



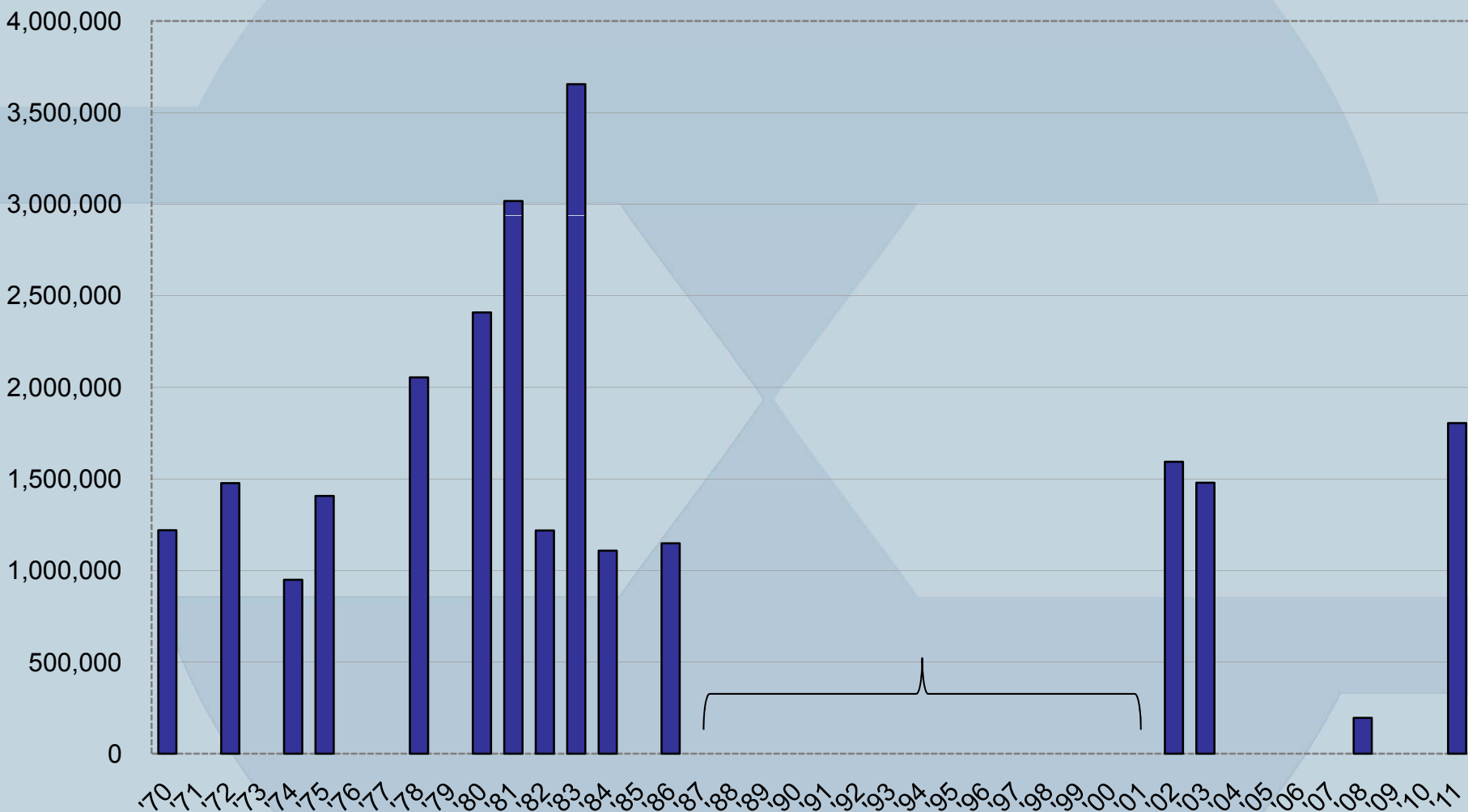
CentralHouston

# **CENTRAL HOUSTON MEMBERSHIP MEETING**

**June 29, 2010**

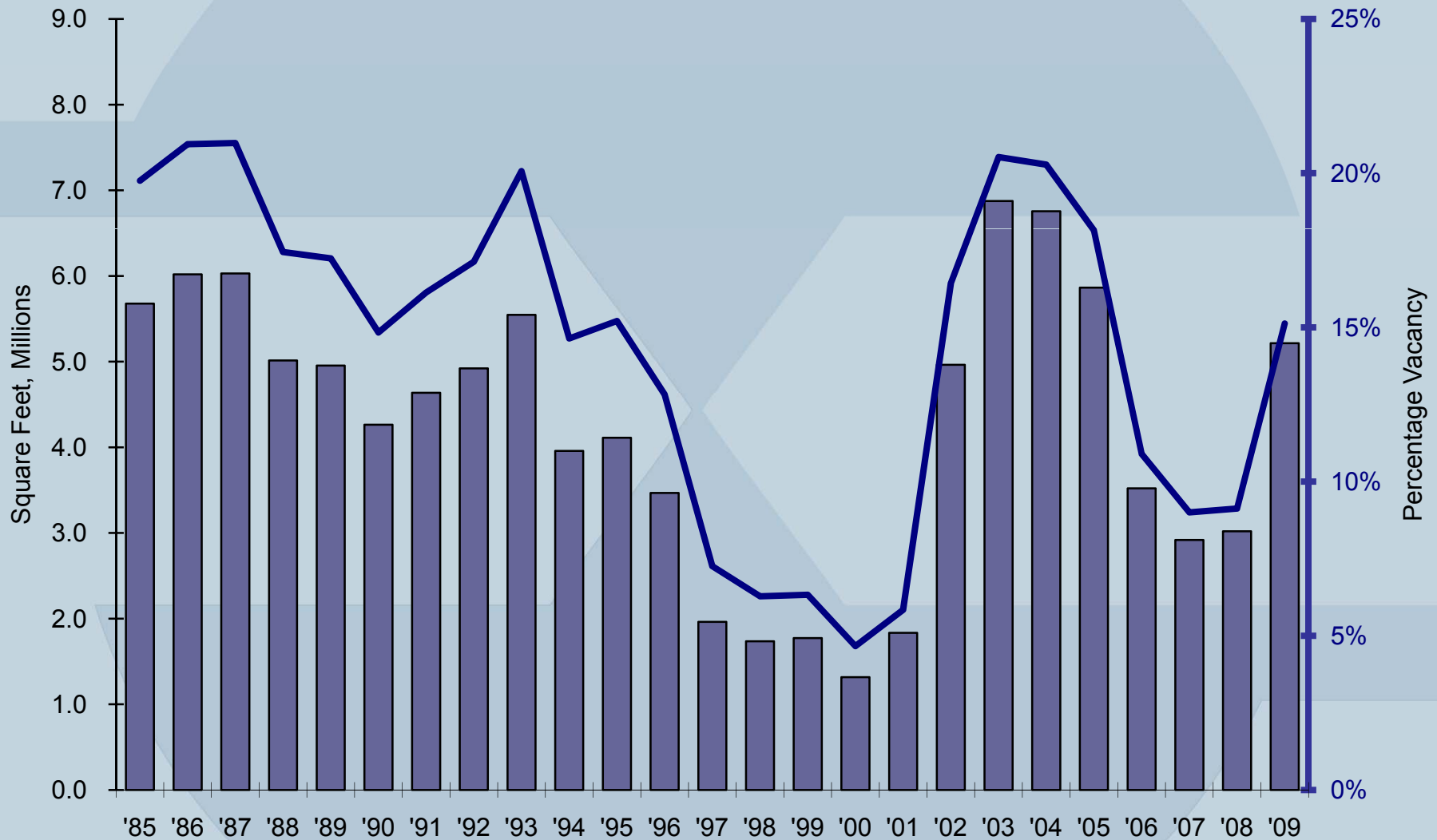


# SPACE ADDED BY YEAR



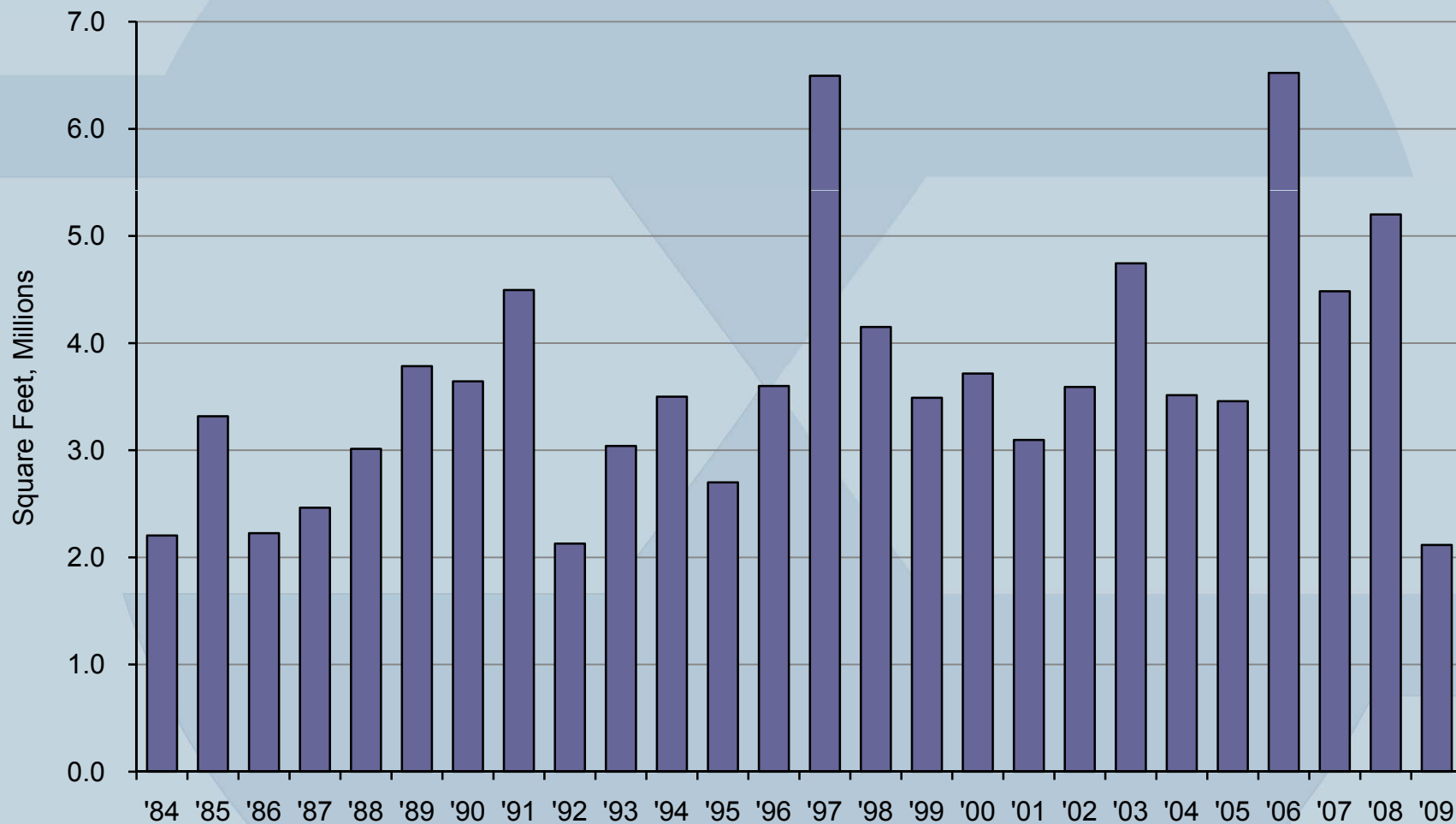


