

Office Report

Boston | Cambridge | Suburbs

Q4 2025

Lincoln

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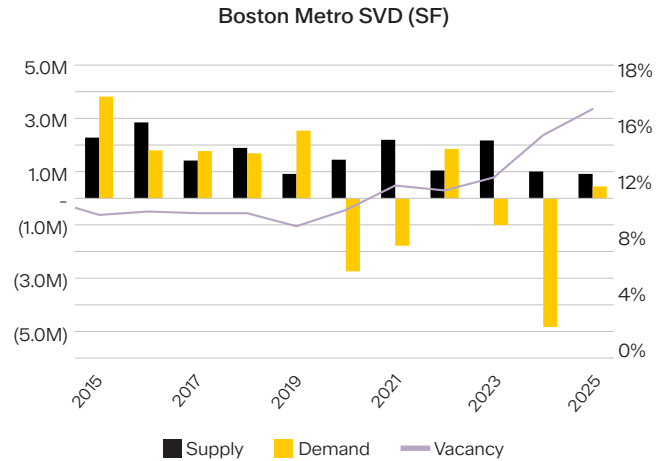
Overview

While the Boston Office Market vacancy rate continues to sit at an elevated rate of approximately 15%, fundamentals suggest that the market is improving. Boston saw positive absorption for the fifth time over the past six quarters, aided by significant leases signed in Q4.

Cambridge had a record-high vacancy rate in 2025, with a low of 11.7% in Q2 and a high of 13.9% in Q3. Vacancy decreased to 13.4% in Q4 and recorded 145,526 square feet in absorption—its first positive absorption since Q4 2022.

Capital markets saw elevated quarter-over-quarter activity with multiple properties trading hands. In a joint venture with Cross Ocean Partners, Lincoln Property Company acquired 140 Kendrick Street in Needham for \$132 million. In Back Bay, DivcoWest acquired 399 Boylston Street for \$125 million.

Five leases in Boston were over 100,000 square feet, the largest of which was Wayfair’s renewal and expansion of approximately 337,000 square feet at 500 Boylston Street. Wayfair will be vacating its 784,000-square foot space at Copley Place. Also leaving space in Back Bay is DraftKings, which is relocating to the Financial District at 225 Franklin Street. WilmerHale downsized and renewed 201,018 square feet at 60 State Street.



Top Leases

	SF
Wayfair 500 Boylston Street, Boston Back Bay	337,862
Dassault Systems 175 & 185 Wyman Street, Waltham 128 West	320,000
WilmerHale 60 State Street, Boston Financial District	201,018
Arbella Insurance 1200 Crown Colony Drive, Quincy 128 South	178,000
State Street 700 District Ave, Burlington 128 North	162,000
DraftKings 225 Franklin Street, Boston Financial District	117,500
Dentsply Sirona Inc. 590 Lincoln Street, Waltham 128 West	84,000

Looking Forward

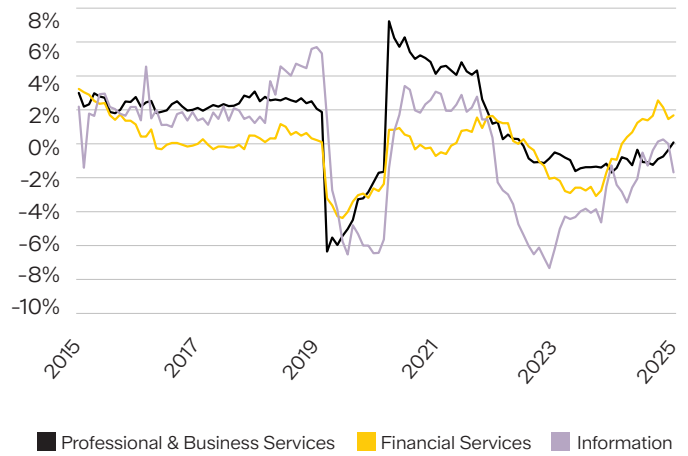
As of November 2025, the twelve-month change in office-using employee growth increased by 0.1% due to consistent growth in the Financial Services sector, which reported a 1.7% year-over-year increase. The Professional & Business Services sector and the Information sector grew at 0.1% and -1.7%, respectively.

