

FIGURES | CAMBRIDGE OFFICE | Q3 2026

Cambridge office market steadies as absorption turns positive



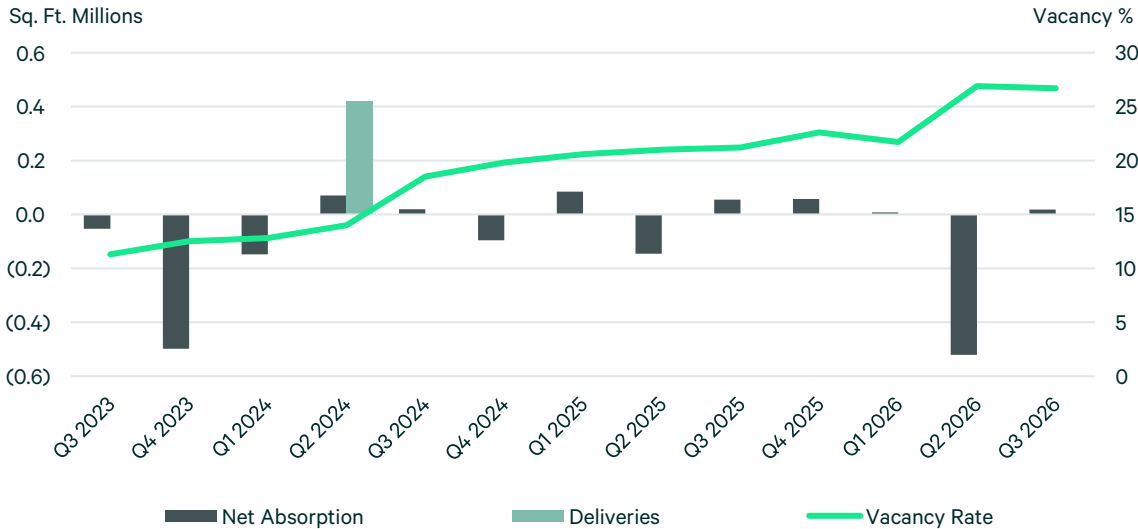
Note: Arrows indicate change from previous quarter.

Market Overview

The Cambridge office market closed the third quarter of 2026 with early signs of stabilization. Net absorption turned positive and average asking rents inched higher, even though vacancy stayed elevated. Total market availability held at 29.1%, down slightly from 29.2% in the second quarter but still up from 25.4% in the third quarter of 2025. Vacancy edged down to 26.7% from 26.9% in the prior quarter, though it remains well above the 22.9% recorded one year earlier. Net absorption for the quarter reached a positive 18,445 sq. ft., compared with a loss of 520,885 sq. ft. in the second quarter. It was the market's first positive quarter since the first quarter of 2026.

East Cambridge continues to anchor overall market performance given its concentration of large-block space. Availability in the submarket rose to 30.8%, up from 30.3% last quarter. Vacancy held essentially flat at 28.4%. Net absorption totaled negative 42,388 sq. ft., a far smaller loss than the 527,732 sq. ft. decline posted in the second quarter. The submarket has yet to post a positive quarter in 2026.

Figure 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Vacancy and availability held largely steady across Cambridge in the third quarter of 2026. Modest gains in some submarkets offset continued softness in others. Overall vacancy declined 20 basis points quarter-over-quarter to 26.7%, while availability slipped 10 basis points to 29.1%. Both figures point to a pause after several quarters of sharp increases.

East Cambridge still carries the highest concentration of available space, with availability approaching 31% and vacancy at 28.4%. Sublease space across Cambridge eased to 7.8% of total inventory, down from 8.1% in the second quarter. In East Cambridge, sublease availability declined to 8.1% from 8.5%.

Mid Cambridge improved notably. Vacancy declined to 22.3% from 23.1% and availability fell to 23.7% from 25.9% quarter-over-quarter, the strongest submarket performance this quarter. West Cambridge posted vacancy of 21.8% and availability of 26.8%, both down from the second quarter. West Cambridge continues to have the highest concentration of sublease space at 10.6%, unchanged from the prior quarter.

Asking Rent

Pricing across Cambridge firmed in the third quarter of 2026 as landlords gained some leverage from the improved absorption picture. The average asking rent rose to \$73.76 per sq. ft., up from \$73.34 in the second quarter and \$72.47 one year earlier.

