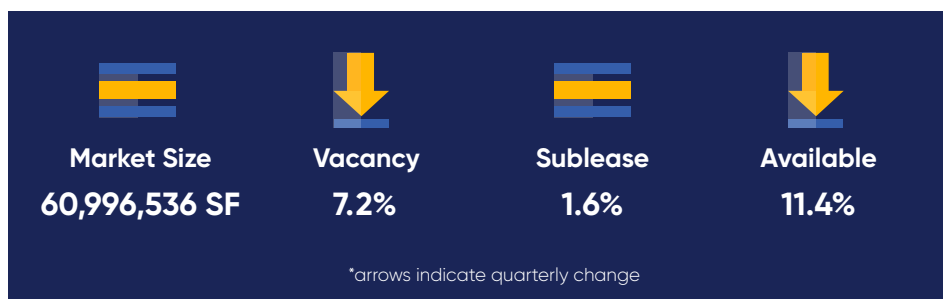


Market Report

Downtown CBD

With Boston in the midst of the longest real estate cycle on record, the City of Champions is experiencing the strongest leasing fundamentals ever. Simply put, **demand levels continue to be high and supply is scarce**. Leasing demand from biotech and pharmaceutical users continues to consume the existing office space inventory, and impacts the new development. The next wave of new construction will not be delivered until 2022. As landlords push rents to justify acquisitions, investment sales activity remains strong.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$66.00	\$53.33
\$71.77	\$49.17
\$72.25	\$56.76
N/A	\$46.70
\$67.85	\$54.02

▶ Vacancy Rate

Financial District	7.3%
Back Bay	4.5%
Seaport/South Station	10.7%
North Station	5.2%
Total	7.2%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Bank of America	545,000	Financial District	Extension	Office
2 WeWork	118,000	Financial District	New Facility	Office
3 Lola Travel	28,000	Financial District	Relocation	Office
4 Robinson & Cole	25,000	Financial District	Renewal	Office
5 Gradient	21,000	Financial District	Relocation	Office
6 Vestmark	12,000	Seaport	New Facility	Office

Market Trends

Rent Growth

Class A average rents have gone up 14% in the last year.

"We-Wave"

WeWork continues to lease large blocks of space across the city and massively exacerbates the supply/demand imbalance.

Trot Trot to Boston

Inward migration from Cambridge, the suburbs and out-of-market tenants continues to bring tenants into the city.

Occupier's Perspective

Sticker Shock, Still

As long-term lease expirations draw closer, tenants entering the market continue to struggle with large rent increases for lease renewals.

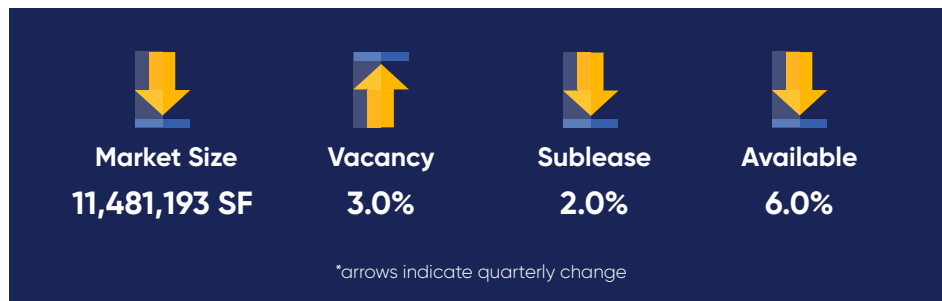
Quick Decision Making

Competition for desirable space is constant. Tenants should be prepared to make educated, but expedited decisions in order to secure their top choice office space.

Market Report

Cambridge Office

The Cambridge office market remains very healthy, with East Cambridge increasingly dominated by large tenants. Groups like HubSpot, Pegasystems and CarGurus continue to expand their footprints, while smaller tenants move out, typically to less expensive submarkets. Google recently finalized their sublease of Akamai's former headquarters, adding another 170,000 square feet to their ever-expanding presence at Cambridge Center. As these well-established, publicly traded and relatively price-insensitive tech firms continue to take over East Cambridge, landlords continue to push rents, now approaching \$100 per square foot. As a result, smaller, less-established tenants eventually start to consider moving elsewhere.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$95.00	\$87.00
\$93.00	\$85.00
\$72.00	\$58.00
\$52.00	\$42.00
\$78.00	\$70.00

▶ Vacancy Rate

Kendall	1.7%
Lechmere	1.6%
Mid Cambridge	2.5%
West Cambridge/Alewife	7.3%
Total	3.0%

Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Bluebird Bio	267,000	East Cambridge	Expansion
2 Google	170,000	East Cambridge	Expansion
3 Takeda	52,000	East Cambridge	New
4 Aegerion Pharmaceuticals	31,000	Kendall	Renewal
5 IBM	26,000	East Cambridge	New
6 Alnylam	23,000	Kendall	Renewal
7 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.

