

2018 Q1 Q1 2018

BACK BAY OFFICE MARKET

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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)
CLASS A	12,724,028	-	1,035,475	179,162	9.5%	201,090	201,090	\$68.61
CLASS B	1,223,107	-	52,788	15,340	5.6%	(7,047)	(7,047)	\$45.16
TOTAL	13,947,135	-	1,088,263	194,502	9.2%	194,043	194,043	\$67.47

SUBMARKET TRENDS

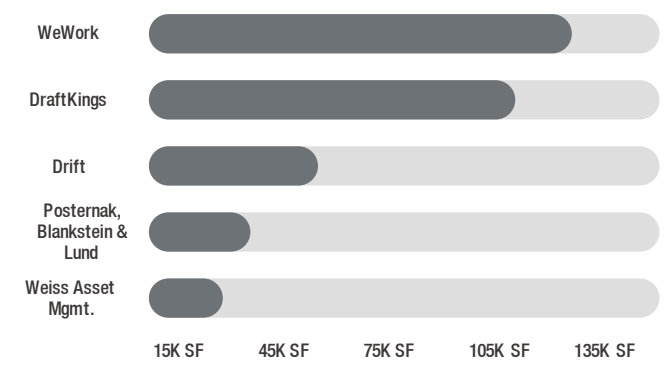
- Following two quarters of strong positive net absorption, office vacancies ended the first quarter at 9.2% in the Back Bay. This represents the lowest level in more than a year.
- The Back Bay is finally reaping the rewards of this cycle's urban office market expansion. Strong leasing in this traditional high-rise market has led to a swift decline in vacancies recently, and more growth is on the way.
- Wayfair is going gangbusters, and on the hunt for several hundred thousand square feet in this submarket. DraftKings is moving to the neighborhood; leasing more than 100,000 square feet at 500 Boylston/222 Berkeley. WeWork is opening another location in the same building, and John Hancock is shifting its headquarters from the Seaport to space they occupy here.
- After subleasing 17,000 square feet from Wayfair, it looks like Drift is expanding into its own space. The marketing technology company recently executed a lease for roughly 45,000 square feet at 500 Boylston/222 Berkeley.
- Rent growth remains solid, with average lease rates nearing \$68/SF in the Back Bay. Over the past year, rates have increased by more than 2%. As demand remains strong for office product here, look for rents to inch higher in the near term.

FEATURED DEAL

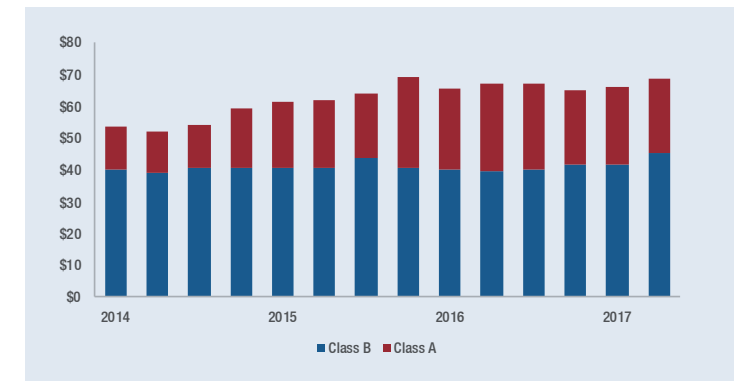
501 BOYLSTON STREET 123,000 SF

WeWork is expanding rapidly in Boston. One of the coworking giant's most recent deals took place at 501 Boylston Street in the Back Bay. The lease totaled more than 123,000 square feet across two full floors, and will have enough room for 1,700 desks. The new location is slated to open this summer; bringing WeWork's footprint to nearly 650,000 square feet.

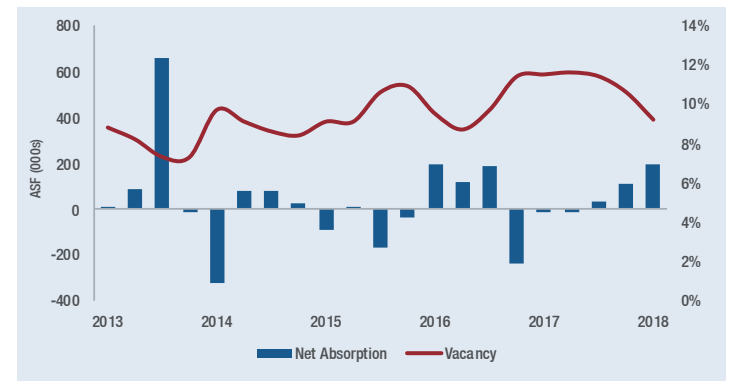
NOTABLE TRANSACTIONS



CLASS A & B RENTS



VACANCY AND NET ABSORPTION



DIRECT VACANCY
 SUBLEASE VACANCY
 12-MONTH ABSORPTION
 ASKING RENT
 STATISTICS OVER THE LAST 12 MONTHS