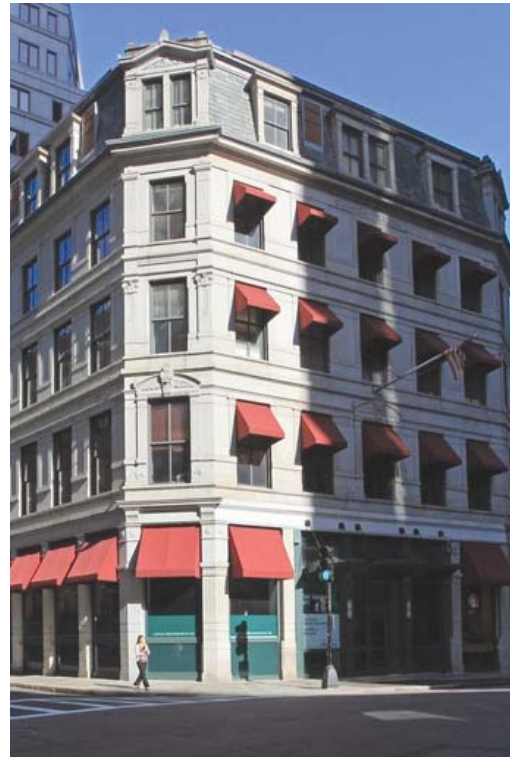


NAI HUNNEMAN

Metro Boston Real Estate Market Report | 1st Quarter 2011



Office Market Conditions

Downtown Boston • Cambridge • Route 128 • Route 495

CLASS A & B OFFICE MARKET

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy %	Total Vacancy %
Financial District	41,935,649	5,454,364	228,956	5,683,320	\$39	13.0%	13.6%
North Station/North End	7,389,365	387,665	4,009	391,674	\$27	5.2%	5.3%
South Station/Ft. Point	7,076,235	1,124,001	74,400	1,198,401	\$26	15.9%	16.9%
Charlestown	2,748,446	74,541	33,775	108,316	\$28	2.7%	3.9%
Back Bay	13,789,344	1,025,997	204,493	1,230,490	\$43	7.4%	8.9%
Downtown Boston	72,939,039	8,066,568	545,633	8,612,201	\$37	11.1%	11.8%
East Cambridge	13,089,833	1,248,820	21,708	1,270,528	\$45	9.5%	9.7%
Central Cambridge	6,051,284	396,266	1,052	397,318	\$33	6.5%	6.6%
West Cambridge	2,188,642	445,924	0	445,924	\$24	20.4%	20.4%
Cambridge	21,329,759	2,091,010	22,760	2,113,770	\$39	9.8%	9.9%
Route 128 North	17,292,470	2,871,963	104,226	2,976,189	\$21	16.6%	17.2%
Route 128 Northwest	14,153,004	1,945,187	412,140	2,357,327	\$22	13.7%	16.7%
Route 128 West	30,899,758	3,840,131	268,639	4,108,770	\$25	12.4%	13.3%
Route 128 Southwest	5,102,871	799,717	38,893	838,610	\$20	15.7%	16.4%
Route 128 South	10,693,453	1,792,945	173,486	1,966,431	\$20	16.8%	18.4%
Route 128 Loop	78,141,556	11,249,943	997,384	12,247,327	\$22	14.4%	15.7%
I-495 North	6,541,612	1,255,059	37,738	1,292,797	\$18	19.2%	19.8%
I-495 Northwest	9,373,526	1,323,178	280,993	1,604,171	\$18	14.1%	17.1%
I-495 West	11,219,975	1,752,506	144,153	1,896,659	\$18	15.6%	16.9%
I-495 Southwest	2,002,865	543,390	20,728	564,118	\$21	27.1%	28.2%
I-495 South	1,522,545	231,740	0	231,740	\$19	15.2%	15.2%
I-495 Loop	30,660,523	5,105,873	483,612	5,589,485	\$18	16.7%	18.2%
Metropolitan Boston	203,070,877	26,513,394	2,049,389	28,562,783	\$28.74	13.1%	14.1%

