



## MARKET OVERVIEW

The 495/MetroWest market extends along the Interstate 495 corridor from Westford in the north to Foxborough in the south, and spreads east-west along Route 9 from Natick to Shrewsbury. While once primarily an industrial economy, the area today supports a broad spectrum of white collar occupiers, including a growing cohort of tech and life science companies.

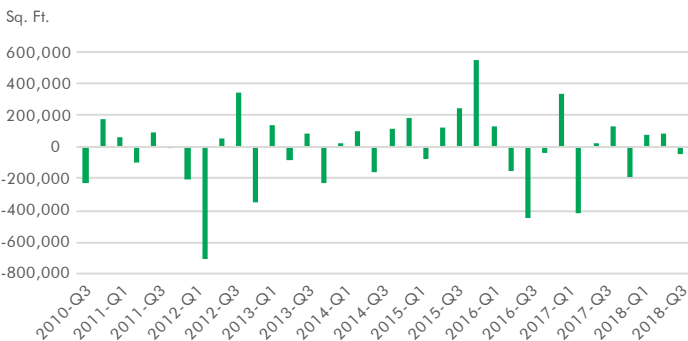
495/MetroWest’s appeal for office and lab tenants is understandable. Situated less than 30 minutes from downtown Boston and Worcester, the area is a short journey to the state’s two largest cities, with access to I-495 and I-90, three commuter rail lines, and growing regional transit services. However, the ability to get elsewhere is not only what makes 495/MetroWest’s appeal so strong. Right here, office tenants can enjoy some of the best rent values in the Greater Boston area, and access to a rapidly growing talent base of skilled employees. With residential rental rates in the Boston urban core just as historically high as commercial, many are opting to move to the I-495 belt, where they can not only find affordable homes, but in many cases a higher quality of life as well.

Increased demand for quality office space in the 495/MetroWest market has resulted in a growing inventory of properties. Within this region alone, there are **27.9 million sq. ft. of office and life science properties, which represents a 14% increase since 2010. At 3 million sq. ft., the lab sector is also making its presence felt, and now comprises over 11% of this total. The complete commercial building inventory, including industrial properties, is almost 73 million sq. ft.**

Due to these trends – and a **70% pricing discount compared to Boston and Cambridge** – the 495/MetroWest market is poised for continued growth in 2019 and beyond.

### Absorption

While 2018 finished the year with modestly negative absorption, annual absorption in the 495/MetroWest market has steadily improved in each of the last three years. Absorption is a net measure of space added to and removed from the market. Positive absorption indicates that more tenants are moving in than moving out.



## Case Study: Marlborough

Situated at the confluence of Route 495 and Route 290, Marlborough features over 5.7 million sq. ft. of office and lab space, making it the largest commercial market in 495/MetroWest. Route 20, one of the most important east-west pipelines, also runs through the heart of the city. Just off Route 20 is Apex Entertainment Center, a brand-new retail development and one of two major retail destinations on Route 20 along with the RK Center. With the new development, Route 20 is now one of the largest retail corridors in 495/MetroWest. The success of Apex Center has in turn bred development in the area around it. A new speculative office property was built at 11 Apex Drive, something not seen often in this area. It now hosts Venture X, the first new economy co-working tenant in the market. Demand in Marlborough remains steady, a far cry from when two major occupiers both put north of 1.5 million sq. ft. space on the market during the financial crisis, space has been since backfilled by a variety of credit tenants including The TJX Companies, GE Healthcare, and Quest Diagnostics.

