



# Greater Boston office market report

Q3 2022

**AVISON  
YOUNG**

# Office market trends

## 01

### Sublease availability reaches a record level in Boston

Available sublease space in Boston reached an all-time high of 3.6 msf this quarter with Wayfair and Reebok both posting a large portion of office space to the market. Compared to the past market upticks, this represents 4.6% of the markets total inventory, slightly higher than the Great Recession, which registered at 4.5%, and lower than the Dot Com Bubble which was 4.9% of the existing inventory at that time.

## 02

### Large availabilities triggered by preleasing activity

A reaffirmed flight-to-quality trend continues to bode well for new construction with over 1 msf of preleasing taking place across Boston's new office towers so far in 2022. However, all the preleasing activity can be attributed towards consolidations and relocations within the market. This could potentially result in large blocks of vacancy arising when these tenants occupy the new towers over the next 18 months.

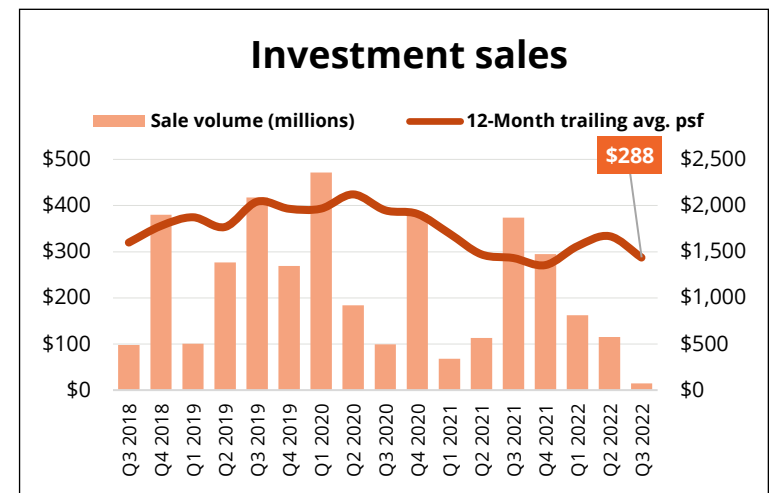
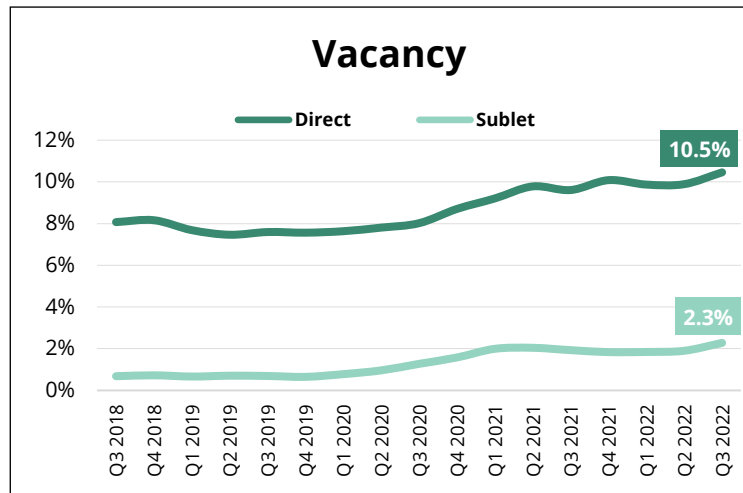
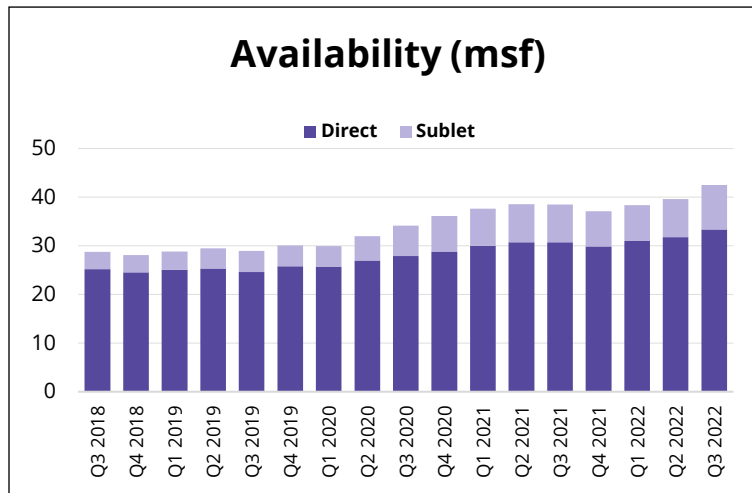
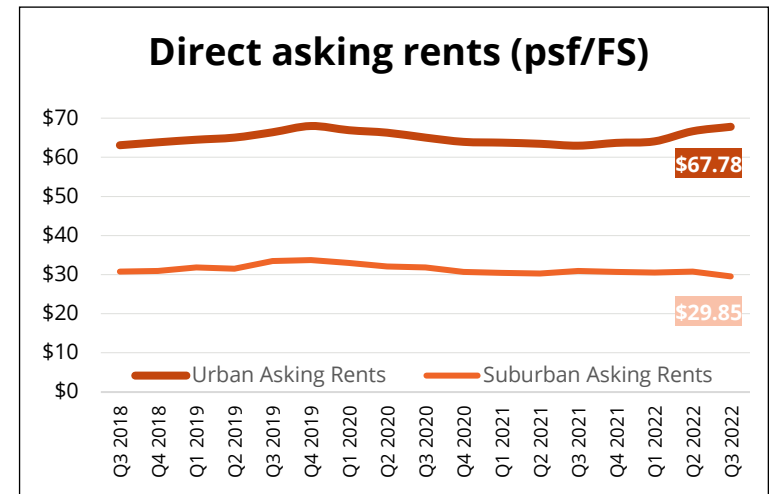
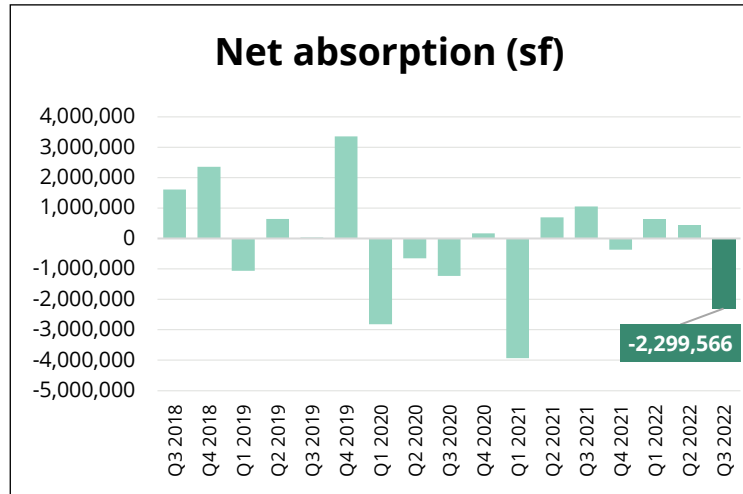
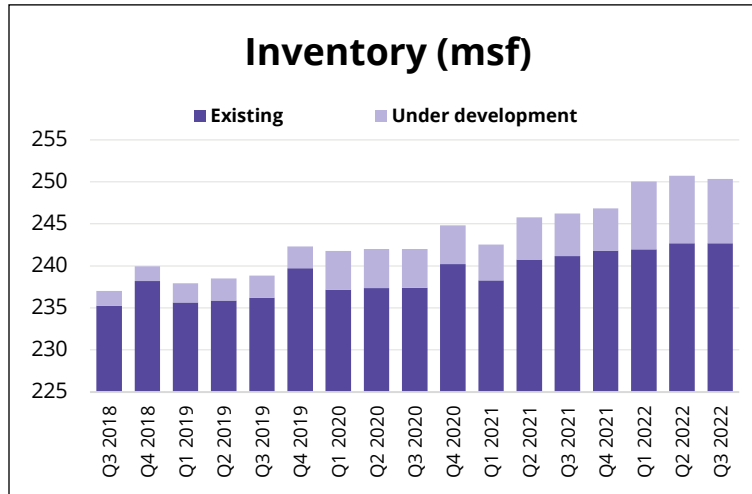
## 03

