



Market Facts

6,299,000 SF

is currently under construction

10.1%

of space is vacant on a direct or sublet basis

848,000 SF

was absorbed on a net basis in Q4' 2019

\$40.82 PSF

is the overall average gross asking rent

2.1%

unemployment rate for Greater Boston

Greater Boston heads into 2020 on an expensive high note as protracted supply deliveries come to fruition

Urban asking rents get pushed to new heights through a development pinch

The Greater Boston Area (GBA) reaffirmed its position as one of the top-performing office markets in the nation heading into 2020 – claiming some of the highest asking rents in the region with a substantial amount of supply on the horizon to help alleviate demand. In the urban markets, Urban Boston registered over 1.5 msf of net absorption in 2019 which has been driven by the technology and consumer goods sectors (CarGurus, Amazon, Wayfair). Across the Charles River, Cambridge remains one of the tightest and most expensive office markets in the nation, with rents in Kendall Square, the world's strongest life science cluster, exceeding \$100 psf a year on a triple net basis. The suburbs have continued to benefit from an overspill effect brought on by virtually no availability in Cambridge and growing pressure points in Boston such as traffic and expensive rents. Looking ahead, demand is expected to outweigh supply until at least 2022 when the development pipeline will deliver a substantial amount of new space, most of which is mainly concentrated in Urban Boston and Cambridge.

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 may still face some headwinds related to infrastructure and transportation, which may 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 through its knowledge-based economy.

2 Drydock, Boston's Seaport

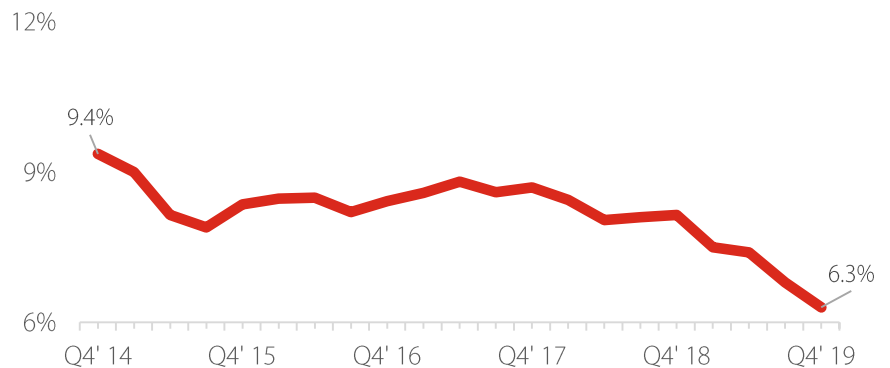


Activity & Trends

- **MullenLowe** leased 115,000 sf of new inventory at 2 Drydock Ave in the Seaport which will leave a large block of space available in Boston's Core at 40 Broad St once construction is complete.
- **CarGurus** committed to 275,000 sf of new supply at 1001 Boylston St where Samuels & Associates is planning to build upwards of 500,000 sf after receiving approval in August of 2019.
- **General Electric** moved into its new international headquarters at 5 Necco St where the company will lease 87,000 SF after scratching plans to build a 293,000 sf building next door.
- **Knotel** entered the Boston market for the first time, backfilling Uber's space at 239 Causeway where Uber will still have a presence through the Knotel platform. However, Knotel is struggling to grow further without "tenants in hand" due to both its insufficient credit, as well as protracted lease negotiations.

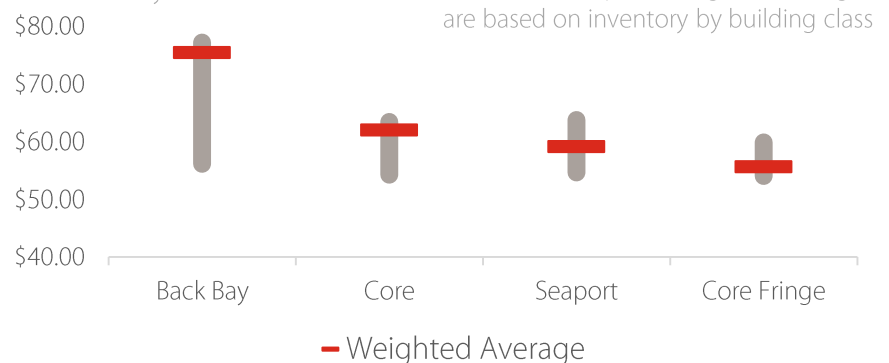
Supply & Demand

Total vacancy



Average Asking Rent

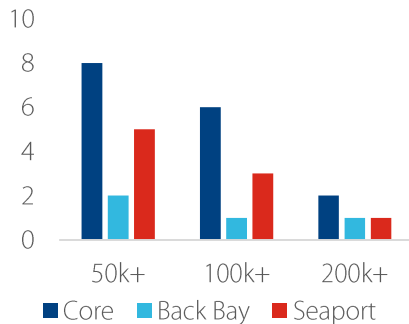
Total vacancy



Several major developments enter center stage in Boston's Core with preleasing activity expected to pick up soon due to a strong office requirement pipeline.

Limited Options in Urban Boston

Only 4 existing availabilities above 200,000 SF remain on a direct basis, which is allowing demand to overshadow supply.

