

CBD STORY 2008

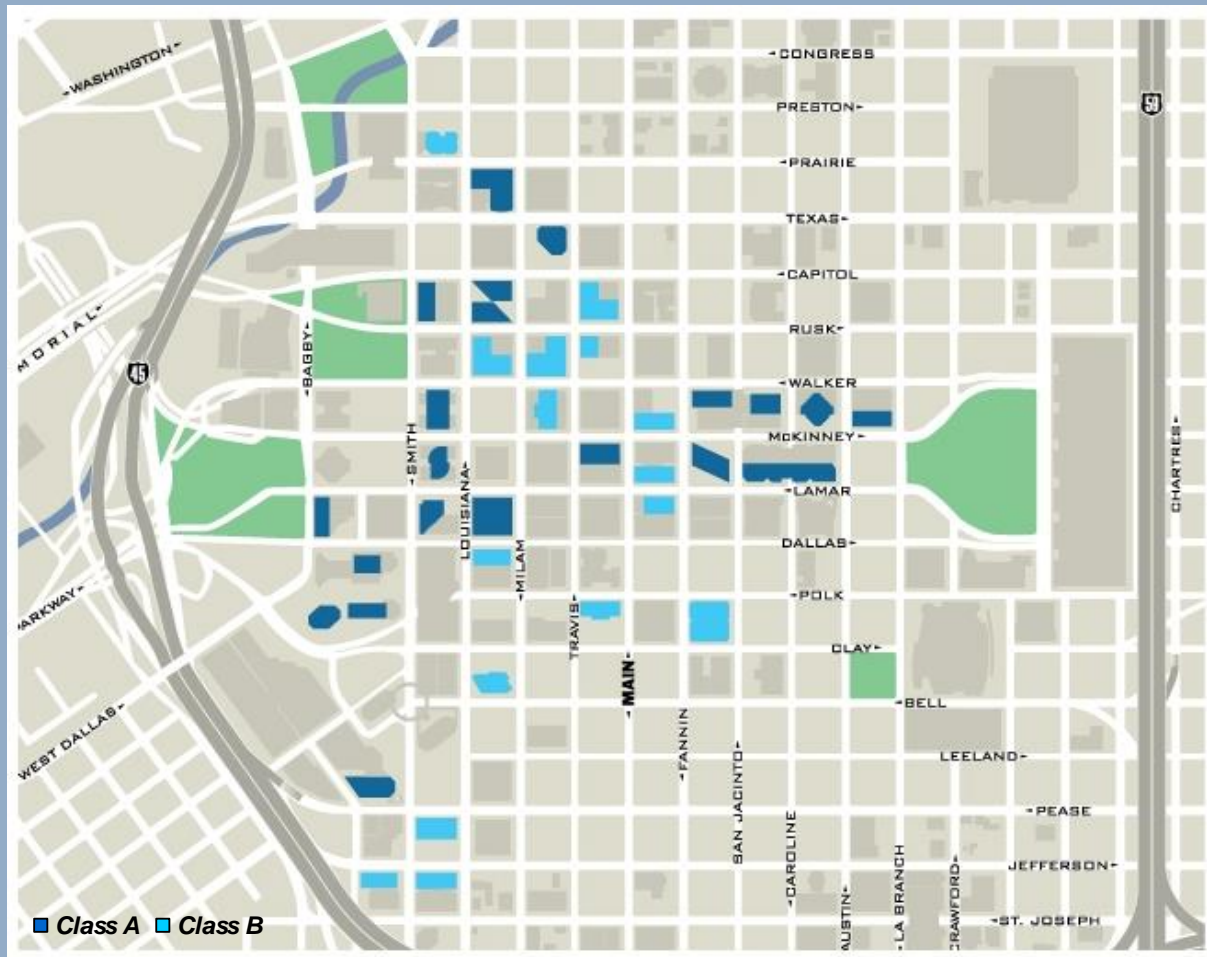
As of January 1, 2008



Buildings Surveyed

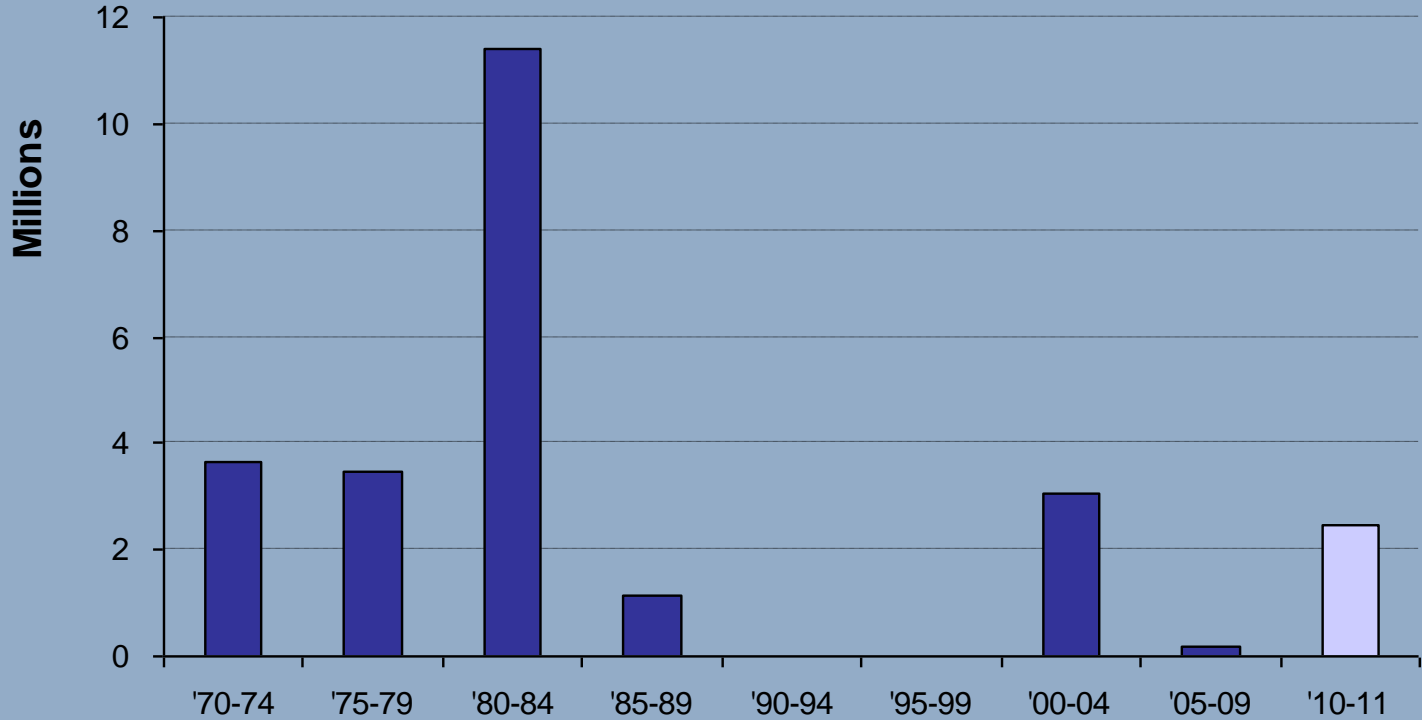
	Number	Rentable Sq. Ft.
Class A	20	22,078,098
Class B	17	8,921,417
Total	37	30,999,515

