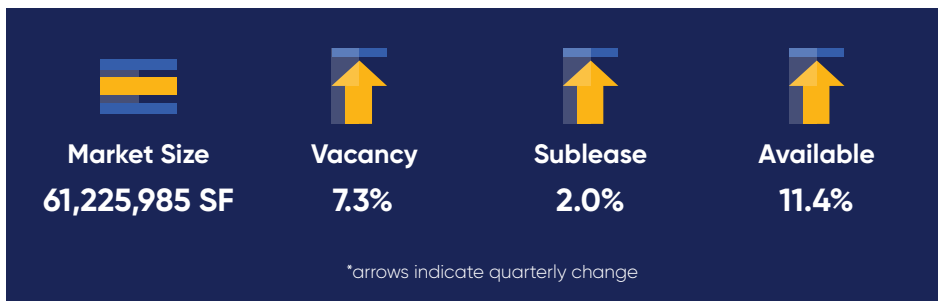


Market Report

Downtown CBD

Downtown Boston faces a new unprecedented challenge in the form of the current global COVID-19 pandemic. **Downtown Boston's economy is versatile and well diversified, but the future of the Downtown Boston office market for the short term and the remainder of 2020 is unclear.** All new construction has ceased due to Mayor Walsh's moratorium on construction projects in the City of Boston, which creates uncertainty for the delivery dates of large projects like One Congress Street, One Post Office Square, and Winthrop Center. Equally unknown is the future of co-working and shared office space. The landscape of working from an office and working from home has been forever changed – but this crisis has underlined that human desire for daily social interaction and connection is strong.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)

Class A	Class B
\$72.49	\$55.13
\$77.48	\$57.41
\$78.02	\$60.37
N/A	\$51.43
\$73.91	\$57.42

▶ Vacancy Rate

Financial District	7.5%
Back Bay	2.5%
Seaport/South Station	12.8%
North Station	5.6%
Total	7.3%

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Sector
Acadian Asset Management	108,000	Financial District	Renewal	Office
Seyfarth Shaw	66,000	Seaport	Renewal	Office
GID	47,000	Financial District	Renewal	Office
Payette	41,000	Financial District	Renewal/Expansion	Office

Market Trends

The Big Picture

Quarter over quarter, market changes overall were minor. Overall, vacancy increased only 0.2%, while Class A rents decreased by \$0.37/SF and Class B rents increased by \$0.82/SF.

More Subleases

Due to employee layoffs, a significant amount of sublease space has already and will be coming onto the market.

Occupier's Perspective

New Normal

All corporate office users will need to rethink how to create a balance of work-from-home capabilities and a health-conscious, effective, and efficient office space for employees as we adjust to the "new normal".

Wait and See

Occupiers with further lease expirations have time on their side and should wait, assess the impact of the global crisis on their business and the market, and then make educated decisions with regards to their office space. Occupiers with upcoming lease expirations are taking a hard look at short-term lease extensions.

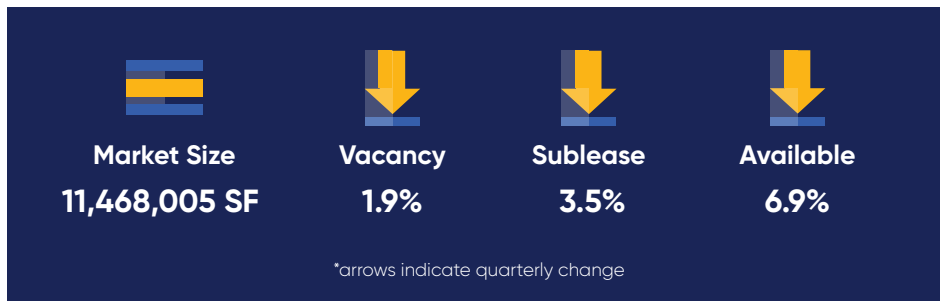
Importance of Technology

With the vast majority of office employees working from home for the foreseeable future, it is imperative for occupiers to have the technology infrastructure in place to maintain employee efficiency and connectivity despite being in isolation.

