Industrial Report

Greater Boston

Q3 2025

Lincoln

Contents

Overview

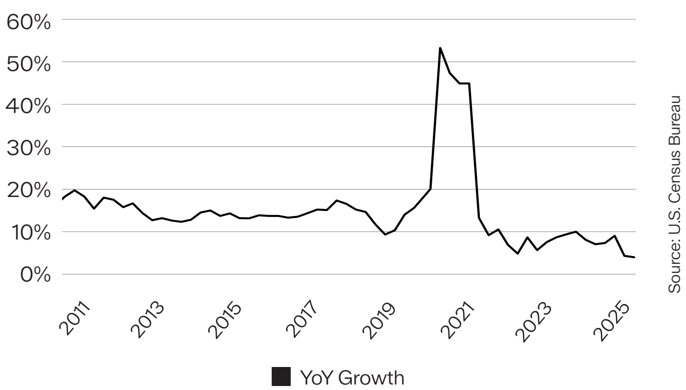
Vacancies in the Boston Metro market increased by 20 basis points to 7.8% across flex and industrial properties, with a larger vacancy expansion occurring in the warehouse segment than in flex. Sublet rates have increased slightly and reached an all-time high at 1.7%, while availabilities ticked up by 20 basis points to 10.5%.

Q3 absorption was negative 776,068 square feet, with 80% of the loss occurring in the warehouse segment. Nearly 2.5 million square feet was leased in the last quarter, bringing the 12-month leasing total to the highest point in the last year. The investment market continues to deal with unfavorable conditions as tariff activity remains volatile and elevated interest rates persist. Sales volume in Q3 finished just under $300 million, the lowest since Q3 2024.

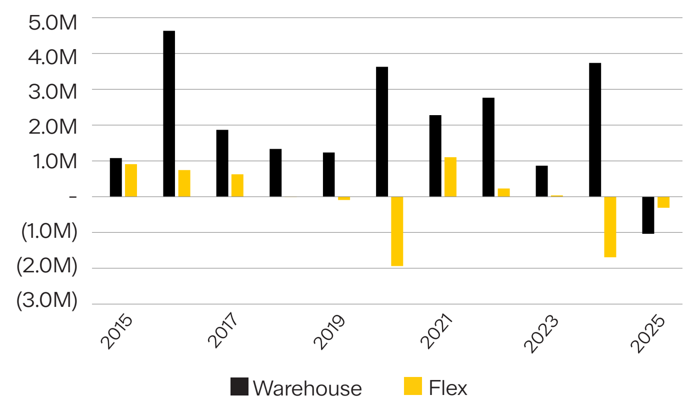
Looking Forward

Warehouse demand has cooled due to inflation, high interest rates, and normalization of pandemic-era growth trends. However, significant competition was added to the market in recent years following a massive supply wave. Since the beginning of 2022, more than 15 million square feet in construction has delivered. While interest rates were cut in September, an uncertain trade policy plagues the market for both tenants and consumers, and tariffs continue to raise fears of economic slowdown. E-commerce growth rate continues to decelerate from pandemic-era highs, but the upcoming holiday season may provide relief for retailers and give useful insight into current consumer trends.

