

Q1

2016

M E T R O B O S T O N

MARKET REPORT



2015 MOMENTUM
LEADS TO **POSITIVE**
RESULTS TO
START 2016

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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

First Quarter Posts Positive Results

The Greater Boston office market kicked off 2016 on a positive note. Momentum from last year's strong leasing activity helped to push quarterly net absorption above 1 million square feet, and metrowide vacancies fell below 12%. The first quarter of 2016 was marked by a handful of major lease transactions, including BNY Mellon, Putnam Investments, Optum, and Kronos, but none was more newsworthy than GE's announcement to relocate its corporate headquarters to the Seaport District. Already having a presence in the Greater Boston market, the Fortune 100 Company is looking to make it its home base among Boston's dynamic and diverse economy as well as tap into the area's technology talent pool. This move helps solidify the city's standing as a global tech hub, and has the potential to incite more growth from companies looking to locate near GE.

Tight market conditions have led to a scarcity of large blocks of available space, especially among newer, more modern properties. Tenants with requirements of 100,000 square feet or more have few options when looking at space built within the last 10-15 years. While the suburbs boast a larger number of spaces in this size-range, many of the available properties are less desirable and are quickly becoming functionally obsolete. This bodes well for future market fundamentals, and may also incite more office

space to come out of the ground during the latter half of the next 5-7 years. Planned office projects include Boston Properties' redevelopment of Back Bay Station, several redevelopment projects in Cambridge, the redevelopment of the former USPS warehouse in Waltham and John Hancock's 625,000-square-foot office project at 380 Stuart Street.

Across the board, landlords have been able to push through more rent gains as fundamentals remain solid. New construction and recent sales activity have contributed to rising office rents in the region as well. Asking rents increased by more than 9% on a year-over-year basis. Tenants should expect rents to rise further over the near term; however, Boston is nearing a cyclical peak and growth projections could be more measured than in recent years.

While the risk of recession in the near-term remains minimal, there are some potential headwinds to consider. Slowing tech-related VC funding and increasing sublease availabilities are top concerns. Boston is beginning to mirror San Francisco in that venture funding for tech companies slowed to roughly half of year-ago levels. Similar to the Bay Area, sublease availabilities are beginning to tick up. Both of these trends should be monitored closely in the coming quarters.

TOTAL VACANCY RATE	DIRECT VACANCY	Q1 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
11.7%	10.9%	1,122,215	\$31.84	4,533,122

MA Business Confidence Index:

56.5
OUT OF 100

(March 2016)

Boston Unemployment Rate:

4.0%

(February 2016)

MA Office-using Employment:

13,200

Jobs added
1.9% Growth year-over-year

GDP per Capita:

\$67,557

(2014)

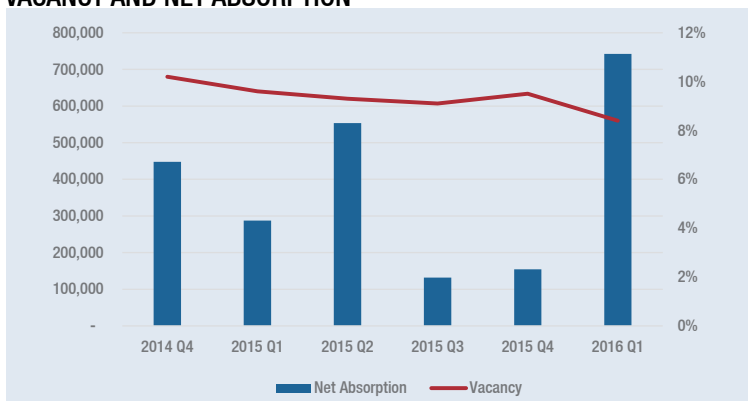


OFFICE STATISTICS

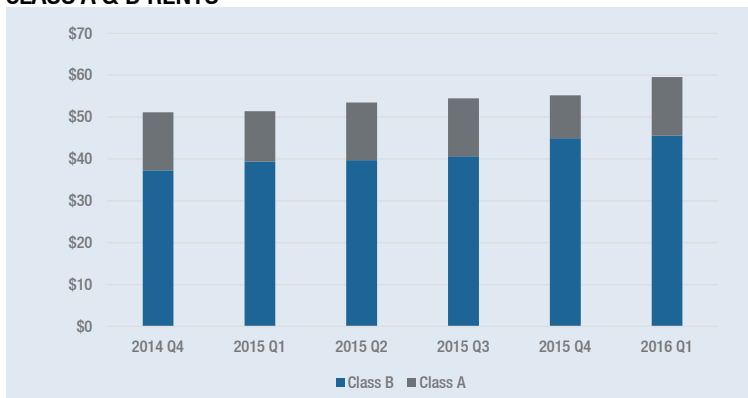
DOWNTOWN

DOWNTOWN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	47,136,100	4,156,317	8.8%	414,087	414,087
Class B	20,647,283	1,533,985	7.4%	327,940	327,940	\$45.47
CLASS A & B TOTAL	67,783,383	5,690,302	8.4%	742,027	742,027	\$55.67

VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- The Class B market has dominated recent leasing activity, with smaller tenants accounting for a large share of the transactions. Not only are vacancies more than one percentage point lower than in Class A properties, improvements over the past 12 months have been much more pronounced in the Class B market.
- General Electric's headquarters relocation to the Seaport from Fairfield, CT has been making headlines since the January announcement. With roughly 60,000 square feet leased in Fort Point, the Fortune 100 Company will bring roughly 400 hundred employees to 33-44 Farnsworth Street temporarily before moving into their new headquarters in 2018. A 44-acre site on Necco Street, purchased from Proctor and Gamble, will encompass the redevelopment of two industrial buildings as well as the construction of new building on an adjacent parking lot. GE also announced plans to open an innovation center in the former Boston Public Schools headquarters at 26 Court Street.
- Landing a blue-chip company like GE will only make the Boston metro more attractive to other firms considering corporate relocations. Reportedly, there are a handful of out-of-market tenants that have Boston on their short list.
- With investors paying hefty prices for downtown office buildings, more aggressive underwriting will keep upward pressure on lease rates. This is especially true for Class B assets, which have garnered a lot interest from foreign capital in recent months.

