MARKETBEAT
BOSTON
OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.0% Vacancy Rate	▲	▼
-1.1 M YTD Net Absorption, SF	▲	▲
$47.30 Asking Rent, PSF	▼	–

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.8M Boston Employment*	▼	▲
4.3% Boston Unemployment Rate*	▲	▼
4.2% U.S. Unemployment Rate	–	▲

Source:BLS

**2026Q2 figures are based on latest available data.*

SUPPLY:

Greater Boston's office market posted its smallest quarterly vacancy increase in more than a year, ticking up a modest 30 basis points (bps) to 19.0%. Downtown Boston recorded a more significant 40-bp climb, on-par with the prior quarter's rise, while vacancy in Suburban assets climbed just 10 bps. Despite the jump, Boston remains one of the nation's tightest Gateway markets.

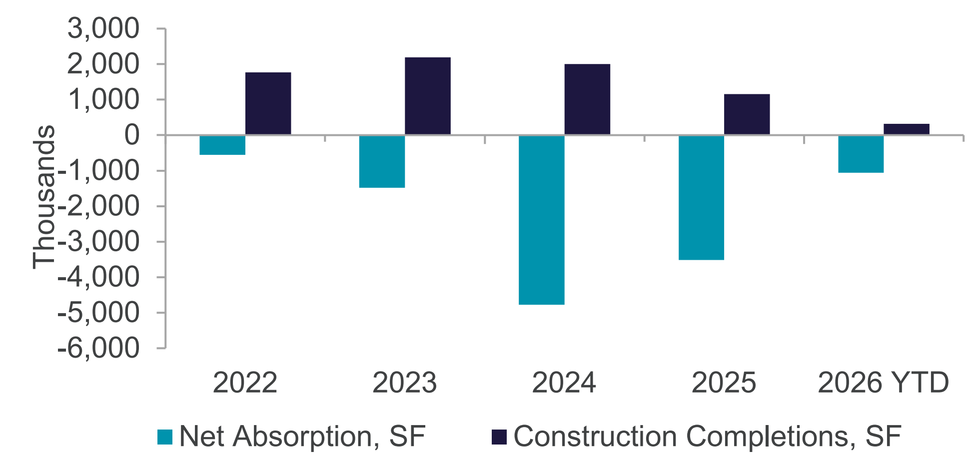
Sublease availability continued to decline, dropping for the fourth consecutive quarter to its lowest point since Q4 2022 as multiple large occupiers opted to take their space off market. The 6.5 million square feet (msf) of sublease space currently on the market is down more than 1.2 msf year-over-year (YOY).

DEMAND:

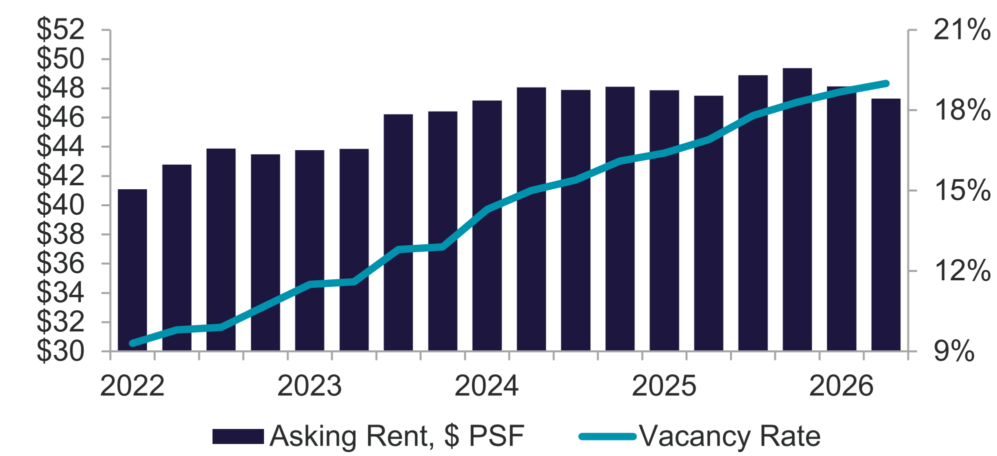
Leasing activity was robust during the second quarter as new demand reached 1.7 msf, slightly eclipsing the first quarter's total and boosting year-to-date (YTD) activity to 3.4 msf. Demand was widespread across the market as eight of the 19 submarkets surpassed the 100,000-square-foot (sf) mark of leasing for the first half of the year. The average size of a new lease rose by more than one-third quarter-over-quarter (QOQ), up 34.7% to 10,044 sf, the highest quarterly average since late 2024. The increase was driven by five transactions exceeding 50,000 sf throughout the quarter, a substantial jump over the single transaction of that size recorded during Q1. For the first time since Q2 2025, quarterly demand in the Suburbs outpaced Downtown Boston, comprising 55.0% of total market leasing. Though Boston has lagged many of its peer markets in AI-related leasing activity, Boston Dynamics' 322,000-sf lease in Waltham — the market's largest new transaction since 2022 — represented a major investment in the sector. Renewal activity more than doubled QOQ, comprising half of the quarter's ten largest transactions.

