

# BOSTON



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## OVERVIEW

2019 was a year that saw Greater Boston vacancy rates drop to near-historic lows, average asking rents in Downtown Boston increased by 15% year-over-year, and tech companies continue to absorb significant space in prime locations. Landlords were in the driver's seat and will remain that way for the foreseeable future. Downtown tenant demand remains voracious – particularly for well-amenitized buildings with a focus on tenant experience – as companies seek to gain an edge in recruiting and retaining millennial talent. There are a number of companies currently seeking large blocks of quality space and only limited supply, and while there is a robust development pipeline, the majority of that space has been preleased. Those factors should ensure that rents will continue to increase, although not as sharply as in 2019.

## FUNDAMENTALS

Forecast

<b>YE net absorption</b>	1.4 M SF ▲
<b>Under construction</b>	5.1 M SF ▼
<b>Average asking rent (gross)</b>	\$66.89/SF ▲
<b>Concessions</b>	Flat to decreasing ►

  

<p><b>Market Size</b> 72.0 M SF</p>	<p><b>FOUNDATION MEDICINE® Largest Office Deal</b> 580,000 SF</p>	<p><b>Total Vacancy</b> 6.3%</p>
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## TOTAL VACANCY



## AVERAGE ASKING RENTS



## OUTLOOK

- While there is approximately 5 MSF of office and lab space under construction in Boston, over 50% of it is preleased. Tenants should expect limited large blocks of space to be available.
- WeWork is one of Boston's largest landlords, they lease less than 2% of office properties in Boston, no matter what becomes of the company, the effect on Boston will be largely negligible.
- Boston-based tech companies may look to grow elsewhere due to rising construction costs and tenant buildouts. While C-Suite, core sales and tech talent will remain headquartered in Boston, many are looking to increase headcount in other U.S. markets or even overseas.
- With approximately 1.5 MSF of life science space built in the Seaport to date, the market will continue to be a strong alternative for life science and health care tenants priced out of Cambridge.

For more information, please contact:



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



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)