

Q2

2016

M E T R O B O S T O N

MARKET REPORT



MID-YEAR RESULTS VARIED WITH STRONG INDUSTRIAL PERFORMANCE

NAIHunneman

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303 Congress Street | Boston, MA 02210 | 617.457.3400

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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

Second Quarter Results Are Flat Amidst Mixed Signals

Conditions in the Greater Boston office market were relatively flat in the second quarter – recording roughly 27,000 square feet of positive absorption. Rising sublease inventory, consolidations and corporate relocations were largely responsible for the lack of movement. While office vacancies are 70 basis points lower than year-ago levels, they have inched up by 20 basis points since the first quarter. Landlords have been able to push through additional rent gains as fundamentals are still positive. However, the pace of growth is slowing and some landlords are beginning to ease on asking rents. While it is still too early to call for widespread weakness in the office market, we may see a turning point in the cycle this year.

Short-term leases, particularly among young tech companies and startups, are gaining traction in Boston and Cambridge. Tight market fundamentals and the requirement for flexible space are bolstering demand for shorter lease terms. Zagster*, AZ Therapies* and Cambridge Semantics* all executed short-term deals recently. Concerns over global economic conditions and the domestic job market are also impacting local business sentiment. Tenants are becoming cautious, and firms are starting to execute “blend and extend” deals to wait out the next 12 months.

The metro area continues to benefit from M&A activity. The takeover of Burlington-based Demandware by Salesforce is one of the largest

transactions of 2016, which will result in local growth. The Pinnacle Group recently acquired the Newton-based, cyber-security firm Cymbel as well, with plans to maintain a Massachusetts presence. Goldman Sachs recently identified several other MA-based companies that are ripe for acquisition; TripAdvisor, Acacia Communications, Boston Beer Co. and CyberArk made the short list. Rumors are also swirling that DraftKings and FanDuel are entertaining a merger. Industry experts point to the access of cheap credit and more cash among private equity firms as a driving force behind this year’s mergers and acquisitions.

Greater Boston’s development pipeline is filled with projects. Metrowide there is more than 4.6 million square feet or 2.5% of total office inventory under construction. Roughly half of this space is preleased. Several major projects are also on the horizon; DivcoWest is looking to break ground on a speculative office building at the long-delayed NorthPoint in Cambridge, athenahealth is adding a 250,000-square-foot expansion to its campus in Watertown and New Balance’s Boston Landing will house 650,000 square feet of office space when complete. Other major developments on the docket include the Winthrop Square garage redevelopment, the Volpe Transportation Center redevelopment and the South Station tower.

(*NAI Hunneman Deal)

TOTAL VACANCY RATE	DIRECT VACANCY	Q2 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
11.9%	10.9%	27,542	\$32.80	4,620,895

MA Business Confidence Index:

56.1 OUT OF 100
(June 2016)

Boston Unemployment Rate:

3.5%
(May 2016)

Boston Office-using Employment:

8,000
Jobs added
1.1% Growth year-over-year

MA Economy Ranked:

NO. 4
by Wallet Hub

MA Patents per Million Residents:

1,000
(2014)

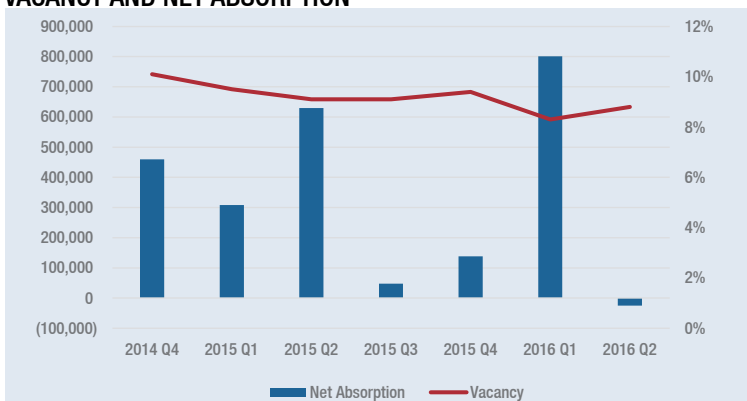


OFFICE STATISTICS

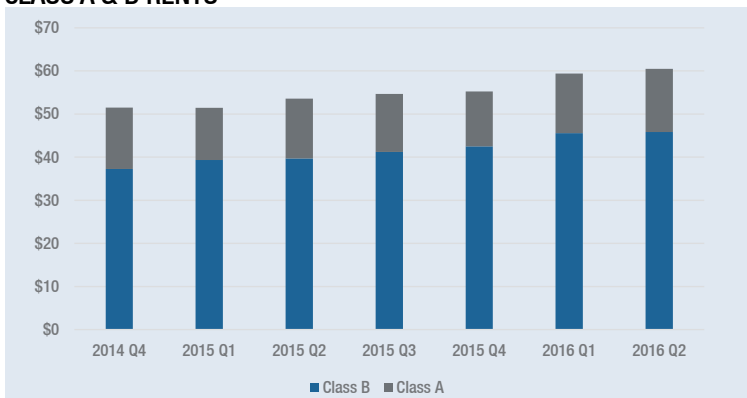
DOWNTOWN

DOWNTOWN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	48,466,429	4,590,917	9.5%	(39,627)	420,749
Class B	20,609,894	1,510,283	7.3%	14,998	355,607	\$45.80
CLASS A & B TOTAL	69,076,323	6,101,200	8.8%	(24,629)	776,356	\$56.81

VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- Downtown office market conditions cooled in the second quarter with net absorption slightly negative and vacancies ticking up roughly 50 basis points since the first quarter.
- Growing sublease inventory largely contributed to this quarter's lack of absorption. Since the end of 2015 vacant sublease space increased by nearly 40% in Downtown Boston.
- Boston has seen unprecedented growth in the innovation economy this cycle and this industry is driving demand for lower-floor office space throughout Downtown. Vacancies below the 10th floor were just 7.9% in the second quarter while vacancies above the 20th floor were above 14%.
- Boston Consulting Group's 202,000-square-foot lease, and subsequent relocation to the Seaport at Pier 4 represents one of the largest transactions of the quarter.
- Goodwin Proctor moved into its newly-built office at 100 Northern Avenue in the Seaport, occupying 246,000 square feet of the building. The law firm left about 450,000 square feet of space vacant at 53 State Street. Some of this space is being backfilled by The Boston Globe, SAP and Veolia.
- DigitalBi and Sapient are reportedly consolidating into 200,000 square feet in Related Beal's redevelopment; Congress Square. The move likely occurring in mid-2017.
- Partners Healthcare will be vacating several hundred thousand square feet in the Downtown markets to consolidate operations in Somerville, including space at 253 Summer Street and the Schrafft's Center in Charlestown.

