NEWMARK

Boston Industrial Market Overview

1Q26

NMRK.COM

Market Observations: What We Know

Net Absorption

Greater Boston assets experienced a third straight quarter of negative net absorption, though leasing volumes picked up meaningfully this quarter.

Tenant Demand

Growing tenant demand is being driven by tough-tech and R&D manufacturing users, who are increasingly focused on securing high-quality, modern industrial product.

Development

New industrial construction in Greater Boston has fallen to an eight-year low. As a result, the limited new supply should help bring elevated vacancy rates down.

Corridor Expansion

Tenants are expanding beyond traditional submarkets, targeting emerging corridors along Route 146 and Route 2 to develop projects and capitalize on these locations’ strategic connectivity.

Asking Rents

Tenants continue to contend with elevated asking rents, which are supported by strong demand from tough-tech users in the market.

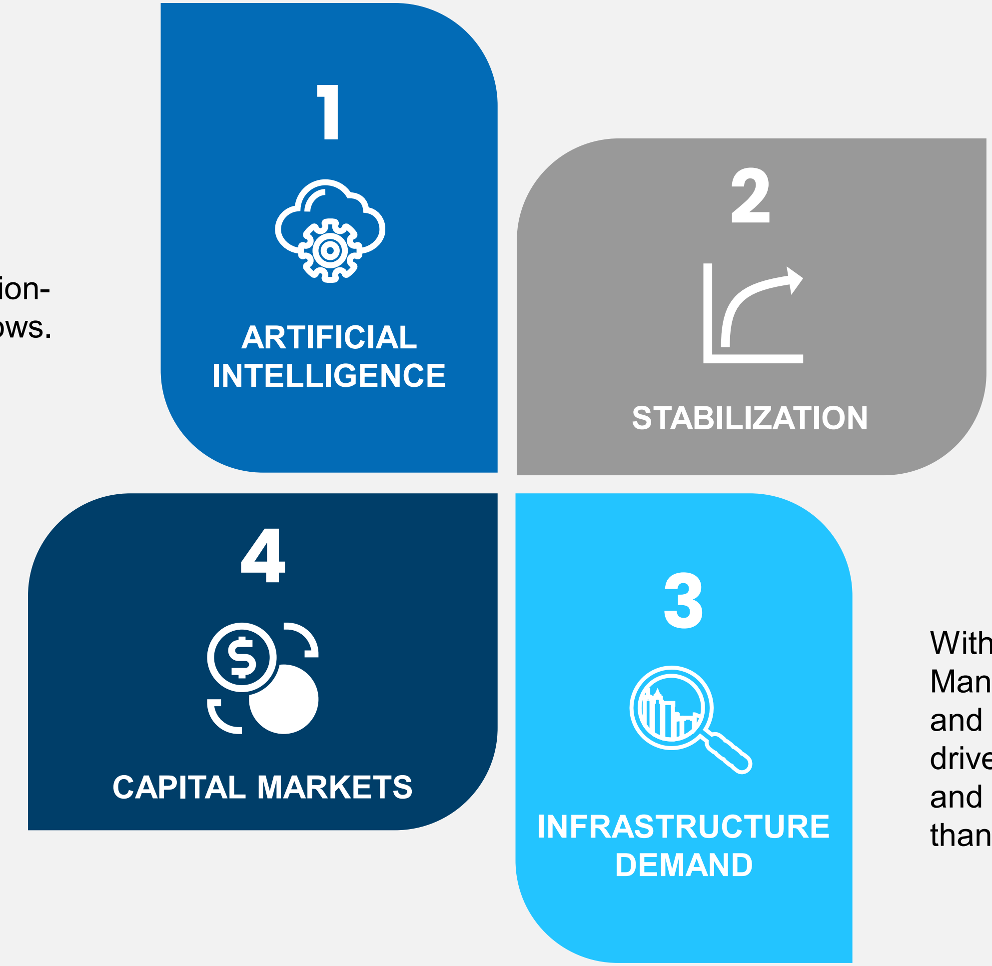
Capital Markets

Capital markets activity in Greater Boston’s industrial sector shows renewed momentum, as selective investors re-enter the market and focus on well-located, modern assets, and owner-user acquisitions.

Source: Newmark Research

Market Observations: What We Expect

AI will likely reshape industrial employment by boosting productivity and shifting tasks, supporting demand for automation-ready facilities as headcount slows.



The industrial market is exhibiting early signs of a shift toward stabilization, but persistent headwinds and elevated vacancy mean there is still a long way before a full recovery is realized.

Capital markets conditions remain cautious but are gradually improving, with investors selectively re-entering the space as pricing adjusts and fundamentals show early signs of stabilization.

With the rise of Advanced Manufacturing, future site selection and rent growth will be increasingly driven by access to power, utilities, and upgraded building specs rather than just highway proximity.

