

Quarterly Market Overview
Third Quarter 2011
FOR IMMEDIATE RELEASE



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HOUSTON OFFICE AND INDUSTRIAL MARKETS STRENGTHEN WITH POSITIVE ABSORPTION AND NEW SPEC CONSTRUCTION

HOUSTON — (October 25, 2011) — Houston's office and industrial markets report significant leasing activity with positive net absorption and several speculative construction projects breaking ground, according to quarterly market research compiled by Commercial Gateway, the Commercial Division of the Houston Association of REALTORS®.

Citywide, the office market recorded overall positive net absorption of 1.3 million square feet in the third quarter of the year, with Class A space recording its sixth quarter of positive absorption of 1.4 million square feet. This quarter's absorption is primarily due to two major tenants occupying space in their new, namesake buildings in the Central Business District (CBD): Hess moved into its 844,763-square-foot building, and BG Group occupied its 354,175 square feet in its new building along with a couple other tenants. Absorption is the difference in occupied square feet, so the Hess and BG Group spaces were not counted as absorbed until they actually moved in this quarter.

Positive office absorption will continue as two significant leases were signed in the last days of the quarter. GE Oil & Gas is taking over Westway Park III, an 181,814-square-foot building, along with additional space in the adjacent Westway Park II, while BP has signed for all of Three Eldridge Place, a 305,885-square-foot building; both buildings were finished in 2009 and were not previously occupied. The two companies are reported to begin moving in their space during fourth quarter.

Class B buildings offset the leasing activity in Class A, accounting for negative absorption of 104,582 square feet, the fifth consecutive quarter of negative absorption, with a total negative 704,272 square feet to date. The effects of company mergers and downsizings especially in the CBD are still on the horizon, although there are indications that some Class A space is being taken before it hits the direct market.

Construction activity is continuing in the suburban markets after last quarter's Uptown/Galleria BBVA Compass building broke ground. Nexen Tower at 945 Bunker Hill is the latest building to start construction, along with CityCentre III and IV, all three in the West submarket. Other projects in the North submarket have been discussed but none yet started.

Both vacancy rates and rental rates showed minimal drops this quarter. The current 14.0% vacancy rate is marginally lower than last quarter's but is slightly higher than the 13.9% vacancy rate of a year ago. The overall annual weighted averaged gross rental rate quoted for this quarter of \$22.70 per square foot is 1.9% lower than the same quarter last year, which was \$23.13. By contrast, the CBD's quoted rental rates showed a 3.5% increase to \$30.63 per square foot from a year ago's \$29.58.

Rental rate concessions vary across the board, but sublease rates in quality spaces with long terms are close to matching rates quoted for direct space. Overall sublease space increased to over 3 million square feet this quarter, but this amount is lower than the 3.4 million reported a year ago. Sublease space continues to fluctuate as long-term, quality space is added and then leased before it enters the direct market.

Commercial Gateway Member/Broker Comments on the Houston Office Market

David Baker, Executive Vice President, Houston Operations, Transwestern: "I am seeing a large percentage of companies expanding; I haven't seen any downsizing unless a division is sold. Expansions by the energy and engineering companies are now spilling over to their services and support industries, resulting in growth in those sectors as well.

"Clients are more likely to sign deals today rather than wait due to the tightening of the Class A market; they need the space and are concerned about not having options. Given the fact that the financial markets are not allowing developers to start new 100% spec projects, Class A space will continue to diminish and fewer options will exist. Renewals are taking a little longer because of rent increases the last five years and less lease concessions being given by landlords.

"The Houston office market outlook -- contrary to the rest of the country -- is really positive. Our company's research arm, Delta Associates, is forecasting continued job growth in the area, which translates to more positive absorption and rent increases in 2012."

Griff Bandy, Principal, NAI Houston: “Rental rates in all classes of office buildings have increased over the last five years, with Class A office space leading the increase with an average uptick of almost \$10 per square foot. In many cases, tenants renewing today are experiencing sticker shock due to the increased overall rental costs. Not only have rent rates increased, but in many cases the office building’s operating expenses have increased as well. In some cases, tenants are looking to either secure less square footage or consider sublease space as alternatives to counter these rising rental costs.”

Ryan Bishop, Vice President, Stream Realty: “Clients are not waiting; waiting to make a “better deal” has passed us, at least during the current cycle. This time last year, tenant rep brokers were telling their clients to make a deal, which is one of the reasons why 2011 has seen so much leasing activity.

“We signed long-term leases with several large oil and gas tenants this year, most notably with BP at Westlake Park for over 725,000 square feet. The difference for these companies this year centered around one thing: confidence. Most companies had delayed real estate decisions as long as possible, and the first three quarters of 2011 saw this trend come to an end.

“I am optimistic in what 2012 holds for Houston. This upcoming year could see a few speed bumps, however, such as the November election, uncertainty in the global markets and the potential for merger and acquisition activity. With all that said, I still see strong fundamentals across the Houston market and throughout our state, which should continue to outpace the nation.”

Paul Coonrod, Vice President, Stream Realty: “We’ve been thrilled with the amount of interest we’re seeing from the tenants that are currently in the market. Construction is currently on time with the new building at 2200 Post Oak. With an expected delivery date of April 2013, we feel that we’ll have the building stabilized by that point.”

Kristen Rabel, Senior Vice President, Office Properties, CBRE, Inc.: “I am very optimistic about the office leasing market. I haven’t seen much of a slowdown in inquiries and deals in the market have been steady. I’m seeing lots of expansions, especially engineering companies. What the companies want most is flexibility, which is playing a huge part in the negotiations. I am seeing lots of creativity and complexity because of

the country's economic uncertainty; companies want flexibility so they don't get caught with more space than they need 18 months from now.

"We are still seeing lots of early renewals for large Class A spaces in Westchase and Greenway Plaza, among other major suburban markets. Companies know rental rates are rising as the market improves so they are trying to lock in rates now. As the Class A space continues to fill up, companies are going to have to make value decisions. Concessions for Class A space are fewer than six months ago, but Class B space is still offering concessions. Class B space will catch up in leasing activity in 2012."

Stan Voelkel, Vice President, Colliers International: "Over the last few years the Houston skyline has been absent of cranes. While there were a few leftovers from the last boom, Main Place (now BG Group) and Hess Tower to name a couple, the trend does appear to be changing. Lately, as I drive around Houston, I have noticed the return of the once prevalent cranes. BBVA Compass Plaza, Nexen Tower, CityCentre – three of the new projects that come to mind. Additionally, there are projects proposed by Skanska and Hines on Post Oak Boulevard. The question that comes to mind is: 'Are we at the beginning of a boom or (mini-boom) or is it pent-up demand from the hangover of the recession?'"

"Like the return of the swallows to *Capistrano*, at the beginning of a 'turnaround' in the office market, the cranes return to Houston. This process of going through a build cycle can take several years to mature, and it appears Houston may be at the early stages. Obviously, the main reason is the lead time for a building to be brought to the market. Five of the seven buildings under construction (as identified in the Colliers' Third-Quarter Market Report) represent over 1 million square feet and have Fourth-Quarter 2012 through Second-Quarter 2013 delivery dates.

"In the last 12 months, the Houston citywide office market has had approximately 1.6 million square feet (Class A and B) of positive net absorption relative to the 197 million square feet of office inventory. While this number is significant, it really doesn't tell the whole story because during the same period several buildings have been delivered (Main Place and Hess Tower).

"In an improving market tenants either lease space because of an immediate need or because they want to protect their future growth needs. Large blocks of Class A space in

the suburban markets are difficult to find thus making the need to secure space more of a chore. Given the time it takes to develop and build a building, it seems the demand will continue to outpace Class A space over the next 18 months. It will be interesting to see how many more (if any) cranes will begin to pop up around the city.”

Houston Industrial Market

Houston’s industrial market also recorded strong positive absorption with several major deals, including Ferguson Enterprises’ 206,926-square-foot lease at Port Crossing and Forum Energy’s 253,838-square-foot lease at 6535 Guhn Road. Other notable new leases over 100,000 square feet recently signed were K2 Logistics’ 143,214 square feet in the Hardy Distribution Center and Mahindra USA’s 134,815 square-foot lease at Satsuma Distribution Center.

These larger deals contributed to this quarter’s positive absorption of 1.6 million square feet, a definite improvement from the first half of 2011, according to statistics released by Commercial Gateway. The majority of positive absorption occurred in warehouse/distribution properties, which recorded over 1.7 million square feet of net absorption this quarter, offsetting the negative absorption of 153,731 square feet recorded in the flex/service classification this quarter.

