

The Rendez-Vous 2017 Tall Ships Regatta kicked-off an intercontinental journey this summer with frenzy of ships docking in Boston's Seaport.

Summer Seaport Wrap-Up

Summer 2017

A Brief History

The 100 Acre Plan adopted by the Boston Redevelopment Authority in the early 2000s called for a mixed-use neighborhood with 11 acres of public open space and 5.9 million sf of development. Since 2000, over 11 million SF of development has occurred with approximately 10 million square feet more on the horizon. Now the Seaport is ready for the next chapter of development as a variety of new projects, trends, and hurdles come to fruition. With summer wrapping up and the vacations coming to an end, here is summary of what has been going on in Boston's most explosive development district over the last year.

Content

Page 1 – A Brief History
Page 2 – Targeted Market Snapshot | *Office*
Page 3 – Targeted Market Overview | *Office*
Page 4 – Development Traffic | *All Asset Types*
Page 5 – Notable Activity | *Topical Briefings*
Page 6 – Trending | *A Cluttered Seaport*
Page 7 – Avison Young | *Urban Boston Team*
Page 8 – Avison Young | *Global*

First, Lets talk the **Office** Market.....

8.8%

Overall Vacancy

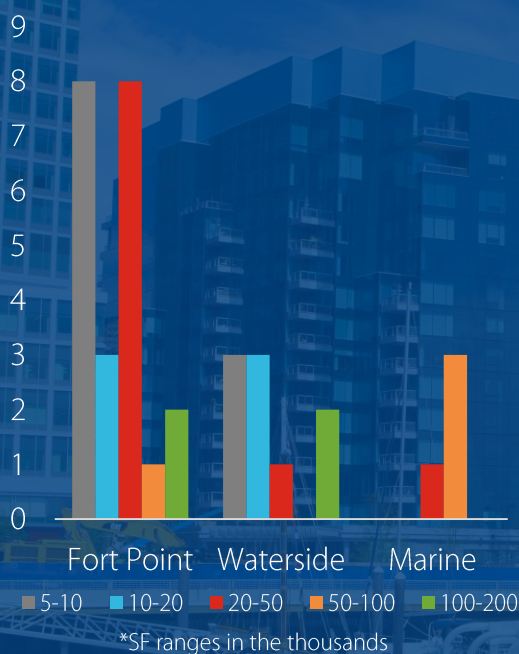
\$62.95

Average Asking Rent
(Class A)

975,000 SF

Under Construction

Current as of **Q2' 2017**



Available Space Matrix

This graph shows the number of each contiguous block of available space currently being marketed for lease that is immediately available (existing space).



GE Hits the Breaks

General Electric has decided to postpone construction of it's new global headquarters at Innovation Point for the next few years.



Leasing Velocity Increases

Leasing velocity is picking up while notable companies eye speculative office developments like 121 Seaport Blvd and 140 Northern Ave.



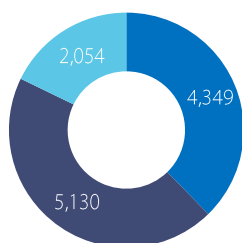
Development Wave on Horizon

Another development wave could be hitting the Seaport with efforts being put forward by a usual suspect, WS Development, for over 4.2 million SF.

Innovative companies drive an increase in Seaport leasing velocity

Office Inventory Breakdown

Inventory in the thousands for competitive buildings greater than 30,000 sf



■ Fort Point ■ Waterside ■ Marine

Breaking down the Seaport

The Seaport is broken down into three (3) distinct micro-markets, each with their own identity and different market performances. Fort point, home to the largest Class B inventory and known for its brick n' beam backbone, tends to command the highest Class B rents on average in Boston thanks to its close proximity to the Core and South Station. Waterside is home to most of the new development activity which has been the main influence behind the increasingly modern and flashy skyline we see today. The Marine Industrial market is a combination of industrial space supporting Boston's port activity and underutilized sites being proposed for larger office and lab developments.

