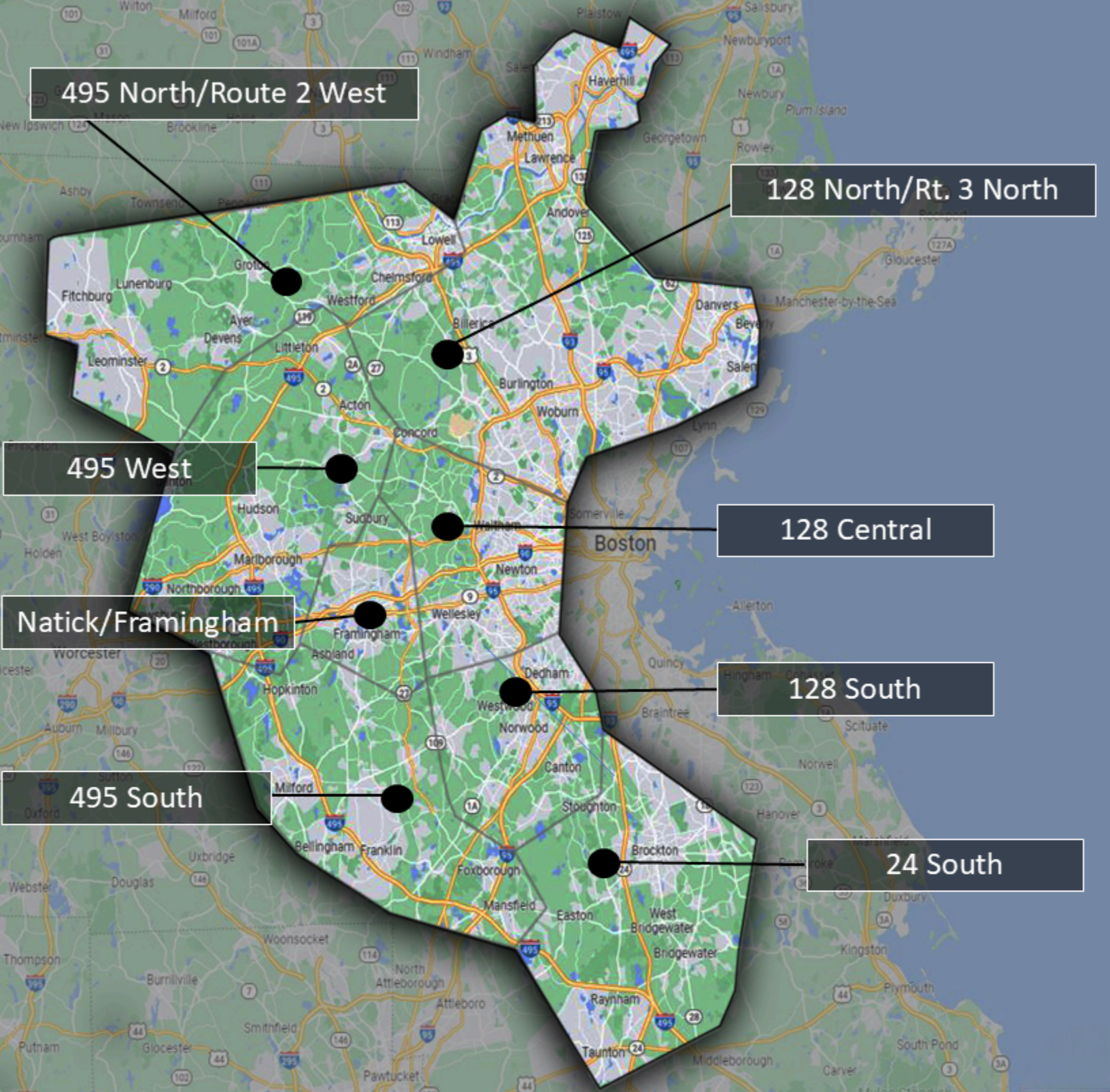




Q1²⁰²⁵ REPORT

Greater Boston Market Report

By: R.W. Holmes Commercial Real Estate



495 North/Route 2 West

128 North/Rt. 3 North

495 West

128 Central

Natick/Framingham

128 South

495 South

24 South

Q1 2025

SUBMARKET DATA

GREATER BOSTON SUBMARKETS

128 CENTRAL | Office

SUBMARKET NEWS

MARKET RECAP

- **Owner-Occupant Sales Begin Closing, Highlighting Value Gaps Post-Pandemic:** As anticipated, owner-occupant sales and local investor acquisitions that began in 2024 are finally closing early in 2025. These are some of the first office sales within Central 128 post-pandemic and have shed light on values for the submarket. For the first time in over five years, we are seeing notable discrepancies between owner-occupant sale prices and investor pricing.
- **Central 128 Leads with Notable Relocations and Expansions Despite Lower Deal Volume:** Central 128 continues to lead the suburbs with headline-making larger transactions each quarter. While not as numerous as pre-COVID, larger deals are happening. This quarter it was highlighted by groups such as Advisor360 relocating from their 133 Boston Post Road sublease to 400 First Ave (TripAdvisor's sublease), Global Partners relocating from 800 South Street in Waltham to 275 Grove St in Newton, and Evident Scientific's renewal at 48 Woerd Ave in Waltham for 125,000 SF. Several 10,000+ SF transactions also were inked this quarter in Waltham, such as CD Projekt Red expanding into 14,000 SF at 51 Sawyer.
- **Tenant Caution Persists as Large Deals Take Longer to Close:** There is continued lack of urgency – tenants do not feel the need to make decisions quickly. While these large transactions are promising for the submarket, each of them took notably longer to finalize than landlords had expected.

NOTEWORTHY NEWS

- **UMass Plans Redevelopment at Mount Ida to Deliver Housing and Retain Local Talent:** UMass has announced their intention to open applications to developers to partner on redeveloping major open land at the Mount Ida campus in Newton. The intention of the redevelopment is to create additional, affordable housing in hopes of keeping recent grads in the Boston area, which will be a great boost for local employers.

