

CONINE & ROBINSON

Buildings Surveyed

| Buildings | Number | Rentable Sq. Ft. |
|--------------|-----------|-------------------|
| "Group 1" | 6 | 8,141,001 |
| "Group 2" | 12 | 12,298,091 |
| "Group 3" | 15 | 7,707,781 |
| TOTAL | 33 | 28,146,873 |

1/99

Competitive Buildings

- + 5 Owner Occupied - 4.7 mm sf
- + 35-40 bldgs C,D courthouse, gov. 7 mm sf

15years

Group 2 larger

- 91 - Dropped Enron
- 92 - Dropped 1100 Milam
- 94 - Dropped 1021 Main
- 98 - Added One City Centre (1021 Main)
- 99 - Added Travis Tower

Grp BUILDINGNAME

| | |
|---|-----------------------|
| 1 | WELLS FARGO PLAZA |
| 1 | TEXACO HERITAGE PLAZA |
| 1 | NATIONSBANK |
| 1 | CHASE TOWER |
| 1 | 1600 SMITH |
| 1 | CHEVRON TOWER |
| 2 | 1100 LOUISIANA |
| 2 | ONE SHELL PLAZA |
| 2 | PENNZOL PLACE |
| 2 | 1201 LOUISIANA |
| 2 | TWO ALLEN |
| 2 | THREE ALLEN |
| 2 | ONE ALLEN CENTER |
| 2 | 1 HOUSTON CENTER |
| 2 | 2 HOUSTON CENTER |
| 2 | 4 HOUSTON CENTER |
| 2 | ONE CITYCENTRE |
| 2 | FIRST CITY TOWER |
| 3 | LYRIC CENTRE |
| 3 | WEDGE INT. TOWER |
| 3 | MW KELLOGG |
| 3 | ESPERSON BUILDING |
| 3 | 700 RUSK |
| 3 | BANK ONE |
| 3 | TWO SHELL PLAZA |
| 3 | 500 JEFFERSON |
| 3 | 600 JEFFERSON |
| 3 | 1010 LAMAR |
| 3 | 801 TRAVIS |
| 3 | 1111 FANNIN |
| 3 | 1301 FANNIN |
| 3 | TRAVIS TOWER |
| 3 | CHASE BANK BUILDING |

CONINE & ROBINSON

Summary Data - January 1, 1999

| | |
|-------------------------|-----------|
| Current Space Available | 1,861,145 |
| Percent Vacant | 6.61% |
| Sublease Available | 425,000 |
| 1998 Absorption | 766,502 |
| 1998 Leasing Activity | 4,150,908 |

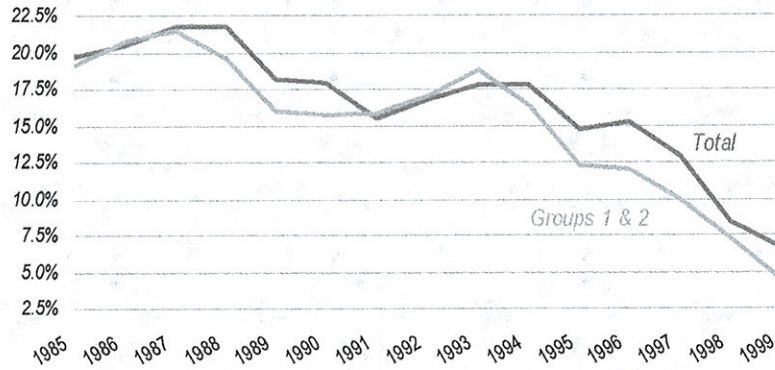
Macro Slide - Will address each component in detail

