

THE CoSTAR OFFICE REPORT

FIRST QUARTER 2013

Houston Office Market



HOUSTON OFFICE MARKET



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METHODOLOGY

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

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CoStar Group, Inc.

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TERMS & DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

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Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

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OVERVIEW



HOUSTON'S VACANCY INCREASES TO 11.8%

Net Absorption Negative (194,001) SF in the Quarter

The Houston Office market ended the first quarter 2013 with a vacancy rate of 11.8%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (194,001) square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,649,958 square feet. Rental rates ended the first quarter at \$24.14, a decrease over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 245,091 square feet, with 9,497,090 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Houston office market was negative (194,001) square feet in the first quarter 2013. That compares to positive 1,015,028 square feet in the fourth quarter 2012, positive 911,334 square feet in the third quarter 2012, and positive 1,445,409 square feet in the second quarter 2012.

Tenants moving out of large blocks of space in 2013 include: Kinder Morgan Energy Partners, L.P. moving out of 237,748 square feet at 500 Dallas Street; Southern Union Company moving out of 177,004 square feet at 5051 Westheimer Road; and IKON Office Solutions, Inc. moving out of 78,895 square feet at 810 Gears Road.

Tenants moving into large blocks of space in 2013 include: WesternGeco moving into 554,385 square feet at 10001 Richmond Ave.; Energy Transfer Partners moving into 226,654 square feet at 1300 Main Street; and Exxon Mobil Corporation moving into 143,500 square feet at 13401 North I-45.

The Class-A office market recorded net absorption of positive 89,949 square feet in the first quarter 2013, compared to

positive 700,217 square feet in the fourth quarter 2012, positive 968,645 in the third quarter 2012, and positive 675,759 in the second quarter 2012.

The Class-B office market recorded net absorption of negative (208,010) square feet in the first quarter 2013, compared to positive 288,615 square feet in the fourth quarter 2012, positive 51,636 in the third quarter 2012, and positive 755,533 in the second quarter 2012.

The Class-C office market recorded net absorption of negative (75,940) square feet in the first quarter 2013 compared to positive 26,196 square feet in the fourth quarter 2012, negative (108,947) in the third quarter 2012, and positive 14,117 in the second quarter 2012.

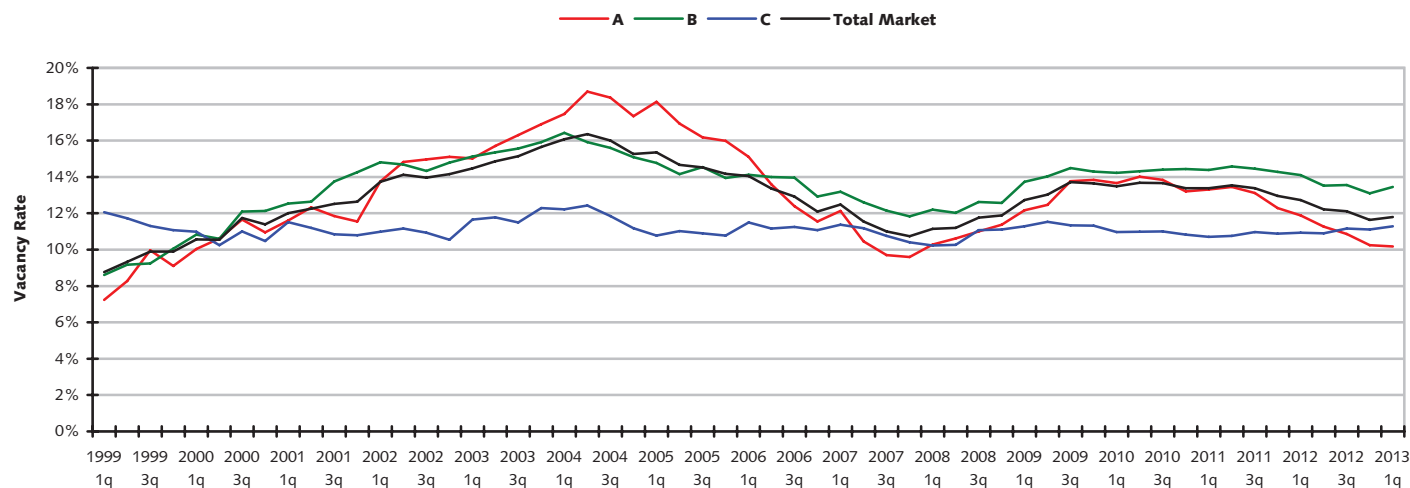
Net absorption for Houston's central business district was negative (179,565) square feet in the first quarter 2013. That compares to positive 267,569 square feet in the fourth quarter 2012, positive 238,498 in the third quarter 2012, and positive 36,796 in the second quarter 2012.

Net absorption for the suburban markets was negative (14,436) square feet in the first quarter 2013. That compares to positive 747,459 square feet in fourth quarter 2012, positive 672,836 in the third quarter 2012, and positive 1,408,613 in the second quarter 2012.

Vacancy

The office vacancy rate in the Houston market area increased to 11.8% at the end of the first quarter 2013. The vacancy rate was 11.6% at the end of the fourth quarter 2012, 12.1% at the end of the third quarter 2012, and 12.2% at the end of the second quarter 2012.

VACANCY RATES BY CLASS 1999-2013



Source: CoStar Property®

Class-A projects reported a vacancy rate of 10.2% at the end of the first quarter 2013, 10.3% at the end of the fourth quarter 2012, 10.9% at the end of the third quarter 2012, and 11.3% at the end of the second quarter 2012.

Class-B projects reported a vacancy rate of 13.4% at the end of the first quarter 2013, 13.1% at the end of the fourth quarter 2012, 13.6% at the end of the third quarter 2012, and 13.5% at the end of the second quarter 2012.

Class-C projects reported a vacancy rate of 11.3% at the end of the first quarter 2013, 11.1% at the end of fourth quarter 2012, 11.2% at the end of the third quarter 2012, and 10.9% at the end of the second quarter 2012.

The overall vacancy rate in Houston's central business district at the end of the first quarter 2013 increased to 11.2%. The vacancy rate was 10.8% at the end of the fourth quarter 2012, 11.3% at the end of the third quarter 2012, and 11.8% at the end of the second quarter 2012.

The vacancy rate in the suburban markets increased to 11.9% in the first quarter 2013. The vacancy rate was 11.8% at the end of the fourth quarter 2012, 12.3% at the end of the third quarter 2012, and 12.3% at the end of the second quarter 2012.

Largest Lease Signings

The largest lease signings occurring in 2013 included: the 456,000-square-foot lease signed by Noble Energy, Inc. at SH 249 & Louetta Road in the FM 1960 market; the 315,814-square-foot deal signed by Chevron at 1200 Smith Street in the Downtown market; and the 108,639-square-foot lease signed by Forum Energy Technologies at 10344 Sam Houston Park Drive in the Northwest market.

Sublease Vacancy

The amount of vacant sublease space in the Houston market increased to 1,649,958 square feet by the end of the first quarter 2013, from 1,060,027 square feet at the end of the fourth quarter 2012.

There was 1,003,031 square feet vacant at the end of the third quarter 2012 and 977,935 square feet at the end of the second quarter 2012.

Houston's Class-A projects reported vacant sublease space of 1,103,337 square feet at the end of first quarter 2013, up from the 532,034 square feet reported at the end of the fourth quarter 2012. There were 600,578 square feet of sublease space vacant at the end of the third quarter 2012, and 608,051 square feet at the end of the second quarter 2012.

Class-B projects reported vacant sublease space of 478,157 square feet at the end of the first quarter 2013, down from the 495,897 square feet reported at the end of the fourth quarter 2012. At the end of the third quarter 2012 there were 364,817 square feet, and at the end of the second quarter 2012 there were 333,576 square feet vacant.

Class-C projects reported increased vacant sublease space from the fourth quarter 2012 to the first quarter 2013. Sublease vacancy went from 32,096 square feet to 68,464 square feet during that time. There were 37,636 square feet at the end of the third quarter 2012, and 36,308 square feet at the end of the second quarter 2012.

Sublease vacancy in Houston's central business district stood at 676,000 square feet at the end of the first quarter 2013. It was 323,593 square feet at the end of the fourth quarter 2012, 339,902 square feet at the end of the third quarter 2012, and 343,205 square feet at the end of the second quarter 2012.

Sublease vacancy in the suburban markets ended the first quarter 2013 at 973,958 square feet. At the end of the fourth quarter 2012 sublease vacancy was 736,434 square feet, was 663,129 square feet at the end of the third quarter 2012, and was 634,730 square feet at the end of the second quarter 2012.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$24.14 per square foot per year at the end of the first quarter 2013 in the Houston market area. This represented a 0.5% decrease in quoted rental rates from the end of the fourth quarter 2012, when rents were reported at \$24.27 per square foot.

The average quoted rate within the Class-A sector was \$31.09 at the end of the first quarter 2013, while Class-B rates stood at \$19.77, and Class-C rates at \$15.75. At the end of the fourth quarter 2012, Class-A rates were \$30.82 per square foot, Class-B rates were \$19.63, and Class-C rates were \$15.69.

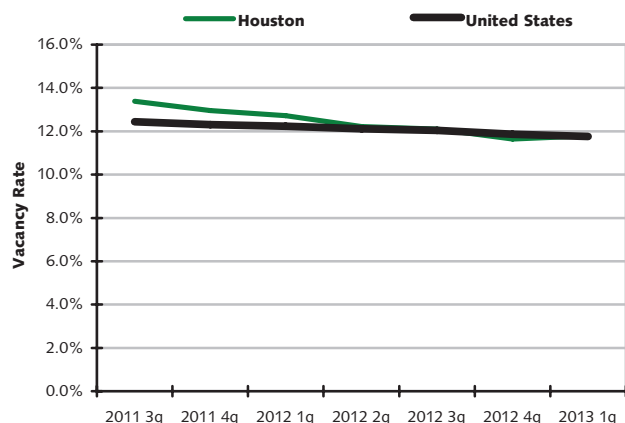
The average quoted asking rental rate in Houston's CBD was \$32.84 at the end of the first quarter 2013, and \$22.64 in the suburban markets. In the fourth quarter 2012, quoted rates were \$33.16 in the CBD and \$22.78 in the suburbs.

Deliveries and Construction

During the first quarter 2013, four buildings totaling 245,091 square feet were completed in the Houston market area.

U.S. VACANCY COMPARISON

Past 7 Quarters



Source: CoStar Property

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This compares to seven buildings totaling 75,435 square feet that were completed in the fourth quarter 2012, 11 buildings totaling 713,798 square feet completed in the third quarter 2012, and 68,923 square feet in three buildings completed in the second quarter 2012.

There were 9,497,090 square feet of office space under construction at the end of the first quarter 2013.

Some of the notable 2013 deliveries include: 10496 Old Katy Rd., a 210,000-square-foot facility that delivered in first quarter 2013 and 3117 College Park Dr., a 30,000-square-foot building that delivered in first quarter 2013.

The largest projects underway at the end of first quarter 2013 were ExxonMobil Campus, a 3,000,000-square-foot building with 100% of its space pre-leased, and 1201 Lake Robbins Dr., a 550,000-square-foot facility that is 100% pre-leased.

Inventory

Total office inventory in the Houston market area amounted to 269,764,315 square feet in 5,919 buildings as of the end of the first quarter 2013. The Class-A office sector consisted of 108,995,445 square feet in 330 projects. There were 2,473 Class-B buildings totaling 119,496,106 square feet, and the Class-C sector consisted of 41,272,764 square feet in 3,116 buildings. Within the Office market there were 497 owner-occupied buildings accounting for 32,265,871 square feet of office space.

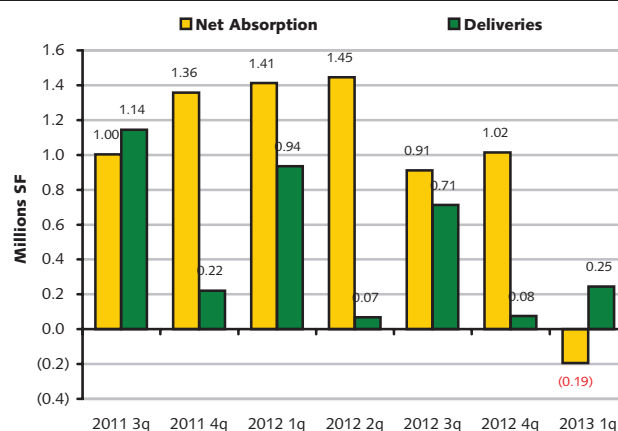
Sales Activity

Tallying office building sales of 15,000 square feet or larger, Houston office sales figures rose during the fourth quarter 2012 in terms of dollar volume compared to the third quarter of 2012.

In the fourth quarter, 20 office transactions closed with a total volume of \$1,190,043,535. The 20 buildings totaled 6,019,134 square feet and the average price per square foot equated to \$197.71 per square foot. That compares to 11 transactions totaling \$912,187,000 in the third quarter 2012. The total square footage in the third quarter was 4,332,551 square feet for an average price per square foot of \$210.54.

ABSORPTION & DELIVERIES

Past 7 Quarters



Source: CoStar Property

Total office building sales activity in 2012 was up compared to 2011. In the twelve months of 2012, the market saw 52 office sales transactions with a total volume of \$2,986,867,535. The price per square foot averaged \$195.31. In the same twelve months of 2011, the market posted 50 transactions with a total volume of \$2,056,631,405. The price per square foot averaged \$185.76.

Cap rates have been lower in 2012, averaging 7.39% compared to the same period in 2011 when they averaged 8.22%.

One of the largest transactions that has occurred within the last four quarters in the Houston market is the sale of Williams Tower in Houston. This 1,476,973-square-foot office building sold for \$412,000,000, or \$278.95 per square foot. The property sold on 3/5/2013.

Reports compiled by: Alfredo Negron, CoStar Senior Research Manager; Ernest Rodriguez, Senior Research Associate; Dennis Bozzell, Senior Research Associate and Claire Meyer, CoStar Research Associate II.

CoSTAR SUBMARKET CLUSTERS & SUBMARKETS

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets		
Austin County	Austin County		
Bellaire	Bellaire		
Downtown	CBD*	Midtown	
E Fort Bend Co/Sugar Land	E Fort Bend Co/Sugar Land		
FM 1960	FM 1960/Champions	FM 1960/Hwy 249	FM 1960/I-45 North
Greenway Plaza	Greenway Plaza		
Gulf Freeway/Pasadena	Gulf Freeway/Pasadena		
I-10 East	I-10 East		
Katy Freeway	Katy Freeway East	Katy Freeway West	
Kingwood/Humble	Kingwood/Humble		
NASA/Clear Lake	NASA/Clear Lake		
North Belt	Greenspoint/IAH	Greenspoint/N Belt West	
Northeast Near	Northeast Near		
Northwest	North Loop West	Northwest Far	Northwest Near
Richmond/Fountainview	Richmond/Fountainview		
San Felipe/Voss	San Felipe/Voss		
San Jacinto County	San Jacinto County		
South	South		
South Hwy 35	South Hwy 35		
South Main/Medical Center	South Main/Medical Center		
Southwest	Southwest Beltway 8	Southwest/Hillcroft	
West Loop	Galleria/Uptown	Post Oak Park	Riverway
Westchase	Westchase		
Woodlands	Woodlands		

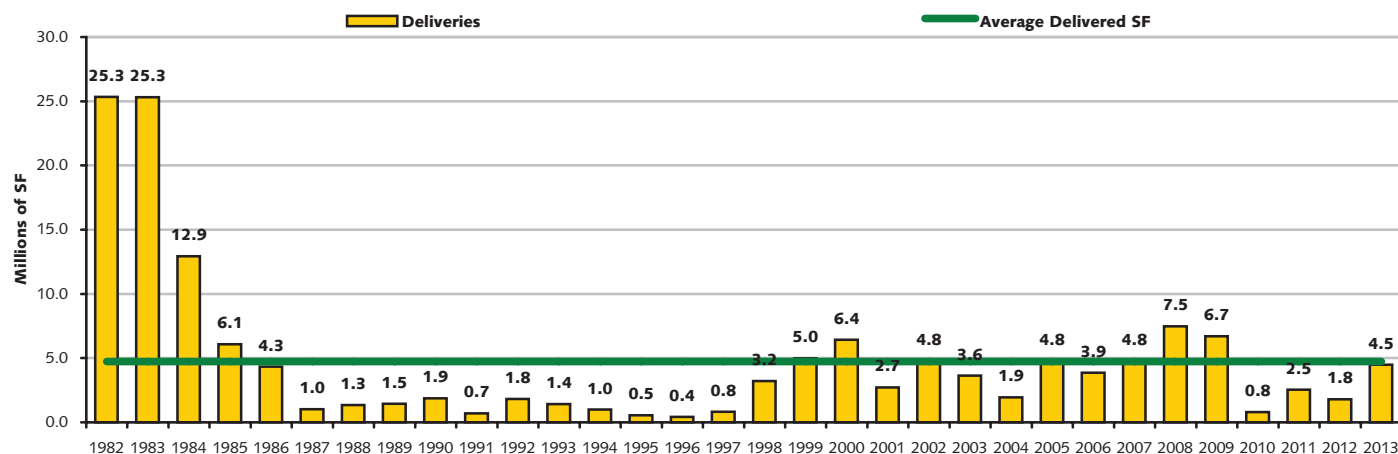
* Submarkets comprising the CBD. For statistics reference the CBD vs Suburban Figures at a Glance Page.

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INVENTORY & DEVELOPMENT

HISTORICAL DELIVERIES 1982 - 2013



Source: CoStar Property®

* Future deliveries based on current under construction buildings.

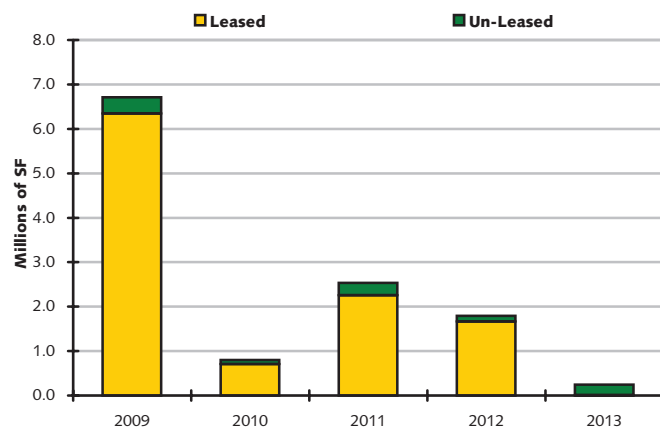
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Woodlands	11	4,470,457	4,017,660	89.9%	29,376	406,405
Katy Freeway	12	2,766,095	1,102,528	39.9%	62,562	230,508
West Loop	4	819,466	349,303	42.6%	178,432	204,866
Westchase	2	631,353	175,155	27.7%	126,429	315,676
South	3	226,690	226,690	100.0%	12,615	75,563
E Fort Bend Co/Sugar Land	4	191,791	173,791	90.6%	28,781	47,948
Northwest	1	159,056	108,158	68.0%	37,286	159,056
North Belt	1	100,000	100,000	100.0%	76,908	100,000
Downtown	1	80,000	0	0.0%	97,743	80,000
FM 1960	2	52,182	48,664	93.3%	22,435	26,091
All Other	0	0	0	0.0%	30,400	0
Totals	41	9,497,090	6,301,949	66.4%	45,576	231,636

Source: CoStar Property®

RECENT DELIVERIES

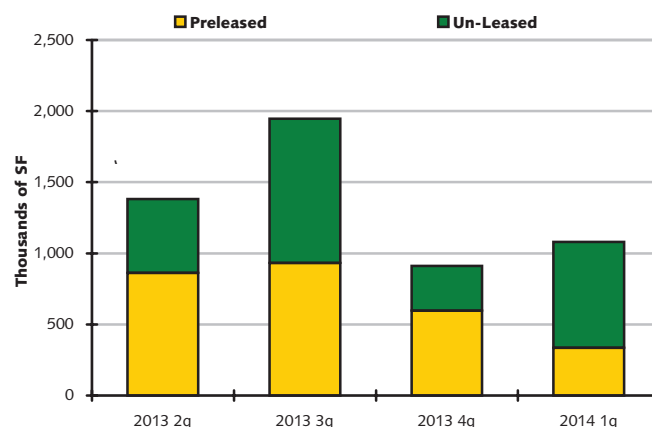
Leased & Un-Leased SF in Deliveries Since 2009



Source: CoStar Property®

FUTURE DELIVERIES

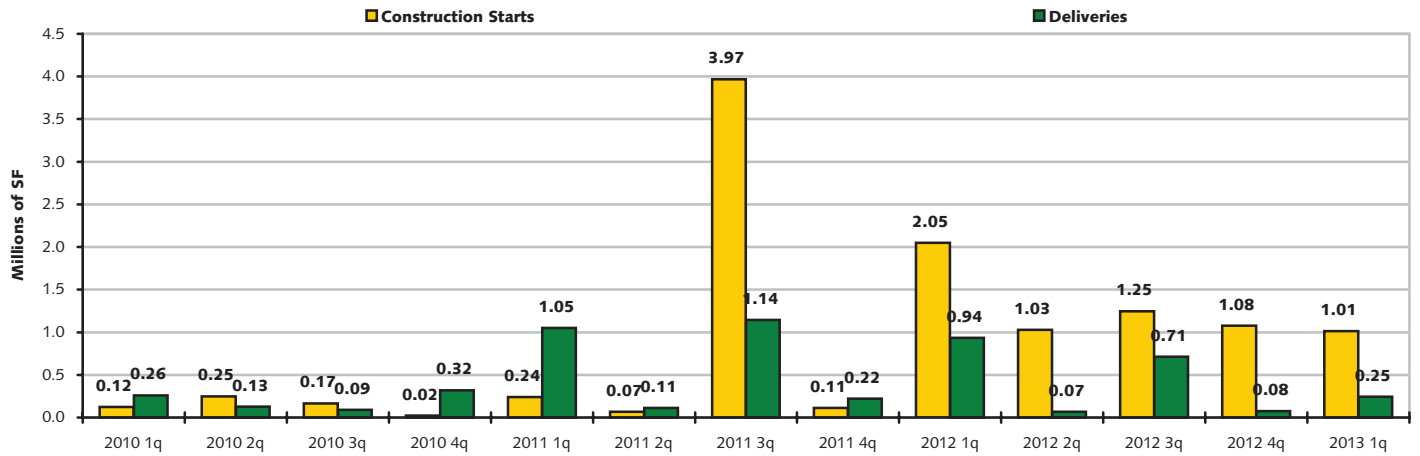
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

HISTORICAL CONSTRUCTION STARTS & DELIVERIES

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	3	35,091	10,491	29.9%	\$19.03	2,591	32,500
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	1	210,000	0	0.0%	\$24.97	0	210,000
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

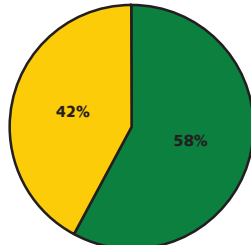
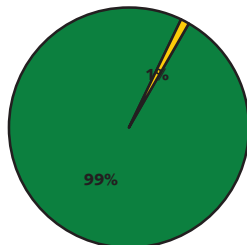
Source: CoStar Property®

RECENT DEVELOPMENT BY TENANCY

Based on RBA Developed for Single & Multi Tenant Use

2013 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

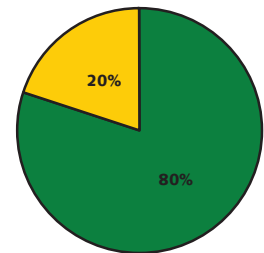
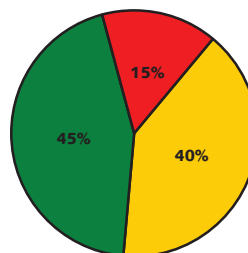
Source: CoStar Property®

EXISTING INVENTORY COMPARISON

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

HOUSTON OFFICE MARKET



INVENTORY & DEVELOPMENT

SELECT YEAR-TO-DATE DELIVERIES

Based on Project Square Footage

1. 10496 Old Katy Rd

Submarket: **Katy Freeway**
 RBA: **210,000**
 # Floors: **2**
 Class: **B**
 Occupied: **0%**
 Quoted Rate: **\$24.97**
 Grnd Brk Date: **First Quarter 2012**
 Deliv Date: **First Quarter 2013**
 Leasing Co: **Hicks Ventures**
 Developer: **N/A**
 Architect: **N/A**

2. 3117 College Park Dr

Submarket: **Woodlands**
 RBA: **30,000**
 # Floors: **2**
 Class: **B**
 Occupied: **23%**
 Quoted Rate: **\$19.09**
 Grnd Brk Date: **Third Quarter 2012**
 Deliv Date: **First Quarter 2013**
 Leasing Co: **J. Beard Real Estate Company**
 Developer: **Metzger Construction Company**
 Architect: **Browne Penland McGregor Stephens Ar**

3. 430 Park Grove Dr

Submarket: **Katy Freeway**
 RBA: **2,591**
 # Floors: **2**
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2012**
 Deliv Date: **First Quarter 2013**
 Leasing Co: **99 West Dev I Lp**
 Developer: **N/A**
 Architect: **N/A**

4. 464 Park Grv

Submarket: **Katy Freeway**
 RBA: **2,500**
 # Floors: **1**
 Class: **B**
 Occupied: **40%**
 Quoted Rate: **\$18.00**
 Grnd Brk Date: **First Quarter 2012**
 Deliv Date: **First Quarter 2013**
 Leasing Co: **REALM Properties LLC**
 Developer: **N/A**
 Architect: **N/A**

