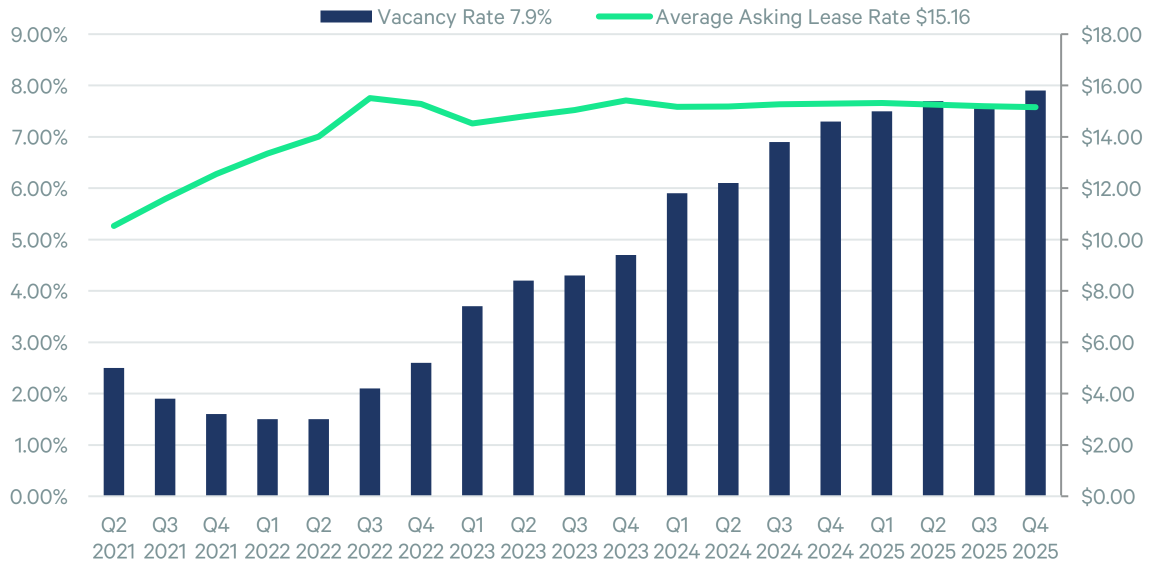
While heightened renewal activity led to a healthy leasing year, reduced net absorption was recorded

▲ 7.9%	▲ 10.1%	▼ $15.16
Vacancy Rate	Availability Rate	Average Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.

With annual overall leasing activity on-par with record-breaking years, the industrial market proved to be more resilient than expected amidst a year of macro volatility and tariff adjustments. Overall quarterly leasing activity peaked at 3.96 million sq. ft., with almost 58% being lease extensions, while overall annual leasing activity was capped at approximately 13.63 million sq. ft., with almost 54% being lease extensions and a notable lack of new transactions over 100,000 sq. ft. While contributing to a healthy leasing year, heightened renewal activity and its net-zero effect on market movement contributed to -751,104 sq. ft. of overall quarterly net absorption and -991,737 sq. ft. year-to-date. Although renewals have kept many tenants in their spaces, some larger tenant space givebacks resulted in slightly softened market fundamentals as pandemic-era leases approach the five-year mark. While this uptick is concentrated amongst only a few properties, overall availability increased by 30 basis points (bps) quarter-over-quarter (q-o-q) to 10.1%. Leases rolling over as well as the continued last wave of new speculative product delivering to the market led to overall vacancy increasing to 7.9%, with the caveat that active speculative construction has tapered off significantly. Despite new product remaining slightly oversupplied in some size ranges and submarkets, overall asking rent was maintained at $15.16 per sq. ft. NNN, although rent growth is expected to further level off.