WHAT WE WILL BE WATCHING

- **Recent Office Sales Establish Values and Spark Market Interest:** Q1's several office building sales are helping solidify values for the Central 128 submarket and alter the supply of office space in Central 128. The sales of 313 Washington Street, 1210 Washington, and 199 Wells in Newton – each of which will be owner-occupied – have given us several data points for off-market office sales. We know of several large office properties that have the potential to come to market later in 2025 once landlords confirm market prices from the few other under agreement office buildings (such as 160 Gould in Needham). Almost all landlords of office buildings with vacancy continue to have interest in entertaining off market offers.

RECAP OF MARKET HEALTH



31,351,500
TOTAL SQUARE FEET



21.50%
VACANCY RATE



\$39.00/SF
AVERAGE RATE (GROSS)
CLASS A & B SPACE



321,000
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



SALE

313 Washington Street, Newton
\$8,150,000 (\$102/SF)
313 Washington Realty Trust
(City Realty)



SALE

1210-1230 Washington Street, Newton
\$23,750,000 (\$160/SF)
1230 West Newton, LLC
(Commodore Builders)



SUBLEASE

400 First Avenue, Needham
80,000 SF
Advisor360

128 NORTH/RT. 3 NORTH | Office

SUBMARKET NEWS

MARKET RECAP

- Q1 Ends with Modest Negative Absorption Amid Steady Intra-Market Activity:** Q1 2025 ended on a similar run of the past three quarters with a negligible amount of net absorption in the negative by about 28,000 square feet. Notably, leasing activity has remained relatively consistent, with about 335,000 square feet in new space leased. That has been around the average since Q2 2022. This points to a consistent trend of intra-market deals happening as opposed to inter-market.
- Office Sales Show Strong Pricing in Early 2025:** 2025 started with a bright spot for office trades with a few notable sales north of Boston for quality buildings. Most notable was The Xchange in Bedford trading from Jumbo Capital to Shorenstein Properties for about \$200/SF. 150 Minuteman in Andover to Optimum Asset Management for about \$230/SF and 99 Conifer in Danvers (medical) going to MFM Health for \$190/SF also rounded out the quarter.

