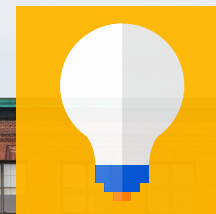


Suburban 495

2022 Market Insight Report



Winter/Spring 2022

cresa



Photo: Duncan Lake/Cresa

Route 495 Overview

The Route 495 flex and industrial markets continue to hum along at an impressive rate. By the end of 2021 and into early 2022, the market observed insatiable demand for flex and industrial vacancies. In turn, **the market continued to appreciate significantly, with occupiers facing significant increases in rental rates for lease extensions and relocations.** However, with the majority of development slated for 2023, there is no safety valve insight to release market tension in the near term.

Despite the rise of the Omicron variant, the office market has improved quite a bit compared to the early days of the COVID-19 pandemic. Notably, a few additional large requirements are set to land in the first few quarters of 2022, including 3 Step Sports (~65,000 SF) at Brickstone Square in Andover. Furthermore, supply is dwindling due to conversion plays, where landlords modify assets to house and meet the unrelenting demand of life science, manufacturing, R&D, and cGMP requirements.



Lab Conversions Abound

While more prevalent in the downtown and Route 128 geographies, the Route 495 market is experiencing an uptick in office-to-lab conversions, bolstering the office asset class.



Flex Remains King

Unrelenting demand from a wide array of occupiers paired with a lack of supply has rents continuing to appreciate.



Watermark Transactions

Investors continue to pour capital into the flex and industrial asset class, eclipsing record numbers observed in 2020 and 2021.

Suburban 495

Office:



