An uptick in new leasing activity, especially at speculative product, creates positive momentum to begin the year

7.9%
Vacancy Rate

809K
SF Net Absorption

734K
SF Construction Delivered

601K
SF Under Construction

$15.19
NNN/YR Direct Lease Rate

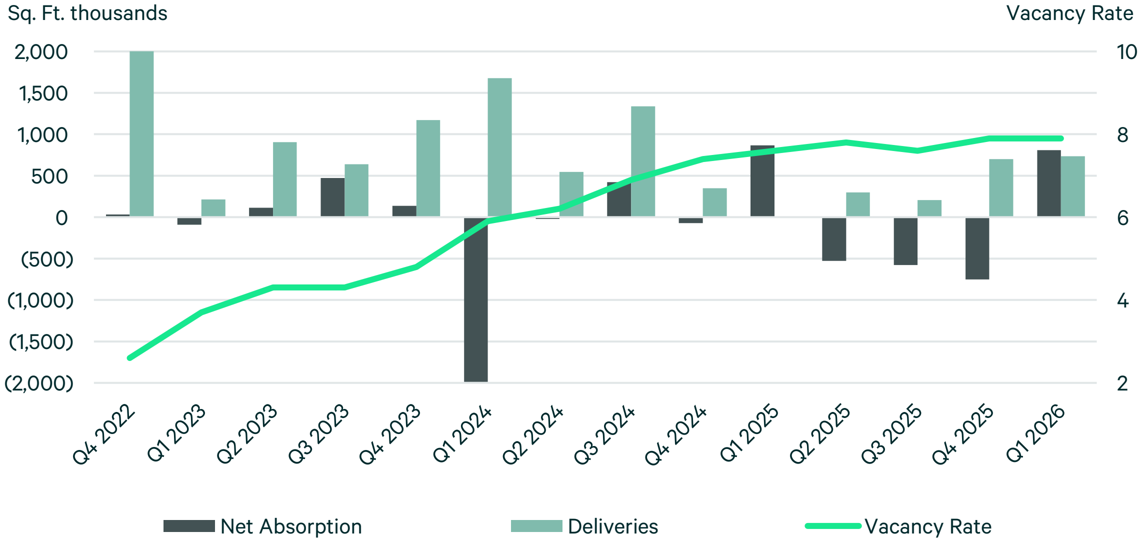
Note: Arrows indicate change from previous quarter.

After two years of leasing activity being driven by renewals, the overall market experienced a shift towards new leasing activity, creating positive momentum to begin 2026. The overall Greater Boston Metro recorded strong quarterly leasing activity, bolstered by new leases that made up about 63% of the approximately 3.33 million sq. ft. of total transactions. This is on par with the record-breaking 3.50 million sq. ft. of total transactions recorded in Q1 2025. As a result of heightened new leasing activity, especially at new, larger speculative product, the overall market recorded positive net absorption of 808,966 sq. ft., after three consecutive quarters of negative net absorption.

Moreover, overall vacancy stabilized as supply and demand further leveled out. While overall vacancy remained unchanged quarter-over-quarter (q-o-q) at 7.9%, it only increased by 30 basis points (bps) year-over-year (y-o-y), further proving that the market is in a stabilization period after three years of rapid speculative expansion. Average asking rents also experienced stabilization, increasing by just $0.04 q-o-q to $15.19 per sq. ft. NNN, although coming down slightly y-o-y from $15.32.

While the industrial market is poised to continue to withstand economic headwinds with stabilized supply levels and resilient demand, it will be important to monitor how global uncertainty and trade volatility affect occupier demand and investment. It will also be important to monitor the evolution of supply and demand amidst the increased presence of robotics and artificial intelligence. In the near-term, occupiers will continue to hit the “easy” button and renew, or be more interested in property or land sales, citing cost savings. Moreover, industrial investment may favor less risky assets with longer weighted-average lease expirations.