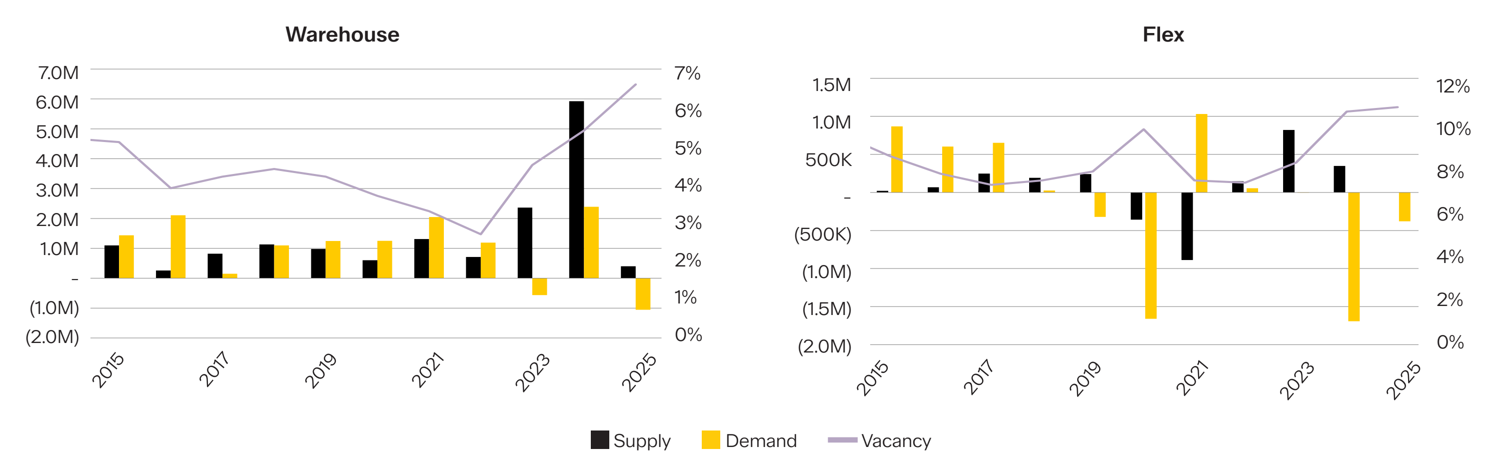
Annual Growth in E-Commerce Sales - US



Net Absorption (SF)
Warehouse vs. Flex



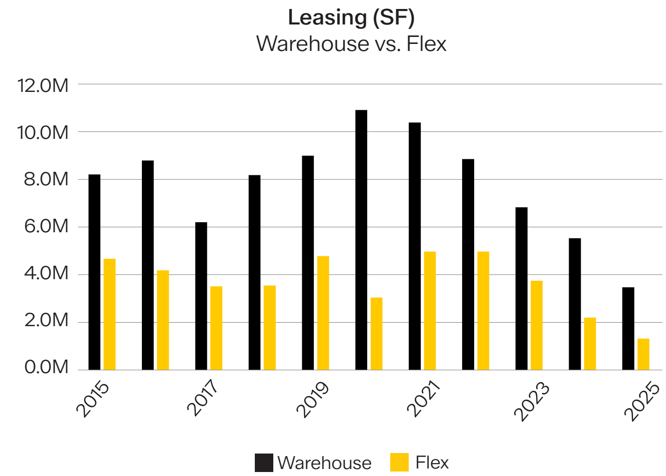
Supply, Demand & Vacancy (SF)