SELECT TOP UNDER CONSTRUCTION PROPERTIES

Based on Project Square Footage

1. I-45 Submarket: Woodlands RBA: 3,000,000 # Floors: 1 Class: A Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2011 Deliv Date: Second Quarter 2014 Leasing Co: ExxonMobil Foundation Developer: Gilbane Building Company Architect: Pickard Chilton Architects	2. 1201 Lake Robbins Dr Submarket: Woodlands RBA: 550,000 # Floors: 31 Class: A Preleased: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2012 Deliv Date: Second Quarter 2012 Leasing Co: Anadarko Petroleum Corporation Developer: Anadarko Petroleum Corporation Architect: Gensler Architecture Design & Plann	3. 935 N Eldridge Pky Submarket: Katy Freeway RBA: 546,372 # Floors: 20 Class: A Preleased: 5% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2013 Deliv Date: Fourth Quarter 2014 Leasing Co: CBRE Developer: N/A Architect: N/A
4. 11740 Katy Fwy Submarket: Katy Freeway RBA: 428,831 # Floors: 17 Class: A Preleased: 0% Quoted Rate: \$32.50 Grnd Brk Date: Third Quarter 2012 Deliv Date: First Quarter 2014 Leasing Co: Mac Haik Realty LLC Developer: MAC HAIK DEVELOPMENT, LLC Architect: Morris Architects	5. 2050 W Sam Houston Pky S Submarket: Westchase RBA: 331,689 # Floors: 10 Class: A Preleased: 51% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2012 Deliv Date: First Quarter 2014 Leasing Co: Cassidy Turley Developer: N/A Architect: N/A	6. 15011 Katy Fwy Submarket: Katy Freeway RBA: 321,508 # Floors: 8 Class: A Preleased: 64% Quoted Rate: \$31.00 Grnd Brk Date: Fourth Quarter 2012 Deliv Date: Third Quarter 2013 Leasing Co: Lincoln Property Company Developer: Opus Corporation Architect: Opus South Corporation
7. 9805 Katy Fwy Submarket: Katy Freeway RBA: 320,000 # Floors: 13 Class: A Preleased: 57% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2012 Deliv Date: Third Quarter 2013 Leasing Co: MetroNational Corporation Developer: N/A Architect: N/A	8. 2200 Post Oak Blvd Submarket: West Loop RBA: 306,012 # Floors: 22 Class: A Preleased: 69% Quoted Rate: \$44.72 Grnd Brk Date: Third Quarter 2011 Deliv Date: Second Quarter 2013 Leasing Co: Stream Realty Partners, L.P. Developer: N/A Architect: N/A	9. 3009 Post Oak Blvd Submarket: West Loop RBA: 302,536 # Floors: 20 Class: A Preleased: 21% Quoted Rate: \$39.75 Grnd Brk Date: First Quarter 2012 Deliv Date: Third Quarter 2013 Leasing Co: CBRE Developer: N/A Architect: Kirksey
10. 2445 Technology Forest Blvd Submarket: Woodlands RBA: 300,000 # Floors: 12 Class: A Preleased: 50% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2012 Deliv Date: Second Quarter 2013 Leasing Co: Warmack Investments Developer: N/A Architect: N/A	11. 3151 Briarpark Dr Submarket: Westchase RBA: 299,664 # Floors: 12 Class: A Preleased: 2% Quoted Rate: \$36.88 Grnd Brk Date: Second Quarter 2012 Deliv Date: Third Quarter 2013 Leasing Co: Granite Properties Developer: Hoar Construction LLC Architect: PGAL	12. 17220 Katy Fwy Submarket: Katy Freeway RBA: 248,000 # Floors: 4 Class: A Preleased: 3% Quoted Rate: \$29.23 Grnd Brk Date: First Quarter 2012 Deliv Date: Fourth Quarter 2013 Leasing Co: Transwestern Developer: N/A Architect: N/A
13. 3 Waterway Ave Submarket: Woodlands RBA: 232,693 # Floors: 11 Class: A Preleased: 92% Quoted Rate: \$31.57 Grnd Brk Date: First Quarter 2012 Deliv Date: Second Quarter 2013 Leasing Co: Colliers International Developer: The Woodlands Development Company, Architect: Elkus Manfredi Architects	14. 3505 W Sam Houston Pky N Submarket: Katy Freeway RBA: 228,000 # Floors: 4 Class: A Preleased: 87% Quoted Rate: \$31.00 Grnd Brk Date: Third Quarter 2012 Deliv Date: Third Quarter 2013 Leasing Co: CBRE Developer: N/A Architect: N/A	15. 17325 Park Row Rd Submarket: Katy Freeway RBA: 225,885 # Floors: 4 Class: A Preleased: 100% Quoted Rate: \$28.23 Grnd Brk Date: Third Quarter 2012 Deliv Date: Fourth Quarter 2013 Leasing Co: Transwestern Developer: N/A Architect: N/A

HOUSTON OFFICE MARKET



FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County	0	0	0	0	0.0%	0	0	0	\$0.00
Bellaire	7	1,190,240	203,436	208,662	17.5%	(2,183)	0	0	\$25.62
Downtown	38	33,761,899	2,650,830	3,324,433	9.8%	(291,698)	0	0	\$36.38
E Fort Bend Co/Sugar Land	19	3,905,937	813,210	819,354	21.0%	25,632	0	165,000	\$26.80
FM 1960	20	3,798,687	1,144,835	1,147,165	30.2%	1,508	0	0	\$24.68
Greenway Plaza	17	6,413,684	562,342	576,526	9.0%	(38,722)	0	0	\$30.07
Gulf Freeway/Pasadena	1	52,362	8,279	8,279	15.8%	0	0	0	\$32.75
I-10 East	0	0	0	0	0.0%	0	0	0	\$0.00
Katy Freeway	64	15,537,413	535,847	586,425	3.8%	157,085	0	2,760,739	\$29.92
Kingwood/Humble	2	131,665	31,291	31,291	23.8%	40,873	0	0	\$31.59
NASA/Clear Lake	12	1,755,479	143,000	143,000	8.1%	46,568	0	0	\$21.63
North Belt	21	4,804,225	314,839	355,883	7.4%	10,702	0	100,000	\$23.09
Northeast Near	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest	22	3,916,154	402,956	444,024	11.3%	20,049	0	159,056	\$22.80
Richmond/Fountainview	0	0	0	0	0.0%	0	0	0	\$0.00
San Felipe/Voss	3	1,714,930	297,418	297,418	17.3%	20,511	0	0	\$31.83
San Jacinto County	0	0	0	0	0.0%	0	0	0	\$0.00
South	1	80,000	0	0	0.0%	0	0	0	\$25.63
South Hwy 35	0	0	0	0	0.0%	0	0	0	\$0.00
South Main/Medical Center	14	4,471,845	367,147	369,147	8.3%	301,371	0	0	\$28.09
Southwest	9	2,058,852	351,017	375,252	18.2%	(30,085)	0	0	\$17.01
West Loop	36	14,848,676	1,587,438	1,782,484	12.0%	(76,686)	0	819,466	\$32.95
Westchase	23	6,843,787	489,365	534,004	7.8%	(116,645)	0	631,353	\$35.27
Woodlands	21	3,709,610	80,764	84,004	2.3%	21,669	0	4,427,550	\$31.49
Totals	330	108,995,445	9,984,014	11,087,351	10.2%	89,949	0	9,063,164	\$31.09

Source: CoStar Property®

CLASS B MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County	4	30,995	0	0	0.0%	0	0	0	\$0.00
Bellaire	26	2,911,765	164,692	167,339	5.7%	6,863	0	0	\$20.80
Downtown	162	19,298,649	1,942,424	1,964,721	10.2%	165,354	0	80,000	\$24.93
E Fort Bend Co/Sugar Land	213	4,392,676	474,155	555,221	12.6%	31,628	0	26,791	\$22.15
FM 1960	338	8,290,503	1,390,543	1,454,871	17.5%	53,842	0	52,182	\$16.55
Greenway Plaza	47	3,911,844	324,465	324,465	8.3%	(17,801)	0	0	\$23.11
Gulf Freeway/Pasadena	144	3,254,391	395,010	401,283	12.3%	4,586	0	0	\$20.49
I-10 East	22	623,217	106,293	106,293	17.1%	(8,619)	0	0	\$15.75
Katy Freeway	251	12,898,889	1,462,435	1,483,270	11.5%	45,090	215,091	5,356	\$20.29
Kingwood/Humble	65	1,670,508	101,003	101,859	6.1%	(526)	0	0	\$20.17
NASA/Clear Lake	203	5,590,217	1,218,476	1,219,726	21.8%	(370,917)	0	0	\$19.07
North Belt	79	7,055,330	1,344,138	1,364,995	19.3%	(66,159)	0	0	\$16.81
Northeast Near	24	657,355	89,269	89,269	13.6%	4,638	0	0	\$20.34
Northwest	152	8,540,234	1,547,800	1,583,589	18.5%	(123,250)	0	0	\$18.05
Richmond/Fountainview	25	941,806	249,809	249,809	26.5%	8,450	0	0	\$15.89
San Felipe/Voss	36	3,453,594	254,654	269,438	7.8%	5,465	0	0	\$21.41
San Jacinto County	1	27,261	0	0	0.0%	0	0	0	\$0.00
South	75	1,530,508	179,868	179,868	11.8%	8,515	0	226,690	\$23.54
South Hwy 35	29	328,704	8,137	8,137	2.5%	(120)	0	0	\$16.85
South Main/Medical Center	65	4,357,893	309,122	309,122	7.1%	84	0	0	\$23.73
Southwest	127	7,455,774	1,787,260	1,949,127	26.1%	(27,681)	0	0	\$15.75
West Loop	65	7,465,822	942,875	957,027	12.8%	29,105	0	0	\$23.95
Westchase	73	7,983,124	798,195	813,335	10.2%	34,374	0	0	\$19.03
Woodlands	247	6,825,047	494,475	510,491	7.5%	9,069	30,000	42,907	\$21.77
Totals	2,473	119,496,106	15,585,098	16,063,255	13.4%	(208,010)	245,091	433,926	\$19.77

Source: CoStar Property®

HOUSTON OFFICE MARKET

FIGURES AT A GLANCE

CLASS C MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County	10	34,119	3,000	3,000	8.8%	0	0	0	\$0.00
Bellaire	37	824,936	52,445	52,445	6.4%	1,439	0	0	\$14.66
Downtown	405	6,073,786	1,465,112	1,465,112	24.1%	23,703	0	0	\$19.44
E Fort Bend Co/Sugar Land	92	1,026,463	57,264	58,770	5.7%	3,057	0	0	\$17.74
FM 1960	313	2,964,412	284,336	307,071	10.4%	12,078	0	0	\$14.63
Greenway Plaza	177	2,029,478	340,423	340,423	16.8%	(13,933)	0	0	\$17.82
Gulf Freeway/Pasadena	303	3,043,101	294,809	294,809	9.7%	(24,405)	0	0	\$15.12
I-10 East	77	496,830	47,300	47,300	9.5%	2,754	0	0	\$17.17
Katy Freeway	202	3,908,191	227,079	231,487	5.9%	27,340	0	0	\$16.12
Kingwood/Humble	85	750,098	30,657	30,657	4.1%	(4,585)	0	0	\$17.91
NASA/Clear Lake	238	2,351,994	322,574	323,074	13.7%	(25,646)	0	0	\$16.03
North Belt	79	1,906,909	274,969	274,969	14.4%	2,915	0	0	\$13.22
Northeast Near	87	798,600	47,140	47,140	5.9%	(1,877)	0	0	\$14.58
Northwest	244	3,129,362	257,499	257,999	8.2%	(40,572)	0	0	\$13.65
Richmond/Fountainview	87	1,282,365	136,327	173,542	13.5%	(52,937)	0	0	\$12.15
San Felipe/Voss	12	281,610	66,999	66,999	23.8%	2,405	0	0	\$13.87
San Jacinto County	0	0	0	0	0.0%	0	0	0	\$0.00
South	116	811,486	105,322	105,322	13.0%	(2,062)	0	0	\$13.43
South Hwy 35	68	257,924	14,406	14,406	5.6%	(3,676)	0	0	\$14.76
South Main/Medical Center	140	3,046,344	136,237	136,237	4.5%	6,835	0	0	\$19.20
Southwest	152	3,420,161	285,127	286,727	8.4%	(3,347)	0	0	\$13.14
West Loop	27	524,826	3,794	3,794	0.7%	(1,656)	0	0	\$19.63
Westchase	29	976,703	99,840	99,840	10.2%	2,702	0	0	\$17.48
Woodlands	136	1,333,066	38,036	38,036	2.9%	13,528	0	0	\$18.93
Totals	3,116	41,272,764	4,590,695	4,659,159	11.3%	(75,940)	0	0	\$15.75

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County	14	65,114	3,000	3,000	4.6%	0	0	0	\$0.00
Bellaire	70	4,926,941	420,573	428,446	8.7%	6,119	0	0	\$23.27
Downtown	605	59,134,334	6,058,366	6,754,266	11.4%	(102,641)	0	80,000	\$31.70
E Fort Bend Co/Sugar Land	324	9,325,076	1,344,629	1,433,345	15.4%	60,317	0	191,791	\$24.35
FM 1960	671	15,053,602	2,819,714	2,909,107	19.3%	67,428	0	52,182	\$17.90
Greenway Plaza	241	12,355,006	1,227,230	1,241,414	10.0%	(70,456)	0	0	\$26.09
Gulf Freeway/Pasadena	448	6,349,854	698,098	704,371	11.1%	(19,819)	0	0	\$18.40
I-10 East	99	1,120,047	153,593	153,593	13.7%	(5,865)	0	0	\$16.06
Katy Freeway	517	32,344,493	2,225,361	2,301,182	7.1%	229,515	215,091	2,766,095	\$24.77
Kingwood/Humble	152	2,552,271	162,951	163,807	6.4%	35,762	0	0	\$21.32
NASA/Clear Lake	453	9,697,690	1,684,050	1,685,800	17.4%	(349,995)	0	0	\$18.97
North Belt	179	13,766,464	1,933,946	1,995,847	14.5%	(52,542)	0	100,000	\$18.53
Northeast Near	111	1,455,955	136,409	136,409	9.4%	2,761	0	0	\$17.98
Northwest	418	15,585,750	2,208,255	2,285,612	14.7%	(143,773)	0	159,056	\$19.01
Richmond/Fountainview	112	2,224,171	386,136	423,351	19.0%	(44,487)	0	0	\$14.54
San Felipe/Voss	51	5,450,134	619,071	633,855	11.6%	28,381	0	0	\$24.24
San Jacinto County	1	27,261	0	0	0.0%	0	0	0	\$0.00
South	192	2,421,994	285,190	285,190	11.8%	6,453	0	226,690	\$19.62
South Hwy 35	97	586,628	22,543	22,543	3.8%	(3,796)	0	0	\$15.66
South Main/Medical Center	219	11,876,082	812,506	814,506	6.9%	308,290	0	0	\$24.42
Southwest	288	12,934,787	2,423,404	2,611,106	20.2%	(61,113)	0	0	\$15.54
West Loop	128	22,839,324	2,534,107	2,743,305	12.0%	(49,237)	0	819,466	\$30.28
Westchase	125	15,803,614	1,387,400	1,447,179	9.2%	(79,569)	0	631,353	\$27.60
Woodlands	404	11,867,723	613,275	632,531	5.3%	44,266	30,000	4,470,457	\$25.42
Totals	5,919	269,764,315	30,159,807	31,809,765	11.8%	(194,001)	245,091	9,497,090	\$24.14

Source: CoStar Property®

HOUSTON OFFICE MARKET



FIGURES AT A GLANCE

CLASS A SUBMARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Austin County	0	0	0	0	0.0%	0	0	0	\$0.00
Bellaire	7	1,190,240	203,436	208,662	17.5%	(2,183)	0	0	\$25.62
CBD	33	31,808,765	2,504,810	3,158,513	9.9%	(341,803)	0	0	\$37.04
E Fort Bend Co/Sugar Land	19	3,905,937	813,210	819,354	21.0%	25,632	0	165,000	\$26.80
FM 1960/Champions	1	150,000	0	0	0.0%	0	0	0	\$0.00
FM 1960/Hwy 249	18	3,443,866	1,144,835	1,147,165	33.3%	1,508	0	0	\$24.68
FM 1960/I-45 North	1	204,821	0	0	0.0%	0	0	0	\$0.00
Galleria/Uptown	25	11,052,944	1,008,414	1,200,207	10.9%	(114,363)	0	819,466	\$34.54
Greenspoint/IAH	5	837,397	87,613	87,613	10.5%	15,859	0	100,000	\$21.15
Greenspoint/N Belt West	16	3,966,828	227,226	268,270	6.8%	(5,157)	0	0	\$23.32
Greenway Plaza	17	6,413,684	562,342	576,526	9.0%	(38,722)	0	0	\$30.07
Gulf Freeway/Pasadena	1	52,362	8,279	8,279	15.8%	0	0	0	\$32.75
I-10 East	0	0	0	0	0.0%	0	0	0	\$0.00
Katy Freeway East	16	4,041,702	268,803	319,381	7.9%	70,602	0	440,052	\$34.50
Katy Freeway West	48	11,495,711	267,044	267,044	2.3%	86,483	0	2,320,687	\$29.13
Kingwood/Humble	2	131,665	31,291	31,291	23.8%	40,873	0	0	\$31.59
Midtown	5	1,953,134	146,020	165,920	8.5%	50,105	0	0	\$28.73
NASA/Clear Lake	12	1,755,479	143,000	143,000	8.1%	46,568	0	0	\$21.63
North Loop West	5	1,058,422	275,161	299,970	28.3%	(7,561)	0	0	\$23.74
Northeast Near	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest Far	16	2,620,348	127,795	144,054	5.5%	27,610	0	159,056	\$21.64
Northwest Near	1	237,384	0	0	0.0%	0	0	0	\$0.00
Post Oak Park	6	1,909,919	399,544	402,797	21.1%	(22,655)	0	0	\$28.80
Richmond/Fountainview	0	0	0	0	0.0%	0	0	0	\$0.00
Riverway	5	1,885,813	179,480	179,480	9.5%	60,332	0	0	\$30.59
San Felipe/Voss	3	1,714,930	297,418	297,418	17.3%	20,511	0	0	\$31.83
San Jacinto County	0	0	0	0	0.0%	0	0	0	\$0.00
South	1	80,000	0	0	0.0%	0	0	0	\$25.63
South Hwy 35	0	0	0	0	0.0%	0	0	0	\$0.00
South Main/Medical Center	14	4,471,845	367,147	369,147	8.3%	301,371	0	0	\$28.09
Southwest Beltway 8	3	573,500	103,281	106,946	18.6%	(10,506)	0	0	\$19.54
Southwest/Hillcroft	6	1,485,352	247,736	268,306	18.1%	(19,579)	0	0	\$16.19
Westchase	23	6,843,787	489,365	534,004	7.8%	(116,645)	0	631,353	\$35.27
Woodlands	21	3,709,610	80,764	84,004	2.3%	21,669	0	4,427,550	\$31.49
Totals	330	108,995,445	9,984,014	11,087,351	10.2%	89,949	0	9,063,164	\$31.09

Source: CoStar Property®



HOUSTON OFFICE MARKET

FIGURES AT A GLANCE

CLASS B SUBMARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	4	30,995	0	0	0.0%	0	0	0	\$0.00
Bellaire	26	2,911,765	164,692	167,339	5.7%	6,863	0	0	\$20.80
CBD	62	15,148,445	1,536,563	1,558,860	10.3%	160,235	0	0	\$24.77
E Fort Bend Co/Sugar Land	213	4,392,676	474,155	555,221	12.6%	31,628	0	26,791	\$22.15
FM 1960/Champions	94	2,712,660	765,592	765,592	28.2%	12,896	0	3,518	\$13.28
FM 1960/Hwy 249	180	3,673,237	395,984	460,312	12.5%	24,264	0	48,664	\$20.73
FM 1960/I-45 North	64	1,904,606	228,967	228,967	12.0%	16,682	0	0	\$17.22
Galleria/Uptown	27	4,013,965	368,234	375,011	9.3%	49,731	0	0	\$25.08
Greenspoint/IAH	29	2,013,967	266,687	270,574	13.4%	(5,459)	0	0	\$17.37
Greenspoint/N Belt West	50	5,041,363	1,077,451	1,094,421	21.7%	(60,700)	0	0	\$16.66
Greenway Plaza	47	3,911,844	324,465	324,465	8.3%	(17,801)	0	0	\$23.11
Gulf Freeway/Pasadena	144	3,254,391	395,010	401,283	12.3%	4,586	0	0	\$20.49
I-10 East	22	623,217	106,293	106,293	17.1%	(8,619)	0	0	\$15.75
Katy Freeway East	68	3,379,093	595,775	598,775	17.7%	(2,368)	210,000	0	\$21.10
Katy Freeway West	183	9,519,796	866,660	884,495	9.3%	47,458	5,091	5,356	\$19.85
Kingwood/Humble	65	1,670,508	101,003	101,859	6.1%	(526)	0	0	\$20.17
Midtown	100	4,150,204	405,861	405,861	9.8%	5,119	0	80,000	\$25.39
NASA/Clear Lake	203	5,590,217	1,218,476	1,219,726	21.8%	(370,917)	0	0	\$19.07
North Loop West	64	3,476,938	855,940	855,940	24.6%	(74,500)	0	0	\$19.21
Northeast Near	24	657,355	89,269	89,269	13.6%	4,638	0	0	\$20.34
Northwest Far	67	4,103,368	585,958	621,747	15.2%	(64,234)	0	0	\$17.21
Northwest Near	21	959,928	105,902	105,902	11.0%	15,484	0	0	\$14.44
Post Oak Park	24	2,412,495	423,821	429,693	17.8%	(12,967)	0	0	\$22.44
Richmond/Fountainview	25	941,806	249,809	249,809	26.5%	8,450	0	0	\$15.89
Riverway	14	1,039,362	150,820	152,323	14.7%	(7,659)	0	0	\$22.22
San Felipe/Voss	36	3,453,594	254,654	269,438	7.8%	5,465	0	0	\$21.41
San Jacinto County	1	27,261	0	0	0.0%	0	0	0	\$0.00
South	75	1,530,508	179,868	179,868	11.8%	8,515	0	226,690	\$23.54
South Hwy 35	29	328,704	8,137	8,137	2.5%	(120)	0	0	\$16.85
South Main/Medical Center	65	4,357,893	309,122	309,122	7.1%	84	0	0	\$23.73
Southwest Beltway 8	99	5,656,590	1,410,491	1,572,358	27.8%	(31,317)	0	0	\$15.98
Southwest/Hillcroft	28	1,799,184	376,769	376,769	20.9%	3,636	0	0	\$14.66
Westchase	73	7,983,124	798,195	813,335	10.2%	34,374	0	0	\$19.03
Woodlands	247	6,825,047	494,475	510,491	7.5%	9,069	30,000	42,907	\$21.77
Totals	2,473	119,496,106	15,585,098	16,063,255	13.4%	(208,010)	245,091	433,926	\$19.77

Source: CoStar Property®

HOUSTON OFFICE MARKET



FIGURES AT A GLANCE

CLASS C SUBMARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	10	34,119	3,000	3,000	8.8%	0	0	0	\$0.00
Bellaire	37	824,936	52,445	52,445	6.4%	1,439	0	0	\$14.66
CBD	76	2,978,616	854,542	854,542	28.7%	2,003	0	0	\$18.84
E Fort Bend Co/Sugar Land	92	1,026,463	57,264	58,770	5.7%	3,057	0	0	\$17.74
FM 1960/Champions	108	1,179,719	132,237	154,972	13.1%	10,418	0	0	\$13.02
FM 1960/Hwy 249	169	1,282,003	59,388	59,388	4.6%	7,103	0	0	\$13.90
FM 1960/I-45 North	36	502,690	92,711	92,711	18.4%	(5,443)	0	0	\$17.65
Galleria/Uptown	7	132,598	0	0	0.0%	0	0	0	\$0.00
Greenspoint/IAH	33	389,690	42,529	42,529	10.9%	1,040	0	0	\$18.17
Greenspoint/N Belt West	46	1,517,219	232,440	232,440	15.3%	1,875	0	0	\$12.75
Greenway Plaza	177	2,029,478	340,423	340,423	16.8%	(13,933)	0	0	\$17.82
Gulf Freeway/Pasadena	303	3,043,101	294,809	294,809	9.7%	(24,405)	0	0	\$15.12
I-10 East	77	496,830	47,300	47,300	9.5%	2,754	0	0	\$17.17
Katy Freeway East	147	3,063,094	160,351	160,351	5.2%	34,276	0	0	\$15.83
Katy Freeway West	55	845,097	66,728	71,136	8.4%	(6,936)	0	0	\$16.61
Kingwood/Humble	85	750,098	30,657	30,657	4.1%	(4,585)	0	0	\$17.91
Midtown	329	3,095,170	610,570	610,570	19.7%	21,700	0	0	\$20.34
NASA/Clear Lake	238	2,351,994	322,574	323,074	13.7%	(25,646)	0	0	\$16.03
North Loop West	130	1,393,797	102,460	102,960	7.4%	(6,192)	0	0	\$13.27
Northeast Near	87	798,600	47,140	47,140	5.9%	(1,877)	0	0	\$14.58
Northwest Far	84	1,081,121	67,676	67,676	6.3%	3,516	0	0	\$14.42
Northwest Near	30	654,444	87,363	87,363	13.3%	(37,896)	0	0	\$13.48
Post Oak Park	16	232,863	576	576	0.2%	0	0	0	\$29.16
Richmond/Fountainview	87	1,282,365	136,327	173,542	13.5%	(52,937)	0	0	\$12.15
Riverway	4	159,365	3,218	3,218	2.0%	(1,656)	0	0	\$19.04
San Felipe/Voss	12	281,610	66,999	66,999	23.8%	2,405	0	0	\$13.87
San Jacinto County	0	0	0	0	0.0%	0	0	0	\$0.00
South	116	811,486	105,322	105,322	13.0%	(2,062)	0	0	\$13.43
South Hwy 35	68	257,924	14,406	14,406	5.6%	(3,676)	0	0	\$14.76
South Main/Medical Center	140	3,046,344	136,237	136,237	4.5%	6,835	0	0	\$19.20
Southwest Beltway 8	84	1,435,116	110,497	110,497	7.7%	6,159	0	0	\$13.29
Southwest/Hillcroft	68	1,985,045	174,630	176,230	8.9%	(9,506)	0	0	\$13.03
Westchase	29	976,703	99,840	99,840	10.2%	2,702	0	0	\$17.48
Woodlands	136	1,333,066	38,036	38,036	2.9%	13,528	0	0	\$18.93
Totals	3,116	41,272,764	4,590,695	4,659,159	11.3%	(75,940)	0	0	\$15.75

