

1Q25

NEWMARK

Boston Office Market Overview



Market Observations

What We Know

Greater Boston recorded its thirteenth consecutive quarter of rising vacancy, though the pace of increase has slowed significantly.

Tenant activity picked up in the first quarter of 2025, with a noticeable rise in tour volume across the region.

While overall leasing velocity softened during the quarter, the market saw a modest uptick in new transactions, as more tenants are starting to commit to long-term leases.

In Boston's CBD, active tenant demand was 4.1 million square feet across 166 requirements. The FIRE sector represents the largest share at 37% of total demand.

Sublease availability declined by 50 basis points since the start of 2024 as expiring subleases convert to direct availabilities, keeping overall inventories elevated.

Face rents remain stable across the region, while landlords continue to offer more aggressive deal terms to secure transactions.

Greater Boston's capital markets are beginning 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.

Tenant flight-to-quality, particularly within the CBD office market, will remain a key theme throughout the upcoming year.

Ongoing macroeconomic uncertainty and the increasing likelihood of a recession will likely shape Greater Boston's office market recovery in the coming quarters.

Market Overview

GREATER BOSTON OFFICE MARKET

Conditions were stable in Greater Boston's office market during the first quarter of 2025, and fundamentals may be nearing a bottom. However, opposing market drivers continue to influence performance throughout the region, creating more instability in the near-term outlook. Despite reaching a new historic high of 22.1%, the vacancy rate only increased by a modest 20 basis points over the quarter. The expiration of sublet inventories is driving up direct vacancies, specifically as many of these spaces are going back to the landlords. On a more positive note, tenant tour activity has improved across the region, and demand for the highest-quality office space remains elevated. Leasing velocity began 2025 softer than 2024 ended, but new leases were signed by tenants such as Klaviyo, Global Partners, CyberArk, and Advisor360.

Vacancy rates in the Boston, Cambridge, and Suburban office markets converged during the first quarter and now sit at roughly 22% in all three regions. In the CBD, market segmentation continues to favor top-quality spaces, particularly those located in the high-rise sections of trophy and tower assets. Klaviyo's renewal and expansion at 125 Summer St. in Downtown represents the largest lease of the quarter in Greater Boston. The TAMI company will now occupy nearly 250,000 SF in the building. FM Global also committed to relocating to South Station Tower, taking down 55,927 SF in the project. Consolidations and contractions are countervailing recent improvements in tenant tour activity and new leasing. Fidelity Investments is planning to consolidate its office operations in the Seaport, with plans to vacate the entirety of 245 Summer St. in the process.

Cambridge's office fundamentals recorded modest improvements during the

first quarter of 2025, but they continue to contend with a general lack of demand due to weakness in the technology and biotechnology sectors. Kayak's re-occupancy of 48,000 SF at 2 Canal St. in East Cambridge notably contributed to the submarket's recent positive net absorption. A limited base of law firms, finance companies, banks, and other traditional office users will likely limit near-term growth in Cambridge. The suburbs began 2025 with significant negative net absorption in the office market, as RedHat and Comcast are downsizing along Route 495. Several large leases were executed in premier space along Route 128 West, while TJX purchased two vacant buildings in Framingham for future occupancy.

Metro wide, asking rents have stabilized in the mid-\$40/SF range. Despite precipitously rising vacancy rates, face rates on office space throughout Greater Boston have continued to rise during most of the last five years. Pockets of weakness have emerged in select segments of the market, with Class B assets experiencing downward pressure in recent years. Lease rates could soften further in the coming year as lower office valuations are expected to reset the basis for several buildings.

The flight-to-quality will continue to segment the marketplace as expiration-driven leasing remains a key driver of transaction activity. Asking rents may begin to see downward pressure as increased investment sale transactions are expected to reset Boston's office basis. Risks remain to the downside. Tenant expansions have been limited as many occupiers making long-term commitments are relocating within the market into more efficient footprints. Growing recession concerns and uncertainty within the macroeconomic environment characterized Greater Boston late in the first quarter of 2025.

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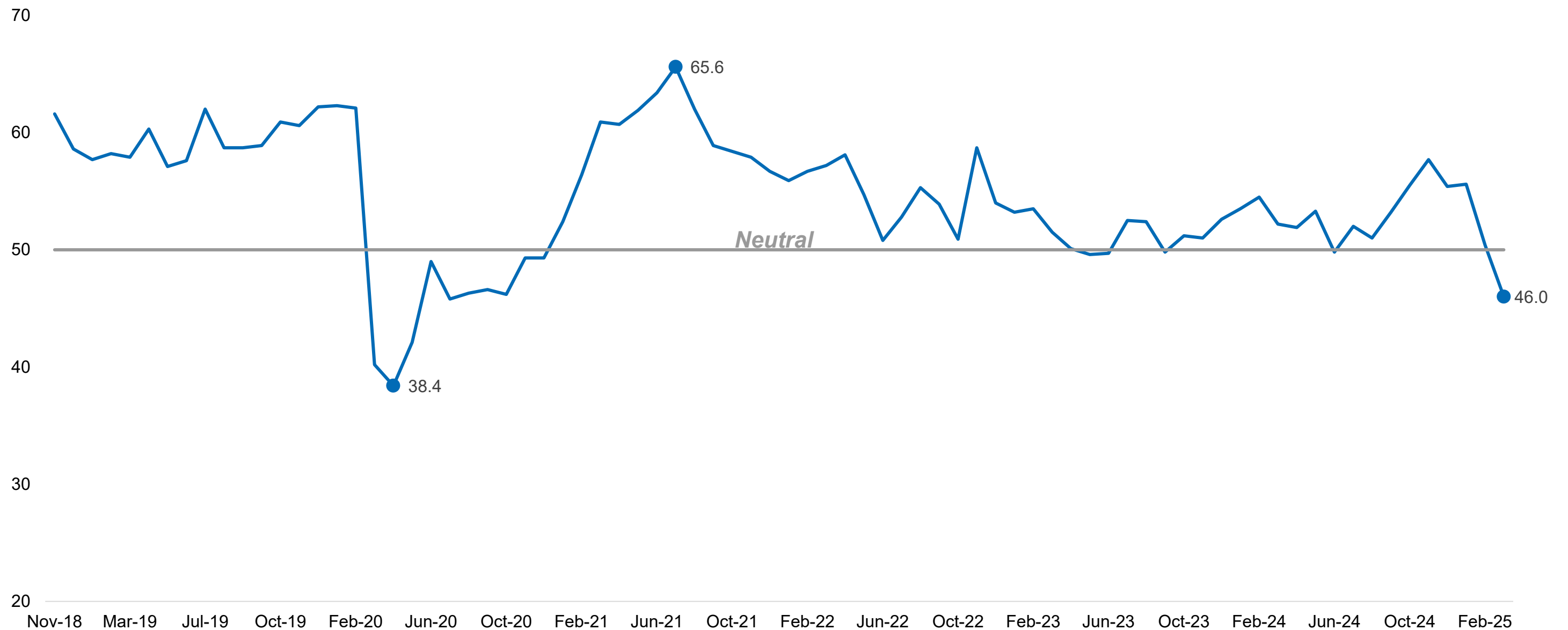
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Local Employer Sentiment Falls Sharply in The First Quarter

Business confidence declined by several percentage points and now rests at its lowest level since the onset of the pandemic. Uncertainty surrounding recent federal policy initiatives such as tariffs and funding cuts is weighing on employer sentiment in Massachusetts. Recession predictions are also more bearish and likely exacerbating the near-term outlook for many local businesses.

Business Confidence Index (BCI)

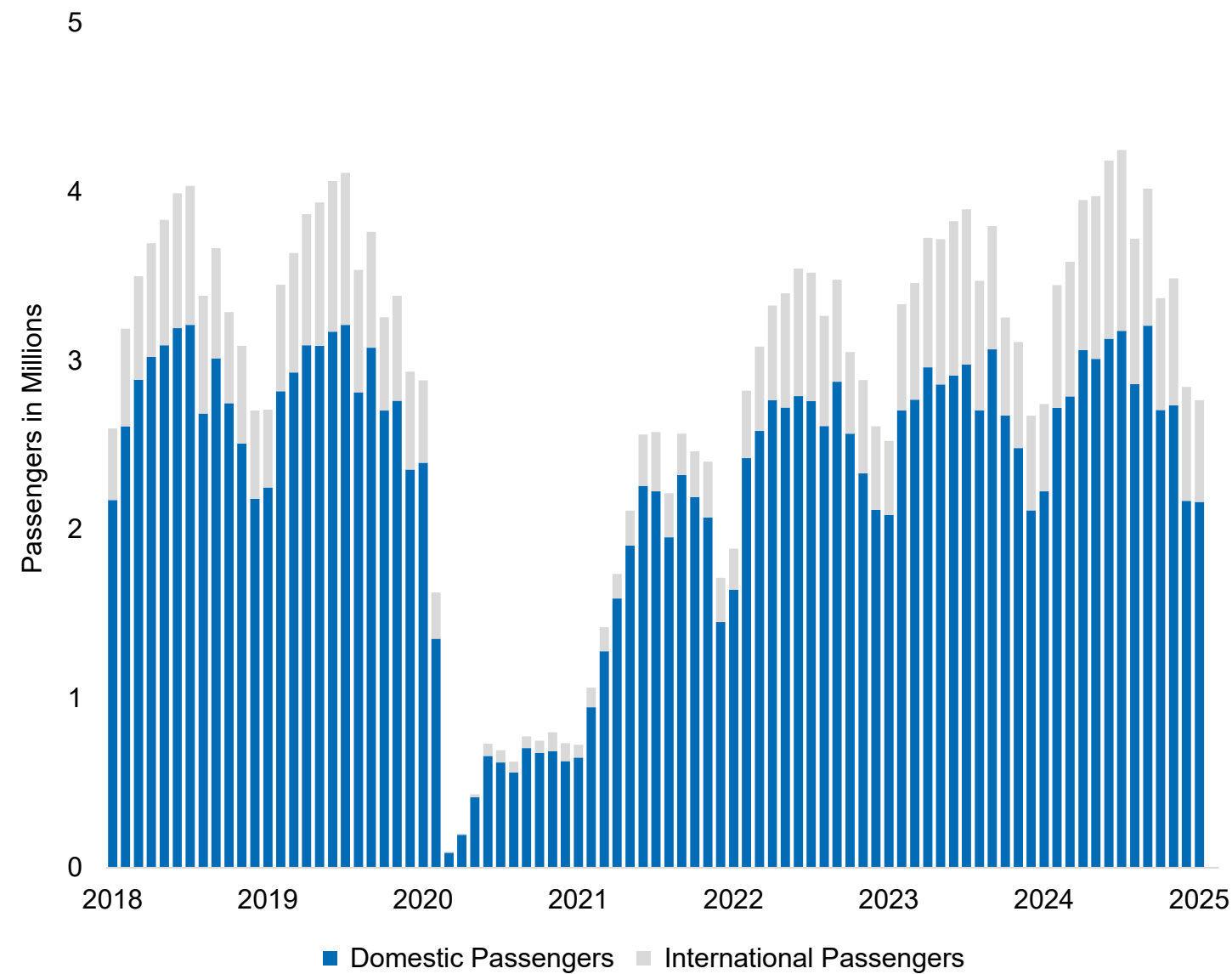


Source: AIM Board of Economic Advisors as of 4.1.25

By August 2024, Passenger Traffic Had Fully Recovered at Logan Airport

With more than 43 million travelers served, passenger traffic at Boston's Logan Airport reached a new record in 2024. Traffic volumes surpassed the previous record set in 2019, indicating a full recovery in usage. Such positive momentum bodes well for the local economy as well as the retail and hospitality sectors.

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

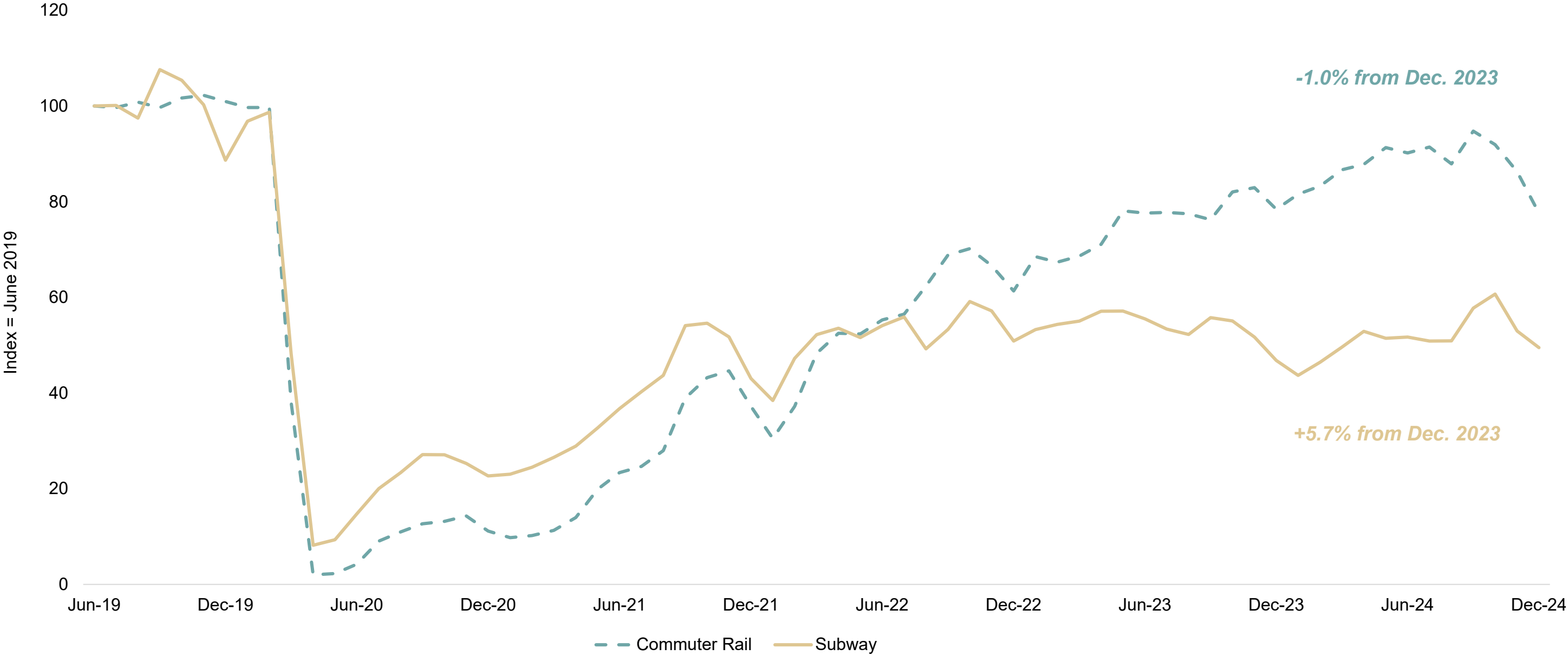


Logan Now Has 80+ Nonstop Domestic Destinations

Seasonal Shift Impacting Recent Transit Ridership

Winter weather and the holidays have impacted public transit ridership throughout the region. Both subway and commuter rail usage ended 2024 below the cyclical peaks recorded in the Fall. Weekday subway ridership is still up compared to year ago levels as station, track and other system improvements have improved timeliness and consistency of service.

MBTA Average Weekday Ridership

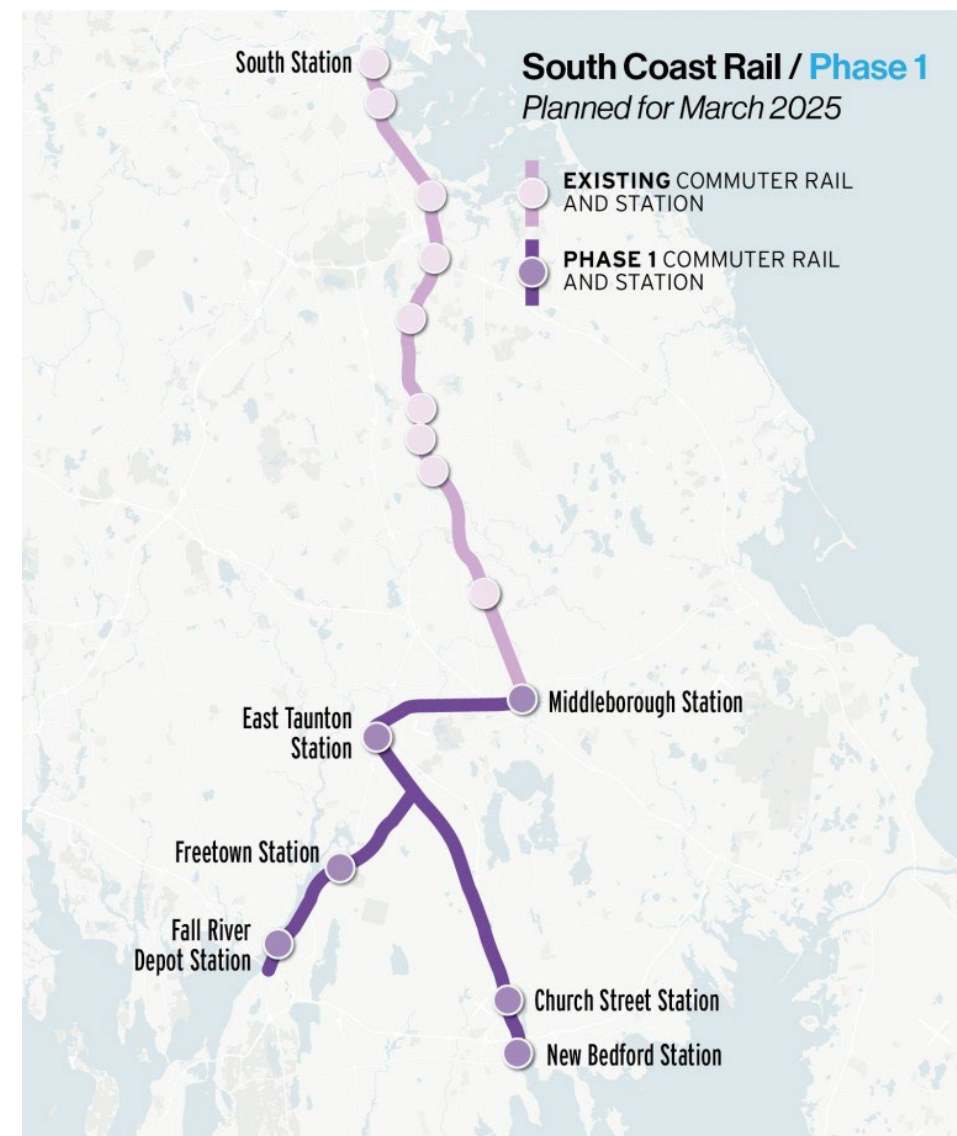
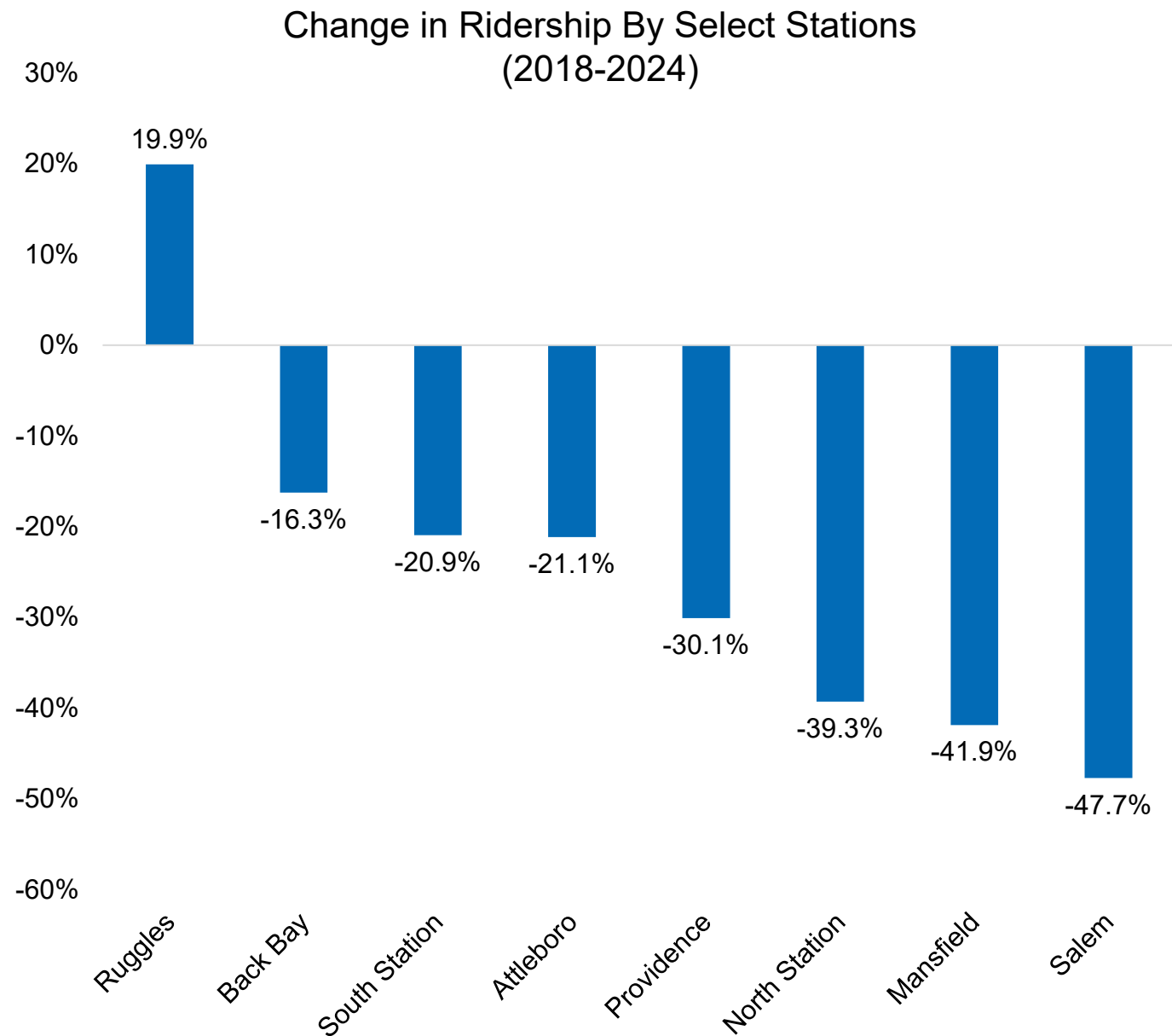


Source: MBTA, Newmark Research as of 4.2.25

Commuter Rail Drives Improvement in Public Transit Ridership

According to an MBTA analysis, 28 regional rail stations reported more riders in the Fall of 2024 compared to the Spring of 2018. Readville, Boston Landing and Norwood Depot experienced some of the largest growth rates among all the stations, while usage at major transit hubs like Back Bay and South Station is still tracking below historic norms. Ridership is likely to grow as the long-awaited South Coast Rail expansion opened in early 2025, running 32 train trips to/from Boston each weekday.

MBTA Regional (Commuter) Rail Trends



6 New Commuter Rail Stations

Connecting New Bedford & Fall River to Boston

A Second Phase of The Extension is Planned

Source: MBTA, New Bedford Light, Newmark Research as of 3.15.25

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.

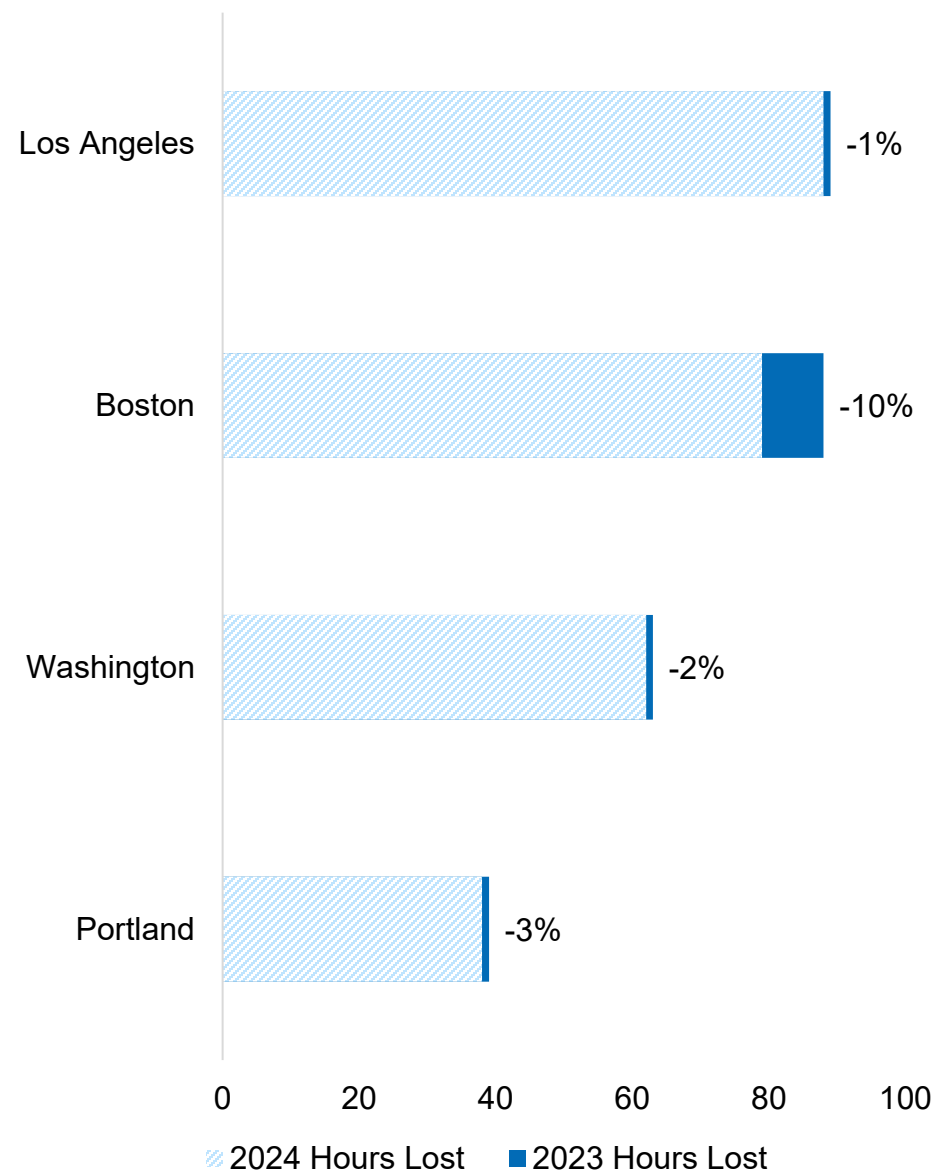
2024 Traffic Scorecard Report

12 Global Congestion Rank

4 U.S. Congestion Rank

10 Last Mile Speeds
MPH

Urban Areas With Declining Commute Delay



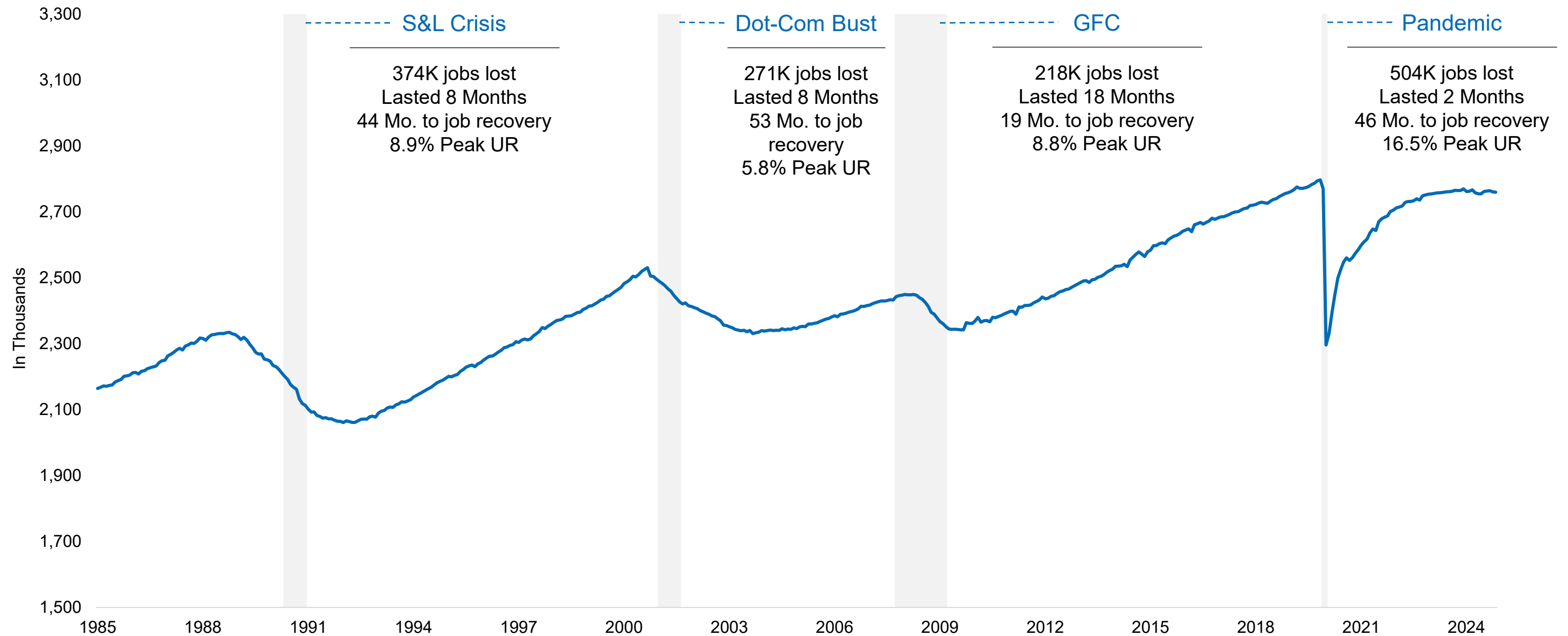
2024 Rank	Urban Area	2024 Hours Lost
1	NYC	102
2	Chicago	102
3	Los Angeles	88
4	Boston	79
5	Philadelphia	77
6	Miami	74
7	Houston	66
8	Atlanta	65
9	Washington	62
10	Seattle	63
11	Nashville	63
12	San Juan	58
13	Baltimore	48
14	San Francisco	46
15	Denver	44
16	Dallas	41
17	Stamford	47
18	Pittsburgh	43
19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

Source: Inrix, Newmark Research

Post-Pandemic Job Growth Has Stalled In Greater Boston

Total employment growth in the Boston MSA has effectively stalled, with payroll gains plateauing throughout much of the last 12 months. As of February 2025, the region's employment base was 0.2% below year-end 2024 as well as year-ago levels. Slowing momentum across key office-using sectors such as professional services and information suggests a cooler labor market within the technology and biotechnology industries.

