



Q2 2025

Greater Boston CRE Market Insight Reports

MARKET INSIGHTS PROVIDED FOR:

Downtown Boston

Life Sciences

Industrial / Flex

Suburban Office

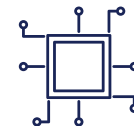
Cambridge Office

Q2 2025 Downtown Office

Uncertainty Defines the Second Half of 2025

As we enter the latter half of 2025, Downtown Boston's commercial real estate market remains clouded by uncertainty, driven by fluctuating interest rates, capital market volatility, and shifting federal policies. Core assets remain resilient, but the gap between high-performing properties and those needing repositioning or recapitalization continues to widen. After a subdued Q2 marked by macroeconomic headwinds, both leasing and investment activity face tempered momentum heading into year-end.

Photo: Kyle Klein



Tech Demand Stays Flat, Vacancy Persists

The technology sector remains largely inactive, contributing to sustained low-rise vacancy. The only notable exception in the past year was Klaviyo's Q1 activity; otherwise, tech demand has been stagnant.

TENANT TAKEAWAY

Tenants have a strong opportunity to negotiate favorable lease terms in the low-rise segment of the Class A market.



Pockets of Strength


Resilient demand persists in the high-rise, Back Bay, and Seaport segments of the downtown market, driven by flight to quality and premium views.

TENANT TAKEAWAY

While quality space still commands a premium, tenants should identify and use their leverage, such as market softness, vacancy levels, or lease flexibility, to negotiate better terms.

 **Market Size**
64,464,337 SF

 **Vacancy**
19.7%

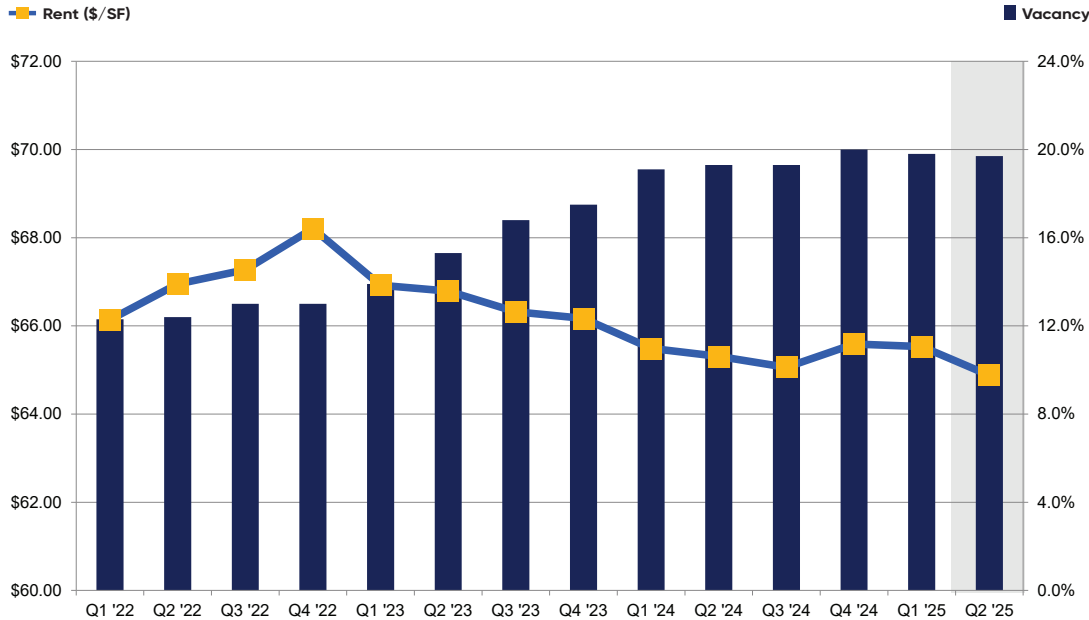
 **Sublease**
5.6%

 **Available**
27.7%

Stack indicates no change since previous quarter

Historical Rent and Vacancy

With vacancy nearing 20% and average Class A rents trending toward \$70/SF, rising availability is putting downward pressure on pricing, giving tenants increased leverage for concessions.