Source: CoStar Property®



HOUSTON OFFICE MARKET

FIGURES AT A GLANCE

TOTAL OFFICE SUBMARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Austin County	14	65,114	3,000	3,000	4.6%	0	0	0	\$0.00
Bellaire	70	4,926,941	420,573	428,446	8.7%	6,119	0	0	\$23.27
CBD	171	49,935,826	4,895,915	5,571,915	11.2%	(179,565)	0	0	\$32.84
E Fort Bend Co/Sugar Land	324	9,325,076	1,344,629	1,433,345	15.4%	60,317	0	191,791	\$24.35
FM 1960/Champions	203	4,042,379	897,829	920,564	22.8%	23,314	0	3,518	\$13.24
FM 1960/Hwy 249	367	8,399,106	1,600,207	1,666,865	19.8%	32,875	0	48,664	\$21.83
FM 1960/I-45 North	101	2,612,117	321,678	321,678	12.3%	11,239	0	0	\$17.32
Galleria/Uptown	59	15,199,507	1,376,648	1,575,218	10.4%	(64,632)	0	819,466	\$32.08
Greenspoint/IAH	67	3,241,054	396,829	400,716	12.4%	11,440	0	100,000	\$18.26
Greenspoint/N Belt West	112	10,525,410	1,537,117	1,595,131	15.2%	(63,982)	0	0	\$18.59
Greenway Plaza	241	12,355,006	1,227,230	1,241,414	10.0%	(70,456)	0	0	\$26.09
Gulf Freeway/Pasadena	448	6,349,854	698,098	704,371	11.1%	(19,819)	0	0	\$18.40
I-10 East	99	1,120,047	153,593	153,593	13.7%	(5,865)	0	0	\$16.06
Katy Freeway East	231	10,483,889	1,024,929	1,078,507	10.3%	102,510	210,000	440,052	\$23.75
Katy Freeway West	286	21,860,604	1,200,432	1,222,675	5.6%	127,005	5,091	2,326,043	\$25.15
Kingwood/Humble	152	2,552,271	162,951	163,807	6.4%	35,762	0	0	\$21.32
Midtown	434	9,198,508	1,162,451	1,182,351	12.9%	76,924	0	80,000	\$25.53
NASA/Clear Lake	453	9,697,690	1,684,050	1,685,800	17.4%	(349,995)	0	0	\$18.97
North Loop West	199	5,929,157	1,233,561	1,258,870	21.2%	(88,253)	0	0	\$20.33
Northeast Near	111	1,455,955	136,409	136,409	9.4%	2,761	0	0	\$17.98
Northwest Far	167	7,804,837	781,429	833,477	10.7%	(33,108)	0	159,056	\$18.40
Northwest Near	52	1,851,756	193,265	193,265	10.4%	(22,412)	0	0	\$14.02
Post Oak Park	46	4,555,277	823,941	833,066	18.3%	(35,622)	0	0	\$26.81
Richmond/Fountainview	112	2,224,171	386,136	423,351	19.0%	(44,487)	0	0	\$14.54
Riverway	23	3,084,540	333,518	335,021	10.9%	51,017	0	0	\$26.83
San Felipe/Voss	51	5,450,134	619,071	633,855	11.6%	28,381	0	0	\$24.24
San Jacinto County	1	27,261	0	0	0.0%	0	0	0	\$0.00
South	192	2,421,994	285,190	285,190	11.8%	6,453	0	226,690	\$19.62
South Hwy 35	97	586,628	22,543	22,543	3.8%	(3,796)	0	0	\$15.66
South Main/Medical Center	219	11,876,082	812,506	814,506	6.9%	308,290	0	0	\$24.42
Southwest Beltway 8	186	7,665,206	1,624,269	1,789,801	23.3%	(35,664)	0	0	\$15.91
Southwest/Hillcroft	102	5,269,581	799,135	821,305	15.6%	(25,449)	0	0	\$14.75
Westchase	125	15,803,614	1,387,400	1,447,179	9.2%	(79,569)	0	631,353	\$27.60
Woodlands	404	11,867,723	613,275	632,531	5.3%	44,266	30,000	4,470,457	\$25.42
Totals	5,919	269,764,315	30,159,807	31,809,765	11.8%	(194,001)	245,091	9,497,090	\$24.14

Source: CoStar Property®

HOUSTON OFFICE MARKET



FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	33	31,808,765	2,504,810	3,158,513	9.9%	(341,803)	0	0	\$37.04
Suburban	297	77,186,680	7,479,204	7,928,838	10.3%	431,752	0	9,063,164	\$29.23
Totals	330	108,995,445	9,984,014	11,087,351	10.2%	89,949	0	9,063,164	\$31.09

Source: CoStar Property®

CLASS B MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	62	15,148,445	1,536,563	1,558,860	10.3%	160,235	0	0	\$24.77
Suburban	2,411	104,347,661	14,048,535	14,504,395	13.9%	(368,245)	245,091	433,926	\$19.32
Totals	2,473	119,496,106	15,585,098	16,063,255	13.4%	(208,010)	245,091	433,926	\$19.77

Source: CoStar Property®

CLASS C MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	76	2,978,616	854,542	854,542	28.7%	2,003	0	0	\$18.84
Suburban	3,040	38,294,148	3,736,153	3,804,617	9.9%	(77,943)	0	0	\$15.50
Totals	3,116	41,272,764	4,590,695	4,659,159	11.3%	(75,940)	0	0	\$15.75

Source: CoStar Property®

CLASS A & B MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	95	46,957,210	4,041,373	4,717,373	10.0%	(181,568)	0	0	\$33.58
Suburban	2,708	181,534,341	21,527,739	22,433,233	12.4%	63,507	245,091	9,497,090	\$23.51
Totals	2,803	228,491,551	25,569,112	27,150,606	11.9%	(118,061)	245,091	9,497,090	\$25.07

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

First Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	171	49,935,826	4,895,915	5,571,915	11.2%	(179,565)	0	0	\$32.84
Suburban	5,748	219,828,489	25,263,892	26,237,850	11.9%	(14,436)	245,091	9,497,090	\$22.64
Totals	5,919	269,764,315	30,159,807	31,809,765	11.8%	(194,001)	245,091	9,497,090	\$24.14

Source: CoStar Property®

HOUSTON OFFICE MARKET

FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

First Quarter 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 1q	330	108,995,445	9,984,014	11,087,351	10.2%	89,949	0	0	27	9,063,164	\$31.09
2012 4q	330	108,995,445	10,645,266	11,177,300	10.3%	700,217	1	45,000	23	8,196,790	\$30.82
2012 3q	329	108,950,445	11,231,939	11,832,517	10.9%	968,645	4	592,724	20	7,260,871	\$30.79
2012 2q	325	108,357,721	11,600,387	12,208,438	11.3%	675,759	0	0	19	6,664,452	\$30.74
2012 1q	325	108,357,721	12,258,081	12,884,197	11.9%	1,209,782	1	895,612	14	5,812,681	\$30.39
2011	324	107,462,109	12,548,973	13,198,367	12.3%	2,425,045	4	2,075,237	8	4,894,348	\$29.73
2010	321	105,806,359	13,351,593	13,967,662	13.2%	954,880	2	327,377	5	2,968,849	\$28.99
2009	319	105,478,982	13,557,218	14,595,165	13.8%	1,969,012	22	5,147,580	5	3,040,226	\$29.86
2008	297	100,331,402	10,568,683	11,416,597	11.4%	2,786,612	24	5,069,976	25	7,940,829	\$29.31
2007	273	95,261,426	8,352,451	9,133,233	9.6%	4,213,989	15	2,653,336	33	8,342,652	\$27.42
2006	258	92,608,090	9,543,493	10,693,886	11.5%	4,968,513	6	1,015,556	20	4,830,413	\$23.48
2005	252	91,592,534	13,128,262	14,646,843	16.0%	2,614,844	12	1,668,345	8	1,614,689	\$20.62
2004	240	89,924,189	13,843,050	15,593,342	17.3%	(45,027)	4	429,655	13	2,210,198	\$20.77
2003	236	89,494,534	12,986,888	15,118,660	16.9%	191,950	7	2,118,892	9	1,374,062	\$20.50
2002	229	87,375,642	10,411,242	13,191,718	15.1%	(658,227)	4	2,765,276	8	2,224,494	\$21.02
2001	225	84,610,366	7,474,446	9,768,215	11.5%	380,640	4	985,853	8	4,567,457	\$22.53

Source: CoStar Property®

CLASS B MARKET STATISTICS

First Quarter 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 1q	2,473	119,496,106	15,585,098	16,063,255	13.4%	(208,010)	4	245,091	14	433,926	\$19.77
2012 4q	2,469	119,251,015	15,114,257	15,610,154	13.1%	288,615	6	30,435	15	532,353	\$19.63
2012 3q	2,464	119,570,254	15,853,191	16,218,008	13.6%	51,636	7	121,074	17	467,741	\$19.56
2012 2q	2,457	119,449,180	15,814,994	16,148,570	13.5%	755,533	3	68,923	17	532,878	\$19.34
2012 1q	2,454	119,380,257	16,447,663	16,835,180	14.1%	225,098	5	39,619	17	426,776	\$19.39
2011	2,450	119,350,627	16,560,552	17,030,648	14.3%	595,401	34	456,388	15	229,616	\$19.05
2010	2,416	118,894,239	16,588,434	17,169,661	14.4%	215,887	37	468,350	21	299,420	\$18.99
2009	2,380	118,434,792	16,081,744	16,926,101	14.3%	(674,709)	93	1,548,538	35	465,885	\$19.31
2008	2,287	116,886,254	13,907,813	14,702,854	12.6%	1,133,912	127	2,349,333	79	1,373,619	\$19.98
2007	2,161	114,601,194	12,951,151	13,551,706	11.8%	2,674,885	124	2,043,179	115	2,349,574	\$19.33
2006	2,041	112,964,519	14,002,347	14,589,916	12.9%	3,268,664	92	2,522,220	111	1,932,229	\$17.25
2005	1,951	110,508,974	14,454,553	15,403,035	13.9%	3,727,225	107	2,890,414	84	2,706,461	\$16.24
2004	1,844	107,618,560	14,944,052	16,239,846	15.1%	1,946,540	74	1,356,658	101	3,308,994	\$15.90
2003	1,771	106,358,618	15,247,557	16,926,444	15.9%	3,964	68	1,414,222	65	2,250,297	\$15.66
2002	1,703	104,944,396	14,055,890	15,516,186	14.8%	1,091,559	60	1,907,568	55	1,203,026	\$16.57
2001	1,643	103,036,828	12,744,267	14,700,177	14.3%	(840,174)	45	1,549,350	52	1,791,782	\$17.01

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

First Quarter 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 1q	5,919	269,764,315	30,159,807	31,809,765	11.8%	(194,001)	4	245,091	41	9,497,090	\$24.14
2012 4q	5,915	269,519,224	30,310,646	31,370,673	11.6%	1,015,028	7	75,435	38	8,729,143	\$24.27
2012 3q	5,909	269,793,463	31,656,909	32,659,940	12.1%	911,334	11	713,798	37	7,728,612	\$24.06
2012 2q	5,898	269,079,665	31,879,541	32,857,476	12.2%	1,445,409	3	68,923	36	7,197,330	\$23.76
2012 1q	5,895	269,010,742	33,178,325	34,233,962	12.7%	1,411,784	6	935,231	31	6,239,457	\$23.63
2011	5,890	268,085,500	33,541,963	34,720,504	13.0%	2,976,613	38	2,531,625	23	5,123,964	\$22.94
2010	5,855	265,997,771	34,391,159	35,609,388	13.4%	1,374,194	39	795,727	26	3,268,269	\$22.76
2009	5,817	265,210,947	34,292,365	36,196,758	13.6%	1,216,275	119	6,707,687	40	3,506,111	\$23.60
2008	5,698	258,503,260	29,047,090	30,705,346	11.9%	3,545,134	161	7,472,125	106	9,319,098	\$23.71
2007	5,541	251,239,592	25,558,688	26,986,812	10.7%	7,151,063	150	4,751,094	154	10,732,231	\$22.32
2006	5,397	246,973,220	28,098,809	29,871,503	12.1%	8,199,561	114	3,865,446	141	6,815,507	\$19.64
2005	5,289	243,398,499	32,001,647	34,496,343	14.2%	6,597,053	144	4,783,871	107	4,647,570	\$18.01
2004	5,148	238,747,264	33,356,099	36,442,161	15.3%	2,425,522	119	1,932,458	134	5,921,160	\$17.81
2003	5,033	236,976,852	33,227,526	37,097,271	15.7%	(649,980)	87	3,639,039	108	3,754,486	\$17.63
2002	4,950	233,590,290	28,783,362	33,060,729	14.2%	612,347	77	4,817,986	71	3,501,858	\$18.14
2001	4,875	228,832,119	24,632,741	28,914,905	12.6%	(509,177)	65	2,720,957	70	6,487,465	\$18.68

Source: CoStar Property®

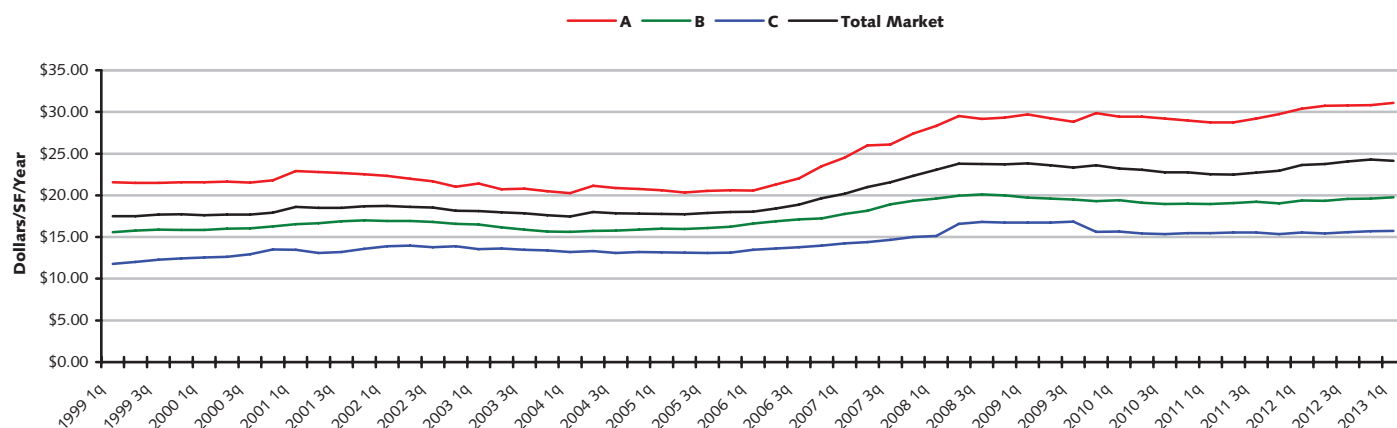
HOUSTON OFFICE MARKET



LEASING ACTIVITY

HISTORICAL RENTAL RATES

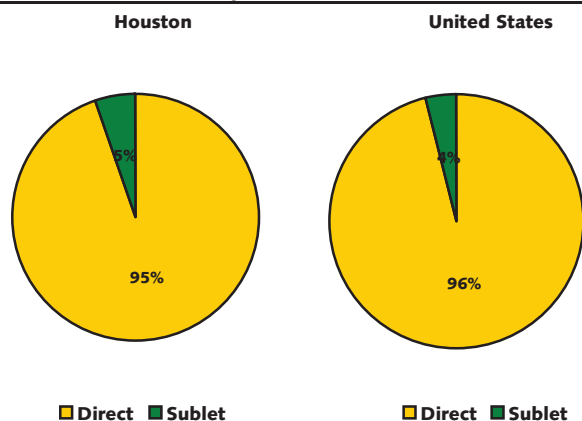
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

VACANCY BY AVAILABLE SPACE TYPE

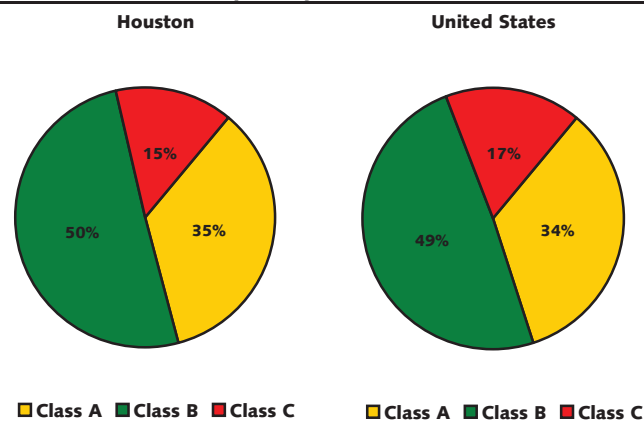
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

VACANCY BY CLASS

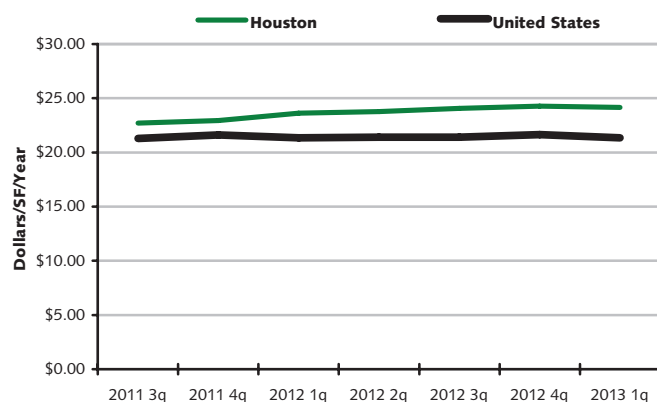
Percent of All Vacant Space by Class



Source: CoStar Property®

U.S. RENTAL RATE COMPARISON

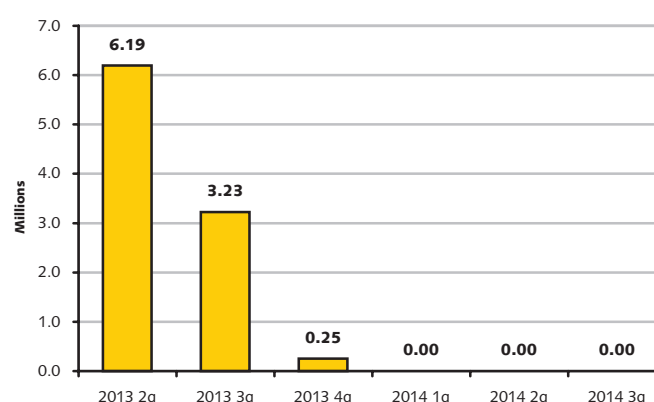
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

FUTURE SPACE AVAILABLE

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

SELECT TOP OFFICE LEASES

Based on Leased Square Footage For Deals Signed in 2013

	Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1	SH 249 & Louetta Rd	FM 1960/Hwy 249	456,000	1st	Noble Energy, Inc.	James Arket & Company	CBRE
2	1200 Smith St	CBD	315,814	1st	Chevron	Direct Deal	Cushman & Wakefield, Inc.
3	14141 Southwest Fwy	E Fort Bend Co/Sugar Land	156,617	1st	N/A	N/A	PM Realty Group
4	16290 Katy Fwy	Katy Freeway West	144,677	1st	N/A	N/A	Jones Lang LaSalle Americas, Inc.
5	10344 Sam Houston Park Dr	Northwest Far	108,639	1st	Forum Energy Technologies	CBRE	Duke Realty
6	3505 W Sam Houston Pky N	Katy Freeway West	108,000	1st	Cameron International Corp	Newmark Grubb Knight Frank	CBRE
7	11 Greenway Plz	Greenway Plaza	86,733	1st	Camden Property Trust	Stream Realty Partners, L.P.	Crescent Real Estate
8	3009 Post Oak Blvd	Galleria/Uptown	49,824	1st	Datacert	JacksonCooksey	CBRE
9	5850 Rogerdale Rd*	Westchase	42,212	1st	Quest Diagnostics Incorporated	N/A	Lincoln Property Company
10	1200 Smith St	CBD	28,966	1st	Chevron	Direct Deal	Cushman & Wakefield, Inc.
11	7840 N Sam Houston Pky W	FM 1960/Hwy 249	27,702	1st	N/A	N/A	Caldwell Companies
12	811 Main St	CBD	26,846	1st	N/A	N/A	Colvill Office Properties
13	13430 Northwest Fwy	Northwest Far	26,527	1st	RICOH Americas Corporation	N/A	Granite Properties
14	5555 San Felipe St	Galleria/Uptown	26,407	1st	N/A	N/A	CBRE
15	945 Bunker Hill Rd	Katy Freeway East	23,652	1st	N/A	N/A	MetroNational Corporation
16	10350 Richmond Ave	Westchase	23,488	1st	N/A	N/A	Cresa Houston
17	11490 Westheimer Rd	Westchase	23,348	1st	N/A	N/A	CBRE
18	2800 Post Oak Blvd*	Galleria/Uptown	23,110	1st	Community Bancorp	Cushman & Wakefield, Inc.	N/A
19	7324 Southwest Fwy	Southwest/Hillcroft	20,570	1st	N/A	N/A	Boxer Property
20	1300 Post Oak Blvd	Galleria/Uptown	20,039	1st	BHP	Cushman & Wakefield, Inc.	Colliers International
21	10001 Woodloch Forest Dr	Woodlands	18,543	1st	Steptoe & Johnson LLP	N/A	Transwestern
22	2525 N Loop Fwy W	North Loop West	18,182	1st	N/A	N/A	Associated Houston Management
23	2020 Dairy Ashford Rd	Katy Freeway West	17,927	1st	Petrofac Inc	Cresa Houston	Briarhollow Realty Group Inc
24	2002 Timberloch Pl	Woodlands	17,815	1st	N/A	N/A	J. Beard Real Estate Company
25	7322 Southwest Fwy	Southwest/Hillcroft	17,708	1st	N/A	N/A	Boxer Property
26	11125 W Equity Dr N	Northwest Far	15,945	1st	CBeyond	N/A	Transwestern
27	4001 Technology Dr	Southwest Far Ind	14,765	1st	N/A	N/A	Avison Young Commercial Real Estate
28	3030 S Gessner Rd*	Westchase	14,078	1st	ACT	Fritsche Anderson Realty Partners,	Moody Ramin Interests
29	111 Vision Park Blvd	Woodlands	14,077	1st	N/A	N/A	Caldwell Companies
30	945 Bunker Hill Rd	Katy Freeway East	13,987	1st	N/A	N/A	MetroNational Corporation
31	11011 Richmond Ave	Westchase	12,800	1st	First Continental Mortgage	N/A	Transwestern Dallas
32	5151 San Felipe St	Galleria/Uptown	12,681	1st	N/A	N/A	CBRE
33	19241 David Memorial Dr	Woodlands	12,553	1st	N/A	N/A	Transwestern
34	211 Highland Cross Dr*	FM 1960/I-45 North	11,776	1st	Ghep Medical Administrative Group, Llc	N/A	Moody Ramin Interests
35	2200 Post Oak Blvd	Galleria/Uptown	10,850	1st	Osaka Gas	N/A	Stream Realty Partners, L.P.
36	15990 N Barkers Landing Rd	Katy Freeway West	10,445	1st	Sub Sea Seven	N/A	Stream Realty Partners, L.P.
37	24 Greenway Plz	Greenway Plaza	10,410	1st	Mainland Bank	N/A	Granite Properties
38	5555 San Felipe St	Galleria/Uptown	10,114	1st	Pacific Rubiales	N/A	CBRE
39	3050 Post Oak Blvd*	Galleria/Uptown	10,001	1st	TBG Partners, Inc.	Colliers International	CBRE
40	24900 Pitkin Rd	Woodlands	9,164	1st	J&S Oil and Gas	Cresa Houston	S.E. Covington & Company, Inc.