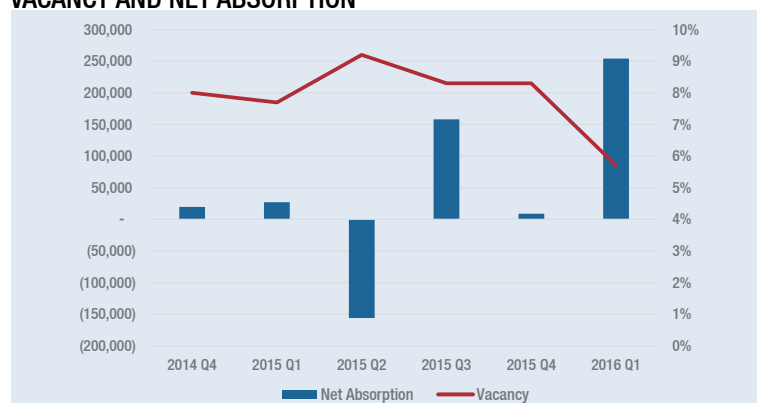
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
BNY Mellon	1 Boston Place	269,762	Financial District	Renewal/Contraction
Putnam Investments	100 Federal Street	252,000	Financial District	Relocation
Optum	1325 Boylston Street	124,000	Fenway/Kenmore	Relocation/Expansion
WeWork	31 St. James Avenue	113,067	Back Bay	Expansion
General Electric	33-41 Farnsworth Street	60,430	Seaport	Relocation

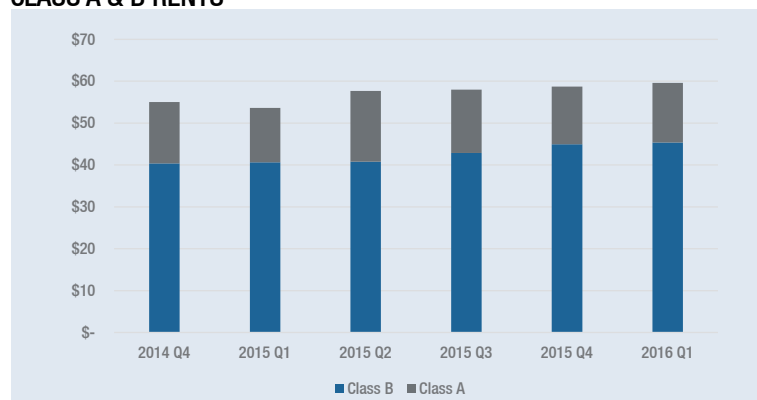


CAMBRIDGE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	7,289,337	407,423	5.6%	183,912	183,912
Class B	2,900,588	172,150	5.9%	70,507	70,507	\$45.34
CLASS A & B TOTAL	10,189,925	579,573	5.7%	254,419	254,419	\$57.50

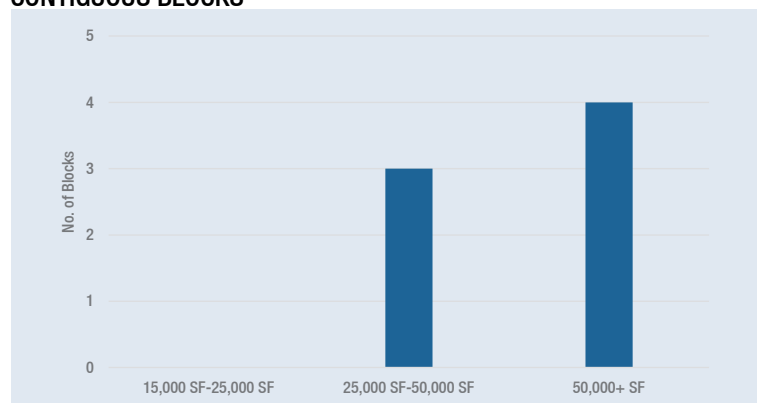
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



CONTIGUOUS BLOCKS



TRENDS

- Although the Cambridge office market is among the tightest in the metro, with vacancies at just 5.7% in the first quarter, the sheer lack of available inventory continues to limit transaction activity.
- Charles River Analytics represents the largest lease of the quarter with its 83,777-square-foot expansion at 625 Mount Auburn Street. The firm is doubling its space and will occupy 136,585 square feet between three floors in the building by 2018 — moving into space left vacant by Educators Publishing Services. Similar forward leasing commitments can be found in the Cambridge lab market as well.
- CarGurus is also expanding their footprint. Relocating from 2 Canal Park, the automotive dealer plans to move into 30,543 square feet at 55 Cambridge Parkway in early 2017.
- Market conditions continue to favor landlords, and Cambridge lease rates are on the rise. Average asking rents surpassed \$69/SF in East Cambridge this quarter — representing a 20% increase from year-ago levels.
- On the heels of signing WeWork Labs as an anchor tenant last quarter, the newly renovated 505 Massachusetts Avenue recently sold to Greensail LLC for almost \$23 million or \$521/SF. Normdany Real Estate Partners originally purchased the building as part of a 10-property portfolio of Mid Cambridge assets for a combined \$37.5 million in 2012.
- A handful of planned developments are poised to provide some much-needed relief to Cambridge's supply-demand imbalance, including the NorthPoint development, the Volpe Transportation redevelopment, MIT's redevelopment on Main Street and Boston Properties proposed Kendall Square project. However, the market will have to wait until at least 2018 for any of these buildings to come out of the ground.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Charles River Analytics	625 Mount Auburn St.	83,777	West Cambridge	Renewal/Expansion
CarGurus	55 Cambridge Parkway	30,534	East Cambridge	Expansion