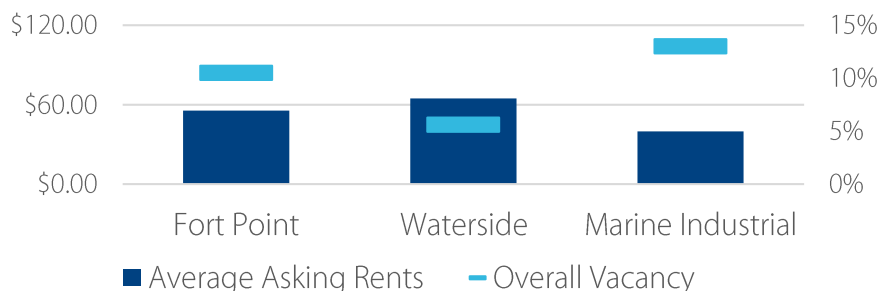


Alexion looks to lease approximately 150,000 SF @ 121 Seaport Blvd.
Who's next?


































Tech Commitments Drive Velocity

Leasing activity has increased through large tech company signings.

- **PTC** is relocating its global headquarters from Needham to join Alexion at 121 Seaport Boulevard for roughly 250,000 SF
- **Industrious and Duck Creek Tech.** Intend to lease a total of 60,000 SF of newly built-out space at 22- Boston Wharf Road.
- **Amazon** committed to approximately 150,000 SF at 253 Summer Street after announcing plans to hire 900 workers in Greater Boston.
- **National Grid** took the entire 2nd and 4th floor at 25 Thomson Place for about 42,000 SF.



*average asking rents are modified gross

		SF/UNITS/ROOMS	TYPE	PROJECTED COMPLETION	DEVELOPER/OWNER	NOTE	
	Omni Hotel 440 Summer Street	789,000 SF 1054 Keys	Hospitality	2020	Davis Companies	needs BPDA approval	
	Seaport square Blocks D,F,G,L3,L4,L5,L6,N,P,Q	4,295,000 SF NA	Mixed-Use	NA	WS Development	next phase of Seaport Square	
	150 Seaport Blvd	284,000 SF 124 Units	Multi-Family	2019	Cronin Holdings	luxury residential	
	Parcel K 315 Northern Avenue	500,000 SF 304 Units	Mixed	2020	Lincoln Property Company	market rate residential	
	The Sausage Parcel 399 Congress Street	377, 000 SF 414 Units	Multi-Family	2019	Crescent Heights	market rate residential	
	Marine Wharf Hotel 660 Summer Street	320,000 SF 411 Rooms	Hospitality	2019	Harbinger Development	Hamton Inn & Homewood Suites	
	Parcel Q1 10 Drydock Avenue	299,000 SF	Office	2019	Skanska USA	speculative office	
	GE Headquarters 6 Necco Necco	390,000 SF	Office/R&D	2018	GE & Mass Development	renovations and new construction	
	Stavis SeaFoods Development 5 Fid Kennedy Avenue	201,000 SF	Industrial	2018	Millennium Partners	user renovation	
	Innovation Square 6 Tide Street	125,000 SF	Office/R&D	2019	Kavanagh Advisory Group/ Related Beal	needs anchor tenant(s)	
	The Residence at Pier 4 130 Northern Avenue	170,000 SF 100 Units	Multi-Family	2018	Tishman Speyer	luxury residential	
	Pier 4 140 Northern Avenue	372,000 SF	Office	2018	Tishman Speyer	speculative with BCG anchoring	
	121 Seaport Blvd	415,000 SF	Office	2018	Skanska USA	speculative	
	50 Liberty 50 Liberty Drive	200,000 SF 120 Units	Multi-Family	2018	The Fallon Company	luxury residential	
	22 Boston Wharf Road	109,000 SF	Office	2017	Bentall Kennedy	speculative office on a garage	
	25 Fid Kennedy Avenue	157,000 SF	Industrial	2017	J.C. Cannistraro	user development for consolidation	
	The Echelon 152 Seaport Boulevard	1,300,000 SF 733 Units	Multi-Family	2020	Cottonwood Management	luxury residential	
	10 Farnsworth 338 Congress Street	30,000 SF 9 Units	Multi-Family	2018	TCR Development & JB Ventures	luxury residential	



