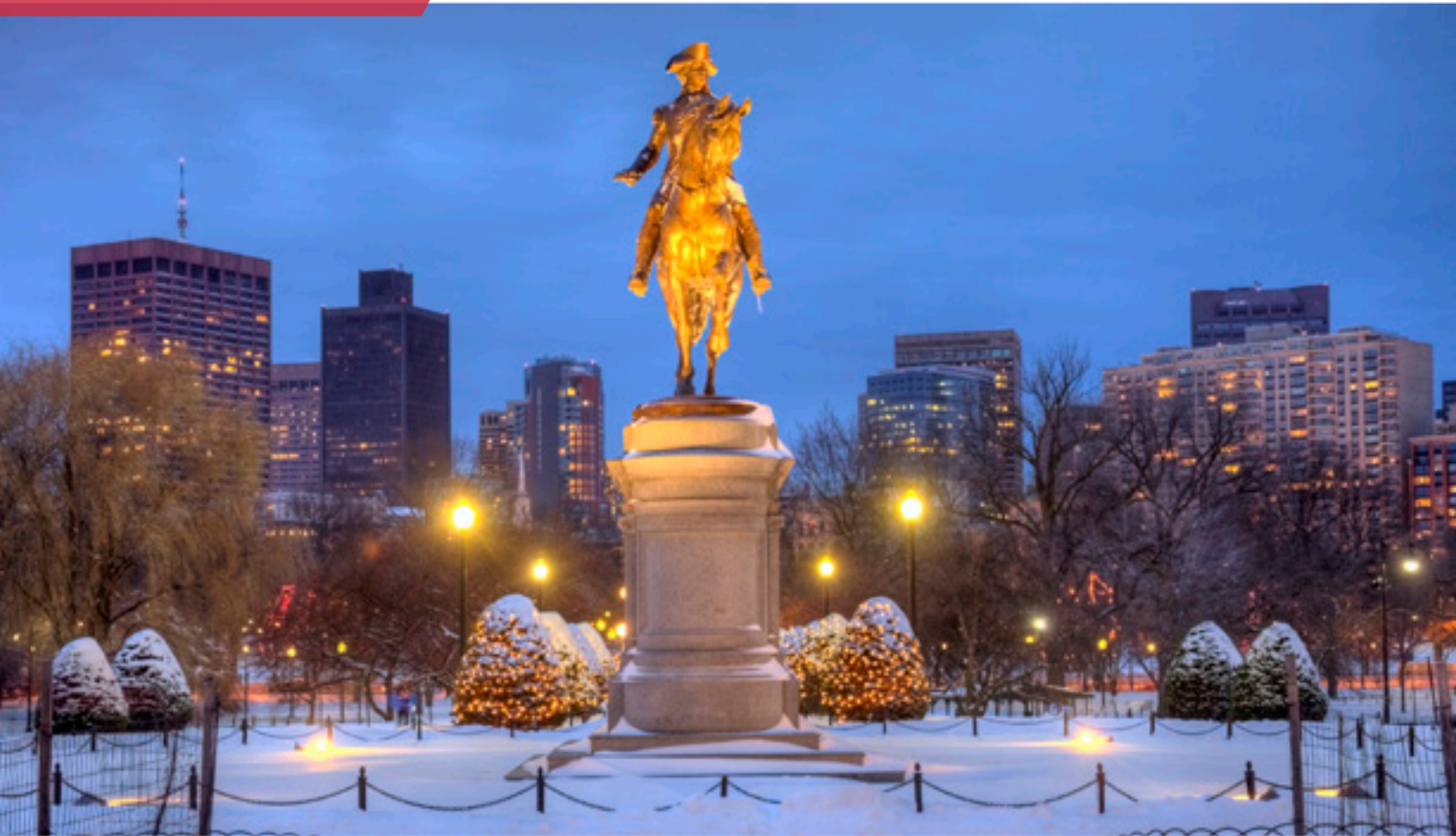


# Q4 2017

M E T R O B O S T O N

# MARKET REPORT



## BOSTON'S OUTLOOK REMAINS POSITIVE

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### INSIDE STATISTICS...



#### OFFICE

(DOWNTOWN, CAMBRIDGE,  
SUBURBAN)



#### INDUSTRIAL

(WAREHOUSE, FLEX/R&D,  
MANUFACTURING)



#### CAPITAL MARKETS



## OFFICE STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

# Year Ends on Solid Footing

Downtown and the Route 128 Loop led a strong fourth-quarter performance in the Greater Boston office market, with total absorption surpassing 700,000 square feet and vacancies falling to 11.6%. The war for talent continues to drive inbound tenant relocations to the urban markets as well as fuel growth in urban outposts from firms like Bose and possibly Staples and Haemonetics. While we expect this eastward migration to continue, the suburbs remain alive and well as several large requirements have opted to remain outside of the city and build-to-suit construction has bolstered net absorption.

Asking rents increased across most markets, with the metrowide average expanding by 1.9% on a year-over-year basis. Looking Downtown, the Class B market has seen outsized rent growth over the last several years as tech and creative tenants have flocked to this asset type. With average lease rates nearing \$50/SF in the fourth quarter, tenants can expect to pay up for premium Class B space in Boston. The story is somewhat different in the suburbs. With talent attraction and retention a top priority among suburban office users, demand has been focused on highly-amenitized, Class A assets. This has pushed average Class A lease rates to almost \$30/SF in 2017, with the high-water mark surpassing \$50/SF in some of Waltham's newest office buildings. Older, outdated product lacking modern amenities and services will likely continue to lag in performance. In Cambridge, limited availabilities and few rent observations have created some volatility in the recent rent data, which is not indicative of market health. Asking rents are still sky-high in East Cambridge, and lease rates on new construction, which are not included in current calculations, are north of \$90/SF gross.

Metrowide the magnitude of growth is slowing and patterns are more indicative of those found in the latter stages of a commercial real estate cycle. Rents should continue their ascent in the near term, but growth rates will be more moderate than in recent years.

Cambridge's overheated lab market and a seemingly insatiable demand from the ever-growing biotech industry are directly benefiting relief valve locations like the Seaport and Brighton. Developers continue to pivot from office to lab construction as users seek out larger footprints and/or cheaper alternatives to Kendall Square. At Boston Landing's growing tech hub in Brighton, NB Development recently landed Mass Innovation Labs, Roche Diagnostics and Proteostasis Therapeutics. Mass Innovation Labs is also anchoring the first phase of Related Beal's iSQ development at 6 Tide Street in the Seaport. In Watertown, Boylston Properties continues to expand its roster of lab tenants at the recently constructed LINX building. Macrolide Pharmaceuticals represents the most recent tenant to sign on here. Expect more developers to continue to market new space to both office and lab users, allowing biotech clusters to evolve outside of Cambridge.

Boston's future remains bright despite the risk of an economic downturn over the next five years. Several major expansions are in the works from tenants like WeWork, Amazon, Wayfair, and DraftKings, and this year's positive momentum will flow into 2018. Amazon's HQ2 decision is the biggest wild card in Boston's outlook. Amazon is expected to make a final decision regarding HQ2 sometime this year and while the outcome is unclear, Boston is well-positioned to land this white whale.