### Fun Fact

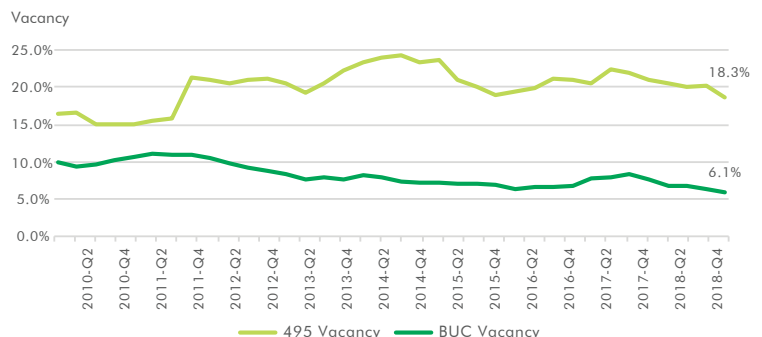
*Is Marlborough the hockey capital of New England—or the whole country? The New England Sports Center has more ice skating surfaces than any other arena in New England, and has been swapping the national crown back and forth with the National Sports Center in Blaine, Minnesota, for a number of years. All this skating traffic has also resulted in Marlborough having the most hotel rooms per capita in Massachusetts.*

## Life Science Spotlight

The life sciences industry continues to be one of the most exciting aspects of the 495/MetroWest market. Boston—and Cambridge in particular—is the #1 life sciences market in the country, and it is no surprise that the industry has been expanding outwards, especially as rents in Cambridge have climbed to staggering heights and space is almost impossible to come by. The largest deals of 2018 in the 495/MetroWest market were all life science leases. In Westborough, Astellas Pharma took 250,000 sq. ft. at 9 Technology Drive, and Replimune Group leased 63,000 sq. ft. at 33 New York Avenue in Framingham. Meanwhile, King Street Properties is developing the first speculative life sciences building in the market at 11 New York Avenue. As evidenced by these headlines and more, life sciences demand is on the rise in the 495/MetroWest market and shows no signs of abating.

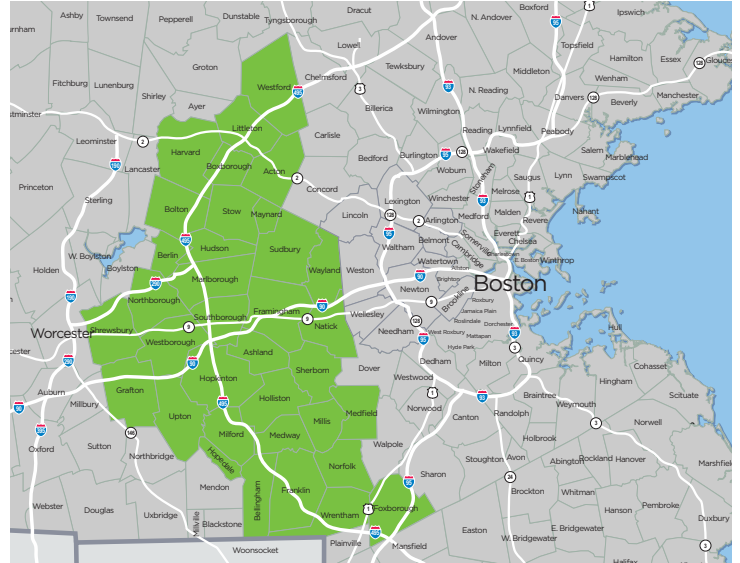
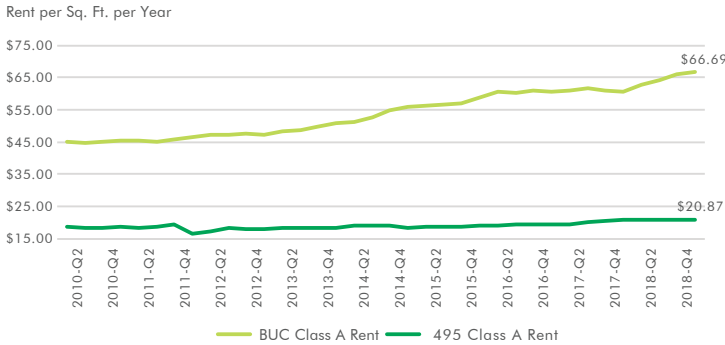
### Vacancy: 495 vs. Boston Urban Core

By the end of 2018, vacancy had declined to its lowest level since 2011. This impressive performance can be attributed to the increasing value proposition that the market offers in comparison to the record-high prices in the Boston urban core.



