	295,256	295,256	295,256
2	Four Seasons	399	70%	122,333	122,333	122,333	122,333	122,333	122,333
3	Doubletree	341	70%	104,551	104,551	104,551	104,551	104,551	104,551
4	Lancaster	93	70%	28,514	28,514	28,514	28,514	28,514	28,514
5	Holiday Inn Express	114	70%	-	15,000	34,952	34,952	34,952	34,952
6	Crowne Plaza	225	70%	-	40,000	68,985	68,985	68,985	68,985
7	Best Western	150	70%	-	10,000	45,990	45,990	45,990	45,990
8	Courtyard by Marriott	191	70%	-	-	25,000	58,561	58,561	58,561
8	Marriott Residence Inn	171	70%	-	-	22,000	52,429	52,429	52,429
9	Magnolia Hotel	380	70%	-	-	-	116,508	116,508	116,508
10	Sam Houston Hotel	106	70%	-	-	8,000	32,500	32,500	32,500
11	Inn at the Ballpark	150	70%	-	-	4,000	45,990	45,990	45,990
12	Hilton Americas	1,200	70%	-	-	-	40,000	367,920	367,920
13	220 Main	125	70%	-	-	-	38,325	38,325	38,325
Total		4,608	70%	550,654	615,654	759,581	1,084,894	1,412,814	1,412,814

Source: Houston Downtown Management District

¹³ The Marriott and Four Season hotels will also contain residential units.

Hilton Americas

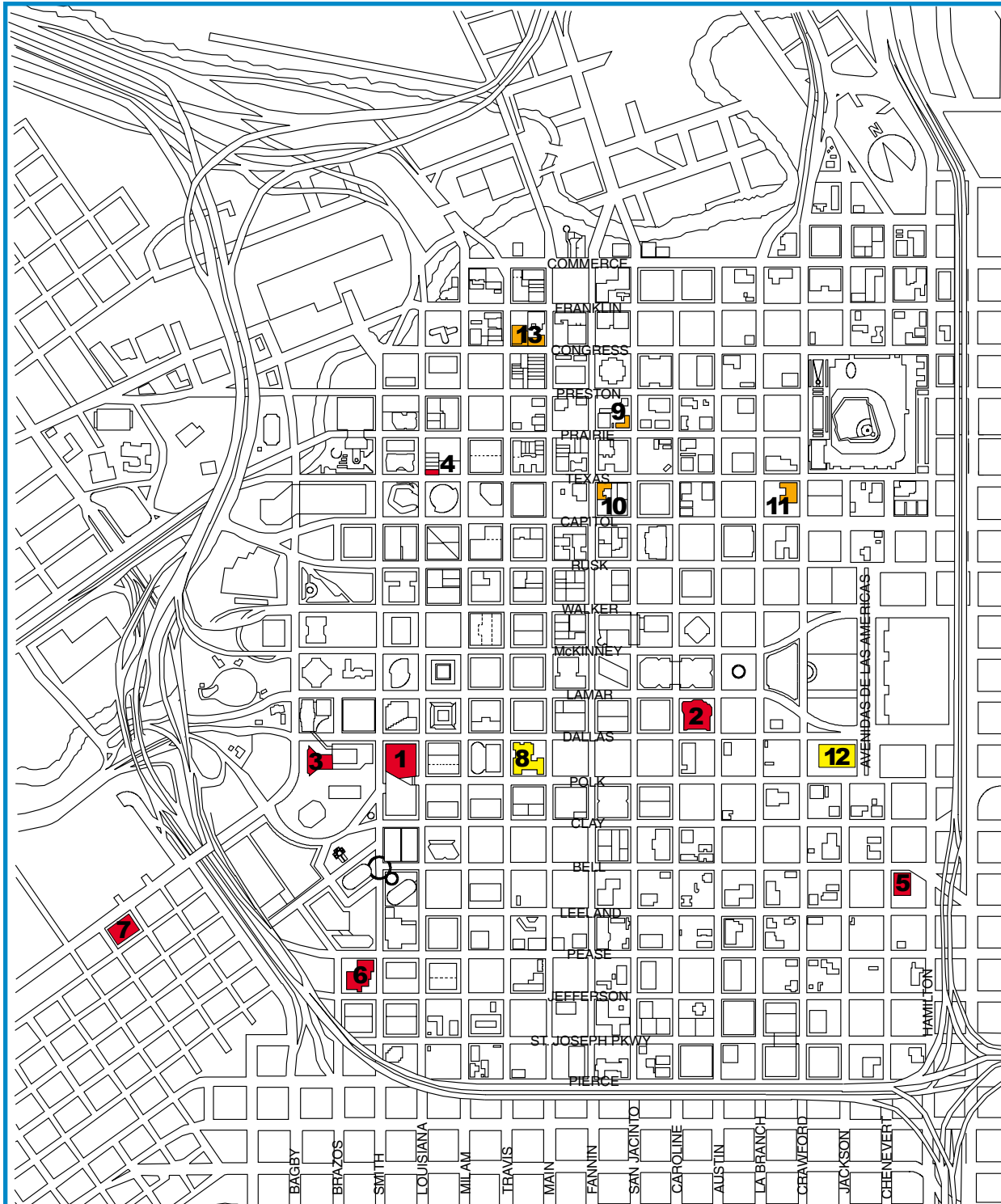


1,200 room hotel to service the convention center, new downtown arena, and Enron Field. Includes an adjacent 1,600 space parking garage.

The map on the following page illustrates hotels in Downtown Houston that are existing, proposed, and under construction. By 2005, hotels straddling Dallas Avenue will contain 71% of all hotel rooms in Downtown Houston (3,265 rooms)

primarily in the mid to high end range. As such, linkages between the hotels and the historic and theater districts will be critical for ensuring retail sales remain in the downtown.

Hotels



Hotels

- 1 Hyatt
- 2 Four Seasons
- 3 Doubletree
- 4 Lancaster

- 5 Holiday Inn Express
- 6 Crowne Plaza
- 7 Best Western
- 8 Courtyard by Marriott/Residence Inn

- 9 Magnolia Hotel
- 10 Sam Houston Hotel
- 11 Inn on the Ballpark
- 12 Hilton Americas
- 13 202 Main

- Existing
- Proposed
- Under Construction



Special Events Visitors

Festivals and special events in Downtown Houston attract a wide variety of visitors, from young families to the Children's Festival to sporting enthusiasts to the Texaco Havoline Grand Prix, to culinary connoisseurs for the Great Tastes of Houston event.

Current and projected attendance levels for major special events in Downtown Houston are outlined below.

As noted, the City of Houston is set to host the Superbowl and the Major League Baseball All-Star Game in 2004, which will draw large numbers of extra visitors and residents to Downtown Houston (the Superbowl will be played at the Reliant Stadium at Reliant Park – old Astrodome complex).

	2000	2001	2002	2003	2004	2005
Houston International Festival	300,000	300,000	300,000	300,000	300,000	300,000
Great Tastes of Houston	250,000	250,000	250,000	250,000	250,000	250,000
Rodeo Parade	250,000	250,000	250,000	250,000	250,000	250,000
Bank United Thanksgiving Parade	250,000	250,000	250,000	250,000	250,000	250,000
Texaco Havoline Grand Prix	105,000	105,000	105,000	105,000	105,000	105,000
Freedom Festival	100,000	100,000	100,000	100,000	100,000	100,000
Children's Festival	100,000	100,000	100,000	100,000	100,000	100,000
Other festivals, runs, walks	855,000	855,000	855,000	855,000	855,000	855,000
2004 All-Star Game ¹⁴					200,000	
Total	2,210,000	2,210,000	2,210,000	2,210,000	2,410,000	2,210,000

Source: Houston Downtown Management District

¹⁴ The 2001 All-Star game in Seattle generated \$60 million in hotel, dining, and retail expenditures.
Source: Seattle Mariners' Organization and Seattle and King County Convention and Visitors Bureau.

Other Visitors

In addition, other venues and attractions draw residents to Downtown Houston from around the region.

The Harris County Campus will be completed by 2003, creating a new plaza bordered by court buildings including a new Juvenile Detention and Administration Center and the rehabilitation of the old Criminal Courts Building.

	2000	2001	2002	2003	2004	2005
Courts/County	2,500	2,500	2,500	2,500	2,500	2,500
City/Government	1,500	1,500	1,500	1,500	1,500	1,500
Churches	300	300	300	300	300	300
Offices	36,323	36,545	36,695	37,752	38,480	38,903
Student Attendance	9,400	9,400	9,400	9,400	9,400	9,400
Daily Total	50,023	50,245	50,395	51,452	52,180	52,603

Source: Houston Downtown Management District

Harris County Campus



New Civil Justice Center and pedestrian plaza – groundbreaking date to be determined. New Criminal Justice Center recently completed. Includes a 2,400 space parking garage opening early 2002.

Summary of Market Segment Profile

The projects that have been completed, the ones that have broken ground, and the ones about to break ground in the near future will dramatically change the face of Downtown Houston. In terms of retail potential, the aim of Downtown Houston should be to entice those visitors who are coming downtown either for work or pleasure to stay longer and to attract new visitors to come to the area.

A summary of the different market groups and the proposed increase in Downtown visitation is provided in the chart below.

The total Downtown visitation is expected to increase from almost 79 million in 2001 to over 92 million by 2005.

	Number of Trips Generated Per Year	
	2001	2005
Daytime Visitation	11,138,400	11,138,400
Downtown Workers	39,137,910	41,797,815
Theater District	1,569,000	2,429,000
Sporting Events	2,800,000	5,103,500
Conventions	970,000	1,470,000
Hotels	615,654	1,412,814
Special Events	9,784,654	15,576,845
Other Visitors	12,812,475	13,413,765
Total	78,828,093	92,342,139

Quantification of Retail Demand

Demand for retail products and services in Downtown Houston stems from a variety of sources. These include people who come downtown for theater, work, vacation, convention, movies, and baseball among others. When the demand factors are analyzed collectively, the resulting impact of the future changes to Downtown Houston's infrastructure will have a considerable impact on the retail potential for the area.

Demand for retail comes from the residential sector, the downtown employees, local visitors, and out-of-town visitors.

This section quantifies the demand in detail for:

- Residents
 - Downtown residents
 - Near-in residents
- Downtown Workers
- Visitors
 - Theater patrons
 - Sporting events
 - Convention Center
 - Hotel guests
 - Special events
 - Other visitors

Note: Current and future demand potential will be expressed in current 2001 dollars. Also, numbers have been rounded to the nearest dollar.

Residents

Downtown Residents

Within the immediate Downtown Houston area there are approximately 1,738 households. According to recent estimates of downtown resident expenditures for this population, \$22,887 is spent on retail goods such as apparel, furniture, general merchandise, and other retail (GAFO) per household. A further \$3,289 is spent by each household on eating and drinking.¹⁵

Assuming one-third of GAFO sales and one-half of restaurant and bar sales generated by these households are spent in Downtown Houston translates in the following current and future potential sales.

Total retail sales from downtown residents is projected to increase by 84% from over \$16 million to over \$30 million by 2005.

	Household Expenditure	2001		2005	
		Households	Total	Households	Total
GAFO	\$7,629	1,738 ¹⁶	\$13,259,202	3,201 ¹⁷	\$24,420,429
Eating & Drinking	\$1,645	1,738	\$2,859,010	3,201	\$5,265,645
Total	\$9,274	1,738	\$16,118,212	3,201	\$29,686,074

¹⁵ Source: U.S. Census, Claritas.

¹⁶ Based on 1,931 units @ 90% occupancy.

¹⁷ Based on 3,318 units @ 100% occupancy based on increased demand due to the completion of several important shopping, entertainment, and cultural amenities that will make Downtown Houston more attractive to residents.

Near-in Residents

Houston residents, apart from those living in the Downtown but within the 610 Highway Loop, are a large and affluent consumer market. Within this market, households spend over \$4.5 billion on retail goods and \$500 million on eating and drinking.

It is estimated that an additional 11 million visits are made to Downtown Houston for visiting friends, passing through, visiting a doctor, and shopping. Based on the results of an intercept survey conducted by UMC in Downtown Houston in 1993, as well as those from surveys conducted in the

downtowns of other similarly sized American cities, we estimate that one-quarter of these visits are shopping trips.

The International Council of Shopping Centers (ICSC) reports that the average amount spent per mall trip in the United States was \$66.70 in 1996, of which \$4.20 was spent on eating and drinking.¹⁸

Assuming that per trip expenditures to Downtown Houston are significantly lower due to the fact that the retail is more widely dispersed than in a mall location, estimates of the retail potential represented by the near-in residential market population is set out in the table below.

Per Shopping Trip Expenditures		2001		2005	
		Visits	Total	Visits	Total
GAFO	\$42.50	2,784,600	\$118,345,500	2,784,600	\$118,345,500
Eating & Drinking	\$2.60	2,784,600	\$7,239,960	2,784,600	\$7,239,960
Total	\$45.10	2,784,600	\$125,585,460	2,784,600	\$125,585,460

Ballpark Place



34-story mixed-use development with 30,000 square feet of retail, 8 levels of office space, and 255 apartments. Includes an adjacent 1,400 space parking garage. Opening 2003.

¹⁸ Source: The 1997 Mall Customer Shopping Patterns Report published by the ICSC.

