MARKETBEAT
BOSTON
OFFICE Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
18.2% Vacancy Rate	▲	▼
-2.6M YTD Net Absorption, SF	▲	▲
$48.99 Asking Rent, PSF	▲	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.8M Boston Employment*	▲	▲
4.5% Boston Unemployment Rate*	▲	▼
4.6% U.S. Unemployment Rate	▲	▲

Source:BLS
**Q3 2025*

SUPPLY: QUARTERLY NET ABSORPTION IN THE BLACK

After increasing at an average rate of 60 basis points (bps) per quarter since the start of 2023, overall vacancy began to stabilize during the fourth quarter, ticking up a modest 10 bps quarter-over-quarter (QOQ) to 18.2%. The rise was entirely driven by Downtown Boston, where vacancy increased to 19.6%, though notably remained below the 20.0%-mark. Suburban vacancy was unchanged at 17.3%, with the 495 and 128 Belts each recording slight occupancy improvements. While the overall market posted vacancy increases during each quarter of 2025, the 180-bps year-over-year (YOY) climb marks a vast improvement from the 340-bps spike over the same period a year prior. In a departure from a sustained period of negative net absorption, the market posted quarterly net occupancy gains of 67,425 square feet (sf) during Q4 – the first quarter of positive net absorption in more than two years. Back Bay led the market for fourth quarter absorption at 273,000 sf and was the only one of the market's 19 submarkets to surpass the 100,000-sf mark in annual occupancy gains.

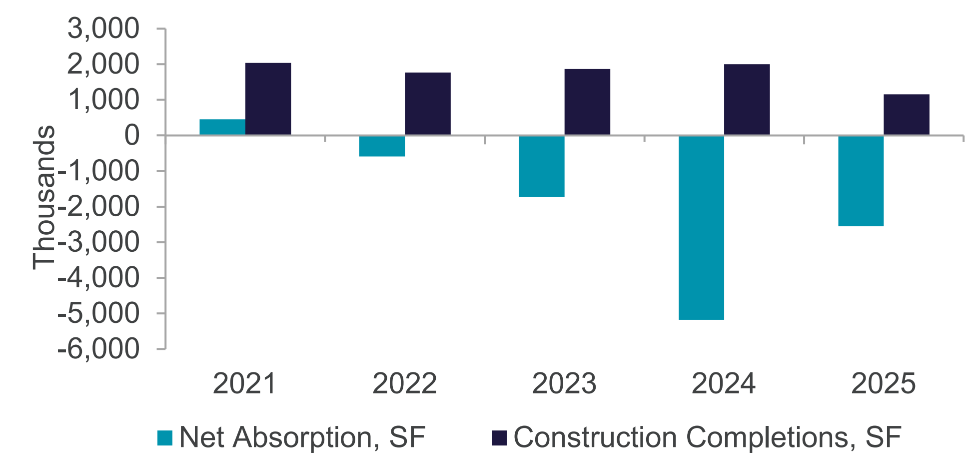
PRICING: CLASS A HITS A NEW HIGH

The market's direct average asking rent ended the year at $49.10 per square foot (psf), 4.4% higher than where it started. Rents for Class A assets posted an even sharper increase, climbing 5.5% over the same period to $54.20 psf, a new record high for the market. While all major geographic clusters posted annual Class A rent growth, increases were most pronounced in Suburban Boston, where the average asking rate rose 5.7% YOY compared to 2.9% in Downtown submarkets.

