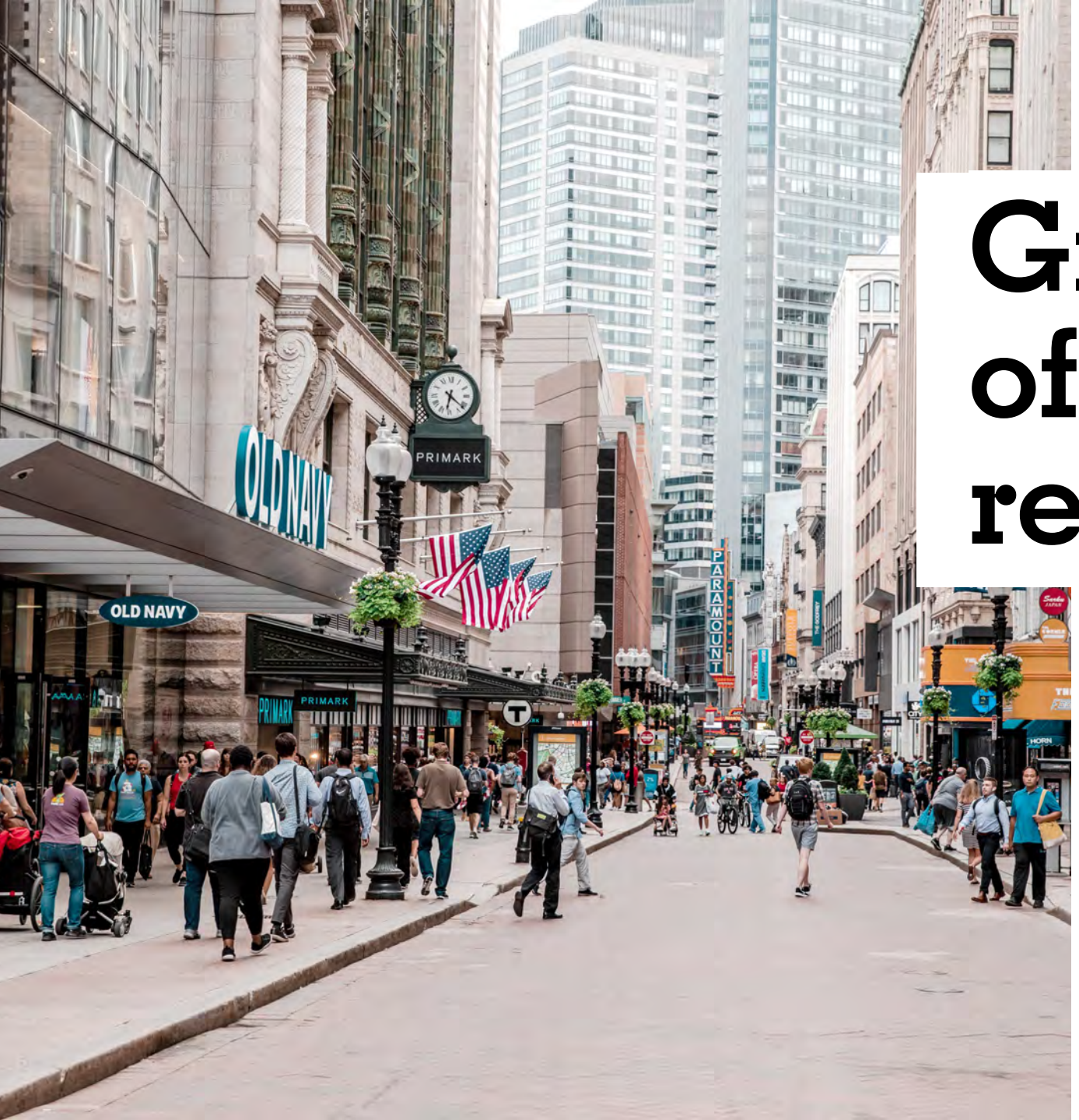


Greater Boston office market report

Q3 2025

AVISON YOUNG

Greater Boston office market trends

$10.13

Gap between Trophy/Class A base and net effective rents in Boston

The gap between full-service (FS) average rents and FS net effective rents (NER) in Downtown Boston narrowed slightly in Q3 2025. Landlords began to reduce the value of concessions as available supply starts to trend downward for the first time since 2019.

$291

Average PSF urban office sales over the last twelve months

Urban office sales continued to trade at discounted levels in Q3 2025, with the average price per square foot (PSF) at $303.71. Transaction volume declined compared to Q2 2025, when urban pricing hit a seven-year low. Meanwhile, suburban office pricing remained stable, with the average PSF holding steady around $133.79.

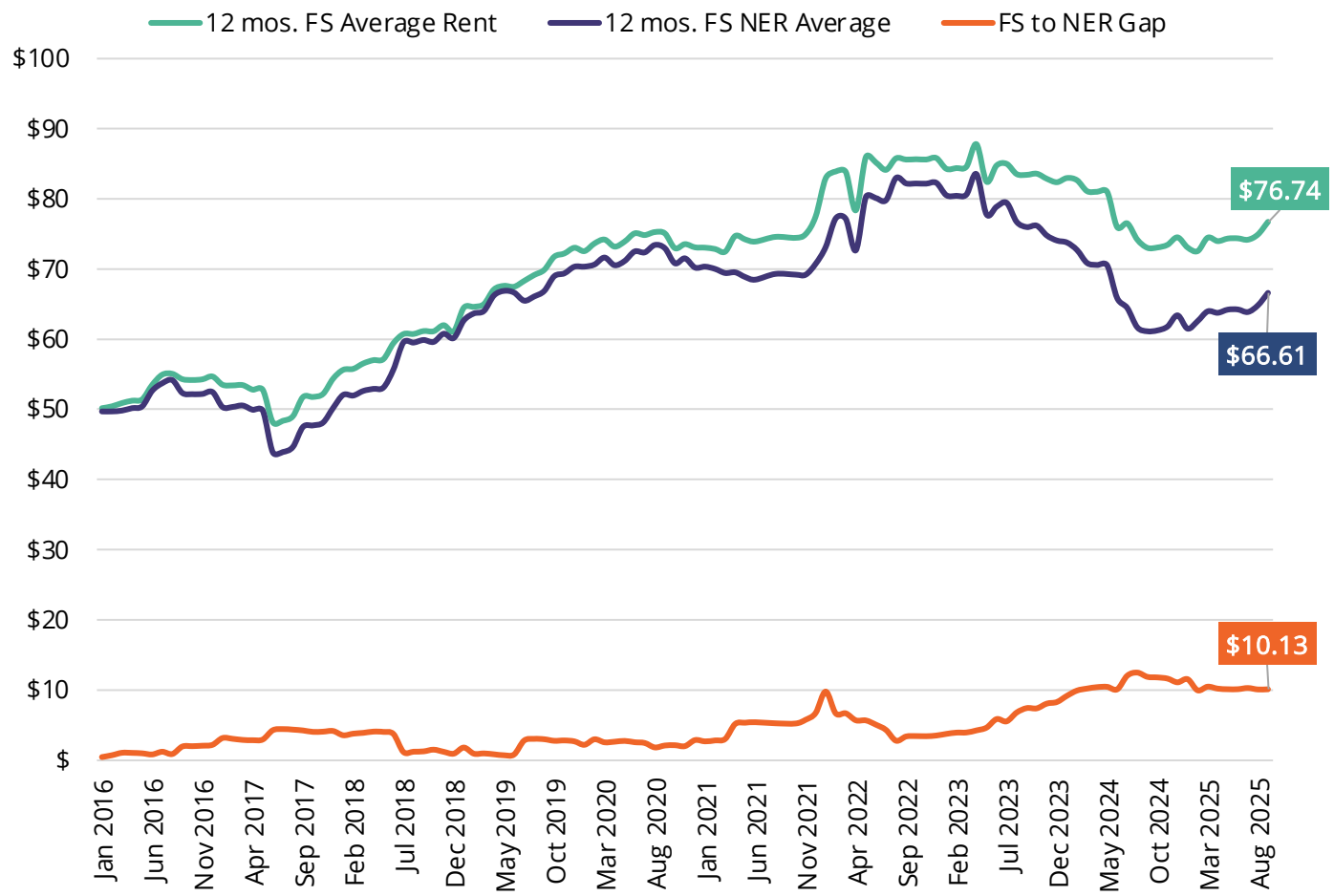
46.3%

Renewals share of office leasing

Renewals accounted for 46.3% of all office leasing activity in Q3 2025. Although slightly below the share of new leases (47.6%), this marks the highest quarterly renewal rate in 2025, and the second-highest share recorded in the past five years.

