



Q3 2024

MARKET REPORT

Writing this market report has been a challenge.

We spent a significant portion of the third quarter poring over financial publications, press releases, press conferences, social media posts and too many ‘hot takes’ to count. Layer in a long-awaited cut in the federal funds rate, a Goldilocks jobs report, and pair it all with a presidential election. The truth is that, economically speaking, there’s not much for us to say that hasn’t already been said.



We’ll get into the numbers on the following pages, but the changes we witnessed on the streets of Boston this summer underscore a basic, but frequently overlooked notion:

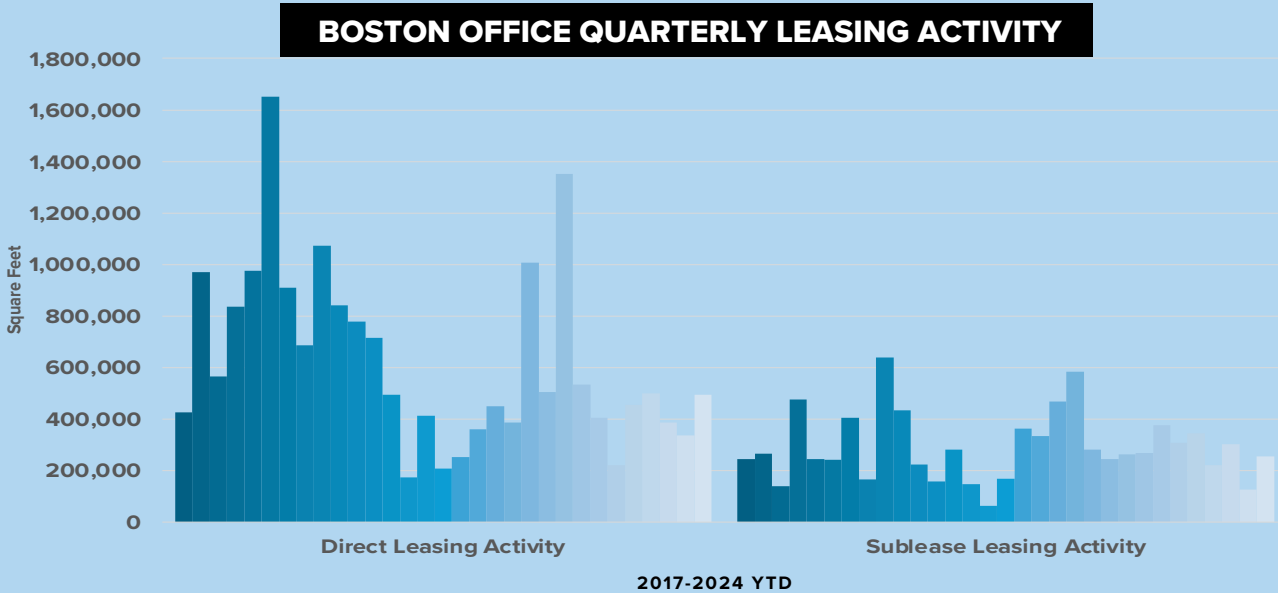
data should clarify observation – not replace it.

It’s important to look beyond statistics and flashy forecasting to see what’s happening outside your office – wherever that may be.

BOSTON OFFICE MARKET.