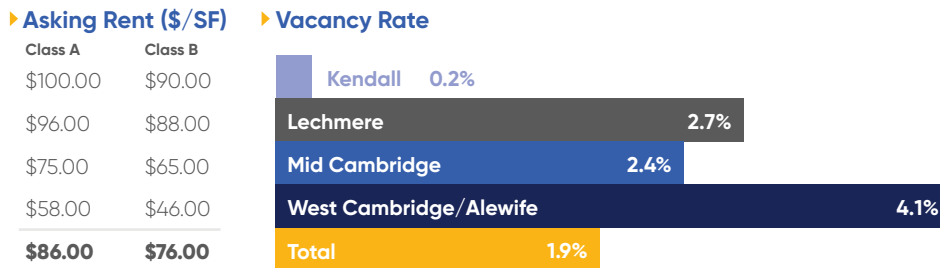
Market Report

Cambridge Office

Heading into 2020, the Cambridge office market was more or less business as usual, with low single-digit vacancy due to strong demand from big tech and biotech. **While smaller, earlier stage tech tenants have continued to flock to Boston, available space is being absorbed by larger groups** like CarGurus, Hubspot, and Google, or by expanding lab tenants that need additional office space. The market continues to assess what the full impact of the COVID-19 pandemic will be. In general, we are likely to see a softening in demand and an increase in both direct and sublease space coming back to the market.



Rental and Vacancy Rates



Recent Transactions

Tenant	Size (SF)	Submarket	Type
HubSpot	42,000	Lechmere	Expansion
Editas Pharmaceuticals	31,000	Kendall Square	New/Expansion
Uplight	7,000	Alewife	New

Market Trends

Decrease in Demand

Most companies will be increasingly more conservative when assessing overall space needs with so much uncertainty caused by the COVID-19 pandemic.

Increasing Availability

The loss in productivity and revenue as companies are forced to work remotely will cause some to shed space or even shut down completely, which will create new space availabilities.

Change in Footprint

When companies do return to work, they will be forced to take a hard look at how they are allocating space for their employees, and challenge the need for dedicated space as we've adapted in this work-from-home climate.

Impact from Biotech

Demand for space from biotech companies may pause for a period of time due to the COVID-19 pandemic, but will return and look to an increased availability in the office sector to relieve occupancy pressure in primary R&D centers.

Occupier's Perspective

Opportunities on the Horizon

Given the current environment, it is inevitable that we will see new space come back to the market, creating new opportunities for those with a need.

Landlord Flexibility

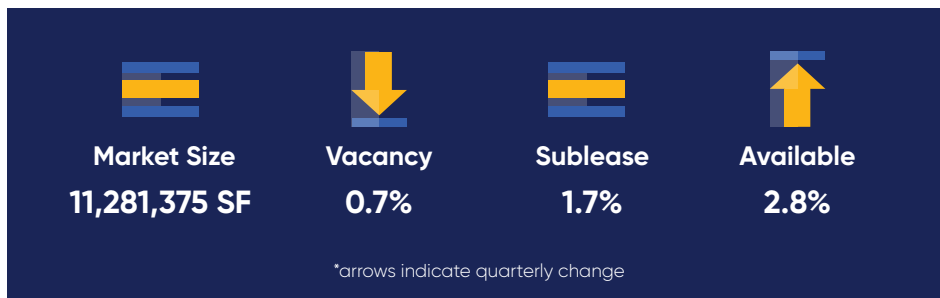
Because of the widespread nature of the impact from the COVID-19 pandemic, many landlords are understanding and open to having discussions with their tenants to ensure long-term success and occupancy of their buildings.

The New Normal

As companies are allowed back into their workplaces in the coming weeks and months, it is a good opportunity to reassess best practices for a healthy work environment.