Downtown Workers

The downtown worker market has a significant impact on overall retail sales in Downtown Houston especially given the size of the office market. In 1988, the International Council of Shopping Centers (ICSC) undertook a major research project on the spending habits and behaviors of 2,400 office workers in downtown and suburban areas. This study was conducted in eight metropolitan areas – some of which had ample retail facilities and others, limited facilities.¹⁹

This study was revisited in two studies conducted in 1995 and 1996²⁰, when the pending completion of the Simon Property Group's Circle Center in Downtown Indianapolis presented a unique opportunity to gauge the impact of increasing the supply and quality of retail services had on increasing demand.

All of the ICSC studies found a strong correlation between retail supply and retail expenditures. Office workers in those markets, in which there was an ample supply of retail services, spent considerably more (up to 30% more) than those who shopped in markets where the supply of such services was more restricted.

One of the major findings from the study determined that average annual spending by office workers is \$1,575 in downtowns with limited retail amenities and \$2,085 (30% higher) in downtowns with ample retail services.

Retail spending by office workers is broken down into the following categories:

	Limited Retail	Ample Retail
<i>Work Day</i>		
Lunches	\$815	\$980
GAFO		
Apparel and Accessories	\$340	\$480
General Merchandise	\$120	\$155
Incidentals, Food, Other	\$170	\$190
<i>After Work</i>		
Dinner/Drinks	\$60	\$140
GAFO	\$70	\$140
Total	\$1,575	\$2,085

¹⁹ Source: Office Worker Retail Spending, International Council of Shopping Centers, 1988.

²⁰ Source: "Office Workers Revisited", ICSC Research Quarterly, volume 2, number 4, winter 1995.

Adjusting for consumer expenditure increases and inflation of 5% between 1988 and 2001, updated figures for eating and drinking sales and retail sales are as follows:

	Limited Retail	Ample Retail
Annual spending on retail	\$1,320	\$1,820
Annual spending on eating & drinking	\$1,650	\$2,112
Total	\$2,970	\$3,932

While the retail situation in Downtown Houston has improved over the last few years, it has primarily benefited the eating and drinking operations. Downtown Houston has limited retail amenities, but a

much improved supply of restaurants, bars, and other food service outlets. In fact, the City of Houston is well recognized for its culinary feats by being ranked as the 7th best city for dining after New York, San Francisco, Chicago, New Orleans, Los Angeles, and Boston.

Estimated demand potential from downtown workers in Houston is outlined in the following table.

By 2005, as over 10,000 employees fill Downtown Houston streets and buildings, the resulting impact will be almost \$38 million in additional sales.

Per Capita Expenditures		2001		2005	
		Workers	Total	Workers	Total
GAFO	\$1,386	153,482	\$212,676,496	163,913	\$227,130,495
Eating & Drinking	\$2,217	153,482	\$340,282,394	163,913	\$363,408,791
Total	\$3,603	153,482	\$552,958,891	163,913	\$590,539,286

Local Visitors

Theater Patrons

Downtown Houston is home to four major performing arts disciplines: opera, ballet, symphony, and theater. With the addition of the Hobby Center for the Performing Arts and the completion of Jones Plaza, Downtown Houston will draw from a broader cross section of the population. Downtown Houston has the good fortune to have all these stages and proposed venues located in relative proximity to one another.

An economic study for Downtown Pittsburgh's Cultural District (1988) determined that art audience expenditure per person is \$13.82 on eating and drinking purchases (based on a 58% capture rate). This is in line with another recent study (1997) of expenditure patterns by theatergoers in Downtown Phoenix whereby the average expenditure at restaurants and bars per cultural event attendee was \$10.50²¹.²²

Per attendance expenditures on GAFO sales are an estimate based on sales in similar urban markets. Due to the fact that most performances typically occur in the evening when many retailers are closed, performing arts venues do not generate a great deal of spin-off retail sales.

Bayou Place Visitors – Angelika

ICSC recently studied the issue of “cross-shopping” by moviegoers attending movie theaters located in regional malls in the U.S. The research indicates that, based on annual attendance levels of 1 million for a typical 13-screen complex, average mall tenant sales could be expected to increase by an estimated \$22 million to \$27 million due to the spin-off patronage of mall moviegoers (approximately \$25 per attendee). While the majority of these sales would be for food services, about one-fifth is estimated to be spent on retail items.

²¹ The study commissioned by the Downtown Phoenix Partnership found that 58% of theatergoers visited a downtown bar or restaurant either before or after a performance. Of those who did stop, the average expenditure at such location was \$39.20. Because the survey was of season ticket holders, we assumed that the average person was buying for two (i.e. $\$10.50 = 58\% * (\$39.20/2)$).

²² Note: Downtown Phoenix has very limited retail and eating and drinking operations.

The Angelika movie theater at Bayou Place will not likely generate such high spin-off sales because it is not located in a regional shopping center. The estimates for Downtown Houston will be similar to the results from a study in Downtown Phoenix which determined that 63% of the traffic generated from the downtown's 24-screen theater stopped in Downtown either before or after the movie to eat a meal or have drinks spending \$17.86 or the equivalent of \$11.25 per attendee.

Current and future retail demand from theatergoers and moviegoers based on adjusted per capita expenditure levels and inflation are in the following tables.

While the expected attendance at the Angelika Theater is expected to remain approximately the same by 2005, the dramatic increase in the number of seats and theater patrons visiting Downtown Houston increase retail and eating and drinking sales by 50%.

Theatergoers

	Per Capita Expenditures	2001		2005	
		Attendees	Total	Attendees	Total
GAFO	\$1.15	1,350,000	\$1,552,500	2,210,000	\$2,541,500
Eating & Drinking	\$15.10	1,350,000	\$20,385,000	2,210,000	\$33,371,000
Total	\$16.25	1,350,000	\$21,937,500	2,210,000	\$35,912,500

Moviegoers

	Per Capita Expenditures	2001		2005	
		Attendees	Total	Attendees	Total
GAFO	\$3.00	219,000	\$657,000	219,000	\$657,000
Eating & Drinking	\$11.25	219,000	\$2,463,750	219,000	\$2,463,750
Total	\$14.25	219,000	\$3,120,750	219,000	\$3,120,750

Sporting Events

Enron Field and the new arena in Downtown Houston are expected to assist in providing a sense of identity and increased usage for major destination restaurants, clubs, and pubs in the Downtown. While the new venues are somewhat removed from the heart of the Downtown, infill projects such as the Cotswold project, which will invest over \$62 million to dramatically alter the streets through angle parking, water features, unique pavers, landscaping, arts, and other amenities to create an improved pedestrian environment will help tie these areas to the rest of the Downtown.

The Baltimore City Department of Planning's study, *The Economic Impact of Oriole Park at Camden Yards*, shows relatively modest sales directly generated by baseball patrons. In a recent survey conducted in Phoenix by Major League baseball, professional hockey, and basketball fans, it is clear that the retail expenditure patterns of all events are virtually identical.

The Baltimore study highlights the pre and post game spending of baseball attendees. Approximately 35% of the surveyed attendees made a pre or post game stop at a dining, retail, or other attraction Downtown.

A breakdown of the visits consists of: 58% of pre game stops and 35% of post game stops were at restaurants; 18% of pre game stops and 58% of post game stops were at bars, and only 10% of pre game stops and 5% of post game stops were at a retail operation.

Denver's Coors Field is often used as an example of a venue generating restaurant and retail success. In Denver, the number of new restaurants that have opened in recent years is very high. Between 1993 and 1997, the Downtown Association reported 25 new restaurants opening in the LoDo (Lower Downtown) area. With the baseball stadium opening in 1995, it is easy to make the association between the stadium opening and new restaurant openings. A number of restaurants did open in anticipation of the stadium; however, LoDo has a number of other positive attributes which attracted people to the area including the fact that it is the only historic destination in the city and the area has been marketed for loft housing.

Many bars and restaurants find it difficult to survive based on the seasonality of sporting events. However, Downtown Houston will be fortunate to have Enron Field and the new arena in close proximity to each other providing a consistent flow of sports fans to the Downtown throughout the year.

The estimated retail sales potential for current sporting event attendees and future attendees is outlined in the following table.

	Per Capita Expenditures	2001		2005	
		Attendees	Total	Attendees	Total
GAFO	\$2.50	2,800,000	\$7,000,000	5,103,500	\$12,758,750
Eating & Drinking	\$6.25	2,800,000	\$17,500,000	5,103,500	\$31,896,875
Total	\$8.75	2,800,000	\$24,500,000	5,103,500	\$44,655,625

Enron Field



Cotswold Project



900 block of Prairie in the Historic District. The streetscape improvement project provides enhanced sidewalks with brick pavers, street trees, and on-street parking conducive to pedestrian traffic and street level retail.

Convention Delegates

The total number of delegates attending the Convention Center and staying overnight is estimated to be approximately 450,000. With the expansion and continued emphasis on attracting national trade shows, that number should double by 2005 to 950,000.

Trade show day visitors do not typically provide strong sales potential for retail, restaurant, and/or entertainment operations. Day visitors typically consist of regional visitors coming with limited time for dining and shopping because most of their time is devoted to attending meetings, conferences, and banquets associated with the convention or trade show. At the end of the day, they typically return to their residence without spending time outside the convention facility. Cities with convention, trade show, and meeting facilities that are dominated by regional visitor events do not experience the powerful spin-off benefits of facilities that are found where higher proportions of delegates stay in overnight hotels.

According to the International Association of Convention and Visitors Bureau's (IACVB) 1996 surveys, the amount of retail spending generated by overnight delegates per convention is as follows:

Category	Amount Spent Per Delegate Per Convention
GAFO	\$90.45
Eating and Drinking	\$190.25
Total	\$280.70

The IACVB also reports that the average convention delegate stays for 3.48 days and that there are an average of 1.7 persons per hotel room. The number of overnight convention delegates coming to Downtown Houston in 2001 and 2005 is estimated to be 219,828 and 464,080 respectively.²³

Based on the above figures and adjusting the expenditure for increases in consumer expenditure and inflation, the potential retail sales represented by this market are outlined in the table below.

The expanded George Brown Convention Center, with a targeted emphasis on attracting overnight delegates, should reap the benefits of doubling the retail sales' spin-off effects for Downtown Houston.

	Per Guest Expenditures	2001 Overnight Delegates	2001 Total	2005 Overnight Delegates	2005 Total
GAFO	\$110	219,828	\$24,168,449	464,080	\$51,022,134
Eating & Drinking	\$231	219,828	\$50,835,239	464,080	\$107,318,530
Total	\$341	219,828	\$75,003,688	464,080	\$158,340,664

²³ 450,000 room nights divided by 3.48 days average length of stay times 1.7 persons per room = 219,828.

Other Hotel Guests

Similar to the ICSC study on office workers, Laventhol and Horwath conducted a national study in 1990 on average daily expenditures of downtown hotel guests in cities with limited and ample retail services. As with the ICSC study, downtowns with ample retail services benefited from increased expenditures, upwards of 30% greater, compared to other downtowns with more limited offerings. Adjusted figures for increased consumer expenditure

and inflation have been based on utilizing the low end estimate for retail expenditures and the high end estimate for eating and drinking sales.

Discounting for overnight convention delegates staying in downtown hotels, there are an estimated 165,654 room nights in 2001. This will increase to 515,241 by 2005, with the addition of nine more hotels. The potential retail sales represented by this market are outlined below.

Category	Expenditure Per Room Per Night
GAFO	\$15
Eating and Drinking	\$59
Total	\$74

	Per Guest Expenditures	2001		2005	
		Overnight Guests	Total	Overnight Guests	Total
GAFO	\$14.60	165,654	\$2,418,548	462,814	\$6,757,084
Eating & Drinking	\$59.00	165,654	\$9,773,586	462,814	\$27,306,026
Total	\$73.60	165,654	\$12,192,134	462,814	\$34,063,110

Public Shows, Festivals, and Special Events

Houston residents, particularly those who live nearby, are drawn to the downtown by a variety of special events, which include the Houston International Festival, which attracts over 300,000 visitors, and the Texaco Grand Prix, which brings in over 100,000 visitors. These events include a celebratory nature and are usually associated with higher levels of expenditure on eating and drinking as well as other retail services. In terms of per capita expenditure they are somewhat similar to going to the movies.

This group also includes visitors to the Convention Center for local events who do not stay in hotels. Overnight convention delegate attendees are addressed in the next section.

Accordingly, the retail potential represented by this segment is outlined below.

This analysis does not take into consideration the spin-off activity generated from hosting the Superbowl game in 2004. This one-time event will provide an extra bonus to retailers, restaurants, and bars in Downtown Houston for 2004. It will help to expose residents of Houston and residents elsewhere to the merits of Downtown Houston.

	Per Capita Expenditures	Visits	2001	2005
			Total	Total
GAFO	\$3.00	2,730,000	\$8,190,000	\$8,190,000
Eating & Drinking	\$11.25	2,730,000	\$30,712,500	\$30,712,500
Total	\$14.25	2,730,000	\$38,902,500	\$38,902,500

Other Visitors

Downtown Houston attracts residents for a variety of other purposes, usually service oriented. These include going to school, church, library, government services, administrative errands, among others.

