

**7.0%**  
Vacancy Rate



**470.9K**  
Net Absorption, SF



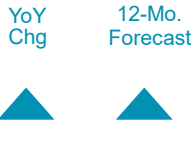
**\$0.85**  
Asking Rent, PSF



Overall, Net Asking Rent (Monthly)

**ECONOMIC INDICATORS  
Q1 2024**

**398K**  
Boise  
Employment



**3.3%**  
Boise  
Unemployment Rate



**3.8%**  
U.S.  
Unemployment Rate



Source: BLS

**ECONOMY: Rapid Population and Economic Growth**

Boise and the Treasure Valley kicked off 2024 with an impressive economic performance. Boise secured the second spot nationwide for annual population growth, boasting a robust 2.3% increase with further growth projected. The Boise economy expanded at a 2.3% year-over-year (YOY) rate, resulting in the addition of 8,900 jobs to the local workforce. The median household income in Boise surged to \$89,400 YOY, with expectations of continued growth. Boise's unemployment rate experienced a 70 basis-point (-bp) jump YOY, reaching 3.3%. Remarkably, this places Boise among the 12 lowest unemployment rates nationwide. By comparison, the U.S. reported a 0.5% population growth, a median household income of \$81,600, and an unemployment rate of 3.9%. Despite challenges, Boise's economy remained resilient. New nonfarm jobs declined by 21.4% YOY to 8,800, while real gross product dipped by 100 bps YOY to 5.8%.

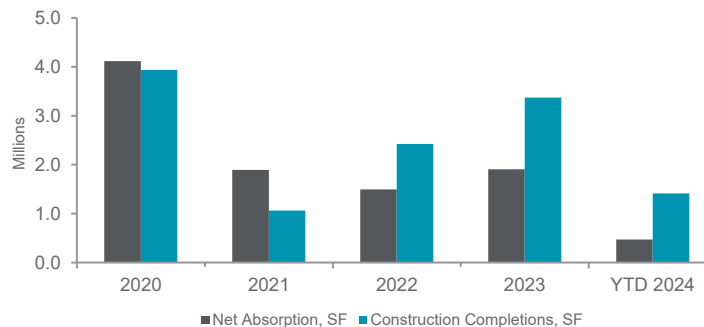
**SUPPLY & DEMAND: Increasing Availability**

Reflecting national trends, the Boise industrial market responded to record low vacancy rates in 2022 by gradually increasing available space. Fueled by high vacancy in speculative deliverables, the overall vacancy rate in Q1 2024 climbed by 160 bps to reach 7.0% and rose by 450 bps YOY. Direct vacant space surged by nearly 38.3% quarter-over-quarter (QOQ) and 209.2% YOY. Sublease space decreased by 11.0% QOQ but increased by 117.3% YOY. Leasing activity (excluding renewals), declined by 17.7% QOQ, and was down by 25.4% YOY.

In the first quarter of 2024, new construction levels surged dramatically in the market. The market delivered slightly over 1.4 million square feet (msf) in Q1 2024. Of this, approximately 1.3 msf was speculative construction, while 128.7K square feet (sf) was build-to-suit. The vacancy rate for deliverables stood at 80.4% in Q1. In Q1 2024, 90.9% of deliveries were speculative construction, and 75.6% of projects under construction followed the same speculative trend. The overall absorption (net change in occupied space) amounted to 470,902 sf.

The supply pipeline was fueled by both local and, more recently, national occupiers that included the Treasure Valley in their footprint. The majority of leasing activity in Q1 2024 came from existing construction. Out of the 2.7 msf of current projects, approximately 2.0 msf were speculative. The market is expected to experience a steady increase in vacancy as supply is projected to outpace demand in the coming quarters.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



**PRICING: Rents Hold Steady Despite Increased Vacancy**

In the face of rising vacancy rates, overall weighted asking rents in Boise held their ground at \$0.85 per square foot (psf) per month on a triple net (NNN) basis. This stability was observed both QOQ and over the course of a year, with a 9.2% increase YOY.

Similarly, on a national level, overall rents remained flat QOQ but climbed 9.2% YOY. However, specific rent categories showed distinct trends: office service/flex rents experienced an 8.5% jump to reach \$1.02 psf per month QOQ, however, they fell by 13.6% YOY. Manufacturing rents rose by 14.1% QOQ to \$0.89 psf per month. Warehouse/distribution rents declined by 2.4% QOQ to \$0.82 psf per month.

The impact of The Federal Reserve’s rate hikes, aimed at curbing the 40-year high inflation that began in H2 2022, continued to reverberate in Q1 2024. Inflation rose by 10 bps to 3.2% in February. Federal Reserve officials signaled their expectation of three interest rate cuts in 2024. Consequently, investment transaction levels were down both QOQ and YOY. Weighted cap rates expanded QOQ to approximately 6.1%, based on a handful of transactions, and approximately 85 bps YOY.

Despite the unique challenges posed by the economic changes of 2022, Boise remains an attractive haven for private investors seeking core real estate quality and strong economic fundamentals.

