Greater Boston office market report

Q1 2025

AVISON YOUNG

Greater Boston office market trends

1.73msf

Q1 2025 leasing activity

After a surge in renewal activity at the end of 2024, quarterly leasing activity in Greater Boston declined quarter-over-quarter. However, Q1 2025 saw a heightened number of new leases and relocations signed. With ample space available and over 4 million square feet of active downtown requirements, leasing activity is expected to increase throughout the rest of 2025.

$497mm

Q1 2025 office sales dollar volume

Office sales volume maintained strong momentum into Q1 2025, reaching nearly $500 million in total dollar volume (excluding condo sales). Investors who take an aggressive approach have a unique opportunity to acquire office properties at pricing comparable to the early 2000s. With conversion opportunities available and the office leasing market gradually rebounding, total sales volume is expected to remain on par with the past two quarters.

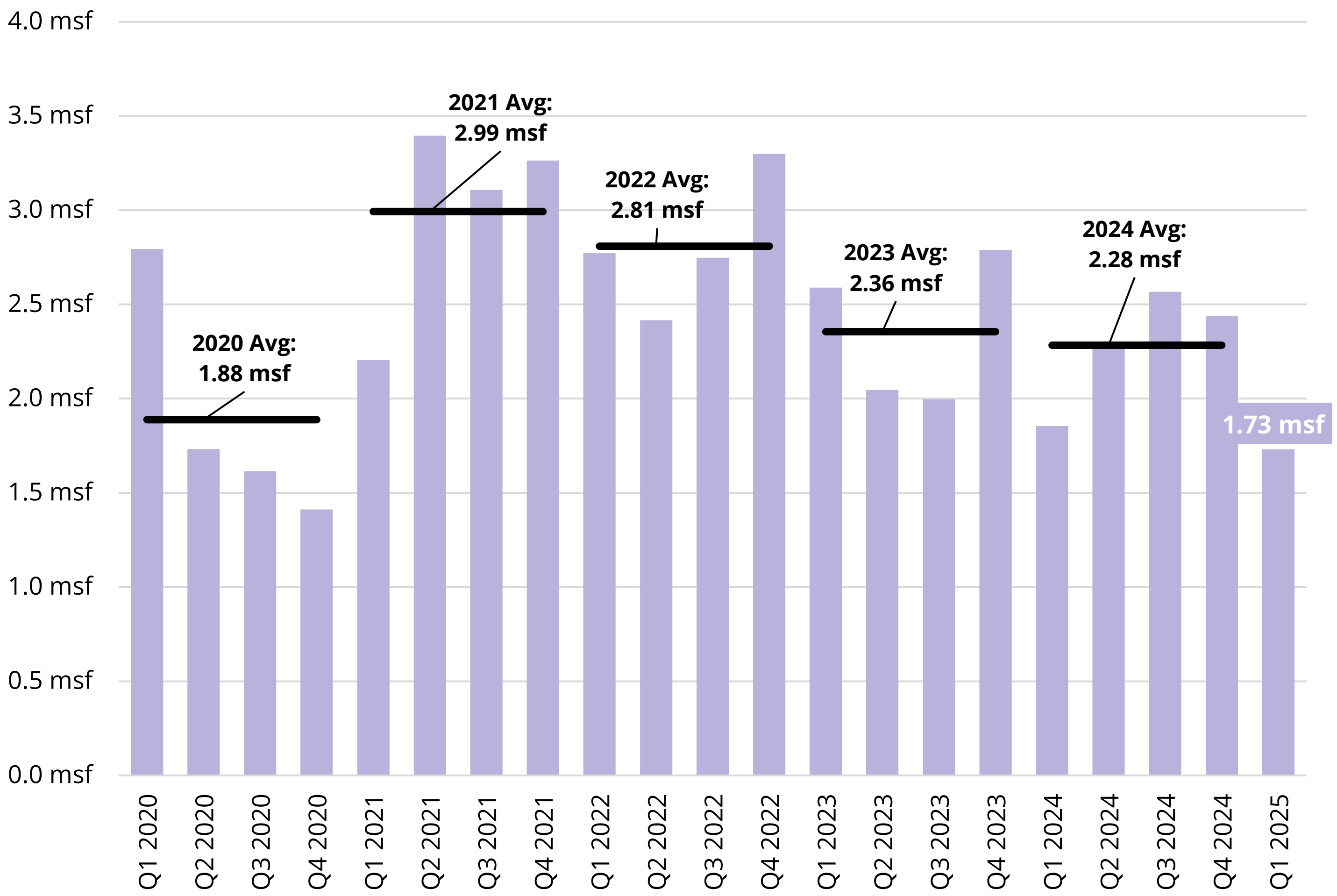
$52.12

Average asking rents (FS)

Rents in Greater Boston have remained relatively stable over the past year. The Back Bay submarket continues to narrow the gap with East Cambridge, currently the region's most expensive submarket. With Back Bay's Trophy and Class A market proving significantly tighter than that of East Cambridge, rents in the Back Bay are expected to keep rising, positioning it as a strong contender for the most expensive submarket in Greater Boston.

Source: Avison Young Market Intelligence, CoStar

Leasing activity totals 1.73 msf in Q1 2025.



Source: Avison Young Market Intelligence, CoStar

Greater Boston logged 1.73 million square feet (msf) of total leasing activity in Q1 2025.

With around 4 msf of space requirements in Urban Boston alone, leasing activity is expected to rise in the coming quarters as occupiers navigate a wide range of available options to meet their real estate needs.

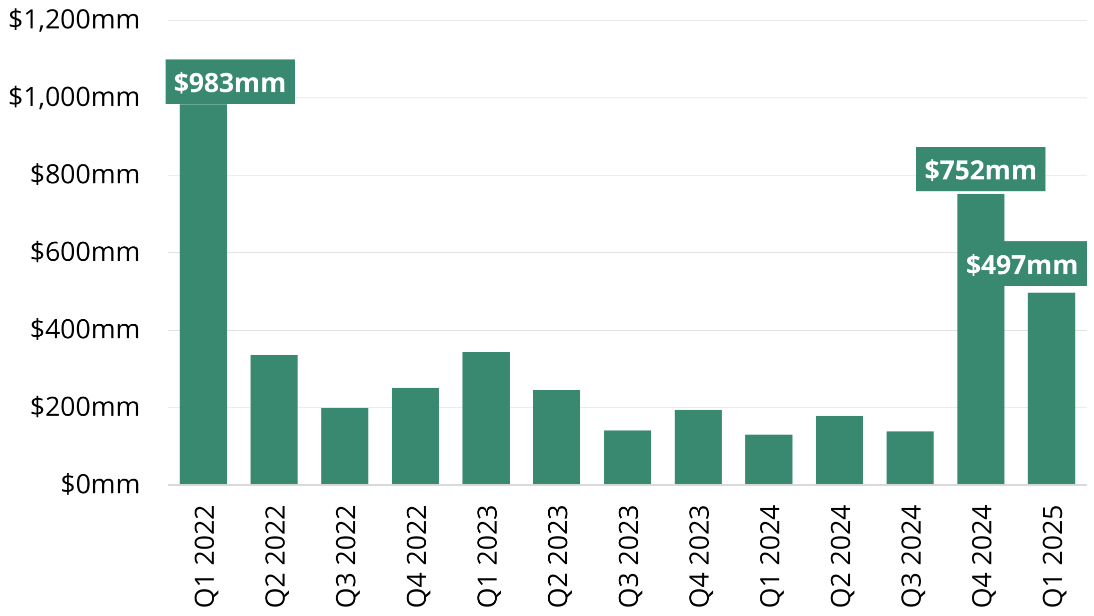
Greater Boston office sales see increased PSF values.

