

A wide-angle photograph of a city street viewed through a large, ornate stone archway. The archway's interior is decorated with a grid of square panels. Through the arch, a tall, cylindrical skyscraper with a grid of windows dominates the center of the frame. Other modern buildings and green trees are visible in the background. Pedestrians and cars are on the street below. A semi-transparent white banner is at the bottom of the image.

Q2 2025 Market Report

STRATEGY OVER SQUARE FEET.



PERRYCRE.COM

From Symphony to Improv: Reading the Market in a New Key

BOSTON'S commercial real estate market has traded in its symphony for a jam session.

Where activity once moved in lockstep with established patterns – governed by the familiar cadence of interest rates, supply cycles, and inflation trends, today's environment requires a more adaptive approach. The instruments are the same, **but the score is evolving.**

At Perry CRE, we believe *the market isn't broken, it's responding in real time.* And those still waiting for the classical refrain to return may find themselves out of sync with a performance that's already begun.

Economic Overview:

Macro Forces are Setting the Tempo

SIGNALS that once moved in **harmony** (falling rates, tightening supply, steady absorption) now play in dissonant layers. **The result isn't noise, but jazz:** unpredictable, nonlinear, built on **structural shifts instead of cyclical rules**. The tempo is set not by monetary policy, but by tectonic forces such as geopolitical realignment, technological acceleration, and demographic constraint.

The relationship between the U.S. and China has matured into a competitive duet spanning not just defense, but semiconductors, AI, and digital infrastructure. Investment now flows toward resilience (AI infrastructure, chip production, energy generation) rather than efficiency.

This structural rebalancing **means inflation may prove persistent,**

interest rates more stubborn, and the Federal Reserve increasingly sidelined in its traditional role.

Domestically, the aging of the workforce and a stalled immigration pipeline keep labor markets tight. Wage growth, still humming above pre-pandemic levels, restricts the Fed's ability to cut rates without striking a discordant note in the broader economy. Lenders remain cautious and **buyers remain attentive but measured** – waiting for clearer pricing signals and more favorable capital costs.

Still betting on the Fed? That show's over.

AI, labor scarcity, geopolitical flux - those are the headlines now. Markets are jamming to a new groove. Smart money's already tuned in.

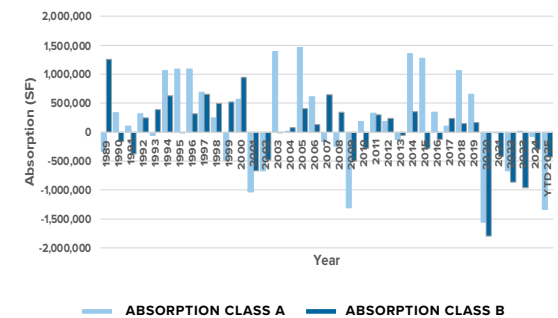


Office: Premium Leases Mask a Deeper Slack

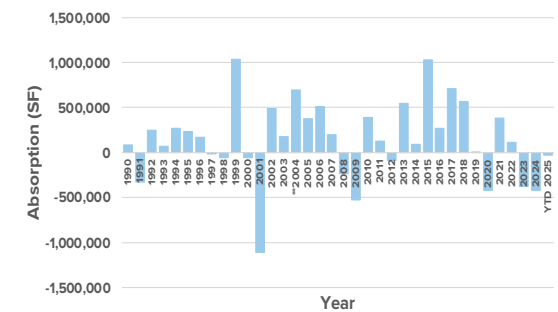
BOSTON'S leasing market has also found a new rhythm. Trophy space still draws committed players – Jones Day, Deloitte, Bain & Company and others have secured premium addresses in buildings – acting as anchor performers in an otherwise mixed ensemble. Yet the broader market tells a more sobering story: **nearly 22 million square feet of office availability** regionwide has emerged since 2020, with net absorption still out of tune with recovery.

Regulatory currents are also shifting: Boston's BERDO mandates are beginning to bite, prompting landlords to reconsider capital planning and retrofit timelines. What was once a long-term ESG issue is now a present-tense leasing concern.