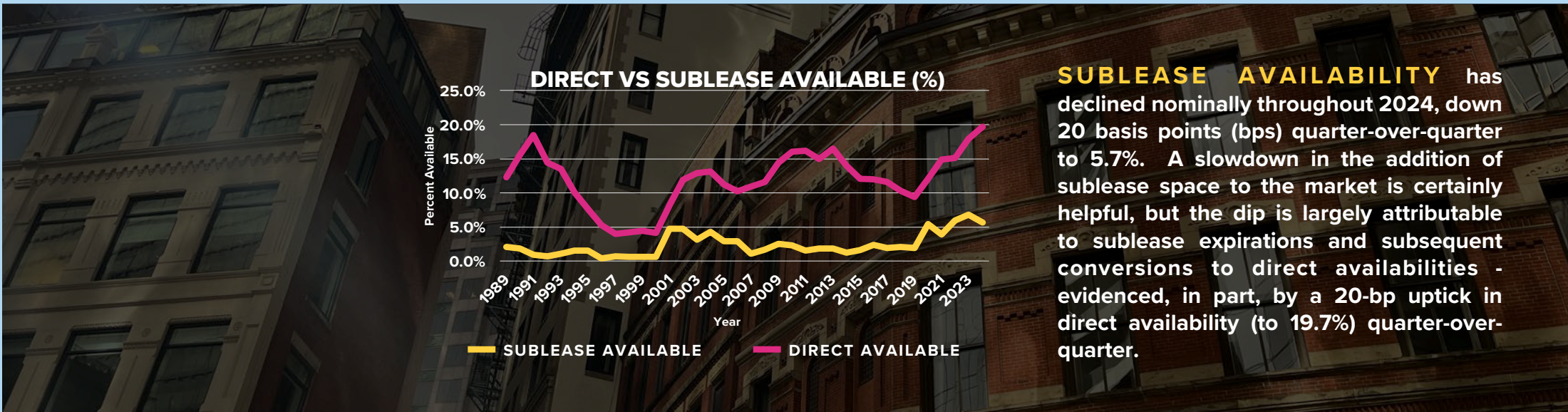
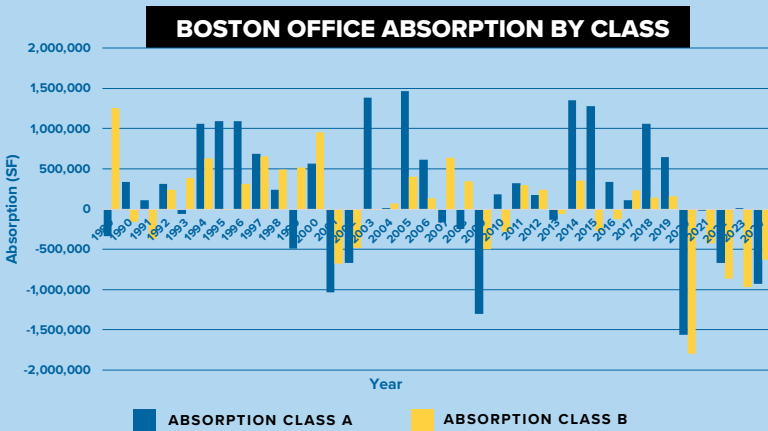
OVERALL LEASING ACTIVITY in the Boston office market increased quarter-over-quarter – bringing the year-to-date (YTD) total to 1.9 million square feet (MSF). For comparison’s sake, through the first three quarters of the last three years, leasing activity totaled:

2021	2.2 MSF
2022	3.6 MSF
2023	2.1 MSF



WHILE THIS MAY be interpreted as a glimmer in a subdued market, we are reluctant to call it anything other than a relatively decent quarter. Especially since these figures still represent a nearly 50% decline in pre-COVID YTD leasing activity.

DESPITE the slight uptick in leasing activity, Boston office absorption continued its downward trend – posting YTD figures of negative 1.5 MSF. Based on the five-year absorption average preceding COVID (750,000 SF annually), we are realistically looking at the better part of 15 years to recover the office occupancy losses of the last four years.



SUBLEASE AVAILABILITY has declined nominally throughout 2024, down 20 basis points (bps) quarter-over-quarter to 5.7%. A slowdown in the addition of sublease space to the market is certainly helpful, but the dip is largely attributable to sublease expirations and subsequent conversions to direct availabilities - evidenced, in part, by a 20-bp uptick in direct availability (to 19.7%) quarter-over-quarter.

