

FIGURES | BOSTON SUBURBAN OFFICE | Q2 2026

Suburban Office Market Builds Stability on Continued Occupancy Gains

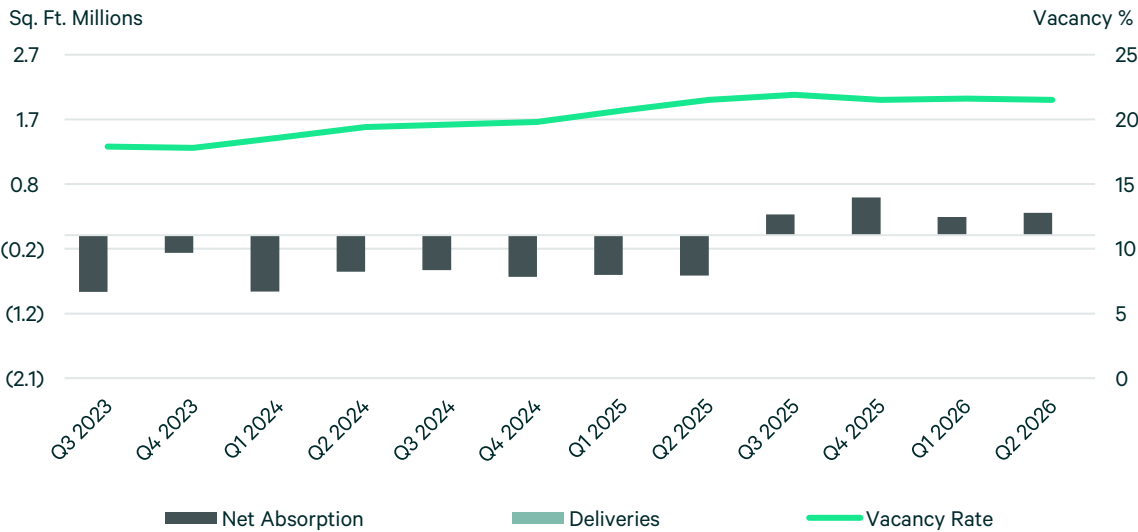


Note: Arrows indicate change from previous quarter.

Market Overview

The suburban office market built on its momentum in the second quarter of 2026, posting stronger positive demand. Net absorption totaled a positive 326,682 sq. ft., up from 265,691 sq. ft. in Q1, supported by a notable acceleration in leasing activity to 1,773,343 sq. ft. from 1,147,864 sq. ft. Tenant demand, however, eased to 1.62 million sq. ft. from 1.87 million sq. ft., suggesting that while current leasing converted at a healthy pace, the forward pipeline moderated. On pricing and availability, average asking rents rose quarter-over-quarter, climbing from \$28.80 to \$29.33 per sq. ft. gross. Availability edged down from 25.9% to 25.8%, while vacancy ticked down slightly from 21.6% to 21.5%, indicating that recent occupancy gains are beginning to translate into incremental balance improvements. Sublease availability rose modestly, increasing from 3.7% to 3.8%, a slight uptick, but remains well below early-cycle levels. Together, these trends underscore a market that is stabilizing with growing momentum, though one still shaped by tenant leverage and selective demand.

Figure 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

Vacancy was flat year-over-year and quarter-over-quarter, signaling continued stabilization. Overall vacancy held at 21.5% in Q2 2026, unchanged from 21.5% a year earlier in Q2 2025 and down 10 bps from 21.6% in Q1 2026. Sublease vacancy declined meaningfully, falling 50 bps year-over-year from 4.3% to 3.8%, indicating reduced excess space being marketed by tenants. The steady direct-driven vacancy alongside receding sublease availability suggests that while landlord vacancy remains elevated, occupier-driven give-back pressure has continued to unwind. Vacancy conditions varied materially across suburban submarkets in Q2 2026, with Metro North under the greatest pressure and Metro South outperforming. Metro North Class A overall vacancy stood at 25.9%, compared with 21.5% in Class B, resulting in a 440-bp Class A–Class B spread, while sublease vacancy remained elevated at 4.0% in Class A and 4.8% in Class B, contributing to a combined vacancy rate of 24.0%. Metro South recorded notably tighter conditions, with Class A vacancy of 17.2% and Class B at 11.9%, for an overall rate of 15.3%; sublease vacancy diverged sharply, however, at 5.6% in Class A versus 1.1% in Class B. Metro West trailed Metro South but outperformed Metro North, with Class A and Class B vacancy of 22.3% and 21.1%, respectively, for an overall rate of 21.5%, and comparatively contained sublease vacancy of 3.5% and 3.2%.

