CBD STORY 2010

As of January 1, 2010

Buildings Surveyed

	Number	Rentable SF
Class A	24	24,985,346
Class B	20	9,491,376
Total	**44**	**34,476,722**

Excludes owner-occupied buildings
Added to the survey base: Hess Tower, MainPlace, Chase Center

Summary Data

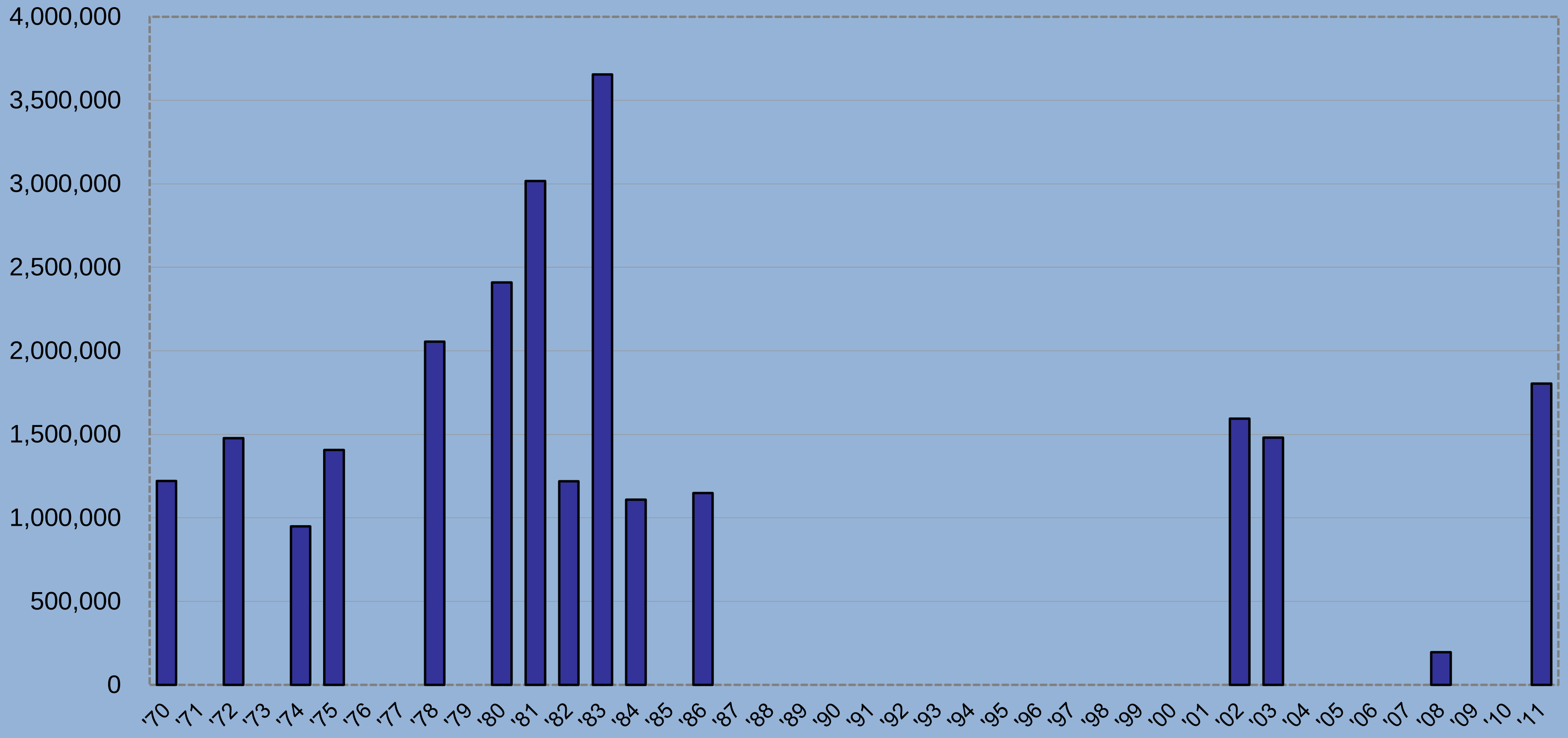
January 1, 2010

Space Available* (Direct)	**5,214,299**
Percent Available (Direct)	**15.1%**
Sublease Available	**1,336,060**
2009 Absorption (Direct)	**-1.3msf**
2009 Leasing Activity (Direct)	**2,135,465**

