

Q1 2019

Office Insight

Greater Boston kicks off 2019 with continued large-tenant demand and leasing

- Five leases over 100,000 square feet were signed in the first quarter, and several additional large requirements were touring the market.
- New supply remains the prime targets for large leasing requirements, which is driving further demand for additional development opportunities that promise to expand underutilized neighborhoods.
- As Boston continues to rise as a top center for talent and innovation, momentum is expected to continue.

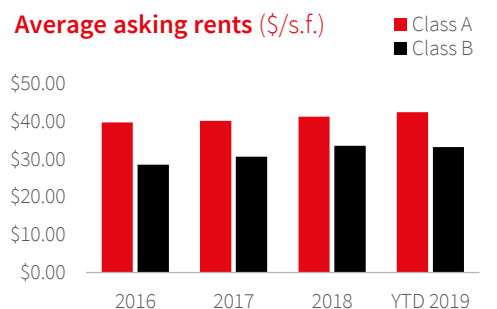
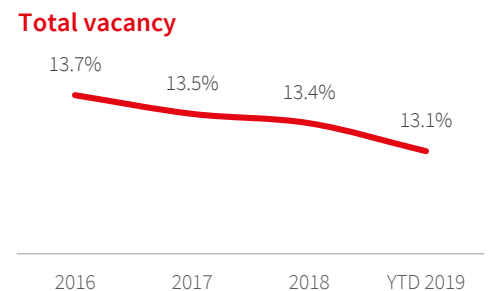
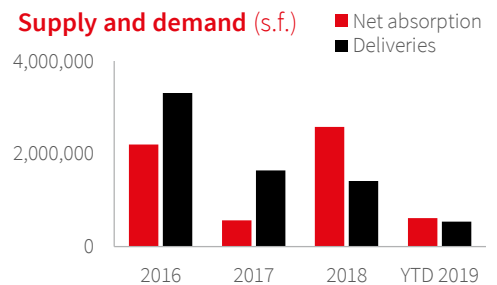
2019 kicked off with continued momentum, and all indicators point to a new era for Boston, one driven by the need to be close to innovation and talent like never before. In January, two major anchor leases were signed to kick-off developments in Cambridge and Boston. Google officially announced its 362,000-square-foot-lease at Boston Properties' future office tower over the Kendall Square T Station and State Street Bank, surprised the market by leasing over 500,000 square feet at National Real Estate and Carr Properties' future One Congress, relocating from its long-time headquarters at 1 Lincoln.

With limited large blocks to choose from, those that are available are being snapped up quickly; soon after State Street's lease announcement, WeWork leased 250,000 square feet of its former 1 Lincoln space and it's rumored that this new WeWork space will soon be spoken for with enterprise lease agreements. WeWork has been successful at landing enterprise tenants in other large blocks ahead of opening. Puma was the latest example at the end of 2018, when it announced it would locate at WeWork's 33 Arch Street ahead of its headquarters relocation to Federal Realty's Assembly Row in Somerville. Likewise, its Congress Square location (which opened during the first quarter) was already spoken for in its entirety by ezCater.

This demand continues to encourage new development and investment activity. By the close of the quarter, nearly 3 million square feet (1.8 percent of inventory) in Greater Boston had sold or was pending sale, including 75 State Street, 22 Boston Wharf Road, 75-125 Binney, and 87 Cambridgepark Drive—the last two surpassing the \$1,000-per-square-foot mark for a coveted Cambridge address. Development sites were also active across the metro and promise to bring opportunities for real estate as well as economic expansion to the region. Looking ahead, all indicators point to continued momentum for Greater Boston as all players in the market work toward its lasting success.

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Fundamentals	Forecast
YTD net absorption	611,388 s.f. ▲
Under construction	3,205,171 s.f. ►
Total vacancy	13.1% ▼
Average asking rent (gross)	\$38.75 p.s.f. ▲
Concessions	Rising ▲