Define each component

*YTD update
@ end*

CONINE & ROBINSON

Historical Vacancy Rates



1/99

| | <u>Total</u> | <u>Grp 1&2</u> |
|------|--------------|--------------------|
| 1985 | 19.7% | 19.0% |
| 1986 | 20.5% | 20.6% |
| 1987 | 21.7% | 21.5% |
| 1988 | 21.8% | 19.5% |
| 1989 | 18.1% | 15.9% |
| 1990 | 17.9% | 15.6% |
| 1991 | 15.4% | 15.8% |
| 1992 | 16.7% | 17.0% |
| 1993 | 17.8% | 18.7% |
| 1994 | 17.7% | 16.4% |
| 1995 | 14.6% | 12.2% |
| 1996 | 15.2% | 12.0% |
| 1997 | 12.8% | 9.9% |
| 1998 | 8.4% | 7.3% |
| 1999 | 6.6% | 4.4% |

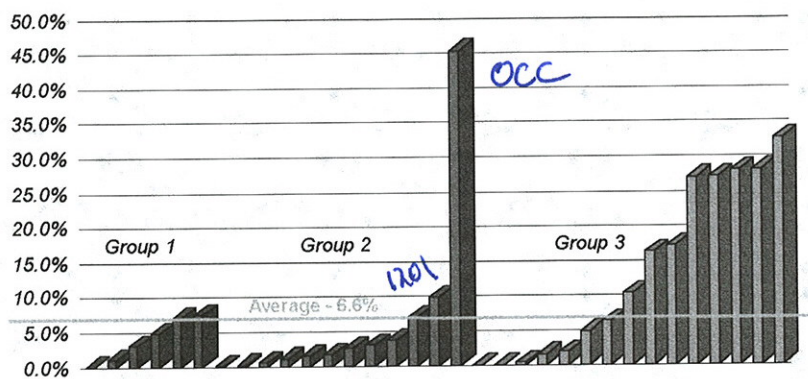
18 Bldgs.

old std. 5% = Full

5 yrs good demand
no new supply

CONINE & ROBINSON

Current Vacancy Rate - By Building



1/99

| Grp | BUILDING NAME | 98 % Vacant |
|-----|-----------------------|-------------|
| 1 | CHEVRON TOWER | 0.0% |
| 1 | 1600 SMITH | 1.1% |
| 1 | TEXACO HERITAGE PLAZA | 2.9% |
| 1 | WELLS FARGO PLAZA | 4.8% |
| 1 | NATIONSBANK | 6.9% |
| 1 | CHASE TOWER | 7.4% |
| 2 | PENNZOIL PLACE | 0.1% |
| 2 | ONE SHELL PLAZA | 0.3% |
| 2 | 1100 LOUISIANA | 1.5% |
| 2 | FIRST CITY TOWER | 1.6% |
| 2 | 2 HOUSTON CENTER | 1.7% |
| 2 | THREE ALLEN | 1.9% |
| 2 | 1 HOUSTON CENTER | 2.6% |
| 2 | 4 HOUSTON CENTER | 3.7% |
| 2 | ONE ALLEN CENTER | 5.3% |
| 2 | TWO ALLEN | 7.0% |
| 2 | 1201 LOUISIANA | 9.8% |
| 2 | ONE CITY CENTRE | 45.3% |
| 3 | TWO SHELL PLAZA | 0.0% |
| 3 | 1111 FANNIN | 0.2% |
| 3 | CHASE BANK BUILDING | 0.5% |
| 3 | MV KELLOGG | 1.8% |
| 3 | 801 TRAVIS | 1.8% |
| 3 | LYRIC CENTRE | 4.9% |
| 3 | 700 RUSK | 6.3% |
| 3 | BANK ONE | 9.8% |
| 3 | 1301 FANNIN | 16.2% |
| 3 | 600 JEFFERSON | 17.2% |
| 3 | 1010 LA MAR | 27.0% |
| 3 | TRAVIS TOWER | 27.1% |
| 3 | WEDGE INT. TOWER | 28.0% |
| 3 | 500 JEFFERSON | 28.1% |
| 3 | ESPERSON BUILDING | 32.9% |