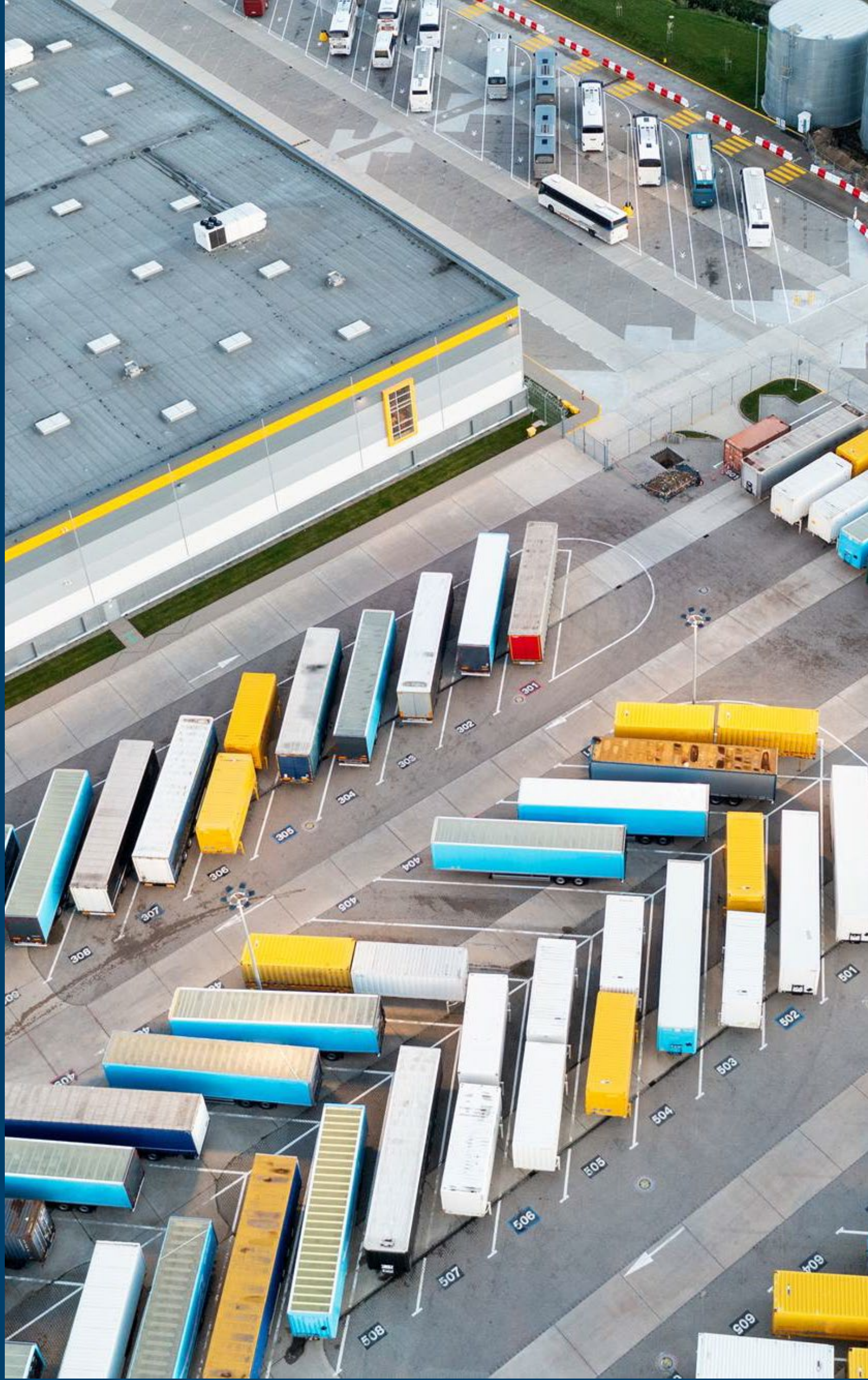
Source: Newmark Research

Table of Contents

01

Economy

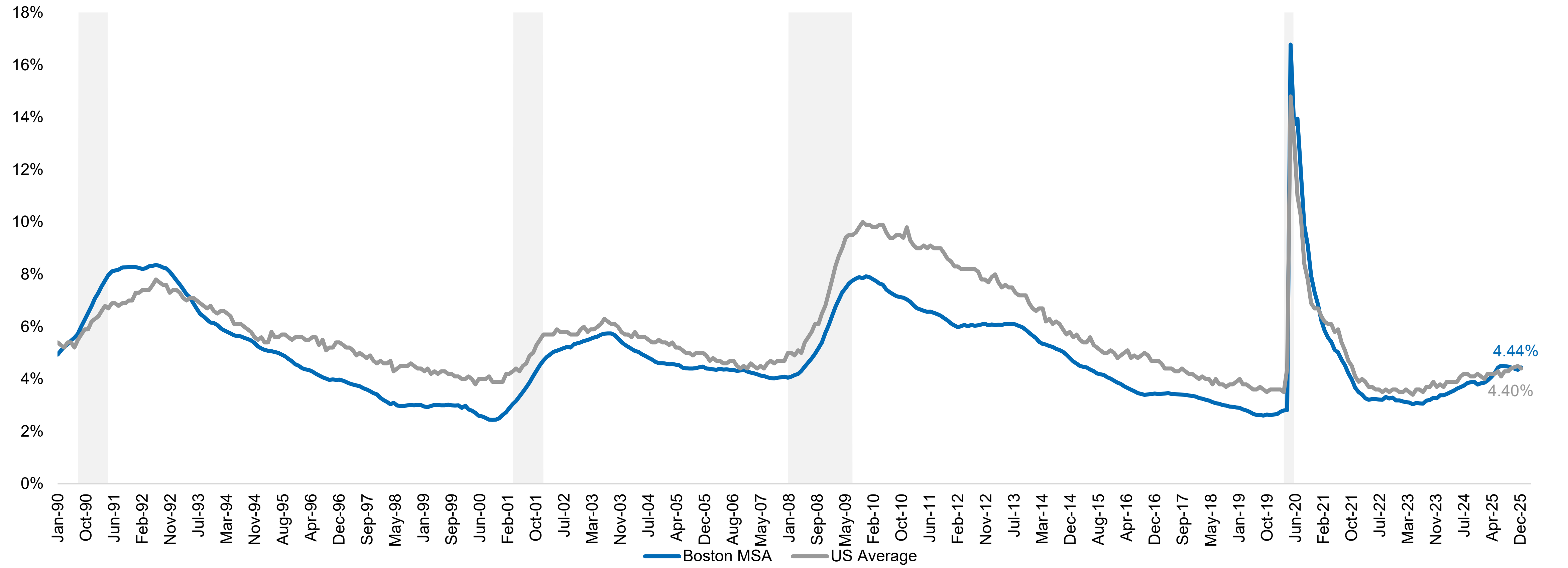
1Q26



Boston Unemployment Steady Amid Layoffs

Boston's unemployment rate has remained stable, experiencing only a modest increase by December 2025. Since the second quarter of 2025, the rate has fluctuated within a narrow band, averaging 4.45%. This stability points to a resilient local labor market. Notably, recent workforce reductions at Tessera Therapeutics, Takeda, and Thermo Fisher, primarily within the biotech sector, have not yet impacted Boston's overall unemployment rate. The city's unemployment rate remains closely aligned with the U.S. average, underscoring how local labor trends continue to mirror national patterns.

Unemployment Rate | Seasonally Adjusted



Source: Moody's analytics, BLS, Newmark Research March 2026, Mass Gov Office of Labor and Workforce Development

Wage Growth Persists Despite Uneven Employment

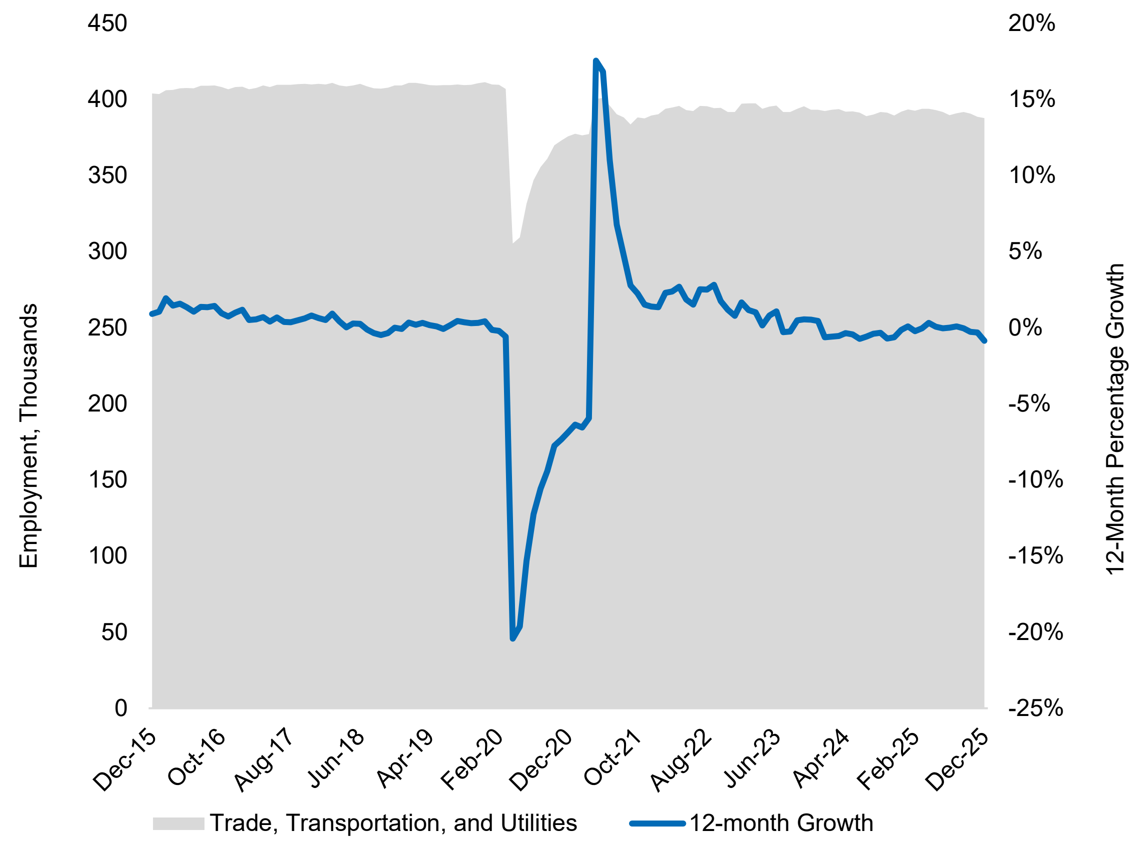
Please reach out to your
Newmark business contact for this information

Source: Moody's Analytics, JobsEQ, Boston-Cambridge-Newton, MA-NH MSA

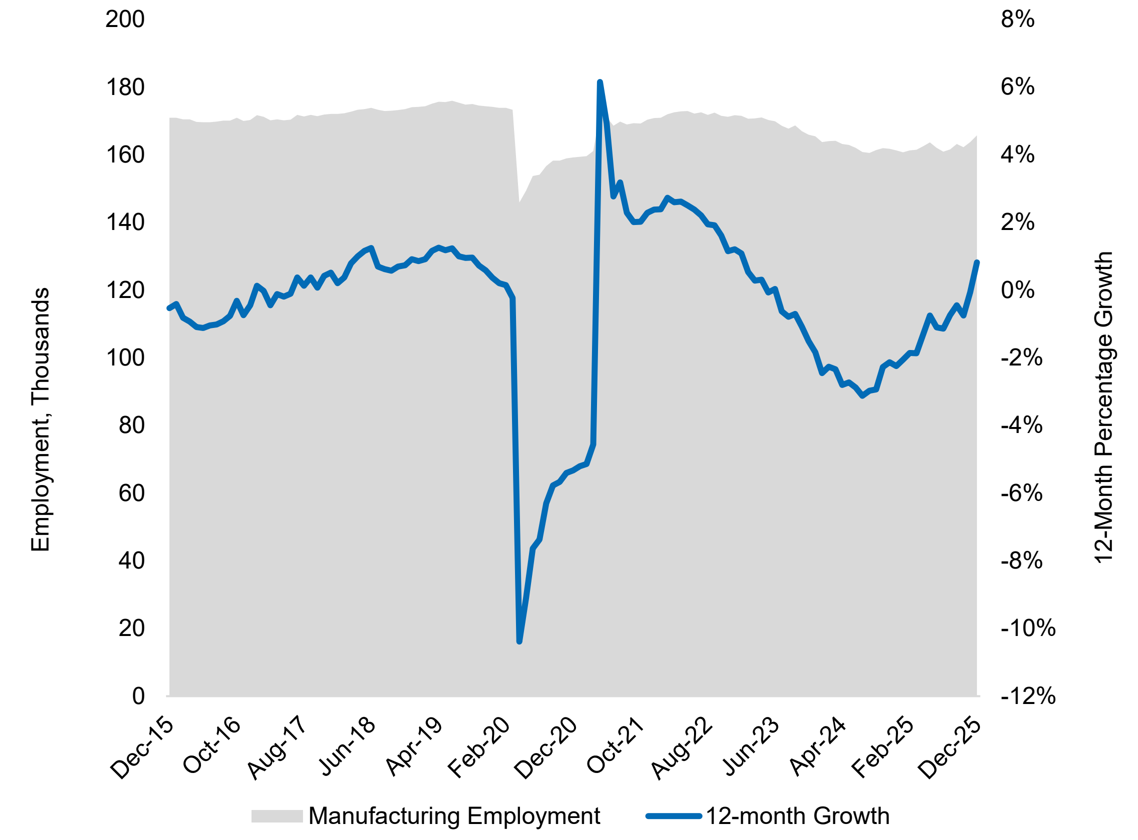
Trade and Manufacturing Labor Market Shift at Year-End