Source: Avison Young Market Intelligence, CoStar

Trophy/Class A strike pricing in Boston

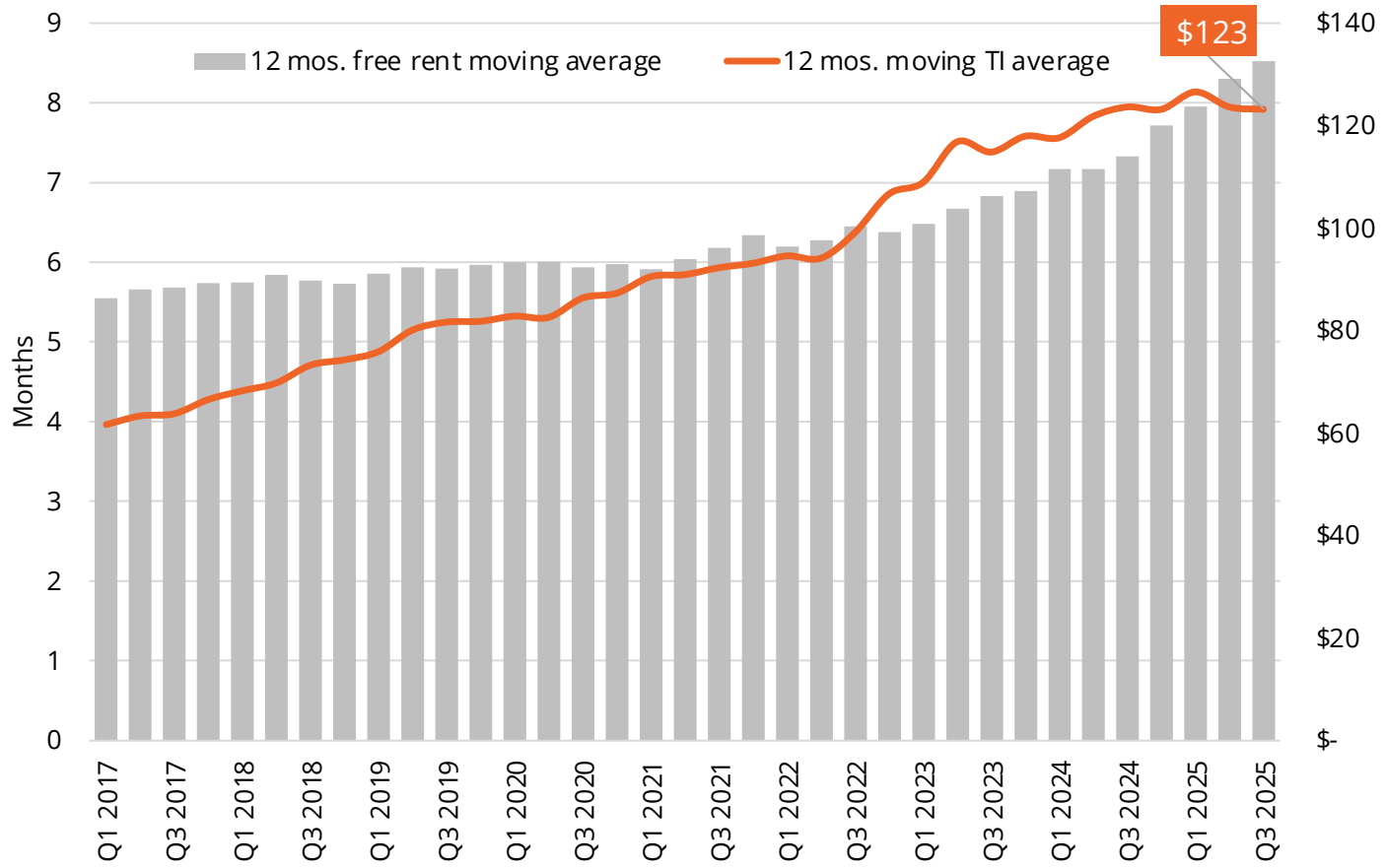


Source: Avison Young Market Intelligence, CoStar
*only includes Trophy & Class A buildings

The gap between full-service average rents and net effective rents (NER) narrowed further in Q3 2025, reaching $10.13. Overall lease rates experienced a modest uptick from Q2, driven by a continued reduction in landlord concessions throughout the year.

As market conditions gradually improve and competition for tenants begins to ease, this rent gap is expected to tighten further, leaving occupiers a smaller window to capitalize on advantageous lease terms.

