

A photograph of a city waterfront, likely Boston, featuring several tall buildings, a bridge, and a boat on the water. The sky is blue with light clouds. The buildings are a mix of modern glass and older brick structures. A bridge spans across the water in the middle ground. A boat is visible in the foreground on the left.

# Greater Boston office market report

Q3 2024

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**AVISON  
YOUNG**

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# Boston office market trends

## 1.87 msf

### Total leasing activity recorded in Q3 2024.

After two sluggish quarters, Greater Boston's leasing activity saw a significant uptick in Q3 2024. With a total volume of 1.87 msf, this marks a Q-o-Q increase of nearly 450,000 sf – an approximate 31% rise. As the market continues its correction, office occupier demand in Greater Boston is projected to maintain its upward trend.

## +35%

### Y-o-Y increase in Friday office visitation.

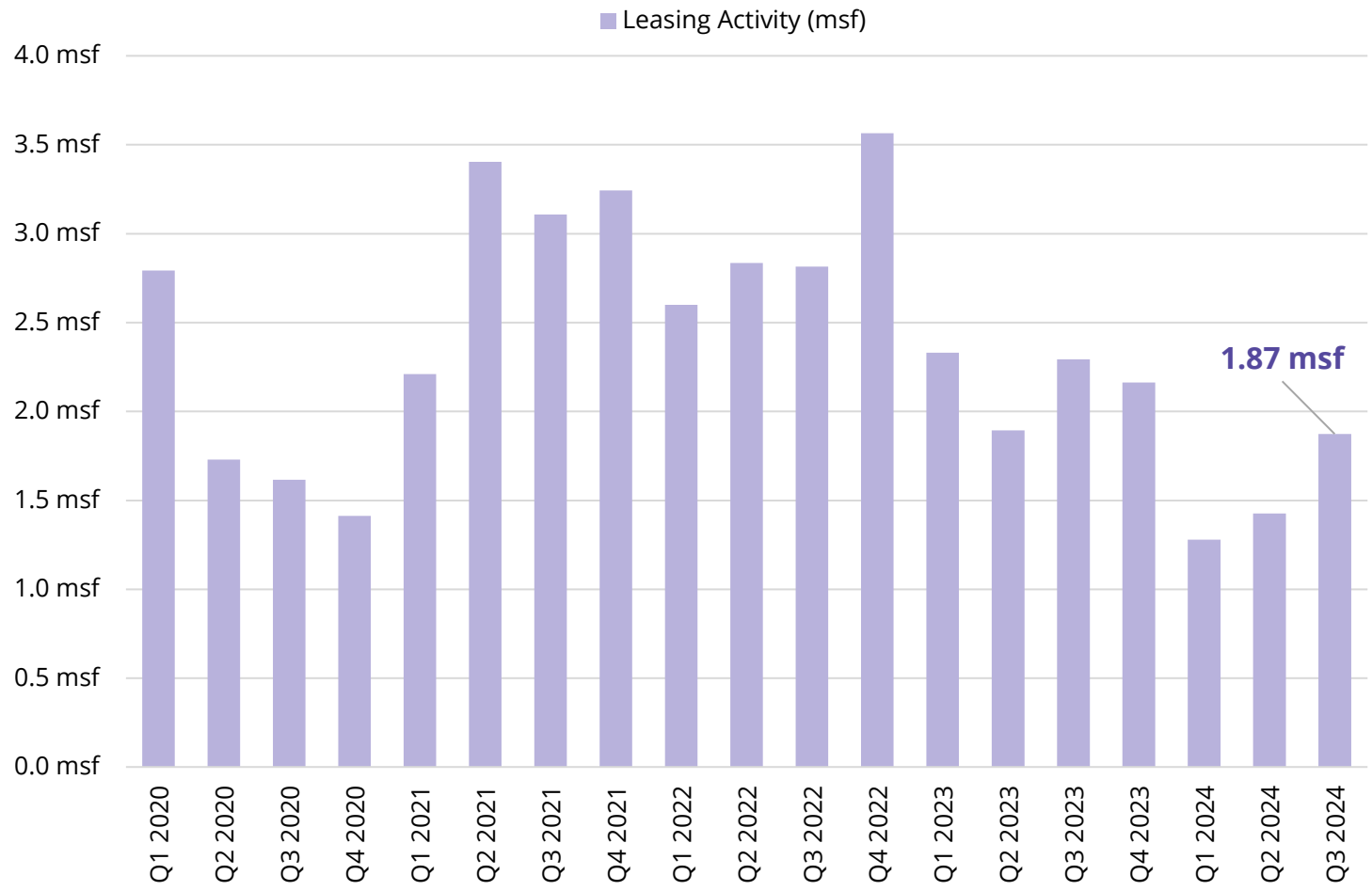
When looking at office visitation recovery volume, Greater Boston has noticed a significant rise in Y-o-Y Friday visitation volume. While Monday-Thursday visitation has remained relatively stable, Friday's have experienced a surge in employees returning to the office, likely driven by companies mandating 5-day in office work weeks.

## \$10.91

### Sep. 2024 differential between base and net effective rents.

Base and net effective rent differential continues to climb, posting an all time high of \$10.91 in September 2024. Despite heightened leasing activity and occupier demand, landlords are still offering aggressive concession packages to hit occupancy numbers.

