Owner/user sales and renewal activity continue to aid in the market's steady trajectory

▲ 8.1%
Vacancy Rate

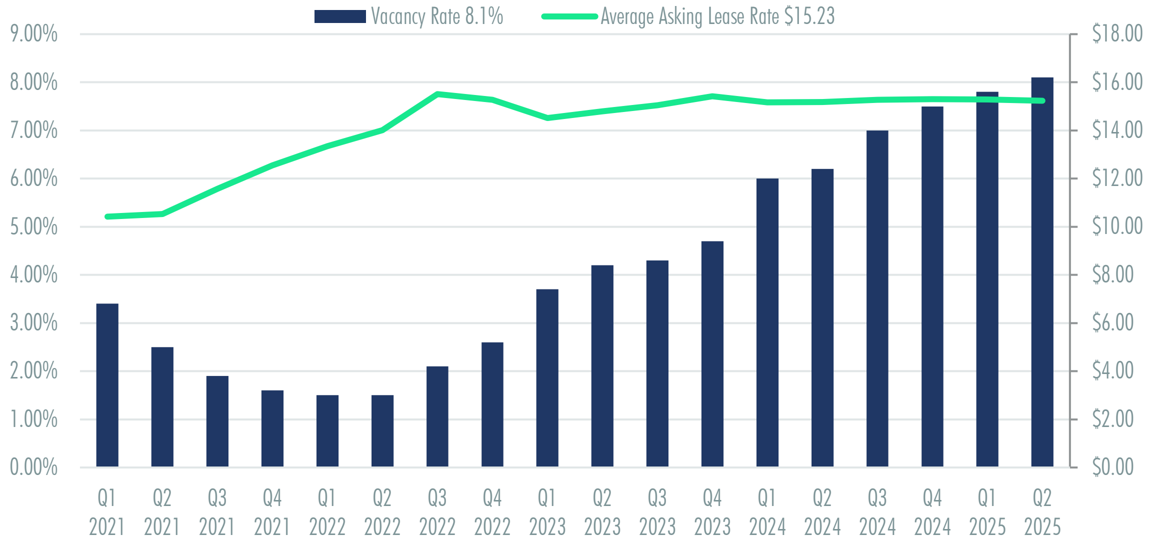
▲ 9.7%
Availability Rate

▼ $15.23
Average Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.

The Greater Boston Metro continued to benefit from owner/user activity and heightened renewals, as slightly softened market fundamentals were witnessed amidst ongoing trade wars and global economic uncertainty. While year-to-date net absorption remained positive at 85,846 sq. ft., heightened renewal activity coupled with one larger space giveback swung the overall market's net absorption to -457,371 sq. ft. this quarter. Although not attributable to any positive absorption, renewals kept overall quarterly leasing levels relatively healthy with approximately 51.9% of the 2.64 million sq. ft. of recorded transactions being lease extensions. Moreover, increased interest in owner/user sales and build-to-suits has kept the market partially insulated from a downturn as a growing number of occupiers express the desire to mitigate costs/risk with both scenarios providing customization ability, potential tax deductions, and long-term cost savings. For the unforeseeable future, more of these cost-cutting tenant behaviors are expected, with overall availability and vacancy experiencing slight upticks quarter-over-quarter (q-o-q) to 9.7% and 8.1%, respectively, with the caveat that these supply levels will continue to rise mildly through the end of 2025. While it is clear that overall supply and demand levels have balanced out amidst continued macroeconomic and geopolitical concerns in addition to several quarters of new speculative deliveries, the overall market is expected to remain slightly softened, but stable.

