



# ESPERSON

808 Travis Street & 815 Walker Avenue  
HOUSTON, TEXAS





# INVESTMENT OVERVIEW

<b>ADDRESS</b>	808 Travis & 815 Walker	<b>NUMBER OF FLOORS</b>	Niels (27) & Mellie (19)
<b>NET RENTABLE AREA</b>	599,107	<b>LOT SIZE</b>	1.447 Acres
<b>PERCENT LEASED</b>	52.3%	<b>PARKING RATIO</b>	1 per 1,000 (stacked)
<b>YEAR BUILT</b>	Niels (1927) & Mellie (1941)		

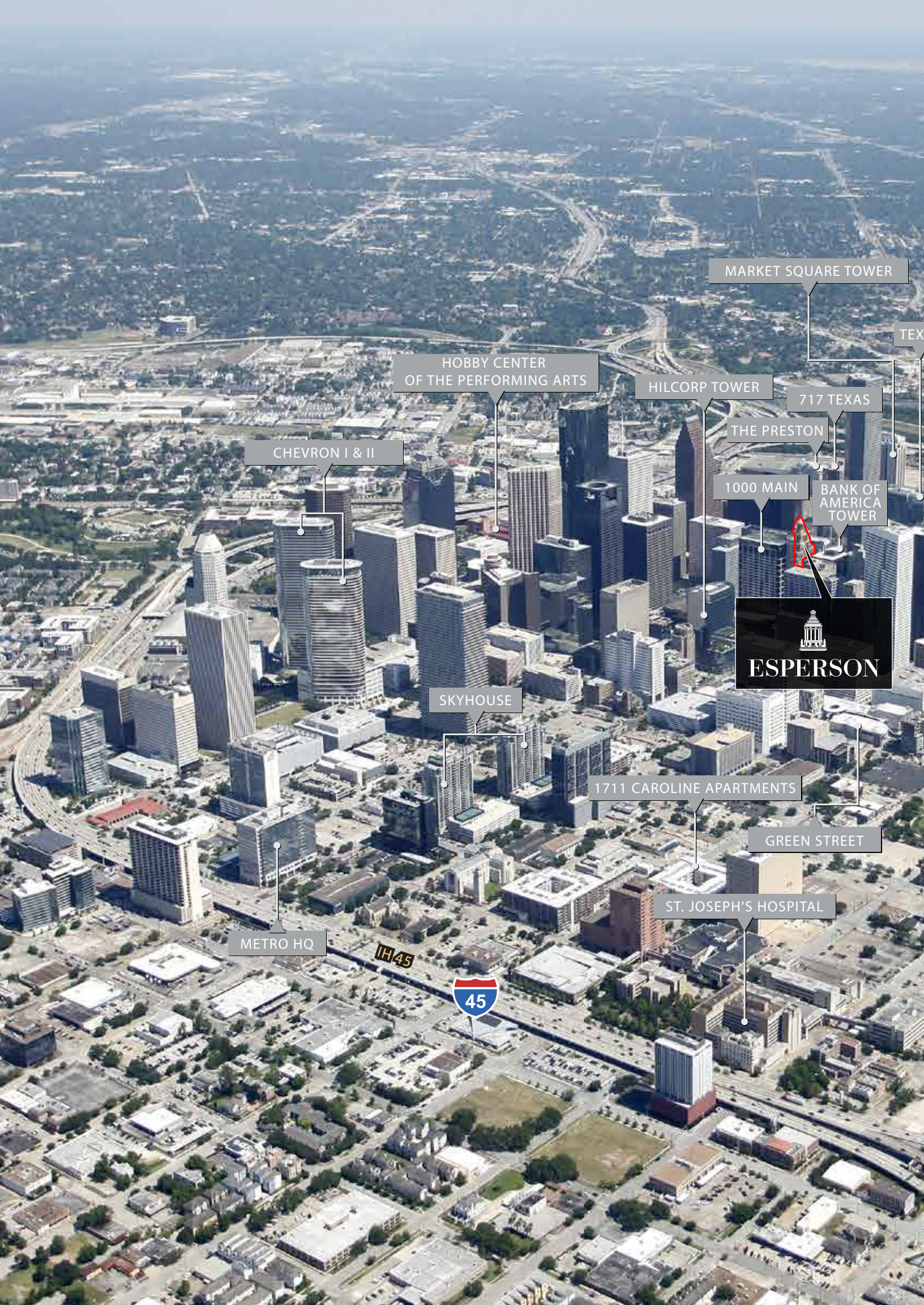
## Investment Highlights Summary

Esperson consists of two interconnected office buildings comprising the Italian Renaissance influenced Niels Esperson Building built in 1927 and the art deco style Mellie Esperson Building built in 1941 that contain almost 600,000 sq. ft. Including the attached garage, they occupy a full city block in the geographic center of downtown and stand as the most iconic and significant historical buildings in Houston’s Central Business District. The block enjoys four tunnel connections providing tenants with immediate access to abundant amenities including hotels, retail, casual and fine dining, the theatre district, residential and all that Houston’s CBD has to offer. The site is directly adjacent to the METRO Light Rail’s purple and green lines and a block away from the red line, contributing to Esperson’s walk score of 98. The current ownership has invested over \$14.5 million of non-leasing capital which has generated significant leasing momentum. At 52.3% leased and in-place rents well below market, Esperson offers investors a compelling value add opportunity at a price that represents a fraction of replacement cost.

