

Office Report

Boston | Cambridge | Suburbs

Q1 2026

Lincoln

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Overview

Boston’s office market continued to show early signs of stabilization in the first quarter of 2026, as leasing activity remained strong, and market fundamentals exhibited incremental progress.

At quarter-end, Boston’s office vacancy rate stood at 15.5%, with overall availability at 21.7%, reflecting the continued impact of downsizing, hybrid work adoption, and tenant flight to higher quality buildings. The largest deal highlighting this trend was a lease signed by JPMorgan Chase for 249,000 square feet at South Station Tower.

Cambridge continued to struggle with rising vacancies and muted leasing activity. Cambridge vacancy rose to 15.2%, and mid-Cambridge saw the submarket’s highest rates at 16.5%.

Capital markets had relatively low activity in Q1, with two notable sales. The Davis Companies acquired a four-property portfolio for \$56 million. Originally purchased by Nuveen for \$224 million in 2016, the portfolio consists of 34, 38, and 44 Farnsworth Street and 332 Congress Street in Boston’s Seaport. Also in Seaport, Qianlong Property Development purchased 320 Summer Street for \$26.3 million, or \$215 per square foot.

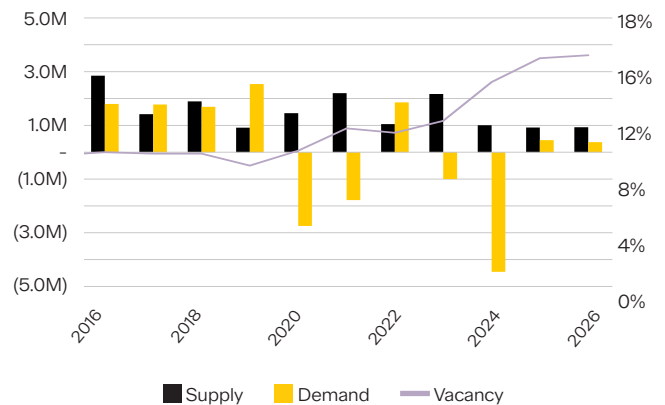
Looking Forward

Entering 2026, Boston’s office market fundamentals remained closely tied to broader employment trends in office-using sectors. Following the volatility experienced throughout 2025, employment growth contracted, with Professional & Business Services down 4.6% year-over-year and Financial Services down 2.1% year-over-year as of February. The Information sector was moderately impacted and saw a 1.1% year-over-year decline.

Although labor market headlines remain mixed, unemployment in the Boston MSA caused limited disruptions to the office market. The gradual return-to-office trend remains intact, supported by corporate mandates and a growing emphasis on collaboration, training, and in-person engagement.

To incentivize prospective tenants, landlords have been leaning more heavily into amenity-rich, flexible office environments. Looking ahead, Class A buildings are positioned to capture the majority of leasing velocity as tenants prioritize efficiency, experience, and location. Conversely, Class B and Class C properties are expected to face sustained pressure unless meaningfully repositioned, converted to alternative uses, or acquired at basis levels reflecting current leasing realities.

Boston Metro SVD (SF)



Top Leases

	SF
American Surgical Co. 100 Cummings Center, Beverly Route 3 North	20,325
Dechra Pharmaceuticals One Marina Park Drive, Boston Seaport	28,000
JPMorgan South Station Tower, Boston Financial District	249,000

Boston Office Trends

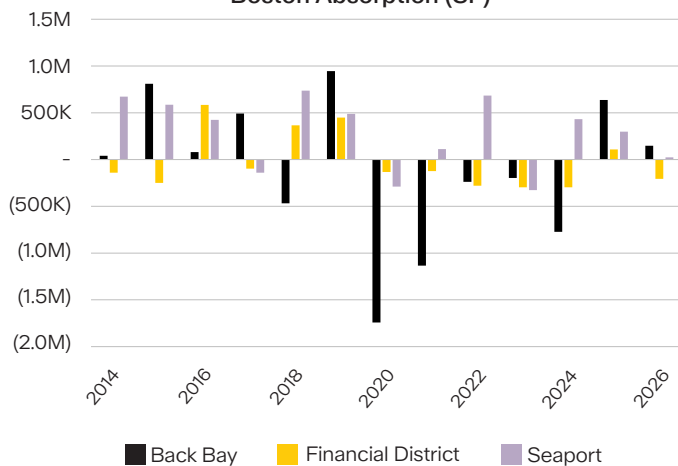
Leasing activity in the Boston office market remained steady during the first quarter of 2026, and just over 1 million square feet was removed from inventory. Net absorption totaled 58,682 square feet in Q1, contributing to 369,345 square feet of positive absorption over the past twelve months, further signaling a gradual stabilization in occupancy across the market.