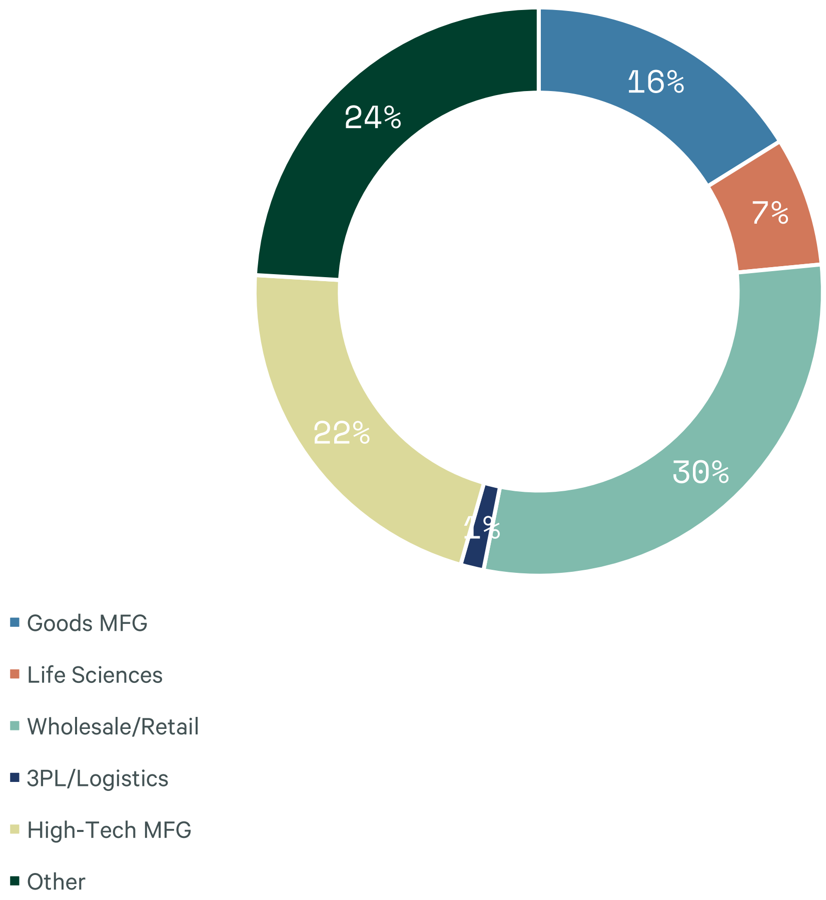
FIGURE 1: Greater Boston Metro Industrial Vacancy vs. Lease Rate



Source: CBRE Research, Q2 2025.

Although market fundamentals have returned to more normalized levels, the easing pace of new speculative deliveries in 2025 and a handful of new larger requirements that were picked back up, may very well reignite the market in the long-term (especially if some of these larger users transact). At the very least, overall average asking rent should remain stable around $15.23 per sq. ft. NNN, amidst a period of reduced deliveries and heightened specialized demand in certain size segments and submarkets. While federal policy has the potential to impact and delay occupier decisions, the Greater Boston Metro has not necessarily been fully implicated by the country's tariffs yet. In fact, third-party logistics (3PL) demand has picked up slightly, with companies choosing to outsource distribution efforts and control some supply chain risk. In the wake of tariffs, the potential reshoring of U.S. manufacturing, and the increased presence of automation and artificial intelligence, it will be important to continue to monitor the evolution of supply and demand over the next 12-18 months, which will ultimately decide the trajectory of the market in the long-term.

FIGURE 2: Greater Boston Metro Leasing Activity By Industry in Square Footage, Q2 2025



Source: CBRE Research, Q2 2025.

Submarkets

As for the urban market, supply imbalances as a result of land constraints and existing functional obsolescence led to a relatively flat quarter. With limited high-quality space and virtually no feasible land to transact on, overall quarterly leasing activity of just over 76,000 sq. ft. was buoyed by Pickle Robot's 50,000 sq. ft. renewal at 425 Medford Street in Charlestown. In addition to renewing, Pickle Robot expanded by approximately 9,160 sq. ft. within the building. Quarterly net absorption was capped at 38,486 sq. ft. as a result of only one other transaction being recorded in the market, that being Electrified Thermal Solutions' new 17,264 sq. ft. lease at 570 Rutherford Avenue in Charlestown. Availability and vacancy ended the quarter at 7.4% and 6.1%, respectively. Average asking rents culminated at $25.39 per sq. ft. NNN, up by just $0.07 q-o-q. While functional obsolescence is expected to prevail for the unforeseeable future, no real relief valves coming on-line to meet demand will keep rents stable in the urban market. Additionally, it will be important to monitor the urban industrial landscape in lieu of a potential reindustrialization period and heightened 3PL and manufacturing demand.

