



Greater Boston industrial/flex market report

Q1 2025

**AVISON
YOUNG**

Greater Boston industrial/flex market trends

10,123 sf

Average industrial/flex lease size

The Greater Boston industrial/flex occupier market experienced a slowdown in Q1 2025, with the average lease size decreasing from 17,633 sf to 10,123 sf. Despite this, the market saw a notable increase in transaction activity, with 23 additional leases signed in Q1 2025 compared to Q4 2024.

\$362M

Aggregate industrial/flex sales dollar volume

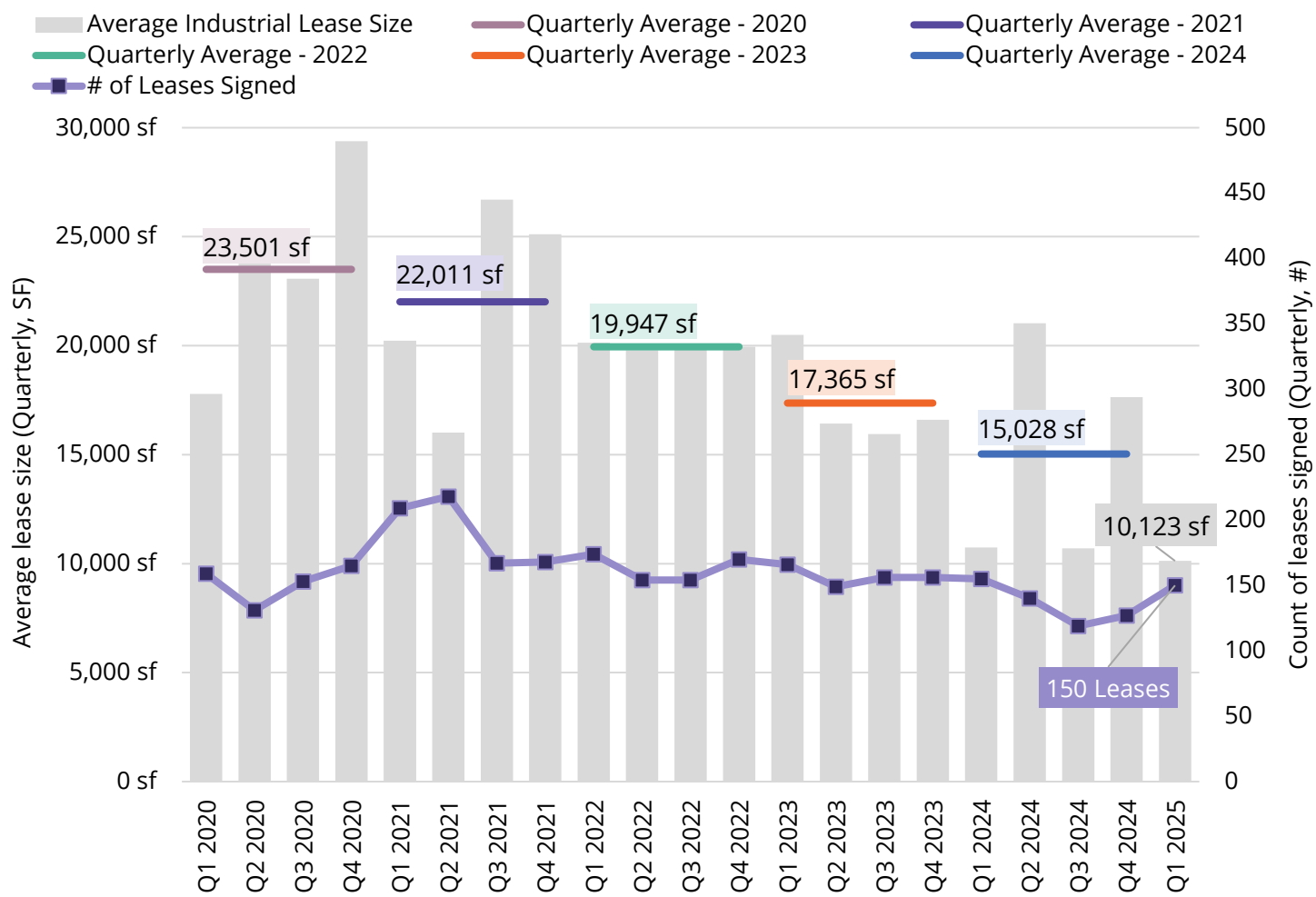
In Q1 2025, Greater Boston logged \$362 million in total industrial/flex sales volume. While manufacturing space noted a quarter over quarter decrease, other subtypes saw growth. Both warehouse/distribution and flex space saw a strong uptick in their quarterly sales volume, with warehouse/distribution space rising by \$38 million and flex space adding \$50 million when comparing Q4 2024 to Q1 2025.

