

Suburban 495

2020 Market Insight Report



Winter/Spring '20

cresa

Market Insight

Trends

Flex Continues to Thrive

Options for occupiers continue to dwindle with growing competition and increasing rental rates.

Organic Office Growth

Office sector absorption is being driven by in-market users growing their existing footprints. Although growing slightly, rents remain relatively flat despite growth in markets closer to Boston.

We Need Clear Height!

Similar to the 100-110 Fordham Road and 150 Shepard Street projects last year, landlords are proactively exploring increasing clear height in industrial and flex buildings such as 220 Mill Road in Chelmsford.



2020 Predictions

- 1 Flex rents will continue to climb through 2020, vacancy will decrease in the 495 Market.
- 2 Office prices will flatten as organic market growth declines.
- 3 Building sale volume will continue to increase within the next year.

Get to Know:

Lowell



Photo Source: lowellsummermusic.org



Pho 88

Vietnamese standards like pho, noodles and seafood dishes served in an elegant setting and relaxing environment.



Lowell Outdoor Summer Music Series

Enjoy the very best in blues, folk, roots and rock music under the stars at the most beautiful and intimate outdoor amphitheater in New England.



UMass Lowell Kayak Center

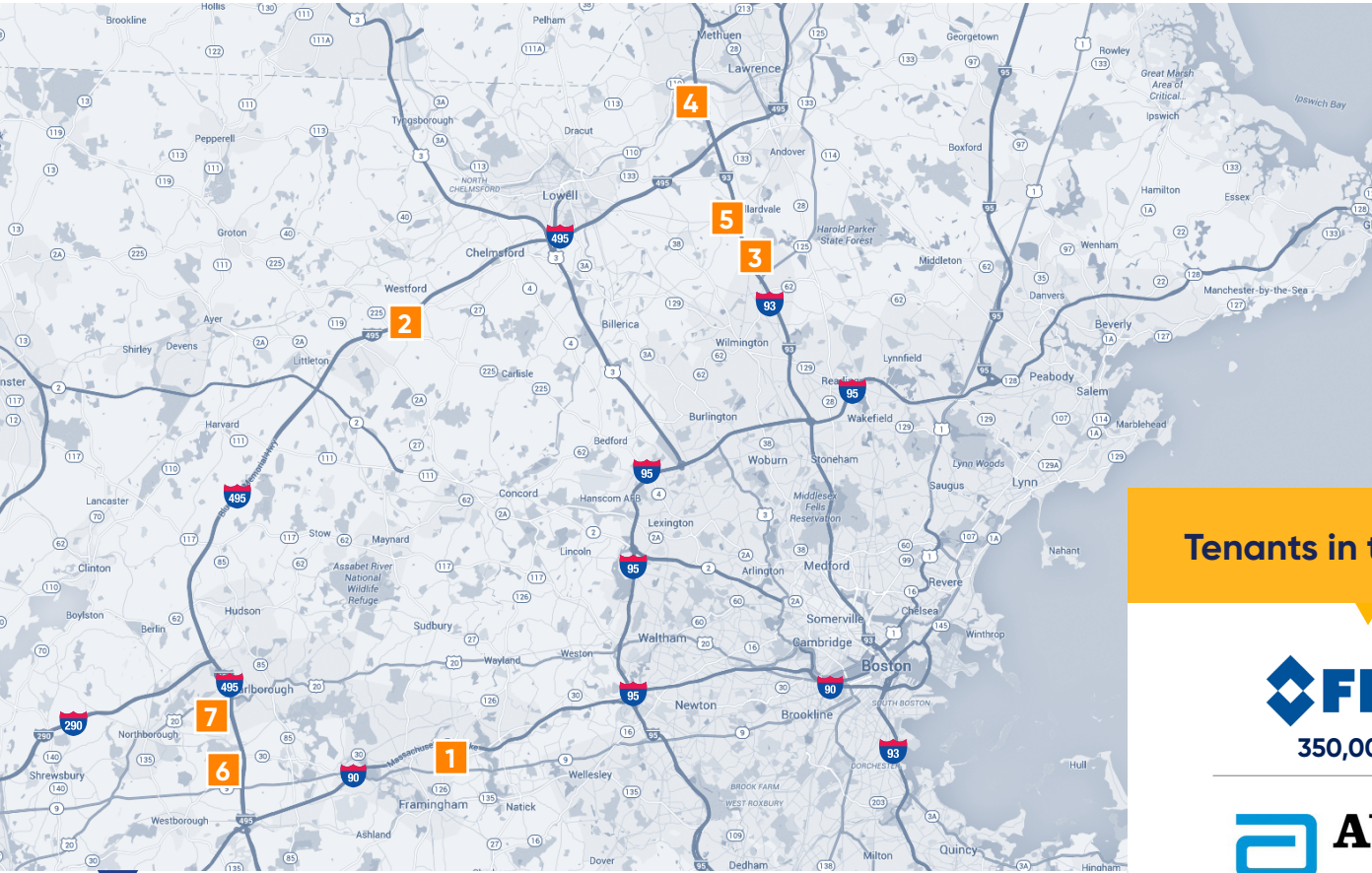
Located at the UMass Lowell Bellegarde Boathouse but open to the public, offering rentals, instruction, tours and fun with kayaks, canoes and stab up paddleboards.