Source: CoStar Property®

* Renewal

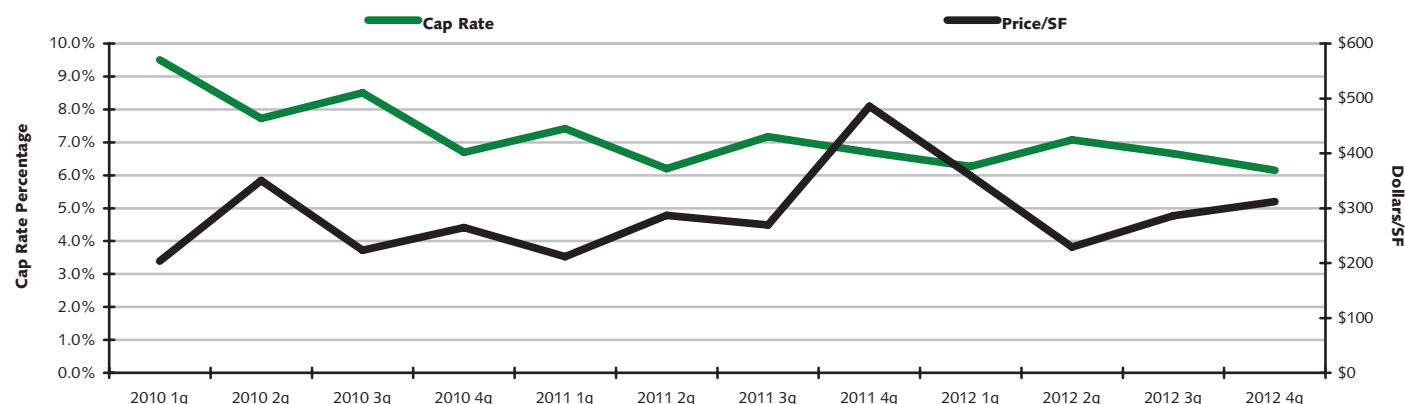
HOUSTON OFFICE MARKET



SALES ACTIVITY

THE OPTIMIST SALES INDEX

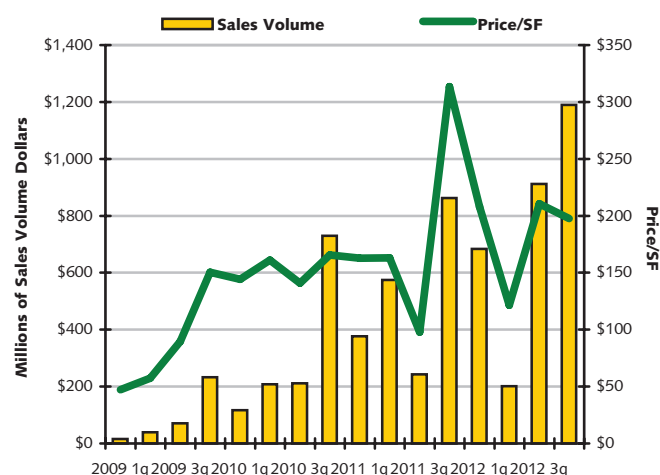
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

SALES VOLUME & PRICE

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

SALES ANALYSIS BY BUILDING SIZE

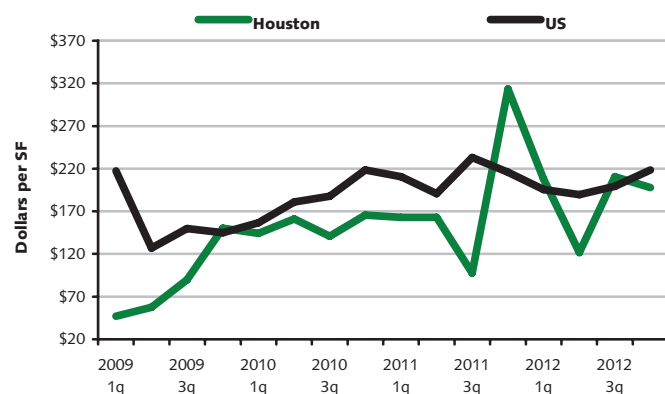
Based on Office Building Sales From Jan. 2012 - Dec. 2012

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	21	298,947	\$ 38,768,610	\$ 129.68	8.83%
50K-249K SF	26	3,603,149	\$ 512,037,535	\$ 142.11	7.67%
250K-499K SF	8	2,726,260	\$ 496,750,000	\$ 182.21	6.92%
>500K SF	11	8,785,714	\$ 1,958,775,000	\$ 222.95	6.97%

Source: CoStar COMPS®

U.S. PRICE/SF COMPARISON

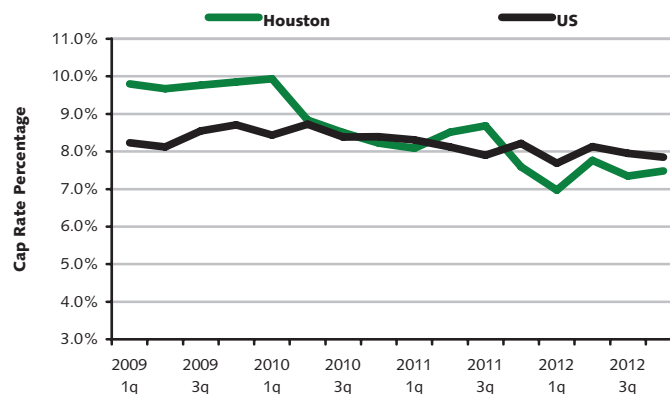
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. CAP RATE COMPARISON

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

SELECT TOP SALES

Based on Sales from January 2012 Through March 2013

1. Williams Tower



Houston

Price: **\$412,000,000**
 Price/SF: **\$278.95**
 Cap Rate: **N/A**
 RBA: **1,476,973**
 Date: **3/5/2013**
 Year Built: **1983**
 Buyer: **Invesco Real Estate**
 Seller: **Hines REIT, Inc.**

2. 1000 Main



Houston

Price: **\$340,000,000**
 Price/SF: **\$406.13**
 Cap Rate: **6.5%**
 RBA: **837,161**
 Date: **3/15/2012**
 Year Built: **2003**
 Buyer: **Invesco Realty Advisers, Inc.**
 Seller: **Kan Am Group LLC**

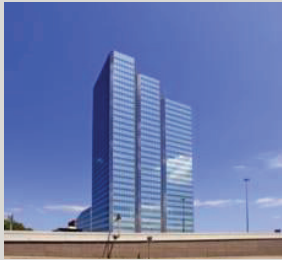
3. KBR Tower



Houston

Price: **\$174,600,000**
 Price/SF: **\$166.64**
 Cap Rate: **6.8%**
 RBA: **1,047,748**
 Date: **11/16/2012**
 Year Built: **1973**
 Buyer: **Corporate Property Associates 17**
 Seller: **Global, Inc. Brookfield Office Properties, Inc.**

4. Phoenix Tower



Houston

Price: **\$123,800,000**
 Price/SF: **\$197.76**
 Cap Rate: **6%**
 RBA: **626,000**
 Date: **12/20/2012**
 Year Built: **1984**
 Buyer: **Parkway Properties, Inc.**
 Seller: **Franklin Street Properties Corporation**

5. The Plaza at Enclave



Houston

Price: **\$107,500,000**
 Price/SF: **\$312.23**
 Cap Rate: **N/A**
 RBA: **344,296**
 Date: **1/10/2012**
 Year Built: **2008**
 Buyer: **Azrieli Group**
 Seller: **CORE Real Estate, LLC**

6. 1800 West Loop South



Houston

Price: **\$68,500,000**
 Price/SF: **\$168.46**
 Cap Rate: **7%**
 RBA: **406,634**
 Date: **12/4/2012**
 Year Built: **1982**
 Buyer: **KBS Strategic Opportunity REIT Inc.**
 Seller: **Pearlmark Real Estate Partners**

7. 1177 West Loop South



Houston

Price: **\$60,000,000**
 Price/SF: **\$175.47**
 Cap Rate: **7%**
 RBA: **341,947**
 Date: **3/7/2012**
 Year Built: **1978**
 Buyer: **Spire Realty Group, L.P.**
 Seller: **Griffin Partners Inc.**

8. The Reserve at Sierra Pines



The Woodlands

Price: **\$40,500,000**
 Price/SF: **\$231.38**
 Cap Rate: **7.9%**
 RBA: **175,035**
 Date: **6/15/2012**
 Year Built: **2009**
 Buyer: **Capital Lease Funding, Inc.**
 Seller: **Stream Realty Partners, L.P.**

9. 3355 W Alabama St



Houston

Price: **\$38,500,000**
 Price/SF: **\$162.49**
 Cap Rate: **6.9%**
 RBA: **236,932**
 Date: **7/24/2012**
 Year Built: **1982**
 Buyer: **Granite Properties, Inc.**
 Seller: **KBS Realty Advisors**

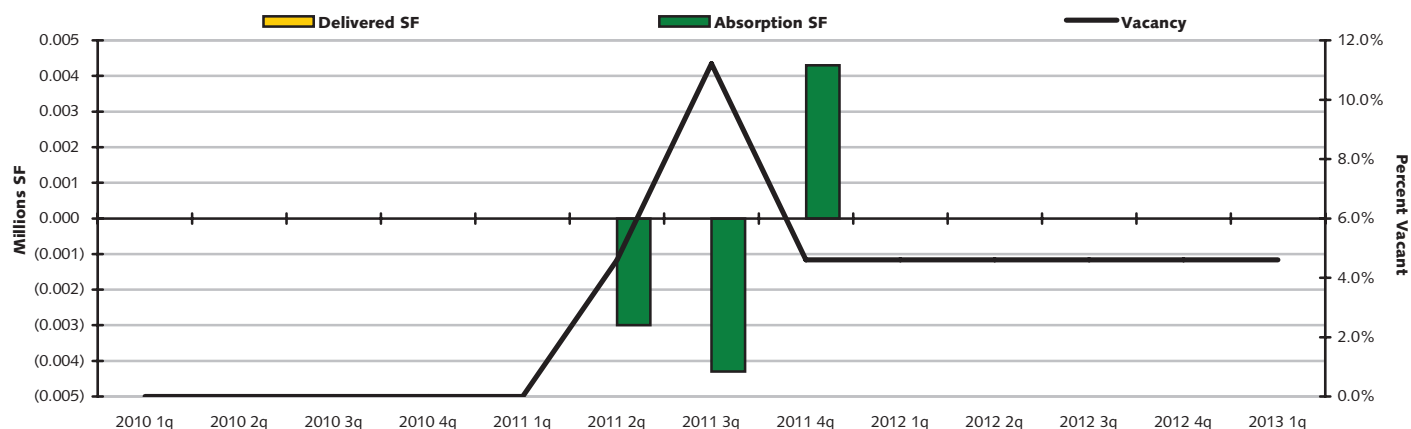
HOUSTON OFFICE MARKET

AUSTIN COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



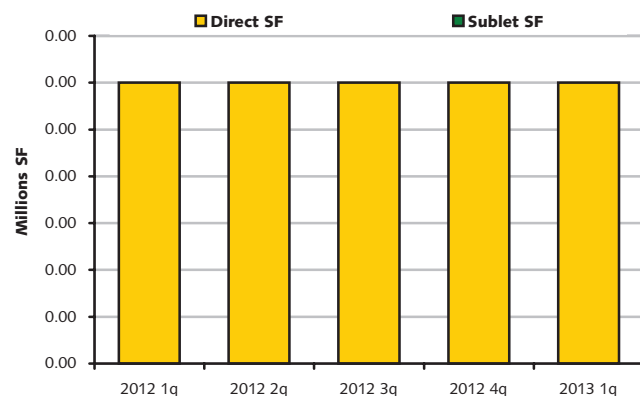
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

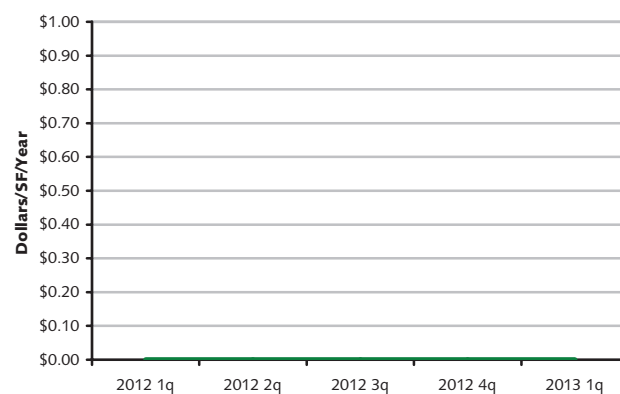
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	14	65,114	3,000	4.6%	0	0	0	0	0	\$0.00
2012 4q	14	65,114	3,000	4.6%	0	0	0	0	0	\$0.00
2012 3q	14	65,114	3,000	4.6%	0	0	0	0	0	\$0.00
2012 2q	14	65,114	3,000	4.6%	0	0	0	0	0	\$0.00
2012 1q	14	65,114	3,000	4.6%	0	0	0	0	0	\$0.00
2011 4q	14	65,114	3,000	4.6%	4,300	0	0	0	0	\$0.00
2011 3q	14	65,114	7,300	11.2%	(4,300)	0	0	0	0	\$0.00
2011 2q	14	65,114	3,000	4.6%	(3,000)	0	0	0	0	\$0.00
2011 1q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2010 4q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2010 3q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2010 2q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2010 1q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2009 4q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2009 3q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00
2009 2q	14	65,114	0	0.0%	0	0	0	0	0	\$0.00

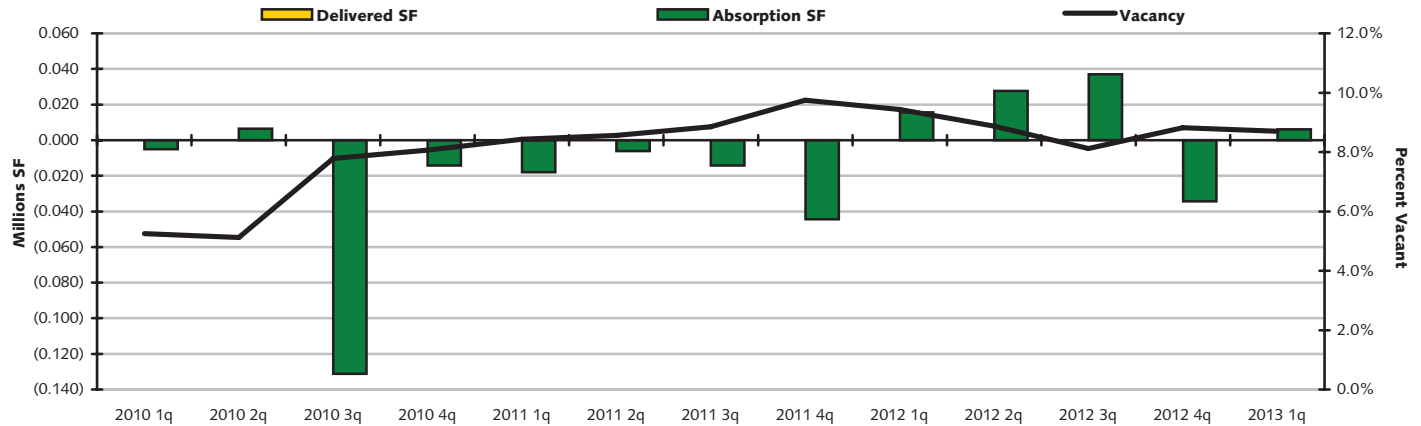
Source: CoStar Property®

HOUSTON OFFICE MARKET

BELLAIRE MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

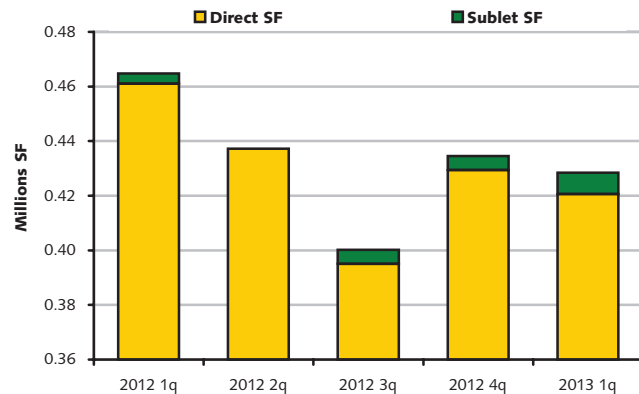
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

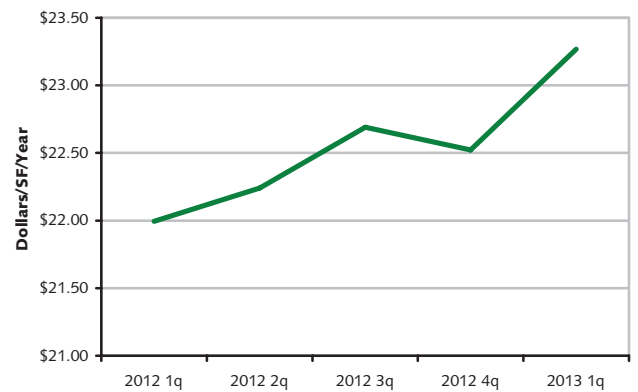
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	70	4,926,941	428,446	8.7%	6,119	0	0	0	0	\$23.27
2012 4q	70	4,926,941	434,565	8.8%	(34,342)	0	0	0	0	\$22.52
2012 3q	70	4,926,941	400,223	8.1%	36,961	0	0	0	0	\$22.69
2012 2q	70	4,926,941	437,184	8.9%	27,595	0	0	0	0	\$22.24
2012 1q	70	4,926,941	464,779	9.4%	15,554	0	0	0	0	\$21.99
2011 4q	70	4,926,941	480,333	9.7%	(44,443)	0	0	0	0	\$20.93
2011 3q	70	4,926,941	435,890	8.8%	(14,265)	0	0	0	0	\$20.48
2011 2q	70	4,926,941	421,625	8.6%	(6,097)	0	0	0	0	\$20.49
2011 1q	70	4,926,941	415,528	8.4%	(17,940)	0	0	0	0	\$20.62
2010 4q	70	4,926,941	397,588	8.1%	(14,149)	0	0	0	0	\$20.61
2010 3q	70	4,926,941	383,439	7.8%	(131,213)	0	0	0	0	\$20.64
2010 2q	70	4,926,941	252,226	5.1%	6,452	0	0	0	0	\$21.06
2010 1q	70	4,926,941	258,678	5.3%	(5,046)	0	0	0	0	\$21.77
2009 4q	70	4,926,941	253,632	5.1%	33,046	0	0	0	0	\$22.02
2009 3q	70	4,926,941	286,678	5.8%	32,064	0	0	0	0	\$21.02
2009 2q	70	4,926,941	318,742	6.5%	(9,996)	0	0	0	0	\$21.02

Source: CoStar Property®

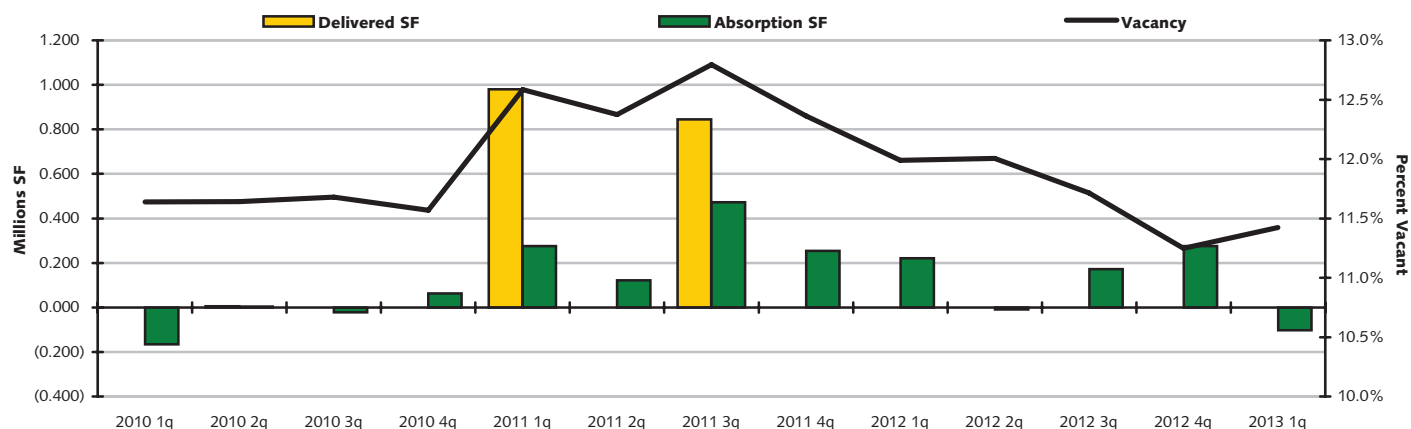
HOUSTON OFFICE MARKET



DOWNTOWN MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

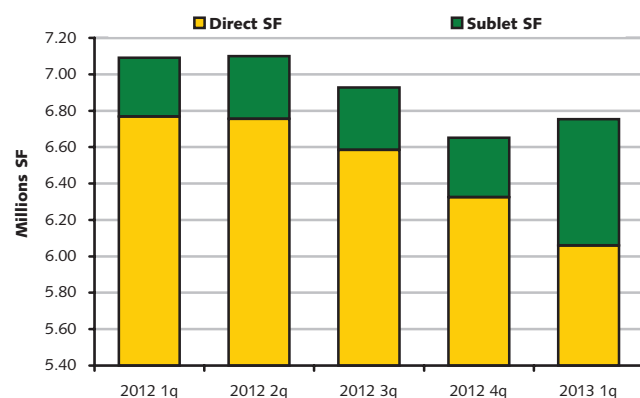
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

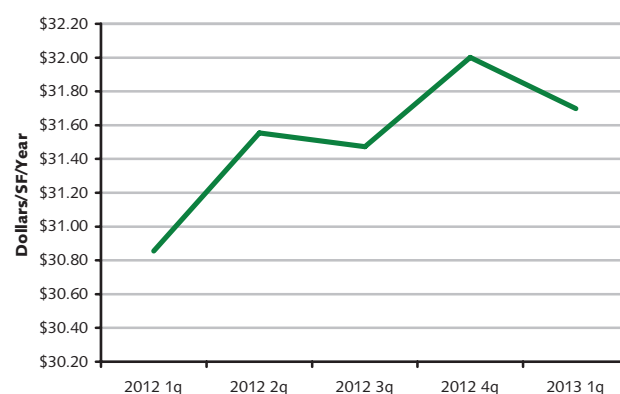
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	605	59,134,334	6,754,266	11.4%	(102,641)	0	0	1	80,000	\$31.70
2012 4q	605	59,134,334	6,651,625	11.2%	275,336	0	0	0	0	\$32.00
2012 3q	605	59,134,334	6,926,961	11.7%	172,711	0	0	0	0	\$31.47
2012 2q	605	59,134,334	7,099,672	12.0%	(9,225)	0	0	0	0	\$31.55
2012 1q	605	59,134,334	7,090,447	12.0%	220,763	0	0	0	0	\$30.86
2011 4q	605	59,134,334	7,311,210	12.4%	254,704	0	0	0	0	\$29.97
2011 3q	605	59,134,334	7,565,914	12.8%	472,942	1	844,763	0	0	\$29.09
2011 2q	605	58,311,571	7,216,093	12.4%	121,986	0	0	1	844,763	\$28.85
2011 1q	605	58,311,571	7,338,079	12.6%	275,286	2	980,574	1	844,763	\$28.37
2010 4q	603	57,330,997	6,632,791	11.6%	62,965	0	0	3	1,825,337	\$28.88
2010 3q	603	57,330,997	6,695,756	11.7%	(21,592)	0	0	3	1,825,337	\$28.72
2010 2q	603	57,330,997	6,674,164	11.6%	4,286	1	5,768	3	1,825,337	\$28.98
2010 1q	602	57,325,229	6,672,682	11.6%	(165,356)	0	0	3	1,823,005	\$29.28
2009 4q	602	57,325,229	6,507,326	11.4%	140,543	2	66,852	3	1,823,005	\$30.86
2009 3q	600	57,258,377	6,581,017	11.5%	(191,585)	1	19,006	5	1,889,857	\$29.04
2009 2q	599	57,239,371	6,370,426	11.1%	(174,372)	0	0	5	1,903,095	\$29.89

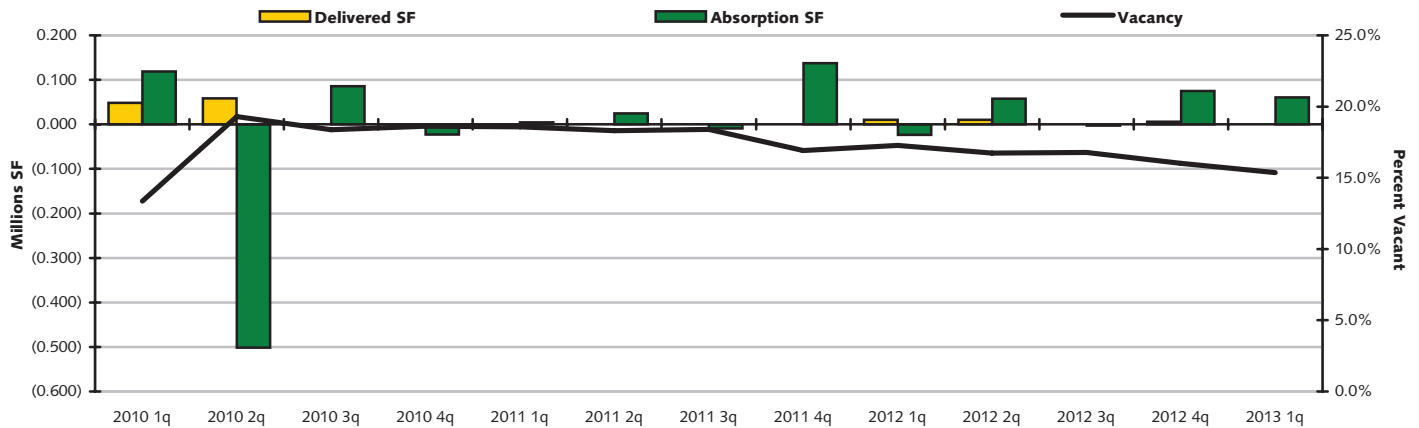
Source: CoStar Property®

HOUSTON OFFICE MARKET

E FORT BEND CO/SUGAR LAND MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

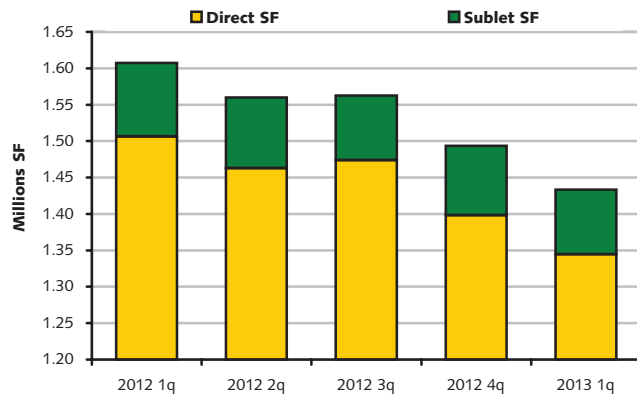
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

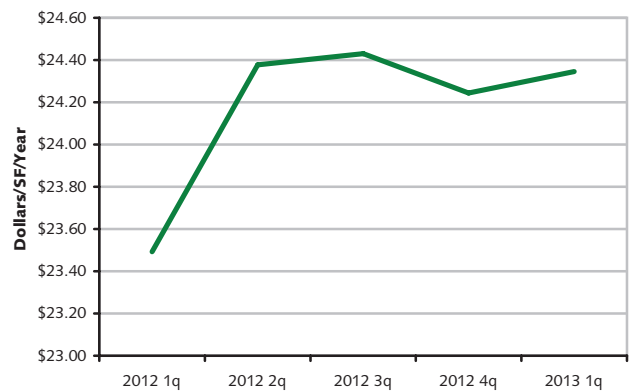
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	324	9,325,076	1,433,345	15.4%	60,317	0	0	4	191,791	\$24.35
2012 4q	324	9,325,076	1,493,662	16.0%	75,179	1	6,156	2	8,791	\$24.24
2012 3q	323	9,318,920	1,562,685	16.8%	(2,744)	0	0	1	6,156	\$24.43
2012 2q	323	9,318,920	1,559,941	16.7%	57,432	1	10,000	0	0	\$24.38
2012 1q	322	9,308,920	1,607,373	17.3%	(23,595)	1	9,928	1	10,000	\$23.49
2011 4q	321	9,298,992	1,573,850	16.9%	137,770	0	0	2	19,928	\$23.60
2011 3q	321	9,298,992	1,711,620	18.4%	(9,246)	0	0	2	19,928	\$23.45
2011 2q	321	9,298,992	1,702,374	18.3%	24,660	0	0	1	9,928	\$24.41
2011 1q	321	9,298,992	1,727,034	18.6%	4,763	0	0	0	0	\$24.52
2010 4q	321	9,298,992	1,731,797	18.6%	(22,869)	0	0	0	0	\$24.65
2010 3q	321	9,298,992	1,708,928	18.4%	85,856	0	0	0	0	\$24.21
2010 2q	321	9,298,992	1,794,784	19.3%	(501,397)	4	58,754	0	0	\$24.08
2010 1q	317	9,240,238	1,234,633	13.4%	118,992	3	48,271	4	58,754	\$26.21
2009 4q	314	9,191,967	1,305,354	14.2%	52,077	5	190,488	7	107,025	\$25.95
2009 3q	309	9,001,479	1,166,943	13.0%	87,804	8	96,013	12	297,513	\$26.20
2009 2q	301	8,905,466	1,158,734	13.0%	133,385	3	13,884	19	386,026	\$26.39