Trophy/Class A concession trends in Boston

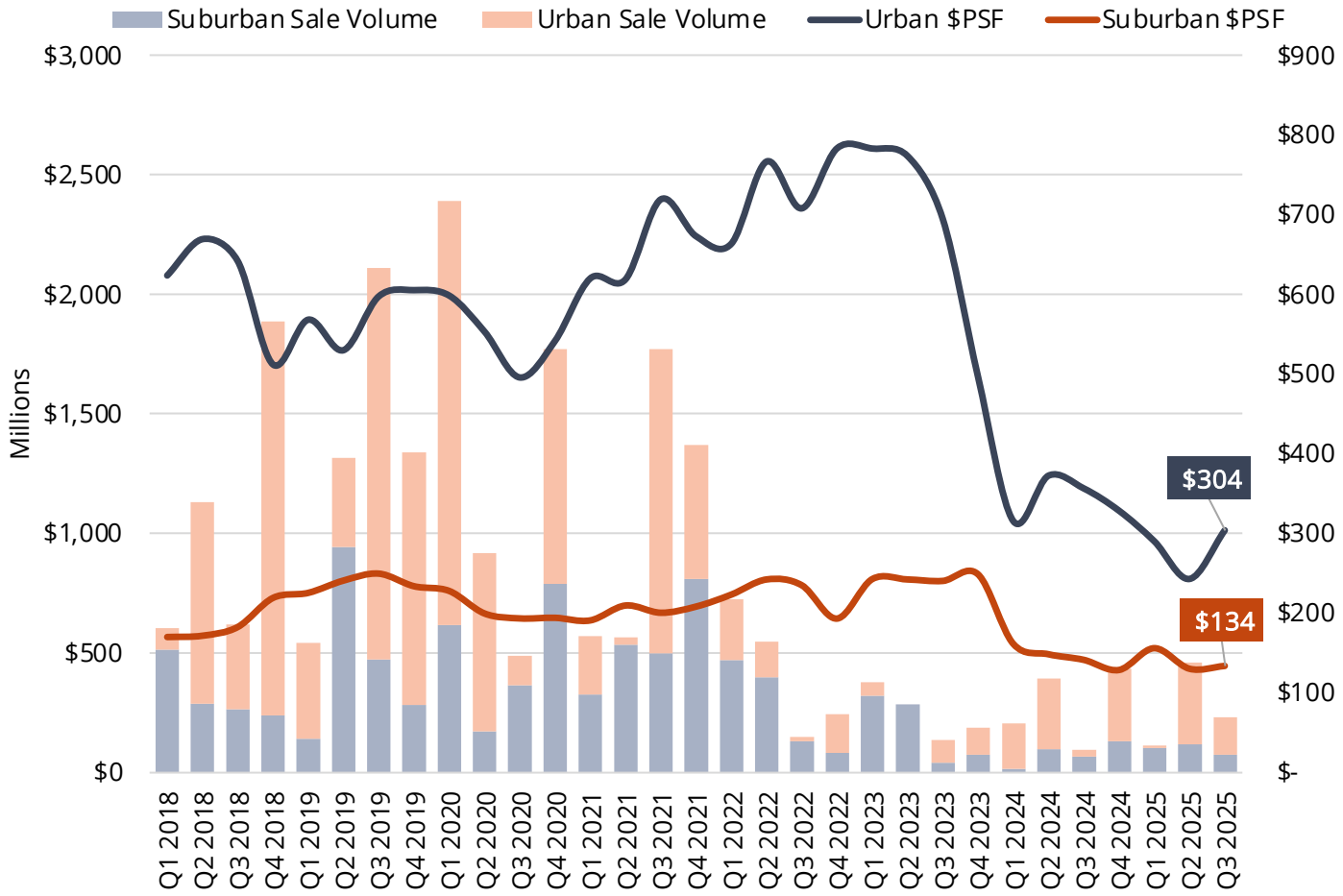


Upward pressure on concessions has deaccelerated over the last two quarters with tenant improvement allowance (TIA) allocations starting to level off due to rising construction costs and select investors inability to deploy the capital needed to provide competitive build-out packages.

However, free rent allocations continue to rise with more landlords offering more rent relief on the front end of deal terms.

Source: Avison Young Market Intelligence, CoStar
Note: only includes new/expansion direct deals above 5,000 sf in Trophy & Class A buildings. Leases are normalized to a 10-year deal

Urban vs. suburban sale trends



Urban office pricing remained subdued in Q3 2025, despite a modest uptick to $303.17 PSF. Suburban pricing held steady at $133.79 PSF, though it also remains comparatively low.

With total sales volume still well below the peak observed in Q3 2021, asset values continue to struggle, as many buildings are trading at a fraction of their original purchase price.

Source: Avison Young Market Intelligence, CoStar

Boston leasing share by transaction type

New leases accounted for 47.6% of office leasing activity in Q3 2025, narrowly surpassing renewals at 46.3%. However, renewals have increased their share for the third consecutive quarter, reaching their second-highest level in the past five years.

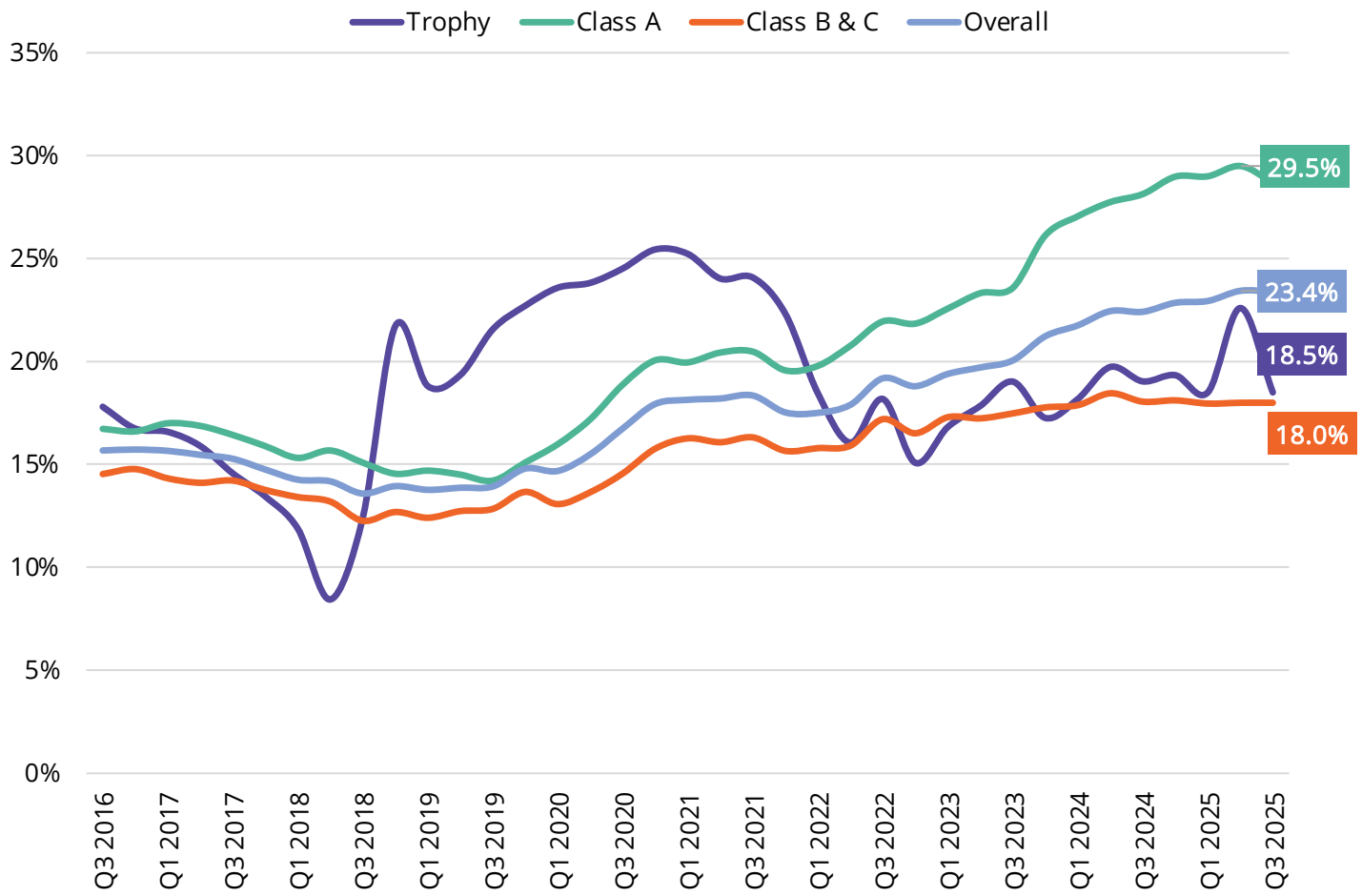
In contrast, new leasing activity is nearing its lowest point over the same period. Notably, Q3 2025 expansions remained elevated from 2024, continuing the sector's bright run in 2025.