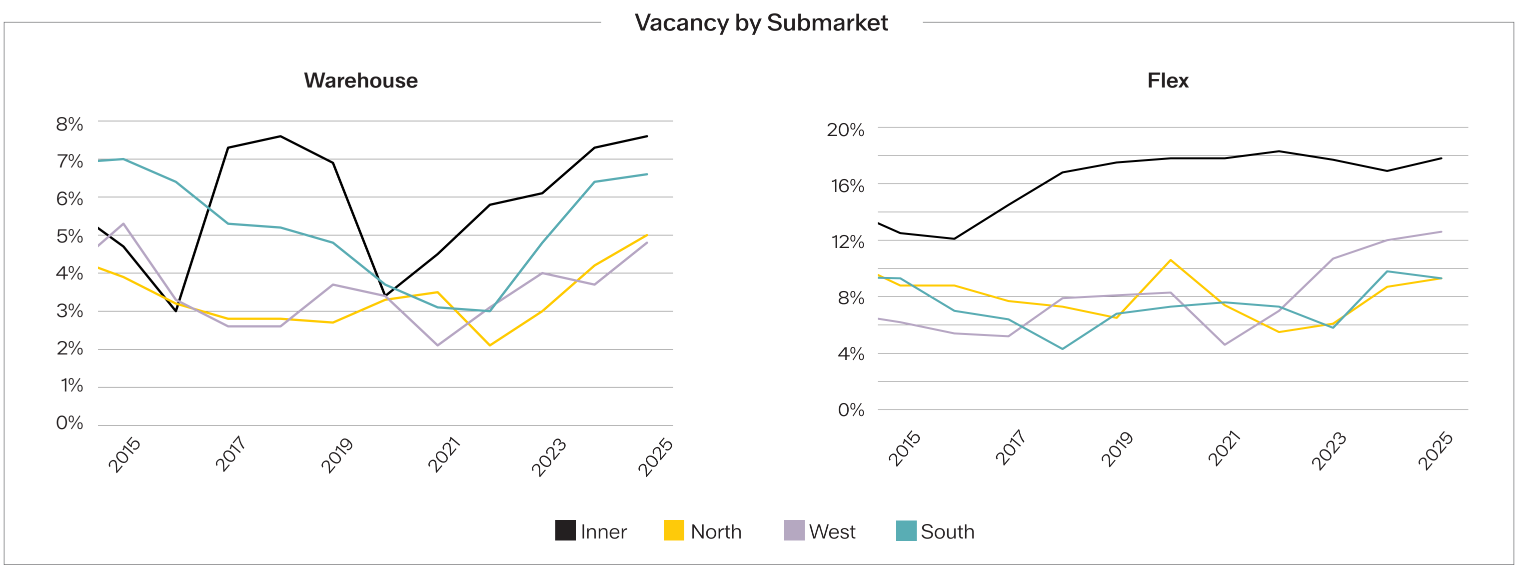


Leasing Trends

While leasing volume remained stagnant for flex space, deals picked up for warehouse space in Q3 and 1.9 million square feet of space was leased, more than doubling year-over-year. 12-month leasing volume improved after declining for the previous four quarters and ended the quarter at approximately 5.6 million square feet. Industrial vacancy ticked up to 6.7%, the highest rate in over a decade. A mix of new leases and renewals occurred in Q3, and the largest deal was DXL's renewal of 674,000 square feet at 555 Turnpike Street in Canton. Sappi Fine Paper signed the largest new deal of the quarter, with a 183,900-square foot lease at 235 Barnum Road in Devens. Also along 495 was Green Garden Products' renewal of 200,000 square feet at 202 S. Washington Street in Norton.

Leasing in the flex market remains subdued, and the 12-month leasing volume reached an all-time low at 2.2 million square feet. Net absorption for flex properties was negative 139,916 square feet in Q3. Overall, uncertainty in trade and labor dynamics has prompted tenants to delay relocations and wait for market stabilization.





Leasing Trends

Top Leases

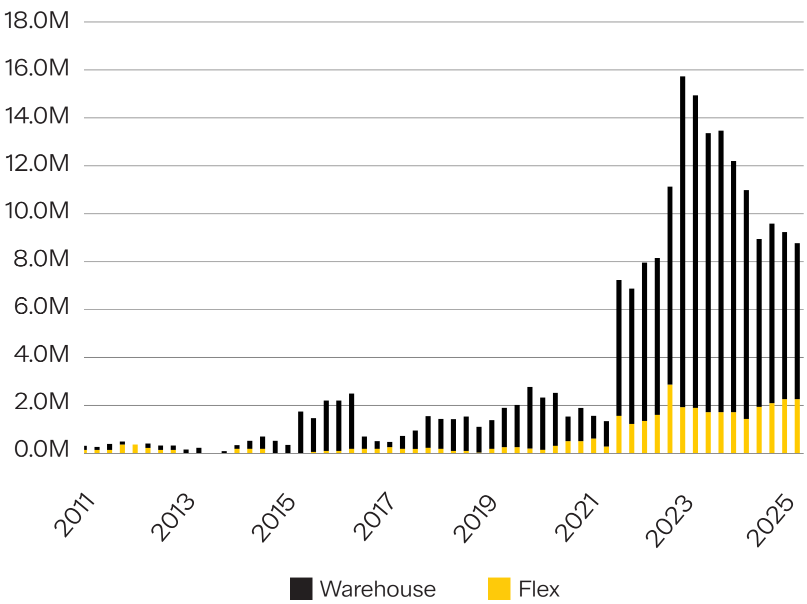
	SF
DXL Warehousing 555 Turnpike Road, Canton | 128 South	674,143
Green Garden Products 202 South Washington Street, Norton | 495 South	200,000
Sappi Fine Paper 235 Barnum Road, Devens | 495 Route 2	183,900
Massachusetts Design 523 Pleasant Street, Attleboro | 495 South	130,572
New England Appliance Group 206 Mechanic Street, Bellingham | 495 South	124,200
WESCO 35 Otis Street, Westborough | 495 Mass Pike	122,700

Development

Despite a historically elevated supply, Massachusetts warehouse developments and deliveries continued to decrease in Q3. Around 8 million square feet is under construction, nearly half of last year's peak of 15.7 million square feet. Approximately 6 million square feet of space under construction is for warehouse properties and flex makes up the remainder at just over 2 million square feet.

