



nerej

Cushman & Wakefield releases second quarter statistics for Greater Boston

July 28, 2011 - Front Section

Cushman & Wakefield released its statistical review of the second quarter of 2011. The results indicated that while Boston continues to recover from the economic downturn of 2008-2010, the region's commercial real estate markets are seeing a marked year-over-year improvement in leasing activity, particularly in downtown Boston and Boston's northern suburbs.

The biggest story of the quarter was the 1.1 million s/f build-to-suit lease by Cambridge's Vertex Pharmaceuticals at 11 Fan Pier Blvd. and 50 Northern Ave. in the Seaport District. Scheduled to deliver in late 2013, this mammoth development is likely to have a significant impact on the quantities and types of tenants attracted to this Boston neighborhood over both the near-term and for years to come.

While overall vacancy ticked up slightly in the Boston Central Business District to 14.6%, an increase of 1.8 percentage points from a year ago, year-to-date leasing activity was more than 2.7 million square feet. This represented an 86.2% increase over mid-year 2010. This increased activity was driven by favorable class A rental rates of \$45.83 per s/f, and a continued willingness of landlords to provide incentives to fill their vacant space. These rents have been particularly attractive to tenants traditionally located in non-Central Business District markets, such as Cambridge and Rte. 128 West.

Across Cambridge, overall vacancy rates in the office market improved year-over-year, falling 3.1 percentage points to 12.5%, and the laboratory vacancy rate dropped 0.6 percentage points to 17.5%. There are rumors of build-to-suit development activity being planned for Kendall Sq., and multi-national bio-tech, pharmaceutical, research institutes and technology occupiers continue to drive demand. Kendall Sq.'s average class A asking rent of \$41.31 per s/f net of electric for office and \$64.69 per s/f NNN for laboratory space. Kendall Sq.'s rents continue to set the bar in Cambridge, but the Harvard Sq. submarket is seeing a significant tightening of vacant space, and should see rising rental rates over the coming months.

Market activity in suburban Boston remains mixed. Driven by Burlington class A product, Rte. 128 North had more than 1 million s/f of leasing activity year-to-date, and ended the quarter with a 17.2% vacancy rate. In turn, the I-495 belt continues to struggle, with I-495 West and I-495 North showing vacancy rates of 25.8% and 28% respectively, as large occupiers continue to consolidate and announce plans to vacate large blocks of space.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540