

# BOSTON



exis

McCALL/ALMY

**Market Insights for Tenants:** At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.

## OVERVIEW

The spillover into January, February, and March from 2019 feels like decades ago, but 2020 started just as strong as the previous booming years in Boston. Acquisitions to turn office into life science buildings, large tech company requirements, and rents continuing to climb all dominated Boston's office dynamics until mid-March. Since then, the COVID-19 global pandemic has brought the economy, and office real estate market, to its knees. Active lease requirements based on increased space needs or upcoming lease expirations were immediately paused and continue to be paused four months later. Employers aren't sure how or when to send back employees to the office, and what started as a crash course on Work from Home is now being considered a necessary component of long-term planning. The sublease market has grown from 1.4 MSF in Boston to over 2 MSF during COVID, with more to come. The sublease market has not yet had the expected effect of lowering asking rents for direct space, adding a rent standoff amid an almost entirely stalled marketplace. Tenants are looking to take advantage of assumed asking rent decreases that landlords have thus far been unwilling to drop.

## FUNDAMENTALS

Forecast

<b>YTD net absorption</b>	(1.1) MSF ▼	
<b>Under construction</b>	5.1 MSF ►	
<b>Average asking rent (gross)</b>	\$67.61 ▼	
<b>Concessions</b>	Flat to increasing ▲	
 <b>Market Size</b>	 <b>Largest Office Deal</b>	 <b>Total Vacancy</b>
<b>73.8 MSF</b>	<b>108,200 SF</b>	<b>8.9%*</b>

\*Availability rate is 11.4%

## TOTAL VACANCY



## AVERAGE ASKING RENTS



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)

# BOSTON



## WHAT THIS MEANS FOR TENANTS

- Look for the 3<sup>rd</sup> quarter to look similar to the 2<sup>nd</sup> quarter; an increase in subleases coming online, lack of transaction velocity, and a continued freeze on asking rents from landlords. We expect a slight increase in transaction velocity in the 4<sup>th</sup> quarter which should allow the landlord asking rent (and thus achieving rent) to start to fall.
- Apart from plug-and-play subleases, pre-built and quality second generation space will be the first to lease. The uncertain future will limit tenants and landlords from committing the necessary capital into building shell space.
- The question on everyone's mind is "Which will have a greater impact on space needs: Work from Home or Social Distancing?" We do not expect this question to have a definitive answer until 2021-2022, but both trends will weigh heavily on any new office requirement.
- Many downtown Boston companies are considering satellite offices in the suburbs (or a complete relocation), but we do not see this exploration turning into a new widespread trend.

## KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Acadian Asset Management	260 Franklin Street	Financial District	Renewal	108,200
Pioneer Investments	60 State Street	Financial District	Renewal	99,000
Seyfarth Shaw	2 Seaport Lane	Seaport	Relocation	66,400
Vertex Pharmaceuticals	One Harbor Street	Seaport	New Lease	65,000
DataDog	225 Franklin Street	Financial District	Expansion	63,000
Brown Rudnick	One Financial Center	Financial District	Renewal	57,000
GID	125 High Street	Financial District	Renewal	47,000
Payette	290 Congress Street	Seaport	Renewal / Expansion	41,000
SNYK	100 Summer Street	Financial District	Sublease	37,000
Jones Day	100 High Street	Financial District	Renewal	36,000

Copyright © 2020 McCall & Almy. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by McCall & Almy. The firm makes no representation concerning the accuracy or completeness of such information and expressly disclaims any responsibility for any inaccuracy contained herein.

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)