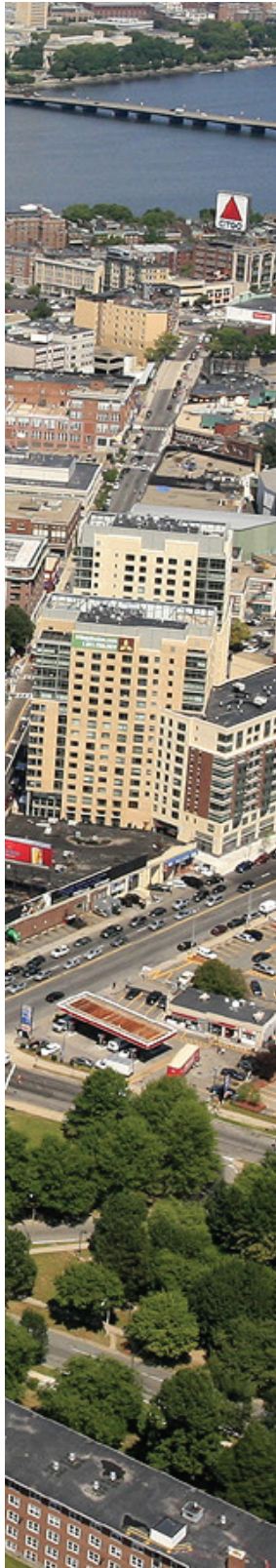
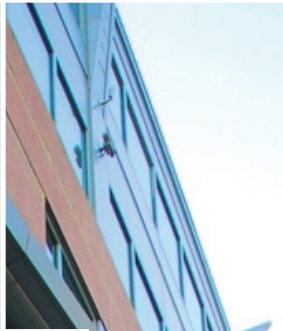
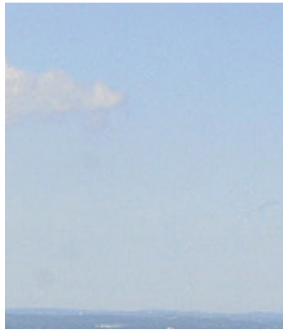




Boston Realty Advisors

**COMMERCIAL REAL ESTATE
INVESTMENT SALES REPORT
CITY OF BOSTON • FALL 2010**



Boston Realty Advisors
Boston • New York

The purpose of this report is to analyze trends related to the sale of commercial real estate assets in the City of Boston. We have included commercial real estate buildings and multifamily assets (over four units) in our study. We have received information from the tax records and The Warren Group.

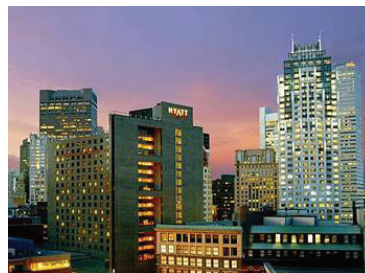
STUDY HIGHLIGHTS

- The average transaction size in 2010 has declined by 75% from peak 2007 levels, this indicates that lower priced assets are trading hands. Furthermore, if sales volumes in Q3 and Q4 2010 continue at a relative pace to Q1 and Q2 2010, sales volume will be off 80%.
- The amount of property trades is increasing from 2008 and 2009, indicating a recovery in deal activity and a narrowing gap between bid/ask spreads with buyers and sellers.
- Data compiled through the first two quarters of 2010 show that the general condition of the commercial real estate industry is in recovery.
- However, by no means does the market have the vibrancy of 2007. The three biggest sales YTD are the following, only one over \$100M, and two over \$15M, where in 2007, there were 11 property trades over \$100M, and 37 trades over \$15M.