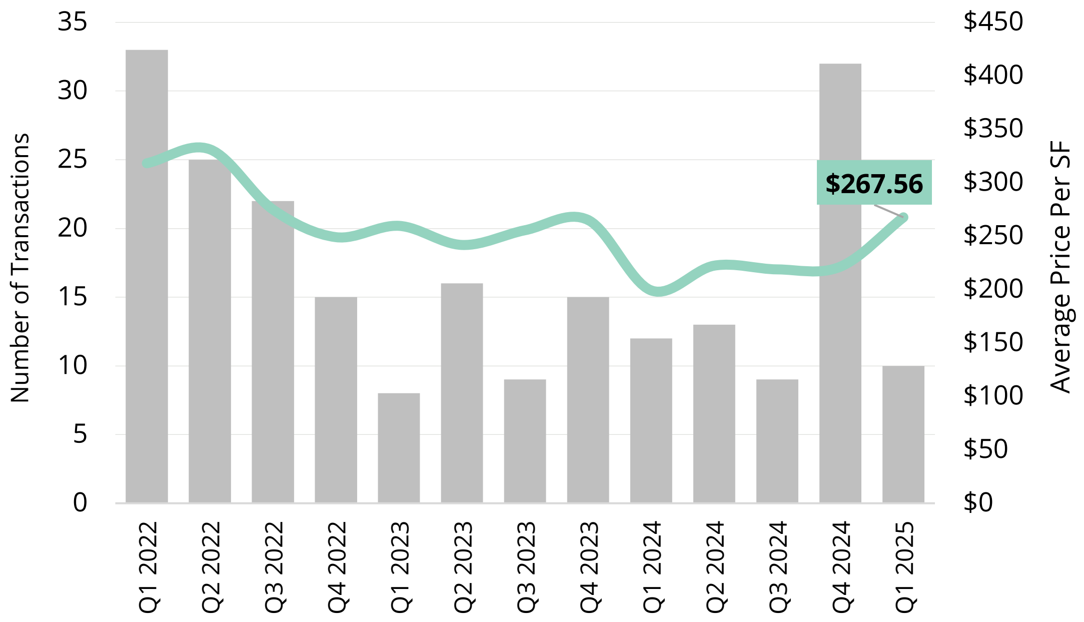
$497mm of total sales volume recorded in Q1 2025.

In Q1 2025, the Greater Boston region recorded $497 million in total office sales volume (excluding condo sales), marking the third-highest quarterly total since 2022. Transaction activity has surged as aggressive investors take advantage of a surplus of office properties available at steep discounts.

$267.56 average PSF recorded on Q1 2025 transactions.

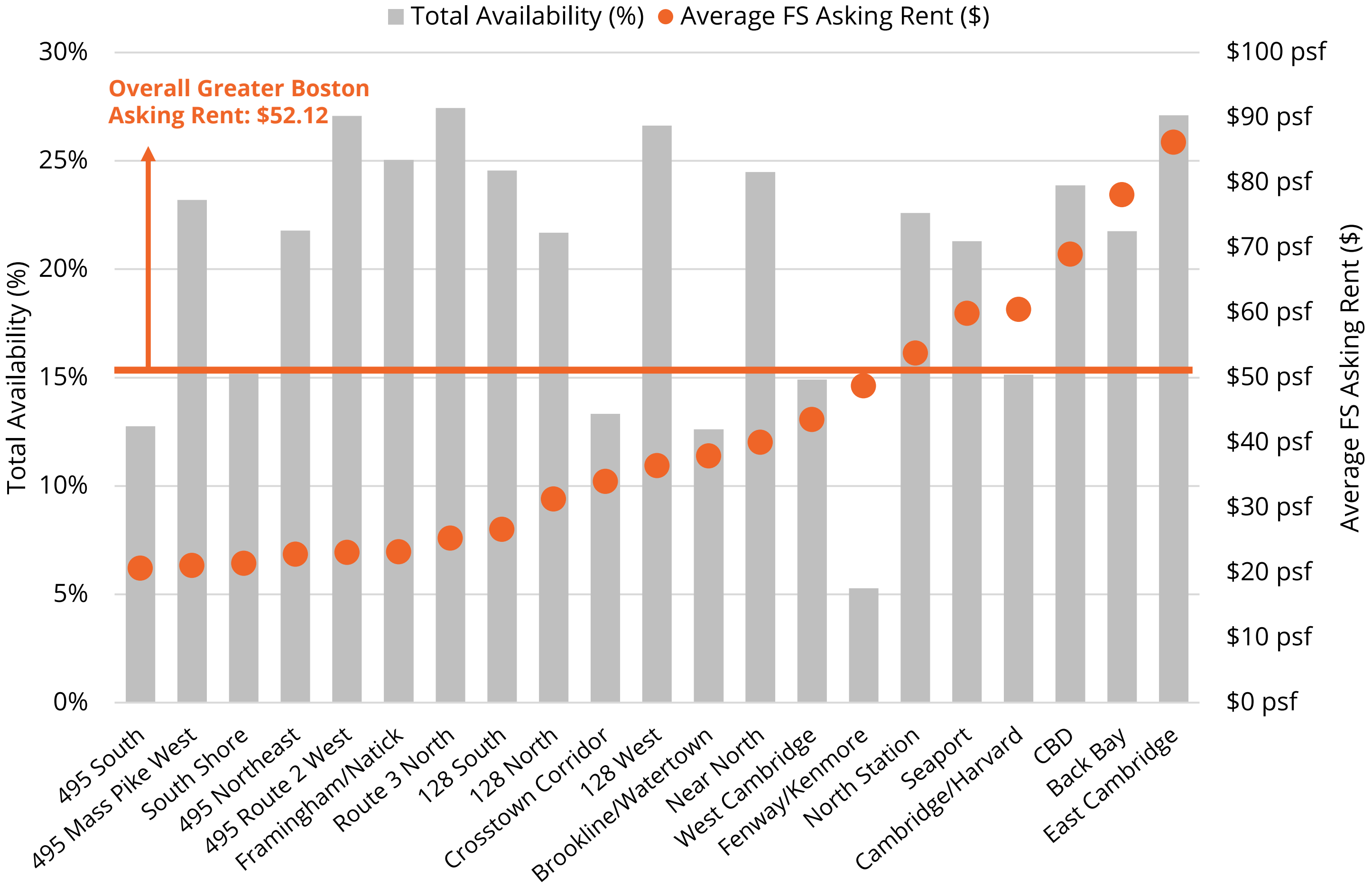
In 2024, average price per square foot (PSF) values in Greater Boston hovered in the low $200s, aligning with levels last seen in the early 2000s. With transaction activity picking up in late 2024 and continuing into early 2025, PSF values have risen accordingly as investor activity adapts to pricing corrections.





Source: Avison Young Market Intelligence, CoStar
Note: Average PSF values reflect a 12-month rolling average.

Back Bay asking rents continue to see growth.



