

Landlords, Tenants Sweet on Spec Suites



PHOTO: DEREK SZABO

BY RYAN ENRIGHT

BOSTON — Spec suites have not always had the allure or intrigue they do today. Traditionally aimed exclusively at startups and small companies, spec suites were small, usually ranging from 3,000- to 5,000 sf, and were considered ideal for temporary occupancy. But today, the innate characteristics of

spec suites—their flexibility and quick move-in potential—have led to an uptick in demand from fast-growing companies, both startups and established operations, and particularly in the Boston area. With demand for spec suite space evolving, the market is changing as a result, creating new opportunities for developers who can see the writing on the wall to lease space quicker and deliver what the market is looking for.

REAL THINKING



Ryan Enright

Just 10 years ago, most companies were willing to wait anywhere from six- to 10 months for their dream office space to be built out. But now, the appeal of spec space is reaching a variety of company profiles for several reasons: it significantly shortens the search-to-lease timeline; offers flexibility to spur growth; and supports companies facing the need to be operating in a much quicker timeframe than they had previously.

What sort of tenant is drawn to this type of space? So far, we are seeing particular interest in spec space from young companies planning for growth. For instance, in marketing the 30,000-sf spec space at Lafayette City Center in Downtown Crossing, owned and managed by The Abbey Group, we have seen interest from companies which just closed on a second or third round of funding and want to hire 150- to 200 people. For these tenants, a quick move-in, limited startup capital costs and business growth are imperative to keeping their funders happy.

We are also seeing demand from well-established firms looking to open an office in the city to attract young talent and who want to be up and running quickly without large buildout risk and time hurdles. For these companies, planning for future growth

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in office space is both critical and one of the hardest forecasts to project as they are not just looking for space that will meet today's needs, they are seeking a flexible office that can grow with them as they require more space in the coming years.

Developers who can anticipate this increase in demand for larger parcels of spec suite space are reaping the benefits. The dearth of larger spec suite space in the market means that companies looking for this space aren't finding what they're looking for. That is where developers are getting ahead of the trend, with Lafayette City Center, which just underwent an extensive renovation, offering a considerable amount of spec suite space for companies that want flexibility and speed of a spec suite space but also require more space than such

suites typically offer. Developers whom make the commitment benefit from reduced downtime, quicker cash flow, and a high re-usability of their space as most are designed to meet the needs of the

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majority of today's users.

One thing is clear—spec suite space isn't going anywhere anytime soon. As companies continue to increasingly value open floor plans and collaborative footprints, and more companies' bottom lines demand flexible space that can ac-

commodate speed and growth, we can expect to see more—and larger—variations.

The best part? It is a win-win for developers and tenants alike. Tenants are able to get space that offers open floor plans quickly with minimal start-up costs, and developers and landlords are able to design and develop spaces appealing to a variety of companies. As the demand grows from small start-ups to companies of all sizes, larger footprints are likely to be the next wave of spec space. Developers and landlords that adapt to this demand for flexible, ready-to-go space have an opportunity to attract companies large and small poised for growth. ■

Ryan Enright is an Executive VP at JLL, the global real estate services company with offices in downtown Boston where he is based. Ryan's focus is on the urban leasing sector.

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