TOTAL VACANCY RATE	DIRECT VACANCY	Q4 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
11.6%	10.8%	728,339	\$33.45	3,772,905

MA Business Confidence Index:

**62.6** OUT OF 100  
(Nov 2017)

Boston Unemployment Rate:

**3.0%**  
(Nov 2017)

Boston Office-using Employment:

**17,600**  
Jobs added  
2.4% Growth year-over-year

State Tech & Science Index:

**NO. 1**  
by Milken Institute

MA Economy Ranked:

**NO. 5**  
by USNews

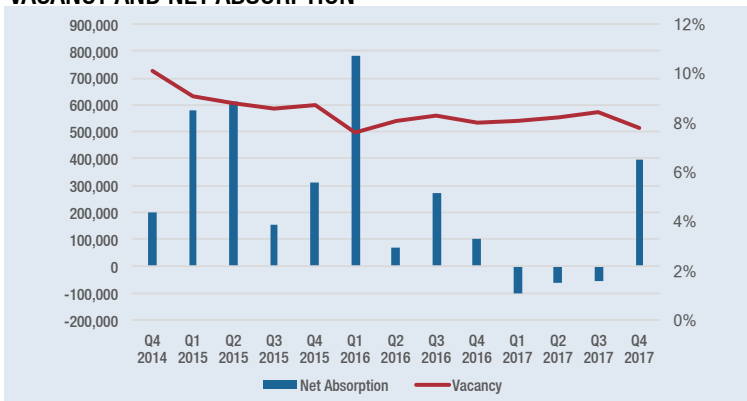


# OFFICE STATISTICS

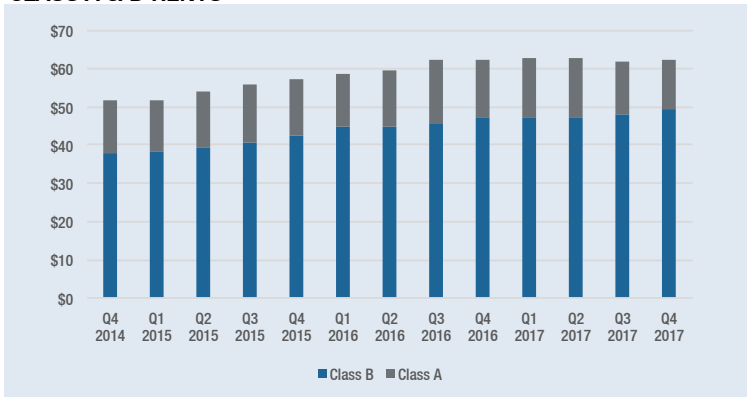
## DOWNTOWN

DOWNTOWN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	48,818,271	3,717,022	7.6%	219,617	128,951
Class B	20,887,991	1,713,292	8.2%	173,964	40,863	\$49.22
<b>CLASS A &amp; B TOTAL</b>	<b>69,706,262</b>	<b>5,430,314</b>	<b>7.8%</b>	<b>393,581</b>	<b>169,814</b>	<b>\$58.28</b>

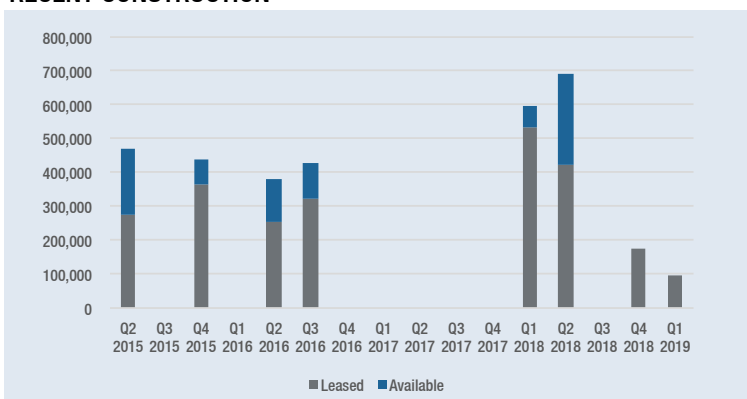
### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### RECENT CONSTRUCTION



### TRENDS

- Strong positive absorption in the fourth quarter brought vacancies down to 7.8%. With several large expansions nearly finalized, the Downtown market should see continued improvements in the coming quarters.
- The Back Bay is coming into its own, with the tech, e-commerce and coworking sectors driving growth. Wayfair, WeWork and DraftKings are committed to large blocks of space across a handful of towers here.
- New construction in the Seaport continues to attract tenants. Aptiv leased two floors at 100 Northern Avenue and Viviant's lease on the 7th floor of 101 Seaport brought the building to full-occupancy. Cengage Learning is planning to relocate to 117,000 square feet at Pier 4 in late 2018 as well.
- Corporate tenants are increasingly looking for flexible lease options within coworking spaces. At WeWork's newest location, 1 Beacon Street, a single-user is committed to nearly half of the space and Blackbaud recently committed to a full floor in their North Station location at 200 Portland Street.
- In addition to Amazon's HQ2 requirement, the e-commerce giant is reportedly in the market for another 500,000 to 1 million square feet in Boston.
- Nordblom is making a big play in the outskirts of Boston. Its 232,500-square-foot speculative development at 321 Harrison Avenue in the South End could break ground in March and they have proposed a massive mixed-use development at the former Globe site in Dorchester.

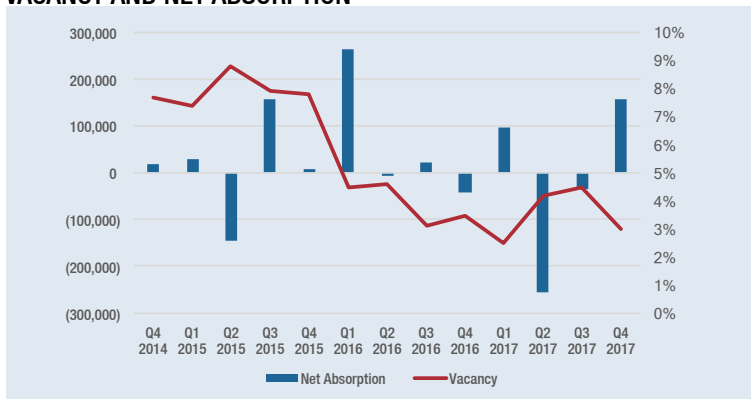
### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Rapid7	80 Causeway Street	147,000	North Station	Relocation/Expansion
JPMorgan	451 D Street	140,000	Seaport	Renewal/Expansion
Safety Insurance	20 Custom House Street	75,411	Financial District	Renewal/Contraction
WeWork	1 Beacon Street	66,258	Financial District	Expansion
Aptiv	100 Northern Avenue	62,000	Seaport	Expansion

