

	YoY Chg	12-Mo. Forecast
5.5% Vacancy Rate	▲	▲
936K Net Absorption, SF	▲	▲
\$0.86 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent (Monthly)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
395K Boise Employment	▲	▲
2.7% Boise Unemployment Rate	▲	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Top Population Growth

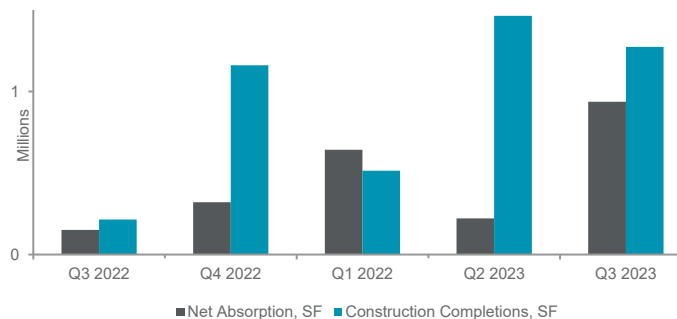
Boise and the Treasure Valley continued to have a strong third quarter in 2023. Boise was ranked #1 in annual population growth nationwide at 2.3% with a forecast increase, with Austin and Fort Myers/Naples a close 2nd. The Boise economy expanded at a rate of 2.7% year-over-year (YOY), an increase of 10,400 jobs. The median household income for Boise climbed to \$77,800 YOY, with a forecast increase. Boise unemployment jumped 10 basis points (bps) YOY to 2.7% and is tied for the 9th lowest unemployment rate overall. For comparison, the U.S. showed 0.5% population growth, \$73,500 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:

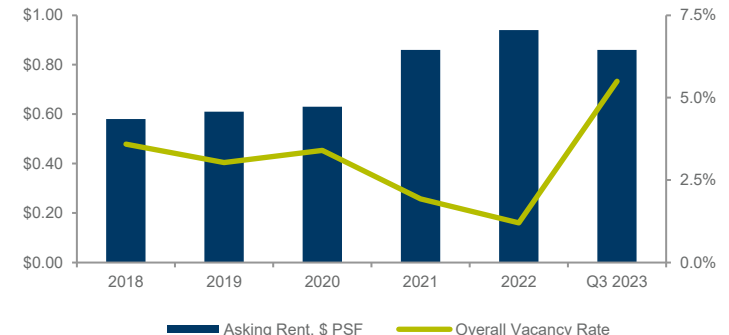
Overall vacancy jumped 60 bps to 5.5% in Q3 2023 due to a rise in vacant space within existing properties. In contrast, Q2 2023 witnessed a sizable jump in vacancy generated from speculative construction deliveries. Vacant direct and sublease space rose by 33.4% and 26.9% quarter-over-quarter (QOQ) respectively. Leasing activity (excluding renewals), dropped 53.9% from Q1 2023, and is down 32.0% QOQ. The market continued its high velocity growth pattern, with over one million square feet (msf) delivered in Q3 2023 and over 3.2 msf delivered year-to-date (YTD). New construction vacancy was 27.4% and 37.5% for Q3 2023 and Q3 YTD respectively. While speculative construction comprised only 29.0% of deliverables in Q3 2023, 56.9% of speculative projects are currently under construction. Despite divisibility on some warehouse/distribution shells dropping to under 20,000 square feet (sf), the majority are too large to accommodate the smaller requirement the Treasure Valley market has historically filled. To help meet the demand for a portion of smaller leasing requirements, nearly 300,000 square feet (sf) of speculative office service/flex projects are under construction. Fueled by recent deliverables, overall absorption climbed 322.1% to nearly 1 msf QOQ and 521.5% YOY.

The supply pipeline was filled by both local and, more recently, national occupiers that included the Treasure Valley in their footprint. Automotive, manufacturing, building material, and service tenants dominated the tenant mix in Q3 2023. The majority of leasing activity in Q3 2023 accrued from new construction. The market should yield a steady uptick in vacancy as supply is expected to outpace demand in the coming quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PRICING

Overall weighted asking rents fell 2.3% to \$0.86 per square foot (psf) per month triple net (NNN) on a monthly basis and rose 10.2% psf from Q4 2022. Similarly, rents in the West Region of the United States dropped 1.0% to \$1.18 psf per month QOQ and climbed 6.6% from Q4. Office service/flex dipped 8.2% psf QOQ and remained flat YOY. Warehouse and manufacturing rents fell nominally 1.1% and 2.6% to \$0.75 and \$0.86 respectively. The recent jump in available space in existing inventory combined with a slide in leasing activity has aided in softening rents moderately in Q3 2023.

Rising interest rates and economic uncertainty continued to curb sales volume. Investment sales volumes climbed QOQ but were flat YOY. Over the previous five quarters, industrial investment transactions averaged approximately \$190 psf. Weighted capitalization rates expanded YOY to north of 6.0% and all indications point toward future slow expansion going forward.