Central Business District



Class A Buildings

Square Feet Built / Year



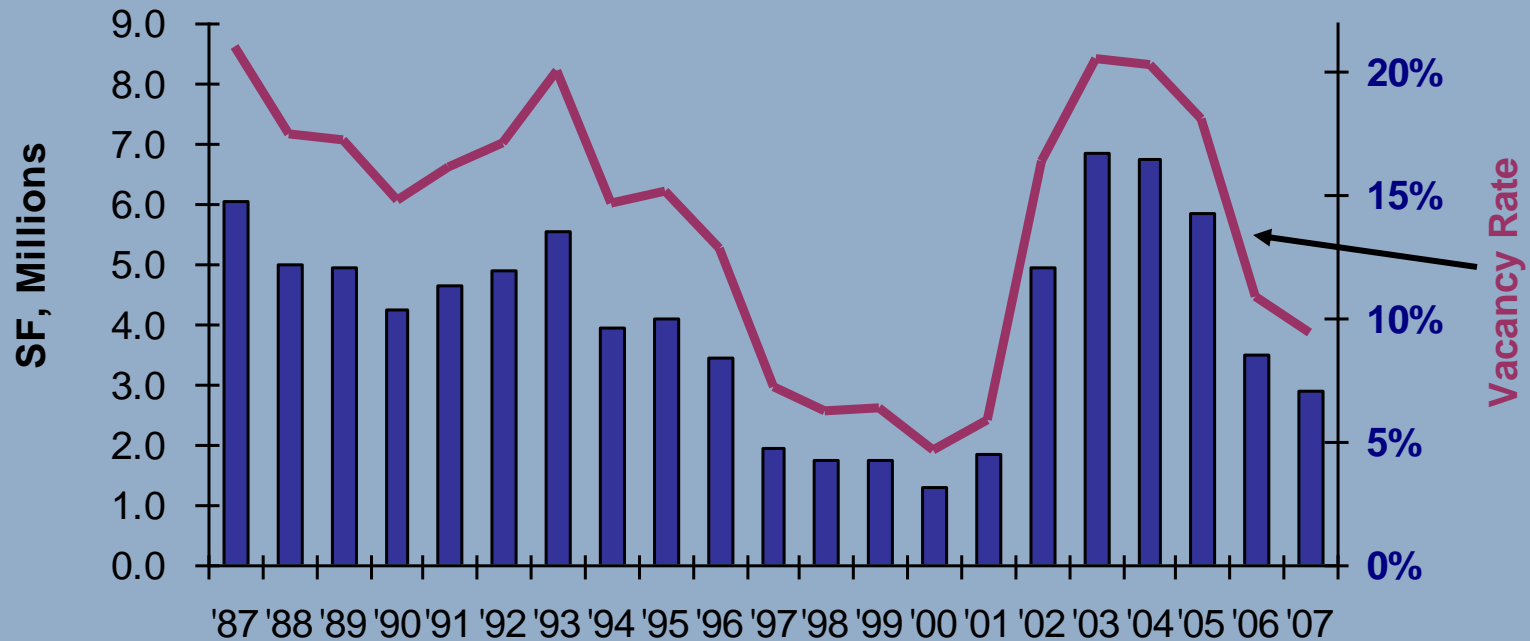
Summary Data

January 1, 2008

Space Available	2,702,017
Percent Vacant	8.7%
Sublease Available	359,478
2007 Absorption	698,203
2007 Leasing Activity	4,484,252

Historical Space Available

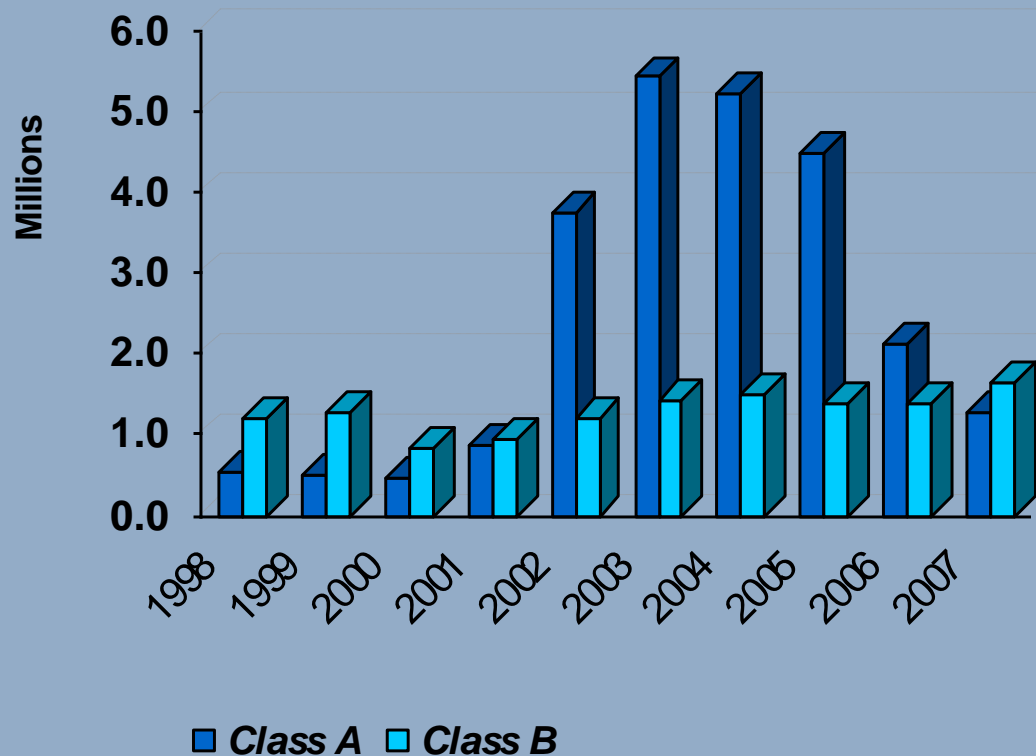
Direct Only



As of 12/31

Historical Space Available

By Class

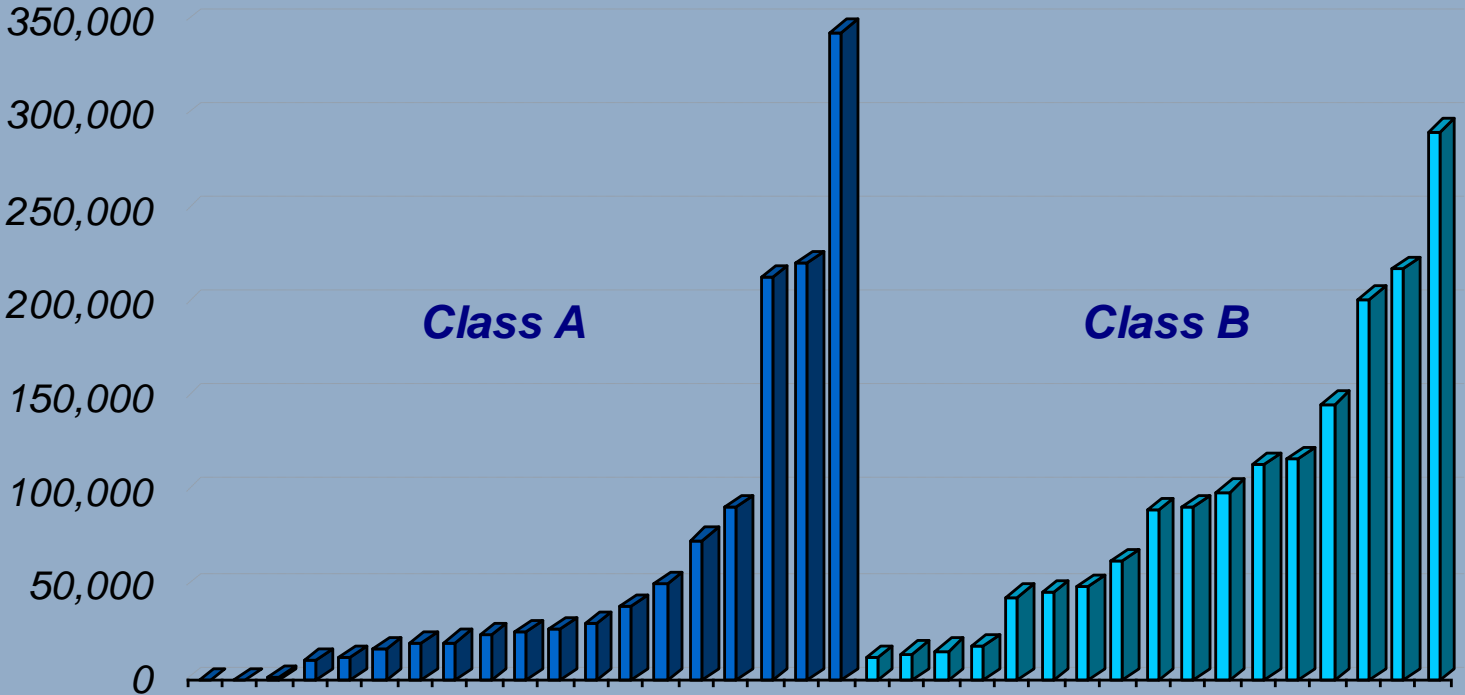


As of 12/31

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Space Available by Building

January 1, 2008



Effective Blocks of Space

May 2008

100,000 SF+

Building	Sq. Ft.	Floors
Travis Tower	260,000	5-11, 13-16
Wedge	227,800	17-23, 26-32
Wells Fargo Plaza	150,000	23-28
KBR Tower	150,000	5-8, 10-11
919 Milam	113,000	20-24