- Recognized by BOMA as “The Outstanding Building of the Year” 2016 for Historical Buildings
- Four Access Points to the 7.5 mile Downtown Tunnel System
- Energy Star Label in 2002, 2007-2012, 2015, 2016, 2017, 2018
- Floor plates that can accommodate full-floor tenants from 2,267 to over 31,000 sq. ft.
- Ideally suited for creative office build-out with brick walls and concrete/steel beams
- Only Houston CBD building designed after Italian Renaissance Architecture
- Attached parking garage providing a 1/1000 ratio
- Designated UBER Pick Up/Drop Off point
- Located at Travis and Rusk, two main arteries into the CBD



Click [HERE](#) to watch **ESPERSON** video!



MARKET SQUARE TOWER

TEX

HOBBY CENTER OF THE PERFORMING ARTS

HILCORP TOWER

717 TEXAS

THE PRESTON

CHEVRON I & II

1000 MAIN

BANK OF AMERICA TOWER

**ESPERSON**

SKYHOUSE

1711 CAROLINE APARTMENTS

GREEN STREET

ST. JOSEPH'S HOSPITAL

METRO HQ

IH45



AS TOWER

609 MAIN

ONE PARK PLACE

5 HOUSTON CENTER

HESS TOWER

DISCOVERY GREEN

TOYOTA CENTER

FOUR SEASONS

HILTON AMERICAS HOTEL

MINUTE MAID PARK

GEORGE R BROWN  
CONVENTION CENTER



IH 69

# INVESTMENT HIGHLIGHTS

## SIGNIFICANT UPSIDE POTENTIAL AT AN ATTRACTIVE BASIS

- At 52.3% leased, the Building offers significant upside potential with over 285,000 square feet available to lease. In addition, embedded upside exists as average in-place rents are 30% below current market.
- Immediate vacancies range from nearly 500 square feet to 85,000 square feet, ideal for big corporate users or small private users.

## OUTSTANDING ACCESS AND VISIBILITY

- Located adjacent to the METRO Light Rail's purple and green lines and a block away from the red line, Esperson provides great ingress and egress for employees.
- Esperson has four tunnel access points, emphasizing its location at the epicenter of Houston's CBD.
- Esperson is conveniently located at Travis and Rusk Streets, which serve as main arteries into the CBD.

## DIVERSIFIED AND LOYAL TENANT ROSTER

- Mirroring the overall CBD tenant mix, Esperson has minimal exposure to any one industry. The CBD's diverse blend of prominent companies coupled with Esperson's proven track record of attracting firms from a wide-array of sectors bodes well for the lease-up of the project.

## TUNNEL ACCESS WITH UNMATCHED AMENITY BASE

- Direct tunnel access is essential for downtown buildings and provides an expansive amenity base for tenants.
- Esperson sits at the epicenter of the Downtown tunnel system and is one of only two buildings with four access points to the tunnel system, which connects 95 city blocks via seven miles of climate-controlled tunnels and offers a large variety of retail and dining options.
- Recently, Ownership invested over \$3.1 million to the tunnel level amenities and food courts as well as new escalators providing access to and from the building lobby.



## WELL POSITIONED, WELL CONNECTED

- Over \$1.76B has been invested at an average distance of 2.5 blocks from the Property since the year 2015, including Skanska's recently delivered and very successful Bank of America Tower, which is over 90% leased.
- Esperson is perfectly positioned to reap the rewards of the surrounding capital deployment and momentum.

## AWARD WINNING AND EFFICIENT DESIGN

- In 2016, The Building Owners and Managers Association (BOMA) acknowledged Esperson as The Outstanding Building of The Year (TOBY) in the Historical category.
- The Building has also been awarded the Energy Star label in 2002, 2007 – 2012, and 2015 – 2018 from the U.S. Department of Energy and Environmental Protection Agency.



