

# Houston Office Market Snapshot - Uptown / Galleria

Grubb & Ellis Research  
Third Quarter 2011



**VACANCY RISES AS DEMAND DECREASES** The Uptown/Galleria submarket continues to be one of the most tumultuous submarkets in Houston in regards to space gains and losses. The submarket posted a net loss of 254,668 square feet during the third quarter of 2011 after seeing space gains earlier in the year. The decrease in demand was seen across the board, but Class B properties saw the majority of the loss, posting 215,469 square feet of negative demand, as BG Group vacated their space at 5444 Westheimer and relocated into about 244,000 square feet in the Central Business District. Class A and C properties posted 26,908 and 8,520 square feet of negative demand, respectively. As a result of the reported space losses, vacancy rose by 90 basis points this quarter, and currently sits at 13.1%.

**OVERALL ASKING RENTS RISE** During the third quarter, overall full-service asking rents increased by \$0.27 to \$25.34 per square foot. The quarterly increase in rents was attributed to Class A rents rising by \$0.84 to \$29.89 per square foot. Meanwhile, Class B asking rents declined by \$0.18 to \$21.57 per square foot.

**BBVA COMPASS BREAKS GROUND** BBVA Compass, a financial institution that operates 380 branches in Texas, has broken ground on its new corporate office building, a 22-story, 312,000-square-foot LEED Gold certified structure of which the company will occupy approximately 150,000 square feet and six floors. The new location will centralize the bank's local executives, multiple business areas and staff units under a single roof at

