

2Q25

NEWMARK

Boston Office Market Overview



Market Observations

What We Know

Despite remaining well above historic norms, office vacancies in Greater Boston have only increased by 20 basis points since the end of 2024, marking the lowest two quarter-increase since late-2021.

While leasing velocity slowed down in the second quarter of 2025, demand was more robust during the first half of 2025 when compared to year-ago levels.

Direct leases continue to gain share of overall leasing, and the average lease term is up over the quarter in the CBD, signaling more conviction from urban office tenants.

The Suburban office market recorded four of the largest leases executed during the second quarter of 2025, with the Route 128 markets capturing three of those transactions.

The legal sector anchors office demand in the CBD, representing roughly 16% of active requirements, or about 733,000 SF of the 4.6 million SF currently tracked.

Average asking rents across the metro area fell 0.7% from last quarter, however, they remain flat compared to a year ago.

Greater Boston's capital markets continue to thaw, with a growing number of owner-user and lender-facilitated transactions emerging.

What We Expect

Investor interest in the office sector is expected to improve as capital becomes more comfortable with current asset valuations.

There is potential for outperformance in the CBD low-rise and Class B space as pandemic-era subleases are expiring and the sticker shock of direct deal economics could push subtenants into value space.

Landlords will continue to evaluate their office portfolios, especially in the Class B and Suburban markets, as both segments have seen their inventory decrease since the onset of the pandemic.

Market Overview

GREATER BOSTON OFFICE MARKET

Conditions have stabilized in Greater Boston's office market during the first half of 2025 as fundamentals search for a bottom. The vacancy rate rose again, reaching another historic high at 22.3%; however, it has only increased by 20 basis points over the first half of the year. Office inventory continues to trend downward, with many owners considering adaptive reuse in the face of muted demand and upcoming vacancies. Greater Boston's office inventory has declined by nearly five million SF since the onset of the pandemic, representing a 2.5% reduction in total market supply. Asking rents declined further during the second quarter of 2025, although they remain flat compared to year-ago levels. While there is cautious optimism in the market, fundamentals still have a long way to go to return to pre-pandemic levels.

Second-quarter tenant activity was driven by LEGO's relocation to Boston from Connecticut. The toy maker moved into its new space at 1001 Boylston Street in the Back Bay, driving positive net absorption in the CBD office market this quarter. Also notable were Anduril Technologies' and Rockland Trust's suburban lease transactions, which both exceeded 100,000 SF. An increase in the share of direct deals and longer average lease terms in the CBD this quarter could signal greater tenant conviction in their real estate decisions. While overall leasing improved in the first half of the year compared to 2024, office users continue to evaluate their space needs. In Cambridge, HubSpot is consolidating their real estate footprint adding over 200,000 SF to the vacant and available inventory. Fundamentals continue to weaken in this submarket—albeit at a slower pace.

Office development remains stagnant, with no increase in square footage under construction since the beginning of 2024. All currently active office

construction is located in Boston's CBD. The South Station Office Tower development, which is slated to deliver in the next few quarters, has garnered interest from a number of office tenants, with Jones Day and FM Global already committed to the building. Projects like 350 Boylston Street in the Back Bay and 1 Boston Wharf Road in the Seaport will deliver fully occupied as well, with Bain & Company and Amazon anchoring those new offices, respectively. Greater Boston's office inventory is down 4.3% from its historic peak in the first quarter of 2012, now sitting just under 178 million SF largely due to adaptive reuse and conversion projects. With thirteen consecutive quarters of negative net absorption, the market will likely need a sustained period of positive absorption before new office groundbreakings resume across the region.

Economic uncertainty persists both locally and nationally. After posting its lowest level since the onset of the pandemic in April 2025 at 41.5, local employer sentiment has rebounded significantly, according to the Business Confidence Index compiled by the Associated Industries of Massachusetts. Now sitting at 48.9 as of June 2025, this marks an impressive 17.8% increase over two months. However, since a level of 50 is considered neutral, local business leaders are still facing significant macroeconomics headwinds. The local unemployment rate now sits 20 basis points above the national average as job growth remains limited.

As mentioned, cautious optimism persists in the Greater Boston office market, with fundamentals seemingly close to bottoming out. Sustained positive momentum would be a welcome relief as the market begins its journey back to more historic norms.

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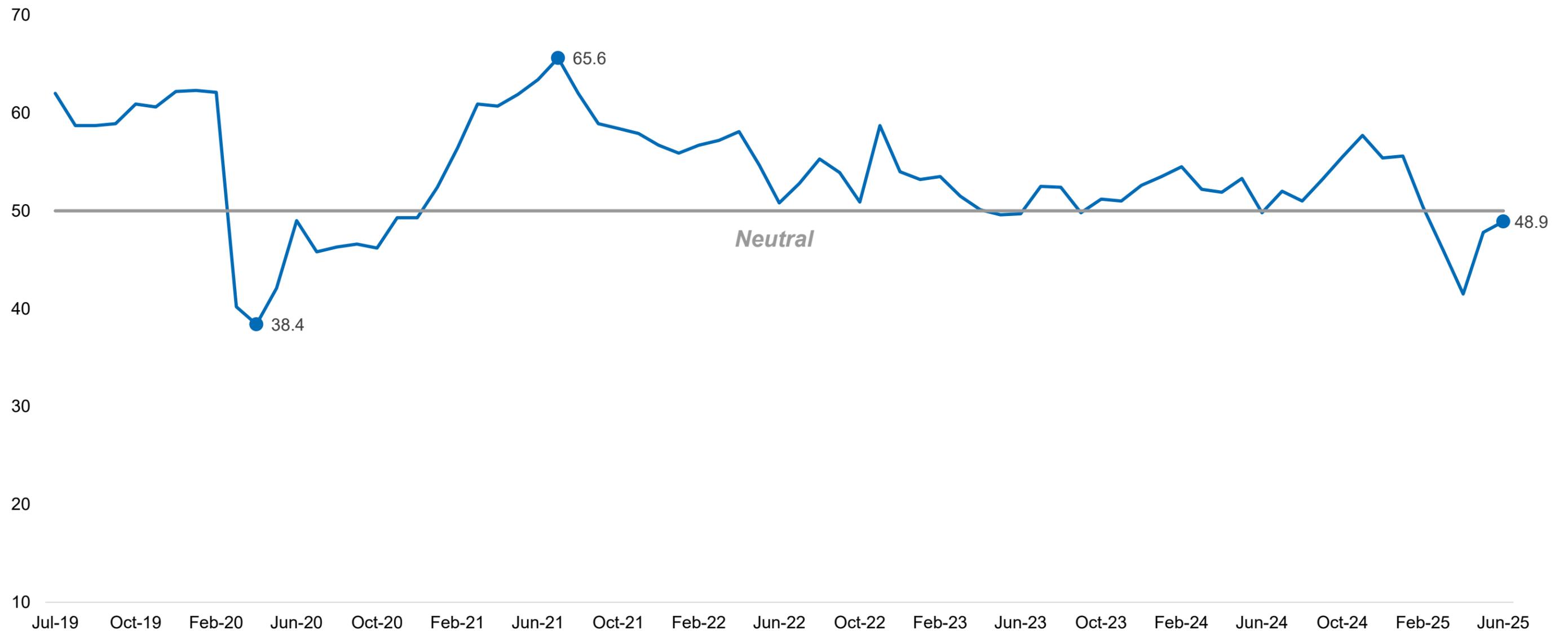
Economy



Local Employer Sentiment Rebounds after Sharp Decline

The Business Confidence Index has rebounded in the months following the lowest reading since April of 2020, which represents the initial onset of the pandemic and accompanying policies, due to strength in the national economy and labor markets registered early in the second quarter of 2025. Despite recent improvements, the index remains below the neutral level as local employers point to apprehension over tariff and tax policies and global geopolitical conflicts.

Business Confidence Index (BCI)

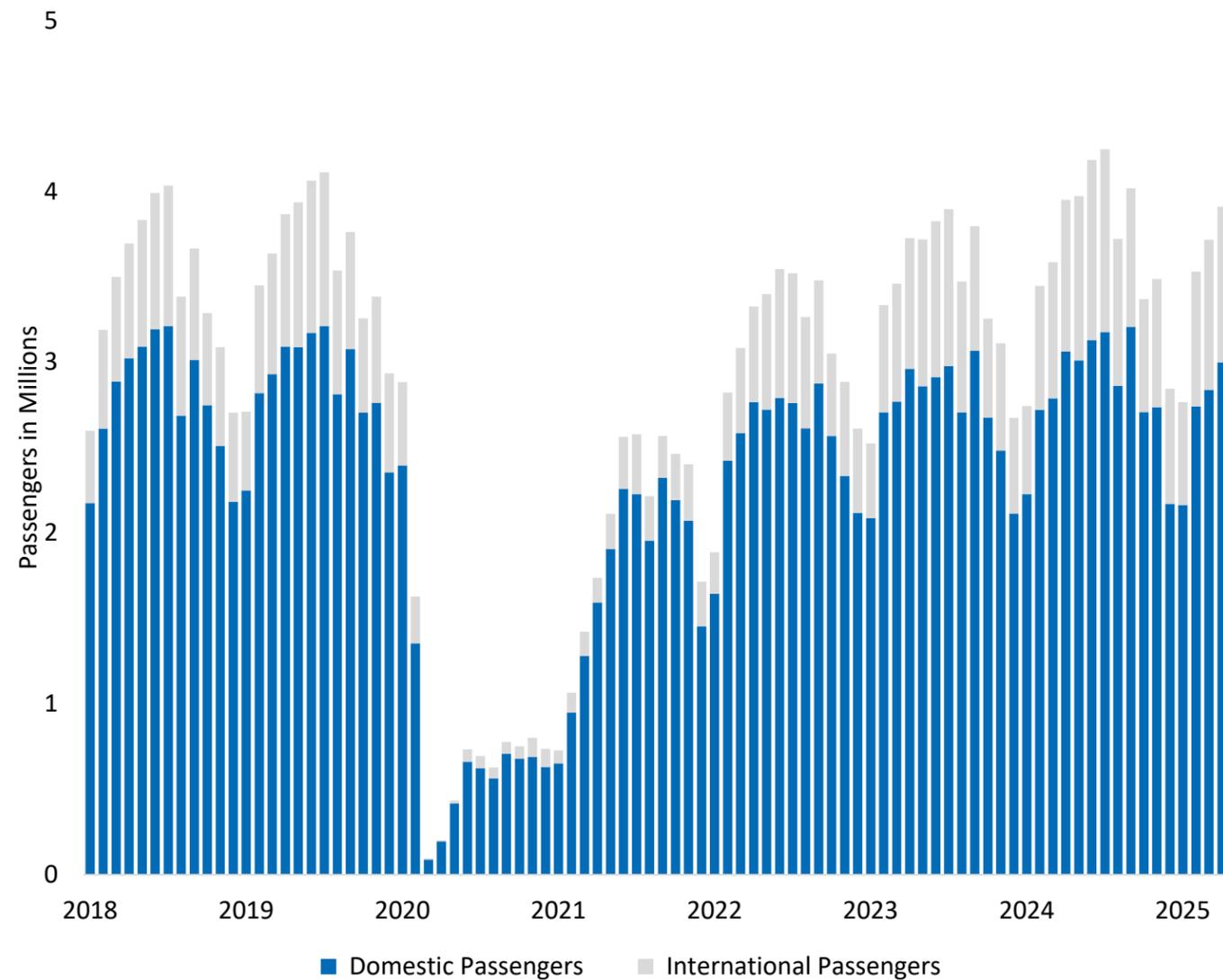


Source: AIM Board of Economic Advisors as of 6.1.25

Passenger Traffic at Logan Airport Holds Steady

The second quarter of 2025 has started out strong, as through May domestic and international passenger counts have increased for a third consecutive month and are up 39% and 51% respectively since the cyclical lows observed in February. It is worth noting that total passenger counts are slightly down year-over-year due to a decrease in domestic passengers. Moreover, Meet Boston is predicting the city will face a 10% decline in international tourism compared to 2024 due to shifting global sentiments.

Historical Airport Passenger Traffic



2024 Was a Banner Year for Travelers



Logan Served 43 M Passengers in 2024



International Travelers Surpassed 1.0 M in Both July and August of 2024



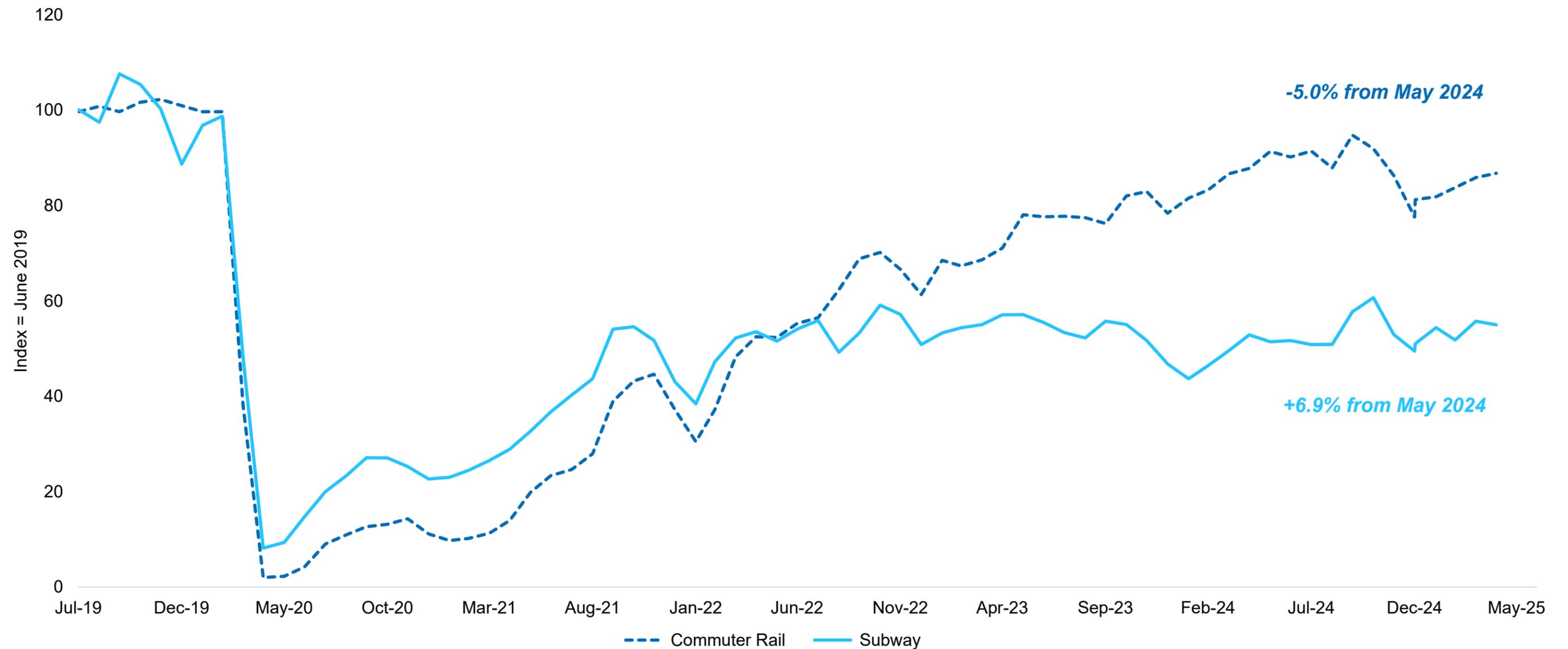
Logan Now Has 80+ Nonstop Domestic Destinations

Source: Massport as of 6.1.25

Public Transit Ridership Has Stabilized

Ridership on both the commuter rail and subway have rebounded in the second quarter due in part to seasonality. While the commuter rail has outperformed in recent history, rapid transit has fared better over the past year having gained almost 7% in ridership. Recent track work and station upgrades appear to be benefitting subway usage over the past 12 months.

MBTA Average Weekday Ridership



Source: MBTA, Newmark Research as of 7.9.25

How Can Boston Be *Less* Congested in 2024?

Once slated the most congested city in the world, Boston's traffic scorecard has improved according to Inrix. Ranking 4th nationally and 12th globally, Boston is also one of just a few urban areas with a lower commute delay in 2024. Increased commuter rail usage and continued work-from-home schemes are likely contributing factors to this trend.

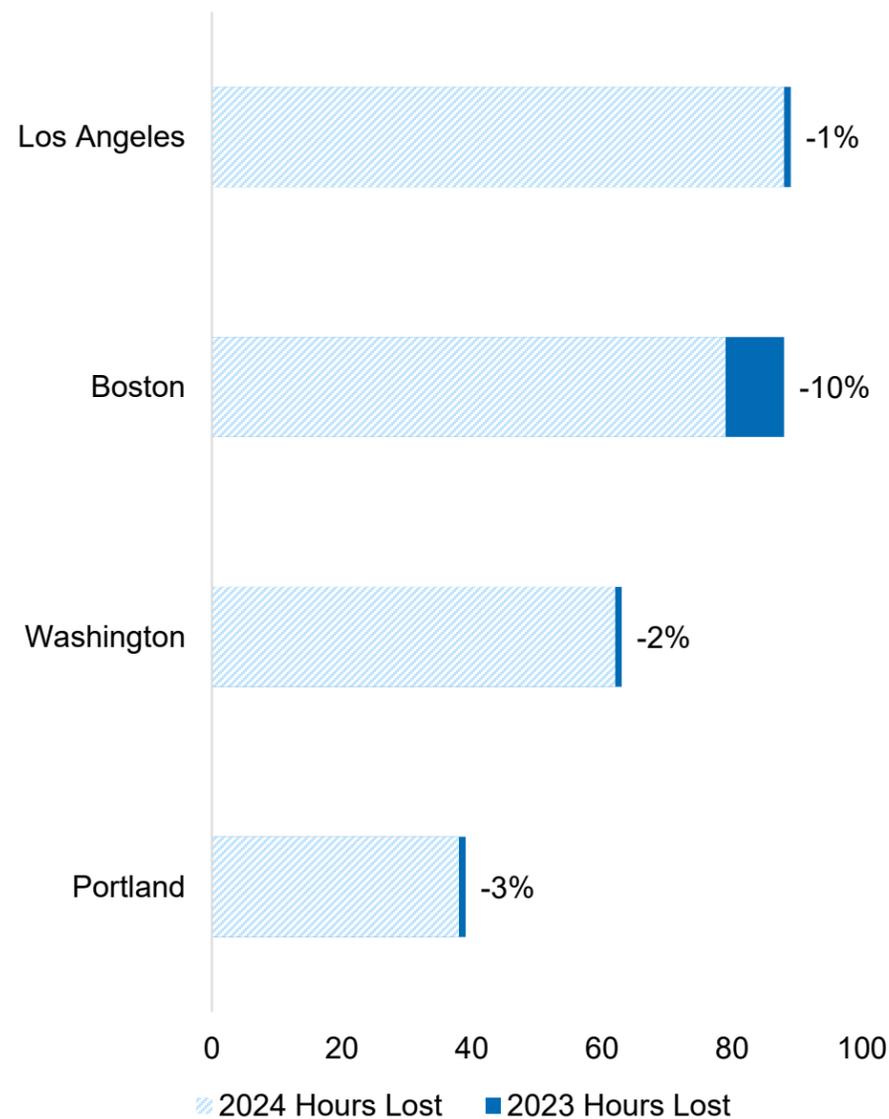
2024 Traffic Scorecard Report

12 Global Congestion Rank

4 U.S. Congestion Rank

10 Last Mile Speeds
MPH

Urban Areas With Declining Commute Delay

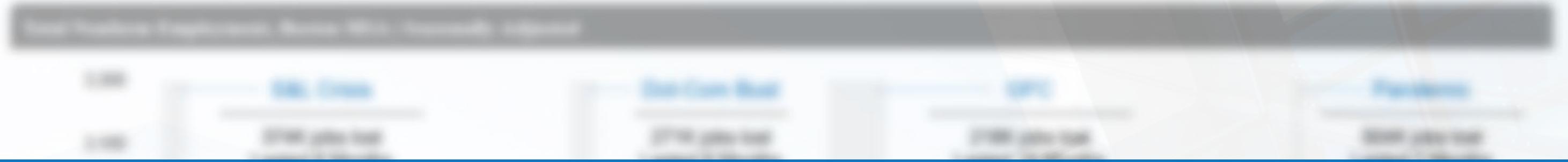


2024 Rank	Urban Area	2024 Hours Lost
1	NYC	102
2	Chicago	102
3	Los Angeles	88
4	Boston	79
5	Philadelphia	77
6	Miami	74
7	Houston	66
8	Atlanta	65
9	Washington	62
10	Seattle	63
11	Nashville	63
12	San Juan	58
13	Baltimore	48
14	San Francisco	46
15	Denver	44
16	Dallas	41
17	Stamford	47
18	Pittsburgh	43
19	Honolulu	45
20	Charlotte	41

Source: Inrix, Newmark Research

Post-Pandemic Job Growth Has Stalled In Greater Boston

Employment growth across the Greater Boston area has largely stagnated, with annual increases averaging less than the rate seen in 2019. While unemployment in the region fell to 3.7% last year, it has since risen to 4.1%. Among the office-using sectors, Financial Activities posted the strongest growth, rising 1.1% over the past 12 months. In contrast, the Construction sector experienced the steepest decline, contracting by 1.1% during the same period.



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Greater Boston Employment Growth Trails National Average

Greater Boston employment growth is slower than the national average during periods of recovery. From the year 2000 through 2019, Greater Boston employment grew by 3.2%, as compared to 4.1% for the national average. This divergence suggests the region's economy is slower to recover from downturns.