# INVESTMENT HIGHLIGHTS

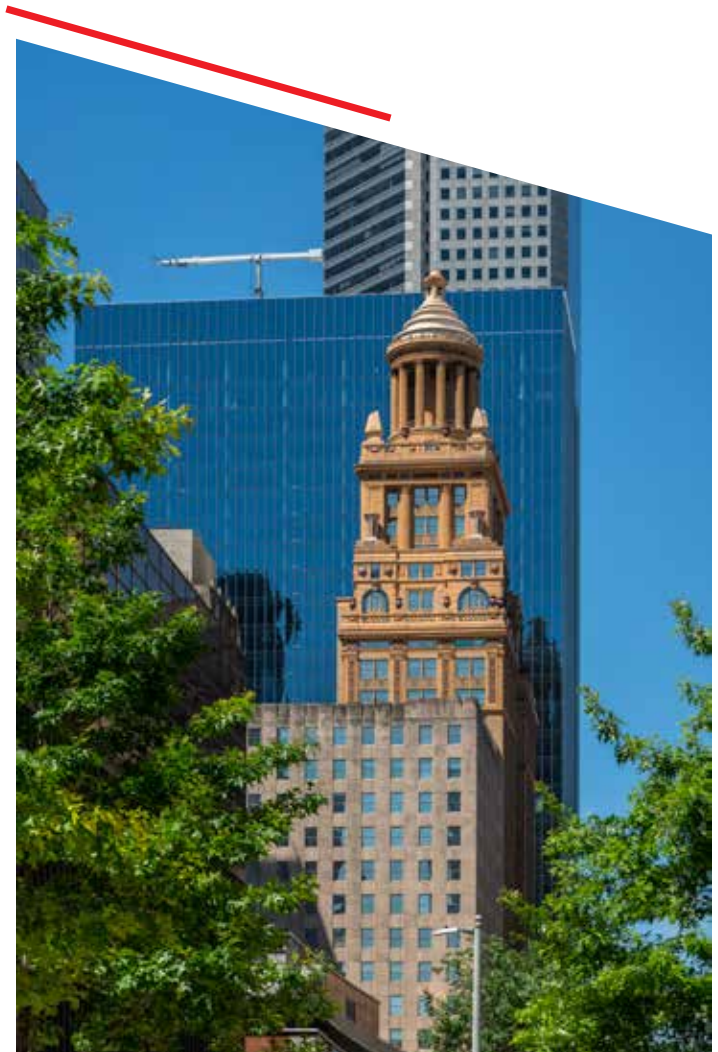
## SIGNIFICANT CAPITAL INVESTMENT

The Owner recently invested over \$14.5 million in non-leasing capital. The asset now features a redesigned and upgraded lobby, tunnel access renovations including brand new escalators, completed sprinkler system installation, brand new connection to Houston's chilled water loop, and elevator cab improvements. In addition, there are new multi-tenant corridors, façade repairs, whitebox and spec suite buildouts.

NON-LEASING CAPITAL INVESTED SINCE 2012	
Sprinklers	\$1,801,514
Roofs	\$502,977
Lobbies, Corridors, Art Wall, Common Area	\$3,081,197
Elevator/Escalators	\$1,898,894
Restrooms	\$403,038
Multi-Tenant Corridors	\$673,373
HVAC/Controls	\$751,370
ACM Abatement, Bike Room, Drive-Thru, Misc.	\$828,983
Exterior, Amenities	\$1,706,096
Whiteboxing / Spec Suites	\$2,902,980
<b>TOTAL</b>	<b>\$14,550,422</b>

