

2017 Q2 Q2 2017

BACK BAY OFFICE MARKET

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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)
CLASS A	12,652,410	-	1,193,327	225,944	11.2%	22,226	109,355	\$66.62
CLASS B	1,168,831	-	58,007	7,340	5.6%	(960)	(2,837)	\$44.95
TOTAL	13,821,241	-	1,251,334	233,284	10.7%	21,266	106,518	\$65.61

SUBMARKET TRENDS

- With another quarter of positive absorption on the books, vacancies haven't fallen by 80 basis points since the end of 2016.
- Class A rents have increased by 4.3% year-over-year whereas Class B rents have remained relatively level. As a result, the Back Bay remains the most expensive market in Downtown Boston, with average lease rates above \$65 per square foot.
- Traditional office users, like law firms, continue to rightsize in Boston. Most recently, Locke Lord Gates vacated more than 46,000 square feet at 111 Huntington Avenue.
- With that said, law firms have also been driving leasing activity in the Back Bay office market. Kirkland & Ellis LLP is opening its first Boston office; leasing roughly 29,000 square feet at 200 Clarendon Street. Holland & Knight renewed its lease at 10 St. James Avenue as well.
- Some brisk leasing at one of the largest towers in the Back Bay, 200 Clarendon Street, has led to significant availability declines in the building over the past year.

FEATURED DEAL

300 MASSACHUSETTS AVENUE, BOSTON 45,000 SF

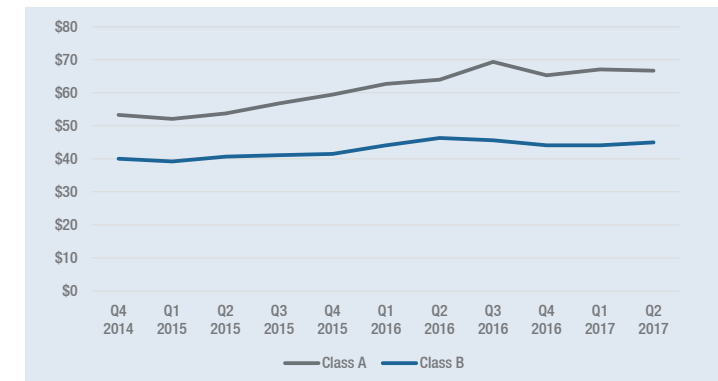
In June, Marcus Partners announced plans to acquire one of the Back Bay's most historical buildings. Church of Christ, Scientist is divesting the 45,000-square-foot Horticulture Hall at 300 Massachusetts Avenue, which it purchased in 1992 for \$1.6MM. The new owner is also planning a major renovation to the property.

NOTABLE TRANSACTIONS

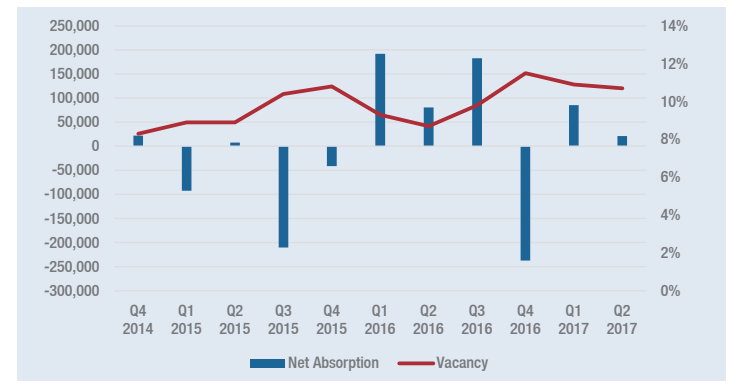
TENANT	ADDRESS	CITY	SIZE
Holland & Knight*	10 St. James Avenue	Boston	105,130
Jacobs Engineering	200 Clarendon Street	Boston	50,000
Kirkland & Ellis LLP	200 Clarendon Street	Boston	29,410
Gupta Media	200 Berkeley Street	Boston	12,500
Gradifi Co.	699 Boylston Street	Boston	11,860

*Renewal

CLASS A & B RENTS



VACANCY AND NET ABSORPTION



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