

Tenants remain selective or hit the “easy” button and renew amidst economic uncertainty

▲ 8.2%

Vacancy Rate

▼ (333K)

SF Net Absorption

▼ 50K

SF Construction Delivered

▲ 1.02M

SF Under Construction

▼ \$15.34

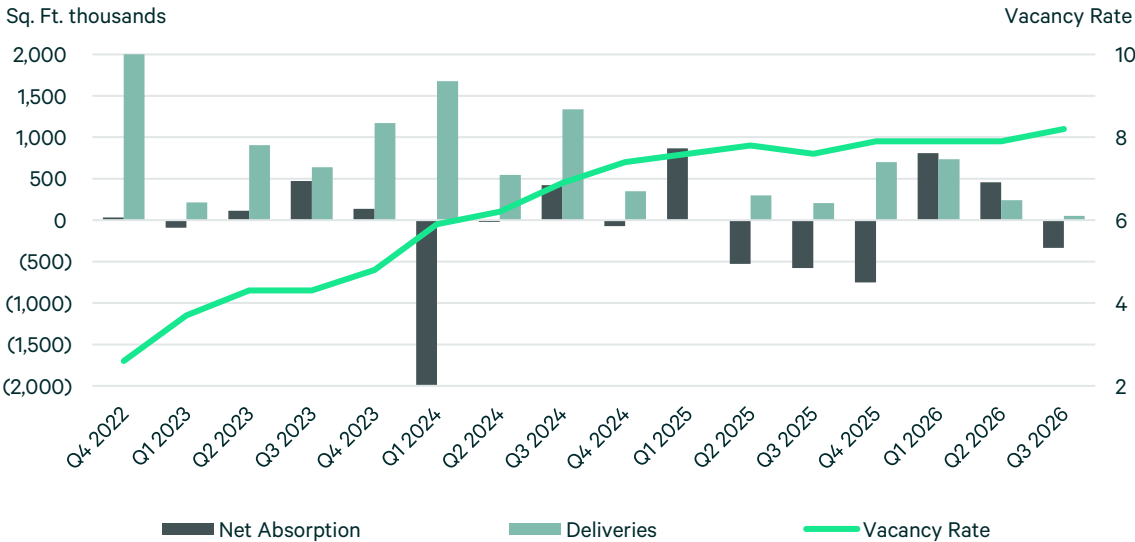
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

While new leasing activity experienced an uptick in the first half of 2026, renewal activity took slight precedence in the third quarter. Heightened speculative leasing year-to-date, however, proved that new demand remains resilient but selective with occupiers slightly favoring modern facilities. Large-scale lease extensions brought overall quarterly leasing activity to approximately 3.11 million sq. ft., with renewals making up 53% and new leases making up 47%. Year-to-date transaction volume was stable at 10.25 million sq. ft., compared to 10.38 million sq. ft. of total transactions recorded year-to-date Q3 2025. Slightly reduced new leasing activity coupled with some large tenant space givebacks this quarter resulted in - 333,202 sq. ft. of overall net absorption. Year-to-date net absorption for the overall market, however, remained positive at 778,304 sq. ft., an improvement on the -543,944 sq. ft. of overall net absorption recorded year-to-date Q3 2025.

Overall vacancy experienced a slight uptick of 30 basis points (bps) quarter-over-quarter (q-o-q) to 8.2%, due to some large tenant space givebacks that have the potential to be renewed. A rise in renewals coupled with a reduction in speculative deliveries over the last twelve months, however, kept the year-over-year (y-o-y) increase in overall vacancy to just 50 bps, proving that the market is in a stabilization period after three years of rapid speculative expansion while still experiencing the effects of macroeconomic and global uncertainty. Overall average asking rent remained virtually unchanged q-o-q, decreasing by just \$0.07 to \$15.34 per sq. ft. NNN and representing a slight improvement y-o-y from \$15.20 per sq. ft. NNN in Q3 2025.

Figure 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

The outlook is cautiously optimistic with the industrial market poised to withstand economic headwinds amidst slowing supply, stabilizing vacancy, and resilient demand. It will be important to monitor the effects of global uncertainty and trade volatility. Driven by unpredictable transportation costs, labor shortages, and environmental concerns, logistics priorities are also shifting—with occupiers placing greater value on labor availability, power reliability (including renewables and AI-driven automation), and supply chain resilience through nearshoring and multi-port strategies. 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.

