

Boston Office leasing fundamentals improve from the start of 2025.

▼ 18.7%

Vacancy Rate

▲ (88,748)

SF Net Absorption

▼ 0

SF Construction Delivered

▲ 770K

SF Under Construction

▼ \$67.11

SF/YR Direct Lease Rate (Gross)

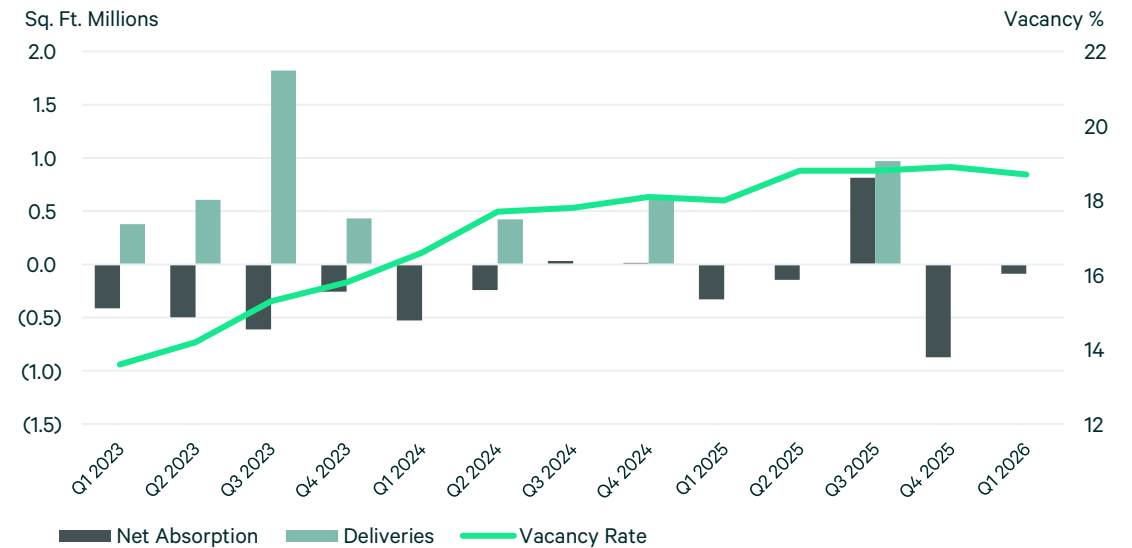
Note: Arrows indicate change from previous quarter.

Market Overview

The Downtown Boston office market showed improved leasing fundamentals at the start of 2026 compared to the start of the previous year despite negative absorption, decreased leasing velocity and increased availability. Tenant demand sat at 4.3 million sq. ft. in Q1 2026, higher by 75,000 sq. ft. than the Q4 2025 total and 260,000 sq. ft. higher than the Q1 2025 total. Net absorption remained negative at -88,748 sq. ft. in Q1 2026, and leasing velocity decreased by 784,953 sq. ft. quarter-over-quarter to 1.19 million sq. ft. leased.

Both absorption and leasing velocity surpassed the totals in Q1 2025 when net absorption was -329,694 sq. ft. and leasing velocity was also 1.09 million sq. ft. However, from Q1 2025 to Q1 2026 vacancy climbed from 18.0% to 18.7%, a 70-basis point (bps) increase. Average asking rents also increased by \$1.01 per sq. ft. year-over-year from \$66.10 per sq. ft. in Q1 2025 to \$67.11 per sq. ft. in Q1 2026. Despite vacancy and asking rents increasing year-over-year, they both decreased quarter-over-quarter by 0.2% and \$1.14 per sq. ft. respectively. At the same time, the construction pipeline has been curtailed, with space under construction dropping from 5.6 million sq. ft. in Q1 2022 to 770,000 sq. ft. in Q1 2026, following a wave of deliveries in Q3 2025 including 970,000 sq. ft. at South Station Tower and 10 World Trade Center.