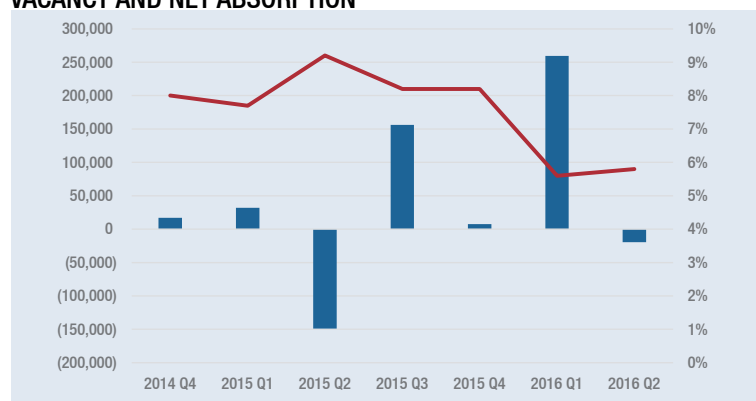
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Boston Consulting Group	140 Northern Avenue	202,000	Seaport	Relocation/Expansion
The Boston Globe	53 State Street	74,500	Financial District	Relocation
The Brattle Group	1 Beacon Street	60,150	Financial District	Relocation/Expansion
McCarter & English	265 Franklin Street	64,300	Financial District	Renewal
Cybereason (sublease)	200 Clarendon Street	29,242	Back Bay	Relocation/Expansion

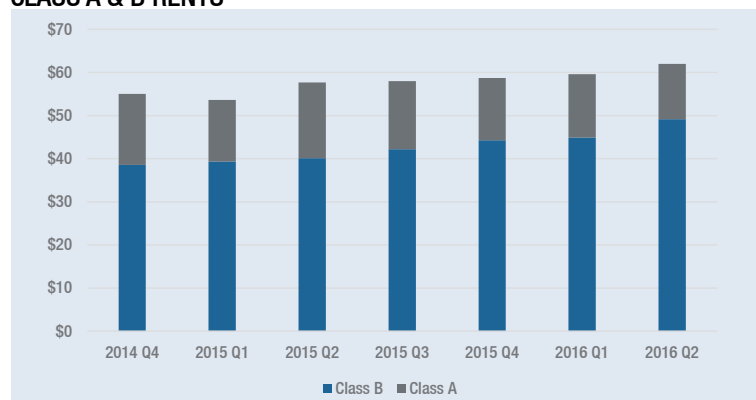


CAMBRIDGE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	7,289,337	424,389	5.8%	(16,966)	166,766
Class B	3,013,338	175,963	5.8%	(2,404)	73,204	\$49.14
CLASS A & B TOTAL	10,302,675	600,352	5.8%	(19,370)	239,970	\$59.77

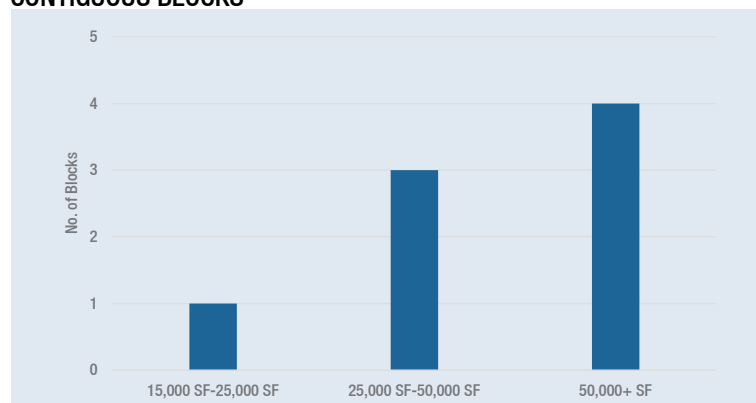
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



CONTIGUOUS BLOCKS



TRENDS

- Vacancies in the Cambridge office market ended the second quarter at just 5.8% as the sheer lack of available inventory continues to limit transaction activity.
- In one of the largest deals of the quarter, Flagship Ventures leased more than 20,000 square feet at 55 Cambridge Parkway. Sage Therapeutics also leased space this quarter, inking a deal for 19,805 square feet at 245 First Street.
- The lack of available lab space in Cambridge has landlords converting office space to lab use subsequently reducing the office inventory in these markets. The Davis Companies' planned redevelopment of 35 Cambridgepark Drive, which will remove nearly 137,000 square feet from West Cambridge's inventory, is one of the largest of these conversion projects.
- Market conditions continue to favor landlords with lease rates rising to nearly \$60/SF despite a rather sheepish quarter. East Cambridge is by far the priciest submarket in Greater Boston. Average asking rents are now in the low-\$70/SF range.
- Though biotech companies tend to dominate venture capital funding in Cambridge, some tech firms have recently secured funding. In the second quarter, iZotope raised \$7.5 million in a Series B round while nuTonomy raised \$16 million in Series A funding. Nift also received \$3 million in seed funding in May.
- Several high-profile developments continue to move through the construction pipeline. Boston Properties is planning another 940,000-square-foot development along Binney Street, and is reportedly negotiating with an office tenant to prelease more than half of the building. The GSA recently released a formal RFP for the redevelopment of the 14-acre Volpe Transportation Center. DivcoWest is preparing to start construction on the long-delayed NorthPoint site. The first phase of the project will include a 390,000 square foot office or lab building, reportedly on spec, with a 2019 delivery date.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Flagship Ventures	55 Cambridge Parkway	20,623	East Cambridge	Relocation
Sage Therapeutics	245 First Street	19,805	East Cambridge	Relocation

