



CELEBRATING
55 YEARS

nerej

New construction abounds on 128/Mass. Pike with 30 companies currently targeting the market

October 09, 2008 - Spotlights

The completion of 850 Winter St., part of Reservoir Woods' West campus, added 180,000 s/f of Class A LEED certified space to the 128/Mass Pike market in the third quarter. The project is the first of several new construction developments that will deliver premium space in Waltham over the next six months. It is one of five options for tenants seeking Class A space greater than 90,000 s/f, but the only one available for immediate occupancy.

Additional large blocks of space along 128/Mass Pike can be found at 275 Grove St., Newton which Adobe Inc. will vacate in 2010; 880 Winter St., Waltham where Phase Forward will vacate 187,410 s/f in 2009; and 52 Second Ave., Waltham which will offer 126,400 s/f when National Grid departs in 2010.

During the third quarter leasing activity consisted mostly of small to mid-sized relocations and renewals, which reduced some of the negative net absorption created earlier this year by the arrival of second generation space. Year to date net absorption was 172,703 s/f at the end of the third quarter. After actively touring the market for several quarters, Unica Technologies renewed its 100,000 s/f lease at 170 Tracer Lane in Waltham for one year.

Both the vacancy and availability rates, 9.1% and 14.4%, respectively, have remained relatively steady this year. The Class B market has outperformed the Class A market thus far in net absorption due to the lack of new supply and tenants taking advantage of more affordable rents.

The overall average asking rent for the 128/Mass Pike market held steady at \$33 per s/f gross. Rents for premier space in Waltham continue to be in the \$40-\$45 per s/f gross range. The average asking rent for the 128/Mass Pike Class A submarket was \$37.09 per s/f gross in the third quarter, virtually unchanged since year-end 2007. In the Class B submarket the average asking rent was \$28.46 per s/f gross, reflecting some upward pressure since year-end 2007.

Next quarter market conditions will mirror much of what has been seen thus far this year. We expect that the 128/Mass Pike market will experience a pop of positive net absorption in early 2009 with the delivery of pre-leased new construction projects.

During the early months of next year, 77 CityPoint in Waltham will be delivered fully occupied by Phase Forward, PRTM and Administaff. Also 1560 Trapelo Rd., Waltham, a LEED certified build-to-suit, should be completed for AutoDesk. Overlook Center, which is expected to be LEED Platinum, will be ready for Adobe Systems to occupy in the fourth quarter. The developers are Normandy Real Estate Partners and Neelon Properties.

Tenants are approaching leasing decisions with extreme caution and renewals have become

increasingly popular. Fortunately for 128/Mass Pike market landlords, the last four years of robust net absorption has reduced the availability rate to 14.4% (the ten year average is 18%), and rents will remain firm.

Tenant demand despite the challenging economic climate is on par with historical levels. Currently approximately 30 companies are targeting the 128/Mass Pike market with a total of 1.1 million s/f of requirements.

The Jones Lang LaSalle research team contributed to this story.

Lauren Picariello is vice president and director of research at Jones Lang LaSalle, Boston, Mass.

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