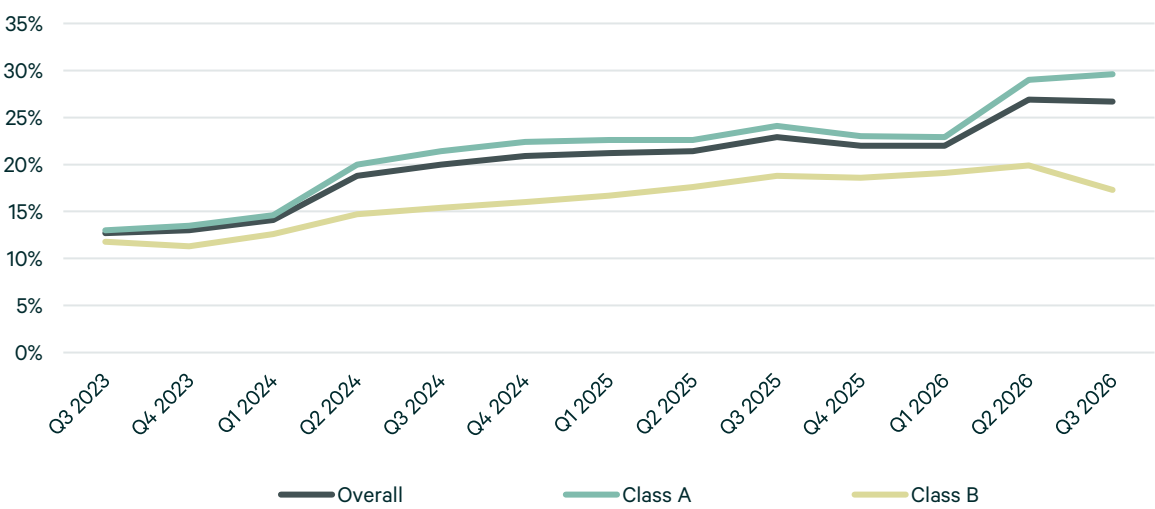
East Cambridge remains the most expensive submarket, with rents averaging \$79.85 per sq. ft., essentially flat from \$79.87 in the prior quarter. Premier assets continue to command a premium. Elevated availability still weighs on second-generation and non-core product.

Mid Cambridge recorded average asking rents of \$58.43 per sq. ft., down modestly from \$58.81 in the second quarter, while West Cambridge rose to \$49.32 per sq. ft. from \$49.24. Landlords across all submarkets continue to rely on concessions to bridge pricing gaps rather than cut nominal rents significantly.

Construction

With elevated availability and vacancy, the office construction pipeline has dried up and is expected to stay inactive for at least the near-term. The market has begun to see the potential for office to residential conversions as well, with 955 Mass Avenue selling to a Seattle developer who focuses on such conversions as well as 161 First which Alexandria Real Estate Equities has proposed converting to affordable housing units. Cambridge has not yet seen the office to residential conversion activity pick up, the same way Boston has. Cambridge does not offer the same tax incentives that the city of Boston has enacted.

Figure 2: Vacancy Rates by Class
Vacancy Rate (%)



Source: CBRE Research, Q3 2026

Figure 3: Avg. Direct Asking Rate by Class
\$ per sq. ft.



Source: CBRE Research, Q3 2026

Net Absorption

Net absorption in Cambridge turned positive in the third quarter of 2026, with the market recording a gain of 18,445 sq. ft. This marks a sharp reversal from the 520,885 sq. ft. loss in the second quarter. Year-to-date absorption remains negative 494,554 sq. ft., a measure of how deep the first-half pullback ran.

East Cambridge continued to post losses, with negative 42,388 sq. ft. of absorption for the quarter. The pace of decline slowed considerably from the 527,732 sq. ft. loss posted in the second quarter. Year-to-date absorption in East Cambridge stands at negative 607,680 sq. ft. The submarket continues to drive the bulk of the market's overall demand swings.

Mid Cambridge was the strongest performer, recording 56,524 sq. ft. of positive absorption, up from 7,961 sq. ft. in the second quarter. Year-to-date absorption in Mid Cambridge reached a positive 95,916 sq. ft. West Cambridge also posted a gain of 4,309 sq. ft., building on a slight loss in the prior quarter. Both submarkets show selective pockets of demand even as the broader market works through excess space.

Leasing Activity

Leasing activity in Cambridge moderated in the third quarter of 2026 to 145,261 sq. ft., down from the 429,589 sq. ft. recorded in the second quarter. A single large transaction in East Cambridge had skewed that prior total. Deal flow continued to skew toward smaller transactions as tenants prioritized flexibility and cost control over long-term commitments. Activity was driven by AI companies across East and Mid Cambridge as the market continued to attract tenants with its high concentration of talent. Three AI focused companies signed leases during the quarter with Blitzzy, the Cambridge born unicorn, signing the largest lease at 53,000 sq. ft. in Kendall Square. Anthropic, the founder of Claude, also signed a new lease in Kendall Square for 24,000 sq. ft. Suno, another Cambridge-born AI company also grew their footprint with a 36,000 sq. ft. lease in Harvard Square.

