

Q1

2017

M E T R O B O S T O N

MARKET REPORT



GREATER BOSTON STARTS 2017 ON SOLID FOOTING

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INSIDE STATISTICS...



OFFICE

(DOWNTOWN, CAMBRIDGE,
SUBURBAN)



INDUSTRIAL

(WAREHOUSE, FLEX/R&D,
MANUFACTURING)



CAPITAL MARKETS



OFFICE STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

Q1 Results Mixed, but Overall Positive

The Greater Boston office market posted another positive quarter with more than 300,000 square feet in net absorption. Results were mixed with East Cambridge, Route 128 West and the Back Bay posting some of the strongest absorption. Metrowide vacancies inched down to 11.2% in the first quarter and direct asking rents grew to nearly \$33 per square foot.

On a year-over-year basis office lease rates are up 7.5% metrowide. However, rents are beginning to level off in some segments of the marketplace. Average asking rents ended the first-quarter at nearly \$33 per square foot, which is only slightly above fourth-quarter rents. Class A rents reached nearly \$41 per square foot at the metro level, with both the Downtown and Cambridge markets averaging more than \$60 per square foot. The lack of vacancy in certain submarkets, like Fenway/Kenmore and East Cambridge, have led to very few rent observations in some cases. Any space that becomes available can impact the stats in these ultra-tight office markets.

Compared to previous cycles construction has been relatively subdued. The 3 million square feet of office space currently underway represents less than 2% of total office inventory. Projects on the horizon include DivcoWest's long-delayed NorthPoint development in Cambridge, Boston Properties 454,000-square-foot build-to-suit for Akamai Technologies at 145 Broadway in Cambridge, athenahealth's 250,000-square-foot expansion to its campus in Watertown, MIT's

Volpe Transportation Center redevelopment and the 600-foot tower proposed at the Harbor Aquarium Garage in the Financial District. While there are several million square feet of inventory planned, constraints on construction lending will likely keep new ground breakings subdued, which bodes well for future market fundamentals.

While sublease space in the Greater Boston office market has been slowly ratcheting up over the last couple of years, this trend is not yet alarming. At just over 4 million square feet in the first quarter of 2017, sublease availabilities represent only 2.1% of total office inventory. Moreover, these levels are 25% below the market's historical average of 5 million square feet and nearly 2.5 times below the Dotcom bust peak in 2002. With that said, there are a few pockets of concern. The Route 128 Loop is at the top of the list for sublease availabilities, with nearly 1.5 million square feet of space as of the first quarter, and more than 60% of this space is located within the Route 128 West submarket. Though not yet a major concern, this is definitely a trend to watch as the year progresses.

The new year has brought continued uncertainty in the marketplace. However, many signs are still pointing to a stronger macro economic outlook in the near term. In January the International Monetary Fund revised its U.S. growth forecast up slightly for both 2017 and 2018. A more solid economic outlook would likely bolster the commercial real estate property markets.

TOTAL VACANCY RATE	DIRECT VACANCY	Q1 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
11.2%	10.4%	341,280	\$32.98	3,011,130

MA Business Confidence Index:

62.1 OUT OF 100
(February 2017)

Boston Unemployment Rate:

3.7%
(February 2017)

Boston Office-using Employment:

19,200
Jobs added
2.7% Growth year-over-year

State Tech & Science Index:

NO. 1
by Milken Institute

MA Economy Ranked:

NO. 5
by USNews

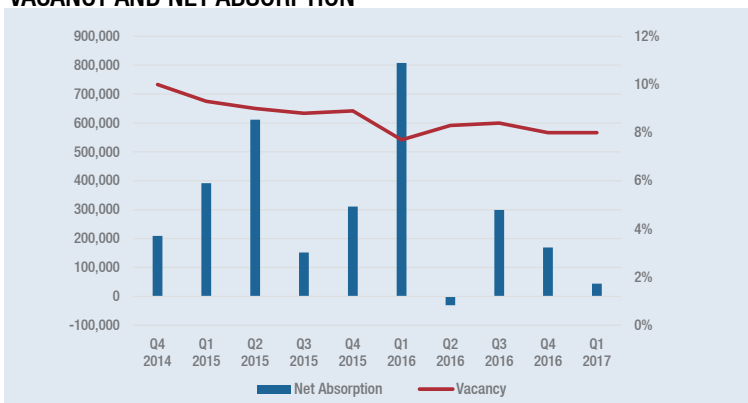


OFFICE STATISTICS

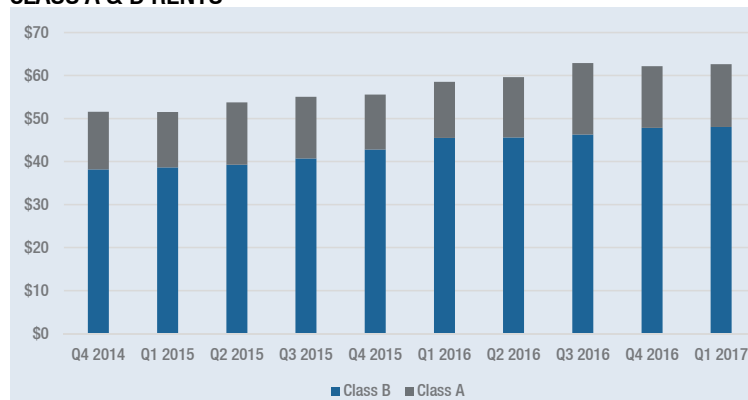
DOWNTOWN

DOWNTOWN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	48,524,794	3,719,989	7.7%	200,267	200,267
Class B	20,942,162	1,824,361	8.7%	(156,464)	(156,464)	\$48.01
CLASS A & B TOTAL	69,466,956	5,544,350	8.0%	43,803	43,803	\$57.79

