

Market Facts

6,783,000 SF

is currently under construction

10.2%

of space is vacant on a direct or sublet basis

233,000 SF

was absorbed on a net basis in Q3' 2019

\$41.54 PSF

is the overall average gross asking rent

2.7%

unemployment rate for Greater Boston

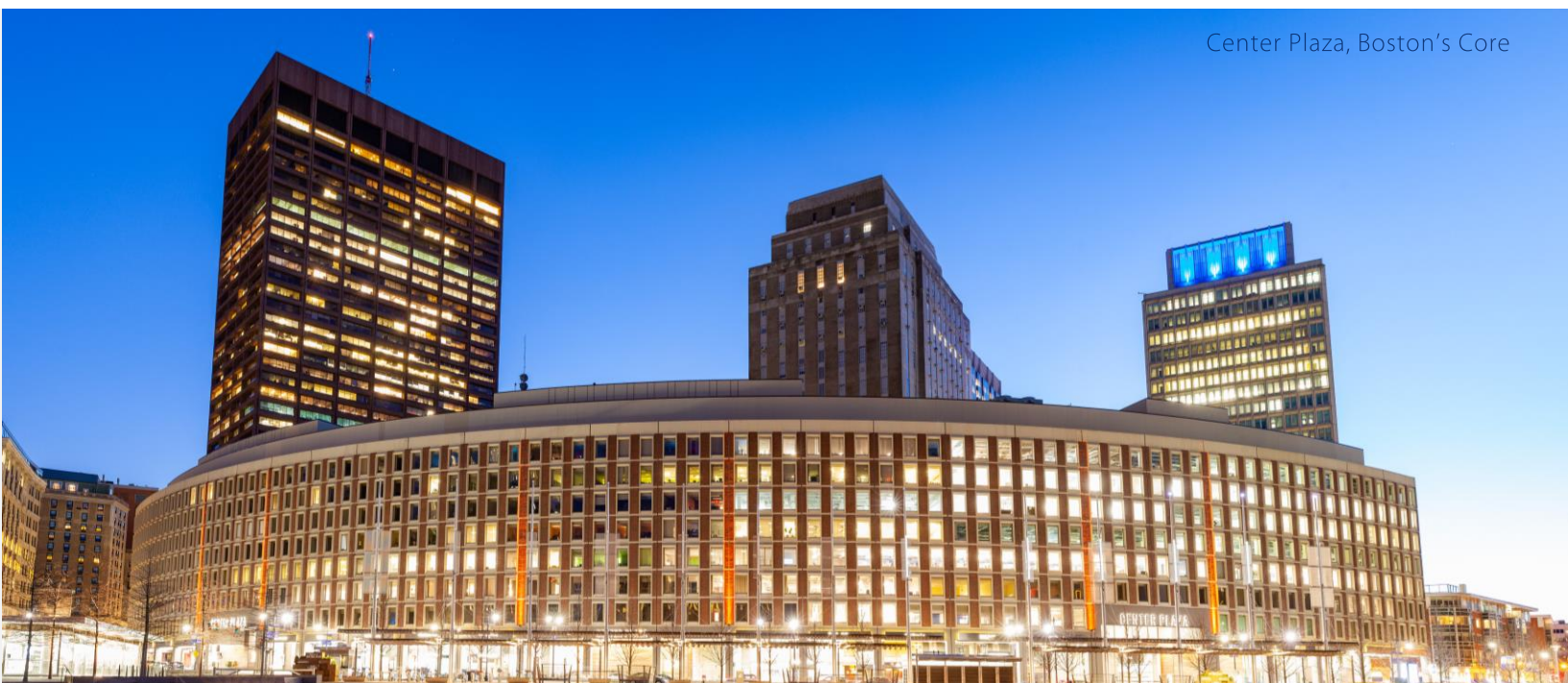
Boston drives the market into positive territory in the second half of 2019 after a record-breaking 6 months

Suburbs soften slightly with the Urban Market continuing to fire on all cylinders