\$15.01

Average NNN asking rents

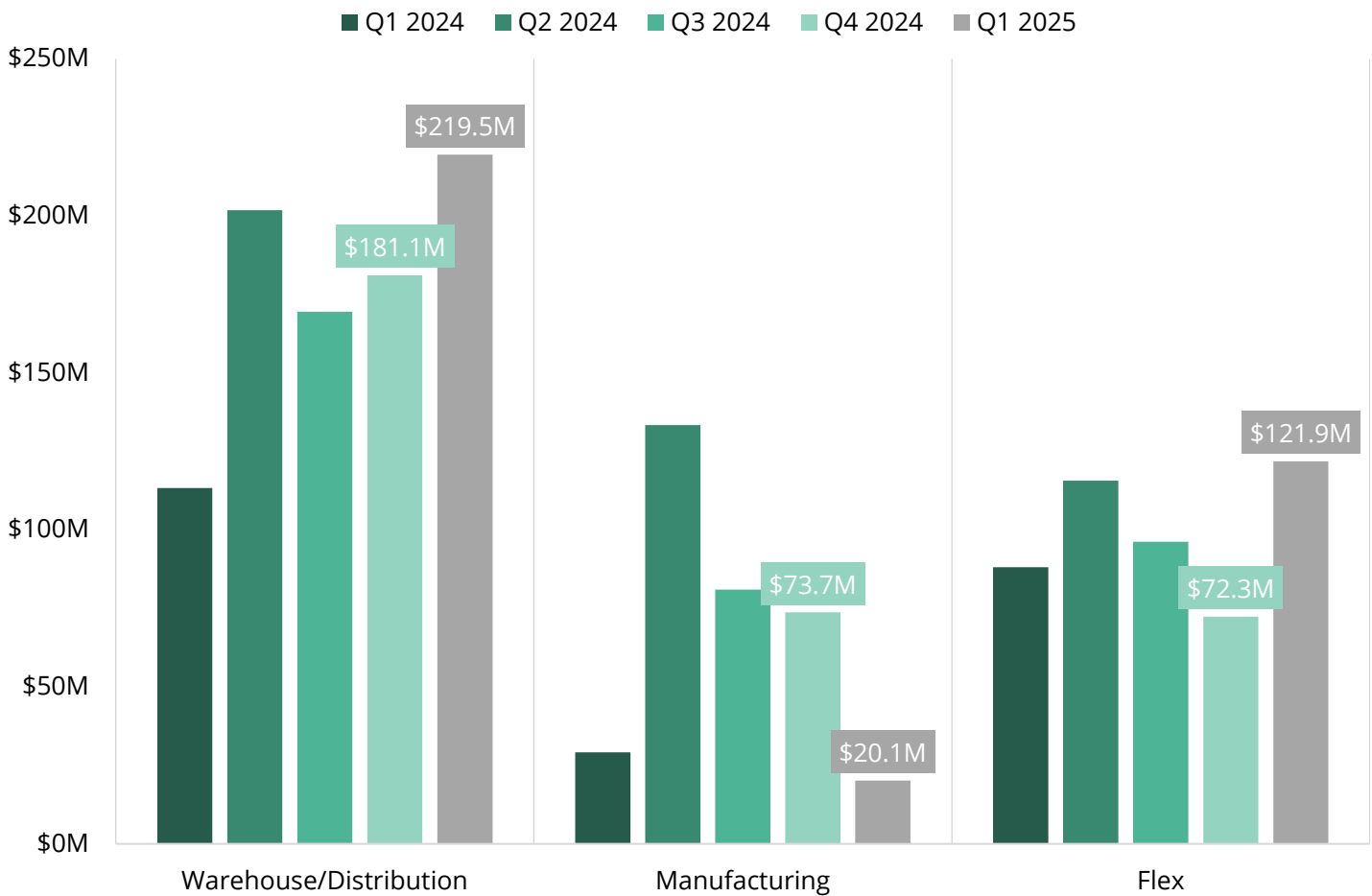
Industrial/flex pricing in Greater Boston has slowed to start 2025 due to a halted leasing market. Asking rents are expected to rise in the coming quarters, given construction starts remain at bay and existing space is leased up, applying downward pressure on vacancy rates.

Q-o-Q Transaction activity increases despite average lease size decreasing.



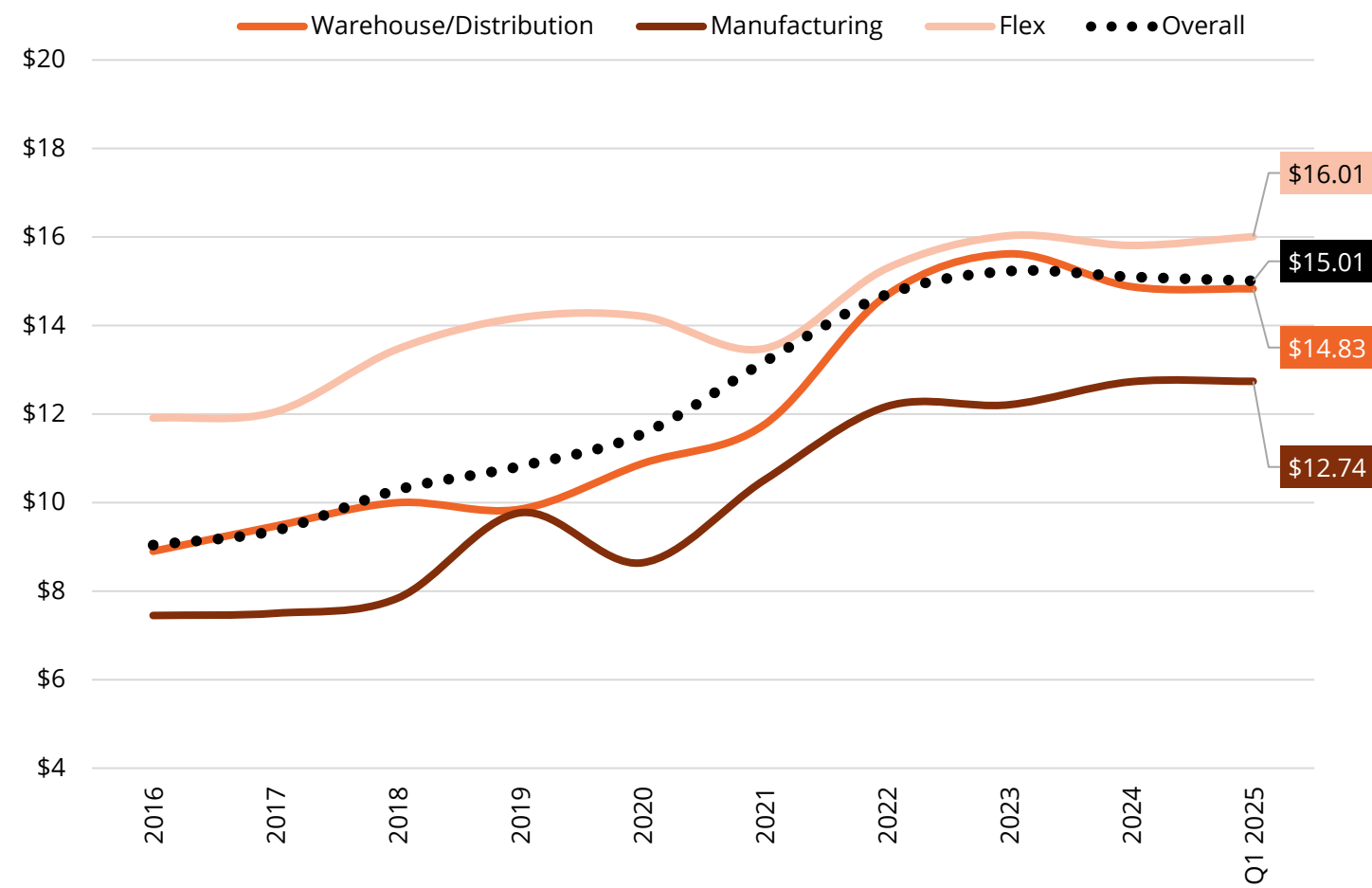
Although the average quarterly industrial/flex lease size declined significantly from Q4 2024 to Q1 2025, Greater Boston’s industrial market saw an increase in the total number of leases signed for the second consecutive quarter.

Warehouse & Flex space sees increased quarter-over-quarter sales activity.



Both warehouse/distribution and flex space recorded a quarter-over-quarter increase in total sales dollar volume, with both subtypes achieving their highest quarterly figure over the past 5 quarters.

Flex space continues to lead all subtypes in average (NNN) asking rents.