Effective Blocks of Space

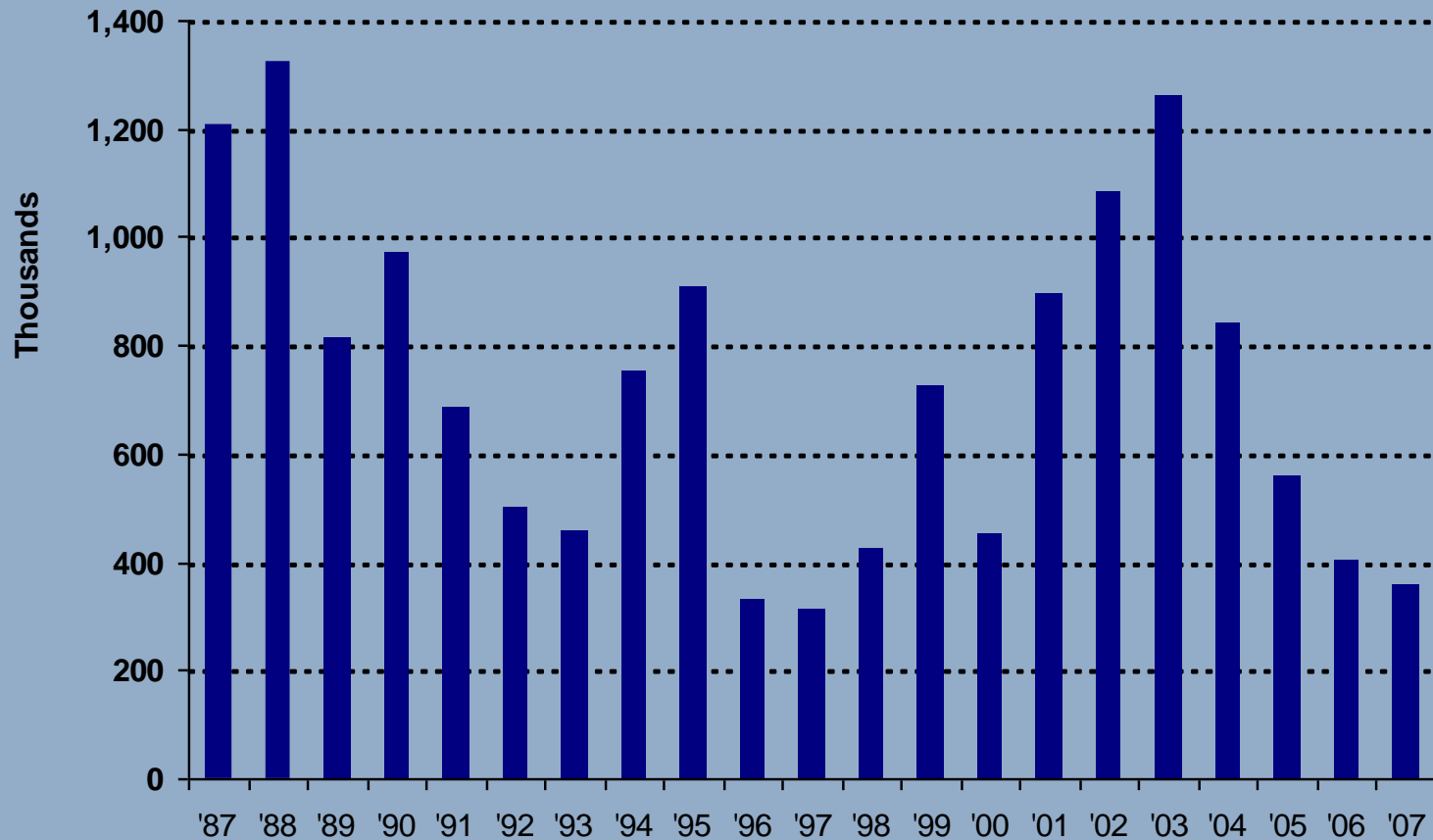
March 2006

100,000 SF+

Bldg	Sq. Ft.
1400 Smith	1,250,000
Wells Fargo Plaza	350,000+
Heritage Plaza	330,000+
Fulbright Tower	340,000
Travis Tower	260,000
Chase Tower	244,000

Bldg	Sq. Ft.
Pennzoil S	225,000
First City Tower	198,000
Chase Tower	190,000
Wedge	154,000
3 Allen	120,000
Pennzoil N	110,000