**Class A Rent: 495 vs. Boston Urban Core**

495/MetroWest rents have seen modest growth in recent years, as is to be expected as the market gains attention. However, rents remain at a dramatically better value than in the Boston urban core, where rapid growth has driven the rental gap even wider.



**Largest Occupiers**

| Tenant                        | Largest Presence                     | Total SF Occupied |
|-------------------------------|--------------------------------------|-------------------|
| The TJX Companies             | 770 Cochituate Road, Framingham      | 1,519,994         |
| IBM Corporation               | 550 King Street, Littleton           | 1,095,059         |
| The MathWorks                 | 1 Boston Scientific Place, Natick    | 871,048           |
| Staples                       | 500 Staples Drive, Framingham        | 680,173           |
| Sanofi Genzyme                | 1 Research Drive, Westborough        | 646,217           |
| Boston Scientific Corporation | 200 Fairbanks Boulevard, Marlborough | 496,116           |
| Charles River Laboratories    | 334 South Street, Shrewsbury         | 460,000           |
| Mediatech                     | 550 Cochituate Road, Framingham      | 317,110           |
| eClinical Works               | 900 West Park Drive, Westborough     | 313,374           |
| PNC Bank                      | 4400 Computer Drive, Westborough     | 304,000           |

**Largest Owners**

| Owner                           | Largest Asset                         | Total SF Owned |
|---------------------------------|---------------------------------------|----------------|
| Carruth Capital                 | 4400 Computer Drive, Westborough      | 2,330,938      |
| The TJX Companies               | 770 Cochituate Road, Framingham       | 1,517,191      |
| The MathWorks                   | 19 Superior Drive, Natick             | 1,150,714      |
| Saracen Properties              | 5 Clock Tower Place, Maynard          | 1,122,382      |
| The Gutierrez Company           | 10 Technology Park Drive, Westford    | 879,512        |
| Atlantic Management Corporation | 200 Forest Street, Marlborough        | 744,941        |
| KS Partners                     | 33 Boston Post Road West, Marlborough | 686,626        |
| Mediatech                       | 550 Cochituate Road, Framingham       | 658,850        |
| Lone Star Funds                 | 550 King Street, Littleton            | 653,904        |
| Staples                         | 500 Staples Drive, Framingham         | 650,000        |

**Availabilities**

| Address                           | Square Footage | Type            |
|-----------------------------------|----------------|-----------------|
| 4400 Computer Drive, Westborough  | 382,000        | Direct          |
| 111 Powdermill Road               | 287,000        | Direct          |
| 5 Clock Tower Place, Maynard      | 192,000        | Direct          |
| 2 Results Way, Marlborough        | 158,000        | Direct          |
| 100 Staples Drive, Framingham     | 157,000        | Direct          |
| 5 Clock Tower Place, Maynard      | 139,000        | Direct          |
| 350 Campus Drive, Marlborough     | 128,000        | Direct          |
| 151 Taylor Street, Littleton      | 124,000        | Direct          |
| 5 Technology Park Drive, Westford | 110,000        | Direct          |
| 550 Cochituate Road, Framingham   | 109,000        | Direct/Sublease |

**Leases**

| Tenant Company                  | City        | Square Footage |
|---------------------------------|-------------|----------------|
| Astellas Pharma US              | Westborough | 250,000        |
| Replimune Group                 | Framingham  | 63,000         |
| Health Plans, Inc./Freedom Care | Westborough | 40,000         |
| Synopsis                        | Marlborough | 31,000         |
| NVIDIA Corporation              | Westford    | 29,000         |
| Crown Castle                    | Westborough | 27,000         |
| Symantec Corporation            | Boxborough  | 27,000         |
| AT&T                            | Framingham  | 24,000         |
| Virgin Pulse                    | Framingham  | 20,000         |
| NESPIN                          | Franklin    | 17,000         |

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