NEEDS CITY APPROVAL

PRE-LEASING | PERMITTING/CERTIFICATION | DEMOLITION | PHASING-IN

CONSTRUCTION | RENOVATION | EXPANSION



DEVELOPMENT INCORPORATES 2 OR MORE RETAIL SPACES

NOTES

- existing buildings are considered to be under construction if 75% or more of the property is unavailable during the process.
- development does not include affordable housing efforts on the Seaport-South Boston boarder
- building units are represented as the most that could or are being built.
- building sf is rounded off to the nearest thousand.



Water Taxi Services Increase

Thanks to Boston Harbor Cruise Lines and Rowes Wharf Taxi services, the number of water taxis and boat stops is on the rise. Through out the harbor, there are now 29 total stops with 7 located in the Seaport.



Sea Levels

Boston sea levels are projected to rise between 2.5 and 7.4 ft. by 2050 according to a study commissioned by the city. This has Boston thinking about a \$10 billion hurricane barrier that would help prevent flooding in vulnerable areas such as the Seaport.



Architecture

Seaport developers are trying to find the balance between eye-catching and building-green. While large glass buildings provide a new and modern look, there is a challenge in creating an energy efficient asset due to the transparency and reflection of the glass..



Beer

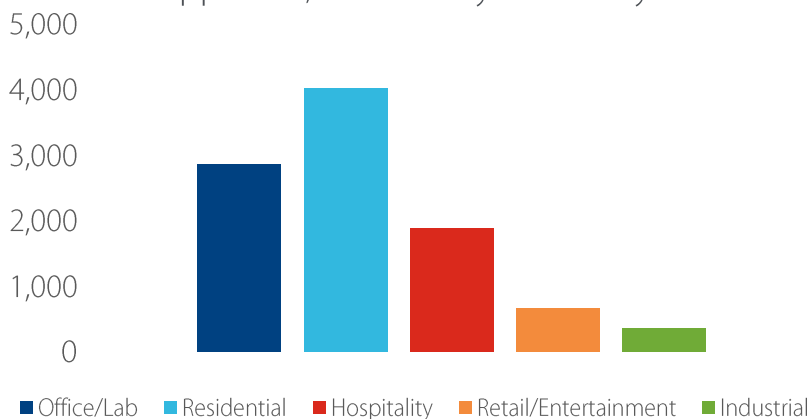
Beer glasses are full in the Seaport. Harpoon built an outdoor beer garden and Lord Hobo could be interested in joining Trillium and Hopsters in the district as the craft beer seen becomes more and more popular amongst emerging generations.



Self-Driving Cars

The Seaport District is about to find out if self-driving cars can play nice, as a third company will begin testing cars there. Delphi will be joining nuTonomy and Optimus, who have been performing road tests in the Raymond Flynn Marine Park. Lyft, the ride sharing app, has announced they will be partnering with nuTonomy. The partnership will work to integrate the Lyft smartphone app with the autonomous cars software. Both Lyft and nuTonomy have been working with Boston officials, and if approved, customers could be able to take driverless car as early as 2018.

≈ 10 MILLION SQUARE FEET
of renovation and construction efforts are under review,
approved, or currently underway.



*SF in the thousands



Open Space & History

In an effort to bring more open space to the Seaport, WS Development is planning a pedestrian promenade. Known as the "Harbor Way", it would extend one-third of a mile, from an elevated section of Summer Street to the edge of the waterfront. Much of this walkway would thread through new buildings with restaurants and stores. Skanska has plans to add an interactive museum between 101 and 121 Seaport Blvd. This open-air, public museum will touch on Seaport history from the 1896 land infill to the recent evolution into a trendy and innovative neighborhood.



The Echelon leads the way as the...

largest and most expensive single property development project currently underway in the Seaport. Initiated by Cottonwood Management through the 27-year-old EB-5 program, the luxury multi-family asset will add over 1 million SF to the district with 733 units and ground level retail spread across three(3) different towers.

