

# Boston CBD

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## Boston CBD leasing activity decreases to start the year

First quarter leasing activity for the Boston CBD office market was 0.6 million square feet (msf), down 15.8% from the prior quarter and down 18.5% from a year ago, coming in below the five-year quarterly average of 1.0 msf. Most of the Q1 leasing activity occurred in the Financial District, accounting for 69.5% of the volume in the Boston CBD during this time. Back Bay accounted for 17.7%, while Seaport/South Boston accounted for 12.8%. Seven of the top 10 transactions closed in the Financial District, with the remaining occurring in Back Bay. Additionally, the financial services and insurance industry accounted for five out of the top 10 transactions in Q1.

## Availability continues to increase as more sublease space hits the market

The total Q1 availability rate in the Boston CBD office market has continued to rise for the 8th consecutive quarter. The availability rate increased to 23.0%, which is up 90 basis points (bps) from last quarter and up 350 bps year-over-year. There is currently 4.5 msf of available sublease space in the Boston CBD office market, which is up 21.6% year-over-year. There was more sublease space added to the market this quarter than in the last two quarters combined. In total, sublease space accounted for 25.2% of new available space added to the market within the last year, with more companies choosing to either downsize or to stay in place. Over 2.3 msf of direct space was also added to the market within the last year. In addition, there is roughly 4.5 msf of new office space under construction in the Boston CBD market. The most prominent is the South Station Office tower, which is estimated to bring over 700,000 sf of Class A space to the market upon delivery in 2025.

## Overall average asking rents continue to decline as supply outpaces demand

Overall, the average asking rents increased from last quarter by 0.6% but decreased by 2.1% year-over-year to \$65.77 per square foot (psf). This decrease is attributed to the continued growth in lower cost sublet space and stagnant leasing activity in the market. Class A rents have held up stronger than Class B and C, and are down by only 0.7% year-over-year. Class A buildings remain lower in supply and highly sought-after in the market. As a result, this has attributed to their more stable asking rent levels, which have held up better than pricing for Class B and C buildings.

## Key Statistics

	Q1 2023	Q1 2024	Y-0-Y
Inventory	69.5msf	72.7 msf	+2.2 msf
Availability Rate	19.5%	23.0%	+350 bps
Asking Rental Rate	\$67.19	\$65.77	-2.1%
Class A Asking Rental Rate	\$72.63	\$72.10	-0.7%
Quarterly Leasing Activity	0.7 msf	0.6 msf	-0.1 msf
Available Sublease Space	3.7 msf	4.5 msf	+0.8 msf

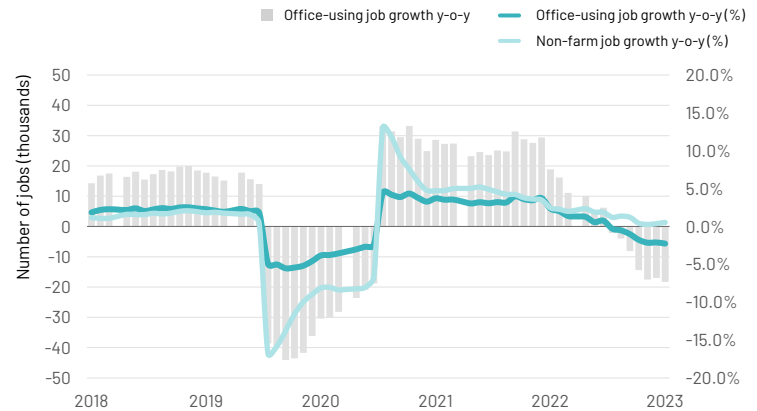
## Outlook

**01** Supply is expected to continue to outpace demand increasing the availability rate as tenants continue to put more sublet space on the market and new construction comes available

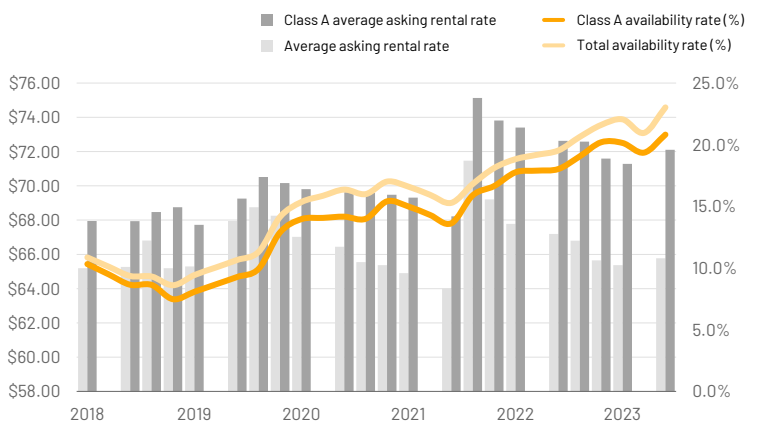
**02** Overall average asking rents are expected to decrease due high supply and lower cost sublet space still on the market, while Class A asking rents are expected to stay at current levels or increase due to high demand

**03** Lease concession packages are expected to continue to increase and be robust as landlords try to keep asking rents high while providing tenants with larger incentives