Lowell-Dracut-Tyngsborough State Forest

Spread across 3 towns and features over 1,000 acres to explore by hiking, biking, or skiing.

Market Movement



Sales Activity

Buyer	Address	Size (SF)	Price/SF
1 Campanelli	161 Worcester Road/ 492 Old Connecticut Path, Framingham	292,014	\$182.25
2 Novaya Real Estate Ventures	1 Robbins Road, Westford	248,237	\$106.00
3 Marcus Partners	326 Ballardville Street, Wilmington	187,589	\$94.75
4 CIM Group	6 Tech Drive, Andover	128,140	\$202.00
5 NorthBridge Partners	160 Dascomb Road, Andover	125,609	\$208.98
6 Carruth Capital	3400 Computer Drive, Westborough	85,808	\$142.18
7 Global Printing Packaging	45 Bartlett Road, Marlborough	41,374	\$119.72

Notable Transactions

Tenant	Address	Size (SF)	Type
Amazon Logistics	100 Fordham Road, Wilmington	100,000	New Lease
Physical Sciences	20 New England Business Center Drive, Andover	65,000	Renewal
Definitive Healthcare	491 Old Connecticut Path, Framingham	55,000	Expansion
Segue Manufacturing	101 Billerica Road, Billerica	41,000	Relocation
WorkHuman	100 Crossing Boulevard, Framingham	36,000	Expansion