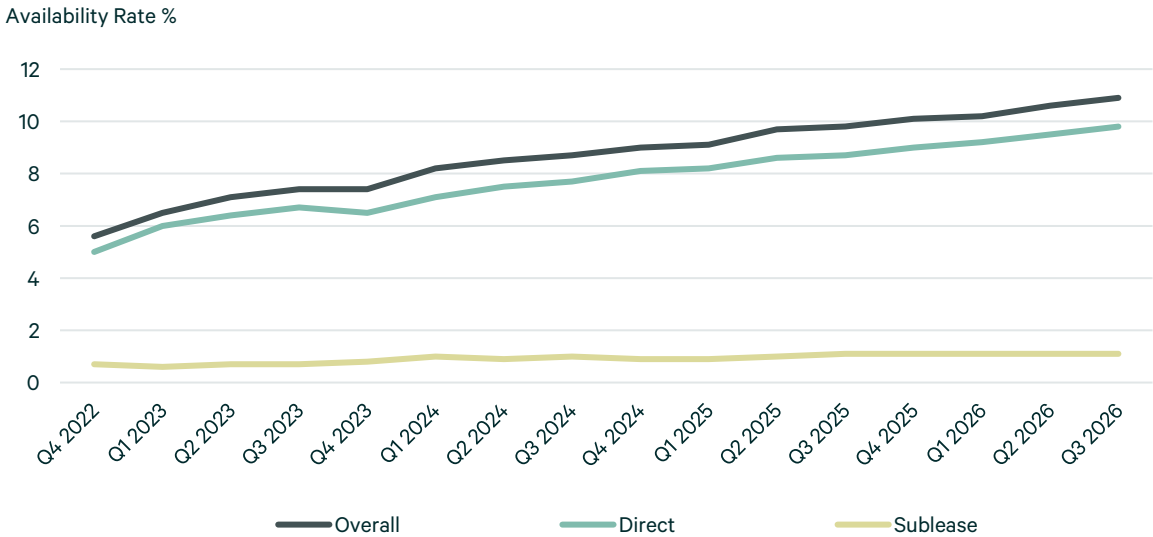
Availability Rate

As a result of some large tenant space givebacks and two new speculative groundbreakings, overall availability increased by 30 bps q-o-q to 10.9%. Approximately 335,000 sq. ft. of new speculative product broke ground this quarter along with some large tenant space givebacks in the Metro West and the Metro South, with some having renewal potential. However, few groundbreakings in the last twelve months kept availability relatively tight, increasing by 90 bps y-o-y from 10.0% in Q3 2025.

The urban market recorded the lowest availability rate at 6.9%, followed by the Metro West at 7.6%. These two markets have been particularly supply-constrained as the result of an aging inventory and no new product set to deliver. Both the Metro North and Worcester Metro markets recorded 10.7% availability. Unsurprisingly, the Metro South market had the highest availability at 13.1%, mostly due to rapid speculative expansion over the last three years, much of which is in the big-box warehouse category and continues to sit vacant.

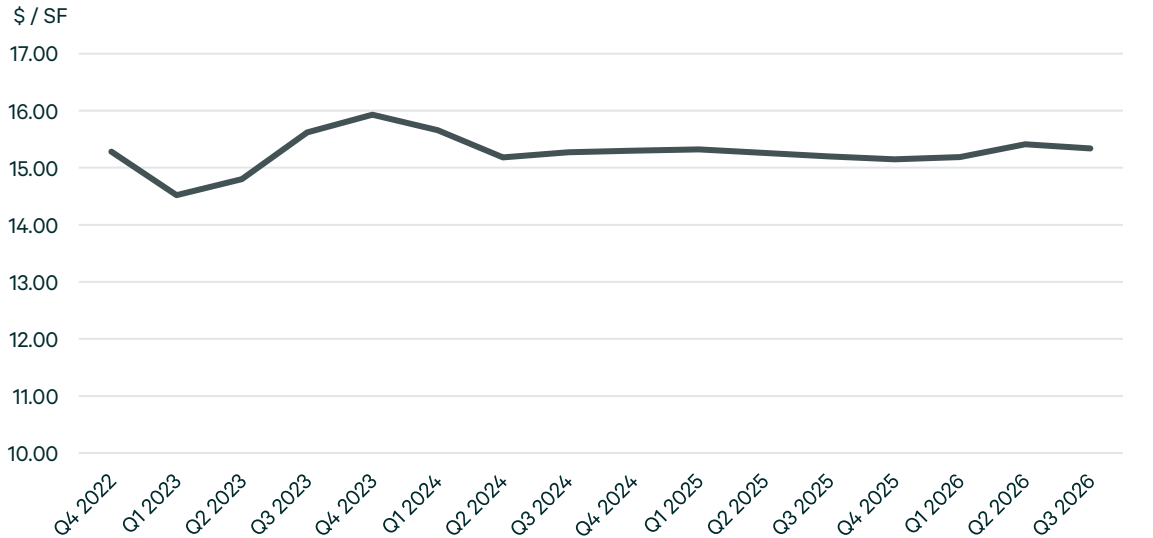
Moreover, shallow-bay industrial availability remained especially tight amid strong demand and limited new supply. Demand from smaller industrial occupiers for shallow-bay properties—buildings under 50,000 sq. ft.—has outstripped supply historically. While big-box warehouses have rapidly expanded over the last three years, the Greater Boston Metro has been left with an aging shallow-bay inventory, with limited new relief valves. Shallow-bay outperformed the overall industrial market, posting an availability rate that is 4.7 percentage points below the overall industrial availability rate.

