

Industrial Report

Greater Boston

Q1 2025

Lincoln

Contents

02

Overview

06

Development

03

Looking Forward

07

Investment Sales

04

Leasing Trends

08

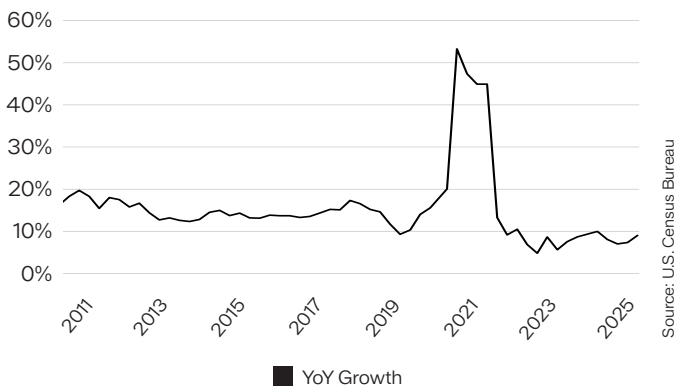
Industrial Stats

Overview

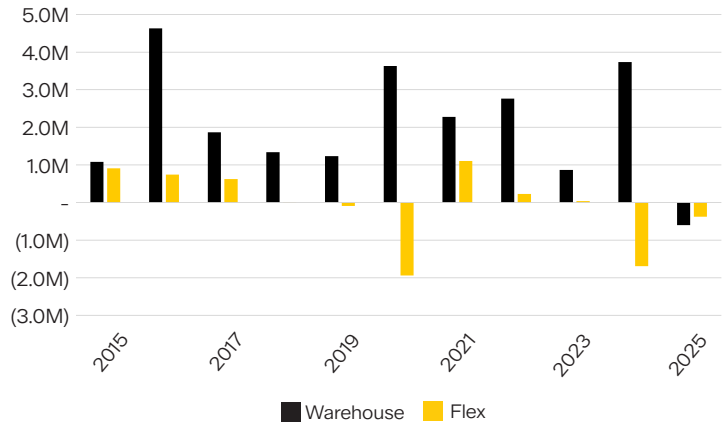
Vacancies increased by about 60 basis points to 7.3% in Q1 2025, with a larger vacancy expansion seen in the warehouse segment than in flex. Sublet rates declined slightly, while total availability rates held mostly level. Construction is slowing from its blistering pace of the last few years, but the market is struggling to generate demand. Net absorption was negative by about 1 million square feet last quarter, with about 60% of the demand loss occurring in the warehouse segment. About 1.2 million square feet was leased last quarter,

which was a 33% decline from leasing in Q1 2024. Despite headwinds, rent growth continued at a strong pace, reaching nearly 7% for warehouse and almost 3% for flex buildings over the last 12 months. The investment market continues to deal with unfavorable conditions and about \$350 million changed hands in Q1 2025, which trailed the 10-year average for the fifth consecutive quarter.