Market Size
27.0 Million SF



Vacancy
21.7%



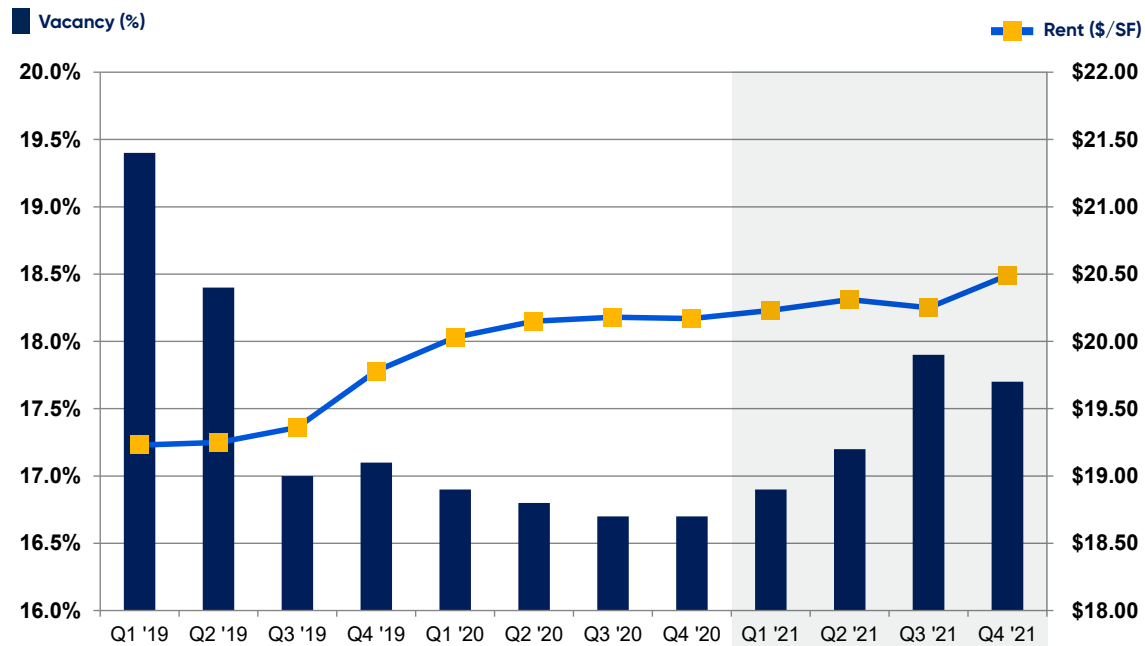
Sublease
4.3%



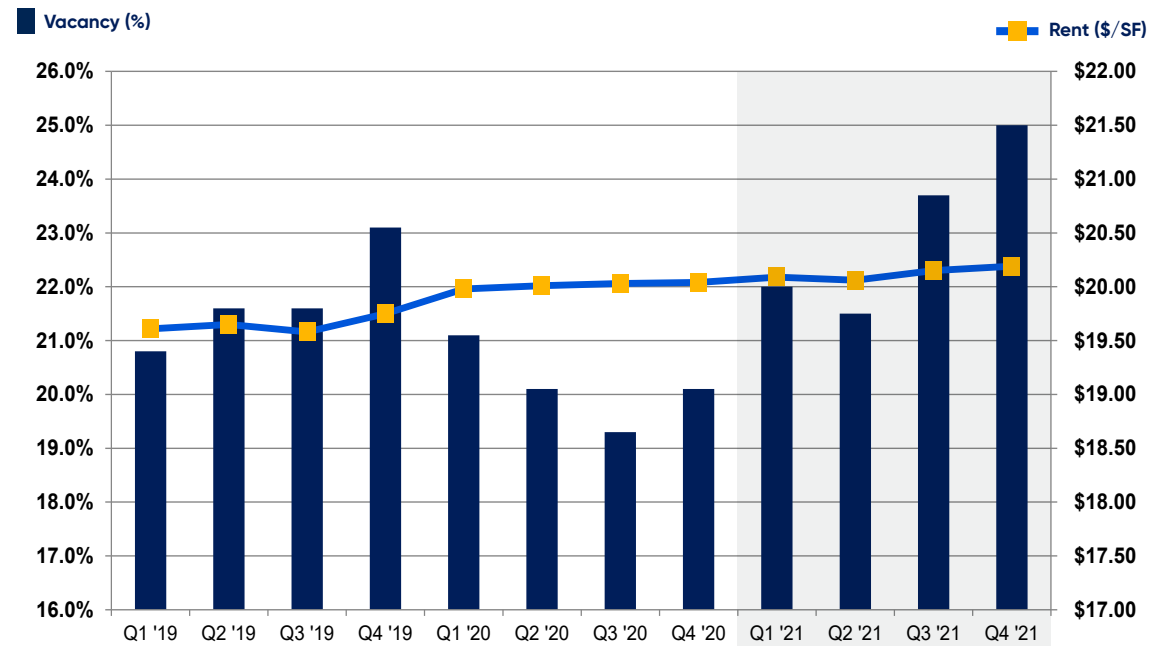
Available
29.9%

Arrows Indicate One Year Change

Historical Rent & Vacancy 495 North



Historical Rent & Vacancy 495 West



Flex:



Market Size
18.4 Million SF



Vacancy
5.4%



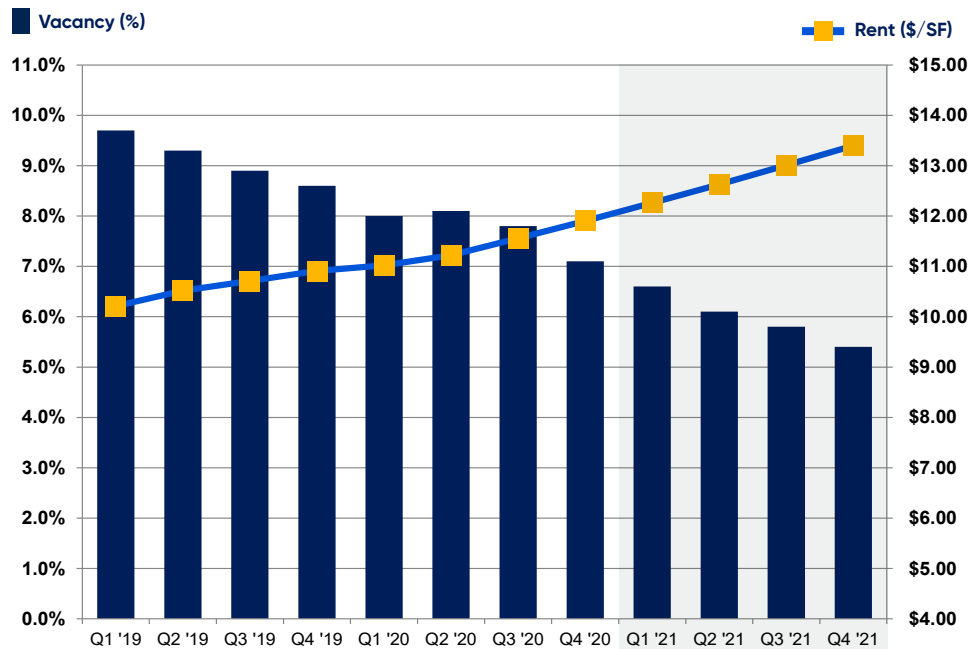
Sublease
3.7%



Available
11.6%

Arrows Indicate One Year Change

Historical Rent & Vacancy



Small Business Spotlight



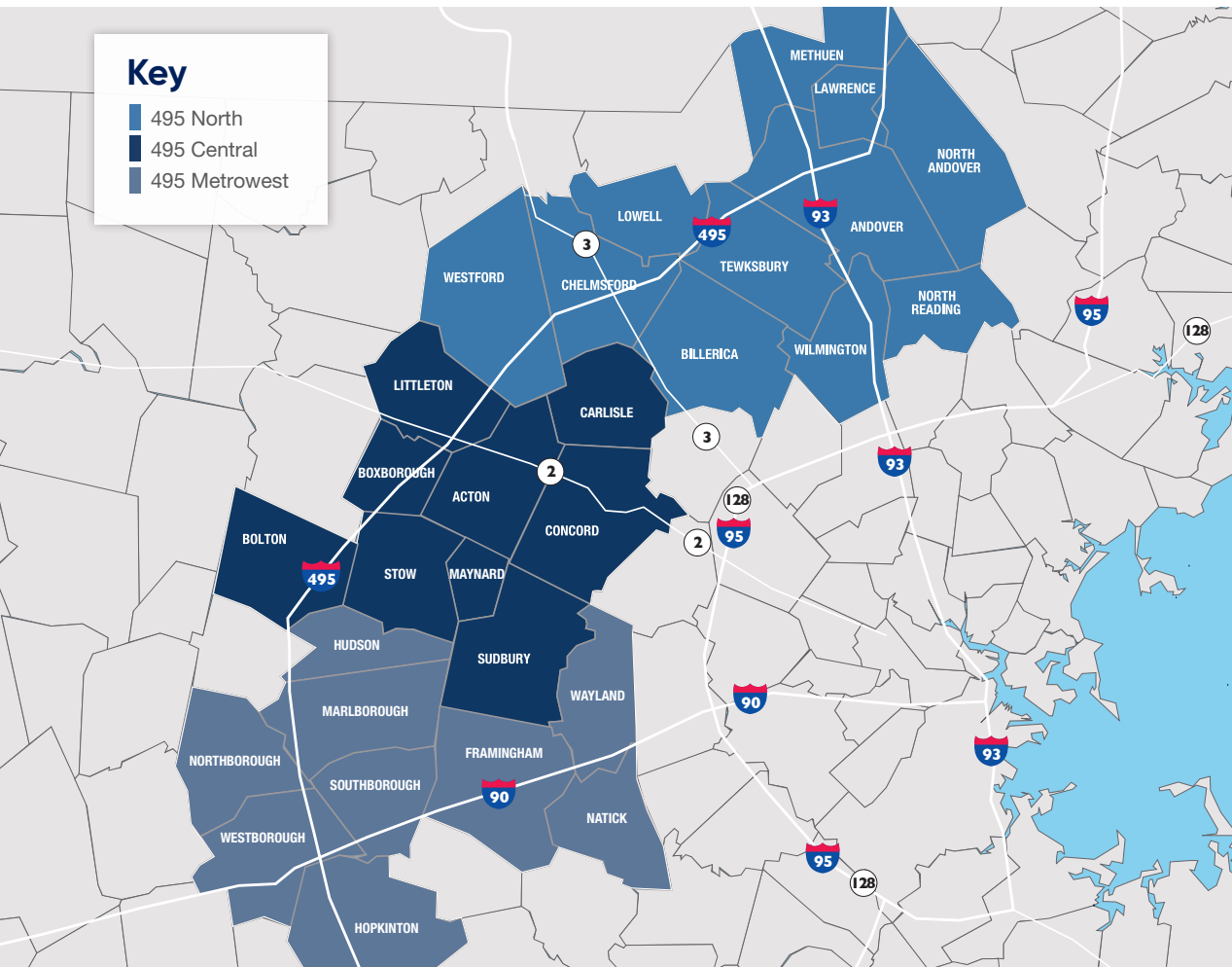
Nashoba Brook Bakery



A local favorite since 1998, Nashoba Brook Bakery serves up tasty sandwiches and pastries in cozy digs. The bakery, founded by two friends, fosters a friendly, community feel in their Concord, MA café. In addition to the café operation, Nashoba Brook Bakery partners with a large and growing network of markets, restaurants, and caterers to distribute their house-made, artisan bread.

Photo: [instagram.com/nashobabakery](https://www.instagram.com/nashobabakery)

By the Numbers



Office Market

Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
495 North	13.2 M	17.7%	4.1%	24.2%	\$23.31	\$18.39
495 Central	3.6 M	26.8%	1.0%	32.8%	\$18.61	\$15.89
495 Metrowest	10.2 M	25.0%	5.7%	36.3%	\$21.03	\$18.15
Total	27.0 M	21.7%	4.3%	29.9%	N/A	N/A

Flex Market

Submarket	Market Size (SF)	Vacant	Sublease	Available	Rent/SF
495 North	13.4 M	4.7%	4.8%	9.7%	\$13.39
495 Central	1.9 M	6.9%	0.0%	7.8%	\$12.81
495 Metrowest	3.1 M	7.6%	1.5%	22.1%	\$11.98
Total	18.4 M	5.4%	3.7%	11.6%	N/A

Notable Transactions

Tenant	Address	City	Sector	Size (SF)	Type
1A Auto	1 Distribution Center Circle	Littleton	Industrial	130,000	Renewal/Expansion
Nova Biomedical	4 Enterprise Road	Billerica	Flex	104,000	New Lease