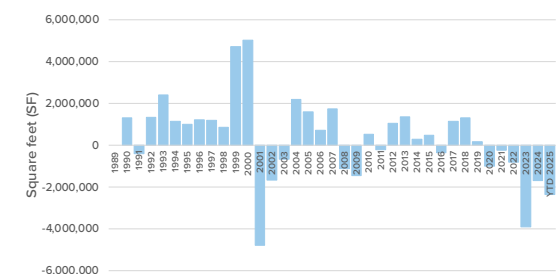
Boston Office Net Absorption by Class



Cambridge Office Net Absorption

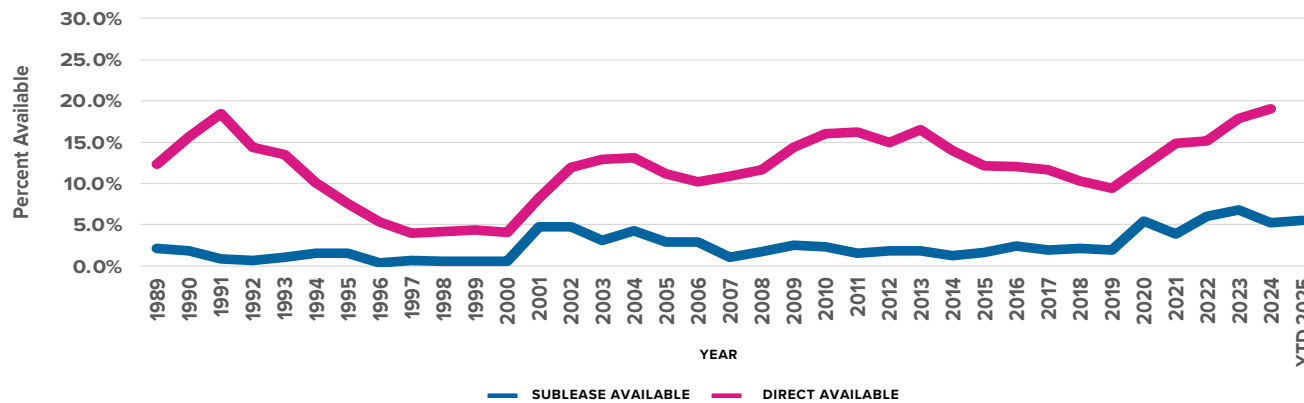


Suburban Office Net Absorption

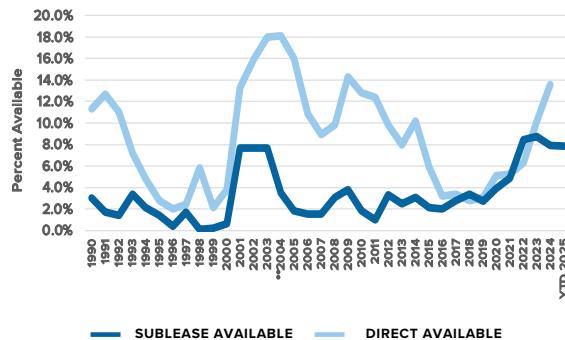


Office: Premium Leases Mask a Deeper Slack

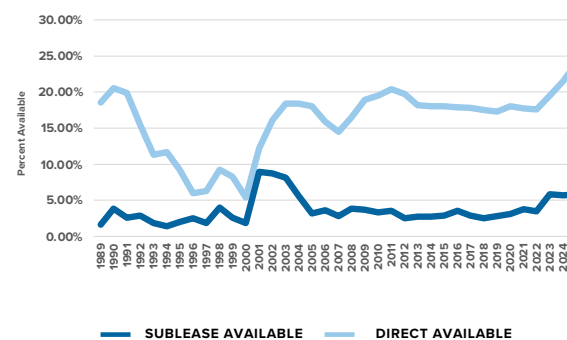
Boston Office: Direct vs. Sublease Availability (%)



Cambridge Office: Direct vs. Sublease Availability (%)



Suburban Office: Direct vs. Sublease Availability (%)



Boston Office

	Q2 2025	Q2 2024
VACANCY RATE (%)	18.6%	17.6%
YTD Net Absorption (SF)	(1,826,924)	(1,415,919)
Asking Rent (\$/SF)	\$64.59	\$64.17
Sublease Space (SF)	3,887,569	4,130,442