Vacancy overall is 8.2%, a drop from last quarter’s 8.7%, and an improvement when compared to 8.7% a year ago. Construction is also on the rise, with more than 2.1 million square feet of mostly build-to-suit properties in the pipeline. However, spec development also increased this quarter: Liberty Property Trust broke ground on two buildings totaling 212,000 square feet in the Northwest and Prologis started construction on a 146,700-square-foot building in the North. Several other developers have smaller projects underway in the Northwest and Greenspoint/North submarkets, with Ben E. Keith Foods’ 475,000-square-foot warehouse in the Southwest noted as the largest building currently under construction, completion in 2013.

Overall rental rates reversed their downward trend to increase 2.3% from last quarter, but the \$5.35 rate shows a return to a similar rate from the same quarter last year.

Properties classified as high-tech/R&D, the smallest segment of the market, are reporting the lowest vacancy rate of 4.7%. Manufacturing facilities are reporting the second lowest vacancy rate of 5.2%, with crane-ready buildings still in short supply. Both high tech/R&D and flex-service centers, commonly referred to as office/warehouse, showed positive absorption for the quarter at 83,767 square feet and 1,150 square feet, respectively.

Sublease space reported in the third quarter continued to climb to over 2 million square feet, which represents a 12.5 percent increase for industrial sublease space reported for the same time a year ago.

Commercial Gateway Member/Broker Comments on the Houston Industrial Market

Billy Gold, Senior Vice President, Industrial Properties, CBRE, Inc.: “The Panama Canal expansion in 2014 will be a game-changer; distributors will want to be here as south Texas experiences projected job growth, population growth and a great economy in the long term.

“With the low vacancy rates, rental rates will be rising. We will be seeing even more spec construction activity in Class A multi-tenant warehouses, partially driven by the oil and gas industries and current economic conditions. Investors are both buying quality properties and also backing development of spec quality properties. We have seen a lot of investor activity even though industrial properties are usually the lowest price range of real estate assets.

“There will be an increase in the number of institutional investors and developers that will begin speculative multi-tenant projects towards the end of the year with this trend continuing well into 2012.”

Mark G. Nicholas, SIOR, Senior Vice President, Jones Lang LaSalle: ““Many of our clients in the oil and gas business have us working on multiple site searches for improved properties as well as land sites for development. There is a void in the market for crane-ready buildings with excess acreage for outside storage, especially in the 50,000- to 100,000-square-foot range.

“Activity overall is extremely brisk, however, it seems transactions are taking longer to get full approval to go forward. Many times a pending merger or acquisition slows the process down or completely terminates the deal as the requirement changes.

“As far as current deals, we have a few buildings in the port area in excess of 500,000 square feet with leases being exchanged. Overall, activity has picked up substantially since July 2011, and I think that activity will remain strong for companies in the oil and gas energy services sectors and the ‘shale’ plays.”

Ron Roberson, SIOR, Executive Vice President, Caldwell Companies: “Third-quarter 2011 saw continued improvement in both activity and absorption of industrial space. The free-standing, user-building market is very tight due to buyers’ strong cash positions and the lack of availabilities. We had increased activity in sales of these type buildings in the past 90 days, with one free-standing property selling and closing in less than 30 days.

“Leasing of multi-tenant, dock high space has also continued to improve. On a recent search for 40,000 square feet of front-load, dock-high space, we found very limited options in Northwest Houston, and ultimately were forced to move very quickly to secure a location for a client in just two weeks. The demand owners are seeing coupled with the lack of availabilities has provided the necessary confidence to develop speculative industrial product again, as evidenced by new development projects commenced by Liberty Property Trust, EastGroup Properties, Prologis and DCT Industrial.”

Founded in 2001, Commercial Gateway, the commercial division of the Houston Association of REALTORS® (HAR), is a commercial information exchange of commercial real estate professionals engaged in every aspect of property sales and leasing, appraisal, property management and counseling.

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Houston-Area Office Market Summary

2011 Third Quarter



	Class	No.		Vacant SF	Vacancy Rate	Net Absorption		Under Construction	Wted Avg Rent ***	Sublease Avail
		Bldgs *	Bldg SF **			Current	YTD			
Central Business District	A	35	32,706,302	2,978,218	9.1 %	839,041	854,204	0	\$34.44	869,148
	B	28	7,508,482	1,132,060	15.1 %	61,406	127,257	0	\$24.75	102,856
	C	15	1,237,255	294,745	23.8 %	12,582	(30,334)	0	\$14.71	3,957
Central Business District Subtotal		78	41,452,039	4,405,023	10.6 %	913,029	951,127	0	\$30.63	975,961
Energy Corridor	A	35	10,682,486	1,002,874	9.4 %	(992)	360,294	0	\$27.24	213,792
	B	55	5,345,271	911,717	17.1 %	(30,034)	(28,985)	0	\$20.52	143,243
	C	8	393,150	52,167	13.3 %	(1,546)	(501)	0	\$17.91	0
Energy Corridor Subtotal		98	16,420,907	1,966,758	12.0 %	(32,572)	330,808	0	\$23.88	357,035
Fort Bend County	A	34	3,891,575	943,057	24.2 %	29,317	132,579	0	\$26.40	57,791
	B	19	1,467,574	201,971	13.8 %	50,334	1,854	0	\$18.49	96,723
	C	2	136,000	18,054	13.3 %	(8,768)	(7,088)	0	\$16.50	3,123
Fort Bend County Subtotal		55	5,495,149	1,163,082	21.2 %	70,883	127,345	0	\$24.87	157,637
Greenspoint	A	23	4,834,226	139,985	2.9 %	41,589	(6,810)	0	\$20.32	134,640
	B	41	4,491,122	1,260,335	28.1 %	(41,749)	(211,506)	0	\$16.50	136,698
	C	26	2,144,364	500,125	23.3 %	(25,967)	(14,362)	0	\$13.34	14,976
Greenspoint Subtotal		90	11,469,712	1,900,445	16.6 %	(26,127)	(232,678)	0	\$15.95	286,314
Inner Loop	A	35	10,804,659	945,526	8.8 %	176,777	72,831	0	\$25.91	110,484
	B	104	9,891,469	1,464,424	14.8 %	(50,907)	(172,114)	0	\$20.02	62,588
	C	81	4,685,436	603,763	12.9 %	49,001	61,349	0	\$14.87	808
Inner Loop Subtotal		220	25,381,564	3,013,713	11.9 %	174,871	(37,934)	0	\$20.84	173,880
North/The Woodlands/Conroe	A	39	4,418,677	670,558	15.2 %	67,519	159,880	118,500	\$28.52	14,878
	B	71	4,323,702	812,192	18.8 %	25,553	(18,383)	0	\$16.52	125,129
	C	31	1,224,177	237,769	19.4 %	(24,861)	(28,897)	0	\$13.19	11,338
North/The Woodlands/Conroe Subtotal		141	9,966,556	1,720,519	17.3 %	68,211	112,600	118,500	\$20.74	151,345
Northeast	A	6	51,670	15,800	30.6 %	0	272	0	\$25.33	0
	B	17	732,310	95,595	13.1 %	1,221	5,968	0	\$16.71	0
	C	6	243,169	58,534	24.1 %	0	(4,780)	0	\$14.00	0
Northeast Subtotal		29	1,027,149	169,929	16.5 %	1,221	1,460	0	\$16.58	0
Northwest	A	34	3,192,543	1,308,572	41.0 %	29,094	128,969	0	\$23.88	41,574
	B	60	5,965,127	1,430,683	24.0 %	198,954	208,306	0	\$17.00	51,594
	C	21	811,458	40,663	5.0 %	29,949	31,693	0	\$17.76	5,482
Northwest Subtotal		115	9,969,128	2,779,918	27.9 %	257,997	368,968	0	\$20.25	98,650