Mass layoff announcements were frequent in 2025, and while the Boston area unemployment rate increased 0.7% to 4.2%, it did not significantly impact office market leasing activity.

MBTA ridership has continued to recover, with overall ridership sitting at 77% of 2019 levels. In late December, MBTA General Manager Phillip Eng noted that the number of weekday trips on the Red, Orange, and Blue Lines have increased 55%, 50%, and 16% respectively, a trend that will hopefully continue through 2026. Most notably, the Commuter Rail has seen the largest improvement at 85% of pre-pandemic ridership. This recovery is likely bolstered by companies continuing to return to the office.

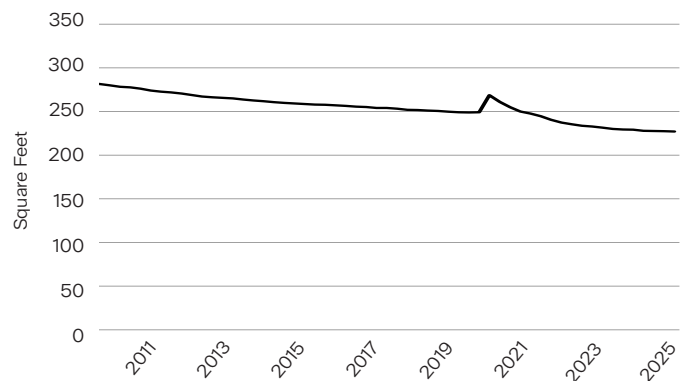
To incentivize prospective tenants, landlords have been leaning more heavily into amenity-rich, flexible office environments. The Boston Market seems positioned for a quality-led recovery, and while Class A assets are expected to thrive, Class B and Class C assets are likely to underperform or be repurposed or upgraded.

Office-Using Employee Growth



Source: BLS

SF Per US Office Employee

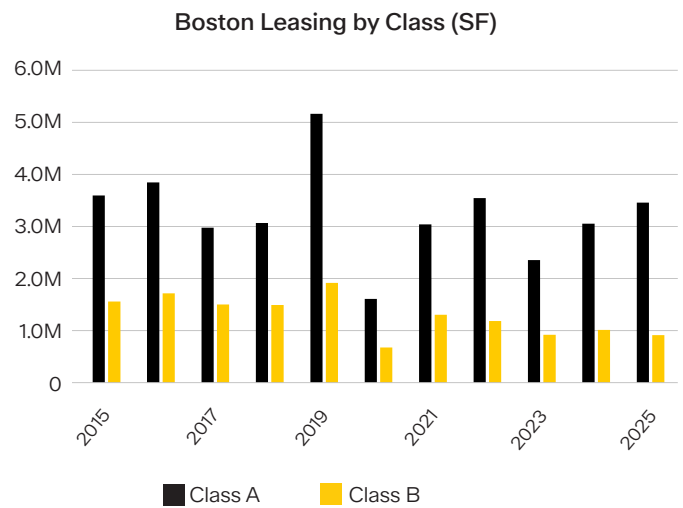
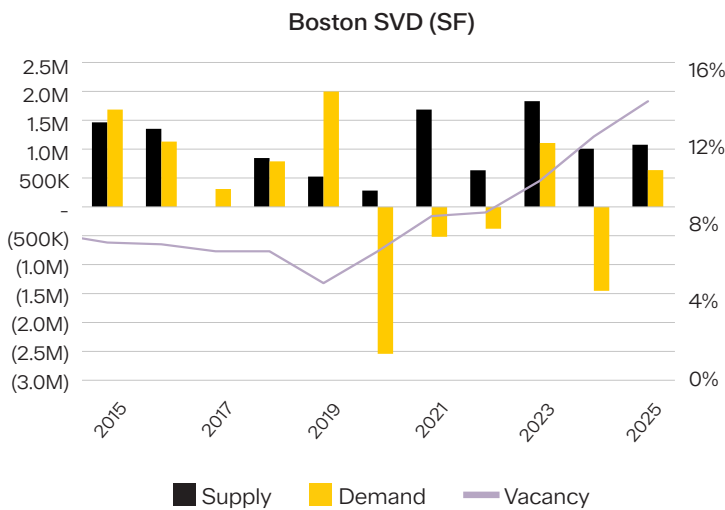
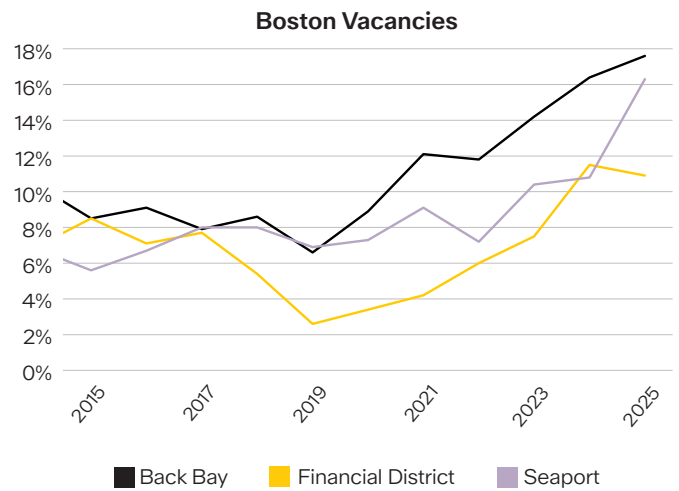
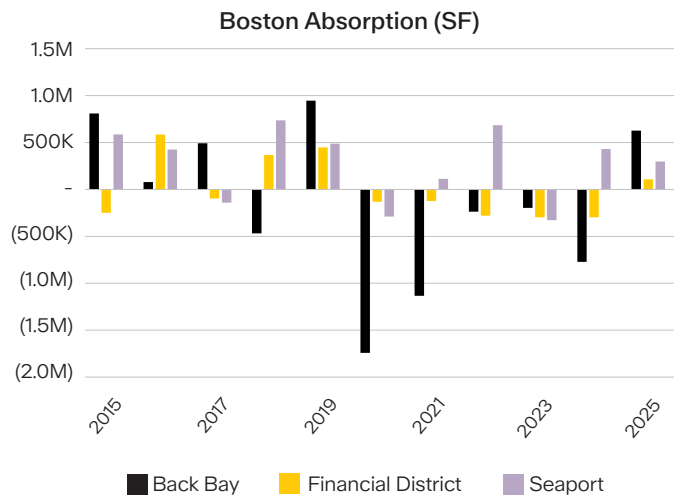