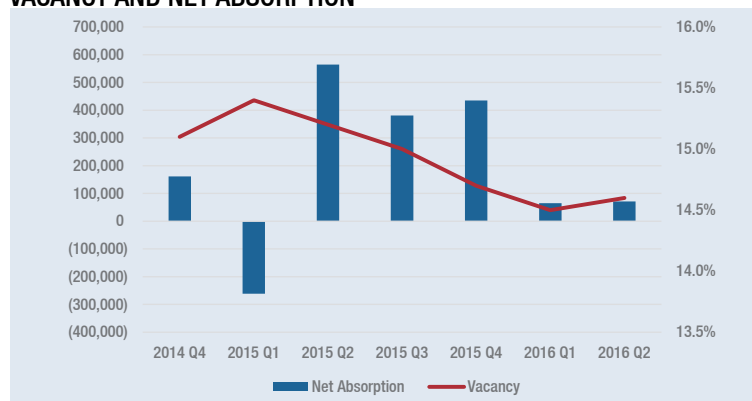


OFFICE STATISTICS

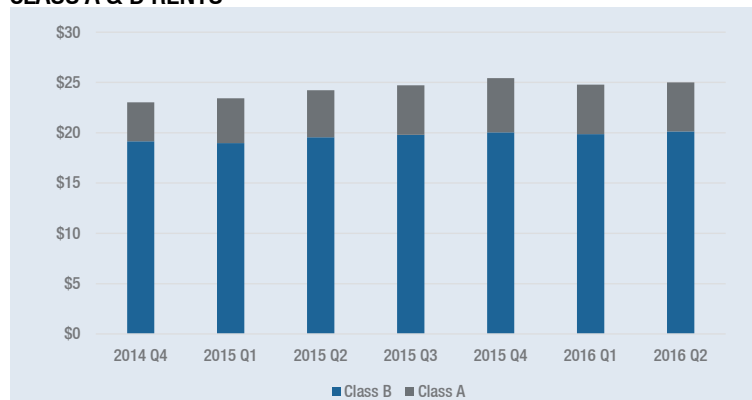
SUBURBAN

SUBURBAN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	55,154,954	6,822,411	12.4%	79,275	136,921
Class B	49,604,955	8,431,392	17.0%	(7,734)	(106)	\$20.12
CLASS A & B TOTAL	104,759,909	15,253,803	14.6%	71,541	136,815	\$22.20

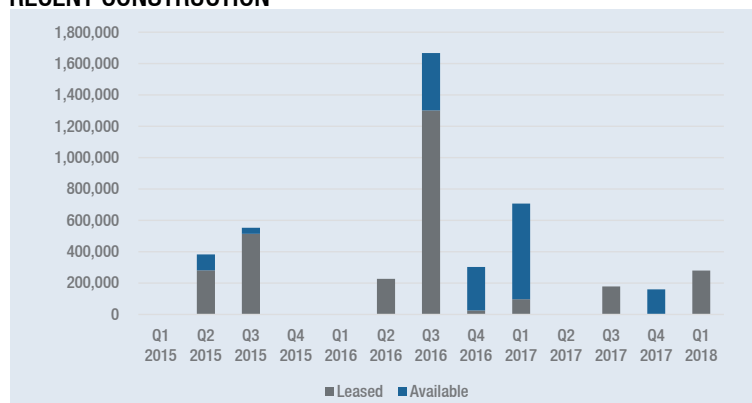
VACANCY AND NET ABSORPTION



CLASS A & B RENTS



RECENT CONSTRUCTION



TRENDS

- Salesforce has agreed to acquire Burlington-based Demandware for \$2.8 billion. The firm plans to expand its headquarters at 5 Wall Street by 55%, occupying 181,680 SF beginning in January 2017. Salesforce is also planning to grow its presence in Downtown Boston where they currently lease 30,000 square feet at 500 Boylston Street.
- On the heels of its \$103.5 million IPO, Acacia Communications expanded its lease at Mill & Main in Maynard by 114,229 square feet. The firm plans to occupy an additional 35,000 square feet early next year, bringing its total footprint to 201,000 square feet.
- From Mill & Main to Andover Landing at Brickstone, landlords continue to implement redevelopment and rebranding projects in order to create a more urbanized feel to suburban office parks. Building owners hope to retain and/or attract tenants with new amenities, better lobbies, fitness centers and other upgrades.
- The trend of converting functionally obsolete industrial buildings to modern, mixed-use commercial projects continues. Northwood Investors recently began construction on the 425,000-square-foot redevelopment of the former USPS distribution center at 200 Smith Street in Waltham. Post, as the project is known, is being marketed to both office and lab users.
- In June, GE Healthcare Life Sciences opened its 210,000-square-foot U.S. headquarters in Marlborough, where the firm now employs 500.

NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Kronos	900 Chelmsford Street, Lowell	435,000	Route 495 North	Relocation
Demandware	5 Wall Street, Burlington	181,680	Route 128 Northwest	Renewal/Expansion
SharkNinja	77 A Street, Needham	178,363	Route 128 West	Relocation/Expansion
Cynosure	3 & 5 Carlisle Road, Westford	157,538	Route 495 North	Extension/Expansion
Acacia Communications	3 Clock Tower Place, Maynard	114,229	Route 495 North	Expansion



INDUSTRIAL STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

Greater Boston's Industrial Market Continues to Impress

Vacancies in the Greater Boston industrial market have fallen to a 15-year low; ending the second quarter at just 8.7%. Year-to-date the market has absorbed 2.3 million square feet of industrial space. Given such positive fundamentals, industrial landlords have been consistently raising rents in Greater Boston. As of the second quarter, lease rates expanded by 11.3% on a year-over-year basis, averaging \$8.26/SF. Although leasing momentum has slowed from last year's rapid pace, demand for modern, high-quality industrial space is solid.

E-Commerce and a strong housing market are driving industrial demand both nationally and locally. Changes in consumer spending and shopping patterns have led to a surge in online retail sales. Shipping firms, third-party logistic companies and retailers have been very active in the Boston market this cycle. The advent of same-day delivery service and growing urban populations is driving the need for infill locales. Boston's housing market is still hot, and this has led to increased demand from building and furniture suppliers, self-storage companies and other housing-related firms.

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

new owner of the (former) Boston Flower Exchange in the South End, the Abbey Group, is planning to replace the 5.6-acre site and warehouse facility with a technology-focused office campus. City officials are also interested in repositioning Widett Circle and relocating the food wholesalers that occupy the New Boston Food Market area.

Although Boston is more of a tertiary port market, the long-awaited completion of the Panama Canal expansion is expected to result in a 10% shift in trade from the West Coast to the East Coast. Once the Port of Boston dredges the channel, with depths surpassing 50 feet in some locations, it will be able to handle larger ships and increase cargo flows.

Consistent demand for newer, quality space is driving development in the industrial market. There is currently more than 1.7 million square feet underway in the metro area with activity concentrated in the Urban Core and South markets. Build-to-suits for New England Ice Cream, Alnylam Pharmaceuticals and Pfizer broke ground within the past few months. There are also several large projects in the planning pipeline, including up to 900,000 square feet at the Bellingham Business Park, 300,000 square feet on Washington Street in Franklin and 375,000 square feet of high-bay warehouse near Readville Station in Hyde Park.