## UNIQUE, HEAVILY DESIRED "WEDDING CAKE" VACANCY

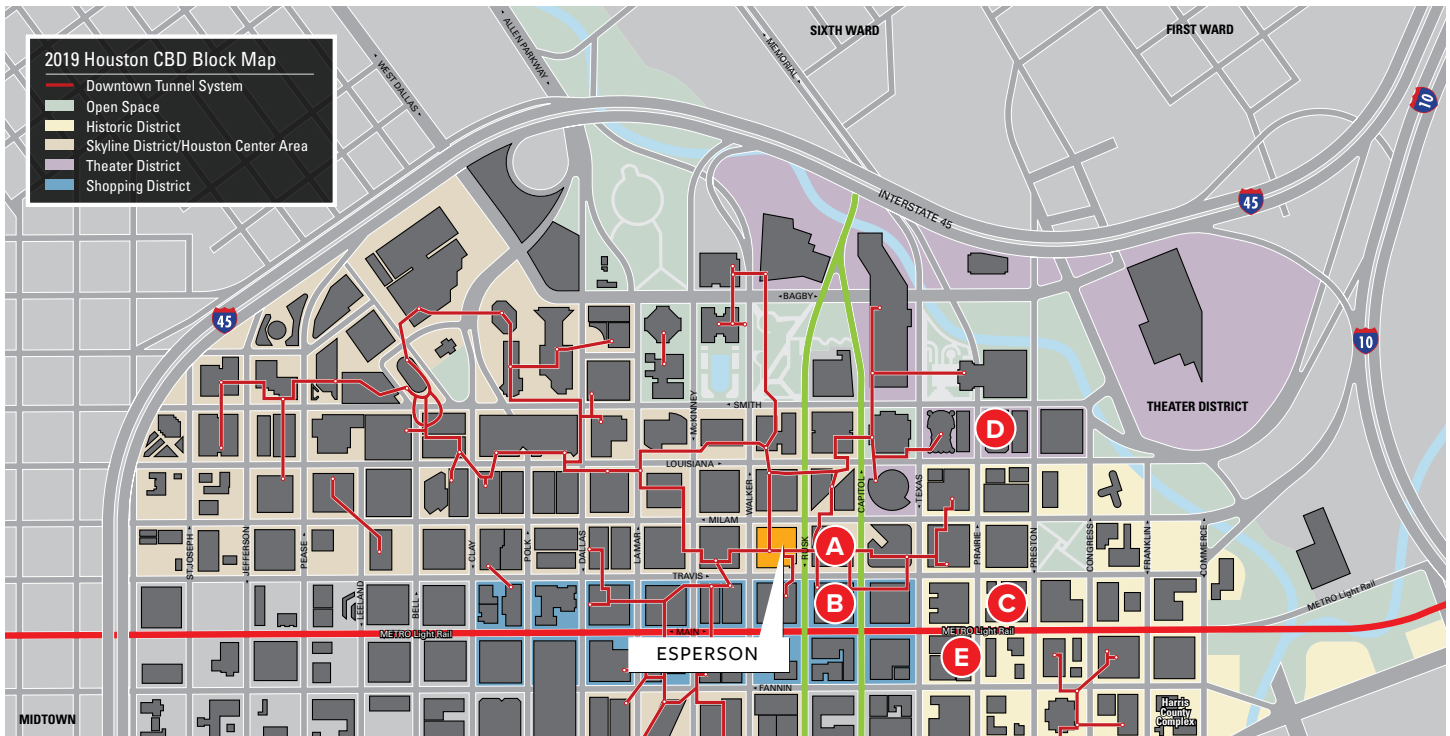
For the first time in nearly a decade, the most desired space in the building is available. Martin, Disiere, Jefferson & Wisdom occupied floors 17-20, which are comprised of 8,000 to 9,000 square foot floor plates. A testament to the building's flexibility, Ownership consolidated MDJW onto the entire 12th floor, opening up the highly desirable "wedding cake" floors that command premium rental rates. Floors 17-21 are immediately available and total nearly 48,000 square feet of premier space. Within one block of Esperson, the comparable Jones on Main building leases similar "wedding cake" space in the upper \$20 NNN range.



# INVESTMENT HIGHLIGHTS

## FOOD HALL EPICENTER

Numerous, brand new food hall concepts are opening all around Esperson and are game-changers for the property and the city. 712 Main's Finn Hall, Lyric Market, and Skanska's Understory are within steps of Esperson's lobby or through the tunnel and offer some of Houston's most famous chef-driven restaurants.



### DOWNTOWN FOOD HALLS: HOUSTON HOTTEST TREND

	<p><b>A</b> <b>Name:</b> Understory <b>Year Opened:</b> 2019 <b>Size:</b> 9,000 SF <b>Dining Options:</b> 7</p>	<p>Inside Skanska's new Bank of America Tower, Understory takes a fresh approach to food halls by connecting to and providing visibility to the hidden, Downtown Houston tunnel system. The hub is now almost fully leased with one restaurant space remaining.</p>
	<p><b>B</b> <b>Name:</b> Finn Hall <b>Year Opened:</b> 2018 <b>Size:</b> 20,000 SF <b>Dining Options:</b> 12</p>	<p>Located inside The Jones on Main, Finn Hall features 10 chef-driven concepts and two bars inside one centralized location. The diverse, multicultural dining options bring flair from local chefs and brands such as Goode Company Taqueria and Dish Society.</p>
	<p><b>C</b> <b>Name:</b> Bravery Chef Hall <b>Year Opened:</b> 2018 <b>Size:</b> 9,000 SF <b>Dining Options:</b> 5</p>	<p>Bravery Chef Hall is the anchor retail tenant at the new Aris Market Square, a 32-story luxury high-rise in Downtown Houston. The 9K SF space will center around five restaurants created by chef-owners with distinct dining experiences</p>
	<p><b>D</b> <b>Name:</b> Lyric Market <b>Year Opened:</b> 2019 <b>Size:</b> 31,000 SF <b>Dining Options:</b> 24</p>	<p>Lyric Market in the Theater District, is taking a different approach to the tenant mix, as 70% of the concepts will be sourced from outside of Houston. Unlike other food halls in Houston, Lyric Market was built around the food hall idea, as opposed to in a space that was retrofitted to add it as an amenity</p>
	<p><b>E</b> <b>Name:</b> Conservatory <b>Year Opened:</b> 2016 <b>Size:</b> 7,000 SF <b>Dining Options:</b> 6</p>	<p>In 2016, Conservatory was the first food hall to open in Houston. The underground beer garden offers about 60 different draft beers serving a mix of local craft breweries and foreign imports.</p>