NOTEWORTHY NEWS

- Rents Hold Near Highs as Existing Conditions Remain Key Driver:** Average rents remain near a 10 year high. Quality, existing conditions, and value continue to be drivers in the market for both A and B space. Notable new deals include GEI Consultants relocating from Unicorn Park in Woburn to 100 Quannapowitt in Wakefield to the tune of 34,000 SF, Myomo taking 36,000 SF at 45 Blue Sky in Burlington, and Perceptive Informatics taking 13,000 SF at 55 Blue Sky to relocate from Billerica.

WHAT WE WILL BE WATCHING

- High Competition and Long Lease Timelines Keep Absorption Flat:** Leasing activity continues to be cannibalistic within the market, leaving absorption stale. Competition between buildings continues to remain high for tenants in the market, especially with lease rates remaining high as well. Average time to lease is about 12 months for vacancy with office space, and we expect that will remain the norm for the foreseeable future. Vacancies that offer strong existing conditions will be superior on a case-by-case basis for tenants.
- Recent Sales Could Signal Renewed Investor Confidence in Stabilized Assets:** 2025 saw a new trend for office sales: higher values per square foot on average trades. This is a bright spot for owners with stabilized assets that are looking to trade. Hopefully, this trend signals investors that are looking for an upside to focus more favorably upon stabilized office buildings north of Boston.

RECAP OF MARKET HEALTH



49,300,000
TOTAL SQUARE FEET



18.00%
VACANCY RATE



\$28.25/SF
AVERAGE RATE (GROSS)
CLASS A & B SPACE



0
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



LEASE
100 Quannapowitt Pkwy, Wakefield
34,000 SF
GEI Consultants



SALE
150 Minuteman Road, Andover
\$26,400,000 (\$230/SF)
Optimum Asset Management



SALE
4-8 Crosby Drive, Bedford
\$96,000,000 (\$200/SF)
Shorenstein Properties

NATICK/FRAMINGHAM | Office

SUBMARKET NEWS

MARKET RECAP

- Large Acquisition Pushes Q1 Absorption Positive and Drops Vacancy Rate:** The first quarter appeared poised to finish in neutral territory, with both positive and negative lease activity almost neck and neck. However, with the announcement of the 162,000-square-foot acquisition highlighted below, positive absorption was pushed well into the black. The deal was even enough to move the total vacancy needle from 10.50% to 9.10%, not an easy thing to do when dealing with a market totaling over 8.5 million square feet.

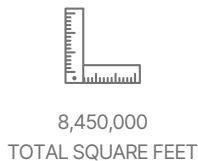
NOTEWORTHY NEWS

- TJX Acquisition of 3 & 5 Speen Absorbs 162,000 SF of Long-Term Vacancy:** We can now reveal the details of the “large corporate user” that we alluded to in our Q4 Report. Only eight months removed from completing their multi-year renovation at 550 Cochituate in Framingham (450,000 square feet), TJX Companies acquired 3 & 5 Speen Street next door from Carruth Capital. The buildings (74,461 SF and 87,406 SF, respectively) will serve as further expansion for the Fortune 100 retailer. As some may recall, 3 & 5 Speen was previously the home of International Data Group (IDG) for over twenty years but has remained largely vacant since the company relocated to Needham nearly four years ago. Needless to say, the absorption of nearly 162,000 square feet of lingering vacancy is a much-needed shot in the arm for the market.

WHAT WE WILL BE WATCHING

- Downtown Natick Sees Investment Surge, But Office Demand Remains to Be Seen:** Meanwhile, downtown Natick is quietly undergoing a bit of renaissance as of late. In the past 12 months, a decent chunk of the antique brick buildings that make up Natick Center’s main thoroughfare have traded hands. Last year it was the sale of “Clark’s Block,” a 60,000 SF swath of office and mixed-use buildings. More recently, three addresses (25 Main, 35 Main, and 7 Summer) have all sold to a single investor after decades of legacy ownership. Combine this with the infusion of nearly 175,000 SF of ground-up multifamily and retail projects (from five separate developers), and you have what should amount to a pretty dramatic transformation when complete. What remains to be seen is whether this will encourage office users to reconsider the destination. While Natick’s recent \$40 million dollar investment into the refurbishment of the commuter rail has undoubtedly rekindled interest, parking still remains the town’s Achilles’ heel.