Class A assets continued to outperform, capturing the majority of tenant demand as occupiers remained focused on high-quality, amenity rich environments that support evolving workplace strategies. The most significant lease signed during Q1 was JPMorgan Chase's 249,000-square-foot commitment at South Station Tower, reinforcing ongoing demand for newly delivered, class A office product.

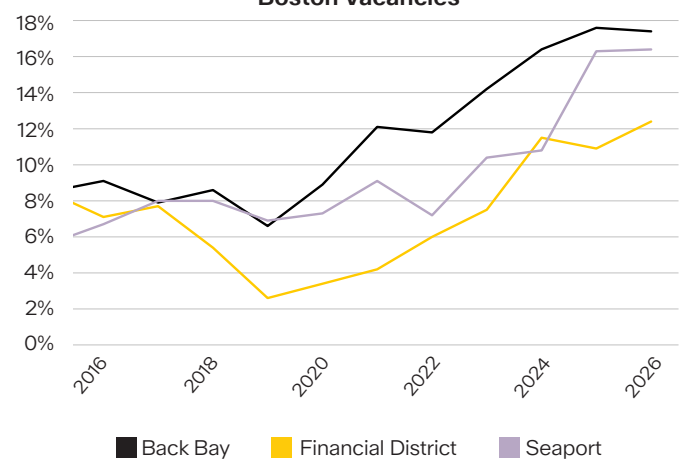
Despite consistent leasing activity, overall availability remained elevated. The vacancy rate increased slightly to 15.5%. Direct availability rose to 21.7%, while sublease availability declined to 3.0%, indicating that excess sublease space is gradually being absorbed or withdrawn from the market.

Overall, Q1 2026 performance indicates that the Boston office market is progressing through a slow, quality driven recovery. While elevated vacancy and availability is likely to persist in the near term, sustained positive absorption over the past year suggests that fundamentals are gradually recalibrating as tenants and landlords adjust to a reshaped office landscape.

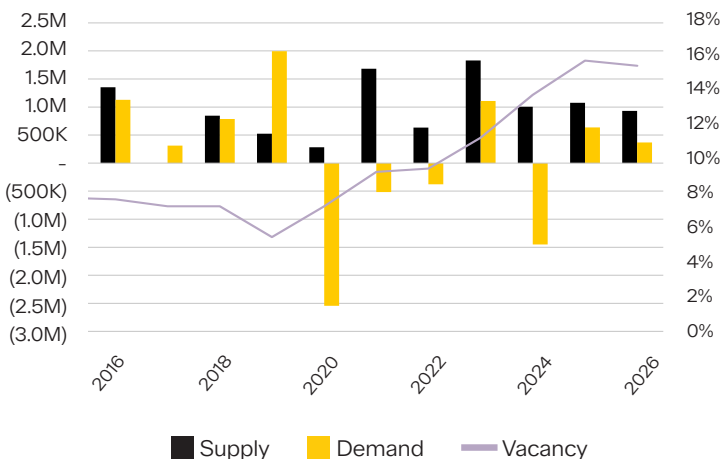
Boston Absorption (SF)



Boston Vacancies



Boston SVD (SF)



Boston Leasing by Class (SF)