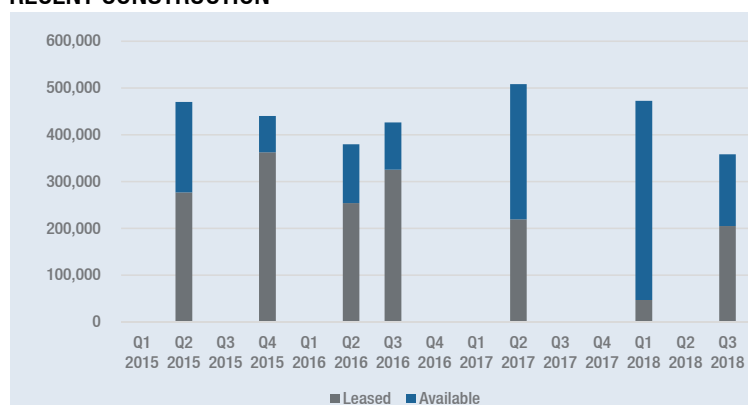
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- Tenants absorbed roughly 44,000 square feet in the first quarter, leaving vacancies at 8% in the Downtown office market. Class A vacancies are sitting 100 basis points below the Class B market, which has driven rents in high-quality assets to \$62.59 per square foot.
- Amazon agreed to lease 200 desks (more than 100,000 SF) at WeWork's newest location at 31 St. James Street in the Back Bay. The Yard and Liberty Mutual's tech incubator, Solaria Labs, will also call this submarket home.
- Proposed zoning changes at Boston's Marine Industrial Park could result in more office and lab space in the Seaport. Raising FAR limits and lowering the marine industrial use requirements are just a few of the adjustments being considered by the BPDA.
- Following an exhaustive search for space, Cambridge-based Fuze has agreed to sublease 47,000 square feet from Wayfair at 2 Copley Place in the Back Bay. It is unclear as to what will happen to Fuze's current headquarters at 10 Wilson Road in Cambridge.
- Another shoe company is expanding in Downtown Boston. Asics is opening a product creation and design studio near South Station; totaling 25,000 square feet of office space. The Japanese-based company and its subsidiary, FitnessKeeper, already maintain a presence at 1 Winthrop Square.

NOTABLE TRANSACTIONS

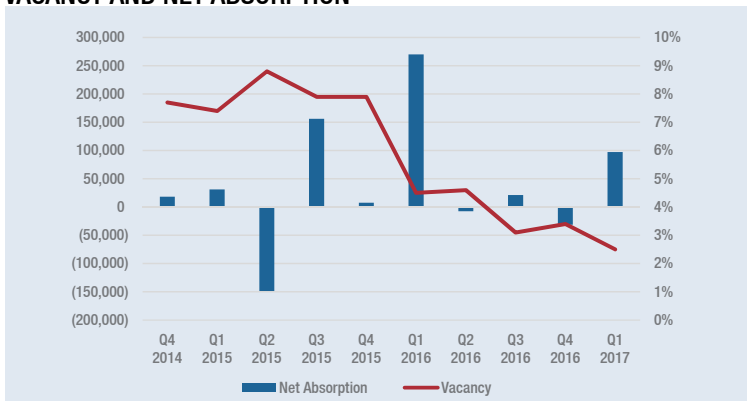
TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Fuze*	2 Copley Place	47,000	Back Bay	Relocation
The Yard	120 St. James	32,147	Back Bay	Expansion
Nasuni Corporation	1 Marina Park Drive	27,629	Seaport	Relocation/Expansion
Optimus Ride	88 Black Falcon Avenue	19,863	Seaport	Relocation
Smartsheet	179 Lincoln Street	19,283	Midtown	Relocation

*Sublease

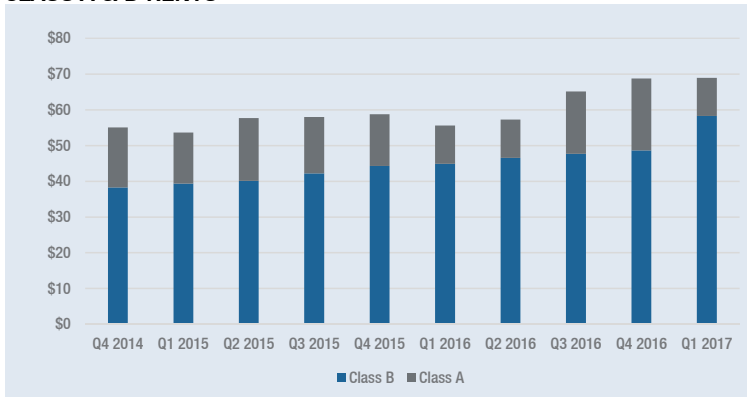


CAMBRIDGE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	7,013,763	204,409	2.9%	109,638	109,638
Class B	3,319,126	54,806	1.7%	(12,672)	(12,672)	\$58.23
CLASS A & B TOTAL	10,332,889	259,215	2.5%	96,966	96,966	\$67.01

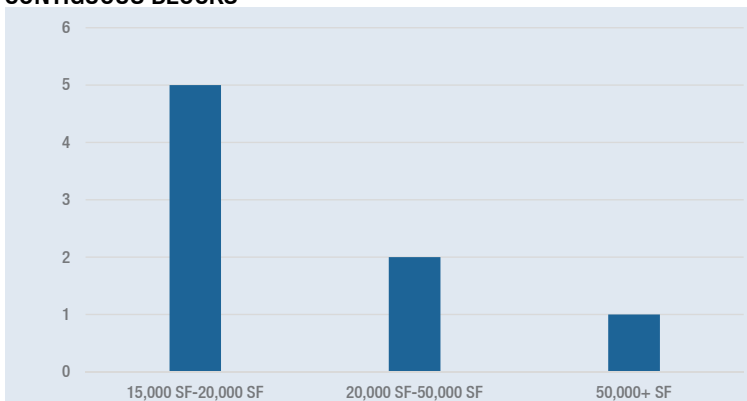
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



CONTIGUOUS BLOCKS



TRENDS

- The Cambridge office market started the year off strong with nearly 100,000 square feet of positive absorption. Vacancies have now reached a 10-year low, at just 2.5%.
- EF Education First is looking to expand its Cambridge campus with the planned purchase of a 3-acre parcel in the NorthPoint development and the subsequent construction of a 300,000 square foot building. The Swiss-based company recently purchased the 24,205-square-foot 17 Monsignor O'Brien Highway for \$11 million or \$454 per square foot as well.
- MIT plans to acquire the American Red Cross regional headquarters at 139 Main Street in East Cambridge. The buyer will ultimately renovate and occupy the 43,560-square-foot building as office space while the American Red Cross looks for 15,000 square feet of new space in Greater Boston along the Red or Orange Line.
- Mid Cambridge-based Sqrrl is planning to expand its local workforce and raise another round of funding this year.
- Biogen Idec put 142,000 square feet on the sublease market last quarter in order to consolidate office operations. Forrester Research is also subleasing 32,531 square feet at 200 Cambridge Discovery Park.
- Overall asking rents are in the high \$60-range. In East Cambridge office rents are almost as expensive as lab rents at \$75 per square foot.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
TriNetx	125 Cambridgepark Drive	19,791	West Cambridge	Renewal/Expansion
ICF Incorporated	100 Cambridgepark Drive	9,414	West Cambridge	Renewal
Sense Labs	485 Massachusetts Avenue	7,177	Mid Cambridge	Relocation
LiveData	810 Memorial Drive	6,900	Mid Cambridge	Renewal/Expansion
EverQuote	210 Broadway	2,757	East Cambridge	Relocation