Average 6.6%

Median - 3.7%

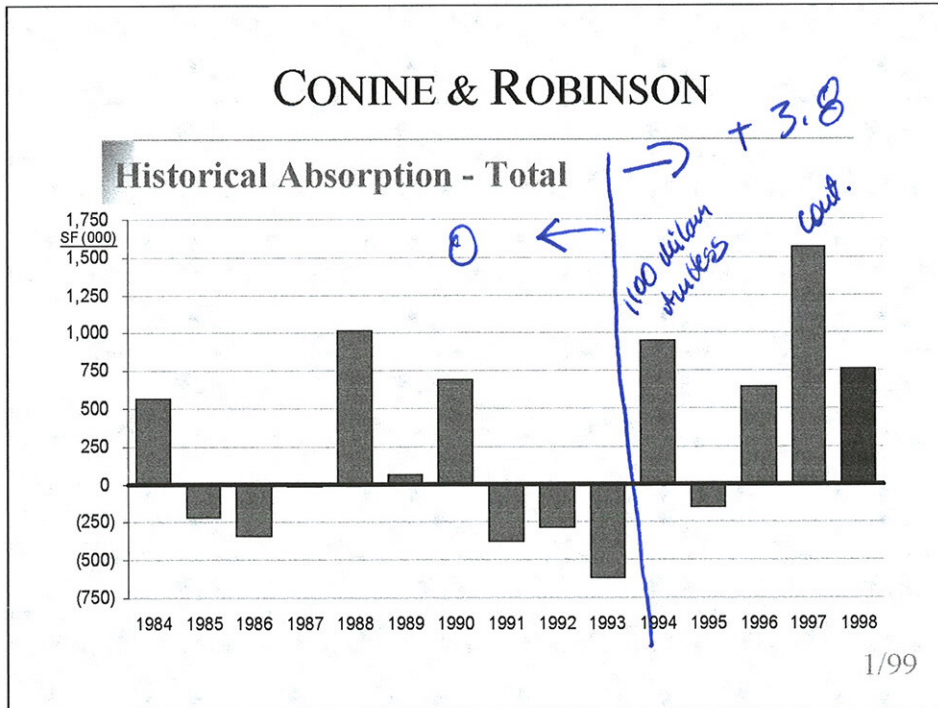
Median 142 - 2.6%

Chase - Below grade

NB - Encumbered, parking

2 AC

CONINE & ROBINSON



| | |
|------|-----------|
| 1984 | 565,234 |
| 1985 | (221,628) |
| 1986 | (340,523) |
| 1987 | (10,653) |
| 1988 | 1,015,938 |
| 1989 | 59,420 |
| 1990 | 690,800 |
| 1991 | (373,298) |
| 1992 | (285,412) |
| 1993 | (624,001) |
| 1994 | 950,248 |
| 1995 | (153,301) |
| 1996 | 643,828 |
| 1997 | 1,562,975 |
| 1998 | 765,502 |

Not predictable

Average 300,000 sf

4th Highest last year

1999 Limited by Availability

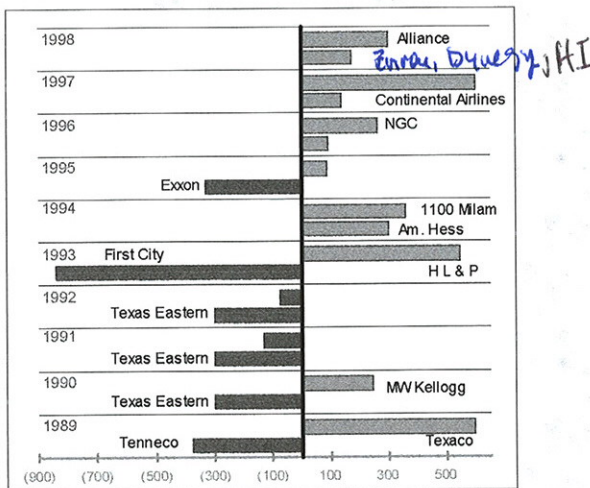
+ 4.3 million over 15 years

5 yrs \rightarrow \pm 3.8mm

99' 3Q - ~~Blada~~ "0"
 99' 3Q w/ sublease
 -230,000 -200,000
 -3-400,000

CONINE & ROBINSON

Absorption / Major Events



1/99

| | |
|------|-----------|
| 1984 | 565,234 |
| 1985 | (221,628) |
| 1986 | (340,523) |
| 1987 | (10,653) |
| 1988 | 1,015,938 |
| 1989 | 59,420 |
| 1990 | 690,800 |
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| 1996 | 643,828 |
| 1997 | 1,562,975 |
| 1998 | 765,502 |

