

After a slight recovery, Q4 leasing activity returned to shutdown lows

Total fourth-quarter 2020 leasing activity totaled 1.6 million square feet (msf), reflecting declines of 39.3% and 41.2% from the previous quarter and year, respectively. In comparison, quarterly leasing peaked at nearly 5.4 msf in the third quarter of 2015 and hit a previous low of 2.1 msf in the first quarter of 2017. Nonetheless, 210 leases were signed in the fourth quarter of 2020, averaging about 7,700 sf per lease. The largest leases in the quarter were signed by Translate Bio (138,444 sf) at 200 West Street in the Route 128 West submarket, Columbia Threadneedle (82,000 sf) at 280-294 Congress Street in the Financial District submarket, and Constellation Pharmaceuticals, Inc. (79,155 sf) at 100 Talcott Avenue in the Route 128 West submarket.

Availability rates have increased for five consecutive quarters

The region's overall availability rate increased by 280 basis points (bps) over the trailing four quarters and rose by 50 basis points (bps) during the fourth quarter of 2020, to 16.0%. In comparison, the average Class A availability rate increased by 280 bps year over year and decreased 10 bps over the quarter, to 16.6%. Central Business District (CBD) and suburban market availability rates in the fourth quarter were 13.5% and 17.8%, respectively. Submarket availability rates ranged from 6.3% along Cambridge and 8.5% in Route 495 South, to 28.7% on Route 495/Mass Pike West and 24.8% along Route 3 North.

Boston area office rents increased over the year but decreased over the quarter

In the fourth quarter of 2020, the overall average rent stood at \$33.67 per square foot (psf) in the Boston office market, reflecting an annual increase of 3.7% and quarterly decrease of 4.8%. Fourth-quarter submarket rents ranged from \$16.15 psf in Southern New Hampshire and \$17.46 psf along Route 495/Route 2 West, to \$71.03 psf in Back Bay and \$66.36 psf in Cambridge. Class A rents increased by 3.2% year over year but decreased by 3.2% over the quarter, to \$41.92 psf. CBD rents fell by 2.7% in the fourth quarter of 2020, while suburban rents fell 10.8% over the same period. Over the last year, seven submarkets saw rent spikes over 5.0%, including Worcester (+23.1%), Route 128 North (+18.8%), Neighborhoods District (+16.9%), Route 495 South (+14.5%), Route 495/Route 2 West (+5.2%). In contrast, the Route 128 West (-0.3%) and Route 128 South (-18.0%) submarkets saw rent declines over the same period.

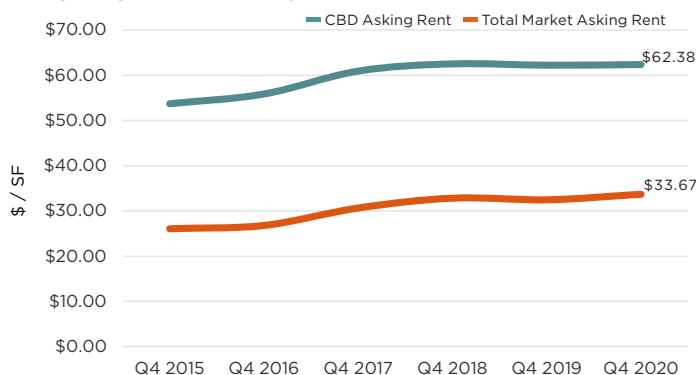
Outlook

- Boston's Fenway Park is being used by the city as a mass vaccination site, providing doses to up to 1,000 people per day. Once enough workers are vaccinated, the office market should see a resurgence of activity.
- Around 8.2 msf are currently under construction, accounting for 3.3% of total office inventory in the MSA.
- Employment in the Boston metropolitan region is projected to grow by 2.9% per year over the next five years, resulting in an aggregate of 370,000 new jobs through 2025.

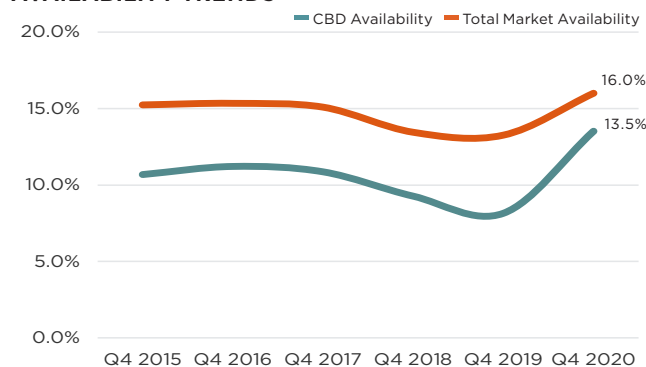
KEY STATISTICS

	Q4 2019	Q4 2020	y-o-y Change
Inventory	250.8 MSF	250.5 MSF	▼
Availability Rate	13.3%	16.0%	▲
Asking Rental Rate	\$32.47	\$33.67	▲
Central Business District Asking Rental Rate	\$62.21	\$62.38	▲
Quarterly Leasing Activity	2.7 MSF	1.6 MSF	▼

