RESORTS DEVELOPMENT

Wynn.

August 21, 2014

Massachusetts Gaming Commission
84 State Street, Suite 720
Boston, MA 02109

Dear Members of the Commission:

We have reviewed the Massachusetts Area Planning Council's ("MAPC") *Comments on Proposed Boston Area (Region A) Casino Locations in Everett (Wynn) and Revere (Mohegan Sun)* dated August 6, 2014. We recognize the expertise of the MAPC and value their input, however we respectfully disagree with certain key aspects of their letter. Also, we are disappointed that some of our surrounding communities and our host community were not included in this process even though they are specifically referenced in the memorandum. Further, it is worth noting that we were never consulted as part of this review and our only interaction with the MAPC was in response to studies presented against us in arbitration.

1. Roadway Improvements:

Comment: *Boston's vison for Sullivan Square – which is highly consistent with the regional plan, MetroFuture, and which will generate numerous benefits for Boston, Everett, and Somerville, will likely be compromised by the increase in vehicular traffic associated with the Wynn casino.*

Consistency with Regional Plan: We respectfully disagree with the MAPC assertion that the plan is "compromised" by our development. To the contrary, we believe our project is consistent with the vision put forward by the residents and a potential catalyst for the neighborhood to realize the planned improvements.

The visioning process is just that, a process to determine the wants and needs of an area and to develop a plan to meet those needs. Boston's plan for Sullivan Square is at the preliminary design phase and has been factored into our proposed mitigation design. Our initial commitment to the community is to make immediate improvements to the existing infrastructure that will mitigate the additional vehicle trips generated by our development – estimated to cost at least $5 million. This is consistent with the MEPA regulations and the Massachusetts Gaming Act. Moreover, the improvements that we have proposed are designed to work with the long-term plan that Boston has proposed for Sullivan Square.

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On Slide 6 of its January 13, 2010 presentation (attached as Attachment A), the City of Boston proposed the following four revenue sources to fund the project:

- *$600,000 in City of Boston funding for design to leverage federal dollars*
- *Initial earmarks for design and early phase construction ($13 million)*
- *Accepted as Major Infrastructure Project in State's long range plan (potential $100 million)*
- *Potential for public/private partnerships with developers*

In an effort to support and participate in the long-term solution for Sullivan Square, as set forth in our "Best and Final Offer" to the City of Boson, we have committed to provide $15 million ($1 million per year over 15 years) for the Sullivan Square/Rutherford Avenue Redesign Project. Notwithstanding the fact that there are other significant private developments that have a direct impact on Sullivan Square, it should be noted that we are the *only* regional developer offering to make a financial contribution to this project. Moreover, these other private developments, including Assembly Row in Somerville, the Batch Yard in Everett and the Hood Plant in Charlestown, did not provide any mitigation for Sullivan Square. Our proposed commitment is consistent with the visioning process and surpasses both the State's and Commission's requirement to mitigate impacts.

Furthermore, in December 2013, MEPA completed its *Sullivan Square Disposition Study* (attached as Attachment B). The study emphasizes Charlestown's desire to develop potential parcels into mixed-use office, retail, hotel and residential. This report provides a thoughtful financial feasibility analysis that considers the market to be weak in all areas other than residential. In pertinent part, it provides that "the potential for development of a casino across the river in Everett could materially affect the development potentials in the Sullivan Square study area – *offering greater opportunities for lodging and other commercial use programs* [emphasis added]". This finding is further evidenced by the developers that have contacted us and/or the City of Everett expressing interest in opportunities in proximity to the proposed Wynn Resort in Everett.

Increased Vehicular Trips: At the City of Boston's October 18, 2011 Community Meeting (attached as Attachment C), the Boston Transportation Department acknowledged that the preliminary design was developed utilizing "2008 Traffic Counts" which did not account for the Assembly Square Project in Somerville and the relocation of Partners Healthcare. In addition to the large mixed-use developments in Somerville, this data did not consider Everett's Lower Broadway Master Plan that was finalized in 2012 – before we had selected our site. As the design process continues, Boston will be required to account for all recently approved developments and any others that may be progressing including, potentially, Inner Belt in Somerville. In contrast to the 2008 Traffic Counts utilized by the City of Boston, our proposed mitigation plan accounts for 33 approved development projects including projects in Everett, Boston, Somerville, Revere, Chelsea, Medford, Malden and Cambridge. Additionally, in order to provide a conservative (highest impact) analysis scenario and a prudent planning condition for our project, a 0.5% per year compounded annual background traffic growth rate has been

adopted to account for future traffic growth and presently unforeseen or indefinite development plans within the study area. *(See 4-12, Wynn Everett Final Environmental Impact Report.)*

We accept full responsibility for mitigating the impacts of our project and we are required to do so. We have approached this with substantial diligence and effort – conducting one of the biggest traffic studies that has ever been undertaken in the Commonwealth and participating in multiple meetings with interested organizations and residents. Our analysis indicates that both areas can be developed to the greater benefit of the region. In addition, recognizing our potential to be a catalyst for a permanent solution to the Sullivan Square/Rutherford Avenue Improvement Project, we have proposed, in our Best and Final Offer, financial assistance. The success of the Sullivan Square/Rutherford Avenue Improvement Project requires the attention of local political leadership, impacted residents and organizations, and other private developers. We remain committed to working together with these parties to facilitate a meaningful change to the region.

Finally, we firmly believe that the clean-up of contaminated property and the development of a destination resort casino within the City of Everett meets or exceeds the goals and objectives for MAPC's MetroFutures in the Urban Core that includes both Boston and Everett. In addition, we would assert, and hope that MAPC would agree, that neither the City of Everett's development plans for the Lower Broadway section nor the City of Boston's plans for Sullivan Square should be subverted to the other.

2. Public Transportation:

Comment: *Each proponent should partner with the MBTA by contributing to the both operating and maintenance costs of area bus and subway lines in amounts that are reasonably related to the additional demand of the project.*

Response: While we strongly support the use of public transportation, we are unaware of any instance in the Commonwealth where a developer has paid the MBTA to subsidize service and do not believe that it is either fair or appropriate to penalize future development by laddering them with operating and maintenance costs for the public transit system, particularly when the existing developments that have benefited equally from public transit, have not been asked to bear an equal burden. Our TDM program is comprehensive and includes subsidization of MBTA fares directly to our employees.

Comment: *Wynn should also include improvements to facilities for bus service as part of their existing commitments to route 99…The proponent should add design elements that include signal priority for buses, dedicated bus lanes, mixed-flow lanes with queue jumps, enhanced bus shelters, real-time message boards, and other bus rapid transit features that will improve service.*

Response: As set forth in our FEIR filing, we have proposed improvements to the bus facilities along Route 99 in Everett. The City of Everett is working with MassDOT on the extension of the Silver Line (bus rapid transit) in Chelsea to connect with the Orange Line at either Sullivan Square or Assembly Row.

3. MBTA Maintenance Facility:

Comment: *The FEIR has indicated that discussions among the proponent, the MBTA, MassDOT, and the City of Everett regarding the design of the final Site Access Plan are ongoing.*

Response: Since filing the FEIR on June 30, 2014, we have met with the MBTA and MassDOT to address the acquisition of a small portion of the MBTA maintenance facility and the resulting operational effects. As a result of these meetings, MassDOT included the following language in its response to our FEIR:

> 1. MBTA Land Disposition/Easement Agreements/Approval
>
> The proponent is seeking permanent property rights from the MBTA for the project. Firstly, the proponent is seeking to build the entrance to the casino from Broadway across the southeast corner of the Everett Shops, necessitating that the current entrance to the Shops be relocated. Secondly, the Proponent is seeking to acquire approximately 1.4 acres of land on the periphery of the Everett Shops to accommodate access driveways to the service areas on the project site. The Proponent has had preliminary discussions with MassDOT and the MBTA on the various agreements needed to acquire and/or obtain the necessary rights. While no agreement on these parcels has been finalized, should the Proponent ultimately receive a casino license from the Massachusetts Gaming Commission, the MBTA will negotiate the possible sale of this property consistent with all relevant requirements related to the disposition of public property.

4. Housing:

Comment: *It is essential that the successful casino licensee contribute a reasonable amount of funds to help preserve existing affordable housing and/or spur the development of additional deed-restricted affordable housing in the Host and Surrounding Communities.*

Response: The Wynn Resort in Everett will create approximately 4,000 permanent jobs across many career tracks and thousands of indirect job opportunities throughout the region. We firmly believe that the best way to make housing more affordable is to provide jobs that enable employees to provide for their families.

We would also like to note that the City of Somerville presented a MAPC prepared housing study that Somerville presented as evidence in its arbitration. In its majority opinion, the arbitration panel determined that the City of Somerville failed to demonstrate that housing impacts were "reasonably related to the Wynn" project.

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5. Disbursements from Community Mitigation Funds:

Comments: *Since Mohegan Sun has reached agreements with more communities, more communities will be at the table when and if disbursements from the CMF are discussed for impacts that were either unanticipated or inadequately mitigated.*

Response: On August 8, 2014, the Massachusetts Gaming Commission published *Q+A regarding determination that City of Boston has waived its Surrounding Community status regarding Wynn MA, LLC proposal*. In response to the question as to whether the waiver of surrounding community status precludes the City of Boston from applying to the Community Mitigation Fund, the Commission clarified that "…the regulations and administrative details regarding the Community Mitigation Fund have not yet been developed, the Gaming Act allows the Commission to expend funds to assist any community in the vicinity of a gaming establishment to offset costs related to the construction and operation of a gaming establishment. The Commission's current regulation, 205 CMR 125.01(4), states that '[a]ny finding by the commission that a community is not a surrounding community for purposes of the RFA-2 application shall not preclude the community from applying to and receiving funds from the Community Mitigation Fund established by M.G.L. c. 23K, §61, the Transportation Infrastructure and Development Fund established by M.G.L. c.23K, §62 and the Public Health Trust Fund established by M.G.L. c. 23K, § 59.'" Therefore, the total number of surrounding community agreements is irrelevant to the distribution of Community Mitigation Funds.

6. Community Agreements:

Comment: *Mohegan Sun has negotiated twice as many agreements as Wynn, and the total amount of annual payments to the communities under these agreements in significantly higher for Mohegan Sun.*

Response: While we have conducted an analysis of the significant and adverse impacts attributable to the proposed Mohegan Sun project, it is clear that the communities that they have designated as "surrounding communities" and the payments they have committed to are intended to do more than just compensate the surrounding communities for the adverse impacts attributable to the Mohegan Sun project. We recognize that applicants have a choice in how they approach surrounding community agreements. However, unlike Mohegan Sun, we have adhered to the regulations in an effort to fairly compensate surrounding communities and have not acquiesced to unreasonable demand (i.e., demands that are unrelated to adverse impacts arising from our proposed project) in an effort to garner political support. As a result, the number of agreements and total compensation to surrounding communities is not probative. Rather, the ability and track record of an applicant to complete the project and fulfill its commitments to the Commonwealth, the Commission, and the host and surrounding communities should be the primary focus. Our financial strength and past track record ensures that we will be able to make all promised community payments, regardless of general economic conditions.

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7. Public Safety and Gambling:

Comment: *Most of the remaining agreements do not address compulsive gambling in any significant way.*

Response: Responsible Gambling and efforts to promote responsible gambling are specifically addressed in Wynn's agreements with Everett, Somerville, Chelsea, and Cambridge, and in Wynn's Best and Final Offer to the City of Boston. In negotiating and/or arbitrating our surrounding community agreements, we recognized that the Commission has adopted the most robust and well-funded problem gambling framework in the country. Pursuant to the Gaming Act, five percent (5%) of the gaming tax from each of the licensed facilities will be allocated to the Public Health Trust Fund (our portion of this is estimated to be approximately $10 million in the first year of operations). In addition, the Gaming Act provides for an additional $5 million per year to be paid by the licensees to the Public Health Trust Fund. Through a unique and innovative arrangement, the fund will be administered through a partnership comprised of the Commission and the State's Executive Office of Health and Human Services. The fund will be used to support research into intervention, treatment and prevention of the unintended consequences of casino gambling and to mitigate the potential addictive nature of gambling. Far from abdicating responsibility for addressing problem gaming, we will continue to work closely with the Massachusetts Council on Compulsive Gaming and the Commission's Office of Compulsive Gambling to promote responsible gaming.

8. Local and Minority Hiring:

Comment: *Of the two proponents, Mohegan Sun is more specific on local hiring preference as well as its commitment to market to and hire minority, women-owned and veteran-owned businesses.*

Response: Like Mohegan Sun, we have outlined specific goals for construction workforce hiring targeting 15.3% minority participation and 6.9% women participation. We have also committed to an overall participation goal of 17.9% combined minority/women-owned businesses for design contracts and 10.4% minority/women-owned businesses for construction contracts. These goals were derived based on a methodical analysis of existing businesses and the ability to develop other businesses. We have already submitted a draft diversity plan outlining specific strategies for engaging women and minorities for both procurement and job opportunities. Should we be awarded the license, we will work closely with the Commission's Director of Workforce, Diversity, and Supplier Development to finalize the plan.

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Conclusion:

Based on the information provided above, previous comments submitted by Mayor DeMaria, and our intimate knowledge of the two proposals, we respectfully disagree with many of the "advantages" MAPC awards to our competitor. We ask that the Commission weigh these comments along with the volumes of other information when forming its conclusions.

Sincerely,

Bob DeSalvio /jk

Robert DeSalvio
Senior Vice President

Attachment A

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Community Meeting January 13, 2010

Presented by:

CITY OF BOSTON

Boston Transportation Department

Tetra Tech Rizzo
The Cecil Group
Brown Richardson & Rowe
Jacobs Engineering Group

www.cityofboston.gov/transportation/rutherford/

Meeting Agenda

- Sullivan Square Refined Alternatives
  - At Grade
  - Underpass
- Comparison of Alternatives
- Community Discussion

Project Development Process

- Transportation Study
- Preliminary Design ⟸ Current Step
- 25% Design
- Final Design (100%) and Bid Drawings
- Phased Construction
- Long Term Maintenance

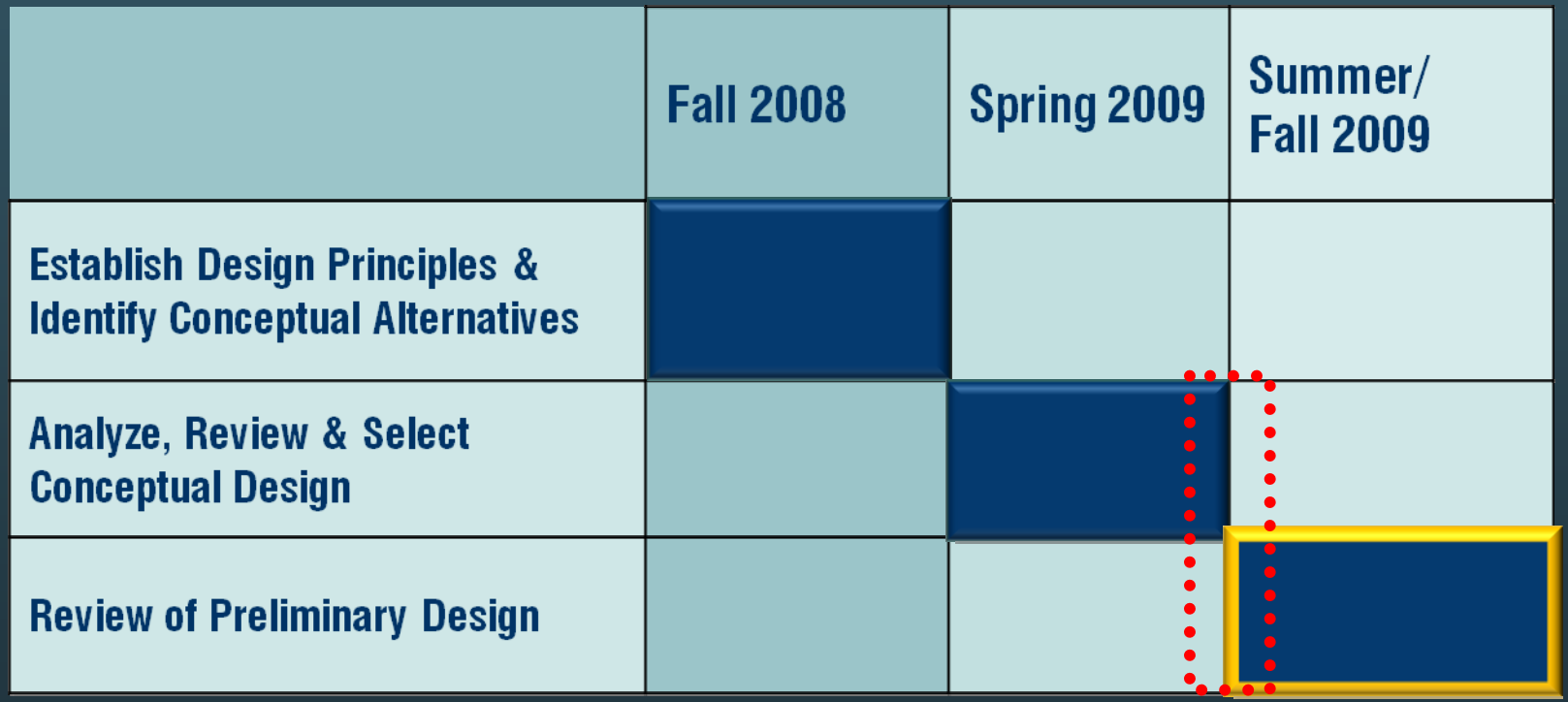
Scope and Work Products

STEP 1: Existing Conditions / Project Goals
- Inventory Transportation, Development and Open Space Projects
- Identify Design Objectives

STEP 2: Alternatives Evaluation
- Develop and Evaluate Conceptual Alternatives
- Identify Potential Development and Open Space Parcels
- Select Preferred Conceptual Design

STEP 3: Preliminary Design
- Develop Preliminary Roadway & Parcel Design
- Parking and Access Guidelines Relative to Parcel Use
- Develop Cost Estimates and Phasing Strategies

Project Schedule



Project Funding

- $600,000 in City of Boston funding for design to leverage federal dollars
- Initial earmarks for design and early phase construction ($13 million)
- Accepted as Major Infrastructure Project in State's long range plan (potential $100 million)
- Potential for public/private partnerships with developers

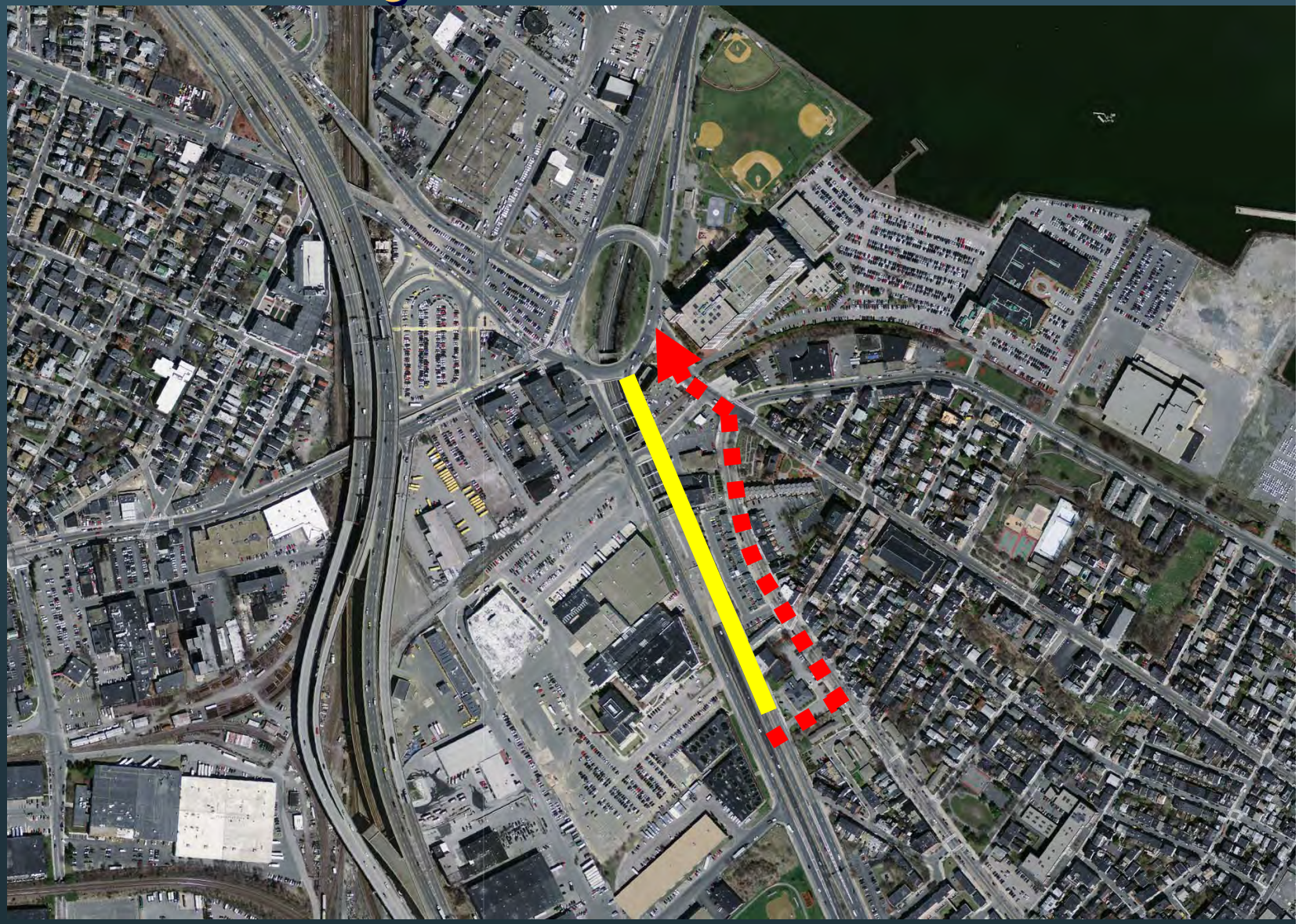
Project Goals

- Improve pedestrian connections between community and Sullivan Square Station
- Create public/open space
- Provide opportunities for appropriate development
- Decrease congestion by distributing traffic
- Provide bicycle connections
- Increase on-street parking
- Protect Main Street from cut-through traffic

Issues and Responses

- Team has developed two options for Sullivan Square area - both options will function well from a traffic operations perspective.
- Goal of the project is to provide the community with a Boulevard not a Highway.
- City understands the neighborhood's traffic concerns because of the underpass closure last summer.
- Recent Sullivan Sq. Underpass closure is not analogous to proposed Surface Option

Sullivan Square Underpass Repairs – Cut-Throughs onto Main Street



Sullivan Square Underpass Repairs – Cut-Throughs onto Main Street

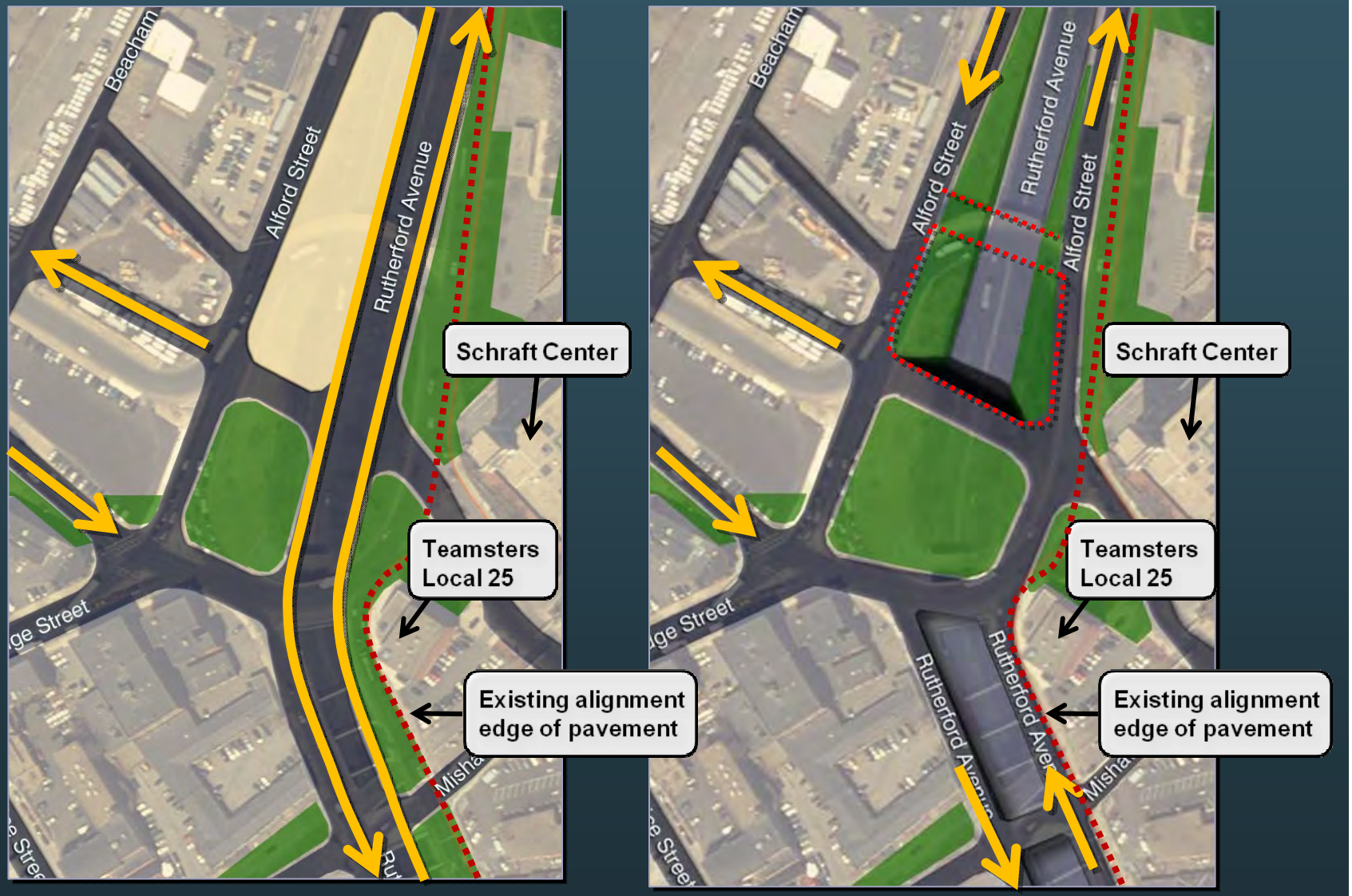
Sullivan Square Surface Option

Layout and Circulation

Sullivan Square Underpass Option

Layout and Circulation

Sullivan Square: Layout and Circulation



Summer 2009 Sullivan Sq. Underpass Repairs vs. Proposed Surface Option

Underpass Repairs

- NB Rutherford Ave underpass closed – capacity lost
- NB Traffic detoured into Sullivan Square – increased conflicts in rotary
- Cut-through traffic onto Main Street in PM peak.

Proposed Surface Option

- Sullivan Square Underpass capacity replaced with 4 lane boulevard
- Traffic will connect to new Sullivan Square circulation plan – grid system with many route options
- Measures will be built into design to protect and serve the neighborhood (roadway and signals).
- New roadways in Sullivan Sq. will be constructed prior to filling-in the Underpass

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Sullivan Square Surface Option

Rendered Site Plan

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Sullivan Square Underpass Option

Rendered Site Plan

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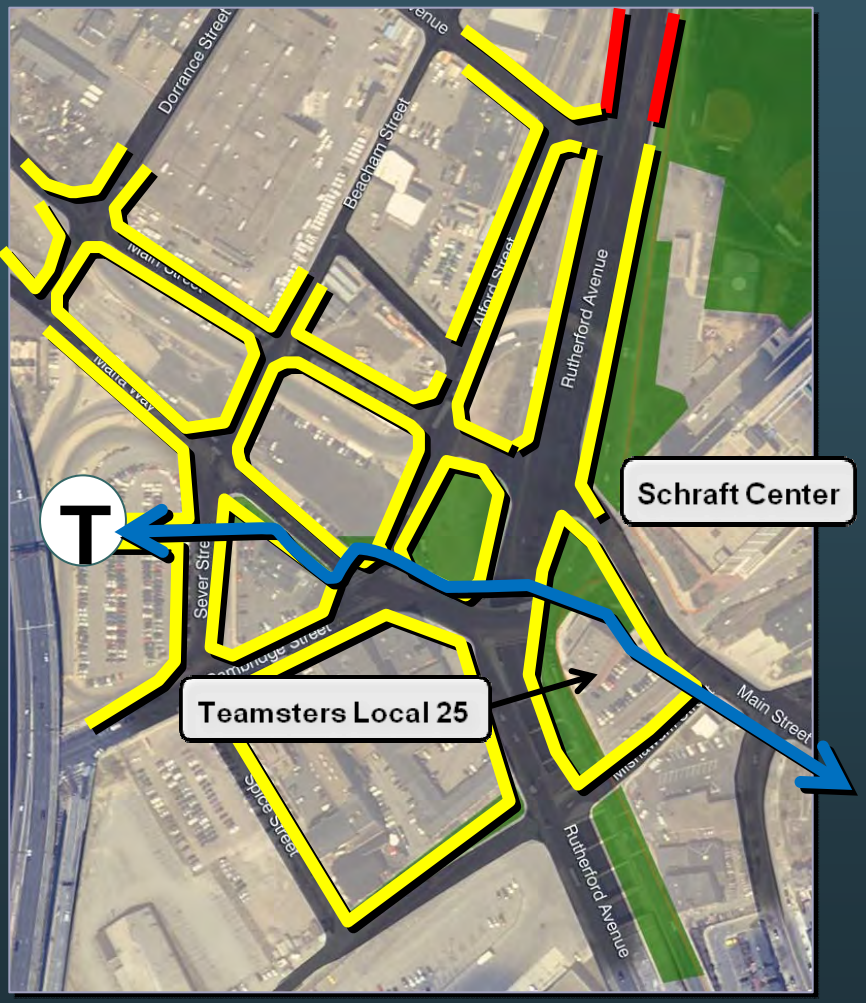
Sullivan Square Surface Option

Urban Design Elements

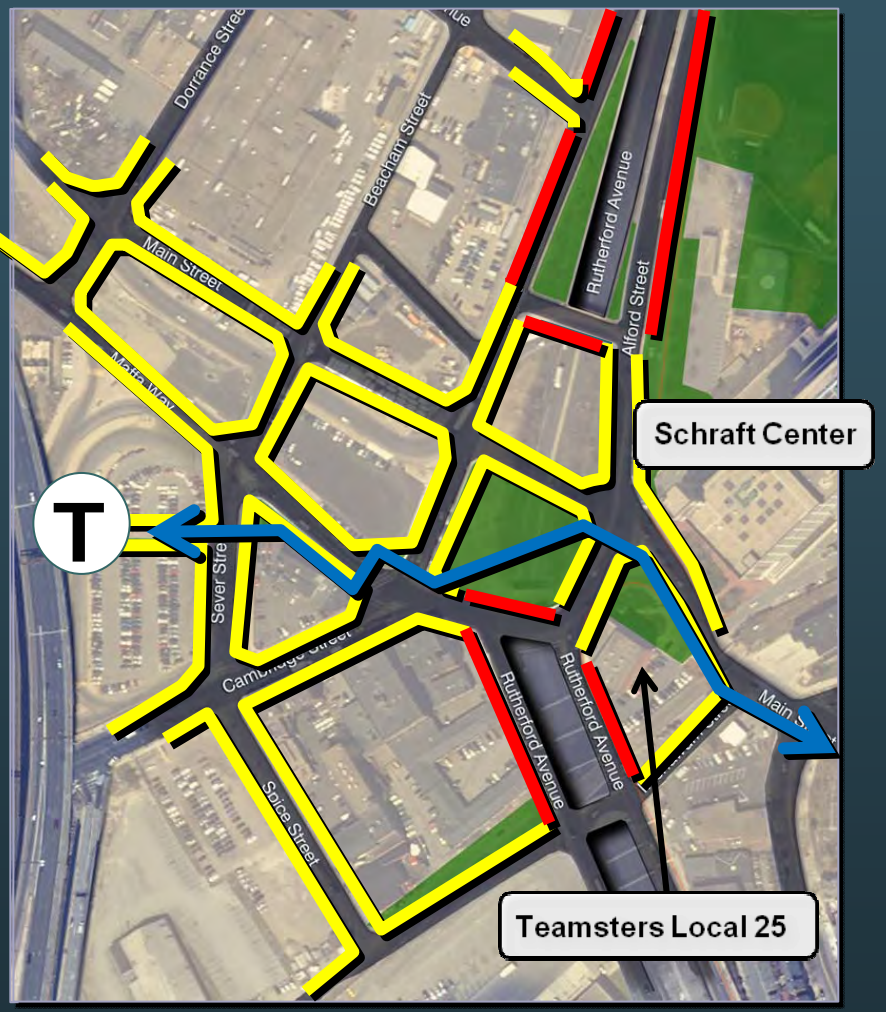
Sullivan Square Underpass Option

Urban Design Elements

Sullivan Square: Urban Design Elements



Surface Option



Underpass Option

Intersection Character

4-way intersection, 4 lanes

Newbury at Exeter St, Boston

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Intersection Character

Boat Section, 9 lanes

Huntington Ave at Mass Ave

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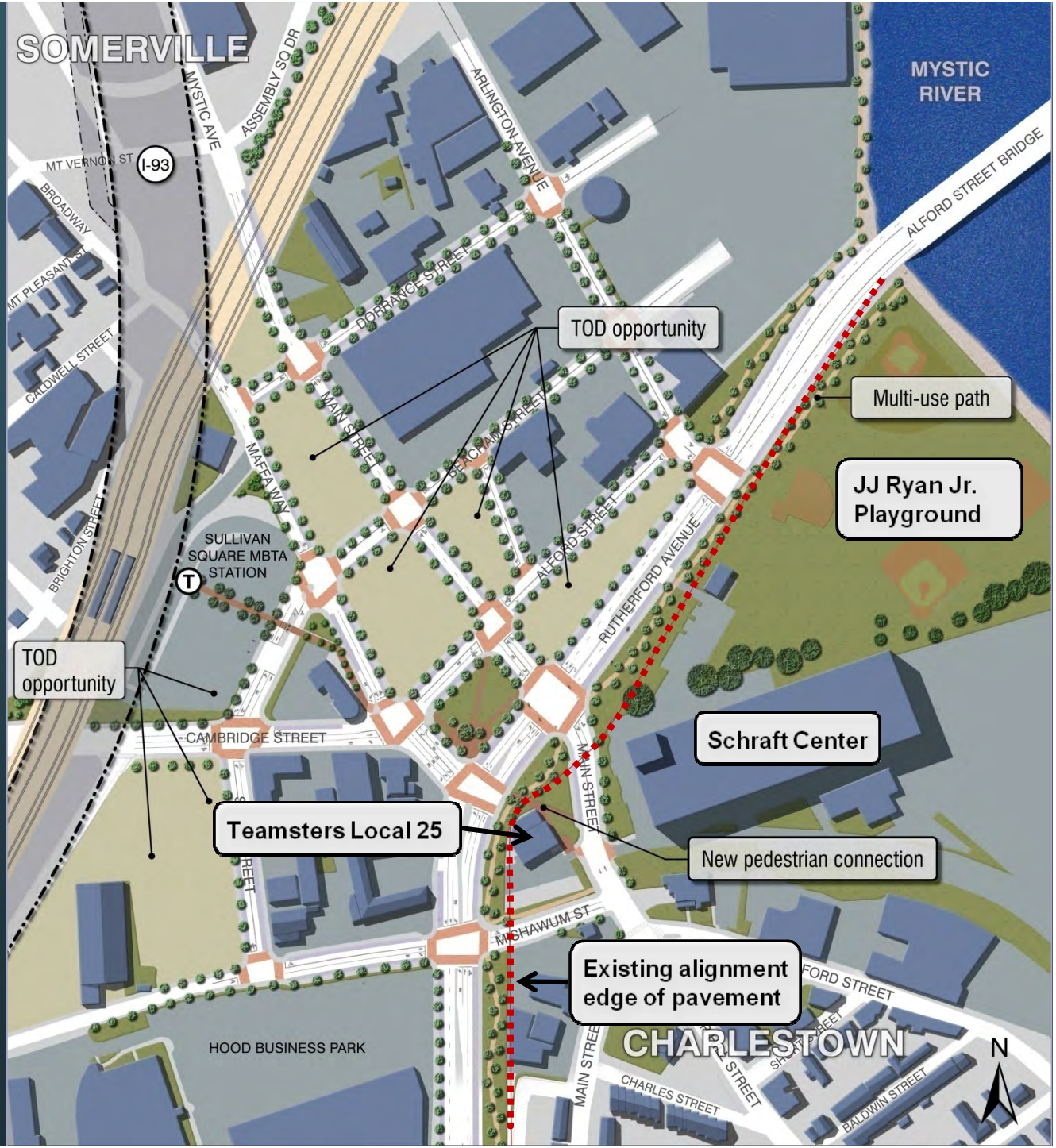
Sullivan Square Surface Option

Open Space Opportunities



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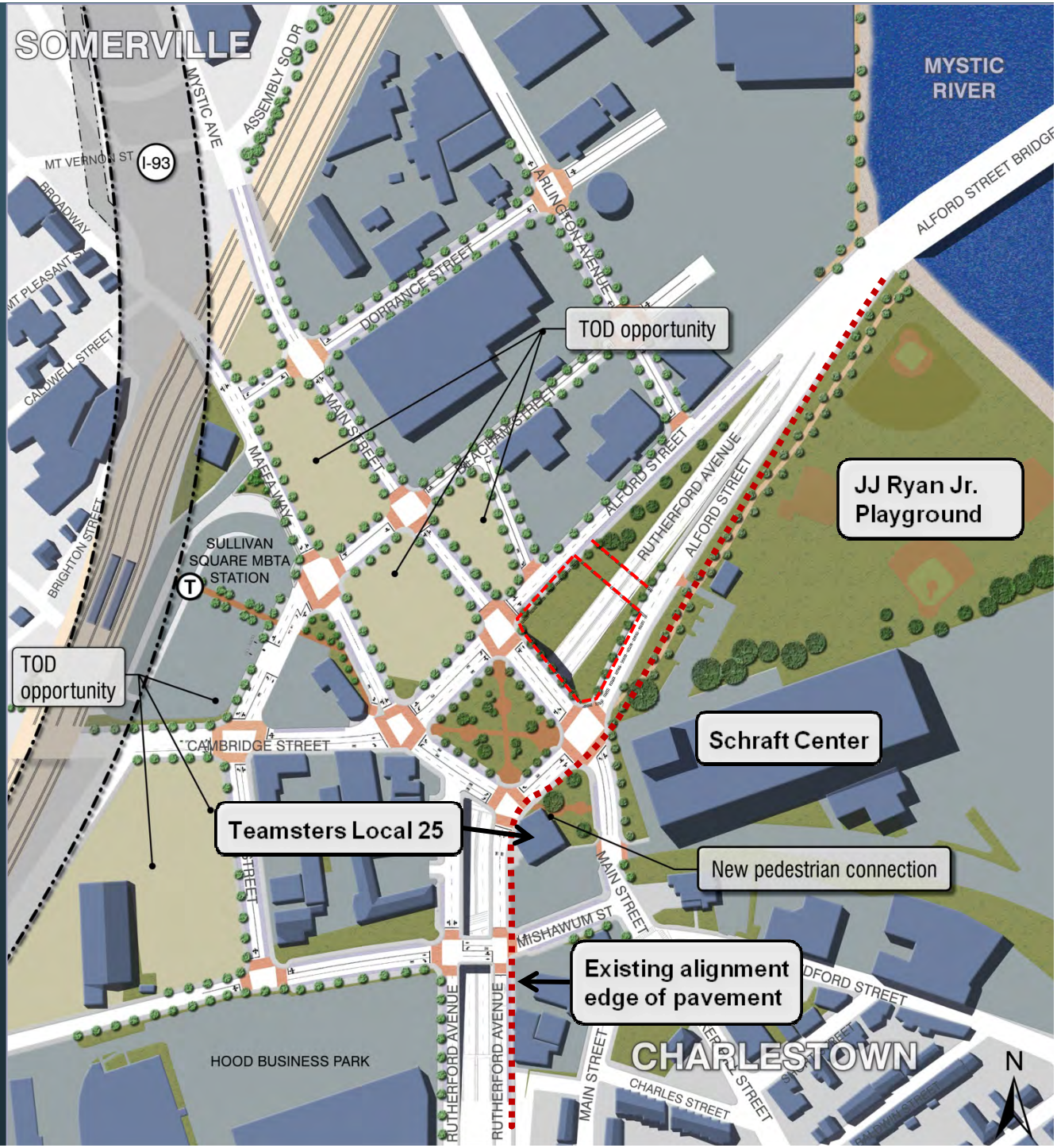
Sullivan Square Underpass Option

Open Space Opportunities



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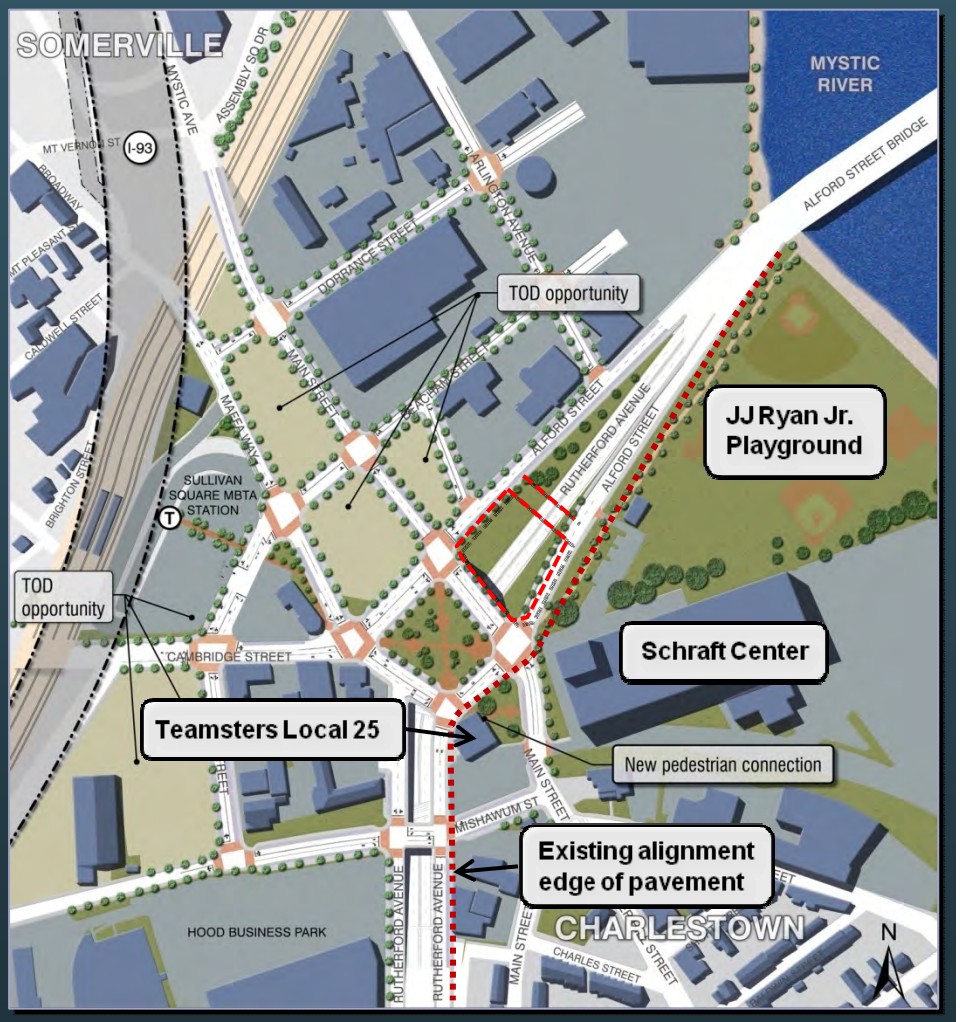
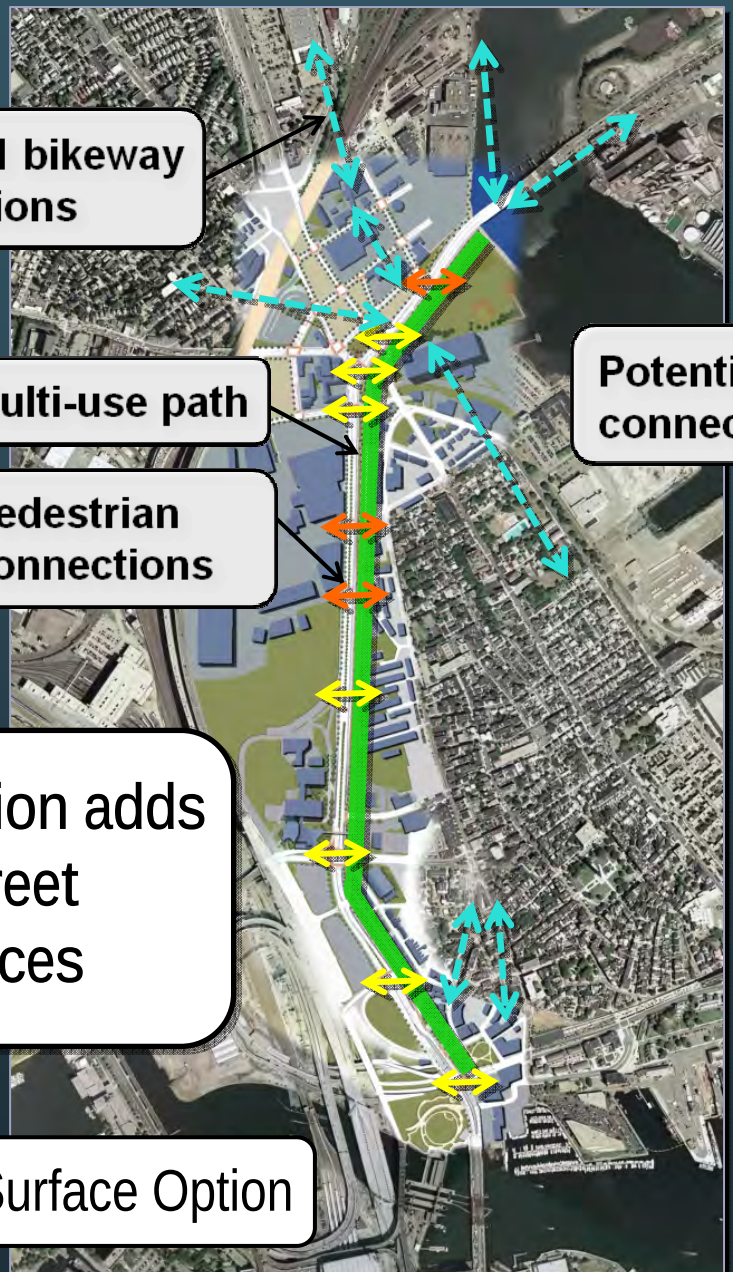
Sullivan Square: Open Space Opportunities