# HISTORICAL VACANCY



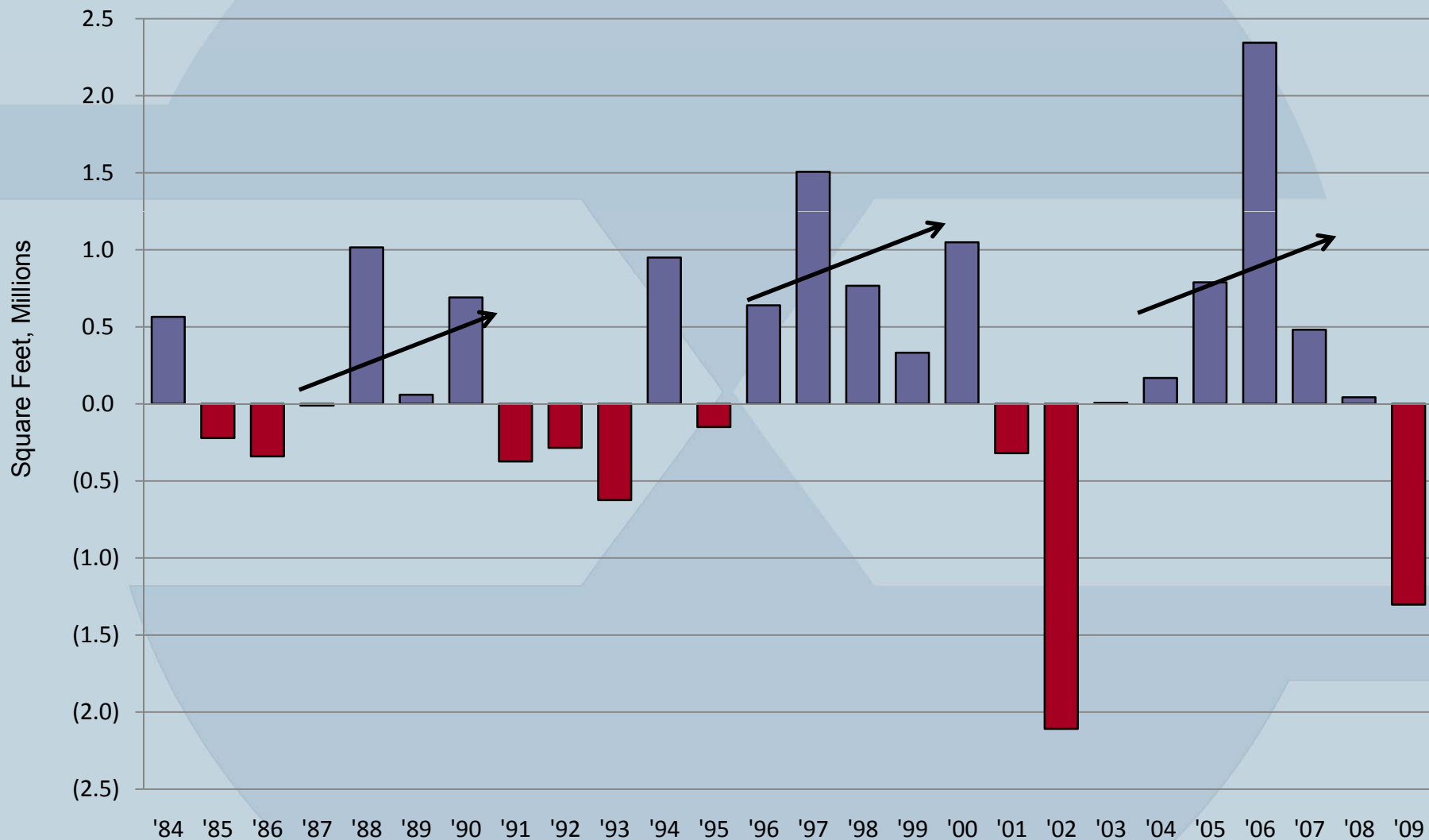


# HISTORICAL LEASING ACTIVITY





# HISTORICAL ABSORPTION





# LARGE BLOCKS IN MARKET

<b>Class</b>	<b>Building</b>	<b>Total SF</b>	<b>Floors</b>
A	MainPlace	849,875	11-42
A	1000 Main	200,000?	DK
A	1 Allen	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
A	Bank of America Center	128,276	28-32
A	3 Allen	120,551	21-25
A/B	4 Houston Center	113,320	7, 8
A	Chase Tower	110,609	31-35
B	1300 Main	107,031	13-16, 18