FIGURE 1: Greater Boston Metro Industrial Vacancy vs. Lease Rate

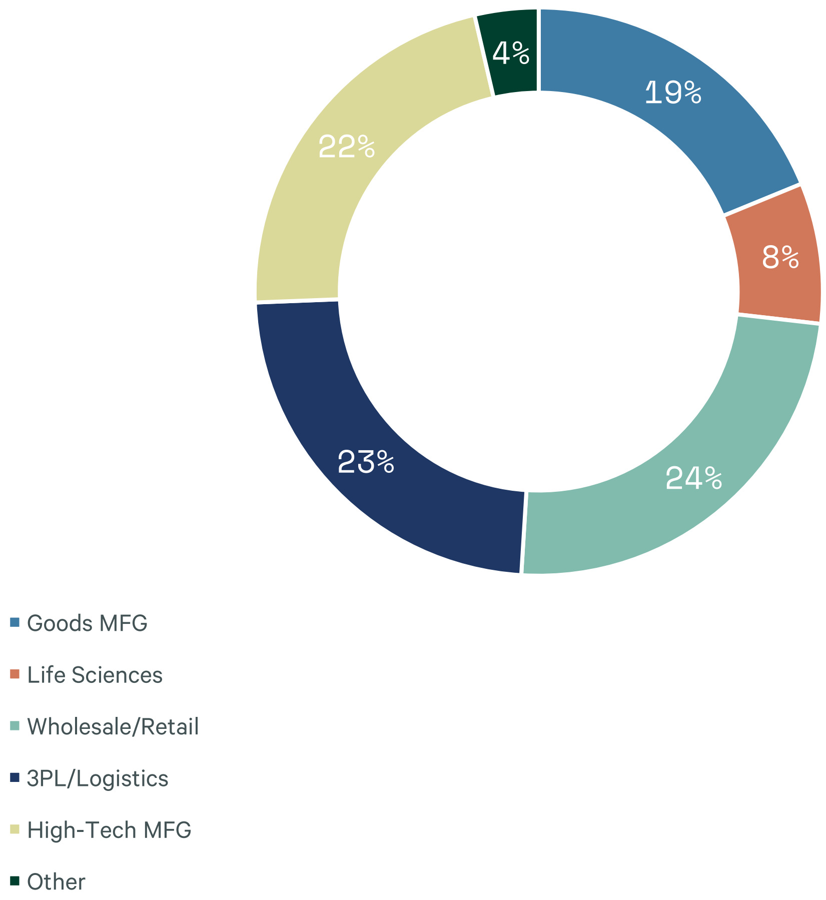


Source: CBRE Research, Q4 2025.

While fundamentals have returned to normalized levels, the decelerated pace of new speculative deliveries in 2026 and a handful of new larger requirements being picked back up could reaccelerate the market, especially if some of these larger users transact. The end of the year signaled some momentum to build into 2026, with increased third-party logistics (3PL) and chip manufacturing demand being observed, as well as an increase in larger tenant requirements in the 500,000 sq. ft. to 1.50 million sq. ft. range. In fact, this quarter represented an uptick in leasing activity over 100,000 sq. ft., with a handful of larger leases out for signature to be executed in the coming quarters. Notably, demand has begun to ramp back up in the south market, especially for new construction, as more specialized tenant requirements emerge and landlords lower "trophy" rents amidst heightened supply. In addition to the somewhat elevated new demand levels, overall vacancy is expected to stabilize in 2026 as existing occupiers continue to opt for the "easy" button and stay in-place as well. A narrowed active speculative pipeline could also translate into a period of stabilization in 2026, with the idea that rents stay flat or rebound slightly as new construction tapers and occupiers absorb quality space, signaling the "bottom" has been reached.

Moreover, continued interest in user acquisitions, build-to-suits, and land sales are expected to keep the market insulated from a downturn in 2026 as a growing number of occupiers express the desire to mitigate costs/risk with the aforementioned scenarios providing customization ability, potential tax deductions, and long-term cost savings. As a market with a mostly "older" inventory, it will be important to monitor if a flight-to-quality trend becomes more apparent as tenant specifications continue to evolve in the new year. It will also be important to monitor the evolution of supply and demand amidst continued economic uncertainty, reduced interest rates, and the increased presence of robotics and artificial intelligence.

FIGURE 2: Greater Boston Metro Leasing Activity By Industry in Square Footage, Q4 2025



Source: CBRE Research, Q4 2025.