Asking Rent

Asking rents firmed in the second quarter of 2026, recovering much of the prior quarter's decline as leasing velocity strengthened, though pricing trends continued to diverge by building quality. The overall average asking rent rose from \$28.80 per sq. ft. in Q1 2026 to \$29.33 per sq. ft. in Q2 2026, a 1.8% quarter-over-quarter increase, though rents remain 1.6% below year-ago levels of \$29.80 in Q2 2025. Class A pricing eased modestly, slipping 3.4% quarter-over-quarter from \$31.77 to \$30.68 per sq. ft. and posting a 1.9% year-over-year decline from \$31.29 in Q2 2025. By contrast, Class B asking rents rebounded, climbing from \$23.05 per sq. ft. in Q1 2026 to \$24.03 per sq. ft. in Q2 2026, a 4.3% quarterly gain and a 4.8% increase year-over-year from \$22.93, narrowing the quality-tier gap that had widened earlier in the cycle. Asking rents varied widely across suburban submarkets, reflecting differences in building quality and competitive positioning. Metro West commanded the highest overall pricing, with a combined average asking rent of \$33.27 per sq. ft., driven by Class A rents of \$35.77 per sq. ft., well above other suburban markets. Metro North followed at a combined average of \$26.52 per sq. ft., with Class A rents of \$28.94 per sq. ft. and Class B at \$22.56 per sq. ft. Metro South recorded the lowest suburban pricing, posting a combined average of \$24.82 per sq. ft., including Class A rents of \$27.33 per sq. ft. and Class B rents of \$21.01 per sq. ft. The dispersion across submarkets underscores tenants' continued preference for higher-quality, better-located assets, even as lower-tier pricing showed signs of recovery.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Avg. Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

Net absorption strengthened in Q2 2026, building on the prior quarter's gains as tenant expansion picked up. The market recorded 326,682 sq. ft. of net growth for the quarter, an increase of about 61,000 sq. ft. from the 265,691 sq. ft. absorbed in Q1 2026, signaling firming occupancy momentum. Class A product continued to drive overall absorption, posting 323,133 sq. ft. of positive net absorption, up from 175,041 sq. ft. in Q1 2026, reflecting renewed appetite for higher-quality space. Class B performance moderated, easing to a positive 3,549 sq. ft. of net absorption in Q2 2026 from 90,650 sq. ft. in Q1 2026, indicating more tempered, though still positive, demand for lower-cost space. The heavy Class A concentration underscores a market increasingly driven by flight-to-quality dynamics while maintaining positive occupancy momentum overall. Positive net absorption in Q2 2026 was concentrated in Metro West and Metro North, while Metro South again weighed on overall performance. Metro West led all submarkets with 261,500 sq. ft. of positive absorption for the quarter, up from 196,895 sq. ft. recorded in Q1 2026. Metro North remained a steady contributor, posting 97,007 sq. ft. of net absorption, roughly in line with the 101,014 sq. ft. absorbed in the prior quarter. By contrast, Metro South stayed in negative territory at negative 31,825 sq. ft., little changed from negative 32,218 sq. ft. in Q1 2026. The uneven market performance highlights the continued concentration of tenant demand in select locations, even as overall absorption remains constructive.

