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Energy company lease kicks off \$20M renovation of Memorial City office complex

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MetroNational launched a \$20 million renovation of Memorial City Plazas office campus in west Houston. The Porch at Memorial City Plazas will bring a new covered outdoor dining patio, with open greenspaces events.

MetroNational

A Houston oil and gas company has inked a large long-term lease renewal in Memorial City Plazas, kicking off a \$20 million renovation of MetroNational's nearly 1 million square-foot office complex in west Houston.

Coterra Energy – formed last year out of the \$17 billion merger of Houston's Cabot Oil & Gas and Denver's Cimarex Energy – is setting up a 122,000 square-foot headquarters office across six floors at Three Memorial Plaza. Cabot Oil has been in the building since 2008, occupying just under 100,000 square feet on four floors.

MetroNational, the owner and developer of Memorial City, a 300-acre mixed-use development at Interstate 10 at Gessner, will transform a trio of older office buildings just south of Memorial City Mall into a modern campus with indoor and outdoor spaces for connecting with colleagues and business associates.

Developed by MetroNational in the 1980s and 1990s, Memorial City Plaza consists of the 12-story One Memorial City Plaza at 800 Gessner, the 18-story Two Memorial City Plaza, at 820 Gessner; and 14-story Three Memorial City Plaza at 840 Gessner. Coterra is the largest tenant in the complex, which is also home to Group 1 Automotive and Skyward Specialty Insurance.

Work on a comprehensive renovation project has already begun, with a goal of creating a workplace with communal spaces for connecting with coworkers and other features designed with the wellness of tenants in mind. Completion is planned in the fourth quarter of 2022.

Reimagining the experience at Memorial City Plazas will give tenants new places to work and socialize outside of their office and also provides an incentive for remote workers to come to the office, said MetroNational President Jason Johnson.

The project signifies the company's ongoing commitment to invest and redevelop Memorial City for the long-term, Johnson said.

At the center of the project will be The Porch, a new outdoor covered dining patio with spaces for food trucks, events and an indoor specialty coffee shop. Other amenities will include a fitness center, full-service conference center and meeting rooms, updated lobbies with expanded seating areas and touchless technology with key-card access. Air-conditioned skywalks connect the towers and parking garages.

A new glass front on the first two levels of One and Two Memorial City Plazas, which were completed in 1981 and 1983, respectively, will open up the space and better tie in with Three Memorial City Plaza, which was completed in 1999.

The location next to amenities such as shopping and dining at Memorial City Mall and the Shops of Memorial City played into Coterra's decision to renew its lease, the company said. It has started to relocate employees to Houston from Denver and other cities.

“This is an opportunity for Coterra Energy to relaunch our company with a newly visioned workspace for our Houston headquarters,” Chris Clason, senior vice president and chief human resources officer, Coterra Energy, said in a statement. “We could have moved anywhere in Houston, but our employees love this location and are excited about the plans for the reimagined complex and Coterra offices.”

The 10 year-plus deal, one of the largest office leases to be signed in Houston recently, comes as demand for office space in Houston remains soft following two oil busts in less than a decade and uncertainty about companies’ long-term space needs as more people work remotely.

While office leasing activity picked up in the fourth quarter with demand increasing by nearly 200,000 square feet in the Houston area, companies moved out of a net 1.9 million square feet in 2021, according to real estate company Colliers International. With an office vacancy rate hovering around 23 percent at the end of 2021, Houston has some the most vacant office space out of any major metro in the country.

MetroNational’s 3.2 million-square-foot office portfolio is 90-percent leased, according to the company.

The company will break ground this year on a 180,000-square-foot office building at 9735 Katy Freeway that was put on hold in 2020 at the beginning of the pandemic, Johnson said.

Founded in 1954, MetroNational owns and manages more than 10 million square feet of commercial real estate properties. Its largest property is Memorial City, which includes a mall, numerous office buildings, hotels, apartments and a hospital. Sears was demolished in 2020 to make way for future improvements at Memorial City mall.

Ziegler Cooper is the architect for the new project, while Design Workshop is the landscape architect. Coterra Energy was represented Jim Bailey of Cushman & Wakefield and Lucian Bukowski of CBRE.