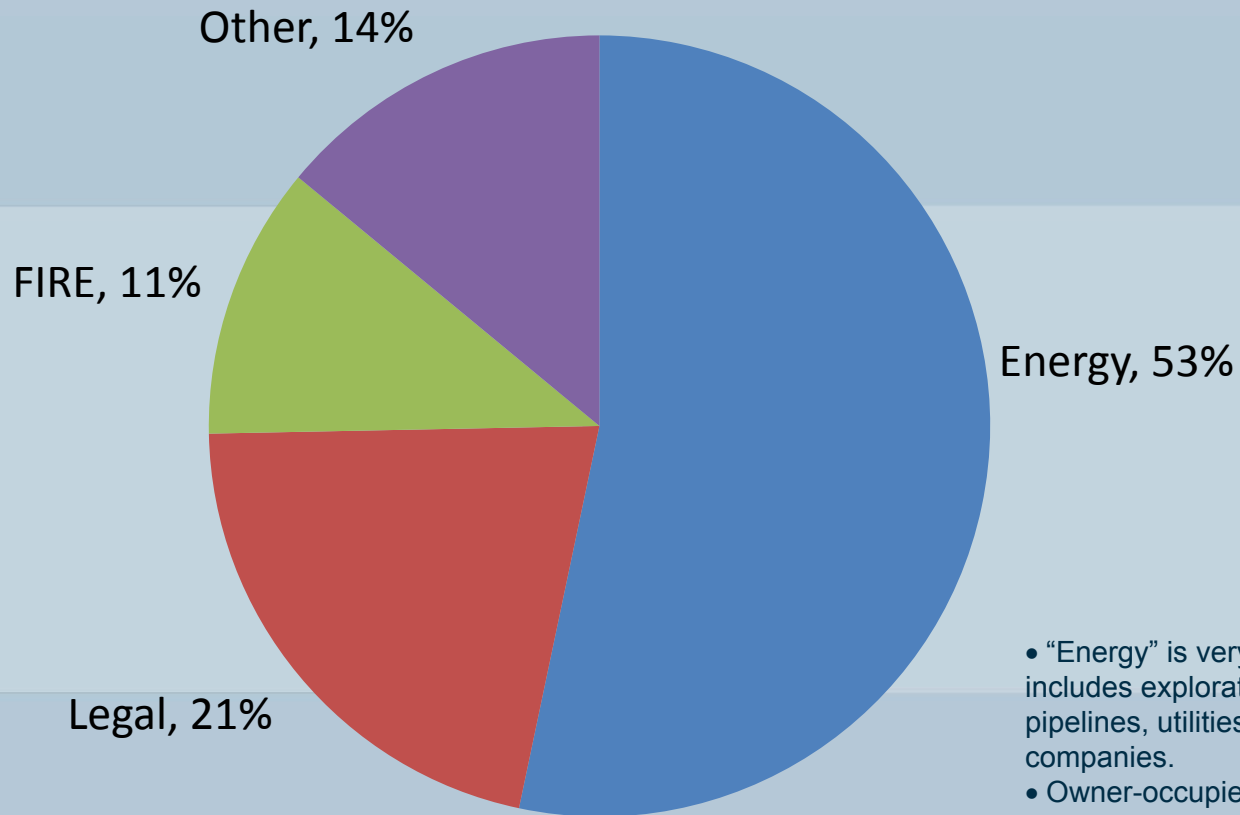


# SUBLEASE FLOORS

Class	Building	Description	Exp	SF
A	1000 Main	11-23 <sup>rd</sup> (13 floors) (RRI)	Oct-2018	403,231
A	3 Allen	21-25 <sup>th</sup> (5 floors) (Devon)	Jan-2020	120,551
A	First City Tower	17 <sup>th</sup> floor (Northern Star)	Oct-2017	27,359
A	First City Tower	15 <sup>th</sup> floor (Amer Comm Lines)	Aug-2015	26,816
A	Wells Fargo Plaza	29 <sup>th</sup> floor (Gardere)	Nov-2016	25,172
A	Fulbright Tower	12 <sup>th</sup> floor (Walter P Moore)	Oct-2017	24,657
A	CenterPoint Energy PI	45 <sup>th</sup> floor (Akin Gump)	Feb-2014	24,056
A	1600 Smith	48, 49 <sup>th</sup> floors (CRA Int'l, 2 fl)	Aug-2015	22,704
A	Pennzoil, North	5 <sup>th</sup> floor (Cheniere)	Apr-2017	20,473
B	1111 Fannin	8, 9, 11 <sup>th</sup> floors (Chase)	Sep-2021	95,000
B	One City Centre	16 & 18 <sup>th</sup> floors (EDS)	Apr-2015	42,532
B	919 Milam	8 <sup>th</sup> floor (Transworld)	Aug-2013	22,126
B	600 Jefferson	6 <sup>th</sup> floor (call center)	Dec-2012	21,294
B	Wedge	23 & 26 <sup>th</sup> floors (Dominion)	Feb-2013	37,061