Mostly due to strong, diverse leasing activity, the north market recorded 687,940 sq. ft. of net absorption this quarter, bringing year-to-date net absorption to 213,692 sq. ft. In fact, the majority of the overall Greater Boston Metro's top transactions this quarter took place in the north, with the largest being a confidential e-commerce retailer's new 237,880 sq. ft. lease at Camber Development / Wheelock Street Capital's new speculative property at 800 Salem Street in Wilmington. Also contributing positively to net absorption, owner/user activity continued to ramp up with Raymour & Flanigan and Finishing Trades Institute purchasing and occupying 240 Industrial Avenue in Lowell and 120 Stedman Street in Lowell, respectively. Bringing the north market's quarterly leasing activity to approximately 1.25 million sq. ft., continued renewal activity was witnessed. Access Records Management Services executed a trifecta of lease extensions at 251 North Street in Danvers, 4 First Avenue in Peabody, and 3 Technology Drive in Peabody. As a result of robust leasing activity, both availability and vacancy were down slightly q-o-q, to 8.4% and 6.8%, respectively. Average asking rents culminated at $20.17 per sq. ft. NNN, which will likely stay consistent through the end of 2025 with specialized and emerging industrial user demand (i.e., medical device manufacturers, battery-makers, etc.) expected to continue.

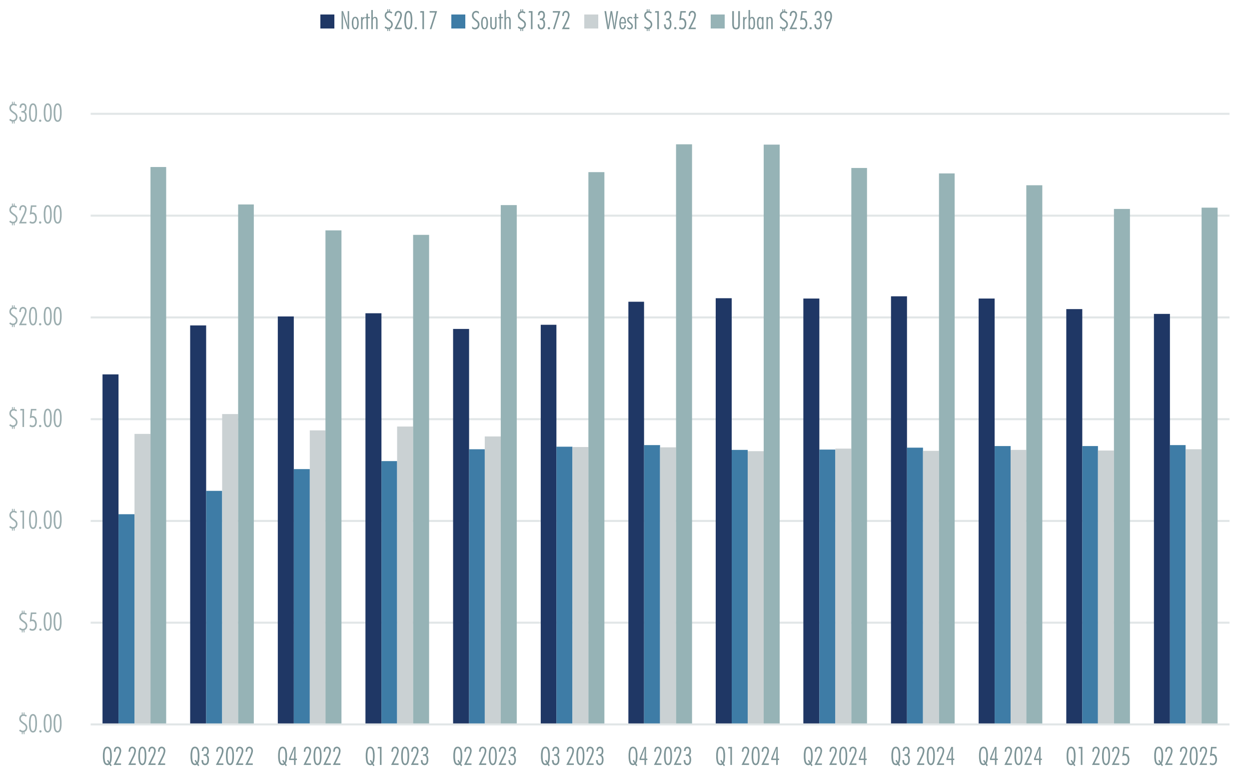
FIGURE 3: Greater Boston Metro Top Lease Transactions, Q2 2025