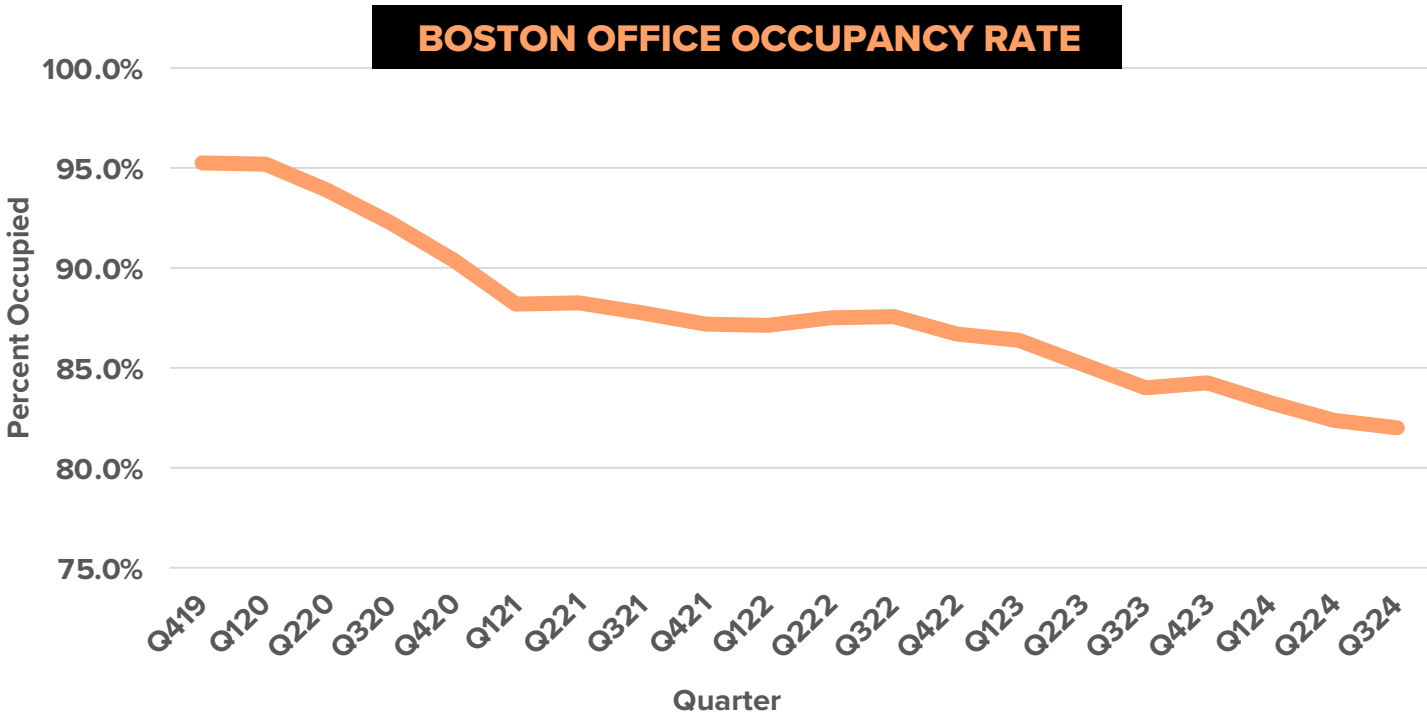


A NOTE ON RETURN TO OFFICE METRICS

AS PREVIOUSLY MENTIONED, we spent a lot of time in Q3 researching and reading - including this [Boston Globe piece](#). Throughout the fall

of 2022, we worked with [Placer.ai](#) to geofence all Greater Boston submarkets. This was to track the comings and goings of people Placer considered employees (based on time spent in a given location). We reported our findings in the [Q4 2022 Perry Perspective](#).

IT'S VALIDATING TO SEE that Placer.ai recognized the value in our approach (it now offers this analysis as a product – with nationwide coverage) and that it has subsequently been picked up by others in the industry.



Boston Office		
	Q3 2024	Q3 2023
VACANCY RATE (%)	18.0%	16.0%
YTD Net Absorption (SF)	(1,547,393)	(886,530)
Asking Rent (\$/SF)	\$63.96	\$63.55
Sublease Space (SF)	3,958,758	4,717,287

Cambridge Office		
	Q3 2024	Q3 2023
VACANCY RATE (%)	15.3%	10.3%
YTD Net Absorption (SF)	(340,583)	(3,812)
Asking Rent (\$/SF)	\$77.75	\$75.45
Sublease Space (SF)	1,030,602	1,048,408

Suburban Office		
	Q3 2024	Q3 2023
VACANCY RATE (%)	18.8%	16.5%
YTD Net Absorption (SF)	(1,695,797)	(2,925,339)
Asking Rent (\$/SF)	\$27.11	\$25.99
Sublease Space (SF)	5,240,391	5,220,096