Overlays w/ previous slide

“Event Driven”

Top 2 events each year + or -

Last year - Alliance 400,000

Houston Industries - 170,000

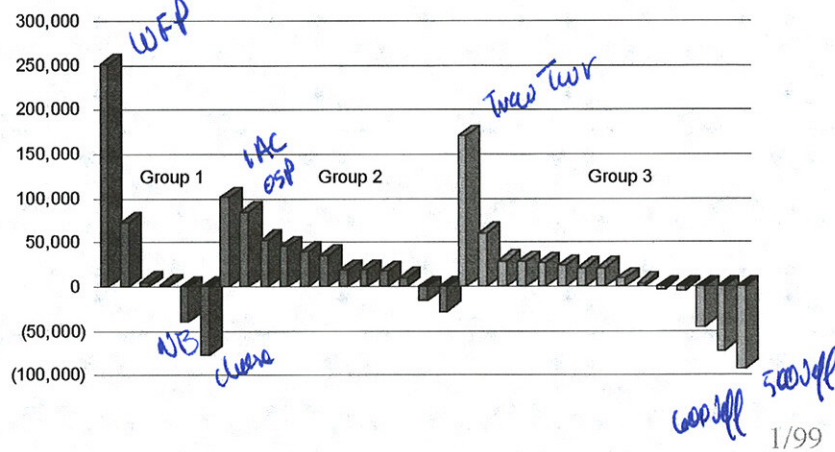
Most energy, banks, not all - Continental

List Deals

This yr
Enron
Alliance

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Absorption - By Building 1998

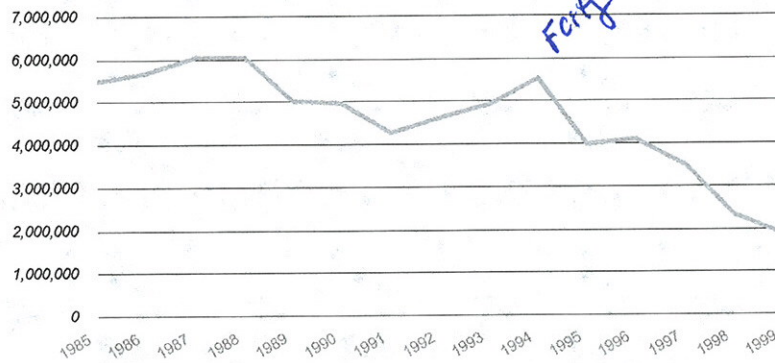


| | |
|-----------------------|----------|
| WELLS FARGO PLAZA | 250,698 |
| TEXACO HERITAGE PLAZA | 72,761 |
| CHEVRON TOWER | 5,179 |
| 1600 SMITH | 2,113 |
| NATIONSBANK | (39,900) |
| CHASE TOWER | (78,000) |
| ONE ALLEN CENTER | 100,659 |
| ONE CITY CENTRE | 84,000 |
| ONE SHELL PLAZA | 52,658 |
| THREE ALLEN | 45,510 |
| FIRST CITY TOWER | 39,213 |
| 1100 LOUISIANA | 35,191 |
| 4 HOUSTON CENTER | 18,483 |
| PENNZOIL PLACE | 18,379 |
| 2 HOUSTON CENTER | 17,134 |
| 1 HOUSTON CENTER | 9,852 |
| 1201 LOUISIANA | (15,780) |
| TWO ALLEN | (27,874) |
| TRAVIS TOWER | 170,000 |
| 700 RUSK | 60,464 |
| 1010 LAMAR | 28,979 |
| TWO SHELL PLAZA | 27,785 |
| 1111 FANNIN | 26,733 |
| MW KELLOGG | 23,782 |
| BANK ONE | 21,249 |
| LYRIC CENTRE | 20,908 |
| ESPERSON BUILDING | 9,613 |
| CHASE BANK BUILDING | 3,913 |
| WEDGE INT. TOWER | (2,844) |
| 801 TRAVIS | (4,120) |
| 1301 FANNIN | (45,000) |
| 600 JEFFERSON | (72,229) |
| 500 JEFFERSON | (93,007) |

