

Post 9-11 security requirements added 30-50¢ \$1.00 if full year of security.

142 Shell: 4 → 18 guards  
→ 77 guards  
**CONINE & ROBINSON**

HCAD: BOA, Wells Fargo — = \$127/sf

1111 Louisiana sold at \$156/sf

AA could ↓ space

Cooper could leave CBD

Calpine Center could / **Houston Central Business District**  
might not be built

Doesn't project absorption

Move auditors back home office?

AA 253 in PZL

50% = 125

double.

to AA's needs

**Office Market**

as of January 1, 2002

300,000 new demand if others do the same

ENE: Prob 250 rather than 400

Ab Calpine

150,000 would be subleased

Hines probably either has another tenant or stop w/ parking garage  
Equiva RFP went out last year. Thought —. Not as much spread as before. Rate  
won't cause them to leave.

KBR - stay

HAL - won't come down

Exxon

Enron Center South: prob < \$100/sf







# CONINE & ROBINSON

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## Summary Data - January 1, 2002

Current Space Available 1,663,493

Percent Vacant 5.8%

Sublease Available 894,000

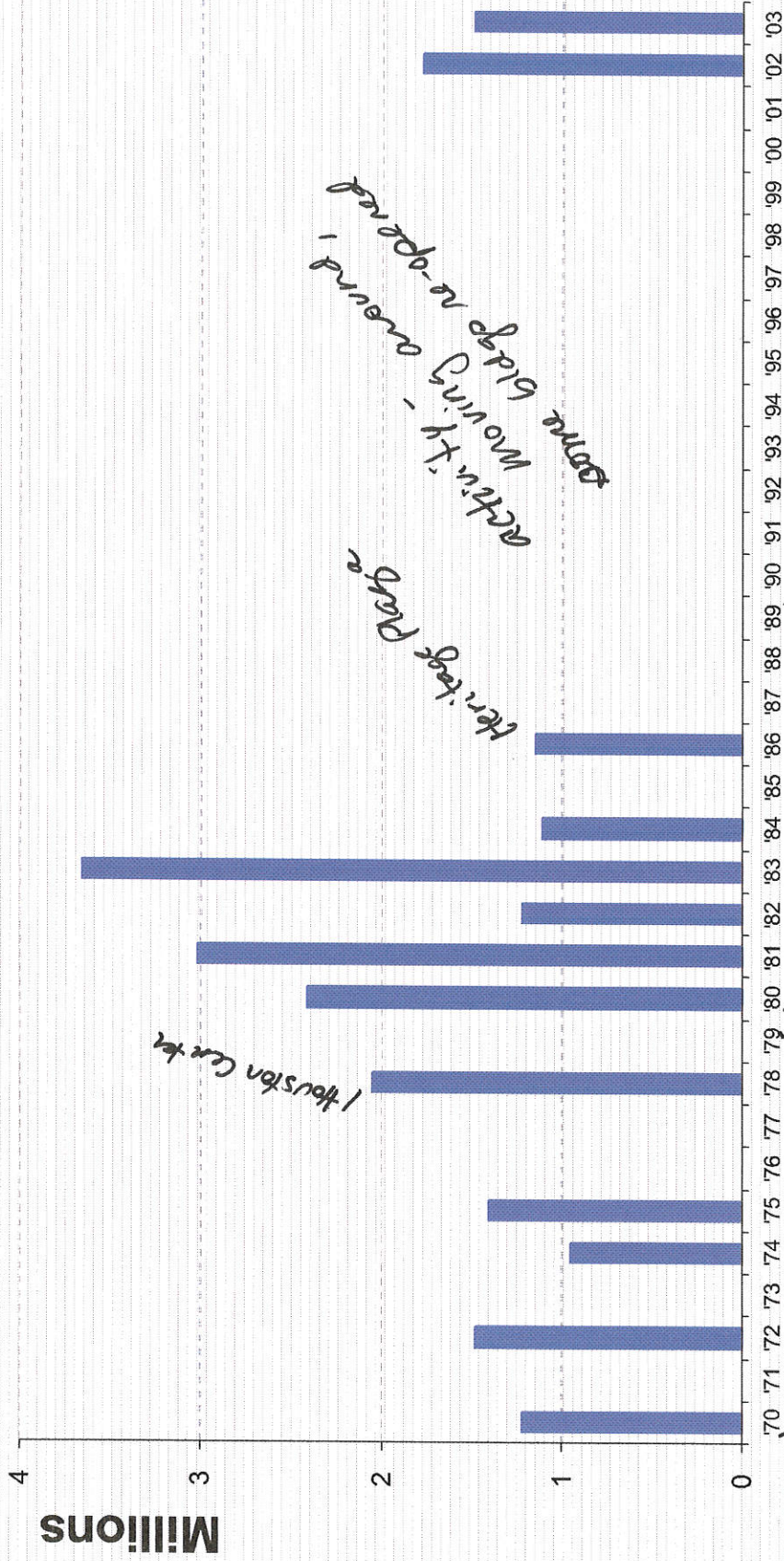
2001 Absorption (347,060)

