

| | YoY Chg | 12-Mo. Forecast |
|-----------------------------------|---------|-----------------|
| 2.9% Vacancy Rate | ▲ | ▲ |
| 325K Net Absorption, SF | ▼ | ▼ |
| \$0.85 Asking Rent, PSF | ▬ | ▲ |

Overall, Net Asking Rent (Monthly)

ECONOMIC INDICATORS Q4 2022

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 379K Boise Employment | ▲ | ▲ |
| 2.8% Boise Unemployment Rate | ▼ | ▲ |
| 3.7% U.S. Unemployment Rate | ▼ | ▼ |

Source: BLS

ECONOMY: First in Population Growth

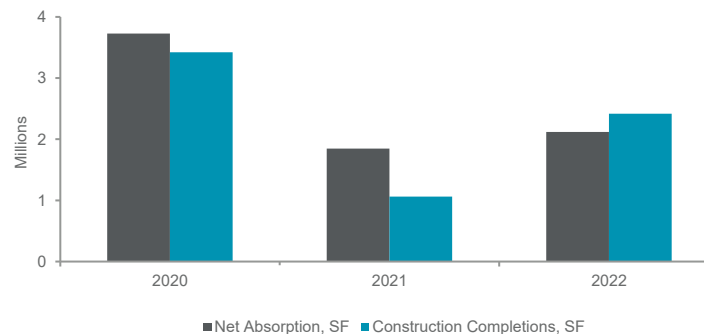
The Boise and Treasure Valley continued to have a strong fourth quarter in 2022. Boise once again was ranked first in annual population growth nationwide at 2.9% with a forecasted increase, with Austin and Fort Myers/Naples following at a distant (2.1%). The Boise economy expanded at a rate of 2.3% year-over-year (YOY), an increase of 8,700 jobs. The median household income for Boise climbed to \$76,100 YOY, and is expected to rise further. Boise unemployment fell 30 basis points (bps) YOY and is tied for the eighth lowest unemployment rate overall. For comparison, the U.S. exhibited 0.5% population growth, \$71,700 household income, and 3.7% unemployment. Many industries, from restaurants to construction, continued to have difficulty finding workers, which affected service and delivery times in all sectors.

SUPPLY & DEMAND: Supply Catches Up

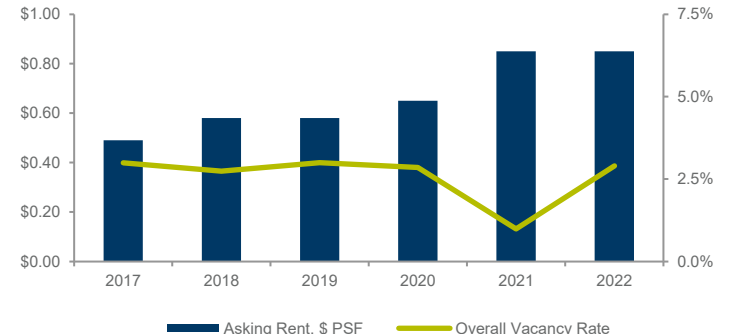
The Idaho industrial market continued its high velocity growth pattern, with over 1.1 million square feet (msf) of total new construction in the fourth quarter and over 2.4 msf delivered year to date (YTD). Recently delivered projects have helped to ease demand in some submarkets. Recent shell space completions created more options for new tenant improvements. With nearly 5 msf of speculative space under construction, tenant requirements should prove less difficult to fill in 2023 compared to 2022. In addition to speculative projects, there were nearly 1.4-msf of build to suit projects under construction, which brought the total under construction square feet to 6.2-msf. Warehouse/Distribution made up 88% of new product YTD and 88% of speculative projects currently under construction. There were over 13 msf of proposed speculative projects tracked at the close of 2022.