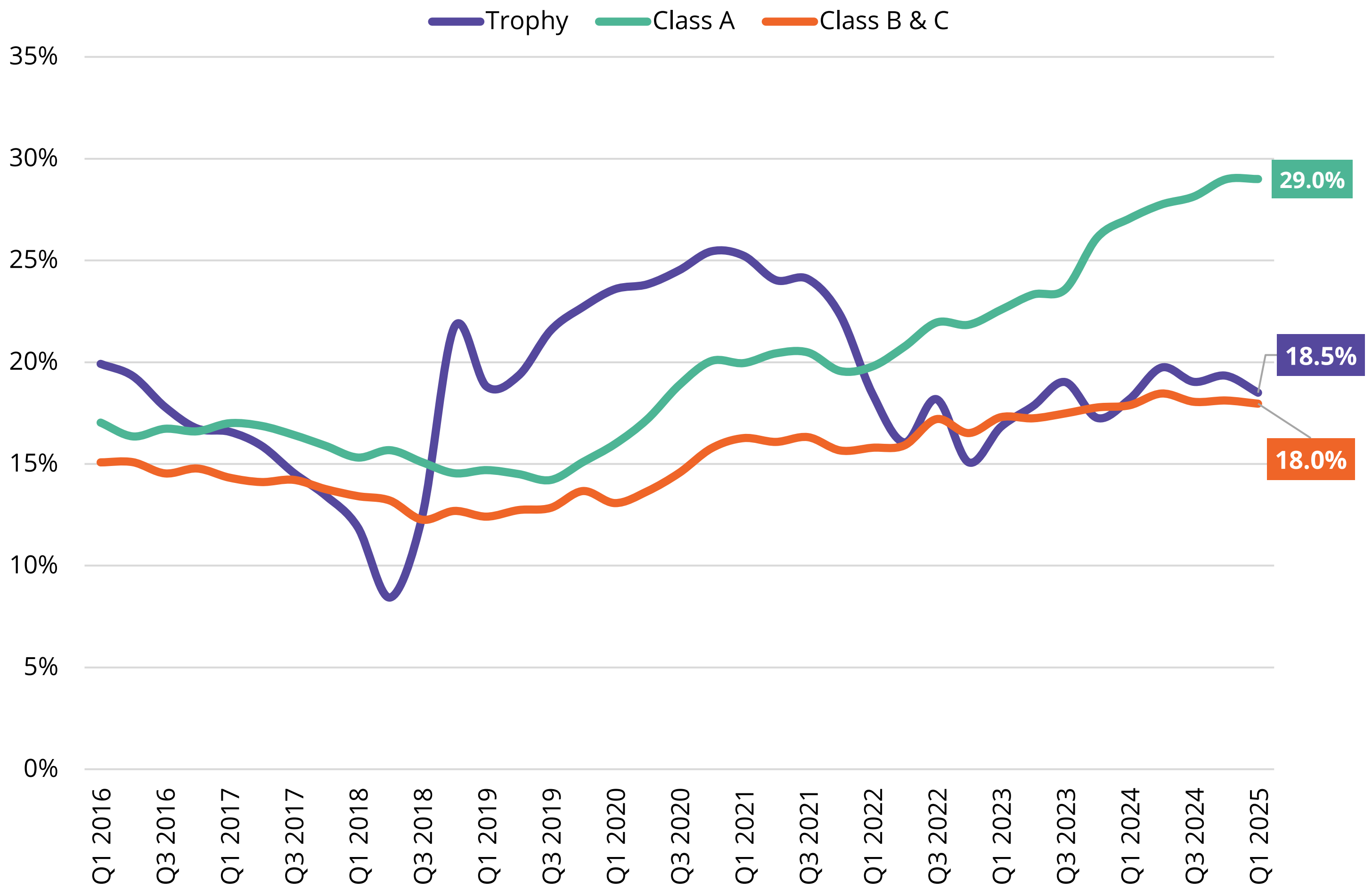
Source: Avison Young Market Intelligence, CoStar
Note: East Boston, Southie not included

Greater Boston reported an average full service (FS) asking rent of $52.12 in Q1 2025.

East Cambridge and the Back Bay remained the most expensive submarkets. While rents in East Cambridge have flattened out, Back Bay continues to see quarter-over-quarter growth, driven by its highly competitive Trophy/Class A market.

Supply Snapshot

Class A availability continues upward trajectory.

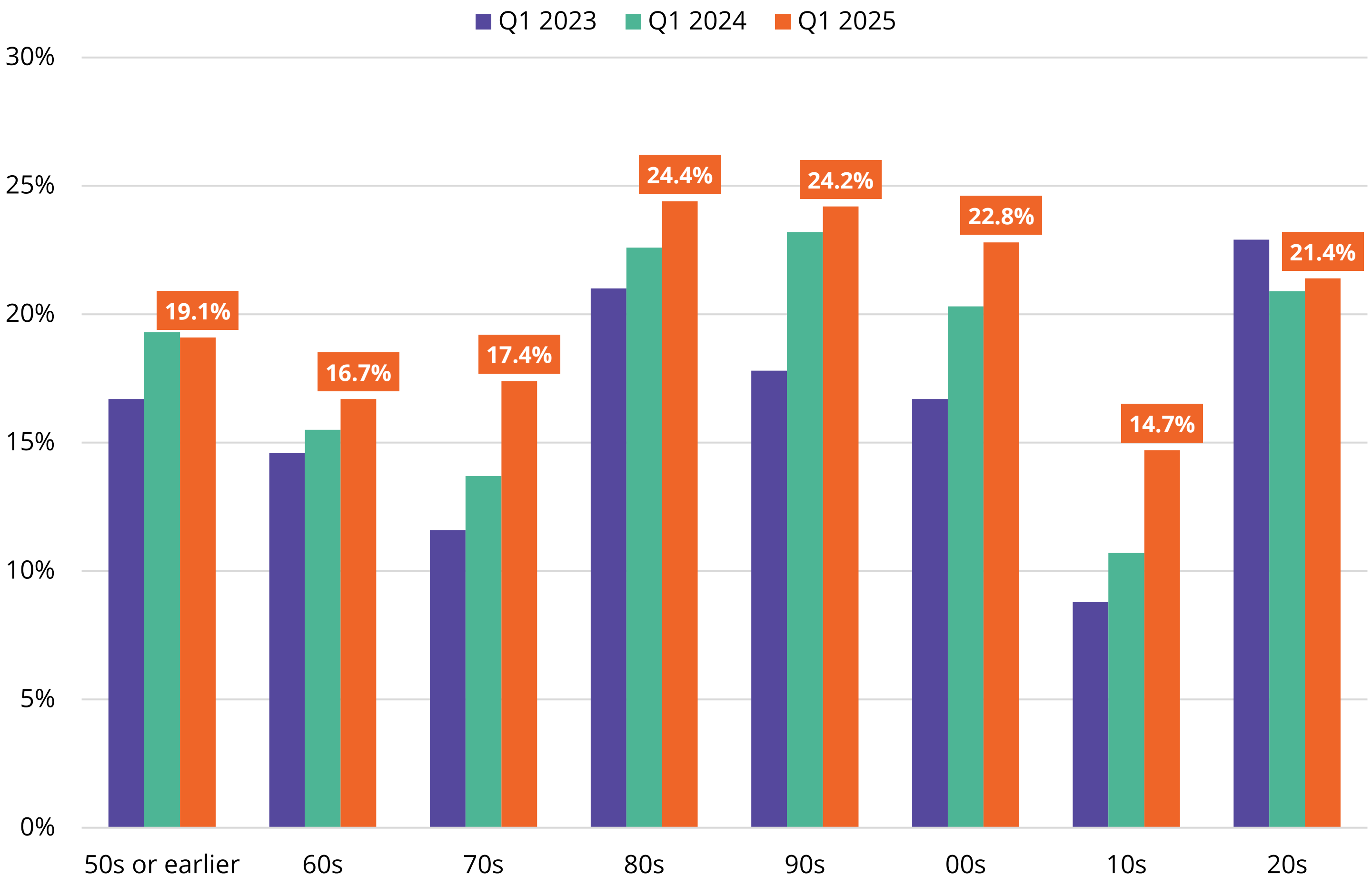


Source: Avison Young Market Intelligence, CoStar

Class A space in Greater Boston has maintained the highest availability rate among all property classes for over three years.

While blue-chip occupiers continue to pursue space at trophy facilities, budget-conscious tenants are opting for high-end Class B spaces to take advantage of lower rates.

Buildings delivered in 2010 post lowest Q1 2025 availability.



Aligned with the flight-to-quality trend, assets delivered in the 2010s posted the lowest availability in Q1 2025, coming in 200 basis points below the next lowest decade.

Looking ahead, availability in buildings delivered in the 2020s is expected to decline as occupiers continue prioritizing best-in-class spaces.