Given the variety of reasons people may have for visiting Downtown covered by this category, it is difficult to estimate average expenditures. Based on conservative estimates and the fact that the majority of these visitors do include shopping as their primary motive for visiting, retail estimates other visitors are as follows:

	Per Capita Expenditures	Visits	2001	2005
			Total	Total
GAFO	\$1.15	12,812,475	\$14,734,346	\$15,425,830
Eating & Drinking	\$0.60	12,812,475	\$7,687,485	\$8,048,259
Total	\$1.75	12,812,475	\$22,421,831	\$23,474,089

Retail Sales Potential

There is approximately 2.3 million square feet of retail space in Downtown Houston, two-thirds of which are occupied by retail or eating and drinking space. The remainder includes other retailers such as personal services, or is vacant.

The table on the following page illustrates the retail sales potential for current and future consumer demand. In order to avoid double counting between visitors who may arrive for more than one purpose, retail sales and eating and drinking sales figures have been adjusted downwards by 20% for all categories except Other Visitors. Other Visitors' sales figures have been adjusted downwards by 67% as most of these sales will have been captured by the other groups.

In 2001, retail sales potential is over \$703 million of which \$315 million is in GAFO

sales and almost \$388 million in eating and drinking sales. Given this level of retail sales, there would be the potential to fill a further 335,000 square feet of GAFO space and almost 200,000 square feet of eating and drinking space. This potential would absorb the current vacancy level of 488,703 square feet and allow for an additional 38,991 square feet of retail space to be built.

By 2005, retail sales will increase by over \$150 million with two-thirds (approximately \$100 million) in eating and drinking sales. Total sales will increase to just over \$856 million. Accounting for the increase in retail space from proposed projects and projects under construction will allow for an additional 248,340 square feet of GAFO and eating and drinking space over the demand from 2001.

Existing Retail Space

Downtown Retail	Square Footage	% of Total
GAFO	811,520	34%
Eating and Drinking	778,418	34%
Other Retail	250,819	11%
Vacant	488,703	21%
Total	2,329,460	100%

Annual Retail Sales Potential

	2001				2005				Increase
	Market Size	Retail Sales	Eating & Drinking Sales	Total Sales	Market Size	Retail Sales	Eating & Drinking Sales	Total Sales	
Downtown Households	1,738	\$10,607,362	\$2,287,208	\$12,894,570	3,201	\$19,536,343	\$4,212,516	\$23,748,859	\$10,854,289
Near-in Resident Visits	2,784,600	\$94,676,400	\$5,791,968	\$100,468,368	2,784,600	\$94,676,400	\$5,791,968	\$100,468,368	\$0
Downtown Workers	153,482 daily	\$170,141,197	\$272,225,915	\$442,367,112	163,913 daily	\$181,704,396	\$290,727,033	\$472,431,429	\$30,064,317
Theater Patrons	1,350,000 yearly	\$1,252,000	\$16,308,000	\$17,550,000	2,210,000 yearly	\$2,033,200	\$26,696,800	\$28,730,000	\$11,180,000
Angelika Theater	219,000 yearly	\$525,600	\$1,971,000	\$2,496,600	219,000 yearly	\$525,600	\$1,971,000	\$2,496,600	\$0
Sporting Events	2,800,000 yearly	\$5,600,000	\$14,000,000	\$19,600,000	5,103,500 yearly	\$10,207,000	\$25,517,500	\$35,724,500	\$16,124,500
Convention Delegates	219,828 yearly	\$19,334,759	\$40,668,191	\$60,002,950	464,080 yearly	\$40,817,707	\$85,854,824	\$126,672,531	\$66,669,581
Hotel Guests	165,654 yearly	\$1,934,839	\$7,818,869	\$9,753,708	462,814 yearly	\$5,405,667	\$21,844,821	\$27,250,488	\$17,496,780
Special Events, Festivals	2,730,000 yearly	\$6,552,000	\$24,570,000	\$31,122,000	2,730,000 yearly	\$6,552,000	\$24,570,000	\$31,122,000	\$0
Other Visitors	12,812,475 yearly	\$4,862,334	\$2,536,870	\$7,399,204	13,413,765 yearly	\$5,090,524	\$2,655,925	\$7,746,449	\$347,245
Total		\$315,476,491	\$388,178,021	\$703,654,512		\$366,548,837	\$489,842,387	\$856,391,224	\$152,736,712

Sustainable Sales Per Square Foot	\$275	\$400		\$275	\$400			
Supportable Square Footage	1,147,187	970,445	2,117,632	1,332,904	1,224,606	2,557,510	439,878	
Existing/Occupied Square Footage	811,520	778,418	1,589,938	907,289	874,187	1,781,476	191,538	
Unmet Demand in Square Feet	335,667	192,027	527,694	425,615	350,419	776,034	248,340	

Street Level Retail, Main Street



300 block of Main Street in the Heart of the Historic District; with new restaurants and bars.



Street level retail on the 300 block of Main Street at Night

As noted, there are a number of new retailers in Downtown Houston. The greatest change has occurred in the Historic District. Since 1998, 34 new restaurants and bars have opened filling over 200,000 square feet of retail space. Most of these operations are centered around Main Street and Texas Avenue.

Much like the renovation of the Rice Hotel into luxury condominiums did for residential and retail development in the Historic District, it is believed that the development of 1000 Main will do the same for the shopping end of Main Street including Foleys and The Park Shops.

Retail Space Under Construction

Within the next 3 to 4 years an additional 239,423 square feet of retail space is projected to be added to Downtown Houston. A certain percentage of this space will be located in office towers and will primarily include food courts and services for Downtown workers. However, 1000 Main will be different. 1000 Main will include 50,000 square feet of retail space and connect to Foley's Department Store. This project is expected to be completed by 2003. In addition, McKinney Place Garage is adding a further 44,579 square feet across the street and 1001 McKinney will add at least 12,000 square feet on the other side of Main Street.

Retail Space Under Construction

ID	Retail	Location	Retail Square Footage	Year Opening
1	McKinney Place Garage	930 Main Street	44,579	2001
2	1001 McKinney	1001 McKinney Avenue	12,044	2001
3	1000 Main	1000 Main Street	50,000	2003
4	Enron Center South	1500 Louisiana Street	15,000	2001
5	5 Houston Center	1400 McKinney Avenue	17,800	2003
6	Humble Building	1212 Main Street	6,000	2002
7	Bayou Place Expansion	500 Texas Avenue	n/a	2002
8	Landry's Aquarium	410 Bagby Street	26,000	2003
9	World Trade Center	1520 Texas Avenue	10,000	2004
10	220 Main	220 Main Street	12,000	2004
11	Bayou Lofts and Garage	913 Franklin Avenue	25,000	2002
12	Calpine Center	501 Louisiana Street	6,000	2003
13	Franklin Lofts	201 Main Street	15,000	2002
Total			239,423	

In 1998, retail operations were fragmented throughout the downtown. There were a few restaurants in one area and then a few others in another, separated by office towers, vacant buildings, and/or parking lots. Today, the retail situation is improving

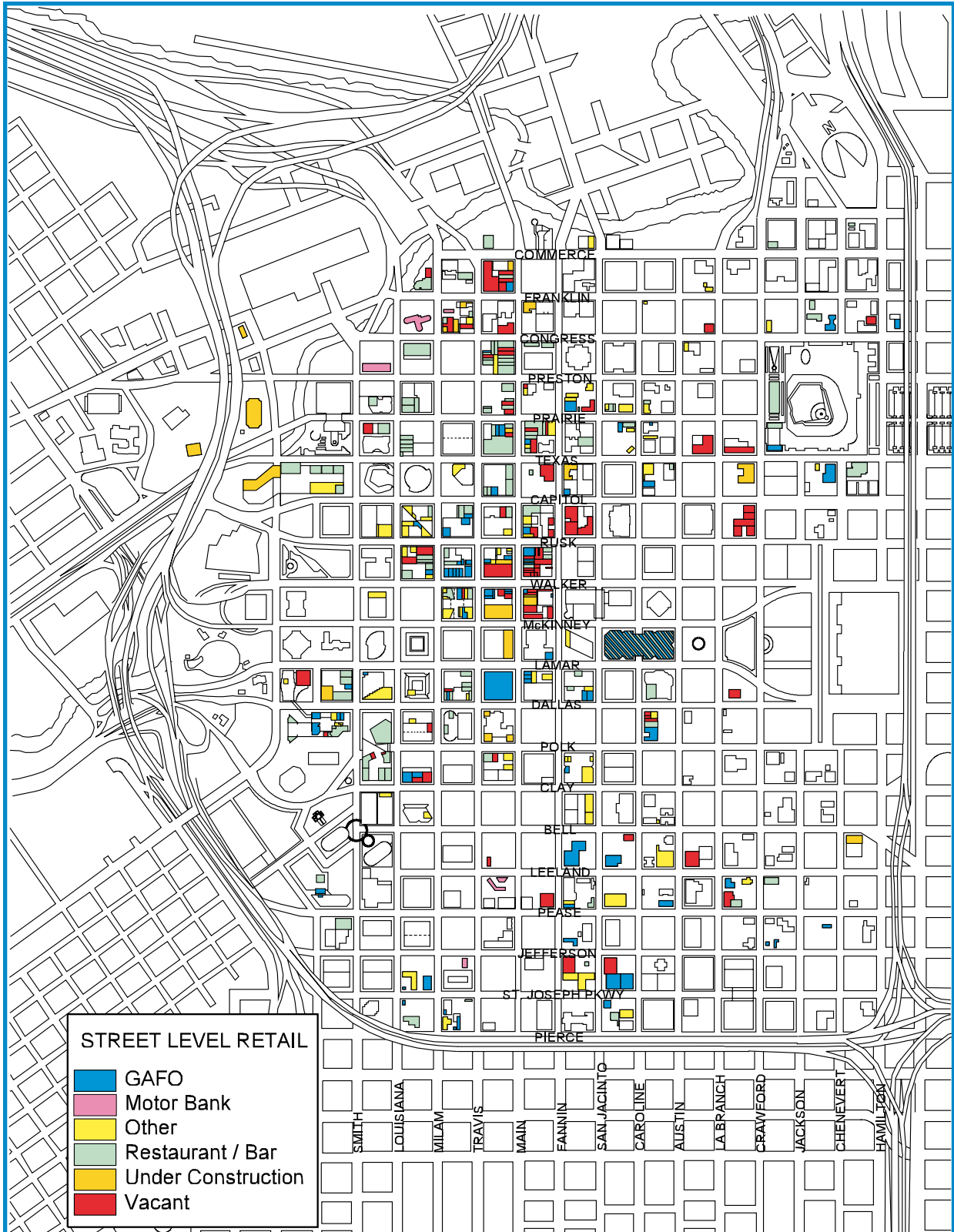
whereby coherent blocks of retail are developing. Developments such as Bayou Place, Enron Field, and Park Shops need to be brought in closer connectivity with Main Street.

Calpine Center



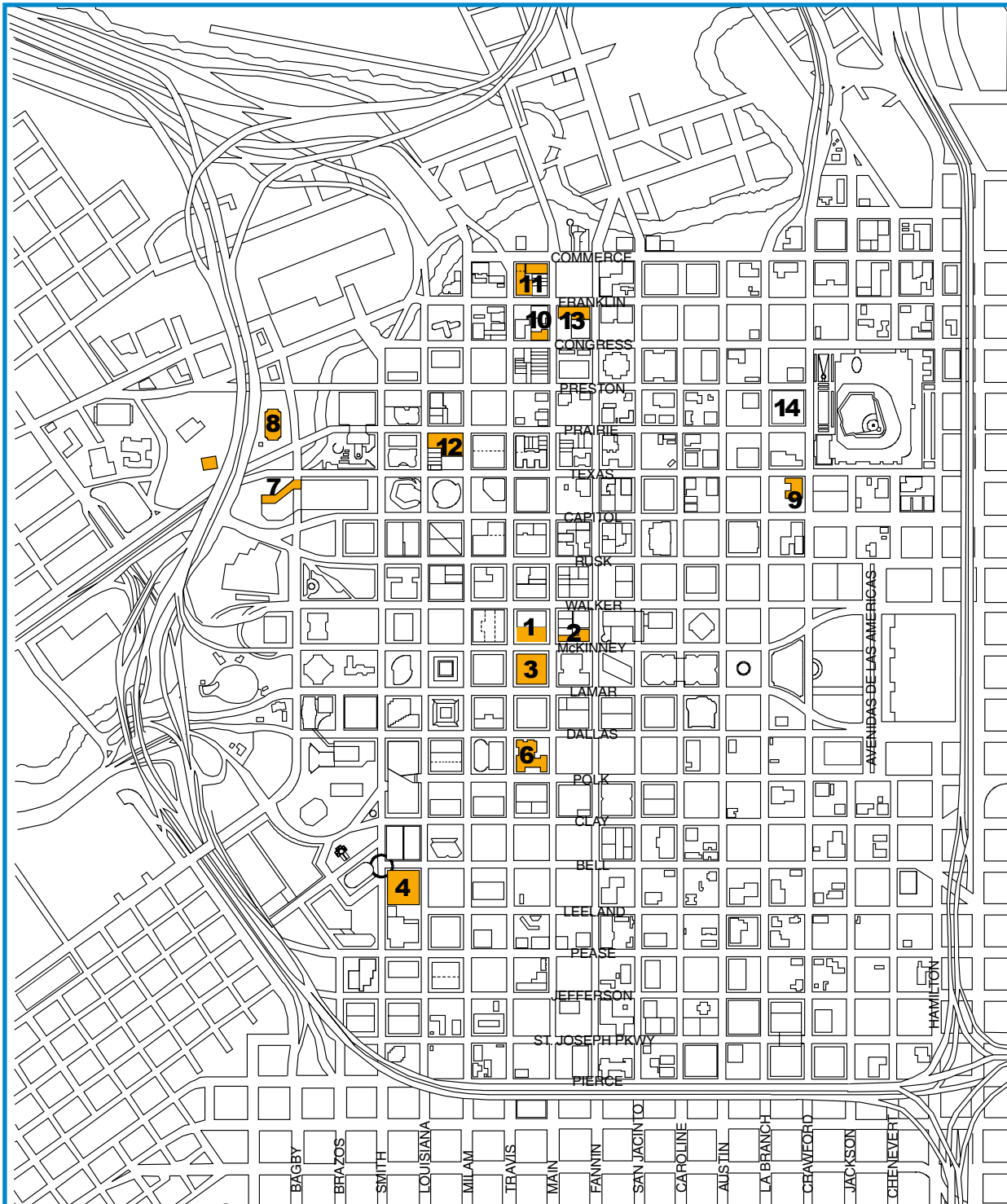
32-story, 690,000-square foot office tower located in the Theater District. Includes an adjacent 900-space parking garage. Opening fourth quarter 2003.

