

	YoY Chg	12-Mo. Forecast
5.7% Vacancy Rate	▲	▲
-55K Net Absorption, SF	▲	▲
\$0.84 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent (Monthly)

ECONOMY: Top Population Growth

Boise and the Treasure Valley experienced a strong fourth 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 3.8% year-over-year (YOY), an increase of 14,900 jobs. The median household income for Boise climbed to \$87,500 YOY, and is projected to rise further. Boise unemployment jumped 60 basis points (bps) YOY to 3.2% and is tied for the 15th lowest unemployment rate overall. For comparison, the U.S. showed 0.5% population growth, \$80,900 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: Leasing Activity Rebounds

Overall vacancy jumped 30 bps to 5.7% in Q4 2023 from increased sublease space, and rose 280 bps YOY from speculative construction deliveries. Vacancy in the Boise market mirrored national trends, where the overall vacancy rate climbed 40 bps QOQ and 210 bps YOY. Vacant direct and sublease space rose by 8.1% and 31.0% quarter-over-quarter (QOQ) respectively. Leasing activity (excluding renewals), climbed 199.8% QOQ, and was up 67.0% YOY.

New construction levels fell dramatically in Q4 2023. Compared with 1.1 million square feet quarterly average year-to-date (YTD), the market delivered just 119,035 square feet (sf) in Q4 2023. Vacancy in deliverables was 10.7% in Q4 yet remained 37.5% YTD. While speculative construction comprised only 24.0% of deliveries in Q4 2023, 84.0% of under construction projects were spec. Despite nominal negative absorption in Q4 2023, overall absorption reached nearly 1.8 msf YTD fueled by nearly 1.5 msf of build-to-suit 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 178,000 square feet (sf) of speculative office service projects are under construction.

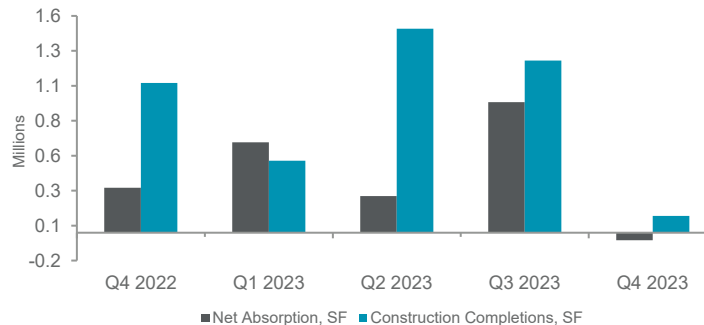
The supply pipeline was filled by both local and, more recently, national occupiers that included the Treasure Valley in their footprint. Manufacturing, distribution, building material, and service tenants dominated the tenant mix in Q4 2023. The majority of leasing activity in Q4 2023 accrued from existing construction. The market should yield a steady uptick in vacancy as supply is expected to outpace demand in the coming quarters.

ECONOMIC INDICATORS Q4 2023

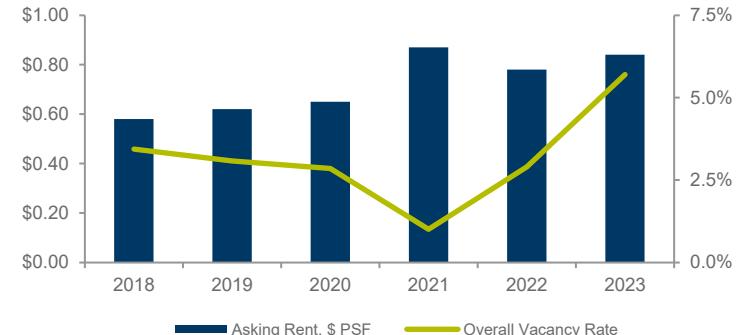
	YoY Chg	12-Mo. Forecast
403.5K Boise Employment	▲	▼
3.2% Boise Unemployment Rate	▲	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PRICING: Rents Hold Steady Amid Rising Vacancy

Overall weighted asking rents fell 2.3% to \$0.84 per square foot (psf) per month on a triple net (NNN) basis and rose 7.7% psf YOY. Similarly, rents in the West Region of the United States dropped 0.9% to \$1.17 psf per month QOQ and climbed 5.4% YOY. Office service/flex rents dipped 19.6% to \$0.94 psf per month QOQ and fell 14.5% psf YOY. Manufacturing rents rose 4.0% QOQ to \$0.78 psf per month and warehouse/distribution rents fell 3.4% to \$0.84 psf per month QOQ. The recent jump in available space within existing inventory and lackluster leasing activity in Q3 2023 placed downward pressure on asking rents in Q4 2023.