The Greater Boston Area (GBA) started the second half of 2019 on solid footing. Overall, the market absorbed 233,000 SF while asking rents continued to trend upward throughout most submarkets. The overall GBA vacancy rate decreased to 10.2% while the regional unemployment rate followed suit - tightening to 2.7% as of September. Urban Boston was the primary market driver this quarter with over 450,000 SF of net absorption, while the 495 Belt also had a strong performance thanks to a new mixed-use development in 495 West. Cambridge and The Ring remained flat in terms of occupancy growth with hardly any existing space available. The 128 Belt gave back a rare 291,000 SF after starting the first half of the year off with almost 1 MSF in net absorption. Looking ahead, demand is expected to outweigh supply until at least 2022. The GBA is becoming a global market through advances in technology, life sciences, and emerging sectors such

as robotics, artificial intelligence, and alternative energy. While these factors will help close the supply and demand gap in the coming years, The GBA still faces some headwinds related to infrastructure and transportation, which can hinder the likelihood of continued migration to the market. Thankfully, the GBA is prepared and Infrastructure improvements are underway, specifically through upgrading the subway transit system. Together, the Red and Orange lines will have over 300 new rail cars by 2023 and America's first subway, the Green Line, will be expanded into the Near North submarket. Logan Airport is expected to add over 100 daily departures in the next 3-5 years with JetBlue and Delta now competing heavily for a "Coastal Hub". This, coupled with Boston's 2030 initiative, is expected to mitigate overall living and operation costs for employees and companies alike as the GBA evolves into an international business hub.

Center Plaza, Boston's Core

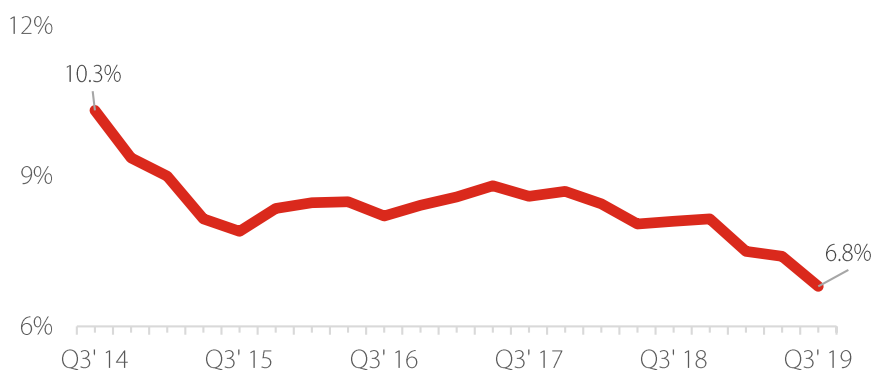


Activity & Trends

- **WeWork** halted all lease negotiations in an attempt to stem mounting losses while its parent company, the We Company, announced a bail-out package in which its largest investor, SoftBank, will take control of the company for \$7 billion.
- **Twitter** leased 44,000 SF at Center Plaza, where they will help back-fill the FBI's former space, growing its region presence by roughly 12,000 SF. This follows a trend of Cambridge tech tenants, migrating across the Charles in search of rental relief.
- **Foundation Medicine's** latest Seaport lease is prompting an additional office/lab building in Seaport Square. Currently designated as a residential parcel, Block N will be repositioned into a commercial parcel where Foundation Medicine will have expansion rights.
- **Klaviyo**, one of Boston's home-grown tech companies, signed a 159,000 SF lease at 125 Summer St where the e-commerce giant is quadrupling its footprint.

