

## Houston Office Market

Excerpts from Third Quarter 2009 Houston Office Market Research by Colliers International



### Sales Activity

Houston's office investment sales activity remained below last year's levels with the contraction in the financial sector continuing to challenge the market. Twelve office transactions with a combined 1.1 million sq. ft. traded in the third quarter, bringing the year-to-date number of transactions to 51 with a total dollar volume of \$106.6 million, averaging \$60.95 per sq. ft. and an average 9.0% capitalization rate.

Although transactions less than 50,000 sq. ft. predominated, several significant transactions over 100,000 sq. ft. closed in the third quarter 2009 including:

Hariri Interests purchased the 424,276 sq. ft. Chase Center located at 601 Travis (Central Business District) for an undisclosed amount from JP Morgan Chase. The property sale included a 450,000 sq. ft. garage with 1,200 parking spaces.

Hartman Income REIT purchased a two-property office portfolio from KBS Realty Advisors for approximately \$7.0 million or \$34 per sq. ft. The FM 1960 submarket properties included the 134,720 sq.

ft. 14550 Torrey Chase Boulevard office building and the 71,830 sq. ft. 3707 FM 1960 office building that were 90.0% and 92.0% leased, respectively, at the time of sale.



**Bridgestone I\***  
2600 N. Loop Freeway  
Northwest Submarket

RBA: 135,400 SF  
Built: 1976  
Buyer: Fuller Realty Partners  
Seller: CHRISTUS Health  
Sale Date: February 2009



**West Pointe Center\***  
9420 W. Sam Houston Parkway  
Northwest Submarket

RBA: 170,823 SF  
Built: 2009  
Buyer: Undisclosed  
Seller: White Rock Commercial  
Sale Date: May 2009

\*Colliers International sales transaction

SOUTHEAST TEXAS

## SELECT UNDER CONSTRUCTION OFFICE BUILDINGS

Submarket	Building Name	Building Address	Sq. Ft.	% Leased	Developer	Estimated Delivery
CBD	MainPlace	811 Main St	972,474	11.2	Hines Holdings Inc.	Feb-11
CBD	Hess Tower	1501 McKinney St	844,763	100	TCC Development	May-10
The Woodlands	Waterway Square	4 Waterway Square	232,364	23.97	The Woodlands Development Co.	Dec-09
E. Fort Bend Co/Sugar Land	Sugar Land Town Center	2245 Texas Dr	157,619	0	Planned Community Developers	Mar-10
E. Fort Bend Co/Sugar Land	Eco Centre at Lake Pointe	16750 Creek Bend Dr	152,619	0	Midway Companies	Feb-10
Northwest	Two Westway	11025 Equity Dr	95,269	0	Opus Corporation	Jan-10
Galleria/West Loop	High Street	4410 Westheimer Rd	78,966	0	Trademark Property	Oct-10
<b>Total office properties under construction listed above</b>			<b>2,534,074</b>			
<b>Grand total office properties under construction over 20,000 sq. ft.</b>			<b>2,534,074</b>			

## SELECT YEAR-TO-DATE OFFICE BUILDING DELIVERIES

Submarket	Building Name	Building Address	Sq. Ft.	% Leased	Developer	Delivered
Katy Freeway	Energy Tower II	11720 Katy Freeway	428,831	87.9	MacHaik Management	Aug-09
Katy Freeway	Eldridge Oaks	1080 Eldridge Parkway	350,000	0	Transwestern Commercial Services	Sep-09
Katy Freeway	Cemex Center	920 Memorial City Way	336,000	63.2	MetroNational	Sep-09
Katy Freeway	Energy Center II	575 N. Dairy Ashford	305,585	73.8	Trammell Crow Company	Jan-09
Katy Freeway	Three Eldridge Place	737 Eldridge Parkway	305,528	0	Behringer Harvard	Sep-09
Westchase	Westchase Park	3700 W. Sam Houston Pkwy	270,000	38.4	Simmons Vadder Partners	Sep-09
Northwest	DNA Westway II	4424 W. Sam Houston Pkwy	250,000	68.0	Dianna Nelson Augustine Company	Feb-09
The Woodlands	US Oncology HO	10101 Woodloch Forest Place	198,000	100	The Woodlands Land Development	Feb-09
The Woodlands	The Reserve at Sierra Pines	1585 Sawdust Road	180,000	2.8	Stream Realty Partners, L.P.	Jul-09
Northwest	West Pointe Center	9420 W. Sam Houston Pkwy	170,823	100	White Rock Commercial	Apr-09
Northwest	Beltway Lakes II	5875 N. Sam Houston Pkwy	162,416	0	The Radler Limited Partnership	Apr-09
Westchase	One Oak Park	6002 Rogerdale Road	154,205	37.7	MK Equity Partners	Apr-09
Katy Freeway	The Reserve at Park Ten I	15721 Park Ten Place	150,000	0	Yancey-Hausman	Jun-09
Katy Freeway	CityCentre Two	811 Town & Country Way	129,200	56.3	Midway Companies	Apr-09
Northwest	Det Norkse Veritas	22535 Colonial Parkway	89,750	100	Duke Realty	Mar-09
Gulf Freeway/Pasadena	Deerwood Glen Office Park	4400 Highway 225	88,000	50.0	Clay Development & Construction	Sep-09
South	Shadow Creek Business Center	11233 Shadow Creek Pkwy	80,000	0	Wallace Bajjali Development	Aug-09
Westchase	3131 Briarpark Office Building	3131 Briarpark Drive	69,000	75.4	PGAL	Jun-09
The Woodlands	Woodlands 45 Corporate Center	24824 I-45 North	64,822	59.5	PHA/Houston LLC	Mar-09
Greenspoint/North Belt	15109 Heathrow Office Bldg.	15109 Heathrow Forest Pkwy	63,621	0	Transwestern	Jun-09
FM 1960	Wortham Green	13100 Wortham Center	63,218	20.8	Panattoni	Mar-09
FM 1960	Stress Engineering Office Bldg.	13606 Westland East Blvd.	55,468	100	Westfair East Ltd.	Jul-09
<b>Total office properties delivered year-to-date listed above</b>			<b>3,962,467</b>			
<b>Grand total delivered year-to-date (including properties below 50,000 sq. ft. not listed above)</b>			<b>4,166,013</b>			