

# Q2

2017

M E T R O B O S T O N

# MARKET REPORT



## MARKETS STILL POSITIVE DESPITE SLOWER Q2

### NAIHunneman

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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

# Suburbs Lead the Way in Q2

Net absorption was slightly positive in Greater Boston's office market during the second quarter. While fundamentals are generally positive, conditions are clearly shifting in the economy and the office market. Build-to-suit activity and owner-user sales drove a majority of the positive absorption in the suburbs, but metrowide vacancies remained flat compared to last quarter at 11.3%. While absorption may increase during the second half of this year, on the whole, relocations are resulting in decreased office footprints. Looking beyond 2017, demand growth will likely fail to reach levels Greater Boston has seen in recent years.

Landlords continue to push lease rates throughout the metro. However, rents are beginning to level off in some segments of the marketplace. Metrowide average asking rents ended the second quarter at \$33.60 per square foot, which is only slightly above first-quarter rents. Class A rents surpassed \$41 per square foot at the metro level, with both the Downtown and Cambridge markets averaging more than \$60 per square foot. In addition, the lack of vacancy in certain areas, like Fenway/Kenmore and Cambridge's Class B market, have led to very few rent observations. Any movement in space fundamentals can impact the stats in these ultra-tight office markets.

With the groundbreaking of a handful of projects, office construction ticked up to 3.6 million square feet in the second quarter. Development has shifted to the Urban Core, with sitework beginning on Akamai Technologies new headquarters in Kendall Square, MIT's South of Main campus and

GE's Seaport headquarters. Additional projects are moving through the development pipeline. Large-scale redevelopments are slated for several infill locations including Widdett Circle, the NECCO site and Suffolk Downs. Plans appear to be progressing on the Winthrop Square tower, the Sullivan Courthouse redevelopment in Cambridge and WS Development's Seaport Square. In the suburbs, deliveries remain limited after this year. With that said, build-to-suits for NBCUniversal and athenahealth will likely break ground. Though developers are hurrying to begin construction while the current expansion cycle still has legs, banks remain cautious of construction lending, which may curtail some of these planned projects.

Tenant migration into Downtown Boston continues. The Brattle Group, VMware, Analog Devices, First Marblehead, Nasuni and Catalyst Online represent just some of the suburban companies making the move recently. Changing workplace dynamics and demographics have largely driven this shift from suburban to urban, with access to amenities, public transit, talent, etc. being top priorities. While there are instances of the opposite occurring (PayPal and InCrowd plan to move operations to Route 128 West), tenants are focused on assets with upgraded lobbies, bustling common areas, fitness and dining options, and outdoor spaces.

While sublease space in the Greater Boston remains muted compared to previous cycles, availabilities have been ratcheting up in recent years. Though not a major concern yet, as the year progresses this is definitely a trend to watch in the office market.

TOTAL VACANCY RATE	DIRECT VACANCY	Q2 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
11.3%	10.4%	80,237	\$33.60	3,597,095

MA Business Confidence Index:

**61.8** OUT OF 100  
(June 2017)

Boston Unemployment Rate:

**4.0%**  
(June 2017)

Boston Office-using Employment:

**21,100**  
Jobs added  
2.9% Growth year-over-year

State Tech & Science Index:

**NO. 1**  
by Milken Institute

MA Economy Ranked:

**NO. 5**  
by USNews

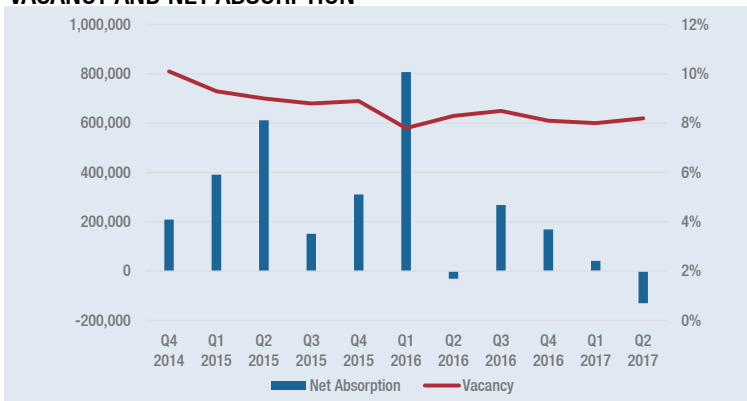


# OFFICE STATISTICS

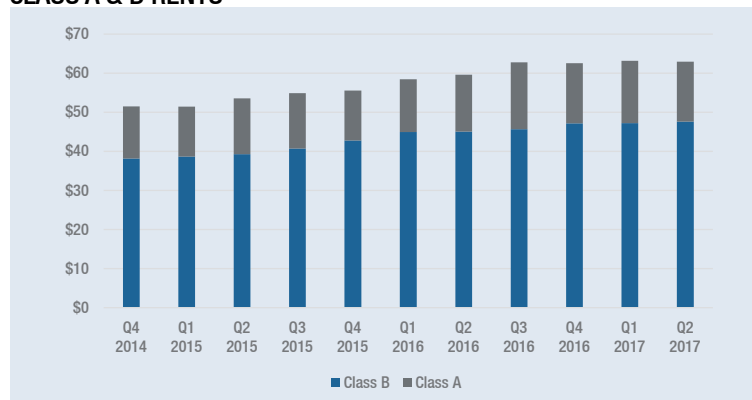
## DOWNTOWN

DOWNTOWN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	48,344,744	3,820,792	7.9%	(130,810)	69,457
Class B	20,916,772	1,825,201	8.7%	1,185	(157,304)	\$47.61
<b>CLASS A &amp; B TOTAL</b>	<b>69,261,516</b>	<b>5,645,993</b>	<b>8.2%</b>	<b>(129,625)</b>	<b>(87,847)</b>	<b>\$57.92</b>

### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### RECENT CONSTRUCTION



### TRENDS

- The second quarter brought negative absorption to the Downtown market, which pushed vacancies up slightly to 8.2%.
- Class B asking rents continue to climb, nearing \$48 per square foot on average, while Class A rates were flat on a quarter-over-quarter basis.
- Traditional office users, like law firms, continue to rightsize in Boston. Most recently, K&L Gates and Locke Lord vacated more than 25,000 square feet each in the Downtown market.
- Following an exhaustive search for space, Mintz-Levin is renewing its lease at One Financial Center. The firm plans to execute a 15-year extension for 205,000 square feet; decreasing its footprint by 18%.
- While Aetna chose New York over Boston for its planned relocation, another industry giant is expanding. Amazon leased 150,000 square feet at 253 Summer Street in the Seaport; backfilling Neighborhood Health Plan's space.
- GE broke ground on its new 393,000-square-foot headquarters on Necco Street, which is slated to deliver in 2019.
- Boston's urban migration continues. VMware, The Brattle Group, Analog Devices, and First Marblehead represent just some of the companies moving to Downtown markets in recent quarters.