Street Level Retail



The current vacancy level is 488,703 square feet, which means there is demand for another 287,331 square feet.

Future Retail Developments



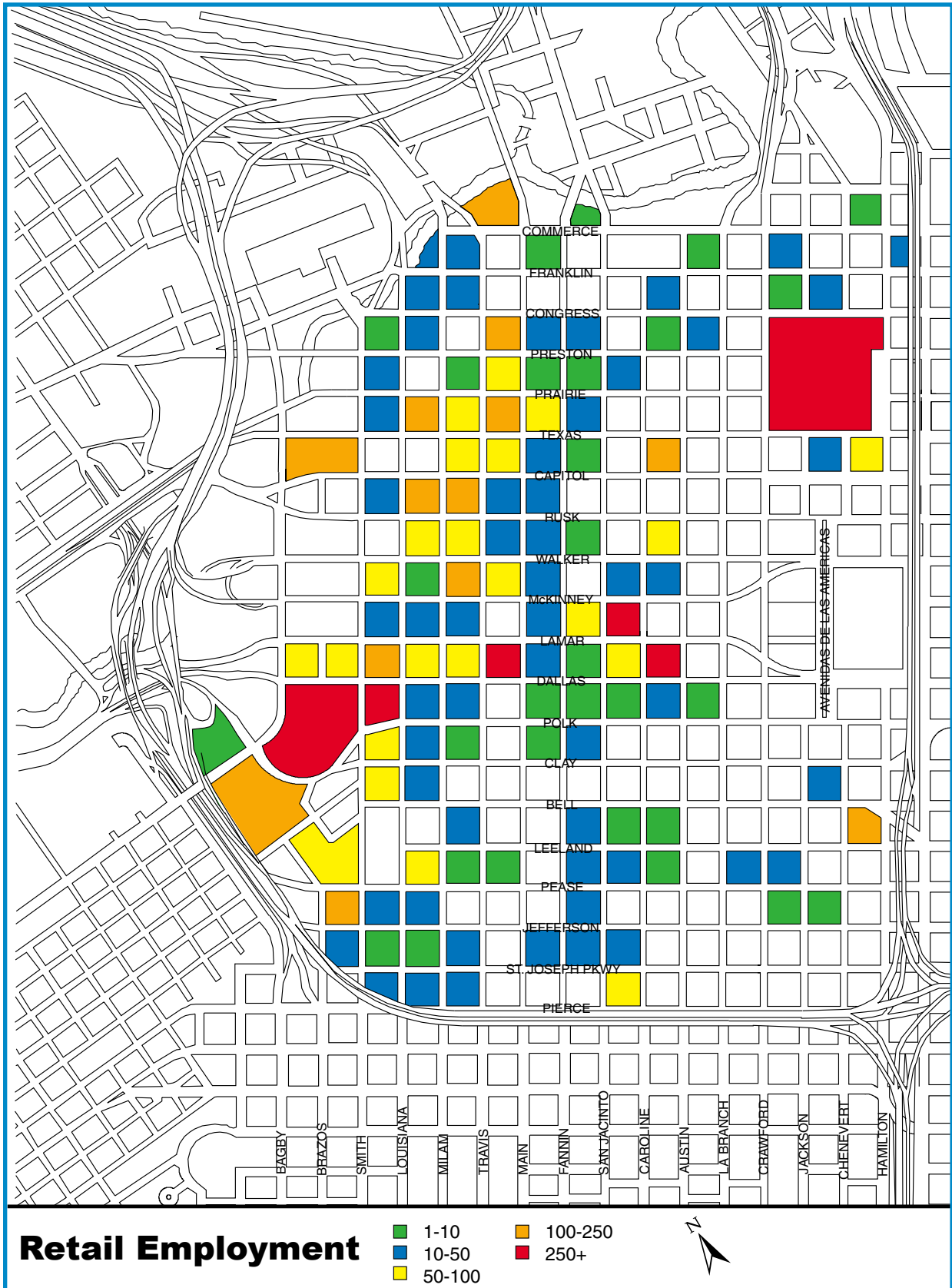
Future Retail Development

- 1 McKinney Place Garage
- 2 1001 McKinney
- 3 1000 Main
- 4 Enron Center South

- 5 5 Houston Center
- 6 Humble Building
- 7 Bayou Place Expansion
- 8 Landry's Aquarium
- 9 World Trade Center

- 10 220 Main
- 11 Bayou Lofts and Garage
- 12 Calpine Center
- 13 Franklin Lofts
- 14 Ballpark Place

Retail Employment 2001 Summary by Block



Going Forward and Capitalizing on the Opportunities

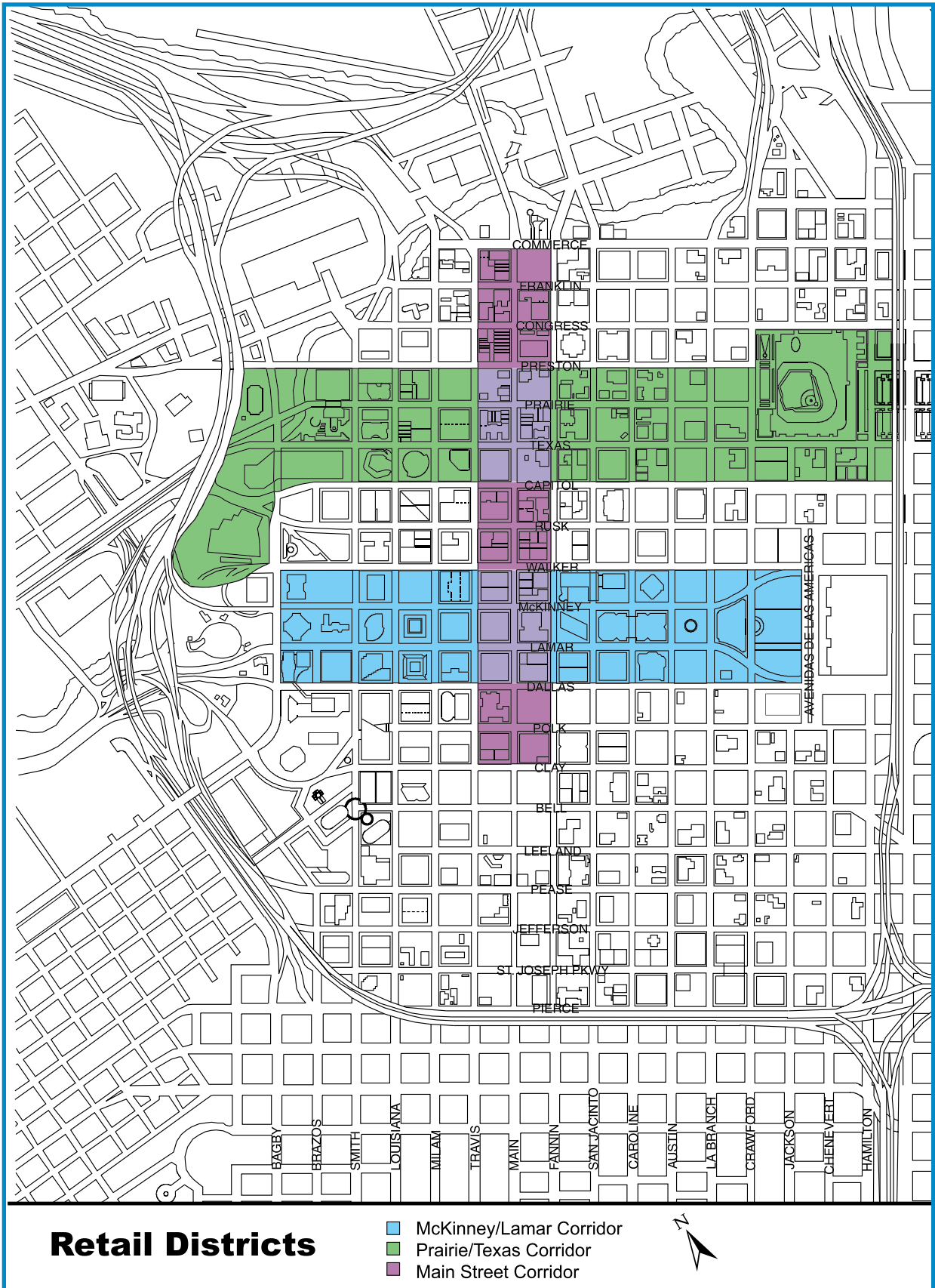
Linkages are the most important aspect of creating a vibrant retail environment in Downtown Houston. As one of the last components to fall in place, there are retail nodes developing. These include:

- Central Main Street
- Entertainment District (composed of the Theater District, Market Square, Enron Field/Cotswold Corridor)
- McKinney/Lamar corridors including Houston Center, Foley's, Park Shops, 1000 Main, Convention Center, and Arena

In addition, there are the retail shops in the Skyline District and the tunnel system.

It will be critical for Downtown Houston to identify and understand the various retail nodes, their character, and potential role in Downtown Houston.

Downtown Houston Major Retail Districts



Central Main Street Corridor – The Street That Links East and West

Role

The Main Street Corridor will serve as the renewed main street of Downtown Houston, drawing commuters to the street level from the tunnel system. While it will not replicate the “good old days,” Main Street is upgrading both its physical and retail presence. It will act as the retail center for convenience and shopping merchandise, personal services, and food services. Buildings are being improved, and the light rail link and beautification projects underway will transform the street into a boulevard that will attract pedestrian movement and retail spinoffs.

Main Street will be anchored by Foley’s, 1000 Main, and the hotels on the south side and the historic district to the north. As mentioned there will be the new light rail system, 800,000 square feet of new Class A office space, and 50,000 square feet of prime retail space at 1000 Main. This development will be pivotal to the success of Downtown Houston and in particular Main Street and other retail nodes by:

- linking a much higher concentration of commuter traffic to the street and local office towers;
- linking Foley’s to this block and the Skyline District;
- providing badly needed new Class A retail space in the center of the downtown linked directly to Foley’s;
- adding highly sought after Class A office space, which will be filled with professional workers and providing a link between office developments in the Skyline District and the office towers to the east of Main Street; and
- adding more parking to Downtown Houston.

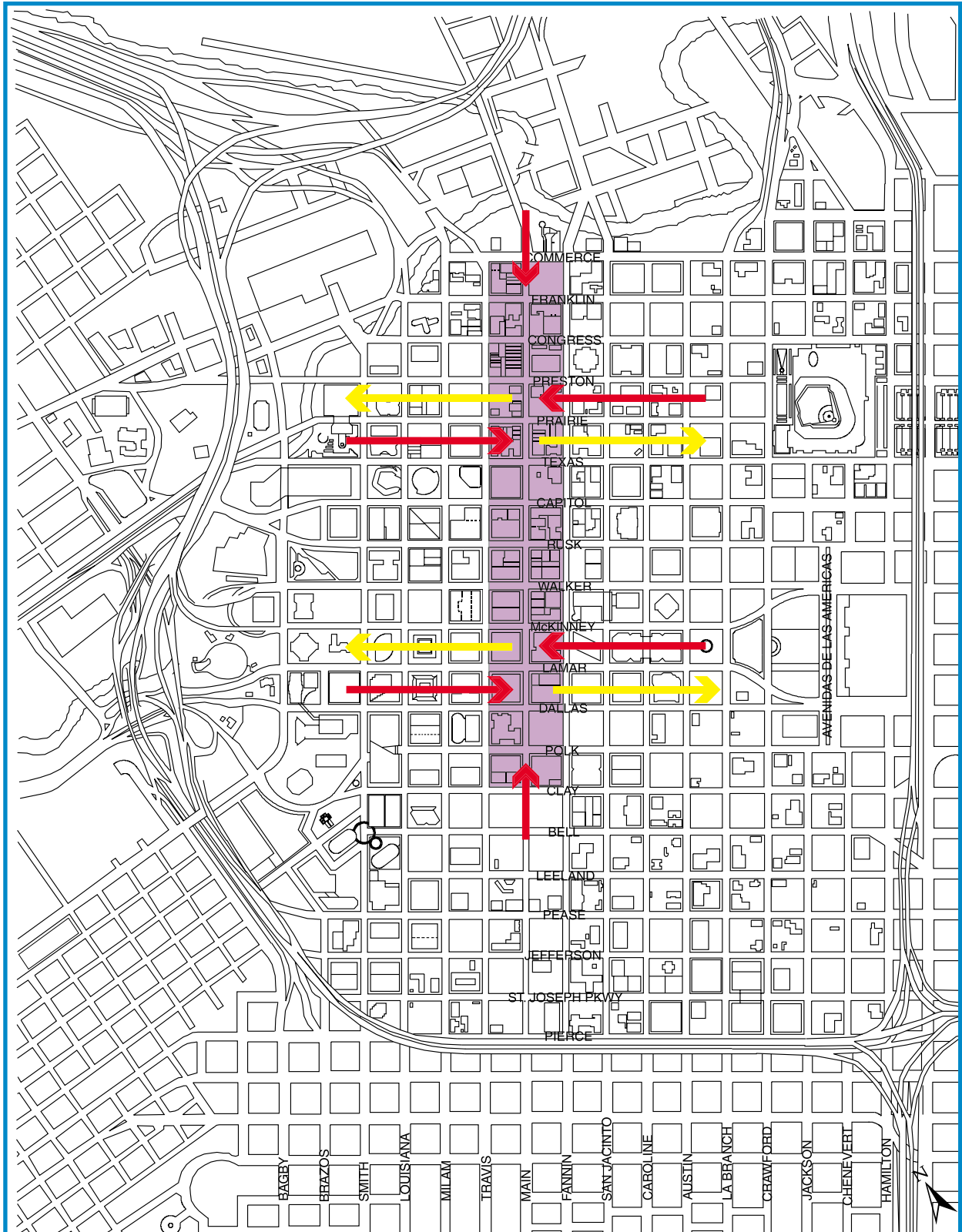
The Commercial Connection

Main Street will serve as the spine retail corridor. Developing Main Street as a retail corridor will be important from a linkage point of view for the entire downtown.