Cambridge Office

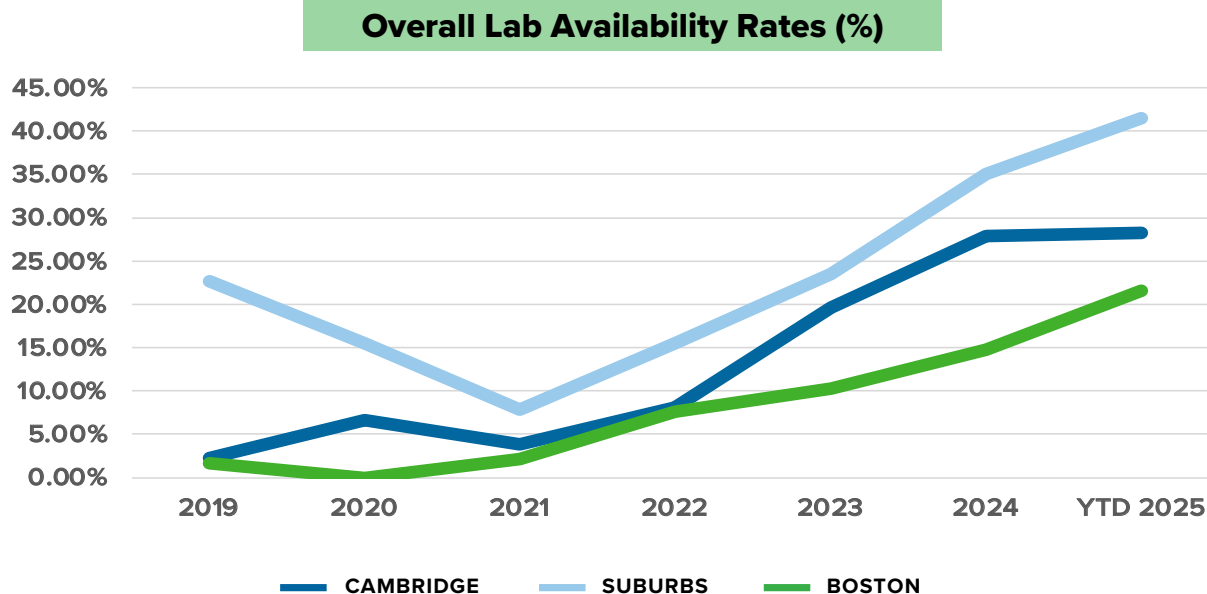
	Q2 2025	Q2 2024
VACANCY RATE (%)	17.6%	15.0%
YTD Net Absorption (SF)	(27,110)	(311,610)
Asking Rent (\$/SF)	\$77.42	\$77.52
Sublease Space (SF)	1,098,877	1,053,176

Suburban Office

	Q2 2025	Q2 2024
VACANCY RATE (%)	20.4%	18.8%
YTD Net Absorption (SF)	(2,351,500)	(1,139,556)
Asking Rent (\$/SF)	\$27.57	\$26.08
Sublease Space (SF)	5,325,280	5,978,475

Lab: Resetting Expectations, Not Rebounding Yet

THE LAB MARKET is shifting as well. Venture capital has grown quieter, IPO windows have narrowed, and “**growth at all costs**” has given way to a tighter, more disciplined improvisation. While sublease availability did decline quarter-over-quarter, the trend is more about expirations than renewed demand. Many of these spaces are being re-listed at original terms, despite aging infrastructure and rising construction and ESG-related costs.



Boston Lab

	Q2 2025	Q2 2024
VACANCY RATE (%)	18.1%	9.4%
YTD Net Absorption (SF)	(119,896)	378,498
Asking Rent (\$/SF NNN)	\$54.21	\$54.21
Sublease Space (SF)	704,272	495,126

Suburban Lab

	Q2 2025	Q2 2024
VACANCY RATE (%)	30.0%	18.7%
YTD Net Absorption (SF)	(200,987)	(186,240)
Asking Rent (\$/SF NNN)	\$49.02	\$50.22
Sublease Space (SF)	803,343	770,632

