

Cambridge Office

2022 Market Insight Report



Photo: Duncan Lake/Cresa

Winter/Spring 2022

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Cambridge Office



Cambridge Overview

As a result of the pandemic, a significant amount of sublease space came on the market in East Cambridge last year. However, much of that space is no longer available for various reasons. Most notably, three of the buildings with large availabilities were acquired to convert them from office space to lab (two of the three fully committed in the process). In addition, Sanofi had been marketing up to 3 floors and more than 130,000 SF of their future office space at Cambridge Crossing for sublease but opted to retain the space for their use. **Overall, Cambridge real estate remains very strong with low, single-digit vacancy, primarily due to the activity and impact of the booming biotech market.**



Opportunity Knocks

With newly available space for sublease in the Akamai headquarters, some larger occupiers have emerged with significant requirements, seemingly drawn to the quality of the opportunity.



Big Tech and Biotech

Fueled by pandemic uncertainty, small- and mid-sized office occupiers continue to evaluate their space needs, while Cambridge sees significant growth as a hub for big tech and biotech.



Life (Science) Support

While demand and leasing velocity for Cambridge office space have been down in recent years, activity from the life sciences market, including office-to-lab conversions, have helped reduce vacancies.

Cambridge Office



Market Size
10,778,223 SF



Vacancy
4.9%



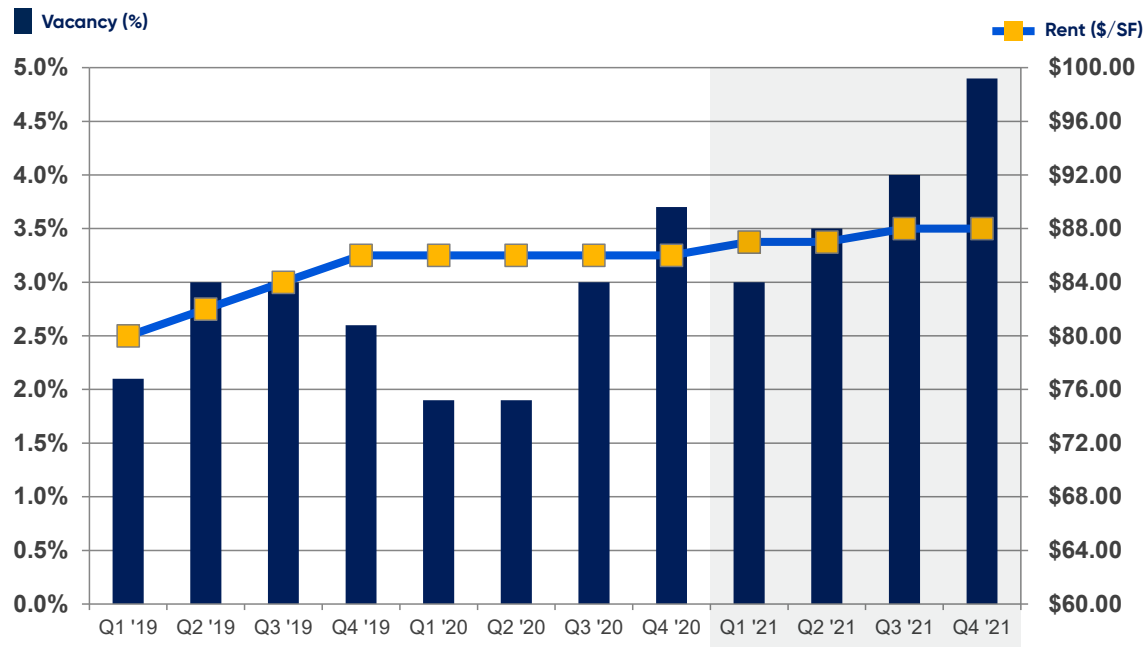
Sublease
3.9%



Available
8.8%

Arrows Indicate One Year Change

Historical Rent & Vacancy



Invigorating a Neighborhood



Cambridge Crossing



This expansive live-work-play neighborhood has lined up exciting retail and dining options to cultivate a vibrant community feel in East Cambridge. Over 100,000 SF is dedicated to retail space, including 'The Shed,' a multi-tiered pavilion slated to house a Lamplighter taproom and a trio of restaurant concepts from local Chef, Will Gilson.