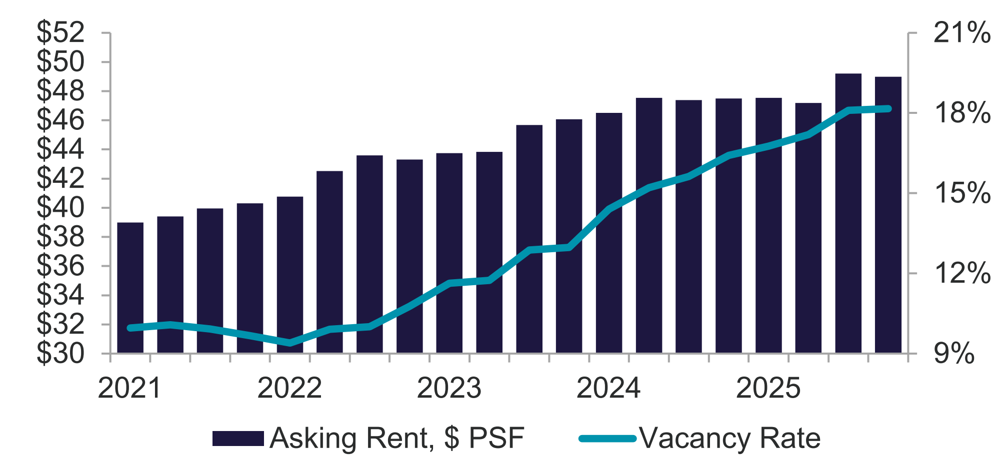
SALES: ACTIVITY UP YOY

After a robust start to the year, momentum in the investment sales market continued throughout 2025 as annual sales activity totaled 7.3 million square feet (msf), nearly surpassing the total recorded during the entire prior three years combined. Of the 45 buildings that traded hands throughout the year, activity was split fairly evenly between asset classes and market clusters, though Downtown was home to one of the year's most significant sales as DivcoWest acquired the 1.1-msf One Lincoln for $400M ($385 psf) in a foreclosure auction. The market's largest Suburban transaction occurred in the 128 Central submarket where BXP sold its 140 Kendrick Street campus in Needham for $132M ($323 psf).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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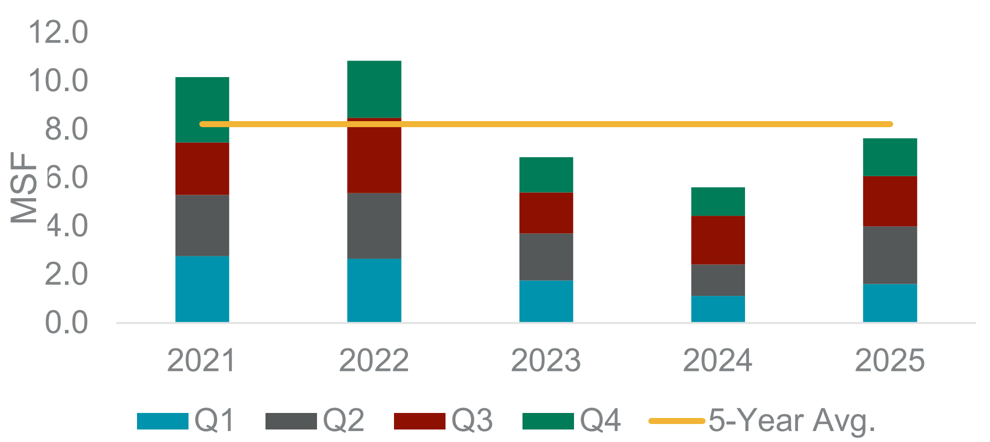
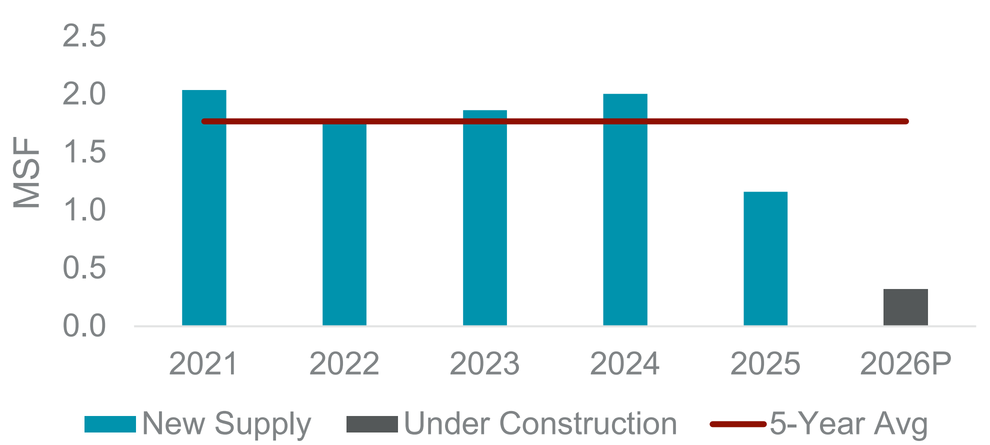
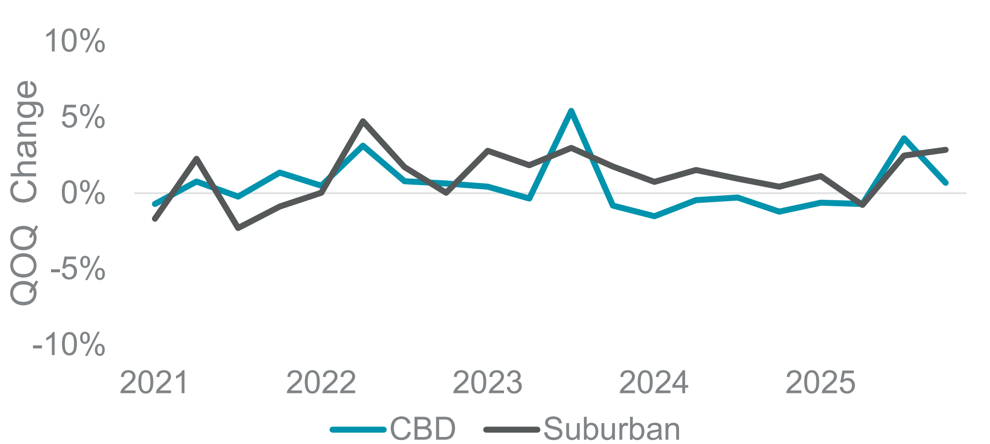
DEMAND: NEW LEASING ACTIVITY