RECAP OF MARKET HEALTH



NOTEWORTHY TRANSACTIONS



SALE
3 & 5 Speen Street, Framingham
\$24,260,000 (\$150/SF)
TJX Companies



LEASE
100 Crossing Boulevard, Framingham
4,129 SF
Capital Brands



LEASE
1 Speen Street, Framingham
6,700 SF
Coffee Pond

I-495 WEST | Office

SUBMARKET NEWS

MARKET RECAP

- Tenant Confidence Returns as Mid-Sized Lease Activity Picks Up:** In the first quarter of 2025, submarket activity showed encouraging signs, with five leases signed for spaces ranging from 8,000 to 13,500 square feet. Additionally, there has been a noticeable uptick in transactions involving spaces over 8,000 square feet, compared to recent periods. This suggests that tenants are increasingly confident they've identified the right amount of space for their needs and are once again actively touring buildings and transacting.
- Long-Term Lease Commitments Signal Growing Confidence and TI Alignment:** Notably, a few leases signed this quarter include terms of 10 years or longer — a positive indicator that tenants are showing a greater willingness to commit to long-term deals, particularly in cases where significant build-out is required. This trend will be increasingly important in the coming years, as many buildings in the market will require substantial tenant improvement (TI) investments to meet current market standards.

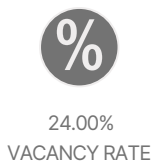
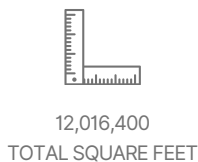
NOTEWORTHY NEWS

- Massachusetts State Police Select Marlborough for Major Office and Lab Facility:** In a significant win for the 495 West submarket, the Massachusetts State Police have selected The Campus at Marlborough as the site for their new office and laboratory facility, which is expected to total between 180,000 and 200,000 square feet. This announcement marks another positive milestone for the city of Marlborough, reinforcing its appeal to major employers seeking accessible locations with strong amenity offerings for their workforce.
- Springwell and Connect United Relocations Reflect Shifting Space Needs:** While Springwell locating to 290 Donald Lynch Boulevard is a plus, it comes at a slight cost. They have been in approximately 20,000 square feet on Route 20 in Marlborough for over 20 years and made the decision to move and downsize a bit. On the plus side, Connect United relocated from Ashland to the Boros, grabbing 11,129 square feet.

WHAT WE WILL BE WATCHING

- State Police Deal Is a Win, But Doesn't Absorb Existing Vacancy:** As noted above, the Massachusetts State Police's commitment to a new office/lab facility at The Campus at Marlborough is a major win for the region. However, because the project is a build-to-suit, it will have no immediate impact on reducing the market's vacancy rate. While the announcement is certainly positive, the market may have celebrated even more had the 180,000–200,000 square foot requirement absorbed space within the existing inventory.
- Absorption Trend Improving, Though Still Negative:** Twelve-month net absorption has improved to a negative 60,000 square feet, a notable recovery from the negative 173,300 square feet recorded over the preceding 12-month period. While still in negative territory, hopefully this will become a trend reflecting a gradual strengthening of tenant demand.