TOTAL VACANCY RATE	DIRECT VACANCY	Q2 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
8.7%	8.3%	1,265,999	\$8.26	1,756,223

Containerized Cargo:

19,087 TEUS

(May 2016)
12.7% Growth year-over-year

Manufacturing Output:

10.10%

of GSP
(2015)

Housing Permits:

4,426

(YTD May 2016)
25% Decline year-over-year

Industrial Employment:

822,400

MA Jobs
0.4% Growth year-over-year

Biopharma MFG Employment:

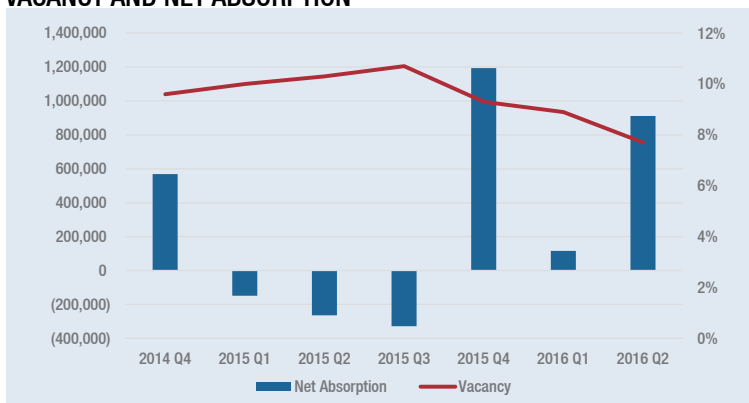
10,468

MA Jobs
4.8% Growth year-over-year

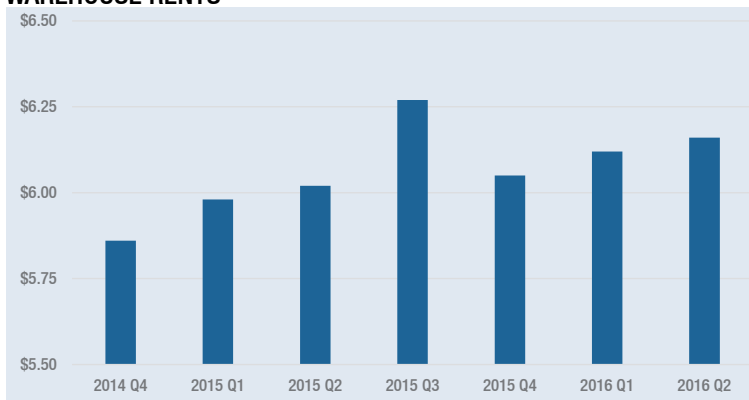


WAREHOUSE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	TOTAL	82,882,123	6,384,922	7.7%	911,862	1,028,183

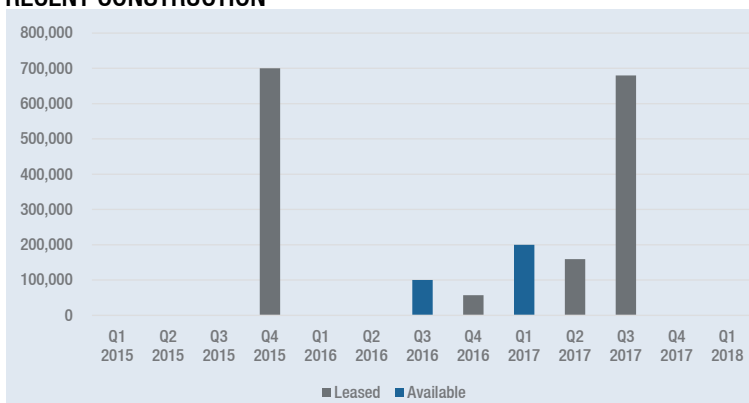
VACANCY AND NET ABSORPTION



WAREHOUSE RENTS



RECENT CONSTRUCTION



TRENDS

- E-commerce is bolstering warehouse and distribution demand at a national level. Greater Boston is no exception with companies like FedEx and Amazon expanding in the local market. Amazon continues to seek infill locations likely to expand same-day service; recently leasing 26,700 square feet at 30 Northampton Street near the South End. FedEx Ground is also establishing a distribution hub in Quincy after acquiring a warehouse from Boston Scientific in a sale-lease back last quarter.
- Driven by shifting demographic trends and a strong housing market, self-storage companies continue to outperform. Nationally, Green Street Advisors reported near-record rent growth in the storage sector is prolonging the best cycle on record. Most recently Pack Rat, a portable storage container company, leased 66,366 square feet at 14 Aegean Drive in Methuen.
- New England Ice Cream began construction on its new Southern New England distribution center. The 57,000-square-foot facility is located on Mansfield Avenue in Norton, adjacent to the Xfinity Center.
- The Route 128 South market is in high demand from firms looking to own or lease distribution space, with year-to-date net absorption totaling almost 900,000 square feet. Some of the largest transactions of the quarter include Costa Foods recent purchase of 80 Stockwell Drive, Avon for \$9.55 million and Byron Electric Group's 50,000-square-foot lease at 321 Manley Street, W. Bridgewater.

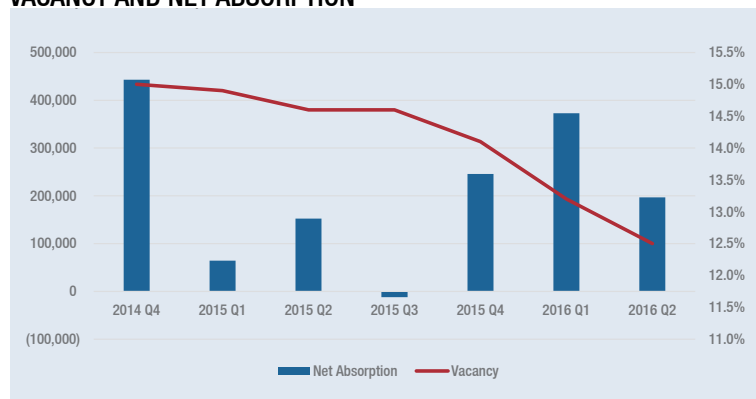
NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Costas Provisions	80 Stockwell Drive, Avon	248,000	Route 128 South	Sale
Pack Rat	14 Aegean Drive, Methuen	63,366	Route 495 Northeast	Lease
New England Wheels	33 Manning Road, Billerica	56,250	Route 495 North	Sale
Byron Electric Group	321 Manley Street, West Bridgewater	50,000	Route 128 South	Lease
Advanced Lighting & Production Services	125 Shawmut Road, Canton	40,105	Route 128 South	Sale