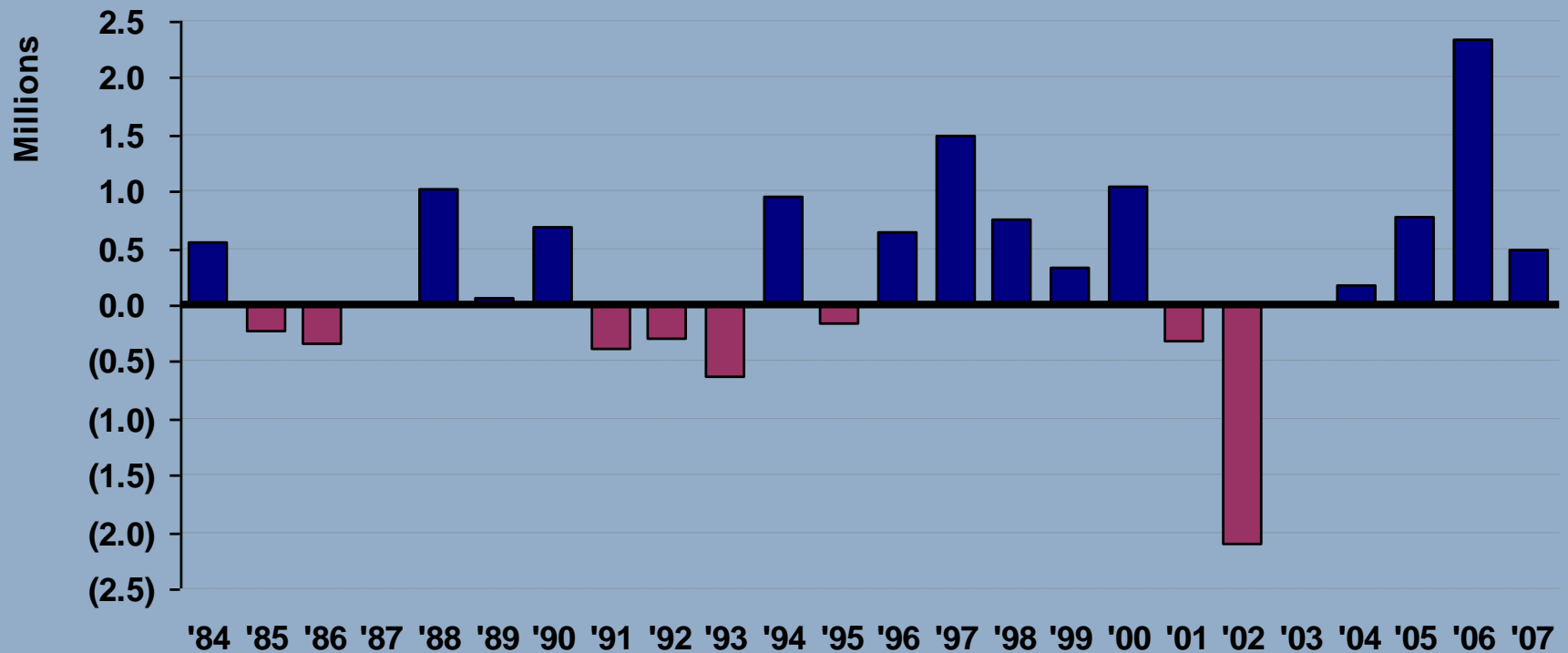
Historical Sublease Space Avail



As of 12/31

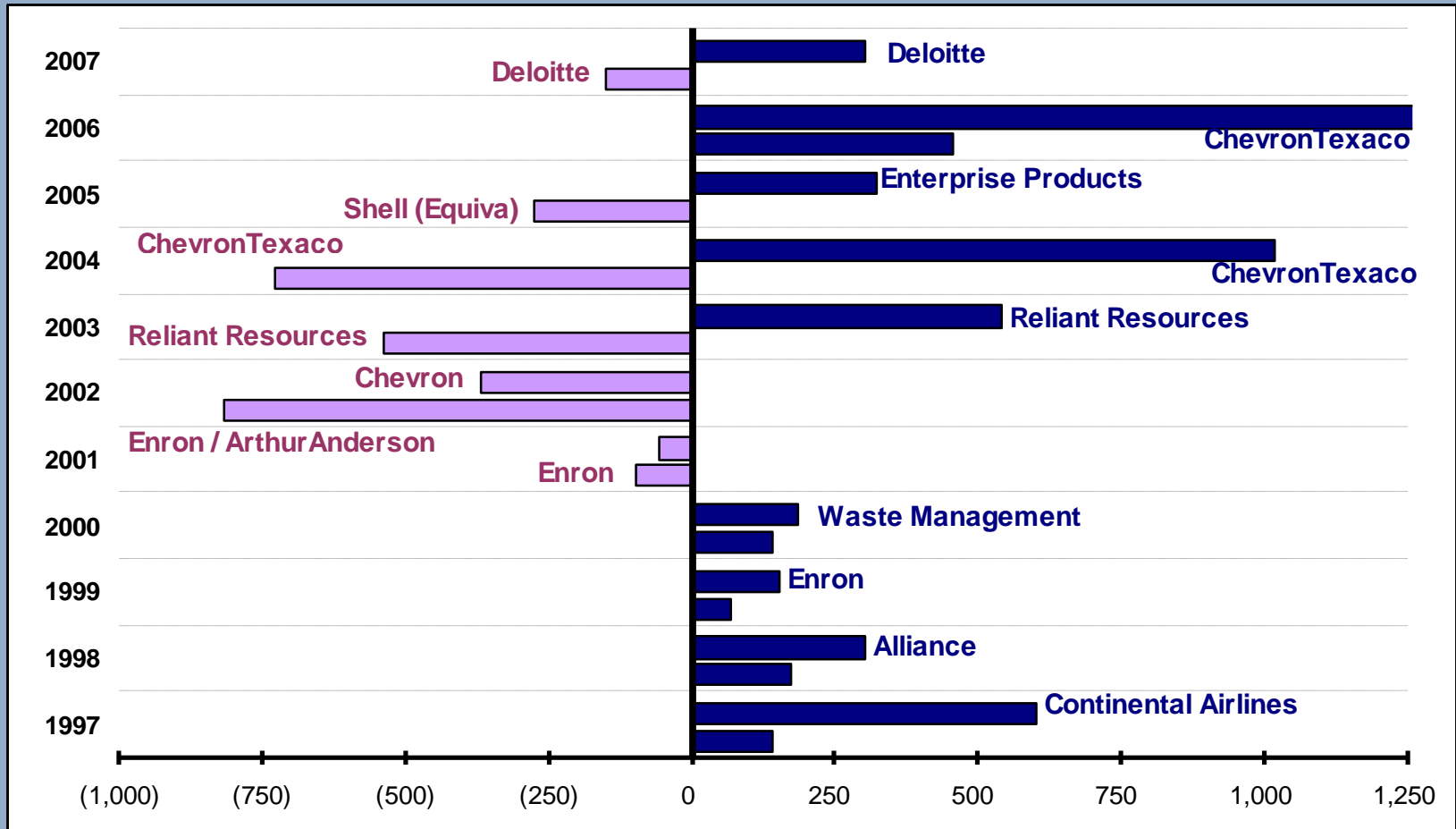
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Historical Absorption - CBD

