MARKETBEAT
BOSTON
OFFICE Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.0% Vacancy Rate	▲	▼
-1.4 M YTD Net Absorption, SF	▲	▲
$47.81 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.8M Boston Employment*	▲	▲
4.0% Boston Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source:BLS.

SUPPLY:

Overall vacancy increased a modest 20 basis points (bps) quarter-over-quarter (QOQ) to 19.0%, matching the prior quarter's uptick. Downtown Boston and the Suburban market each recorded 20-bp increases, ending the quarter at 21.3% and 17.7%, respectively. Vacancy improved or remained unchanged in seven of the market's 19 submarkets with the most significant improvements posted in Watertown and Urban North. These gains contributed to a 40-bp QOQ decline in Urban Ring vacancy to 14.1%, marking the cluster's third consecutive quarterly improvement. The Urban Ring remained the market's tightest cluster and the only one to post positive net absorption in Q3, with nearly 50,000 square feet (sf) of occupancy gains.

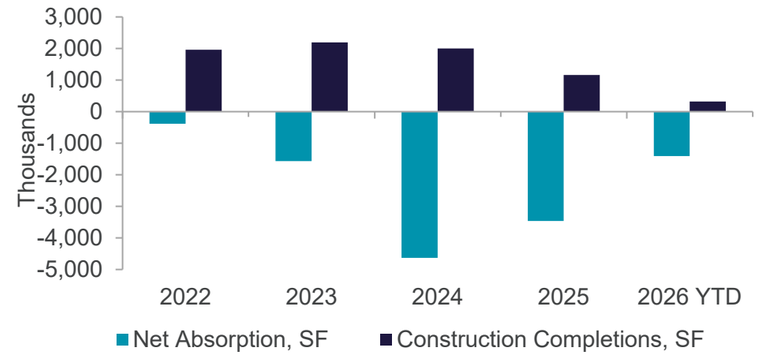
DEMAND:

Momentum continued on the demand side as 3.2 million square feet (msf) transacted across new leasing and renewals in Q3, outpacing the prior quarter's total by more than 100,000 sf. The market recorded 15 transactions 50,000 sf or larger, up from 12 signed during Q2. The quarter's two largest deals were renewals—Sanofi in East Cambridge and SharkNinja in 128 Central—and together accounted for nearly half of the market's 1.5 msf of quarterly renewal volume. Meanwhile, new leasing totaled 1.7 msf, a 10.1% dip QOQ, though total deal count increased from 217 in Q2 to 239 in Q3.

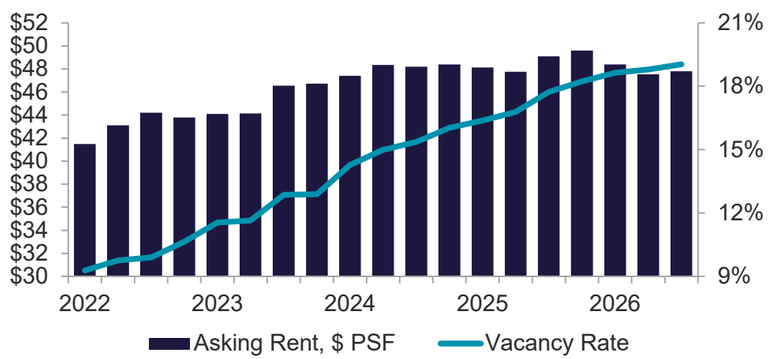
New demand in Suburban submarkets outpaced Downtown, accounting for 55.3% of the Greater Boston's total quarterly deal volume. The 495 Belt was home to the quarter's largest new deal, Onto Innovation's 160,000-sf lease in Andover, while Fenway/Longwood notched Downtown's most sizeable transaction as the Boston Red Sox leased 100,500 sf, marking the largest new office deal signed in the submarket in more than five years. Six submarkets surpassed the 100,000-sf mark for quarterly leasing activity, up from just four during the second quarter.

Move-outs continued to outpace move-ins, with 13 submarkets recording overall net occupancy losses during Q3. However, the Seaport posted its third consecutive quarter of positive net absorption and led the market in year-to-date (YTD) occupancy gains at nearly 80,000 sf.