SUPPLY: CONSTRUCTION DELIVERIES



PRICING: CLASS A DIRECT ASKING RENT TREND



DEMAND: STRONG MOMENTUM TO CLOSE THE YEAR

Demand was robust in 2025 as the 1.6 msf of leases inked throughout Greater Boston in the fourth quarter boosted the market's annual total to 7.6 msf – outpacing 2024's total by a whopping 2.0 msf and representing the highest yearly volume since 2022. The surge was widespread geographically, as all but one of the market's five clusters posted YOY leasing growth, with an average increase of 44.0% over the prior year. In a testament to the market's resilience, 17 new deals 50,000 sf or larger were signed throughout the year, compared with just nine in 2024. Further, footprints for large-block occupiers grew substantially, with the average size for these 50,000-sf+ deals totaling 108,000 sf in 2025, up 32.5% from a year earlier. New demand remained overwhelmingly concentrated in Class A assets, which captured 68.5% of annual leasing and which were home to all but one of the 10 largest deals signed throughout the market in 2025. The 128 Belt claimed an outsized share of these transactions with six, while the remaining four occurred in Downtown Boston.

In tandem with an increase in new leasing activity, quarterly renewal activity hit a five-year high of 2.2 msf as seven occupiers 100,000-sf or larger opted to renew in-place during the fourth quarter alone. Illustrating the desirability of the overall market, renewals were widespread, with nine submarkets recording more than 100,000 sf of annual activity, and two submarkets – the Financial District and 128 Central – surpassing 1.0 msf. Combining new demand and renewals, the number of tenants who transacted for at least 100,000 sf during 2025 doubled, up to 24 from the prior year's 12.

CONSTRUCTION: PIPELINE EMPTIES

Nearly 1.2 msf of new product delivered across Greater Boston in 2025, trailing 2024's total by 845,000 sf and representing the market's lowest yearly total since 2020. Of the three projects completed, two – South Station Tower in the Financial District and 10 World Trade in Seaport – were constructed on a speculative basis, and their collective 938,000 sf remains largely uncommitted. Bain & Company's 221,000-sf build-to-suit development at 350 Boylston Street in Back Bay delivered during the fourth quarter, leaving Downtown Boston without a single project under construction for the first time in recent market history.

