

Cambridge Office

# 2020 Market Insight Report



Winter/Spring '20

cresa



# Market Overview



Market Size  
**11,468,005 SF**



Vacancy  
**2.6%**



Sublease  
**3.8%**



Available  
**7.5%**

Arrows Indicate One Year Change



Lab Space | Photo Source: Cresa/Duncan Lake

## Trends

### Outward Migration Continues

Many Cambridge-based tenants continue to opt for more favorable economics in other submarkets, unless they are closely tied to universities or have another compelling reason to remain in Cambridge, like the benefits of being in “the cluster” or being proximate to investors.

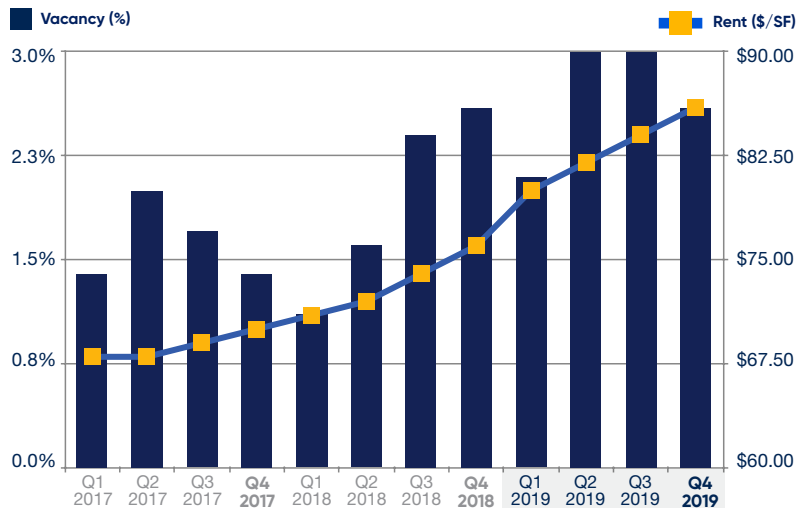
### Lab Conversions Absorb Office Space

Office buildings with the appropriate infrastructure continue to be prime candidates for conversion to lab – particularly outside of East Cambridge, where there is less demand for office space.

### Large Sublease Blocks

With some larger tenants in transition, especially in the Lechmere neighborhood of East Cambridge, there is a growing amount of sublease space available.

## Historical Rent & Vacancy



## V.C. Spotlight

Cambridge 2019



**449**  
Deals



**\$7.21B**  
Invested

### Largest Deals

1. Elevate Bio - \$150M
2. Beam Therapeutics - \$135M
3. Commonwealth Fusion Systems - \$115M
4. Thrive Earlier Detection - \$110M
5. eGenesis Bio - \$100M

# Market Movement

## Notable Transactions

Tenant	Address	Size (SF)	Type
Thrive Earlier Detection	222 Jacobs Street	49,000	New Site
Hubspot	10 Canal Park	48,000	Expansion

## Investment Sales

Buyer	Address	Size (SF)	Price/SF
Cambridge Redevelopment Authority	93-99 Bishop Allen Drive	17,098	\$514.68
Paradigm Advisors & North Conolly Asset Management	625 Mount Auburn Street	137,000	\$419.71
Toll Brothers, Inc.	55 Wheeler Street	233,611	\$188.78

## 2020 Predictions

- 1 As Cambridge tenants' leases expire and they face significant rent increases, many will continue to relocate to less expensive submarkets.
- 2 With so much demand for lab space, landlords with substantial vacancy will continue to consider converting and upgrading their building to better accommodate lab users.
- 3 The makeup of office tenants in Cambridge, particularly East Cambridge, will increasingly be large, publicly traded technology companies with less sensitivity around the cost of space.

## Get to Know:

### West Cambridge



#### Ma Magoos

Long-running mom-and-pop stop for quick counter-serve subs, Greek-style pizza, salads and dinner plates.



#### Apple Cinemas Cambridge

Outpost of a local theater chain showing new releases in a cozy setting with an old-fashioned feel.



#### Central Rock Gym

This bouldering-only indoor rock-climbing facility offers the best climbing in Cambridge, as well as yoga and fitness classes.



#### Fresh Pond Reservoir

162 acres of open space surrounding and protecting the 155-acre Fresh Pond Reservoir. Prior to the Pond's use exclusively as a reservoir, its ice had been harvested for shipment to North American cities and to tropical areas around the world.