Sales Activity

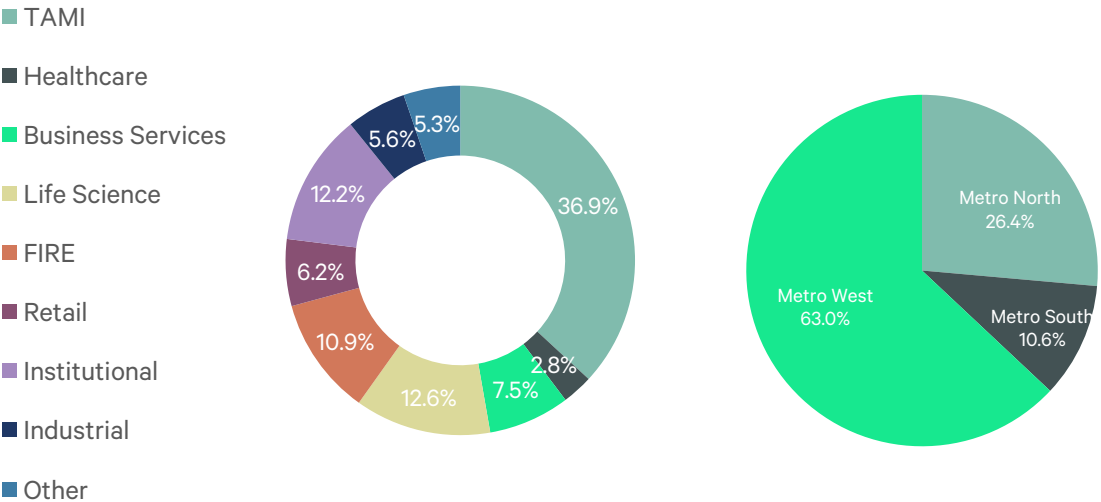
Suburban office investment sales activity picked up in Q2 2026, spanning a wider range of asset sizes and signaling renewed capital markets engagement, though pricing continued to reflect a clear emphasis on quality and tenancy. In Wellesley, a 25,994-sq.-ft. office building at 70 Hastings Street traded for \$12.375 million, or \$476.07 per sq. ft., with Grander Capital Partners selling to The Bulfinch Companies, a premium valuation underscoring sustained demand for well-located, higher-quality assets. In Wakefield, Hobbs Brook Real Estate sold The Edge, a 958,000-sq.-ft. office campus, to Lincoln Property Company, marking the quarter's largest transaction by scale. In Peabody, 10 Centennial Drive, a 361,794-sq.-ft. property, sold for \$62 million, or \$171.37 per sq. ft., with Boston Children's Hospital selling to Griffith Properties. In Foxborough, a 60,209-sq.-ft. building at 200 Foxborough Boulevard traded for \$12.8 million, or \$212.59 per sq. ft., as Calare Properties sold to Fulcrum Real Estate Partners. Pricing across these deals highlights the continued bifurcation in valuations based on tenancy, scale, and asset quality, even as a broader range of capital re-engages with the suburban office market.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5 Tenant Demand