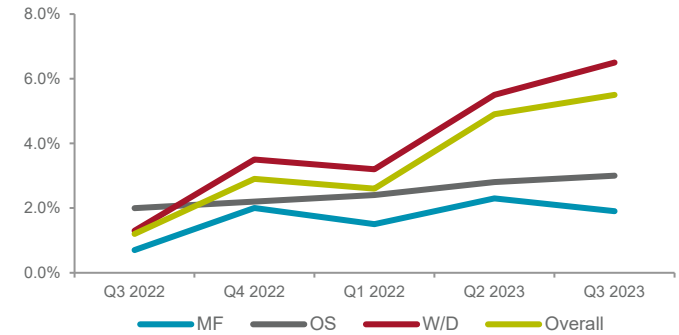
PIPELINE

The Boise industrial pipeline has been in overdrive for several years to meet unprecedented demand. Deliveries in 2022 succeeded in meeting demand for larger warehouse space, but deliveries in 2023 have exceeded demand given the changing economic climate. Approximately 85% of the 353,000 sf of speculative deliveries in Q3 2023 and 65.0% of the 1.8 msf square feet YTD were vacant. In addition, 763,000 sf of speculative construction is estimated to be delivered by year-end that could lead to over 2.5 msf of speculative construction for 2023. By comparison, approximately 2.5 msf of speculative projects currently under construction could potentially be delivered in 2024. In response to the burgeoning pipeline supply, a handful of projects have been temporarily mothballed or abandoned. Nearly 900,000 sf, or 63.6%, of the approximately 1.4 msf sf of YTD build-to-suit construction was delivered in Q3 2023. There are several more build-to-suit projects totalling nearly 77,000 sf estimated deliver by year-end 2023. There were nearly 3.8 msf of proposed build-to-suit and 12.4 msf of proposed speculative projects tracked at the close of Q3 2023.

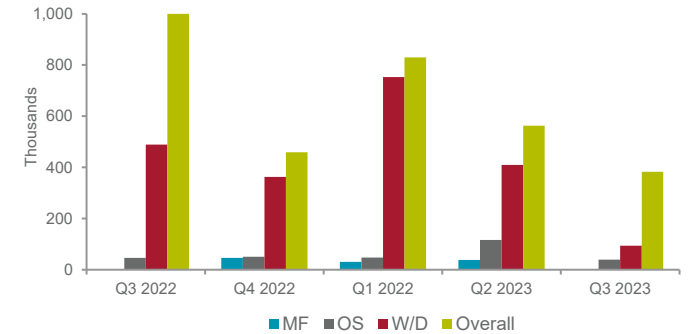
Outlook

- Businesses are expected 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 but moderating 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.

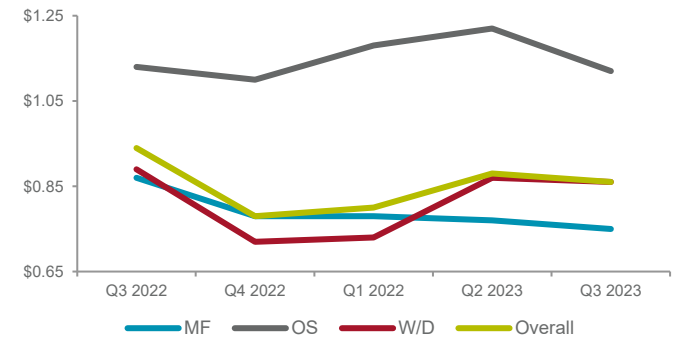
VACANCY BY QUARTER



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	7,669,890	262,298	3.4%	59,720	242,507	1,713,939	343,660	N/A	\$0.92	\$0.92
Caldwell	6,211,302	327,818	5.3%	272,958	280,407	543,766	215,695	\$1.06	\$0.72	\$0.73
Central Boise	1,952,313	112,095	5.7%	-64,030	-112,095	0	0	\$0.91	\$0.77	\$0.83
Downtown	499,841	110,664	22.1%	0	-110,664	0	0	N/A	\$0.88	\$0.88
Eagle	249,859	8,722	3.5%	0	5,277	0	13,999	\$1.45	N/A	\$1.45
Meridian	6,516,392	80,402	1.2%	39,385	324,258	194,045	259,738	\$1.57	\$0.59	\$0.78
Middleton	365,076	0	0	0	0	0	0	N/A	N/A	N/A
Nampa	15,666,300	1,741,671	11.1%	582,838	1,075,291	1,117,684	2,229,815	\$1.24	\$0.91	\$0.88
North Boise	1,684,458	12,640	0.8%	-1,888	44,246	0	32,114	\$1.42	\$0.82	\$1.05
Northwest	154,297	0	0	0	96,000	0	96,000	N/A	N/A	N/A
South Meridian	829,188	14,050	1.7%	6,236	6,236	24,480	0	\$1.32	N/A	\$1.32
Southeast Boise	5,857,755	50,756	0.9%	36,344	32,190	115,693	12,580	N/A	\$0.97	\$1.04
Southwest Boise	764,728	19,232	2.5%	10,706	-19,232	0	0	\$1.12	\$0.85	\$0.87
West Boise	3,774,143	108,424	2.9%	-5,308	-62,807	12,550	0	\$1.15	\$0.80	\$0.92
TOTALS	52,195,542	2,848,772	5.5%	936,961	1,801,614	3,722,157	3,203,601	\$1.12	\$0.86	\$0.86