Submarkets

The urban market experienced a flat year mostly as a result of extreme land constraints and continued shortages in functional supply. Quarterly net absorption and year-to-date net absorption were generally flat at -41,729 sq. ft. and -47,620 sq. ft., respectively. As a consequence of limited quality space to transact on, leasing activity was subdued with the top leases being a confidential tenant's approximately 263,441 sq. ft. renewal/expansion at 100 Meadow Road in Hyde Park, followed by Socceroof's new 24,940 sq. ft. lease at 4 Alger Street in South Boston. Unsuccessful in relieving any real supply pressures, availability was up 20 bps q-o-q to 7.3% while vacancy held firm q-o-q at 5.4%. Asking rent culminated at $25.96 per sq. ft. NNN as the virtually non-existent urban supply pipeline continued to keep rents high. It will be important to continue to monitor the urban industrial landscape in the face of tariffs and a potential reindustrialization period and heightened 3PL and manufacturing demand. Additionally, the emergence of artificial intelligence companies in the surrounding areas of Cambridge could also reignite the urban market in 2026.

While demand stayed diverse in the north market with significant expansion in advanced manufacturing, reduced quarterly net absorption was recorded mostly due to a single space giveback. Specifically, Christianbooks' entire 461,604 sq. ft. space at 140 Summit Street in Peabody came onto the market. Consequently, -588,821 sq. ft. of quarterly net absorption was recorded, bringing year-to-date net absorption to -692,049 sq. ft. Availability also increased by 70 bps q-o-q to 9.5%. Quarterly leasing activity was capped at 768,000 sq. ft., with the largest transaction being Teleflex Medical's approximately 91,476 sq. ft. renewal at 16 Elizabeth Drive in Chelmsford. Moreover, Physical Sciences Incorporated signed a new 67,400 sq. ft. lease at 501 Griffin Brook Drive in Methuen for an advanced domestic Lithium-ion battery production facility. Also demonstrating the diversity of the north's demand pool, Restor3D, a manufacturer of 3D-printed implants, renewed 58,974 sq. ft. at 600 Research Drive in Wilmington.

FIGURE 3: Greater Boston Metro Top Lease Transactions, Q4 2025

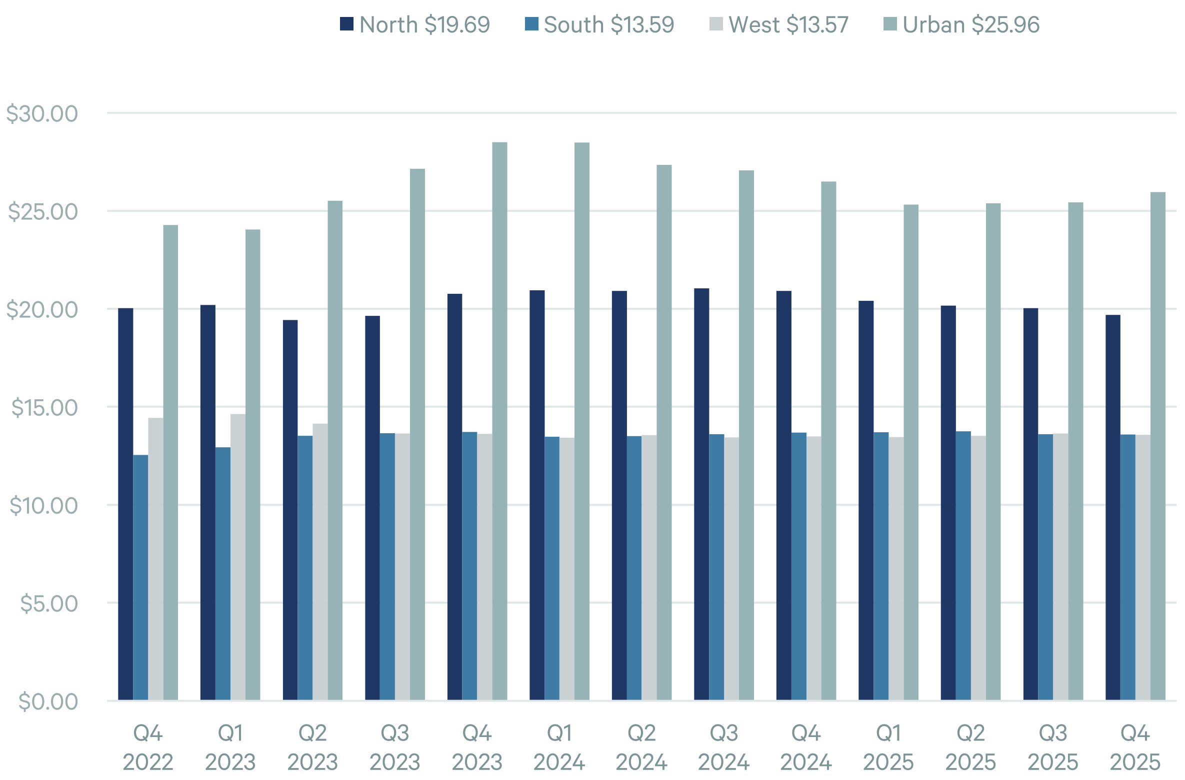
Tenant	Building	Market	Size (SF)	Transaction Type
Confidential E-Commerce Retailer	139 Campanelli Drive, Uxbridge	WM – Worcester South	450,800	New
Confidential	100 Meadow Road, Hyde Park	DT – Dorchester/South Boston	263,441	Renewal/Expansion
National DCP	150 Depot Street, Bellingham	MS – Route 495–South	252,000	Renewal
Victory Packaging	355 Maple Street, Bellingham	MS – Route 495–South	249,972	Renewal
Eaton Corporation	160 Gold Star Boulevard, Worcester	WM – City of Worcester	243,388	Renewal
GSC Technologies	175 Pioneer Drive, Leominster	MW – Route 495 – Route 2 West	231,000	Renewal
Cold Storage Solutions, Inc.	97 Wood Street, Middleborough	MS – Route 495–South	150,608	Renewal