Absorption figures offered encouraging signs with all suburban market clusters posting positive quarterly net absorption during Q2, collectively yielding 111,000 sf of net occupancy gains. Downtown was the sole driver of the market's 230,000 sf of quarterly negative net absorption, as move-outs continued to outpace move-ins across the Central Business District (CBD).

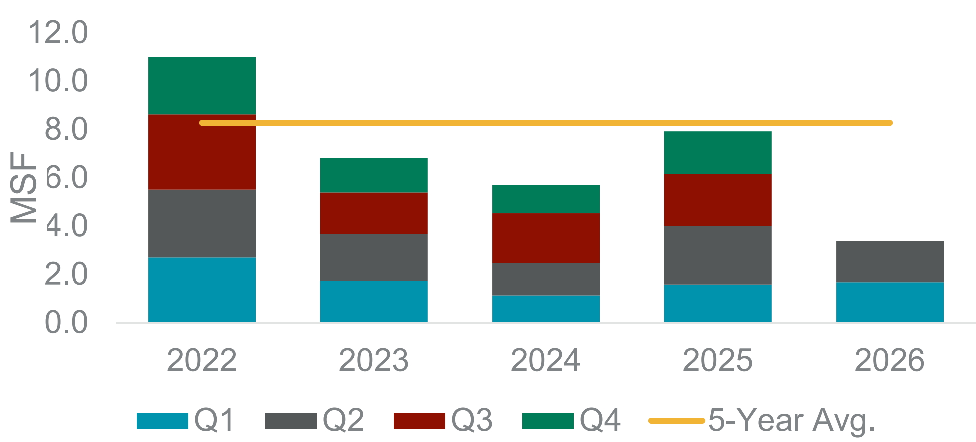
SPACE DEMAND / DELIVERIES



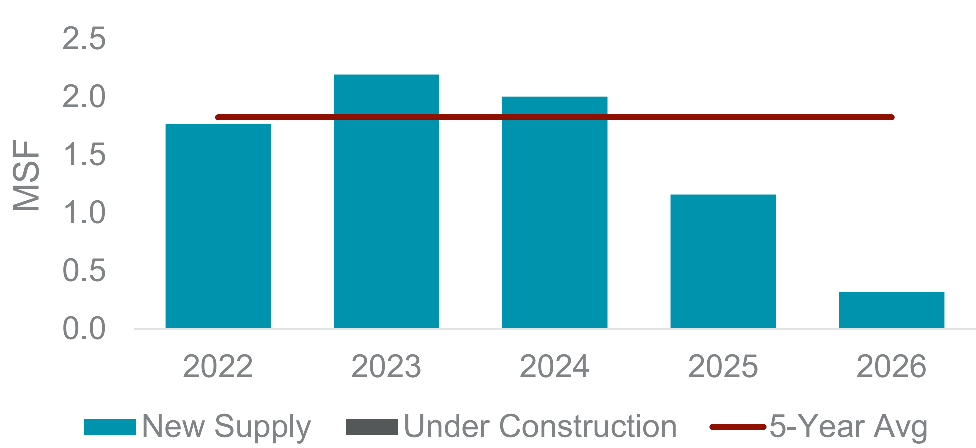
OVERALL VACANCY & ASKING RENT



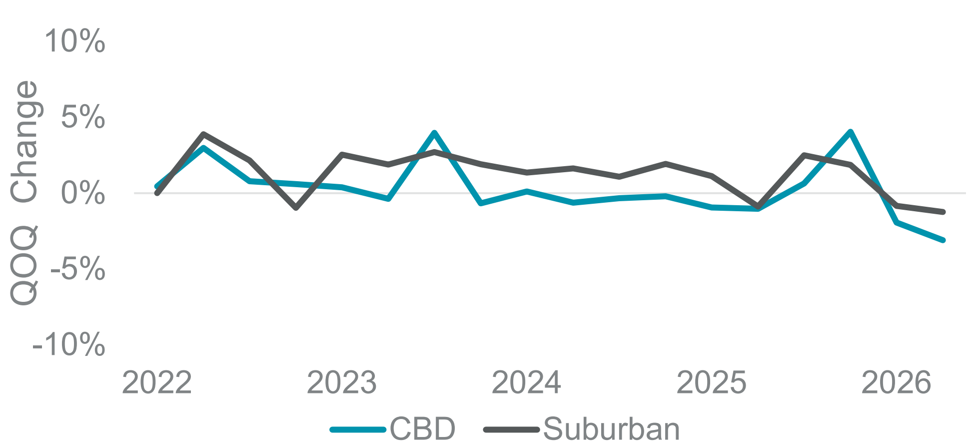
DEMAND: NEW LEASING ACTIVITY



SUPPLY: CONSTRUCTION DELIVERIES



PRICING: CLASS A DIRECT ASKING RENT TREND



PRICING:

The market's direct average asking rent declined 1.4% QOQ to $47.74 per square foot (psf), though this marked a $0.22-psf increase over the same point in 2025. The bifurcation of Greater Boston's office market continued, with Class A rents rising a modest 0.8% YOY, while rates for Class B assets continued to soften, falling 4.0% over the same period. Lower-tiered assets in Downtown Boston fared worse than in the Suburbs, softening by 4.4% since the midpoint of 2025 to $51.72 psf, marking a three-year low.

DOWNTOWN BOSTON (CBD):

As competition for high-quality space in the CBD continued to increase, demand remained heavily concentrated in Class A assets, which accounted for 72.0% of all new Downtown leasing during the second quarter. The Financial District captured 68.8% of all new leasing activity and four of the quarter's five largest transactions in the