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NAVIGATING TURBULENCE

United Airlines has been flying through a never-ending storm since Covid-19 began.

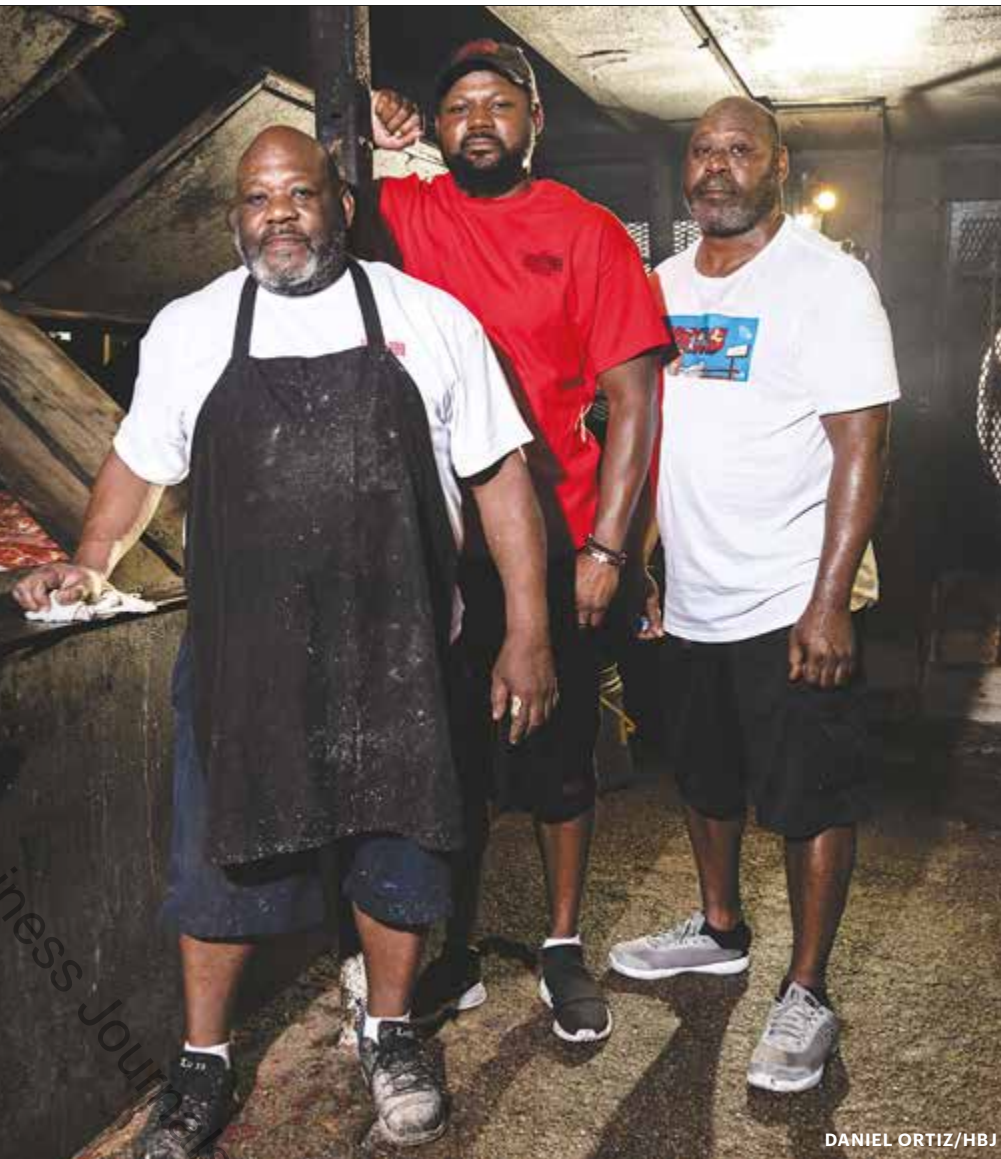
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COVER STORY

KEEPING IT IN THE FAMILY

A strong succession plan could be vital to ensure your family-owned business stays running through the ages. 28-29



DANIEL ORTIZ/HBJ

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The women-led group hopes to reach more Houston women working in a traditionally male-dominated VC sector. CHRIS MATHEWS, 12

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► COMMERCIAL DEVELOPMENT

MIDWAY TO USE EAST END LAND FOR DRIVE-IN



COURTESY OF MIDWAY

Midway's 150-acre East End site slated for its future East River development will be put to use for a growing trend amid the Covid-19 pandemic: drive-in movies.

