

# Boston CBD

Powered by Savills Research & Data Services

## Fourth quarter 2023 sees a dip in leasing activity following a year of fluctuation in volume

Fourth quarter Boston CBD office leasing activity represented the second lowest volume of the year. Leasing activity was 0.7 million square feet (msf) in Q4 2023, down 0.5 msf from the prior quarter and down 17.7% from a year ago. One of the most notable transactions during Q4 was the EMD Serrano lease at 200 Pier Four Boulevard for 60,528 square feet (sf), which will serve as their new United States healthcare headquarters. Most of the Q4 leasing activity happened in the Financial District which accounted for 61.8% of the volume in the Boston CBD during this time. The top 10 transactions in Q4 saw a smaller footprint of square footage being leased than previous quarters with seven being over only 10,000 sf. In addition, three of such top transactions were renewals and three were subleases.

## Sublease space growth continues to wind down, but availability continues to rise

The total Q4 availability rate in the Boston CBD office market has continued to increase for the 7th consecutive quarter. The availability rate increased to 22.1%, which is up 50 basis points (bps) from last quarter and up 320 bps year-over-year. There is currently 4.2 msf of available sublease space in the Boston CBD office market, which is up 20.1% year-over-year. The growth rate for sublease space has continued to wind down for the second quarter in a row with only a 2.1% quarterly increase. This is well below the average quarterly growth rate of 12.1% of the last five quarters. There is an abundance of high-quality sublease blocks over 10,000 sf in the market, but a scarce supply of high-quality sublease blocks under that threshold making it difficult for companies with smaller footprint requirements to find a space that meets their needs.

## Average asking rental rates continue to drop

Overall, the average asking rents decreased in Q4 by 3.5% year-over-year to \$65.39 per square foot (psf). This was driven by the growth in lower cost sublet space and slow leasing activity throughout the year, as supply continues to outpace demand. Class A rents have held up stronger than Class B and C but is still down 2.9% year-over-year. This is attributed to Class A product being in demand with less available supply in the market, as the occupier trend of flight to quality continues.

## Key Statistics

	Q4 2022	Q4 2023	Y-0-Y
Inventory	69.1 msf	72.0 msf	+2.9 msf
Availability Rate	18.8%	22.1%	+330 bps
Asking Rental Rate	\$67.78	\$65.37	-3.6%
Class A Asking Rental Rate	\$73.40	\$71.28	-2.9%
Quarterly Leasing Activity	0.9 msf	0.7 msf	-0.2 msf
Available Sublease Space	3.5 msf	4.3 msf	+0.8 msf

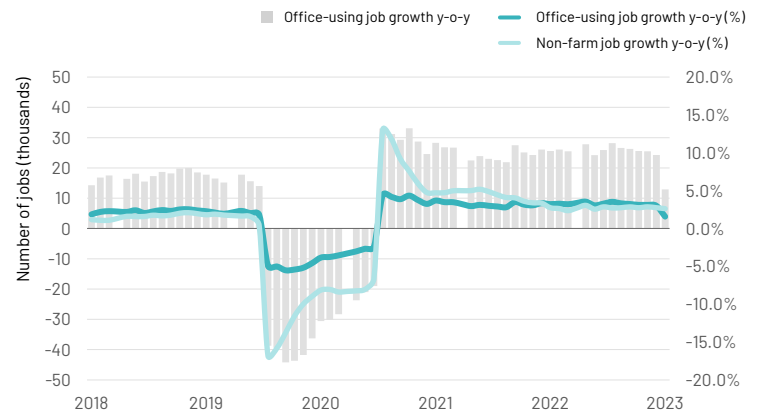
## Outlook

**01** The sublease supply growth rate is expected to continue to wind down as leasing activity increase and most tenants that were going to put their space on the market have done so

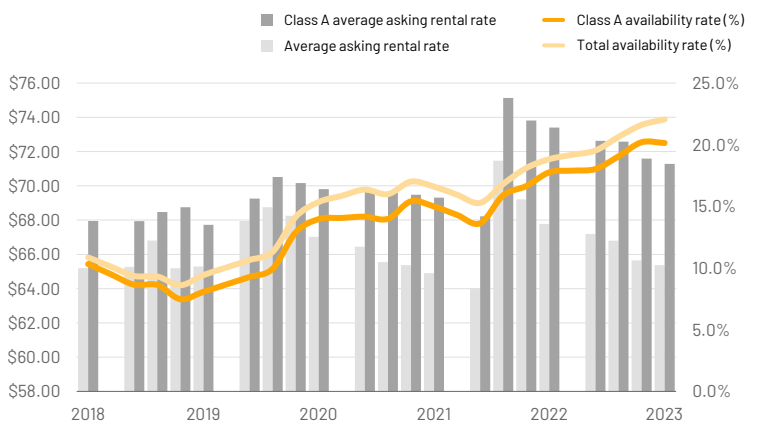
**02** Lease concessions packages are expected to continue to increase and be robust as landlords try to maintain asking rents high while providing tenants with large concession packages

**03** Leasing activity is expected to continue to increase as companies with finalized return to office strategies take advantage of the oversupply of available space on the market