The rate hikes by The Federal Reserve to curb 40-year high inflation that began in H2 2022 continued to impact sales activity in dramatic fashion in Q4 2023. Inflation dipped to 3.1% in November and The Federal Reserve placed a hold on interest rate hikes. Transaction levels were flat QOQ and up YOY. Deals closed at lower price psf QOQ and YOY. Weighted cap rates contracted QOQ to approximately 5.5% based on a handful of transactions and approximately 61 bps YOY. Although the economic changes that unfolded in 2022 pose unique challenges, Boise will continue to be an attractive haven for private investors in search of core real estate quality and economic fundamentals.

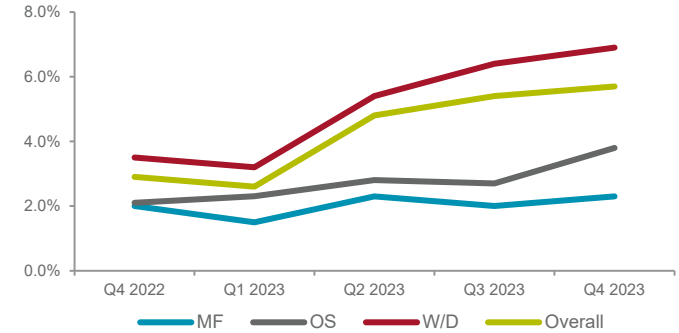
PIPELINE: Supply Outpaces Demand

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 92.2% of the 2.9 msf square feet of speculative projects under construction show vacancy. Nearly 1.5 msf of build-to-suit and 1.9 msf of speculative construction was delivered in 2023. Nearly 60.0% of 2023 speculative deliveries show vacancy. There were nearly 2.5 msf of proposed build-to-suit and 14.3 msf of proposed speculative projects tracked at the close of Q4 2023.

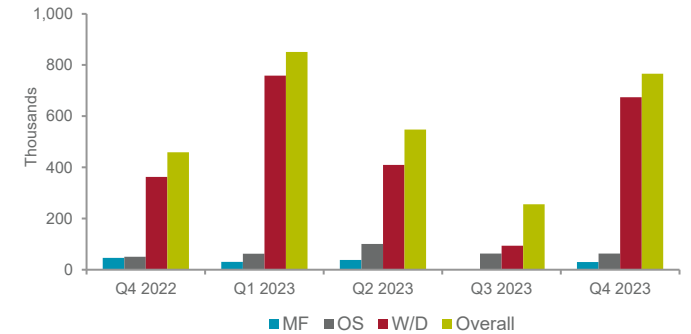
Outlook

- The Federal Reserve may cut interest rates in 2024.
- Increased vacancy from speculative deliveries may put downward pressure on asking rents.
- Capitalization rates are likely to stay relatively flat or slightly contract into the first half of 2024.
- Businesses are expected to continue choosing the Boise MSA due to its strategic location along I-84, pro-business climate, and relative affordability.

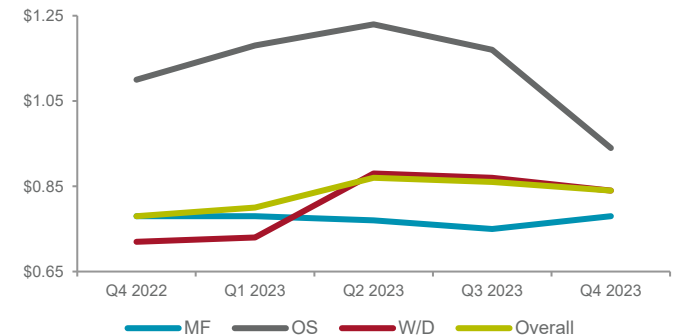
VACANCY BY QUARTER



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	7,722,390	255,696	3.3%	4,525	260,949	1,702,099	355,500	\$0.79	\$0.96	\$0.93
Caldwell	6,231,302	461,354	7.4%	-113,536	166,871	728,966	235,695	\$0.79	\$0.72	\$0.74
Central Boise	1,952,313	143,947	7.4%	-56,362	-143,947	0	0	\$0.96	\$0.67	\$0.72
Downtown	499,841	110,664	22.1%	0	-110,664	0	0	N/A	\$0.79	\$0.79
Eagle	249,859	0	0	8,722	13,999	0	13,999	N/A	N/A	N/A
Meridian	6,526,958	112,556	1.7%	-28,482	292,104	120,267	259,738	\$1.25	\$0.80	\$0.82
Middleton	365,076	0	0	0	0	0	0	N/A	N/A	N/A
Nampa	15,695,243	1,684,952	10.7%	97,480	1,160,953	1,098,773	2,258,758	\$0.98	\$0.90	\$0.86
North Boise	1,684,458	18,078	1.1%	-3,758	38,808	0	32,114	\$1.23	\$1.09	\$1.20
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%	7,200	6,236	24,480	0	\$1.32	N/A	\$1.32
Southeast Boise	5,916,007	74,004	1.3%	35,004	67,194	57,441	70,832	N/A	N/A	\$1.05
Southwest Boise	764,728	20,582	2.7%	-1,350	-20,582	0	0	\$1.03	\$0.85	\$0.87
West Boise	3,786,143	88,332	2.3%	-4,295	-42,715	12,550	0	\$1.13	\$0.85	\$0.96
TOTALS	52,377,803	2,984,215	5.7%	-54,852	1,785,206	3,744,576	3,322,636	\$0.94	\$0.84	\$0.84

