



Q2 2024

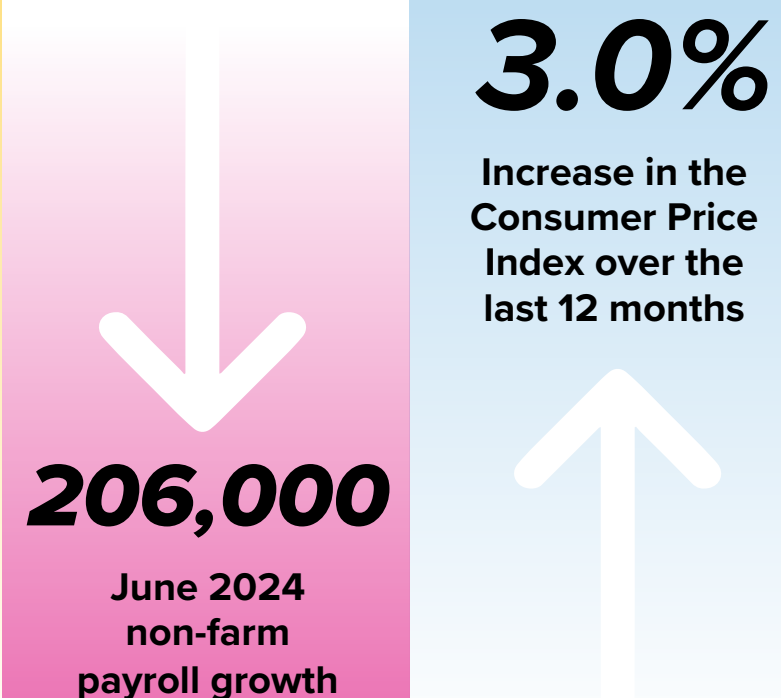
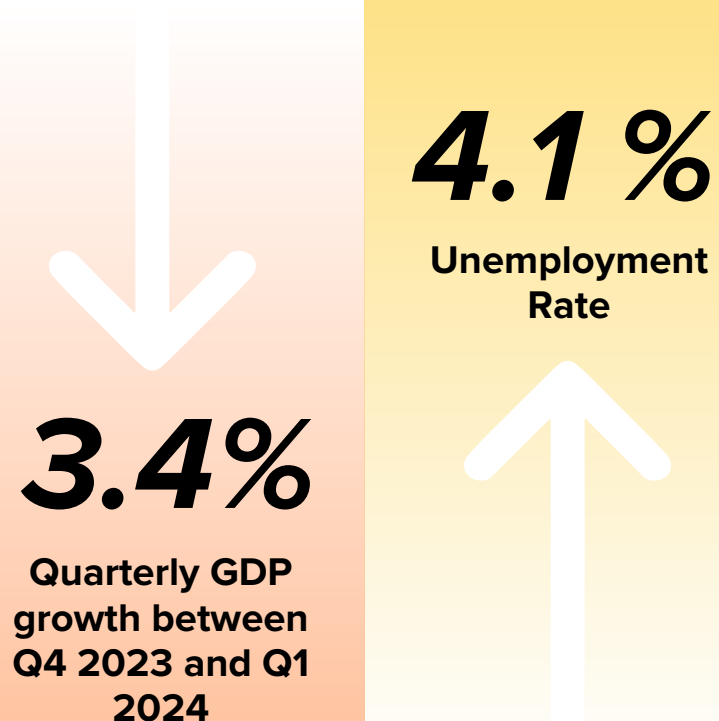
MARKET REPORT

Rental Reservations: 1-800-BY-RYDER



INVESTORS AND ECONOMISTS generally expect at least a quarter point cut in the federal funds rate by year-end. Although we cannot ignore the compounding effects of inflation, *at Perry CRE, we are approaching the second half of 2024 with cautious optimism.* While the labor market is still relatively strong, signs of macroeconomic cooling are beginning to emerge. Headline inflation growth fell 30 basis points (bps) between May and June, while the unemployment rate ticked up 10 bps to 4.1% in the same time frame.