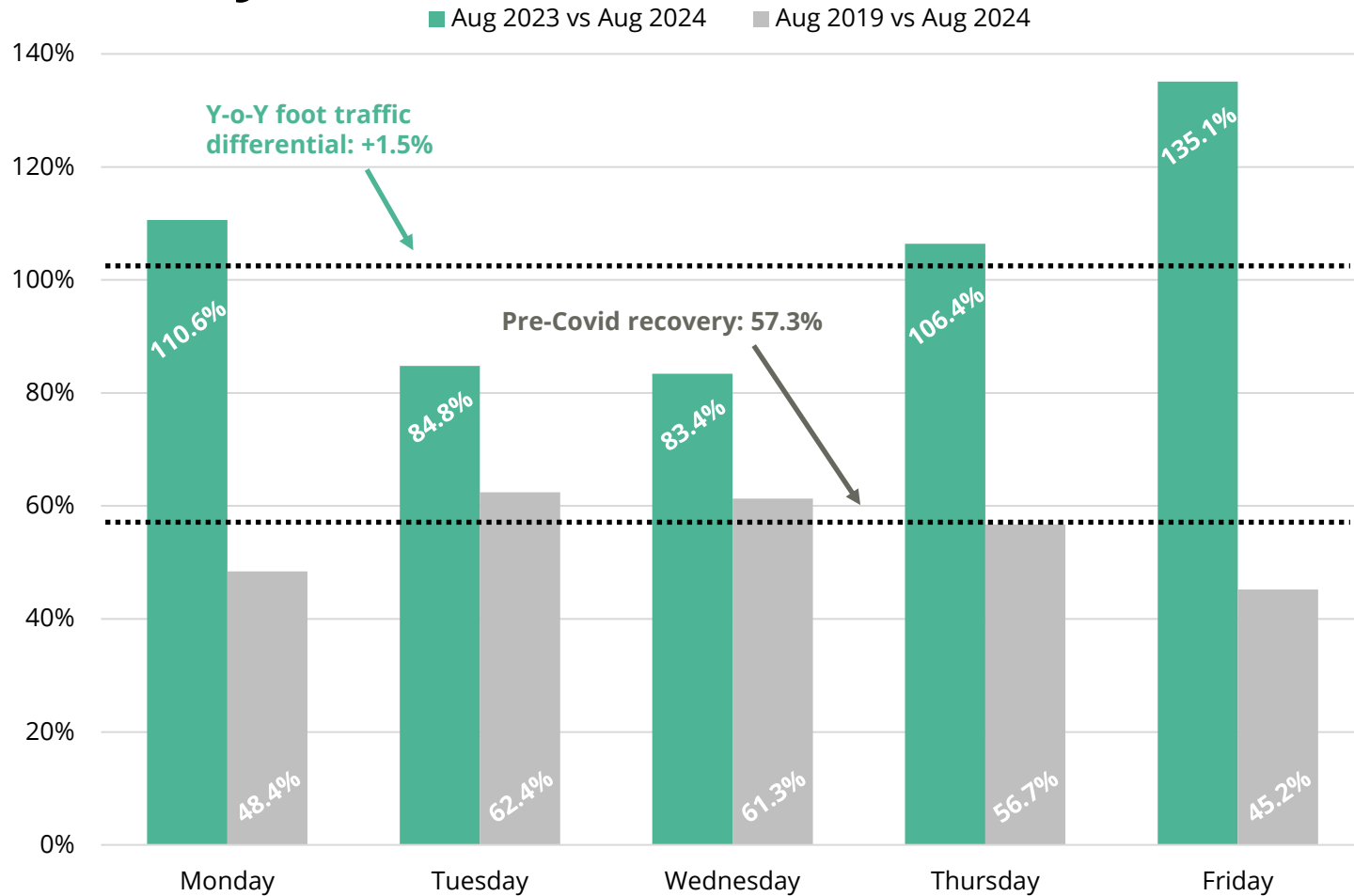
# Leasing activity picks up in Q3 2024



Greater Boston has witnessed a rise in aggregate leasing activity for the 3<sup>rd</sup> straight quarter.

As the market begins to correct itself, occupier demand is expected to continue its rise given the surplus of available space and attractive concession offerings.

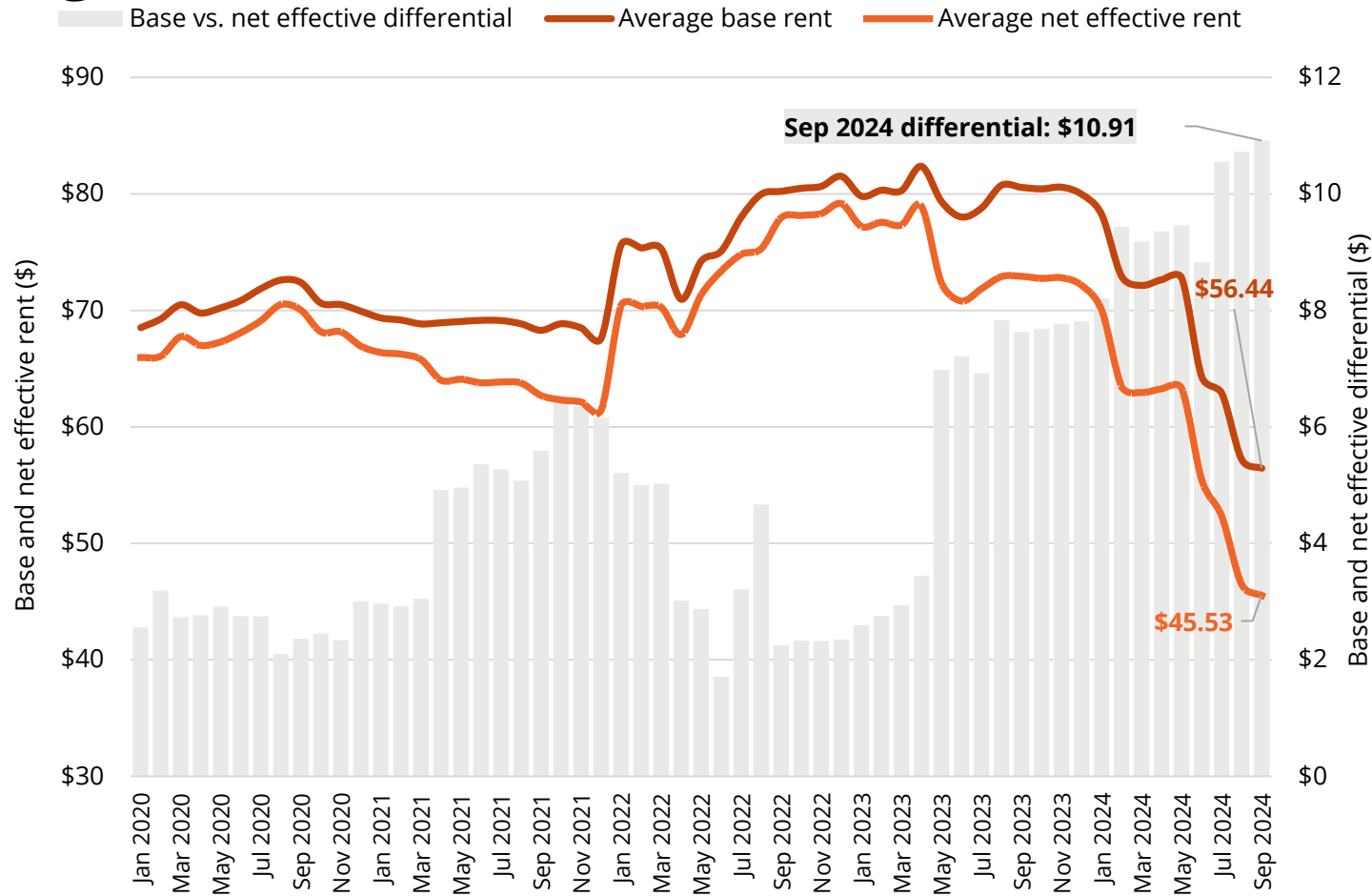
# Fridays post strongest Y-o-Y visitation recovery



Greater Boston has experienced Y-o-Y office visitation recovery growth of 1.5%.

With 5-day, in office workweeks being mandated by a handful of large companies, Fridays have seen a significant increase in the number of employees returning to office when comparing 2023 to 2024.