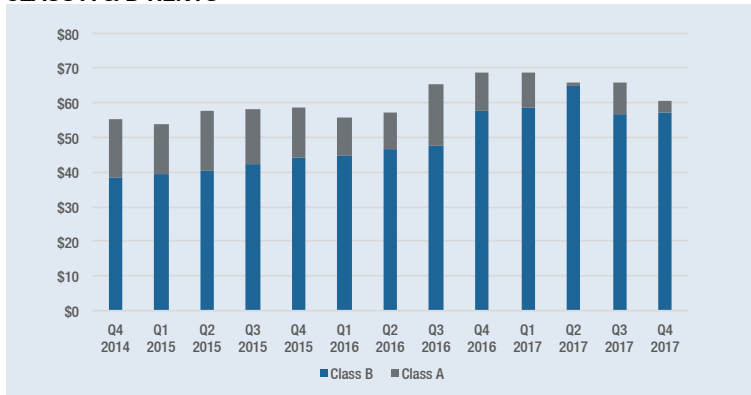


CAMBRIDGE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	7,036,443	274,929	3.9%	149,507	(40,498)
Class B	3,280,895	37,402	1.1%	7,389	4,732	\$58.37
<b>CLASS A &amp; B TOTAL</b>	<b>10,317,338</b>	<b>312,331</b>	<b>3.0%</b>	<b>156,896</b>	<b>(35,766)</b>	<b>\$60.30</b>

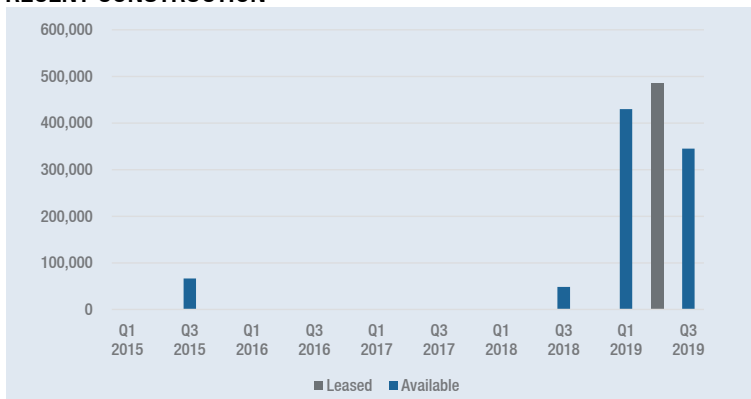
### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### RECENT CONSTRUCTION



### TRENDS

- The Cambridge office market posted more than 150,000 square feet of positive absorption in the fourth quarter, and vacancies ended the year at a mere 3%.
- Expansions from existing tenants, in-migration from out-of-market tenants and frenzied growth in the life science sector remain key demand drivers here.
- Harvard University's IT department took occupancy of 63,000 square feet at 784 Memorial Drive; and brisk leasing of the former Biogen space at 105 Broadway chipped away at East Cambridge vacancies as well.
- Morning Bright Investment, a Chinese investment firm, took down 66,143 square feet of space recently vacated by Cambridge College at 1000 Massachusetts Avenue.
- Dirt is moving in Cambridge. MIT is underway on 314 Main Street, which will include 345,000 square feet of office space. DivcoWest is also constructing a 430,000-square-foot office-lab building as part of the first phase of the long-awaited NorthPoint development. Work continues on the "Akamile" — Akamai Technologies new 486,000-square-foot headquarters.
- Limited availabilities and few rent observations have created some volatility in Cambridge's recent rent data, which is not indicative of market health. Asking rents are still sky-high in East Cambridge, surpassing \$80/SF in the fourth quarter, and lease rates on new construction, which are not included in current calculations, are well north of \$90/SF gross.
- Intercontinental Real Estate acquired the 43,120-square-foot Class B 1280-1288 Massachusetts Avenue for \$45.15MM or \$1,045/SF in December.

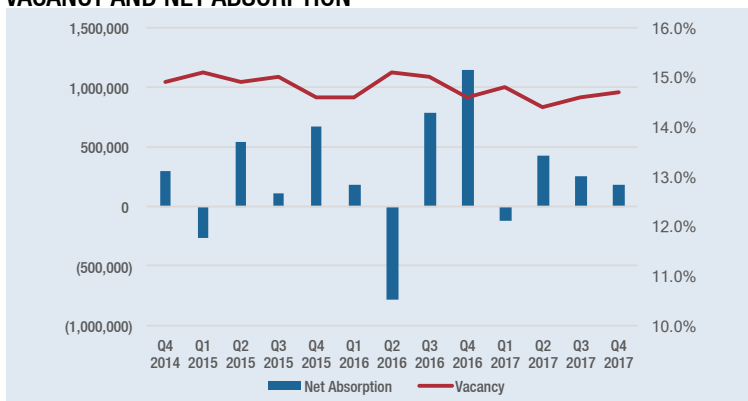
### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Morning Bright Investment	1000 Massachusetts Avenue	66,143	Mid Cambridge	Expansion
IQVIA	201 Broadway	47,500	East Cambridge	Renewal
MIT	105 Broadway	23,874	East Cambridge	Sublease
Broad Institute	105 Broadway	23,874	East Cambridge	Sublease

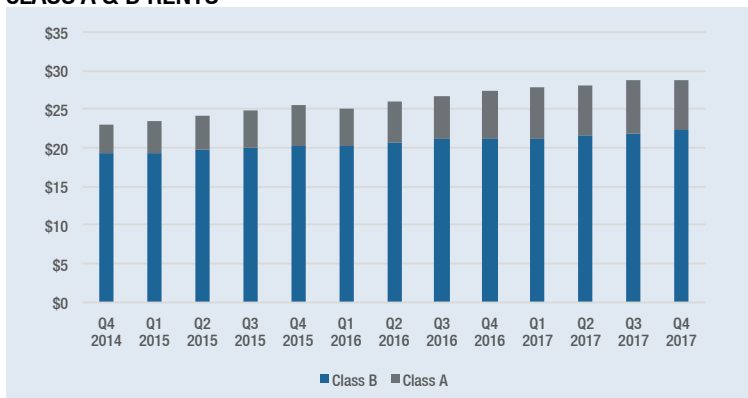


SUBURBAN	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	Class A	58,523,990	7,743,862	13.2%	73,493	395,289
Class B	53,390,150	8,752,251	16.4%	104,369	339,346	\$22.38
<b>CLASS A &amp; B TOTAL</b>	<b>111,914,140</b>	<b>16,496,113</b>	<b>14.7%</b>	<b>177,862</b>	<b>734,635</b>	<b>\$25.33</b>