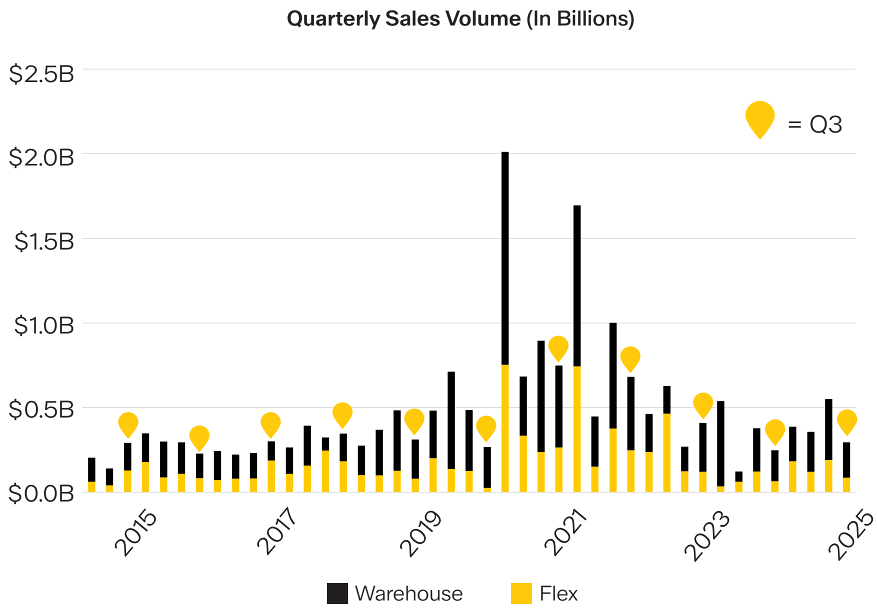
Stoughton Logistics Park is well into construction after breaking ground in Q2 2025 and is expected to deliver 880,000 square feet upon completion in 2027. Home Depot began construction in August for a 600,000-square foot distribution, which is being developed by Seefried Industrial Properties. Also of note, The Park at Beaver Brook is under construction in Boxborough, led by Campanelli Development. Located at 100 Beaver Brook Road, the 645,000-square foot development will serve as a premier business campus and is expected to house TÜV Rheinland, which is relocating from Littleton. Speculative projects average around 250,000 square feet, with clear heights ranging from 36 feet to 40 feet to accommodate higher storage capacity.

Under Construction (SF)



Investment Sales

The high cost of borrowing and continued economic turbulence resulted in a difficult investment climate. Despite this, 12-month sales volume slightly increased after hitting a low point in 2024. Declaration Partners closed the largest sale with its purchase of 117 Hospital Road in Devens for $74 million. Sold by King Street Properties, the 165,000-square foot building was 100% leased to Commonwealth Fusion Systems at the time of sale. Also in the Northern market, Massachusetts Bay Transportation Authority purchased 440 Riverside Avenue in Medford from Anheuser-Busch for $53 million. Northbridge Partners closed on a two-property investment at 3-15 and 16-24 Normac Road in Woburn, which it purchased from Brookfield Properties for $20.3 million. New Mountain Capital bought 133 Hale Street in Haverhill $26.4 million from owner-occupier Joseph's Gourmet Pasta.