# Base vs. NER differential reaches all time high



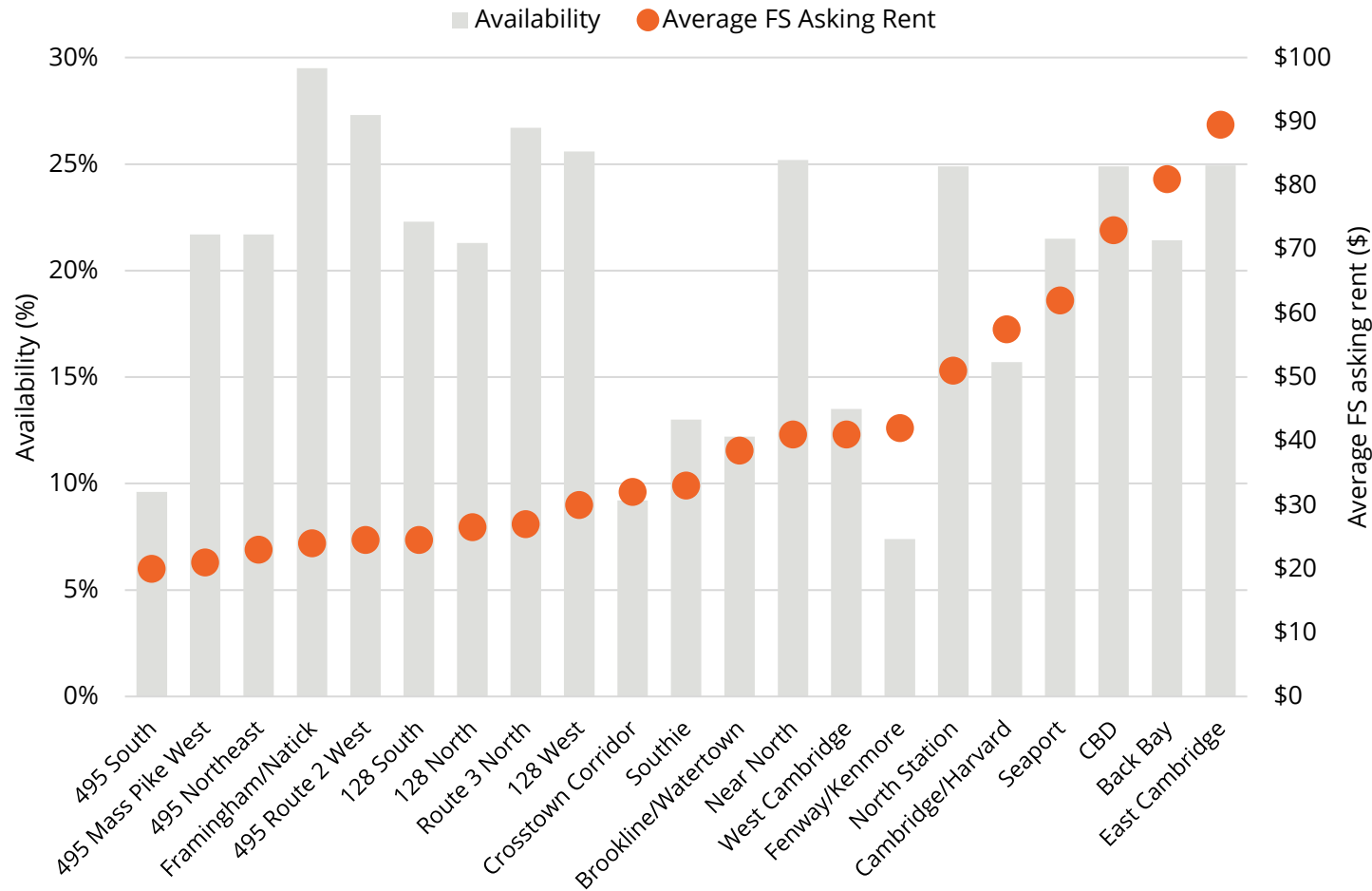
The differential between base and net effective rents has exhibited a surge throughout early 2024 due to landlords offering aggressive concession packages to fill space.



# Market drivers



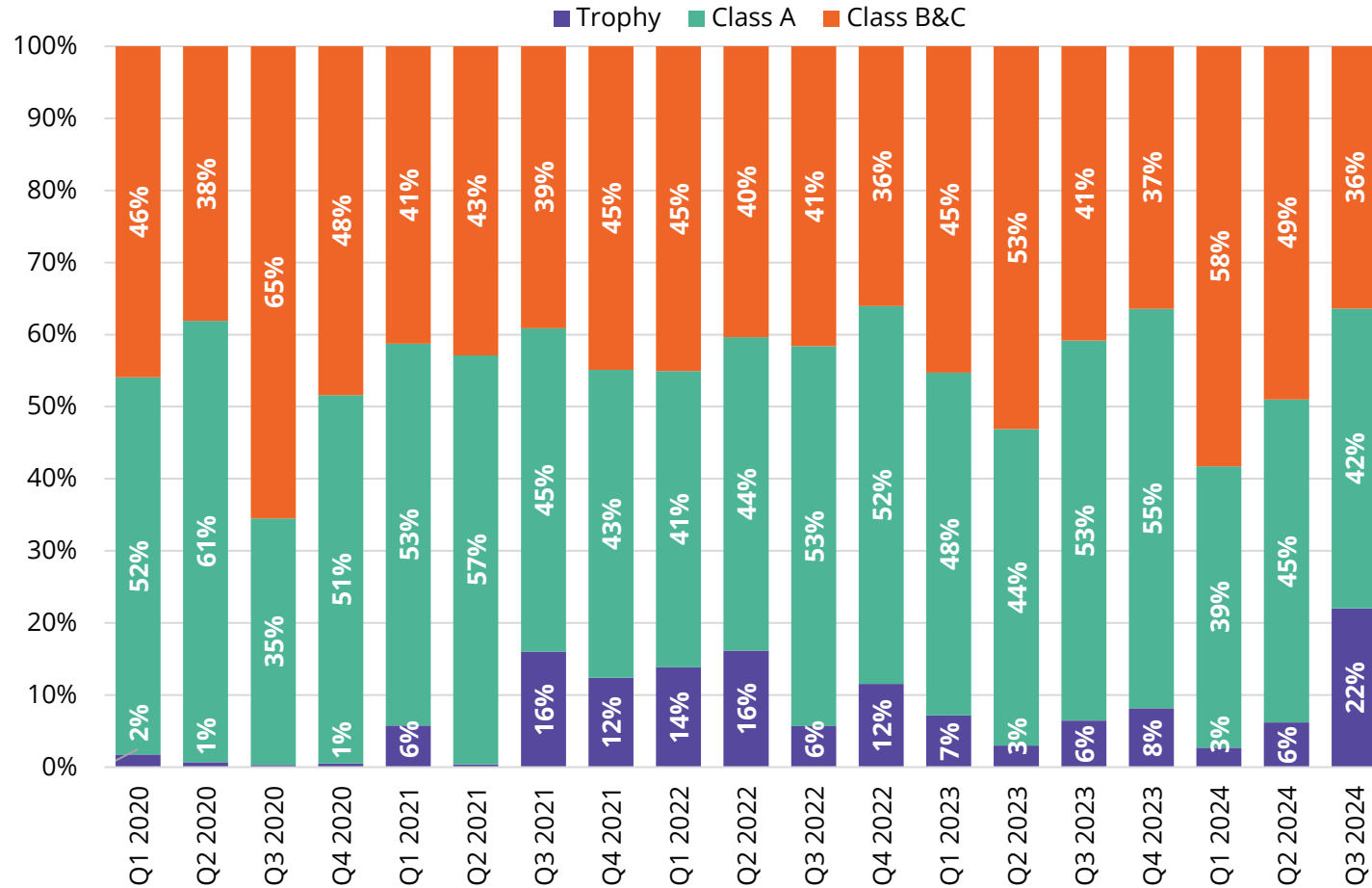
# East Cambridge, Back Bay post highest average asking rents



East Cambridge and the Back Bay continue to post the highest average asking rents in Greater Boston.

Despite high availabilities, these submarkets are known for their upscale office properties, attractive market amenities, and dynamic access to highly-skilled labor.