Cognex	1 Harvest Lane	Southborough	Flex	65,000	Relocation
Tecnu	60 Willow Street	North Andover	Flex	55,000	Relocation
Desktop Metal	500 Research Drive	Wilmington	Flex	31,000	New Lease
CardioFocus	500 Nickerson Road	Marlborough	Office	28,500	Renewal

Sales Activity

Buyer	Address	City	Size (SF)	Price/SF
Camber/Wheelock	300 Riverpark Drive	North Reading	228,921	\$360.00
Alexandria	3000 Minuteman Road Buildings 1-4	Anoveer	707,000	\$226.00
Outshine Properties/ Jadian Capital	100/175/200 Crossing, 200 Staples	Framingham	463,467	\$200.00
Hilco	40-50 Fordham Road	Wilmington	344,676	\$174.00
Portman Holdings	75 Reed Road	Hudson	1,000,005	\$160.00

Tenants in the Market

99° Degrees 100,000 SF

3STEP
SPORTS 70,000 SF

PODS 40,000 SF

CONSTITUTION
Capital Partners 30,000 SF

ROKU 30,000 SF

AGRIFY 25,000 SF

Photo: Duncan Lake/Cresa

Suburban 495

Development Pipeline

Development	Developer/Owner	Size (SF)	Status
1 201 Lowell Street, Wilmington	National Development	305,000	Proposed
2 501 Griffin Brook Park Drive, Methuen	RJ Kelly	200,000	Proposed
3 1000 Nickerson Road, Marlborough	Normandy	120,000	Proposed
4 18 New England Business Center Drive, Andover	The Andover Companies	80,000	Proposed
5 64 Research Drive, Haverhill	Howland Development	104,000	Under Construction
6 3000 Minuteman Road, Andover	Alexandria Real Estate	707,000	Office-Lab Conversion
7 1 Corporate Drive, Andover	IQHQ	70,000	Office-Lab Conversion
8 310 Speen Street, Natick	Bulfinch Companies/Harrison Street	94,000	Retail-Lab Conversion

