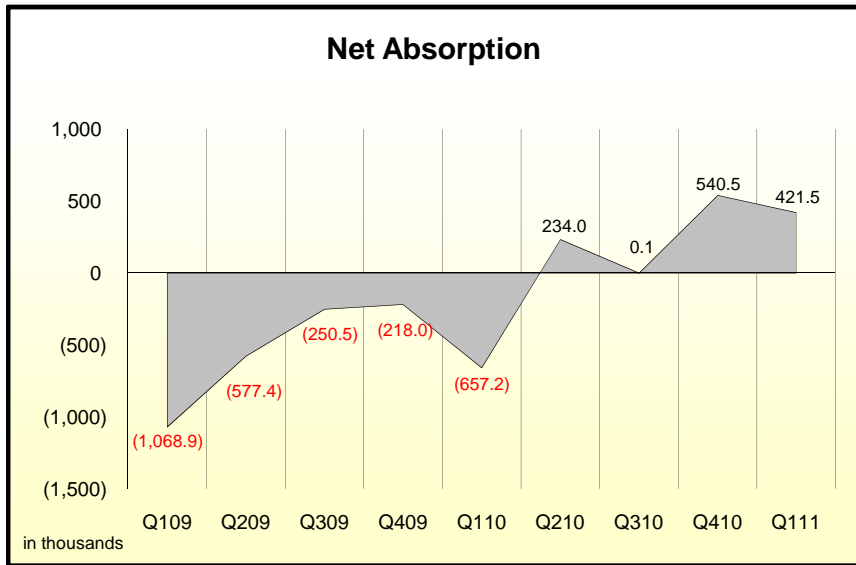


# Houston Office Market Snapshot - Greater Houston Area

Grubb & Ellis Research  
First Quarter 2011



**CLASS A PROPERTIES SPUR DEMAND** Houston's office leasing market kicked-off 2011 by posting 421,481 square feet of positive net absorption during the first quarter, marking the fourth consecutive quarter to register quarterly growth and further bolster the office market's recovery. Overall, citywide absorption levels were the highest for Class A product taking down nearly 480,000 square feet as companies, primarily within the oil and gas industry, are taking advantage of soft market conditions and turning their attention to quality space options. Meanwhile, Class C properties lagged far behind with a slight absorption gain of 6,056 square feet and Class B property sector posted its third consecutive quarter of negative absorption as tenants shed 63,742 square feet.

**OVERALL ASKING RENTS SLIDE** Overall full-service asking rents further declined during the first quarter, falling by \$0.11 to \$22.67 per square foot per year. Since this time last year, overall asking rents have declined by nearly 5 percent. During the first quarter, Class B asking rents suffered the largest quarterly reduction among all classes, falling by \$0.27 to \$19.16 per square foot. On the other hand, Class A and C asking rents increased by \$0.54 and \$0.03 to \$29.33 and \$15.15 per square foot, respectively.

**ENERGY FIRMS EXPANDING** BG Group Plc is doubling the amount of office space it plans to occupy in downtown Houston. The natural gas and oil company now has under lease 354,000 square feet in BG Group Place, a 46-story building which delivered during the first quarter. BG Group plans to relocate from its current office, spanning approximately 100,000 square feet at 5444 Westheimer, by third quarter. Other examples of recent energy firm expansions include EnerVest, Koch, GL Noble Denton, Willbros Group and EDG Inc.

