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## **Live-Work-Play lifestyle. The Seaport area can over time become another East Cambridge**

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With CBRE's global reach and my involvement with the advisory arm of the valuation and advisory group, from time to time I am asked to complete unique assignments. My assignment is to determine the potential redevelopment involving 1,000 acres of urban land. I am in the midst of preparing case studies involving market absorption in key cities or sections thereof. I have consulted with Ray Torto, CBRE's global chief economist, and others of similar stature.

Major cities in China are an obvious option but on-site review eliminated this alternative due to China's supply side, not demand driven economy. London East End is also under study. When I circled back, East Cambridge was a clear clarion call. On March 22, 2013 I published an article in NEREJ on East Cambridge (<http://nerej.com/61749>).

As I study the U.S., I have concluded that Boston's Seaport area must be considered.

### **Seaport Case Study**

The Seaport area of Boston is bounded by the Fort Point Channel on the west, Boston Inner Harbor on the north, Boston Outer Harbor on the east and East Broadway back to the Fort Point Channel on the south. The area contains 1,225 acres.

The Seaport's current growth is due to new infrastructure, the direct result of Boston's "Big Dig". The original studies in the 1980s contemplated additional development density of 10 million s/f, long since passed:

• The Fan Pier is 3 million s/f

• Seaport Sq. is 6.5 million s/f

• Pier 4 is 1 million s/f

• Office space built- 2000-2010 is 2.74 million s/f

• Additional multi-family under construction is 1.254 million s/f

The above totals 14.494 million s/f. A reasonable projection is 20 million s/f to 25 million s/f without missing a beat. We are looking at 5 million s/f of office/lab and 2,533 multi-family units.

Market absorption has been extremely strong. 1,200 multi-family units came on stream the past 10 years and leased. Condominium units built over time were sold. CBRE's Q1 2013 survey of 8,374,116 s/f of office space shows a 7.2% vacancy rate and that does not include Vertex office/lab at 1,056,000 s/f nearing completing and 100% leased. Goodwin Proctor has announced a 330,000 s/f lease of a new 390,000 s/f building to be built for their occupancy. The new State Street Financial space at Channel Center will add over 500,000 s/f of space; like Vertex, fully leased.

### **What Are the Keys to the Success of the Seaport Area?**

The answer has multiple parts. The first and most important part is that Boston is one of only 13 what are called 24- hour cities (Beijing has been removed from this list). These are the best of the

best cities in the world. The next is the presence of natural boundaries that define the Seaport, as listed above.

The third is the infrastructure that is now in place - a 60' wide boulevard now extends from the Moakley Bridge. This is known as Seaport Blvd. and connects to Northern Ave. at the World Trade Center.

The fourth, perhaps the most important of all, is absorption. The Seaport absorbed in 2012 1,024,489 s/f of office space. In 2013 absorption will mushroom to over 1.5 million s/f. In 2012 there was 908,333 s/f of total absorption citywide meaning that the rest of the city lost ground to the Seaport. The Seaport is where people wish to go.

Finally, one cannot forget what the Seaport is all about.

#### The Future of the Seaport Area

The large size of the Seaport and the large land area means that the Seaport can over time become another East Cambridge, another East London and in Los Angeles another Playa Vista.

The convention center adds a new dimension creating a hotel component available to service new growth.

There is also a heavy retail commitment of some 1.3 million s/f built into the Seaport Sq. plan which will create additional support for growth.

What is happening in the Seaport area is that the Live-Work-Play lifestyle change that is starting to take hold in this country has found a new home. Live-Work-Play lifestyle changes will only be found in "knowledge cities."

The knowledge that is brought to the table by Boston is a direct result of:

- \* Tops in the world educational institutions
- \* A financial center
- \* A dense urban core where it is safe to live
- \* A culture center with the MFA and BSO
- \* A medical/biotech dominant area

The marker for change has landed on East Cambridge and the Seaport.

These two locations alone are what will make Boston one of the magnet cities in the world in the 21st Century.

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