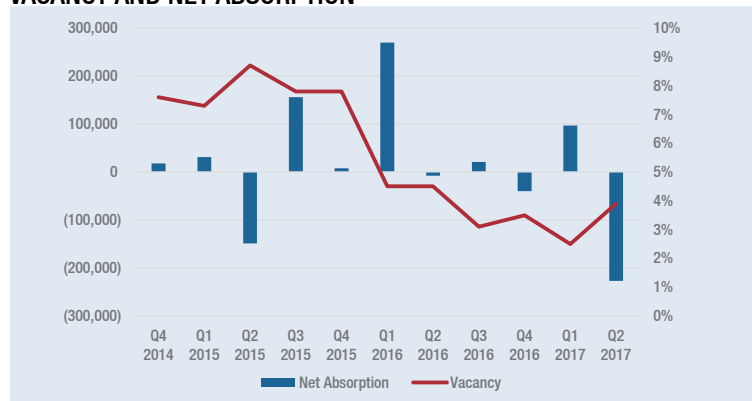
### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Amazon	253 Summer Street	150,000	Seaport	Relocation
Holland & Knight	10 St. James Avenue	105,130	Back Bay	Renewal
US Bank	1 Federal Street	63,936	Financial District	Renewal
VMware	500 Washington Street	37,948	Financial District	Relocation/Contraction
Shoes.com	1 Constitution Road	31,300	Charlestown	Relocation/Expansion

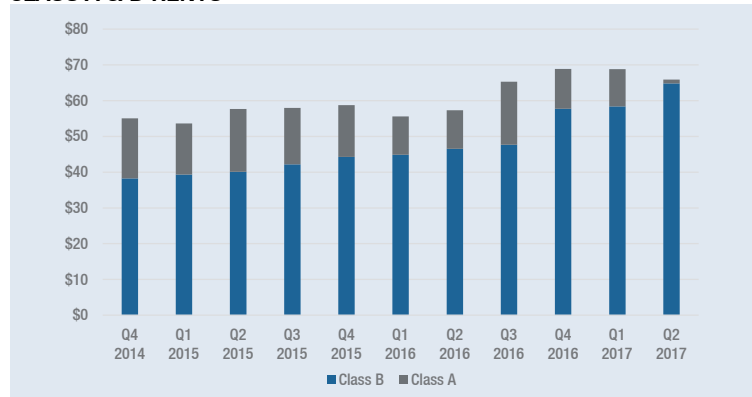


CAMBRIDGE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	6,985,421	359,624	5.1%	(234,831)	(125,193)
Class B	3,404,090	46,900	1.4%	7,906	(4,766)	\$64.78
<b>CLASS A &amp; B TOTAL</b>	<b>10,389,511</b>	<b>406,524</b>	<b>3.9%</b>	<b>(226,925)</b>	<b>(129,959)</b>	<b>\$64.92</b>

### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### CONTIGUOUS BLOCKS



### TRENDS

- The Cambridge office market posted more than 200,000 square feet of negative absorption in the second quarter; pushing vacancies up to 3.9%.
- Biogen's 141,830-square-foot sublease at 105 Broadway, the demolition of the 79,616-square-foot 145 Broadway and Whole Foods' relocation to Marlborough accounted for the majority of this negative absorption.
- Rapidly rising rents and a continued shift toward biotech/life sciences have led to traditional tech tenants increasingly looking outside of Cambridge for their commercial real estate needs.
- Tsoi Kobus Design recently vacated 20,000 square feet at 1 Brattle Square. The firm relocated to 60 State Street in the Financial District.
- Hub Spot expanded again at One Canal Park and Verizon is planning to open 10,000 square feet of co-working space at its 10 Ware Street facility.
- Boston Properties demolished 145 Broadway to make way for Akamai Technologies' new 486,000-square-foot headquarters. The 19-story tower is slated to deliver in 2019.
- With more consolidations and relocations on the horizon, office availabilities may tick up in the coming years. While office demand appears to be waning in Cambridge, growing lab tenants will likely help back-fill this space.
- Morgan Stanley's acquisition of three buildings on Cambridgepark Drive points to West Cambridge's transition into a viable office market. 100,125 and 150 Cambridgepark Drive sold for a combined \$270 million or roughly \$444 per square foot.
- MIT broke ground on its South of Main campus, beginning with a 345,000-square-foot office building at 314 Main Street. The project is also expected to complete in 2019.

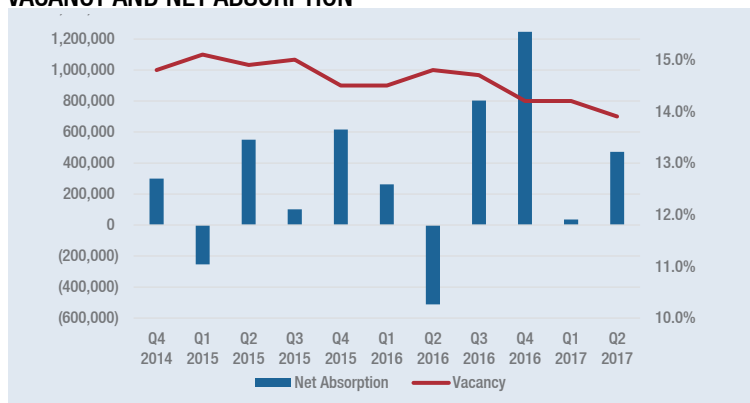
### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Harvard University	625 Massachusetts Avenue	35,600	Mid Cambridge	Extension
Toyota	1 Kendall Square	25,000	East Cambridge	Expansion

