

Deloitte signs Boston's largest office lease of the year Firm to move to 138K square feet of space in Winthrop Center



MP Boston's Joe Larkin with the Winthrop Center (MP Boston, Getty)

The office market has its challenges, but there are some big deals still being made.

Deloitte has signed a lease with MP Boston — an arm of Millenium Partners — for 138,000 square feet of office space at the 62-story Winthrop Center in Boston.

It's purportedly the largest office lease signed in the Greater Boston area this year, according to a press release.

The financial services company will move all 3,100 of its employees from 200 Berkeley Street in the Back Bay to the new space, located near the Seaport at 115 Federal Street, in the fall 2024.

Deloitte is the fifth tenant of Winthrop Center, joining Cambridge Associates (116,000 square feet); Income Research Management (40,000 square feet); McKinsey (95,000 square feet); and ECG Management (10,000 square feet), according to MP Boston co-principal Joe Larkin.

Larkin says he is negotiating with two other prospective tenants that, when they sign leases, will bring the occupancy rate up to 60 percent of the 812,000 square feet of office space.

While residents have already moved into the 690-foot building's 317 condominiums, the first commercial tenant, Cambridge Associates, will move in this Tuesday, Larkin said.

The energy-efficient building, which broke ground in 2018 and is expected to be certified as the largest Passive House office building in the world, features The Connector, a public gathering and event space between Devonshire and Federal streets.

"We're saying to everybody, this is your indoor park," Larkin said. "It's going to be very civic. ... It sounds lofty ... but I think that was our mission when we created this. We know our city and we know our city is open to innovation."

Amenities also include a health and wellness facility, game room and coffee bar, according to the release.

The \$1.4 billion building was built with financing from a \$775 million construction loan from Cale Street Investments of London, according to Larkin. The loan matures in the fall 2025, he said.

Larkin said Boston isn't immune to the pressures the office market is facing — namely higher interest rates and hybrid work.

“Occupancy levels are lower than they were pre-pandemic,” he said, noting that the city is looking at about 18 percent vacancy rates.

But the city has some built-in buffers that prevent a full-on nosedive. Specifically, the city has vibrant science, health care, engineering, and education sectors that require collaboration and, therefore, working in-person, Larkin said. While hybrid work is here to stay, he said, people are still going to go into the office three or so days a week, he said.

“People go to work more,” he said. “They’re changing the way spaces are designed and the spaces are all about collaboration.”

Correction: The number of stories of the tower is 62, not 50. The Cale loan also does not mature until 2025, not this fall.