

Boston Market

What's a T Stop Worth?

Office

August 2018

Big Demand For Public Transportation

It's common knowledge that the top two amenities in the Boston market are proximity to public transportation and new construction. The Boston research team set out to determine exactly how valuable public transportation is to tenants. For purposes of this analysis, we focused on properties adjacent to a T stop - defined as no more than a 1/10 of a mile.

More Lines, More Money

Transit hubs (T stops with two or more different colored lines) are the most expensive overall. The Boston hubs – including North Station, South Station, Back Bay, and Downtown Crossing all qualify. At 4.6%, average vacancy in buildings around MBTA hubs are the lowest in the city, second only to average vacancy along the red line. With an average weighted asking rent of \$62.00 per square foot (psf), space in buildings close to a hub commands a 13% higher rent than space near a single-line T stop. Companies are clearly willing to pay a premium to accommodate their employees.

13%

Premium tenants pay to be within a block of a Transit Hub

\$90

Average effective starting rent for office space within a block of the Kendall Square T stop

The Red Line is Red Hot

Demand for space along the red line (South Station to Alewife) has historically been driven by technology and innovation companies. This appeal has led to the lowest vacancy rate along any MBTA line – at 4.2%. With an average asking rent of \$61.50 psf, the red line is the most expensive line and falls just behind the average transit hub rate. Not surprisingly, Kendall Square (the most innovative and expensive square mile in the country) commands the highest average rent (at \$90 psf). High credit tenants are supporting these rents, including Boeing which recently committed to 100,000 sf at 314 Main Street – MIT's \$2 billion development project, also known as the Kendall Square Initiative.

100%

Premium tenants pay to be at Boston Landing vs. other transit-accessible locations in the inner suburbs

5.2 MSF

Of new construction within a 5 minute walk of a T stop

Boston Market

What's a T Stop Worth?

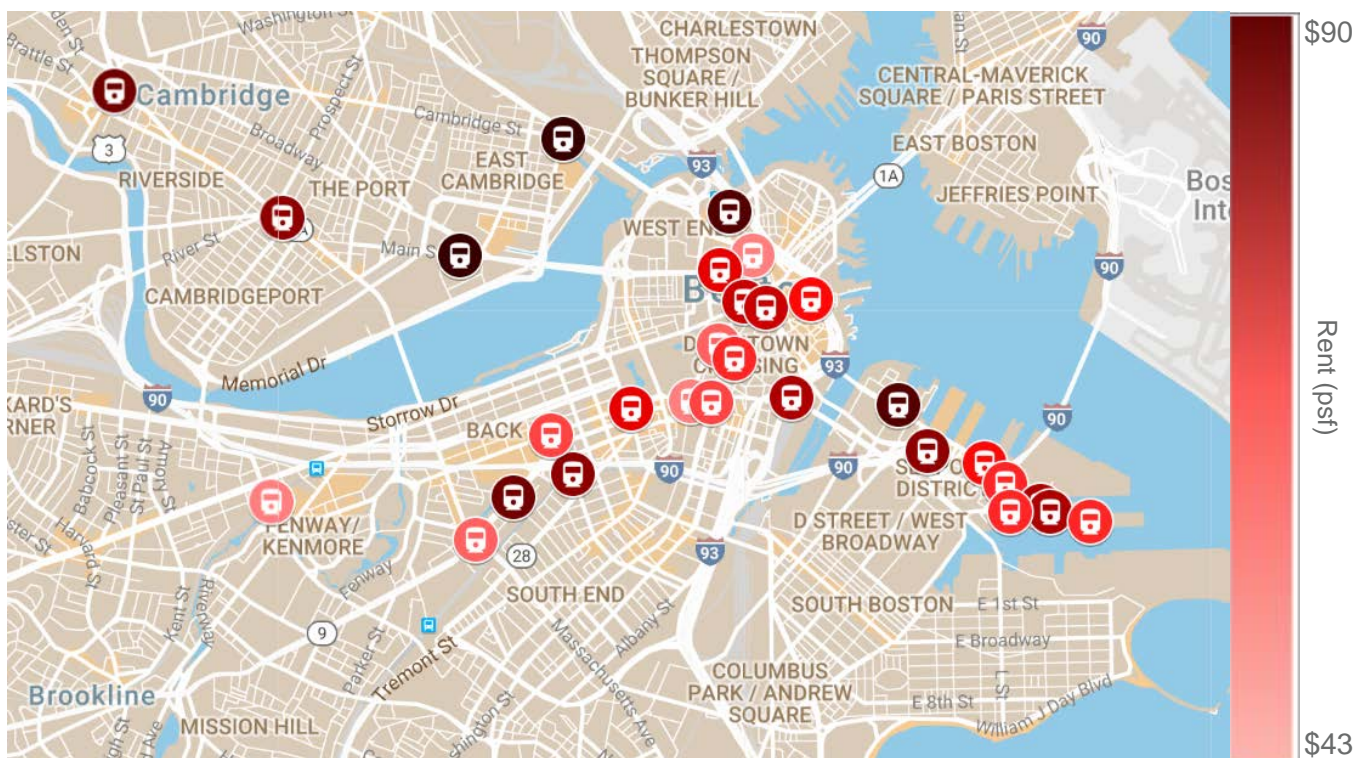
Office

August 2018

Construction around T Stops

The Boston market has seen a significant amount of new construction in the past five years – the majority of which has landed in the Seaport. Over five million square feet have delivered within 1/10 of a mile of a T stop since 2013. In the last 12 months, seven out of ten of the largest office transactions in the urban core have included properties adjacent to a subway station. Proximity to public transportation is obviously an important amenity – as proven by the higher rents, low vacancy and ongoing developer interest.

T Stops Across Boston



For more information:

Ashley Lane

Director

+1 617 279 4570

Ashley.Lane@cushwake.com

Matthew Smith

Senior Analyst

+1 617 279 4589

Matthew.Smith@cushwake.com

Parker Strong

Analyst

+1 617 204 4109

Parker.Strong@cushwake.com