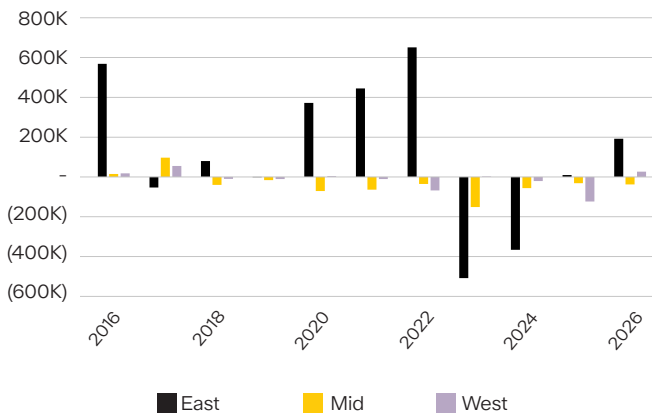
Cambridge Office Trends

The Cambridge office market experienced renewed softness in the first quarter of 2026, reversing some of the momentum that emerged at the end of 2025. The vacancy rate increased to 15.2%, reflecting a combination of limited leasing activity and continued space givebacks among tech and life science office users. Leasing volume was muted during the quarter, with just 34,186 square feet of leasing activity recorded.

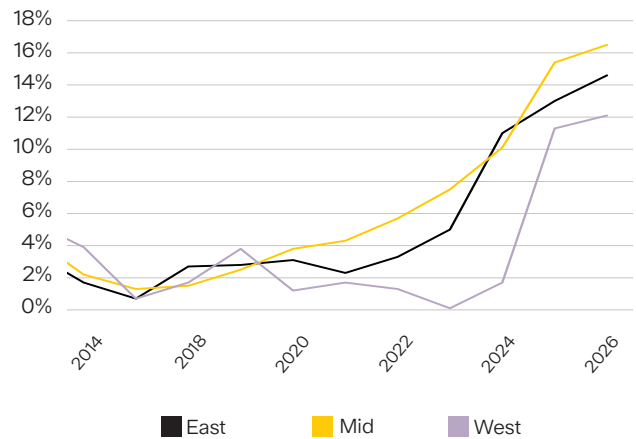
Availability remains elevated across Cambridge submarkets. Direct availability rose to 22.8%, while sublease availability declined slightly to 7.0%, though it continues to represent one of the highest sublease concentrations in the urban area. The growing level of sublease space reflects continued efforts by tenants to mitigate excess real estate exposure amid uncertainty in workforce growth and funding environments.

Challenges within the technology and biotech sectors remain a central factor shaping Cambridge office demand. Q1 venture capital investment remained constrained relative to peak levels, and continued workforce reductions across early stage and growth stage firms have limited near-term space needs.

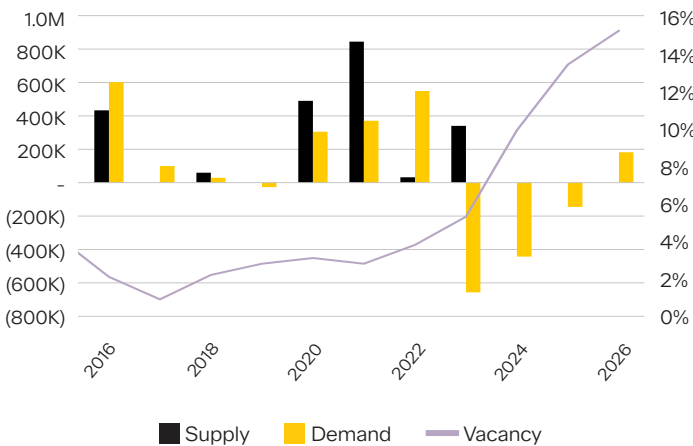
Cambridge Absorption (SF)



Cambridge Vacancies



Cambridge SVD (SF)



Cambridge Leasing by Class (SF)