*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

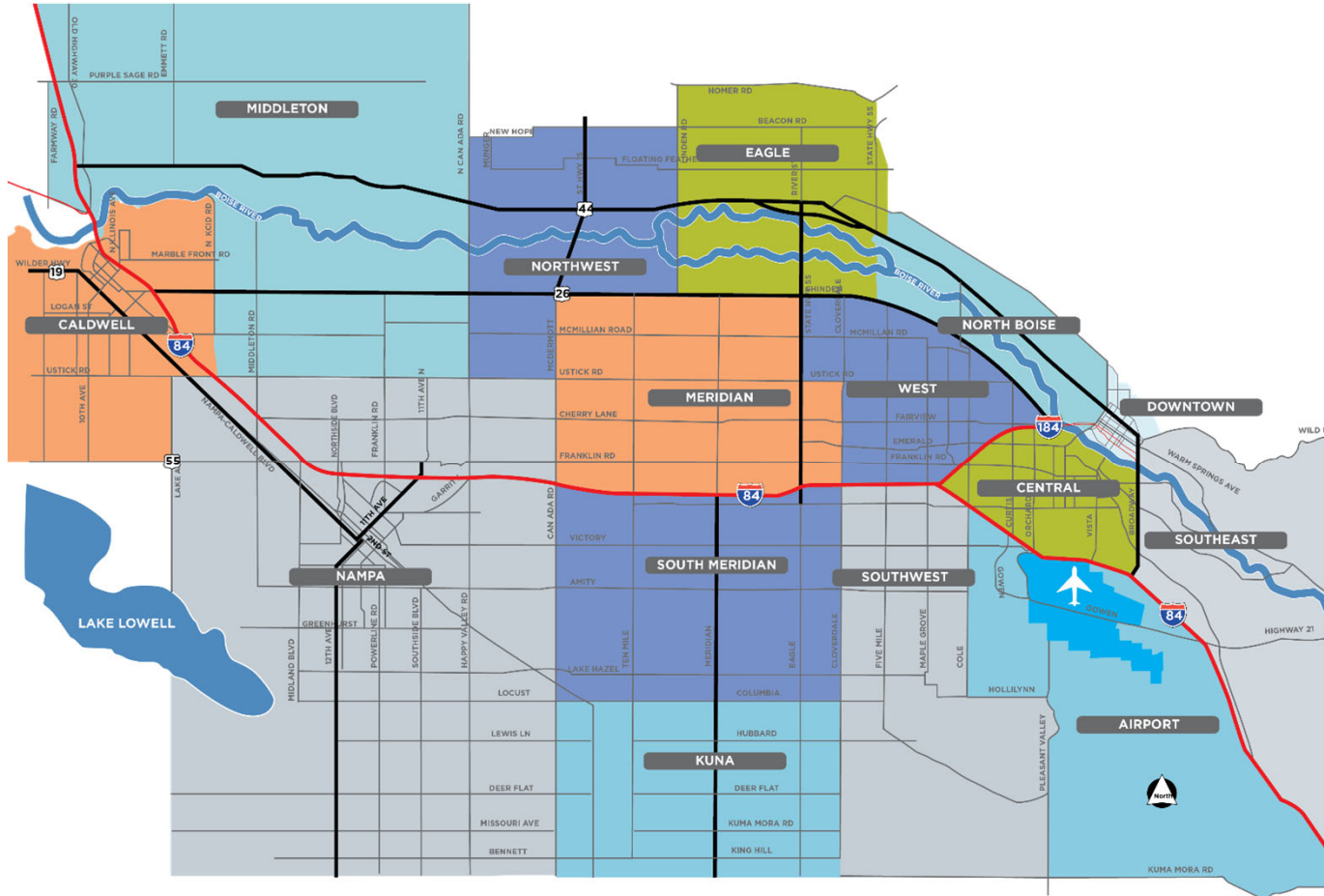
KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5250 E Franklin Road	Nampa	Diversified Fluid Solutions	106,007	Direct
5200 E Franklin Road	Nampa	Diversified Fluid Solutions	100,260	Direct
3515 E Linden Street	Caldwell	Undisclosed	70,000	Sublease

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
16680 Northside Boulevard	Nampa	Adler AB Owner II LLC	164,640	Inquire
1879 Century Way	Airport	Adler AB Owner XV, LLC	67,500	Inquire
71 Northwest 13 th Place	Airport	Janicek Properties LLC / Allied Waste Services Of North America LLC	40,625	Inquire

INDUSTRIAL SUBMARKETS



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