Source: Avison Young Market Intelligence, CoStar

Office development pipeline

2 properties
Under construction

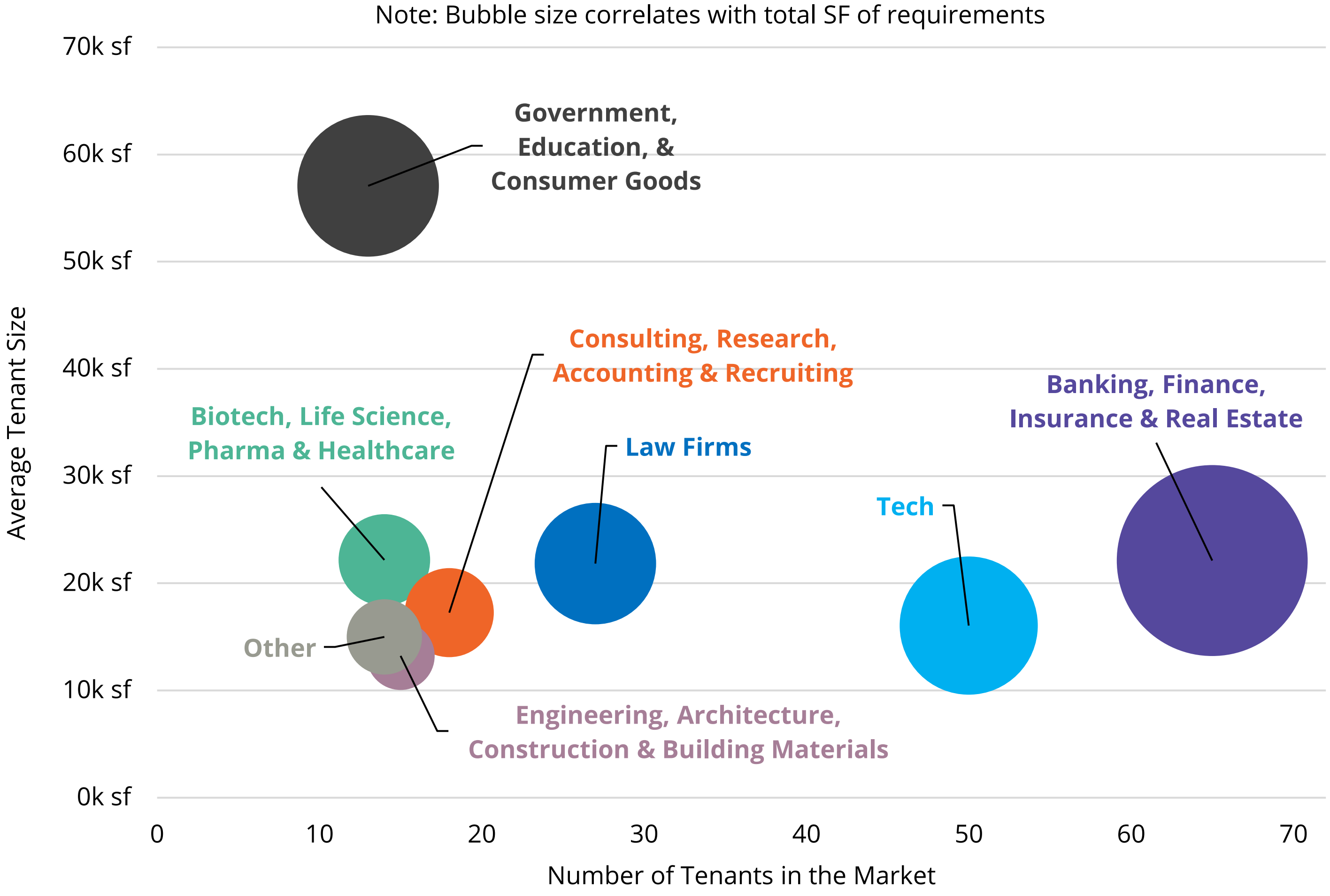
931,663 sf
Under construction

0.4%
Share of inventory

33.3%
Under construction % pre-leased

Demand Drivers

FIRE tenants account for highest total SF of requirements.

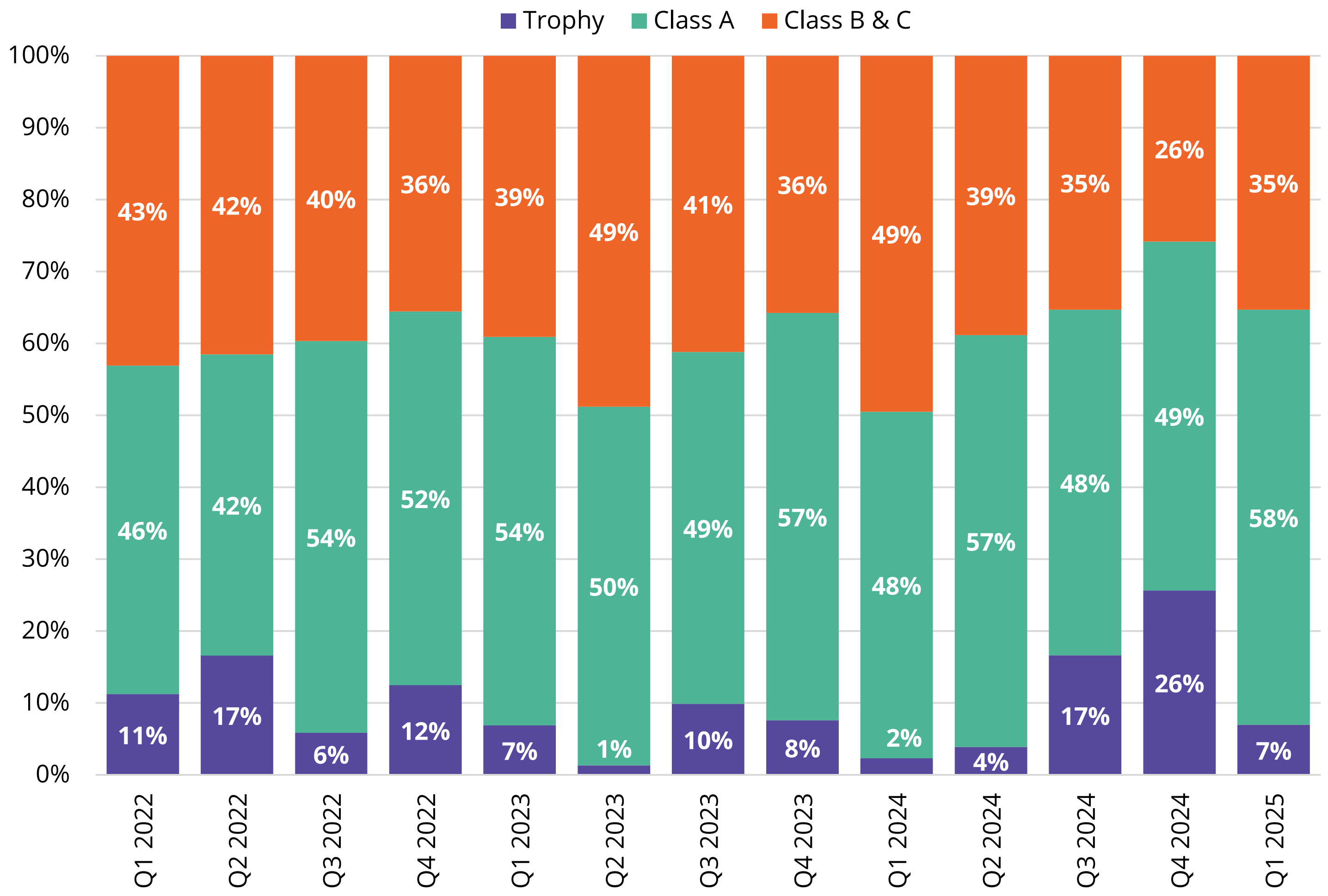


Source: Avison Young Market Intelligence.
Note: FIRE to include Banking, Finance, Insurance, & Real Estate industries.

As of Q1 2025, Downtown Boston currently boasts over 4 msf of active space requirements across a multitude of industries. FIRE and tech companies account for the bulk of these occupiers, representing over 50% of all tenants in the market.

Given that no new major out-of-state occupiers are looking to expand into Downtown Boston, active space requirements are expected to remain around 4 msf throughout the remainder of 2025.

Class A sees heightened share of leasing activity in Q1 2025.

