



MYERS
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The Square Foot - Houston



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Myers Commercial Analysis of the Houston Area Office Market

Want to save some money? If your lease is up within the next 12-18 months Landlords are willing to reduce rent and take back space, as well as provide other incentives in return for extending the term of your lease. We are presently working on several transactions that address these issues, and have in fact saved one particular tenant \$12,000 per month in rent. Let us use our resources and experience to assist you in your future lease negotiations.

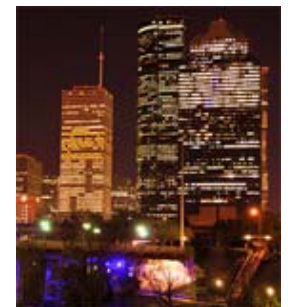
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By the end of the 3rd quarter of 2009 approximately 1,142,000 square feet of new **development** space was delivered to the Houston market in 15 new buildings. There is another approximately 3,800,000 feet still under construction at the end of the 3rd quarter. *

The result today is that the average "face" **rental rates** in the Houston area are below \$ 23.00 per square foot (a decrease of approximately 1.1 % in 2009).* *Sources: NAI/Marcus & Millichap

IMPORTANT NOTE: The "face rental rates" do not appear to have significantly decreased, however in this transitional market the "net effective rental rates" are significantly lower when "concessions" being offered by landlords such as free rent, free parking, and larger tenant improvement allowances are taken into consideration in the overall effective rate.

The overall **Trends** illustrate that now is the time for Myers Commercial to assist your Company in re-negotiating your existing lease, plan for your adjusted needs or find a different location, which will better serve you and be financially beneficial. Houston is now in a transitional phase from a "Landlord" market to a "Tenant" market.



The Square Foot was originally published in the 1980s to help educate office tenants in the Houston area.

Average gross rental rates at midyear, per square foot:

New York	\$59.36
Washington, D.C.	\$35.05
Los Angeles	\$33.97
San Francisco	\$33.78
Miami	\$32.88
Boston	\$31.64
Seattle	\$27.67
Chicago	\$27.02
Houston	\$25.67
Philadelphia	\$22.69
Orlando	\$22.35
Denver	\$21.71
Dallas	\$21.19
Atlanta	\$21.18
Detroit	\$20.46
St. Louis	\$19.98
Cleveland	\$17.56
Minneapolis	\$14.68
Pittsburgh	\$14.57

SOURCE: Jones Lang LaSalle

Market Overview

Trends:*

- Vacancy Rate: **UP**
- Development: **DOWN**
- Net Absorption: **DOWN**
- Rental Rates: **DOWN**

Houston Area Market Today

There is a **Vacancy** of over 14% in the Houston area with overall rental rates decreasing 0.9% from last quarter. *

Absorption was negative (660,350) square feet (compared to positive absorption of 491,260 in the 2nd quarter of 2009)*

The Rankings

Out of 31 cities included in a recent study, Houston ranks as the 20th most expensive office market. New York owns the highest average rental rate in the country at \$59.36 psf, Pittsburgh is the least costly at \$14.57 psf, while Houston sits near the middle of the pack with a \$25.67 psf average.