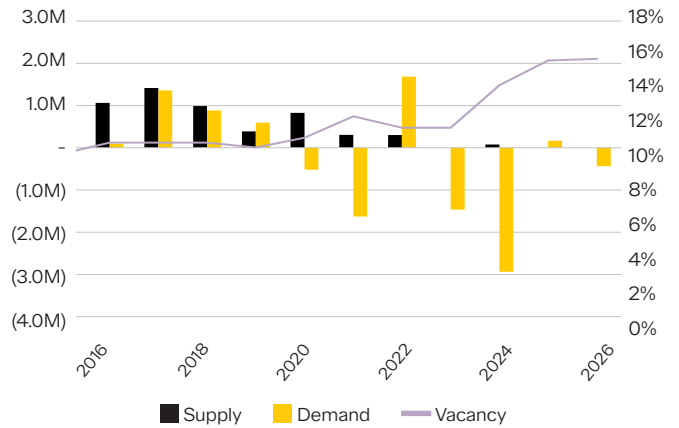
Suburban Office Trends

The Suburban Boston office market entered 2026 with more measured activity following the elevated leasing volume recorded at the end of 2025, with 902,652 square feet of activity. Q1 vacancy rates remained relatively stable market-wide at 15.7%, reflecting balanced conditions between ongoing tenant renewals and selective space givebacks. Q1 marked the fourth consecutive quarter that vacancy remained within 10 basis points of 15.7%.

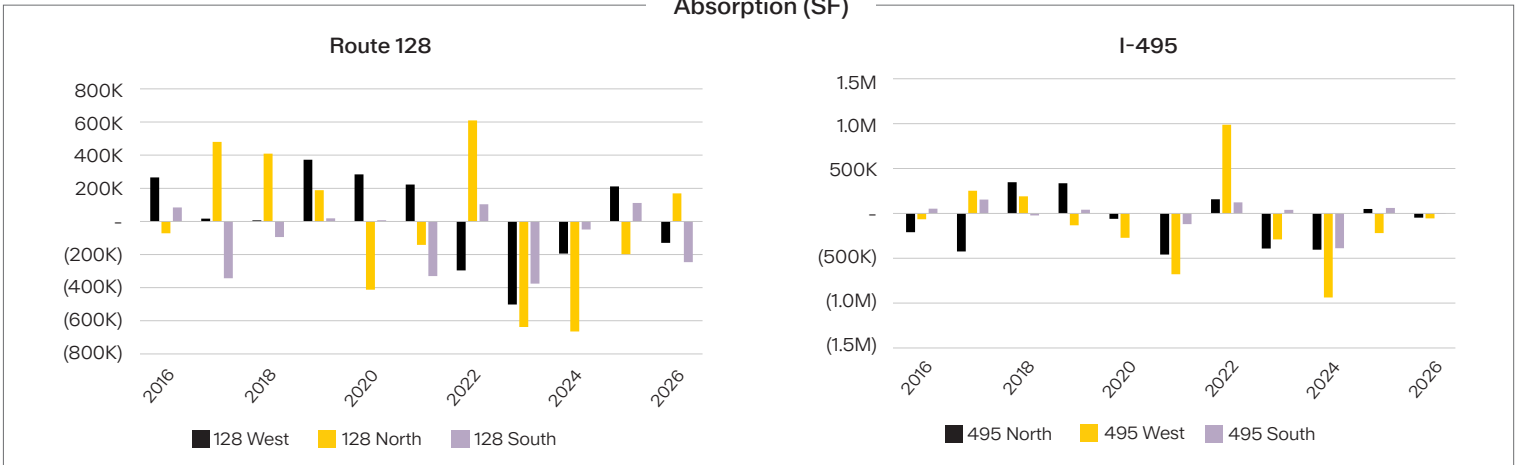
The most significant suburban lease of the quarter was Keurig Dr Pepper's 274,000-square-foot commitment on South Street in Burlington. The transaction underscores the continued appeal of well-located suburban campuses along the Route 128/I-95 corridor. In the inner suburbs, Tutor Intelligence leased 36,000 square feet at Riverworks in Watertown.

Collectively, these transactions highlight a continued bifurcation within the suburban office market. Large, high-quality assets in prime locations remain capable of attracting meaningful tenant commitments, while overall leasing activity remains selective and deliberate. As the market progresses through 2026, similar renewal driven and location specific deals are expected to remain a primary source of suburban leasing activity.

