



MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.9% Vacancy Rate	▲	▲
-1.3M YTD Net Absorption, SF	▼	▼
\$14.69 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.8M Boston Employment	▲	▼
4.5% Boston Unemployment Rate	▲	▼
4.3% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

SUPPLY

Boston's industrial market posted a slight uptick in vacancy during the third quarter, climbing 40 basis points (bps) quarter-over-quarter (QOQ) to 10.9%, a sharper increase than the modest 10-bps rise recorded over the prior quarter. Vacancy increases were most pronounced within the 128 Belt, as 128 North and 128 Central recorded the market's largest jumps, rising 220 bps to 10.7% and 70 bps to 10.3%, respectively. The 495 South submarket has maintained the highest vacancy rate of all submarkets since Q3 2024 at 13.5%, 260 bps higher than the market average and the only submarket to surpass the 10.0% mark in every quarter since the end of 2023. The construction pipeline remained constrained with 400,000 square feet (sf) of new supply year-to-date (YTD) with no deliveries recorded during the third quarter. This marks an 84.4% decline from the same period a year prior.

DEMAND

The third quarter marked the highest quarterly leasing volume of 2025 to-date, with 958,000 sf of new demand posted. The 495 Belt submarkets accounted for nearly 81.2% of that total, with the 495 North submarket alone accounting for more than one-third of all activity in Greater Boston. Despite the quarterly jump, YTD demand declined 14.2% from the same point in 2024. The Q3 increase was due partly to the growth in average tenant footprints, which expanded by 25.8% QOQ, with the average deal size for the largest ten leases increasing by 30.5%. Renewal activity declined substantially QOQ with all clusters posting declines of more than 50.0%, two of which recorded over 75.0% declines. However, YTD renewal activity remained robust with nearly 2.7 million square feet of renewals signed, marking a 45.0% increase year-over-year and trailing 2024's annual total by only 275,000 sf.

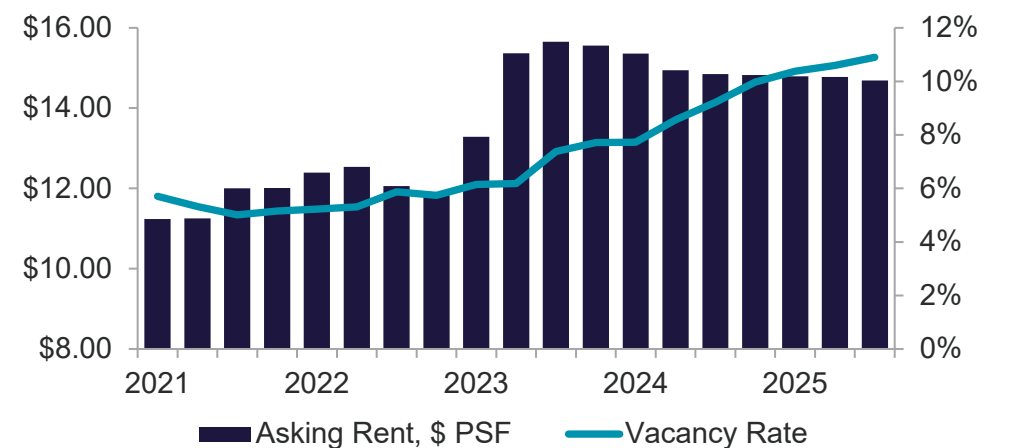
PRICING

After remaining stagnant during the first half of 2025, direct average net asking rents posted a modest decline of \$0.14 per square foot (psf) from the prior quarter to \$14.58 psf, the largest drop since mid-year 2024. The North cluster largely fueled the decrease, dropping \$0.43 psf QOQ to \$16.51 psf while the South and West markets recorded less significant dips. Despite the total market's overall softening, five of Boston's 11 submarkets remained stable or posted rent growth.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)**	OVERALL VACANT (SF)**	OVERALL VACANCY RATE**	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)**	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
128 North	19,117,691	2,041,187	10.7%	-422,351	-587,664	261,258	0	0	\$15.48	\$15.93
495 North	37,531,790	4,331,631	11.5%	46,656	-140,911	792,828	220,700	0	\$16.29	\$15.46
Urban North	4,475,837	471,702	10.5%	-6,205	-30,907	45,560	367,400	0	\$25.72	\$28.98
128 South	23,042,078	1,606,230	7.0%	-39,416	-127,766	253,179	0	0	\$13.05	\$13.81
495 South	38,996,302	5,814,647	13.5%**	-88,772	-30,814	519,143	879,557	297,922	\$13.08	\$13.06
Urban South	5,169,376	493,935	9.6%	24,940	58,106	61,255	0	0	\$26.46	\$25.55
128 Central	2,348,595	242,923	10.3%	-24,708	-37,821	62,837	97,075	0	\$17.55	\$28.09
495 West	37,554,555	4,268,494	11.4%	-153,889	-279,268	463,126	121,200	102,256	\$12.82	\$12.83
Framingham/Natick	2,012,437	116,825	5.8%	7,489	-12,112	15,300	0	0	\$6.26	\$4.99
Urban West	1,716,540	62,237	3.6%	0	-37,770	0	0	0	\$25.00	\$24.31
Worcester	4,025,581	261,602	6.5%	27,050	-30,418	270,349	654,800	0	\$11.83	\$11.83
BOSTON TOTALS	175,990,782	19,291,413	10.9%	-629,206	-1,257,345	2,744,835	2,340,732	400,178	\$14.06	\$14.69

*Rental rates reflect weighted net asking \$psf/year

**Figure not reflective of U.S. MarketBeat

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
800 Salem Street	495 North	Amazon	231,000	New Lease
523-525 Pleasant Street	495 South	Massachusetts Design	130,572	New Lease
206 Mechanic Street	495 West	New England Appliance	124,000	New Lease
530 Turnpike Street	128 South	NEFCO	121,615	Renewal*/Expansion
1-5 Sassacus Drive	495 West	Columbia Tech	103,303	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
440 Riverside Avenue	Urban North	Anheuser-Busch / Massachusetts Bay Transportation	185,858	\$53.8M / \$289
117 Hospital Road	495 North	King Street Properties / Declaration Partners & Pivotal Manufacturing Partners	165,000	\$74.0M / \$449
75 Lundquist Drive (Part of 49 Asset Portfolio Sale)	128 South	Herb Chambers Company / Asbury Automotive Group	78,000	\$13.9M / \$178

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Dever Drive- BP2	495 South	-	177,922	MassDevelopment
128 Logistics Center	495 South	-	120,000	Bluewater Property Group
190 Washington Street	495 West	-	102,256	Eastland Partners

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