

# Greater Boston



## Market Facts

**3,628,000 SF**

is currently under construction

**11%**of office space is currently  
vacant on a direct and sublet  
basis**261,000 SF**was absorbed on a net basis  
throughout the GBA in Q2' 2018**\$43.02 psf**is the overall average asking  
rent for office space throughout  
all of the GBA**3.1%**

unemployment rate for the GBA

## Urban Boston drives regional office growth while a robust demand pipeline supports a healthy future

Halfway into 2018, the overall market is on pace to match a 2017 performance

The Greater Boston Area (GBA) office market is on pace to outperform 2017 fundamentals in terms of occupancy growth and rental rates. Halfway through 2018, the market absorbed just north of 650,000 SF and is expected to exceed that during the second half of the year.

Primarily driven by relocations and expansions to Urban Boston, the market finished the second quarter with 261,000 SF in net absorption. Likewise, leasing velocity for the overall market weighted towards the city with tenants like Amazon, Wayfair, Spotify and Marsh & McLennan, all committing to significant footprints in the second quarter.

The Cambridge office market showed static occupancy growth this quarter due to a significant lack of vacant space while leasing velocity increased as companies, like CarGurus, committed to new construction in order to navigate the tight market.

Boston's inner suburbs, also known as The Ring, had a strong quarter thanks to the rent relief and numerous options it provides tenants who are being priced and squeezed out of Cambridge along with select Boston submarkets.

During the first half of 2018, the suburban office market remained somewhat volatile in terms of net absorption, although the demand for new office space is steadily increasing particularly along the 128 Belt where companies are being lured to new build-to-suit options in accessible and amenity-rich areas such as Waltham and Needham.

Looking ahead, the Urban markets are expected to drive the second half of 2018, even though select submarkets in the suburbs, such as the 128 Core and 495 West, will likely see strong activity based on several large office requirements that are focused there.



**200 State Street**  
Boston's Core

## Notable Activity

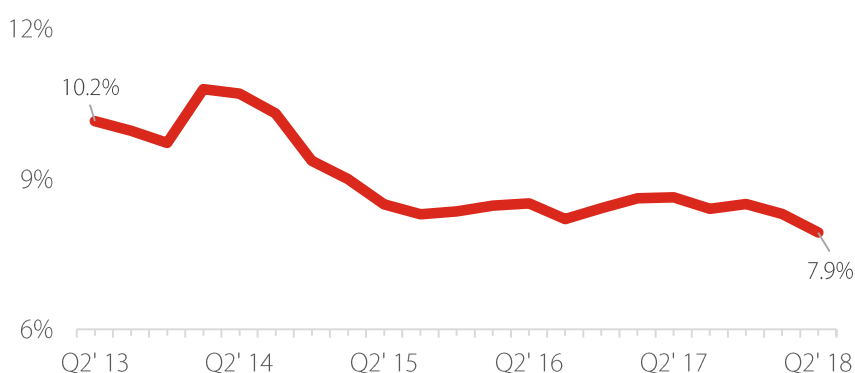
- **Amazon** confirmed plans to hire **2,000 workers** as the tech titan officially committed to **430,000 SF** at **Parcel L4** in **Boston's Seaport District**, making this the largest office lease transaction of the year.
- **Wayfair** finalized its lease taking **395,000 SF** at **500 Boylston St./222 Berkeley St.**, bringing the company's total footprint in Boston to north of 1 MSF, with plans to lease an additional 750,000 SF in the next 24 to 36 months.
- **Skanska's** new development at **121 Seaport** delivered with **Alexion** moving into its new 150,000 SF headquarters on the lower half of the building, while **PTC** plans to occupy its space in early 2019, bringing the Class A office building to **100% occupancy**.
- **WeWork** is once again expanding in Boston, leasing roughly **90,000 SF** at **40 Water St.** in the Financial District.
- **BitSight** announced its plans to relocate its headquarters from Cambridge to **111 Huntington Ave.** in Boston's Back Bay.