# Share of trophy leasing activity increases

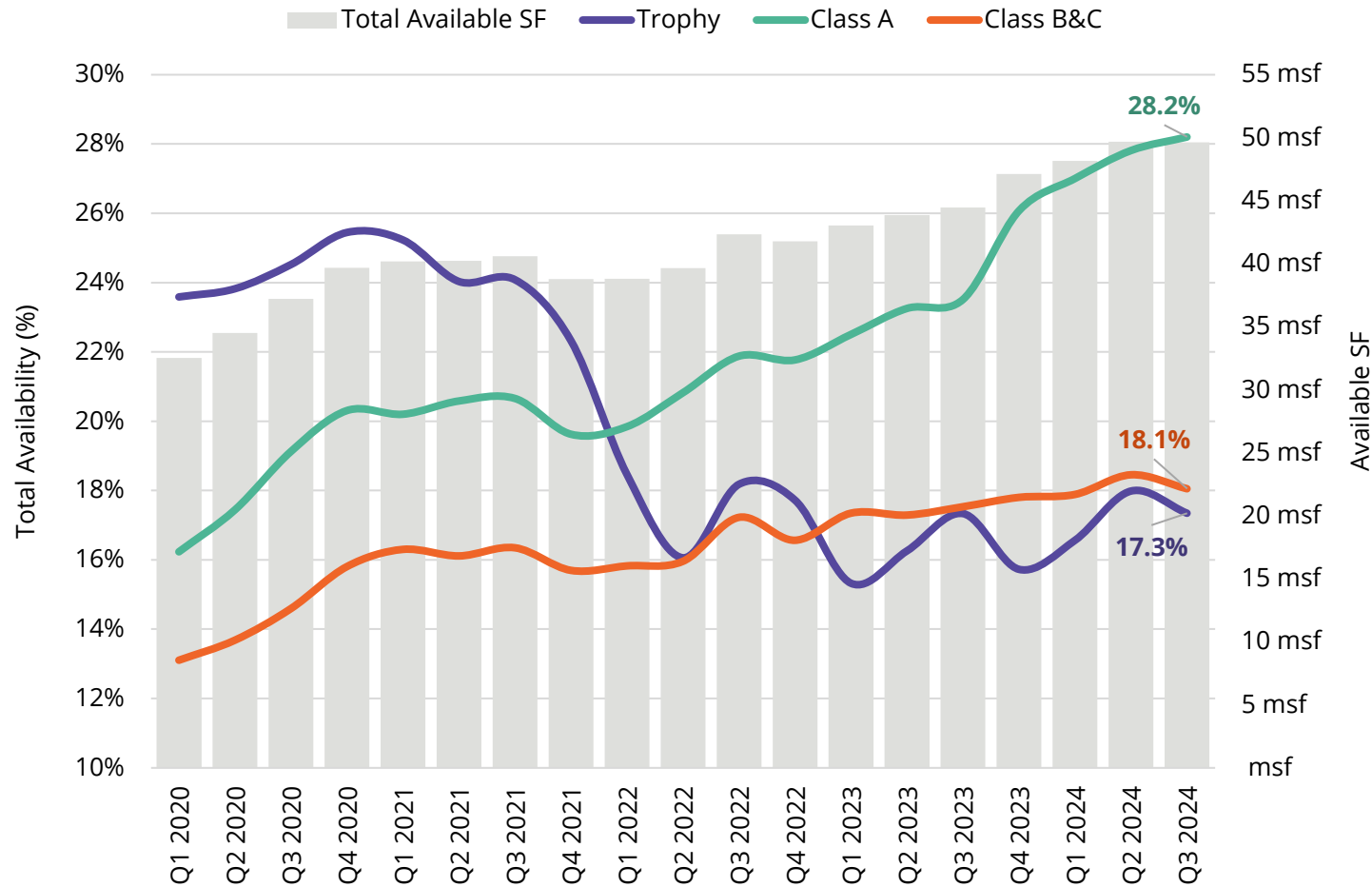


Q3 2024 leasing activity was dominated by trophy class facilities, as this asset class has exhibited a Q-o-Q increase of 16% percent.

As the market picks up momentum, the flight to quality trend in Boston is expected to gain traction once again.



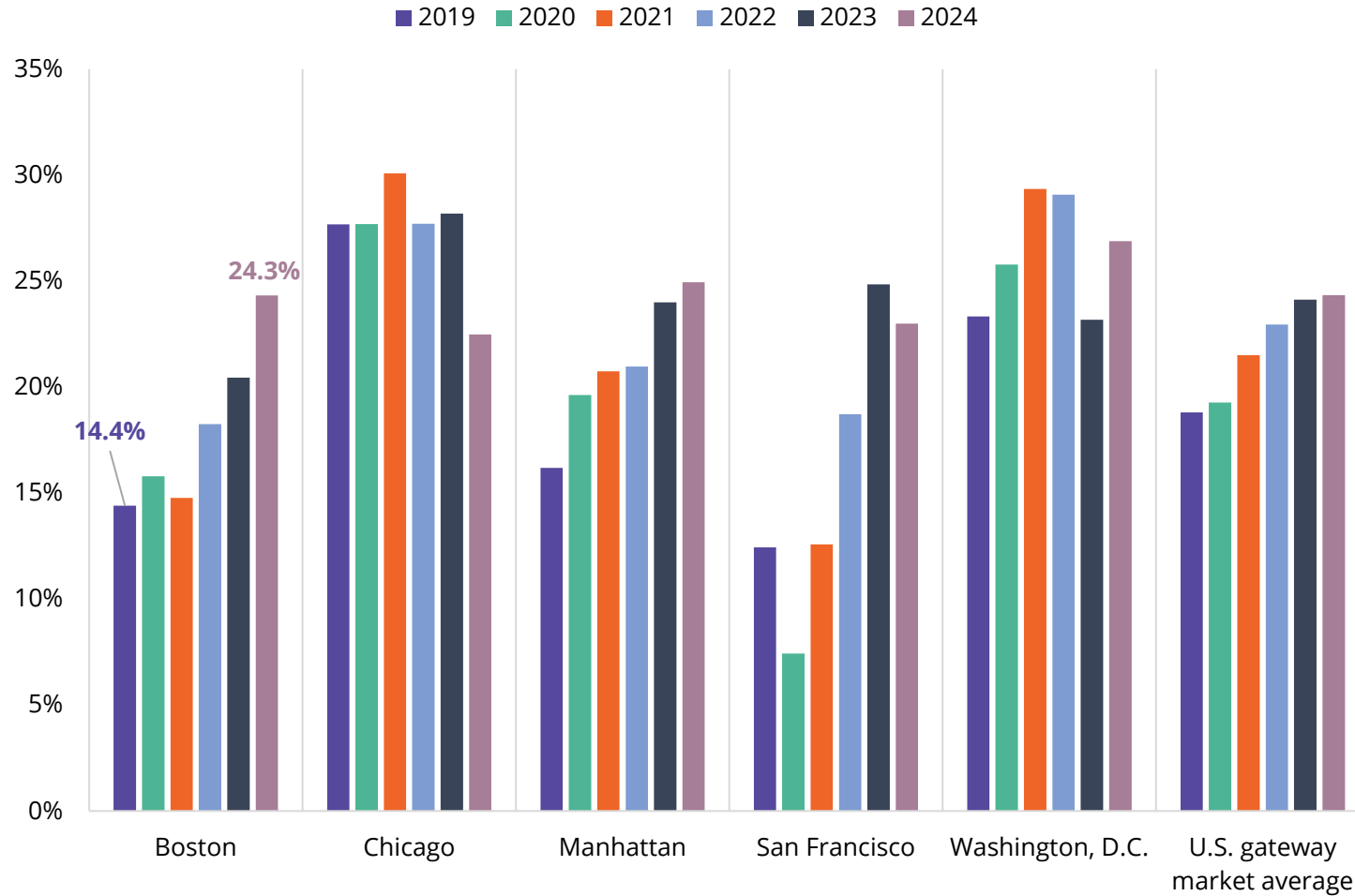
# Class A facilities post highest availability



Following a heightened share of leasing activity accounted for by trophy facilities, Greater Boston has witnessed availabilities drop slightly.

Class A buildings have seen the largest increase in availability as recent flight-to-quality has resulted in relocations to trophy assets.

# Concessions as a share of lease term



In Greater Boston, concessions as a share of lease term have seen a consistent, annual increase since 2021.

Concessions remain elevated as the surplus of available space remains yet to be filled.