When Jerome Powell testified in front of the Senate banking committee earlier this month, he indicated that [“elevated inflation is not the only risk we face”](#) in reference to potentially weakening labor market conditions. It appears the Fed is now increasingly focused on safeguarding the economy from job losses due to current interest rates – a risk as businesses become cautious and start reducing payroll costs.



OFFICE MARKET OVERVIEW.

AT 25.4%, overall availability in the Boston office market continues to climb – up 70 basis points quarter-over-quarter and 2.3 percentage points over the last 12 months. However, for the first time in three years, sublease

availability declined – to 4.6 million square feet (MSF) – or 5.9% of total inventory. This is notable for two reasons:

- 1 fewer companies listed space for sublease
- 2 it marks the beginning of sublease space lease expirations – and subsequent conversion back to direct availabilities.

AT NEGATIVE 1.4 MSF year-to-date (YTD), the Boston office market registered *the weakest first half absorption figures on record*. The largest new availabilities came online in the Financial District in Q2 – including Iron Mountain’s former footprint at 1 Federal Street and space formerly leased to WeWork at 100 Summer Street.

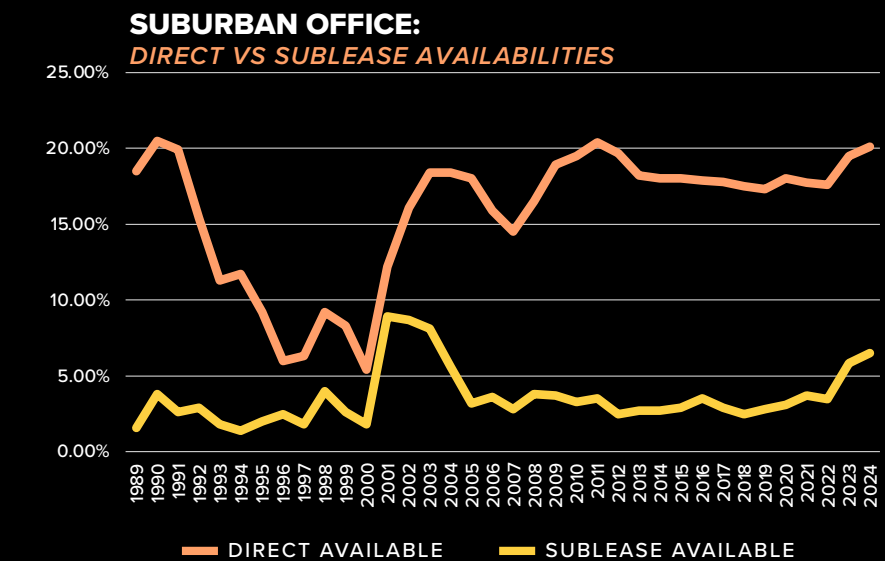
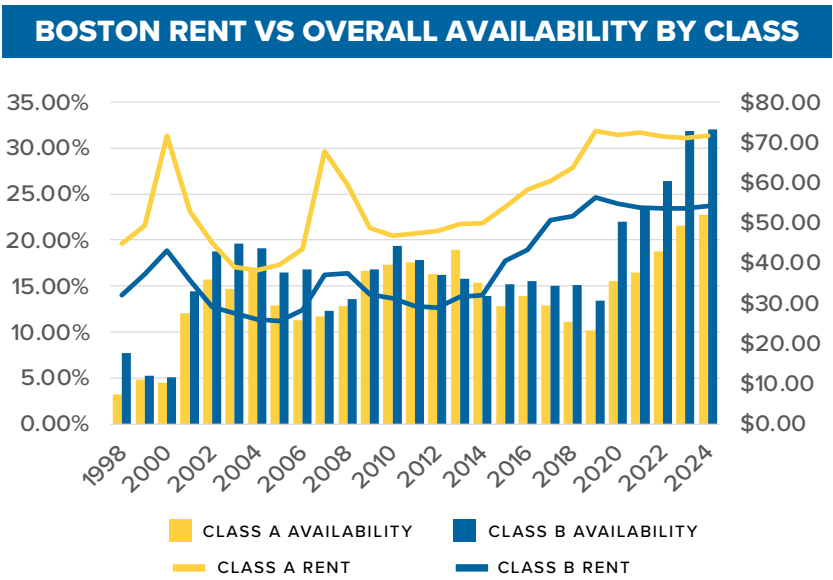
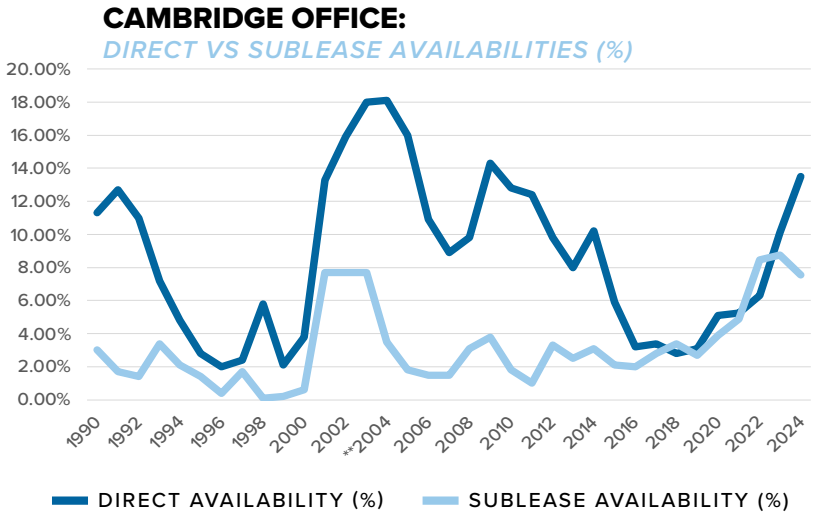
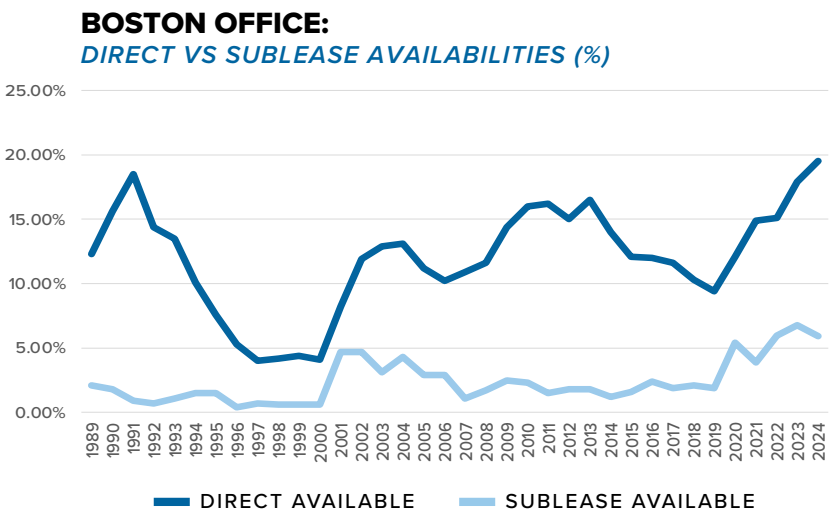
In the Cambridge office market, the narrative mirrors that of Boston: sublease availability is declining, while direct availability continues to increase. And in the suburbs, sublease availability ticked up to just under 6.0 MSF (6.5%) while direct availability (at 20.1%) is up 1.6 percentage points over the last 12 months.