Houston-Area Office Market Summary

2011 Third Quarter



	Class	No.		Vacant SF	Vacancy Rate	Net Absorption		Under Construction	Wted Avg Rent ***	Sublease Avail
		Bldgs *	Bldg SF **			Current	YTD			
Southeast	A	19	2,209,407	345,725	15.6 %	(15,793)	(89,406)	0	\$22.93	65,884
	B	52	3,297,691	438,947	13.3 %	(60,539)	(231,479)	0	\$18.27	6,870
	C	53	2,178,604	352,613	16.2 %	6,741	24,107	0	\$17.11	43,717
Southeast Subtotal		124	7,685,702	1,137,285	14.8 %	(69,591)	(296,778)	0	\$19.33	116,471
Southwest	A	7	1,716,898	513,351	29.9 %	29,531	19,483	0	\$18.39	13,429
	B	50	5,627,944	1,435,000	25.5 %	(218,469)	(183,500)	0	\$15.84	76,869
	C	84	5,040,289	446,323	8.9 %	(40,022)	(19,750)	0	\$12.71	7,271
Southwest Subtotal		141	12,385,131	2,394,674	19.3 %	(228,960)	(183,767)	0	\$15.80	97,569
Uptown	A	47	17,274,970	1,956,013	11.3 %	21,962	(100,906)	337,689	\$29.57	262,147
	B	80	10,180,700	1,283,454	12.6 %	(113,583)	(200,517)	0	\$20.31	45,543
	C	18	1,132,669	145,711	12.9 %	(2,755)	(21,401)	0	\$14.71	10,454
Uptown Subtotal		145	28,588,339	3,385,178	11.8 %	(94,376)	(322,824)	337,689	\$25.42	318,144
West	A	27	3,771,432	417,988	11.1 %	23,924	97,224	476,000	\$24.16	66,363
	B	36	2,960,130	395,694	13.4 %	31,575	33,236	0	\$17.07	32,976
	C	41	2,739,866	198,329	7.2 %	18,307	54,943	0	\$15.72	11,184
West Subtotal		104	9,471,428	1,012,011	10.7 %	73,806	185,403	476,000	\$19.73	110,523
Westchase	A	29	7,895,005	966,804	12.2 %	167,270	196,190	0	\$26.01	99,352
	B	49	6,638,449	1,095,228	16.5 %	41,656	(34,409)	0	\$19.05	80,209
	C	19	856,493	193,543	22.6 %	15,499	(7,964)	0	\$14.93	6,912
Westchase Subtotal		97	15,389,947	2,255,575	14.7 %	224,425	153,817	0	\$21.68	186,473
Suburban	A	335	70,743,548	9,226,253	13.0 %	570,198	970,600	932,189	\$26.10	1,080,334
	B	634	60,921,489	10,825,240	17.8 %	(165,988)	(831,529)	0	\$18.14	858,442
	C	390	21,585,675	2,847,594	13.2 %	15,578	67,349	0	\$14.54	115,265
Suburban Subtotal		1,359	153,250,712	22,899,087	14.9 %	419,788	206,420	932,189	\$20.90	2,054,041
Houston-Area	A	370	103,449,850	12,204,471	11.8 %	1,409,239	1,824,804	932,189	\$28.13	1,949,482
	B	662	68,429,971	11,957,300	17.5 %	(104,582)	(704,272)	0	\$18.76	961,298
	C	405	22,822,930	3,142,339	13.8 %	28,160	37,015	0	\$14.56	119,222
Houston-Area Total		1,437	194,702,751	27,304,110	14.0 %	1,332,817	1,157,547	932,189	\$22.70	3,030,002

* Number of buildings calculated on specific buildings at each property address.

** Includes all general-purpose existing office buildings 20,000 square feet or larger.

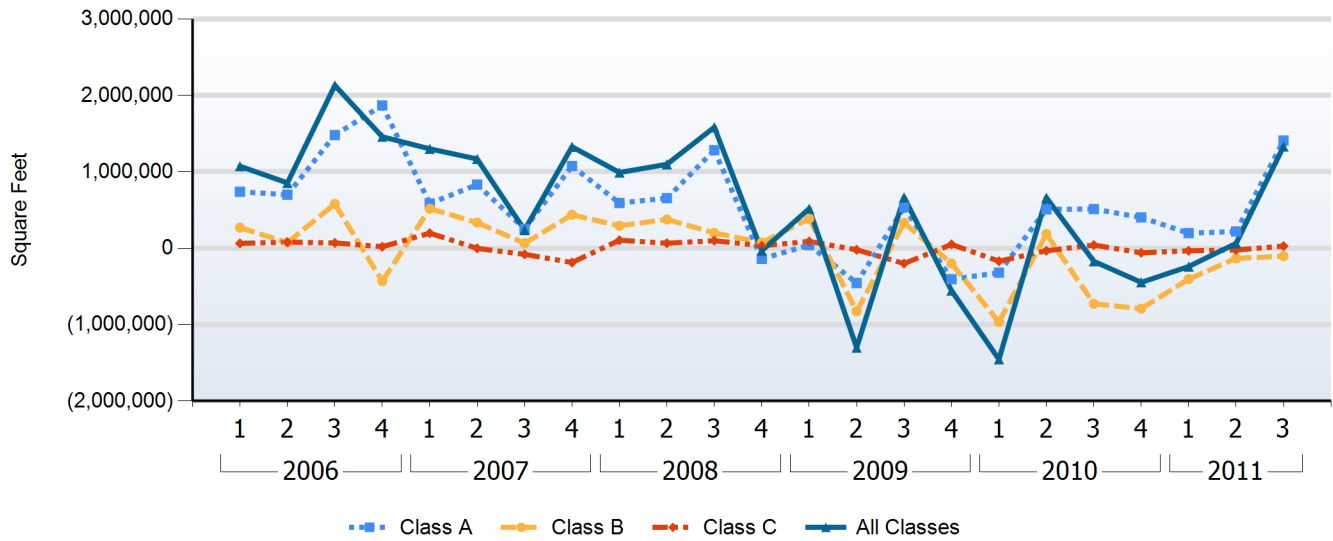
*** Rental rates weighted and averaged based on available space.

Houston-Area Office Statistical Summary

Period	Office SF	No. of Bldgs	Vacant SF			Vacancy Rate			Net Absorption			Avg* Gross Rent	
			Direct	Sublease	Total	Direct	Sublease	Total	Direct	Sublease	Total	Direct	Sublease
2011 Q3	194,702,751	1,437	27,304,110	3,030,002	30,334,112	14.0 %	1.6 %	15.6 %	1,332,817	(222,073)	1,110,744	\$22.70	\$23.76
2011 Q2	193,825,391	1,433	27,975,442	2,807,929	30,783,371	14.4 %	1.4 %	15.9 %	64,023	71,935	135,958	\$22.98	\$23.46
2011 Q1	193,264,759	1,432	27,502,521	2,852,526	30,355,047	14.2 %	1.5 %	15.7 %	(239,293)	331,590	92,297	\$23.25	\$22.35
2010 Q4	192,353,549	1,430	26,804,379	3,184,116	29,988,495	13.9 %	1.7 %	15.6 %	(446,265)	422,532	(23,733)	\$22.79	\$22.41
2010 Q3	192,322,596	1,430	26,787,826	3,401,234	30,189,060	13.9 %	1.8 %	15.7 %	(170,997)	(175,513)	(346,510)	\$23.13	\$22.88
2010 Q2	191,903,012	1,430	26,532,704	3,227,197	29,759,901	13.8 %	1.7 %	15.5 %	662,347	557,095	1,219,442	\$23.45	\$23.52
2010 Q1	191,509,401	1,427	26,837,792	3,784,292	30,622,084	14.0 %	2.0 %	16.0 %	(1,454,423)	(93,773)	(1,548,196)	\$23.90	\$25.01
2009 Q4	190,129,852	1,420	25,036,089	3,690,519	28,726,608	13.2 %	1.9 %	15.1 %	(554,845)	126,642	(428,203)	\$24.30	\$24.45
2009 Q3	189,733,388	1,417	24,083,713	3,817,161	27,900,874	12.7 %	2.0 %	14.7 %	665,756	135,593	801,349	\$24.20	\$21.92
2009 Q2	188,733,197	1,412	23,572,076	3,952,754	27,524,830	12.5 %	2.1 %	14.6 %	(1,301,005)	(1,027,740)	(2,328,745)	\$24.09	\$21.80
2009 Q1	187,200,089	1,403	20,756,414	2,925,014	23,681,428	11.1 %	1.6 %	12.7 %	518,558	(651,536)	(132,978)	\$23.69	\$21.72
2008 Q4	185,870,666	1,395	19,906,640	2,273,478	22,180,118	10.7 %	1.2 %	11.9 %	(32,339)	(209,280)	(241,619)	\$22.84	\$21.11
2008 Q3	184,713,000	1,386	18,721,939	2,061,179	20,783,118	10.1 %	1.1 %	11.3 %	1,584,398	(203,594)	1,380,804	\$22.44	\$21.57
2008 Q2	183,629,555	1,376	19,294,560	1,829,470	21,124,030	10.5 %	1.0 %	11.5 %	1,098,437	(152,714)	945,723	\$22.43	\$20.08
2008 Q1	182,675,448	1,369	19,566,289	1,676,756	21,243,045	10.7 %	0.9 %	11.6 %	991,505	48,769	1,040,274	\$21.78	\$21.44
2007 Q4	180,650,875	1,350	19,035,514	1,725,525	20,761,039	10.5 %	1.0 %	11.5 %	1,328,063	783,285	2,111,348	\$20.90	\$20.70
2007 Q3	180,653,522	1,336	20,239,277	2,508,810	22,748,087	11.2 %	1.4 %	12.6 %	238,698	(191,716)	46,982	\$20.21	\$18.79
2007 Q2	179,843,501	1,320	19,786,515	2,317,094	22,103,609	11.0 %	1.3 %	12.3 %	1,168,355	(375,841)	792,514	\$19.75	\$19.00
2007 Q1	179,261,433	1,312	20,696,502	1,941,253	22,637,755	11.5 %	1.1 %	12.6 %	1,301,124	376,350	1,677,474	\$19.38	\$17.84
2006 Q4	178,817,755	1,309	21,564,617	2,317,603	23,882,220	12.1 %	1.3 %	13.4 %	1,459,085	343,919	1,803,004	\$18.31	\$16.98
2006 Q3	178,604,918	1,305	22,826,662	2,661,522	25,488,184	12.8 %	1.5 %	14.3 %	2,131,833	(526,556)	1,605,277	\$18.47	\$17.23
2006 Q2	178,287,082	1,303	24,720,553	2,134,966	26,855,519	13.9 %	1.2 %	15.1 %	855,217	(155,846)	699,371	\$18.79	\$16.60
2006 Q1	178,030,028	1,300	25,188,013	1,979,120	27,167,133	14.1 %	1.1 %	15.3 %	1,073,521	533,186	1,606,707	\$18.70	\$15.42

