

Downtown Boston

# 2022 Market Insight Report

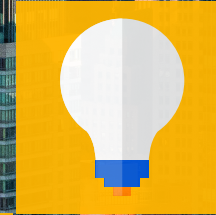


Photo: Duncan Lake/Cresa

Winter/Spring 2022

cresa



## Downtown Boston



Photo: Duncan Lake/Cresa

# Boston Overview

While the downtown Boston market is strong, the complexity of navigating the pandemic has created significant challenges for everyone. For example, the rise of the Omicron variant has delayed many employers' plans to return to the workplace until at least Q2 of 2022. In addition, **the constantly changing nature of the virus has dramatically affected the timing and strategy companies will utilize to bring people back to the office.**



## Rise of Hybrid Work

As workers demand flexibility, more employers are giving team members the autonomy to work from anywhere. We expect this trend to continue in 2022.



## Lab Conversions

Eyeing a thriving life science industry, building owners are converting over 2.9 million square feet of office into lab-ready space.



## Venture Impact

Venture funding in 2021 reached \$12.4 billion — an almost three-fold increase from 2019. Massachusetts ranked third nationally in 2022 for most venture funding received behind only California and New York.

## Downtown Boston



Market Size  
**61,225,985 SF**



Vacancy  
**12.8%**



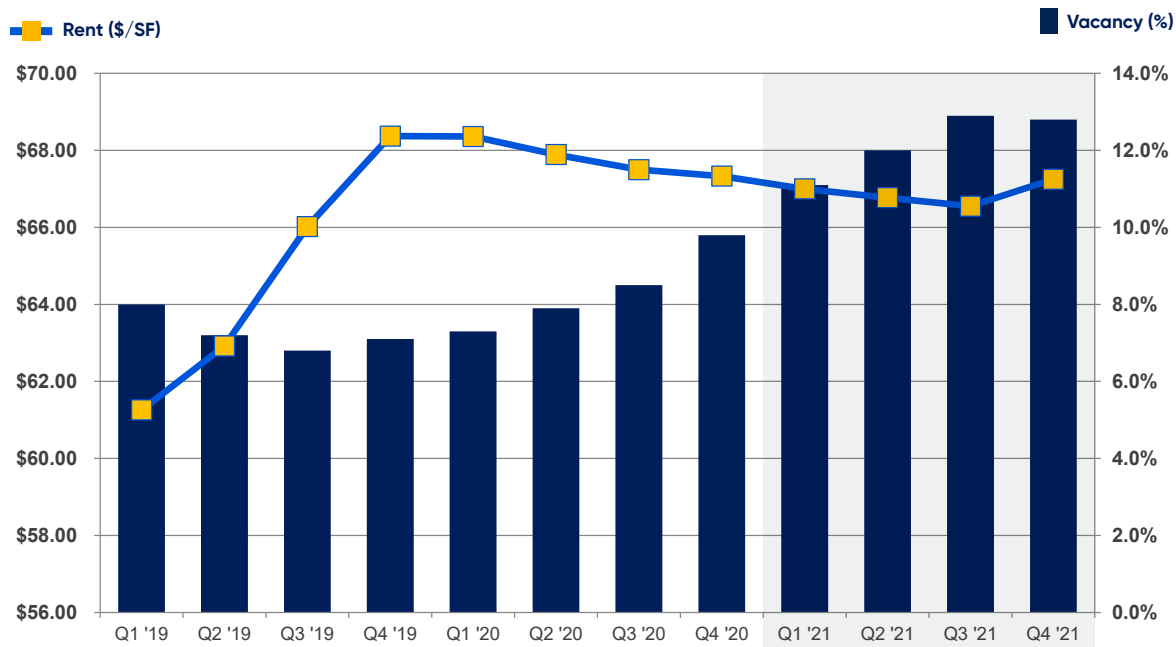
Sublease  
**3.3%**



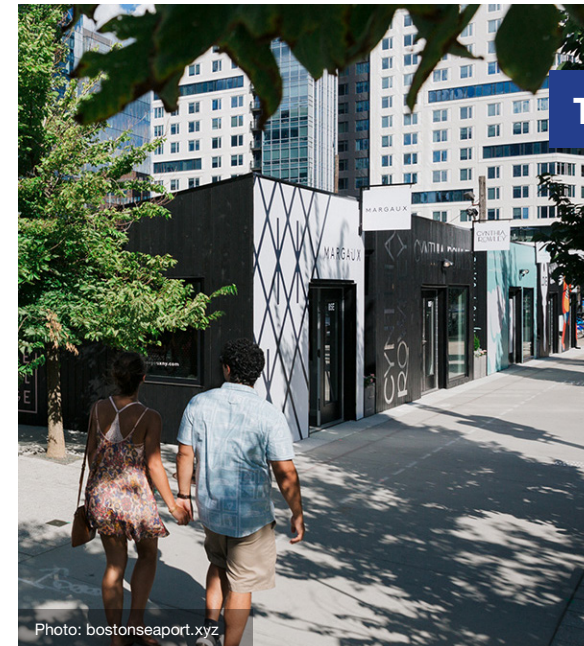
Available  
**18.4%**

Arrows Indicate One Year Change

## Historical Rent &amp; Vacancy



## Trending Retail



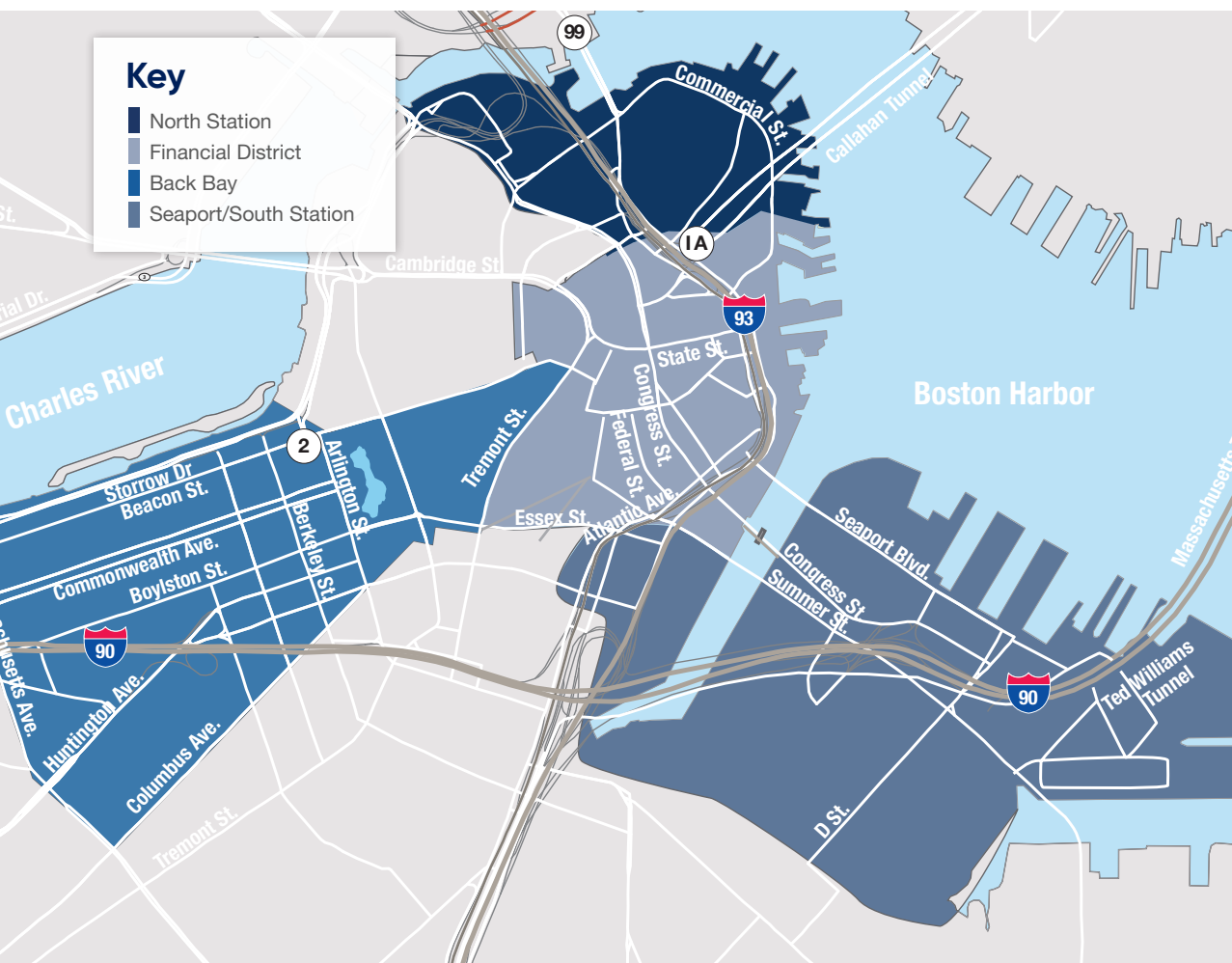
## The Current



Located at the heart of Boston's Seaport District, this small village of pop-up stores features a revolving line-up of brands and retailers. From footwear and athleisure to jewelry and cosmetics, these shops are curated to balance experimental new trends with tried-and-true local favorites. The Current offers a fun, playful, and energized vibe to celebrate the in-person retail experience.



