

GLOBAL SPOTLIGHT

Boston, Massachusetts



The Greater Boston real estate market houses some of the world's most prestigious universities, hospitals, biotech and technology companies and financial services firms.

- The commercial real estate sales boom of 2006 continued into 2007, with record-setting transaction volume across almost all property types. According to Real Capital Analytics, the Boston office market has seen a 197% increase in transaction volume with \$11.4 billion in sales in the past 12 months.
- The downtown Boston office market has tightened. Overall class A and B vacancy has declined to 9.1%, while rental rates have increased significantly to an average of \$43 per SF. Proposals for class A space in the Financial District and Back Bay are asking up to \$75 per SF and \$90 per SF, respectively.
- The Boston industrial market is showing signs of slowing momentum with vacancy slowly increasing above 10% in the first half of 2007. Despite higher vacancy and lower asking rents, there is over 1 million SF of construction under way—partly due to the ease of permitting.
- Retail property sales topped \$1.2 billion in 2006, an impressive 114% increase over the previous year. Vacancy rates are running as low as 5%. Rental rates are skyrocketing, and in areas like Newbury Street, reached as high as \$130 to \$140 per SF--almost \$100 higher than 10 years ago. Suburban rents range from \$25 to \$30 per SF.
- The multi-family rental market has been enjoying an upswing despite slumping single-family housing and condominium sales. In the past year, the multi-family market has experienced a 78% increase in sales, resulting in \$1.6 billion in transaction volume despite the cooling condominium market.

Boston At A Glance

Population	Boston: 596,638 (2005) Greater Boston: 4.4 Million
Location	Capital of Massachusetts and the largest city in the New England region of the United States.
Interest	5.12% (US 10yr Treasury Note)
Unemployment	4.6% (Massachusetts April 2007 – Bureau of Labor Statistics)

Property	Rent/SF/Year Low	High	Effective Avg.	Vacancy Rates
Downtown Office Class A & Class B	\$23.00	\$48.00	\$36.00	9.6%
Suburban Office Class A & Class B	\$20.00	\$27.00	\$24.00	15.5%
Flex/R&D	\$8.30	\$20.10	\$9.98	15.9%
Industrial - Bulk Warehouse	\$5.62	\$7.91	\$6.28	10.2%

NAI Hunneman provides local market expertise throughout Eastern New England.

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NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

350	Offices
45	Countries
5,000	Professionals
\$40 billion	Annual Transaction Volume
200	MSF of Property Management

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