Market Report Cambridge Lab

Compared to other sectors, demand for lab space remains relatively strong in the Greater Boston area. With virtually no space available in East Cambridge, occupiers with a need for space have fled to other submarkets like West Cambridge, Boston's Seaport District, Watertown and Central 128. **Further development in these maturing biotech clusters have helped provide viable space options for occupiers and relieve pressure in the epicenter in East Cambridge.** While we expect the market to be impacted by the recent COVID-19 pandemic, many of the companies in this space are venture-backed with capital to deploy and seemingly less immediately affected in the same way revenue-producing companies might be. Additionally, several biotech companies are on the front lines in the battle against COVID-19, which may prove to be beneficial in the long-run.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)		▶ Vacancy Rate	
Class A	Class B	East Cambridge 0%	
\$96.00 NNN	\$92.00 NNN	Mid Cambridge 0.9%	
\$96.00 NNN	\$92.00 NNN	West Cambridge/Alewife 3.3%	
\$80.00 NNN	\$72.00 NNN	Total 0.7%	
\$90.00 NNN	\$86.00 NNN		

Recent Transactions

Tenant	Size (SF)	Submarket	Type
Abcam	100,000	Waltham/Inner Suburbs	Relocation
Kronos Bio	38,000	East Cambridge	Relocation
Vor Bio	32,000	Alewife	Relocation
Intellia Therapeutics	32,000	Mid Cambridge	Expansion
Yumanity Therapeutics	30,000	Brighton/Inner Suburbs	Relocation
Rheos Medicine	27,000	East Cambridge	Relocation

Market Trends



Demand Unknown

While demand from biotechs in 2020 could very well remain strong, the current environment has many occupiers on the sidelines looking for some more clarity before making any big commitments.

Layoffs Lead to Space Availabilities

Several large Cambridge biotechs have already announced large-scale layoffs, which will lead to significant amounts of space coming back to the market, likely via sublease.

Workplace Strategy

As labs and respective research begin to re-open their physical space, many companies will begin working in shifts or team rotations in an effort to mitigate overcrowding in the workspace.

Occupier's Perspective

Get Educated

Occupiers that have a space need on the horizon should take this time to better understand the market and their potential options, so they are prepared when it comes time to proceed.

Be Patient

With the certainty that a significant amount of space will be coming back to the market, occupiers that don't have to act quickly should be patient to see what new space options become available in the coming months.

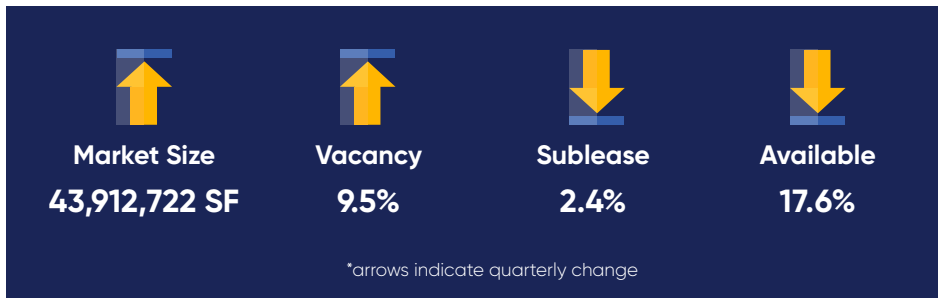
Engage with Your Landlord

For those companies wondering how they can get relief during these challenging times, the best solution is to have an open dialogue with your landlord, and how the current pandemic directly impacting both financials and research.

Market Report

Suburban Route 128

The state of the market at the beginning of Q1 was highlighted by the continuation of growth and hiring streaks across the board. But in just a few weeks' time, everything changed. **While the commercial real estate market historically lags behind economic uncertainty or recession, the suburban market will see a correction soon — but to what degree will remain to be seen as we ride out COVID-19.** When occupiers start returning to their offices, things will certainly be different. The hiring sprees and competition for both talent and space are likely no more. In what has been a landlord-favored market these past few years, the pendulum may swing and begin to favor occupiers who are proceeding with their requirements. Landlords will have to get creative with concession packages in order to secure new tenants as companies reassess their space needs after the largest work-from-home experiment ever.



Rental and Vacancy Rates

▶ Asking Rent (\$/SF)		▶ Vacancy Rate	
Class A	Class B		
\$26.00	\$20.00	128 Northeast	11.3%
\$37.00	\$28.00	128 North	8.4%
\$41.00	\$34.00	128 West	9.7%
\$38.00	\$29.50	Total	9.5%

Recent Transactions

Tenant	Size (SF)	City/Town	Type	Sector
Abcam	100,000	Waltham	Relocation	Office/Lab
Dicerna Pharmaceuticals	61,000	Lexington	New Lease	Office/Lab
PayPal	37,000	Newton	Renewal	Office
HealthEdge	28,000	Burlington	Renewal	Office
WinterWyman	21,000	Bedford	Relocation	Office
Circor	20,000	Burlington	Renewal	Office

Market Trends



Sublease Surplus

New sublease product will hit the market over the next 60-90 days as companies navigate COVID-19. Companies who survive can take over space with minimal out-of-pocket costs.