Source: BLS

Boston Office Trends

Leasing volume has increased slightly quarter-over-quarter at just under 1.1 million square feet and Q4 ended with a net absorption of 311,656 square feet. Class A space accounted for 73% of leasing activity in Q4, with 798,204 square feet taken off the market. An additional 289,769 square feet of Class B space was also leased.

Prominent Boston companies were responsible for many of the large deals signed in Q4. Topping the list was Wayfair's expansion and renewal of 337,862 square feet at 500 Boylston Street. DraftKings vacated its space at 222 Berkeley Street in Back Bay and relocated to the Financial District at 225 Franklin Street. Law firm WilmerHale also signed in the Financial District and renewed 201,000 square feet at 60 State Street.



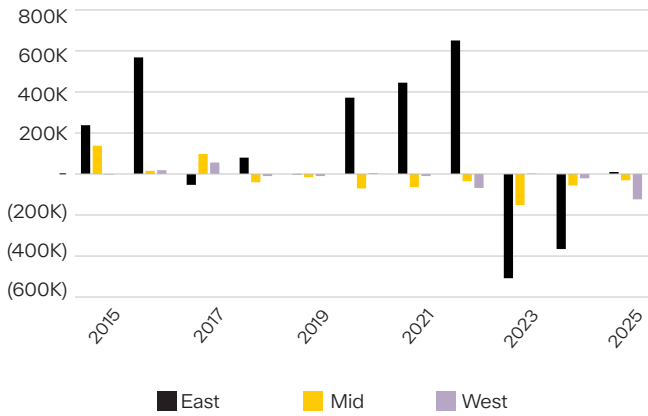
Cambridge Office Trends

The Cambridge Office Market showed signs of improvement after years of slower momentum. The vacancy rate decreased 50 basis points and ended Q4 at 13.4% – the first decrease in vacancy since Q4 2022. Net absorption finished the quarter in the positives for the first time since Q4 2022, at 145,526 square feet. While Cambridge entered 2026 with positive momentum, more improvements will be needed before it starts seeing pre-pandemic numbers.