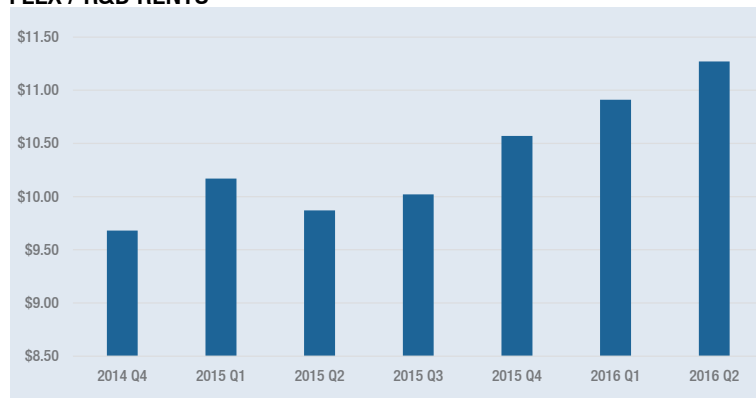


FLEX / R&D	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	46,619,573	5,849,445	12.5%	196,912	569,616

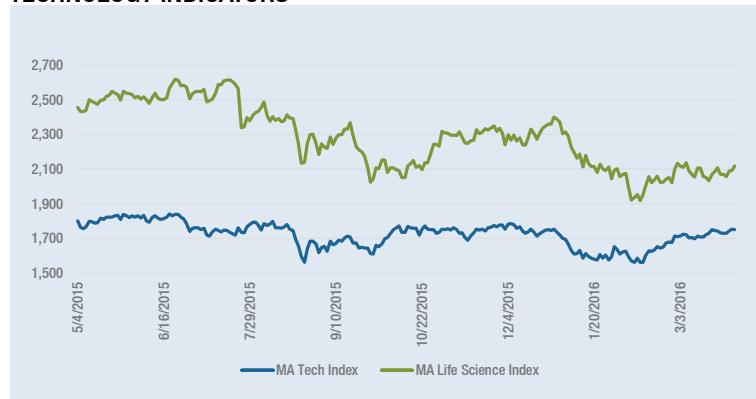
VACANCY AND NET ABSORPTION



FLEX / R&D RENTS



TECHNOLOGY INDICATORS



TRENDS

- With close to 600,000 square feet of positive absorption year-to-date, vacancies in Greater Boston's Flex/R&D market declined to 12.5% in the second quarter. Growth in the life science and technology industries continue to bolster demand.
- The Flex/R&D inventory continues to shrink as landlords redevelop older properties. Campanelli began a \$10 million redevelopment of 100 Upland Drive in Norwood; a 184,868-square-foot flex building. The property is being renovated into a 193,000-square-foot Class A office building and will boast several new amenities. Nordblom is also set to move forward on another phase of its 4th Avenue, Burlington development which will include an office component and a Lifetime Fitness.
- Fractyl Labs recently took occupancy at 17 Hartwell Avenue in Lexington; resulting in 30,000 square feet of positive absorption.
- Vacancies in the Route 128 West market are well below the metrowide average, at 6.4% in the second quarter. Tenant demand has led to a 150-basis-point drop over the past year as they are primarily looking for access to loading docks and/or properties that have a small amount of manufacturing or warehouse space.
- Market conditions continue to favor landlords, with lease rates surpassing \$11/SF metrowide. Flex/R&D properties in premier submarkets like Routes 128 West and Northwest are seeing rents in the low-\$20/SF range.

NOTABLE TRANSACTIONS

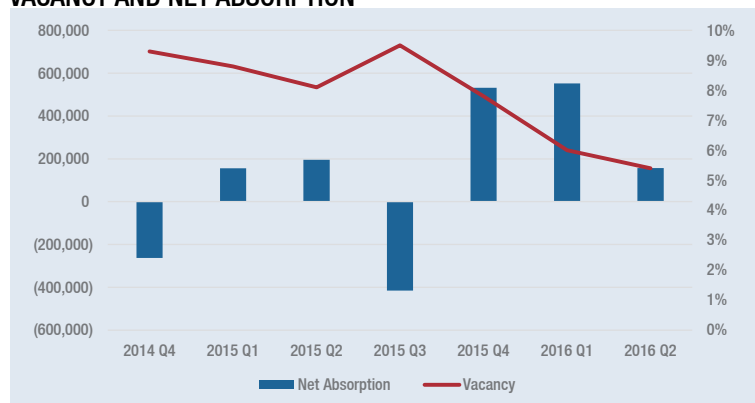
TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
OMNlife	480 Paramount Drive, Raynham	40,000	Route 128 South	Lease
Coram Specialty Infusion Services	575 University Avenue, Norwood	30,688	Route 128 South	Lease
Senko Advanced Components	450 Donald Lynch Blvd, Marlborough	19,644	Route 495 West	Lease/Renewal
Insulet Corporation	14 Progress Road, Billerica	10,000	Route 495 North	Lease
Mimaki USA (NAI Hunneman Deal)	411 Waverley Oaks, Waltham	6,000	Route 128 West	Lease



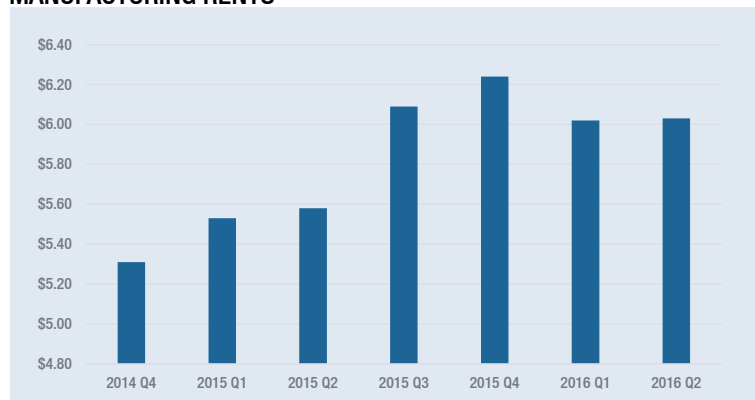
MANUFACTURING

	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
TOTAL	30,594,339	1,665,789	5.4%	157,225	709,322	\$6.03