* Available = being marketed

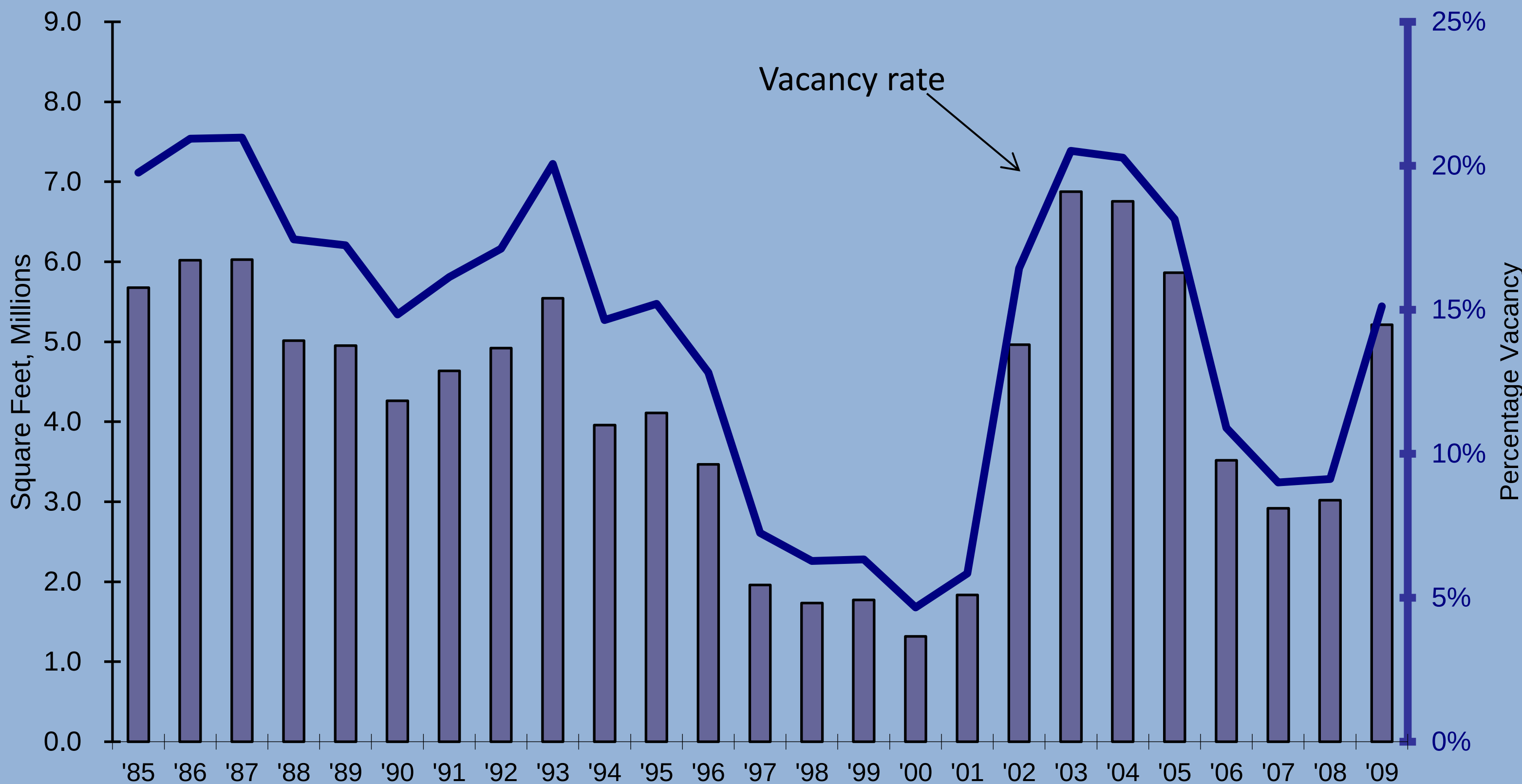
Class A Buildings

Square Feet Built per Year



Historical Available and Vacancy

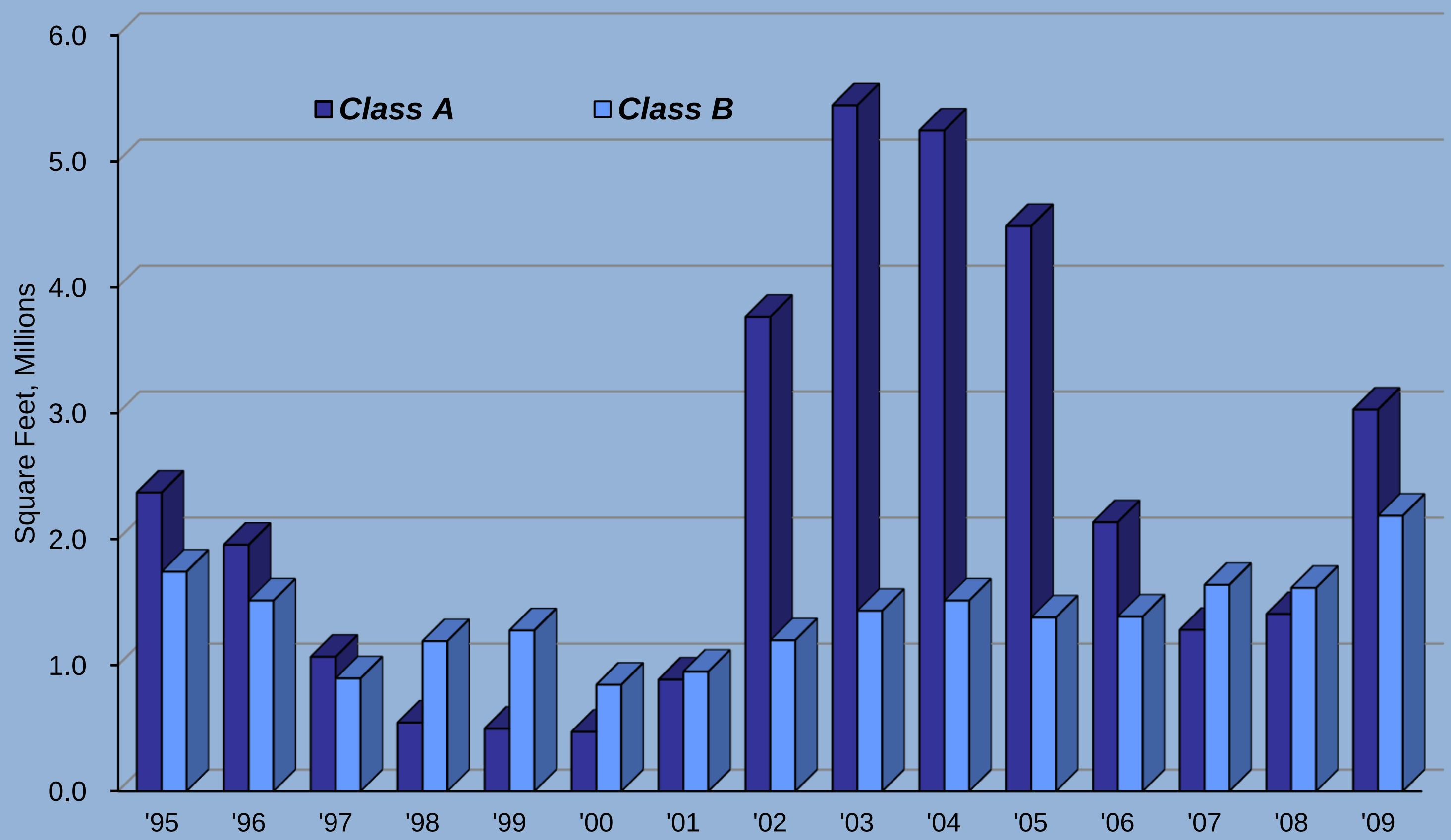
Direct



Note: Hess Tower and MainPlace added in 2009 data

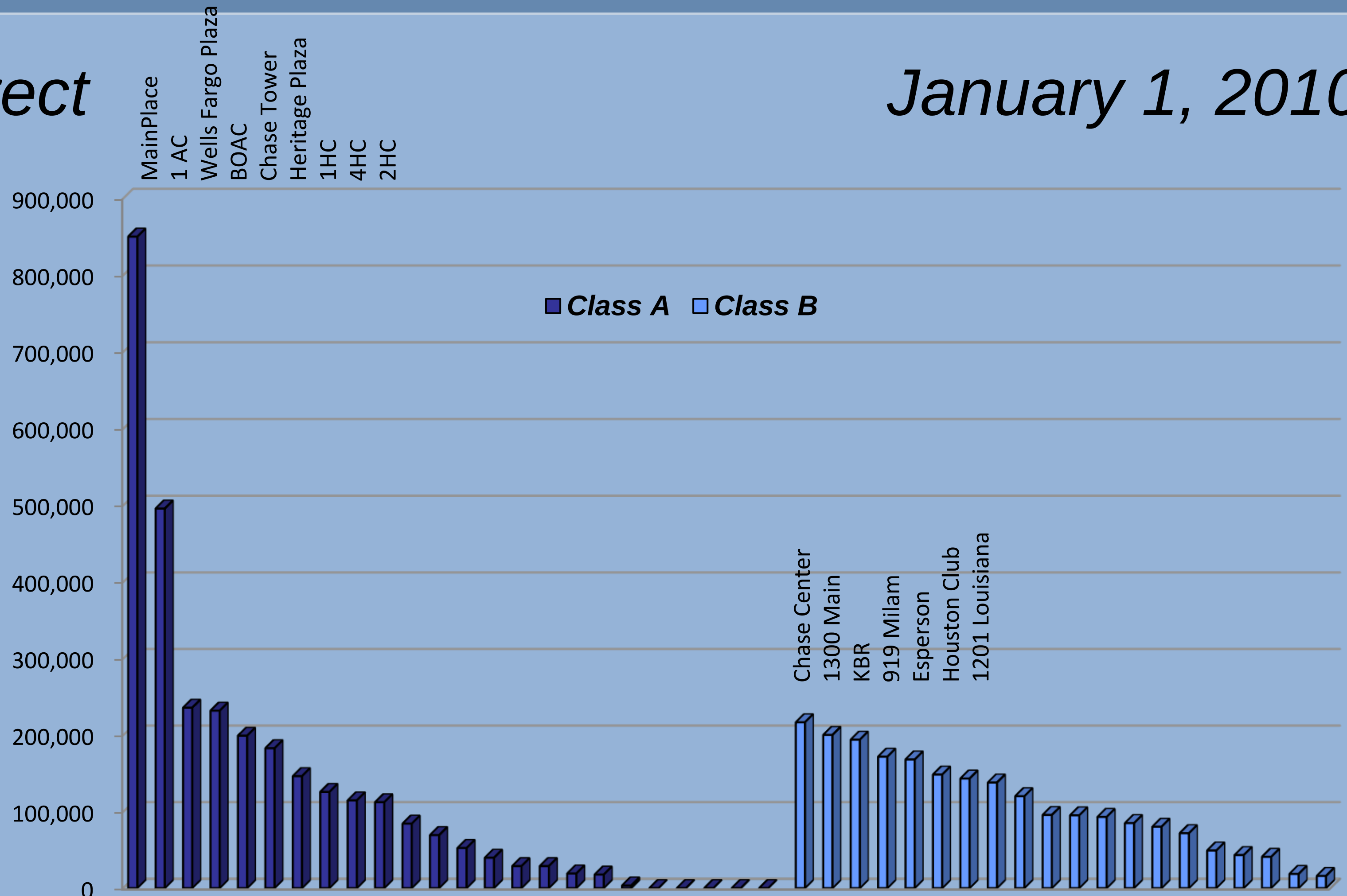
Historical Space Available

Direct



Space Available by Building

Direct *January 1, 2010*



Effective Blocks of Space

October 2010 *100,000 SF+*

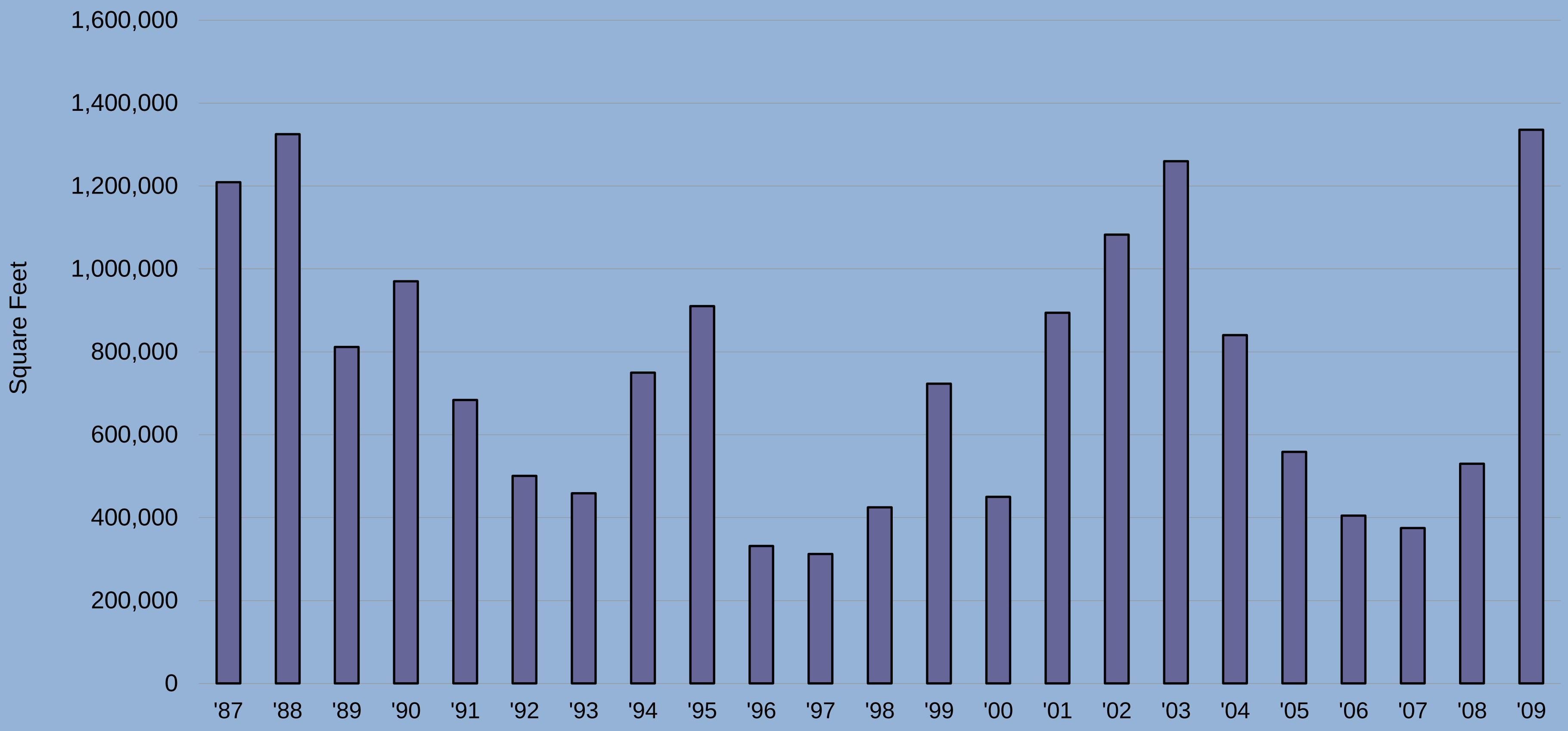
Class	Building	Total SF	Floors
A	MainPlace	686,000	11-28, 35-42
A	1 Allen (Hess)	386,489	14-27
B	Chase Center	187,720	14, 15, 19
A	Wells Fargo Plaza	150,000	23-27, 29
B	Houston Club Building	148,244	11-18
B	1300 Main (fmr Travis Tower)	128,591	13-18
A	Bank of America Center (KPMG)	128,276	28-32
A	3 Allen	120,551	21-25
A/B	4 Houston Center	113,320	7, 8
A	Chase Tower (Locke Lord)	110,609	31-35

Red text indicates sublease space

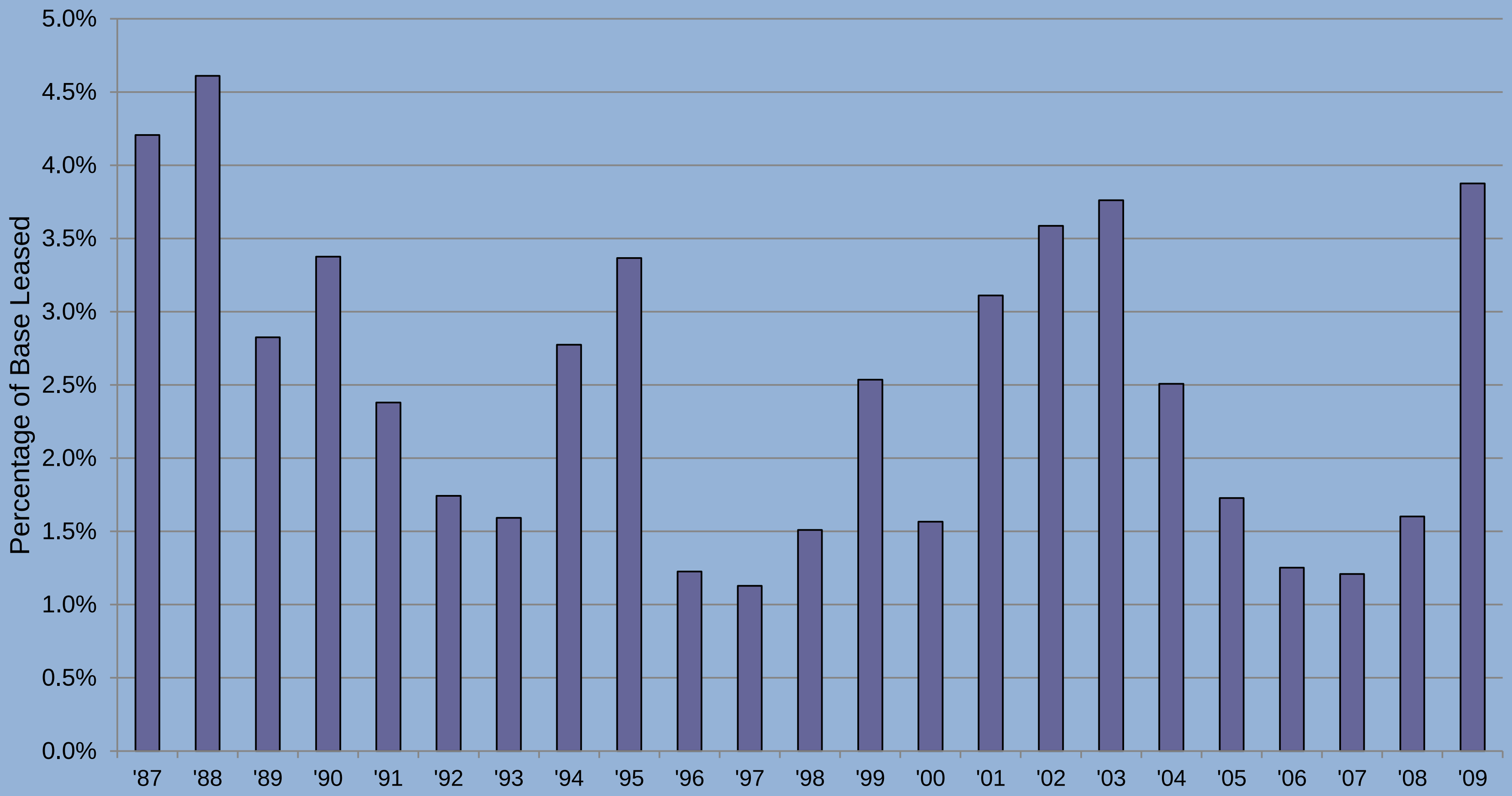
Full-Floor Sublease Spaces 10/10

Class	Building	Description	Exp	SF
A	3 Allen	21-25th (5 floors) (Devon)	Jan-2020	120,551
A	First City Tower	17th floor (Northern Star)	Oct-2017	27,359
A	First City Tower	15th floor (Amer Comm Lines)	Aug-2015	26,816
A	Wells Fargo Plaza	29tth floor (Gardere)	Nov-2016	25,172
A	Fulbright Tower	12th floor (Walter P Moore)	Oct-2017	24,657
A	CenterPoint Energy Pl	45th floor (Akin Gump)	Feb-2014	24,056
A	1600 Smith	48, 49th floors (CRA Int'l, 2 fl)	Aug-2015	22,704
A	Pennzoil, North	5th floor (Cheniere)	Apr-2017	20,473
B	1111 Fannin	8, 9, 11tth floors (Chase)	Sep-2021	95,000
B	One City Centre	16 & 18th floors (EDS)	Apr-2015	42,532
B	919 Milam	8th floor (Transworld)	Aug-2013	22,126
B	600 Jefferson	6th floor (call center)	Dec-2012	21,294
B	Wedge	23 & 26tth floors (Dominion)	Feb-2013	37,061