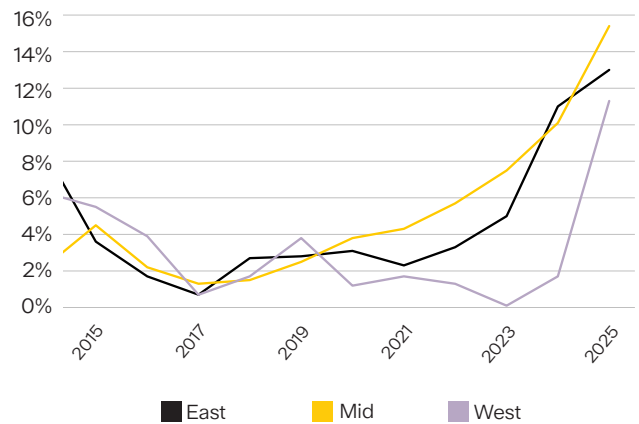
Cambridge’s sublease availability was the highest in the metro area with 7.7% of space up for sublease—11.4% of which is in West Cambridge. This indicates that many Cambridge tenants are looking for short term relief on their leasing obligations.

Challenges persist for the tech and biotech industry, as VC funding continues to dwindle and workers face significant layoffs. As a result, tenants are increasingly hesitant to lease space and expand their footprint.

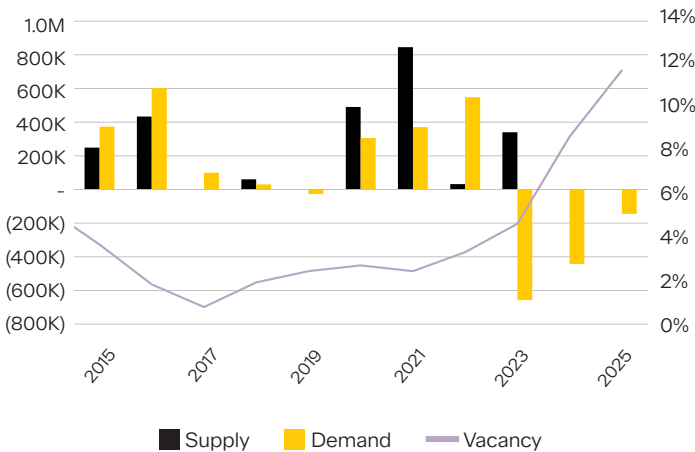
Cambridge Absorption (SF)



Cambridge Vacancies



Cambridge SVD (SF)



Cambridge Leasing by Class (SF)