Boston Office		
	Q2 2024	Q2 2023
VACANCY RATE (%)	17.6%	14.8%
YTD Net Absorption (SF)	(1,415,919)	(1,121,130)
Asking Rent (\$/SF)	\$64.17	\$63.29
Sublease Space (SF)	4,130,442	4,656,865

Cambridge Office		
	Q2 2024	Q2 2023
VACANCY RATE (%)	15.0%	10.5%
YTD Net Absorption (SF)	(311,610)	(381,654)
Asking Rent (\$/SF)	\$77.52	\$76.01
Sublease Space (SF)	1,053,176	1,137,362

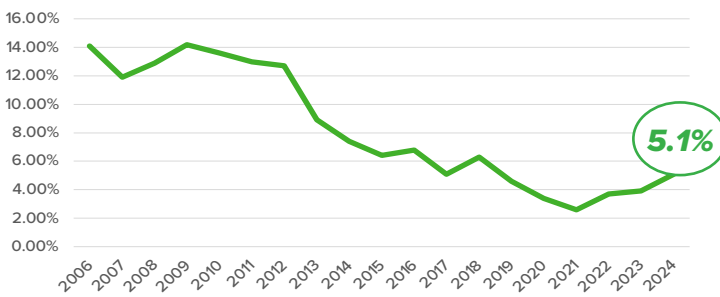
Suburban Office		
	Q2 2024	Q2 2023
VACANCY RATE (%)	18.8%	15.5%
YTD Net Absorption (SF)	(1,139,556)	(1,891,822)
Asking Rent (\$/SF)	\$26.08	\$25.84
Sublease Space (SF)	5,978,475	4,597,346



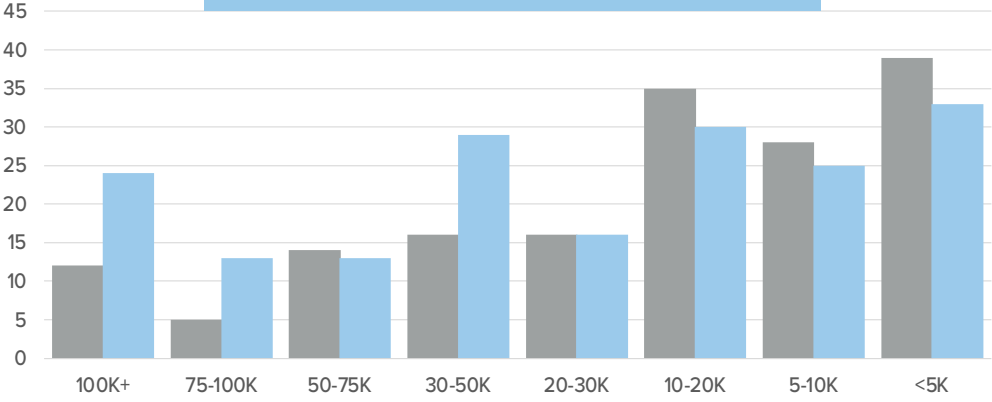
INDUSTRIAL AND LAB.

EARLY IN THE PANDEMIC, the warehouse sector was a bright spot for the greater Boston market - spurred by leasing sprees by Amazon and other third-party logistics providers. Four years later, (at 5.1%) warehouse vacancy has edged closer to pre-COVID levels – nearly double the historical low (2.6%) recorded at the end of 2021.

WAREHOUSE VACANCY: RISING BUT STILL LOW



WAREHOUSE AVAILABILITIES BY SIZE



THIS IS LARGELY due to an increase in existing available blocks greater than 100,000 SF. Despite loosening warehouse conditions, vacancy remains historically low.

■ Q4 2021 ■ Q2 2024

Boston Lab

	Q2 2024	Q2 2023
VACANCY RATE (%)	9.4%	5.9%
YTD Net Absorption (SF)	378,498	(22,599)
Asking Rent (\$/SF)	\$54.21	\$54.03
Sublease Space (SF)	495,126	237,138