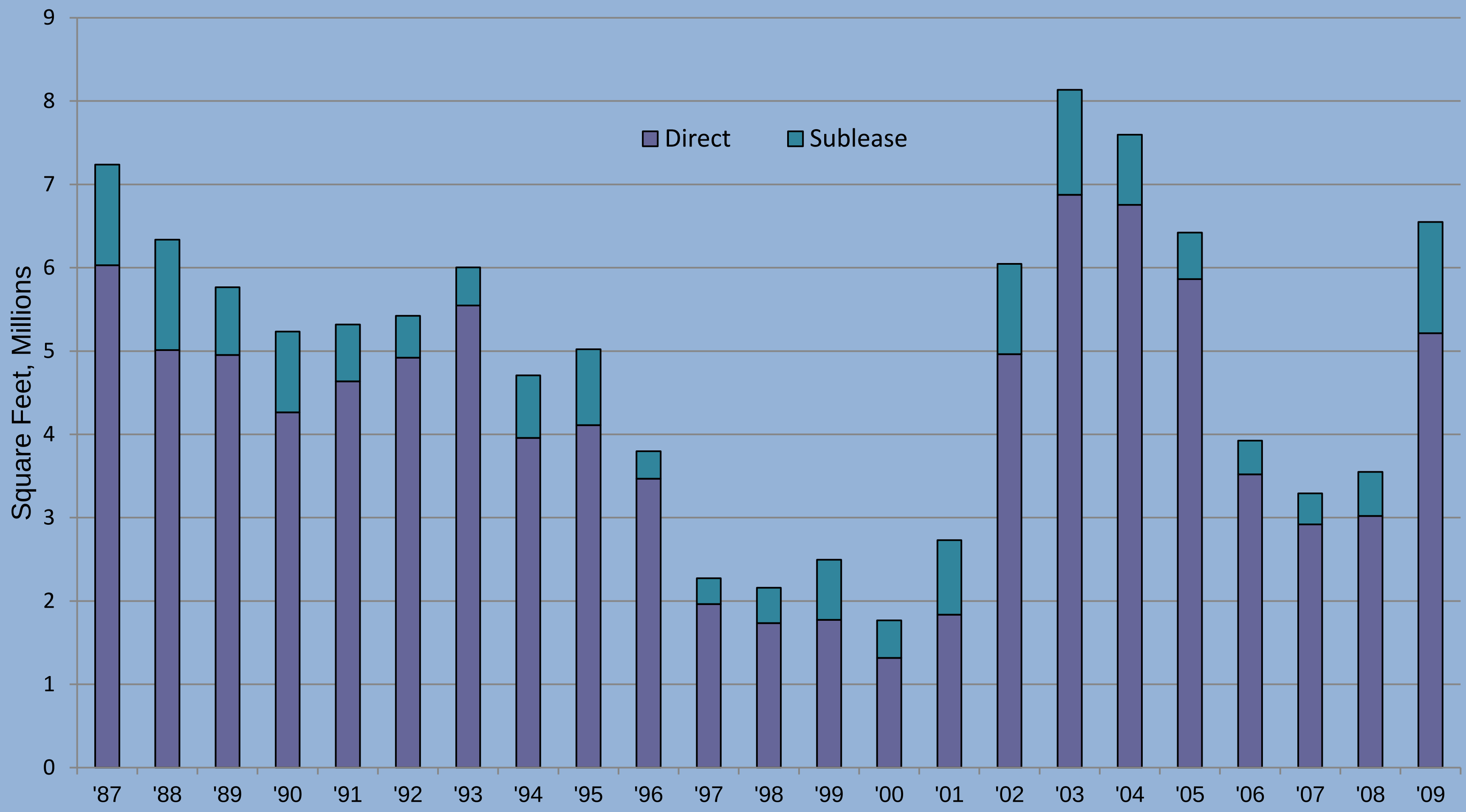
Historical Sublease Available



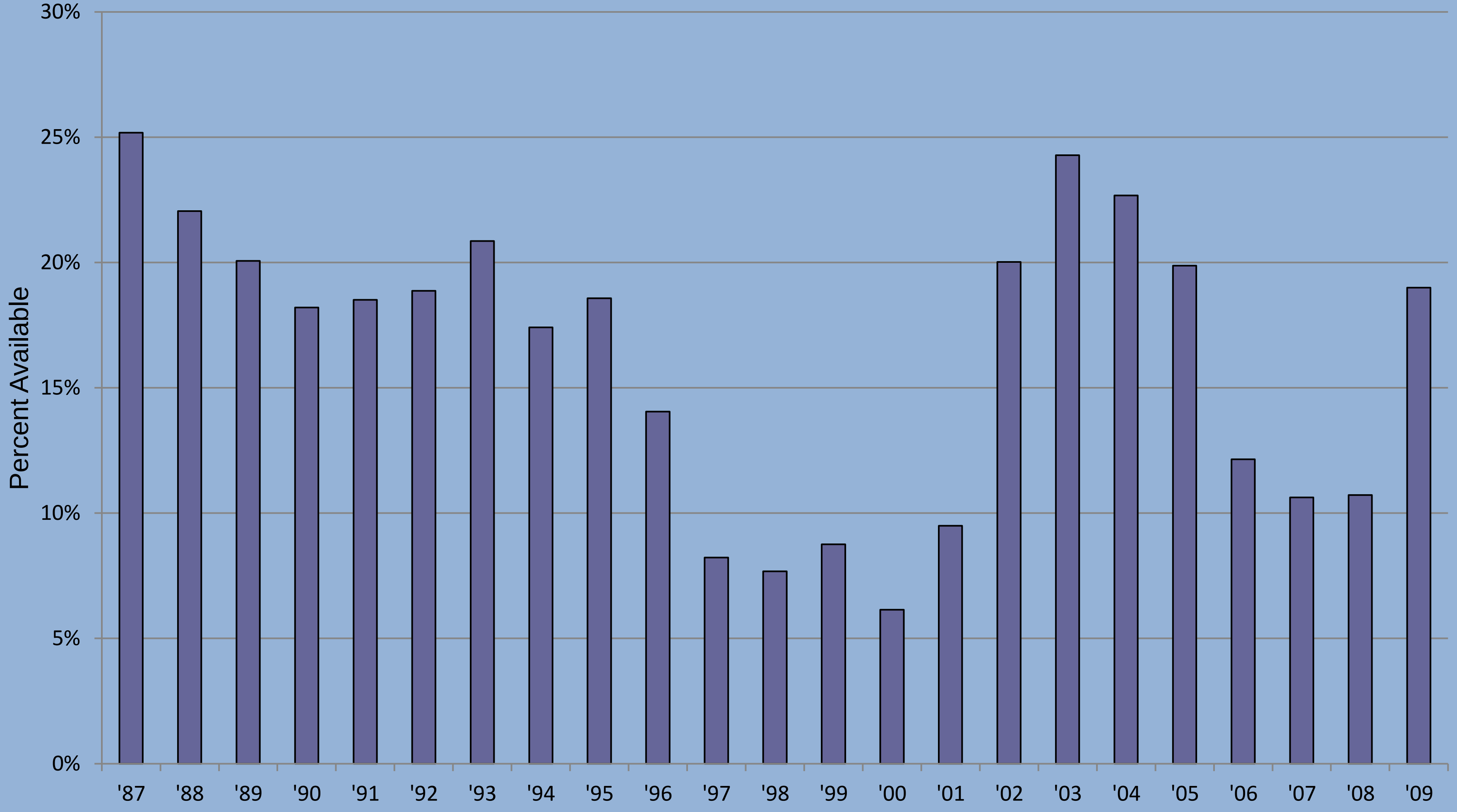
Sublease SF vs. Survey Base



Historical Direct + Sublease Avail

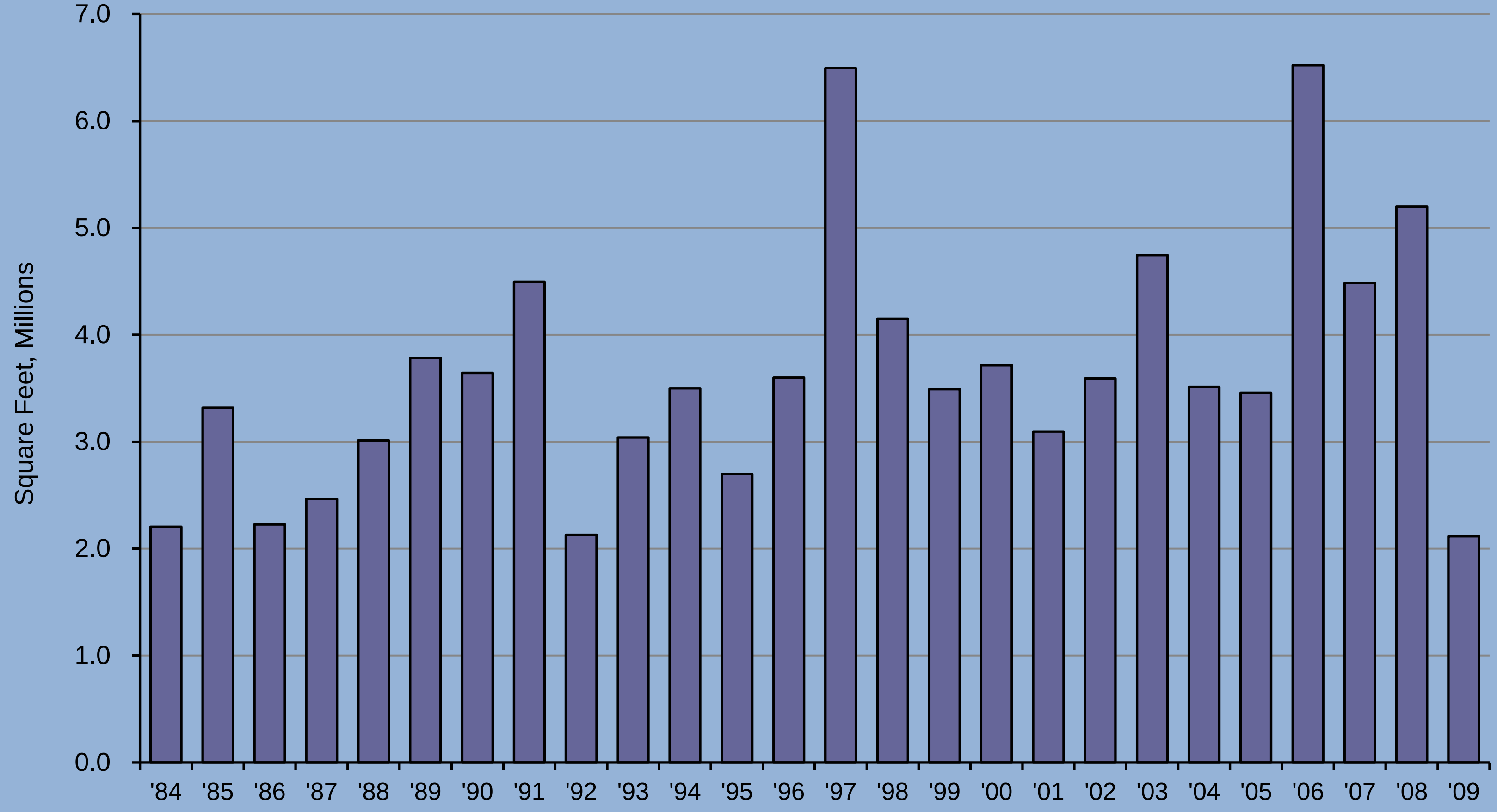


Direct + Sublease vs. Survey Base



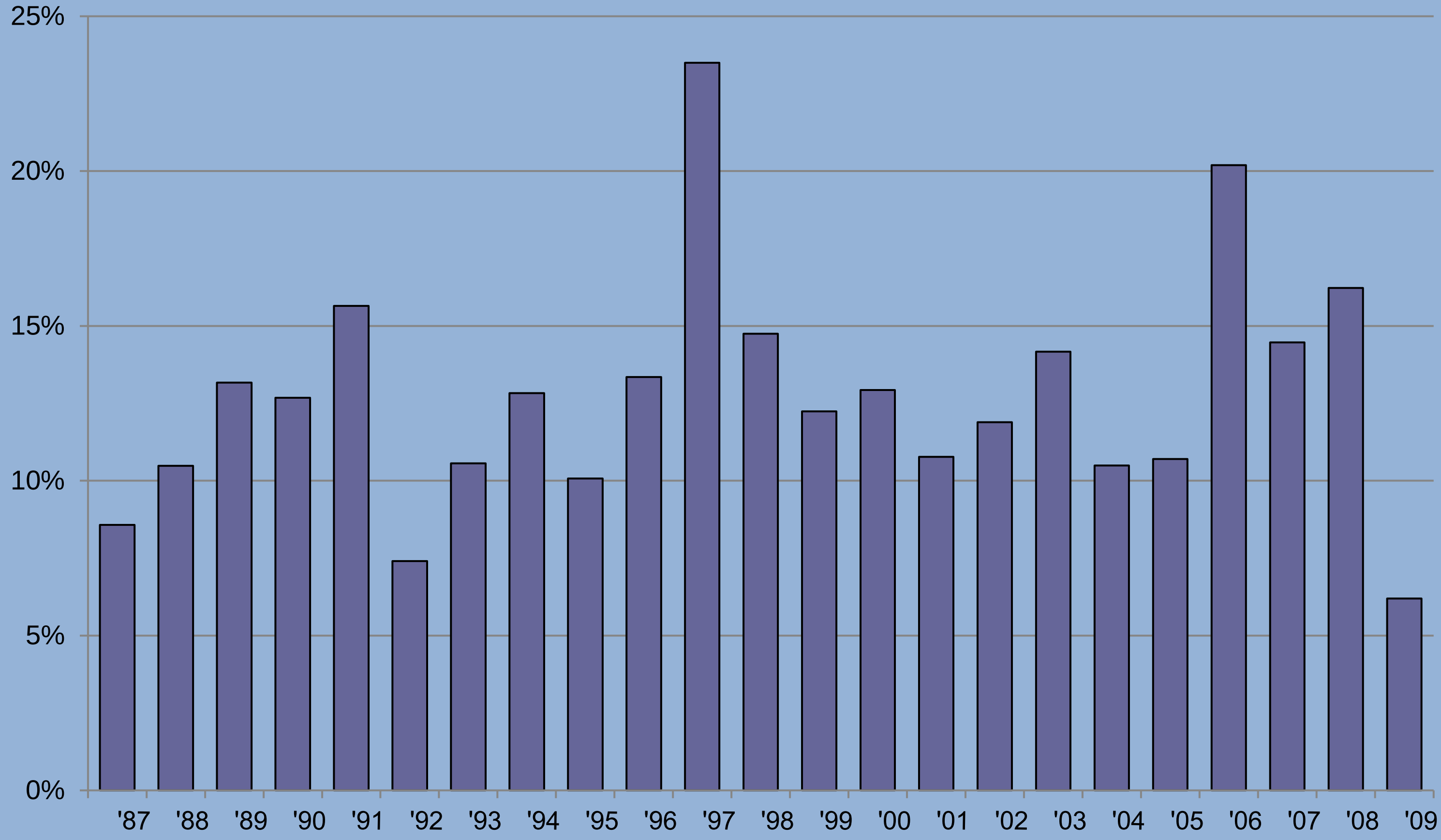
Historical Leasing Activity

Direct, All Lease Types



Historical Leasing Activity Compared to Base