Figure 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability Rate

Overall availability remained virtually unchanged, increasing by just 10 bps q-o-q to 10.2%. This also represents only a modest increase in availability y-o-y, from 9.1% in Q1 2025. Speculative groundbreakings and tenant space givebacks were reduced this quarter, keeping availability stable. New leasing activity also took down several large blocks of availability, especially in the Metro South market.

The urban market recorded the lowest availability rate at 6.9%, followed by the Metro West at 7.9% availability. These two markets have been particularly supply-constrained as the existing inventory continues to age and no new product is set to deliver. The Worcester Metro market recorded 9.5% availability followed by the Metro North market recording 9.9% availability. Unsurprisingly, the Metro South market had the highest availability at 12.2% as a result of rapid speculative expansion over the last three years, much of which was in the big-box warehouse category. However, it should be noted that the Metro South's availability increased by just 30 bps q-o-q, which is modest in comparison to other quarters with heavy speculative development.

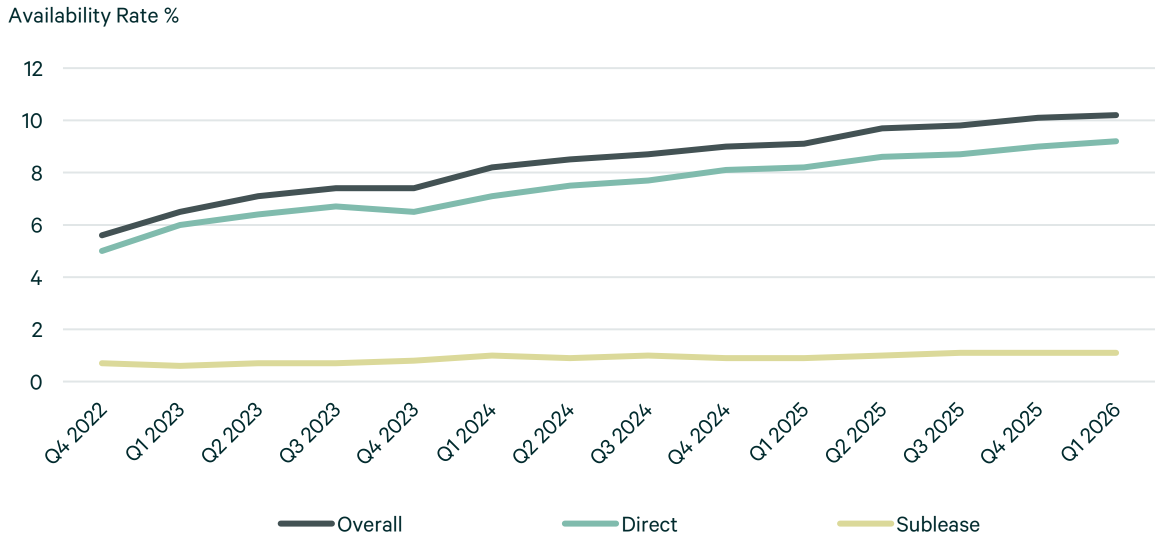
Moreover, shallow-bay industrial availability remained especially tight amid strong demand and limited new supply. Demand from smaller industrial occupiers for shallow-bay properties—buildings under 50,000 sq. ft.—has outstripped supply historically. While big-box warehouses have rapidly expanded over the last three years, the Greater Boston Metro has been left with an aging shallow-bay inventory, with no new relief valves. Shallow-bay continued to outperform the overall industrial market, posting an availability rate that is 4.7 percentage points below the overall industrial availability rate.

Asking Rent

Overall average asking rent was stable at $15.19 per sq. ft. NNN, up by just $0.04 q-o-q. This represents a 0.3% increase q-o-q from $15.15 per sq. ft. NNN in Q4 2025, and a 0.8% decrease y-o-y from $15.32 per sq. ft. NNN in Q1 2025.

