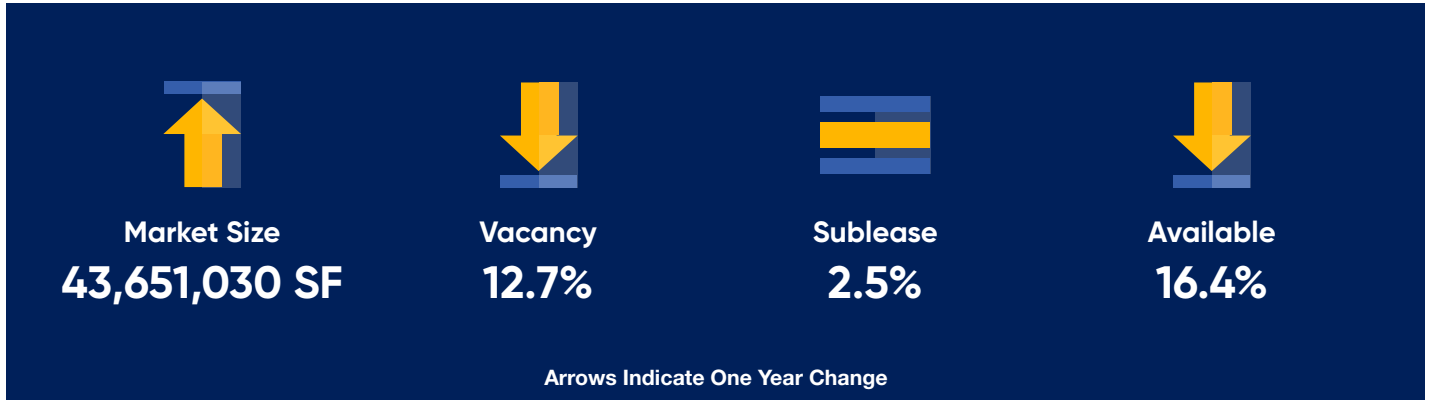


Suburban 128

2019 Market Insight Report



Market Overview



Workbar Shared Office Space | Photo Source: workbar.com

Market Trends

Building Sales See a Cooldown

After a trading hot streak in 2017 and the first half of 2018, capital markets activity has quieted considerably.

Co-working Seeks Out the Suburbs

The popularity of co-working space continues to spread throughout the suburbs. Existing landlords like Boston Properties utilize flexible co-working packages, while new options like WorkBar come in.

Little Room Left With Flex Product

Up and down Route 128, flex product remains tight, as tenants' need for clear height and highway access continues to gobble up viable availabilities.

Historical Rent & Vacancy

“ Rents are on the uptick despite stagnant vacancy. ”

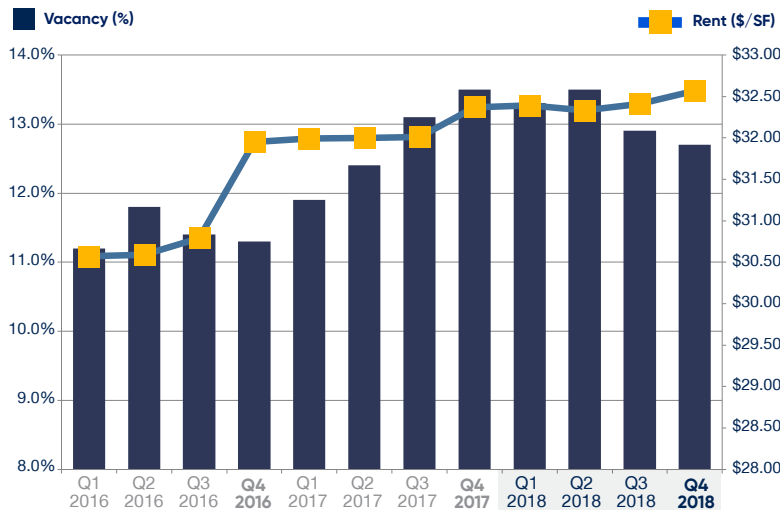


Photo Source: Cresa/Duncan Lake



Market Movement



Waltham | Photo Source: Cresa/Duncan Lake

Market Predictions

- 1 Flexibility in accommodating tenants' needs will become key with the continued growth of co-working space.
- 2 Class A, amenity-rich properties and office parks will continue to command high rents as tenants' willingness to pay premium numbers persists.
- 3 Landlords will rethink their space offerings in order to attract life science requirements.

Notable Transactions

Tenant	Address	Size (SF)	Type
(Buyer) Piedmont	25 Burlington Mall Road, Burlington	287,776	Investment Sale
Boston Dynamics	200 Smith Street, Waltham	175,000	Relocation
Elevate Bio	200 Smith Street, Waltham	109,000	Relocation
Avid	75 Network Drive, Burlington	99,765	Renewal
Vecna	425 Waverley Oaks Road, Waltham	77,000	Relocation
Reveener	10 Maguire Road, Lexington	31,697	Relocation
TGGallagher	309 Waverley Oaks Road, Waltham	31,607	Relocation
Oasis Systems	200 Wheeler Road, Burlington	27,592	Relocation

Get to Know:

Waltham



Photo Source: Cresa/Duncan Lake



Moody's Deli

Modern deli offering house-cured charcuterie, artisan cheeses and gourmet breakfast/lunch sandwiches.