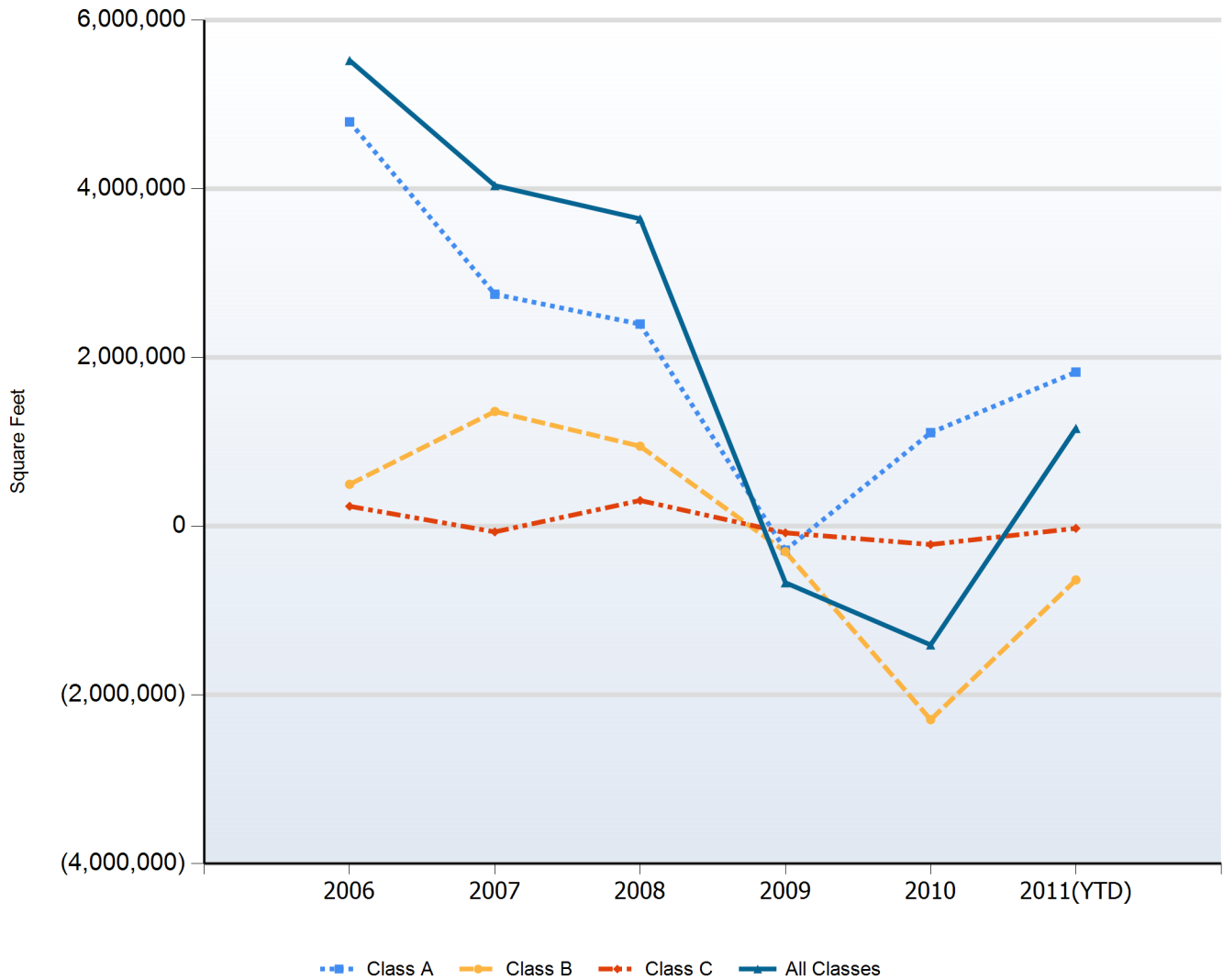
* Rental rates are averaged and weighted based on available space.
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Houston-Area Office Absorption by Class by Quarter



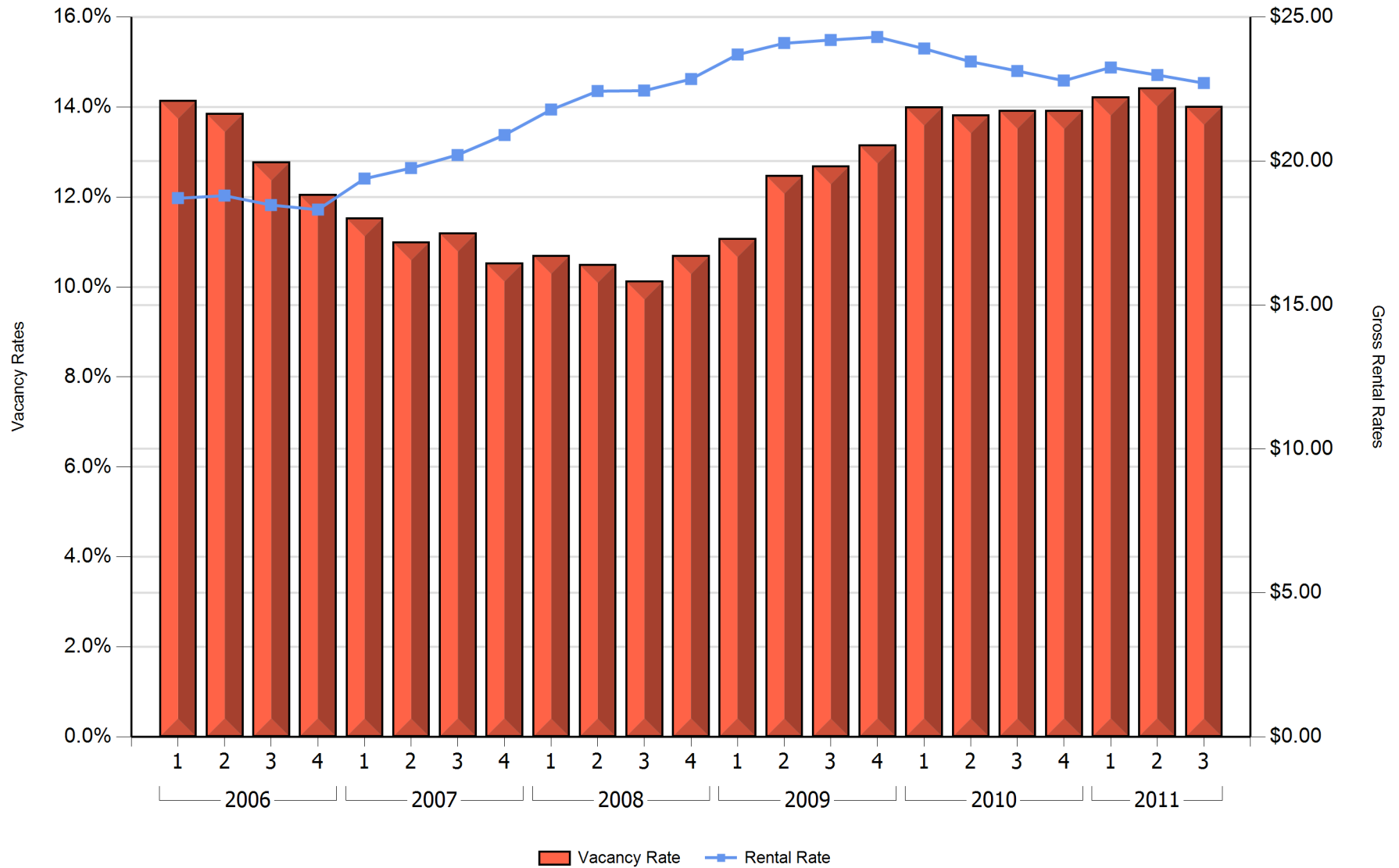
		Class A	Class B	Class C	All Classes
2011	Q3	1,409,239	(104,582)	28,160	1,332,817
	Q2	218,266	(131,597)	(22,646)	64,023
	Q1	197,299	(403,436)	(33,156)	(239,293)
2010	Q4	403,457	(790,238)	(59,484)	(446,265)
	Q3	513,368	(726,266)	41,901	(170,997)
	Q2	509,180	185,864	(32,697)	662,347
2009	Q1	(319,967)	(965,301)	(169,155)	(1,454,423)
	Q4	(406,117)	(199,325)	50,597	(554,845)
	Q3	534,398	331,573	(200,215)	665,756
2008	Q1	41,351	388,205	89,002	518,558
	Q2	(455,830)	(825,088)	(20,087)	(1,301,005)
	Q4	(139,140)	73,844	32,957	(32,339)
2007	Q1	592,493	293,766	105,246	991,505
	Q2	655,566	377,212	65,659	1,098,437
	Q3	1,284,415	201,163	98,820	1,584,398
2006	Q1	584,998	518,357	197,769	1,301,124
	Q2	700,658	74,495	80,064	855,217
	Q3	1,481,686	580,059	70,088	2,131,833
2006	Q4	1,869,779	(430,532)	19,838	1,459,085
	Q1	739,658	270,176	63,687	1,073,521
	Q2	700,658	74,495	80,064	855,217