Cambridge Lab

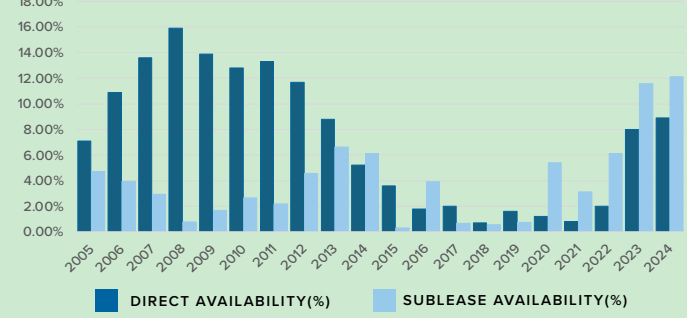
	Q2 2024	Q2 2023
VACANCY RATE (%)	14.4%	8.1%
YTD Net Absorption (SF)	(437,331)	(354,347)
Asking Rent (\$/SF)	\$85.12	\$86.75
Sublease Space (SF)	1,609,839	1,012,707

Suburban Lab

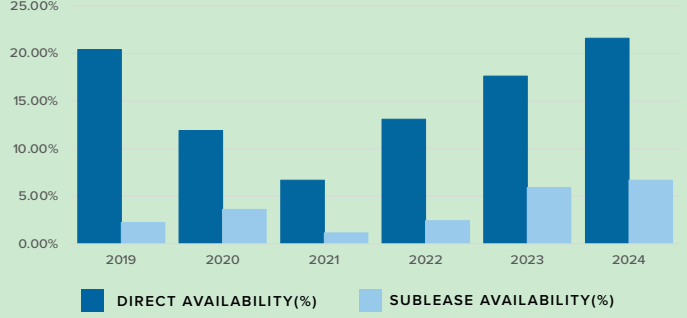
	Q2 2024	Q2 2023
VACANCY RATE (%)	18.7%	11.3%
YTD Net Absorption (SF)	(186,240)	273,649
Asking Rent (\$/SF)	\$50.22	\$55.21
Sublease Space (SF)	770,632	351,089

AS WE NOTED at year-end 2023, there is an ongoing contraction of demand for lab space. In Cambridge, the lab sublease availability rate (12.1%) continues to climb – outstripping the Boston office sublease market availability rate (5.9%) by more than a 2:1 ratio.

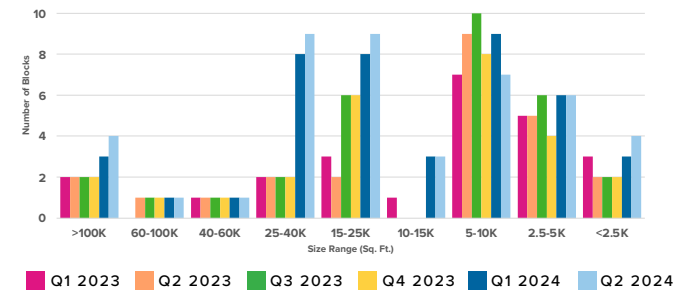
CAMBRIDGE LAB: DIRECT VS SUBLEASE AVAILABILITY



SUBURBAN LAB: DIRECT VS SUBLEASE AVAILABILITY

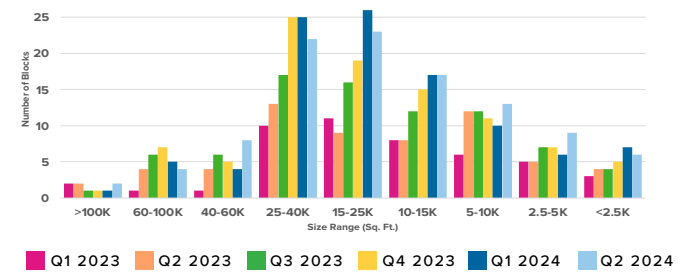


BOSTON LAB BLOX

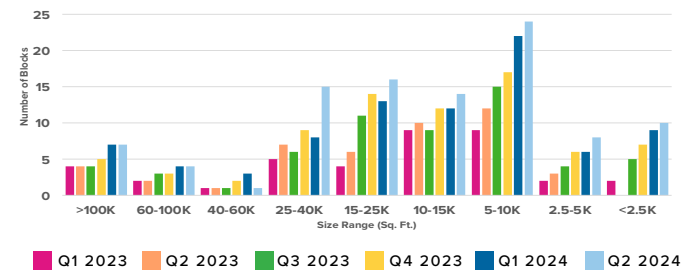


DESPITE A HANDFUL of new deals, lab vacancy has reached an all-time high of 14.4% - surpassing the previous high of 13.0% in 2009. Venture capital funding remains selective, and while life sciences is a dynamic industry, the lab market remained static through the first half of the year.

