

BANKER & TRADESMAN

Rents May Soon Grow To Keep Pace With Rte. 128 North Occupancy Gains

Analyst: Landlords Could Test Higher Rents This Year

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By: Jim Cronin, Banker & Tradesman Staff Writer

The Route 128 North and other Northeastern Massachusetts commercial markets are filling at a rapid clip, boasting one of the highest occupancy growth rates in the region, according to **CresaPartners**.



Four Van de Graaf Drive in Burlington is the home of Veracode, which just renewed for roughly 23,000 square feet at the Burlington office property.

The combined availability of office space in the Route 128 North/Northeast markets is now 17.4 percent, nearly four percentage points lower than it was at this time last year.

Even so, rents remain relatively flat, and a full market recovery may still be a few years away, the tenant representation firm reported.



Matt Harvey

Different characteristics make the markets distinct from one another. In the Route 128 North and Northeast markets – divided by Interstate 93 – Burlington, Woburn and Bedford have newer product, more amenities, and more office inventory than communities like Stoneham, Wakefield, Lynnfield, Danvers and Beverly, according to **CresaPartners**.

Along Route 128 North, availability is about 16.4 percent and is likely to tighten, since Class A options will not be as abundant going forward as they were a year ago. While the average asking rates for rents have remained flat, **CresaPartners** Principal **Matt Harvey** said he believes Class A landlords will test the market's

appetite for higher rents in the latter part of this year. Class A rents in the area now average \$24.50 a square-foot.

On Route 128 Northeast, availability is 20.5 percent, down slightly from a year ago. Asking rents are \$23 a square-foot, virtually unchanged from last year.

Burlington and Woburn have experienced the most absorption and boast the highest asking rents within the submarket, thanks in part to their close proximity to Route 3, Boston and Cambridge, and a heavy retail presence that caters to office tenants.

Recent transactions in the area include inVentiv Health leasing 58,000 square feet in Burlington; Acme Packet taking 11,000 square feet in Bedford; and Veracode leasing 23,000 square feet in Burlington.