Total Nonfarm Employment, Boston MSA | Seasonally Adjusted

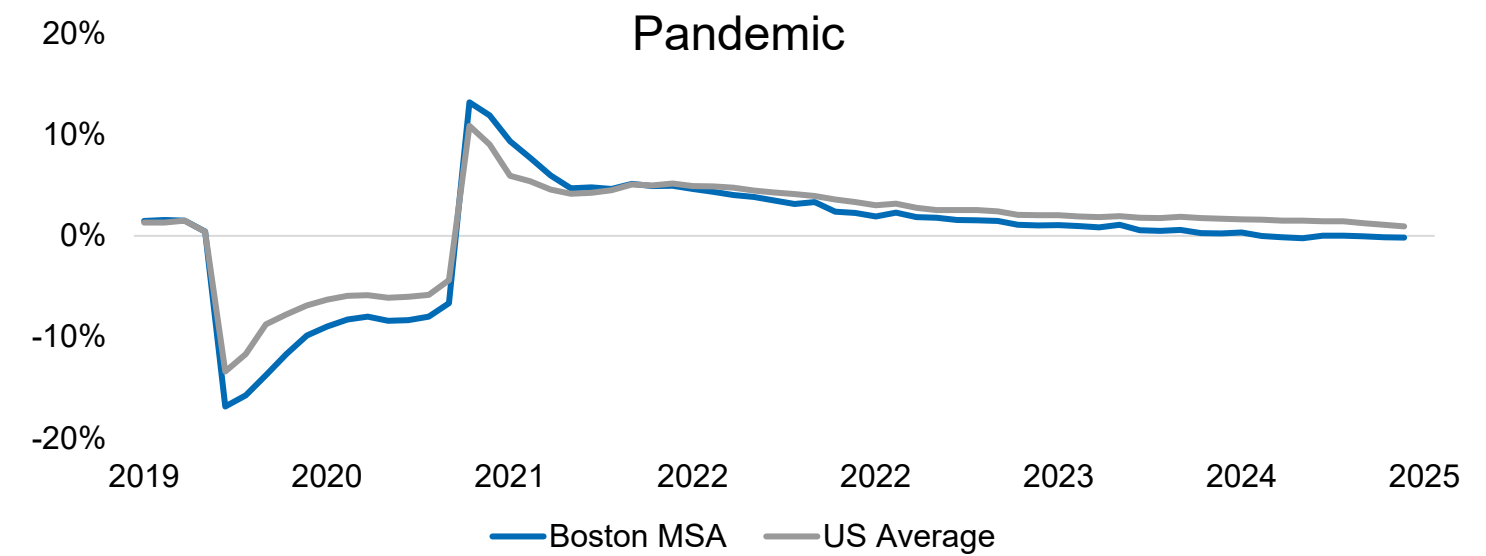
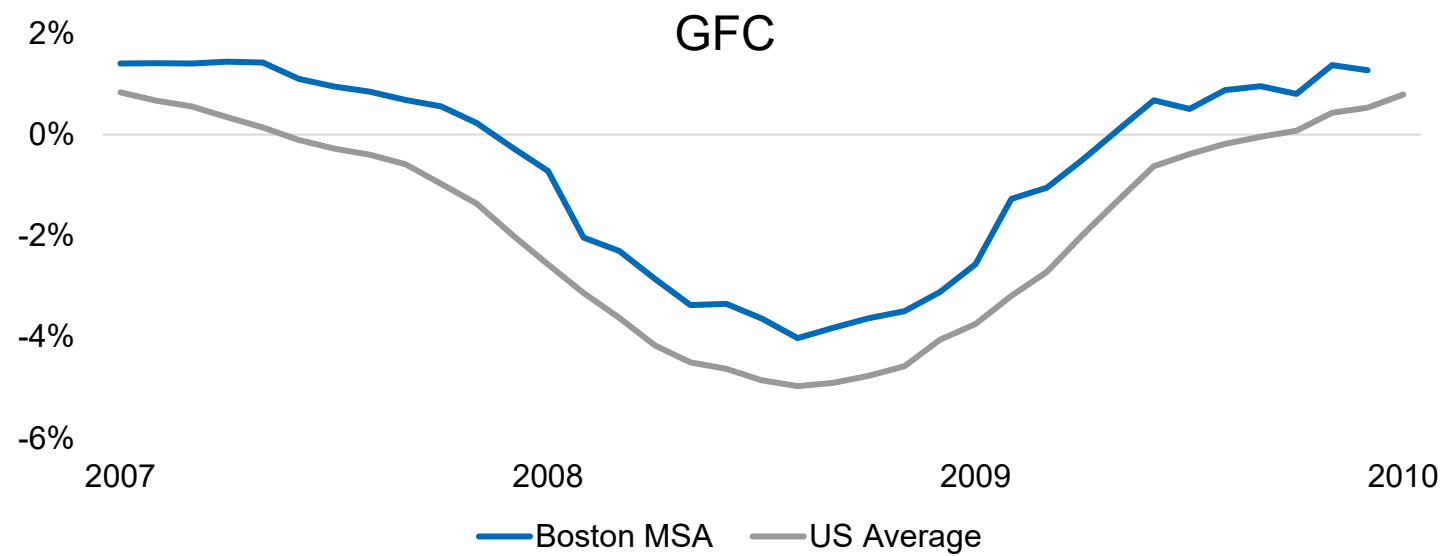
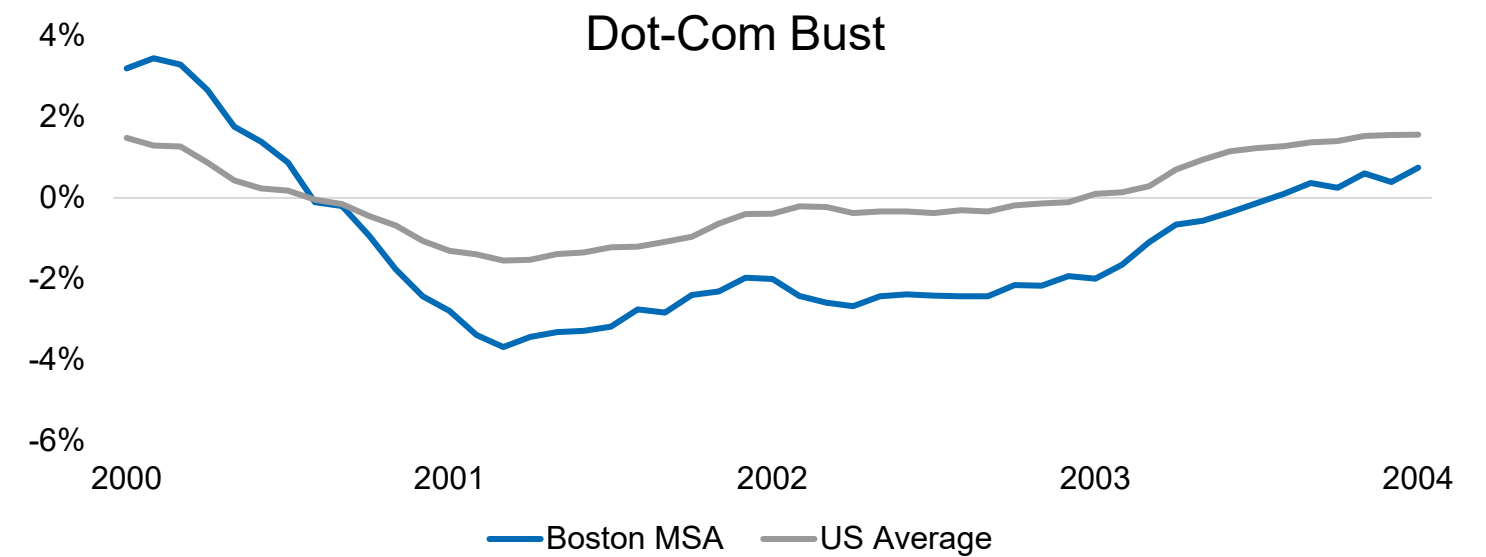
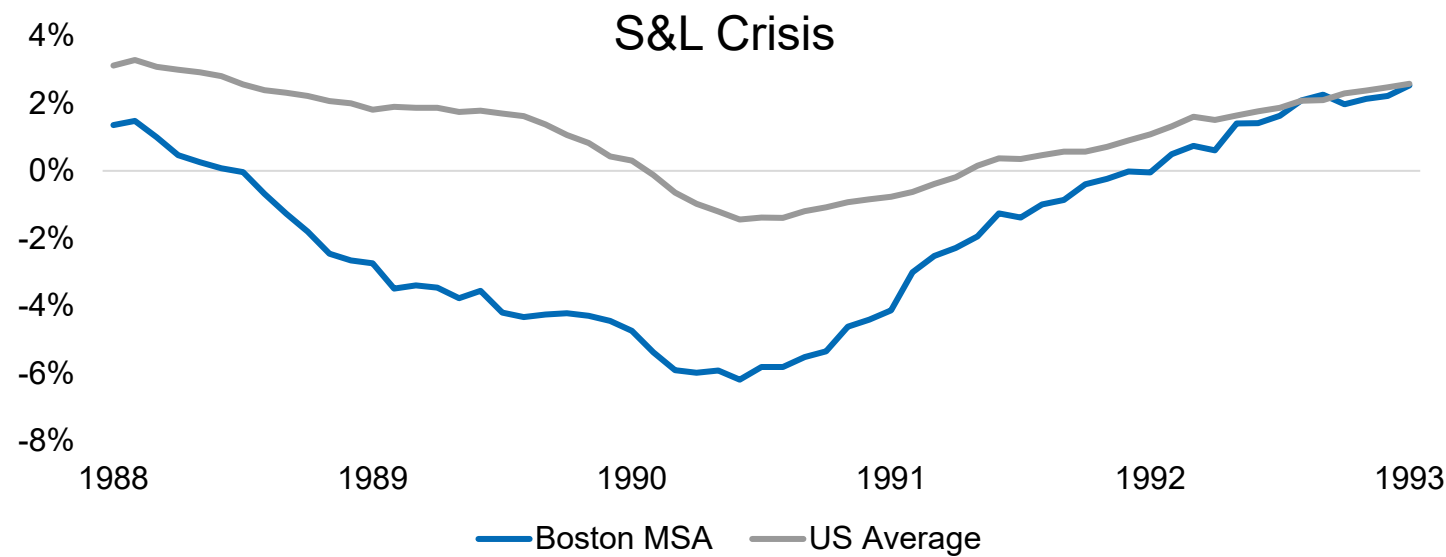


Source: Moody's Analytics, BLS, Newmark Research

As A Mature Market, Growth Tends to Lag the U.S. Average

Outside of the Great Financial Crisis (GFC), employment growth in Greater Boston has lagged the national average during times of recovery. Year-over-year, employment at the metro level declined by 0.2% compared to positive 0.9% growth for the U.S. as a whole.

Year-Over-Year Change in Total Nonfarm Employment, Seasonally Adjusted

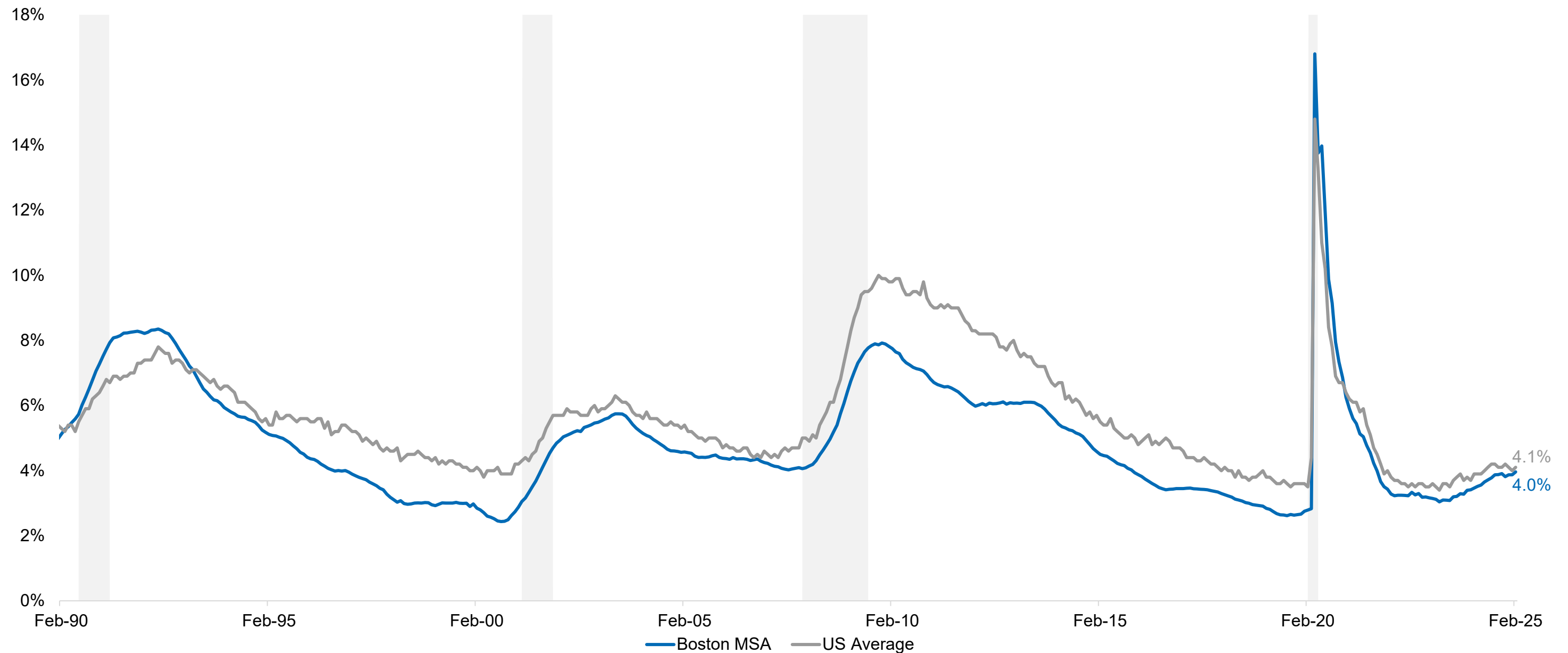


Source: Moody's Analytics, BLS, Newmark Research

Unemployment Is Rising, But Labor Markets Are Relatively Tight

Over the past 24 months, Greater Boston's unemployment rate has risen by 100 basis points. At 4% in February 2025, the metro area's unemployment rate continues to track below the U.S. average—though the gap is narrowing. Weakness in key sectors such as technology and biotechnology are likely weighing on recent performance the region.

Unemployment Rate | Seasonally Adjusted

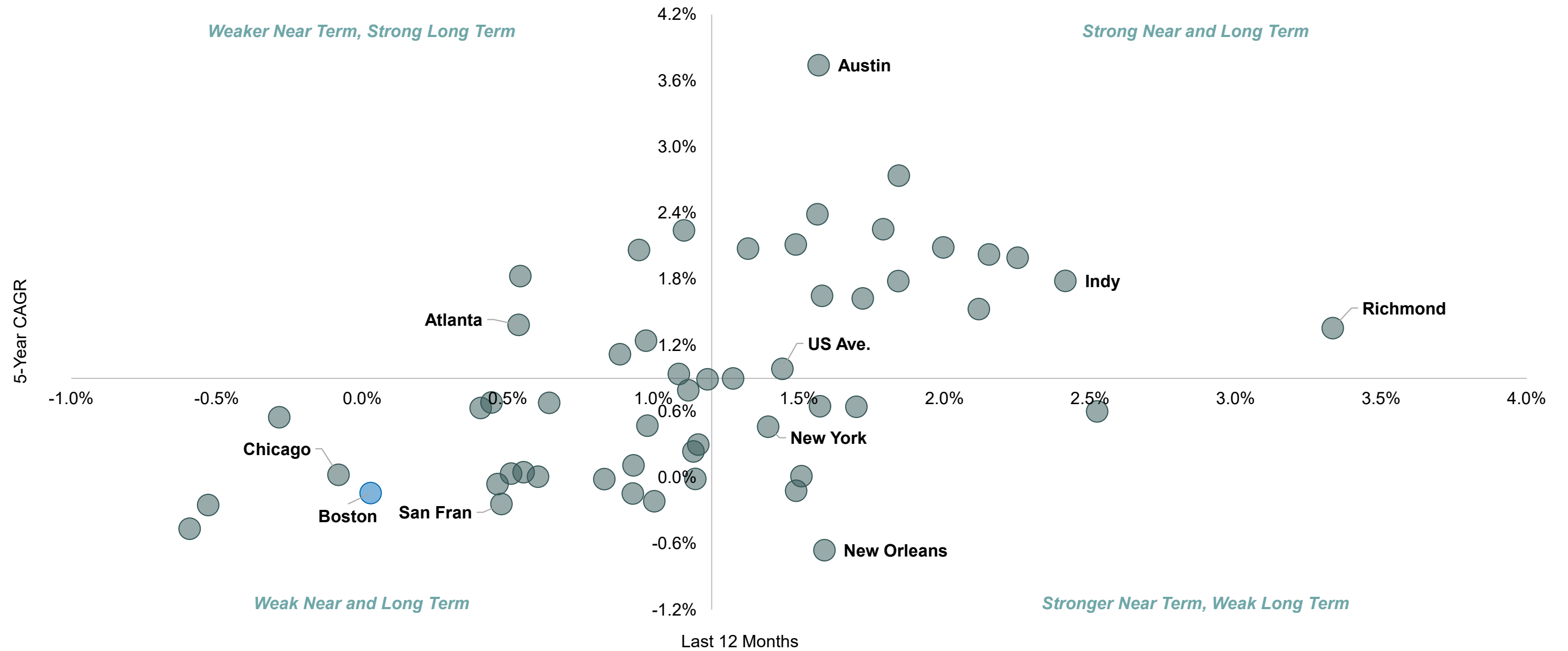


Source: Moody's Analytics, BLS, Newmark Research

Labor Force Growth Slows in Many Gateway Markets

Boston's employment growth is categorized as weak in both the near and long term based on both the 5-year compound annual growth rate (CAGR) and performance over the past 12 months. This trend suggests that the city may face ongoing challenges in achieving substantial employment growth, reflecting a less optimistic outlook for its economic prospects relative to other metropolitan areas. The continued sluggish growth emphasizes the need for strategic initiatives aimed at boosting employment and driving economic development.

Total Nonfarm Employment Growth by Metro

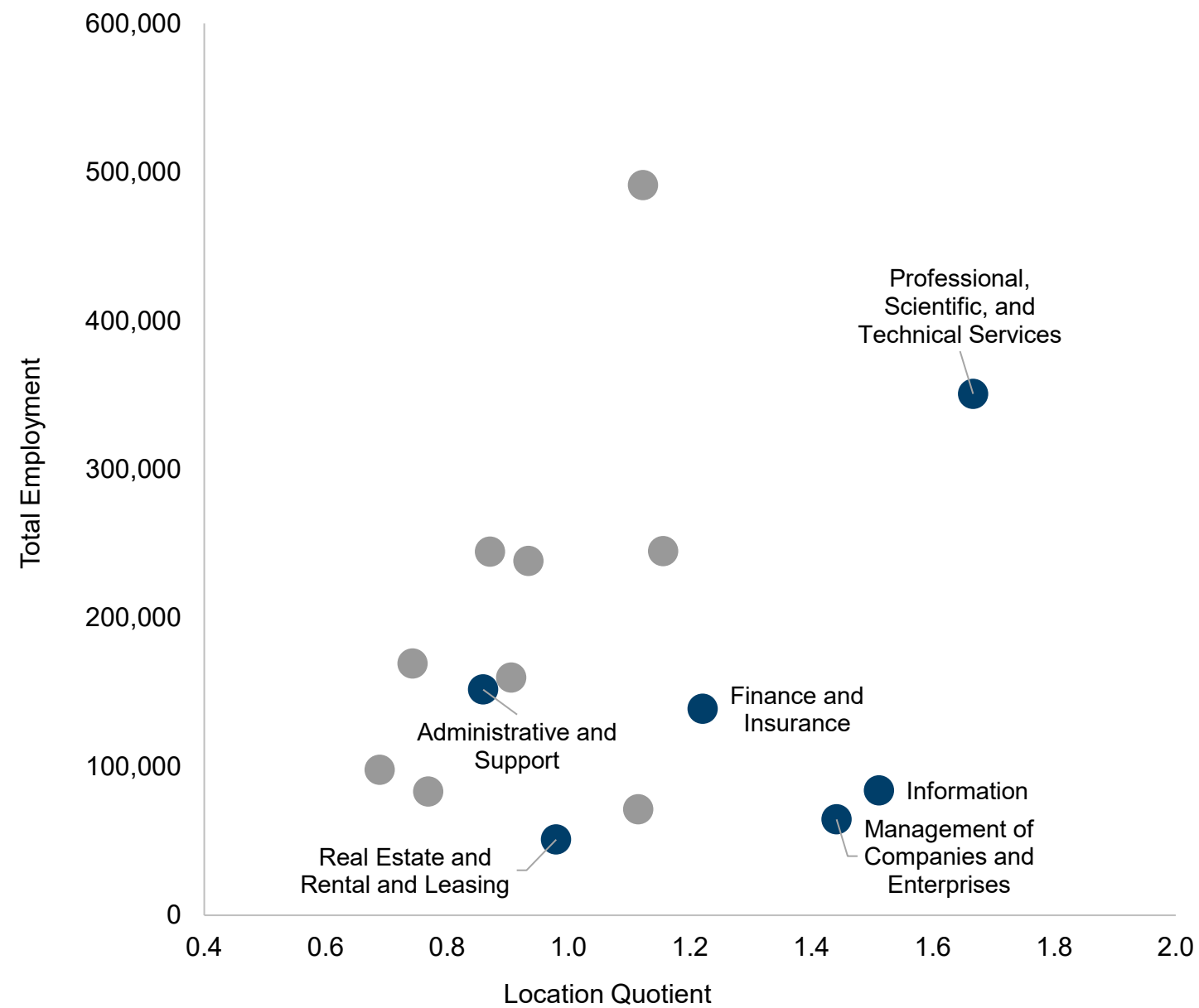


Source: Moody's Analytics, BLS, Newmark Research
*As of November 2024

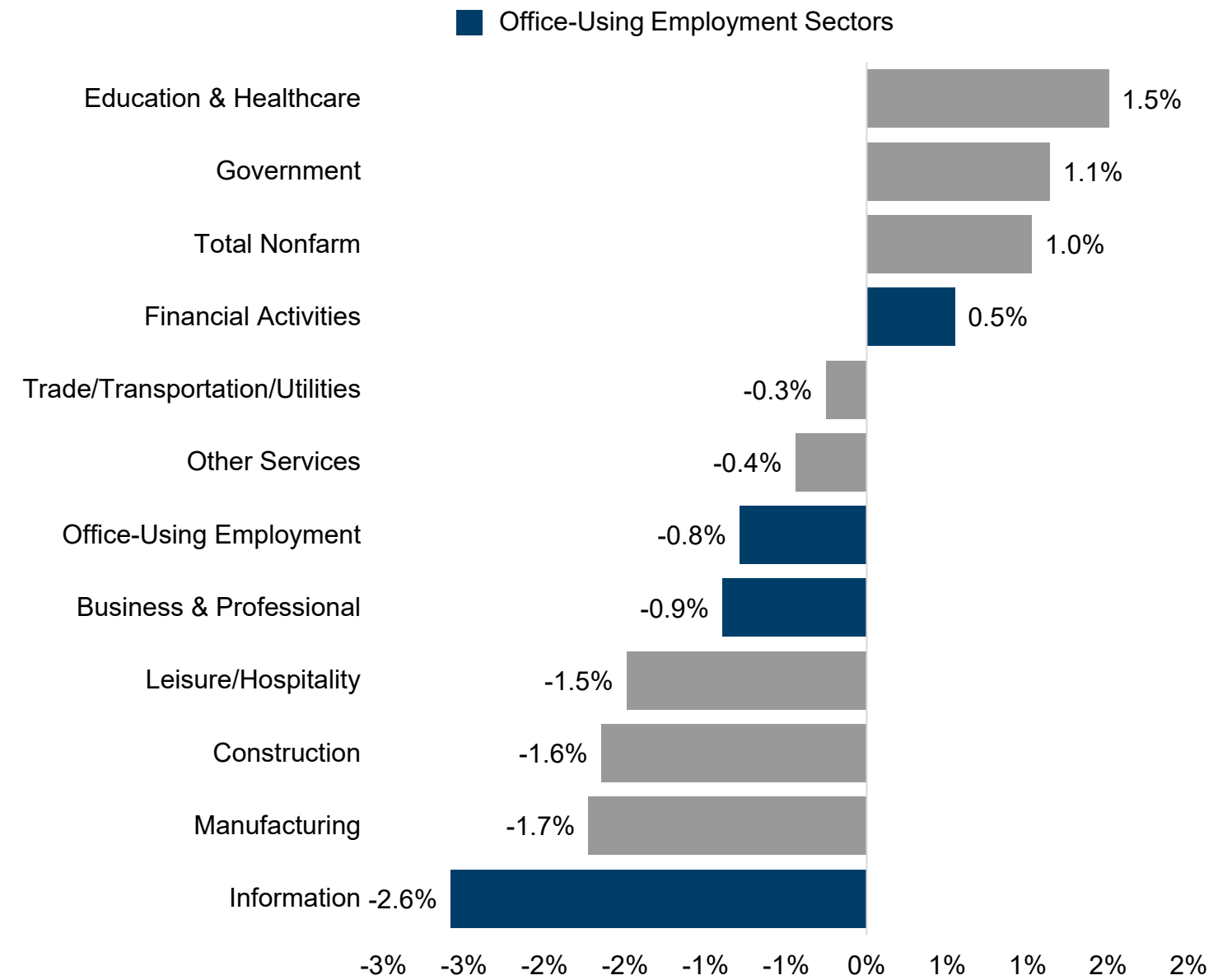
Office-Using Sectors Drive Annual Job Losses in Greater Boston

For the second straight quarter, education & healthcare leads the way in employment growth, having taken over the construction industry as the main driver of employment growth. Interestingly, the construction sector has experienced a second straight quarter of negative employment growth after leading the way in growth for the second and third quarters of 2024. Office-related employment continues to struggle as well.

Industry Concentrations (as of Q3 2024)



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

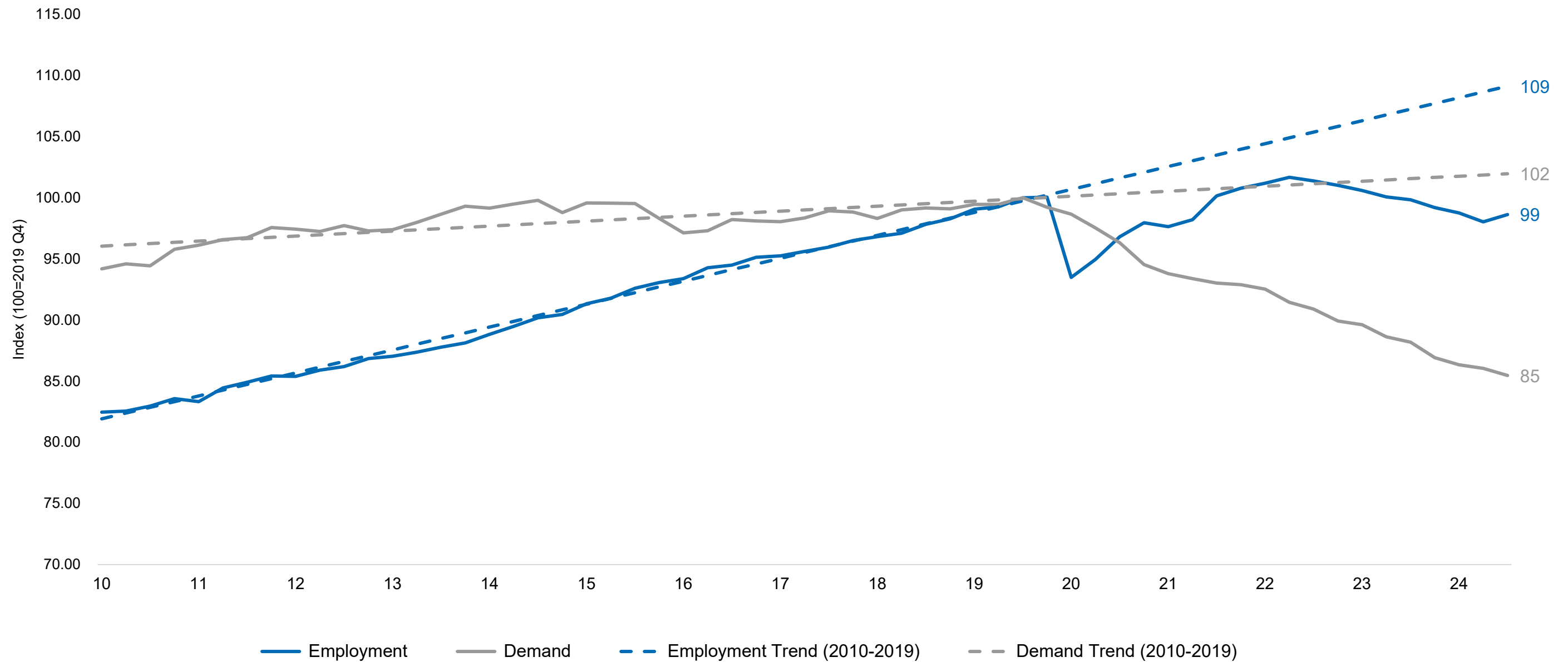


Source: Moody's Analytics, JobsEQ, Boston-Cambridge-Newton, MA-NH MSA
Office-using employment includes employment in the following sectors: Professional & Business Services, Financial Activities and Information

Reassessing Office Sector Demand Drivers

The historical relationship between office employment growth and increased demand for space has remained disrupted since the onset of the pandemic. However, this pattern of growth appears to be more aligned with historic norms, as both office employment and demand declined concurrently in early 2025.

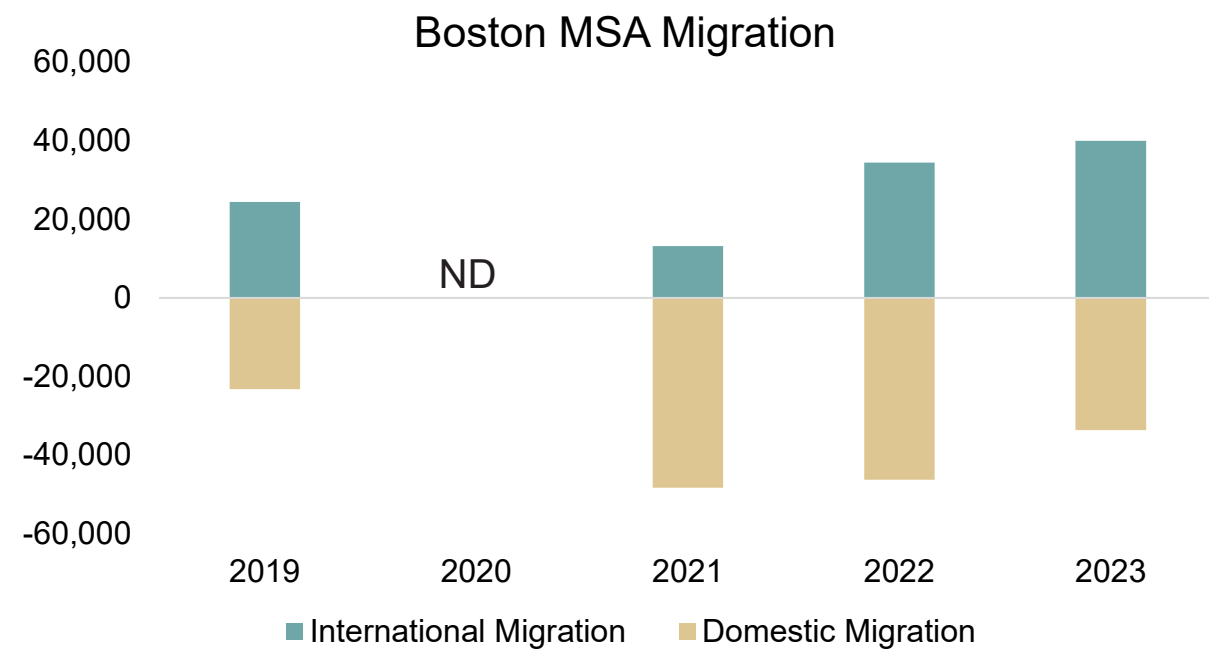
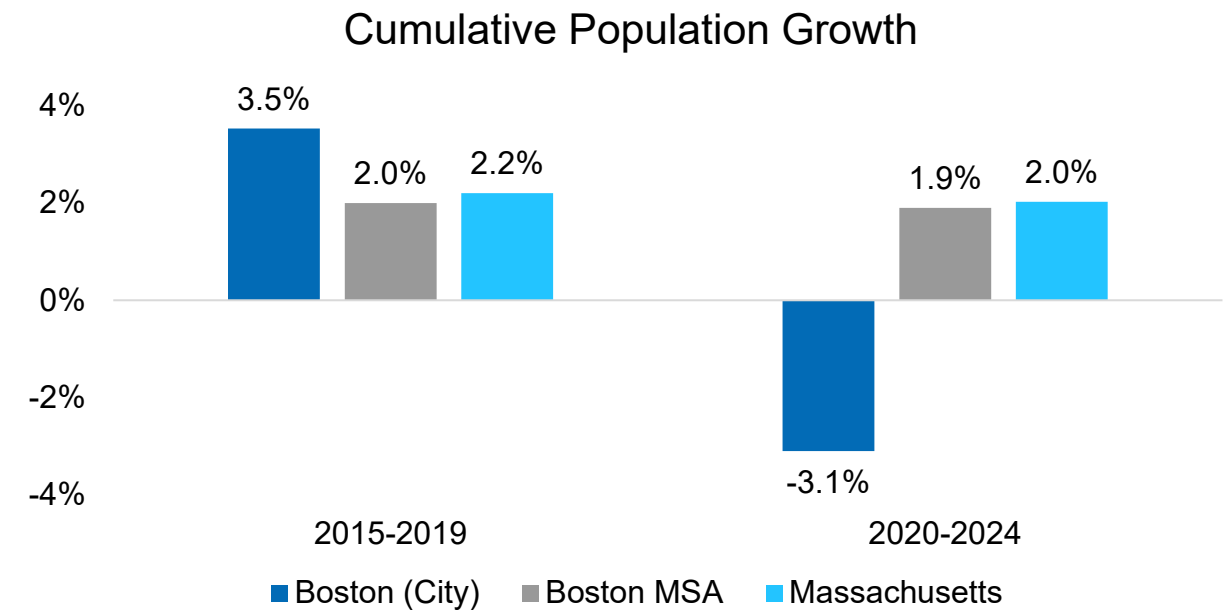
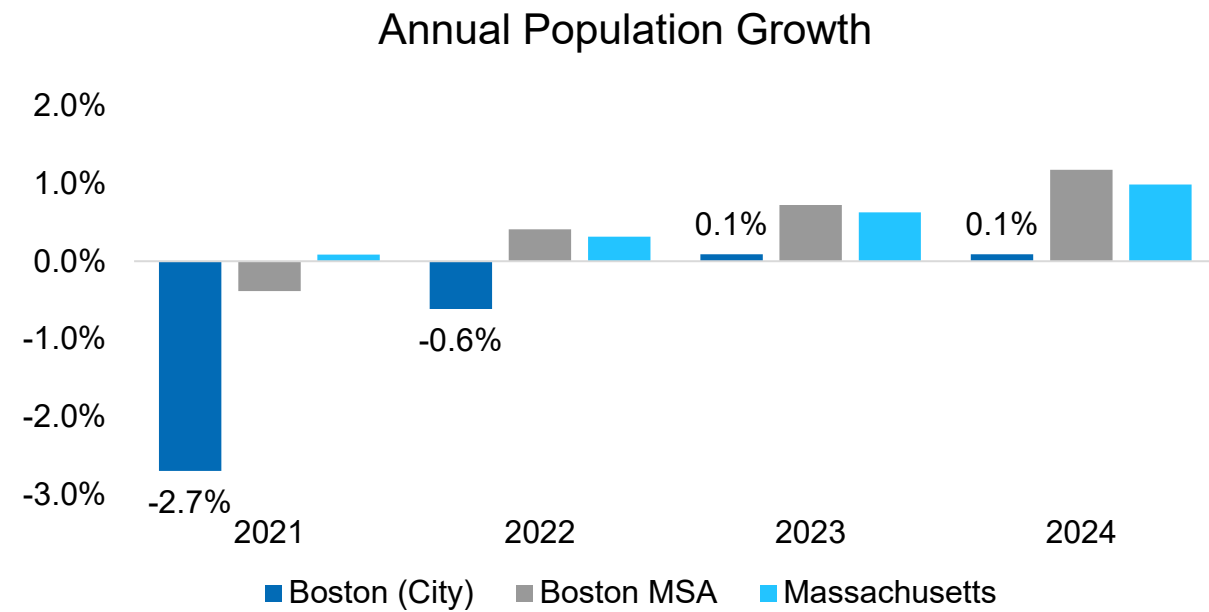
Change in Office-Using Employment and Office Demand



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

Urban Demographics Trail The Larger Region

Local Demographic Trends

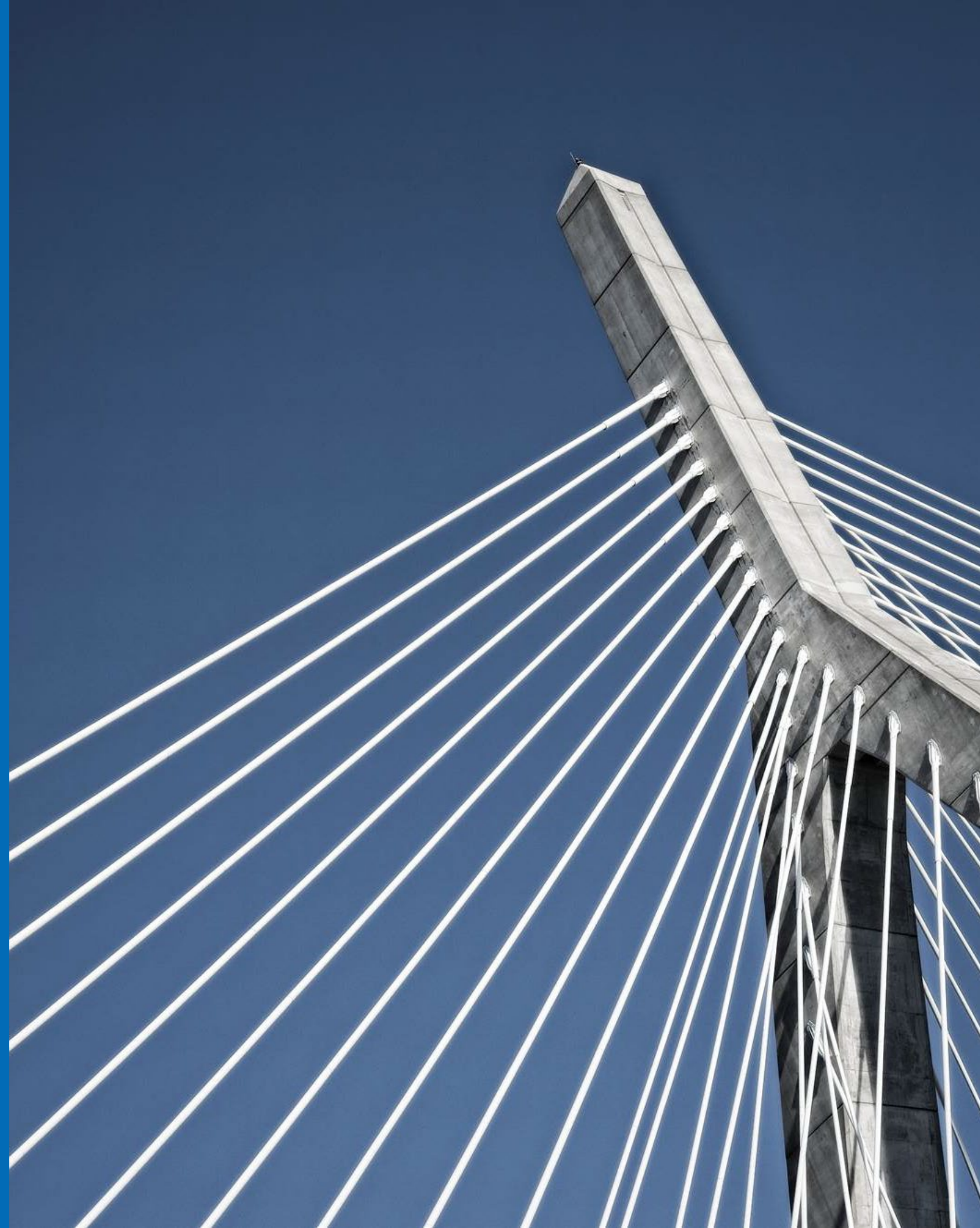


International migration buoys weak demographic trends in Greater Boston. From 2010-2019, international migration was 2.5 times higher than domestic entrants into the metro area.

