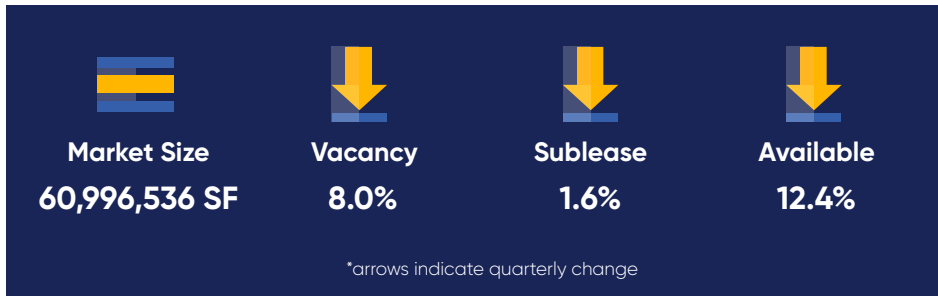


Market Report

Downtown CBD

The Downtown Boston market keeps firing on all cylinders. The steady pace of tenant demand continues to drive rental rates upward across all submarkets and building classes. The supply-constrained market will present challenges to tenants in the year ahead.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$64.79	\$51.80
\$72.42	\$49.17
\$72.25	\$53.77
N/A	\$44.89
\$67.00	\$52.03

▶ Vacancy Rate

Financial District	8.4%
Back Bay	5.0%
Seaport/South Station	11.2%
North Station	3.7%
Total	8.0%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 State Street Corporation	510,000	Financial District	Relocation	Office
2 WeWork	250,000	Financial District	New Location	Office
3 Foley Hoag	162,000	Seaport/South Station	Renewal	Office
4 Toast	150,000	Back Bay	Renewal	Office
5 GrubHub	74,888	Financial District	Relocation	Office
6 EnelX	54,294	Seaport/South Station	Renewal	Office
7 Foundation Medicine	54,047	Seaport/South Station	Relocation	Office
8 Spaces/Regus	30,734	Financial District	New Location	Office

Market Trends

Up, Up & Up

Rents increased in both Class A and Class B buildings. The overall average rent increased from \$57.38 in Q3 2018 to \$61.45 in Q4 2018.

No Supply

There is no vacancy in new construction through 2019, which exacerbates the supply constraint.

Is Sharing Caring?

The expansion plans for WeWork and other co-working space providers remains unabated.

Occupier's Perspective

Sticker Shock

Tenants will continue to face challenges in high rents, especially those entering the market at the end of a long-term lease.

Amenities and More

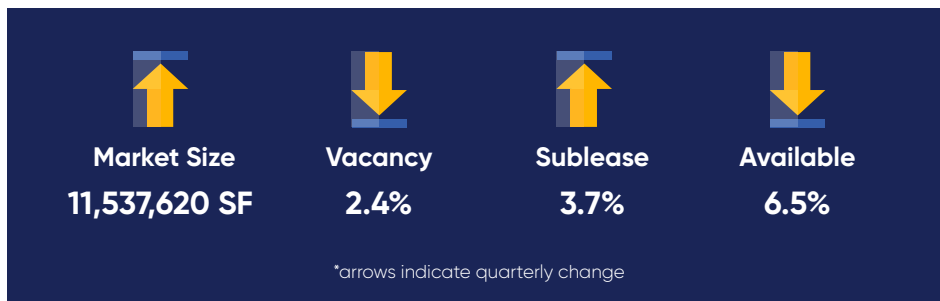
More landlords are dedicating portions of their buildings to create tenant-focused amenity centers.

Keeping an Open Mind

Due to low vacancy rates, tenants are evaluating various types of office space (i.e. brick and beam versus traditional office tower) because of comparable pricing.

Market Report Cambridge Office

The Cambridge office market continues to thrive. The highest level of demand remains in Kendall Square, due to easy access to the Red Line, proximity to MIT and a strong presence of technology companies like Microsoft, Google and Facebook. But activity on the northern side of East Cambridge continues to generate movement along the First Street Corridor, particularly with the ongoing development of Cambridge Crossing. With tenants like Philips, HubSpot and CarGurus leading the charge, this part of Cambridge no longer lags behind Kendall in occupancy and rent growth. As rents for Class A space in East Cambridge now eclipse \$90/SF, smaller tenants are leaving for more cost-effective locations while larger ones continue to expand into the East Cambridge market.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF) ▶ Vacancy Rate

Class A	Class B		
\$93.00	\$88.00	Kendall	0%
\$88.00	\$78.00	Lechmere	1.3%
\$68.00	\$58.00	Mid Cambridge	1.7%
\$50.00	\$42.00	West Cambridge/Alewife	5.6%
\$82.00	\$72.00	Total	2.4%

Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Google	170,000	Kendall	Expansion
2 Aegerion Pharmaceuticals	31,000	Kendall	Renewal
3 Alnylam	23,000	Kendall	Renewal
4 Genevant	11,000	Kendall	Relocation

Market Trends



Big Tenant Market

In recent years, much of the growth in East Cambridge has come from large tech companies. As rents soar, younger, less established companies find it challenging to pay the premium for space.