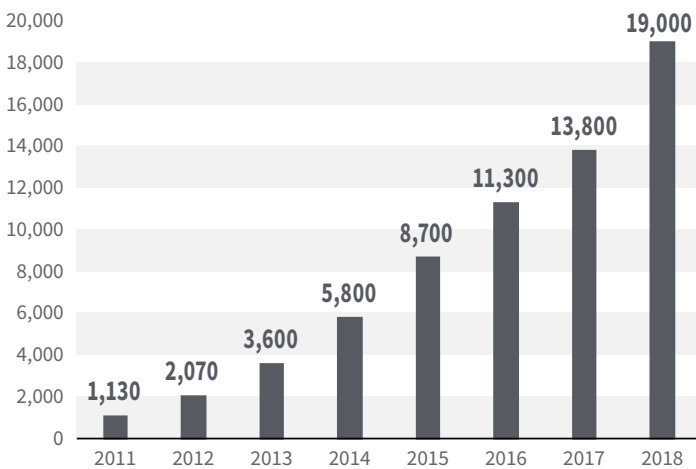


# INVESTMENT HIGHLIGHTS

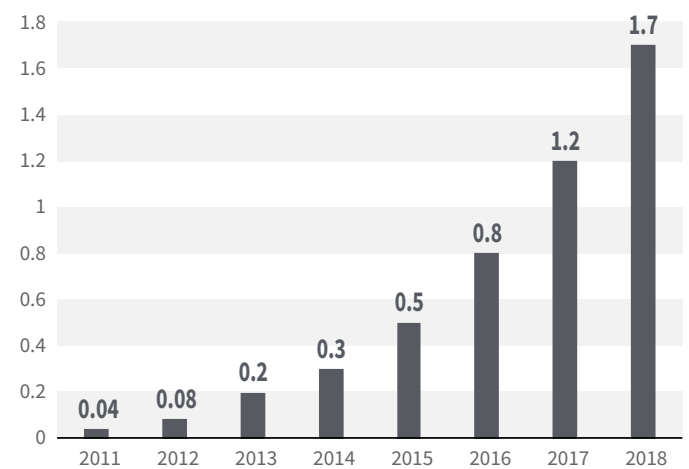
## Downtown Houston Coworking – An Increased Demand for Shared Office Space

All over the world, the shared office space product has seen tremendous growth over the past few years. Between 2014 and end of 2018, the number of flexible workspace locations expanded by +205% while the number of operators expanded by +138%. In 2018, flexible workspaces accounted for more than two-thirds of the U.S. office market occupancy gains and by 2030, the flexible workspace market is expected to represent 30% of U.S. office stock.

### COWORKING SPACES WORLDWIDE



### COWORKING MEMBERS WORLDWIDE (MILLIONS)



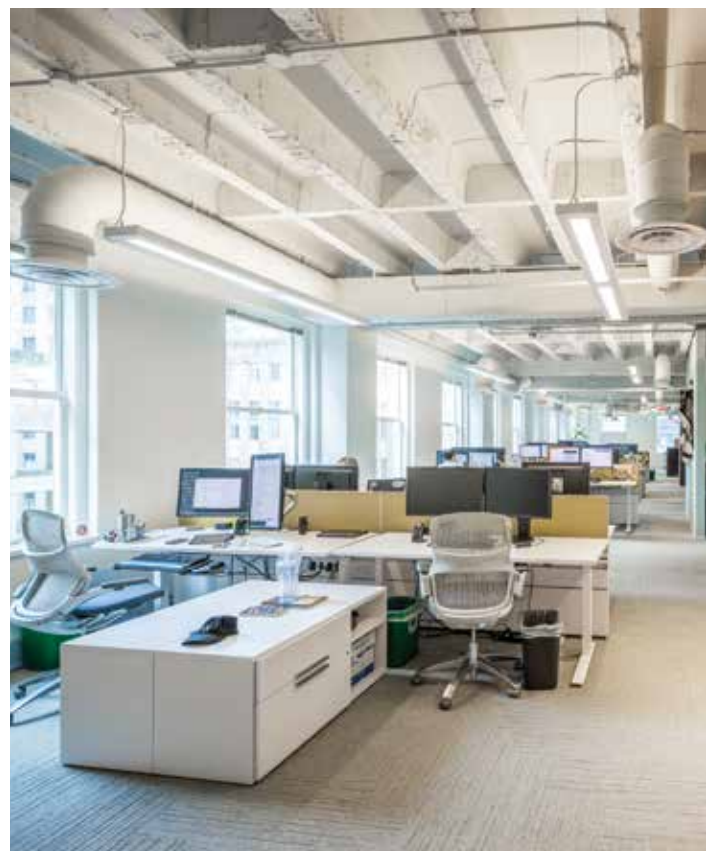
### HOUSTON: THE PERFECT CITY FOR COWORKING AND CREATIVE OFFICE

Roughly 1.7 million square feet of coworking space leased in the Houston market; making up less than 1% of the overall office market. Compare this to WeWork’s footprint in New York City, which represents just under 3% of office space in the city and could rise as high as 5% to 10% in the next decade, and that’s just one coworking company.