### Construction variables influence occupier strategy

A shortage of labor combined with rising material costs continue to place upward pressure on the pricing and timing associated with new construction and space build-outs. Despite the headwinds, occupiers and landlords alike are committed to improving the quality of the workplace and building in order to attract and retain employees to the office.



# Office market indicators



# Office market activity

## Quarterly leasing activity

Tenant name	Industry	Address	Submarket	Size (sf)*	Deal type	Lease type
Harbourvest	Financial Services	1 Lincoln St, Boston	CBD	250,000	New	Direct
Holland & Knight	Law Firm	10 Saint James Ave, Boston	Back Bay	105,000	New	Direct
Foley Hoag	Law Firm	111 Huntington Ave, Boston	Back Bay	113,000	New	Direct
Berkshire Hathaway	Financial Services	100 Federal St, Boston	CBD	100,000	New	Direct
McKinsey & Company	Consulting	Winthrop Center, Boston	CBD	95,000	New	Direct

\*square footage is rounded to the nearest thousandth

## Recent sales activity

Buyer(s)	Address	Sale date	Sale price*	Sale psf	Leased at Sale	Buyer Type	Seller(s)
Cabot, Cabot & Forbes	200 Quannapowitt Pky, Wakefield	Sep 2022	\$29,031,000	\$138	0%	Private	Waterstone Properties
Outshine Properties	100 Staples Dr, Framingham	Aug 2022	\$24,650,000	\$157	0%	Public	Calare Properties
Chevron Properties	581 Boylston St, Boston	Sep 2022	\$19,600,000	\$738	100%	Private	Abraham Properties
Taymil Partners	1 Hollis St, Wellesley	Aug 2022	\$10,950,000	\$296	80%	Private	Genesis Management Group

\*sale price is rounded to the nearest thousandth

## Notable Development

Name	Address	Delivery	Size	Floor size	Stories	Available sf	Lead Developer
Winthrop Center	115 Federal St, Boston	Q1 2023	812,000	15,320	53	553,000	Millennium Partners
South Station Tower	750 Atlantic Ave, Boston	Q4 2024	647,000	26,000	51	647,000	Hines Development
Bulfinch Crossing	1 Congress St, Boston	Q1 2023	1,012,000	29,500	43	0	HYM
One Post Office Square (Phase 2)	1 Post Office Sq, Boston	Q2 2023*	1,130,038	26,906	42	276,000	Morgan Stanley