# By the Numbers



Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
<b>Financial District</b>	34,752,529	13.6%	3.4%	21.8%	\$70.82	\$52.93
<b>Back Bay</b>	13,178,219	5.6%	2.4%	9.9%	\$77.92	\$57.43
<b>Seaport/South Station</b>	11,311,328	17.9%	3.5%	17.1%	\$78.28	\$63.60
<b>North Station</b>	1,983,909	16.1%	6.1%	22.7%	N/A	\$49.65
<b>Total</b>	<b>61,225,985</b>	<b>12.8%</b>	<b>3.3%</b>	<b>18.4%</b>	<b>\$72.47</b>	<b>\$55.89</b>





## Downtown Boston

# Notable Transactions

Tenant	Address	Submarket	Sector	Size (SF)	Type
Wellington Management	280 Congress Street	Financial District	Office	524,000	Renewal
Eaton Vance	1 Post Office Square	Financial District	Office	250,000	Relocation
SimpliSafe	100 Summer Street	Financial District	Office	151,852	Relocation
Cambridge Associates	115 Federal Street	Financial District	Office	116,460	Relocation
GMO	53 State Street	Financial District	Office	98,158	Relocation

## Investment Sales

Buyer	Address	Size (SF)	Price/SF
KKR & Synergy Investments	2 Drydock Avenue	235,000	\$999.00
Nan Fung	2 Financial Center	220,000	\$954.00
MLL Capital	33-41 Farnsworth Street	94,335	\$780.00
Phase 3	12 Farnsworth Street	68,000	\$729.00
Nan Fung	470 Atlantic Avenue	346,225	\$687.00

## Tenants in the Market

HARBOURVEST 150,000 SF

verily 100,000 SF

Berkshire Partners 90,000 SF

• APTIV • 60,000 SF

McKinsey & Company 50,000 SF



## Downtown Boston

## Development Pipeline

Development	Developer/Owner	Size (SF)	Available (SF)	Status	Use
1 776 Summer Street	Hilco	860,000	860,000	Permitted Development	Office/Lab
2 380 Stuart Street	Manulife Investment Mgmt.	625,000	625,000	Permitted Development	Office
3 10 World Trade Center Avenue	BGI	585,808	585,808	Permitted Development	Office/Lab
4 145/165 Dartmouth Street	Boston Properties	582,500	582,500	Permitted Development	Office
5 125 Necco Street	Related Beal	338,500	338,500	Permitted Development	Office
6 Boston Flower Exchange	The Abbey Group	1,638,725	1,638,725	Under Construction	Office/Lab
7 650 Atlantic Avenue	Hines and Gemdale	1,203,000	1,203,000	Under Construction	Office
8 1 Post Office Square	Anchor Line/Morgan Stanley	1,130,038	775,000	Under Construction	Office
9 1 Congress Street	HYM Investment Group	1,000,000	500,000	Under Construction	Office
10 115 Federal Street	Millennium Partners	750,000	750,000	Under Construction	Office
11 1 Boston Wharf Road	WS Development	707,000	0	Under Construction	Office
12 1001 Boylston Street	Samuels & Associates	540,000	265,000	Under Construction	Office/Lab
13 201 Brookline Avenue	Samuels & Associates	506,000	416,000	Under Construction	Office/Lab
14 111 Harbor Way	WS Development	429,990	0	Under Construction	Office
15 100 Necco Street	Related Beal	392,500	392,000	Under Construction	Office/Lab
16 105 W First Street	Tishman Speyer & Bellco Capital	266,000	0	Under Construction	Office/Lab

**11.5 Million SF**  
Under Development

Permitted Development  
**2,991,808 SF**

Under Construction  
**8,563,253 SF**





## Downtown Boston



## 129 Portland Street

Boston, Massachusetts

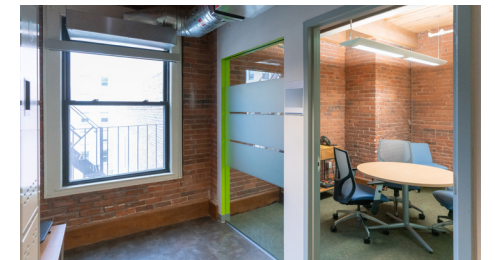
### Space Profile

Premises	4,550-18,200 SF
Floors	2, 3, 4, 5
Availability	Immediate
Term	Through 11/2022
Rental Rate	Negotiable
Building Class	A