Employment in Trade, Transportation, and Utilities edged lower through the latter part of 2025. The sector's 12-month growth rate slipped into negative territory, declining by 1.0%. Manufacturing, by contrast, showed signs of renewed momentum during the year-end. It posted its first month-over-month gains since mid-2023 and began to reverse a prolonged stretch of negative annual growth. Advanced manufacturing and high-tech industrial uses continue to define occupier demand across the market. It will be worth monitoring whether this employment recovery reflects a broader structural shift.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing

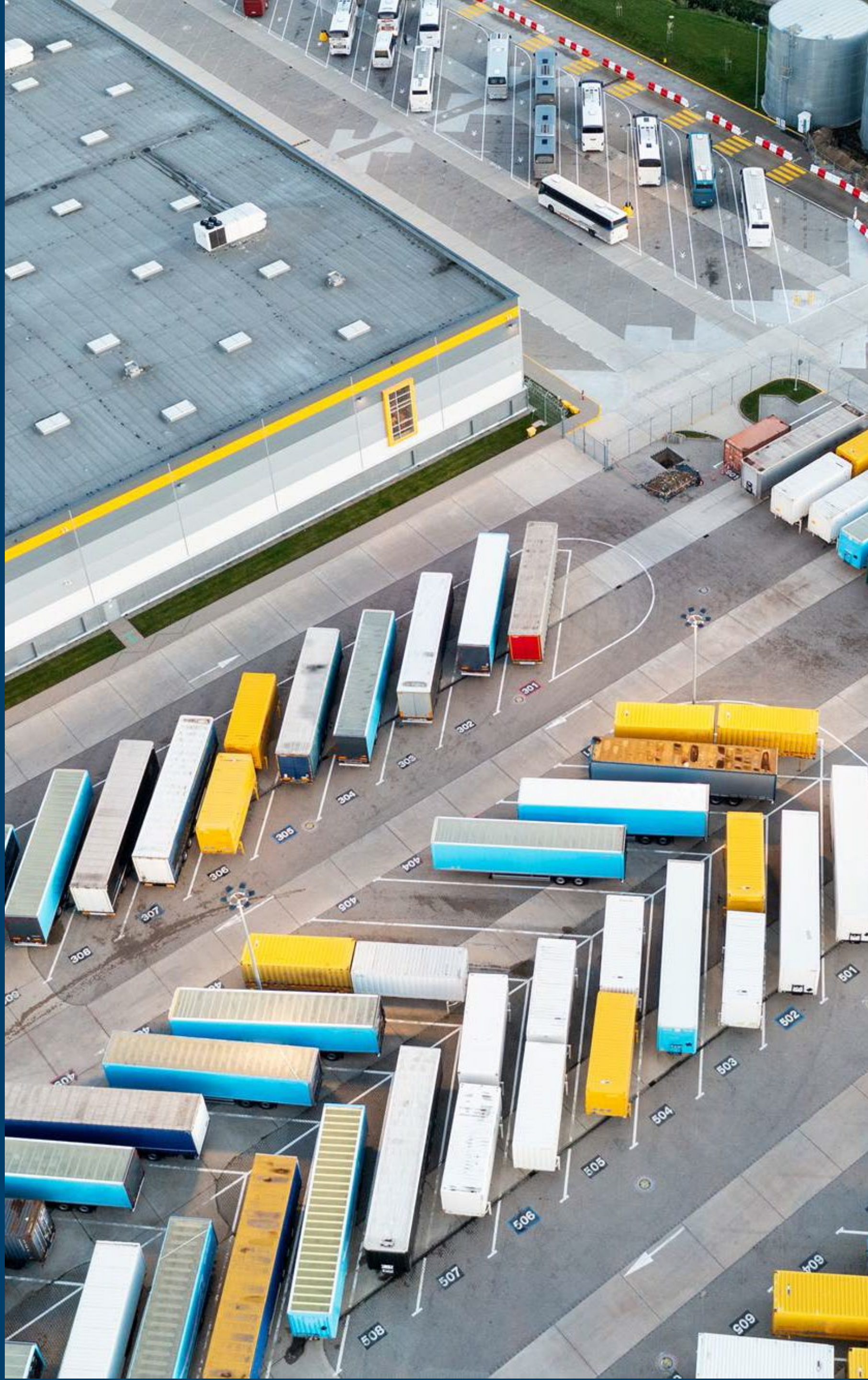


Source: Moody's Analytics, Boston-Cambridge-Newton, MA-NH MSA

02

Leasing Market Fundamentals

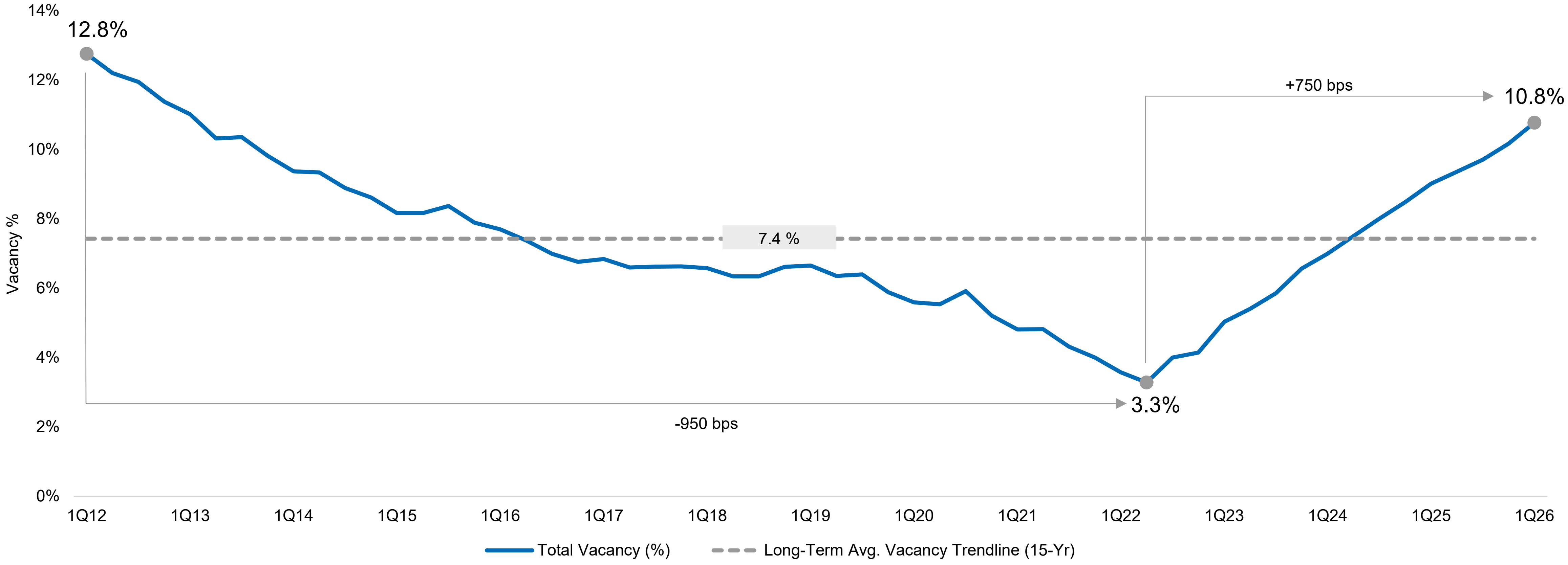
1Q26



Vacancy Pushes Past Long-Term Norms as Industrial Market Moderates

Market fundamentals in Greater Boston's industrial sector continued to soften in the first quarter of 2026, as the vacancy rate increased modestly from the prior quarter. Although vacancy remains well above the 15-year average, it is still below the historical highs recorded at the beginning of 2012. With leasing activity showing renewed momentum this quarter, stronger tenant demand should help begin to absorb available space and ease vacancy rates moving forward.