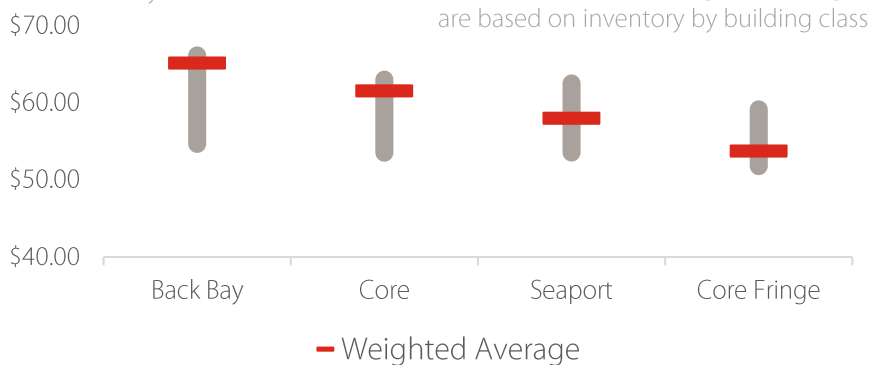
Supply & Demand

Total vacancy



Average Asking Rent

Total vacancy



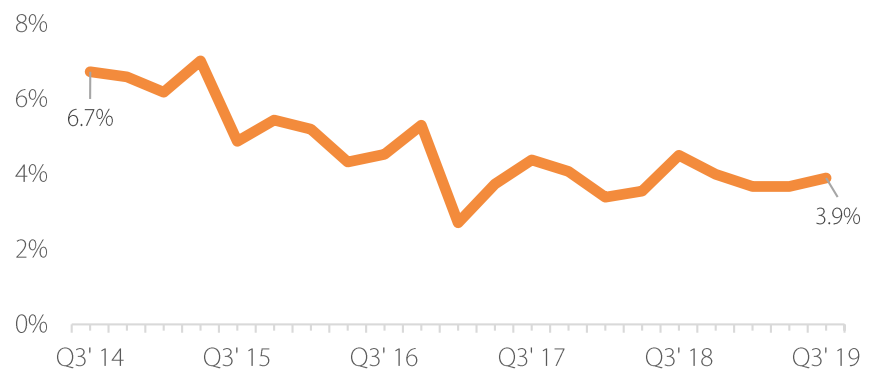


Activity & Trends

- **Cambridge Crossing** is ready to break ground on another speculative-build in the second half of 2019 after breaching a 50% lease-up rate through Sanofi's consolidation commitment earlier in the year and a recent lease by Cerevel Therapeutics.
- **Google** and Boston Properties started construction on a new 385,000 SF building at 325 Main St in the heart of Kendall Square. During the process, Google will backfill Akamai's former headquarters before moving into the 336,000 SF upon completion in 2022.
- **The Engine**, MIT's early-stage technology incubator, announced plans to expand by 200,000 SF in Kendall Square. The new facilities will be able to accommodate approximately 100 new companies and 800 entrepreneurs.
- **MIT's** Kendall's Square development at 314 Main Street, an office building, and 238 Main St, a lab building is now over 50% leased through recent deals by Beam Therapeutics and Cambridge Mobile Telematics.

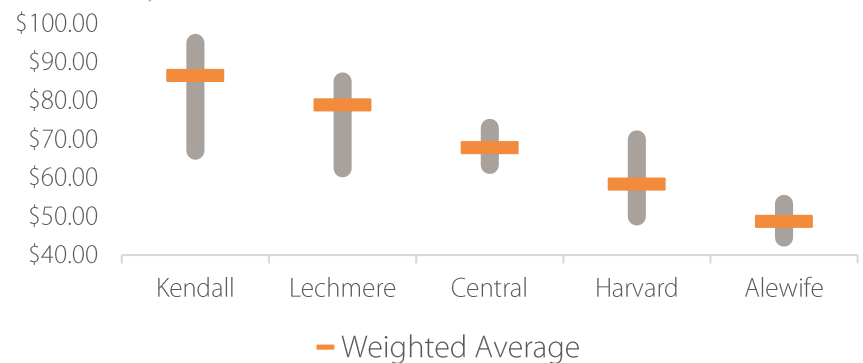
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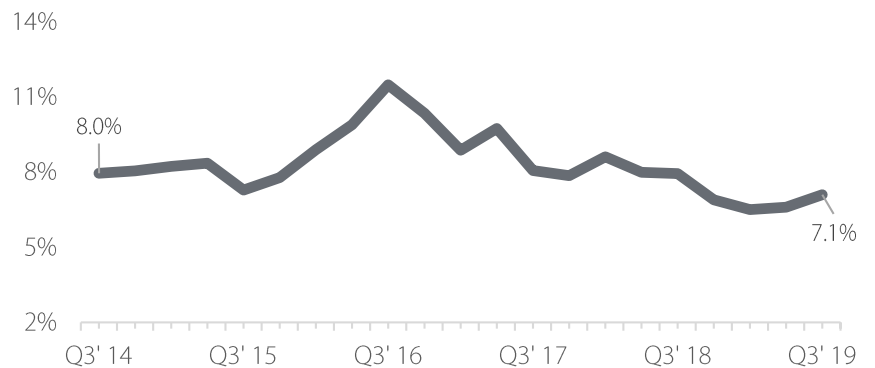
40 Guest Street – Boston Landing, Brighton