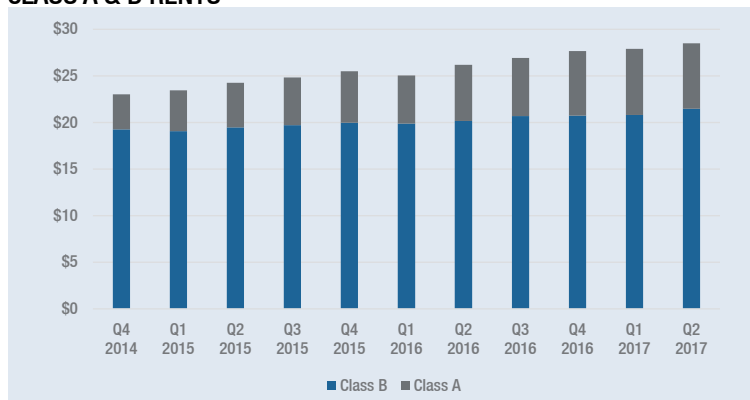


SUBURBAN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	57,966,365	6,952,825	12.0%	446,858	129,865
Class B	52,686,578	8,438,517	16.0%	(10,071)	342,327	\$21.46
<b>CLASS A &amp; B TOTAL</b>	<b>110,652,943</b>	<b>15,391,342</b>	<b>13.9%</b>	<b>436,787</b>	<b>472,192</b>	<b>\$24.48</b>

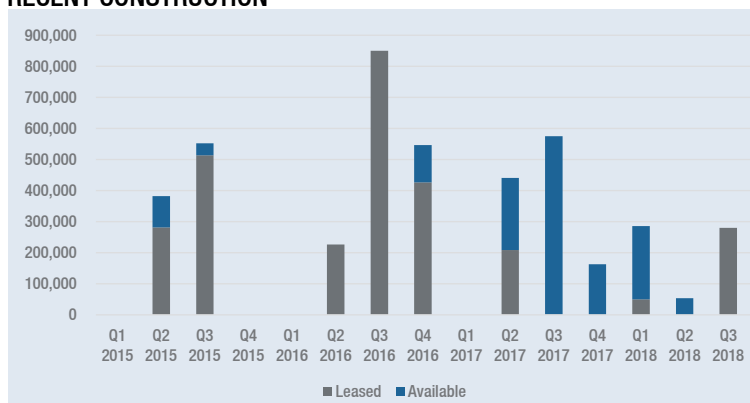
### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### RECENT CONSTRUCTION



### TRENDS

- With roughly 500,000 square feet of positive absorption year-to-date, Suburban Boston office vacancies ended the second quarter at 13.9%.
- The delivery of SharkNinja's new headquarters at 89 A Street, Needham and Whole Foods' occupancy of 50,000 square feet at 200 Forest Street, Marlborough accounted for the majority of activity.
- Owner-user sales from non-traditional office tenants have also bolstered absorption this quarter. The US-Chinese Innovation Center acquired 397 Williams Street in Marlborough. The 130,000-square-foot center will house North American headquarters for 35-40 Chinese companies. Foxborough Charter School and Crossroads School also purchased buildings in Foxborough and Marlborough, respectively.
- Construction on the 185,000-square-foot LINX building in Watertown, which C4 Therapeutics will anchor, concluded this quarter. As lab users continue to migrate out of Cambridge, we could see more lab conversions in this building going forward.
- NBCUniversal is planning a regional headquarters in Needham at the old General Dynamics campus. The 165,000-square-foot complex will likely break ground soon, as hundreds of employees are reportedly making the move in early 2019.

### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
MITRE Corporation	201 Burlington Road, Bedford	43,535	Route 128 North	Expansion
Ipswitch	15 Wayside Road, Burlington	33,165	Route 128 Northwest	Relocation
Compliance Technologies	200 Brickstone Square, Andover	29,000	Route 495 Northeast	Renewal/Expansion
Oxford Immunotec Inc.	320 Norwood Park South, Norwood	25,523	Route 128 South	Relocation/Expansion
ViaSat	300 Nickerson Road, Marlborough	20,800	Route 495 West	Relocation



## INDUSTRIAL STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

# Industrial Outlook Remains Optimistic

The Greater Boston industrial market absorbed more than 300,000 square feet of space in the second 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, logistics, high-tech manufacturing, breweries and medical marijuana facilities are all bolstering industrial demand in the marketplace.

Rents have risen 15% since the end of 2014, ending the second quarter at \$8.64 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, will keep market fundamentals moving in the right direction going forward.

Last-mile distribution has become the darling of the industrial market. The advent of 1-hour delivery and consumers' need for convenience are driving demand for older, industrial product in infill locations throughout Boston. Moreover, industry experts suspect Amazon's acquisition of Whole Foods is a logistics play, giving the e-commerce giant direct access to some of the nation's wealthiest and densest zip codes. Look for more growth in Boston's urban industrial markets from Amazon and its competitors as consumer spending patterns continue to evolve.

On the flipside, infill locations with redevelopment potential are in high demand from investors and developers alike. Large-scale redevelopment projects are on tap for the Flower Exchange site and Widdett Circle (both

in Boston) while plans for sites in Needham and Newton continue to move forward. The Boston Flower Exchange has already made the move to Chelsea and the Abbey Group is planning to create a tech and life science hub on their former site in the South End. Food wholesalers clustered in Widdett Circle recently announced plans to sell their current property and relocate to a new facility at the Raymond L. Flynn Marine Park in the Seaport. This trend will likely continue as demand for other commercial and residential uses drive the redevelopment of more urban infill locations.

Industrial sales overall decelerated this quarter as some investors remain cautious. With that said, the highest-quality assets and infill properties continue to transact while owner-users remain active. Atlantic Management's acquisition of Necco's former headquarters at 135 American Legion Highway in Revere and the sale of 1 Beeman Street in Northborough represent some of the largest industrial deals of the second quarter. Owner-users have been snapping up buildings across geographies and assets types in Greater Boston. The most recent acquisitions include 39 Perry Avenue in Attleboro, 50 Suffolk Road in Mansfield and 21 Pacella Park Drive in Randolph.