Houston-Area Office Absorption by Class by Year



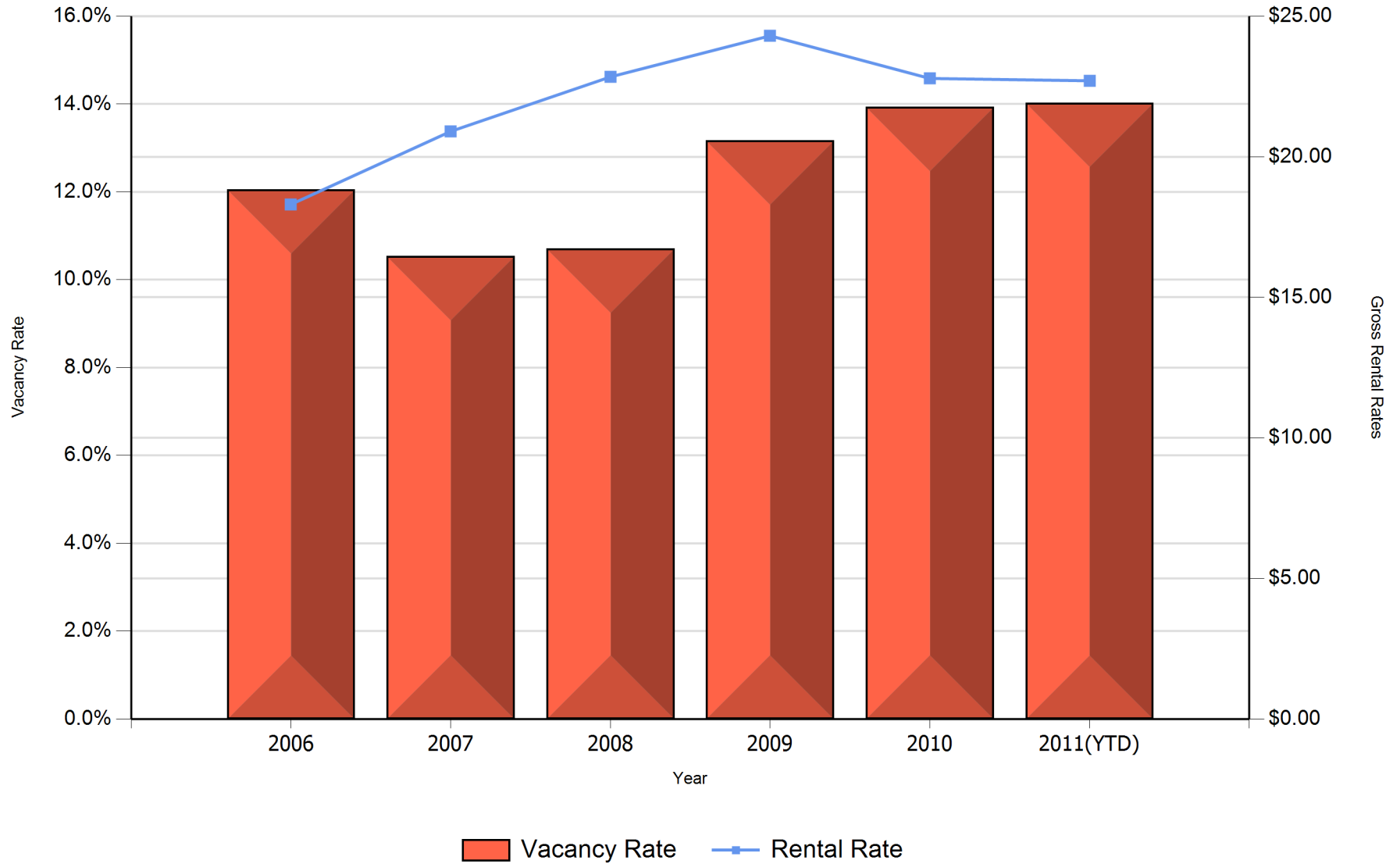
	Class A	Class B	Class C	All Classes
2011(YTD)	1,824,804	(639,615)	(27,642)	1,157,547
2010	1,106,038	(2,295,941)	(219,435)	(1,409,338)
2009	(286,198)	(304,635)	(80,703)	(671,536)
2008	2,393,334	945,985	302,682	3,642,001
2007	2,747,927	1,358,056	(69,743)	4,036,240
2006	4,791,781	494,198	233,677	5,519,656

Houston-Area Office Vacancy and Rental Rates* by Quarter



* Gross rental rates are averaged and weighted based on available space.
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Houston-Area Office Vacancy and Rental Rates* by Year



Year-end numbers. *Gross rental rates are averaged and weighted based on available space.
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Houston-Area Industrial Market Summary