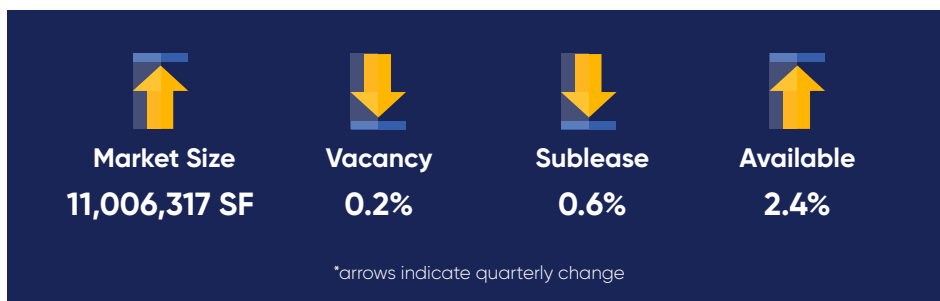
Market Movement

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

Demand for lab space in Cambridge continues to outpace supply.

Ongoing development of new lab space in West Cambridge, totaling more than 500,000 SF, has added much-needed supply to the market, but nearly all of that new space has already been committed to by growing tenants and new ventures. Development of new and repositioned lab space in secondary market clusters, like West Cambridge and Watertown, relieves some pressure in East Cambridge, where the majority of the inventory and demand remains. Lab rents also continue to climb, with available space in Cambridge having rents now eclipsing \$100/SF NNN in some cases, and all other submarkets drafting off that.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$94.00 NNN	\$90.00 NNN
\$92.00 NNN	\$90.00 NNN
\$68.00 NNN	\$55.00 NNN
\$85.00 NNN	\$78.00 NNN

▶ Vacancy Rate

East Cambridge	0%
Mid Cambridge	0.5%
West Cambridge/Alewife	0.7%
Total	0.2%

Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Fog Pharma	110,000	West Cambridge	Expansion
2 Merck	90,000	East Cambridge	Expansion
3 Moderna	40,000	East Cambridge	Expansion
4 Sarepta Therapeutics	25,000	East Cambridge	Expansion

Market Trends

The Waiting Game

With so many lab tenants doing their best to wait for expansion space to open up, there's a collective stalemate in Cambridge.

Rents Continue to Rise

Landlords in East Cambridge, where the majority of the demand is, push rents in some cases over \$100/SF, and many tenants don't hesitate to pay the premium.

Tenants Explore Outside Cambridge

With essentially no availability and rents soaring, many tenants continue to consider leaving East Cambridge for maturing clusters like West Cambridge, Watertown and the Seaport.

Occupier's Perspective

The Only Constant is Change

While it often seems like there is no available space, the key is being ready to react when space does become available.

Maximize Your Current Space

With rents rising, the longer tenants can stay in their current space and utilize it to the best of their ability, the longer they can delay spending money on a more expensive space.

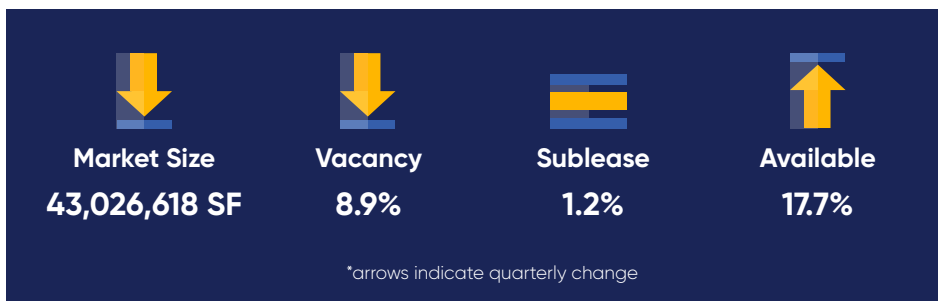
The Market is Expanding

While many tenants prefer to remain in East Cambridge, there are increasingly more opportunities in other submarkets worth considering.