CAMBRIDGE LAB BLOX



SUBURBAN LAB BLOX



Warehouse

	Q2 2024	Q2 2023
VACANCY RATE (%)	5.1%	4.2%
YTD Net Absorption (SF)	(998,003)	(685,592)
Asking Rent (\$/SF)	\$8.33	\$7.92
Sublease Space (SF)	1,261,953	1,018,461

Flex Space

	Q2 2024	Q2 2023
VACANCY RATE (%)	6.9%	5.6%
YTD Net Absorption (SF)	(399,779)	(393,319)
Asking Rent (\$/SF)	\$10.71	\$10.90
Sublease Space (SF)	961,538	803,498

Manufacturing

	Q2 2024	Q2 2023
VACANCY RATE (%)	4.3%	2.2%
YTD Net Absorption (SF)	(132,268)	(128,021)
Asking Rent (\$/SF)	\$9.09	\$10.11
Sublease Space (SF)	130,721	114,823



THE NUMBERS.

BOSTON	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (OFFICE)	AVG ASKING RENT (CLASS A)*
Back Bay	12,624,199	0	2,599,803	20.6%	1,995,680	15.8%	(124,188)	\$64.15	\$72.66
Charlestown	2,171,048	0	581,937	26.8%	419,257	19.3%	2,101	\$65.34	\$79.59
Fenway/LMA	2,308,195	0	341,632	14.8%	246,919	10.7%	1,343	\$71.79	\$91.66
Financial District	32,136,023	0	9,781,185	30.4%	6,361,018	19.8%	(996,200)	\$66.72	\$71.14
Government Center/ North Station	5,055,645	0	1,285,177	25.4%	961,192	19.0%	37,046	\$53.43	\$59.61
Midtown	2,012,109	0	736,430	36.6%	462,655	23.0%	(83,339)	\$55.04	N/A
Seaport	10,786,447	0	2,157,534	20.0%	1,666,274	15.4%	(238,154)	\$58.54	\$76.54
South Station	2,736,576	0	275,353	10.1%	201,087	7.3%	(14,528)	\$53.32	\$57.00
BOSTON OFFICE TOTALS	69,830,242	0	17,759,051	25.4%	12,314,082	17.6%	(1,415,919)	\$64.17	\$71.69

CAMBRIDGE OFFICE	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (OFFICE)	AVG ASKING RENT (CLASS A)*
West Cambridge	1,584,902	0	427,564	27.0%	421,712	26.6%	(101,623)	\$57.44	\$57.55
East Cambridge	9,572,205	0	1,923,218	20.1%	1,232,215	12.9%	(132,138)	\$85.74	\$87.24
Mass Ave Corridor	2,796,245	0	582,821	20.8%	436,104	15.6%	(77,849)	\$70.44	\$68.64
CAMBRIDGE OFFICE TOTALS	13,953,352	0	2,933,603	21.0%	2,090,031	15.0%	(311,610)	\$77.52	\$77.50

SUBURBS	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (OFFICE)	AVG ASKING RENT (CLASS A)*
128 West	28,862,274	0	7,105,416	24.6%	5,374,794	18.6%	(447,522)	\$33.53	\$38.73
128 North	11,163,704	0	2,172,459	19.5%	1,625,540	14.6%	(369,108)	\$23.51	\$26.19
128 South	10,406,474	0	2,777,426	26.7%	1,821,934	17.5%	(40,307)	\$24.89	\$25.99
3/24 South	1,589,125	0	347,562	21.9%	276,802	17.4%	(76,886)	\$20.58	\$21.82
Metrowest	2,808,735	0	1,070,303	38.1%	593,897	21.1%	(49,878)	\$25.23	\$27.46
495 West	7,660,501	0	2,381,415	31.1%	1,834,391	23.9%	(8,537)	\$20.31	\$21.20
495 North	21,712,515	0	6,312,005	29.1%	4,568,307	21.0%	(3,920)	\$21.46	\$22.43
495 South	1,498,922	0	293,736	19.6%	212,216	14.2%	(75,229)	\$19.87	\$19.49
Inner Suburbs	6,026,264	0	1,931,331	32.0%	914,750	15.2%	(68,169)	\$37.95	\$40.68
SUBURBAN OFFICE TOTALS	91,728,514	0	24,391,653	26.6%	17,222,631	18.8%	(1,139,556)	\$26.08	\$28.31