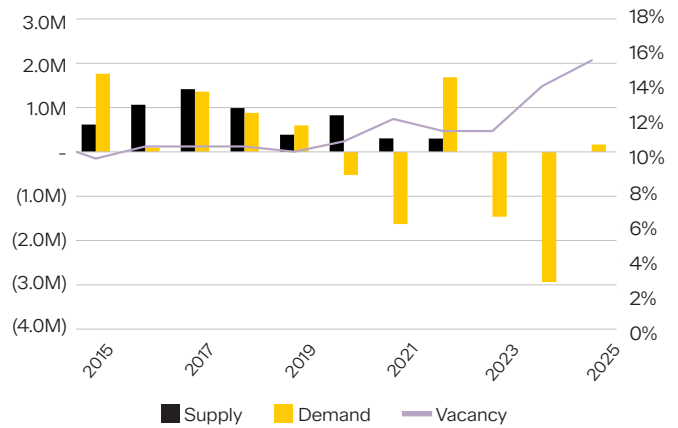


Suburban Office Trends

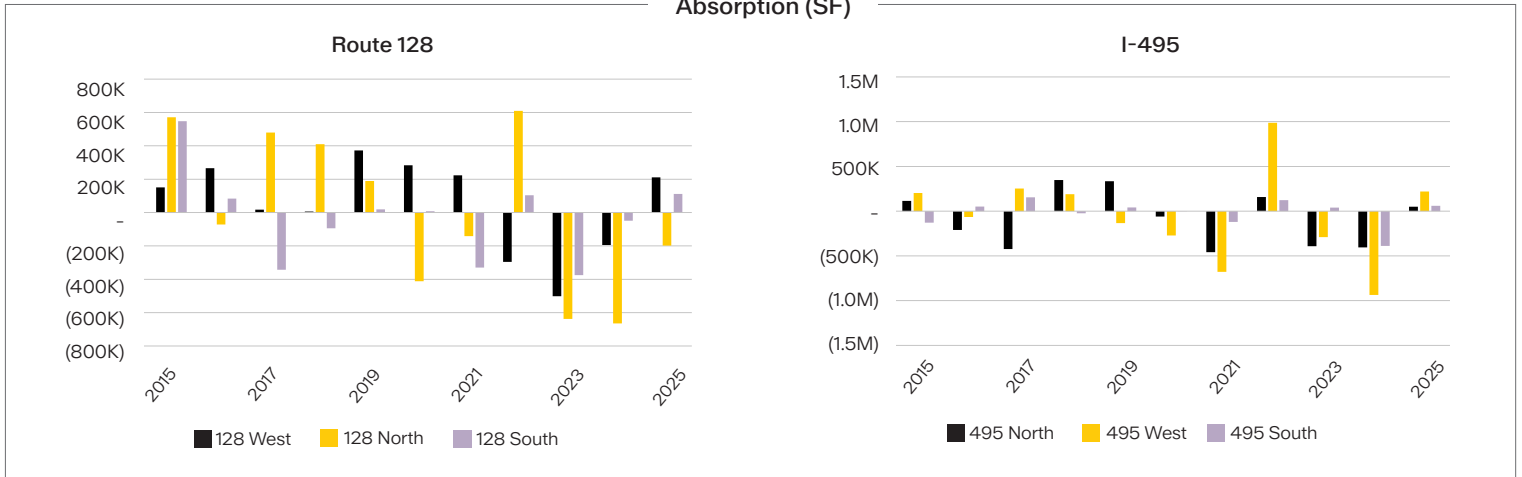
Vacancy rates in the Suburban Office Market have remained level over the past two years and ended Q4 at 15.6%. Suburban leasing volume was at its highest level since Q4 2022, with over 1.6 million square feet of space leased in Q4. This volume contributed to a net absorption of 499,648 square feet—the highest in 13 quarters. The 128 Submarket led the charge, signing over 1.2 million square feet of space, over half of which was in 128 North.

The largest Suburban office lease was in 128 West, with French software company Dassault Systems' renewal of 320,000 square feet at 175 & 185 Wyman Street in Waltham. In the North, where activity is largely driven by renewals, State Street Bank leased 162,000 square feet of space at 700 District Avenue in Burlington.

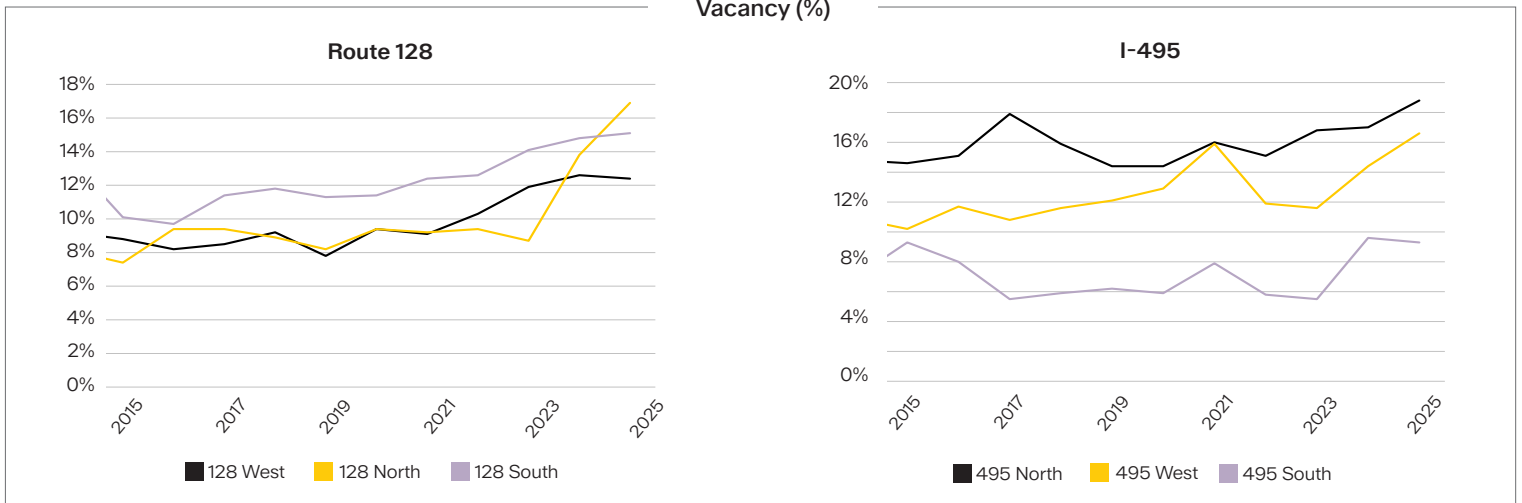
Suburban SVD (SF)