The Houston-based developer partnered with Houston-based Moonstruck to create Moonstruck Drive-In Cinema at East River. Moonstruck itself is a collaboration between Texas-based inflatable movies company Blue Moon Cinemas and Hockley's Showboat Drive-In, the only permanent drive-in cinema in the greater Houston area.

Moonstruck Drive-In Cinema at East River will show movies projected on a 40-foot-by-80-foot structure made of shipping containers. Local food trucks and Historic Fifth Ward and East End establishments will provide food for purchase. Tickets start at \$25 per car and will be available at moonstruckdrivein.com.

► AFFORDABLE HOUSING

HHA, CALIFORNIA INVESTOR ACQUIRE EADO APARTMENT COMPLEX



COURTESY OF HENRY S. MILLER BROKERAGE

HHA and Agoura Hills, California-based AmCal Equities paid an undisclosed amount to acquire Circuit Apartments, a 321-unit luxury multifamily development at 2424 Capitol St.

Circuit Apartments was previously owned by Dallas-based JLB Partners. The apartment complex was completed in 2012.

Circuit sits on two parcels, and the entire property had a combined valuation of \$59.3 million as of Jan. 1, according to Harris County Appraisal District records.

An HHA spokeswoman said in an Aug. 20 email that the acquisition of Circuit is part of the agency's effort to add additional affordable housing units in the area east of downtown Houston.

COMBATING COVID-19

MUSCLE IN MEMORIAL CITY

WHILE ITS OFFICE PROJECT IS ON HOLD THANKS TO COVID-19, METRONATIONAL LOOKS AHEAD



You might say Jason Johnson has real estate in his blood.

For three generations, the Johnson family has run MetroNational, the

firm responsible for the development of Memorial City in west Houston. Since MetroNational was founded in 1959 by Johnson's grandfather, Joseph Johnson, Memorial City has grown to encompass nearly 300 acres of contiguous land, with nearly 10 million square feet of developed real estate operating under the MetroNational banner.

Johnson's father, Roy Johnson, oversees MetroNational as the firm's chairman and CEO.

And since 2015, Johnson has served as the company's president, putting him in line to take over the family business when his father steps down.

With the company preparing to launch some of its biggest projects to date, the Johnson family will no doubt be busy for years to come.

The Houston Business Journal spoke with Johnson about how the company is navigating the Covid-19 coronavirus pandemic and what comes next for him and his family's business.

What changes has MetroNational had to make in the wake of Covid-19?

As a company, we have about 120 employees. The first thing I can tell you is that there is no playbook for how to manage that many people during this. There never has been. But we have a great team that has really been focused on coming together.

The very first thing we did was to ensure our employees and tenants were safe and able to work from home.

It's been challenging because our retail tenants have seen traffic fall off. People are still worried about contracting the virus. We have done whatever we can think of to show that our facilities are the safest place people can go when they leave their homes. There are still some concerned tenants, and we have had to

make some rent concessions.

The real question is what Christmas will look like. That's when our mall tenants make most of their money. But no one can predict what that is going to look like.

How significant has the impact of low oil prices been for MetroNational?

My dad and I had a very interesting conversation about that. He and I talked about how it's going to be tough for the next six, 12 or 18 months. No one knows. But a lot of the decisions we have made over the past 60 years have made things a lot easier.

We have felt the impact of some unfortunate bankruptcies. We had some exposure to the Chesapeake and Gavilan bankruptcies. And we've been hurt on the retail side.

That's when we made the prudent decision to hunker down and make sure we are being careful.

While you're hunkered down, you're still moving ahead with some development projects. Where do those stand?

Well, The McKinley is moving ahead on schedule. We just celebrated the topping out of the 25-story multifamily tower. We expect to open the sales office by the second quarter of 2021. We're very excited about that project. It's going to be a really beautiful building when it's finished.

That project has an office component. What's going on with that piece of the project?

Regarding the office component, we're taking a pause on that one so we can see what the office environment looks like in the coming months. We made that decision because we all agreed that to come out of the ground with a project costing millions at a time when we don't know what the environment is going to look like was not a prudent decision.

We also don't know how Covid-19 is going to affect how people use offices.



Everyone has gotten comfortable staying home and doing what is best for their family. If you want camaraderie and collaboration among your staff, people are going to need to come into the office. But we might see people coming into the office one time a week or three times a week. We just don't know.

