



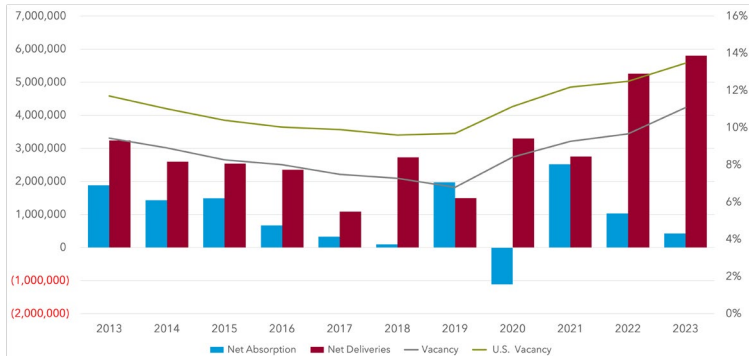
OFFICE MARKET OVERVIEW

ERIC SOLEM, *Managing Principal, President*

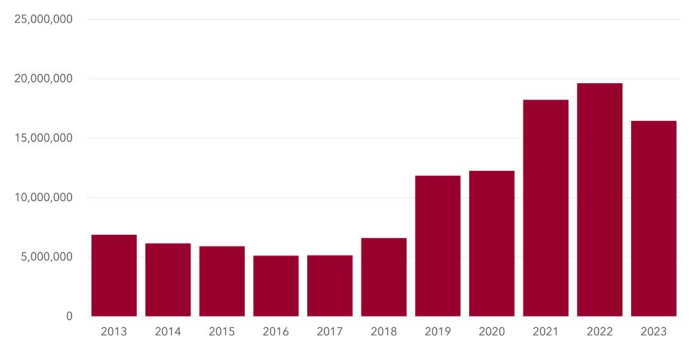
In Q4 2023, Boston's office market continued to grapple with a post-pandemic downturn coupled with reduced life science investment, dampening demand. Initially boosted by the surge of biotech, the market contended with a new supply amid shrinking demand. Hybrid work arrangements led organizations to cut space, and sublease availability tripled, resulting in a 16.9% overall availability rate. Nearly 1 million SF returned in 2023 marking the third-worst net absorption year. Rents, stagnant since 2019, declined amid capital market uncertainty and despite Boston's robust economy, the preference for high-quality office space and increasing vacancies suggested a challenging market ahead.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▼ 12 Mo. Net Absorption SF	(939,690)	503,793	470,034	1,245,208	3,255,131
▲ Vacancy Rate	11.3%	11.0%	10.4%	10.0%	9.7%
▲ Avg NNN Asking Rate PSF	\$42.25	\$42.22	\$42.06	\$42.07	\$41.97
▼ SF Under Construction	16,460,810	17,120,116	19,070,916	20,929,340	19,627,524
▲ Inventory SF	377,873,731	377,024,424	374,742,195	372,729,696	372,065,756

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
855 Boylston Street Boston, MA	142,765 SF	\$99,500,000 \$696.95 PSF	Ezdan Holding Group RREEF Property Trust, Inc.	Class A
100 Old River Road Andover, MA	121,616 SF	\$6,400,000 \$52.62 PSF	DND Homes Casa Systems, Inc.	Class B
300 Billerica Road Chelmsford, MA	110,882 SF	\$5,250,000 \$47.35 PSF	Ferris Development Group LLC Office Properties Income Trust	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
400 Summer Street Boston, MA	610,000 SF	PSP Investments	Foundation Medicine, Inc.	Healthcare
50-60 Sylvan Road Waltham, MA	165,939 SF	Alexandria Real Estate Equities, Inc.	Novo Nordisk	Pharmaceutical Company
One Post Office Square Boston, MA	58,321 SF	Morgan Stanley & Co, LLC	UBS	Financial Services

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