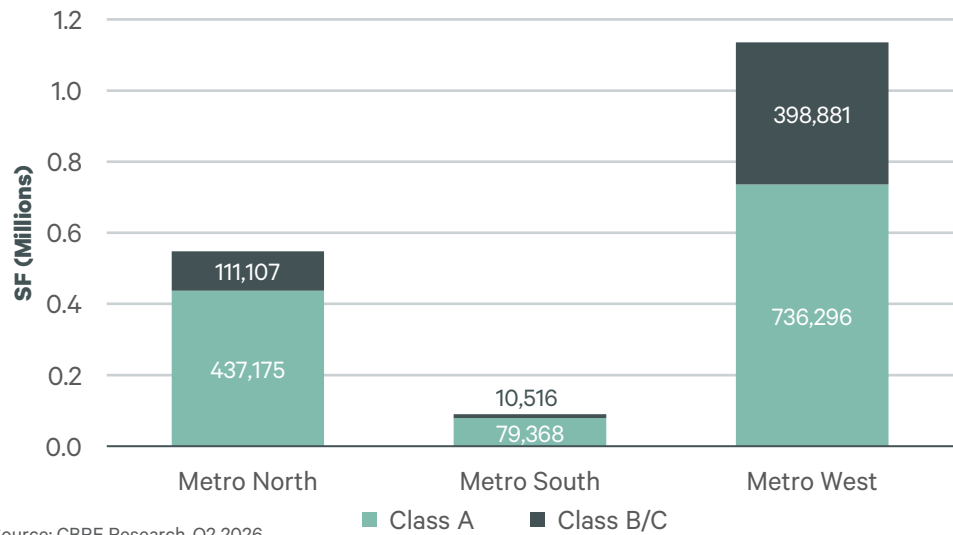


Source: CBRE Research, Q2 2026

Leasing Activity

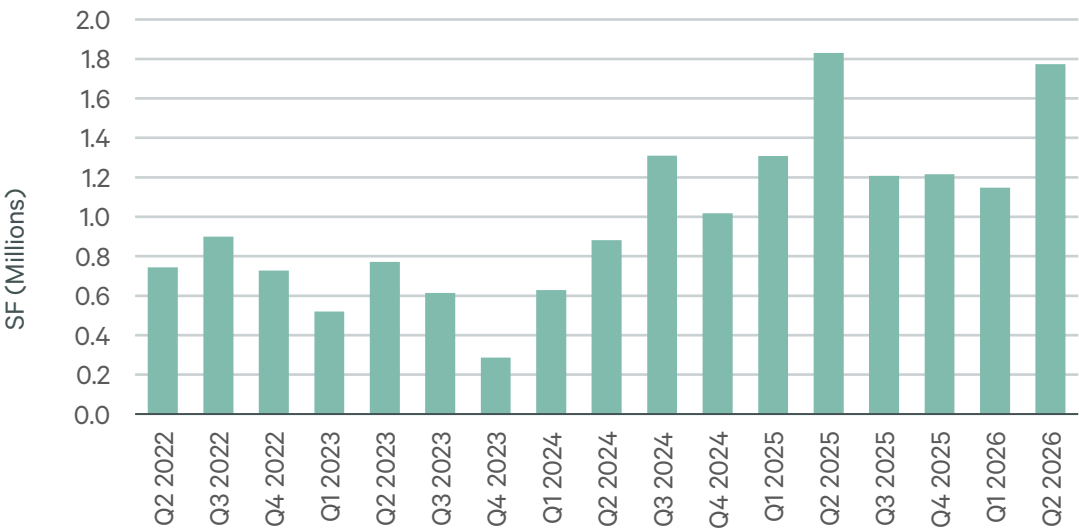
Leasing activity in the suburban office market totaled approximately 1.77 million sq. ft., with demand led by Metro West, which accounted for 1,135,177 sq. ft., or 64.0% of total leasing volume. Metro North followed with 548,282 sq. ft., representing 30.9% of activity, while Metro South recorded more muted demand at 89,884 sq. ft., comprising 5.1% of the total. Class A space captured the majority of leasing volume overall, totaling 1,252,839 sq. ft., or 70.7% of activity, while Class B/C space accounted for the remaining 520,504 sq. ft., underscoring continued tenant selectivity favoring higher quality assets despite ongoing cost considerations. Leasing activity remained concentrated in Metro West and Metro North, though the class mix varied meaningfully by submarket. Metro West dominated Class A demand, posting 736,296 sq. ft. of leasing compared with 398,881 sq. ft. in Class B/C, reinforcing its position as the market's most competitive location for higher quality office space. Metro North also skewed toward Class A, with leasing of 437,175 sq. ft. exceeding Class B/C volume of 111,107 sq. ft., a shift from its more value-oriented profile earlier in the cycle. Metro South activity was limited overall but leaned heavily toward Class A, which accounted for 79,368 sq. ft. of leasing versus 10,516 sq. ft. in Class B/C. The distribution of leasing activity highlights ongoing polarization across submarkets and asset classes amid a selective demand environment.

Figure 7: Leasing by Class



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

	Sq. Ft. Leased	Transaction Type	Address	SUBMARKET
Boston Dynamics	322,000	New	1601 Trapelo Road	MW – Route 128 - West
SharkNinja	250,409	Renewal	89 A Street	MW – Route 128 - West
IBM	153,000	Renewal	900 Chelmsford Street	MN – Route 3 - North
Form Energy	96,252	Renewal	200 Innerbelt Road	MN – Close-In Suburbs
Advocates Inc.	95,182	New	251 Locke Drive	MW – Route 495– West
MedVet Associates	32,463	New	60 Wells Avenue	MW – Route 128 - West
Chenega Corporation	29,058	Renewal	4 Concord Farms	MW – Route 495 – West