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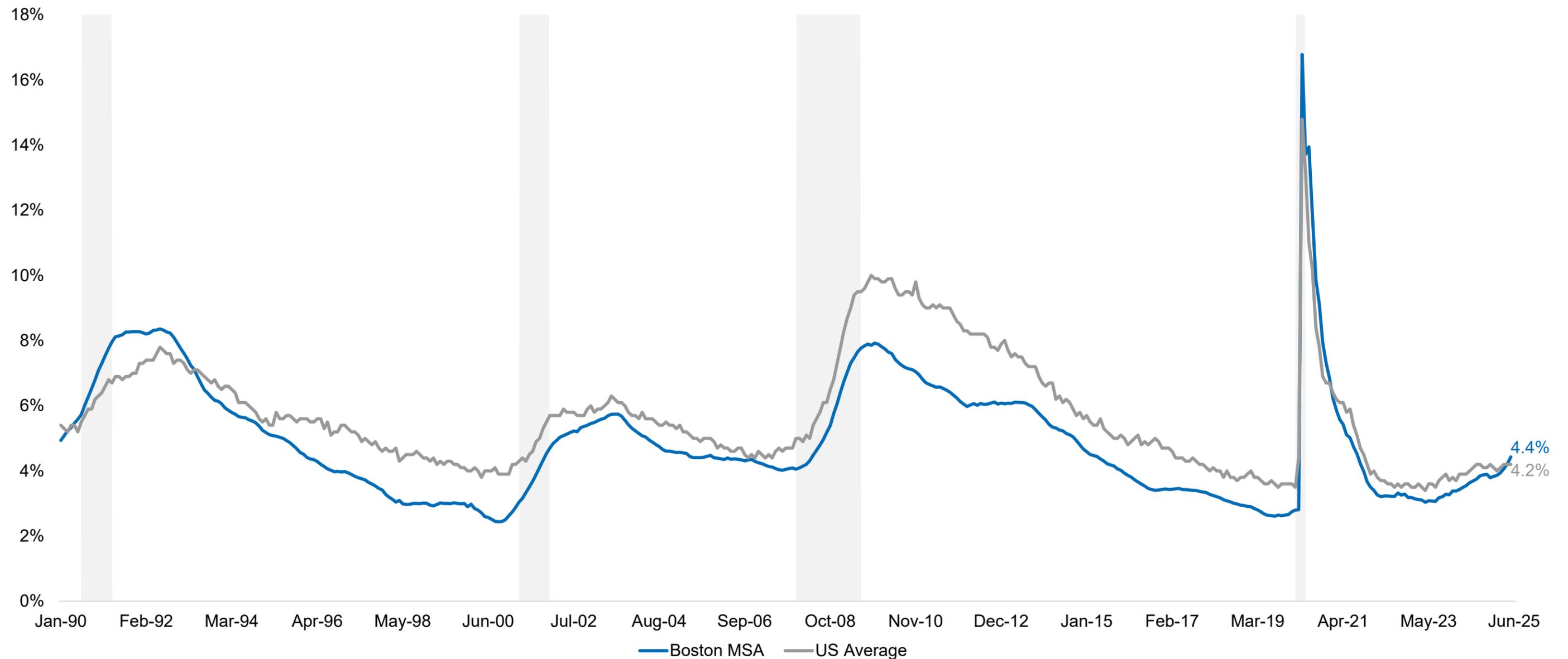


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Unemployment Is Rising, But Labor Markets Are Relatively Tight

Since mid-2023, Greater Boston's unemployment rate has increased by roughly 140 basis points, reaching 4.4% in May 2025. This marks the first time the metro area has exceeded the national average since December 2020. Softness in key sectors—particularly technology and biotechnology—appears to be a primary driver of the region's recent labor market challenges.

Unemployment Rate | Seasonally Adjusted



Source: Moody's Analytics, BLS, Newmark Research May 2025

Labor Force Growth Weaker Select Gateway Markets

Recent employment growth is concentrated in areas such as health care and information technology, while the fastest employment growth rate is in health care and information technology. The report suggests that the US may face ongoing challenges in achieving sustained employment growth, reflecting a slow recovery relative to its economic potential, and a shift in the composition of growth. The authors suggest growth strategies that focus on creating additional jobs in technology, information and other economic development.

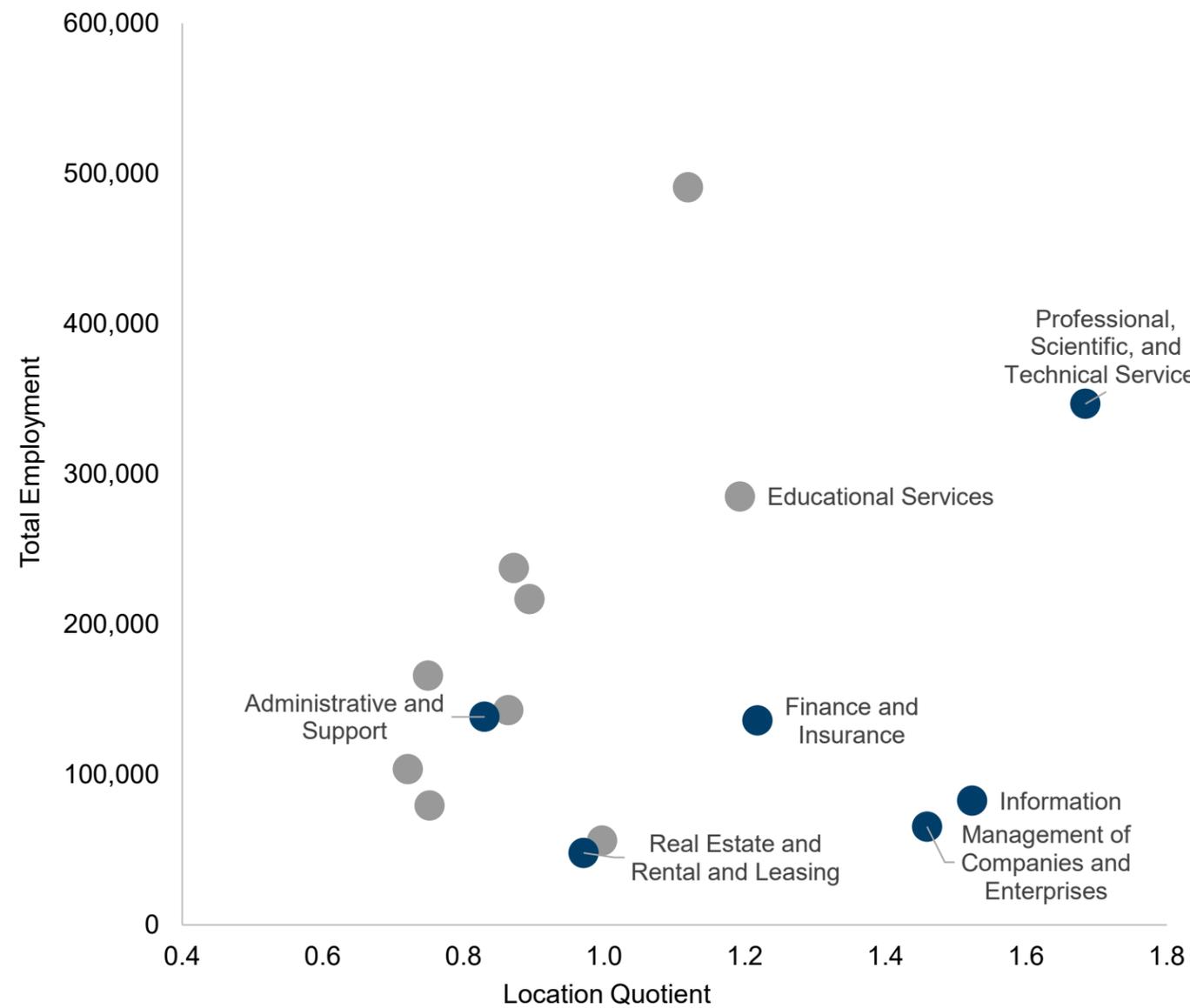


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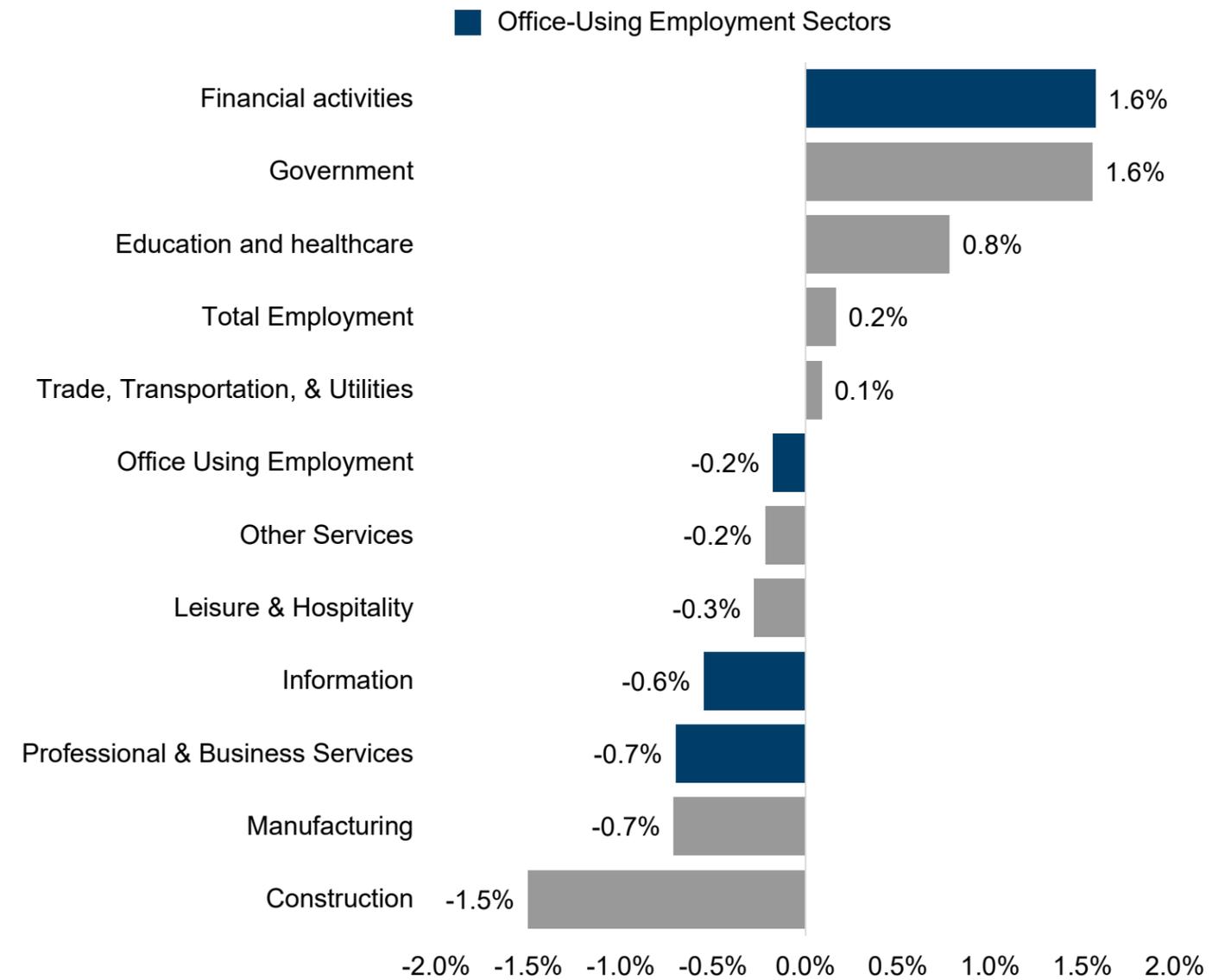
Most Employment Sector Posted Losses Over the Past Year

Financial Activities have emerged as the leading driver of employment growth, surpassing the Construction and Education & Healthcare sectors. In contrast, the remaining office-using employment sectors have recorded year-over-year declines as of May 2025 as weakness persists in the local tech and biotech industries.

Industry Concentrations (as of Q1 2025)



Employment Growth by Industry, 12-Month % Change, May 2025



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

Office-using employment includes employment in the following sectors: Professional & Business Services, Financial Activities and Information

Reevaluating the Drivers of Office Space Demand

The continued uncertainty regarding office environment growth and investment across markets has increased attention on the issue of the job market. However, it may be that employment and leasing demand declines in tandem, requiring a concerted effort to meet traditional patterns of alignment.

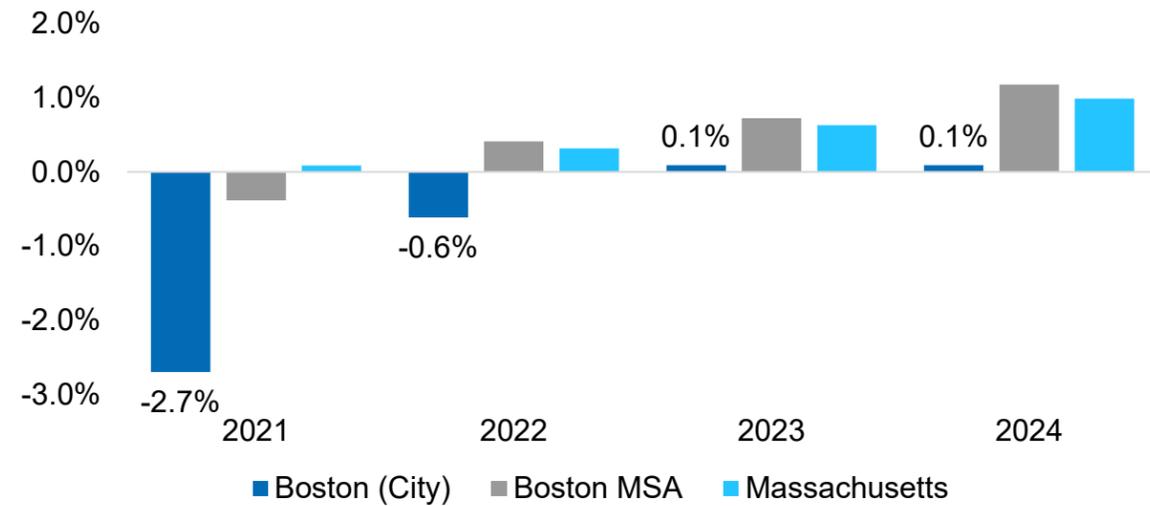


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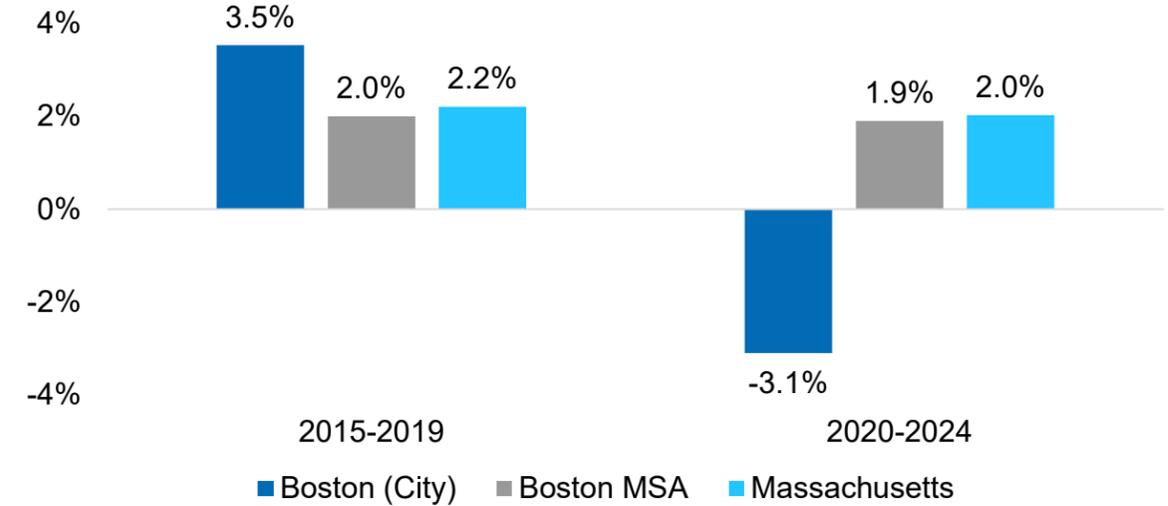
Urban Demographics Trail The Larger Region

Local Demographic Trends

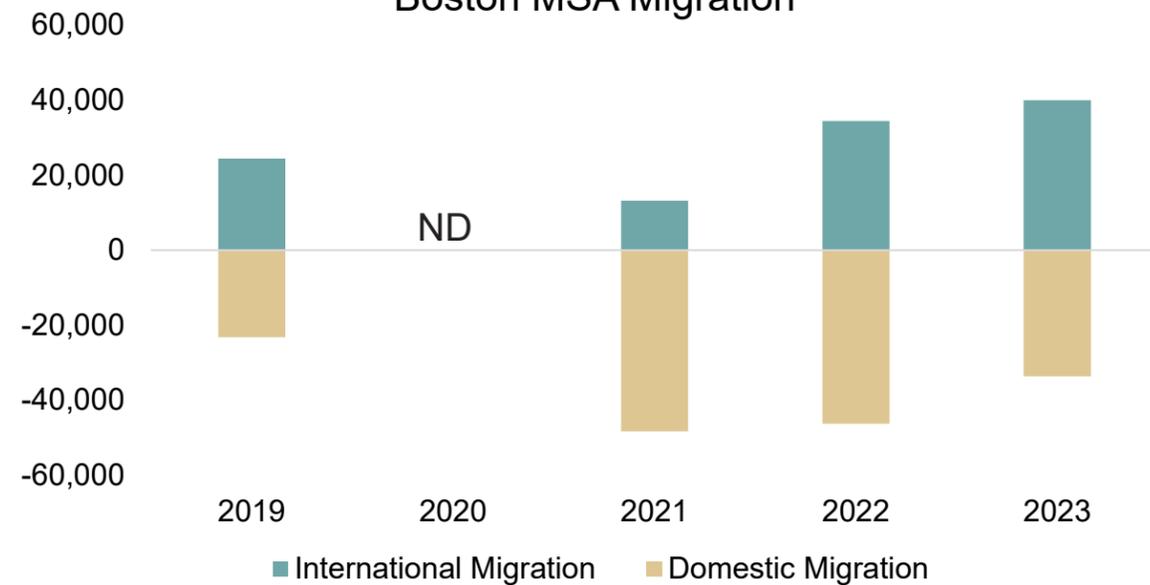
Annual Population Growth



Cumulative Population Growth



Boston MSA Migration



International migration buoys weak demographic trends in Greater Boston. From 2010-2019, international migration was 2.5 times higher than domestic entrants into the metro area.

Source: US Census Bureau Population Estimates, Brookings Institute, NHCStats, Newmark Research as of 4.1.25

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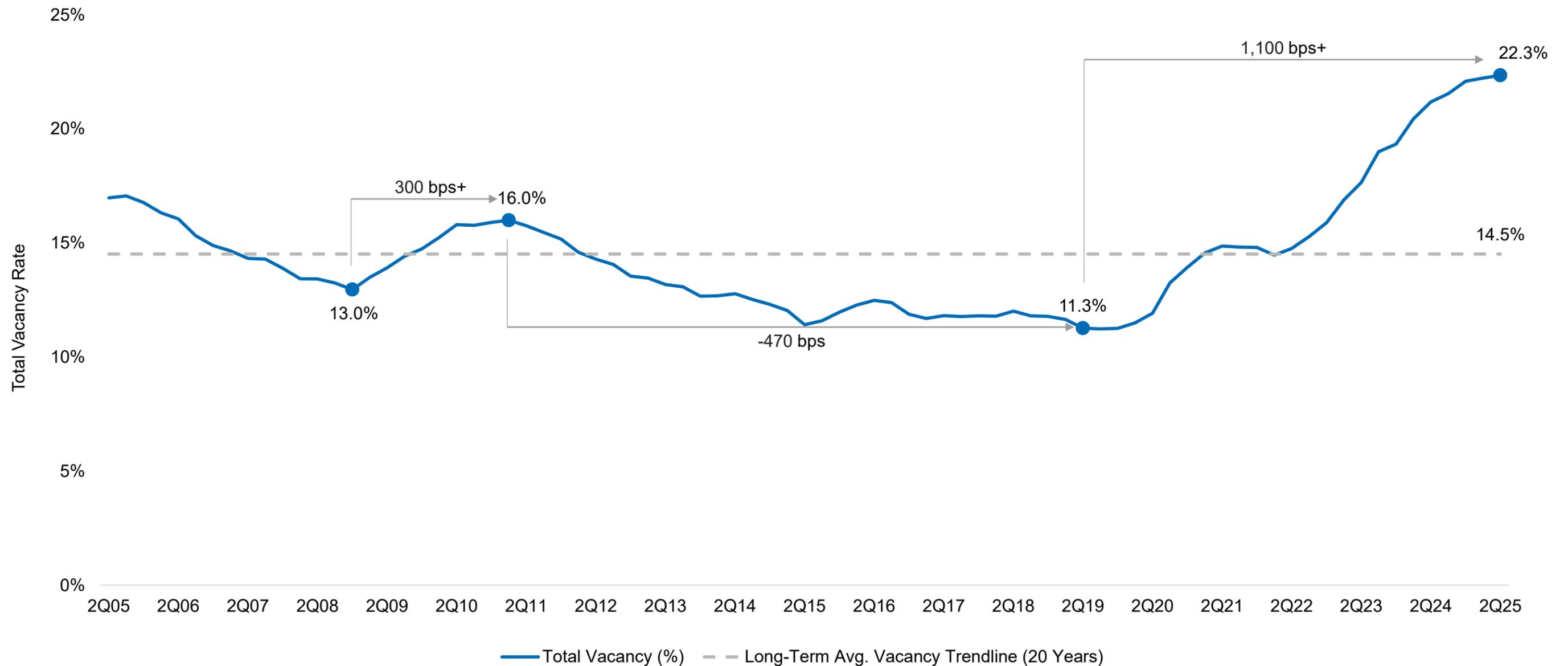
Greater Boston Office Market



Early Signs of Stabilization Emerge in Greater Boston Office Market

Although Greater Boston recorded its thirteenth consecutive quarter of rising office vacancy, market dynamics are beginning to show signs of a reversal. The rate of vacancy growth has decelerated, and a notable uptick in leasing activity occurred in early 2025. Nonetheless, ongoing macroeconomic volatility continues to cloud the outlook, as businesses face heightened challenges in decision-making amid persistent uncertainty.