CLASS A & B OFFICE - AVAILABLE SUBLEASE SPACE & RENTS

Office Submarket	AVAILABLE SUBLEASE SPACE				SUBLEASE ASKING RENTS			
	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Downtown Boston	1,146,971	1,219,963	1,369,828	1,270,942	\$27.62	\$29.38	\$30.17	\$29.98
Cambridge	164,487	247,160	332,897	309,104	\$30.73	\$32.56	\$26.63	\$26.55
Route 128 Loop	1,947,118	2,022,532	2,172,301	2,170,514	\$17.99	\$17.48	\$18.01	\$18.64
I-495 Loop	1,006,185	1,185,617	1,241,427	1,449,235	\$14.13	\$14.93	\$13.97	\$14.31
Metropolitan Boston	4,264,761	4,675,272	5,116,453	5,199,795	\$19.60	\$20.50	\$19.43	\$19.69

CLASS A & B OFFICE - CHANGES FROM PREVIOUS QUARTER & YEAR

Office Submarket	ASKING RENTS			VACANCY RATES			ABSORPTION		
	2011 Q1	2010 Q4	2010 Q1	2011 Q1	2010 Q4	2010 Q1	2011 Q1	2010 Q4	2010 Q1
Downtown Boston	\$36.75	\$36.76	\$36.54	11.81%	11.34%	10.62%	(155,396)	(4,468)	(404,768)
Cambridge	\$39.34	\$38.82	\$36.73	9.91%	9.70%	12.20%	5,925	192,120	187,982
Route 128 Loop	\$22.40	\$22.60	\$22.11	15.67%	15.74%	15.43%	230,033	79,554	(307,111)
I-495 Loop	\$18.44	\$18.29	\$16.93	18.23%	18.70%	19.56%	206,152	185,350	9,957
Metropolitan Boston	\$28.74	\$28.74	\$27.77	14.07%	13.97%	14.08%	286,714	452,556	(513,940)

Source: CoStar, NAI Hunneman Commercial Company Prepared: April, 2011

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.

Boston Office Market

Highlights • Noteworthy Transactions



HIGHLIGHTS

- The Boston Office Inventory comprises approximately 72.9 million square feet (SF) of Class A & B product situated throughout the Charlestown, Seaport, Financial District, North / South Station, Midtown and Back Bay Submarkets. This office market continues to witness a slow stabilization. Unlike past recessions, this recovery period will be marked by a series of modest up ticks in rental rates and a similar decline in vacancy rates.
- Overall vacancy stands at 11.8% with a Q1 absorption of (155,396) SF, which is an improvement over Q1 2010 when absorption totaled (404,768) SF. The Financial District continues to suffer from the availability of large block “commodity” space within the low rise portion of several Class A office towers.
- The “flight to quality” pattern among B class tenants continued to diminish during Q1 2011 as evidenced by a .8% increase in vacancy within the B class inventory versus the 1.4% increase in the A Class during the same time period. This downward trend has been consistent throughout the last three quarters.
- Overall “Asking Rents” have remained stable at \$36.75 / SF, which is up slightly from one year ago. The Financial District submarket stands at \$43.00 / SF, which reflects a drop of 6.2% from one year ago. The Back Bay Class A submarket is the only sector which has reported notable positive absorption and an average asking rent of \$45.00 / SF. Large blocks of space are virtually non-existent.
- Looking forward to Q2 2011, it is predicted that leasing velocity will remain stable and negotiations will continue to

CLASS A OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
Financial District	30,743,212	4,431,951	199,758	4,631,709	\$43	14.4%	15.1%
North Station/North End	1,633,531	187,501	0	187,501	\$29	11.5%	11.5%
Seaport	2,086,334	391,100	0	391,100	\$30	18.7%	18.7%
Charlestown	903,771	8,273	0	8,273	\$33	0.9%	0.9%
Back Bay	11,333,293	773,072	201,093	974,165	\$45	6.8%	8.6%
Downtown Boston	46,700,141	5,791,897	400,851	6,192,748	\$42	12.4%	13.3%