CBD. Meanwhile, twelve renewals 20,000-sf or larger were signed across Downtown Boston during Q2, double the count recorded during the prior quarter. The cluster's direct average asking rent softened 2.1% QOQ to $65.89 psf, though this marked a milder 0.3% -dip YOY. Class A space in Back Bay remained the tightest Downtown market segment at just 13.8% vacant, a significant 640 bps below the overall Downtown Class A average.

SUBURBAN BOSTON:

More than 928,000 sf of new leasing activity was recorded across the 128 Belt, the 495 Belt, and the Urban Ring during the second quarter. The 128 and 495 Belts together accounted for all five of the market's largest transactions of the quarter, led by the aforementioned Boston Dynamics lease in 128 Central, the largest new deal signed outside of the CBD in five years. Meanwhile, IBM's renewal in 495 North was Greater Boston's most sizeable renewal YTD. While vacancy in the 128 Belt ticked up 50 bps QOQ to 18.1%, the 495 Belt and Urban Ring each posted vacancy improvements. At 14.6%, the Urban Ring posted the lowest vacancy rate among Greater Boston's five geographic clusters.

CAMBRIDGE:

Office demand remained muted in Cambridge, with just 44,500 sf of leasing recorded YTD, a decrease of 46.8% YOY. The cluster's only renewal YTD came from healthcare AI company nference, Inc., which recommitted to its 11,700-sf footprint in East Cambridge. Despite subdued activity, Cambridge recorded nearly 17,000 sf of direct net occupancy gains during the second quarter, while vacancy was unchanged QOQ at 20.5%.