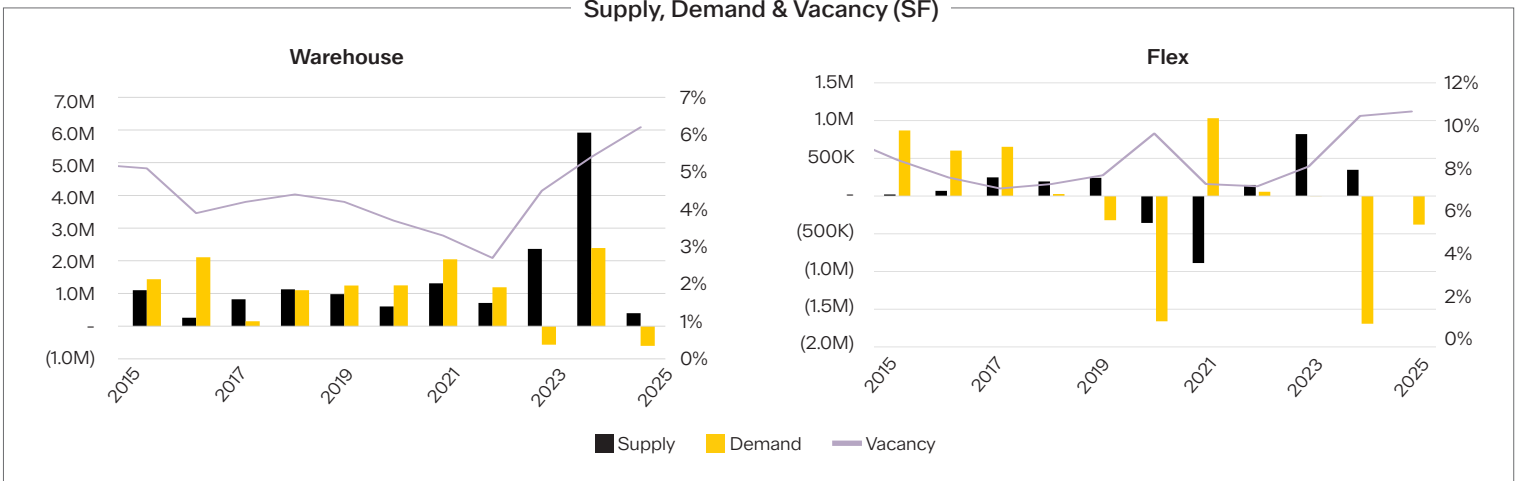
Annual Growth in E-Commerce Sales - US



Net Absorption (SF)
Warehouse vs. Flex



Supply, Demand & Vacancy (SF)



Looking Forward

Industrial demand has cooled due to inflation, high-interest rates, and normalization from unsustainable pandemic-era growth trends. At the same time, a large supply wave has added tons of competition to the market. Roughly 15 million square feet has delivered since the start of 2022, about 45% of which is vacant. Last year's interest rate cuts brought a more optimistic economic outlook, but tariffs are raising fears of an economic slowdown. The growth rate of e-commerce sales has steadily decelerated from pandemic-era peaks, while the interest rate-driven decline in home sales has impacted home improvement stores and other big box retailers. These

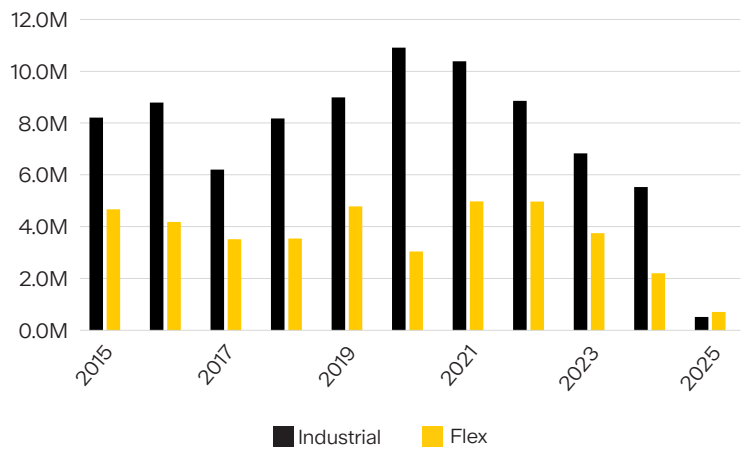
companies typically receive a lot of business from new homeowners and have downsized or reduced leasing goals for their warehouse operations. Massachusetts' biotech and tech ecosystem should also support growth in the GMP and flex sectors. The federal government earmarked more than \$2 billion across several departments to support domestic biotechnology and biomanufacturing and selected Massachusetts as one of eight regional hubs for microelectronics production, receiving \$19.7 million through the Federal CHIPS and Science Act.