2011 Third Quarter



Market Area	Type	No. Bldgs *	Bldg SF **	Vacant SF	Vacancy Rate	Net Absorption Current	Net Absorption YTD	Under Construction	Wted Avg Rent ***	Sublease Avail
Inner Loop	Warehouse/Distribution	497	17,429,126	1,327,423	7.6 %	90,018	225,814	0	\$3.97	3,795
	Flex/Service Center	189	4,688,635	204,743	4.4 %	(56,228)	(45,534)	0	\$7.20	0
	Manufacturing	50	1,859,787	65,596	3.5 %	0	0	0	N/A	0
	HighTech/R&D	5	169,011	0	0.0 %	0	0	0	N/A	0
Inner Loop Subtotal		741	24,146,559	1,597,762	6.6 %	33,790	180,280	0	\$4.40	3,795
North	Warehouse/Distribution	362	7,454,196	450,377	6.0 %	(3,000)	(58,576)	36,000	\$7.57	7,500
	Flex/Service Center	122	2,341,983	303,055	12.9 %	(43,872)	(40,821)	0	\$9.11	82,603
	Manufacturing	48	961,920	279,684	29.1 %	0	0	0	\$5.64	0
	HighTech/R&D	12	427,662	53,553	12.5 %	(1,700)	5,100	0	\$17.06	12,727
North Subtotal		544	11,185,761	1,086,669	9.7 %	(48,572)	(94,297)	36,000	\$7.97	102,830
Northeast	Warehouse/Distribution	1,098	45,296,982	3,381,004	7.5 %	550,203	384,074	406,132	\$4.47	365,829
	Flex/Service Center	313	7,646,872	915,668	12.0 %	(155,685)	(250,544)	54,300	\$7.44	59,200
	Manufacturing	217	8,302,811	147,766	1.8 %	0	117,558	494,975	\$4.43	154,851
	HighTech/R&D	7	293,119	16,000	5.5 %	0	0	0	\$12.48	0
Northeast Subtotal		1,635	61,539,784	4,460,438	7.2 %	394,518	251,088	955,407	\$5.11	579,880
Northwest	Warehouse/Distribution	2,317	86,768,719	6,752,647	7.8 %	876,849	1,394,626	371,464	\$5.89	650,308
	Flex/Service Center	746	17,928,447	1,760,831	9.8 %	122,346	78,571	0	\$6.88	59,879
	Manufacturing	481	16,575,573	488,973	2.9 %	(56,100)	(80,613)	26,700	\$3.76	57,653
	HighTech/R&D	37	2,048,916	40,620	2.0 %	2,850	150,995	0	\$9.00	0
Northwest Subtotal		3,581	123,321,655	9,043,071	7.3 %	945,945	1,543,579	398,164	\$5.98	767,840
South	Warehouse/Distribution	653	22,277,559	1,414,272	6.3 %	(90,455)	(340,604)	0	\$4.09	90,987
	Flex/Service Center	133	2,770,027	180,371	6.5 %	(3,650)	(126,533)	0	\$7.22	0
	Manufacturing	120	5,013,891	388,500	7.7 %	127,000	127,000	0	\$2.15	0
	HighTech/R&D	13	342,024	0	0.0 %	0	0	0	N/A	0
South Subtotal		919	30,403,501	1,983,143	6.5 %	32,895	(340,137)	0	\$4.00	90,987
Southeast	Warehouse/Distribution	1,405	64,750,411	7,550,578	11.7 %	159,333	208,884	244,750	\$3.91	189,116
	Flex/Service Center	270	4,998,585	239,485	4.8 %	8,269	1,583	0	\$10.24	5,325
	Manufacturing	213	9,014,016	674,890	7.5 %	64,830	(217,727)	0	\$3.32	20,500
	HighTech/R&D	16	489,306	6,109	1.2 %	0	0	0	\$13.50	0
Southeast Subtotal		1,904	79,252,318	8,471,062	10.7 %	232,432	(7,260)	244,750	\$4.05	214,941
Southwest	Warehouse/Distribution	787	31,868,547	2,969,825	9.3 %	143,446	341,718	475,000	\$6.08	266,785
	Flex/Service Center	481	14,271,329	1,335,482	9.4 %	(24,911)	(39,518)	0	\$7.82	20,906
	Manufacturing	100	2,793,246	253,660	9.1 %	(51,963)	(64,863)	0	\$4.87	0
	HighTech/R&D	14	1,104,695	113,965	10.3 %	0	(78,465)	0	N/A	0
Southwest Subtotal		1,382	50,037,817	4,672,932	9.3 %	66,572	158,872	475,000	\$6.52	287,691
Houston-Area	Warehouse/Distribution	7,121	275,882,740	23,846,126	8.6 %	1,726,394	2,155,936	1,533,346	\$4.90	1,574,320
	Flex/Service Center	2,254	54,645,878	4,939,635	9.0 %	(153,731)	(422,796)	54,300	\$7.56	227,913
	Manufacturing	1,229	44,521,244	2,299,069	5.2 %	83,767	(118,645)	521,675	\$3.75	233,004
	HighTech/R&D	104	4,874,733	230,247	4.7 %	1,150	77,630	0	\$13.43	12,727
Houston-Area Total		10,708	379,924,595	31,315,077	8.2 %	1,657,580	1,692,125	2,109,321	\$5.35	2,047,964

* Number of buildings calculated on specific buildings at each property address.

** Includes all general-purpose existing industrial buildings 10,000 square feet or larger.

*** Rental rates are weighted and averaged based on available space.

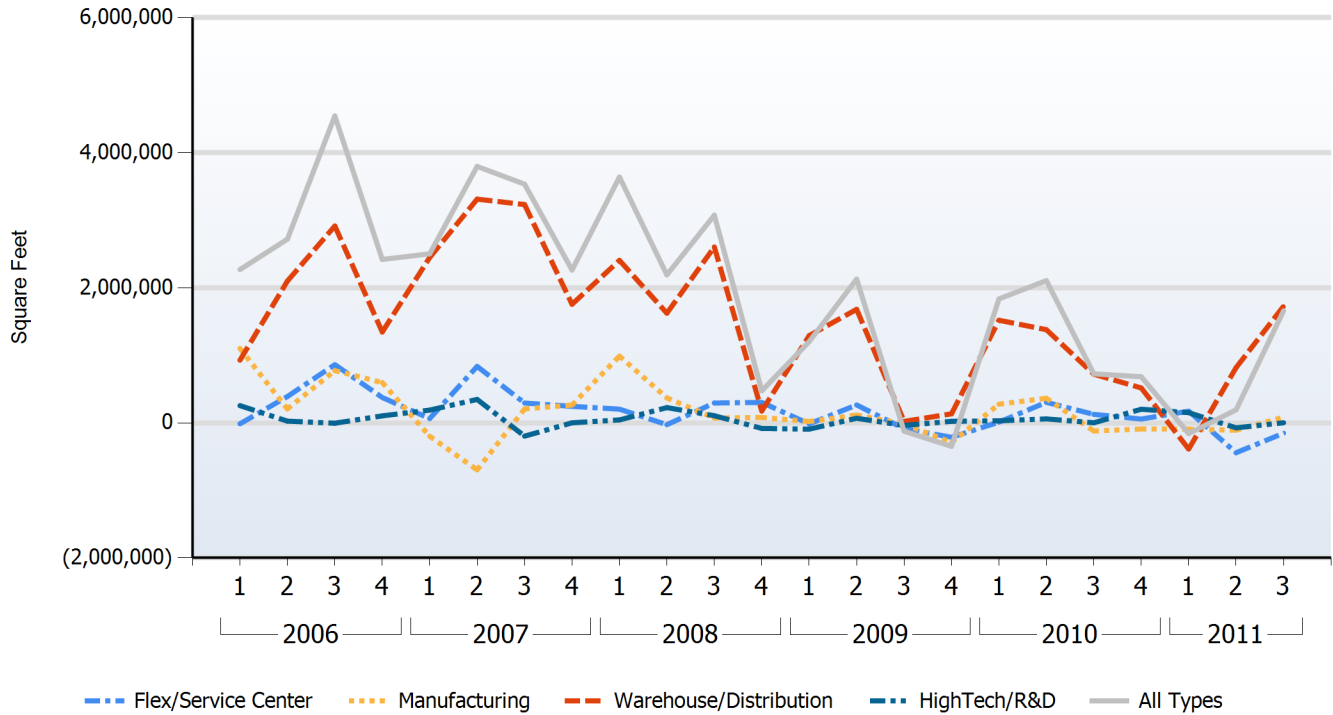
Houston-Area Industrial Statistical Summary