BOSTON LAB	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)	AVG ASKING RENT (CLASS A)*
Charlestown	896,457	0	75,776	8.5%	59,891	6.7%	0	\$54.21	N/A
Fenway/LMA	2,348,751	0	216,540	9.2%	137,741	5.9%	(59,844)	N/A	N/A
Seaport	2,781,262	0	468,658	16.9%	343,504	12.4%	438,674	N/A	N/A
South End	556,254	0	76,073	13.7%	76,073	13.7%	(332)	N/A	N/A
BOSTON LAB TOTALS	6,582,724	0	837,047	12.7%	617,209	9.4%	378,498	\$54.21	N/A

CAMBRIDGE LAB	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)	AVG ASKING RENT (CLASS A)*
West Cambridge	1,319,834	0	289,444	21.9%	259,985	19.7%	4,572	\$75.01	N/A
East Cambridge	8,448,602	0	1,756,401	20.8%	1,023,000	12.1%	(376,945)	\$84.95	N/A
Mass Ave Corridor	3,505,885	0	750,196	21.4%	626,895	17.9%	(64,958)	\$87.88	N/A
CAMBRIDGE LAB TOTALS	13,274,321	0	2,796,041	21.1%	1,909,880	14.4%	(437,331)	\$85.12	N/A

SUBURBAN LAB	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)	AVG ASKING RENT (CLASS A)*
128 West	6,171,789	0	1,143,043	18.5%	842,309	13.6%	(6,094)	\$64.49	N/A
128 North	347,325	0	234,090	67.5%	5,816	1.7%	(24,059)	\$45.00	N/A
128 South	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3/24 South	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Metrowest	334,638	0	25,496	7.6%	25,496	7.6%	(20,496)	N/A	N/A
495 West	672,181	0	62,108	9.2%	0	0.0%	(62,108)	N/A	N/A
495 North	422,172	0	240,480	57.0%	210,257	49.8%	(54,665)	\$25.25	N/A
495 South	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Inner Suburbs	3,544,597	175,000	1,543,445	43.5%	1,059,693	29.9%	(18,818)	\$68.95	N/A
SUBURBAN LAB TOTALS	11,492,702	175,000	3,248,662	28.3%	2,143,571	18.7%	(186,240)	\$50.22	N/A

THE NUMBERS.

Flex	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)
Boston	695,204	0	341,680	49.2%	341,680	49.2%	(25,365)	\$9.00
Boston North	509,598	0	8,677	1.7%	0	0.0%	8,678	\$13.50
Boston South	807,906	0	263,308	32.6%	179,861	22.3%	(1,623)	\$16.09
Boston West	2,068,055	0	115,256	5.6%	110,656	5.4%	(77,143)	N/A
128 North	4,917,760	0	250,364	5.1%	135,465	2.8%	(71,648)	\$11.00
495 North	10,797,234	0	1,513,321	14.0%	890,884	8.3%	(167,235)	\$9.31
128 West	6,573,452	0	593,180	9.0%	369,407	5.6%	(72,236)	\$16.14
495 West	7,523,862	0	522,602	6.9%	402,588	5.4%	(88,037)	\$9.43
MetroWest	1,011,731	0	99,000	9.8%	90,000	8.9%	(4,502)	\$12.00
Worcester	196,100	0	0	0.0%	0	0.0%	4,300	N/A
128 South	5,316,846	0	485,495	9.1%	333,983	6.3%	63,832	\$9.55
495 South	6,559,315	0	466,623	7.1%	418,477	6.4%	30,138	\$10.00
3/24 South	1,161,095	0	72,340	6.2%	72,340	6.2%	13,062	\$7.43
Fall River/New Bedford	291,299	0	12,000	4.1%	12,000	4.1%	(12,000)	N/A
FLEX TOTALS	48,429,457	0	4,743,846	9.8%	3,357,341	6.9%	(399,779)	\$10.71