Houston leads the country in tech hiring plans for 2019, according to a report from Robert Half Technology. Most of Houston’s digital talent is embedded in industries other than IT. The region has 148,000 high-tech computer workers (engineers, developers, programmers, etc). Of those, 63 percent work outside the tech industry. That means for every two Houston tech employees working at a software company, three work for an oil and gas company, hospital or engineering firm.

### ESPERSON: THE PERFECT LOCATION FOR NEXT-GENERATION COWORKING SPACE.

The creative office space within the building provides coworking companies the opportunity to “plug and play” into the space. Downtown Houston is the region’s hub for business and innovation and as Houston continues to add more tech jobs, the demand for creative office space will increase.





### INCREASING DEMAND FOR CO-WORKING

40% of corporate occupiers are either using or considering using coworking –broad market adoption  
31% of the U.S. workforce working remotely 4-5 days/week in 2016 (16-63M people, 30% increase in 4 years)  
75% of the workforce will be millennials by 2030  
Estimated volume of flexible workspace as percentage of all office space in the United States is projected to jump from 1% to 30% over the next 14 years  
40% of US workforce will be engaged in the freelance independent economy by 2020



## HOUSTON'S CREATIVE OFFICE SPACE HEADQUARTERS

Esperson's architecture and prized history perfectly suits today's tenant desires for unique office spaces; the current available space provides ample square footage for both creative and co-working users alike.

- Strictly exclusive to Esperson in Houston, tenants can occupy full floors in sizes ranging from 2,200 square feet to over 31,000 square feet.
- Recent tenant buildouts showcase exposed HVAC components, original brick finishes, concrete and beam ceilings, 13' deck-to-deck ceilings, and polished original concrete/terrazzo floors..
- Prime space available for a co-working tenant on the ground floor offers a designated exit to Travis Street plus an option to build an internal staircase to the 2nd floor.



## OPPORTUNITY ZONE

Houston's entire CBD is located within an opportunity zone and is one of only two cities in the entire country that offers this incredible opportunity. The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Funds that are certified by the U.S. Treasury Department. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state.

### Investor Incentive

U. S. investors currently hold \$2.3 trillion in unrealized capital gains, representing a significant untapped resource for economic development. Opportunity Funds will allow these investors throughout the country to deploy their resources as Opportunity Zone investments.

Houston's Central Business District has the highest concentration of jobs in the metro area. Esperson is in the heart of an Opportunity Zone and is positioned to benefit from the increased investments in Downtown Houston due to this new tax incentive.

Downtown Houston, home to over 150,000 employees and 51 million square feet of office space, has experienced transformative growth over the last ten years. It is primed for a capital infusion from Opportunity Zone Funds. Older office buildings in Downtown Houston are candidates for redevelopment, as the Houston office market continues to experience a flight to quality.

### Tenant Incentive

A new round of opportunity zone regulations could be profitable as well for tenants leasing properties in the designated areas. Now tax incentives are available in many cases to tenants that lease space in properties located in Opportunity Zones, which benefits owners by attracting more renters. A lease entered into after Dec. 31, 2017, will be qualified opportunity zone business property if the lease is a "market rate lease." This allows owners to transfer property they already own into a qualified opportunity fund and allows many operating businesses that already lease property in opportunity zones to benefit from the tax breaks, making the property more appealing, which drives up demand for future owners.