Main Street will serve as the launching pad for retail development along McKinney/ Lamar connecting Main Street to The Park Shops and eventually further to the expanded Convention Center and the new arena. Main Street will also link the office districts in the Skyline District and the office developments around The Park Shops. Linking Foley’s with 1000 Main and continuing the retail development east along both McKinney and Lamar to The Park Shops will create a stronger fulcrum of retail services to begin to create the critical mass of retail developments to attract shoppers and not just office worker browsers.

Main Street will also serve as the retail linkage for Prairie/Texas linking Bayou Place and other entertainment developments in the Theater and Historic Districts with Enron Field. The streetscaping improvements in the Cotswold District are already demonstrating signs of their impact on retail revitalization. New restaurants have been added where previously there were dilapidated buildings. Boutique-type hotels and new residential developments are also being redeveloped.

Downtown Houston Main Street Corridor



Market Segment

The demographics for the Main Street Corridor are being significantly altered as:

- the redesigned transit system spreads commuters and people waiting for transfers to other areas of the downtown;
- Downtown Houston's highly skilled workforce of professional workers begin to demand higher quality retail environments.

Future

Central Main Street will be busy as the office tower population uses it more and more for their convenience and retail shopping. With 1000 Main, new high-end hotels anchored along Dallas Street, significant streetscaping, and other developments such as the expanded Convention Center and the new arena, the basic character of Main Street will change dramatically.

A word of caution concerning the light rail project for Main Street. Main Street will change dramatically with the new light rail system and streetscape beautification program accompanying it along the median of the street. While more pedestrian traffic will be generated from commuters using the service, the transit and streetscaped median may serve more as a barrier than a connector. Downtown retail streets work best when vehicular traffic is calm/slow and shoppers can easily cross to the other side of the streets (i.e. jaywalking) with little hesitation. Medians can be perceived as barriers to crossing the street and obstructing the shopper's view of exciting activity happening on the other side of the street. Shoppers may be reluctant to attempt to cross streets except at intersections. Downtown retail streets that work best tend to have wider sidewalks, two way traffic, on-street parking, slow traffic speeds, double loaded retail (i.e. retail on both sides of the street), and heavy pedestrian traffic.

Street Level Retail



The Rice with its abundance of ground level restaurants and bars with patio tables.

Main Street



Enhancements in conjunction with light rail include brick pavers (on the street and sidewalk), street trees, upgraded street lights with banners, etc. that will aid in street level retail development along Main Street.

Action

- Houston Downtown Management District must secure private sector support to ensure that major private institution players and the city share the common vision for Main Street and all of Downtown Houston for retail.
- While retail will develop sporadically throughout the downtown, the focus must be to strengthen Main Street and the two main branches (i.e. McKinney/ Lamar and Prairie/Texas) as major east/west connectors.
- Houston Downtown Management District must develop an effective leasing package/brochure for the ICSC conference with input and review from the local real estate brokerage community. The package should include a one page concise argument for retailers to locate in Downtown Houston that will pique their interest, and is easy to read and understand. In addition, the full version package will include all the details a retailer will need to know about how great their store will do in Downtown Houston.

Best Use Retail

- Upgrade fast food, cafes, coffee shops, bistros, and restaurants (especially on upper levels).
- Office support, e.g. office supply, computers, software (e.g. Circuit City Express, Staples Express, Comp USA, Office Depot).
- Leisure products such as books, CDs, videos, (e.g. Barnes & Noble, Borders, Tower Records, HMV, Virgin Records).
- Mid-market and popular-priced fashion related retail for a wide range of office populations (e.g. Gap, Banana Republic, Old Navy, Ann Taylor, T.J. Maxx, Nine West, Zales, Eddie Bauer, Victoria's Secret, Men's Warehouse, Group USA, Kinney, Foot Locker, Lerner, Lenscrafters, Florsheim, Dockers, J. Riggins).
- Home accessories (e.g. Bed, Bath & Beyond, Linen's N Things).

McKinney/Lamar Corridors

Role

This is a mixed-use retail district that includes the Skyline District office towers, Foley's, 1000 Main, McKinney Place Garage, The Park Shops, hotels, expanded Convention Center, and links to the new arena.

The retail development along this corridor will be critical to bringing the new developments in connection with Main Street, The Park Shops, and the office towers (both west and east).

Linkages

As mentioned, developing McKinney/Lamar as retail corridors will be critical to the success of Main Street and provide a coherent retail environment. Retail at the street level will have to be encouraged between The Park Shops and Main Street as well as making The Park Shops open up to the street. Shoppers require visual clues in order to go from one district to another.

Market Segment

The office towers are filled with a wide mixture of clerical, management, and professional workers presenting a wide range of incomes, shopping attitudes, and lifestyles. The hotels will tend to be more up-market and cater to well-off travelers. The Convention Center will serve both local event-goers and middle and up market convention attendees.

Future

With the Convention Center expanded by 500,000 square feet, a revitalized Park Shops, two new hotels, 1000 Main, new office space, and the new arena, this area will take on a new vibrancy.

Convention, hotel, and arena attendees will require more restaurants, bars, and shopping goods and entertainment options.

Action

As mentioned, work is required to link the retail developments at the street level. Of particular importance are the blocks between Foley's/1000 Main and The Park Shops. Retail stores, cafes, and kiosks on both sides of McKinney/Lamar will provide a very important visual and retail link between The Park Shops and Main Street. With this infill, a meaningful critical mass of over 500,000 square feet of retail is created. Park Shops need to upgrade their appearance, open the mall to the street, and orient themselves on as many street fronts as possible.

Best Use Retail

- Up market national brand-name restaurants (e.g. Morton's, Ruth's Chris Steak House, P.J. Chang Bistro, Wolfgang Puck's), sidewalk cafes, sandwich/express lunch, coffee shops.
- Businesses and personal services (e.g. American Express, Federal Express, travel agents, barbers, beauty salon, massage clinics, optical stores).
- Convenience items and services, newspaper/magazines, drug store.
- Unique general merchandise, e.g. jewelry, gifts, fashion accessories (e.g. panty hose).

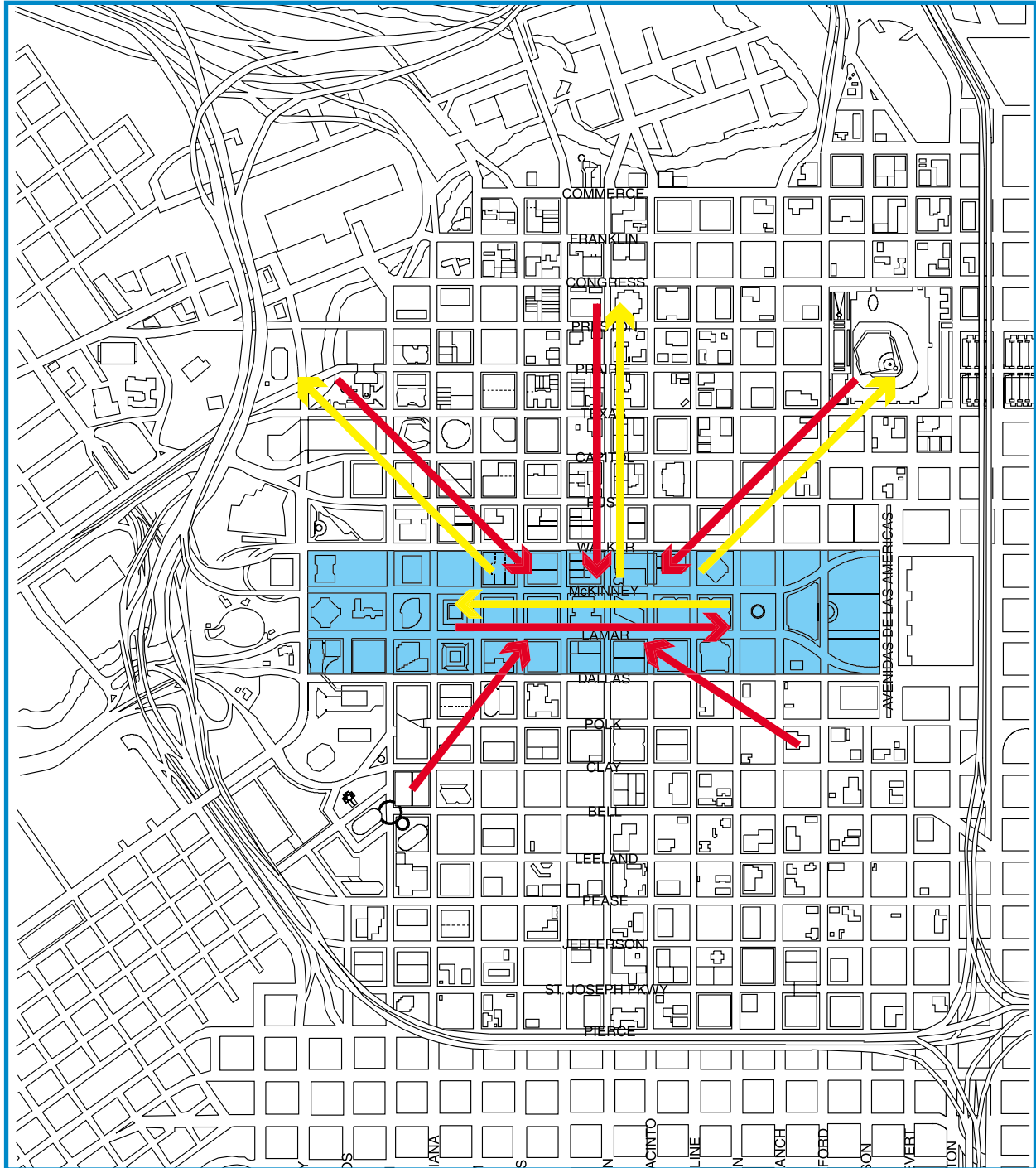
Joint promotions between the Convention Center, arena, office towers, and travel/booking companies and hotels need to be developed.

1000 Main Street



800,000 square foot Class A high rise office tower with 1,000 space parking garage located in the center of Downtown Houston. Includes 50,000 square feet of retail and transit-to-tunnel superstop commuter facility.

Downtown Houston McKinney/Lamar Corridor



Prairie/Texas Corridors

Role

This area combines the excitement of live performance arts venues, Market Square, the Historic District/Rice Hotel, Bayou's Place vibrant cinematic atmosphere, café, and nightlife, sporting events, tourist accommodations, expanding residential development, and growing retail development all linked together through Prairie and Texas Avenues. There are three strong clusters linked along this corridor: Theater District, Historic District, and Enron Field.

Theater District

Bayou Place, Wortham Center, Lyric Centre, Jones Plaza, and other venues form not only a strong foundation for growth, but the critical mass of entertainment uses to attract regional residents to Downtown Houston. These venues along with specialty restaurants and other entertainment represent a compelling regional draw. The theater district is part of a greater cultural and civic area that straddles the entire length of Buffalo Bayou in Downtown Houston that provides an impressive gateway to the downtown.