Historical Vacancy Rate

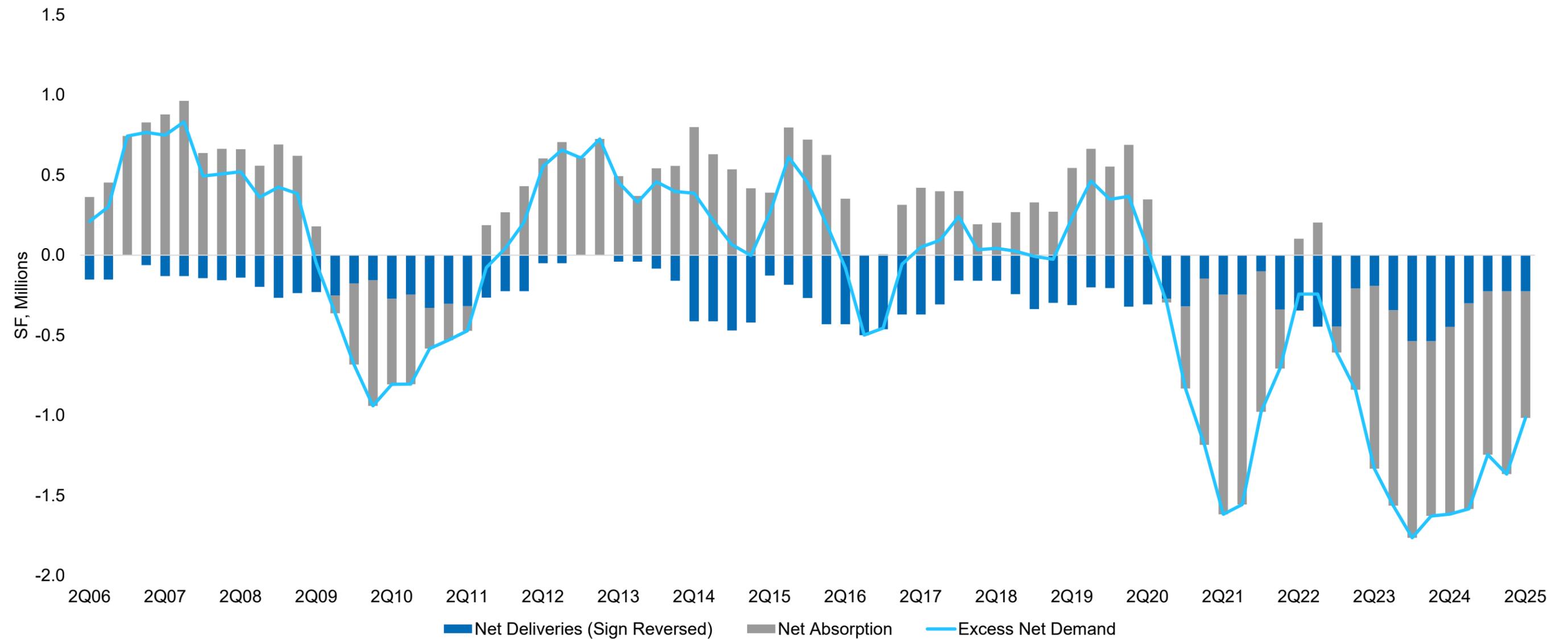


Source: Newmark Research

Vacancy Rises Slightly While Leasing Activity Shows Mixed Signals

Greater Boston has observed persistent negative net absorption which has affected the vacancy rate, reaching a record high of 22.3% this quarter. However, direct lease executions have increased in terms of square footage committed this quarter, and in the CBD, the average lease term rose quarter-over-quarter. Both could be early indicators of tenants having more conviction in the market and subsequent real estate decisions.

Historical Office Supply and Demand | 4-Quarter Moving Average

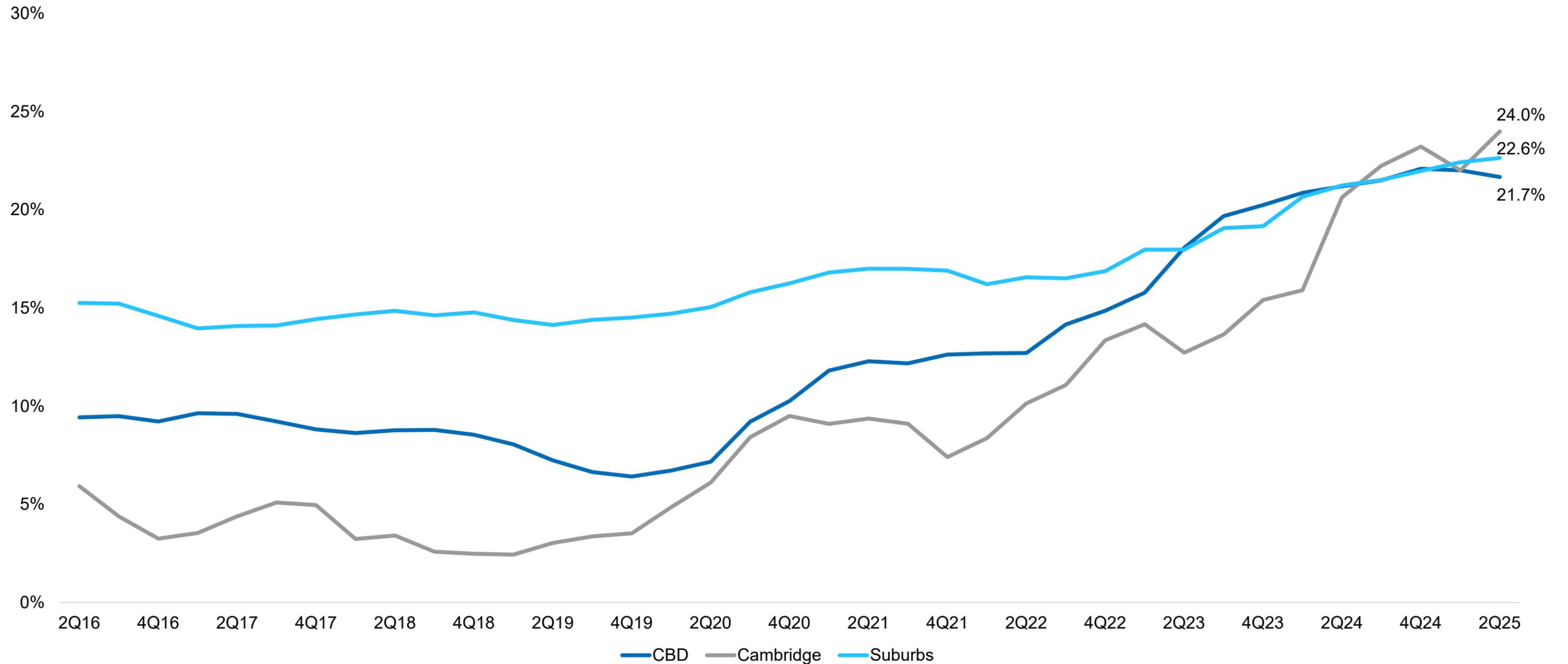


Source: Newmark Research

Boston's CBD Office Market Boasts Below-Average Vacancy

Office vacancies in the CBD market declined for a second consecutive quarter, ending this quarter well below Cambridge and the Suburbs. Continued weakness in the technology and biotechnology sectors is weighing on fundamentals in Cambridge, where tenants like HubSpot are downsizing. However, expected deliveries of still uncommitted space in projects like 10 World Trade and South Station Tower could put upward pressure on CBD office vacancies in the short term.

Historic Vacancy by Submarket

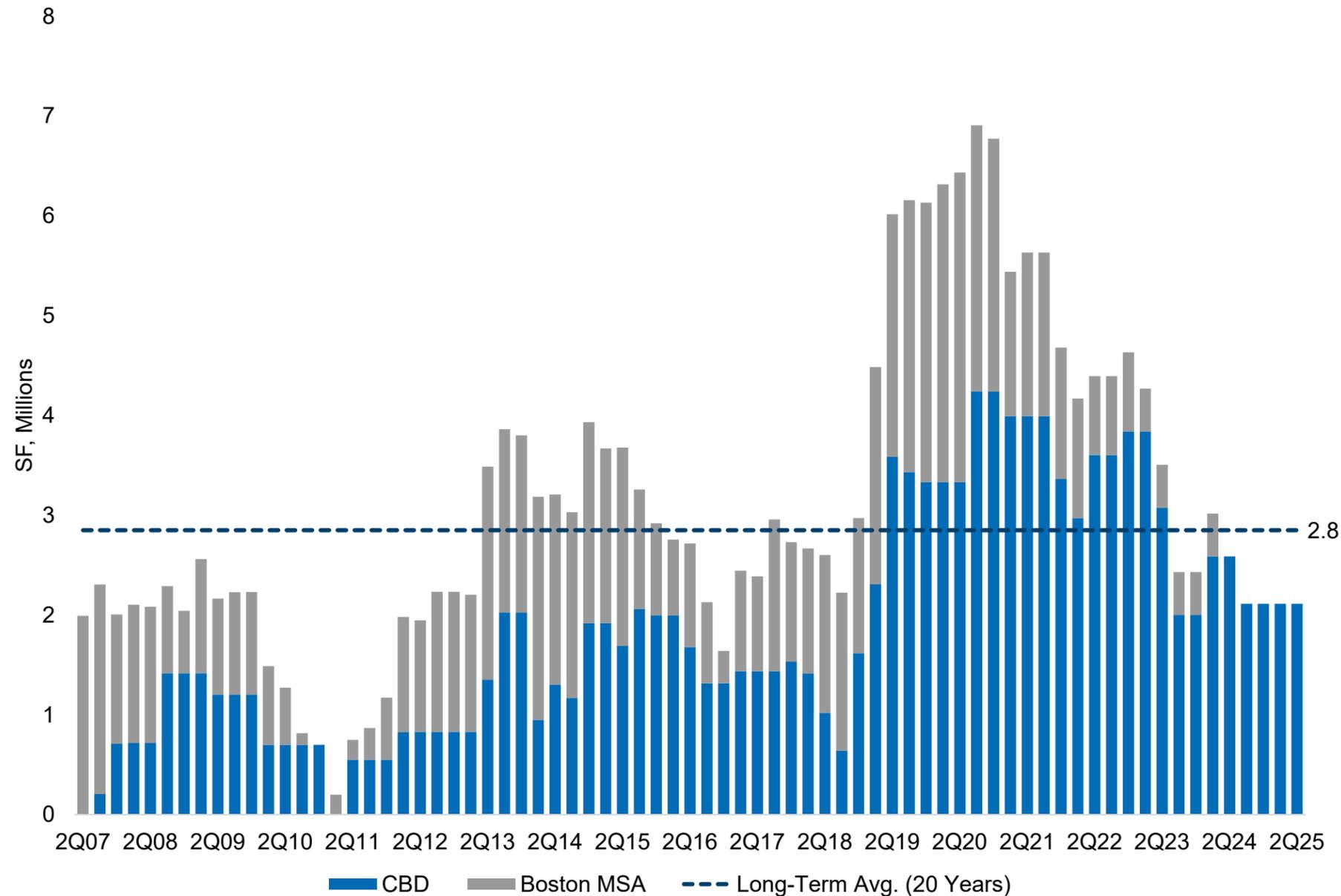


Source: Newmark Research

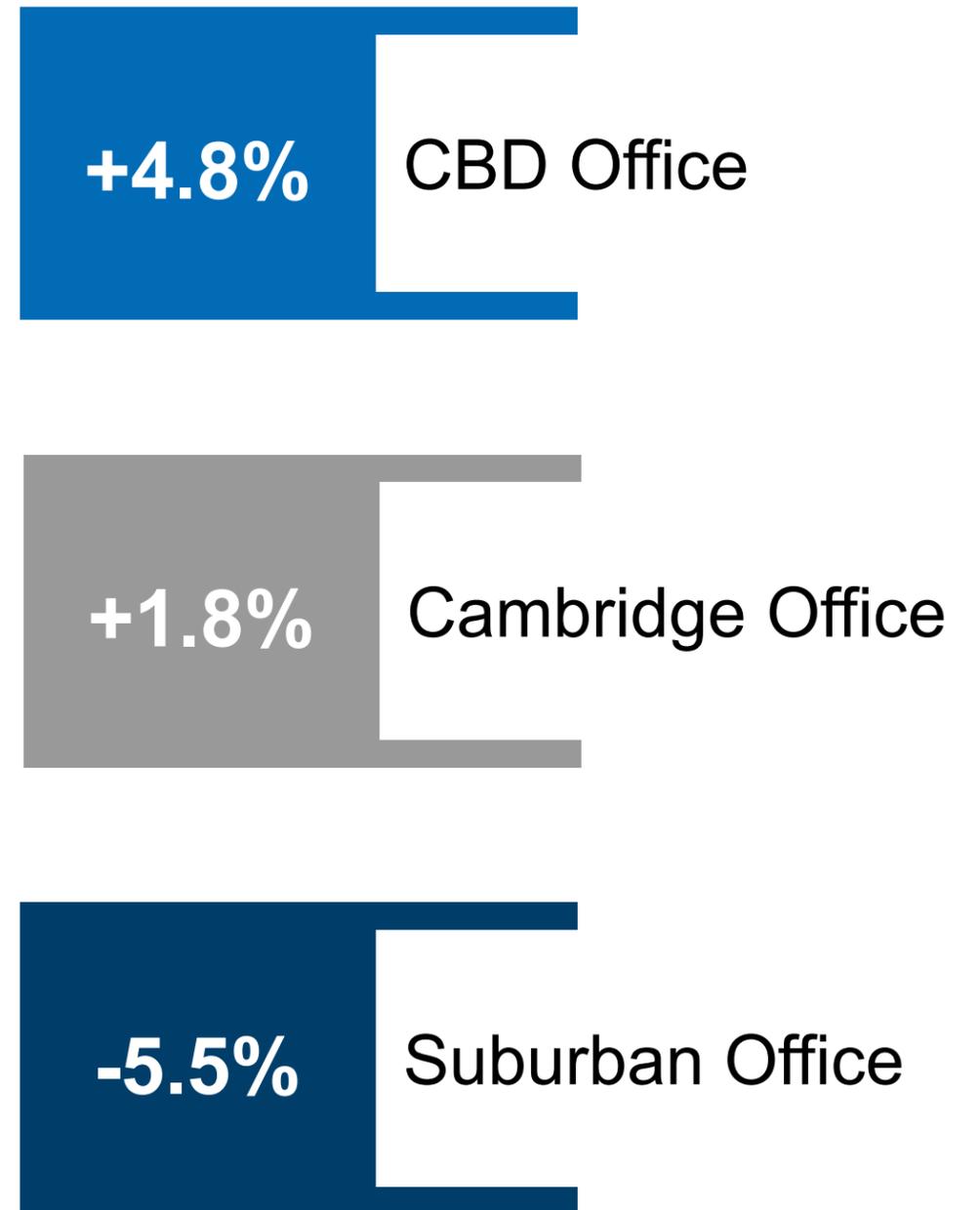
Boston's CBD Continues to Dominate This Development Cycle

Elevated vacancies have developers stalling on new office groundbreakings throughout the region, with all currently underway projects in Boston's CBD. As the flight-to-quality trend continues to evolve, remaining availabilities in these new developments have garnered interest from users looking for high-quality space and extensive amenities. Life science landlords are increasingly considering marketing core and shell lab space to office users, which could reverse the trend of declining inventory in select submarkets.

Historical Office Construction



Office Inventory Change by Market 2Q20 to 2Q25

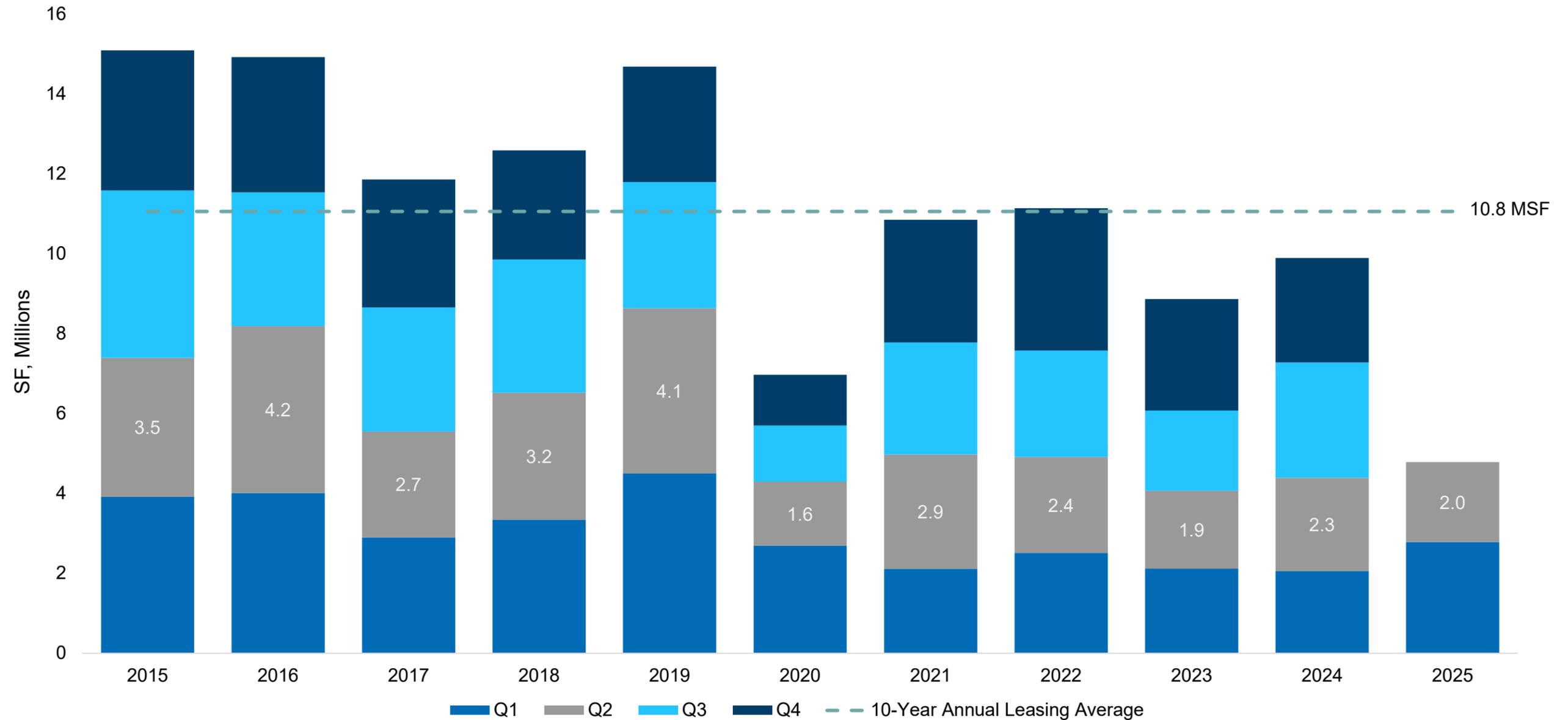


Source: Newmark Research

Suburban Activity and Renewals Sustain Leasing

After a stronger start to the year, office leasing activity in Greater Boston moderated in the second quarter of 2025, totaling approximately two million square feet. Suburban tenants, including Rockland Trust and Anduril Technologies, were key contributors to new leasing volume. Additionally, renewals and lease extensions—particularly within traditional office-using industries—remain prevalent, reflecting occupiers' cautious sentiment and increasing preference for flexibility amid ongoing uncertainty and evolving workplace strategies.

Total Leasing Activity (MSF)



Source: Newmark Research, CoStar

Route 128 Leads Second-Quarter Leasing Activity in Greater Boston

Greater Boston's leading industrial submarket drove leasing activity during the second quarter of 2020. Two of the largest transactions, completed by **United Technology** and **Microsoft Corp.**, reflected record volumes within the Route 128 corridor, both involving three leases. In addition, the IIR submarket reported a steady stream of new lease activity, including nearly 100,000 sq ft of IIR space leased in the Greater Boston area.

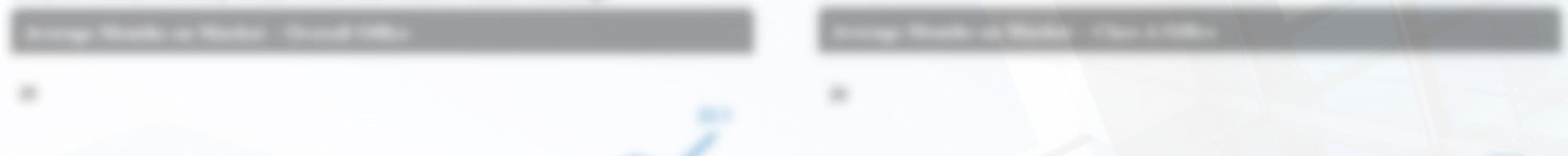
Company	Address	Submarket	Lease Type	Square Feet
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Company	Address	Submarket	Lease Type	Square Feet
United Technology	175 Linden St., Boston	Greater Boston	Office Lease	65,000
Microsoft Corp.	200 Southern St., Boston	Greater Boston	Office Lease/Expansion	65,000

Leasing Velocity Slows Across Core Markets—Except the Suburbs

Average monthly leasing velocity for office space continued to increase across 10 major U.S. markets in the second quarter of 2023, with the suburbs of the core office market showing a notable decline. The ongoing tightness in the market, as Class A space in the U.S. is leasing slightly faster than comparable properties in the suburbs, could also mean a return to an average of 1.5 months to lease for the Class A market, suggesting that lease decisions may be affecting demand. Meanwhile, in Cambridge, average leasing time for Class A office space is the slowest at 2.5 months.