Concessions include the value of tenant improvement allowances and free rent periods. Central business districts only. Direct relocations only with 7+ year lease terms. Source: AVANT by Avison Young

# Office development pipeline

**4 properties**

Under construction

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**2.6 msf**

Under construction SF

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**1.2%**

Share of inventory

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**37.6%**

Under construction % pre-leased

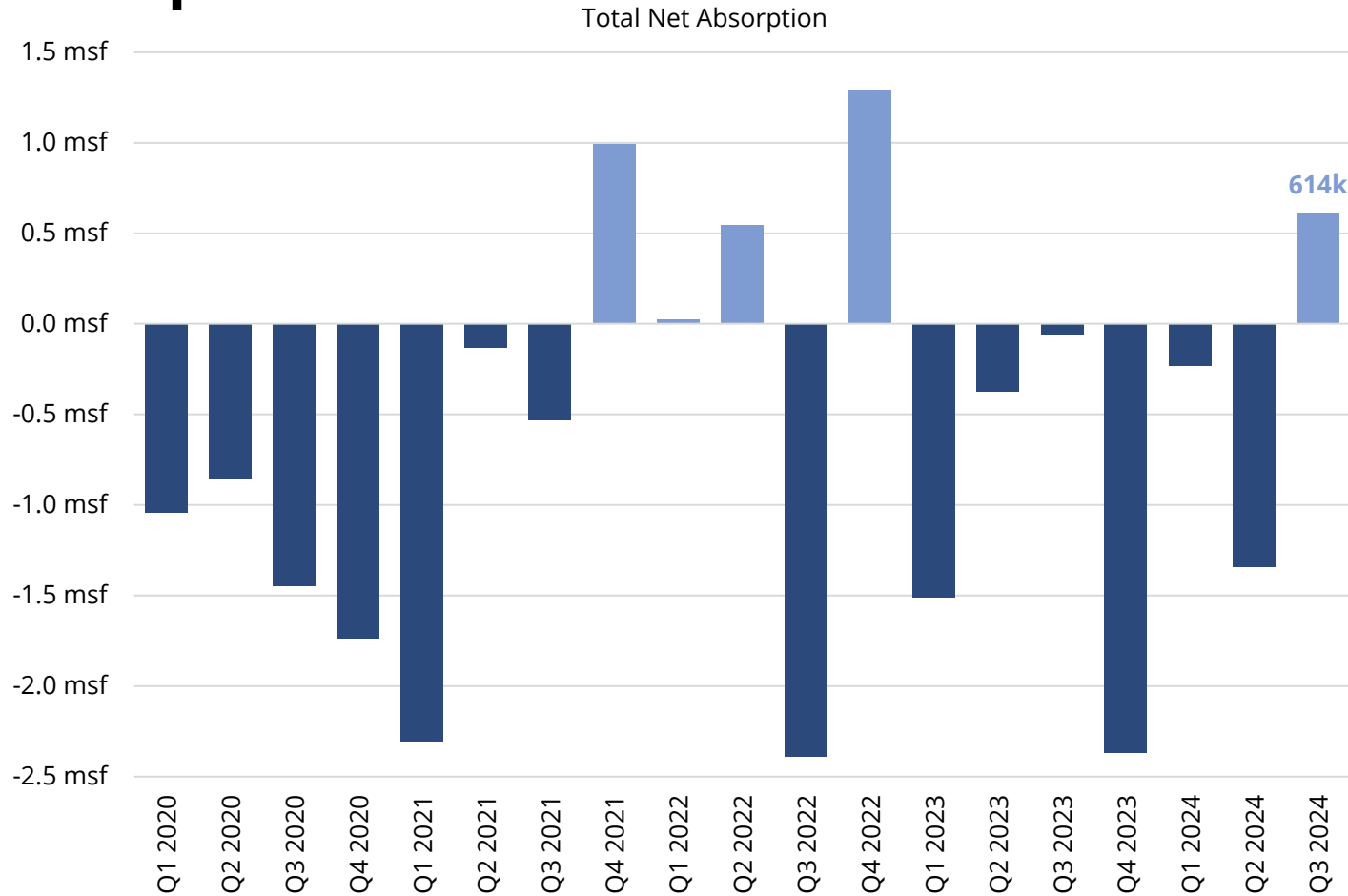
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*Boston's South Station Tower:*

*A 1.02 msf mixed-use project set to deliver in Q4 2025.*

# Greater Boston posts positive net absorption



Following 6 straight quarters of negative net absorption, tides have shifted in Q3 2024.

With high availability and increasing demand, Greater Boston is expected to see net absorption pick up in the coming quarters.



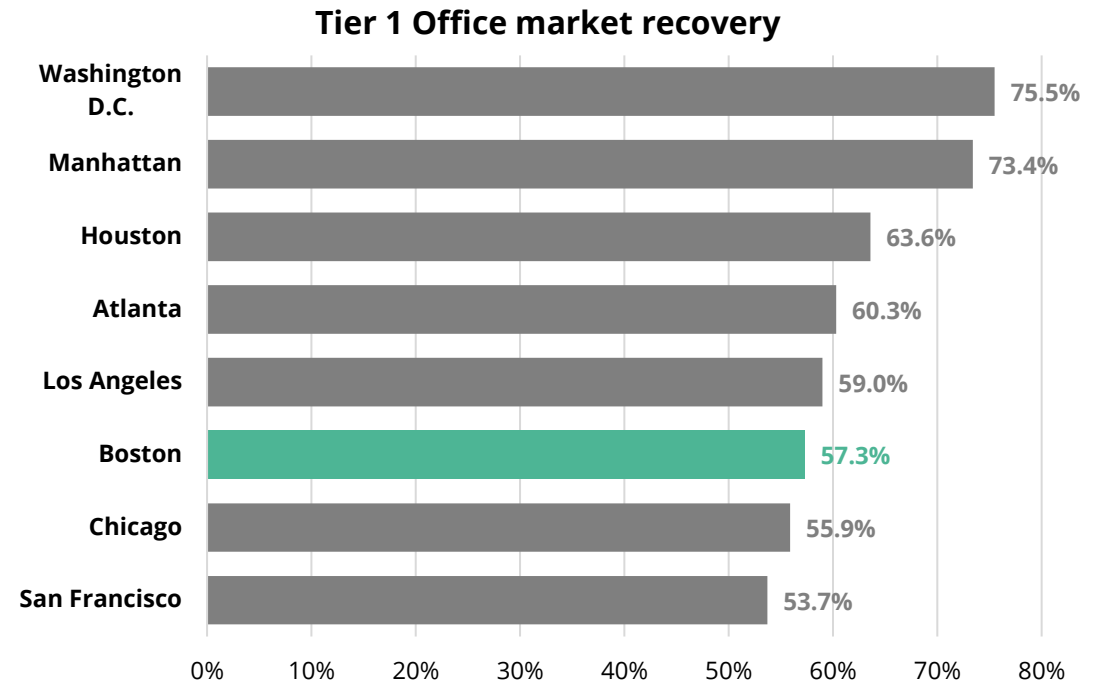
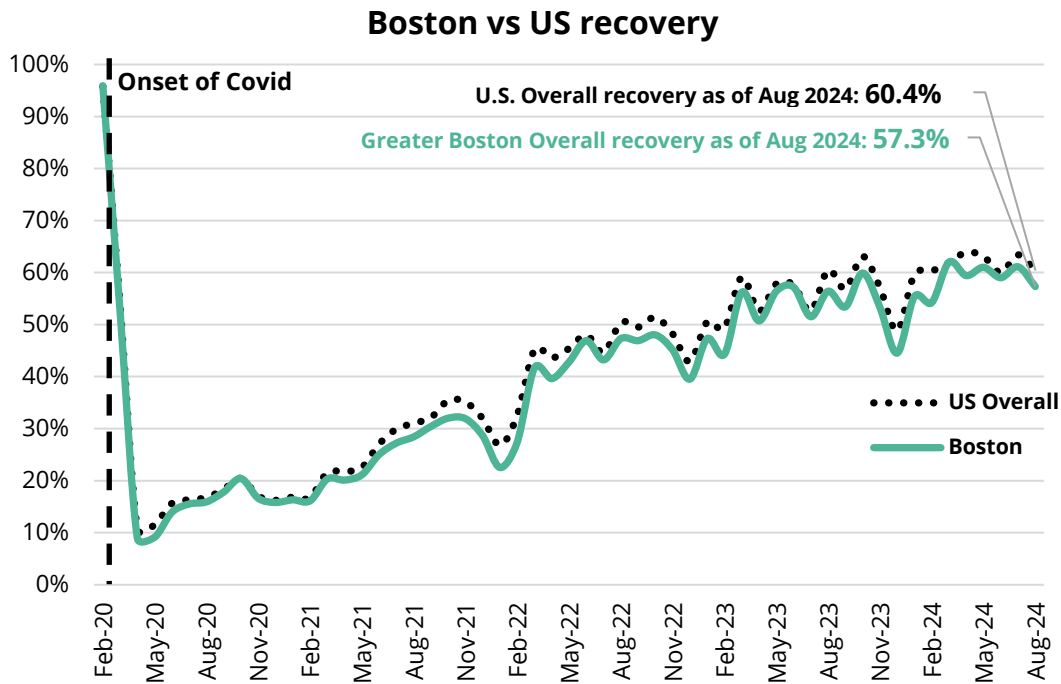
# Office visitation recovery