LARGEST DEALS YTD



One Brigham Circle
Mixed Use Office Complex
Size: 200,000 Square Feet
Sale Price: \$97 Million
Sale Date: March 2010



Hyatt Regency
Hotel
Size: 492 guest rooms; 5,000 SF ballroom; 20,000 SF meeting space
Sale Price: \$112 Million
Sale Date: March 2010



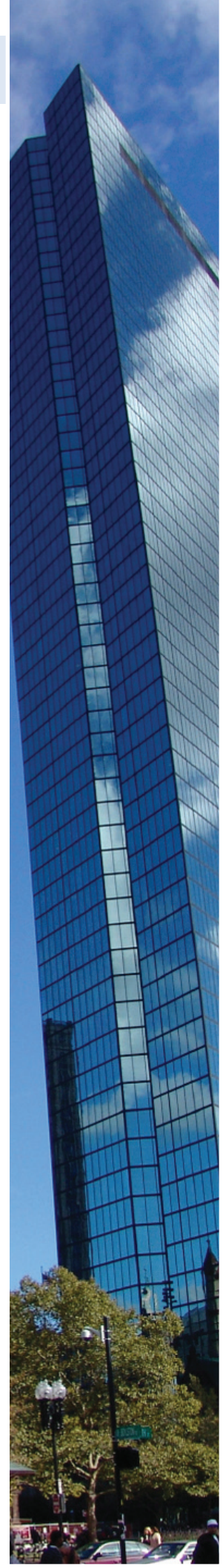
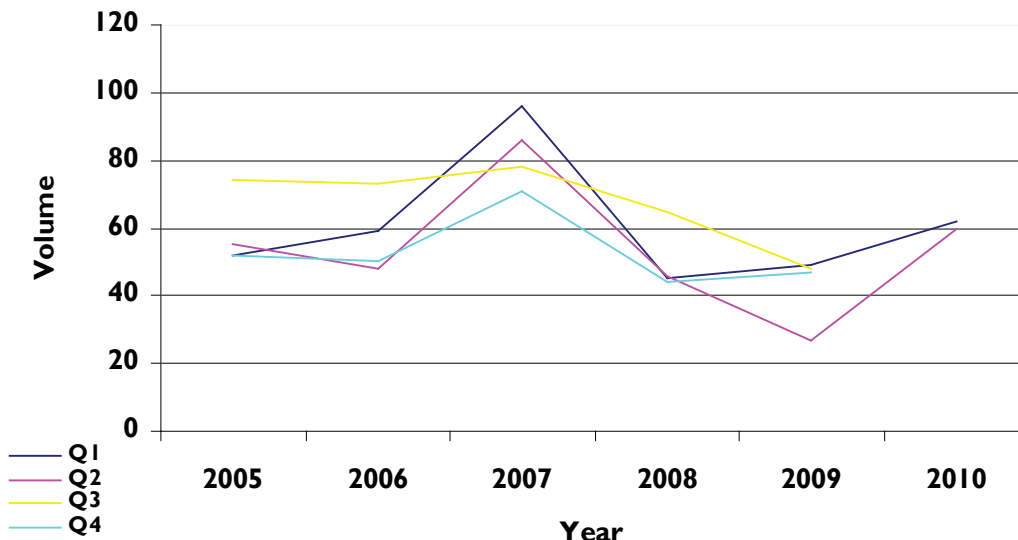
Bayside Expo Center
Convention Center/Land Development Opportunity
Size: 275K SF on 20 Acres
Sale Price: \$18.7 Million
Sale Date: February 2010

TOTAL BUILDINGS SOLD

	2005	2006	2007	2008	2009	Q1-Q2 2010
Q1	52	59	96	45	49	62
Q2	55	48	86	46	27	60
Q3	74	73	78	65	48	-
Q4	52	50	71	44	47	-
TOTAL	233	230	331	200	171	122

