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Kendall Square, East Cambridge remain bright spot

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Nearly 300,000 square feet of new Class A office and lab space is hitting the market in Kendall Square, as [BioMed Realty Trust Inc.](#) brings its latest development at 650 E. Kendall Street to the market.

The San Diego-based company declined to talk about its new property and its market position, but real estate experts agreed that prospects are strong in that area of Cambridge.

"Kendall Square continues to be viewed as a bullet-proof submarket," said **Adam Subber**, a principal at CresaPartners.

Kendall Square and the East Cambridge area in general remain a bright spot in a regional market that, not surprisingly, has suffered in this economy. This submarket continues to boost strong occupancy rates and command respectable lease rates.

The rest of Cambridge, however, has not fared as well. Although the city overall hasn't suffered as much as suburban areas, West Cambridge, Lechmere and other neighborhoods have seen higher vacancies and are slower to attract new tenants and development than the MIT-Harvard area.

So what's the big draw to Kendall Square and the surrounding environs? The proximity to public transportation and the plethora of shops and eateries around [Massachusetts Institute of Technology](#), and to a lesser degree [Harvard University](#), is certainly part of it. The area is also close to home for much of the young talent that staffs the companies in Cambridge.

But the area is really a magnet for cutting-edge companies because of the institutions and the atmosphere they foster, Subber and others said. Businesses see benefits in being close to world-class researchers, the innovative atmosphere and other like-minded enterprises. They see the cluster of biotech and high-tech work as a prime environment because it fosters both informal and formal networking and collaboration.

"Cambridge has been fueled by the innovation and technology coming out of the universities, so you're always going to have those young, start-up growing companies. And on top of that, Kendall Square has attracted some of the biggest life sciences firms in the world," said **Ryan Weber**, the Cambridge specialist at Thompson Hennessey & Partners.

The city also has attracted some of the biggest names in high-tech in recent years, with [Google](#) and Microsoft now taking up large chunks of space. Those leases alone have boosted the commercial real estate market in Cambridge.

In fact, the city is seeing companies, including Microsoft, actually expand into more space and new companies take space for the first time. And while Cambridge is also seeing some companies trading existing space for new quarters, it is indeed seeing more activity than the musical-chairs-type deals that dominate other markets around the state.

"Vacancy is down and rents are ticking up both in the office market in Cambridge and the life science market," Weber said. "We are starting to see expansion and we are starting to see venture capital-backed companies taking space."

With its reputation as a high-tech and biotech center, Cambridge is also attracting more related businesses, such as venture capital firms. Weber pointed to a deal handled by his firm that is bringing [Bessemer Venture Partners](#) from Wellesley into Cambridge.

Cambridge, though, does have some drawbacks. Like Boston, companies pay a premium to be there. Parking comes at a premium, too, both in price and availability. And some areas aren't as accessible as others, either by car or by mass transit.

Those types of problems could work against Cambridge in its efforts to draw in more companies, industry

leaders said.

"It's a robust market, it's an expensive market, and those are the barriers that we're working to solve: How do you create space for more than an elite business?" said **Debbie Horwitz**, director of the real estate group at **Goulston & Storrs**, which is working with MIT on planning issues.

Horwitz said city officials and property owners as well as leaders from the city's institutions and businesses are working on economic development plans to make sure that Cambridge remains attractive to companies.

"There are more options these days for companies looking to locate and relocate, so in order to remain competitive, Cambridge has to work to keep up," she said.