By submarket, East Cambridge accounted for 95,879 sq. ft. of activity and Mid Cambridge for 49,382 sq. ft., while West Cambridge recorded none.. Select requirements remain in the market, particularly from life science-adjacent and technology users, but many occupiers continue to delay decision-making or reassess long-term space needs. Leasing momentum is expected to stay uneven in the near term, with recovery dependent on improved business confidence and clearer return-to-office trends.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Market Statistics

Figure 5: Cambridge Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	9,469,720	29.6%	31.3%	22.6%	8.7%	\$78.40	(66,189)	(599,479)	-	-
Class B	2,846,427	17.3%	22.6%	17.4%	5.2%	\$55.11	84,634	109,948	-	-
Total	12,316,147	26.7%	29.1%	21.3%	7.8%	\$73.76	18,445	(494,554)	-	-

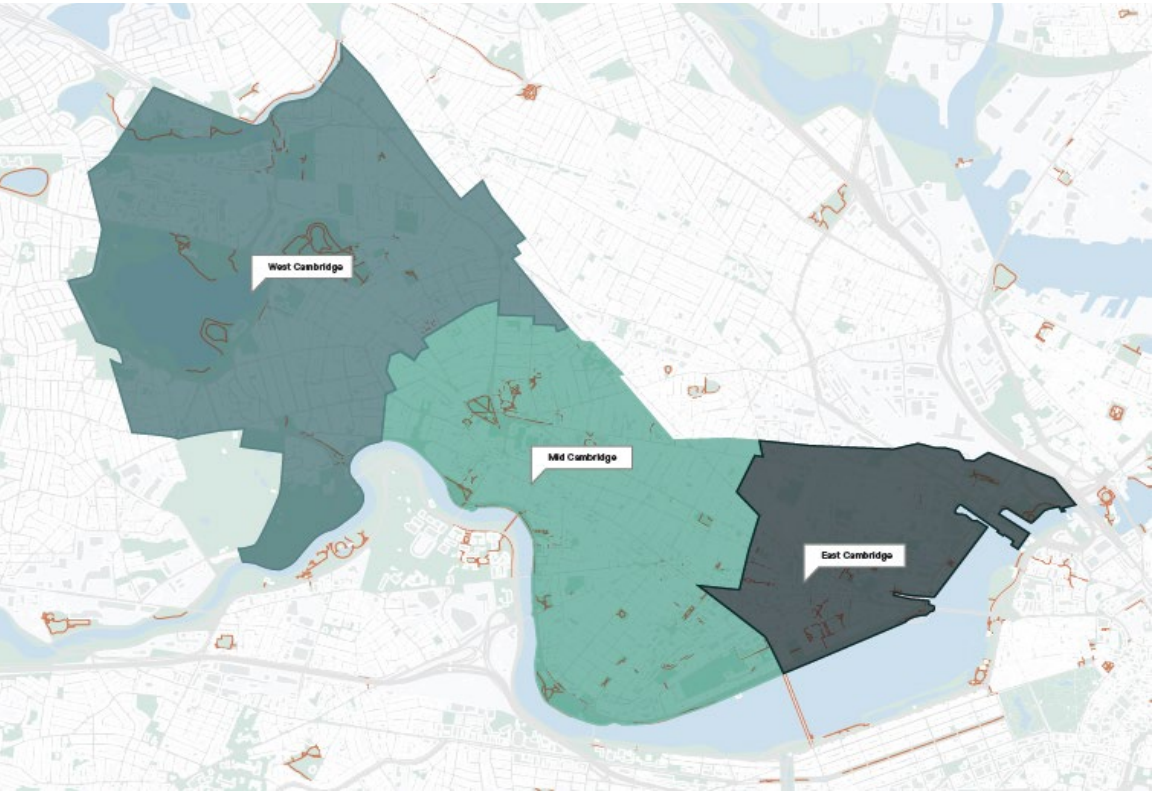
Source: CBRE Research, Q3 2026

Figure 6: Cambridge Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
East	8,953,427	28.4%	30.8%	22.7%	8.1%	\$79.85	(42,388)	(607,680)	-	-
Mid	2,462,132	23.3%	23.7%	18.1%	5.6%	\$58.43	56,524	95,916	-	-
West	900,588	21.8%	26.8%	16.2%	10.6%	\$49.32	4,309	17,210	-	-
Total	12,316,147	26.7%	29.1%	21.3%	7.8%	\$73.76	18,445	(494,554)	-	-

Source: CBRE Research, Q3 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 Available 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.

Survey Criteria

All office inventory that CBRE deems competitive within the Cambridge market

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