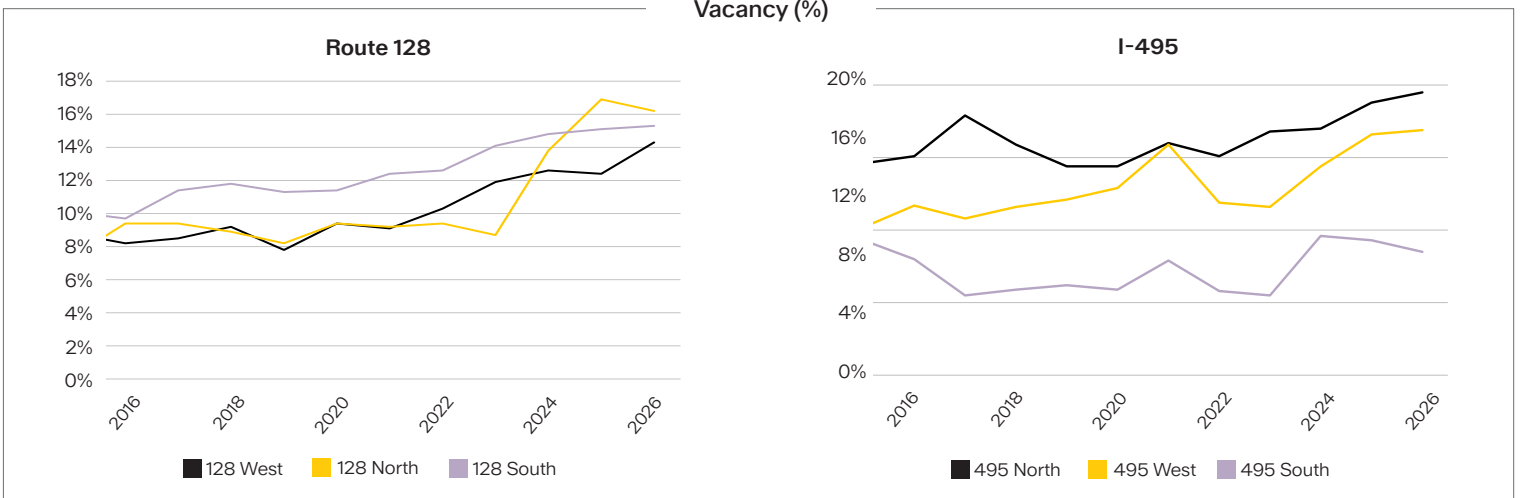
Suburban SVD (SF)



Absorption (SF)



Vacancy (%)



