



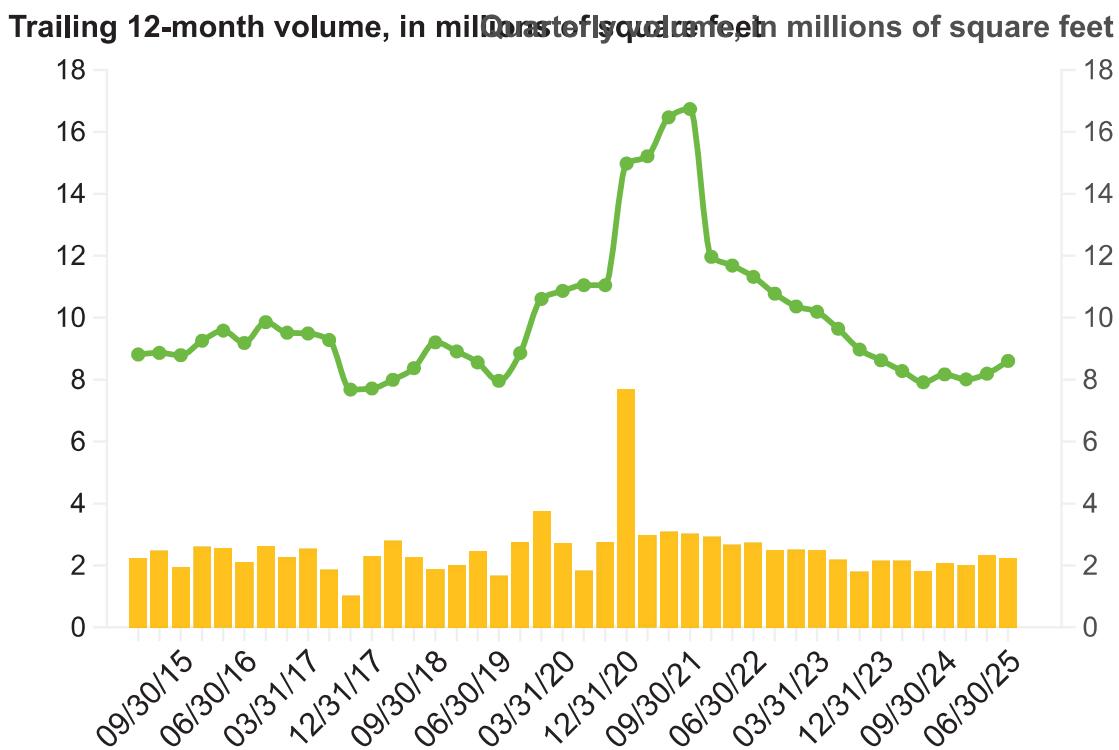
COSTAR INSIGHT

Boston industrial tenants are slowly ramping up leasing activity

Second-quarter leasing activity continues a strong start to 2025

New leasing volume inches higher

Trailing 12-month volume Quarterly volume



Source: CoStar, July 2025



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Industrial tenants across the Boston region continue to lease larger blocks of space, with several notable deals occurring in the second quarter of 2025.

Thus far, new industrial leasing activity exceeds four million square feet, 15% above industrial leasing activity at the mid-year mark in 2024.

However, despite the increase in leasing activity, trailing 12-month net absorption – the net change in occupancy – remains in the red, at a loss of around three million square feet, resulting from tenants backing out of some larger space commitments. With industrial leasing gaining steam and construction activity slowing, supply and demand could stabilize soon.

[Click here for additional insight on the performance of Boston's industrial real estate sector.](#)

Over the past 12 months, the total number of new industrial leases amounts to well over eight million square feet, a figure that could increase further as CoStar's research team uncovers additional lease signings. Industrial tenants signed for over 2.2 million square feet in the second quarter of 2025, in line with the pre-pandemic five-year average of 2.3 million square feet per quarter. This was the third-busiest quarter for lease signings since the start of 2023.

Industrial tenants have stayed active in northern nodes in and around the outer belt. These areas generally provide access to major freeways, such as the I-495 corridor, and the Route 3 and I-93 corridor into New Hampshire.

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Over the past two quarters, major industrial leases were signed by HCA Healthcare, which chose a location even further north and signed for over [56,000 square feet at a brand-new industrial building owned by The Kane Co. in Portsmouth](#). In addition, CMC North America leased a [71,000-square-foot manufacturing building](#) in the Methuen Industrial Park to consolidate its operations.

While Boston's elevated industrial construction pipeline has persisted over the past few years and kept supply and demand slightly off balance, construction starts on new industrial buildings in the region have slowed drastically, shrinking the pipeline by over 30% in the past year.

As a result, the average industrial vacancy is forecast to stabilize below 9%, a welcome sign for regional building owners.