Sublease Opportunities

There is very little office space availability in East Cambridge. However, with some larger tenants making moves, several large sublease availabilities are creating opportunities in the market.

Outward Migration

With some rents for Class A space in Kendall Square now eclipsing \$90/SF, smaller tenants continue to move out of Cambridge creating opportunity for larger tenants to expand even more.

Occupier's Perspective

Big Opportunities

A big tenant market can also mean big opportunities. As larger tenants grow, contract or relocate, it can create new openings for others in the market to take advantage of their vacated space.

Market Movement

The outward migration of smaller tenants, as well as current market tenants relocating to the new developments underway in East Cambridge, should help to create new space opportunities. It's critical to track the market closely in order to capture these circumstances as they arise.

Market Report

Cambridge Lab

The Cambridge lab market remains extremely tight, with zero vacancy in East Cambridge and less than 1% across the entire market. As existing tenants expand and new ventures look to graduate from incubators into their own dedicated spaces, demand continues to stay particularly high. As a result, rents are rising and Class A space in East Cambridge now draws over \$90/SF. Due to limited options in the core market, some tenants venture into other locations like West Cambridge, Watertown and the Seaport, all of which are now fully-established life science clusters.

Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$95.00 NNN	\$90.00 NNN
\$95.00 NNN	\$88.00 NNN
\$68.00 NNN	\$55.00 NNN
\$84.00 NNN	\$74.00 NNN

▶ Vacancy Rate

East Cambridge	0%
Mid Cambridge	0.5%
West Cambridge/Alewife	3.3%
Total	0.5%

Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Alnylam	130,000	East Cambridge	Renewal
2 SQZ Biotech	60,000	Watertown/Inner Suburbs	Relocation
3 Bayer AG	62,000	Kendall/East Cambridge	Relocation
4 Syros	50,000	West Cambridge	Relocation
5 Hydra Biosciences	25,000	West Cambridge	Renewal

Occupier's Perspective

Planning is Critical

In such a tight market, tenants with a need for space should plan carefully. This means leasing the appropriate footprint in order to avoid ending up back in the market quickly looking for more space, which can be costly and time consuming.

Be Open to Other Markets

As a number of life clusters outside of Cambridge are maturing and expanding, tenants should entertain

the idea of relocating to other submarkets. Many that do are pleasantly surprised by the offerings there.

Fluid Market

With so many different groups out searching for space, movement within the market is inevitable. As a tenant, it's important to be tracking the market closely to get ahead of any potential opportunities. Consider the expanding shared space options.

Market Trends



Limited Supply

The demand for lab space remains high from growing tenants and new ventures expanding out of incubators in the market. With no availability in East Cambridge, these groups are forced to consider other submarkets.

Maturing Clusters

Due to lack of availability in Cambridge, submarkets are responding by developing new "life science clusters." The Watertown/Brighton area has seen a surge of new lab space including 100,000 SF of space at Arsenal Yards.

The Sanofi Affect

Sanofi signed a lease to consolidate all sites into 900,000 SF at Cambridge Crossing. With a phased occupancy into their new buildings in 2021, Sanofi will make a significant amount of space available in the market.

Market Overview



Market Size
10,509,756 SF



Vacancy
0.5%



Sublease
1.1%



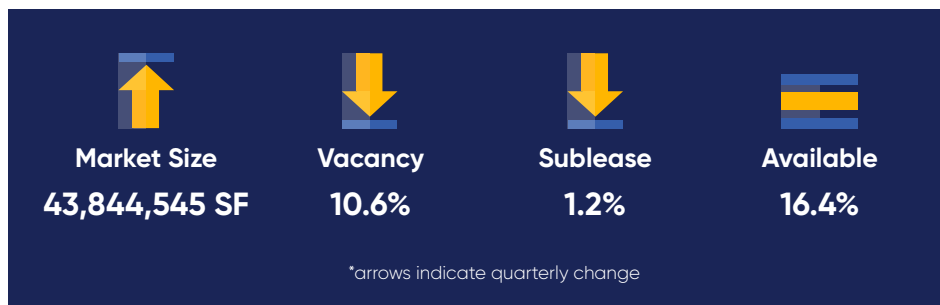
Available
1.9%

*arrows indicate quarterly change

Market Report

Suburban Route 128

While some companies are participating in the downtown migration trend, **activity remains steady for Route 128, where rent growth continues to steam ahead.** New product in Waltham sustains the West/Central Route 128 corridor as the main leasing engine, consistently drawing tenants who are willing to pay premium rates to secure Class A space for their employees and brand image. Despite a low amount of subleases in the market at the moment, Q2 should shift these numbers as sizable pieces come to market, including Oracle's 100 Crosby Drive. Office to lab conversions are building strong momentum, with Boston Properties in the beginning stages of this change with their West Street assets.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$26.00	\$20.00
\$36.00	\$28.00
\$41.00	\$33.00
\$34.00	\$27.00