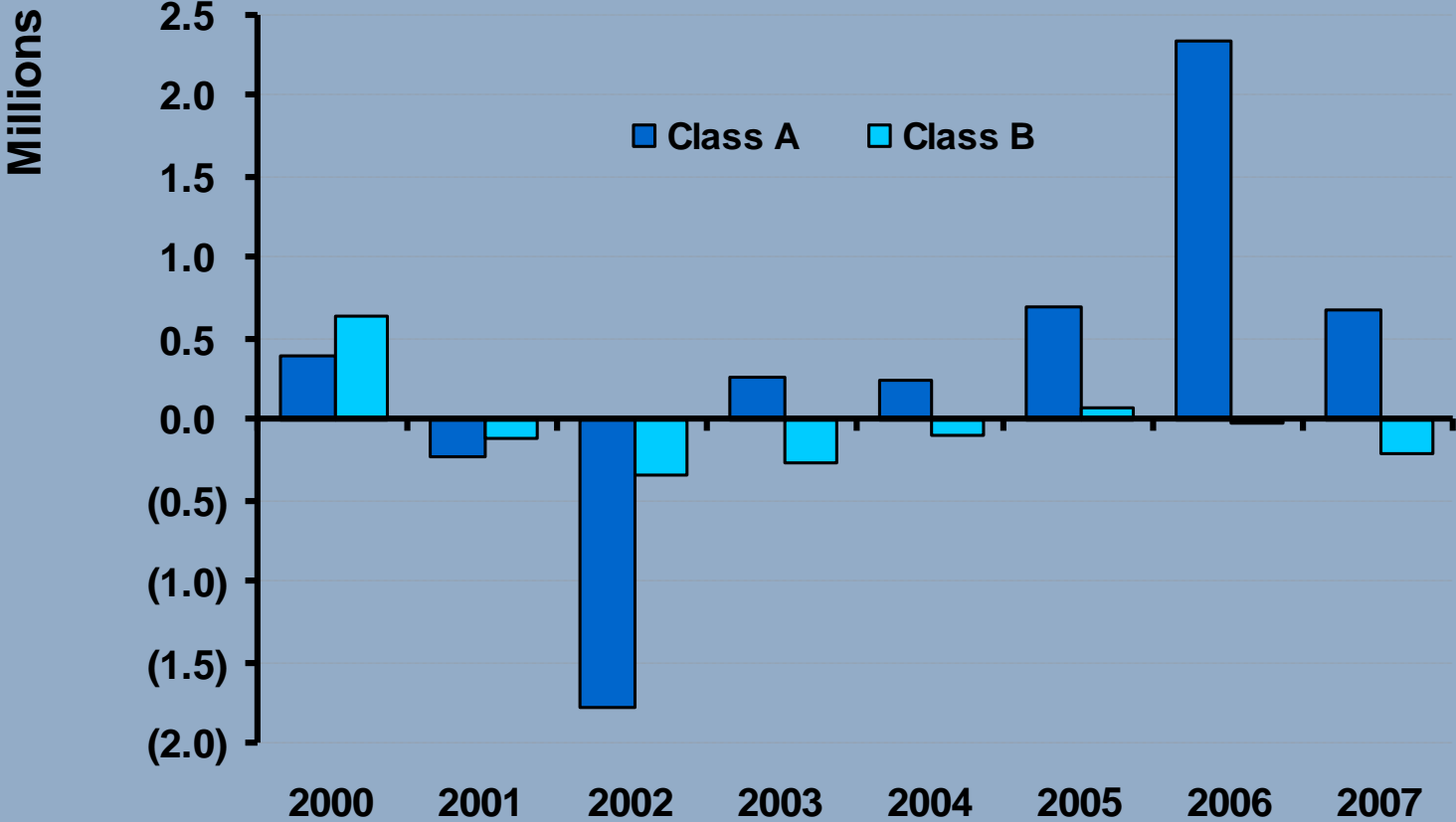


As of 12/31

Absorption / Major Events

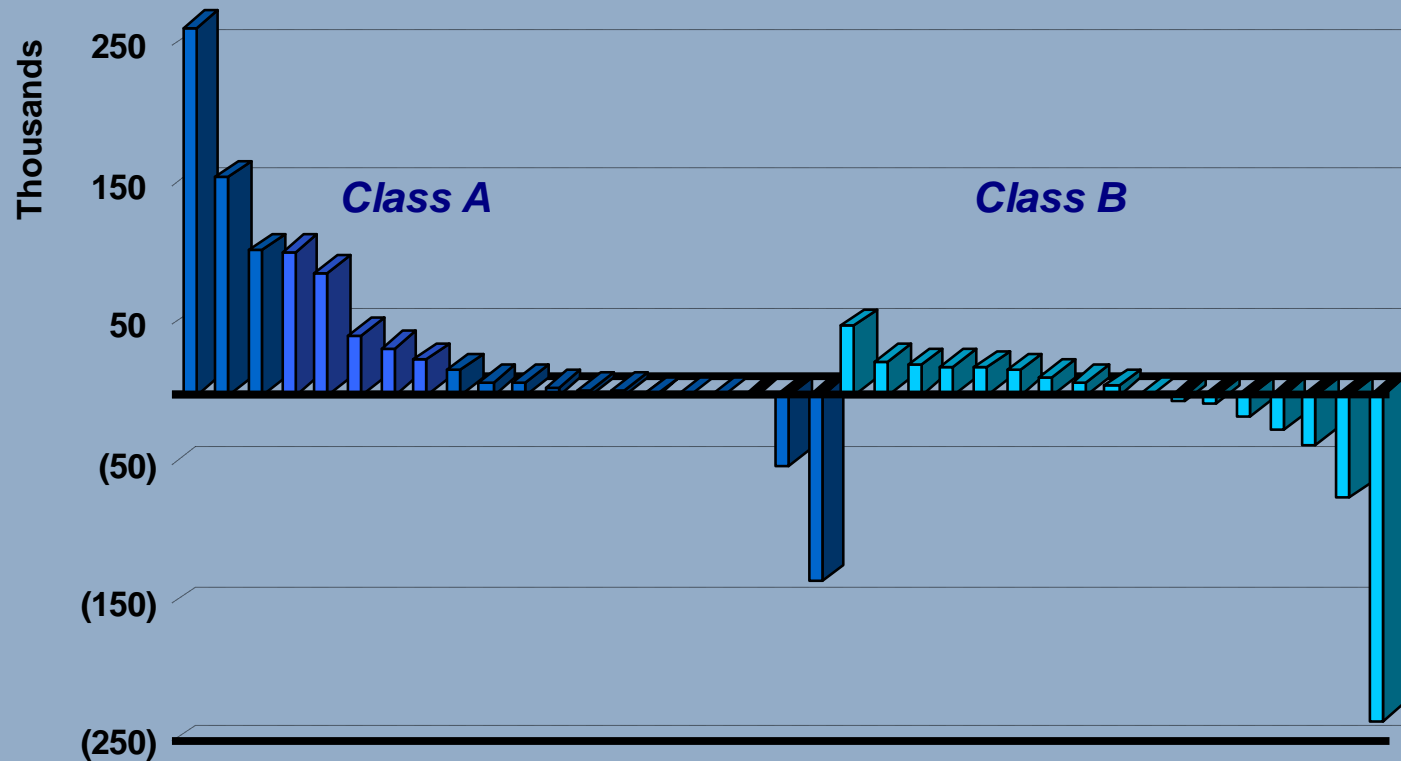


Absorption – Building Class



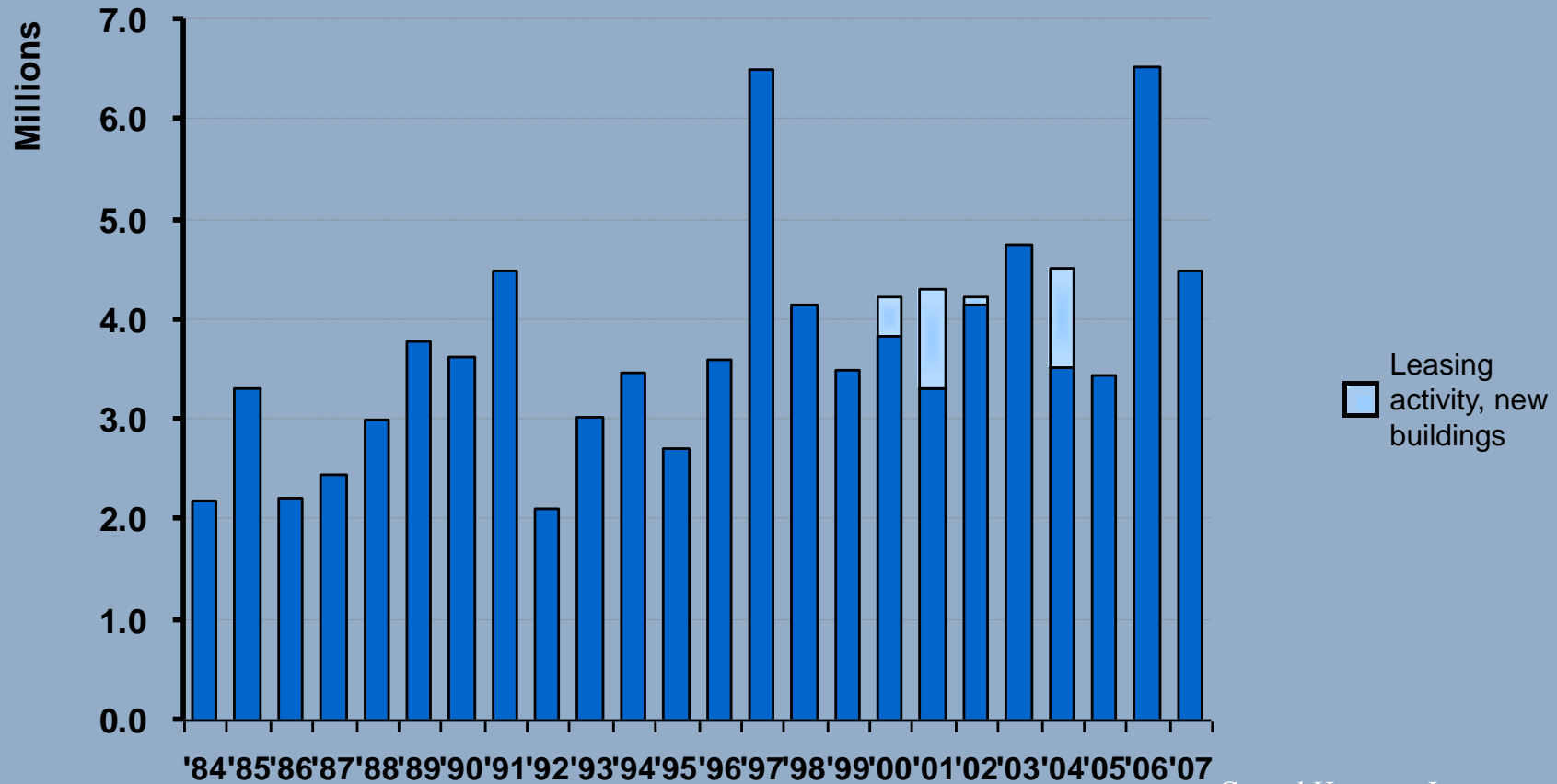
Absorption by Building

2007



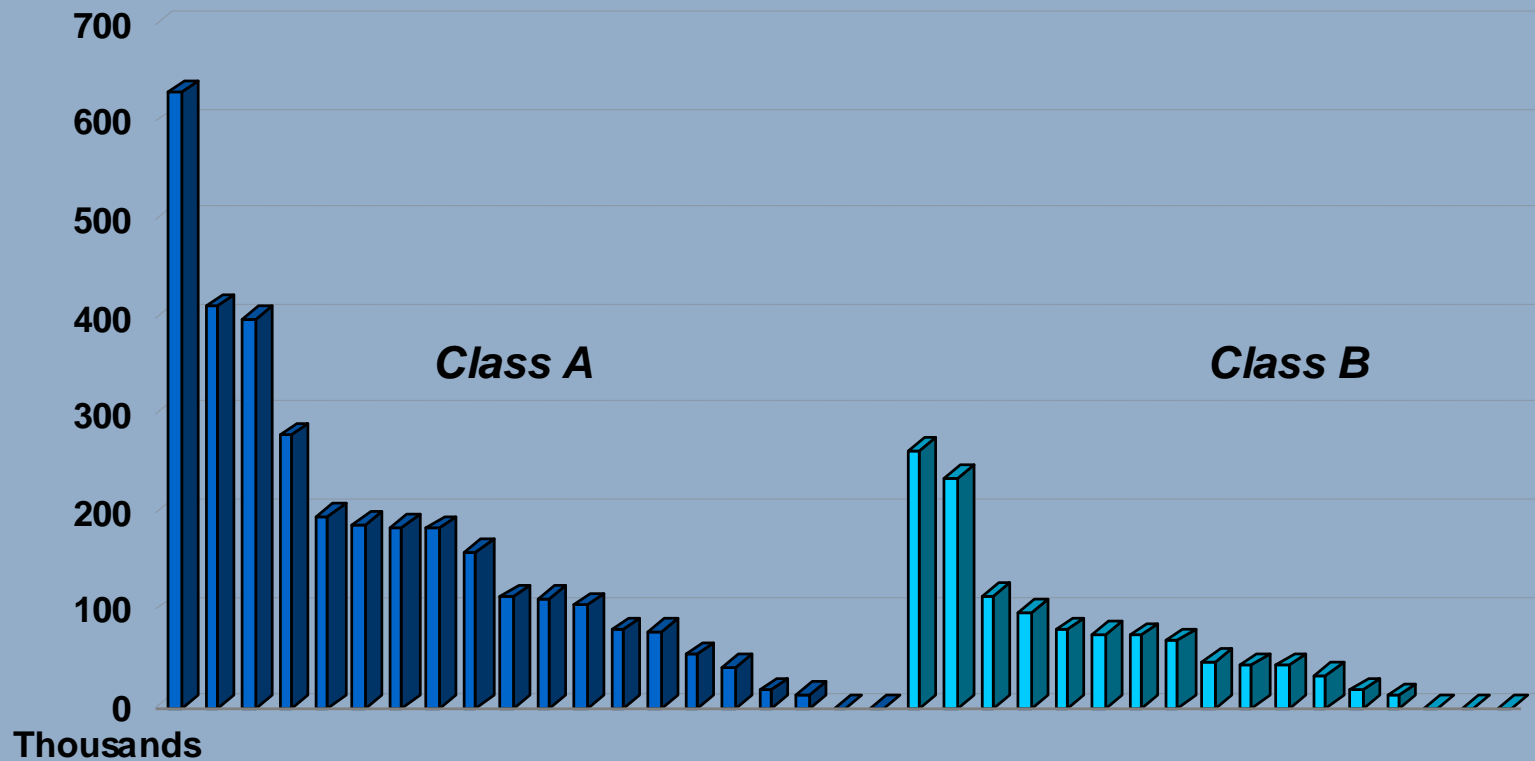
Historical Leasing Activity

Direct Space



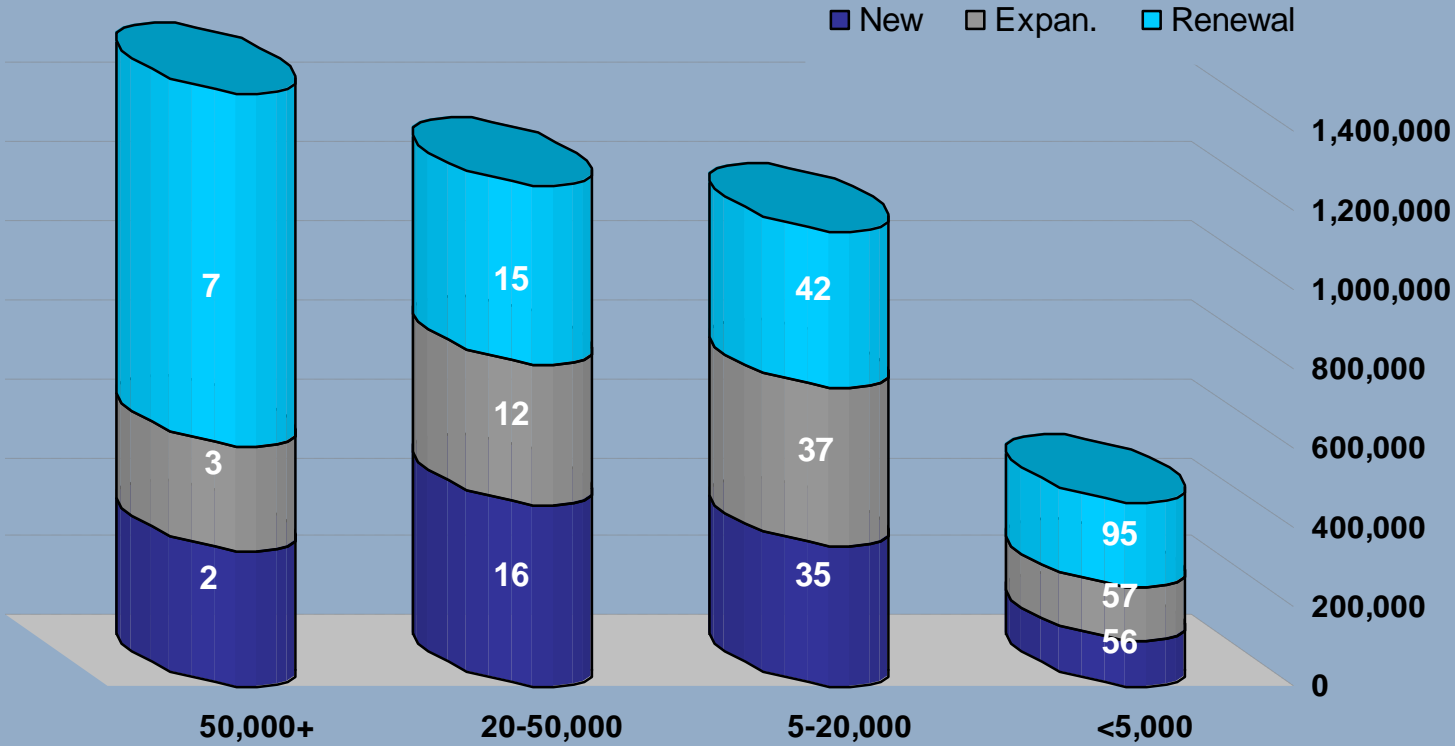
Leasing Activity by Building

2007



Lease Transactions

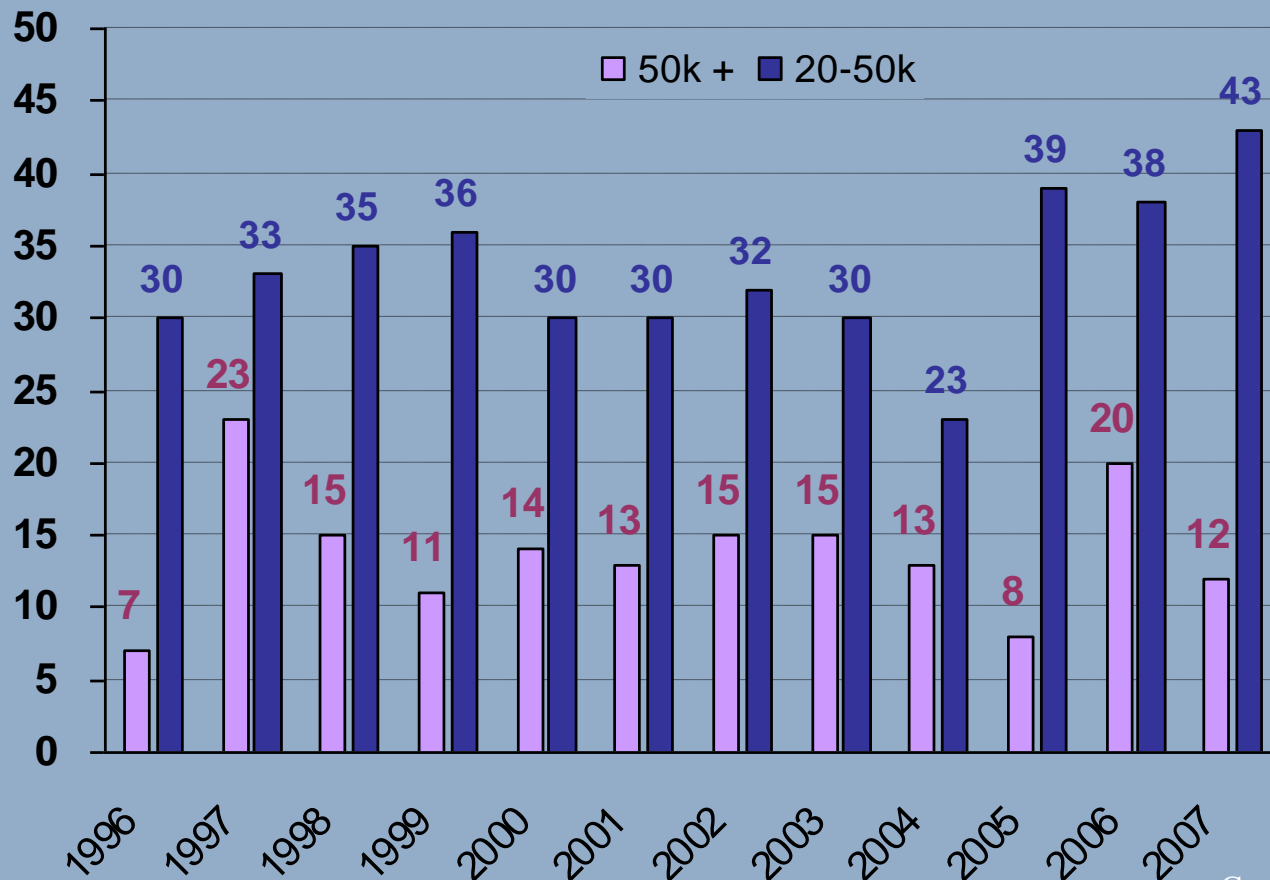
2007



Transaction Size

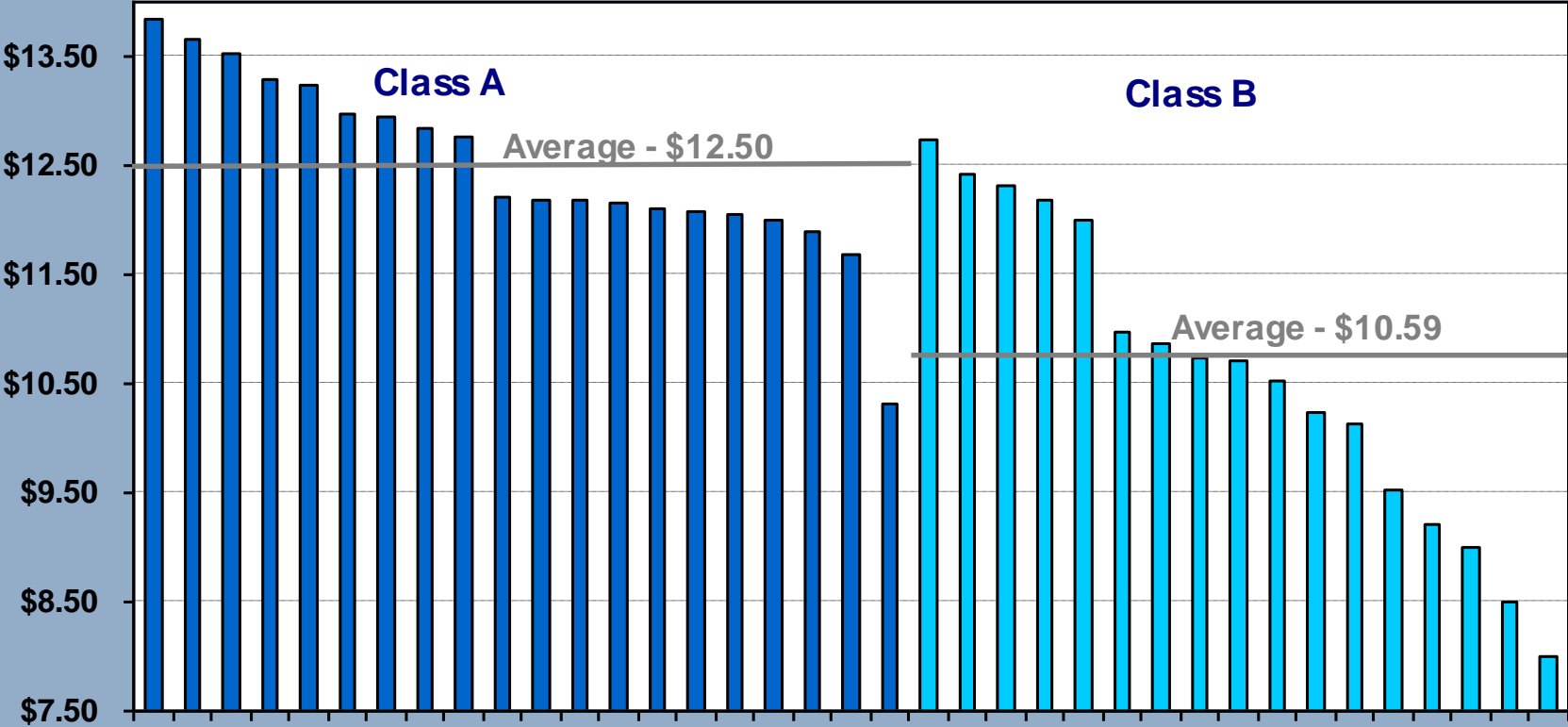
Number of Large Transactions

By Year



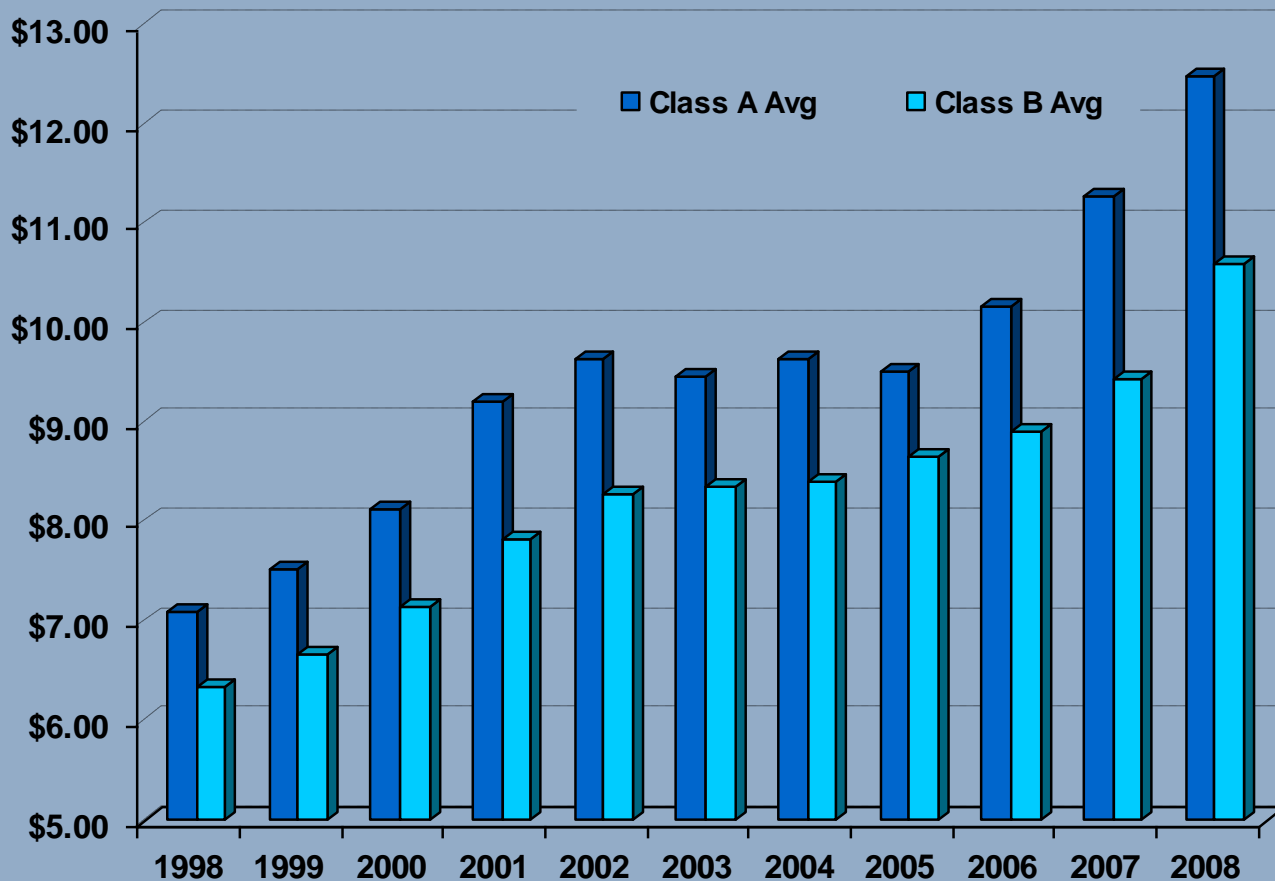
Operating Expense Projections

2008



Historical Operating Expenses

By Class



New Building Status

Building	Square Feet	Est Completion
Pavilions Tower	207,000	10/2/08
Discovery Tower/Crow	873,000	6/1/10
6 Houston/Crescent	583,262	7/1/10