Surface Option



Underpass Option

Entire Corridor Relationship



Surface option adds ± 275 on-street parking spaces

Surface Option

Underpass Option

Open Space Opportunities

Tot lots, community gardens, public art, seating areas, multiuse path

Open Space Opportunities

Pedestrian and bicycle paths

(Example: Southwest Corridor)

Open Space Opportunities

Bicycle connections to other streets

(Example: Portland, Oregon)

2030 Traffic Projections

- 2008 Traffic Counts
- Increase by 5% to account for regional growth and redevelopment in the Rutherford Avenue corridor
- Add in traffic from proposed Assembly Square Project in Somerville (including IKEA)
- Re-assign traffic based on likely travel paths through new roadway network

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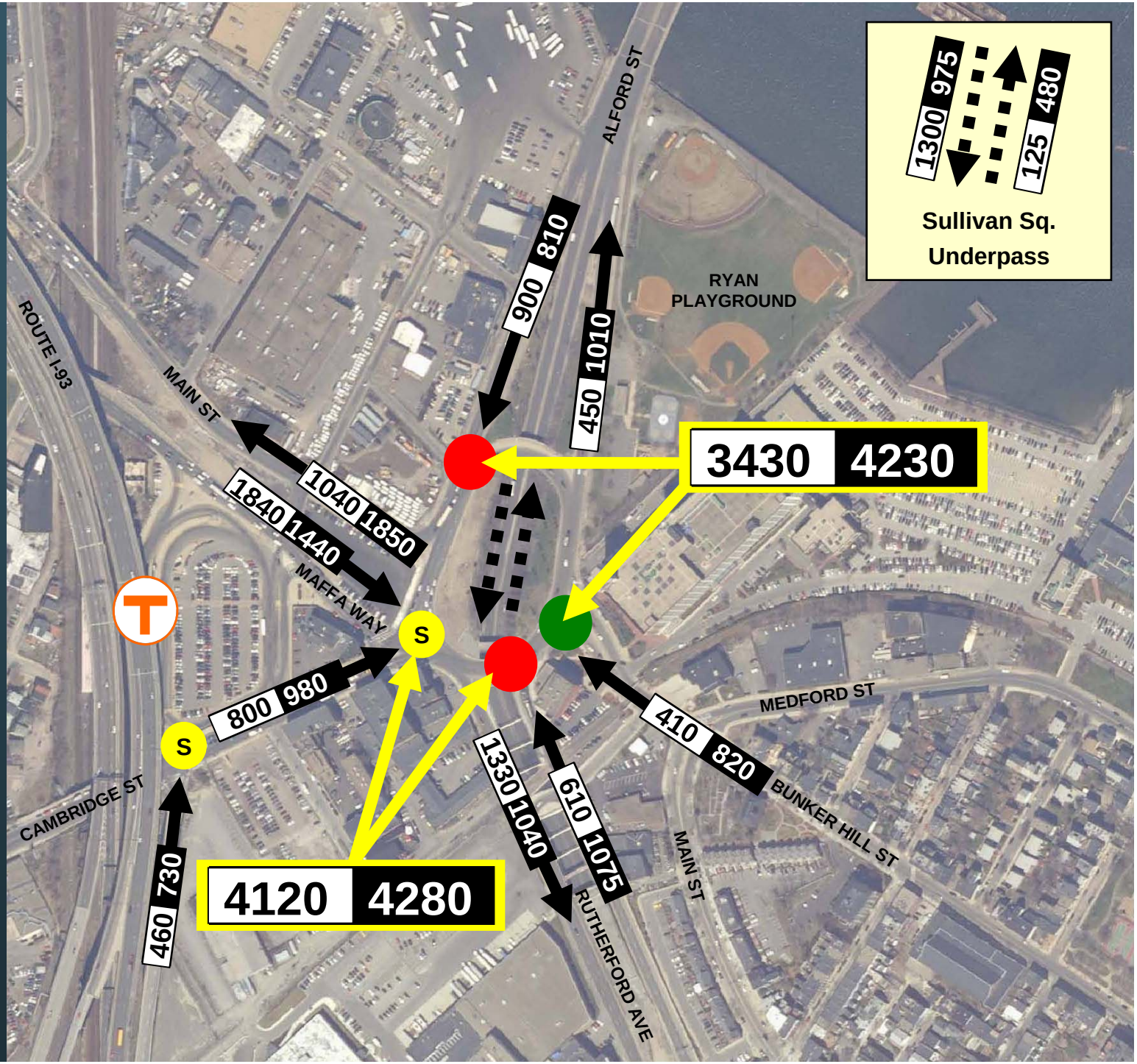
Existing Traffic Volumes / Operations



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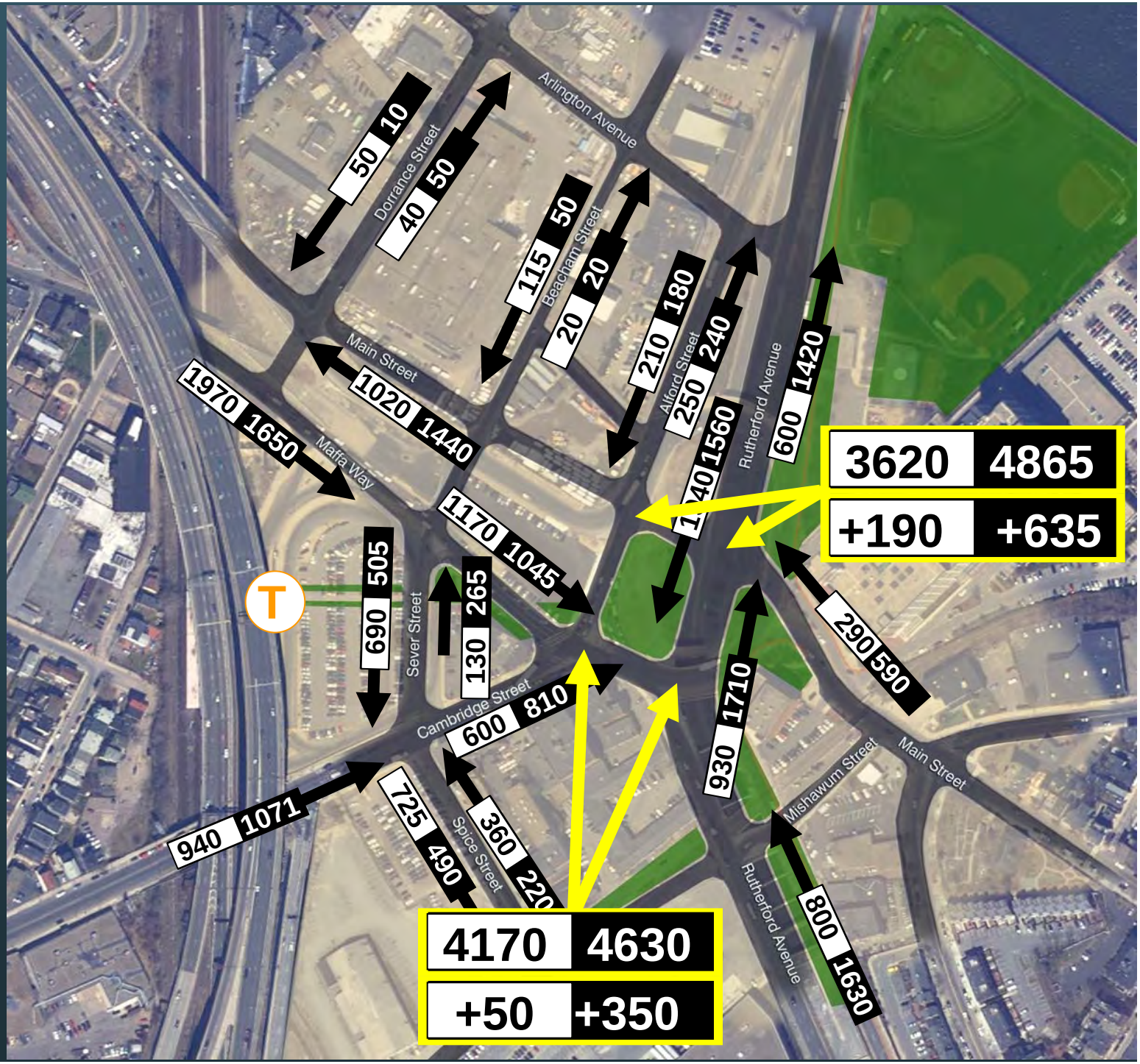
Sullivan Square Surface Option

2030 Traffic Volumes



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AM PM

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Sullivan Square Underpass Option

2030 Traffic Volumes

LEGEND

AM PM

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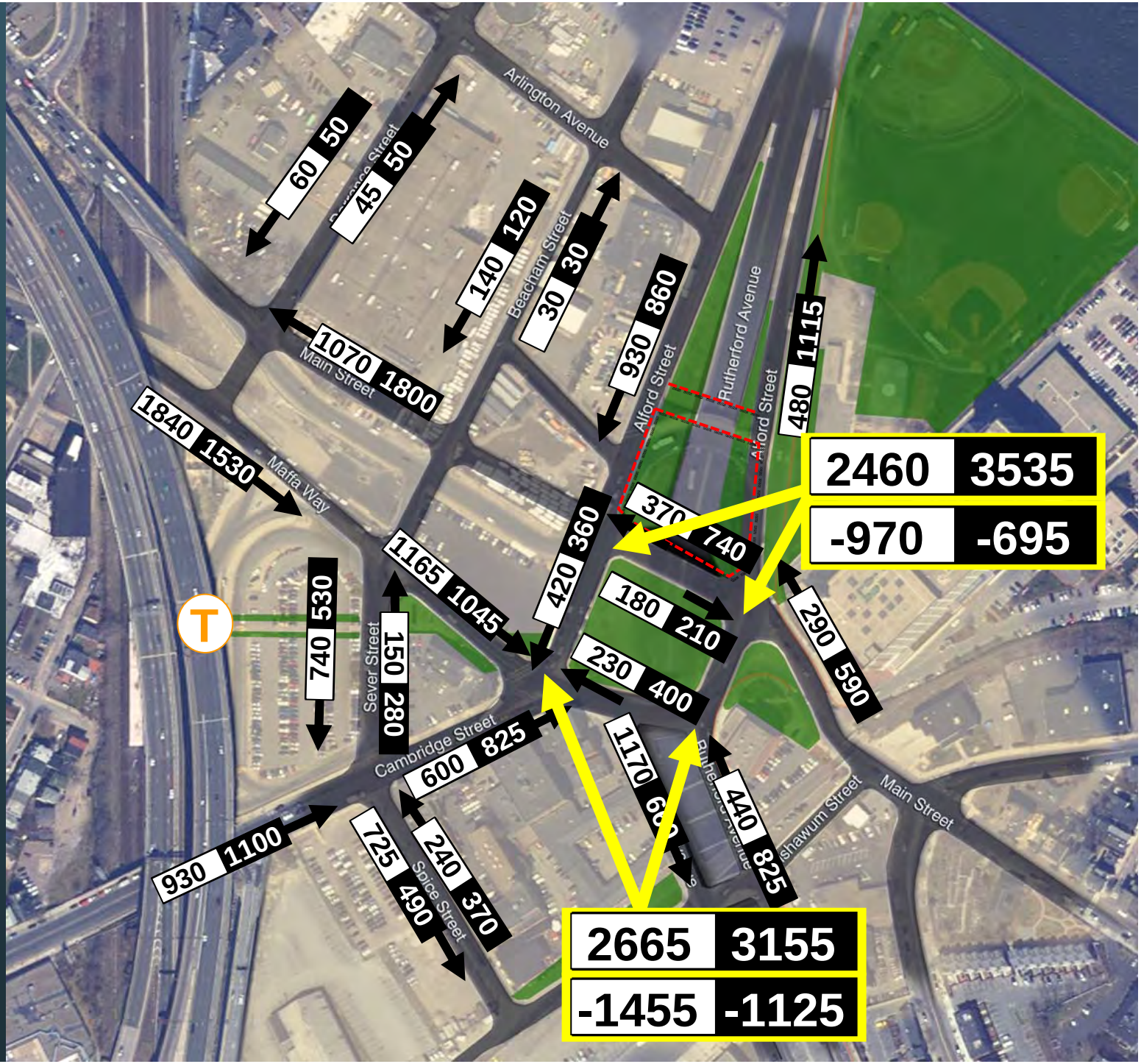
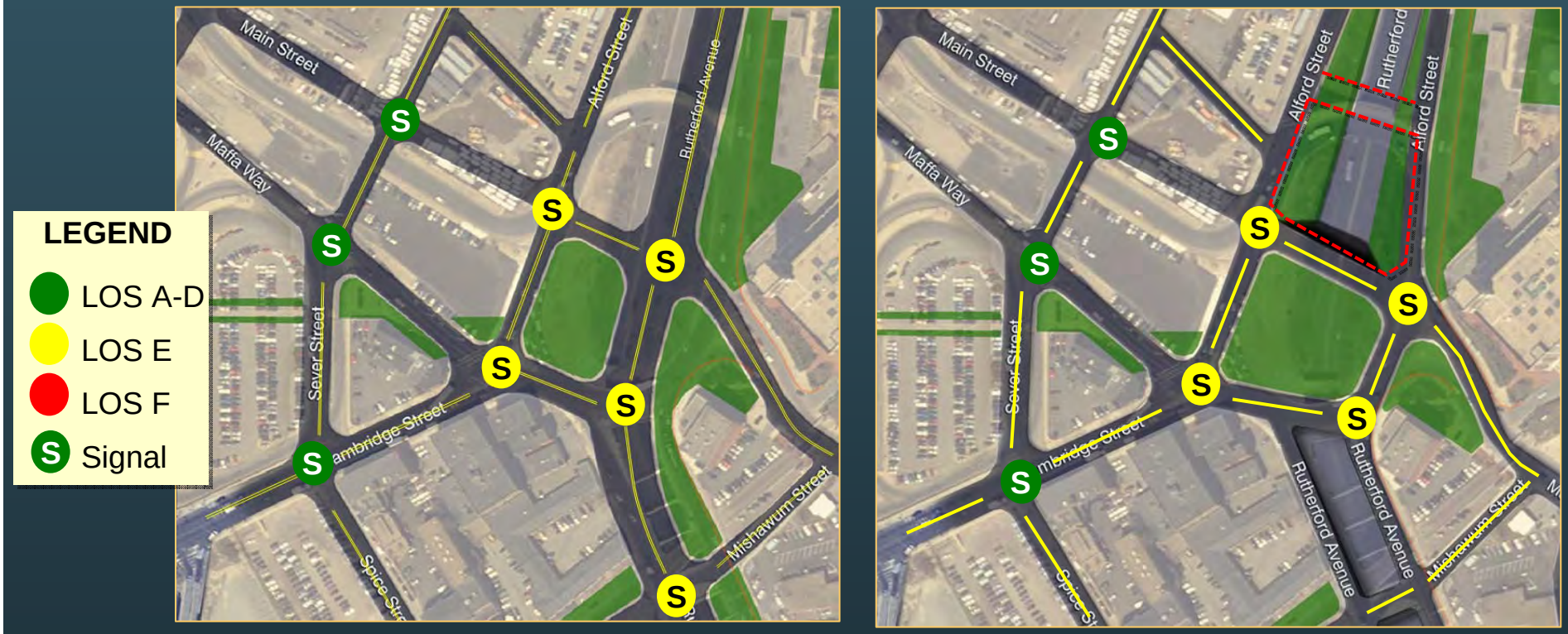


Sullivan Square:
2030 PM Peak Hour Traffic Operations



Surface Option

Underpass Option

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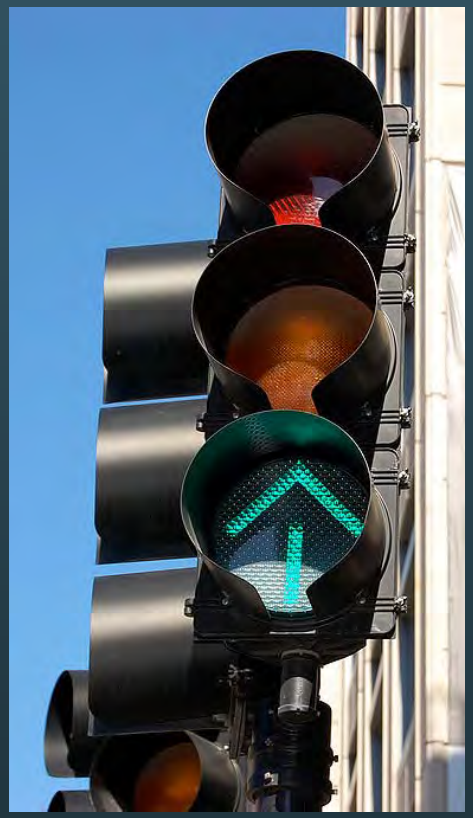
Traffic Signal Systems



- Queue detection and video monitoring at signals
- All signals in corridor coordinated in a system linked to BTD control center
- Traffic Progression along boulevard – maximizes “through-put”; discourages diversions
- Real-time signal timing adjustments to respond to changes in demand (e.g., traffic related to events at TD Bank Garden)

Sullivan Square Surface Option Cost Summary

Construction Period - Approx: 4 ½ years

Sullivan Square Area Project Elements	At-Grade Option Estimated Cost
Construction Items	
Roadway Pavement	$9,090,000
Sidewalks	$4,060,000
Curbing	$1,140,000
Demolition (bridges, structures)	$3,480,000
Embankment	$4,770,000
Decking	$0
Drainage	$5,770,000
Structures (walls)	$1,420,000
Traffic Signals	$3,300,000
Landscaping (Parks, Multi-Use Path, Lighting)	$7,060,000
Utility Relocations	$6,550,000
Construction Staging	$4,650,000
Maintenance of Traffic / Police	$5,130,000
Subtotal	$56,420,000
Contingency (25%)	$14,110,000
TOTAL CONSTRUCTION COST	$70,530,000
say	$71,000,000

Sullivan Square Underpass Option Cost Summary

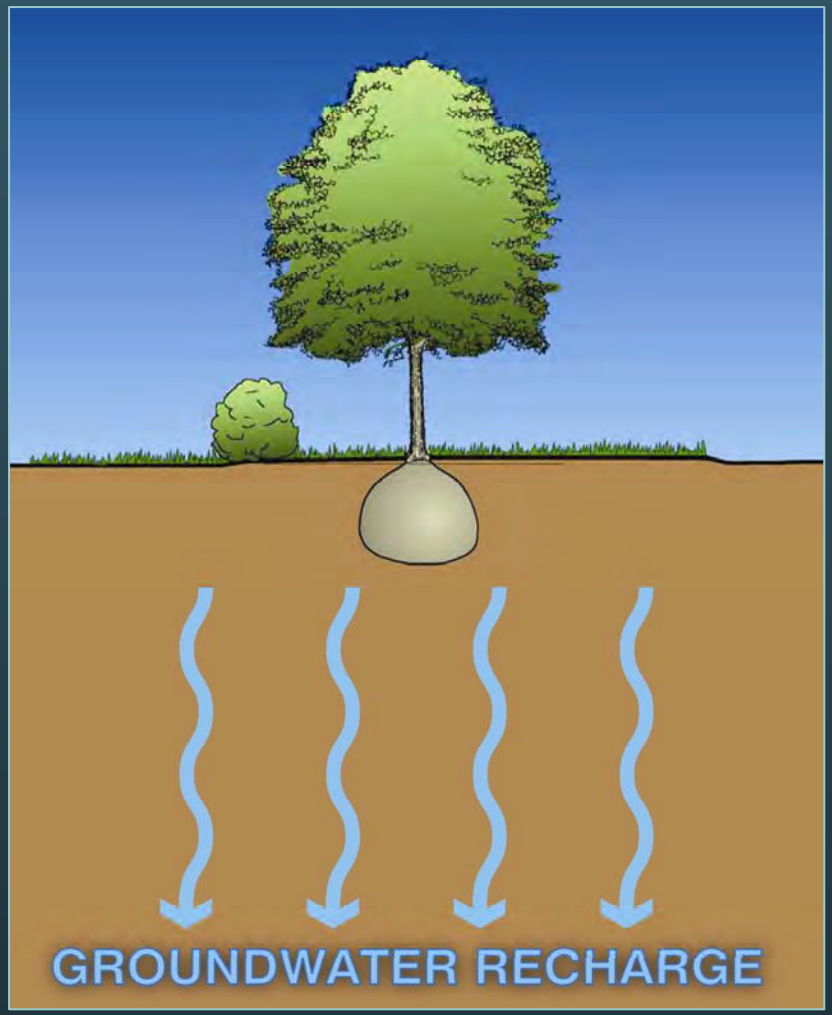
Construction Period - Approx: 5 years

Sullivan Square Area Project Elements	Underpass Option Estimated Cost
Construction Items	
Roadway Pavement	$7,470,000
Sidewalks	$4,200,000
Curbing	$970,000
Demolition (bridges, structures)	$2,450,000
Embankment	$0
Decking	$17,000,000
Drainage	$6,030,000
Structures (walls)	$2,170,000
Traffic Signals	$2,700,000
Landscaping (Parks, Multi-Use Path, Lighting)	$5,640,000
Utility Relocations	$6,750,000
Construction Staging	$4,980,000
Maintenance of Traffic / Police	$6,040,000
Subtotal	$66,400,000
Contingency (25%)	$16,600,000
TOTAL CONSTRUCTION COST	$83,000,000
say	$83,000,000

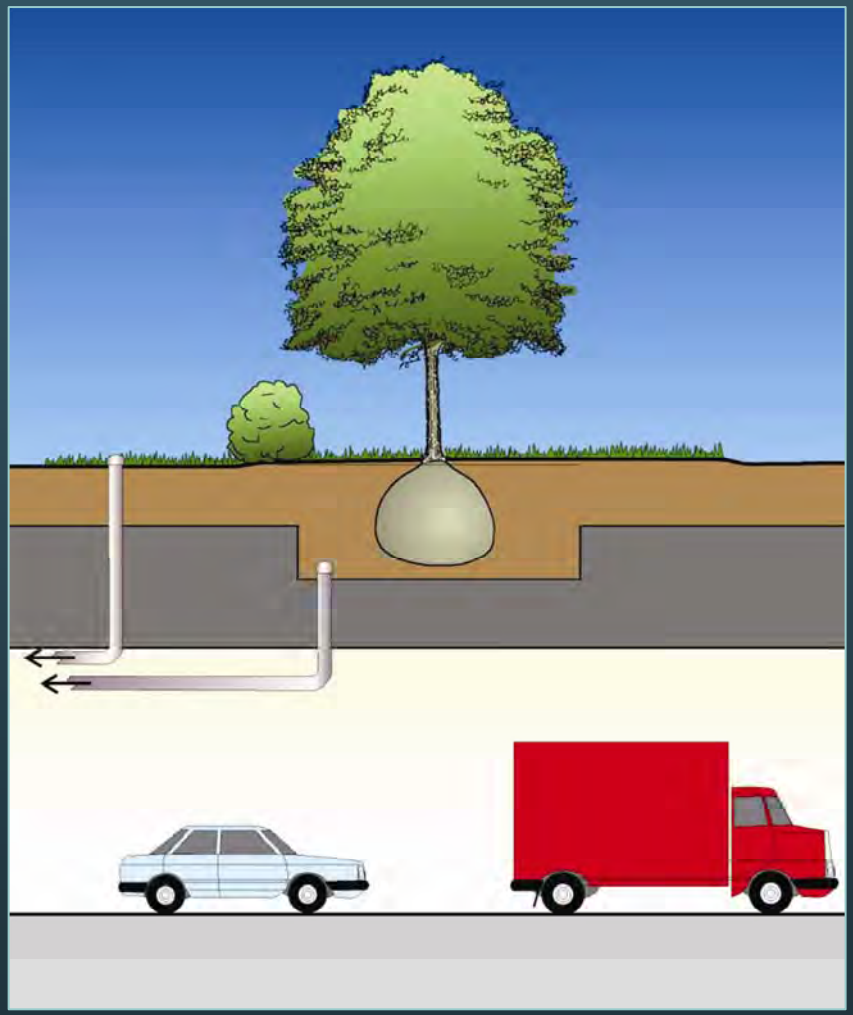
Cost Summary Comparison

Sullivan Square Area Project Elements	At-Grade Option Estimated Cost	Underpass Option Estimated Cost
Construction Items		
Roadway Pavement	$9,090,000	$7,470,000
Sidewalks	$4,060,000	$4,200,000
Curbing	$1,140,000	$970,000
Demolition (bridges, structures)	$3,480,000	$2,450,000
Embankment	$4,770,000	$0
Decking	$0	$17,000,000
Drainage	$5,770,000	$6,030,000
Structures (walls)	$1,420,000	$2,170,000
Traffic Signals	$3,300,000	$2,700,000
Landscaping (Parks, Multi-Use Path, Lighting)	$7,060,000	$5,640,000
Utility Relocations	$6,550,000	$6,750,000
Construction Staging	$4,650,000	$4,980,000
Maintenance of Traffic / Police	$5,130,000	$6,040,000
Subtotal	$56,420,000	$66,400,000
Contingency (25%)	$14,110,000	$16,600,000
TOTAL CONSTRUCTION COST	$70,530,000	$83,000,000
say	$71,000,000	$83,000,000

Cross Section Implications

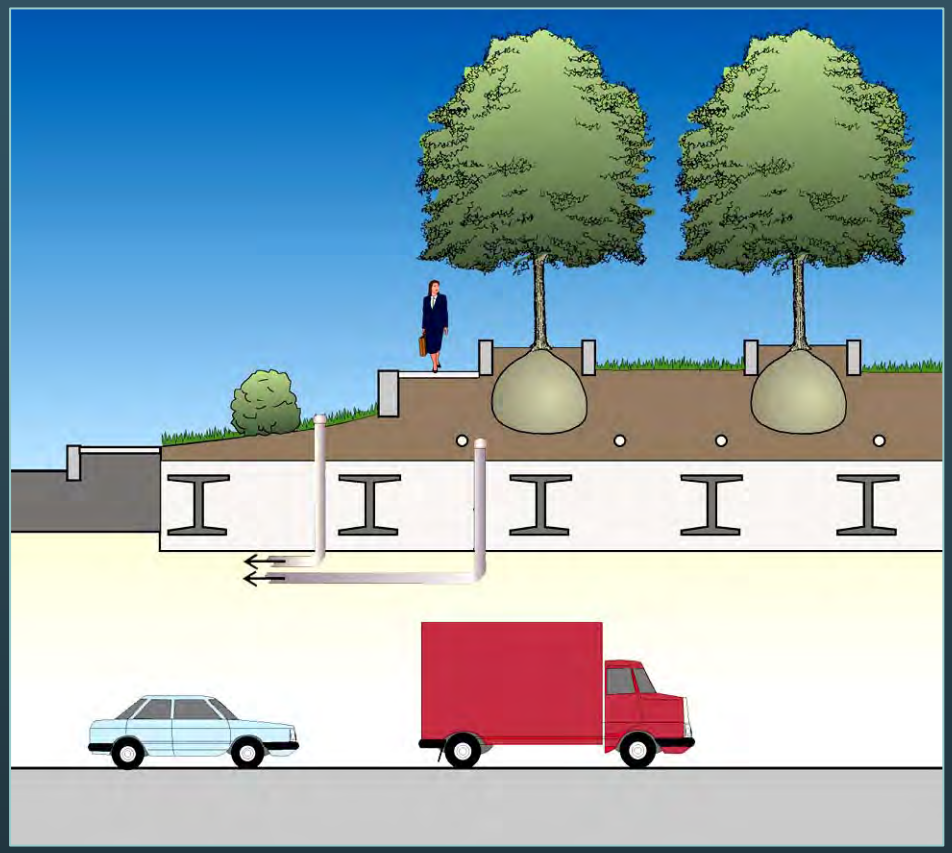


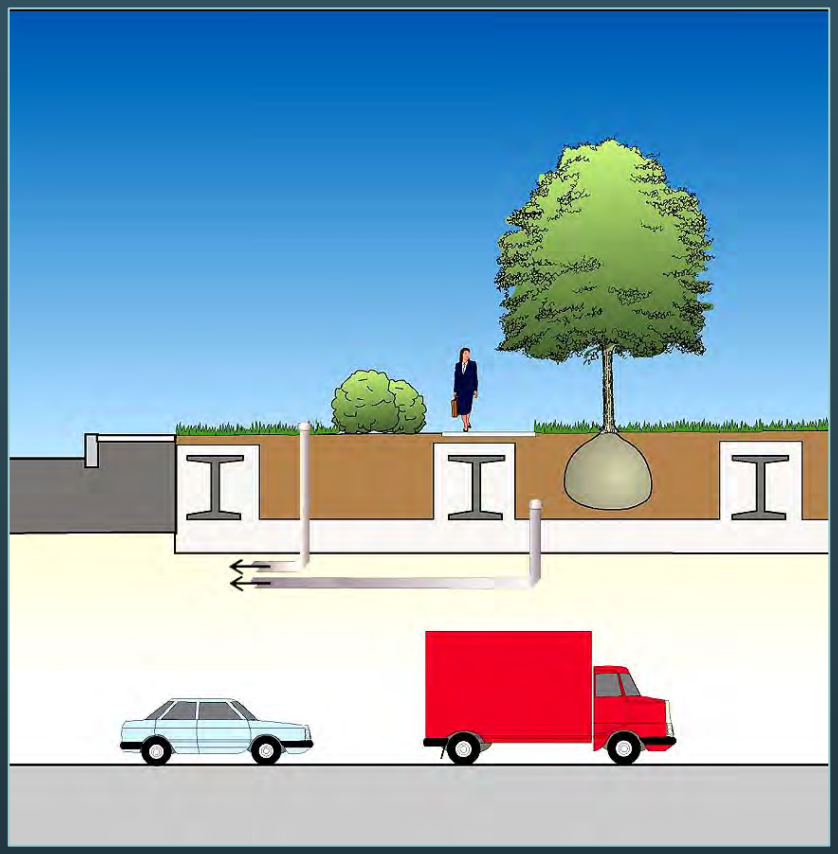
Planting at grade



Planting on a deck

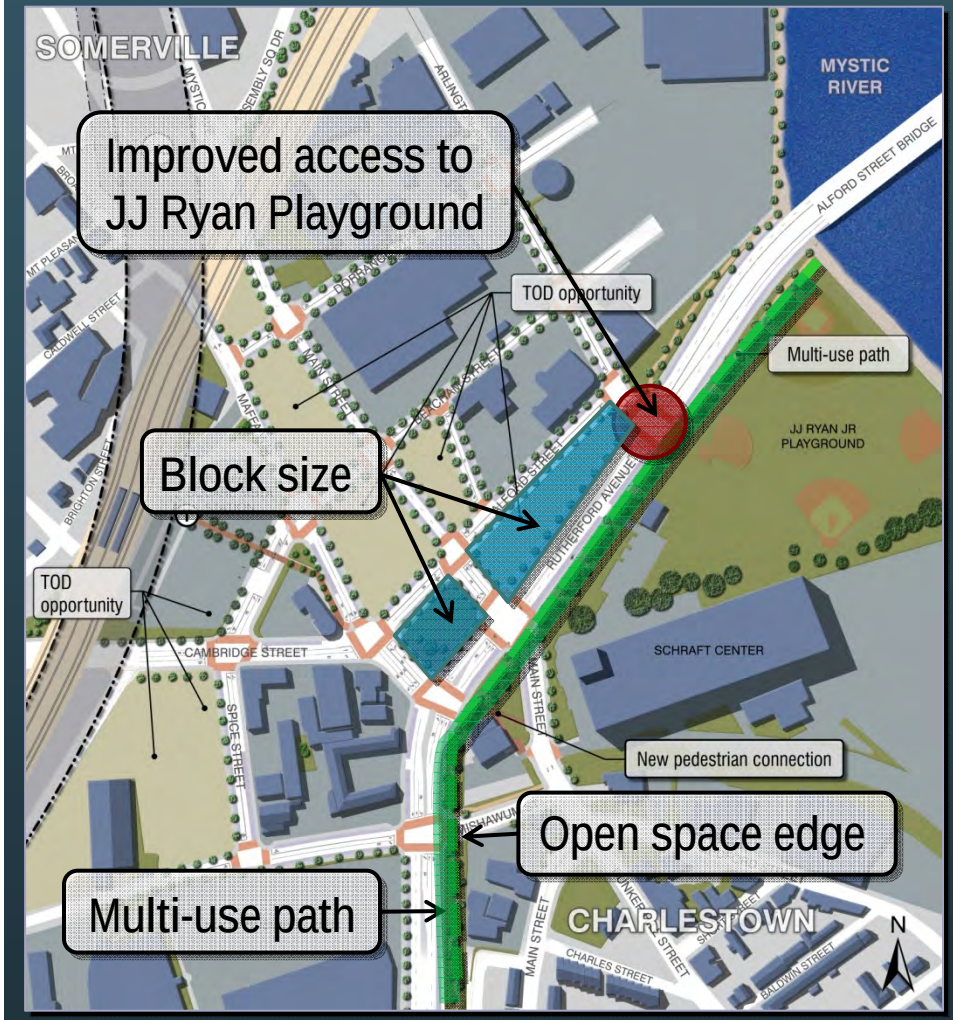
Cross Section Implications



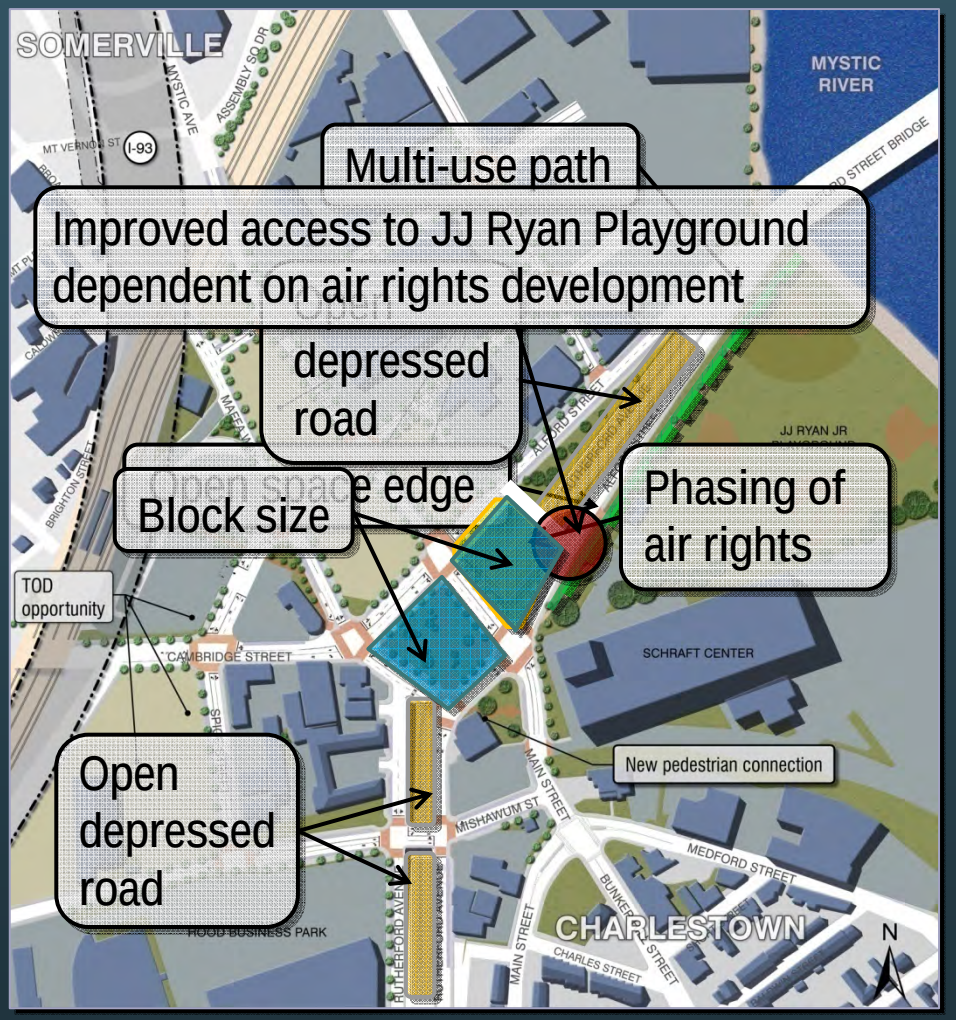


Structural concept alternatives

Sullivan Square: Rendered Site Plan



Surface Option



Underpass Option

Project Goals

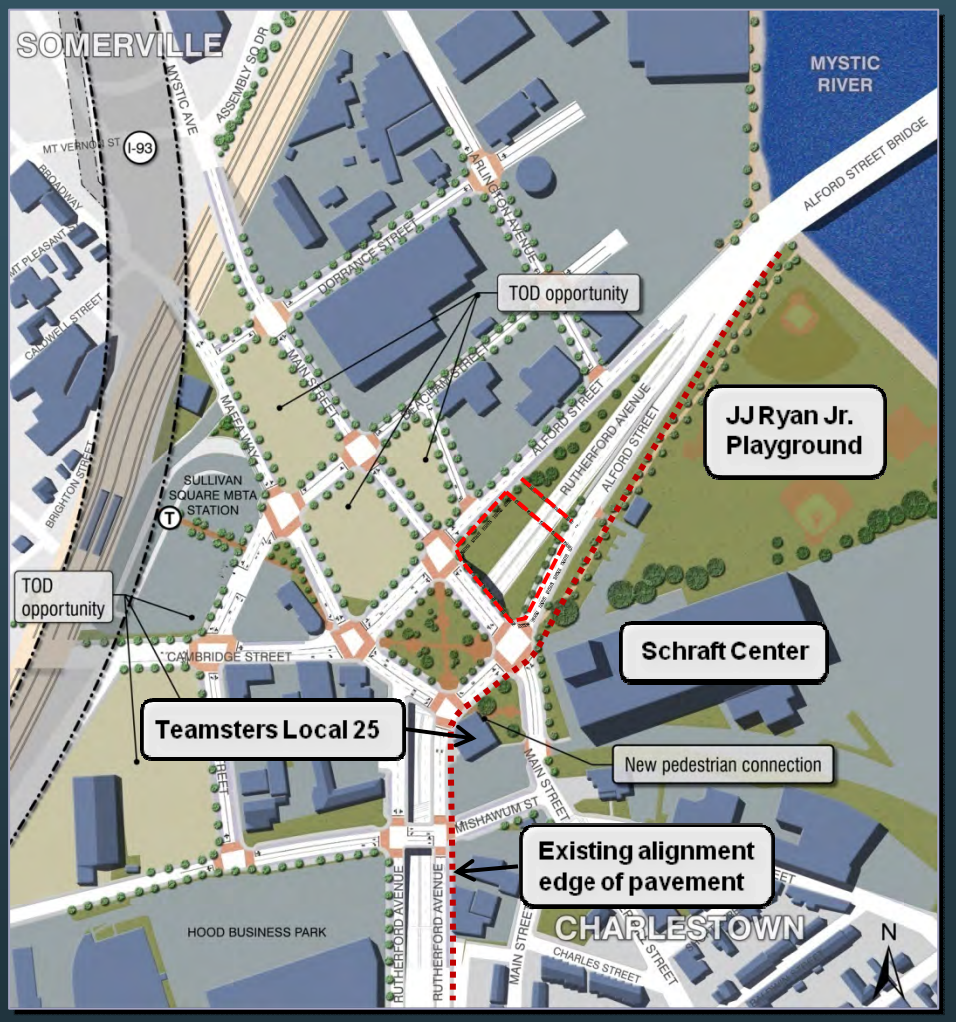
- Improve pedestrian connections between community and Sullivan Square Station
- Create public/open space
- Provide opportunities for appropriate development
- Decrease congestion by distributing traffic
- Provide bicycle connections
- Increase on-street parking
- Protect Main Street from cut-through traffic

Option Comparison Based on Response to Goals

GOALS	SURFACE OPTION	UNDERPASS OPTION
Pedestrian Connections	• Good pedestrian connections • Enhanced access to Ryan playground	• Some constrained pedestrian connections • Improved Ryan playground access depends on air rights development
Open Space	• Continuous and wide open space corridor for community use	• Underpass does not allow for a wide and continuous open space corridor
Development Opportunities	• Good opportunities for appropriate development parcels • Easier to build and plant on terra-firma	• Good opportunities for appropriate development parcels • Air rights more costly (deck premium)
Traffic Distribution	• Circulation disperses traffic • Effectively calming speed down	• Circulation disperses traffic • Encourages regional through traffic
Main Street	• Alignment and signals timing to prevent cut-through traffic	• Alignment and signals timing to prevent cut-through traffic
On-Street Parking	• Sullivan Square: 450 • Rutherford Ave corridor : 675	• Sullivan Square: 330 • Rutherford Ave corridor : 400
Construction Cost/Time	• $ 71m • approx. 4 ½ years to construct	• $ 83m • approx. 5 years to construct

Sullivan Square: Community Discussion

Surface Option



Underpass Option

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Community Meeting January 13, 2010

Presented by:

CITY OF BOSTON

Boston Transportation Department

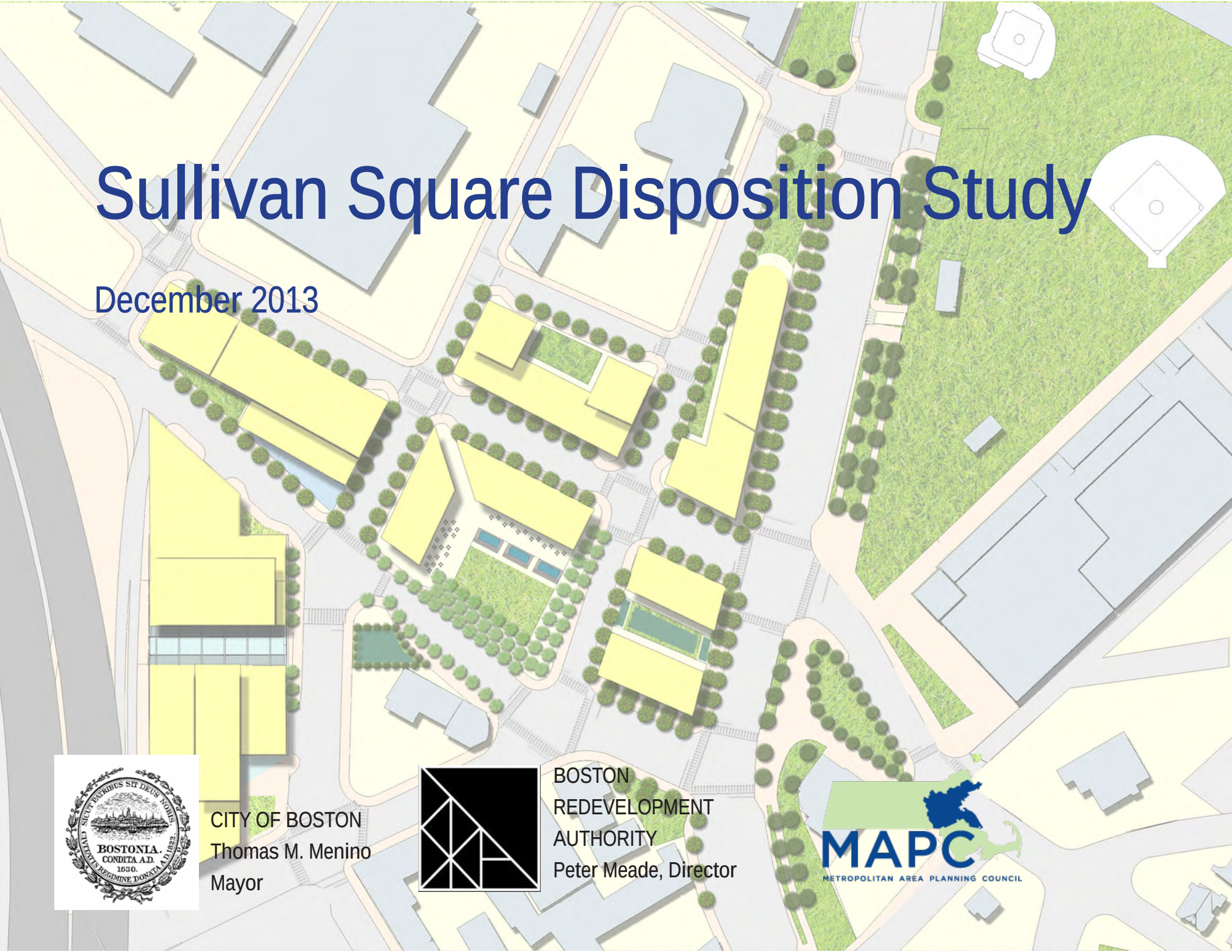
Tetra Tech Rizzo
The Cecil Group
Brown Richardson & Rowe
Jacobs Engineering Group

www.cityofboston.gov/transportation/rutherford/

Attachment B

Sullivan Square Disposition Study

December 2013



CITY OF BOSTON
Thomas M. Menino
Mayor

BOSTON
REDEVELOPMENT
AUTHORITY
Peter Meade, Director

MAPC
METROPOLITAN AREA PLANNING COUNCIL

The work that provided the basis for this publication was supported by funding under an award with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The Boston Redevelopment Authority is solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the U.S. Department of Housing and Urban Development.

We also thank the Metro Boston Consortium for Sustainable Communities for making this work possible.

ACKNOWLEDGEMENTS

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Special Thanks To:

The Flatley Company for the generous provision of meeting space

Members of the Public for their dedication and active participation

EXECUTIVE SUMMARY

Purpose

The Sullivan Square Disposition Study establishes a framework and community vision for the future of seven publically-owned parcels at the heart of Sullivan Square, Charlestown. As a companion to the Boston Transportation Department's (BTD) Rutherford Avenue Roadway Plan, the Sullivan Square Disposition Study puts forth key land-use planning principles to guide the upcoming revitalization of Sullivan Square. Transitioning from an intersection to drive through, back to its rightful place in the urban fabric of Charlestown, Sullivan Square is primed for its reestablishment as a vital and walkable, transit-anchored mixed-use neighborhood. While currently dominated by vehicular transportation infrastructure, Sullivan Square is primed to rejoin the Charlestown urban fabric as a vital, mixed-use neighborhood center.

Process

In 1997 BTD sought to leverage Central Artery/Tunnel Project improvements to the regional road network by adapting local roads to better serve their adjacent neighborhoods. A community planning process was undertaken, leading to the publication of the *Rutherford Avenue Corridor Transportation Study* in 1999. Nearly fifteen years later, we see community sentiments remarkably similar to those noted in the Transportation Study. The Study asks its readers to "Imagine a Sullivan Square with its sense of place – its historic role as the central public space of the community – restored. Imagine a Sullivan Square [where] pedestrians, transit riders and vehicles can co-exist safely and comfortably."

Building on these efforts, in 2008 the BTD began the Rutherford Avenue / Sullivan Square Design Project to create preliminary roadway designs for the Rutherford Avenue Corridor and Sullivan Square. Through an intensive four year community-based planning process, roadway plans for Sullivan Square were developed, with a focus on enhancing the pedestrian environment with safe crossings and better access to parks and transit.