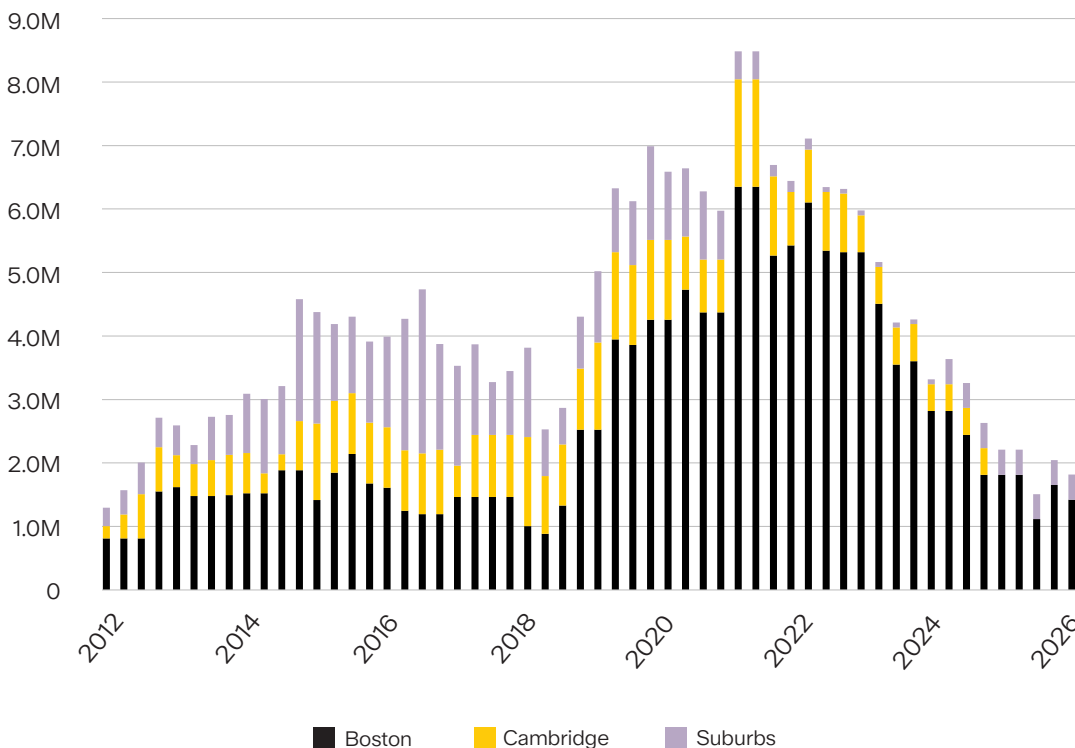
Development

New office construction in Boston was limited as the market entered 2026, following the delivery of several high-profile projects in 2025. The most notable recent addition to the skyline was South Station Tower, which delivered approximately 600,000 square feet of office space.

In Back Bay, Bain & Company's recently-delivered 231,663-square foot space at 350 Boylston Street represents the tail-end of Boston's active office development cycle.

As new construction slows, adaptive reuse has emerged as a central theme shaping future supply. With demand for smaller Class B office space softening and the region facing significant housing shortage, the Boston Planning & Development Agency's Downtown Residential Conversion Incentive Pilot Program remained a key policy initiative. Since its launch in October 2023, the program has received 24 applications proposing the conversion of 1.45 million square feet of office space into 1,730 residential units. The city's decision to extend the application window through 2026 reflects continued interest in office-to-residential conversions as a long-term strategy to rebalance the downtown market while addressing Boston's housing constraints.

Cambridge, Boston & Suburban Office Space Under Construction (SF)
(Excluding Conversions)



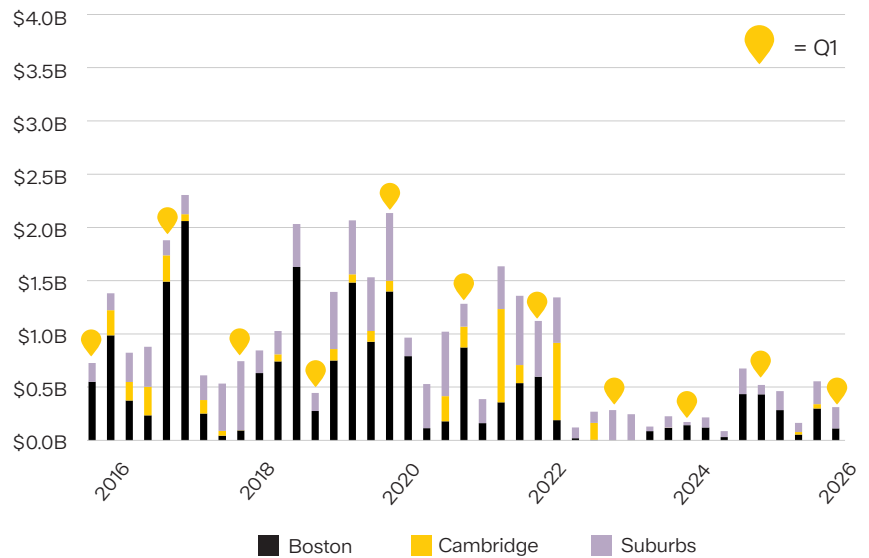
Investment Sales

Investment sales activity in the Boston office market moderated in the first quarter of 2026 following the elevated levels recorded in late 2025. Total office sales volume ended up at just under \$400 million during Q1 in the Metro area, signaling steady capital deployment as investors remain disciplined amid ongoing uncertainty around leasing fundamentals and a difficult lending environment.




Several notable transactions closed during the quarter, particularly within the Seaport District. Davis Companies purchased 34–48 Farnsworth Street and 44 Farnsworth Street from Clarion Partners for \$56 million. Also in the Seaport, 320 Summer Street sold for \$26.3 million, or \$215 per square foot. Purchased by Qianlong Property Development, the building is currently being considered for an office-to-residential conversion.

Suburban investment activity was more muted, though value oriented trades continued to occur. In the Route 128 North market, MG Burlington acquired One Burlington Woods for \$8.5 million, or \$72 per square foot– a small fraction of the previous purchase price of \$61 million in 2013.