JLL Research Report

Office Statistics

	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (%) of stock	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
South End	Totals	242,228	0	0	0.0%	6.3%	6.3%	\$50.00	0	0
Back Bay	Totals	12,658,490	17,039	17,039	0.1%	7.3%	8.7%	\$67.96	0	0
Charlestown	Totals	1,872,206	13,100	13,100	0.7%	2.3%	2.4%	\$47.00	0	0
Fenway	Totals	1,728,564	0	0	0.0%	4.4%	4.4%	\$61.00	0	0
Downtown	Totals	37,575,408	98,388	98,388	0.3%	7.4%	8.4%	\$64.96	325,000	0
North Station	Totals	1,529,256	-20,113	-20,113	-1.3%	5.8%	6.5%	\$56.39	0	175,000
Seaport District	Totals	10,513,980	139,088	139,088	1.3%	10.4%	12.0%	\$67.75	0	330,000
Boston	Totals	66,120,132	247,502	247,502	0.4%	7.6%	8.7%	\$65.66	325,000	505,000
East Cambridge	Totals	6,956,236	946	946	0.0%	1.0%	1.3%	\$98.89	0	1,933,550
Mid Cambridge	Totals	1,917,993	-8,534	-8,534	-0.4%	1.4%	2.2%	\$77.06	0	0
West Cambridge	Totals	1,440,399	34,157	34,157	2.4%	5.1%	12.6%	\$49.53	0	0
Cambridge	Totals	10,314,628	26,569	26,569	0.3%	1.7%	3.1%	\$91.25	0	1,933,550
128/Mass Pike	Totals	19,048,275	9,054	9,054	0.0%	9.6%	13.4%	\$38.30	0	401,373
495/Mass Pike	Totals	10,715,238	16,738	16,738	0.2%	26.2%	27.6%	\$21.75	0	0
495/North	Totals	14,824,740	50,156	50,156	0.3%	21.8%	22.5%	\$20.33	0	0
495/South	Totals	1,839,057	47,573	47,573	2.6%	22.6%	23.3%	\$20.80	0	0
North	Totals	11,821,881	10,785	10,785	0.1%	11.7%	12.7%	\$28.83	212,309	303,546
Northwest	Totals	13,279,363	117,891	117,891	0.9%	15.0%	17.3%	\$28.76	0	0
South	Totals	12,738,386	85,120	85,120	0.7%	14.3%	15.4%	\$26.81	0	61,702
Suburbs	Totals	84,266,940	337,317	337,317	0.4%	16.0%	17.9%	\$26.14	212,309	766,621
Boston	Totals	160,701,700	611,388	611,388	0.4%	11.6%	13.1%	\$38.75	537,309	3,205,171
Back Bay	A	9,616,705	28,073	28,073	0.3%	5.9%	7.4%	\$73.95	0	0
Fenway	A	237,935	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Downtown	A	25,835,031	125,278	125,278	0.5%	7.0%	8.2%	\$70.01	325,000	0
North Station	A	0	0	0	0.0%	0.0%	0.0%	\$68.00	0	175,000
Seaport District	A	4,456,311	221,628	221,628	5.0%	15.9%	17.2%	\$76.97	0	330,000
Boston	A	40,145,982	374,979	374,979	0.9%	7.7%	9.0%	\$72.01	325,000	505,000
East Cambridge	A	6,384,483	5,648	5,648	0.1%	1.0%	1.3%	\$99.46	0	1,895,948
Mid Cambridge	A	858,266	10,569	10,569	1.2%	1.2%	1.2%	\$80.00	0	0
West Cambridge	A	1,194,780	34,157	34,157	2.9%	5.9%	13.8%	\$49.53	0	0
Cambridge	A	8,437,529	50,374	50,374	0.6%	1.7%	3.1%	\$92.29	0	1,895,948
128/Mass Pike	A	11,436,640	-54,687	-54,687	-0.5%	8.1%	13.2%	\$41.11	0	325,373
495/Mass Pike	A	6,907,775	-8,837	-8,837	-0.1%	27.4%	28.4%	\$22.09	0	0
495/North	A	7,506,274	74,358	74,358	1.0%	18.5%	19.4%	\$21.52	0	0
495/South	A	610,260	53,605	53,605	8.8%	10.8%	12.1%	\$22.60	0	0
North	A	7,655,987	-13,435	-13,435	-0.2%	13.1%	14.3%	\$30.17	157,078	303,546
Northwest	A	9,133,356	95,627	95,627	1.0%	14.5%	17.5%	\$30.31	0	0
South	A	8,417,455	9,953	9,953	0.1%	14.7%	15.7%	\$28.39	0	61,702
Suburbs	A	51,667,747	156,584	156,584	0.3%	15.2%	17.5%	\$27.79	157,078	690,621
Boston	A	100,251,258	581,937	581,937	0.6%	11.0%	12.8%	\$42.39	482,078	3,091,569
Roxbury/Dorchester	B	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
South End	B	242,228	0	0	0.0%	6.3%	6.3%	\$50.00	0	0
Back Bay	B	2,630,283	4,849	4,849	0.2%	12.9%	13.8%	\$60.50	0	0
Charlestown	B	1,712,206	13,100	13,100	0.8%	2.5%	2.7%	\$0.00	0	0
Fenway	B	1,452,507	0	0	0.0%	5.2%	5.2%	\$61.00	0	0
Downtown	B	9,951,205	-12,248	-12,248	-0.1%	8.8%	9.6%	\$53.08	0	0
North Station	B	1,374,185	-20,113	-20,113	-1.5%	5.3%	6.0%	\$49.39	0	0
Seaport District	B	5,860,819	-76,437	-76,437	-1.3%	6.2%	8.0%	\$57.75	0	0
Boston	B	23,223,433	-90,849	-90,849	-0.4%	7.7%	8.6%	\$55.85	0	0
East Cambridge	B	546,803	-4,702	-4,702	-0.9%	1.2%	1.7%	\$84.25	0	37,602
Mid Cambridge	B	983,377	-19,103	-19,103	-1.9%	1.8%	3.2%	\$76.69	0	0
West Cambridge	B	245,619	0	0	0.0%	1.4%	6.4%	\$0.00	0	0
Cambridge	B	1,775,799	-23,805	-23,805	-1.3%	1.5%	3.2%	\$79.53	0	37,602
128/Mass Pike	B	6,762,170	63,341	63,341	0.9%	12.9%	15.0%	\$35.05	0	76,000
495/Mass Pike	B	3,734,673	25,575	25,575	0.7%	24.4%	26.3%	\$20.81	0	0
495/North	B	6,143,865	-24,202	-24,202	-0.4%	25.8%	26.4%	\$19.95	0	0
495/South	B	1,228,797	-6,032	-6,032	-0.5%	28.4%	28.8%	\$20.26	0	0
North	B	4,076,157	24,220	24,220	0.6%	8.8%	9.3%	\$24.49	55,231	0
Northwest	B	3,859,491	22,264	22,264	0.6%	16.6%	17.5%	\$25.77	0	0
South	B	4,220,481	75,167	75,167	1.8%	13.7%	15.0%	\$22.34	0	0
Suburbs	B	30,025,634	180,333	180,333	0.6%	17.6%	18.8%	\$23.90	55,231	76,000
Boston	B	55,024,866	65,679	65,679	0.1%	12.9%	14.0%	\$33.18	55,231	113,602
Longwood	C	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Roxbury/Dorchester	C	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
South End	C	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Back Bay	C	411,502	-15,883	-15,883	-3.9%	2.9%	6.0%	\$51.00	0	0