Historical Vacancy

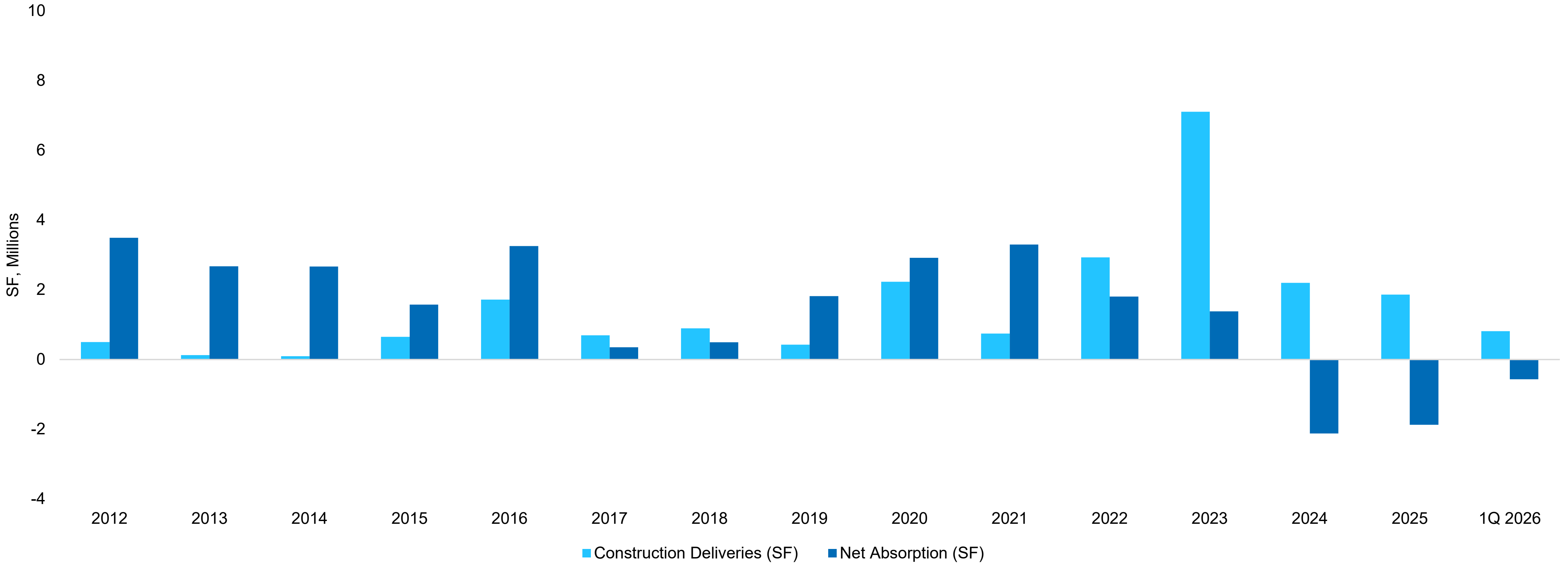


Source: Newmark Research

Deliveries Add Pressure to Leasing Fundamentals

Three new warehouse buildings were delivered in the first quarter of 2026, adding just over 800,000 SF of industrial space across the North and South submarkets. While this influx of supply kept net absorption negative, underlying market fundamentals are beginning to stabilize. Notably, quarter deliveries have fallen to a four-year low, suggesting the recent supply wave is moderating.

Historical Construction Deliveries and Net Absorption

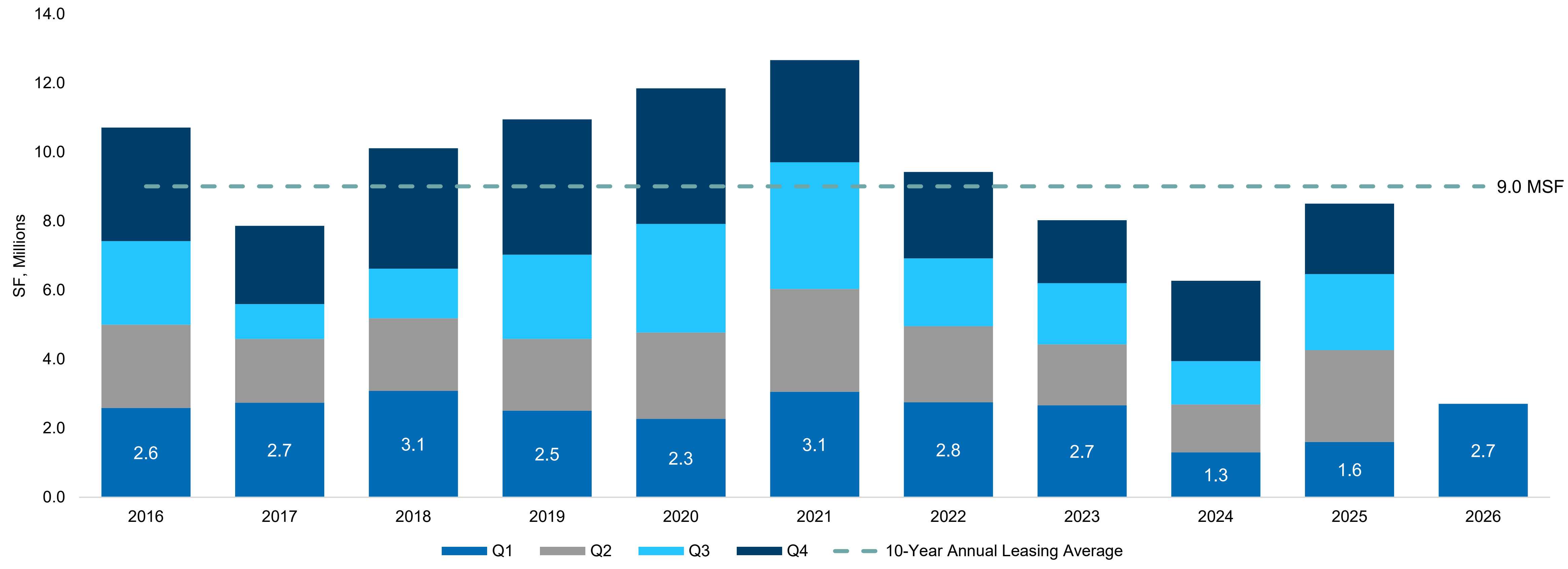


Source: Newmark Research

Leasing Activity Shows Steady Improvement

Leasing activity in the first quarter increased 68.9% from the first quarter of 2025, just outpacing levels recorded in the first quarter of 2023 and marking the strongest first-quarter performance in the past three years. After signs of recovery began to appear at the end of 2025, this strong start to 2026 reinforces the view that leasing fundamentals are continuing to improve. Activity this quarter was dominated by direct leases, concentrated in the North and South submarkets.

Total Leasing Activity (SF)



Source: Newmark Research, CoStar

Leasing Momentum Shifts to Direct Deals

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Leasing Momentum Continues Across Secondary Markets

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Flight-to-Quality Drives Class A Leasing Activity in Greater Boston

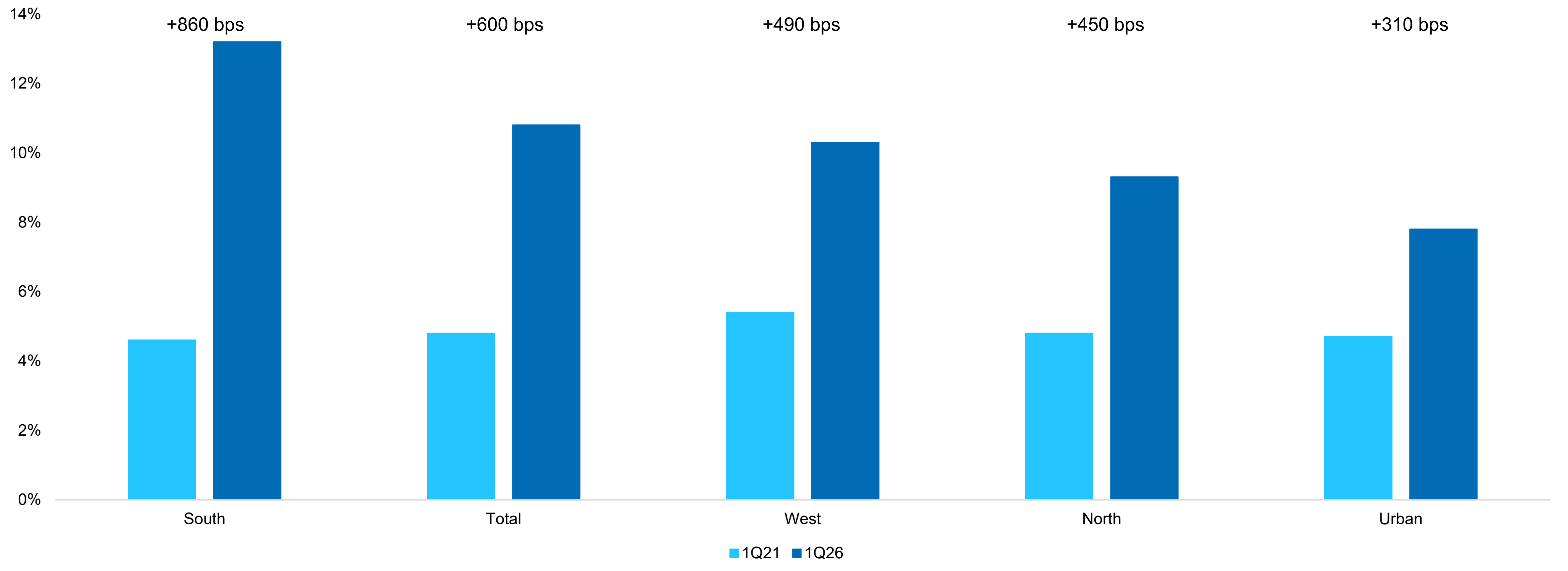
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

New Supply Pushes Vacancy Higher

Vacancy rates have increased across all submarkets more than doubling over the past five years. The South submarket saw the largest rise, with vacancy climbing by 860 basis points, driven in large part by the delivery of about 690,000 SF of new space. While new supply has pushed vacancies higher, the recent increase in leasing activity should help begin to absorb existing space and ease vacancy moving forward.

