

2017

Q4

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FINANCIAL DISTRICT

OFFICE MARKET

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STATISTICS

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
CLASS A	28,892,878	333,283	1,947,826	98,736	7.1%	84,013	72,037	\$60.70
CLASS B	6,796,046	48,000	736,247	26,829	11.2%	84,040	43,758	\$50.00
<b>TOTAL</b>	<b>35,688,924</b>	<b>381,283</b>	<b>2,684,073</b>	<b>125,565</b>	<b>7.9%</b>	<b>168,053</b>	<b>115,795</b>	<b>\$57.77</b>

SUBMARKET TRENDS

- Financial District vacancies fell below 8% for the second time in three years in the fourth quarter of 2017.
- Rents continue to climb across assets classes in the Financial District; with Class B rates reaching \$50 per square foot. This represents a 21% increase from the end of 2014, which is slightly more robust than the growth seen among Class A assets.
- With anchor tenant, Putnam Investment, relocating to 100 Federal Street, the owners of One Post Office Square announced plans to add a glass exterior to the building and up to 300,000 square feet at the adjacent parking garage.
- Demolition work began on the Winthrop Square garage; making way for a 702-foot office tower in its place.
- Class B assets, including 41 Winter Street and 93 Summer Street, dominated investment sales activity in Boston's Financial District during the fourth quarter — highlighting the lack of available core, Class A product and investors' willingness to move out further on the risk spectrum.

FEATURED DEAL

**41 WINTER STREET, BOSTON** **28,690 SF**

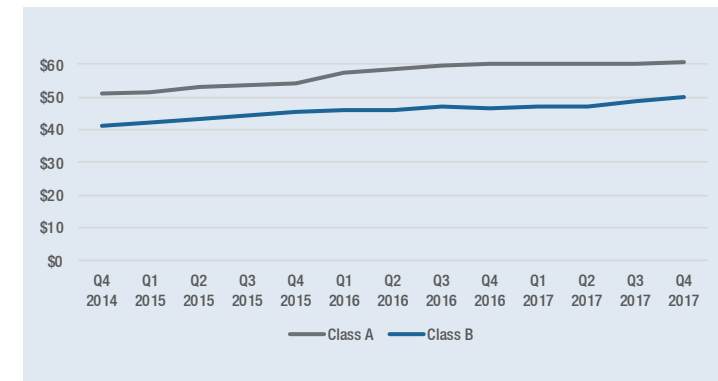
In December, Gazit Horizons, a subsidiary of Israel-based Gazit-Globe, purchased the 28,690-square-foot 41 Winter Street in Downtown Crossing for \$24.8MM or \$864/SF with plans to open a new Boston office in the building. The property is anchored by Liberty Travel who recently leased 17,045 square feet in mid-2017.

NOTABLE TRANSACTIONS

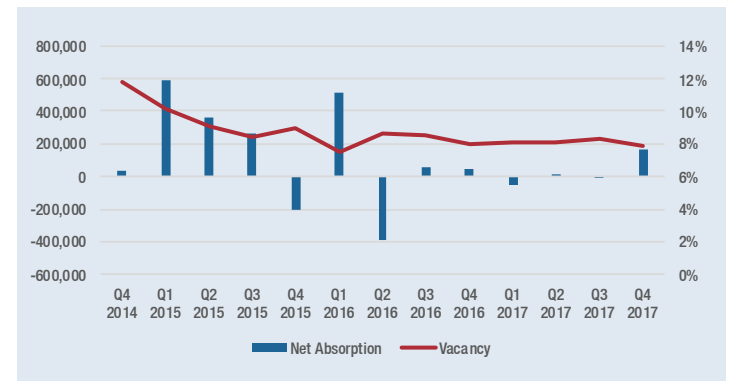
TENANT	ADDRESS	CITY	SIZE
Safety Insurance*	20 Custom House Street	Boston	75,411
WeWork	1 Beacon Street	Boston	66,258
Hinkley Allen*	28 State Street	Boston	53,000
Truefit	60 State Street	Boston	26,000
Trader Joe's	160 Federal Street	Boston	16,000

\*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**