Charlestown	C	160,000	0	0	0.0%	0.0%	0.0%	\$47.00	0	0
Fenway	C	38,122	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Downtown	C	1,789,172	-14,642	-14,642	-0.8%	4.3%	4.6%	\$49.74	0	0
North Station	C	155,071	0	0	0.0%	9.7%	11.2%	\$47.00	0	0
Seaport District	C	196,850	-6,103	-6,103	-3.1%	9.4%	14.3%	\$0.00	0	0
Boston	C	2,750,717	-36,628	-36,628	-1.3%	4.5%	5.5%	\$48.90	0	0
East Cambridge	C	24,950	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Mid Cambridge	C	76,350	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
West Cambridge	C	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
Cambridge	C	101,300	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
128/Mass Pike	C	849,465	400	400	0.0%	3.7%	4.4%	\$30.00	0	0
495/Mass Pike	C	72,790	0	0	0.0%	8.7%	8.7%	\$0.00	0	0
495/North	C	1,174,601	0	0	0.0%	22.3%	22.3%	\$17.26	0	0
495/South	C	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0
North	C	89,737	0	0	0.0%	29.3%	29.3%	\$20.29	0	0
Northwest	C	286,516	0	0	0.0%	9.6%	9.6%	\$18.25	0	0
South	C	100,450	0	0	0.0%	9.3%	9.3%	\$0.00	0	0
Suburbs	C	2,573,559	400	400	0.0%	14.1%	14.3%	\$17.86	0	0
Boston	C	5,425,576	-36,228	-36,228	-0.7%	9.0%	9.6%	\$25.21	0	0