Figure 2: Availability Rates



Source: CBRE Research, Q3 2026

Figure 3: Avg. Direct Asking Rate



Source: CBRE Research, Q3 2026

Asking Rent

With supply and demand levels becoming more balanced amidst a reduced speculative pipeline, overall average asking rent stabilized at \$15.34 per sq. ft. NNN, decreasing by just 0.5% q-o-q from \$15.41 in Q2 2026 and increasing by 0.9% y-o-y from \$15.20 in Q3 2025.

The urban market had the highest overall asking lease rate at \$27.27 per sq. ft. NNN, followed by the Metro North market at \$19.65. The Metro West and Metro South markets recorded average asking rates of \$13.98 and \$13.59 per sq. ft. NNN, respectively. The Worcester Metro market recorded the lowest average asking lease rate at \$10.68 per sq. ft. NNN, as it continued to be affected by the functional obsolescence of its existing inventory.

Net Absorption

A slight reduction in new leasing activity coupled with some large tenant space givebacks resulted in - 333,202 sq. ft. of overall net absorption this quarter. However, year-to-date net absorption remained positive at 778,304 sq. ft. as demand remained resilient yet selective with heightened speculative leasing being observed amidst a reduced new speculative pipeline.

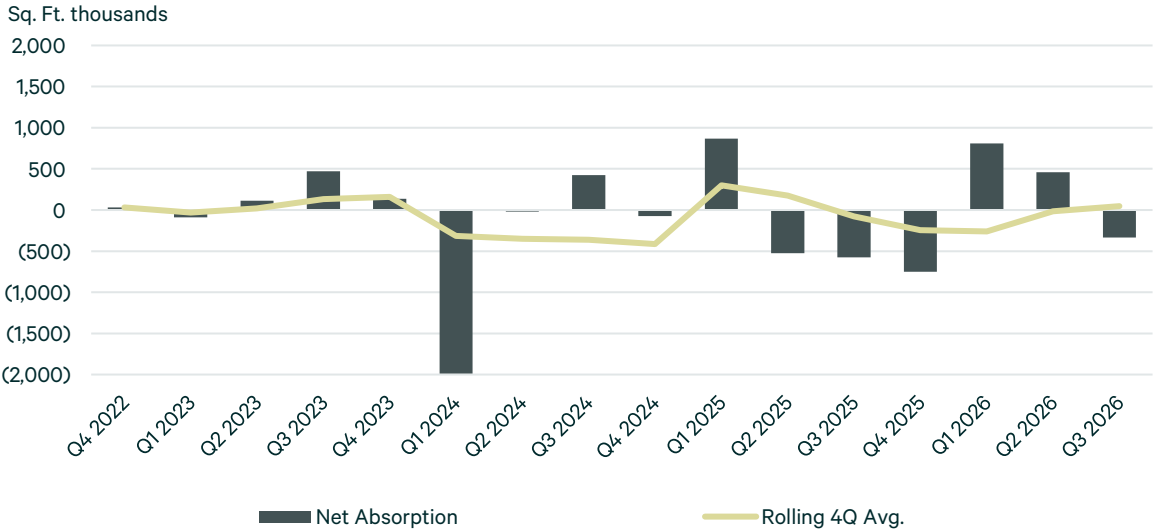
The Metro North was the only market that experienced positive quarterly net absorption at 353,710 sq. ft. Whereas negative net absorption this quarter was concentrated in the Metro South at -255,549 sq. ft., followed by the Worcester Metro at -197,497 sq. ft., Metro West at -162,135 sq. ft., and the urban market at -71,731 sq. ft.