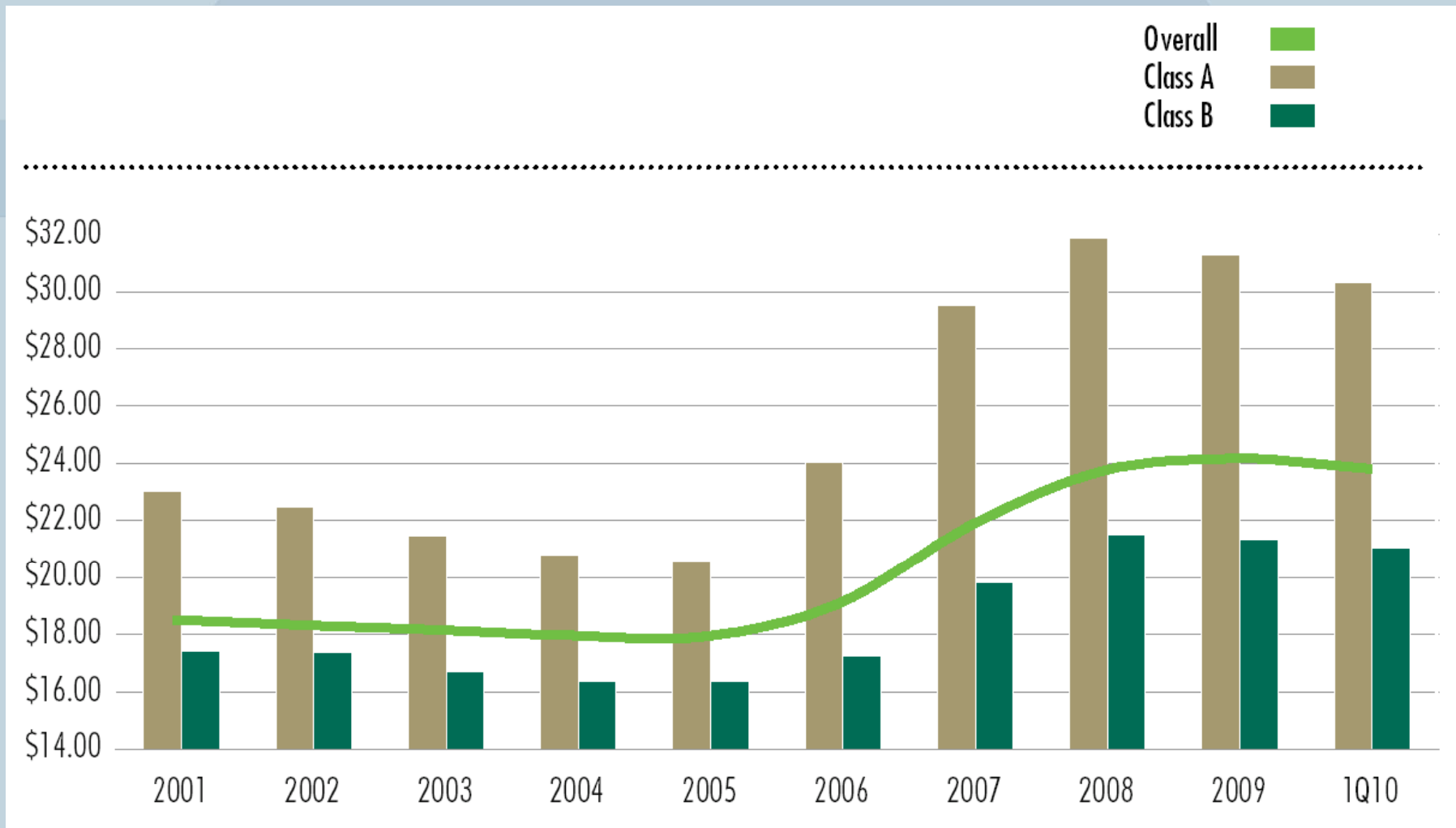
# OFFICE SPACE BY INDUSTRY



- “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.



# LEASE RATES (Houston, Gross Asking)





# CURRENT EVENTS

## Waste Management - hiring

Waste Management is looking to hire 100 new information technology employees plus another 50 contract workers, including systems analysts, project managers and software developers.

The company wants to upgrade its technology, better its customer service platform and improve mobile technologies, said Puneet Bhasin, senior vice president and chief information officer.

- 5/22/10, Chronicle

## GenOn – HQ here

RRI Energy is merging with Mirant, with the headquarters to be located in 1000 Main.

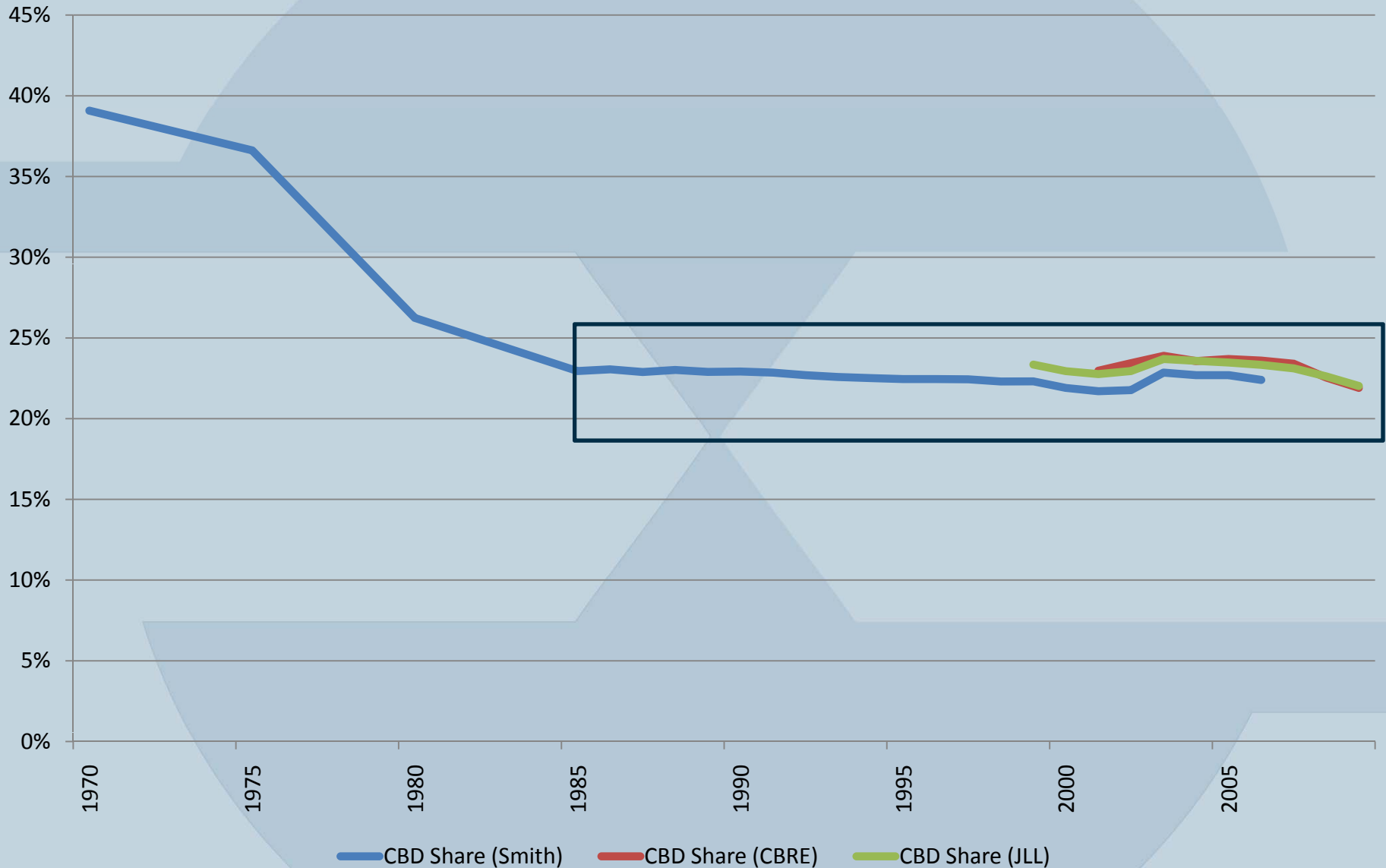
## KBR – Staying, and expanding by 220,000 sf