In order to accommodate larger ships in a post-Panama Canal expansion world, ports throughout the country have been eyeing dredging projects. While the deepening of Boston's Conley Terminal has been on our radar for a few years, the proposed Presidential budget released in the spring requested money for only two port projects; Boston and Savannah. Each city would essentially share \$108MM for their respective projects. This, coupled with infrastructure upgrades, bode well for industrial activity here.

TOTAL VACANCY RATE	DIRECT VACANCY	Q2 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
7.7%	7.4%	315,117	\$8.64	1,047,000

Containerized Cargo:

**126,688 TEUS**  
(YTD June 2017)  
7.2% Growth year-over-year

Manufacturing Output:

**10.10%**  
of GSP  
(2015)

Housing Permits:

**5,604**  
(YTD May 2017)  
27% Increase year-over-year

Industrial Employment:

**824,000**  
MA Jobs (June 2017)  
0.5% Growth year-over-year

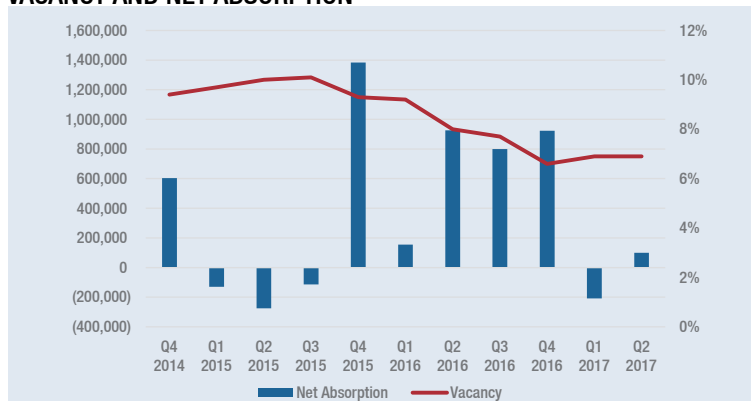
Biopharma MFG Employment:

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

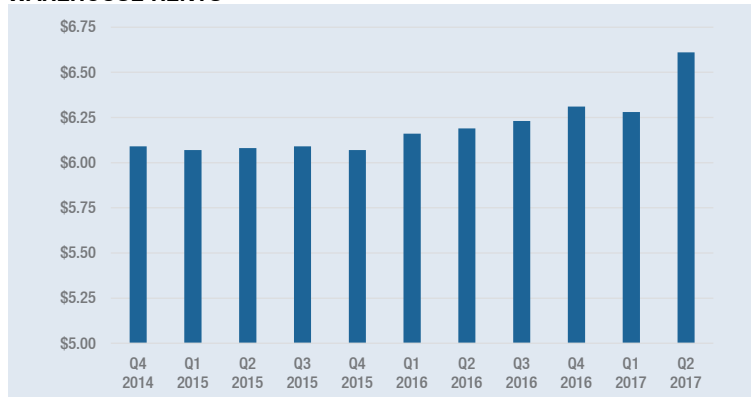


WAREHOUSE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	TOTAL	90,409,852	6,243,004	6.9%	100,205	(107,848)

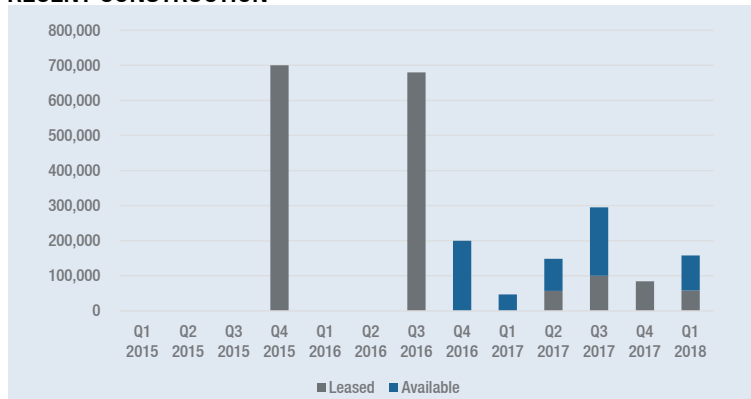
### VACANCY AND NET ABSORPTION



### WAREHOUSE RENTS



### RECENT CONSTRUCTION



### TRENDS

- Greater Boston's warehouse market posted 100,205 square feet of positive absorption in the second quarter, but the delivery of 600 West Street in Mansfield and tenant move-outs kept vacancies unchanged from last quarter.
- With vacancies sub-7%, asking rents in the warehouse market continue to climb. Year-over-year, lease rates have increased by 6.3% to \$6.61 per square foot this quarter.
- Owner-user sales continue to drive activity in the warehouse market. Two of the largest transactions were Design Communications' purchase of the 136,680-square-foot 85 Bodwell Street in Avon and 47 Brand's acquisition of the 465,000-square-foot 140 Laurel Street in East Bridgewater. Lacerta Group also exercised their option to purchase 50 Suffolk Road in Mansfield, which sold for \$8.9MM or \$69 per square foot.
- Move-ins by UPS at 40 Fordham Road in Wilmington and Sonepar at 560 Oak Street in Brockton took place during the second quarter.
- CPI Radant's full-building lease of the vacant 4 Bonazzoli Avenue, Hudson represents one of the largest deals of the quarter. The firm plans to consolidate operations from Stow and Clinton.
- Homans Associates, European Granite and Marble, and Shoebuy.com all renewed and expanded their leases this quarter.