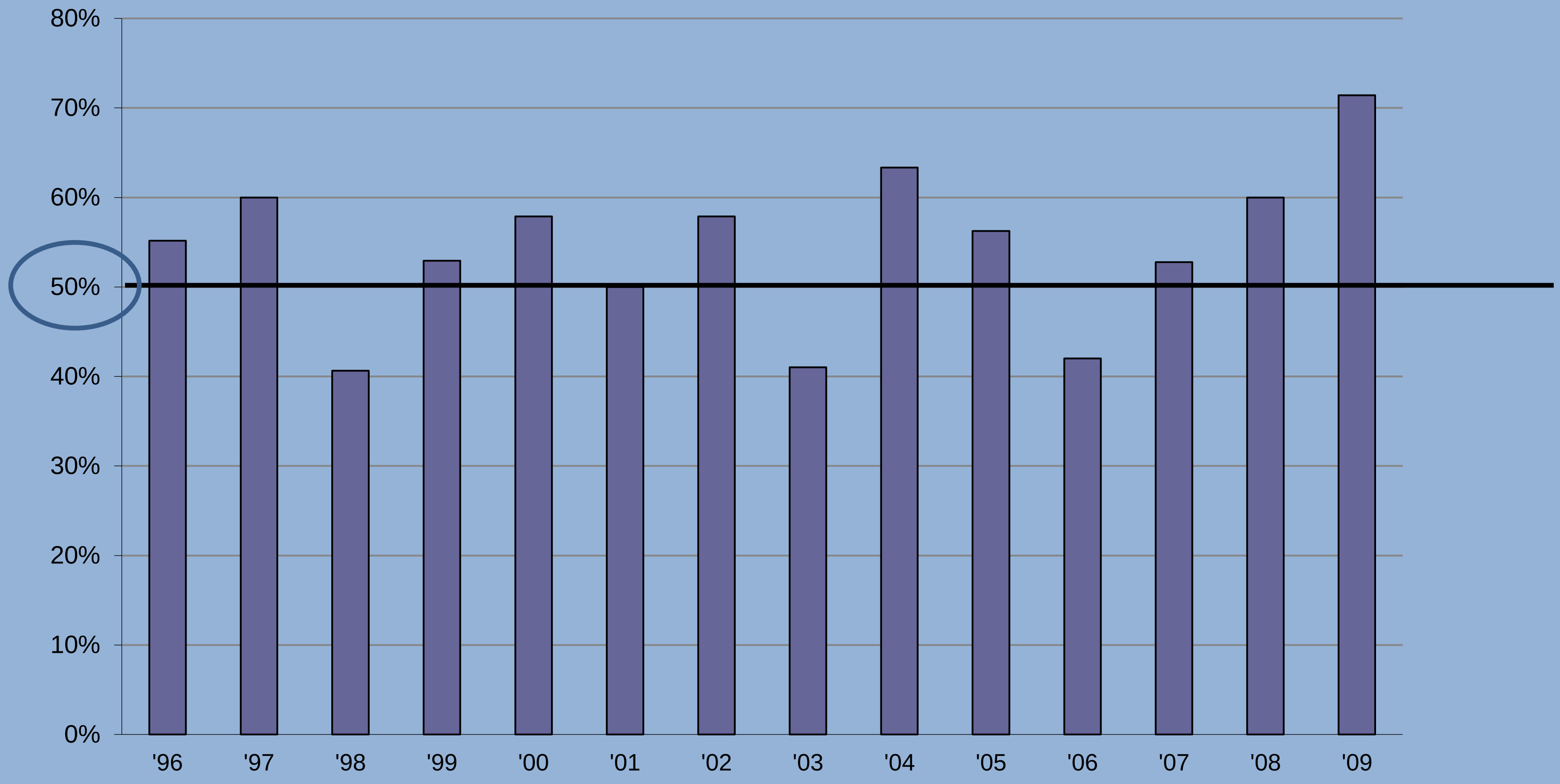
Direct



Renewals as % of Leases

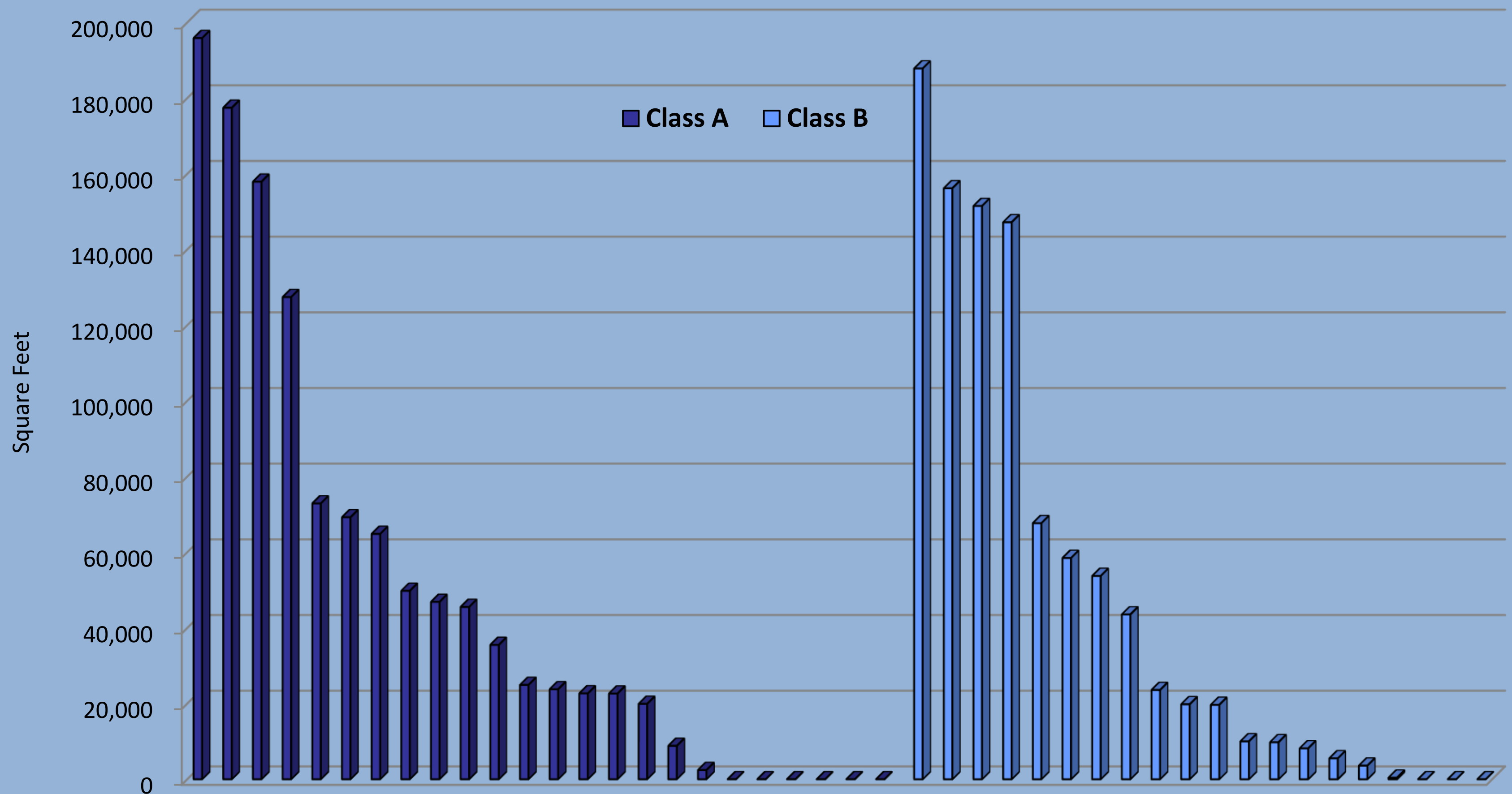
Direct

$$\frac{\text{Renewals}}{\text{Renewals + New}}$$



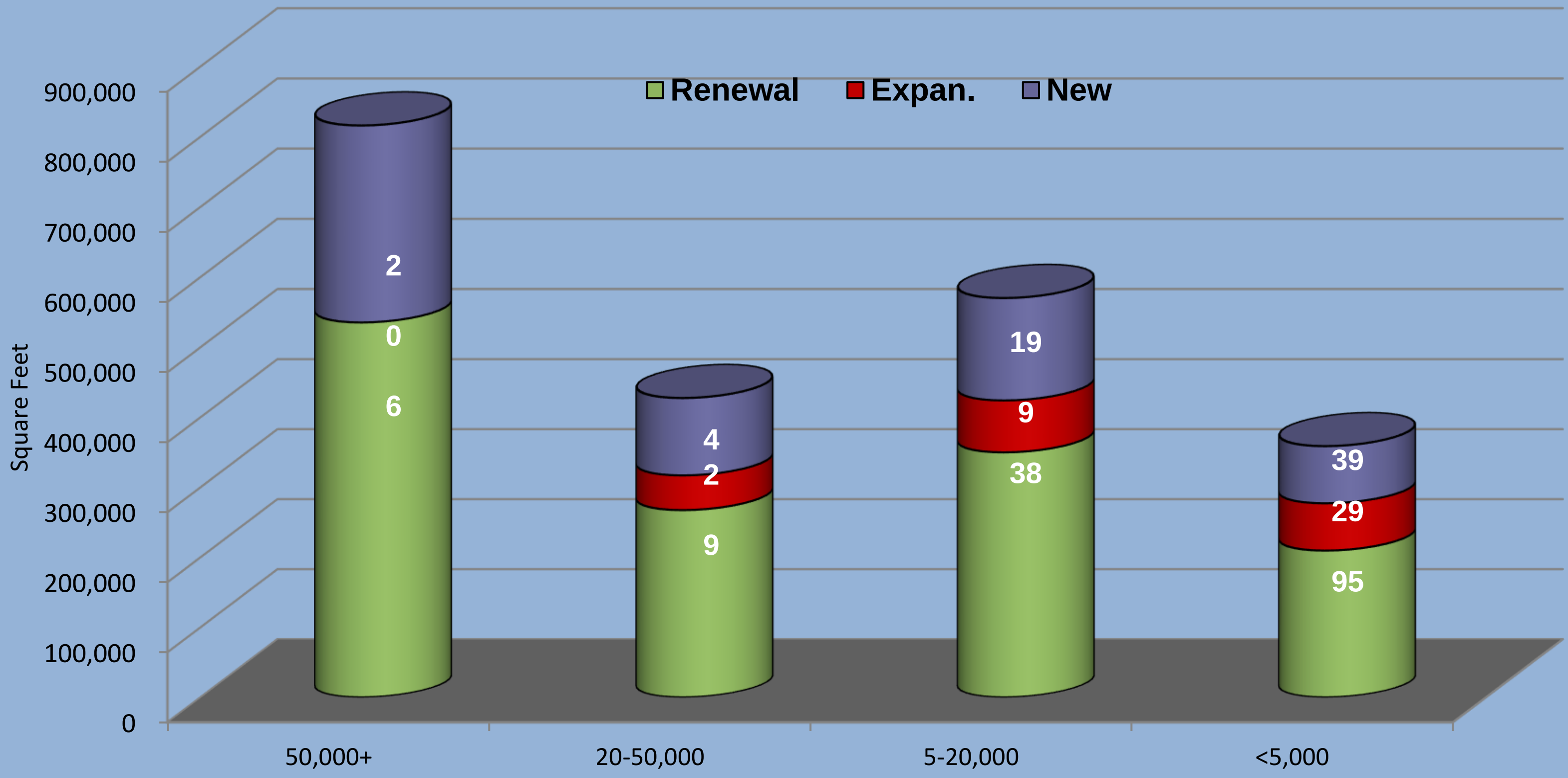
Leases Signed by Building

Direct



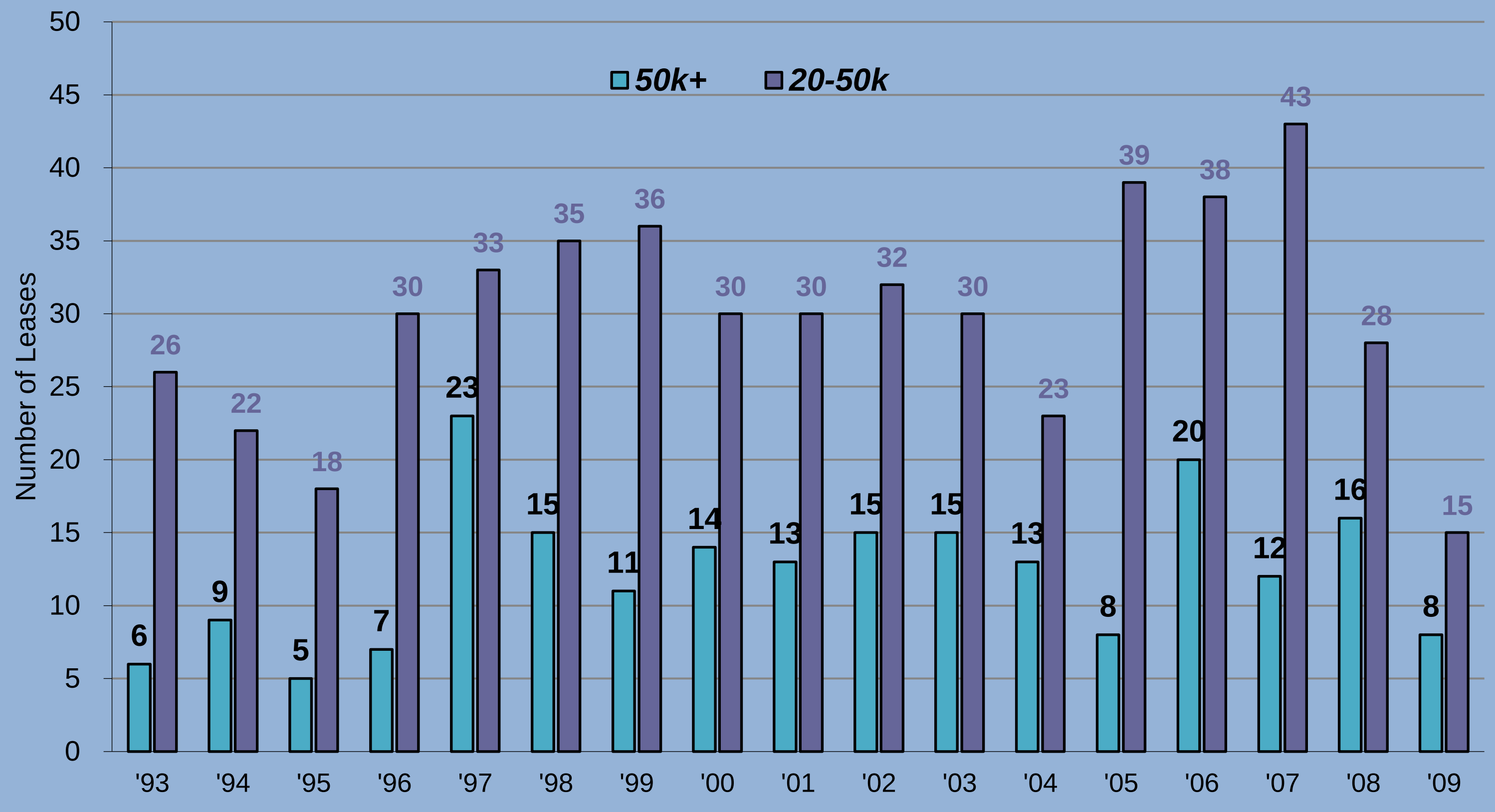
Lease Transactions

Direct



Number of Large Transactions

Direct



Large Tenants in Bldg Universe