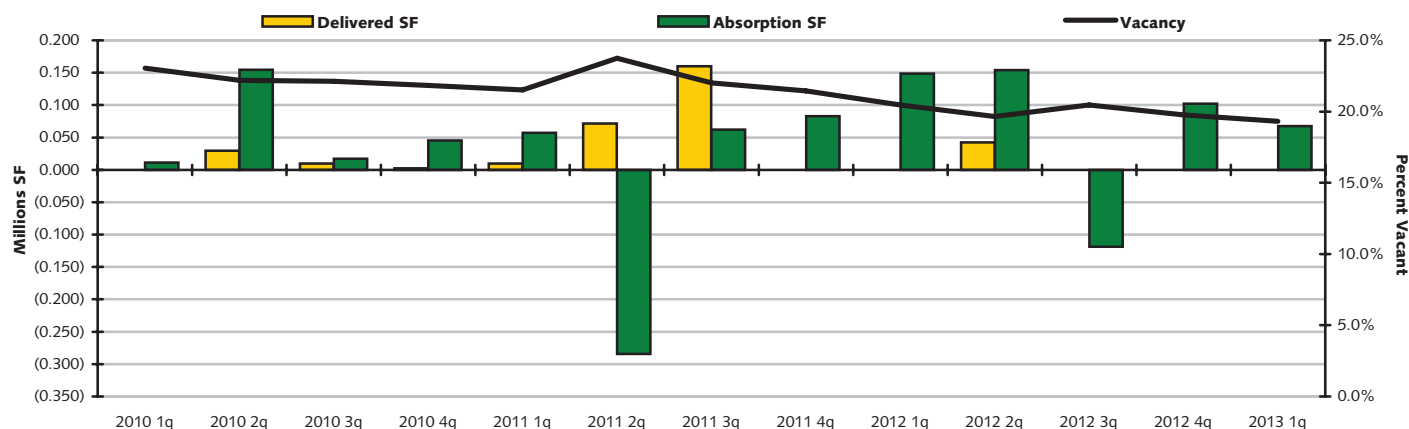
Source: CoStar Property®

HOUSTON OFFICE MARKET

FM 1960 MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

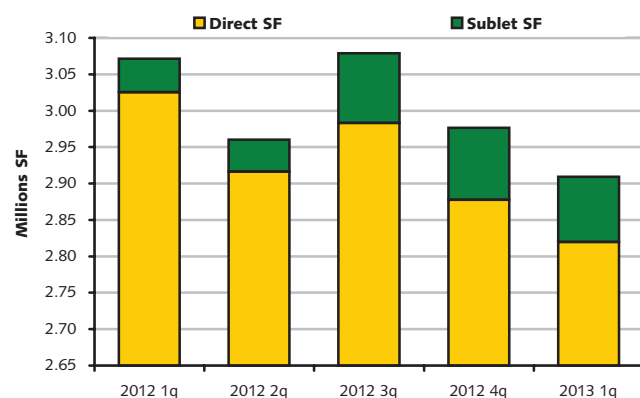
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

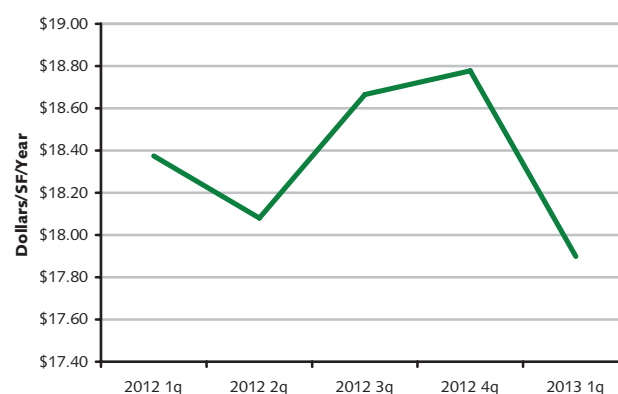
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	671	15,053,602	2,909,107	19.3%	67,428	0	0	2	52,182	\$17.90
2012 4q	671	15,053,602	2,976,535	19.8%	102,332	0	0	1	3,518	\$18.78
2012 3q	671	15,053,602	3,078,867	20.5%	(118,769)	0	0	1	3,518	\$18.67
2012 2q	671	15,053,602	2,960,098	19.7%	154,030	1	42,478	0	0	\$18.08
2012 1q	670	15,011,124	3,071,650	20.5%	148,854	0	0	1	42,478	\$18.37
2011 4q	670	15,011,124	3,220,504	21.5%	82,989	0	0	1	42,478	\$18.74
2011 3q	670	15,011,124	3,303,493	22.0%	61,920	3	159,837	1	42,478	\$18.78
2011 2q	668	15,270,774	3,625,063	23.7%	(284,040)	2	71,559	3	159,837	\$18.27
2011 1q	666	15,199,215	3,269,464	21.5%	57,303	1	9,599	5	231,396	\$19.47
2010 4q	665	15,189,616	3,317,168	21.8%	45,173	1	2,337	6	240,995	\$19.59
2010 3q	664	15,187,279	3,360,004	22.1%	16,972	2	9,558	5	239,495	\$19.67
2010 2q	662	15,177,721	3,367,418	22.2%	154,327	2	29,296	5	177,494	\$20.20
2010 1q	660	15,148,425	3,492,449	23.1%	11,058	0	0	5	41,191	\$20.33
2009 4q	660	15,148,425	3,503,507	23.1%	701,637	2	9,166	2	29,296	\$21.83
2009 3q	658	15,139,259	4,195,978	27.7%	116,234	1	55,468	4	38,462	\$22.14
2009 2q	657	15,083,791	4,256,744	28.2%	49,718	0	0	5	93,930	\$22.39

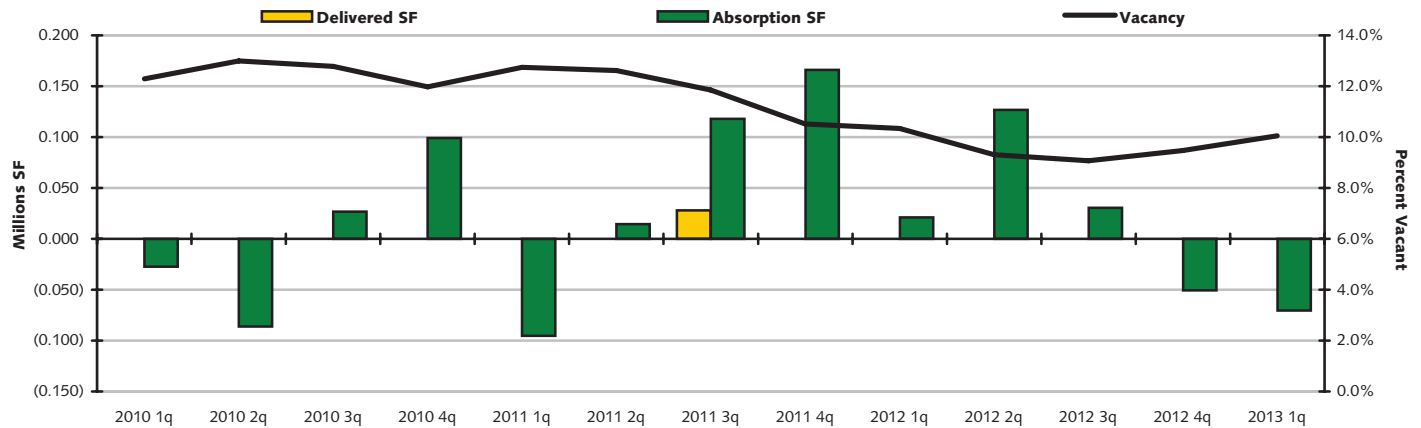
Source: CoStar Property®

HOUSTON OFFICE MARKET

GREENWAY PLAZA MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

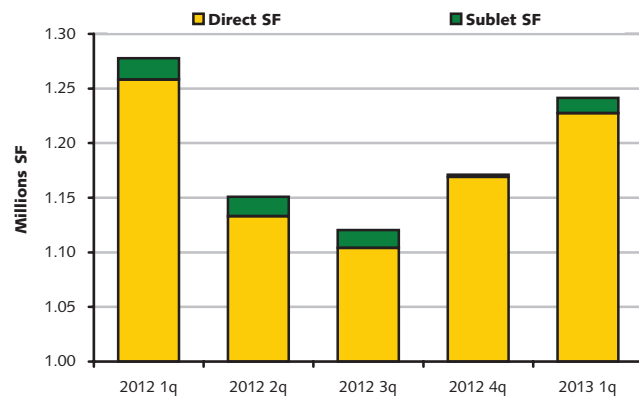
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

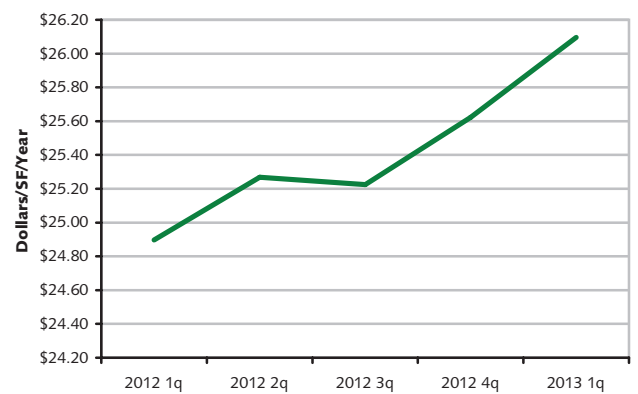
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	241	12,355,006	1,241,414	10.0%	(70,456)	0	0	0	0	\$26.09
2012 4q	241	12,355,006	1,170,958	9.5%	(50,586)	0	0	0	0	\$25.62
2012 3q	241	12,355,006	1,120,372	9.1%	30,393	0	0	0	0	\$25.23
2012 2q	241	12,355,006	1,150,765	9.3%	126,865	0	0	0	0	\$25.27
2012 1q	241	12,355,006	1,277,630	10.3%	21,120	0	0	0	0	\$24.90
2011 4q	241	12,355,006	1,298,750	10.5%	165,962	0	0	0	0	\$24.59
2011 3q	241	12,355,006	1,464,712	11.9%	117,948	1	28,058	0	0	\$24.73
2011 2q	240	12,326,948	1,554,602	12.6%	14,399	0	0	1	28,058	\$24.68
2011 1q	241	12,329,357	1,571,410	12.7%	(95,430)	0	0	1	28,058	\$24.93
2010 4q	241	12,329,357	1,475,980	12.0%	98,942	0	0	1	28,058	\$24.59
2010 3q	241	12,329,357	1,574,922	12.8%	26,612	0	0	1	28,058	\$25.05
2010 2q	241	12,329,357	1,601,534	13.0%	(86,066)	0	0	0	0	\$25.14
2010 1q	241	12,329,357	1,515,468	12.3%	(27,351)	0	0	0	0	\$24.69
2009 4q	241	12,329,357	1,488,117	12.1%	114,163	0	0	0	0	\$25.74
2009 3q	241	12,329,357	1,602,280	13.0%	(59,944)	0	0	0	0	\$26.01
2009 2q	241	12,329,357	1,542,336	12.5%	42,336	1	34,000	0	0	\$26.35

Source: CoStar Property®

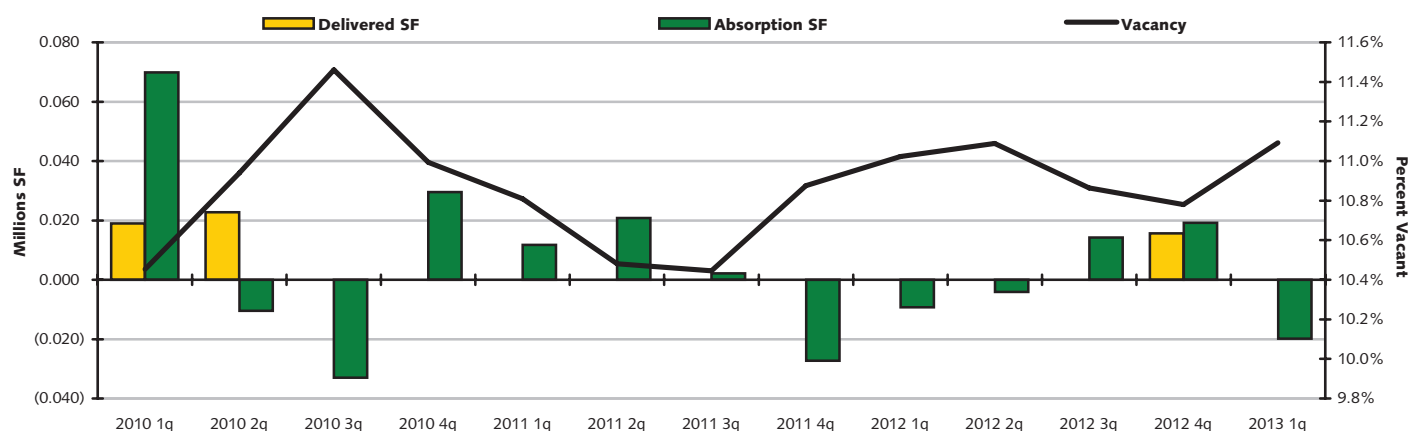
HOUSTON OFFICE MARKET



GULF FREEWAY/PASADENA MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

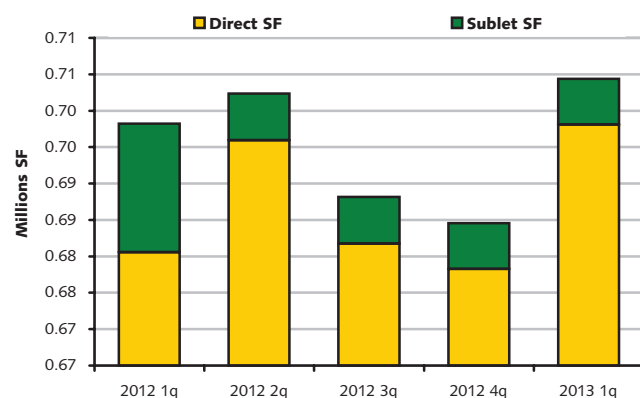
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	448	6,349,854	704,371	11.1%	(19,819)	0	0	0	0	\$18.40
2012 4q	448	6,349,854	684,552	10.8%	19,200	3	15,590	0	0	\$17.94
2012 3q	445	6,334,264	688,162	10.9%	14,199	0	0	3	15,590	\$17.86
2012 2q	445	6,334,264	702,361	11.1%	(4,118)	0	0	3	15,590	\$18.02
2012 1q	445	6,334,264	698,243	11.0%	(9,315)	0	0	3	15,590	\$18.32
2011 4q	445	6,334,264	688,928	10.9%	(27,279)	0	0	0	0	\$18.18
2011 3q	445	6,334,264	661,649	10.4%	2,194	0	0	0	0	\$18.50
2011 2q	445	6,334,264	663,843	10.5%	20,834	0	0	0	0	\$18.59
2011 1q	445	6,334,264	684,677	10.8%	11,728	0	0	0	0	\$18.62
2010 4q	445	6,334,264	696,405	11.0%	29,595	0	0	0	0	\$18.22
2010 3q	445	6,334,264	726,000	11.5%	(33,023)	0	0	0	0	\$18.33
2010 2q	445	6,334,264	692,977	10.9%	(10,472)	1	22,706	0	0	\$18.62
2010 1q	444	6,311,558	659,799	10.5%	69,814	6	18,988	1	22,706	\$18.66
2009 4q	438	6,292,570	710,625	11.3%	82,817	0	0	7	41,694	\$17.02
2009 3q	438	6,292,570	793,442	12.6%	37,841	1	85,200	7	41,694	\$17.33
2009 2q	437	6,207,370	746,083	12.0%	43,283	2	8,703	7	104,188	\$17.60

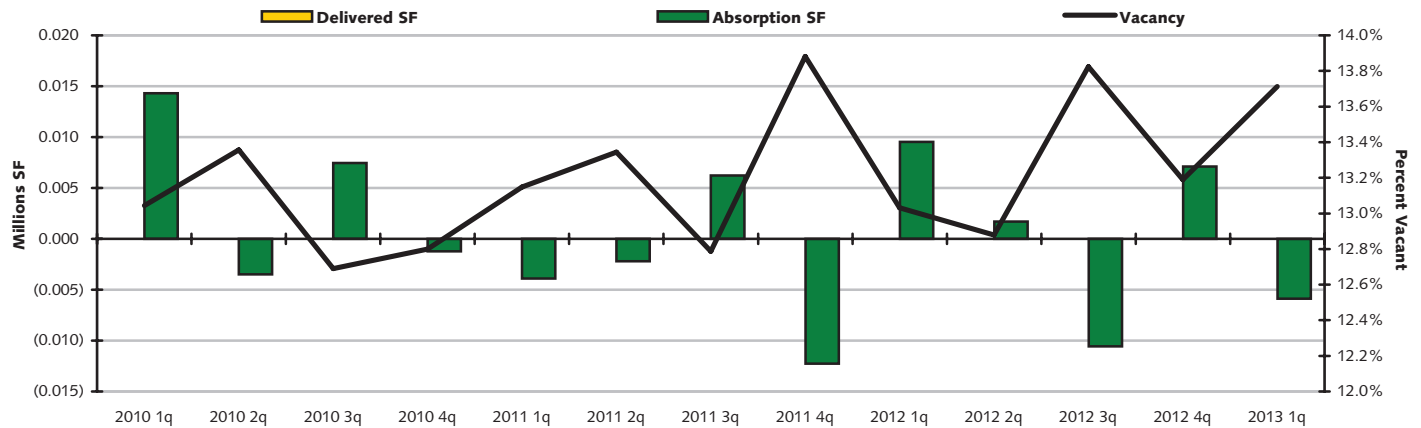
Source: CoStar Property®

HOUSTON OFFICE MARKET

I - 10 EAST MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

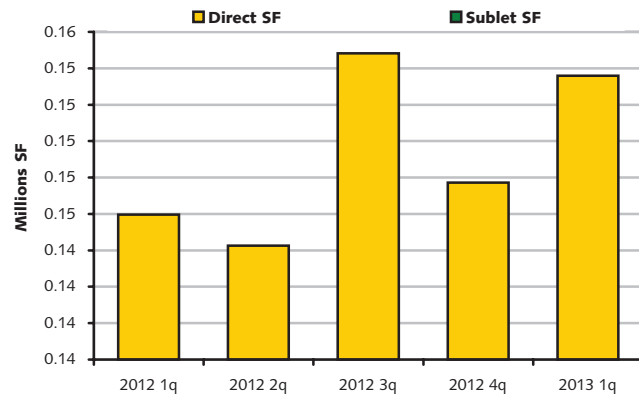
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

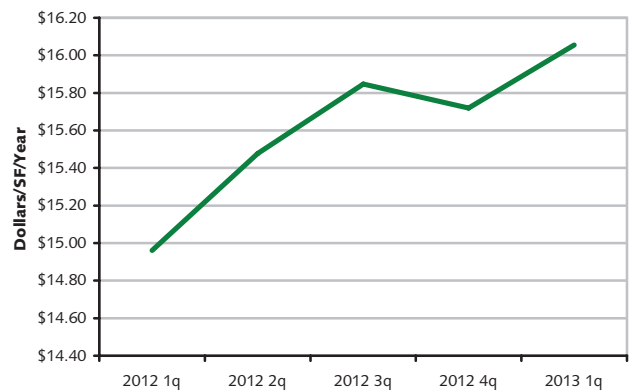
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	99	1,120,047	153,593	13.7%	(5,865)	0	0	0	0	\$16.06
2012 4q	99	1,120,047	147,728	13.2%	7,101	0	0	0	0	\$15.72
2012 3q	99	1,120,047	154,829	13.8%	(10,572)	0	0	0	0	\$15.85
2012 2q	99	1,120,047	144,257	12.9%	1,709	0	0	0	0	\$15.48
2012 1q	99	1,120,047	145,966	13.0%	9,522	0	0	0	0	\$14.96
2011 4q	99	1,120,047	155,488	13.9%	(12,261)	0	0	0	0	\$14.93
2011 3q	99	1,120,047	143,227	12.8%	6,233	0	0	0	0	\$14.65
2011 2q	99	1,120,047	149,460	13.3%	(2,190)	0	0	0	0	\$14.39
2011 1q	99	1,120,047	147,270	13.1%	(3,905)	0	0	0	0	\$14.35
2010 4q	99	1,120,047	143,365	12.8%	(1,222)	0	0	0	0	\$14.07
2010 3q	99	1,120,047	142,143	12.7%	7,465	0	0	0	0	\$14.15
2010 2q	99	1,120,047	149,608	13.4%	(3,500)	0	0	0	0	\$14.27
2010 1q	99	1,120,047	146,108	13.0%	14,294	0	0	0	0	\$14.93
2009 4q	99	1,120,047	160,402	14.3%	(4,985)	1	1,919	0	0	\$15.19
2009 3q	98	1,118,128	153,498	13.7%	(11,680)	0	0	1	1,919	\$15.60
2009 2q	98	1,118,128	141,818	12.7%	19,492	0	0	1	1,919	\$14.85

Source: CoStar Property®

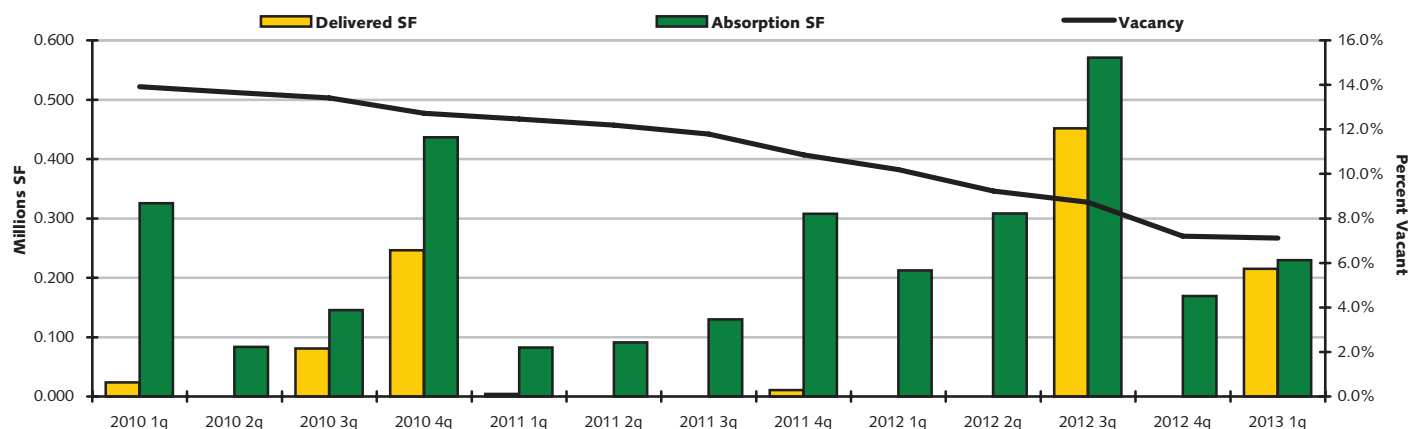
HOUSTON OFFICE MARKET

KATY FREEWAY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



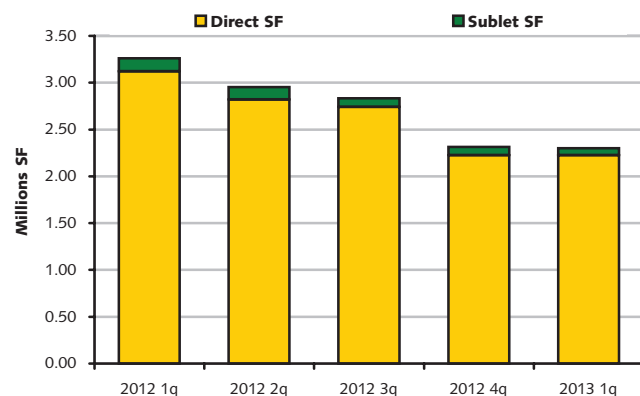
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

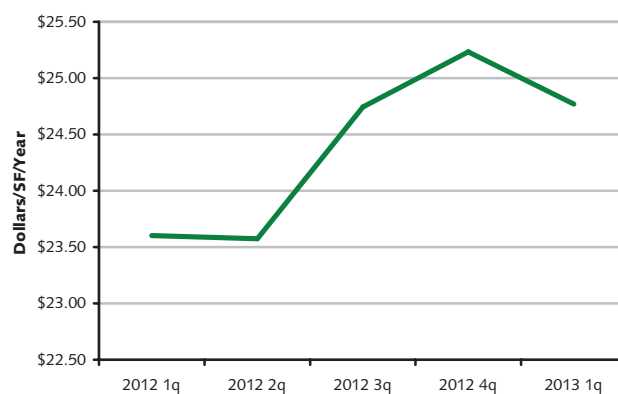
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	517	32,344,493	2,301,182	7.1%	229,515	3	215,091	12	2,766,095	\$24.77
2012 4q	514	32,129,402	2,315,606	7.2%	169,532	0	0	14	2,434,814	\$25.23
2012 3q	515	32,479,076	2,834,812	8.7%	570,693	2	451,724	13	2,113,306	\$24.74
2012 2q	513	32,027,352	2,953,781	9.2%	308,376	0	0	8	1,370,531	\$23.57
2012 1q	513	32,027,352	3,262,157	10.2%	212,527	0	0	6	1,047,940	\$23.60
2011 4q	513	32,027,352	3,474,684	10.8%	308,050	3	10,938	2	451,724	\$23.33
2011 3q	510	32,016,414	3,771,796	11.8%	129,741	0	0	5	462,662	\$23.34
2011 2q	510	32,016,414	3,901,537	12.2%	90,836	0	0	3	10,938	\$22.94
2011 1q	510	32,016,414	3,992,373	12.5%	82,517	1	4,103	3	10,938	\$22.56
2010 4q	509	32,012,311	4,070,787	12.7%	436,540	1	246,400	1	4,103	\$22.81
2010 3q	508	31,765,911	4,260,927	13.4%	145,640	1	80,977	2	250,503	\$22.62
2010 2q	507	31,684,934	4,325,590	13.7%	83,452	0	0	3	331,480	\$22.83
2010 1q	507	31,684,934	4,409,042	13.9%	325,511	7	23,529	2	327,377	\$23.17
2009 4q	500	31,661,405	4,711,024	14.9%	(15,348)	1	305,885	9	350,906	\$23.24
2009 3q	499	31,355,520	4,389,791	14.0%	12,732	4	1,235,133	10	656,791	\$23.19
2009 2q	495	30,120,387	3,167,390	10.5%	653,010	6	757,345	13	1,810,947	\$23.41