Construction Activity

Just one speculative delivery totaling 50,000 sq. ft. was recorded this quarter, compared to 239,000 sq. ft. of deliveries in Q2 2026. Year-to-date Q3 2026 deliveries were capped at 1.02 million sq. ft., compared to 1.21 million sq. ft. of annual deliveries in 2025, 3.91 million sq. ft. of annual deliveries in 2024, and 2.93 million sq. ft. of annual deliveries in 2023.

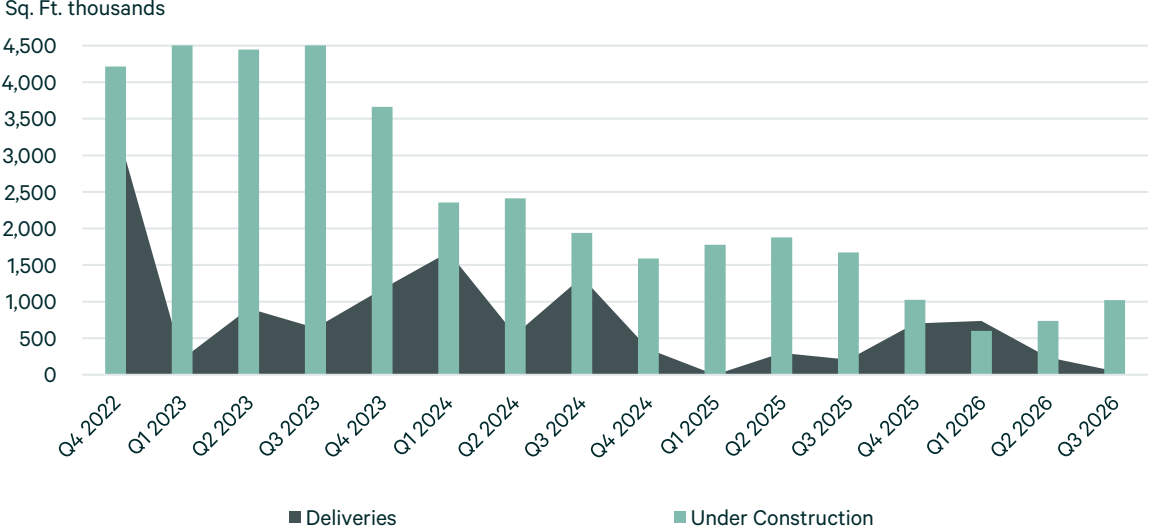
Construction pulled back as developers became disciplined, focusing on build-to-suits/pre-leased projects rather than speculative builds, although certain strategic speculative properties broke ground. Overall active speculative construction ended the quarter at approximately 1.02 million sq. ft., up by 38.2% q-o-q from 738,000 sq. ft. of active projects in Q2 2026. However, this quarter’s active speculative pipeline is still down by 38.9% y-o-y from 1.67 million sq. ft. of active projects in Q3 2025.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