CLASS B OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
Financial District	11,192,437	1,022,413	29,198	1,051,611	\$28	9.1%	9.4%
North Station/North End	5,755,834	200,164	4,009	204,173	\$26	3.5%	3.5%
Seaport	4,989,901	732,901	74,400	807,301	\$25	14.7%	16.2%
Charlestown	1,844,675	66,268	33,775	100,043	\$25	3.6%	5.4%
Back Bay	2,456,051	252,925	3,400	256,325	\$34	10.3%	10.4%
Downtown Boston	26,238,898	2,274,671	144,782	2,419,453	\$27	8.7%	9.2%

Source: CoStar, NAI Hunneman Commercial Company. Prepared: April, 2011. Rental Rates are asking rents on direct space as reported by Costar
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include rent abatements, lower “strike to ask” ratios and healthy tenant Improvement allowances. The watchword for Landlords once again will be “Tenant Retention”!

NOTEWORTHY TRANSACTIONS

- R&Q USA Insurance, based in the UK, leased the entire top floor of 101 Summer Street. This 10,000 SF transaction was

critical to the successful leasing campaign which has achieved 100% occupancy.

- ARGO Insurance completed a long term lease for 12,000 SF at 250 Summer Street in the Fort Point Channel/Seaport District.
- Cimetrics Technology secured 10,946 SF at the Penthouse & eleventh floor of 141 Tremont Street.

*Vacant space, vacancy rate values include direct and sublease space.

Cambridge Office Market

Highlights • Noteworthy Transactions



HIGHLIGHTS

- Cambridge, with over 21 million SF of Class A & B inventory, has over 2 million SF of total vacant space. The overall vacancy rate for Q1 was 9.9%, up slightly from 9.7% in Q4 2010. The average asking rent was \$39/SF for Class A & B space.
- There was approximately 160,000 SF of available sublease space in Q1 down from 250,000 SF in Q4 and 332,000 SF in Q3.
- The Class A office market in Cambridge contains approximately 16 million SF and the vacancy rate for Q1 was 10.6%. Average rents for Class A space are approximately \$43/SF. The Class B inventory measures approximately 5.3 million SF with a vacancy rate of 7.9% and asking rents in the \$30/SF range.

NOTEWORTHY TRANSACTIONS

Lab Space

- The most active Cambridge lab locations continue to be One Kendall Square (OKS) and 840 Memorial Drive, both mid-high \$40's/SF NNN locations offering upgraded second-generation 5-50,000 SF lab suites to a new generation of startups including:
 - Catabasis – 9,000 SF, Visterra – 11,000 SF, and Nine Point – 17,000 SF in OKS Bldgs. 400/600/700 and 1400
 - Bluebird Bio – 9,488 SF and Essentient – 10,525 SF at 840 Mem Drive
 - Merck merged with Schering Plough and is subletting the 130,000 SF they have at 320 Bent Street, Sanofi committed to 640 Memorial Drive while pursuing Genzyme, Pfizer took over the Wyeth campus in CambridgePark Drive and is reported to be working on setting up a 200,000 SF research center in Cambridge. Everyone is wondering about the impact on Cambridge and the other Genzyme markets' facilities and jobs following the Sanofi acquisition.