Cambridge Lab

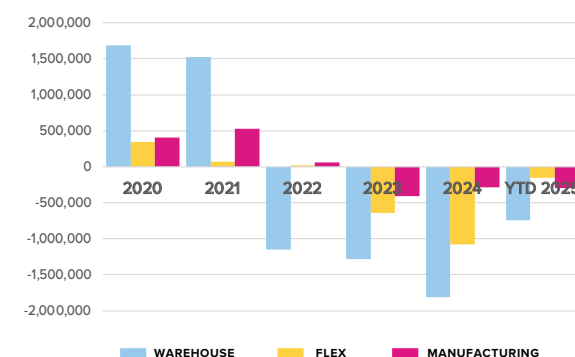
	Q2 2025	Q2 2024
VACANCY RATE (%)	22.7%	14.4%
YTD Net Absorption (SF)	(354,109)	(437,331)
Asking Rent (\$/SF NNN)	\$79.19	\$85.12
Sublease Space (SF)	1,790,242	1,609,839

Industrial: From Volume to Precision

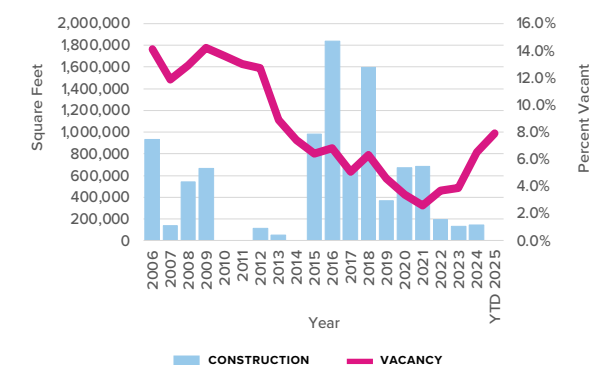
Industrial was once the standout performer in the post-COVID cycle. Today, it is adjusting to a more refined tempo. Vacancy rates are up, new starts are tapering, and tenant demand is shifting toward sophisticated logistics – AI-integrated, electrified, and optimized for precision rather than scale.

Industrial Net Absorption

By Asset Type



Warehouse Vacancy vs. New Construction



Warehouse

	Q2 2025	Q2 2024
VACANCY RATE (%)	7.9%	5.1%
YTD Net Absorption (SF)	(743,866)	(998,003)
Asking Rent (\$/SF NNN)	\$7.79	\$8.33
Sublease Space (SF)	1,400,377	1,261,953

Flex Space

	Q2 2025	Q2 2024
VACANCY RATE (%)	8.1%	6.9%
YTD Net Absorption (SF)	(152,727)	(399,779)
Asking Rent (\$/SF NNN)	\$11.52	\$10.71
Sublease Space (SF)	942,956	961,538

Manufacturing

	Q2 2025	Q2 2024
VACANCY RATE (%)	4.7%	4.3%
YTD Net Absorption (SF)	(291,048)	(132,268)
Asking Rent (\$/SF NNN)	\$8.94	\$9.09
Sublease Space (SF)	162,228	130,721

What's Ahead:

Three Emerging Scenarios

So where does that leave us?

Not with a score to follow, but with a song to interpret. This market isn't moving in measures and bars – it's unfolding in real time, shaped by agility, instinct, and improvisation.

Looking ahead, we see three potential movements:



