

Suburban 495

2019 Market Insight Report



Winter/Spring '19

cresa

Market Insight

Market Trends

Tenants Seeking Top Talent

Similar to Philips, PTC and Alexion in 2018, Puma, Epsilon and Verizon made commitments to urban opportunities which marks a continued effort from companies relocating to access top area talent in urban locations.

We Need Clear Height!

Landlords continue to try to attract larger flex and industrial users that are looking to maximize efficiency with high clear heights. For example, at 100-110 Fordham Road in Wilmington, transformations are underway to increase clear height to 32'. Changes like this may encourage other landlords to explore similar options.

Office Rents Stay "As-Is"

Class A office rents rose slightly in 2018, but with plenty of options across the general 495 market, we do not anticipate any significant rent growth in the near future and 495 will remain a value alternative to Route 128.

Market

Predictions

- 1 Warehouse and industrial product vacancy will continue to dwindle.
- 2 True "flex" space rents will continue to increase gradually over the next 12-18 months as the market supply continues to decrease.
- 3 In exterior suburban markets, landlords will continue their willingness to be creative with space planning and building structure in order to accommodate tenant needs.

Get to Know:

Marlborough, Route 20



Photo Source: Cresa/Duncan Lake



Evviva Trattoria

Family-friendly restaurant offering Italian appetizers, entrees and pizza in a festive atmosphere.



Apex Entertainment Center

Something for everyone! New England's largest family entertainment center offers several attractions including restaurants, bowling and bumper cars.



Title Boxing

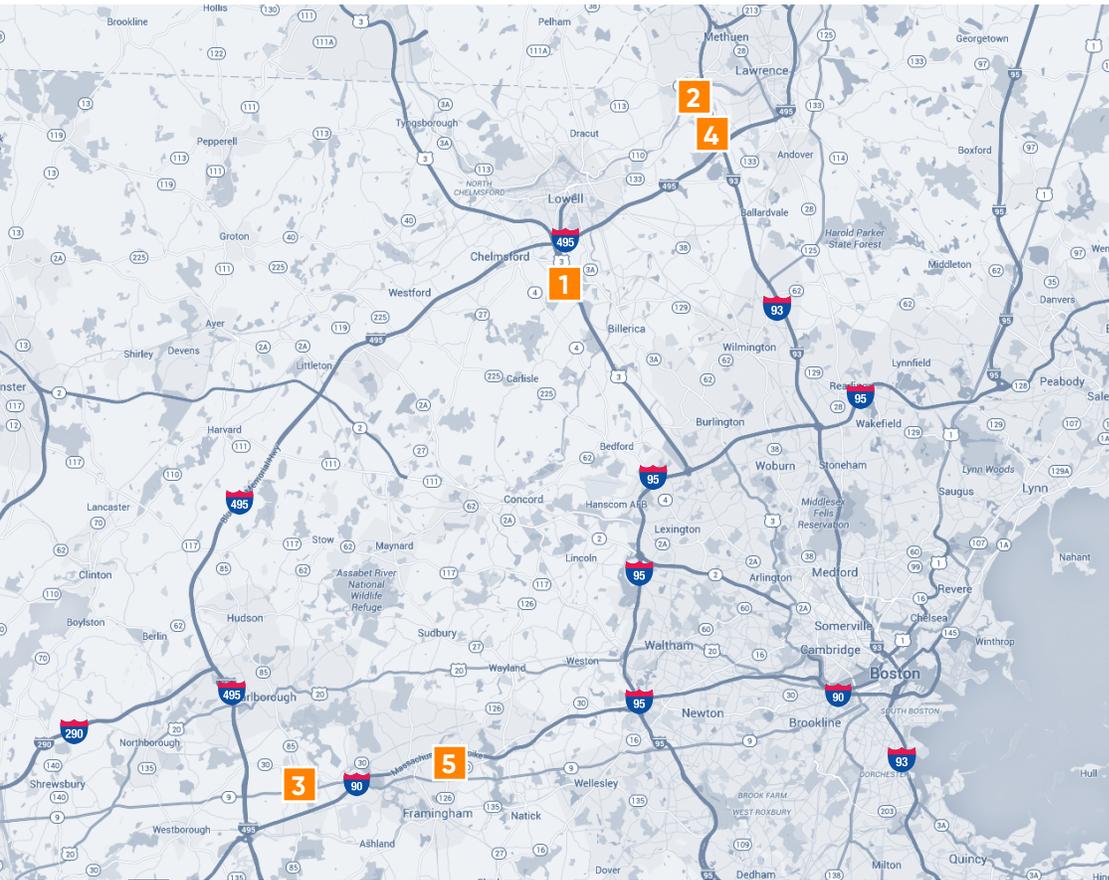
This boxing-inspired fitness club is committed to giving people of all ages, all bodies, all weights and all abilities the most empowering workout of their lives.