Activity & Trends

- **The Harvard-Allston Expansion** moved a step closer with the Harvard Allston Land Company selecting the next round of potential developers for the Enterprise Research Campus. The project will house 400,000 SF of office/lab space along with hospitality and housing options.
- **321 Harrison Avenue**, a 235,000 SF speculative office building in Boston's South End, kicked-off construction. The Nordblom Company plans to finish the project towards the end of 2020.
- **CarGurus** is in talks to lease 300,000 SF at a new development in the Fenway neighborhood where Samuels and Associates is planning to build 540,000 SF above the Mass Pike in the next several years.
- **Exchange 200** in Malden is now under renovation by Berkley Investments where over 300,000 SF is now being marketed in attempt to capture the mounting demand for transit oriented location in the Near North submarket.

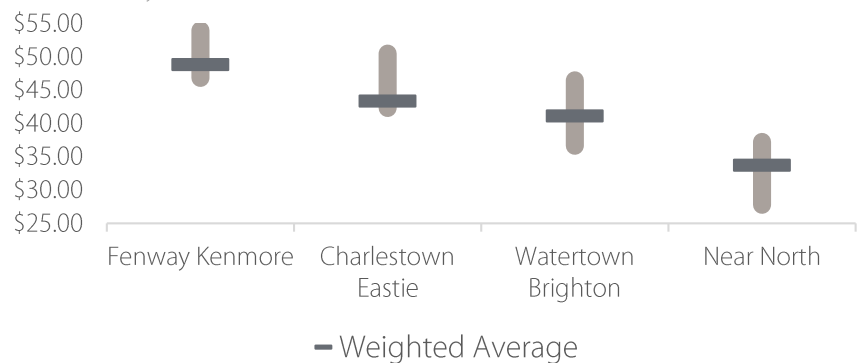
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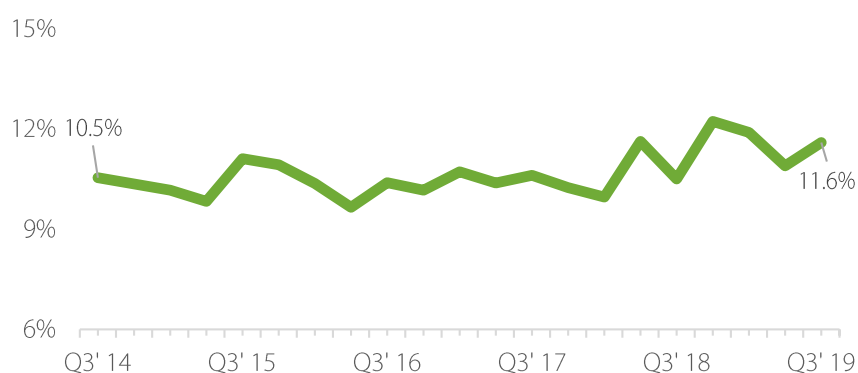


Activity & Trends

- **225 Wyman Street** saw over 500,000 SF of speculative office construction start at Hobbs Brook Office Park in Waltham. The developer, Hobbs Brook Management, plans to complete the project by mid-2021.
- **20 CityPoint** delivered almost fully-occupied with several new tenants. Most notably, Simpson, Gumpertz, & Heger (SGH) relocated its new headquarters here as the anchor tenant, leasing over 110,000 SF and reaffirming its commitment to Waltham.
- **University Station**, a 4.5 MSF mixed-use development in Westwood that has been planned for over a decade, started construction on its second office building. Citizens Bank will occupy the building upon completion in mid-2020.
- **200 Quannapowitt Parkway**, a 210,000 SF renovation off the 128 Belt in Wakefield, kicked-off building work this quarter in an effort to capture mounting demand for “flex” office space north of Boston.