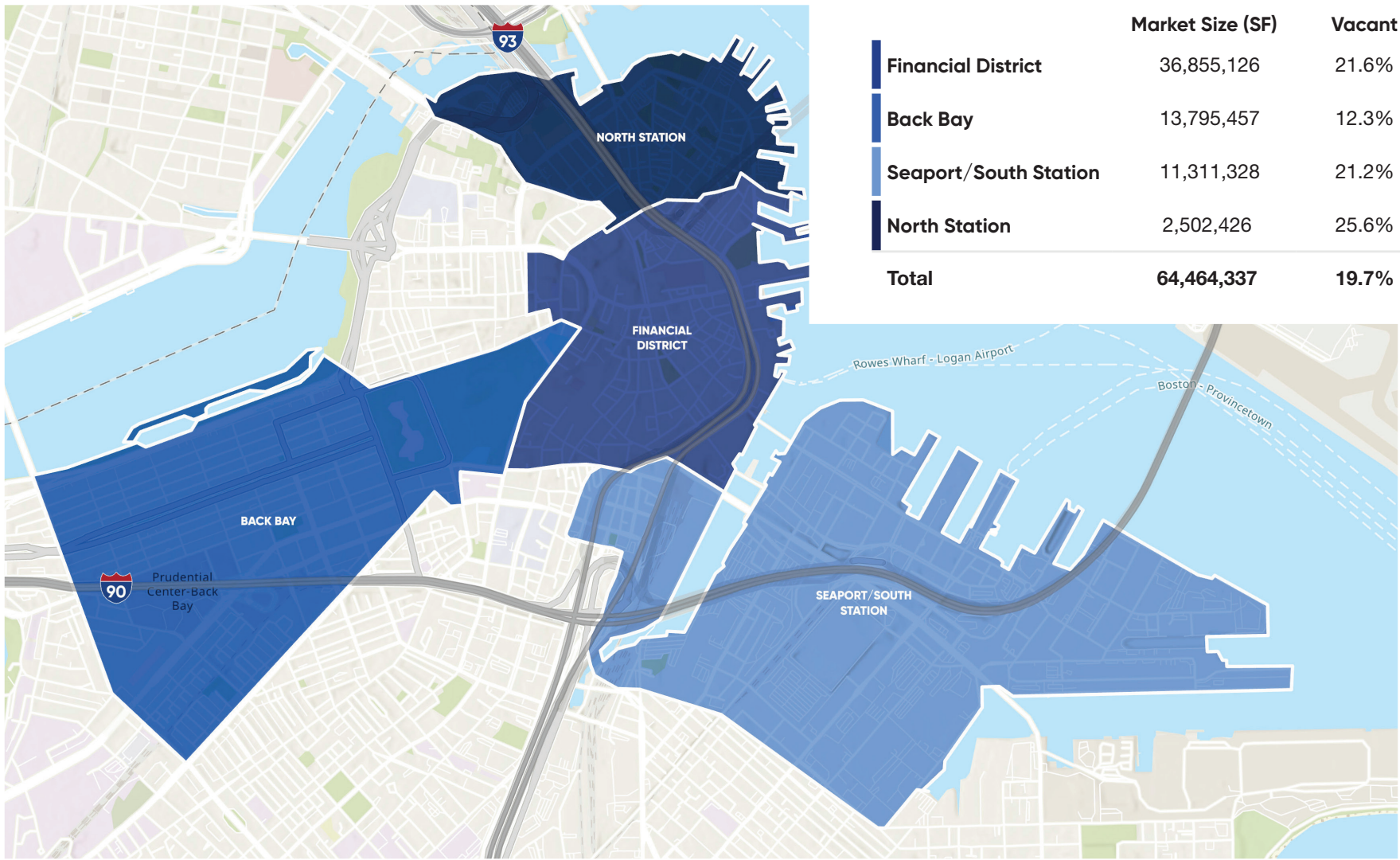
Notable Market Transactions

Tenant	Size (SF)	Submarket	Type
Manion Gaynor & Manning	31,000	Financial District	Renewal
STV	28,314	Financial District	Renewal
enGene	26,335	Financial District	Relocation
Volition Capital	21,479	Back Bay	Relocation (Cresa)
Codametrix	15,317	Back Bay	Renewal



Back Bay | Photo: Duncan Lake

By the Numbers Submarkets



	Market Size (SF)	Vacant	Sublease	Available	Rent/SF	
					Class A	Class B
Financial District	36,855,126	21.6%	4.3%	28.3%	\$70.26	\$51.08
Back Bay	13,795,457	12.3%	4.9%	21.2%	\$69.72	\$55.48
Seaport/South Station	11,311,328	21.2%	9.7%	31.8%	\$77.36	\$58.07
North Station	2,502,426	25.6%	10.9%	37.1%	\$63.00	\$50.23
Total	64,464,337	19.7%	5.6%	27.7%	\$70.76	\$53.90



Photo: Kyle Klein

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Photo: Kyle Klein

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Q2 2025

Life Sciences

BOSTON | CAMBRIDGE | INNER SUBURBS | ROUTE 128

Market Challenges Mount in a Turbulent Cycle

Greater Boston's life sciences market is navigating one of its most challenging periods in recent history. The aggressive wave of lab development designed to meet the surging demand of three years ago has created a stark supply-demand imbalance. **Vacancy has surged from under 5% to over 30% in the past 12 quarters.** Economic and funding pressures, including reduced NIH support, slower venture capital, and market volatility, are constraining growth. Yet early-stage activity remains a bright spot, with incubators staying full and Boston's quality lab supply positions the market for a potential rebound.

Photo: Shutterstock



M&A Surge Bolsters Big Pharma

Biotech M&A activity surged in the first half of 2025, driven largely by strategic acquisitions from major pharmaceutical companies seeking to reinforce pipelines and secure innovative technologies. Many of these moves are aimed at offsetting looming patent cliffs and sustaining long-term growth.

TENANT TAKEAWAY

Plan for agility and anticipate M&A-driven changes by securing flexible leases with assignment rights and scalable space options.



Funding Pressures Drive Caution

The life sciences sector continues to grapple with an uneven funding environment. While Q1 brought optimism with \$666M in early-stage biotech financings in Massachusetts, **Q2 saw a drop to \$514M.** IPO activity is also at historic lows, with only five biotech IPOs nationwide in H1 2025, just one in Massachusetts, compared to 18 in 2024 and 20 in 2023.

TENANT TAKEAWAY

Focus on cost control through subleases, short terms, and concessions. Negotiate flexibility to scale as funding returns.



