

BOSTON



OVERVIEW

Groundbreakings are the talk of the Boston market for the better part of the 2nd quarter. Boston has seen +/- 2 million SF of construction starts including Amazon, MassMutual, 321 Harrison, and State Street's One Congress. Rents reached an all-time high with \$100+/SF gross rents being achieved in Back Bay. Rents in the Financial District leaped from the mid \$60s to \$80s virtually overnight with annual \$1.00/SF rent bumps being replaced with escalations of 2.0-3.0%. The Seaport continues to be a strong alternative for life science tenants priced out of Kendall Square with Tishman Speyer and Bellco Capital teaming up to build an 8-story lab building on First Street in South Boston. Coworking expansion continues to be a significant driver of the Boston office market with WeWork, Knotel Inc., Workbar and Wing.

FUNDAMENTALS

Forecast

YTD net absorption	834,264 SF ▲
Under construction	4.0 M SF ▲
Average asking rent (gross)	\$64.78/SF ▲
Concessions	Flat to decreasing ►

<p>Market Size 72.2 M SF</p>	<p>Bank of America. Largest Office Deal 550,000 SF</p>	<p>Total Vacancy 6.2%</p>
---	---	--------------------------------------

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Most economists are expecting 2019 to remain a year of solid growth.
- In Boston, low vacancy and limited supply combined with one of the highest percentages of population growth in the US, makes finding space of 75,000 SF or more nearly impossible.
- We anticipate record-breaking absorption and with an increasing active investment sales market – we believe this will lead to continued rising rental rates for 2019.
- With no ability for Cambridge office and life-science tenants to grow with gross office rates of over \$100/SF, they are relocating and Boston, specifically the Seaport, has been the primary beneficiary of this demand.
- Coworking office transactions represent more than 3 million SF in both Boston and Cambridge with and present huge challenges to the market. It will be quite interesting to see what their long-term effect on real estate fundamentals will be for investors especially if a recession is looming.

For more information, please contact:

McCALL/ALMY

Neil Schneider | nschneider@mccallalmy.com | 617-542-4141

exis

global tenant representation

exisglobal.com | info@exisglobal.com