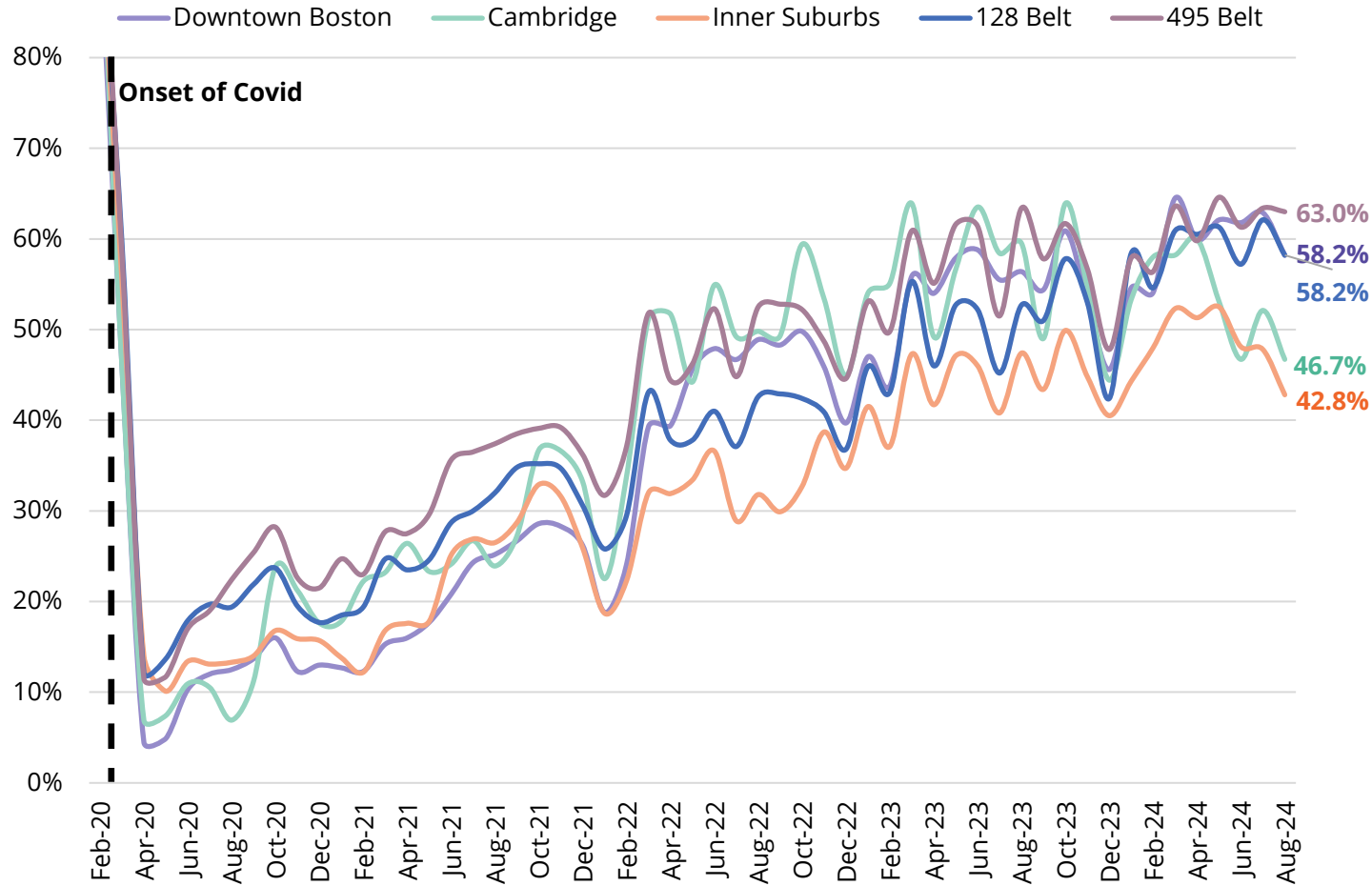
# Greater Boston posts office visitation recovery of 57.4% when comparing pre Covid levels to August 2024.

Despite trailing the US average, Greater Boston has exhibited stable, positive office visitation growth from March 2020 – August 2024. With companies continuing to bring employees back into the office, this trend will likely stay on its ascension.

When comparing tier 1 office market visitation, Boston proves to be recovering faster than markets such as Chicago and San Francisco, but slower than D.C. and Manhattan. With Boston and San Francisco being tech heavy, it is no surprise that recovery velocity has trailed that of its counterparts.



# 495 belt exhibits strongest office visitation recovery



From Aug 2019 to Aug 2024, Cambridge and the inner suburbs have recorded the weakest office visitation recovery in Greater Boston.

This is likely due to a high concentration of tech occupiers, who have been slower to adopt 4-5 day return to office policies, along with a smaller amount of accessibility options compared to Downtown Boston; mainly less commuter rail and subway stops.