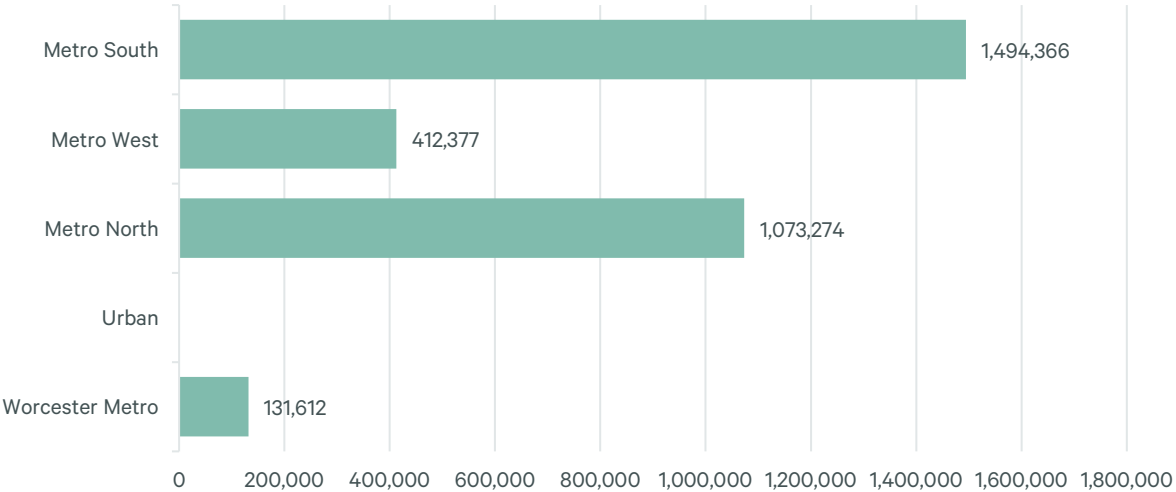
The Metro South became the most active construction market again with just over 547,000 speculative sq. ft. underway. The Metro North had 375,800 speculative sq. ft. underway, followed by the Worcester Metro with 100,000 sq. ft. under construction. With the active industrial pipeline being increasingly demand-driven, vacancy rates should stabilize further into the early half of 2027.

Leasing Activity

Demand remained resilient but selective with just under 300,000 sq. ft. of leases inked at new speculative product this quarter, following just under 987,000 sq. ft. of new speculative leases signed last quarter and 949,000 sq. ft. of new speculative leases signed in Q1 2026. Quarterly leasing activity was especially strong in the Metro South and Metro North, with a heightened interest in new speculative product. Overall quarterly transaction volume was relatively flat q-o-q at approximately 3.11 million sq. ft. of transactions compared to last quarter's 2.99 million sq. ft. of transactions, while marking a slight improvement from 2.70 million sq. ft. of quarterly transactions recorded in Q3 2025.

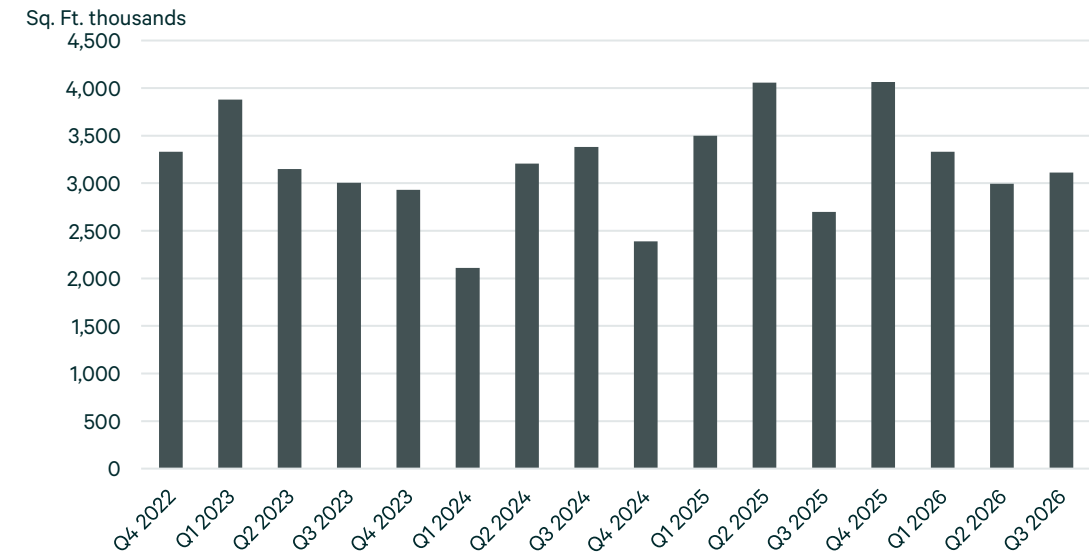
The Metro South experienced the largest leasing activity this quarter with almost 1.49 million sq. ft. of total transactions, which consisted heavily of renewals and some new speculative interest. The Metro North witnessed the majority of speculative interest this quarter with just over 262,000 sq. ft. of the market's 1.07 million sq. ft. of total transactions being new speculative leases. Mostly due to extreme supply constraints and existing functional obsolescence, the Metro West recorded just over 412,000 sq. ft. of leasing activity followed by the Worcester Metro with just under 132,000 sq. ft. and the urban market with no recorded transactions.