RECAP OF MARKET HEALTH



NOTEWORTHY TRANSACTIONS



LEASE
290 Donald Lynch Blvd, Marlborough
13,044 SF
Springwell



LEASE
200 Friberg Parkway, Westborough
11,129 SF
Connect United



LEASE
2 Park Central Drive, Southborough
7,500 SF
Financial Foundations

128 NORTH/RT. 3 NORTH | Industrial

SUBMARKET NEWS

MARKET RECAP

- Vacancy Rises, Offering Tenants More Leverage in a Competitive Market:** The market vacancy rate continues to rise, now up half a point from Q4 2024. This is a good sign for users as more additional construction delivery has created a more competitive market, leading to competition among landlords to win deals. This is a new phenomenon in the north market, where prior to 2022 even infill users (10,000 –40,000 SF) would face limited options with a sub-5% vacancy rate. The situation was even worse in that period for a larger user (60,000 SF +) who would be looking at a vacancy rate near 0%. That has changed in today's market thanks to 7,000,000 SF of new product delivering in the past 2 years.
- Leasing Volume Declines from Peak but Activity Remains Healthy:** Leasing activity continues to dwindle since its peak in Q4 2020 where almost 2,000,000 SF of new deals were signed. Despite that, activity remains strong and demonstrates growth. Q1 2025 saw about 550,000 SF in new deals signed such as Swagelok taking 50,000 SF on Upton Drive in Wilmington (expansion from Billerica), Tobin Scientific taking 42,000 SF on Upton Drive in Wilmington (expansion from Salem).

NOTEWORTHY NEWS

- User and Investor Sales Drive Strong Q1 Transaction Volume:** Q1 2025 saw strong activity for industrial sales, both to users and investors. Users picked up a total of 153,000 SF across the market via 5 sales totaling \$30,200,000, for an average sale price of \$197/SF. Highlights in this area were 11 State in Woburn trading for \$250/SF (58,000 SF), 20 International in Lawrence trading for \$175/SF (30,000 SF), and 815 Woburn in Wilmington trading for \$265/SF (23,000 SF). On the investment side, Berkeley Partners harvested 3 properties of a 2021 vintage (33 & 37 Manning, Billerica and 23 Rainin, Woburn) for a total of about \$37,000,000, or \$216/SF.

WHAT WE WILL BE WATCHING

- Large Block Users Now Have New-Gen Space to Choose From:** With 7,000,000 SF of new product that has delivered speculatively in the last 2 years, distribution users searching for large blocks of space (70,000 SF +) will have several new generation options to choose from. Today, a user of that type would have about 16 options to choose from north of Boston. With this type of competition, tenants in the market will look at options with more scrutiny to determine advantages such as easy interstate access, truck storage, truck egress, and the number of docks.
- Vacancy in Manufacturing-Grade Product Continues to Climb:** R&D/GMP/Advanced Manufacturing space has been seeing vacancy creep up along with new product that has delivered in the last 2 years. As it stands right now, users of this variety over 100,000 SF would have multiple options, to the tune of about 1,000,000 SF of overall vacancy. The development pipeline is also rich with options, with about 920,000 SF over 7 projects permitted.

RECAP OF MARKET HEALTH



107,000,000
TOTAL SQUARE FEET



8.00%
VACANCY RATE



\$17.50/SF NNN
AVERAGE RATE



558,000
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



LEASE
30A Upton Drive, Wilmington
50,000 SF
Swagelok



LEASE
30B Upton Drive, Wilmington
43,000 SF (BTS)
Tobin Scientific



SALE
11 State Street, Woburn
\$14,500,000 (\$250/SF)
Genesis Church

128 SOUTH | Industrial

SUBMARKET NEWS

MARKET RECAP

- **Invesco Joins Berkeley in Recapitalizing Norwood Industrial Asset:** Invesco joins Berkeley Partners in the recapitalization of the 45,000 SF industrial property at 244 Vanderbilt Avenue in Norwood at \$173/SF, up from the original acquisition cost of \$163/SF when Berkeley purchased it in 2021.
- **Seyon's York Avenue Portfolio Outperforms Rent Projections with New Tenancy:** Seyon's value-add York Avenue portfolio in Randolph, purchased in Fall of 2024, is exceeding rent expectations with mainly new tenancy. Two active deals — 10,000 SF and 12,000 SF — are in progress and targeted at \$17-18/SF NNN with building standard work and traditional lease terms. Seyon continues to also be a major buyer in the market, with two notable acquisitions in Canton this quarter.

