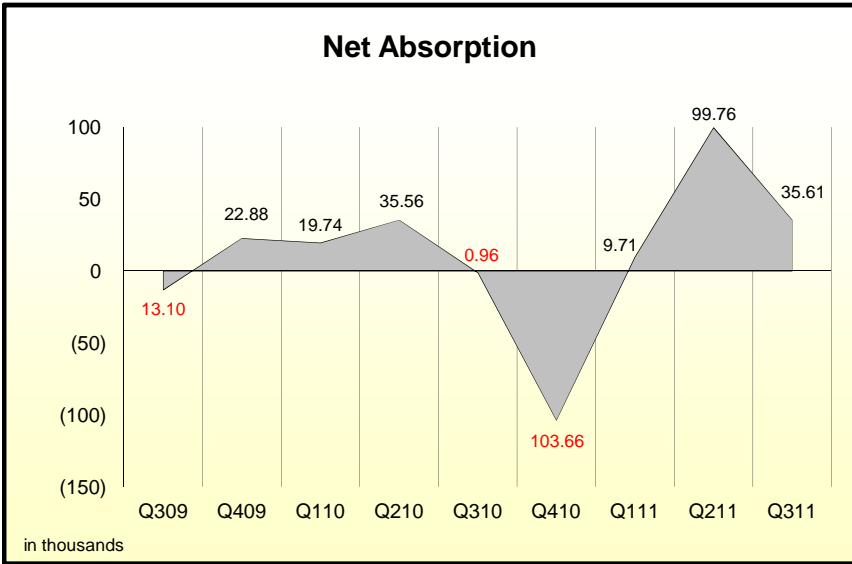


Houston Office Market Snapshot - FM 1960 Area

Grubb & Ellis Research
Third Quarter 2011



DELIVERIES OUTPACE DEMAND The FM 1960 Area Submarket posted 35, 613 square feet of positive net absorption during the third quarter of 2011, marking the third consecutive quarter that the submarket has seen positive growth. The quarterly space gain was attributed to Class A and Class B properties, which grew by 15,022 and 22,350 square feet, respectively. Class C properties saw a modest loss of 1,759 square feet this quarter. Despite the positive absorption gains posted during the survey period, vacancy increased by 130 basis points as new construction deliveries outpaced tenant demand.

ASKING RENTS FALL ACROSS THE BOARD Overall full-service asking rents increased by \$0.35 to \$19.47 per square foot per year as landlords are pressured to lower rents to stimulate leasing activity. The quarterly drop in rents was attributed to Class A asking rents retreating by \$0.17 to \$24.14 per square foot. In addition, Class B asking rents fell by \$0.28 to \$13.92 per square foot.

NEW SPACE HITS THE MARKET Chasewood Crossing II, a 156,000-square-foot Class A office building, recently finished construction during the third quarter of 2011. The new Class A facility is located at 19450 State Highway 249 in Houston's 1960 Area submarket.