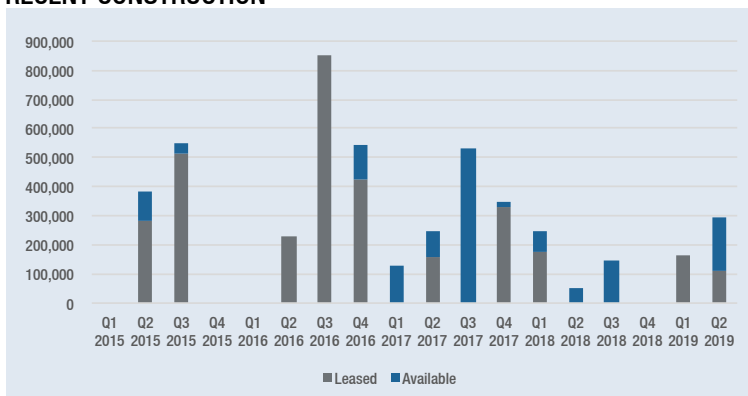
### VACANCY AND NET ABSORPTION



### CLASS A & B RENTS



### RECENT CONSTRUCTION



### TRENDS

- The Suburban office market held steady in 2017, with new construction and some weakness in the Route 495 markets keeping vacancies in the high-14% range.
- While urban migration has kept a steady flow of tenants moving to the city, the suburbs remain active. Simpson Gumpertz & Heger's 110,000-square-foot lease kicked off construction at 20 CityPoint in Waltham, and CA Technologies committed 79,438 square feet of former Oracle space at 45 Network Drive in Burlington; relocating from Framingham. Alkermes and Tesaro are reportedly close to inking deals for new build-to-suit projects in Waltham as well.
- A large block of space came off the market in the fourth quarter. Astellas Institute leased the entirety of Bose's sublease space at 9 Technology Drive in Westborough, and plans to expand its R&D facility. The life science company is currently located at 33 Locke Drive in Marlborough.
- Reebok's former headquarters in Canton is reportedly under agreement, and offers a potential redevelopment opportunity for the new owners.
- MilliporeSigma moved into its new 280,000-square-foot headquarters at 400 Wheeler Road in Burlington, vacating space in Natick and on Concord Road in Billerica.

### NOTABLE TRANSACTIONS

TENANT	ADDRESS	SIZE	SUBMARKET	TYPE
Astellas Institute	9 Technology Drive, Westborough	250,813	Route 495 West	Relocation/Expansion
Simpson Gumpertz & Heger	20 CityPoint, Waltham	110,000	Route 128 West	Relocation
CA Technologies	45 Network Drive, Burlington	79,438	Route 128 Northwest	Relocation/Contraction
TechTarget	275 Grove Street, Newton	75,000	Route 128 West	Renewal/Contraction
Aras Corporation	100 Brickstone Square, Andover	65,298	Route 495 Northeast	Relocation/Expansion





## INDUSTRIAL STATISTICS OVERVIEW



DIRECT VACANCY



SUBLEASE VACANCY



12-MONTH ABSORPTION



LEASING ACTIVITY



ASKING RENT

# Market Conditions Remain Solid

The run-up in Greater Boston's industrial market seemingly has no end in sight. Fundamentals remain tight as demand continues to outstrip supply. With another 1.4 million square feet in positive absorption, vacancies declined by another 40 basis points throughout the past year. New construction remains restrained, and the metro's inventory continues to shrink, particularly inside Route 128, as developers execute redevelopment projects. Amidst these historically low vacancies, landlords have been able to push through unprecedented rent growth. Since the end of 2014 lease rates have increased by 19% metrowide. Institutional-quality industrial product is even harder to come by, and tenants will pay a premium for this space. Looking ahead, this market's maturation will likely lead to slower growth as we move through the later stages of this current cycle, but market conditions will remain positive in the near-term.

The meteoric rise in e-commerce (and subsequently last-mile distribution) has been one of the largest disruptors in the industrial market. The advent of 1-hour delivery and consumers' need for convenience have led to growing demand surrounding population centers. Retailers, delivery services, self-storage facilities, moving companies and the like are all clamoring for space in these locales. This has led to a "location over quality" sentiment among certain tenants in the marketplace; undoubtedly benefiting landlords of product previously considered less desirable or even obsolete. Couple this trend with the continued repositioning of aging urban industrial assets, and you have a recipe for substantial rent growth. Average asking rents in the Urban Core submarket ended the year at close to \$12/SF NNN, but industrial users can expect to pay in the high teens to high twenties for space in places like South Boston or Charlestown.

While the economics make sense, new construction has struggled to keep pace with the industrial market's outsized demand this cycle. This is especially true in urban locations where residential projects and other commercial uses have higher yields than industrial product. The majority of the nearly two million square feet currently underway is either a build-to-suit project or heavily preleased. Campanelli's Business Park of Bellingham, which broke ground this quarter, is an exception. The two speculative buildings total more than 400,000 square feet and are expected to deliver in the summer of 2018. With that said, the market should be able to absorb any new product coming on line in the near future as demand for industrial space in Greater Boston remains robust. We could see some new industrial product break ground closer to the city, with planned projects at Readville Yard 5 in Hyde Park and at Nordblom's planned redevelopment of the former Boston Globe headquarters in Dorchester.

To accommodate larger ships in a post-Panama Canal expansion world, ports throughout the country have been eyeing dredging projects. The deepening of Boston's Conley Terminal has been on our radar for a few years, and the project is finally making some headway. The planned infrastructure improvements recently began, which will take 3.5 years to complete. The first phase will establish an area where the sediment being dredged can be moved to. The second phase will involve the deepening of three shipping channels. The Outer Channel will go from 40 to 51 feet in depth, the Main Shipping Channel will go from 40 to 47 feet in depth and the Reserve Channel will also go from 40 to 47 feet in depth. These improvements will allow more cargo traffic to flow through the Port of Boston, boding well for the local industrial market and economic growth.

TOTAL VACANCY RATE	DIRECT VACANCY	Q4 NET ABSORPTION (SF)	ASKING RENT (\$/SF)	UNDER CONSTRUCTION (SF)
7.4%	7.1%	515,400	\$8.63	1,957,300

Containerized Cargo:

**246,545 TEUS**  
(YTD Nov 2017)  
8.8% Growth year-over-year

Manufacturing Output:

**10.10%**  
of GSP  
(2015)

Housing Permits:

**12,861**  
(YTD Nov 2017)  
6.6% Increase year-over-year

Industrial Employment:

**824,000**  
MA Jobs (Nov 2017)  
0.8% Growth year-over-year

Biopharma MFG Employment:

**10,264**  
MA Jobs (Dec 2016)  
3.0% Decline year-over-year

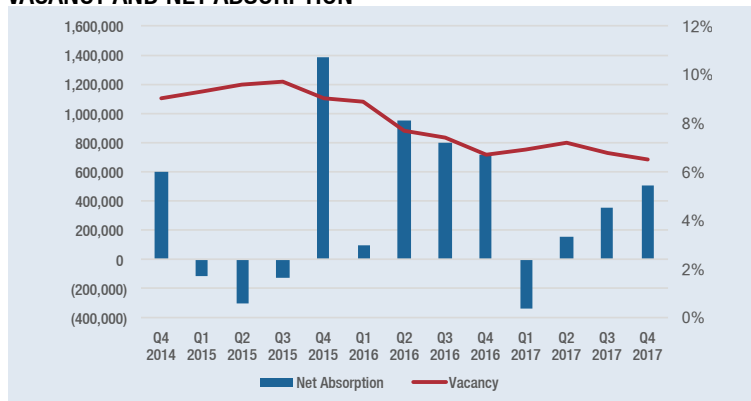


# INDUSTRIAL STATISTICS

## WAREHOUSE

WAREHOUSE	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT (\$/SF)
	TOTAL	92,433,810	5,975,365	6.5%	510,969	684,834