Leasing Trends

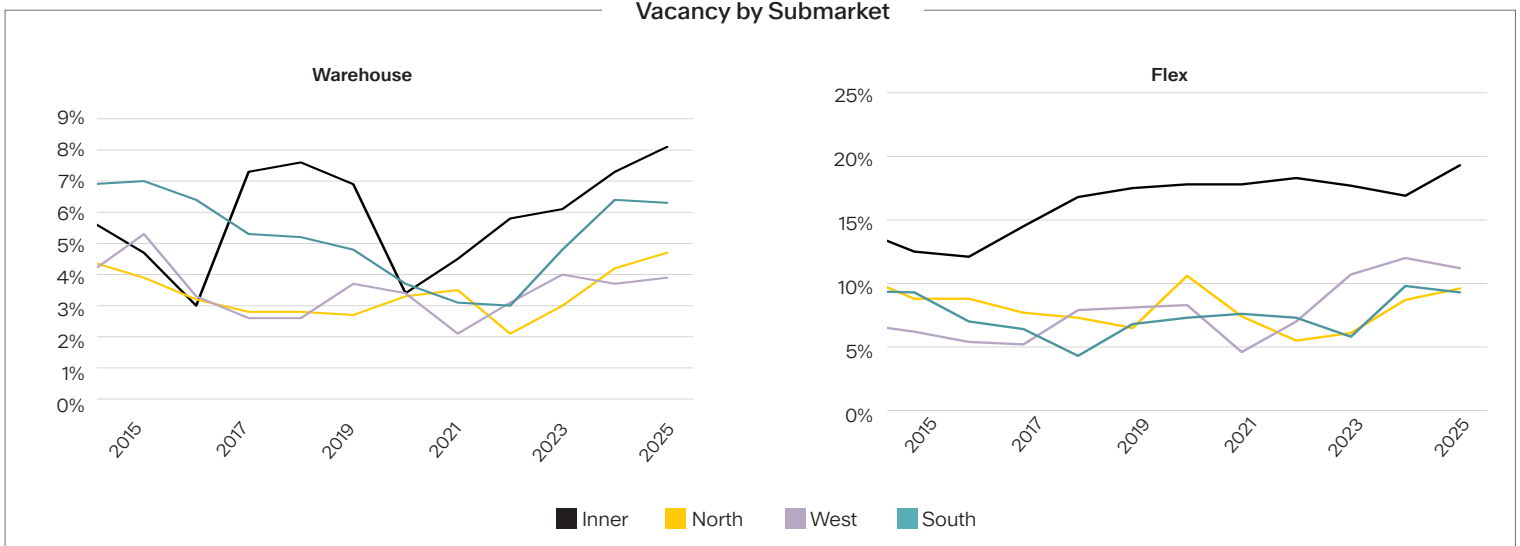
After leasing volume fell to its lowest annual total in more than 20 years in 2024, deals are again off to a slow start in 2025. About 1.2 million square feet leased in Q1 2025, which was a slight improvement from the previous quarter, but a 33% drop from Q1 2024. Warehouse deals were most common in the 495 South and 495 West submarkets. In the largest lease of the quarter, the Massachusetts Emergency Management Agency & Department of Public Health leased 154,000 square feet at 20 Forge Parkway in Franklin. Also in 495 South, New England Force leased 45,000 square feet at 38 Riverside Road in Pembroke. Notable deals in 495 West included Dover Saddlery renewing for 99,922 square feet at 525 Great Road in Littleton and Coghlin Companies leasing 85,092 square feet at 125 Fisher Street in Westborough. The largest warehouse deal in the 128-belt was Thermal Circuits' lease for 63,015 square feet at 1 Technology Way in Salem.

Fewer large flex deals were signed compared with the previous quarter. Among the more notable Q1 2025 deals was Iron Mountain's lease for 41,209 square feet at 20 Forbes Road in Northborough. In another notable lease, MassRobotics took 35,000 square feet at 12 Channel Street in the Seaport. Recent flex leasing has represented a variety of cutting-edge industries, a testament to the culture of innovation in Massachusetts. Persimmon Technologies, a developer of vacuum environment robotics and high-performance electric motor technology, signed a 15-year lease for 145,559 square feet at 35 Crosby Drive in Bedford. Nuvera Fuel Cells, a developer of advanced hydrogen technologies, renewed its 110,684-square foot space at 129 Concord Road in Billerica for 10 years. Hiper Global US, which develops industrial, medical, and military computing systems, leased 72,500 square feet for nine years at 550 King Street in Littleton. The largest flex deal of Q4 2024 was signed by Red Thread, a workplace design company, for 95,571 square feet at 4 Executive Place in Andover for 10 years.

