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Boston's newest hot button - The South End/ Roxbury connector - Herald St. to Dudley Sq.

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Many years ago prior to being at CBRE/NE, I was a development partner of Trammell Crow. One of our partner meetings was in Toronto, Canada with the topic of "The Impact of Rapid Transit on Development." We all know what is happening within the Seaport area of Boston as the direct result of the central artery being placed underground, creation of new infrastructure and the creation of the Silver Line.

The Importance of the MBTA Silver Line

The real estate expression "where traffic breaks, business makes" is what is happening today. In the Seaport area, major development is taking place around such MBTA Silver Line stops as Court House Station, World Trade Center, Silver Line Way and the Design Center. The Silver Line was built in sections with Phase I being South Station to Logan Airport. Fan Pier at Court House Station is a booming success, with two-thirds of the project committed or built out. Seaport Sq. will follow with the new PricewaterhouseCoopers building as a start and under construction. The World Trade Center was leading-edge, built in advance based on the vision of Fidelity's Ned Johnson.

Herald St. to Dudley Sq. Roxbury is the key section of Phase II. South Station to Dudley Sq. went into operation in July 2002. The total cost was \$37 million. The start of the South End is South End station at the Herald Street station.

Unlike the South Station to Logan Airport connector, section two of the Silver Line is above ground. The Silver Line is a "bus rapid transit" system with articulated buses, dedicated bus lanes, GPS enabling traffic signal changing and typical bus stops treated as stations. The "stations" are modern in all respects and include heat for Boston's cold winters. As observed when in Toronto, new development or major redevelopment occurs around rapid transit stations.

The Herald Street Station

The Herald St. Station is one block from The Ink Block's 6.22-acre site. Their project notification form was filed February 1, 2012 with approval granted for 315 rental apartments, 83 condominiums, a 35,000 s/f Whole Foods, 10 retail stores, and 411-car parking. Ground was broken in early 2013 and completion is anticipated by 2015.

There is a double transportation link; Interstate 93 is located one block east and the Silver Line one block west. What is being created is a vibrant "18-hour residential/green corridor with place-making opportunities."

The Ride Down Washington St.

Between Herald St. and Dudley Sq., it is incredible to believe, but there are nine Silver Line Stations. The distance between stations ranges from 1-2 minutes each. The total time to Dudley Sq. approximates 13 minutes.

In rush hour, "bus rapid transit" is every 5-7 minutes. In non-rush hour "bus rapid transit" is every

Â±15 minutes. The Silver Line has reconnected Dudley Sq. to downtown Boston and the impacts are enormous.

The ride down Washington St. shows almost no signs of vacancyâ€”building upgrades are taking place and new buildings have been built. There is Project Place at 1145 Washington St. and major new development at 1595-1601 Washington St. with Flour Bakery, Walgreens and condominiums above.

A Revitalized Dudley Sq.

The southern terminus of the Silver Line is the center of Dudley Sq. with a terminal and circular turn radius onto Warren St. What has been long overlooked is that Dudley Sq. has been revitalized. In preparing for this article, I reviewed retail and office rental rates in Dudley Sq.

Properties in Dudley Sq. are relatively new or rehabilitated office/retail buildings with retail on the first floor and office above. The rent levels for retail leases dated September 2010 to November 2012 were at \$31.56-35.21 per s/f NNN. Office leases on a gross basis and interview of market participants indicated rents of \$27.50-29.50 per s/f with an upper rent level of \$31.74 per s/f.

The significance of these rents is that within the South Boston section of the Seaport District, along a street with similar office buildings renovations, rents are at the \$28.50-30 per s/f level.

While most people are aware of what has occurred in the Seaport, they are not aware of what has happened in Dudley Sq. Dudley Sq has merged with the South End market and is truly a "hot button" in the Boston market.

Conclusion

The difference between Boston in 2014 and only four years ago is astonishing. In 2010, the region was struggling to recover from the Great Recession. Q4 2009 CBRE statistics showed 4,329,062 s/f of negative absorption. By Q4 2013, a dramatic turn of events had occurred. CBRE reported 709,706 s/f in positive absorption.

In this four-year timeframe, the city of Boston's office market grew by 5,662,430 s/f. What took over 50 years to create grew by 8% in four years, an unheard of and record pace.

What occurred is that pockets of demand were created and then instantly filled. This is the case with the South End to Dudley Sq. A march down Washington St. is occurring, which is returning the area to a vibrant urban connection similar to that of 100 years ago.

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