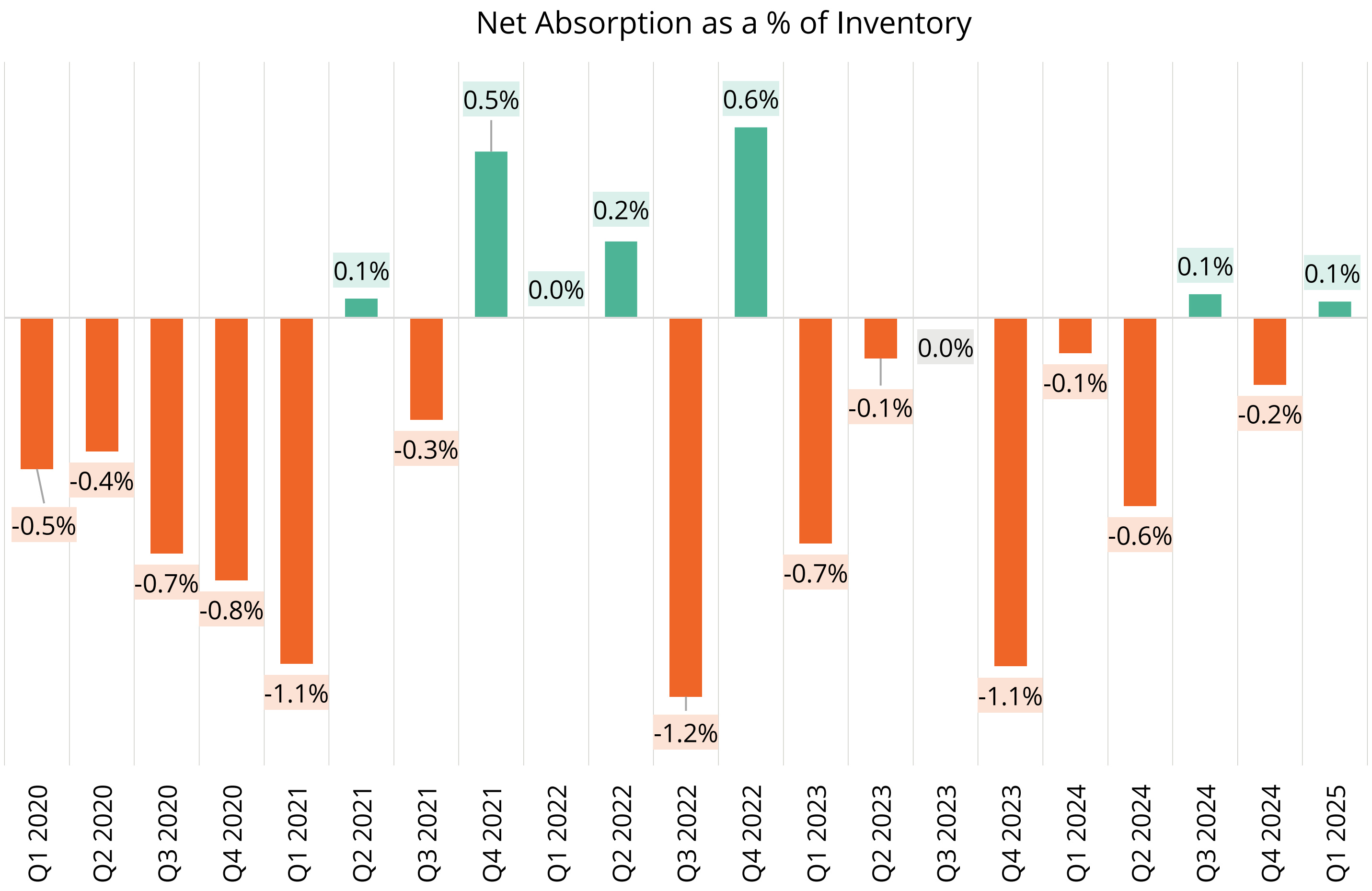


After a strong quarter of renewals in trophy-class facilities throughout 2024, Q1 2025 saw trophy spaces experience a decline in their share of quarterly leasing activity.

Looking ahead, given the abundance of high-class space available, trophy leasing is expected to rise from its current 7% share of total leasing activity.

Source: Avison Young Market Intelligence, CoStar

Greater Boston posts second quarter of positive absorption since 2023.



Since 2020, Greater Boston's office market has seen just six quarters of positive net absorption, with Q1 2025 being one of them.

As the market maintains positive momentum throughout 2025, total availability should fall.

Source: Avison Young Market Intelligence, CoStar

Introducing

The Office Busyness Index

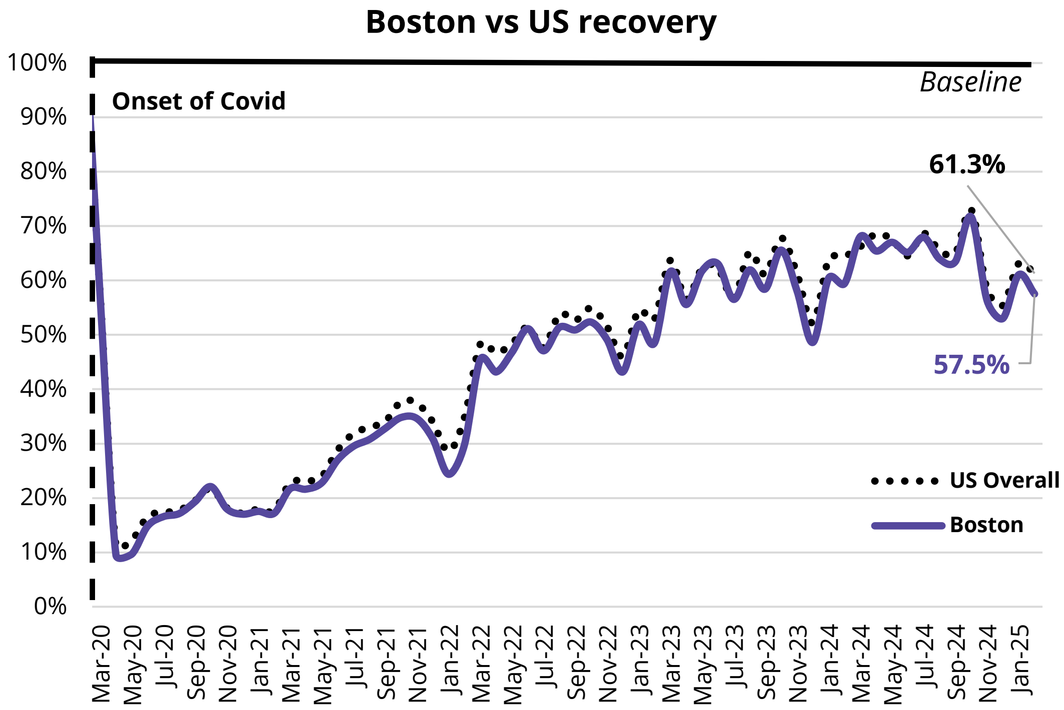
Access the most accurate view of office utilization in the industry today. Explore our interactive dashboard to uncover how busy office buildings truly are across U.S. markets.

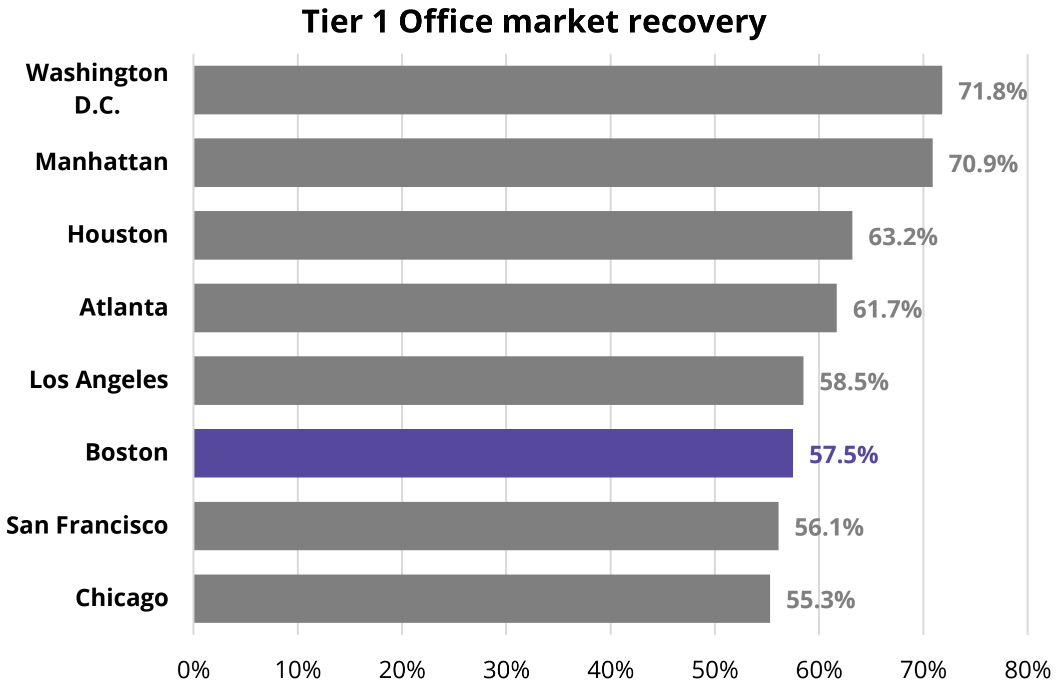
Learn more

Boston office visitation recovery outpacing that of Chicago, San Francisco, yet trailing markets such as Manhattan, Washington D.C.