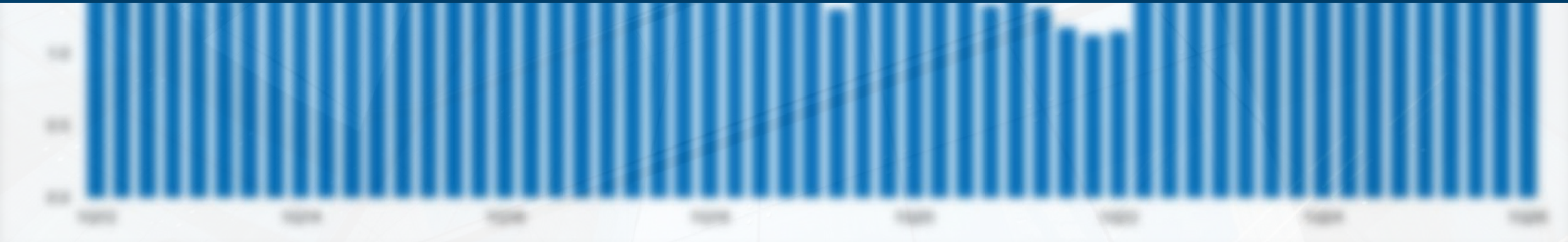
5-Year Change in Vacancy Rate by Submarket



Source: Newmark Research

Sublease Availability Shifts Back to Historic Norms

Please reach out to your
Newmark business contact for this information

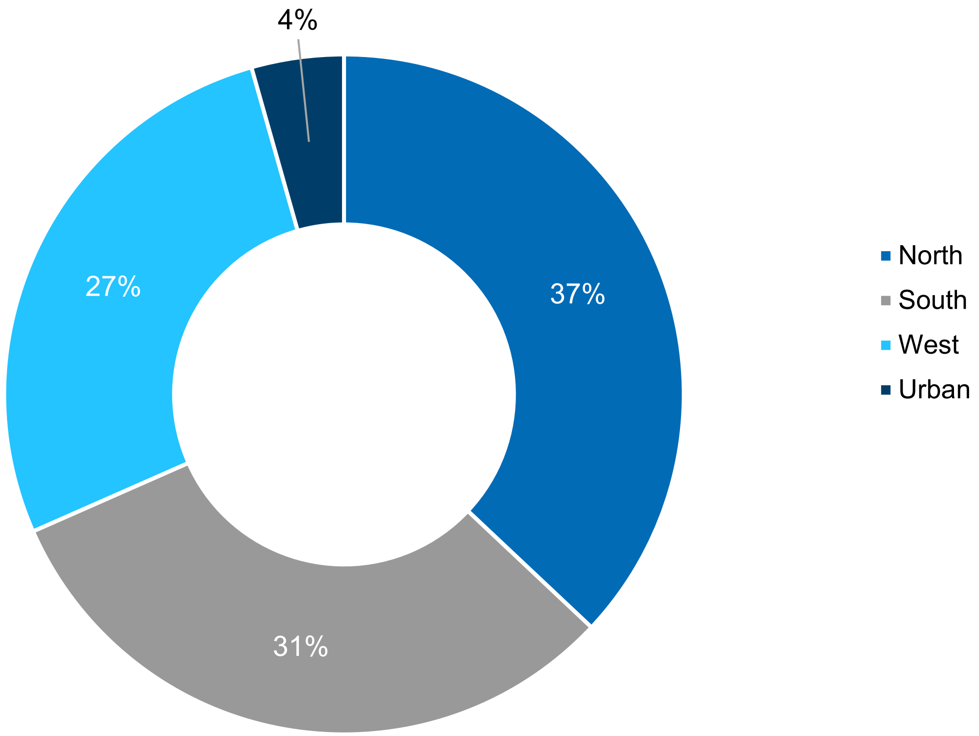


Source: Newmark Research, CoStar

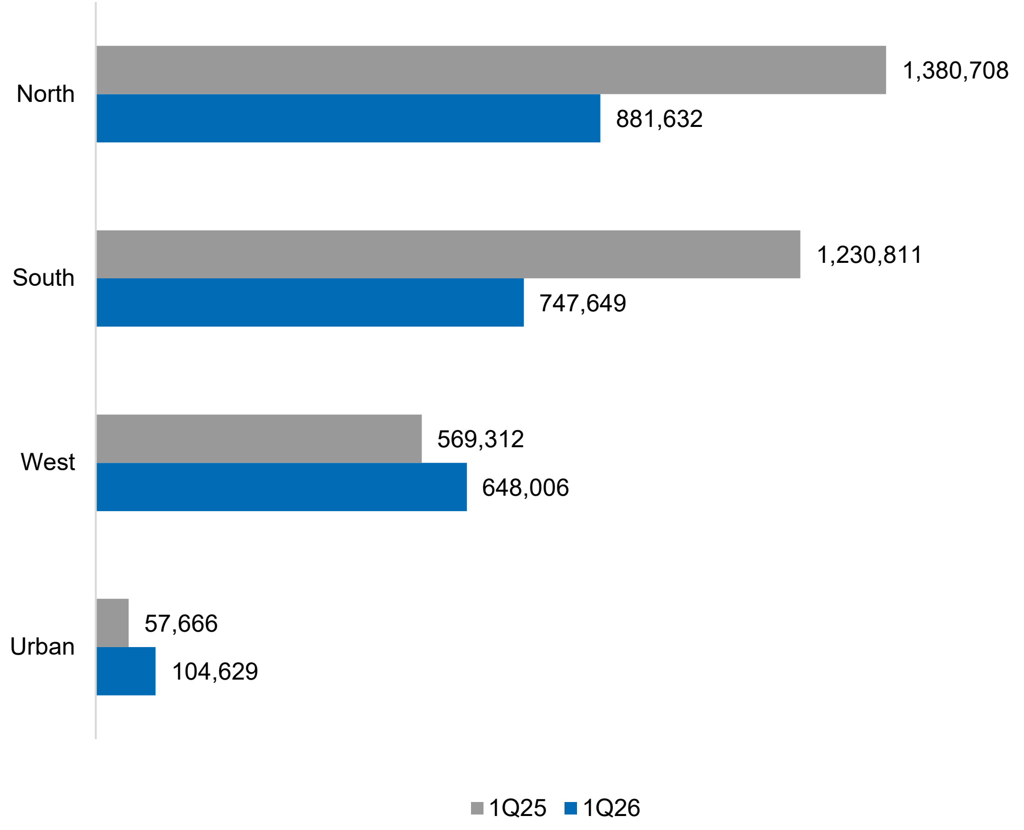
Sublease Trends Diverge by Submarket

Sublease availability remains concentrated in the North and South submarkets, which together account for 68.0% of the total market. On a year-over-year basis, however, trends have started to diverge, with the West submarket posting a 13.8% increase in sublease space while the North and South recorded significant declines of 36.1% and 39.3%, respectively. These shifts suggest that sublease pressure is beginning to ease in the region's largest submarkets, even as pockets of availability continue to build elsewhere.

Available Sublease Space by Submarket



Available Sublease Space by Submarket Comparison (SF)

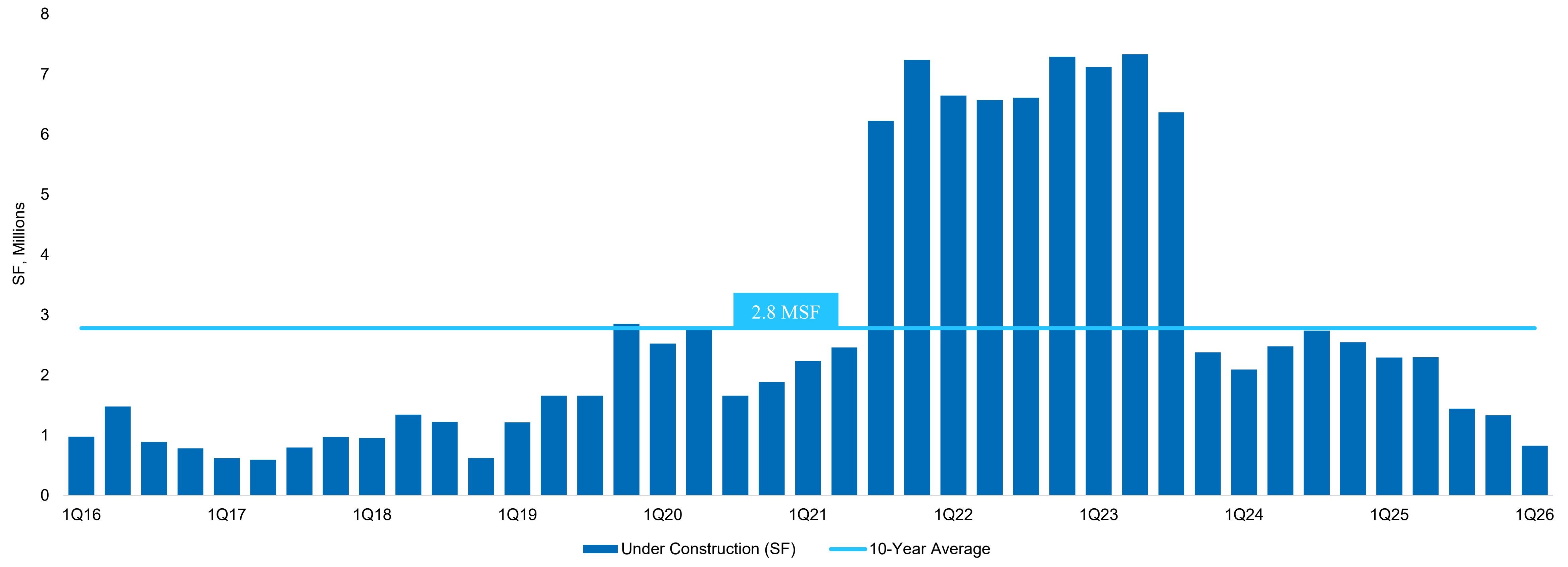


Source: Newmark Research, CoStar

Deliveries Outpace New Groundbreakings

New construction remained active in the first quarter of 2026, with three buildings delivering, including Buildings 1 and 3 at 25 Maple Street in Stoughton and 2 Commerce Drive in Tyngsborough, bringing roughly 800,000 SF of new product to the market. The new supply was concentrated in the warehouse/distribution subtype, continuing the recent trend in development activity. Consequently, the construction pipeline continues to decline quarter over quarter and is well below the 10-year average, as recent deliveries outpace new groundbreakings.