Tenants by number of floors	
One or more floors	224
Two or more floors	115
Four or more floors	51
Tenants by square footage	
20,000+ sf	187
100,000+ sf	45
200,000+ sf	26
500,000+ sf	7

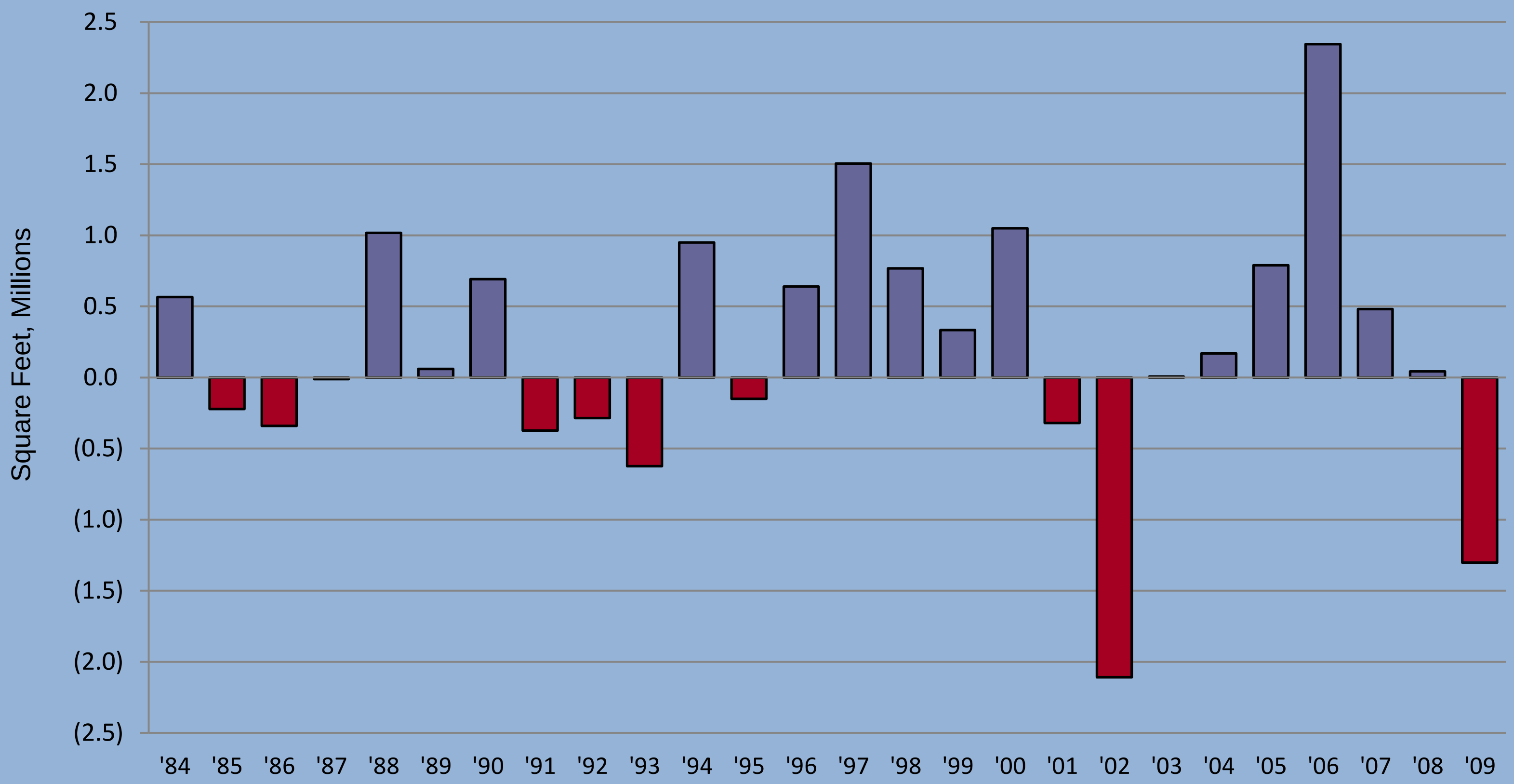
10 tenants control 25% of the survey universe

20 tenants control 34% of the survey universe

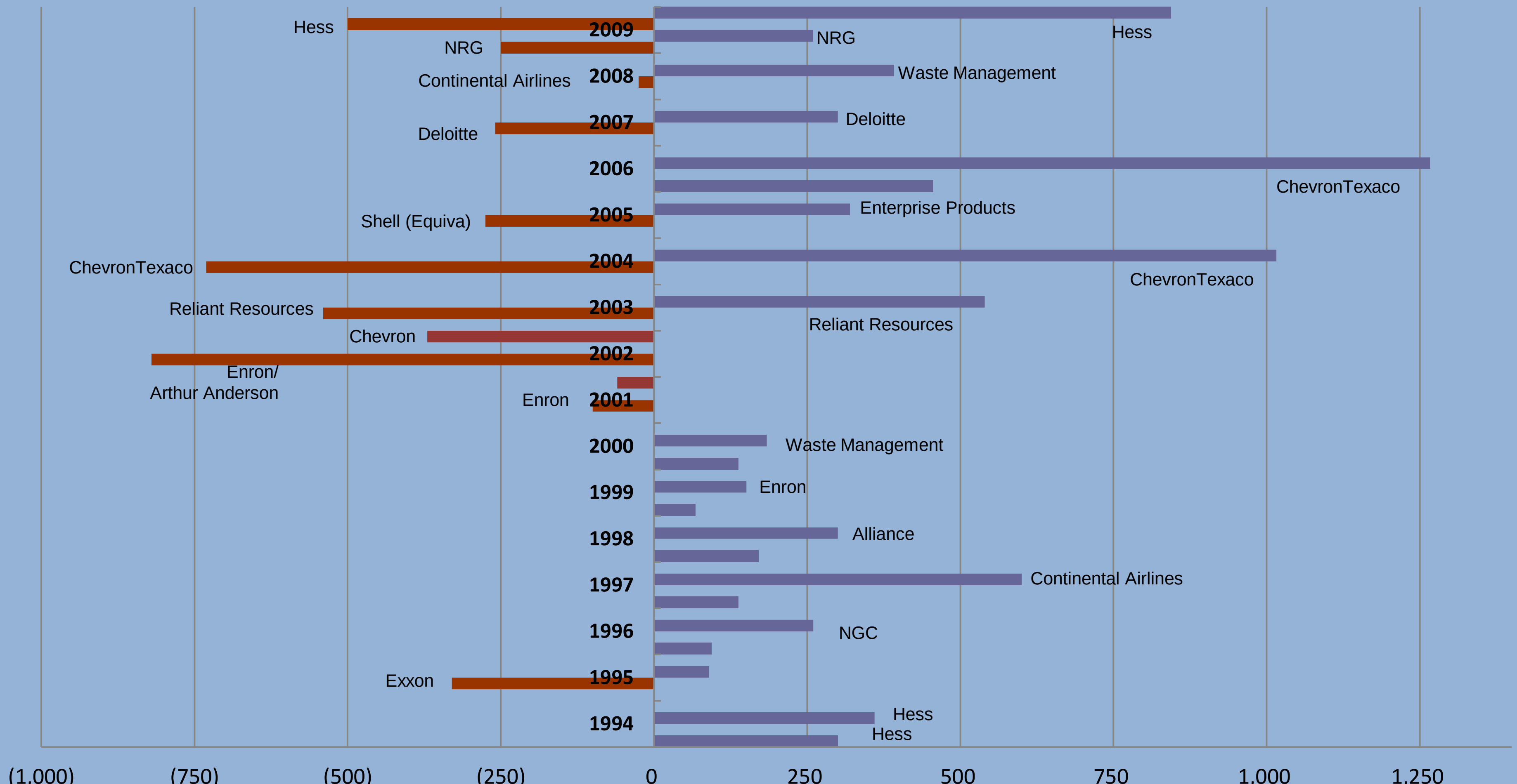
Excludes Exxon's 800 Bell, Chevron's 1500 Louisiana

