

# MARKETBEAT BOSTON

Office Q1 2022



CUSHMAN &  
WAKEFIELD

**12.1%**

Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**408K**

Net Absorption, sf



**\$39.34**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

**2.7M**

Boston Employment

YoY  
Chg



12-Mo.  
Forecast



**3.7%**

Boston  
Unemployment Rate



**3.8%**

U.S.  
Unemployment Rate



Source: BLS, Moody's Analytics  
2022Q1 data are based on the latest available data

## INDICATORS MATCH IMPROVING MARKET SENTIMENT

Following a seven-quarter negative absorption streak where occupancy levels decreased by 5.8 million square feet ("msf"), users of office space in Greater Boston drove positive absorption in Q1 2022. With 408,000 square feet ("sf") of increased demand, vacancy dropped a significant 2.6% to 12.1% market-wide, driven by the conversion of certain vacant office inventory for use as life sciences-focused laboratory space. Asking lease rates remain steady across the market, though free rent offerings and above historical tenant improvement allowances remain constant outside specific low vacancy clusters in East Cambridge and the Seaport District, where economic balance and tenant preferences have shifted in favor of landlords. As metrics generally showing a recovery from 2021 statistical depths, rising back-to-work expectations for many workers has been evident as Boston's Financial District and other close-in urban areas are showing vitality not seen since early 2020.

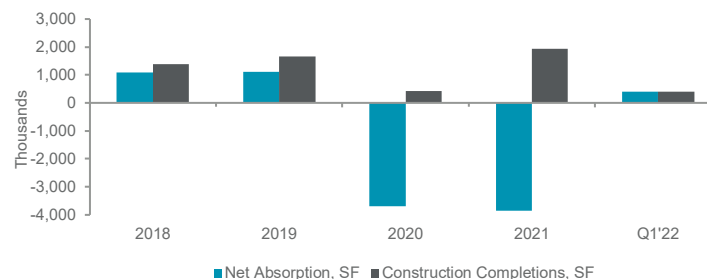
## LAB CONVERSIONS MAKE SIZABLE DENT IN INVENTORY, VACANCY

The removal of a significant amount of inventory for conversion to life sciences use has dramatically cushioned the effects of the recent downturn on supply/demand balance. In total, more than 3.0 msf of currently under construction life sciences inventory reflects a conversion from office use, and recent investment activity and other announcements suggest a potential for at least 4.5 msf of additional conversion. As this activity most dramatically impacts fully or heavily vacant offices, their removal from inventory drive surprising shortages of office space for certain product types in specific geographies.