Period	Building SF	No. of Bldgs	Vacant SF			Vacancy Rate			Net Absorption			Avg* Gross
			Direct	Sublease	Total	Direct	Sublease	Total	Direct	Sublease	Total	Direct Rent
2011 Q3	379,924,595	10,708	31,315,077	2,047,964	33,363,041	8.2 %	0.5 %	8.8 %	1,657,580	1,822	1,659,402	\$5.35
2011 Q2	379,870,284	10,701	33,216,574	1,934,573	35,151,147	8.7 %	0.5 %	9.3 %	192,470	(78,599)	113,871	\$5.23
2011 Q1	377,030,834	10,583	32,530,729	1,834,974	34,365,703	8.6 %	0.5 %	9.1 %	(157,925)	(75,917)	(233,842)	\$5.37
2010 Q4	377,053,183	10,577	32,190,864	1,759,057	33,949,921	8.5 %	0.5 %	9.0 %	682,092	59,902	741,994	\$5.43
2010 Q3	376,332,062	10,548	32,892,188	1,818,959	34,711,147	8.7 %	0.5 %	9.2 %	724,915	630,895	1,355,810	\$5.37
2010 Q2	376,144,443	10,544	33,571,735	2,417,188	35,988,923	8.9 %	0.6 %	9.6 %	2,105,420	147,783	2,253,203	\$5.52
2010 Q1	376,149,914	10,530	35,673,668	2,564,971	38,238,639	9.5 %	0.7 %	10.2 %	1,834,672	(202,279)	1,632,393	\$5.30
2009 Q4	373,123,496	10,393	36,059,363	2,296,445	38,355,808	9.7 %	0.6 %	10.3 %	(348,670)	205,977	(142,693)	\$5.30
2009 Q3	370,765,178	10,342	35,224,062	2,533,672	37,757,734	9.5 %	0.7 %	10.2 %	(123,120)	259,436	136,316	\$5.23
2009 Q2	366,314,438	10,245	33,220,197	2,753,562	35,973,759	9.1 %	0.8 %	9.8 %	2,127,438	134,516	2,261,954	\$5.41
2009 Q1	361,580,304	10,132	33,234,042	2,805,308	36,039,350	9.2 %	0.8 %	10.0 %	1,202,171	(331,272)	870,899	\$5.56
2008 Q4	356,704,277	10,034	30,942,683	2,361,823	33,304,506	8.7 %	0.7 %	9.3 %	474,061	(1,365,946)	(891,885)	\$5.28
2008 Q3	351,575,140	9,887	27,544,289	669,101	28,213,390	7.8 %	0.2 %	8.0 %	3,073,990	948,607	4,010,174	\$5.22
2008 Q2	346,274,944	9,805	26,166,453	1,617,708	27,784,161	7.6 %	0.5 %	8.0 %	2,190,780	69,257	2,260,037	\$5.34
2008 Q1	340,659,642	9,695	24,040,144	1,536,715	25,576,859	7.1 %	0.5 %	7.5 %	3,639,087	(305,337)	3,333,750	\$5.38
2007 Q4	335,059,242	9,564	25,160,979	1,207,378	26,368,357	7.5 %	0.4 %	7.9 %	2,262,701	(70,742)	2,128,594	\$5.00
2007 Q3	328,183,935	9,437	22,056,160	1,109,418	23,165,578	6.7 %	0.3 %	7.1 %	3,533,422	(72,879)	3,448,543	\$5.20
2007 Q2	324,163,321	9,325	23,724,169	1,029,791	24,753,960	7.3 %	0.3 %	7.6 %	3,796,571	233,067	4,029,638	\$5.10
2007 Q1	313,291,394	9,123	24,001,970	1,255,958	25,257,928	7.7 %	0.4 %	8.1 %	2,502,307	237,727	2,740,034	\$4.93
2006 Q4	311,006,617	9,076	24,757,591	1,481,185	26,238,776	8.0 %	0.5 %	8.4 %	2,419,016	(74,827)	2,320,189	\$4.90
2006 Q3	308,922,345	9,021	25,292,168	1,318,471	26,610,639	8.2 %	0.4 %	8.6 %	4,543,373	116,745	4,660,118	\$4.78
2006 Q2	306,645,225	8,969	28,294,802	1,429,816	29,724,618	9.2 %	0.5 %	9.7 %	2,719,259	(156,484)	2,562,775	\$4.76
2006 Q1	305,420,938	8,932	30,301,218	1,273,332	31,574,550	9.9 %	0.4 %	10.3 %	2,268,836	266,377	2,535,213	\$4.82

Rental rates are averaged and weighted based on available space.

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Houston-Area Industrial Absorption by Type by Quarter

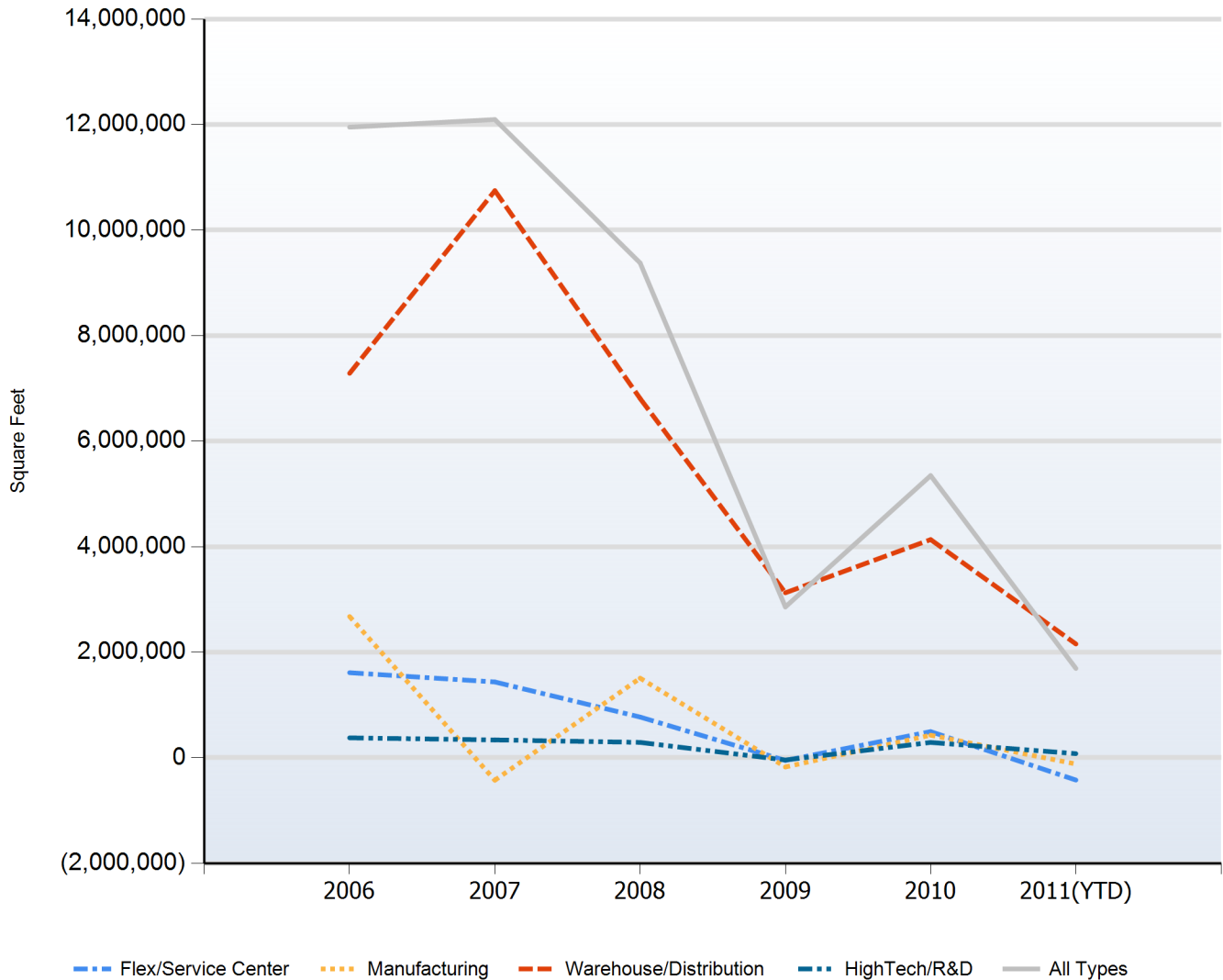


		Flex/ Service Center	Manufacturing	Warehouse/ Distribution	HighTech/R&D	All Types
2011	Q3	(153,731)	83,767	1,726,394	1,150	1,657,580
	Q2	(442,256)	(109,250)	818,096	(74,120)	192,470
	Q1	173,191	(93,162)	(388,554)	150,600	(157,925)
2010	Q4	55,945	(91,114)	516,080	201,181	682,092
	Q3	125,190	(121,180)	720,114	791	724,915
	Q2	303,780	364,174	1,379,213	58,253	2,105,420
2009	Q1	10,444	275,548	1,518,730	29,950	1,834,672
	Q4	(213,896)	(290,529)	133,511	22,244	(348,670)
	Q3	(86,370)	(18,590)	20,989	(39,149)	(123,120)
2008	Q2	264,674	114,665	1,680,615	67,484	2,127,438
	Q1	(15,401)	19,908	1,291,071	(93,407)	1,202,171
	Q4	302,366	79,388	175,029	(82,722)	474,061
2007	Q3	293,413	71,890	2,603,634	105,053	3,073,990
	Q2	(27,150)	369,126	1,623,458	225,346	2,190,780
	Q1	202,537	987,781	2,405,771	42,998	3,639,087
2006	Q4	243,859	263,624	1,755,218	0	2,262,701
	Q3	293,275	205,548	3,231,665	(197,066)	3,533,422
	Q2	835,280	(696,735)	3,311,868	346,158	3,796,571
2006	Q1	63,595	(198,641)	2,448,760	188,593	2,502,307
	Q4	375,038	596,168	1,344,810	103,000	2,419,016
	Q3	861,846	773,075	2,914,166	(5,714)	4,543,373
	Q2	389,300	206,011	2,099,046	24,902	2,719,259
	Q1	(14,496)	1,100,910	927,632	254,790	2,268,836

Absorption square footage includes only net absorption for direct space; sublease space is excluded.