Quarterly Sales Volume (In Billions)



Top Sales

	Price	PSF	Buyer	Seller
 <p>34-48 & 44 Farnsworth Boston Seaport</p>	\$56 Million	\$369	Davis Companies	Clarion Partners
 <p>320 Summer Street Boston Seaport</p>	\$26.3 Million	\$215	Qianlong Property Development	Lincoln Seaport Street Venture
 <p>One Burlington Woods Burlington 128 North</p>	\$8.5 Million	\$72	K&L Realty	MG Burlington

Office Stats Q1 2026

Submarket	RSF	% Vacant	% Sublease	% Avail	Net Absorption	12-Month Absorption	Leasing Activity	12-Month Leasing	Asking Rents
Back Bay	15,669,305	12.4%	2.4%	16.7%	(206,154)	(156,880)	59,623	298,317	\$61.25
Financial District	40,412,825	17.4%	2.9%	25.2%	148,117	475,345	728,413	2,489,048	\$59.15
Fenway	2,690,201	17.1%	3.9%	20.6%	10,078	(370,073)	36,729	95,038	\$55.00
Midtown	2,093,193	17.3%	2.5%	22.0%	5,169	24,899	16,851	104,926	\$41.25
North Station/End	4,848,907	8.7%	7.5%	16.9%	107,658	169,629	7,734	116,618	\$55.65
Seaport	11,010,589	16.4%	3.5%	20.6%	23,077	328,046	58,311	1,200,311	\$56.21
South Boston/End	492,187	48.5%	0.0%	48.5%	-	(24,258)	-	-	\$41.30
Downtown Boston Total	78,991,812	15.8%	3.1%	22.0%	31,268	201,052	1,215,841	4,596,926	\$57.75
Allston/Brighton	935,363	2.5%	1.2%	15.9%	(5,445)	27,411	3,565	18,354	\$44.75
South Suffolk County	2,066,161	1.7%	0.0%	1.7%	-	(18,872)	-	14,004	\$36.40
Boston Total	82,071,576	15.5%	3.0%	21.7%	58,682	369,345	1,044,653	4,414,287	\$56.91
East Cambridge	7,814,118	14.6%	5.3%	20.3%	192,451	271,780	10,584	100,080	\$75.05
Mid-Cambridge	3,173,896	16.5%	9.9%	29.2%	(37,317)	(131,449)	15,372	70,007	\$61.67
West Cambridge	1,261,954	12.1%	9.8%	21.8%	26,752	(70,630)	8,230	154,499	\$53.55
Cambridge Total	12,142,590	15.2%	7.0%	22.8%	181,886	69,701	34,186	324,586	\$69.95
128 West	23,252,099	16.2%	5.5%	26.6%	168,759	274,670	242,945	1,544,219	-
128 North	21,333,478	14.3%	4.8%	21.0%	(424,907)	(129,791)	227,011	1,280,843	\$29.01
128 South	17,470,191	15.3%	2.8%	19.6%	(245,486)	(12,533)	123,772	851,087	\$27.80
128 Total	62,577,978	15.3%	4.5%	22.7%	(501,634)	131,346	593,728	3,676,149	-
495 West	27,251,702	16.9%	3.0%	22.1%	(55,369)	(297,363)	160,361	799,367	\$25.89
495 North	17,234,551	19.5%	3.8%	26.7%	(46,982)	(158,750)	99,840	418,341	\$25.31
495 South	6,086,946	8.5%	2.3%	12.5%	(4,974)	46,086	45,478	146,899	\$25.97
495 Total	50,867,199	16.6%	3.2%	22.4%	(107,325)	(401,514)	305,679	1,323,811	\$24.85
Inner Suburbs North	6,155,545	11.7%	3.8%	17.0%	205,812	255,215	9,346	162,904	\$40.15
Suburban Total	119,828,030	15.7%	3.6%	22.3%	(437,836)	176,227	902,652	5,116,531	\$29.75
All Office	216,829,738	15.5%	3.7%	22.1%	(160,424)	376,109	1,981,491	10,886,663	\$42.55

Boston Research

research.boston@lpc.com

One Beacon Street, Suite 2400
Boston, MA 02108

www.lpc.com

Lincoln