## Supply & Demand

Total vacancy

Q2'2018

SF in the thousands



## Average Asking Rent

Gross, net electric

■ Class A ■ Class B







Anderson Memorial Bridge  
Harvard

## Notable Activity

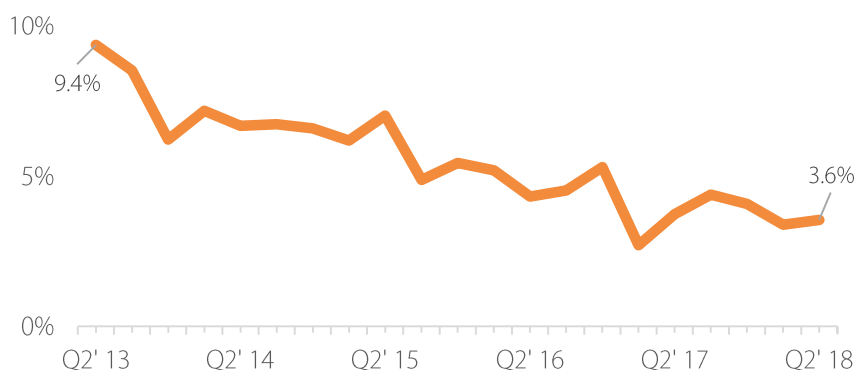
- **CarGurus** leased 100% of the office component of **Urban Spaces'** spec mixed-use development at **121 First St.** in Kendall Square.
- **Surface Oncology** will be doubling its footprint at **50 Hampshire St.**, bringing the total size of the space to north of **65,000 SF**.
- **HubSpot** expanded its presence within **1 Canal St.**, signing a long-term renewal.
- **Google** is said to be the tenant leasing Boston Properties' **400,000 SF** build-to-suit development at **325 Main St.**, which will replace the existing 115,000 SF office building.
- **The Green Line Extension (GLX)** officially broke ground, which is expected to spur a significant amount of development around the future stops.
- **Philips** is leasing another **100,000 SF** at **Cambridge Crossing**, bringing the company's total footprint to **343,000 SF**.

## Supply & Demand

Total vacancy

Q2'2018

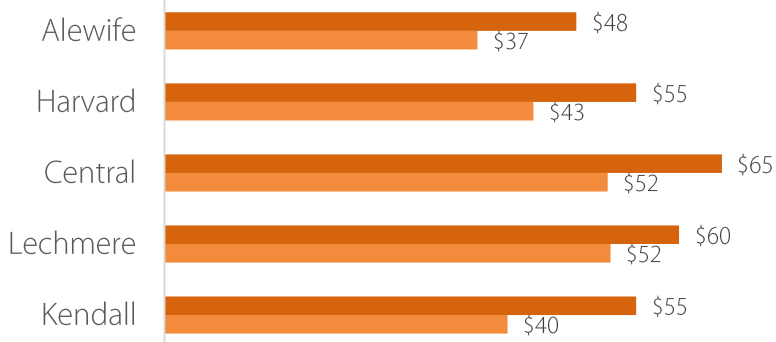
SF in the thousands



## Average Asking Rent

Gross, net electric

■ Class A ■ Class B







The Naval Yard  
Charlestown/Eastie

## Notable Activity

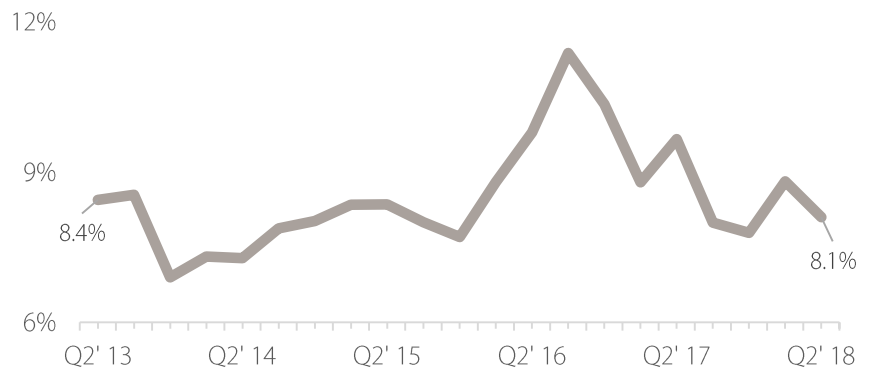
- At **Boston Landing** in Brighton, the **Celtics** officially opened the **Auerbach Center**, a **70,000 SF** practice facility that features everything from full-size basketball courts, a swimming pool, kitchen and even nap rooms.
- Xmbly** received the green light after Cresset Development and Novaya Ventures were approved for the **1.5 million SF** of mixed-use development, which will feature office, lab, R&D, hotel, residential, and retail.
- Cresset Development** signed two new leases at **65 Grove St.** in Watertown; **Markem-Imaje** leased 14,404 SF on the second floor & **Dover Corporation** took 3,719 SF, also on the second floor.
- Bosch Thermotechnology** completed its headquarters relocation from New Hampshire to Massachusetts, moving into its new **17,000 SF** space in Watertown.
- HYM Group** is planning to move forward on the redevelopment of **Suffolk Downs**, with or without Amazon.