As of Q1 2025, flex space remains the most expensive industrial property subtype. In contrast, rental rate growth for both manufacturing and warehouse/distribution space has tapered off since the start of the year.

Supply Snapshot



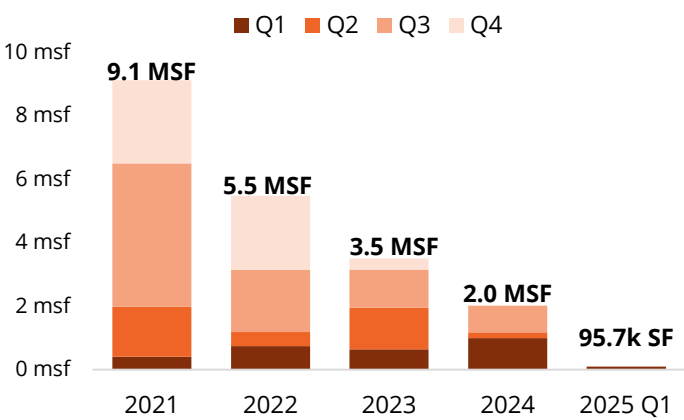
Greater Boston industrial/flex pipeline overview

2.23 msf

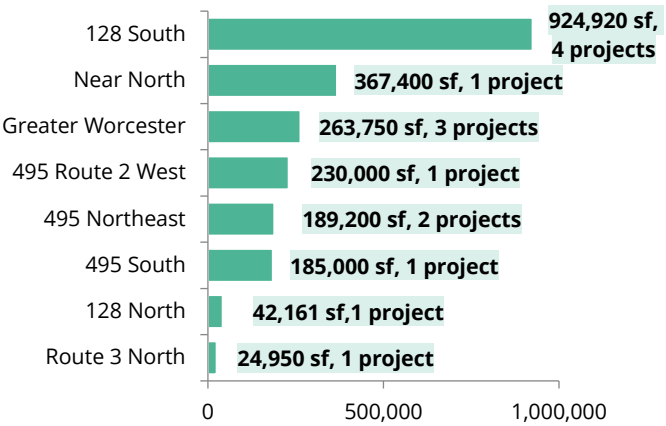
Total industrial/flex inventory currently under construction.

As of Q1 2025, Greater Boston’s industrial/flex market noted 2.23 msf of inventory under construction, with the majority concentrated in the 128 South submarket – one of the region’s strongest industrial hubs. Warehouse/distribution space makes up over half of the pipeline, accounting for just over 1.2 msf (under construction). With much of the current availability located in recently delivered facilities, developers remain cautious about launching new projects. This hesitancy has resulted in a notable slowdown in construction starts, with Q1 2025 recording just one groundbreaking, totaling 95,700 sf.

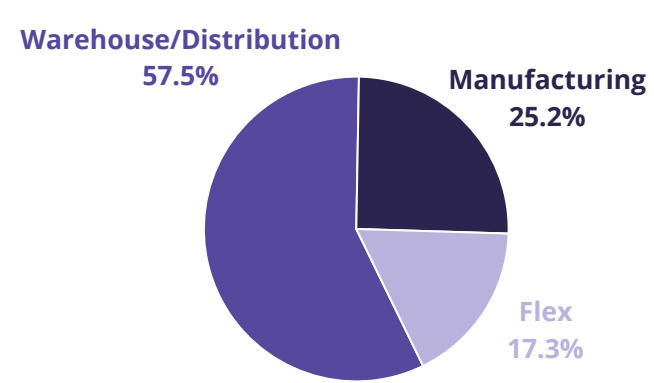
Annual Construction Starts



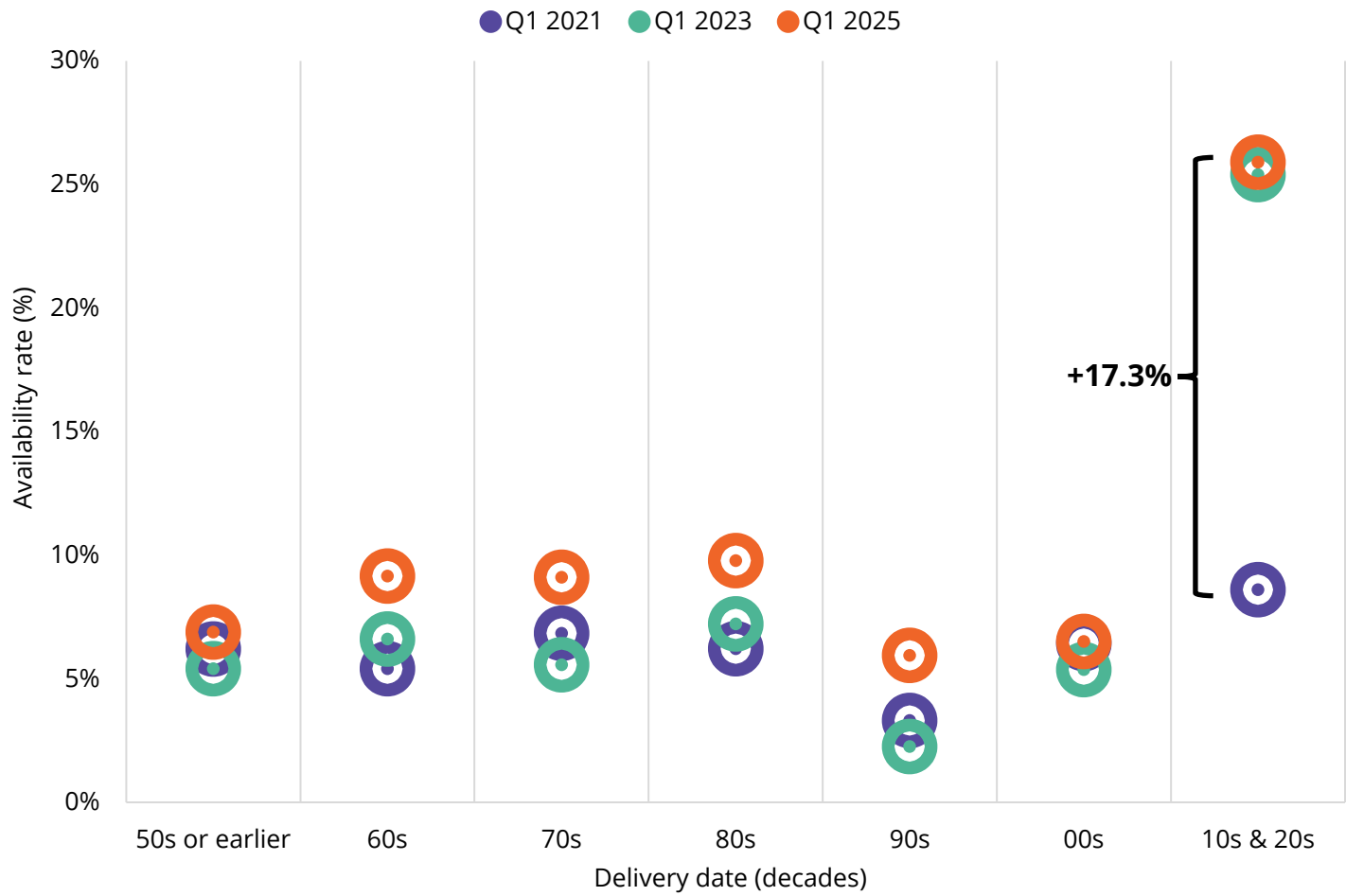
Under Construction Inventory: By Submarket (SF)