Historic District

The Historic District is the heart of the retail redevelopment in Downtown Houston. Most new retail (albeit mostly eating and drinking) is in the Historic

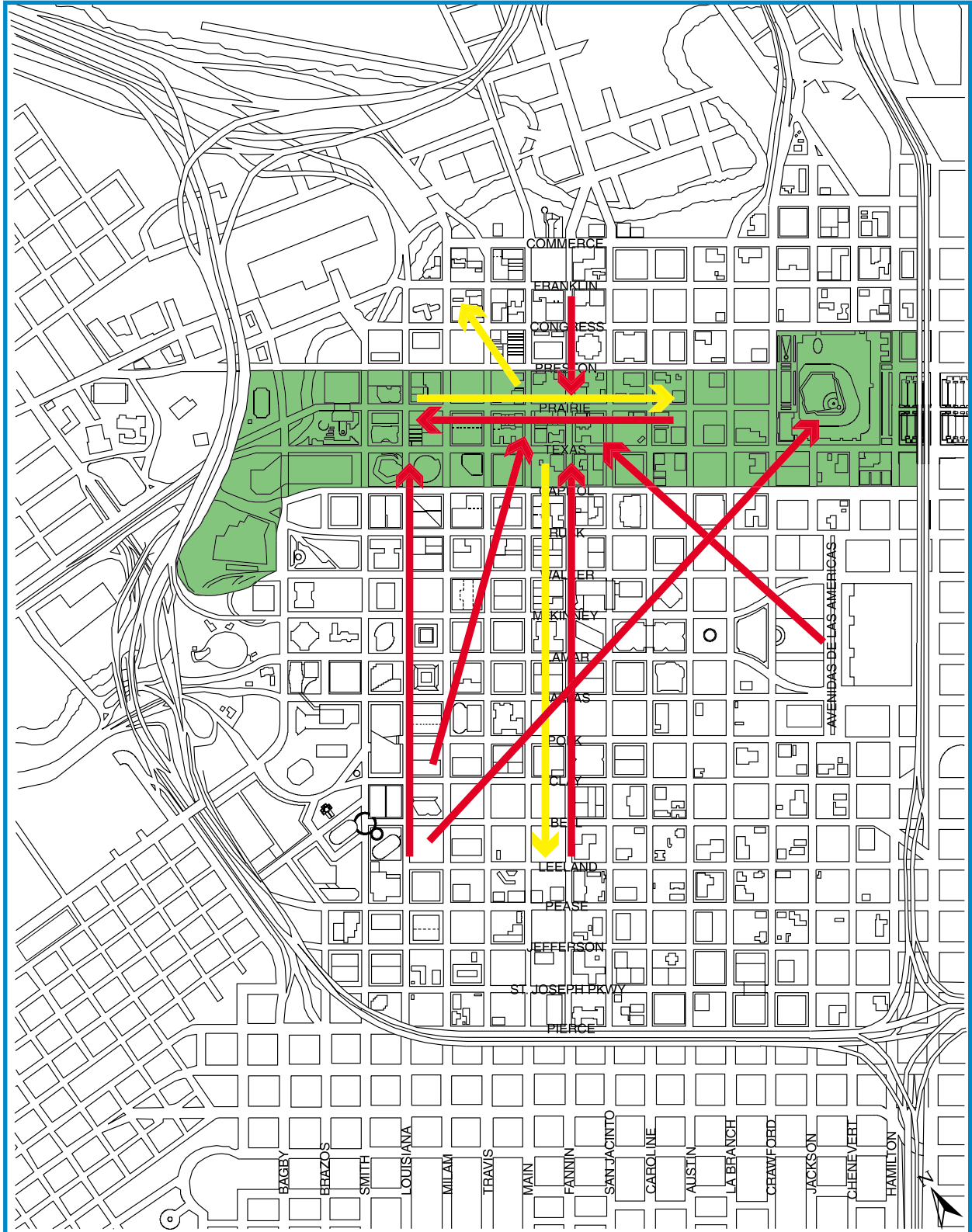
District. The Historic District is also the hub of residential renewal in the central core (spurred by the Rice Hotel redevelopment). The historic buildings and their scale create a non-replicable appeal that lends itself to conversion to housing and unique destination restaurants and retail. The uniqueness of the area contributes to Downtown Houston's regional draw and provides a catalyst to attract a wide base of consumers. The Historic District intersects with Main Street and serves as the hub for bringing the Theater District and Enron Field in towards Main Street's activities.

Enron Field

On the other end of Prairie and Texas Avenues is Enron Field. Other developments slated for completion include Ballpark Place, Inn at the Ballpark, and new residential development both around and on the other side of the freeway.

This diverse yet complementary group on entertainment "anchors" are currently being further enhanced by the Cotswold Corridor streetscaping projects (\$62 million) that will add over 1,000 additional parking spaces, new public art features, as well as water features, trees, and light beacons, and transform the connector streets to ease pedestrian and vehicular traffic.

Downtown Houston Prairie/Texas Corridor



Linkages

While these districts are beginning to function well on their own and they are growing in strength, the Cotswold Corridor project has helped to ensure they are well linked. Other linkages include improved marketing to hotels, office workers, sports visitors, theater patrons, and convention attendees. These could be loyalty programs for office workers, joint marketing efforts (e.g. eating and theater promotions), guides, and packages (e.g. hotel and sporting events).

Target Markets

The target market tends to be more upper-income households including:

- Urban sophisticates or urban wannabes
- Upper and middle-upper income earners
- Mature and middle-age people for the Theater District
- Young, socially active urbanites for Historic District and Bayou Place
- Business professionals for Enron Field and restaurants
- Tourists and visitors
- Office workers at lunch and after work

Future

Theater District

The Theater District will continue as a destination center and grow with the completion of Hobby Center and Jones Plaza. Retail infill will gradually convert a number of ground floors to retail providing stronger physical links to the Historic District and Main Street.

Historic District

The Historic District has become a true mixed-use area. Residential demand is prompting continued conversions and new development. The small but growing and noticeable population living in the area will help to provide pedestrian traffic. It is important that new developments such as Calpine Center on Texas Avenue be pedestrian friendly and, if possible, contain retail space on the ground level.

Enron Field

The recent addition of Enron Field to Downtown Houston brought over 3.2 million visits in 2000 that previously went elsewhere. The goal will be to encourage those visitors to eat, drink, or shop either before or after the game. The improved streetscaping and infill retail, housing, and office developments will help build a strong physical link between Main Street and Enron Field.

Action

Theater District

The Theater District is fairly stable and requires no action other than encouraging new restaurants because:

- it abuts the Skyline District office towers,
- the theaters occupy total blocks, and
- there is little space for new retail business.

The exception is Bayou Place, which can expand into current vacant space. Comedy clubs, entertainment, dance clubs, and more restaurants could be added to the mix.

New development opportunities exist for the Fire Station slated for Landry's Aquarium and, in the future, the post office.

Historic District

There are a limited number of historic buildings and most have been slated for alternative uses. As demand increases, many incubator businesses may find it difficult to stay in the current location. These businesses should be encouraged to relocate to other areas of the downtown where rents are cheaper and help retail infill projects.

Enron Field

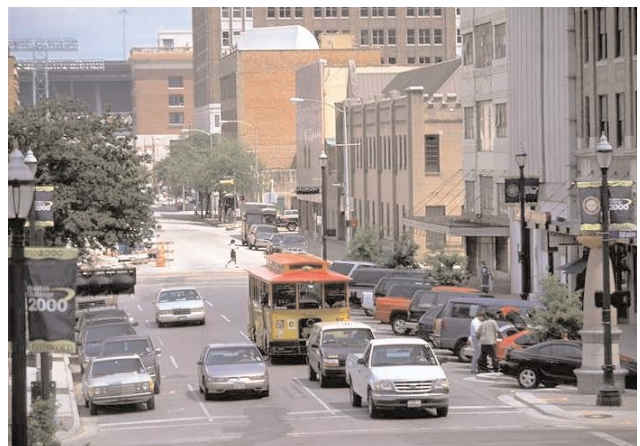
The goal will be to link Enron Field as much as possible with the rest of Downtown Houston. Retail development will favor brewpubs, chopouses, roadhouses, "cheap and cheerful" eating, and entertainment based eating.

There is also an opportunity to serve the local courthouse population with lunch and after work eating.

Best Use Retail

- High profile destination restaurants, both unique locals and signature national chains. Some potential chains include Pizzeria Uno, The Original Sportsbar, Maggiano's, Dave & Busters, Jillian's, Cheesecake Factory.
- Small home accessories and unique home wares.
- Art galleries.
- Specialty food and personal services for both residential and local office market.

Cotswold Project



The street enhancements shown provide a pedestrian friendly environment linking the Theater District to Enron Field.

Skyline District

There is continued office development growth in the entire area including Enron Center South and 1000 Main. The buildings are designed with large setbacks, and the ground floor uses that are in place have determined the future of this area as office and office serving. The retail that does exist in the tunnels adequately meets a number of the office workers' convenience needs for quick food in a limited environment.

Linkages

The retail corridors of Main Street, McKinney/Lamar, and Prairie/Texas need to tap into this huge market and ensure that office workers are able to access the retailers easily.

Market Segment

The market segment includes professionals, managers, and clerical workers who occupy this district. There is a wide range of income, education, and other demographics.

Future

The future of this area in terms of retail cannot be changed radically in the immediate future because of building design, street environment, and building structure. There are small opportunities for unique destination stores that can stand on their own (e.g. men's apparel, high end restaurants/bars located on the top floors of the office buildings, and workout centers).

Action

The tunnel system continues to require assistance linking the tunnels with the street, improving the appearance of the tunnel system, and adding more cafes to office tower lobbies.

Re-examine the trolley systems in light of the new light rail and other developments. Ensure that workers and tourists are able to get around hassle free in a convenient manner.

Appendix A

Downtown Houston Development Projects

Houston's Downtown Redevelopment Progress



Downtown Houston has approximately \$3 billion in construction projects either recently completed or underway. Projects in pre-construction total another \$347 million.

This list provides details on the projects in each category noted above. It also provides information about projects dating from 1995 that were completed more than two years ago. This list is updated at the end of each quarter. It includes both public and private sector projects.

Completed (1995-1998):

More than \$318.1 million

1. **Bayou Place**
Corner of Texas Avenue and Smith. Redevelopment of former convention center into theater, live entertainment, cinema, and restaurant complex. Developer: The Cordish Company. \$23 million.
2. **Buffalo Bayou Sesquicentennial Park**
Texas Avenue at Bagby Street. Phase I Sesquicentennial Park at convergence of White Oak Bayou and Buffalo Bayou. \$5 million. Phase II Sesquicentennial Park and channel improvements to Buffalo Bayou. \$13.4 million.
3. **City of Houston Police Administration Building**
1200 Travis. HNG building purchased and renovated by the City. Dedicated December 11, 1997. \$27 million.
4. **Criminal Justice Center**
1201 Franklin. Facility is at the heart of the Harris County Courts Complex. Opened November 1999. \$88 million.
5. **Hermann Lofts**
204 Travis. Conversion of historic building into residential units. 25 loft-style condominiums. \$8.2 million.
6. **Hogg Palace/Foley Building**
401 Louisiana: Hogg Palace; 214 Travis: Foley Building. Conversion of two historic buildings into residential units. Hogg Palace: 80 units, Foley Building: 2 units. \$5.6 million.
7. **Market Square Clock Tower**
Congress at Travis. Restoration of old city hall clock tower at Congress and Travis. \$300,000.
8. **Office Projects**
1111 Louisiana: Reliant Energy headquarters. \$100 million. 1201 Louisiana: Office reconstruction. \$12 million. Total: \$112 million.
9. **Sakowitz Building**
1100 Main. Conversion of building to first floor retail with parking above. Includes facade restoration. \$3.5 million.
10. **SRO Residential Projects**
320 Hamilton. New Hope Housing Phases I and II, 90 units. Phase III, 40 units. New construction. 1414 Congress, 57 units. Renovation. \$5.2 million.
11. **University of Houston Downtown**
One Main. Construction of two new buildings for student activities and academic support. Dedicated June 24, 1997. \$26.9 million.

Recently Completed (1999-September 2001): More than \$684.65 million

12. **801 Congress**
Conversion of former Henry Henke Building to restaurants at ground level and office space above. 50,000 square feet. \$200,000.
13. **1001 McKinney**
Renovation of former Texas American Bank building. 370,000 square-foot office development with 800 car garage addition. \$30 million.

14. **1801 Main Renaissance Office Tower**
Renovation of 216,000 square-foot building. \$3 million.
15. **Americana Building**
811 Dallas. Renovation of office building. \$4 million.
16. **Bayou Place Expansion**
Texas Avenue at Smith. Hard Rock Café and outdoor plaza expansion. \$7 million.
17. **Bob Lanier Building**
611 Walker. City of Houston conversion to offices of Public Works and Engineering Department, Planning Department and other functions. Includes new tunnel links. \$43 million.
18. **City Hall**
901 Bagby. Renovation and restoration of historic edifice and adjacent plazas. \$17 million.
19. **County Central Chilled Water Plant**
1303 Preston. Turnkey development of chilled water plant by CES/Way to serve county buildings, including new Criminal Justice Center. \$20 million.
20. **Crowne Plaza Cullen Center**
1700 Smith. Renovation of former Whitehall Hotel at Smith and Pease. 225 rooms. \$25 million.
21. **D'George Residential Project**
1418 Preston. Conversion of former King George Hotel to subsidized SRO housing. 100 units, \$2.3 million.
22. **Doris & Carlross Morris Men's Development Center**
6897 Ardmore. New Star of Hope Men's Development Center. 10,000 square feet of educational space and 279 beds dedicated to meeting needs of the homeless. 33,000 total square feet, \$5.4 million.
23. **Downtown Club at the Met**
340 W. Dallas. (Formerly Metropolitan Racquet Club.) Renovated exercise facility. Added business center, day spa and dining facility. \$4 million.
24. **Enron Field**
501 Crawford. 40,950-seat outdoor baseball stadium with retractable roof. Completed in March 2000. \$248 million.
25. **Holiday Inn Express**
1810 Bell Avenue. 114 rooms. New construction. 57,000 sq. ft. \$8 million.
26. **Mafrige Building**
411 Fannin. Restoration of four-story historic 1907 building into offices. 19,500 square feet. \$300,000.
27. **McCrary Building**
501 Main. Mixed use office/retail redevelopment. \$2 million.
28. **McKinney Place Garage**
930 Main. New construction on site of demolished Woolworth Building. 1200 car parking facility with 40,000 square feet of street level and tunnel retail. \$15 million.
29. **Metropolitan Detention Center**
1200 Texas Avenue. U.S. Bureau of Prisons facility at Texas and San Jacinto. \$36 million.
30. **One City Centre**
1021 Main. Renovation of former First City Main Building. 600,000 square-foot development with 750 car parking garage. \$22 million.
31. **Replacement of Bridges**
Capitol Avenue, Preston Avenue, Franklin Avenue, and San Jacinto Street bridges over Buffalo Bayou replaced by TxDOT and City. Approximately \$10 million.