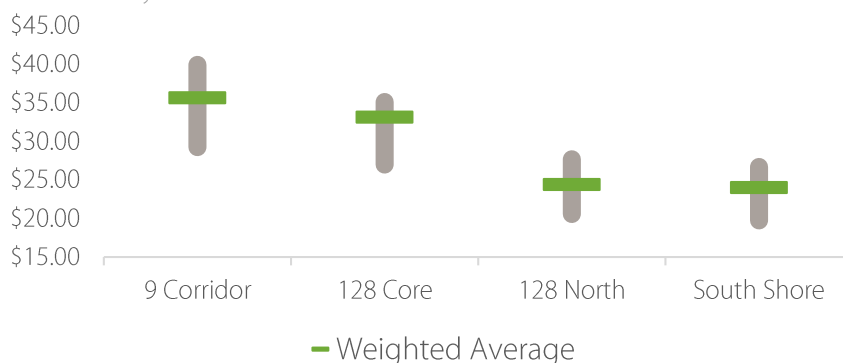
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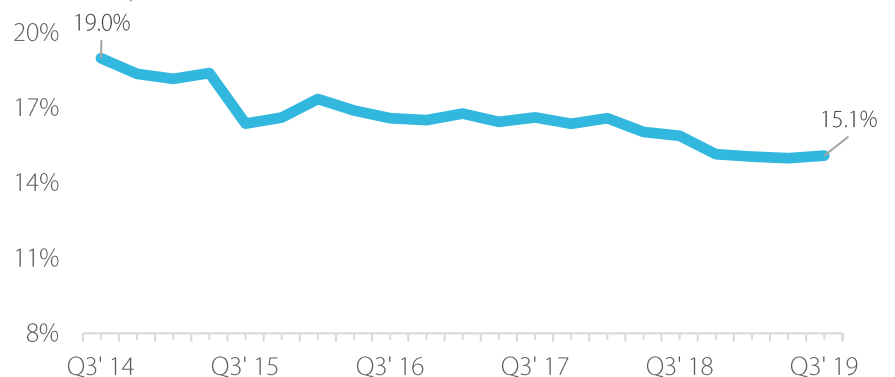


Activity & Trends

- **The Apex Center**, Marlborough's newest amenity hub, delivered the second phase to its office component, delivering approximately 75,000 SF of space, the majority of which is already leased to users like Vidsys, Whiting Turner, Synopsys, and a coworking company, VentureX.
- **Nokia** reaffirmed its commitment to Westford through a long-term lease renewal at 1 Robbins Road for almost 300,000 SF. The Finland-based technology company originally took over the building after acquiring Alcatel-Lucent in 2017.
- **130 Lizotte Drive** has been put on the auction block and is giving back approximately 100,000 SF of Class A space to the 495 West submarket.
- **Middlesex Green** accounted for the brunt of absorption along the 2 Corridor this quarter with Chenega Security leasing 26,000 SF near Hanscom Field where they have been contracted by the US Air Force.