2001 Leasing Activity 3,927,621



# CONINE & ROBINSON

## Class "A" Buildings – Sq. Ft. / Year Built



2/02

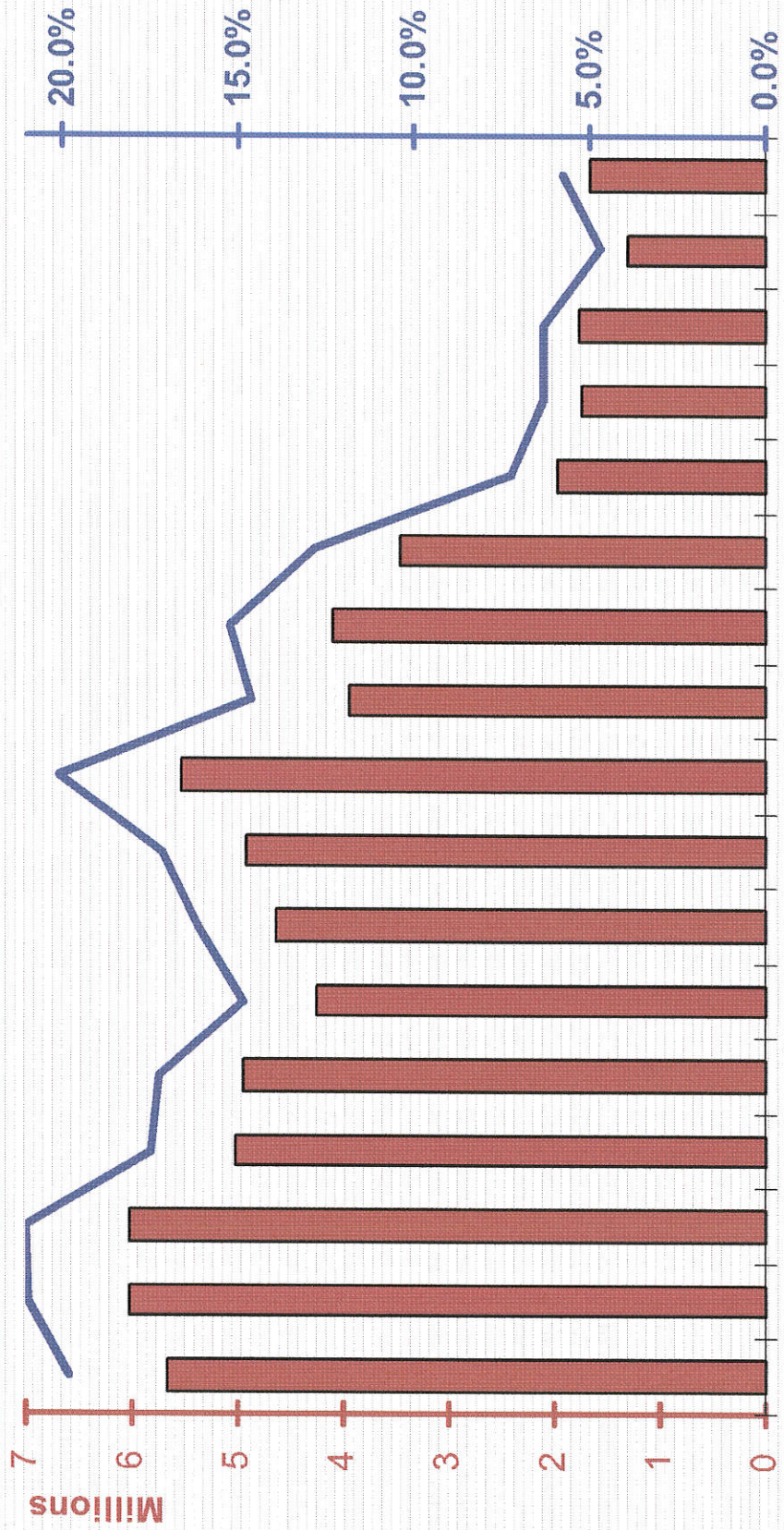
populated office market 1970-84

sum



# CONINE & ROBINSON

## Historical Space Available (Direct Only)



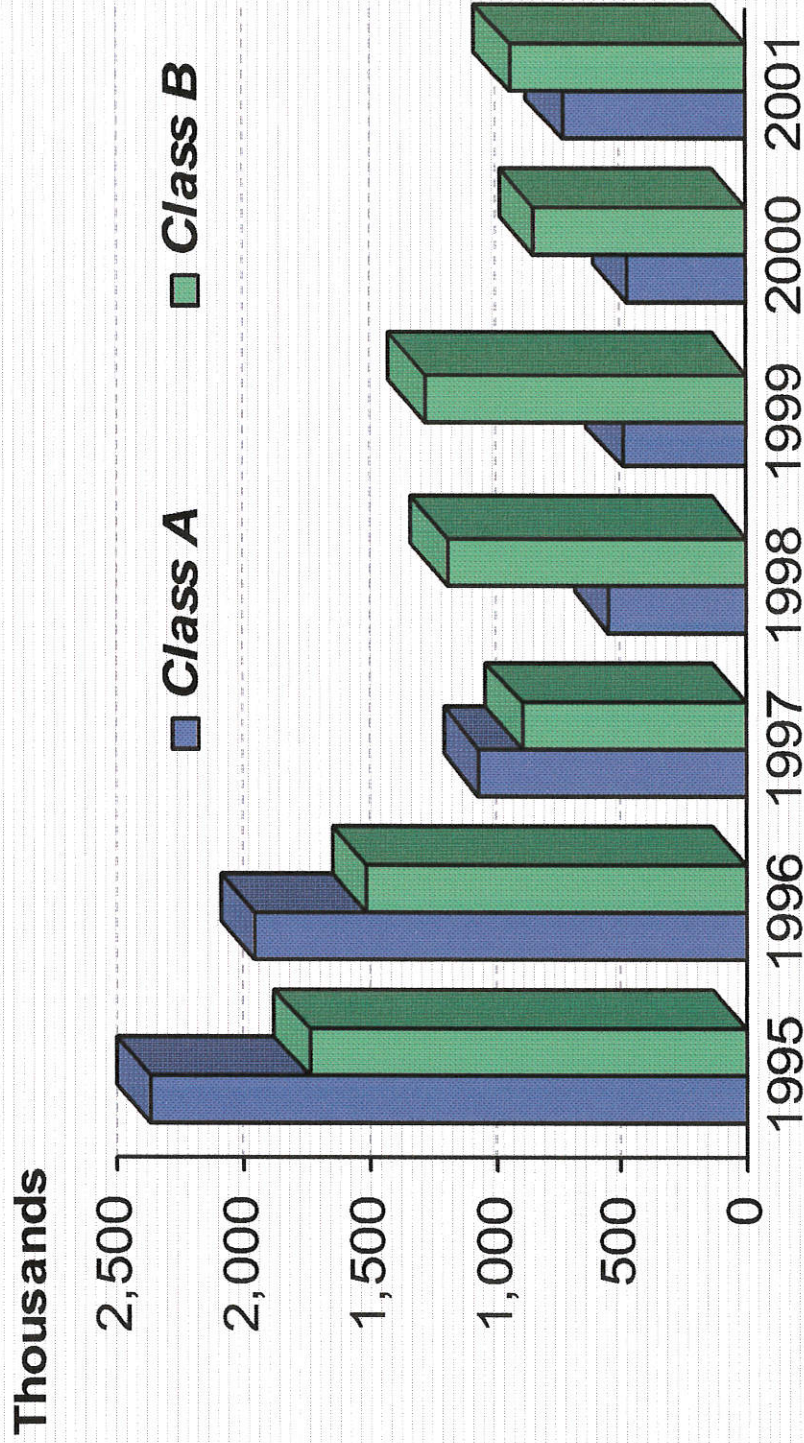
As of 12/31



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## Historical Space Available - By Class



