

YoY  
Chg

12-Mo.  
Forecast

**2.4%**

Vacancy Rate

**203K**

Net Absorption, SF Q3

**\$13.19**

Asking Rent, PSF



Overall, Net Asking Rent

#### ECONOMIC INDICATORS Q3 2022

YoY  
Chg

12-Mo.  
Forecast

**2.8M**

Boston Employment

**3.1%**Boston  
Unemployment Rate**3.5%**U.S.  
Unemployment Rate

Source: BLS, Moody's Analytics  
2022Q3 data are based on the latest available data

#### ECONOMY: APPROACHING PRE-PANDEMIC LEVELS

The job market in Greater Boston is quickly approaching pre-pandemic levels despite a potential economic downturn on the horizon. The unemployment rate continued to rebound, falling to 3.1% as of August 2022 and is forecasted to keep decreasing throughout the next year. Industrial-focused sectors saw notable growth, with trade, transportation, and utilities jobs up 3.9% and manufacturing jobs up 4.0%. E-commerce continues to be a main driver for industrial demand as online sales are up 64.2% compared to Q4 2019.

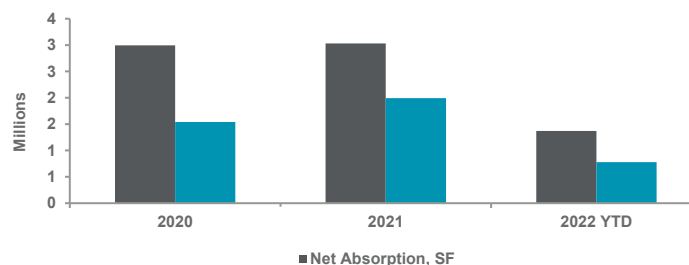
#### ROBUST DEMAND DRIVES RECORD-BREAKING MARKET FUNDAMENTALS

Boston's industrial market continued to tighten during Q3 as vacancy decreased to an all-time low of 2.4%, a 60-basis-point (bps) drop year-over-year (YOY) and an impressive 260-bps lower than the five-year average. Net absorption remained positive at more than 203,000 square feet (sf), marking the tenth consecutive quarter of net absorption gains and boosting year-to-date (YTD) net absorption to more than 1.5 million-square-feet (msf). Tenant demand remained strong, with quarterly leasing activity totaling nearly 2.0 msf, up 31.6% quarter-over-quarter (QOQ), and contributing to more than 5.2 msf of new demand YTD. Seven leases 100,000 sf or larger were inked during Q3, the five largest of which occurred in the 495 South submarket. Overall average asking rental rates remained at all-time landlord-favorable highs, jumping 5.5% QOQ to \$13.19 per square foot (psf), while investment activity was muted compared to previous quarters. The quarter's most notable transaction was Intercontinental Real Estate's acquisition of the three building Yard 5 development in Urban South for \$107.5 million (\$548.47 psf).

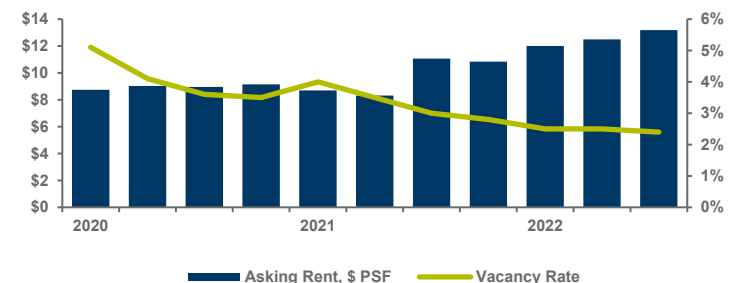
#### CONSTRUCTION PIPELINE GAINS MOMENTUM

Though the bulk of the construction pipeline in Massachusetts is situated in Greater Worcester, nearly 3.3 msf of speculative industrial product is currently underway across the Boston market as developers attempt to keep pace with record-breaking demand. Many of these facilities include modern amenities and higher clear heights to fit the requirements of today's industrial users. Construction activity is overwhelmingly concentrated in the 495 Belt, as a whopping 97.1% of all under-construction inventory is situated in those submarkets. Due to its proximity to the urban core and transportation corridors, the 495 Belt is particularly attractive to occupiers of warehouse/distribution space, which comprises 82.8% of the submarkets' pipeline.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT





## 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 NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)
Urban North	5,768,142	317,061	5.5%	-12,054	-123,994	94,095	0	\$22.00	\$14.58	\$20.10
Urban West	844,129	26,565	3.2%	37,770	58,925	0	0	N/A	N/A	N/A
Urban South	2,854,327	285,084	10.0%	-65,178	-65,178	0	0	\$29.98	N/A	\$13.55
128 North	15,256,135	350,653	2.3%	6,000	-77,104	0	0	\$13.40	N/A	\$8.28
128 South	19,332,744	632,575	3.3%	83,995	163,778	0	0	\$14.79	\$10.30	\$9.98
495 North	39,557,799	1,431,465	3.6%	125,312	438,287	710,625	310,101	\$13.60	\$9.96	\$16.98
495 West	16,876,940	97,883	0.6%	4,631	107,490	390,000	0	\$7.60	\$6.75	\$10.00
Framingham/Natick	1,811,433	0	0.0%	0	0	0	0	N/A	N/A	N/A
495 South	51,376,156	507,904	1.0%	23,011	1,026,762	2,077,679	469,000	\$12.09	N/A	\$8.38
<b>BOSTON TOTALS</b>	<b>153,750,093</b>	<b>3,649,190</b>	<b>2.4%</b>	<b>203,487</b>	<b>1,528,966</b>	<b>3,272,399</b>	<b>779,101</b>	<b>\$14.76</b>	<b>\$12.53</b>	<b>\$12.11</b>

\*Rental rates reflect weighted net asking \$psf/year

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

## NOTABLE DEVELOPMENTS UNDER CONSTRUCTION Q3 2022

PROPERTY	SUBMARKET	DEVELOPER/OWNER	RSF	BLDG TYPE
27 Cross St, Plainville	495 South	CRG	662,500	Warehouse
300 Charles F Colton Rd, Taunton	495 South	Martignetti Companies	584,640	Warehouse
201 Lowell St, Wilmington	495 North	National Development	312,195	Warehouse
Bluestar Business Park - #9, Norton	495 South	Condyne Capital Partners	228,884	Warehouse
Upton Crossing, Wilmington	495 North	The Davis Companies	214,000	R&D Flex
33 Jackson Rd, Devens	495 North	King Street Properties	187,000	High Technology

## KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Campanelli Business Park, Middleborough	495 South	Broder Bros	250,000	New
Bluestar Business Park, Norton	495 South	Yale Appliance	228,844	New
1 Jofran Way, Norfolk	495 South	Jofran	208,800	Renewal
35 United Dr, West Bridgewater	495 South	Massachusetts Bay Transportation Authority	205,000	New
35 United Dr, West Bridgewater	495 South	Barrett Distribution	171,148	New
Devens Commerce Center, Ayer	495 North	US Gypsum Corp.	154,323	Renewal

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