# CURRENT EVENTS

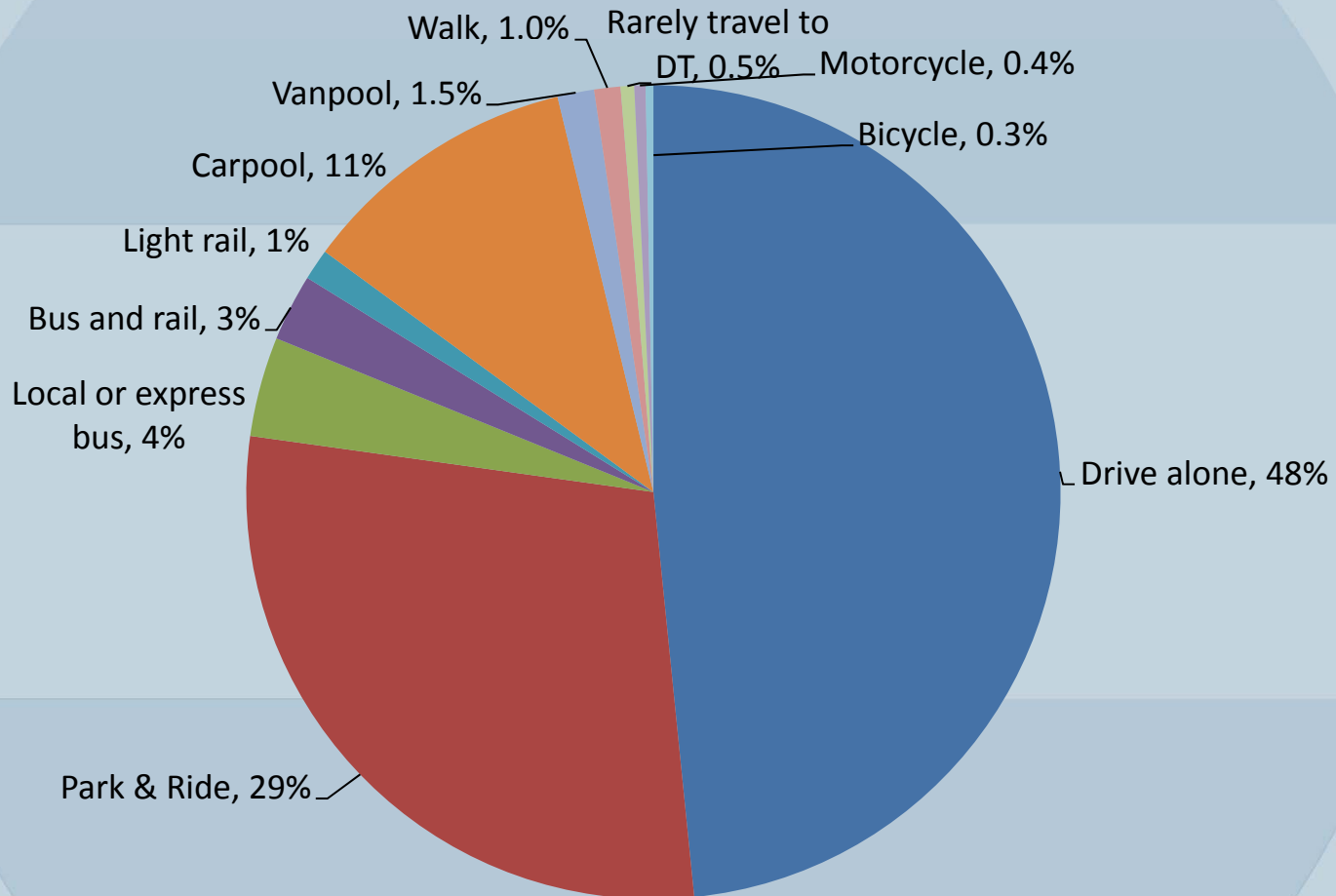
- Continental HQ:
  - Leased 424,000 sf and 200,000 sf for 2009-2014.
  - 2,800 downtown employees
- Devon
  - 120,000 sf in 3 Allen on sublease market now
  - May add another 400,000 sf to the market
- Shell. Active in the market, believe they will downsize some in downtown; any moves probably 2011 or later.