*Rental rates reflect weighted net asking \$psf/month *Renewals not included in leasing statistics *10,000+ Square Feet *Some statistics will not reflect the U.S. statistics tables OS = Office Service/Flex W/D = Warehouse/Distribution

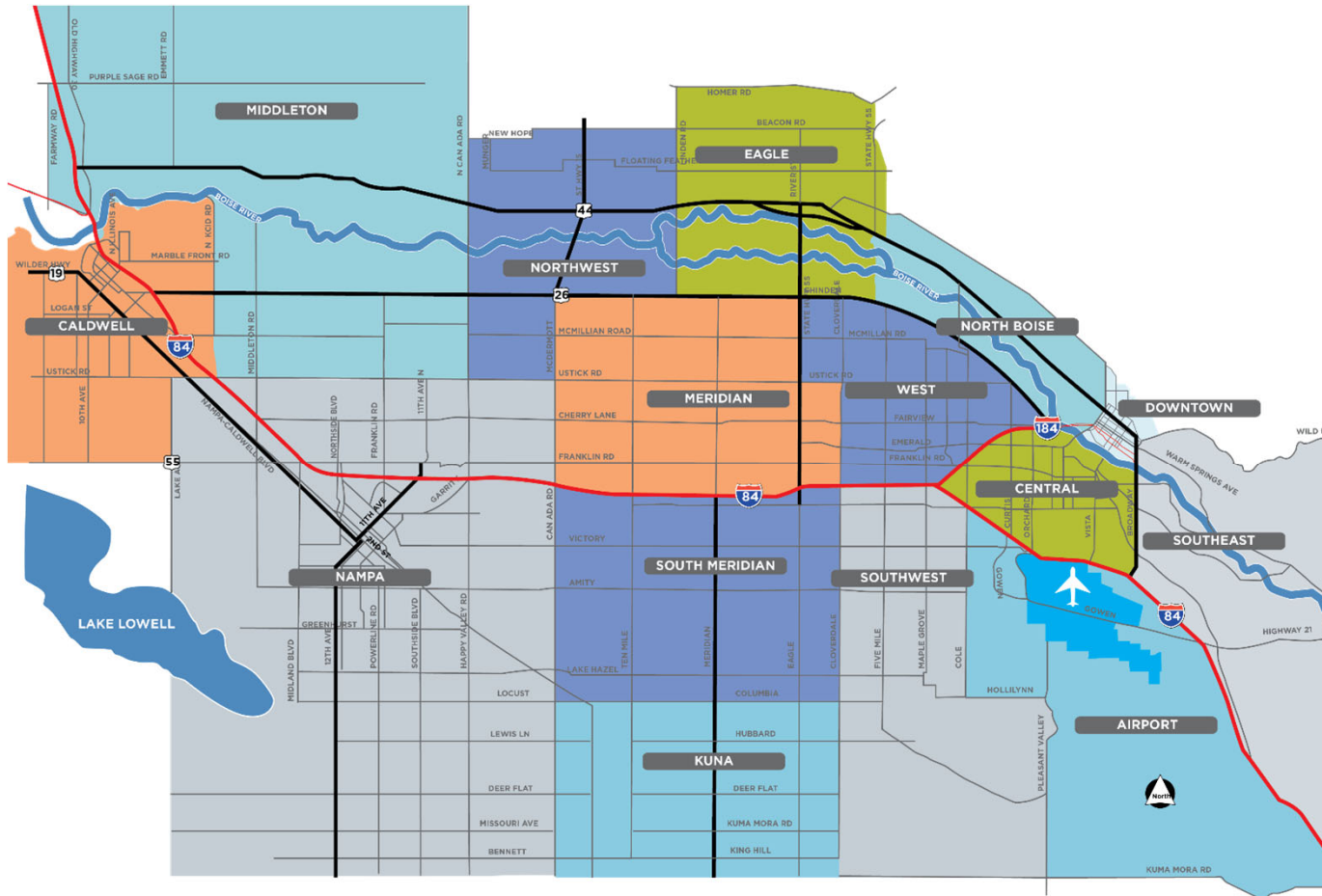
KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5925 W Vandal Ln	Airport	Undisclosed	39,151	Direct
1135 N Hickory Ln	Meridian	Crown Auto Spa	20,880	Direct
1942-2000 E Commercial St	Meridian	Undisclosed	20,000	Direct

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2102 E Karcher Rd	Nampa	Pilon Industrial Iii LLC / 817 Pioneer Exchange Accomodation Title	61,472	Inquire
3206 E Amity Rd	Southeast Boise	Yi Amity LLC / MMBG LLC	36,942	Inquire
816 Paynter Avenue	Caldwell	Yi Paynter LLC / Summit Seed Coatings LLC	28,892	Inquire

INDUSTRIAL SUBMARKETS



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