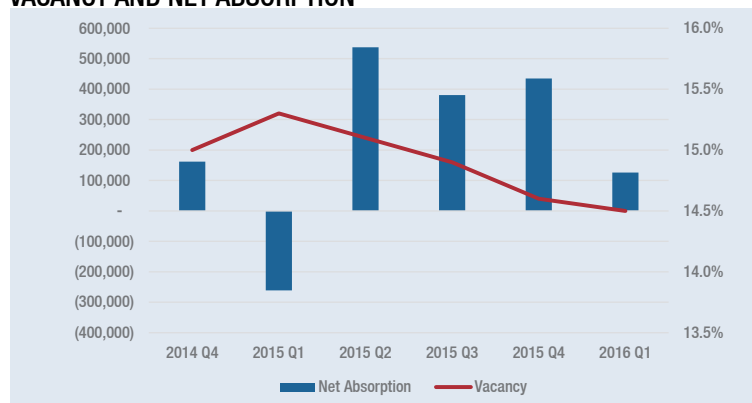


OFFICE STATISTICS

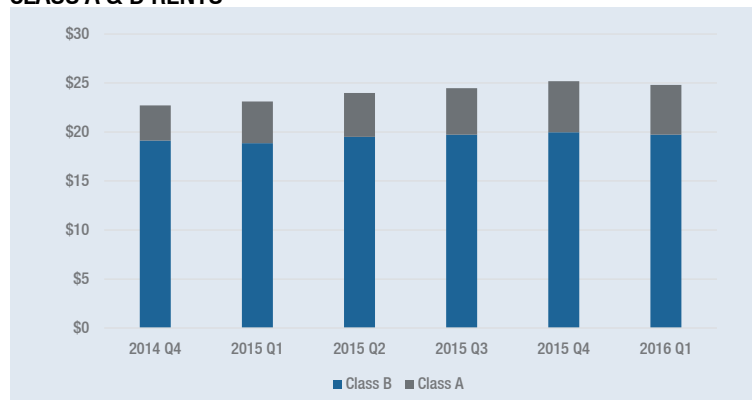
SUBURBAN

SUBURBAN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	54,958,683	6,693,668	12.2%	39,373	39,373
Class B	49,770,645	8,494,902	17.1%	86,396	86,396	\$19.73
CLASS A & B TOTAL	104,729,328	15,188,570	14.5%	125,769	125,769	\$21.90

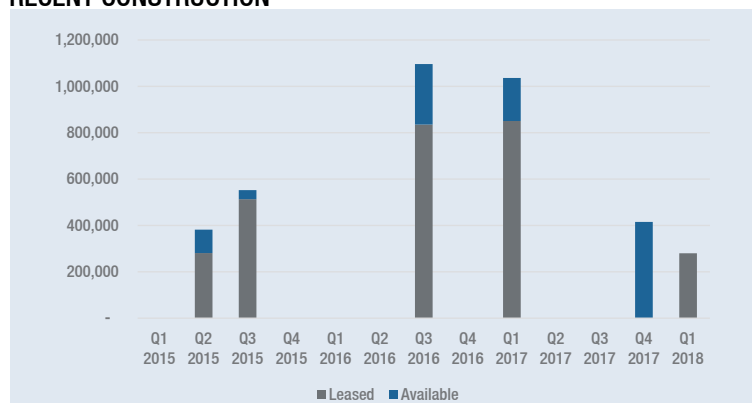
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- Fundamentals in the Suburban office markets were essentially flat in the first quarter, with absorption easing and vacancies hovering in the mid-14% range.
- In the biggest transaction of the quarter, Kronos inked a 12-year, 400,000-square-foot deal to relocate its corporate headquarters to Cross Point in Lowell. Occupancy is expected to take place by the summer of 2017 and allow the firm to house all of its employees in one building.
- The Suburban markets are benefitting from growth in co-working companies as well. Staples recently announced a joint venture with Workbar to provide shared office space in three retail locations: Danvers, Norwood and Brighton.
- The redevelopment and repositioning of older product continues to add a more urbanized feel to traditional suburban office parks. Normandy Partners' Center 128 in Needham, Cresset Group's redevelopment of 65 Grove Street in Watertown, and Anchor Line Partners conversion of the former USPS warehouse in Waltham are all indicative of this trend.
- Tenant demand for newer, more modern space is driving build-to-suit construction. This is evidenced by the fact that 70% of the 2.8-million-square-foot of office space currently underway is already leased. MilliporeSigma's new 280,000-square-foot corporate headquarters at Burlington Summit is the latest project to break ground in the suburbs.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Kronos	900 Chelmsford St, Lowell	400,000	Route 495 North	Relocation
Carl Zeiss Microscopy, LLC	1 Corporation Way, Peabody	43,496	Route 128 North	Renewal
Gulf Oil	80 William Street, Wellesley	36,000	Route 128 West	Relocation/Contraction
GE Healthcare	200 Forest Street, Marlborough	33,000	Route 495 West	Expansion
Lowell General Hospital	55 Technology Drive, Lowell	24,116	Route 495 Northeast	Expansion



INDUSTRIAL STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

Another Solid Quarter for Greater Boston Industrial Market

Coming off a strong fourth quarter, the Greater Boston industrial market continued to impress during the first three months of 2016. First-quarter net absorption totaled more than 900,000 square feet, which was almost solely driven by the Route 128 markets. Though a few large move-outs along Route 495 led to some negative net absorption, overall vacancies breached 10% — representing a 150-basis-point decline from year-ago levels. Fundamentals are expected to remain positive in the coming quarters, but 2016 will be a pivotal year as macro headwinds may be on the horizon.

Industrial landlords have been consistently raising rents in Greater Boston. As of the first quarter lease rates expanded by 8.8% on a year-over-year basis, averaging \$8.04/SF. A majority of this growth can be attributed to the flex/R&D and warehouse/distribution markets.

While demand for urban infill space is on the rise, older industrial properties and industrial-zoned land in the outskirts of the urban core are being targeted for redevelopment as real estate prices surge. The Boston Flower Exchange in the South End is set to close by the end of the year, once new ownership takes over with plans for redevelopment. City officials are also interested in repositioning Widett Circle and relocating the food wholesalers that occupy New Boston Food Market area.

Development is picking up in the industrial market, but activity remains concentrated in two areas: the Urban Core and the South markets. Martignetti Companies broke ground on a 680,000-square-foot regional headquarters at Myles Standish Industrial Park last quarter and TA recently began work on a 200,000-square-foot speculative building in the same park. M.S. Walker is building a rectification plant at 100 Meadow Road, Hyde Park and renovations on 25 FID Kennedy are slated to complete in mid-2017. Boston Scientific's sale lease back to FedEx will result in the renovation and/or redevelopment of the distribution centers at 500 Commander Shea Boulevard, Quincy. Alnylam is gearing up to build a drug manufacturing facility in Norton and Amazon's 1-million-square-foot mega distribution center will deliver later this year.