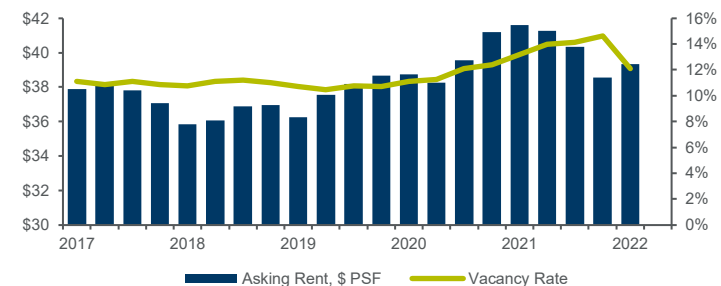
## NEW CONSTRUCTION COMMITMENTS

With 3.2 msf of new construction set to deliver in three prominent office towers by the end of 2023, developers are encouraged by a surge in leasing volume that has brought preleasing in that set from 28% to 41% since Q3 2021. Cambridge Associates and Eaton Vance committed to new construction at Winthrop Square and One Post Office Square, respectively. The prospect of an additional 400,000-sf user committing to most of the remaining space at One Congress would further increase this preleasing to 62%. With space users seeking the best possible settings to lure workers back to the office, the flight to quality trend driving demand at these assets is now seen market-wide.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial District	32,736,668	3,287,705	690,711	12.2%	176,221	176,221	679,286	1,463,730	\$62.28	\$67.27
Back Bay	14,804,684	612,059	445,066	7.1%	-234,072	-234,072	40,651	342,492	\$60.20	\$58.53
Midtown/N Station	7,643,758	733,268	167,651	11.8%	-76,384	-76,384	88,137	978,800	\$48.70	\$56.58
Seaport	11,128,375	1,020,862	265,150	11.6%	287,408	287,408	167,360	1,060,000	\$56.31	N/A
<b>BOSTON CBD</b>	<b>66,313,485</b>	<b>5,653,894</b>	<b>1,568,578</b>	<b>10.9%</b>	<b>153,173</b>	<b>153,173</b>	<b>975,434</b>	<b>3,845,022</b>	<b>\$59.28</b>	<b>\$65.03</b>
East Cambridge	8,674,047	195,195	227,697	4.9%	478,926	478,926	139,028	385,423	\$85.23	\$85.40
Mid Cambridge	2,073,241	97,292	88,200	9.0%	7,155	7,155	7,155	0	\$67.73	\$84.50
Alewife	1,618,181	51,037	28,047	4.9%	18,344	18,344	31,988	0	\$49.04	\$57.19
<b>CAMBRIDGE</b>	<b>12,365,469</b>	<b>343,524</b>	<b>343,944</b>	<b>5.6%</b>	<b>504,425</b>	<b>504,425</b>	<b>178,171</b>	<b>385,423</b>	<b>\$74.90</b>	<b>\$80.95</b>
Urban North	7,205,631	532,580	274,533	11.2%	32,858	32,858	67,769	0	\$29.60	\$30.88
Watertown	1,679,351	102,526	10,600	6.7%	-10,600	-10,600	0	0	\$33.97	21
Allston/Brighton	1,107,982	47,684	0	4.3%	0	0	0	0	\$40.00	\$40.00
Fenway/Longwood	1,988,847	79,187	16,940	4.8%	0	0	0	129,071	\$46.49	\$73.00
Urban South	2,316,235	15,290	0	6.6%	0	0	0	0	\$35.67	N/A
<b>URBAN RING</b>	<b>14,298,046</b>	<b>914,897</b>	<b>302,073</b>	<b>8.5%</b>	<b>22,258</b>	<b>22,258</b>	<b>67,769</b>	<b>129,071</b>	<b>\$33.11</b>	<b>\$28.73</b>
128 North	12,238,371	1,114,970	119,726	10.1%	-69,032	-69,032	49,503	0	\$25.22	\$27.04
128 Central	27,351,572	2,504,278	998,379	12.8%	13,290	13,290	467,435	0	\$35.15	\$37.66
128 South	16,135,825	1,884,966	258,846	13.3%	-42,880	-42,880	80,129	0	\$26.08	\$27.91
<b>128 BELT</b>	<b>55,725,768</b>	<b>5,504,214</b>	<b>1,376,951</b>	<b>12.3%</b>	<b>-98,622</b>	<b>-98,622</b>	<b>597,067</b>	<b>0</b>	<b>\$30.03</b>	<b>\$32.17</b>
495 North	28,652,496	4,678,411	190,583	17.0%	-190,312	-190,312	229,354	0	\$20.72	\$23.68
495 West	13,365,475	2,165,100	73,553	16.8%	-4,609	-4,609	75,290	0	\$20.25	\$20.41
Framingham/Natick	5,928,834	669,392	0	11.3%	39,802	39,802	53,480	0	\$24.29	\$24.27
495 South	4,663,526	466,654	25,637	10.6%	-18,422	-18,422	0	0	\$20.09	\$24.27
<b>495 BELT</b>	<b>52,610,331</b>	<b>7,979,557</b>	<b>289,773</b>	<b>15.7%</b>	<b>-173,541</b>	<b>-173,541</b>	<b>358,124</b>	<b>0</b>	<b>\$20.86</b>	<b>\$22.88</b>
<b>TOTAL MARKET</b>	<b>201,313,099</b>	<b>20,396,086</b>	<b>3,881,319</b>	<b>12.1%</b>	<b>407,693</b>	<b>407,693</b>	<b>2,176,565</b>	<b>4,359,516</b>	<b>\$39.34</b>	<b>\$43.85</b>

\*Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space  
Statistics Not Reflective of U.S. MarketBeat Tables

### KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
65 Network Dr, Burlington	128 Central	VMware	79,000	New
300 Brickstone Sq, Andover	495 North	3 Step Sports	64,000	New
1 Marina Park Dr, Boston	Seaport	Aptiv	55,000	New
1 Boston Pl, Boston	Financial District	Wilson Sonsini Goodrich & Rosati	41,000	New
222 Berkeley St, Boston	Back Bay	Gannett Welsh & Kotler	40,000	Renewal
1 Beacon St, Boston	Financial District	Boston Trust Walden	31,000	New

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