As of February 2025 (using February 2019 as the base month), Greater Boston posted an overall office visitation recovery volume of 57.5%, slightly below the U.S. overall metric, recording 61.3%. The month of January saw a sharp increase from December figures, indicating that employers have enforced new RTO strategies for 2025. While month-to-month visitation recovery is volatile, the positive trendline is indicative of a slow yet steady recovery.

When comparing additional Tier 1 office markets, Greater Boston fell behind powerhouses such as Manhattan and D.C. but posted a stronger February 2019 recovery rate than San Francisco and Chicago. The start of the new year has seen companies that enforced January 2025 RTO mandates take effect, ultimately having a positive impact on the overall recovery metric.

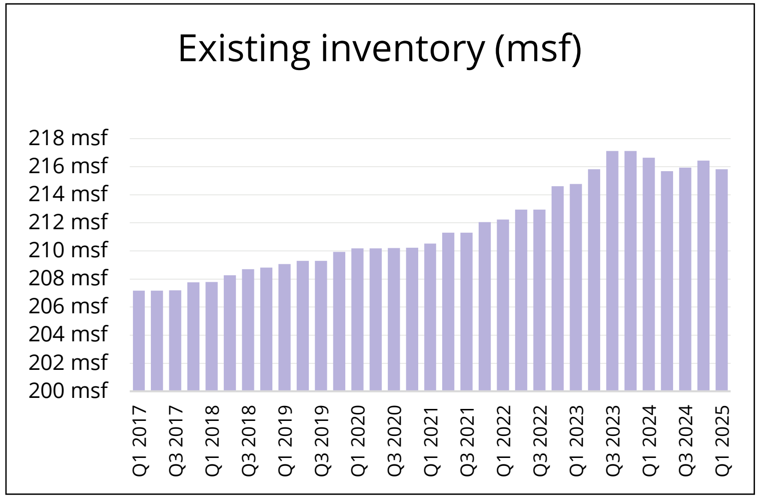


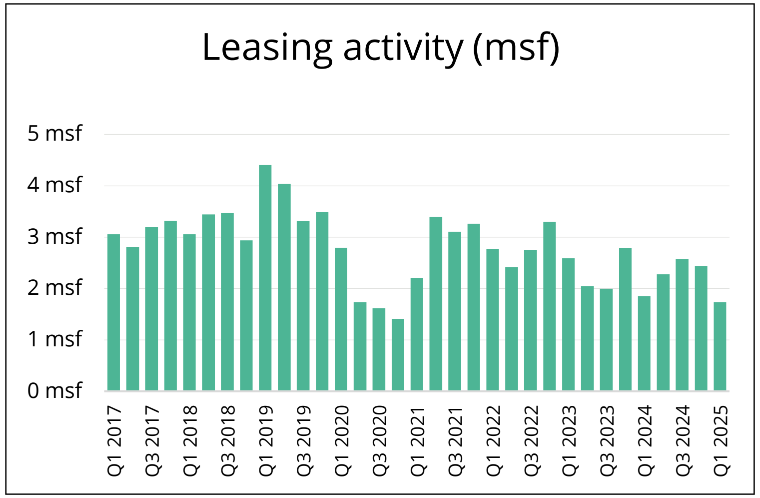


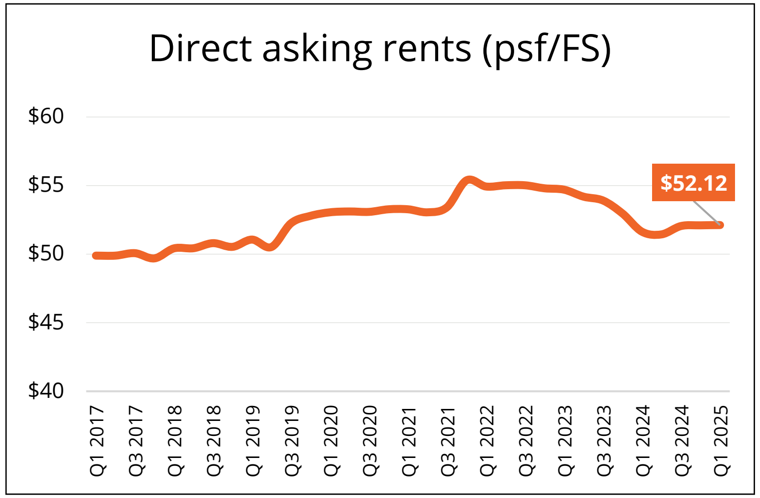
Source: Busyness index by Avison Young, Placer.ai
Note: Base month used: February 2019.

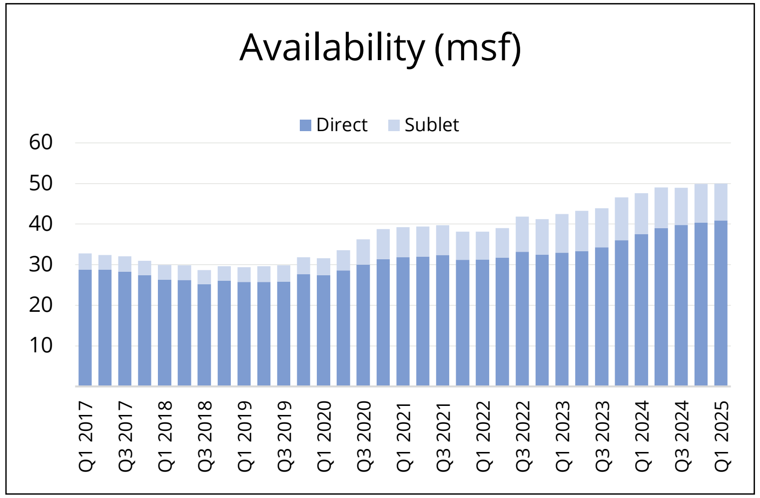
Appendix

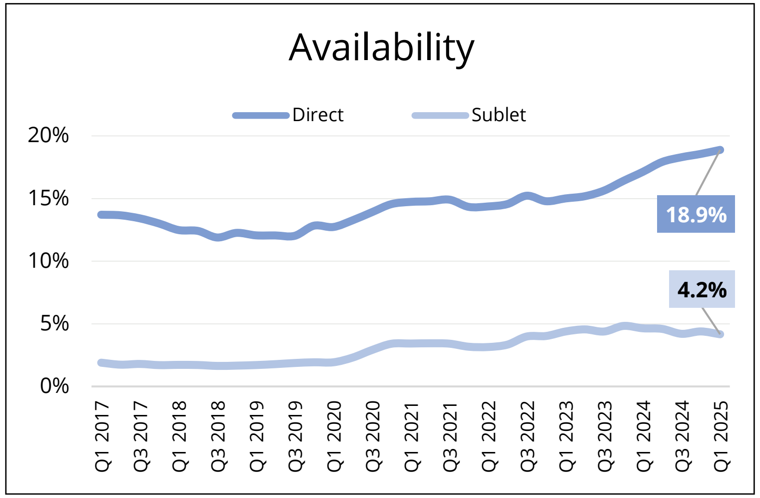
Greater Boston office market indicators

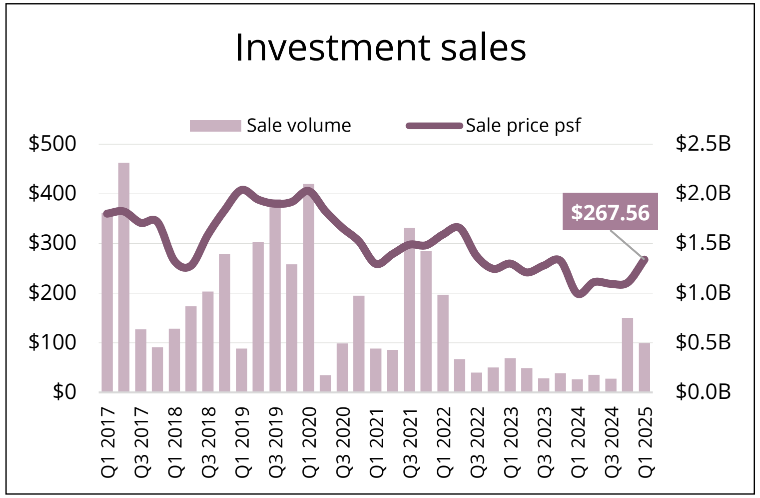












Source: Avison Young Market Intelligence, CoStar

Greater Boston office market activity

Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Klaviyo	125 Summer St, Boston	CBD	Feb 2025	250,000	Renewal	Direct
Nutter	155 Seaport Blvd, Boston	Seaport	Feb 2025	125,260	Renewal	Direct
Global Partners	275 Grove St, Newton	128 West	Feb 2025	100,000	New	Direct
Advisor360	400 First Ave, Needham	128 West	Mar 2025	83,500	New	Sublease
FM Global	750 Atlantic Ave, Boston	Seaport	Jan 2025	50,000	New	Direct