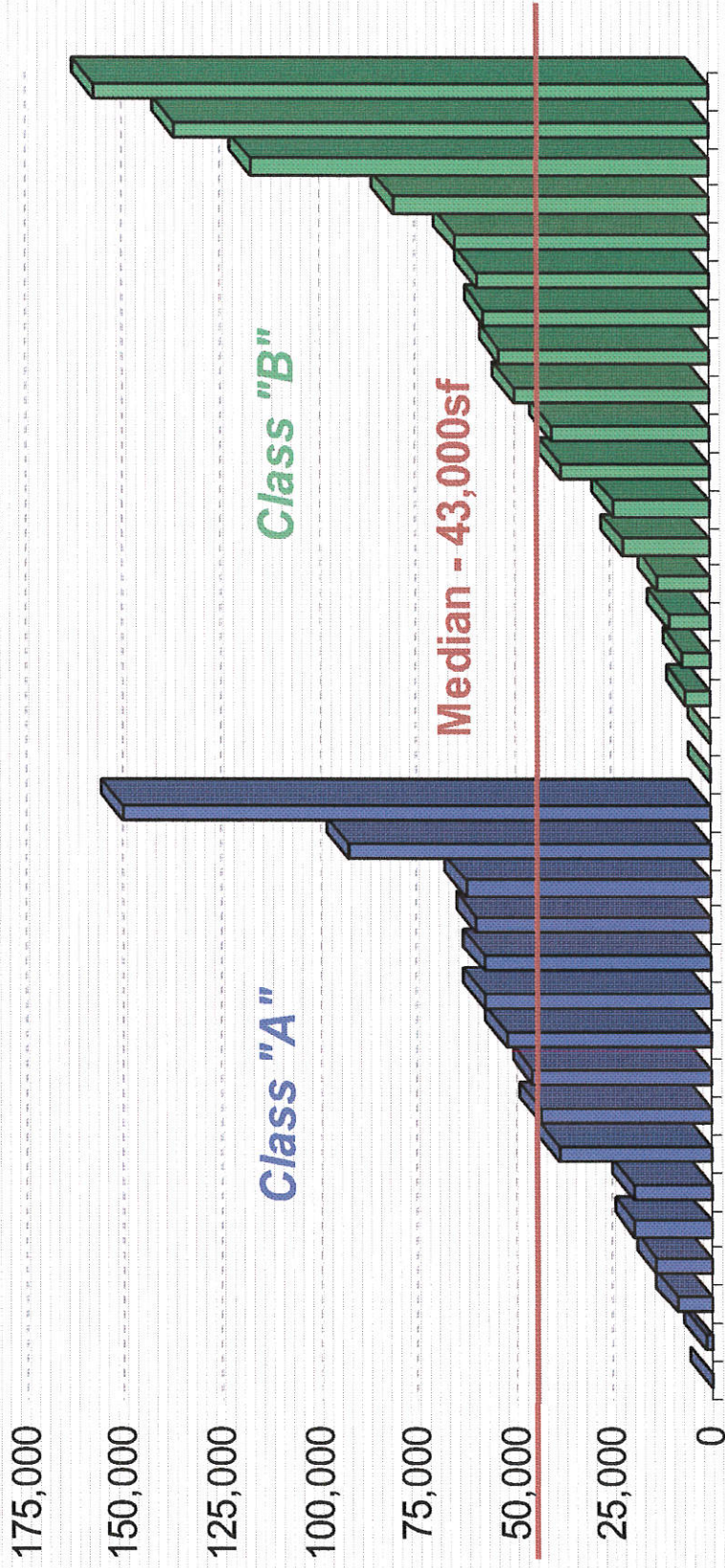
As of 12/31



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## 1/1/02 Space Available - By Building

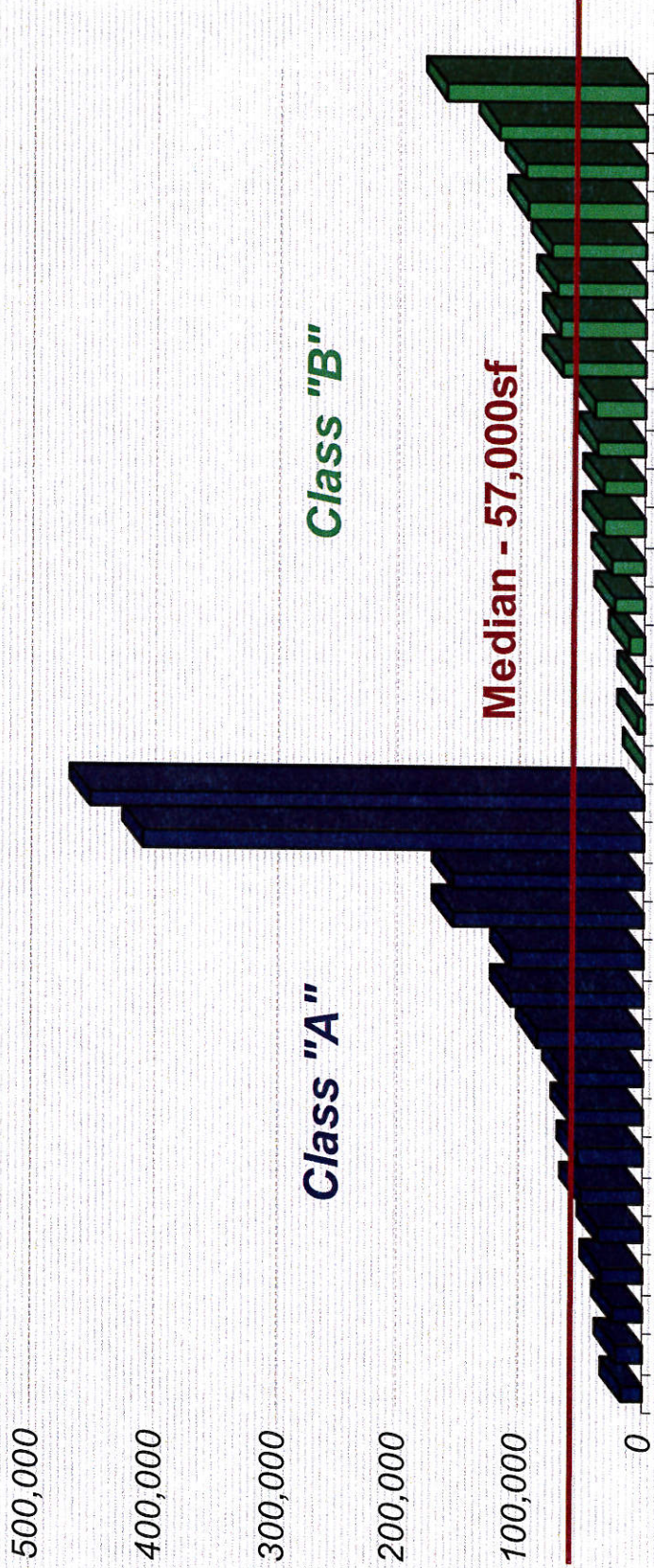




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## 6/30/02 Space Available - By Building





