

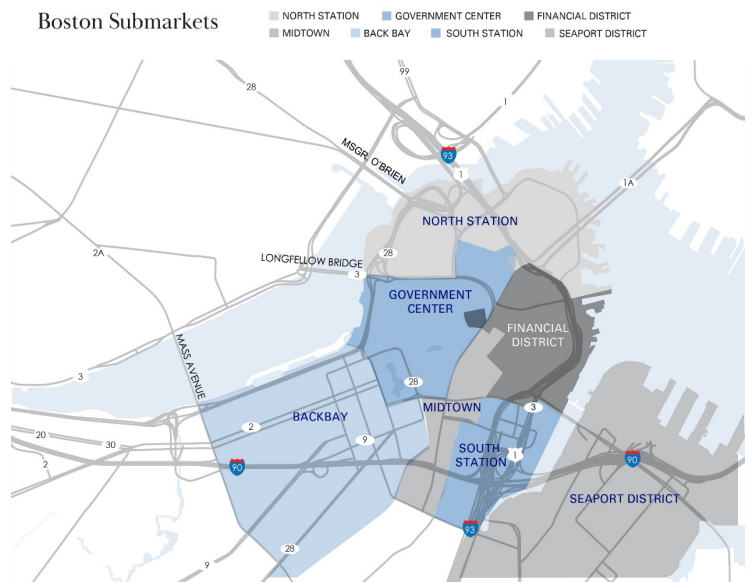


Boston CBD Market Snapshot

Q4 2020 Market Highlights

- Following a prosperous 2019, Boston's office market finished a tumultuous 2020 with four-consecutive quarters of negative net absorption, tallying over 2.4 million square feet, the vast majority of which was a result of sublease space coming to market. Over the course of 2020, more than 3.4 million square feet of sublease space entered the market, with the Downtown area accounting for approximately half of this space. Overall CBD vacancy rates have increased by 360 basis points since the beginning of the year. Class B vacancies expanded at a faster clip over the last year, reaching 13.5% by the end of 2020. Weakness is starting to arise within CBD asking rents, closing the quarter at \$66.66/SF. This represents a 4.1% decline from the market's second-quarter peak. With vacancies rising rapidly in the Class B market, lease rates for these assets declined by 8.0% during the same time period.
- The fourth quarter witnessed the largest sublease space currently marketed, located at 529 Main Street in Charlestown, where Boston Medical Center is looking to sublease 171,800 square feet on the fourth and fifth floors, with a remaining term of nearly six years. Other notable sublease listings included Havas' 116,000 square-foot space at 10 Summer Street and LogMeIn's 103,000 square-foot space at 320 Summer Street. The market's increase in direct availability was also evident, due in large part to currently marketed sublease expirations. Notable sublease transactions include MA Municipal at 2 Center Plaza and Clarion Healthcare Consulting at 280 Summer Street.

Boston Submarkets



Big News

Oxford Properties Pivots from Office to Lab

In December, the Toronto-based firm announced plans to reduce the size of its proposed office tower at 125 Lincoln Street to 393,000 square feet.

The proposal also includes transitioning the building's use from office to life science.



Total Inventory
66.0 MSF



Vacancy
11.0%



Asking Rent
\$64.85/SF



YTD Absorption
(2,432,287) SF



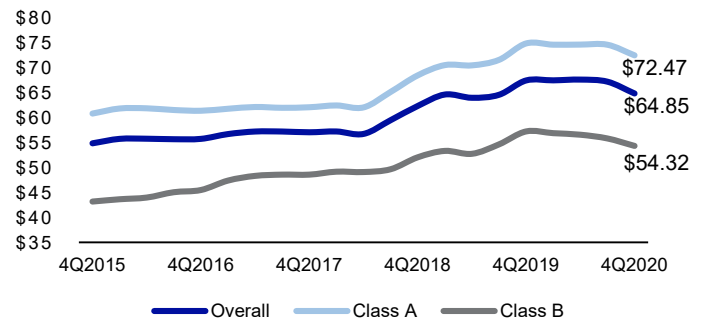
Deliveries
N/A



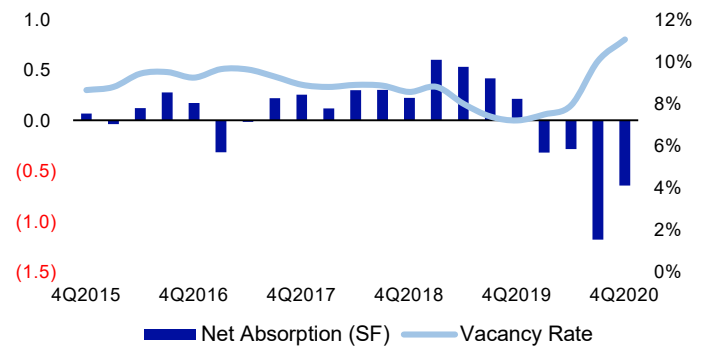
Under Construction
4,887,245 SF

- Continued demand from life science owners, users and developers has completely changed the commercial real estate landscape in Boston's CBD. The amount of planned office-to-lab conversions and ground-up development in this market is staggering, with the Seaport becoming one of the most active life science markets in the CBD. Two CBD properties – 601 Congress in the Seaport and 321 Harrison in the South End – are under agreement or have sold to life science operators. Oxford Properties recently announced plans to reposition its proposed development at 125 Lincoln Street in Chinatown to include lab-capable space while 1001 Boylston, One Kenmore and 88 Black Falcon all have planned lab components.
- Although leasing activity was overall slow, the CBD a few large leases were executed in the fourth quarter. In the largest leasing deal of the quarter and the year involved Loomis Sayles. The global financial investment firm signed an early renewal and downsized its footprint at One Financial Center to 232,184 square feet. Real estate firm, CoStar Group, signed a three-year renewal at 33 Arch Street during the fourth quarter as well. Notable fourth-quarter investment sales in the CBD include the acquisition of 370-380 Stuart Street in the Back Bay for \$177 million, 5 Channel Center in the Seaport for an allocated price of \$35 million and 601 Congress Street also in the Seaport for \$362 million. Related Beal also acquired a 50% interest in the Innovation and Design Building for \$710 million.

Average Asking Rent



Net Absorption (MSF) and Vacancy Rate



Top Q4 Lease Transactions

Tenant	Market	Building	Type	Square Feet
Loomis Sayles & Co	Boston - Downtown	1 Financial Center	Lease Renewal	232,184 SF
CoStar Group	Boston - Downtown	33 Arch Street	Lease Renewal	25,200 SF
Beacon Capital Partners	Boston - Downtown	200 State Street	Lease Expansion	23,496 SF
William Blair & Co.	Boston - Downtown	125 High Street	Direct Lease	20,443 SF
Viner Finance Inc.	Boston - Downtown	255 State Street	Direct Lease	19,940 SF

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