CLASS A OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
Financial East Cambridge	10,958,386	1,151,837	21,708	1,173,545	\$48	10.5%	10.7%
Central Cambridge	3,655,830	226,916	0	226,916	\$33	6.2%	6.2%
West Cambridge	1,398,754	294,894	0	294,894	\$27	21.1%	21.1%
Cambridge	16,012,970	1,673,647	21,708	1,695,355	\$43	10.5%	10.6%

CLASS B OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
East Cambridge	2,131,447	96,983	0	96,983	\$30	4.6%	4.6%
Central Cambridge	2,395,454	169,350	1,052	170,402	\$33	7.1%	7.1%
West Cambridge	789,888	151,030	0	151,030	\$20	19.1%	19.1%
Cambridge	5,316,789	417,363	1,052	418,415	\$30	7.8%	7.9%

Source: CoStar, NAI Hunneman Commercial Company. Prepared: April, 2011. Rental Rates are asking rents on direct space as reported by Costar
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- Alexandria, Biomed, MIT and Beal/Rockport are offering incubator lab suites as small as 4,000 SF at 215 First Street, 325 and 345 Vassar Street, OKS and Fresh Pond Research Park. West Cambridge Science Park, the lowest cost incubator in Cambridge is full, so now 85 Bolton Street is making good progress on the Northwest side of Cambridge.

Construction/Development

- 150 Second Street project announced by new owner Skanska for 120,000 will provide long overdue improvement to First Street and provide much needed lab-ready space to tight market

- Longfellow RE Partners has begun marketing its 1030 Mass Ave lab conversion, the first lab space development in the Harvard/Mass Ave office space corridor, as Harvard University announces its intent to set up an incubator next to its Allston business school campus
- King Street Properties has bought the E-Ink building at 733 Concord Avenue, presumably for a lab upgrade in two years when E-Ink's lease is up.
- Novartis officially announces a new 400,000 SF expansion of its Cambridge research campus with new building at 181 Mass Ave

Suburban Office Market

Route 128 • Route 495 • Noteworthy Transactions



ROUTE 128

- As of Q1 2011 the Route 128 Class A & B office inventory measured approximately 78.1 million SF. There was 12.2 million SF of vacant space (direct & sublet) which equals a vacancy rate of 15.7%. The vacancy rate remained stable during the first quarter of the year. The average asking rent was \$22/SF range.
- There was roughly 1,947,118 SF of available sublease space in Q1, down from 2,022,532 in the previous quarter and consistent with other submarkets as a trend of shedding sublease space has continued for several quarters.
- The Class A inventory includes 38.9 million SF with a vacancy rate of 17.0%. Asking rents for Class A space are approximately \$26/SF. The 39.2 million SF Class B market has a vacancy rate of 14.4% and average asking rents in the \$19/SF range.

I-495

- The I-495 office market (Class A & B) has approximately 30.7 million SF. There was 5.6 million SF of vacant space at the end Q1. The vacancy rate fell from 18.7% in Q4 to 18.23% in Q1. The average asking rent for Class A & B space was \$18/SF.
- There was 1,006,185 SF of available sublease space, which decreased from 1,185,617 in the previous quarter.
- The Class A market includes 13.48 million SF and has a vacancy rate of 17.2%. The vacancy rate decreased from 18.2% in Q4. The average asking rent for Class A space was \$19/SF range. The Class B inventory is approximately 17.2 million SF with a vacancy rate of 19%. The average asking rent was \$18/SF.

CLASS A OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
Route 128 North	8,951,806	1,783,350	82,514	1,865,864	\$24	19.9%	20.8%
Route 128 Northwest	8,422,047	992,407	174,923	1,167,330	\$25	11.8%	13.9%
Route 128 West	14,733,852	1,949,329	185,001	2,134,330	\$29	13.2%	14.5%
Route 128 Southwest	1,878,561	329,605	20,893	350,498	\$24	17.5%	18.7%
Route 128 South	4,934,390	928,969	169,786	1,098,755	\$22	18.8%	22.3%
Route 128 Loop	38,920,656	5,983,660	633,117	6,616,777	\$26	15.4%	17.0%
I-495 North	3,395,720	675,644	28,509	704,153	\$20	19.9%	20.7%
I-495 Northwest	3,970,043	393,238	120,993	514,231	\$19	9.9%	13.0%
I-495 West	5,188,288	729,290	60,248	789,538	\$19	14.1%	15.2%
I-495 Southwest	788,441	263,209	20,728	283,937	\$21	33.4%	36.0%
I-495 South	137,000	27,110	0	27,110	\$21	19.8%	19.8%
I-495 Loop	13,479,492	2,088,491	230,478	2,318,969	\$19	15.5%	17.2%