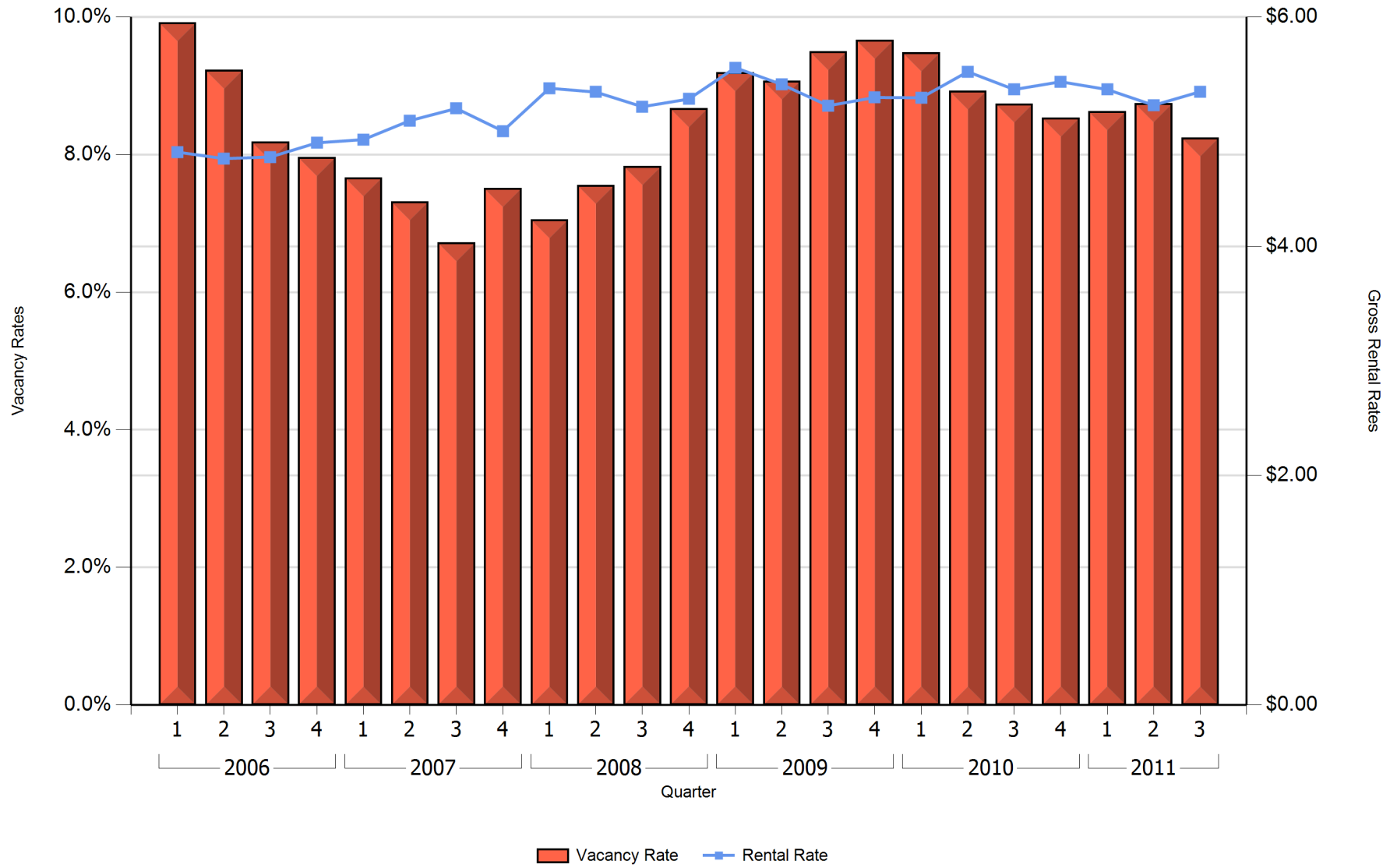
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Houston-Area Industrial Absorption by Type by Year



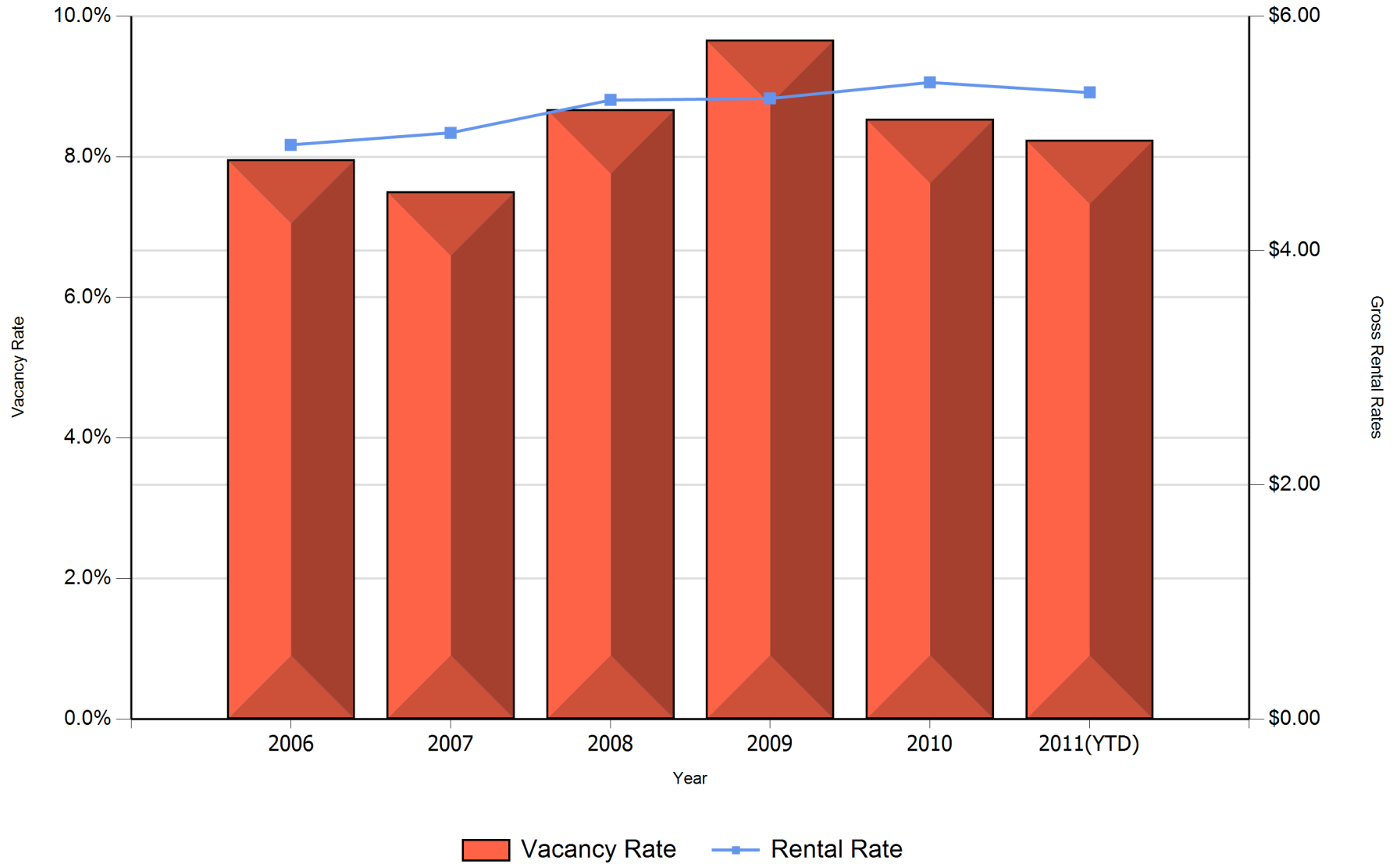
	Flex/ Service Center	Manufacturing	Warehouse/ Distribution	HighTech/R&D	All Types
2011(YTD)	(422,796)	(118,645)	2,155,936	77,630	1,692,125
2010	495,359	427,428	4,134,137	290,175	5,347,099
2009	(50,993)	(174,546)	3,126,186	(42,828)	2,857,819
2008	771,166	1,508,185	6,807,892	290,675	9,377,918
2007	1,436,009	(426,204)	10,747,511	337,685	12,095,001
2006	1,611,688	2,676,164	7,285,654	376,978	11,950,484

Houston-Area Industrial Vacancy and Rental Rates* by Quarter



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Houston-Area Industrial Vacancy and Rental Rates* by Year



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