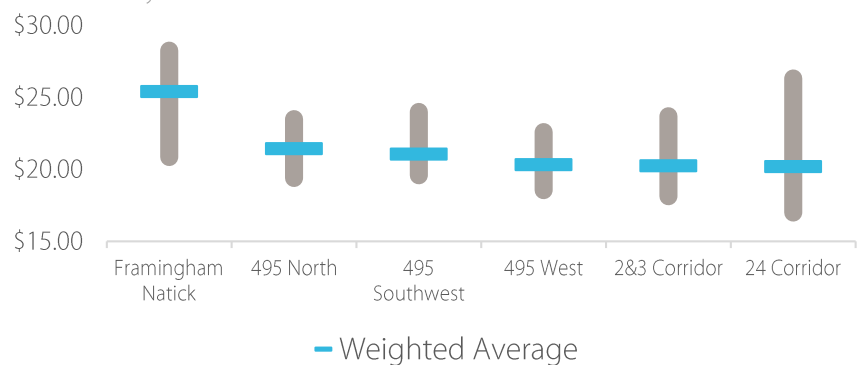
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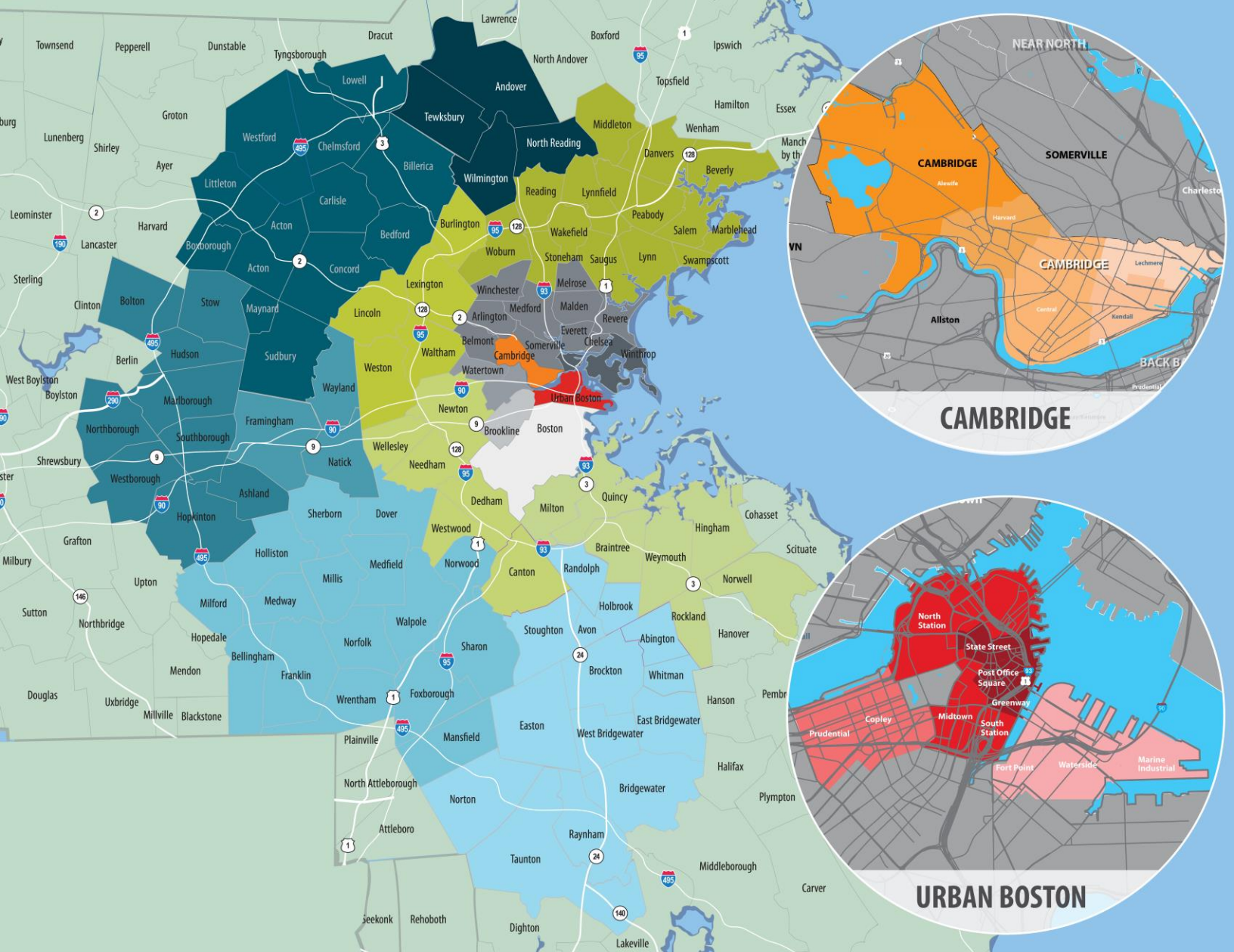
Average Asking Rent