Source: CBRE Research, Q4 2025.

Additionally, new speculative construction garnered attention in the north with Restaurant Technologies signing a 47,850 sq. ft. lease for about half of RJ Kelly's recently delivered property at 600 Griffin Brook Drive in Methuen. Vacancy increased by 30 bps q-o-q to 6.7% mostly as a result of the last wave of new speculative product delivering this year. Asking rent moderately decreased to $19.69 per sq. ft. NNN as a handful of specialized spaces were leased this quarter, taking down some higher face rents.

Similarly, the south market witnessed significant market movement, recording an uptick in space givebacks and heightened renewal activity. As a result of a few buildings recording full availability this quarter, -408,851 sq. ft. of quarterly net absorption was recorded, bringing year-to-date net absorption to -1,209,405 sq. ft. Redline Freight's space became available at 631 Airport Road in Fall River as well as Quality Beverage's space at 525 Myles Standish Boulevard in Taunton. Consequently, availability increased by 50 bps q-o-q to 11.9%, while vacancy increased by 70 bps q-o-q to 9.3% as a result of leasing activity being driven by renewals and new speculative product delivering, specifically 605,805 sq. ft. at Brookfield's Stoughton Logistics Park. Renewals dominated the approximately 1.59 million sq. ft. of quarterly leasing activity that was recorded in the south market with the largest quarterly transactions being National DCP's approximately 252,000 sq. ft. lease extension at 150 Depot Street in Bellingham and Victory Packaging's 249,972 sq. ft. lease extension at 355 Maple Street in Bellingham. Cold Storage Solutions also renewed its 150,608 sq. ft. lease at 97 Wood Street in Middleborough and Tighe Warehousing and Distribution renewed 138,149 sq. ft. at 40 Robbie Road in Avon. Asking rent held firm q-o-q at $13.59 per sq. ft. NNN, with the prediction that rents will stay flat or potentially rebound in the south market in 2026 as a result of demand ramping back up, especially for new product.

FIGURE 4: Greater Boston Average Asking Lease Rates (PSF/NNN)