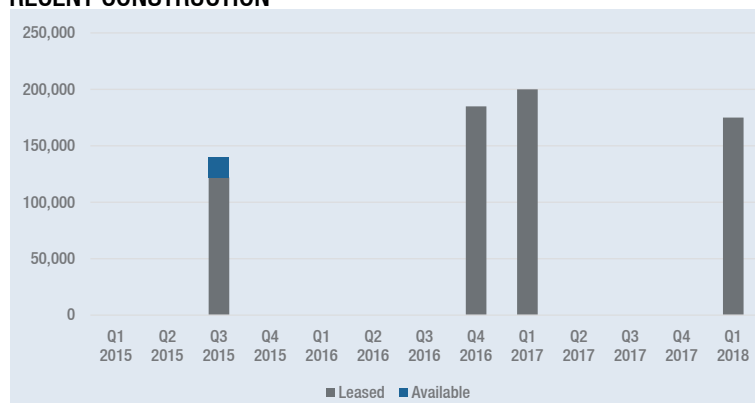
VACANCY AND NET ABSORPTION



MANUFACTURING RENTS



RECENT CONSTRUCTION



TRENDS

- After three consecutive quarters of positive absorption, the manufacturing market has absorbed more than 1.2 million square feet and vacancies have fallen to just 5.4%.
- Growth in Greater Boston's life science industry is permeating throughout all major commercial property types. Drug manufacturing is one bright spot within an industry that has been declining in importance for several decades. Alnylam Pharmaceuticals' 200,000-square-foot manufacturing facility recently broke ground on a 12-acre site in Norton. The building will be fully-operational by 2018. Pfizer began construction on a 175,000-square-foot facility as well. The new biologics clinical manufacturing site is located on its campus on Burr't Road in Andover. Construction is expected to be completed and the building operational by 2019.
- New Balance has increased its footprint in Lawrence. Last year, the firm acquired a 222,680-square-foot mill building for \$2 million to house production staff. The firm recently took occupancy of the space which is adjacent to its existing factory and outlet store.
- The medical marijuana industry, while still somewhat controversial, is driving industrial demand. Boston Beer Co. agreed to sell a 52-acre site in Freetown to a publicly-traded Denver-based medical marijuana facility developer: AmeriCann. The developer is planning a multi-building cultivation and processing facility named the Massachusetts Medical Cannabis Center. The first building will encompass 130,000 square feet, with Coastal Compassions as the first tenant. In total, the site will encompass up to 1 million square feet. AmeriCann is also building a dispensary in Fairhaven. Both facilities could open by 2017 depending on permitting.

NOTABLE TRANSACTIONS

TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
SMC, Ltd	18 Independence Drive, Devens	324,620	Route 495 North	Sale
Atlantic Management Corporation	351 Holt Road, North Andover	248,500	Route 495 Northeast	Sale
Bischo Contracting	35 Danton Drive, Methuen	81,865	Route 495 Northeast	Sale
Night Shift Brewing	220-240 2nd Street, Chelsea	36,000	Urban Core	Lease



CAPITAL MARKETS OVERVIEW



OFFICE SALES VOLUME (\$)



MULTIFAMILY SALES VOLUME (\$)



RETAIL SALES VOLUME (\$)



INDUSTRIAL SALES VOLUME (\$)

Uncertainty Abounds Within the Capital Markets

While the U.S. commercial real estate markets remain appealing to foreign investors, turmoil in the CMBS market, a number of upcoming debt maturities and the recent Brexit decision in the EU have resulted in mixed-signals in the marketplace. With bonds in most European countries trading at negative interest rates, U.S. rates are comparatively more attractive to global investors. Some industry experts believe the U.S. could see an influx of capital from the U.K. as a result of Brexit as well.

On the other hand, price appreciation is beginning to wane across the U.S. Institutional investors, like Pimco, expect slower global economic growth, maturing debt and new loan regulations to push values down further in the near term. Only time will tell where the market is headed but conditions will likely cool from the fevered pace of the last six years.

Compared to the second-half of 2015, investment sale volumes are down across the board in Boston. The office and multifamily markets, which were particularly frothy last year, experienced 45-50% declines in

sales volume during the first six months of 2016. While Boston is still a popular destination for capital, the metro area is not immune to macro trends. Most signs are pointing to more measured sales volumes after last year's peak.

Class B sales continue to dominate headlines in the Downtown office market. The recent sales of 147 Milk Street, 4 Liberty Square and 33-41 West Street highlight the increased appetite among investors for this product type. As a result, pricing has become frenzied in the Class B market. On a per-square-foot basis prices for these assets ranged \$400-\$600, with cap rates in the high-3% to low-5% range.

Several other high-profile office deals took place in the second quarter. Union Investments Real Estate, a German company, bought PwC's recently constructed headquarters at 101 Seaport Blvd for more than \$1,000/SF — a hefty price for the Seaport. Another German firm, Deka Immobilien, acquired 175 Federal Street for \$631/SF in April. Beacon Properties sold a 3-building portfolio on Canal Park in East Cambridge to Intercontinental Real Estate for \$713/SF.

TOP Q2 / CLASS B INVESTMENT SALES

OFFICE



33-41 West Street
Lawyers Weekly Building
Boston (NAI Hunneman Deal)

Buyer	Bay Management Corporation
Price	\$16,000,000
Total SF	41,418
Price/SF	\$386
Cap Rate	4.25%

MULTIFAMILY



21 Westwood Glen Road
Westwood Glen Apartment
Westwood

Buyer	True North Capital Partners
Price	\$34,400,000
Units	156
Price/ Unit	\$220,513
Cap Rate	-

RETAIL



1778 Washington Street
Planet Fitness Plaza
Stoughton (NAI Hunneman Deal)

Buyer	Dimitrios Nikitas
Price	\$4,980,000
Total SF	35,444
Price/SF	\$141
Cap Rate	8.84%

INDUSTRIAL



351 Holt Road
North Andover

Buyer	Atlantic Management Company
Price	\$13,000,000
Total SF	248,500
Price/SF	\$52
Cap Rate	7.85%



OFFICE SALES

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	TOTAL
SALES VOLUME (\$)	\$1,496,263,960	\$3,626,230,554	\$987,989,220	\$1,446,127,517	\$7,556,611,251
# OF TRANSACTIONS	82	110	123	85	400
TOTAL SF	5,738,830	8,183,245	4,127,902	3,512,268	21,562,245
MEDIAN \$/SF	\$167	\$151	\$135	\$157	\$148

MULTIFAMILY SALES

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	TOTAL
SALES VOLUME (\$)	\$790,218,582	\$1,413,170,662	\$603,198,669	\$607,997,995	\$3,414,585,908
# OF TRANSACTIONS	70	105	96	63	334
TOTAL UNITS	2,460	6,791	3,136	2,218	14,605
MEDIAN \$/UNIT	\$133,174	\$166,667	\$171,000	\$145,000	\$160,185

RETAIL SALES

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	TOTAL
SALES VOLUME (\$)	\$391,096,329	\$396,558,004	\$333,898,250	\$192,325,005	\$1,313,877,588
# OF TRANSACTIONS	144	169	113	94	520
TOTAL SF	2,037,740	1,634,626	1,384,259	999,775	6,056,400
MEDIAN \$/SF	\$206	\$231	\$218	\$205	\$219