CLASS B OFFICE SPACE

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy (%)	Total Vacancy (%)
Route 128 North	8,340,664	1,088,613	21,712	1,110,325	\$18	13.1%	13.3%
Route 128 Northwest	5,730,957	952,780	237,217	1,189,997	\$17	16.6%	20.8%
Route 128 West	16,165,906	1,890,802	83,638	1,974,440	\$21	11.7%	12.2%
Route 128 Southwest	3,224,310	470,112	18,000	488,112	\$18	14.6%	15.1%
Route 128 South	5,759,063	863,976	3,700	867,676	\$18	15.0%	15.1%
Route 128 Loop	39,220,900	5,266,283	364,267	5,630,550	\$19	13.4%	14.4%
I-495 North	3,145,892	579,415	9,229	588,644	\$17	18.4%	18.7%
I-495 Northwest	5,403,483	929,940	160,000	1,089,940	\$18	17.2%	20.2%
I-495 West	6,031,687	1,023,216	83,905	1,107,121	\$17	17.0%	18.4%
I-495 Southwest	1,214,424	280,181	0	280,181	\$20	23.1%	23.1%
I-495 South	1,385,545	204,630	0	204,630	\$19	14.8%	14.8%
I-495 Loop	17,181,031	3,017,382	253,134	3,270,516	\$18	17.6%	19.0%

Source: CoStar, NAI Hunneman Commercial Company. Prepared: April, 2011. Rental Rates are asking rents on direct space as reported by Costar
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NOTEWORTHY TRANSACTIONS

- Noteworthy Transactions in the first quarter included Ascend Learning's 55,202 SF lease at 5 Wall Street in Burlington.
- Conservation Services Group leased 52,031 SF of office space at 50 Washington Street in Westborough

- NAI Hunneman represented Openwave Systems as a sub-landlord in the sublease of 37,207 SF at One Wall Street in Burlington. The space will be occupied by Dynamic Ops.
- LifeLinks, Inc leased 31,002 SF at 285 Mill Road in Chelmsford

Industrial / Flex Market

Industrial • R&D • Submarket Focus • Noteworthy Transactions



INDUSTRIAL

- The metropolitan Boston Industrial Market includes 179 million SF. The vacancy rate for Q1 was 10.1%.
- The average asking rent was \$5.78/SF NNN.
- The industrial market has been stable over the last few quarters with only minor changes in rents and vacancy rates

R&D

- The Flex / R&D market in metropolitan Boston includes roughly 80.7 million SF.
- The vacancy at the end of Q1 was 13.5%.
- The average rental rate is \$9.27/SF NNN.
- The Flex / R&D market has also been stable over the last few quarters with only marginal changes

INDUSTRIAL SUBMARKET FOCUS – SOUTH SHORE

- The South Shore Industrial market comprises approximately 67 million SF situated throughout Route 128 South and I-495 South Submarkets.
- This industrial market continues to recover with a slow stabilization. Unlike past recessions, this recovery period will be marked by a series of modest up ticks in rental rates and a similar decline in vacancy rates.
- Q1 vacancy stands at 12.64% based on 8.49 million SF of vacant space
- The average asking rent for this submarket was \$5.00/SF NNN.

