

YoY
Chg

12-Mo.
Forecast

4.3%

Vacancy Rate

**1.2M**

Net Absorption, SF

**\$9.74**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

YoY
Chg

12-Mo.
Forecast

2.6M

Boston Employment

**5.0%**Boston
Unemployment Rate**5.2%**U.S.
Unemployment Rate

Source: BLS, Moody's Analytics
2021Q3 data are based on the latest available data

DEMAND REMAINS EXPLOSIVE WITH NEXT WAVE

Greater Boston continues to experience surging demand for industrial real estate with both distribution- as well as production- optimized spaces attracting significant demand and landlord-driven pricing. Absorption of 1.2 million square feet (msf) was 75% concentrated in warehouse properties, where vacancy dropped from 4.6% to 3.6%, its lowest level ever while manufacturing- intended facilities saw a decrease in vacancy from 6.0% to 5.4%, among that property types tightest readings ever. As a first wave of online marketplace-driven demand has principally driven the 5.6 msf of positive absorption in warehouse properties over the past 11 quarters, a next wave of retailers have entered the market with requirements intended to strengthen supply chains and to optimize customer responsiveness. Alberton's, Best Buy, Lowe's and Wal-Mart are among a large number of mostly traditional retailers with significant requirements in the Greater Boston market in an apparent response to online marketplace growth.

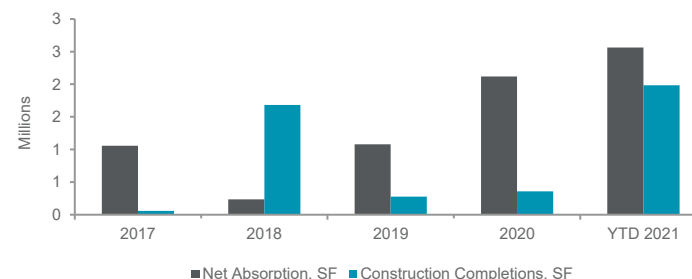
DEVELOPERS WEIGH SPEC GROUNDBREAKINGS

With more than ten warehouse requirements at least 500,000 sf in size in the Greater Boston market, developers throughout the market are considering a next wave of speculative groundbreakings. Developers will have added 4.6 msf of new warehouse space since 2020 given the current construction pipeline, while a 2.4 msf current pipeline is already 60% preleased. This preleasing, combined with the significant unsatisfied additional demand lends confidence to landlords breaking ground at 500 John Hancock Road in Taunton, at 585,000 sf, among the region's largest speculative groundbreakings ever. Given the shortage of available and developable sites in the region, it would appear significant additional development is needed to answer this record demand trend.

RENTS SEE PARADIGM SHIFT

A potentially more quality-focused imperative guiding the most active of today's warehouse tenants appear to be allowing landlords the ability to set far more dynamic pricing. The 20 leases larger than 100,000 sf signed between 2015 and 2017 were executive with \$6.02 per square foot (psf) price points, while the most recent 20 leases signed as of September 2021 (spanning back to May 2018) averaged \$8.85 psf, with three of those transactions reaching or exceeding the \$10 psf mark.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT BOSTON, MA

Industrial Q3 2021



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG RENT (HT)	OVERALL WEIGHTED AVG RENT (MF)	OVERALL WEIGHTED AVG RENT (W/D)
Urban North	5,689,127	269,216	4.7%	38,639	54,581	0	0	na	\$12.00	\$12.00
Watertown	417,308	94,268	22.6%	0	-94,268	0	0	na	na	na
Allston/Brighton	254,356	36,732	14.4%	0	0	0	0	na	\$16.00	na
Urban South	2,771,406	167,886	6.1%	8,221	157,062	125,150	0	\$29.98	na	\$6.62
128 North	14,326,099	336,870	2.4%	63,149	85,950	0	0	\$11.19	\$19.92	\$16.50
128 Central	1,995,165	209,532	10.5%	-53,600	-47,117	0	0	na	na	na
128 South	17,342,954	1,088,709	6.3%	29,965	-196,574	180,000	0	\$10.70	\$15.36	\$7.34
495 North	35,094,528	1,751,219	5.0%	438,105	241,671	979,000	0	\$17.11	\$14.50	\$5.50
495 West	15,567,342	448,460	2.9%	66,882	1,029,857	140,000	0	\$7.49	na	\$8.09
Framingham/Natick	1,642,756	19,566	1.2%	0	25,342	0	0	\$10.44	na	\$7.50
495 South	48,678,431	1,807,026	3.7%	603,723	1,305,243	1,271,840	0	\$7.22	\$10.79	\$6.70
BOSTON TOTALS	143,779,472	6,229,484	4.3%	1,195,084	2,561,747	2,695,990	0	\$14.57	\$13.16	\$7.01

*Rental rates reflect weighted net asking \$psf/year
Statistics Not Reflective of U.S. MarketBeat Tables

HT = High-Tech MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
160 Mechanic St., Bellingham	495 South	TriMark United East	345,000	New
35 Eastman St, South Easton	495 South	Rainforest Distribution	153,000	New
206 Grove St, Franklin	495 South	UPS	150,000	New
50 Nagog Park, Acton	495 North	Insulet Corp	119,000	New
103 Wood St, Middleboro	495 South	North Coast Seafoods	63,000	New
55 Foundation Ave, Haverhill	495 North	MKS Instruments	30,000	New

*Renewals not included in leasing statistics

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