### VACANCY AND NET ABSORPTION



### WAREHOUSE RENTS



### RECENT CONSTRUCTION



### TRENDS

- Greater Boston's warehouse market posted 684,834 square feet of positive absorption in 2017, with the Route 128 North, Route 495 Northeast and Route 495 South submarkets accounting for the lion's share.
- Lease rates in the local warehouse market surpassed \$7/SF NNN in the fourth quarter. This represents a 15.8% increase from the end of 2014. Asking rents in the uber-tight Route 128 North market are among the highest in the metro, with rates in the southern submarkets averaging high-\$5 to low-\$6/SF NNN.
- XPO Logistics signed a 169,968-square-foot lease at 176 Grove Street in Franklin (backfilling William-Sonoma space), with plans to relocate from roughly 54,000 square feet at 480 Sprague Street in Dedham.
- EMS Warehousing relocated to 111,656 square feet at 800 John Quincy Adams Road in Taunton and IDI Distributors plans to occupy all of 45 Panas Road in Foxborough next quarter.
- The 145,000-square-foot 5 5th Street in Peabody delivered vacant this quarter, while fully-occupied developments at 2 Marc Road in Medway and 260 Kenneth Welch Drive came on line as well.
- Construction began on The Campanelli Business Park of Bellingham during the fourth quarter. The development includes two speculative buildings totaling 427,500 square feet of industrial space. Completion is set for the summer of 2018.

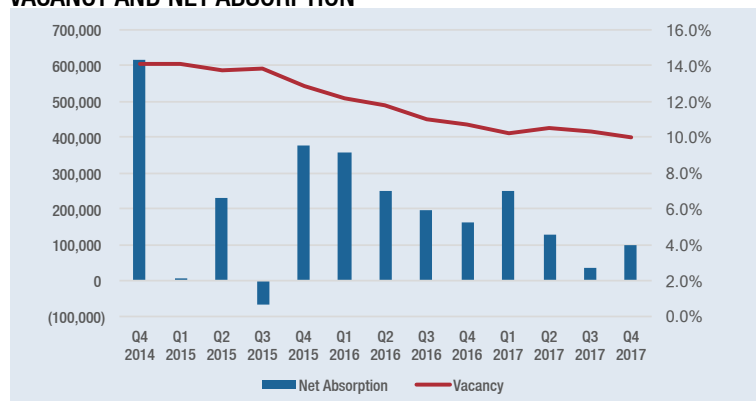
### NOTABLE TRANSACTIONS

TENANT/BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
XPO Last Mile	176 Grove Street, Franklin	169,968	Route 495 South	Relocation/Expansion
EMS Warehousing	800 John Quincy Adams Road, Taunton	111,656	Route 495 South	Relocation/Expansion
Crown Holdings	14 Aegean Drive, Methuen	85,000	Route 495 Northeast	Renewal
Zippy Shell	100 Meadow Road, Hyde Park	85,000	Urban Core	Relocation/Expansion
IDI Distributors	45 Panas Road, Foxborough	53,700	Route 495 South	Relocation/Expansion

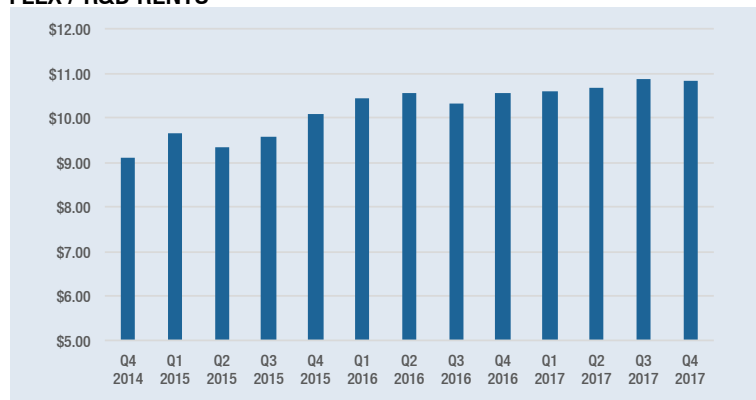


FLEX / R&D	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	50,593,143	5,071,391	10.0%	101,136	518,037

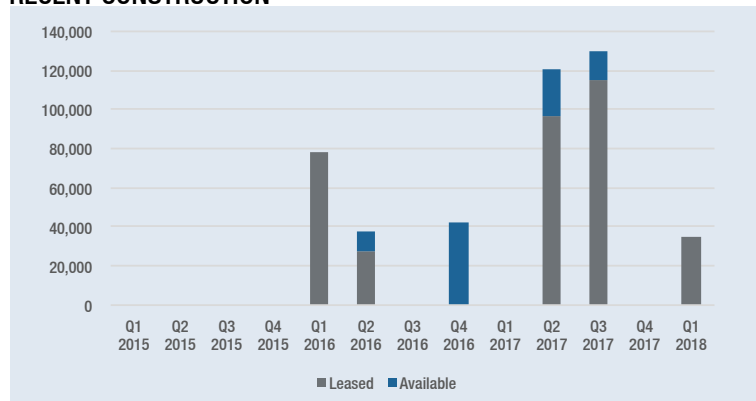
### VACANCY AND NET ABSORPTION



### FLEX / R&D RENTS



### RECENT CONSTRUCTION



### TRENDS

- The Greater Boston Flex/R&D market has absorbed more than 2.6 million square feet of space in the last three years; driving vacancies down by over 400 basis points during that time. As a result, rents have increased by 19% since the end of 2014.
- Technology, robotics, light manufacturing, and other companies needing a small office and/or assemblage component remain key drivers of demand for Flex/R&D space in the Boston metro.
- The area's thriving life science industry continues to drive industrial demand as well. Innovive, a rodent cage maker servicing lab researchers, is relocating its operations from New Hampshire to Billerica and establishing its East Coast headquarters.
- HITEC Sensor Solutions and Monogram Foods also signed lease expansions in the Route 495 North submarket during the fourth quarter.
- ETM Manufacturing vacated 43,200 square feet at 24 Porter Road in Littleton, and Sabic Polymershapes moved out of the 25,600-square-foot 116 Queenstown Street in Devens.
- Simpson Gumpertz & Heger has put 125,000 square feet on the market at 41 Seyon Street in Waltham. The engineering firm recently inked a deal to anchor Boston Properties' 20 CityPoint.