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

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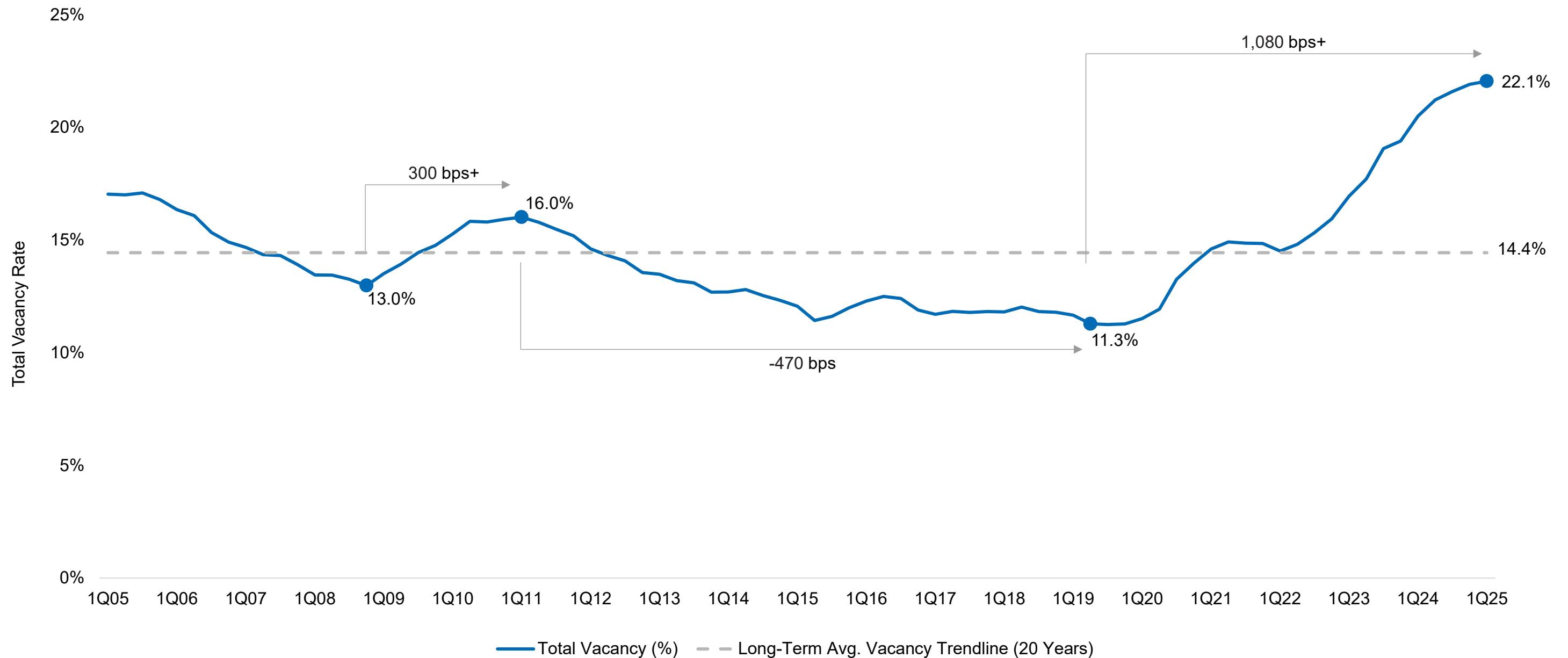
Greater Boston Office Market



Is Greater Boston's Office Market Nearing A Bottom?

Despite recording its thirteenth consecutive quarter of rising vacancy, Greater Boston's office market dynamics appear to be shifting. The pace of vacancy growth continues to slow, and a flurry of new leases were executed in the first quarter of 2025. However, volatility in the macroeconomy could derail the cautious optimism seen at the end of 2024, as businesses face increasing difficulty making decisions amid ongoing uncertainty.

Historical Vacancy Rate

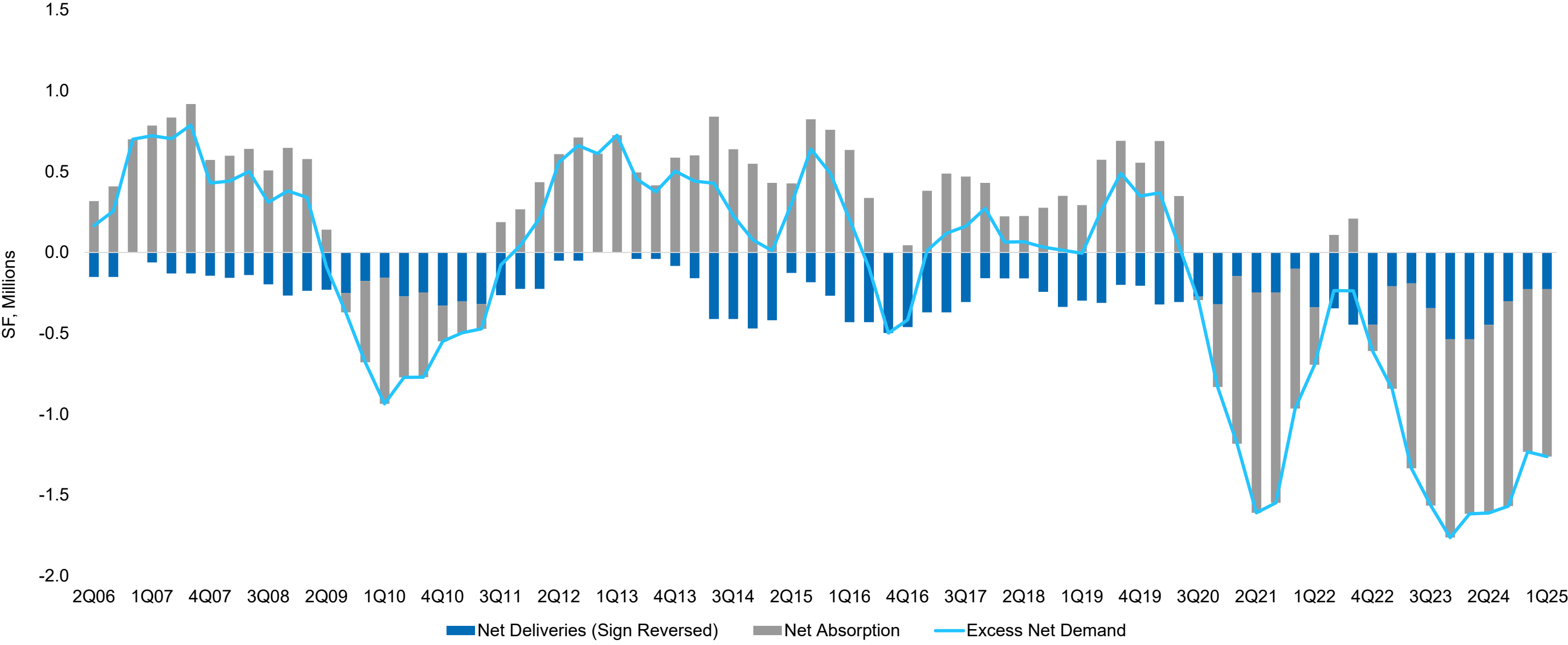


Source: Newmark Research

Vacancy Peaks While Leasing Activity Shows Mixed Signals

Greater Boston has now recorded its tenth consecutive quarter of negative net absorption, alongside a 20-basis-point increase in the vacancy rate from last quarter, which has reached a record high of 22.1%. While renewals accounted for a significant portion of this quarter's leasing activity, an uptick in large direct transactions suggests that vacancy rates may be approaching stabilization.

Historical Office Supply and Demand | 4-Quarter Moving Average

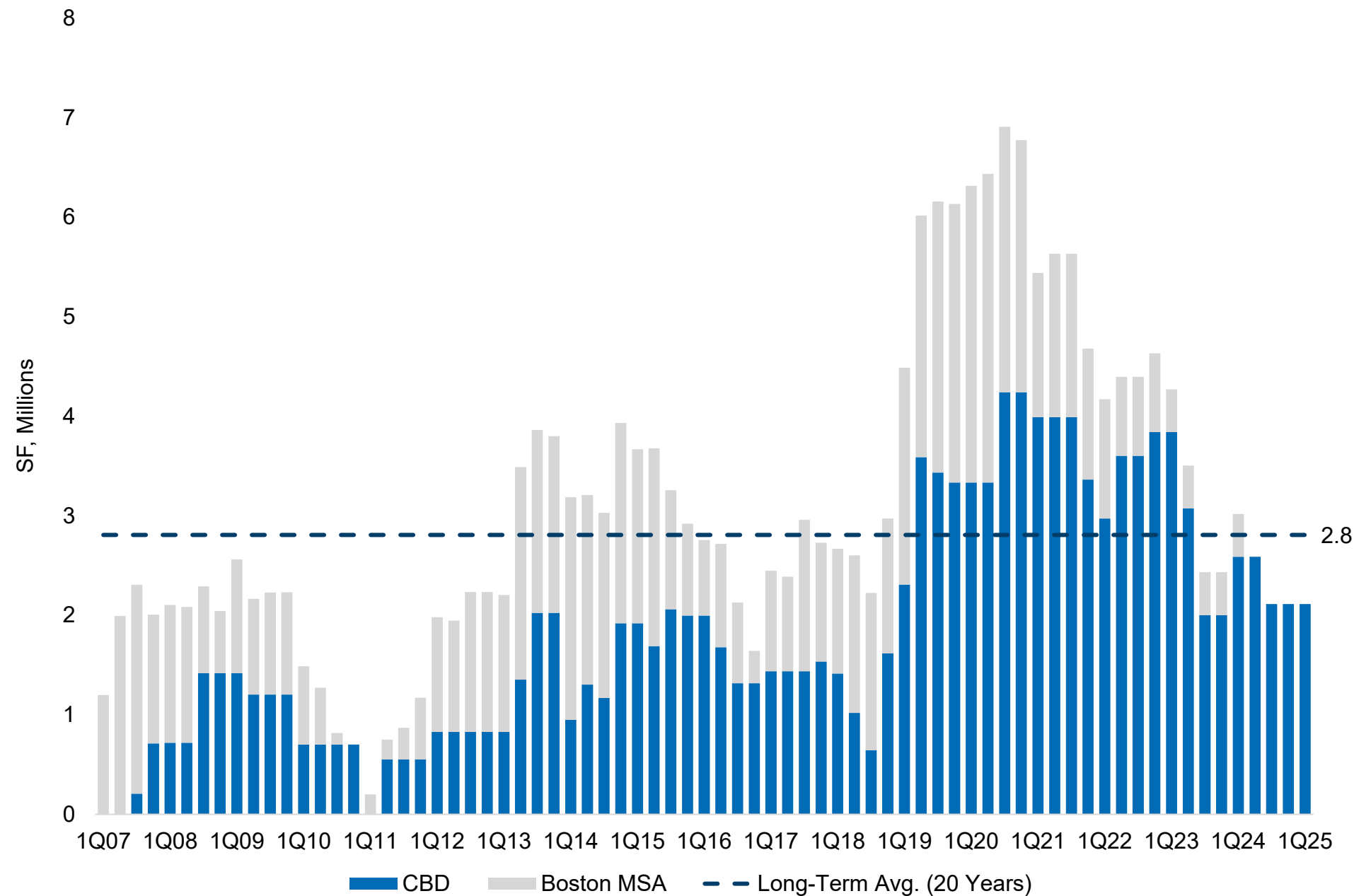


Source: Newmark Research

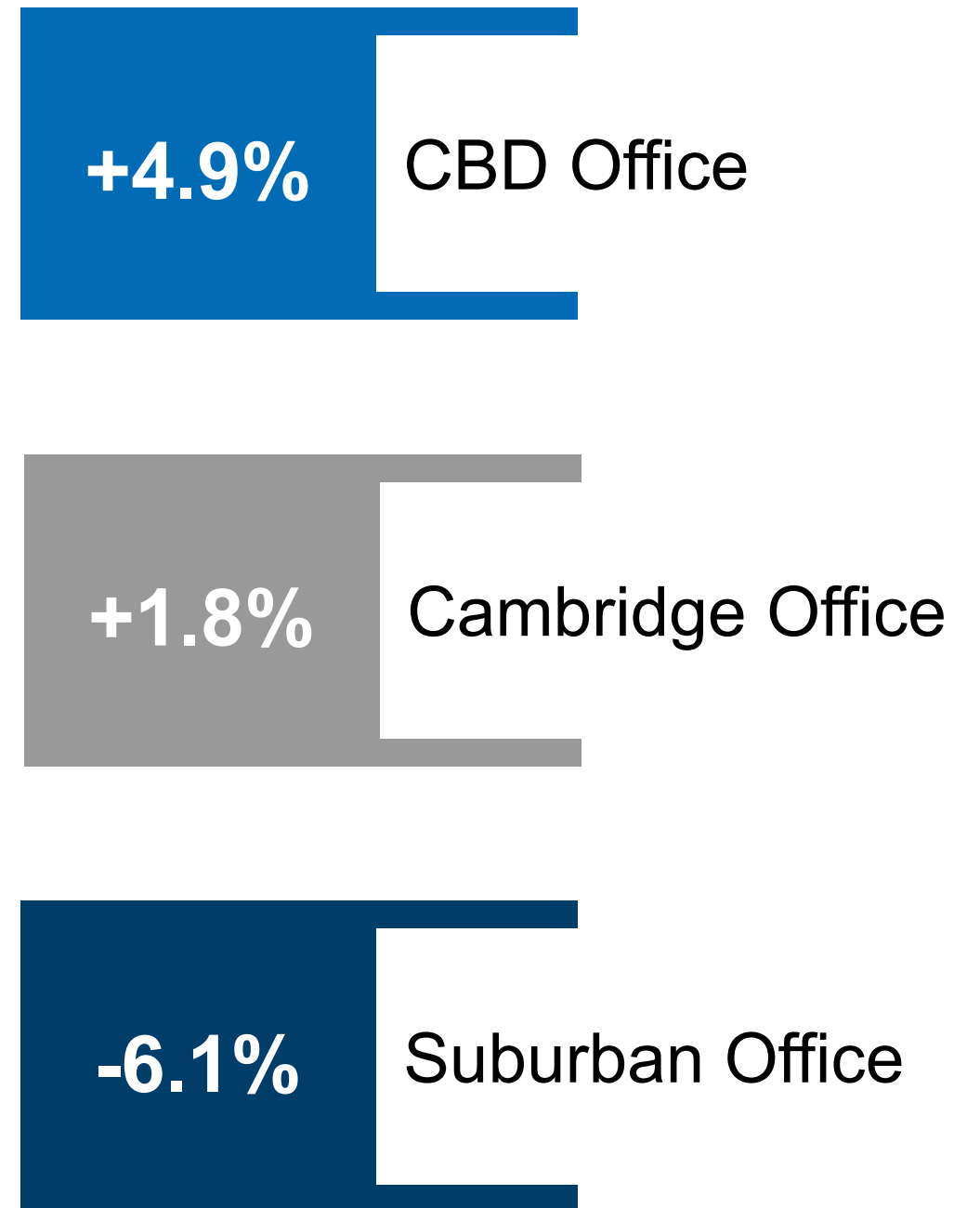
Boston's CBD Has Dominated This Development Cycle

Office construction activity in Greater Boston has held steady for the past three quarters, remaining at its lowest level since 2016. With no new deliveries and a rise in office-to-residential conversions currently underway, total inventory declined this quarter. As a result, there is heightened anticipation for upcoming deliveries later this year, including South Station Tower and Amazon's build-to-suit development at 1 Boston Wharf Road in the Seaport District.

Historical Office Construction



Office Inventory Change by Market 1Q20 to 1Q25

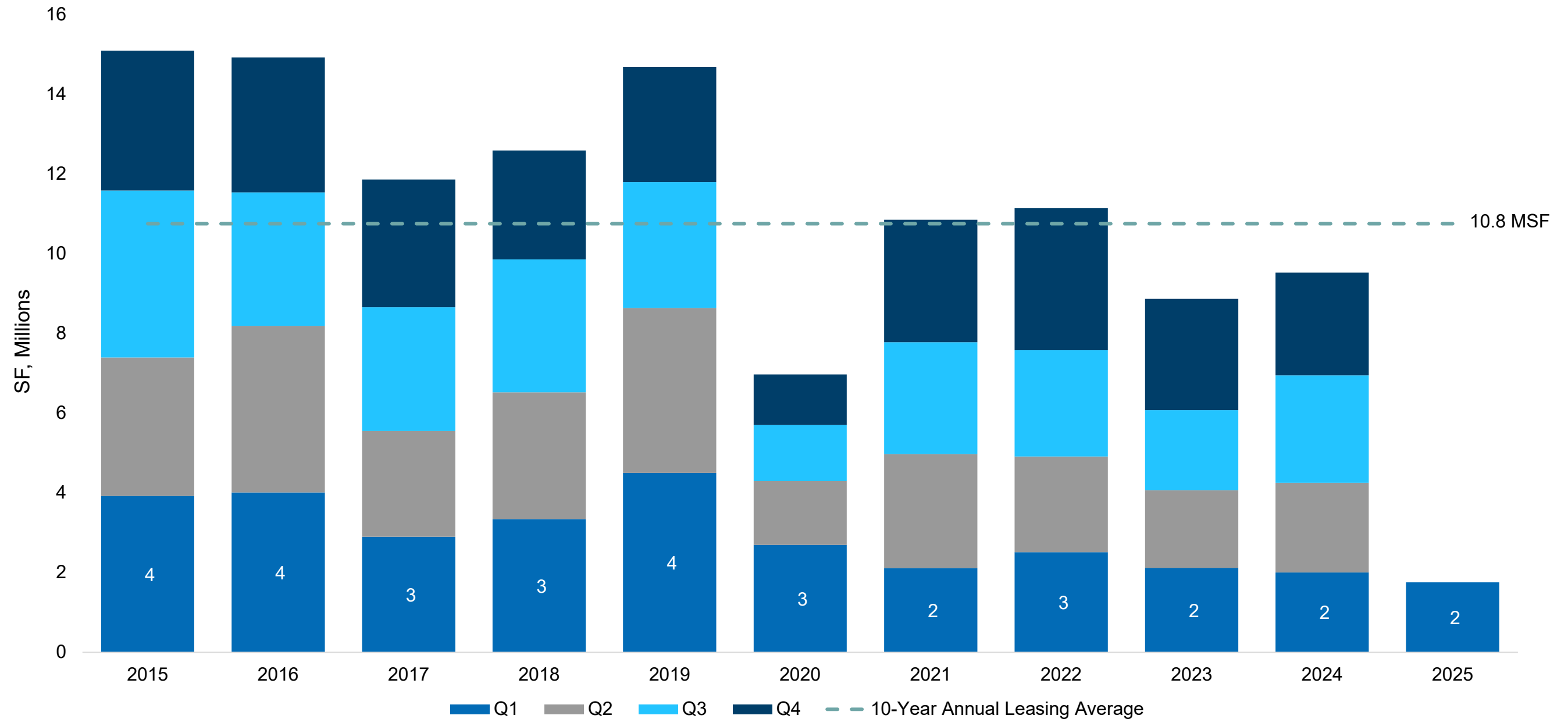


Source: Newmark Research

Slowdown in Leasing Highlights Shifting Office Strategies

Following a stronger second half of 2024, Greater Boston office leasing slowed during the first quarter of 2025, reaching 1.8 million SF. Users such as Klaviyo, FM Global, Global Partners and Advisor360 led an uptick in new deals. Also driving the market were renewals and lease extensions in traditional office sectors, underscoring tenants' cautious outlook and growing demand for flexibility as they navigate an uncertain and rapidly shifting landscape.

Total Leasing Activity (MSF)



Source: Newmark Research, CoStar

Can Leasing Velocity Persist Throughout 2025?

Occupiers in Greater Boston’s premier suburban submarket continue their game of musical chairs. Three of the largest leases executed in the first quarter of 2025 represent tenant relocations within the West – Route 128 market. CyberArk and Advisor360 also took down sizeable sublet availabilities as a result. Klaviyo’s nearly 100,000-square-foot expansion at 125 Summer St. in the CBD may be a leading indicator of future growth in the TAMI sector as few tech companies have committed to expanding their footprints recently.

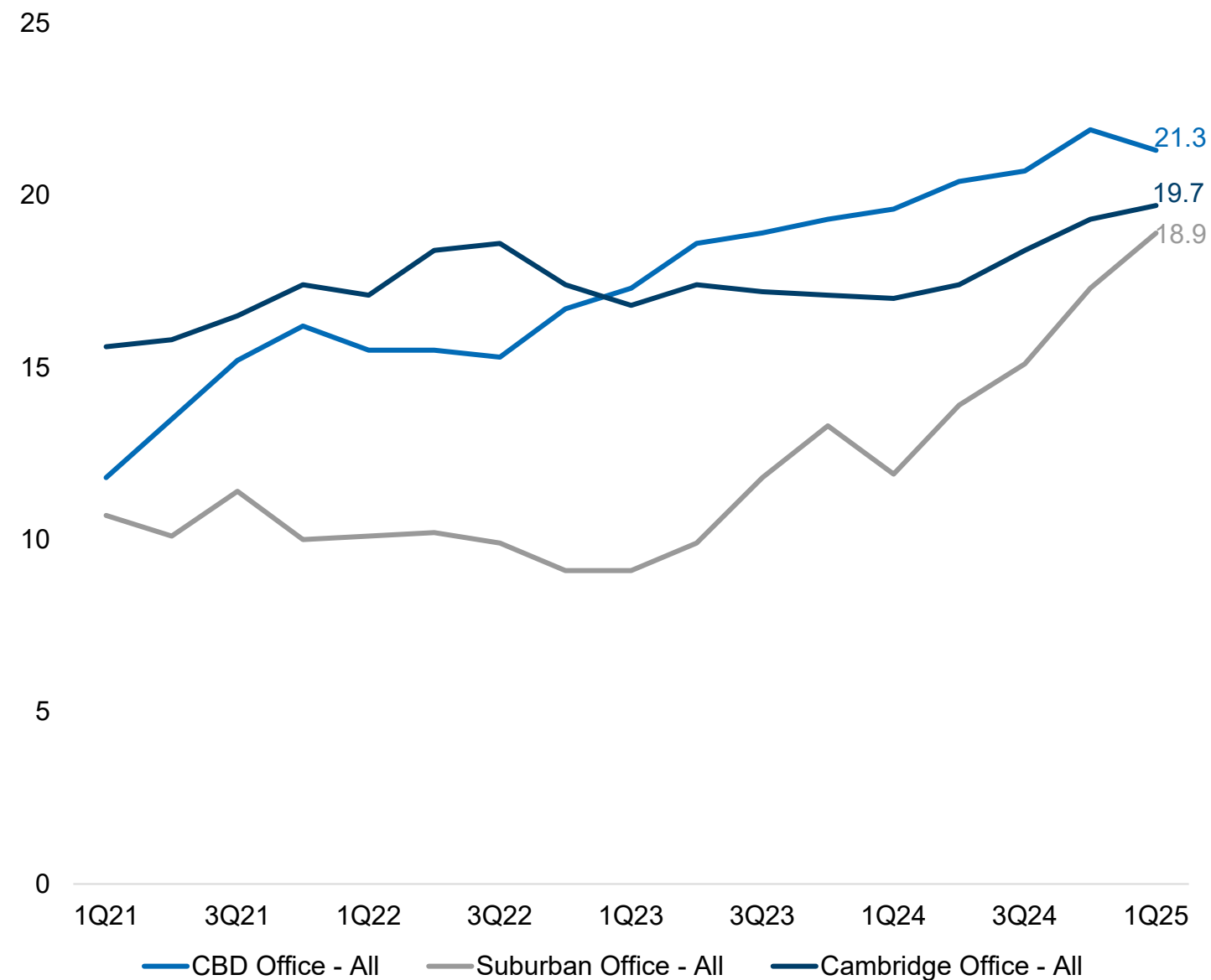
Notable 1Q25 Lease Transactions

Tenant	Address	Submarket	Lease Type	Square Feet
Klaviyo	125 Summer St., Boston	Downtown	Lease Renewal/Expansion	256,604
Global Partners	275 Grove St., Waltham	West – Route 128	Direct Lease	100,419
CyberArk	140 Kendrick St., Needham	West – Route 128	Sublease	90,000
Advisor360	400 First Ave., Needham	West – Route 128	Sublease	83,516
FM Global	650 Atlantic Ave., Boston	South Station	Direct Lease	55,927
Spectrum Microwave	400 Nickerson Rd., Marlborough	West – Route 495	Lease Renewal	42,832

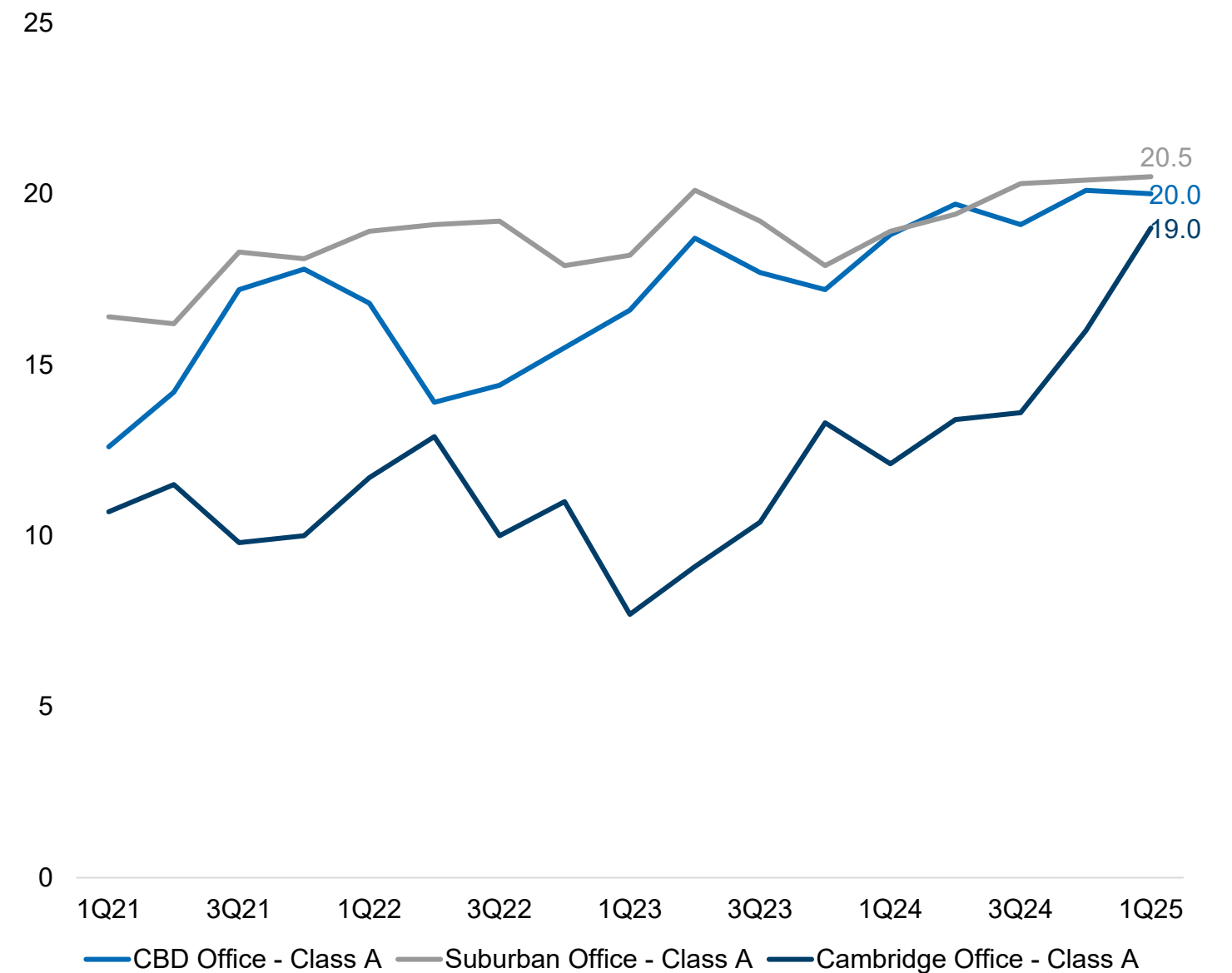
Higher Downtimes for Office Space Persist Across the Board

The average months on market for office space across Greater Boston's core submarkets continues to rise, with the CBD being the sole exception, recording a modest decline in the first quarter of 2025. The ongoing flight-to-quality trend has resulted in Class A properties leasing at a slightly faster pace than other building classes within both the CBD and Cambridge. However, overall suburban office space is being leased, on average, 1.6 months faster than the suburban Class A subset.

Average Months on Market – Overall Office



Average Months on Market – Class A Office

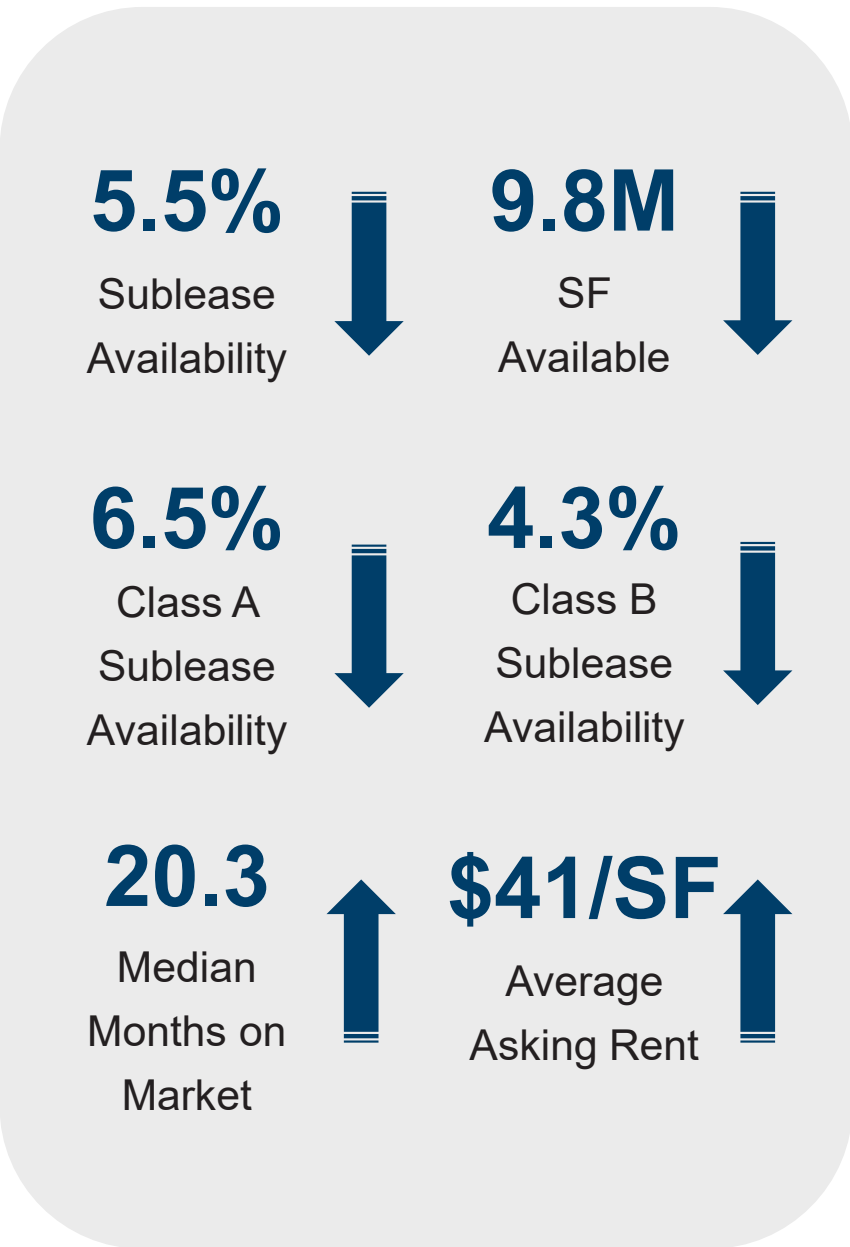


Source: Newmark Research, CoStar

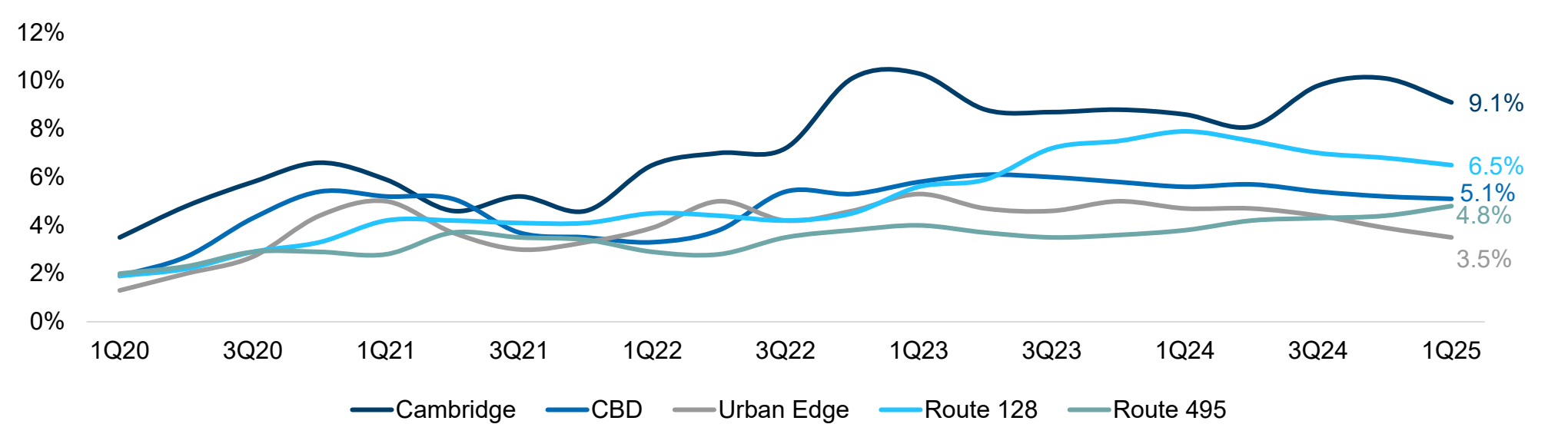
Sublease Availability in Greater Boston Declines, With Shifts Across Submarkets

Sublease availabilities have likely peaked for this cycle, with modest declines reported in nearly all major office markets. With some of these subleases nearing expiration, direct availabilities are facing continued upward pressure. Cambridge still maintains the highest rate of available sublease space at 9.1% of inventory as of the first quarter of 2025 while conditions in the Urban Edge further improved to only 3.5% of existing inventory.