Embassy Cinema

6-screen cinema showing eclectic films, including independent and foreign options.



Waverley Oaks Athletic Club

Provides quality fitness and wellness programs, friendly staff and a comfortable environment.



Charles River Riverwalk

A part of the Upper Charles River Reservation, this beautifully paved trail overlooks the city and many historic buildings.

Project Highlight



Argent Wealth

200 Fifth Avenue
Waltham, MA

Industry:
Financial Services

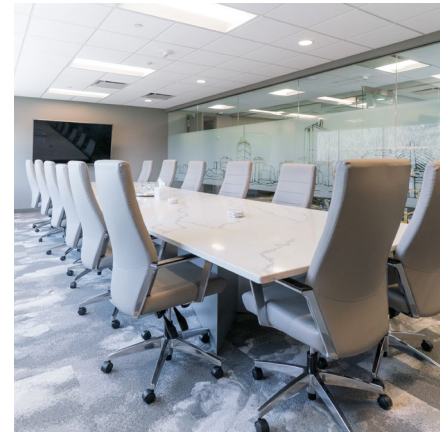
Size:
11,980 SF

Services:
Transaction Management

Architect:
Sierra Architects

Space Features:
Top floor penthouse, outdoor private balcony, ample glass finishes

Photography:
Cresa/Duncan Lake



Development Pipeline



Sites Under Development

Permitted Development

1.79M SF

Non-Permitted Development

973K SF

Under Construction

795K SF

Development	Developer	Size (SF)	Status
1 225-235 Wyman Street, Waltham	Hobbs Brook Management	500,000	Permitted Development
2 Waltham West, 80 Second Avenue, Waltham	Kin Properties	405,500	Permitted Development
3 170-172 Middlesex Turnpike, Bedford	The Gutierrez Company	380,000	Permitted Development
4 25 Network Drive, Burlington	Nordblom Company/JP Morgan	270,000	Permitted Development
5 40 Green Street, Waltham	FM Global/Boston Properties	225,000	Permitted Development
6 10 Sylvan Road, Waltham	Davis Marcus Partners	440,000	Non-Permitted Development
7 110 Bear Hill Road, Waltham	Morgan Communities	375,000	Non-Permitted Development
8 3 Ledgesmont Center, Lexington	Hobbs Brook Management	158,000	Non-Permitted Development
9 900-910 Winter Street, Waltham	Davis Marcus Partners	370,000	Under Construction (Pre-leased)
10 20 CityPoint, Waltham	Boston Properties	200,000	Under Construction (Pre-leased)
11 828 Winter Street, Waltham	King Street Properties	145,000	Under Construction
12 81 Wyman Street, Waltham	Hobbs Brook Management	80,000	Under Construction (Leased)
8 40 Crosby Drive, Bedford	Jumbo Capital	275,000	Permitting In Process
14 75 Hayden Avenue, Lexington	HCP/King Street Properties	213,000	Permitting In Process



Photo Source: districtburlington.com



Photo Source: Cresa/Duncan Lake

Suburban 128

Burlington: A Vision for Success

Boston continues to deliver on its reputation as a white-hot market. And as we kick off Q1 of the new year, Route 128 is proving to be a hot bed of activity that's in demand, particularly in Burlington.

Burlington had a significant hot streak in the latter half of 2016, but its popularity was followed by a chillier period where leasing cooled down a bit. However, the city has started barreling back into demand, with growing tenants and notable companies touring the market and inking new leases. Companies including Fusion Learning, WorkBar, Oasis, Benu Networks, EtQ, QuickPivot, Wells Fargo and Laborie, among others, have all decided to call Burlington home.

Furthermore, Burlington is showing a fair level of success in retaining its existing tenant base as leases roll. Rather than making a move out to neighboring towns, tenants are exploring options within the city and are ultimately maintaining a Burlington zip code. This success can be credited to landlords' efforts in providing contemporary upgrades and finishes, collaborative environments, and amenities that tenants actually want to use. A strong roster of Burlington companies have followed this trend as we closed out 2018 and started 2019, with Stantec, Genesis HR, Wellforce, DMI and Attunity all deciding to stay put in Burlington buildings.



With the stable appetite from tenants and subsequent solid rent growth, 2019 is shaping up to be a beneficial year for both owners and the local market economy.