Assumes some entity  
would stay and  
OCC 400,000 SF

5-year terms or longer

# CONINE & ROBINSON

## Effective Blocks of Space - '02 Delivery

<u>Building</u>	<u>Sq. Ft.</u>	<u>Floors</u>	<i>existing</i>
Old Enron	800,000	1-40?	
Chevron Tower	254,000	18-28	
Chevron Tower	120,000	9-13	
Three Allen Center	154,000	3-9	
Three Allen Center	142,000	14-19	
1 Houston Center	142,000	20-25	
Louisiana Place	100,000	6-9	<i>sub lease</i>
Bank of America	91,000	18-20	
New Enron	1,000,000	7-40	<i>new bids</i>
5 Houston Center	88,000	21-23	



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## Effective Blocks of Space – '03 Delivery

<u>Building</u>	<u>Sq. Ft.</u>	<u>Floors</u>
1111 Louisiana <del>Reliant Energy P.</del>	<del>485,000</del> 537,000	Low, Mid
4 Houston Center	72,000	5-6
Wells Fargo Plaza	50,000	8-9
Calpine Center	190,000	14-20
Calpine Center	190,000	27-33
1000 Main	236,000	24-31



# CONINE & ROBINSON

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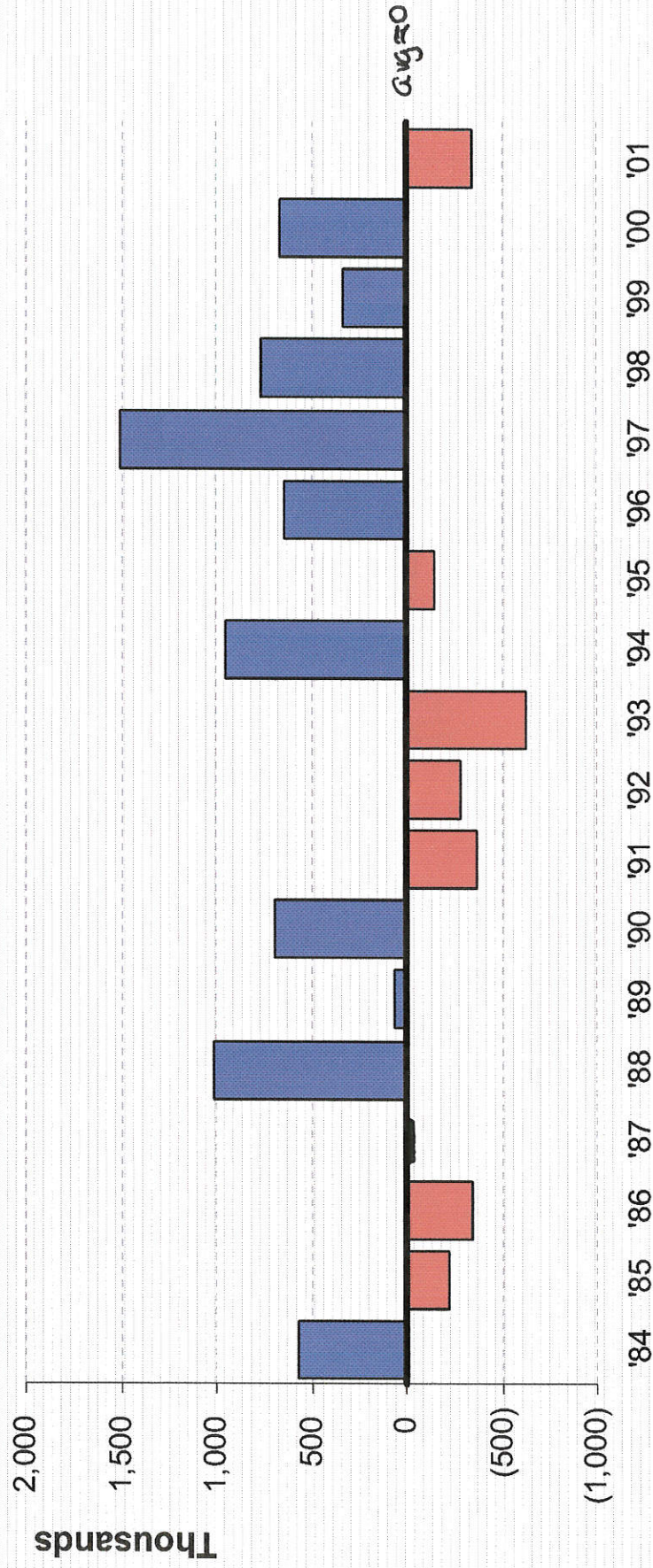
## Historical Sublease Space Available