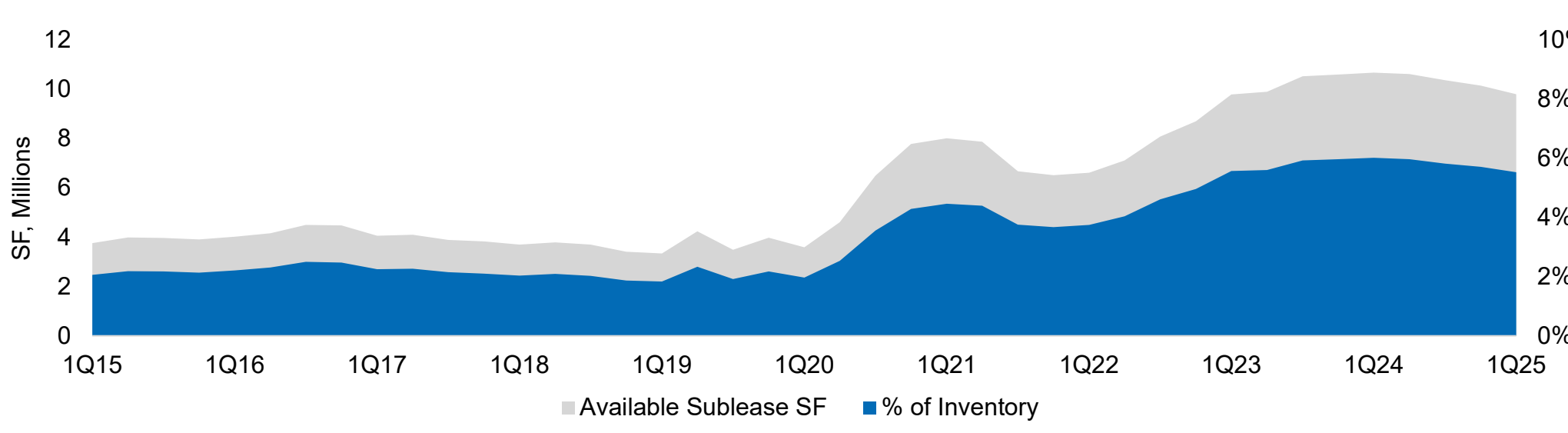
Greater Boston Sublease Statistics, 1Q 2025



Historical Office Sublease Availability (%) by Submarket



Historical Office Sublease Availability

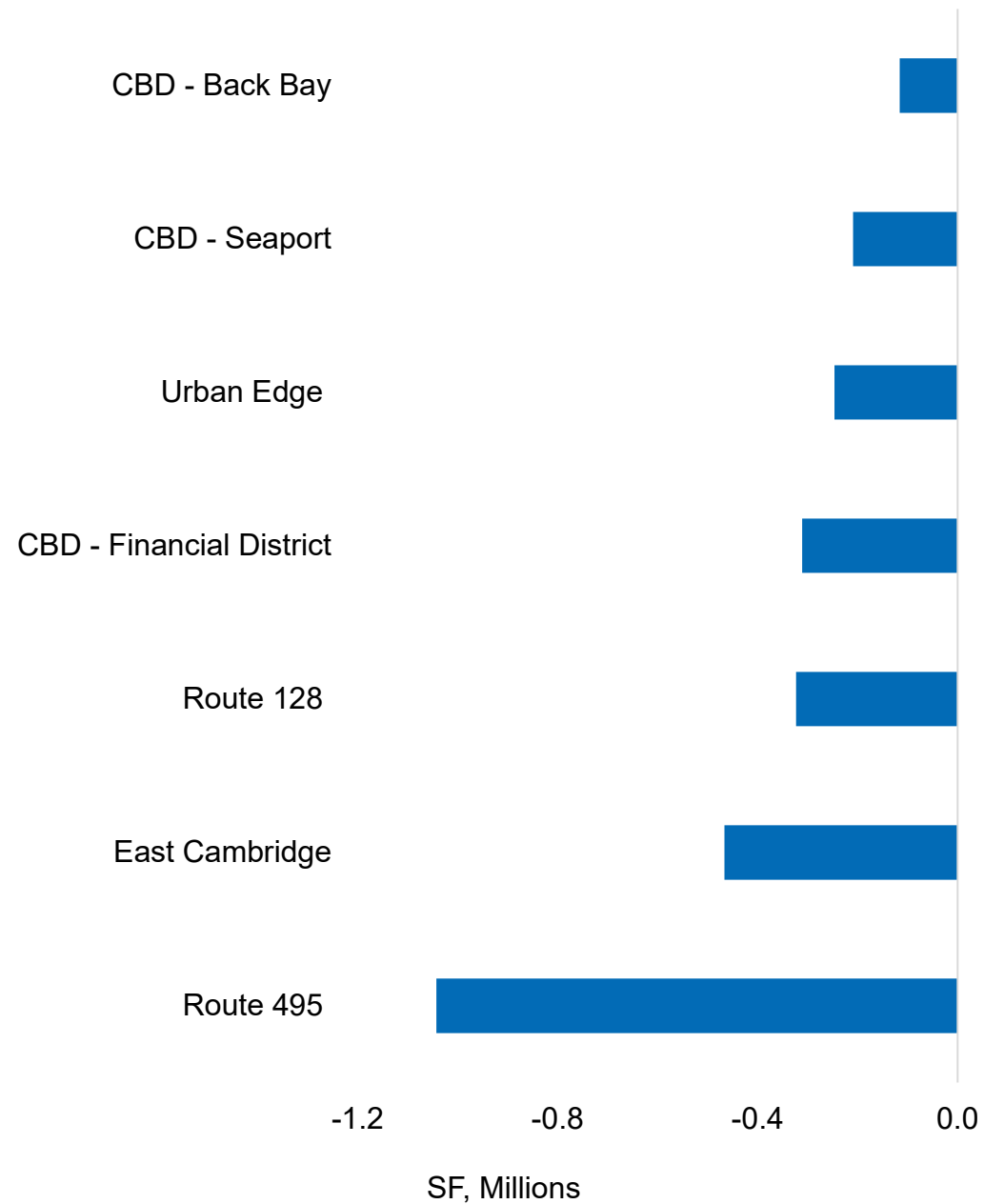


Source: Newmark Research, CoStar

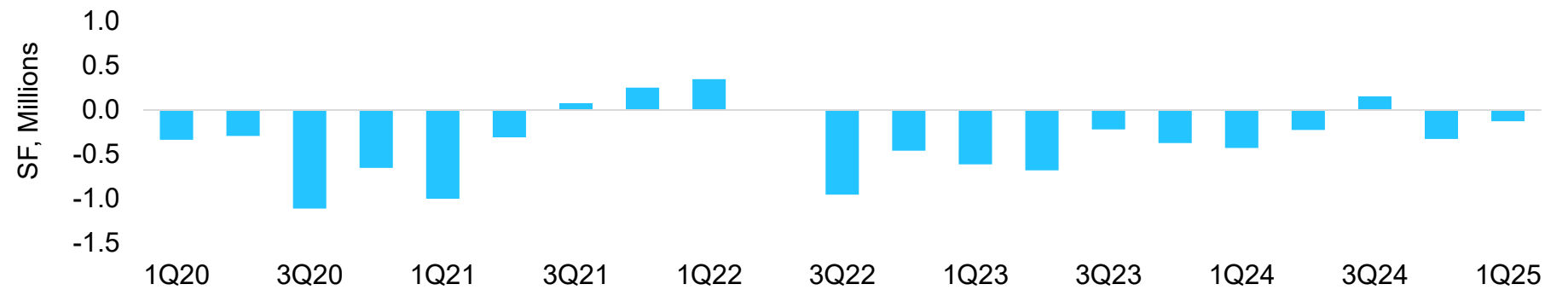
Positive Momentum Returns to Cambridge as Suburban Markets Struggle

Cambridge was the only core submarket in the Greater Boston area to post positive net absorption this quarter—the first such gain since mid-2023. Driven in part by the closure of Red Hat’s facilities in Westford, the Route 495 market experienced the highest level of negative net absorption over the past 12 months. East Cambridge recorded the second-largest negative net absorption, though it was 55.3% lower than that of Route 495.

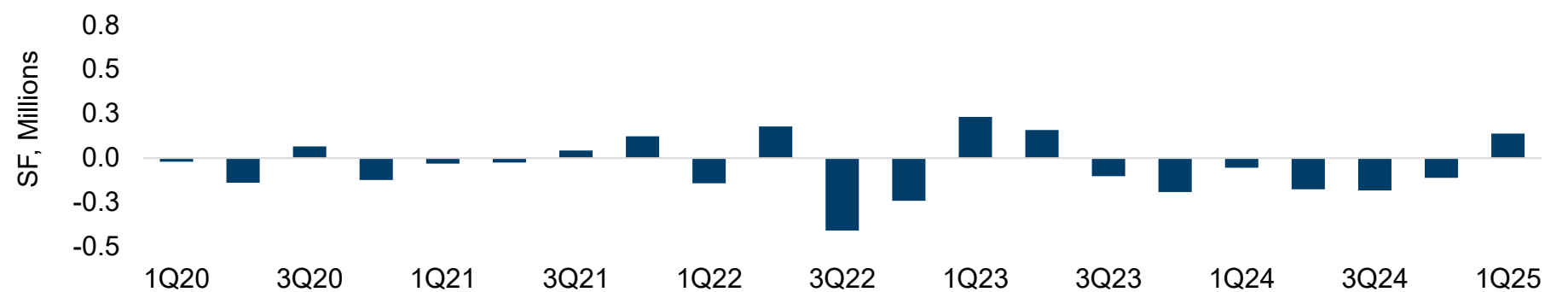
12-Month Net Absorption by Major Submarket



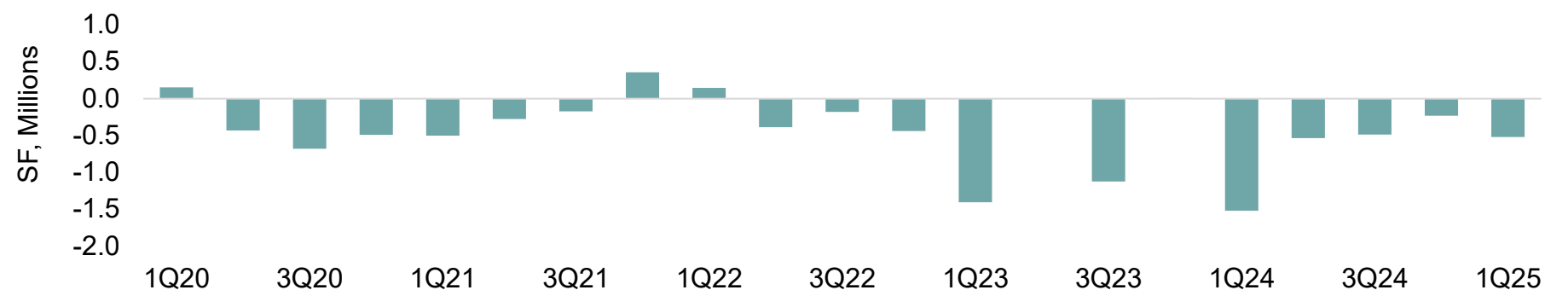
Historical Net Absorption | CBD



Historical Net Absorption | Cambridge



Historical Net Absorption | Suburbs

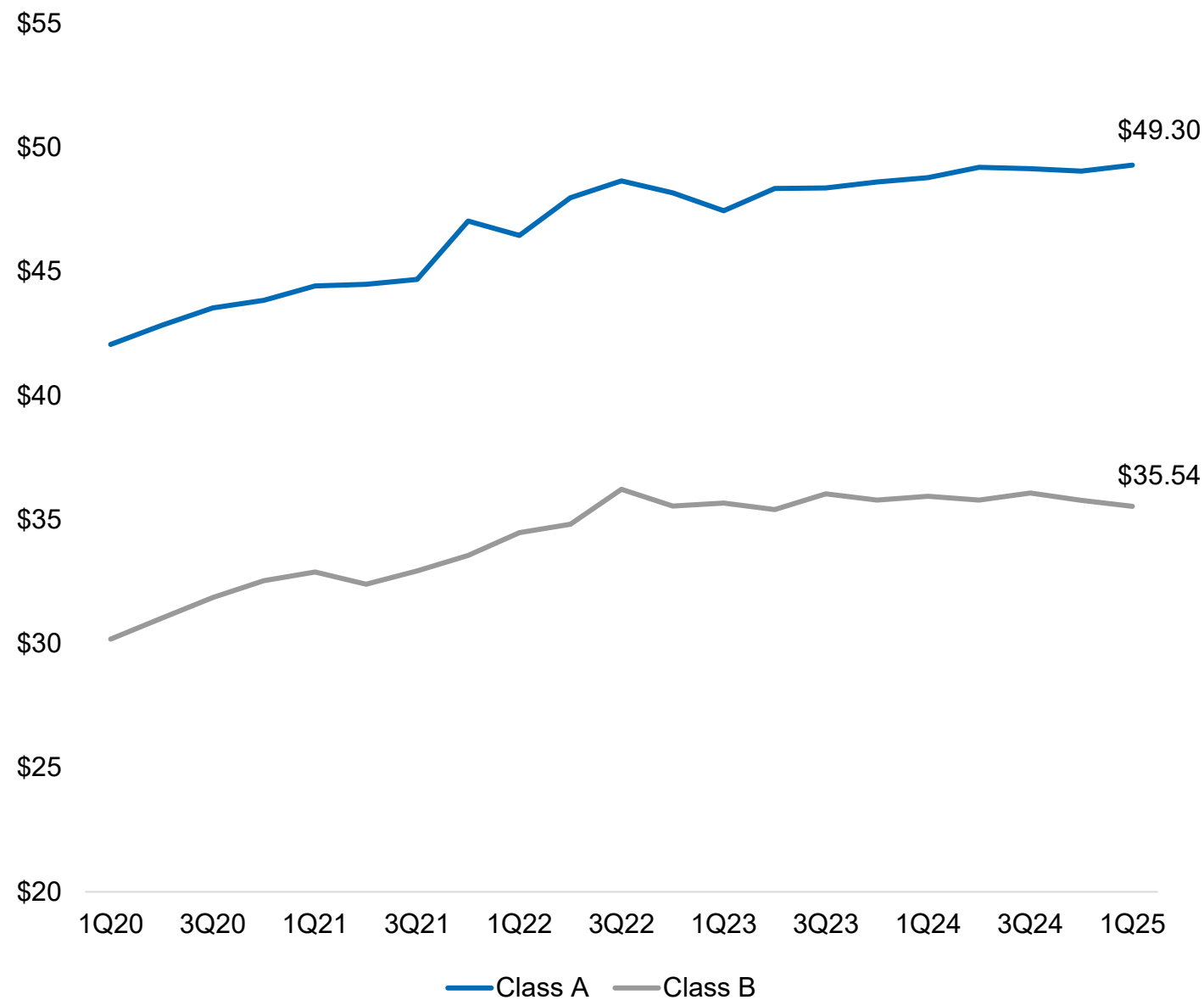


Source: Newmark Research

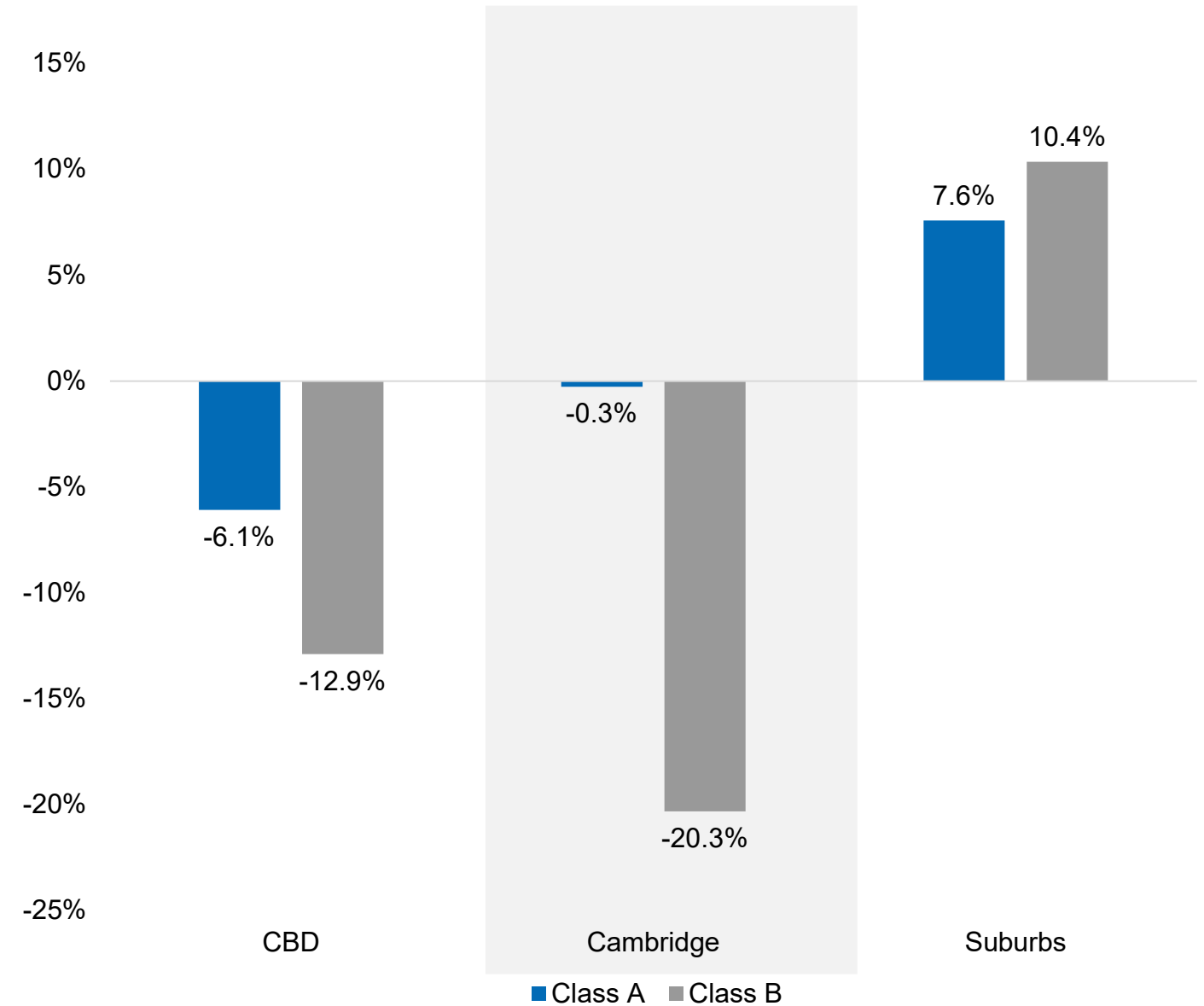
Overall Asking Rents Remain Flat Across Greater Boston

Greater Boston Class A asking rents remained relatively stable during the first quarter of 2025, while the Class B market experienced a decline of 1.1%. 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) 1Q20-1Q25

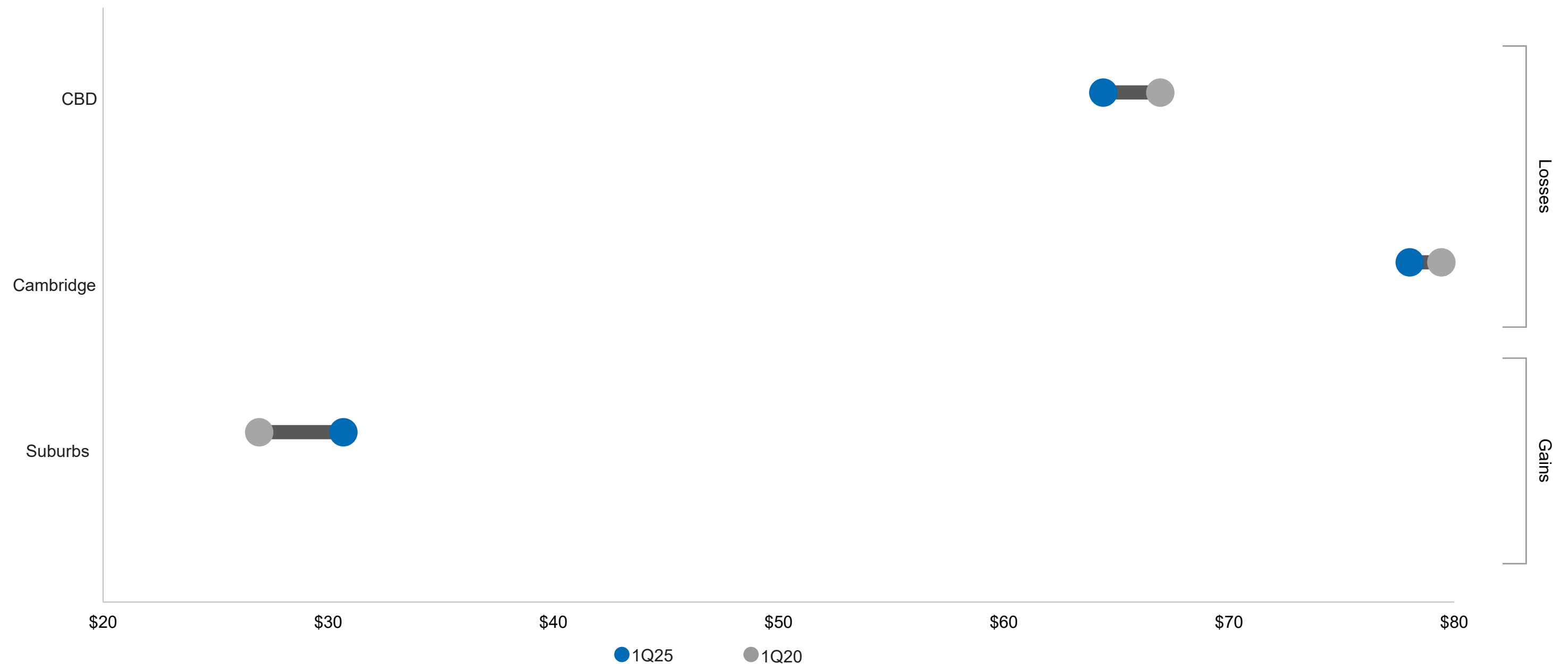


Source: Newmark Research, CoStar

Rent Change Since the Onset of the Pandemic in 2020

Over the past 5 years, Cambridge and the CBD have seen overall asking rents decline slightly, whereas the Suburbs have experienced a notable increase, escalating just under 14% in that time-period. Cambridge and the CBD's asking rents peaked in 2022 and have slowly worked their way back to just below pre-pandemic levels. The Suburbs have experienced slower growth over that time-period, with the lowest quarter-over-quarter increase between the three markets. The overall suburban rent growth may be due to the suburbs being the only market to experience a net decline in office inventory since 2020, with many buildings being converted to other uses.

Change in Asking Rents (\$/SF) by Market | 1Q20 to 1Q25

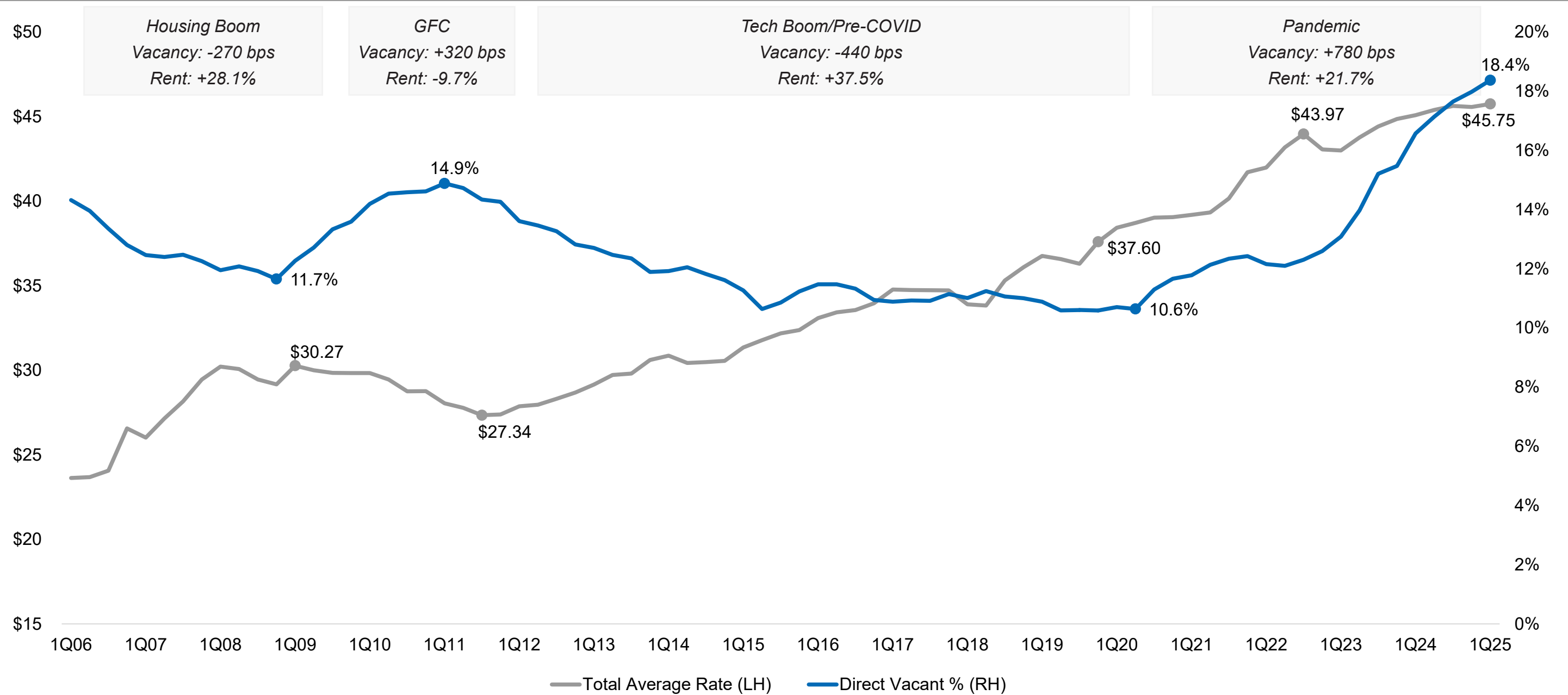


Source: Newmark Research, CoStar

Market Sees Modest Increases in Rents and Vacancy Rates

Both average asking rents and overall direct vacancy rates increased modestly in the first quarter of 2025, perpetuating the counterintuitive relationship between pricing and vacancy that has characterized Boston's office market this cycle. A sharper correction is more evident in the effective rent data as landlords are willing to negotiate lower strike rates and generous concession packages.

Direct Vacancy vs. Average Asking Rent (\$/SF)



Source: Newmark Research

1Q25

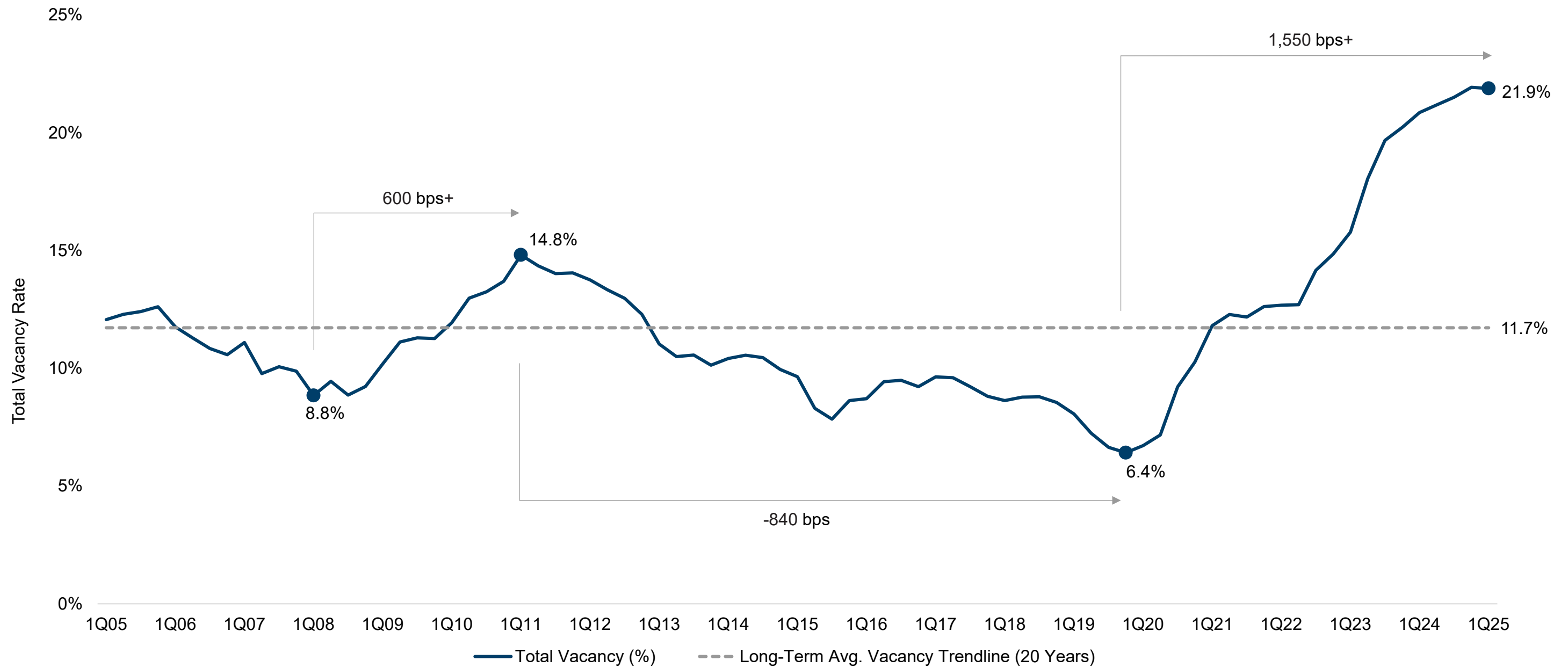
Boston CBD Office Market



First Quarter Indicates Leveling in CBD Office Vacancy Trends

Boston's CBD office market experienced a plateauing of vacancy rates during the first quarter of 2025. A gradual decline in sublease offerings is driving up direct vacancies as tenants continue to terminate leases on under-utilized office space. While sentiment began the year with some cautious optimism, uncertainty surrounding the macroeconomy and new administration's policies remains a key headwind to Boston's near-term outlook.

Historical Vacancy Rate

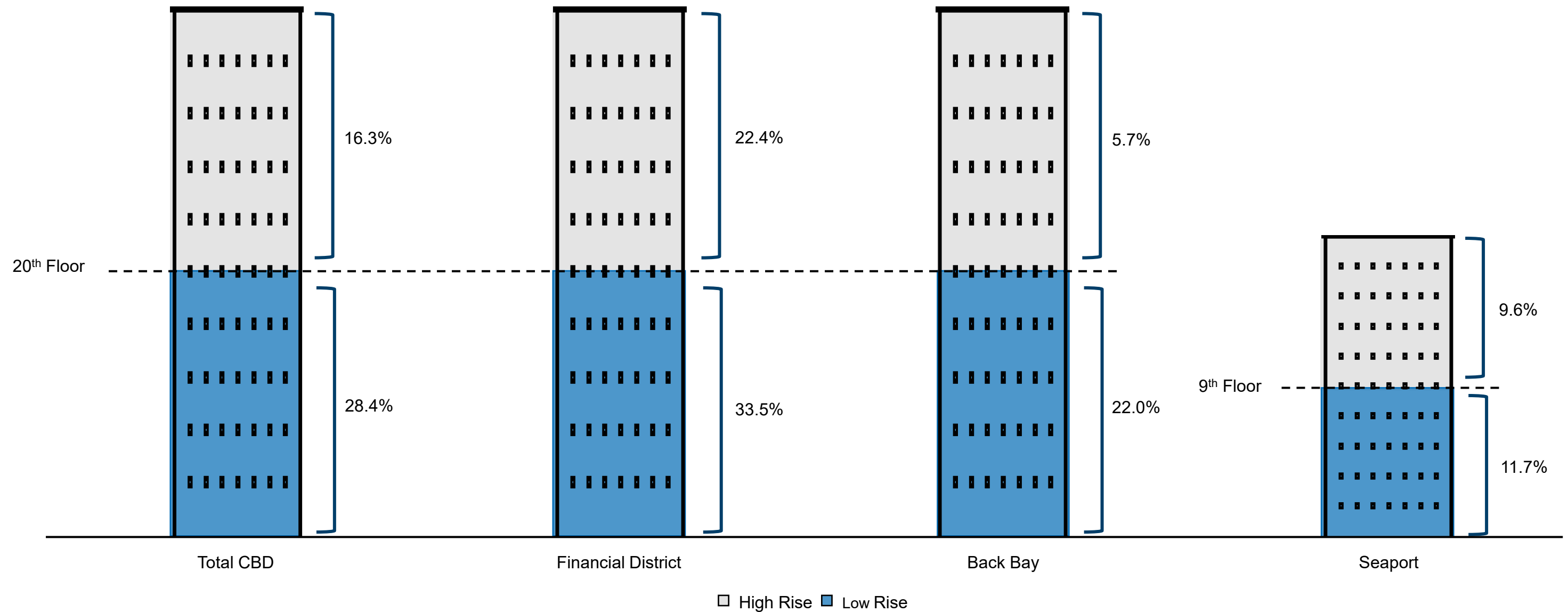


Source: Newmark Research

“View Space” Preferences Drive Shifts in CBD Vacancy Trends

Higher-floor spaces in tower buildings within the CBD continue to attract tenants more effectively, as evidenced by the varying vacancy rates across submarkets. The high-rise vacancy rate in the Back Bay remains the lowest in the CBD, although these spaces experienced a 20-basis point increase in vacancy compared to the previous quarter. In contrast, the only segment of the CBD to see a decrease in vacancy over the same period was high-rise space in the Financial District.

Vacancy in High Rise Space vs. Low Rise Space in Boston’s CBD

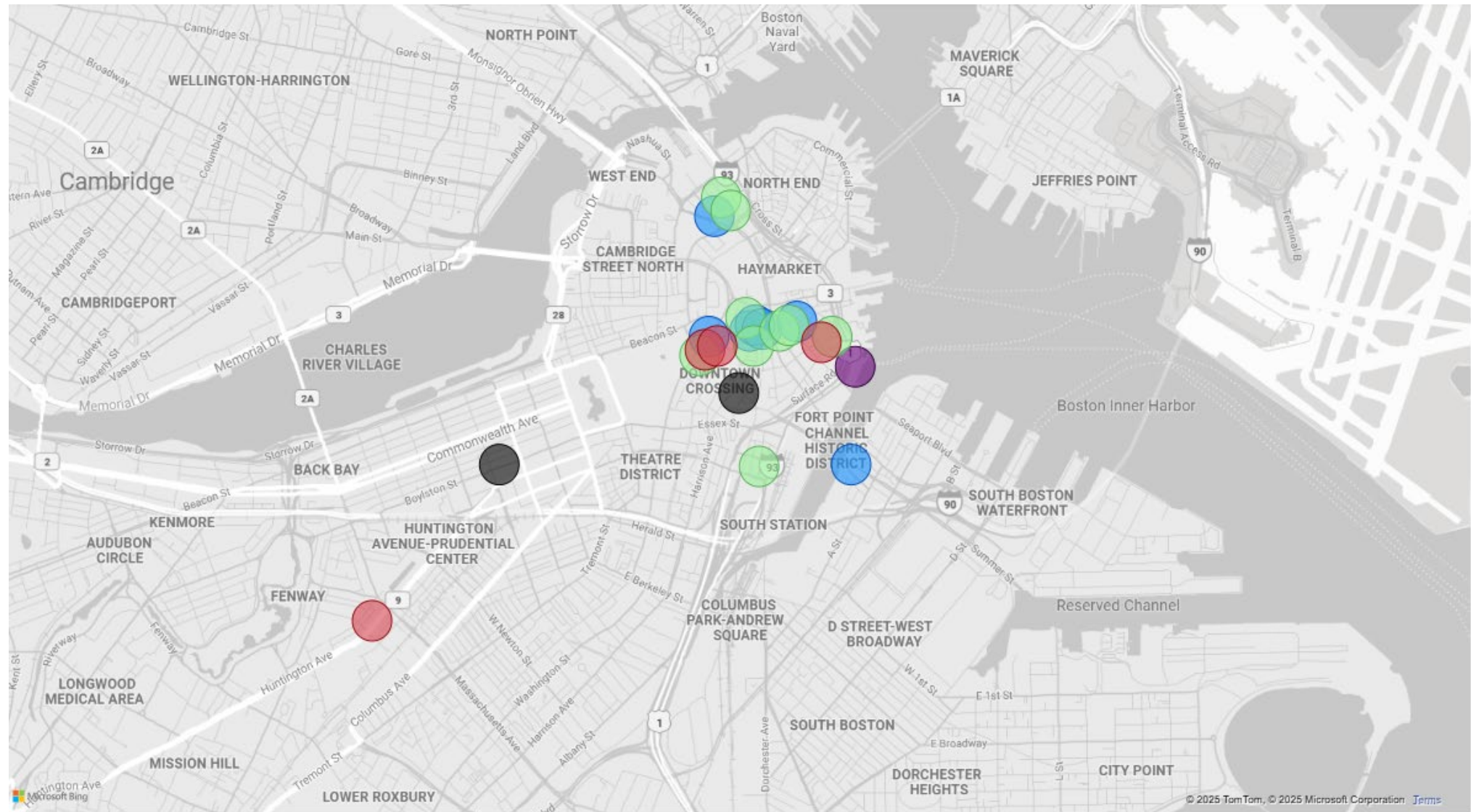


Note: Data is from a select survey of office towers. For every market, except the Seaport, the buildings have a minimum of 20 floors. Due to airspace height restrictions, the premier office buildings in the Seaport have a minimum of 9 floors.
Source: Newmark Research

Rising Vacancies Spur Office-to-Residential Conversions in Urban Boston

Office landlords in Urban Boston are increasingly exploring alternative development opportunities in response to rising vacancy rates and declining values. Fueled by local government initiatives and redevelopment incentives, there has been a noticeable uptick in proposed or approved conversions, including office-to-residential projects. A notable development this quarter is the BPDA Board approval for the conversion of 15 Court Square and 4 Liberty Square, transitioning from office properties to residential spaces.

