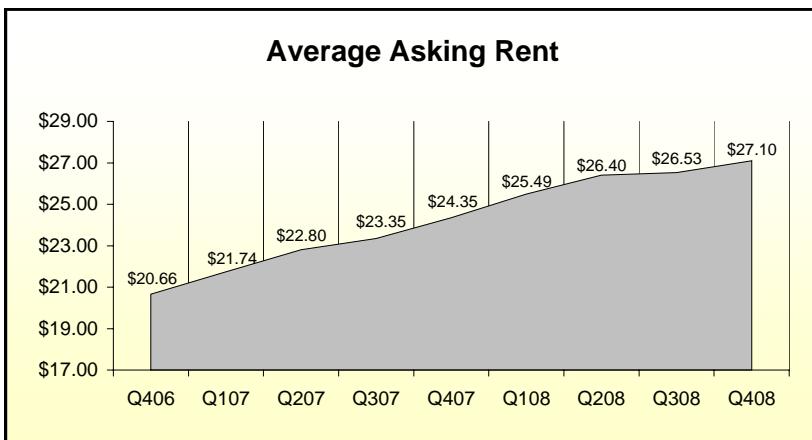
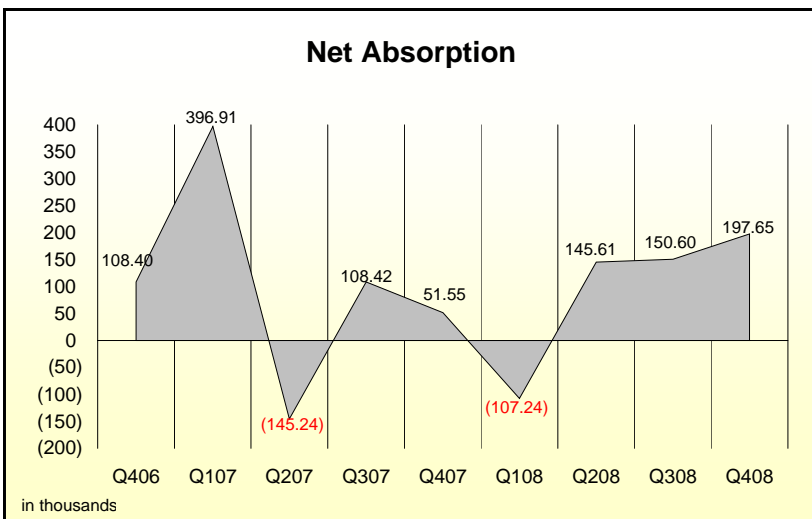


Houston Office Market Snapshot Westchase

Grubb & Ellis Research
Fourth Quarter 2008



LEASING VELOCITY INCREASES The Westchase submarket registered 197,650 square feet of growth during the quarter as the year-end tally rose to 438,228 square feet. Class A and B type buildings were responsible for the quarterly growth with 162,611 and 26,790 square feet of positive absorption, respectively. Most notably, Granite Properties recently completed construction on the 318,000- square-foot Granite Towers II located at 10350 Richmond Ave. Malone & Bailey PC signed a 47,000 square foot lease while Petrobas America Inc. took down 140,928 square feet at Granite Westchase II with expected occupancy in January 2009. Overall vacancy fell by 160 basis points to 10.7 percent during the fourth quarter.

OVERALL ASKING RENTS RISE Overall full-service asking rents improved by \$0.57 to \$27.10 per square foot per year during the fourth quarter. The quarterly rise in rents was mainly attributed to Class B asking rents rising by \$1.24 to \$25.11 per square foot per year. Meanwhile, C asking rents increased by \$0.21 to \$16.71 while Class A rents fell by \$0.06 to \$31.87 per square foot per year.

QUALITY SPACE OPTIONS LIMITED As overall vacancy nears the 10 percent mark, developers have nearly 700,000 square feet of new product under construction in the Westchase submarket to bring relief to a tight market. In addition, Thomas Properties Group has nearly 1.8 million square feet of new Class A office space on the drawing board with their City West PPlace project.