NOTEWORTHY NEWS

- **Infusystems Renews at a New High-Watermark for Turnpike Street:** Infusystems of Canton renews in place at 906 Turnpike Street in Canton for \$17.50/SF NNN. After an extensive search for 20,000 SF, they settled on an "as-is" deal in their 10,000 SF space as they decide what their future space program will be. That is the new high-watermark for the building.
- **Owner-Occupant and Investor Opportunities Hit the Market:** 275 Dan Road and 100 New Boston Drive both hit the market for sale this quarter. 275 Dan is a 100,000 SF vacant industrial building, and 100 New Boston Drive is a 62,000 SF high bay building currently 100% leased to the Armstrong Company — a moving and storage business. Since deals that have taken place for both these types of product have largely been off market, it will be interesting to see who will step up to each opportunity, where the open market will dictate the pricing, and how it will set the tone for 2025.

WHAT WE WILL BE WATCHING

- **Tenants Pushing for Shorter Lease Terms:** Tenants who are still entering the rental market for the first time since the pandemic are working to limit their exposure to rates that are as much as double their current rent by cutting short-term lease deals (approximately two years) with their landlords. York Avenue in Randolph is an example of where tenants were paying between \$8-9/SF NNN with rents now double that. We will have to wait to see if that strategy will end up benefitting tenants if the rents ultimately tick back down, or if landlords can prove the space is worth high teens rents should the tenants want to stay.
- **Demand Grows for Shallow Bay Product in the South Submarket:** Shallow bay space (subdividable to 20,000 SF or less) is the type of product largely in demand within the submarket. If rents stay steady and the cost of debt is reduced, it could justify the subdivision of larger product to be repositioned or trigger new construction in the submarket.

RECAP OF MARKET HEALTH



19,500,000
TOTAL SQUARE FEET



7.00%
VACANCY RATE



\$14.00/SF NNN
AVERAGE RATE



0
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



SALE
320 Turnpike Street, Canton
\$6,500,000 (\$130/SF)
Harbar, LLC



SALE
40 Industrial Drive, Canton
\$11,940,000 (\$199/SF)
Seyon



SALE
40 Hudson Road, Canton
\$7,100,000 (\$182/SF)
Seyon

I-495 SOUTH | Industrial

SUBMARKET NEWS

MARKET RECAP

- Leasing Activity Remains Steady, Driven by Mid-Sized Warehouse Users:** The modest pace of leasing activity in the 495 South industrial market that started a year ago has continued into Q1 2025. Large-scale, 100,000 SF-plus deals are almost non-existent, while 10,000–30,000 SF warehouse leasing now makes up the bulk of the activity. Leases were secured for 18,000 SF to ZeptoMetrix at 25 Kenwood, 19,950 SF to NCAA at 839 Upper Union in Franklin, and 16,000 SF to ISTEMS Metals in Sutton — all in the mid-teens price range. Lease renewals also made up a large majority of transactions. As vacancy rates have crept up to 8%, surprisingly, average lease rates are still at or above 2024 levels, primarily due to the smaller-sized transactions.

NOTEWORTHY NEWS

- Sales Volume Highlighted by Outlier Big-Box Trade:** While the bulk of activity remains on the leasing side, two noteworthy sales were completed in Q1 2025: Rockpoint's acquisition of 40 Lackey Dam Road in Douglas — a 607,000 SF distribution center — for \$120,000,000 (\$198/SF) from Scannell Properties/Crow Holdings Capital was a true outlier. However, it was motivated by the recent lease of 450,000 SF to McKesson Medical last year. In addition, the purchase of 21 Coslin Drive in Southboro by Atlantic Management — 166,000 SF for \$6,900,000 — also highlights the limited availability of core industrial assets for sale.

WHAT WE WILL BE WATCHING

- Mid-Sized Activity to Continue as Pricing Normalizes:** Although expectations are high that smaller leasing activity will continue through 2025, we do expect pricing to settle back to 2024 levels as available options increase throughout the year. Fortunately for Massachusetts, the diversity of economic drivers continues to build on an already balanced industrial market — albeit at a smaller scale. Leasing activity in the 10,000–30,000 SF size range will continue to be the norm, while expectations for big-box transactions will remain quiet throughout 2025.

