



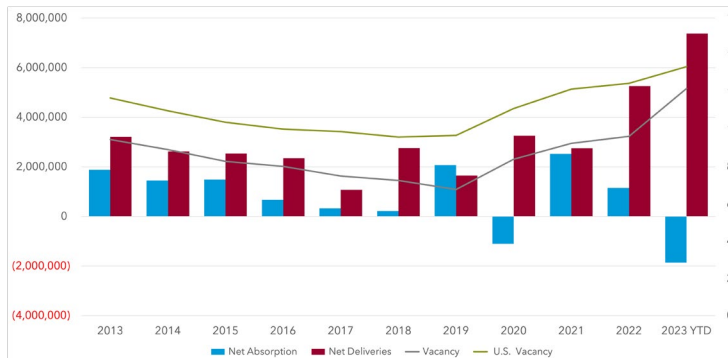
OFFICE MARKET OVERVIEW

ERIC SOLEM, *Managing Principal, President*

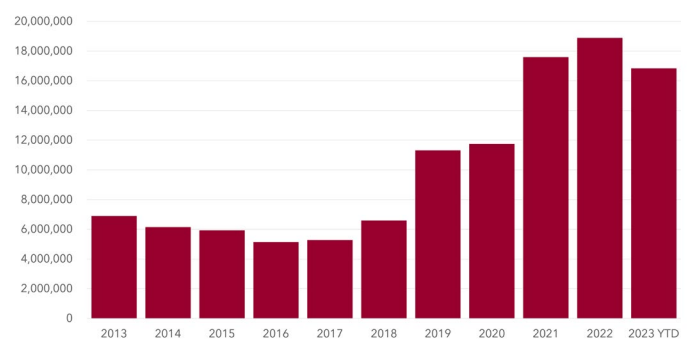
Boston's office market continues to experience weakening demand, with negative net absorption in the three quarters of 2023. Office vacancy rates have risen to a 10-year high at 11.2%, driven by new supply and expected space give-backs. Leasing activity has declined, and available sublease space has reached a record high of 13 million square feet, accounting for 3.5% of inventory. Despite these challenges, Boston's life science, education, and medical office users remain strong. Rising interest rates and tighter underwriting standards have hindered investment, with only \$1.3 billion in assets traded this year. Rent growth is stagnant, and the construction pipeline remains active, primarily driven by life sciences and lab sector development.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	(116,384)	244,235	1,369,811	3,351,910	4,729,120
▲ Vacancy Rate	11.0%	10.4%	10.1%	9.6%	9.4%
▲ Avg NNN Asking Rate PSF	\$41.57	\$41.51	\$41.52	\$41.43	\$41.39
▼ SF Under Construction	16,839,942	18,462,282	19,500,956	18,892,536	19,020,468
▲ Inventory SF	377,445,224	375,491,454	374,447,705	373,009,619	370,794,369

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1 Liberty Square Boston, MA	157,467 SF	\$45,000,000 \$285.77 PSF	Synergy Investments Clarion Partners	Class A
70 Federal Street Boston, MA	64,246 SF	\$41,000,000 \$638.17 PSF	Azora Exan LLC/Radian Inv. Mgmt. Nuveen	Class A
33-41 West Street Boston, MA	34,300 SF	\$4,125,625 \$120.28 PSF	Kendall Realty LLC Bay Management Corporation	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
115 Federal Street Boston, MA	138,645 SF	Millenium Partners Management LLC	Deloitte	Finance & Insurance
101 Massachusetts Avenue Boston, MA	134,000 SF	Samuels & Associates Management LLC	LEGO	Professional, Scientific & Technical Services
333 Summer Street Boston, MA	117,801 SF	Lincoln Property Company	Toast, Inc.	Food Services

