

<p>TENANTS absorbed 4.0 million sf of transit-accessible office and lab inventory over the last twelve months, the highest such velocity ever recorded.</p>	<p>ACCESSIBLE properties accounted for 74 percent of all Greater Boston office and lab absorption over the last four quarters.</p>	<p>AMTRAK will introduce new trains for its high speed Acela Express in 2021; the order affirms the success of the USA's first high speed train service.</p>
<p>COMPLETIONS of 9.6 million sf since the middle of 2010 has expanded accessible inventory by ten percent; other area inventory has grown by just two percent.</p>	<p>VACANCY of 6.9 percent reflects a drop from year-ago levels of 8.0 percent; non-accessible vacancy is 13.0 percent vacant.</p>	<p>VACANCY has averaged 9.6 percent over the last 20 quarters for accessible properties, though 14.3 percent for non-accessible buildings.</p>
<p>TWENTY-TWO straight quarters of positive absorption for accessible properties has raised occupancy levels 13.2 million sf; more than twice the amount seen at other assets.</p>	<p>PROPONENTS of connecting North and South Stations with a rail link are renewing efforts as urban resettlement and rising transit use may have boosted the project (see OTB, next page).</p>	<p>PARTNERS Healthcare moved into its new 850,000 sf facility adjacent to the newly developed Orange Line rapid transit station in Somerville as Streetcar Ring accessible projects continue.</p>

QUICK

transit-accessible defined as 15-minute walking radius of rail rapid transit stations, office and lab properties, changes last twelve months



Absorption
+4.0 million sf
Absorption reaches highest four-quarter total ever



Vacancy
6.9% -0.9%
Vacancy drops despite heavy delivery activity



Rents (Class A)
\$53.39 +1.8%
Transit access driving regional rent growth

ABOUT THE GAP ...

Another effort to connect the region's north and south rail systems through downtown Boston may be getting some momentum; here are some CRE implications for the link, and why this rare gap exists in the first place.

See OTB, next two pages



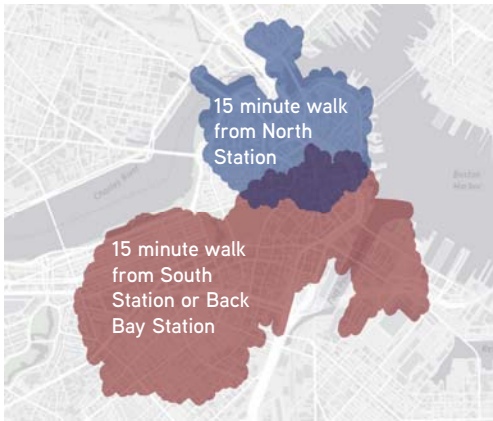
About the Gap ...

Among Boston's various peculiarities is a one mile gap in not only the region's, but also the nation's rail transportation network, spanning our North and South Stations. Urban development trends, increasing transit ridership and related capacity issues have given rise to the latest of numerous efforts to connect the two terminal stations by way of rail tunnel, a project described as the North-South Rail Link. Proponents state the \$2 billion potential project would be many times offset by the project's multiple efficiencies, related economic development potential, and other benefits.

GAP CONSEQUENCES

Your downtown | My downtown

The lack of a connection through central Boston has exacerbated a North/South division, leading to a preference for location based on suburban habitats.



Ruggles? Boston Landing? Assembly?

As urban developments spring up in Streetcar Ring regional rail locations, a link could dramatically assist in connecting these developing areas to the region. With numerous such sites currently undergoing millions of sf of multi-use development, rail connections can connect emerging multiple uses rapidly and with a high degree of efficiency.



That Red Line capacity issue ...

Frequently running beyond capacity, the Red Line, and the rest of the city's central subway system, would get a big boost from a North-South link. South Station's Red Line platforms are the busiest in the network, though a link would reduce this load dramatically, providing instead far more one-seat trips to user's destinations.