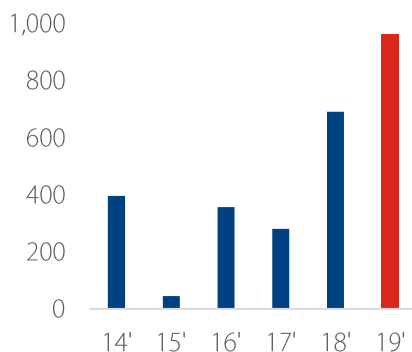


< 2.1 MSF

of office space has kicked-off in the Boston's Core during the first half of 2019

The Rise of Flex Office Space

Coworking is a type of flex space solution, and while companies like WeWork are slowing down, flex space is still on the rise thanks to an increase in landlord-operated spaces that are now offering short-term license agreement instead of leases. Since WeWork's entry into Boston in 2014, the urban market has added 2.7 msf of flex space, bringing the total flex space sf to 3.3 msf.



*only includes coworking office space in Urban Boston, Cambridge, and The Ring
*sf in the thousands

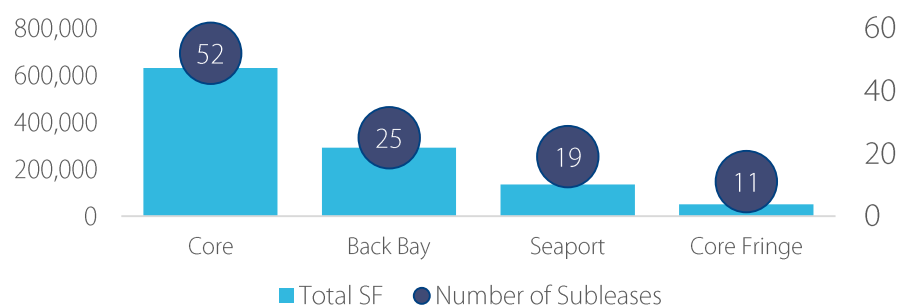
Construction starts on South Station, well, kind of...

Multi-phase construction allows for a pause in building the office portion

The South Station Tower project will be one of massive scale, calling for significant infrastructure improvements and the expansion of the bus terminal before the foundation of the tower can be poured. Having commenced this quarter, the process is expected to take just over 12 months until construction can start on the tower portion, allowing for a potential pause to take place before office construction. Once the foundation is poured, it will be past the point of no return due to the pressure placed on the transit system and commuters during construction.



Sublease Availability by Select Submarkets



The life science industry braces for an election year with the technology sectors showing no signs of slowing down as hiring constraints start to be alleviated by an influx in housing.

Life Science sector may slow briefly due to political turbulence

The presidential election is approaching quickly. If history repeats itself, the GBA life science sector will be influenced the most compared to TAMI (technology, advertising, media, information) tenants and professional service users. As one of the key demand drivers for the office market, a brief slow-down in leasing velocity can be expected based upon a few factors.



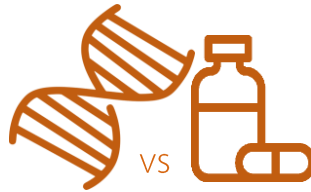
IPO Slowdown

A slowdown in public offerings typically happens during an election period due to investor uncertainty. Biotech and pharma IPOs came to a halt last election and similar activity is expected during the second half of 2020.



Drug Prices

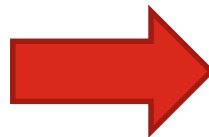
Drug and medicine prices are always a hot debate topic every election, in that both parties tend to agree that prices should be lower which can effect the bottom line for life science companies.



Biotech vs. Pharma

Biotech stocks have historically been hit harder during election years due to perceived risk brought on by the newer industry which only really emerged in the 1990s, compared to pharma which has been around before WWII.

8.2 Million Square Feet
in leasing velocity took place during 2019

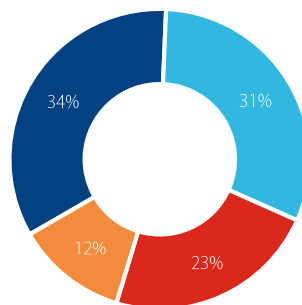


TAMI, life sciences and most professional service firms continue to account for the bulk of net absorption quarter-over-quarter while financial and law firms in particular tend to be retracting in size.