Not as even as past -
only in places w/ room

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Historical Space Available



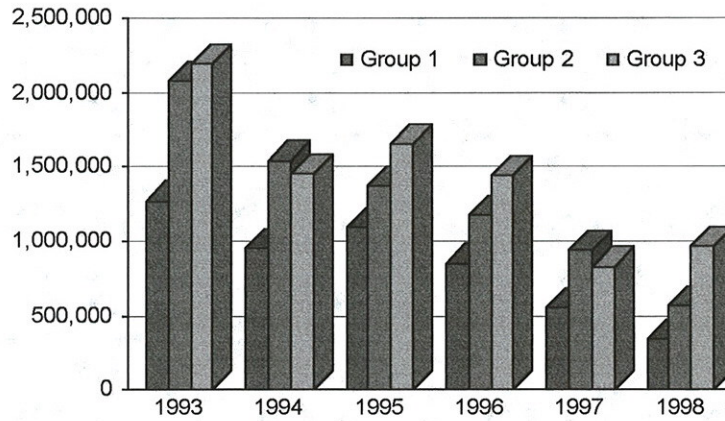
1/99

| | |
|------|-------------|
| 1985 | 5,456,085 |
| 1986 | 5,677,713 |
| 1987 | 6,018,236 |
| 1988 | 6,028,889 |
| 1989 | 5,012,951 |
| 1990 | 4,953,531 |
| 1991 | 4,262,731 |
| 1992 | 4,636,029 |
| 1993 | 4,921,441 |
| 1994 | 5,545,442 |
| 1995 | 3,958,149 |
| 1996 | 4,111,450 |
| 1997 | 3,467,622 |
| 1998 | 2,318,647 |
| 1999 | 1,861,145 ← |

Two Two 140,000
 1301 Fourth 120,000
 260,000

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Historical Space Available - By Group



1/99

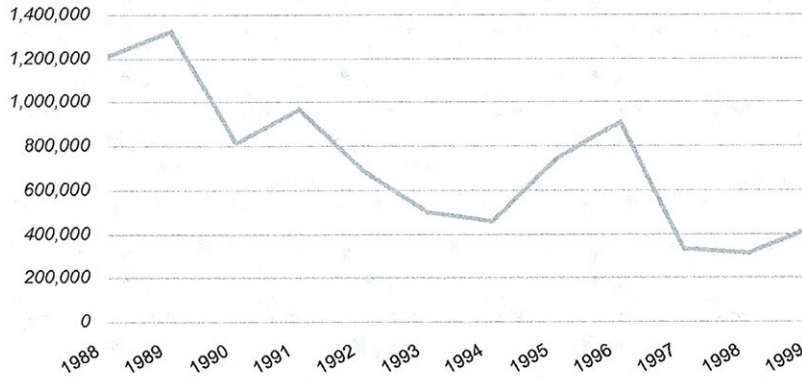
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| Group 1 | 1,273,530 | 954,540 | 1,086,585 | 851,083 | 551,959 | 339,108 |
| Group 2 | 2,075,565 | 1,543,138 | 1,373,980 | 1,172,813 | 938,539 | 561,114 |
| Group 3 | 2,196,347 | 1,460,471 | 1,650,885 | 1,443,726 | 828,149 | 960,923 |
| Total | 5,545,442 | 3,958,149 | 4,111,450 | 3,467,622 | 2,318,647 | 1,861,145 |

98- Grp 3 - Travis Tower added
 - 500,000 sq ft

Grp 1 - 339,000 was 50,000 NIS
 50, TCT

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Historical Sublease Space Available



1/99

| | |
|------|--------------------|
| 1988 | 1,209,000 |
| 1989 | 1,325,000 |
| 1990 | 812,000 |
| 1991 | 970,000 |
| 1992 | 684,000 |
| 1993 | 500,633 |
| 1994 | 458,419 |
| 1995 | 750,000 |
| 1996 | 910,000 |
| 1997 | 331,401 |
| 1998 | 312,000 |
| 1999 | 548,000 |