Absorption (SF)



Vacancy (%)



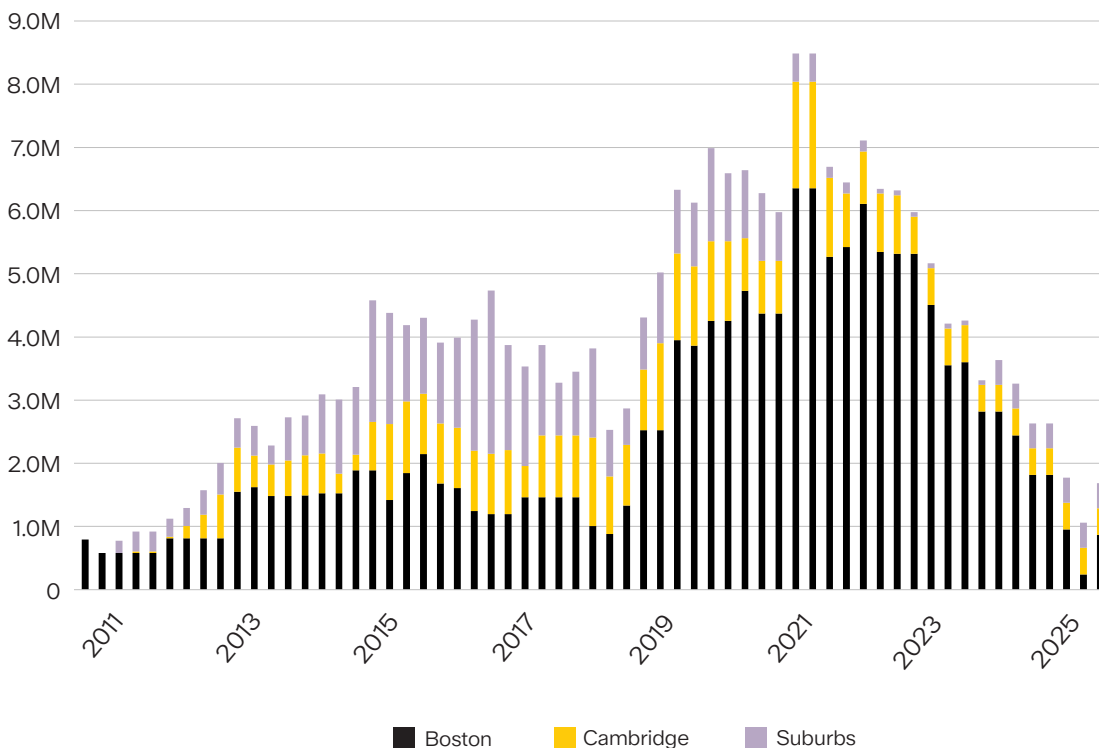
Development

2025 saw major deliveries of headline properties, including the high-profile delivery of South Station Tower, a multi-use development that adds roughly 600,000 square feet of office space to the market. 10 World Trade in Seaport was completed in Q3 and delivered 225,000 square feet of office space which is still seeking its first tenant. Rounding out Q4 deliveries was Bain & Company's 221,230-square foot build-to-suit at 350 Boylston Street in Back Bay.