Leasing (SF)
Industrial vs. Flex



Vacancy by Submarket



Leasing Trends

Top Leases

	SF
MEMA & PDH 20 Forge Parkway, Franklin 495 South Warehouse	154,000
Dover Saddlery 525 Great Road, Littleton 495 West Warehouse	99,922
Coghlin Companies 125 Fisher Street, Westborough 495 West Warehouse	85,092
Thermal Circuits 1 Technology Way, Salem 128 North Warehouse	63,015
New England Force 38 Riverside Drive, Pembroke 495 South Warehouse	45,000
Iron Mountain 20 Forbes Road, Northborough 495 West Flex	41,209
Down East Cider House 50 Howe Avenue, Millbury Worcester Metro Warehouse	40,000
MassRobotics 12 Channel Street, Boston Seaport Flex	35,000
Sika Emseal 23 Bridle Lane, Westborough 495 West Warehouse	30,132
Carlisle Engineering 249 Oceana Way, Noorwood 128 South Warehouse	30,000

Development

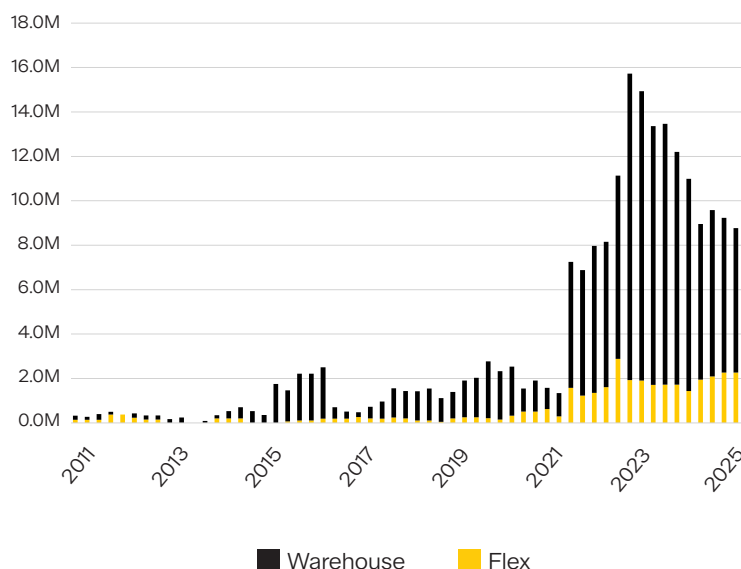
Massachusetts' industrial supply wave is beginning to slowdown, but is still elevated by its historical standards. More than 8 million square feet is under construction statewide, which is about a 20% decline from a year ago, but far above the 1-2 million square feet averaged from 2018-2021. About 6.5 million square feet in the pipeline is for warehouse projects, with about 2 million square feet for flex buildings. Most of the under-construction space is preleased, thanks to Bluewater Property Group's 2.8 million-square foot project in Charlton for Amazon that is expected to open in 2025. Amazon has been a major source of industrial development in recent years and opened the 3.8 million-square foot Osgood Landing in North Andover in Q2 2024. Not including Amazon's Charlton development, about 75% of the warehouse pipeline is still available for lease. Speculative projects have an average of about 250,000 square feet available, and clear heights in the range of 36'-40' are common to accommodate higher capacities for storing products.