Source: Avison Young Market Intelligence, CoStar

Prevailing Trends

Let’s examine more prevailing office trends

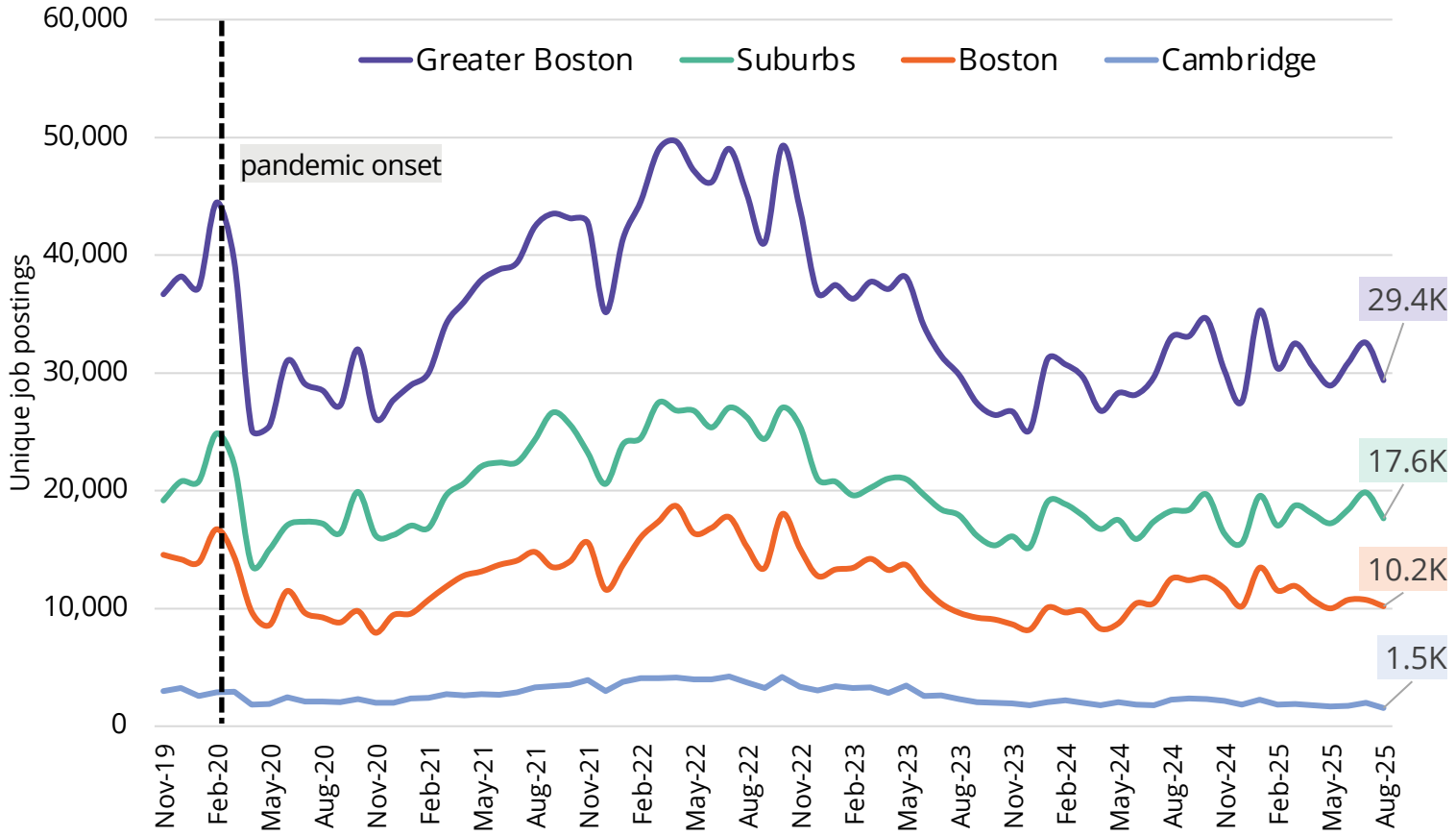
Class A availability continues upward trajectory, Trophy supply contracts



Source: Avison Young Market Intelligence, CoStar
Note: includes both direct and sublease space

Class A space continues to report the highest availability, followed by Trophy which saw a notable decrease thanks to a couple of large commitments this quarter. In contrast, Class B and C properties maintain the lowest availability rates, with minimal fluctuation observed over the past five quarters.

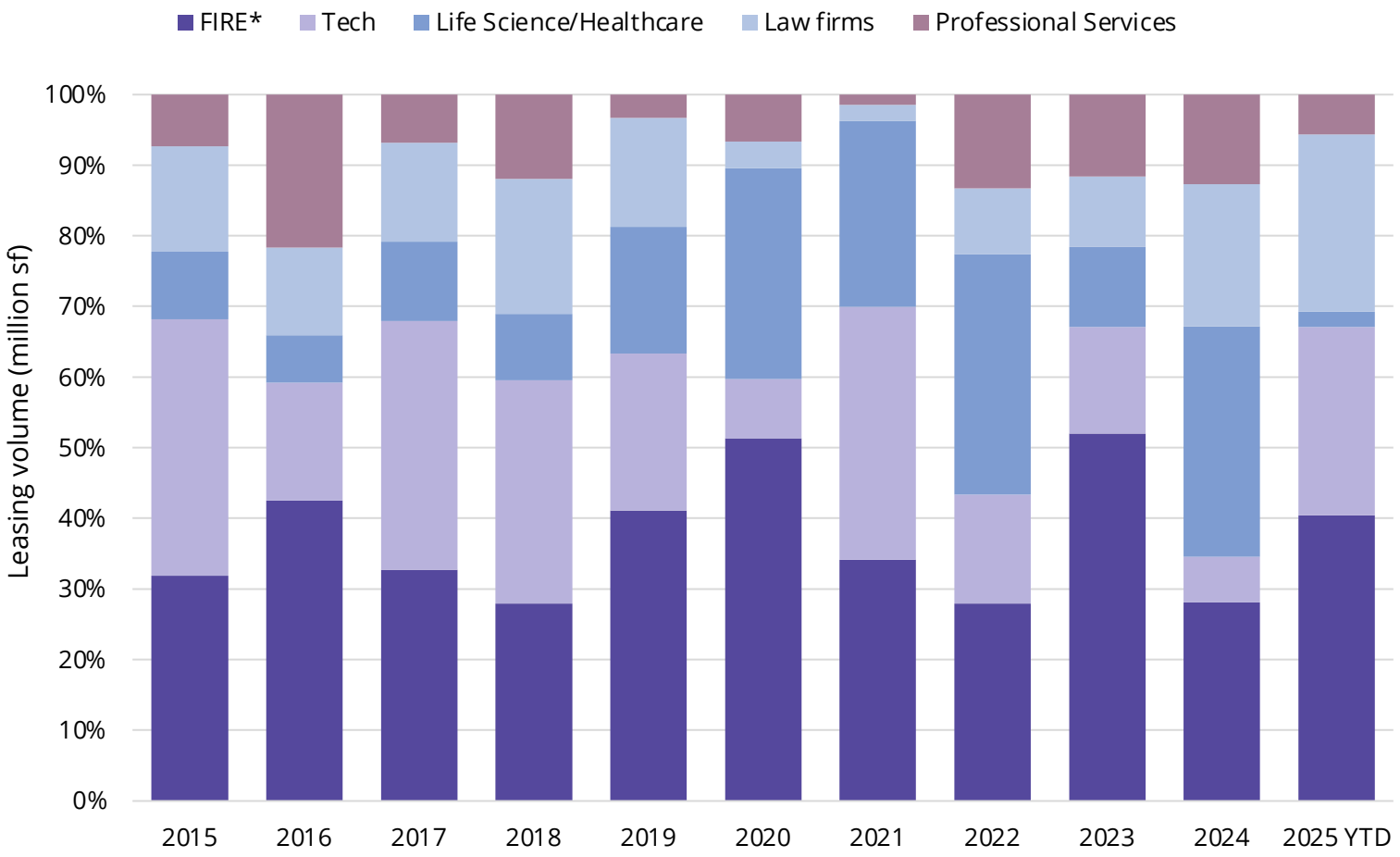
Greater Boston hiring efforts by market



Source: Avison Young Market Intelligence, Lightcast
Note: only includes non-remote unique* job postings for office-using* occupation categories (see glossary). Excludes postings from staffing companies. Excludes posting that do not specify years of experience required/preferred.

Hiring efforts for non-remote office-using occupations across Greater Boston remain below pre-pandemic levels. However, these hiring efforts have been trending upwards from late 2023.