# Project Highlight



## Ipsen

One Main Street | Cambridge, MA

**Industry:**

Biotech

**Size:**

31,500 SF

**Services:**

Project Management,  
Workplace Strategy

**Architect:**

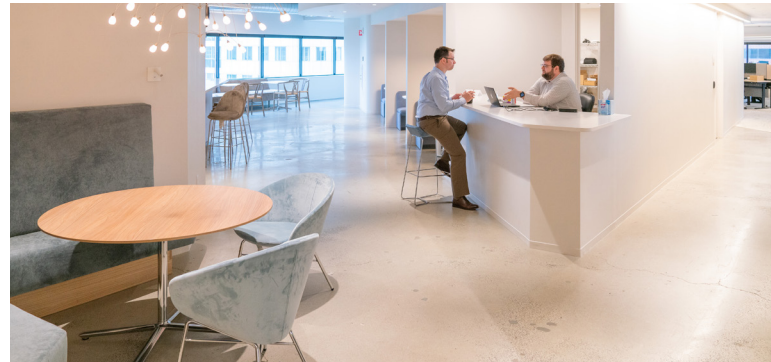
TRIA Architects

**Photography:**

Cresa/Duncan Lake

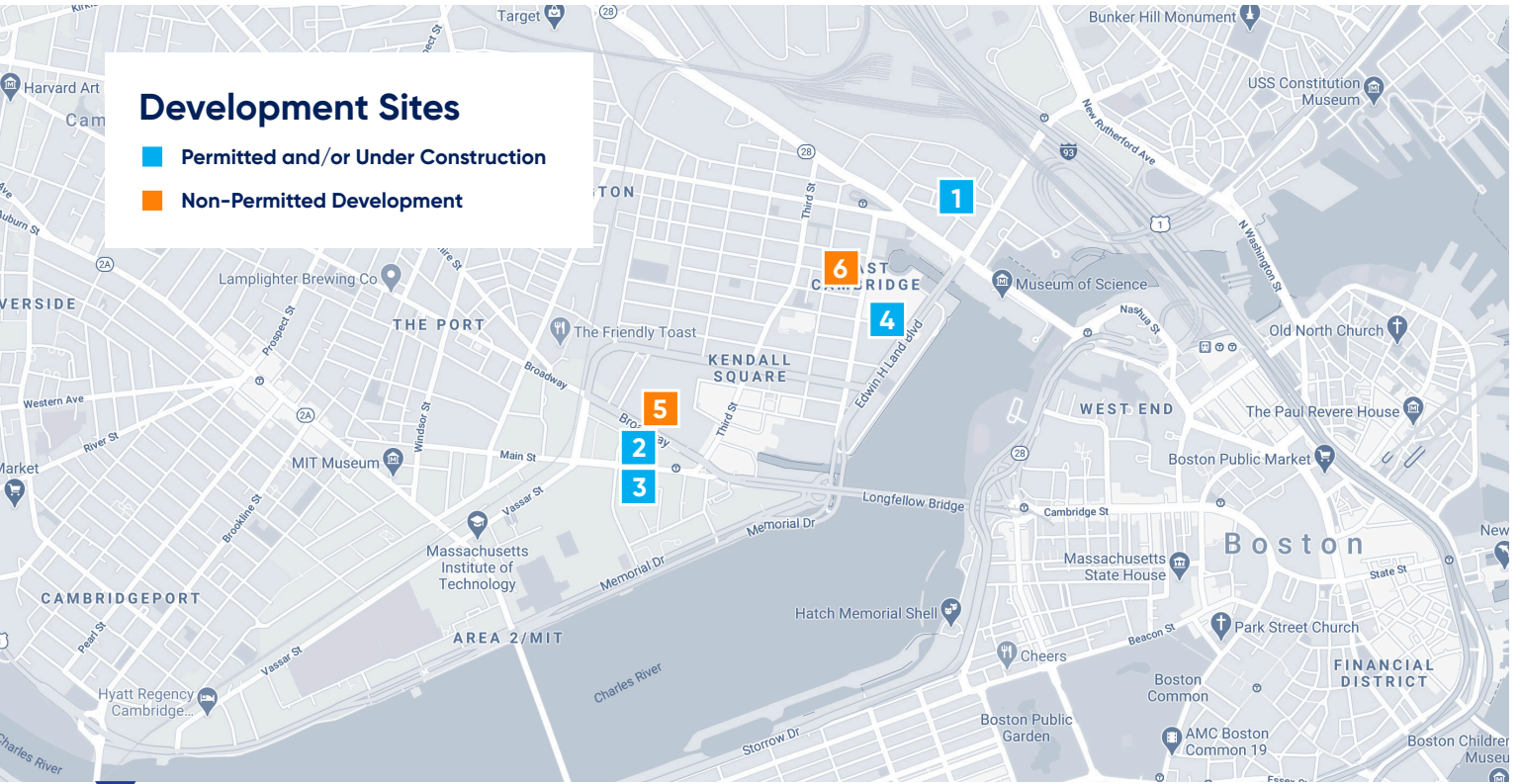
**Space Features:**

Neighborhood based design with unassigned seating; Organic and curvilinear design displayed through the walls, ceiling soffits; Meeting spaces and furniture; Range of meeting spaces from enclosed rooms and semi private collaboration spaces to phone booths; Large multi-purpose breakroom with various seating layouts, presentation capabilities and meeting spaces; Quiet Room with massage chairs