\*denotes development delivers in multiple phases

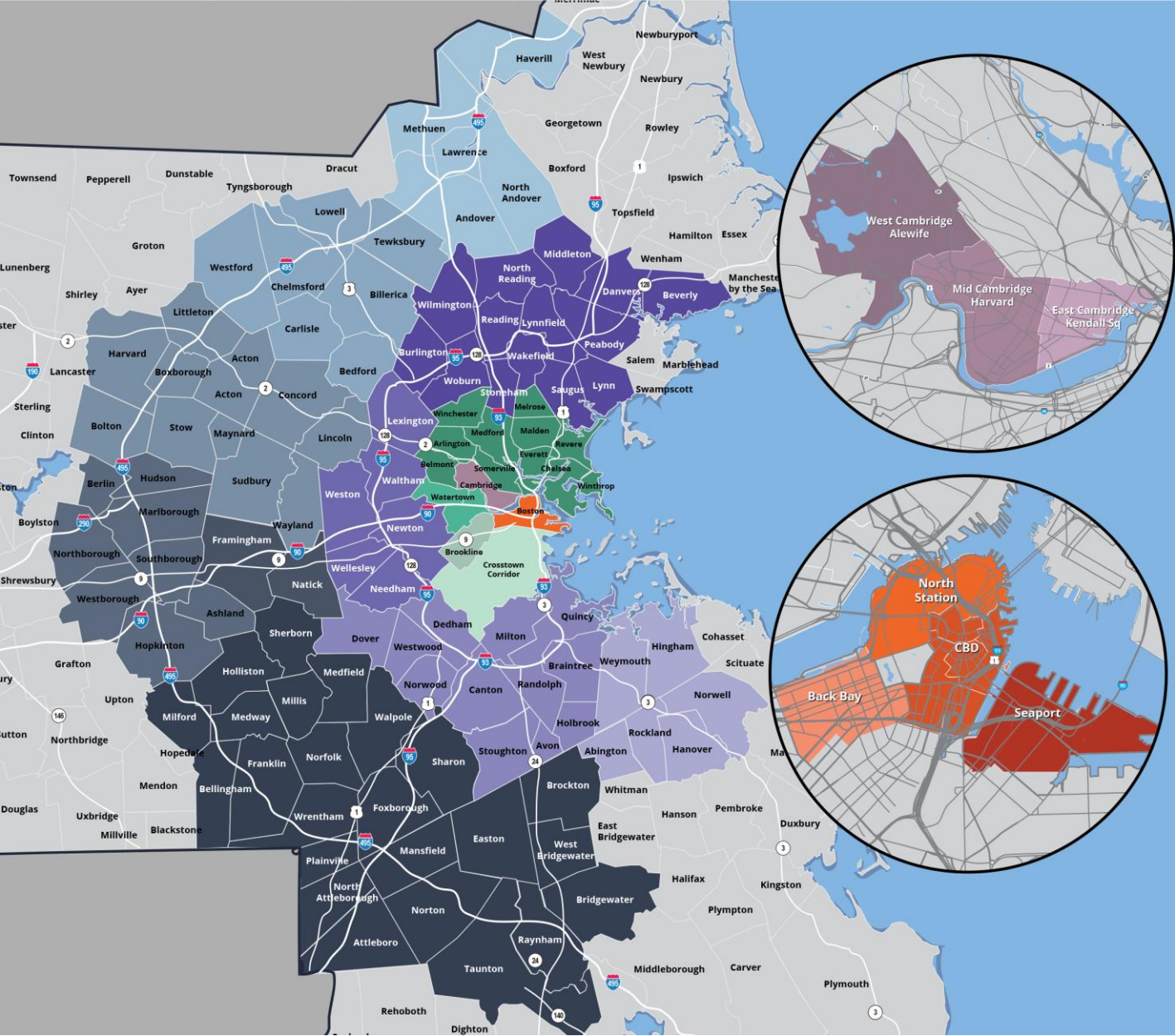
# Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Absorption		SF Under	Average Asking Rent		
			Direct %	Sublease %	Q3 2022	YTD	Construction	Total	Class A	*Class B
CBD	46,423,411	12.3%	10.1%	2.3%	-383,801	-785,484	3,974,038	\$59.96	\$70.93	\$48.99
Back Bay	15,978,365	9.9%	6.3%	3.6%	-288,341	-293,158	518,500	\$73.66	\$90.06	\$57.25
Seaport	11,870,014	12.6%	9.6%	3.0%	-138,878	1,166,750	707,000	\$66.24	\$72.40	\$60.08
North Station	4,654,532	8.9%	7.5%	1.3%	-3,100	-114,524	48,544	\$56.63	\$65.68	\$47.58
Cambridge	13,995,567	9.5%	4.1%	5.4%	-450,656	-100,585	3,491,423	\$82.40	\$90.70	\$74.10
<b>Urban Subtotal</b>	<b>92,921,889</b>	<b>11.3%</b>	<b>8.3%</b>	<b>3.0%</b>	<b>-1,264,776</b>	<b>-127,001</b>	<b>8,739,505</b>	<b>\$67.78</b>	<b>\$77.95</b>	<b>\$57.60</b>
By Submarket	Inventory (sf)	Total %	Direct %	Sublease %	Q3 2022	YTD	Construction	Total	Class A	*Class B
Near North	9,581,434	11.0%	8.5%	2.5%	13,299	286,178	465,000	\$36.83	\$39.96	\$33.70
Brookline/Watertown	4,624,634	16.0%	14.1%	1.9%	-100,263	17,166	-	\$46.14	\$52.30	\$39.97
Fenway/Kenmore	2,035,510	2.0%	1.1%	0.8%	-5,214	235,654	-	\$49.97	\$58.73	\$41.21
Crosstown Corridor	4,504,064	3.2%	2.5%	0.8%	-2,311	9,313	24,852	**	**	\$32.48
128 North	23,047,207	13.0%	10.9%	2.0%	-425,389	-228,921	-	\$25.37	\$28.95	\$21.78
128 West	22,831,165	14.0%	10.5%	3.5%	-299,094	180,099	130,000	\$39.56	\$45.70	\$33.42
128 South	16,475,833	15.2%	13.3%	1.9%	-10,085	-207,159	-	\$23.90	\$25.75	\$22.05
South Shore	2,690,165	6.4%	6.4%	0.0%	-2,421	25,857	-	\$24.04	\$26.45	\$21.63
495 Northeast	10,996,047	15.4%	14.2%	1.2%	-34,591	-162,964	80,000	\$23.54	\$25.50	\$21.57