RECAP OF MARKET HEALTH



53,000,000
TOTAL SQUARE FEET



8.00%
VACANCY RATE



\$14.00/SF NNN
AVERAGE RATE



212,000
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



SALE
21 Coslin Drive, Southborough
\$6,900,000 (\$41.55/SF)
Atlantic Management Corp.



SALE
13 Centennial Drive, North Grafton
\$2,975,000 (\$190/SF)
UPS



SALE
40 Lackey Dam Road, Douglas
\$120,000,000 (\$198/SF)
Rockpoint

RT. 24 | Industrial

SUBMARKET NEWS

MARKET RECAP

- **Vacancy Levels Remain High Across All Sizes:** Inventory of space continues to outpace demand as the market is faced with an abundance of vacancies in all size ranges. Lease rates have leveled off, and the sublease space continues to be formidable competition for direct spaces. Tenant concessions are rising as landlords try to win deals.
- **Spec Warehouse Deliveries Outpace Absorption, Leaving Larger Blocks Vacant:** With limited absorption, recently completed large spec warehouses have not kept pace with completions, which is problematic with more large spec buildings being delivered and existing second-generation spaces remaining vacant.

NOTEWORTHY NEWS

- **Fully Leased Properties Drive Strong Q1 Sales Along Route 24:** The investment sale market in Route 24 had a strong Q1. This quarter validated values for many of the investors who acquired industrial assets early in 2020–2022 and are looking to act on their exit strategies. We saw extremely strong sale values above \$200/SF for fully leased properties along Route 24 — including Brookfield’s sale of 151 Charles F. Colton Road for \$223/SF and Rhino Capital’s sale of 530 Turnpike for \$262/SF. The key is the full occupancy of these buildings, as lingering vacancy can cause values to be half these high-water mark sales.
- **Owner Occupants Also Remain Active in Rt 24, but Mostly Focused Under 100,000 SF.** Robelle Industries, Inc. sold 48 Leona Drive, Middleboro, a 48,000 SF industrial building for \$3.5M (\$134.41/SF) to The Ockers Company.

WHAT WE WILL BE WATCHING

- **Inventory Continues to Outpace Demand:** Speculative construction and second-generation inventory continue to grow across the Route 24 submarket. While there is consistent activity in certain size ranges, overall tenant demand has not kept pace, particularly in the large-format warehouse sector. This supply-demand imbalance is contributing to higher vacancy and prolonged lease-up timelines.
- **Negative Net Absorption May Impact Pricing:** Although asking rents have remained relatively stable, continued negative net absorption may put downward pressure on pricing—especially for larger blocks that remain unleased for extended periods.
- **Leasing Timelines Continue to Lengthen:** With more space available and tenants becoming increasingly selective, lease-up periods are extending—most notably for properties with dated layouts or less flexible buildouts. Landlords are responding with increased concessions and more aggressive deal terms to remain competitive in an oversupplied environment.

RECAP OF MARKET HEALTH



46,900,000
TOTAL SQUARE FEET



11.75%
VACANCY RATE



\$12.00/SF NNN
AVERAGE RATE



1,100,000
SQUARE FEET
UNDER CONSTRUCTION

NOTEWORTHY TRANSACTIONS



SALE
151 Charles F Colton Road, Taunton
\$44,250,000 (\$223/SF)
Ares Industrial Real Estate



SALE
48 Leona Drive, Middleborough
\$4,700,000 (\$134/SF)
The Ockers Company



SALE
530 Turnpike Street, South Easton
\$26,500,000 (\$262/SF)
NorthBridge

Thank you to our clients for your partnership over the past 49 years.

As we proudly enter our 50th year of business, R.W. Holmes continues its unrelenting efforts to provide the most data-driven, creative, and hands-on service in the Greater Boston Market.

We look forward to celebrating this milestone and achieving even greater success together!

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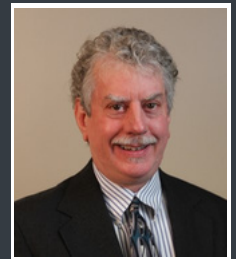
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