Market Size
50,758,189 SF



Vacancy
30.3%



Sublease
6.2%

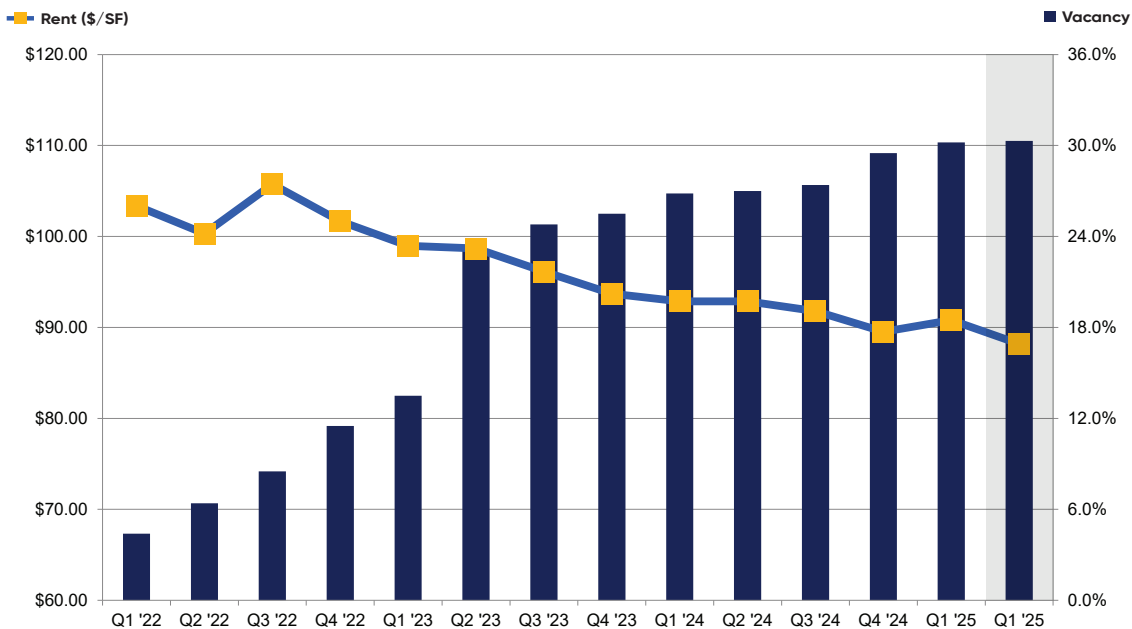


Available
36.5%

Arrows Indicate One Year Change

Historical Class A Rent and Vacancy

With vacancy above 30% and rents trending downward, tenants are in a strong position to negotiate favorable terms and secure flexible lab space.



Notable Market Transactions

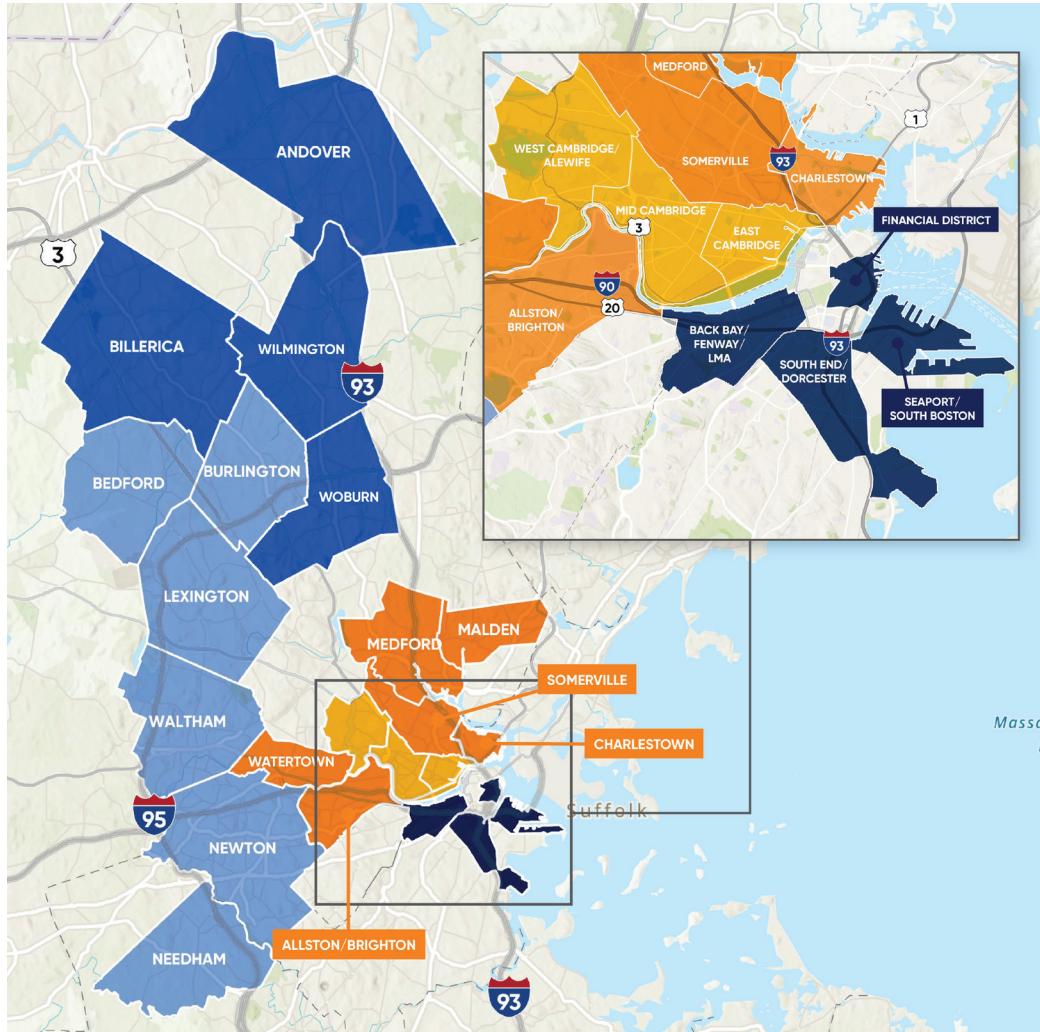
Tenant	Size (SF)	Submarket	Type
Foghorn Therapeutics	72,000	Watertown	Relocation
General Biologics	26,000	Waltham	Relocation
X-Chem Pharmaceuticals	22,000	Waltham	Renewal (Cresa)
Aurion Therapeutics	21,500	Alewife	Relocation

Foghorn Therapeutics' relocation from Cambridge (previously at 500 Technology Square) to Watertown (99 Coolidge Avenue), signals the appeal of Watertown's flexible, life science-grade stock amid rising vacancy and tenant power.



