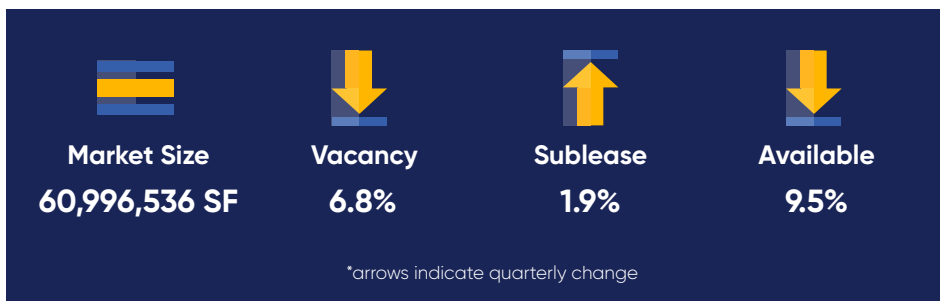


Market Report

Downtown CBD

Despite the outdoor seasonal changes, the temperature of the Downtown Boston office market is still hot. Vacancy continues to decline as rents increase. After a flurry of leasing, WeWork significantly slows down their efforts to lease more office space in Boston due to a devalued and delayed public offering, as well as the announcement that the WeWork CEO will step down. As **Boston maintains its place in the global economy as an important location for companies across a wide variety of industries**, new developments with delivery in the end of 2021 and 2022 will serve as a relief valve to meet the pace of demand. Investment sales activity remains steady.

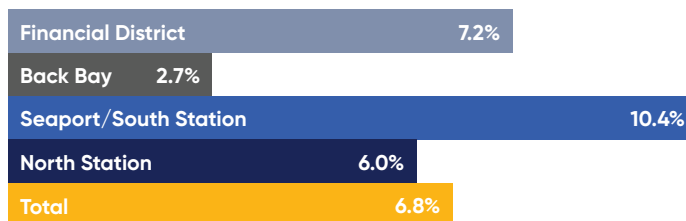


Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$72.31	\$54.46
\$80.33	\$51.60
\$70.79	\$56.91
N/A	\$48.91
\$72.90	\$54.84

▶ Vacancy Rate



Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Foundation Medicine	580,000	Seaport	Relocation	Office
2 Klaviyo	160,000	Financial District	Relocation	Office
3 Globalization Partners	33,000	Financial District	Relocation	Office
4 Adage Capital Management	32,711	Back Bay	Extension	Office
5 Nasuni	28,000	Seaport	Relocation	Office
6 Silversmith Capital	26,000	Back Bay	Relocation	Office
7 Colony Group	20,000	Financial District	Relocation	Office
8 Kowa Pharmaceuticals	12,000	Back Bay	Relocation	Office

Market Trends

Vacancy Dwindles, Rent Escalates – A Love Story

The total vacancy rate shrunk by another 0.4%, while rents increased across the board.

The “We-Wave” Breaks

As a result of their postponed IPO, WeWork halts all plans to lease new office space in Boston. Until recently, WeWork’s expansion plans were a significant factor in the supply/demand imbalance in the Downtown market.

The New Kid On The Life Science Block

The Seaport District is emerging as a new life science cluster. Office space at 451 D Street is being converted for lab use, and several lab space developers are in the midst of the planning and development phases.

Occupier's Perspective

The Struggle is Real

The competition for desirable space continues while landlords maintain the upper hand in the marketplace.

Large, But Not in Charge

Space users looking for 100,000 SF and above have very limited existing options. Large tenants should focus on new construction being delivered in 2022 and 2023.

Market Report Cambridge Office

The Cambridge office market continues to be active. **As space opens up from tenants relocating out of Cambridge to less expensive areas, it is often times absorbed quickly by larger, existing tenants already in the market.** Another factor partially driving the conditions in Cambridge is co-working operators like WeWork and others, which have been eager to grab space in that area given the seemingly insatiable demand. WeWork recently committed to 140,000 SF at the CambridgeSide Galleria – former retail space that ownership was repositioning as “creative office space”. In many urban markets, co-working groups (mainly WeWork) have accelerated the absorption of large blocks of space, which limits availability and drives up rents. Although, with the recent developments at WeWork, we may see that slow down.

Market Trends



Big Tenant Market

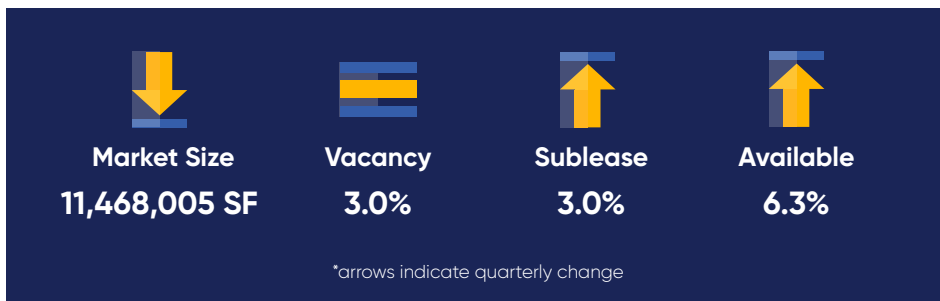
In recent years, much of the growth in East Cambridge has come from large tech companies. As rents soar, younger, less established companies find it challenging to pay the premium for space.