SPACE DEMAND / DELIVERIES



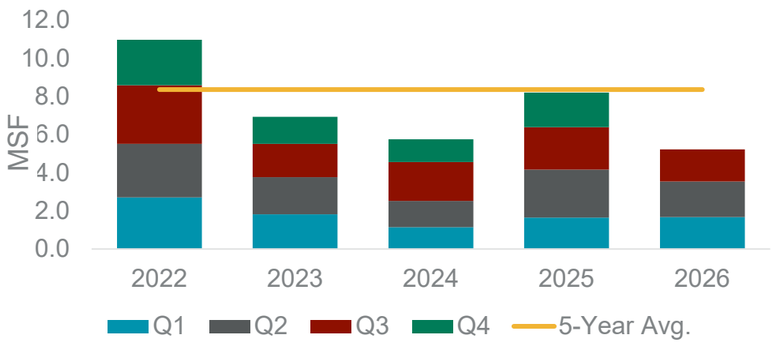
OVERALL VACANCY & ASKING RENT



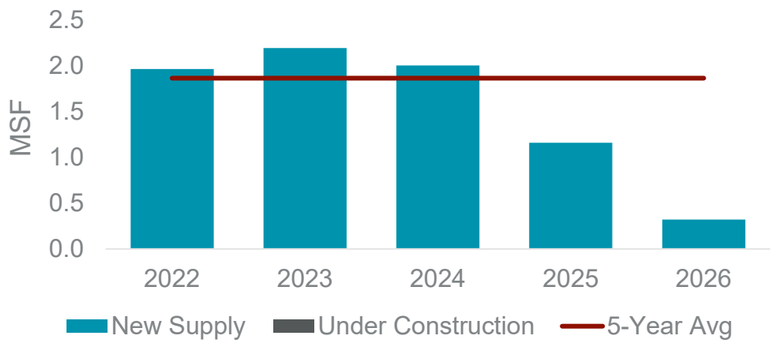
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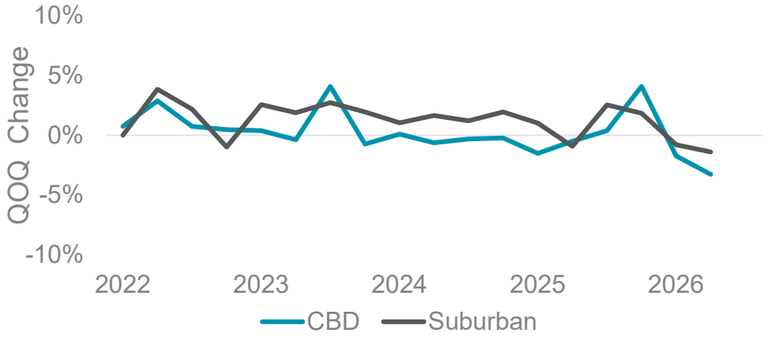
DEMAND: NEW LEASING ACTIVITY



SUPPLY: CONSTRUCTION DELIVERIES



PRICING: CLASS A DIRECT ASKING RENT TREND



PRICING:

Direct average asking rents posted a modest $0.22-psf (per-square-foot) uptick QOQ to $48.19 psf, with asking rents for Class A and Class B space increasing in tandem. All five geographic market clusters recorded rent growth, led by Downtown where rents increased by $0.63 psf QOQ as high-rise space in quality product remained particularly competitive. Meanwhile, rent growth for sublease space surpassed direct, rising $0.84 psf QOQ as multiple large blocks of premium space entered the market.

DOWNTOWN BOSTON (CBD):

Overall vacancy increased 20 bps to 21.3%, driven by a 40-bp rise in Class A vacancy, while Class B remained unchanged. Midtown/N. Station and the Seaport posted positive overall net absorption during Q3, fueling respective quarterly vacancy declines of 40 bps and 20 bps. Despite accounting for the largest share of leasing among the market's geographic clusters, Downtown Boston posted its lowest quarterly leasing total since Q1 2025 at 751,000 sf. The bulk of demand remained concentrated in Class A assets, which comprised nearly three-quarters of the cluster's leasing total. Renewals were largely concentrated in the Financial District, accounting for 64.6% of activity. This was boosted by two significant renewals by law firms, reinforcing the sector's commitment to the Central Business District. All five Downtown submarkets recorded direct average asking rent growth, yielding a $0.63-psf QOQ increase for the cluster.

SUBURBAN BOSTON:

Performance varied across the suburban clusters in Q3, with the 495 Belt and Urban Ring recording quarterly vacancy improvements while all three clusters posted asking rent growth. Sublease availability declined nearly 250,000 sf YOY to 3.4 msf, its lowest level since Q1 2023. Suburban Boston continued to post steady demand, accounting for six of Greater Boston's 10 largest transactions signed during the third quarter.