*TAMI = Technology, Advertising, Marketing, Information

*Only includes urban office requirements above 10,000 SF

*Excludes lab requirements



■ Professional/Financial ■ TAMI ■ Healthcare & LiSci ■ Other



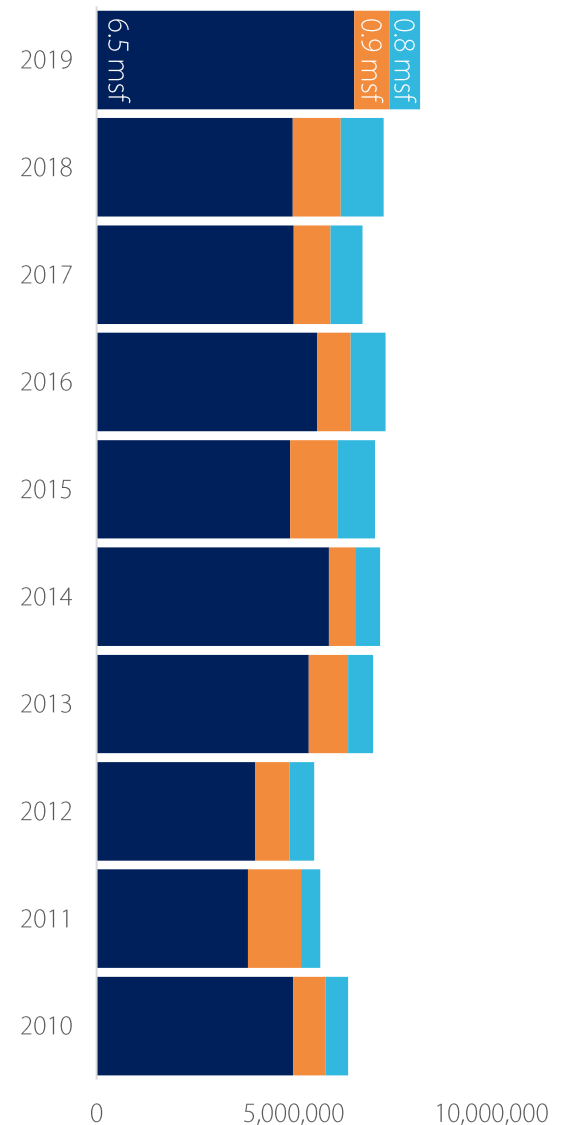
More Housing, Less Hiring Constraints

The GBA has one of the most expensive apartment markets in the nation, and it is no surprise that limited housing options and above average pricing deters some companies from planting a larger footprint in the region. This, in turn, effects demand negatively, limiting absorption and hindering new office construction. Currently resting at approximately 102,000 units, the Urban Market is about to see its largest 24-month increase in multifamily units over the last decade, increasing 6.9% by the end of 2020 and helping to alleviate a housing pinch.

Velocity Climbs to New Heights in 2019

Driven by Urban Boston, which saw the highest amount of leasing activity since the early 2000s, the Urban Market witnessed over 8.2 msf in new leases, renewal, contractions, expansions and extensions on a direct and sublease basis. This makes for a 10-year high thanks to the increasing office inventory, the emergence of the Ring during Boston fourth construction boom, and the growing trend to get ahead of increasing market rents: Tenants have been locking in new lease rates sooner rather than later in the cycle.

■ Boston ■ Cambridge ■ Ring



145 Broadway Street, Cambridge

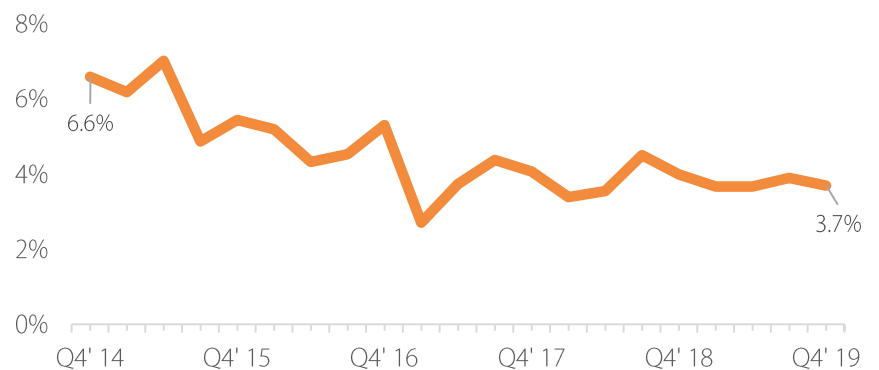


Activity & Trends

- **Akamai**, a global leader in content delivery and cybersecurity, moved into its new headquarters at 145 Broadway St, consolidating several offices and occupying 485,000 sf across 19 stories.
- **Cambridge Crossing** remains active with a fourth office/lab building starting construction soon at 250 Water St where the 504,000 sf project is harnessing the demand overspill from Kendall Square.
- **CarGurus** expanded once again in Cambridge at 55 Cambridge Pky by another 37,000 sf while also signing to 1001 Boylston. The online automotive company has now outpaced Wayfair as the fastest growing tech company in the Urban Market over the last 24 months.
- **Cambridge Galleria** is now marketing approximately 140,000 sf of vacant space after repositioning the top level of the mall into office in a rare injection of supply to the Kendall Square submarket, one of the most competitive in the nation.