Sublease Opportunities

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

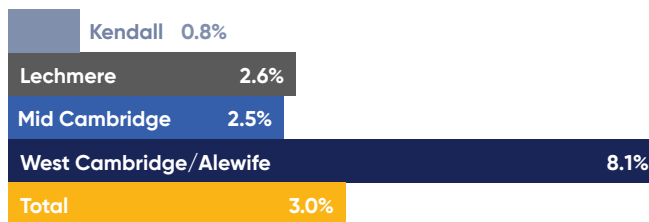


Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

▶ Vacancy Rate

Class A	Class B
\$96.00	\$84.00
\$96.00	\$84.00
\$75.00	\$65.00
\$52.00	\$44.00
\$82.00	\$72.00



Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Thrive Bioscience	50,000	East Cambridge	New Location
2 Indigo Ag	47,000	East Cambridge	Expansion
3 CarGurus	15,000	East Cambridge	Expansion

Occupier's Perspective

Big Opportunities

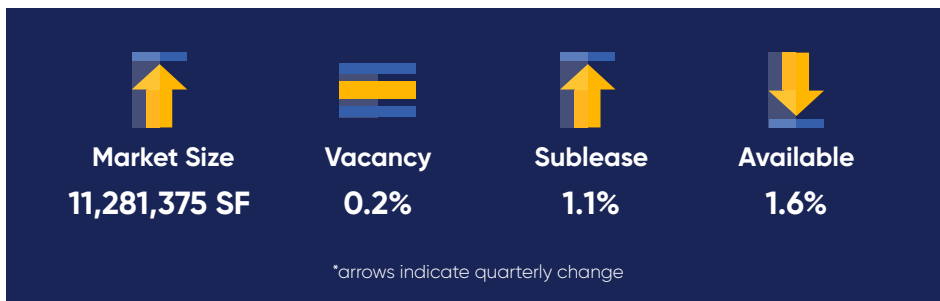
A big tenant market can also mean big opportunities. As larger tenants grow, contract or relocate, it can create new openings for others in the market to take advantage of their vacated space.

Market Movement

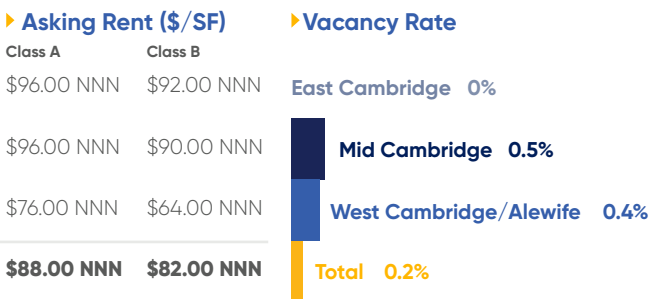
The outward migration of smaller tenants, as well as current market tenants relocating to the new developments underway in East Cambridge, should help to create new space opportunities. It's critical to track the market closely in order to capture these circumstances as they arise.

Market Report Cambridge Lab

The Cambridge lab market continues to be constrained for available space. **Between the expanding footprints of existing tenants and the seemingly endless stream of new ventures, the demand for space hasn't shown any signs of slowing down.** Fortunately, other submarkets have responded, and buildings are being repositioned or constructed to support lab operations, increasing overall inventory in the Greater Boston market. Areas like Brighton/Watertown and the Seaport have seen an influx of interest from companies, mainly coming out of Cambridge where they can't find space. As companies do their best to manage future growth, many commit to more space than is initially needed. As a result, there are a number of shorter-term sublease opportunities out there, which are also great for the market.



Rental and Vacancy Rates



Recent Transactions

Tenant	Size (SF)	Submarket	Type
1 Kintae Therapeutics	72,000	West Cambridge	New Location
2 Cereval Therapeutics	60,000	East Cambridge	New Location
3 Arbor Biotechnologies	36,000	West Cambridge	Relocation
4 Simcere Innovation	26,000	West Cambridge	Relocation

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.