Proposed Office Conversions



Conversion Status ● BPDA Board Approved ● Letter of Intent ● Proposed ● Under Construction ● Under Renovation

Proposed Conversion Stats

1.2 MSF
Potentially Coming off the Market

1,034
Residential Units

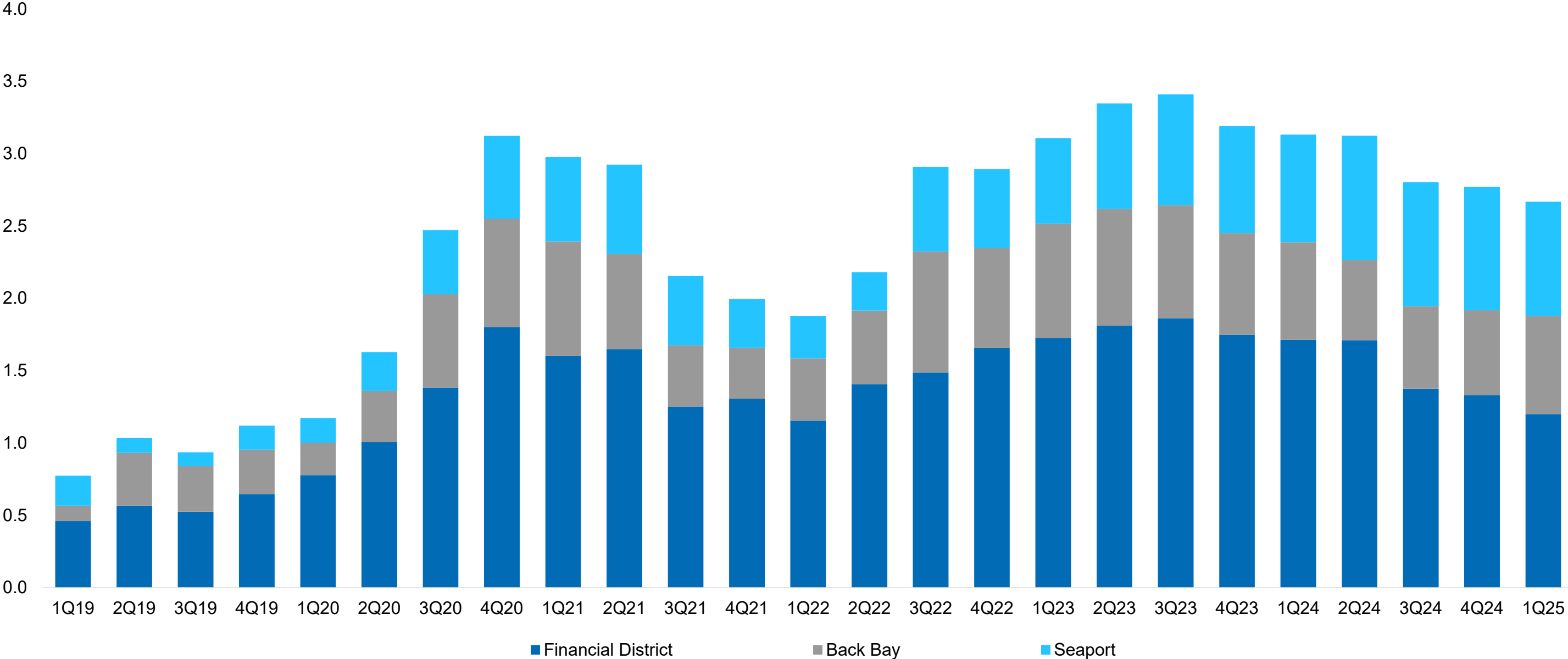
67%
Of Conversions Located in Downtown

29%
Of Conversions are Non-Residential

Sublease Supply Eases, but Financial District Still Leads

The Financial District continues to lead the CBD in sublease availability, accounting for 44.9% of the total sublease space on the market. As of the end of the first quarter of 2025, sublease availabilities across the CBD totaled 3.4 million SF—a 4% decline from the previous quarter. The largest contiguous sublease listing remains Reebok’s 333,100 SF space at 21–25 Drydock Avenue, which represents 42% of the total sublease availability in the Seaport submarket.

Available Sublease Space (MSF), By Submarket

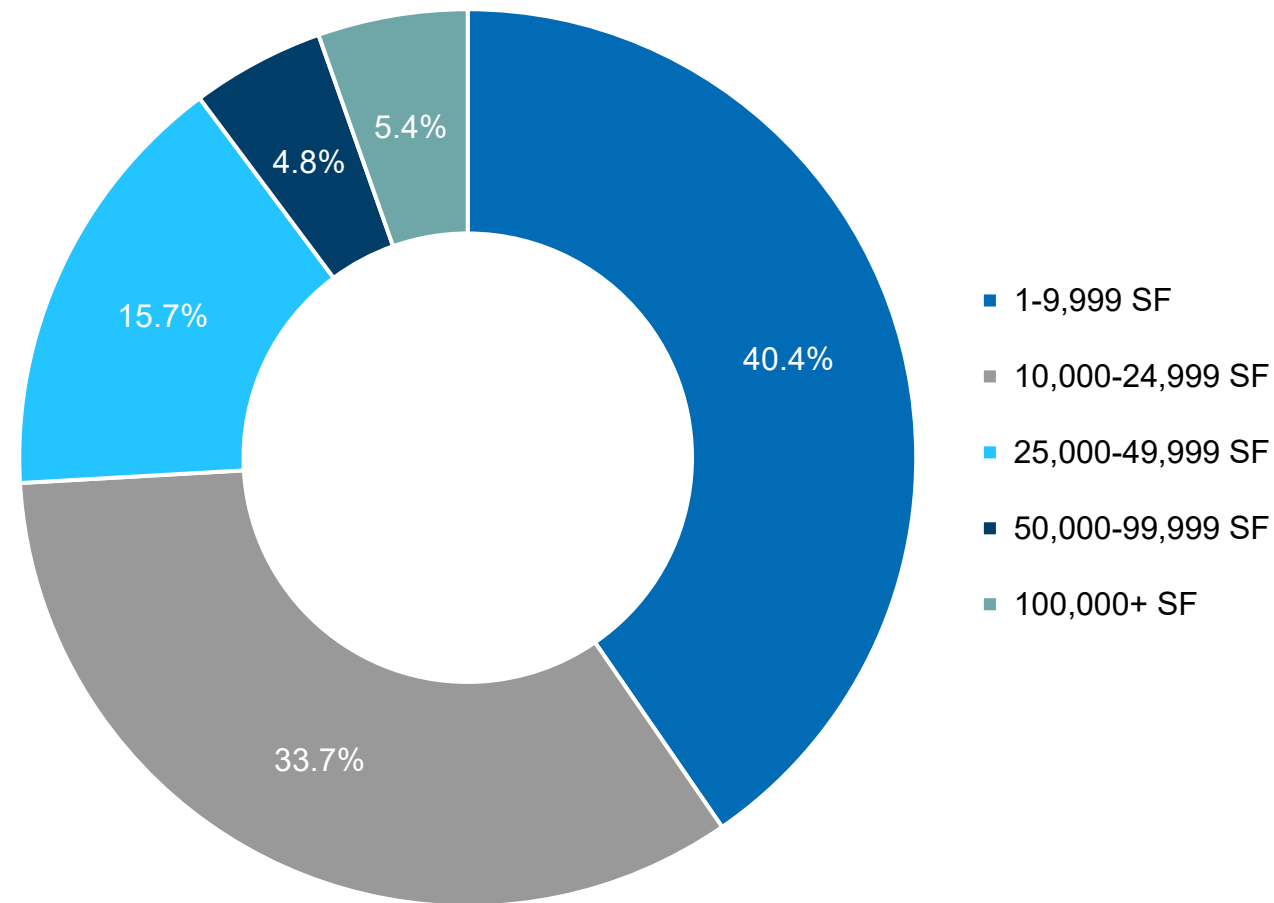


Source: Newmark Research

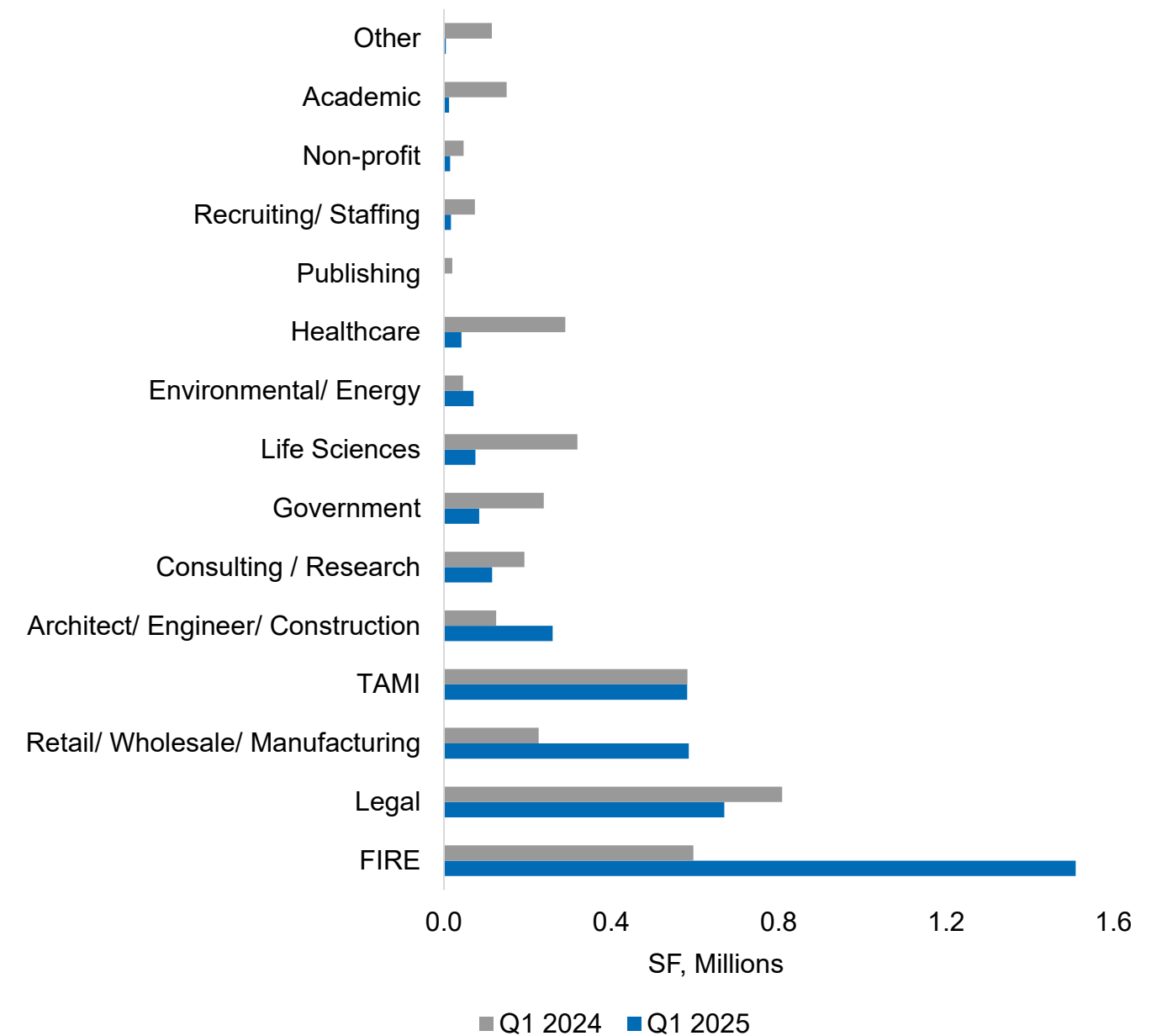
FIRE Sector Fuels CBD Activity Amid Strong Demand for Smaller Spaces

By the end of the first quarter of 2025, the Boston CBD submarket had 166 active tenant requirements, totaling nearly 4.1 million SF. The FIRE sector accounted for the largest share, with over 1.5 million SF—representing 37% of total demand. Market dynamics continue to underscore Boston’s status as a 'small-tenant' market, with 74.1% of active requirements seeking spaces under 25,000 SF.

Number of Requirements by Size Tranche



Active Requirements By SF and Industry

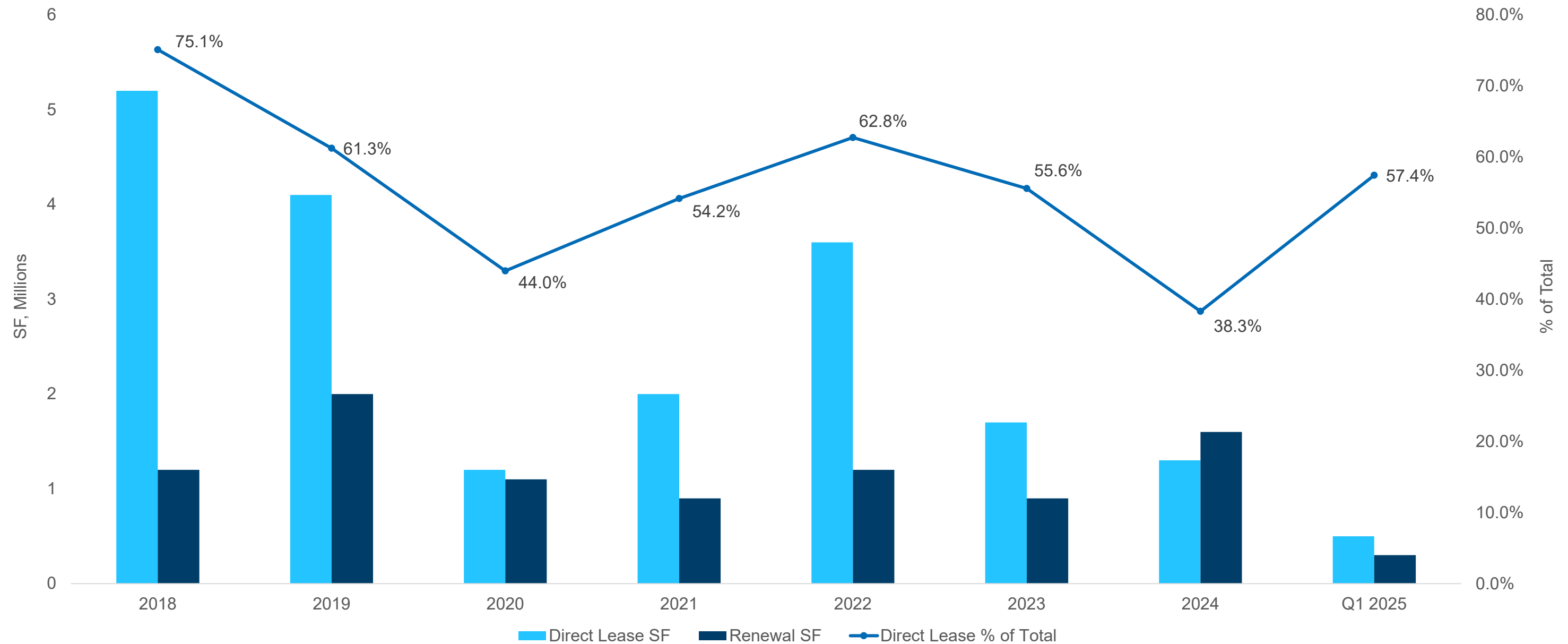


Source: Newmark Research

Gap Narrows Between Renewals and Direct Leases in Early 2025

The first quarter of 2025 saw the gap between direct leases and renewals continue to narrow. Many occupiers maintain a desire for flexibility amid ongoing economic uncertainty. Additionally, prevailing market conditions have prompted many businesses to adopt a cautious approach, prioritizing reduced upfront capital expenditures while preserving operational agility.

Direct vs. Renewal Deals by Year

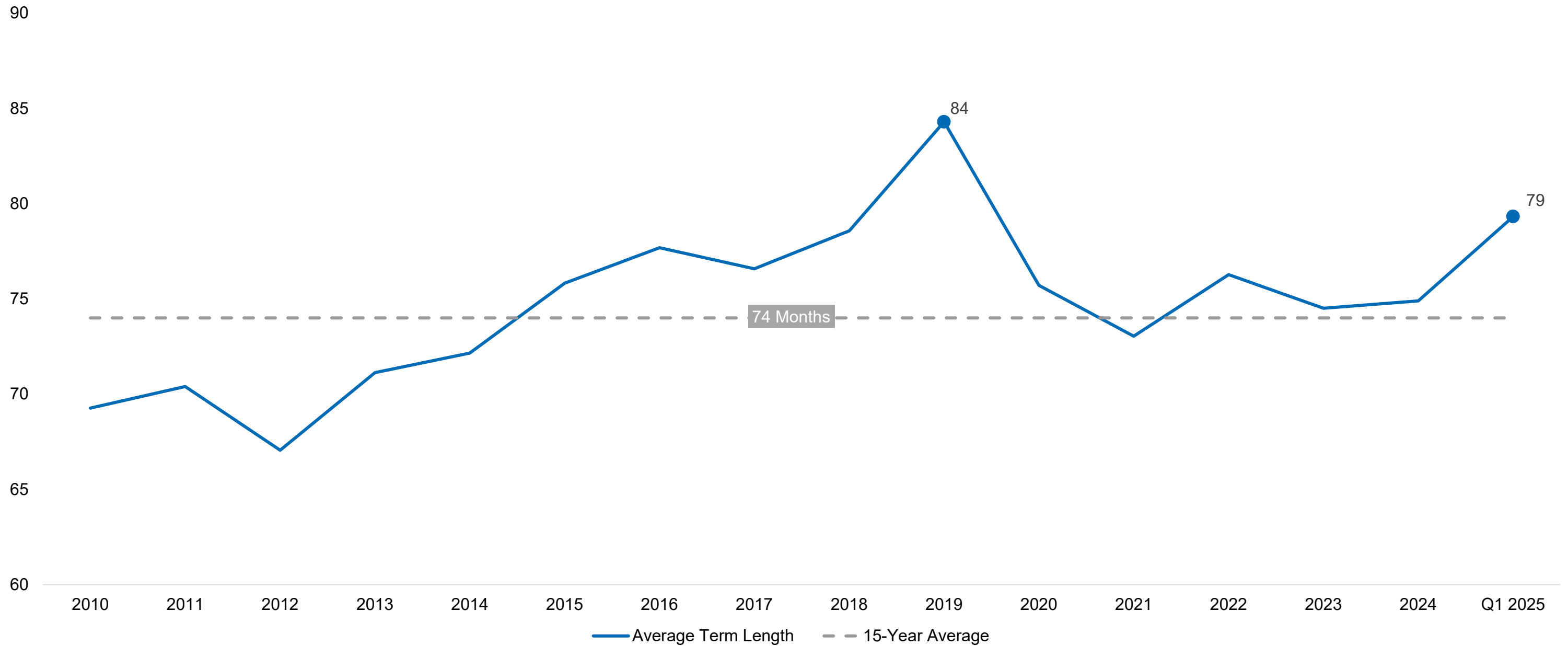


Source: Newmark Research

Average Lease Terms Rise, But Remain Below Pre-Pandemic Highs

The average lease term length during the first quarter of 2025 is four months longer than the 2024 average, indicating a potential shift in tenant sentiment. However, it remains five months below the record high of 84 months recorded in 2019. This may suggest that while tenants are demonstrating increased optimism, a degree of caution persists amongst office occupiers in Boston's CBD.

Average Term Length of Office Deals in the CBD

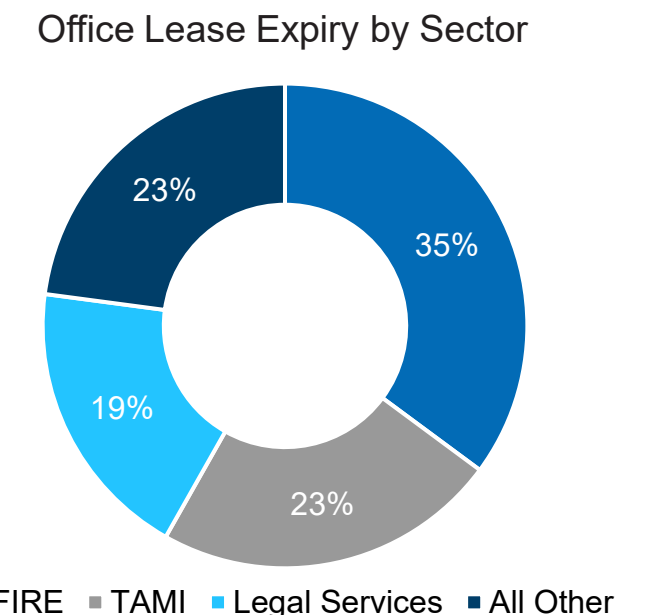
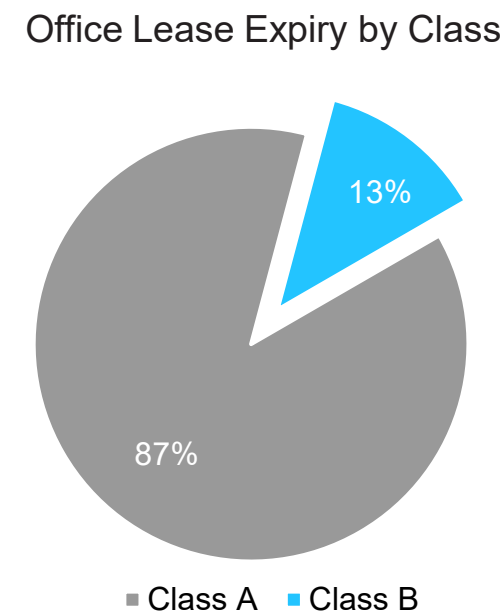
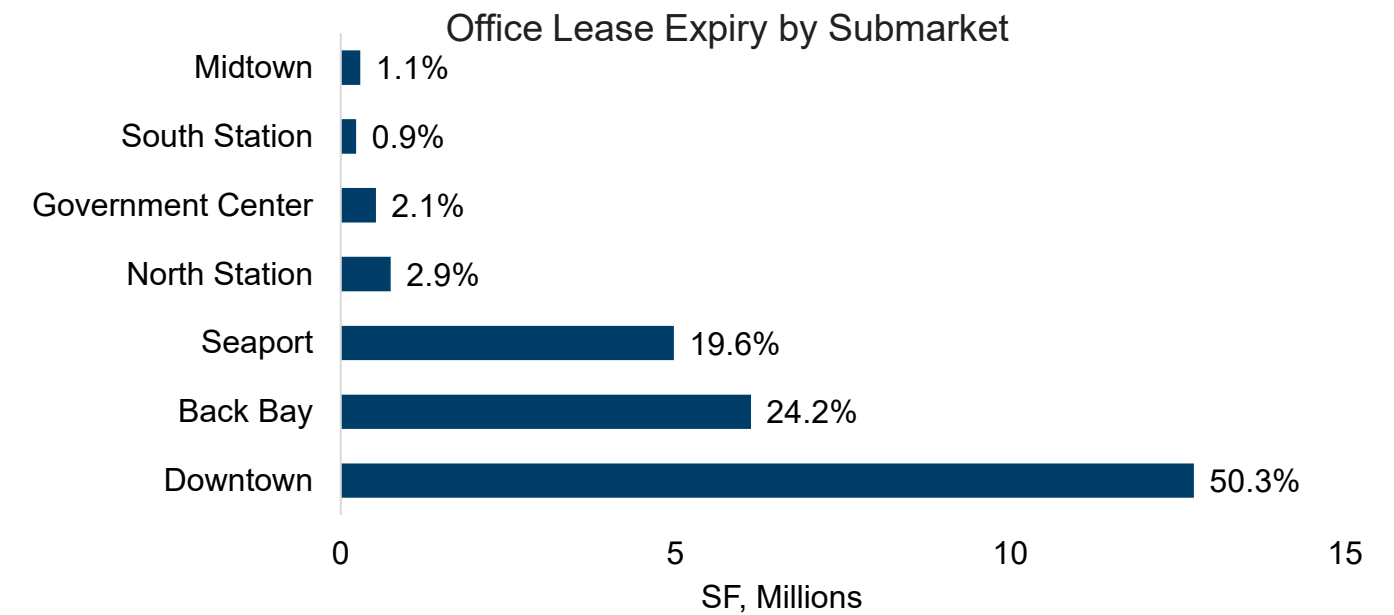
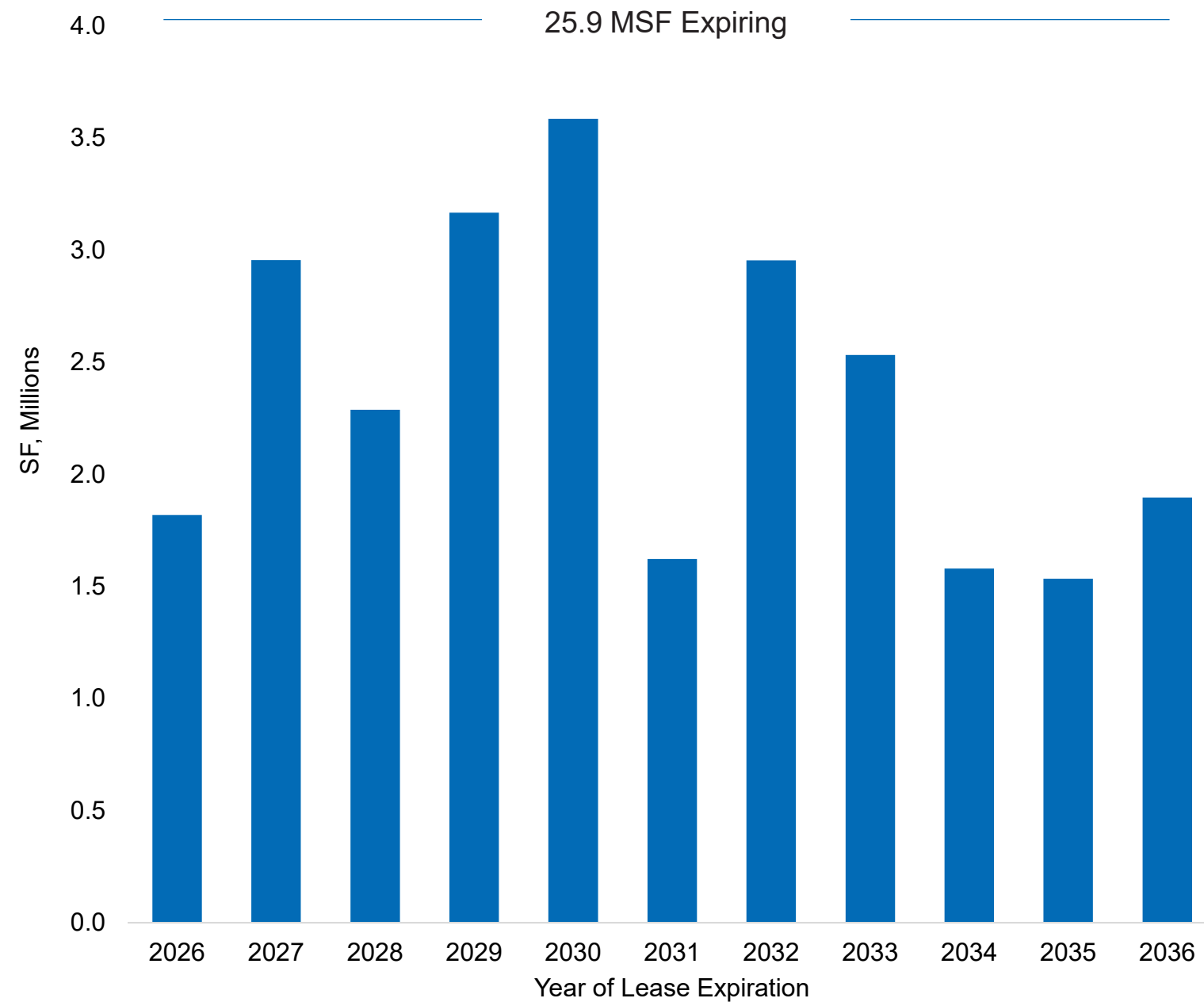


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions.

Despite Renewal Activity, Millions of SF Are Set to Roll in the CBD by 2036

With more than 25 million SF of office leases set to roll over the next 10 years, expiration driven leasing will continue to help drive activity in Boston over the next several years. Much of the space expected to roll is located in Class A properties, with a high concentration in Boston's Downtown submarket. The finance, insurance, and real estate tenants, which have been more active in recent years, represents 35% of the space rolling by 2036.

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

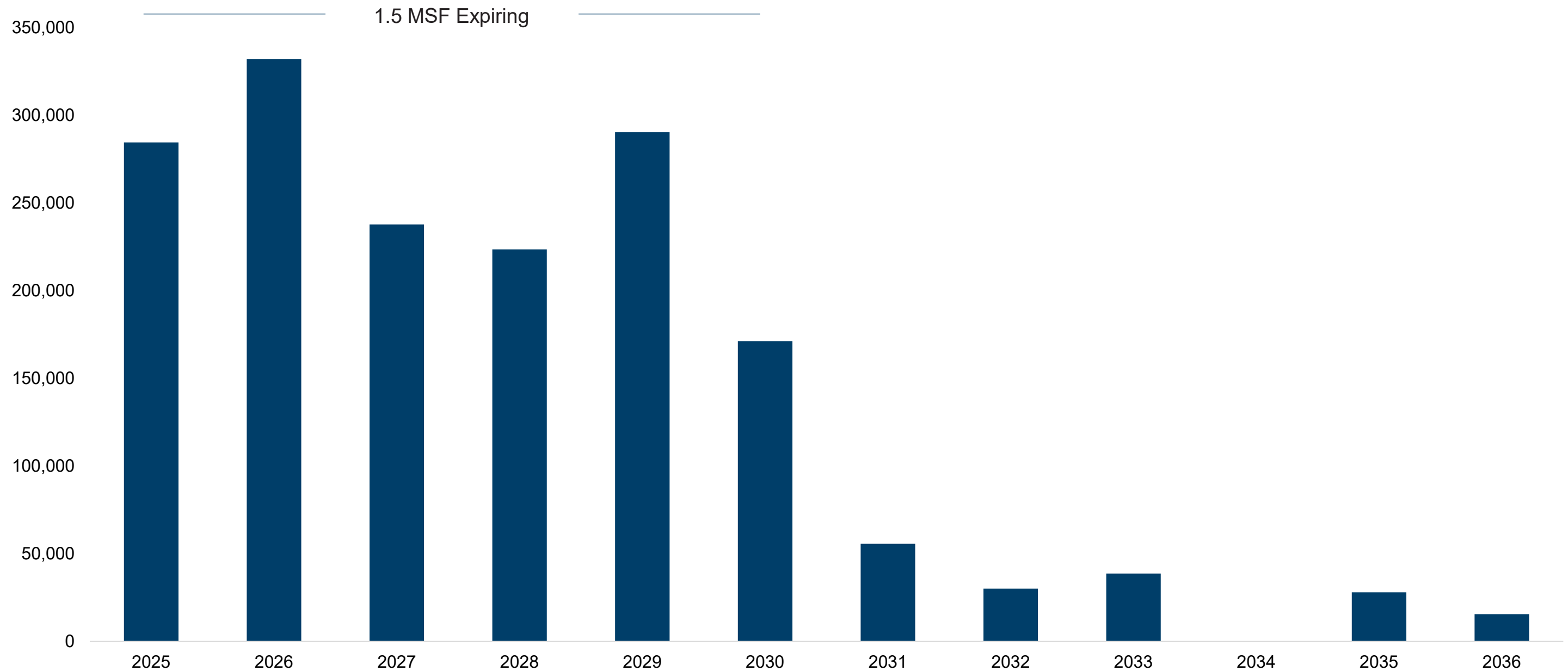


Source: Newmark Research

Tenants Subleasing Class A Space Face Limited Options

Office users that executed shorter-term subleases post-COVID were able to ink advantageous deals in high-quality spaces. Many of these tenants are now facing sticker shock as direct deals in best-in-class spaces still command a sizeable pricing premium in addition to capital expenditures for fit-outs, furniture, etc. This could result in more users negotiating directly with landlords for Class A office space as these subleases expire.