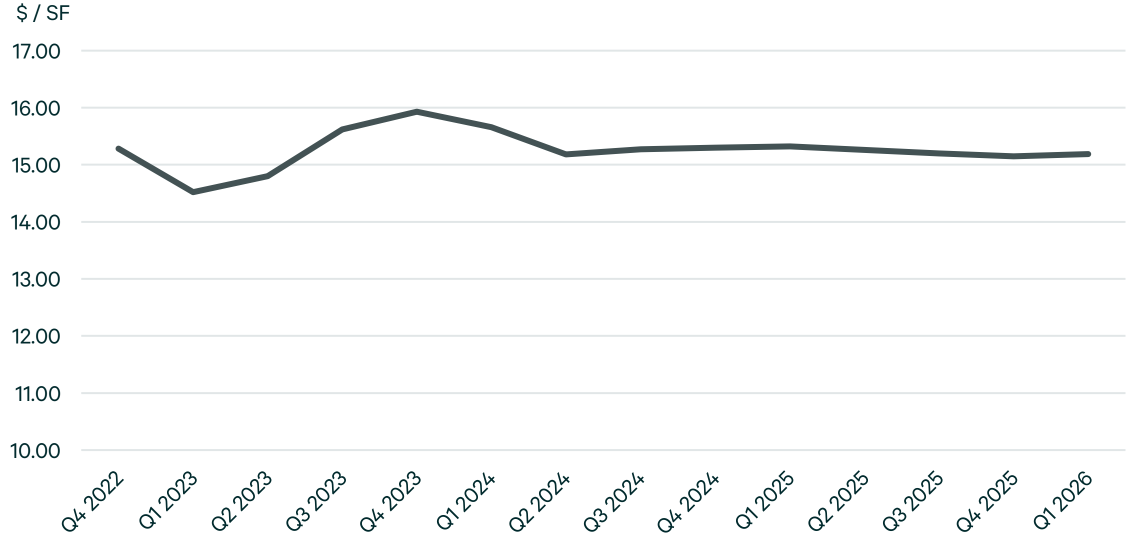
The urban market had the highest overall asking lease rate at $28.06 per sq. ft. NNN, followed by the Metro North market at $19.46. The Metro West and Metro South markets were relatively comparable at $13.70 and $13.56 per sq. ft. NNN, respectively. The Worcester Metro market recorded the lowest average asking lease rate at $10.64 per sq. ft., as it continued to be affected by the functional obsolescence of its existing inventory.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Avg. Direct Asking Rate