CAMBRIDGE:

Overall vacancy increased just 20 bps since the start of the year to 20.5%. Quarterly direct net absorption was mild, with occupancy losses totaling -22,000. In an encouraging sign for a cluster where demand has been relatively subdued in recent years, Cambridge recorded its strongest quarterly leasing total since Q4 2023 at 99,300 sf. Blitzy, Walden Robotics, and Anthropic all transacted during the third quarter, reinforcing Cambridge's appeal to AI occupiers. Direct asking rents increased $0.55 psf QOQ to $77.98 psf, maintaining a substantial premium over the Greater Boston average.

OUTLOOK

- Increased touring activity in higher-quality Class B assets is likely to fuel an uptick in leasing activity as tenants seek alternatives amid residential conversions.
- As AI occupiers expand their presence beyond San Francisco and New York City, Greater Boston could emerge as the next hotspot, with the sector anticipated to become an increasingly important driver of office leasing over the coming years.

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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	14,877,163	2,046,853	294,603	15.7%	-110,459	-377,757	407,378	0	$67.79	$70.19
Fenway/Longwood	1,707,061	549,246	95,798	37.8%	-2,500	-2,500	229,988	0	$68.84	$75.45
Financial District	35,822,905	8,036,636	522,690	23.9%	-146,656	-386,249	1,648,604	0	$69.56	$74.55
Midtown/N Station	8,278,297	1,140,331	290,117	17.3%	35,710	-49,701	191,884	0	$48.97	$56.31
Seaport	12,095,041	2,091,747	448,511	21.0%	28,060	79,811	120,519	0	$58.70	$69.11
BOSTON CBD TOTAL	**72,780,467**	**13,864,813**	**1,651,719**	**21.3%**	**-195,845**	**-736,396**	**2,598,373**	**0**	**$65.30**	**$72.07**
Alewife	1,150,130	192,121	94,473	24.9%	-757	-8,218	8,045	0	$60.34	$74.90
East Cambridge	9,103,187	1,566,385	276,243	20.2%	-11,061	-5,380	107,981	0	$82.47	$91.07
Mid Cambridge	2,142,348	366,532	51,194	19.5%	-15,644	-13,958	27,718	0	$63.47	$85.05
CAMBRIDGE TOTAL	**12,395,665**	**2,125,038**	**421,910**	**20.6%**	**-27,462**	**-27,556**	**143,744**	**0**	**$76.80**	**$89.21**
Urban North	6,931,077	932,994	105,129	15.0%	28,782	7,990	78,770	0	$42.62	$40.79
Urban South	2,327,291	104,663	1,300	4.6%	0	0	0	0	$42.45	$40.00
Urban West	1,387,384	16,991	40,944	4.2%	-6,130	-7,517	8,579	0	$44.07	$45.27
Watertown	1,140,064	456,311	0	40.0%	27,010	37,890	127,613	0	$34.16	$28.79
URBAN RING TOTAL	**11,785,816**	**1,510,959**	**147,373**	**14.1%**	**49,662**	**38,363**	**214,962**	**0**	**$40.32**	**$36.67**
128 Central	25,527,558	4,619,029	860,009	21.5%	-68,001	-253,552	1,030,212	0	$39.51	$40.97
128 North	10,980,872	1,515,359	125,087	14.9%	-30,321	-266,847	223,642	0	$27.39	$29.17
128 South	16,213,424	2,196,340	134,538	14.4%	-106,034	81,923	262,078	0	$29.12	$30.91
128 BELT TOTAL	**52,721,854**	**8,330,728**	**1,119,634**	**17.9%**	**-204,356**	**-438,476**	**1,515,932**	**0**	**$35.07**	**$37.24**
495 North	26,838,308	5,025,127	484,488	20.5%	24,219	78,021	478,327	0	$23.91	$26.06
495 South	4,547,581	501,219	179,544	15.0%	-10,209	-56,112	26,864	0	$23.30	$24.27
495 West	12,833,354	2,143,414	142,242	17.8%	-95,399	-298,612	194,024	0	$24.61	$27.78
Framingham/Natick	6,169,289	402,296	40,721	7.2%	-40,704	37,273	51,421	0	$24.65	$26.52
495 BELT TOTAL	**50,388,532**	**8,072,056**	**846,995**	**17.7%**	**-122,093**	**-239,430**	**750,636**	**0**	**$24.09**	**$26.41**
BOSTON TOTALS	**200,072,334**	**33,903,594**	**4,187,631**	**19.0%**	**-500,094**	**-1,403,495**	**5,223,647**	**0**	**$47.81**	**$52.83**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
450 Water Street, Cambridge	East Cambridge	Sanofi	400,000	Renewal*
89 A Street, Needham	128 Central	SharkNinja	247,950	Renewal*
3000 Minuteman Road, Andover	495 North	Onto Innovation	159,947	Direct
1325 Boylston Street, Boston	Fenway/Longwood	Boston Red Sox	100,493	Direct
300 Apollo Drive, Chelmsford	495 North	Axis Communications	91,994	Renewal*

