

2017 Q2 Q2 2017 FINANCIAL DISTRICT 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	28,585,110	333,283	2,053,207	146,594	7.7%	(107,437)	(36,926)	\$60.28
CLASS B	6,765,348	42,000	715,880	71,367	11.6%	16,310	(59,418)	\$47.25
TOTAL	35,350,458	375,283	2,769,087	217,961	8.4%	(91,127)	(96,344)	\$56.91

SUBMARKET TRENDS

- Vacancies inched up to 8.4% as the Financial District posted its second consecutive quarter of negative absorption. The Class A market accounted for the majority of this activity in the second quarter.
- Class B rents continued to climb, surpassing \$47 per square foot in the Financial District, while Class A rates were flat on a quarter-over-quarter basis.
- 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%.
- Traditional office users, like law firms, continue to rightsize in Boston. Most recently, K&L Gates vacated more than 25,000 square feet at 1 Lincoln Street.
- Rockpoint Group acquired 100 High Street (\$677 per square foot) and 160 Federal Street (\$518 per square foot) this quarter while Synergy Investments closed on the Center Plaza portfolio; paying \$365MM or \$492 per square foot.

FEATURED DEAL

1-3 CENTER PLAZA, BOSTON **741,231 SF**

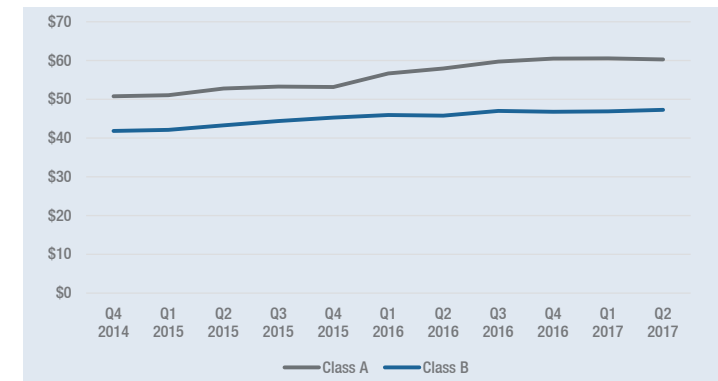
In April, Synergy Investments acquired the 3-property Center Plaza portfolio from Shorenstein Properties, which totals 741,231 square feet. The sale price was \$365MM or \$492 per square foot (an 18% increase from its 2013 price tag) with a 2.8% cap rate. With a 61% occupancy rate at the time of sale, the new owner plans to execute a value-add strategy to reduce vacancies.

NOTABLE TRANSACTIONS

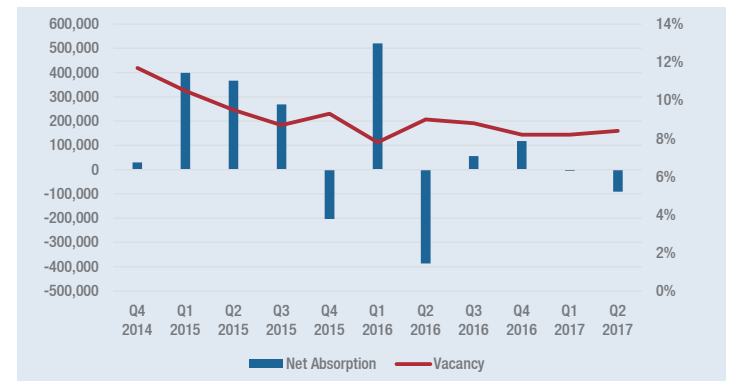
TENANT	ADDRESS	CITY	SIZE
US Bank*	1 Federal Street	Boston	63,936
Panagora Asset Management	1 International Place	Boston	39,355
VMware	500 Washington Street	Boston	37,948
Boston Private Bank	10 Post Office Square	Boston	24,100
Analog Devices	125 Summer Street	Boston	21,000

*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