Warehouse projects are being developed on sites previously used for retail, resource mining, industrial oil storage, and other functions. Brookfield Properties is turning a 70-acre quarry site into the Stoughton Logistics Park, which will feature three properties totaling about 880,000 square feet of warehouse space. The 412,000-square foot first phase at 25 Maple Street has broken ground and is expected to open this year. Portman Industrial is developing the Silver City Business Park in Taunton on the site of the former Silver City

Galleria Mall, which was demolished in 2021. Silver City Business Park will include four warehouse properties totaling 1.1 million square feet. Saracen Properties and Link Logistics are developing two new warehouses totaling more than 600,000 square feet at a 44-acre former Exxon site in Revere. The project requires demolishing more than 20 oil tanks to make way for the new warehouse buildings, which will be known as the Trident Logistics Center. The redevelopment is expected to be fully complete by 2027.

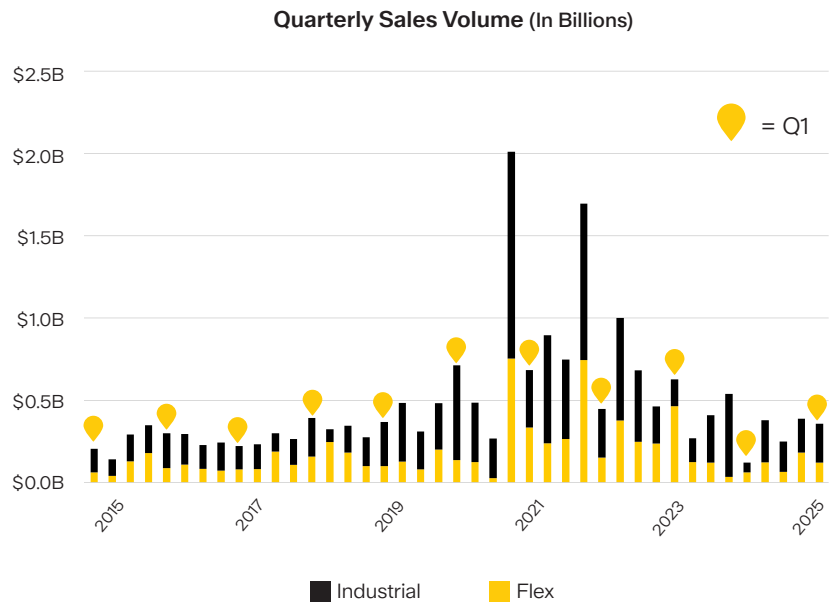
The flex pipeline is mainly catered to the GMP market. The federal government earmarked more than \$2 billion across several departments to support domestic biotechnology and biomanufacturing and businesses have increasingly brought previously offshored jobs to domestic locations. This presents a lot of opportunity for the Massachusetts GMP market, with nearly 2,000 drugs in the local development pipeline, which ranks second to California nationally and easily leads all states on a per capita basis. Even as more companies expand biomanufacturing domestically, Massachusetts will face significant competition from other states and tax incentives have helped support the local market. EyePoint Pharmaceuticals is underway on a 40,000-square foot facility in Northbridge that is expected to open on 2025. The company selected the Northbridge location following a search for sites all along the East Coast, with a reported \$1.9 million in tax incentives tipping the search in favor of Massachusetts.

Under Construction (SF)



Investment Sales

High borrowings costs and unfavorable market conditions have created a challenging investment climate. Sales volume last year fell to its lowest total since 2017 and continued at a similar pace in Q1 2025. After deal volume in 2024 skewed towards older inventory, a trade of a new development was the largest sale of Q1 2025. Rockpoint acquire the Uxbridge Distribution Center @ 40 LDR in Douglas from Crow Holdings and Scannell Properties for \$120 million, or about \$198 per square foot. The 607,000-square foot distribution center opened in 2023 and is still fully available for lease. Another notable transaction involving a vacant warehouse was Jumbo Capital Management's acquisition of 26 Wiggins Avenue from Cardinal Health for \$22 million, or about \$142 per square foot. The 155,000-square foot property was built in 1970.