## Supply & Demand

Total vacancy

Q2'2018

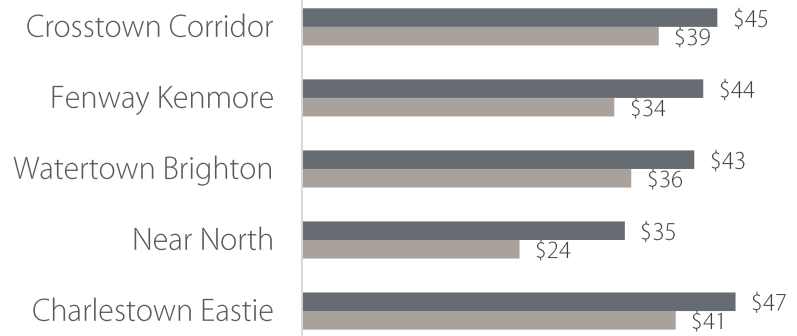
SF in the thousands



## Average Asking Rent

Gross, net electric

■ Class A ■ Class B







CityPoint, Waltham  
128 Core

## Notable Activity

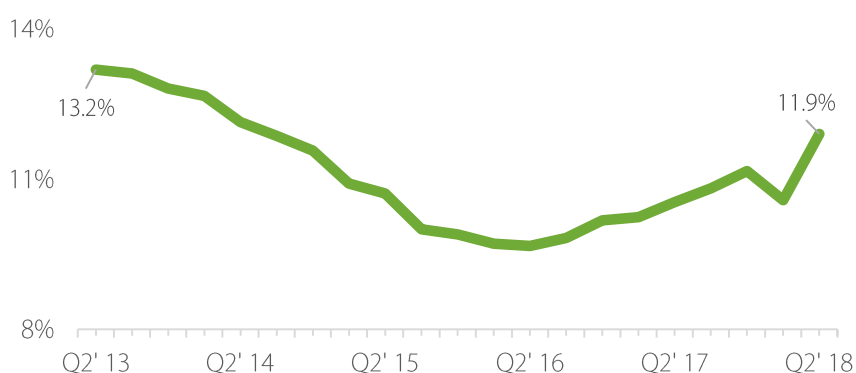
- **New Construction** taking place along the 128 Belt is starting to pay off for developers with **Alkermes**, **Zoominfo**, and **Deciphera** all committing to large blocks of new space.
- **Simpson Gumpertz & Heger** plans dual locations for its Boston headquarters, taking down **110,000 SF** at **20 CityPoint** in Waltham **14,000 SF** in the City.
- **Alkermes** signed a new **220,000 SF** lease in Waltham at **Davis Marcus Partner's Reservoir Woods** campus (900 Winter St.), which is expected to be completed by the end of 2020.
- **ZoomInfo** is nearly doubling the size of its headquarters, relocating to **73,500 SF** at **170 Tracer Ln.** in Waltham with expectations to grow to more than 300 employees before the data company moves into its newly constructed space.
- **The Post at 200 Smith** in Waltham has signed a **44,000 SF** lease with **Deciphera Pharmaceuticals**, which will be the development's first tenant after the project started construction on a speculative basis back in 2016.