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
MFM Health	99 Conifer Hill Dr, Danvers	Mar 2025	63,000	$12,000,000	$190	Kavanaugh Advisory Group
The TJX Companies	3 & 5 Speen St, Framingham	Jan 2025	161,867	$24,260,000	$150	Carruth Capital

Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
750 Atlantic Ave, Boston	Seaport	Q4 2025	700,000	13%	Hines
350 Boylston St, Boston	Back Bay	Q2 2025	231,663	100%	Druker Company

Source: Avison Young Market Intelligence, CoStar

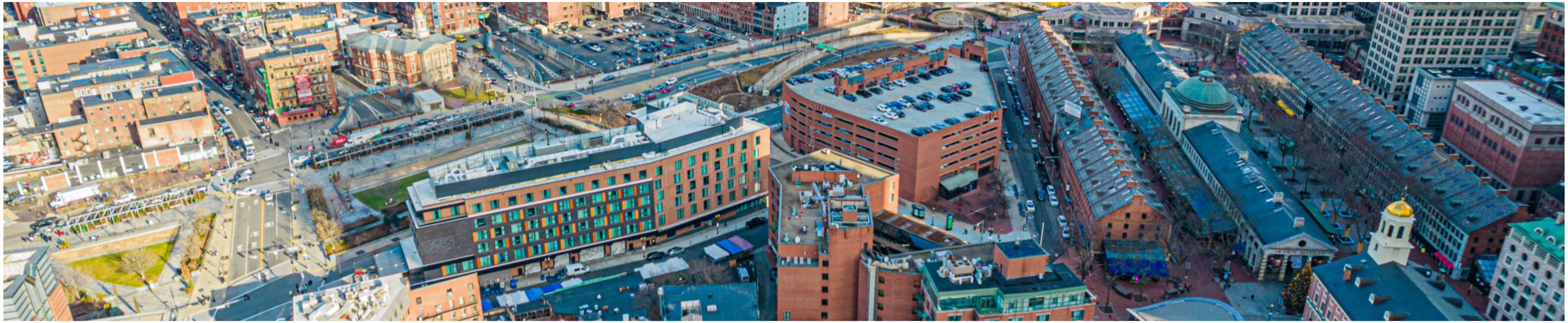
Greater Boston office market stats

By Submarket	Existing Inventory	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption sf (Quarterly)	Net absorption % of inventory (Quarterly)	Annual direct asking rent psf FS
Boston Total	**77,698,929**	**931,663**	**18.1%**	**4.6%**	**22.7%**	**(0.5%)**	**260,444**	**0.3%**	**$72.38**
CBD	46,540,840	700,000	20.1%	3.7%	23.8%	(0.8%)	193,277	0.4%	$68.96
Back Bay	14,550,323	231,663	17.3%	4.5%	21.8%	0.6%	84,052	0.6%	$78.12
Seaport	11,160,250	0	13.8%	7.5%	21.3%	(1.5%)	(32,157)	(0.3%)	$59.88
North Station	4,019,415	0	15.7%	6.9%	22.6%	1.8%	3,530	0.1%	$53.77
Fenway/Kenmore	1,428,101	0	0.8%	4.5%	5.3%	(4.9%)	11,742	0.8%	$48.73
Cambridge Total	**12,446,866**	**0**	**17.1%**	**6.0%**	**23.1%**	**1.5%**	**(174,483)**	**(1.4%)**	**$75.41**
East Cambridge	8,266,398	0	21.1%	6.0%	27.1%	2.1%	(181,920)	(2.2%)	$86.19
Central Cambridge	2,341,939	0	11.3%	3.9%	15.1%	(1.8%)	2,350	0.1%	$60.49
West Cambridge	1,838,529	0	6.5%	8.4%	14.9%	2.8%	5,087	0.3%	$43.54
Inner Suburbs	**16,379,426**	**0**	**15.5%**	**3.1%**	**18.6%**	**3.3%**	**33,196**	**0.2%**	**$38.76**
Near North	7,982,235	0	19.9%	4.5%	24.5%	3.2%	26,940	0.3%	$40.02
Brookline/Watertown	4,076,512	0	10.6%	2.1%	12.6%	0.0%	(10,188)	(0.2%)	$37.93
Crosstown Corridor	4,014,209	0	11.7%	1.6%	13.3%	6.5%	18,544	0.5%	$34.01
Southie	306,470	0	13.4%	0.0%	13.4%	6.3%	(2,100)	(0.7%)	$34.01
128 Belt	**55,765,924**	**0**	**19.6%**	**4.8%**	**24.4%**	**2.5%**	**109,350**	**0.2%**	**$27.93**
128 North	19,295,698	0	17.8%	3.9%	21.7%	(0.1%)	(38,355)	(0.2%)	$31.29
128 West	21,878,182	0	21.3%	6.3%	27.6%	6.0%	323,048	1.5%	$36.44
128 South	12,447,168	0	20.7%	3.9%	24.6%	0.6%	(134,561)	(1.1%)	$26.63
South Shore	2,144,876	0	12.4%	3.5%	15.9%	3.1%	(40,782)	(1.9%)	$21.42
495 Belt	**53,359,743**	**0**	**20.8%**	**2.8%**	**23.6%**	**1.1%**	**(118,725)**	**(0.2%)**	**$24.52**
495 Northeast	10,518,295	0	20.8%	1.0%	21.8%	1.8%	11,341	0.1%	$22.82
Route 3 North	15,655,449	0	22.2%	5.3%	27.5%	2.3%	(212,366)	(1.4%)	$25.31
Route 2 West	6,328,318	0	26.8%	0.3%	27.1%	5.1%	70,631	1.1%	$23.11
495 Mass Pike West	10,021,305	0	20.0%	3.2%	23.2%	(1.4%)	(151,603)	(1.5%)	$21.07
Framingham/Natick	4,590,331	0	24.1%	0.9%	25.0%	(3.9%)	159,038	3.5%	$23.17
495 South	6,246,045	0	10.0%	2.7%	12.8%	4.3%	4,234	0.1%	$20.66
Greater Boston Total	**215,650,888**	**931,663**	**18.9%**	**4.2%**	**23.1%**	**1.1%**	**109,782**	**0.1%**	**$52.12**

Source: Avison Young Market Intelligence, CoStar

Greater Boston office market stats by class

	Inventory (sf)	Deliveries sf (YTD)	Under Development sf	Direct availability	Sublet availability	Total avaialbility	Net absorption sf (Quarterly)	Net absorption % of inventory (Quarterly)	Annual direct asking rent psf FS
Trophy	10,479,891	0	700,000	13.5%	5.0%	18.5%	24,392	0.23%	$104.12
Class A	98,255,884	0	231,663	23.2%	5.8%	29.0%	(40)	(0.0%)	$63.93
Class B & C	106,915,113	0	0	15.5%	2.5%	18.0%	85,430	0.08%	$33.55
Market Total	**215,620,888**	**0**	**931,663**	**18.9%**	**4.2%**	**23.1%**	**109,782**	**0.1%**	**$52.12**