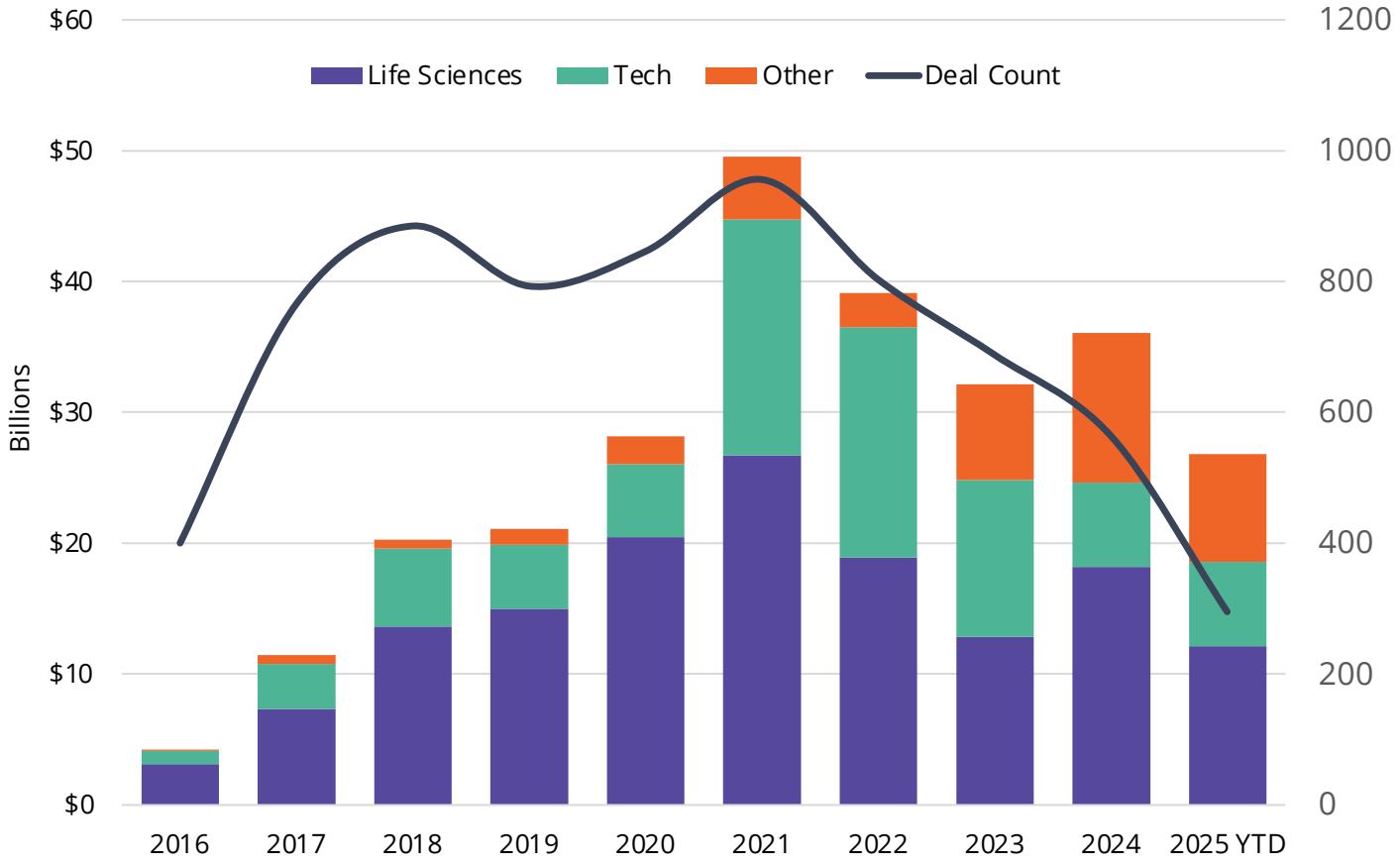
Boston leasing volume by major industry



Source: Avison Young Market Intelligence, CoStar
note: only includes deals above 10,000 sf, *denotes the finance, insurance, real estate sector

The FIRE and technology sectors have continued to lead leasing activity in Boston throughout 2025, with law firms increasingly contributing to leasing demand year-to-date.

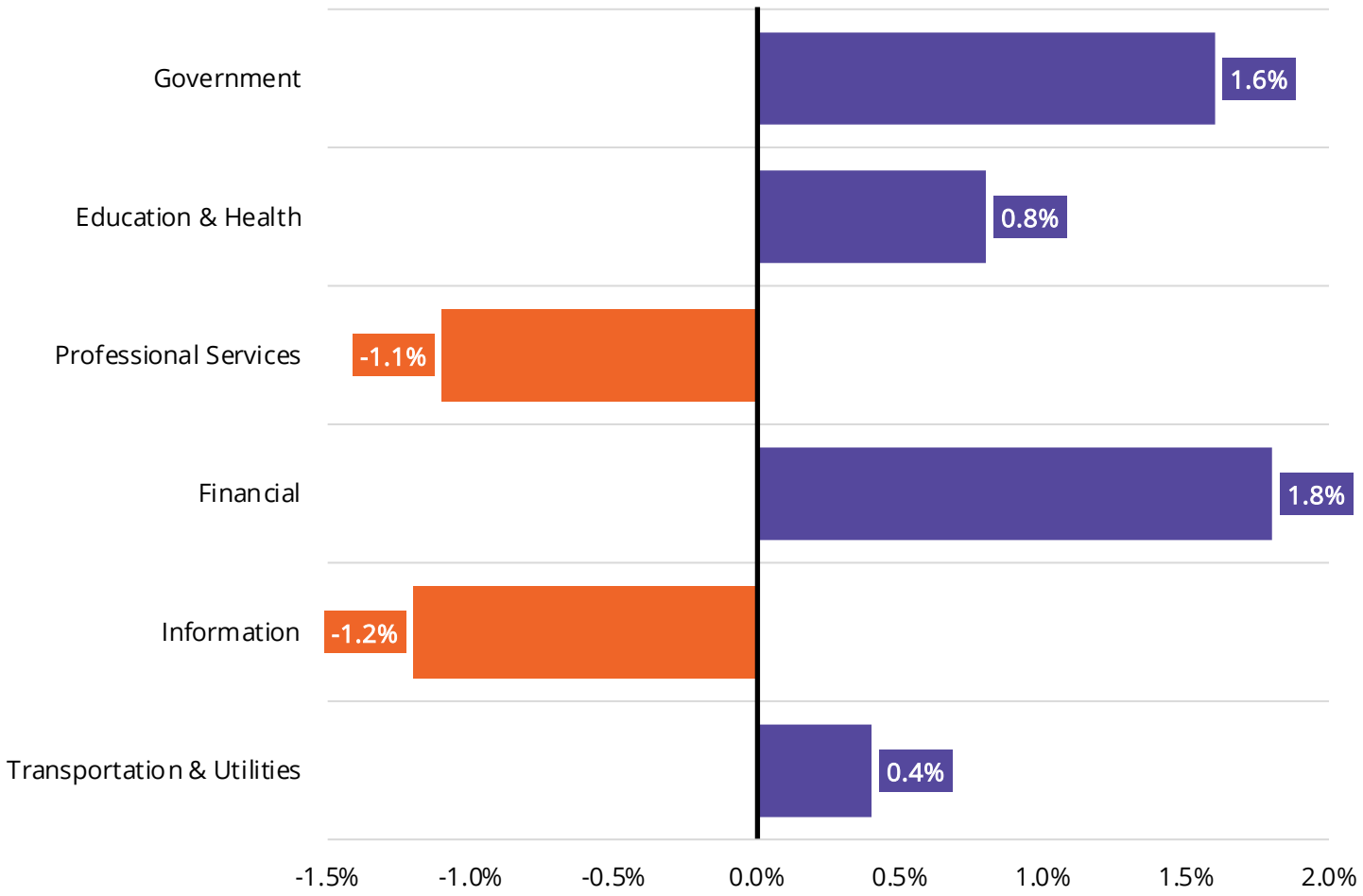
Boston venture capital funding



Source: Avison Young Market Intelligence, Crunchbase
Note: "Other" includes defense, FIRE, professional services, education, architecture, consumer products, media, and nonprofit industries
Funding types excluded: convertible note debt financing, & non-equity assistance

Venture capital funding in Boston remains subdued in 2025, with 295 deals recorded year-to-date. Life sciences continue to dominate funding recipients, securing $12.11 billion so far this year, while technology and other sectors have attracted $6.46 billion and $8.24 billion, respectively. Despite a decline in deal volume, total funding is projected to approach levels similar to those seen in 2024.