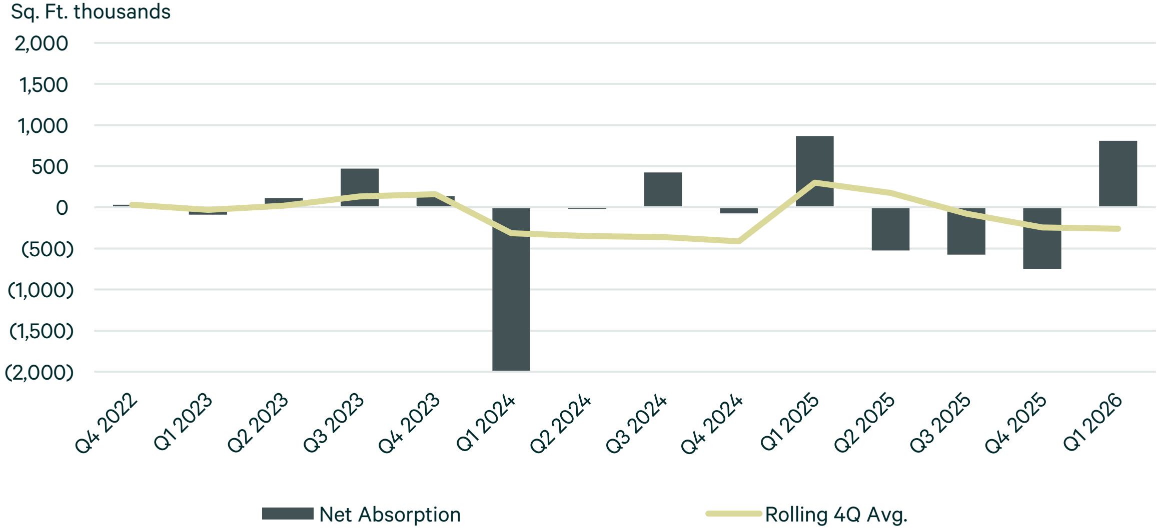
Source: CBRE Research, Q1 2026

Net Absorption

The overall market posted quarterly net absorption of 808,966 sq. ft., marking an improvement from last quarter's -751,104 sq. ft. of net absorption. Any space givebacks were mostly offset by new larger leases being executed, illustrating the market's sustained demand.

Positive net absorption this quarter was concentrated in the Metro West market where 527,238 sq. ft. was recorded due to heightened new leasing activity. All the other markets of the Greater Boston Metro experienced positive net absorption with the urban market at 95,039 sq. ft., the Metro North at 87,674 sq. ft., the Worcester Metro at 69,828 sq. ft., and the Metro South at 29,187 sq. ft.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Construction Activity

Just under 734,000 sq. ft. of new speculative deliveries were recorded this quarter, compared to just over 701,000 sq. ft. of deliveries in Q4 2025 and 1.21 million sq. ft. of annual deliveries in 2025. This is also in comparison to 3.91 million sq. ft. of annual deliveries in 2024 and 2.94 million sq. ft. of annual deliveries in 2023.

Amidst a more selective development environment, marked by higher construction costs, the new speculative pipeline continued to taper. Overall active speculative construction was reduced to just over 601,000 sq. ft., down by 41.2% compared to 1.02 million sq. ft. of active projects in Q4 2025. This quarter's active speculative pipeline is also significantly down by 66.2% y-o-y, from 1.78 million sq. ft. of active projects in Q1 2025. The Metro South remains the most active construction market with just over 312,000 sq. ft. underway. The Metro North market has just under 239,000 sq. ft. underway, while the Worcester Metro market has 50,000 speculative sq. ft. under construction.