The Commonwealth Pier Revitalization Project is expected to complete in 2026, which includes a newly renovated Seaport World Trade Center building. The 665,649-square foot building is primarily pre-leased Fidelity Investments.

The Boston Planning & Development Agency extended the application deadline for the Downtown Residential Conversion Incentive Pilot Program, aiming to incentivize activity and give developers more time to create proposals. The program was created in response to the lack of housing in the Boston area and the decreasing demand for smaller Class B space. Since its creation in 2023, the city has received 22 applications to convert 1.2 million square feet of office space into 1,517 new homes. The application deadline is extended through 2026.

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



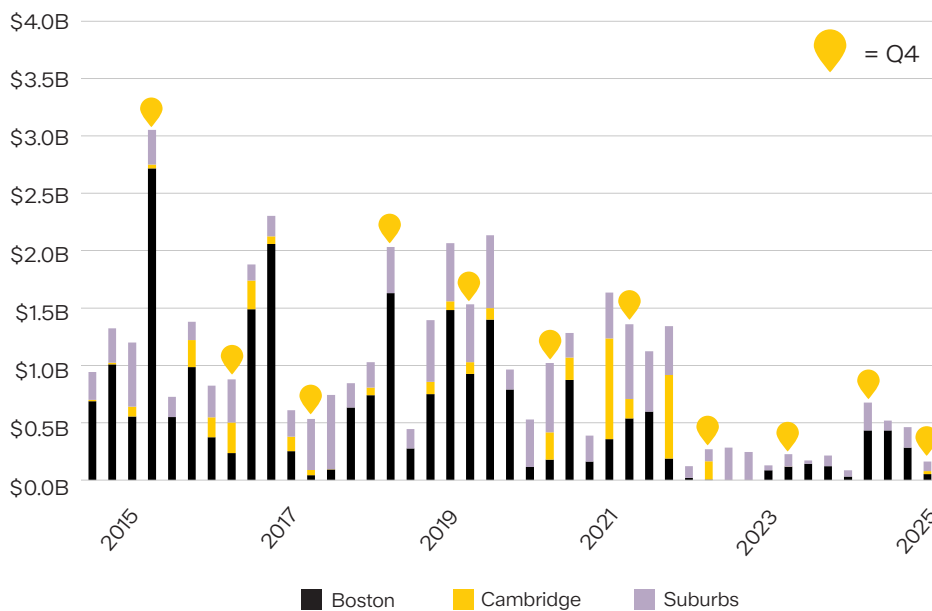
Investment Sales

Q4 saw the highest level of capital market activity in 2025, with more than \$568 million in sales. Approximately \$1.7 billion in transactions occurred over the last 12 months, featuring high-profile assets like One Lincoln, acquired by DivcoWest, and 99 High Street, acquired by Synergy Investments. The most notable sale in Q4 was DivcoWest’s purchase of 399 Boylston Street from Blackstone for \$125 million, or \$510 per square foot. Purchased by Blackstone in 2014 for \$117 million, the building has received \$35 million in upgrades, further highlighting the valuation struggles that many Boston office properties have faced.

The Suburban market also saw significant activity in Q4. Most notably, Lincoln Property Company and Cross Ocean Partners purchased 140 Kendrick Street in Needham from BXP for \$132 million. Also in the 128 Submarket, Montana Avenue Capital Partners purchased 63 & 53 South Avenue in Burlington for \$84.5 million.


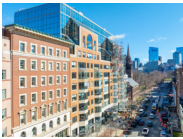




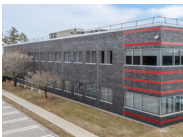

The elevated transaction activity seen throughout 2025 may indicate an improved outlook for investors, but caution remains as companies try to navigate an uncertain and rapidly changing economy and difficult lending conditions.