OUTLOOK

- Provided momentum continues on the demand side, market fundamentals should continue to stabilize throughout 2026.
- With the absence of an under construction speculative pipeline, a lack of deliveries in the coming years will also support a return to supply-demand equilibrium.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Back Bay	14,795,121	1,704,299	416,580	14.3%	273,307	324,100	476,766	0	$66.64	$69.80
Fenway/Longwood	1,793,573	405,746	113,652	29.0%	-85,019	-433,127	15,000	0	$75.30	$72.50
Financial District	35,853,492	7,028,591	701,933	21.6%	-81,954	-313,283	2,109,378	0	$70.50	$75.88
Midtown/N Station	7,751,507	1,122,188	422,172	19.9%	-37,613	-195,935	262,360	0	$47.20	$50.23
Seaport	12,386,981	1,731,796	594,634	18.8%	8,201	-129,158	614,877	0	$61.91	$83.54
BOSTON CBD TOTAL	72,580,674	11,992,620	2,248,971	19.6%	76,922	-747,403	3,478,381	0	$66.14	$73.20
Alewife	1,153,069	181,854	107,538	25.1%	1,228	-75,263	20,699	0	$59.75	$75.00
East Cambridge	9,102,799	1,553,589	361,977	21.0%	-21,004	-138,087	120,686	0	$79.88	$88.54
Mid Cambridge	2,101,289	312,193	52,086	17.3%	-13,293	-63,228	26,032	0	$65.22	$86.19
CAMBRIDGE TOTAL	12,357,157	2,047,636	521,601	20.8%	-33,069	-276,578	167,417	0	$75.55	$87.29
Urban North	6,826,850	1,005,091	105,129	16.3%	-71,496	-208,755	114,769	0	$42.40	$40.78
Urban South	2,329,069	134,979	0	5.8%	-17,304	-9,274	12,176	0	$39.77	$40.00
Urban West	1,368,405	36,699	16,189	3.9%	-1,719	55,246	50,373	0	$35.08	$35.69
Watertown	1,021,987	504,641	4,500	49.8%	5,990	-20,710	26,336	0	$34.73	$29.00
URBAN RING TOTAL	11,546,311	1,681,410	125,818	15.7%	-84,529	-183,493	203,654	0	$39.61	$36.17
128 Central	25,214,375	4,429,678	1,177,162	22.2%	37,031	-542,211	1,299,409	0	$39.98	$40.61
128 North	11,091,611	1,389,268	51,672	13.0%	-7,487	39,134	451,743	0	$27.37	$28.51
128 South	15,926,172	1,895,500	164,271	12.9%	71,678	-136,644	887,376	320,000	$29.39	$31.29
128 BELT TOTAL	52,232,158	7,714,446	1,393,105	17.4%	101,222	-639,721	2,638,528	320,000	$35.83	$37.25
495 North	26,739,051	4,477,551	583,811	18.9%	-39,328	-593,851	599,101	0	$26.16	$27.31
495 South	4,503,239	501,587	165,242	14.8%	21,127	6,103	85,710	0	$23.33	$24.54
495 West	12,986,863	1,742,921	424,873	16.7%	43,821	-197,050	313,879	0	$24.81	$28.15
Framingham/Natick	6,062,192	476,107	47,261	8.6%	-18,741	79,639	144,432	0	$24.38	$26.34
495 BELT TOTAL	50,291,345	7,198,166	1,221,187	16.7%	6,879	-705,159	1,143,122	0	$25.54	$27.32
BOSTON TOTALS	**199,007,645**	**30,634,278**	**5,510,682**	**18.2%**	**67,425**	**-2,552,354**	**7,631,102**	**320,000**	**$48.99**	**$53.41**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2025