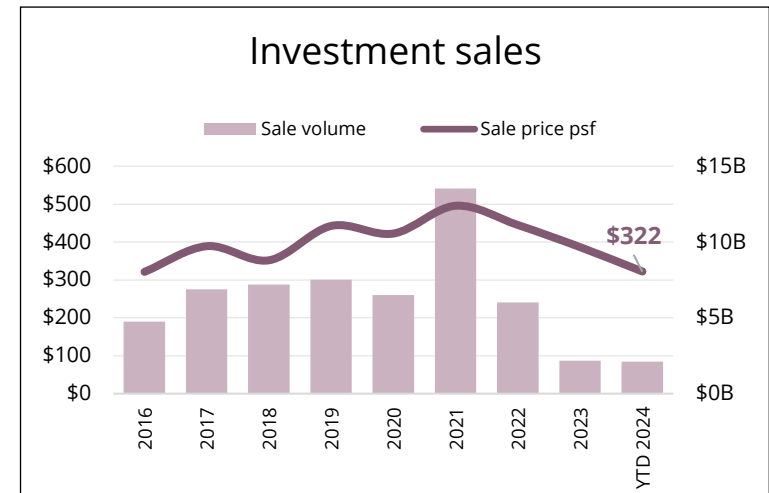
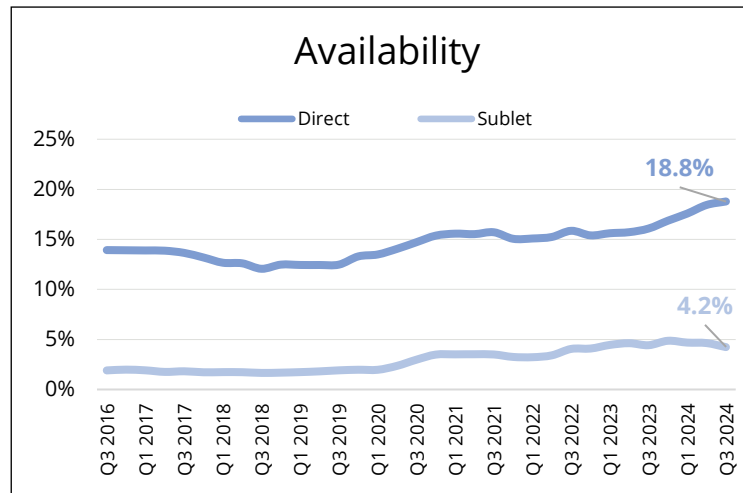
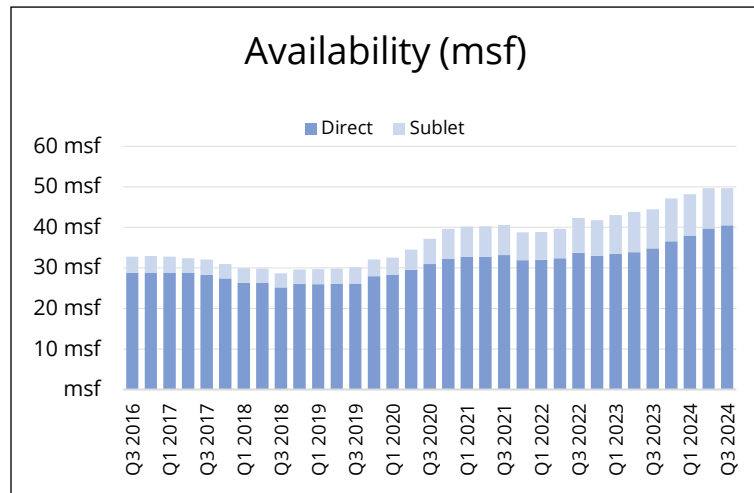
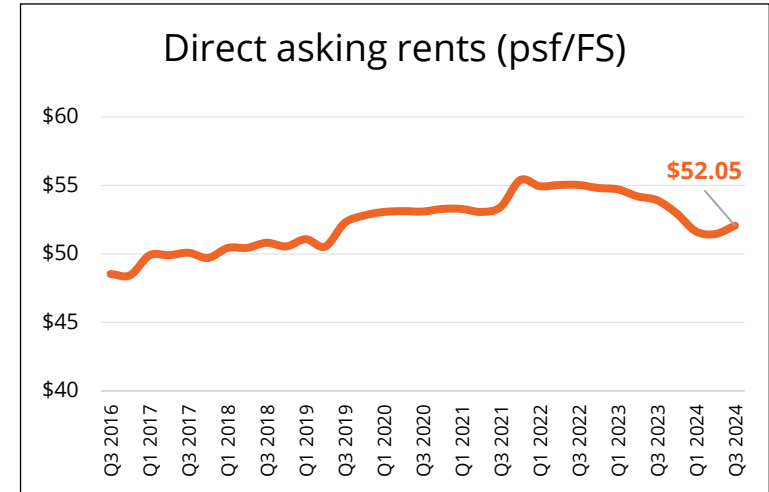
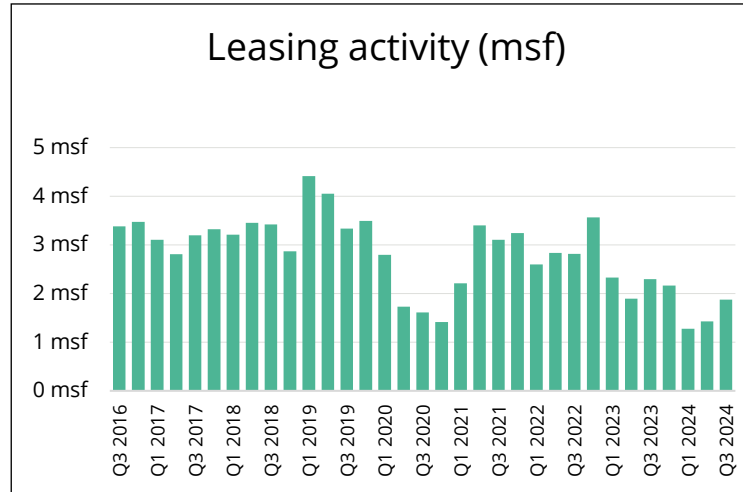
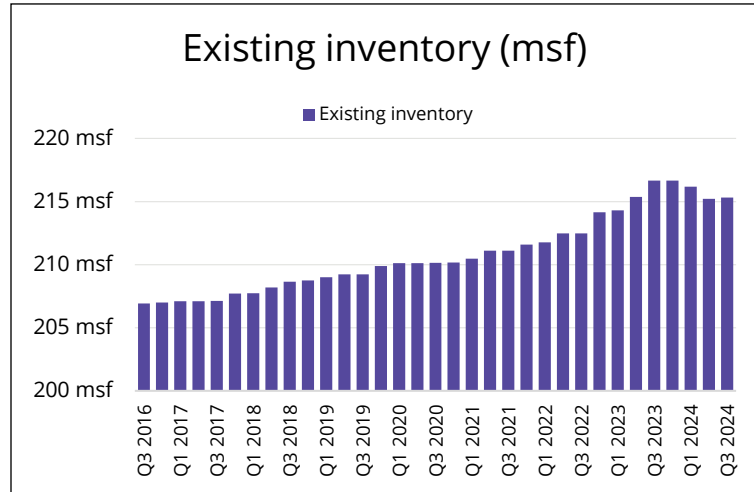


# Appendix





# Boston office market indicators



# Boston office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Bain Capital	200 Clarendon St, Boston	Back Bay	Jul 2024	378,000	Renewal	Direct
Commonwealth Financial	275 Wyman St, Waltham	128 West	Aug 2024	152,000	New	Direct
DCAMM	40 Broad St, Boston	CBD	Aug 2024	97,000	New	Direct
American Tower Corporation	222 Berkeley St, Boston	Back Bay	Sep 2024	60,700	New	Direct
Chubb Insurance	1 Financial Ctr, Boston	CBD	Sep 2024	28,800	New	Direct

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
The 601W Companies	1 Radcliff Rd, Tewksbury	Jul 2024	140,000	\$35,130,000	\$251	KAWA Capital Management
Edgewater Properties	63 Kendrick St, Needham	Aug 2024	92,000	\$13,500,000	\$147	Wingate Companies

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
750 Atlantic Avenue, Boston	CBD	Q4 2025	1,020,000	0%	Hines
1 Boston Wharf Road, Boston	Seaport	Q4 2024	707,000	100%	WS Development
350 Boylston Street, Boston	Back Bay	Q4 2024	231,663	94%	Druker Company