Industrial Space Under Construction

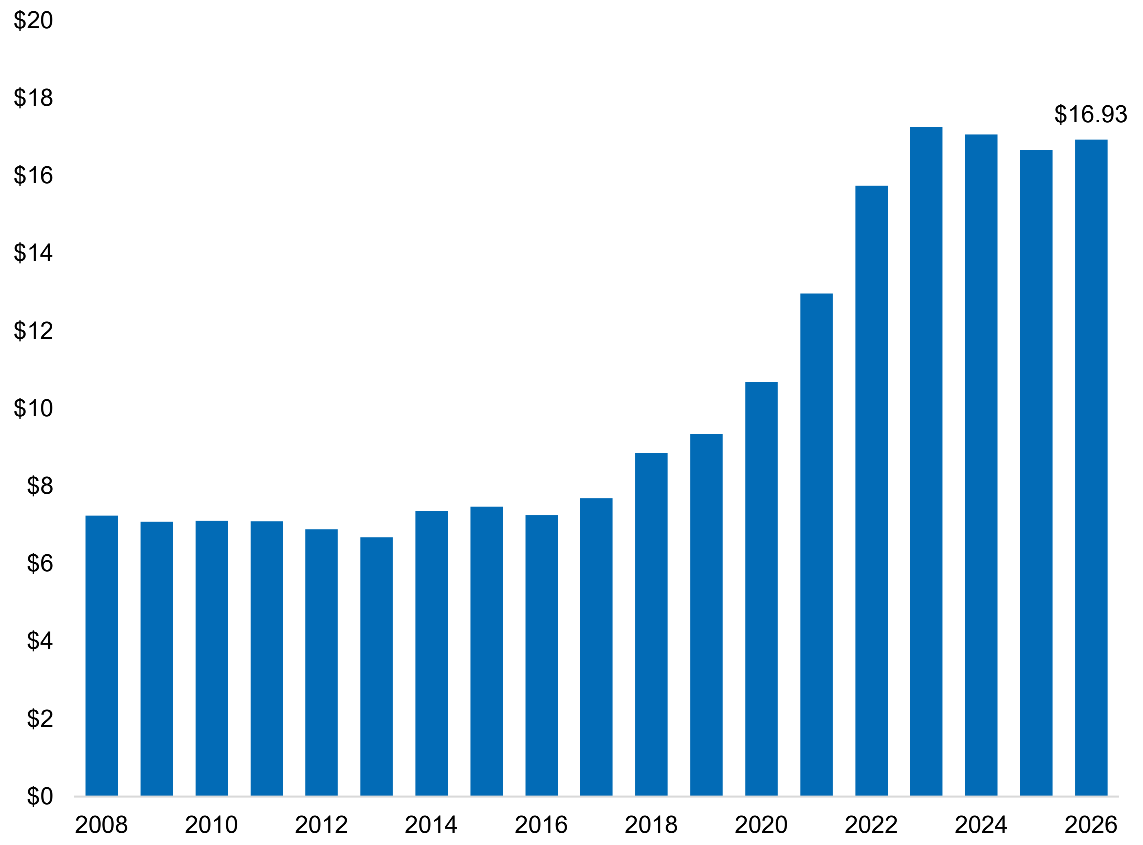


Source: Newmark Research, CoStar

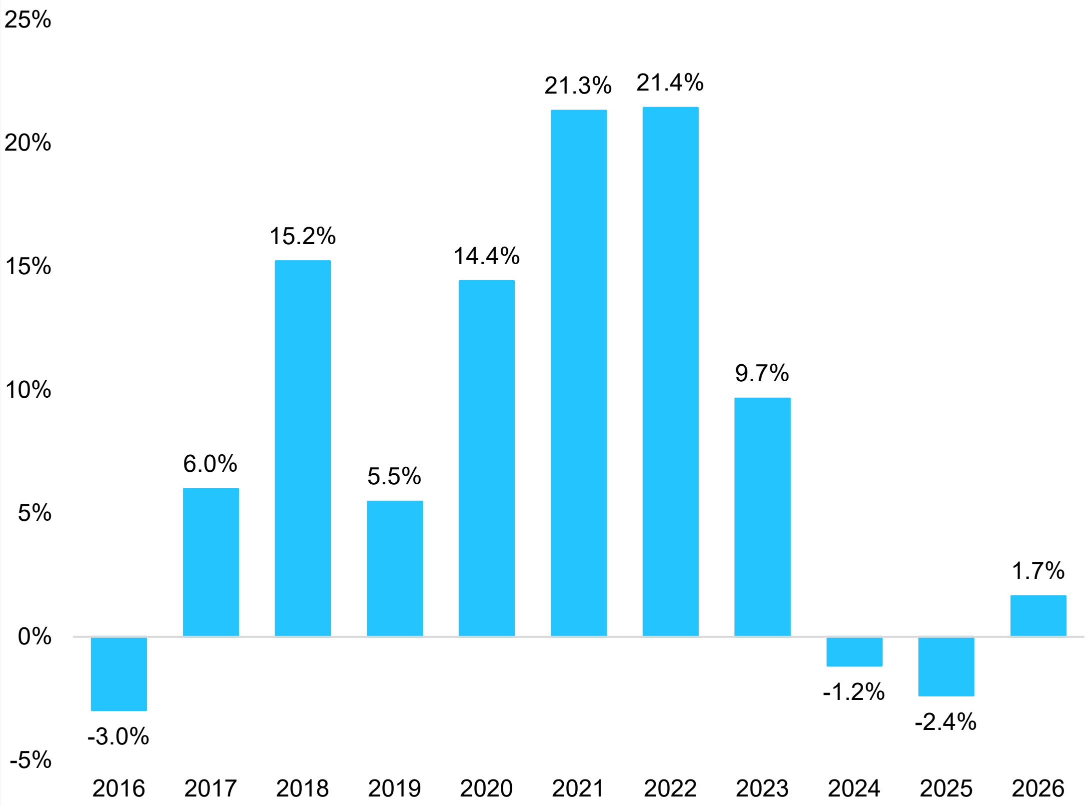
Asking Rents Begin to Stabilize

Asking rents increased 1.7% year-over-year this quarter, marking the first annual increase in two years. This growth was primarily fueled by the addition of advanced manufacturing buildings, which command higher rents. At the same time, the flight to quality trend has enabled landlords of higher-quality properties to raise asking rents on select spaces. Combined, the return to positive annual rent growth and sustained pricing above pre-pandemic levels indicate the market may be stabilizing after two years of softer demand.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change