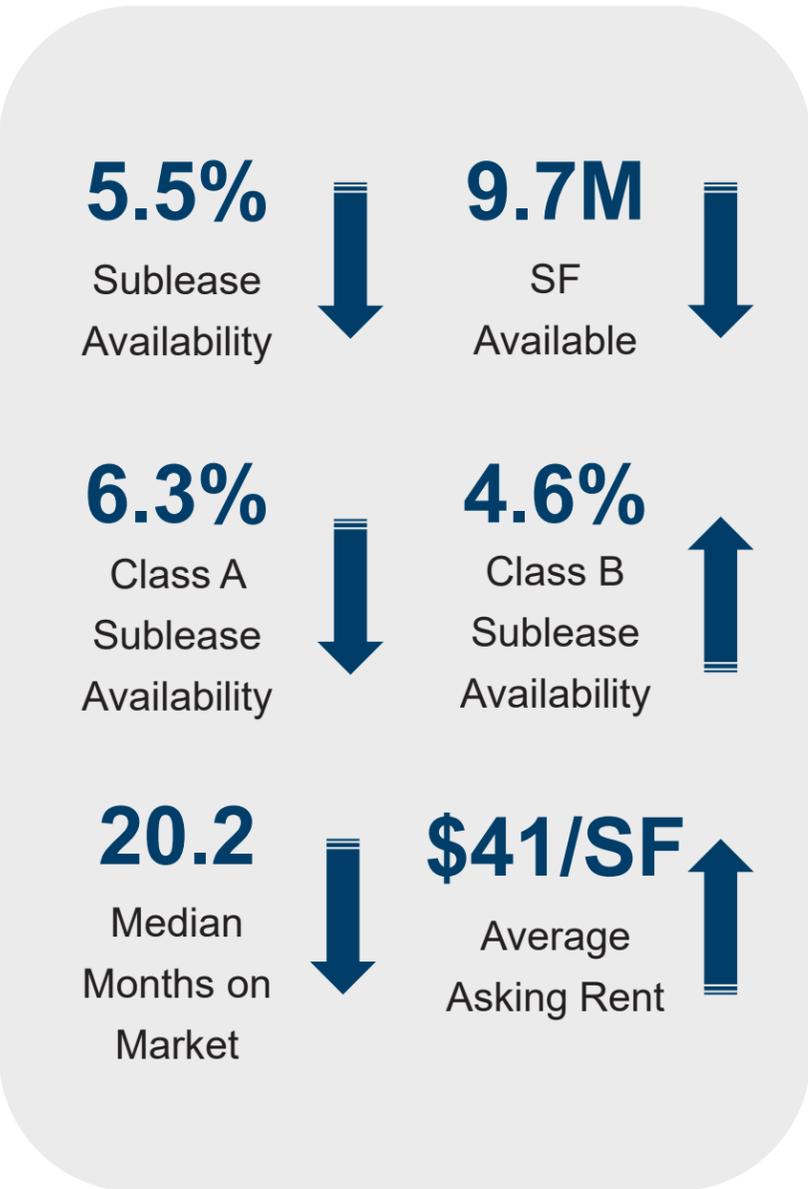


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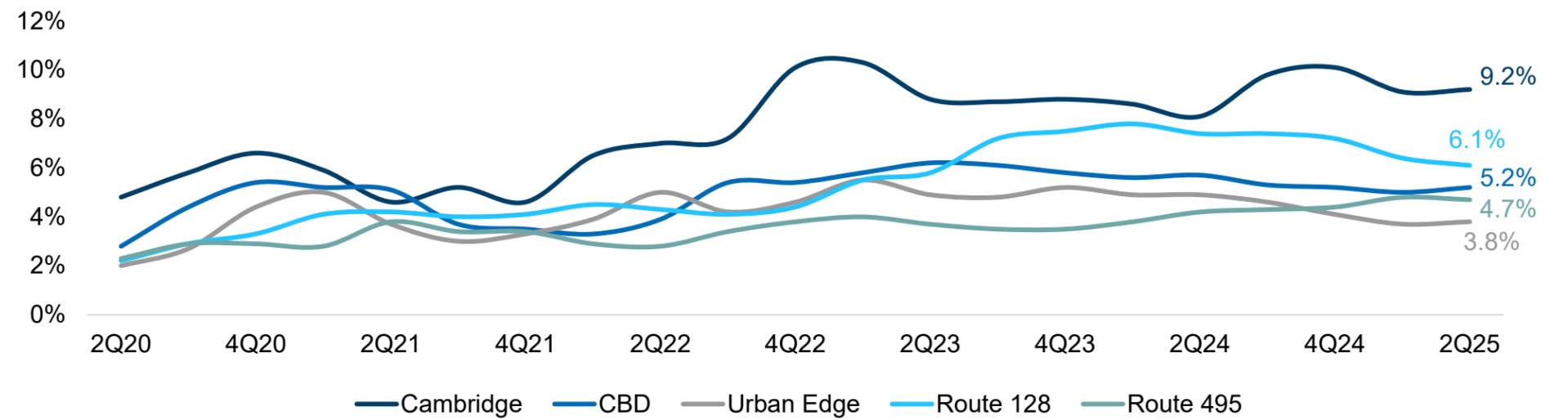
Sublease Trends Diverge Across Submarkets as Expirations Loom

Sublease availabilities saw slight increases this quarter in the Cambridge, CBD and Urban Edge submarkets, while Route 128 and Route 495 recorded modest declines. As some of these subleases near expiration, direct availabilities are facing continued upward pressure. Cambridge continues to hold the highest sublease availability rate, with 9.2% of its inventory on the market as of the second quarter of 2025, while the Urban Edge submarket remains the tightest, with just 3.8% of existing inventory available for sublease.

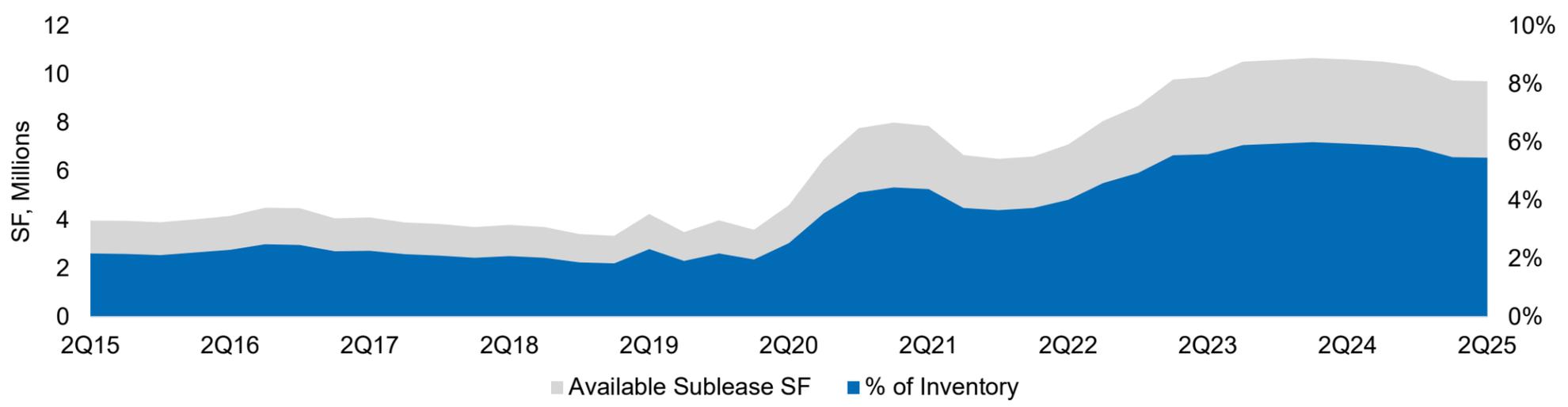
Greater Boston Sublease Statistics, 2Q 2025



Historical Office Sublease Availability (%) by Submarket



Historical Office Sublease Availability

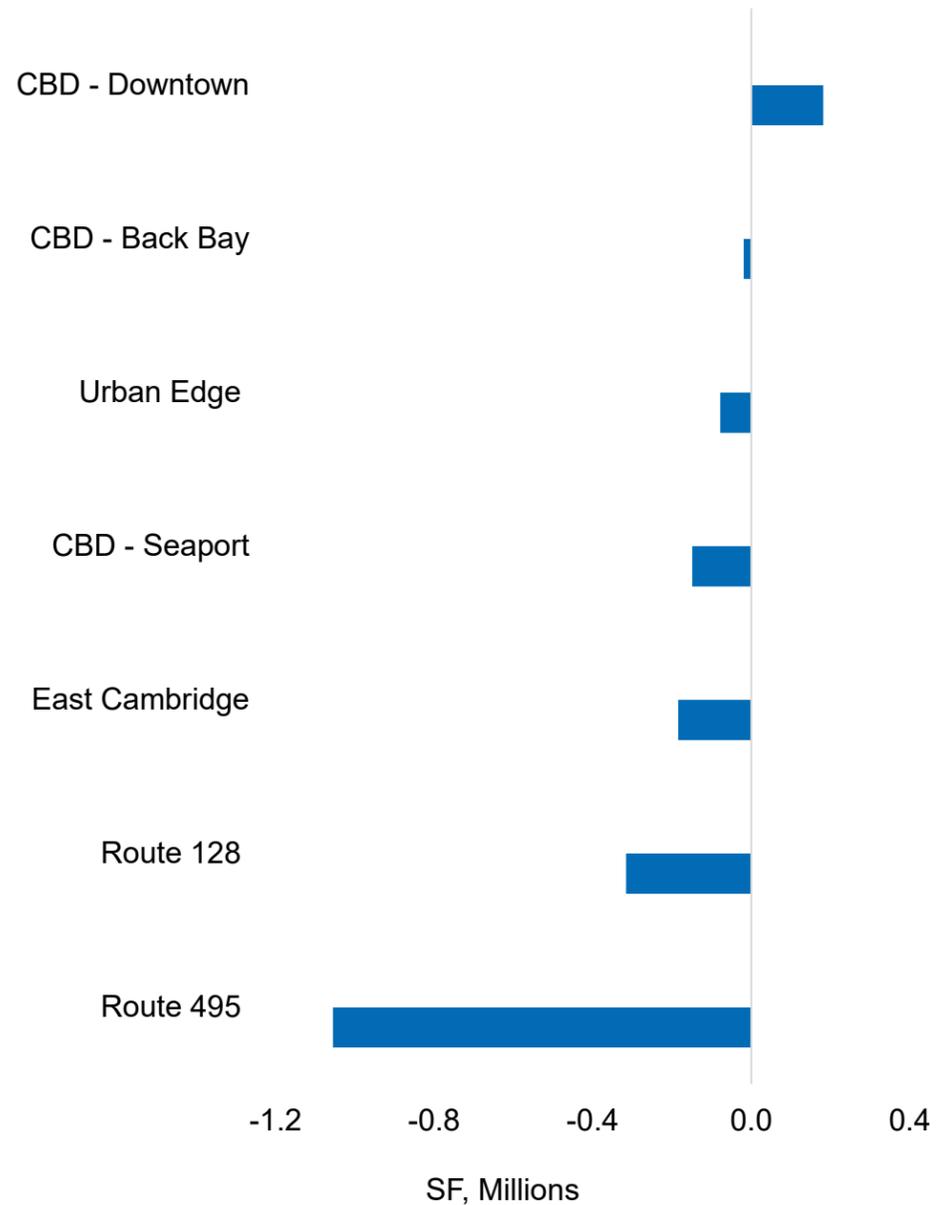


Source: Newmark Research, CoStar

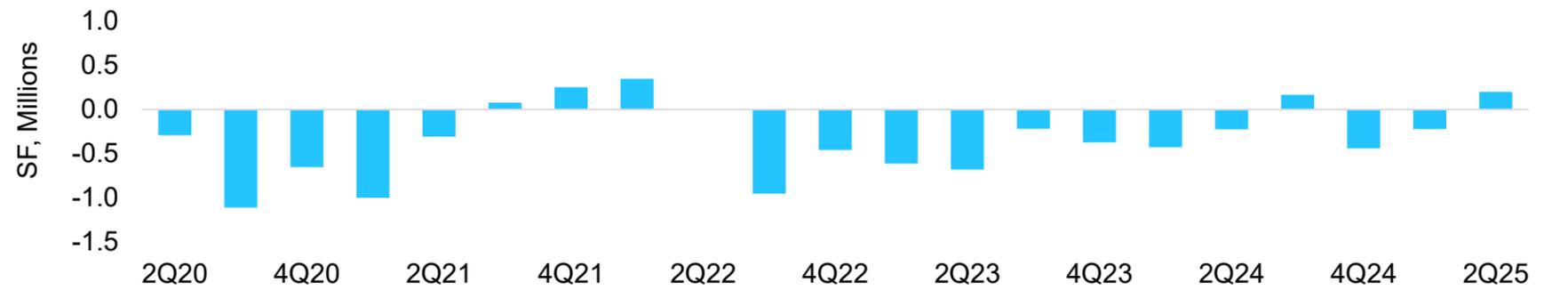
Positive Momentum Returns to CBD as Suburban Markets Struggle

The CBD was the only core submarket in Greater Boston to record positive net absorption this quarter—marking its first gain since the third quarter of 2024. In contrast, the Route 495 market experienced the most significant negative net absorption over the past 12 months, largely due to the closure of Red Hat’s facilities in Westford. Route 128 markets posted the second-highest level of negative net absorption over the past 12 months, though it was only one-third of that of Route 495, and saw significant positive net absorption this quarter.

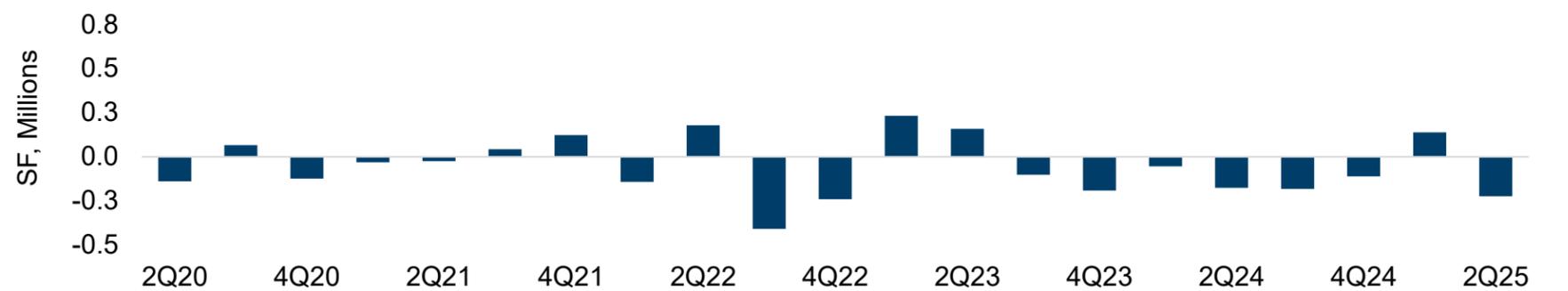
12-Month Net Absorption by Major Submarket



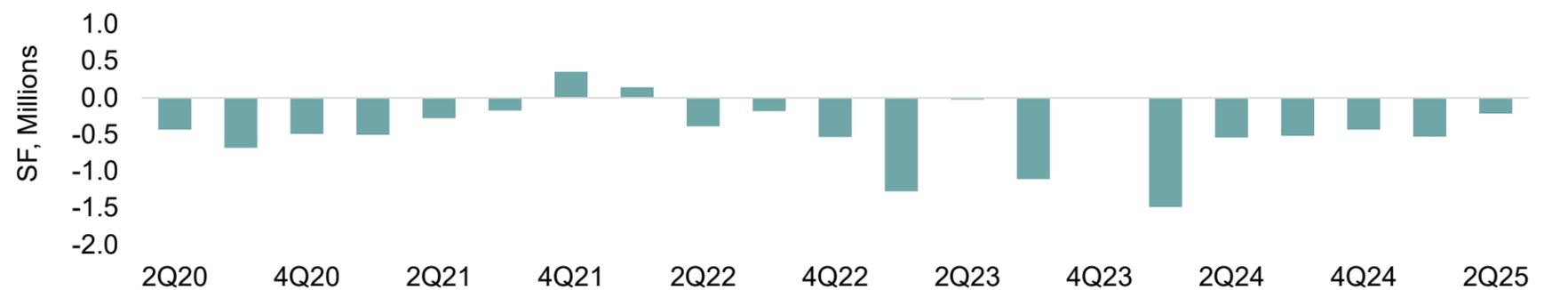
Historical Net Absorption | CBD



Historical Net Absorption | Cambridge



Historical Net Absorption | Suburbs

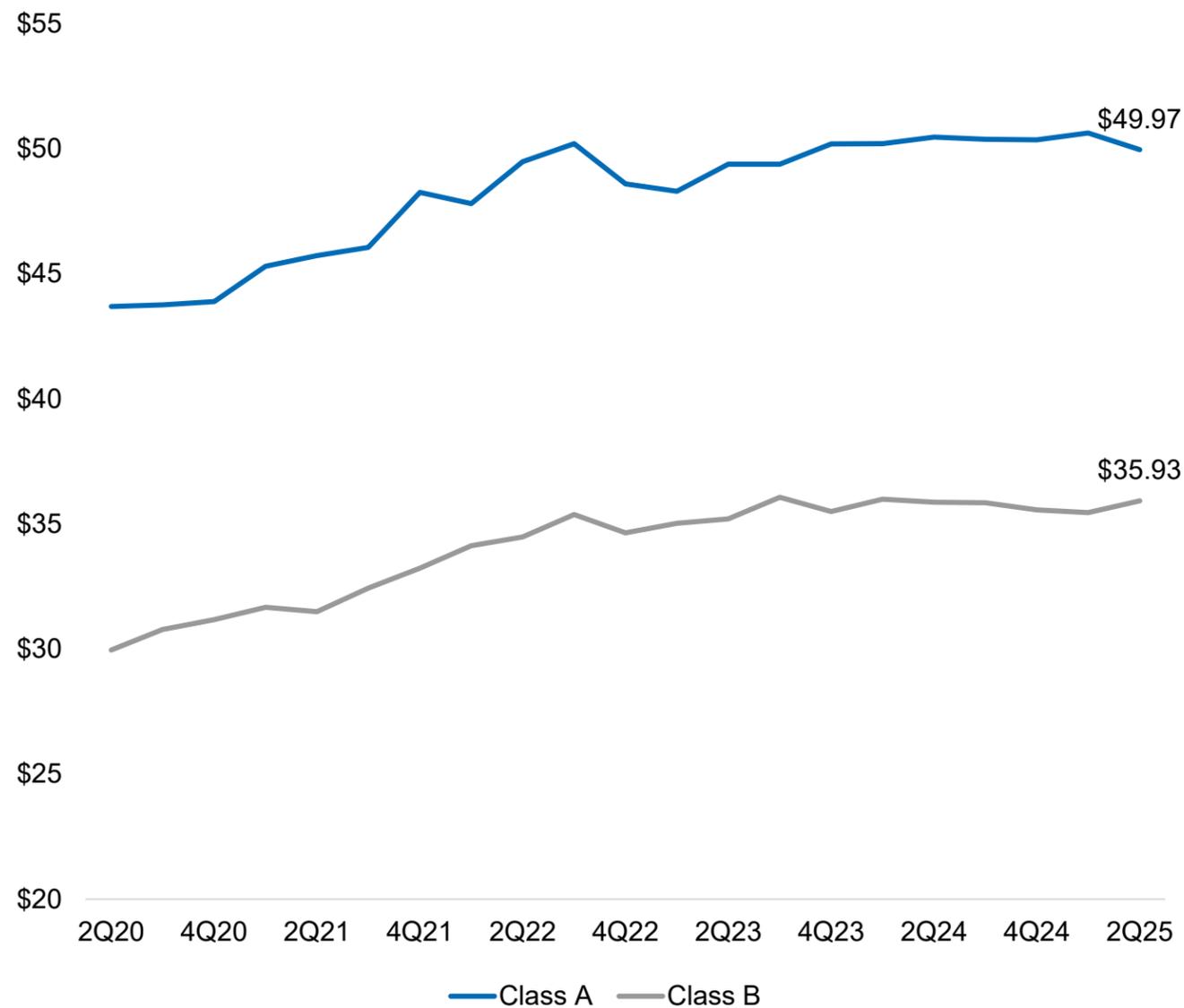


Source: Newmark Research

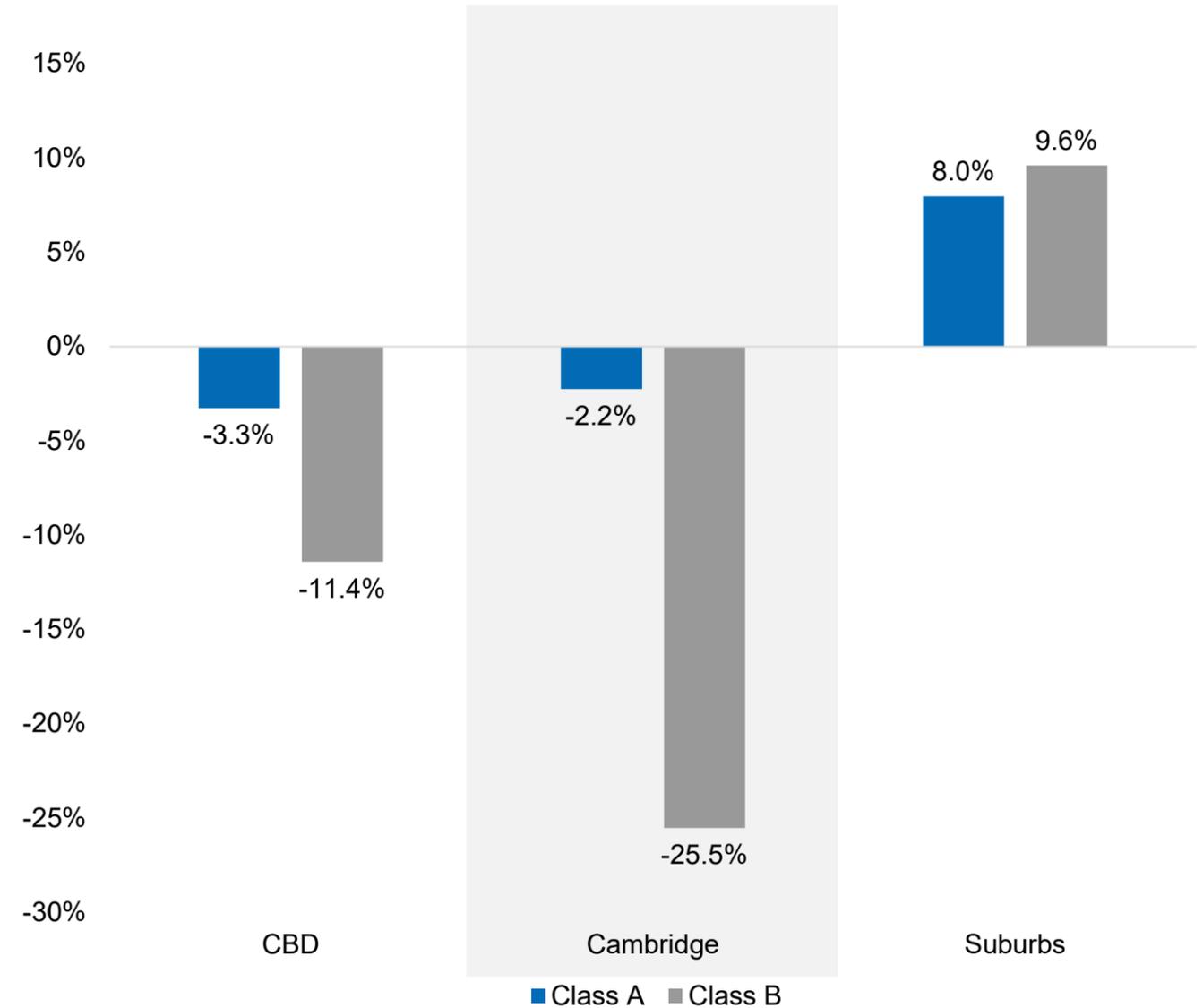
Overall Asking Rents Remain Flat Across Greater Boston

Greater Boston Class A asking rents remained relatively stable during the first quarter of 2025, with rents declining 1.3%. Conversely, the Class B market experienced an increase of 1.3%. At the submarket level, the Suburban Class A market recorded a third consecutive quarter of growth in asking rent, increasing by 2.4% over that time-period. However, overall effective rents have seen more substantial reductions, even as concession packages appear to have peaked, reflecting the impact of the current economic conditions.