The supply pipeline was filled by both local and, more recently, national developers that included the Treasure Valley in their footprint. Logistics, distribution, manufacturing, building material, and storage tenants dominated the tenant mix in Q4. Leasing activity closely matched absorption YOY, with approximately 2.4 msf each. The high demand created an average of 2.4 msf of direct leasing in the last twelve months, which will raise absorption numbers significantly compared to the two previous quarters. The recent new supply pushed vacancy to 2.9%, nearly three times higher. Warehouse/Distribution registered the most dramatic shift in vacancy, rising 291 bps YOY, while Office/Service fell 161 bps YOY. We should experience a steady increase in vacancy as supply is expected to outpace demand in the coming quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PRICING

Asking rents fell to \$0.85 per square foot (psf) per month triple net (NNN), down from \$0.97 psf QOQ, and mirroring YOY rents. Manufacturing and Warehouse/Distribution rents each fell \$0.09 psf QOQ, and Office Service/Flex fell a nominal \$0.03 psf. Rents peaked at mid-year 2022 at \$0.97 psf, just prior to the Fed's interest rate announcements and following more than five straight years of increases. Investment activity, as in other markets, has recorded sales volume declines QOQ, and more dramatically from Q1 where nearly 50 deals were completed compared with five in Q4. Weighted cap rates continued the expansion that began in Q3, and rose above six percent for the first time since 2020. All indications point toward future expansion going into the new year.

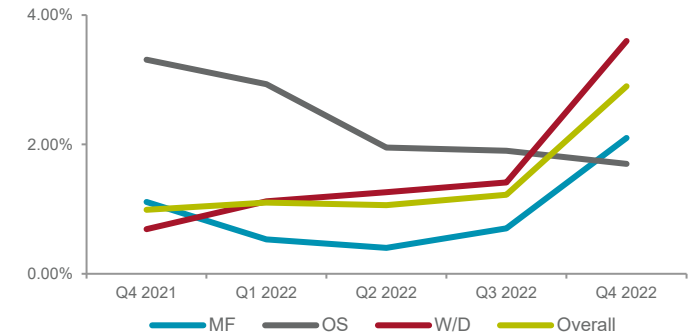
PIPELINE

The industrial pipeline, which contained many projects breaking ground approximately one year ago, finalized a bevy of projects in Q4 approximately one year later. Much of the new speculative construction showed available space, which was great news for prospective tenants, many of whom played a waiting game for months. Projects that recently broke ground could deliver over 4 msf of speculative in 2023. For example, the 400,000 sf Sky Ranch Logistics Center, which was the largest project in Caldwell; Meta, who's 960,000 sf data center technically broke ground in September, recently announced a new timeline for the project's completion due to their changes in AI technology. Meanwhile, the FAB, a 1.2 msf four story structure Micron expansion created from the CHIPS and Science Act last summer, continued annexation and planning east of Micron's campus.

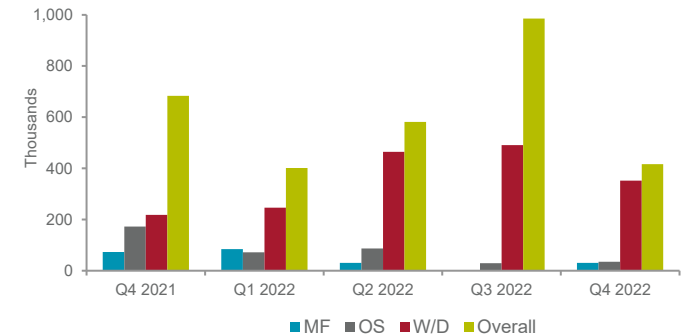
Outlook

- 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, expect robust construction deliveries to persist amid healthy demand totals.
- While supply should outpace demand in the coming year, asking rents are projected to rise, albeit at a modest rate.
- Capitalization rates are likely to see continued expansion.

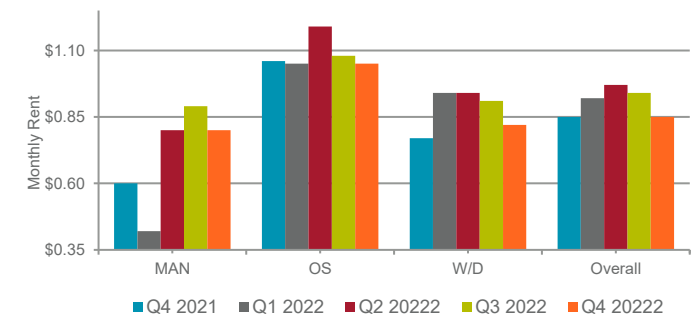
VACANCY BY QUARTER



DIRECT LEASING ACTIVITY



ASKING RENTAL RATE 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 |
|-----------------|-------------------|---------------------|----------------------|---|---------------------------------|------------------|-----------------------------|------------------------------------|-------------------------------------|-------------------------------|
| Airport | 7,320,131 | 156,293 | 2.10% | 93,467 | -11,968 | 1,826,778 | 21,140 | \$1.21 | \$1.06 | \$0.92 |
| Caldwell | 5,971,106 | 404,730 | 6.80% | 10,360 | 363,555 | 632,175 | 703,495 | \$0.71 | \$0.75 | \$0.74 |
| Central Boise | 1,952,313 | 3,000 | 0.20% | -3,000 | 76,874 | 0 | 0 | N/A | \$1.67 | \$1.67 |
| Downtown | 477,277 | 0 | N/A | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| Eagle | 235,860 | 0 | N/A | 6,240 | 7,648 | 13,999 | 0 | N/A | N/A | N/A |
| Meridian | 6,248,682 | 165,087 | 2.60% | 77,397 | 458,003 | 312,863 | 615,490 | \$1.21 | \$0.78 | \$0.83 |
| Middleton | 365,076 | 0 | N/A | 0 | 16,000 | 0 | 16,000 | N/A | N/A | N/A |
| Nampa | 13,449,823 | 548,902 | 4.10% | 11,949 | 251,000 | 3,267,075 | 650,487 | N/A | N/A | \$0.73 |
| North Boise | 1,670,322 | 44,077 | 2.60% | 12,923 | -15,053 | 32,114 | 0 | \$1.00 | \$0.77 | \$0.82 |
| Northwest | 58,297 | 0 | N/A | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| South Meridian | 836,180 | 20,286 | 2.40% | 48,260 | 69,175 | 24,480 | 48,766 | \$1.14 | N/A | \$1.14 |
| Southeast Boise | 5,805,898 | 28,022 | 0.50% | 0 | 30,401 | 70,021 | 0 | N/A | N/A | \$1.30 |
| Southwest Boise | 764,728 | 0 | N/A | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| West Boise | 3,770,893 | 44,487 | 1.20% | 66,944 | 220,999 | 0 | 162,140 | \$0.95 | \$0.94 | \$0.94 |
| TOTALS | 48,926,586 | 1,414,884 | 2.9% | 324,540 | 1,466,634 | 6,179,505 | 2,217,518 | \$1.05 | \$0.82 | \$0.85 |