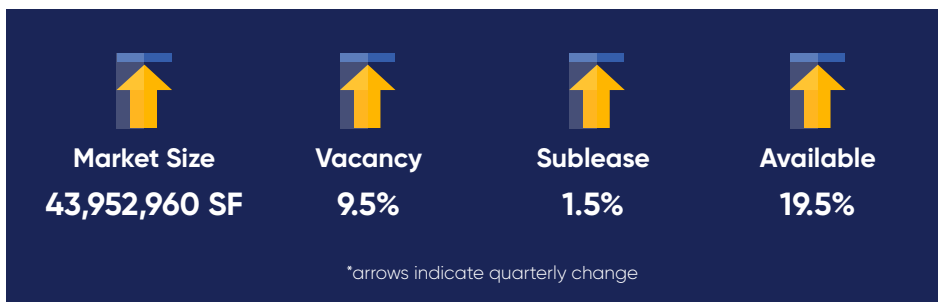
The Market is Expanding

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

Market Report

Suburban Route 128

At-large, market conditions up and down the Route 128 corridor remain strong headed into the last quarter of 2019. While tenants continue to assess relocation inwards towards the city, the reverse consideration from Cambridge-based groups who seek out more space at lower cost balances out the activity seen amongst suburban tenants in the market. Class A product spanning over multiple towns including Wellesley, Waltham and Burlington continue to command premium price tags—breaking the \$50/SF mark in some cases—as companies committed to a suburban zip code look to upgrade their spaces as a trade-off with their millennial employees.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)		▶ Vacancy Rate	
Class A	Class B		
\$26.00	\$20.00	128 Northeast	8.8%
\$37.00	\$28.00	128 North	7.6%
\$41.00	\$34.00	128 West	10.6%
\$38.00	\$29.50	Total	9.5%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Bright Horizons	113,447	Newton	Relocation	Office
2 Parexel	90,721	Newton	Relocation	Office
3 Education Development Center	71,982	Waltham	Renewal	Office
4 Akreva Therapeutics	27,829	Waltham	Relocation	Lab
5 C&W Services	23,632	Needham	Relocation	Office
6 Cytel	21,633	Waltham	Relocation	Office
7 Poppulo	19,588	Waltham	Relocation	Office
8 Viken Detection	30,000	Burlington	Relocation	Office

Market Trends



Life Science Appetite Still Present

Biotech and pharma users still hold a place in the pool of suburban activity, namely in the central Route 128 corridor, as they look for room to grow without the Cambridge premium.

Beyond Just a Lobby and Cafe

Landlords are responding to pressure to provide unique environments with lifestyle services and amenities in order to win tenants over with an experiential workplace.

Landlords Look to Capitalize on the Short-Term Flexibility Trend

Spear Street and Boston Properties are now bucking the co-working trend by offering in-house “Built” and “Flex” options within their suburban assets to meet tenant demand for short-term flexibility.

Occupier's Perspective

Rush Hour All the Time

Increasing traffic, credited in part to minimal unemployment rates, is forcing tenants to consider bifurcated occupancy strategies and agile work policies to provide employee flexibility more than previously explored.

Count on Construction Expertise

As tenants look to transform space into a tool to recruit and retain, more pressure is being put on construction teams to nail down pricing well in advance of lease signings, as TI packages dominate deal discussions between tenants and landlords.

Market Report

Suburban Route 495

The 495 office and flex markets continue to show significant improvement. The only major setbacks are a continued exodus out of the city by larger tenants like Philips in the Northern market and Sanofi in the West, both of which will move to the massive upcoming development at Cambridge Crossing. These large block vacancies allow plenty of opportunity for larger requirements in the market to backfill the space. This applies to 3000 Minuteman Park, the 140-acre former Philips campus in Andover, which is currently undergoing a repositioning effort.

Rental and Vacancy Rates

Office

▶ Asking Rent (\$/SF)

Class A	Class B
\$22.60	\$18.70
\$18.50	\$16.10
\$22.50	\$19.50

▶ Vacancy Rate

495 North	15.2%
495 Central	21.9%
495 Metrowest	21.9%

Flex

▶ Asking Rent (\$/SF)

\$11.15 NNN
\$9.30 NNN
\$10.25 NNN

▶ Vacancy Rate

495 North	8.9%
495 Central	2.2%
495 Metrowest	9.8%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
1 Nokia	200,000	Westford	Renewal	Office
2 Segue Manufacturing	40,000	Billerica	Relocation	Flex
3 Peabody Supply Corp	35,000	Haverhill	Expansion	Industrial
4 Health Drive Corp	22,000	Framingham	Relocation	Office
5 Intronis	20,000	Chelmsford	Renewal	Office
6 AIC	15,000	Westborough	Relocation	Office
7 United Medical Systems	10,000	Westborough	Renewal	Office
8 Senscio Systems	7,900	Boxborough	Relocation	Office

Market Trends



Two Locations, One Goal

As companies settled in suburban locations seek to attract and retain top talent, bifurcated real estate strategies in location planning has become more prevalent.

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 Route 495 market, we do not anticipate any significant rent growth in the near future and Route 495 will remain a value alternative to Route 128.

Occupier's Perspective

With Flex, Be Flexible

Rents have continued to rise, as quality flex space is at a bare minimum. Expect landlords to demand longer term leases and offer fewer concessions.

Flex Rents Continue to Push

Rents along the I-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.