# Development Pipeline



Development	Owner	Size (SF)	Status
1 Cambridge Crossing	Divco West	2,100,000	Permitted and Under Construction
2 325 & 355 Main Street	Boston Properties	375,000	Permitted and Under Construction
3 314 Main Street	MITIMCo	345,000	Permitted and Under Construction
4 CambridgeSide	New England Development	140,000	Permitted
5 Volpe Center	MITIMCo	1,700,000	Non-Permitted Development
6 40 Thorndike Street	Leggatt McCall Properties	430,000	Non-Permitted Development



Cambridge Crossing | Photo Source: DivcoWest





Cambridge Crossing | Rendering Source: DivcoWest

## Cambridge Office

# Lechmere on the Rise

It wasn't that long ago that the Lechmere neighborhood of East Cambridge felt isolated from Kendall Square. As developments (particularly along Binney Street) have helped Lechmere connect better to Kendall, and residential and commercial buildings have gone up at nearby Cambridge Crossing, Lechmere has become a neighborhood that's right in the middle of all of the action. Companies like HubSpot and CarGurus, both with big headcount growth over the last few years, have helped absorb space in this pocket of Cambridge, while also helping to activate the area and create a vibrant neighborhood environment.

The Red Line is arguably the preferred line on the MBTA. While the Lechmere neighborhood doesn't have the same proximity to the Red Line as Kendall Square, it is still within walking distance and certainly accessible. With the growth that HubSpot, CarGurus, and other companies have experienced, Lechmere's location and proximity to public transit doesn't appear to be a problem for recruitment and retention. With the Green Line extension project commencing this year, accessibility to public transportation for Lechmere will only improve in the long

run. In the near term, the Lechmere Green Line Station will be shutting down in May 2020 for one year as part of this project. Bus service will be provided between Lechmere and North Station at no cost, but this will still likely be disruptive in the short term for companies and people that depend on public transportation in this neighborhood.

With big companies and large blocks of space come big swings. There is currently 250,000 SF of office space available in Lechmere, and nearly all of it is for sublease. HubSpot has approximately 60,000 SF of future growth space available in various suites and floors for a two to three year timeframe. Additionally, Philips has space coming available later this year when they plan to vacate and occupy their new North American headquarters building at Cambridge Crossing. CarGurus hasn't yet placed any space on the market, but they are likely to do so as they advance their plans to consolidate and relocate to the Back Bay. CarGurus occupies over 200,000 SF in Lechmere, all of which will presumably become available when they officially move. These rare, large blocks of available space represent opportunity

**Lechmere has become a neighborhood that's right in the middle of all of the action.**

for other growing tenants that would like to remain in Cambridge. Keep an eye on this neighborhood as it continues to evolve and becomes even more connected to surrounding developments; it will be increasingly more appealing as a location.

As Cambridge Crossing becomes even more activated, additional retail and amenities will be introduced within walking distance. The redevelopment of CambridgeSide will enhance the neighborhood and transform the current retail experience into something more in line with today's consumer. In the past, the Lechmere neighborhood would draft off Kendall Square, providing a discount to the "premier location." Today, Lechmere is a well-established and vibrant neighborhood that sits nicely between Kendall and a quickly developing Cambridge Crossing, yet it's also a neighborhood that sits fine on its own.



# Office by the Numbers



Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
Kendall	4,505,491	0.9%	0.6%	2.1%	\$98.00	\$90.00
Lechmere	1,784,559	3.5%	12.4%	18.4%	\$96.00	\$88.00
Mid Cambridge	2,845,686	2.8%	2.3%	6.1%	\$75.00	\$65.00
West Cambridge/Alewife	2,333,269	5.0%	5.3%	11.5%	\$58.00	\$46.00
<b>Total</b>	<b>11,468,005</b>	<b>2.6%</b>	<b>3.8%</b>	<b>7.5%</b>	<b>\$84.00</b>	<b>\$76.00</b>

## Tenants in the Market



300,000 SF



250,000 SF



Photo Source: Cresa/Duncan Lake

## 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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