Greater Boston 12-month change in jobs

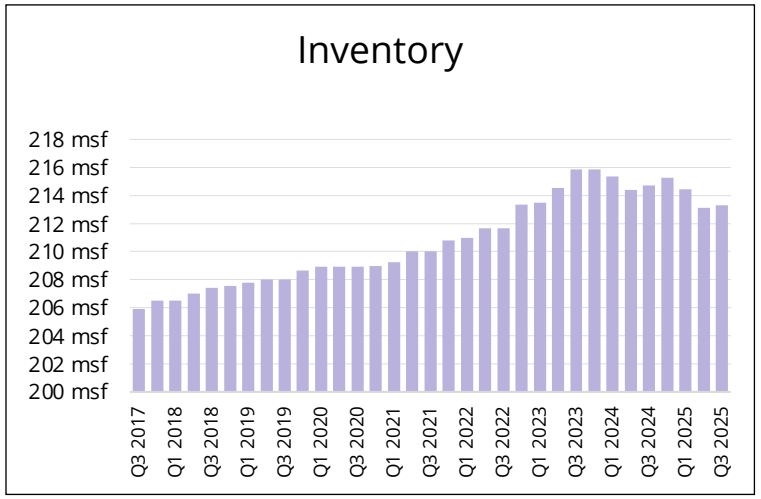


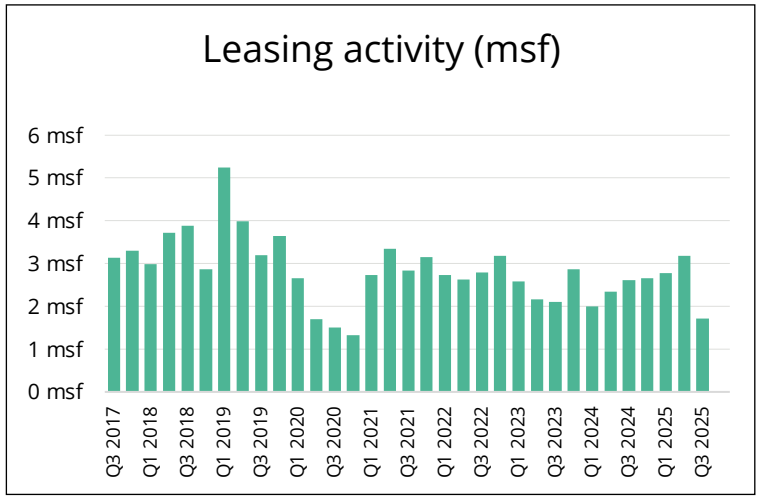
Source: Avison Young Market Intelligence, Bureau of labor Statistics (BLS)
Note: data is current as of August 2025

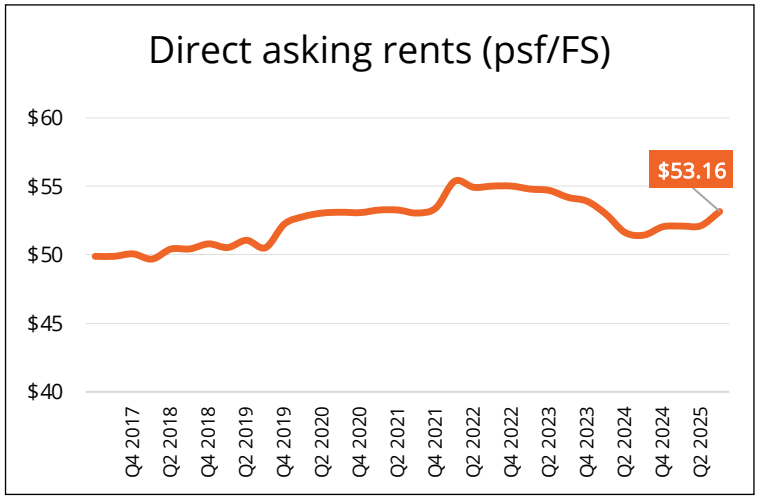
Greater Boston has experienced positive job growth over the past twelve months, with notable expansion in the finance and government sectors driving demand for office space. However, employment gains in the professional services and information industries have lagged overall growth.