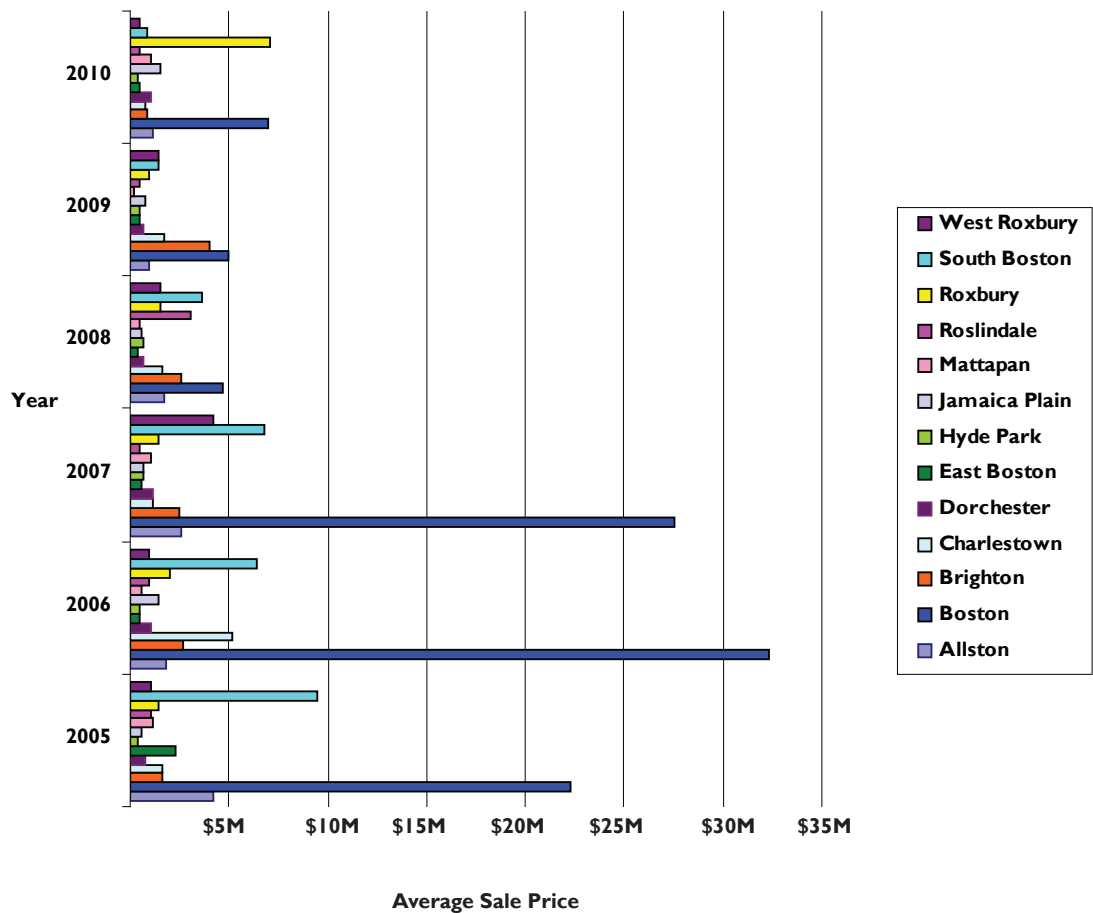
The study shows that the peak years for sales volume in the City of Boston was 2007, with 331 property trades. Based on the first two quarters of 2010, there have been 122 trades. If this pace continues, that will equate to a volume decline from peak in 2007 of 35.6%. This number shows that there is activity, as the projection of 244 property trades will be more than any year in the last five years, notwithstanding 2007. However, the number is misleading, as average sales prices have declined drastically. This means that properties are selling, but at lesser prices, and more affordably priced product. For example, in “Boston Proper”, in 2007, the average property trade price point was \$27.58M, in 2010, the average property trade price has been \$7.01M, a decline of 75%.

Total Buildings Sold: Quarterly Trends



AVERAGE PRICE PER PROPERTY SOLD

The amount of commercial buildings in the City of Boston trading hands is increasing from 2008 and 2009, but pricing has declined both in average sales price and values. This trend shows that buyer and seller bid/ask spreads are shrinking, leading to more transaction volumes. The property trades in the City occurring are 1) multifamily assets and 2) core assets (assets that are completely stabilized with long term leases.) There are very few “bank owned”, value add/ opportunity property trades occurring; this represents the gap in transaction volume.



PERCENTAGE OF TOTAL BUILDING STOCK SOLD

Another indicator to review is the percentage of total building inventory to trade hands. This index derives from dividing the amount of property trades by total inventory. The peak percentage of inventory to trade was in 2007, at 3.11% of total inventory. In 2010, we are pace to trade at 2.28%. This is a considerable increase from 2008 and 2009, and very much in line with traditional inventory trades. South Boston turned at 4.04% of inventory in 2007, and is on pace to trade close to 4% in 2010. (See Figure 1).

