

Commercial Real Estate

After Covid-19 delayed MetroNational's plans, developer resumes construction on Memorial City office building



Houston-based MetroNational has broken ground on a 190,000-square-foot, nine-story office building in Memorial City, marking the next phase of a mixed-use development underway near the intersection of Katy Freeway and Bunker Hill.

COURTESY OF METRONATIONAL



By Jeff Jeffrey - Reporter, Houston Business Journal Apr 18, 2022 **Updated** 12 hours ago

Houston-based MetroNational has resumed construction on a 190,000-squarefoot, nine-story office building in Memorial City, marking the next phase of a mixed-use development underway near the intersection of Katy Freeway and Bunker Hill.

The office building at 9753 Katy Freeway is expected to be delivered in the second quarter of 2023.

MetroNational originally broke ground on the office building in early 2020 but paused construction as the Covid-19 pandemic took hold in Houston.

However, MetroNational said in an April 18 announcement that the additional time allowed the developer to update its design of the building.

Houston-based Kirksey Architecture's design includes a modern two-story lobby with a 27-foot art wall setting off the patterned terrazzo tile floor.

Additionally, MetroNational said, "The glass facade of the building will create a cohesive look with surrounding structures and become an architectural presence in Memorial City's skyline."

Each floor of the building will have floor plates offering 22,605 rentable square feet.

The building will also have a range of amenities, including a full-service tenant engagement app, easy access to the Memorial City Club fitness center and close proximity to a number of restaurants and the new Lawn greenspace, which offers outdoor entertainment and community events.

"When an office tenant walks outside of 9753, they will have immediate access to restaurants, entertainment and outdoor amenities that they can enjoy before, during and after office hours," MetroNational President Jason Johnson said. "Our main priority as we envisioned the post-pandemic work environment was ensuring that we kept the public connected through community-driven experiences."

9753 Katy Freeway marks the second phase of a 4-acre mixed use development MetroNational is in the process of building.

The development is anchored by The McKinley, a 25-story luxury apartment tower, which broke ground in 2019.

The 332,231-square-foot multifamily tower at 9757 Katy Freeway offers 278 one-, two- and three-bedroom apartment units. The building's top two floors are dedicated to deluxe penthouse units. Slate Real Estate Partners is serving as the fee developer for The McKinley.

The McKinley recently opened and <u>is a finalist for the Houston Business</u> Journal's 2022 Landmark Awards.

Meanwhile, MetroNational's new office building appears to be an effort by the company to capitalize on the ongoing "flight to quality" trend.

Despite Houston's office market struggling under a 25% vacancy rate, many of the city's most prominent developers continue to bring trophy office buildings to market.

Real estate experts say that the so-called tenant's market has given companies looking for office space a great deal of leverage in lease negotiations. The majority of tenants are seeking Class A offices that offer a range of modern amenities. While that is good news for newer buildings, those built decades ago often struggle to attract tenants without landlords investing millions in renovations.

MetroNational itself announced earlier this year that it was embarking on <u>a \$20</u> million update of the Memorial City Plazas complex, a three-building development in Memorial City that contains nearly 1 million square feet of office space.

The extensive renovation project comes on the heels of Coterra Energy Inc. signing on to occupy 122,000 square feet spread across six floors at Three Memorial City Plaza.

Developed as a trophy asset by MetroNational in the '80s and '90s, Memorial City Plazas encompasses One Memorial City Plaza, the 12-story tower at 800 Gessner Road; Two Memorial City Plaza, the 18-story tower at 820 Gessner; and Three Memorial City Plaza, the 14-story tower at 840 Gessner.

Upgraded amenities will include a new fitness center, full-service conference center and meeting rooms, touchless technology with card key access, 24-hour security and air-conditioned skywalks connecting all three towers and parking garages. Construction work on the renovations is already underway, with all three towers slated for completion in Q4 2022. Houston-based Ziegler Cooper is serving as the designer of both the interior and exterior renovations, and Denver-based Design Workshop is the landscape architect.

Memorial City is a 300-acre master-planned development in west Houston that has been developed by MetroNational over the past six decades. The sprawling area has nearly 10 million square feet of developed real estate, encompassing a blend of Class A office space; retail, including the Memorial City Mall; high-rise and midrise apartments including The McKinley; dozens of restaurants; hotels, which include The Westin Memorial City and Hotel ZaZa Memorial City; the Memorial Hermann Memorial City Medical Center; and several large green spaces.