INDUSTRIAL MARKET

Industrial Submarket	Space Inventory	Vacant Space*	Vacancy Rate*	Rental Rate (NNN)
Boston Central Core	22,846,774	2,173,855	9.5%	\$7.68
Route 128 North	28,277,316	1,718,791	6.1%	\$5.91
Route 128 Northwest	4,769,362	331,176	6.9%	\$5.98
Route 128 West	12,140,780	449,690	3.7%	\$8.63
Route 128 Southwest	12,547,282	929,549	7.4%	\$5.05
Route 128 South	25,467,204	3,256,249	12.8%	\$5.21
Route 128 Loop	83,201,944	6,685,455	8.0%	\$5.97
I-495 North	15,730,119	1,228,060	7.8%	\$4.83
I-495 Northwest	11,046,795	1,747,356	15.8%	\$4.58
I-495 West	16,981,149	1,863,022	11.0%	\$5.65
I-495 Southwest	15,277,435	2,429,080	15.9%	\$4.97
I-495 South	13,899,971	1,875,218	13.5%	\$4.67
I-495 Loop	72,935,469	9,142,736	12.5%	\$4.98
Metropolitan Boston	178,984,187	18,002,046	10.1%	\$5.78

FLEX/R&D MARKET

Industrial Submarket	Space Inventory	Vacant Space*	Vacancy Rate*	Rental Rate (NNN)
Boston Central Core	7,700,012	761,259	9.9%	\$16.81
Route 128 North	14,076,850	1,588,296	11.3%	\$8.33
Route 128 Northwest	9,898,336	1,793,156	18.1%	\$8.89
Route 128 West	8,141,203	615,202	7.6%	\$10.42
Route 128 Southwest	6,235,894	749,528	12.0%	\$8.35
Route 128 South	3,706,219	410,587	11.1%	\$9.07
Route 128 Loop	42,058,502	5,156,769	12.3%	\$8.93
I-495 North	8,880,876	2,112,470	23.8%	\$7.30
I-495 Northwest	5,905,586	726,080	12.3%	\$8.18
I-495 West	10,276,921	1,857,735	18.1%	\$7.06
I-495 Southwest	3,732,515	165,748	4.4%	\$11.23
I-495 South	2,173,493	87,820	4.0%	\$7.20
I-495 Loop	30,969,391	4,949,853	16.0%	\$7.85
Metropolitan Boston	80,727,905	10,867,881	13.5%	\$9.27