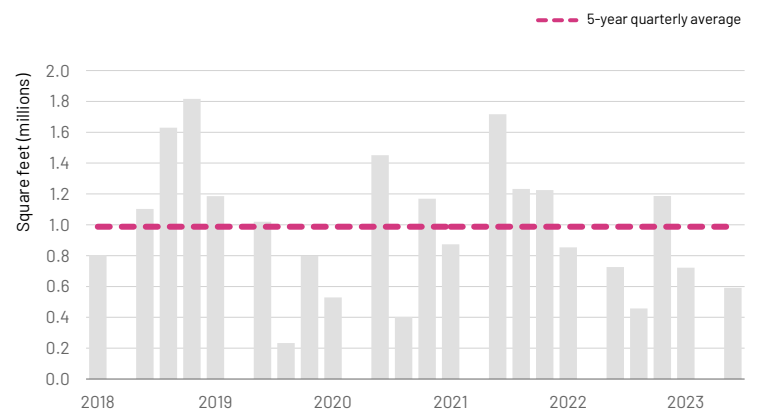
## Office-using Employment Growth



## Asking Rent and Availability



## Leasing Activity



# Top Transactions

\*Trophy Building

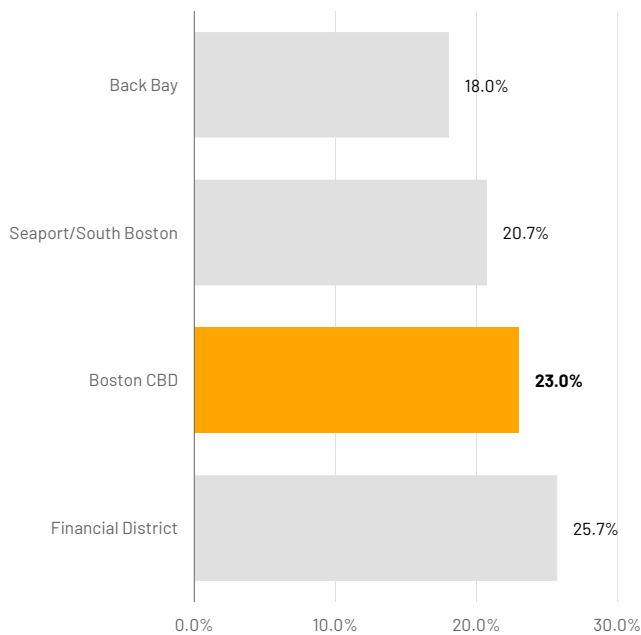
\*\*Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Grant Thornton	Business, Professional and Consulting Services	Financial District	53 State Street	26,000	New Location
Westfield Capital Management	Financial Services and Insurance	Financial District	One Financial Center	23,000	Extension
Helen of Troy	Retail	Back Bay	399 Boylston Street	19,000	New Location**
Homesite Insurance	Financial Services and Insurance	Financial District	255 State Street	19,000	New Location**
Big Pine Capital	Financial Services and Insurance	Back Bay	800 Boylston Street	17,000	New Location
Invesco	Financial Services and Insurance	Financial District	100 Federal Street	15,000	Renewal
Lewis Brisbois Bisgaard & Smith	Legal Services	Financial District	60 State Street	13,300	New Location
Guardian Insurance	Financial Services and Insurance	Financial District	101 Arch Street	11,800	New Location
Boston Athletic Association	Associations and Non-profit organizations	Back Bay	699 Boylston Street	7,950	New Location
Altarock	Energy & Utilities	Back Bay	399 Boylston Street	7,500	New Location

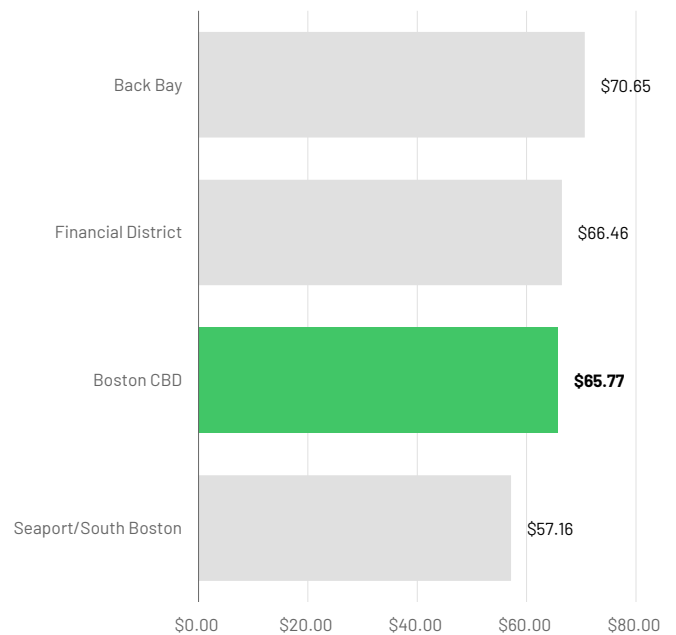
## Availability Rate Comparison (%)

BOSTON SUBMARKETS



## Rental Rate Comparison (\$/sf)

BOSTON SUBMARKETS



## Boston Q1 2024 - Office

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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