

Boston

Office | Q2 2024 Market Report

Quarterly Snapshot

↓ Average Rent
\$65.31/SF

↑ Vacancy
19.3%

↓ Net Absorption
-1,374,147 SF

Occupier's Perspective

While it remains north of 4 million square feet, total sublease space has held relatively flat since peaking in third quarter of 2023.

After the decade-long tech boom, tech companies are no longer the biggest show in town. Banking, insurance, public entity, private equity, and legal groups now represent the largest tenants in the market.

It's the story of the submarket in Boston's downtown office landscape, where context is critical to understanding how buildings are performing.

Back Bay and Seaport buildings boast little vacancy, while the Financial District paints a starkly different picture. From a quality perspective, trophy Class A assets are continuing to perform well while Class B low-rise and commodity spaces face a bleak outlook. Occupiers have reason to be optimistic, as there is plenty of opportunity in the market depending on location.

Back Bay got a particularly strong boost in the first quarter, as both Bain Capital and Arrowstreet Capital renewed large neighborhood leases. While this caused even further tightening in a submarket with limited supply, it was a notable deviation from a pattern of large tenants relocating to new construction.

Recent Transactions

| Tenant | Size (SF) | Submarket | Type | Building |
|----------------------------|------------|--------------------|-----------|----------|
| Converse | 190,000 SF | North Station | Renewal | Office |
| Commonwealth of MA | 100,000 SF | Financial District | New Lease | Office |
| Harvard Management Company | 45,000 SF | Financial District | Renewal | Office |

Submarket Movement

| Vacancy Rate | QOQ Change | Direct Asking Rent (\$/SF) | Submarket |
|--------------|------------|----------------------------|-----------------------|
| 27.5% | ▲ | \$52.59 | North Station |
| 20.4% | ▲ | \$64.31 | Seaport/South Station |
| 12.5% | ▼ | \$65.77 | Back Bay |
| 21.0% | ▼ | \$66.58 | Financial District |