Historical Absorption

Direct

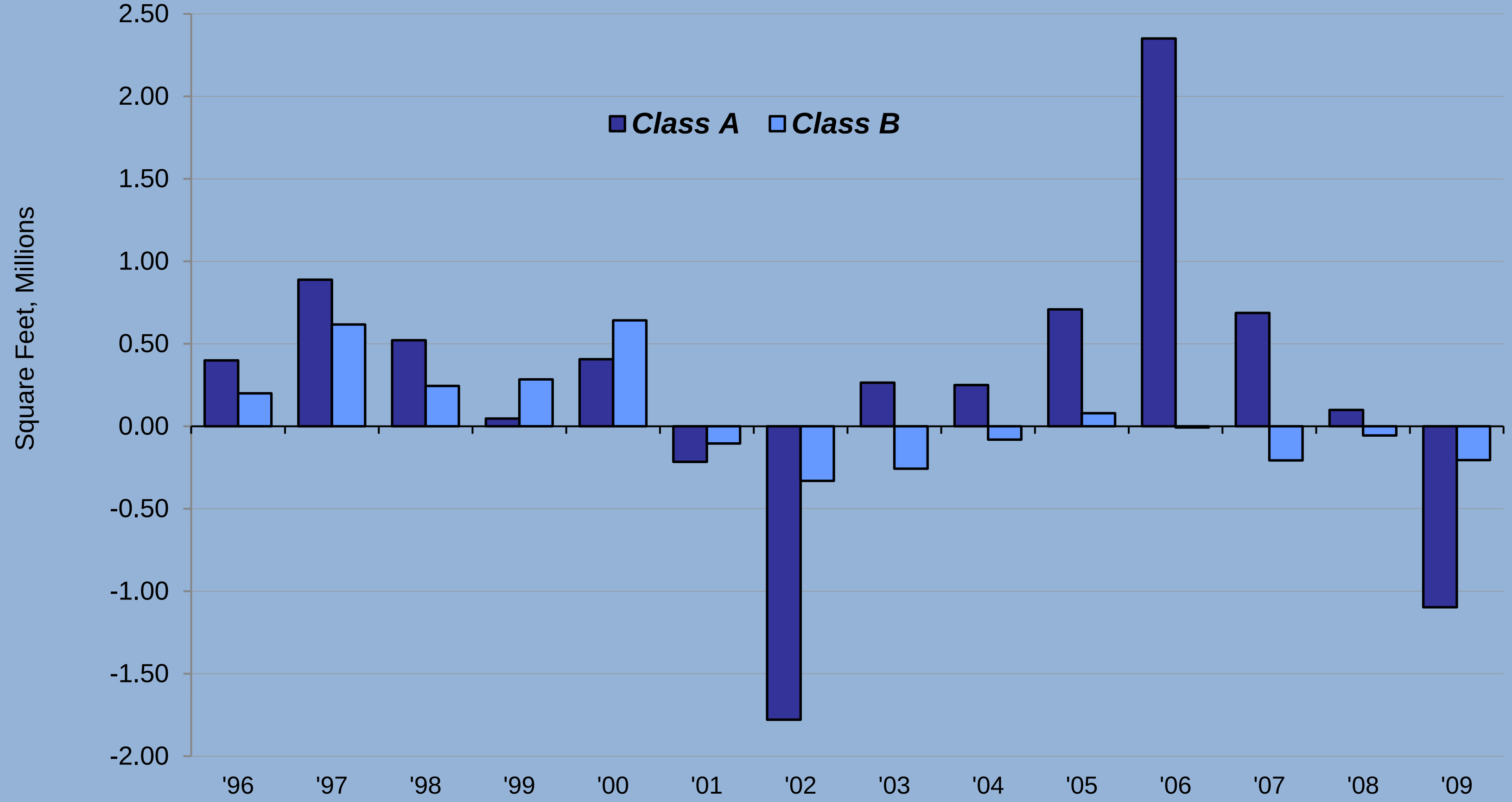


Major Events

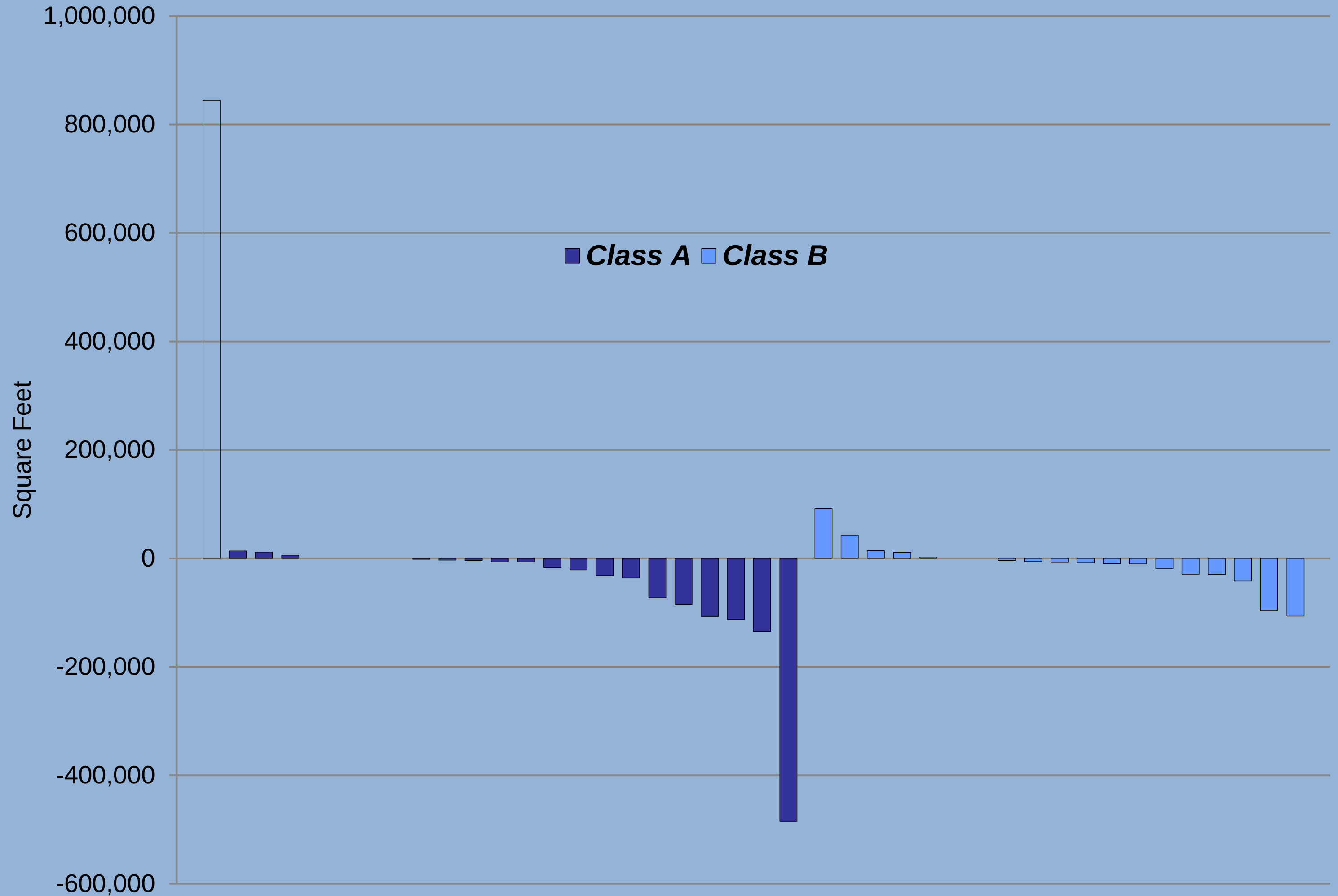


Absorption – Building Class

Direct



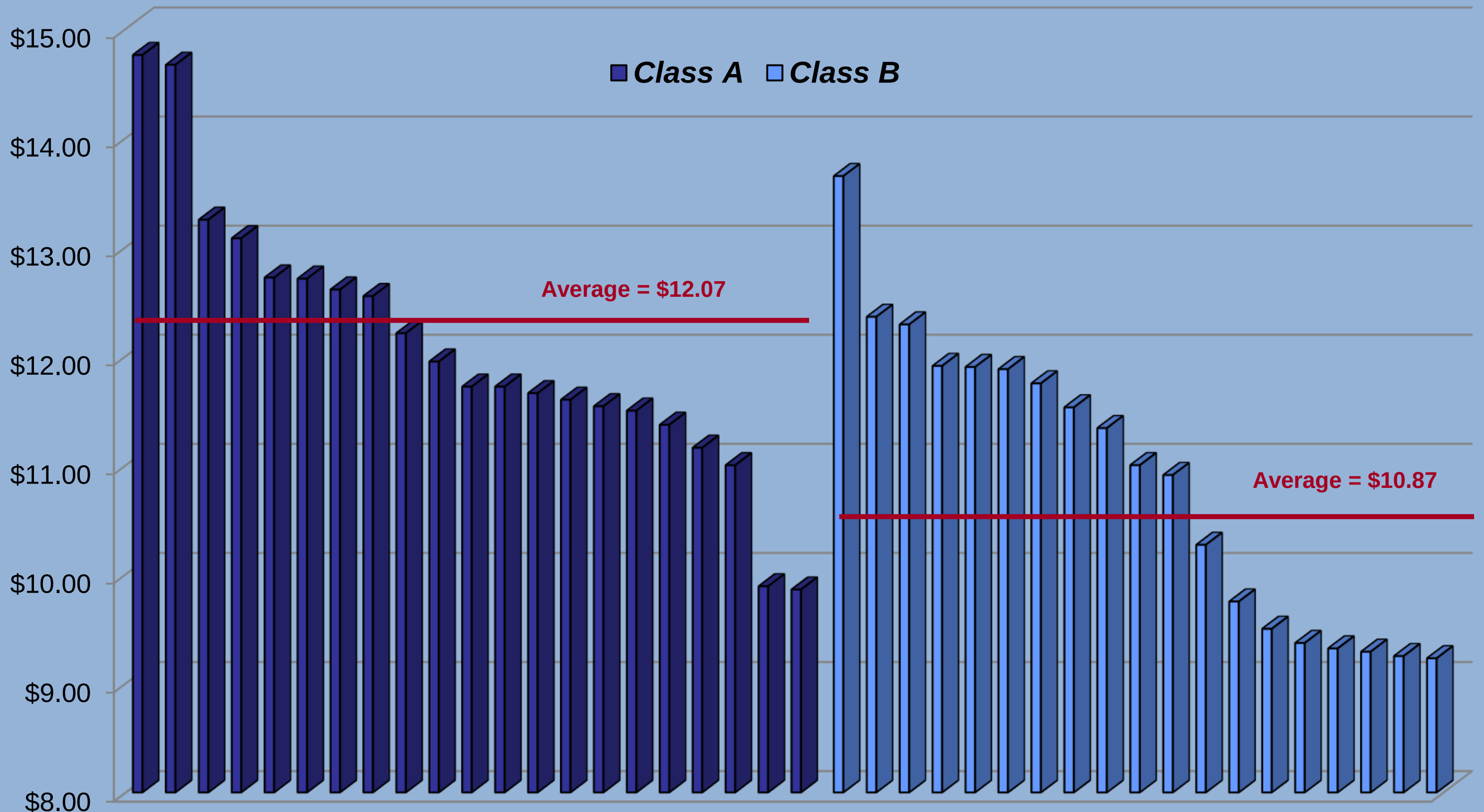
Absorption by Building



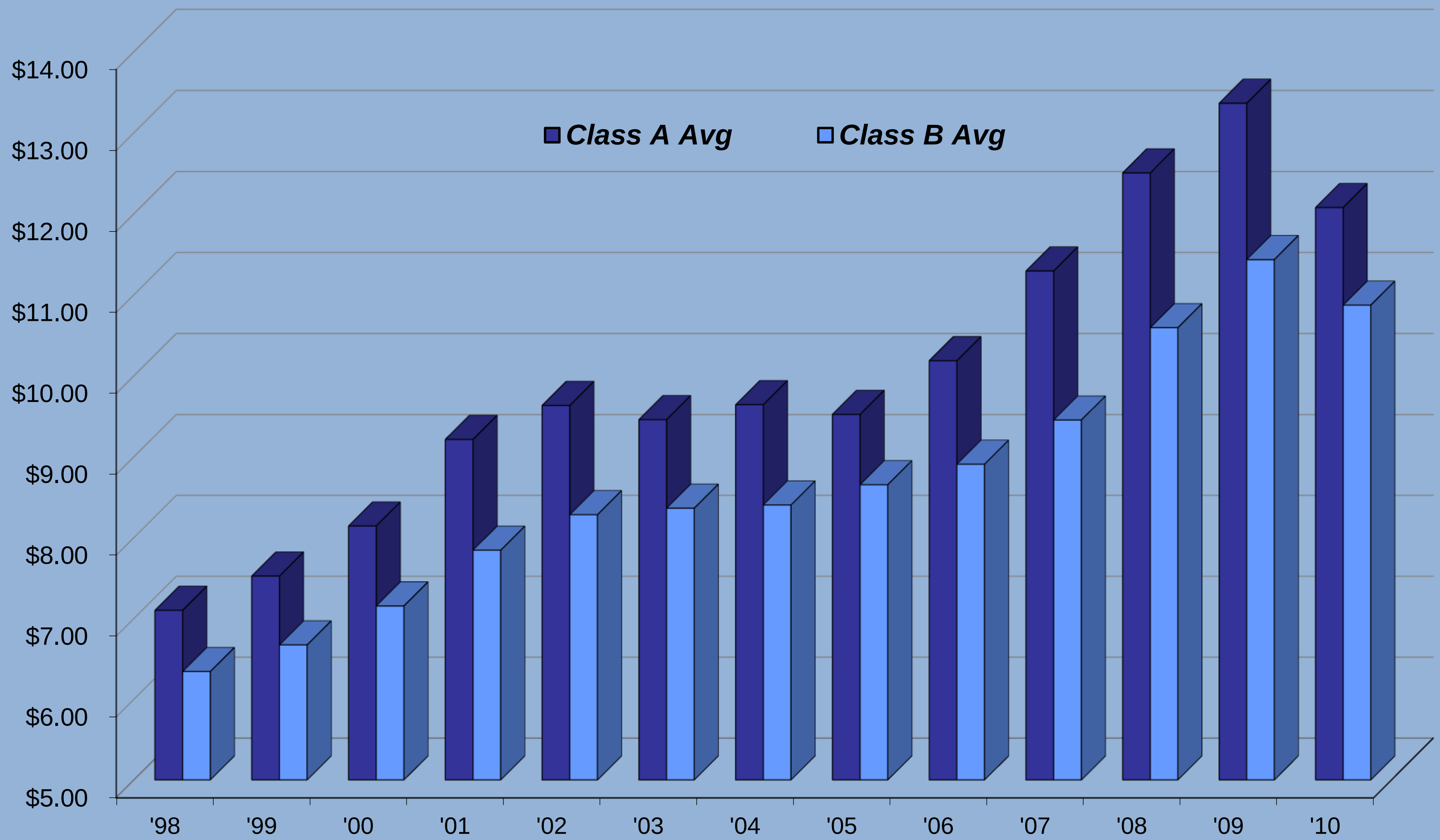
Buildings added to the base do not affect absorption. For this chart, however, Hess Tower is included (left bar).