Foghorn Therapeutics, 99 Coolidge Avenue | Photo: CoStar

By the Numbers Submarkets



		Market Size (SF)	Vacant	Sublease	Available	Rent/SF	
						Class A	Class B
Cambridge	East Cambridge	11,973,499	14.1%	7.9%	22.0%	\$105.00	\$90.00
	Mid Cambridge	3,497,415	16.8%	12.9%	29.8%	\$100.00	\$75.00
	West Cambridge/Alewife	2,673,204	41.5%	8.3%	49.8%	\$85.00	\$65.00
	Total	18,144,118	18.7%	8.9%	27.58%	\$101.09	\$83.43
Boston	Seaport/South Boston	5,316,538	24.2%	5.6%	29.8%	\$100.00	\$85.00
	Financial District	436,632	73.5%	4.6%	78.1%	\$100.00	\$95.00
	Back Bay/Fenway/LMA	1,796,387	16.6%	1.9%	18.5%	\$105.00	\$90.00
	South End/Dorchester	929,000	53.8%	8.3%	62.1%	\$82.00	\$70.00
	Total	8,478,557	28.4%	5.1%	33.4%	\$99.09	\$84.93
Inner Suburbs	Charlestown	814,410	44.3%	8.8%	53.1%	\$80.00	\$70.00
	Medford/Malden	790,618	50.5%	11.5%	62.0%	\$55.00	\$50.00
	Somerville	2,471,603	73.4%	2.0%	75.4%	\$85.00	\$75.00
	Watertown	3,829,194	53.5%	5.4%	58.9%	\$85.00	\$70.00
	Allston/Brighton	2,010,412	71.0%	0.0%	71.0%	\$95.00	\$80.00
	Total	9,916,237	61.0%	4.2%	65.2%	\$84.22	\$71.68
Route 128 West	Bedford/Burlington	3,011,795	34.8%	2.4%	37.3%	\$65.00	\$50.00
	Lexington/Waltham	8,188,287	21.0%	7.0%	28.0%	\$75.00	\$63.00
	Newton/Needham	540,342	26.5%	0.0%	26.5%	\$65.00	\$60.00
	Total	11,740,424	24.8%	5.5%	30.3%	\$71.97	\$59.53
Route 128 North	Wilmington	128,370	17.4%	0.0%	17.4%	\$30.00	\$25.00
	Woburn	1,298,511	11.6%	3.5%	15.1%	\$54.00	\$40.00
	Billerica	385,763	16.3%	0.0%	16.3%	\$28.00	\$26.00
	Andover	666,209	56.9%	0.9%	57.7%	\$55.00	\$45.00
	Total	2,478,853	24.8%	2.1%	26.9%	\$48.98	\$38.39

Meet the Team



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Q2 2025

Industrial/Flex

ROUTE 128 | ROUTE 495 | SOUTHERN NH

Tenants Favor Short-Term Stability Amid Uncertainty

Greater Boston's industrial and flex tenants are navigating increased economic uncertainty with cautious, short-term solutions as lease expirations approach. Renewals remain the preferred strategy, serving as a temporary measure to maintain operations while delaying larger commitments until market conditions stabilize. Availability has held steady quarter-over-quarter, though tightness persists in select submarkets such as 495 North and MetroWest. Rising construction costs are likely to limit new speculative development, creating conditions for potential rental growth once demand rebounds.

Photo: Gettyimages



Shifting Policy, Rising Uncertainty

Rising geopolitical tensions and evolving trade policies are poised to disrupt pricing and the manufacturing supply chain. While the impact may take time to fully materialize, the industrial market, especially segments tied to global trade, is highly exposed to these policy headwinds.

TENANT TAKEAWAY

Reassess supply chains, secure flexible leases, monitor costs, and stay alert to policy shifts.



Policy Pressure

Advanced manufacturing groups, which fueled recent market growth under the support of the Inflation Reduction Act, are now confronting uncertainty under the new administration. Potential changes to incentives and funding could slow momentum and reshape expansion plans across the region.

TENANT TAKEAWAY

Monitor shifting incentives, stress-test financial models, and prioritize locations with diverse policy support.

Industrial
Flex

Market Size

↑

145,228,682 SF

↓

55,738,496 SF

Vacancy

↑

9.3%

↓

9.7%

Sublease

≡

1.4%

↓

2.7%

Available

↓

12.5%

≡

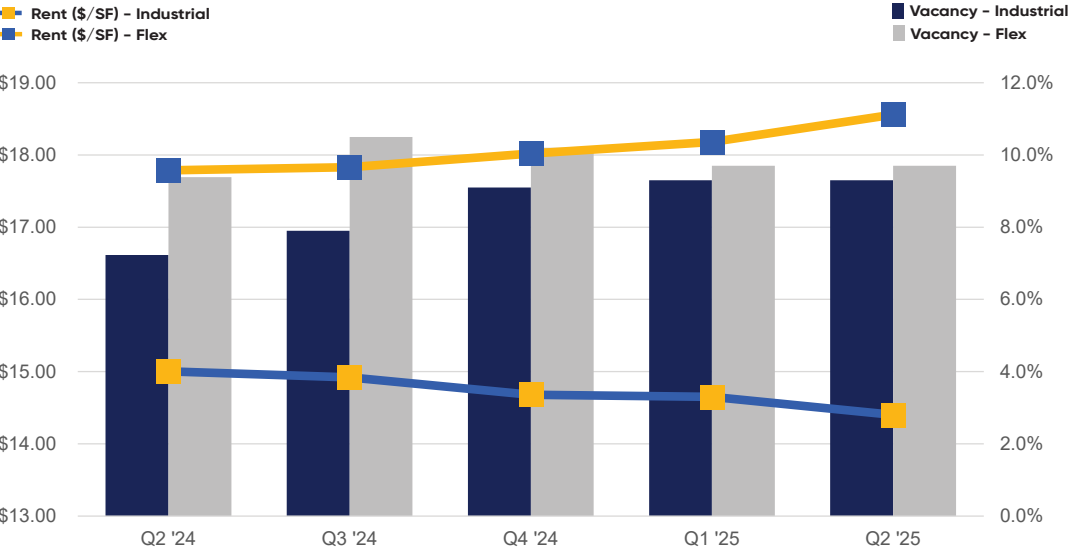
14.7%

Arrows Indicate One Year Change

Historical Rent and Vacancy

Note: Cresa began tracking this market in Q2 2024.

With vacancy holding near 9% for both industrial and flex space and rents plateauing around \$18/SF and \$15/SF respectively, the market reflects a balanced yet competitive environment.