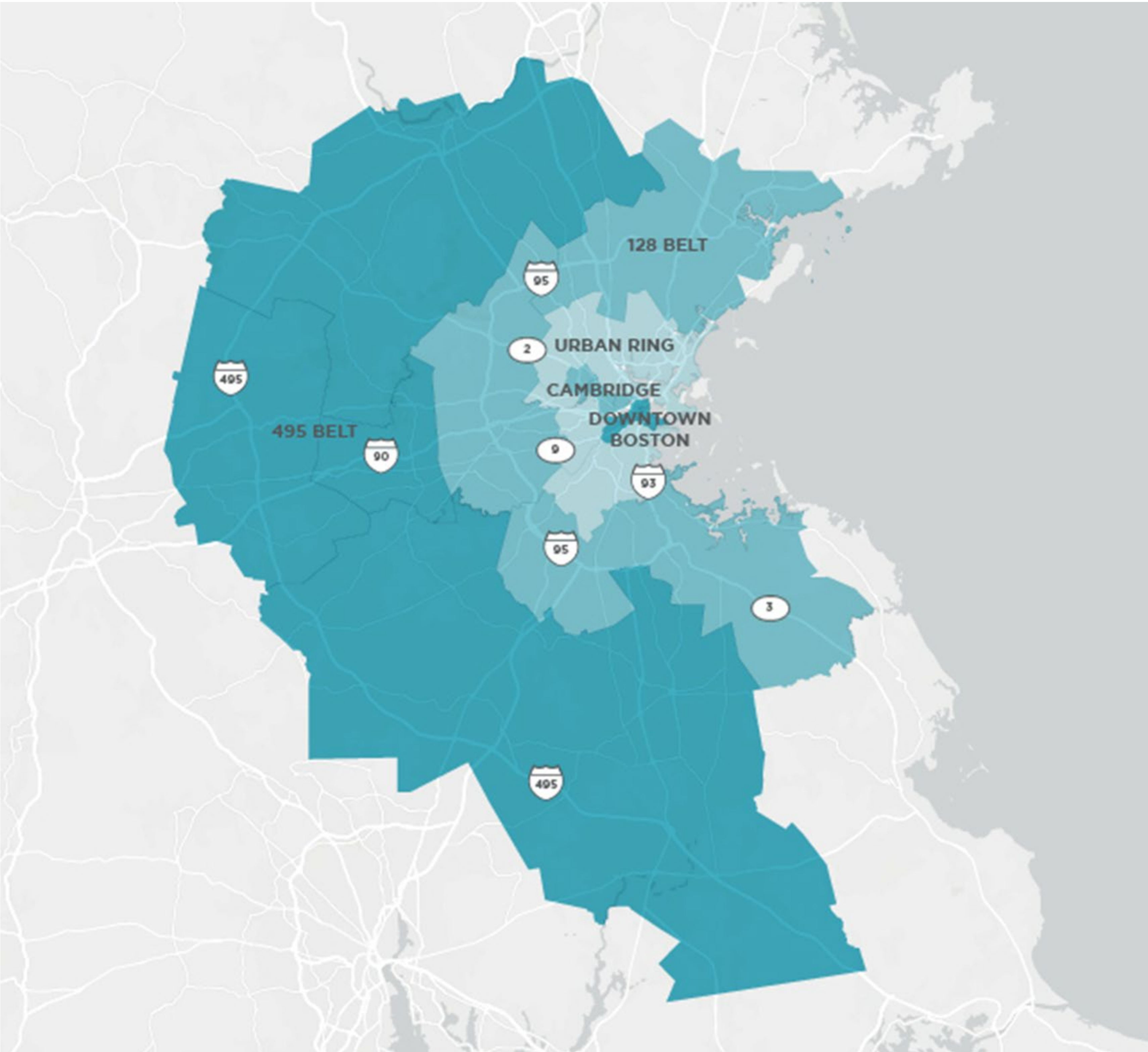
PROPERTY	SUBMARKET	TENANT	SF	TYPE
53 South Avenue, Burlington	128 Central	Keurig Dr. Pepper	274,000	Renewal*
175 & 185 Wyman Street, Waltham	128 Central	Dassault Systems	332,000	Renewal*
60 State Street, Boston	Financial District	WilmerHale	201,000	Renewal*
700 District Avenue, Burlington	128 Central	State Street	162,127	Renewal*
400 RiverPark Drive, North Reading	495 North	Amazon Robotics	139,227	Renewal*/Expansion

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
140 Kendrick Street, Needham	128 Central	BXP, Inc./Lincoln Property Co. & Cross Ocean Partners Mgmt	409,000	$132M / $322.74
399 Boylston Street, Boston	Back Bay	Perform Properties/DivcoWest Services LLC	229,383	$125M / $544.94

OFFICE SUBMARKETS



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