Tenant	Building	Market	Size (SF)	Transaction Type
Confidential	800 Salem Street, Wilmington	MN – Route 128-North	237,880	New
Access Records Management	249-251 North Street, Danvers	MN – Route 128–North	167,245	Renewal
New England Sheets	36 Saratoga Boulevard, Devens	MW – Route 495–Route 2 West	162,000	Renewal
Access Records Management	4 First Avenue, Peabody	MN – Route 128–North	152,686	Renewal
American Tire Distributors	220 O'Connell Way Building B, East Taunton	MS – Route 495-South	104,948	Renewal
IPL Global	100 Simplex Drive, Westminster	WM – Worcester North	100,000	New
Columbia Tech	125 Fisher Street, Westborough	MW – Route 495–Mass Pike West	94,065	Renewal/Expansion

Source: CBRE Research, Q2 2025.

In contrast to the north, slightly decelerated demand coupled with a few larger space givebacks resulted in -909,704 sq. ft. of quarterly net absorption in the Metro South. Consequently, year-to-date net absorption fell to -850,475 sq. ft. The largest space giveback of the quarter was 47 Brands' 463,305 sq. ft. space coming on-line at 140 Laurel Street in East Bridgewater, contributing to an uptick in availability of 100 basis points (bps) q-o-q to 11.3%. As an effect of continued supply and demand imbalances, especially amongst new speculative construction in the Route 495-South submarket, vacancy was also up 40 bps q-o-q to 9.3%. Limited new leasing activity in the south market was recorded with the largest quarterly transaction being American Tire Distributors' 104,948 sq. ft. renewal at 220 O'Connell Way in East Taunton followed by J.C. Higgins' new 86,000 sq. ft. lease at 55 Bristol Drive in Easton and Grid One Solutions' new 75,000 sq. ft. lease at 132 Campanelli Drive in Brockton. After several quarters of new speculative deliveries to the market (much of which remains unleased), average asking rents in the south have come under increasing pressure, finishing the quarter at $13.72 per sq. ft. NNN, with the stipulation that rents will likely decline in the coming quarters.

FIGURE 4: Greater Boston Average Asking Lease Rates (PSF/NNN)