The region's healthy, diverse economy has resulted in a large pool of tenants in the market anchored by technology and life science industries. Numerous buildings across the marketplace are being redeveloped to meet this demand. Looking forward, modern industrial facilities will remain in high demand with increasing rental rates, while older buildings will be considered for redevelopment. Other major trends that will potentially impact Boston's industrial market in the coming years include the dredging of the channel depths at the Port of Boston, changes in consumer spending and shopping patterns and continued growth in e-retailing.

TOTAL VACANCY RATE	DIRECT VACANCY	Q1 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
9.7%	9.2%	942,637	\$8.04	1,324,223

Containerized Cargo:

39,509
TEUs

(YTD February 2016)
19.6% Growth year-over-year

Manufacturing Output:

10.1%
OF GSP

(2015)

Housing Permits:

1,276

(YTD February 2016)
37% Decline year-over-year

Industrial Employment:

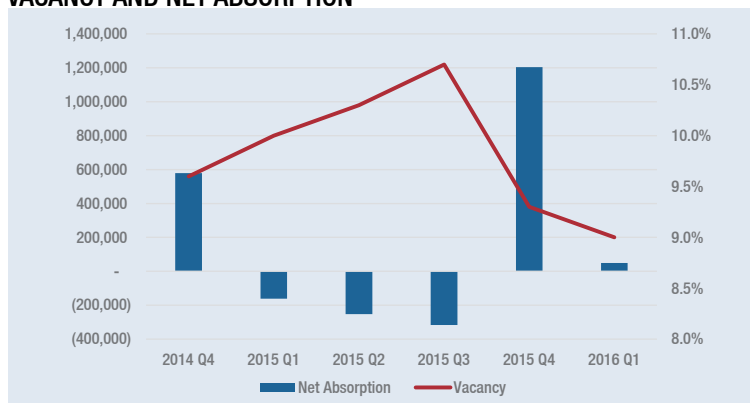
820,800
JOBS

(February 2016)
0.7% Growth year-over-year

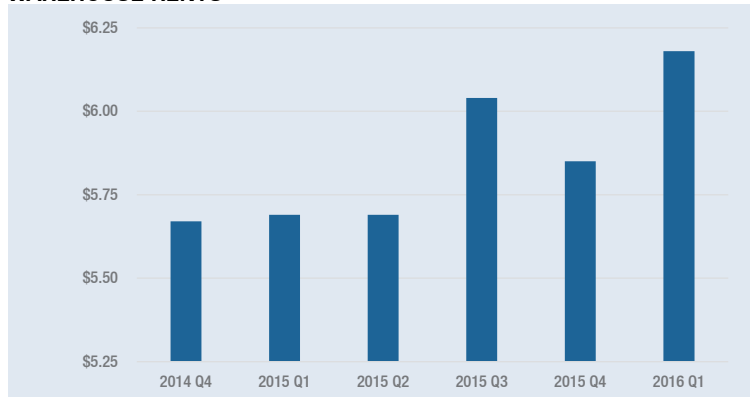


WAREHOUSE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	TOTAL	82,877,723	7,458,769	9.0%	48,336	48,336

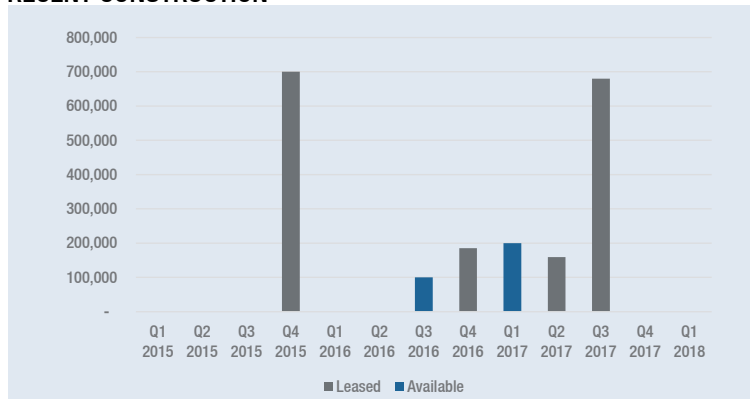
VACANCY AND NET ABSORPTION



WAREHOUSE RENTS



RECENT CONSTRUCTION



TRENDS

- As demographic trends favor urban living and apartment sizes get smaller, self-storage companies have been outperforming. Nationally, Green Street Advisors reported 2015's rent growth in the storage sector to be the highest in 15 years. Locally, CubeSmart recently leased a vacant warehouse at 99 Rivermoor Street in W. Roxbury with plans to redevelop the property into a 154,376-square-foot self-storage facility. Planet Storage also inked a deal in the first quarter for 66,317 square feet at 83 Morse Street, Norwood.
- Delivery services, like FedEx, and e-commerce companies, like Amazon, are reportedly touring the Boston market for additional requirements, which bodes well for future warehouse absorption.
- M.S. Walker's 363,108-square-foot lease at 975 University Avenue, Norwood represents one of the largest transactions of the quarter. After purchasing two buildings at 100 Meadow Road, Hyde Park for occupancy last year, the firm began construction on a 125,000-square-foot rectification plant at Building 300 in the same park. M.S. Walker has since decided that the building in Norwood was a better fit after Charles River Realty Investors bought it in February for \$95/SF. The existing buildings at 100 Meadow Road are now back on the market.
- In the Route 495 south market, both General Cable and Ricoh USA vacated several hundred thousand square feet recently. The former relocated operations to Kentucky.

