

# Boston Suburbs

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## Availability continues to increase in the Suburbs

In Q1 2024, the total availability rate in the Boston Suburbs office market increased by 50 basis points (bps) from last quarter and 100 bps year-over-year to 18.7%. There is currently 6.9 million square feet (msf) of available sublease space on the market, a decrease of 1.1% from last quarter but up 18.5% from 5.9 msf reported a year ago. Total available sublease space now accounts for 22.2% of all available space on the market. Total Q1 available space has increased 5.5% year-over-year, with direct available space up 2.3% from last year. Demand in the suburbs has been more focused on Class B/C properties, which is illustrated by an availability rate of 13.3% compared to the 25.7% availability rate for Class A buildings.

## Leasing activity remains flat to start the year

First quarter leasing activity remained flat from last quarter and year-over-year at 1.1 msf. Seven of the top ten leases occurred along Route 128, continuing the trend of the largest transactions being executed within those submarkets. Route 128 North had a majority of those transactions and contained five of the seven. Additionally, five of the top ten transactions were expansions, extensions or renewals, while the remaining five were new locations. Even with a large supply of Class A space in the suburbs, Class B space remains more preferred by tenants. While flight to quality is happening in many markets in other parts of the country, it has yet to occur in the Boston Suburbs office market.

## Average asking rents continue to rise

Overall average asking rents of \$26.57 per square foot (psf) for Q1 increased by 5.7% year over year. Class A average asking rents of \$30.54 psf are up 1.5% year over year, with the uptick driven by more higher cost Class A space being left on the market, while more lower cost Class B/C was actually being leased. The most expensive submarket in terms of asking rent within the Boston Suburbs is Route 128 West, while the least expensive submarket is Route 495 North East.

## Key Statistics

	Q1 2023	Q1 2024	Y-0-Y
Inventory	167.1 msf	166.8 msf	-0.3 msf
Availability Rate	17.7%	18.7%	+100 bps
Asking Rental Rate	\$25.14	\$26.57	+5.7%
Class A Asking Rental Rate	\$30.09	\$30.54	+1.5%
Quarterly Leasing Activity	1.1 msf	1.0 msf	-0.1 msf
Available Sublease Space	5.9 msf	6.9 msf	+1.0 msf

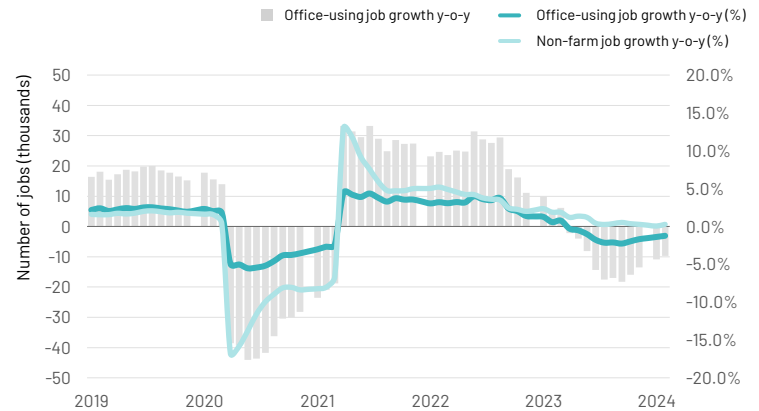
## Outlook

**01** 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

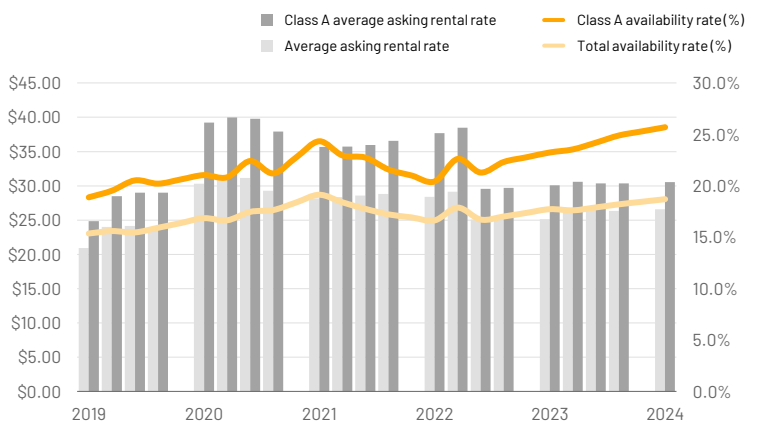
**02** Supply is expected to decrease as demand picks up, driving down the availability rate as tenants lease higher availability Class A space and lower cost sublet space in the market