INDUSTRIAL SALES

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	TOTAL
SALES VOLUME (\$)	\$289,784,381	\$522,196,603	\$453,738,149	\$354,213,998	\$1,619,933,131
# OF TRANSACTIONS	86	117	94	75	372
TOTAL SF	4,160,620	6,517,535	6,845,723	4,473,368	21,997,246
MEDIAN \$/SF	\$78	\$87	\$73	\$75	\$78

MARKET RECAP



OFFICE STATISTICS

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
Back Bay	13,548,476	362,000	912,690	277,369	8.8%	78,684	258,775	\$62.55
Charlestown	2,352,780	-	196,782	-	8.4%	(42,256)	22,388	\$36.09
Fenway/Kenmore	1,756,298	-	192,602	-	11.0%	3,192	3,816	\$59.39
Financial District	35,747,425	-	3,401,055	126,656	9.9%	(387,845)	126,165	\$57.51
Midtown	2,191,602	-	111,461	-	5.1%	46,680	32,625	\$45.17
North Station	2,701,640	175,000	77,975	6,000	3.1%	5,069	24,410	\$44.55
Seaport	9,618,981	790,007	741,242	34,599	8.1%	286,187	303,966	\$54.90
South Station	1,159,121	-	22,769	-	2.0%	(14,340)	4,211	\$41.20
BOSTON TOTAL	69,076,323	1,327,007	5,656,576	444,624	8.8%	(24,629)	776,356	\$56.81
East Cambridge	5,921,063	-	231,391	98,514	5.6%	(21,289)	118,252	\$72.51
Mid Cambridge	2,309,126	-	46,220	-	2.0%	(1,069)	108,675	\$50.21
West Cambridge	2,072,486	-	185,548	38,679	10.8%	2,988	13,043	\$46.26
CAMBRIDGE TOTAL	10,302,675	-	463,159	137,193	5.8%	(19,370)	239,970	\$59.77
Framingham-Natick	4,458,051	-	780,452	24,187	18.0%	(22,934)	(34,742)	\$23.05
Inner Suburbs	4,985,966	1,275,000	367,098	166,052	10.7%	485	59,514	\$28.88
Route 128 North	13,810,300	-	1,394,776	48,676	10.5%	(25,301)	151,435	\$21.18
Route 128 Northwest	13,591,773	280,000	1,598,953	179,132	13.1%	(98,538)	(130,664)	\$29.66
Route 128 South	13,417,706	193,000	1,721,214	11,775	12.9%	14,703	23,118	\$20.08
Route 128 West	21,612,719	1,449,958	1,619,758	483,176	9.7%	97,139	15,491	\$33.50
ROUTE 128 TOTAL	62,432,498	1,922,958	6,334,701	722,759	11.3%	(11,997)	59,380	\$26.00
Route 495 North	12,924,763	-	2,444,310	191,505	20.4%	9,394	3,913	\$17.77
Route 495 Northeast	6,434,514	95,930	1,588,325	40,002	25.3%	51,507	1,126	\$17.79
Route 495 South	2,710,891	-	421,966	14,412	16.1%	17,493	9,118	\$18.33
Route 495 West	10,813,226	-	2,050,565	107,449	20.0%	27,593	38,506	\$17.90
ROUTE 495 TOTAL	32,883,394	95,930	6,505,166	353,368	20.9%	105,987	52,663	\$17.85
SUBURBAN TOTAL	104,759,909	3,293,888	13,987,417	1,266,366	14.6%	71,541	136,815	\$22.20
MARKET TOTAL	184,138,907	4,620,895	20,107,152	1,848,183	11.9%	27,542	1,153,141	\$32.80

MARKET RECAP



INDUSTRIAL STATISTICS

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
Urban Core	16,005,137	344,223	975,442	-	6.1%	125,611	193,899	\$8.95
Framingham-Natick	2,792,182	-	243,246	10,000	9.1%	(8,140)	35,645	\$7.00
Route 128 North	24,232,334	-	1,550,032	26,000	6.5%	67,981	431,804	\$8.07
Route 128 Northwest	3,857,451	-	555,348	-	14.4%	50,072	62,258	\$17.16
Route 128 South	35,915,488	-	2,623,834	5,400	7.3%	670,154	1,286,716	\$6.43
Route 128 West	3,989,301	-	198,441	4,787	5.1%	48,800	130,279	\$16.61
ROUTE 128 TOTAL	67,994,574	-	4,927,655	36,187	7.3%	837,007	1,911,057	\$8.57
Route 495 North	17,930,048	-	2,071,273	236,511	12.9%	70,652	28,749	\$8.65
Route 495 Northeast	11,781,485	175,000	1,409,369	248,500	14.1%	289,836	268,435	\$10.79
Route 495 South	29,374,626	1,237,000	2,754,162	-	9.4%	(129,222)	(287,445)	\$5.81
Route 495 West	14,217,983	-	886,197	101,614	6.9%	80,255	156,781	\$8.81
ROUTE 495 TOTAL	73,304,142	1,412,000	7,121,001	586,625	10.5%	311,521	166,520	\$7.99
MARKET TOTAL	160,096,035	1,756,223	13,267,344	632,812	8.7%	1,265,999	2,307,121	\$8.26

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)

3.5% UNEMPLOYMENT RATE US AVERAGE: 4.9%

2,607,370 LABOR FORCE

16 LIFE SCIENCE INCUBATORS

BOSTON

Corporate

DAVID M. SLYE

President & CEO
617.457.3401
dslye@naihunneman.com

STEPHEN M. PROZINSKI

COO
617.457.3370
sprozinski@naihunneman.com

STUART PRATT, SIOR, CCIM

Chairman
617.457.4333
spratt@naihunneman.com

DAVID E. FINNEGAN

Vice President, Marketing Services
617.457.3238
dfinnegan@naihunneman.com

AMY STEWART

Graphics Manager
617.457.3335
astewart@naihunneman.com

LIZ BERTHELETTE

Director of Research
617.457.3306
lberthelette@naihunneman.com

Boston Leasing & Sales

PETER EVANS

Executive Vice President
617.457.3402
pevans@naihunneman.com

JEFF BECKER

Senior Vice President
617.457.3424
jbecker@naihunneman.com

BEN SUTTON

Vice President
617.457.3262
bsutton@naihunneman.com

BROOKE BLUE

Associate
617.457.3403
bblue@naihunneman.com

COLIN GORDON

Associate
617.457.3265
cgordon@naihunneman.com

MATTHEW DAVIS

Associate
617.457.3305
mdavis@naihunneman.com

Suburban Office, R&D Leasing & Sales

STEVE JAMES

Executive Vice President
617.457.3263
sjames@naihunneman.com

JAMES BOUDROT, CCIM, SIOR

Executive Vice President
617.457.3328
jboudrot@naihunneman.com

DAVID GILKIE, CCIM, SIOR

Senior Vice President
617.457.3202
dgilkie@naihunneman.com

MICHAEL ALLEN

Assistant Vice President
617.457.3255
mallen@naihunneman.com

JASON REXINIS

Assistant Vice President
617.457.3332
jrexinis@naihunneman.com

Cambridge / Life Sciences Leasing & Sales

EVAN GALLAGHER

Executive Vice President/
Director of Life Sciences
617.457.3350
egallagher@naihunneman.com