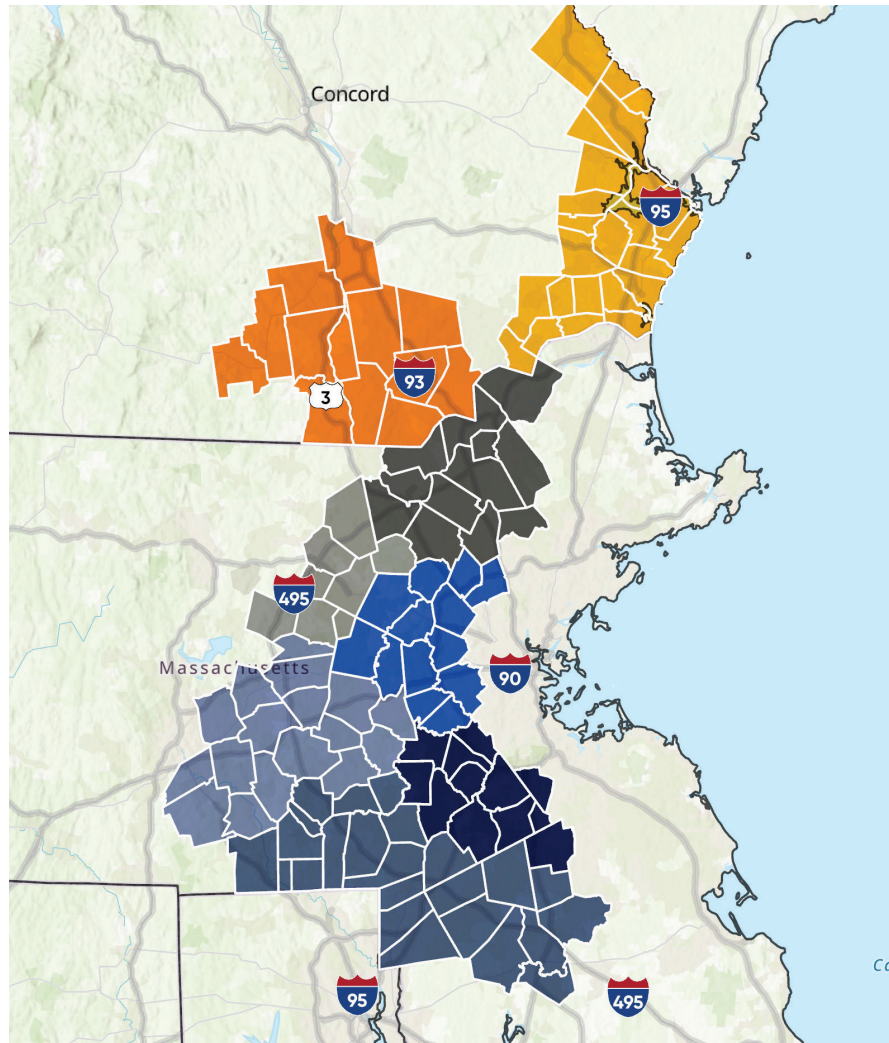
Notable Market Transactions

Tenant	Size (SF)	Submarket	Use	Type
Amazon	220,000	495 East	Industrial	New Lease
CMC North America	71,000	495 North	Industrial	New Lease (Consolidation)
Associated Environmental Systems	70,000	495 North	Flex	Relocation
York HVAC	44,000	495 MetroWest	Industrial	New Lease
Iron Mountain	41,209	495 MetroWest	Industrial	Renewal
Optos	24,893	495 MetroWest	Flex	Renewal



Amazon, 800 Salem Street, Wilmington | Photo: CoStar

By the Numbers Submarkets



		Market Size (SF)	Vacant	Sublease	Available	Average Rent/SF (NNN)
Industrial	Route 495 North	20,587,024	6.8%	1.0%	10.4%	\$17.25
	Central	2,602,084	6.0%	3.8%	9.7%	\$14.00
	MetroWest	10,505,620	11.1%	0.5%	12.5%	\$13.25
	South	41,112,977	13.5%	1.7%	18.5%	\$13.00
	Total	74,807,705	11.0%	1.4%	15.1%	\$14.24
Industrial	Route 128 Northwest	9,271,771	9.8%	0.1%	11.0%	\$21.00
	South	14,057,549	9.8%	4.3%	17.3%	\$16.00
	Total	23,329,320	9.8%	2.6%	14.8%	\$17.99
Southern NH	Seacoast	11,448,278	6.8%	0.7%	8.3%	\$12.50
	Route 3/Route 93	35,643,379	6.0%	0.8%	6.9%	\$13.00
	Total	47,091,657	6.1%	0.8%	7.2%	\$12.88

		Market Size (SF)	Vacant	Sublease	Available	Average Rent/SF (NNN)
Flex	Route 495 North	18,096,389	12.7%	3.6%	19.3%	\$20.50
	Central	2,491,640	9.8%	10.7%	16.6%	\$17.00
	MetroWest	6,325,739	5.1%	1.6%	13.8%	\$17.50
	South	6,494,273	11.0%	1.2%	11.9%	\$15.00
	Total	33,408,041	10.7%	3.3%	16.6%	\$18.60
Flex	Route 128 Northwest	7,424,602	8.4%	3.5%	13.8%	\$24.50
	South	4,775,776	10.0%	0.5%	14.4%	\$18.75
	Total	12,200,378	9.1%	2.3%	14.1%	\$22.25
Southern NH	Seacoast	2,482,130	8.8%	2.3%	11.1%	\$14.00
	Route 3/Route 93	7,647,947	6.5%	0.6%	8.4%	\$14.00
	Total	10,130,077	7.1%	1.0%	9.0%	\$14.00

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Dave Ross
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Mark Coelho
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Allison Hoffman
Senior Advisor



Photo: Gettyimages

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Q2 2025 Suburban Office

ROUTE 128 | ROUTE 495

Patience Wears Thin as Market Strategies Shift

The suburban office market posted modest momentum in Q2 2025 with a handful of sizable transactions, yet overall market patience is wearing thin after an extended “wait-and-see” period. Softened life science demand continues to challenge landlords who invested in conversions and speculative lab developments. While many have held firm on face rents to protect valuations, owners are now pivoting back toward traditional office use to meet tenant expectations in today’s capital-intensive, cost-conscious environment — a trend most evident in trophy assets across Newton, Needham, Wellesley, Waltham, and Burlington.

