

# WeWork Quietly Exited 120K SF Back Bay Space

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WeWork (<https://www.bisnow.com/tags/wework>) has vacated a large space in the Back Bay, another blow to Boston's struggling office market.

The coworking provider exited a 119K SF lease at Capital Properties (<https://www.bisnow.com/tags/capital-properties>) and Madison International Realty (<https://www.bisnow.com/tags/madison-international-realty>)'s 31 St. James Ave., JLL (<https://www.bisnow.com/tags/jll>) revealed in its first-quarter office market report. A source familiar with the exit confirmed to *Bisnow* the space closed last year, but the closure hasn't been previously reported.

Capital Properties, which also manages the building branded Park Square, declined to comment on the exit.

Park Square, in the heart of Boston's Back Bay (<https://www.bisnow.com/tags/back-bay>) and across the street from Boston Public Garden, saw strong demand prior to the pandemic with WeWork as a tenant.

WeWork opened the space in 2016, its third location in Boston (<https://www.bostonglobe.com/business/2016/02/22/wework-move-into-back-bay/bUomjypZIkAMI4ZPJD2CAM/story.html>) after debuting in the city two years earlier.

In 2017, Amazon (<https://www.bisnow.com/tags/amazon>) signed on with WeWork for a chunk of its space in the building. The tech giant reportedly took up two floors, the Boston Globe reported (<https://www.bostonglobe.com/business/2017/02/22/amazon-settles-back-bay-for-expansion-into-boston/VR52hQNa5GqAh3OlmzFdUM/story.html>) at the time, and it appeared to be a short-term deal as it built out a major new office in the Seaport, according to the Boston Business Journal (<https://www.bizjournals.com/boston/news/2017/02/23/amazon-taking-space-at-wework-in-back-bay-but-is.html>).

In April 2020, Madison International Realty acquired just under a 50% stake in the building. At the time, the 507K SF, 11-story building was 96% leased, with WeWork taking up 140K SF, CoStar reported (<https://product.costar.com/home/news/shared/515316164>).

WeWork's exit from the building contributed to the city's historically high office vacancy as many tenants re-evaluate their needs in a new hybrid work environment. The Boston area recorded negative net absorption of 1.6M SF during the first three months of the year, with vacancy reaching a 20-year high of 19%, according to JLL's Q1 Boston Office Outlook report.

WeWork has positioned itself as a disrupter (<https://www.bisnow.com/national/news/coworking/weworks-ceo-traditional-office-is-the-new-retail-and-were-e-commerce-118307>) of the new office market that can capture outsized demand, and it has reported increasing occupancy over the last year, but the coworking giant continues to close spaces as it works to cut costs and reach profitability.

In November, WeWork CEO Sandeep Mathrani (<https://www.bisnow.com/tags/ceo-sandeep-mathrani>) said the company was planning to close 40 locations

(<https://www.bisnow.com/national/news/coworking/wework-earnings-loss-locations-closing-116310>) within the next 15 months. The company picked locations that didn't meet its design criteria, are in oversupplied areas or are obsolete in the market.

“Demand didn't come back as swiftly as we thought,” Mathrani said during a November quarterly earnings call. “And so we decided that to be profitable and sustainably profitable, we should close locations that are obsolete.”

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