OUTLOOK

- As large transactions continue to gain momentum, market fundamentals are expected to strengthen throughout the second half of 2026.
- The lack of new construction in the market will fuel increased competition among occupiers for high-quality space, particularly on higher floors where vacancy has already begun to contract.

BOSTON
OFFICE Q2 2026

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	14,918,663	1,947,988	285,722	15.0%	-58,417	-259,699	222,144	0	$66.86	$69.69
Fenway/Longwood	1,746,546	405,746	95,798	28.7%	0	0	22,495	0	$68.95	$70.14
Financial District	35,822,905	7,845,024	573,400	23.5%	-243,057	-243,094	1,321,769	0	$68.95	$74.38
Midtown/N Station	8,317,297	1,168,463	293,021	17.6%	-51,292	-86,090	158,038	0	$48.93	$56.49
Seaport	12,080,294	2,090,575	477,999	21.3%	11,893	50,366	97,325	0	$58.30	$68.45
BOSTON CBD TOTAL	72,885,705	13,457,796	1,725,940	20.8%	-340,873	-538,517	1,821,771	0	$64.66	$71.62
Alewife	1,150,130	204,270	94,473	26.0%	2,052	-7,461	5,618	0	$61.31	$74.92
East Cambridge	9,103,187	1,567,249	282,793	20.3%	-6,871	-5,404	15,017	0	$81.96	$90.68
Mid Cambridge	2,142,348	335,813	50,665	18.0%	10,479	5,928	23,822	0	$65.47	$86.19
CAMBRIDGE TOTAL	12,395,665	2,107,332	427,931	20.5%	5,660	-6,937	44,457	0	$76.96	$88.84
Urban North	6,878,569	960,206	105,129	15.5%	15,945	-20,792	39,049	0	$42.39	$40.63
Urban South	2,327,291	115,660	1,300	5.0%	0	0	0	0	$41.28	$40.00
Urban West	1,387,384	11,616	40,189	3.7%	-16,176	-1,387	8,579	0	$45.95	$47.68
Watertown	1,112,176	478,261	0	43.0%	10,880	10,880	72,553	0	$33.86	$29.00
URBAN RING TOTAL	11,705,420	1,565,743	146,618	14.6%	10,649	-11,299	120,181	0	$39.94	$36.47
128 Central	25,483,712	4,584,371	1,010,450	22.0%	-163,941	-309,603	729,865	0	$39.25	$40.69
128 North	10,980,872	1,518,909	110,809	14.8%	-62,716	-198,870	146,398	0	$27.07	$28.77
128 South	16,313,281	2,196,904	134,538	14.3%	245,987	182,856	149,425	0	$29.19	$30.99
128 BELT TOTAL	52,777,865	8,300,184	1,255,797	18.1%	19,330	-325,617	1,025,688	0	$34.79	$36.95
495 North	26,282,828	4,843,037	530,571	20.5%	131,406	53,971	129,483	0	$23.88	$26.01
495 South	4,547,581	491,307	189,069	15.0%	3,041	-45,903	15,651	0	$23.33	$24.49
495 West	12,833,354	2,173,770	192,090	18.4%	-65,494	-208,267	170,289	0	$24.58	$27.92
Framingham/Natick	6,169,289	426,229	47,261	7.7%	6,788	24,645	49,821	0	$24.56	$26.36
495 BELT TOTAL	49,833,052	7,934,343	958,991	17.9%	75,741	-175,554	365,244	0	$24.06	$26.40
BOSTON TOTALS	199,597,707	33,365,398	4,515,277	19.0%	-229,493	-1,057,924	3,377,341	0	$47.30	$52.34