JIM NICOLETTI

Executive Vice President
617.457.3386
jimnic@naihunneman.com

MARKELL BLOUNT

Assistant Vice President
617.457.3405
mblount@naihunneman.com

JAMES MCCARTHY

Associate
617.457.3317
mdavis@naihunneman.com

Industrial Leasing & Sales

F. MICHAEL DIGIANO

Executive Vice President
617.457.3410
mdigiano@naihunneman.com

TREY AGNEW

Executive Vice President
617.457.3363
tagnew@naihunneman.com

CATHY MINNERLY

Executive Vice President
617.457.3334
cminnerly@naihunneman.com

OVAR OSVOLD

Vice President
617.457.3222
oosvold@naihunneman.com

Capital Markets

DAVID N. ROSS

Executive Vice President
617.457.3392
dross@naihunneman.com

CARL CHRISTIE

Executive Vice President
617.457.3394
christie@naihunneman.com

ROBERT TITO

Executive Vice President
617.457.3231
rtito@naihunneman.com

MARK HALL

Executive Vice President
617.457.3412
mhall@naihunneman.com

ANDREW KAEYER

Executive Vice President
617.457.3400
akaeyer@naihunneman.com

MARK DOHERTY

Executive Vice President
617.457.3277
mdoherty@naihunneman.com

DAN MCGEE

Assistant Vice President
617.457.3266
dmcgee@naihunneman.com

GINA BARROSO

Assistant Vice President
617.457.3261
gbarroso@naihunneman.com

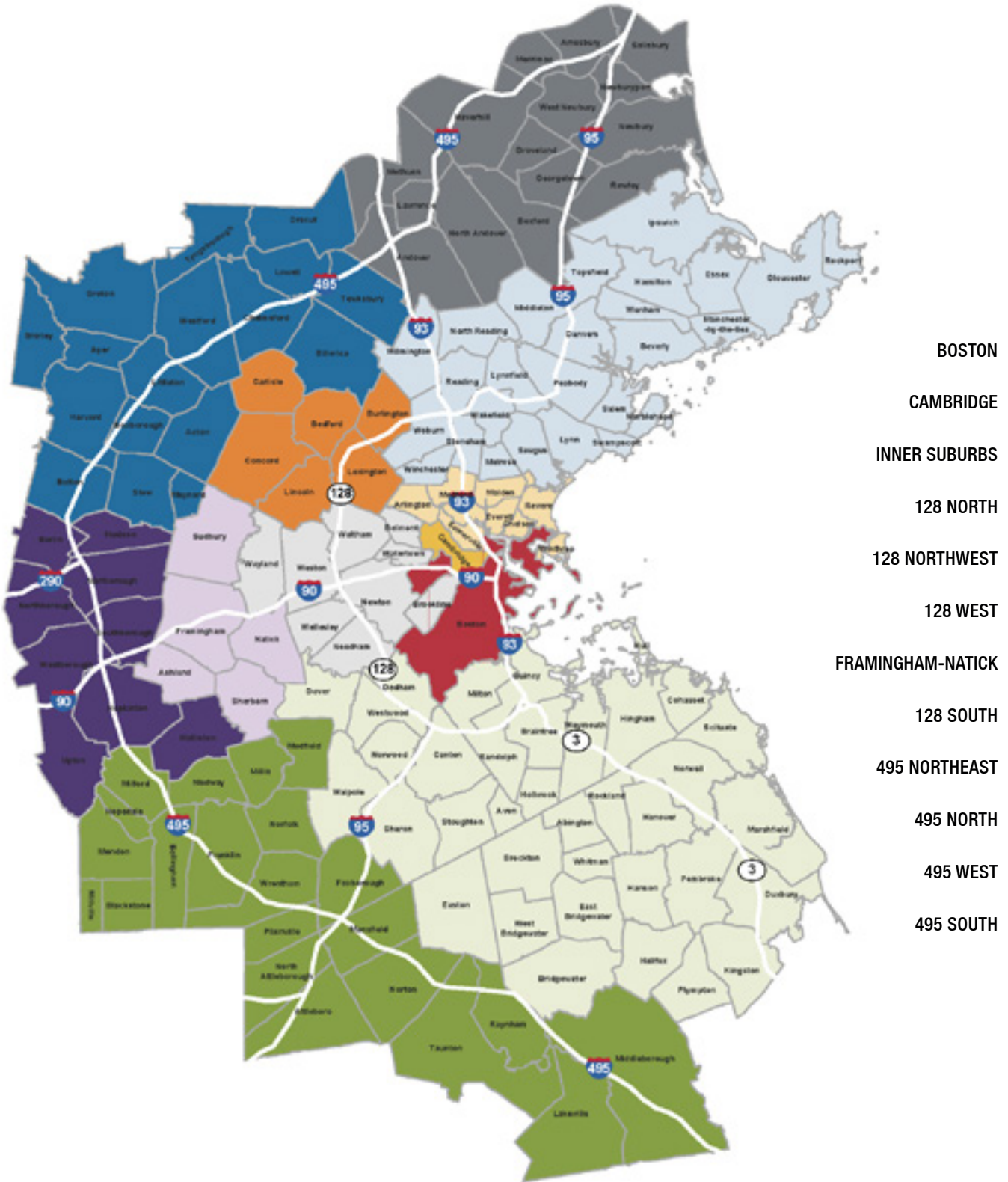
HENRY LIEBER

Assistant Vice President
617.457.3383
hlieber@naihunneman.com

PATRICK GRADY

Associate
617.457.3278
pgrady@naihunneman.com

SUBMARKET MAP



Q2

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:** June, 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

Committed to Boston, Connected to the World.

303 Congress Street | Boston, MA 02210 | 617.457.3400

www.NAIHunneman.com    