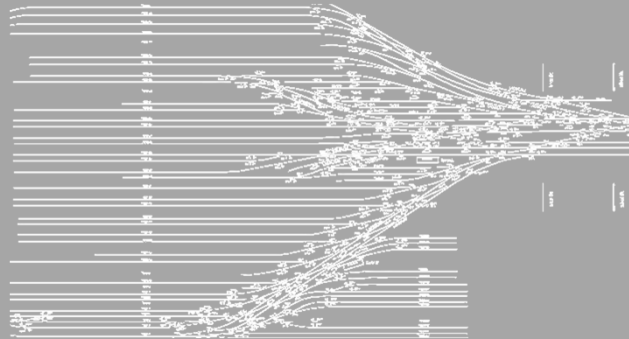


A Terminal Condition

Though not referred to as such, both North and South Station are Terminals, with no continuing, through tracks. Terminals create significant capacity problems as each track experiences two-way movement with heavy-switching at peak times; intercity front-facing trains must back out of the station, turn around, and back in to pick up passengers. A link would make both stations.

Terminal Facts

- ✓ In New York City, both Grand Central Terminal and Pennsylvania Station operate at full capacity. Penn handles more passengers per day than GCT, even though GCT has 67 tracks and Penn has 21.
- ✓ In 1984, Philadelphia's Center City Connection was completed, a project which united its two disparate rail systems with a link.
- ✓ Boston is one of just two cities in the United States with more than one active passenger rail terminal, the other being Chicago.





Why the Gap?

The uniqueness in Boston is not just that its systems aren't unified, it's that they still aren't. Early railroads throughout the 1800s grew their systems everywhere they could, building major terminals in center cities. Around 1900, railroads, with incentives from cities, built unified stations to provide better service, encourage ridership, and enable partnered service across each other's lines. Our region actually did get into the Union Station craze, only the old City of Boston, densely settled and surrounded by water, caused the development of two union stations, north and south.