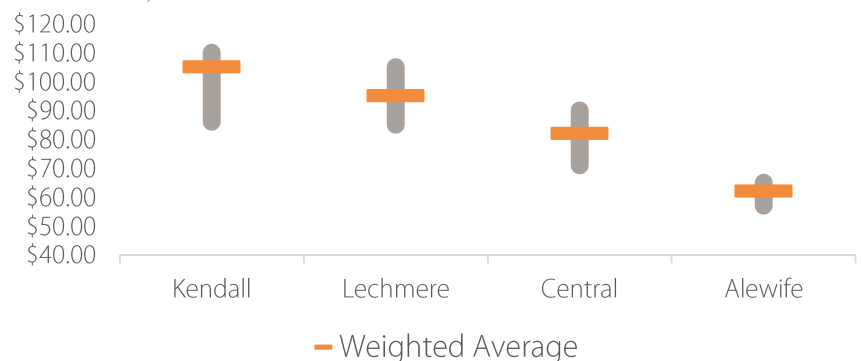
Supply & Demand

Total vacancy



Average Asking Rent

Total vacancy



21 Charles Street, Medford

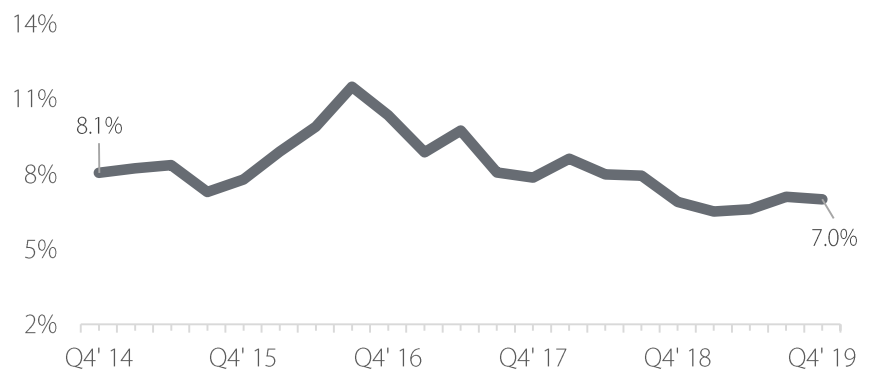


Activity & Trends

- The Harvard-Allston Expansion** took another step forward with the selection of a developer for the first phase of the 900,000 SF office and lab campus. Tishman Speyer will lead the charge in planning what will be a game-changing development for the market, in particular the Allston neighborhood.
- Timber Construction** has entered the development picture with the first project in Greater Boston commencing in Malden at 21 Charles. The 80,000 sf building is now marketing 60,000 sf of space which is currently the only Mass Timber office option available on the market.
- Near North**, Boston's northern inner-suburban market, is becoming a development hotbed with several projects approved for over 2 msf across Somerville, Malden, and Charlestown.
- The BEAT**, formally home to the Boston Globe, is nearing completion and seeing activity from a wide array of tenants based on the flexibility of uses the repositioned asset offers.

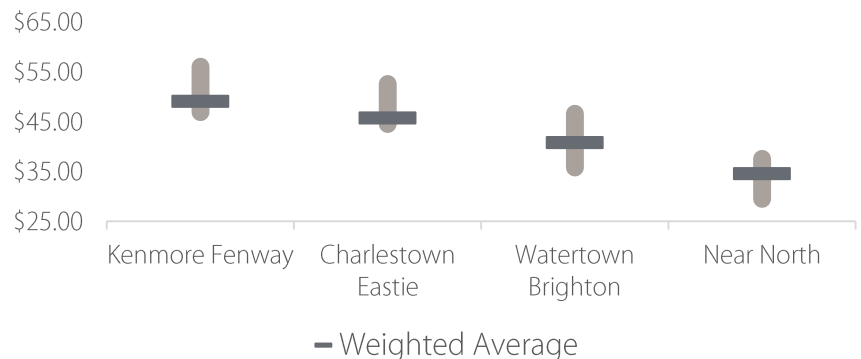
Supply & Demand

Total vacancy



Average Asking Rent

Total vacancy



20 CityPoint, Waltham

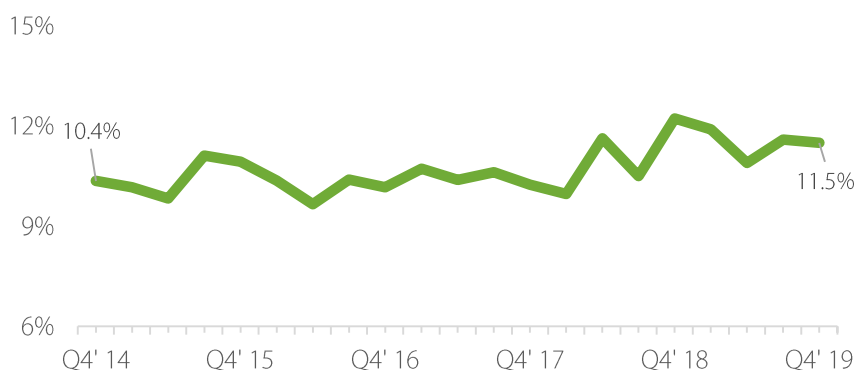


Activity & Trends

- **Repositioning buildings** to accommodate tenants with lab space needs is becoming a popular trend in order to capture life science overspill from the Urban Market. However, this is taking away from available office supply and starting to put more upward pressure on suburban rents.
- **“Quiet quarter”** is the best way to characterize how the 128 Belt ended the year, with a plethora of substantial leasing activity taking place earlier in 2019.
- **128 South**, a submarket that has not seen a substantial amount of construction since 2007, now has two projects underway with 80,000 sf going up in Quincy and another 60,000 sf kicking off in Hingham.
- **Flexible** office space solutions, particularly coworking space, is emerging in the suburbs along the 128 and 495 belts through landlords opening their flexible space operations and familiar faces like Regus, Workbar, and VentureX continuing to grow.