Greater Boston Class A and Class B Asking Rents (\$/SF)



Change in Class A and B Asking Rents (\$/SF) 2Q20-2Q25



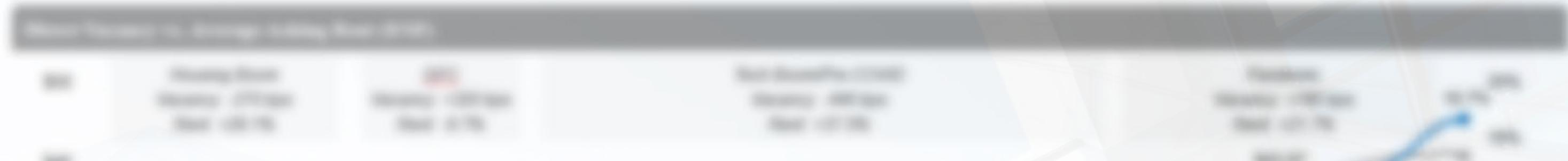
Source: Newmark Research, CoStar

Rent Change Since the Onset of the Pandemic in 2020

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Market Sees a Slight Increase in Vacancy Rates, But Slight Decrease in Rents

Market Sees a Slight Increase in Vacancy Rates, But Slight Decrease in Rents



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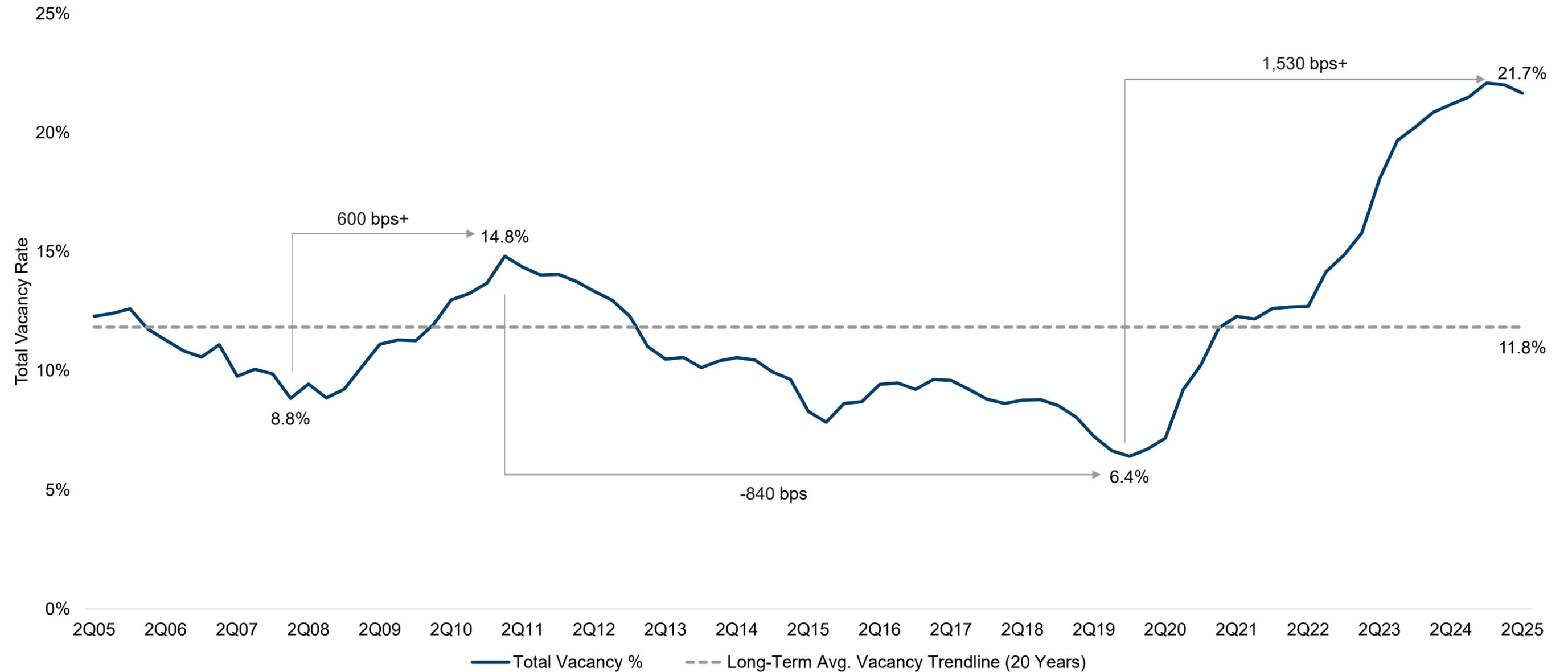
Boston CBD Office Market



Boston's CBD Observes Second Straight Quarter of Declining Vacancy Rates

Boston's CBD office market experienced a decline in vacancy rates, dropping by 30 basis points from last quarter. This marks the second consecutive quarter of decreasing vacancies—a welcome shift following 19 out of 20 quarters of rising vacancy rates that preceded this downtick. The most significant contributor to this improvement was LEGO's relocation to Massachusetts and subsequent move into its new headquarters at 1001 Boylston Street in the Back Bay.

Historical Vacancy Rate

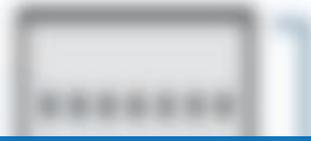


Source: Newmark Research

“View Space” Preference Continues to Drive Shifts in CBD Vacancy Trends

High-rise office towers in major markets across the U.S. continue to experience high vacancy rates, with the highest vacancy rates concentrated in the New York City market. In the second quarter of 2014, the New York City market experienced a vacancy rate of 14.5%, up from 13.5% in the first quarter. This increase is primarily driven by a shift in the market's vacancy composition, with a higher percentage of the market's vacancy now being in the "view space" category. This shift is a result of a growing preference for high-rise office space with panoramic views, which is driving up demand for this type of space. As a result, the New York City market is seeing a shift in its vacancy trends, with a higher percentage of the market's vacancy now being in the "view space" category.

Source: Newmark Research



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Note: Data is from a select survey of office towers. For every market, except the Seaport, the buildings have a minimum of 20 floors. Due to airspace height restrictions, the premier office buildings in the Seaport have a minimum of 9 floors. Source: Newmark Research

Office Conversions Gain Momentum in Response to Market Pressures

Office conversions in other states are increasingly becoming alternative development strategies in response to elevated vacancy rates and building cost issues. Separately from government subsidies and redevelopment incentives, the market has seen a growing number of projects and approved conversion projects. One notable office-to-residential conversion, 1500 Massachusetts Ave, includes the SFHA Health's approval of conversion plans by 12 First Office Spaces and 12 Family Homes, making a significant step in the office-to-residential repositioning of the office space.



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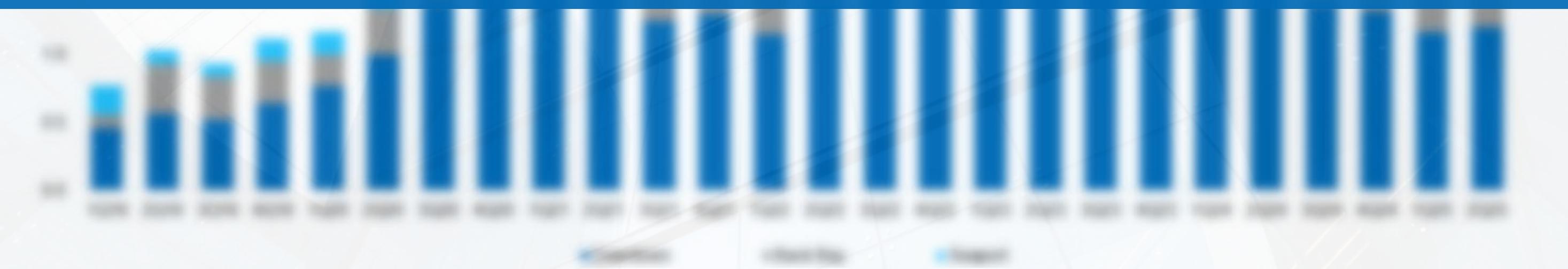


CBD Sublease Inventory Grows as Large Blocks Remain on Market

The Commercial Real Estate market continues to show the CBD is a hot market, according to an analysis of the total sublease space inventory in the market as of the end of Q3 2023. The analysis shows that the CBD market is still a hot market, with a 1.1% increase in total sublease space inventory. The report also shows that the CBD market is still a hot market, with a 1.1% increase in total sublease space inventory.



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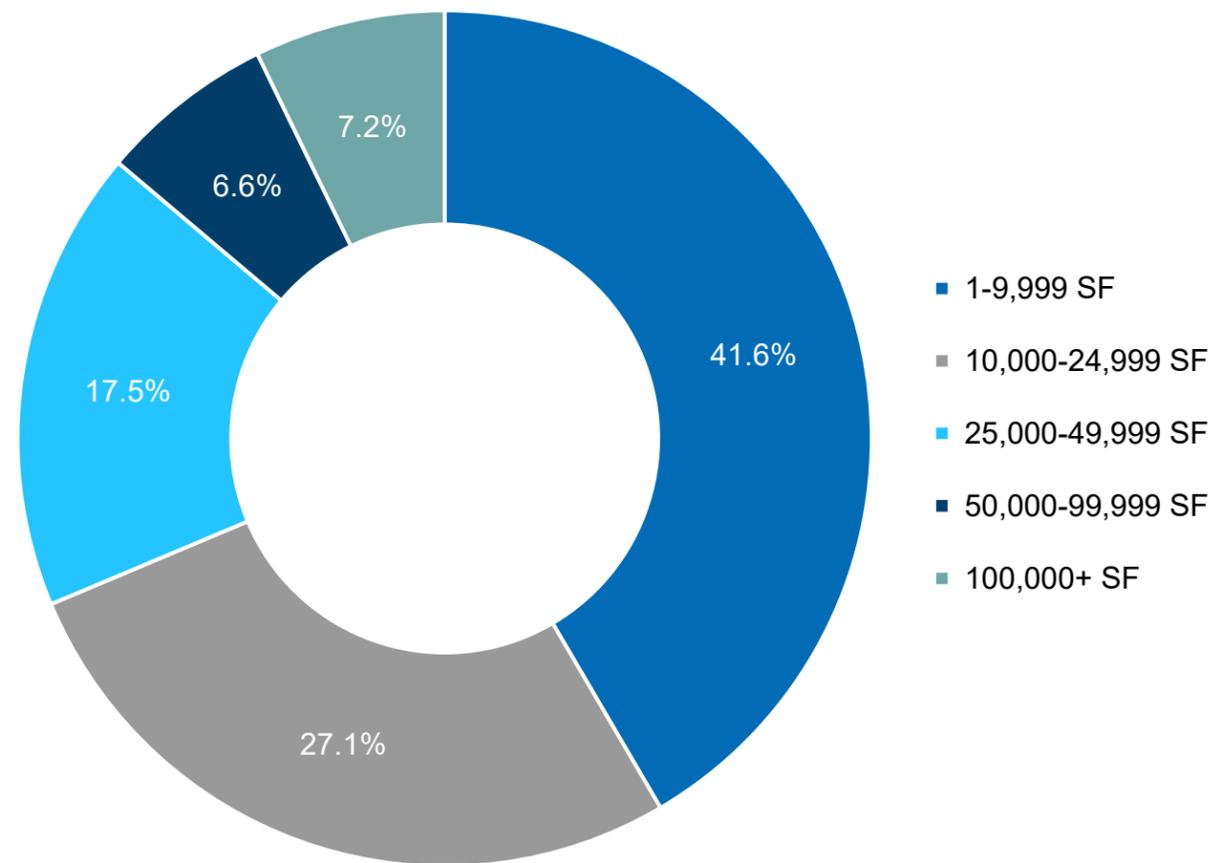


Source: Newmark Research

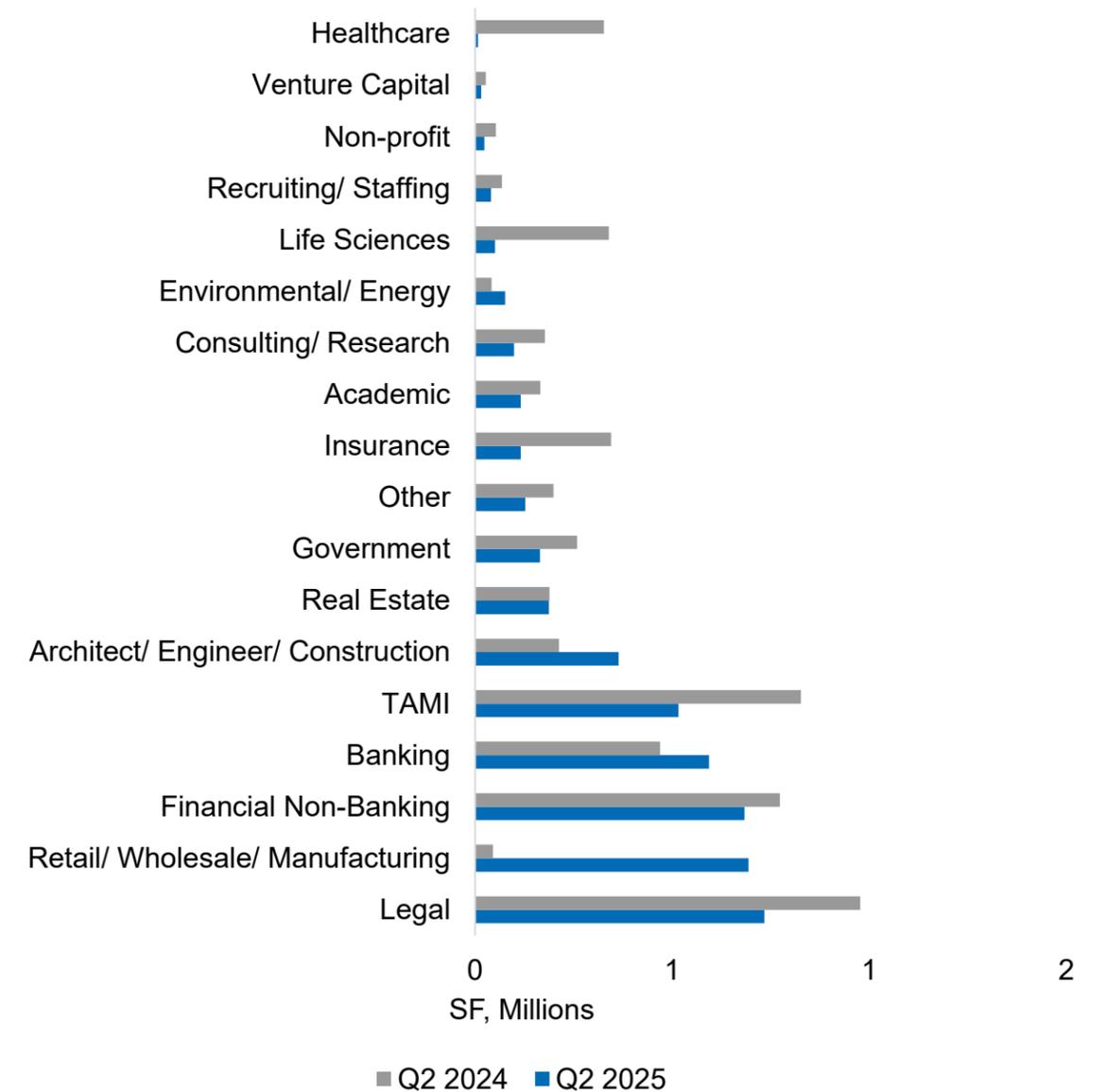
Legal Sector Leads Tenant Demand in Boston CBD

During the second quarter of 2025, the Boston CBD submarket recorded 166 active tenant requirements totaling nearly 4.6 million square feet. The legal sector accounted for the largest share of the diversified market, representing over 733,000 SF—or 15.9% of total demand. Current market dynamics continue to reinforce Boston’s identity as a “small-tenant” market, with 68.7% of active requirements targeting spaces under 25,000 SF.

Number of Requirements by Size Tranche



Active Requirements By SF and Industry



Source: Newmark Research

Direct Leases on the Rise in the CBD Amid Cautious but Stabilizing Demand

The second quarter of 2023 saw the job market show signs of recovery in the CBD. As many companies re-evaluated their office space needs, there was a notable increase in direct leases. This trend is driven by a combination of factors, including the need for more flexible lease terms and the desire to reduce long-term commitments. The market is showing signs of stabilization, with demand remaining cautious but steady.



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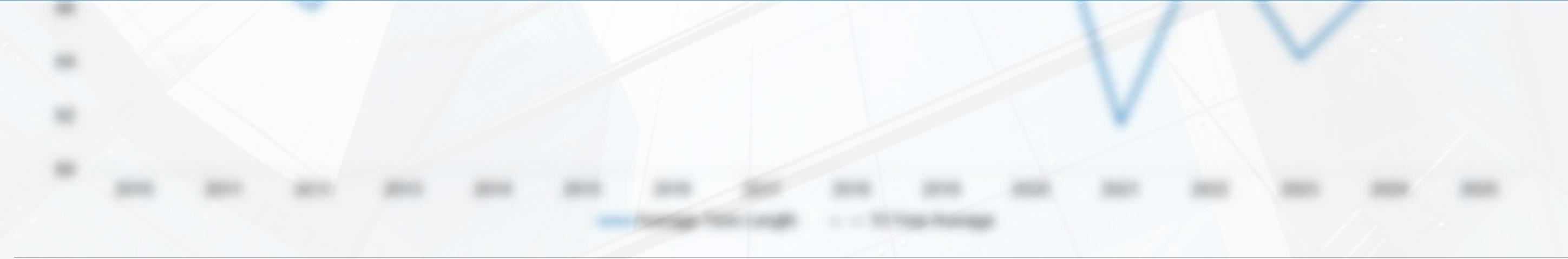


Signs of Optimism Emerge in CBD Lease Durations

The average lease term in the second quarter of 2020 was three months longer than the 2019 average, signaling a continued shift in tenant sentiment. However, in the second half of the 2020 year of 19 months, lease terms were notably shorter. This suggests that while occupancy in downtown CBDs are showing signs of renewed confidence, a renewed sense of caution and shorter program length remains.