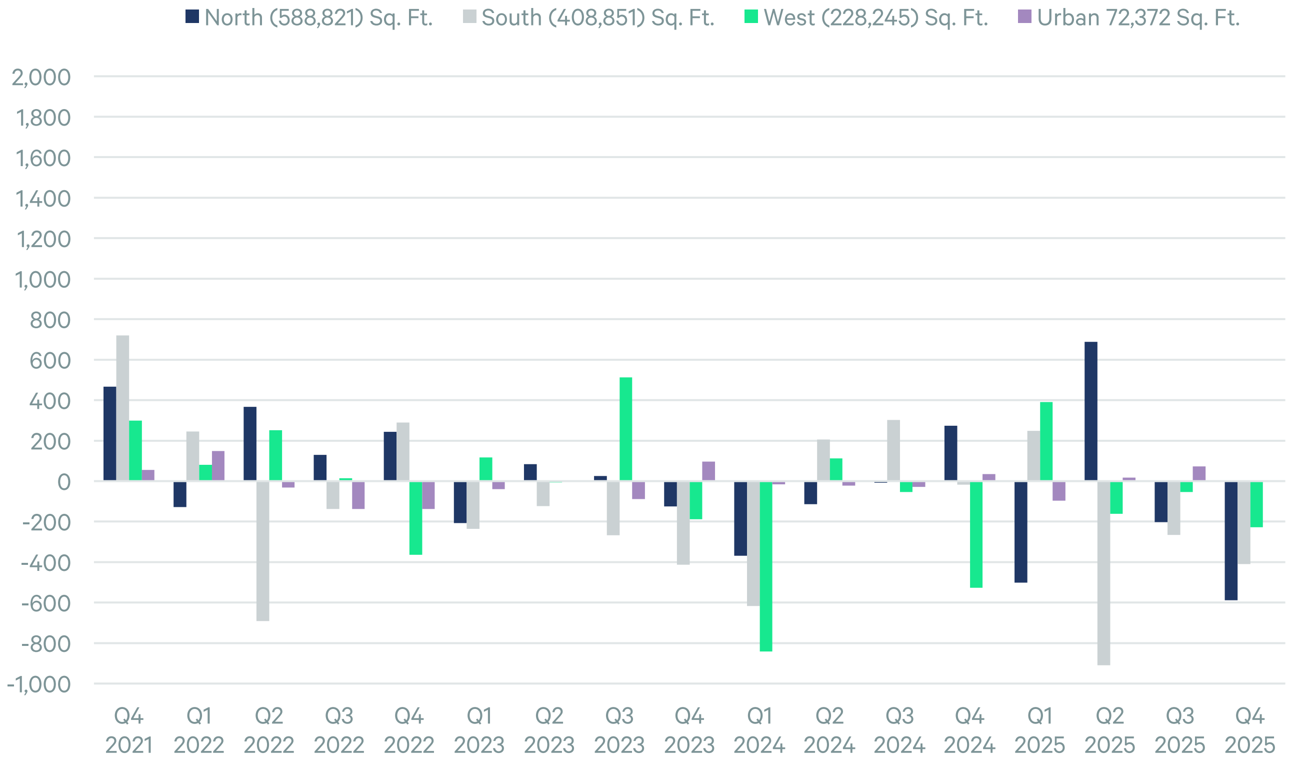


Source: CBRE Research, Q4 2025.

Amidst extreme supply shortages in the west market, renewals were also the dominant transaction, as tenants increasingly opted to stay in-place with other viable options remaining scarce in the surrounding area. Lease extensions dominated the approximately 429,000 sq. ft. of quarterly leasing activity. GSC Technologies' 231,000 sq. ft. renewal at 175 Pioneer Drive in Leominster was the largest recorded transaction in the market. The next largest transaction was Hutchinson Aerospace's 72,650 sq. ft. renewal at 82 South Street in Hopkinton. A handful of other lease extensions driving leasing activity and a few space givebacks led to -228,245 sq. ft. of quarterly net absorption. Year-to-date net absorption was capped at -53,554 sq. ft. Availability increased by 40 bps q-o-q to 8.6%, while vacancy increased by 70 bps q-o-q to 7.1%. Also due to extreme supply constraints in the west, average asking rents stayed relatively consistent at $13.57 per sq. ft. NNN, which will likely stay status quo into 2026, with no real relief valves expected amidst a virtually non-existent speculative pipeline.