## \$2.3 TRILLION IN UNREALIZED CAPITAL GAINS

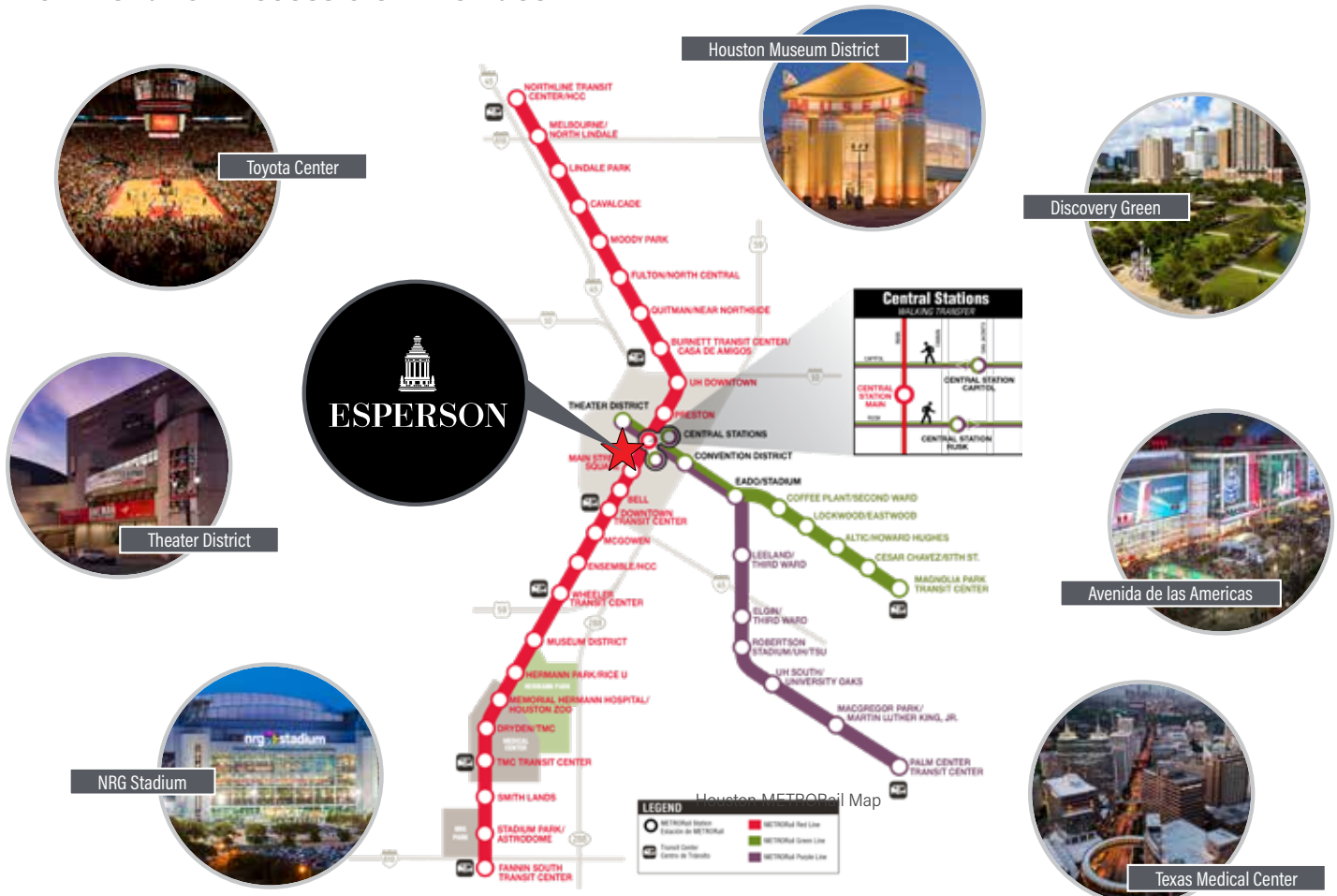
U. S. investors currently hold \$2.3 trillion in unrealized capital gains, representing a significant untapped resource for economic development. Opportunity Funds will allow these investors throughout the country to deploy their resources as Opportunity Zone investments.