Operating Expense Projections for 2010

Estimates as of 1/1/10

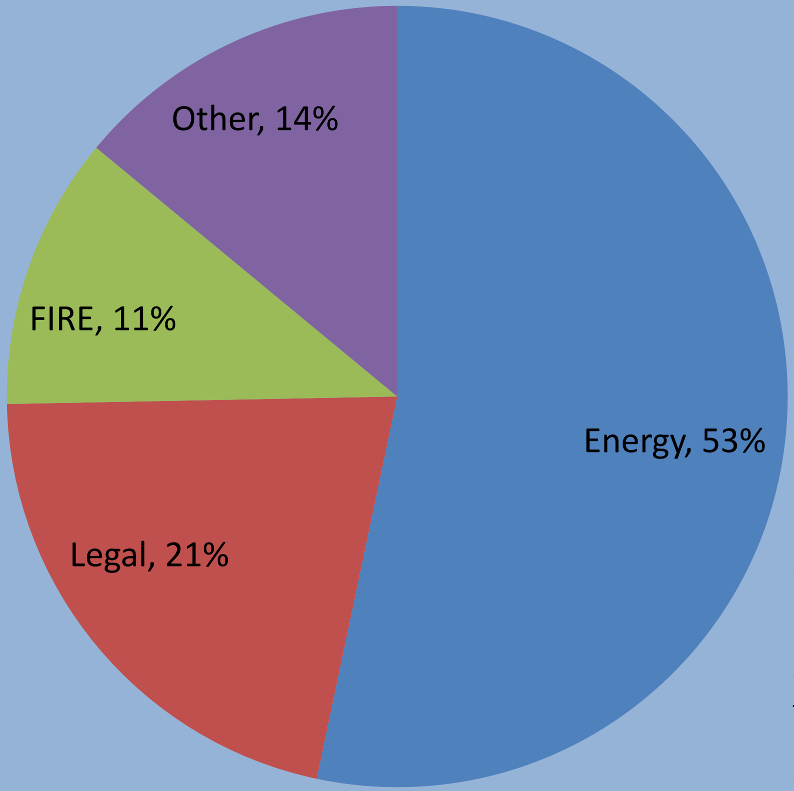


Historical Operating Expenses



Office Building Use by Industry

Including owner-occupied buildings



- "Energy" is very broadly defined and includes exploration and production, pipelines, utilities and chemical companies.
- Owner-occupied buildings are included in this slide – 800 Bell/Exxon, 1500 Louisiana/Chevron and El Paso
- FIRE = Finance, Insurance, Real Estate
- Other includes Waste Management, Continental Airlines, KBR and others.

Changes This Year

Positive:	
KBR leased more	220,000
Shell (2 Hou to 1000 M)	50,000
US Attorneys	38,000
Waste Management	35,000
PetroHawk	25,000
BG Group	164,000

Negative:	
Frontier Drilling	49,000
Devon*	380,000
Vinson & Elkins*	50,000

* sublease space

Possible	
Continental Airlines	480,000?
Chevron	300,000?
Dynegy	207,000?
Shell	- ??

Factors Affecting 2010+

- Devon. 120ksf in 3AC on sub now. May add 85ksf in 3AC + 83ksf in 2AC and 227ksf in 2AC = 395ksf to sublease mkt
- BG Group leaving 96ksf in Galleria area, leasing 164ksf in MainPlace/BG Group Place. Move 3Q11
- Shell exiting 2 Houston Center, 250ksf, to 300ksf in 1000 Main. Exits PZL
- RRI + Mirant = GenOn, to be HQ in 1000 Main, likely to utilize 150-200ksf
- Exxon. Studying a new campus, I-45 at Hardy. Exit downtown if build the campus?
- KBR. Tower: 973 ksf now, added 220ksf 1Q10
- Chevron has 475ksf in Cont'l I, will reduce when lease up, 2012. 2,800 downtown employees
- New buildings

Building	**Leased**	**SF**	**Move-In**
Hess Tower/Crow	100%	844,763	5/2011
MainPlace/Hines	9%	960,000	Spring 2011

Questions & Future Comments

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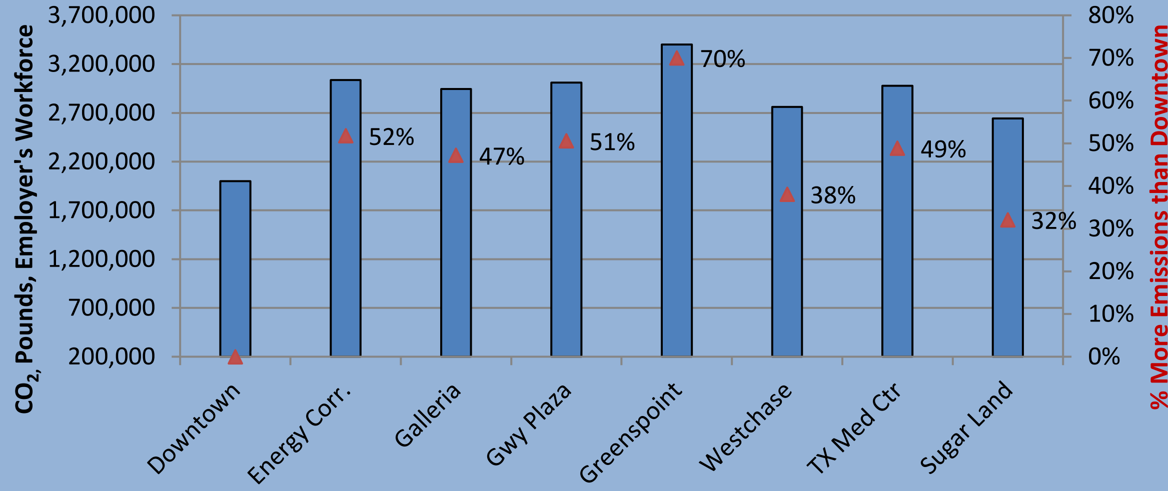
Corporate Carbon Footprint – Commute Component

CO_2 Emissions from Workforce Commutes by Business District

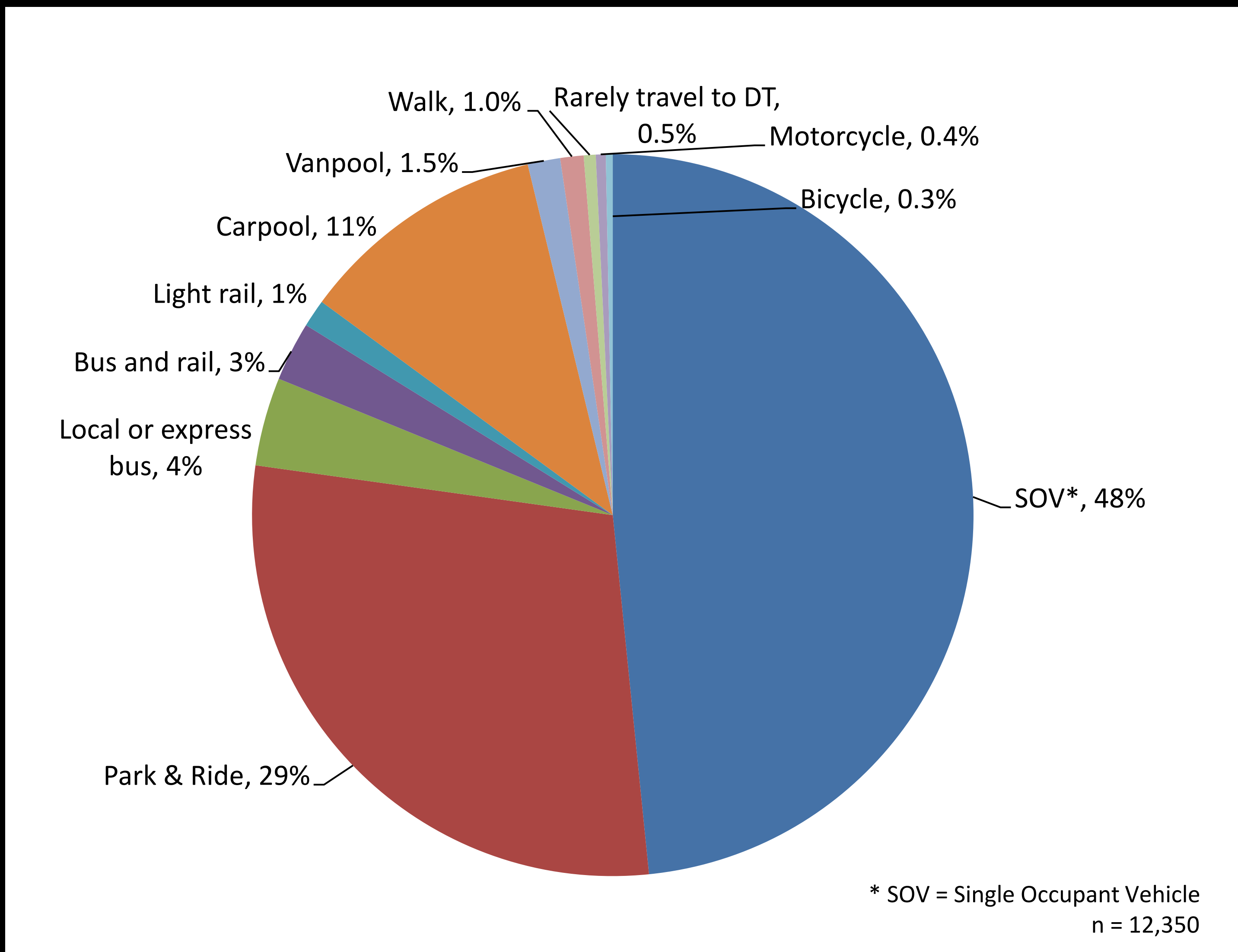
Percentages Represent Volumes Over Downtown



Assumptions	
Employee Count	500
Vehicle Fuel Efficiency (MPG)	20
Trips / Week	4.5
Weeks / Year	50
Annual Round Trips/Employee	225
CO_2 Pounds of Emissions/Gallon*	19.4

Carbon footprint comparison - employee commutes	**Downtown**	**Energy Corr.**	**Galleria**	**Gwy Plaza**	**Greenspoint**	**Westchase**	**TX Med Ctr**	**Sugar Land**
Average one-way commute distance	**15.8**	**15.2**	**14.7**	**15.1**	**17.0**	**13.8**	**14.9**	**13.2**
Annual Commute Miles Traveled	3,555,000	3,420,000	3,316,500	3,393,000	3,831,750	3,111,750	3,354,750	2,976,750
Annual Fuel Consumption (gallons)	177,750	171,000	165,825	169,650	191,588	155,588	167,738	148,838
Pounds CO_2 emitted if *all* employees drive	3,448,350	3,317,400	3,217,005	3,291,210	3,716,798	3,018,398	3,254,108	2,887,448
Employees utilizing transit (bus, van, train)*	37%	6%	6%	6%	6%	6%	6%	6%
Employees carpool (assume 2/vehicle)	10%	5%	5%	5%	5%	5%	5%	5%
Workforce's CO2 footprint	2,000,043	3,035,421	2,943,560	3,011,457	3,400,870	2,761,834	2,977,508	2,642,014
Differential vs Downtown	**- 0 -**	**1,035,378**	**943,517**	**1,011,414**	**1,400,827**	**761,791**	**977,465**	**641,971**
% MORE THAN DOWNTOWN	**0**	**52%**	**47%**	**51%**	**70%**	**38%**	**49%**	**32%**