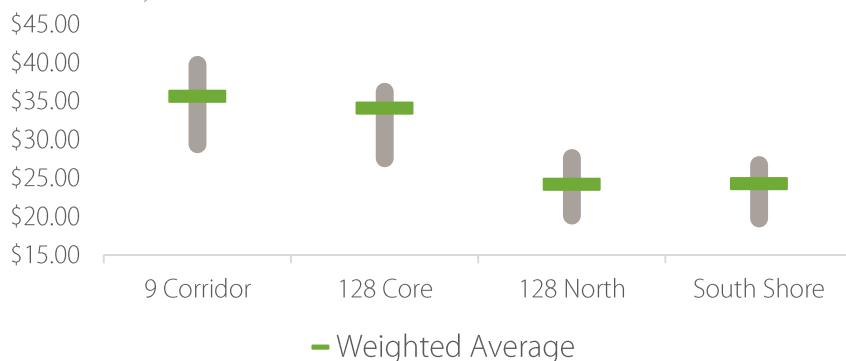
Supply & Demand

Total vacancy

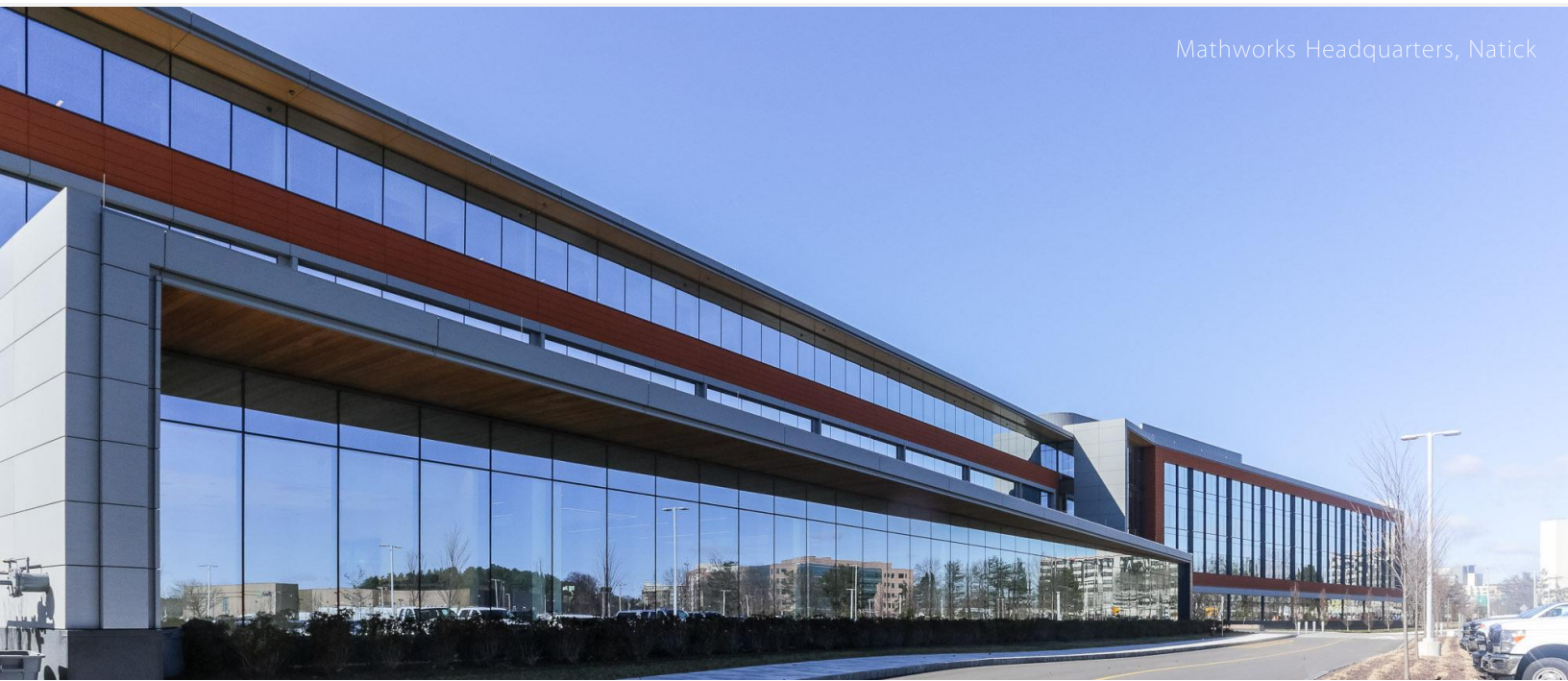


Average Asking Rent

Total vacancy



Mathworks Headquarters, Natick

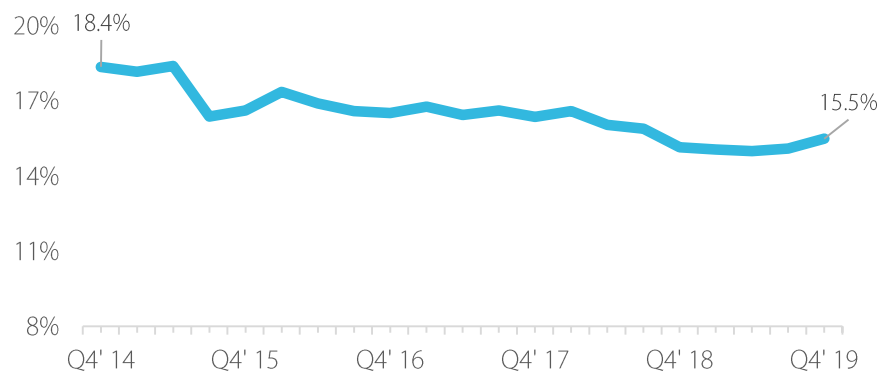


Activity & Trends

- **WellPet** expanded its presence for the third time at 200 Ames Pond Dr in Tewksbury, moving into an additional 5,000 sf after exploring the market for alternative options, bringing its total footprint to approximately 35,000 sf.
- **UMass Lowell** expanded its regional presence, leasing over 30,000 sf at 4 Corporate Dr in Andover which was vacated last year by Eisai when they moved to Cambridge. The backfill of this space shows promising fundamentals in the 495 North submarket with Philips, in a move to Cambridge, also giving back space.
- **Physical Sciences** reaffirmed its commitment to Andover, signing a long-term lease renewal at 20 New England Business Center where the engineering company is expected to remain for another 10 years.
- **Flexible** office space solutions, particularly coworking space, is starting to emerge in the suburbs along the 128 and 495 belts.

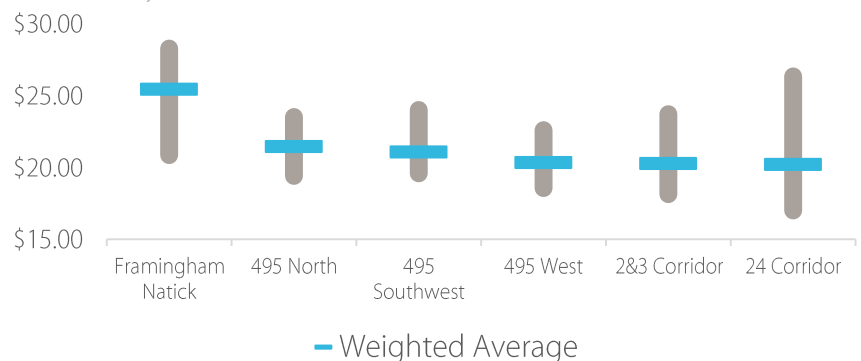
Supply & Demand

Total vacancy



Average Asking Rent

Total vacancy



URBAN BOSTON

Stage	Total	Available	Leased	% Leased
Pipeline	5,861,230	5,861,230	0	na
Approved	3,003,500	3,003,500	0	0%
Ready To Go	3,272,017	2,712,017	560,000	17%
Construction	4,612,963	2,161,610	2,451,353	53%

Delivery Year	Total	Available	Leased	% Leased
