

# Downtown Office

## Q1 2025

### Office sales are setting new expectations.

With downtown vacancy continuing to hover around the 20% mark, a rebalancing is slowly taking shape. Tenant demand continues to be hyper-focused on quality, amenities, and flexibility. Because this demand remains considerably muted from pre-pandemic standards and large users are typically renewing in place, big holes in a building's occupancy have become much harder to fill, affecting some owners' financial health. Consequently, some of these buildings are now trading for significant discounts relative to recent years. The 1.1M SF One Lincoln Tower made headlines for selling for \$400M (less than half its previous sale price from two decades ago) to its lender after receiving no external bids at a foreclosure auction this quarter. The building lost its anchor tenant, State Street, six years ago and failed to recover occupancy since. The financial reset does open the door to lower rents, which could help to bring new tenants back to the building.



### High Exposure

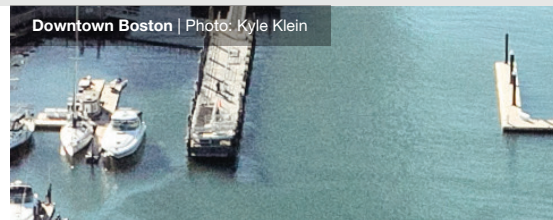
Boston's large share of nonprofits and healthcare research institutes has left the city's economy facing increased financial pressure due to recent federal funding cuts.



### Renewals Still Preferred

The two largest lease transactions in the downtown market were once again renewals, as occupier real estate strategies continue to be defined by right sizing.

Downtown Boston | Photo: Kyle Klein



## Downtown Office Q1 2025

Stack indicates no change since previous quarter

**Market Size**  
64,464,337 SF

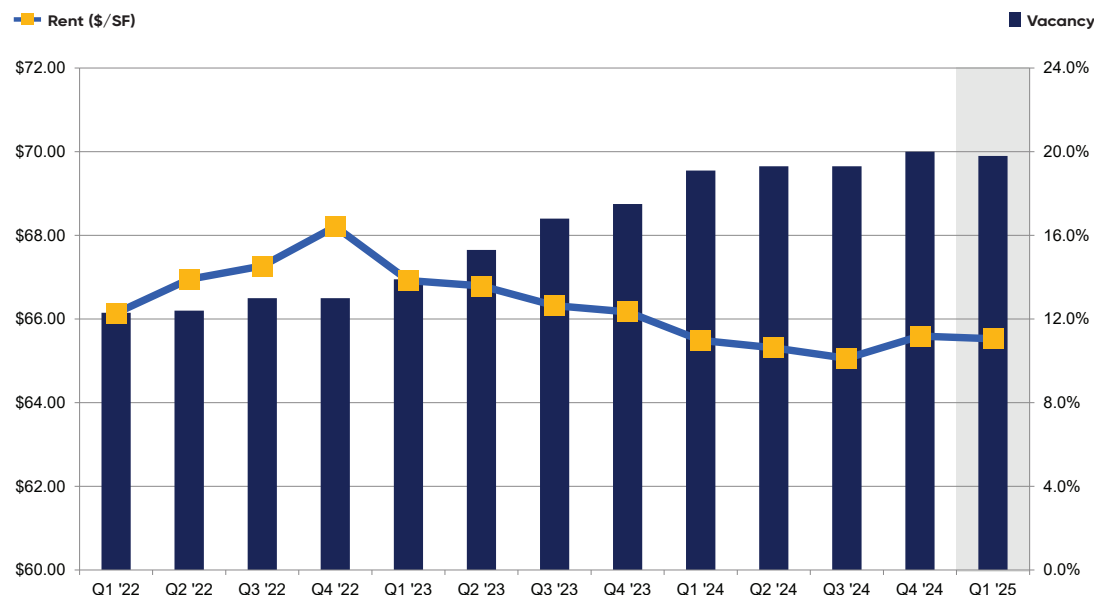
**Vacancy**  
19.8%

**Sublease**  
5.6%

**Available**  
27.5%

### Historical Rent and Vacancy

Vacancy continues to hang around 20% in downtown Boston. With total availability just shy of 30%, large gaps in buildings are weighing heavy on the market.



### Notable Market Transactions

Tenant	Size (SF)	Submarket	Type
Klaviyo	256,000	Financial District	Renewal/Expansion
Nutter	125,000	Seaport	Renewal
FM Global	50,000	Financial District	New lease
Dynatrace	25,000	Financial District	Relocation

The Financial District started 2025 with strong leasing momentum. Hines signed their second tenant at South Station Tower, Dynatrace relocated their HQ from Waltham, and Klaviyo bucked the latest tech trends by signing a massive 256,000 SF expansion.