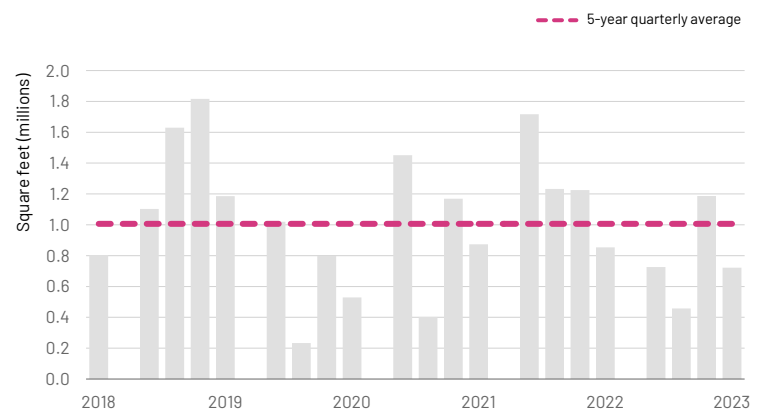
## Office-using Employment Growth



## Asking Rent and Availability



## Leasing Activity



# Top Transactions

\*Trophy Building

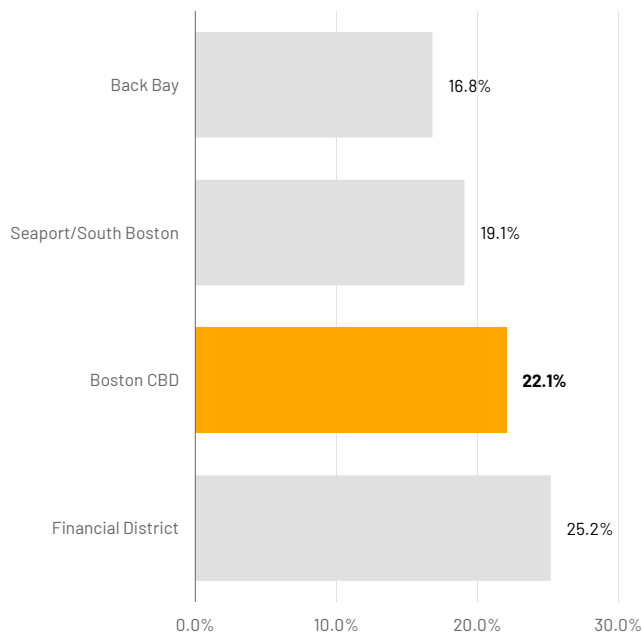
\*\*Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
EMD Serrano	● Pharmaceuticals	Seaport/South Boston	200 Pier Four Boulevard	60,528	New Location
Cornerstone Research	● Business, Professional and Consulting Services	Back Bay	699 Boylston Street	37,000	Renewal
Cabot	● Manufacturing	Seaport/South Boston	2 Seaport Lane	33,000	Renewal
United Healthcare Services	● Healthcare	Back Bay	142 Berkeley Street	29,570	Relocation
Blizzard	● TAMI	Financial District	100 Causeway Street	27,600	New Location**
Cyberdantics	● Healthcare	Financial District	179 Lincoln Street	19,283	New Location**
Wasabi Technologies	● TAMI	Back Bay	75-81 Arlington Street	12,655	New Location**
Anti-Defamation League	● Business, Professional and Consulting Services	Financial District	40 Court Street	9,400	Renewal
Stride Funding	● Financial Services & Insurance	Financial District	10-24 School Street	7,014	New Location
Cylindo	● TAMI	Financial District	2 Oliver Street	6,800	New Location

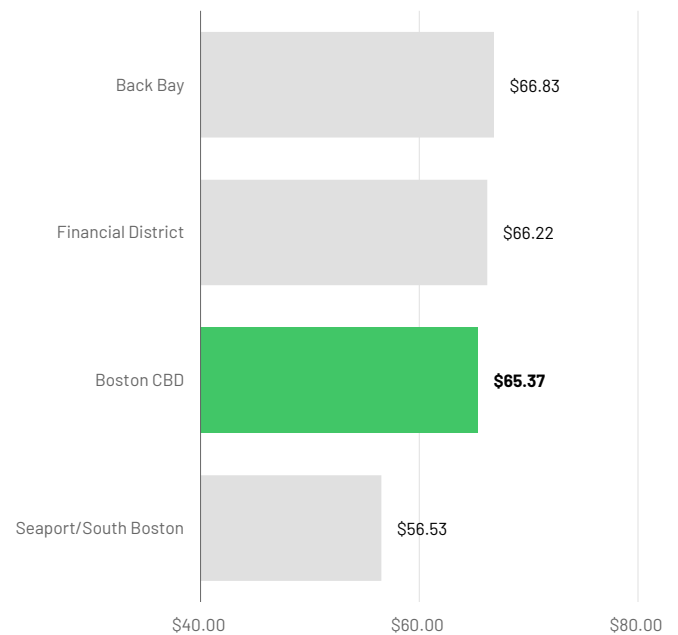
## Availability Rate Comparison (%)

BOSTON SUBMARKETS



## Rental Rate Comparison (\$/sf)

BOSTON SUBMARKETS



## Boston Q4 2023 - Office

For more information, please contact us:

[savills.us](https://savills.us)

**Savills Boston**  
800 Boylston Street  
Suite 1510  
Boston, MA 02199  
+1 617 925 6300

**Roy Hirshland**  
Vice Chair  
rhirshland@savills.us

**Joao Vieira**  
Research Associate  
jvieira@savills.us

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.

Copyright © 2023 Savills

