



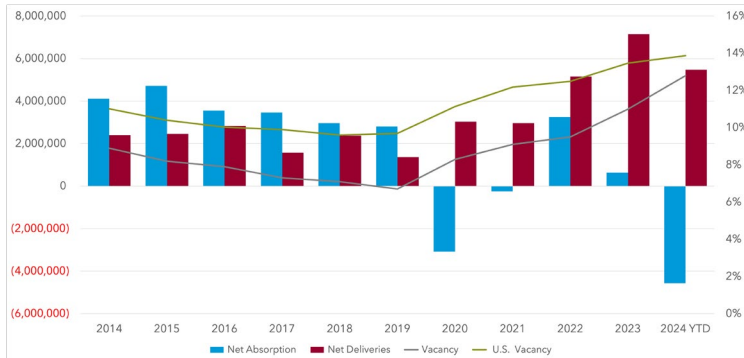
OFFICE MARKET OVERVIEW

ERIC SOLEM, *Managing Principal, President*

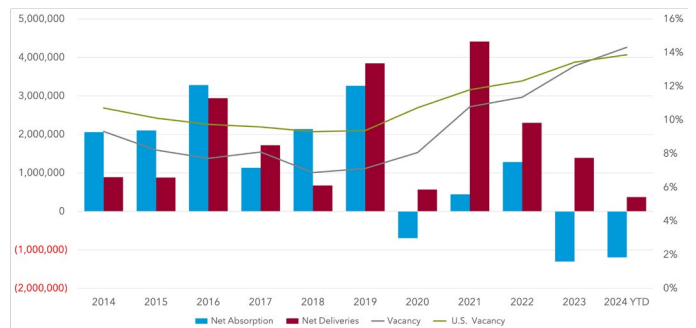
Boston's office market is experiencing a significant downturn due to decreased post-pandemic demand, a slowdown in the life sciences sector, and an influx of new supply. Office attendance is low, with MBTA ridership at 70% of pre-pandemic levels. Reduced space needs have led to a record-high availability rate of 17.5% and a net absorption of -4.6 million SF over the past year. Since 2022, 12 million SF of new space has been added, with 15 million SF expected by 2025. Vacancy rates have risen to 12.8%, and sublet availability has surged to 13.7 million SF. Average market rents are stagnant, while office investment sales have dropped. Despite these challenges, Boston's economy remains strong, but the market outlook is cautious with rising vacancy and falling rents expected.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▼ 12 Mo. Net Absorption SF	(4,024,664)	(788,732)	634,373	946,726	929,298
▲ Vacancy Rate	12.7%	11.6%	11.1%	11.0%	10.2%
▲ Avg NNN Asking Rate PSF	\$42.66	\$42.61	\$42.69	\$42.60	\$42.32
▼ SF Under Construction	13,735,045	14,037,923	15,090,963	16,448,658	19,117,276
▲ Inventory SF	381,356,195	380,453,325	379,485,409	378,520,850	375,520,801

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
200 Newport Avenue Exit Quincy, MA	591,110 SF	\$13,230,000 \$92.00 PSF	MBTA Starwood Property Trust, Inc.	Class A
101 Tremont Street Boston, MA	80,000 SF	\$30,000,000 \$375.00 PSF	Suffolk University GLL Real Estate Partners GmbH	Class B
201-207 South Street Boston, MA	74,000 SF	\$13,000,000 \$176.00 PSF	City Realty Group Juster Properties	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5 Necco Street Boston, MA	74,000 SF	Alexandria Real Estate Equities, Inc.	Havas	Professional, Scientific, and Technical Services
1601 Trapelo Road Waltham, MA	60,000 SF	Boston Properties	Welch's Food, Inc.	Manufacturing
1 Cabot Road Medford, MA	56,048 SF	Davis Companies	Cambridge Health Alliance	Healthcare