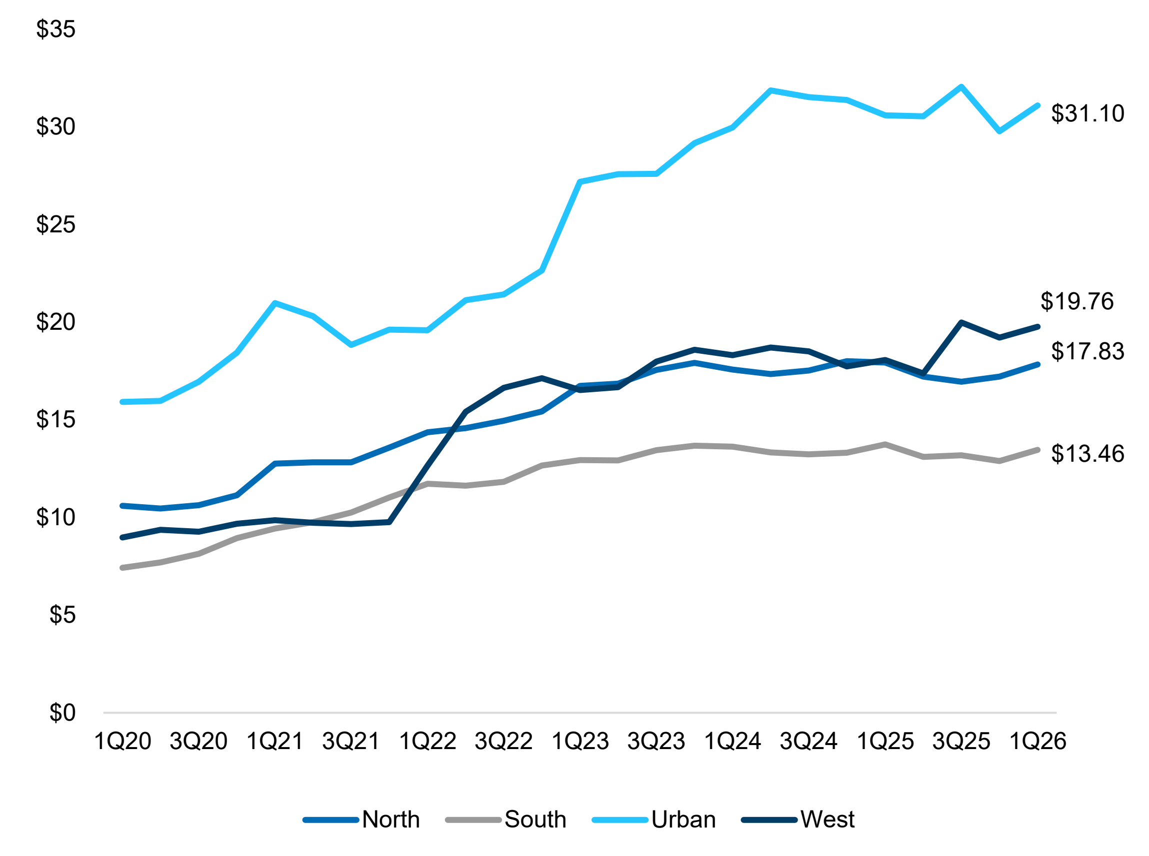


Source: Newmark Research, CoStar

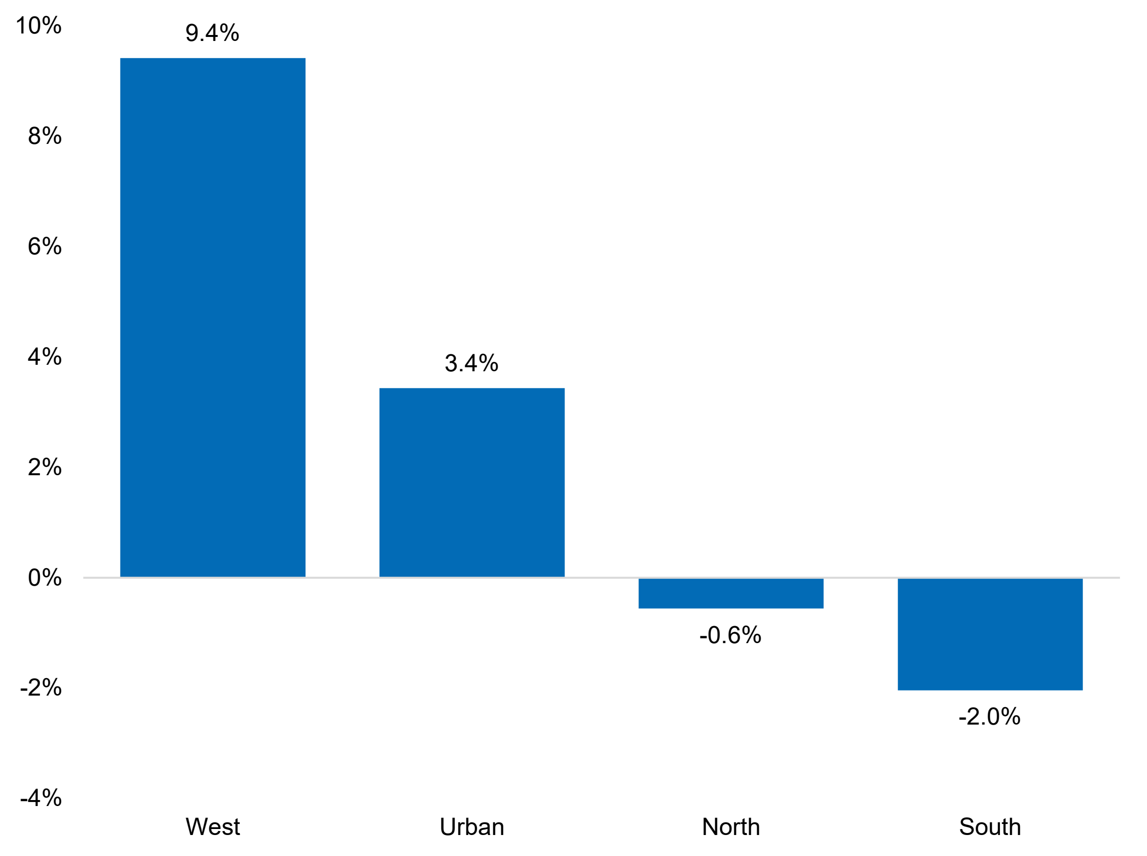
West and Urban Submarkets Post Strongest Rent Gains

Asking rents rose across all submarkets this quarter, largely due to adjustments in the industrial dataset that incorporated advanced manufacturing buildings, which typically command higher rates. Quarter-over-quarter, the South and Urban submarkets saw the largest jumps both increasing by 4.4%, while the North and West submarkets saw a more limited impact. Even with this upward adjustment, asking rents in the North and South remain below year-ago levels, indicating that broader pricing conditions in those submarkets have yet to fully recover.

Asking Rent ($/SF) by Submarket



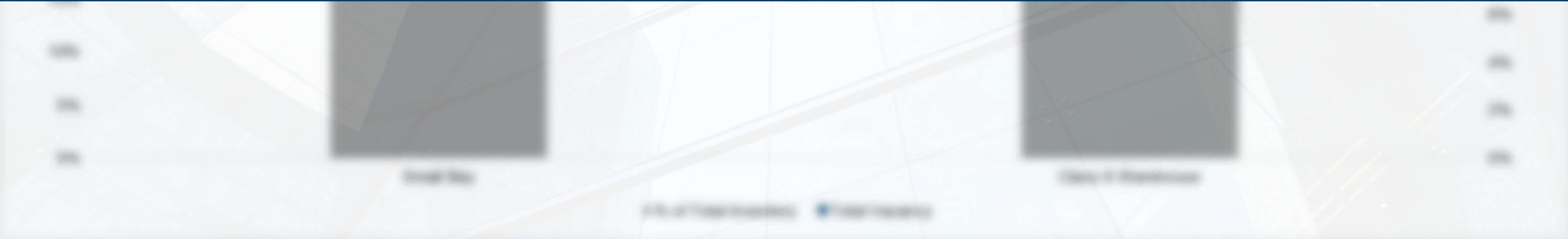
Year-over-Year Percent Change in Asking Rate



Source: Newmark Research

Small Bay Product Outperforms Class A Warehouse

Please reach out to your
Newmark business contact for this information

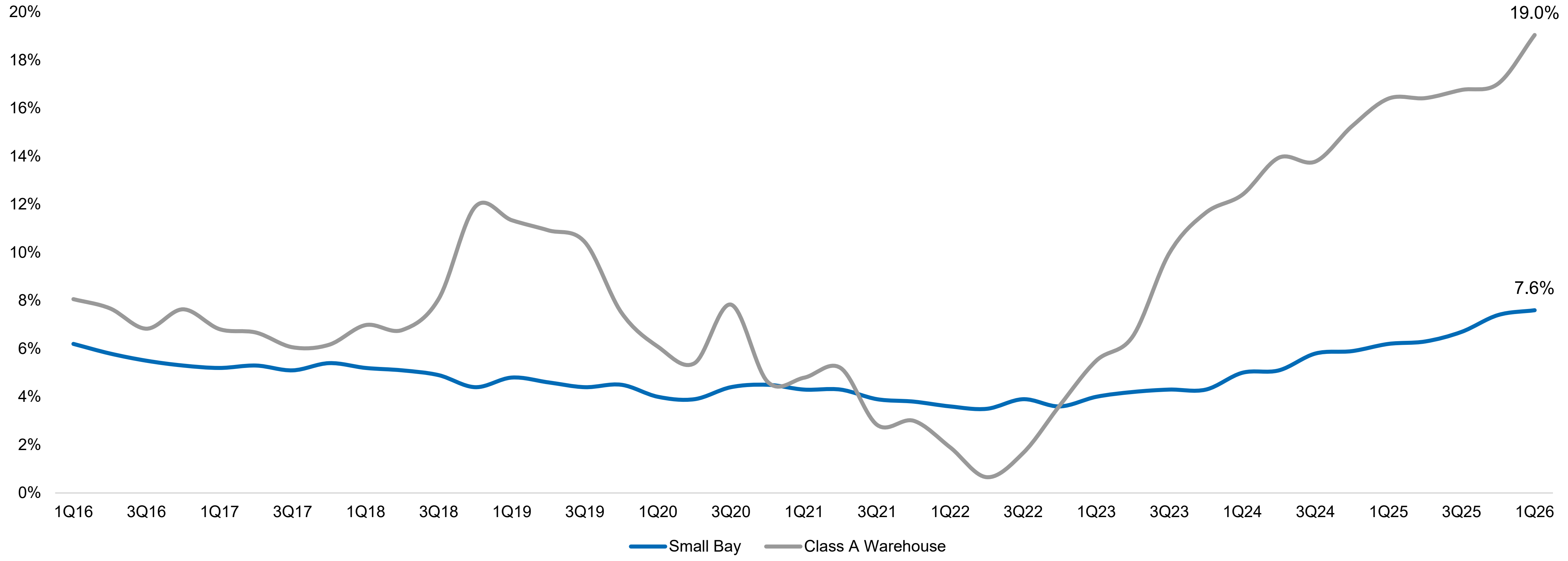


Source: Newmark Research

Small-Bay Vacancy Rate Shows Greater Stability

The industrial market continues to see small-bay product outperform Class A warehouse space, as small-bay vacancy has remained relatively stable while Class A warehouse vacancy has risen by 202 basis points. Over the past several quarters, small-bay vacancy has largely plateaued, reinforcing the segment's steady demand and limited occupancy movement. By contrast, Class A warehouse vacancy continues to trend upward as the construction pipeline remains concentrated in warehouse product and adds new supply to the market. Still, the recent uptick in leasing activity should help chip away at available space and begin to absorb some of the highest-quality vacant product.