# CONINE & ROBINSON

## Historical Absorption - Total



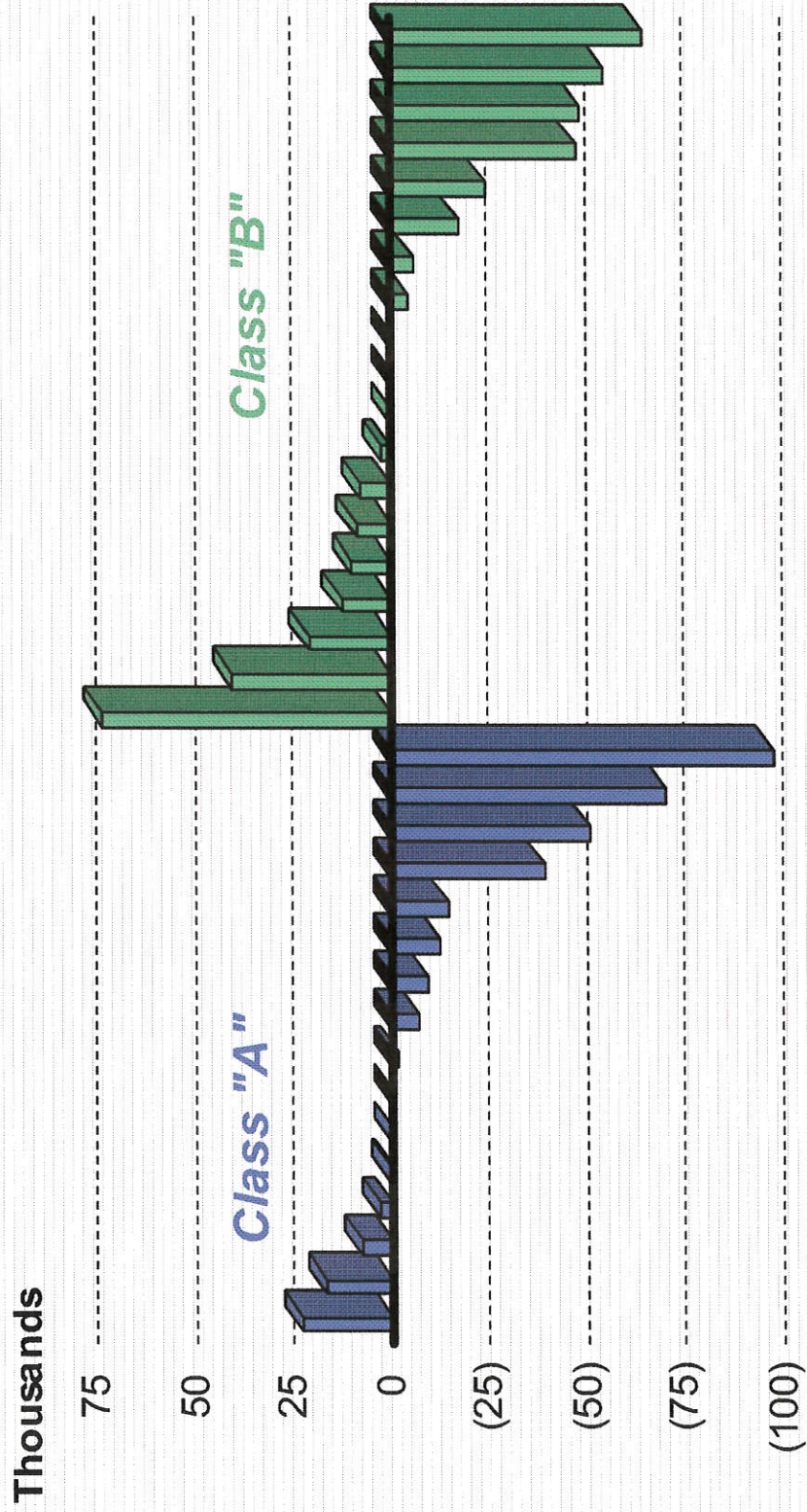
As of 12/31



# CONINE & ROBINSON

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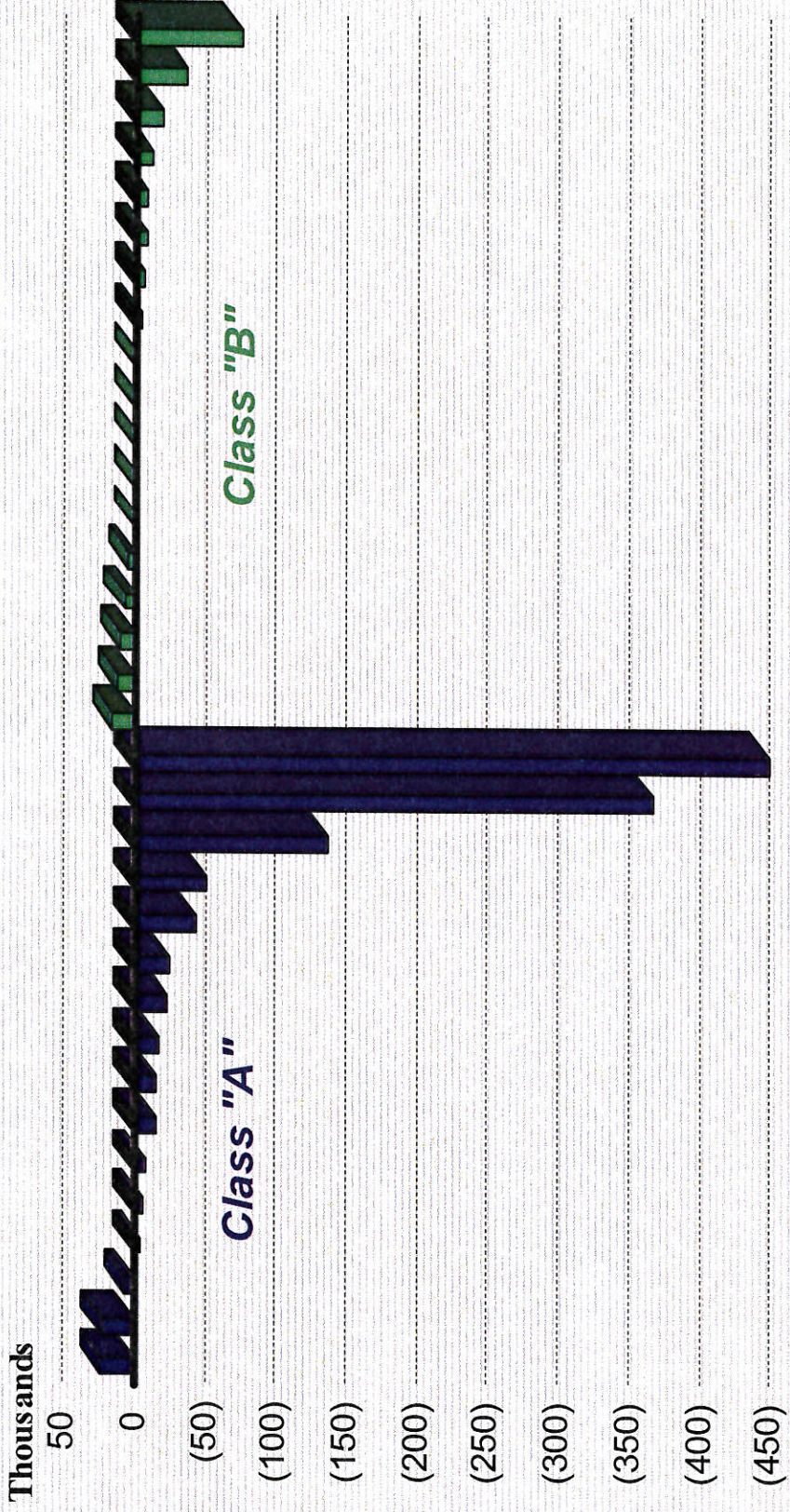
## Absorption - By Building 2001