Subleases Signed 2020 to 2025 by Lease Expiration Year

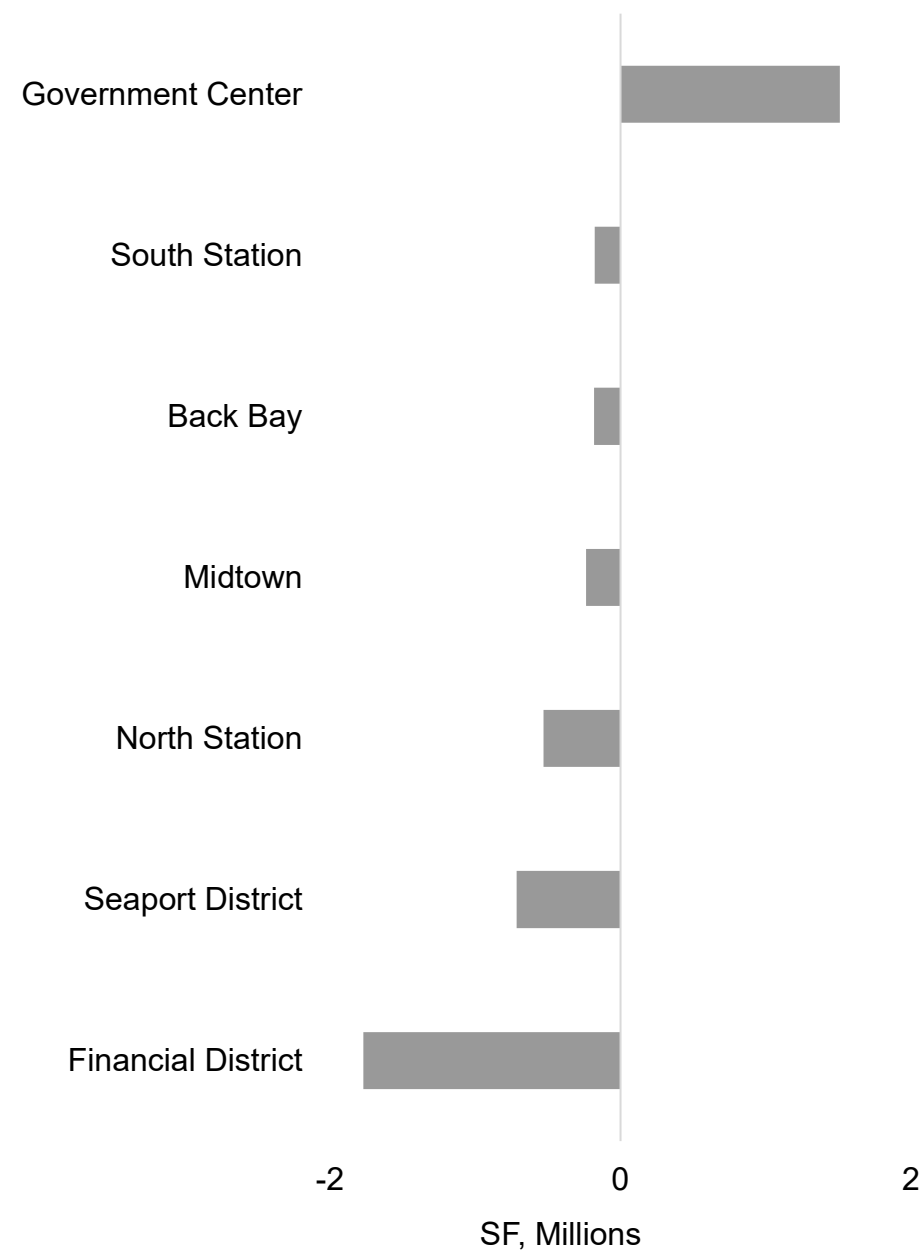


Source: Newmark Research

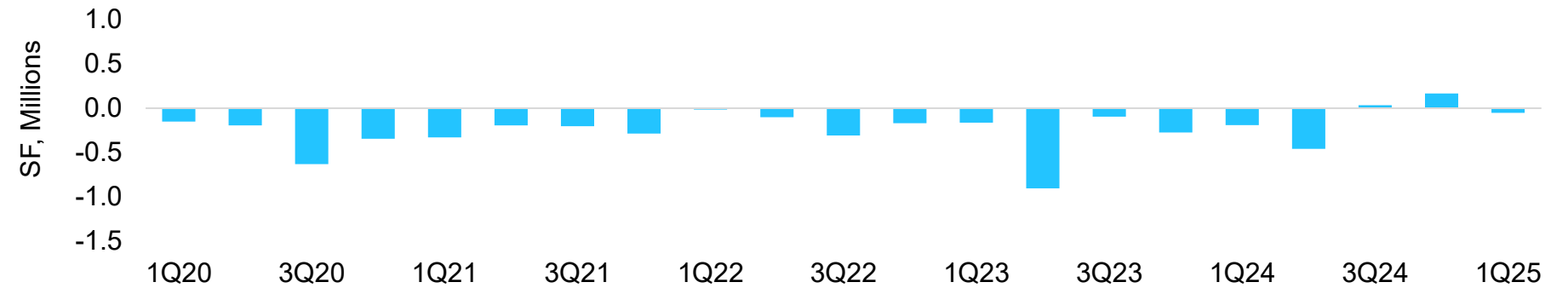
Negative Absorption Persists Across Downtown Boston

Negative net absorption was recorded across all core submarkets within the CBD during the first quarter of 2025, underscoring the continued softness in demand for downtown office space. Over a 12-month period, the Government Center was the sole CBD submarket to post positive net absorption, a result largely attributed to Intersystems' relocation from Cambridge in the second quarter of 2024

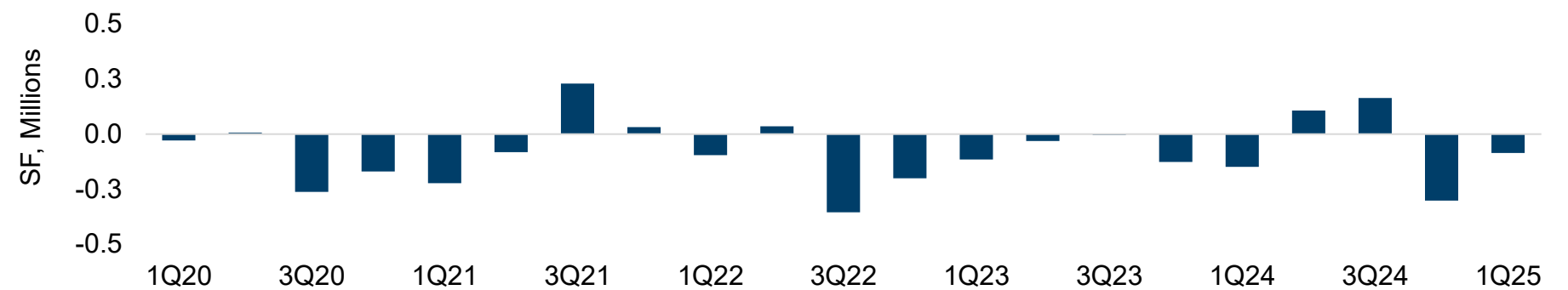
12-Month Net Absorption by Major Submarket



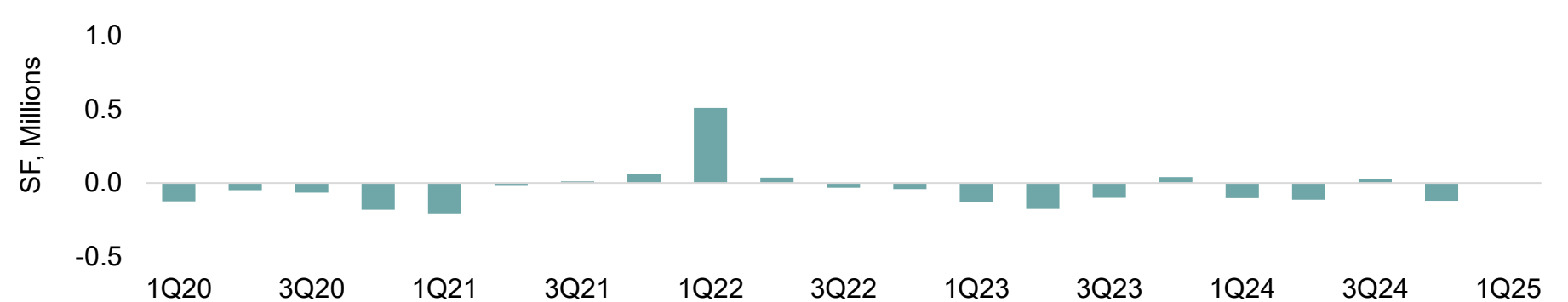
Historical Net Absorption | Financial District



Historical Net Absorption | Back Bay



Historical Net Absorption | Seaport

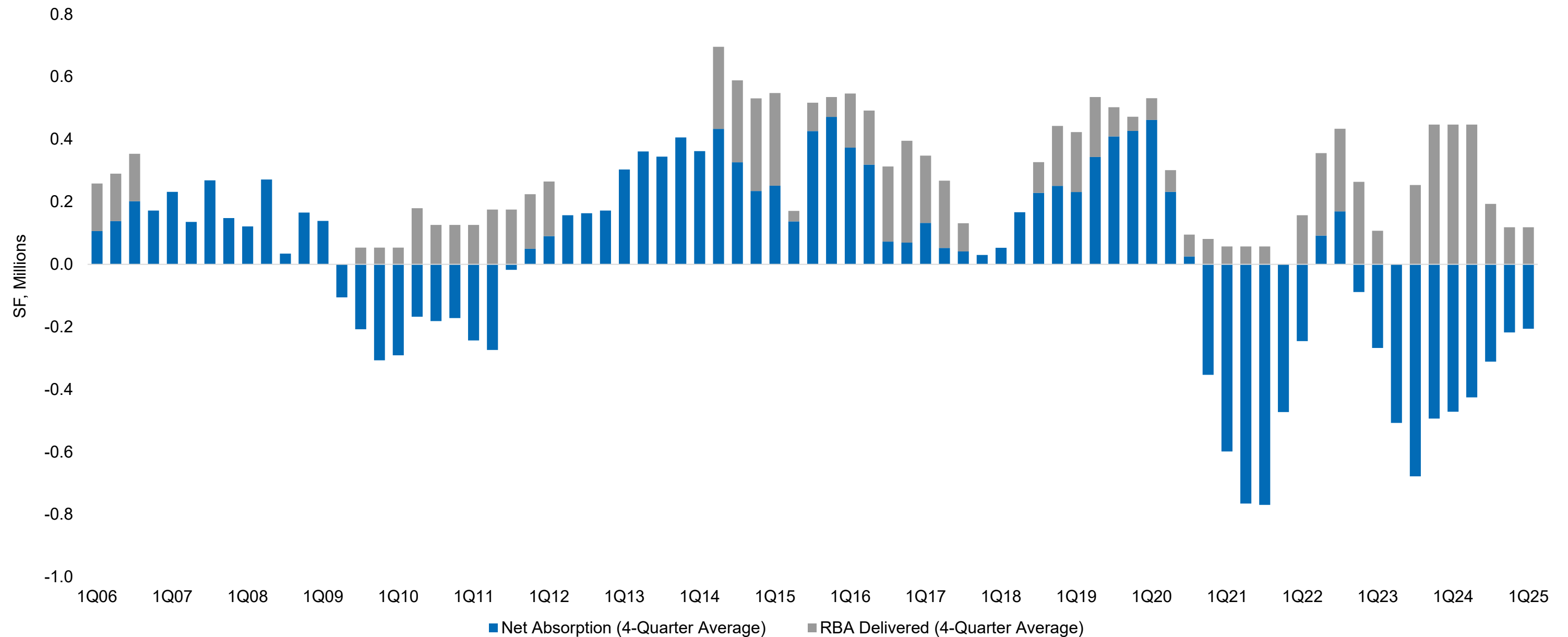


Source: Newmark Research

Signs of Life, But No Turnaround Yet in Boston's CBD

Despite an uptick in leasing activity, Boston's CBD office market continues to post a negative four-quarter average in net absorption. Although the year began with cautious optimism, persistent macroeconomic uncertainty remains a headwind for the market's development pipeline, as evidenced by the completion of only one property over the past 12 months.

Historical Net Absorption and Deliveries

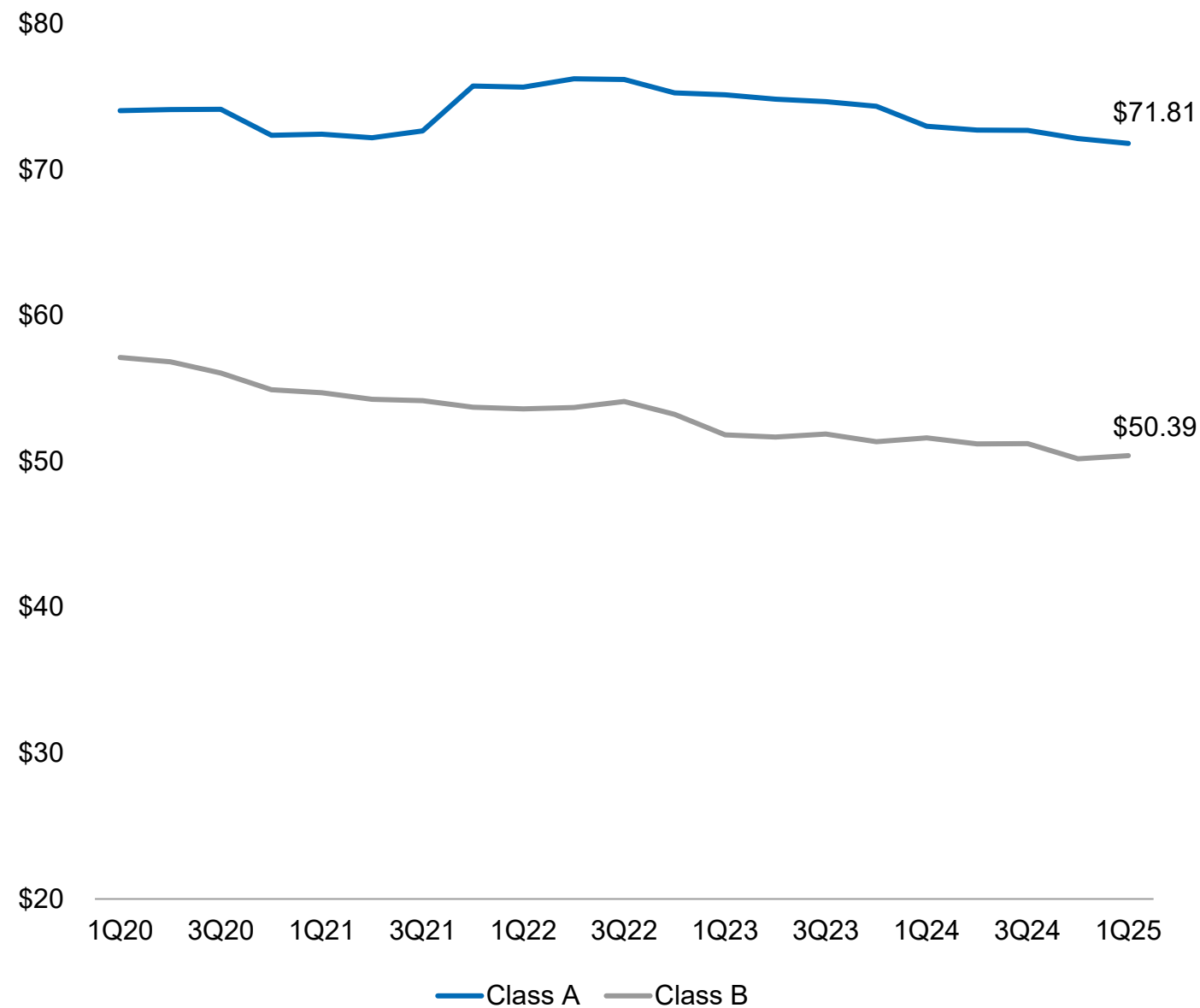


Source: Newmark Research

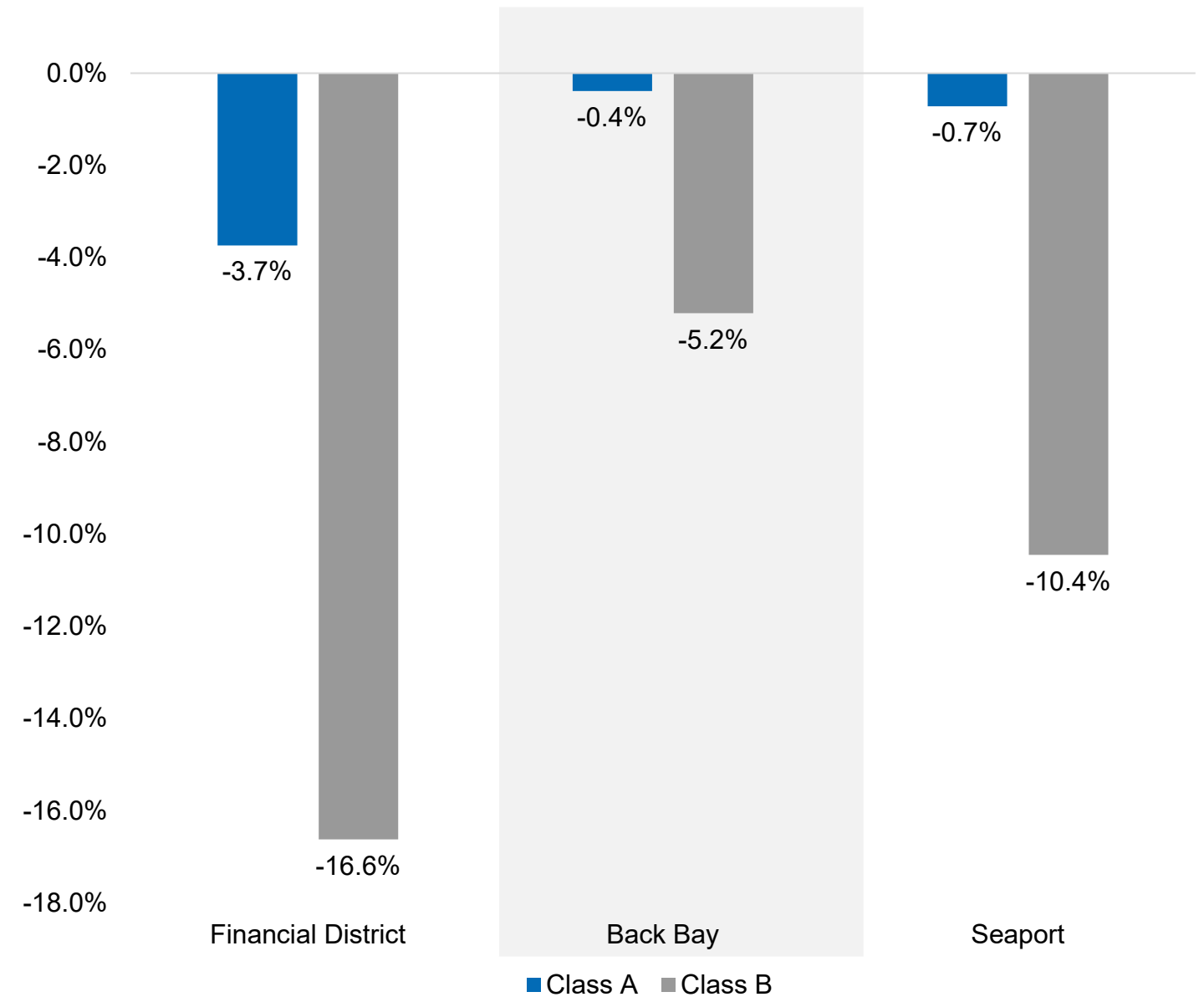
Asking Rent Trends Diverge Across CBD Asset Classes

While Class A properties in the CBD have experienced a modest decline in asking rents since the fourth quarter of 2024, Class B remained flat over the same period. At the submarket level, however, Class B assets in the Financial District have recorded a fourth consecutive quarter of rent declines, with current asking rents now 16.6% below those recorded in the first quarter of 2020.

CBD Total Class A and Class B Asking Rents (\$/SF)



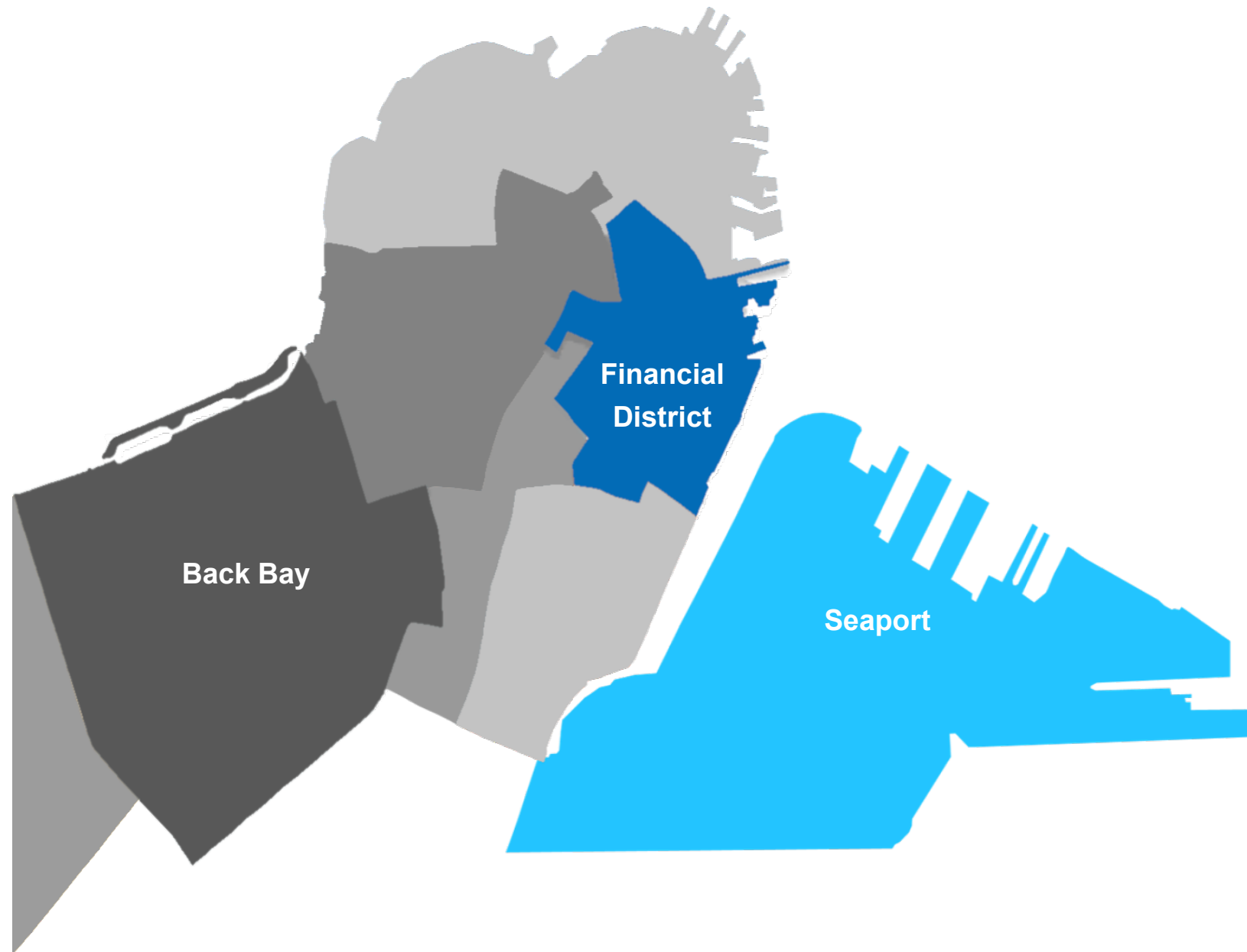
Change in Class A and B Asking Rents (\$/SF) 1Q20-1Q25



Source: Newmark Research, CoStar

1Q25 CBD Submarket Stats

1Q25 Quick Stats



Financial District	
33.5 <i>Inventory (MSF)</i>	24.5% <i>Vacancy Rate</i>
-52,648 <i>Net Absorption (SF)</i>	\$66.71 <i>Asking Rent (\$/SF)</i>

Back Bay	
13.7 <i>Inventory (MSF)</i>	19.7% <i>Vacancy Rate</i>
-85,776 <i>Net Absorption (SF)</i>	\$68.97 <i>Asking Rent (\$/SF)</i>

Seaport	
10.1 <i>Inventory (MSF)</i>	17.6% <i>Vacancy Rate</i>
-2,223 <i>Net Absorption (SF)</i>	\$58.22 <i>Asking Rent (\$/SF)</i>

1Q25

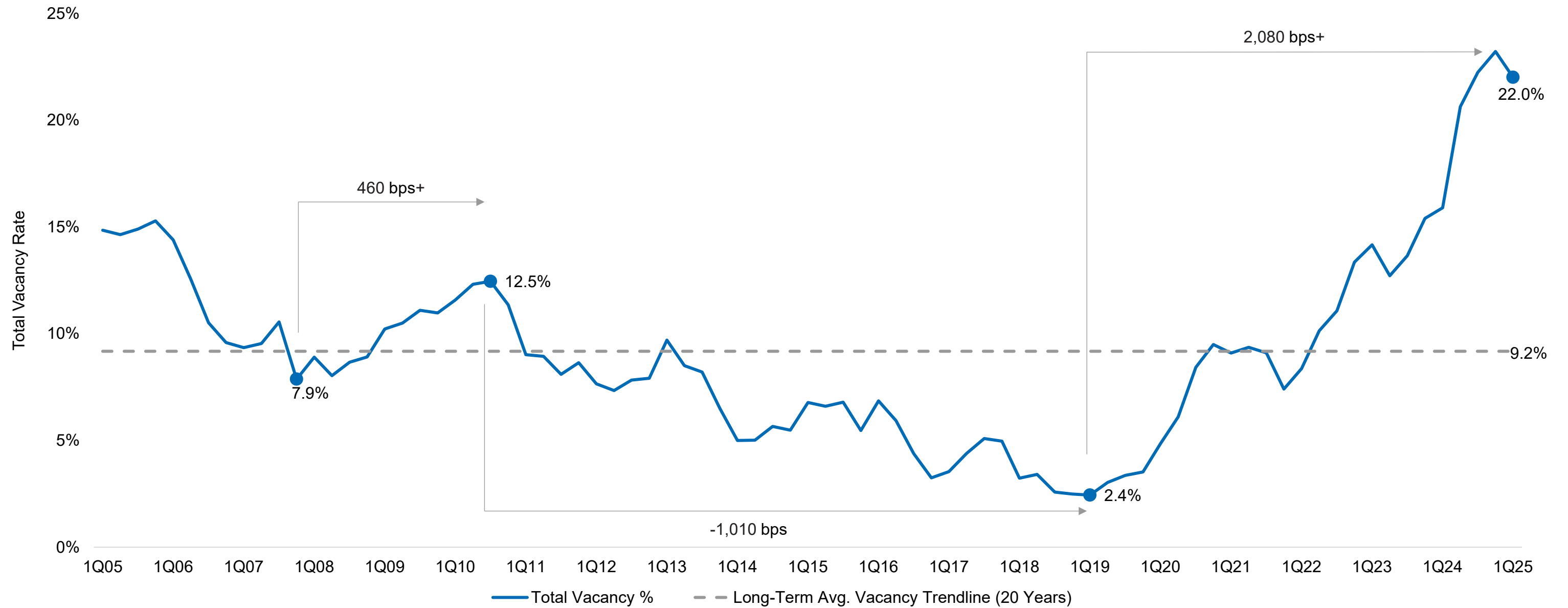
Cambridge Office Market



Cambridge Vacancy Rates Ease, But Headwinds Persist

Following an historic peak in Cambridge vacancy rates last quarter, the rate declined by 120 basis points in the first quarter of 2025. Despite this improvement, the current vacancy rate remains 12.8% above the 20-year average. Although the year began with a measure of cautious optimism, ongoing uncertainty related to the macroeconomic environment and the policies of the new administration continue to pose significant challenges to Cambridge's near-term outlook.

Historical Vacancy Rate

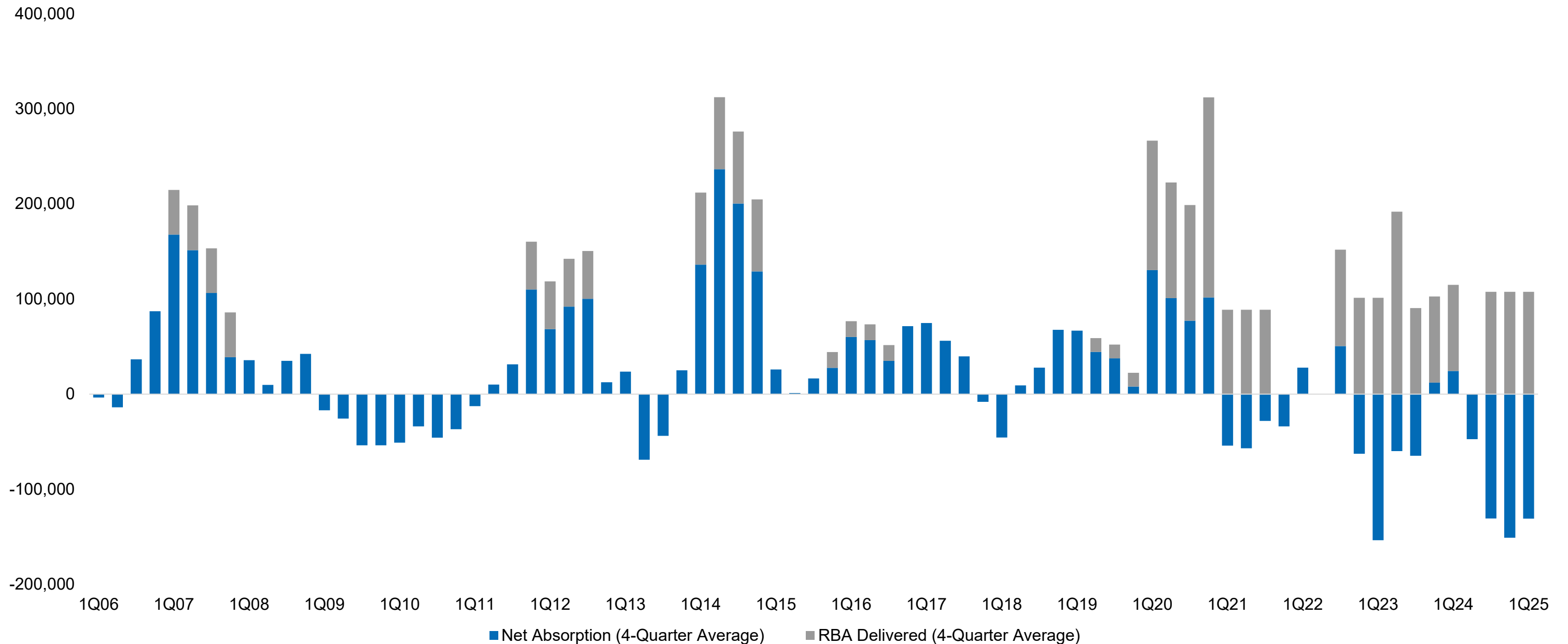


Source: Newmark Research

Empty Deliveries and Fading Demand Stall Net Absorption in Cambridge

The Cambridge office market has recorded four consecutive quarters of negative net absorption going back to the first quarter of 2024, reflecting ongoing demand challenges. The only office property delivered over the past two years—40 Thorndike Street—remains entirely vacant, highlighting the market’s current leasing headwinds. Consequently, developer interest in launching new projects remains muted.

Historical Net Absorption and Deliveries

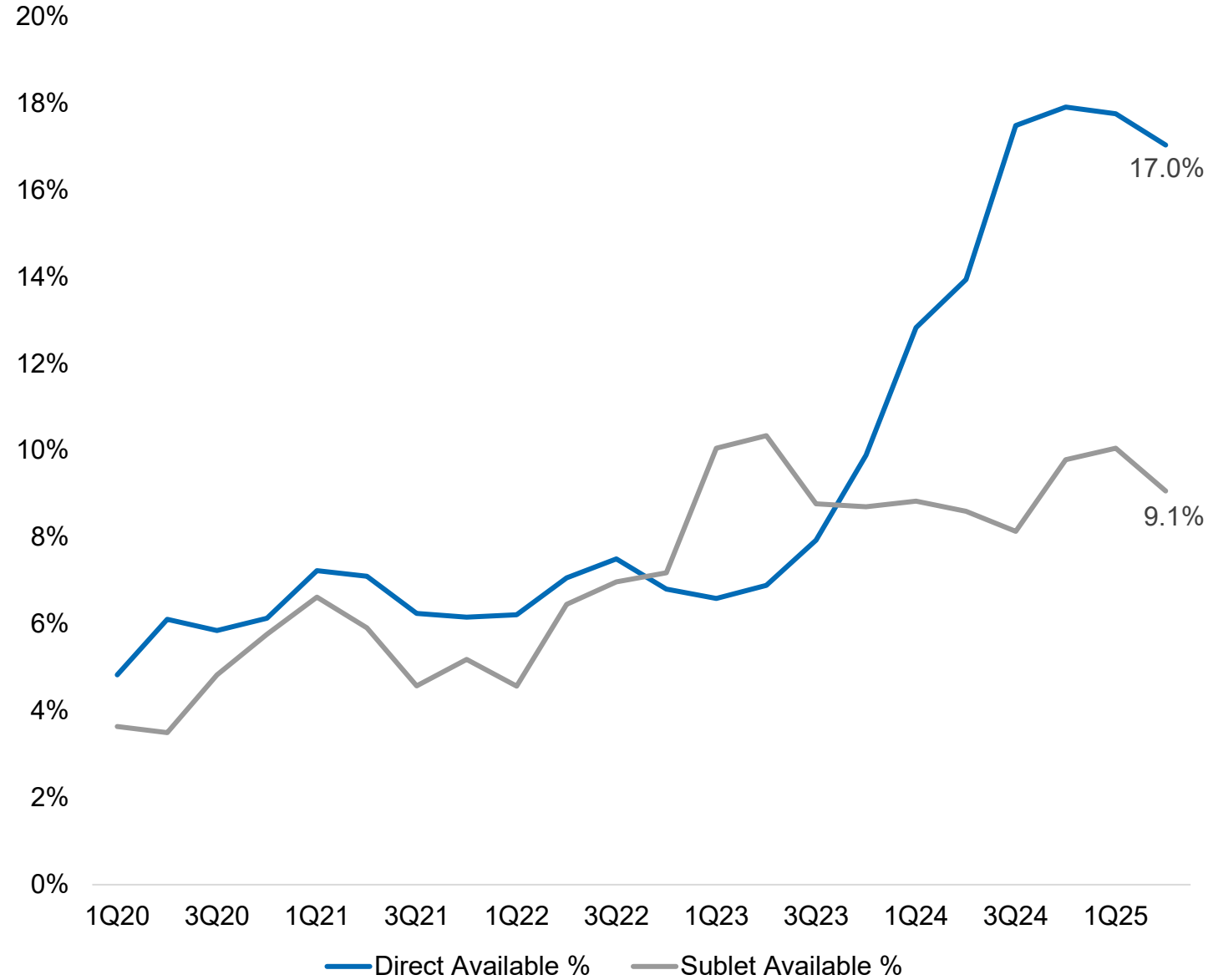


Source: Newmark Research

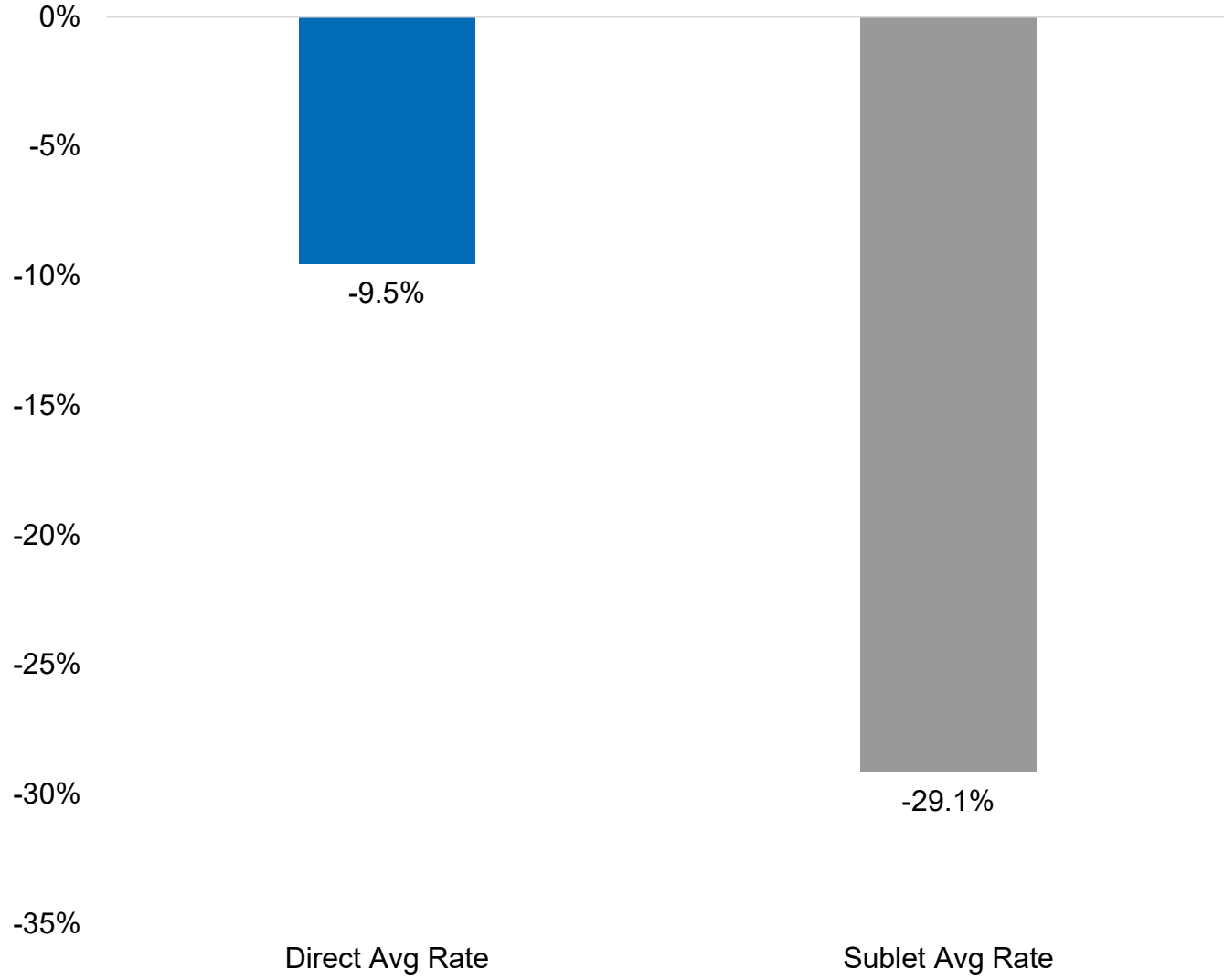
Sublets Offer Value to Cambridge Office Occupiers

Asking rents for both direct and sublet options have declined over the past three years, with sublet asking rents showing a significant drop. Over this time-period, sublet availability has increased by 52% in Cambridge, highlighting the plethora of options tenants have when looking for space. Potential sublandlords get more aggressive the longer the space has been on the market, especially if they are paying for vacant space, as well as when the term of their lease get closer to expiration.