MainPlace/Hines	960,000	1Q11

End of Survey Results; Crystal Ball →



Crystal Ball Worksheet – Projections to EOY 08 (direct)

Vacancy 12/31/07	8.7%	2,702,017
Pending available space (we know they're going to leave) Cheniere		+81,732 + ??
New buildings opening 2008 (Pavilions Tower)		+ 207,000
Assumed absorption		- ?
Projected vacancy 12/08		= ?

Potential Inputs for the Crystal Ball

- Assuming NO new leases to this universe:
Pav Twr, Disc Twr, MainPl = 16% vac.
Add 6 Hou: 18% vac.
Add 5 Allen: 21% vac
- Announced loss: Cheniere – offering 4 of their 5 floors in PZL N = 81,732 sf to June 2017
- Potential buildings:
 - 5 Allen 1million sf?
 - Block 69 (Hines) #sf?
 - Block 43 (Linbeck) #sf?
- KBR will vacate 200-300,000 sf of their 800+ksf in KBR Tower & 500 Jefferson)
- Probable gain / pot loss: Calpine: NRG has bid to purchase Calpine, which has >200ksf in 717 TX . NRG has 250ksf in Houston Center (former TX Genco space)

Updates on Major Downtown Projects

PLAY

Discovery Green

- 11.78-acre park in the heart of downtown in front of the George R. Brown Convention Center
- Great lawn, playground, interactive fountain, boat pond, amphitheater and dog runs
- The Lake House – casual burger joint
- The Grove – “upscale but not fancy” dining with roof deck and full bar



PLAY

Discovery Green



Discovery Green



DEV

Houston
Pavilions

Construction
(April 2008)



DEVELOPMENT

One Park Place

- 346 apartment units
- 10' ceilings
- 37 stories
- 30 residential levels
- Parking on levels 2-7
- Exercise area, business center, party rooms, lap pool
- The Finger Companies
- Construction 2/07-3/09
- Not yet officially leasing



