

Industrial/Flex

Q3 2024

Route 128 | Route 495 | Southern NH



The Greater Boston industrial and flex market is navigating a transformative phase, presenting opportunities for occupiers.

The region's significant share of flex space is proving to be a valuable asset, offering stability with rents more resilient to economic forces. While we saw landlords who timed the market right with flex conversions winning during previous quarters, we're now seeing tenants gaining flexibility in their search. With construction activity largely on hold, large blocks are hard to come by but tenants are finding increased availability of smaller flex spaces (30,000 SF and under) and now enjoy greater leverage during negotiations.

As demand shifts, many tenants are finding advantageous terms compared to three years ago, when there were fewer options with more leasing competition across the market. A higher share of occupier demand is now driven by lease expirations rather than expansion or consolidation needs, allowing incoming tenants to secure more favorable deals. Landlords are increasingly willing to offer attractive concessions (tenant improvements and free rent) to maintain rents. The market is filled with potential, empowering occupiers to leverage current conditions to their advantage as they make strategic decisions for their future.

Photo: Getty



Amazon is Back

After recalibrating its industrial footprint in recent quarters, Amazon is back to its old ways, leasing large chunks of warehouse space across the country. Locally, the e-commerce giant moved into their massive 3.8M SF facility in North Andover this year.



Timing is Everything

From start to finish, the leasing process is incredibly time consuming, particularly for flex users with complex build out requirements. It is important for groups to engage in conversations early to start the needs assessment process and establish their competitive standing.

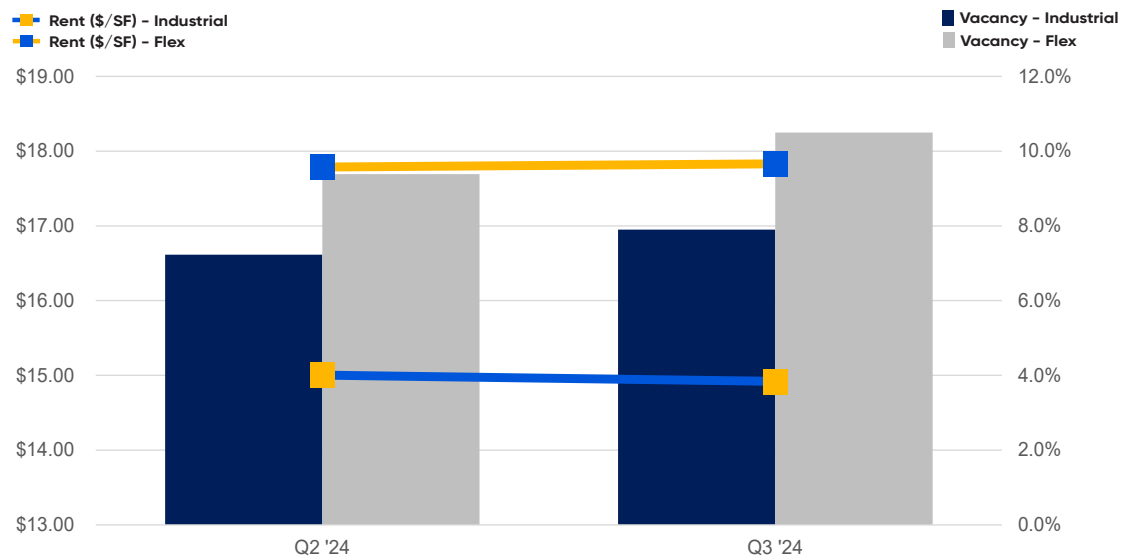
Arrows indicate quarterly change

		Market Size		Vacancy		Sublease		Available
Industrial	↑	143,598,484 SF	↑	7.9%	↓	1.4%	↑	12.0%
Flex	≡	56,106,906 SF	↓	10.5%	↓	3.2%	↓	14.9%

Historical Rent and Vacancy

Note: Cresa began tracking this market in Q2 2024.

It's all relative, with conditions varying widely across geographies and property type. The southern markets are holding steady, waiting to reenergize, while the northern markets continue to churn, highlighted by a resurgence of demand for smaller flex spaces.