Sticky but Stable

- A steady groove, with AI-led productivity offsetting high interest rates



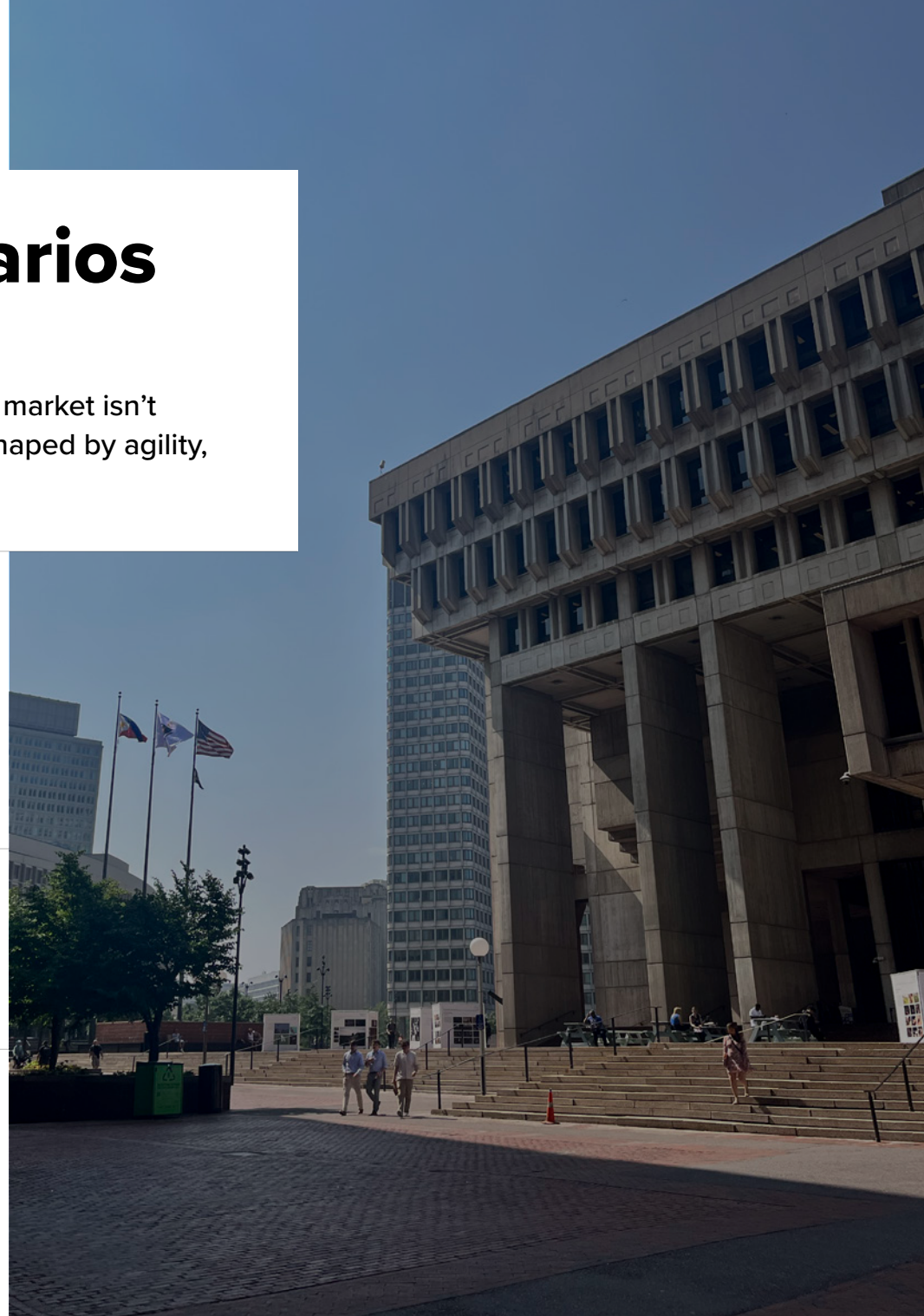
Delayed Unwind

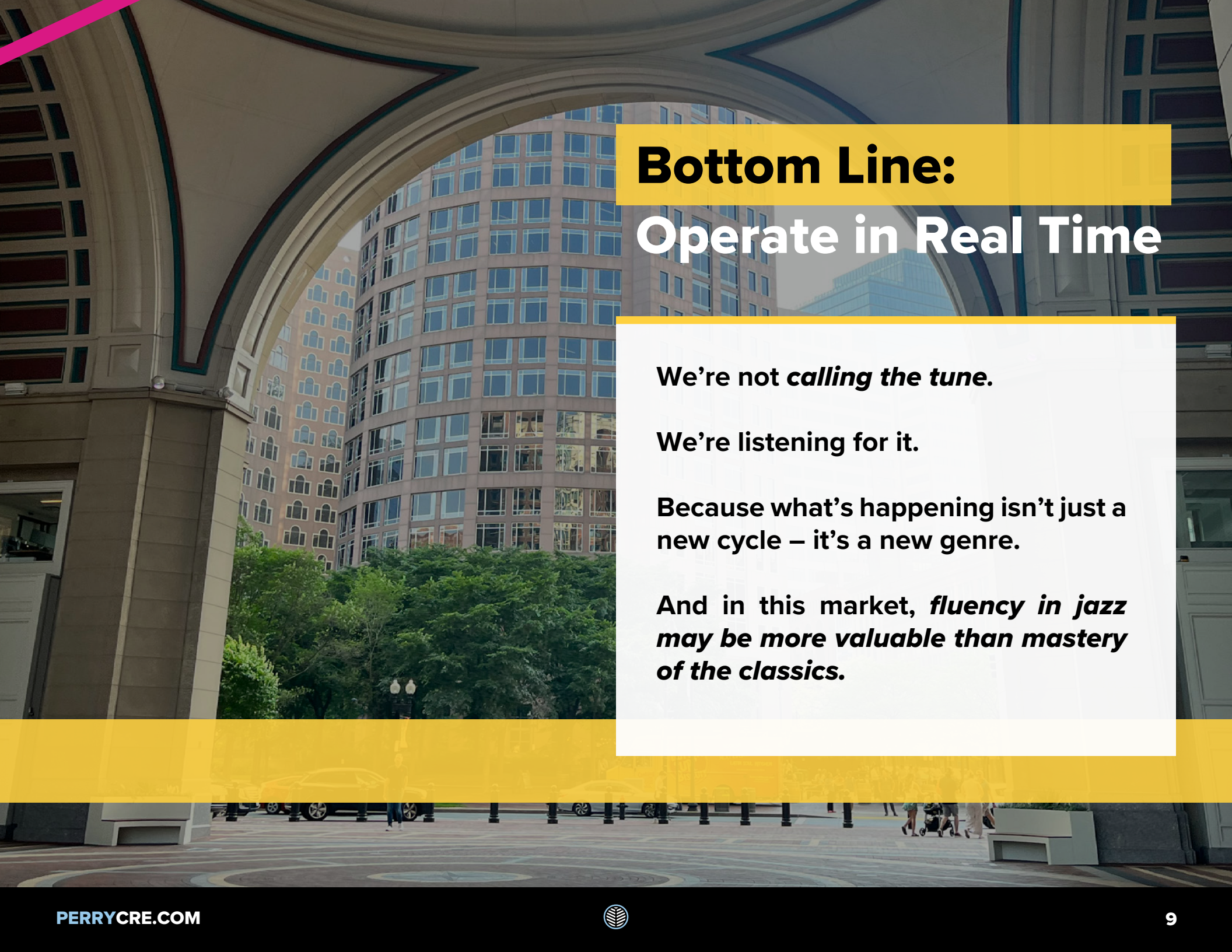
- A quiet bridge, as vacancy remains elevated and decision-making stalls



Snapback + Surge

- A surprising modulation driven by innovation or policy tailwinds – sparking a late-year crescendo





Bottom Line: **Operate in Real Time**

We're not *calling the tune*.

We're listening for it.

Because what's happening isn't just a new cycle – it's a new genre.

And in this market, *fluency in jazz may be more valuable than mastery of the classics*.

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	2,777,794	22.0%	2,198,718	17.4%	(215,136)	\$65.03	\$72.63
Charlestown	2,171,048	0	751,881	34.6%	596,915	27.5%	(43,598)	\$62.48	\$78.15
Fenway/LMA	2,308,195	0	447,832	19.4%	359,987	15.6%	(169,927)	\$58.66	\$91.66
Financial District	32,035,023	0	9,456,188	29.5%	6,577,733	20.5%	(313,498)	\$67.37	\$71.75
Government Center/ North Station	5,026,645	0	1,257,467	25.0%	950,659	18.9%	(72,710)	\$53.90	\$60.70
Midtown	1,938,109	0	738,209	38.1%	453,388	23.4%	(74,596)	\$53.49	N/A
Seaport	11,211,948	0	2,324,147	20.7%	1,756,911	15.7%	(171,454)	\$59.92	\$77.12
South Station	2,736,576	0	997,104	36.4%	163,546	6.0%	(766,005)	\$53.52	\$57.00
BOSTON OFFICE TOTALS	70,051,743	0	18,750,622	26.8%	13,057,857	18.6%	(1,826,924)	\$64.59	\$72.17

