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Downtown's resurgence is for real, boosters say

Though more retail is needed, leaders expect the district to keep thriving with development of residences, restaurants, hotels and parks

By **Erin Mulvaney** | April 30, 2015 | Updated: April 30, 2015 10:12pm



Photo: Nancy Sarnoff, HC Staff

IMAGE 1 OF 7

Cranes tower above a downtown skyscraper construction site. The location will house an office tower developed by Hines, which is also building a residential high-rise in nearby Market Square.

Decades of economic booms and busts have always had an effect on downtown Houston, but the city may be reaching a critical mass in its central business district that could make it more consistently resilient, a panel of industry leaders said Thursday.

At an event hosted by the Urban Land Institute, real estate and city boosters told a packed room that the number of hotels, residential living, restaurants and parks in Houston's downtown has the potential to take off in coming years and make downtown a more thriving center.

Downtown has traditionally been dominated by business and industrial space. In the 1980s, 12 million square feet of building space was erected. For years afterward, though, it wasn't easy to find a restaurant or bar downtown above the tunnel system. Now, the area is transforming with not just office development, but entertainment, park space, hotels and residential projects in the

works.

"It's not a false start. This is real," said Hines' Kevin Batchelor, who specializes in residential developments. Houston-based Hines has two towers under construction, one of which is a residential high-rise in Market Square.

Batchelor said downtown has a lot going for it, including professional sports franchises and nearby neighborhoods where people want to live.

He said attracting more people to live downtown itself will be key.

"Why not be where people want you to be?" he said, referring to conflicts with resident groups over large developments in traditionally single-family neighborhoods.

At least 5,000 residential units are under construction to bring renters and condominium owners into downtown, thanks to an incentive program. More retail will follow once more people move into downtown, said Midway's Suzanne Anderson, who works to bring retail to GreenStreet.

"To bring more retail, we need a pioneer," Anderson said.

Shopping district

8991 Houston Pl



\$1,349,000

4 beds, 4 baths,
4333 sq ft

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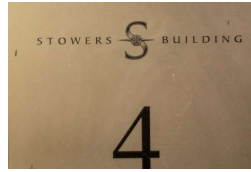
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These positive changes were tempered by a tumble in oil prices that has caused the backbone of the business community to cut jobs and operations.



And downtown still faces obstacles, such as a shortage of retail and a lack of a sense of place or attractive storefronts to draw retailers. No major retailers of the size of Macy's came in after that department store chain departed downtown a few years ago. Forever 21 is one of the few shopping options downtown.



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Oil slump

Batchelor estimated 60 to 90 real estate deals that were under contract across the city, and at least 25 more that were in the works, have fallen through due to the oil slump. On a positive note, he said, this reduces the risk of overbuilding.

Patrick Jankowski, senior vice president of research with the Greater Houston Partnership, said this week that his early prediction for jobs created this year would be under his initial prediction of 64,000 jobs. Last year, Houston created 120,000 jobs.

Sanford Criner of real estate firm CBRE, who specializes in office projects, said the future of the central business district was in question just a few decades ago. Now, he said, the light-rail line down Main Street and other downtown civic projects helped ensure it will "always remain the heart of Houston."

'A lovelier place'

"How do we make Houston a lovelier place, a place where people want to come?" Criner asked. One way, he said, is to shift the focus from simply luring businesses and employees and toward making downtown a place "people want to live and play."



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