Dovetailing the completion of BTD's roadway design process, the Boston Redevelopment Authority (BRA) partnered with the Metropolitan Area Planning Council (MAPC) and a consultant team led by the firm of Crosby | Schlessinger | Smallridge to undertake the Sullivan Square Disposition Study. Supported, in part, through a U.S. Department of Housing and Urban Development Sustainable Communities Regional Planning Grant, members of the community collaborated with the authors in eight public meetings to develop the guidelines of this Study.

Key Design and Land Use Concepts

Building upon the armature of BTD's roadway design, this Study seeks to further the goal of earlier transportation plans to create a walkable, mixed-use Sullivan Square. To this end, a series of key concepts outlining appropriate uses and building scale were developed in the public process.

These key concepts include:

- Creating a pedestrian-friendly neighborhood that dramatically improves access from the existing neighborhood to the Sullivan Square MBTA station.
- Facilitating mixed-use transit-oriented development throughout the study area, emphasizing pedestrian-oriented uses on the ground floor along the walking route to the train station.
- Varying building heights across the area, with lower buildings located closer to the Schrafft's Building and increasing heights toward the train station, using buildings located near the I-93 viaduct to block the noise and air quality impacts of the highway.
- Maintaining sightlines to the Schrafft's Building while allowing for construction of an iconic building on the MBTA station property that provides for an improved and well-defined pedestrian entrance into the station.

- Accommodating current and future bus operations in development schemes for the Sullivan Square MBTA station area.
- Creating a series of smaller, linked open spaces that are complemented by a larger central open space on Parcel 4, to be activated by the L-shaped building also located on that block.

Implementation and Economic Analysis

Final design, funding and reconstruction of the Sullivan Square roadway system is expected to be a multi-year process. The economic analysis conducted in this Study is intended to provide an initial overview of market conditions for disposal and development of the parcels in the study area.

Initial findings indicate that if it were built today, the neighborhood model shown would face significant economic obstacles. However, in light of evolving conditions between now and the time of land disposal, it will be the task of future public review processes to refine both the economic model and the neighborhood physical model, taking into account conditions in place at that time.

Clockwise from top left: Existing aerial view of Sullivan Square from the south (photo by Don Kindsvatter); plan of new roadway system identifying Parcels 1 through 7 studied in this report; aerial overview of the conceptual vision for the District.

TABLE OF CONTENTS

1. INTRODUCTION

The City of Boston Transportation Department (BTD) recently completed a two-year transportation planning process to develop a conceptual plan for reconfiguring Rutherford Avenue and Sullivan Square in Charlestown. This conceptual plan seeks to transform the roadway into an urban boulevard and create walkable, gridded city blocks adjacent to the Sullivan Square MBTA Station. As a follow-up to the BTD planning process, the Boston Redevelopment Authority and the Metropolitan Area Planning Council conducted this public process to develop a land use vision for the newly created parcels and help prepare for their eventual disposition. The Study Area is comprised of the blocks and parcels adjacent to Sullivan Square Station that will be created by the new roadway configuration.

The Study Area for the parcel level development plan focuses primarily on the publicly-owned parcels clustered between the Sullivan Square MBTA Station and the rotary where the proposed reconfigured grid of streets and development blocks is located. Currently it is predominantly underutilized and industrially-zoned properties. The goal is to form urban design and land use guidelines that create a mixed-use Transit Oriented Development neighborhood with a pedestrian-friendly streetscape and public realm, inclusive of open space and active ground-floor uses that have strong connections to the rest of the neighborhood and neighboring Somerville.

Aerial view of Sullivan Square today, facing northeast to the Mystic River (photo by Don Kindsvatter).

The many parking lots, high-speed rotary and highway interchanges stand in sharp contrast to the adjacent pedestrian-scale historic neighborhood. The Sullivan Square rapid transit and bus hub dominates the horizon to the northwest, yet is largely disconnected from the Mystic waterfront and neighboring Ryan Playground to the northeast, as well as adjacent residential and employment centers to the southeast.

The Project Area is not only a portal for the Orange Line rideshed to Sullivan Square and the Charlestown neighborhood, but with frequent bus service, also a portal to the growing mixed-use employment centers at Kendall Square, NorthPoint, and eventually Everett. This is an opportunity to reorient the Sullivan Square Station to the Charlestown neighborhood, to create a "transit plaza" lined with an active, mixed-use development to improve the transit riders' experience and incentivize development.

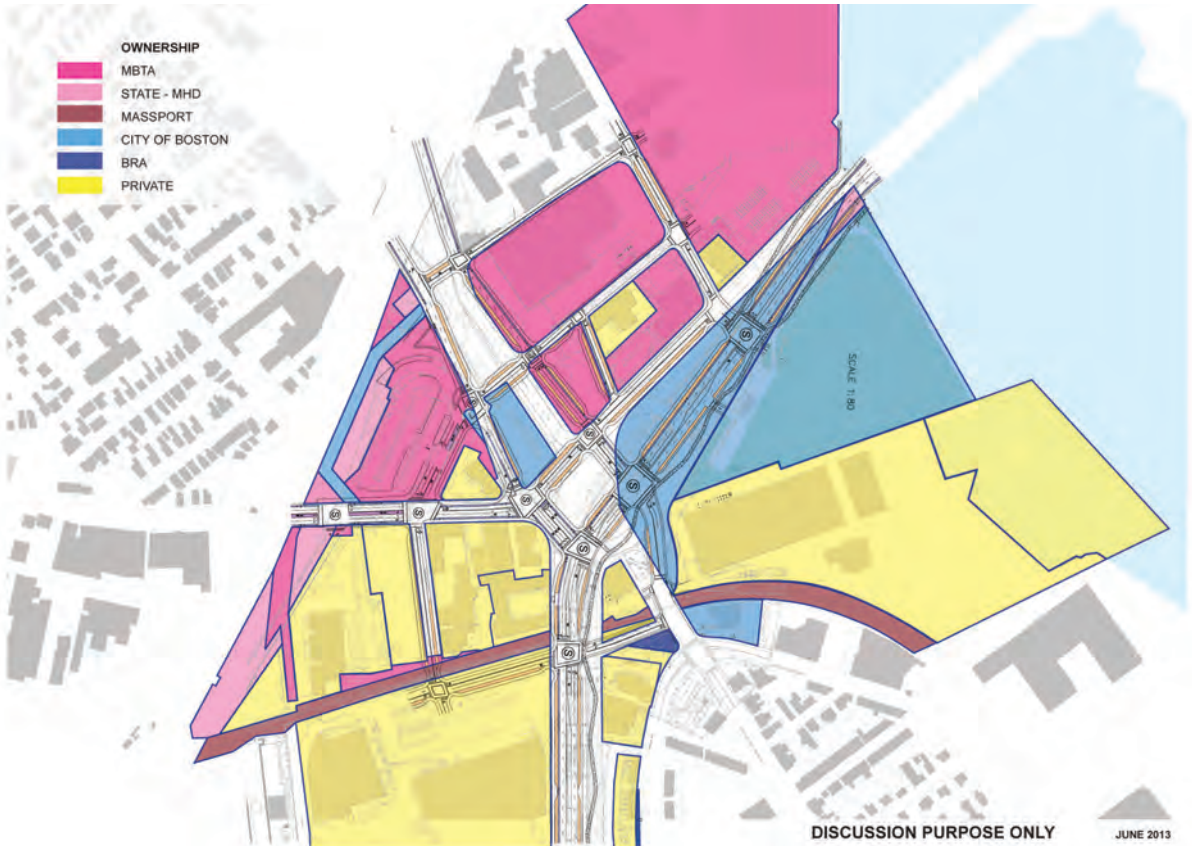
Study Purpose

This study is intended to document efforts to address two very different goals:

The first goal is a visioning exercise: based on the expertise of the consulting team and the preferences of process participants, we have described a comprehensive vision for a future Sullivan Square neighborhood. Because we have not carried out a zoning exercise, this vision is not a mandated build-out scenario, but rather one possible future iteration that incorporates the challenges and opportunities of each disposition parcel and the public realm.

The second part focuses on an analysis of economics. Whereas the first goal addresses challenges to neighborhood-creation arising in the physical realm, the second portion is intended to help understand challenges and opportunities in the fiscal realm. Because the entire disposition process is predicated on reconstruction of area roadways, the economic analysis must project out to the indefinite point in the future when these infrastructure projects will be undertaken. For this reason, the economic analysis is intended to color or supplement our understanding of the visioning exercise, but not limit it.

Parcels 1 though 7, and the adjacent roadways and public realm, are the focus of this Study.



Parcel ownership, shown with the new roadway system, illustrates the large amount of publicly-owned land.

The actual future Sullivan Square will not exactly replicate the neighborhood build-out model iteration shown on the following pages. Similarly, the future financial analyses undertaken to support construction of this neighborhood will resemble, but not recreate, what is shown in this report.

The market analysis demonstrates that if it were built today, the neighborhood model shown would face significant economic obstacles. However, because economic conditions will evolve between now and the time of land disposal, the project team saw value in including this iteration of the physical model, as a way of documenting community preferences. It will be the task of future public review processes to refine the neighborhood model, as new roadways are constructed and the disposition parcels are created. It is hoped that this study expresses a clear stakeholder vision for the future of Sullivan Square, and sheds light on the economic opportunities and challenges that will be encountered in implementing this vision.

The purpose of this study was to build upon the BTD's reconfigured plan for Sullivan Square by taking advantage of proposed new frontages and city grid blocks in order to spur new development. An overarching goal is to enhance the Sullivan Square public realm through pedestrian-friendly streetscape and new open spaces. The Study focuses on parcel level planning, urban design guidelines and a financial analysis in order to position the newly created parcels for successful development that achieves the community's goals and vision.

The intent is to leverage existing public land ownership as a catalyst for encouraging the development of adjacent privately-owned parcels; to engage community stakeholders/property owners' planning in the creation of the development guidelines; and ultimately to dispose of the public land through a subsequent RFP process that will result in mixed-use

At the September 19, 2013 Advisory Group/Public Meeting, community members created plans to convey their ideas for the Study Area.

TOD development that will complement the existing residential neighborhood by connecting it to the transit station and beyond.

Final design, funding and reconstruction of the Sullivan Square roadway system is expected to be an approximately ten year planning, design and construction process, with final design scheduled to begin in early 2014. Redevelopment parcels will not be available until the reconstruction occurs. Many changes could occur in that ten-year timeframe – including, potentially, market conditions, private auto usage and related parking requirements, and community attitudes toward desired land use and scale of development. For these reasons, this Study is the first step in an ongoing community conversation that will continue throughout the approximately ten year planning, design and construction process.

This Study defines the public realm framework that will provide the armature for future development and documents current community aspirations for public realm improvements, land use and the scale of development, as well as the character and design of new buildings.

Process

This Study included an extensive community process. A Community Advisory Group established for the Study was appointed by Mayor Thomas M. Menino. The goal was to have broad and wide representation on the Advisory Group with neighborhood residents, business owners, and the major stakeholder/property owners within the Study Area participating, as well as participation from the community at large, Charlestown Neighborhood Council and other community organizations. The Advisory Group worked with the BRA and the Consultant Team in overseeing the Study. Stakeholders from adjacent and nearby communities were included in the public meeting process.

All of the Advisory Group meetings were held as Public Meetings and were advertised widely. As a result of the strong interest in the Study, the original calendar of six meetings was expanded to eight to incorporate two "hands on" workshops where community members broke into smaller groups to provide input into the site plans and design guidelines.

The Advisory Group/Public Meeting schedule and presentation/discussion topics included the following:

- May 16, 2013 – Study Overview & Preliminary Open Space Discussion
- June 25, 2013 – Visioning for Public Realm Framework
- July 25, 2013 – Visioning for Land Use Mix

- September 19, 2013 – Visioning for Urban Design: Heights/Massing
- October 10, 2013 – Visioning for Parcel Level Use & Development Guidelines
- October 29, 2013 – Presentation & Discussion of Parcel Level Use and Development Guidelines and Final Report Format
- November 21, 2013 – Presentation of Draft Report
- December 5, 2013 – Presentation of Final Report

The process also has involved a high level of coordination with the MBTA and other public agencies in preparation for disposing of publicly-owned land in a manner consistent with the development guidelines created through this study process.

Eight Public Meetings, held at the Schrafft's Center, kept the community involved throughout the Study.

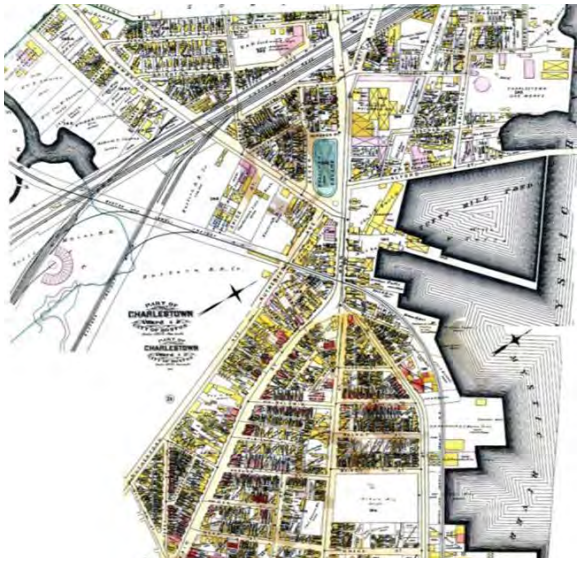
2. BACKGROUND & EXISTING CONDITIONS

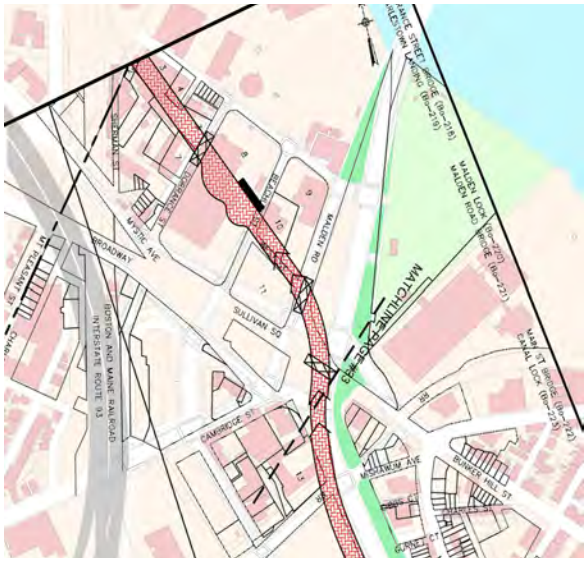
History

At the turn of the 20th Century, the Sullivan Square District was a bustling mixed-use neighborhood centered on one of the first public parks in the City - called Sullivan Square. The 1885 Sanborn map of the area (at right) shows residential uses in the northwest quadrant along the rail corridor, industrial and commercial uses to the east and southwest, and to the south, a block of commercial use connecting to the heart of Charlestown. Often referred to as the Charlestown Neck, this area was originally a thin strip of land connecting what became part of Somerville in 1842 with the Charlestown Peninsula (called Mishawum by Native Americans).

Sullivan Square has an interesting history as a transportation corridor and a record of industrial history. Of particular note was the construction of the Middlesex Canal which traveled 27 miles from Lowell to terminate at the Mill Pond in Charlestown. Completed in 1803, the canal was replaced fifty years later by the Boston and Lowell Railroad which followed roughly the same path and eventually became part of the MBTA Commuter Rail system.

Sullivan Square Park, named after Richard Sullivan who owned a hotel on the east side of the park, was established in 1848. Newspaper accounts from the late 1800s and early 1900s describe activities there.





From left: This 1885 map shows a bustling, mixed-use neighborhood; the historic Middlesex Canal (shown in red, superimposed over the new street system) crossed through Sullivan Square, and could provide an interpretive element for new open space.

> "Mothers of the neighborhood greatly appreciate the many shaded seats in the park, and the children are allowed to play freely upon the unfenced greensward" *Christian Science Monitor, August 16, 1912.*

The construction of the Elevated station on the east side of Sullivan Square, completed in 1901, did not impact the park directly, but in 1927 the "…taking of the southeast corner of the park [was] approved for El and roadway improvements," *Christian Science Monitor, May 11, 1927*, and this heralded the park's eventual demise as the need for more roadway grew to accommodate the increased use of automobiles. Later, Alford Street was extended across Main Street to connect directly with Cambridge Street, resulting in the loss of the southern third of the park. The remainder of the park was taken for the construction of the Cleary Overpass and the rotary in the early 1950s. In 1975 the Sullivan Square Elevated station was replaced by the new Orange Line station tucked under the I-93 viaduct in the B&M rail alignment. The old station was demolished.

From left: the historic Sullivan Square Park shown in purple over the new roadway alignment (the park was on the newly defined Parcel 4); aerial view of the Park and Station; the beautiful fountain that graced the historic park.

Only the name Sullivan Square is left to remind us of the park. The opportunity to develop a new mixed-use neighborhood at Sullivan Square and re-establish a public open space at its center is compelling. The rich history of the area offers a wealth of material for designers and public artists to draw upon and incorporate into a new community.

Land Use

Today, the Study Area is primarily a sea of surface parking, at-grade and below-grade roadways, with the MBTA's two-level Sullivan Station and the elevated I-93 viaduct forming the western border.

To the north are large lots with single story industrial buildings - primarily MBTA maintenance buildings. These parcels separate the Project Area from the Mystic River.

To the south is a densely developed block of primarily red-brick buildings including the historic Benjamin Tweed School now serving as the First Brazilian Baptist Church; the attractive, but underutilized three-story Graphic Arts industrial building; and the former Priscilla of Boston three-story building at the corner of Cambridge and Spice Streets (2 Spice Street), which has been converted into residential lofts. Also to the south along Spice and Cambridge Streets are several large privately-owned, underutilized industrial parcels, currently used for automobile and school bus parking. Further to the south is the Hood Industrial Park.

To the east of the Study Area is Ryan Playground, the Schrafft's Center, and the beginning of the traditional Charlestown neighborhood, with a mix of residential and commercial uses.

Facing page: aerial view of existing land use, facing northeast to the Mystic River (photo by Don Kindsvatter).

Urban Design Characteristics

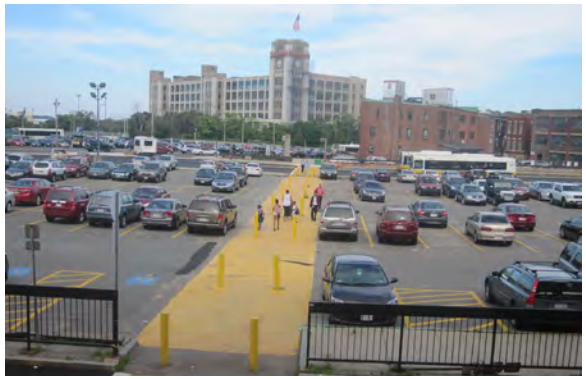
pedestrian environment

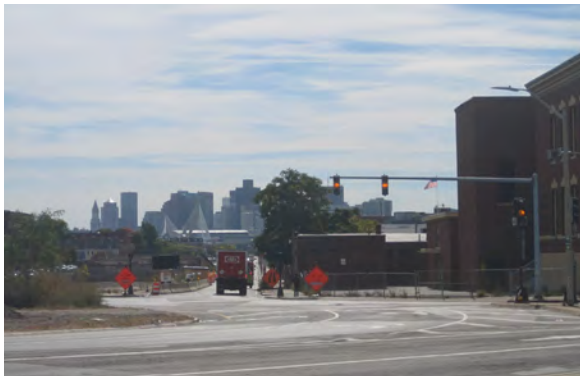
The busy roadways, narrow sidewalks and undeveloped parcels create an unfriendly pedestrian environment. A shuttle-bus transports passengers between the Schrafft's Center and Sullivan Station, a distance of only 0.3 miles. The existing Sullivan Square rotary makes the pedestrian route to the Station from the Schrafft's Center and the adjacent residential neighborhood challenging, and many neighborhood residents choose to use the Bunker Hill Community College Station to avoid the rotary.

Despite such sentiments regarding the pedestrian environment, Bunker Hill/Main Street to Sullivan Station is a key pedestrian route. Maffa Way is a heavily used pedestrian route to the Station from "The Lost Village" and Somerville neighborhoods west of the I-93 viaduct. Cambridge Street also provides an important pedestrian link to the Station from neighborhoods to the west, although it is less heavily used than Maffa Way.

open space

While the Mystic River is a valuable community and regional resource, and there has been great progress in planning and implementing a continuous riverfront path, existing connections to the River from Sullivan Square (both physical and visual) are uninviting or non-existent. The large MBTA maintenance facilities block connections to the River and the lower elevation of the River precludes distant views of the water. Views down Rutherford Avenue to the Alford Street Bridge provide the only indication of the River's presence. The MA Department of Conservation and Recreation currently is developing plans to continue the path from the new riverfront park at Assembly Square and an improved Draw 7 Park, along the edge of the MBTA parcels, to the Alford Street Bridge. South of the Alford Street Bridge, the path would follow the edge of Ryan Playground and eventually connect with the Harbor Walk at the Charlestown Navy Yard to connect to North Point and the Charles River.





From left: View of the Schrafft's Center from Sullivan Square Station; view of the Leonard P. Zakim Bunker Hill Memorial Bridge and Boston Skyline from Sullivan Square; the pedestrian route down Rutherford Avenue adjacent to Ryan Playground with a view toward the Mystic River.

The 8.97 acre Ryan Playground, at the northeast corner of the Study Area, comprises heavily used ballfields and a playground. The existing pedestrian/ bicycle environment along Rutherford Avenue makes pedestrian and bicycle access to the park unpleasant.

views

Currently, there are views from the Project Area to several landmarks, most notably the Schrafft's Center which is visible from Sullivan Station and many other locations within the area. The Leonard P. Zakim Bunker Hill Memorial Bridge and portions of Boston's downtown and Back Bay skyline are visible down Rutherford Avenue from the area around the existing intersection of Alford and Main Streets. The skyline also is visible from Beacham Street between Maffa Way and Main Street.

This map, produced by the Mystic River Watershed Association, highlights the existing and proposed trails along the Mystic River.

3. THE FUTURE

As discussed previously, the realignment and reconstruction of the Sullivan Square roadways would remove the grade-separated rotary and result in the creation of a series of publicly owned developable parcels bounded by at-grade streets. The realignment also would result in the creation of new open space adjacent to existing parcels and adjacent to Ryan Playground alongside Rutherford Avenue. The plan shown at right illustrates the juxtaposition of the existing roadways, the new roadways, the newly-defined development parcels and the newly created open space.

Parcels 1 through 7 are the focus of this study and are described in more detail beginning on page 17. The guidelines in this report apply to these publicly-owned parcels.

Newly created open space includes:

A. A swath adjacent to the east side of Rutherford Avenue from City Square north. The swath narrows to a point just south of the Mystic River. Illustrations shown throughout this report include Ryan Playground, but do not show the detailed plan of the park with existing access roads and parking areas. The integration of new land and

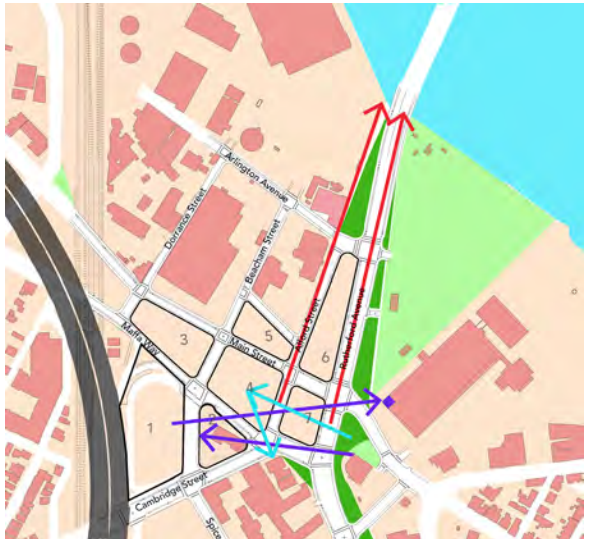
The new roadway system, and resulting development parcels and open space, are shown superimposed over the existing roadway system.

use with existing use will be developed during the next roadway design phase. A new multi-use path is proposed to run the entire length of this swath from City Square to the Mystic River.

B. A large addition to the small park on the southwest side of the intersection of Rutherford Avenue and Main Street at the Teamsters Local 25 Building.

C. A triangular parcel on the west side of Rutherford Avenue north of Arlington Avenue.

D. A triangular shaped site on the west side of the Rutherford Avenue/Cambridge Street intersection adjacent to the former Benjamin Tweed School.



From left: Desired pedestrian connections identified by the community; desired sight lines identified by the community.

Public Realm

In addition to assessing the development potential of the individual parcels, a key goal of this study was to define the public realm improvements that should be implemented as part of the redevelopment of the roadway and parcels shown on the plan on the previous page. The desired development character was defined as a lively mixed-use district, with active, pedestrian-friendly streets and open space.

Much time was spent in the public meetings discussing the public realm that will provide the framework for future development. The community process identified the following public realm components that have been included in the potential future development illustrated throughout this report.

These components are supported and strengthened by the recommendations included in this chapter.

pedestrian connections

There was a strongly expressed community desire to use building placement and streetscape amenities to enhance and/or create these important linkages:

- Between Sullivan Square Station and the existing residential community, the "Lost Village" via Maffa Way and Cambridge Street, and the Schrafft's Center.
- Down Rutherford Avenue and Alford Street to the Mystic River Corridor. There also is a desire to create new connections to the River via other streets such as Beacham Street that are currently cut off by the MBTA facilities. Should these parcels redevelop in the future, connections to the River should be encouraged.
- To Assembly Square from Sullivan Square via Main Street.
- From the neighborhood West of I-93 - the "Lost Neighborhood" - to Sullivan Square Station.

sight lines

Sightlines to local landmarks aid in orientation and also will help to create a sense of connection between this newly developing neighborhood and the historic Charlestown community. Important sight lines identified by the community to be maintained by open space placement/design and building massing and entrance location include:

- Sullivan Square Station to the Schrafft's Center
- New Sullivan Square neighborhood to the Mystic River
- New Sullivan Square neighborhood to Brazilian Church/former Benjamin Tweed School

iconic building locations

Iconic buildings can become local landmarks, aiding in orientation, and creating gateways into the new district. The community identified several iconic building locations: one at the Sullivan Square Station, which would highlight the station and anchor the area, and one at the corner of Rutherford Avenue and Cambridge Street. There also was discussion about a potential iconic building on Parcel 4, adjacent to the new park. Because of its prominent location, an iconic building on Parcel 6 would be visible to people on Rutherford Avenue as well as for those coming down

From left: Potential iconic building locations; proposed linked open spaces/plazas leading to Sullivan Station are shown in green, with the pedestrian path shown in red.

Main Street from the existing Charlestown residential neighborhood.

open space

The community expressed a strong interest in the creation of new open space in the Study Area in addition to the new open space created by the roadway realignment. The location and form of new open space was the topic of much discussion. In addition to the new open space shown on page 11 (swath adjacent to the east side of Rutherford Avenue, a small park on the southwest side of the intersection of Rutherford Avenue and Main Street at the Teamsters Local 25 Building, a triangular parcel on the west side of Rutherford Avenue north of Arlington Avenue and a triangular shaped site on the west side of the Rutherford Avenue/Cambridge Street intersection adjacent to the former Benjamin Tweed School) options discussed for open space included:

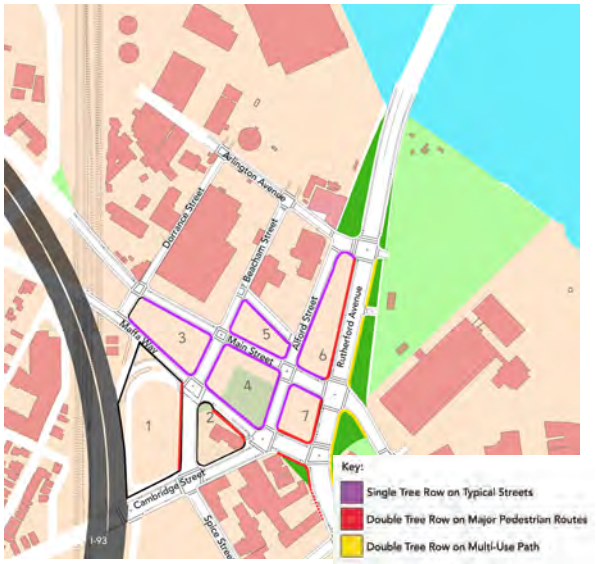
- A new park on Parcel 7
- A new park on all or part of Parcel 4
- Linked open spaces/plazas connecting the neighborhood to Sullivan Square Station

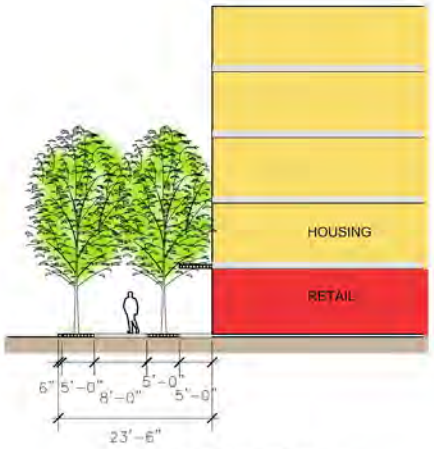
During this discussion, consideration was given to the use of open space, potential character of surrounding edges, width of streets, sense of enclosure from surrounding development, and the ability for the open space both to serve the existing Charlestown community and to provide amenity for new development.

After much discussion, there was general (but not unanimous) agreement that the series of linked open spaces and a park on a portion of Parcel 4 was the preferred option. The linked plazas define the pedestrian path from the Charlestown neighborhood and Schrafft's Center to the Station, while the park on Parcel 4 creates a new central open space flanked by buildings with active ground floor uses that can spill out into the park and activate the space. Smaller open spaces are included on other development parcels.

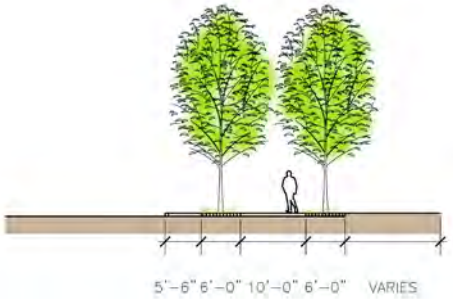
Community residents also stressed the importance of having developers take responsibility for the construction and maintenance of the new open space.

Shadow studies developed for the build-out illustrated in the 3-D drawings in this report illustrated that the open spaces will be relatively free of shadow impacts. The only significant shadows on the Parcel 4 park would be in the evening (beginning around 6 p.m. on June 21 and beginning around 3 p.m. on December 21). Shadows would be cast on the open space between the two buildings on Parcel 7 beginning at around 3 p.m. on September 21.

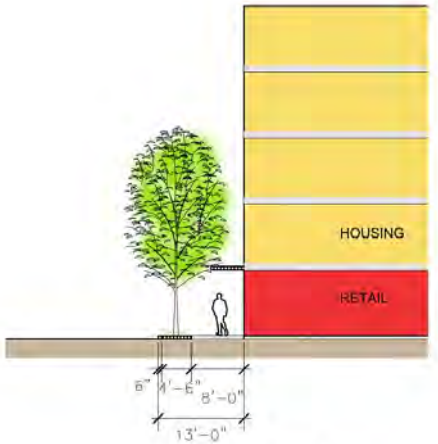




Double Tree Row for Major Pedestrian Routes



Single Tree Row for Typical Streets



Double Tree Row with Multi-Use Path for Rutherford Avenue

Proposed streetscape sections and the recommended locations for each section.

streetscape

The public realm discussion encompassed streetscape improvements, including sidewalk width and tree planting, and plazas accommodating outdoor seating to support ground floor retail/restaurant space.

Three street cross sections were developed as guidelines for streetscape improvements. The cross sections and recommended locations for each cross section are shown on the diagrams at left.

Double Tree Row, Multi-Use Path

This cross section along the east side of Rutherford Avenue and continuing onto the expanded open space at the corner of Rutherford Avenue and Main Street supports the multi-use path included in the roadway design for Rutherford Avenue, and creates attractive pedestrian access to Ryan Playground and the Mystic River, and a gateway into Charlestown. The cross section includes:

- 5.5′ sidewalk
- 10′ multi-use path
- Two 6′ treelawns

Double Tree Row

This cross section follows the major pedestrian routes to the Station from the community and, together with the double tree row and path described above, frames Rutherford Avenue as a parkway. The cross section includes:

- 8′ sidewalk
- Two 5′ treelawns

Single Tree Row

This cross section, recommended for the remaining streets, includes:

- 8′ sidewalk
- 4.5′ treelawn

From left: The generalized land use plan includes office uses closer to Sullivan Station with residential uses closer to the community; retail space lining the pedestrian route is highlighted in blue above.

In several locations, wider sidewalks and/or plazas adjacent to these streetscapes provide additional space for pedestrians to gather at important street crossings.

These streetscape sections helped to define the potential building footprints on individual parcels and should be continued down other streets such as Cambridge, Spice and Beacham Streets as they are redeveloped in the future.

Taller buildings are clustered closer to Sullivan Station, with lower buildings closer to the community. Taller buildings will help to buffer impacts from the I-93 viaduct.

Illustrative plan of the conceptual vision for the District described in this chapter.

Land Use

There was a strong sense, expressed in community meetings, that the district should be a mix of residential, retail, restaurant and office use, with the possibility of a hotel. Accessory uses related to a potential casino in Everett are not desired. In general, residents felt that office uses should be located closer to the station, while residential uses should be located closer to the existing residential community. While there is a strong desire for ground-floor retail space, both to enliven the neighborhood and activate the streets, the market study indicated that the new district will be able to support a limited amount of retail space. The buildings that line the key pedestrian route to the station were identified as the most important locations for new retail. These spaces will be the most visible and will have the largest number of pedestrian patrons.

Other ground floor space could accommodate active community-focused uses such as day care and arts-related functions, to create transparency and activate the pedestrian environment.

Residential uses are shown as apartment/condominium buildings with double-loaded corridors.

From left: Existing aerial view of Sullivan Square from the south (photo by Don Kindsvatter); aerial overview of the conceptual vision for the District described in this chapter.

Building Scale

It was felt that buildings should be a range of heights to create a more interesting development pattern. There was consensus that higher buildings should be located closer to the Station, with buildings getting lower closer to the existing residential community. There was particular interest in taller buildings being used to buffer air quality and noise impacts from traffic on the I-93 viaduct.

Illustrative Plan

The plan at left illustrates the conceptual vision for the District described in this chapter, including both the public realm and the conceptual open space and buildings footprints on individual parcels.

parcel 1

Parcel 1 (1.54 acres) presents an opportunity to accomplish big things:

- To modify and improve the transportation center and create a "front door" for the Sullivan Square Station on Beacham Street with views to the Schraftt's Center.
- To create a user-friendly pedestrian circulation system with an open-air retail arcade on Beacham Street and a large enclosed, skylit arcade linking the new MBTA Station entrance with the bus and Orange Line platforms.
- To develop two above-grade parking garages for the replacement of MBTA commuter parking and for additional parking to support commercial and residential development in the new District.
- To develop a mixed-use TOD Intermodal Center with ground-floor retail and two mid-rise buildings on air-rights over the bus circulation/layover space and over the parking garages. The achievable floorplates for the two buildings could accommodate housing, office or hotel use.

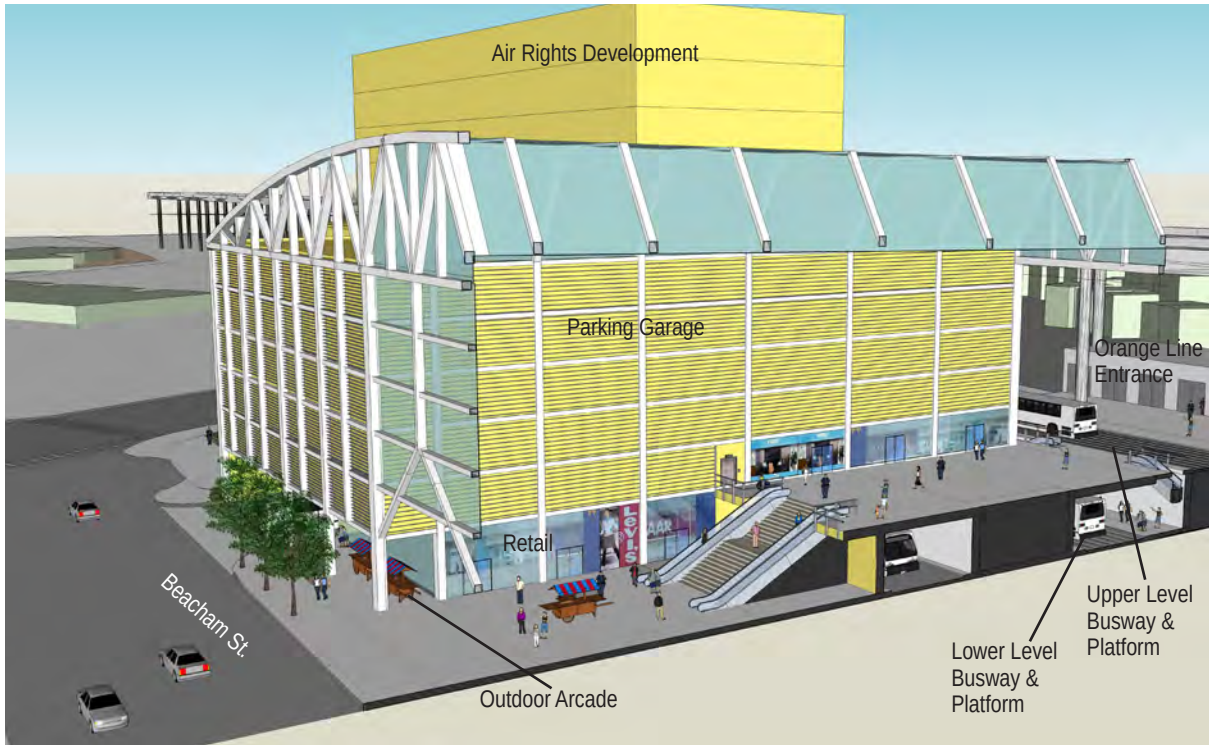
- To design a multi-layered building on the site that will serve as a noise and air quality buffer between the elevated I-95 structure and the neighborhood.

The community felt strongly that minimizing pedestrian/bus conflicts and the need for pedestrians to cross active bus lanes should be a key principle for redevelopment of the site. An earlier concept had pedestrians staying at grade to reach the lower level bus platform. This concept required all pedestrians to cross two active busways.

Because most bus passengers are arriving at the station by Orange Line and transferring, a concept was developed to bring pedestrians up and over the active busways. This concept is illustrated in the accompanying plan, 3-D massing images and 3-D cutaway diagram.

The station should be a bold and iconic building in the new Sullivan Square District and should create a handsome, safe and hospitable public environment for transit riders. It is a major station in the regional system today and will grow in importance if Sullivan Square Station is connected to the Urban Ring in the future.

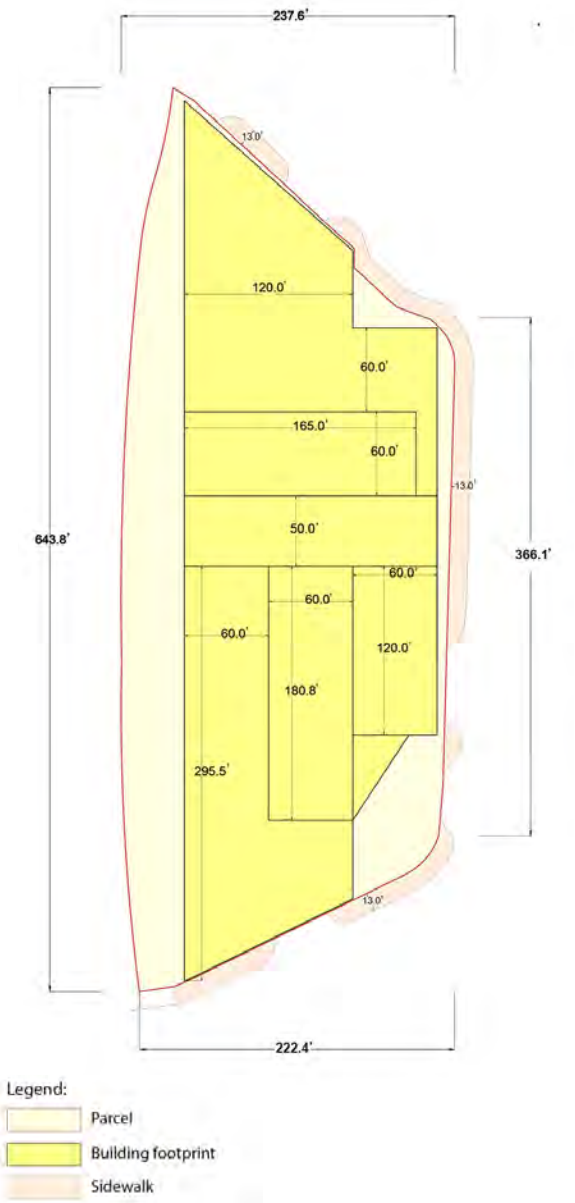
The Beacham Street building elevation is rendered in a very conceptual manner to reflect the design of the historic Sullivan Square train shed. A steel arch truss



Cutaway view of Sullivan Square Station (taken from Parcel 4) with new development. The view shows the pedestrian arcade through the building, with bus platforms, bus circulation and vendor kiosks.

caps a grid of metal grills serving as the facade for the two air-rights parking garages. At the center of the arch, a wide pedestrian arcade with a glass roof leads from the sidewalk to the MBTA Orange Line and the upper and lower level busways. The interior arcade is shown lined with retail space. Rather than retail use, display windows could be used for historic images of Sullivan Square, the former train station and the canal, or for rotating art exhibits.

Development on this parcel will need to be designed to accommodate all of the MBTA's operational requirements, as well as future requirements that may result from projects such as the Urban Ring. In addition, the existing 222 MBTA-owned parking spaces will need to be accommodated in the parking garage.

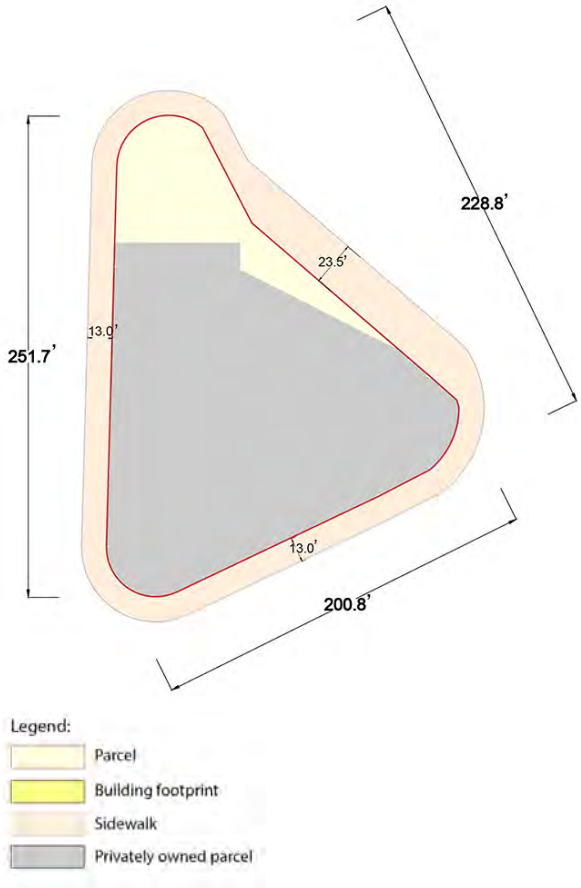


Left: This plan of Parcel 1 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row. Right from top: cutaway view of station showing circulation to bus and train platforms, and both interior and exterior active retail arcades; Street level view looking into station arcade; view of interior arcade and stairs/escalators to bus and train platforms.

Left from top: historic elevated Sullivan Square Station; atrium with view through glass ceiling to adjacent taller building. Middle: exterior and interior views of Charlotte, NC transit center with interior busway similar to that described for Parcel 1. Right: Exterior and interior arcades at Back Bay Station.

parcel 2

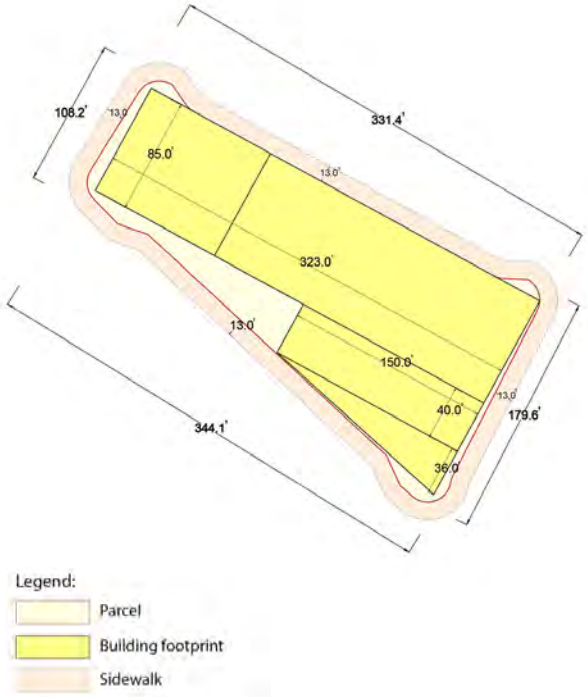
Parcel 2 (.64 acres) is primarily in private ownership. Although included in this Study as one of the seven identified development parcels because the parcel shape is enlarged by the roadway realignment, the parcel would not be part of the public disposition process. The plans shown throughout this report indicate recommended streetscape treatment as well as improvements to the expanded open space at the northern corner across from the Station and Parcel 4. The use of bollards around the open space to prevent vehicular access is recommended. The plans in this report do not show new development on this privately owned parcel, although it is recommended that any future development follow the design guidelines outlined in this report.



This plan of Parcel 2 delineates the dimensions of the sidewalk and the developable portion of the parcel. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row, except for along Maffa Way. The 23.5 foot sidewalk on Maffa Way accommodates a double tree row to highlight this important connection to Sullivan Square Station.

parcel 3

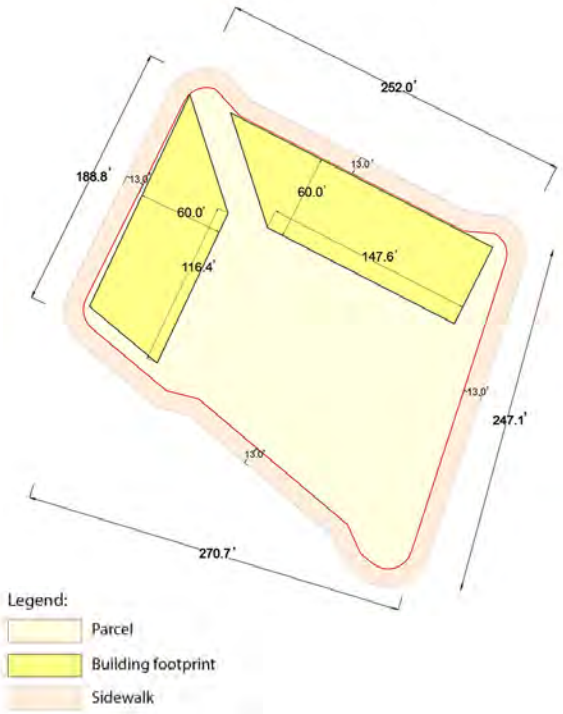
Parcel 3 (0.97 acres), because of its relatively large size and its distance from the existing Charlestown residential community, provides the opportunity for development of a parking garage to serve development on several parcels, as well an office building. The building shown includes a five-floor parking garage. A seven-floor office building is shown above the garage on the eastern end of the parcel facing Beacham Street and Maffa Way. The building is designed to create a continuous street frontage for most of the parcel. A glass lobby is shown at the corner of Beacham Street and Maffa Way, providing a pedestrian entry into both the garage and office building and creating an attractive, transparent feature at this important pedestrian corner across from the Station.



