



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.

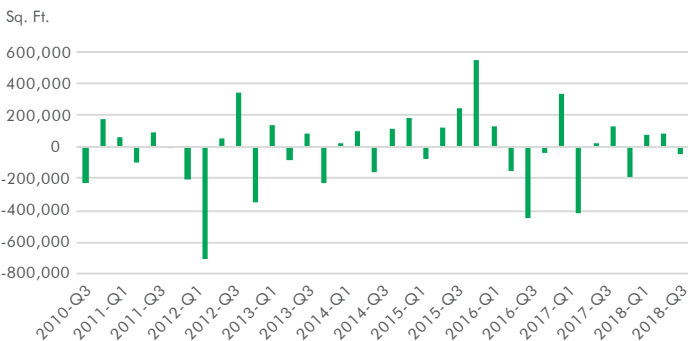
495/MetroWest’s appeal for office and lab tenants is understandable. Situated less than 30 minutes from downtown Boston and Worcester, the area is a short journey to the state’s two largest cities, with access to I-495 and I-90, three commuter rail lines, and growing regional transit services. However, 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

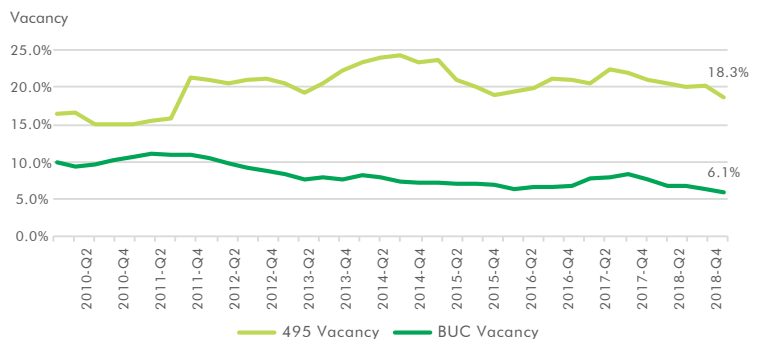
Is Marlborough the hockey capital of New England—or the whole country? The New England Sports Center has more ice skating surfaces than any other arena in New England, and has been swapping the national crown back and forth with the National Sports Center in Blaine, Minnesota, for a number of years. 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.

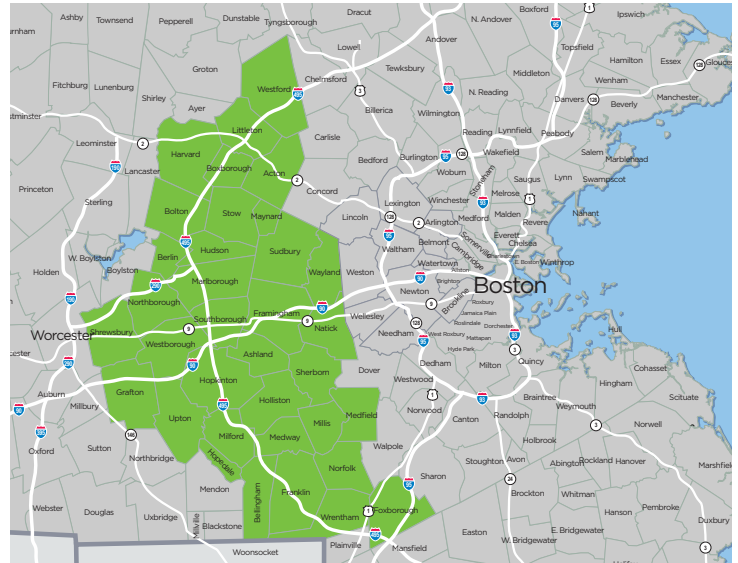
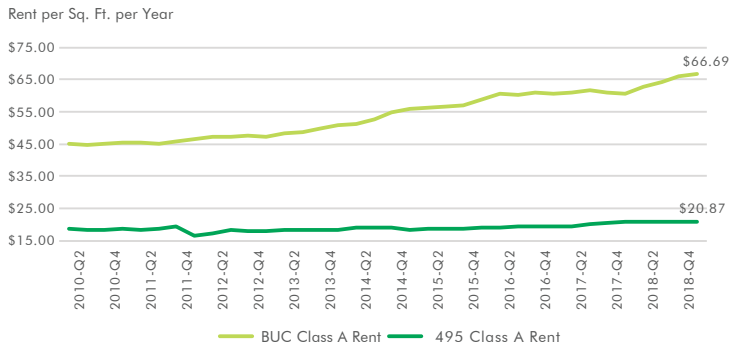
Vacancy: 495 vs. Boston Urban Core

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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