Cambridge Availability Rate



Change in Direct and Sublet Asking Rents 1Q22 to 1Q25

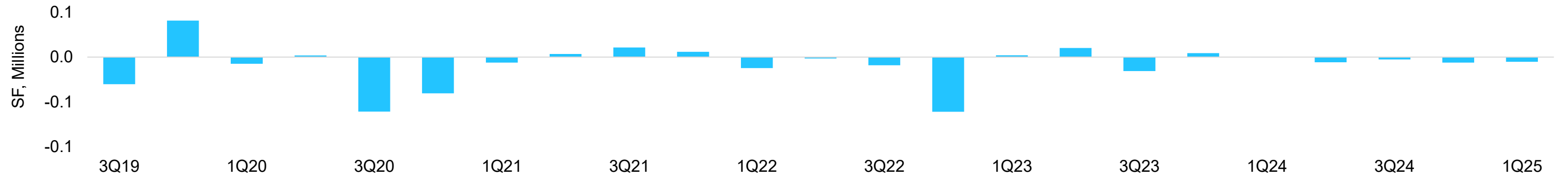


Source: Newmark Research, CoStar

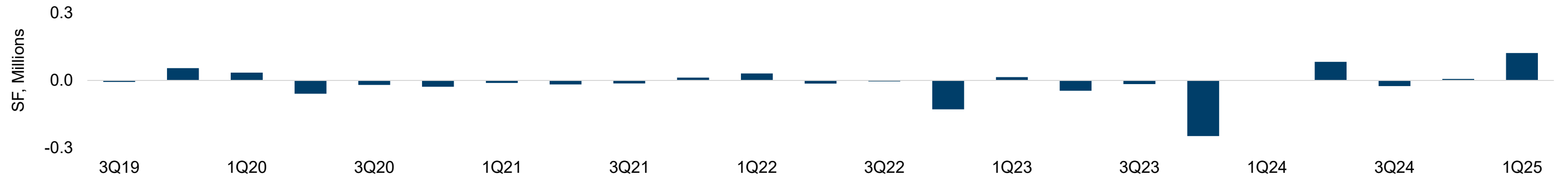
Demand Weakness Persists Across All Cambridge Submarkets

The Cambridge office market recorded positive net absorption in the first quarter of 2025, largely driven by select tenants reoccupying space—resulting in a modest decline in vacancy since the end of 2024. However, new tenant demand remains limited as the technology and biotechnology sectors continue to face headwinds.

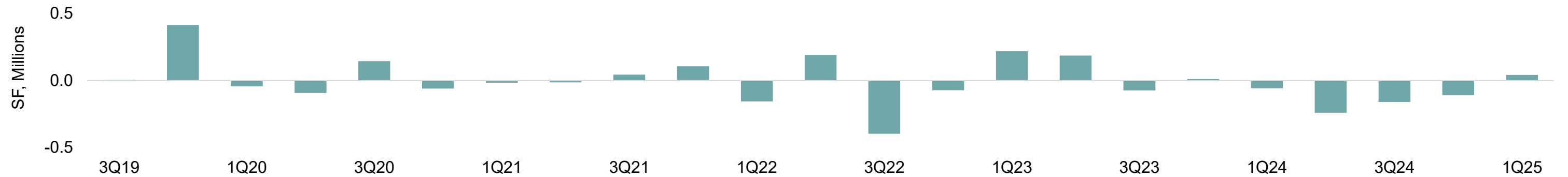
Historical Net Absorption | West Cambridge



Historical Net Absorption | Mid Cambridge



Historical Net Absorption | East Cambridge

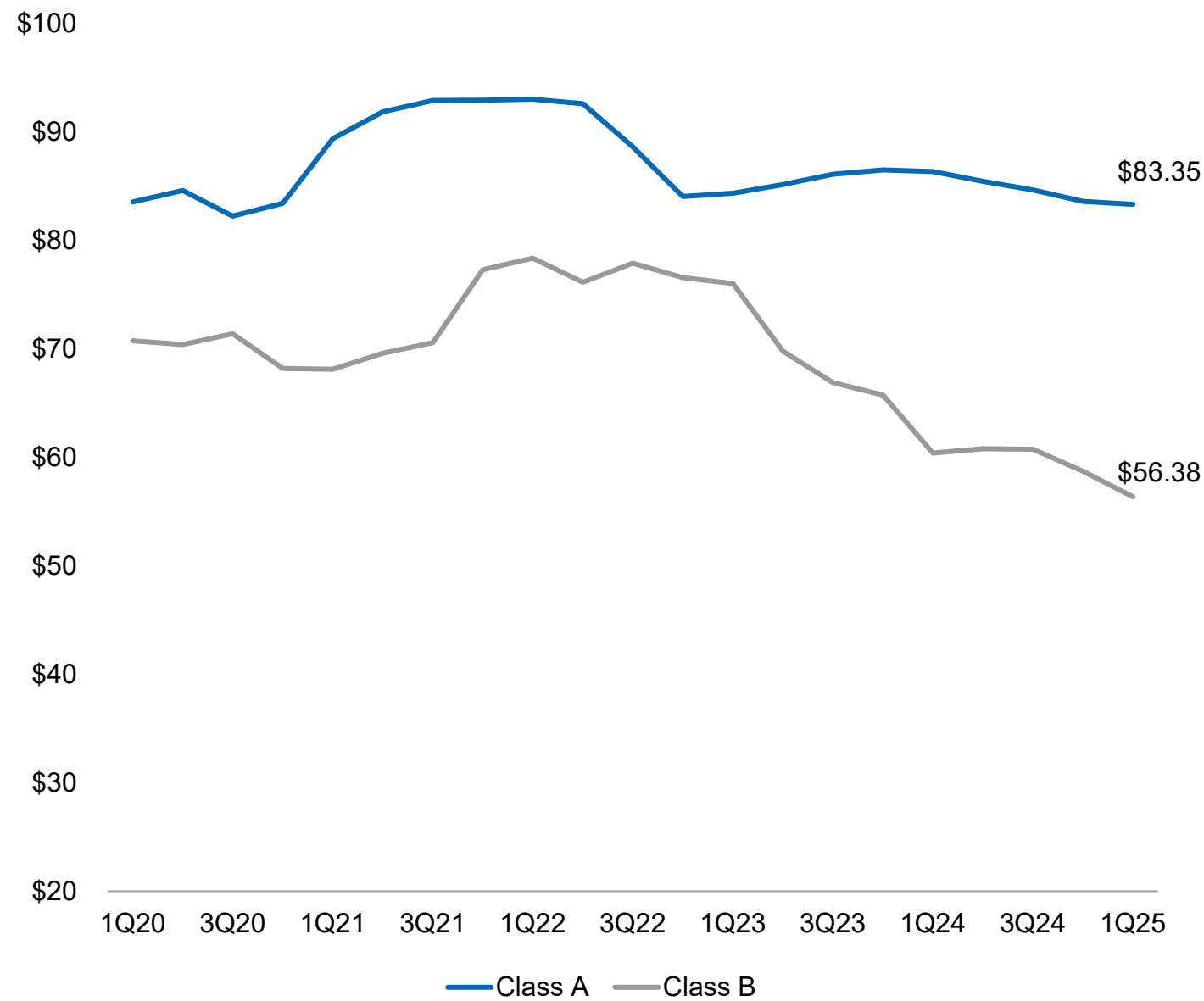


Source: Newmark Research

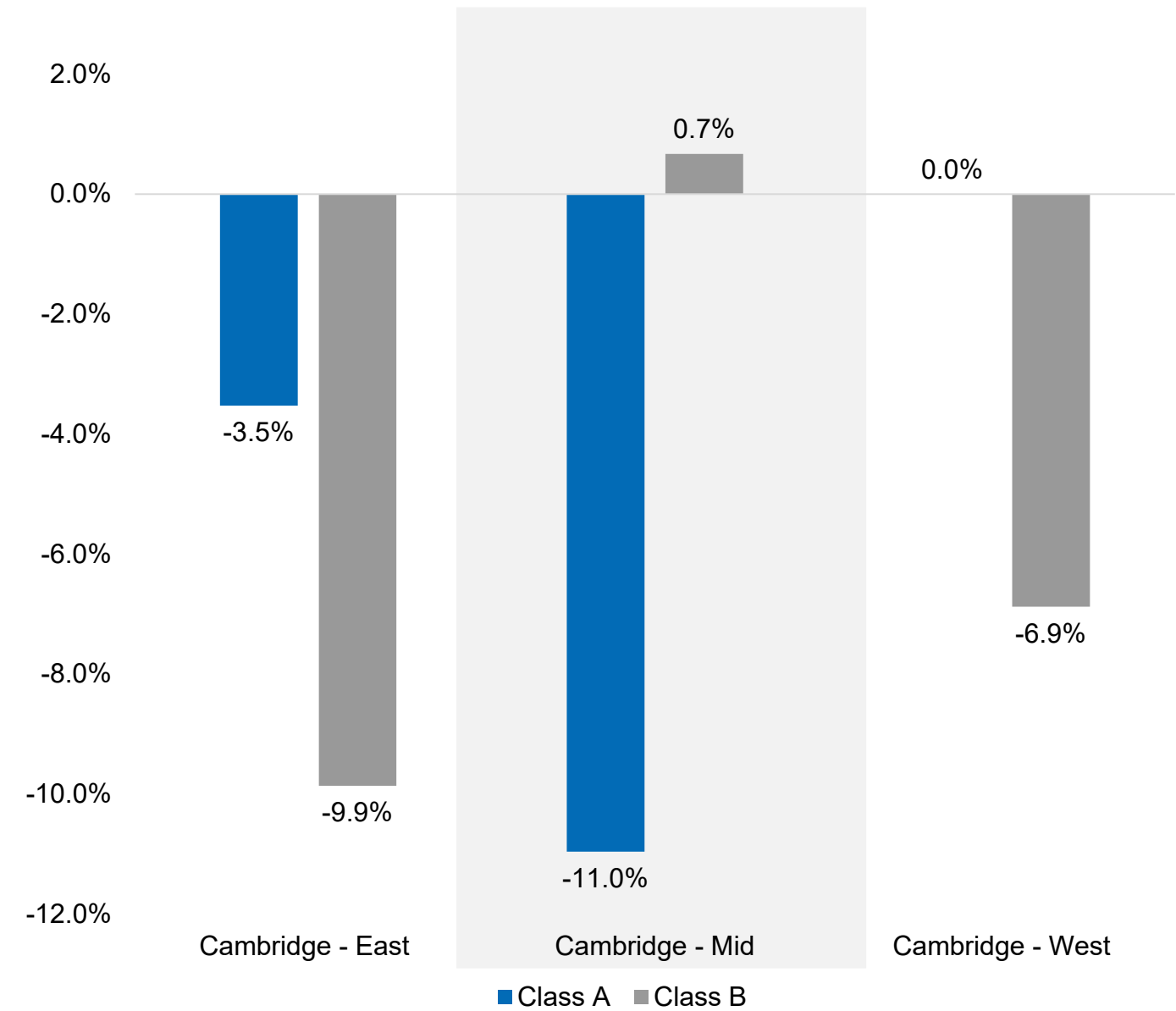
Mid Cambridge Class B Assets Stand Out Amid Broader Rent Decline

Class A and Class B asking rents in the Cambridge submarkets continued to decline during the first quarter of 2025. At the submarket level, Class B assets in Mid Cambridge were the only segment to show a positive change in asking rents compared to the first quarter of 2020, while Class A assets in West Cambridge have remained flat over the same period.

Cambridge Total Class A and Class B Asking Rents (\$/SF)



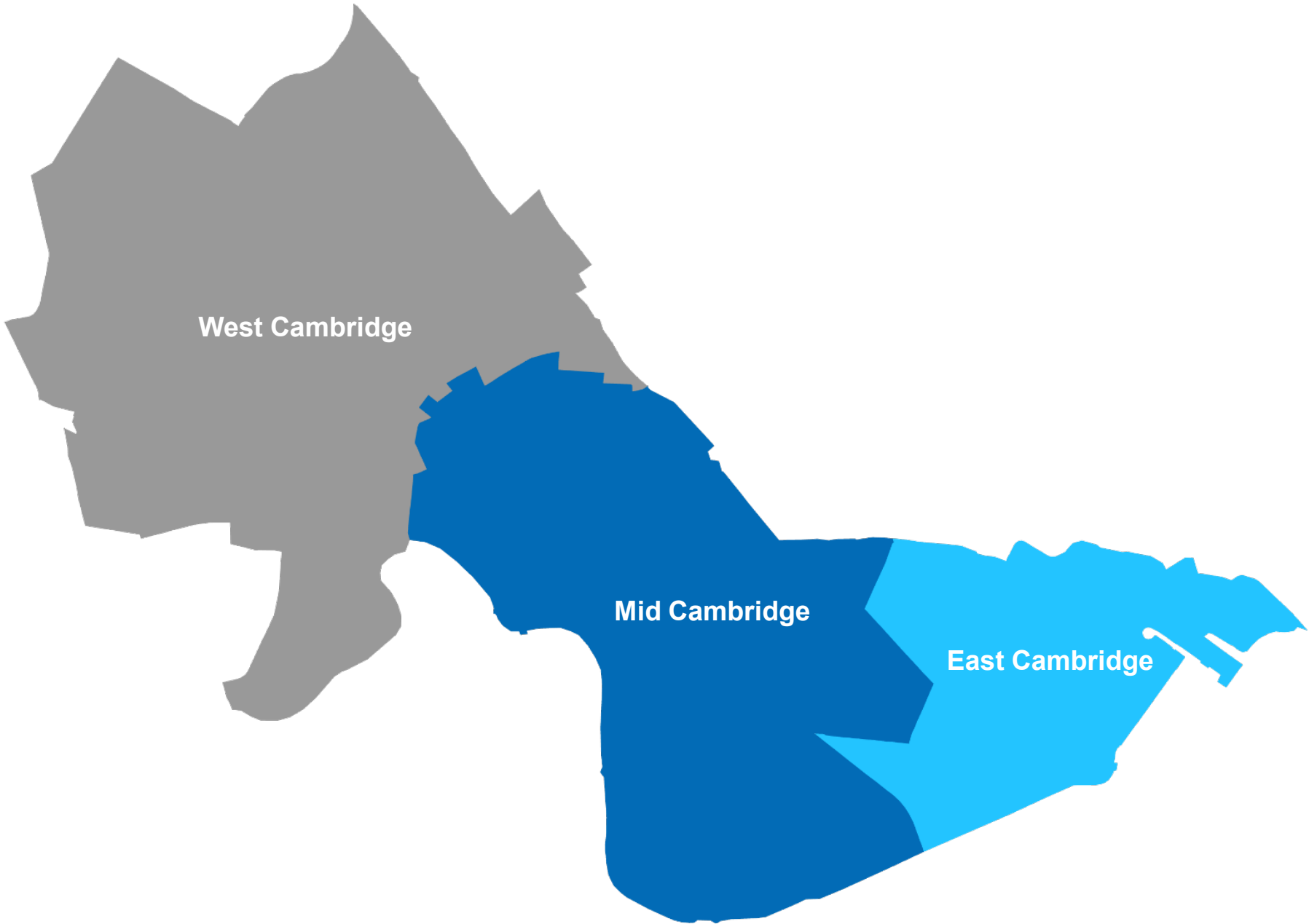
Change in Class A and B Asking Rents (\$/SF) 1Q20-1Q25



Source: Newmark Research, CoStar

1Q25 Cambridge Submarket Stats

1Q25 Quick Stats



East Cambridge	
7.7 <i>Inventory (MSF)</i>	25.4% <i>Vacancy Rate</i>
41,466 <i>Net Absorption (SF)</i>	\$83.78 <i>Asking Rent (\$/SF)</i>

Mid Cambridge	
2.6 <i>Inventory (MSF)</i>	15.5% <i>Vacancy Rate</i>
101,541 <i>Net Absorption (SF)</i>	\$61.62 <i>Asking Rent (\$/SF)</i>

West Cambridge	
1.0 <i>Inventory (MSF)</i>	12.8% <i>Vacancy Rate</i>
-5,196 <i>Net Absorption (SF)</i>	\$36.30 <i>Asking Rent (\$/SF)</i>

Data: Newmark Research, Boston Planning

1Q25

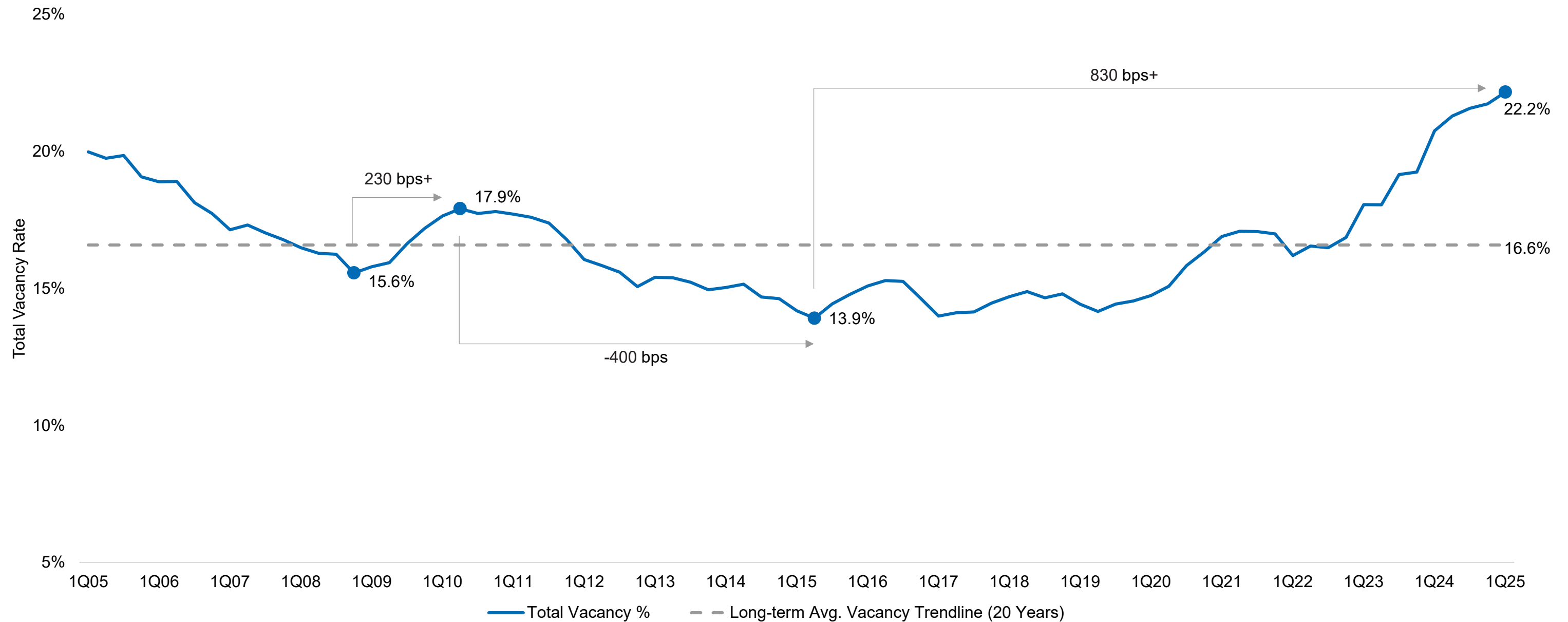
Suburban Office Market



Suburban Vacancy Hits Record High Amid Slowing Leasing Activity

Vacancy rates in the Suburban submarkets continue to trend upward, reaching a new historic high of 22.2%—an increase of 50 basis points quarter-over-quarter. The pace of vacancy growth is accelerating, driven by a slowdown in leasing activity, with the majority of deals this quarter consisting of lease renewals rather than new commitments.

Historical Vacancy Rate

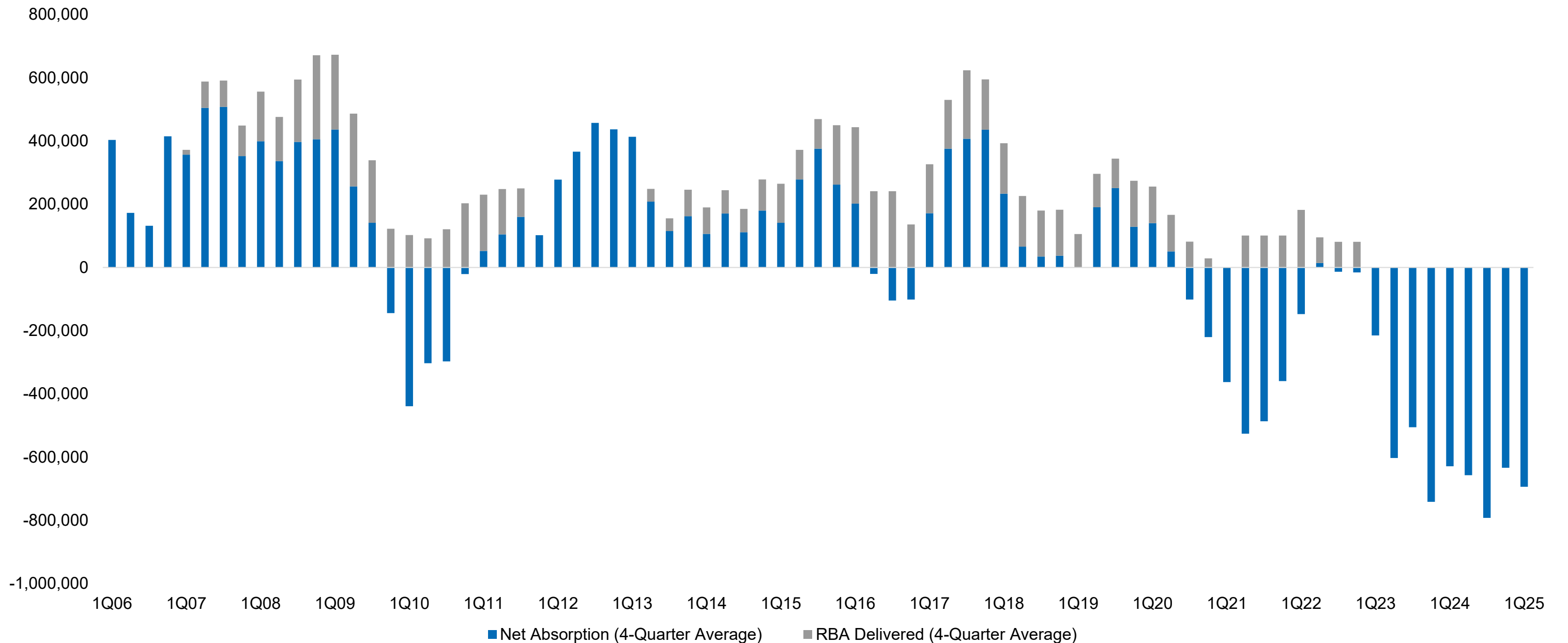


Source: Newmark Research

Persistent Imbalance Stalls Suburban Development Activity

The suburban office market has experienced four-quarter average of negative net absorption since the second quarter of 2022, underscoring a sustained imbalance where supply continues to outpace demand. As a result, developer interest in initiating new projects remains notably subdued. With limited tenant activity and elevated vacancy levels, the market is signaling a continued pause in speculative development for the foreseeable future.

Historical Net Absorption and Deliveries

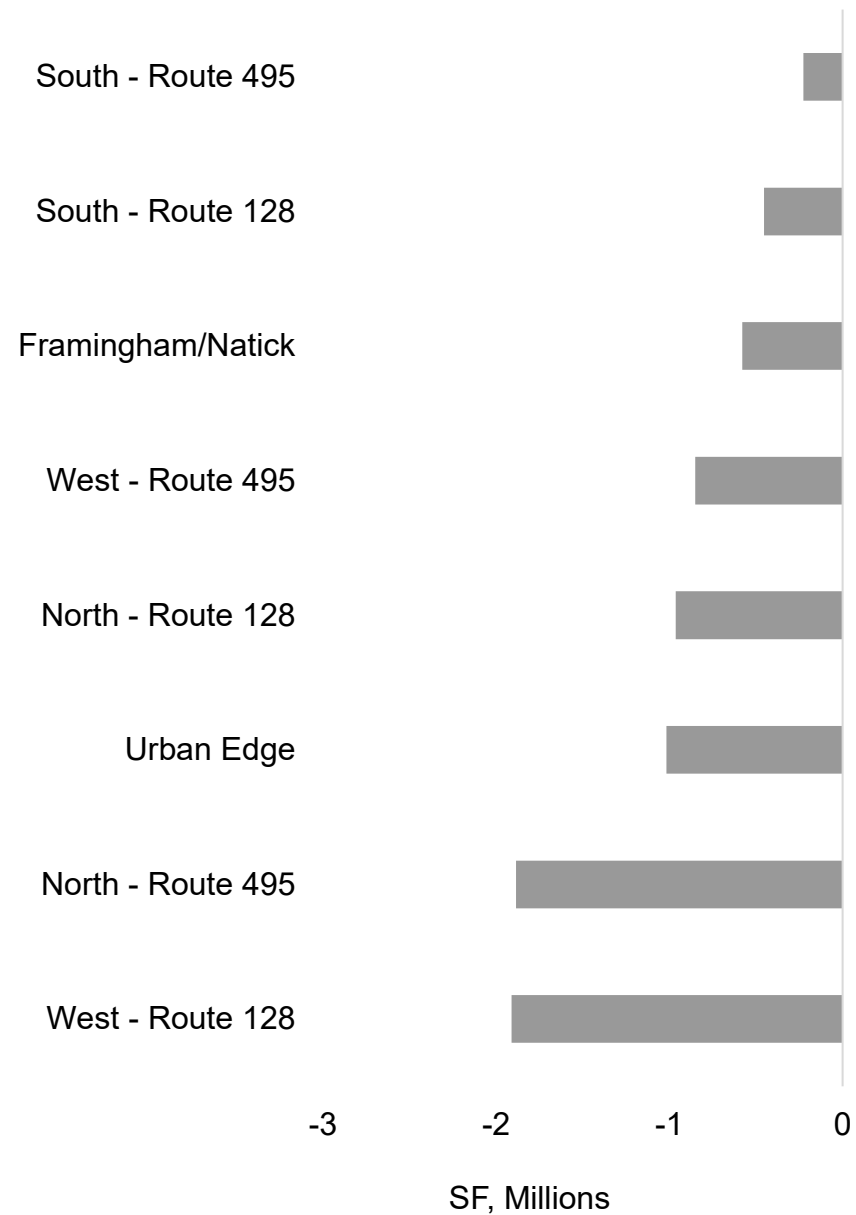


Source: Newmark Research

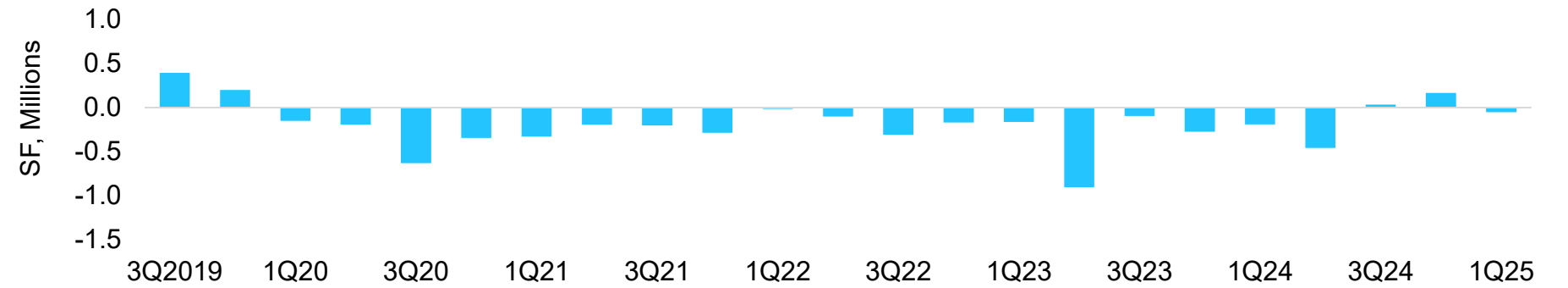
Office Struggles with Negative Net Absorption Across the Suburbs

Negative net absorption was recorded across all core suburban submarkets in the first quarter of 2025, with each submarket also experiencing a negative 12-month net absorption total. This underscores the continued weakness in suburban office space demand.

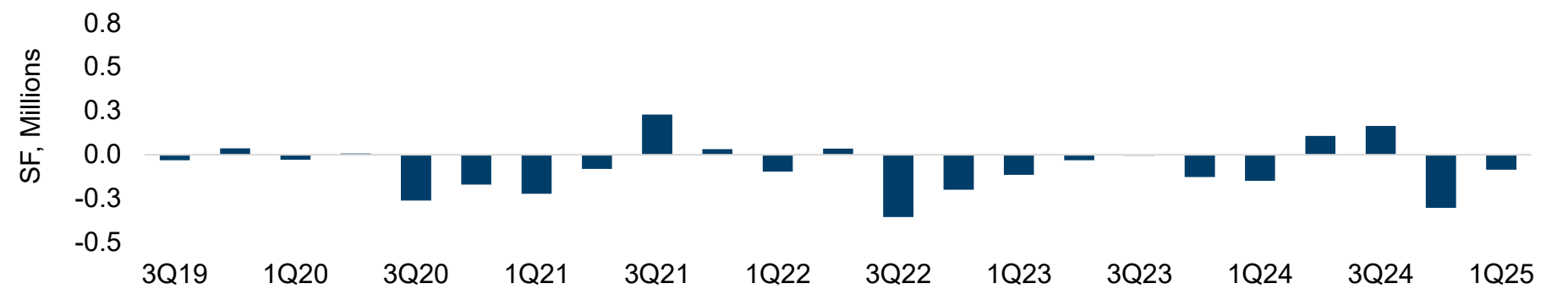
12-Month Net Absorption by Major Submarket



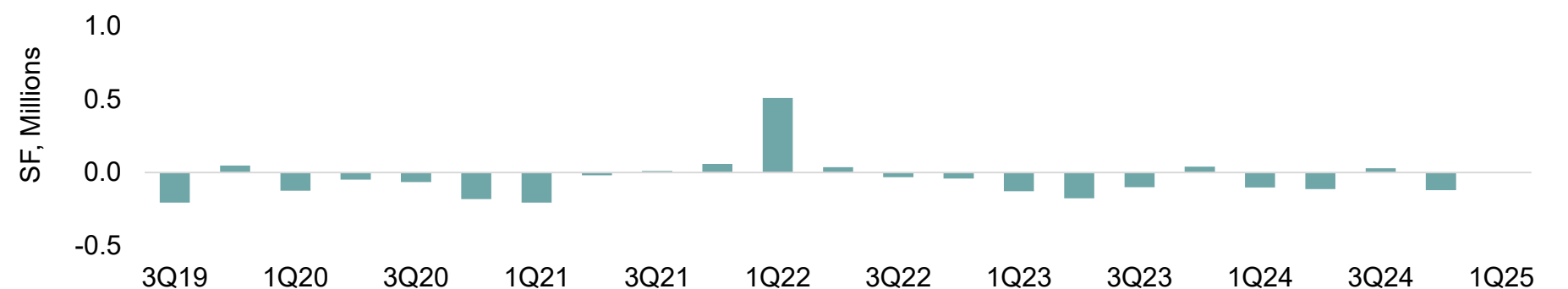
Historical Net Absorption | Route 128



Historical Net Absorption | Route 495



Historical Net Absorption | Urban Edge

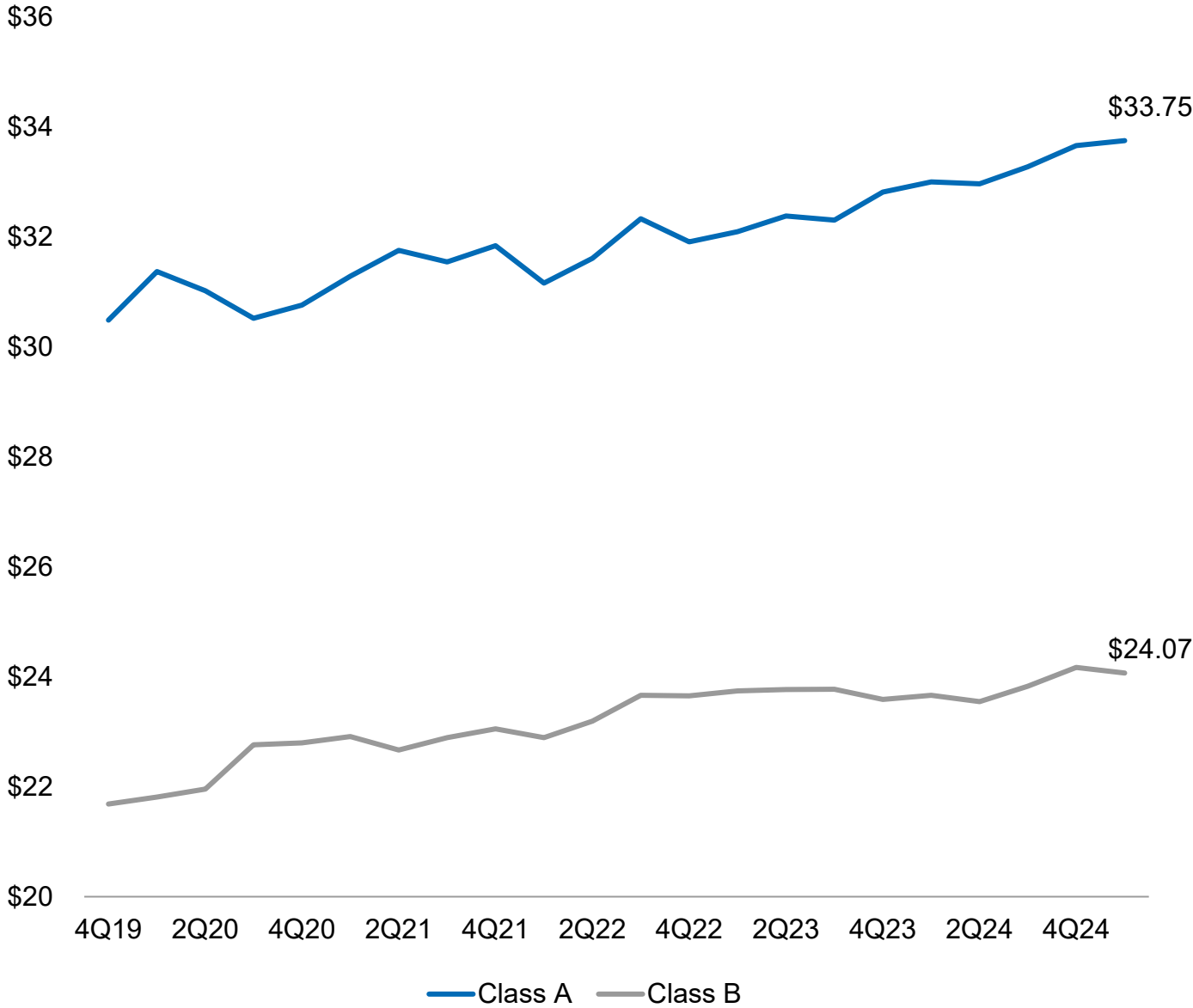


Source: Newmark Research

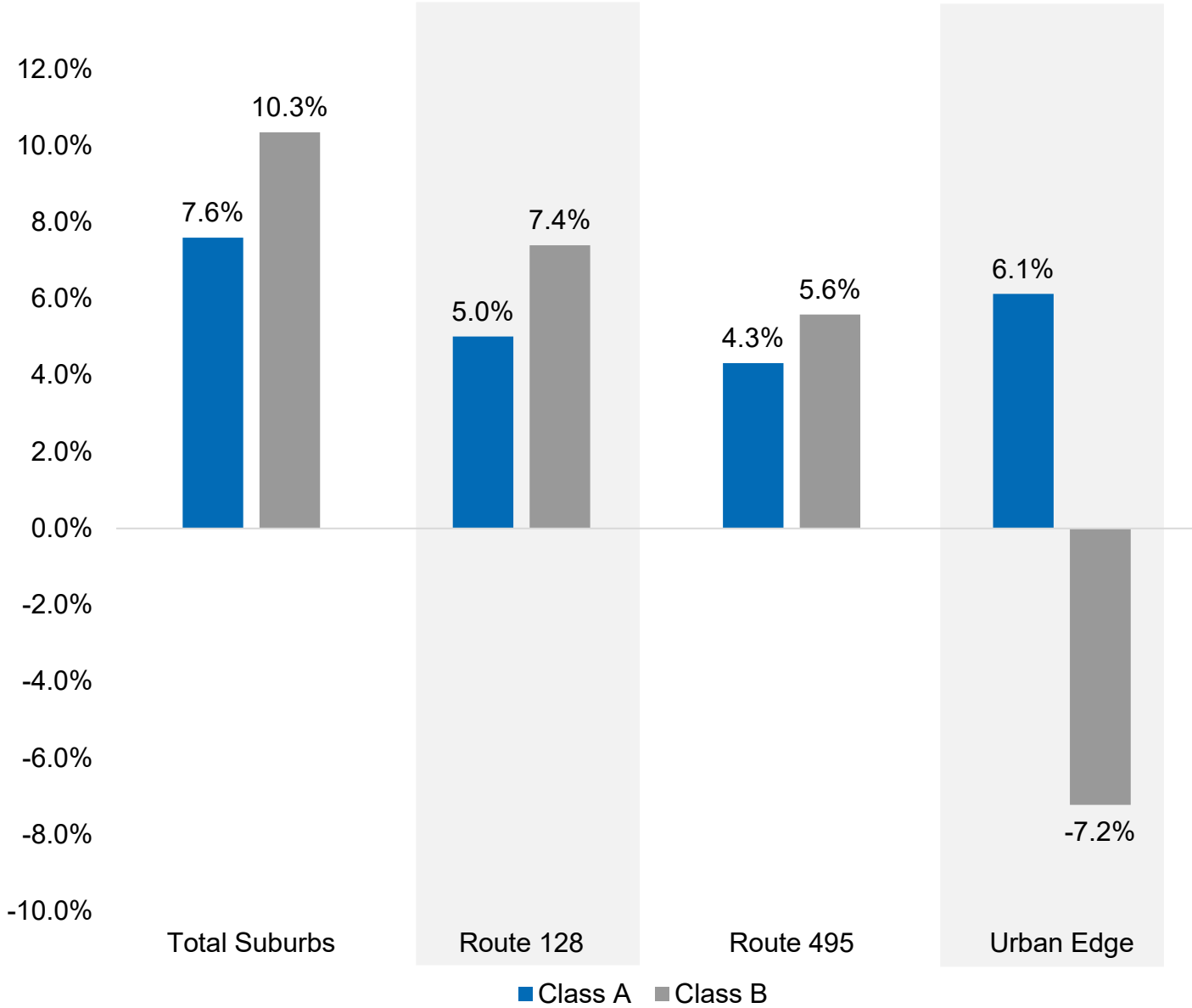
Suburban Office Rents Show Mixed Performance Post-2020

Over the last five years, both the Route 128 and Route 495 markets have experienced increases in asking rents for Class A and Class B office space, with the most notable growth observed in the Route 128 Class B segment, which rose by 7.4%. In contrast, the Urban Edge's Class B office market experienced notable declines in asking rents during the same time-period.