Photo: Shutterstock



Sublease Inventory Hits Multi-Year Low

The Central Route 128 sublease market recorded its steepest inventory decline since March 2020, **contracting by more than 500K SF in Q2**. This was driven by major sublease deals, including CyberArk’s (87K SF), HyannisPort Research’s (53K SF), and AVS Pulse’s (40.5K SF). These transactions reflect tenants’ strong preference for high-quality space in top suburban locations.

TENANT TAKEAWAY

Tenants should act quickly, remain flexible in negotiations, and consider near-prime alternatives to secure the best opportunities.



Landlords Prioritize Occupancy Over Rents

A noticeable shift is emerging among suburban landlords: maximizing occupancy is taking precedence over achieving top rental rates. In response to soft demand, many owners are enhancing concession packages, such as increased TI allowances and free rent, to secure lease commitments and stabilize assets.

TENANT TAKEAWAY

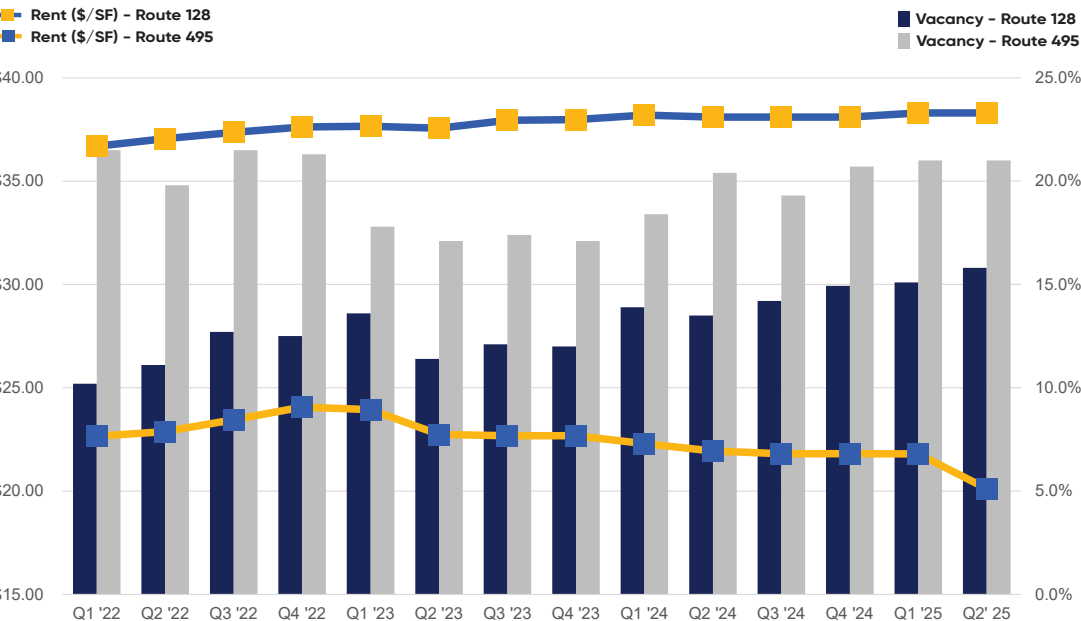
Tenants can secure better concessions, lock in value early, and align space needs with long-term goals.

		Market Size		Vacancy		Sublease		Available
Route 128	≡	47,020,111 SF	↑	15.8%	↓	5.1%	↑	25.5%
Route 495	↓	27,610,956 SF	↑	21.0%	↓	3.8%	↑	28.7%

Arrows Indicate One Year Change

Historical Rent and Vacancy

As sublease inventory levels come down due to larger commitments and expirations, expect direct vacancies to rise as they absorb space returning to the direct market and put further downward pressure on rents, especially in lower class and second generation assets.



Notable Market Transactions

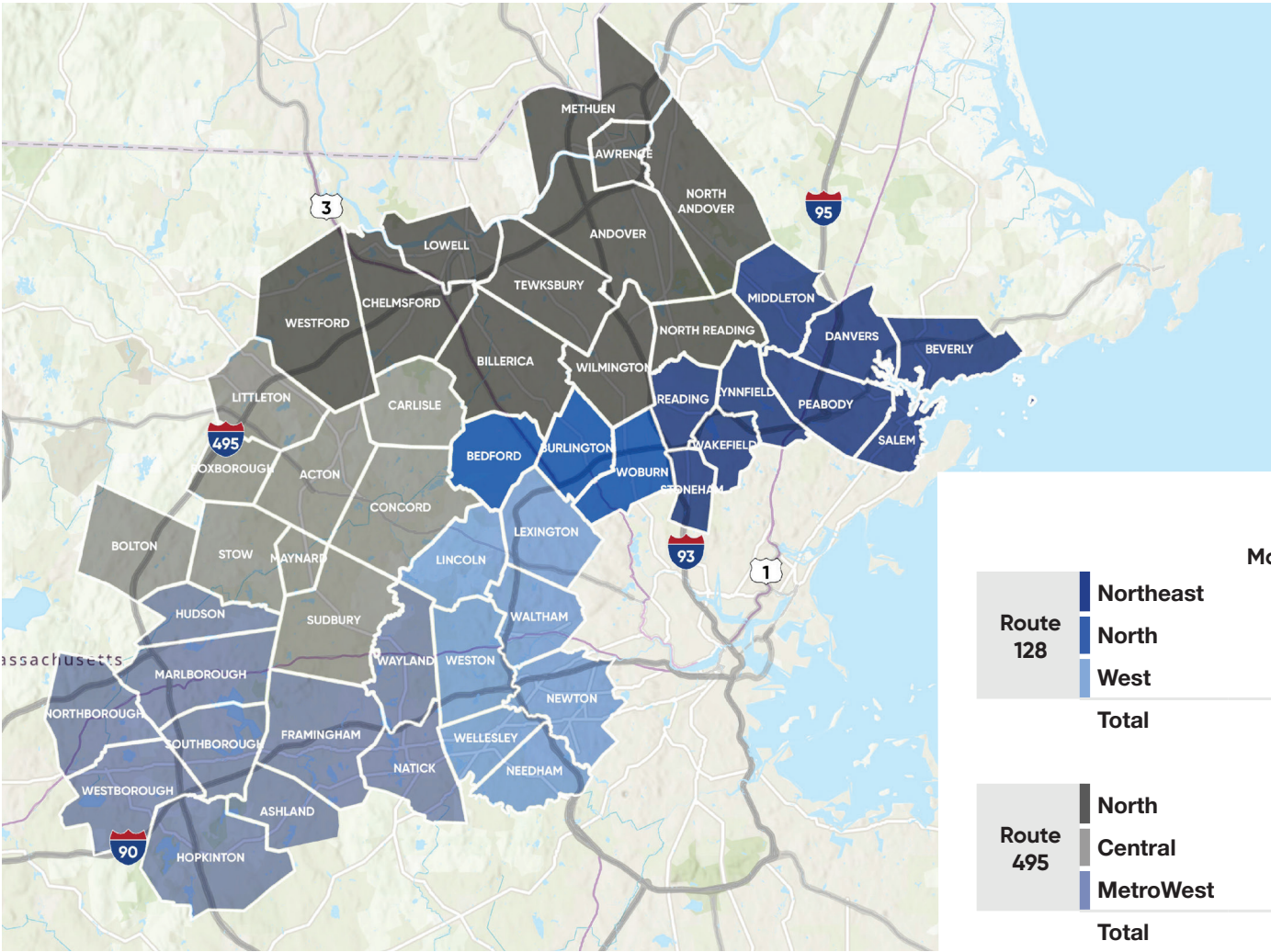
Deals continue to concentrate in well-amenitized Class A buildings, as occupiers show no signs of slowing their flight to quality.

