

Greater Boston



Market Facts

1,258,000 SF

is currently under construction

7.3%

of industrial space is currently vacant on a direct and sublet basis

252,000 SF

was absorbed on a net basis throughout the GBA in Q2' 2018

\$10.89 psf

is the overall average asking rent for flex & manufacturing space

\$8.33 psf

is the overall average asking rent for warehouse & distribution space

Fundamentals remain tight as demand drives new development along the 495 Belt

Upward pressure on rental rates persists despite a growing supply pipeline

The industrial market in the Greater Boston Area (GBA) remains tight, as rents continue to experience year-over-year growth. Despite tenants such as Serta, EMS Warehousing, and Cybex International giving space back, the second quarter of 2018 saw positive absorption of 252,000 SF and the overall average vacancy rate remained fairly static to previous quarters, currently sitting at 7.3%.

Development has begun to accelerate with 1.26 msf under construction, approximately 60% of which is already preleased. Concentrated mostly on the 495 Belt, the new supply mostly consists of warehouse product with the brunt of the manufacturing and flex pipeline made up of built-to-suit projects. Despite construction increasing over the last three (3) years, industrial product as a whole is diminishing at a faster pace as a result of the demolition and reposition of industrial assets located in the Urban Market. This, coupled with a strong labor pool and a growing urban

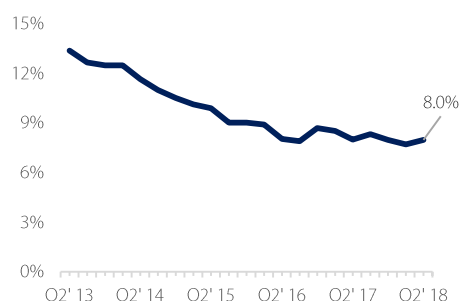
population, places consistent downward pressure on the overall vacancy rate and gives way to the historically high rents we see today.

Looking ahead, the industrial market is expected to tighten slightly, particularly for high-bay warehouses, based on the substantial amount of large requirements currently active in the market. Once these warehouse and distribution focused tenants land space, the market is likely to level-out mainly due to the rise of build-to-suit options along the 495 Belt. Since the construction of warehouse product typically offers easy barriers to entry and can be built quickly, the market is becoming increasingly agile and able to react faster to these popular requirements. Rather than navigating a tight market and committing to existing space, many of these supply-chain oriented logistic companies are choosing untapped parcels of land that provide more of a strategic location within the GBA.

Flex & Manufacturing

Despite the negative net absorption this quarter, the flex and manufacturing market is once again witnessing historically high asking rents. This is largely due to the strengthening manufacturing sector and the variety of requirement types that flex product has been able to satisfy in select submarkets, where some small office and lab tenants are looking at this adaptive space type.

Overall Vacancy Rate



Average Asking Rent



Overall Absorption (In Thousands)



Notable Leasing Activity

Tenant	Address	City	Square Feet	Deal Type
Novanta	125 Middlesex Turnpike	Bedford	147,400	Extension
CI Works	46 Stafford Street	Lawrence	90,000	New
New England Spas	45 Oak Street	Westborough	39,000	New

Under Construction

Address	City	Developer	Square Feet	% Leased (Notable Tenants)
1 Burt Road	Andover	Pfizer	175,000	100% (Pfizer – User/Owner)
102 Cherry Hill Drive	Beverly	102 Cherry Hill Dev. LLC	80,000	100% (HighRes Biosolutions)
1 Dever Road	Taunton	Maxon Precision	55,000	100% (Maxon – User/Owner)

Market By The Numbers (In Thousands)

	Inventory (SF)	Overall Vacancy	Quarterly Net Absorption	12 Month Net Absorption	Average Asking Rents	Under Construction	12 Month Construction
Urban	2,815	10.1%	93	72	\$8.42	0	0
128 Belt	14,678	6.4%	-59	151	\$11.98	80	0
128 North	6,076	5.4%	-157	-82	\$10.68	80	0
128 West	1,932	5.3%	33	64	\$14.88	0	0
128 South	6,669	7.6%	65	169	\$10.24	0	0
495 Belt	32,288	8.5%	-172	-124	\$9.21	230	170
495 North	12,794	11.3%	-143	-164	\$12.31	175	0
495 West	11,900	9.9%	-21	-129	\$9.41	0	65
495 South	7,595	1.5%	-8	169	\$7.56	55	105
Total Market	49,781	8.0%	-138	99	\$10.89	310	170

Warehouse & Distribution

Demand remains high for warehouse and distribution space within the GBA. This quarter, the market absorbed 390,000 SF, bringing the overall vacancy below 7%, while several large commitments drove an active leasing quarter with Amazon accounting for the largest signing.

