



## ***Macromedia's Excess 260,000 SF is Leased Up***

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Last updated: Nov 21, 2003 09:12AM

NEWTON, MA-In one of the largest subleasing assignments in Eastern Massachusetts, 260,000 sf of excess office space was taken off the market in a series of eight separate deals. The space at Riverside Center, which is located at 275 Grove St., is being subleased by Macromedia Inc. and the completion of the assignment by T3 Realty Advisors represents \$46 million in sublease income.

"Eighteen months ago we started subleasing and in this market, I never would have thought we'd dispose of all the space," says James Morgensen, vice president of real estate at Macromedia. He credits T3 Realty as well as property owner Equity Office with ensuring that the deals went through.

The latest sublease transaction was taken by VERITAS Software Corp., which signed a sublease agreement for 40,000 sf in the building. The Mountain View, CA-based company will occupy its space next month. Other major subtenants in Macromedia's excess space at 275 Grove St. include: McKesson HBOC, which took 85,000 sf; UnitedHealthcare Corp., which took 26,000 sf; and, Rocket Software, which took 47,000 sf, among others.

Macromedia will continue to occupy nearly 100,000 sf in the project for its East Coast research and development center. Mark Cote, managing director of T3 Realty Advisors represented Macromedia in the last transaction. Mark Roth and Ty Janney of Cushman & Wakefield of Massachusetts represented VERITAS.

While excess sublease space was once a driving force behind suburban Boston's office market's high vacancies, that space is slowly being absorbed. Nevertheless, at the end of the third quarter 2003, the suburban market had an overall vacancy of 25.7%, according to Meredith & Grew's third quarter statistics for 2003. The figure is statistically identical to the vacancy at the end of the last quarter and virtually the same as the first quarter's vacancy of 25.5%. But direct vacancy increased slightly to 17.2% as compared to 16.4% last quarter, indicating, according to the report, a further reduction in sublease space due either to occupancy or, more likely, to a conversion back to direct space.

Meredith & Grew's report notes that rents declined moderately during the third quarter. At the end of the second quarter, the average suburban rents

were \$19 per sf, down from \$19.20 during the first quarter. Third quarter suburban rents now have averaged about \$18 per sf.