



MARKET OVERVIEW

The 495/MetroWest market extends along the Interstate 495 corridor from Westford in the north to Foxborough in the south, and spreads east-west along Route 9 from Natick to Shrewsbury. While once primarily an industrial economy, the area today supports a broad spectrum of white collar occupiers, including a growing cohort of tech and life science companies.

495/MetroWest’s appeal for office and lab tenants is understandable. Situated less than 30 minutes from downtown Boston and Worcester, the area is a short journey to the state’s two largest cities, with access to I-495 and I-90, three commuter rail lines, and growing regional transit services. However, the ability to get elsewhere is not only what makes 495/MetroWest’s appeal so strong. Right here, office tenants can enjoy some of the best rent values in the Greater Boston area, and access to a rapidly growing talent base of skilled employees. With residential rental rates in the Boston urban core just as historically high as commercial, many are opting to move to the I-495 belt, where they can not only find affordable homes, but in many cases a higher quality of life as well.

Increased demand for quality office space in the 495/MetroWest market has resulted in a growing inventory of properties. Within this region alone, there are 27.8 million sq. ft. of office and life science properties, which represents a 16% increase in just the last ten years. At almost 3 million sq. ft., the lab sector is also making its presence felt, and now comprises over 10% of this total. The complete commercial building inventory, including industrial properties, is over 72 million sq. ft.

Due to these trends – and a 67% pricing discount compared to Boston and Cambridge – the 495/MetroWest market is poised for continued growth in 2018 and beyond.

Case Study: Littleton

What makes a town in the 495/MetroWest market flourish? With the highest absorption of all towns in the region in the first quarter of 2018, Littleton’s example is worth examining. Three major macro themes in commercial real estate are all present here: transit, mixed-use development, and tech employment. Littleton is situated at the crossroads of I-495 and Route 2 and boasts a commuter rail station adjacent to this major interchange. It is also home to The Point, a new development featuring retail, restaurant, and cinema space, as well as a hotel. And this town of only 8,900 people hosts 3,400 IBM employees – at a single site. The company’s campus at 550 King Street is their largest software development lab in North America.

Life Science Spotlight

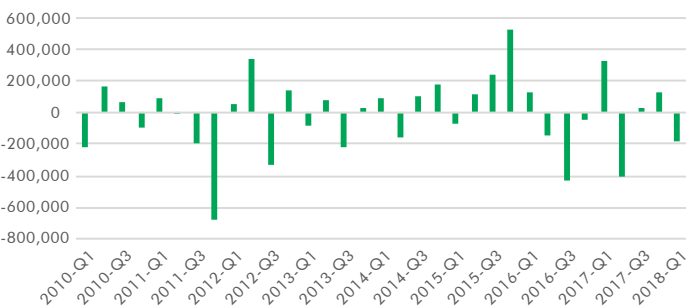
The growing life science sector has been one of the highlights of the national economy in recent years, and Greater Boston is considered by many to be the epicenter of the industry. But with rents growing astronomically in Cambridge, the traditional submarket of choice for these companies, many of them are starting to look further afield. The 495 belt holds particular appeal for three key reasons: lower costs, tax incentives offered by various municipalities – and more land. Even those blue-chip tenants which can afford Cambridge are often finding that the market simply lacks the space they need to grow. It is expected that this trend of reverse life science migration to the suburban markets will continue and accelerate in the future.

Fun Fact

The historic clock tower at Mill & Main in Maynard is still actively operated today. It is wound by hand 90 times once a week, every week.

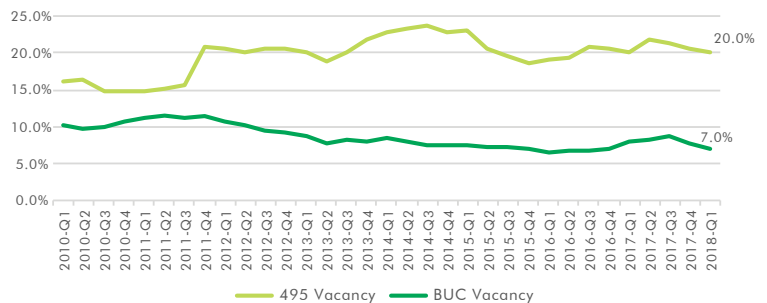
Absorption

Although 2018 began in the red, absorption had been positive in three of the four preceding quarters. Continued healthy tenant demand indicates that the market is on solid footing.