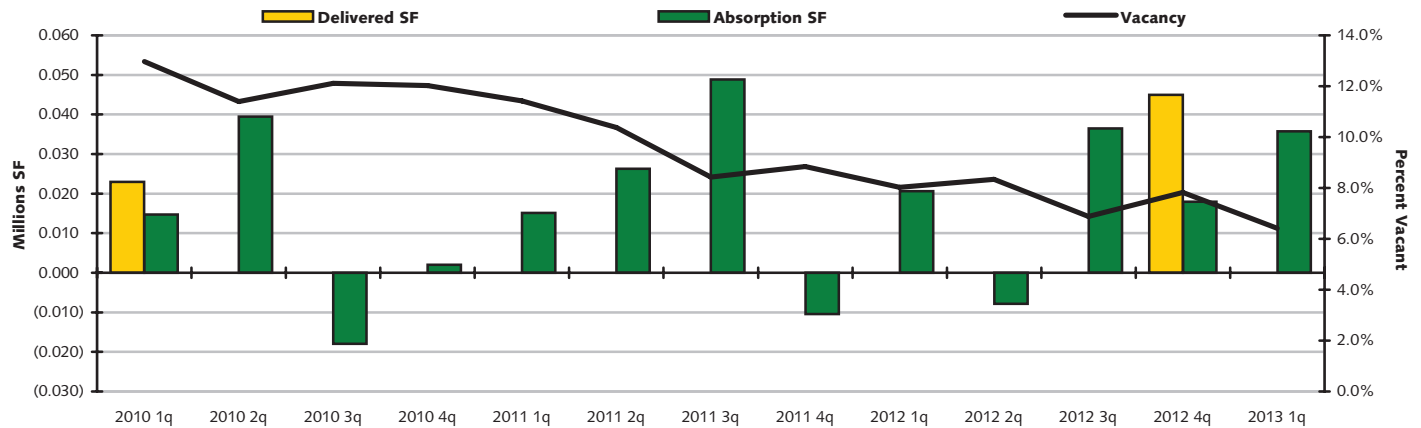
Source: CoStar Property®

HOUSTON OFFICE MARKET

KINGWOOD/HUMBLE MARKET

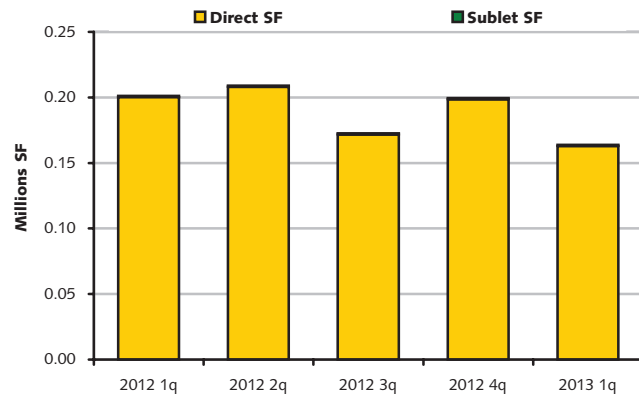
MARKET HIGHLIGHTS – CLASS "A, B & C"

DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



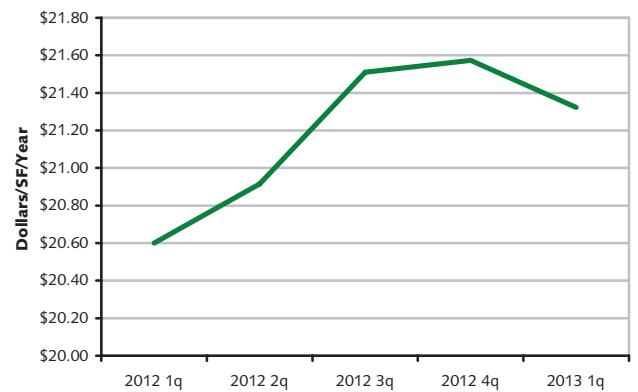
Source: CoStar Property®

VACANT SPACE Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	152	2,552,271	163,807	6.4%	35,762	0	0	0	0	\$21.32
2012 4q	152	2,552,271	199,569	7.8%	17,951	1	45,000	0	0	\$21.57
2012 3q	151	2,507,271	172,520	6.9%	36,467	0	0	1	45,000	\$21.51
2012 2q	151	2,507,271	208,987	8.3%	(7,838)	0	0	1	45,000	\$20.92
2012 1q	151	2,507,271	201,149	8.0%	20,616	0	0	1	45,000	\$20.60
2011 4q	151	2,507,271	221,765	8.8%	(10,451)	0	0	0	0	\$20.51
2011 3q	151	2,507,271	211,314	8.4%	48,833	0	0	0	0	\$20.78
2011 2q	151	2,507,271	260,147	10.4%	26,307	0	0	0	0	\$19.40
2011 1q	151	2,507,271	286,454	11.4%	15,122	0	0	0	0	\$19.49
2010 4q	151	2,507,271	301,576	12.0%	1,999	0	0	0	0	\$19.66
2010 3q	151	2,507,271	303,575	12.1%	(17,988)	0	0	0	0	\$19.89
2010 2q	151	2,507,271	285,587	11.4%	39,431	0	0	0	0	\$20.30
2010 1q	151	2,507,271	325,018	13.0%	14,730	1	22,929	0	0	\$20.32
2009 4q	150	2,484,342	316,819	12.8%	(7,714)	0	0	1	22,929	\$20.32
2009 3q	150	2,484,342	309,105	12.4%	16,056	0	0	1	22,929	\$20.34
2009 2q	150	2,484,342	325,161	13.1%	3,117	6	26,400	1	22,929	\$21.03

Source: CoStar Property®

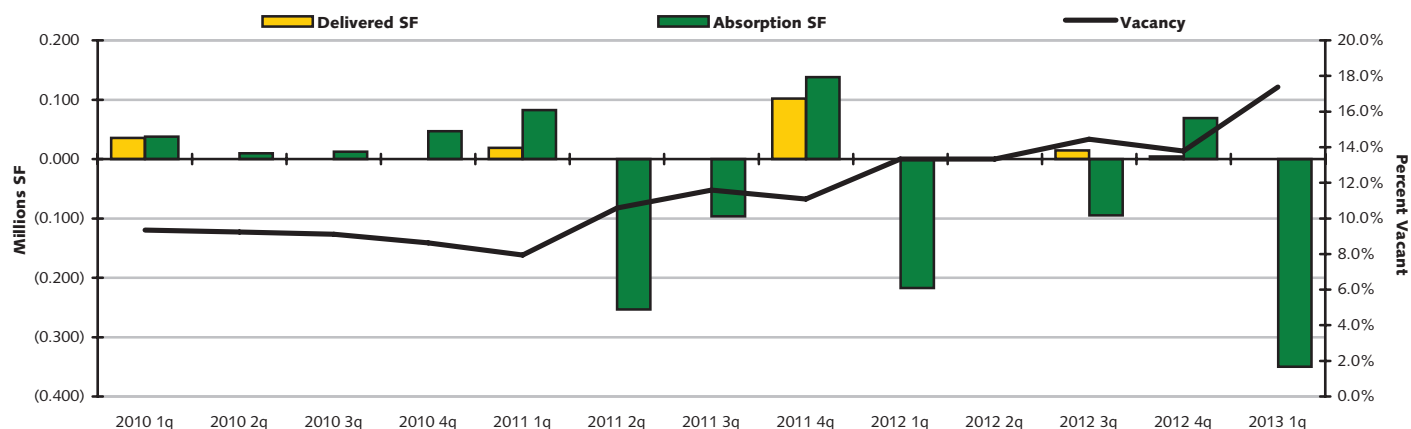
HOUSTON OFFICE MARKET

NASA/CLEAR LAKE MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



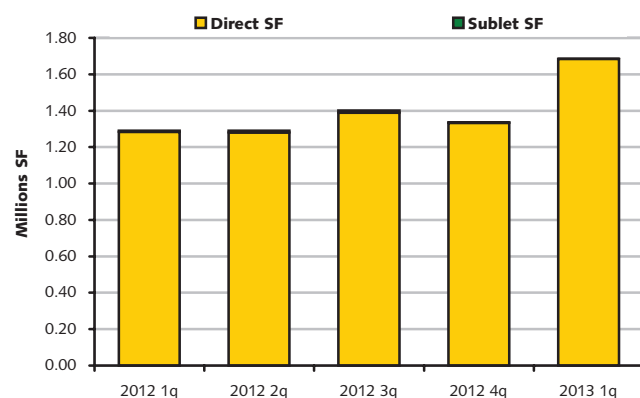
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

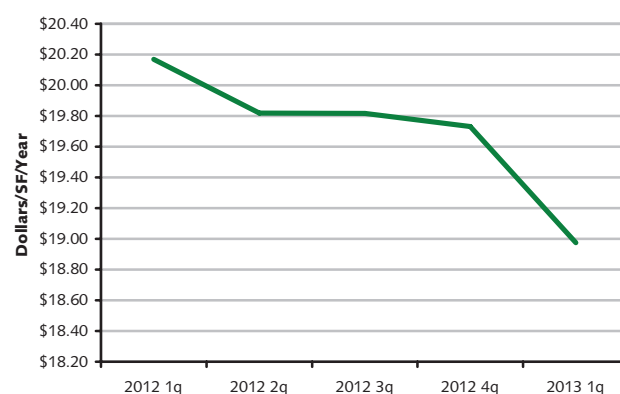
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	453	9,697,690	1,685,800	17.4%	(349,995)	0	0	0	0	\$18.97
2012 4q	453	9,697,690	1,335,805	13.8%	69,136	1	4,495	0	0	\$19.73
2012 3q	452	9,693,195	1,400,446	14.4%	(94,726)	1	14,701	1	4,495	\$19.82
2012 2q	451	9,678,494	1,291,019	13.3%	17	0	0	2	19,196	\$19.82
2012 1q	451	9,678,494	1,291,036	13.3%	(217,236)	0	0	2	19,196	\$20.17
2011 4q	451	9,678,494	1,073,800	11.1%	138,129	1	102,000	1	14,701	\$20.46
2011 3q	450	9,576,494	1,109,929	11.6%	(96,549)	0	0	1	102,000	\$20.42
2011 2q	450	9,576,494	1,013,380	10.6%	(253,292)	0	0	1	102,000	\$20.41
2011 1q	450	9,576,494	760,088	7.9%	82,246	3	18,715	1	102,000	\$20.26
2010 4q	447	9,557,779	823,619	8.6%	47,118	0	0	3	18,715	\$19.78
2010 3q	447	9,557,779	870,737	9.1%	12,392	0	0	3	18,715	\$20.04
2010 2q	447	9,557,779	883,129	9.2%	9,631	0	0	3	18,715	\$19.98
2010 1q	447	9,557,779	892,760	9.3%	37,651	3	35,586	0	0	\$20.33
2009 4q	444	9,522,193	894,825	9.4%	73,122	4	34,820	3	35,586	\$20.48
2009 3q	440	9,487,373	933,127	9.8%	73,441	2	51,240	7	70,406	\$20.57
2009 2q	438	9,436,133	955,328	10.1%	18,711	0	0	9	121,646	\$20.93

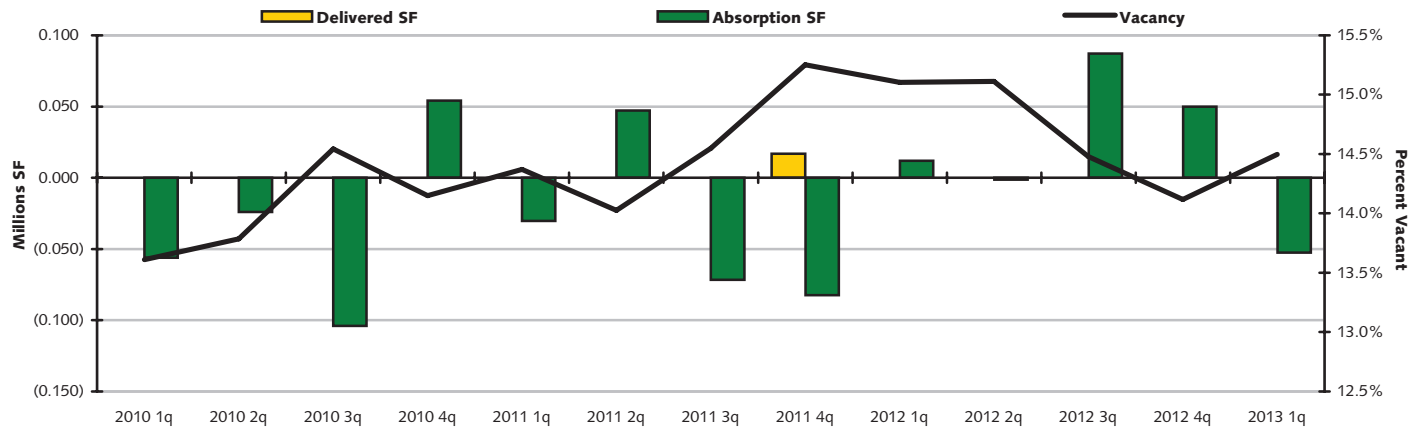
Source: CoStar Property®

HOUSTON OFFICE MARKET

NORTH BELT MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

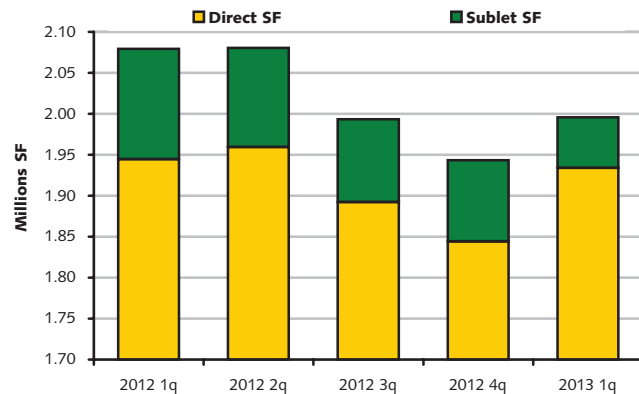
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

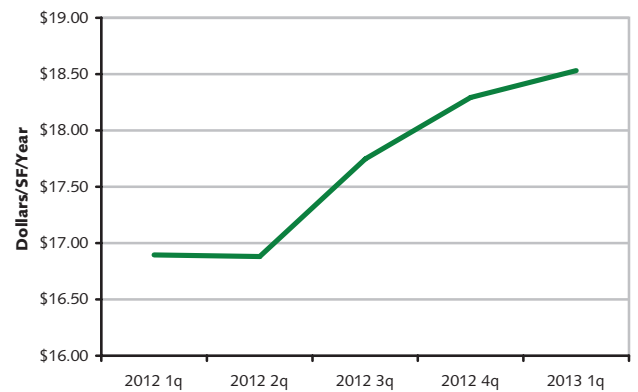
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	179	13,766,464	1,995,847	14.5%	(52,542)	0	0	1	100,000	\$18.53
2012 4q	179	13,766,464	1,943,305	14.1%	49,991	0	0	1	100,000	\$18.29
2012 3q	179	13,766,464	1,993,296	14.5%	87,167	0	0	1	100,000	\$17.75
2012 2q	179	13,766,464	2,080,463	15.1%	(1,350)	0	0	1	100,000	\$16.88
2012 1q	179	13,766,464	2,079,113	15.1%	12,026	0	0	1	100,000	\$16.89
2011 4q	180	13,776,453	2,101,128	15.3%	(82,439)	1	17,000	1	100,000	\$16.40
2011 3q	179	13,759,453	2,001,689	14.5%	(71,703)	0	0	2	117,000	\$16.08
2011 2q	179	13,759,453	1,929,986	14.0%	47,152	0	0	2	117,000	\$16.25
2011 1q	179	13,759,453	1,977,138	14.4%	(30,218)	0	0	2	117,000	\$15.98
2010 4q	179	13,759,453	1,946,920	14.1%	54,069	0	0	1	100,000	\$15.89
2010 3q	179	13,759,453	2,000,989	14.5%	(104,034)	0	0	1	100,000	\$15.90
2010 2q	179	13,759,453	1,896,955	13.8%	(24,081)	0	0	1	100,000	\$16.14
2010 1q	179	13,759,453	1,872,874	13.6%	(56,059)	0	0	1	100,000	\$16.60
2009 4q	179	13,759,453	1,816,815	13.2%	100,368	0	0	0	0	\$16.80
2009 3q	179	13,759,453	1,917,183	13.9%	(240,974)	0	0	0	0	\$17.32
2009 2q	179	13,759,453	1,676,209	12.2%	(51,328)	1	63,594	0	0	\$17.30

Source: CoStar Property®

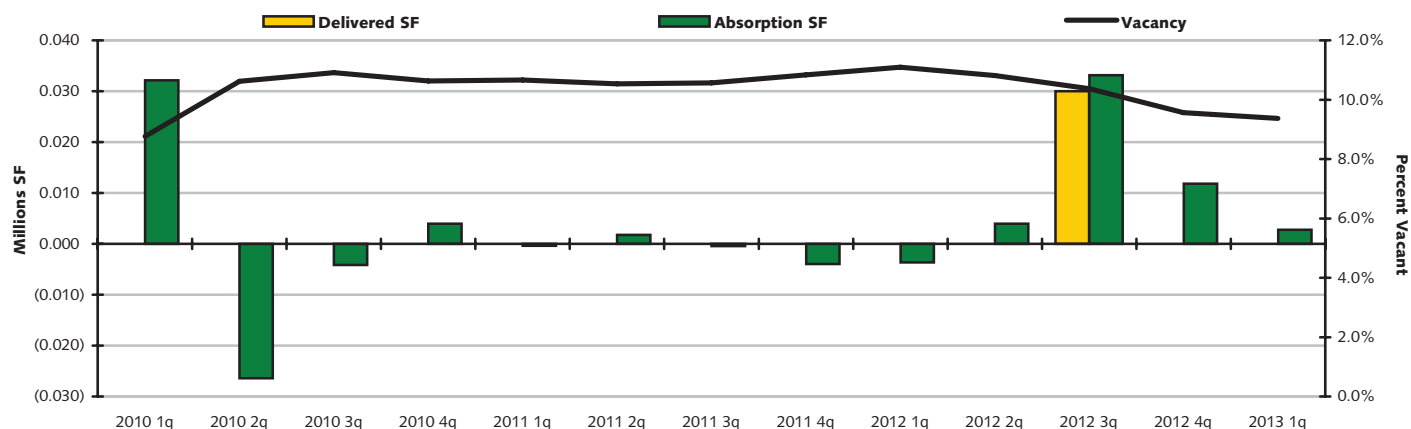
HOUSTON OFFICE MARKET

NORTHEAST NEAR MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



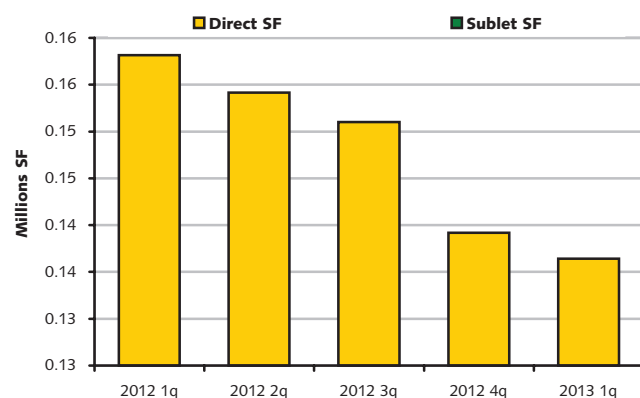
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

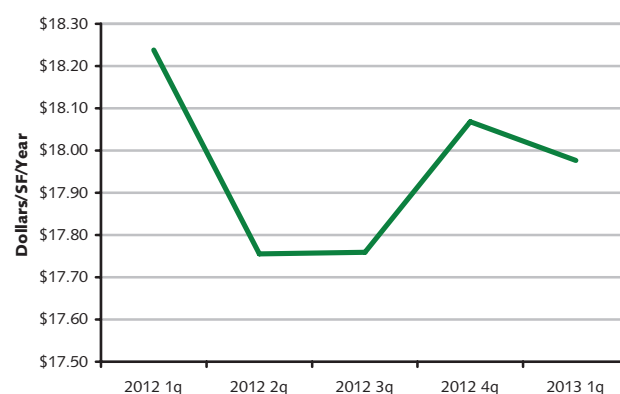
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	111	1,455,955	136,409	9.4%	2,761	0	0	0	0	\$17.98
2012 4q	111	1,455,955	139,170	9.6%	11,852	0	0	0	0	\$18.07
2012 3q	111	1,455,955	151,022	10.4%	33,148	1	30,000	0	0	\$17.76
2012 2q	110	1,425,955	154,170	10.8%	3,992	0	0	1	30,000	\$17.75
2012 1q	110	1,425,955	158,162	11.1%	(3,617)	0	0	1	30,000	\$18.24
2011 4q	110	1,425,955	154,545	10.8%	(3,939)	0	0	1	30,000	\$18.16
2011 3q	110	1,425,955	150,606	10.6%	(417)	0	0	0	0	\$18.30
2011 2q	110	1,425,955	150,189	10.5%	1,791	0	0	0	0	\$17.63
2011 1q	110	1,425,955	151,980	10.7%	(385)	0	0	0	0	\$17.78
2010 4q	110	1,425,955	151,595	10.6%	3,947	0	0	0	0	\$18.08
2010 3q	110	1,425,955	155,542	10.9%	(4,132)	0	0	0	0	\$17.65
2010 2q	110	1,425,955	151,410	10.6%	(26,394)	0	0	0	0	\$16.51
2010 1q	110	1,425,955	125,016	8.8%	32,161	0	0	0	0	\$16.76
2009 4q	110	1,425,955	157,177	11.0%	1,696	0	0	0	0	\$16.83
2009 3q	110	1,425,955	158,873	11.1%	18,867	0	0	0	0	\$16.83
2009 2q	110	1,425,955	177,740	12.5%	31,677	1	8,000	0	0	\$16.84

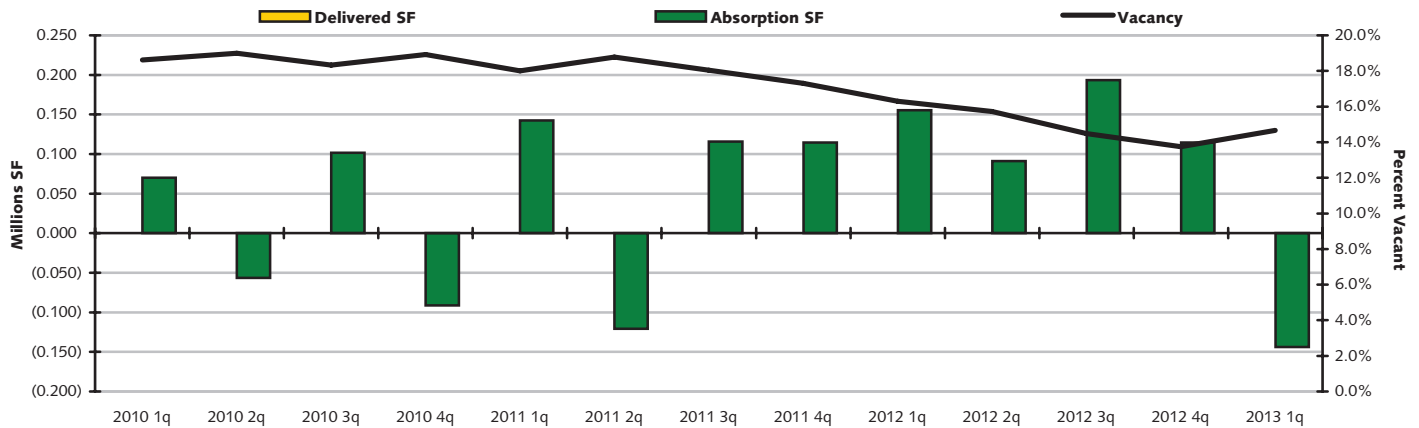
Source: CoStar Property®

HOUSTON OFFICE MARKET

NORTHWEST MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

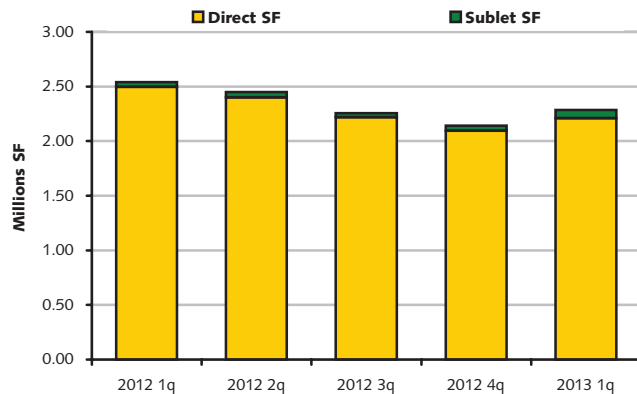
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