Top Sales

	Price	PSF	Buyer	Seller
Uxbridge Distribution Center @ 40 LDR Douglas Worcester Metro	\$120 Million	\$198	Rockpoint	Crow Holdings & Scannell Properties
The Xchange at Bedford Bedford 495 Route 2	\$96 Million	\$200	Shorenstein Properties & Tritower Financial Group	Jumbo Capital Management & Sound Mark Partners
Flex & Industrial Portfolio Billerica, Norwood & Woburn	\$45 Million	\$207	Invesco Real Estate	Berkeley Partners
26 Wiggins Avenue Bedford 495 Route 2	\$22 Million	\$142	Jumbo Capital Management	Cardinal Health

Industrial Stats Q1 2025

Submarket	Inventory (SF)	% Vacant	% Sublet	% Available	Annual Absorption	Quarterly Leasing (SF)	Annual Leasing (SF)	Asking Rate	YoY Rent Growth
Warehouse/Industrial									
128 West	3,550,774	2.6%	0.0%	2.4%	(23,118)	16,539	40,212	\$21.24	6.4%
495 West	40,472,503	4.0%	1.5%	7.8%	193,833	134,042	1,760,042	\$11.67	3.7%
West Total	44,023,277	3.9%	1.4%	7.4%	162,715	150,581	1,800,895	\$12.44	4.1%
128 North	29,298,730	6.1%	0.9%	7.4%	(225,844)	47,820	315,765	\$16.51	7.7%
495 North	43,301,517	3.7%	1.5%	6.4%	3,362,518	160,560	647,385	\$13.78	7.7%
North Total	72,600,247	4.7%	1.2%	6.8%	3,136,674	208,380	963,150	\$14.88	7.7%
128 South	34,590,957	4.7%	2.0%	9.0%	(281,379)	110,500	625,446	\$13.40	7.5%
495 South	81,578,987	7.1%	0.7%	9.8%	320,031	31,500	1,094,410	\$11.32	4.5%
South Total	116,169,944	6.3%	1.1%	9.6%	38,652	142,000	1,719,856	\$11.94	5.6%
Inner Total	22,356,399	8.1%	0.4%	9.4%	(476,953)	10,818	224,711	\$20.49	7.8%
Warehouse/Industrial Total	257,450,653	6.2%	1.1%	9.0%	2,861,088	511,779	4,708,612	\$13.61	6.8%

Flex/R&D

128 West	4,333,738	12.2%	6.1%	20.0%	(169,611)	39,579	63,475	\$30.15	1.9%
495 West	20,055,161	11.0%	2.3%	12.0%	(320,365)	126,336	496,477	\$17.68	4.9%
West Total	24,388,899	11.2%	3.0%	13.4%	(489,976)	165,915	559,952	\$19.90	3.9%
128 North	15,329,498	7.8%	2.1%	10.1%	(667,592)	233,586	469,795	\$21.14	3.1%
495 North	18,210,381	11.0%	1.4%	13.7%	(352,011)	77,271	576,107	\$15.82	3.1%
North Total	33,539,879	9.6%	1.8%	12.0%	(1,019,603)	310,857	1,045,902	\$18.25	1.7%
128 South	9,644,380	8.1%	0.3%	9.8%	(25,812)	120,477	373,626	\$17.27	3.4%
495 South	11,213,526	10.2%	2.5%	15.4%	(287,974)	63,831	265,191	\$15.00	2.1%
South Total	20,857,906	9.3%	1.5%	12.8%	(313,786)	184,308	638,817	\$16.05	2.8%
Inner Total	6,188,125	19.3%	0.8%	16.5%	(101,351)	48,875	133,200	\$30.76	3.5%
Flex Total	84,974,809	10.7%	2.0%	13.0%	(1,924,716)	709,955	2,379,751	\$19.09	2.7%

Totals

Submarket	Inventory SF	% Vacant	% Sublet	% Available	Annual Absorption	Quarterly Leasing	Annual Leasing	Asking Rate	YoY Rent Growth
All Industrial	342,425,462	7.3%	1.3%	10.0%	936,372	1,221,734	7,088,363	\$14.97	5.8%

Adin Perera
Research Director
53 State Street, 8th Floor
Boston, MA 02109

www.lpc.com

Lincoln