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Spreading out in the suburbs

Companies are leaving Boston for developing space

By Casey Ross, Globe Staff | September 2, 2008

Massachusetts companies large and small are rapidly expanding their operations in communities outside of Boston, eschewing the cachet of city headquarters for the comfort and convenience of gleaming new office parks.

The demand for space is fueling an explosion of commercial growth along the Massachusetts Turnpike and Route 128, where nearly 30 office complexes are in development. In Waltham alone, seven new office projects are being built, including a 1.2 million-square-foot development at the former Polaroid Corp.

In the latest move, Boston developer Dean Stratouly has purchased three parcels along the Mass. Pike in Framingham, launching plans for a 350,000-square-foot office development in the shadows of Bose Corp., [Genzyme Corp.](#), and nearby [TJX Cos.](#)

"It's a signature site, a real billboard opportunity," Stratouly said. "A number of corporations have anchored themselves in that corridor, and success breeds success."

Developers, like Stratouly, welcome the suburban migration as soaring construction costs and a tight credit market continue to constrain new building in Boston. The suburbs allow for faster permitting, greater design leeway, and rents high enough to turn a substantial profit.

The pockets of expansion in the suburbs have gradually shifted the epicenter of the state's commercial office market, with companies such as National Grid, [International Business Machines Corp.](#), and The MathWorks Inc. pursuing new space or consolidating operations outside Boston. Several smaller start-ups, such as Phase Forward Inc., a data management firm, and medical device maker Astra Tech Inc., are also leasing new space along Route 128.

That has caused the suburbs to steadily close the gap with Boston in terms of overall office space. Boston now has 3.8 million square feet more office space than communities along Route 128; in 2000, the gap was 10.4 million square feet, according to the real estate firm Cushman & Wakefield.

"Boston was the epicenter, but with all of the mergers, and the lack of new construction downtown, we're certainly seeing some of the financial firms and traditional downtown users looking to the suburbs," said J.R. McDonald, a senior director with Cushman & Wakefield.

Much of the suburban activity has involved consolidations by large firms. IBM is moving most of its Massachusetts operations and about 3,400 employees into new offices in Littleton and Westford - a move to create a massive software campus that would be difficult to build in the city. National Grid wants to consolidate several offices in a complex proposed along Route 128.

Another national firm, [Adobe Systems Inc.](#), is looking to update and expand its office space, moving from Newton to Overlook Center, an eco-friendly building under construction in Waltham. The facility will include a cafe, a fitness center, 360 covered parking spaces, and a courtyard.

Real estate professionals say those amenities are a significant draw to executives who once thought of the suburbs as a business backwater. **In communities like Waltham and Burlington, new office campuses can incorporate walking and bike trails, as well as convenient parking and close proximity to an array of retail shops.**

"It's not just about the building anymore, it's about creating an environment that will be attractive to the labor pool," said Tamie Thompson, a managing director for the real estate firm [Jones Lang LaSalle](#). She said companies are looking for proximity to high-end entertainment venues and restaurants, such as the Capital Grille steakhouse that opened last year in Burlington. "There's been a huge evolution in that regard," she said.

In addition to moves by national firms, a number of locally based companies with growing operations have chosen to move to the suburbs. **Since 2001, more than two dozen biotech companies have moved from Boston and Cambridge to Lexington and Waltham;** 19 of them left Cambridge, according to Cushman & Wakefield.

In Burlington, developer Patriot Partners LLC is trying to capitalize on the trend by building a 2 million-square-foot life sciences campus. Laboratory space along Route 128 is roughly half the cost of equivalent space in Cambridge, making it attractive to growing firms looking to snap large chunks of space.

In March, Shire Human Genetic Therapies Inc. disclosed plans to move its corporate headquarters to a Patriot Partners development in Lexington, leaving Cambridge and its rich labor pool to consolidate operations in an office park with plenty of space to grow.

"Basically, we had no more space to put people in Cambridge," said Jessica Cotrone, communications director for Shire's business unit. "Lexington is beautiful, and convenience-wise it helps our business operations. It's a space where we can build and have everyone at one central campus."

Real estate professionals say they expect the growth in the suburbs to continue as long as economics make it more difficult to build in the city. Construction of office space in Boston has remained extremely slow, with little new supply hitting the market in recent months.

The lack of new space has kept rents at high levels, providing even further incentive for firms to consider space in the suburbs. That dynamic could ease slightly with the opening of new offices

at Russia Wharf and Two Financial Center in Boston, but developers are struggling to raise financing for any new construction downtown.

"The debt crisis has really put the brakes on," said Alexander Dauira, an executive vice president for Jones Lang LaSalle. "Nothing is being built without a tenant, and developers know the amenities, location, and environmental sustainability have to be spot on."

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