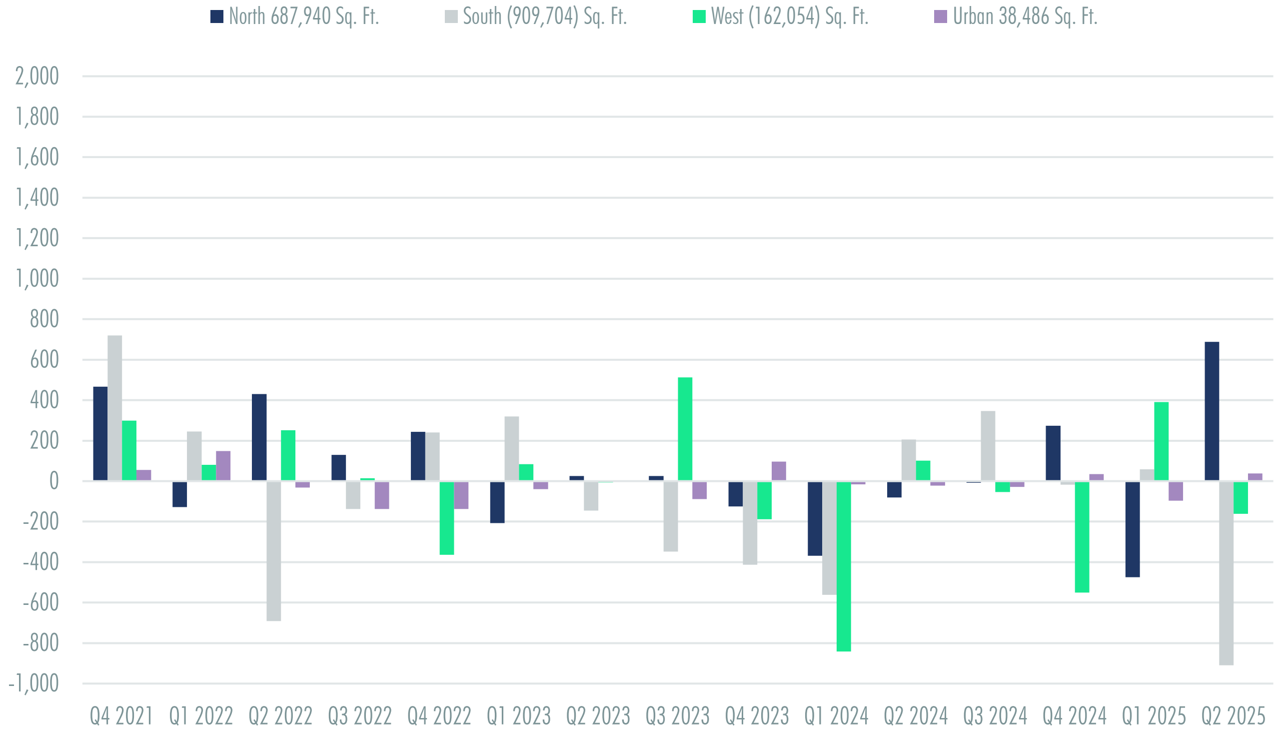


Source: CBRE Research, Q2 2025.

Similar to the north, market dynamics continued to show strength in the Metro West although very few large transactions were recorded given the limited availability in the area. While one notable sublease swung quarterly net absorption to -162,054 sq. ft. as a result of Cytiva's existing space coming on-line at 9 Crystal Pond Road in Southborough, year-to-date net absorption remained positive at 228,782 sq. ft. in the west market. Availability was up slightly to 8.1% and vacancy hit 6.6%, an increase of only 10 bps q-o-q. Keeping vacancy rates low in the Metro West, heightened renewal activity was recorded with New England Sheets renewing approximately 162,000 sq. ft. at 36 Saratoga Boulevard in Devens and Columbia Tech extending its 85,092 sq. ft. lease and expanding by 8,973 sq. ft. at 125 Fisher Street in Westborough. Continuing the renewal trend, a confidential e-commerce retailer extended its 81,187 sq. ft. lease at 428 Main Street in Hudson and Harvey Industries signed a lease extension for 55,170 sq. ft. at 1 Harvest Lane in Southborough. Average asking rents stayed consistent at $13.52 per sq. ft. NNN in the west market, which will likely stay status quo as a result of a virtually non-existent speculative pipeline further into 2025 and 2026.

The Worcester Metro similarly recorded reduced quarterly net absorption of -112,039 sq. ft., while maintaining positive year-to-date net absorption of 550,968 sq. ft. Due to the cost effectiveness of new developments and land sites, the Worcester market remains desirable. Most recently, UPS signed an approximately 845,000 sq. ft. build-to-suit lease at Prologis' site on Centennial Drive in Grafton in Q1. While activity around cheaper land sites and new construction in Worcester and the outlying western areas has significantly picked up, existing, older product remains challenged, leading tenants to find more functional space elsewhere. Availability was up 90 bps q-o-q to 11.5%, while vacancy was up 60 bps q-o-q to 11.0%. The only recorded transaction this quarter was IPL Global's new approximately 100,000 sq. ft. lease at 100 Simplex Drive in Westminster. With limited existing functional options and continued demand for high-quality, cost-efficient space under 100,000 sq. ft., further new development in the Worcester Metro could prevail, especially as average asking rents hold their integrity at $10.71 per sq. ft. NNN, down just $0.02 q-o-q.

FIGURE 5: Greater Boston Net Absorption



Source: CBRE Research, Q2 2025.