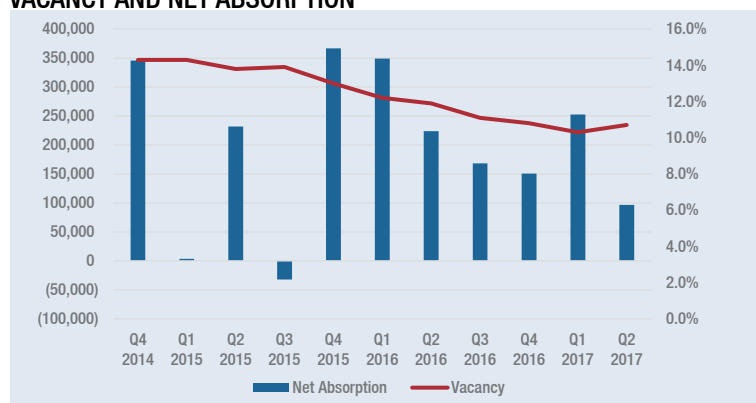
### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Lifoam	351 Holt Road, Andover	248,500	Route 495 Northeast	Relocation/Expansion
CPI Radant	4 Bonazzoli Avenue, Hudson	128,000	Route 495 West	Relocation
Shoebuy.com	36 Cabot Road, Woburn	100,000	Route 128 North	Renewal/Expansion
Homans Associates	250 Ballardvale Street, Wilmington	101,634	Route 128 North	Renewal/Expansion
European Granite and Marble	675 Canton Street, Norwood	91,000	Route 128 South	Renewal/Expansion

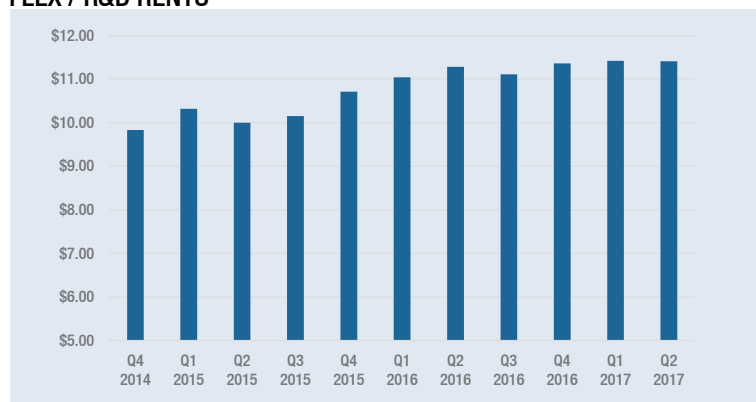


FLEX / R&D	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	50,170,962	5,363,722	10.7%	96,771	349,478

### VACANCY AND NET ABSORPTION



### FLEX / R&D RENTS



### RECENT CONSTRUCTION



### TRENDS

- While net absorption in the Greater Boston Flex/R&D market slowed to its lowest level in 18 months, the second quarter stats were still positive. The delivery of LBF Corporation's 65,000-square-foot facility in Marlborough accounted for the majority of activity.
- Consolidating office and industrial space from tech, biotech and manufacturing companies continue to drive demand for this product type.
- Sitework began on M/A-COM, Inc.'s 58,000-square-foot expansion at its headquarters in Lowell. The new building will include offices, collaborative space and a loading dock.
- Gatehouse Media is planning to sell its 95,000-square-foot building at 33 New York Avenue in Framingham and relocate employees elsewhere in the Metro West.
- Estes Transportation took occupancy of 34,000 square feet at 24 Williams Way in Bellingham and Teleflex Medical OEM renewed and expanded its lease at 375 Forbes Boulevard in Mansfield.
- Lonza Biologics is subleasing 128,000 square feet of space at its former facilities in Hopkinton; located at 97 and 99 South Street.
- Lease rates held steady at \$11.41 per square foot in the second quarter and asking rents increased by almost 4% on a year-over-year basis. Flex/R&D properties in premier submarkets are seeing rents in the low-\$20 per square foot triple net.

### NOTABLE TRANSACTIONS

TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
Tegra	9 Forge Parkway, Franklin	81,293	Route 495 South	Extension
Teleflex Medical OEM	375 Forbes Boulevard, Mansfield	57,367	Route 495 South	Renewal/Expansion
Physical Sciences	6 Riverside Drive, Andover	32,978	Route 495 Northeast	Relocation
InfraREDx	32-34 3rd Avenue, Burlington	26,400	Route 128 Northwest	Extension



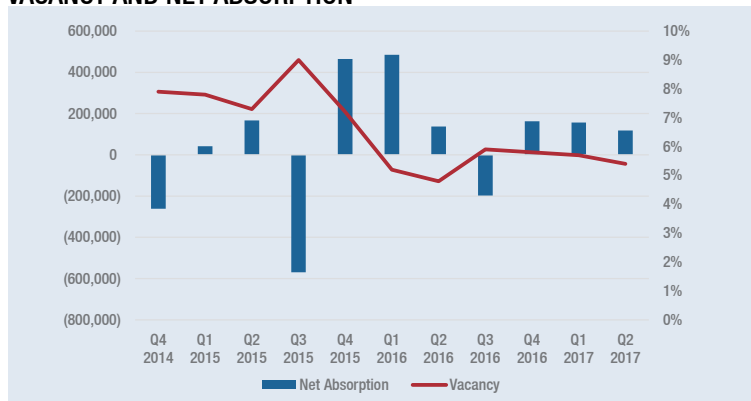


# INDUSTRIAL STATISTICS

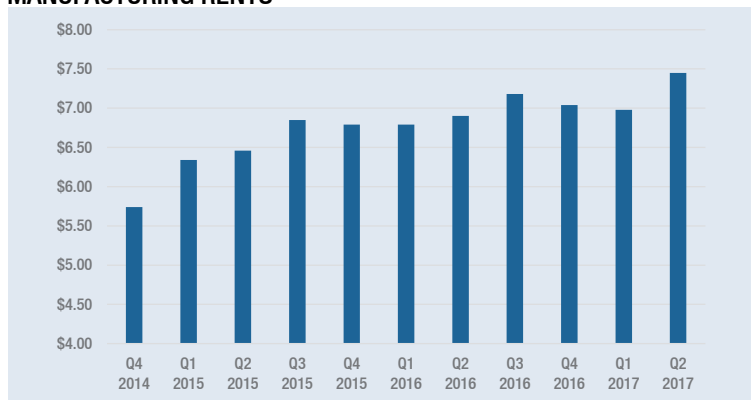
## MANUFACTURING

MANUFACTURING		TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q2 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	33,562,596	1,808,841	5.4%	118,141	274,588	\$7.45