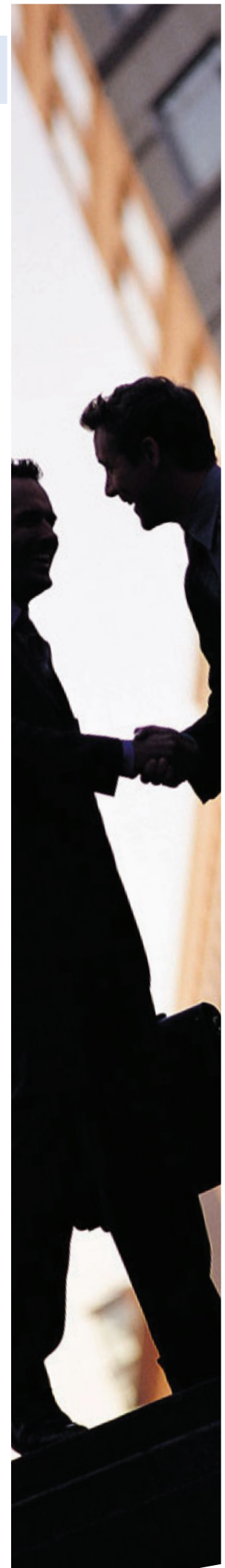
Figure 1. Percentage of Total Buildings Sold

	2005	2006	2007	2008	2009	YTD 2010
Allston	2.45%	1.58%	2.63%	1.40%	1.58%	0.53%
Boston	1.65%	2.06%	3.73%	2.12%	1.41%	0.91%
Brighton	2.53%	2.53%	3.28%	1.64%	0.60%	0.60%
Charlestown	3.00%	1.72%	3.00%	3.00%	1.29%	0.86%
Dorchester	2.85%	2.59%	2.99%	1.46%	1.99%	1.92%
East Boston	3.68%	2.18%	2.46%	2.05%	2.59%	1.09%
Hyde Park	1.80%	2.84%	2.84%	1.55%	1.03%	0.52%
Jamaica Plain	1.55%	0.22%	2.21%	1.32%	1.10%	1.55%
Mattapan	4.17%	3.47%	1.74%	1.74%	2.08%	2.43%
Roslindale	1.67%	1.39%	1.39%	1.67%	2.22%	1.11%
Roxbury	1.65%	2.62%	3.01%	2.33%	2.43%	1.65%
South Boston	2.16%	2.31%	4.04%	1.88%	1.01%	1.88%
West Roxbury	1.53%	1.53%	2.15%	1.53%	0.92%	2.45%
TOTAL	2.19%	2.16%	3.11%	1.88%	1.60%	1.14%

COMMENTARY

At Boston Realty Advisors in Q1 2008, we ramped up our distressed real estate platform to assist our clients with deals pertaining to note sales, workouts, pre-foreclosure auctions and bank REO sales. The “wave of distress” never came. Specific to New England, we experienced the lack of activity, but this lack of activity has occurred as well throughout most of the country. Banks and their borrowers were able to prolong problem situations, as described in the most overused statement of 2009 and 2010, “pretend and extend.” We predict that the trend of pretending and extending will continue, and even with the economic double dip (that we are surely in now) commercial real estate leasing fundamentals will improve, while multifamily rents continue to increase, as do occupancies. In addition to improving leasing fundamentals, credit markets are significantly improving, providing increased liquidity. These factors will continue to show a lack of distressed deals, and an increase to more conventional transactions (non-bank & owner sales). Assets as defined as “Core” e.g., stabilized with long term leases will continue to show an increase in trades. In this category is supermarket anchored center product, urban multifamily assets, investment grade free standing retail and high occupancy investment grade office. Land and product that is not stabilized, and that has market risk, is still being severely discounted in pricing. This segment will remain challenging to price, and the solid bid/ask spread between buyers and sellers will remain apparent. This trend will continue through 2011, at a minimum.

Please contact us if we can help you navigate the market. We are interested in helping you value, sell or refinance any of your commercial real estate assets.





Boston Realty Advisors

Selling Commercial Real Estate throughout New England & New York since 2001

Boston Office:

745 Boylston Street
Boston, MA 02116
T: 617.375.7900
F: 617.536.9566

Boston Realty Advisors

www.br advisors.com

New York Office:

100 Park Avenue
New York, NY 10017
T: 212.505.5300
F: 617.536.9566