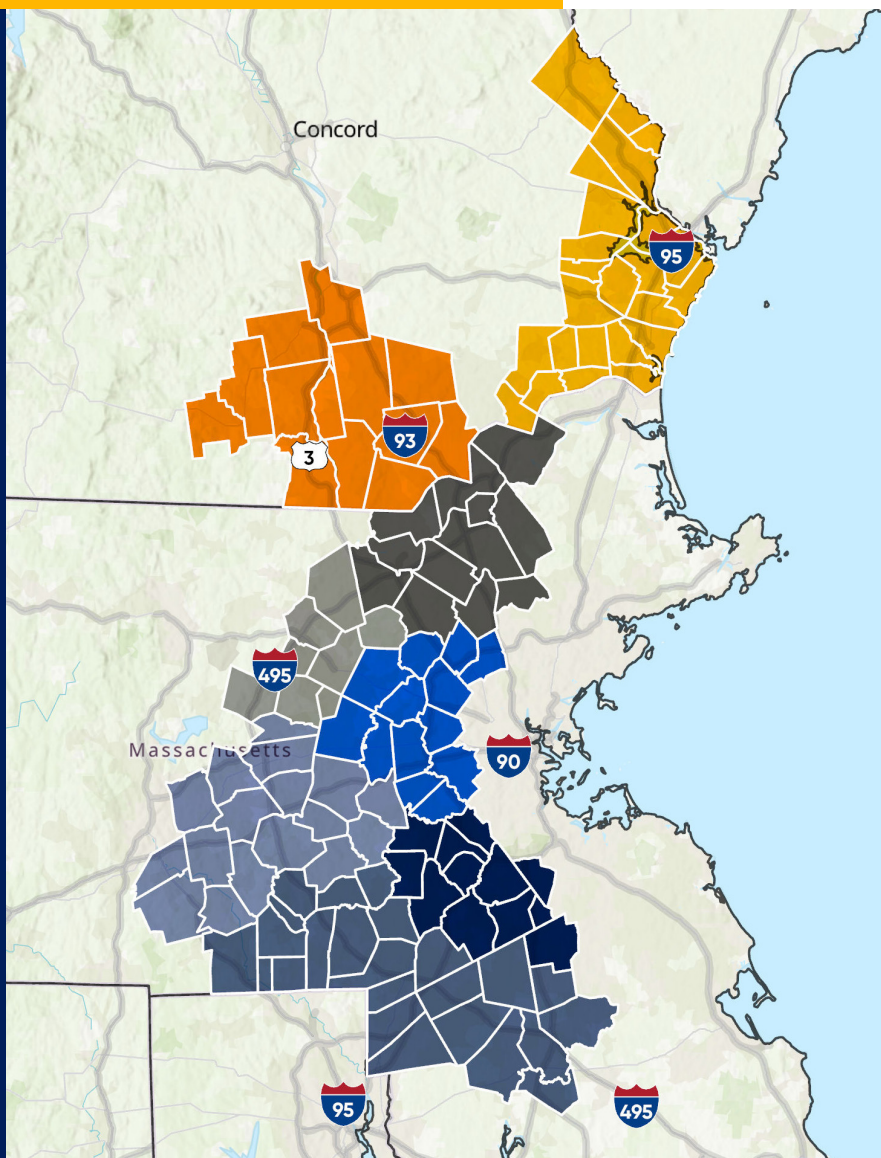


Notable Market Transactions

Tenant	Size (SF)	Submarket	Use	Type
Home Depot	600,000	Central MA	Industrial	New Lease
Celltreat	113,000	495 Central	Flex	New Lease
Hiper Global	72,500	495 Central	Flex	New Lease
Rinchem Company Inc.	63,700	495 Metrowest	Industrial	Renewal
Qorvo	58,100	495 North	Flex	New Lease
Alsym Energy	60,000	Inner Suburbs	Flex	New Lease
Caesarstone	42,600	495 South	Industrial	New Lease
Utz Chips	31,000	495 North	Industrial	Relocation
Goodyear Tire & Rubber Co.	30,300	128 South	Industrial	New Lease
Thor Labs	30,000	Southern NH	Flex	Renewal

The Alsym Energy move at Exchange 200 in Malden signals an emerging trend, cleantech groups taking advantage of the lab leasing lull by occupying spaces originally designated for life sciences users. With interest rates falling in the year ahead, we could see increased competition if venture capital picks back up for these groups.

Industrial/Flex Q3 2024



		Market Size (SF)	Vacant	Sublease	Available	Average Rent/SF (NNN)	
Industrial	Route 495	North	20,849,298	5.5%	0.7%	8.6%	\$17.25
		Central	2,602,695	3.8%	3.8%	11.5%	\$15.00
		Metrowest	10,460,747	7.9%	0.9%	12.2%	\$15.75
		South	40,194,795	12.4%	1.7%	17.9%	\$13.50
	Total	74,107,535	9.5%	1.4%	14.3%	\$14.93	
Route 128	Northwest	9,037,690	4.3%	0.1%	9.2%	\$20.50	
	South	13,969,959	9.0%	4.0%	16.7%	\$16.50	
	Total	23,007,649	7.2%	2.5%	13.7%	\$18.07	
Southern NH	Seacoast	11,353,305	3.8%	0.7%	7.6%	\$13.00	
	Route 3/Route 93	35,129,995	6.4%	0.9%	7.6%	\$13.75	
	Total	46,483,300	5.8%	0.8%	7.6%	\$13.57	
Flex	Route 495	North	17,785,017	12.0%	5.0%	17.8%	\$19.50
		Central	2,443,002	10.6%	10.1%	21.4%	\$16.50
		Metrowest	6,255,644	7.2%	2.0%	12.3%	\$17.00
		South	6,704,412	11.2%	2.0%	13.5%	\$14.25
	Total	33,188,075	10.8%	4.2%	16.1%	\$17.75	
	Route 128	Northwest	7,428,353	7.4%	3.4%	13.7%	\$23.50
		South	4,741,751	9.8%	1.2%	15.5%	\$18.50
	Total	12,170,104	8.3%	2.5%	14.4%	\$21.55	
	Southern NH	Seacoast	2,773,050	8.1%	2.1%	10.3%	\$13.50
		Route 3/Route 93	7,975,677	13.1%	0.2%	12.1%	\$14.00
	Total	10,748,727	11.8%	0.7%	11.7%	\$13.87	

Meet the Team



Mark Mulvey
Managing Principal



Joe Doyle
Managing Principal



Dave Ross
Principal



Mark Coelho
Principal



Nate Heilbron
Senior Advisor



Brett McNiff
Associate Advisor

About Cresa Boston

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

Brian Gridley, Research Manager
bgridley@cresa.com

Contact

For more information about Cresa and the Boston CRE Market, please contact:

Cresa Boston
280 Congress Street
Boston, MA 02210
617.758.6000
cresa.com/boston

+ Follow Us



Visit our social media channels to stay current on all things CRE.