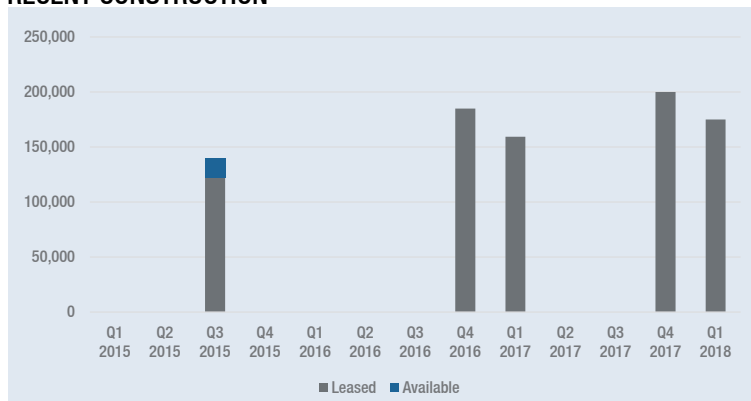
### VACANCY AND NET ABSORPTION



### MANUFACTURING RENTS



### RECENT CONSTRUCTION



### TRENDS

- Greater Boston's manufacturing market posted another quarter of positive absorption, bringing vacancies down to 5.4% in the second quarter. Average asking rents are now sitting close to \$7.50 per square foot here.
- Maxon Precision Motors recently acquired a 6.75-acre parcel in the Business Park at Myles Standish in Taunton. The firm has also broken ground on a new manufacturing and assembly facility on the site, totaling 59,000 square feet, with plans to relocate operations from Fall River.
- Qinetiq North America took occupancy of 59,970 square feet at 130 Constitution Boulevard in Franklin, relocating from Waltham. The building recently sold to SW Management Company for \$6.4MM or \$107 per square foot.
- Lubrizol renewed an 83,834-square-foot lease at 207 Lowell Street in Wilmington.
- In another owner-user sale, Cox Engineering acquired the 73,000-square-foot 21 Pacella Park Drive in Randolph in May for \$5.1MM or \$70 per square foot.
- In one of the largest transactions of the year, Atlantic Management purchased the 829,000-square-foot former NECCO warehouse and production facility at 135 American Legion Highway in Revere for \$54.6MM. Surrounding land was included in the sale as well. Necco plans to relocate to a new site, leaving the entirety of the building available for lease.

### NOTABLE TRANSACTIONS

TENANT / BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
Lubrizol	207 Lowell Street, Wilmington	83,834	Route 128 North	Renewal
Cox Engineering	21 Pacella Park Drive, Randolph	73,000	Route 128 South	Owner-User Sale
SW Management Company	130 Constitution Boulevard, Franklin	59,970	Route 495 South	Sale
Walden Local, Inc.	18 Esquire Road, Billerica	17,000	Route 495 North	Lease
Blue Lodus Ventures	730 Eastern Avenue, Malden	3,000	Central Industrial	Lease



## CAPITAL MARKETS OVERVIEW



OFFICE SALES VOLUME (\$)



MULTIFAMILY SALES VOLUME (\$)



RETAIL SALES VOLUME (\$)



INDUSTRIAL SALES VOLUME (\$)

## Sales Volume Falls Further, but Boston Still Top Capital Destination

At a macro level, investors continued to pull back on commercial real estate investment in the second quarter, with retail, multifamily and hotel assets seeing the largest declines during the first half of 2017. According to preliminary data from Real Capital Analytics, U.S. deal volume for the first 6 months of 2017 fell by roughly 9% on a year-over-year basis. In terms of pricing there are mixed signals in the market place. Green Street Advisors' June CPPI was up on a year-over-year basis but has posted modest declines over the last few months. Ten-X's monthly pricing index paints a similar picture, with national commercial real estate pricing dropping by 0.3% in June. Rising interest rates, length of this expansion cycle and uncertainty surrounding current federal legislation are factors impacting commercial real estate pricing. With that said, CPPI's from both CoStar and Real Capital Analytics posted modest gains in May and pricing remains elevated at cyclical highs.

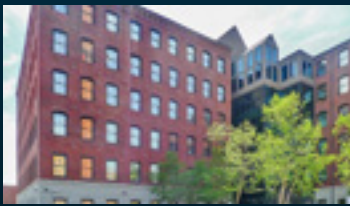
The Boston metro fared somewhat better than other major U.S. metros, with overall sales volume remaining flat compared to year-ago levels. Moreover, Boston is among the top U.S. markets, behind only Los Angeles, Manhattan and Dallas, for total sales volume in the first half of the year. Capital remains interested in Boston, and the market's limited inventory of available properties has kept upward pressure on pricing here.

Office investment has been focused in the metro's Urban Core as several large transactions took place in the second quarter. Rockpoint Group LLC acquired the 546,336-square-foot 100 High Street for \$370MM or \$677 per square foot while Synergy Investments closed on the Center Plaza portfolio; paying more than \$125MM or \$492 per square foot. Rockpoint Group also snapped up 160 Federal Street this quarter. The 367,000-square-foot office tower sold for \$190MM or \$518 per square foot. Current price tags on these trades represent significant increases in pricing when compared to the most recent previous transaction. Investors have been active in Boston's Class B market as well. LaSalle Investment Management and L3 Capital LLC recently purchased the long-vacant 399 Washington Street in Downtown Crossing for \$63.25MM or \$834 per square foot with plans to redevelop the building. 250-260 Summer Street and 148 State Street also changed hands this quarter, while AIG Investments acquired partial interest in the five-building portfolio known as The Hive.

Several owner-user sales, primarily in the industrial market, took place in the second quarter. Most recently, Engineered Materials Solutions purchased a 456,000 square foot manufacturing facility in Attleboro for \$13MM or \$29 per square foot and Nova Coldstone Corporation acquired a refrigerated industrial building in Myles Standish Industrial Park for \$12MM or \$133 per square foot.