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	484,127	30.5%	464,266	29.3%	(28,517)	\$60.03	\$60.41
East Cambridge	9,572,205	0	1,964,595	20.5%	1,570,132	16.4%	30,365	\$85.53	\$86.99
Mass Ave Corridor	2,796,245	0	544,604	19.5%	419,697	15.0%	(28,958)	\$69.52	\$66.71
CAMBRIDGE OFFICE TOTALS	13,953,352	0	2,993,326	21.5%	2,454,095	17.6%	(27,110)	\$77.42	\$77.42

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	8,364,437	29.0%	5,362,659	18.6%	(702,102)	\$35.40	\$38.58
128 North	11,163,704	0	1,997,734	17.9%	1,357,613	12.2%	(54,431)	\$23.95	\$26.28
128 South	10,516,074	0	3,188,956	30.3%	1,783,790	17.0%	(161,636)	\$25.42	\$26.49
3/24 South	1,589,125	0	397,382	25.0%	281,179	17.7%	(60,730)	\$20.24	\$21.24
Metrowest	2,808,735	0	918,881	32.7%	768,159	27.3%	(72,201)	\$25.14	\$28.34
495 West	7,660,501	0	2,676,883	34.9%	1,947,166	25.4%	(215,364)	\$20.47	\$21.25
495 North	21,712,515	0	7,111,350	32.8%	5,669,422	26.1%	(693,032)	\$21.24	\$22.24
495 South	1,498,922	0	399,497	26.7%	315,681	21.1%	23,007	\$20.18	\$20.09
Inner Suburbs	6,026,264	0	2,307,200	38.3%	1,210,644	20.1%	(415,011)	\$38.96	\$40.78
SUBURBAN OFFICE TOTALS	91,838,114	0	27,362,320	29.8%	18,696,313	20.4%	(2,351,500)	\$27.57	\$30.50

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	1,005,057	108,600	184,376	18.3%	59,891	6.0%	(5,431)	\$54.21	N/A
Fenway/LMA	2,348,751	0	201,067	8.6%	141,000	6.0%	(24,067)	N/A	N/A
Seaport	3,220,262	220,000	807,705	25.1%	728,500	22.6%	(61,087)	N/A	N/A
South End	556,254	0	105,384	18.9%	105,384	18.9%	(29,311)	N/A	N/A
BOSTON LAB TOTALS	7,441,069	478,400	1,609,277	21.6%	1,345,520	18.1%	(119,896)	\$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	1,583,560	0	746,361	47.1%	616,903	39.0%	(171,243)	\$76.69	N/A
East Cambridge	9,711,602	0	2,435,730	25.1%	1,898,018	19.5%	(65,512)	\$80.82	N/A
Mass Ave Corridor	3,505,885	0	995,349	28.4%	843,955	24.1%	(120,354)	\$78.21	N/A
CAMBRIDGE LAB TOTALS	14,801,047	0	4,177,440	28.2%	3,358,876	22.7%	(357,109)	\$79.19	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	7,098,185	0	1,895,284	26.7%	1,016,714	14.3%	(198,928)	\$47.64	N/A
128 North	128,325	0	62,909	49.0%	44,666	34.8%	(15,810)	\$48.00	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	27,115	8.1%	22,080	6.6%	(1,619)	N/A	N/A
495 West	672,181	0	0	0.0%	0	0.0%	0	N/A	N/A
495 North	422,172	0	192,560	45.6%	128,872	30.5%	(16,737)	\$25.87	N/A
495 South	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Inner Suburbs	5,520,597	0	3,696,173	67.0%	3,038,416	55.0%	32,107	\$56.20	N/A
SUBURBAN LAB TOTALS	14,176,098	0	5,874,041	41.4%	4,250,748	30.0%	(200,987)	\$49.02	N/A