Assabet River Rail Trail

An 8.6 mile forested escape for recreation, this paved trail connects five old mill towns.

Market Movement



Sales Activity

Buyer	Address	Size (SF)	Price/SF
1 ZOLL Medical	269 & 271 Mill Road, Chelmsford	268,000	\$133.03
2 Sun Life Institutional Investments	150 Minuteman Road, Andover	111,150	\$287.90
3 Capital Group Properties	144 Turnpike Road, Southborough	99,835	\$144.09
4 Menlo Equities	15 Shattuck Road, Andover	92,700	\$161.81
5 Casey & Hayes	959 Concord Street, Framingham	75,573	\$175.99

Notable Transactions

Tenant	Address	Size (SF)	Type
ClearMotion	805 Middlesex Turnpike, Billerica	122,000	Relocation
Mevion Medical Systems	300 Foster Street, Littleton	100,000	Renewal
Quanterix	900 Middlesex Turnpike, Billerica	91,600	New Lease
Ametek	50 Fordham Road, Wilmington	78,100	Renewal
Exagrid Systems	350 Campus Drive, Marlborough	40,718	Relocation
BergPharma	500 Old Connecticut Path, Framingham	39,736	Renewal
Curriculum Associates	300 Concord Road, Billerica	33,000	New Lease