Route 3 North	17,493,387	16.4%	13.3%	3.1%	-156,659	-242,232	140,000	\$23.68	\$27.15	\$20.21
495 Route 2 West	7,010,896	25.8%	25.5%	0.2%	77,985	-506,612	75,000	\$23.33	\$27.25	\$19.40
495 Mass Pike West	13,629,249	13.9%	13.4%	0.5%	-70,223	280,498	-	\$21.67	\$24.10	\$19.23
Framingham/Natick	7,600,327	10.1%	10.1%	0.0%	-6,395	23,738	-	\$24.68	\$27.30	\$22.05
495 South	7,239,417	6.8%	6.8%	0.0%	-13,429	-102,779	30,000	\$21.86	\$24.05	\$19.66
<b>Suburban Subtotal</b>	<b>149,759,335</b>	<b>13.6%</b>	<b>11.9%</b>	<b>1.8%</b>	<b>-1,034,790</b>	<b>-392,164</b>	<b>944,852</b>	<b>\$29.58</b>	<b>\$33.32</b>	<b>\$26.31</b>
<b>Greater Boston Market Total</b>	<b>242,681,224</b>	<b>12.7%</b>	<b>10.5%</b>	<b>2.3%</b>	<b>-2,299,566</b>	<b>-519,165</b>	<b>9,684,357</b>	<b>\$40.19</b>	<b>\$45.72</b>	<b>\$34.55</b>

# Greater Boston Submarket map

**MAP KEY**

<b>495 Belt</b>	<b>128 Belt</b>	<b>The Ring</b>	<b>Boston</b>
<ul style="list-style-type: none"> <li>495 Northeast</li> <li>Route 3 North</li> <li>495 Route 2 West</li> <li>495 Mass Pike West</li> <li>Framingham/Natick</li> <li>495 South</li> </ul>	<ul style="list-style-type: none"> <li>128 North</li> <li>128 West</li> <li>128 South</li> <li>South Shore</li> </ul>	<ul style="list-style-type: none"> <li>Near North</li> <li>Brookline/Watertown</li> <li>Fenway/Kenmore</li> <li>Crosstown Corridor</li> </ul>	<ul style="list-style-type: none"> <li>Seaport</li> <li>CBD</li> <li>North Station</li> <li>Back Bay</li> </ul>
			<b>Cambridge</b>
			<ul style="list-style-type: none"> <li>West Cambridge/Alewife</li> <li>Mid Cambridge/Harvard</li> <li>East Cambridge/Kendall Sq</li> </ul>



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