### Features

- Multiple floors and layouts available
- Mix of office and open spaces
- True plug-and-play opportunity
- Walking distance to North Station and all dining and entertainment amenities at the Hub on Causeway/TD Garden



[View Available Subleases](#)

Photos: Duncan Lake/Cresa



## Downtown Boston

# Despite the Pandemic, Boston's Market Remains Strong

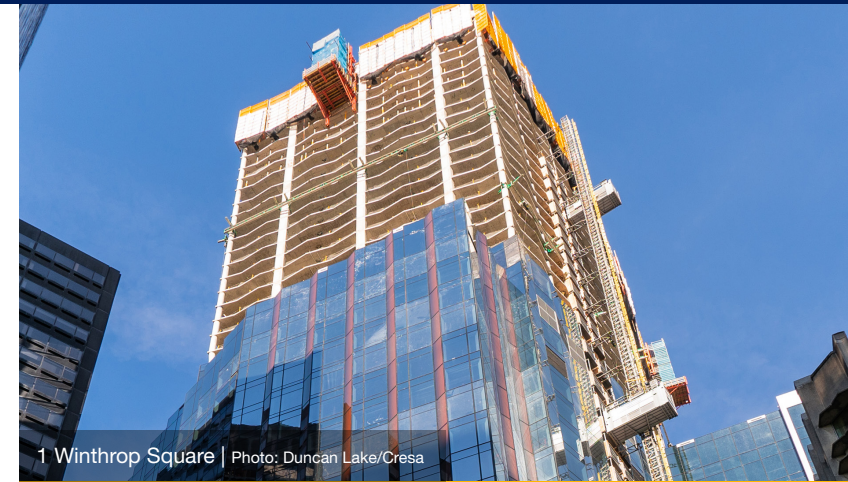
**Given widespread uncertainty around the future of the workplace, some analysts predicted lower rents, higher concessions, and more favorable terms for commercial real estate occupiers in Boston. However, the market has remained healthy throughout the pandemic with continued growth anticipated in 2022.**

There's not just one factor that has bolstered the market; a number of components have contributed to its sustained success. The conversion of existing office assets to life science properties is undoubtedly a significant factor in Boston's current downtown market. The continued life science demand around Boston has resulted in buildings like 601 Congress Street, 745 Atlantic Avenue, 51 Sleeper Street and 1 Winthrop Square all converting vacant second generation office space to lab-ready space. These conversions remove existing office vacancies from the market and help offset some of the COVID-related vacancy that has returned to market.

In addition to lab conversions, the Boston market is seeing notable shifts in the quality of office space. As occupiers continue to rethink (and often reduce) their real estate footprint, many are choosing to upgrade their spaces to elevate the in-office employee experience. While the uses

and layouts of spaces are always evolving, more and more occupiers are investing in high-quality spaces that offer the amenities and conveniences they need to attract and retain top talent.

With most new construction in Boston slated for late 2023 delivery, the Class A market continues to boast low vacancy relative to the rest of today's market. Nearly 5 million square feet of highly anticipated new space is currently under construction, with the largest office buildings (1 Winthrop Square and 1 Congress Street) expected in late 2023. These buildings will present exciting market opportunities in the future, but limited inventory in the near term will result in strong market dynamics through 2022.



1 Winthrop Square | Photo: Duncan Lake/Cresa

**The conversion of existing office assets to life science properties is undoubtedly a significant factor in Boston's current downtown market.**

Photo: Duncan Lake/Cresa





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Photo: Duncan Lake/Cresa

## Real Estate Insights to Fuel Future Success

Cresa is dedicated to sharing the latest data, emerging trends, and industry benchmarking in the Downtown market for our clients and partners. From high-level real estate forecasting to workplace and hybrid work strategies, we regularly deliver high-value, high-impact findings to help our clients make future-focused, informed real estate decisions.

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## Occupier's Perspective



### Less Space, But Higher Quality

Occupiers are reducing their footprints but relocating to higher-end spaces with increased amenities.



### Class B Opportunities

The Class B market will afford occupiers the greatest ability to take advantage of new vacancies.

## Things to Consider

1. How can my workspace serve as a competitive advantage to recruit top talent?
2. What kinds of policies and protocols create the best workplace experience for my employees?



# Meet the Team

Click to learn more about our advisors



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**Matt Harvey**  
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**Derek Losi**  
Senior Vice President



**Andrew Orpik**  
Vice President



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Associate



**Adam Subber**  
Managing Principal



**Dan Sullivan**  
Managing Principal

## 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.

## Contact

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