# 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
<b>Boston Total</b>	<b>77,212,343</b>	<b>2,605,276</b>	<b>19.3%</b>	<b>5.0%</b>	<b>24.3%</b>	<b>2.0%</b>	<b>264,144</b>	<b>0.3%</b>	<b>\$72.50</b>
CBD	46,540,840	1,666,613	20.5%	4.4%	24.9%	1.5%	246,795	0.5%	\$73.00
Back Bay	14,550,323	231,663	17.0%	4.2%	21.2%	3.5%	(36,560)	(0.3%)	\$81.00
Seaport	10,573,750	707,000	15.2%	6.3%	21.5%	2.4%	61,717	0.6%	\$62.00
North Station	4,099,329	0	18.0%	6.9%	24.9%	(1.0%)	(7,502)	(0.2%)	\$51.00
Fenway/Kenmore	1,448,101	0	1.9%	5.5%	7.4%	(2.7%)	(306)	(0.0%)	\$42.00
<b>Cambridge Total</b>	<b>12,446,866</b>	<b>0</b>	<b>16.2%</b>	<b>5.3%</b>	<b>21.5%</b>	<b>4.0%</b>	<b>248,678</b>	<b>2.0%</b>	<b>\$75.50</b>
East Cambridge	8,266,398	0	19.7%	5.2%	24.9%	7.6%	249,598	3.0%	\$89.50
Central Cambridge	2,341,939	0	11.8%	3.9%	15.7%	(1.1%)	(2,536)	(0.1%)	\$57.50
West Cambridge	1,838,529	0	5.9%	7.6%	13.5%	(0.2%)	1,616	0.1%	\$41.00
<b>Inner Suburbs</b>	<b>16,353,046</b>	<b>0</b>	<b>13.5%</b>	<b>4.3%</b>	<b>17.8%</b>	<b>2.5%</b>	<b>16,733</b>	<b>0.1%</b>	<b>\$38.71</b>
Near North	8,033,235	0	19.1%	6.1%	25.2%	2.5%	(59,080)	(0.7%)	\$41.00
Brookline/Watertown	4,076,512	0	9.4%	2.8%	12.2%	1.0%	93,800	2.3%	\$38.50
Crosstown Corridor	3,936,829	0	6.5%	2.7%	9.2%	4.0%	(1,499)	(0.0%)	\$32.00
Southie	306,470	0	13.0%	0.0%	13.0%	0.7%	(16,488)	(5.4%)	\$33.00
<b>128 Belt</b>	<b>55,931,525</b>	<b>0</b>	<b>18.2%</b>	<b>4.8%</b>	<b>23.0%</b>	<b>3.2%</b>	<b>78,147</b>	<b>0.1%</b>	<b>\$27.50</b>
128 North	19,489,882	0	17.2%	4.1%	21.3%	1.4%	(148,758)	(0.8%)	\$26.50
128 West	21,849,599	0	19.3%	6.3%	25.6%	5.9%	219,140	1.0%	\$30.00
128 South	12,447,168	0	18.6%	3.7%	22.3%	1.0%	9,505	0.1%	\$24.50
South Shore	2,144,876	0	13.4%	3.3%	16.7%	5.0%	(1,740)	(0.1%)	\$22.00
<b>495 Belt</b>	<b>53,363,216</b>	<b>0</b>	<b>20.9%</b>	<b>2.4%</b>	<b>23.3%</b>	<b>1.9%</b>	<b>6,232</b>	<b>0.0%</b>	<b>\$24.50</b>
495 Northeast	10,677,238	0	20.6%	1.1%	21.7%	2.9%	38,614	0.4%	\$23.00
Route 3 North	15,536,979	0	21.8%	4.9%	26.7%	1.4%	68,921	0.4%	\$27.00
Route 2 West	6,328,318	0	27.1%	0.2%	27.3%	5.6%	(206,597)	(3.3%)	\$24.50
495 Mass Pike West	10,021,305	0	20.6%	1.1%	21.7%	(0.4%)	37,920	0.4%	\$21.00
Framingham/Natick	4,553,331	0	28.2%	1.3%	29.5%	2.1%	(14,339)	(0.3%)	\$24.00
495 South	6,246,045	0	8.5%	1.1%	9.6%	0.4%	81,713	1.3%	\$20.00
<b>Greater Boston Total</b>	<b>215,306,996</b>	<b>2,605,276</b>	<b>18.8%</b>	<b>4.2%</b>	<b>23.0%</b>	<b>2.5%</b>	<b>613,934</b>	<b>0.3%</b>	<b>\$52.05</b>

# Boston office market stats by class

	Inventory (sf)	Deliveries sf (YTD)	Under Development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (Quarterly)	Net absorption % of inventory (Quarterly)	Annual direct asking rent psf FS
Trophy	10,479,891	0	1,020,000	14.7%	4.4%	19.0%	71,865	0.7%	\$104.97
Class A	97,415,030	422,000	1,585,276	22.6%	6.2%	28.8%	129,902	0.1%	\$62.97
Class B	86,561,863	30,000	0	17.8%	2.9%	20.7%	425,093	0.5%	\$35.03
Class C	20,850,212	0	0	7.1%	0.7%	7.8%	(12,926)	(0.1%)	\$29.29
<b>Market Total</b>	<b>215,306,996</b>	<b>452,000</b>	<b>2,605,276</b>	<b>18.8%</b>	<b>4.2%</b>	<b>23.0%</b>	<b>613,934</b>	<b>0.3%</b>	<b>\$52.05</b>





# 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

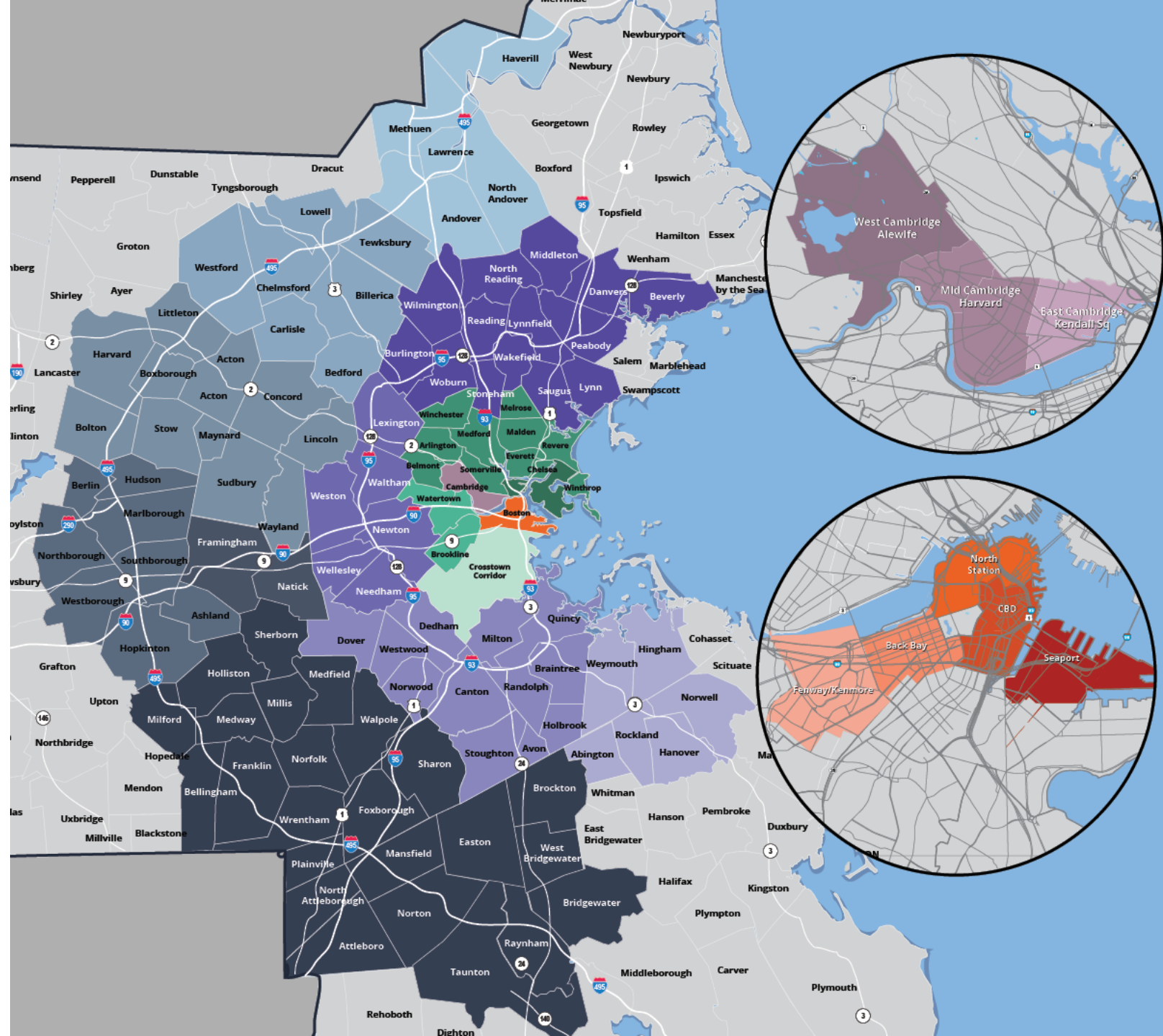
- Near North
- Brookline/Watertown
- Crosstown Corridor

### 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

For more market insights and  
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