REAL ESTATE

Under Construction – Discovery Tower

- Developer: Trammell Crow
- Architect: Gensler
- 31-story building
- 871,000 sf
- 10 levels of parking
- LEED certified – Gold
- 10 wind turbines on roof
- 1501 McKinney
- Estimated completion 3Q10



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REAL ESTATE

Under Construction – MainPlace

- Developer: Hines
- Architect: Pickard Chilton
- 47-story building, 960,000 square feet
- 10 levels of parking (1.2/1000)
- LEED pre-certified Silver
- Recessed sky garden and parking garage w/green roof
- 811 Main Street
- Est completion: 12/10

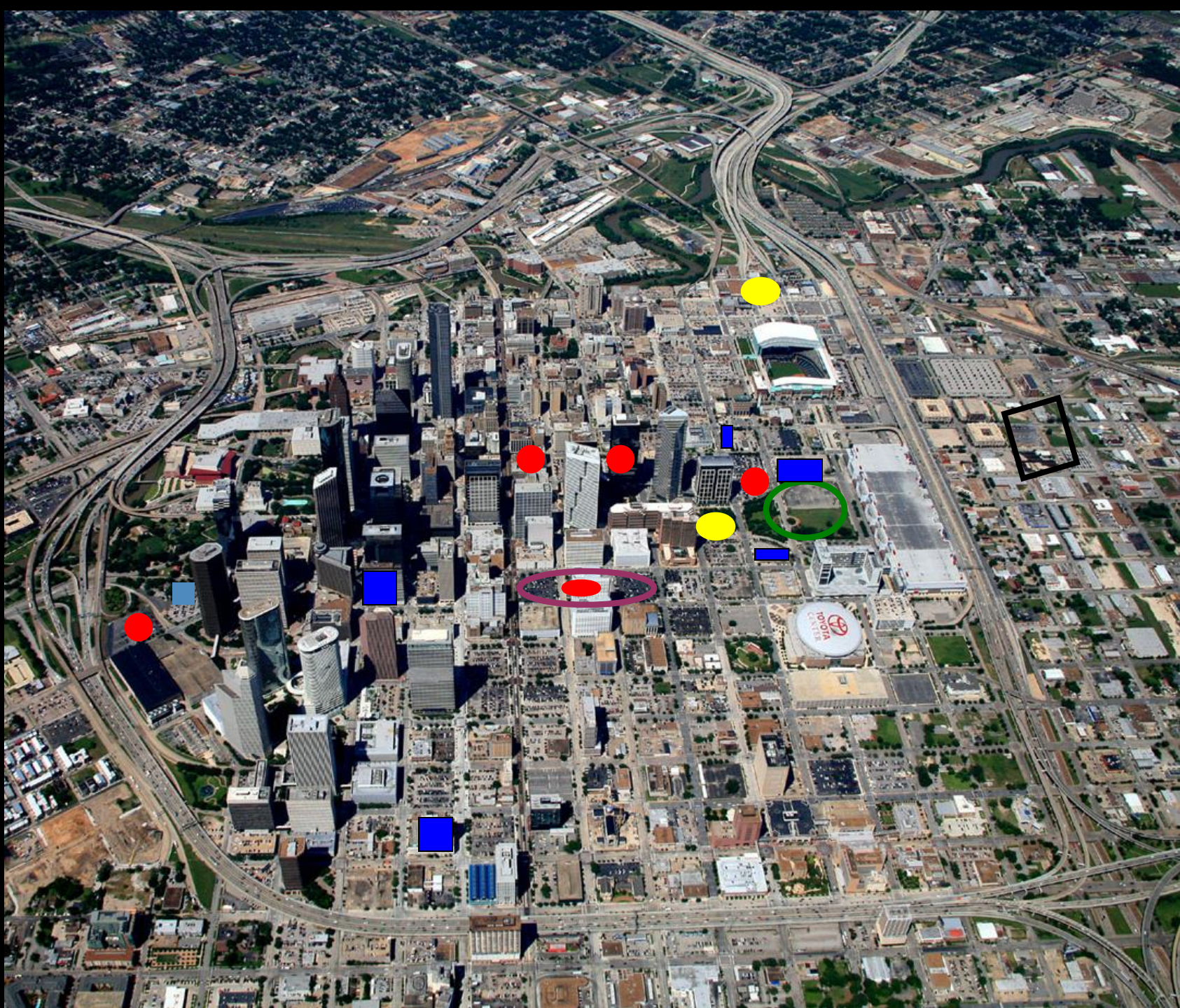


REAL ESTATE

Proposed – 6 Houston Center

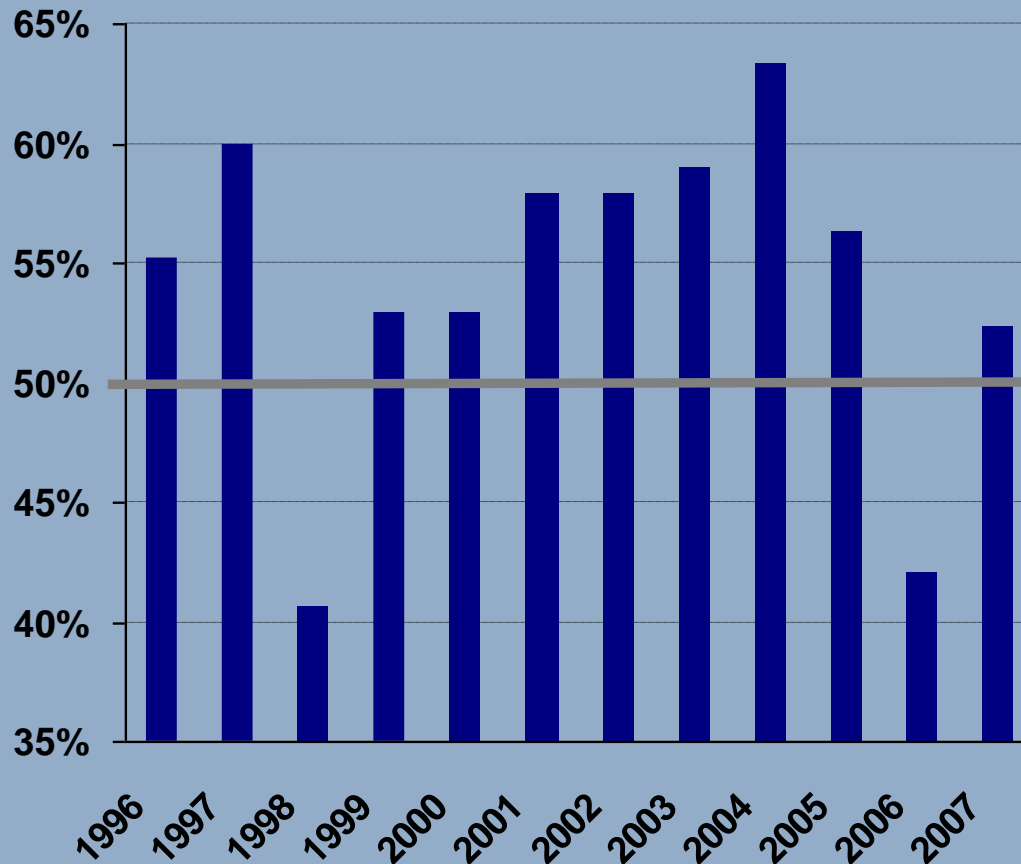
- Developer: Crescent/Morgan Stanley Real Estate
- Architect: HKS
- Proposed 29-story building, 583,262 sf
- 10 levels of parking (2.0/1000)





Large Transactions (20k+)

Renewal % by Year



DEVELOPMENT

Office Buildings

- MainPlace
 - Developer: Hines
- 6 Houston Center
 - Developer: Crescent/Morgan Stanley Real Estate
- Discovery Tower
 - Developer: Trammell Crow Company



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Buildings Surveyed – Explained

44 million SF	Total downtown office space
39 million SF	Public office space
31 million SF	<i>CBD Story</i> survey universe

Comparison of Office Reports, 4Q07

Firm	Inv (millions)	Bldgs	Vac %	Abs 07	Rate
C&W	35.8	59	11.8	199,115	\$38.47 Gross for A
CBRE	42.3	85	8.94	512,035	\$29.82
Colliers	36.9	74	11.1	2,010,168	\$30.07
Grubb Ellis	35.6		10.8	2,103,853	\$34.98-A \$24.35-B
Stream	35.6		11.1		
Studley	39.0		12.4		\$34.72
CBD Story	31.0	37	8.7	698,203	n/a

Central Houston, Inc.

CBD Story 2008