Tenants in the Market

OLYMPUS

250,000 SF

SUNGARD® AVAILABILITY SERVICES™

130,000 SF

Peapod®

105,000 SF

MYCRONIC

100,000 SF

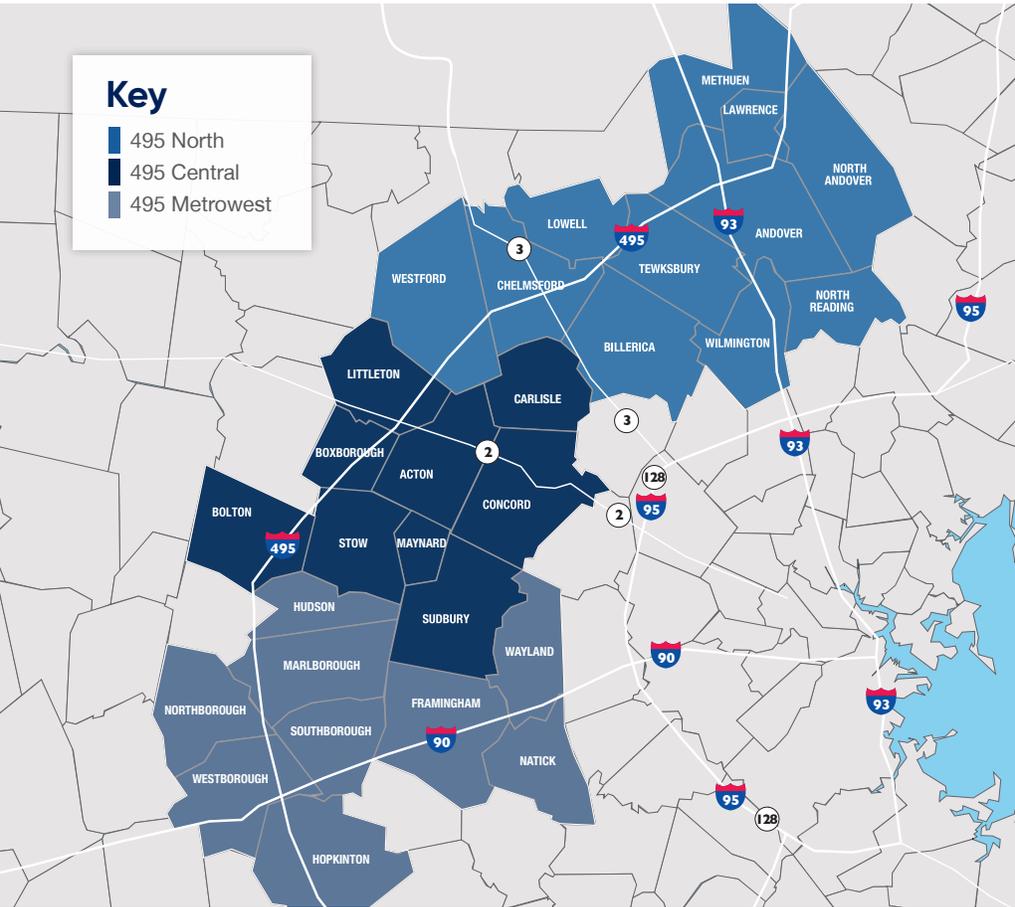
ADP®

80,000 SF

doble®

80,000 SF

Office Market Overview



Key

- 495 North
- 495 Central
- 495 Metrowest

Market Size: 33.2M SF

Vacancy: 20.3%

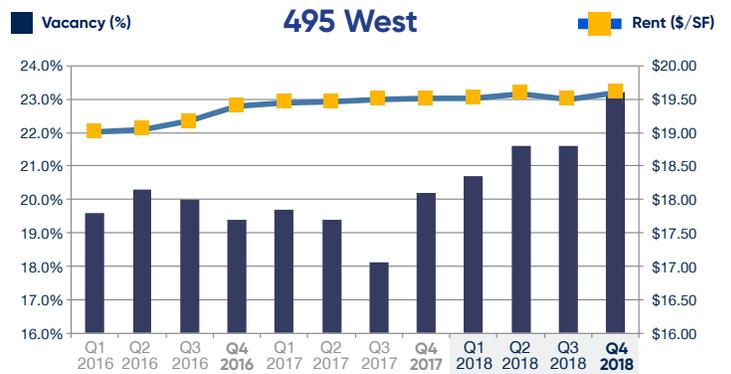
Sublease: 1.3%

Available: 27.4%

Arrows Indicate One Year Change

Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
495 North	16.9 M	17.1%	1.1%	19.2%	\$22.52	\$18.57
495 Central	4.1 M	25.0%	1.0%	35.0%	\$18.45	\$16.01
495 Metrowest	12.2 M	23.2%	1.7%	36.3%	\$20.50	\$18.25

