

MARKETBEAT BOISE

Office Q4 2020



CUSHMAN &
WAKEFIELD

8.0%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



117K

Net Absorption, SF



\$19.88

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

346.9K

Boise
Employment

YoY
Chg



12-Mo.
Forecast



5.3%

Boise
Unemployment Rate



6.7%

U.S.
Unemployment Rate



Source: BLS

LEASING MARKET:

The fourth quarter of 2020 continued to show the effects of the COVID-19 virus, but did show signs of recovery and leveling in the Treasure Valley market. Overall vacancy for the market ended the year at 8.0%, which was only a 0.45% increase from Q3 vacancy rates. Rates on completed transactions in Q4 actually saw a slight increase to \$19.88 per square foot (psf) across all asset classes, a \$0.08 psf increase over Q3. While many tenants are still opting for short term renewals, or have a set date for spring or summer 2021 to re-evaluate their return, there were certainly tenants that possessed a clear outlook on their strategy in the market committing to longer term leases. The evidence of a workforce that is growing tired of working from home began to become apparent as reported in several national surveys. We expect a surge in office demand beginning in the Q2 2021.

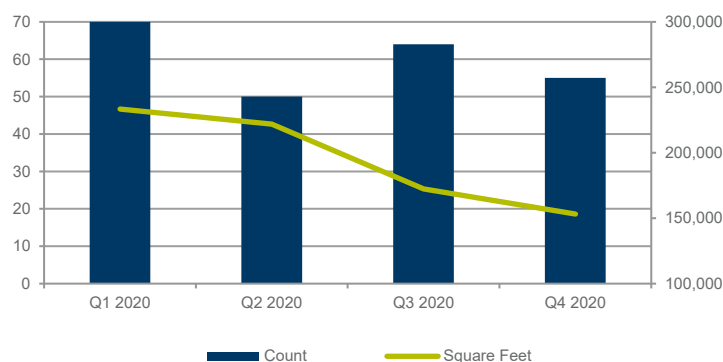
SUBLEASE MARKET:

While the market saw a large jump from Q2 to Q3 in sublease space, (53,151 square feet (sf) increase), Q4 saw a leveling, ending the year at 152,587 sf of sublease space on the market, which was only a 15,250 sf increase over Q3. The amount of sublease inventory may present opportunities to achieve below market lease terms for companies seeking a new leased location that have deliberate plans of returning workers to the office in 2021 or companies moving to the Treasure Valley.

OFFICE SALES: Owner User and Investment

Fourth quarter saw very strong activity in both investment and owner user sales. The Cushman and Wakefield Pacific office team experienced a 35% increase in sales activity over Q4 2019. This extraordinary activity (inverse of the leasing market) had many contributing factors. With many office building owners being in a good financial position based on the previous years of occupancy success, even some vacancy in 2020 did not result in many office assets being put on the market for sale. This led to low supply relative to the demand from owner users and investors seeking to take advantage of continued low interest rates or placing 1031 money into the very sought-after Boise market. The trend of out of state investors inquiring and declaring their intention to invest in the Treasure Valley was stronger than ever in Q4.