### NOTABLE TRANSACTIONS

TENANT/BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
Innovive	129 Concord Road, Billerica	68,000	Route 495 North	Relocation/Expansion
James Campbell Company	300 Foxborough Boulevard, Foxborough	45,000	Route 495 South	Sale
HITEC Sensor Solutions	10 Elizabeth Drive, Chelmsford	33,750	Route 495 North	Relocation/Expansion
Monogram Foods	301 Ballardvale Street, Wilmington	23,206	Route 128 North	Expansion
MEC Electric	27 Industrial Avenue, Chelmsford	8,824	Route 495 North	Relocation



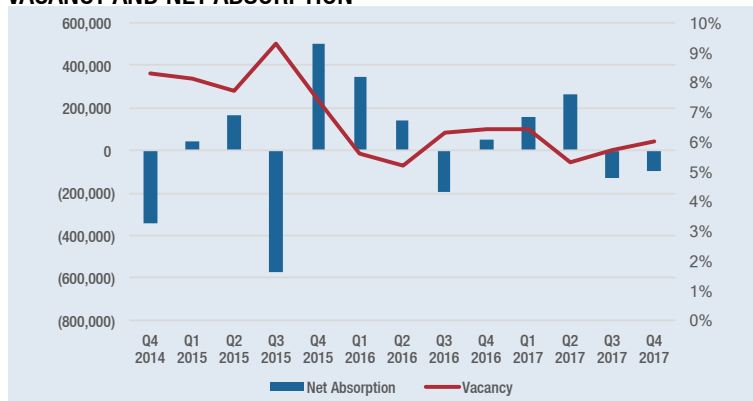


# INDUSTRIAL STATISTICS

## MANUFACTURING

MANUFACTURING		TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	TOTAL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	ASKING RENT NNN (\$/SF)
	TOTAL	34,684,398	2,080,068	6.0%	(96,705)	186,293	\$7.85

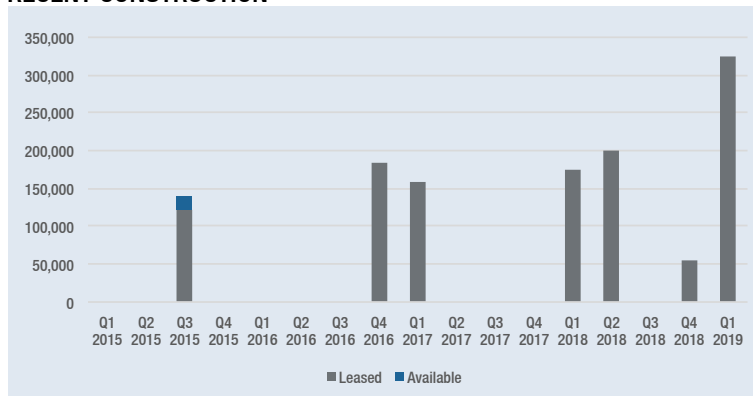
### VACANCY AND NET ABSORPTION



### MANUFACTURING RENTS



### RECENT CONSTRUCTION



### TRENDS

- While manufacturing vacancies in Greater Boston inched up 30 basis points over the last quarter, they remain below year-ago levels. Moreover, average asking rents continue to climb, nearing \$8/SF, as demand for industrial space remains robust.
- The majority of this quarter's negative absorption in the manufacturing market can be attributed to Polartec vacating space at its former operations at 46 Stafford Street in Lawrence. The property was auctioned off for \$5.82MM or \$10.40/SF in December to an undisclosed buyer.
- The seafood industry is driving manufacturing in Boston's Seaport neighborhood. Pilot Development Partners recently announced plans to build a seafood processing plant on Parcel 6 along Fid Kennedy Avenue in the Raymond L. Flynn Marine Park. Boston Sword & Tuna is already committed to a 48,000-square-foot building in the development, which will also include another 60,000 square foot building as well as a 300-space parking garage. Stavis Seafoods and Cape Cod Shellfish & Seafood are planning facilities on adjacent parcels as well.
- Shire Pharmaceuticals is scaling back its manufacturing operations globally and plans to divest its 99,000-square-foot facility in Milford.
- Investors have been active here. Winstanley Enterprises purchased 67 Pacella Park Drive, Randolph for \$11.05MM or \$68.21/SF and Calare Properties acquired 15-21 University Road, Canton for \$5.8MM or \$55.24/SF.

### NOTABLE TRANSACTIONS

TENANT/BUYER	ADDRESS	SIZE	SUBMARKET	TYPE
Winstanley Enterprises LLC	67 Pacella Park Drive, Randolph	162,000	Route 128 South	Sale
Calare Properties, Inc.	15-21 University Road, Canton	105,000	Route 128 South	Sale
Testudine Partners, LLC	135 Ward Hill Avenue, Haverhill	68,000	Route 495 Northeast	Sale
Boston Sword & Tuna	Fid Kennedy Avenue, Boston	48,000	Urban Core	Lease
On Time Mailing, Inc.	172-176 Williams Street, Chelsea	12,240	Urban Core	Lease



## CAPITAL MARKETS OVERVIEW



OFFICE SALES VOLUME (\$)



MULTIFAMILY SALES VOLUME (\$)



RETAIL SALES VOLUME (\$)



INDUSTRIAL SALES VOLUME (\$)

## Transaction Volume Down, but Interest Remains Strong

At a macro level, uncertainty surrounding tax legislation and an ever-growing bid-ask spread among buyers and sellers weighed on deal volume during the latter half of this year. Pricing continues to inch higher, with Real Capital Analytics' CPPI growing by 1.2% from October to November, as demand remains strong for U.S. commercial real estate. Investor appetite for the industrial asset class is growing, with both transaction volume and prices increasing over the past year. This trend is playing out in the local Boston market as well. While solid economic conditions bode well for investment sales going forward, expect deal volume to slide further in 2018 as we move through the later stages of this current cycle.

Boston remains a highly-desirable destination for capital among all investor types. We continue to see local, regional, national, foreign and institutional buyers out in the marketplace. Overall transaction volume declined during the second-half of 2017, with the multifamily and industrial asset classes faring the best. With that said, the limited inventory of properties for sale, particularly for core, downtown assets, has kept pricing on an upward trajectory over the past year. Value-add opportunities are a focus among multifamily investors, and the appetite for industrial and lab product continues to expand. The market for Class A suburban office buildings has held steady, while the Class B market is facing steeper declines in deal volume and a double-digit drop in pricing over the past year.

Given the life science industry's explosive growth this cycle, it's not surprising that lab assets have come into favor. Most recently, healthcare REIT HCP re-entered the Greater Boston lab market and agreed to purchase a majority interest in the 388,067-square-foot Hayden Research Campus in Lexington for \$228MM or \$588/SF. King Street Properties will remain on as a JV partner. Look for continued interest in lab product throughout Greater Boston; particularly in key suburban lab clusters like Lexington, Waltham and Watertown.

Interest among institutional owners and foreign buyers in industrial assets continues to grow in Greater Boston. In 2017, more than \$1.6B in industrial and flex/R&D properties changed hands. This represents a slight decline from the previous year. Pricing has continued to climb as fundamentals are among the best they've ever been in the local market. The median price/SF increased by 18.4% over the last year; reaching a 5-year high of \$90/SF. In one of the largest transactions of the quarter, Bahrain-based Ibdar Bank acquired Amazon Robotics-anchored 300 Riverpark Drive in North Reading for \$45.1MM or \$197/SF. The 228,291-square-foot Flex/R&D building previously sold for \$32.3MM in 2013. This sale is indicative of the growing number of institutional buyers and REIT/Public capital in the Greater Boston industrial space, which accounted for 24% of total sales volume in 2017. This compares to just 13% five years ago.

