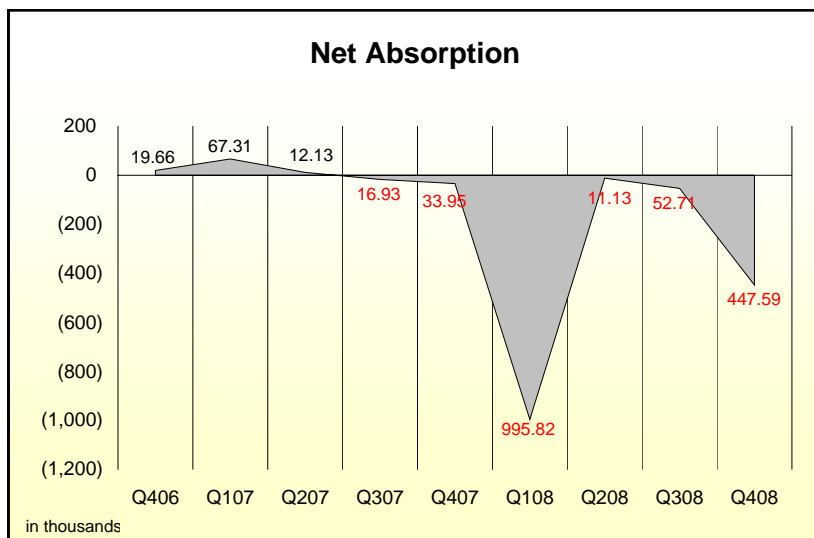


Office Market Snapshot FM 1960 Area

Grubb & Ellis Research

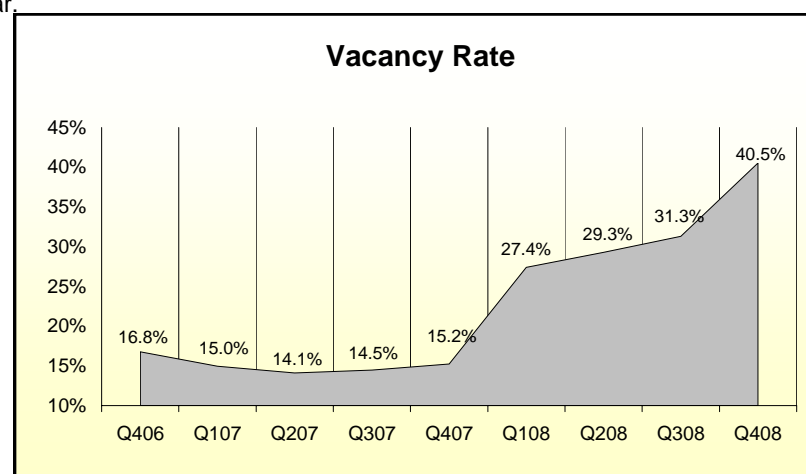
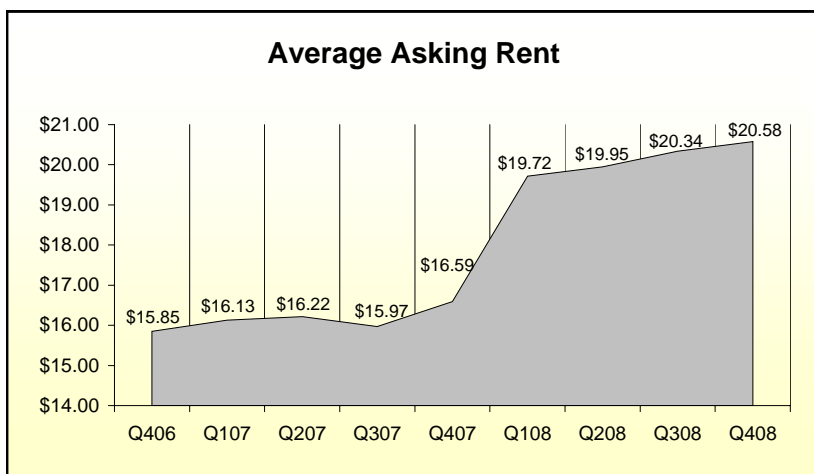
Fourth Quarter 2008



HP VACATES MORE SPACE AT CAMPUS The FM 1960 Area submarket continued to struggle by posting 447,590 square feet of negative absorption during the fourth quarter as the annual space loss total grew to 1.5 million square feet, which was mainly a result of HP vacating space at its campus throughout the year. During the quarter, Class A properties recorded 370,799 square feet of negative absorption while Class B and C properties followed suit by posting 59,012 and 17,779 square feet of negative growth, respectively. Consequently, overall vacancy shot up to 40.5 percent during the quarter.

OPPORTUNITY AWAITS FOR LARGE USER Hewlett-Packard is consolidating employees into certain parts of its Northwest Houston campus so it can market the 2.1 million square foot office project for sale, which includes 2 million square feet of office space, a 900-seat cafeteria, a fitness center, a conference center and parking garages with nearly 6,000 spaces. Once 15 to 25 percent of the space is leased, institutional buyers will have the data they need to properly assess the campus.

OVERALL ASKING RENTS INCREASE Overall full-service asking rents increased by \$0.24 to \$20.58 per square foot per year during the quarter. The quarterly rise in rents was mainly attributed to Class A asking rents improving by \$0.13 to \$26.68 per square foot per year while Class C asking rents increased by \$0.45 to \$14.41 per square foot per year.



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