Tenant	Size (SF)	Submarket	Type
HyannisPort Research	53,000	128 West	Relocation (Sublease)
Black Duck Software	44,000	128 North	Renewal (Downsize)
AVS Pulse	40,500	128 West	Relocation (Sublease)
Lantheus	40,000	128 North	New Lease (Expansion)
Optos	23,209	495 MetroWest	Renewal (Downsize)
Springwell	13,044	495 MetroWest	New Lease
Liberty Mutual	11,876	495 MetroWest	Renewal (Downsize)



HyannisPort Research, 400 First Avenue, Needham | Photo: CoStar

By the Numbers Submarkets



						Rent/SF	
						Class A	Class B
Route 128	Northeast	6,416,850	18.4%	1.0%	18.1%	\$29.00	\$24.00
	North	13,571,496	16.1%	6.1%	29.0%	\$42.00	\$31.00
	West	27,031,765	15.0%	5.5%	25.4%	\$47.00	\$37.00
	Total	47,020,111	15.8%	5.1%	25.5%	\$43.10	\$33.49
Route 495	North	13,860,943	15.5%	3.4%	21.3%	\$23.00	\$19.00
	Central	3,642,309	33.6%	0.5%	40.0%	\$20.50	\$16.50
	MetroWest	10,107,704	24.0%	5.5%	34.9%	\$21.25	\$17.75
	Total	27,610,956	21.0%	3.8%	28.7%	\$22.03	\$18.21

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Q2 2025 Cambridge Office

Cambridge Office Market Awaits Its Catalyst

Cambridge's office market saw a **slight uptick in vacancy during Q2, with East Cambridge now at 21.1% and citywide levels at 18.2%**, still outperforming both downtown Boston and the suburbs. Sublease space continues to decline, leaving just **under 1 million SF available**, though vacancy may climb modestly before stabilizing.

Looking ahead, inflationary pressures and potential tariffs could threaten global trade, while sustained high interest rates may keep tenants focused on flexibility and short-term lease. The market remains resilient but needs a spark to regain momentum.

Photo: Kyle Klein



Institutional Cutbacks Add Pressure

Cambridge's higher education and healthcare pillars are feeling the strain from NIH funding cuts. **The Broad Institute, affiliated with Harvard and MIT, recently laid off 75 employees and slashed \$42M in annual expenses, about 5% of its total budget.** Similar cost-containment measures are emerging among other major institutions.

TENANT TAKEAWAY

Take advantage of softening demand to secure prime space with strong negotiating leverage.



Kendall Square Sustains Its Competitive Edge

Despite broader market headwinds, Kendall Square remains a magnet for biotech investment. Biogen's plan to consolidate its global headquarters into a new innovation hub underscores the district's enduring appeal for cutting-edge life science and R&D activity.

TENANT TAKEAWAY

Act early and consider pre-leasing to secure premium space in prime innovation submarkets.



