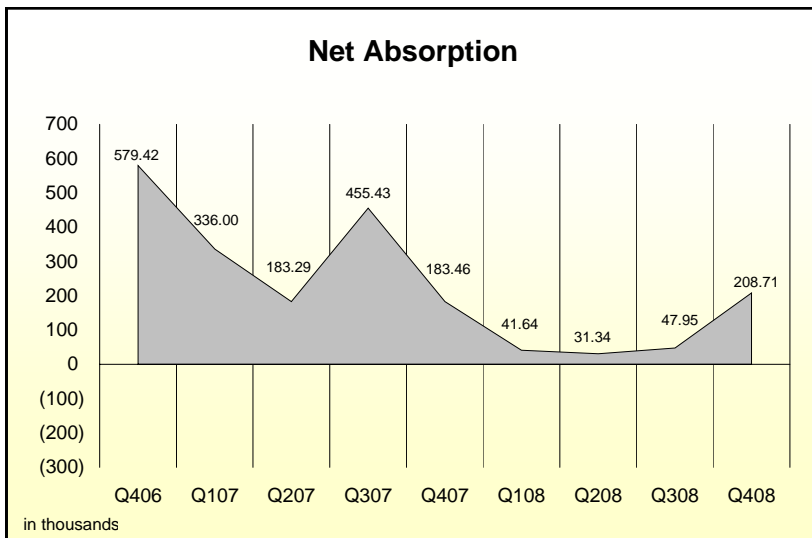


Houston Office Market Snapshot Uptown Galleria

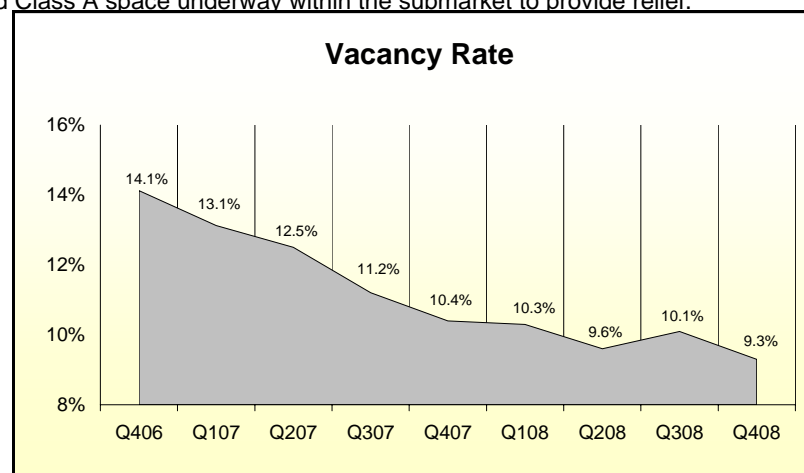
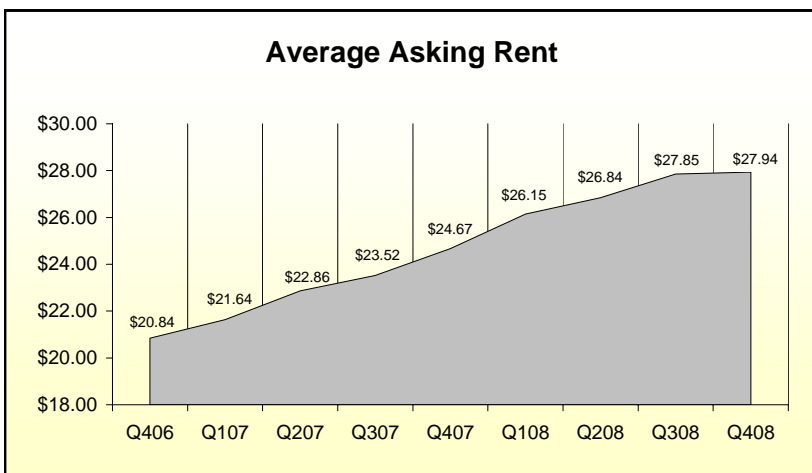
Grubb & Ellis Research
Fourth Quarter 2008



VACANCY SUBSIDIES Houston's Uptown/Galleria submarket also contributed to the quarterly growth by recording 208,710 square feet of positive net absorption, driving the yearly total to 236,250 square feet. The lion's share of the quarterly growth occurred in Class B properties with 214,214 square feet as growth within WorleyParsons' downstream hydrocarbon division prompted the company to relocate and expand its office. In the opening months of 2008, the firm signed a 10-year lease for 246,000 square feet, with move-in taking place late in 2008. Consequently, overall vacancy within the submarket fell by 80 basis points to 9.3 percent, with Class A vacancy sitting just below the 8 percent mark.

OVERALL ASKING RENTS RISE During the fourth quarter, overall full-service asking rents increased by \$0.09 to \$27.94 per square foot per year. The quarterly rise in rents was attributed to Class A rents improving by \$0.15 to \$33.38 per square foot per year. In addition, Class B and C full-service asking rents improved by \$0.24 and \$0.21 to \$22.47 and \$18.00 per square foot per year, respectively.

QUALITY SPACE OPTIONS SCARCE With overall vacancy dipping below the 10 percent mark, tenants seeking top quality space in the Uptown/Galleria will be even more challenged as landlords further push rent increases and space options continue to dwindle. Tenants will also need to consider other submarket alternatives as there is limited Class A space underway within the submarket to provide relief.



Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis. Some of the data in this reports has been gathered from third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.