Construction

After recording a reduced pipeline for several quarters (mostly due to oversupply in some submarkets and size segments), a slight uptick in active speculative construction was observed in the Greater Boston Metro due to a few projects breaking ground in extremely strategic locations. Topping off its new Stoughton Logistics Park project, Brookfield Properties began construction on its third and final 274,637 sq. ft. speculative building within the park. Additionally, Marcus Partners broke ground on the first building at 2 Commerce Drive in Tyngsborough for 125,000 speculative sq. ft. while Chacharone Properties broke ground on 50,000 sq. ft. at 120 Northeast Cutoff in Worcester. These projects should be well received due to their strategic locations within their respective submarkets.

Fueling the prediction that the pace of new deliveries will ease in 2025 as the result of a narrowed active pipeline in 2024, just two new speculative projects were delivered this quarter. Both in the Metro South, Rhino Capital delivered approximately 177,922 sq. ft. at 55 Dever Drive in Taunton (focused on flex/R&D tenancy) and Bluewater Property Group / Affinius Capital delivered 120,000 sq. ft. at 21 Randolph Road in Randolph, which will subdivide to accommodate small, shallow-bay tenants. Oversupply of new product in some size segments and submarkets (especially Route 495-South) for standard industrial space will continue to weigh on rents and future development, however both of the aforementioned deliveries have set themselves apart as unique opportunities in the market. Even more, tariffs and other federal policies could prove to be more inflationary than forecasted, further delaying landlords and occupiers' decisions alike, as they reassess their costs and business models. On the other hand, if manufacturing is successfully reshored and domestic reindustrialization occurs, increased demand for industrial and logistics space could catapult new development and accelerate the market.

FIGURE 6: Greater Boston Metro Submarket Statistics

Total Industrial	Bldgs.	Total Sq. Ft.	Available (%)	Vacant (%)	Sublease (%)	Quarter Net Absorption	YTD Net Absorption	Avg. Asking Rent NNN ($)
Urban	225	14,541,001	7.4	6.1	0.5	38,486	(57,121)	25.39
Close-In Suburbs North	246	19,200,179	9.0	6.1	0.1	27,212	6,621	28.44
Route 128 - North	467	34,044,243	7.6	7.2	0.9	482,443	369,100	20.02
Route 495 - Northeast	222	24,568,977	6.0	4.9	0.8	(88,573)	(233,329)	16.05
Route 3 - North	247	18,933,469	12.6	9.5	1.0	266,858	71,300	16.87
Metro North	1,182	96,746,868	8.4	6.8	0.8	687,940	213,692	20.17
Route 128 - South	710	45,545,596	10.0	7.2	1.6	(141,511)	(160,613)	15.36
Route 495 - South	852	72,487,402	12.0	10.6	1.5	(768,193)	(689,862)	12.95
Metro South	1,562	118,032,998	11.3	9.3	1.6	(909,704)	(850,475)	13.72
Route 128 - West	146	6,312,001	5.6	4.8	3.3	(5,781)	(32,179)	25.11
Framingham - Natick	84	4,552,565	4.5	2.1	0.2	(27,511)	(14,433)	13.66
Route 495 - Route 2 West	234	21,701,260	5.9	5.4	1.2	155,305	544,097	12.07
Route 495 - Mass Pike West	348	24,517,159	11.5	8.9	1.0	(284,067)	(268,703)	13.68
Metro West	812	57,082,985	8.1	6.6	1.3	(162,054)	228,782	13.52