Figure 7: Leasing Activity by Submarket



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

	Sq. Ft. Leased	Transaction Type	Address	Submarket
Dell Technologies	288,000	Renewal	109-111 Constitution Boulevard	Route 495 – South
U.S. Electrical Services	208,200	Renewal	100 Campanelli Parkway	Route 128 – South
Amazon Robotics	206,000	New Lease	175 Lowell Street	Route 128 – North
PODS	122,000	Renewal	625 University Avenue	Route 128 – South
Reframe Systems	115,882	New Lease	90 Salem Road	Route 3 – North
Solect Energy	112,512	Sublease	5-9 Latti Farm Road	Worcester South
EMS Warehousing	110,750	Renewal	210 Grove Street	Route 495 – South
Rexel	104,625	Renewal	145 Plymouth Street	Route 495 – South

Source: CBRE Research, Q3 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.	133,613,301	6.4	8.6	7.4	1.2	17.18	(34,257)	(269,670)	50,000	-
100,000-199,999 sq. ft.	76,066,783	7.4	11.4	10.2	1.2	16.74	(206,440)	(749,082)	-	788,079
200,000-299,999 sq. ft.	32,035,132	14.2	16.9	16.4	0.5	14.93	229,420	812,572	-	234,790
300,000-499,999 sq. ft.	38,875,265	7.8	12.2	10.5	1.7	12.49	(234,747)	373,787	-	-
500,000-749,999 sq. ft.	13,961,084	10.7	11.0	9.5	1.5	12.59	(87,178)	529,697	-	-
750,000 sq. ft.+	19,124,584	12.0	12.0	12.0	0.0	11.76	-	81,000	-	-
Total	313,676,149	8.2	10.9	9.8	1.1	15.34	(333,202)	778,304	50,000	1,022,869

Source: CBRE Research, Q3 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	62,668,038	15.9	22.4	19.7	2.7	14.58	189,856	1,337,775	-	872,869
Manufacturing	14,756,355	3.8	4.3	4.3	0.0	10.76	(144,040)	(114,068)	50,000	-
Cold Storage	5,334,822	3.9	6.8	6.8	0.0	16.51	(120,000)	31,986	-	-
R&D / Flex	64,385,442	8.1	10.8	9.7	1.1	18.05	(267,576)	(456,439)	-	150,000
Other Industrial	166,531,492	5.8	7.3	6.6	0.7	15.62	8,558	(20,950)	-	-
Total	313,676,149	8.2	10.9	9.8	1.1	15.34	(333,202)	778,304	50,000	1,022,869

Source: CBRE Research, Q3 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	14,020,801	5.5	6.9	6.5	0.4	27.27	(71,731)	124,897	-	-
Close-In Suburbs North	18,521,359	9.1	9.8	9.2	0.6	28.16	123,353	41,708	-	-
Route 128 - North	33,214,494	6.6	11.5	9.0	2.5	19.63	90,192	(326,125)	-	-
Route 3 - North	19,726,753	11.7	16.0	15.2	0.8	17.93	134,567	36,475	-	375,800
Route 495 - Northeast	23,753,908	5.0	5.9	5.1	0.8	15.31	5,598	344,851	-	-
Metro North	95,216,514	7.8	10.7	9.4	1.3	19.65	353,710	96,909	-	375,800
Route 128 - South	44,956,107	9.3	12.3	11.1	1.2	15.05	(354,476)	(441,803)	-	-
Route 495 - South	72,856,104	10.2	13.6	12.3	1.3	12.86	98,927	532,005	-	547,069
Metro South	117,812,211	9.8	13.1	11.9	1.2	13.59	(255,549)	90,202	-	547,069
Framingham - Natick	4,562,487	2.6	6.4	6.4	0.0	13.32	(164,729)	(43,315)	-	-
Route 128 - West	6,204,134	2.9	4.3	3.9	0.4	25.53	21,547	(24,855)	-	-
Route 495 - Mass Pike West	23,368,802	7.2	9.1	8.0	1.1	14.85	(62,348)	278,323	-	-
Route 495 - Route 2 West	21,336,321	4.3	7.0	5.4	1.6	12.06	43,395	247,313	-	-
Metro West	55,471,744	5.2	7.6	6.5	1.1	13.98	(162,135)	457,466	-	-
City of Worcester	9,306,724	3.3	4.0	3.9	0.1	10.08	4,800	35,017	50,000	100,000
Worcester North	12,053,240	9.6	11.4	10.3	1.1	10.94	(388,111)	(164,401)	-	-
Worcester South	9,794,915	15.4	16.3	16.3	0.0	10.60	185,814	138,214	-	-
Worcester Metro	31,154,879	9.6	10.7	10.3	0.4	10.68	(197,497)	8,830	50,000	100,000
Total	313,676,149	8.2	10.9	9.8	1.1	15.34	(333,202)	778,304	50,000	1,022,869