501 Griffin Brook Park Drive, Methuen | Photo: Duncan Lake/Cresa



Suburban 495



Successful sale of 150,000 SF flex building to expand opportunity in 495 market

52 South Street, Hopkinton, Massachusetts

Building Profile

Premises	153,442 SF
Site	23 Acres
Floors	2
Zoning	IA Industrial
Built	2000
Sold	December 2021



The Story

After conducting a utilization study across their real estate portfolio, Dell EMC opted to capitalize on the strong market and sell their building at 52 South Street. The building was originally developed as multi-use and has the infrastructure to support various tenant types with minimal modification. As such, the sale attracted a number of viable investors looking to expand their life science or R&D portfolio to meet soaring market demand. With Cresa's guidance, Dell EMC selected a buyer with significant redevelopment experience in the local market, and the building immediately garnered strong tenant interest following the sale.



Photos: Duncan Lake/Cresa



View Available Subleases and Sales

They Came, They Saw, They Bought, Bought, Bought

In 2021, we saw a drastic increase in demand for flex and industrial assets.

As the market ebbed and flowed with each development of the pandemic, we closely monitored this demand in an effort to predict its longevity and determine whether it would outlast the effects of COVID. As we look ahead in 2022, we have gained more clarity regarding the future of industrial real estate.

The retail world changed drastically in the spring of 2020, as consumer behavior shifted strongly in favor of e-commerce. While brick and mortar sales steadily declined, the e-commerce world experienced unprecedented growth and expanded its real estate footprints to keep up with the increasing demand and trends. This occupier behavior significantly impacted the supply chain, driving demand for industrial assets to new highs and ultimately recharacterizing the value investors, developers, and occupiers placed on industrial space.

The nature of “essential business” and its ties to functional utility space also encompasses manufacturing uses, which have increasingly relied on domestic labor to bolster weakened supply chains. Furthermore, the Boston

life sciences market, already experiencing a westward diaspora out of high-priced Kendall Square before the pandemic, has exploded to reach new secondary markets that were previously considered too far out of the center of geography.

Looking forward, we may see industrial occupiers employ new real estate strategies in response to sustained demand. For example, Amazon has begun to position itself as an owner rather than pursuing leasehold contracts. As one of the most significant drivers behind all industrial market trends, Amazon recognizes the considerable value its credit lends to building sales and aims to cash in on a favorable market.

Landlords and investors alike have enjoyed significant upticks in their buildings’ valuations, nearly overnight. This coupled with almost unrelenting demand from a diverse set of occupiers and a considerable lack of supply, the Boston industrial market remains and will continue to remain a safe haven for capital.



50 Nagog Park, Acton | Photo: Duncan Lake/Cresa

Looking forward, we may see industrial occupiers employ new real estate strategies in response to sustained demand.

64 Research Drive, Haverhill | Photo: Duncan Lake/Cresa



Suburban 495



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 Route 495 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



Office No Longer Flat

With many landlords are considering converting their office assets, the market has begun to observe some rental appreciation.



Flex, be Flexible

Facing a landlord-favored market, flex occupiers need to cast wider nets when searching for space in order to increase their leverage.



Fluid Office Return

With the continued fluctuation of COVID cases, it's not worth pinpointing an official return to office date. Instead, take a flexible, fluid approach to mirror the current health situation.

Things to Consider

1. Given labor and construction supply issues and communication methods, consider a longer project timeline regardless of relocation or extension plans.
2. A highly competitive market for industrial and flex occupiers means renewal option dates are no longer an afterthought.
3. Consider your workplace strategy, including ways to recruit and engage employees in a highly-competitive labor market.

Meet the Team

 Click to learn more about our advisors



Mark Mulvey
Managing Principal



Joe Doyle
Principal



Dave Ross
Principal



Mark Coelho
Senior Vice President



Kurtis Gibbs
Senior Advisor



Nate Heilbron
Senior Advisor



Allison Hoffman
Senior Advisor

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

For more information about Cresa and the Suburban CRE Market, please contact:

Cresa Boston
280 Congress Street
Boston, MA 02210
617.758.6000
cresa.com/boston

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