Vacancy Rate | Greater Boston Small-Bay vs. Class A Warehouse

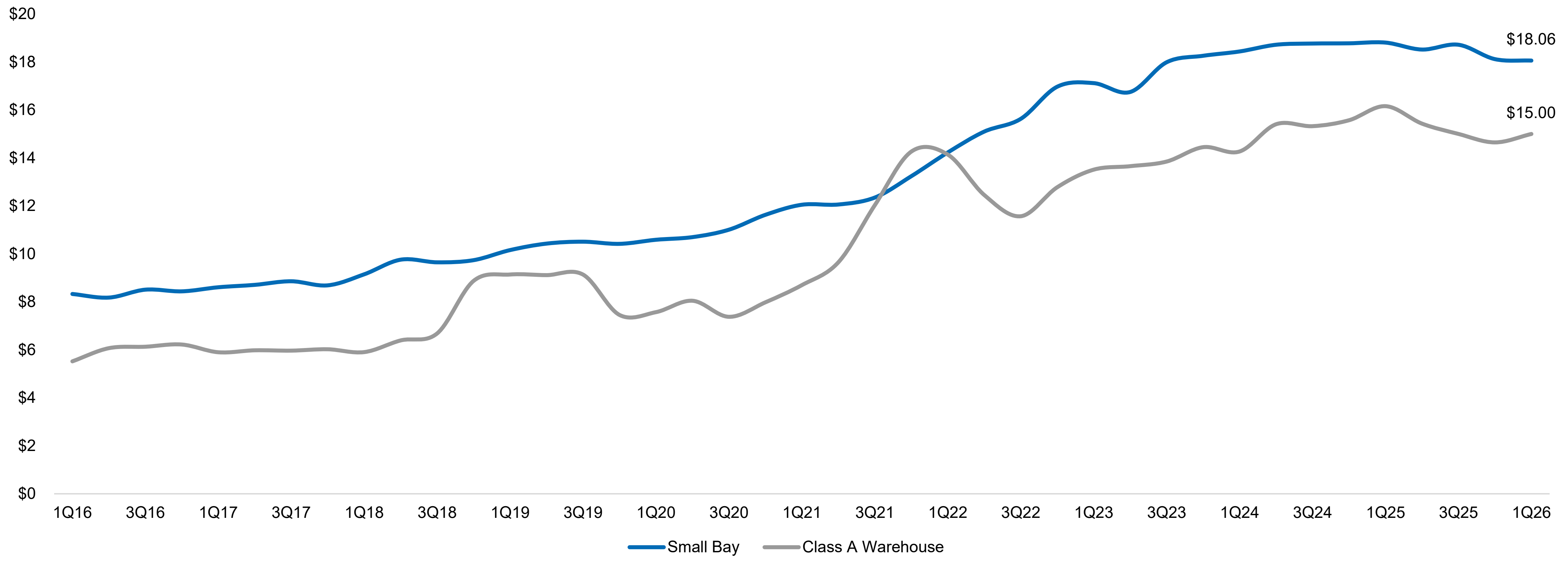


Source: Newmark Research

Class A Rents Rebound Toward Prior Highs

At the start of 2026, rents for small-bay and Class A warehouse space are following notably different paths. Small-bay asking rents declined marginally this quarter, effectively extending the plateau that has characterized pricing in this segment. By contrast, Class A warehouse rents posted an increase, aided in part by higher-priced advanced manufacturing space, narrowing the rent gap between the two product types and pushing Class A pricing back toward the highs last seen in early 2025.

Average Asking Rent ($/SF) | Greater Boston Small-Bay vs. Class A Warehouse

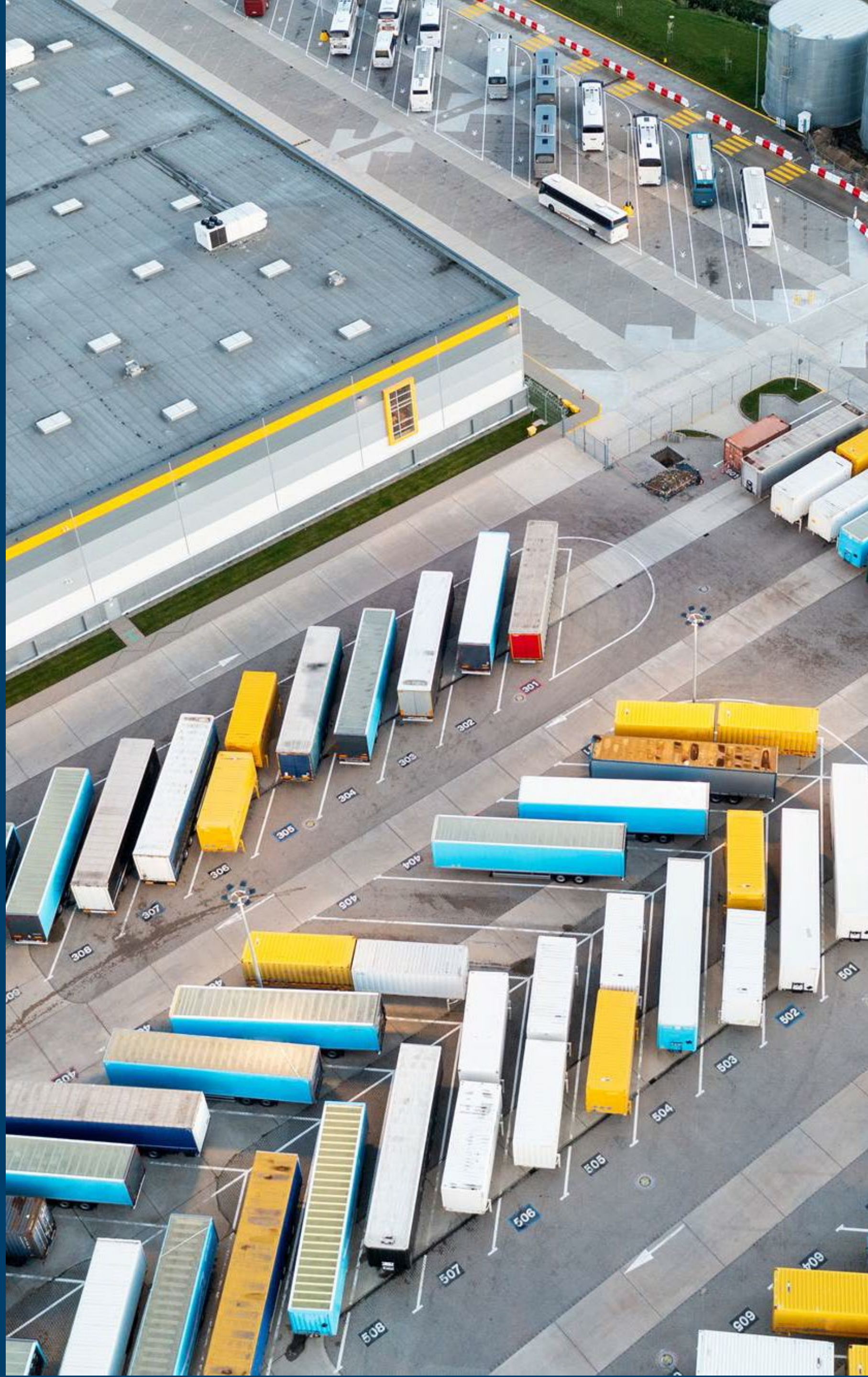


Source: Newmark Research

03

Submarket Overview

1Q26



Southern New Hampshire Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar Group

North Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

South Submarket Overview

Please reach out to your Newmark business contact for this information

Source: Newmark Research

Urban Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

West Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

NEWMARK

Liz Berthelette
Head of Northeast
Boston Research
elizabeth.berthelette@nmrk.com

Michael Roberts
Senior Research Analyst
Boston Research
michael.roberts@nmrk.com

Hailey Roche
Research Analyst
Boston Research
hailey.roche@nmrk.com

Izzy Guiliano
Research Analyst
Boston Research
izzy.guiliano@nmrk.com

Boston
225 Franklin Street
Boston, MA 02110
t 617-863-8090

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights