

	YoY Chg	12-Mo. Forecast
1.3% Vacancy Rate	▼	▲
95K Net Absorption, SF	▲	▲
\$0.99 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent (Monthly)

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
374K Boise Employment	▲	▲
2.5% Boise Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY

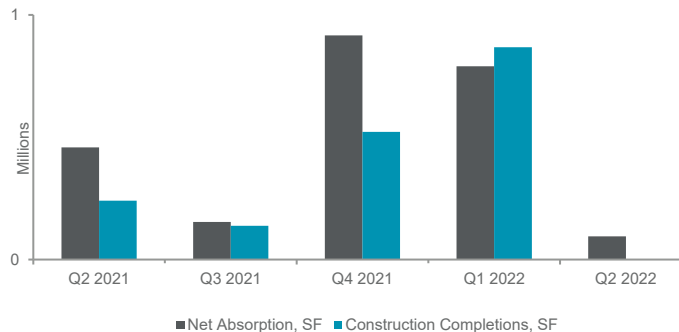
The Boise and Treasure Valley continued to have a strong second quarter in 2022. The market experienced dramatic housing price increases and slow continued population growth. Boise once again is #1 in annual population growth nationwide with 2.3%, up 40 basis points (bps) with a forecast increase, followed by Austin at 2.2%, and Fort Myers/Naples at 2.1%. The median household income for Boise rose to \$76,100 in the second quarter with a forecast increase. Boise unemployment dropped to 2.5%, down 120 bps YOY (year over year), and is tied for the 6th lowest unemployment rate overall. For comparison, the U.S. is showing 0.5% population growth, \$70,500 household income, and 3.6% unemployment. Many industries, from restaurants to construction, continue to have difficulty finding workers, which is affecting service and delivery times in all sectors.

SUPPLY & DEMAND

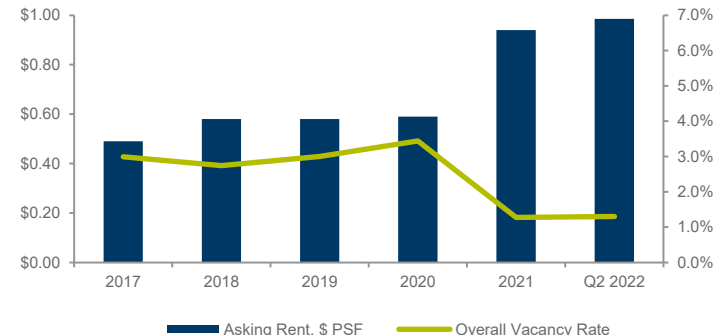
The Idaho industrial market continued on its high velocity growth path, with just under 1.5 million square feet (msf) of new construction in the last 12 months, nearly 1-msf of estimated spec supply to be completed in Q3, there should be many more options for new tenants that just haven't existed in recent history. With over 3.5-msf of spec and build-to-suit projects currently under construction and over 15-msf proposed, the supply side appears to be making great progress. Even after direct leasing activity doubled from Q1 and vacancy and availability both rose nominally for the second straight quarter to 1.3% and 1.2% respectively. Overall net absorption has outpaced new construction by 650,000 square feet (sf) over the last five quarters, with deliveries only outpacing absorption in Q1 2022.

The supply pipeline is being filled by both local and, more recently, national developers that are now including the Treasure Valley in their footprint. Logistics, distribution, storage, and building material tenants dominated the tenant mix in Q2. Notable investment transactions included Yi Cole LLC's acquisition of several buildings in Southwest Boise and Cx Industrial Logistics Dst's purchase of the 140,000 sf Amazon DID3 Delivery Station in Meridian. Many of the projects currently under construction that broke ground in response to growing demand are nearing completion. Approximately 40% sf of the nearly 2.8-msf of under construction spec has been pre-leased in Q2, with roughly 75% of these projects residing in Canyon County. The market has averaged roughly 500,000 sf of positive absorption over the last several years, but that number is expected to rise dramatically in the coming years as the Treasure Valley market enters a rapid growth period.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PRICING

The tight supply has pushed rents up once again in Q2. The overall average net rent rose from \$0.80 to \$0.99 per square foot (psf) on a monthly basis YOY. Office Service/Flex jumped \$0.27 cents psf YOY to \$1.19 psf and warehouse/distribution rents rose \$0.36 cents psf YOY to \$0.96 psf. These numbers are expected to continue to rise until supply catches up to fierce demand. Investments have increased dramatically to \$270 psf, compared to \$185 psf in Q1 and just \$130 psf YOY. Cap rates have stayed relatively flat from Q1, but have compressed over 100 bps YOY.

