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**• Editors/Reporters**

Please click on link to view and download Avison Young's Mid-Year 2017 Greater Boston Office Market Report:

[http://www.avisonyoung.com/sites/default/files/market-intelligence/Greater\\_Boston\\_Office\\_Report%20-Q2\\_2017.pdf](http://www.avisonyoung.com/sites/default/files/market-intelligence/Greater_Boston_Office_Report%20-Q2_2017.pdf)

## **Boston office market fundamentals remain strong as FAGMA expands regionally**

### ***Avison Young releases Mid-Year 2017 Greater Boston Office Market Report***

**Boston, MA** — During the first half of 2017, the Greater Boston office market experienced robust growth in occupancy as leasing velocity remained strong and FAGMA (Facebook, Amazon, Google, Microsoft, Apple) expanded its regional presence, supporting a healthy construction pipeline. Overall, asking rents remained steady in most urban submarkets, although select areas witnessed rent spikes due to single-digit vacancy rates in these pockets and the initiation of influential developments, such as General Electric's new world headquarters in Boston's booming Seaport District. In the suburbs, pricing increased slightly, with notable rent increases in single-story flex buildings. Gravitation toward this type of flex product is primarily due to a general tightening of vacancy in traditional office buildings.

These are some of the key trends noted in **Avison Young's Mid-Year 2017 Greater Boston Office Market Report**, released today.

"As this report demonstrates, technology and life-science tenants continue to drive leasing velocity in both the city and suburbs, while more traditional companies are downsizing or consolidating in search of rent relief and efficiency," comments **Michael Smith**, Avison Young Principal and Managing Director of the company's Boston office.

Looking ahead, Greater Boston is projected to add more than 3 million square feet (msf) of competitive office space in the next two years.

Influential developments include Boston Properties' mixed-use North Station development and GE's Fort Point project, now dubbed Innovation Point. Specifically, Red Hat moved into approximately 40,000 square feet (sf) at 300 A Street, while Amazon committed to a large footprint at 253 Summer Street, simultaneously announcing plans to hire 900 people in Boston.

“The GE Effect is now coming to fruition as notable market entrants commit to areas near Innovation Point,” says Smith. “We expect this effect to continue for an extended period.”

The overall average asking rent increased to a historical high of \$36.41 per square foot in the first half of 2017. Between mid-2016 and mid-2017, the Greater Boston office market absorbed nearly 2 msf, which contributed to overall vacancy of 10.3% at mid-year 2017. While a modest 318,000 sf was absorbed in downtown Boston, the suburbs, which include Cambridge, absorbed more than 1.6 msf.

“The demand being seen for an office location in Greater Boston is unprecedented,” says **Tucker White**, Avison Young’s research analyst in Boston. “From a life-science standpoint, you have something comparable to the California Gold Rush, while tech users continue to flock to urban markets, to compete for a highly skilled labor pool.”

He adds: “Already within a six-month span, you have FAGMA establishing itself further in the region with Amazon taking a substantial amount of space in the Back Bay and Seaport, and Facebook looks to expand its footprint considerably. With Google and Microsoft already having a significant presence in the region, that just leaves out Apple.”

Of the 3 msf projected to be added within two years, more than half is preleased; however, 40% of the construction has yet to obtain commitments. Compared with mid-year 2016, which had a similar construction pipeline, preleasing activity has decreased slightly in the suburbs while increasing in urban markets.

“With a strong group of office users expanding within the city, and multiple companies on hiring sprees, preleasing activity is expected to increase by year-end,” says White.

*Avison Young is the world’s fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,400 real estate professionals in 80 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.*

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