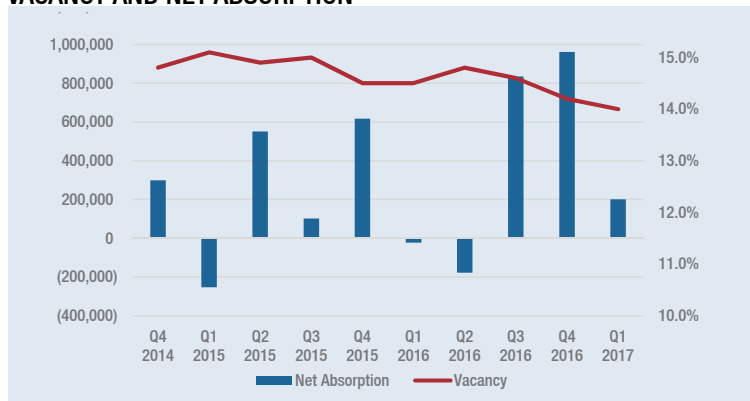


OFFICE STATISTICS

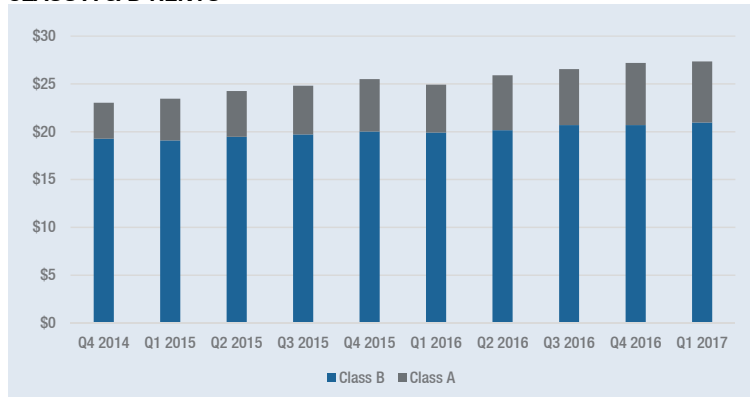
SUBURBAN

SUBURBAN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	57,169,130	6,786,843	11.9%	(217,040)	(217,040)
Class B	52,906,790	8,601,309	16.3%	417,551	417,551	\$20.95
CLASS A & B TOTAL	110,075,920	15,388,152	14.0%	200,511	200,511	\$23.60

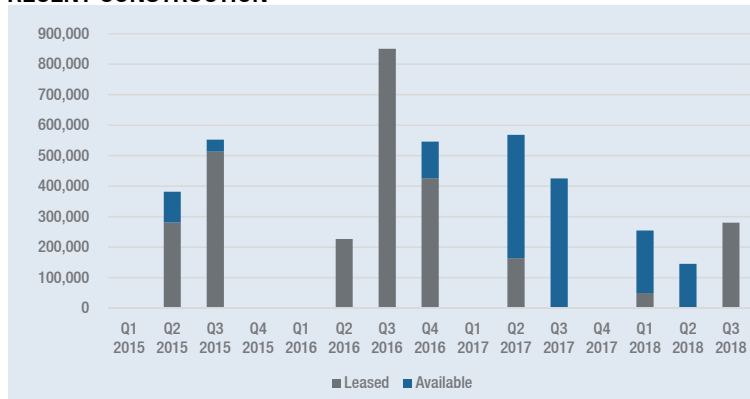
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- With roughly 200,000 square feet of positive absorption on the books, Suburban Boston office vacancies ended the first quarter at 14%.
- Conformis took occupancy at 600 Technology Park Drive in Billerica and the Alzheimer's Association started moving into 26,940 square feet at 309 Waverley Oaks Road in Waltham.
- Relocations and expansions dominated larger lease transactions this quarter. Mimecast inked a deal for 80,000 square feet at 191 Spring Street in Lexington. The firm will relocate from 480 Arsenal Street in Watertown later this year.
- Some of the Suburbs newest office product is beginning to make headway in the tenant department. Bosch Thermotechnology became the first tenant at the recently renovated 65 Grove Street in Watertown — leasing 17,188 square feet. Reportedly, an LOI is out with an anchor tenant for LINX, also in Watertown.
- The Arsenal Yards development in Watertown, which will include 100,000 square feet of office space, recently received approval from the city.
- Insulet purchased 100 Nagog Park in Acton for \$9.25 million or \$45 per square foot as an owner/user. Reportedly, the tenant will add a manufacturing component to the building.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Mimecast	191 Spring Street, Lexington	80,000	Route 128 Northwest	Relocation/Expansion
Babcock Power Sales	26 Forest Street, Marlborough	46,061	Route 495 West	Relocation
Markforged	85 School Street, Watertown	32,000	Route 128 West	Relocation/Expansion
Disruptor Beam	100 Pennsylvania Avenue, Framingham	30,665	Framingham-Natick	Relocation/Expansion
Miraca Life Science	15-19 Crawford Street, Needham	29,114	Route 128 West	Relocation/Expansion



INDUSTRIAL STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

Industrial Market Continues to Tighten

The Greater Boston industrial market absorbed more than 500,000 square feet of space in the first quarter of 2017. Vacancies are sub-8%; reaching levels not seen in more than 15 years. Demand drivers remain vast and varied. E-commerce, housing and building-related firms, drug manufacturing, third party logistics, breweries and medical marijuana facilities are all bolstering industrial demand in the marketplace.

Rents have risen 12% since the end of 2014, ending the first quarter at \$8.40 per square foot. While modern, quality industrial space continues to garner a premium, in some instances location (particularly infill areas) is driving lease rates. Expect conditions to remain positive in the near term. Steady leasing activity, coupled with more subdued construction, should keep market fundamentals moving in the right direction.

Following a slew of development projects, a majority of which were build-to-suit, activity is beginning to ease with 1.2 million square feet of space currently underway marketwide. While there are several large projects in the planning pipeline, including 477,500 square feet at the Business Park of Bellingham and 300,000 square feet on Washington Street in Franklin, market volatility, rising construction costs and more restrained lending on construction loans will result in fewer industrial projects moving forward this year.

While Greater Boston manufacturing employment has declined by 16%, losing roughly 35,000 jobs, in the last 10 years productivity continues

to increase from non-traditional manufacturing sectors. According to the Bureau of Economic Analysis, Massachusetts' manufacturing output jumped significantly in 2015 with chemicals (i.e., pharmaceuticals), high-tech (i.e., robotics) and food and beverage (i.e., craft brewers) driving growth. While durable goods production will likely continue to decline in importance here, look to innovation and technology to bolster local manufacturing.

E-commerce continues to impact both local and national commercial real estate markets; giving rise to last-mile users and demand for urban industrial assets. With Greater Boston's population continuing to expand — adding 740 people per week from 2010-2016 — it's not surprising that infill industrial product remains sought after. Industrial vacancies in the Urban Core submarket ended the first quarter at just 3.8%, which equates to a more than 600-basis-point decline over the past two years. Average asking rents have increased by almost 25% during that time. Continued interest in redevelopment projects will keep fundamentals in this market tight going forward, as the industrial inventory shrinks further. With this trend also taking hold along the Route 128 belt, displaced tenants will likely keep moving further out north and south of the city.

Infrastructure upgrades and larger ships entering the Port of Boston due to the completion of the Panama Canal expansion bode well for industrial activity here. The first phase of the \$350 million Boston Harbor dredging project is slated to begin this summer, which will allow more of these larger ships to move through the port.

TOTAL VACANCY RATE	DIRECT VACANCY	Q1 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
7.5%	7.4%	516,701	\$8.40	1,218,200

Containerized Cargo:

42,924 TEUS
 (YTD February 2017)
 8.6% Growth year-over-year

Manufacturing Output:

10.10%
 of GSP
 (2015)

Housing Permits:

1,640
 (YTD February 2017)
 28% Increase year-over-year

Industrial Employment:

823,000
 MA Jobs (February 2017)
 0.5% Growth year-over-year

Biopharma MFG Employment:

10,616
 MA Jobs (Dec 2015)
 6.3% Growth year-over-year

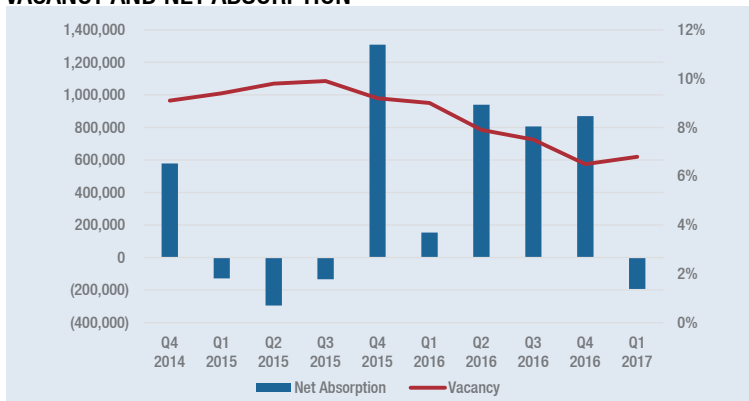


INDUSTRIAL STATISTICS

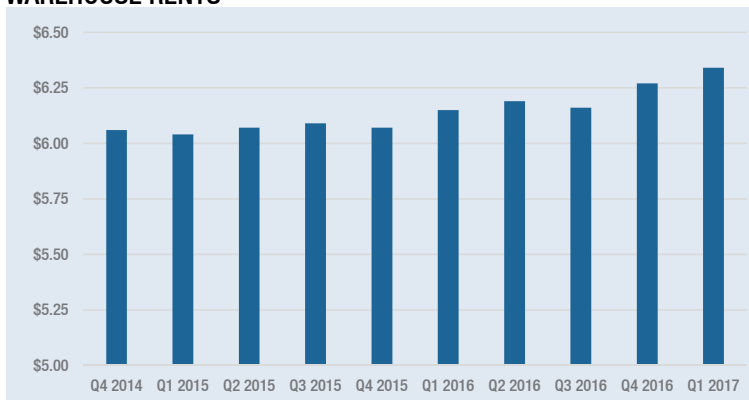
WAREHOUSE

WAREHOUSE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	TOTAL	89,778,069	6,119,929	6.8%	(192,733)	(192,733)

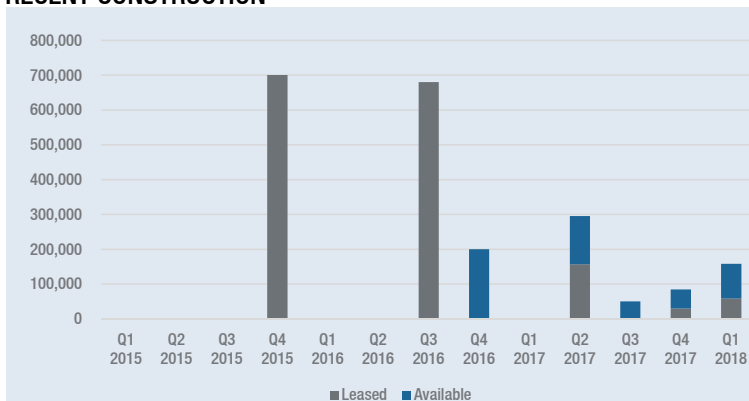
VACANCY AND NET ABSORPTION



WAREHOUSE RENTS



RECENT CONSTRUCTION



TRENDS

- Despite posting negative absorption, vacancies in Greater Boston's warehouse market ended the first quarter below 7% — increasing by only 30 basis points since the end of 2016.
- Asking rents in the warehouse market have increased by 3.1% since the first quarter of 2016 to \$6.34 per square foot this quarter.
- Christian Book Distributors (56,254 SF) and BNY Mellon (26,000 SF) contributed to this quarter's negative absorption. The Kellogg Company is also subleasing the entirety of 17 Forge Parkway in Franklin, which totals 84,376 square feet.
- Move-ins by SGPS, Inc. at 92 Blandin Avenue, Framingham and Hirsch Glass at 565 University Avenue, Norwood took place during the first quarter.
- After being displaced by a fire that occurred at 5 Fifth Street, Peabody in space occupied by adjoining tenant Lifoam, and temporarily relocating to Salem, CNE Direct finally landed at 1 Technology Drive in Peabody. Renovations on the Fifth Street asset recently concluded; resulting in 145,000 square feet hitting the Route 128 North submarket.
- Owner-user sales are driving activity in the warehouse market. In January NEO Tech purchased the 198,000-square-foot 125 Fisher Street in Westborough for \$10 million or \$51 per square foot. The buyer is occupying roughly half of the building in order to consolidate operations into one location and leasing the remaining space.

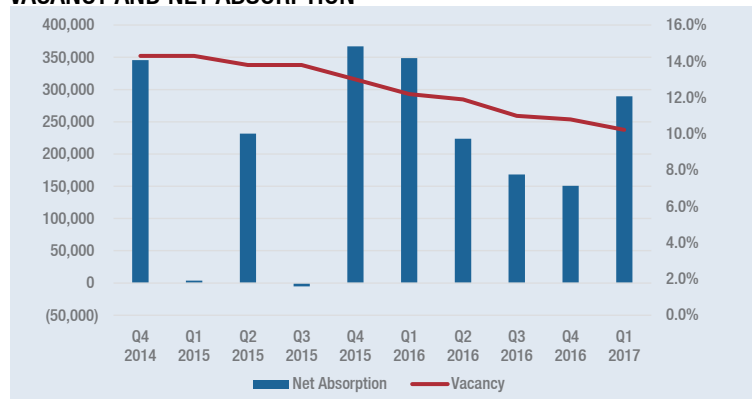
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Mancon	200 Shuman Avenue, Stoughton	87,771	Route 128 South	Expansion
CNE Direct	1 Technology Drive, Peabody	60,000	Route 128 North	Expansion
Tevtech LLC	100 Billerica Avenue, Billerica	47,150	Route 495 North	Renewal/Expansion
Abiomed, Inc.	20 Cherry Hill Drive, Danvers	44,440	Route 128 North	Expansion
ABC Supply Company (NAI Hunneman Deal)	30 Panas Road, Foxborough	30,200	Route 495 South	Expansion

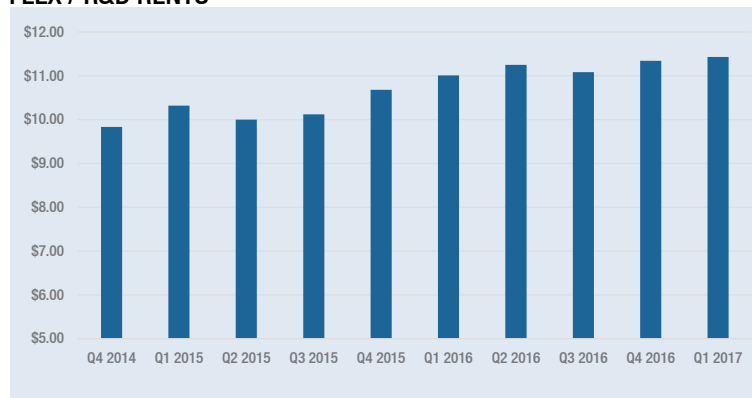


FLEX / R&D	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	49,715,155	5,081,409	10.2%	289,491	289,491

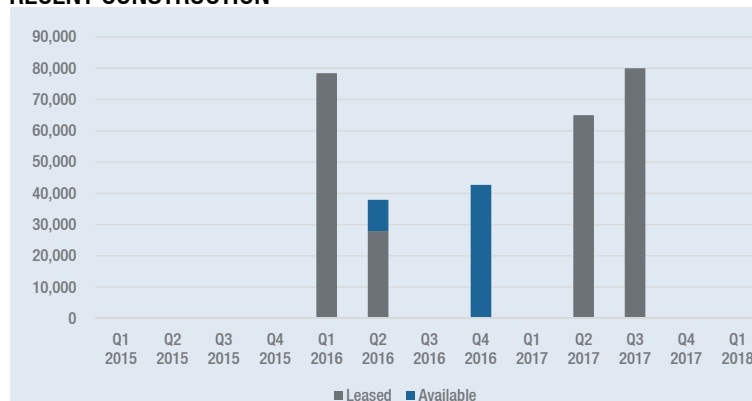
VACANCY AND NET ABSORPTION



FLEX / R&D RENTS



RECENT CONSTRUCTION



TRENDS

- The Greater Boston Flex/R&D market continued its hot streak into 2017. Posting positive absorption in nine out of the last ten quarters pushed vacancies to the low-10% range at the end of the first quarter.
- Consolidating office and industrial space from tech, biotech and manufacturing companies continue to drive demand for this product type.
- Calare Properties purchased the 162,000-square-foot 100 Chelmsford Street, Lowell in a sale-leaseback from M/A-COM, Inc. for \$4.25 million or \$26 per square foot. Calare is also planning to develop a 58,000-square-foot expansion on the site, which the tenant has agreed to lease for 20 years.
- After being acquired last year, Cybex International is closing its operations at 10 Trotter Way in Medway and relocating to the Midwest. The 120,000 square foot building boasts office, showroom and manufacturing space.
- Alcatel/Nokia is in the process of vacating its remaining 80,000 square feet at 4 Robbins Road in Westford. The mobile technology company had previously occupied the entire building.
- Market conditions continue to favor landlords with lease rates continuing to climb. At \$11.43 per square foot in the first quarter asking rents increased by almost 4% on a year-over-year basis. Flex/R&D properties in premier submarkets like Routes 128 West and Northwest are seeing rents in the low-\$20 per square foot triple net.

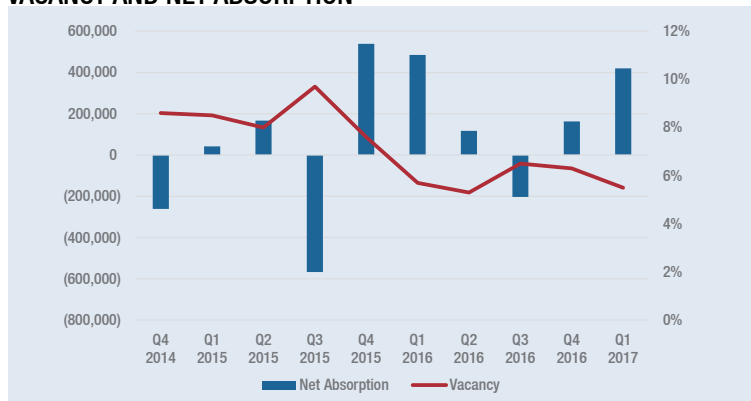
NOTABLE TRANSACTIONS

TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
M/A-COM, Inc.	100 Chelmsford Street, Lowell	142,688	Route 495 Northeast	Sale-Leaseback
Dorel Juvenile Group	25 Forbes Blvd., Foxborough	53,112	Route 495 South	Lease/Renewal
Dynisco	38 Forge Parkway, Franklin	47,546	Route 495 South	Lease/Renewal
Dale Medical Corp.	40 Kenwood Circle, Franklin	23,000	Route 495 South	Lease

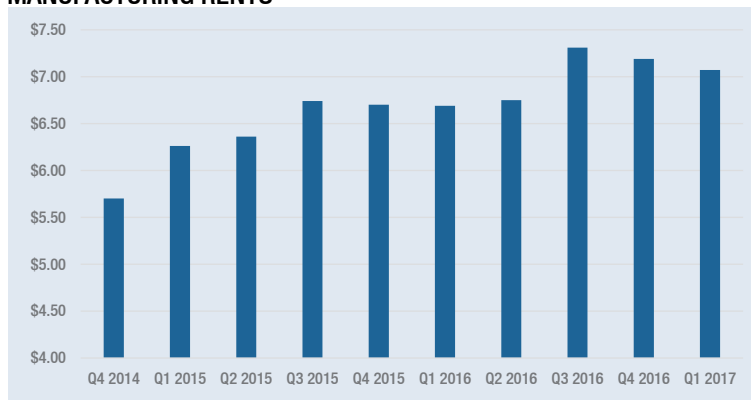


MANUFACTURING		TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	33,309,682	1,828,606	5.5%	419,943	419,943	\$7.07

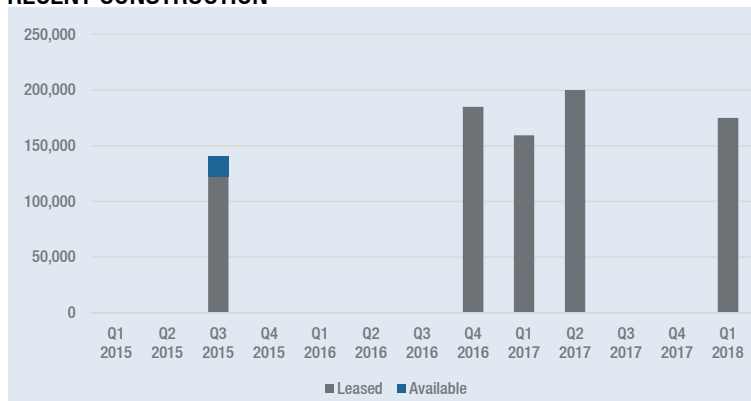
VACANCY AND NET ABSORPTION



MANUFACTURING RENTS



RECENT CONSTRUCTION



TRENDS

- Vacancies in Greater Boston's manufacturing market ended the first quarter at 5.5%, with absorption concentrated in the Urban Core and northern markets.
- Somerville-based RightHand Robotics, which focuses on logistics robotics, recently received \$8 million in Series A funding. To date the firm has raised \$11.3 million in funding.
- Cold Chain Technologies vacated 51,000 square feet at 29 Everett Street in Holliston after finalizing its headquarters move to Franklin. The building is currently listed for sale as well; boasting a \$3.5 million price tag.
- Gatehouse Media is planning to move its printing and packaging operations from York Avenue in Framingham to other New England facilities this summer. The Boston Globe is set to move a third printing line to its new Taunton facility in June, which already houses two printing lines and 250 employees.
- Whole Foods is closing its 70,000 square foot food production facility on Commercial Street in Everett and plans to outsource food preparation operations to other suppliers.
- The redevelopment of outdated manufacturing properties remains on trend and infill industrial properties are especially of interest to developers. Porter Hospitality recently acquired a 66,700 square foot manufacturing facility on Orleans Street in East Boston for \$14.8 million. The company is planning to develop a 125-room hotel on the site.

NOTABLE TRANSACTIONS

TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
Exel Cost Center	530 John Hancock Road, Taunton	181,980	Route 495 South	Lease/Renewal
Boston Beedar	20 Middlesex Road, Mansfield	83,899	Route 495 South	Lease
Sabic	65 Middlesex Road, Tyngsboro	76,000	Route 495 North	Lease
Porter Hospitality	175-183 Orleans Street, E Boston	66,700	Urban Core	Sale



CAPITAL MARKETS OVERVIEW



OFFICE SALES VOLUME (\$)



MULTIFAMILY SALES VOLUME (\$)



RETAIL SALES VOLUME (\$)



INDUSTRIAL SALES VOLUME (\$)

Falling Sales Volume Not Yet a Major Concern

At a macro level the new year brought falling transaction volume in the commercial real estate markets with multifamily and development sites faring the worst according to Real Capital Analytics. While this trend may be concerning, its not time to hit the panic button yet. Pricing is at cyclical highs and still moving up. Peak pricing, coupled with uncertainty in the marketplace (particularly surrounding fiscal policy), has left buyers and sellers at an impasse. This growing bid-ask spread (as opposed to market forces correcting) has resulted in fewer deals getting done.

While the FED has recently raised the fed rate by 25 basis points and intends on raising rates further throughout the coming year, there are few signs of cap rate expansion nationally. Rising interest rates due to positive expectations in the marketplace should result in growth and ultimately benefit the commercial real estate markets.

The Association of Foreign Investors in Real Estate continues to rank Boston third-most desired city for foreign institutional investors; moving up two spots from last year. Most survey respondents planned to maintain or increase their U.S. Investments in the coming year. On a macro scale, industrial properties are the most desirable with hotels being the least desirable investment

asset class. Smaller cities like San Antonio and Charlotte that are witnessing outsized population and economic growth may divert foreign capital from larger cities like Boston, LA, and NYC.

Boston's downtown office market saw two blockbuster transactions close in the first quarter. Liberty Mutual sold its two Back Bay towers to Mori Trust Co. for \$673 million or \$816 per square foot. Most recently Deutsche Bank and PFA Pension Fund acquired Goodwin Proctor's recently-constructed headquarters in the Seaport for \$447 million or \$868 per square foot. A handful of Class B assets changed hands during the quarter as well; with the median price per square foot above \$400.

Oxford Properties and Alony Hertz Properties purchased the 232,000-square-foot 25 First Street in Cambridge from Jamestown for \$202.5 million or \$873 per square foot at a 4% cap rate. The Hubspot-anchored office building sold for just \$136 million only 3 years ago. EF Education First is planning to expand its Cambridge campus with a new 300,000 square foot building at NorthPoint. The Swiss-based company recently purchased the 24,205-square-foot 17 Monsignor O'Brien Highway for \$11 million or \$454 per square foot as well.

TOP Q1 / CLASS B INVESTMENT SALES

OFFICE



29 Commonwealth Avenue
Haddon Hall
Boston

Buyer	Sandra Edgerley
Price	\$30,000,000
Total SF	38,148 SF
Price/SF	\$786
Cap Rate	N/A

MULTIFAMILY



4345-4351 Washington Street
Parkway Manor Apartments
Roslindale (NAI Hunneman Deal)

Buyer	Pangaea Management Corp.
Price	\$5,300,000
Units	26
Price/ Unit	\$ 203,846
Cap Rate	5.5%

RETAIL



440 Middlesex Road
Tyngsboro Crossing
Tyngsboro (NAI Hunneman Deal)

Buyer	TCI Development LLC
Price	\$6,200,000
Total SF	136,268 SF
Price/SF	\$45.50
Cap Rate	N/A

INDUSTRIAL



99 Rivermoor Street
West Roxbury

Buyer	R.J. Kelly Company
Price	\$8,900,000
Total SF	88,620 SF
Price/SF	\$100
Cap Rate	N/A



OFFICE SALES

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	TOTAL
SALES VOLUME (\$)	\$1,671,233,907	\$1,256,780,891	\$1,469,378,520	\$2,358,719,696	\$6,756,113,014
# OF TRANSACTIONS	101	89	103	55	348
TOTAL SF	4,899,884	3,575,570	4,675,470	3,840,217	16,991,141
MEDIAN \$/SF	\$143	\$165	\$187	\$122	\$157

MULTIFAMILY SALES

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	TOTAL
SALES VOLUME (\$)	\$726,576,046	\$548,507,279	\$1,103,921,471	\$226,730,186	\$2,605,734,982
# OF TRANSACTIONS	90	88	107	61	346
TOTAL UNITS	2,521	2,545	4,237	837	10,140
MEDIAN \$/UNIT	\$156,250	\$160,600	\$170,833	\$214,464	\$166,667

RETAIL SALES

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	TOTAL
SALES VOLUME (\$)	\$339,929,636	\$533,088,852	\$571,390,195	\$317,798,533	\$1,762,207,216
# OF TRANSACTIONS	151	145	145	88	529
TOTAL SF	1,638,841	1,843,710	3,236,081	1,249,992	7,968,624
MEDIAN \$/SF	\$223	\$238	\$200	\$200	\$213

INDUSTRIAL SALES

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	TOTAL
SALES VOLUME (\$)	\$416,250,900	\$319,685,430	\$685,914,820	\$270,343,608	\$1,692,194,758
# OF TRANSACTIONS	97	72	121	56	346
TOTAL SF	5,519,446	3,963,237	6,313,051	3,273,037	19,068,771
MEDIAN \$/SF	\$76	\$81	\$79	\$86	\$80

MARKET RECAP



OFFICE STATISTICS

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
Back Bay	13,918,476	-	1,279,222	226,662	10.8%	85,252	85,252	\$64.41
Charlestown	2,443,780	-	72,166	-	3.0%	10,687	10,687	\$34.81
Fenway/Kenmore	1,700,298	-	27,176	-	1.6%	28,643	28,643	\$51.72
Financial District	35,417,882	375,283	2,770,818	125,103	8.2%	(5,217)	(5,217)	\$57.25
Midtown	2,099,602	-	80,458	-	3.8%	(2,674)	(2,674)	\$46.45
North Station	2,730,640	175,000	120,707	6,531	4.7%	(20,541)	(20,541)	\$45.38
Seaport	9,997,157	788,612	785,651	37,493	8.2%	(49,675)	(49,675)	\$54.97
South Station	1,159,121	-	12,363	-	1.1%	(2,672)	(2,672)	\$44.39
BOSTON TOTAL	69,466,956	1,338,895	5,148,561	395,789	8.0%	43,803	43,803	\$57.79
East Cambridge	5,663,635	-	57,063	47,635	1.8%	74,277	74,277	\$75.02
Mid Cambridge	2,622,374	-	91,240	3,937	3.6%	(2,737)	(2,737)	\$67.04
West Cambridge	2,046,880	-	23,654	35,686	2.9%	25,426	25,426	\$47.53
CAMBRIDGE TOTAL	10,332,889	-	171,957	87,258	2.5%	96,966	96,966	\$67.01
Framingham-Natick	4,607,617	-	731,343	23,474	16.4%	14,882	14,882	\$24.76
Inner Suburbs	6,410,788	-	467,756	81,742	8.6%	25,807	25,807	\$32.35
Route 128 North	14,201,688	145,000	1,281,051	82,071	9.6%	(10,049)	(10,049)	\$22.22
Route 128 Northwest	13,566,059	280,000	1,680,898	151,911	13.5%	66,186	66,186	\$31.38
Route 128 South	14,345,425	48,000	1,675,243	46,463	12.0%	(73,048)	(73,048)	\$23.32
Route 128 West	21,941,864	1,152,595	1,653,275	400,655	9.4%	137,325	137,325	\$36.10
ROUTE 128 TOTAL	64,055,036	1,625,595	6,290,467	681,100	10.9%	120,414	120,414	\$28.61
Route 495 North	13,378,876	-	2,785,816	170,552	22.1%	78,160	78,160	\$17.85
Route 495 Northeast	7,447,943	-	1,532,499	4,142	20.6%	47,046	47,046	\$18.24
Route 495 South	3,224,505	-	475,193	14,484	15.2%	(69,288)	(69,288)	\$18.69
Route 495 West	10,951,155	46,640	2,092,297	37,287	19.4%	(16,510)	(16,510)	\$18.85
ROUTE 495 TOTAL	35,002,479	46,640	6,885,805	226,465	20.3%	39,408	39,408	\$18.30
SUBURBAN TOTAL	110,075,920	1,672,235	14,375,371	1,012,781	14.0%	200,511	200,511	\$23.60
MARKET TOTAL	189,875,765	3,011,130	19,695,889	1,495,828	11.2%	341,280	341,280	\$32.98