## Supply & Demand

Total vacancy

Q2'2018

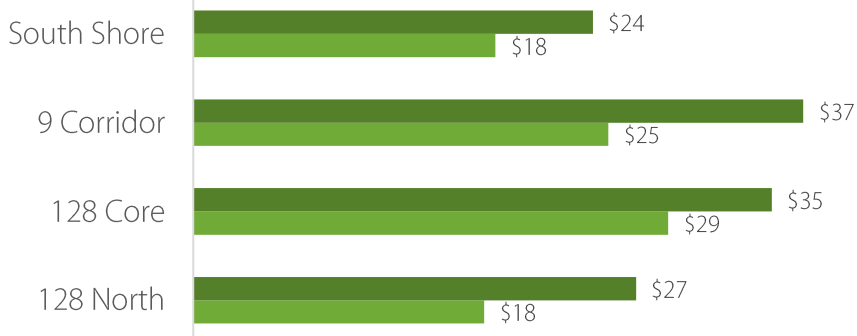
SF in the thousands



## Average Asking Rent

Gross, net electric

■ Class A ■ Class B







**Downtown Framingham**  
Framingham/Natick

## Notable Activity

- **L3 Technologies** will be taking down the full **140,000 SF** at **1 Radcliff Rd.** in Tewksbury.
- **MathWorks** is fully committed to Natick, opening a **second campus**, bringing the software company's total footprint in the town to north of **1 MSF**.
- **Clear Motion** will be moving its corporate headquarters from Woburn to **805 Middlesex Tpke.** in Billerica, leasing over **120,000 SF** with plans to bring 300 high-paying jobs to the town over the next several years.
- **Allegro Microsystems** is leaving its longtime post in Worcester for a new facility at **100 Crowley Dr.** in Marlborough, which is currently being customized to fit the company's needs.
- **Sovos Compliance** signed a long-term renewal at its **49,000 SF** headquarters at **200 Ballardvale St.** in Wilmington, with plans to hire and expand even further in the coming years.