The Worcester Metro recorded the most positive quarter driven by a larger, new speculative lease. Bringing attention to new speculative product in the market, overall quarterly leasing activity of approximately 872,000 sq. ft. was driven by a confidential e-commerce retailer signing a new 450,800 sq. ft. lease at The Seyon Group / Morgan Stanley's speculative property at 139 Campanelli Drive in Uxbridge. Columbia Tech also signed a new lease for the entire 103,100 sq. ft. space at 721 Hartford Turnpike in Shrewsbury and Eaton Corporation signed a 243,388 sq. ft. renewal at 160 Gold Star Boulevard in Worcester. Availability and vacancy decreased to 9.6% and 9.0%, respectively. Quarterly net absorption amounted to 516,542 sq. ft., while year-to-date net absorption reached 1,010,891 sq. ft. as a result of large-scale build-to-suits signed earlier in the year and increased owner/user sales. With limited existing functional options and continued demand for high-quality, cost-efficient space, further new development in the Worcester Metro could prevail, especially as average asking rents have held relatively firm at $10.64 per sq. ft. NNN.

FIGURE 5: Greater Boston Net Absorption



Source: CBRE Research, Q4 2025.

Construction

Amidst a more selective development environment, more build-to-suits and land sales were recorded, but speculative construction was harder to pencil. No new groundbreakings were recorded this quarter, bringing overall active speculative construction to just under 909,000 sq. ft. While active speculative construction has declined significantly from its 2020–2022 peak, build-to-suit activity remains strong, reflecting continued demand for customized space going into the new year. Looking into 2026, a reduced speculative pipeline actually has the potential to create advantages for the overall market by stabilizing vacancy and rebounding rents over the next 12-24 months, especially amongst new product.

The last wave of new speculative construction that began in 2024 started to deliver this quarter, resulting in a short-term uptick in new deliveries. Specifically, Brookfield Properties delivered its first two speculative buildings for a combination of 605,805 sq. ft. at its three-building plan on Maple Street in Stoughton, dubbed Stoughton Logistics Park. GFI Partners also delivered 113,987 speculative sq. ft. at 295 Eastern Avenue in Chelsea, while RJ Kelly / Ridge Real Estate Partners delivered 95,700 sq. ft. at 600 Griffin Brook Drive in Methuen. While this last wave of new construction delivers, many developers have hit the “pause” button in 2025 on any further development as they wait and see how current demand for new product plays out. Monitoring supply and demand levels for new construction will be essential in pinpointing where “trophy” rents land in the coming quarters and which new speculative developments proceed in 2026.

FIGURE 6: Greater Boston Metro Submarket Statistics

Total Industrial	Bldgs.	Total Sq. Ft.	Available (%)	Vacant (%)	Sublease (%)	Quarter Net Absorption	YTD Net Absorption	Avg. Asking Rent NNN ($)
Urban	229	14,659,378	7.3	5.4	0.8	(41,729)	(47,620)	25.96
Close-In Suburbs North	246	19,248,677	9.5	6.7	0.5	(164,403)	(120,240)	28.53
Route 128 - North	474	34,212,008	9.3	6.3	2.3	(520,589)	(212,631)	19.93
Route 495 - Northeast	222	24,345,216	6.0	4.9	0.7	105,820	(275,863)	15.29
Route 3 - North	252	19,172,301	14.2	9.7	0.7	(9,649)	(83,315)	16.64
Metro North	1,194	96,978,202	9.5	6.7	1.2	(588,821)	(692,049)	19.69
Route 128 - South	711	45,557,996	10.9	8.0	1.6	(92,437)	(521,629)	15.35
Route 495 - South	856	72,867,957	12.5	10.2	1.3	(316,414)	(687,776)	12.81
Metro South	1,567	118,425,953	11.9	9.3	1.4	(408,851)	(1,209,405)	13.59
Route 128 - West	148	6,405,450	3.8	3.1	0.4	49,470	63,006	22.90
Framingham - Natick	84	4,563,565	5.0	3.3	0.2	(39,141)	(34,459)	13.52
Route 495 - Route 2 West	234	21,704,583	6.3	5.5	1.3	(132,500)	450,474	11.95
Route 495 - Mass Pike West	349	24,555,909	12.5	10.2	0.9	(106,074)	(532,575)	13.82
Metro West	815	57,229,507	8.6	7.1	0.9	(228,245)	(53,554)	13.57

