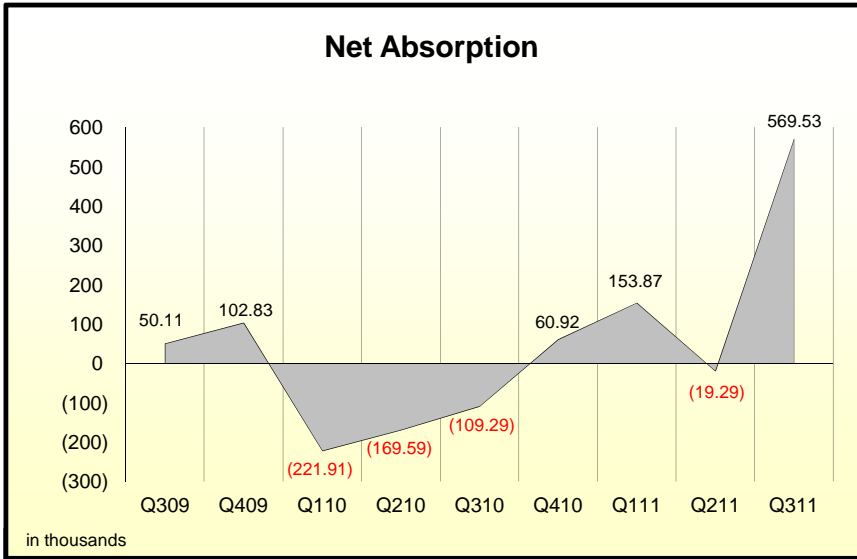


# Houston Office Market Snapshot - Central Business District

Grubb & Ellis Research  
Third Quarter 2011



**CBD POSTS LARGE GROWTH** Houston's CBD experienced a dramatic increase in demand by recording 569,534 square feet of net absorption. The quarterly space gains were attributed to Class A properties posting 562,698 square feet as Hess vacated approximately 500,000 square feet in Allen Center and Heritage Plaza, and significantly expanded its downtown presence when the firm moved to the new 844,763 square foot Hess Tower building. Shell Oil also contributed to the quarterly space gains by taking over 300,000 square feet of the former trading floor of Reliant Energy Inc., now reverting back to 1000 Main- the building's original name. Due to the increase in demand, vacancy rates in the CBD have subsided by 160 basis points to 15.1%.

**OVERALL RENTS SLIGHTLY DECREASE** Overall full-service asking rents slightly decreased by \$0.06 to \$30.43 per square foot during the third quarter. Class A asking rents fell by \$0.32 to \$36.39 per square foot. Class C asking rents also declined, posting \$19.88 per square foot for the quarter. However, Class B asking rents saw an increase of \$0.18 to \$23.51 per square foot.

**SKANSKA ACQUIRES FORECLOSED HOUSTON CLUB BUILDING** Skanska USA Commercial Development has acquired the Houston Club building at 811 Rusk St. The Houston Club has occupied space in the building since 1948, but has recently announced that it has secured funding for a new downtown location. Skanska has yet to announce plans for the 18-story building, which consists of 348,000 square feet of rentable space.