20'	903,000	338,000	565,000	63%
21'	1,923,353	547,000	1,376,353	72%
22'	1,315,627	1,315,627	0	0%
23'	1,012,000	502,000	510,000	50%
24'	10,827,730	10,267,730	560,000	na

CAMBRIDGE

Stage	Total	Available	Leased	% Leased
Pipeline	400,000	400,000	0	na
Approved	150,000	150,000	0	0%
Ready To Go	985,000	985,000	0	0%
Construction	3,411,023	558,247	2,852,776	84%

Delivery Year	Total	Available	Leased	% Leased
20'	3,532,023	679,247	2,852,776	81%
21'	864,000	864,000	0	0%
22'	0	0	0	na
23'	150,000	150,000	0	0%
TBD	400,000	400,000	0	na

THE RING

Stage	Total	Available	Leased	% Leased
Pipeline	4,654,400	4,654,400	0	na
Approved	2,231,350	2,231,350	0	0%
Ready To Go	2,325,765	2,325,765	0	0%
Construction	2,069,989	1,393,517	676,472	33%

Delivery Year	Total	Available	Leased	% Leased
20'	1,062,433	660,961	401,472	38%
21'	1,205,521	1,205,521	0	0%
22'	365,000	365,000	0	0%
23'	0	0	0	na
TBD	9,948,550	9,673,550	275,000	na

128 BELT

Stage	Total	Available	Leased	% Leased
Pipeline	1,040,000	1,040,000	0	na
Approved	962,000	962,000	0	0%
Ready To Go	1,029,000	1,029,000	0	0%
Construction	941,510	721,510	220,000	23%

Delivery Year	Total	Available	Leased	% Leased
20'	513,890	293,890	220,000	43%
21'	647,620	647,620	0	0%
22'	0	0	0	na
23'	0	0	0	na
TBD	2,811,000	2,811,000	0	na

TOTAL MARKET

Stage:	Total	Available	Leased	% Leased
Pipeline	11,955,630	11,955,630	0	na
Approved	6,346,850	6,346,850	0	0%
Ready To Go	7,611,782	7,051,782	560,000	7%
Construction	11,035,485	4,834,884	6,200,601	56%