First Quarter
 + 9
 + 10 Floors
~~Decrease~~ + 200,000 to
 this

[- 100,000]

450,000

CONINE & ROBINSON

Effective Blocks of Space - 1/99

| Building | Sq. Feet | Floors | |
|-------------------|----------|----------|--------------------|
| Wells Fargo Plaza | 125,000 | 25-29 | 75,000 |
| One City Centre | 270,000 | 2-14 | |
| Travis Tower | 138,000 | 14-21 | |
| 500 Jefferson | 85,000 | 14-17,20 | 104,000 |
| Kellogg Tower | 70,000 | 10,12,13 | |
| Esperson Building | 60,000 | 3-4 | 100,000 |
| Wedge Int. Tower | 57,000 | 16-18 | |

All still available

Plus Ocean Energy - 109,000 sf @ 1201 Louisiana ~~10,12-15~~

Wells Fargo - 5 yr. Sublease 1201 50,000 24&25

Not much "Class A"

3AC - Enron - 600,000 sf coming back 2/3 yrs.

Alliance - ?

1301 Fannin - Data Floors?

Plains

+ P21 150,000

3AC 74,000 Plains

MWR. 70,000 6 yr

1201 La 50,000

~~31,32 2 Allen 40,000 Secondary Suite Fd / 5 walls~~
~~33,34 " " 40,000 Suite Suite Fd / 5 walls~~
~~36,37 1 HC 49,000 Hirsch, Sheehy~~

Trizec - ?

Enron?
Keeping

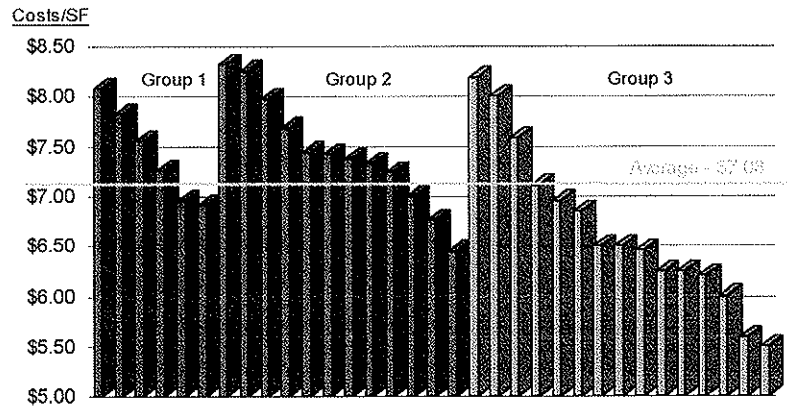
Single Floors ⁵⁻⁶ more sub.

→ None have moved 1st 4 months
 may proceed ~~6-12 mo's~~ 1 yr +

1st Qtr BCI 57,000 of Jan 99
 600 Jff. 4,5,6 - Enron

CONINE & ROBINSON

Operating Expense Projections - 1999



1/99

| | |
|-----------------------|--------|
| CHASE TOWER | \$8.08 |
| NATIONSBANK | \$7.82 |
| TEXACO HERITAGE PLAZA | \$7.55 |
| CHEVRON TOWER | \$7.25 |
| 1600 SMITH | \$6.95 |
| WELLS FARGO PLAZA | \$6.91 |
| PENNZOIL PLACE | \$6.32 |
| ONE SHELL PLAZA | \$6.25 |
| 1100 LOUISIANA | \$7.97 |
| ONE ALLEN CENTER | \$7.68 |
| TWO ALLEN | \$7.44 |
| 4 HOUSTON CENTER | \$7.42 |
| 2 HOUSTON CENTER | \$7.37 |
| 1 HOUSTON CENTER | \$7.33 |
| THREE ALLEN | \$7.24 |
| ONE CITY CENTRE | \$7.00 |
| FIRST CITY TOWER | \$6.76 |
| 1201 LOUISIANA | \$6.45 |
| TWO SHELL PLAZA | \$8.19 |
| 1301 FANNIN | \$8.00 |
| 500 JEFFERSON | \$7.58 |
| BANK ONE | \$7.11 |
| ESPERSON BUILDING | \$6.95 |
| WEDGE INT. TOWER | \$6.85 |
| 700 RUSK | \$6.50 |
| TRAVIS TOWER | \$6.50 |
| 600 JEFFERSON | \$6.46 |
| 1010 LAMAR | \$6.25 |
| 801 TRAVIS | \$6.25 |
| LYRIC CENTRE | \$6.20 |
| 1111 FANNIN | \$6.00 |
| MW KELLOGG | \$5.59 |
| CHASE BANK BUILDING | \$5.50 |