32. Residential Projects

705 Main. St. Germaine: 107 loft apartments; \$N.A. Keystone Lofts: 31 units.

33. Restaurants, Clubs and Retail

Sambuca, Mission Burrito, Tasca, Franks, Cabo, Solero, Swank Lounge, Jones Bar, Spy, Amy's Ice Cream, Osteria D'Aldo, Mia Bella, Notsuoh, Ruggles Bistro Latino, Travis Café, Goldstein Collection, Shoe Market Gallery, Jamba Juice, The Mercury Room, Urban Foods, 410 Main, 804 Underground Lounge and Disco, A Bar, Lava Lounge, Living Room, Prague, TOC, Club 509, Red Cat Jazz Club, St. Pete's Dancing Marlin, Salumeria Deli and Tonic. \$19.5 million.

34. Skywalk

1111 Bagby. Skywalk connecting Texaco Heritage Plaza Building to the Doubletree Allen Center Hotel. Approximately \$3 million.

35. South Texas College of Law

1303 San Jacinto. New construction of high-technology addition to law library and renovations. \$16 million.

36. St. Joseph Hospital

1401 St. Joseph Parkway. New garage and ambulatory care facility. \$50 million.

37. Texas Avenue Improvements

Bagby to Main. Redevelopment of Texas Avenue streetscape. A Downtown District project. \$950,000.

38. The Rice

909 Texas. Conversion of historic hotel to 312 loft and apartment units with retail on ground floor. Formally opened October 29, 1998. \$32 million.

39. Travis Tower

1300 Main. Renovation of 508,000 square-foot office building. Includes new 950 car parking garage. \$21 million.

40. Northwind/Union Station Chilling Plant

1401 Rusk. Construction of first of four chilled water cooling plants to service Enron Field and downtown buildings. A joint venture of Houston Industries and Unicom (Northwind Houston). \$30 million.

41. Urban League Building

1301 Texas. Conversion of historic Federal Reserve Bank building into headquarters of Houston Area Urban League. \$2 million.

42. Citizens National Bank

402 Main. Conversion of nine-story 48,000 square-foot building to office space with night club on ground floor and mezzanine. \$1 million.

43. 1100 Smith Garage Expansion

Expansion of the existing 1100 Smith Garage to encompass the entire block. Project includes two additional parking levels and adds 650 parking spaces for a total of 2169 spaces. Completion date is Fall 2001. \$ 7 million.

Under Construction: More than \$1.99 billion**44. 5 Houston Center**

1400 McKinney. 26-story office tower. 570,000 sq. ft. Eight levels of parking totaling 1250 spaces and 19 levels of office space. Developer: Crescent Real Estate Equities, Inc. Opening 3rd quarter 2002. \$115+ million.

45. **1000 Main**
800,000 square-foot office building/parking/50,000 square feet retail announced by Century Development for Block 139 (1000 Main) near Foley's. Includes Transit-to-Tunnel Superstop commuter facility. Century Development. \$150 million.
46. **Austin Street**
Capital to Buffalo Bayou. Reconstruction of north/south street downtown. Includes storm sewer betterments, reconstruction of sidewalks, new street lights and traffic lights. Scheduled completion 2002. City of Houston project. \$8 million.
47. **Allen's Landing/Buffalo Bayou**
1005 Commerce. Allen's Landing Phase I. Under construction. \$2.7 million. Allen's Landing Phase II. Planned. \$1.5 million. Sesquicentennial Park to University of Houston Downtown. Northside Trail under construction. \$2.4 million. Southside Trail under design. \$5 million. Total: \$11.6 million.
48. **Calpine Center**
717 Texas Avenue. 32-story office tower. 690,000 sq. ft. 900-car garage. 24 floors of office space. Developer: Hines and Prime Asset Management. Opens 4th quarter 2003. \$100 million+.
49. **Commerce Towers**
914 Main. Conversion of old office building to 135 luxury condominiums priced from \$220,000 to \$2 million. Occupancy end of year 2001. \$70 million.
50. **Commercial National Bank Building**
917 Franklin at Main. Conversion of 40,000 square-foot building to office space with retail/restaurant on the ground level. \$5 million.
51. **Cotswold Project**
City of Houston streetscape project in the northeast sector of Downtown. Construction of streetscape, parking and amenity features. \$62 million.
52. **Enron Center South and Parking Garage**
1500 Louisiana. Construction of 40-story 1.2 million square-foot building and 13 level parking garage with 1300 parking spaces connected by a circular skybridge. Day care center. Opening mid-2001. \$200 million.
53. **Fire Station No. 1 and old Central Waterworks**
410 Bagby. Conversion of Fire Station No. 1 to a 400-seat restaurant with a 200,000 gallon aquarium, a ballroom, cafe, and gift shop. Project features amusements, including a ferris wheel and a train. Includes a shark tank at 33 Artesian, the City of Houston's historic central waterworks building, part of the five-acre site. Includes pedestrian plaza and 350 parking spaces. Landry's Seafood Restaurants. \$21 million.
54. **Hobby Center for the Performing Arts**
800 Bagby. New construction. Includes two theaters and an 800-space parking garage. Garage is connected to the theater complex and the downtown tunnel system. Hobby Center is new home for Theater Under The Stars. Opens summer 2002. \$88 million.

55. HRI/Humble Oil Building

1212 Main. Conversion of historic office building to Courtyard Marriott, Residence Inn, and 80 apartments. \$65 million.

56. I-45 Elevated Section

W. Dallas to Memorial. Reconstruction of road bed. Includes installation of four beacons and landscaping where freeway crosses Buffalo Bayou. Texas Department of Transportation. SWA Group/Rey de la Reza. \$11.9 million.

57. Jones Plaza

600 Louisiana. Reconstruction of downtown plaza for outdoor events. \$6 million.

58. Light Rail

7 ½ mile route down Main Street linking downtown to the Medical Center and Reliant Park. Track way and stations in the center of the street. Enhancements include upgraded sidewalks, brick-paver crosswalks, additional landscaping. Scheduled completion, 2004. Entire cost: \$300 million. Contract for downtown portion: (does not include rail cars, electrification systems or design fees) \$33.1 million.

59. New County Jail

1200 Baker. 3,100 bed replacement of central jail. Opens 2001. \$70 million

60. One Bayou Park

110 Bagby. 26 corporate condominiums. Renovation of former Tennison Hotel. Opens 3rd quarter 2001. 60,080 square feet. \$10.5 million.

61. Residential Projects

Several projects under development. Sabine Street Lofts: 198 units opening September 2001. 15 Chenevert Place: 39 condominium units. Bayou Lofts: 100 units. Capitol Lofts: 35 units. Franklin Lofts: 66 lofts opening 2001. Herrin Lofts: 45 units. San Jacinto Lofts: 16 units. The Lofts at the Ballpark: 375 rental units. Main Eight Twelve: 12 units. Total: \$100+ million.

62. Transit Streets

Redevelopment of 20 downtown and midtown streets by the Metropolitan Transit Authority. \$200+ million. Additional \$60 million being spent by City on water and sewer line replacement. Additional \$8 million to be spent by Downtown District on betterments. San Jacinto, St. Joseph Parkway, Louisiana and McKinney under construction. Construction through 2004. Total: \$268+ million.

63. U.S. 59/Eastex Ramps

Construction of new TxDot ramps. TxDOT Phase I ramps serving north-east/ballpark area of downtown from U.S. 59/Eastex and I-10. Phase I completion, fall 2000. Phase II completion, 2003. Phase I cost, \$48.2 million. Phase II cost, \$78.5 million.

64. Basketball/Ice Hockey Arena

Bounded by LaBranch, Polk, Jackson and Bell. New Construction. Arena will seat 18,000 to 20,000. 2500 car parking garage. Opening September 2003. \$175 million.

65. Convention Center Headquarters Hotel

1600 Lamar. 1200 rooms. 24 stories.
New construction. Adjacent to George R. Brown Convention Center. City of Houston developed and financed. 1600 car parking garage. Construction begins July 2001. Opens November 2003. \$265 million.

66. George R. Brown Convention Center Expansion

1001 Avenida de las Americas. Additions: 700,000 sq. ft. of exhibit space and meeting rooms. Construction begins July 2001. Opens November 2003. Exhibit space at completion: 889,500 sq. ft. \$165 million.

67. Harris County Parking Garage

Austin at Congress. Acquisition of property underway for 2400 car parking garage. Facility to be used by county and courthouse employees. \$12.8 million for Phase I.

Pre-Construction: Construction to begin 2001 or later - More than \$347 million.

68. 905 Main

Renovation of former San Jacinto Savings Building. \$1 million.

69. Ballpark Place Tower

400 Crawford. A 34-story mixed use development with 30,000 square-foot retail, 8 levels of office space, 1400 parking spaces and 255 apartments. Development of Trammel Crow. Expected completion in spring of 2003. \$90 million.

70. Catholic Cathedral

A 2,100 seat Roman Catholic Church on a block bounded by San Jacinto, Fannin, Jefferson and St. Joseph Parkway. Completion: Fall 2004. \$50 million.

71. Downtown Transit Center

1900 Main. Metro's Transfer/terminal facility under design for south end of downtown. \$17 million.

72. Harris County Civil Justice Center

Caroline at Congress. New construction. \$119 million.

73. Magnolia Hotel

609 Fannin. 312 rooms. \$50 million.

74. Sam Houston Hotel

1119 Prairie. A boutique hotel with 102 rooms. \$20 million.

**Under Development: Adjacent
Neighborhoods - \$250 million+**

75. More than 6,000 residential units are completed, under construction, or in pre-construction on development sites adjacent to downtown including Washington Avenue, site of demolished Jefferson Davis Hospital, Allen Parkway Village, Fourth Ward, Midtown, Third Ward and Fifth Ward.

Appendix B

Current and Future Residential Projects

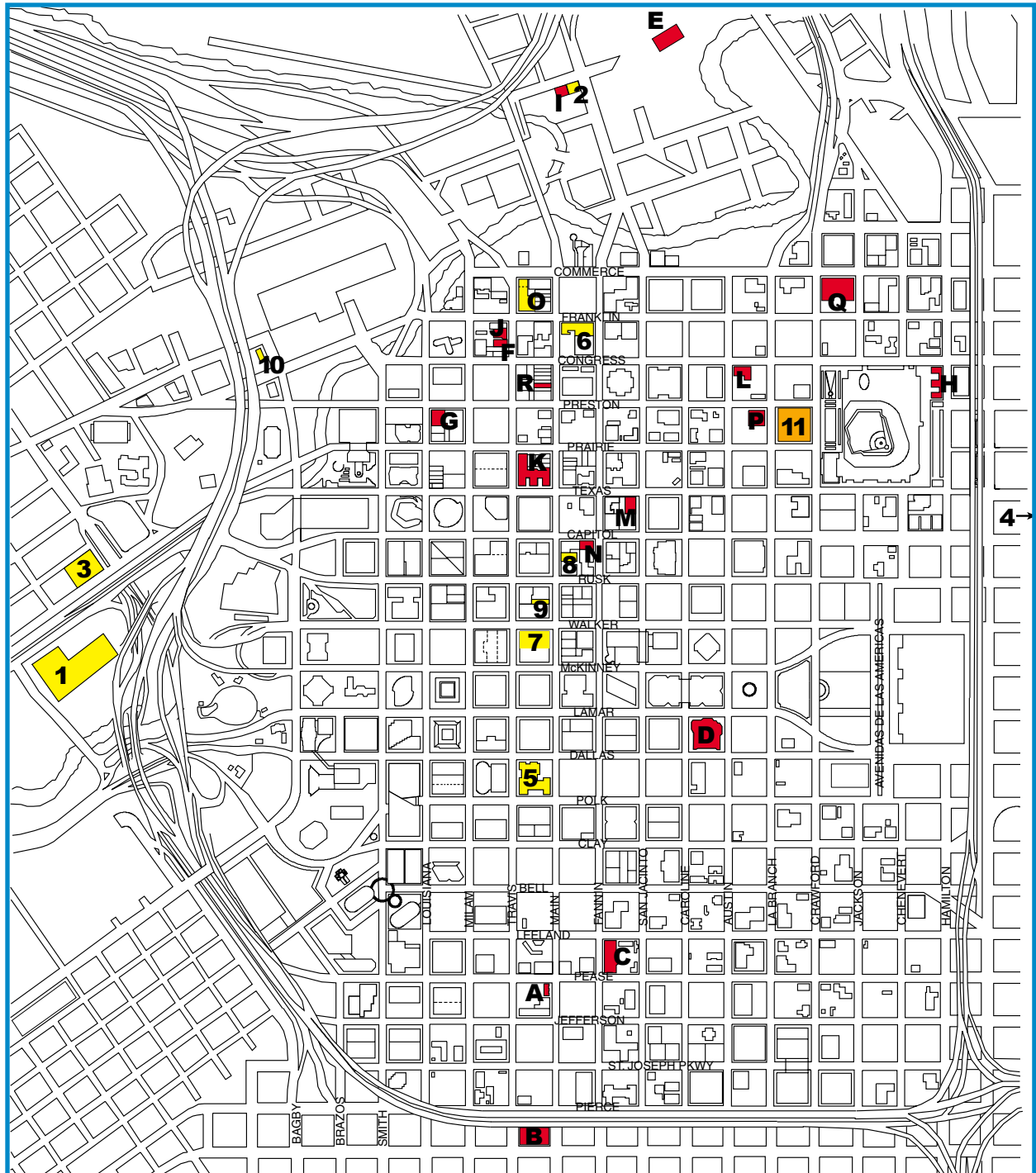
Future Residential Developments

ID	Name	Location	Number of Units	Year Opening
1	Sabine Street Lofts	106 Sabine Street	197	2001
2	San Jacinto Lofts	915 N. San Jacinto	16	2001
3	Buffalo Lofts	Memorial Drive & Houston Ave.	94	2002
4	The Lofts at the Ballpark	2100 Texas Avenue	350	2002
5	Humble Building	1212 Main Street	82	2002
6	Franklin Lofts	201 Main Street	66	2002
7	Commerce Towers	914 Main Street	132	2002
8	Capital Lofts	711 Main Street	31	2002
9	Main Eight Twelve	812 Main Street	27	2002
10	One Bayou Park	110 Bagby Street	20	2002
11	Ballpark Place	Crawford Street	255	2003
Total			1,270	