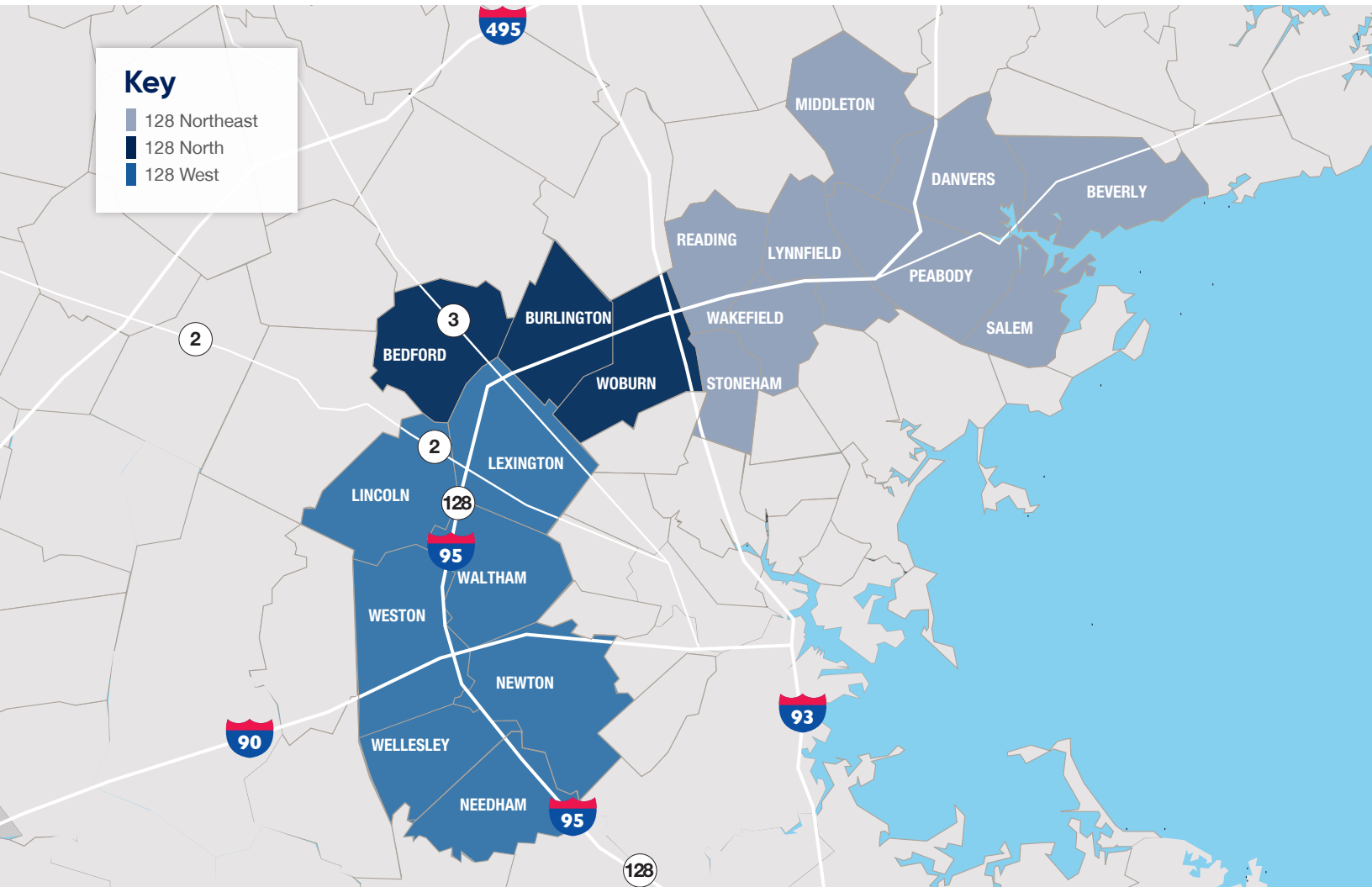


This surge in leasing velocity has undoubtedly influenced pricing. The percentage of rent growth has been staggering, with The District serving as the most notable example of demand driving up prices. Sizable requirements have decided to plant down their flags in that park owned by National Development, thanks to ownership's amenity overhaul and the walkability of the park. As a result, rents have steadily risen into the \$40's/SF for the first time. It's likely that the rest of the Burlington market will use this as a starting point, and look to draft off of the premium.

Despite the sticker shock for some, the premium that the District has set has been successful nonetheless, with the park close to fully leased. As companies continue to gobble up the last remaining vacancies in the park, tenants will be forced to look elsewhere in Burlington.

An overarching theme that continues to emerge is tenants' willingness to pay for quality space and a new, upgraded feel for their employees. With the stable appetite from tenants and subsequent solid rent growth, 2019 is shaping up to be a beneficial year for both owners and the local market economy. Increased levels of foot traffic and minimal unemployment will continue to support Burlington businesses, and will help further establish the city as a destination for successful companies. In the new year ahead, it will be interesting to see if Burlington comes to fully shed its traditional image as a rent reliever from Waltham. With the activity we've seen so far, this could very well come to fruition.

Route 128 by the Numbers



Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
128 Northeast	6,879,349	17.3%	0.6%	19.7%	\$26.00	\$20.00
128 North	12,516,288	11.8%	1.8%	11.9%	\$35.00	\$28.00
128 West	24,255,393	11.9%	3.4%	17.8%	\$40.00	\$32.00
Total	43,651,030	12.7%	2.5%	16.4%	\$33.50	\$26.50

Tenants in the Market

 150,000 SF	 125,000 SF	 60,000 SF	 30,000 SF	 20,000 SF
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About Cresa Boston

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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