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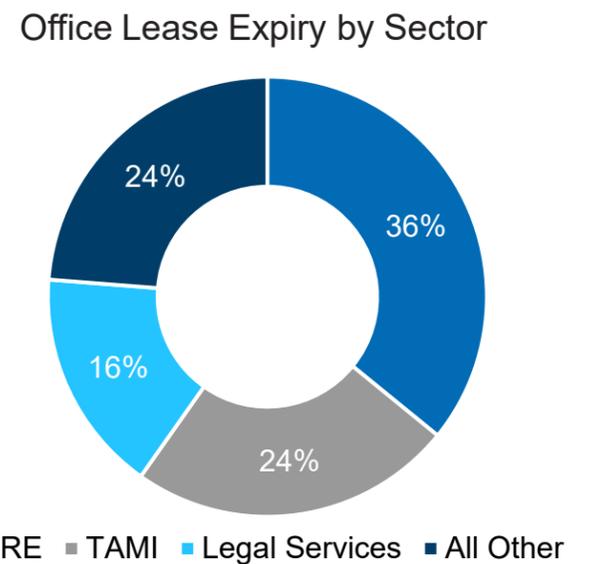
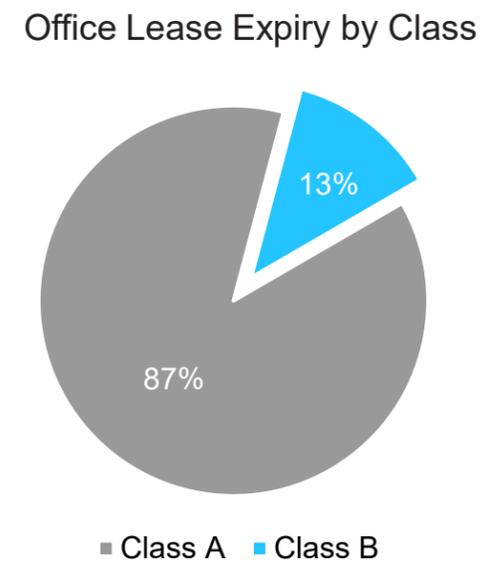
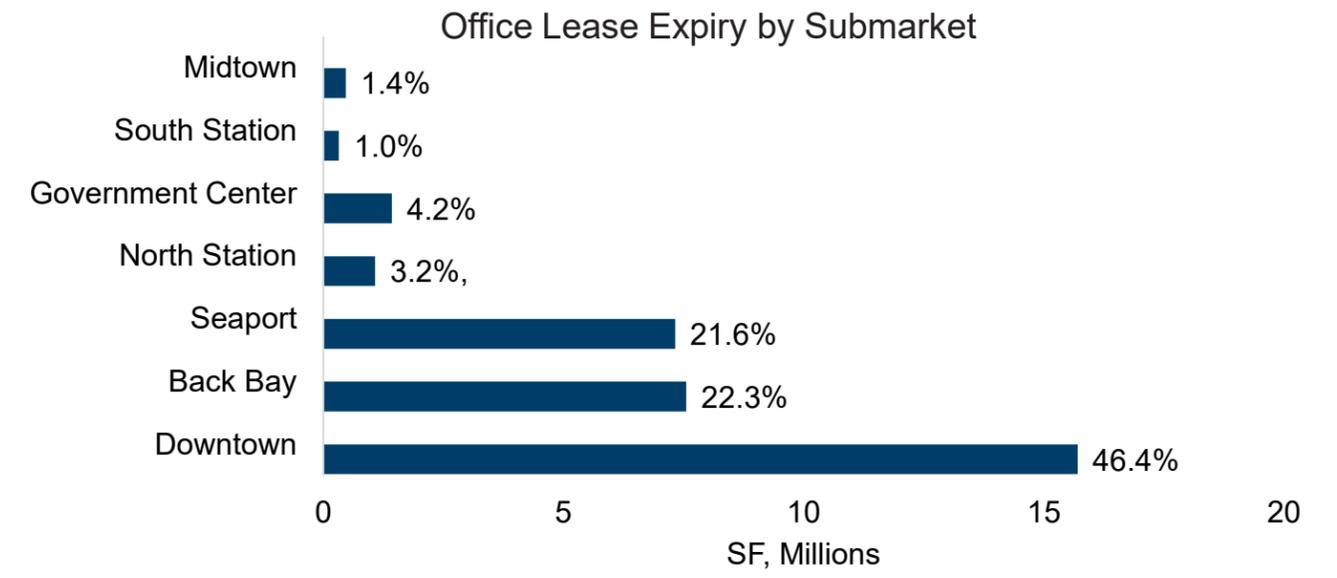
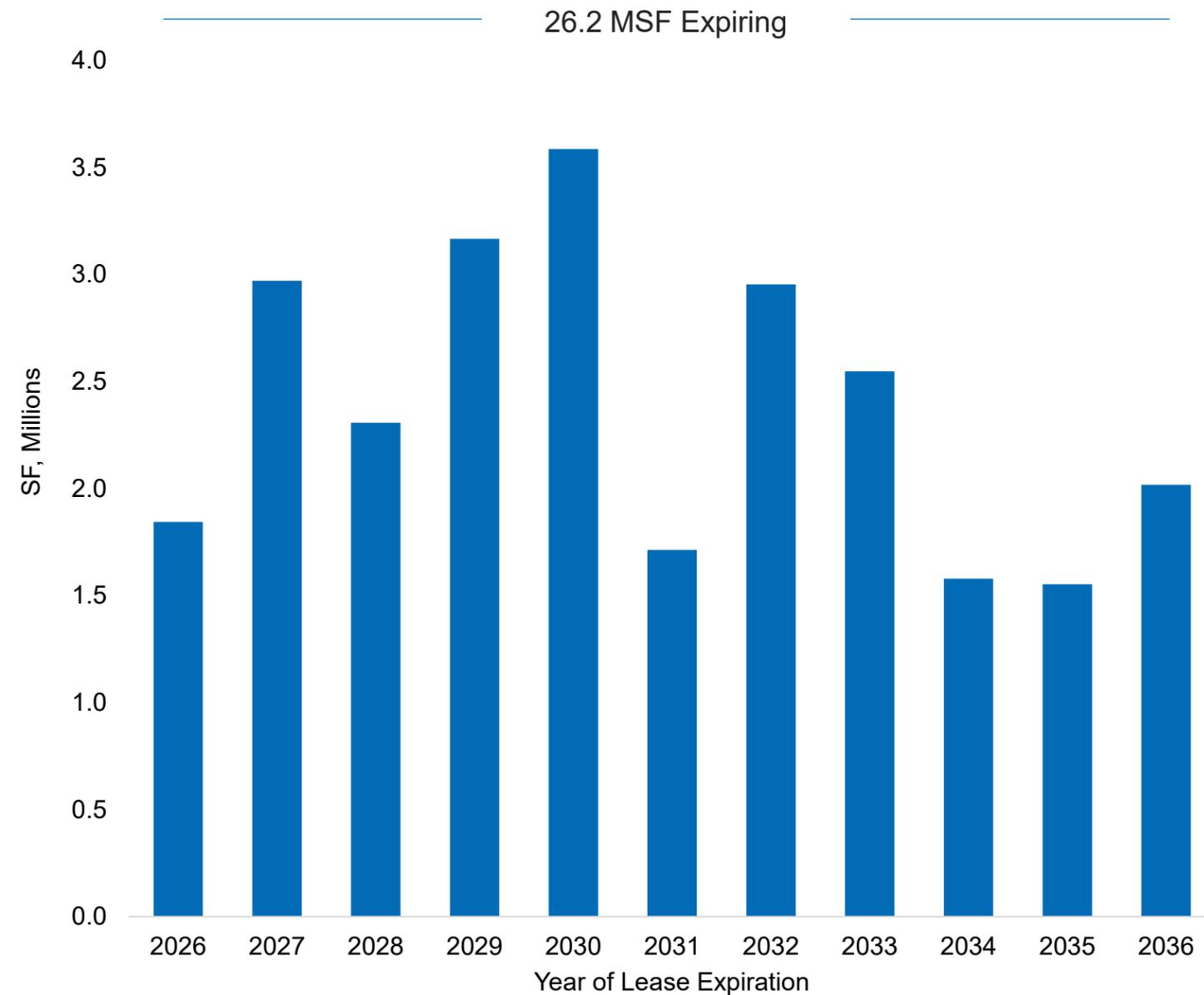


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions.

Downtown Boston Faces Significant Lease Rollover in Coming Decade

With roughly 26 million SF of office leases set to roll over the next decade, expiration-driven leasing is expected to remain a key driver of activity in the Boston market. A significant portion of this rollover space is concentrated in Class A properties, particularly within the Downtown submarket. Notably, tenants in the FIRE sectors—among the more active in recent years—account for 36.0% of the space projected to roll by 2036.

CBD Office Lease Expiry 2026-2036 | Tenants 15 KSF+



Source: Newmark Research

“Sticker Shock” Sets In as Post-COVID Subleases Roll

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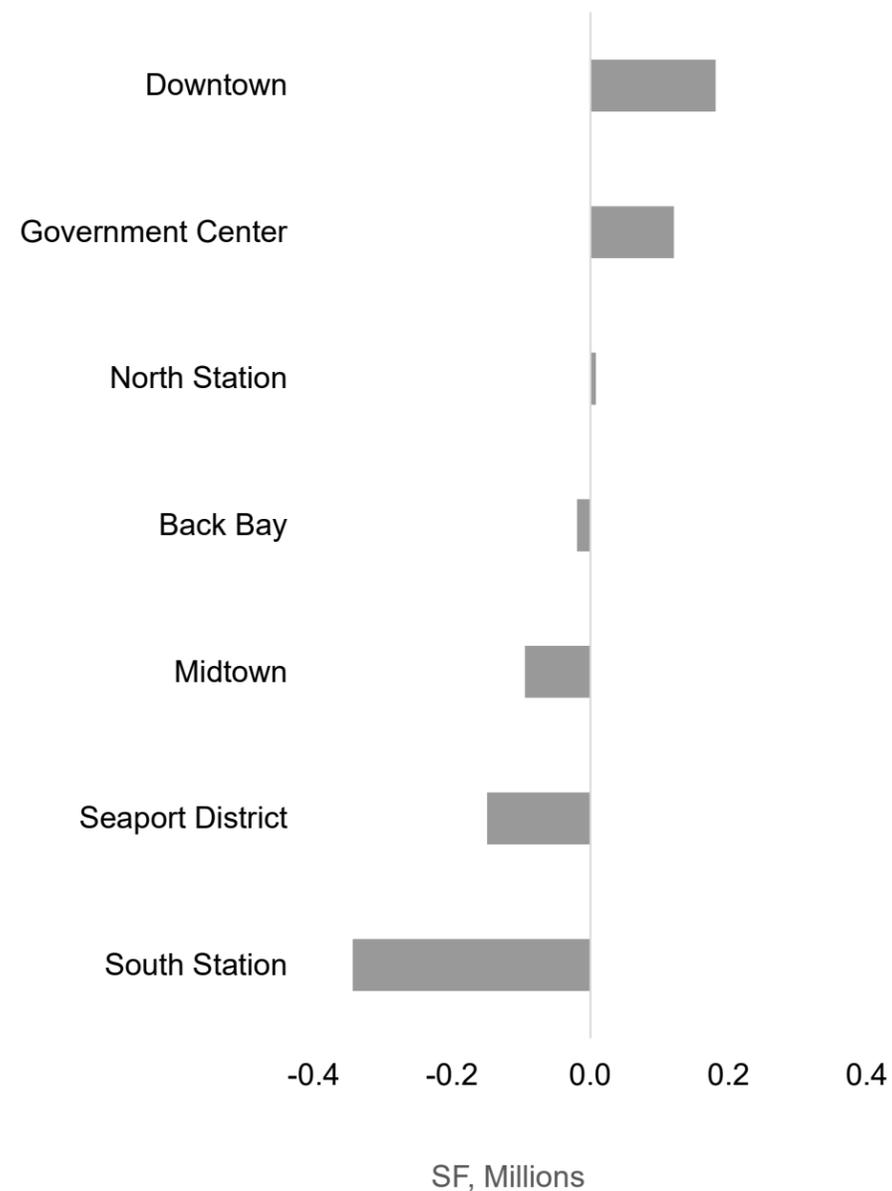
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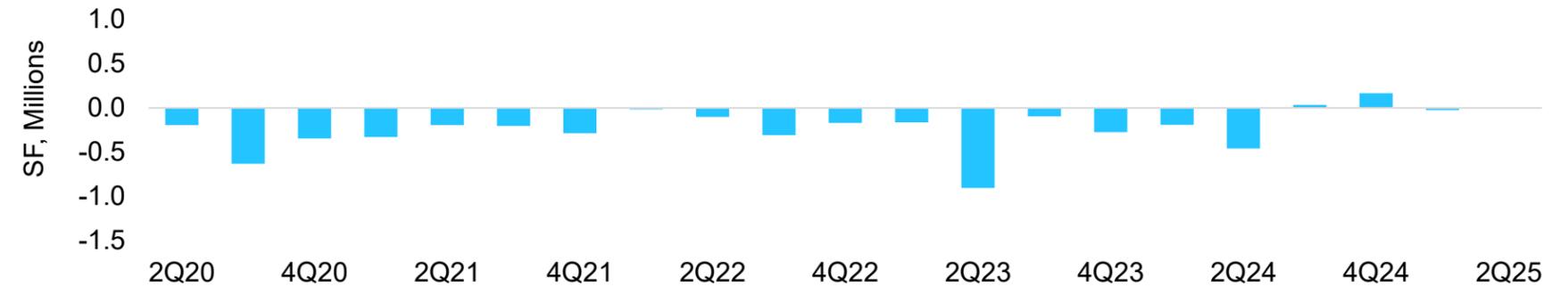
Selective Growth in CBD Highlights Uneven Office Demand

The Back Bay recorded the largest positive net absorption in the second quarter of 2025, driven primarily by LEGO's relocation from Connecticut and subsequent occupancy at 1001 Boylston Street. Over the past 12 months, only three of the seven CBD submarkets posted positive net absorption, underscoring the continued softness in demand for downtown office space. This limited growth highlights the ongoing challenges landlords face in attracting and retaining tenants in Boston's urban core.

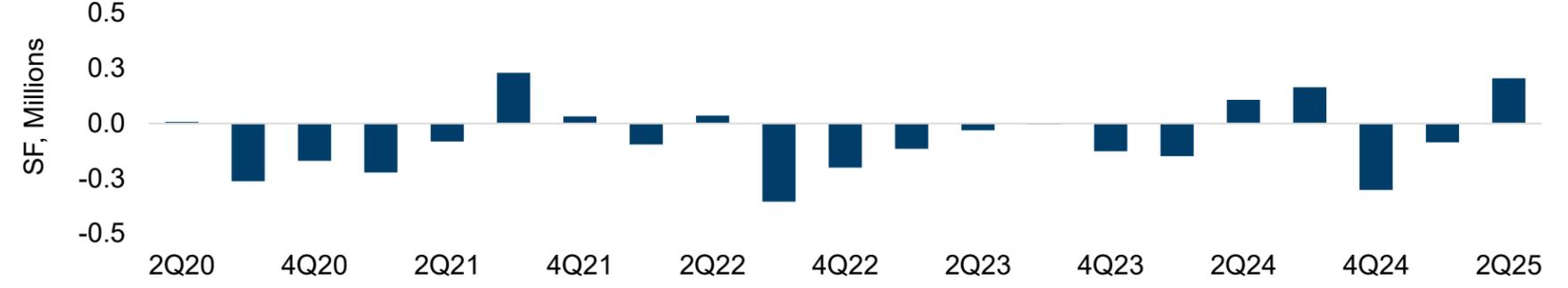
12-Month Net Absorption by Major Submarket



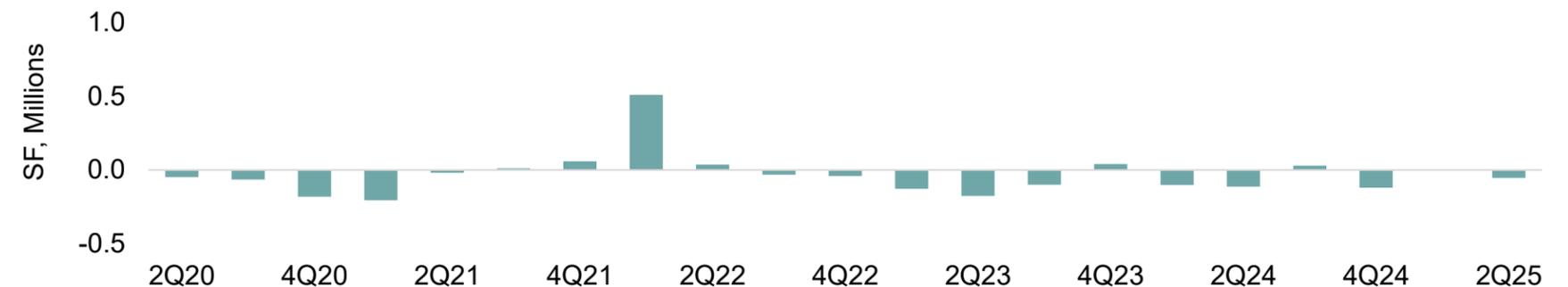
Historical Net Absorption | Downtown



Historical Net Absorption | Back Bay



Historical Net Absorption | Seaport

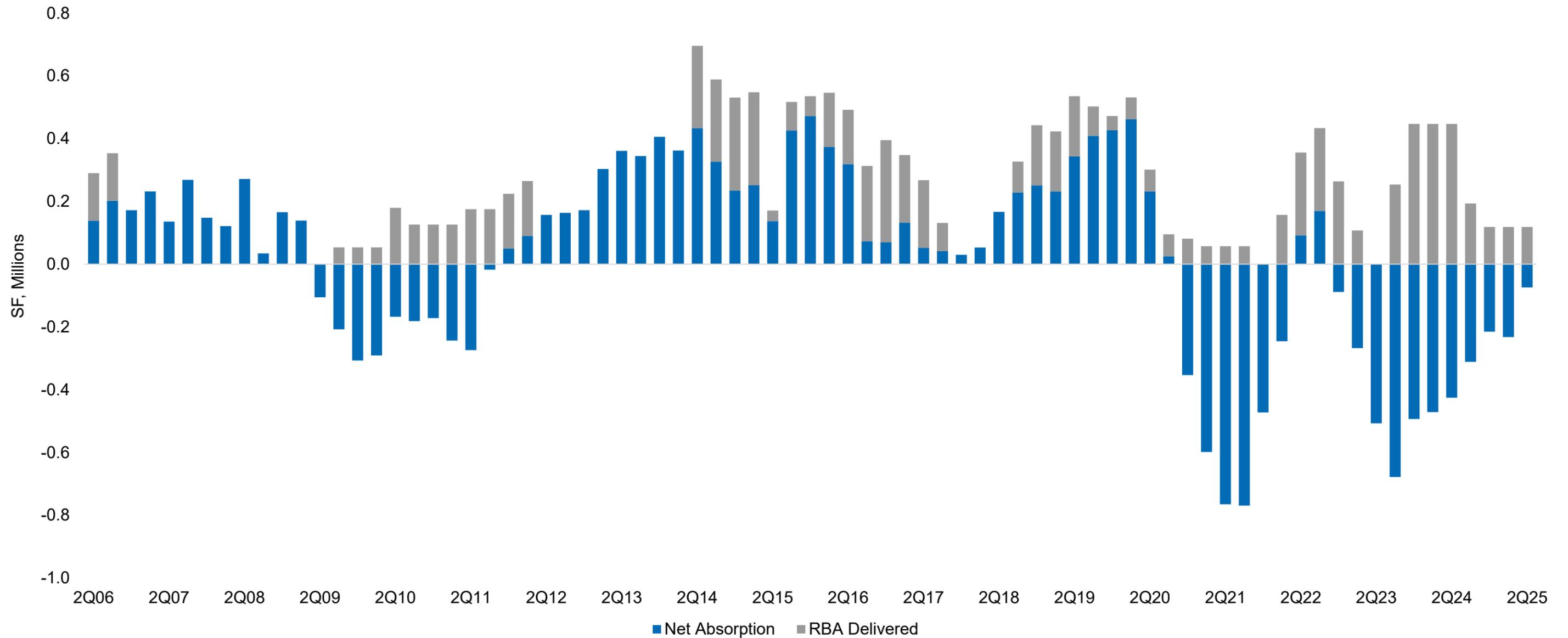


Source: Newmark Research

Second-Quarter Occupancy Losses Reach Lowest Level Since Late-2022

While Boston's CBD office market continues to post a negative four-quarter average in net absorption, occupancy losses have slowed consistently over the last three years. New office supply has been limited in recent quarters, but expectant deliveries will push square feet delivered higher over the next 12 to 18 months.

Historical Net Absorption and Deliveries | 4-Quarter Moving Average



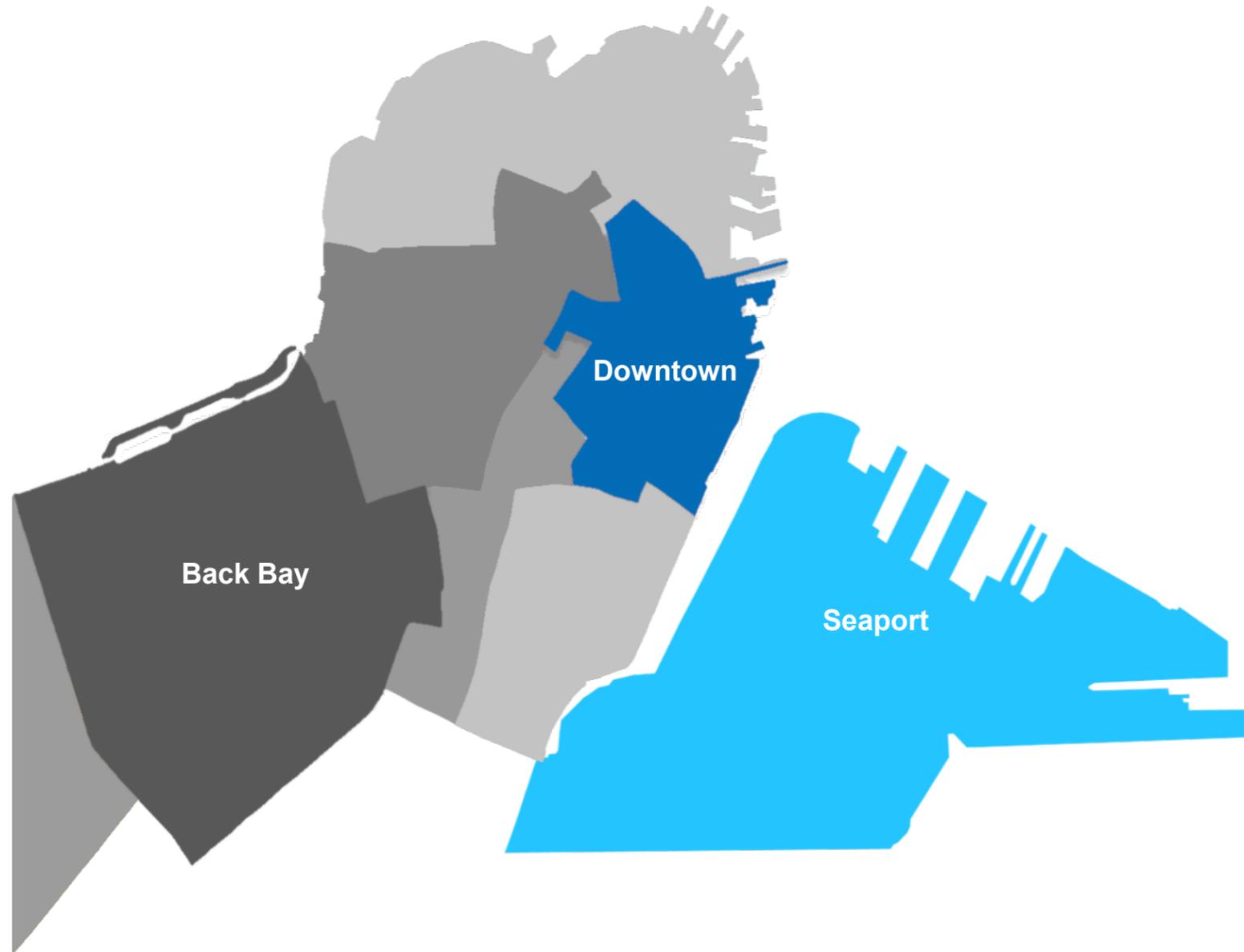
Source: Newmark Research

Class B Rents Show Slight Increase as Class A Declines Persist

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2Q25 CBD Submarket Stats

2Q25 Quick Stats, All Classes



Downtown	
33.5 <i>Inventory (MSF)</i>	24.4% <i>Vacancy Rate</i>
6,560 <i>Net Absorption (SF)</i>	\$66.35 <i>Asking Rent (\$/SF)</i>