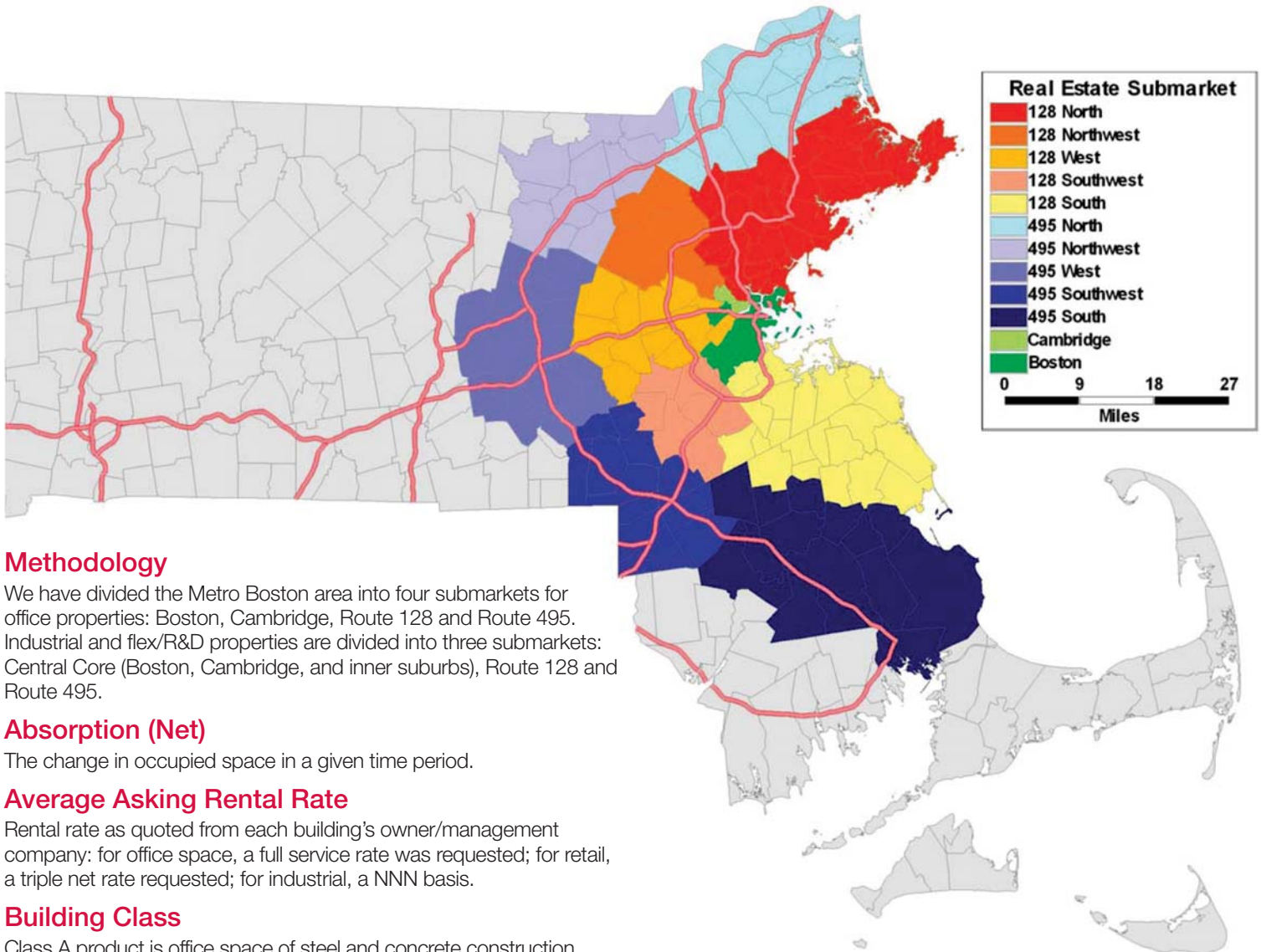
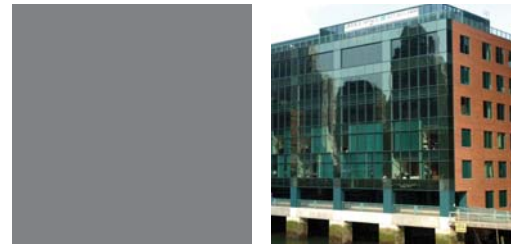
*Vacant space, vacancy rate values include direct and sublease space.

NOTEWORTHY TRANSACTIONS

- In one of the largest direct deals in Q1, NAI Hunneman represented the tenant, Engineered Materials Corp, in the 61,994 SF lease at 17 Jonspin Road in Wilmington
- The Wolfe Organization leased 60,000 SF of Industrial space at 66 Atlas Street in Worcester
- HD Supply completed a five (5) year, 152,290 SF lease at Boston Business Park with a commencement date of 2/1/2011. Landlord is Campanelli Companies. NAI Hunneman represented the landlord.
- Central Pet & Garden completed a consolidation into 241,000 SF at 800 John Quincy Adams in Taunton. The commencement date was 3/1/2011.

NAI HUNNEMAN

Methodology / Definitions / Submarket Map



Methodology

We have divided the Metro Boston area into four submarkets for office properties: Boston, Cambridge, Route 128 and Route 495. Industrial and flex/R&D properties are divided into three submarkets: Central Core (Boston, Cambridge, and inner suburbs), Route 128 and Route 495.

Absorption (Net)

The change in occupied space in a given time period.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company: for office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NNN basis.

Building Class

Class A product is office space of steel and concrete construction, quality tenants, excellent amenities & premium rates. Class B product is office space with fair to good finishes and a wide range of tenants.

Cap Rate

The net operating income divided by the sales price or value of a property expressed as a percentage.

CBD

Central business district

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Overall Vacancy

All unoccupied lease space, either direct or sublease.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Total Square Footage

Net rentable area considered available for lease; includes sublease space.