## TOP Q4 / INVESTMENT SALES

### OFFICE



**253 Summer Street**  
253 Summer Street  
Boston

Buyer	Morgan Stanley Real Estate Investing
Price	\$140,000,000
Total SF	201,481
Price/SF	\$695
Cap Rate	-

### MULTIFAMILY



**Tower at One Greenway**  
99 Kneeland Street  
Boston

Buyer	PGIM Real Estate
Price	\$144,500,000
Units	217
Price/ Unit	\$665,898
Cap Rate	3.80%

### RETAIL



**Brattle Court**  
17-41 Brattle Street  
Cambridge

Buyer	Asana Partners
Price	\$88,845,200
Total SF	40,506
Price/SF	\$2,193
Cap Rate	-

### INDUSTRIAL



**RiverPark**  
300 Riverpark Drive  
North Reading

Buyer	Lincoln Property Company
Price	\$45,100,000
Total SF	228,921
Price/SF	\$197
Cap Rate	7.25%



## OFFICE SALES

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	TOTAL
SALES VOLUME (\$)	\$2,293,580,352	\$2,810,769,858	\$735,315,673	\$584,509,674	\$6,424,175,557
# OF TRANSACTIONS	80	90	72	55	297
TOTAL SF	6,035,798	6,734,382	3,349,055	2,304,219	18,423,454
MEDIAN \$/SF	\$140	\$180	\$143	\$150	\$155

## MULTIFAMILY SALES

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	TOTAL
SALES VOLUME (\$)	\$291,244,788	\$776,754,889	\$1,527,536,684	\$698,844,043	\$3,294,380,404
# OF TRANSACTIONS	75	64	80	53	272
TOTAL UNITS	915	3,001	3,479	2,322	9,717
MEDIAN \$/UNIT	\$233,333	\$173,331	\$200,000	\$223,958	\$208,333

## RETAIL SALES

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	TOTAL
SALES VOLUME (\$)	\$374,382,383	\$301,123,728	\$296,268,049	\$243,801,207	\$1,215,575,367
# OF TRANSACTIONS	112	140	101	97	450
TOTAL SF	1,509,180	2,097,679	1,346,145	951,862	5,904,866
MEDIAN \$/SF	\$195	\$260	\$213	\$266	\$231

## INDUSTRIAL SALES

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	TOTAL
SALES VOLUME (\$)	\$453,379,723	\$385,172,081	\$433,947,886	\$374,173,554	\$1,646,673,244
# OF TRANSACTIONS	76	78	82	60	296
TOTAL SF	4,779,432	6,394,205	4,045,511	4,243,774	19,462,922
MEDIAN \$/SF	\$75	\$59	\$103	\$86	\$90

# MARKET RECAP



## OFFICE 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)
Back Bay	13,836,220	-	1,208,646	268,162	10.7%	111,202	114,328	\$64.93
Charlestown	2,554,975	-	75,363	-	2.9%	68,444	14,743	\$41.10
Fenway/Kenmore	1,697,521	-	53,484	-	3.2%	(11,087)	2,335	\$48.97
Financial District	35,688,924	381,283	2,684,073	125,565	7.9%	168,053	115,795	\$57.77
Midtown	2,041,644	-	59,440	-	2.9%	1,021	18,344	\$48.75
North Station	2,667,523	175,000	77,963	15,847	3.5%	29,182	12,887	\$45.41
Seaport	10,044,887	1,001,341	749,708	83,317	8.3%	27,007	(89,563)	\$54.28
South Station	1,174,568	-	26,776	1,970	2.4%	(241)	(19,055)	\$48.15
<b>BOSTON TOTAL</b>	<b>69,706,262</b>	<b>1,557,624</b>	<b>4,935,453</b>	<b>494,861</b>	<b>7.8%</b>	<b>393,581</b>	<b>169,814</b>	<b>\$58.28</b>
East Cambridge	5,636,548	1,309,598	40,029	133,806	3.1%	85,427	(74,476)	\$80.51
Mid Cambridge	2,630,220	-	13,025	30,407	1.7%	68,965	49,008	\$65.55
West Cambridge	2,050,570	-	80,678	14,386	4.6%	2,504	(10,298)	\$47.49
<b>CAMBRIDGE TOTAL</b>	<b>10,317,338</b>	<b>1,309,598</b>	<b>133,732</b>	<b>178,599</b>	<b>3.0%</b>	<b>156,896</b>	<b>(35,766)</b>	<b>\$60.30</b>
Framingham-Natick	4,596,259	-	680,978	71,658	16.4%	(5,330)	17,063	\$24.68
Inner Suburbs	6,409,455	53,271	485,675	12,000	7.8%	25,433	51,950	\$35.11
Route 128 North	14,206,965	320,672	1,265,625	61,107	9.3%	93,014	(4,421)	\$22.25
Route 128 Northwest	13,816,112	-	1,713,870	121,587	13.3%	284,621	325,564	\$30.72
Route 128 South	14,407,539	-	1,485,664	179,648	11.6%	153,433	75,688	\$22.71
Route 128 West	23,316,801	487,100	2,632,302	259,148	12.4%	(92,098)	337,886	\$38.21
<b>ROUTE 128 TOTAL</b>	<b>65,747,417</b>	<b>807,772</b>	<b>7,097,461</b>	<b>621,490</b>	<b>11.7%</b>	<b>438,970</b>	<b>734,717</b>	<b>\$30.31</b>
Route 495 North	13,313,846	-	3,462,518	118,498	26.9%	(175,276)	(373,052)	\$19.65
Route 495 Northeast	7,520,486	-	1,478,268	17,569	19.9%	3,713	201,950	\$20.52
Route 495 South	3,334,696	-	603,424	7,935	18.3%	2,044	(158,520)	\$19.56
Route 495 West	10,991,981	44,640	1,806,720	31,919	16.7%	(111,692)	260,527	\$20.15
<b>ROUTE 495 TOTAL</b>	<b>35,161,009</b>	<b>44,640</b>	<b>7,350,930</b>	<b>175,921</b>	<b>21.4%</b>	<b>(281,211)</b>	<b>(69,095)</b>	<b>\$19.94</b>
<b>SUBURBAN TOTAL</b>	<b>111,914,140</b>	<b>905,683</b>	<b>15,615,044</b>	<b>881,069</b>	<b>14.7%</b>	<b>177,862</b>	<b>734,635</b>	<b>\$25.33</b>
<b>MARKET TOTAL</b>	<b>191,937,740</b>	<b>3,772,905</b>	<b>20,684,229</b>	<b>1,554,529</b>	<b>11.6%</b>	<b>728,339</b>	<b>868,683</b>	<b>\$33.45</b>