Quarterly Sales Volume (In Billions)



Investment Sales

Top Sales

		Price	PSF	Buyer	Seller
	140 Kendrick Street Needham 128 West	\$132 Million	\$332	Cross Ocean Partners Lincoln Property Company	BXP
	399 Boylston Street Boston Back Bay	\$125 Million	\$510	DivcoWest	Blackstone
	63 & 53 South Ave Burlington 128 North	\$84.5 Million	\$196	Montana Avenue Capital Partners	Peakstone Realty Trust
	11-17 Avenue de Lafayette Boston Midtown	\$23 Million	\$158	Thibeault Development	MC Real Estate Partners
	101 Merrimac Street Boston North Station/Beacon Hill	\$22.2 Million	\$141	Synergy Investments	H.N. Gorin Inc.
	133 Federal Street Boston Financial District	\$15.75 Million	\$131	Kendall Capital	B.E. Realty
	5 & 15 Hampshire Street Mansfield 128 West	\$10.2 Million	\$55	Foxfield Properties	RMR Group
	Burlington Woods 174-176 Middlesex Turnpike Boston Financial District	\$5.6 Million	\$17	Cummings	Orion Properties

Office Stats Q4 2025

Submarket	RSF	% Vacant	% Sublease	% Avail	Net Absorption	12-Month Absorption	Leasing Activity	12-Month Leasing	Asking Rents
Back Bay	15,837,814	10.9%	3.3%	17.8%	196,175	107,519	59,623	380,417	\$60.50
Financial District	41,966,292	17.6%	3.2%	28.2%	145,208	625,925	627,214	2,520,600	\$58.60
Fenway	2,690,201	17.3%	4.0%	20.0%	(40,116)	(373,657)	17,584	68,309	\$55.00
Midtown	2,093,193	17.6%	2.5%	22.1%	(5,693)	12,424	5,473	90,617	\$41.05
North Station/End	4,848,907	9.6%	4.2%	14.4%	(24,166)	(26,233)	37,005	152,001	\$55.60
Seaport	11,010,589	16.3%	4.9%	22.2%	(12,325)	297,738	148,365	1,181,672	\$55.89
South Boston/End	492,187	46.5%	0.0%	46.5%	78,836	(15,678)	-	8,580	\$41.10
Downtown Boston Total	78,991,812	15.5%	3.5%	23.9%	240,843	491,545	1,081,215	4,386,684	\$57.60
Allston/Brighton	935,363	1.9%	1.2%	7.5%	13,299	40,110	-	41,437	\$44.69
South Suffolk County	2,066,161	1.7%	0.0%	1.7%	4,300	(28,023)	3,700	16,971	\$36.09
Boston Total	82,071,576	15.3%	3.4%	23.4%	311,656	637,420	1,087,973	4,404,848	\$40.39
East Cambridge	7,935,532	13.0%	8.3%	22.8%	125,743	9,439	34,558	124,601	\$74.72
Mid-Cambridge	3,173,896	15.4%	4.5%	23.6%	19,734	(31,118)	21,361	59,386	\$61.61
West Cambridge	1,261,954	11.3%	11.4%	23.4%	49	(123,435)	6,307	148,690	\$53.43
Cambridge Total	12,142,590	13.4%	7.7%	23.1%	145,526	(145,114)	62,226	332,677	\$69.84
128 West	23,252,099	16.9%	6.4%	26.6%	176,562	(197,753)	486,704	1,648,986	\$35.50
128 North	21,333,478	12.4%	4.6%	20.5%	86,607	211,035	631,736	1,320,805	\$28.91
128 South	17,470,191	15.1%	2.9%	19.9%	136,909	111,792	170,268	819,883	\$27.86
128 Total	62,577,978	14.8%	4.7%	22.6%	400,078	124,074	1,288,708	3,789,674	\$32.71
495 West	27,251,702	16.6%	2.9%	21.9%	(21,897)	(218,947)	157,406	789,703	\$21.71
495 North	17,234,551	18.8%	4.3%	27.1%	28,351	(49,869)	46,525	392,179	\$25.19
495 South	6,086,946	9.3%	2.6%	14.2%	17,068	59,908	10,388	136,843	\$25.88
495 Total	49,980,185	16.5%	3.3%	22.7%	33,522	(209,395)	214,319	1,277,929	\$24.40
Inner Suburbs North	6,155,545	15.1%	4.2%	19.2%	66,048	16,855	109,387	159,558	\$39.81
Suburban Total	119,828,030	15.6%	4.1%	22.5%	499,648	166,403	1,612,414	5,186,929	\$29.60
All Office	216,829,738	15.3%	4.0%	22.8%	944,844	445,787	3,454,604	10,631,781	\$42.40

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