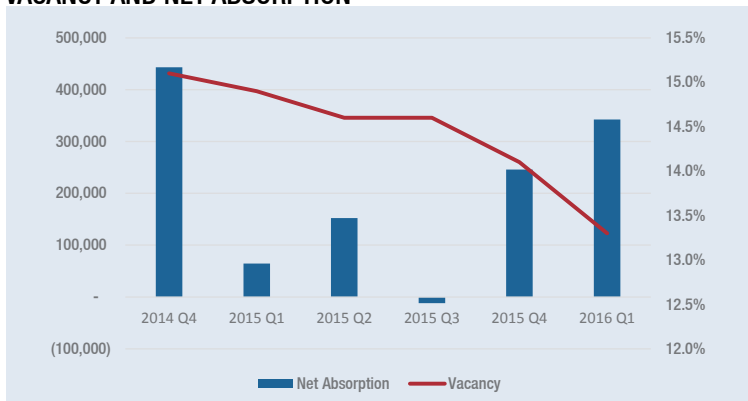
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Boston Scientific	500 Commander Shea Boulevard, Quincy	378,000	Route 128 South	Sale Leaseback
M.S. Walker	975 University Avenue, Norwood	363,108	Route 128 South	Relocation
HD Supply	100 Meadow Road, Boston	152,000	Urban Core	Renewal
Colonial Systems	1 Distribution Center Circle, Littleton	150,000	Route 495 North	Relocation/Expansion
CubeSmart	99 Rivermoor St, West Roxbury	88,620	Urban Core	Expansion

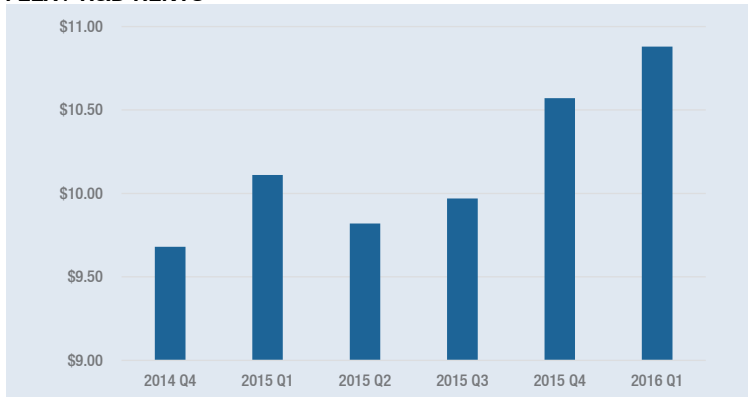


FLEX / R&D	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	46,678,411	6,205,742	13.3%	342,204	342,204

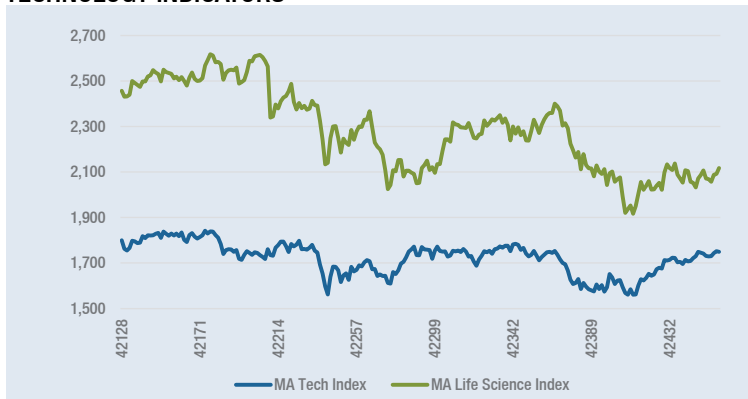
VACANCY AND NET ABSORPTION



FLEX / R&D RENTS



TECHNOLOGY INDICATORS



TRENDS

- The health of Boston's life science and technology market continues to drive demand in the Flex/R&D markets, which has seen positive absorption in 5 out of the last 6 quarters. Vacancies continue their descent, falling by more than 150 basis points over the past year.
- The largest lease transactions of the first quarter were renewals. Entegris, who has occupied 129 Concord Road in Billerica since 2001, extended its lease for another 10 years and Setra Systems executed a renewal at 159 Swanson Road, Boxborough. Jet Mail also renewed its 50,238-square-foot lease at 577 Main Street in Hudson — bringing the building's occupancy to 100%.
- Leasing activity in the Route 128 West Flex/R&D market, most notably in Waltham, remains robust. Tenants are primarily looking for access to loading docks and/or properties that have a small amount of manufacturing or warehouse space. Cugene recently leased 7,350 square feet at 411 Waverly Oaks in Waltham with leases out on another 20,000+ square feet in the marketplace.
- Market conditions continue to favor landlords, with lease rates nearing \$11/SF metrowide. Flex/R&D properties in premier submarkets like Routes 128 West and Northwest are seeing rents in the low-to-mid teens. Pricing has been aggressive with rental rates expanding by more than 12% on a year-over-year basis.

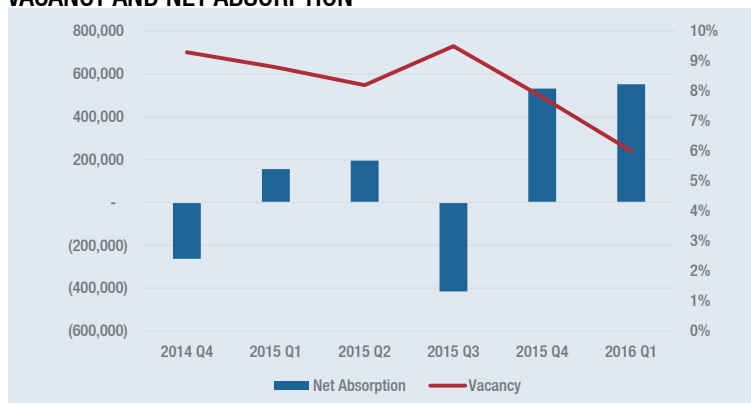
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Entegris	129 Concord Road, Billerica	175,088	Route 495 North	Renewal
Setra Systems, Inc.	159 Swanson Road, Boxborough	102,000	Route 495 North	Renewal
Jet Mail	577 Main Street, Hudson	50,045	Route 495 West	Renewal
MyWord! (NAI Hunneman Deal)	1 Aegean Drive, Methuen	25,901	Route 495 Northeast	Relocation
Terrafugia, Inc.	23 Rainin Road, Woburn	19,500	Route 128 Northwest	Renewal