**03** Expect leasing activity to increase as demand in the suburbs continues to pick up overall

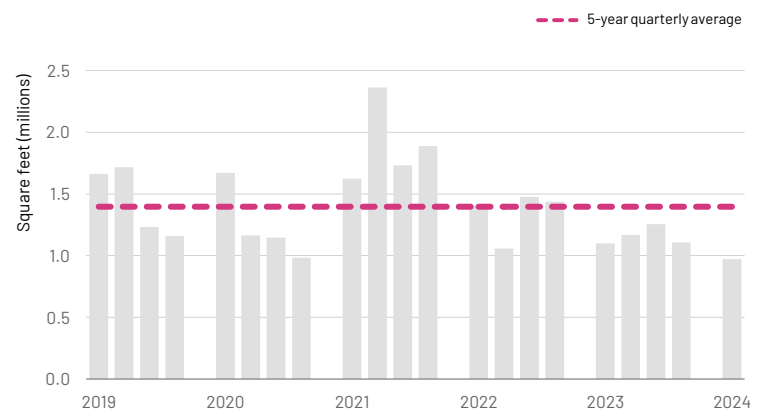
## Office-using Employment Growth



## Asking Rent and Availability



## Leasing Activity



# Top Transactions

\*Trophy Building

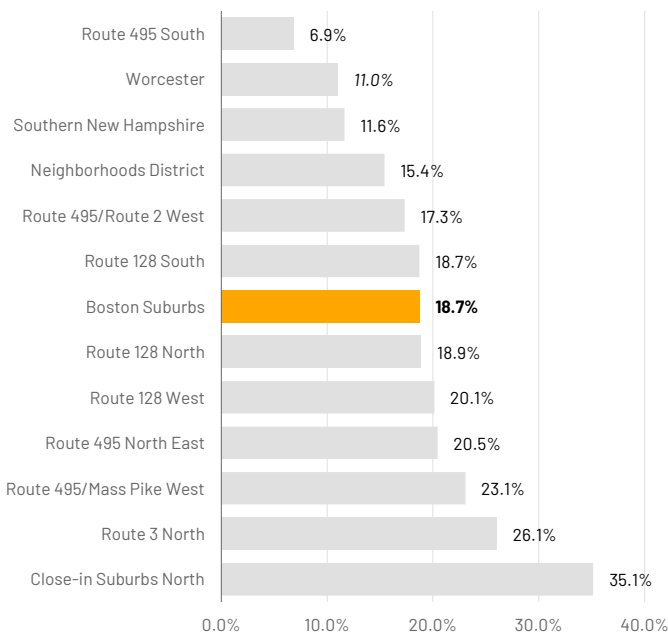
\*\*Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
BPGbio	● Pharmaceuticals	Route 128 West	300 Third Avenue	70,000	New Location
SICK Product & Competence Center	● Manufacturing	Route 128 South	150 Royall Street	35,569	Expansion
Vaisala	● Manufacturing	Route 128 North	3 Van De Graaff Drive	28,000	New Location
Wellsense	● Financial Services and Insurance	Neighborhoods District	100 City Square	25,935	New Location
Peak Scientific	● Pharmaceuticals	Route 3 North	210 Littleton Road	21,114	New Location
Northbridge Partners	● Real Estate	Route 128 North	401 Edgewater Place	17,300	Expansion
FSP Investments	● Financial Services and Insurance	Route 128 North	401 Edgewater Place	17,000	Extension
C4 Analytics	● Associations and Non-profit Organizations	Route 128 North	701 Edgewater Drive	13,872	Renewal
World Insurance Associates	● Financial Services and Insurance	Route 128 North	201 Edgewater Drive	9,340	New Location
Craftsman Technology Group	● TAMI	Neighborhood Districts	186 Lincoln Street	6,650	New Location

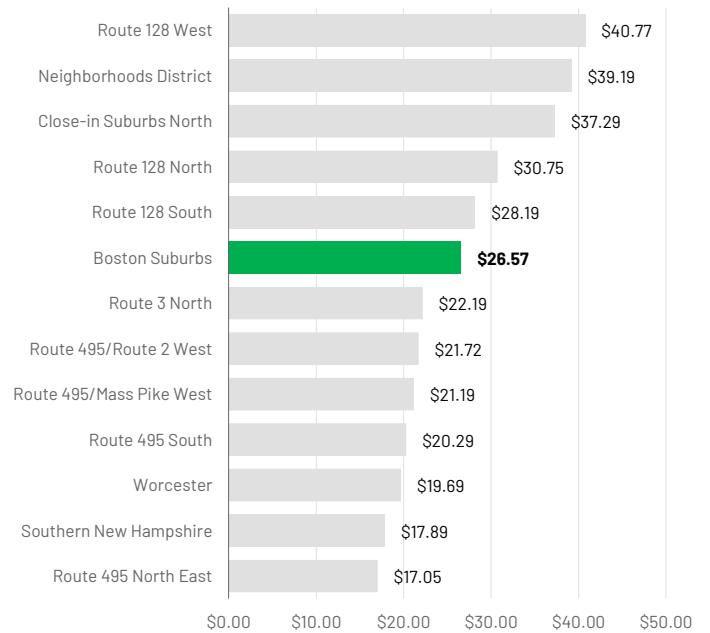
## Availability Rate Comparison (%)

SUBURBAN BOSTON SUBMARKETS



## Rental Rate Comparison (\$/sf)

SUBURBAN 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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