## Supply & Demand

Total vacancy

Q2'2018

SF in the thousands



## Average Asking Rent

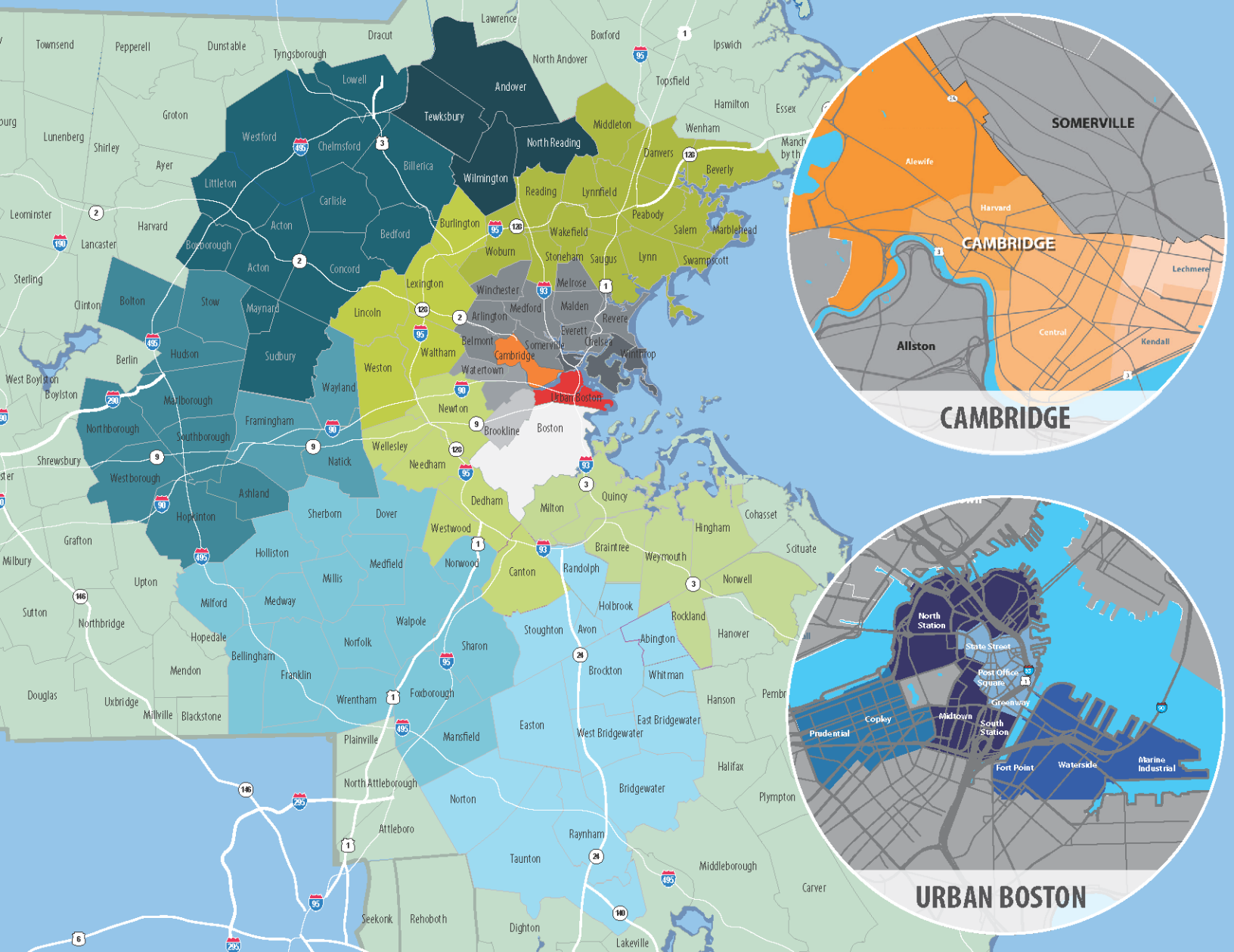
Gross, net electric

■ Class A ■ Class B

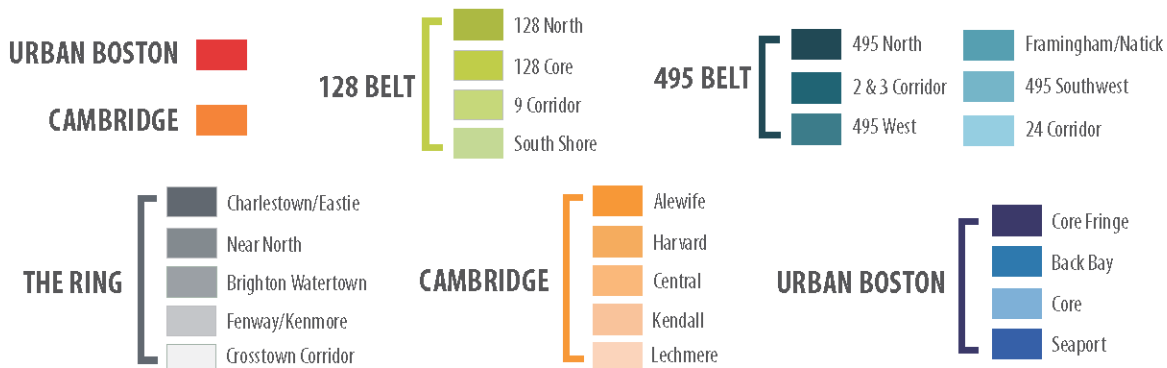


## Market By The Numbers (In Thousands)

	Inventory (SF)	Overall Vacancy	Class A Vacancy	Class B Vacancy	Class A Asking Rent	Class B Asking Rent	Q2' 2018 Net Absorp.	12 Month Net Absorption	Under Construction (SF)	12 Month Completion (SF)
<b>Total Market</b>	<b>205,621</b>	<b>11.0%</b>	<b>10.1%</b>	<b>12.5%</b>	<b>\$43.02</b>	<b>\$32.84</b>	<b>261</b>	<b>1,317</b>	<b>3,628</b>	<b>1,591</b>
<b>Urban Markets</b>	<b>94,603</b>	<b>7.5%</b>	<b>6.5%</b>	<b>9.7%</b>	<b>\$55.71</b>	<b>\$44.67</b>	<b>556</b>	<b>1,092</b>	<b>2,880</b>	<b>477</b>
<b>Urban Boston</b>	<b>68,683</b>	<b>7.9%</b>	<b>7.1%</b>	<b>10.1%</b>	<b>\$59.41</b>	<b>\$49.92</b>	<b>421</b>	<b>960</b>	<b>1,242</b>	<b>421</b>
<b>Core</b>	<b>34,914</b>	<b>8.2%</b>	<b>7.3%</b>	<b>13.1%</b>	<b>\$59.53</b>	<b>\$51.14</b>	<b>2</b>	<b>84</b>	<b>365</b>	<b>0</b>
Greenway	12,505	7.0%	6.5%	13.7%	\$59.00	\$50.20	(43)	(213)	0	0
PO Square	13,561	8.5%	8.7%	7.5%	\$61.80	\$51.07	3	(4)	0	0
State Street	8,848	9.5%	6.3%	19.0%	\$57.50	\$51.72	41	301	365	0
<b>Core Fringe</b>	<b>7,061</b>	<b>6.2%</b>	<b>1.7%</b>	<b>7.5%</b>	<b>\$54.00</b>	<b>\$47.83</b>	<b>(5)</b>	<b>127</b>	<b>175</b>	<b>0</b>
North Station	2,670	3.4%	3.9%	3.3%	\$52.50	\$48.83	16	57	175	0
Midtown	2,973	7.2%	0.0%	9.4%	na	\$45.00	41	133	0	0
South Station	1,417	9.2%	2.4%	13.0%	\$57.00	\$47.67	(62)	(62)	0	0
<b>Back Bay</b>	<b>14,558</b>	<b>8.1%</b>	<b>7.9%</b>	<b>9.7%</b>	<b>\$61.08</b>	<b>\$49.74</b>	<b>132</b>	<b>254</b>	<b>0</b>	<b>0</b>
Copley	10,553	9.3%	9.4%	9.3%	\$59.00	bn	69	196	0	0
Prudential	4,005	4.6%	4.1%	10.6%	\$67.33	\$50.00	63	58	0	0
<b>Seaport</b>	<b>12,150</b>	<b>8.1%</b>	<b>6.2%</b>	<b>9.8%</b>	<b>\$58.00</b>	<b>\$50.50</b>	<b>293</b>	<b>496</b>	<b>702</b>	<b>421</b>
Fort Point	4,350	9.8%	2.5%	11.2%	\$57.00	\$52.00	40	30	97	0
Waterside	5,746	7.3%	6.7%	11.8%	\$58.33	\$47.00	194	333	372	421
Marine	2,054	6.5%	na	6.5%	na	\$48.75	59	132	233	0