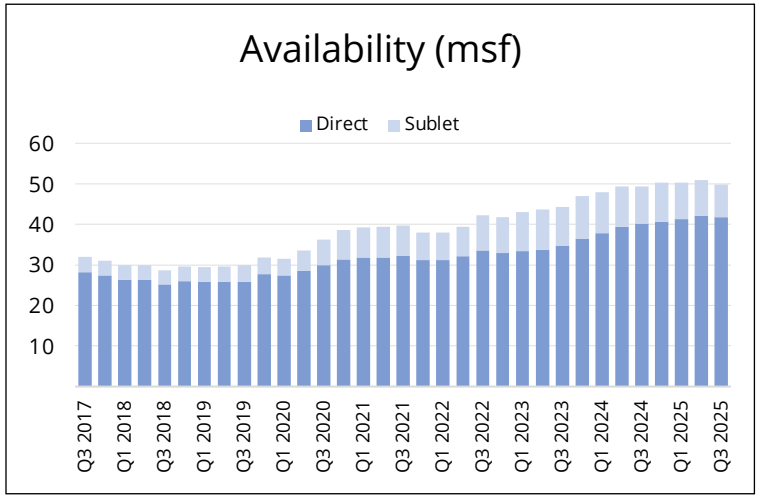
Appendix

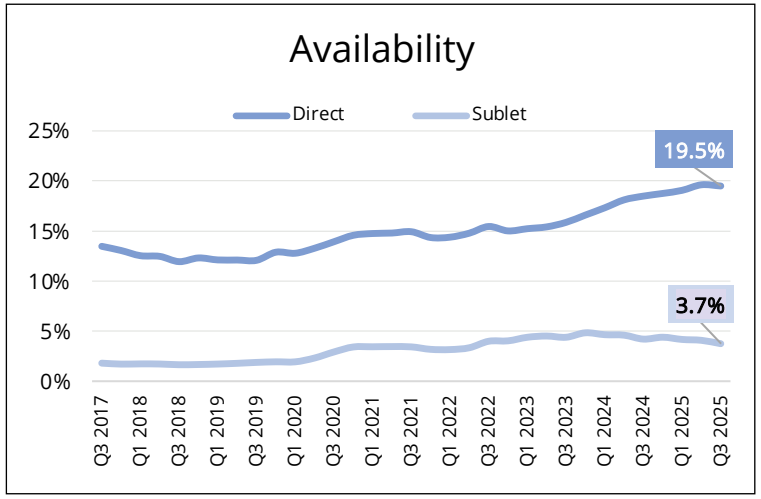
Greater Boston office market indicators

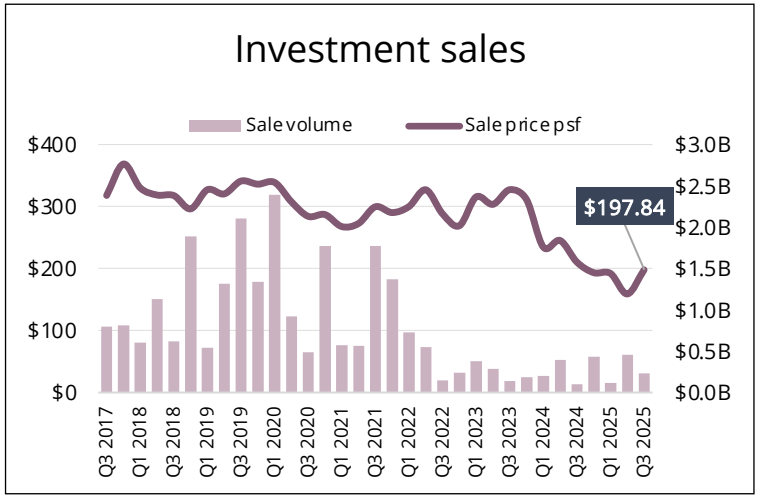












Source: Avison Young Market Intelligence, CoStar

Boston office market activity

Notable leases

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Hasbro	400 Summer St	Seaport	Sep 2025	265,000	New	Direct
Global Atlantic (KKR)	1 International Pl	CBD	Sep 2025	132,529	New	Direct
Datadog	225 Franklin St	CBD	Aug 2025	125,000	Expansion	Direct
Schnider Electric	115 Federal St	CBD	Aug 2025	74,653	New	Direct

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Tritower Financial Group	1 Bowdoin Sq, Boston	Jul 2025	152,703	$28,000,000	$183	New York Life
R.J. Kelly	226 Causeway St, Boston	Sep 2025	225,000	$25,000,000	$107	Rockpoint Group
North Colony Asset Management	222 Third St, Cambridge	Jul 2025	114,712	$24,000,000	$209	Rockpoint Group
Lincoln Property Company	130 Turner St, Waltham	Jul 2025	168,337	$15,713,353	$93	Jumbo Capital
Rhino Capital	1 Executive Dr, Chelmsford	Aug 2025	111,454	$11,500,000	$103	Foxfield

Notable Development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
750 Atlantic Ave, Boston	Seaport	Q4 2025	700,000	16%	Hines
10 World Trade Ctr, Boston	Seaport	Q3 2025	570,515	0%	BGI

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	**77,868,574**	**700,000**	**19.2%**	**4.1%**	**23.3%**	**(0.3%)**	**(1,209)**	**(0.0%)**	**$68.34**
CBD	45,966,582	700,000	20.7%	3.1%	23.8%	(0.6%)	170,416	0.4%	$69.20
Back Bay	14,781,986	0	17.5%	4.4%	21.9%	0.8%	(167,023)	(1.1%)	$78.70
Seaport	11,730,765	0	18.0%	7.4%	25.4%	0.1%	(47,884)	(0.4%)	$59.30
North Station	4,019,415	0	16.0%	6.8%	22.8%	(2.3%)	15,607	0.4%	$53.40
Fenway/Kenmore	1,369,826	0	3.1%	3.6%	6.7%	(1.7%)	27,675	2.0%	$48.68
Cambridge Total	**11,847,555**	**0**	**17.4%**	**6.6%**	**24.%**	**3.1%**	**(251,842)**	**(2.1%)**	**$72.23**
East Cambridge	8,030,008	0	18.8%	6.7%	25.5%	1.3%	(65,772)	(0.8%)	$81.20
Central Cambridge	2,392,609	0	13.3%	3.8%	17.1%	1.5%	(57,363)	(2.4%)	$60.03
West Cambridge	1,424,938	0	16.3%	10.9%	27.2%	13.7%	(128,707)	(9.0%)	$42.15
Inner Suburbs	**16,036,425**	**0**	**14.9%**	**2.8%**	**17.7%**	**0.6%**	**92,337**	**0.6%**	**$38.14**
Near North	7,754,583	0	19.5%	4.7%	24.2%	0.0%	(11,360)	(0.1%)	$40.20
Brookline/Watertown	4,049,736	0	10.2%	1.7%	11.9%	(0.2%)	40,176	1.0%	$37.85
Crosstown Corridor	3,925,636	0	10.3%	0.5%	10.8%	(1.3%)	70,045	1.8%	$34.70
Southie	306,470	0	18.5%	0.5%	19.0%	6.0%	(6,524)	(2.1%)	$34.01
128 Belt	**55,028,512**	**0**	**20.2%**	**3.6%**	**23.8%**	**0.9%**	**(83,898)**	**(0.2%)**	**$31.80**
128 North	18,932,880	0	17.6%	3.3%	20.9%	(0.3%)	134,752	0.7%	$31.60
128 West	21,320,454	0	22.3%	4.5%	26.8%	1.2%	(30,583)	(0.1%)	$36.02
128 South	12,630,302	0	22.6%	3.3%	25.9%	2.9%	(224,054)	(1.8%)	$26.75
South Shore	2,144,876	0	8.8%	2.3%	11.1%	(4.9%)	35,987	1.7%	$21.24
495 Belt	**52,517,912**	**0**	**21.2%**	**2.9%**	**24.1%**	**1.1%**	**125,767**	**0.2%**	**$22.84**
495 Northeast	10,003,870	0	24.1%	0.6%	24.7%	3.0%	(69,322)	(0.7%)	$22.22
Route 3 North	15,435,449	0	21.3%	5.2%	26.5%	0.3%	151,779	1.0%	$25.19
Route 2 West	6,328,318	0	26.8%	0.3%	27.1%	(0.2%)	(57,803)	(0.9%)	$23.05
495 Mass Pike West	10,001,305	0	21.2%	3.9%	25.1%	2.1%	92,216	0.9%	$21.10
Framingham/Natick	4,502,925	0	23.4%	1.1%	24.5%	(2.7%)	24,638	0.5%	$23.05
495 South	6,246,045	0	8.2%	2.7%	10.9%	1.3%	(15,741)	(0.3%)	$20.45
Greater Boston Total	**213,298,978**	**700,000**	**19.5%**	**3.7%**	**23.2%**	**0.5%**	**(118,845)**	**0.1%**	**$53.16**

Source: Avison Young Market Intelligence, CoStar
Excludes East Boston

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	11,050,406	570,515	700,000	21.0%	4.8%	25.9%	61,334	0.6%	$104.12
Class A	97,468,919	231,633	0	23.7%	5.1%	28.7%	(161,762)	-0.2%	$66.93
Class B & C	104,779,653	0	0	15.9%	2.4%	18.0%	(18,417)	0.0%	$34.97
Market Total	**213,298,978**	**802,148**	**700,000**	**19.5%**	**3.7%**	**23.2%**	**(118,845)**	**0.1%**	**$53.16**