Source: Avison Young Market Intelligence, CoStar

Greater Boston submarkets map

MAP KEY

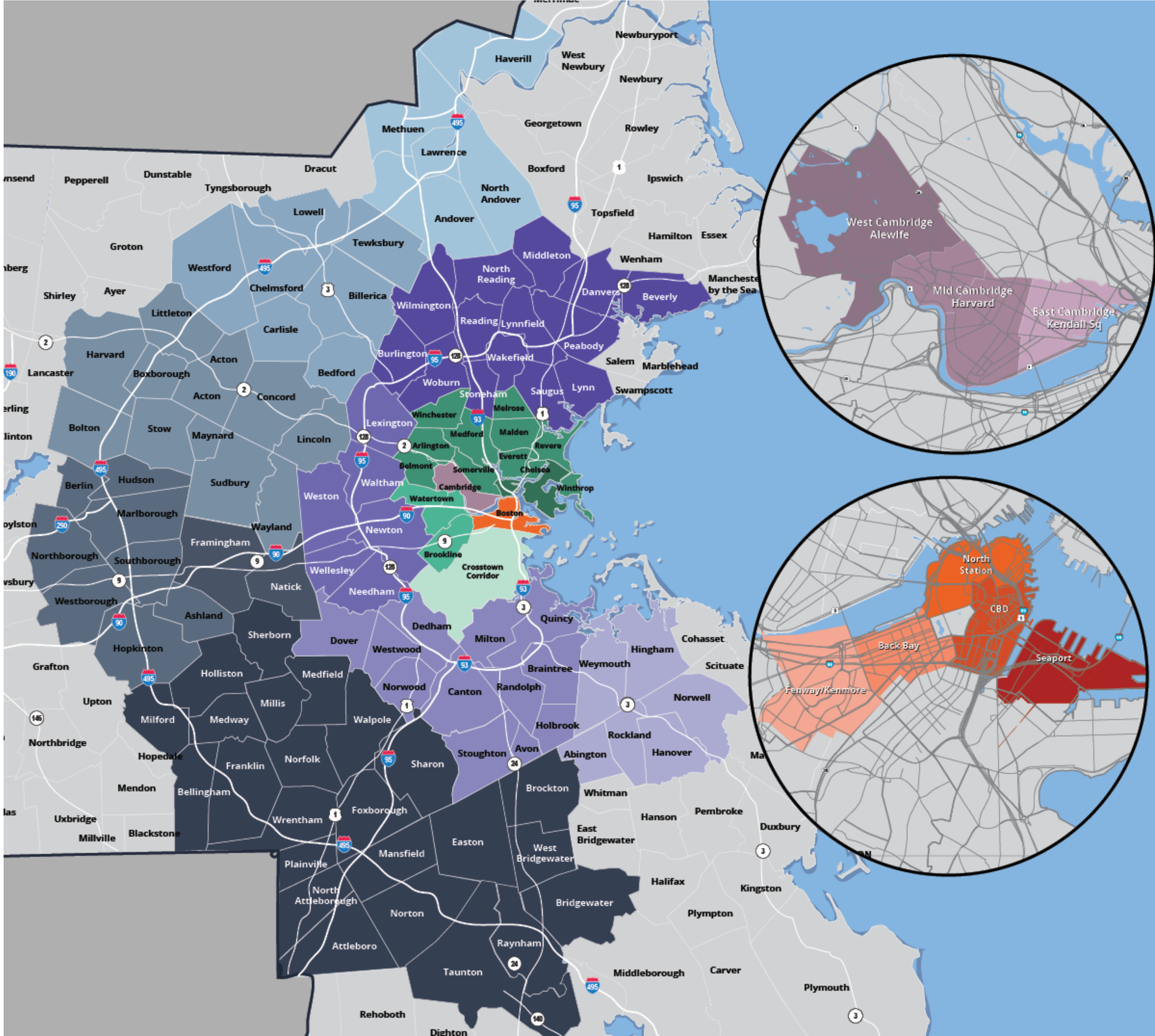
Boston
- Seaport
- CBD
- North Station
- Back Bay
- Fenway/Kemore

Cambridge
- West Cambridge/Alewife
- Mid Cambridge/Harvard
- East Cambridge/Kendall Sq

Inner Suburbs
- Near North
- Brookline/Watertown
- Crosstown Corridor

128 Belt
- 128 North
- 128 West
- 128 South
- South Shore

495 Belt
- 495 Northeast
- Route 3 North
- 495 Route 2 West
- 495 Mass Pike West
- Framingham/Natick
- 495 South



Viewpoints

U.S. | Spring 2025

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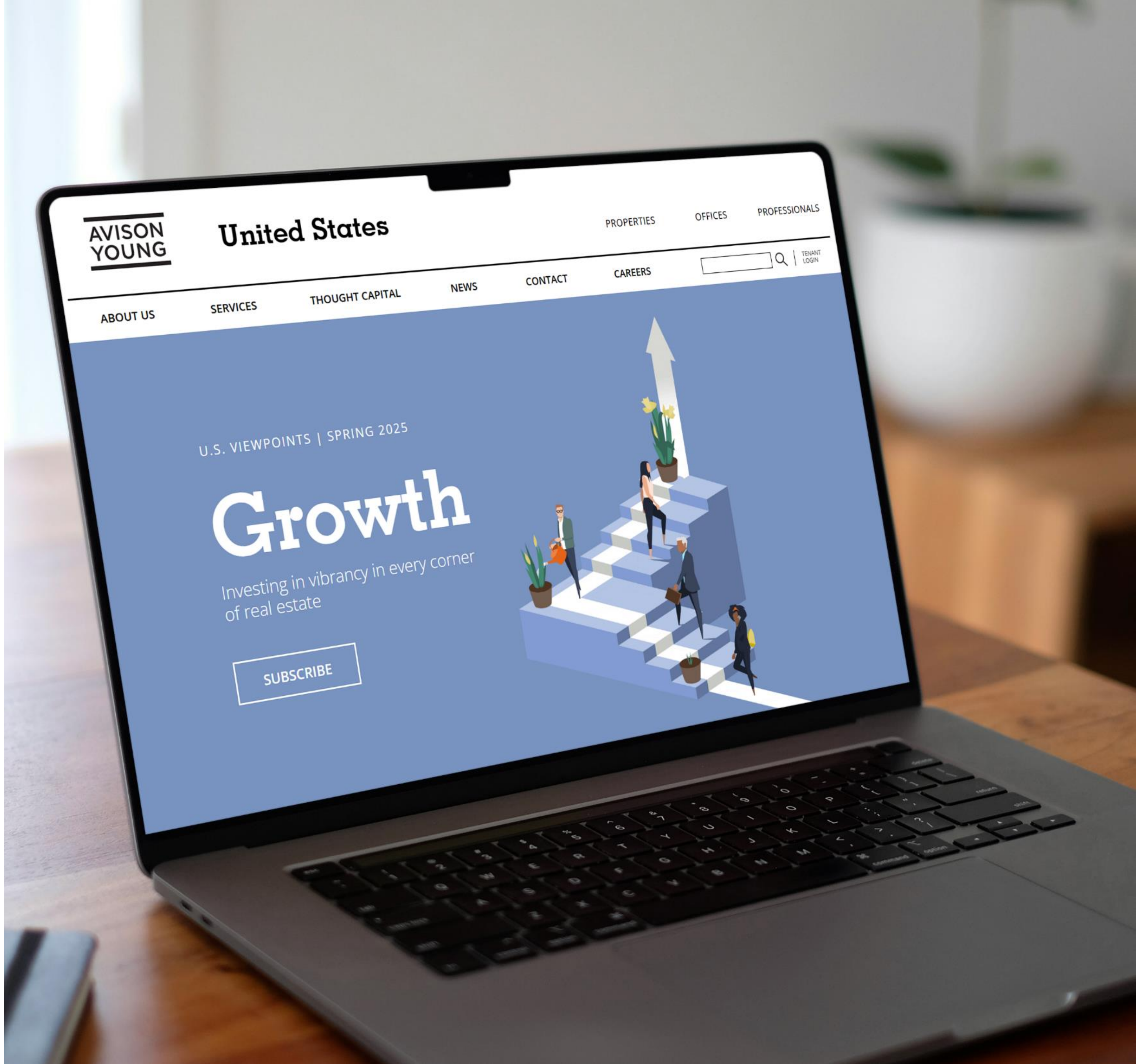

Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and information visit **avisonyoung.com**

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