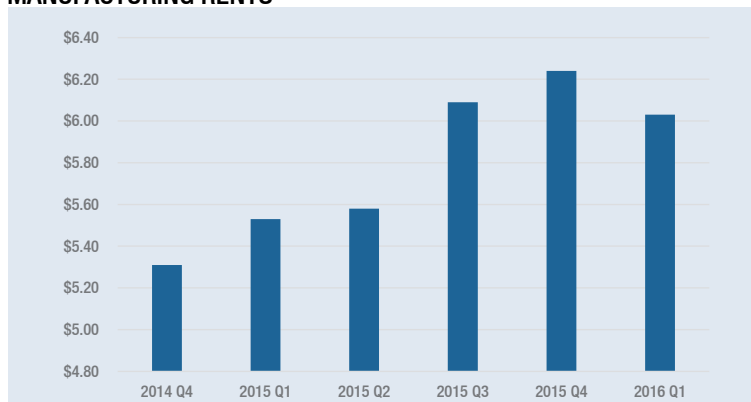


MANUFACTURING	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q1 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	30,481,939	1,823,014	6.0%	552,097	552,097

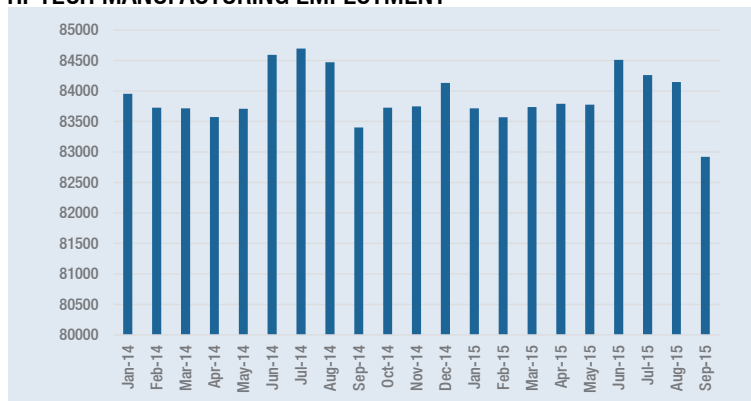
VACANCY AND NET ABSORPTION



MANUFACTURING RENTS



HI-TECH MANUFACTURING EMPLOYMENT



TRENDS

- First-quarter net absorption totaled roughly 550,000 square feet in the Manufacturing markets. Barring one hiccup in mid-2015, manufacturing vacancies have fallen precipitously over the past year.
- Growth in Greater Boston's life science industry is permeating throughout all major commercial property types. Drug production manufacturing is one bright spot within the manufacturing industry that has been declining in importance for several decades. Bristol-Meyers Squibb, Sanofi Genzyme and Biogen are just some of the companies producing drugs in the metro. Most recently Cambridge-based Alnylam Pharmaceuticals was added to this list. The firm purchased a 12-acre site in Norton, where it will build a \$200 million manufacturing facility, and ultimately employ more than 200 people. Construction is slated to begin in the second quarter of this year and conclude in 2018. Pzifer plans to construct a clinical manufacturing facility as well, and has shortlisted three sites including its Burt Road Campus in Andover. Reportedly, Merrimack Pharmaceuticals is also in the market for office and manufacturing space.
- Conversely, there are some goods manufacturers in the Boston market looking to downsize. At the end of last year, Polartec (Malden Mills) announced plans to shutter its Lawrence manufacturing operations – moving work to plants in Hudson, NH and Tennessee. The firm occupies 260,000 square feet at 46 Stafford Street in Lawrence. Ulvac Technologies, with roughly 40,000 square feet at 401 Griffin Brook Park Drive in Methuen, also plans to reduce its footprint. GE, while expanding other business lines in Massachusetts, will close its valve factory in Avon by mid-2016 – moving the operations to Florida.
- The Seaport is not just for shiny new office towers and luxury residential projects. A new development at FID Kennedy Avenue's Massport Marine Terminal will be ready for occupancy in 2018, with Stavix Seafood anchoring the project. Millennium Partners and Massport plan to carve out a 6.8-acre parcel on the 30-acre site for the seafood processor, which will consolidate their operations and result in up to 90,000 square feet of commercial space, including freezer, cooler, processing and office uses.
- Massachusetts was chosen as the future home of the Revolutionary Fiber and Textile Manufacturing Innovation Institute. This \$317 million public-private partnership is being led by MIT in partnership with UMass, Quinsigamond Community College and dozens of businesses from around the nation. Though the net effect of this initiative has yet to be quantified, it could potentially boost the state's manufacturing sector and innovation economy.



CAPITAL MARKETS OVERVIEW



OFFICE SALES VOLUME (\$)



MULTIFAMILY SALES VOLUME (\$)



RETAIL SALES VOLUME (\$)



INDUSTRIAL SALES VOLUME (\$)

Is It Time for the Class B Market to Shine?

Boston remains an attractive destination for commercial real estate investors, particularly foreign buyers. As a high-ranking U.S. city for foreign real estate investors (according AFIRE), Boston's high barriers to entry, top-notch educational institutions and 18-hour day help keep capital flowing into the market. Most recently, AustralianSuper acquired the 73,500-square-foot 15 Broad Street, Boston in a joint venture with Brookfield Property Partners. The purchase price was \$33 million — more than 3 times the building's 2007 price tag.

This recent transaction is also indicative another trend gaining momentum in the Boston market: growing investor appetite for Class B assets. During the first quarter, many of the metro's largest office deals occurred in the Class B market, with price tags surpassing \$400-\$500/SF in many cases. This includes the sale of 294 Washington Street, 333 Summer Street and 95 Berkeley Street. Though not closed

yet, TIAA-CREF has agreed to buy a six-building portfolio in the Fort Point from Clarion Partners for \$225 million. This equates to \$552/SF. The brick-and-beam portfolio sold for just \$129.3 million only four years ago. Investors have been rather active in the Class B Multifamily market as well, with only one Class A assets changing hands in the first quarter of 2016.

