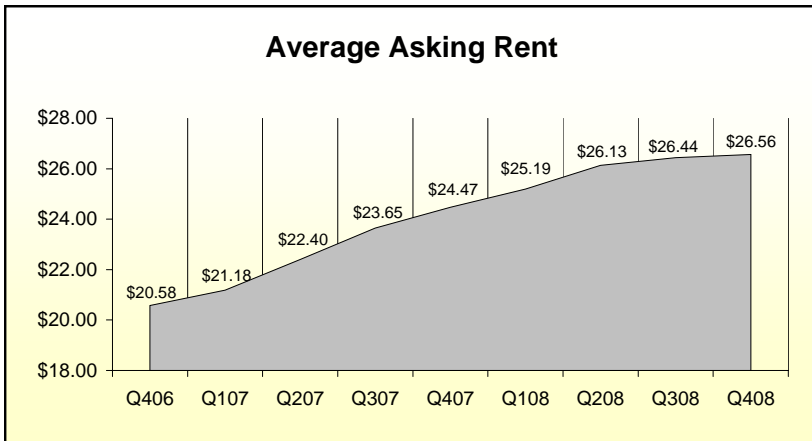
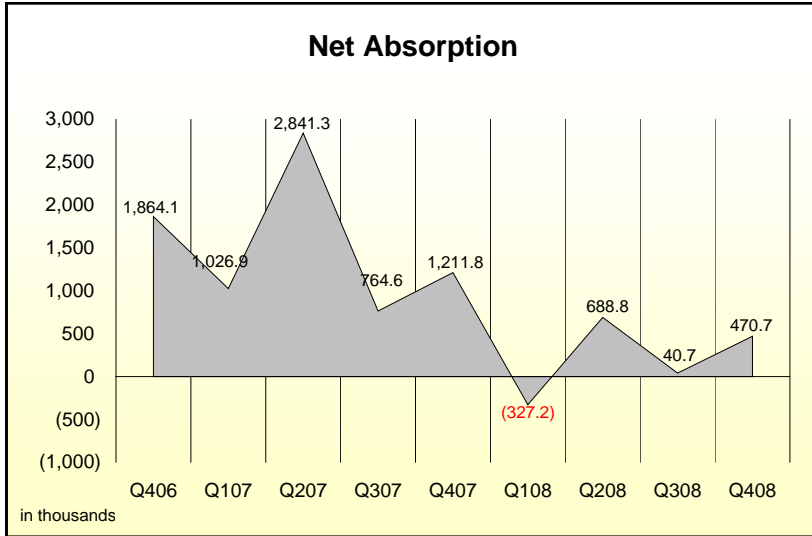


# Office Market Snapshot Greater Houston Area

Grubb & Ellis Research  
Fourth Quarter 2008



**OFFICE LEASING MARKET FINISHES OFF 2008** Houston's office leasing market put the finishing touches on 2008 by posting 470,678 square feet of positive net absorption during the fourth quarter, pushing the year-end total to 776,487 square feet of growth. The absorption gain was mainly attributed to Class B properties registering 320,743 square feet of positive absorption as the yearly tally rallied upward to end the year at 41,828 square feet of negative absorption. Class A properties recorded 165,184 square feet of black absorption ink during the survey period, pushing the annual growth figure to 1.1 million square feet of growth, by far the highest among all classes. Despite the quarterly gain, Houston's overall vacancy increased by 50 basis points to 13.6 percent as new supply outpaced demand.

**ASKING RENTS RISE** Overall full-service asking rents increased by \$0.12 to \$26.56 per square foot per year during the survey period. Overall asking rents have increased by 8.5 percent or \$2.09 per square foot per year over the past 12 months. Class C asking rents witnessed the largest quarterly increase, improving by \$0.21 to \$16.08 per square foot per year. Following suit, Class B full-service asking rents increased by \$0.20 to \$21.61 while Class A asking rents remained flat at \$33.28 per square foot per year.

**NEW SPACE ON THE WAY** Office space under construction currently stands at 7.8 million square feet, with the majority of the activity taking place within the Katy Freeway/Energy Corridor, Central Business District and Westchase submarkets which combine to total nearly 5.2 million square feet underway.