By the Numbers



Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
Kendall	4,821,339	3.5%	5.1%	8.6%	\$103.00	\$92.00
Lechmere	1,744,772	9.8%	3.7%	13.5%	\$98.00	\$90.00
Mid Cambridge	2,774,227	5.3%	3.1%	8.3%	\$75.00	\$65.00
West Cambridge/Alewife	1,437,885	3.0%	1.8%	4.8%	\$60.00	\$48.00
Total	10,778,223	4.9%	3.9%	8.8%	\$88.00	\$78.00



Notable Transactions

Tenant	Address	Submarket	Sector	Size (SF)	Type
Facebook	50 Binney Street	Kendall	Office	267,000	New Space
MGH	1 Main Street	Kendall	Office	10,222	New Space



Photo: Duncan Lake/Cresa

Tenants in the Market

 Microsoft **130,000 SF**

 InterSystems® **90,000 SF**
Creative data technology

 Iterative Scopes **20,000 SF**

Photo: Duncan Lake/Cresa



Development Pipeline

Development	Developer/Owner	Size (SF)	Delivery Timeline
1 249 Fifth Street (Volpe)	MIT	400,000	Q4 2024
2 40 Thorndike Street	Leggat McCall	422,000	Q4 2023
3 325 Main Street	Boston Properties	340,000	Q3 2022

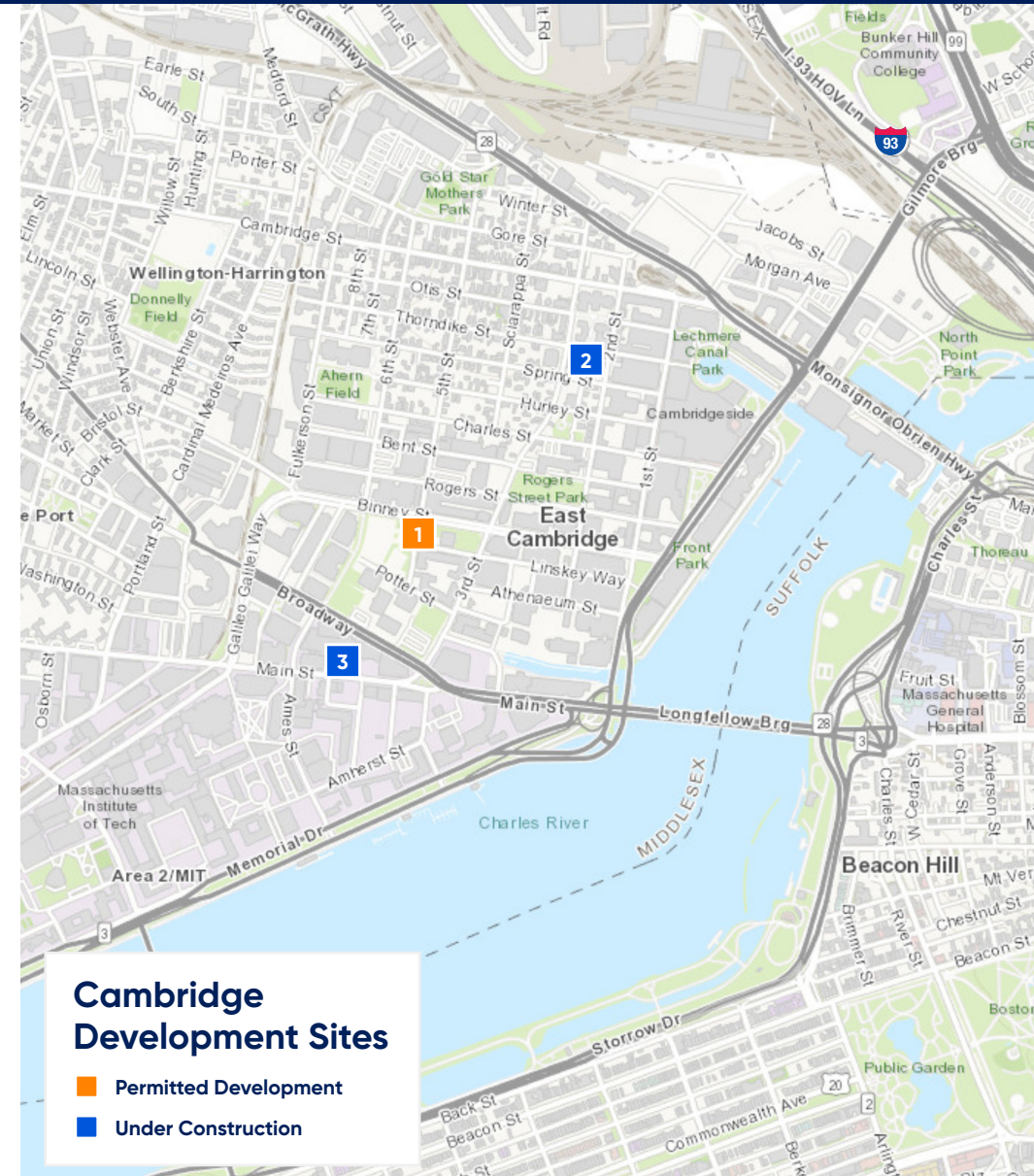
1,162,000 Total SF
Under Development

Permitted
Development

400,000 SF

Under
Construction

762,000 SF



Cambridge Office



145 Broadway

Cambridge, Massachusetts

Space Profile

Premises	135,000 SF
Floors	4-8
Availability	Q1 2022
Term	5-7 Years
Rental Rate	Negotiable
Building Class	A