Nationally, global investors are beginning to take interest in institutional-quality distribution centers. Last year, sales for industrial properties in the Boston metro topped \$1.4 billion. Several large industrial properties traded during the first quarter of 2016 as well, with approximately 6.8 million square feet of industrial product transacting. The sale of one of Boston Scientific's warehouses in Quincy to FedEx for \$31 million was one of the largest transactions of the quarter, which the medical device manufacturer bought for \$13.6 million in 1998.

TOP Q1 / CLASS B INVESTMENT SALES

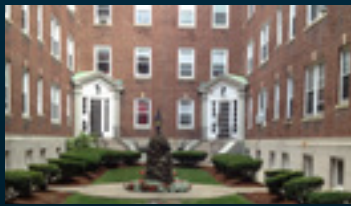
OFFICE



294 Washington Street
Old South Building
Boston

Buyer	The Goldman Sachs Group
Price	\$94,500,000
Total SF	230,206
Price/SF	\$411
Cap Rate	5.13%

MULTIFAMILY



155-157 Summer Street
Summer Street Portfolio
Somerville (NAI Hunneman Deal)

Buyer	Alpha Realty Group
Price	\$31,000,000
Total SF	106
Price/SF	\$292,453
Cap Rate	4.50%

RETAIL



1399 North Shore Road
Wonderland Marketplace
Revere

Buyer	Winstanley Enterprises
Price	\$15,500,000
Total SF	135,007
Price/SF	\$115
Cap Rate	-

INDUSTRIAL



500 Commander Shea Boulevard
Boston Scientific Sale/Leaseback
Quincy

Buyer	FedEx Corp.
Price	\$31,000,000
Total SF	378,000
Price/SF	\$82
Cap Rate	-



OFFICE SALES

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	TOTAL
SALES VOLUME (\$)	\$1,671,332,526	\$1,489,902,964	\$3,625,971,204	\$909,509,449	\$7,696,716,143
# OF TRANSACTIONS	86	82	107	112	387
TOTAL SF	5,579,300	5,738,804	8,183,383	3,890,655	23,392,142
MEDIAN \$/SF	\$157	\$167	\$152	\$140	\$152

MULTIFAMILY SALES

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	TOTAL
SALES VOLUME (\$)	\$689,011,840	\$790,218,582	\$849,932,726	\$593,842,184	\$2,923,005,332
# OF TRANSACTIONS	72	70	93	96	331
TOTAL UNITS	3,294	2,460	3,776	3,168	12,698
MEDIAN \$/UNIT	\$115,367	\$133,174	\$166,667	\$171,000	\$155,000

RETAIL SALES

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	TOTAL
SALES VOLUME (\$)	\$515,232,392	\$391,096,329	\$309,708,004	\$332,633,688	\$1,548,670,413
# OF TRANSACTIONS	137	144	167	107	555
TOTAL SF	2,119,253	2,037,140	1,584,294	1,544,590	7,285,277
MEDIAN \$/SF	\$203	\$206	\$231	\$183	\$215

INDUSTRIAL SALES

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	TOTAL
SALES VOLUME (\$)	\$324,870,077	\$289,784,381	\$523,196,603	\$390,645,591	\$1,528,496,652
# OF TRANSACTIONS	95	86	118	89	388
TOTAL SF	5,471,288	4,160,620	6,517,943	6,820,079	22,969,930
MEDIAN \$/SF	\$71	\$78	\$88	\$72	\$77

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	13,548,476	362,000	1,185,270	157,949	9.9%	105,615	105,615	\$61.27
Charlestown	2,352,780	-	154,526	-	6.6%	64,644	64,644	\$36.68
Fenway/Kenmore	1,756,298	-	195,794	-	11.1%	624	624	\$59.54
Financial District	34,786,079	-	2,945,394	106,675	8.8%	529,528	529,528	\$56.35
Midtown	2,191,602	-	158,141	-	7.2%	(14,055)	(14,055)	\$42.11
North Station	2,701,095	175,000	81,225	7,274	3.3%	19,341	19,341	\$44.39
Seaport	9,287,932	1,169,256	667,123	22,502	7.4%	17,779	17,779	\$50.81
South Station	1,159,121	-	8,429	-	0.7%	18,551	18,551	\$38.00
BOSTON TOTAL	67,783,383	1,706,256	5,395,902	294,400	8.4%	742,027	742,027	\$55.67
East Cambridge	5,921,063	-	245,456	63,160	5.2%	139,541	139,541	\$69.22
Mid Cambridge	2,196,376	-	34,313	9,429	2.0%	104,823	104,823	\$46.71
West Cambridge	2,072,486	-	186,890	40,325	11.0%	10,055	10,055	\$44.08
CAMBRIDGE TOTAL	10,189,925	-	466,659	112,914	5.7%	254,419	254,419	\$57.50
Framingham-Natick	4,458,051	-	759,188	22,517	17.5%	(11,808)	(11,808)	\$23.07
Inner Suburbs	4,985,966	1,370,000	385,856	166,052	11.1%	40,756	40,756	\$24.05
Route 128 North	13,810,300	-	1,406,805	38,152	10.5%	176,736	176,736	\$21.10
Route 128 Northwest	13,591,773	280,000	1,547,792	131,755	12.4%	(32,126)	(32,126)	\$29.49
Route 128 South	13,417,706	-	1,739,949	11,643	13.1%	8,415	8,415	\$20.09
Route 128 West	21,552,138	1,176,866	1,653,991	360,349	9.3%	(2,880)	(2,880)	\$32.86
ROUTE 128 TOTAL	62,371,917	1,456,866	6,348,537	541,899	11.0%	150,145	150,145	\$25.93
Route 495 North	12,924,763	-	2,491,134	154,075	20.5%	(5,481)	(5,481)	\$18.11
Route 495 Northeast	6,434,514	-	1,623,624	56,210	26.1%	(50,381)	(50,381)	\$17.13
Route 495 South	2,740,891	-	445,386	8,485	16.6%	(8,375)	(8,375)	\$18.33
Route 495 West	10,813,226	-	2,083,874	101,733	20.2%	10,913	10,913	\$17.81
ROUTE 495 TOTAL	32,913,394	-	6,644,018	320,503	21.2%	(53,324)	(53,324)	\$17.79
SUBURBAN TOTAL	104,729,328	2,826,866	14,137,599	1,050,971	14.5%	125,769	125,769	\$21.90
MARKET TOTAL	182,702,636	4,533,122	20,000,160	1,458,285	11.7%	1,122,215	1,122,215	\$31.84