Tenants in the Market



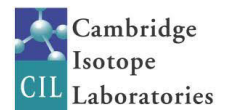
350,000 SF



200,000 SF



120,000 SF



100,000 SF

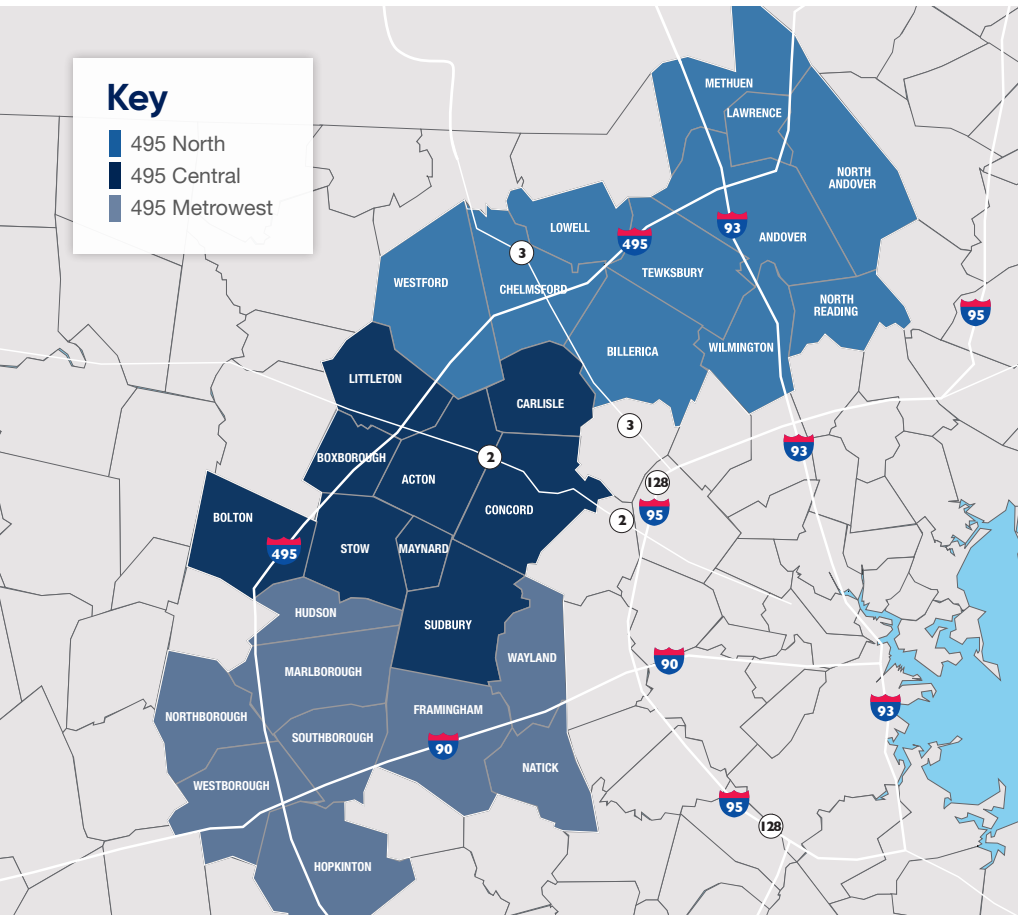


86,000 SF



45,000 SF

Office Market Overview



Market Size: 33.2M SF

Vacancy: 18.8%

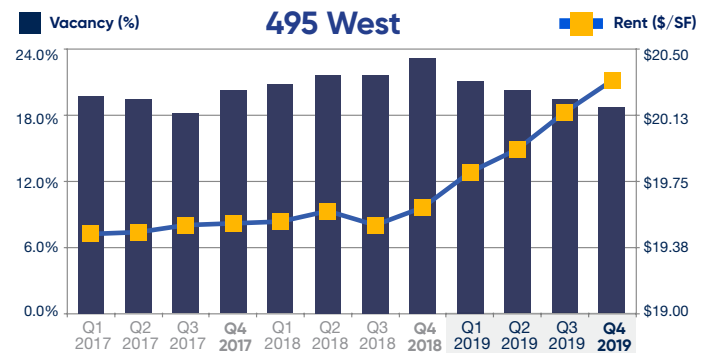
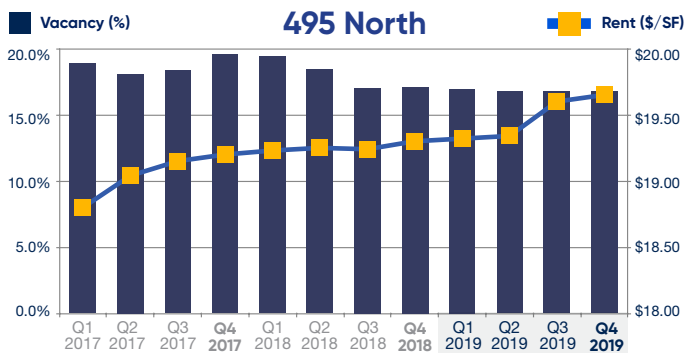
Sublease: 1.1%

Available: 25.1%

Arrows Indicate One Year Change

Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
495 North	16.9 M	16.8%	0.9%	19.1%	\$23.92	\$18.70
495 Central	4.1 M	24.2%	1.0%	32.0%	\$18.55	\$16.10
495 Metrowest	12.2 M	19.9%	1.5%	31.2%	\$21.14	\$18.31

Historical Rent & Vacancy



Project Highlight



ALBU

200 Brickstone Square
Andover, MA

Industry:

Professional Services

Size:

38,326 SF

Services:

Transaction & Project Management

Architect:

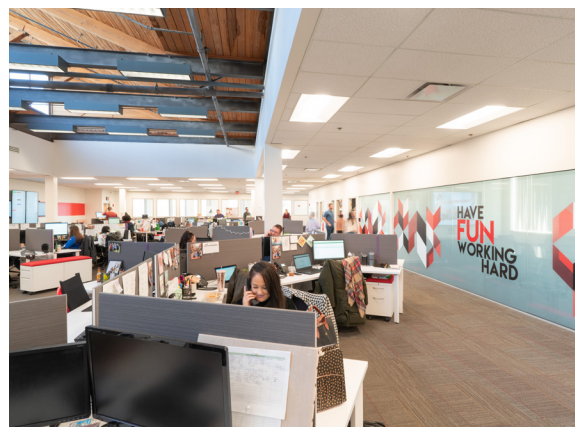
Mulrooney

Space Features:

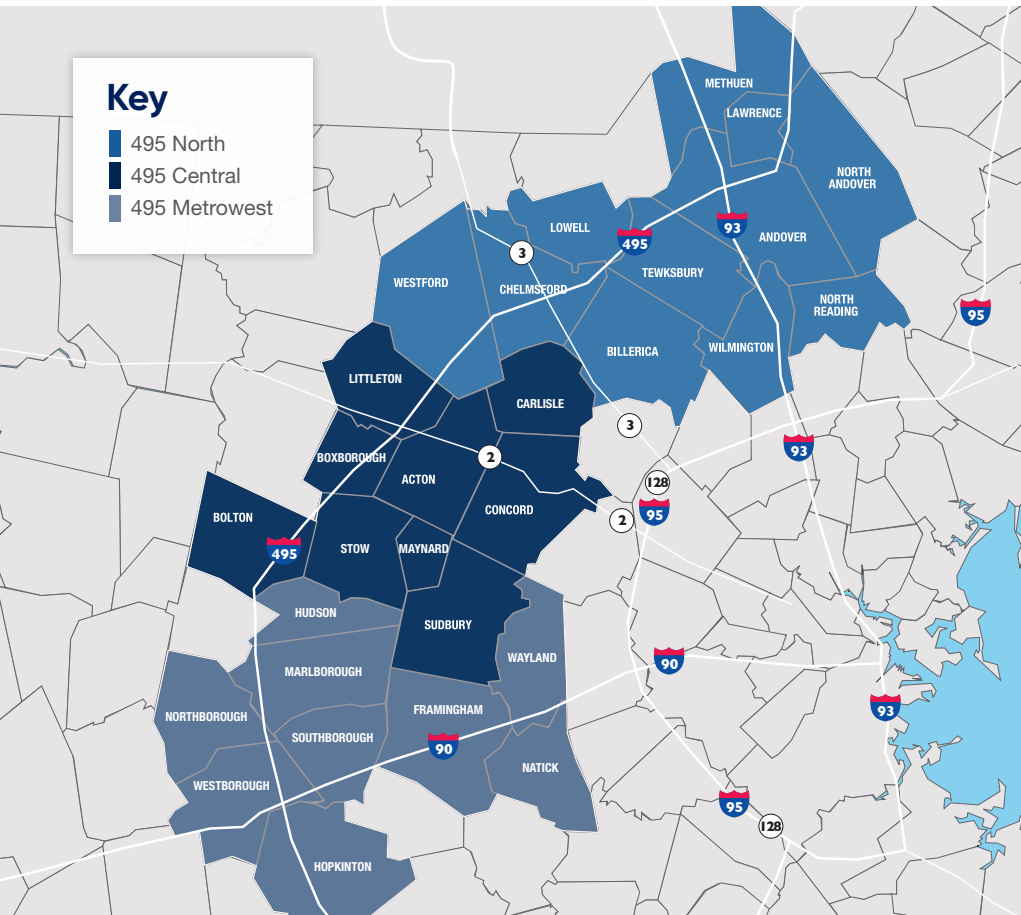
Open and collaborative seating;
Flexible options for conference
and huddle rooms; Golf and
baseball simulator