### TOP Q2 / CLASS B INVESTMENT SALES

#### OFFICE



**Tower Point**  
27-43 Wormwood Street  
Boston

Buyer	Northwood Investors/BVK
Price	\$86,850,000
Total SF	157,067
Price/SF	\$553
Cap Rate	4.00%

#### MULTIFAMILY



**Glen Meadow Apartments**  
43 Glen Meadow Road  
Franklin

Buyer	Jonathan Rose Companies/ Schochet Companies
Price	\$51,100,000
Units	288
Price/ Unit	\$177,430
Cap Rate	5.95%

#### RETAIL



**Highland Avenue Portfolio**  
1257-1299 Highland Avenue  
Needham (NAI Hunneman Deal)

Buyer	The Grossman Companies, Inc.
Price	\$11,650,000
Total SF	21,252
Price/SF	\$548
Cap Rate	6.00%

#### INDUSTRIAL



**525 Campanelli  
Industrial Drive**  
Brockton

Buyer	NorthBridge Partners
Price	\$11,500,000
Total SF	300,114
Price/SF	\$38
Cap Rate	5.74%



## OFFICE SALES

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	TOTAL
SALES VOLUME (\$)	\$1,259,678,726	\$1,449,433,520	\$2,243,567,646	\$2,827,326,864	\$7,780,006,756
# OF TRANSACTIONS	90	103	77	84	354
TOTAL SF	3,598,433	4,685,421	5,915,914	7,392,669	21,592,437
MEDIAN \$/SF	\$168	\$183	\$139	\$184	\$170

## MULTIFAMILY SALES

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	TOTAL
SALES VOLUME (\$)	\$541,382,279	\$1,091,802,971	\$298,964,788	\$763,079,834	\$2,695,229,872
# OF TRANSACTIONS	83	103	79	61	326
TOTAL UNITS	2,541	4,204	954	2,918	10,617
MEDIAN \$/UNIT	\$158,633	\$170,833	\$233,333	\$177,431	\$177,604

## RETAIL SALES

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	TOTAL
SALES VOLUME (\$)	\$533,063,627	\$570,436,032	\$382,563,514	\$267,596,542	\$1,753,659,715
# OF TRANSACTIONS	145	146	116	127	534
TOTAL SF	1,841,167	2,990,552	1,578,303	1,927,806	8,337,828
MEDIAN \$/SF	\$238	\$200	\$190	\$255	\$214

## INDUSTRIAL SALES

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	TOTAL
SALES VOLUME (\$)	\$319,685,430	\$688,364,820	\$441,698,965	\$326,911,138	1,776,660,353
# OF TRANSACTIONS	72	122	76	75	345
TOTAL SF	3,960,007	6,101,506	4,681,516	5,312,841	20,055,870
MEDIAN \$/SF	\$81	\$79	\$86	\$90	\$86

# 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	13,821,241	-	1,251,334	233,284	10.7%	21,266	106,518	\$65.61
Charlestown	2,443,780	-	84,984	-	3.5%	639	(2,131)	\$36.52
Fenway/Kenmore	1,700,298	-	42,768	-	2.5%	(15,592)	13,051	\$44.48
Financial District	35,350,458	375,283	2,769,087	217,961	8.4%	(91,127)	(96,344)	\$56.91
Midtown	2,099,602	-	56,788	-	2.7%	23,670	20,996	\$46.55
North Station	2,734,419	175,000	116,086	12,052	4.7%	(12,332)	(21,441)	\$45.19
Seaport	9,937,150	1,297,341	776,706	67,331	8.5%	(50,900)	(100,575)	\$55.08
South Station	1,174,568	-	17,612	-	1.5%	(5,249)	(7,921)	\$50.53
<b>BOSTON TOTAL</b>	<b>69,261,516</b>	<b>1,847,624</b>	<b>5,115,365</b>	<b>530,628</b>	<b>8.2%</b>	<b>(129,625)</b>	<b>(87,847)</b>	<b>\$57.92</b>
East Cambridge	5,575,517	393,550	52,437	156,838	3.8%	(184,193)	(109,916)	\$80.57
Mid Cambridge	2,767,114	-	95,000	23,144	4.3%	(22,967)	(25,704)	\$69.79
West Cambridge	2,046,880	-	67,400	11,705	3.9%	(19,765)	5,661	\$45.88
<b>CAMBRIDGE TOTAL</b>	<b>10,389,511</b>	<b>393,550</b>	<b>214,837</b>	<b>191,687</b>	<b>3.9%</b>	<b>(226,925)</b>	<b>(129,959)</b>	<b>\$64.92</b>
Framingham-Natick	4,609,372	-	710,693	36,758	16.2%	7,366	22,248	\$24.09
Inner Suburbs	6,410,788	53,271	523,770	46,245	8.9%	27,893	5,290	\$32.92
Route 128 North	14,201,688	145,000	1,315,809	82,431	9.8%	(22,836)	(45,167)	\$22.32
Route 128 Northwest	13,603,225	327,000	1,658,687	196,586	13.6%	(22,464)	2,248	\$30.90
Route 128 South	14,361,474	65,400	1,698,198	43,716	12.1%	(20,208)	(93,256)	\$22.77
Route 128 West	22,658,717	718,610	2,144,648	406,775	11.3%	66,742	150,977	\$37.21
<b>ROUTE 128 TOTAL</b>	<b>64,825,104</b>	<b>1,256,010</b>	<b>6,817,342</b>	<b>729,508</b>	<b>11.6%</b>	<b>1,234</b>	<b>14,802</b>	<b>\$29.20</b>
Route 495 North	13,184,076	-	2,655,869	140,929	21.2%	(25,380)	42,930	\$18.76
Route 495 Northeast	7,447,943	-	1,492,452	4,142	20.1%	40,047	87,093	\$18.60
Route 495 South	3,224,505	-	393,962	7,935	12.5%	87,780	18,492	\$18.56
Route 495 West	10,951,155	46,640	1,786,100	45,637	16.7%	297,847	281,337	\$18.84
<b>ROUTE 495 TOTAL</b>	<b>34,807,679</b>	<b>46,640</b>	<b>6,328,383</b>	<b>198,643</b>	<b>18.8%</b>	<b>400,294</b>	<b>429,852</b>	<b>\$18.73</b>
<b>SUBURBAN TOTAL</b>	<b>110,652,943</b>	<b>1,355,921</b>	<b>14,380,188</b>	<b>1,011,154</b>	<b>13.9%</b>	<b>436,787</b>	<b>472,192</b>	<b>\$24.48</b>
<b>MARKET TOTAL</b>	<b>190,303,970</b>	<b>3,597,095</b>	<b>19,710,390</b>	<b>1,733,469</b>	<b>11.3%</b>	<b>80,237</b>	<b>254,386</b>	<b>\$33.60</b>