Figure 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability, Vacancy and Sublease Availability

Overall, Class A vacancy decreased 40 bps quarter-over-quarter but increased 30 bps year-over-year to 18.3% in Q1 2026, while Class B vacancy increased 30 bps during the quarter and 1.3% during the year to 19.4%. The Class A to Class B vacancy spread stood at 1.1% this quarter, up from 40 bps in Q4 2025. Availability followed a different pattern, increasing from 23.7% in Q4 2025 to 24.1% in Q1 2026. Class A availability in Q1 2026 was 23.7%, an increase from 23.5% in Q4 2025, but a decrease from 24.2% in Q1 2025. In contrast, Class B availability in Q1 2026 was 24.8%, an increase from 24.2% in Q4 2025, and a significant increase from 21.2% in Q1 2025. Sublease availability was 3.5% in Q1 2026, the tenth consecutive quarter of decreasing sublease availability, as Q4 2025 sublease availability was 3.6% and Q1 2025 was 4.3%. Class A sublease availability in Q1 2026 was 3.9%, slightly higher than Q4 2025 which was 3.8%, but significantly lower than Q1 2025 which was 4.9%. Class B sublease availability in Q1 2026 was 2.9%, lower than both Q4 2025 and Q1 2025, which was 3.2% in both quarters.

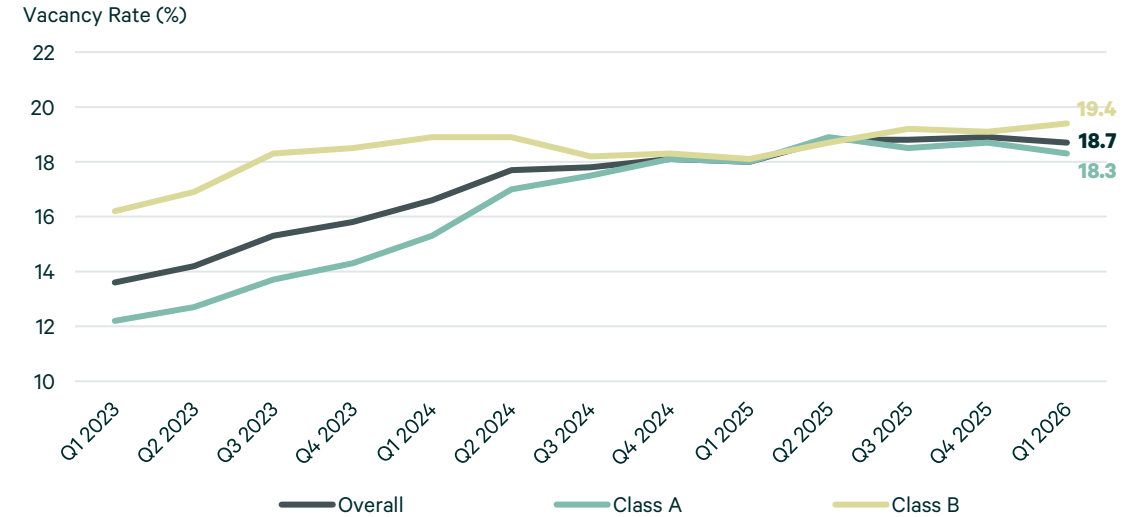
In Q1 2026, the Boston CBD recorded overall vacancy of 20.6%, with Class A vacancy of 20.1% and Class B at 22.5%. Boston CBD vacancy in Q1 2026 remained flat quarter-over-quarter and increased by 0.8% year-over-year. Back Bay recorded overall vacancy of 14.0%, with Class A vacancy of 13.2% and Class B at 15.9%. Back Bay vacancy in Q1 2026 decreased by 0.5% quarter-over-quarter and 1.8% year-over-year. Seaport recorded overall vacancy of 17.2%, with Class A vacancy of 14.7% and Class B of 19.9%. Seaport vacancy in Q1 2026 decreased by 0.1% quarter-over-quarter but increased by 0.3% year-over-year. Sublease availability across Boston CBD, Back Bay and Seaport in Q1 2026 was 2.9%, 2.1% and 5.7% respectively, all of which were decreases both quarter-over-quarter and year-over-year.

Asking Rent

The overall average direct asking lease rate in Q1 2026 was \$67.11 per sq. ft., down \$1.14 quarter-over-quarter but up \$1.01 year-over-year. Class A asking rents decreased from \$75.95 per sq. ft. in Q4 2025 to \$74.75 per sq. ft. in Q1 2026, but increased from \$73.24 per sq. ft. in Q1 2025. Class B rates increased from \$50.38 per sq. ft. in Q4 2025 to \$51.01 per sq. ft. in Q1 2026 but decreased from \$51.26 per sq. ft. in Q1 2025, contrasting the Class A patterns.