Back Bay	
13.7 <i>Inventory (MSF)</i>	18.2% <i>Vacancy Rate</i>
204,403 <i>Net Absorption (SF)</i>	\$69.05 <i>Asking Rent (\$/SF)</i>

Seaport	
10.1 <i>Inventory (MSF)</i>	18.1% <i>Vacancy Rate</i>
-54,476 <i>Net Absorption (SF)</i>	\$57.69 <i>Asking Rent (\$/SF)</i>

2Q25

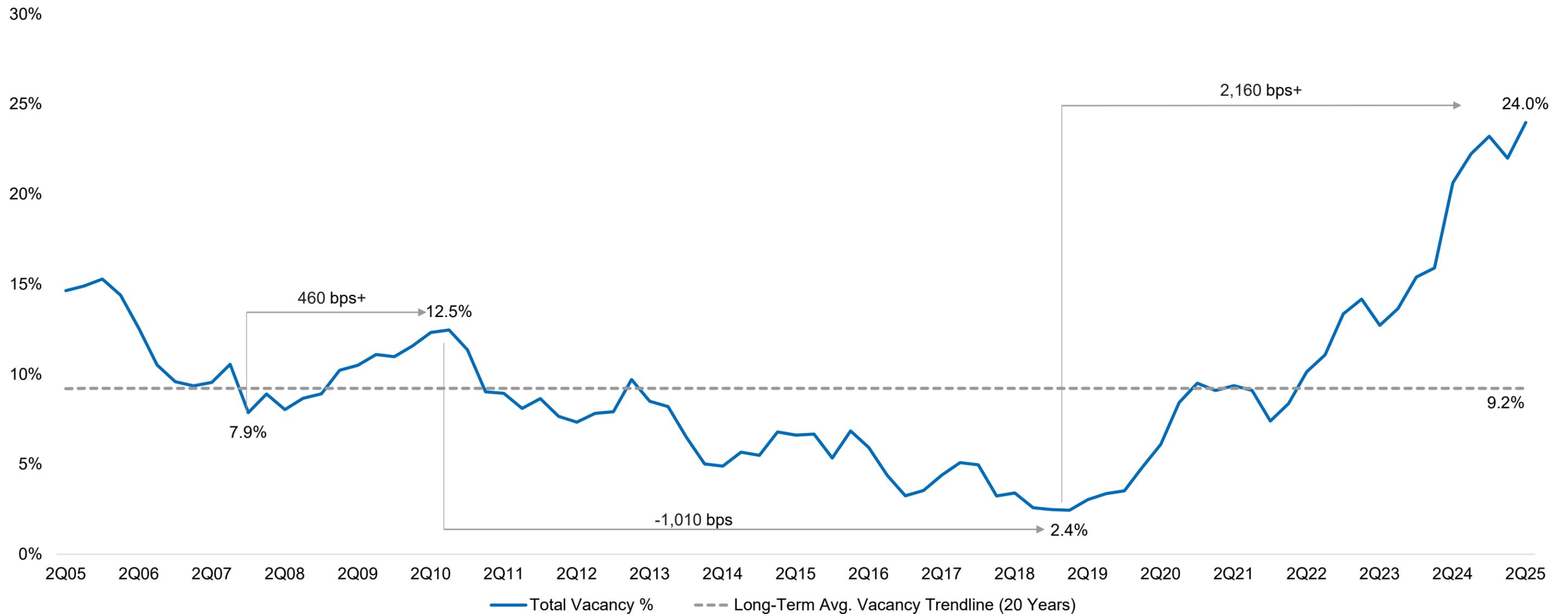
Cambridge Office Market



A Major Move Heavily Affects Cambridge Vacancy Rates Ease

The Cambridge office vacancy rate rose to a historic high in the second quarter of 2025, led by the vacating of HubSpot's building at 25 First Street in the East Cambridge submarket. This negative absorption was impactful, as it alone accounted for just over 220,000 SF of vacated space. With inventory coming in at just over 11 million SF, this moved the needle to a record high vacancy rate, approaching levels that are nearly triple the 20-year average.

Historical Vacancy Rate

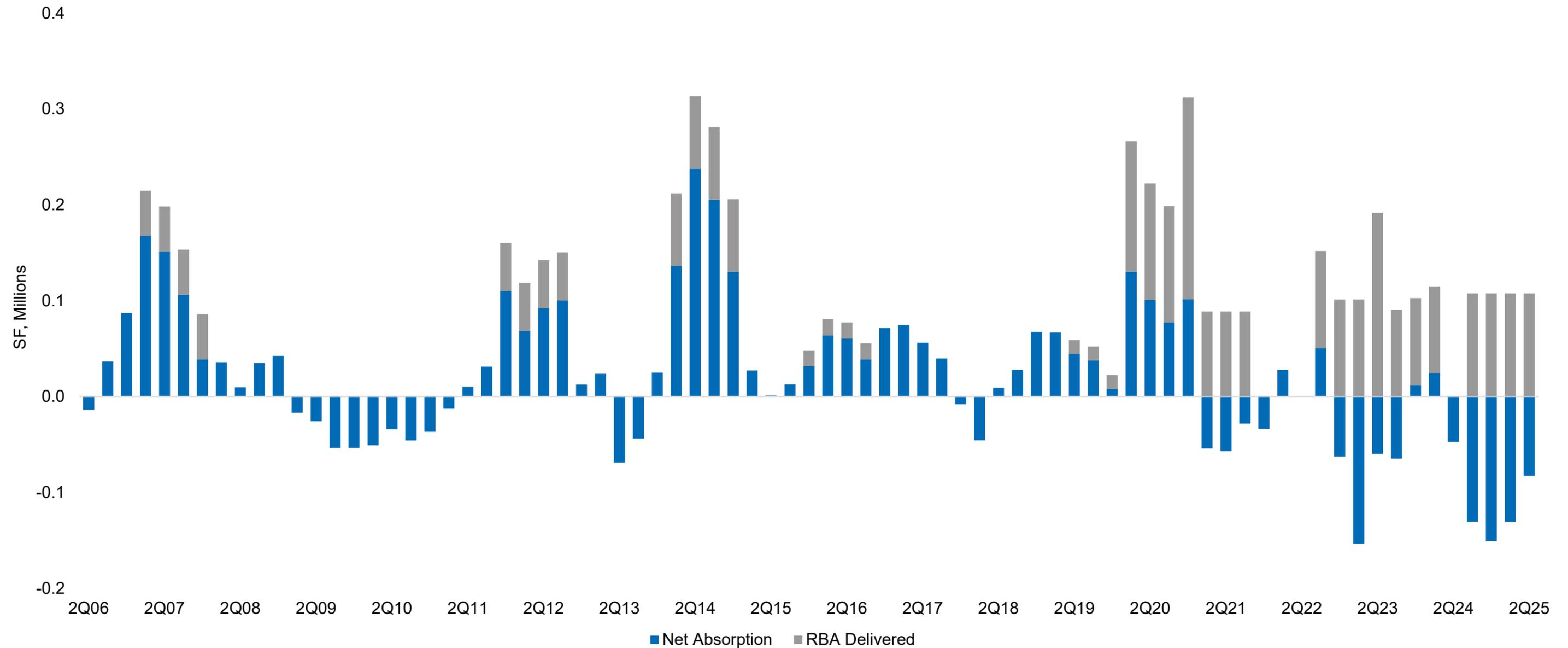


Source: Newmark Research

Net Absorption Turns Negative in Cambridge, Straining Fundamentals

The Cambridge office market recorded significant negative net absorption this quarter—marking the seventh time in the last eight quarters this trend has occurred, with the first quarter of 2025 being the sole exception. Notably, there are no office buildings currently under construction, which may support future absorption levels, especially as recently delivered buildings have often come to market fully vacant. Despite ongoing challenges, the market's strong institutional presence is expected to play a key role in driving a return to sustained positive absorption—a trend that characterized Cambridge prior to the pandemic, aside from a few brief interruptions.

Historical Net Absorption and Deliveries | 4-Quarter Moving Average



Source: Newmark Research

Subleases Continue to Offer Value to Cambridge Office Occupiers

During 2023, the Cambridge office market continued to show signs of recovery, with subleases offering a significant value proposition. The office market remains a key component of the economy, and the ability to sublease space allows occupiers to optimize their space usage and reduce costs. This is particularly true for companies that are looking to expand their operations or need additional space for a specific project. Subleases also provide a way for companies to test new markets or locations before committing to a long-term lease. The office market is expected to continue to grow, and subleases will continue to play a key role in this market.



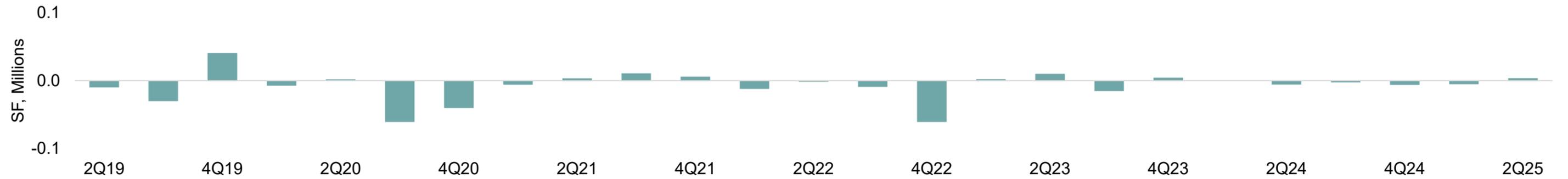
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Source: Newmark Research, CoStar

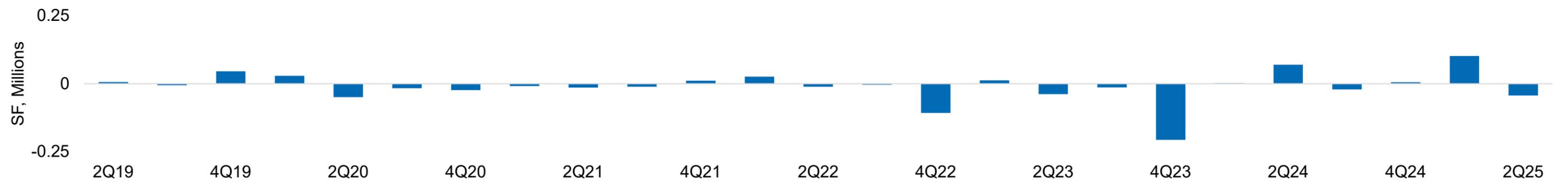
Demand Weakness Persists Across All Cambridge Submarkets

The Cambridge office market saw net absorption fall significantly negative this quarter, though, West Cambridge did end up marginally positive. With limited leasing demand, large move outs increasingly sway these figures, with HubSpot being the main example this quarter. The tech company's now vacant and available 220,750-SF space is dragging both East Cambridge and overall Cambridge into negative territory.

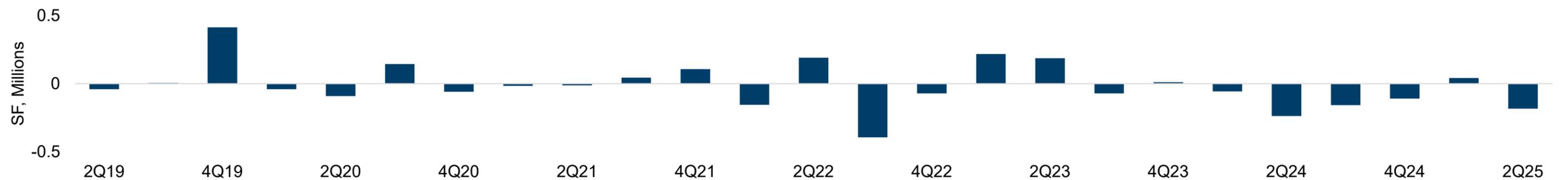
Historical Net Absorption | West Cambridge



Historical Net Absorption | Mid Cambridge



Historical Net Absorption | East Cambridge



Source: Newmark Research

Asking Rents Decline Across Cambridge Submarkets and Building Classes

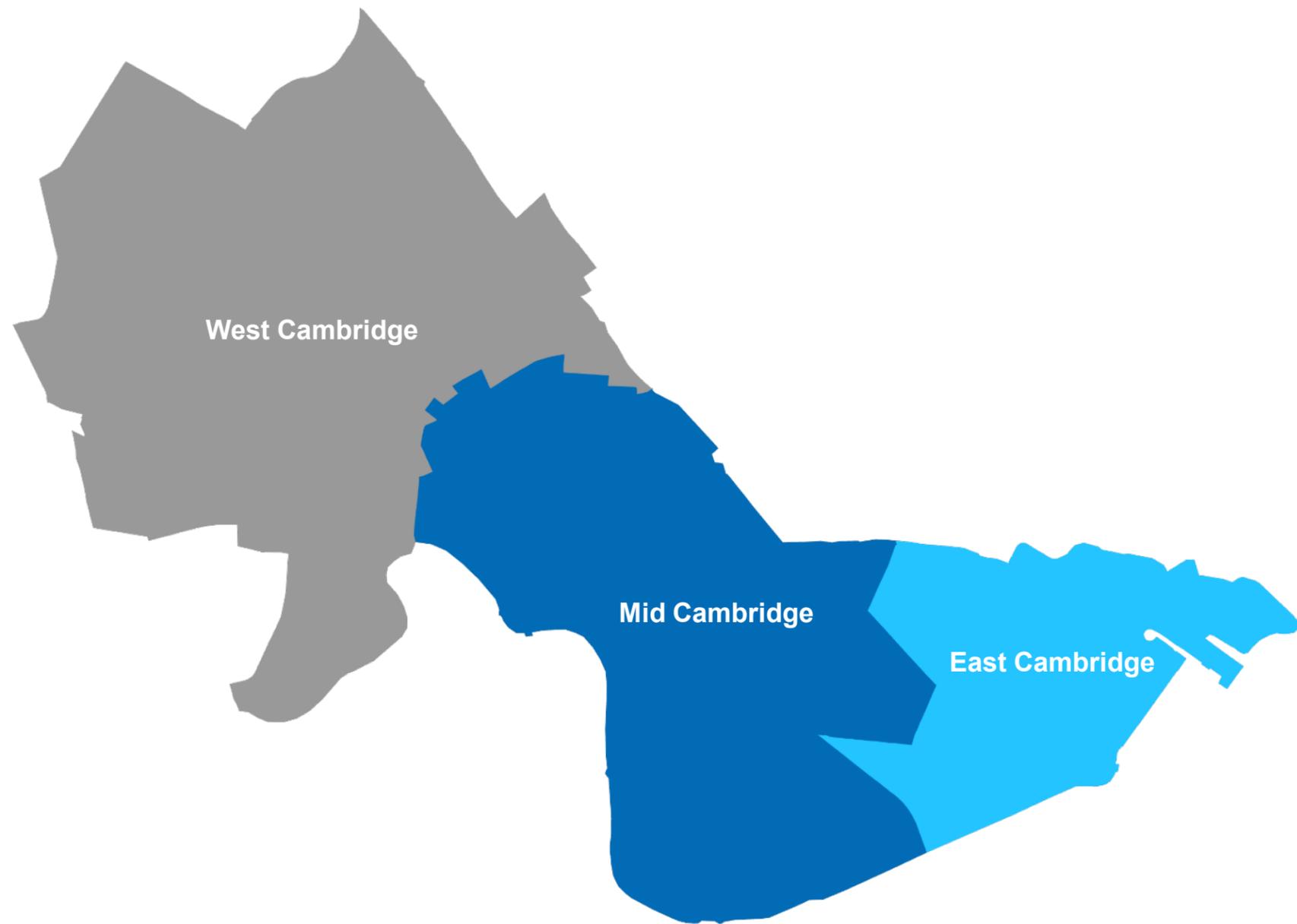
Asking rents in Cambridge submarkets continued to decline during the second quarter of 2020, however, the decline is expected to continue to taper off as the market begins to stabilize. The New Cambridge submarket has seen the largest decline in asking rents, falling 1.5% from \$1,200 to \$1,180 per square foot. The Old Cambridge submarket has seen a 1.0% decline, falling from \$1,100 to \$1,080 per square foot. The Central Cambridge submarket has seen a 0.5% decline, falling from \$1,000 to \$990 per square foot. The South Cambridge submarket has seen a 0.2% decline, falling from \$900 to \$897 per square foot. The North Cambridge submarket has seen a 0.1% decline, falling from \$800 to \$798 per square foot.



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2Q25 Cambridge Submarket Stats

2Q25 Quick Stats, All Classes



East Cambridge	
7.7 <i>Inventory (MSF)</i>	27.8% <i>Vacancy Rate</i>
-184,628 <i>Net Absorption (SF)</i>	\$78.26 <i>Asking Rent (\$/SF)</i>

Mid Cambridge	
2.6 <i>Inventory (MSF)</i>	17.2% <i>Vacancy Rate</i>
-43,464 <i>Net Absorption (SF)</i>	\$59.49 <i>Asking Rent (\$/SF)</i>

West Cambridge	
1.0 <i>Inventory (MSF)</i>	12.5% <i>Vacancy Rate</i>
3,527 <i>Net Absorption (SF)</i>	\$38.65 <i>Asking Rent (\$/SF)</i>

2Q25

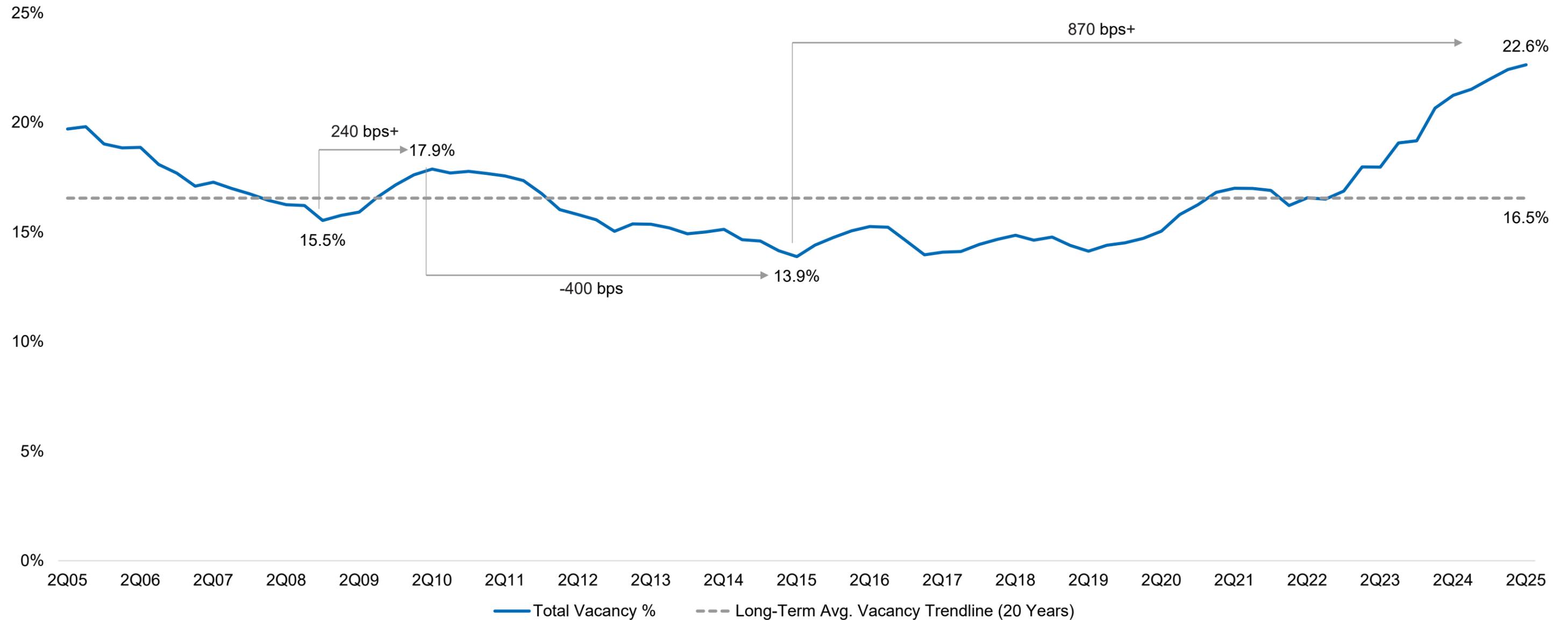
Suburban Office Market



Suburban Vacancy Hits Record High Amid Slowing Leasing Activity

Vacancy rates in Greater Boston's suburban submarkets continued their upward trajectory in the second quarter of 2025, reaching a new historic high of 22.6%. This marks the eleventh consecutive quarter of rising vacancy, with the rate now sitting well above the 20-year historical average. Meaningful momentum will be needed to reverse the trend and bring vacancy levels back in line with long-term norms. Apart from modest activity along Route 128, limited leasing across the suburbs continues to place downward pressure on market fundamentals.

