

**HOUSTON METRO SNAPSHOT AT YEAR-END 2009**

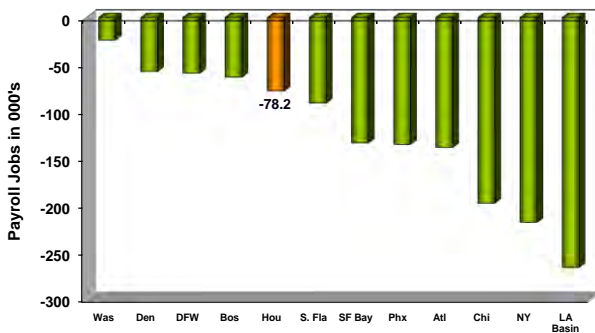
**Economy Beginning to Stabilize**

- 12-month payroll job loss through October: 78,200.
- Unemployment rate: 8.5% in October 2009. National unemployment rate in November: 10.0%.
- Outlook: Job losses to ease in early 2010. Growth to strengthen in latter half of 2010.

**Office Market Remains Weak at Year-End**

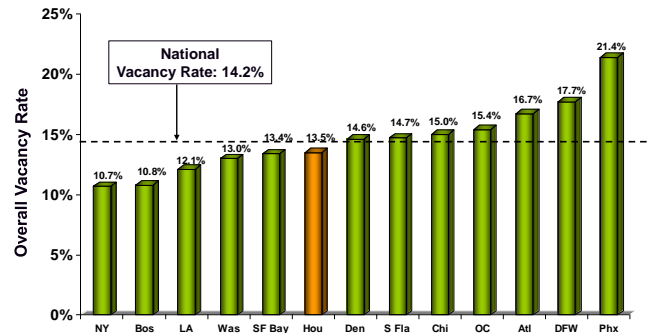
- Net absorption: Negative 586,000 SF in 2009.
- Overall vacancy: 13.5%, up from 11.7% a year ago.
- Office asking rents: Down 3% in 2009; much more for effective rents.
- Outlook: Weak 1<sup>st</sup> half of 2010; strengthening in 2<sup>nd</sup> half of 2010.

**Payroll Job Growth  
Large Metro Areas  
12 Months Ending October 2009**



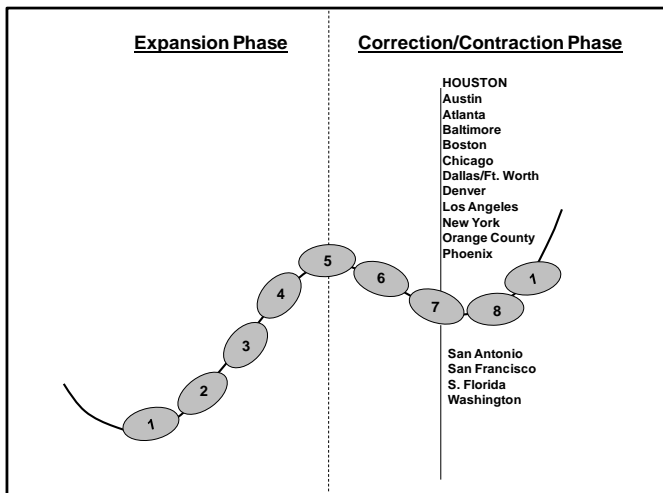
Source: Bureau of Labor Statistics, Delta Associates; December 2009.

**Office Vacancy Rates  
Selected Metro Areas  
Year-End 2009**



Source: CoStar, Delta Associates; December 2009.

**Office Market Position Index  
Year-End 2009**



Source: Delta Associates; December 2009.

The Houston Metro office market continues to experience weak conditions, suggesting the following strategies:

- **Tenants:** Renegotiate and extend leases now; seek to lock in favorable terms; consider relocation to desired submarkets and upgrading space.
- **Developers:** Rising vacancy demands caution, but opportunities remain in select submarkets. Enter strategically; begin to eye properties to maximize return in next expansion cycle, with renovation/construction starts in 2011 and beyond.
- **Investors:** Selectively pursue quality buildings with limited short-term vacancy risk; consider selling underperforming assets if opportunities arise.