Under Construction Inventory: By Subtype (% Share)



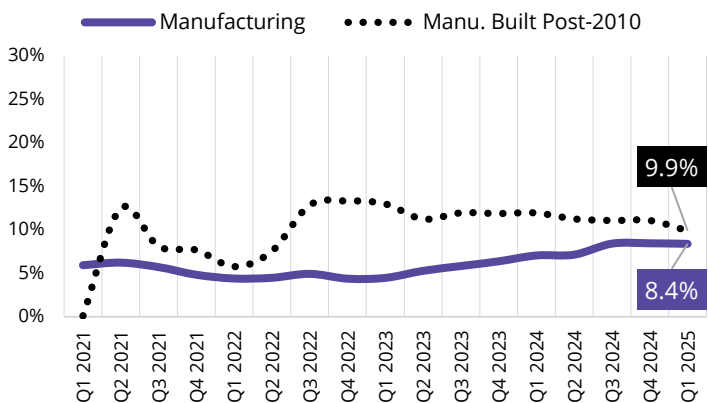
Industrial/flex availability concentrated in newer facilities.



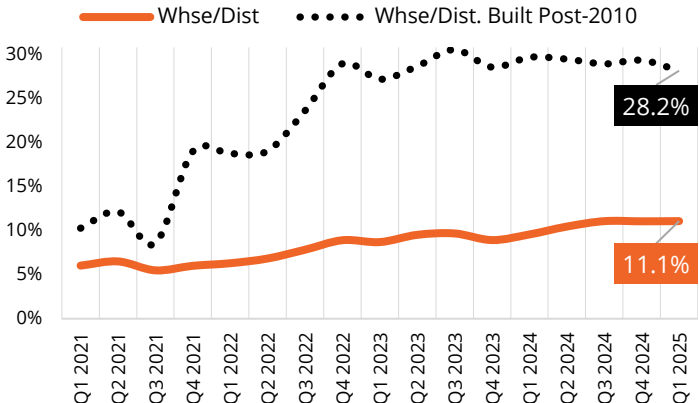
In Greater Boston, industrial/flex properties delivered since 2010 have experienced a sharp increase in availability between Q1 2021 and Q1 2025. As a result, construction starts have slowed, with owners/developers focused on leasing up existing space before initiating new projects.

Significant availability concentrated in post 2010 product.