Historical Vacancy Rate

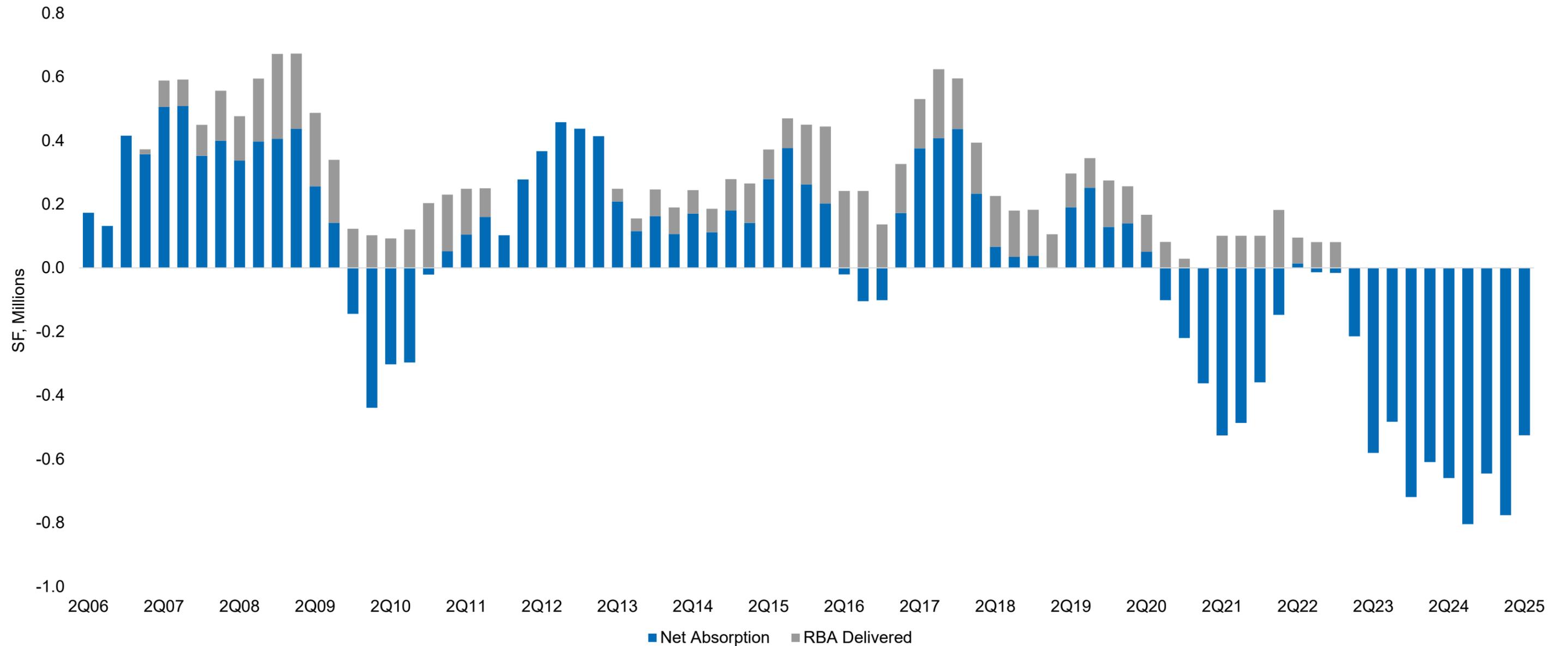


Source: Newmark Research

Persistent Imbalance Continues, Suburban Development Activity Stalled

The suburban office market continues its trend of negative net absorption, having not posted a quarterly figure that is noticeably positive since the first quarter of 2022. On the other hand, we have not tracked a building delivery since the fourth quarter of 2021, and do not track any suburban office buildings under construction. The driver of both these trends is the lack of demand and overall leasing activity.

Historical Net Absorption and Deliveries | 4-Quarter Moving Average

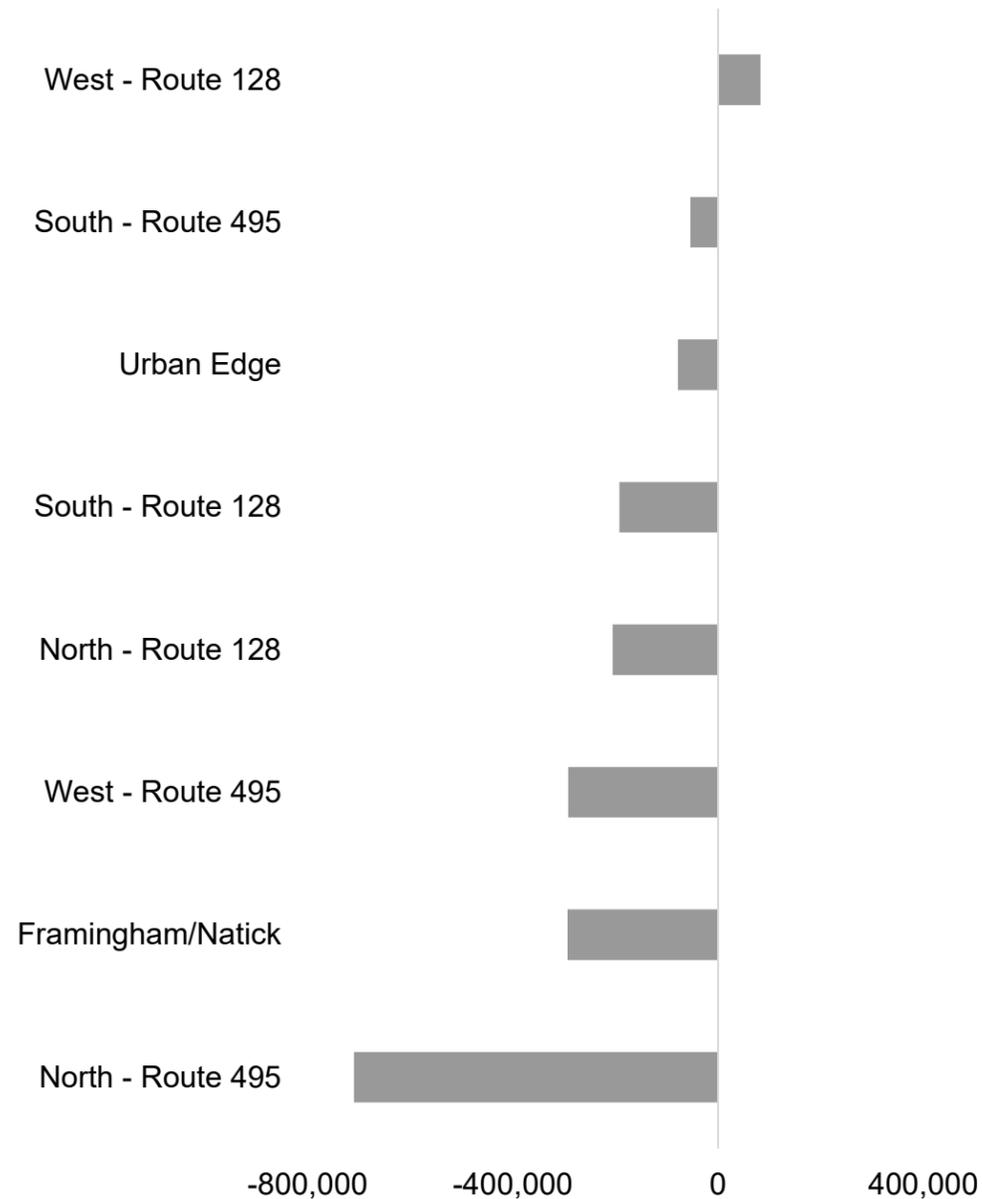


Source: Newmark Research

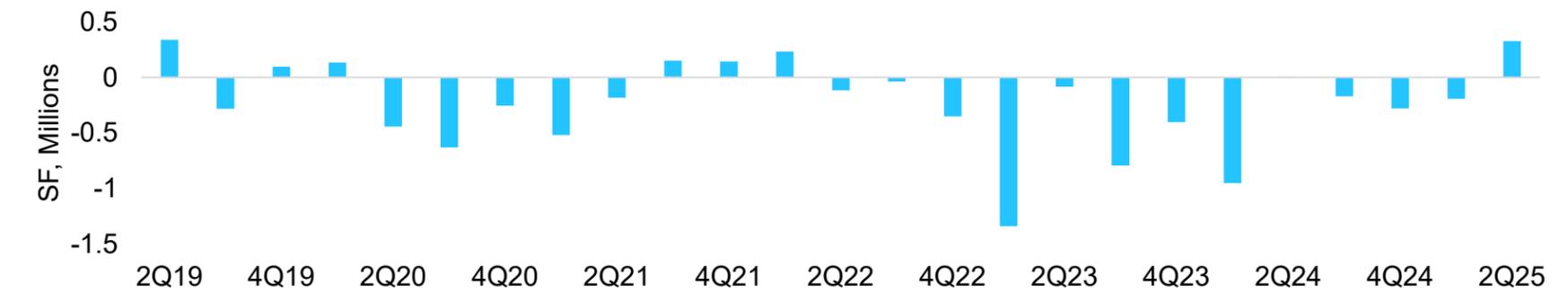
Negative Net Absorption Persists Across the Suburbs, with One Bright Spot

Negative net absorption was recorded across all core suburban submarkets in the first quarter of 2025 except for West – Route 128, which registered significant positive absorption, keeping its 12-month net absorption in positive territory. It remains the only suburban market to do so. The North – Route 495 submarket continues to struggle, posting large negative net absorption both for the quarter and over the past 12 months.

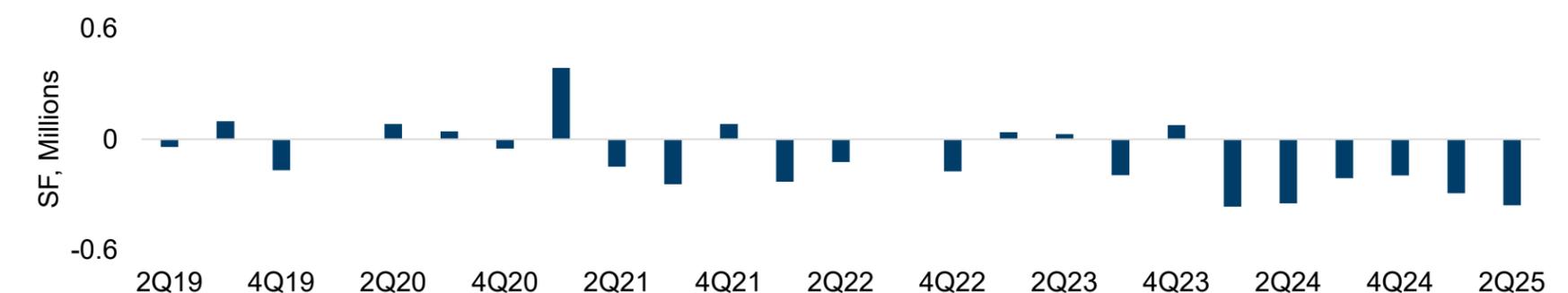
12-Month Net Absorption by Major Submarket, SF



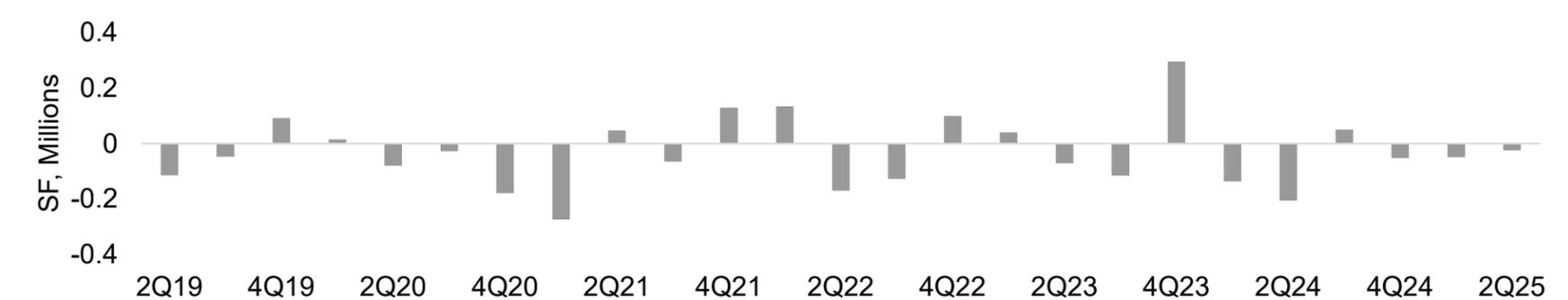
Historical Net Absorption | Route 128



Historical Net Absorption | Route 495



Historical Net Absorption | Urban Edge



Source: Newmark Research

Suburban Office Rents Show Mixed Performance Post-2020

Over the past few years, office rents in the sub-suburban categories have increased as a whole, with Class B office rents up 11% over the last 12 months to ending at \$20.00 per sq ft. The Class C and D categories have followed the trend, in contrast to the urban office, which has seen rents fall 10% since the second quarter of 2022. The average of Class B office rents over the past 12 months is \$19.00 per sq ft, as compared to ending rents at \$20.00 per sq ft.

Suburban Office Rents (Class B)



Suburban Office Rents (Class C)



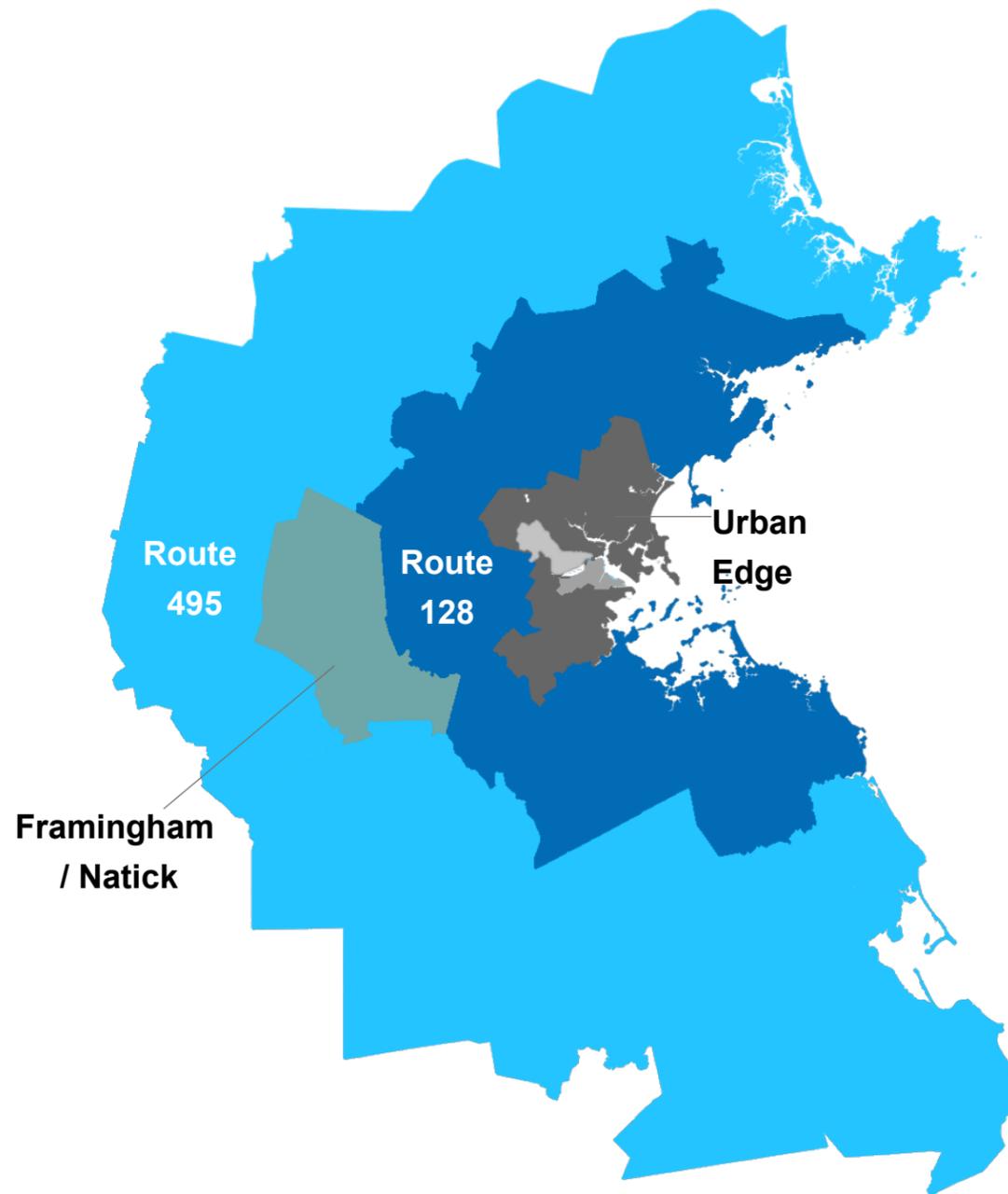
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Source: Newmark Research, CoStar

2Q25 Suburban Submarket Stats

2Q25 Quick Stats, All Classes



Route 128	
52.3 <i>Inventory (MSF)</i>	21.6% <i>Vacancy Rate</i>
325,399 <i>Net Absorption</i>	\$35.78 <i>Asking Rent (\$/SF)</i>

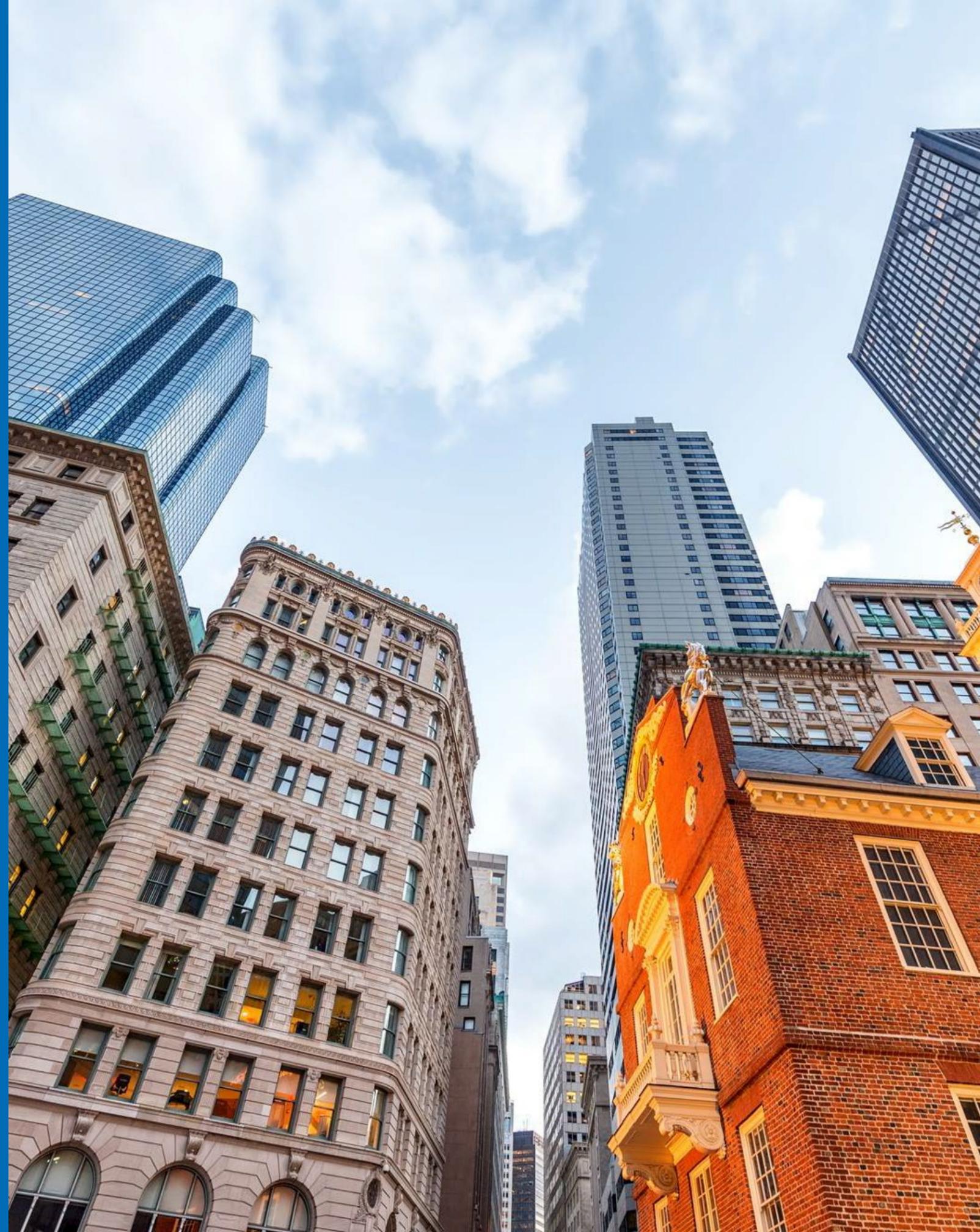
Urban Edge	
12.3 <i>Inventory (MSF)</i>	14.0% <i>Vacancy Rate</i>
-25,469 <i>Net Absorption</i>	\$40.23 <i>Asking Rent (\$/SF)</i>

Route 495	
30.5 <i>Inventory (MSF)</i>	27.9% <i>Vacancy Rate</i>
-358,089 <i>Net Absorption</i>	\$22.25 <i>Asking Rent (\$/SF)</i>

Framingham / Natick	
3.6 <i>Inventory (MSF)</i>	22.3% <i>Vacancy Rate</i>
-157,285 <i>Net Absorption</i>	\$23.91 <i>Asking Rent (\$/SF)</i>

2Q25

Appendix



Boston CBD Market Overview

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Cambridge Market Overview



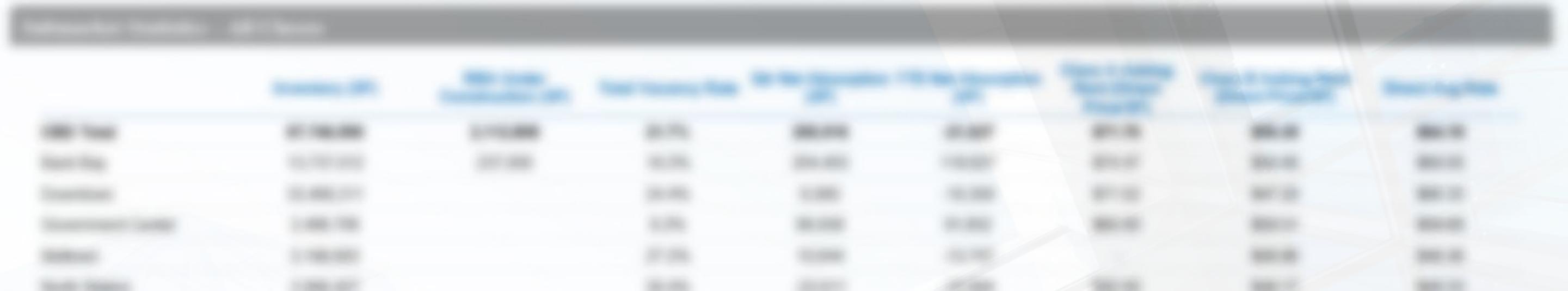
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Suburban Market Overview

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Submarket Overview



The image shows a blurred table with approximately 8 columns and several rows of data. The text is out of focus, but the structure suggests a detailed overview of submarkets.

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