



# nerej

## **Cushman & Wakefield sees positive signs for 2011: 3rd quarter 2010 statistics show positive trends**

October 27, 2010 - Front Section

Cushman & Wakefield presented its third quarter 2010 statistics for the Greater Boston commercial office market. The initial findings for the past three months show a noticeable slowdown in the rate that space is coming to the market via both sublease and direct vacancies, and in the rate that office asking rents are declining quarter over quarter.

Market-wide overall vacancy remained flat at 18.7% from the previous quarter on negative absorption of 842,054 s/f. Both the Cambridge and the suburban markets saw vacancy decline quarter-over-quarter due to positive absorption in Kendall Sq. and in five out of the seven suburban submarkets.

Highlights from the 3rd quarter statistics include:

\*Overall vacancy in the CBD was 13.6% at the end of the third quarter of 2010, up 1.7 percentage points from a year ago and up .8 percentage point quarter-over-quarter. CBD class A overall vacancy rose 2.1 percentage points to 13.6% from this time last year and 1.8 percentage points from mid-year 2010.

\*At 8.2 million s/f, year-to-date leasing activity in Greater Boston was up 22.5% from the comparable period last year. Leasing activity in the Boston CBD totaled 2.1 million s/f, a 42.0% increase from last year.

\*In the suburbs, the amount of new transactions completed rose 23.9% to 4.9 msf, with the most activity in 128 West (1.7 msf) and 128 North (1.0 msf). Activity in Cambridge totaled 1.0 msf, with comparable levels in both the office and lab markets versus 12 months ago.

"While the market fundamentals may appear weak on the surface, things are definitely improving," said Rick Cleveland, a managing director in Cushman & Wakefield's Market Research Group. "Job growth in the state has resumed and demand for office space has picked up from twelve months ago, setting the stage for a recovery in 2011."

Class A direct rents fell only slightly in most Boston submarkets. In the CBD, asking rents fell 1% from the previous quarter to \$43.47 per s/f, a 7.8% decline from 12 months prior (rents are off 35.9% since peak in Q2 2008). Rents in the suburbs are down only 2.5% quarter-over-quarter, and 2.9% year-over-year. Office rents in Cambridge also declined over the third quarter, however lab rents held steady.