### Market Size

64,464,337 SF



### Vacancy

20.0%



### Sublease

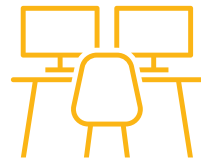
5.7%



### Available

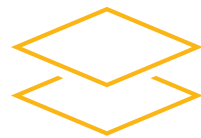
25.7%

Arrows indicate quarterly change



## Office Attendance Finding Long-Term Clarity

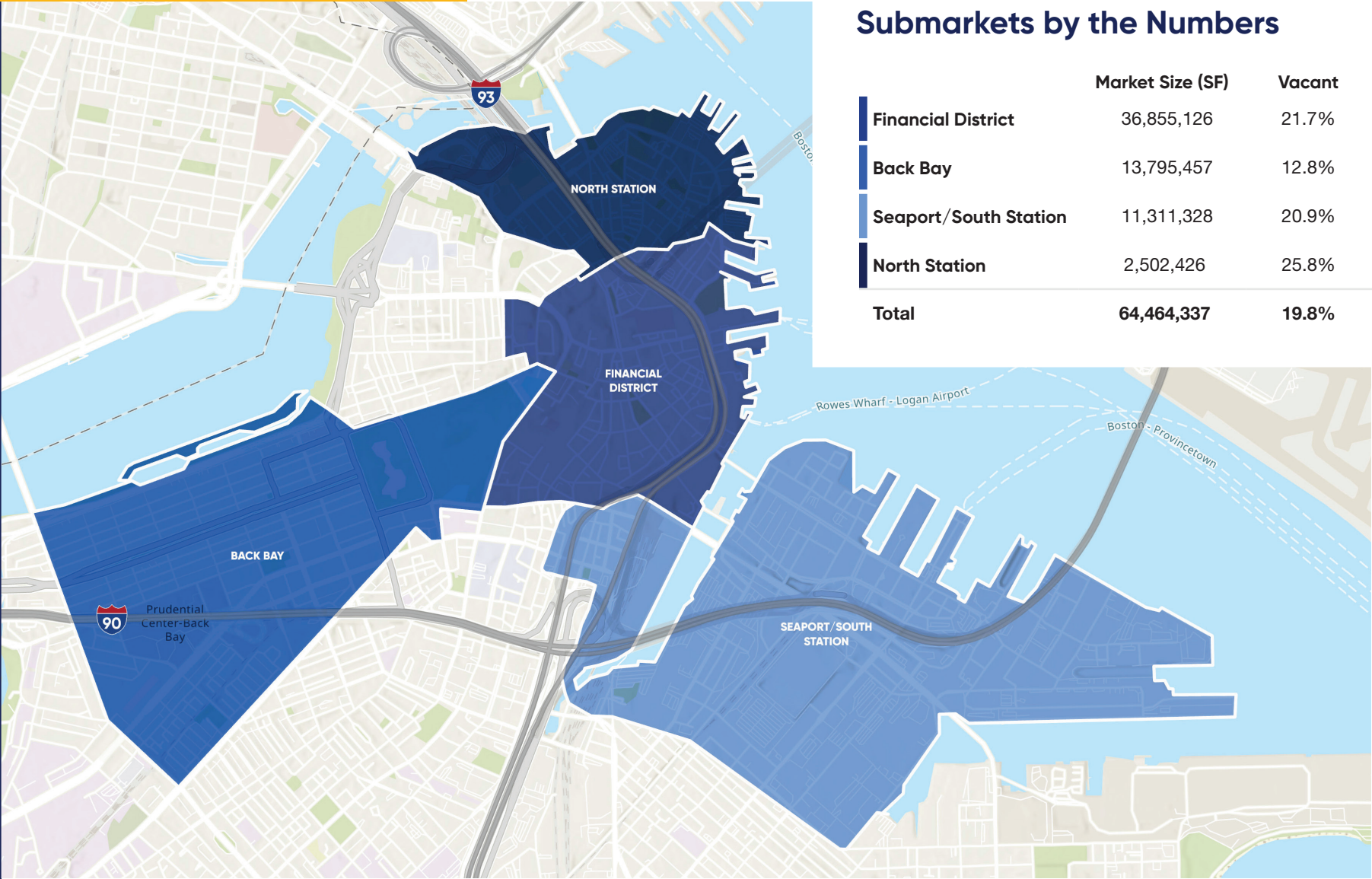
A survey by the Greater Boston Chamber of Commerce shows over 70% of employers surveyed have not changed their return-to-office policies over the past year, citing employee preference as the main reason.



## Subleases Declining

At 3.7M SF, the sublease market is now down over 500K SF from its peak in Q3 2023. With reduced demand across the market, it is not expected to fall below historical averages any time soon.





Submarkets by the Numbers

	Market Size (SF)	Vacant	Sublease	Available	Rent/SF	
					Class A	Class B
Financial District	36,855,126	21.7%	4.5%	28.1%	\$71.27	\$50.34
Back Bay	13,795,457	12.8%	4.9%	21.5%	\$69.11	\$55.23
Seaport/South Station	11,311,328	20.9%	8.9%	30.7%	\$77.78	\$58.12
North Station	2,502,426	25.8%	10.9%	37.0%	\$63.00	\$50.71
Total	64,464,337	19.8%	5.6%	27.5%	\$71.63	\$52.77



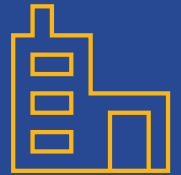


# Workplace Solutions Hybrid Strategies

**Effective work models balance organizational performance with employee experience to support business goals.**



**From fully remote to fully in-person,  
and everywhere in between**



## **Sample Considerations**

- Business Objectives
- Current Utilization
- Preferred Work Styles
- Projected Growth
- Recruiting and Retention
- Company Culture
- Industry Trends

## Meet the Team



**Rick Lowe**  
Principal



**Matt Harvey**  
Principal



**Derek Losi**  
Principal



**Andrew Orpik**  
Principal



**Olivia Weckwerth**  
Advisor



**Adam Subber**  
Managing Principal



**Dan Sullivan**  
Managing Principal

### About Cresa Boston

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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