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q2 2026

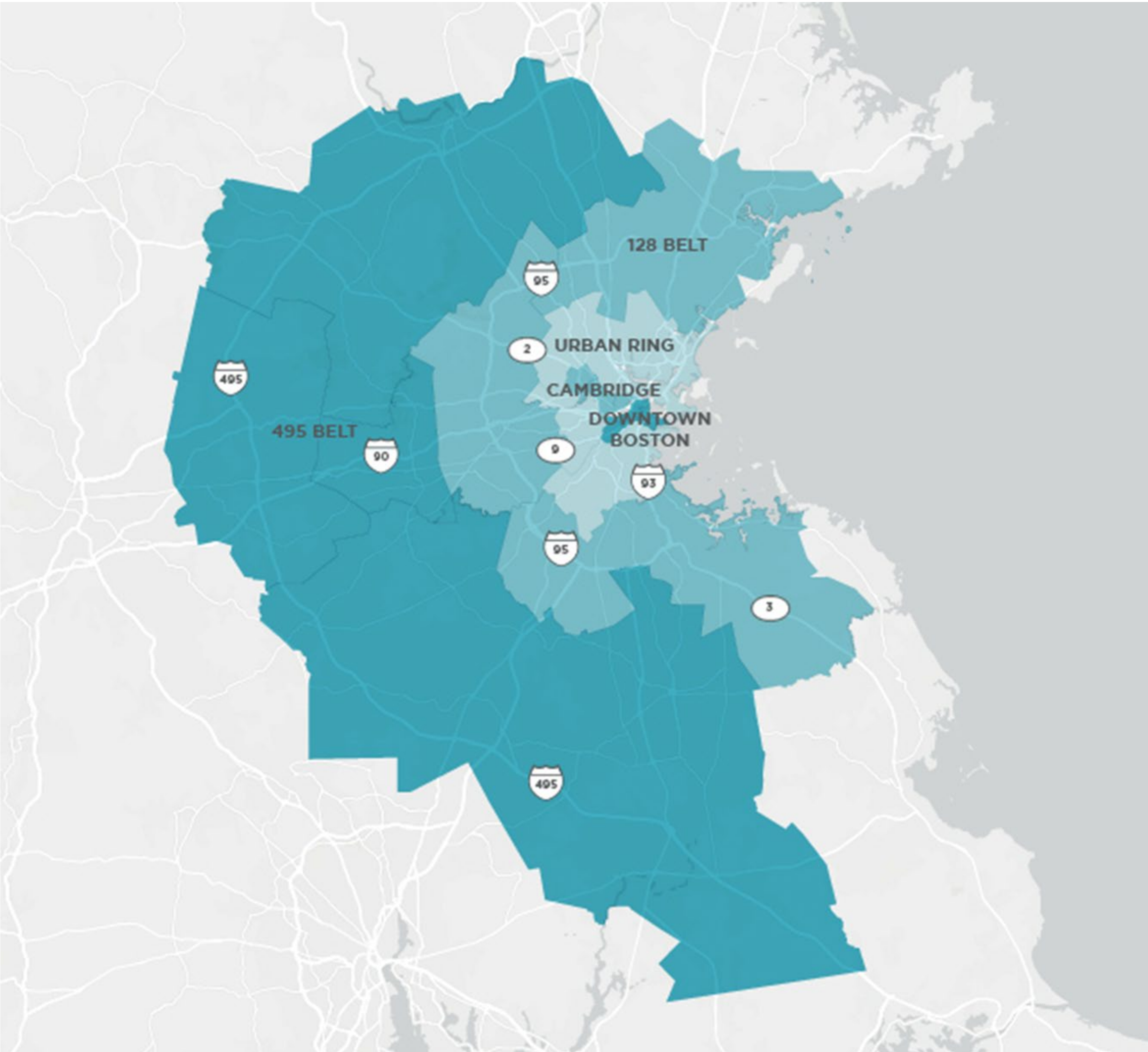
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1601 Trapelo Road, Waltham	128 Central	Boston Dynamics	322,116	New Lease
900 Chelmsford Street, Lowell	495 North	IBM	150,608	Renewal*
696 Virginia Road, Concord	495 North	United States Army	104,527	Renewal*
133 Boston Post Road, Weston	128 Central	Panera	101,933	New Lease
251 Locke Drive, Marlborough	495 West	Advocates, Inc.	95,182	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
18 Tremont Street, Boston	Financial District	Jamestown / Kendall Realty LLC	206,672	$23.7M / $155.66
250 Summer Street, Boston	Seaport	Morgan Stanley / Paradigm Properties	104,711	$37.7M / $359.66

OFFICE SUBMARKETS



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