Railroads combined at North Union Station in 1893



Boston & Lowell site of the O'Neill Federal Building	Eastern Boston Garden site, across from Friend Street	Boston & Maine site of the Avenir apartment building	Fitchburg Causeway Street, at the Central Artery portal
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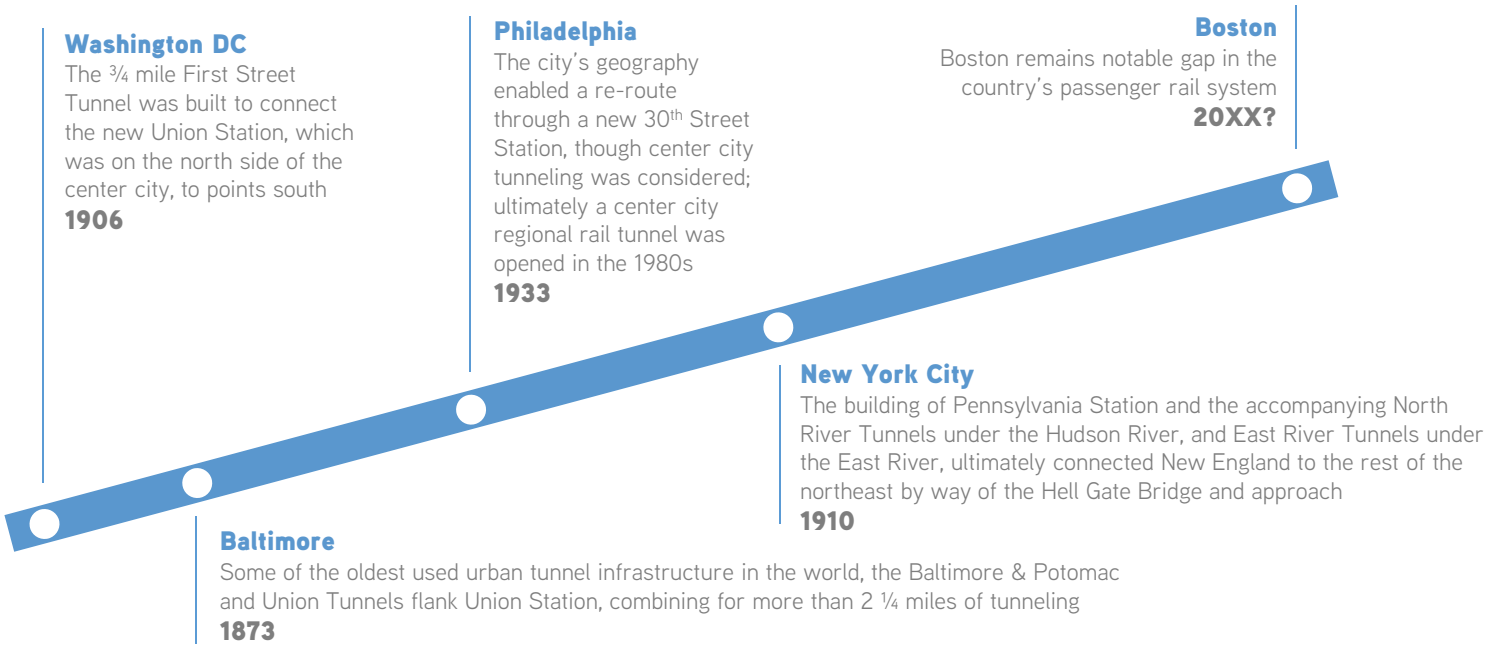
Boston & Providence site of the Park Plaza Hotel	Boston & Albany site of 179 Lincoln Street	Old Colony site partially occupied by 185 Kneeland Street	NY & New England site occupied by the South Station waiting area
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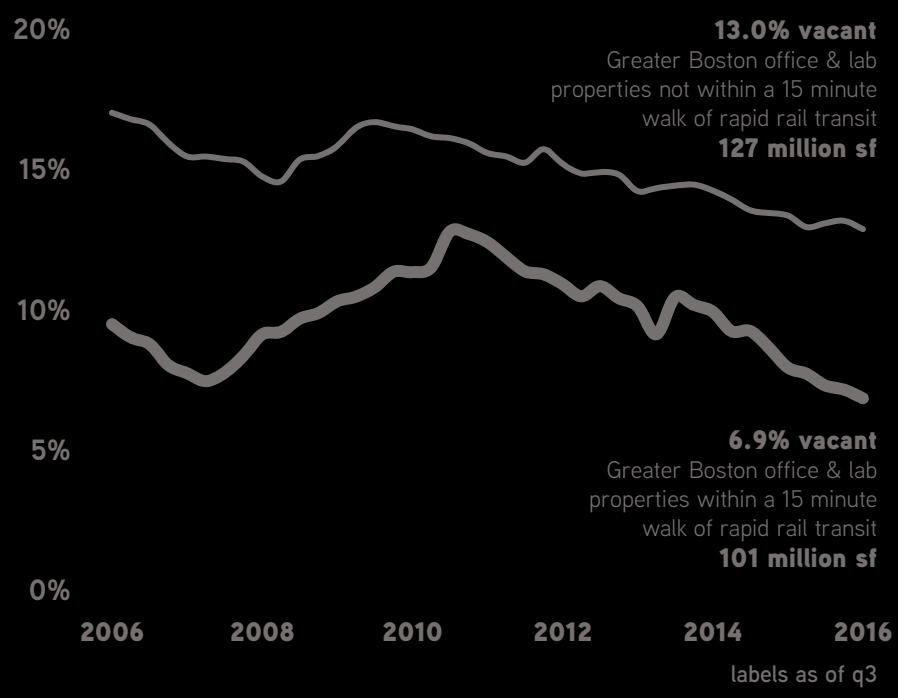


Railroads combined at South Central Station in 1899

Connecting the Corridor

As railroads consolidated operations at union stations around the country, this was far more difficult to accomplish in the dense and long thickly-settled cities of the northeast. Today's Northeast Corridor was mostly connected in these cities by the Pennsylvania Railroad, the world's largest company for much of the 19th century.





- blue** <> macro level office | quarterly
- steel** <> macro level industrial | quarterly
- green** <> macro level laboratory | quarterly
- slate** <> submarket level office series | quarterly
- node** <> transit-accessible office & lab | twice-yearly
- white** <> investment sales | twice-yearly or so

Brendan Carroll <> President | Director of Intelligence <> brendan@encompasscre.com