# CONINE & ROBINSON

## Absorption - By Building 6/30/02

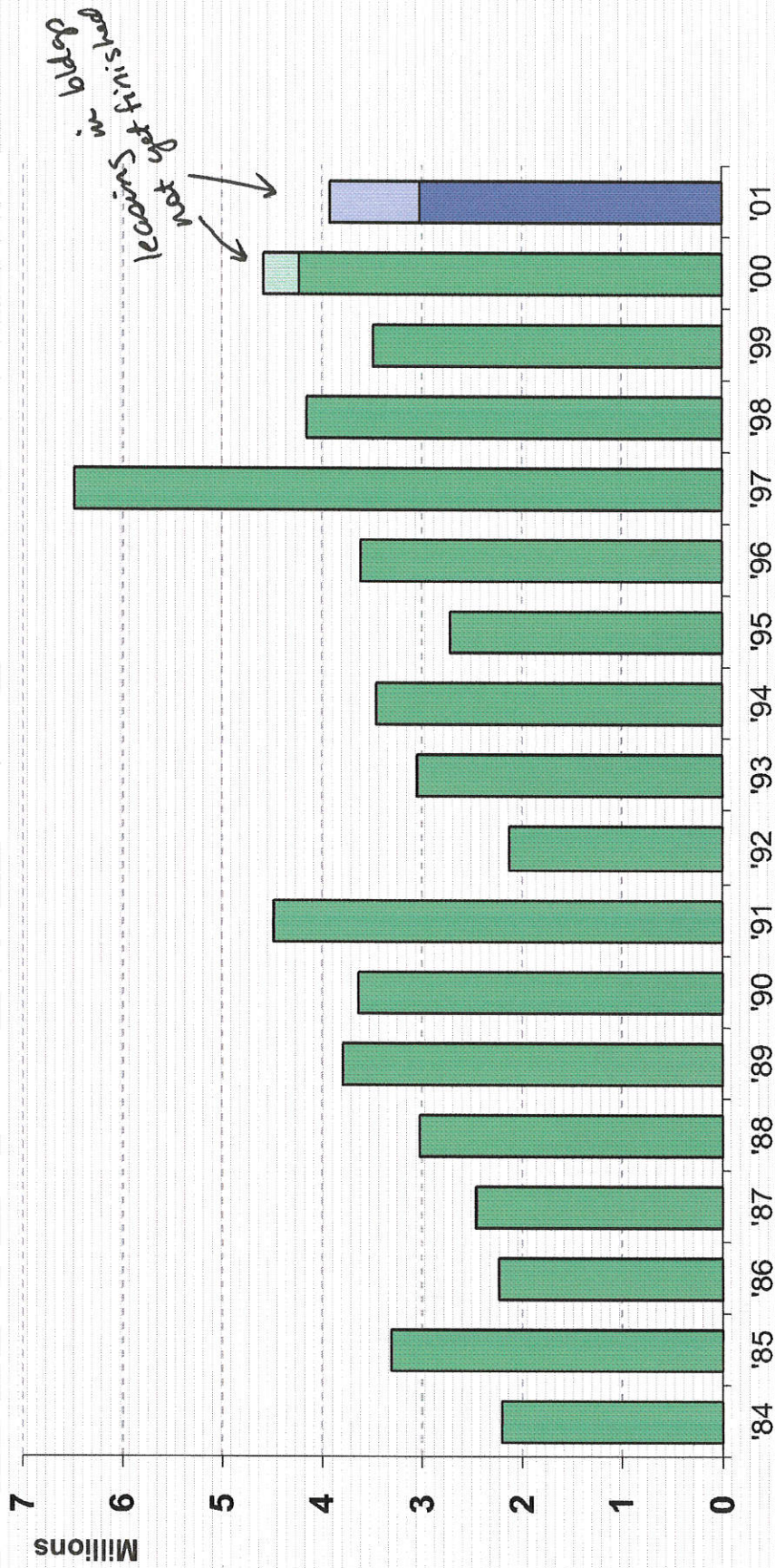




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## Historical Leasing Activity – Direct Space