How concerned are you about building office space when the city has a surplus on the market?

I'm really pleased with what Texas is doing, in general, and what Houston, in particular, is doing with bringing new companies to town. We have always felt that by being a dense urban core that is outside of the (central business district), we benefit from having all of the restaurants and retail and things people want with a much shorter commute. As companies start wanting to have employees return to work when it's safe to do so, it's a lot easier for them to do that if they have a 20-minute commute versus a 45-minute commute.

Jeff Jeffrey covers commercial real estate, residential real estate, construction and architecture



JASON JOHNSON

president, MetroNational

Hometown: Houston

Education: BS in Management from Brigham Young University

Family: Married with two girls and a boy

Hobbies: Exercise, golf and spending time with family

What he's doing to keep busy during the pandemic: Jogging

Because of our location, we benefit from being in an area that is in close proximity to everything employees might need to do during the day, whether it's shopping or getting food or obtaining medical treatment. The commute from places like Katy, Jersey City and Sugar Land is much easier. And the schools are great. These are all the kinds of things companies looking for office space want.

MetroNational also recently began demolition work on the former Sears location at Memorial City Mall. What are the plans for that property? We're still in the planning phase of that project. We're taking a massive look at what we need in terms of the retail environment. That's one of the next 20 things we're going to be changing with the mall to make it more of a mixed-use, open space environment.

It's going to take a lot of work and needs to get approval from a lot of peo-

ple, including the anchor tenants.

No one likes to sit on real estate, but we're going to take our time with that one to make sure we get it right.

What comes next for MetroNational?

We're really taking this time to listen to what our tenants are telling us. We have always taken a slow, steady approach to growth. With everything that's going on, we want to make sure we are meeting their needs and getting it right.

We're looking into all sorts of technology to make deliveries easier or video conferencing easier. If there are things our tenants want to get done from a tech standpoint, we're looking into those as well. We're doing the best we can to get out in front of that for all of our asset types.

I think the mall is going to take up a good majority of our thinking for the next 10 years or so. There is so much happening with retail that we really want to get that one right. We're looking at

other projects across the country to see what they're doing and whether there are better ways of doing things to make retail more of an experience. That's going to take some time.

How is all of the uncertainty affecting you these days? I think we're really well positioned from a business standpoint. Our values and our strategy have us prepared to weather the storm.

We'll do what we've always done. If you do it right, the successes will come. Don't take shortcuts. Make sure you're giving the community what it wants and needs.

It's challenging. But it's also great to sit back at the end of the day to enjoy what we've built with the family.

This interview has been edited for length and clarity.

For the full story, go to HoustonBusinessJournal.com

RESIDENTIAL DEVELOPMENT

HOMEBUILDER BUYS LAND IN TOMBALL



MERITAGE HOMES

Scottsdale, Arizona-based Meritage Homes has acquired a piece of property in the community off Hufsmith-Kohrville and Spell Roads, near the Tomball Business and Technology Park in Tomball, according to a news release. The company plans to build 125 single-family homes on the property.

Meritage did not disclose the size of the property or how much the company paid to buy it.

Meritage intends to offer one- and two-story homes, with up to four bedrooms and three bathrooms. The homes will be between 2,067 square feet and 3,237 square feet and have starting prices in the high \$200,000s.

Meritage is currently building a model home at 21314 Adela Point in Tomball, which is expected to open this fall. The community is zoned to Klein Independent School District.

RENTAL RELIEF

HARRIS COUNTY ADDS \$15M TO RENTAL ASSISTANCE PROGRAM

Harris County Commissioners Court unanimously approved a \$15 million addition to its rental assistance program during a virtual meeting Aug. 25. Established using the county's CARES Act funds, the Emergency Rental Assistance Program now totals \$40 million.



Adrian Garcia

The motion, introduced by Precinct 2 Commissioner Adrian Garcia, also increases the maximum rental assistance award available through the program from \$1,200 to \$1,900 per household.

Commissioners Court also voted to extend the application period for tenants and landlords. Landlords are eligible to enroll for the Emergency Rental Assistance Program through Aug. 28, while tenants are able to apply through Sept. 2. Landlords must be registered as a program participant in order to be eligible for financial assistance.

Funding for the Harris County rent relief program was unanimously approved at the June 30 Commissioners Court meeting.

DANIEL ORTIZ/HBJ