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Exclusive: Houston's tech innovation district slated for former Sears building in Midtown

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Houston's long-awaited startup hub, which proponents say will help Houston's burgeoning tech scene compete on a national scale, is coming to fruition.

Private and public officials are closing in on a deal to develop the main campus of Houston's innovation district at 4201 Main St. — the site of the former Sears location in Midtown, sources close to the deal told to the Houston Business Journal. Rice University owns the land and will be involved in the innovation district's development, sources said.

Sears Holdings Corp. (Nasdaq: SHLD) had a storefront at 4201 Main St. for 73 years before closing in January 2018. Rice Management bought out the remaining 28 years of Sears' 99-year ground lease and acquired another 3 acres from Sears. The former Sears store property sits on 6 acres of land, and the parcel contains an additional 3.4 acres of land for development.

The campus will be built over the next two years and is expected to act as the heart of what will serve as Houston's innovation corridor. The innovation district is



CARA SMITH/HBJ

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modeled after similar developments across the U.S. such as 1871, a digital startup incubator in Chicago.

The Greater Houston Partnership and Rice University declined to comment. Houston Exponential, a nonprofit that aims to make Houston one of the top innovation ecosystems in the U.S., could not be reached for comment. John Reale, downtown incubator Station Houston's CEO and head of Houston Exponential's committee to create the innovation district, could not be reached for comment.

A city of Houston spokesperson didn't deny the innovation district is headed for Midtown in an emailed statement. The city has publicly embraced the creation of an innovation district.

"With Houston's submission for consideration by Amazon for its second US headquarters, the city broached the idea of an Innovation Corridor stretching from downtown to the Texas Medical Center and including UH-D, Rice University and HCC," the spokesperson said in the statement. "With or without Amazon, the Corridor concept is among the key 'blueprints' for the dynamic Houston future that Mayor (Sylvester) Turner is facilitating. In time, the city will discuss development details as they ripen."

The 9.4-acre site is located between the Texas Medical Center and Midtown. The land isn't within the bounds of the Texas Medical Center, though, meaning that for-profit developments can be built on the land. Private entities including WeWork and The Cannon are expected to be involved in the innovation district.



Lawson Gow, founder and CEO of co-working space The Cannon, said the innovation district is a turning point for Houston's entrepreneurial scene. He said Houston's sprawl creates the need for multiple innovation hubs such as The Cannon and the innovation district.

"We're going to collaborate increasingly," Gow said.

Andres Reiner, president and CEO at Houston-based Pros Holdings Inc., can see the future site of the innovation district from his ninth floor Midtown office at 3100 S.

Main St. Pros (NYSE: PRO), one of the Bayou City's largest publicly traded technology companies, expects to collaborate with the innovation district in the future.

Reiner said there are many positives with the innovation district being located in Midtown due to the area's retail opportunities, access to parks and major freeways and growth in residential development.

"This is a great area," Reiner said. "We've been here for a long time — multiple decades. We love it. And we think it's only getting better."

Before the former Sears site was selected, city officials were considering sites across the city, including the purchase of the former Surge Ventures LLC building at 177 West Gray St. in Midtown. The 5,370-square-foot office building was later bought by Weston Legal PLLC, a law firm. Then, officials considered making Midway's GreenStreet the site of the campus.

Midway couldn't immediately be reached for comment.

Plans for Houston's innovation corridor first surfaced when the city was submitting its bid to Seattle-based Amazon.com Inc. (Nasdaq: AMZN) for the company's proposed second headquarters. When Houston was passed over by Amazon, Bob Harvey, president of the GHP, called the rejection "a wake up call."

"While there has been growing momentum in the innovation space over the last couple of years, this is a clear indication that we have much more work to do as a region to grow our digital economy," Harvey told the HBJ in January. "While we are the No. 1 market in the country for STEM talent, we need to bolster our pipeline of digital tech talent that is relevant to tomorrow's digital economy. This means working with our higher education partners across the region to develop and invest in programs that will produce the talent we need to succeed."