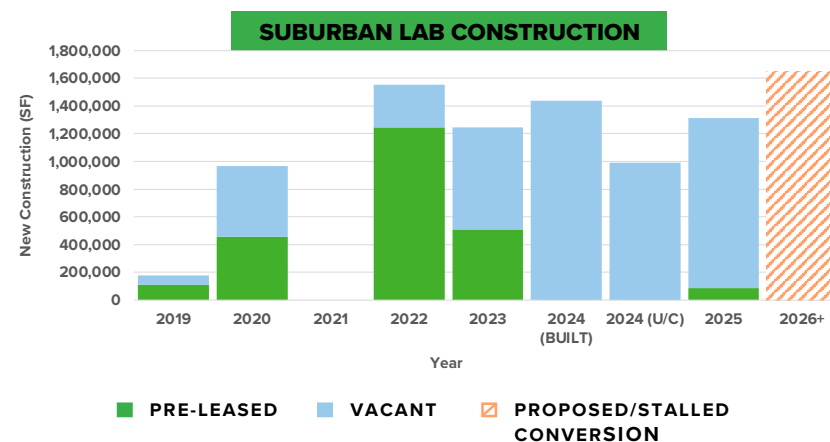
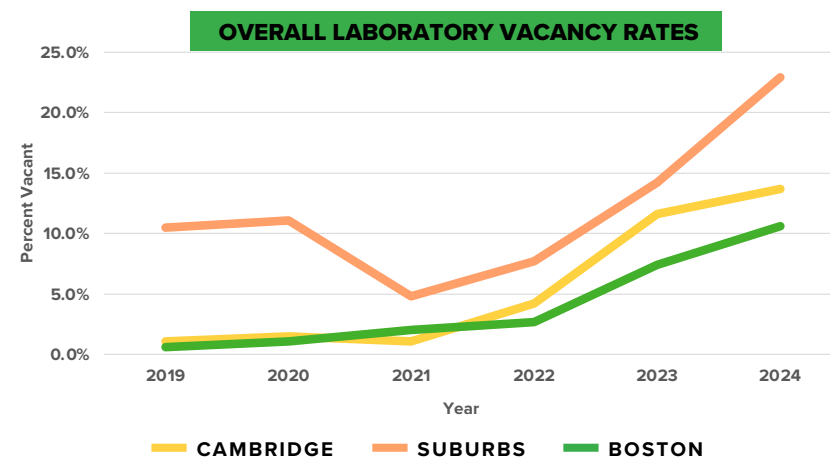
BUT THERE'S A CAVEAT:

WHILE POST-COVID OFFICE ATTENDANCE HAS INCREASED, WE HAVE YET TO WITNESS A CORRELATION BETWEEN THIS METRIC AND OCCUPANCY RATES. IN FACT, AS OFFICE ATTENDANCE EXPANDS, THE CITYWIDE OCCUPANCY RATE CONTINUES TO TREND DOWNWARD.



A LOOK AT LIFE

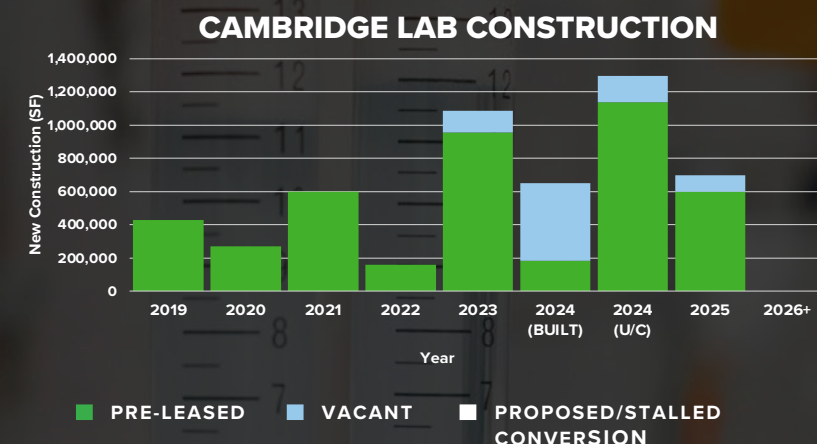
In our [Q1 2024 report](#), we examined stalled lab conversions, and the uptick of lab construction delivering vacant. Since then, lab vacancy in Boston, Cambridge, and the suburbs has continued to rise. **All three markets now exceed the 10% mark.**



LAB INVENTORY has grown appreciably over the last 24 months. Construction deliveries between 2023 and 2025 outstrip the previous three-year period (2019 to 2022) by over 6.0 MSF.

However, pre-leasing rates have declined significantly. Most notably in the suburbs, where pre-leasing rates have dropped from 80% for 2022 deliveries, to 41% for 2023 deliveries, to a mere 2.2% in those with delivery dates from 2024 onward.