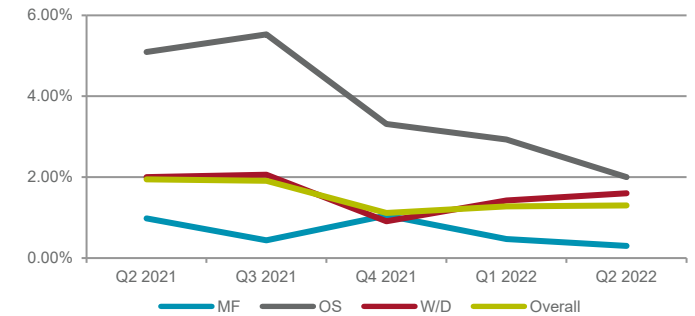
PIPELINE

Additional supply to help feed demand within the market is underway or forecasted, with several large industrial projects recently breaking ground. Some include King’s Commerce Center, Madison Logistics Center, and Fuller 84 Business Park in Nampa, and Red River Logistics and AI Gowen Industrial Park in Boise. Adler Industrial, the predominant developer in the Treasure Valley, has several ongoing projects in Meridian, Nampa, and breaking ground in Boise. These projects and others will add over 1.5-msf of spec inventory to the market through the calendar year. Coupled with over 15-msf of proposed speculative, the supply pipeline for the Boise MSA is the largest on record and likely to grow.

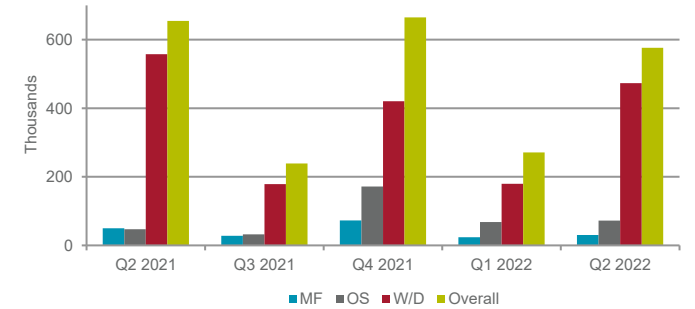
Outlook

- As we continue to see record setting absorption numbers driven heavily by logistics users taking advantage of the growth of e-commerce, we expect businesses to continue choosing the Boise MSA due to its strategic location along I-84, pro-business climate, and relative affordability.
- Mirroring national trends, Boise anticipates more strong construction activity to keep pace with strong demand.
- Rents are expected to increase in the foreseeable future due to strong demand and limited supply in the market.

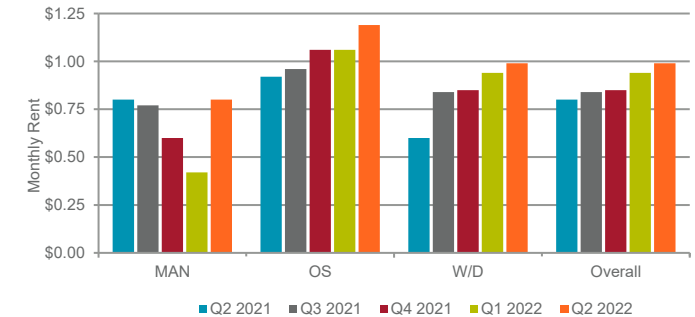
VACANCY BY QUARTER



DIRECT LEASING ACTIVITY



RENTS TRENDS



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
North Boise	1,669,436	42,655	2.6%	-19,175	-17,581	32,114	0	\$1.02	\$0.79	\$0.83
Downtown	477,277	0	0.0%	0	0	0	0	N/A	N/A	N/A
West Boise	3,608,200	35,235	1.0%	35,154	68,111	94,640	0	\$1.05	\$0.95	\$1.02
Southwest Boise	764,728	2,845	0.4%	-1,495	-2,845	0	0	N/A	\$0.95	\$0.95
Airport	7,206,225	137,042	1.9%	-119,715	-103,684	399,332	0	\$1.21	\$1.11	\$1.05
Southeast Boise	5,801,588	72,670	1.3%	43,578	47,423	12,580	0	N/A	N/A	N/A
Meridian	6,065,657	76,201	1.3%	33,449	368,111	414,139	436,712	N/A	\$0.98	\$0.98
South Meridian	787,414	32,546	4.1%	11,851	8,149	48,766	0	\$1.27	N/A	\$1.27
Eagle	235,860	0	0.0%	7,648	7,648	13,999	0	N/A	N/A	N/A
Nampa	12,949,381	137,710	1.1%	78,390	161,750	2,015,398	150,045	\$0.85	\$0.94	\$0.93
Caldwell	5,532,811	73,659	1.3%	-22,435	256,331	540,530	265,200	N/A	\$0.75	\$0.75
Central Boise	2,050,112	4,789	0.2%	47,472	75,085	0	0	\$0.95	N/A	\$0.95
Middleton	365,076	0	0.0%	0	16,000	0	16,000	N/A	N/A	N/A
Northwest	58,297	0	0.0%	0	0	0	0	N/A	N/A	N/A
TOTALS	47,572,062	615,352	1.3%	94,722	884,498	3,481,671	867,957	\$1.19	\$0.96	\$0.99