Seaport posted the highest Class A and B average direct asking rents in Q1 2026 at \$89.26 per sq. ft. and \$54.77 per sq. ft., respectively. Meanwhile Boston CBD in Q1 2026 posted the highest overall asking rent at \$69.37 per sq. ft., compared to \$63.81 per sq. ft. in the Back Bay and \$68.61 per sq. ft. in the Seaport. Back Bay had the highest increase quarter-over-quarter from \$63.19 per sq. ft. in Q4 2025 to \$63.81 per sq. ft. in Q1 2026.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Avg. Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption accelerated in Q1 2026, with the market recording -88,748 sq. ft., an increase of 784,530 sq. ft. quarter-over-quarter and an increase of 240,946 sq. ft. year-over-year. Class B product accounted for this contraction, posting -55,255 sq. ft. of net absorption in Q1 2026, a 660,784 sq. ft. increase quarter-over-quarter. Class A net absorption in Q1 2026 was -33,493 sq. ft., a 123,746 sq. ft. increase quarter-over-quarter and a staggering 503,966 sq. ft. increase year-over-year.

Most negative net absorption for Q1 2026 was concentrated primarily in the Boston CBD submarket with -76,925 sq. ft. and more specifically in the Boston CBD Class B market with -105,552 sq. ft. Back Bay net absorption was 48,797 sq. ft. in Q1 2026, a meteoric 774,347 sq. ft. increase quarter-over-quarter. Seaport net absorption was -26,897 sq. ft. in Q1 2026, a smaller increase of 2,221 sq. ft. quarter-over-quarter. North Station net absorption was -136,055 sq. ft. in Q1 2026, a 138,925 sq. ft. decrease quarter-over-quarter and a 170,278 sq. ft. decrease year-over-year.

Construction Activity

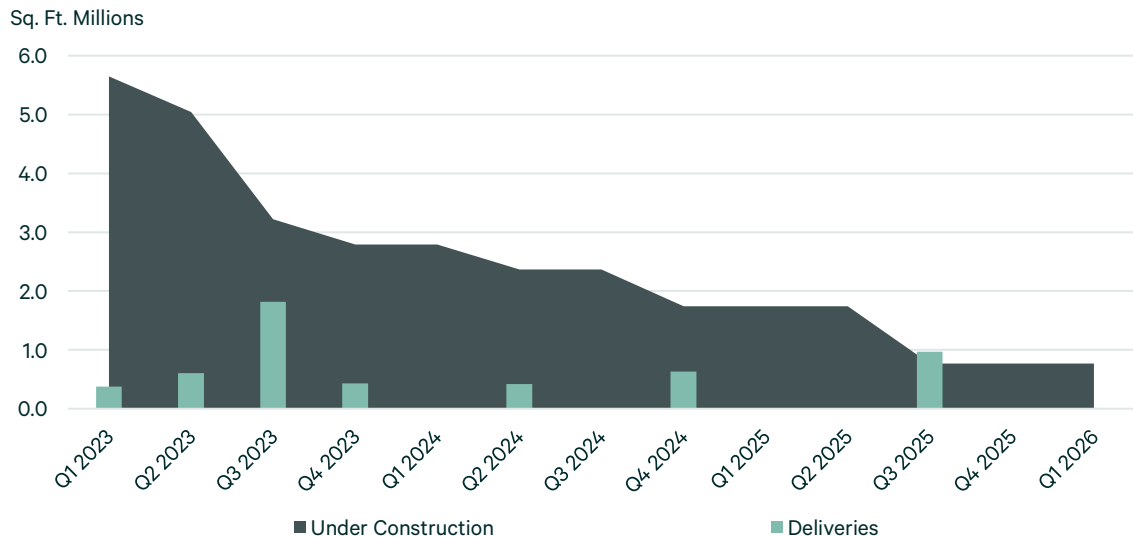
In Q1 2026, 2.8 million sq. ft. was in the construction pipeline with no new product delivered since Q3 2025, when almost one million sq. ft. of office space was delivered with South Station Tower and 10 World Trade Center. Of the 2.8 million sq. ft. of space in the pipeline, only 770,000 sq. ft. was under construction in Q1 while the remaining 2.0 million sq. ft. is permitted. Since Q1 2022, 5.6 million sq. ft. of office space delivered in Boston, with 3.1 million sq. ft. or 56% in the Boston CBD. While 5.9 million sq. ft. of new construction is proposed, the pipeline has not grown and no new construction is expected to be delivered until 2032, which should have a positive effect on decreasing vacancy.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