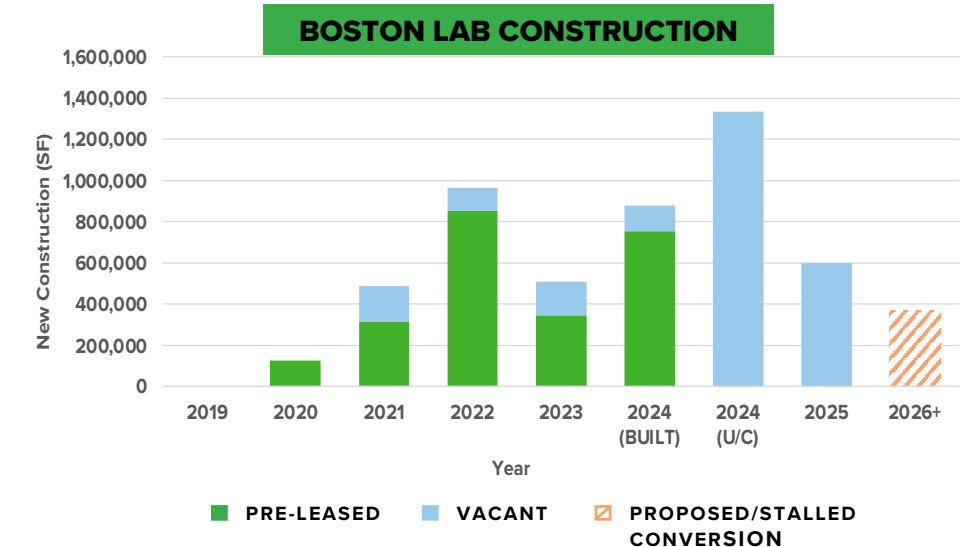
SCIENCES



IN CAMBRIDGE, buildings delivered so far this year posted a **28% pre-leasing rate** – a marked decline from previous years. Between 2019 and 2022, every lab building delivered fully occupied. And in 2023, new deliveries were 88% pre-leased.

PRE-LEASING FOR LAB buildings under construction doesn't appear to be improving. In line with what we are seeing in the suburbs, we are also tracking 1.9 MSF in Boston set to deliver fully vacant in the next 15 months.

Furthermore, we are tracking over 1.9 MSF of proposed lab construction or stalled conversions in Boston and the suburbs.



Boston Lab

	Q3 2024	Q3 2023
VACANCY RATE (%)	10.6%	6.8%
YTD Net Absorption (SF)	379,108	(133,662)
Asking Rent (\$/SF)	\$54.21	\$54.63
Sublease Space (SF)	503,382	348,201

Cambridge Lab

	Q3 2024	Q3 2023
VACANCY RATE (%)	13.7%	11.1%
YTD Net Absorption (SF)	(539,303)	(930,187)
Asking Rent (\$/SF)	\$84.69	\$86.66
Sublease Space (SF)	1,608,091	1,461,461

Suburban Lab

	Q3 2024	Q3 2023
VACANCY RATE (%)	22.9%	11.8%
YTD Net Absorption (SF)	(287,170)	228,096
Asking Rent (\$/SF)	\$51.03	\$56.31
Sublease Space (SF)	871,778	444,145

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	12,624,000	0	2,721,703	21.6%	2,009,459	15.9%	(246,088)	\$64.48	\$73.07
Charlestown	2,171,000	0	740,175	34.1%	475,563	21.9%	(156,137)	\$58.78	\$79.59
Fenway/LMA	2,308,000	0	307,056	13.3%	212,343	9.2%	(23,439)	\$67.66	91.66
Financial District	32,136,000	0	9,585,932	29.8%	6,588,322	20.5%	(863,962)	\$66.73	\$70.97
Government Center/ North Station	5,056,000	0	1,261,854	25.0%	999,165	19.8%	60,369	\$53.61	\$60.60
Midtown	2,012,000	0	770,439	38.3%	455,949	22.7%	(117,348)	\$54.87	N/A
Seaport	10,786,000	0	2,111,031	19.6%	1,639,077	15.2%	(191,651)	\$58.69	\$76.56
South Station	2,737,000	0	226,951	8.3%	178,029	6.5%	(9,137)	\$54.21	\$57.00
BOSTON OFFICE TOTALS	69,830,000	0	17,725,141	25.4%	12,557,907	18.0%	(1,547,393)	\$63.96	\$71.57