MANUFACTURING	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)
Boston	1,355,476	0	307,626	22.6%	299,861	22.0%	(1,945)	\$11.03
Boston North	1,289,509	0	88,538	6.9%	9,208	0.7%	0	\$14.63
Boston South	2,770,043	0	37,925	1.4%	26,675	1.0%	10,000	\$10.62
Boston West	979,645	0	0	0.0%	0	0.0%	0	N/A
128 North	1,770,079	0	20,000	1.1%	5,000	0.3%	27,200	N/A
495 North	5,519,411	0	256,989	4.7%	237,489	4.3%	(25,929)	\$8.57
128 West	595,825	0	0	0.0%	0	0.0%	0	N/A
495 West	2,348,176	0	54,960	2.3%	48,460	2.1%	30,000	\$7.54
MetroWest	658,046	0	27,844	4.2%	20,344	3.1%	1,018	\$9.85
Worcester	2,634,005	0	434,900	16.5%	214,900	8.2%	(183,900)	\$8.43
128 South	3,221,014	0	230,584	7.2%	30,750	1.0%	49,777	\$6.00
495 South	4,285,950	0	430,972	10.0%	425,472	9.9%	(21,807)	\$6.03
3/24 South	569,265	0	37,840	6.6%	30,340	5.3%	3,318	N/A
Fall River/New Bedford	3,445,731	0	20,000	0.6%	0	0.0%	(20,000)	N/A
MANUFACTURING TOTALS	31,442,175	0	1,948,178	6.2%	1,348,499	4.3%	(132,268)	\$9.09

WAREHOUSE	INVENTORY (SF)	CONSTRUCTION COMPLETIONS (SF)	TOTAL AVAILABLE (SF)	AVAILABILITY RATE	TOTAL VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	AVG ASKING RENT (NNN)
Boston	2,196,000	0	177,953	8.1%	154,746	7.0%	(19,972)	\$15.51
Boston North	2,453,540	0	281,654	11.5%	256,176	10.5%	(4,478)	\$17.06
Boston South	2,118,718	0	154,007	7.3%	134,307	6.3%	(8,886)	\$7.11
Boston West	2,095,693	0	84,433	4.0%	0	0.0%	(33,099)	\$25.00
128 North	6,379,510	0	639,317	10.0%	465,424	7.3%	(59,806)	\$11.72
495 North	12,333,292	0	858,874	7.0%	645,693	5.2%	26,239	\$7.10
128 West	484,259	0	55,327	11.5%	47,470	9.9%	5,143	\$10.00
495 West	8,550,284	0	590,547	6.9%	370,072	4.3%	(167,152)	\$6.97
MetroWest	657,219	0	4,993	0.8%	4,993	0.8%	18,649	\$6.00
Worcester	7,972,462	0	356,939	4.5%	279,895	3.5%	(112,673)	N/A
128 South	14,405,814	0	1,619,600	11.2%	964,714	6.7%	(104,405)	\$6.21
495 South	24,740,750	0	2,196,419	8.9%	827,723	3.3%	(345,582)	\$7.47
3/24 South	4,032,397	0	354,236	8.8%	321,736	8.0%	(18,069)	\$7.68
Fall River/New Bedford	6,002,917	0	386,162	6.4%	322,125	5.4%	(173,912)	\$5.90
WAREHOUSE TOTALS	94,422,855	0	7,760,461	8.2%	4,795,074	5.1%	(998,003)	\$8.33



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