### Recent Development and Major Renovations in Downtown Houston

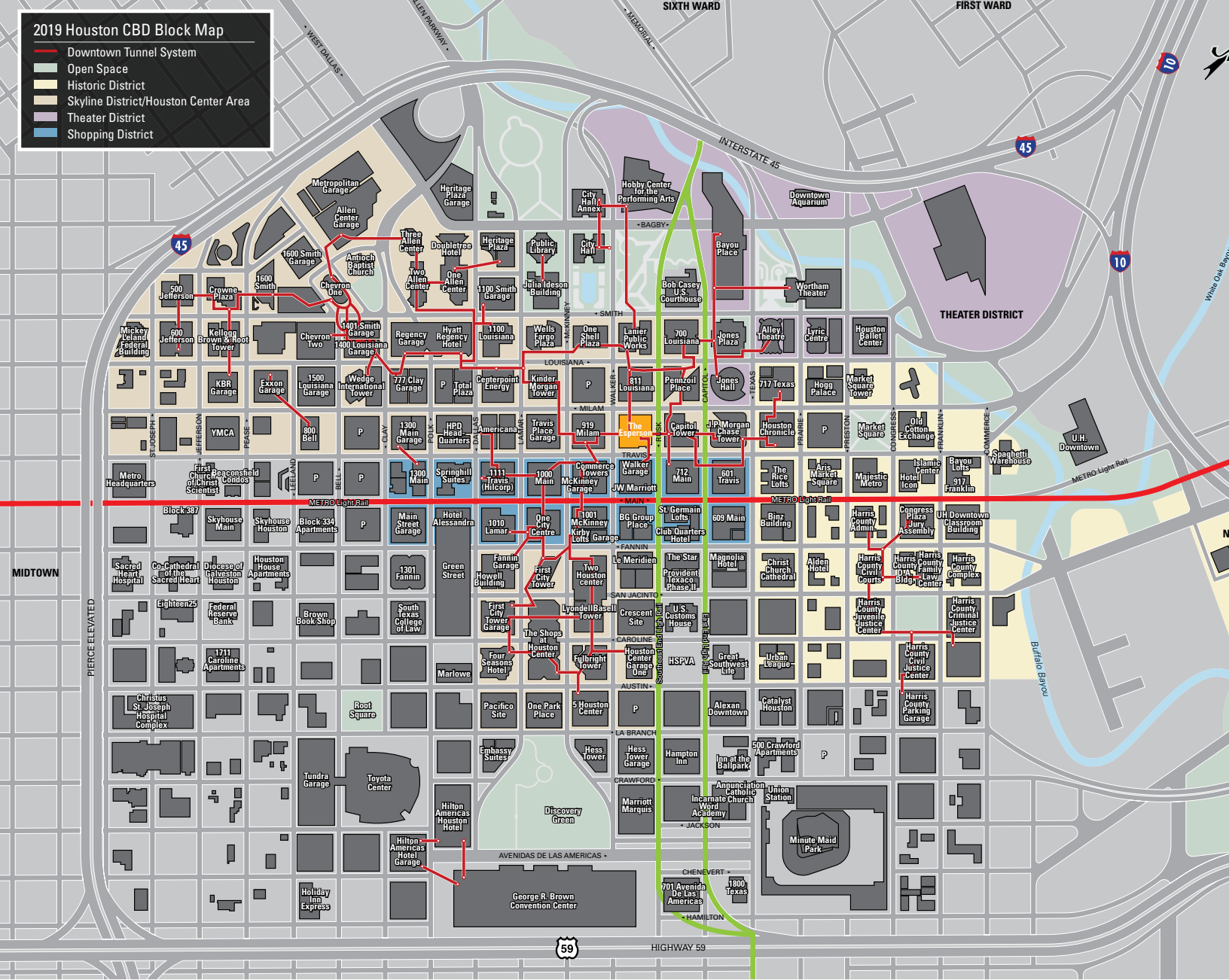


### Prominent Rail-Accessible Amenities



# 2019 Houston CBD Block Map

- Downtown Tunnel System
- Open Space
- Historic District
- Skyline District/Houston Center Area
- Theater District
- Shopping District



FOR MORE INFORMATION PLEASE CONTACT

**JLL**  
9 Greenway Plaza, Suite 700  
Houston, Texas 77046  
Phone: (713) 852-3500  
Fax: (713) 521-7334

**INVESTMENT SALES**  
**H. DAN MILLER, CCIM, SIOR**  
Senior Managing Director  
Tel: (713) 852-3576  
dan.miller@am.jll.com

**CAPITAL MARKETS INQUIRIES**  
**SUSAN HILL**  
Senior Managing Director  
Tel: (713) 852-3513  
susan.hill@am.jll.com

**MARTIN T. HOGAN**  
Director  
Tel: (713) 852-3557  
marty.hogan@am.jll.com

**SHERRI ROLLINS**  
Vice President  
Tel: (713) 852-3573  
sherri.rollins@am.jll.com

**BRYAN STRODE**  
Real Estate Analyst  
Tel: (713) 212-6551  
bryan.strode@am.jll.com

**AZIZA REHMATULLA**  
Real Estate Analyst  
Tel: (713) 852-3430  
aziza.rehmatulla@am.jll.com



This Offering Memorandum has been prepared by HFF for use by a limited number of parties and has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it, and make no guarantee, warranty or representation about it. It is your responsibility to confirm, independently, its accuracy and completeness. All projections have been developed by HFF, Owner and designated sources, are based upon assumptions relating to the general economy, competition, and other factors beyond the control of Owner, and therefore are subject to variation. No representation is made by HFF or Owner as to the accuracy or completeness of the information contained herein, and nothing contained herein is or shall be relied on as a promise or representation as to the future performance of the property. Although the information contained herein is believed to be correct, Owner and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, HFF, Owner and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or for omissions from, the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient.

The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the property or Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum is solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the property will be made available upon written request to interested and qualified prospective investors.

Owner and HFF each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the property and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing this Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner, a written agreement for the purchase of the property has been fully executed, delivered and approved by Owner and its legal counsel, and any obligations set by Owner thereunder have been satisfied or waived.

This Offering Memorandum and the contents, except such information, which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose this Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Owner or HFF and that you will use the information in this Offering Memorandum for the sole purpose of evaluating your interest in the property and you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of Owner or HFF. If you have no interest in the property, please return the Offering Memorandum forthwith.