This plan of Parcel 3 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row.

parcel 4

Parcel 4 (1.25 acres), as described earlier, provides a significant park (on the approximate site of the original Sullivan Square Park) that is part of the series of plazas linking the existing Charlestown residential neighborhood to the Station. The park is shown flanked by two buildings to the north and west. The two buildings maintain the street wall along Beacham and Main Streets. These buildings have retail/restaurant space on the ground floor, with residential use above. They are shown at a total of five floors in the 3-D diagrams. Some community members felt that least one of these buildings could be higher.

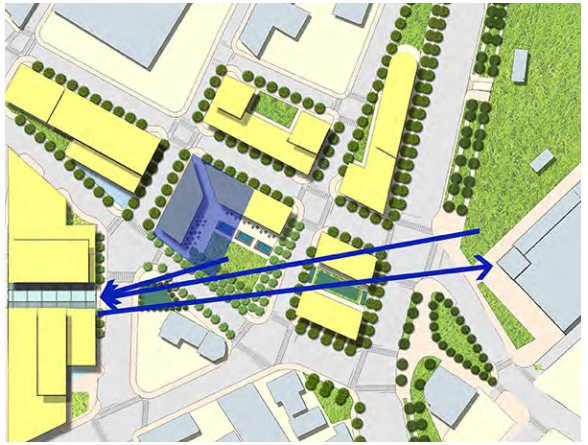


This plan of Parcel 4 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row. The open space on the parcel allows for double tree rows along portions of Alford and Main Streets.

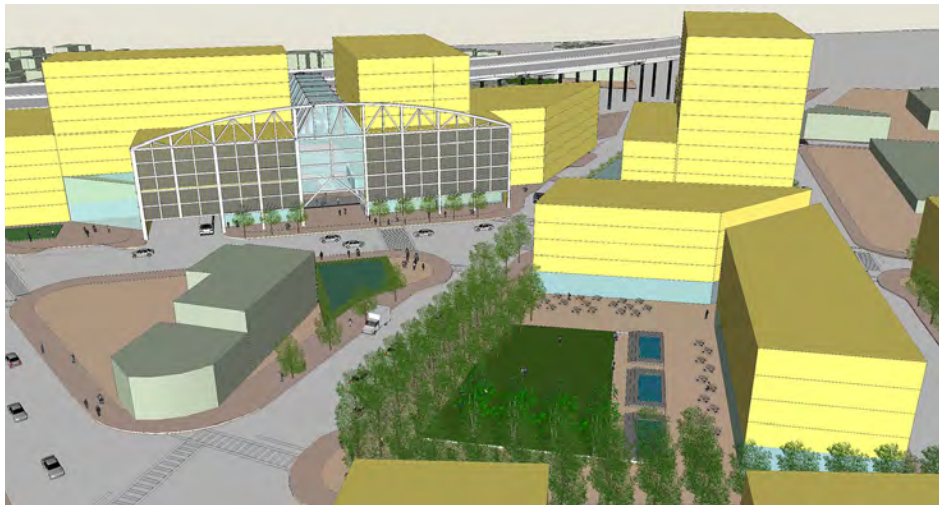
The central lawn area of the park is set back from the buildings to provide plaza space for outdoor tables and seating areas that could serve ground floor food establishments. The ground-floor retail and restaurant space will help to enliven the park. The plazas following the fronts of the buildings will encourage pedestrians to walk by the retail establishments.

Three low fountains with seating walls pay homage to the beautiful fountain in the original Sullivan Square Park, while providing an opportunity for an interpretive element recalling the Middlesex Canal. As with Parcel 2, it is recommended that bollards be used to prevent vehicular access into the open space.

Earlier plans included a building on the west end of the parcel at Beacham Street, with the park on the



At right, from top: alternative designs for Parcel 4 with one L-shaped building and with two more rectilinear buildings; overlay of alternative building footprint on western half of Parcel 4 illustrates improved views resulting from the L-shaped building configuration.



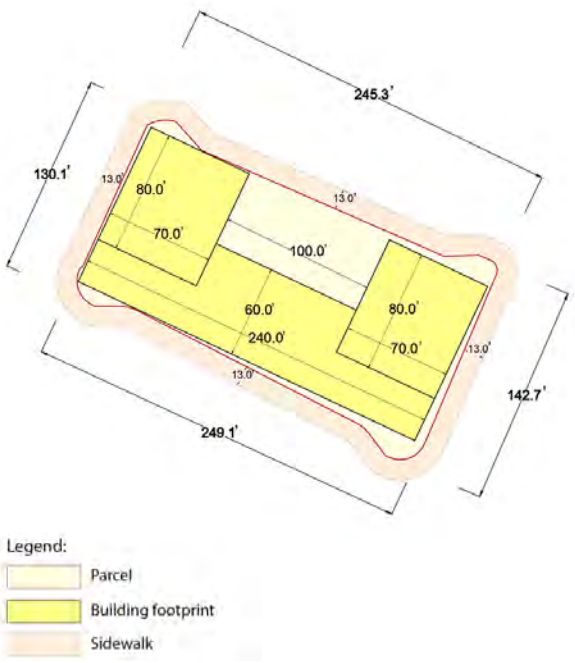
From left: View from the east into Parcel 4 and across to the new Sullivan Square Station; eye level view from the Station to Parcel 4 with the Schrafft's Center tower in the background.

east end near Alford Street. The current L-shaped configuration enhances the ability of the park to provide pedestrian access in many directions and improves views between the Station, the park and the Schrafft's Center. The path at the northwest corner, between the two buildings, provides a connection through the park to Main Street and the pedestrian route to Assembly Square.

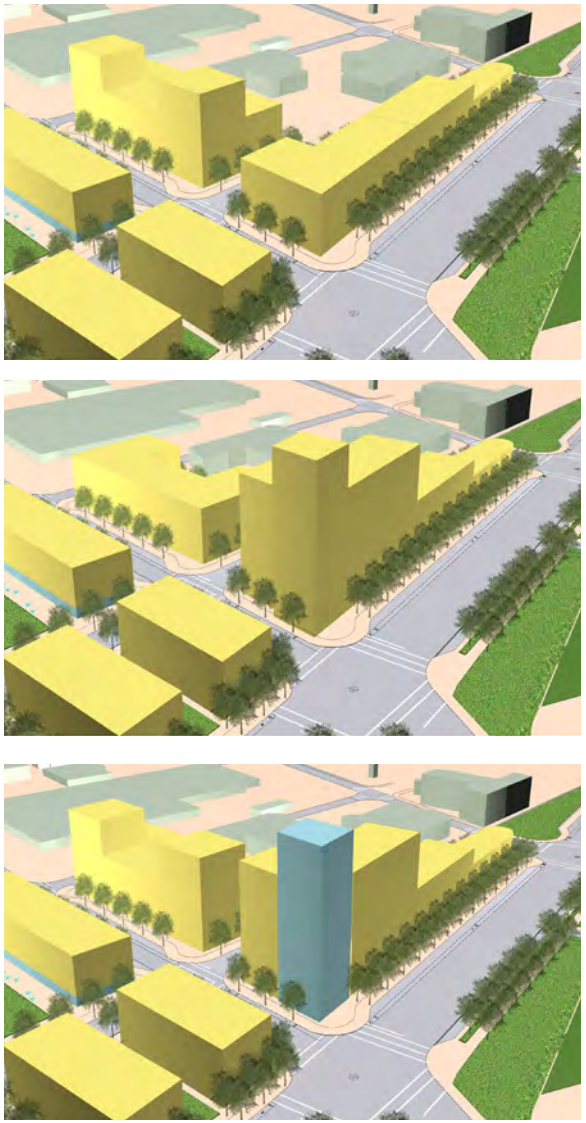
The park on Parcel 4 will have a clear view to the historic Benjamin Tweed School.

parcel 5

Parcel 5 (0.68 acres) is shown with residential use fronting on Main Street. The parcel shown in the illustrative diagrams was enlarged by realigning the east end of West Street to the north to create a more rectangular parcel. This larger parcel encroaches on the MBTA parking lot on the north side of West Street. The U-shaped building surrounds a courtyard that provides open space as well as an attractive view for residents on the West Street side of the building. Residents on the Main Street side have views down into the new park on Parcel 4. The building is shown at five floors with a taller wing (7 floors) facing West Street. A number of building height configurations were studied. The buildings are sited to maintain a street wall along all four sides of the parcel.



This plan of Parcel 5 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row.



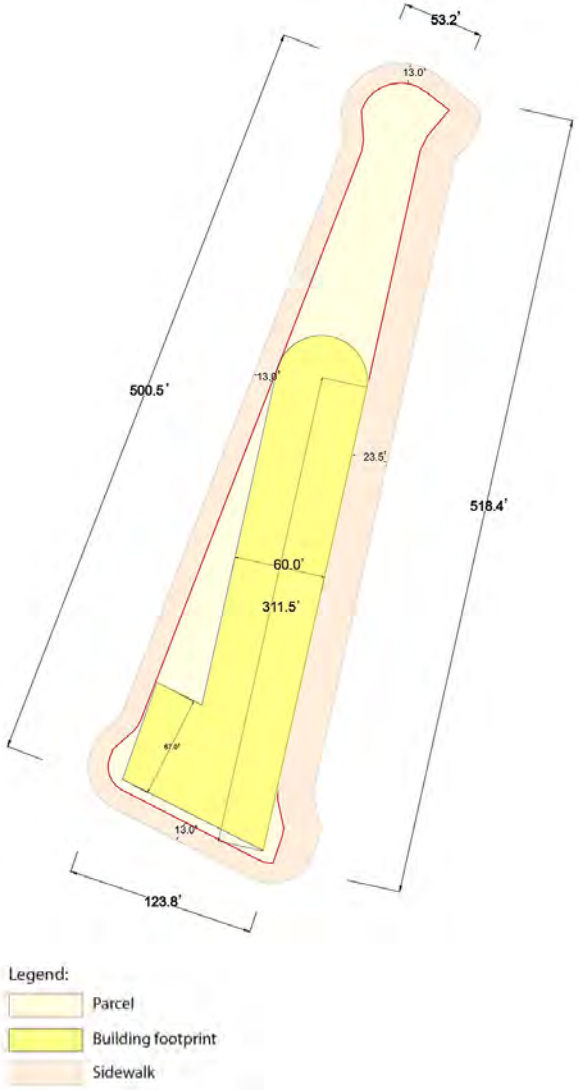
Alternative massing and heights studied for buildings on Parcels 5 and 6.

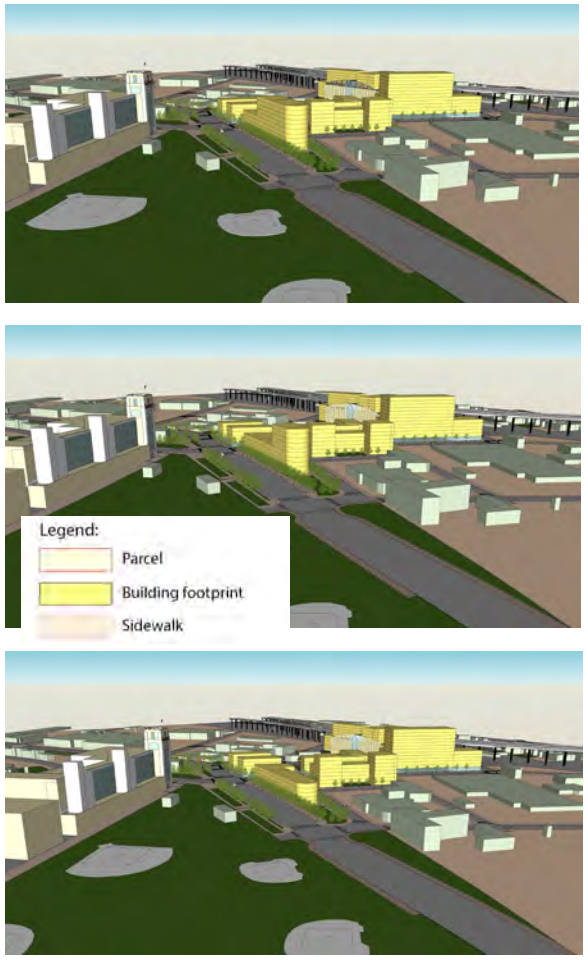
parcel 6

Parcel 6 (0.81 acres) is shown on the illustrative plans with a residential building with a taller section (10 floors) on the northern end of the building and lower section (5 floors) on the southern end of the building at Main Street. A special (iconic) design feature at the corner of Main Street and Rutherford Avenue, combined with the Shrafft's Center tower across Rutherford Ave., would help to create a gateway at this corner. The building is sited to maintain the street wall along Rutherford Avenue and Main Street. A small green space is shown on the Alford Street side of the building. The northern end of the parcel, which is too narrow to accommodate a residential building, could be used for either open space or on-site surface parking. Other building heights analyzed are shown in the diagrams at left.

It will be important to site higher sections of the building in a manner that avoids shadow impacts on the Ryan Playground ballfields.

This plan of Parcel 6 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row, except for along Rutherford Avenue. The 23.5' sidewalk on Rutherford Avenue accommodates a double tree row to create a parkway effect along this important gateway and connection to the River.

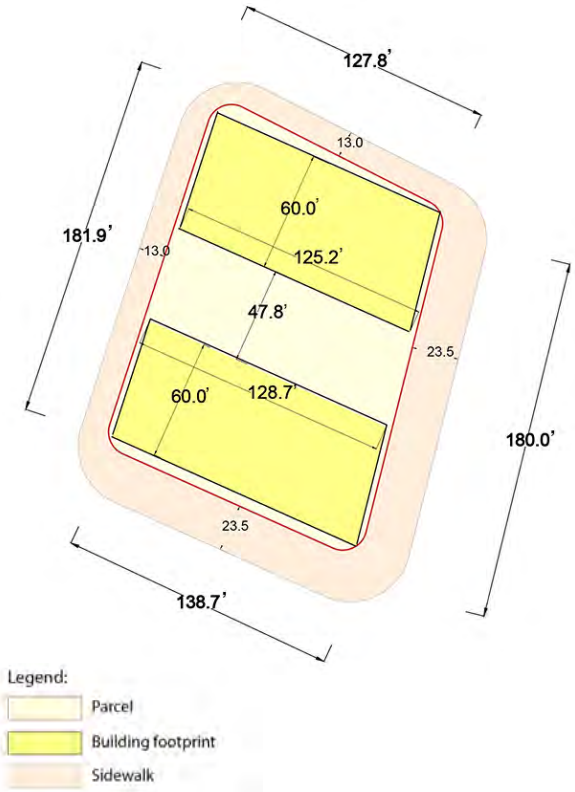




View south along Rutherford Avenue with alternative building heights for Parcel 6.

parcel 7

Parcel 7 (0.54 acres) is shown in residential use. The illustrated concept shows two five-story buildings flanking and creating continuous street walls along Main Street and Maffa Way. The central green space serves residents of the building and provides views from Rutherford Avenue through to the open space



View between the Parcel 7 buildings to Parcel 4 and Sullivan Square Station.

and fountains on Parcel 4. A special treatment of the Rutherford Avenue/Maffa Way corner would help to create an iconic building form at this important corner

This plan of Parcel 7 delineates the dimensions of the sidewalk, the developable portion of the parcel, and the building footprint. The sidewalk is shown as 13' - the proposed section for a sidewalk with a single tree row, along Main and Alford Streets. The 23.5 foot sidewalk on Rutherford Avenue and Maffa Way accommodates a double tree row to create a parkway effect along these important connections to the River and Sullivan Square Station.

visible to people heading north or south on Rutherford Avenue or west on Main Street. This is also a key corner on the pedestrian route from the existing Charlestown neighborhood to the new park on Parcel 4 and the Station.

Parking

on-street parking

The locations of on-street parking are shown on the diagram at right. These locations are consistent with the on-street parking locations developed as part of the BTD roadway design for Sullivan Square, with a few exceptions. The plan shows a reduction in on-street parking from the BTD plan of approximately 38 spaces in the following locations (noted on the diagram in red):

- Parcel 3 along Beacham Street – parking could be added in this location but would result in a smaller building.
- Parcel 4 along Beacham and Alford Streets – parking along Beacham Street would reduce the space available for buildings and open space. Parking along Alford Street would limit views into the new park.
- Parcel 5 along Beacham Street and across from Parcel 5 along West Street - parking could be added on Beacham Street but would result in a smaller building. The recommended realignment of West Street encroaches on the parking lot on the parcel to the north of West Street; adding on-street parking would further reduce the size of that parking lot; this parcel is not one of the seven parcels focused on in this Study.
- Parcel 7 along Alford Street and Rutherford Avenue – parking in these locations would significantly reduce the scale of the parcel available for buildings and would limit views into and through the open space between the two buildings.

On-street parking locations are shown in purple. Locations where on-street parking was shown on the BTD plan, but not included in this plan, are shown in red.

It is recommended that the possibility of establishing a new resident on-street parking district for the Sullivan Square District be explored.

loading areas & handicapped accessible/ pick-up/drop-off parking for building residents

In most cases, loading areas and handicapped accessible parking for building residents could be accommodated within these on-street parking areas as illustrated in the diagram. They are shown on the back side of buildings, where possible. For Parcel 1, it is assumed that both the parking and loading would be accommodated internally in the garage. Similarly, for Parcel 3, the loading could be accommodated internally; it is shown on-street on the diagram.

No on-site surface parking is shown although surface parking is discussed as a potential for Parcel 6. There were some in the neighborhood who want on-site surface parking while others think there should be none.

off-street parking

The off-street parking ratios in the table at right, currently employed by the Boston Transportation Department, were used to determine parking requirements. BTD parking requirements are subject to change; parking requirements in place at the time of development will be employed.

Because of the geometry and small size of many of the parcels, it is very difficult to accommodate parking requirements on each parcel. Doing so would either greatly restrict the amount of development and/or require very inefficient small structured parking facilities. For this reason, as described previously in the individual parcel descriptions, large parking garages are shown on Parcels 1 and 3. It is assumed that these garages would serve the parking needs for other parcels throughout the Study Area. As a result of the need for garages to serve several parcels, it may be desirable or necessary to have a "Master Developer" responsible for the development of a number of parcels, and the associated parking.

In addition to, or in lieu of, the garages shown on Parcel 1, which complicate development on that parcel, it may be possible to develop parking structures on air-rights over maintenance facilities on other MBTA parcels.

Recommended locations for loading areas and handicapped accessible and pick-up/drop-off parking for building residents is shown in purple on the plan above. Parking and loading for Parcel 1 can be handled internally in the ground floor of the garage.

Land Use	Maximum Allowable Parking Spaces
Residential (rental / condo)	0.5 / unit
Retail / Food & Beverage / Entertainment	0.75 / 1,000 SF
R&D/Lab	0.75 / 1,000 SF
Office	0.75 / 1,000 SF
Hotel	0.25 / key
Institutional	0.75 / 1,000 SF

Maximum allowable parking, per current BTD regulations

Other Design Guidelines

Community members were shown a number of photographs of building types and details to elicit a response to a variety of building design details. Overall, there was strong agreement that building design should include a diversity of heights and styles. The discussion is summarized below, illustrated by precedent photos from around the Boston area. These guidelines should be used for all development in the District, including development on parcels adjacent to Parcels 1 through 7.

Transparency & Ground Floor Activity

There was consensus among community residents that ground floor spaces should have significant transparency, highlighting active ground floor uses, and helping to enliven the street. Where retail/restaurant use is not viable, active uses could include community use such as daycare and arts-related uses. Each ground floor business should have a separate entrance from the sidewalk, rather than one building entrance with entrances for individual businesses off a central corridor.

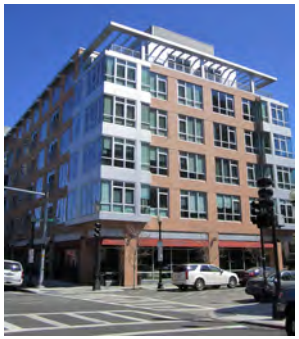
Ground floor uses should have a high level of transparency and multiple entrances (left), rather than blank walls (right).

Historicist or Contemporary Building Design

Residents felt that there should be a mix of modern and historically influenced design, with less contemporary design closer to the existing residential community. While people supported some historically influenced design, there was a sense that there should be "no fake historic buildings."

Articulation

There was agreement that building design should incorporate stepbacks, setbacks, window and corner details and materials, and multiple ground-floor entrances to add interest and reduce the massing. String courses, cornice lines and step backs with copings all can be used to articulate buildings and create a more interesting building form.



From left: Residents felt that "Fake historic" buildings such as at Mashpee Commons should be avoided; the infill residential building on Massachusetts Avenue in the South End respectfully reinterprets the adjacent historic building forms and scale with modern building materials and fenestration; this more modern building respects the scale and cornice lines of adjacent buildings.

The stepbacks, window and corner details, and cornice lines help to articulate these buildings.

Materials

Community sentiment was somewhat mixed on building materials. Residents felt that it was important to include materials other than brick; at the same time others felt that the use of some brick facades with punched windows would help to visually connect this District to the existing neighborhood character. While some residents expressed a dislike for metal panels, others felt that, used appropriately, they can provide interest and help to lighten the appearance of a building.

Buildings within the District should include a mix of materials. Metal panels can provide interest and lighten the massing of a building.

Fenestration

Comments on window design were very mixed. Some residents favored punched windows, particularly for more traditional buildings. There was some opposition to window banding, although others felt that banding done right could mitigate height impact.

Parking Garages

There was agreement that parking garages should have fenestration, and/or grilles or some other form of treatment, rather than having open sides. There also was some sentiment that garages should "read" honestly as garages, rather than be disguised as other building types.

Parking garage facades should have fenestration or grillwork to obscure views to cars. From left: the "green screen" on the garage above helps to soften the appearance of the structure and provide additional vegetation at this busy corner; the brick base and metal grille help the garage to blend in with adjacent commercial buildings.

Iconic Buildings and Corner Treatments

There was consensus that there should be some iconic buildings that stand out from other "background" buildings. The use of special corner treatments and manipulation of building shapes, such as curved or sharply angled building corners to conform to irregularly shaped parcels, also will help to create more interesting buildings, particularly on high visibility corners.

Note: Several active Study process participants developed their own visual preference survey, available under separate cover. The expanded survey is consistent with the findings of this report.

Interesting corner treatments and building shapes can help to add an iconic form to buildings. Top left: the Hancock Tower is an iconic Boston building, while the Tent City buildings on Columbus Avenue serve more as "background" buildings. Other photos illustrate corner treatments and building shapes that add interest to the building form.

Public Health

Community members were very concerned that new development create a healthy environment. The plan illustrated in this report incorporates public health concepts encompassing:

- Air quality: the taller buildings proposed on Parcels 1 and 3 will help to buffer the community from air quality impacts related to traffic on I-93.
- Physical activity: the public realm improvements are designed to encourage pedestrian activity throughout Sullivan Square and between the Study Area, the Mystic River, the existing Charlestown neighborhood and other destinations such as Assembly Square.
- Safety: the numerous crosswalks incorporated into the new roadway design and the wide sidewalks included in the public realm recommendations will improve safety throughout the Study Area, as will active ground floor uses along sidewalks providing "eyes on the street."
- Access to healthful / affordable food: the arcade in front of the new Station development will provide a location for a green grocer serving the new community as well as existing community residents arriving at the Station.
- Affordable housing: All residential development shall adhere to the Inclusionary Development Policy requirements in effect at the time of permitting. At this time, the Inclusionary Development Policy requires 10% affordable units in any development that has a total of 10 units or more, and requires zoning relief or is built on land owned by the City. Community members expressed a strong desire to increase the proportion of affordable units beyond the current minimum requirement for all Sullivan Square disposition parcels. One concept discussed involves allowing additional building height to developers in exchange for provision of additional affordable housing.

Sustainability

The community is very interested in ensuring that development of this district comply with sustainability guidelines. Specific issues mentioned in the public meetings include:

- Importance of providing irrigation for street trees
- Limiting run-off from sidewalks and streets
- Use of materials other than brick for sidewalks to improve accessibility
- Mandating green building components

Any development on the parcels discussed in this report will be required to comply with *Boston Complete Streets Design Guidelines 2013* which specifically addresses these issues, as well as a number of other sustainability issues, and the *Boston Green Building Standards* that require U.S. Green Building Council's LEED Certification for all projects subject to Article 80 Large Project Review (projects over 50,000 SF). LEED (Leadership in Energy and Environmental Design) is a rating system for the design, construction, operation, and maintenance of green buildings.

In addition, stormwater planters or infiltration areas, rain gardens and other green infrastructure elements such as LED lighting should be incorporated into the design of the public realm and individual parcels within the District.

4. IMPLEMENTATION

Financial Analysis

market summary

The complete market analysis is included as an appendix. The market summary below represents a snapshot in time. While it provides an accurate description of current market conditions, market changes over time are more difficult to predict. Future development in the Project Area will be based on market conditions at the time the development actually occurs.

Charlestown Submarket Activity: Office

The average quoted asking rental rate in the Charlestown submarket (81 buildings containing roughly 4.3 million square feet) was $28.94 at the end of the third quarter 2013, with vacancy of just under 7% and negative absorption of 88,471 square feet for the quarter.

Without an identified build-to-suit user or major anchor tenant, the sub-market office rents are insufficient to support new office construction at Sullivan Square and are likely to remain so for the foreseeable future.

Charlestown Submarket Activity: Industrial/R&D

The average quoted asking rental rate in the local Boston neighborhood submarket (89 buildings containing roughly 5.4 million square feet) was $9.28 at the end of the third quarter 2013, with vacancy of 12.2% and positive absorption of 113,040 square feet for the quarter.

As with office space, without an identified build-to-suit user or major anchor tenant, the sub-market industrial/R&D rents are insufficient to support new construction at Sullivan Square and are likely to remain so for the foreseeable future. In addition, the physical building requirements of modern R&D/industrial users are incompatible with the parcel sizes and shapes to be created within the Sullivan Square Study Area.

Charlestown Submarket Activity: Retail

The average quoted asking rental rate for General Retail space in the local neighborhood submarket (101 buildings containing roughly 566,00 square feet) was $18.50 at the end of the third quarter 2013, with vacancy of less than 1.0% and positive absorption of 14,768 square feet for the quarter.

While rents are arguably too low to support new stand-alone retail construction in Sullivan Square, retail vacancy and therefore demand is high and retail is viewed as making a valuable contribution to the feasibility of a mixed-use program as a ground floor revenue generator (with other residential or commercial uses above).

Charlestown Submarket Activity: Rental Apartments

Boston and Cambridge have the most prestigious rental addresses in the metropolitan area. In the 14,026-unit Boston City submarkets (which includes the subject neighborhood, but excludes the uber-expensive core downtown markets) Reis (a national source for real estate data) reports a vacancy rate of 2.9%, and an average asking rent of $1,650 per month. The vacancy rate decreased 10 basis points during the third quarter, and it is unchanged from a year earlier. The average asking rent increased 1.1% during the quarter, with the average effective rent up 1.0% to $1,581 per month. The year-over-year gains are 2.5% and .7%, respectively.

Six projects with 1,130 market-rate units are under construction here, with more ground breakings expected. While just 156 units are expected to complete construction in 2013 all told, the projection for 2014 and 2015 combined is 1,585 new market-rate units.

Rental apartment development is seen as the prime market opportunity for the Sullivan Square study area – offering both an opportunity to leverage the transit advantages of the MBTA Orange Line as well as the rent levels to support feasible new construction.

Charlestown Submarket Activity: Condominium Housing

We note that the Charlestown market remains one of the City's most robust markets both in terms of deal velocity and pricing.

The Charlestown submarket continues to be a reliable performer in terms of deal velocity and gross sales. The neighborhood has experienced appreciation of 25% in the five years since 2008, even after accounting for the recessionary 2008-2009 years, with over half of that occurring since the trough of the recession.

The potential for condominium development in Sullivan Square is seen as speculative in the current market, but improving, and we expect that this use could be part of a larger program of mixed use transit oriented development in the future.

Charlestown Submarket Activity: Lodging

While the demand for new hotel development appears satisfied for the time being, the potential for casino development across the river in Everett, less than a mile from the subject site, presents a game changer for potential hotel development at Sullivan Square – especially now that the prospects for casino development in East Boston/Revere have dimmed.

Development Parameters	**Rental Housing**	**Condo Housing**
Competitive Attributes		
Demand Targets	Value-Seeking (primarily younger cohorts)	Value-Seeking (primarily younger cohorts)
Expected Future Prospects (10 year horizon)	Improving	Improving
Primary Advantage	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion
Current Feasibility	Good	Poor
Future Feasibility	Excellent	Good
Probability of Market Response	Good	Poor
Site Features (Importance on a Scale of 1-5; Least to Most)		
Visibility	2	2
Access	4	5
Address	3	4
Building Features		
Building Typology	Midrise	Midrise
Minimum Project Size (GSF)	100,000	35,000
Maximum Project Size (GSF)	200,000	70,000
Efficiency Expectations	85%	80%
Minimum RSF, Units or Keys	110	40
Maximum RSF, Units or Keys	230	70
Preferred Floor Plate Size	15,000-30,000	7,500-15,000
Parking Requirements		
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure

Development Parameters	**Office**	**Hotel**
Competitive Attributes		
Demand Targets	Value-Seeking (secondary markets - back office, professional service, medical build-to-suit)	Value-Seeking (limited and select service)
Expected Future Prospects (10 year horizon)	No change	Dramatic improvement with Casino
Primary Advantage	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion
Current Feasibility	Good-with identified Tenant	Poor
Future Feasibility	Good-with identified Tenant	Good/Excellent - but only with Casino
Probability of Market Response	Fair	Poor/Excellent
Site Features (Importance on a Scale of 1-5; Least to Most)		
Visibility	3	5
Access	5	4
Address	4	2
Building Features		
Building Typology	Midrise	Midrise
Minimum Project Size (GSF)	50,000	75,000
Maximum Project Size (GSF)	100,000	150,000
Efficiency Expectations	100%	85%
Minimum RSF, Units or Keys	50,000	100
Maximum RSF, Units or Keys	100,000	200
Preferred Floor Plate Size	15,000-30,000	20,000-40,000
Parking Requirements		
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure

Development Parameters	R&D/Lab	Retail/F&B	Institutional (Med/Ed)
Competitive Attributes			
Demand Targets	Value-Seeking (alternative to Kendall, North Point)	Ancillary To Other Uses (commuter and on-site)	Value-Seeking (Secondary markets - back office, professional service, medical build-to-suit)
Expected Future Prospects (10 year horizon)	No change	No change	No change
Primary Advantage	Transit	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion	Traffic congestion
Current Feasibility	Good-with identified Tenant	Good near station/Poor elsewhere	Good-with identified Tenant
Future Feasibility	Good-with identified Tenant	Good near station/Fair elsewhere with full build-out	Good-with identified Tenant
Probability of Market Response	Poor	Fair	Poor
Site Features (Importance on a Scale of 1-5; Least to Most)			
Visibility	2	5	2
Access	5	5	5
Address	3	2	2
Building Features			
Building Typology	Midrise	Ground Level	Midrise
Minimum Project Size (GSF)	250,000	1,000	50,000
Maximum Project Size (GSF)	500,000	5,000	100,000
Efficiency Expectations	100%	100%	70%
Minimum RSF, Units or Keys	250,000	1,000	35,000
Maximum RSF, Units or Keys	500,000	5,000	70,000
Preferred Floor Plate Size	100,000-200,000	N/A	25,000-50,000
Parking Requirements			
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure	Surface/Above Grade Structure

sullivan square parcel evaluations

Land Use Potentials

Based on the market investigations conducted for this Study, the tables on Pages 36 through 38 summarize our conclusions regarding the short and long term development potentials for the sites to be created in Sullivan Square along with development parameters used to assist with capacity and financial studies undertaken for the parcels.

feasiblity tests

The table at right summarizes the results of the financial feasibility studies undertaken for the program options being envisioned for the Study Area. We note that only the residential schemes produce positive feasibility in today's market and that these will need to be subjected to further economic testing as the market evolves and the implementation of a disposition process draws nearer. We also note that the potential for development of a casino across the river in Everett could materially affect development potentials in the Sullivan Square study area – offering greater opportunities for lodging and other commercial use programs.

Site	Feasiblility	Advantages	Disadvantages	Comments
Parcel 1: **Office/Retail/Hotel**	Speculative	Retail use helps to support feasibility Potential for partial land write-down (City-owned)	Weak Office Market Cost of Structured Parking	Speculative feasibility - even at zero land cost with presence of retail in program Weak office market cannot support cost even with breakeven hotel
Parcel 3: **Office**	Speculative	Potential for partial land write-down (City-owned)	Weak Office Market Cost of structured parking No retail use to help support feasibility	Speculative feasibility - even at zero land cost, especially without presence of retail in program ***(retail could be added to program)*** Weak office market cannot support cost
Parcel 4: **Apartment/ Retail**	Positive	Retail use helps to support feasibility Low TOD supported parking ratios Strong apartment market	Cost of structured parking	Feasibility made possible by strong apartment market and presence of retail in program Generates supportable market land cost
Parcel 5: **Apartment/ Retail**	Positive	Retail use helps to support feasibility Low TOD supported parking ratios Strong apartment market	Cost of structured parking	Feasibility made possible by strong apartment market and presence of retail in program Generates supportable market land cost
Parcel 6: **Apartment**	Positive	Low TOD supported parking ratios Strong apartment market	Cost of structured parking	Feasibility made possible by strong apartment market Generates supportable market land cost
Parcel 7: **Apartment/ Retail**		Retail use helps to support feasibility Low TOD supported parking ratios Strong apartment market	Cost of structured parking	Feasibility made possible by strong apartment market and presence of retail in program Generates supportable market land cost

Summary Financial Feasibility Analysis

public benefits

Direct contributions by the parcel developers, proceeds from the sale of public parcels, the Commonwealth's Infrastructure Investment Incentive program (I-Cubed), and other City sponsored tax increment financing mechanisms (DIF, TIF, 121A, etc.) all represent potential sources that might be targeted to support the costs of public realm improvements embodied by the Sullivan Square concepts plans. Additional or different sources might well become available as the roadway reconfiguration project unfolds. As the time draws nearer for disposition, specific expectations for public benefits and developer contributions, as well as information regarding other funding sources available at that time, should be identified and made part of the development solicitation.

Constructability

While the seven parcels will be examined further as more concrete development plans are created in later phases of the design and construction process, consideration was given to two key construction issues: location of utility lines and environmental concerns.

utilities

The roadway design concept developed by BTD includes relocating existing utility lines out of the new parcels and into the new roadway right-of-way. However, there are three locations where utility relocation is not included in the current design:

- Because BTD's plans did not include relocating West Street, the proposed utility layouts do not include relocating existing stormwater collection, water distribution and electrical conduits in West Street. Plans in this report show realigning West Street to make Parcel 5 a more rectilinear parcel, which would require relocating those utilities.
- The proposed utility layouts do not include any relocations on the MBTA Station parcel (Parcel 1). There are existing water distribution lines, electrical conduit, wastewater collection lines and gas distribution lines on the parcel which might have to be relocated by the MBTA or private developer, depending on the final building configuration and column placement of any new development on the site.
- There is an existing stormwater collection line running the length of Parcels 6 and 7 parallel to Rutherford Avenue. It is not shown as relocated. *The Utility Desk Study and Concept Report for the Rutherford Avenue Design Project, June 1, 2010*, prepared by Tetra Tech Rizzo states:

  > *It is also noted that with the reconfiguration of the Sullivan Square area, one of the newly created TOD parcels will contain the existing 78" x 86" MWRA (Massachusetts Water Resources Authority) sewer. Build out of this parcel will be hampered by the disposition and presence of this pipe. It is likely that building a structure on top of this MWRA facility will not be allowed. Ideally, this sewer line should be relocated to provide the maximum build out opportunity for this new parcel. In conversations with the MWRA, there was initially some hesitation on their part regarding relocating this sewer. However, at a follow-up meeting where this same issue was discussed, the MWRA agreed that moving their wastewater infrastructure into the new right-of-ways made the most sense. It is noted that the relocation of this major MWRA conduit will require significant construction costs as well as advanced coordination and design costs associated with relocating a critical wastewater facility of this size.*

  If the line cannot be moved, the footprints of the buildings on Parcels 6 and 7 will need to

be modified to avoid the line. On Parcel 6, the building would remain in the same orientation, but would be limited to the southern end of the site near Main Street. On Parcel 7, this would result in one building parallel to Rutherford Avenue.

environmental issues

The summary memorandum for the *Sullivan Square/ Rutherford Avenue Preliminary Environmental Assessment submitted by TetraTech Rizzo on October 31, 2008*, states:

> *A preliminary screening based on a review of available government regulatory databases, current and historic land uses, available plans and a visual inspection of the project area was conducted. The results were compiled into a table and figure showing known and suspected hazardous waste sites with reported releases; areas of historical industrial/commercial land use; and locations of underground storage tanks (USTs) or significant use of oil and hazardous materials (OHM). This screening consisted of a review of federal and state regulatory environmental databases, and historical Sanborn maps.*

Five sites within the immediate Project Area were identified as known or suspected sites of environmental concern with potential to impact construction within the Project Area:

- Site A5 was the location of fatality involving a train; although the site is listed as a result of being on the Emergency National Response Center database, the incident did not include the release of hazardous materials.
- Site B49: the incident included a leak of transformer oil and the case has been closed.
- Site C63: One incident included illegal dumping of miscellaneous oil and the status is closed.
- Site D58: several reportable releases resulting in a Response Action Outcome (RAO) that asserts that "a permanent solution has been achieved: contamination has not been reduced to background class. Response actions were sufficient to achieve a level of no significant risk or at least ensure that all substantial hazards were eliminated."
- Site E34: a reportable release with an RAO Class A1 – a permanent solution has been achieved; contamination has been reduced to background or a threat of a release has been eliminated.

Phasing

This study has identified off-street parking, open space and back of curb public realm improvements as three common good amenities that will require careful phasing. The section below outlines some alternatives for the implementation of these amenities.

off-street parking

Throughout the study public process, consolidated garage parking was identified as a preferred alternative to distributed surface lots or small garages on each parcel. This was seen as a means to optimize building footprints, ground floor uses and traffic patterns. (It is noted that late in the public process, several participants expressed a preference for the distributed parking model.)

Because this Study conveys a future land use model that takes advantage of existing transit service and enhances the pedestrian-oriented nature of forthcoming roadway improvements, off-street parking should not be considered a goal in and of itself. Rather, the provision of off-street parking is a necessity to fulfill MBTA requirements and market needs as identified in this Study.

New off-street parking should only serve adjacent disposition parcels in the Study Area, with the exception of commuter parking owned by the MBTA. Additionally, consolidated off-street parking facilities should be constructed in advance of, or concurrently with, the buildings they are intended to serve.

The three preferred alternatives for meeting these goals are as follows.

First Alternative:

A single entity would be designated as the Master Developer of all parcels. Through the disposition and permitting processes, construction of off-street parking structures would be addressed in the phasing plan to ensure that sufficient parking is available as each parcel is developed.

It is noted that the preferred phasing scheme should include the provision of off-street structured parking in the earliest phases of development. This burden to the developer should be viewed in light of the benefits conferred by receiving rights to develop all parcels. The phasing of off-street parking through the use of temporary surface parking lots is not a preferred alternative.

Second Alternative

Structured parking facilities would be constructed in the earliest phases of the development of Sullivan Square, by individual development designees. In contrast to the master developer alternative, development rights would be separately conveyed for each parcel. For parcels containing structured parking, certain concessions (for example, in land costs) would be granted in exchange for the provision of parking for uses located on that parcel, as well as the provision of surplus parking, to serve additional future development on adjacent parcels.

Third Alternative

Payment into a common fund for provision of off-street parking would be required of all entities receiving development rights. As with the other options, the preferred phasing scheme should include the provision of off-street structured parking in the earliest phases of development. Creation of a Tax Increment Financing (TIF) district for this area could provide a mechanism for funding structured parking at an early phase.

Alternatives 2 and 3 could be combined so that individual development designees would pay into a fund that would help to offset the cost incurred by an individual developer for providing a shared garage serving several parcels.

open space

Funding for the construction and maintenance of the larger open spaces on Parcels 2 and 4 will be undertaken through one of three alternatives, analogous to the parking alternatives discussed above:

First Alternative

A Master Developer would be designated for all parcels. Through the disposition and permitting processes, a plan will be developed for the construction and ongoing maintenance of larger open spaces on Parcels 2 and 4.

Second Alternative

Construction and ongoing maintenance of the larger open spaces on Parcels 2 and 4 would be tied to the development of adjacent parcels. As discussed in the parking section, certain concessions (for example, in land costs) would be granted in exchange for the construction and maintenance of these open spaces.

Third Alternative

Development rights for all parcels would be predicated on contributions to a common fund for the construction and maintenance of larger open spaces on parcels 2 and 4.

Alternatives 2 and 3 could be combined so that individual development designees would pay into a fund that would help to offset the cost incurred by an individual developer for providing a major open space serving the District.

back of curb improvements

Back of curb improvements is the term used to address all improvements between the street edge and the building edge. This area may include property that remains in the public right of way, and portions of privately owned disposition parcels. It is expected that all back of curb improvements occur in advance, or concurrent with, development on adjacent parcels.

It is outside the scope of the study to prognosticate the precise economics of future public realm improvements. However, it is recommended that back of curb improvements be funded by the development designee of each respective abutting disposition parcel, and that improvements closely adhere to the design preferences articulated in this study.

Next Steps

As discussed throughout this Report, this Study was the first step in an ongoing process to determine the future of Sullivan Square, and specifically, the seven parcels resulting from the reconstruction of Rutherford Avenue. During this process a number of issues were raised (both by the community and the City/Consultant Project Team) that were beyond the scope of this Study, but that should be resolved during continued planning efforts for Sullivan Square and Charlestown. The following includes both the next steps in this ongoing process, and the issues raised which should be resolved (or just studied further) as part of those next steps.

next steps

- Planning effort to study the disposition of parcels resulting from the relocation/reconstruction of Rutherford Avenue that were not included in this study.
- Planning effort to look at the broader context around Sullivan Square, including connections to Somerville.
- Final design, funding and construction for the relocation/reconstruction of Rutherford Avenue, including the new open space created adjacent to the roadway alignment in concert with BTD planning efforts.

issues to be resolved in next steps

- Coordination between the City and the MBTA to determine the mechanics for disposing of individual parcels (e.g., the advantages/disadvantages of disposing of parcels individually versus having a Master Developer for all or most of the seven parcels).
- Sea level rise and the incorporation of City regulations into future planning. One concept (proposed by others outside of this study) for accommodating sea level rise involves raising the height of parcels in Sullivan Square by several feet. This action could both protect buildings on those parcels and also potentially act as a barrier to stop water from coming further inland. Consideration should be given to this concept.
- Further study of desirable unit sizes (i.e., number of bedrooms) for residential buildings.
- Determination of parties responsible for public realm improvements (construction and maintenance).
- Continuation of the riverfront path and improved access to the Mystic River via streets now closed by MBTA maintenance facilities.

APPENDIX

Market Analysis and Development Feasibility Study

Market Analysis and Development Feasibility Study

Table of Contents

Regional Market Context

Historic Trends

Over the past four decades Greater Boston has made the transition from manufacturing to a knowledge-based economy. "The area attracts a wellspring of young talent as well as research funds and venture capital to turn innovations into new business spin-offs….Boston and Cambridge are the region's most concentrated locus of talent, expertise and innovation, with renowned institutions of higher education, culture and medicine, providing great ballast to the Greater Boston economy in volatile economic times."[1] In fact, the Milken Institute has ranked Massachusetts 1st among the 50 states on each biennial State Technology and Science Index since 2002.

Data published in the most recent *New England Economic Indicators* report of the Federal Reserve Bank of Boston provides historic and recent trends. The tables below summarize total non-agricultural employment and annual average unemployment rates over the past decade for the region, state and metropolitan area. The latter is the Boston core urbanized area plus surrounding towns with strong social and economic ties to the core area, defined by the U.S. Census Bureau as the Boston-Cambridge-Quincy MA-NH Metropolitan NECTA (New England City and Town Area; corresponding with the CMSA).

Employment Change in the New England Region 2002-2012
(NON-AGRICULTURAL EMPLOYMENT; SEASONALLY ADJUSTED AVERAGES)

Area	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
New England	**6,928,600**	**6,850,500**	**6,874,700**	**6,918,700**	**6,986,100**	**7,046,300**	**7,045,800**	**6,788,500**	**6,771,600**	**6,812,400**	**6,855,700**
Emp. Change		-78,100	24,200	44,000	67,400	60,200	-500	-257,300	-16,900	40,800	43,300
% Change		-1.13%	0.35%	0.64%	0.97%	0.86%	-0.01%	-3.65%	-0.25%	0.60%	0.64%
Massachusetts	**3,259,600**	**3,197,900**	**3,194,400**	**3,211,800**	**3,246,500**	**3,281,200**	**3,291,100**	**3,180,400**	**3,189,800**	**3,209,400**	**3,246,200**
Emp. Change		-61,700	-3,500	17,400	34,700	34,700	9,900	-110,700	9,400	19,600	36,800
% Change		-1.89%	-0.11%	0.54%	1.08%	1.07%	0.30%	-3.36%	0.30%	0.61%	1.15%
Boston NECTA	**2,466,000**	**2,410,100**	**2,404,500**	**2,424,000**	**2,451,900**	**2,486,200**	**2,496,500**	**2,416,500**	**2,426,300**	**2,441,300**	**2,482,300**
Emp. Change		-55,900	-5,600	19,500	27,900	34,300	10,300	-80,000	9,800	15,000	41,000
% Change		-2.27%	-0.23%	0.81%	1.15%	1.40%	0.41%	-3.20%	0.41%	0.62%	1.68%

Source: Federal Reserve Bank of Boston's website ('Indicators Interactive', data from U.S. Bureau of Labor Statistics).

Over the past decade the Boston area unemployment rate has ranged from a low of 2.5% in 2000 to a high of 7.6% in 2009-2010. Notably, the local area has consistently fared better than the country overall. Unemployment figures rose as the regional and national economies sunk into the

[1] The Boston Foundation, The Boston Indicators Report 2012, , p. 17.

previous recession (2002-2003), then trended downward with the subsequent recovery, which reached an annual average low of 4.1% for the Boston area in 2007. This trend reversed, with substantial increases seen in unemployment which reached an annual average high of 7.6% in 2010, before declines in unemployment were reported starting in 2011 and continued in 2012.