Current Residential Developments

ID	Name	Location	Number of Units	Estimated Population
A	Beaconsfield Condos	1700 Main Street	18	25
B	2016 Main	2016 Main Street	353	445
C	Houston House	1617 Fanin Street	403	508
D	Four Seasons Lofts	1300 Lamar Avenue	120	143
E	Dakota Lofts/Erie Iron Works	711 William	53	70
F	Foley Building	214 Travis Street	2	3
G	Hogg Palace	401 Louisiana Street	79	100
H	New Hope Housing I, II, III	320 Hamilton Street	130	130
I	White Oak Lofts	1011 Wood	12	17
J	Hermann Lofts	204 Travis Street	25	35
K	The Rice	909 Texas Avenue	312	371
L	1414 Congress	1414 Congress Avenue	57	57
M	The Keystone Lofts	1120 Texas Avenue	34	24
N	St. Germain	705 Main Street	107	112
O	Bayou Lofts	907 Franklin Avenue	107	97
P	D'George	1418 Preston Avenue	100	100
Q	Elder Wagon Works	101 Crawford	12	22
R	306 Main	306 Main Street	3	4
Total			1,931	2,263

Residential Projects



Future Residential Developments

- 1 Sabine Street Lofts
- 2 San Jacinto Lofts
- 3 Buffalo Lofts
- 4 The Lofts at the Ballpark
- 5 Humble Building
- 6 Franklin Lofts
- 7 Commerce Towers
- 8 Capital Lofts
- 9 Main Eight Twelve
- 10 One Bayou Park
- 11 Ballpark Place

Current Residential Developments

- | | |
|---------------------------------------|-----------------------------|
| A Beaconsfield Condos | J Hermann Lofts |
| B 2016 Main | K The Rice |
| C Houston House | L 1414 Congress |
| D Four Seasons Lofts | M The Keystone Lofts |
| E Dakota Lofts/Erie Iron Works | N St. Germain |
| F Foley Building | O Bayou Lofts |
| G Hogg Palace | P D'George |
| H New Hope Housing I, II, III | Q Elder Wagon Works |
| I White Oak Lofts | R 306 Main |

- Existing
- Proposed
- Under Construction



The St. Germain at 705 Main Street



This loft project is one of the many historical buildings that were previously vacant, but recently renovated for residential use.

Appendix C

Multi-Unit Residential Projects in Midtown and Within 1.5 Miles of Downtown Houston

Midtown Residents

Residential Project	Location	Number of Units	Occupancy Rate	Bodies/ Unit	Population	Households
AMLI/Midtown	2350 Bagby	419	95%	1.4	557	398
Anita Street Townhomes	Anita at Chenevert	10	100%	1.4	14	10
Austin Street Townhomes	Austin at Anita	8	100%	1.4	11	8
Austin Park Townhomes	Austin at Dennis	5	100%	1.4	7	5
Austin Park Townhomes	Austin at Dres	13	100%	1.4	18	13
Baldwin Square I, II, III, IV, V	Crawford at Taum	87	95%	1.4	116	83
Chenevert Street Townhomes	Chenevert at Taum	15	100%	1.4	21	15
City Scene Court Townhomes	2300 Crawford	21	100%	1.4	29	21
Crawford Court	Crawford at Dennis	16	100%	1.4	22	16
Davis Midtown Lofts	La Branch at Dennis	16	100%	1.4	22	16
Davis Midtown Lofts	Austin at Rosalie	14	100%	1.4	20	14
Davis Midtown Lofts	Jackson at Drew	12	100%	1.4	17	12
Dennis Street Townhomes	Dennis at Jackson	9	100%	1.4	13	9
Dennis Street Townhomes	Dennis at Crawford	6	100%	1.4	8	6
Drew Street Townhomes	Drew at Chenevert	3	100%	1.4	4	3
Fein Midtown Apartments	Fannin at Cleburne	280	95%	1.4	372	266
Jackson Street Townhomes	Jackson at Anita	22	100%	1.4	31	22
Live Oak Townhomes	200 Webster	21	100%	1.4	29	21
Midtown Square Apartments I	2100 Bagby	479	95%	1.4	637	455
Midtown Square Apartments II	2101 Bagby	195	95%	1.4	259	185
Oak Place Court	Oak Place at Cook	50	95%	1.4	67	48
Oak Place Townhomes	Helena at Dennis	10	100%	1.4	14	10
Oakwood Manor	2100 Baldwin	21	100%	1.4	29	21
Oakwood Manor Midtown	2400 Oak Place	211	95%	1.4	281	200
Paramount Lofts	3015 Chenevert	13	100%	1.4	18	13
Perry Homes	Jackson at Tuam	30	100%	1.4	42	30
Rosalie Lofts	401 Rosalie	5	100%	1.4	7	5
South End Lofts	Elgin at Jackson	11	100%	1.4	15	11
Stonebridge Townhomes	Bagby at Hadley	6	100%	1.4	8	6
The Park at Midtown	2307 Milam	337	95%	1.4	448	320
Thirty Eighteen Austin	3018 Austin	4	100%	1.4	6	4
Tuam Street Townhomes	1600 Tuam	3	100%	1.4	4	3
Mews at McIlhenny	Austin at McIlhenny	10	100%	1.4	14	10
Francis Station	Crawford at Francis	7	100%	1.4	10	7
Total		2,369			3,173	2,266

Residents Within 1.5 Miles of Downtown

Residential Project	Location	Number of Units	Occupancy Rate	Bodies/Unit	Population	Households
Allan House	3601 Allen Parkway	896	95%	1.4	1,192	851
Bayou Park	4400 Memorial	688	95%	1.4	915	654
Tribeca Lofts	1210 W. Clay	25	100%	1.4	35	25
Reata	3231 Allen Parkway	159	90%	1.4	200	143
Memorial Heights - Phase I	201 S. Heights	360	95%	1.4	479	342
Memorial Heights - Phase II	201 S. Heights	250	95%	1.4	333	238
Rincon	777 Dunlavy	288	90%	1.4	363	259
The Townes	2001 Allen Parkway	11	100%	1.4	15	11
Pleasant Hill Village	3814 Lyons Ave.	200	100%	1.4	280	200
Neighborhood at Union Station	2020 Commerce	12	100%	1.4	17	12
Neighborhood at Union Station	2121 Congress	6	100%	1.4	8	6
Neighborhood at Union Station	2215 Commerce	6	100%	1.4	8	6
Neighborhood at Union Station	2220 Commerce	6	100%	1.4	8	6
Live Oak Lofts	1719 Live Oak	12	100%	1.4	17	12
The Americas	2115 Runnels	55	95%	1.4	73	52
Henderson Street Lofts	Henderson at Lubbock	2	100%	1.4	3	2
Lopresti Lofts	2602 Washington	3	100%	1.4	4	3
Washington Courtyard Apts	2505 Washington	74	95%	1.4	98	70
Herrin Lofts	2505 McKinney	15	95%	1.4	20	14
Allen Parkway Village	1600 Allen Parkway	786	100%	1.4	1,100	786
West Dallas Place	2210 W. Dallas	700	95%	1.4	931	665
Eastside Village	Third Ward	350	95%	1.4	466	333
The Park at Memorial Heights	Memorial & Studemont	45	95%	1.4	60	43
Total		4,949			6,626	4,733

Appendix D

Detailed Office Figures

Class A

Submarket	Square Footage	Buildings	Vacancy	Vacancy Rate	Rental Rate
CBD	27,898,906	28	1,203,837	4.31%	\$21.42
West Loop/Galleria	18,693,038	37	2,389,673	14.71%	\$21.54
West	11,554,926	38	2,224,392	24.94%	\$21.50
Richmond/Greenway	4,542,916	11	339,658	7.48%	\$20.66
North/Northbelt	3,845,438	14	399,971	13.68%	\$19.87
Southwest	1,576,147	6	304,985	24.42%	\$17.67
North Loop/Near NW	1,650,991	7	155,294	10.50%	\$18.82
NASA/Clear Lake	1,032,363	4	289,467	39.10%	\$19.74
Far NW/FM 1960	268,178	2	601	0.23%	\$22.50
South/Southeast	88,802	1	4,802	5.72%	\$18.00
L. E Fort Bend County	1,027,552	6	198,290	23.91%	\$21.00
Woodlands/Conroe	706,410	4	184,785	35.42%	\$22.02
Total	72,885,667	158	7,695,755	10.56%	\$21.17

Class B

Submarket	Square Footage	Buildings	Vacancy	Vacancy Rate	Rental Rate
CBD	10,042,531	29	1,279,555	12.74%	\$18.39
West Loop/Galleria	9,497,951	64	1,401,937	17.89%	\$17.52
West	10,740,739	89	1,933,051	22.69%	\$16.25
Richmond/Greenway	4,021,542	26	608,797	15.14%	\$16.65
North/Northbelt	5,761,372	42	1,091,900	23.78%	\$16.26
Southwest	6,528,495	38	1,493,089	30.76%	\$13.78
North Loop/Near NW	4,322,352	38	585,367	16.21%	\$14.95
NASA/Clear Lake	1,798,183	21	402,101	29.45%	\$15.10
Far NW/FM 1960	2,961,664	39	489,055	20.38%	\$14.82
South/Southeast	1,385,741	10	439,833	46.83%	\$14.96
L. E Fort Bend County	1,091,942	11	235,841	27.55%	\$18.13
Woodlands/Conroe	1,403,741	17	366,103	35.28%	\$17.81
Total	59,556,253	424	10,326,629	17.34%	\$16.41

Class C

Submarket	Square Footage	Buildings	Vacancy	Vacancy Rate	Rental Rate
CBD	3,609,859	59	1,495,123	41.40%	\$14.95
West Loop/Galleria	1,251,584	19	237,316	22.13%	\$14.90
West	4,651,174	76	847,822	24.44%	\$13.79
Richmond/Greenway	2,284,415	36	301,931	20.78%	\$14.48
North/Northbelt	1,609,940	31	450,698	25.78%	\$13.01
Southwest	2,570,757	49	615,240	27.80%	\$11.68
North Loop/Near NW	1,743,888	34	344,853	23.70%	\$11.89
NASA/Clear Lake	1,470,558	31	349,452	30.16%	\$12.77
Far NW/FM 1960	864,000	33	767,409	24.97%	\$12.22
South/Southeast	1,259,756	31	318,363	35.02%	\$11.38
L. E Fort Bend County	338,072	8	87,057	37.37%	\$15.75
Woodlands/Conroe	504,035	20	85,267	20.43%	\$14.56
Total	22,158,038	427	5,900,531	26.63%	\$13.44

Total

Submarket	Square Footage	Buildings	Vacancy	Vacancy Rate
CBD	41,276,684	101	4,880,595	11.82%
West Loop/Galleria	29,442,573	120	3,973,016	16.89%
West	26,946,839	203	5,712,009	21.20%
Richmond/Greenway	10,848,873	73	1,652,175	15.23%
North/Northbelt	11,216,750	87	2,464,146	21.97%
Southwest	10,675,399	93	2,995,821	28.06%
North Loop/Near NW	7,717,231	79	1,641,835	21.27%
NASA/Clear Lake	4,301,104	56	915,751	21.29%
Far NW/FM 1960	4,093,842	74	754,239	18.42%
South/Southeast	2,734,299	42	777,946	28.45%
L. E Fort Bend County	2,457,566	25	590,600	24.03%
Woodlands/Conroe	2,614,186	41	589,921	22.57%
Total	154,325,346	994	27,948,054	18.11%

DOWNTOWN HOUSTON MARKET ANALYSIS

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