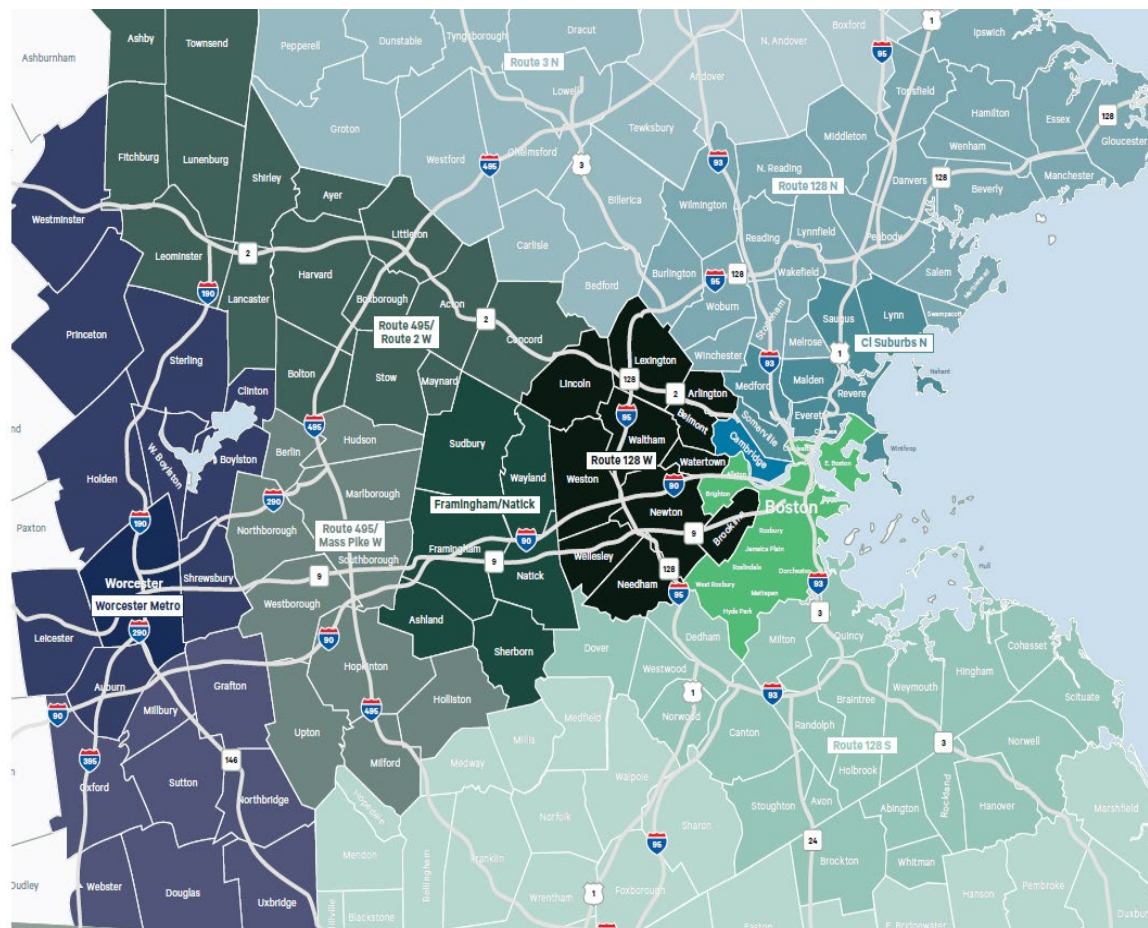
Source: CBRE Research, Q3 2026

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	58,160,289	14.4	18.9	16.9	2.0	15.18	169,009	2,200,065	50,000	1,022,869
All Other Buildings	255,515,860	6.8	9.1	8.2	0.9	15.42	(502,211)	(1,421,761)	-	-
Total	313,676,149	8.2	10.9	9.8	1.1	15.34	(333,202)	778,304	50,000	1,022,869

Source: CBRE Research, Q3 2026



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.

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

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