



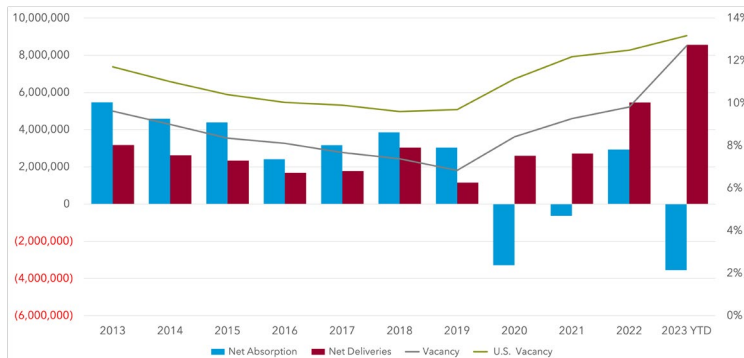
OFFICE MARKET OVERVIEW

ERIC SOLEM, *Managing Principal, President*

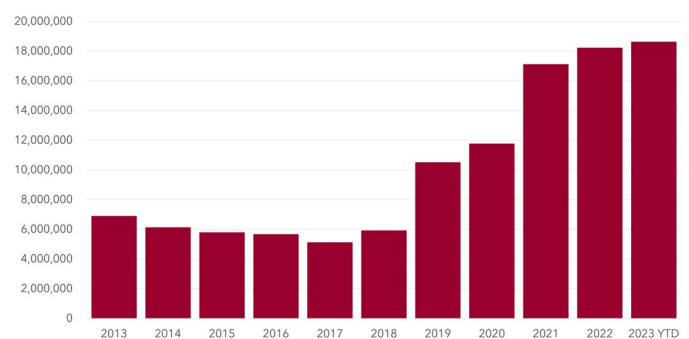
Boston's office market is weakening, with negative net absorption and vacancy rates exceeding 10.5% for the first time in 10 years. Nearly 700,000 SF of space has returned to the market, and new supply has added almost 2 million SF this year. Leasing activity has declined, and sublease space has reached a record high of almost 13 million SF. Despite this, Boston's lab office ecosystem and education/medical sectors remain strong. Investment in the market is at its lowest since 2011. Asking rents are stagnant, while effective rents have declined due to concessions. The development pipeline includes 18.6 million SF of office space, but demand is expected to weaken further.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(7,249)	1,042,492	3,013,866	4,471,373	4,515,731
▲ Vacancy Rate	10.5%	10.2%	9.7%	9.5%	9.1%
▼ Avg NNN Asking Rate PSF	\$41.51	\$42.34	\$42.26	\$42.24	\$42.52
▼ SF Under Construction	18,632,192	19,492,360	18,884,090	18,733,012	18,523,612
▲ Inventory SF	373,685,527	372,809,504	371,373,268	369,152,583	368,032,642

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
421 Park Drive Boston, MA	660,034 SF	\$155,000,000 \$234.84 PSF	Boston Children's Hospital Alexandria R.E. Equities/Samuels & Assoc	Class A
275 Grove Street Newton, MA	510,000 SF	\$117,500,000 \$230.39 PSF	Greatland Realty Partners Alexandria Real Estate Equities, Inc.	Class A
15 Necco Street Boston, MA	345,995 SF	\$66,108,000 \$955.33 PSF	Mori Trust Co., Inc. Alexandria Real Estate Equities, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
115 Federal Street Boston, MA	138,000 SF	Millenium Partners	Deloitte	Professional Services
80 Guest Street Brighton, MA	99,537 SF	NB Development Group	Athenahealth LLC	Health Care
135 Morrissey Boulevard Boston, MA	58,000 SF	Beacon Capital Partners	Portal Innovations	Life Sciences