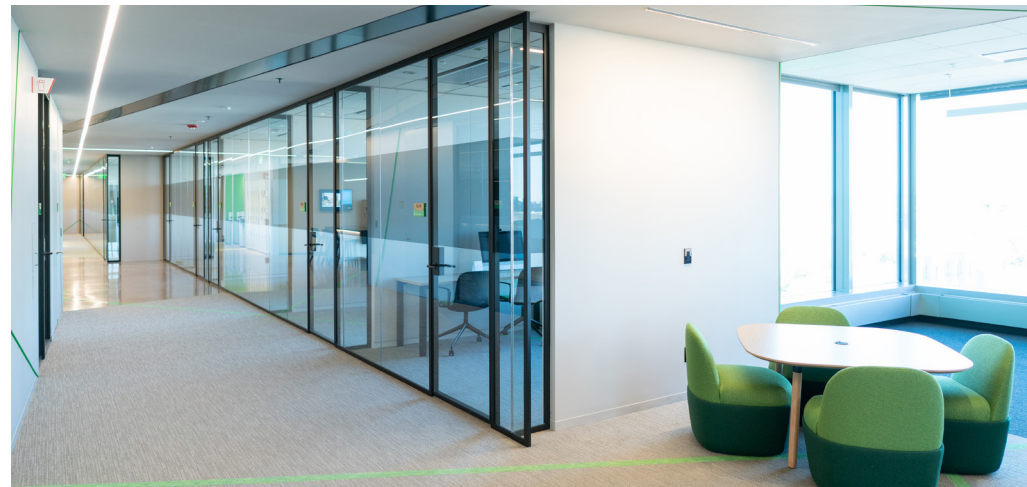
 WATCH THE VIRTUAL TOUR

Features

- High-end, contemporary build out that lends itself to a hybridized workplace
- Plug-and-play with all furniture available
- Multiple internal stairs provide unique connectivity
- Located in the heart of Kendall Square within blocks of all area amenities



View Available Subleases



Photos: Duncan Lake/Cresa

Big Changes in Cambridge

For many years, East Cambridge was ground zero for tech startups and incubators. As growth among biotech and tech giants has increased rent in the area, the new tenant profile has shifted: big tech and life science firms are expanding their Cambridge footprint, while many less-established tech companies have fled for Boston and other less expensive submarkets.

This evolution of the Cambridge office market has only accelerated during the pandemic. Just a few months into 2020, several hundred thousand square feet of space was put on the sublease market with very little demand to pursue. Today, much of the space that came on is no longer available, thanks to the unrelenting demand in the biotech market. Alexandria acquired 1 Rogers Street/1 Charles Street and leased the entire 300,000 SF vacancy (with plans for lab conversion) to Flagship Ventures for a handful of their portfolio companies. Just across the street, 1 Canal Park was also sold for conversion to lab. HubSpot's lease of the entire building was terminated, allowing them to consolidate to 2 Canal Park and remove any remaining office vacancy there. Although 1 Canal Park isn't yet committed, the office space there was effectively absorbed and removed from the ever-shrinking Cambridge office inventory.

As expected, larger organizations have had time to consider their own future space needs, and we're now seeing some actions taken as a result. For example,

Sanofi was marketing up to three floors and over 130,000 SF of space in their office building under construction at Cambridge Crossing. Ultimately, they decided to retain all the space for their use. Additionally, Akamai recently put five floors and over 130,000 SF of their new headquarters building on the market for sublease, and Biogen put all of 300 Binney Street, just under 200,000 SF, on the market for sublease as well.

These waves of real estate and sublease activity in Cambridge will likely continue through 2022 as organizations plan for the future of work and roll out office reentry programs. Potential occupiers should know that, despite widespread uncertainty throughout the past two years, the Cambridge market remains highly competitive due to limited inventory. As large tech and life science firms continue to claim real estate and many office buildings undergo lab conversions, we will see a lasting shift in Cambridge's corporate demographic.



1 Canal Park | Photo: Duncan Lake/Cresa

“Despite widespread uncertainty throughout the past two years, the Cambridge market remains highly competitive due to limited inventory.”



300 Binney Street | Photo: Duncan Lake/Cresa

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Real Estate Insights to Fuel Future Success

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Occupier's Perspective



Obsolete Rent Relief

Despite low demand throughout the pandemic, rents have remained largely unaffected. With lab conversions claiming much of the desired spaces, vacancy remains low and landlords are patient as office occupiers evaluate their needs.



The Future of Work

Occupiers continue to navigate their return to the workplace as employees have grown accustomed to remote work. As a result, some have let their leases expire with plans to reassess in the future.



Commuting Concerns

East Cambridge has seen relief from traffic and congestion with fewer commuters during the pandemic. However, as workers return to the office and several new developments are completed, these challenges may make a comeback.

Things to Consider

1. Is Cambridge still the best location to support your business needs?
2. Is a hybrid work arrangement right for your organization? If so, how can you optimize your current space(s) to best support hybrid teams?
3. Many workers have become comfortable working remotely. What are you doing to encourage your team(s) to come into the workplace?

Meet the Team

 Click to learn more about our advisors



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Adam Subber
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Dan Sullivan
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