Shallow-bay wins on 495/128: A renewal-driven market with a thin pipeline - by Nate Nickerson

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The Boston industrial market entered mid-2025 in a bifurcated state. Large-block vacancy remains elevated, while shallow-bay along the 495/128 corridor continues to prove resilient. Fieldstone's focus on this geography positions us squarely in the middle of a renewal-driven, supply-constrained market where mid-size spaces are commanding the most attention.

The Split That Matters

Vacancy is now 4.4% for sub-100,000 s/f product compared to 9.9% for larger blocks. Tenants remain cautious about expansion, but demand for well-located 20,000 s/f–80,000 s/f spaces — especially those in industrial parks with clear loading, power, and parking — continues to outpace supply. For owners, the message is clear: the market favors those who can offer functional, flexible space in this mid-size range.

A Renewal Economy

Leasing is dominated by renewals. 71% of Q2 transactions were extensions, underscoring that most users are staying put rather than absorbing the costs of relocation and build-out. This reflects both economic caution and a landlord opportunity: renewals are being won not by aggressive rent cuts, but by operational readiness and tenant-centric deal structures. Renewals today are less about holding a tenant in place at all costs, and more about structuring terms that acknowledge tenant needs while preserving landlord income stability.

Sublease as Pressure Valve

The sublease pool has swelled to 3.4 million s/f, the highest since 2011. Notably, more than 70% of this space is clustered in the North and South markets. While this creates headline competition, much of it is larger-block inventory. The 495/128 corridor remains more insulated, offering landlords the ability to position shallow-bay product as move-in ready alternatives. For tenants, subleases provide rate relief but often come with limitations on layout or remaining term, which gives direct landlords an edge if they can offer certainty and efficiency.

Supply Right-Sizes

Deliveries fell nearly 80% year-over-year, and speculative construction has slowed dramatically. The one standout is UPS's 845,000 s/f facility in Grafton, a symbolic anchor for 495 West. For most of the corridor, the limited pipeline provides stability against rising vacancy, giving landlords breathing room to structure renewals and attract mid-size users. With construction costs still high and financing constrained, we are unlikely to see a significant wave of new shallow-bay supply in the near term, which further supports the resilience of this product type.

What It Means for 495/128 Landlords

• Operate like a park: Properties with professional management, well-maintained loading, and strong curb appeal lease first.

• Curate mid-size blocks: 20,000 s/f–80,000 s/f spaces are the market's sweet spot.

• Target renewals with flexibility: Renewal-first strategies and quick-turn tenant improvements win deals.

• Respond to sublease competition: Position assets as stable, landlord-backed, and operationally simpler than shadow sublease space.

• Emphasize speed to occupancy: In a cautious tenant environment, the ability to deliver a space quickly is often decisive.

Fieldstone’s View

In today’s environment, the story of Boston industrial is less about trophy big-box and more about practical, durable shallow-bay. On 495/128, where renewal activity dominates and speculative supply is minimal, owners who focus on execution — speed, readiness, and block size — will outperform. At Fieldstone, that’s where we’re placing our energy: helping landlords stabilize income and helping users secure functional space in a renewal-driven cycle. Our focus remains on positioning clients ahead of the curve by anticipating where the next wave of demand will land and ensuring that space is ready when it does.

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