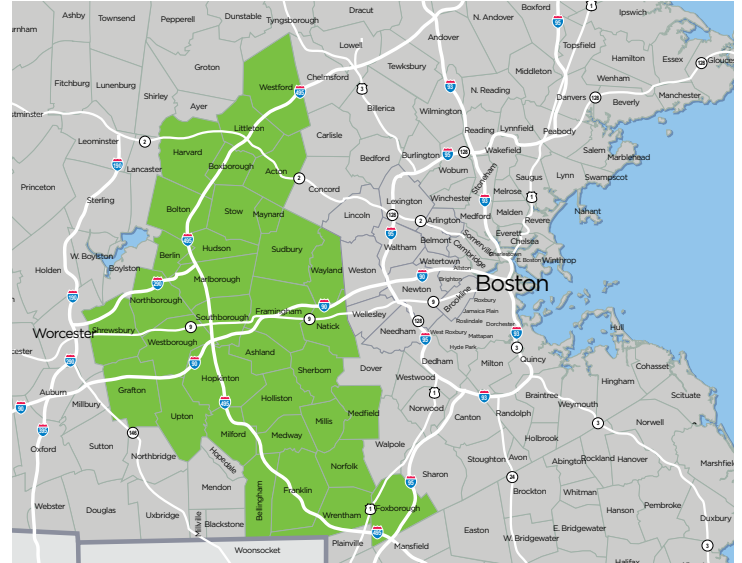
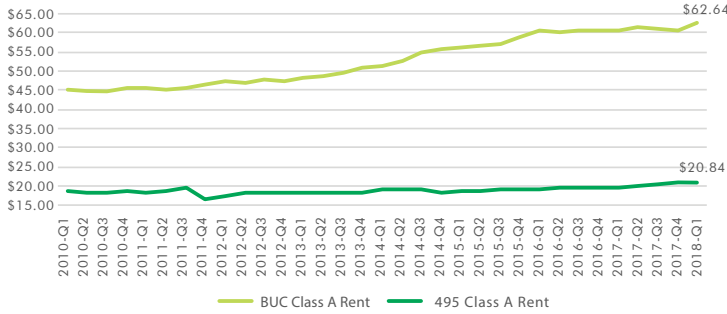
Vacancy: 495 vs. Boston Urban Core

Vacancy has declined steadily over the last three quarters, as increasing numbers of tenants look for affordable alternatives outside the Boston Urban Core.



Class A Rent: 495 vs. Boston Urban Core

495/MetroWest rents have seen modest growth in recent years, as is to be expected as the market gains attention. However, rents remain dramatically better value than in the Boston Urban Core, where rapid growth has driven the rental gap even wider.



Largest Occupiers

Tenant	Largest Presence	Total SF Occupied
The TJX Companies	770 Cochituate Road, Framingham	1,519,994
IBM	550 King Street, Littleton	1,095,059
Dell EMC	176 South Street, Hopkinton	1,011,222
MathWorks	1 Boston Scientific Place, Natick	871,048
Staples	500 Staples Drive, Framingham	680,173
Sanofi Genzyme	1 Research Drive, Westborough	646,217
Raytheon	526 Boston Post Road, Sudbury	522,948
Boston Scientific	200 Fairbanks Boulevard, Marlborough	496,116
Bose	9 Technology Drive, Westborough	480,813
Charles River Laboratories	334 South Street, Shrewsbury	460,000

Largest Owners

Owner	Largest Asset	Total SF Owned
Carruth Capital	4400 Computer Drive, Westborough	2,285,562
The TJX Companies	770 Cochituate Road, Framingham	1,517,191
Saracen Properties	5 Clock Tower Place, Maynard	1,135,882
Dell EMC	176 South Street, Hopkinton	1,089,197
The Gutierrez Company	10 Technology Park Drive, Westford	879,512
KS Partners	33 Boston Post Road West, Marlborough	762,210
Atlantic Management Corporation	200 Forest Street, Marlborough	744,941
Medical Information Technology	550 Cochituate Road, Framingham	658,850
Lone Star Funds	550 King Street, Littleton	653,904
Staples	500 Staples Drive, Framingham	650,000

Availabilities

Address	Square Footage	Type
4400 Computer Drive, Westborough	382,000	Direct
111 Locke Drive, Marlborough	159,000	Direct
2 Results Way, Marlborough	158,000	Direct
100 Staples Drive, Framingham	155,000	Direct
1 Boston Scientific Place, Natick	150,000	Direct
5 Clock Tower Place, Maynard	139,000	Direct
151 Taylor Street, Littleton	124,000	Direct/Sublease
5 Technology Park Drive, Westford	110,000	Direct
100 Crossing Boulevard, Framingham	100,000	Direct
15 Pleasant Street Connector, Framingham	93,000	Direct

Leases

Tenant Company	City	Square Footage
Insulet	Acton	195,000
China-US Boston Innovation Center	Marlborough	130,000
Sonus Networks	Westford	98,000
Sensomatic Electronics	Westford	75,000
Seracare Life Sciences	Milford	66,000
WestRock - Southern Container	Littleton	60,000
Boston Heart Diagnostics	Framingham	57,000
Speedline Technologies	Hopkinton	40,000
VHS Acquisition Subsidiary Number 9	Framingham	35,000
PrismHR	Hopkinton	28,000

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