Source: Avison Young Market Intelligence, CoStar
Excludes East Boston

Greater Boston submarkets map

MAP KEY

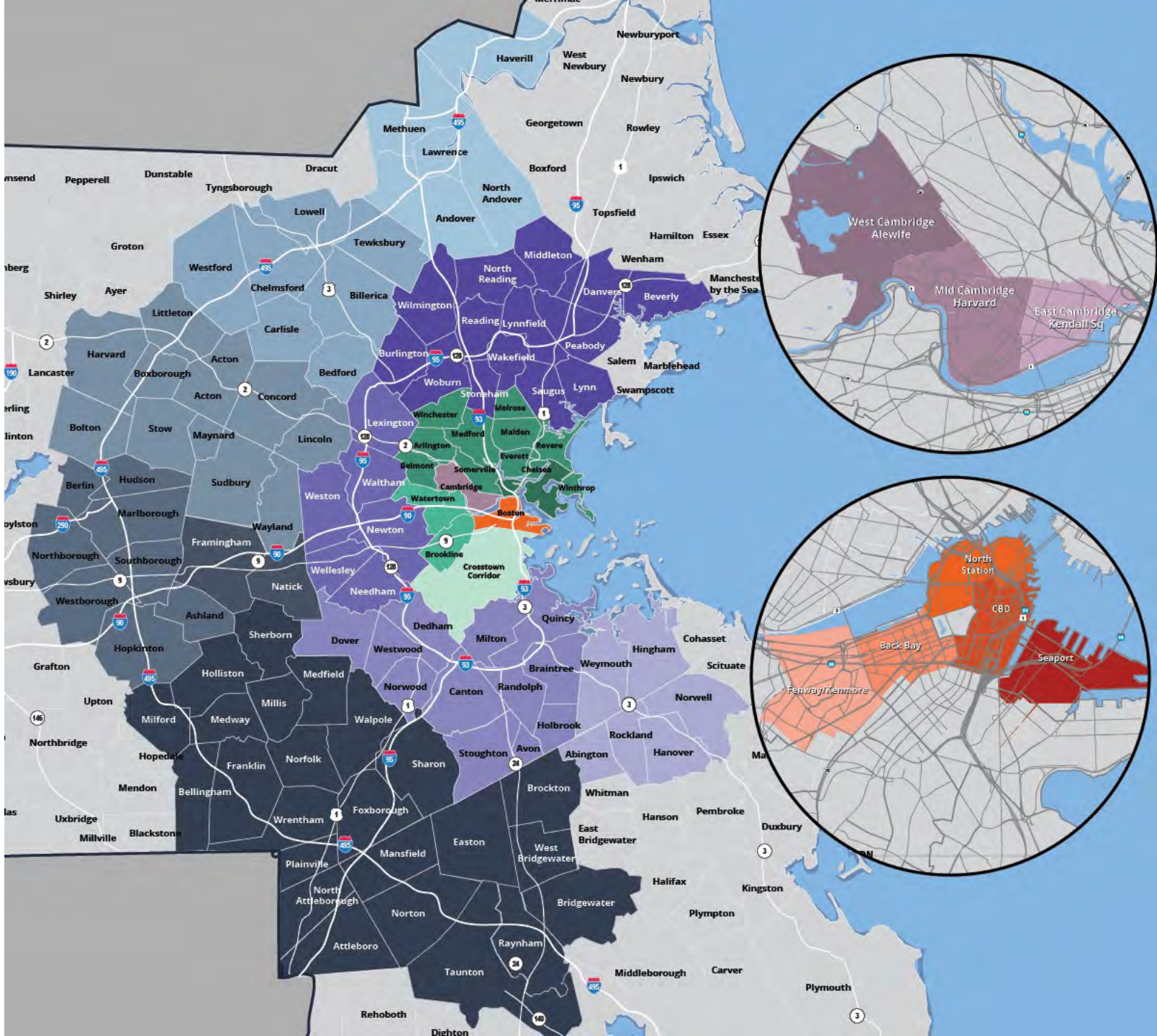
Boston
- Seaport
- CBD
- North Station
- Back Bay
- Fenway/Kemore

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



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

Job postings

- **Unique job postings:** accounts for a single position available at a company to control for the same position posted across multiple third-party sites.
- **Office-using occupation groups:** management, business and finance, computer and mathematics, architecture and engineering, life, physical, and social sciences, legal, sales, and office administration.

Viewpoints

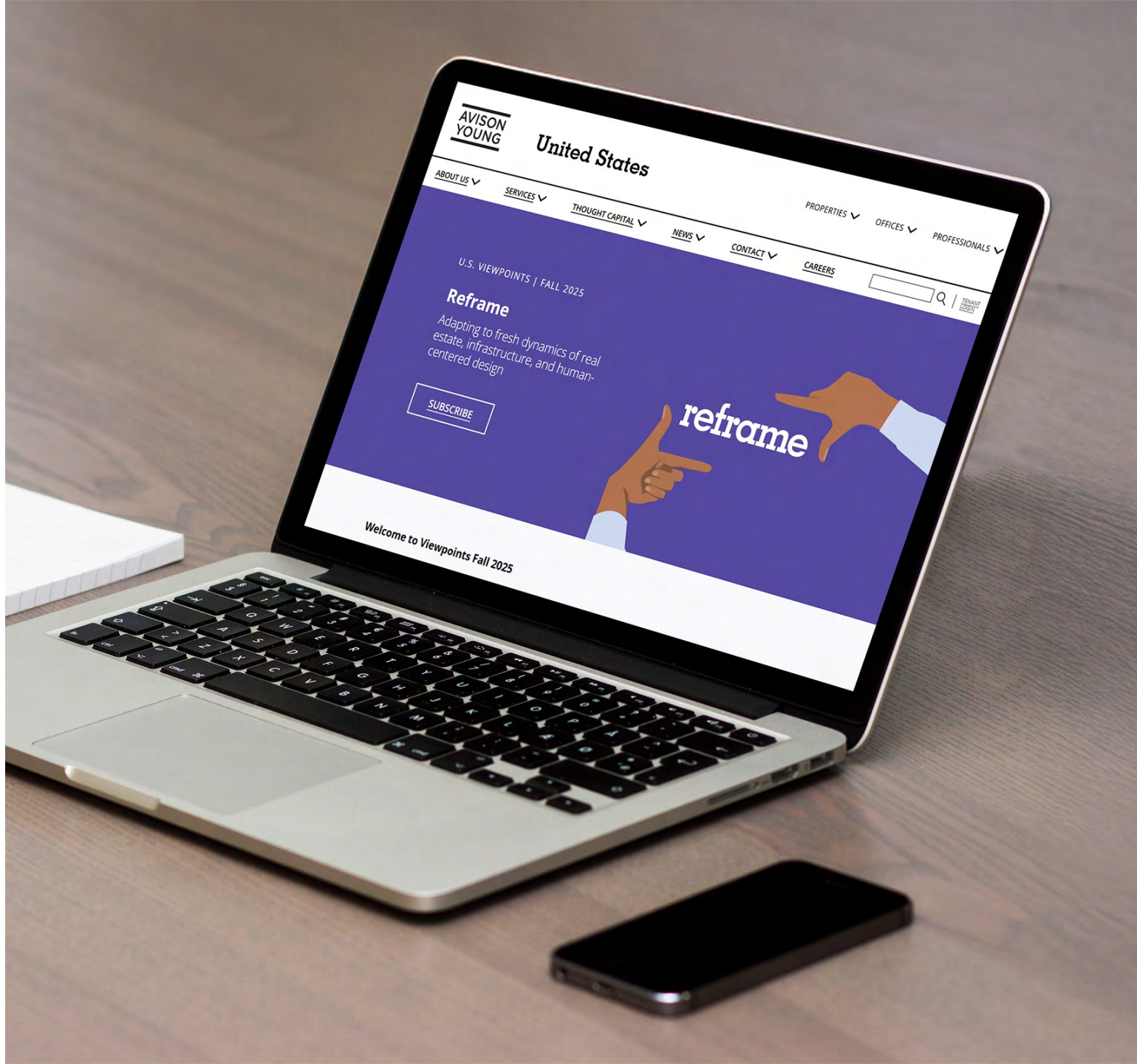
U.S. | Fall 2025

Reframe

This season is all about adapting to fresh dynamics of real estate, infrastructure, and human-centered design.

Learn more from our experts in Avison Young's Fall 2025 edition of **Viewpoints**.

Learn more



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