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NAIOP Bus Tour a Prime Event

By Joe Clements

WOBURN—Call it the Core Tour.

Set against an early October rain storm and equally intemperate commercial real estate environment, NAIOP Massachusetts this week conducted its annual office market field trip, as a diverse caravan in four buses made their way from the glitzy TradeCenter 128 office park in Woburn to some of the region's leading suburban addresses, guided by market professionals who offered insights on leasing trends, building amenities and pricing information.

“It was a good day,” recounts Richards Barry Joyce & Partners VP James Lipscomb, who served as a bus “captain” and says he was impressed by the diverse stripe of people signing up, from architects and engineers to investors and prospective occupants. Observers who have been on earlier versions of the eight-year-old NAIOP tour say investors were not as well-represented as they were in past years when buildings along Central Route 128 were trading at record pricing. “You wouldn't window shop for those,” notes one attendee who marveled at the solid overall turnout.



Properties visited included the Gutierrez Cos.' new 182,000-sf office building at 5 Wall St. and Equity Office Properties' 25 Mall Rd., both in Burlington, to the Lexington Technology Park off Route 2 and south to the Bay Colony Corporate Center, Reservoir Woods and Waltham Woods Office Park, all in Waltham. Lipscomb and other guides such as market expert Alex Dauria of Jones Lang LaSalle say rents of \$40 achieved in certain buildings are difficult to achieve today, but some of the better options are still commanding effective rates above \$30 per sf, even with generous free rent allowances in the mix. “It has always been the price leader,” Dauria noted of Waltham, who attributes a sudden spike in vacancies there more to new construction than a lack of demand.

Dauria says Waltham has been most hurt by a decrease of smaller requirements, with plentiful options available for such firms throughout suburban Boston. Overall, he expressed confidence that the

community will recover, although Waltham's vacancy rate of 22.3 percent is eye-catching. The inventory of 10.3 million sf has seen negative net absorption of 142,000-sf year-to-date, according to figures provided to tour attendees by JLL.

After circling through major Waltham office parks, the bus tour circled back to Route 128 and up to a luncheon reception at the Network Drive., the 1.4 million-sf office park acquired by the Nordblom Cos., a fourth-generation development firm with a 50-year legacy of Route 128 real estate, including its flagship Northwest Park next door. There, CEO Peter Nordblom gave a rousing pep talk on the virtues of Burlington, which he quipped has become "the capital city of Route 128," with a varied array of amenities, including the new Wayside Commons lifestyle center, dozens of high-end restaurants and some 500 hotel rooms.

"We feel we have the best mixed-use location in Greater Boston," Nordblom told the crowd assembled in the Network Drive dining facility. "Burlington has gone over the tipping point in terms of its ability to attract tenants," he offered.

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