DIRECT LEASING ACTIVITY BY QUARTER



OVERALL VACANCY & ASKING RENT



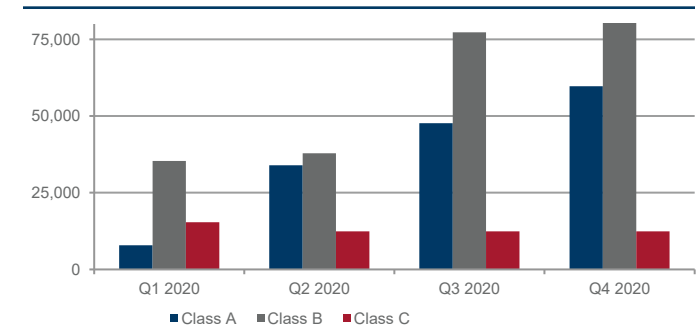


KEY CONSTRUCTION COMPLETIONS Q4 2020

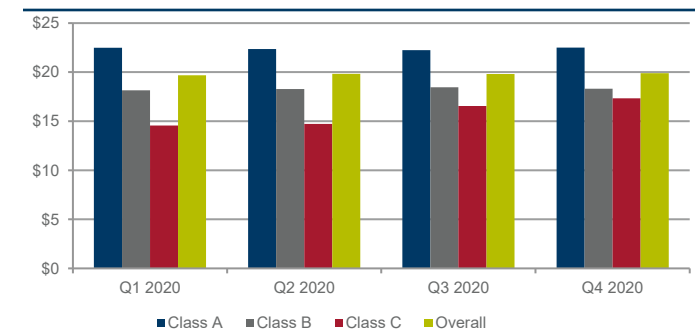
PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Lasalle Building	Meridian	Perspecta	125,000	BVASB TEN MILE LASALLE BUILDING LLC / Ball Ventures Ahlquist Brighton Co
ICCU Building	Meridian	ICCU	125,000	Ball Ventures LLC / Ball Ventures Ahlquist Brighton Co
Ameriben II Building	Meridian	Ameriben	120,000	BVASB TEN MILE PHASE 2 BUILDING LLC / Ball Ventures Ahlquist Brighton Co
Blackstone Building	Meridian	Pill Pack	119,000	Syringa Properties Holdings INC / Sundance



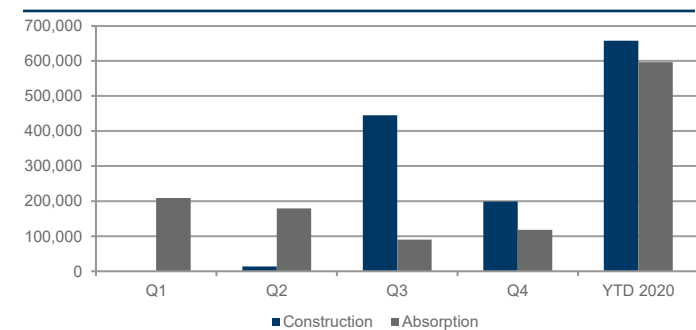
VACANT SUBLEASE



ASKING RENTS



SPACE DEMAND / DELIVERIES





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
North Boise	406,817	0	5,979	1.5%	-576	19,893	8,531	0	\$16.00	N/A
Downtown	3,712,412	49,470	370,968	11.3%	13,106	61,883	199,433	205,527	\$21.14	\$22.98
Central Boise	1,675,588	31,507	115,036	8.7%	3,684	4,436	102,220	0	\$14.45	\$22.35
West Boise	3,563,866	23,464	147,958	4.8%	-21,650	20,702	156,637	0	\$16.07	\$17.61
Southwest Boise	746,869	11,262	22,382	4.5%	5,219	32,248	13,789	0	\$19.75	\$21.04
Airport	35,190	0	0	0.0%	0	5,630	10,679	0	N/A	N/A
Southeast Boise	1,348,872	13,323	24,019	2.8%	2,744	15,737	22,164	0	\$18.91	\$19.75
Meridian	2,336,281	16,339	278,983	12.6%	-36,431	273,501	133,445	416,010	\$21.75	\$22.69
South Meridian	982,600	4,096	117,107	12.3%	85,240	98,196	102,289	0	\$23.37	\$23.19
Eagle	530,539	0	8,325	1.6%	25,623	30,306	9,133	133,274	\$28.59	\$28.59
Nampa	624,490	3,126	33,341	5.8%	21,606	14,941	12,992	10,000	\$15.08	\$18.97
Caldwell	285,109	0	17,935	6.3%	19,313	19,062	9,580	0	\$20.10	\$24.00
TOTALS	16,248,633	152,587	1,142,033	8.0%	117,878	596,535	780,892	764,811	\$19.88	\$22.50

*Rental rates reflect full service asking *Renewals not included in leasing statistics *10,000+ Multi-Tenant

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
877 W Main Street	Downtown	Undisclosed	14,335	Direct
7180 Potomac Drive	West Boise	Cougar Mountain Software Inc.	12,454	Direct
3597 E Monarch Sky Lane	Meridian	Massachusetts Mutual Life Insurance	11,292	Direct
1755 N Westgate Drive	West Boise	Undisclosed	9,849	Direct
6600 Emerald Street	Central Boise	United State Federal Government	9,143	Direct