Office Layout Changes

The age of pushing density boundaries is likely over. Changes in how tenants design their floor plans, collaborative spaces, cube density and seating charts are on the horizon.

Suburban vs. Urban?

Companies may rethink plans to move to more densely populated urban offices. In time, we'll see how the demand for live, work, and play closer to the city comes out of this health crisis.

Occupier's Perspective

Construction Clog

With construction slowed down and town/city offices closed, anticipate a backlog of applications in building departments and a delay from vendors who get materials from outside the US or various supply chains.

Plan Your Reentry

Strategize your team's eventual reentry to the office, whether it involves implementing shifts or instituting cleaning standards. Keep lines of communication open and ask for feedback from your network.

Invest in Technology

The return to office life will be gradual, and employees will remain dependent on infrastructure and technology that allows collaboration for those split between homes and offices.

Market Report

Suburban Route 495

COVID-19 is the event of the year, if not the decade already, and will have long lasting effects on real estate and how occupiers execute their real estate strategies. For office users, a newfound approach in remote working capabilities will be considered. To the extent that employers can, they will provide an augmented ability for their employees to work from home by boosting their cloud and technology capabilities. **From a real estate perspective, this will result in an increased space programming focus and a likely result in a need for less square footage. Conversely, employers will have to consider new employee behavior regarding dense seating or bench planning systems.**

In the short term, industrial and flex rents will continue to appreciate. Most manufacturing falls under the “essential-business” category and those occupiers will continue to demand space in the market. With global supply chains affected, expect for warehousing occupiers to shift focus to in-premises efficiency opportunities rather than creating positive market absorption in the short term. That said, with limited land available for new development and high-bay space still an important factor for many of these users, demand in the intermediate term will continue to improve.

Rental and Vacancy Rates

Office

▶ Asking Rent (\$/SF)

Class A	Class B
\$23.81	\$19.04
\$18.61	\$16.23
\$21.59	\$18.85

▶ Vacancy Rate

459 North	20.0%
495 Central	23.0%
495 Metrowest	26.6%

Flex

▶ Asking Rent (\$/SF)

\$11.32 NNN
\$9.20 NNN
\$9.93 NNN

▶ Vacancy Rate

459 North	7.9%
495 Central	4.2%
495 Metrowest	22.1%

Recent Transactions

Tenant	Size (SF)	City/Town	Type	Sector
Max Finkelstein, Inc	106,000	Marlborough	Relocation	Warehouse
Transmedics	105,000	Andover	Renewal/Expansion	Office
Lykan Biosciences	64,000	Hopkinton	New Facility	Lab
Eckert & Ziegler	40,000	Wilmington	New Facility	Flex
Triton Institute	40,000	Chelmsford	Relocation	Office
American Refrigerator Corp	30,000	Wilmington	Relocation	Flex
OmniGuide	23,000	Billerica	Relocation	Flex
Concentric Energy Advisors	17,000	Marlborough	Renewal	Office

Market Trends



Sublease Market

With COVID-19's significant effect on business strategy, expect a higher number of sublease to come on the market through the next few quarters.

Market Rents Won't Decrease Dramatically in Short Term

While proving to be more difficult than the 2008 recession, historical data shows the suburban 495 market growth won't begin decreasing until 3-5 quarters after the initial shockwaves of the recession.

Short-Term Solutions More Prevalent

Occupiers with upcoming lease expirations are likely to be more focused on short-term lease solutions in order to seek more clarity on long-term implications.

Occupier's Perspective

A New Appreciation for Space Planning

New considerations regarding space density, collaborative workspace, and in-premises sanitation will be more important than ever.

If You Can Wait, Wait

Companies, who can afford to, will be more patient before deciding to commit to new leases.

A New Mindset with WFH

Occupiers will place a larger focus on cloud and technology capabilities as working from home becomes more acceptable.