Photography:

Cresa/Duncan Lake



Flex Market Overview



Market Size: 15.4M SF

Vacancy: 7.3%

Sublease: 0.9%

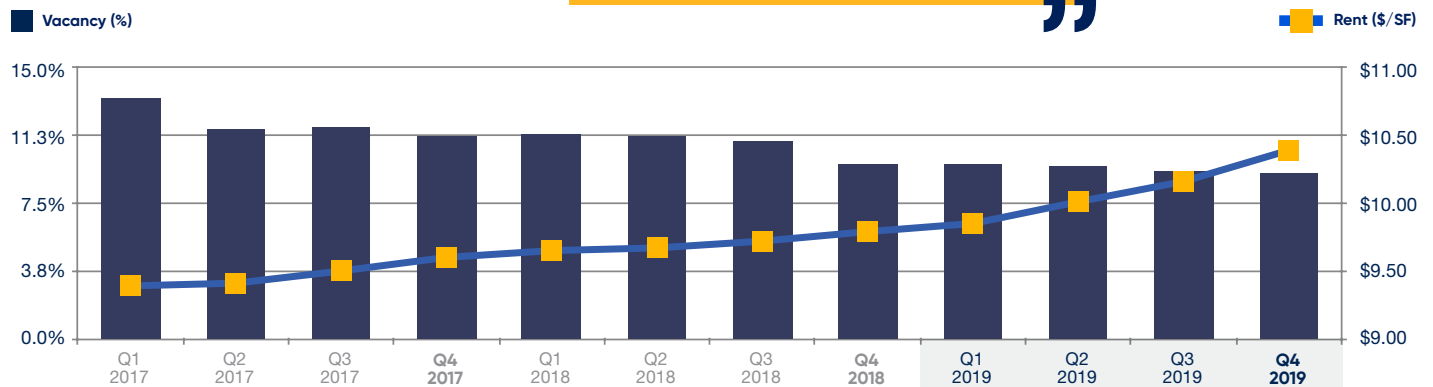
Available: 13.0%

Arrows Indicate One Year Change

Submarket	Market Size (SF)	Vacant	Sublease	Available	Rent/SF
495 North	10.0 M	9.3%	1.4%	15.6%	\$11.15
495 Central	2.3 M	1.1%	0.0%	8.9%	\$9.15
495 Metrowest	3.1 M	5.4%	0.0%	7.9%	\$9.80

Historical Rent & Vacancy

Flex market continues to tighten.





IndusPAD, unique for exceptionally high clear heights | Photo Source: Cresa/Duncan Lake

Suburban 495

High Hopes for Flex

In 2019 the big story was the ongoing transformation of 100-110 Fordham Street in Wilmington. The property's landlord, Carlisle Capital, was injecting money into the building in order to raise the clear height from 16' to 32'. This investment, which was speculative based on market demand, proved to be a beneficial one as it recently paid dividends in the form of a long-term lease commitment from Amazon; a demonstration of how taking a risk can ultimately provide a significant reward.

While it's not an inexpensive way to attract tenants, the demand remains extremely high for buildings with good image and clear height, particularly for larger users with requirements of over 50,000 SF who mix their manufacturing practices and distribution needs with office requirements. This transformation is visible at 220 Mill Road in Chelmsford,

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where Spaulding & Slye Investments is proactively removing a large portion of the second floor in order to create 55,000 SF of 26' clear high-bay flex space. Moreover, PGA Realty, which has permits to construct two 70,000 SF and one 90,000 SF buildings off Upton Drive in Wilmington, based their renderings of their buildings to illustrate clear heights between 24' – 30'. While no tenants have committed to the proposed park as of yet, there has been a considerable amount of activity and interest.

The bottom line is that there is not a significant quantity of this product type available in today's market. However, many groups who understand greater space volume as a function of combating escalating rental rates are still seeking it out.

Meanwhile, without much developable land available in the North market, it will be interesting to see if this theme persists as the industrial/flex market continues to flourish.

Cover Photo Source: Cresa/Duncan Lake



About Cresa Boston

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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