Year	Total	Available	Leased	% Leased
20'	6,011,346	1,972,098	4,039,248	67%
21'	4,640,494	3,264,141	1,376,353	30%
22'	1,680,627	1,680,627	0	0%
23'	1,162,000	652,000	510,000	44%
TBD	23,987,280	23,152,280	835,000	na

includes buildings that can also accommodate lab space over office

TBD = to be determined

Does not include office/lab assets apart from the 495 Belt

	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	207,324	10.1%	\$40.82	\$44.36	\$35.04	848	2,638	6,299	1,829
Urban Markets	96,080	6.1%	\$54.15	\$60.26	\$49.10	1,086	1,991	5,287	1,038
Boston	70,002	6.3%	\$62.64	\$65.50	\$54.66	540	1,512	3,237	268
Core	35,538	6.5%	\$61.94	\$63.36	\$54.24	333	664	871	0
Greenway	12,445	4.6%	\$62.33	\$62.89	\$53.33	11	189	0	0
PO Square	13,755	8.6%	\$61.99	\$63.58	\$54.89	114	76	871	0
State Street	9,338	6.1%	\$61.30	\$63.79	\$53.60	207	399	0	0
Core Fringe	7,414	5.4%	\$55.55	\$59.80	\$54.01	(4)	261	1,604	181
North Station	2,895	6.3%	\$57.13	\$63.50	\$55.50	17	105	1,604	181
Midtown	3,133	4.7%	\$54.66	\$57.33	\$53.68	2	105	0	0
South Station	1,386	4.9%	na	na	\$53.67	(22)	51	0	0
Back Bay	14,790	2.8%	\$75.29	\$77.09	\$56.10	246	501	0	0
Copley	10,850	2.9%	\$76.27	\$78.20	\$55.43	265	505	0	0
Prudential	3,940	2.4%	\$72.84	\$74.30	\$57.67	(19)	(3)	0	0
Seaport	12,259	10.6%	\$59.07	\$63.67	\$54.63	(35)	86	761	87
Fort Point	4,405	11.5%	na	na	\$57.33	(10)	162	0	87
Waterside	6,076	10.9%	\$62.30	\$63.67	\$53.67	15	(75)	511	0
Marine	1,778	7.6%	na	na	\$52.90	(39)	(1)	250	0
Cambridge	11,469	3.7%	\$74.46	\$78.75	\$57.52	489	385	970	485
Kendall	5,983	0.8%	na	\$98.33	na	493	351	540	485
Lechmere	1,773	2.8%	na	\$85.00	na	(19)	(15)	430	0
Central	897	8.2%	na	na	\$66.83	10	16	0	0
Harvard	1,056	1.8%	na	na	na	(9)	3	0	0
Alewife	1,760	13.6%	\$51.73	\$55.00	\$43.55	14	30	0	0
The Ring	14,609	7.0%	\$39.92	\$43.52	\$36.63	57	94	1,080	285
Charlestown Eastie	2,387	3.4%	\$45.67	\$52.50	\$44.50	31	50	0	55
Near North	4,078	13.5%	\$34.52	\$37.50	\$29.50	(84)	44	519	230
Watertown Brighton	3,576	3.1%	\$40.69	\$46.57	\$35.80	36	4	0	0
Fenway Kenmore	2,503	2.2%	na	na	na	59	83	276	0
Crosstown Corridor	2,065	11.2%	na	na	\$47.00	14	(86)	285	0
Suburban Markets	111,244	13.5%	\$25.58	\$28.53	\$21.50	(238)	647	1,012	791
128 Belt	56,724	11.5%	\$29.81	\$33.14	\$23.53	28	822	1,012	663
128 North	11,525	9.1%	\$24.85	\$28.90	\$20.12	(10)	66	364	0
128 Core	23,494	11.5%	\$34.01	\$36.16	\$27.52	34	842	508	498
9 Corridor	11,542	16.5%	\$35.54	\$39.64	\$29.38	(31)	(19)	0	165
South Shore	10,163	8.5%	\$24.22	\$26.88	\$19.92	36	(67)	140	0
495 Belt	54,520	15.5%	\$20.71	\$23.50	\$18.56	(266)	(175)	0	128
495 North	8,303	17.9%	\$20.89	\$22.25	\$19.51	59	(34)	0	0
2&3 Corridor	19,752	17.9%	\$19.87	\$23.09	\$17.89	(289)	(75)	0	0
495 West	14,110	16.4%	\$20.02	\$22.07	\$18.45	(154)	(174)	0	66
Framingham Natick	6,404	9.4%	\$25.31	\$28.33	\$20.47	66	37	0	0
495 Southwest	4,846	8.0%	\$19.90	\$22.67	\$18.53	18	(25)	0	0
24 Corridor	1,105	13.8%	\$20.86	\$26.00	\$18.17	34	96	0	62