Total vacancy



	Inventory (SF)	Overall Vacancy	Weighted Asking Rent	Class A Asking Rent	Class B Asking Rent	Quarterly Net Absorption	12 Month Net Absorption	Under Construction	12 Month Completions
Total Market	206,365	10.2%	\$41.54	\$45.40	\$35.30	233	2,662	6,783	2,038
Urban Markets	95,376	6.5%	\$52.80	\$57.81	\$48.68	458	1,592	5,911	735
Boston	69,713	6.8%	\$60.36	\$62.91	\$53.23	447	1,445	3,647	546
Core	35,466	7.5%	\$61.53	\$63.00	\$53.52	262	687	871	365
Greenway	12,368	4.7%	\$61.68	\$62.25	\$52.23	142	240	0	0
PO Square	13,760	9.4%	\$61.90	\$63.60	\$54.33	(24)	85	871	0
State Street	9,338	8.3%	\$60.93	\$63.43	\$53.17	144	362	0	365
Core Fringe	7,385	5.3%	\$53.74	\$59.14	\$51.78	138	239	1,604	181
North Station	2,892	6.9%	\$52.06	\$61.42	\$49.67	(7)	59	1,604	181
Midtown	3,107	4.8%	\$53.93	\$56.87	\$52.83	113	88	0	0
South Station	1,386	3.4%	na	na	\$51.77	32	92	0	0
Back Bay	14,607	4.5%	\$65.15	\$66.14	\$54.67	16	249	0	0
Copley	10,668	5.5%	\$63.51	\$64.60	\$52.00	20	177	0	0
Prudential	3,939	1.9%	\$68.89	\$70.00	\$57.33	(5)	71	0	0
Seaport	12,254	8.4%	\$57.98	\$62.50	\$53.55	31	270	1,171	0
Fort Point	4,259	6.0%	na	na	\$57.40	24	308	95	0
Waterside	6,217	10.9%	\$60.70	\$62.50	\$49.00	18	(113)	826	0
Marine	1,778	5.4%	na	na	\$51.67	(10)	75	250	0
Cambridge	11,009	3.9%	\$68.59	\$71.31	\$58.30	(19)	(1)	1,725	74
Kendall	5,553	1.0%	na	\$94.55	na	(11)	(97)	1,295	0
Lechmere	1,761	1.8%	\$78.12	\$82.95	\$65.00	(2)	57	430	74
Central	897	9.2%	\$67.82	\$72.55	\$66.50	(3)	(2)	0	0
Harvard	1,031	0.9%	na	na	na	11	12	0	0
Alewife	1,768	14.3%	\$50.40	\$53.25	\$43.40	(13)	30	0	0
The Ring	14,654	7.1%	\$39.17	\$42.88	\$35.85	31	148	539	115
Charlestown Eastie	2,333	2.9%	\$43.37	\$50.50	\$42.33	(22)	(9)	0	0
Near North	4,078	11.4%	\$33.72	\$37.25	\$27.80	139	144	304	115
Watertown Brighton	3,576	4.1%	\$41.14	\$46.50	\$36.67	9	71	0	0
Fenway Kenmore	2,503	4.6%	na	na	na	(24)	28	0	0
Crosstown Corridor	2,164	11.4%	na	na	\$45.00	(72)	(87)	235	0
Suburban Markets	110,988	13.3%	\$25.88	\$29.00	\$21.64	(225)	1,070	872	1,303
128 Belt	56,415	11.6%	\$30.08	\$33.41	\$23.79	(291)	667	872	663
128 North	11,526	9.0%	\$24.39	\$27.66	\$20.57	64	(136)	364	0
128 Core	23,231	11.8%	\$34.34	\$36.64	\$27.28	(204)	695	508	498
9 Corridor	11,566	16.2%	\$35.64	\$39.91	\$29.24	(141)	194	0	165
South Shore	10,092	8.9%	\$24.01	\$26.68	\$19.75	(10)	(85)	0	0
495 Belt	54,573	15.1%	\$21.28	\$24.57	\$18.75	66	403	0	640
495 North	8,395	18.4%	\$21.44	\$23.50	\$19.40	(1)	(94)	0	0
2&3 Corridor	19,791	16.4%	\$20.25	\$23.70	\$18.13	66	242	0	0
495 West	14,035	15.4%	\$20.33	\$22.60	\$18.56	(39)	(74)	0	66
Framingham Natick	6,404	10.4%	\$25.42	\$28.26	\$20.87	12	(20)	0	512
495 Southwest	4,839	8.4%	\$21.06	\$24.00	\$19.60	(3)	122	0	0
24 Corridor	1,109	16.8%	\$20.20	\$26.33	\$17.00	30	226	0	62

*absorption in the thousands, *na = sample size is too small



GREATER BOSTON OFFICE SUBMARKETS



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