Source: CBRE Research, Q2 2026

Market Statistics

Figure 12: Suburban 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	60,600,482	23.0	27.8	23.8	4.0	31.92	323,133	476,174	-	-
Class B	40,231,647	19.4	22.8	19.5	3.3	24.64	3,549	90,199	-	-
Total	100,832,129	21.5	25.8	22.0	3.8	29.33	326,682	566,373	-	-

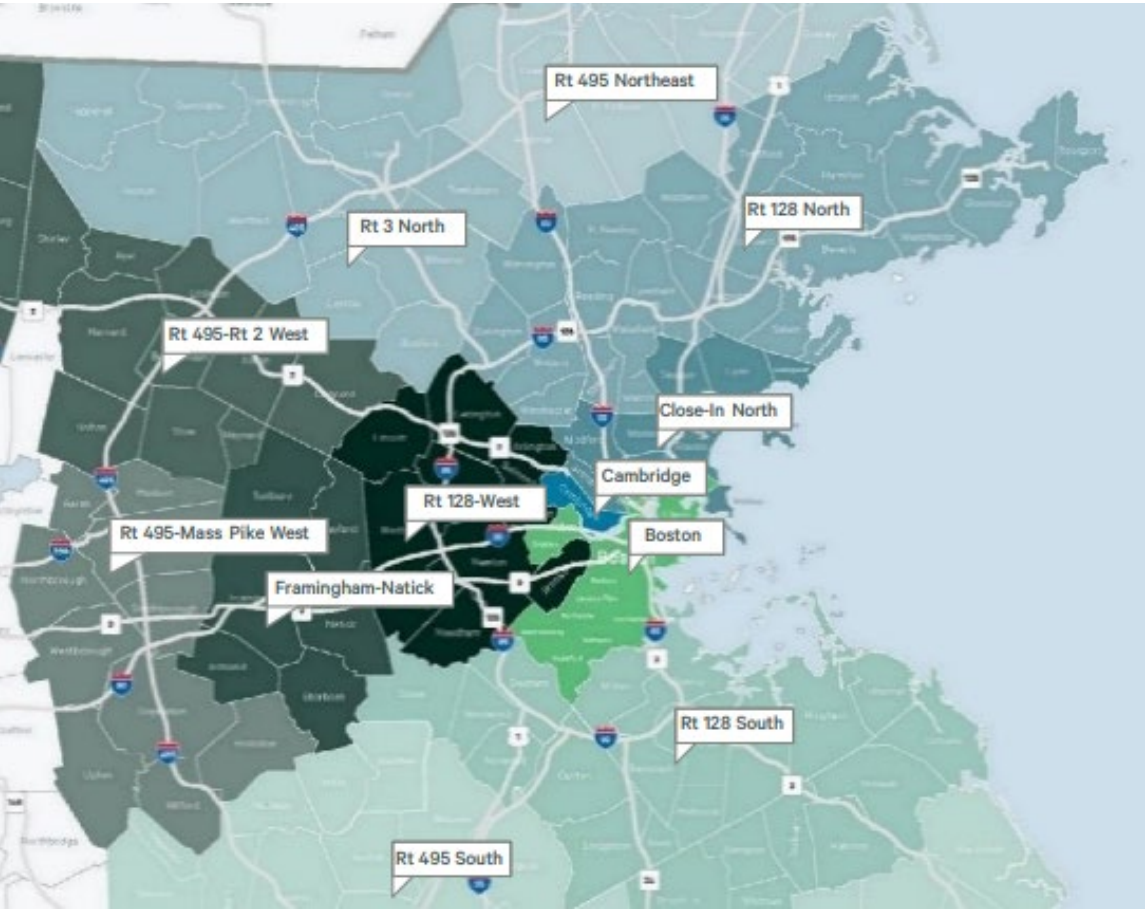
Source: CBRE Research, Q2 2026

Figure 13: Suburban Market Statistics by Market

	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
Metro North	40,804,247	24.0	28.2	19.3	4.3	26.52	97,007	194,021	-	-
Metro South	16,121,518	15.3	21.1	17.4	3.7	24.82	(31,825)	(64,043)	-	-
Metro West	43,906,364	21.5	25.3	22.0	3.3	33.27	261,500	436,395	-	-

Source: CBRE Research, Q2 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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