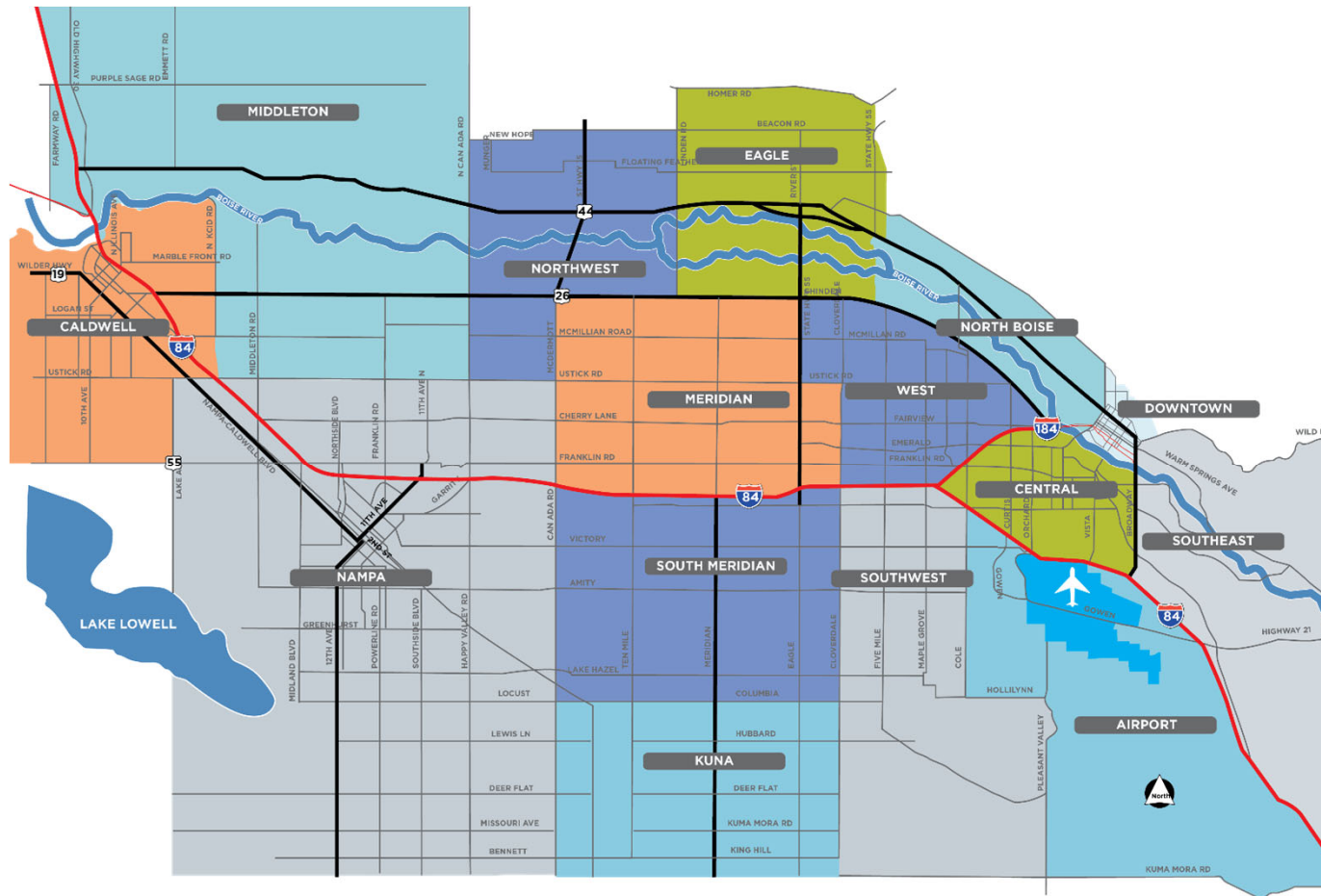
*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF
12426 W Explorer Drive	West Boise	M&C Stanley LLC / Hook Family Trust	32,880
5700 E Franklin Road	Nampa	CALMAR Properties LLC / Heley Living Trust	30,705
12400 Overland	South Meridian	L.S Properties LP / Ed Bartholemy	27,100
3449 E Copper Point Drive	South Meridian	Van Duyn Properties LLC / Copper Point Drive LLC	25,592
545 N Benjamin Lane	West Boise	FPA Emerald Associates LLC / Life Incorporated	17,826



OFFICE SUBMARKETS

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