MARKETBEAT

BOSTON

Office Q4 2021

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
14.6% Vacancy Rate	▲	▲
-540K Net Absorption, sf	▼	▼
$38.57 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
2.7M Boston Employment	▲	▲
4.8% Boston Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics
2021Q4 data are based on the latest available data

TENANTS HOLD STEADY AS 2021 SEE ABSORPTION TROUGH

Tenants in Greater Boston vacated a net 540,000 square feet (sf) of office space in the fourth quarter of 2021, marking a second straight quarter of light negative demand. With 3.9 million square feet (msf) of negative absorption in 2021 closely comparing to the 3.7 msf of negative demand seen in 2020, many landlords expect the market is or has reached a turning point, with moderate positive absorption observed even this quarter in Boston's Central Business District and in Cambridge, and positive full-year absorption observed in both Cambridge and in the Urban Ring.

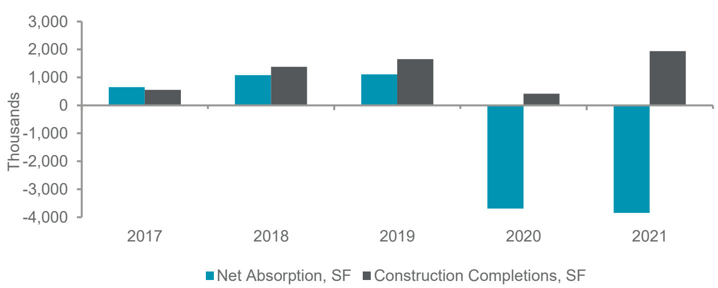
LEASE VELOCITY MATCHING INCREASED OFFICE EXPECTATIONS

While many office-using employers are encouraging lower levels of in-office attendance for part of the first quarter of 2022, tenant negotiations presently reflect the expectation of a return to an office-focused or hybrid home- and office-focused working format in the spring of 2022. Tenants, some of whom were able to defer location commitments in recent quarters, have driven rapid acceleration in lease velocity, with 9.6 msf of leasing in 2021 comparing to 5.3 msf seen in 2020, and leases by SimpliSafe and K&L Gates for 152,000 sf and 53,000, respectively, punctuating a confidence in Boston's Central Business District with a further set of large new leases expected in coming quarters.

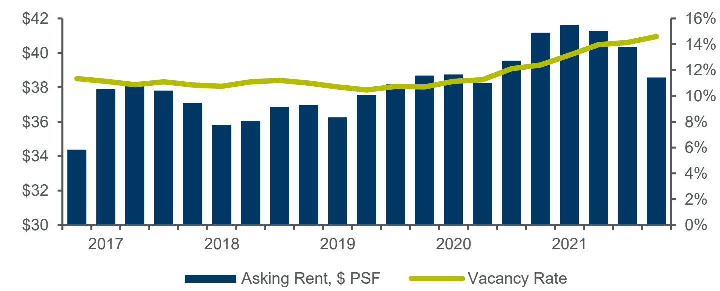
TENANTS TO SEE TROPHY-HEAVY CLASS A MIX IN 2022 & BEYOND

