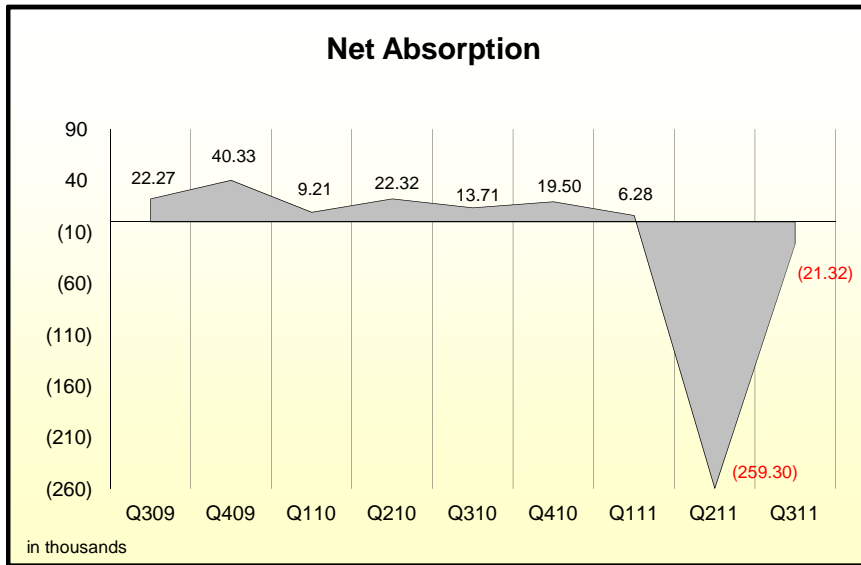


Houston Office Market Snapshot - NASA / Clear Lake

Grubb & Ellis Research
Third Quarter 2011



VACANCY RISES The NASA/Clear Lake submarket posted 21,315 square feet of negative net absorption during the third quarter of 2011, marking the second consecutive quarter that the submarket has seen negative demand. Overall vacancy rose by 40 basis points this quarter and currently sits at 12.4%. Class B office space witnessed the largest decrease in demand, posting 14,744 square feet of negative net absorption. Class A and C properties contributed to the loss, posting 1,058 and 5,513 square feet of negative absorption, respectively.

ASKING RENTS IMPROVE Overall full-service asking rents increased during the third quarter by \$0.15 to \$20.79 per square foot, despite the recent jump in vacancy. This increase is due to Class C asking rents, which improved by \$0.07 to \$16.38 per square foot. Class A and B asking rents held steady this quarter at \$24.10 and \$21.06 per square foot, respectively.

TENANT FRIENDLY ENVIRONMENT The NASA/Clear Lake submarket witnessed seven consecutive quarters of positive net absorption and sliding vacancy rates, followed by a sharp decrease in demand and a vacancy rate that rose 480 basis points, landing at 12% during the second quarter of 2011. Looking ahead, landlords will be motivated to fill the vacated space- especially in the Class B sector where the vast majority of loss occurred.