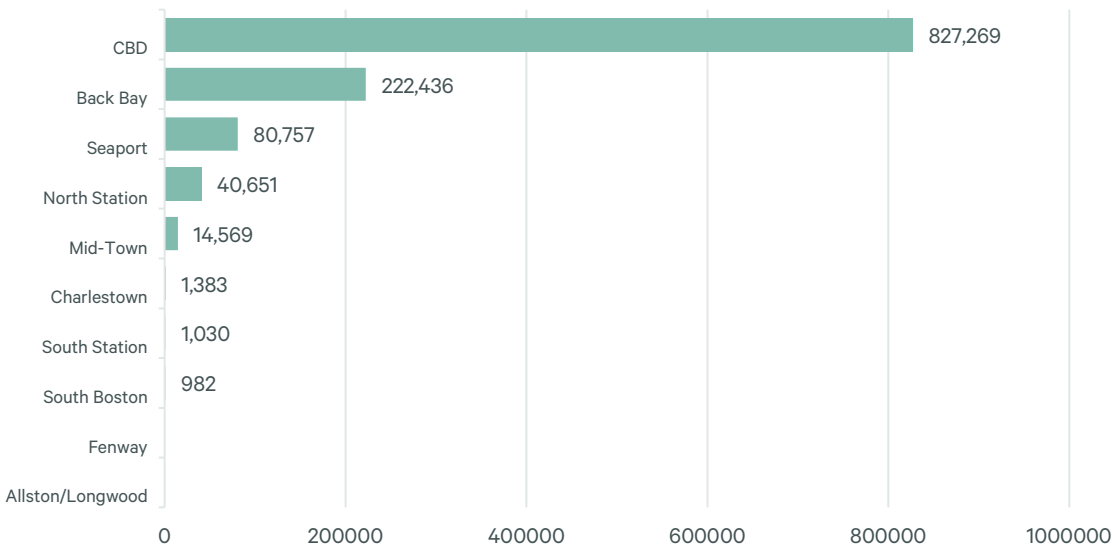
Source: CBRE Research, Q1 2026

Leasing Activity

Total leasing in Q1 2026 reached 1.19 million sq. ft., a quarter-over-quarter decrease of 784,953 sq. ft., coming off a six-year high in Q4 2025. Leasing velocity in Q1 2026 surpassed the total of 1.09 million sq. ft. leased in Q1 2025. Class A leasing made up 78.9% of overall leasing activity, or 938,428 sq. ft., with 34.5% or 410,173 sq. ft. being trophy space. New deals and relocations made up 59.9% of leasing velocity in Q1 2026, or 739,337 sq. ft., which was higher than last quarter's 37.9%, despite the higher overall leasing. Subleases made up 23.6% of leasing velocity in Q1 2026, or 280,268 sq. ft., which was significantly higher than last quarter's 7.1%, despite the higher overall leasing. Renewal and expansion activity dropped to just 16.5% in Q1 2026, or 196,472 sq. ft., which was a significant decrease from Q4 2025, a renewal-driven quarter with 55% of overall leasing being renewals, or 1.08 million sq. ft.