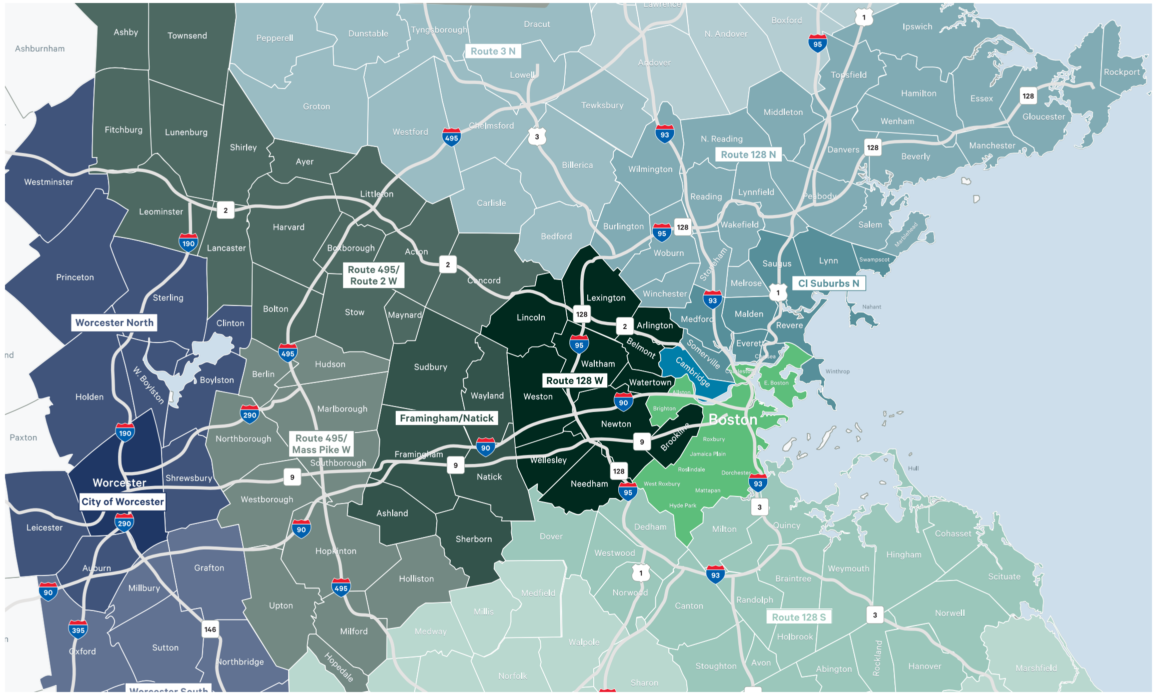
Source: CBRE Research, Q2 2025.

FIGURE 6: Greater Boston Metro Submarket Statistics (Continued)

City of Worcester	115	9,726,415	5.2	4.3	1.8	(94,544)	(61,896)	9.50
Worcester North	123	11,882,908	10.7	10.2	0.3	(16,295)	(287,136)	10.60
Worcester South	63	9,933,542	18.6	18.6	0.0	(1,200)	900,000	10.96
Worcester Metro	301	31,542,865	11.5	11.0	0.7	(112,039)	550,968	10.71
Overall Greater Boston Metro Total Industrial	**4,082**	**317,946,717**	**9.7**	**8.1**	**1.1**	**-457,371**	**85,846**	**15.23**

Source: CBRE Research, Q2 2025.

Market Area Overview



Definitions

AVERAGE ASKING LEASE RATE: Rate determined by multiplying the asking gross lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary. GROSS LEASES: Includes all lease types whereby the tenant pays an agreed rent plus estimated average monthly costs of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.NET ABSORPTION: The change in occupied sq. ft. from one period to the next, as measured by available sq. ft. NET RENTABLE AREA: The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. OCCUPIED AREA (SQ. FT.): Building area not considered vacant. UNDER CONSTRUCTION: Buildings that have begun construction as evidenced by site excavation or foundation work. AVAILABLE AREA (SQ. FT.): Available building area that is either physically vacant or occupied. AVAILABILITY RATE: Available sq. ft. divided by the net rentable area. VACANT AREA (SQ. FT.): Existing building area that is physically vacant or immediately available. VACANCY RATE: Vacant building feet divided by the net rentable area. NORMALIZATION: Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and vacancy figures for those buildings have been adjusted in previous quarters.

Survey Criteria

Includes all competitive buildings in CBRE's survey set for the Downtown Boston Office and Lab Markets.

Contact

Suzanne Duca
Director of Research, New England
suzanne.duca@cbre.com

Jacqueline Smith
Senior Research Analyst, New England
jacqueline.smith1@cbre.com

CBRE Offices
33 Arch Street, 28th Floor
Boston, MA 02110

CBRE