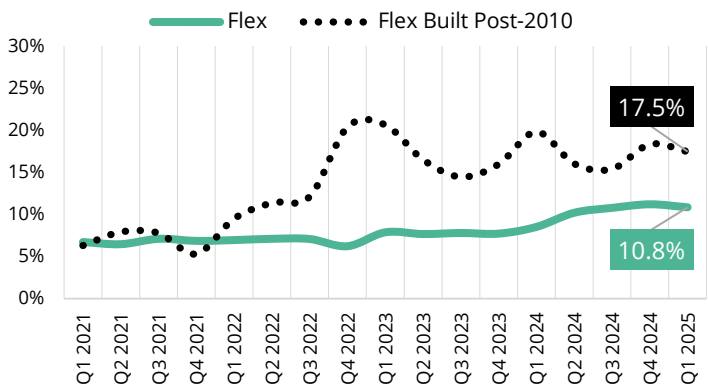
Manufacturing



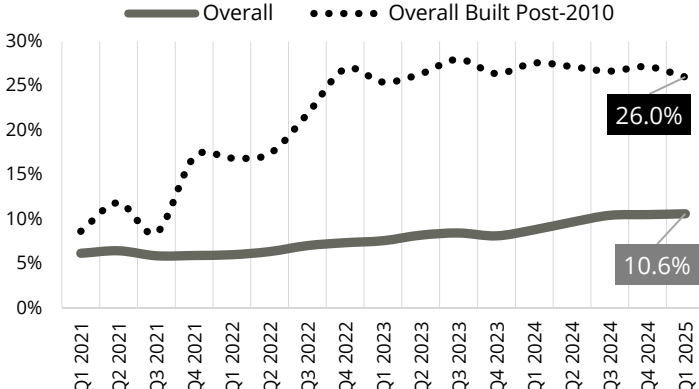
Warehouse/Distribution



Flex



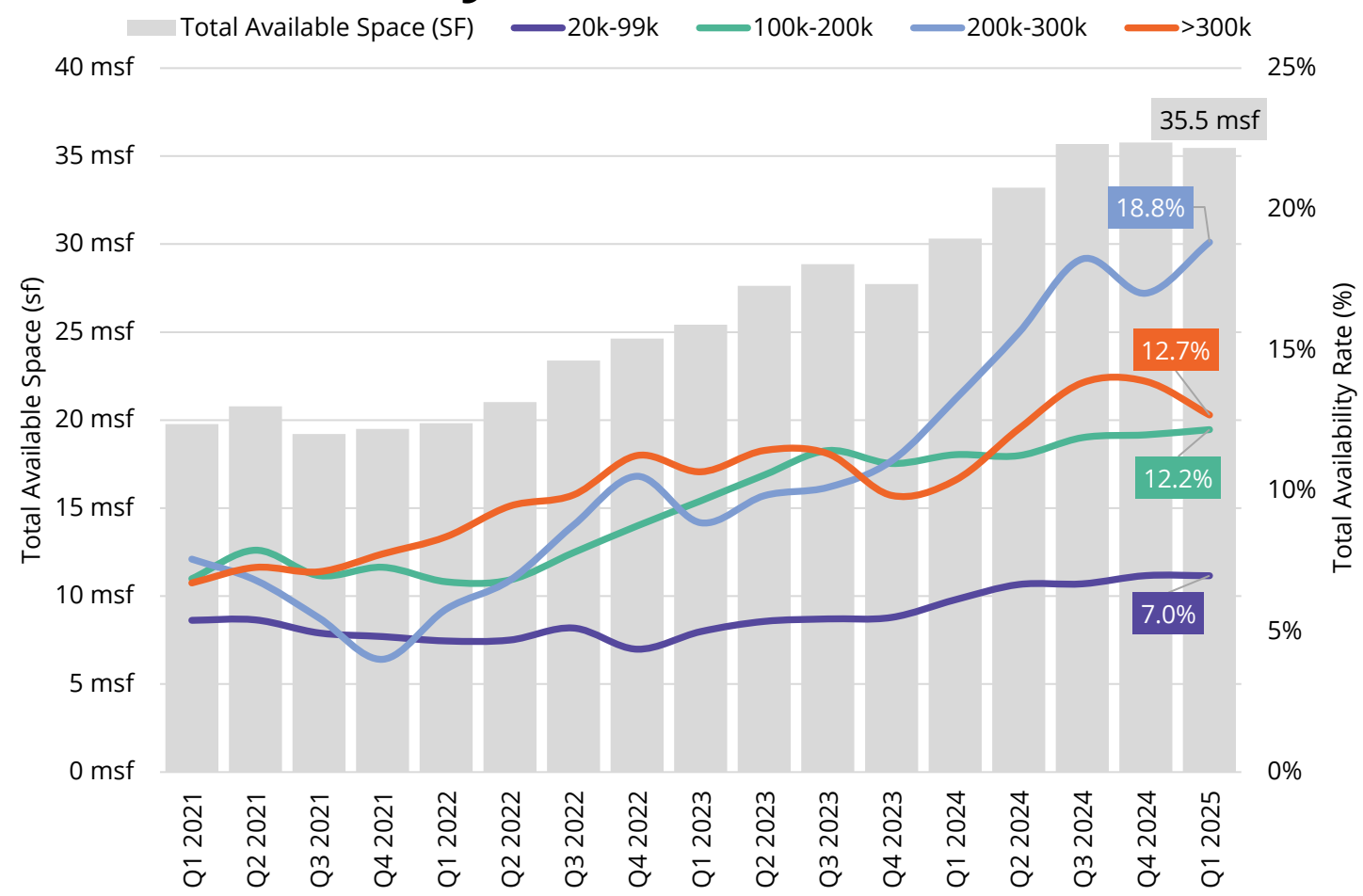
Total



Recently delivered flex and warehouse space continues to drive availability rates in facilities delivered post-2010. In contrast, newly built manufacturing space has shown the opposite trend, with faster lease-up rates.

Source: Avison Young Market Intelligence, CoStar
Note: Post-2010 figures only account for availability in Existing inventory.

20-99k sf industrial space posts lowest total availability

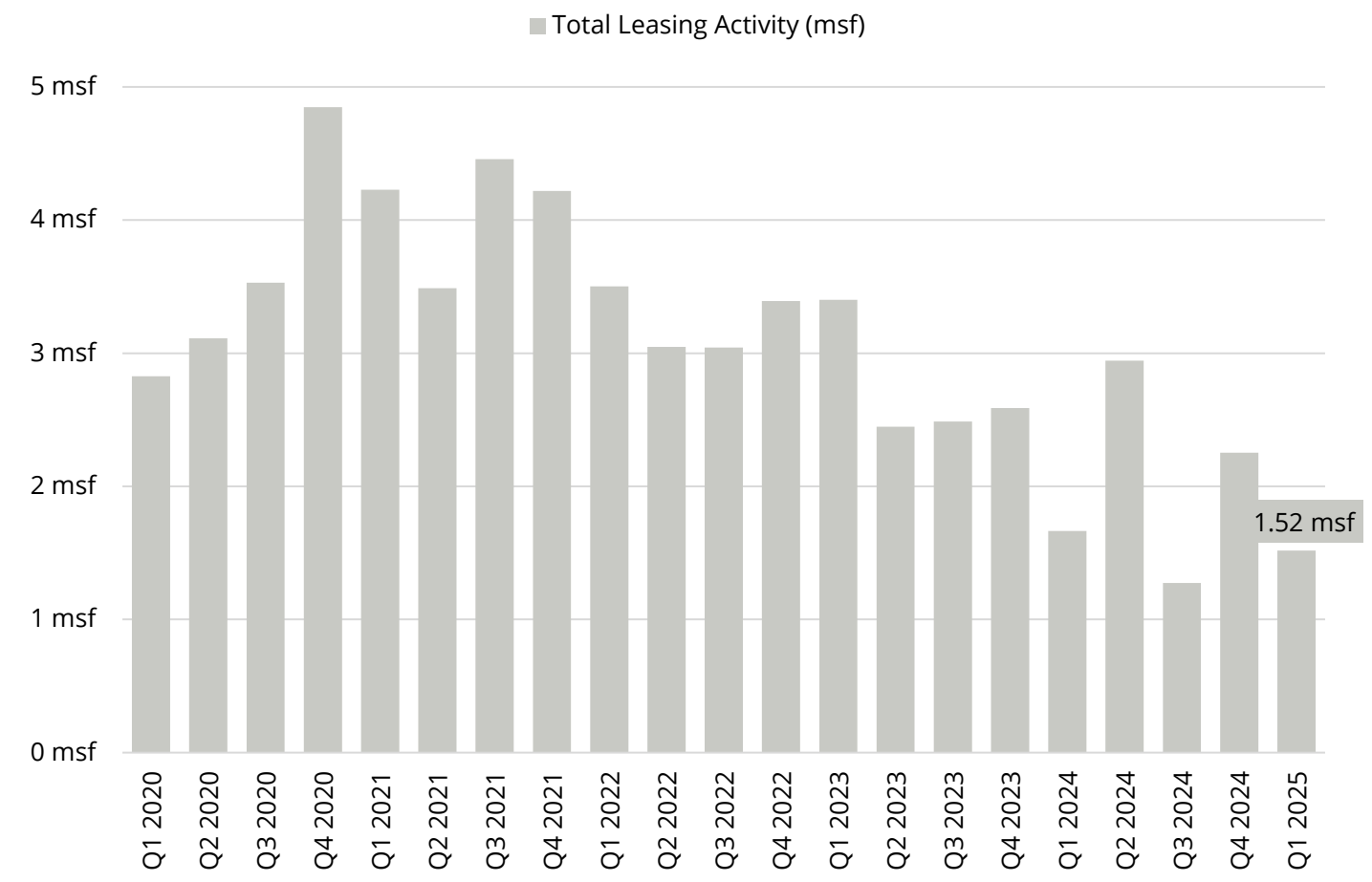


Industrial/flex buildings ranging from 20,000 to 99,000 sf continued to demonstrate strong demand throughout Q1 2025. As the only size tranche to maintain a single-digit availability rate since 2021, these facilities continue to prove why they are the lifeblood of the Greater Boston industrial/flex market.