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	1,585,000	0	438,887	27.7%	431,631	27.2%	(112,946)	\$57.41	\$57.52
East Cambridge	9,572,000	0	1,927,238	20.1%	1,246,622	13.0%	(176,366)	\$86.04	\$87.46
Mass Ave Corridor	2,796,000	0	556,243	19.9%	454,631	16.3%	(51,271)	\$69.60	\$66.76
CAMBRIDGE OFFICE TOTALS	13,953,000	0	2,922,368	20.9%	2,132,884	15.3%	(340,583)	\$77.75	\$77.80

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	28,862,000	0	7,467,807	25.9%	5,078,132	17.6%	(839,747)	\$34.60	\$38.66
128 North	11,164,000	0	1,996,336	17.9%	1,522,341	13.6%	(195,988)	\$23.75	\$26.15
128 South	10,362,000	0	2,972,546	28.7%	1,772,246	17.1%	(158,427)	\$25.66	\$26.65
3/24 South	1,589,000	0	344,479	21.7%	283,034	17.8%	(73,803)	\$20.55	\$21.82
Metrowest	2,809,000	0	1,058,816	37.7%	954,405	34.0%	(38,391)	\$25.43	\$27.47
495 West	7,661,000	0	2,375,940	31.0%	1,796,555	23.5%	(3,062)	\$20.34	\$21.12
495 North	21,713,000	0	6,370,563	29.3%	4,695,810	21.6%	(146,274)	\$21.39	\$22.38
495 South	1,499,000	0	307,487	20.5%	251,656	16.8%	(88,980)	\$19.98	\$19.90
Inner Suburbs	6,026,000	0	2,014,287	33.4%	915,728	15.2%	(151,125)	\$38.85	\$40.85
SUBURBAN OFFICE TOTALS	91,685,000	0	24,908,261	27.2%	17,269,907	18.8%	(1,695,797)	\$27.11	\$29.83

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	896,000	0	75,776	8.5%	59,891	6.7%	0	\$54.21	N/A
Fenway/LMA	2,349,000	0	209,741	8.9%	209,741	8.9%	(53,045)	N/A	N/A
Seaport	2,781,000	626,400	474,847	17.1%	349,693	12.6%	432,485	N/A	N/A
South End	556,000	0	76,073	13.7%	76,073	13.7%	(332)	N/A	N/A
BOSTON LAB TOTALS	6,583,000	626,400	836,437	12.7%	695,398	10.6%	379,108	\$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	1,421,000	101,000	391,444	27.5%	258,985	18.2%	3,572	\$73.68	N/A
East Cambridge	8,815,000	366,000	2,126,617	24.1%	921,357	10.5%	(399,770)	\$84.46	N/A
Mass Ave Corridor	3,506,000	0	828,343	23.6%	700,758	20.0%	(143,105)	\$87.88	N/A
CAMBRIDGE LAB TOTALS	13,741,000	467,000	3,346,404	24.4%	1,881,100	13.7%	(539,303)	\$84.69	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	6,172,000	0	1,224,640	19.8%	884,503	14.3%	(66,722)	\$61.50	N/A
128 North	347,000	0	247,185	71.2%	18,911	5.4%	(37,154)	\$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	0	N/A	N/A	N/A	N/A
Metrowest	335,000	0	25,496	7.6%	25,496	7.6%	(20,496)	N/A	N/A
495 West	672,000	0	62,108	9.2%	0	0.0%	(62,108)	N/A	N/A
495 North	422,000	0	240,480	57.0%	227,816	54.0%	(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	3,915,000	545,000	1,940,652	49.6%	1,558,026	39.8%	(46,025)	\$68.83	N/A
SUBURBAN LAB TOTALS	11,863,000	545,000	3,740,561	31.5%	2,714,752	22.9%	(287,170)	\$51.03	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	695,000	0	341,680	49.2%	341,680	49.2%	(25,365)	\$9.00
Boston North	510,000	0	0	0.0%	0	0.0%	17,355	N/A
Boston South	808,000	0	268,308	33.2%	186,384	23.1%	(6,623)	\$15.93
Boston West	2,068,000	0	136,321	6.6%	110,009	5.3%	(98,208)	N/A
128 North	4,918,000	0	321,166	6.5%	163,046	3.3%	(142,450)	\$11.31
495 North	10,797,000	0	1,725,607	16.0%	876,025	8.1%	(379,521)	\$9.21
128 West	6,573,000	0	635,408	9.7%	379,982	5.8%	(114,464)	\$16.17
495 West	7,524,000	0	498,889	6.6%	387,747	5.2%	(64,324)	\$9.56
MetroWest	1,012,000	0	107,353	10.6%	98,353	9.7%	(12,855)	\$12.62
Worcester	196,000	0	0	0.0%	0	0.0%	4,300	N/A
128 South	5,317,000	0	584,016	11.0%	356,412	6.7%	(34,689)	\$9.56
495 South	6,559,000	0	518,331	7.9%	398,599	6.1%	(21,570)	\$10.08
3/24 South	1,161,000	0	76,962	6.6%	68,265	5.9%	8,440	\$7.82
Fall River/New Bedford	291,000	0	12,000	4.1%	12,000	4.1%	(12,000)	N/A
FLEX TOTALS	48,429,000	0	5,226,041	10.8%	3,378,502	7.0%	(881,974)	\$10.62