Tenants balancing changing worker preferences with occupancy strategies are set to face a changing product environment in the coming quarters and years. Occupancy challenged Class B and older Class A facilities are widely being evaluated for conversion to biotechnology-focused laboratory use. At present, 7.9 msf of office market-wide is either undergoing lab conversion, or is in advanced consideration for it, with 4.3 msf of that amount in Boston's CBD or in the Urban Ring. As vacant product is removed from inventory, a 62% pre-leased pipeline of 5.4 msf continues to advance, with 78% of that total set for delivery this year. While good tenant choice is expected in the near- and mid-terms, pricing may not reflect the discounts traditionally common in the early stages of a market recovery.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial District	32,690,168	3,681,461	794,453	13.70%	15,349	-909,990	1,264,611	1,463,730	$61.85	$65.67
Back Bay	14,251,440	589,715	351,364	6.60%	21,317	-206,495	468,560	342,492	$63.73	$63.77
Midtown/N Station	7,643,398	1,178,126	93,593	16.60%	76,637	73,055	427,675	978,800	$46.36	$52.79
Seaport	11,814,375	1,883,386	386,517	19.20%	271,434	-143,597	1,399,342	1,060,000	$57.03	$60.00
BOSTON CBD	**66,399,381**	**7,332,688**	**1,625,927**	**13.49%**	**384,737**	**-1,187,027**	**3,560,188**	**3,845,022**	**$60.22**	**$63.17**
East Cambridge	8,269,047	181,263	289,798	5.70%	45,473	268,856	245,257	925,423	$82.49	$81.85
Mid Cambridge	2,073,241	104,647	88,200	9.30%	0	-119,405	57,439	0	$67.75	$84.50
Alewife	1,618,181	74,726	112,537	11.60%	36,045	87,036	225,717	0	$48.02	$50.72
CAMBRIDGE	**11,960,469**	**360,636**	**490,535**	**7.12%**	**81,518**	**236,487**	**528,413**	**925,423**	**$71.93**	**$75.18**
Urban North	8,070,879	1,135,533	261,838	17.30%	-17,971	92,993	472,397	0	$30.15	$29.01
Watertown	1,679,351	259,065	20,000	16.60%	-25,974	-78,009	79,464	0	$31.70	26.07
Allston/Brighton	1,107,982	47684	0	4.30%	0	-44,471	9,126	0	$40.00	$40.00
Fenway/Longwood	1,988,847	79,187	16,940	4.80%	0	-12,212	0	129071	$46.49	$73.00
Urban South	2,316,235	178122	0	7.70%	-3,031	97,168	35,871	0	$32.96	na
URBAN RING	**15,163,294**	**1,699,591**	**298,778**	**13.18%**	**-46,976**	**55,469**	**596,858**	**129,071**	**$31.18**	**$31.31**
128 North	12,243,601	1,155,232	121,286	10.40%	-99,129	-219,826	866,686	0	$24.40	$25.98
128 Central	28,346,347	3,295,792	1,023,802	15.20%	-160,867	-773,875	1,460,198	507,620	$35.04	$37.48
128 South	16,333,751	1,889,262	309,297	13.50%	-254,038	-205,152	397,757	0	$25.27	$27.38
128 BELT	**56,923,699**	**6,340,286**	**1,454,385**	**13.69%**	**-514,034**	**-1,198,853**	**2,724,641**	**507,620**	**$32.07**	**$34.37**
495 North	30,029,836	5,919,961	239,525	20.50%	-382,974	-1,401,735	1,313,794	0	$21.73	$23.98
495 West	13,487,164	2,835,716	68,715	21.50%	-74,923	-235,817	658,448	0	$19.61	$20.49
Framingham/Natick	5,928,834	749800	0	12.70%	7,637	-123,416	105,645	0	$23.51	$24.39
495 South	4,741,417	454,701	25,637	10.10%	5,434	-40,417	85,810	0	$19.50	$24.27
495 BELT	**54,187,251**	**9,960,178**	**333,877**	**19.00%**	**-444,826**	**-1,801,385**	**2,163,697**	**0**	**$21.12**	**$23.28**
TOTAL MARKET	**204,634,094**	**25,693,379**	**4,203,502**	**14.60%**	**-539,581**	**-3,895,309**	**9,573,797**	**5,407,136**	**$38.57**	**$43.87**

**Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space*
Statistics Not Reflective of U.S. MarketBeat Tables

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
100 Summer St, Boston	Financial District	SimpliSafe	152,000	New
140 Kendrick St, Needham	128 Central	Wellington Management	106,000	New
5 Wayside Rd, Burlington	128 Central	Microsoft	100,000	New
1 Congress St, Boston	Financial District	K&L Gates	53,000	New
1075 Main St, Waltham	128 Central	Beasley Media Group	36,000	New
226 Causeway St, Boston	Midtown/N Station	Demiurge Studios	36,000	Sublease

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