Demand Drivers

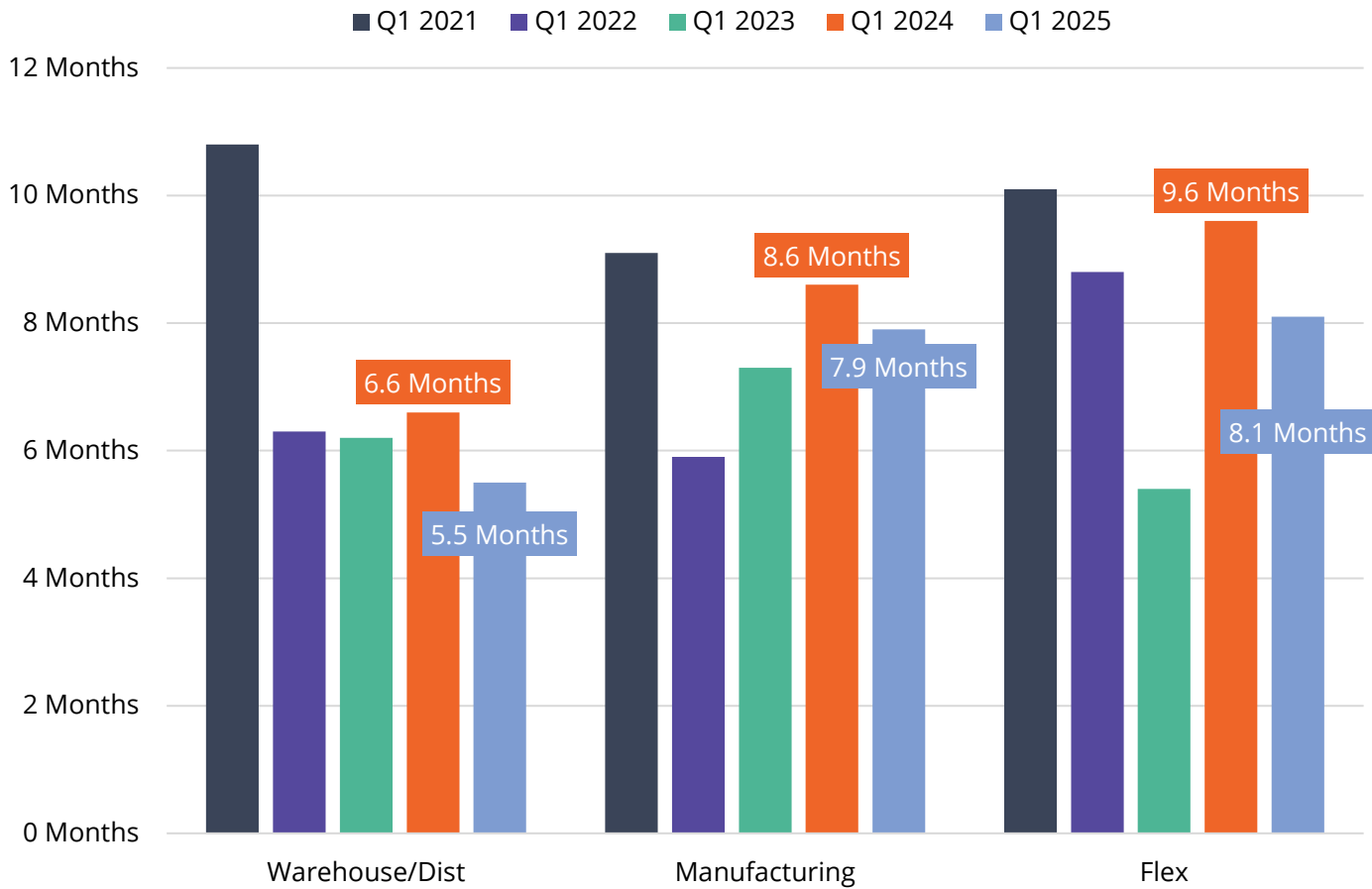


Quarterly leasing activity notes Q-o-Q decrease of over 700k sf



Total leasing activity has gradually declined since late 2020. As the industrial/flex market enters a period of correction, leasing activity is expected to remain on par with values logged in the past 4 quarters.

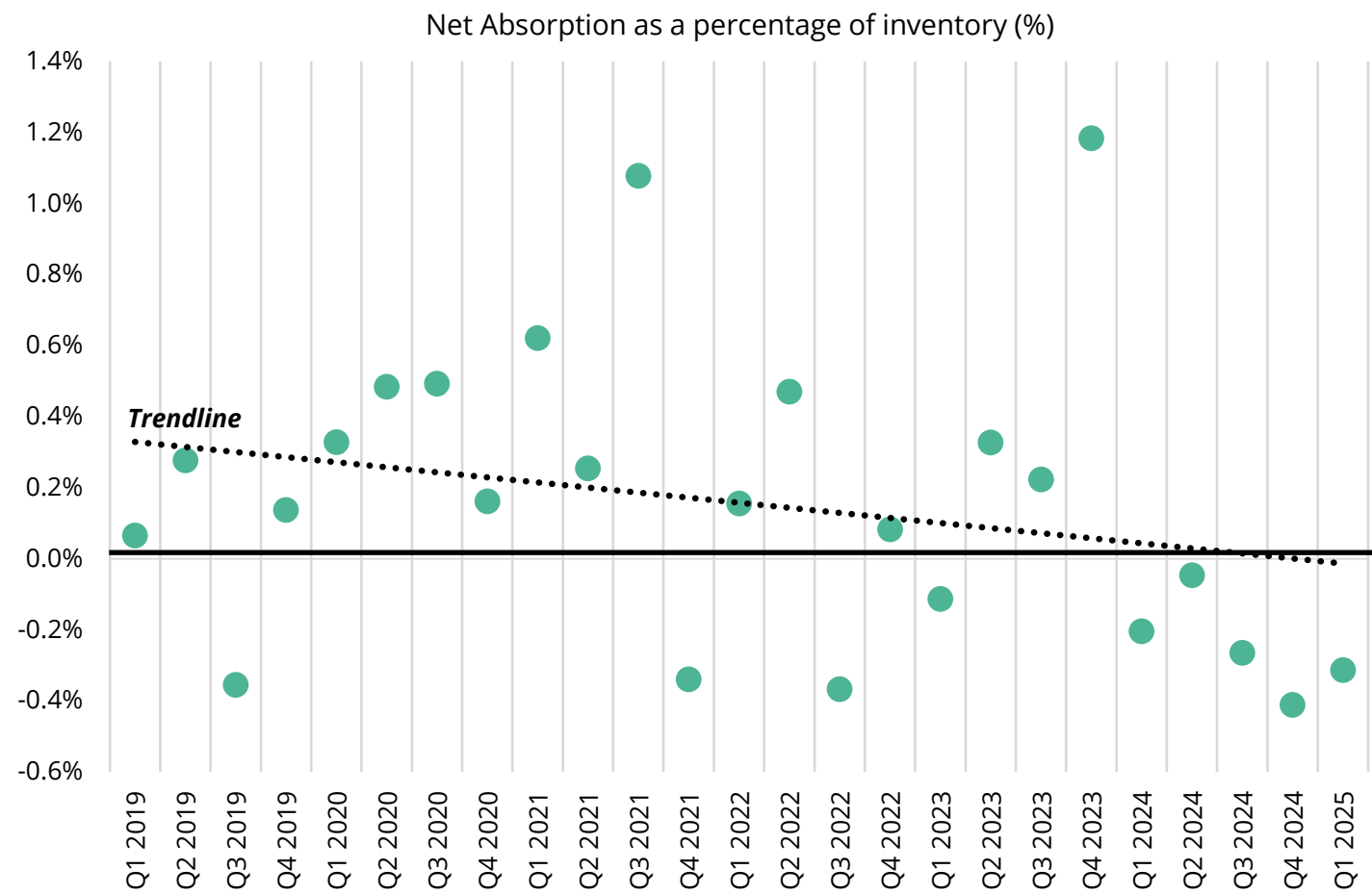
All subtypes see decreased time to lease comparing Q1 2024 to Q1 2025



