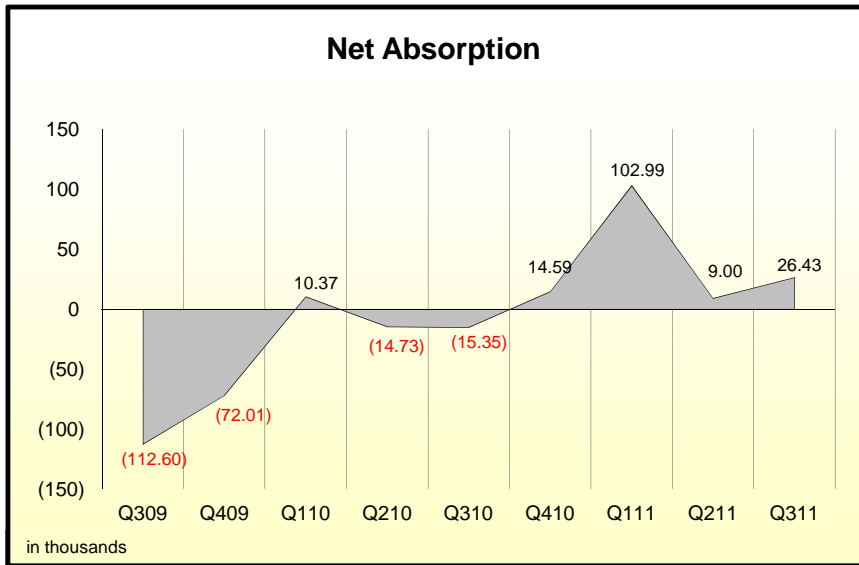


Houston Office Market Snapshot - Allen Parkway / Montrose

Grubb & Ellis Research
Third Quarter 2011



CLASS A VACANCY RETREATS The Allen Parkway/Montrose submarket posted 26,433 square feet of positive net absorption during the third quarter of 2011. Although this is the fourth consecutive quarter the area has seen positive net absorption, demand has markedly slowed down since the beginning of the year. The quarterly space gain was largely attributed to Class A properties recording 23,217 square feet of black ink. Class B properties recorded a modest space gain of 3,216 square feet.

OVERALL ASKING RENTS FALL Overall full-service asking rents hit its lowest level since 2007, decreasing by \$0.21 to \$25.29 per square foot during the third quarter of 2011. Class A full-service asking rents were to blame for the decline, dropping by \$0.46 to \$26.94 per square foot. Class B asking rents, however, increased by \$0.03 to \$19.94 per square foot to end the quarter.

TENANT FRIENDLY ENVIRONMENT The Allen Parkway/Montrose submarket remains to be a tenant-friendly environment this quarter with average asking rents dipping down to its lowest point in years. As the vacancy rate continues to decline, dropping 70 basis points to 11.1% this quarter, asking rents are projected to increase. Tenants are advised to lock down a favorable rate while this historically tight market still experiences low rates.