Top Sales

	Price	PSF	Buyer	Seller
117 Hospital Road Devens | 495 Route 2	$74 Million	$463	Declaration Partners	King Street
440 Riverside Avenue Medford | Inner North	$53 Million	$289	MBTA	Anheuser-Busch
3-15 & 16-24 Normac Road Woburn | 128 North	$20.3 Million	$307	North Bridge	Brookfield Properties
133 Hale Street Haverhill | 128 North	$18 Million	$177	New Mountain Capital	NM Pasta LLC

Industrial Stats Q3 2025

Submarket	Inventory (SF)	% Vacant	% Sublet	% Available	Annual Absorption	Quarterly Leasing (SF)	Annual Leasing (SF)	Asking Rate	YoY Rent Growth
Warehouse/Industrial									
128 West	3,550,774	2.7%	0.0%	4.1%	(34,198)	16,479	51,972	$21.50	5.1%
495 West	40,472,503	5.0%	1.0%	8.9%	(570,619)	452,112	1,088,992	$11.81	3.4%
West Total	**44,023,277**	**4.8%**	**0.9%**	**8.5%**	**(604,817)**	**468,591**	**1,140,964**	**$12.51**	**3.0%**
128 North	29,298,730	7.0%	2.2%	8.7%	(890,466)	117,999	907,855	$16.60	5.4%
495 North	43,301,517	3.7%	1.4%	6.8%	(271,861)	248,874	621,480	$14.05	6.8%
North Total	**72,608,438**	**5.0%**	**1.7%**	**7.6%**	**(1,162,327)**	**366,873**	**1,529,335**	**$14.81**	**4.4%**
128 South	34,590,957	5.5%	1.9%	10.8%	(342,684)	235,084	1,097,664	$13.34	4.2%
495 South	81,713,456	7.1%	1.6%	10.7%	(28,822)	688,230	1,630,244	$11.56	4.8%
South Total	**117,332,806**	**6.6%**	**1.6%**	**10.7%**	**(428,825)**	**923,314**	**2,727,908**	**$12.16**	**5.3%**
Inner Total	**22,047,908**	**7.6%**	**0.4%**	**8.4%**	**(182,577)**	**145,314**	**272,931**	**$20.69**	**8.4%**
Warehouse/ Industrial Total	**256,955,766**	**6.7%**	**1.5%**	**9.3%**	**(2,378,546)**	**1,904,092**	**5,671,138**	**$13.79**	**4.7%**
Flex/R&D									
128 West	4,333,738	13.6%	4.1%	22.3%	(81,950)	83,679	149,795	$30.57	0.0%
495 West	20,055,161	12.4%	2.5%	14.2%	(227,761)	144,852	369,435	$17.96	2.7%
West Total	**24,388,899**	**12.6%**	**2.8%**	**15.7%**	**(309,711)**	**228,531**	**519,230**	**$19.92**	**0.5%**
128 North	15,329,498	6.2%	2.3%	9.1%	23,023	158,515	671,638	$21.47	1.1%
495 North	18,210,381	11.9%	1.7%	14.7%	(145,118)	29,255	387,197	$15,95	0.6%
North Total	**33,539,879**	**9.3%**	**2.0%**	**12.1%**	**(278,095)**	**187,770**	**1,058,835**	**$18.35**	**0.2%**
128 South	9,644,380	8.1%	0.5%	10.9%	(28,973)	57,466	444,545	$17.78	2.8%
495 South	11,255,831	10.4%	2.9%	16.5%	(145,598)	51,695	176,284	$15.21	0.1%
South Total	**20,892,124**	**9.3%**	**1.8%**	**13.9%**	**174,571**	**109,161**	**620,829**	**$16.26**	**0.6%**
Inner Total	**6,188,125**	**17.8%**	**0.8%**	**16.5%**	**146,034**	**7,408**	**121,533**	**$31.15**	**0.9%**
Flex Total	**84,318,164**	**10.9%**	**2.1%**	**13.9%**	**(267,201)**	**535,870**	**2,322,307**	**$19.29**	**0.3%**

Totals

Submarket	Inventory SF	% Vacant	% Sublet	% Available	Annual Absorption	Quarterly Leasing	Annual Leasing	Asking Rate	YoY Rent Growth
All Industrial	**263,143,891**	**10.0%**	**2.1%**	**13.5%**	**(2,645,747)**	**2,436,962**	**7,993,445**	**$19.65**	**4.7%**

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