# MARKET RECAP



## INDUSTRIAL 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 MNN (\$/SF)
Urban Core	17,966,658	-	1,184,250	27,314	6.7%	16,334	(113,995)	\$11.91
Framingham-Natick	3,162,001	-	110,716	-	3.5%	28,300	197,227	\$8.71
Route 128 North	28,378,974	-	1,149,367	117,301	4.5%	141,071	382,104	\$10.04
Route 128 Northwest	3,881,764	-	173,292	37,974	5.4%	24,436	70,373	\$19.89
Route 128 South	39,593,921	400,000	2,947,643	24,540	7.5%	165,579	202,516	\$7.12
Route 128 West	4,319,350	-	219,962	-	5.1%	6,427	5,850	\$19.60
<b>ROUTE 128 TOTAL</b>	<b>76,174,009</b>	<b>400,000</b>	<b>4,490,264</b>	<b>179,815</b>	<b>6.1%</b>	<b>337,513</b>	<b>660,843</b>	<b>\$8.97</b>
Route 495 North	20,993,545	383,000	2,426,064	67,171	11.9%	(34,485)	(279,783)	\$9.22
Route 495 Northeast	12,134,427	175,000	1,303,997	57,600	11.2%	(129,372)	442,950	\$7.63
Route 495 South	32,102,198	999,300	2,402,053	92,376	7.8%	359,045	410,054	\$6.12
Route 495 West	15,178,513	-	785,204	-	5.2%	(61,935)	71,868	\$9.21
<b>ROUTE 495 TOTAL</b>	<b>80,408,683</b>	<b>1,557,300</b>	<b>6,917,318</b>	<b>217,147</b>	<b>8.9%</b>	<b>133,253</b>	<b>645,089</b>	<b>\$7.84</b>
<b>MARKET TOTAL</b>	<b>177,711,351</b>	<b>1,957,300</b>	<b>12,702,548</b>	<b>424,276</b>	<b>7.4%</b>	<b>515,400</b>	<b>1,389,164</b>	<b>\$8.63</b>

**10<sup>TH</sup> LARGEST** METROPOLITAN AREA IN THE US

**4,000** Tech Startups (Compass)

537 Big Data Companies in MA

**\$3.2 BILLION** VC Funding (2016)

**9** Accelerators

**SMARTEST CITY** (Forbes)

**INNOVATIVE CITY** (Innovation Cities)

**3.0%** UNEMPLOYMENT RATE (US AVERAGE: 4.1%)

**2,683,500** LABOR FORCE

**16** LIFE SCIENCE INCUBATORS

**BOSTON**

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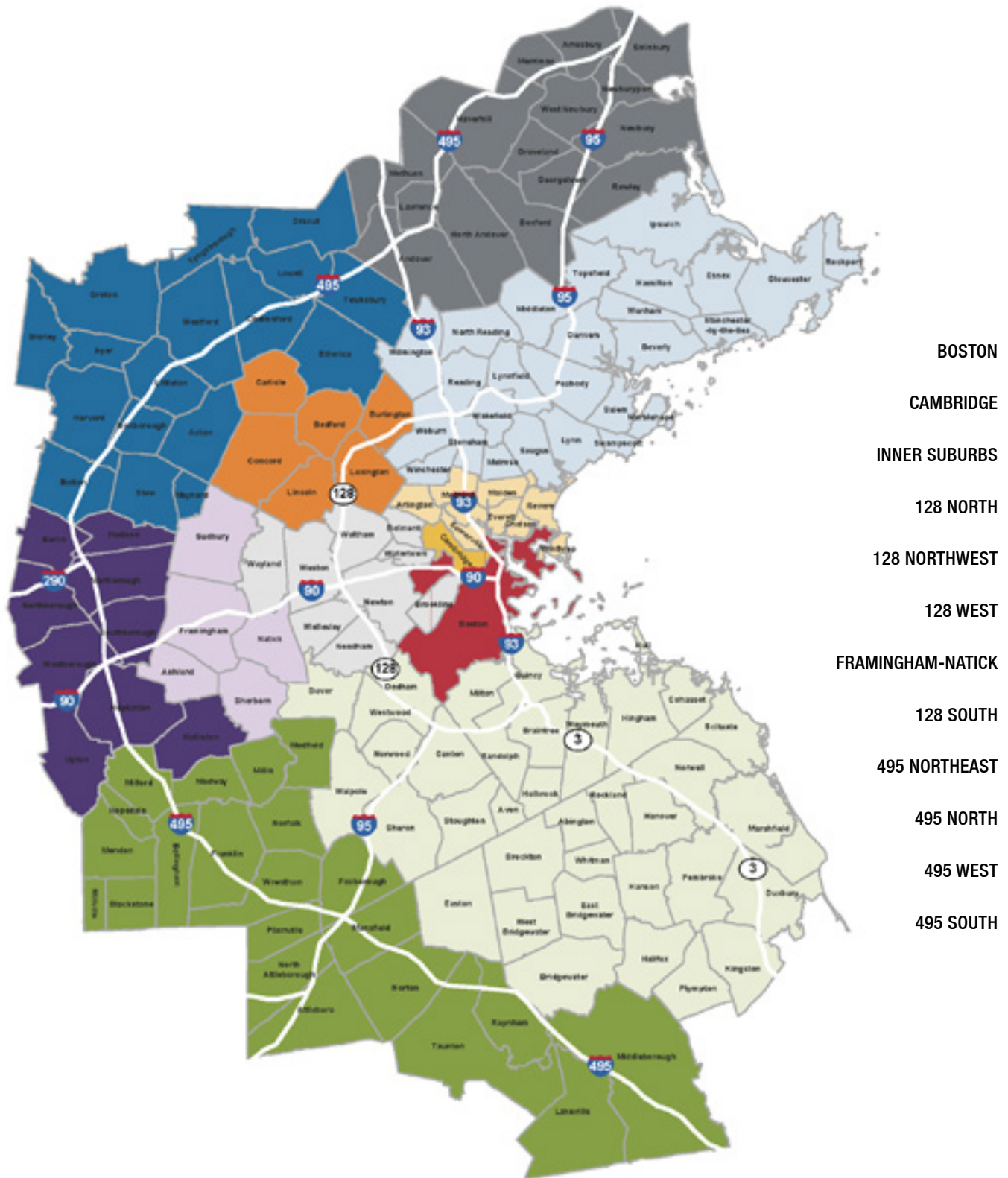
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# SUBMARKET MAP



# Q4

2017

M E T R O B O S T O N

# MARKET REPORT



## OFFICE

(DOWNTOWN, CAMBRIDGE,  
SUBURBAN)



## INDUSTRIAL

(WAREHOUSE, FLEX/R&D,  
MANUFACTURING)



## CAPITAL MARKETS

### METHODOLOGY

**SOURCE:** Co-Star, NAI Hunneman Commercial Company. **PREPARED:** January 2018.

**DISCLAIMER:** The above data is from sources deemed to be generally reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

Average Rental Rates are asking rents on direct space.

Vacant space includes both direct and sublease space.

# NAI Hunneman

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