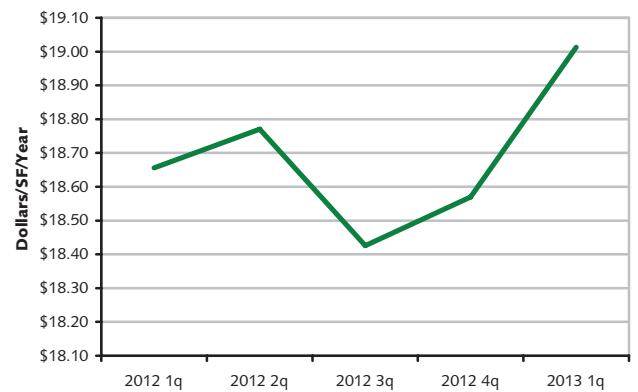
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	418	15,585,750	2,285,612	14.7%	(143,773)	0	0	1	159,056	\$19.01
2012 4q	418	15,585,750	2,141,839	13.7%	114,651	0	0	1	159,056	\$18.57
2012 3q	418	15,585,750	2,256,490	14.5%	193,481	0	0	1	159,056	\$18.43
2012 2q	418	15,585,750	2,449,971	15.7%	90,982	0	0	1	159,056	\$18.77
2012 1q	418	15,585,750	2,540,953	16.3%	155,582	0	0	0	0	\$18.66
2011 4q	418	15,585,750	2,696,535	17.3%	114,396	0	0	0	0	\$17.70
2011 3q	418	15,585,750	2,810,931	18.0%	115,862	0	0	0	0	\$17.81
2011 2q	418	15,585,750	2,926,793	18.8%	(120,628)	0	0	0	0	\$18.19
2011 1q	418	15,585,750	2,806,165	18.0%	142,554	0	0	0	0	\$19.12
2010 4q	418	15,585,750	2,948,719	18.9%	(91,074)	0	0	0	0	\$19.32
2010 3q	418	15,585,750	2,857,645	18.3%	101,434	0	0	0	0	\$19.21
2010 2q	418	15,585,750	2,959,079	19.0%	(56,324)	0	0	0	0	\$19.28
2010 1q	418	15,585,750	2,902,755	18.6%	70,028	0	0	0	0	\$19.27
2009 4q	418	15,585,750	2,972,783	19.1%	(105,807)	3	271,935	0	0	\$18.93
2009 3q	415	15,313,815	2,595,041	16.9%	31,610	0	0	3	271,935	\$18.70
2009 2q	415	15,313,815	2,626,651	17.2%	200,571	2	243,223	3	271,935	\$18.76

Source: CoStar Property®

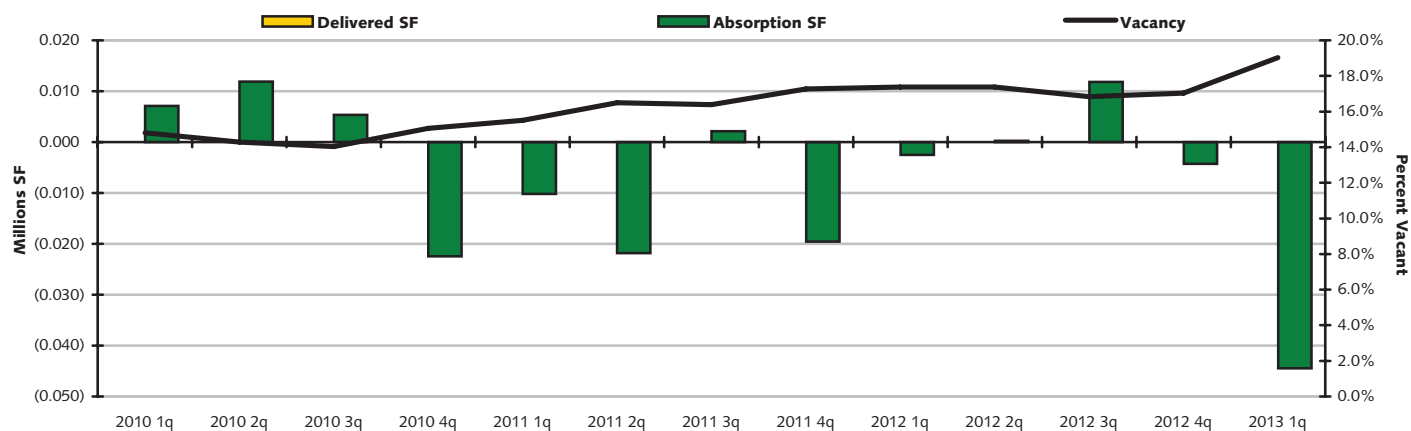
HOUSTON OFFICE MARKET



RICHMOND/FOUNTAINVIEW MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

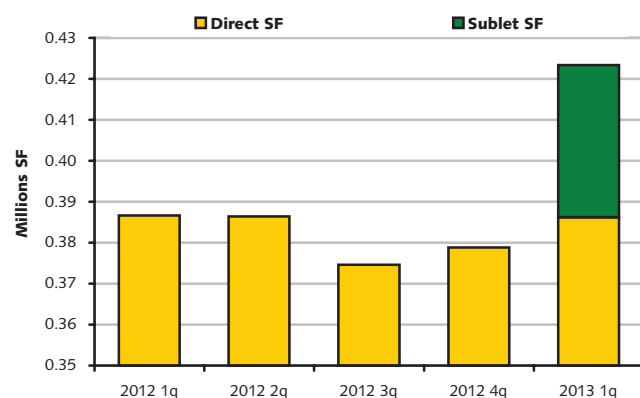
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	112	2,224,171	423,351	19.0%	(44,487)	0	0	0	0	\$14.54
2012 4q	112	2,224,171	378,864	17.0%	(4,275)	0	0	0	0	\$15.40
2012 3q	112	2,224,171	374,589	16.8%	11,813	0	0	0	0	\$15.48
2012 2q	112	2,224,171	386,402	17.4%	253	0	0	0	0	\$15.48
2012 1q	112	2,224,171	386,655	17.4%	(2,540)	0	0	0	0	\$18.07
2011 4q	112	2,224,171	384,115	17.3%	(19,544)	0	0	0	0	\$15.49
2011 3q	112	2,224,171	364,571	16.4%	2,145	0	0	0	0	\$15.67
2011 2q	112	2,224,171	366,716	16.5%	(21,822)	0	0	0	0	\$15.17
2011 1q	112	2,224,171	344,894	15.5%	(10,158)	0	0	0	0	\$15.36
2010 4q	112	2,224,171	334,736	15.0%	(22,454)	0	0	0	0	\$15.34
2010 3q	112	2,224,171	312,282	14.0%	5,349	0	0	0	0	\$15.72
2010 2q	112	2,224,171	317,631	14.3%	11,892	0	0	0	0	\$14.74
2010 1q	112	2,224,171	329,523	14.8%	7,078	0	0	0	0	\$14.52
2009 4q	112	2,224,171	336,601	15.1%	3,773	0	0	0	0	\$14.43
2009 3q	112	2,224,171	340,374	15.3%	11,302	0	0	0	0	\$14.61
2009 2q	112	2,224,171	351,676	15.8%	94	0	0	0	0	\$14.73

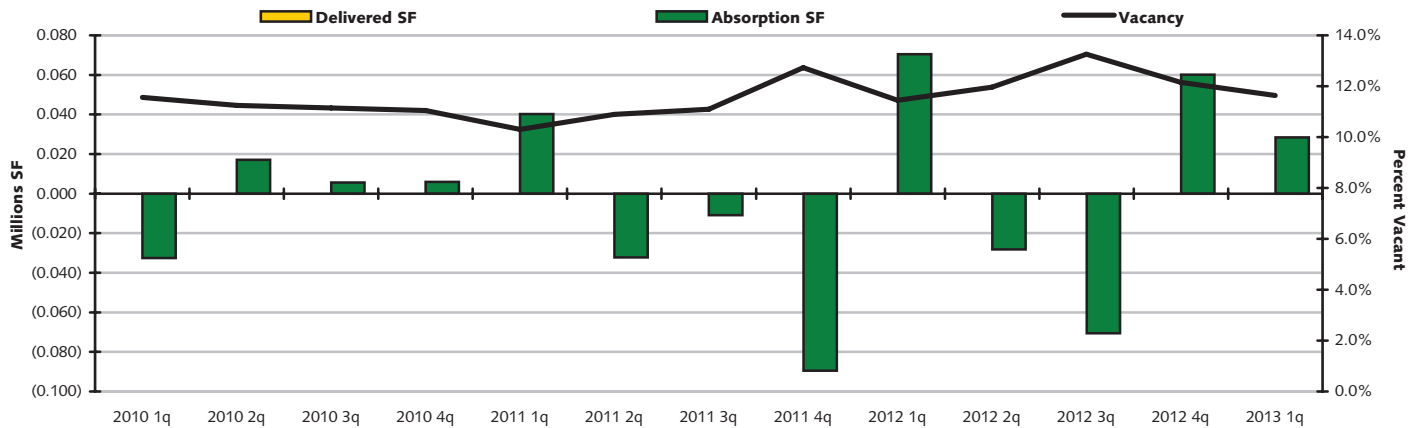
Source: CoStar Property®

HOUSTON OFFICE MARKET

SAN FELIPE/VOSS MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

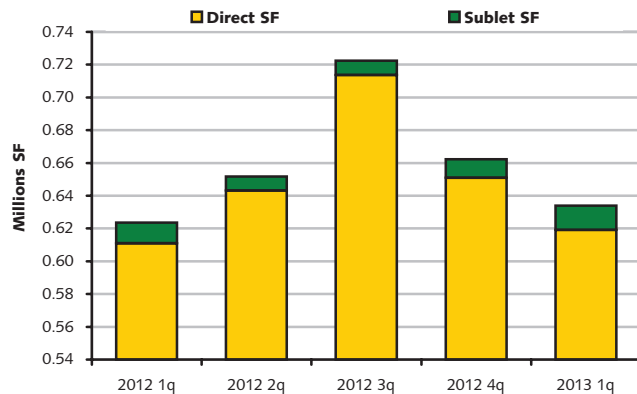
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

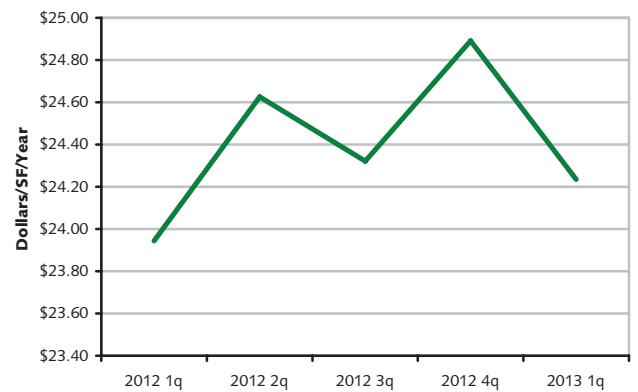
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	51	5,450,134	633,855	11.6%	28,381	0	0	0	0	\$24.24
2012 4q	51	5,450,134	662,236	12.2%	60,169	0	0	0	0	\$24.89
2012 3q	51	5,450,134	722,405	13.3%	(70,645)	0	0	0	0	\$24.32
2012 2q	51	5,450,134	651,760	12.0%	(28,138)	0	0	0	0	\$24.63
2012 1q	51	5,450,134	623,622	11.4%	70,488	0	0	0	0	\$23.94
2011 4q	51	5,450,134	694,110	12.7%	(89,426)	0	0	0	0	\$23.90
2011 3q	51	5,450,134	604,684	11.1%	(10,958)	0	0	0	0	\$24.04
2011 2q	51	5,450,134	593,726	10.9%	(32,306)	0	0	0	0	\$23.62
2011 1q	51	5,450,134	561,420	10.3%	40,201	0	0	0	0	\$23.05
2010 4q	51	5,450,134	601,621	11.0%	5,967	0	0	0	0	\$23.09
2010 3q	51	5,450,134	607,588	11.1%	5,598	0	0	0	0	\$23.09
2010 2q	51	5,450,134	613,186	11.3%	17,039	0	0	0	0	\$22.58
2010 1q	51	5,450,134	630,225	11.6%	(32,561)	0	0	0	0	\$22.62
2009 4q	51	5,450,134	597,664	11.0%	5,359	0	0	0	0	\$22.65
2009 3q	51	5,450,134	603,023	11.1%	(75,018)	0	0	0	0	\$23.11
2009 2q	51	5,450,134	528,005	9.7%	23,762	0	0	0	0	\$23.50

Source: CoStar Property®

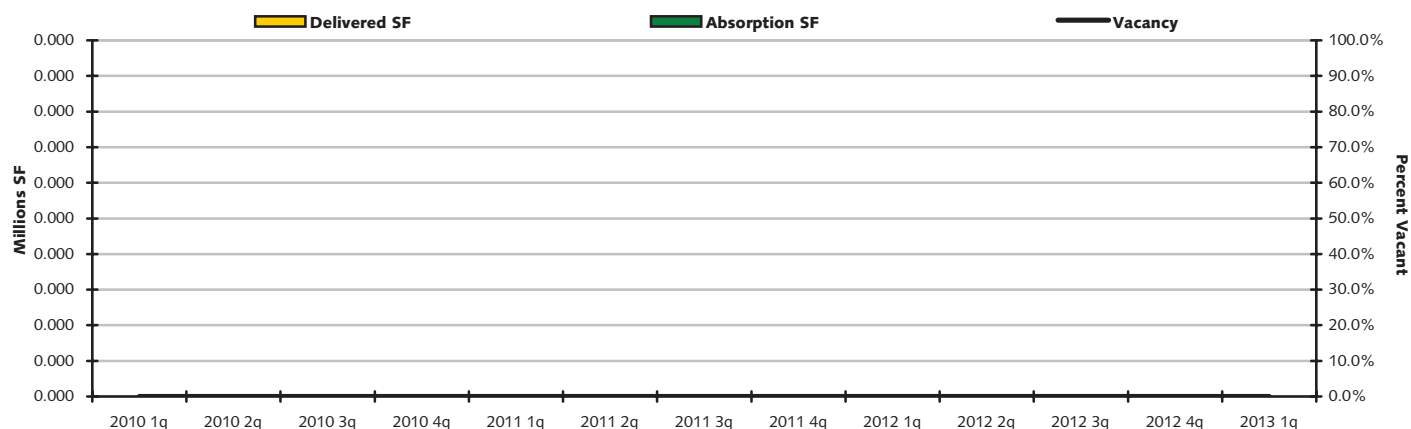
HOUSTON OFFICE MARKET



SAN JACINTO COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

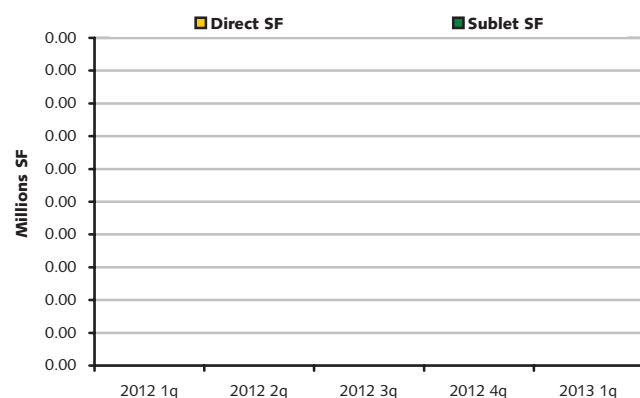
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2012 4q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2012 3q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2012 2q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2012 1q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2011 4q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2011 3q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2011 2q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2011 1q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2010 4q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2010 3q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2010 2q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2010 1q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2009 4q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2009 3q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00
2009 2q	1	27,261	0	0.0%	0	0	0	0	0	\$0.00

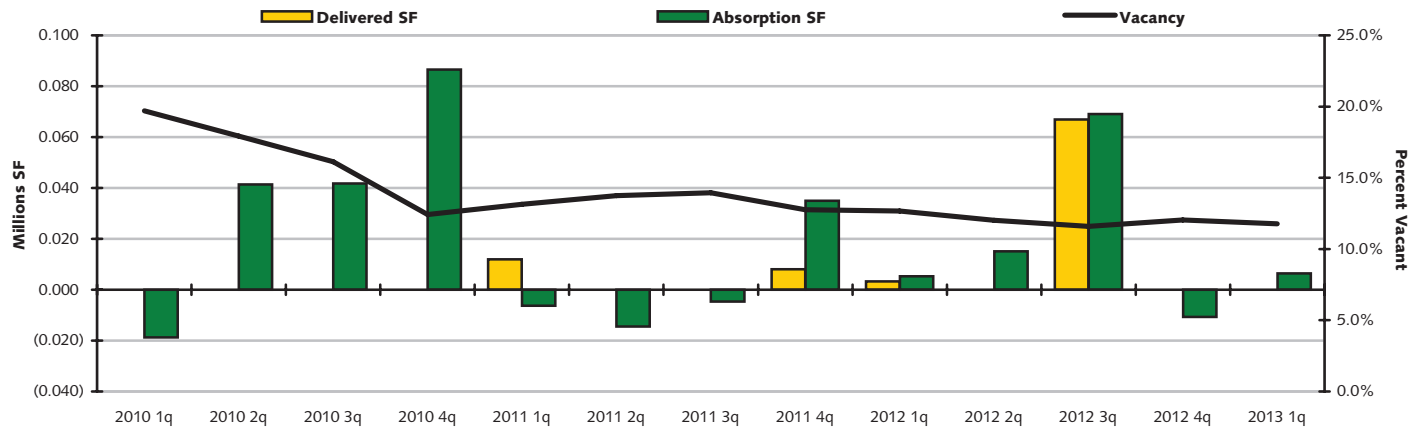
Source: CoStar Property®

HOUSTON OFFICE MARKET

SOUTH MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

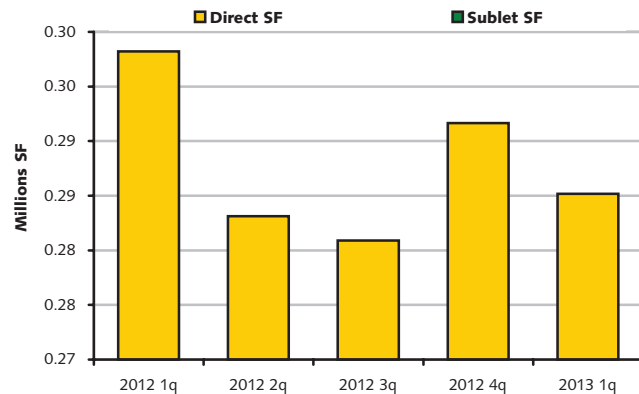
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

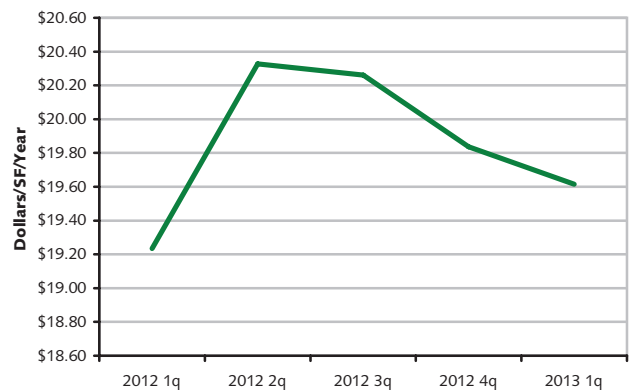
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	192	2,421,994	285,190	11.8%	6,453	0	0	3	226,690	\$19.62
2012 4q	192	2,421,994	291,643	12.0%	(10,730)	0	0	3	226,690	\$19.84
2012 3q	192	2,421,994	280,913	11.6%	69,099	4	66,887	2	172,434	\$20.26
2012 2q	188	2,355,107	283,125	12.0%	15,091	0	0	6	239,321	\$20.33
2012 1q	188	2,355,107	298,216	12.7%	5,320	1	3,331	4	66,887	\$19.23
2011 4q	187	2,351,776	300,205	12.8%	34,988	1	8,067	5	70,218	\$19.58
2011 3q	186	2,343,709	327,126	14.0%	(4,712)	0	0	3	55,977	\$19.67
2011 2q	186	2,343,709	322,414	13.8%	(14,408)	0	0	2	11,398	\$19.76
2011 1q	186	2,343,709	308,006	13.1%	(6,343)	1	11,987	1	8,067	\$19.61
2010 4q	185	2,331,722	289,676	12.4%	86,560	0	0	1	11,987	\$20.49
2010 3q	185	2,331,722	376,236	16.1%	41,781	0	0	1	11,987	\$21.67
2010 2q	185	2,331,722	418,017	17.9%	41,335	0	0	1	11,987	\$21.15
2010 1q	185	2,331,722	459,352	19.7%	(18,791)	0	0	0	0	\$21.01
2009 4q	185	2,331,722	440,561	18.9%	33,344	0	0	0	0	\$21.96
2009 3q	185	2,331,722	473,905	20.3%	69,032	1	80,000	0	0	\$22.45
2009 2q	184	2,251,722	462,937	20.6%	(66,976)	0	0	1	80,000	\$22.10

Source: CoStar Property®

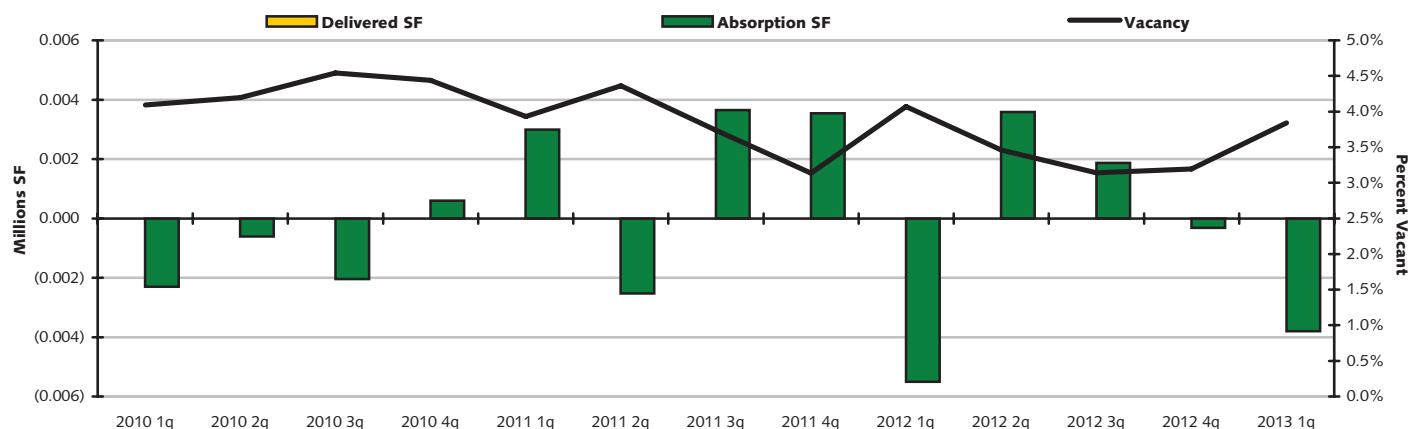
HOUSTON OFFICE MARKET

SOUTH HWY 35 MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



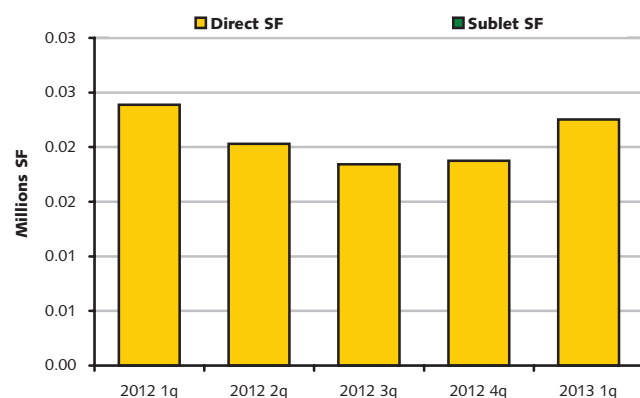
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

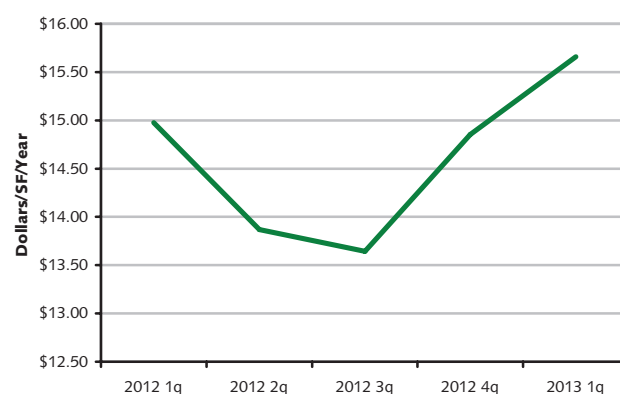
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	97	586,628	22,543	3.8%	(3,796)	0	0	0	0	\$15.66
2012 4q	97	586,628	18,747	3.2%	(317)	0	0	0	0	\$14.85
2012 3q	97	586,628	18,430	3.1%	1,875	0	0	0	0	\$13.64
2012 2q	97	586,628	20,305	3.5%	3,584	0	0	0	0	\$13.87
2012 1q	97	586,628	23,889	4.1%	(5,500)	0	0	0	0	\$14.98
2011 4q	97	586,628	18,389	3.1%	3,546	0	0	0	0	\$14.98
2011 3q	97	586,628	21,935	3.7%	3,650	0	0	0	0	\$14.56
2011 2q	97	586,628	25,585	4.4%	(2,532)	0	0	0	0	\$14.57
2011 1q	97	586,628	23,053	3.9%	2,997	0	0	0	0	\$15.07
2010 4q	97	586,628	26,050	4.4%	600	0	0	0	0	\$15.16
2010 3q	97	586,628	26,650	4.5%	(2,044)	0	0	0	0	\$15.16
2010 2q	97	586,628	24,606	4.2%	(605)	0	0	0	0	\$14.88
2010 1q	97	586,628	24,001	4.1%	(2,300)	0	0	0	0	\$15.91
2009 4q	97	586,628	21,701	3.7%	6,196	1	4,021	0	0	\$17.05
2009 3q	96	582,607	23,876	4.1%	(2,851)	0	0	1	4,021	\$11.50
2009 2q	96	582,607	21,025	3.6%	(4,800)	0	0	1	4,021	\$10.25