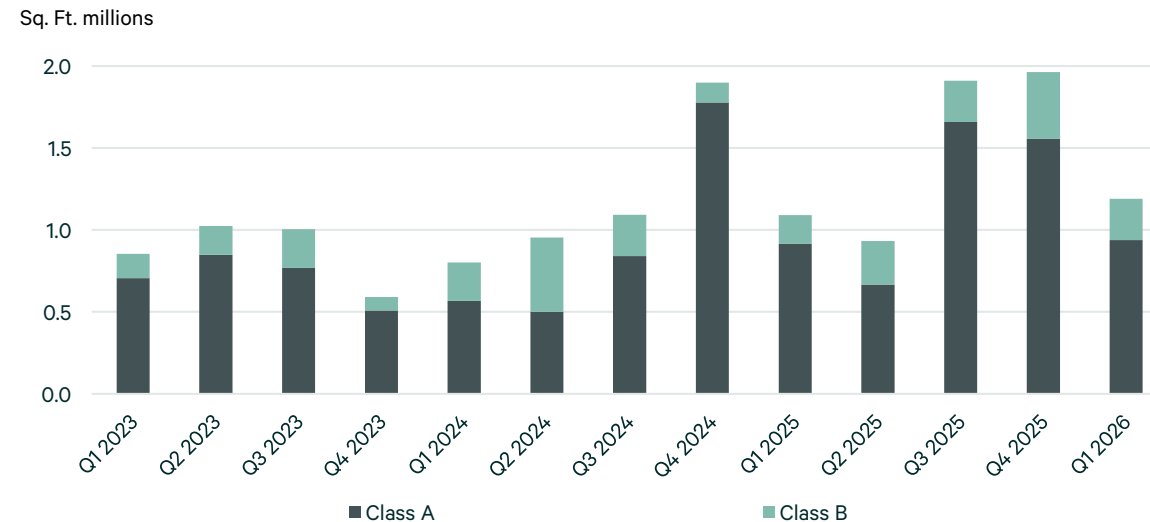
Boston CBD registered 827,269 sq. ft. of leasing velocity in Q1 2026, with J.P. Morgan Chase Bank signing 246,099 sq. ft. at South Station Tower, the largest deal of the quarter. Boston CBD Class A leasing alone was 666,468 sq. ft., which made up 80.6% of Boston CBD leasing and 56.0% of all Boston leasing in Q1 2026. Back Bay and Seaport followed at 222,436 sq. ft. and 80,757 sq. ft. of Q1 2026 respectively, both quarter-over-quarter decreases. Class A leases made up 93.4% of Back Bay leasing velocity in Q1 2026, whereas Class A leases made up 54.2% of Seaport leasing velocity.

Figure 7: Leasing by Submarket



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

	Sq. Ft. Leased	Transaction Type	Address	Submarket
J.P. Morgan Chase Bank	246,099	New	South Station Tower	CBD
Division of Capital Asset Management and Maintenance (DCAMM)	79,424	New	100 Summer Street	CBD
Troutman Pepper	57,123	Renewal	111 Huntington Avenue	Back Bay
Ians	46,973	Sublease	125 High Street	CBD
TD Bank	37,609	New	Two International Place	CBD
Bracebridge Capital	34,382	Renewal/Expansion	888 Boylston Street	Back Bay
Year Up	33,782	New	2 Center Plaza	CBD
Dechra	28,762	Sublease	One Marina Park Drive	Seaport