<b>Cambridge</b>	<b>10,972</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.1%</b>	<b>\$63.08</b>	<b>\$49.57</b>	<b>(18)</b>	<b>20</b>	<b>1,415</b>	<b>0</b>
Kendall	5,615	1.4%	1.4%	0.0%	\$78.75	\$67.00	25	122	911	0
Lechmere	1,697	1.7%	1.7%	1.6%	\$65.00	\$52.00	13	8	504	0
Central	903	2.0%	6.5%	0.8%	\$65.00	\$51.67	2	14	0	0
Harvard	999	4.3%	3.4%	5.5%	\$55.00	\$43.00	(9)	(12)	0	0
Alewife	1,790	12.6%	14.7%	7.3%	\$48.00	\$36.50	(51)	(114)	0	0
<b>The Ring</b>	<b>14,949</b>	<b>8.1%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>\$42.71</b>	<b>\$34.07</b>	<b>153</b>	<b>112</b>	<b>222</b>	<b>55</b>
Charlestown Eastie	2,352	3.3%	9.9%	2.4%	\$47.00	\$40.50	(7)	(9)	0	0
Near North	3,999	10.8%	8.6%	14.5%	\$35.00	\$23.59	19	82	115	55
Watertown Brighton	3,790	10.4%	7.1%	13.4%	\$42.50	\$35.67	173	34	107	0
Fenway Kenmore	2,497	5.7%	6.8%	0.0%	\$43.50	na	(49)	37	0	0
Crosstown Corridor	2,312	7.1%	13.4%	5.7%	\$45.00	\$38.67	16	(31)	0	0
<b>Suburban Markets</b>	<b>110,985</b>	<b>14.1%</b>	<b>14.2%</b>	<b>13.7%</b>	<b>\$27.04</b>	<b>\$20.36</b>	<b>(294)</b>	<b>227</b>	<b>748</b>	<b>1,115</b>
<b>128 Belt</b>	<b>56,657</b>	<b>11.9%</b>	<b>12.5%</b>	<b>10.9%</b>	<b>\$31.98</b>	<b>\$21.25</b>	<b>(429)</b>	<b>146</b>	<b>506</b>	<b>1,057</b>
128 North	12,252	12.0%	12.6%	11.4%	\$26.94	\$17.69	135	90	0	321
128 Core	23,051	12.2%	12.2%	12.4%	\$35.20	\$28.90	(41)	413	341	710
9 Corridor	11,521	15.0%	17.1%	12.0%	\$37.11	\$25.25	(457)	(386)	165	0
South Shore	9,832	7.4%	8.0%	6.3%	\$24.32	\$18.38	(67)	30	0	26
<b>495 Belt</b>	<b>54,328</b>	<b>16.4%</b>	<b>15.8%</b>	<b>16.8%</b>	<b>\$22.08</b>	<b>\$18.19</b>	<b>135</b>	<b>81</b>	<b>242</b>	<b>58</b>
495 North	8,454	17.9%	17.9%	17.9%	\$21.50	\$19.50	(1)	217	0	0
2&3 Corridor	19,729	19.2%	15.2%	21.6%	\$21.00	\$16.87	93	(255)	0	0
495 West	13,904	13.9%	12.2%	15.4%	\$20.40	\$17.94	98	221	0	58
Framingham Natick	6,332	11.5%	17.2%	4.3%	\$26.67	\$17.95	(7)	56	180	0
495 Southwest	4,805	12.1%	16.0%	10.1%	\$23.00	\$19.25	(17)	(133)	0	0
24 Corridor	1,104	32.4%	58.4%	21.8%	\$21.00	\$18.00	(31)	(25)	62	0



## GREATER BOSTON SUBMARKETS



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