99 - \$7.08

98 - \$6.72

97 - \$6.58

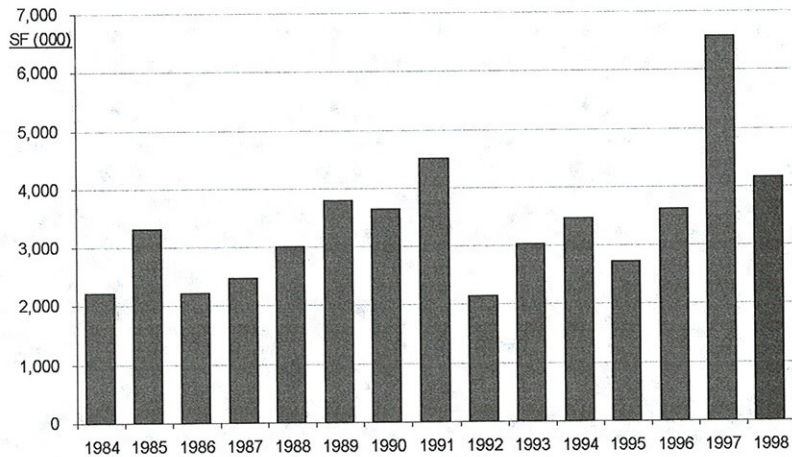
96 - \$6/60

95 - \$6.82

? - Taxes

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Historical Leasing Activity



1/99

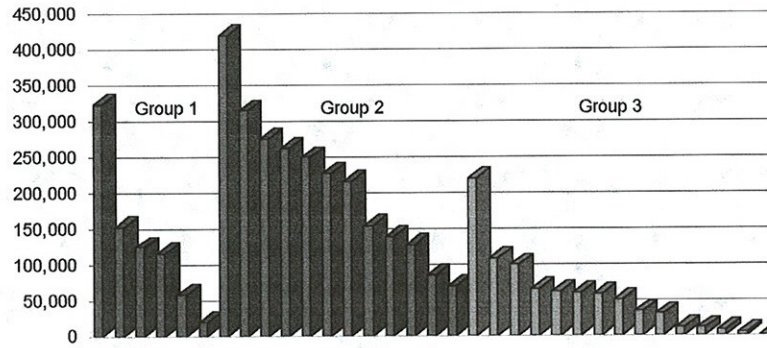
| | |
|------|-----------|
| 1984 | 2,204,235 |
| 1985 | 3,316,928 |
| 1986 | 2,226,398 |
| 1987 | 2,463,325 |
| 1988 | 3,012,930 |
| 1989 | 3,784,997 |
| 1990 | 3,643,515 |
| 1991 | 4,496,138 |
| 1992 | 2,128,304 |
| 1993 | 3,039,330 |
| 1994 | 3,467,241 |
| 1995 | 2,723,425 |
| 1996 | 3,610,263 |
| 1997 | 6,558,895 |
| 1998 | 4,145,006 |

