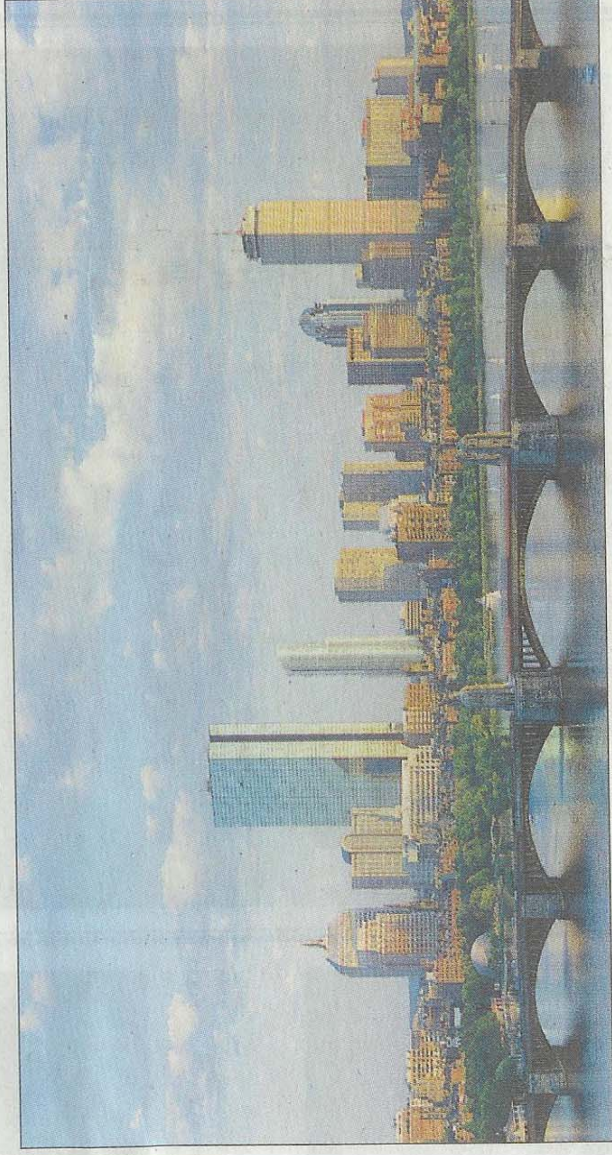


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## Back Bay Office Market <sup>422-11</sup> Among Best in Country



by **Scott Van Voorhis**

The Back Bay now has one of the tightest office markets in the country in a turnaround that could set the stage for everything from new development to rising tower prices, real estate experts say.

The neighborhood, which boasts

the Hub's tallest and most recognizable towers, has seen the amount of empty corporate suites drop to just 7 percent, down from double digits during the recession, Colliers International reports.

It is an office vacancy rate that is a third or fourth of that of many other major office markets in the

country, putting the Back Bay into contention for the title of the nation's hottest office market with a select few cities and neighborhoods, market statistics show.

"It is safe to say this is unusually low for a major office market," said Mary Sullivan Kelly, research

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# Office Market

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director at Colliers International in Boston, of Back Bay's 7 percent office vacancy rate.

Once in the shadows of Boston's Financial District, the Back Bay has emerged over the past few years as the stronger of the two, with the Financial District vacancy rate hovering in the 20 percent range.

Home to the Hancock, the Prudential tower and 111 Huntington, the Back Bay finds itself the envy of other, harder pressed real estate markets across the country as well.

Compared with more than a dozen other tower markets across the country surveyed by Jones Lang LaSalle, the Back Bay by far has the lowest office vacancy rate.

The vacancy rate for Atlanta's Class A towers — the city's tallest and most modern high-rises — stands at 29 percent, for example, according to the firm's latest "Skyline" report. Its closest rivals, New York and San Francisco, weigh in at 10 and 16 percent respectively.

Back Bay also fares well when compared to other so-called submarkets within these larger, metro areas, with parts of the larger Washington, D.C., and San Francisco markets below 10 percent and, in some cases, possibly as low as 7 percent, according to Kelly.

Still, the only city with an office market that is undisputedly tighter right now than Back Bay is California tech hub Palo Alto, with a vacancy rate of just 4 percent, Kelly said.

Back Bay's low office vacancy rate, in turn, could spark a rebound in office construction even as tower plans remain shelved in other parts of Boston.

As space options dwindle, companies that want to stay in the Back Bay may eventually find themselves having to look at plans for new towers, noted David Richardson, a partner at McCall & Almy.

Right now, developer Ron Druker and Boston Properties both have new office projects on the drawing boards that are awaiting better times to move forward, he said.

"If things keep going the way they are going — if you get four or five things all happening — at some point a developer might decide to build on spec," Richardson said.