Figure 5: Construction Activity

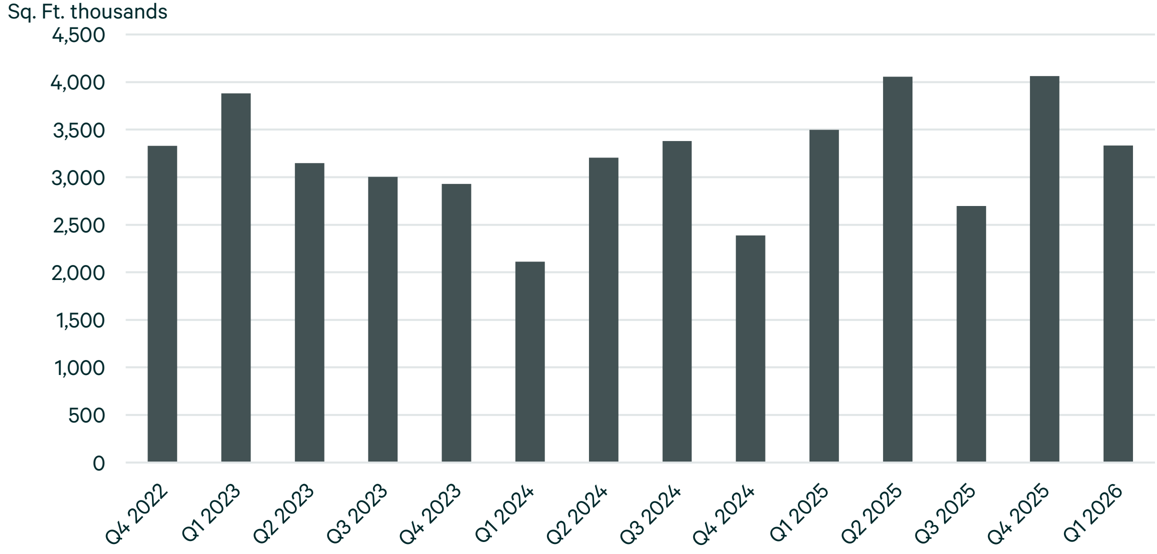
Source: CBRE Research, Q1 2026

Leasing Activity

Reigniting the market, several large-scale leases were inked at new speculative product, bringing overall quarterly leasing activity to approximately 3.33 million sq. ft. Just under 949,000 sq. ft. were new leases executed at speculative properties, with leasing activity in the Metro South especially heightened. While quarterly leasing activity decreased by 15.8% q-o-q from 3.96 million sq. ft. of total transactions in Q4 2025, leasing volume was very comparable to Q1 2025, down by just 4.8% from 3.50 million sq. ft.

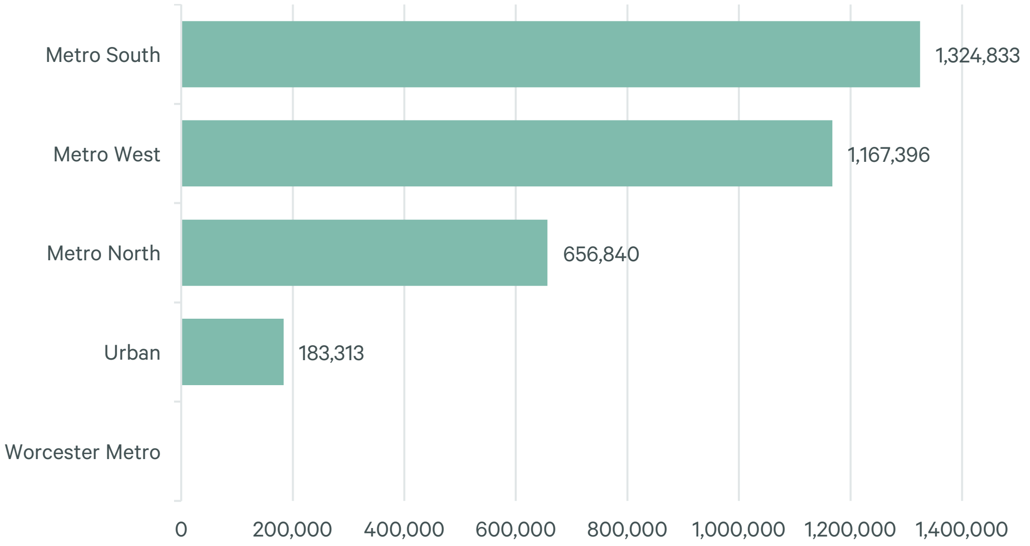
The Metro South recorded the largest leasing activity this quarter with approximately 1.32 million sq. ft. of total transactions, which consisted heavily of renewals. Closely behind, the Metro West recorded 1.17 million sq. ft. of leasing activity with the top transactions being mostly new deals. The Metro North recorded just under 657,000 sq. ft. of leasing and the urban market recorded just over 183,000 sq. ft.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

	Sq. Ft. Leased	Transaction Type	Address	Submarket
Champagne Logistics	300,000	New Lease	1 National Street	MW – Route 495 – Mass Pike West
Primo Brands	248,453	New Lease	Silver City Building 3	MS – Route 495 – South
Owens & Minor	234,664	Renewal	20 Freedom Way	MS – Route 495 – South
SupplyOne	210,600	New Lease	586 Manley Street	MS – Route 495 – South
SupplyOne	202,926	New Lease	475 Leominster Shirley Road	MW – Route 495 – Route 2 West
The Armstrong Company	130,000	Renewal	100 New Boston Drive	MS – Route 128 – South
Tuscan Brands	108,689	New Lease	10 Creek Brook Drive	MN – Route 495 – Northeast
Unicorr Packaging Group	105,176	New Lease	1 Beeman Road	MW – Route 495 – Mass Pike West