**Renewals not included in leasing statistics*

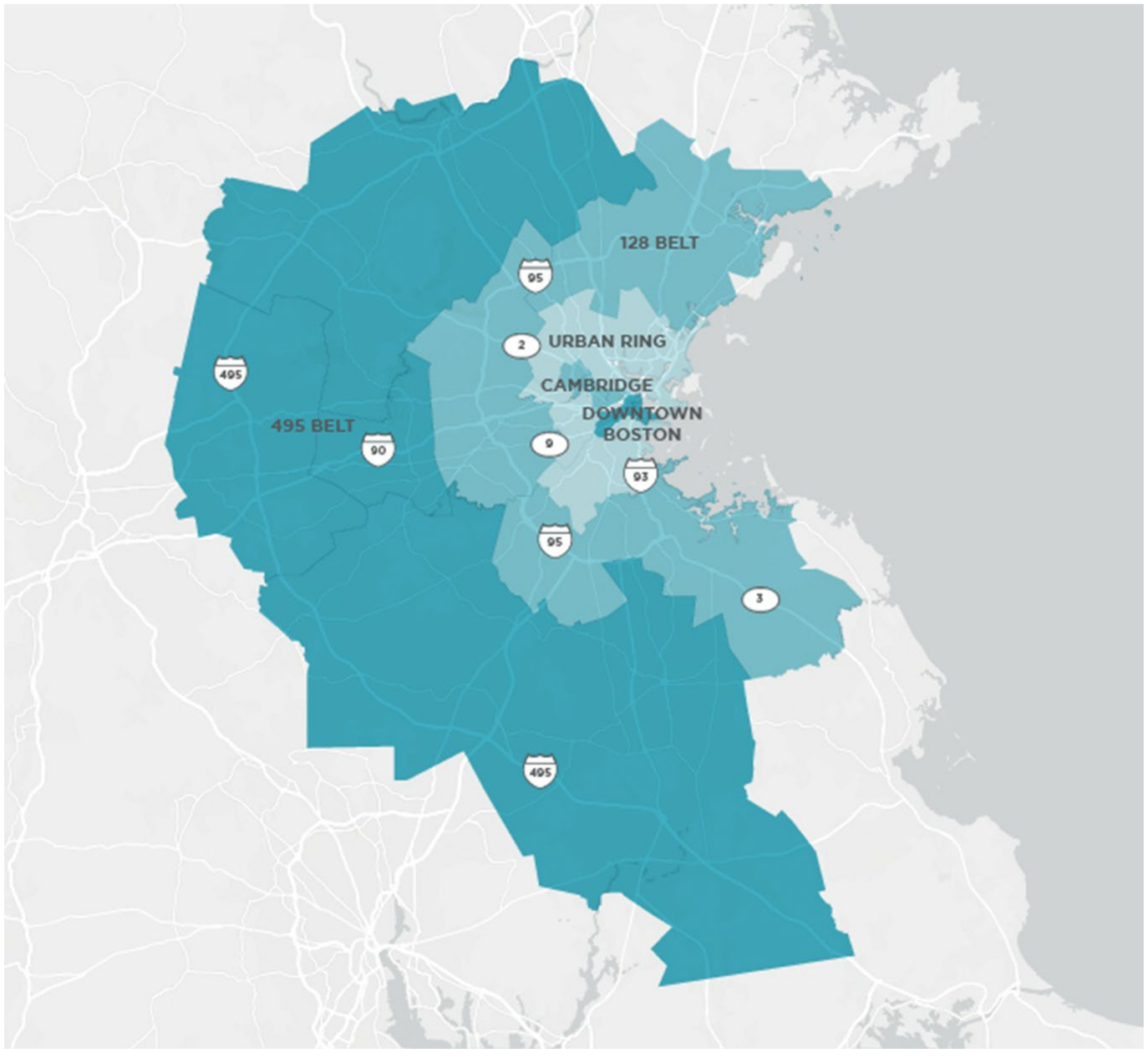
KEY SALES TRANSACTIONS Q3 2026

	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
1 Marina Park Drive	Seaport	Clarion Partners / Oxford Properties Group	491,573	$435.0M / $884.91
265 Franklin Street	Financial District	Clrenson Group USA, Inc. / Synergy Investments	370,000	$116.0M / $313.51

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OFFICE SUBMARKETS



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