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	1,360,000	0	329,711	24.2%	326,946	24.0%	(1,945)	\$11.03
Boston North	1,290,000	0	79,330	6.1%	0	0.0%	9,208	\$15.00
Boston South	2,770,000	0	43,916	1.6%	33,916	1.2%	4,009	\$14.31
Boston West	980,000	0	0	0.0%	0	0.0%	0	N/A
128 North	1,770,000	0	20,000	1.1%	5,000	0.3%	27,200	N/A
495 North	5,520,000	0	245,366	4.4%	225,866	4.1%	(14,306)	\$8.57
128 West	600,000	0	0	0.0%	0	0.0%	0	N/A
495 West	2,350,000	0	62,260	2.6%	38,460	1.6%	22,700	\$8.44
MetroWest	660,000	0	25,244	3.8%	25,244	3.8%	3,618	\$10.45
Worcester	2,630,000	0	434,900	16.5%	214,900	8.2%	(183,900)	\$8.43
128 South	3,220,000	0	225,584	7.0%	170,784	5.3%	54,777	\$6.00
495 South	4,290,000	0	453,564	10.6%	333,816	7.8%	(44,399)	\$6.42
3/24 South	570,000	0	37,840	6.6%	30,340	5.3%	3,318	N/A
Fall River/New Bedford	3,450,000	0	0	0.0%	0	0.0%	0	N/A
MANUFACTURING TOTALS	31,440,000	0	1,957,715	6.2%	1,405,272	4.5%	(119,720)	\$9.37

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	2,340,000	146,409	352,722	15.1%	158,746	6.8%	(48,332)	\$15.51
Boston North	2,450,000	0	325,862	13.3%	288,384	11.8%	(48,686)	\$17.06
Boston South	2,120,000	0	192,973	9.1%	154,812	7.3%	(47,852)	\$7.01
Boston West	2,100,000	0	84,433	4.0%	0	0.0%	(33,099)	\$25.00
128 North	6,380,000	0	606,480	9.5%	380,147	6.0%	(59,906)	\$11.65
495 North	12,330,000	0	938,176	7.6%	726,852	5.9%	(71,063)	\$7.06
128 West	480,000	0	56,468	11.8%	47,427	9.9%	4,002	\$10.00
495 West	8,550,000	0	570,281	6.7%	343,351	4.0%	(146,886)	\$7.92
MetroWest	660,000	0	48,789	7.4%	12,804	1.9%	(25,147)	\$6.00
Worcester	7,970,000	0	244,457	3.1%	167,413	2.1%	(191)	N/A
128 South	14,410,000	0	1,695,100	11.8%	976,262	6.8%	(179,905)	\$6.57
495 South	24,740,000	0	2,426,574	9.8%	1,629,628	6.6%	(575,737)	\$7.23
3/24 South	4,030,000	0	425,514	10.6%	365,714	9.1%	(89,347)	\$7.68
Fall River/New Bedford	6,000,000	0	484,987	8.1%	330,950	5.5%	(272,737)	\$7.14
WAREHOUSE TOTALS	94,570,000	146,409	8,452,816	8.9%	5,582,490	5.9%	(1,594,886)	\$8.27



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