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	135,717,620	6.2	8.2	7.2	1.0	16.87	(194,157)	(194,157)	91,500	50,000
100,000-199,999 sq. ft.	76,485,936	6.3	9.4	8.2	1.2	16.31	(230,354)	(230,354)	-	551,266
200,000-299,999 sq. ft.	31,662,103	12.7	15.2	14.7	0.6	15.87	602,886	602,886	275,062	-
300,000-499,999 sq. ft.	39,218,165	8.6	12.1	10.3	1.7	12.42	630,591	630,591	367,400	-
500,000-749,999 sq. ft.	14,475,084	14.0	14.3	12.8	1.5	13.13	-	-	-	-
750,000 sq. ft.+	19,124,584	12.5	12.5	12.5	0.0	11.80	-	-	-	-
Total	**316,683,492**	**7.9**	**10.2**	**9.2**	**1.1**	**15.19**	**808,966**	**808,966**	**733,962**	**601,266**

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	62,338,868	17.6	22.4	19.8	2.6	14.46	346,524	346,524	733,962	551,266
Manufacturing	14,899,661	2.5	3.2	3.2	0.0	11.76	53,980	53,980	-	-
Cold Storage	5,321,232	2.8	4.3	4.3	0.0	15.05	151,986	151,986		
R&D / Flex	65,263,856	7.2	9.5	8.4	1.2	17.86	(49,120)	(49,120)	-	-
Other Industrial	168,859,875	5.3	6.8	6.2	0.6	15.48	305,596	305,596	-	50,000
Total	**316,683,492**	**7.9**	**10.2**	**9.2**	**1.1**	**15.19**	**808,966**	**808,966**	**733,962**	**601,266**

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 11

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Urban	14,227,703	5.3	6.9	6.1	0.7	28.06	95,039	95,039	-	-
Close-In Suburbs North	19,182,379	8.0	9.7	9.2	0.5	28.19	(41,135)	(41,135)	367,400	113,987
Route 128 - North	34,434,136	6.4	9.8	7.3	2.5	19.56	13,881	13,881	-	-
Route 3 - North	19,393,563	11.1	14.2	13.4	0.8	16.67	114,523	114,523	91,500	125,000
Route 495 - Northeast	23,721,908	4.9	6.6	5.9	0.7	15.05	405	405	-	-
Metro North	96,731,986	7.3	9.9	8.6	1.3	19.46	87,674	87,674	458,900	238,987
Route 128 - South	45,113,308	8.5	10.9	10.0	0.8	15.13	74,206	74,206	275,062	-
Route 495 - South	73,115,616	9.7	13.0	11.8	1.2	12.81	(45,019)	(45,019)	-	312,279
Metro South	118,228,924	9.2	12.2	11.1	1.0	13.56	29,187	29,187	275,062	312,279
Framingham - Natick	4,542,087	3.9	5.4	5.2	0.2	13.53	(19,928)	(19,928)	-	-
Route 128 - West	6,349,250	3.6	5.2	3.8	1.4	22.90	(68,069)	(68,069)	-	-
Route 495 - Mass Pike West	24,424,376	8.9	10.5	9.6	0.9	13.96	512,717	512,717	-	-
Route 495 - Route 2 West	21,437,381	4.9	6.4	4.6	1.7	11.98	102,518	102,518	-	-
Metro West	56,753,094	6.4	7.9	6.7	1.2	13.70	527,238	527,238	-	-
City of Worcester	9,492,801	3.3	3.9	3.9	0.1	9.39	48,884	48,884	-	50,000
Worcester North	11,909,069	9.0	10.0	9.2	0.7	10.86	20,944	20,944	-	-
Worcester South	9,339,915	14.7	14.7	14.7	0.0	10.73	0	0	-	-
Worcester Metro	30,741,785	9.0	9.5	9.2	0.3	10.64	69,828	69,828	-	50,000
Total	**316,683,492**	**7.9**	**10.2**	**9.2**	**1.1**	**15.19**	**808,966**	**808,966**	**733,962**	**601,266**