*Rental rates reflect weighted net asking \$psf/month *Renewals not included in leasing statistics *10,000+ Square Feet

OS = Office Service/Flex W/D = Warehouse/Distribution

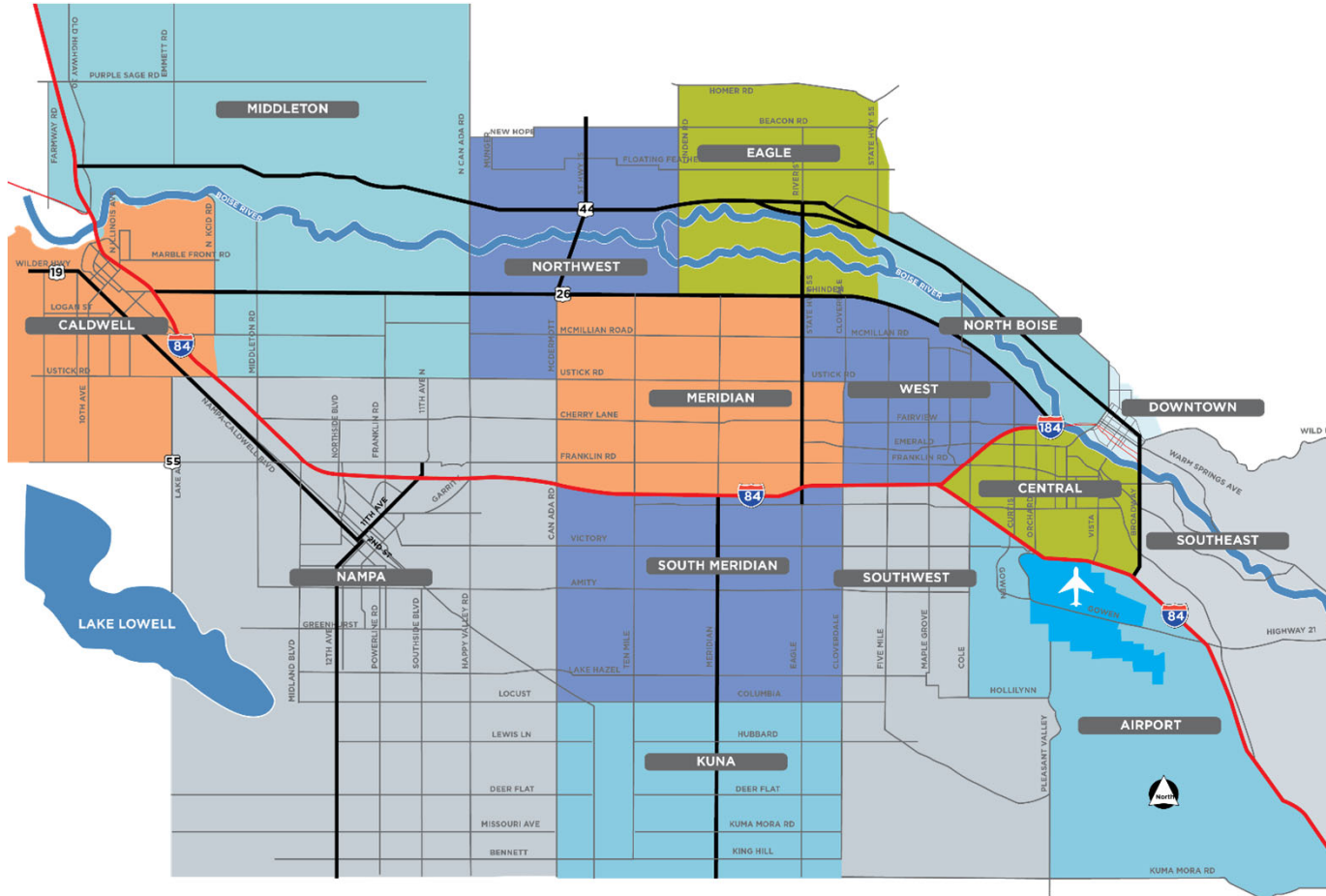
KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5400 E Franklin Road	Nampa	Ernest Packaging Solutions	83,520	Direct
5250 E Franklin Road	Nampa	Cradlepoint	65,000	Direct
16696 Madison Road	Nampa	Home Depot Distribution Center	57,5000	Direct

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Amazon DID3 Delivery Station	Meridian	Adler Ab Owner Xi LLC / Cx Industrial Logistics Dst	141,360	Inquire
South Cole Business Park I	Southwest Boise	Yi Cole LLC / Bennett Maple Grove LLC	59,900	Inquire
South Cole Annex	Southwest Boise	Yi Cole LLC / Bennett Maple Grove LLC	53,550	Inquire

INDUSTRIAL SUBMARKETS



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