

BUSINESS // REAL ESTATE


Callon Petroleum signs deal for new Memorial City HQ in one of 2022's biggest office leases

The deal paves the way for the construction of the mixed-use development's next office building.



Katherine Feser

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Callon Petroleum Co. signed a 107,000-square-foot office lease for its new headquarters in Memorial City, a development of Houston-based MetroNational. The nine-story, 190,000-square-foot office building at 9753 Katy Freeway is set to open in 2024.

MetroNational

MetroNational has fully leased its 9753 Katy Freeway office building under construction in Memorial City with a November deal to bring the headquarters of Callon Petroleum to the 190,000-square-foot property.

After a year-long search, the Houston-based oil and gas company agreed to take more than 107,000 square feet on five floors of the nine-story building. The relocation, planned for the second half of 2024, will see the Callon company relocate its headquarters from 75,000 square feet at One BriarLake Plaza, 2000 W. Sam Houston Parkway South in Westchase.

"Callon has been committed to finding an office space where our team could collaborate in an enjoyable work environment, have an abundance of accessible amenities and optimize their commutes," Joe Gatto, the company's president and chief executive, said in an announcement. "Our employees are excited for the new space and for access to all Memorial City has to offer, including outstanding restaurants, a state-of-the-art fitness center, outdoor greenspace, shuttle service to Memorial City Mall and Memorial Hermann Medical Center, and hotel options for our visitors."

The deal signals the outsized demand for the Houston region's newest and nicest buildings, which have continued to attract tenants as the market struggles with a persistent surplus of office space that has been exacerbated by employees working from home. The overall Houston office vacancy rate climbed to 20.4 percent in the third quarter, according to commercial real estate firm Transwestern, up 20.2 percent the year earlier and the five year average of 18 percent.

The deal also capped a year in which the largest leases in the market were signed by oil and gas companies.

Slated to open in the third quarter, the 9753 Katy Freeway building has commitments from office tenants less than a year after resuming construction following a more than two-year COVID related pause. MetroNational broke ground on the project in late 2019 and resumed construction in April.

The newest lease paves the way for MetroNational to start work on the next office building in Memorial City, according to Jason Johnson, its president.

MetroNational owns and will manage the Callon building as part of its 10 million-square-foot Memorial City campus along Interstate 10 at Gessner inside Beltway 8. Memorial City's 11 office buildings totaling nearly 3.5 million square feet are 94 percent leased, according to the developer.

MetroNational is in the design and site selection phase for the development's next office building, according to the company.

The deal is among the largest leases in the Katy Freeway/Energy Corridor submarket in 2022. Baker Hughes signed a lease for 130,000 square feet at 575 Dairy Ashford Road for the relocation of its headquarters to the Energy Corridor. Greystar, a multifamily property company based in Charleston, S.C., signed on as the anchor tenant of Town Centre Two, an eight-story, 167,000-square-foot tower being developed by Houston-based Moody Rambin in the Town & Country Village mixed-use development near CityCentre.

Designed by Kirksey Architecture, 9753 Katy Freeway will offer first-floor restaurant and retail spaces. The building is next to a community greenspace for entertainment and events and near Memorial City Mall.

Brad MacDougall and Warren Alexander with MetroNational represented the landlord, while Joseph Peddie and Morgan Relyea Colt of Cushman & Wakefield represented Callon.