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	16,005,137	344,223	1,071,053	30,000	6.9%	68,288	68,288	\$8.80
Framingham-Natick	2,792,182	-	235,106	10,000	8.8%	43,785	43,785	\$6.76
Route 128 North	24,232,334	-	1,618,013	26,000	6.8%	363,823	363,823	\$7.98
Route 128 Northwest	3,857,451	-	605,420	-	15.7%	12,186	12,186	\$17.70
Route 128 South	36,100,356	-	3,484,256	-	9.7%	609,162	609,162	\$6.28
Route 128 West	4,119,701	-	377,641	4,787	9.3%	81,479	81,479	\$12.68
ROUTE 128 TOTAL	68,309,842	-	6,085,330	30,787	9.0%	1,066,650	1,066,650	\$8.26
Route 495 North	17,847,246	-	2,127,312	239,394	13.3%	(42,928)	(42,928)	\$8.24
Route 495 Northeast	11,491,057	-	1,641,477	248,500	16.4%	(35,901)	(35,901)	\$10.09
Route 495 South	29,374,626	980,000	2,546,500	154,000	9.2%	(233,783)	(233,783)	\$5.67
Route 495 West	14,217,983	-	966,452	101,614	7.5%	76,526	76,526	\$8.36
ROUTE 495 TOTAL	72,930,912	980,000	7,281,741	743,508	11.0%	(236,086)	(236,086)	\$7.78
MARKET TOTAL	160,038,073	1,324,223	14,673,230	814,295	9.7%	942,637	942,637	\$8.04

10TH LARGEST METROPOLITAN AREA IN THE US

4,000 Tech Startups (Compass)

537 Big Data Companies in MA

\$3.9 BILLION VC Funding (2015)

9 Accelerators

SMARTEST CITY (Forbes)

INNOVATIVE CITY (Innovation Cities)

UNEMPLOYMENT RATE 4% US AVERAGE: 5%

2,607,370 LABOR FORCE

16 LIFE SCIENCE INCUBATORS

BOSTON

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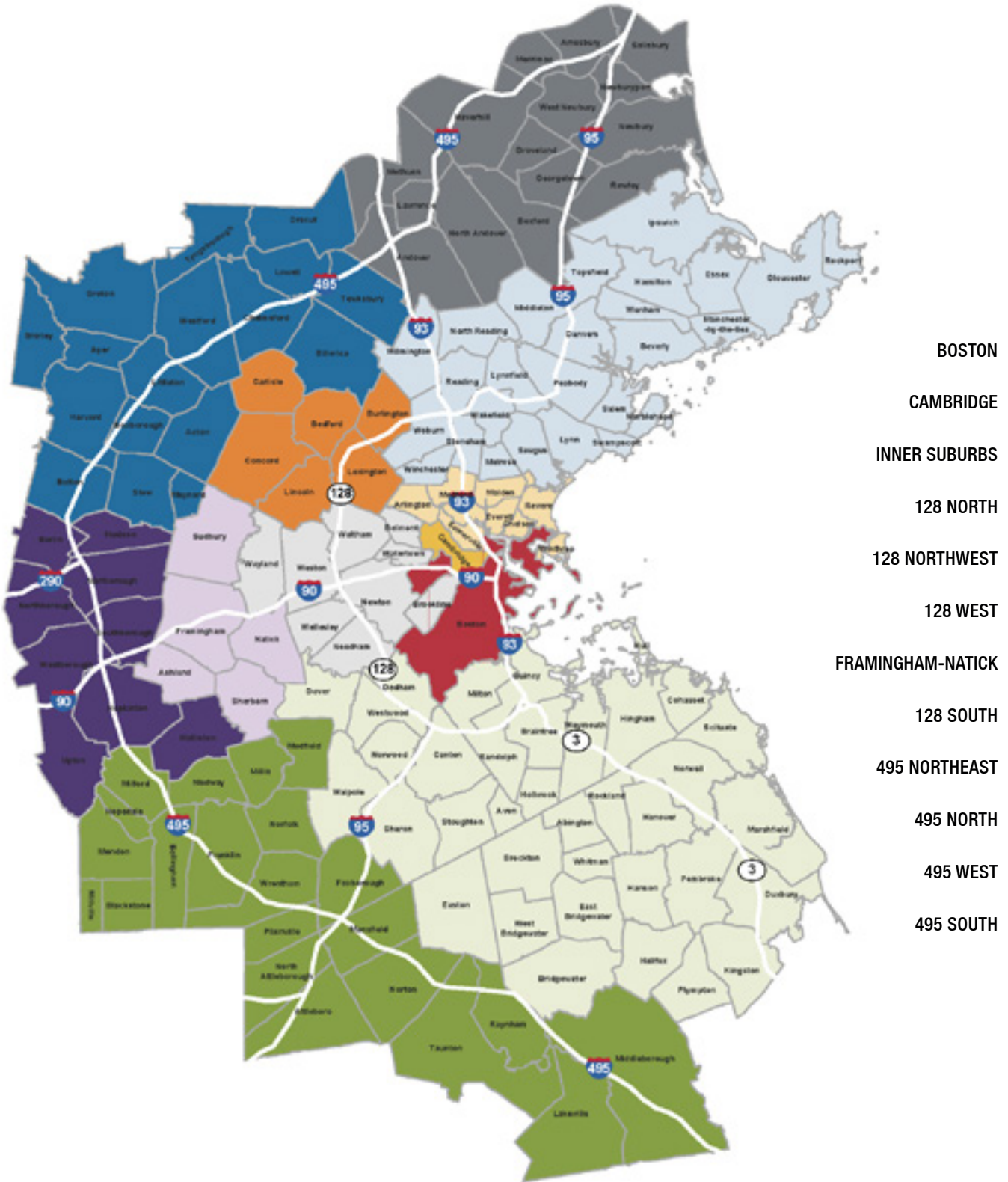
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SUBMARKET MAP



Q1

2016

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:** April, 2016.

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.

NAI Hunneman

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