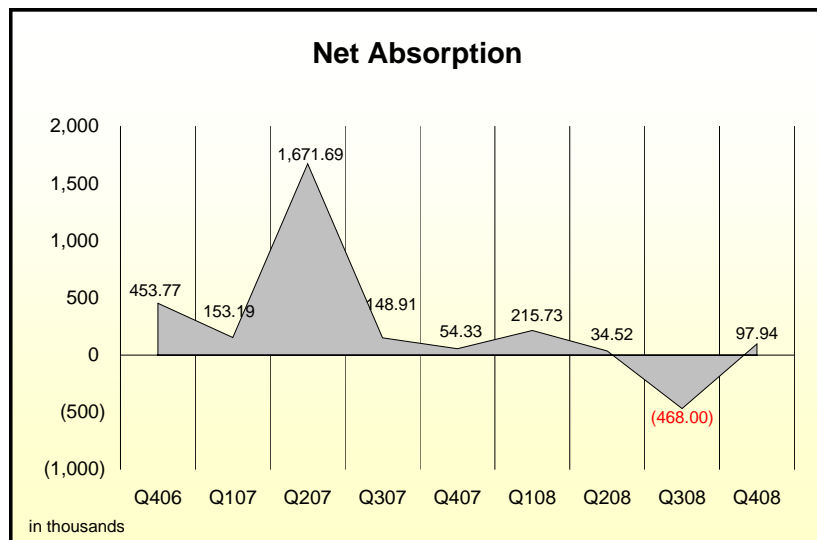


# Houston Office Market Snapshot Central Business District

Grubb & Ellis Research  
Fourth Quarter 2008



**CONSTRUCTION DELIVERIES OUTRUN DEMAND** The Central Business District bounced back during the fourth quarter by posting 97,938 square feet of positive absorption, marking the twelfth time over the past thirteen quarters the submarket has witnessed positive growth. The majority of the quarterly growth occurred in Class A and B properties with 77,602 and 20,660 square feet, respectively. Despite the gains, overall vacancy increased by 30 basis points to 11.5 percent during the survey period as the submarket received a new addition to its inventory with the recent delivery of the 200,000-square-foot Houston Pavilions Tower office building.

**OVERALL ASKING RENTS HOLD STEADY** During the fourth quarter of 2008, overall full-service asking rents remained at \$35.18 per square foot per year. Class A asking rents fell by \$0.17 to \$39.12 per square foot per year. Following suit, Class B full-service asking rents dropped by \$0.08 to \$27.54 while Class C rents improved by \$0.20 to \$17.60 per square foot per year.

**MAJOR LEASE DEAL INKED** Hess Corp. has leased the entire 844,963-square-foot building, Discovery Tower, in downtown Houston to be its global headquarters for exploration and production. The energy company will relocate in 2011 when its current 500,000-square-foot lease expires at One Allen Center. The name for the building has changed from Discovery Tower to Hess Tower.