Market Size
11,169,092 SF



Vacancy
18.2%



Sublease
8.8%

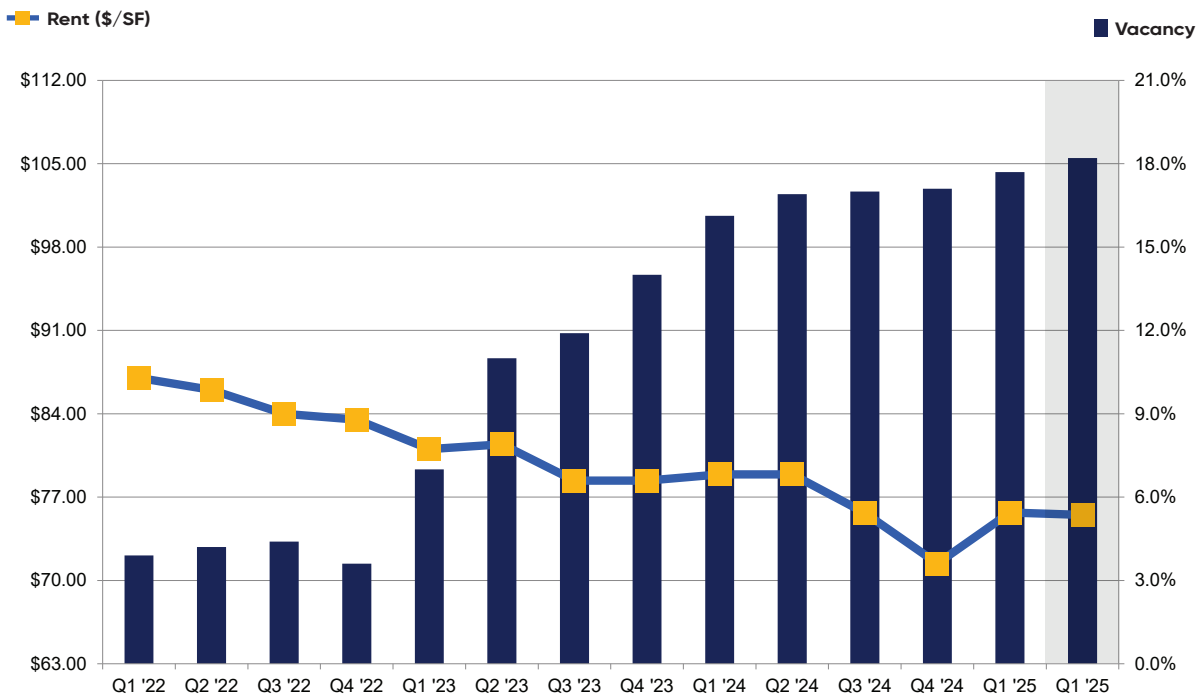


Available
26.9%

Arrows Indicate One Year Change

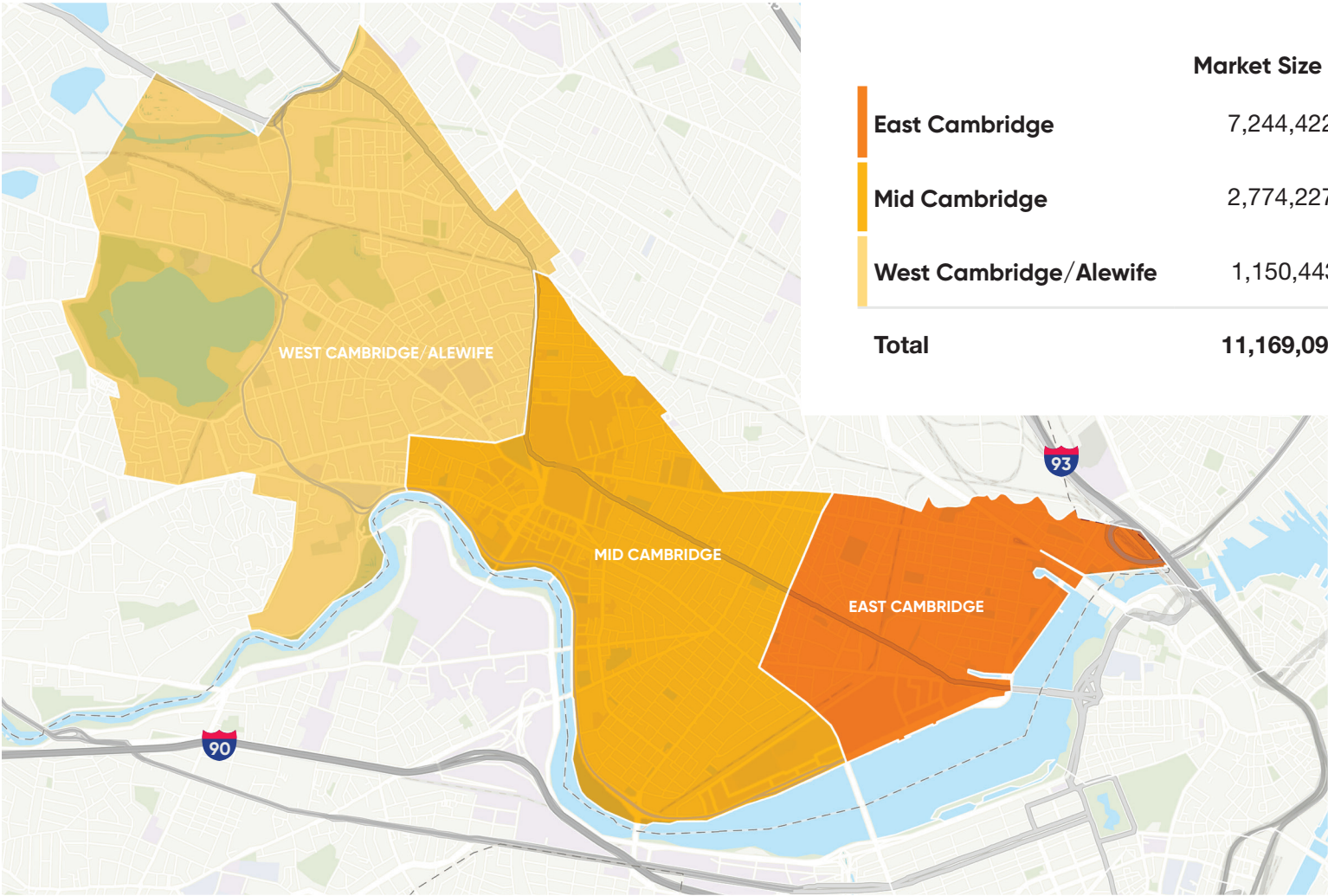
Historical Class A Rent and Vacancy

East Cambridge, with a 21.1% vacancy rate, remains the highest among submarkets, while rents continue to trend downward, reinforcing a tenant-favorable environment.



Inman Square, Cambridge | Photo: Kyle Klein

By the Numbers Submarkets



	Market Size (SF)	Vacant	Sublease	Available	Rent/SF	
					Class A	Class B
East Cambridge	7,244,422	21.1%	10.6%	31.8%	\$85.00	\$58.00
Mid Cambridge	2,774,227	16.3%	2.5%	18.9%	\$60.00	\$50.00
West Cambridge/Alewife	1,150,443	3.7%	12.3%	16.0%	\$55.00	\$50.00
Total	11,169,092	18.2%	8.8%	26.9%	\$75.70	\$55.19



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Memorial Drive Cambridge | Photo: Kyle Klein

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