▶ Vacancy Rate

128 Northeast	17.0%
128 North	12.7%
128 West	18.2%
Total	16.4%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Tesaro	200,000	Waltham	Expansion/Renewal	Office
2 BAE Systems	135,000	Burlington	Renewal	Office
3 Boston Dynamics	176,000	Waltham	Relocation	Office/Lab
4 Charles River Development	125,000	Burlington	Renewal	Office
5 Advisor 360	58,000	Weston	New Lease	Office
6 Stantec	50,000	Burlington	Relocation	Office
7 Brandeis	27,371	Waltham	Expansion/Renewal	Office
8 Berkshire Grey	19,725	Lexington	Expansion	Office

Market Trends



Building Sales See a Cooldown

After a trading hot streak in 2017 and early 2018, capital markets activity has quieted considerably.

Co-working Seeks Out the Suburbs

The popularity of co-working space continues to spread throughout the suburbs with landlords utilizing flexible co-working packages.

Little Room Left With Flex Product

Route 128 flex product remains tight, as tenants' need for clear height and highway access continues to gobble up viable availabilities.

Occupier's Perspective

Manage the Clock

Tenants should allocate ample time to their space search, as lead times for permitting and construction seem to be getting longer and longer.

Point out the Parking

As companies continue to beef up density in their workspaces, tenants should remember to make parking a critical piece of discussion in their lease negotiations, to alleviate parking problems down the line.

Market Report

Suburban Route 495

The flex and industrial market continues to be the largest driver of activity in the 495 North region in the first quarter of 2019, closely resembling the latter half of 2018. Meanwhile, the 495 MetroWest market is still extremely active, with several significant moves demonstrating its strength. ExaGrid transitioned to its new 40,000-square-foot facility, and ADP relocated down route 20 in Marlborough to 313 Boston Post Road. Synopsys is also preparing to move into a 50,000 SF space in the second phase of the 11 Apex Road development. Clearly, the Route 20 amenity boost is attracting tenants and activity to the area.

Rental and Vacancy Rates

Office

▶ Asking Rent (\$/SF)

Class A	Class B
\$22.34	\$18.70
\$18.60	\$16.10
\$22.40	\$19.10

▶ Vacancy Rate

495 North	16.6%
495 Central	24.9%
495 Metrowest	22.3%

Flex

▶ Asking Rent (\$/SF)

\$10.00 NNN
\$9.15 NNN
\$9.45 NNN

▶ Vacancy Rate

495 North	10.7%
495 Central	1.2%
495 Metrowest	6.7%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Synopsys	50,000	Marlborough	Relocation	Office
2 The MFA Companies	45,500	Tewksbury	Expansion	Office
3 ALKU	38,000	Andover	Expansion	Office
4 Physical Sciences Corp	31,000	Wilmington	New Lease	Flex
5 ADP	30,000	Marlborough	Relocation	Office
6 Noresco	21,000	Westborough	Renewal	Office
7 Regus	15,500	Marlborough	Renewal	Office
8 NorthStar Industries	14,900	Tewksbury	New Lease	Office

Market Trends



Tenants Seak Top Talent

Large companies (Puma, Sanofi) make commitments to urban opportunities which marks a continued effort from companies relocating to access top area talent in urban locations.

We Need Clear Height!

Landlords continue to try to attract larger flex and industrial users that are looking to maximize efficiency with high clear heights.

Office Rents Stay "As-Is"

With plenty of options across the RT 495 market, we do not anticipate any significant rent growth in the near future and RT 495 will remain a value alternative to RT 128.

Occupier's Perspective

Manage That Buildout

As construction costs continue to rise, it's critical to understand exactly what the landlord is offering in their buildout allowance and what potential costs you are exposed to.

Flex at its Peak?

Rents along the Route 93 North corridor have made a huge push, outpacing office growth by a large margin. However, Q1 2019 activity tells us that current rents may have reached their peak.

Office Options A-Plenty

Mid-range suburban space occupiers (those in the 5,000–30,000 SF range) will continue to see plenty of opportunities for both renewal leverage and credible relocation opportunities.