Access

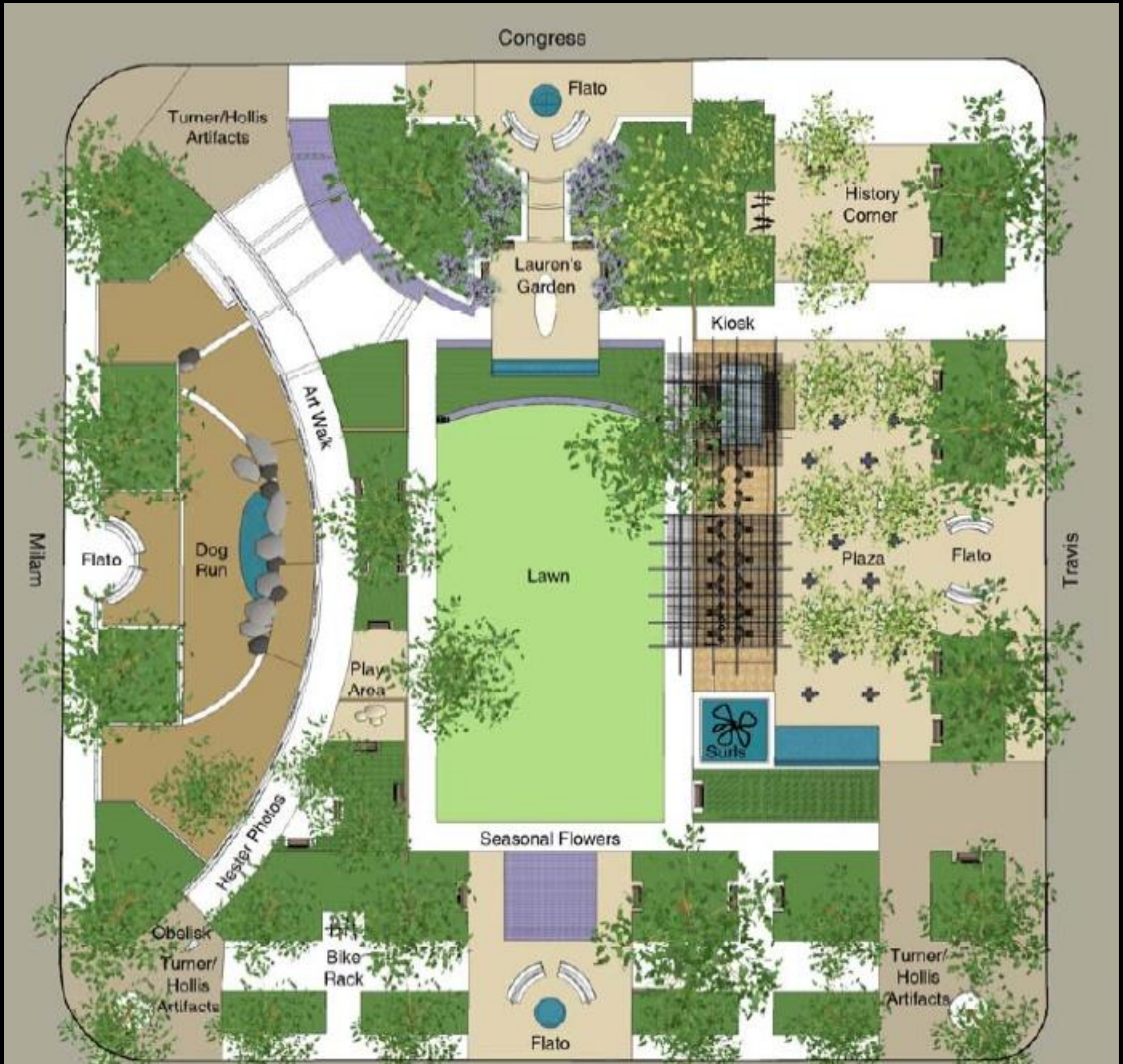

Walk, 1.0%
Rarely travel to DT, 0.5%
Motorcycle, 0.4%
Vanpool, 1.5%
Bicycle, 0.3%
Carpool, 11%
Light rail, 1%
Bus and rail, 3%
Local or express bus, 4%
SOV*, 48%
Park & Ride, 29%
* SOV = Single Occupant Vehicle
n = 12,350

Current Development

Current Development

Ballet Building

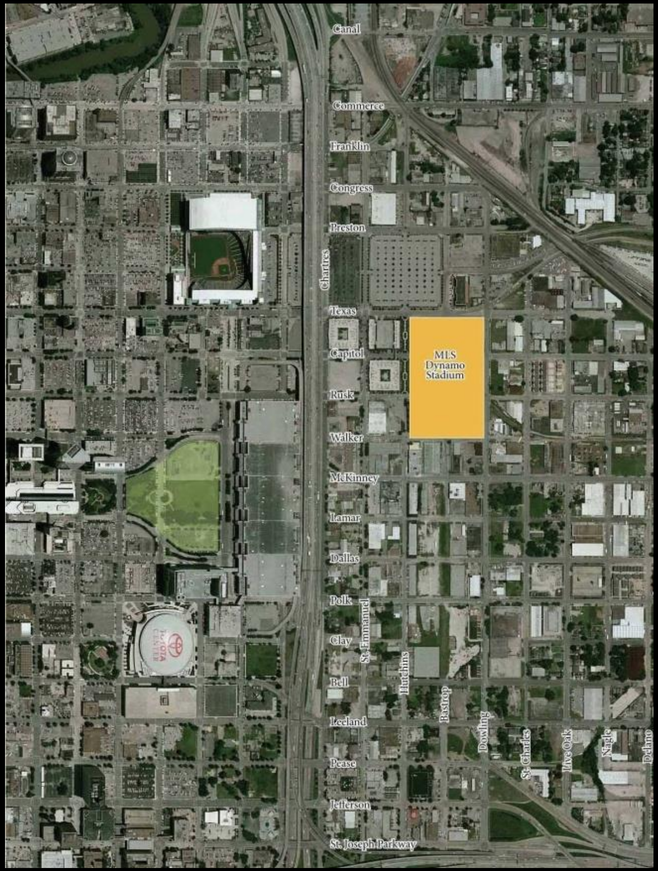
Market Square Park

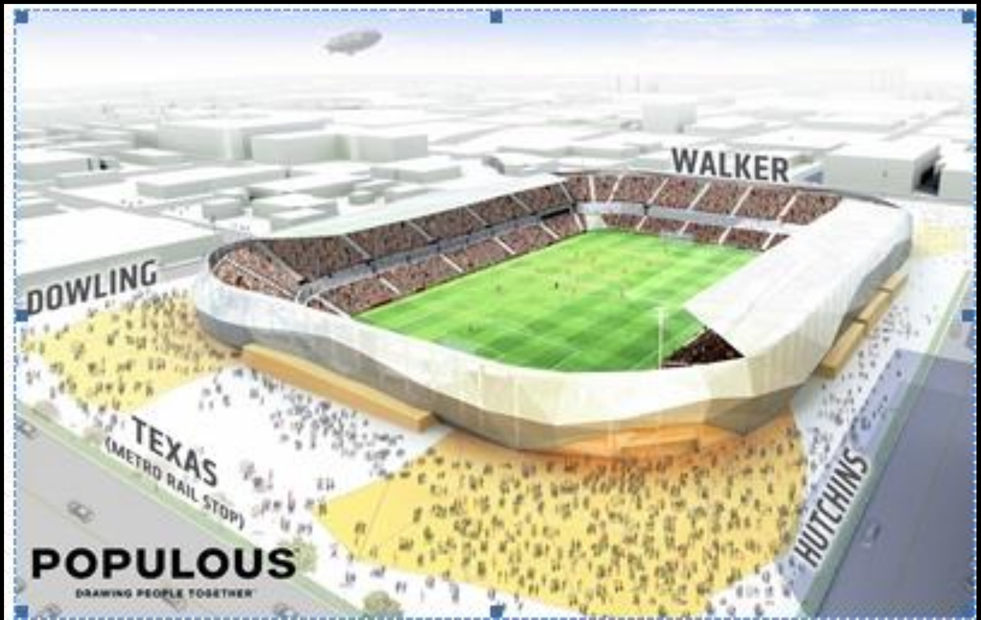


Jury Assembly

Soccer Stadium

- Seating: 21,000
- Light rail stop
- Construction 4Q10 – Spring 2010

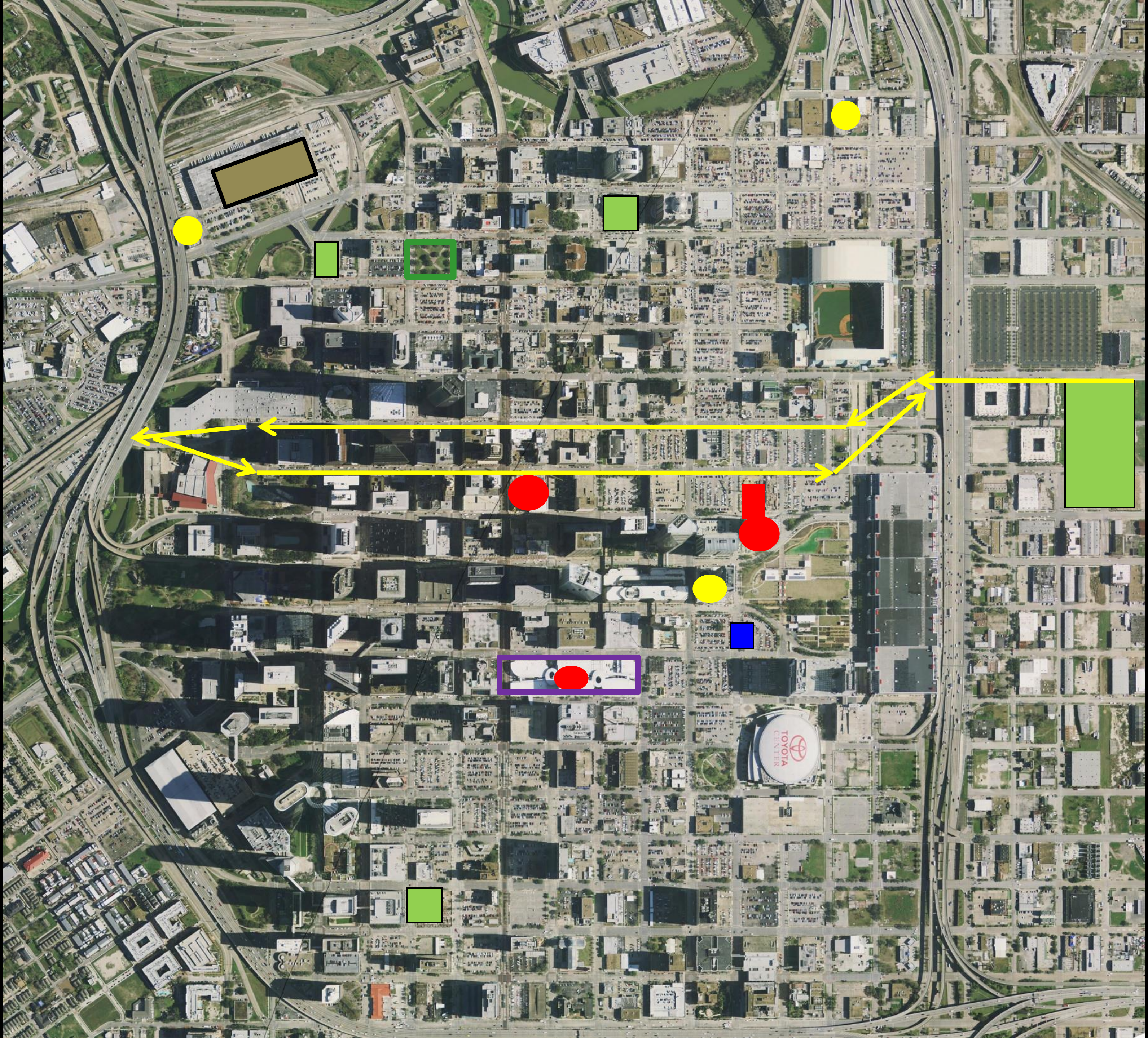




Embassy Suites Hotel

One Park Place

- 346 apartment units
- 85% leased
- To have over 700 residents
- 1/3 of tenants have a unit as a second home.
- Avg 1,500 sf @ $2.40/sf; avg rent is $2,500
- 800 sf to 2,615 sf (excl penthouses)
- Pool area modeled after Ritz Carlton in Maui
- 37 stories; 30 resid levels
- Phoenicia grocery store Feb/March 2011


TOYOTA CENTER