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

Select Office Requirements

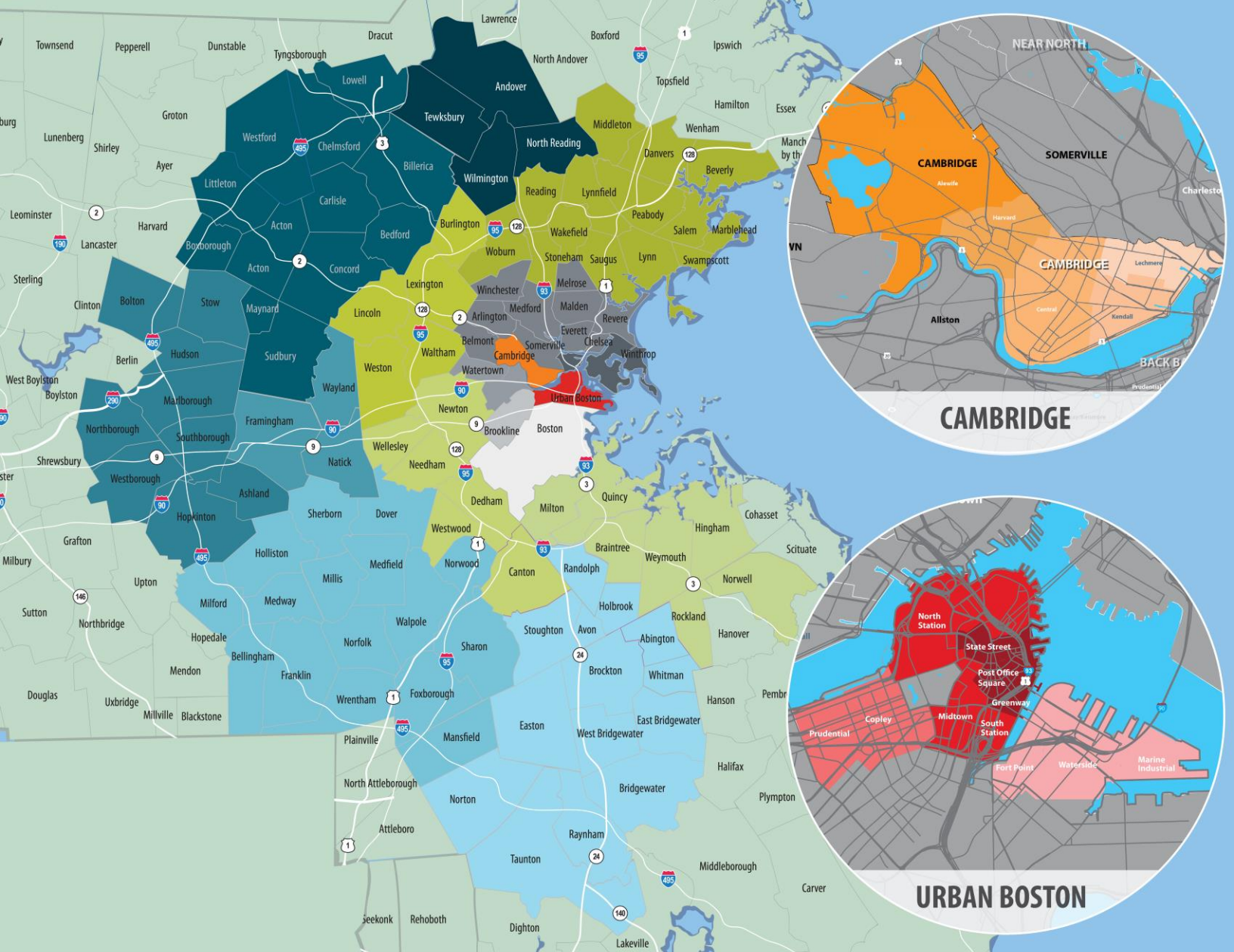
Company	Current Location(s)	Area(s) of Focus	Timing	Aprox. SF	Industry
Ragon Institute	Urban Boston	Urban Boston	2020	400k	Life Science
Loomis, Sayles & Co	Urban Boston	Urban Boston	2020	325k	Financial Services
Eaton Vance	Urban Boston	Urban Boston	2020	325k	Financial Services
Pegasystems	Cambridge	Cambridge, Urban Boston	2021	250k	TAMI
GMO	Urban Boston	Urban Boston	2021	150k	Financial Services
Ameriprise	Urban Boston	Urban Boston	2020	150k	Financial Services
Alert Innovation	Urban Boston	Urban Boston	2020	100k	TAMI
Hill Holliday	Urban Boston	Urban Boston	2020	100k	TAMI
Cambridge Innovation Ctr.	Multiple	Urban Boston	2020	100k	Real Estate

Buildings Under Construction & Nearing Commencement

Denotes the development has a lab component 

Project Name	Submarket	Developer	Delivery (Est)	RBA	% leased
1 Congress St	Core Fringe	Carr Properties	Q4 2023	977K	52%
115 Federal St	Core	Millennium Partners	Q1 2022	871k	0%
135 Morrissey Blvd	 Crossing Corridor	Alcion Ventures	Q2 2020	693k	0%
650 Atlantic Ave*	Core Fringe	Hines	Q3 2024	647k	0%
100 Causeway St	Core Fringe	Boston Properties	Q2 2021	627k	94%
350 Dawes St	 Lechmere	DivcoWest	Q3 2021	540k	100%
111 Harbor Way	 Seaport	W/S Development	Q3 2021	511k	100%
225 Wyman St	 128 Core	Hobbs Brooks Mgmt.	Q2 2021	507k	0%
450 Dawes St	 Lechmere	DivcoWest	Q4 2021	450k	100%
222 Jacob St	 Lechmere	DivcoWest	Q4 2019	430k	100%
314 Main St	Kendall	MIT	Q4 2020	425k	100%
238 Main St	 Kendall	MIT	Q3 2021	386k	86%
10 Fan Pier Blvd	Seaport	The Fallon Company	Q3 2021	315k	100%
455 Grand Union Blvd	Near North	Federal Realty	Q2 2020	304k	59%
400-500 Cambridge Disc. Pk	 Alewife	Bulfinch Companies	Q1 2020	290k	100%
101 South St	 Near North	DLJ Real Estate Capital	Q4 2021	289k	0%

*excavation has not yet started, sf in the thousands, na = sample size is too small



GREATER BOSTON OFFICE SUBMARKETS



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