Overall Vacancy Rate



Average Asking Rent



Overall Absorption (In Thousands)



Notable Leasing Activity

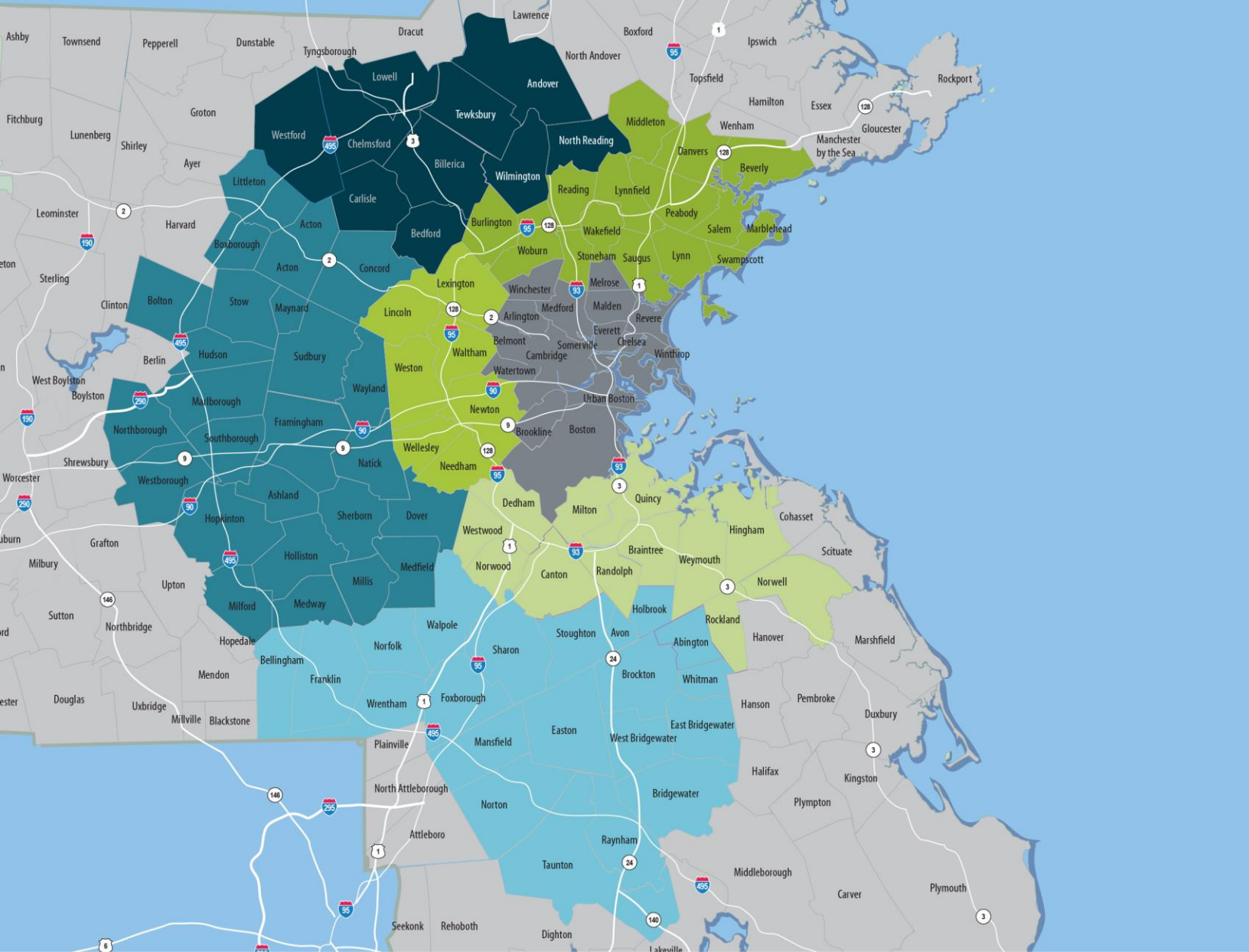
Tenant	Address	City	Square Feet	Deal Type
Amazon	175 Campanelli Drive	Braintree	200,000	New
Bossard	1 Kay Way	Stoughton	104,400	New
Archive America	45 Holton Street	Winchester	60,000	Renewal

Under Construction

Address	City	Developer	Square Feet	% Leased (Notable Tenants)
351 Maple Street	Bellingham	Campanelli	300,000	0%
301 Bartlett Street	Northborough	The Gutierrez Co.	220,000	0%
20 Commerce Way	Norton	William St. Investment	200,000	100% (Alnylam Pharma.)

Market By The Numbers (In Thousands)

	Inventory (SF)	Overall Vacancy	Quarterly Net Absorption	12 Month Net Absorption	Average Asking Rents	Under Construction	12 Month Construction
Urban	7,883	5.6%	22	-162	\$18.65	0	0
128 Belt	19,136	8.3%	132	-190	\$7.31	0	145
128 North	7,374	6.0%	32	86	\$9.79	0	145
128 West	372	0.0%	0	0	na	0	0
128 South	11,390	10.1%	100	-276	\$6.29	0	0
495 Belt	56,864	6.6%	236	435	\$6.79	948	756
495 North	10,199	7.0%	33	-57	\$7.98	0	0
495 West	16,118	3.6%	149	265	\$8.37	220	0
495 South	30,547	8.0%	54	227	\$5.95	728	756
Total Market	83,883	6.9%	390	82	\$8.33	948	901



GREATER BOSTON INDUSTRIAL SUBMARKETS

URBAN INDUSTRIAL



128 BELT



495 BELT



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