Market Report

Suburban Route 128

As we head into the second half of the year, things remain steady on Route 128. A healthy mix of existing tenant requirements and new companies entering the market, along with the stream of activity from life science groups exploring suburban alternatives, bodes well for the Route 128 market across industries. Tenants' willingness to pay for quality, amenity-equipped space persists, and proves to be a consistent trend for suburban groups looking to attract and retain talent, despite their position outside the city boundaries. This is on full display in Burlington, where rents for amenity-rich parks like The District and Corporate Drive command more than \$40/SF— a significant jump from 12 months ago, when sticker prices were in the mid-\$30's. Looking into the second half of 2019, it's likely that rents will persist while tenants seek more in-depth work letters to reflect the high-quality space they are after.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$26.00	\$20.00
\$37.00	\$28.00
\$41.00	\$33.00
\$38.00	\$29.00

▶ Vacancy Rate

128 Northeast	9.3%
128 North	7.2%
128 West	9.6%
Total	8.9%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Parexel	60,000	Newton	Relocation	Office
2 Deciphera Pharmaceuticals	38,003	Waltham	Expansion	Office
3 Ocular Therapeutics	30,000	Bedford	Expansion	Office
4 Cimcon Lighting	15,000	Burlington	Relocation	Office

Market Trends



Class A Rents Tick Up

The high-water mark for rents of Class A space continues to rise as Burlington product now fetches price tags of more than \$40/SF.

Lab Conversion Underway

Boston Properties is a notable player, taking advantage of lab demand with the conversion of its West Street assets in Waltham now underway.

Coworking Remains in Play

WorkBar's Burlington location has a waitlist for private offices, and providers including WeWork, VentureX and Industrious have explored the area up and down Route 128.

Occupier's Perspective

Learn About Your Landlord

When negotiating, learn what's important to your prospective landlord. Are they long term holders, or are they looking to flip the asset quickly? Are they focused on getting their asking rent in return for tenant improvements? Knowing your landlord's goals can help you extract concessions.

Factor in Traffic

If you're considering a relocation, it's vital to analyze the new commute and traffic patterns to ensure you sustain your critical employees in the event of a move.

Market Report

Suburban Route 495

We continue to observe a healthy 495 market into the second half of 2019. Unitex's 188,000 SF lease marked a high point in industrial activity in Q2, with the medical uniform provider committing to a 15-year lease in Lawrence, which involves raising the clear height from 17' to 32'. Sufficient clear height is a common demand from users in the market, which is reflected in Carlisle Capital undergoing a similar process at Fordham Road in Wilmington.

On the office side, Tritower Financial Group's positioning of 300 Apollo for sale marks the end of a great run of leasing activity for the amenity-rich asset. Interest from investors in the office class is cemented by DRA's purchase of Investcorps' majority stake in Ballardvale Office Park.

In one of the largest real estate transactions statewide, Hillwood, a Dallas-based development firm, purchased a portion of the former Lucent building in North Andover. In its place, they will deliver a 1,000,000 SF shipping and fulfillment center for Amazon, which will go live in 2022 and bring 1,500 jobs to the area.

Rental and Vacancy Rates

Office

▶ Asking Rent (\$/SF)

Class A	Class B
\$22.52	\$18.75
\$18.50	\$16.05
\$22.45	\$19.45

▶ Vacancy Rate

459 North	15.3%
495 Central	22.7%
495 Metrowest	22.5%

Flex

▶ Asking Rent (\$/SF)

\$10.54 NNN
\$9.34 NNN
\$9.84 NNN

▶ Vacancy Rate

459 North	9.9%
495 Central	1.5%
495 Metrowest	10.0%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Unitex	188,000	Lawrence	New Lease	Warehouse
2 Raytheon	135,000	Tewksbury	Expansion	Flex/Office
3 Drager Medical	128,400	Andover	Renewal	Flex
4 Mongram Foods	62,000	Wilmington	Sale/Leaseback	Warehouse
5 Lockheed Martin	55,000	Andover	New Lease	Flex
6 WellPet	35,000	Tewksbury	Renewal/Expansion	Office
7 Kinetsu World Express	30,180	Wilmington	Renewal	Warehouse
8 OneShield	15,750	Marlborough	Contraction	Office

Market Trends



Tenants Seek 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 Rents Continue to Push

Rents along the RT 93 North corridor have made a huge push, outpacing office growth by a large margin.

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.