Despite a notable decline in total leased square footage as well as average lease size, all industrial/flex property subtypes recorded a quarter-over-quarter reduction in their time to lease up.

This is indicative of occupiers executing a higher volume of small-scale deals.

Industrial/flex total net absorption logs 5th consecutive negative quarter



After a robust Q4 2023, driven by the delivery of multiple fully leased properties, Greater Boston’s industrial/flex market has experienced five consecutive quarters of negative absorption.

Flex space sees strong increase in Q-o-Q share of total leasing activity.

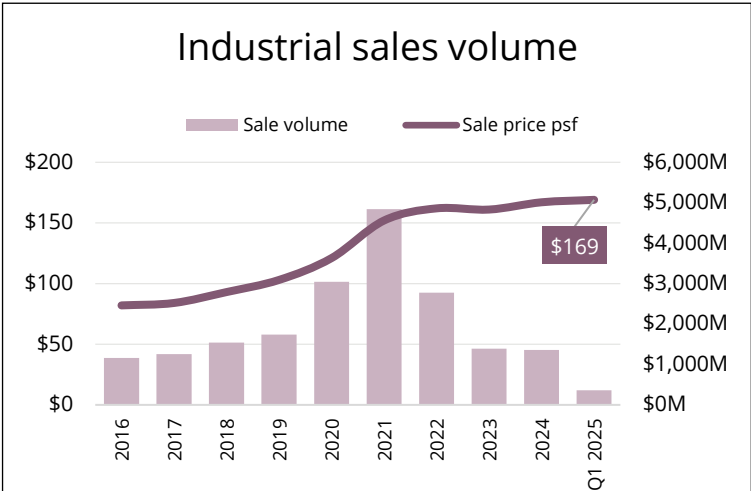
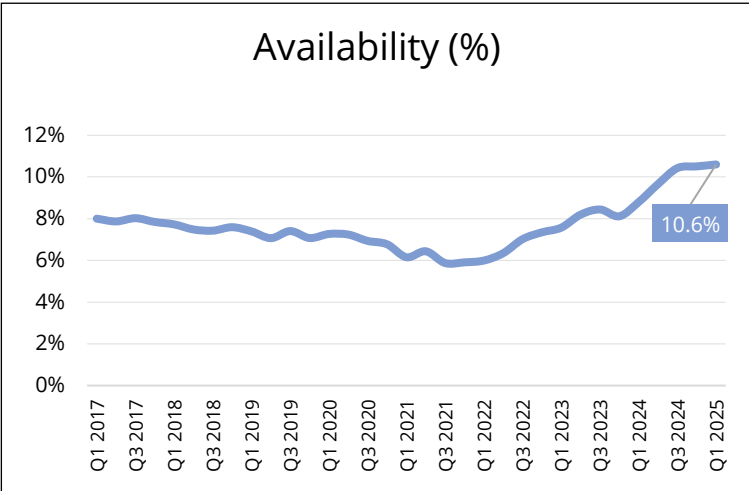
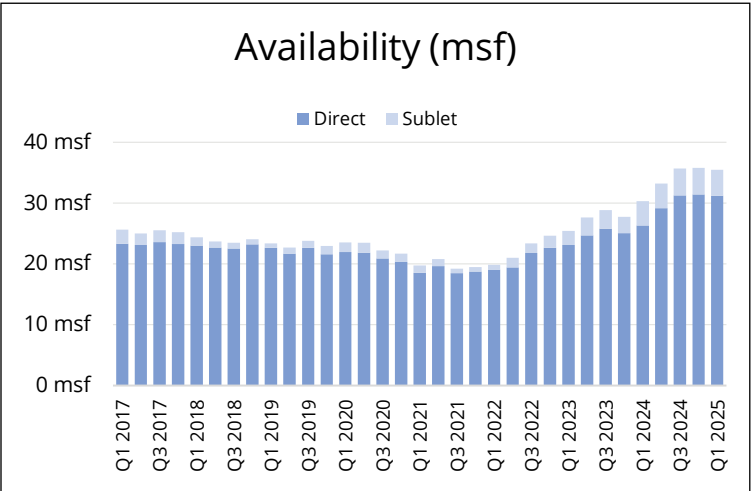
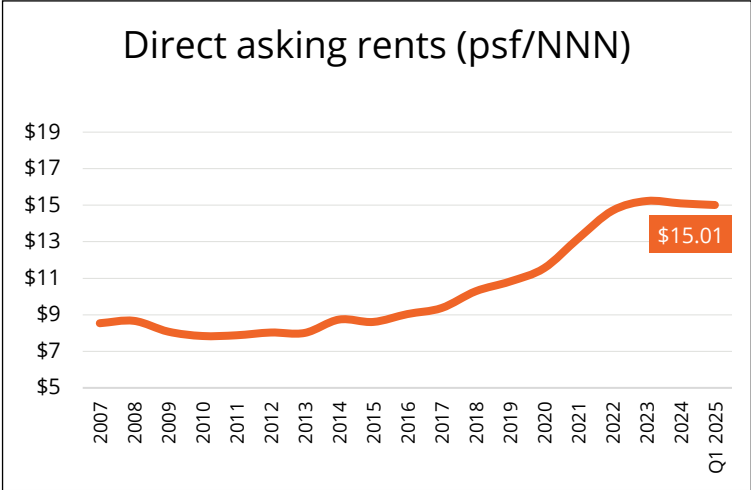
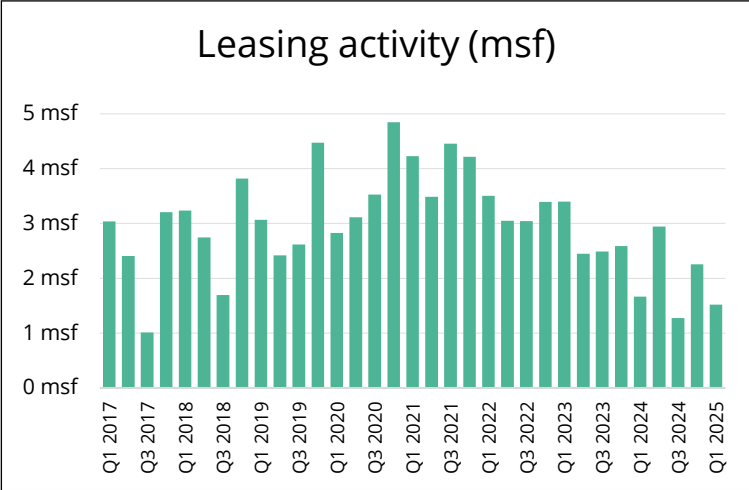
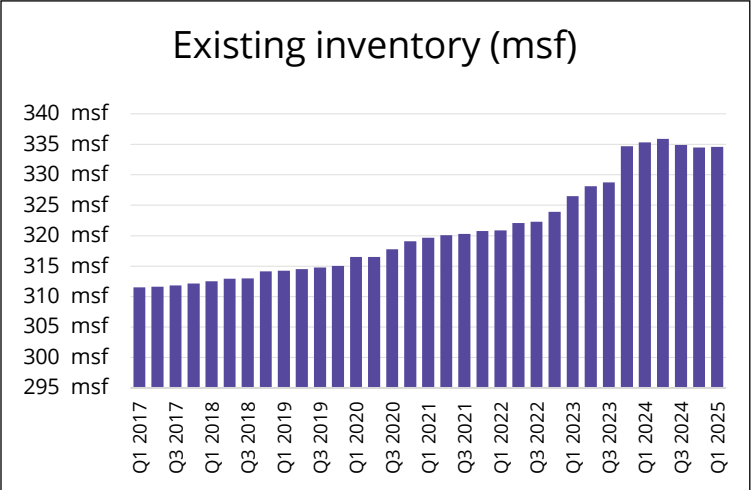