Source: CBRE Research, Q1 2026

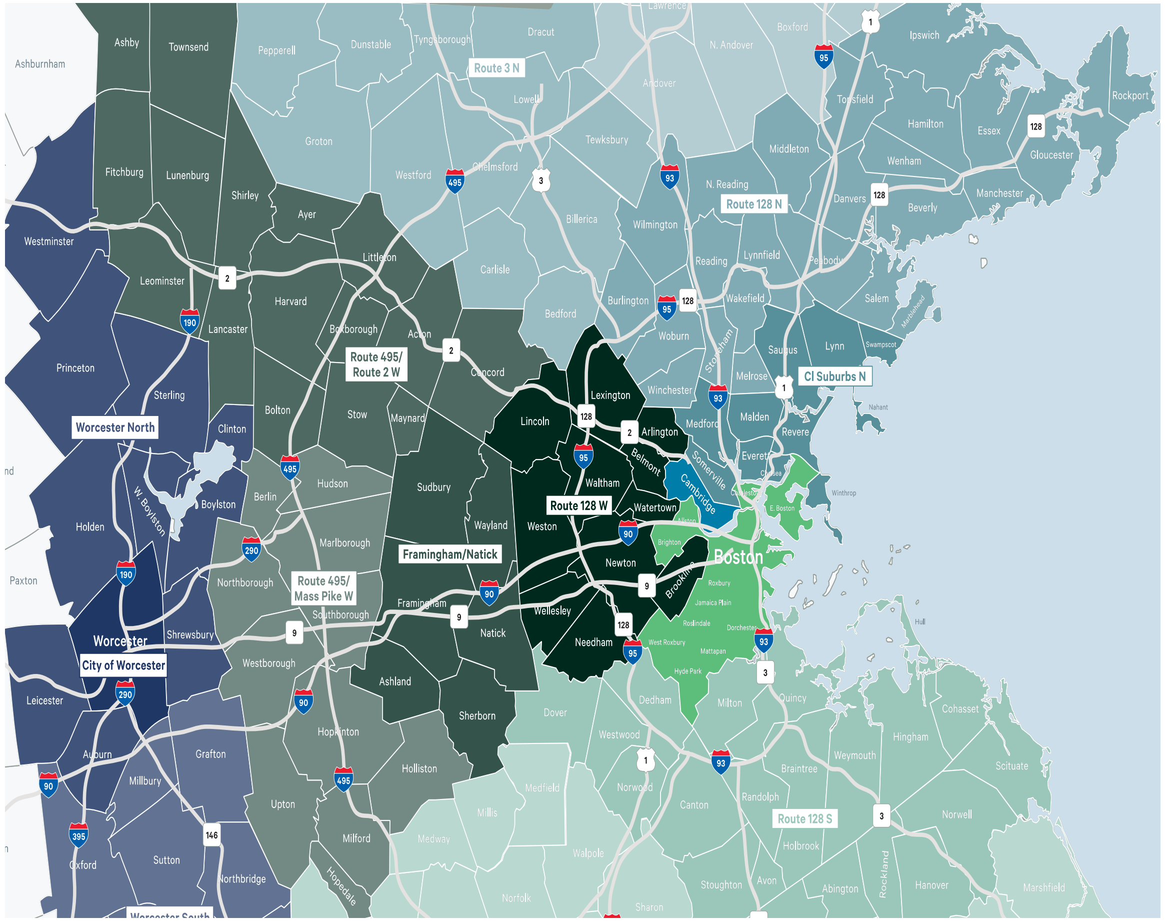
Market Statistics by Class

Figure 12

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	57,743,588	15.5	18.9	16.8	2.1	14.95	894,447	894,447	733,962	601,266
All Other Buildings	258,939,904	6.2	8.3	7.4	0.8	15.34	(85,481)	(85,481)	-	-
Total	**316,683,492**	**7.9**	**10.2**	**9.2**	**1.1**	**15.19**	**808,966**	**808,966**	**733,962**	**601,266**

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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