As shown in the table that follows, the Boston area's unemployment rate typically trends below that of the state and region. According to the Bureau of Labor Statistics, the non-seasonally-adjusted annual unemployment rate for the City of Boston hit a high of 8.0% in 2010, and then declined to 7.1% in 2011 and to 6.3% (preliminary estimate) in 2012.

Annual Average Unemployment Rates, 2000-2012

Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
United States	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%
New England	2.8%	3.6%	4.8%	5.4%	4.9%	4.7%	4.5%	4.5%	5.4%	8.1%	8.5%	7.8%	7.1%
Massachusetts	2.7%	3.7%	5.3%	5.8%	5.2%	4.8%	4.8%	4.5%	5.4%	8.2%	8.3%	7.4%	6.4%
Boston NECTA	2.5%	3.6%	5.3%	5.7%	5.0%	4.5%	4.4%	4.1%	4.9%	7.6%	7.6%	6.6%	5.9%
City of Boston	3.0%	4.1%	5.9%	6.4%	5.6%	5.2%	4.9%	4.4%	5.1%	7.6%	8.0%	7.1%	6.3%

Note: Annual seasonally adjusted rates (except local community, which is non-seasonally adjusted).

Source: Federal Reserve Bank of Boston's website ('Indicators Interactive') and U.S. Bureau of Labor Statistics.

Outlook

The New England Economic Partnership (NEEP), a nonprofit corporation comprised of representatives from New England business firms, state governments, and educational institutions, which is dedicated to providing objective economic analysis and forecasts, meets twice annually. The following highlights their published outlook for the regional economy following their last conference in December 2012.

The forecast for the New England region is for the economy to continue to grow slowly, with employment growth, averaging 1.5% annually and overall economic growth (regional gross product) averaging 3.3% annually over their forecast period out to 2016. The regional unemployment rate is expected to remain below the U.S. average, but remain at above 6% until 2015. The slow economic improvement regionally reflects continued weakness nationally and globally, which is influenced by concerns about the fiscal cliff in the U.S. and the weak European economy and sovereign debt crisis.

Northeastern University associate professor Alan Clayton-Matthews prepared the NEEP forecast for the State of Massachusetts, which indicated that the economy here has been in recovery mode since the summer of 2009.

In summary, real gross state product is 4.5% above its pre-recession peak, 87% of the 143,000 jobs lost in the recession have been regained, and the state's unemployment rate has fallen from a peak of 8.7% in December 2009 to 6.6% by October 2012. It was noted that the state

economy "decelerated significantly" in the third quarter. However, growth in the Massachusetts economy is expected to slowly improve to a more moderate pace in 2013, and then to "expand robustly" in 2014 and 2015. The market "finally appears to be past the bottom and on its way back, assuming that the temporarily weak economy will not set it back once again."

City of Boston Economic Trends

The economy of the Boston metropolitan area primarily rests on high technology, finance, professional and business services, defense, and educational and medical institutions. The City's economy is more focused in the financial, governmental, business and professional services, and educational and medical sectors, than the suburban economy. The accompanying table (from the City of Boston's General Obligation Bonds Preliminary Official Statement, issued February 21, 2013) shows the City of Boston's employment by industry and recent trends for 2008 through 2011 (the report notes that full year 2012 city data was not yet available).

Boston had a 2.3% loss in jobs between 2008 and 2010 and a 2.1% gain 2010 and 2011. Losses during calendar year 2011 were in informational services, government and utilities. Largest gains were evident in professional, scientific and technical services; food service and drinking places; health care and social assistance; and educational services.

Health Care is identified as the largest local employment sector. Boston's medical and educational institutions provide wide ranging job opportunities for residents of the City and the surrounding metro area. Twenty-two inpatient hospitals are located within the City, and in addition the greater metropolitan area reportedly has one of the nation's largest clusters of life sciences industries. As of academic year 2012-2013, the City's 34 universities, colleges and community colleges had a combined enrollment of 157,670 full- and part-time students (including professional and graduate schools of Harvard and Tufts, whose principal campuses are respectively in Cambridge and Medford).

City of Boston Employment 2008 – 2011
NAICS (North American Industry Classification System)

Industry	2008	2009	2010	2011	Absolute Change '10-'11	Percent Change '10-'11
Agriculture/Fishing/Mining	165	175	219	246	27	12.4
Utilities	2,250	2,291	2,404	2,285	-119	-5.0
Construction	16,655	14,856	13,857	13,787	-70	-0.5
Manufacturing	9,756	8,915	8,788	9,092	304	3.5
Wholesale Trade	10,625	9,700	9,301	9,282	-19	-0.2
Retail Trade (excludes food service)	31,114	29,839	30,065	30,947	882	2.9
Transportation and Warehousing	19,595	18,531	18,639	18,892	252	1.4
Information	17,036	16,124	15,991	15,265	-726	-4.5
Finance and Insurance	84,104	82,677	79,954	79,965	11	0.0
Banking	22,520	23,067	20,822	21,033	211	1.0
Securities & other Financial Investment Activities	41,561	38,624	37,981	37,804	-177	-0.5
Insurance Carriers and related Activities	20,022	20,987	21,152	21,129	-23	-0.1
Real Estate and Rental and Leasing	21,976	22,090	22,857	23,382	525	2.3
Professional, Scientific, and Technical Services	75,631	72,597	73,272	77,033	3,761	5.1
Legal Services	21,014	19,787	19,633	19,187	-445	-2.3
Accounting, Tax Preparation, Bookkeeping	9,448	9,276	8,867	9,645	778	8.8
Architectural, Engineering, Design and Related	9,704	8,523	8,199	8,498	300	3.7
Computer Systems Design and Related Services	7,224	7,084	7,454	8,736	1,282	17.2
Management, Scientific, Technical Consulting	12,976	13,857	14,916	15,898	982	6.6
Scientific Research and Development Services	8,286	8,729	8,438	8,662	224	2.7
Other Professional, Scientific, and Technical Services	6,978	5,341	5,766	6,407	640	11.1
Management of Companies and Enterprises	6,972	6,481	6,175	6,355	180	2.9
Admin. & Support and Waste Mgmt. and Remediation Ser.	43,431	38,417	33,176	34,339	1,163	3.5
Educational Services	48,069	50,137	51,764	53,260	1,496	2.9
Colleges and Universities	41,522	43,446	45,196	46,250	1,055	2.3
Health Care and Social Assistance	116,854	118,973	122,748	125,070	2,322	1.9
Hospitals	80,625	82,276	85,671	85,710	39	0.0
Social Assistance	12,300	12,276	13,156	13,591	434	3.3
Arts, Entertainment, and Recreation	14,188	14,119	14,323	14,674	351	2.5
Accommodation and Food Services	49,193	48,147	49,613	53,410	3,797	7.7
Accommodation	11,439	10,916	10,931	10,999	69	0.6
Food Service and Drinking Places	37,754	37,231	38,683	42,411	3,727	9.6
Other Services (except public administration) (1)	28,980	28,811	28,726	29,100	374	1.3
Government	79,389	78,418	78,273	77,666	-607	-0.8
Total	**675,982**	**661,301**	**660,145**	**674,050**	**13,905**	**2.1**

(1) Other services include repair and maintenance, personal and laundry services, and religious, grant making, civic, professional, and similar organizations.

Source: The employment figures are from the Bureau of Economic Analysis Series for Suffolk County, pro-rated to the City's geographical boundary using data from DWD. See the footnotes above. Due to use of pro-rating factors, minor discrepancies of 1 to 3 units between totals and employment categories may result.

The following table (from the previously mentioned 2013 City Bond statement) lists the fifty-five largest private employers in Boston, which in aggregate represents over 153,379 employees or about 26.5% of the private sector employment in 2010 (more recent data not yet made available).

Largest Private Employers in Boston, Fall 2010*

Over 10,000 Employees
Brigham & Women's Hospital
Massachusetts General Hospital

5,000 to 9,999 Employees
Beth Israel Deaconess Medical Center
Boston University
Children's Hospital
Fidelity Investments (FMR Corp.)
Harvard University (graduate schools)
State Street Bank & Trust Co.

2,000 to 4,999 employees
ARAMARK Corporation
Blue Cross Blue Shield of Massachusetts, Inc.
Boston College
Boston Globe/New York Times
Boston Medical Center
Brown Brothers Harriman & Co.
Dana-Farber Cancer Institute
Gillette Co. (Proctor & Gamble)
John Hancock (Manulife Financial)
Liberty Mutual Group
New England Financial/Met Life
Northeastern University
Tufts Medical Center
Wellington Management

1,000 to 1,999 employees
AIG (Lexington and Chartis Insurance)
American Cleaning Co.
Ameriprise Financial Inc.

1,000 to 1,999 employees (continued)
Bain & Co. Inc.
Bank of New York Mellon
Berklee College of Music
Brigham and Women's Faulkner Hospital
CBS/Viacom
Christian Science Monitor/Publishing
CVS Corporation
Deloitte LLP
Dunkin' Donuts
Eaton Vance Corporation
Hebrew Rehabilitation Center
KPMG LLP
Mass. Eye and Ear Infirmary
MFS Investment Management
New England Baptist Hospital
NSTAR
Partners Health Care Services, Inc.
Pearson Education Inc.
Pioneer Investments Management Inc.
Putnam Investments LLC
St. Elizabeth Medical Center/Steward Health Care
Shaw's
Simmons College
Stop & Shop
Suffolk University
Sunbeam Television Corp. (WHDH & WLVI)
Thomson Reuters
Tufts University (graduate schools)
Verizon New England, Inc.
WGBH Educational Foundation

Source: American Hospital Association, Dun and Bradstreet, Hoovers, InfoUSA, Manta, New England Board of Higher Education, and BRA Research Division web research and phone contacts, 2011.

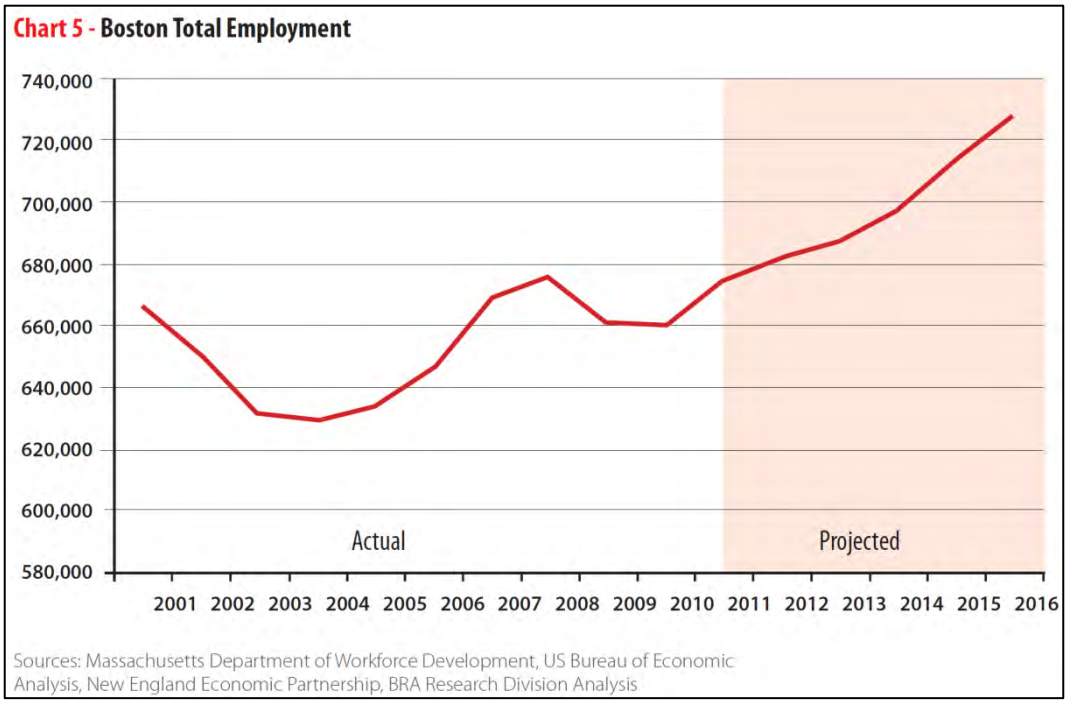
* Corrections have been made since 2011 to include the Harvard University and Tufts University graduate schools each of which have large Graduate and Professional Schools in Boston and to delete the Art Institute of Lesley University which had included the full college employment most of which is in Cambridge. Also some corporate names change occasionally and annual adjustments are made. Several small differences may exist with lists from other sources.

According to the "2013 Economy Report" produced in January 2013 by the Boston Redevelopment Authority, the following chart illustrates Boston's total employment trend and forecast (the later based on NEEP projections).

This report states that:

> "If Boston's employment base grows at the rates projected for Massachusetts industries by NEEP, the city economy will exceed its 2008 job peak of 676,000 by 6, 100 jobs in 2012 and then grow to 728,500 total jobs in 2016. Boston's 7.9% cumulative job growth projected for 2011-2016 exceeds Massachusetts' 7.4% projected growth. This is due to the

city's favorable industry mix, with Professional, Scientific and Technical Services, Health Care and Education, and Hospitality and Leisure leading the way."



Office Market Overview

According to data compiled by CoStar, Inc., the Boston Office market ended the third quarter 2013 with a vacancy rate of 10.0%. The vacancy rate was unchanged over the previous quarter, with net absorption totaling positive 700,436 square feet in the third quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,077,183 square feet. Rental rates ended the third quarter at $20.74, an increase over the previous quarter. A total of seven buildings delivered to the market in the quarter totaling 866,332 square feet, with 7,403,497square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Boston office market was positive 700,436 square feet in the third quarter 2013. That compares to positive 687,089 square feet in the second quarter 2013, positive 704,048 square feet in the first quarter 2013, and positive 1,109,789 square feet in the fourth quarter 2012.

The Class-A office market recorded net absorption of positive 396,851 square feet in the third quarter 2013, compared to positive 258,599 square feet in the second quarter 2013, positive 293,469 in the first quarter 2013, and positive 706,584 in the fourth quarter 2012. The Class-B office

market recorded net absorption of positive 324,496 square feet in the third quarter 2013, compared to positive 265,662 square feet in the second quarter 2013, positive 266,333 in the first quarter 2013, and positive 401,775 in the fourth quarter 2012. The Class-C office market recorded net absorption of negative (20,911) square feet in the third quarter 2013 compared to positive 162,828 square feet in the second quarter 2013, positive 144,246 in the first quarter 2013, and positive 1,430 in the fourth quarter 2012.

Net absorption for Boston's central business district was positive 336,654 square feet in the third quarter 2013. That compares to positive 134,170 square feet in the second quarter 2013, negative (91,168) in the first quarter 2013, and positive 449,545 in the fourth quarter 2012. Net absorption for the suburban markets was positive 363,782 square feet in the third quarter 2013. That compares to positive 552,919 square feet in second quarter 2013, positive 795,216 in the first quarter 2013, and positive 660,244 in the fourth quarter 2012.

Vacancy

The office vacancy rate in the Boston market area remained at 10.0% at the end of the third quarter 2013. The vacancy rate was 10.0% at the end of the second quarter 2013, 10.1% at the end of the first quarter 2013, and 10.2% at the end of the fourth quarter 2012.

Class-A projects reported a vacancy rate of 11.9% at the end of the third quarter 2013, 11.7% at the end of the second quarter 2013, 11.8% at the end of the first quarter 2013, and 11.8% at the end of the fourth quarter 2012. Class-B projects reported a vacancy rate of 10.7% at the end of the third quarter 2013, 10.9% at the end of the second quarter 2013, 10.9% at the end of the first quarter 2013, and 10.9% at the end of the fourth quarter 2012. Class-C projects reported a vacancy rate of 5.7% at the end of the third quarter 2013, 5.7% at the end of second quarter 2013, 5.9% at the end of the first quarter 2013, and 6.1% at the end of the fourth quarter 2012.

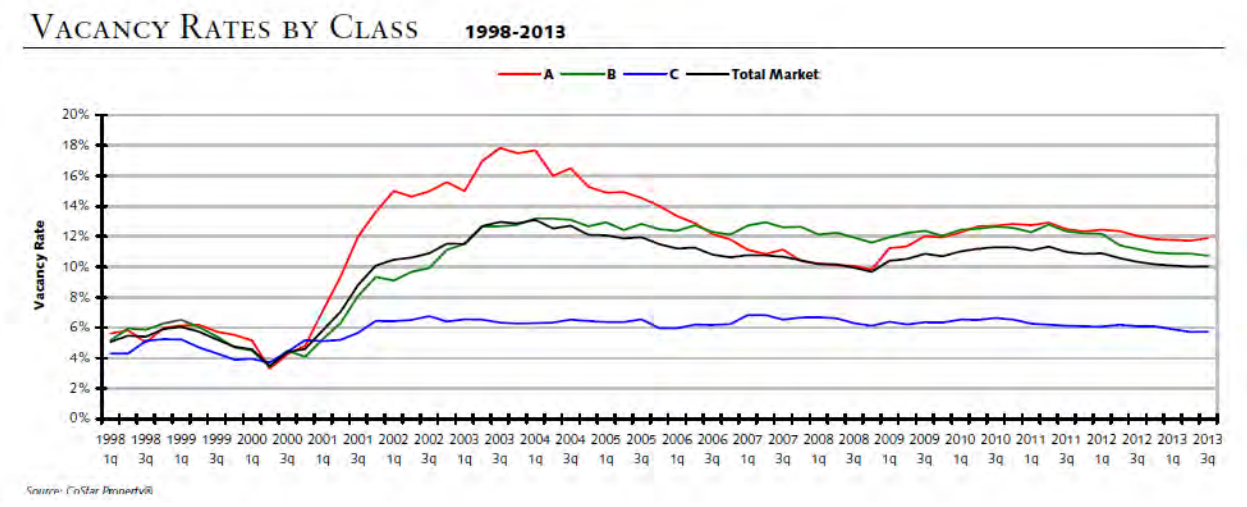
The overall vacancy rate in Boston's central business district at the end of the third quarter 2013 increased to 9.4%. The vacancy rate was 9.2% at the end of the second quarter 2013, 9.3% at the end of the first quarter 2013, and 9.2% at the end of the fourth quarter 2012. The vacancy rate in the suburban markets decreased to 10.2% in the third quarter 2013. The vacancy rate was 10.3% at the end of the second quarter 2013, 10.3% at the end of the first quarter 2013, and 10.4% at the end of the fourth quarter 2012.

Largest Lease Signings

The largest lease signings occurring in 2013 included: the 410,297-square-foot lease signed by Brown Brothers Harriman & Co. at 50 Post Office Sq; the 280,000-square-foot deal signed by TripAdvisor at 400 1st Ave in Needham; and the 268,610- square-foot lease signed by PerkinElmer Inc. at 549 Albany St.

Sublease Vacancy

The amount of vacant sublease space in the Boston market increased to 2,077,183 square feet by the end of the third quarter 2013, from 1,687,524 square feet at the end of the second quarter 2013. There was 1,733,280 square feet vacant at the end of the first quarter 2013 and 1,643,179 square feet at the end of the fourth quarter 2012. Boston's Class-A projects reported vacant sublease space of 1,425,763 square feet at the end of third quarter 2013, up from the 1,066,374 square feet reported at the end of the second quarter 2013. There were 1,099,580 square feet of sublease space vacant at the end of the first quarter 2013, and 1,070,126 square feet at the end of the fourth quarter 2012. Class-B projects reported vacant sublease space of 562,991 square feet at the end of the third quarter 2013, up from the 531,356 square feet reported at the end of the second quarter 2013. At the end of the first quarter 2013 there were 534,302 square feet, and at the end of the fourth quarter 2012 there were 484,475 square feet vacant. Class-C projects reported decreased vacant sublease space from the second quarter 2013 to the third quarter 2013. Sublease vacancy went from 89,794 square feet to 88,429 square feet during that time. There was 99,398 square feet at the end of the first quarter 2013, and 88,578 square feet at the end of the fourth quarter 2012. Sublease vacancy in Boston's central business district stood at 316,597 square feet at the end of the third quarter 2013. It was 330,715 square feet at the end of the second quarter 2013, 330,424 square feet at the end of the first quarter 2013, and 304,101 square feet at the end of the fourth quarter 2012.



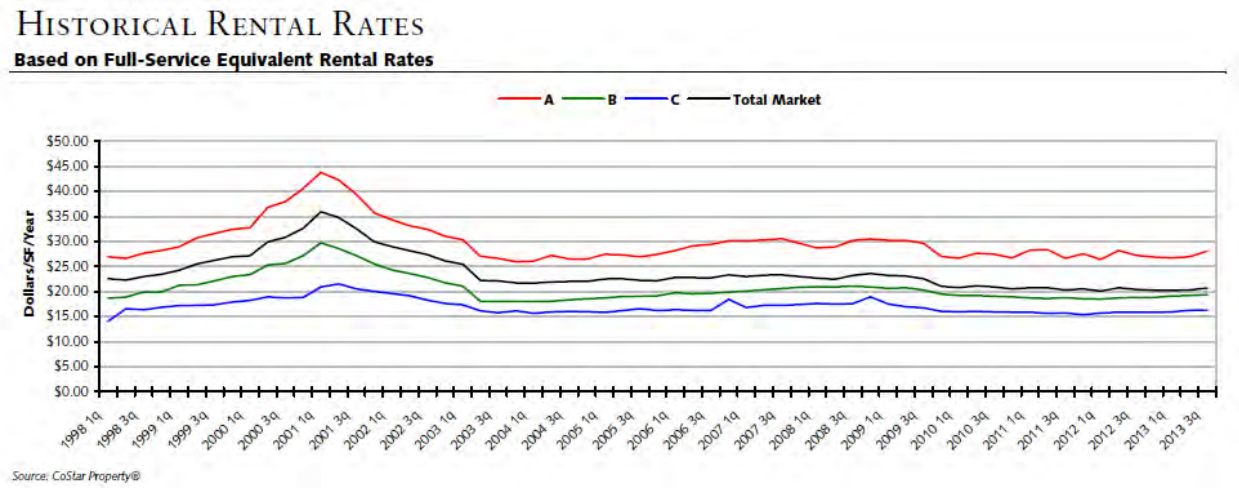
Rental Rates

The average quoted asking rental rate for available office space, all classes, was $20.74 per square foot per year at the end of the third quarter 2013 in the Boston market area. This represented

a 2.1% increase in quoted rental rates from the end of the second quarter 2013, when rents were reported at $20.32 per square foot.

The average quoted rate within the Class-A sector was $28.12 at the end of the third quarter 2013, while Class-B rates stood at $19.42, and Class-C rates at $16.32. At the end of the second quarter 2013, Class-A rates were $26.96 per square foot, Class-B rates were $19.25, and Class-C rates were $16.26.

The average quoted asking rental rate in Boston's CBD was $37.60 at the end of the third quarter 2013, and $19.42 in the suburban markets. In the second quarter 2013, quoted rates were $34.76 in the CBD and $19.32 in the suburbs.



Deliveries and Construction

During the third quarter 2013, seven buildings totaling 866,332 square feet were completed in the Boston market area. This compares to eight buildings totaling 467,522 square feet that were completed in the second quarter 2013, eight buildings totaling 470,415 square feet completed in the first quarter 2013, and 515,712 square feet in nine buildings completed in the fourth quarter 2012.

There were 7,403,497 square feet of office space under construction at the end of the third quarter 2013. Some of the notable 2013 deliveries include: 157 Berkeley St, a 580,000-square-foot facility that delivered in third quarter 2013 and is now 100% occupied, and 17 Cambridge Ctr, a 190,000-square-foot building that delivered in second quarter 2013 and is now 100% occupied.

The largest projects underway at the end of third quarter 2013 were 50 Northern Ave, a 550,000-square-foot building with 97% of its space pre-leased, and 11 Fan Pier Blvd, a 550,000-square-foot facility that is 95% pre-leased.

Inventory

Total office inventory in the Boston market area amounted to 379,394,921 square feet in 12,852 buildings as of the end of the third quarter 2013. The Class-A office sector consisted of 141,386,875 square feet in 733 projects. There were 4,283 Class-B buildings totaling 152,367,148 square feet, and the Class-C sector consisted of 85,640,898 square feet in 7,836 buildings.

Within the Office market there were 478 owner-occupied buildings accounting for 25,683,713 square feet of office space.

Sales Activity

Tallying office building sales of 15,000 square feet or larger, Boston office sales figures rose during the second quarter 2013 in terms of dollar volume compared to the first quarter of 2013. In the second quarter, 36 office transactions closed with a total volume of $736,061,476. The 36 buildings totaled 4,363,664 square feet and the average price per square foot equated to $168.68 per square foot. That compares to 28 transactions totaling $514,724,749 in the first quarter 2013. The total square footage in the first quarter was 2,900,294 square feet for an average price per square foot of $177.47.

Total office building sales activity in 2013 was down compared to 2012. In the first six months of 2013, the market saw 64 office sales transactions with a total volume of $1,250,786,225. The price per square foot averaged $172.19. In the same first six months of 2012, the market posted 46 transactions with a total volume of $1,598,625,278. The price per square foot averaged $241.94.

Cap rates have been higher in 2013, averaging 7.10% compared to the same period in 2012 when they averaged 6.95%. One of the largest transactions that has occurred within the last four quarters in the Boston market is the sale of 275 Grove Street in Boston. This 510,000-square-foot office building sold for $197,250,000 or $386.76 per square foot. The property sold on 3/27/2013.

Charlestown Submarket Activity

The average quoted asking rental rate in the Charlestown submarket (81 buildings containing roughly 4.3 million square feet) was $28.94 at the end of the third quarter 2013, with vacancy of just under 7% and negative absorption of 88,471 square feet for the quarter.

Without an identified build-to-suit user or major anchor tenant, the sub-market office rents are insufficient to support new office construction at Sullivan Square and are likely to remain so for the foreseeable future.

Total Office Submarket Statistics

Third Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bldg	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Amesbury/Ipswich	145	1,324,047	81,459	81,459	6.2%	(6,791)	0	0	$16.69
Attleboro/New Bedford	957	11,587,302	908,479	908,629	7.8%	21,242	0	11,711	$16.47
Back Bay	232	17,125,805	1,049,927	1,067,744	6.2%	742,660	580,000	0	$44.16
Brighton/Allston/Fenway	171	7,125,809	160,829	160,829	2.3%	64,169	0	232,000	$25.75
Burlington/Woburn	306	13,466,766	1,049,748	1,212,633	9.0%	7,966	0	394,110	$20.72
Charlestown/East Boston	81	4,261,424	286,116	291,365	6.8%	(88,471)	0	0	$28.94
Chelsea/Revere	105	1,811,085	80,745	80,745	4.5%	(625)	0	0	$20.16
Concord/Maynard	337	11,082,947	1,395,723	1,619,478	14.6%	82,748	209,508	0	$16.03
Danvers/Beverly	180	5,879,871	569,593	581,826	9.9%	(12,530)	0	0	$16.60
E Cambridge/Kendall Sq	127	15,399,101	1,201,251	1,358,742	8.8%	518,122	190,000	1,794,510	$56.70
Essex/Gloucester	65	840,360	138,429	138,429	16.5%	(9,621)	0	0	$20.27
Financial District	270	42,467,090	5,090,523	5,318,623	12.5%	(384,049)	0	6,394	$39.76
Fitchburg/Leominster	197	2,611,941	260,928	263,339	10.1%	12,852	18,000	0	$15.51
Framingham/Natick	387	10,636,347	744,532	839,416	7.9%	143,158	166,000	0	$20.18
Groton/Townsend	76	543,212	20,038	20,038	3.7%	2,545	0	0	$16.02
Hillsborough	1,008	18,016,895	1,592,879	1,599,792	8.9%	152,797	14,936	18,052	$17.42
Hopkinton/Holliston	75	1,728,849	186,686	186,686	10.8%	(789)	0	0	$15.24
I-95 Corridor South	275	4,344,113	373,623	386,904	8.9%	202,377	74,400	27,323	$16.90
Lawrence/Andover	411	11,324,191	1,358,089	1,380,772	12.2%	(16,198)	0	115,691	$17.37
Lexington/Arlington	213	4,968,281	494,018	555,542	11.2%	34,366	0	0	$22.99
Lowell/Chelmsford	415	18,523,253	2,822,432	2,875,669	15.5%	(128,175)	33,953	0	$16.90
Lynnfield/Wakefield	100	2,772,639	236,550	322,039	11.6%	(60,761)	0	0	$20.89
Medford/Malden	145	3,523,542	479,834	479,834	13.6%	(72,289)	0	0	$18.41
Mid-Cambridge/Harvard Sq	208	7,860,983	412,431	424,067	5.4%	153,032	0	830,000	$30.25
Midtown	117	5,824,536	201,813	214,766	3.7%	26,962	0	0	$27.38
Newton/Brookline	323	8,441,502	863,466	935,891	11.1%	(349,842)	0	225,000	$22.50
North End/Waterfront	56	2,112,257	152,637	152,637	7.2%	(60,003)	0	230,000	$32.82
North Station/Beacon Hill	106	7,855,296	140,110	142,577	1.8%	3,663	0	0	$29.78
Outlying Worcester	483	4,918,528	347,307	351,307	7.1%	79,951	33,000	4,837	$12.72
Peabody/Salem	180	3,246,571	410,175	419,036	12.9%	29,130	0	0	$17.04
Quincy/Braintree	381	11,455,020	1,545,381	1,579,267	13.8%	98,507	29,048	0	$20.08
Rockingham	834	10,457,976	886,482	904,198	8.6%	101,673	88,981	31,674	$19.13
Route 1 South	231	8,663,826	821,362	842,284	9.7%	35,872	162,548	0	$19.12
Route 24	285	4,180,596	601,451	601,451	14.4%	(192,497)	0	0	$13.87
Route 3 Corridor	388	5,398,250	359,099	367,235	6.8%	129,109	0	0	$18.78
Route 3 South	388	3,954,863	385,022	391,367	9.9%	51,022	0	0	$17.49
Roxbury/Dorchester	199	6,268,845	279,715	283,291	4.5%	18,550	0	689,741	$19.71
Saugus/Lynn	194	3,313,718	281,976	281,976	8.5%	885	0	74,000	$14.69
Seaport	91	10,572,183	1,136,170	1,191,430	11.3%	50,423	0	2,440,000	$29.33
Somerville/Everett	135	2,438,229	105,581	110,381	4.5%	16,618	0	132,000	$24.41
South Boston	63	581,655	8,821	8,821	1.5%	8,000	0	0	$14.24
South End	67	3,068,210	37,320	40,773	1.3%	68,887	0	0	$17.96
South Suffolk County	67	834,749	66,027	66,027	7.9%	21,890	14,736	0	$19.43
Strafford County	270	3,462,511	289,111	299,611	8.7%	20,995	0	26,454	$13.14
The Boroughs	290	13,366,504	2,888,257	3,096,682	23.2%	(187,954)	0	0	$18.19
W Cambridge/Alewife	105	3,957,226	245,762	408,247	10.3%	(88,346)	0	0	$34.35
Waltham/Watertown	289	16,365,714	1,619,266	1,806,633	11.0%	411,386	0	120,000	$25.28
Wellesley/Needham	218	5,736,301	383,345	418,789	7.3%	256,155	130,355	0	$25.05
Wilmington/Reading	117	2,464,803	293,180	311,680	12.6%	(13,780)	0	0	$16.74
Worcester Metro	489	11,229,199	676,523	716,447	6.4%	196,582	58,804	0	$17.03
Totals	**12,852**	**379,394,921**	**36,020,221**	**38,097,404**	**10.0%**	**2,091,573**	**1,804,269**	**7,403,497**	**$20.74**

Source: CoStar Property®

Industrial/R&D Market Overview

CoStar Property reports that the Boston Industrial/R&D market ended the third quarter 2013 with a vacancy rate of 9.2%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,114,440 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter 1,568,546 square feet. Rental rates ended the third quarter at $6.17, a decrease over the previous quarter. A total of nine buildings delivered to the market in the quarter totaling 173,537 square feet, with 188,364 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Boston Industrial market was positive 2,114,440 square feet in the third quarter 2013. That compares to positive 953,988 square feet in the second quarter 2013, positive 2,127,774 square feet in the first quarter 2013, and positive 1,364,333 square feet in the fourth quarter 2012. The Flex/R&D building market recorded net absorption of negative (115,821) square feet in the third quarter 2013, compared to negative (216,226) square feet in the second quarter 2013, positive 949,478 in the first quarter 2013, and positive 456,895 in the fourth quarter 2012. The Warehouse building market recorded net absorption of positive 2,230,261 square feet in the third quarter 2013 compared to positive 1,170,214 square feet in the second quarter 2013, positive 1,178,296 in the first quarter 2013, and positive 907,438 in the fourth quarter 2012.

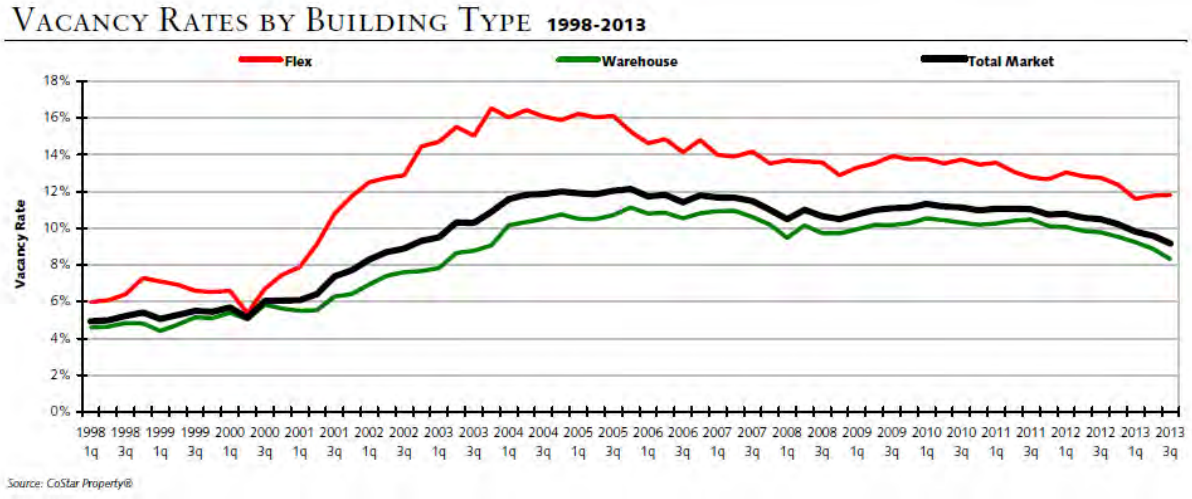
Vacancy

The Industrial vacancy rate in the Boston market area decreased to 9.2% at the end of the third quarter 2013. The vacancy rate was 9.6% at the end of the second quarter 2013, 9.8% at the end of the first quarter 2013, and 10.2% at the end of the fourth quarter 2012. Flex/R&D projects reported a vacancy rate of 11.8% at the end of the third quarter 2013, 11.8% at the end of the second quarter 2013, 11.6% at the end of the first quarter 2013, and 12.4% at the end of the fourth quarter 2012. Warehouse projects reported a vacancy rate of 8.3% at the end of the third quarter 2013, 8.9% at the end of second quarter 2013, 9.2% at the end of the first quarter 2013, and 9.5% at the end of the fourth quarter 2012.

Sublease Vacancy

The amount of vacant sublease space in the Boston market decreased to 1,568,546 square feet by the end of the third quarter 2013, from 2,203,754 square feet at the end of the second

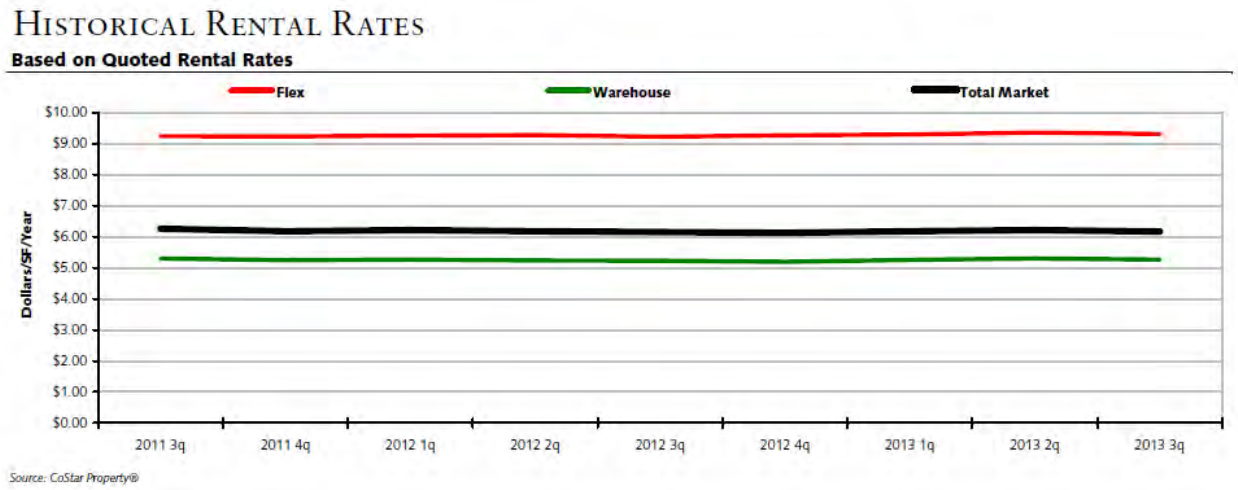
quarter 2013. There was 2,063,019 square feet vacant at the end of the first quarter 2013 and 2,094,439 square feet at the end of the fourth quarter 2012. Boston's Flex/R&D projects reported vacant sublease space of 494,847 square feet at the end of third quarter 2013, down from the 671,380 square feet reported at the end of the second quarter 2013. There were 562,205 square feet of sublease space vacant at the end of the first quarter 2013, and 512,845 square feet at the end of the fourth quarter 2012.



Warehouse projects reported decreased vacant sublease space from the second quarter 2013 to the third quarter 2013. Sublease vacancy went from 1,532,374 square feet to 1,073,699 square feet during that time. There were 1,500,814 square feet at the end of the first quarter 2013, and 1,581,594 square feet at the end of the fourth quarter 2012.

Rental Rates

The average quoted asking rental rate for available Industrial space was $6.17 per square foot per year at the end of the third quarter 2013 in the Boston market area. This represented a 0.8% decrease in quoted rental rates from the end of the second quarter 2013, when rents were reported at $6.22 per square foot. The average quoted rate within the Flex/R&D sector was $9.32 per square foot at the end of the third quarter 2013, while Warehouse rates stood at $5.27. At the end of the second quarter 2013, Flex/R&D rates were $9.36 per square foot, and Warehouse rates were $5.30.



Deliveries and Construction

During the third quarter 2013, nine buildings totaling 173,537 square feet were completed in the Boston market area. This compares to 0 new buildings completed in the second quarter 2013, seven buildings totaling 181,322 square feet completed in the first quarter 2013, and 32,432 square feet in one building completed in the fourth quarter 2012. There were 188,364 square feet of Industrial space under construction at the end of the third quarter 2013. Some of the notable 2013 deliveries include: 29 Jack's Bridge Rd, a 125,060-square-foot facility that delivered in first quarter 2013 and is now 100% occupied, and 330 Lynnway, a 70,000-square-foot building that delivered in third quarter 2013 and is now 100% occupied.

Inventory

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Boston industrial sales figures rose during the second quarter2013 in terms of dollar volume compared to the first quarter of 2013. In the second quarter, 68 industrial transactions closed with a total volume of $348,656,184. The 68 buildings totaled 6,061,884 square feet and the average price per square foot equated to $57.52 per square foot. That compares to 24 transactions totaling $69,215,999 in the first quarter. The total square footage was 1,228,049 for an average price per square foot of $56.36. Total year-to-date industrial building sales activity in 2013 is up compared to the previous year. In the first six months of 2013, the market saw 92 industrial sales transactions with a total volume of $417,872,183. The price per square foot has averaged $57.32 this year. In the first six months of 2012, the market

posted 80 transactions with a total volume of $211,174,104. The price per square foot averaged $40.96.

Cap rates have been lower in 2013, averaging 8.46%, compared to the first six months of last year when they averaged 9.28%.

Charlestown Submarket Activity

The average quoted asking rental rate in the local Boston neighborhood submarket (89 buildings containing roughly 5.4 million square feet) was $9.28 at the end of the third quarter 2013, with vacancy of 12.2% and positive absorption of 113,040 square feet for the quarter.

As with office space, without an identified build-to-suit user or major anchor tenant, the sub-market industrial/R&D rents are insufficient to support new construction at Sullivan Square and are likely to remain so for the foreseeable future. In addition, the physical building requirements of modern R&D/industrial users are incompatible with the parcel sizes and shapes to be created within the Sullivan Square study area.

Total Industrial Submarket Statistics

Third Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bldg	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Amesbury/Ipswich Ind	275	7,736,883	246,940	246,940	3.2%	27,278	24,000	0	$6.23
Attleboro/New Bedford Ind	1,177	58,399,320	7,179,631	7,214,075	12.4%	(297,757)	11,981	16,869	$4.31
Ayer Ind	104	6,768,946	588,279	591,754	8.7%	404,470	0	0	$6.03
Brighton/Fenway Ind	84	2,946,094	29,346	29,346	1.0%	17,560	0	0	$12.46
Concord/Maynard Ind	312	12,852,613	1,056,842	1,056,842	8.2%	164,845	8,000	0	$6.41
Danvers/Beverly Ind	148	5,017,540	555,411	555,411	11.1%	13,171	30,000	0	$8.42
Downtown Boston Ind	89	5,423,146	664,116	664,116	12.2%	113,040	0	0	$9.28
E Cambridge Ind	49	2,110,181	44,041	106,479	5.0%	(3,740)	0	0	$24.53
Essex/Gloucester Ind	88	3,016,028	154,810	154,810	5.1%	88,620	0	0	$6.65
Fitchburg/Leominster Ind	270	13,064,656	959,275	959,275	7.3%	462,470	0	0	$4.64
Framingham/Natick Ind	185	7,701,587	280,434	301,667	3.9%	7,436	0	0	$7.96
Ft Pt Chan/S Boston Ind	105	4,420,480	618,400	622,000	14.1%	(10,065)	0	0	$11.88
Groton/Townsend Ind	124	3,503,956	116,688	116,688	3.3%	113,234	0	0	$6.48
Hillsborough Ind	752	36,004,476	2,306,228	2,318,728	6.4%	122,860	0	0	$6.20
Hopkinton/Holliston Ind	170	6,783,133	451,159	531,311	7.8%	(261,942)	0	40,446	$6.30
I-95 Corridor South Ind	413	17,886,068	1,696,163	1,869,687	10.5%	134,633	0	2,871	$5.46
Lawrence/Andover Ind	457	29,200,292	3,090,355	3,108,763	10.6%	134,625	0	0	$5.86
Lexington/Arlington Ind	62	2,122,815	235,645	257,845	12.1%	(46,792)	0	0	$20.60
Lowell/Chelmsford Ind	502	23,602,030	2,881,941	2,911,941	12.3%	280,121	0	0	$8.08
Medford/Malden Ind	174	4,583,751	303,109	303,109	6.6%	(77,590)	0	3,888	$9.10
Mid-Cambridge Ind	48	1,325,774	108,525	132,321	10.0%	(41,665)	0	0	$41.20
Newton/Dover Ind	204	6,014,595	257,884	267,944	4.5%	36,596	0	0	$12.96
Outlying Worcester Ind	658	28,196,651	2,754,580	2,857,580	10.1%	224,811	0	0	$3.92
Peabody/Salem Ind	187	8,793,914	803,653	803,653	9.1%	138,291	0	0	$8.69
Quincy/Braintree Ind	237	9,527,192	449,555	449,555	4.7%	187,293	0	0	$6.13
Reading/Melrose Ind	72	2,018,067	174,445	174,445	8.6%	80,300	0	0	$9.62
Rockingham Ind	618	20,812,307	1,306,301	1,916,935	9.2%	439,443	133,560	74,577	$6.16
Route 1 South Ind	358	18,294,416	1,688,100	1,688,100	9.2%	(258,277)	0	0	$6.08
Route 24 Ind	478	19,122,883	1,748,603	1,748,603	9.1%	906,342	0	0	$4.66
Route 3 Corridor Ind	244	5,806,830	594,002	599,002	10.3%	38,651	0	0	$7.84
Route 3 South Ind	402	13,443,214	1,858,295	1,858,295	13.8%	829,213	31,556	19,718	$5.26
Roxbury/Dorchester Ind	364	9,861,283	671,121	699,321	7.1%	(6,244)	0	0	$9.40
Saugus/Lynn Ind	102	6,946,985	294,760	424,760	6.1%	82,873	70,000	0	$6.26
Somerville/Chelsea Ind	348	11,595,300	561,599	561,599	4.8%	172,446	2,000	0	$9.06
South Suffolk County Ind	100	4,206,875	588,372	618,372	14.7%	99,744	0	0	$6.03
Strafford County Ind	162	6,589,698	714,645	714,645	10.8%	6,433	12,362	0	$5.42
The Boroughs Ind	346	17,533,966	1,576,349	1,677,963	9.6%	82,245	0	0	$7.49
W Cambridge Ind	65	1,498,963	45,739	53,239	3.6%	14,438	0	0	$14.85
Waltham/Watertown Ind	221	6,555,708	474,957	474,957	7.2%	(15,651)	0	0	$12.78
Wilmington/Winchester Ind	683	27,768,811	1,776,900	1,776,900	6.4%	516,604	28,000	29,995	$9.20
Worcester Metro Ind	512	19,564,843	2,239,161	2,295,929	11.7%	275,839	3,400	0	$4.51
Totals	**11,949**	**498,622,270**	**44,146,359**	**45,714,905**	**9.2%**	**5,196,202**	**354,859**	**188,364**	**$6.17**

Source: CoStar Property®

Retail Market Overview

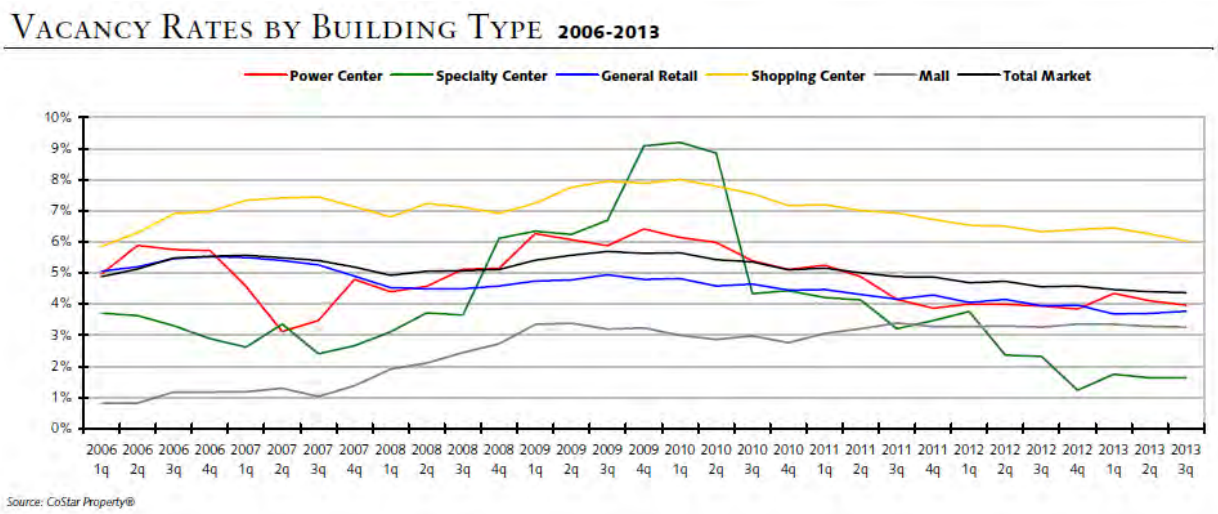
Based on the CoStar data compiled for Q3, 2013, the Boston retail market did not experience much change in market conditions in the third quarter 2013. The vacancy rate went from 4.4% in the previous quarter to 4.4% in the current quarter. Net absorption was positive 426,425 square feet, and vacant sublease space decreased by (4,000) square feet. Quoted rental rates increased from second quarter 2013 levels, ending at $17.56 per square foot per year. A total of 15 retail buildings with 375,956 square feet of retail space were delivered to the market in the quarter, with 2,197,822 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was slightly positive in Boston third quarter 2013, with positive 426,425 square feet absorbed in the quarter. In second quarter 2013, net absorption was positive 617,317 square feet, while in first quarter 2013 absorption came in at positive 414,647 square feet. In fourth quarter 2012, positive 305,599 square feet was absorbed in the market.