Third highest
Total Activity 51 Million in 15 years

Lyndell
Metro
Dynegy
Enron
Albanel
HI

CONINE & ROBINSON

Leasing Activity by Building - 1998



1/99

| | |
|-----------------------|---------|
| WELLS FARGO PLAZA | 322,697 |
| CHASE TOWER | 152,287 |
| 1600 SMITH | 124,167 |
| TEXACO HERITAGE PLAZA | 115,003 |
| NATIONSBANK | 58,706 |
| CHEVRON TOWER | 20,100 |
| 1 HOUSTON CENTER | 418,629 |
| ONE ALLEN CENTER | 314,160 |
| 2 HOUSTON CENTER | 274,185 |
| 1100 LOUISIANA | 261,049 |
| 1201 LOUISIANA | 249,037 |
| THREE ALLEN | 226,645 |
| TWO ALLEN | 215,950 |
| 4 HOUSTON CENTER | 153,755 |
| FIRST CITY TOWER | 138,685 |
| ONE SHELL PLAZA | 126,833 |
| ONE CITY CENTRE | 85,000 |
| PENNZOIL PLACE | 70,002 |
| TRAMS TOWER | 220,000 |
| BANK ONE | 108,500 |
| WEDGE INT. TOWER | 99,213 |
| LYRIC CENTRE | 66,048 |
| 700 RUSK | 61,700 |
| CHASE BANK BUILDING | 59,787 |
| MW KELLOGG | 58,027 |
| ESPERSON BUILDING | 50,902 |
| 1010 LAMAR | 34,000 |
| 1301 FANNIN | 30,000 |
| TWO SHELL PLAZA | 12,202 |
| 1111 FANNIN | 10,954 |
| 600 JEFFERSON | 7,938 |
| 500 JEFFERSON | 4,747 |
| 801 TRAVIS | 0 |

Highest level of activity
in Group 2 bldgs.

Wells Fargo *Dunlap / Law Firm*

1 Houston Center *Lyndell*

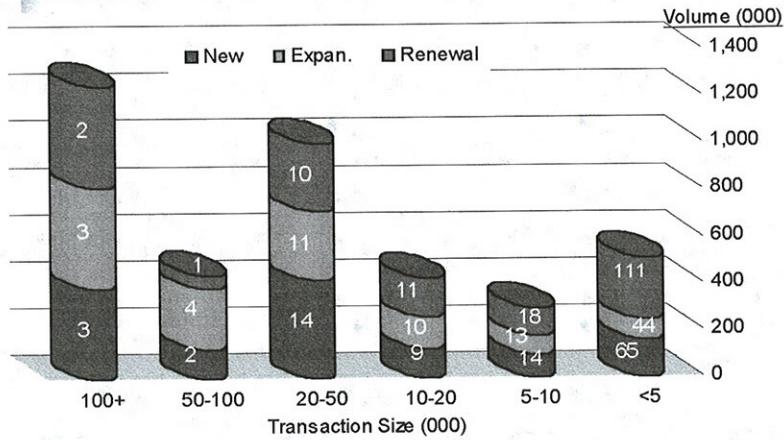
One Allen *KN*

Travis Tower *HI*

Alliance

CONINE & ROBINSON

Lease Transactions - 1998



1/99

Transaction Summary

| Size SF | New | | Expansion | | Renewal | | Total | |
|---------|-----------|------------|-----------|-----------|------------|------------|------------|------------|
| | No. | SF | No. | SF | No. | SF | No. | SF |
| 100+ | 3 | 384 | 3 | 431 | 2 | 436 | 8 | 1,251 |
| 50-100 | 2 | 119 | 4 | 266 | 1 | 53 | 7 | 438 |
| 20-50 | 14 | 418 | 11 | 298 | 10 | 288 | 35 | 1,004 |
| 10-20 | 9 | 119 | 10 | 142 | 11 | 167 | 30 | 428 |
| 5-10 | 14 | 92 | 13 | 87 | 18 | 113 | 45 | 292 |
| <5 | <u>65</u> | <u>156</u> | <u>44</u> | <u>87</u> | <u>111</u> | <u>263</u> | <u>220</u> | <u>506</u> |
| Total | 107 | 1,288 | 85 | 1,311 | 153 | 1,321 | 345 | 3,920 |

15 50+ deals - High #

50/50 New / Renewal
↳ not rebo in CBS

Full Floor + →

70% Activity
15% # Deals

I 30 Full Floor Op's.