

Market definition

The 495/MetroWest market extends along the I-495 interstate from Littleton in the north, to Foxborough in the south, with a wide extension in the middle, along Interstate 90, from Natick in the east, to Shrewsbury in the west. The area has morphed from an industrial past into a center of modern businesses, marked by a growing inventory of Office buildings. The commercial real estate inventory consists of 31.5 million sf of Office, Laboratory, Flex, Warehouse and Manufacturing space spread across 400 individual properties (Class A,B). The Office market, consisting of 17.2 million sf in 180 properties, has grown in size by 22 percent over the past 11 years, outpacing the city of Boston, which has grown by 13 percent, and the Greater Boston market, which has grown by 17 percent.

495/MetroWest enjoys a combination of cost advantages and superior transportation connections unique within Eastern Massachusetts. The submarket is situated less than 30 minutes from the Central Business Districts of Boston and Worcester, and along the Interstate 495 interstate, an area which boasts among the highest population growth in the state. Inherent within the submarket is pricing which, averaging a 25 percent discount to adjacent submarkets, has attracted both smaller and larger organizations, lured by the potential for cost savings. Technology Hardware, Medical Devices and Business Services companies combine for 44 percent of the occupancy in the submarket.

Market beat

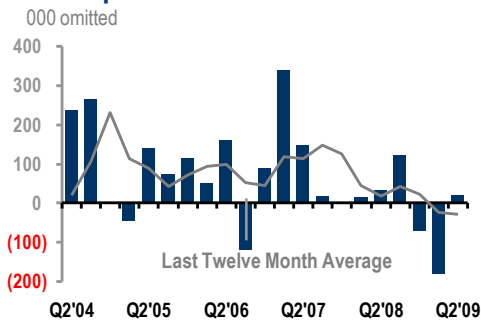
The global economic slowdown has affected the 495/MetroWest region with negative absorption (decreased use of space) and a slight decrease in lease rate levels, though the ability to accommodate tenants for lower occupancy costs than in other market may attract some tenants in a highly cost-conscious environment. The following encapsulates the current condition of the commercial office market in 495/MetroWest:

- A Class A discount to 128 West space has narrowed from 38 percent to 29 percent in four quarters.
- Availability increased 3.2 percent over a year.
- Properties built in 1990 and since are 14.4 percent vacant, those built prior to 1990 sit 21.4 percent vacant.
- Sublease available sf has increased 16 percent from 687,000 sf to 795,000 sf over the year.
- The four-quarter absorption trend has been negative two consecutive quarters, for the first time since Q1'04.
- Class A asking rents are 1.8 percent below year-ago levels, compared with a 15.3 percent drop in the 128 West submarket and 23.5 percent in the Financial District.
- Choices available for a 10,000 sf space user desiring Class A space increased from 19 to 32 over a year.

Market state *(measured quarterly)*

Absorption

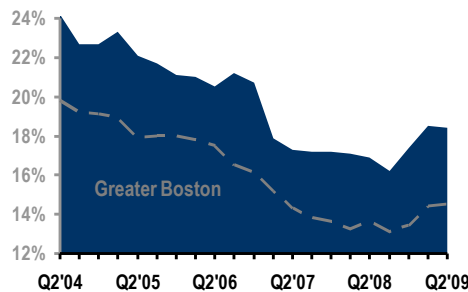
+20K



Slight positive absorption of 20,000 sf ...

Vacancy %

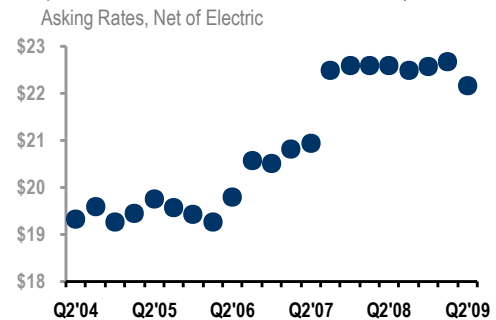
18.4%



... decreased vacancy 0.1 percent to 18.4 percent ...

\$ Class A

\$22.17



... as Class A asking lease rates decreased \$0.41 to \$22.17 per sf.



Largest Occupants *(office space occupied only)*

OCCUPANT	LARGEST LOCATION	TOTAL SF
EMC	176 South St, Hopkinton	3,600,000
TJX Companies	770 Cochituate Rd, Framingham	1,207,000
Boston Scientific	1 Boston Scientific Place, Natick	1,007,000
Fidelity Investments	4 Results Way, Marlborough	789,000
Staples	500 Staples Dr, Framingham	731,000
Cisco Systems	Towermarc Business Park, Boxborough	725,000
Hewlett-Packard	200 Forest St, Marlborough	520,000
Intel	75 Reed Rd, Hudson	512,000

Largest Owners *(office space owned only, largest holding listed)*

OWNER	LARGEST HOLDING	TOTAL SF
EMC	176 South St, Hopkinton	1,906,000
Carruth Capital	4400 Computer Dr, Westborough	1,858,000
Hewlett-Packard	200 Forest St, Marlborough	1,256,000
Wellesley Companies	Clock Tower Place, Maynard	1,128,000
Boston Scientific	1 Boston Scientific Place, Natick	1,007,000
Campanelli Companies	770 Cochituate Rd, Framingham	780,000
Cisco Systems	Towermarc Business Park, Boxborough	725,000
Fidelity Investments	400 Puritan Wy, Marlborough	720,000

Largest Available Class A Space Blocks

ADDRESS	SF AVAIL
129 Parker St, Maynard	400,000
1 Research Dr, Westborough	167,000
35 Parkwood Dr, Hopkinton	160,000
600 Nickerson Rd, Marlborough	105,000
2 Technology Dr, Westborough	102,000
100 Crowley Dr, Marlborough	101,000

Tech Bust vs Today

- Absorption has been negative for only two of the six quarters since the NASDAQ peak, with cumulative absorption in that time totaling only negative 64,000 sf; tenants vacated 695,000 sf in just the first six quarters of the "Tech Bust."
- Vacancy skyrocketing, in the Tech Bust, from 10.1 percent in the fourth quarter of 2000, to 27.9 percent, just three years later; today's vacancy of 18.4 percent is just 2.2 percent above the recent low of 16.2 percent experienced three quarters ago.
- Class A asking rents decreased 16 percent from the fourth quarter of 2000 highs in just six quarters, ultimately falling 29 percent to their ultimate lows; today's levels are just two percent below recent lows and 16 percent above tech bust depths.