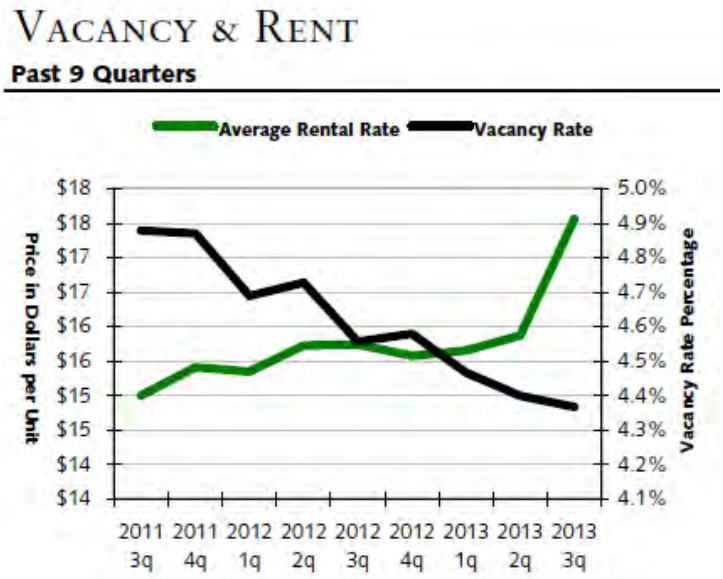
Vacancy

Boston's retail vacancy rate changed in the third quarter 2013, ending the quarter at 4.4%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 4.6% in the fourth quarter 2012, to 4.5% at the end of the first quarter 2013, 4.4% at the end of the second quarter 2013, to 4.4% in the current quarter. The amount of vacant sublease space in the Boston market has trended down over the past four quarters. At the end of the fourth quarter 2012, there were 521,501 square feet of vacant sublease space. Currently, there are 485,233 square feet vacant in the market.



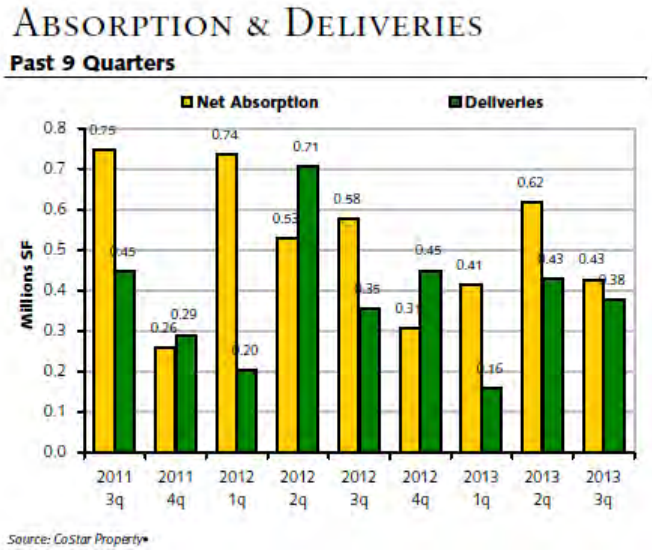
Rental Rates

Average quoted asking rental rates in the Boston retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the third quarter 2013 at $17.56 per square foot per year. That compares to $15.87 per square foot in the second quarter 2013, and $15.57 per square foot at the end of the fourth quarter 2012. This represents a 10.6% increase in rental rates in the current quarter, and an 11.33% increase from four quarters ago.



Inventory & Construction

During the third quarter 2013, 15 buildings totaling 375,956 square feet were completed in the Boston retail market. Over the past four quarters, a total of 1,413,667 square feet of retail space has been built in Boston. In addition to the current quarter, 22 buildings with 429,302 square feet were completed in second quarter 2013, 15 buildings totaling 159,889 square feet completed in first quarter 2013, and 448,520 square feet in 20 buildings completed in fourth quarter 2012. There were 2,197,822 square feet of retail space under construction at the end of the third quarter 2013. Total retail inventory in the Boston market area amounted to 310,378,032 square feet in 24,168 buildings and 1830 centers as of the end of the third quarter 2013.



Shopping Centers

The Shopping Center market in Boston currently consists of 1747 projects with 88,799,779 square feet of retail space in 2,715 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers. After absorbing 212,441 square feet and delivering 7,718 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 6.3% at the end of the second quarter 2013 to 6.0% this quarter.

Over the past four quarters, the Shopping Center vacancy has gone from 6.4% at the end of the fourth quarter 2012, to 6.4% at the end of the first quarter 2013, to 6.3% at the end of the second quarter 2013, and finally to 6.0% at the end of the current quarter. Rental rates ended the third quarter 2013 at $15.57 per square foot, up from the $15.56 they were at the end of second quarter 2013. Rental rates have trended down over the past year, going from $16.26 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 369,798 square feet over the past four quarters. In addition to the positive 212,441 square feet absorbed this quarter, positive 185,916 square feet was absorbed in the second quarter 2013, negative (48,878) square feet was absorbed in the first quarter 2013, and positive 20,319 square feet was absorbed in the fourth quarter 2012.

Power Centers

The Power Center average vacancy rate was 4.0% in the third quarter 2013. With positive 21,610 square feet of net absorption and no new deliveries, the vacancy rate went from 4.1% at the end of last quarter to 4.0% at the end of the third quarter. In the second quarter 2013, Power Centers absorbed positive 35,865 square feet, delivered no new space, and the vacancy rate went from 4.3% to 4.1% over the course of the quarter. Rental started the quarter at $11.38 per square foot and ended the quarter at $11.38 per square foot. A year ago, in third quarter 2012, the vacancy rate was 3.9%. Over the past four quarters, Power Centers have absorbed a cumulative (3,897) square feet of space and delivered no new square feet of space. Vacant sublease space has gone from 3,600 square feet to 3,600 square feet over that time period, and rental rates have gone from $12.11 to $12.13. At the end of the third quarter 2013, there was no space under construction in the Boston market. The total stock of Power Center space in Boston currently sits at 15,160,036 square feet in 36 centers comprised of 219 buildings.

General Retail Properties

The General Retail sector of the market (the kind of product likely to be delivered in Sullivan Square) which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.8% at the end of third quarter 2013. There was a total of 6,638,654 square feet vacant at that time. The General Retail sector in Boston currently has average rental rates of $19.39 per square foot per year. There are 1,617,231 square feet of space under construction in this sector, with 368,238 square feet having been completed in the third quarter. In all, there are a total of 21,064 buildings with 175,910,363 square feet of General Retail space in Boston.

Specialty Centers

There are currently 9 Specialty Centers in the Boston market, making up 1,964,484 square feet of retail space. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers. Specialty Centers in the Boston market have experienced negative (7,757) square feet of net absorption in 2013. The vacancy rate currently stands at 1.6%, and rental rates average $25.00 per square foot.

Malls

Malls recorded net absorption of positive 5,906 square feet in the third quarter 2013. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 3.3% a quarter ago to 3.3% at the end of the third quarter 2013. Rental rates went from $24.06 per square foot to $24.06 per square foot during that time. In this report the Mall market is comprised of 38 Lifestyle Center, Regional Mall and Super Regional Malls.

Sales Activity

Tallying retail building sales of 15,000 square feet or larger, Boston retail sales figures rose during the second quarter 2013 in terms of dollar volume compared to the first quarter of 2013. In the second quarter, 23 retail transactions closed with a total volume of $136,335,833. The 23 buildings totaled 1,902,705 square feet and the average price per square foot equated to $71.65 per square foot. That compares to 16 transactions totaling $79,019,286 in the first quarter 2013. The total square footage in the first quarter was 704,469 square feet for an average price per square foot of $112.17.

Total retail center sales activity in 2013 was down compared to 2012. In the first six months of 2013, the market saw 39 retail sales transactions with a total volume of $215,355,119. The price per square foot averaged $82.60. In the same first six months of 2012, the market posted 38 transactions with a total volume of $224,755,433. The price per square foot averaged $156.14.

Cap rates have been higher in 2013, averaging 7.78% compared to the same period in 2012 when they averaged 6.68%.

Charlestown Submarket Activity

The average quoted asking rental rate for General Retail space in the local neighborhood submarket (101 buildings containing roughly 566,00 square feet) was $18.50 at the end of the third quarter 2013, with vacancy of less than 1.0% and positive absorption of 14,768 square feet for the quarter.

While rents are arguable too low to support new stand-alone retail construction in Sullivan Square, retail vacancy and therefore demand is high and retail is viewed as making a valuable contribution to the feasibility of a mixed-use program as a ground floor revenue generator (with other residential or commercial uses above).

General Retail Submarket Statistics

Third Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bldg	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Amesbury/Ipswich	679	4,221,678	42,071	42,071	1.0%	15,250	22,503	0	$14.42
Attleboro/New Bedford	2,303	16,179,191	584,710	608,395	3.8%	369,290	290,067	225,389	$12.73
Back Bay	186	2,397,053	88,826	90,297	3.8%	(8,086)	0	0	$77.79
Brighton/Allston/Fenway	245	2,723,607	43,179	43,179	1.6%	(12,383)	0	50,000	$27.45
Burlington/Woburn	301	2,871,098	63,110	64,710	2.3%	(14,999)	0	438,838	$15.72
Charlestown/East Boston	101	566,727	4,100	4,100	0.7%	14,768	0	0	$18.50
Chelsea/Revere	253	2,037,242	36,708	78,723	3.9%	15,160	0	0	$15.12
Concord/Maynard	313	2,942,432	257,105	257,105	8.7%	119,254	253,000	0	$15.46
Danvers/Beverly	270	3,563,642	77,528	77,528	2.2%	11,401	27,944	0	$14.48
E Cambridge/Kendall Sq	100	916,841	4,997	4,997	0.5%	(2,297)	0	0	$12.50
Essex/Gloucester	190	1,310,560	67,938	67,938	5.2%	2,730	0	0	$18.26
Financial District	52	1,056,129	41,942	41,942	4.0%	3,184	0	0	$23.93
Fitchburg/Leominster	356	3,418,426	185,397	185,397	5.4%	14,447	15,148	19,615	$9.92
Framingham/Natick	353	4,410,004	177,792	295,424	6.7%	2,020	0	0	$18.14
Groton/Townsend	171	1,294,264	29,545	29,545	2.3%	42,165	37,025	500,000	$40.52
Hillsborough	1,737	14,870,604	262,020	364,202	2.4%	34,177	40,439	15,849	$12.84
Hopkinton/Holliston	75	484,915	70,663	70,663	14.6%	(26,523)	0	0	$11.88
I-95 Corridor South	398	3,682,046	235,017	237,417	6.4%	(29,532)	1,227	11,490	$14.68
Lawrence/Andover	980	7,676,466	361,067	361,067	4.7%	(62,359)	0	11,185	$14.39
Lexington/Arlington	226	1,671,697	23,559	23,559	1.4%	7,847	0	0	$32.79
Lowell/Chelmsford	486	4,363,155	102,178	102,178	2.3%	146,201	27,962	0	$17.77
Lynnfield/Wakefield	97	715,223	50,600	50,600	7.1%	(22,008)	2,446	0	$13.36
Medford/Malden	236	2,465,438	98,607	102,069	4.1%	23,633	0	3,804	$15.38
Mid-Cambridge/Harvard Sc	199	1,466,550	45,553	45,553	3.1%	(4,570)	0	0	$30.10
Midtown	118	1,568,845	4,062	4,062	0.3%	(2,362)	0	0	$24.02
Newton/Brookline	360	3,391,121	133,330	137,746	4.1%	(18,063)	0	160,000	$29.83
North End/Waterfront	205	1,240,631	6,304	6,304	0.5%	338	0	0	$39.35
North Station/Beacon Hill	72	383,268	13,992	13,992	3.7%	(6,848)	460	0	$45.00
Outlying Worcester	1,095	8,982,763	329,888	329,888	3.7%	103,470	97,880	85,000	$11.23
Peabody/Salem	368	3,066,680	80,536	83,404	2.7%	20,565	0	7,200	$20.98
Quincy/Braintree	615	4,392,041	117,014	117,014	2.7%	50,311	0	7,170	$18.28
Rockingham	1,645	13,234,685	434,259	434,259	3.3%	(29,770)	43,625	10,500	$13.88
Route 1 South	255	3,065,379	172,527	172,527	5.6%	28,443	6,348	0	$14.31
Route 24	416	4,299,526	121,213	124,279	2.9%	29,521	0	0	$15.80
Route 3 Corridor	542	3,716,025	111,980	111,980	3.0%	41,656	3,213	13,727	$18.01
Route 3 South	681	5,558,879	389,333	389,333	7.0%	28,212	7,400	22,059	$11.37
Roxbury/Dorchester	657	4,759,609	96,549	96,549	2.0%	108,522	17,000	0	$18.71
Saugus/Lynn	460	4,288,786	196,869	196,869	4.6%	(6,380)	0	0	$16.35
Seaport	23	329,750	0	0	0.0%	0	0	0	$0.00
Somerville/Everett	335	2,467,339	114,238	114,238	4.6%	27,628	12,897	0	$19.74
South Boston	256	1,186,897	17,524	17,524	1.5%	50	0	0	$26.39
South End	152	1,312,380	0	0	0.0%	2,000	0	0	$58.00
South Suffolk County	234	1,981,373	80,186	80,186	4.0%	(11,526)	0	0	$16.28
Strafford County	616	4,655,511	185,592	185,592	4.0%	(27,897)	0	20,405	$10.61
The Boroughs	291	3,349,403	196,763	196,763	5.9%	51,297	14,982	0	$13.27
W Cambridge/Alewife	81	769,402	4,535	4,535	0.6%	19,183	0	12,000	$38.17
Waltham/Watertown	219	2,193,798	71,587	71,587	3.3%	1,100	4,729	0	$21.58
Wellesley/Needham	131	1,307,110	57,886	57,886	4.4%	491	0	0	$32.99
Wilmington/Reading	142	1,129,397	129,417	129,417	11.5%	21,643	0	0	$19.54
Worcester Metro	788	5,974,777	306,061	314,061	5.3%	37,800	12,235	3,000	$12.26
Totals	**21,064**	**175,910,363**	**6,325,857**	**6,638,654**	**3.8%**	**1,108,154**	**938,530**	**1,617,231**	**$19.39**

Source: CoStar Property®

Rental Apartment Market Overview

According the latest REIS Observer (November, 2013) the metro Boston market continues to outpace the nation in terms of rental growth and absorption. The 201,655-unit Boston metropolitan apartment market was loosened up a little in the third quarter by a surge of new supply, but rent gains accelerated further. Overall the demand seems endless, and the large number of apartment projects under construction, planned, and proposed have not caused even the whisper of concern about a glut. There is greater concern about a coming glut of suburban houses as the Baby Boomers look to sell, and housing affordability for the less affluent, but more debt encumbered generations, that have followed them.

Occupancy

Reis reports a third quarter 2013 vacancy rate of 3.8% for metro Boston, up 20 basis points from the prior quarter but unchanged from a year earlier. The rate had peaked at 6.5% in the first quarter of 2010; the second quarter 2013 rate of 3.6% is the cyclical low for now. The third quarter Class A vacancy rate was 5.1%, up 60 basis points from the quarter before and 70 from a year earlier thanks to the new supply.

Affordable housing remains scarce in metro Boston, with a Class B/C vacancy rate of 2.9% that is unchanged from the prior quarter and down 50 basis points from a year earlier. "BostonPads conducted an extensive study to find that the real time Boston, M.A. apartment vacancy rate is 3.4% in the Greater Boston area," the firm claimed via *PR Web* in August. "The 3.4% is based on analyzing the data of over 69,000 apartment listings"—excluding luxury buildings. According to

Reis, the vacancy rate was below 3.0% for an extended period in the 1990s, but that seems like ancient history.

Until 1994 the cities of Boston and Cambridge had rent regulation laws in effect, and low rents discouraged new supply and market fluidity. Reis predicts new supply will continue to meet demand through 2017, keeping the vacancy rate around 4.0%.

Supply and Demand

The third quarter saw 1,113 market-rate apartments complete construction within established Reis submarkets, in four projects. Net absorption totaled 660 units for the quarter, accounting for the increase in vacancy, including 564 Class A units absorbed and 96 for Class B/C. The gap between new supply and net demand is much smaller year-to-date, at 1,754 units completed and 1,613 units absorbed. It is expected to disappear altogether by the end of 2013, when the vacancy rate is forecast to slip to 3.7%.

Boston experienced the largest apartment construction boom in decades from 2005 to 2009, with an average of nearly 4,200 units added per year. Among other things, that surge of housing availability allowed population growth in metro Boston to nearly match the U.S. average for a few years from 2007 to 2011. With more than 7,500 units (7,140 market-rate) under and many more planned and proposed, the current pipeline is reminiscent of the mid-2000s, although back in those years far more for-sale housing was also under construction.

Reis reports just 256 condominium units have completed construction year-to-date, leaving just 286 under construction. Following the completion of about 2,350 apartment units this year, Reis predicts around 4,000 will be added in both 2014 and 2015. Although net absorption is forecast to be strong in those years, at about 3,500 and 3,180 units, respectively, the vacancy rate is expected to edge up slightly. This, according to the Reis forecast, will cause the pace of new apartment

construction to slow, leaving the average number of units added per year from 2013 to 2017 at just under 3,000, short of the number gained from 2005 to 2009. If demand warrants it, however, there are enough proposals in the pipeline for the number of apartments to increase further during the next few years. Thus demand, and particular demand by households with enough income to cover the cost of new construction in rent, rather than supply, will be the constraint on Boston apartments for the next half decade.

Rents

With lots of new units being shopped for tenants, metro Boston's average apartment rent increased significantly in the third quarter of 2013. The average asking rent increased 1.5% to $1,879 per month and the average effective rent rose 1.6% to $1,801 per month. The year-over-year gains are 3.7% and 3.9%, respectively, with the latter in excess of the year-over-year gain in household average income metrowide.

The Class A asking average for the third quarter is $2,322 per month, up 1.5% during the quarter and 4.4% from a year earlier. The Class B/C asking average is up 1.2% over three months and 2.4% over twelve at $1,557 per month. "While the market is fairly tight and rents have risen 20% in the past two years, there is more inventory this year than last year at this time," according to the PR Web release from BostonPads. "Boston apartment seekers have more negotiating power than they normally would going into the fall. Numerous Greater Boston landlords are getting nervous because they do not want to go vacant and thus may be willing to negotiate on price or terms of the lease." The fall season is crucial given how many apartments in metro Boston are leased to students. "The available pool of people looking to move in Boston dramatically dwindles going into the Fall and Winter." Reis sees the opposite trend in the short run.

The asking and effective averages are forecast to rise 3.8% and 4.1%, respectively, for all of 2013, up from the gains of 3.0% and 3.6% in 2012. But annual increases are forecast to slow to around 3.5% in 2014 and to 2.5% or less in the years to follow, reducing the pressure on tenants. Since Boston rents are high to begin with, following years of steady increases interrupted by a rare modest decrease, these more modest gains are still good news for landlords.

From the end of 2012 to the end of 2017 the average asking rent is forecast to increase by $276 per month and the average effective rent by $269 per month.

Sales and Cap Rates

The dollar value of qualifying single-property Boston apartment investment sales in the third quarter of 2013 was again typical of the quarterly averages over the past few years (the quarter saw 25 sales for $247 million at a mean price of $289,440 per unit). The mean price was the highest since the third quarter of 2012. Third quarter's two largest sales feature properties that completed construction in 2006. In July, General Investment & Development Companies sold the 193-unit Windsor Green at Andover in Andover to The Hamilton Company for $62.5 million ($323,834 per unit). And in September, Kenney Development sold the 136-unit James Court in Boston to BlackRock Realty Advisors for $53.5 million ($393,787 per unit). Cap rates were low at 3.6% and 4.6%, respectively.

The Mystic River/Route 128 submarket held the top spot among the submarkets for the dollar value of sales over the past four quarters at $246 million, and in units sold at 1,386. The Central City/Back Bay submarket leads in mean price at $419,172 per unit.

The high value properties selling during the third quarter pushed the mean cap rate down 240 basis points to 4.8%. The rolling 12 month cap rate, a lagging but more stable figure, was up 30 basis points to 6.0%, however. The overall trend is for Boston's mean cap rate to be well below the U.S. and Northeast Region averages in most quarters. Reis predicts the rolling 12 month mean will spend much of the 2014 to 2017 period in the vicinity of 5.5%, even as the rate on 10-year U.S. treasury bonds increases and the spread thus decreases.

Charlestown Submarket Activity

Boston and Cambridge have the most prestigious rental addresses in the metropolitan area. In the 14,026-unit Boston City submarkets (which includes the subject neighborhood, but excludes the uber-expensive core downtown markets) Reis reports a vacancy rate of 2.9%, and an average asking rent of $1,650 per month. The vacancy rate decreased 10 basis points during the third quarter, and it is unchanged from a year earlier. The average asking rent increased 1.1% during the quarter, with the average effective rent up 1.0% to $1,581 per month. The year-over-year gains are 2.5% and .7%, respectively.

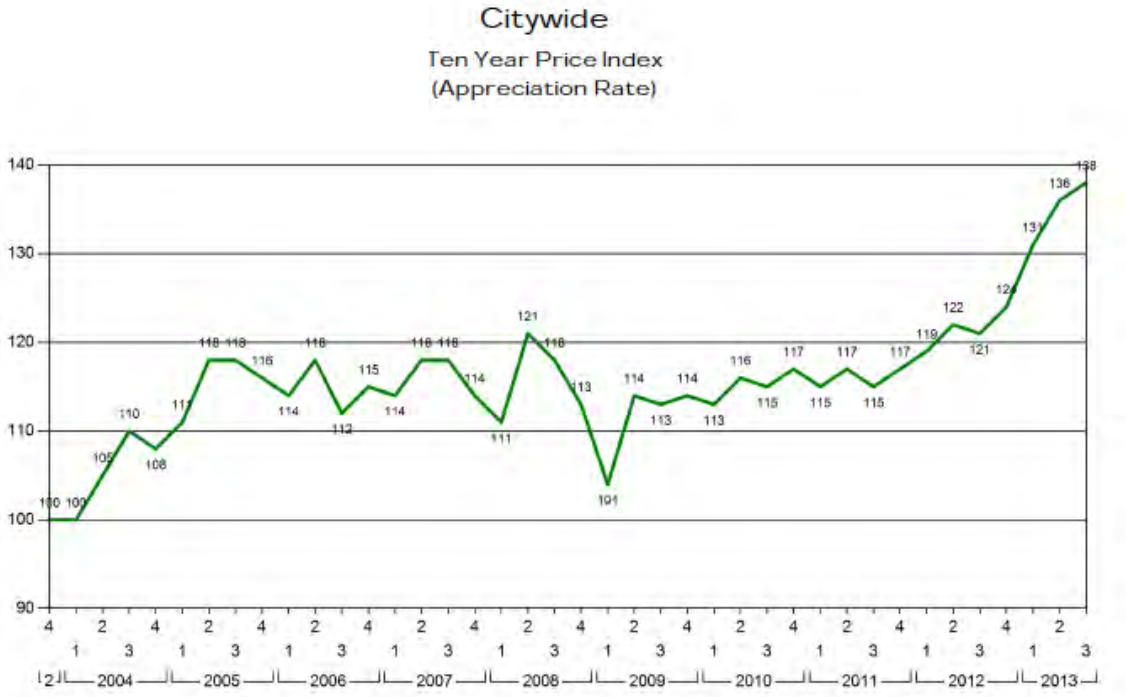
Six projects with 1,130 market-rate units are under construction here, with more ground breakings expected. While just 156 units are expected to complete construction in 2013 all told, the projection for 2014 and 2015 combined is 1,585 new market-rate units.

Rental apartment development is seen as the prime market opportunity for the Sullivan Square study area – offering both an opportunity to leverage the transit advantages of the MBTA Orange Line as well as the rent levels to support feasible new construction.

Condominium Housing Market Overview

City-Wide Price Trends

According to The Listing Information Network (LINK), which tracks recorded real estate sales for the Boston neighborhoods, the condominium market in Boston has shown continued strength over the past 25 years; with steady, progressive median price increases and relatively small declines during recession year. Note that the median city-wide price for Boston was off only 6% in 2009 and has been improving ever since with dramatic increases in the last 12 months through Q3 2013 (the most recent quarter for which there is data).



The annual median condominium price increase in Boston in 2010 was 3.4%, 1.2% in 2011 and increased another 3.51% in 2012. More striking is the return of deal velocity, with annual sales activity now back to pre-recession levels.

Citywide

Yearly Sales Summary
2012

Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg Psf	%+-	Med Psf	%+-	Avg DOM
2006	3354	-12.68 %	$588,689	-2.72 %	$444,950	-4.31 %	$569.25	-1.17 %	$548.78	-1.88 %	90
2007	3421	2.00 %	$627,248	6.55 %	$460,000	3.38 %	$572.77	0.62 %	$550.67	0.35 %	96
2008	2948	-13.83 %	$731,518	16.62 %	$475,000	3.26 %	$604.74	5.58 %	$566.47	2.87 %	91
2009	2479	-15.91 %	$599,032	-18.11 %	$445,000	-6.32 %	$556.32	-8.01 %	$528.54	-6.69 %	105
2010	2567	3.55 %	$680,059	13.53 %	$470,000	5.62 %	$575.29	3.41 %	$546.80	3.45 %	101
2011	2579	0.47 %	$673,365	-0.98 %	$474,250	0.90 %	$582.23	1.21 %	$545.44	-0.25 %	96
2012	3324	28.89 %	$695,183	3.24 %	$501,250	5.69 %	$602.65	3.51 %	$565.60	3.70 %	79

Average and Median Selling Prices

All of Boston's neighborhoods registered strong increases in 2012 median prices and the City-wide Q3 2013 year over year growth in the median pricing registers at +7.7% per unit and +12.68% per SF, with averages at +9.97% per unit and +12.43% per SF.

Citywide

Quarterly Sales Summary
Third Quarter 2013

Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg Psf	%+-	Med Psf	%+-	Avg DOM
2007	1002	4.70 %	$563,401	1.58 %	$439,000	4.77 %	$569.27	2.10 %	$549.00	1.09 %	82
2008	983	-1.90 %	$715,062	26.92 %	$460,000	4.78 %	$602.32	5.81 %	$562.98	2.55 %	88
2009	891	-9.36 %	$561,982	-21.41 %	$434,500	-5.54 %	$549.56	-8.76 %	$528.43	-6.14 %	96
2010	672	-24.58 %	$662,786	17.94 %	$475,000	9.32 %	$573.80	4.41 %	$555.57	5.14 %	98
2011	826	22.92 %	$630,379	-4.89 %	$457,750	-3.63 %	$572.87	-0.16 %	$536.81	-3.38 %	87
2012	1043	26.27 %	$649,978	3.11 %	$487,500	6.50 %	$588.07	2.65 %	$553.56	3.12 %	70
2013	1153	10.55 %	$714,765	9.97 %	$525,000	7.69 %	$661.15	12.43 %	$623.77	12.68 %	46

Average and Median Selling Prices

Neighborhood Sale Trends and Comparisons

2012 Sales Summary

City	Sales	%+-	Avg Sell	%+-	Med Sell	%+-	Avg Psf	%+-	Med Psf	%+-	DOM
Back Bay	575	28.35 %	$1,161,133	1.48 %	$750,000	-2.60 %	$808.23	2.72 %	$754.30	4.78 %	98
Beacon Hill	219	19.67 %	$721,406	2.71 %	$520,000	4.00 %	$730.32	4.25 %	$722.49	6.74 %	77
Charlestown	363	42.35 %	$470,743	0.72 %	$432,000	2.61 %	$447.53	1.89 %	$452.10	0.18 %	75
Fenway	187	26.35 %	$354,358	12.42 %	$340,000	17.24 %	$521.21	8.24 %	$533.17	7.72 %	60
Leather District	44	91.30 %	$597,753	1.46 %	$582,750	5.00 %	$478.77	7.44 %	$472.21	6.81 %	84
Midtown	147	28.95 %	$1,067,332	-6.90 %	$936,234	7.86 %	$845.47	1.56 %	$865.38	6.28 %	110
North End	99	41.43 %	$472,925	5.41 %	$410,000	9.53 %	$615.22	10.65 %	$605.26	15.73 %	62
Seaport	120	53.85 %	$699,834	12.95 %	$608,750	12.84 %	$509.70	7.59 %	$502.61	7.90 %	85
South Boston	689	31.99 %	$416,958	11.01 %	$395,000	8.97 %	$389.78	4.83 %	$390.56	4.91 %	75
South End	646	15.56 %	$707,756	7.79 %	$573,750	3.38 %	$629.71	3.77 %	$626.06	2.79 %	61
Waterfront	185	44.53 %	$917,615	-5.14 %	$725,000	13.64 %	$692.83	6.86 %	$629.72	7.57 %	108
West End	50	-1.96 %	$395,050	7.48 %	$381,500	5.97 %	$436.87	3.94 %	$433.24	3.23 %	50

We note that the Charlestown market remains one of the City's most robust markets both in terms of deal velocity and pricing.

2013 Third Quarter Sales Summary

City	Sales	%+-	Avg Sell	%+-	Med Sell	%+-	Avg Psf	%+-	Med Psf	%+-	DOM
Back Bay	178	-0.56 %	$1,102,086	6.37 %	$737,500	31.23 %	$872.36	8.15 %	$809.43	8.06 %	44
Beacon Hill	61	5.17 %	$652,626	-9.32 %	$554,000	6.85 %	$777.83	4.52 %	$784.56	5.00 %	37
Charlestown	151	26.89 %	$572,459	27.22 %	$470,000	16.05 %	$512.38	13.78 %	$510.16	11.92 %	44
Fenway	58	7.41 %	$411,034	21.90 %	$358,750	9.30 %	$584.10	15.66 %	$610.59	14.05 %	21
Leather District	11	0.00 %	$651,773	7.19 %	$590,000	17.53 %	$556.32	14.03 %	$587.41	22.79 %	30
Midtown	42	23.53 %	$1,513,496	64.78 %	$983,500	5.19 %	$929.73	12.01 %	$939.40	14.41 %	163
North End	45	50.00 %	$485,278	-8.27 %	$465,000	-2.92 %	$653.62	1.94 %	$645.16	5.04 %	51
Seaport	28	-39.13 %	$708,686	0.19 %	$628,500	5.63 %	$567.94	13.06 %	$572.07	14.70 %	99
South Boston	280	7.28 %	$456,120	5.74 %	$445,500	7.81 %	$466.60	20.24 %	$455.53	15.95 %	35
South End	226	25.56 %	$780,063	15.34 %	$598,750	6.21 %	$726.00	17.27 %	$716.35	15.97 %	26
Waterfront	56	-5.08 %	$956,493	5.24 %	$706,500	-0.42 %	$760.27	12.12 %	$689.66	11.91 %	79
West End	17	41.67 %	$463,118	18.34 %	$430,000	19.61 %	$529.53	15.42 %	$535.30	17.19 %	83

Sale Trends by Unit Sizes and Types

Increases in median prices per SF were registered for all bedroom typologies and most unit size tiers – with the greatest absolute and PSF increases recorded for the City's smallest and largest units.

Citywide

Sales Comparison by Number of Bedrooms

2012

Beds	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
Studio	2010	82	-28.70 %	$297,048	5.28 %	$291,000	5.82 %	$595.13	0.62 %	$572.35	-1.04 %	67
	2011	79	-3.66 %	$284,107	-4.36 %	$272,500	-6.36 %	$617.39	3.74 %	$599.48	4.74 %	88
	2012	124	56.96 %	$299,408	5.39 %	$289,000	6.06 %	$672.05	8.85 %	$639.62	6.70 %	65
One Bed	2010	843	-0.12 %	$416,106	1.03 %	$385,000	5.24 %	$575.05	1.80 %	$564.13	0.84 %	91
	2011	856	1.54 %	$412,201	-0.94 %	$375,000	-2.60 %	$565.05	-1.74 %	$544.04	-3.56 %	89
	2012	1079	26.05 %	$446,718	8.37 %	$410,000	9.33 %	$597.70	5.78 %	$578.08	6.26 %	66
Two Beds	2010	1240	4.55 %	$655,839	5.41 %	$525,000	0.86 %	$551.82	2.52 %	$513.56	3.19 %	101
	2011	1208	-2.58 %	$695,153	5.99 %	$560,000	6.67 %	$570.89	3.46 %	$532.41	3.67 %	95
	2012	1561	29.22 %	$712,489	2.49 %	$571,000	1.96 %	$586.83	2.79 %	$541.67	1.74 %	81
Three Plus Beds	2010	343	47.21 %	$1,515,486	10.99 %	$1,150,000	9.52 %	$660.80	6.32 %	$600.00	0.92 %	127
	2011	308	-10.20 %	$1,510,577	-0.32 %	$1,174,638	2.14 %	$663.85	0.46 %	$584.66	-2.56 %	117
	2012	405	31.49 %	$1,454,490	-3.71 %	$1,035,000	-11.89 %	$658.47	-0.81 %	$615.63	5.30 %	105

Annual price growth in 2012 was registered for all bedroom typologies and most unit size tiers – with the greatest absolute and PSF increases recorded for the City's smallest and largest units. Year over year PSF increases for Q3 2013 were +2.91% for studios ($639.62/SF) and 10.02% for three-plus bedroom units ($595.50/SF).

Citywide

Sales Comparison by Number of Bedrooms

Third Quarter 2013

Beds	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
Studio	2011	34	88.89 %	$294,197	-6.45 %	$282,500	-4.88 %	$620.36	5.45 %	$605.72	7.71 %	73
	2012	55	61.76 %	$300,998	2.31 %	$290,000	2.65 %	$685.92	10.57 %	$670.55	10.70 %	48
	2013	22	-60.00 %	$341,477	13.45 %	$343,500	18.45 %	$718.24	4.71 %	$690.09	2.91 %	33
One Bed	2011	273	20.26 %	$400,628	-7.12 %	$365,000	-9.54 %	$554.42	-4.49 %	$531.84	-9.65 %	82
	2012	340	24.54 %	$442,491	10.45 %	$402,500	10.27 %	$591.26	6.65 %	$561.54	5.58 %	60
	2013	425	25.00 %	$460,972	4.18 %	$430,000	6.83 %	$661.51	11.88 %	$644.88	14.84 %	41
Two Beds	2011	384	16.36 %	$685,066	6.86 %	$550,500	4.91 %	$562.43	2.23 %	$520.83	-2.51 %	90
	2012	462	20.31 %	$664,135	-3.06 %	$540,000	-1.91 %	$565.62	0.57 %	$520.95	0.02 %	72
	2013	528	14.29 %	$771,929	16.23 %	$611,000	13.15 %	$644.31	13.91 %	$596.49	14.50 %	44
Three Plus Beds	2011	84	-1.18 %	$1,391,658	-6.06 %	$1,195,000	0.84 %	$657.92	1.09 %	$615.59	-5.47 %	93
	2012	129	53.57 %	$1,326,573	-4.68 %	$869,000	-27.28 %	$622.14	-5.44 %	$541.27	-12.07 %	95
	2013	106	-17.83 %	$1,600,585	20.65 %	$1,004,500	15.59 %	$739.39	18.85 %	$595.50	10.02 %	73

Citywide

Sales Comparison by Square Footage
2012

Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
700 or Less	2010	611	-2.08 %	$319,663	0.33 %	$320,000	1.59 %	$583.62	-0.80 %	$584.91	-1.11 %	77
	2011	626	2.45 %	$312,823	-2.14 %	$307,000	-4.06 %	$568.77	-2.54 %	$557.91	-4.62 %	87
	2012	764	22.04 %	$337,526	7.90 %	$331,000	7.82 %	$621.24	9.22 %	$606.34	8.68 %	60
701-1000	2010	726	-5.10 %	$442,929	1.74 %	$421,000	3.44 %	$524.54	1.79 %	$508.28	3.89 %	88
	2011	664	-8.54 %	$460,770	4.03 %	$439,500	4.39 %	$547.33	4.34 %	$527.64	3.81 %	79
	2012	818	23.19 %	$467,402	1.44 %	$443,938	1.01 %	$557.20	1.80 %	$538.63	2.08 %	62
1001-1500	2010	740	13.15 %	$639,843	2.82 %	$578,000	1.40 %	$526.36	2.93 %	$485.81	1.38 %	99
	2011	702	-5.14 %	$650,690	1.70 %	$595,000	2.94 %	$532.30	1.13 %	$490.46	0.96 %	96
	2012	1024	45.87 %	$686,546	5.51 %	$609,688	2.47 %	$562.18	5.61 %	$514.39	4.88 %	85
1501-1800	2010	174	9.43 %	$1,040,782	8.95 %	$942,500	2.45 %	$633.10	7.86 %	$578.86	3.60 %	110
	2011	201	15.52 %	$1,064,890	2.32 %	$1,000,000	6.10 %	$655.97	3.61 %	$634.01	9.53 %	99
	2012	258	28.36 %	$1,038,044	-2.52 %	$982,500	-1.75 %	$634.13	-3.33 %	$607.05	-4.25 %	92
1800-2400	2010	166	23.88 %	$1,482,438	11.70 %	$1,454,770	10.84 %	$721.26	9.93 %	$696.81	11.72 %	155
	2011	171	3.01 %	$1,393,625	-5.99 %	$1,430,000	-1.70 %	$686.32	-4.84 %	$704.64	1.12 %	122
	2012	200	16.96 %	$1,391,568	-0.15 %	$1,342,490	-6.12 %	$681.97	-0.63 %	$653.20	-7.30 %	111
Over 2400	2010	101	50.75 %	$3,054,203	13.97 %	$2,625,000	4.42 %	$908.71	1.77 %	$913.36	5.34 %	187
	2011	94	-6.93 %	$2,907,329	-4.81 %	$2,450,000	-6.67 %	$944.32	3.92 %	$873.96	-4.31 %	182
	2012	108	14.89 %	$3,101,442	6.68 %	$2,862,500	16.84 %	$977.07	3.47 %	$947.13	8.37 %	141

We also note that contrary to what we see in some markets, Boston PSF prices tend to be highest for the smallest (under 700 SF) and largest units (over 1,800 SF).

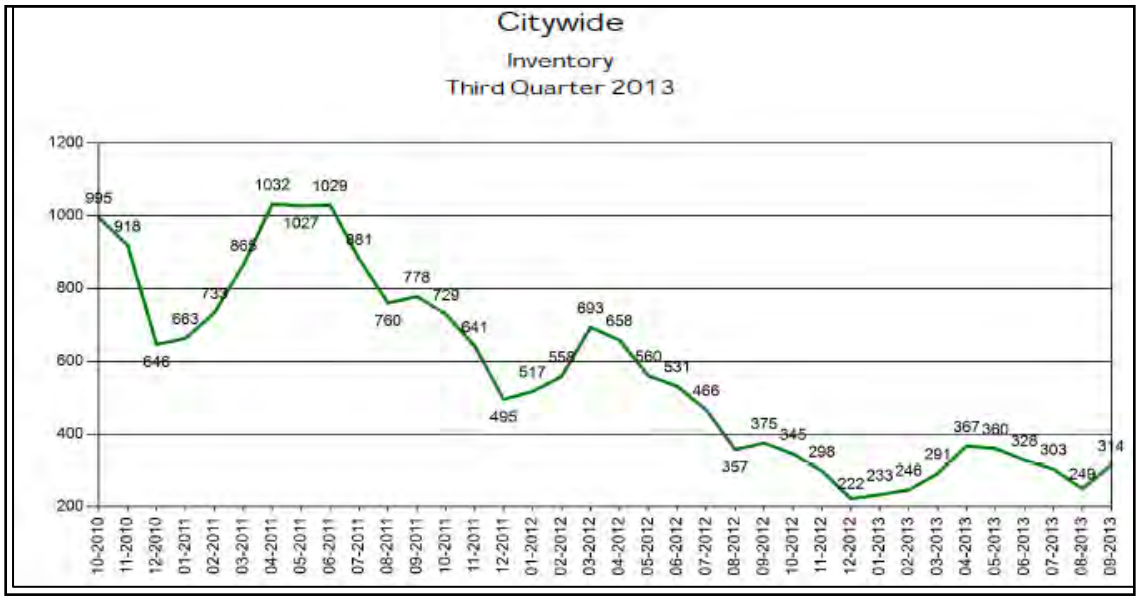
Citywide

Sales Comparison by Square Footage
Third Quarter 2013

Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
700 or Less	2011	207	32.69 %	$310,430	-7.93 %	$299,000	-8.70 %	$567.30	-4.34 %	$563.77	-8.05 %	85
	2012	256	23.67 %	$338,175	8.94 %	$335,000	12.04 %	$626.39	10.42 %	$597.44	5.97 %	54
	2013	302	17.97 %	$376,836	11.43 %	$367,500	9.70 %	$688.62	9.93 %	$678.81	13.62 %	38
701-1000	2011	216	16.76 %	$453,653	0.28 %	$426,250	0.53 %	$542.46	1.26 %	$515.31	-2.73 %	70
	2012	260	20.37 %	$460,032	1.41 %	$435,500	2.17 %	$551.56	1.68 %	$531.07	3.06 %	54
	2013	298	14.62 %	$514,798	11.90 %	$497,000	14.12 %	$616.46	11.77 %	$598.45	12.69 %	31
1001-1500	2011	219	3.30 %	$638,982	0.48 %	$590,000	2.16 %	$526.69	0.01 %	$490.23	1.52 %	81
	2012	310	41.55 %	$663,714	3.87 %	$580,000	-1.69 %	$540.62	2.64 %	$483.59	-1.36 %	75
	2013	311	0.32 %	$702,557	5.85 %	$650,000	12.07 %	$585.75	8.35 %	$556.22	15.02 %	46
1501-1800	2011	56	27.27 %	$1,079,643	2.15 %	$1,100,000	10.83 %	$659.21	2.47 %	$672.44	13.81 %	111
	2012	76	35.71 %	$952,735	-11.75 %	$916,000	-16.73 %	$580.85	-11.89 %	$553.23	-17.73 %	88
	2013	81	6.58 %	$1,119,647	17.52 %	$1,050,000	14.63 %	$685.33	17.99 %	$622.83	12.58 %	55
1800-2400	2011	50	21.95 %	$1,318,662	-6.85 %	$1,284,750	-12.40 %	$661.03	-2.41 %	$644.27	-8.37 %	115
	2012	53	6.00 %	$1,410,733	6.98 %	$1,365,000	6.25 %	$685.65	3.73 %	$631.44	-1.99 %	111
	2013	56	5.66 %	$1,776,922	25.96 %	$1,750,000	28.21 %	$879.96	28.34 %	$839.94	33.02 %	62
Over 2400	2011	27	22.73 %	$2,600,915	-12.47 %	$2,350,000	-5.70 %	$891.04	1.21 %	$839.90	-4.80 %	145
	2012	29	7.41 %	$2,941,333	13.09 %	$2,275,000	-3.19 %	$925.02	3.81 %	$855.17	1.82 %	142
	2013	32	10.34 %	$3,223,855	9.61 %	$2,875,000	26.37 %	$1,106.68	19.64 %	$1,072.27	25.39 %	132

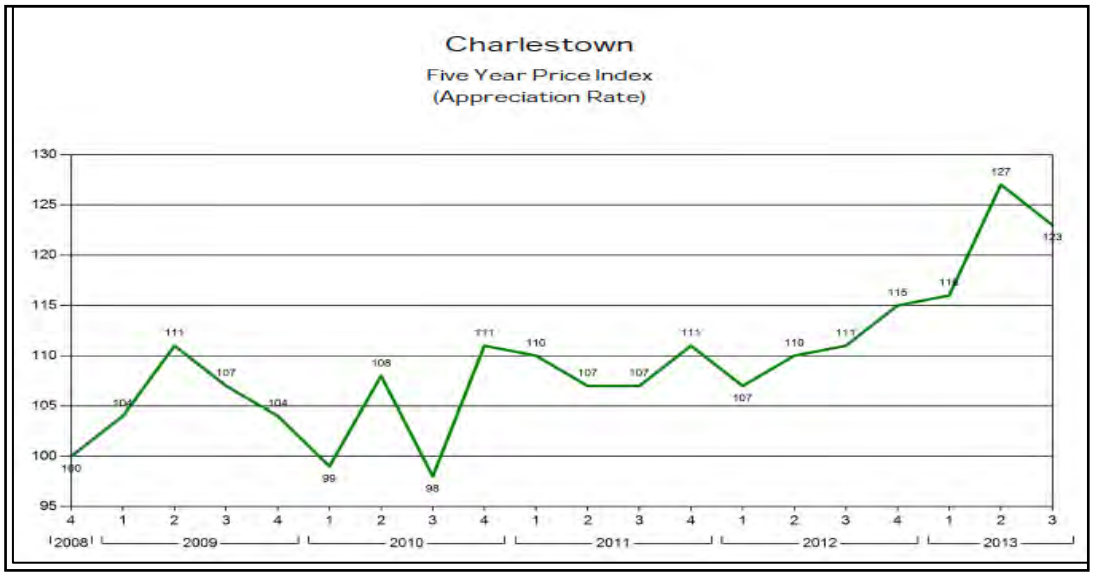
Current Unit Inventory

Also noteworthy is the decline in available inventory, which is now less than a third of what it was two years ago.



Charlestown Submarket Activity

The Charlestown submarket continues to be a reliable performer in terms of deal velocity and gross sales. The neighborhood has experienced appreciation of 25% in the 5 years since 2008, even after accounting for the recessionary 2008-2009 years, with over half of that occurring since the trough of the recession.