# OFFICE MARKET SHARE





# COMMUTE MODE SPLIT



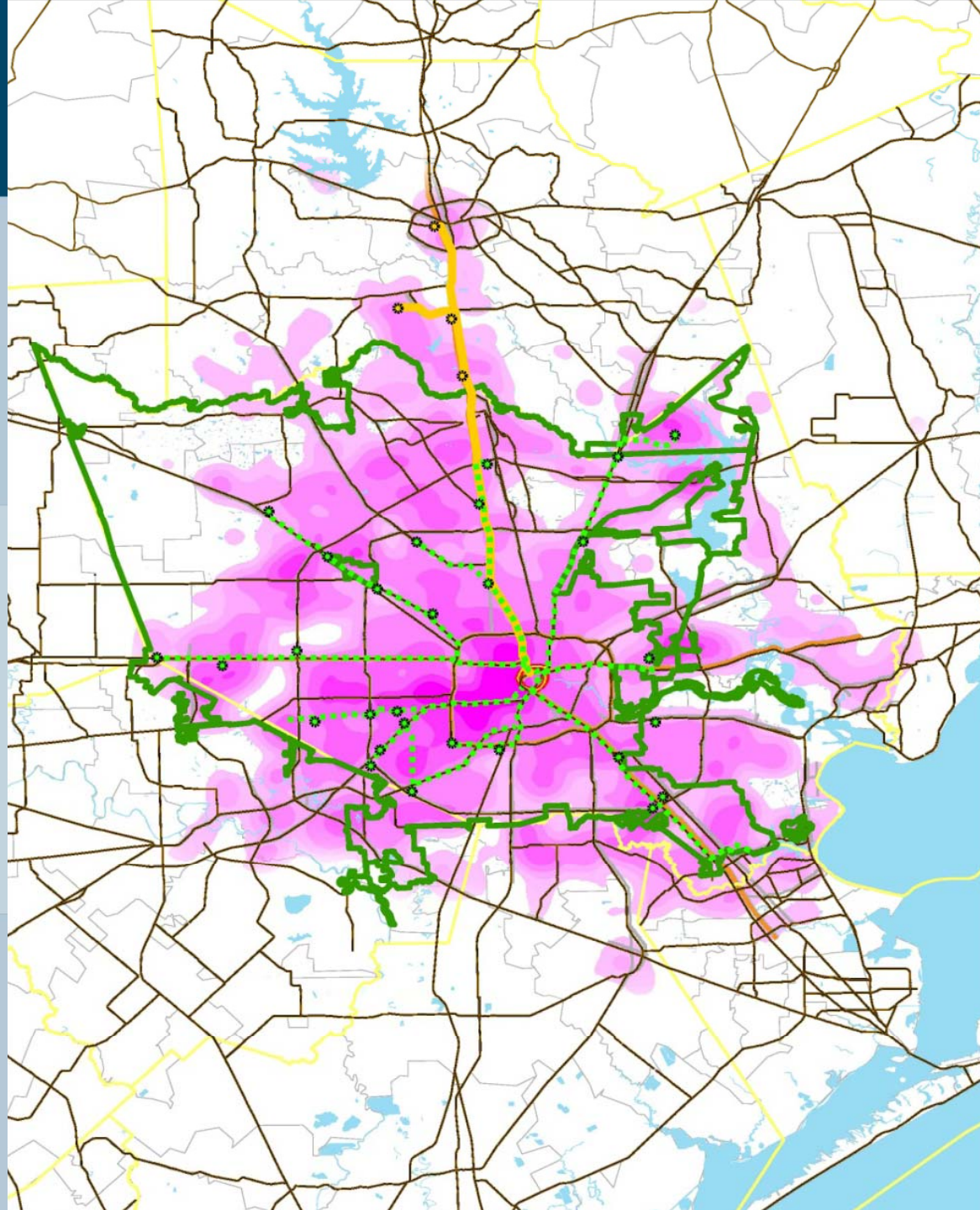
Not used in the  
presentation,  
but also of interest...



# Why Office Downtown?

- Access to largest labor pool in region
- Material level of mass transportation opportunities
- Proximity to competitors/ customers/ services
- Sustainability/carbon footprint
- Office space availability (direct, indirect)
- Huge offering of goodies: food & drink, essentials, arts, entertainment
- Image – keeping up with competitors
- Creative place—attraction of young talent
- Strong Inner City residential neighborhoods

# WHERE DT WORKERS LIVE





# LARGE TENANTS – SIGNIFICANT

## 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



# KEY POINTS

- Downtown office market is responsive to tenant base, which is largely energy
- At or near the bottom of this market cycle
- Historically have bounced back
- We don't believe we'll have new product until at least 2014, giving us time to fill the space we've got.
- Societal influences – employment base is getting older, need to hire new workers, will tend to be younger, and they tend to like urban working and living more than in previous years



# METRO SYSTEM EXPANSION

- Construction began 2009
- April 2010: relocation of utility lines begins
- Train in service in downtown Oct 2013 east of Main
- Train in service in downtown April 2014 west of Main