2,100

parking spaces could be coming to the Seaport as early as the 2018 to help alleviate a severe parking problem.



Addressing the Seaport Traffic Problem

- The state has awarded a \$1.5 million contract to a Boston based company to study a proposal that would build a link between North and South Station. The project would build a 2.7 mile long tunnel between the two train stations which would allow trains to pass in and out of the city without having to turn around. This would address congestion from the commuter rail stations and allow for more passengers to exit out South Station, a quick walk away from the Seaport.
- The city launched a parking initiative this past January that has meter pricing in the seaport ranging from \$1 to \$2.50 an hour. This will hold seaport pricing constant at times while hourly pricing will increase by 50 cents for high demand blocks and decrease by 50 cents for blocks with empty spaces. This was launched in hopes of reducing search time for a parking spots and to help reduce street congestion.
- A "Transportation Center" is being built on D Street that will include a parking garage, a shuttle bus stop, taxi (uber & lyft included) stand, and a hubway bike rental station. The goal is to be completed by the end of 2017.
- A portion of track 61 is being revived in order to test new red line subway cars. Track 61 could eventually be used to help alleviate Seaport traffic congestion, however the single track would limit the amount of rail cars capable of being used.
- Congressman Stephen Lynch suggested that gondolas could be coming to the Seaport to help solve the traffic problem. The "ski mountain" oriented transit system would run from South station to the Marine Industrial Area. "It's one of the few proposals I've seen that doesn't put more cars on the road" says the Congressman who has the Seaport included in his district.
- The MCAA has drafted a plan for a ferry service that will carry employees between North Station and the Seaport. They believe this will get employees to and from work at a quicker rate and help lighten congestion in the Seaport. The pilot program will begin April 2018, pending they receive enough funding for the program to take off. As an incentive, the MCAA has stated that employees of the businesses who fund the ferries could potentially ride for free.
- A Silver line extension from the seaport to Chelsea will open next spring, that would allow passengers to get from Chelsea to the Seaport in 25 minutes on average, pending there are no delays from the Chelsea St. bridge.
- TaaS (Transportation as a service) is becoming more popular year-over-year in the Greater Boston Area. Ride sharing services like Uber and Lyft are beaming more economical through economies of scale while helping decrease traffic.

Avison Young's Urban Team

Over **300 Years** of experience



RON PERRY
Principal



JEFF GATES
Senior Vice President



MICHAEL SMITH
Principal & Managing Director



STEPHEN RICH
Principal



MIKE MCELANEY
Senior Vice President



TUCKER WHITE
Research Analyst



KARYN MCFARLAND
Principal



JUSTIN DZIAMA
Senior Vice President



CHRISTINA LAMBERTSON
Senior Graphic Designer



KEVIN MALLOY
Principal



MATT TWOMBLY
Senior Vice President



JENNA BRINK
Graphic Designer



LARRY EPSTEIN
Principal



JAMES MCCARTHY
Senior Associate



EMILY SIMARD
Client Service Coordinator



JIM NICOLETTI
Executive Vice President



MATT PERRY
Senior Associate



TEDDIE MASSAD
Client Service Coordinator



JEFF ARESENAULT
Principal | Retail



LOU TAMPOSI
Associate



TREVOR HOOPER
Lease Analysis

A Growing Multinational Presence



KEY STATS



Founded in:	1978
No. of Offices:	80
No. of Markets:	72
Total Real Estate Professionals:	2,400 +
Total sf under property management:	>100 million sf



AYNE | Research

Avison Young New England's research practices abides by the terms and definitions defined by the National Association of Industrial and Office Properties (NAIOP) Research Foundation.

E. & O.E.: The information contained herein was obtained from sources which we deem reliable and, while thought to be correct, is not guaranteed by Avison Young. Sources include. CoStar, REIS, PwC, Bloomberg, Boston Redevelopment Authority, and AYNE Research .
© 2017 Avison Young New England. All rights reserved.

**AVISON
YOUNG**

Intelligent
Real Estate
Solutions

avisonyoung.com

Tucker White

Research Analyst

617.993.0721

tucker.white@avisonyoung.com