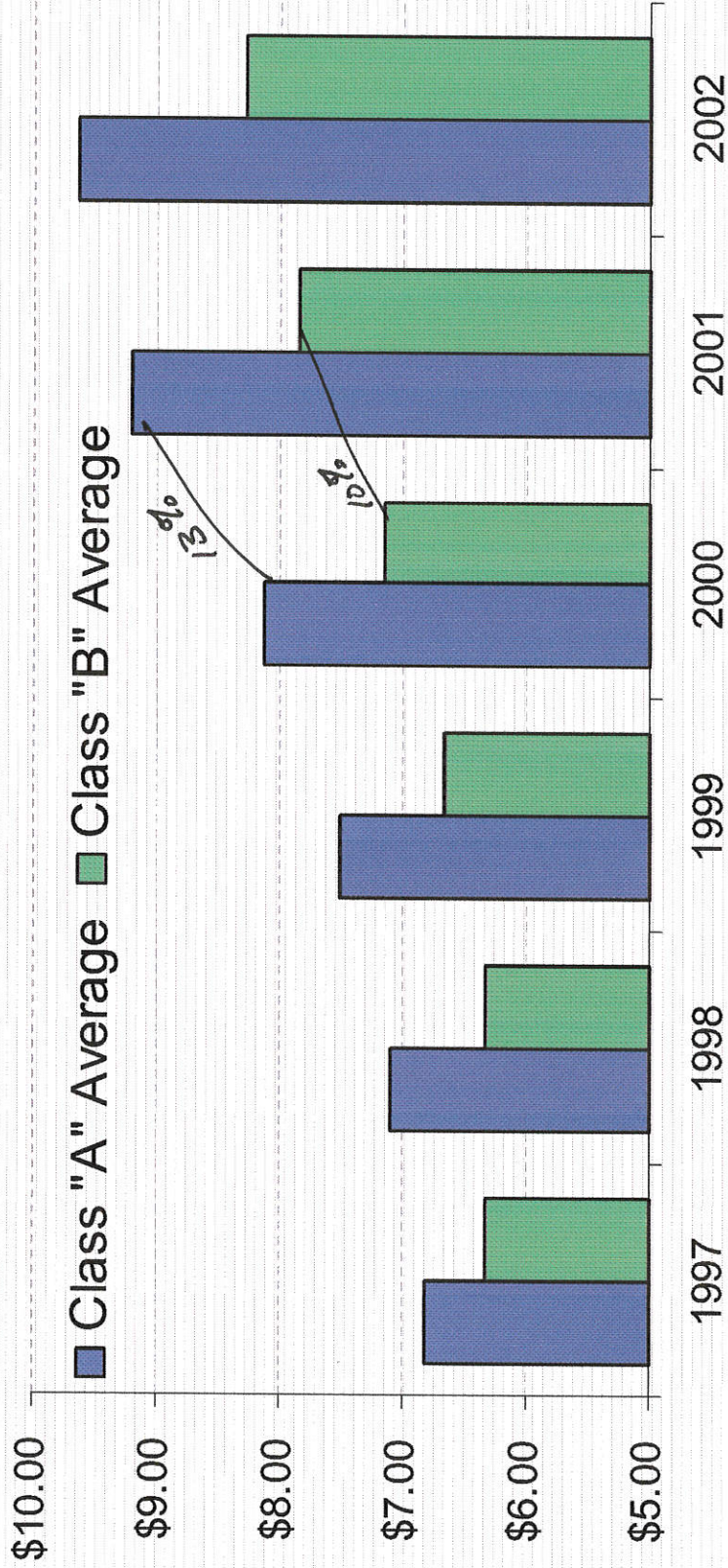
New and renewals





# CONINE & ROBINSON

## Historical Operating Expenses - By Class



= 7 (taxes)

Utilities  
& taxes  
biggest

Very flat  
very poor  
↓



# CONINE & ROBINSON

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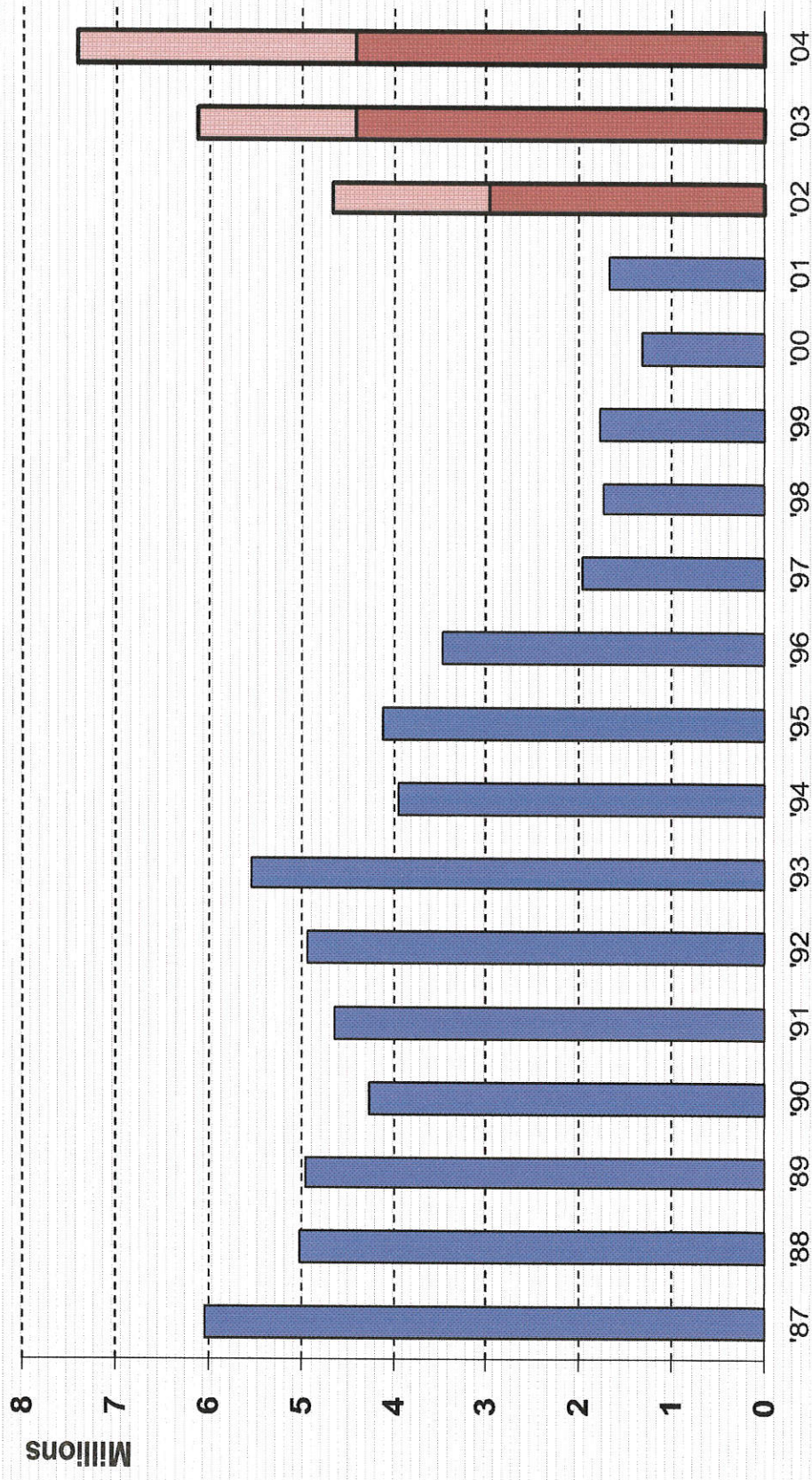
## New Building Status - CBD

<u>Building</u>	<u>Size (000)</u>	<u>Delivery</u>	<u>Vacant</u>
New Enron	1,200	3Q'02	90%
5 Houston Ctr	575	4Q'02	27%
1000 Main	800	2Q'03	31%
Calpine Center	685	4Q'03	56%