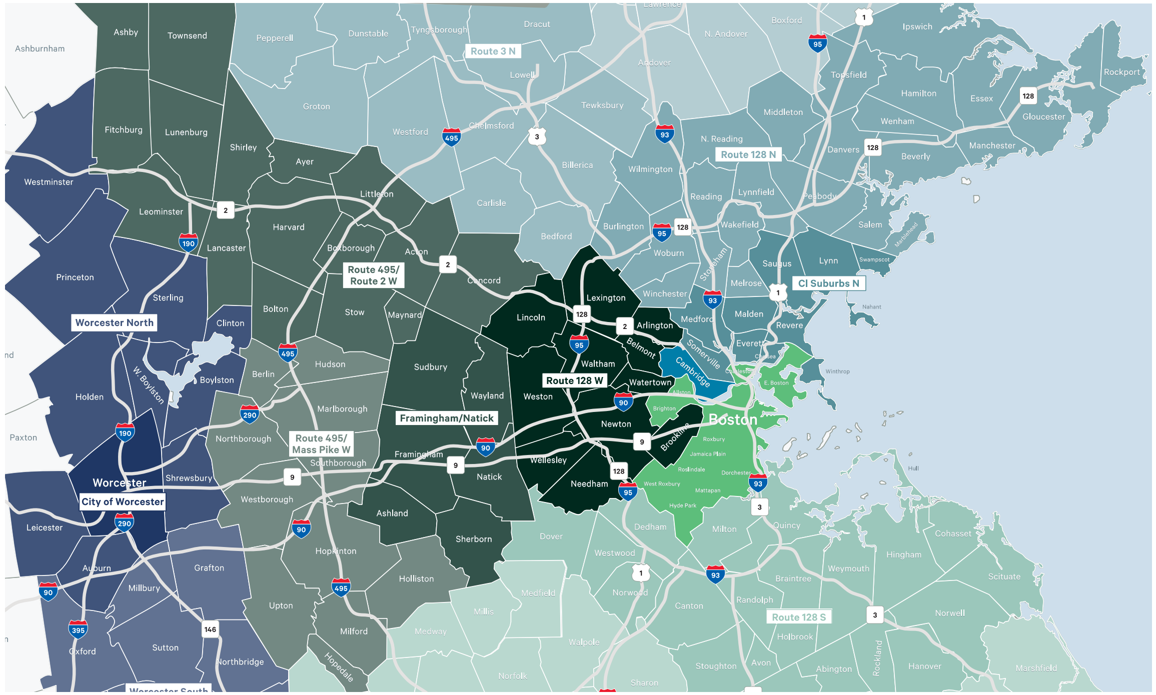
Source: CBRE Research, Q4 2025.

FIGURE 6: Greater Boston Metro Submarket Statistics (Continued)

City of Worcester	116	9,741,615	4.3	3.6	0.1	64,998	19,308	9.48
Worcester North	124	11,909,069	10.2	9.1	0.8	744	(367,317)	10.86
Worcester South	62	9,875,542	14.1	14.1	0.0	450,800	1,358,900	10.76
Worcester Metro	302	31,526,226	9.6	9.0	0.3	516,542	1,010,891	10.64
Overall Greater Boston Metro Total Industrial	**4,107**	**318,819,266**	**10.1**	**7.9**	**1.1**	**(751,104)**	**(991,737)**	**15.16**

Source: CBRE Research, Q4 2025.

Market Area Overview



Definitions

AVERAGE ASKING LEASE RATE: Rate determined by multiplying the asking gross lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary. GROSS LEASES: Includes all lease types whereby the tenant pays an agreed rent plus estimated average monthly costs of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.NET ABSORPTION: The change in occupied sq. ft. from one period to the next, as measured by available sq. ft. NET RENTABLE AREA: The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. OCCUPIED AREA (SQ. FT.): Building area not considered vacant. UNDER CONSTRUCTION: Buildings that have begun construction as evidenced by site excavation or foundation work. AVAILABLE AREA (SQ. FT.): Available building area that is either physically vacant or occupied. AVAILABILITY RATE: Available sq. ft. divided by the net rentable area. VACANT AREA (SQ. FT.): Existing building area that is physically vacant or immediately available. VACANCY RATE: Vacant building feet divided by the net rentable area. NORMALIZATION: Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and vacancy figures for those buildings have been adjusted in previous quarters.

Survey Criteria

Includes all competitive buildings in CBRE's survey set for the Downtown Boston Office and Lab Markets.

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