As indicated by the following tables, the median price growth was 2.6% in 2012 bringing the 2012 year-end median price to $432,000 ($452.10 PSF) and average days on the market averaging roughly 75 days. Q3, 2013 figures reflect the recent market tightening, with year over year median price growth of 16.05% and a Q3 2013 year-end median price of $470,000 ($510.16 PSF)

Charlestown

Yearly Sales Summary
2012

Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg Psf	%+-	Med Psf	%+-	Avg DOM
2006	308	-35.43 %	$477,676	-0.16 %	$434,000	-1.36 %	$471.03	-3.95 %	$464.57	-6.42%	87
2007	362	17.53 %	$491,127	2.82 %	$441,725	1.78 %	$447.88	-4.91 %	$448.31	-3.50%	99
2008	268	-25.97 %	$463,527	-5.62 %	$413,750	-6.33 %	$446.07	-0.40 %	$455.20	1.54%	103
2009	250	-6.72 %	$447,300	-3.50 %	$412,250	-0.36 %	$434.81	-2.52 %	$432.34	-5.02%	100
2010	244	-2.40 %	$459,926	2.82 %	$414,000	0.42 %	$433.24	-0.36 %	$435.85	0.81%	95
2011	255	4.51 %	$467,359	1.62 %	$421,000	1.69 %	$439.21	1.38 %	$451.28	3.54%	87
2012	363	42.35 %	$470,743	0.72 %	$432,000	2.61 %	$447.53	1.89 %	$452.10	0.18%	75

Average and Median Selling Prices

Charlestown

Quarterly Sales Summary
Third Quarter 2013

Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg Psf	%+-	Med Psf	%+-	Avg DOM
2007	109	13.54 %	$502,493	10.93 %	$440,000	4.90 %	$440.85	-7.36 %	$445.27	-2.16%	85
2008	93	-14.68 %	$484,914	-3.50 %	$432,000	-1.82 %	$452.65	2.68 %	$461.77	3.71%	104
2009	103	10.75 %	$446,480	-7.93 %	$415,000	-3.94 %	$434.95	-3.91 %	$434.33	-5.94%	106
2010	45	-56.31 %	$428,326	-4.07 %	$387,500	-6.63 %	$422.74	-2.81 %	$424.02	-2.37%	109
2011	85	88.89 %	$465,537	8.69 %	$395,000	1.94 %	$436.67	3.29 %	$440.76	3.95%	78
2012	119	40.00 %	$449,959	-3.35 %	$405,000	2.53 %	$450.34	3.13 %	$455.82	3.42%	59
2013	151	26.89 %	$572,459	27.22 %	$470,000	16.05 %	$512.38	13.78 %	$510.16	11.92%	44

Average and Median Selling Prices

Charlestown

Sales Comparison by Number of Bedrooms
2012

Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
Studio	2010	0	-100.00 or									
	2011	1		$230,900		$230,900		$493.38		$493.38		
	2012	0	-100.00 or									
One Bed	2010	77	0.00 %	$353,748	-0.55 %	$349,000	6.56 %	$474.93	1.35 %	$494.51	4.74 %	84
	2011	70	-9.09 %	$340,758	-3.67 %	$332,500	-4.73 %	$462.56	-2.60 %	$469.64	-5.03 %	86
	2012	110	57.14 %	$362,344	6.33 %	$342,750	3.08 %	$478.54	3.45 %	$483.79	3.01 %	59
Two Beds	2010	119	-8.46 %	$439,805	-7.01 %	$433,300	-6.11 %	$419.95	-1.01 %	$421.48	0.26 %	94
	2011	138	15.97 %	$470,943	7.08 %	$435,000	0.39 %	$436.28	3.89 %	$443.32	5.18 %	91
	2012	204	47.83 %	$497,887	5.72 %	$479,500	10.23 %	$441.78	1.26 %	$444.90	0.36 %	83
Three Plus Beds	2010	42	20.00 %	$731,903	21.13 %	$663,750	14.64 %	$390.83	-1.89 %	$384.14	1.31 %	118
	2011	37	-11.90 %	$701,411	-4.17 %	$615,000	-7.34 %	$404.48	3.49 %	$395.16	2.87 %	75
	2012	38	2.70 %	$633,944	-9.62 %	$588,750	-4.27 %	$384.78	-4.87 %	$368.79	-6.67 %	89

Analyzed by unit type one-bedroom units show an increase of 3.08%, two bedrooms up by 10.23% and the three bedroom-plus units down by 4.27% - largely a reflection of the mis-match between the primary Charlestown demand cohorts (which tend to be somewhat constrained by absolute price concerns) and the sheer size and thus price of units in this typology.

As indicated below, the median prices and prices per SF recorded for Charlestown in Q3, 2013 are up sharply over Q3, 2012 even for the largest unit types.

Charlestown

Sales Comparison by Number of Bedrooms
Third Quarter 2013

Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
Studio	2011	0										
	2012	0										
	2013	1		$275,000		$275,000		$625.00		$625.00		14
One Bed	2011	21	31.25 %	$316,105	-3.67 %	$316,000	-8.27 %	$450.48	-3.20 %	$457.48	-4.60 %	65
	2012	46	119.05 %	$359,050	13.59 %	$339,500	7.44 %	$478.22	6.16 %	$481.65	5.28 %	63
	2013	52	13.04 %	$377,862	5.24 %	$366,250	7.88 %	$548.04	14.60 %	$541.04	12.33 %	37
Two Beds	2011	53	130.43 %	$466,410	11.78 %	$427,500	-2.84 %	$427.80	7.52 %	$437.50	3.93 %	87
	2012	59	11.32 %	$482,195	3.38 %	$480,000	12.28 %	$434.59	1.59 %	$452.96	3.53 %	54
	2013	60	1.69 %	$590,331	22.43 %	$547,500	14.06 %	$502.58	15.65 %	$501.01	10.61 %	43
Three Plus Beds	2011	8	60.00 %	$854,463	0.95 %	$650,000	-18.75 %	$459.17	14.61 %	$469.15	19.22 %	49
	2012	10	25.00 %	$580,938	-32.01 %	$574,000	-11.69 %	$413.46	-9.96 %	$436.39	-6.98 %	79
	2013	20	100.00 %	$836,375	43.97 %	$745,250	29.83 %	$461.44	11.60 %	$442.28	1.35 %	64

An examination of the trends by unit size show similar patterns, with the smallest units (under 700 SF) registering an increase in median price of over 6% for the year ending 2012, with 701-1,000 SF units showing relatively stable pricing (in the face of a 17% increase in sales volume), 1,001 to 1,500 SF units down by 3.5% (against a 78% increase in sales volume), 1,501 to 1,800 SF units down 1.5% on small but expanding base volume (the number of sales in this category grew by over 30%), 1,800 to 2,400 SF unit prices down 1% (also on a small but growing base volume – sale activity in this category was up over 17%) and the largest units (over 2,400 SF) reporting prices at 22% below 2011 levels against a static sale inventory.

Charlestown

Sales Comparison by Square Footage

2012

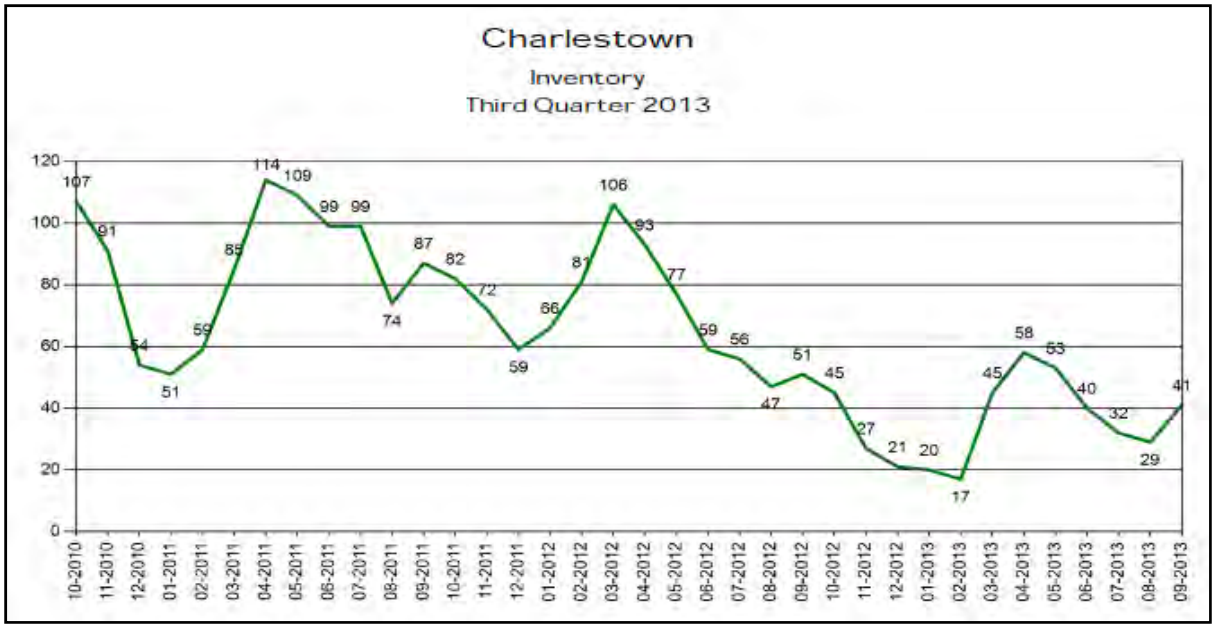
Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
700 or Less	2010	43	-6.52 %	$298,089	2.61 %	$318,000	2.58 %	$496.15	2.26 %	$514.76	4.04%	86
	2011	48	11.63 %	$284,567	-4.54 %	$303,500	-4.56 %	$463.34	-6.61 %	$491.75	-4.47%	91
	2012	70	45.83 %	$307,330	8.00 %	$322,100	6.13 %	$502.25	8.40 %	$510.69	3.85%	53
701-1000	2010	82	-8.89 %	$382,276	1.18 %	$379,750	7.27 %	$444.66	1.97 %	$448.09	1.12%	77
	2011	81	-1.22 %	$384,744	0.65 %	$387,000	1.91 %	$450.60	1.33 %	$456.85	1.95%	83
	2012	95	17.28 %	$386,422	0.44 %	$379,000	-2.07 %	$460.95	2.30 %	$466.52	2.12%	65
1001-1500	2010	81	2.53 %	$483,936	-6.61 %	$488,000	-5.15 %	$399.67	-6.00 %	$399.10	-6.42%	103
	2011	75	-7.41 %	$514,364	6.29 %	$518,000	6.15 %	$432.55	8.23 %	$443.49	11.12%	99
	2012	134	78.67 %	$505,067	-1.81 %	$499,500	-3.57 %	$425.51	-1.63 %	$422.76	-4.67%	85
1501-1800	2010	13	-23.53 %	$617,332	-7.38 %	$592,000	-10.64 %	$381.65	-6.61 %	$362.90	-8.26%	117
	2011	20	53.85 %	$629,838	2.03 %	$600,750	1.48 %	$388.22	1.72 %	$381.63	5.16%	87
	2012	26	30.00 %	$660,996	4.95 %	$592,000	-1.46 %	$398.06	2.54 %	$376.52	-1.34%	74
1800-2400	2010	7	-50.00 %	$778,429	13.13 %	$787,000	22.20 %	$392.42	15.24 %	$393.51	23.73%	198
	2011	17	142.86 %	$762,382	-2.06 %	$785,000	-0.25 %	$395.98	0.91 %	$395.90	0.61%	88
	2012	20	17.65 %	$803,050	5.33 %	$775,000	-1.27 %	$403.84	1.99 %	$398.74	0.72%	115
Over 2400	2010	12	1,100.00 %	$1,140,986	-21.31 %	$1,151,667	-20.57 %	$436.05	-17.48 %	$449.50	-14.94%	105
	2011	5	-58.33 %	$1,213,640	6.37 %	$1,300,000	12.88 %	$473.85	8.67 %	$474.28	5.51%	16
	2012	5	0.00 %	$1,139,140	-6.14 %	$1,010,000	-22.31 %	$448.63	-5.32 %	$405.13	-14.58%	83

As shown in the table that follows, the Q3, 2013 data by unit size is less useful as the sales are distributed over several categories reducing the sample in some tiers below counts that can be effectively analyzed. Nonetheless, the information shows the recent, upturn in median prices per unit and SF experienced for the most actively traded unit sizes (under 700 SF, 701-1000 and 1,001-1,500).

Charlestown

Sales Comparison by Square Footage
Third Quarter 2013

Sq Feet	Year	Sales	%+-	Avg Selling	%+-	Med Selling	%+-	Avg PSF	%+-	Med PSF	%+-	Avg DOM
700 or Less	2011	15	87.50 %	$281,500	-3.04 %	$287,500	-5.19 %	$455.73	-4.35 %	$466.47	-8.11%	96
	2012	27	80.00 %	$311,107	10.52 %	$325,000	13.04 %	$500.72	9.87 %	$511.96	9.75%	56
	2013	39	44.44 %	$351,305	12.92 %	$350,000	7.69 %	$576.56	15.15 %	$553.94	8.20%	38
701-1000	2011	31	72.22 %	$380,716	-2.65 %	$375,000	-2.91 %	$446.78	-1.49 %	$453.13	-0.41%	74
	2012	31	0.00 %	$373,787	-1.82 %	$368,000	-1.87 %	$453.92	1.60 %	$458.12	1.10%	62
	2013	32	3.23 %	$430,966	15.30 %	$443,250	20.45 %	$514.76	13.40 %	$510.16	11.36%	27
1001-1500	2011	22	57.14 %	$483,477	16.25 %	$484,500	8.39 %	$421.10	20.97 %	$438.39	20.30%	94
	2012	48	118.18 %	$495,456	2.48 %	$499,500	3.10 %	$418.81	-0.55 %	$420.38	-4.11%	63
	2013	39	-18.75 %	$592,548	19.60 %	$588,000	17.72 %	$469.00	11.99 %	$438.30	4.26%	50
1501-1800	2011	5	400.00 %	$572,350	-2.16 %	$601,500	2.82 %	$363.45	0.15 %	$376.17	3.66%	55
	2012	6	20.00 %	$741,250	29.51 %	$793,000	31.84 %	$434.66	19.59 %	$459.56	22.17%	56
	2013	11	83.33 %	$702,818	-5.18 %	$739,000	-6.81 %	$428.77	-1.35 %	$433.64	-5.64%	36
1800-2400	2011	6	500.00 %	$813,750	1.72 %	$817,500	2.19 %	$423.29	7.57 %	$404.53	2.80%	68
	2012	2	-66.67 %	$997,250	22.55 %	$997,250	21.99 %	$518.66	22.53 %	$518.66	28.21%	-1
	2013	9	350.00 %	$1,071,000	7.40 %	$959,000	-3.84 %	$545.28	5.13 %	$518.66	0.00%	108
Over 2400	2011	3	50.00 %	$1,262,733	0.62 %	$1,365,900	8.84 %	$499.94	0.45 %	$543.32	9.17%	9
	2012	0	-100.00 %									
	2013	4		$1,134,000		$1,275,000		$446.29		$495.89		33



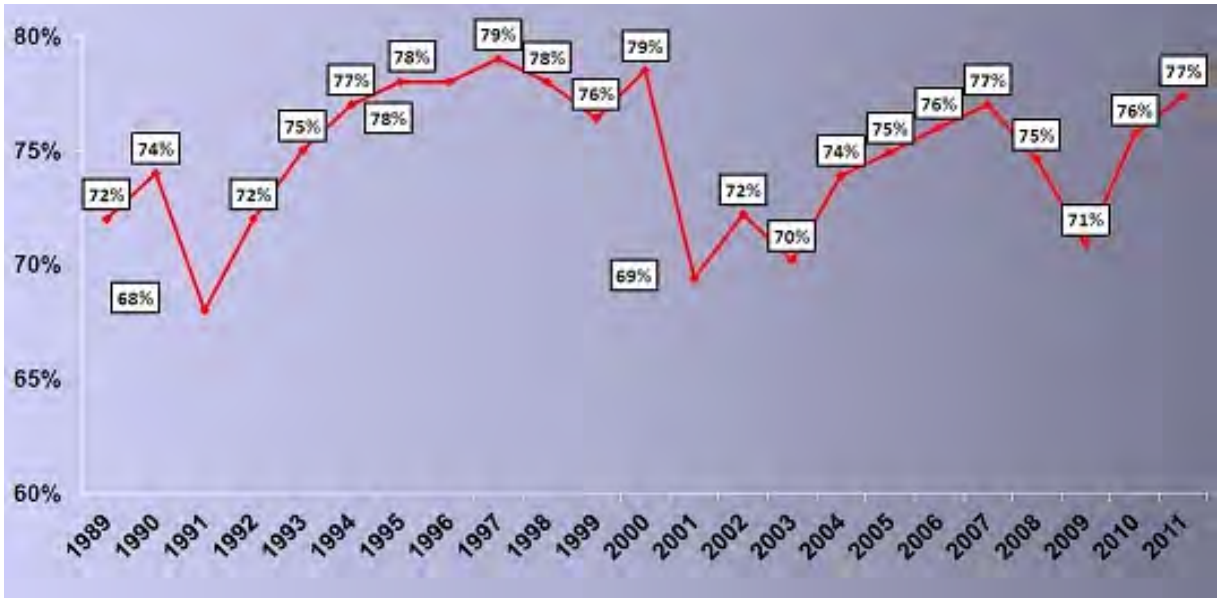
The last 12 months have been a banner year for Charlestown condominium sales with record volumes and record prices (both absolute and per SF) surpassing the 2007 peak – brought on by the lack of new supply and dwindling inventory in existing stock. At the end of September 2013 there were only 41 units available for sale in all of the Charlestown market.

The potential for condominium development in Sullivan Square is seen as speculative in the current market, but improving and we expect that this use could be part of a larger program of mixed use transit oriented development in the future.

Boston Lodging Market Overview

The tables below illustrate the performance of the Boston lodging market (all hotels). Each year, Pinnacle Advisory Group presents the Outlook of the Boston area lodging market to the Massachusetts Lodging Association. Occupancy and average rate data for the City of Boston has been compiled via the Pinnacle Perspective.

Boston/Cambridge Occupancy – 1989 - 2012



Source: Pinnacle Advisory Group

Boston/Cambridge Average Rate – 1989 –2012

Source: Pinnacle Advisory Group

Boston/Cambridge RevPAR – 1989 –2012

Source: Pinnacle Advisory Group

As noted in the charts above, occupancy in the Boston/Cambridge lodging market has ranged between 69 and 79 percent over the past ten years with the most drastic decline occurring in 2001 following the high-tech bust and the tragedy of September 11, 2001. Occupancy improved each year until 2008 when the economic recession impacted the city's lodging demand. 2010 demand increased as the economy improved and 2011 has been even stronger. Over the same ten year period, average rates had increased to a new peak of $213.94 in 2008, but declined in 2009 to $187.10. Similar to occupancy, rates have also increased in 2010 through 2012. The overall Boston statistics are positive indicators for the future prospects and illustrate the underlying strength of the broader market.

Hotel Supply Additions

During the course of our fieldwork, we interviewed local planning officials and area developers to ascertain the status of any proposed hotel developments. At this time, we have not identified any proposed projects under construction in the local market area that will compete directly with the subject hotel. Overall supply growth in the Boston MSA is extremely low at this time however as demand continues to grow, projects which are currently speculative may come to fruition.

In 2013, the amount of new supply in Boston will be limited to two new properties both of which are Residence Inns, one located in Fenway and another on Congress Street in the Seaport District. There are proposed hotels, both select-service and full-service, in the Seaport District in 2014 and beyond, many of which will be in conjunction with the proposed expansion of the convention center. Several of these proposed developments may have a direct or peripheral impact on the market going forward, but have not been included in our analysis due to their preliminary nature.

The following chart lists the proposed hotel projects in Boston; it is unlikely that all will move forward. Highlighted in grey are the proposed developments within the Seaport and Fort Point neighborhoods.

While the demand for new hotel development appears satisfied for the time being, the potential for casino development across the river in Everett, less than a mile from the subject site presents a game changer for potential hotel development at Sullivan Square – especially now that the prospects for casino development in East Boston have dimmed.

Proposed Hotels - Boston

Hotel	Area	Rooms	Comments
Chrisitan Science Center Hotel	Back Bay	300	Carpenter and Company has been selected to develop a large mixed use project on Belvedere Street that will include a hotel component. Details on the size and orientation of the proposed hotel are yet to be determined.
Mass Avenue	Back Bay	270	Samuels and Associates and Weiner Ventures was selected in March 2013 to develop a large mixed use project ove the Mass Pike at Mass Ave. and Boylston. Project includes a hotel as well as 50,000 SF of retail, and 230 residences. No brand has been selected. Timining is still unknown.
John Hancock Conference Center	Back Bay	150	The Saunders family has purchased the John Hancock Conference Center with the intention of building a mixed use tower that will include a hotel. It is still very early in the process. Brand and final room count are yet to be determined.
New Balance	Brighton	175	New Balance is considering a 175-room independent hotel as part of a larger mixed use project known as Boston Landing.
Cleveland Circle	Brighton	150	A local developer is working on a Hilton Garden Inn at this site.
Temple Street Autograph	Downtown / Financial District	243	Walton Street and Oxford Lodging have plans to open a 243 room Autograph. They purchased the building in 2012 for $23.3m. If this project goes forward it could open as early as mid 2015.
Hilton Garden Inn	East Boston	180	415 McClennan Hwy next to the Courtyard. The plans were approved by the BRA in mid February. Developer hopes to open in mid 2014.
Residence Inn	Fenway	175	Boylston Properties has secured financing for a 175 room Residence Inn at 121 Brookline Ave. Projected opening is June 2013.
Howard Johnson's Site	Fenway	225	The owner of this hotel has been evaluating the redevelopment of the site for several years. Most recently, they are rumored to be considering an independent property.
Aquarium Garage	Financial District	250	Donald Chiafaro is planning a mixed use development that could include a luxury hotel component. He is reportedly looking at 5-star brands.
South Station	Financial District	160	Hines Development has plans to develop a 160-room 4+ star hotel as part of a large mixed use development. No operator or brand has been identified. This project has been dormant for several years.
Government Center Garage	Government Center	300	Raymond Properties is working on a large mixed use project to include at least one hotel. No decisions have been made as to size or orientation/affiliation.
North Station	North Station	300	Boston Properties is rumored to be considering a full-service hotel adjacent to North Station.
Courtyard by Marriott	North Station	209	Boston Development Group has plans to develop this Courtyard by Marriott as part of a larger mixed-use development that was to include a Town Place Suites, that has now been eliminated. The development is known as Parcel 1B over the Central Artery adjacent to Causeway Street. It also includes 249 apartments, parking and ground floor retail. They are reportedly having trouble securing financing.
Dudley Square	Roxbury	150	Urbanica was selected to develop a hotel on Washington Street. A market study has been completed but the developer has no experience with hotels.
Residence Inn NorthEastern	Ruggles T Stop	175	Norheastern University has had approval to build a 175-room Residence Inn adjacent to the Ruggles T stop for several years. They are working on financing.
BCEC Select Service Hotels (2)	South Boston Waterfront District	500	In February 2013, the MCCA selected Commonwealth Ventures to develop two select service hotels on land owned by the MCCA on D Street. The properties will be branded as Aloft and Elements and will be operated by Starwood. Projected opening is fall 2015.
Westin Waterfront Phase II	South Boston Waterfront District	325	The developers of the Westin Waterfront have an option to expand the hotel by adding 325 guest rooms and extensive meeting space.
Seaport Square	South Boston Waterfront District	135	Norwich Partners has plans to develop an Autograph hotel in the South Boston Waterfront District. It does not yet have financing.
Pier 4	South Boston Waterfront District	360	New England Development had plans for 360 room hotel with 20,000 square feet of meeting space, however, that project is rumored to be on hold.
Fan Pier	South Boston Waterfront District	175	Fallon Companies has been in negotiations to develop a 5-star hotel as a centerpiece of the Fan Pier development project. This project has been delayed several times. It is not expected to open before 2017.
Nstar Parcel	South Boston Waterfront District	0	After being marketed as two select service hotels the developer is trying to do residential.
Cambria Suites	South Boston Waterfront District	150	Terry Conroy is studying a 150-room Cambria Suites to be developed at D and Cypher. Still very preliminary at this time.
BCEC Headquarters Hotel	South Boston Waterfront District	1,000	The MCCA is expected to issue an RFP for a 1,000-room headquarters hotel with adjacent select service hotel
Parcel K	South Boston Waterfront District	250	Land is owned by Massport. Developers are looking at builing a 150-250 room hotel and residendial complex. Discussions with Massport are underway but project is very preliminary
Residence Inn	South Boston Waterfront	120	Located at 368 Congress Street this project is expected to open June 2013. Norwich Partners is the developer
Albany Street	South End	300	The Normandy Group received approval from the BRA in October 2010 for a 210-room select service hotel and a 198 room extended stay hotel with a restaurant and 137 parking space garage. They have reportedly been marketing the site since early 2012.
Theater District	Theater District	210	Parcel 7a - 240 tremont street - could be a 240 room "micro"hotel.
Compiled by Pinnacle Advisory Group		6,937	

Sullivan Square Parcel Evaluations

Land Use Potentials

Based on the market investigations conducted for this study, the tables below summarize our conclusions regarding the short and long term development potentials for the sites to be created in Sullivan Square along with development parameters used to assist with capacity and financial studies undertaken for the parcels.

Development Parameters	Rental Housing	Condo Housing
Competitive Attributes		
Demand Targets	Value-Seeking (primarily younger cohorts)	Value-Seeking (primarily younger cohorts)
Expected Future Prospects (10 year horizon)	Improving	Improving
Primary Advantage	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion
Current Feasibility	Good	Poor
Future Feasibility	Excellent	Good
Probability of Market Response	Good	Poor
Site Features	**(Importance on a Scale of 1-5; Least to Most)**	
Visibility	2	2
Access	4	5
Address	3	4
Building Features		
Building Typology	Midrise	Midrise
Minimum Project Size (GSF)	100,000	35,000
Maximum Project Size (GSF)	200,000	70,000
Efficiency Expectations	85%	80%
Minimum RSF, Units or Keys	110	40
Maximum RSF, Units or Keys	230	70
Preferred Floor Plate Size	15,000-30,000	7,500-15,000
Parking Requirements		
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure

Development Parameters	Office	Hotel
Competitive Attributes		
Demand Targets	Value-Seeking (2ndary markets - back office, professional service, medical build-to-suit)	Value-Seeking (limited and select service)
Expected Future Prospects (10 year horizon)	No change	Dramatic improvement with Casino
Primary Advantage	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion
Current Feasibility	Good-with identified Tenant	Poor
Future Feasibility	Good-with identified Tenant	Good/Excellent - but only with Casino
Probability of Market Response	Fair	Poor/Excellent
Site Features	**(Importance on a Scale of 1-5; Least to Most)**	
Visibility	3	5
Access	5	4
Address	4	2
Building Features		
Building Typology	Midrise	Midrise
Minimum Project Size (GSF)	50,000	75,000
Maximum Project Size (GSF)	100,000	150,000
Efficiency Expectations	100%	85%
Minimum RSF, Units or Keys	50,000	100
Maximum RSF, Units or Keys	100,000	200
Preferred Floor Plate Size	15,000-30,000	20,000-40,000
Parking Requirements		
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure

Development Parameters	R&D/Lab	Retail/F&B	Institutional (Med/Ed)
Competitive Attributes			
Demand Targets	Value-Seeking (alternative to Kendall, North Point)	Ancillary To Other Uses (commuter and onsite)	Value-Seeking (2ndary markets - back office, professional service, medical build-to-suit)
Expected Future Prospects (10 year horizon)	No change	No change	No change
Primary Advantage	Transit	Transit	Transit
Primary Disadvantage	Traffic congestion	Traffic congestion	Traffic congestion
Current Feasibility	Good-with identified Tenant	Good near station/Poor elsewhere	Good-with identified Tenant
Future Feasibility	Good-with identified Tenant	Good near station/Fair elsewhere with full build-out	Good-with identified Tenant
Probability of Market Response	Poor	Fair	Poor
Site Features	**(Importance on a Scale of 1-5; Least to Most)**		
Visibility	2	5	2
Access	5	5	5
Address	3	2	2
Building Features			
Building Typology	Midrise	Ground Level	Midrise
Minimum Project Size (GSF)	250,000	1,000	50,000
Maximum Project Size (GSF)	500,000	5,000	100,000
Efficiency Expectations	100%	100%	70%
Minimum RSF, Units or Keys	250,000	1,000	35,000
Maximum RSF, Units or Keys	500,000	5,000	70,000
Preferred Floor Plate Size	100,000-200,000	N/A	25,000-50,000
Parking Requirements			
Parking Type: in general, might want to be a shared vision.	Surface/Above Grade Structure	Surface/Above Grade Structure	Surface/Above Grade Structure

Feasibility Tests

We note that only the residential schemes produce positive feasibility in today's market and that these will be need to be subjected to further economic testing as the market evolves and the implementation of a disposition process draws nearer. We also note that the potential for development of a casino across the river in Everett could materially affect development potentials in the Sullivan Square study area – offering greater opportunities for lodging and other commercial use programs.

Attachment C

Charlestown Neighborhood Council Meeting

October 18, 2011

Presented by:

CITY OF BOSTON

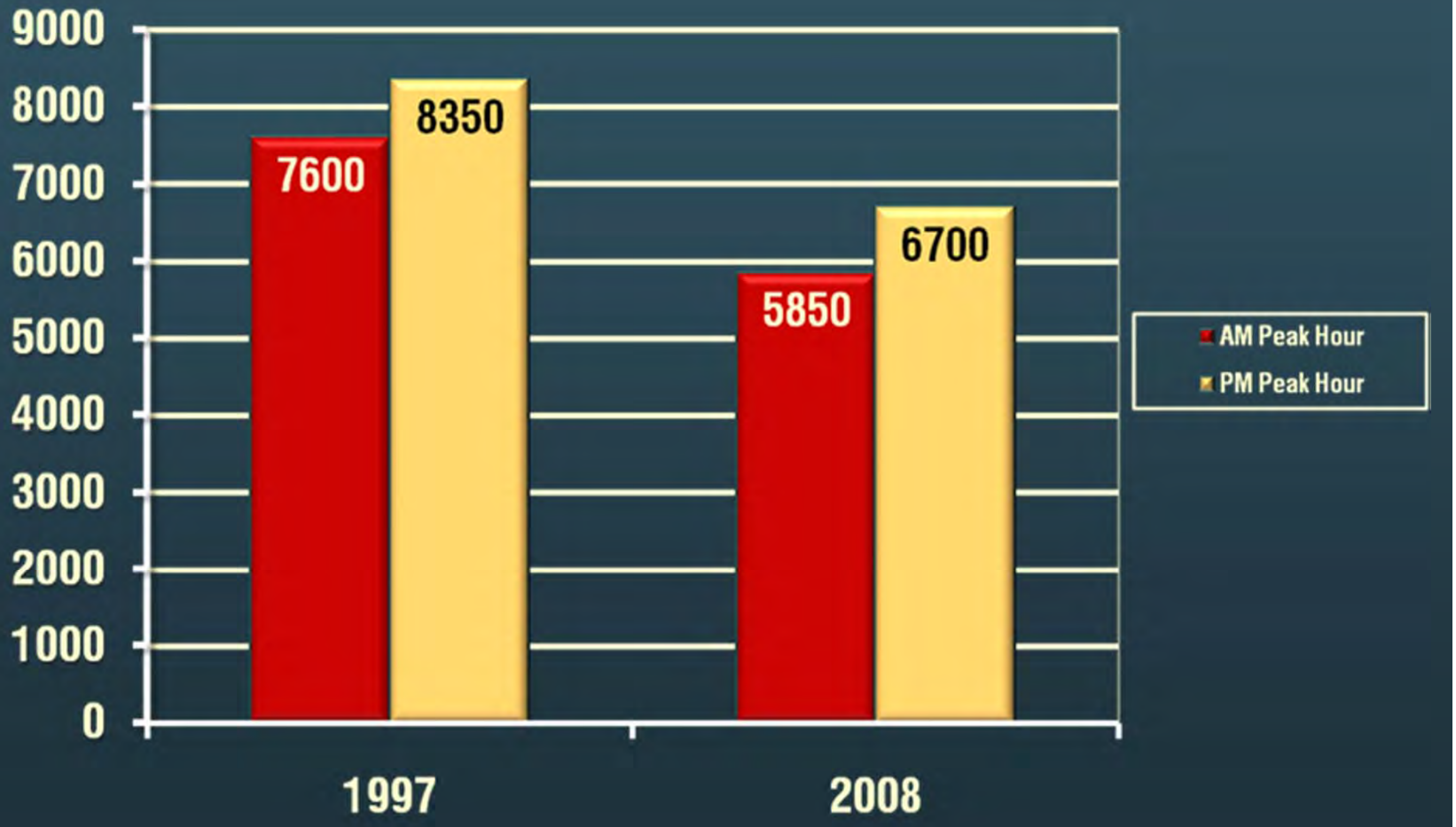
Boston Transportation Department

Tetra Tech Rizzo
The Cecil Group
Brown Richardson & Rowe
Jacobs Engineering Group

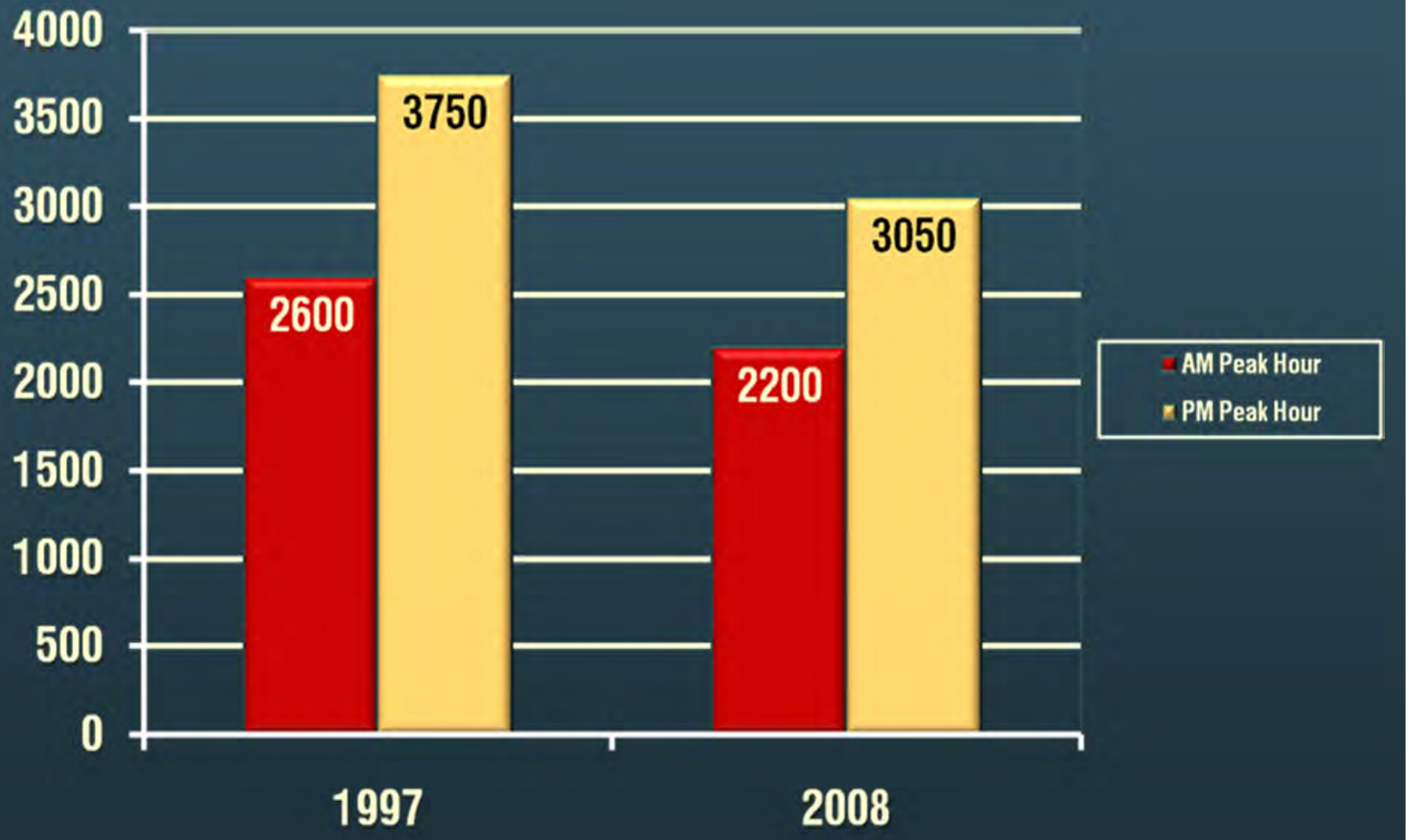
Sullivan Square and Austin Street

- Existing Traffic Problems
- Proposed Solutions

Sullivan Square – Existing Traffic Volumes



Austin Street – Existing Traffic Volumes

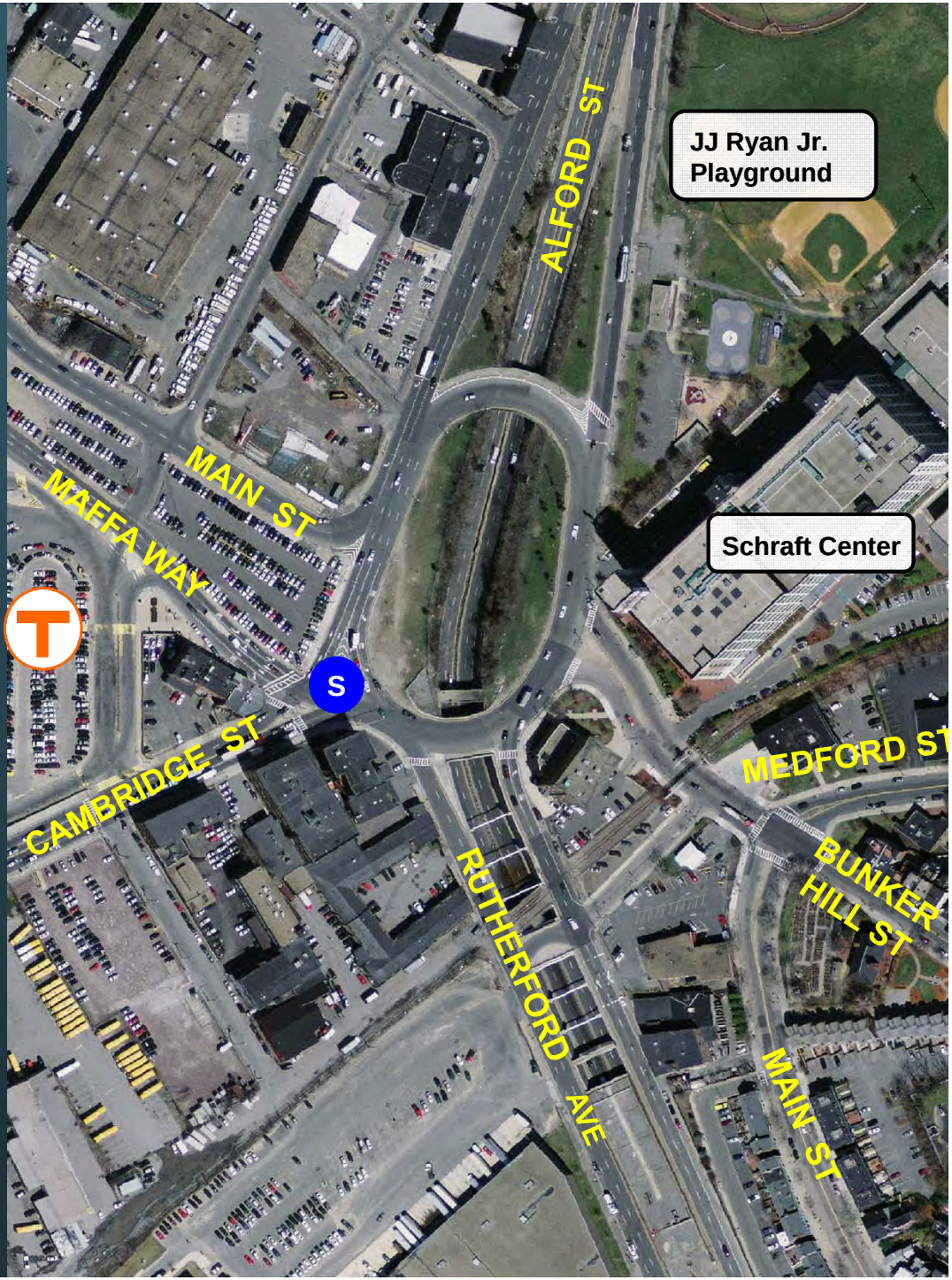


Sullivan Square – Existing Problems

1. Concentration of traffic at existing signal

2. Poor rotary geometry and high volume of circulating traffic

S **Signal**



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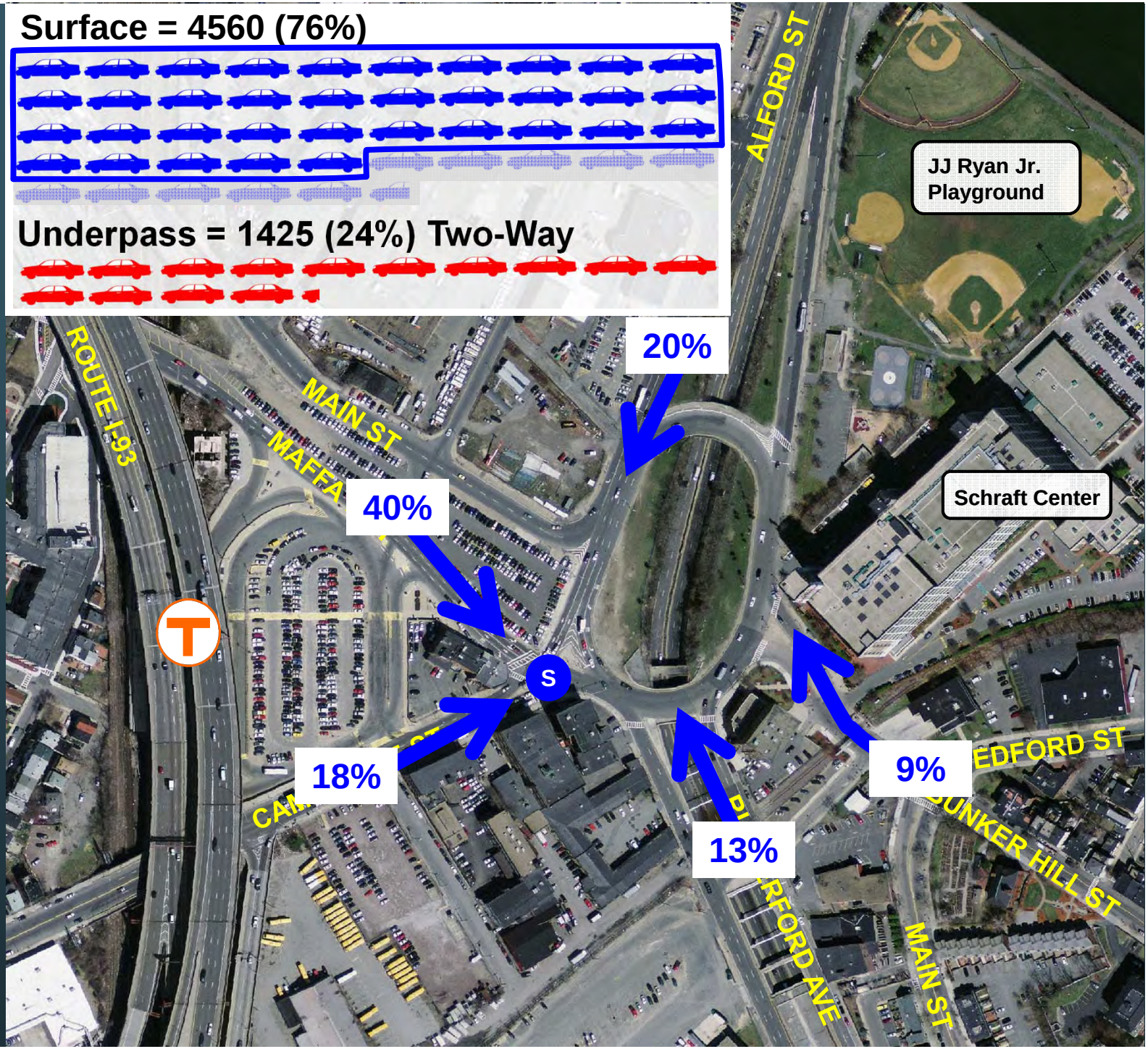
Existing Traffic Volumes AM Peak