Source: CBRE Research, Q1 2026

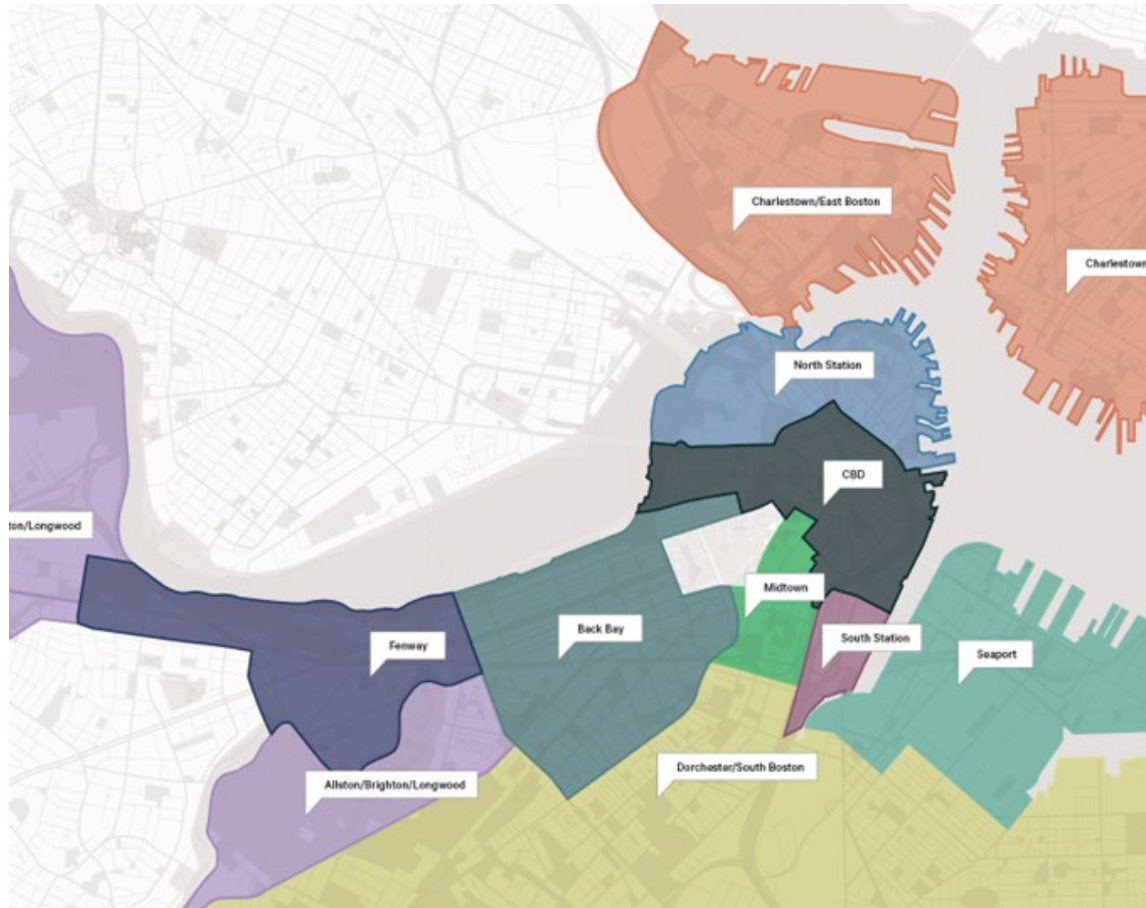
Market Statistics by Submarket

Figure 15

	Net Rentable Area	Vacancy %	Availability %	Direct Availability %	Sublease Availability %	Avg. Direct Asking Rate (SF/YR Gross)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Allston/Brighton/Longwood	1,577,672	2.2	5.2	4.5	0.7	45.00	4,000	4,000	-	-
Back Bay	15,467,800	14.0	22.0	19.9	2.1	63.81	48,797	48,797	-	219,365
Class A	10,818,287	13.2	17.5	14.7	2.8	76.48	68,645	68,645	-	219,365
Class B/C	4,649,513	15.9	32.6	32.1	0.5	49.88	(19,848)	(19,848)	-	-
Central Business District	38,491,915	20.6	27.4	24.5	2.9	69.37	(76,925)	(76,925)	-	-
Class A	29,745,418	20.1	27.1	24.2	2.9	73.39	28,627	28,627	-	-
Class B/C	8,746,497	22.5	28.5	25.5	3.0	51.28	(105,552)	(105,552)	-	-
Charlestown/East Boston	1,656,038	17.4	17.9	16.6	1.3	40.13	(10,177)	(10,177)	-	-
Dorchester/South Boston	2,093,600	22.2	23.0	23.0	0.0	44.63	53,435	53,435	-	-
Fenway/Kenmore Square	1,639,533	28.2	28.9	22.5	6.4	71.85	28,100	28,100	-	-
Mid-Town	2,146,205	23.3	24.9	18.3	6.6	55.73	29,202	29,202	-	-
North Station/Waterfront	3,252,828	21.7	27.5	16.0	11.5	52.28	(136,055)	(136,055)	-	-
Seaport	11,635,455	17.2	18.3	12.6	5.7	68.61	(26,897)	(26,897)	-	550,000
Class A	5,989,238	14.7	15.1	9.3	5.8	89.26	1,264	1,264	-	550,000
Class B/C	5,646,217	19.9	21.6	16.1	5.5	54.77	(28,161)	(28,161)	-	-
South Station	1,091,553	16.1	18.1	15.4	2.7	42.16	(2,228)	(2,228)	-	-
Total	79,052,599	18.7	24.1	20.6	3.5	67.11	(88,748)	(88,748)	-	769,365

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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