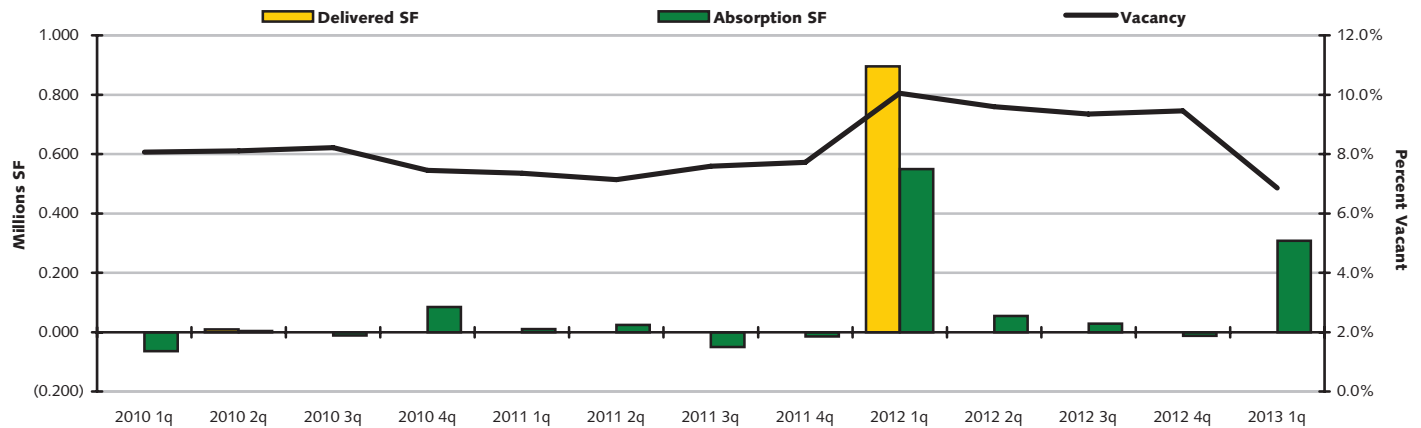
Source: CoStar Property®

HOUSTON OFFICE MARKET

SOUTH MAIN/MEDICAL CENTER MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

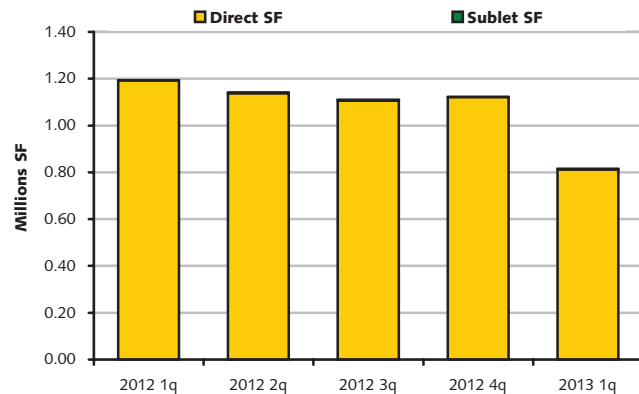
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

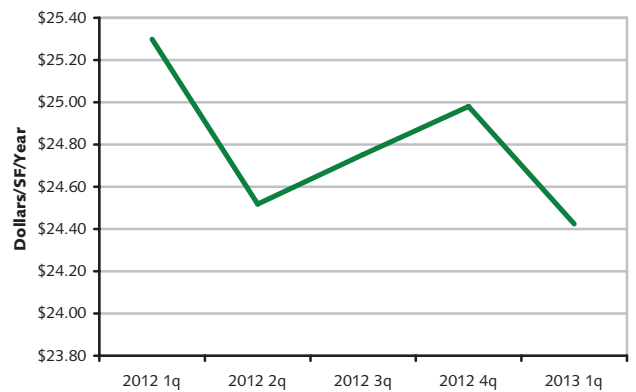
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	219	11,876,082	814,506	6.9%	308,290	0	0	0	0	\$24.42
2012 4q	219	11,876,082	1,122,796	9.5%	(12,080)	0	0	0	0	\$24.98
2012 3q	219	11,876,082	1,110,716	9.4%	28,940	0	0	0	0	\$24.75
2012 2q	219	11,876,082	1,139,656	9.6%	54,190	0	0	0	0	\$24.52
2012 1q	219	11,876,082	1,193,846	10.1%	549,447	1	895,612	0	0	\$25.30
2011 4q	218	10,980,470	847,681	7.7%	(14,803)	0	0	1	895,612	\$24.95
2011 3q	218	10,980,470	832,878	7.6%	(49,636)	0	0	1	895,612	\$24.76
2011 2q	218	10,980,470	783,242	7.1%	23,948	0	0	1	895,612	\$24.95
2011 1q	218	10,980,470	807,190	7.4%	10,589	0	0	1	895,612	\$23.68
2010 4q	218	10,980,470	817,779	7.4%	84,137	0	0	1	895,612	\$23.70
2010 3q	218	10,980,470	901,916	8.2%	(11,285)	0	0	1	895,612	\$24.40
2010 2q	218	10,980,470	890,631	8.1%	3,403	1	9,646	1	895,612	\$24.07
2010 1q	217	10,970,824	884,388	8.1%	(64,515)	0	0	2	905,258	\$24.11
2009 4q	217	10,970,824	819,873	7.5%	65,388	1	21,324	2	905,258	\$24.28
2009 3q	216	10,949,500	863,937	7.9%	72,872	0	0	2	916,936	\$24.39
2009 2q	216	10,949,500	936,809	8.6%	53,310	0	0	2	916,936	\$24.05

Source: CoStar Property®

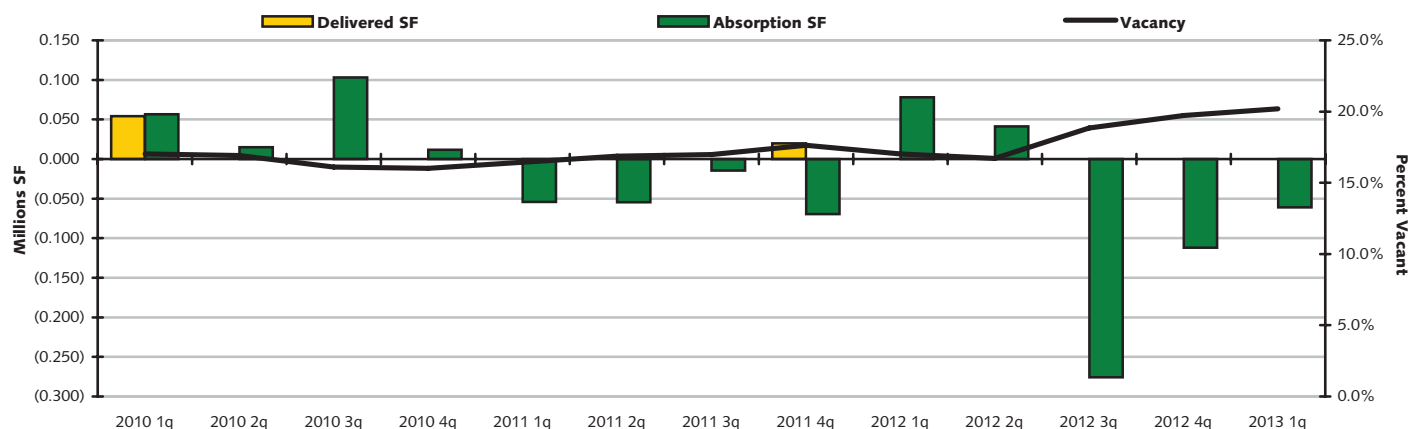
HOUSTON OFFICE MARKET

SOUTHWEST MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



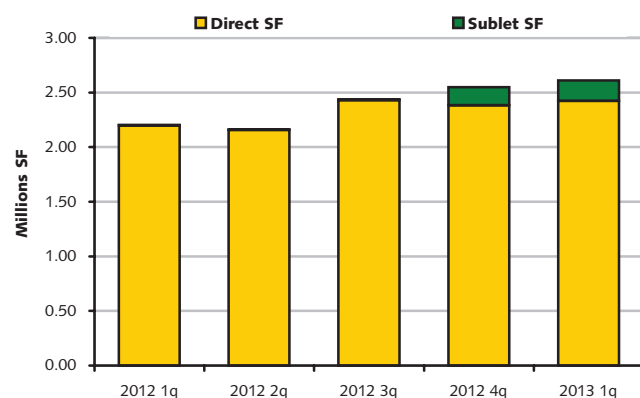
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

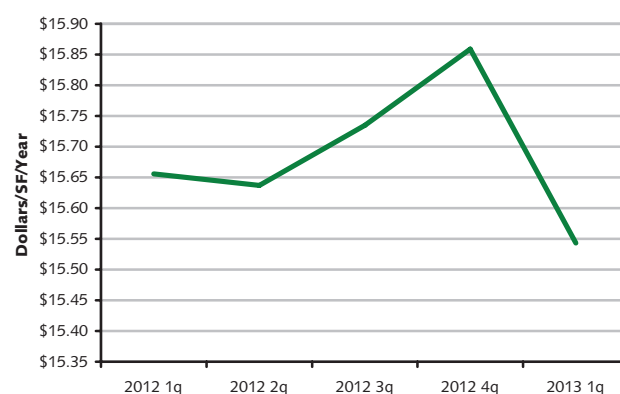
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	288	12,934,787	2,611,106	20.2%	(61,113)	0	0	0	0	\$15.54
2012 4q	288	12,934,787	2,549,993	19.7%	(112,149)	0	0	0	0	\$15.86
2012 3q	288	12,934,787	2,437,844	18.8%	(275,739)	0	0	0	0	\$15.74
2012 2q	288	12,934,787	2,162,105	16.7%	41,225	0	0	0	0	\$15.64
2012 1q	288	12,934,787	2,203,330	17.0%	77,974	0	0	0	0	\$15.66
2011 4q	288	12,934,787	2,281,304	17.6%	(69,354)	1	20,000	0	0	\$15.72
2011 3q	287	12,914,787	2,191,950	17.0%	(14,394)	0	0	1	20,000	\$15.71
2011 2q	287	12,914,787	2,177,556	16.9%	(54,546)	0	0	1	20,000	\$15.73
2011 1q	287	12,914,787	2,123,010	16.4%	(54,325)	0	0	0	0	\$15.13
2010 4q	287	12,914,787	2,068,685	16.0%	11,653	0	0	0	0	\$14.86
2010 3q	287	12,914,787	2,080,338	16.1%	102,989	0	0	0	0	\$14.82
2010 2q	287	12,914,787	2,183,327	16.9%	15,101	0	0	0	0	\$15.10
2010 1q	287	12,914,787	2,198,428	17.0%	56,433	1	54,282	0	0	\$15.27
2009 4q	286	12,860,505	2,200,579	17.1%	54,657	0	0	1	54,282	\$15.46
2009 3q	286	12,860,505	2,255,236	17.5%	(67,144)	0	0	1	54,282	\$15.32
2009 2q	286	12,860,505	2,188,092	17.0%	109,336	0	0	1	54,282	\$15.34

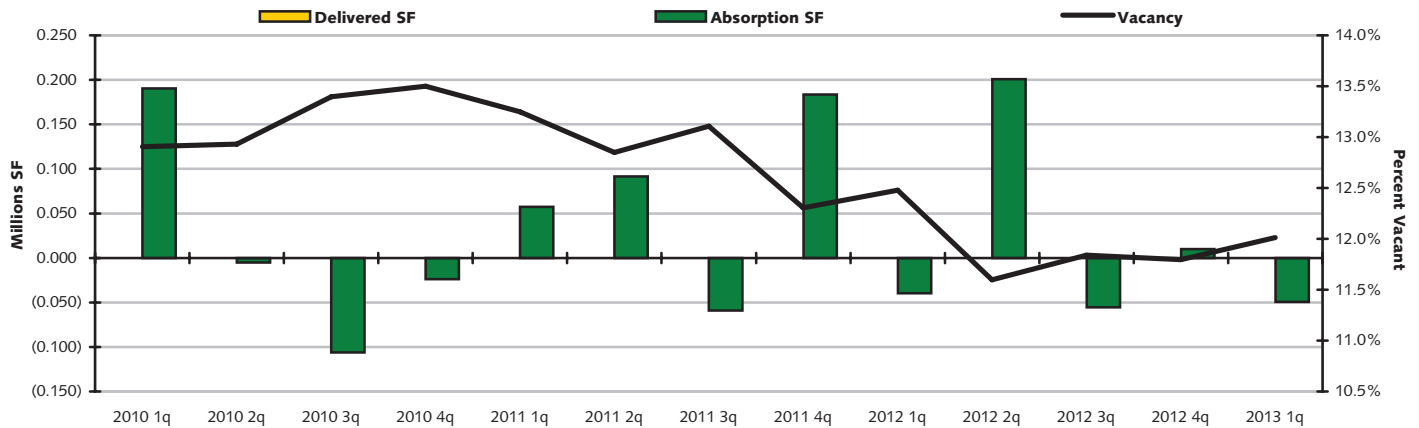
Source: CoStar Property®

HOUSTON OFFICE MARKET

WEST LOOP MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

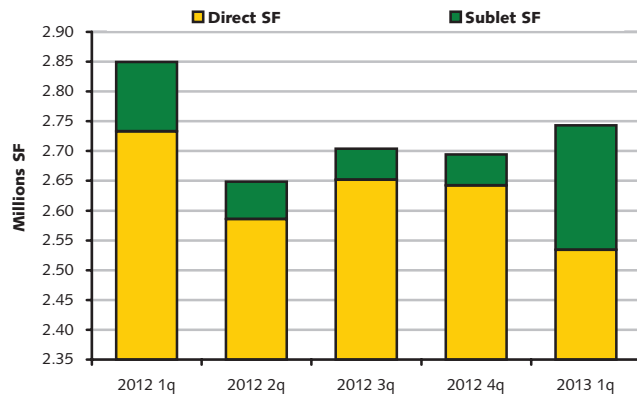
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

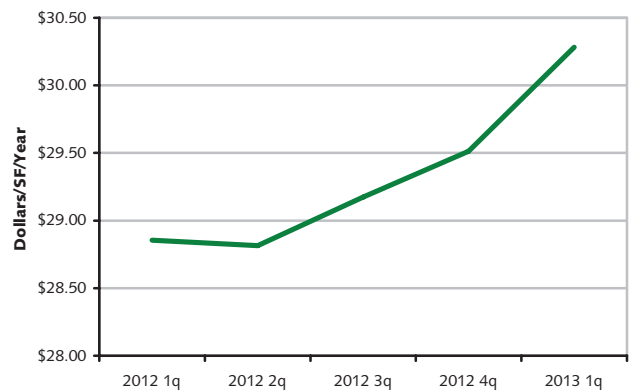
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	128	22,839,324	2,743,305	12.0%	(49,237)	0	0	4	819,466	\$30.28
2012 4q	128	22,839,324	2,694,068	11.8%	10,104	0	0	3	739,464	\$29.51
2012 3q	128	22,839,324	2,704,172	11.8%	(55,343)	0	0	2	608,548	\$29.17
2012 2q	128	22,839,324	2,648,829	11.6%	200,828	0	0	2	608,548	\$28.81
2012 1q	128	22,839,324	2,849,657	12.5%	(39,550)	0	0	2	608,548	\$28.85
2011 4q	128	22,839,324	2,810,107	12.3%	183,521	0	0	1	306,012	\$27.47
2011 3q	128	22,839,324	2,993,628	13.1%	(59,225)	0	0	1	306,012	\$26.86
2011 2q	128	22,839,324	2,934,403	12.8%	91,525	0	0	0	0	\$25.73
2011 1q	128	22,839,324	3,025,928	13.2%	57,225	0	0	0	0	\$25.30
2010 4q	128	22,839,324	3,083,153	13.5%	(23,885)	0	0	0	0	\$26.19
2010 3q	128	22,839,324	3,059,268	13.4%	(106,162)	0	0	0	0	\$26.11
2010 2q	128	22,839,324	2,953,106	12.9%	(5,309)	0	0	0	0	\$26.07
2010 1q	128	22,839,324	2,947,797	12.9%	190,482	0	0	0	0	\$26.57
2009 4q	128	22,839,324	3,138,279	13.7%	(80,635)	0	0	0	0	\$26.53
2009 3q	128	22,839,324	3,057,644	13.4%	(13,757)	0	0	0	0	\$26.82
2009 2q	128	22,839,324	3,043,887	13.3%	(468,200)	0	0	0	0	\$27.37

Source: CoStar Property®

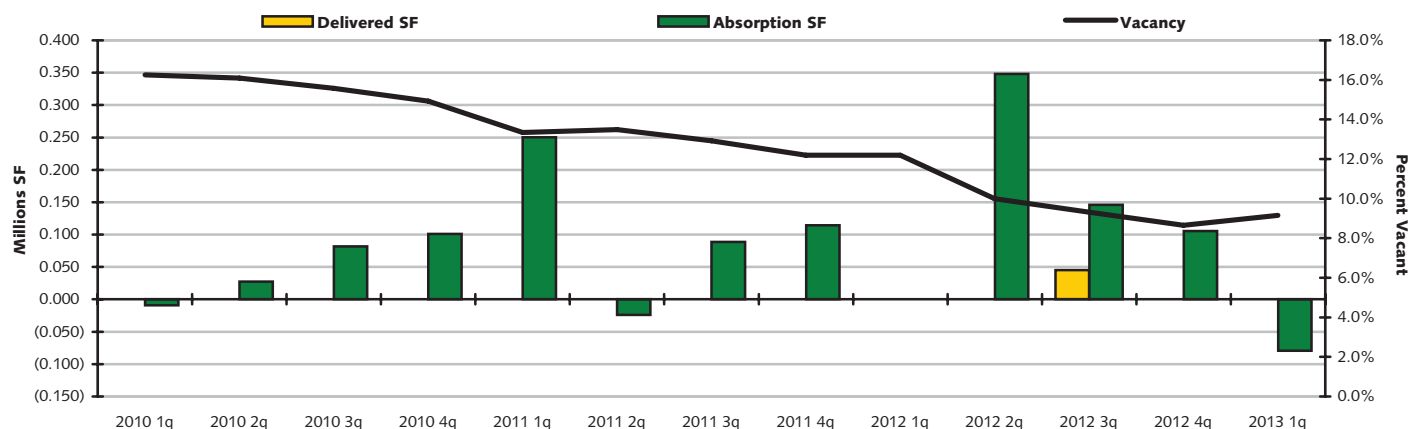
HOUSTON OFFICE MARKET

WESTCHASE MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"



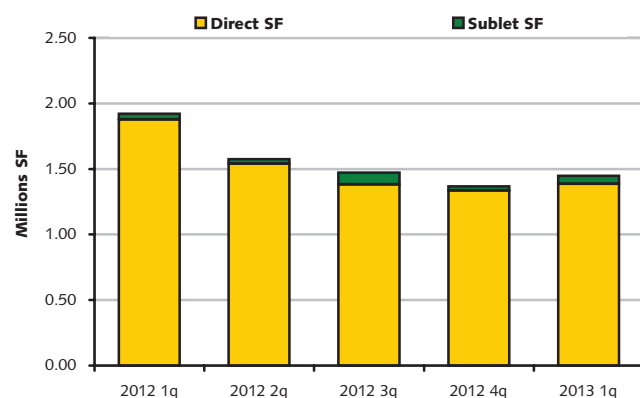
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	125	15,803,614	1,447,179	9.2%	(79,569)	0	0	2	631,353	\$27.60
2012 4q	125	15,803,614	1,367,610	8.7%	105,300	0	0	2	631,353	\$27.55
2012 3q	125	15,803,614	1,472,910	9.3%	145,962	1	45,000	1	299,664	\$27.57
2012 2q	124	15,758,614	1,573,872	10.0%	348,165	0	0	2	344,664	\$25.31
2012 1q	124	15,758,614	1,922,037	12.2%	443	0	0	1	45,000	\$23.14
2011 4q	124	15,758,614	1,922,480	12.2%	114,466	0	0	1	45,000	\$21.73
2011 3q	124	15,758,614	2,036,946	12.9%	88,549	0	0	0	0	\$22.27
2011 2q	124	15,758,614	2,125,495	13.5%	(23,845)	0	0	0	0	\$22.64
2011 1q	124	15,758,614	2,101,650	13.3%	250,171	0	0	0	0	\$25.32
2010 4q	124	15,758,614	2,351,821	14.9%	101,252	0	0	0	0	\$25.01
2010 3q	124	15,758,614	2,453,073	15.6%	81,709	0	0	0	0	\$25.02
2010 2q	124	15,758,614	2,534,782	16.1%	27,248	0	0	0	0	\$25.63
2010 1q	124	15,758,614	2,562,030	16.3%	(8,957)	0	0	0	0	\$24.53
2009 4q	124	15,758,614	2,553,073	16.2%	(309,688)	0	0	0	0	\$23.83
2009 3q	124	15,758,614	2,243,385	14.2%	30,562	1	272,361	0	0	\$24.07
2009 2q	123	15,486,253	2,001,586	12.9%	(170,553)	2	222,142	1	272,361	\$24.00

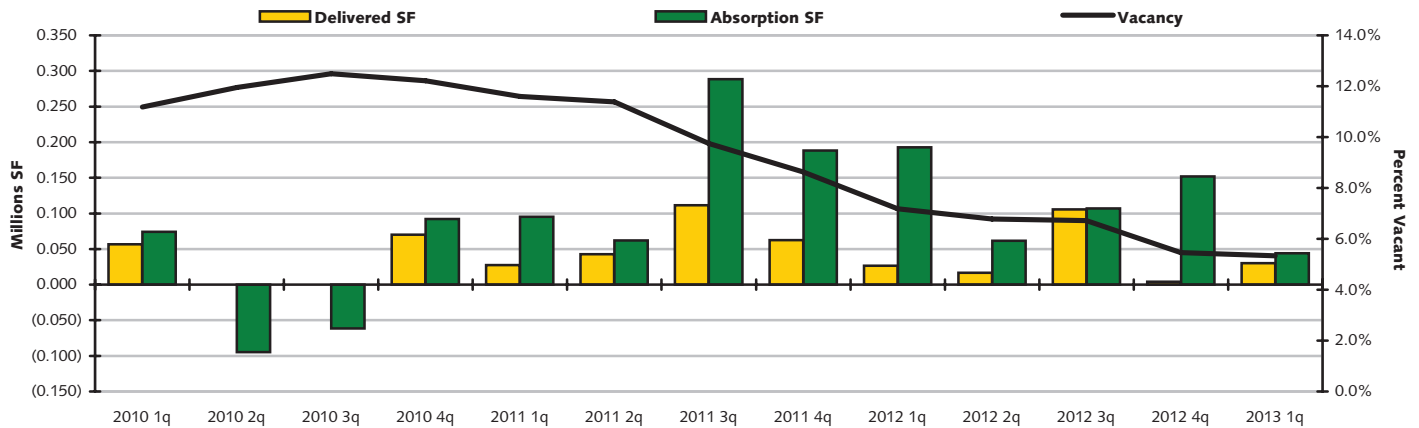
Source: CoStar Property®

HOUSTON OFFICE MARKET

WOODLANDS MARKET

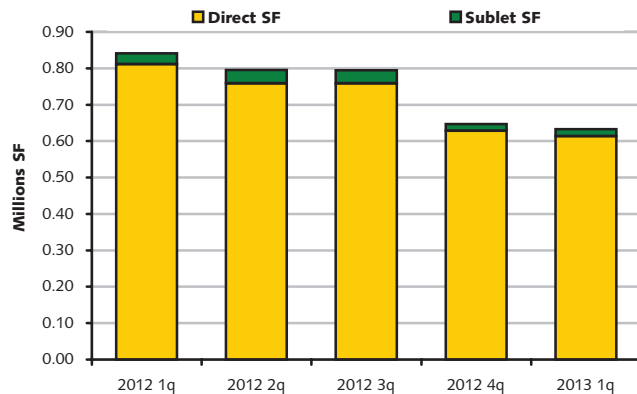
MARKET HIGHLIGHTS – CLASS "A, B & C"

DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



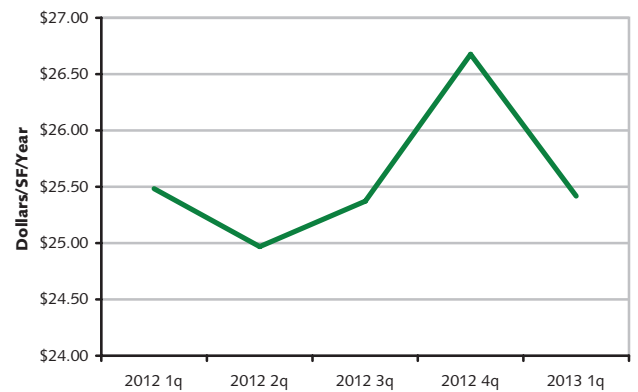
Source: CoStar Property®

VACANT SPACE Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 1q	404	11,867,723	632,531	5.3%	44,266	1	30,000	11	4,470,457	\$25.42
2012 4q	403	11,837,723	646,797	5.5%	151,673	1	4,194	11	4,425,457	\$26.68
2012 3q	402	11,833,529	794,276	6.7%	106,963	2	105,486	10	4,200,845	\$25.37
2012 2q	400	11,728,043	795,753	6.8%	61,744	1	16,445	9	4,265,424	\$24.97
2012 1q	399	11,711,598	841,052	7.2%	192,901	3	26,360	8	4,208,818	\$25.48
2011 4q	396	11,685,238	1,007,593	8.6%	188,336	3	62,663	7	3,148,291	\$23.31
2011 3q	393	11,622,575	1,133,266	9.8%	288,480	5	111,315	10	3,210,954	\$23.16
2011 2q	388	11,511,260	1,310,431	11.4%	62,116	4	42,811	12	209,824	\$23.75
2011 1q	384	11,468,449	1,329,736	11.6%	95,457	4	27,636	12	216,789	\$23.69
2010 4q	380	11,440,813	1,397,557	12.2%	92,191	1	70,000	9	143,462	\$23.93
2010 3q	379	11,370,813	1,419,748	12.5%	(61,601)	0	0	8	196,635	\$23.42
2010 2q	379	11,370,813	1,358,147	11.9%	(94,622)	0	0	7	130,647	\$23.98
2010 1q	380	11,379,716	1,272,428	11.2%	74,293	3	56,700	3	90,441	\$24.29
2009 4q	377	11,323,016	1,290,021	11.4%	3,127	0	0	5	136,130	\$23.68
2009 3q	377	11,323,016	1,293,148	11.4%	40,289	3	184,035	5	136,130	\$24.15
2009 2q	374	11,138,981	1,149,402	10.3%	37,228	2	49,500	6	228,165	\$24.75

Source: CoStar Property®