Suburban Total Class A and Class B Asking Rents (\$/SF)



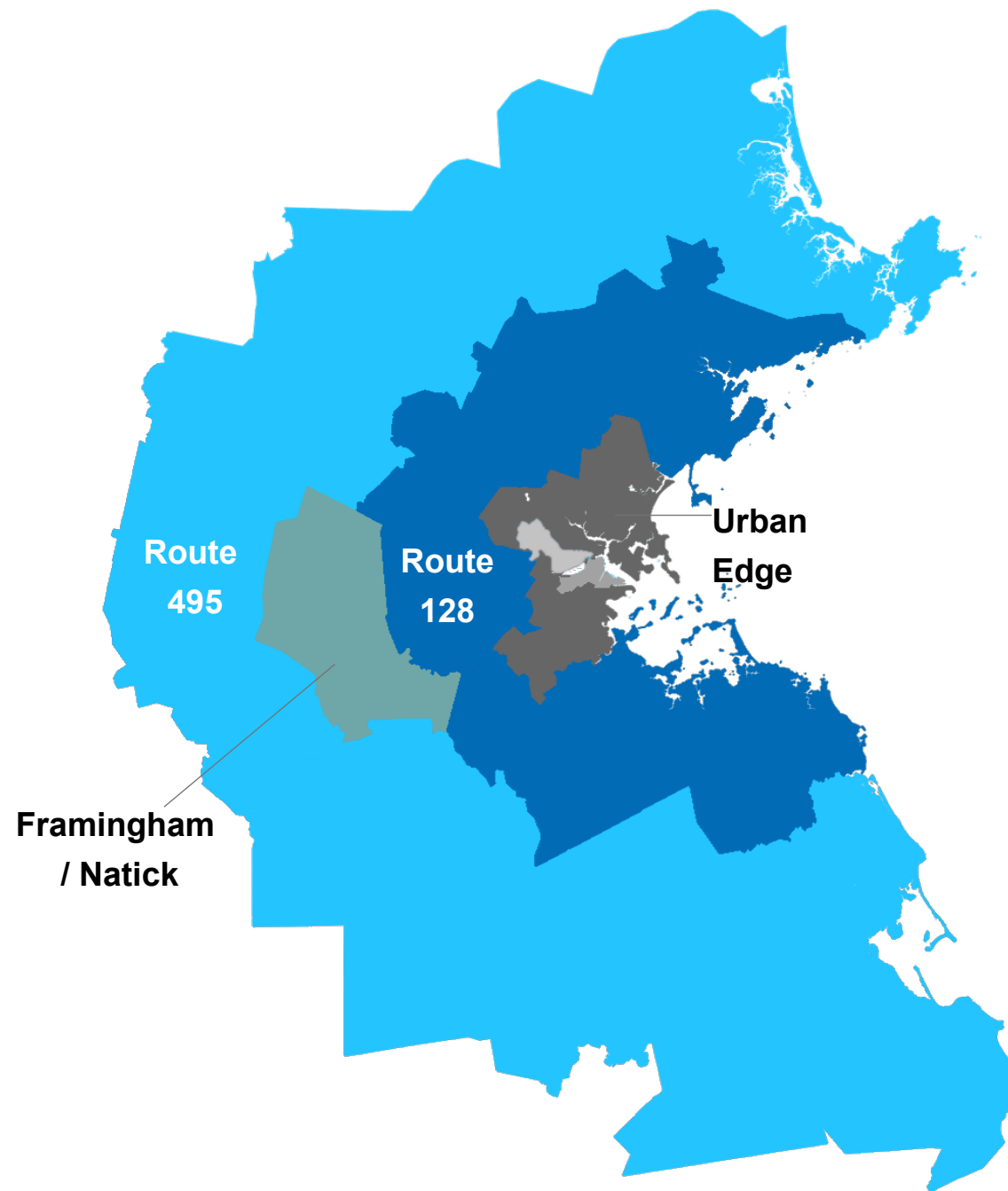
Change in Class A and B Asking Rents (\$/SF) 1Q20-1Q25



Source: Newmark Research, CoStar

1Q25 Suburban Submarket Stats

1Q25 Suburban Quick Stats



Route 128	
51.8 <i>Inventory (MSF)</i>	21.9% <i>Vacancy Rate</i>
-191,687 <i>Net Absorption</i>	\$35.71 <i>Asking Rent (\$/SF)</i>

Urban Edge	
12.3 <i>Inventory (MSF)</i>	13.7% <i>Vacancy Rate</i>
-37,864 <i>Net Absorption</i>	\$40.58 <i>Asking Rent (\$/SF)</i>

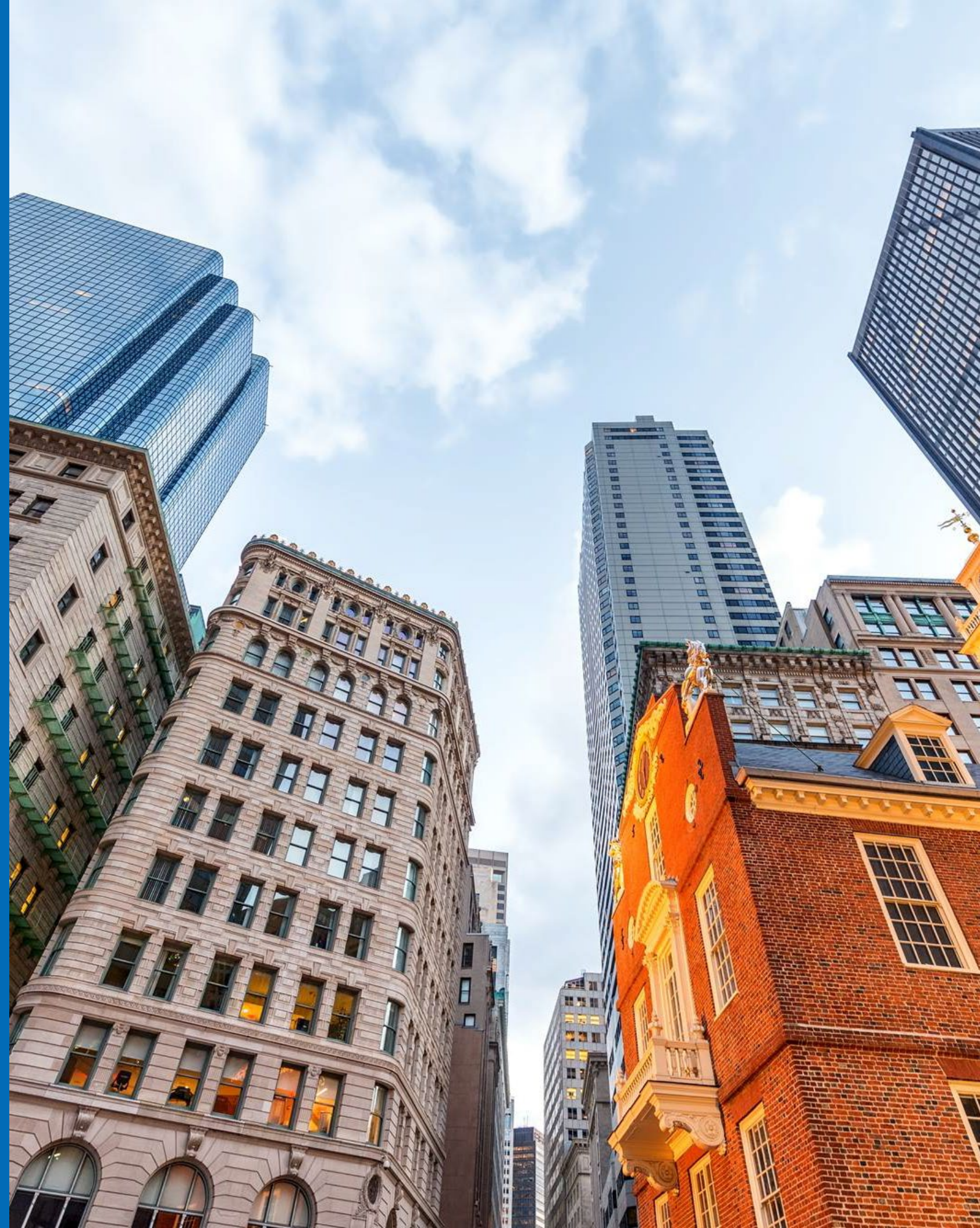
Route 495	
30.5 <i>Inventory (MSF)</i>	26.6% <i>Vacancy Rate</i>
-306,478 <i>Net Absorption</i>	\$22.41 <i>Asking Rent (\$/SF)</i>

Framingham / Natick	
3.6 <i>Inventory (MSF)</i>	17.9% <i>Vacancy Rate</i>
17,655 <i>Net Absorption</i>	\$23.97 <i>Asking Rent (\$/SF)</i>

Data: Newmark Research, Boston Planning

1Q25

Appendix



Boston CBD Market Overview

Statistical Summary

	Current Quarter	Prior Quarter	Prior Year
Total Inventory (SF)	67.8M	68.0M	67.9M
Vacancy Rate	21.9%	21.9%	20.9%
Quarterly Net Absorption (SF)	-126,018	-326,436	-428,412
Average Asking Rent/SF	\$64.41	\$64.07	\$64.41
Under Construction (SF)	2.1M	2.1M	2.6M
Deliveries (SF)	0	0	0

Current Market Trends

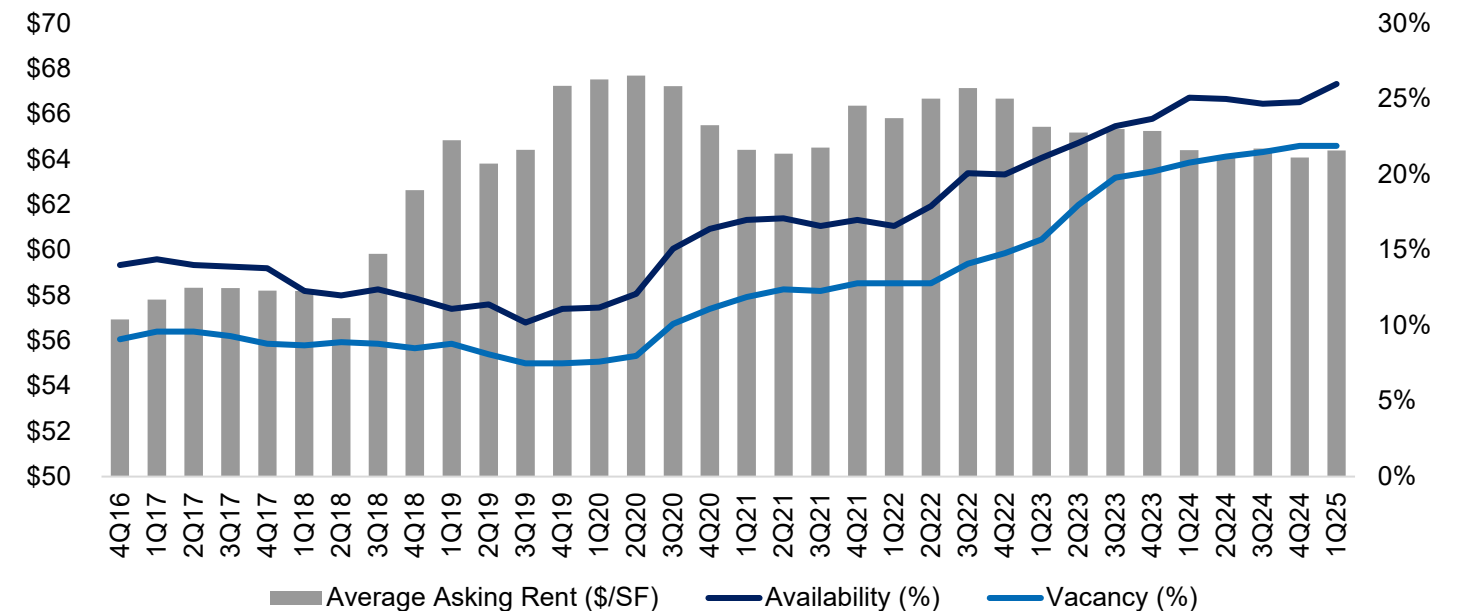
- While leasing volume has increased, total vacancy in Boston’s CBD has risen slightly every quarter since the third quarter of 2021.
- The availability rate in the CBD saw a sharp increase this quarter, increasing by 120 basis points to 26.0%, a new historic high. Fidelity Investments’ listing at 245 Summer St. in the Seaport drove much of this growth in available SF.
- Following a positive shift in the third quarter of 2024, net absorption had its second consecutive quarter of negative absorption, with occupancies declining by about 126,000 SF.
- Klaviyo recorded the largest deal of the first quarter of 2025, renewing and expanding their lease at 125 Summer St. for another eight years.

Top Transactions

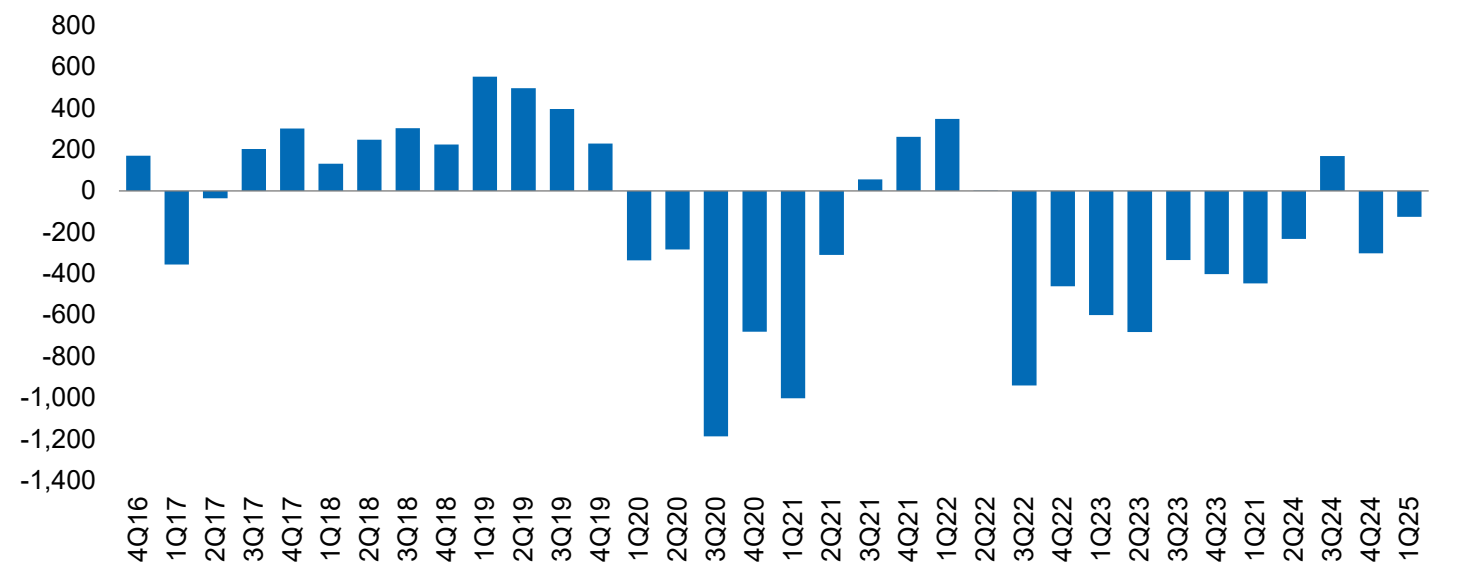
Tenant	Building	Type	SF
Klaviyo	125 Summer Street	Lease Renewal/ Expansion	256,604
FM Global	650 Atlantic Ave	Direct Lease	55,927
Manion, Gaynor & Manning	125 High Street	Lease Renewal	38,288
Manatt, Phelps & Phillips	1 Beacon Street	Direct Lease	29,461

Source: Newmark Research

Weighted Average Asking Rent, Availability and Vacancy



Net Absorption (Square Feet, Thousands)



Cambridge Market Overview

Statistical Summary

	Current Quarter	Prior Quarter	Prior Year
Total Inventory (SF)	11.3M	11.3M	10.9M
Vacancy Rate	22.0%	23.2%	15.9%
Quarterly Net Absorption (SF)	137,811	-110,793	-54,609
Average Asking Rent/SF	\$78.02	\$79.02	\$80.99
Under Construction (SF)	0	0	0
Deliveries (SF)	0	0	0

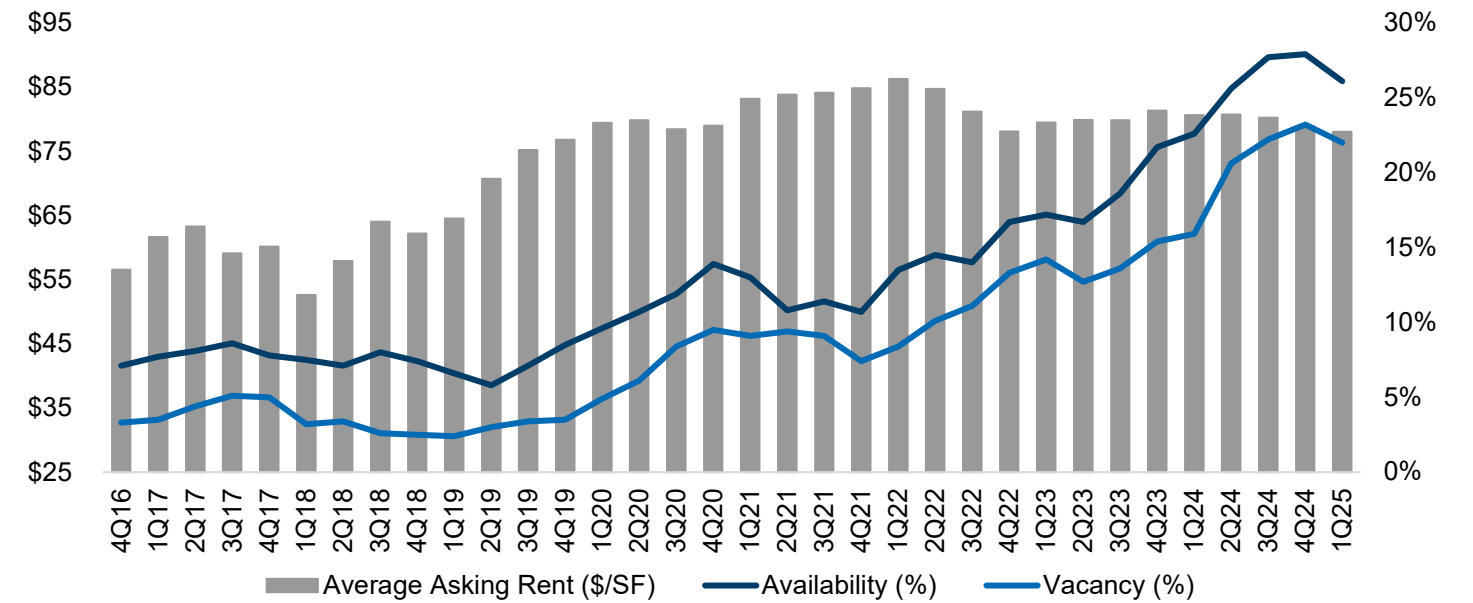
Current Market Trends

- Cambridge office fundamentals witnessed an improvement during the first quarter of 2025. Both availability and vacancy rates decreased modestly, reaching 26.1% and 22%, respectively.
- Kayak’s re-occupancy of roughly 48,000 SF at 2 Canal Park in East Cambridge contributed to the market’s positive net absorption in the first quarter of 2025. Most other office leases executed in early 2025 were below 10,000 SF.
- However, Cambridge office fundamentals remain bifurcated, with West Cambridge boasting a vacancy rate of 12.8%. Comparatively, the vacancy rate in East Cambridge is still more than 25%.
- New supply risk remains limited in the Cambridge office market, with no office buildings currently under construction or in the pipeline.

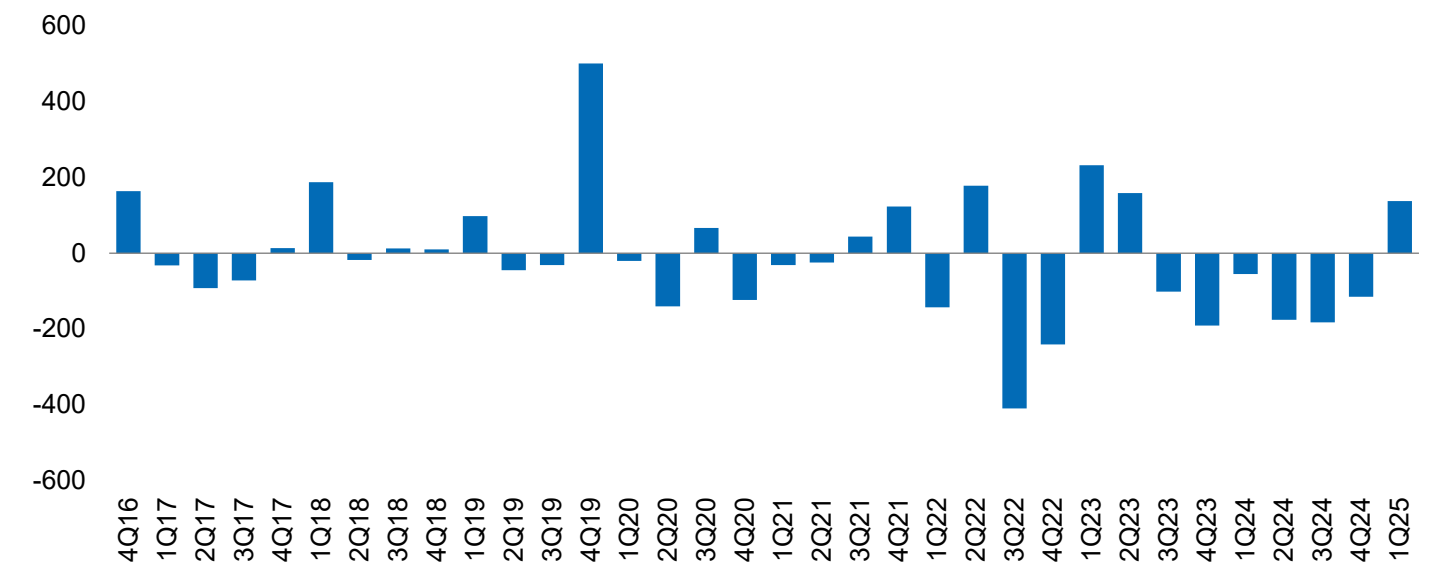
Top Transactions

Tenant	Building	Type	SF
Stoke Therapeutics	1 Main St.	Direct Lease	7,581
Automata Technologies	222 Third St.	Lease Expansion	2,533
Quintara Biosciences	625 Mount Auburn St.	Direct Lease	1,404

Weighted Average Asking Rent, Availability and Vacancy



Net Absorption (Square Feet, Thousands)



Suburban Market Overview

Statistical Summary

	Current Quarter	Prior Quarter	Prior Year
Total Inventory (SF)	97.9M	98.1	98.4
Vacancy Rate	22.2%	21.7%	20.8%
Quarterly Net Absorption (SF)	-518,374	-232,045	-1.5M
Average Asking Rent/SF	\$30.67	\$30.61	\$29.69
Under Construction (SF)	0	0	0
Deliveries (SF)	0	0	0

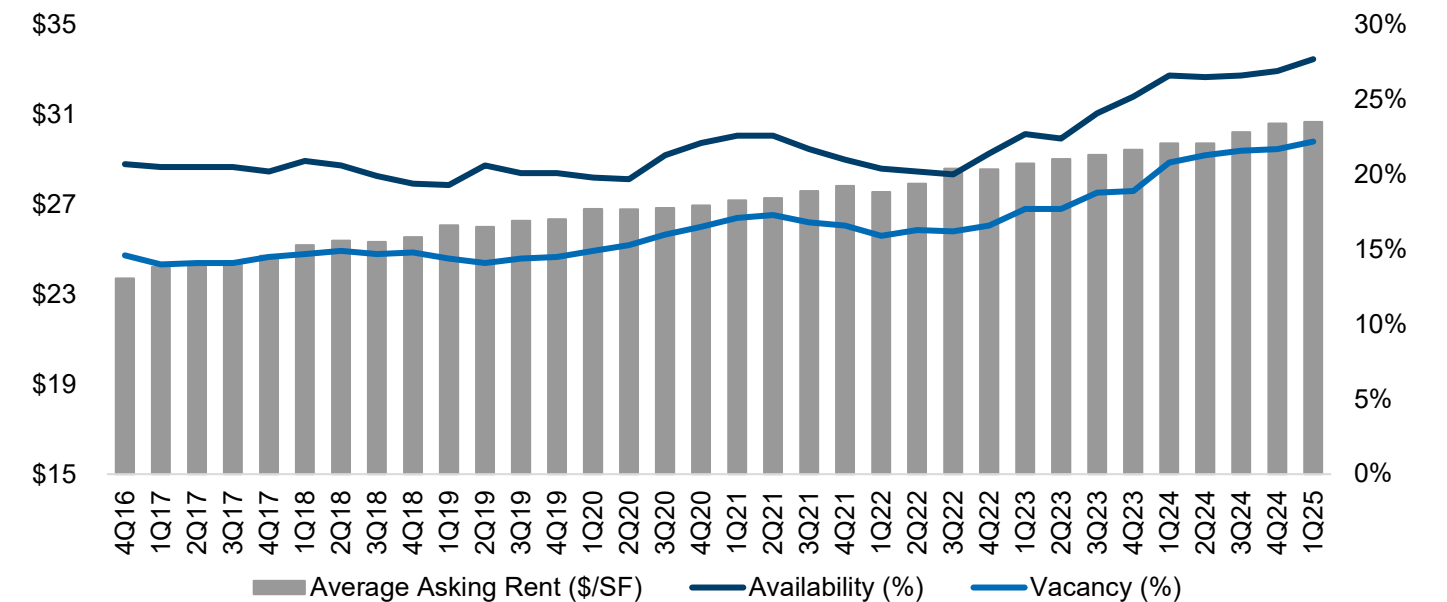
Current Market Trends

- Suburban office market fundamentals continued to experience a slight decline this quarter, as both vacancies and availabilities increased. Occupiers such as RedHat and Comcast have listed large blocks of office space most recently.
- Due to the high vacancy rates, there has been a continued lack of new office projects entering the pipeline in the Suburban market.
- A handful of sizeable direct and sublet transactions were executed during the first quarter, with Global Partners 100,000 SF lease at 275 Grove St. in Waltham representing the largest deal.
- Both Class A and Class B buildings continue to experience slight rent growth, with overall asking rents for the Suburban market now sitting just above \$30/SF.

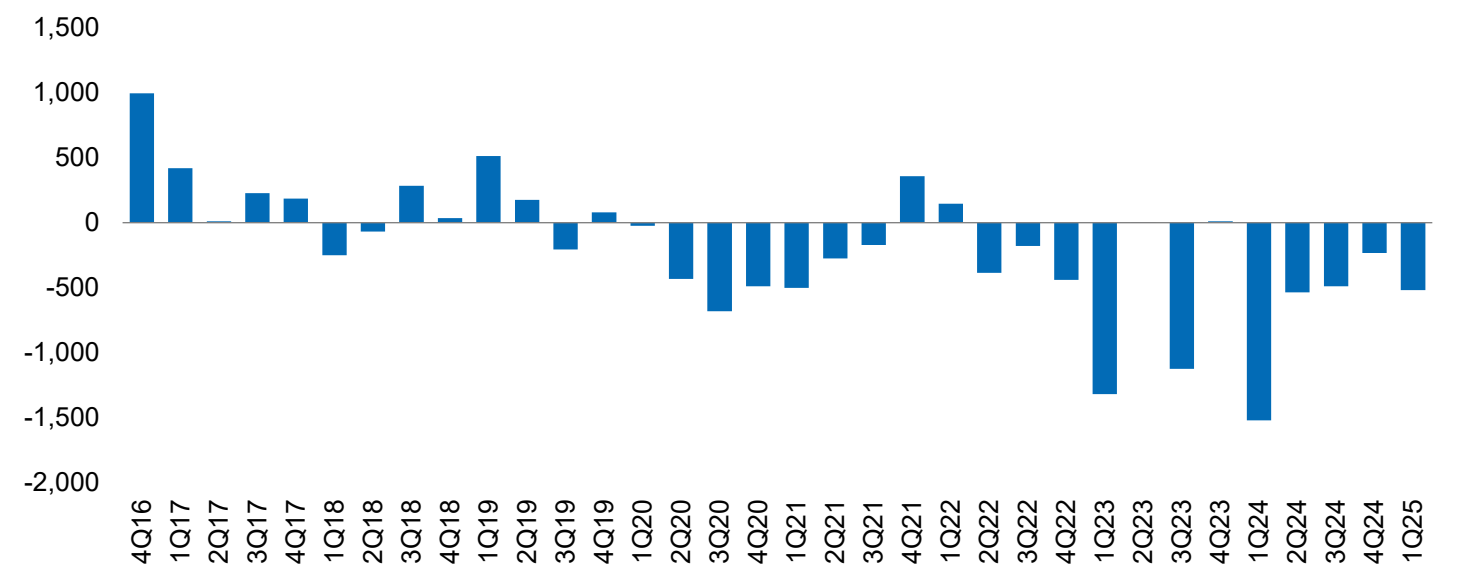
Top Transactions

Tenant	Building	Type	SF
Global Partners	275 Grove St., Waltham	Direct Lease	100,419
CyberArk	140 Kendrick St., Needham	Sublease	90,000
Advisor360	400 First Ave., Needham	Sublease	83,516
Spectrum Microwave	400 Nickerson Road	Lease Renewal	42,832

Weighted Average Asking Rent, Availability and Vacancy



Net Absorption (Square Feet, Thousands)



Submarket Overview

Submarket Statistics – All Classes

	Inventory (SF)	RBA Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Class A Asking Rent (Direct Price/SF)	Class B Asking Rent (Direct Price/SF)	Direct Avg Rate
CBD Total	67,781,590	2,112,808	21.9%	-126,018	-126,018	\$71.81	\$50.39	\$64.41
Back Bay	13,737,012	237,000	19.7%	-85,776	-85,776	\$74.41	\$56.65	\$68.97
Financial District	33,468,311		24.5%	-52,648	-52,648	\$71.69	\$47.02	\$66.71
Government Center	2,486,706		11.4%	24,714	24,714	\$60.00	\$60.37	\$60.23
Midtown	2,241,693		29.1%	-24,391	-24,391	-	\$49.56	\$48.11
North Station	2,998,427		27.6%	9,617	9,617	\$82.00	\$48.33	\$49.46
Seaport District	10,136,224	1,215,808	17.6%	-2,223	-2,223	\$76.06	\$53.51	\$58.22
South Station	2,713,217	660,000	14.3%	4,689	4,689	\$68.10	\$44.75	\$63.07
Cambridge Total	11,347,572		22.0%	137,811	137,811	\$83.35	\$56.38	\$78.02
Cambridge - East	7,737,648		25.4%	41,466	41,466	\$88.10	\$60.82	\$83.78
Cambridge - Mid	2,567,773		15.5%	101,541	101,541	\$64.47	\$54.24	\$61.62
Cambridge - West	1,042,151		12.8%	-5,196	-5,196	-	\$36.44	\$36.30
Suburbs Total	98,051,654		22.2%	-518,374	-518,374	\$33.75	\$24.07	\$30.67
Framingham/Natick	3,552,389		17.9%	17,655	17,655	\$25.13	\$21.55	\$23.97
North - Route 128	18,974,870		20.3%	-86,340	-86,340	\$36.52	\$25.29	\$34.08
North - Route 495	18,104,439		28.0%	-189,769	-189,769	\$25.20	\$18.99	\$23.38
South - Route 128	12,923,401		17.2%	-95,811	-95,811	\$28.72	\$24.62	\$27.40
South - Route 495	3,431,070		13.0%	10,313	10,313	\$21.68	\$20.89	\$21.25
Urban Edge	12,292,565		13.7%	-37,864	-37,864	\$42.61	\$34.67	\$40.58
West - Route 128	19,855,824		26.4%	-9,536	-9,536	\$43.82	\$33.26	\$41.53
West - Route 495	8,917,096		29.2%	-127,022	-127,022	\$21.93	\$20.03	\$20.50
Market	177,180,816	2,112,808	22.1%	-506,581	-506,581	\$50.66	\$35.52	\$45.75

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