# 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 MNN (\$/SF)
Urban Core	17,233,852	-	728,194	-	4.2%	(75,177)	215,395	\$9.94
Framingham-Natick	3,148,801	-	252,937	10,000	8.4%	18,036	45,006	\$7.16
Route 128 North	28,225,950	280,000	1,059,935	36,082	3.9%	(21,702)	115,972	\$8.64
Route 128 Northwest	3,881,064	-	213,426	8,198	5.7%	21,679	60,015	\$19.43
Route 128 South	38,722,287	100,000	3,043,581	9,000	7.9%	137,827	(57,877)	\$7.34
Route 128 West	4,325,524	-	197,397	30,975	5.3%	3,605	(2,560)	\$19.02
<b>ROUTE 128 TOTAL</b>	<b>75,154,825</b>	<b>380,000</b>	<b>4,514,339</b>	<b>84,255</b>	<b>6.1%</b>	<b>141,409</b>	<b>115,550</b>	<b>\$8.73</b>
Route 495 North	20,527,594	58,000	2,511,648	18,216	12.3%	(412)	(33,677)	\$9.68
Route 495 Northeast	11,870,357	175,000	1,420,492	157,600	13.3%	(165,280)	(47,975)	\$11.01
Route 495 South	31,090,918	434,000	2,766,070	154,000	9.4%	326,422	162,663	\$6.01
Route 495 West	15,117,063	-	725,566	72,250	5.3%	70,119	59,256	\$9.05
<b>ROUTE 495 TOTAL</b>	<b>78,605,932</b>	<b>667,000</b>	<b>7,423,776</b>	<b>402,066</b>	<b>10.0%</b>	<b>230,849</b>	<b>140,267</b>	<b>\$8.51</b>
<b>MARKET TOTAL</b>	<b>174,143,410</b>	<b>1,047,000</b>	<b>12,919,246</b>	<b>496,321</b>	<b>7.7%</b>	<b>315,117</b>	<b>516,218</b>	<b>\$8.64</b>

**10<sup>TH</sup> 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**

**UNEMPLOYMENT RATE 4.0%** US AVERAGE: 4.4%

**2,748,756 LABOR FORCE**

**16 LIFE SCIENCE INCUBATORS**

**INNOVATIVE CITY** (Innovation Cities)

**SMARTEST CITY** (Forbes)

**BOSTON**

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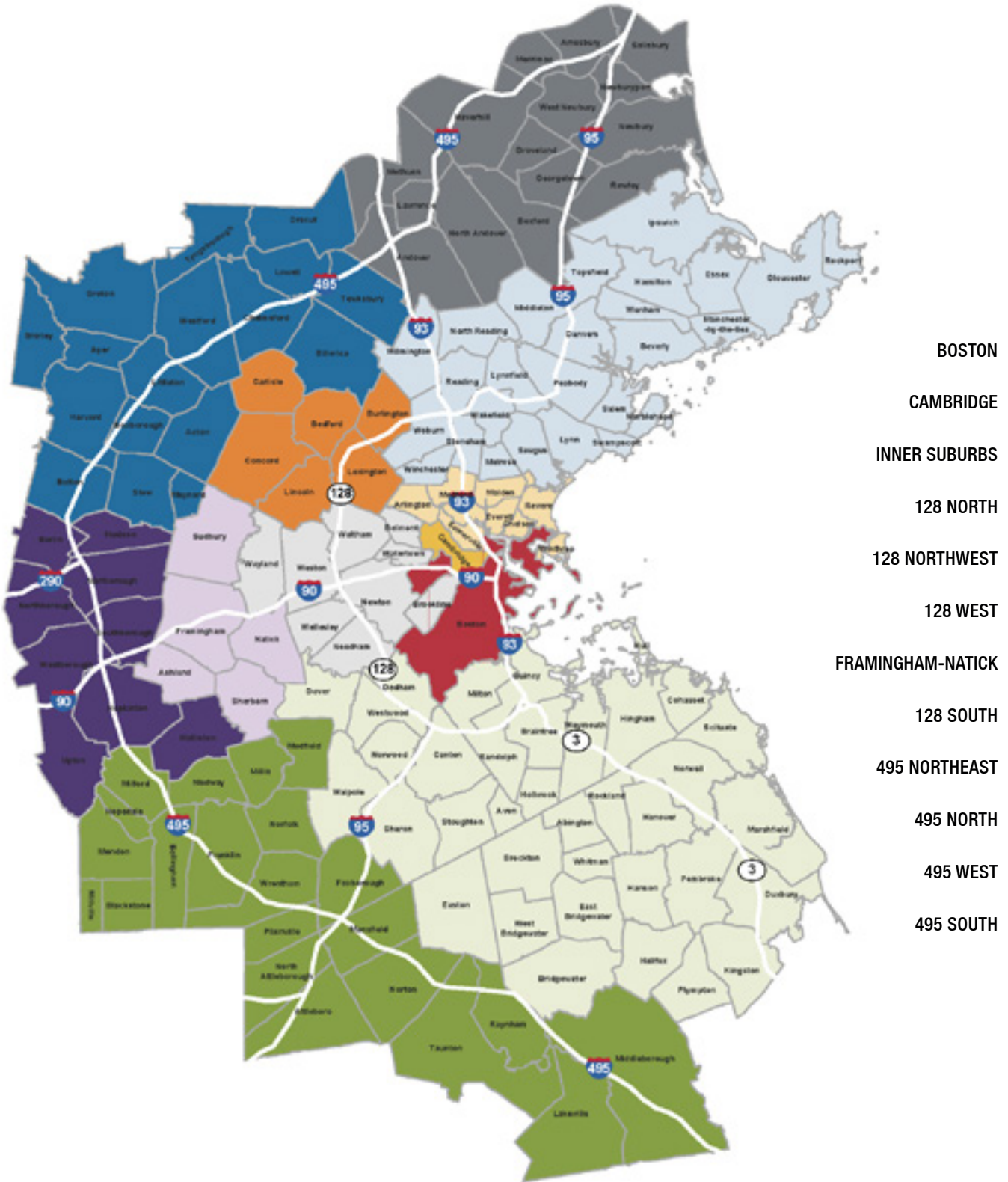
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# SUBMARKET MAP



# Q2

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:** June 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.

# NAI Hunneman

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