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## Future Space Availabilities – “High” & “Low”



As of 12/31



# CONINE & ROBINSON

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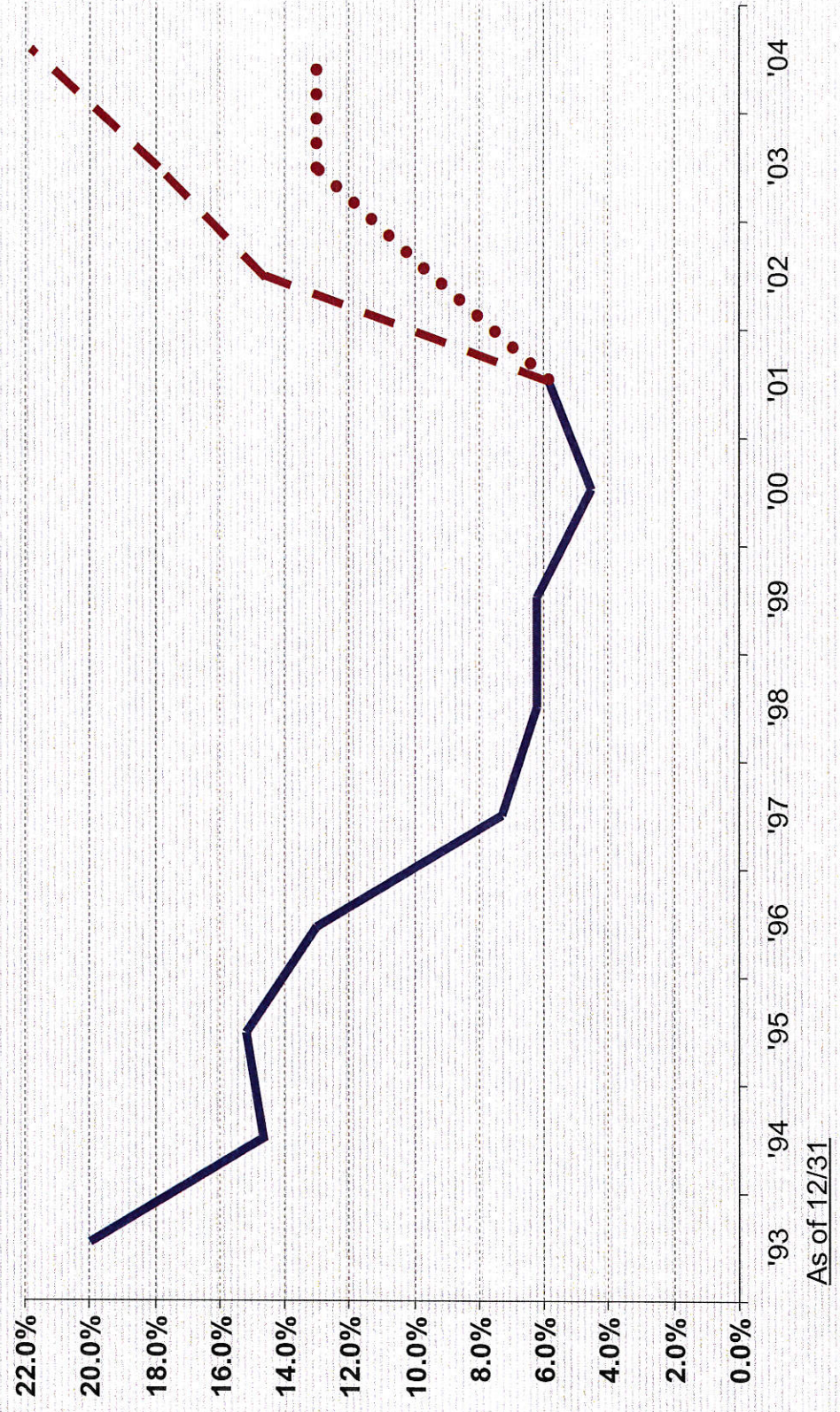
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1111 Louisiana	537,000	Low, Mid
4 Houston Center	72,000	5-6
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# CONINE & ROBINSON

## Future Vacancy Levels – “High” & “Low”



As of 12/31



## Future Vacancy Projections

	<u>Location</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>Existing Tenants</u></b>				
Enron	500 Jefferson	59,469		
Enron	3 Allen Center	384,185		
Enron (Old)	1400 Smith	800,000		
Cogen	Pennzoil	25,000		
Ernst & Young	1 Houston Center	139,451		
Jackson Walker	1100 Louisiana	61,967		
Shell Oil	4 Houston Center		135,115	
Hamilton Davis	Houston Center		15,000	
Chevron	Chevron Tower	370,000	30,000	
Calpine	Several		165,000	
Reliant	REP, Travis Twr		485,000	
Kellogg	Cullen Center			800,000
Equiva	Multiple Bldgs.			500,000
<b><u>New Space</u></b>				
Enron (New)	1500 Louisiana	1,000,000		
1000 Main			235,000	
Calpine Center			388,000	
5 Houston Center		155,000		
Projected New Vacancy		2,995,072	1,453,115	1,300,000
Existing Vacancy - Jan. 1, 2002		1,663,493		
Assumed Absorption		0	0	0
Number of Buildings		38	41	41
Building Total Space		31,713,245	34,296,298	34,296,298
<b><u>"High Case"</u></b>				
Projected Total Vacancy		4,658,565	6,111,680	7,411,680
Projected Vacancy Rate		14.7%	17.8%	21.6%
<b><u>"Low Case"</u></b> [Retain Kellogg & Equiva; Add Halliburton @ 1.7mm sf]				
Projected Total Vacancy		2,958,565	4,411,680	4,411,680
Projected Vacancy Rate		9.3%	12.9%	12.9%





~5/2002 Stewart Robinson report on office market of 2001

D+B 69 began, started computerizing data  
Steve Montgomery hired him

added cost:

Security: 30 → 50<sup>0</sup> 1.00 if full year of security

4 → 18 guards 1 & 2 shell  
→ 7 guards

127/SF 3 bldg accord to HCAD <sup>BOA</sup> Wells F. =  
156/SF 1111 Louisiana sold

Kellogg owns w/Trizec

AA could reduce space  
Cooper could leave CBD  
Calpine Center could/might not be built  
Don't project absorption

Move auditors back home office?

AA 253 in P2L

50% = 125

double, 25

to AA's needs

300,000 new demand if others do the same.