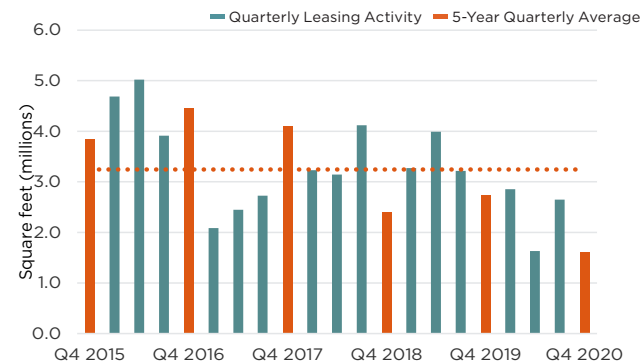
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

7 of 10

of major transactions were **new locations**

56.6%

of large transactions occurred in the **Route 128 West** submarket by square footage

39.6%

Pharmaceuticals tenants represented 39.6% of major transactions by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Translate Bio	138,444	200 West Street	New Location	Route 128 West	Pharmaceuticals
Columbia Threadneedle	82,000	280-294 Congress Street	Relocation	Financial District	Financial Services
Constellation Pharmaceuticals, Inc	79,155	100 Talcott Avenue	New Location	Route 128 West	Pharmaceuticals
Pearson Education	42,787	1 Federal Street	New Location	Financial District	Education
SVB Leerink	38,947	53 State Street	New Location	Financial District	Financial Services
Ginkgo Bioworks	38,762	10 Wilson Road	New Location	Cambridge	Healthcare
Markforged	36,291	480 Pleasant Street	Renewal	Route 128 West	Manufacturing
Bond Brothers Inc.	36,000	10 Cabot Road	New Location	Close-in Suburbs North	Professional Services
Integral Health	29,263	75 Hayden Avenue	New Location	Route 128 West	Healthcare
Cambridge Healthtech Institute	27,996	250 First Avenue	Renewal	Route 128 West	Professional Services

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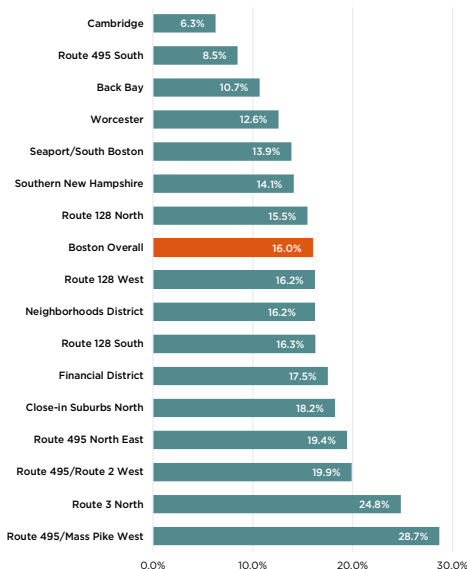
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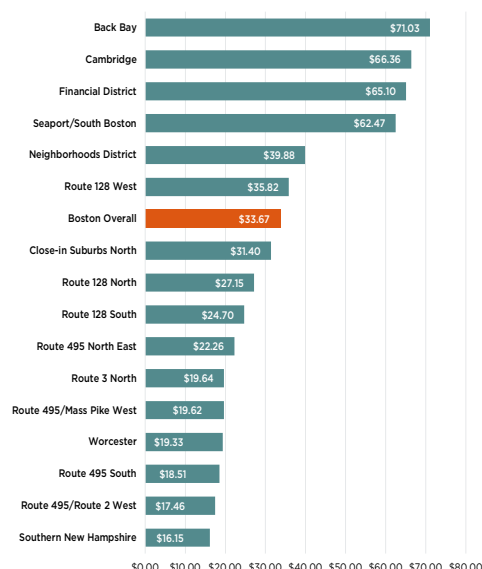
AVAILABILITY RATE COMPARISON

Boston Submarkets



RENTAL RATE COMPARISON (\$/SF)

Boston Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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