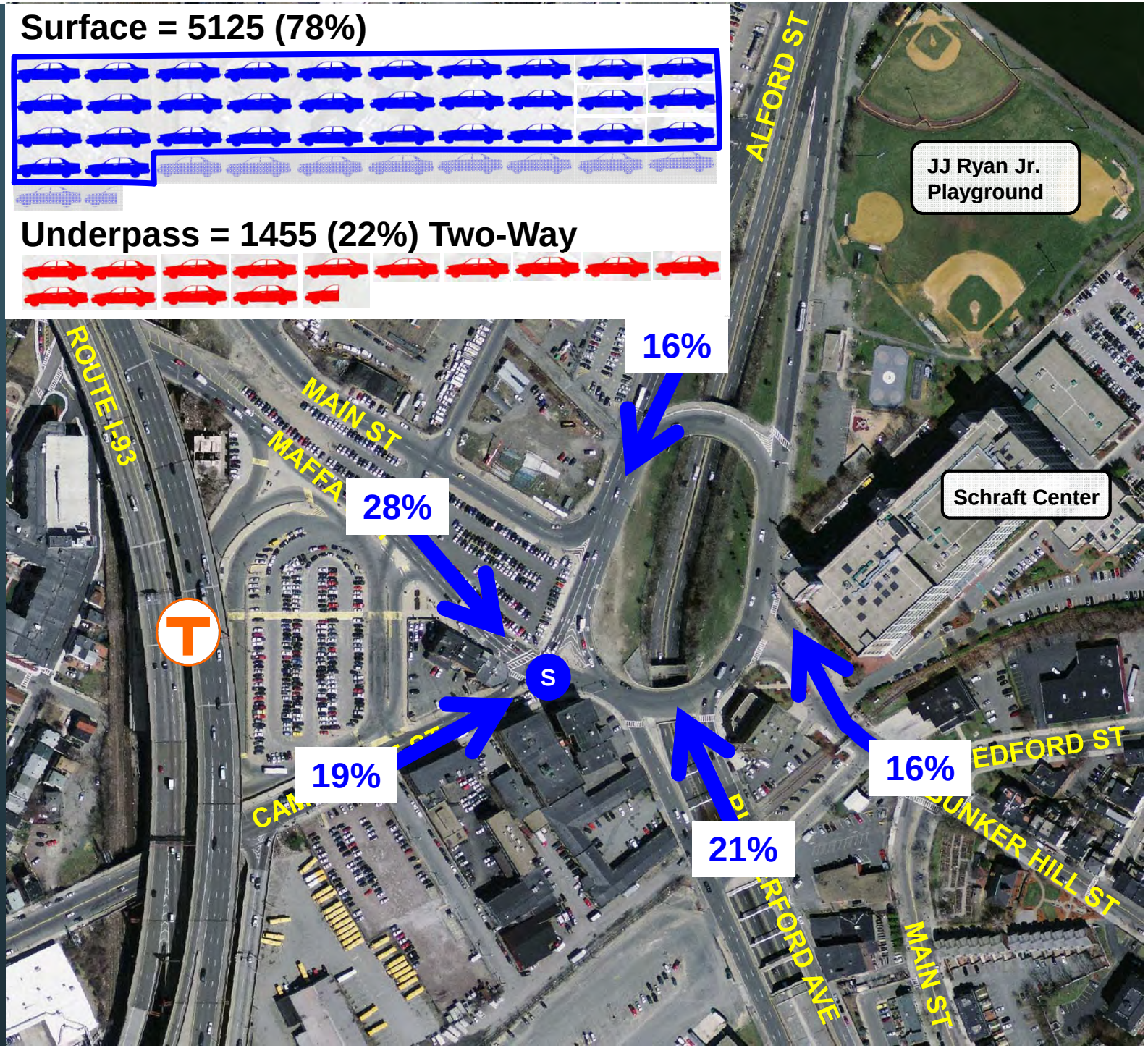


S Signal

CITY OF BOSTON

7

Existing Traffic Volumes PM Peak



S Signal

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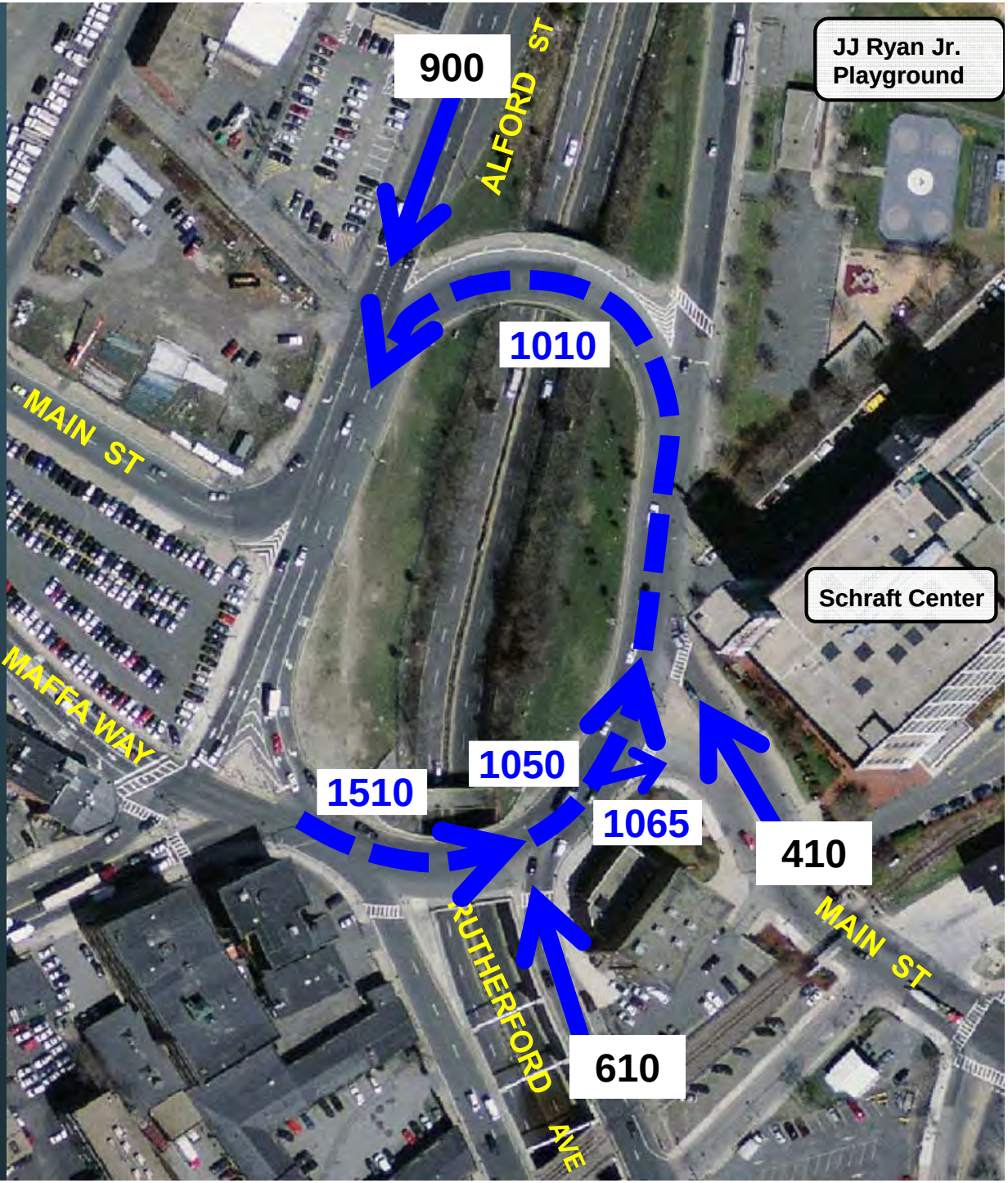
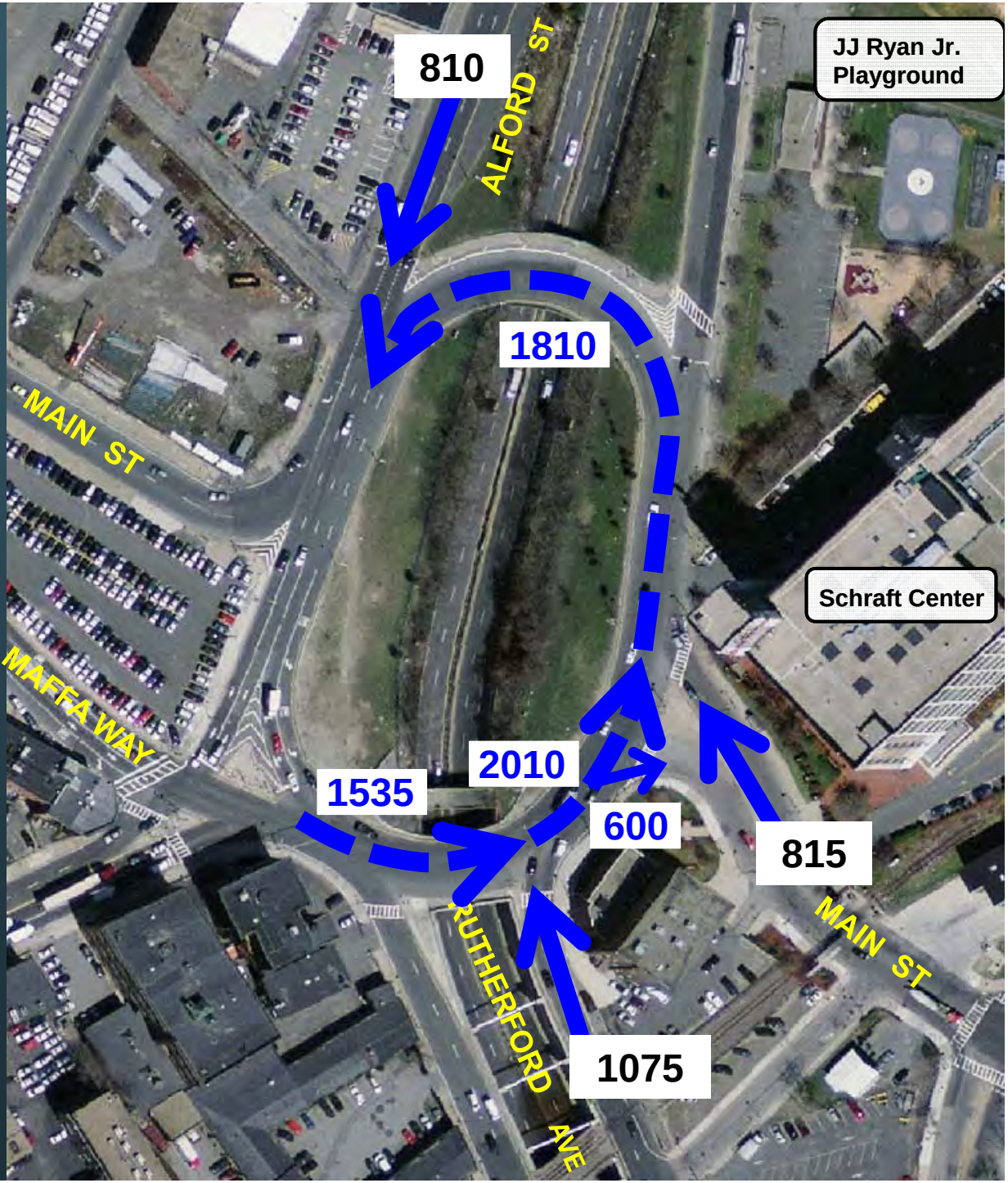
Sullivan Square –

AM peak hour rotary volumes



Sullivan Square –

PM peak hour rotary volumes



Sullivan Square – Proposed Solutions

1. Create street grid system to better organize traffic flows

2. Create new connections to disperse traffic through the new grid

Sullivan Square - Surface Option

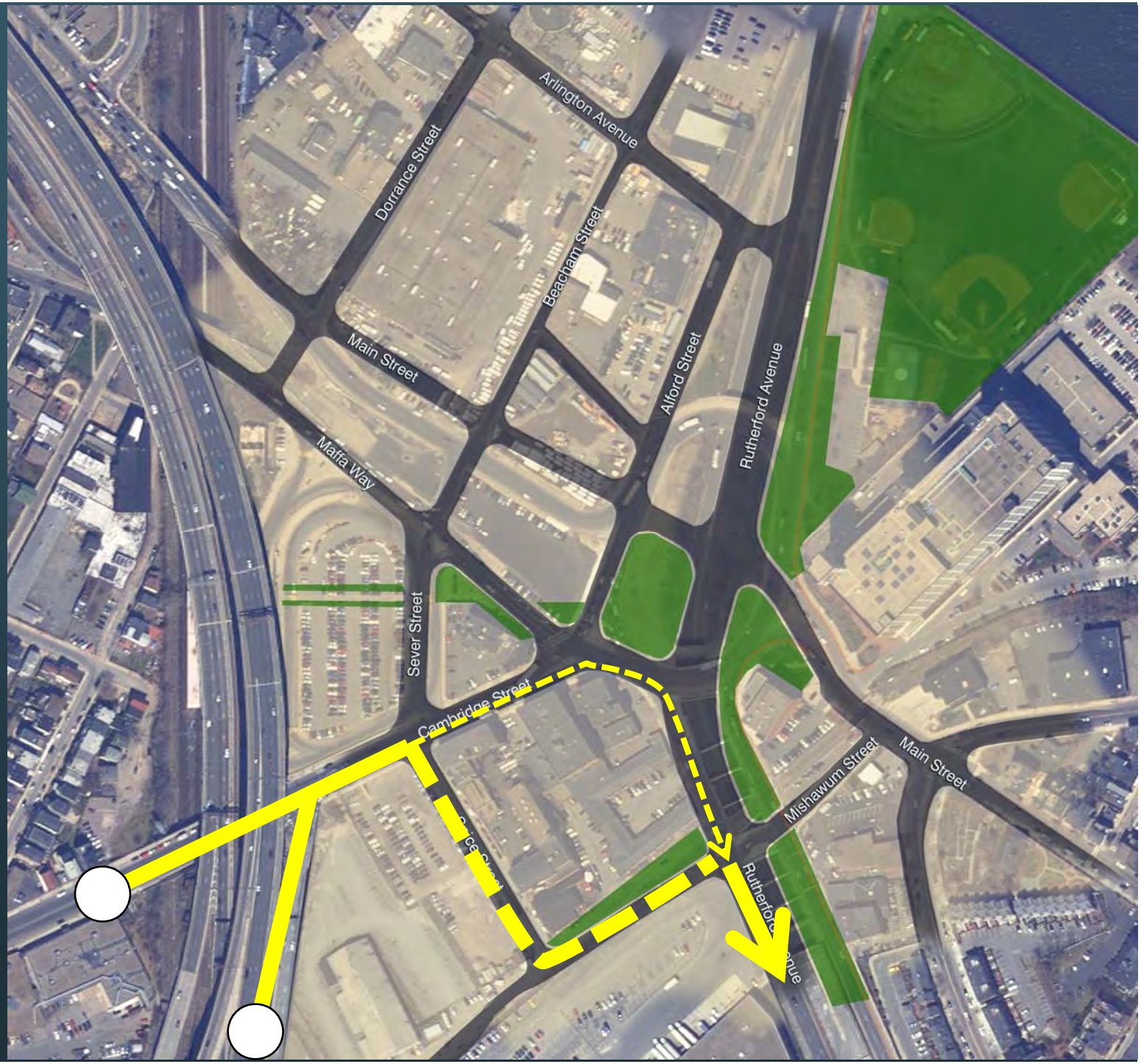
Construct new streets and new connections

2030 Traffic Projections

- 2008 Traffic Counts
- Increase by 5% to account for regional growth and redevelopment in the Rutherford Avenue corridor
- Add in traffic from proposed Assembly Square Project in Somerville (including IKEA)
- Re-assign traffic based on likely travel paths through new roadway network

Sullivan Sq. Surface Option –

Cambridge St. & I-93 NB off-ramp to Rutherford Ave SB



Sullivan Sq. Surface Option –

Cambridge St. & I-93 NB off-ramp to Schrafft Center

Sullivan Sq. Surface Option –

Schrafft Center to Cambridge Street (Somerville)

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Sullivan Sq. Surface Option –

Schrafft Center to I-93 NB and Route 99 (Everett)

Sullivan Sq. Surface Option –

I-93 SB off-ramp to Rutherford Ave SB

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Sullivan Sq. Surface Option –

I-93 SB off-ramp to Cambridge St. (Somerville)

Sullivan Square - Surface Option

Provide sufficient lanes to handle the traffic

Install coordinated signals system for facilitate traffic flows

S Signal

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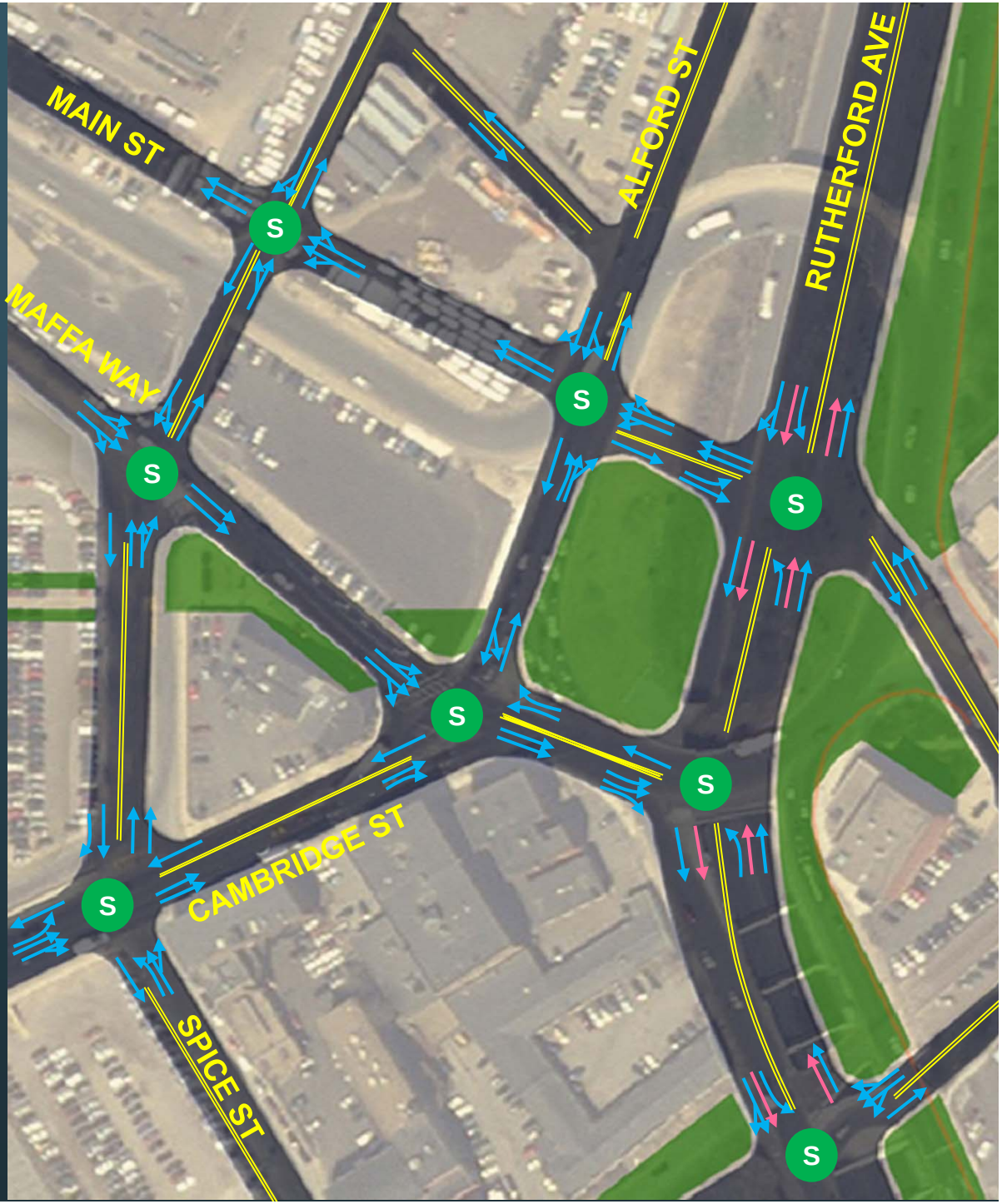
Sullivan Square - Surface Option



LEGEND

Surface Traffic

Former Underpass traffic

S Signal

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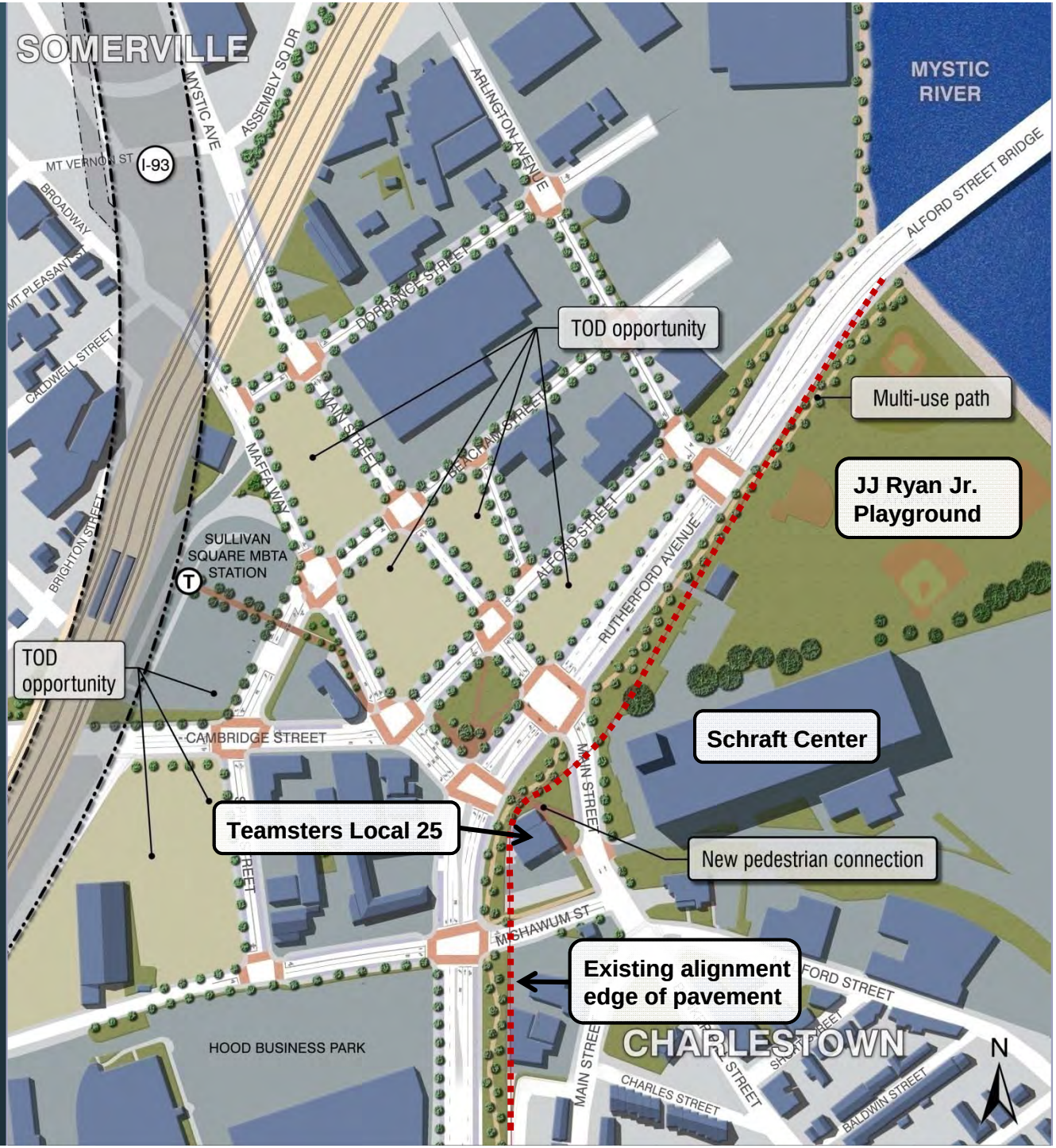
Sullivan Square Surface Option

Open Space Opportunities



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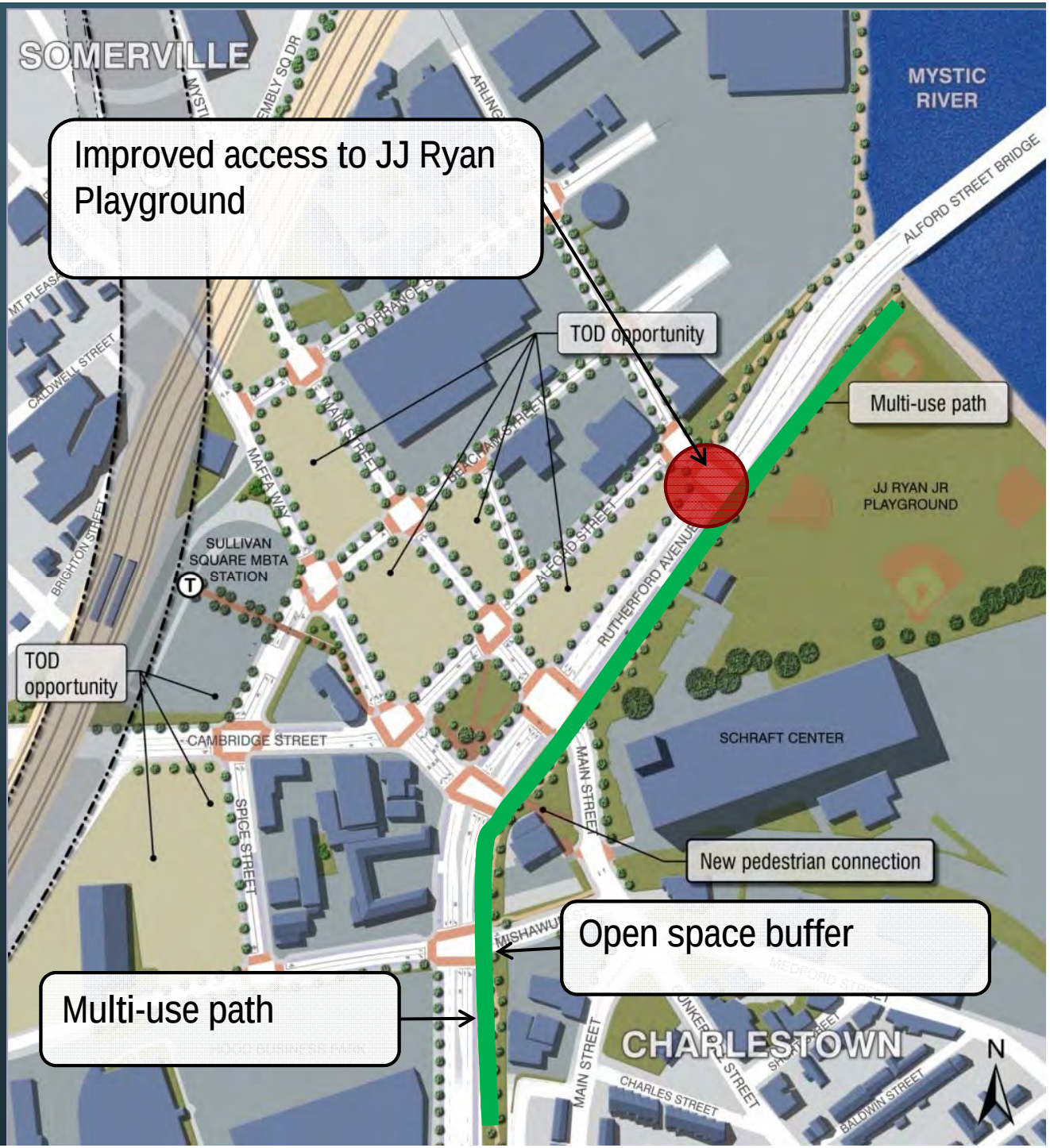
Sullivan Square: Rendered Site Plan

Surface Option



Entire Corridor Relationship

Surface Option

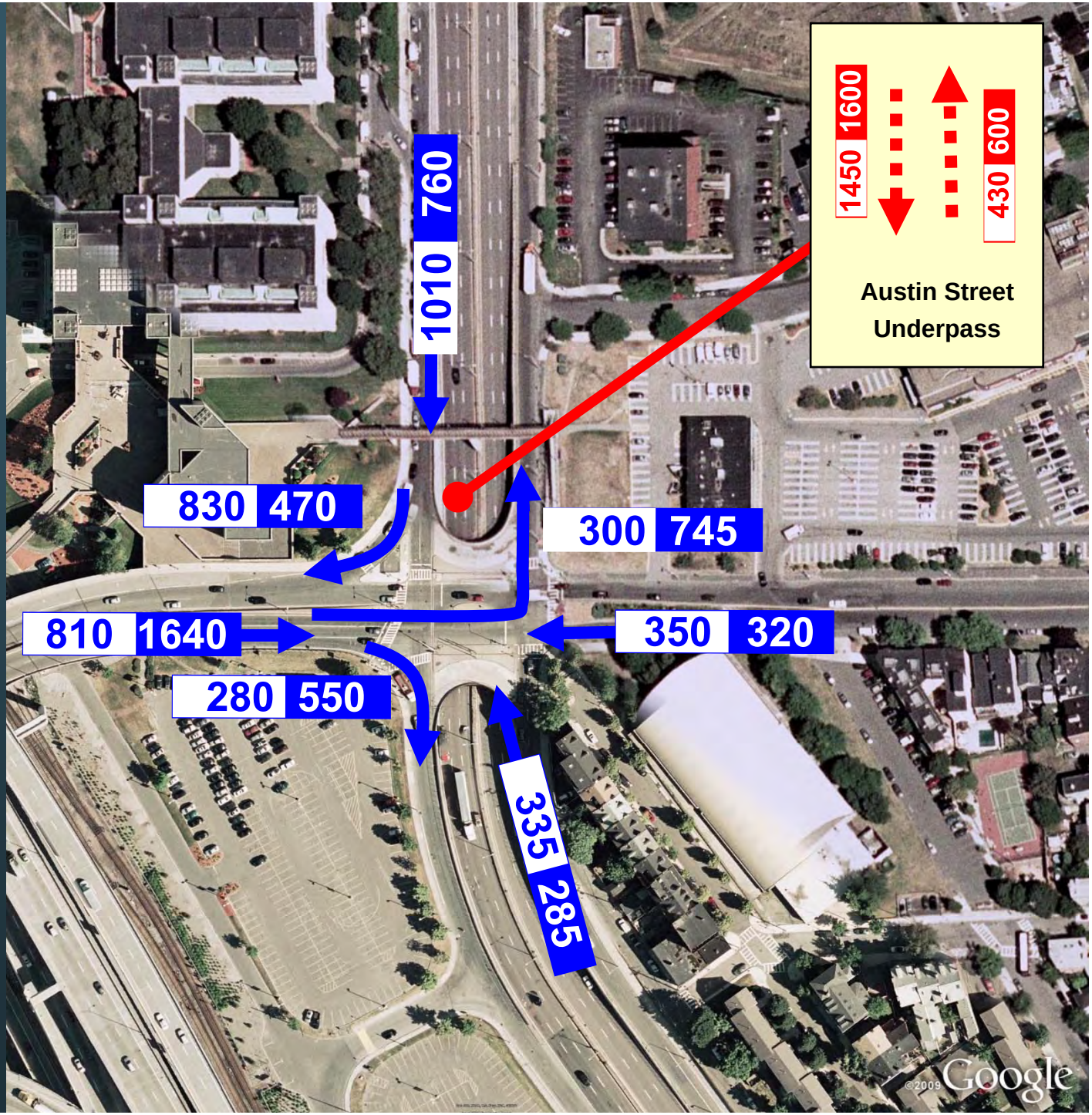
Surface option adds ± 275 on-street parking spaces

Austin Street – Existing Problems

1. High volume of traffic turning left from Gilmore Bridge to Rutherford Ave. NB

2. Pedestrian “unfriendly” environment – 3 separate Ped crossings from neighborhood to MBTA Station.

Austin Street – Existing Peak Hour Volumes



LEGEND

AM PM

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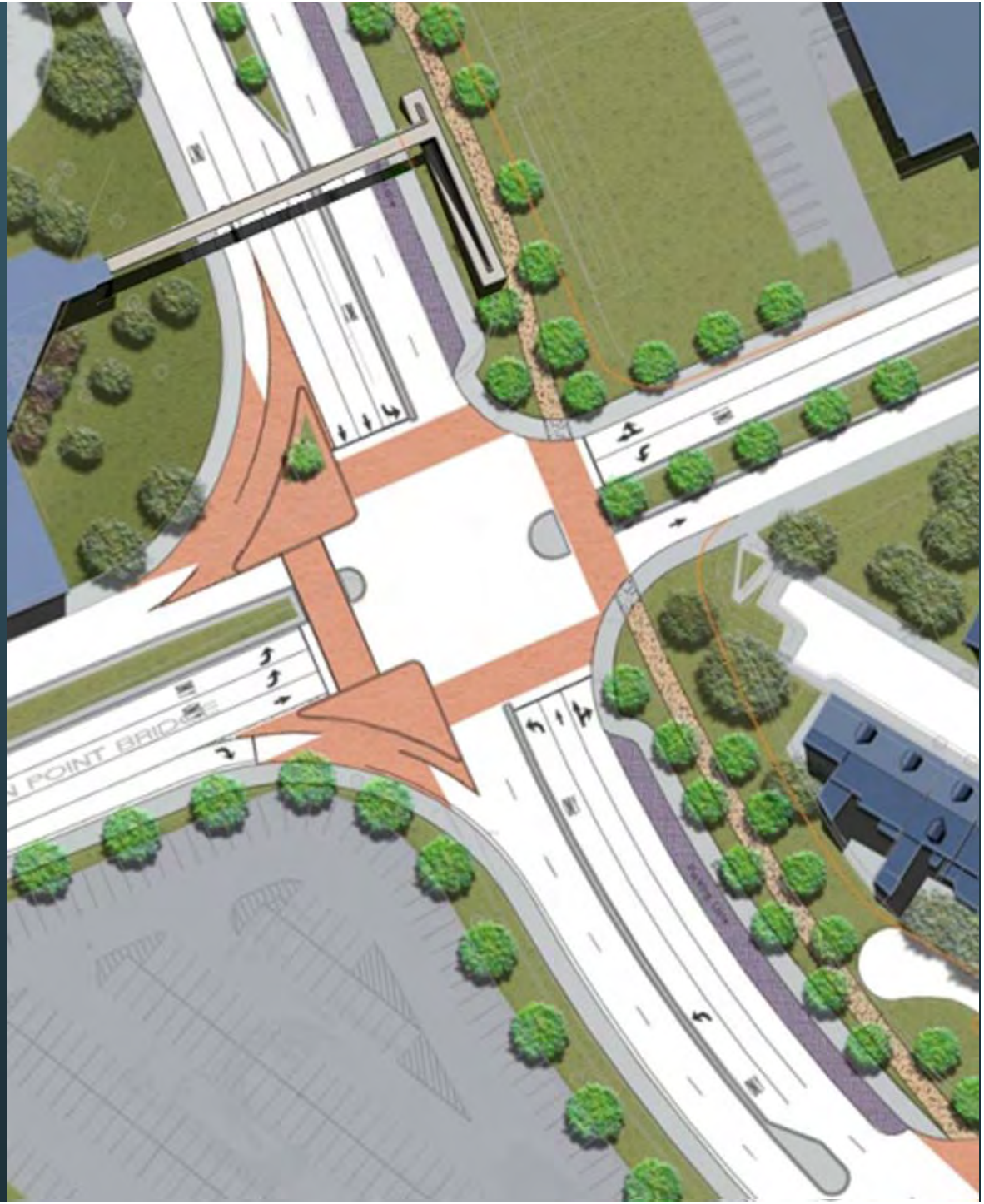
Austin Street – Surface Option

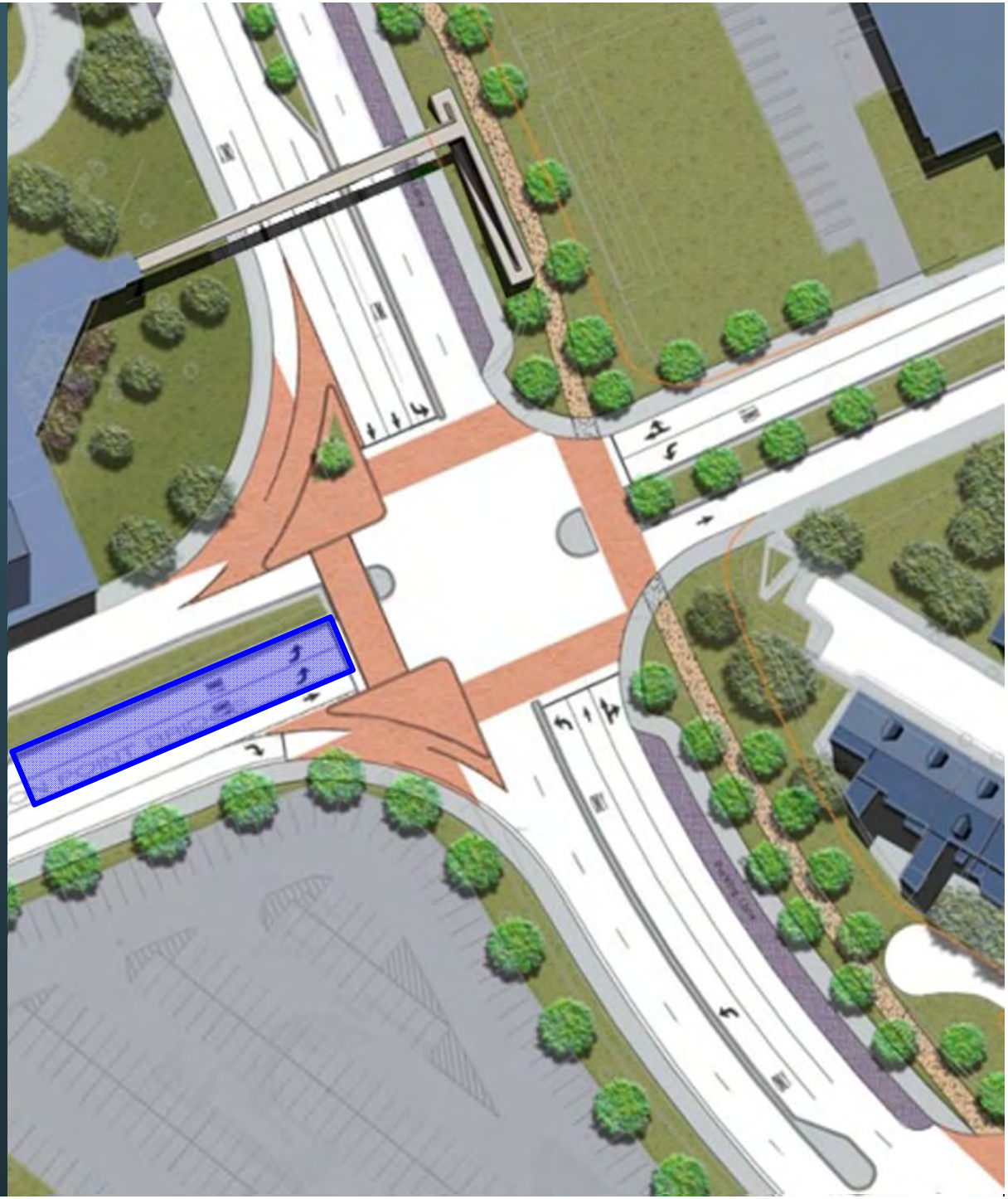
1. Provide more capacity (lanes) for critical movements

2. Improve pedestrian safety by reducing number of crossings & shortening distance



Austin Street – Proposed Solutions

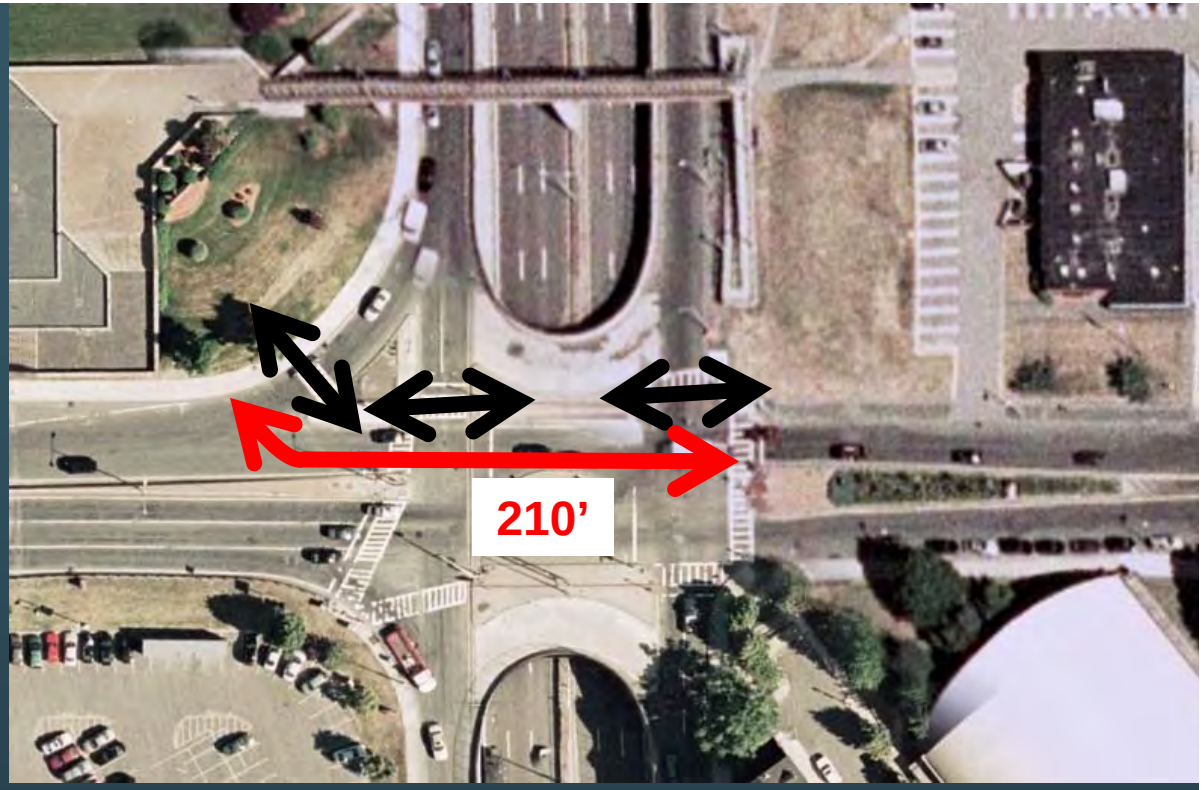
- 2 left turn lanes from Gilmore Bridge
- Total of 13 lanes will be provided

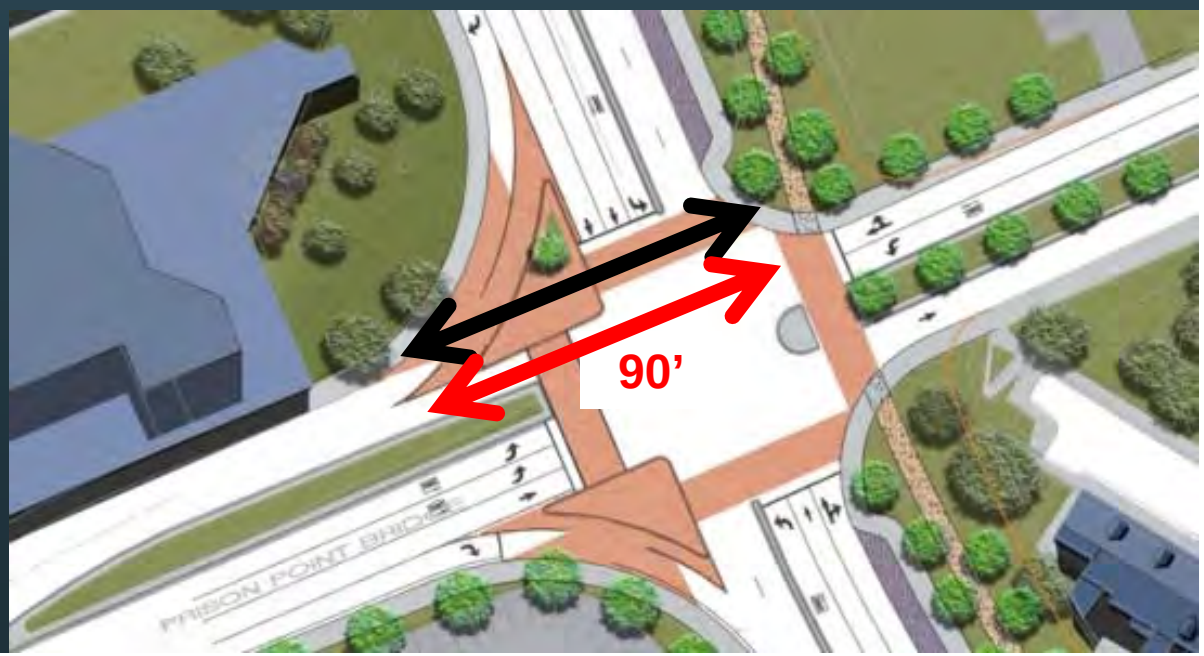


Austin Street – Proposed Solutions

1. Reduce crossings from 3 to 2

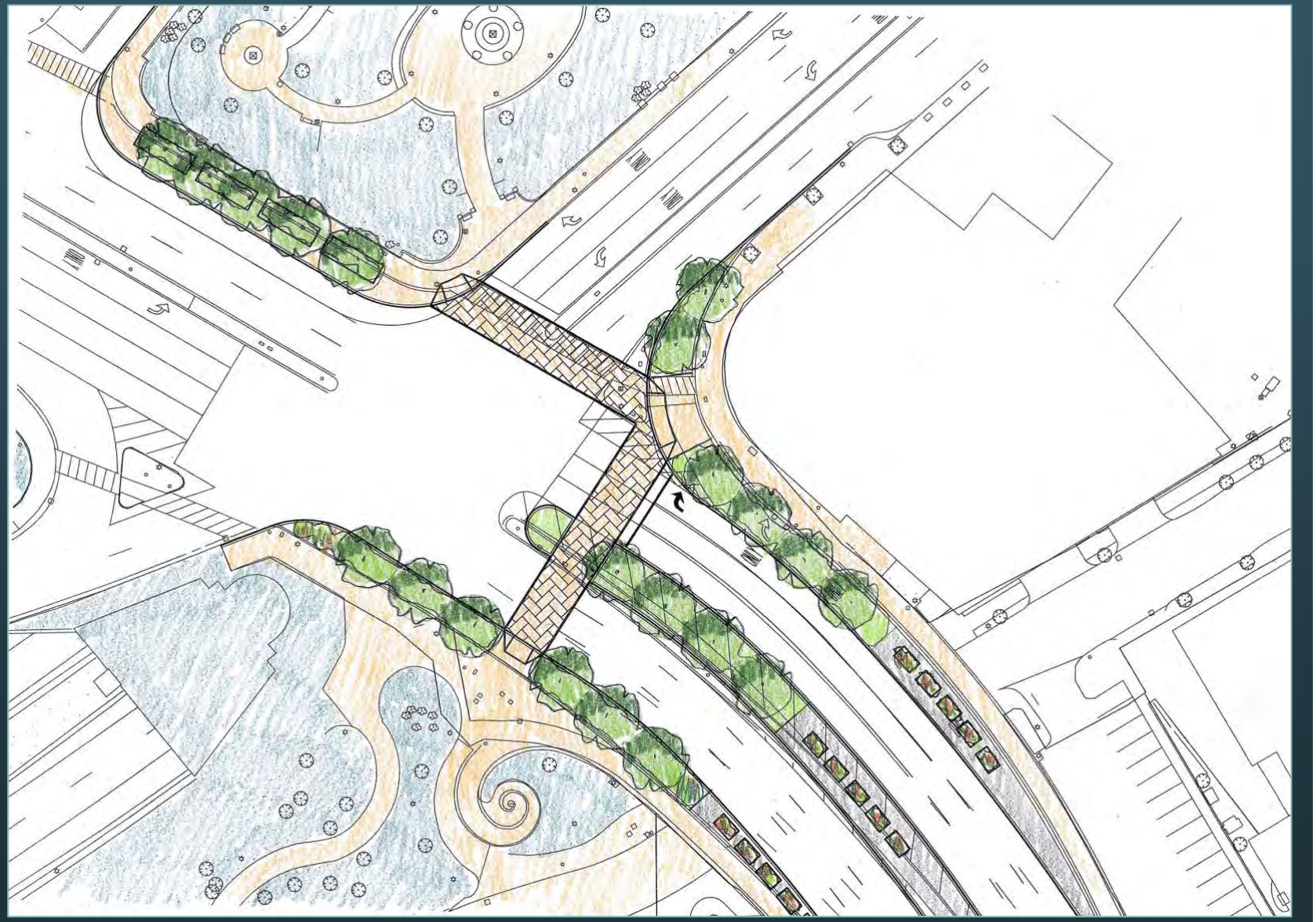
2. Reduce crossing distance from 210 feet to 90 feet





City Square Area – Proposed Improvements

City Square – Proposed Improvements



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Charlestown Neighborhood Council Meeting

Discussion

Presented by:

CITY OF BOSTON

Boston Transportation Department

Tetra Tech Rizzo

The Cecil Group

Brown Richardson & Rowe

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