Flex space more than doubled its share of quarterly leasing activity from Q4 2024 to Q1 2025. This represents the largest proportion of activity for flex space since Q1 2022, with flex space accounting for 43.7% of the total leased square footage.

Appendix



Greater Boston industrial market indicators



Greater Boston industrial market activity

Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type
NEPW Logistics	66 Saratoga Blvd, Devens	495 Route 2 West	Mar 2025	81,000	Renewal
Teradyne	100-110 Fordham Rd, Wilmington	128 North	Feb 2025	80,200	New
MC Assembly	101 Billerica Ave, Billerica	Route 3 North	Mar 2025	57,990	Extension
Johnson-Lancaster	55 Constitution Dr, Taunton	495 South	Feb 2025	54,000	Renewal

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Rockpoint Group	40 Lackey Dam Rd, Douglas	Feb 2025	607,486	\$120,000,000	\$198	Scannell Properties
Ares Management	151 Charles F Colton Rd, Taunton	Jan 2025	198,720	\$44,250,000	\$223	Brookfield Asset Management
Jumbo Capital	26 Wiggins Ave, Bedford	Jan 2025	133,710	\$22,000,000	\$165	Cardinal Health

Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
25 Maple St – Building III, Stoughton	128 South	Q3 2025	411,930	0%	Brookfield Corporation
75 Jackson Rd, Devens	495 Route 2 West	Q3 2025	230,000	0%	King Street
600 Griffin Brook Dr, Methuen	495 Northeast	Q1 2026	95,700	0%	R.J. Kelly Company

Greater Boston industrial market stats

By Submarket	Existing Inventory	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (Quarterly)	Annual direct asking rent psf NNN
Urban Industrial	31,850,970	367,400	10.4%	0.1%	10.5%	2.3%	(0.4%)	\$25.31
128 Belt	83,635,803	967,081	8.5%	1.5%	10.0%	2.5%	(0.5%)	\$19.09
128 North	38,322,802	42,161	7.8%	1.2%	8.9%	1.7%	(0.8%)	\$21.21
128 West	5,097,629	0	5.5%	1.4%	6.9%	2.8%	(0.3%)	\$26.55
128 South	34,440,822	924,920	10.2%	1.6%	11.8%	3.3%	(0.3%)	\$15.43
South Shore	5,774,550	0	4.5%	2.5%	7.0%	0.0%	(0.1%)	\$16.39
495 Belt	158,573,441	629,150	8.8%	1.6%	10.4%	0.9%	(0.2%)	\$14.21
495 Northeast	26,065,008	189,200	4.3%	2.2%	6.5%	1.5%	0.0%	\$16.83
495 Route 2 West	9,837,511	230,000	9.7%	6.2%	15.9%	4.2%	(0.1%)	\$12.88
Route 3 North	21,593,342	24,950	10.9%	1.2%	12.1%	1.1%	(1.4%)	\$15.79
495 Mass Pike West	19,712,399	0	7.8%	0.4%	8.2%	0.2%	(0.1%)	\$14.02
Framingham/Natick	5,939,323	0	3.4%	0.0%	3.4%	1.0%	(0.1%)	\$13.61
495 South	75,425,858	185,000	10.3%	1.2%	11.5%	0.2%	0.1%	\$12.94
Greater Worcester	60,561,065	263,750	11.1%	0.8%	11.9%	2.1%	(0.4%)	\$10.78
Greater Boston Total	334,621,279	2,227,381	9.3%	1.3%	10.6%	1.6%	(0.3%)	\$15.01

Greater Boston industrial market stats by property subtype

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total Availability	Net absorption % of inventory (Quarterly)	Q1 2025 Average asking rent (NNN)
Distribution	47,815,846	-	1,106,070	18.3%	2.1%	20.4%	0.2%	\$14.46
General Warehouse	145,579,012	177,256	174,950	7.4%	0.7%	8.1%	(0.5%)	\$15.13
Manufacturing	75,570,253	-	561,361	7.0%	1.5%	8.5%	0.0%	\$12.74
Flex	65,656,168	-	385,000	9.3%	1.7%	11.0%	(0.6%)	\$16.01
Market total	334,621,279	177,256	2,227,381	9.3%	1.3%	10.6%	(0.3%)	\$15.01



Industrial 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

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **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 industrial 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)

Property subtypes

- **Distribution:** properties used primarily to ship goods with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial 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

Viewpoints

U.S. | Spring 2025

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