MARKET RECAP



INDUSTRIAL STATISTICS

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
Urban Core	17,144,564	-	653,017	-	3.8%	290,572	290,572	\$10.03
Framingham-Natick	3,148,801	-	246,271	-	7.8%	61,672	61,672	\$7.81
Route 128 North	28,147,776	182,000	1,168,285	42,949	4.3%	99,865	99,865	\$8.87
Route 128 Northwest	3,881,064	-	235,105	8,198	6.3%	38,336	38,336	\$18.46
Route 128 South	38,543,181	132,000	3,007,948	8,900	7.8%	(74,394)	(74,394)	\$6.90
Route 128 West	4,343,524	-	222,187	9,790	5.3%	(6,165)	(6,165)	\$18.48
ROUTE 128 TOTAL	74,915,545	314,000	4,633,525	69,837	6.3%	57,642	57,642	\$8.54
Route 495 North	20,325,432	58,000	2,121,580	22,375	10.5%	157,432	157,432	\$9.26
Route 495 Northeast	11,571,932	175,000	1,355,212	57,600	12.2%	117,305	117,305	\$10.91
Route 495 South	30,649,493	606,200	3,029,292	45,000	10.0%	(163,759)	(163,759)	\$6.07
Route 495 West	15,047,139	65,000	741,595	54,640	5.3%	(4,163)	(4,163)	\$8.81
ROUTE 495 TOTAL	77,593,996	904,200	7,247,679	179,615	9.6%	106,815	106,815	\$8.19
MARKET TOTAL	172,802,906	1,218,200	12,780,492	249,452	7.5%	516,701	516,701	\$8.40

10TH LARGEST METROPOLITAN AREA IN THE US

4,000 Tech Startups (Compass)

537 Big Data Companies in MA

\$2.7 BILLION VC Funding (2016)

9 Accelerators

#1 SMARTEST CITY (Forbes)

#2 INNOVATIVE CITY (Innovation Cities)

3.7% UNEMPLOYMENT RATE (US AVERAGE: 4.7%)

2,687,717 LABOR FORCE

16 LIFE SCIENCE INCUBATORS

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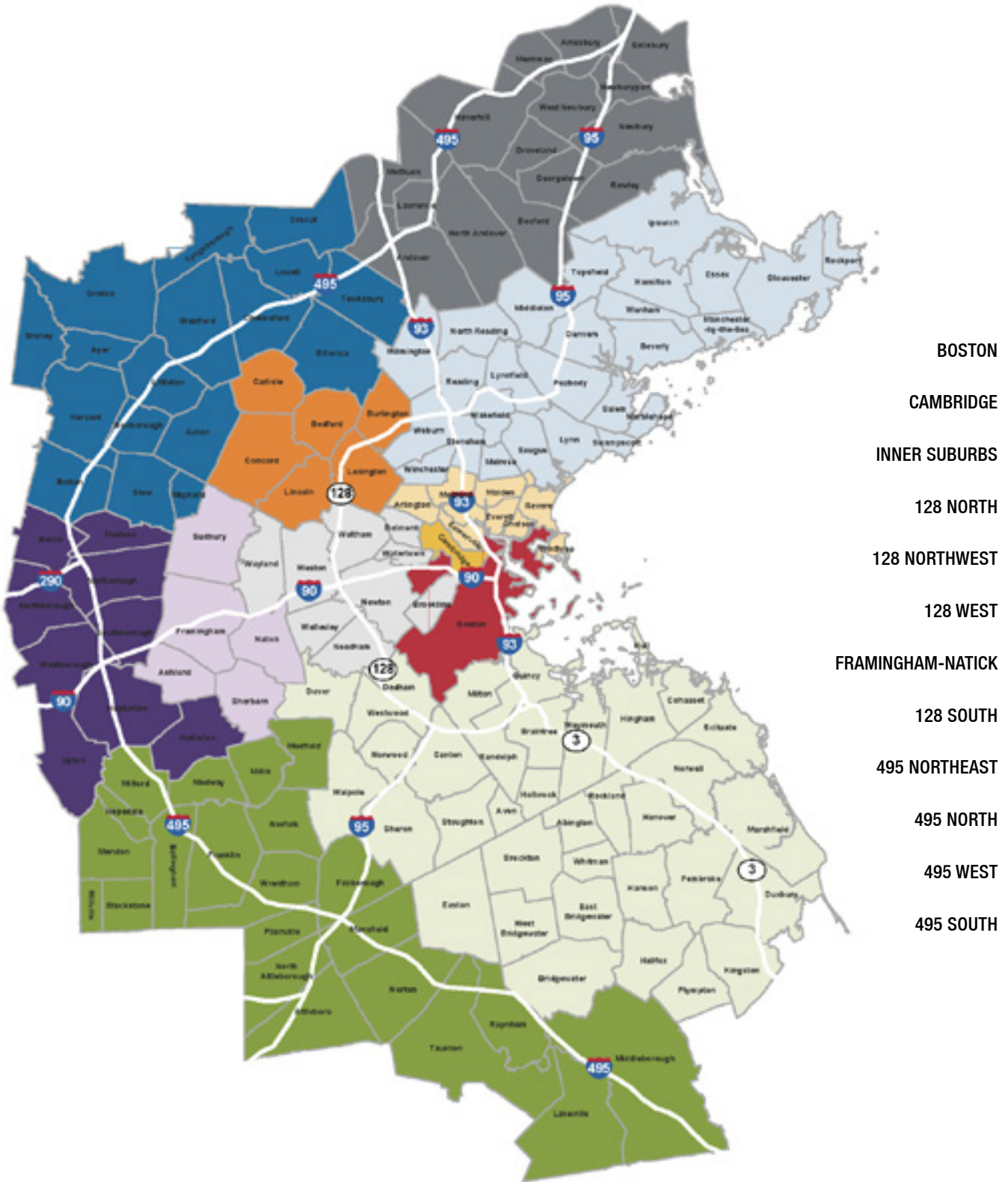
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SUBMARKET MAP



Q1

2017

M E T R O B O S T O N

MARKET REPORT



OFFICE

(DOWNTOWN, CAMBRIDGE,
SUBURBAN)



INDUSTRIAL

(WAREHOUSE, FLEX/R&D,
MANUFACTURING)



CAPITAL MARKETS

METHODOLOGY

SOURCE: Co-Star, NAI Hunneman Commercial Company. **PREPARED:** March, 2017.

DISCLAIMER: The above data is from sources deemed to be generally reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

Average Rental Rates are asking rents on direct space.

Vacant space includes both direct and sublease space.

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