*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

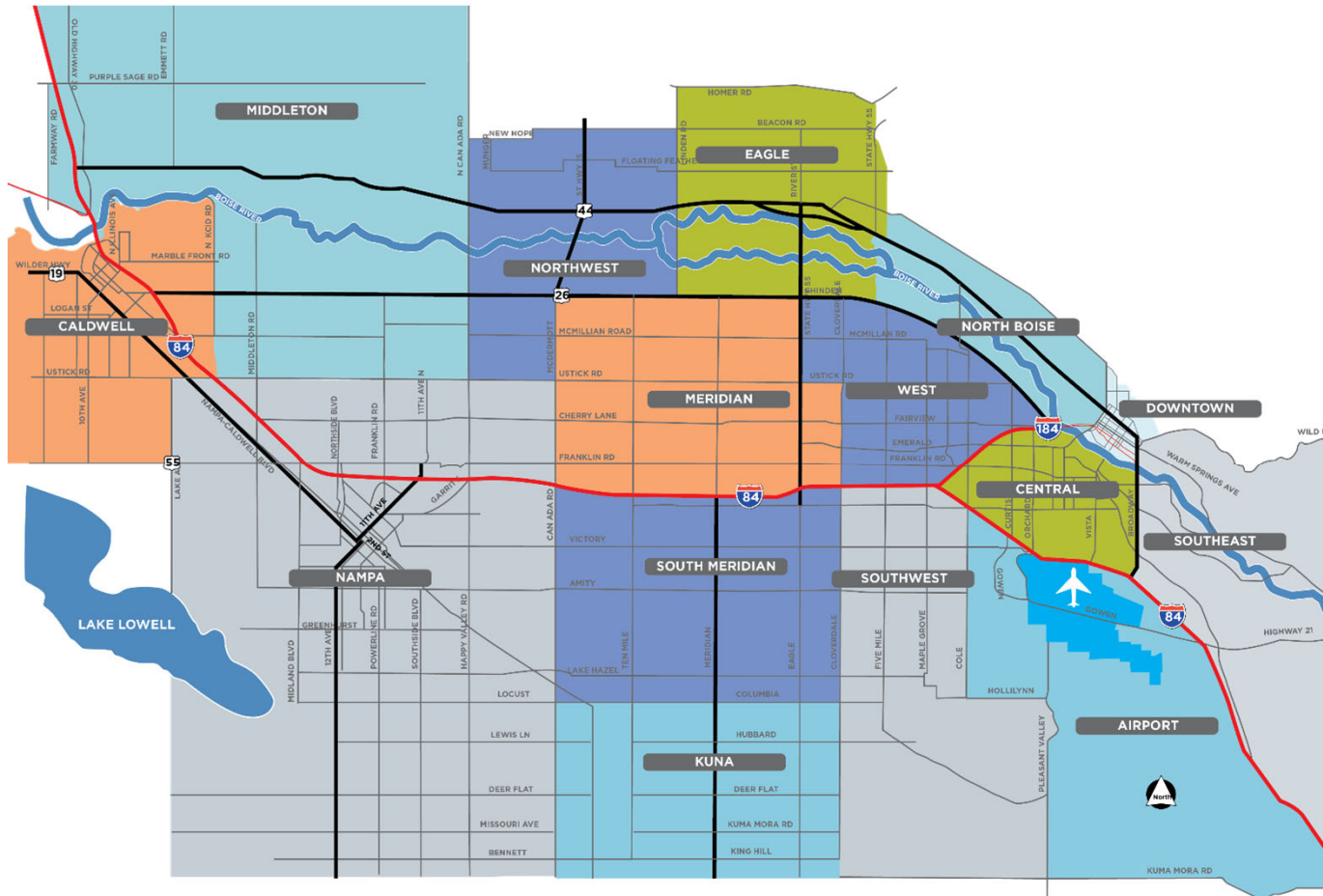
KEY LEASE TRANSACTIONS YTD

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|-------------------------|------------|-------------------------------|--------|----------|
| 645 E Gowen Road | Airport | Pegasus Logistics Group, Inc. | 70,582 | Sublease |
| 4159 E Lanark Street | Meridian | Arizona Title & Granite | 45,000 | Direct |
| 11520 W Executive Drive | West Boise | Consolidated Electrical | 30,600 | Direct |

KEY SALES TRANSACTIONS YTD

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|-----------------------|-----------|--|---------|--------------|
| 1001 E Gowen Road | Airport | Boise Logistics Center Venture LLC | 355,400 | Inquire |
| 16399 N Franklin Road | Nampa | City of Nampa / Plexus Nampa LLC | 216,000 | Inquire |
| 3825 E Lanark Street | Meridian | Adler Realty Investments / TPG Real Estate | 159,000 | Inquire |

INDUSTRIAL SUBMARKETS



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