# EMBASSY SUITES HOTEL



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# ONE PARK PLACE

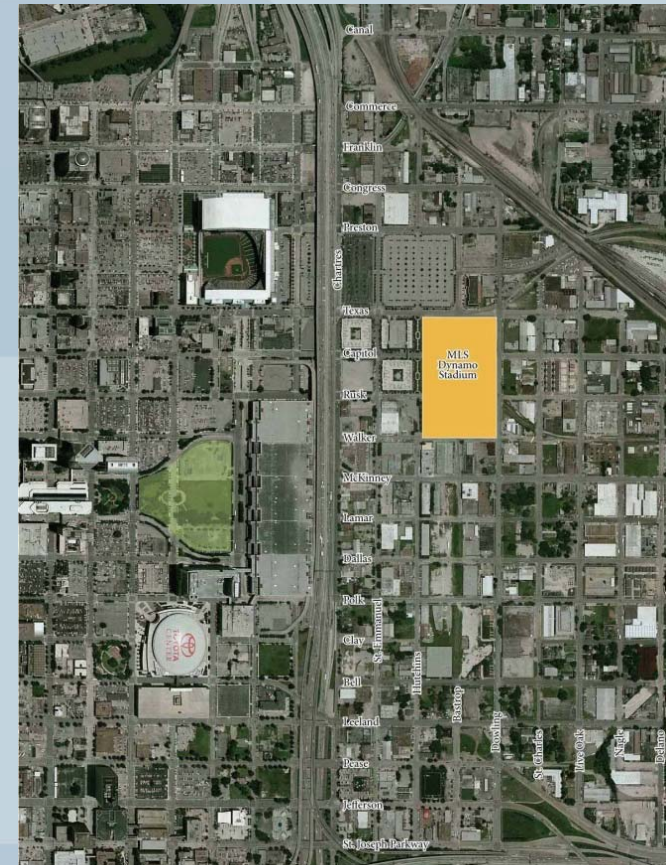
- 346 apartment units
- 73%+ leased
- To have over 700 residents
- 1/3 of tenants have a unit as a second home
- Avg 1,500 sf @ \$2.40/sf; avg rent is \$2,500
- 800 sf to 2,615 sf (excl penthouses)
- 37 stories; 30 resid levels
- Grocery store: Phoenicia





# SOCCER STADIUM

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



# BALLET BUILDING



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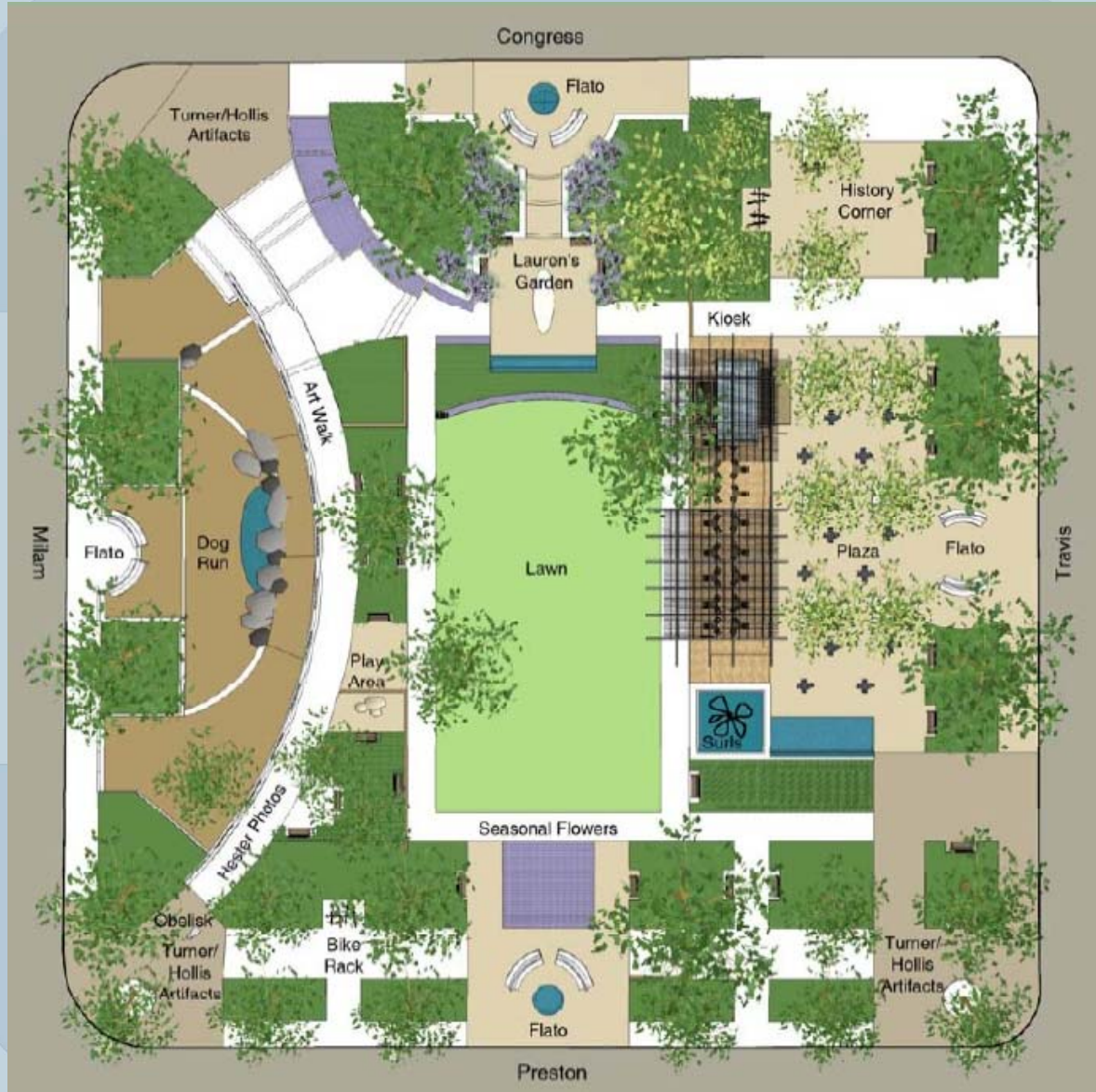
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# MARKET SQUARE PARK



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# HARRIS COUNTY JURY ASSEMBLY

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