Historical Rent & Vacancy



Project Highlight



Exagrid

350 Campus Drive
Marlborough, MA

Industry:
Technology

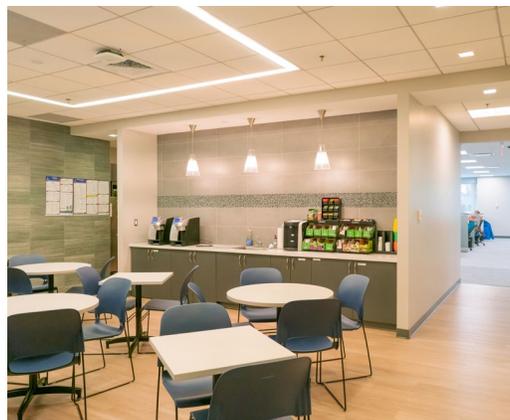
Size:
40,500 SF

Services:
Transaction & Project Management

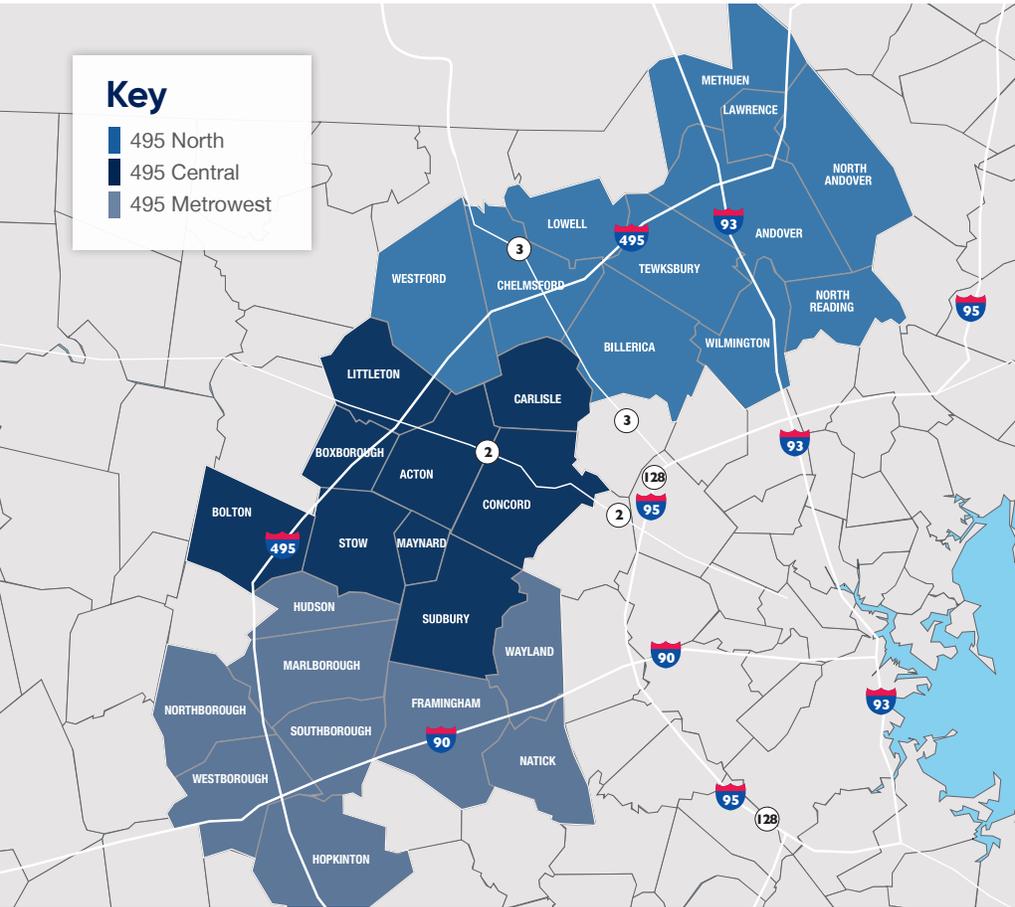
Architect:
Fusion

Space Features:
Large server lab with significant cooling and power upgrades, mix of offices and open workbench areas with private work stations, cosmetic upgrades to reception area, spacious kitchenette and breakroom area

Photography:
Cresa/Duncan Lake



Flex Market Overview



↑
Market Size: 15.4M SF
↓
Vacancy: 9.7%
↓
Sublease: 0.7%
↓
Available: 14.2%
 Arrows Indicate One Year Change

Submarket	Market Size (SF)	Vacant	Sublease	Available	Rent/SF
495 North	10.0 M	11.1%	1.1%	17.3%	\$9.85
495 Central	2.3 M	0.9%	0.0%	8.8%	\$9.12
495 Metrowest	3.1 M	5.6%	0.0%	8.1%	\$9.35

Historical Rent & Vacancy

“ Flex rents continue upward and push to peak. ”





300 Apollo Drive, Chelmsford | Photo Source: costar.com

Suburban 495

Continued Success Across the Board

2018 proved to be a particularly successful year for the Route 3 corridor, demonstrating that businesses strongly appreciate the value of working in one of the strongest high-tech environments in Massachusetts.

Notably triumphant was 300 Apollo Drive in Chelmsford, with Axis Communications Inc., a security system supplier, choosing to remain in their 60,000 SF space, and HCL Technologies committing to 29,000 SF in the building. The technology firm Nexius went with 4,000 SF, and US Alliance Federal Credit Union chose 11,000 SF. By Appointment Only, a marketing company, went with 23,000 SF, which means the building is now 100 percent occupied. Seeing as its occupancy was previously only 65 to 70 percent, this has become a strong success story for the area.

Route 3 has also shown itself to be a safety valve for the budding lab and biotech space of Route 128. First Light Biosciences moved from Bedford to a 28,000 SF space in Chelmsford,

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Businesses are thriving in the high-tech environment along the Route 3 corridor.

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demonstrating the strong migration of lab users who are looking for space up north because of the dramatically rising demand and rents in the Route 128 and Cambridge markets.

In the final quarter of 2018, the town of Billerica rose to the top as the big winner for marquee leasing activity in the 495 North market. Curriculum Associates, an education company, took a 33,000 SF space, while biotech firm Quanterix and automotive startup ClearMotion leased 91,600 SF and 122,000 SF buildings that are virtually across the street from each other, both with commitments of more than ten years. The ClearMotion deal was truly remarkable, since the RJ Kelly-

owned building, 805 Middlesex, had been vacant for more than 10 years. Deals like these are clear indicators that businesses are thriving in the high-tech environment along the Route 3 corridor.

While we're not seeing heavy transition from Route 93 to Route 3, there is still interest in the area. Harrington Industrial Products is currently focused on relocating from 500 Research Drive in Wilmington to Chelmsford, driven by a lack of suitable relocation opportunities and quality product, as well as dwindling vacancies in the flex market. As a result, companies are searching in a much broader manner than just two or three years ago.

About Cresa Boston

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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