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	453,043	65.2%	386,451	55.6%	0	\$24.49
Boston North	509,598	0	0	0.0%	0	0.0%	0	N/A
Boston South	807,906	0	265,314	32.8%	174,811	21.6%	(9,400)	\$16.02
Boston West	2,068,055	0	170,896	8.3%	151,724	7.3%	1,695	N/A
128 North	4,917,760	0	291,202	5.9%	204,586	4.2%	(11,528)	\$13.32
495 North	10,797,234	0	1,803,888	16.7%	1,131,395	10.5%	(50,267)	\$9.13
128 West	6,573,452	0	735,308	11.2%	462,231	7.0%	(48,828)	\$18.99
495 West	7,523,862	0	565,857	7.5%	402,146	5.3%	(7,517)	\$8.79
MetroWest	1,011,731	0	122,800	12.1%	89,353	8.8%	(8,447)	\$9.00
Worcester	196,100	0	0	0.0%	0	0.0%	0	N/A
128 South	5,316,846	0	579,376	10.9%	427,070	8.0%	(46,982)	\$9.18
495 South	6,559,315	0	541,500	8.3%	450,067	6.9%	47,287	\$10.42
3/24 South	1,161,095	0	47,295	4.1%	16,745	1.4%	(7,030)	\$7.83
Fall River/New Bedford	291,299	0	12,460	4.3%	12,460	4.3%	(11,710)	N/A
FLEX TOTALS	48,429,457	0	5,588,939	11.5%	3,909,039	8.1%	(152,727)	\$11.52

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	336,238	24.8%	238,147	17.6%	(13,703)	\$11.31
Boston North	1,289,509	0	104,862	8.1%	81,549	6.3%	(25,532)	\$14.43
Boston South	2,770,043	0	126,532	4.6%	98,579	3.6%	32,541	\$8.66
Boston West	979,645	0	0	0.0%	0	0.0%	0	N/A
128 North	1,770,079	0	24,934	1.4%	9,840	0.6%	(6,934)	N/A
495 North	5,519,411	0	429,066	7.8%	232,990	4.2%	(191,404)	\$8.45
128 West	533,583	0	22,000	4.1%	22,000	4.1%	(2,000)	N/A
495 West	2,348,176	0	146,592	6.2%	106,042	4.5%	(61,408)	\$7.62
MetroWest	658,046	0	11,773	1.8%	11,773	1.8%	3,500	\$12.00
Worcester	2,634,005	0	388,490	14.7%	189,900	7.2%	(47,490)	\$7.10
128 South	3,221,014	0	254,364	7.9%	173,284	5.4%	(7,890)	\$6.00
495 South	4,285,950	0	284,644	6.6%	284,644	6.6%	21,772	\$6.00
3/24 South	569,265	0	40,340	7.1%	27,840	4.9%	7,500	N/A
Fall River/New Bedford	3,445,731	0	0	0.0%	0	0.0%	0	N/A
MANUFACTURING TOTALS	31,379,933	0	2,169,835	6.9%	1,476,588	4.7%	(291,048)	\$8.94

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	2,342,409	0	313,537	13.4%	155,406	6.6%	(520)	\$15.50
Boston North	2,453,540	0	244,986	10.0%	240,508	9.8%	10,633	\$17.06
Boston South	2,118,718	0	283,217	13.4%	185,548	8.8%	(93,274)	\$6.84
Boston West	2,095,693	0	75,848	3.6%	0	0.0%	10,919	\$25.00
128 North	6,379,510	0	865,599	13.6%	759,976	11.9%	(126,398)	\$11.87
495 North	12,333,292	0	856,501	6.9%	696,020	5.6%	29,034	\$6.99
128 West	484,259	0	78,557	16.2%	57,987	12.0%	(8,431)	\$10.64
495 West	8,550,284	0	723,123	8.5%	580,573	6.8%	(280,292)	\$7.69
MetroWest	657,219	0	58,559	8.9%	32,005	4.9%	(2,370)	\$6.13
Worcester	7,972,462	0	202,636	2.5%	111,756	1.4%	45,533	N/A
128 South	14,405,814	0	1,644,259	11.4%	1,107,827	7.7%	(5,156)	\$6.57
495 South	24,740,750	0	2,994,013	12.1%	2,527,115	10.2%	(232,959)	\$6.60
3/24 South	4,032,397	0	475,029	11.8%	380,214	9.4%	(49,915)	\$6.70
Fall River/New Bedford	6,002,917	0	758,394	12.6%	662,569	11.0%	(40,670)	\$6.87
WAREHOUSE TOTALS	94,569,264	0	9,574,258	10.1%	7,497,504	7.9%	(743,866)	\$7.79



ASHLEY LANE
Senior Vice President
alane@perrycre.com

VICTORIA BOND
Marketing & Design Director
vbond@perrycre.com



STRATEGY OVER SQUARE FEET.