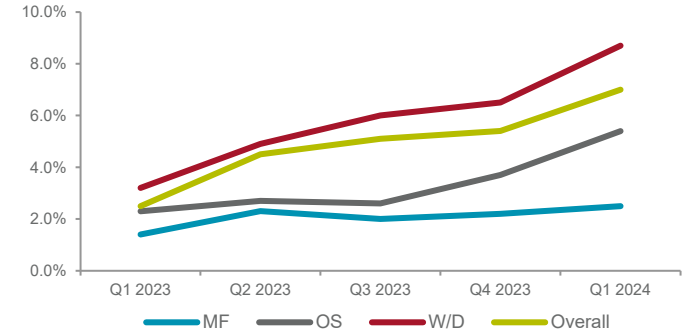
**PIPELINE: Meeting Growing Demand**

Boise’s industrial pipeline has been operating at full throttle for several years to keep up with unprecedented demand. While deliveries in 2022 successfully met the need for larger warehouse spaces, the economic climate shifted in 2023. In Q1 2024, nearly 1.3 msf of speculative construction was delivered, compared to the 1.9 msf delivered annually in 2023. Of the Q1 2024 speculative deliveries, 87.9% (1.1 msf) came on the market vacant, with another 1.8 msf (75.0%) of available space in speculative properties under construction. Nearly 1.3 msf of proposed build-to-suit and 7.2 msf of proposed speculative projects were being tracked at the close of Q1 2024.

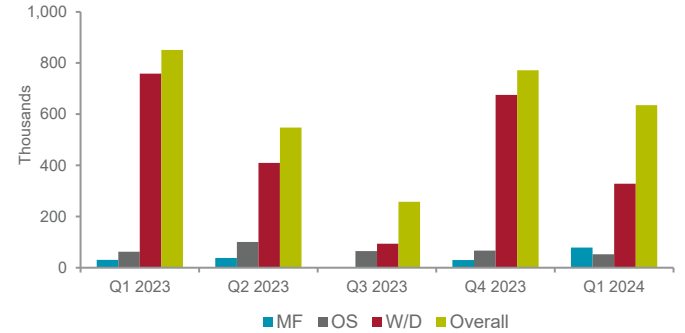
**Outlook**

- The Federal Reserve may cut interest rates in 2024, which could lead to increased capital markets activity.
- The influx of speculative deliveries could lead to an increase in vacancies, which may exert downward pressure on asking rents.
- Capitalization rates are likely to expand in 2024.
- Businesses are expected to continue choosing the Boise MSA due to its strategic location along I-84, pro-business climate, and relative affordability.

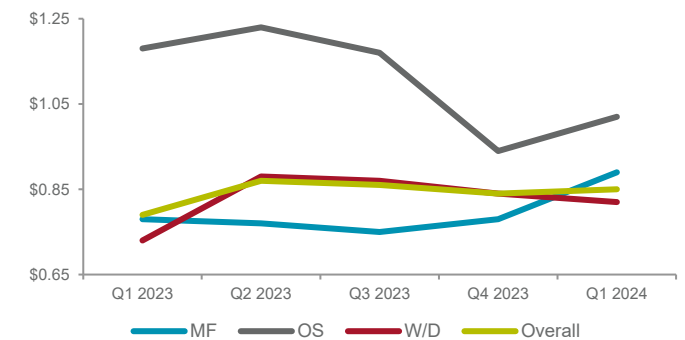
**VACANCY BY QUARTER**



**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	8,318,293	580,191	3.3%	4,525	167,943	1,234,921	585,318	\$1.07	\$0.99	\$1.02
Caldwell	6,934,382	824,293	7.4%	-113,536	43,270	332,486	396,480	\$0.77	\$0.74	\$0.75
Central Boise	1,952,313	96,305	7.4%	-56,362	18,987	0	0	\$0.91	\$0.65	\$0.71
Downtown	499,841	110,664	22.1%	0	0	0	0	N/A	\$0.79	\$0.79
Eagle	249,859	4,274	0.0%	8,722	-4,274	0	0	\$1.50	N/A	\$1.50
Meridian	6,526,958	66,170	1.7%	-28,482	46,386	227,236	0	\$1.06	\$0.79	\$0.83
Middleton	365,076	0	0.0%	0	0	0	0	N/A	N/A	N/A
Nampa	16,168,677	1,914,445	10.7%	97,480	164,089	786,664	393,582	\$1.10	\$0.87	\$0.86
North Boise	1,684,458	23,586	1.1%	-3,758	-7,158	0	0	\$1.10	\$1.10	\$1.10
Northwest	154,297	0	0.0%	0	0	0	0	N/A	N/A	N/A
South Meridian	853,668	34,047	1.7%	7,200	6,118	0	24,480	\$1.25	N/A	\$1.25
Southeast Boise	5,916,405	53,844	1.3%	35,004	20,160	57,441	0	N/A	\$0.90	\$1.03
Southwest Boise	764,728	11,541	2.7%	-1,350	0	70,600	0	\$1.03	\$0.90	\$0.93
West Boise	3,798,693	85,501	2.3%	-4,295	15,381	0	12,550	\$1.14	\$0.74	\$0.94
<b>TOTALS</b>	<b>54,187,648</b>	<b>3,804,861</b>	<b>7.0%</b>	<b>470,902</b>	<b>470,902</b>	<b>2,709,348</b>	<b>1,412,410</b>	<b>\$1.02</b>	<b>\$0.82</b>	<b>\$0.85</b>

\*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

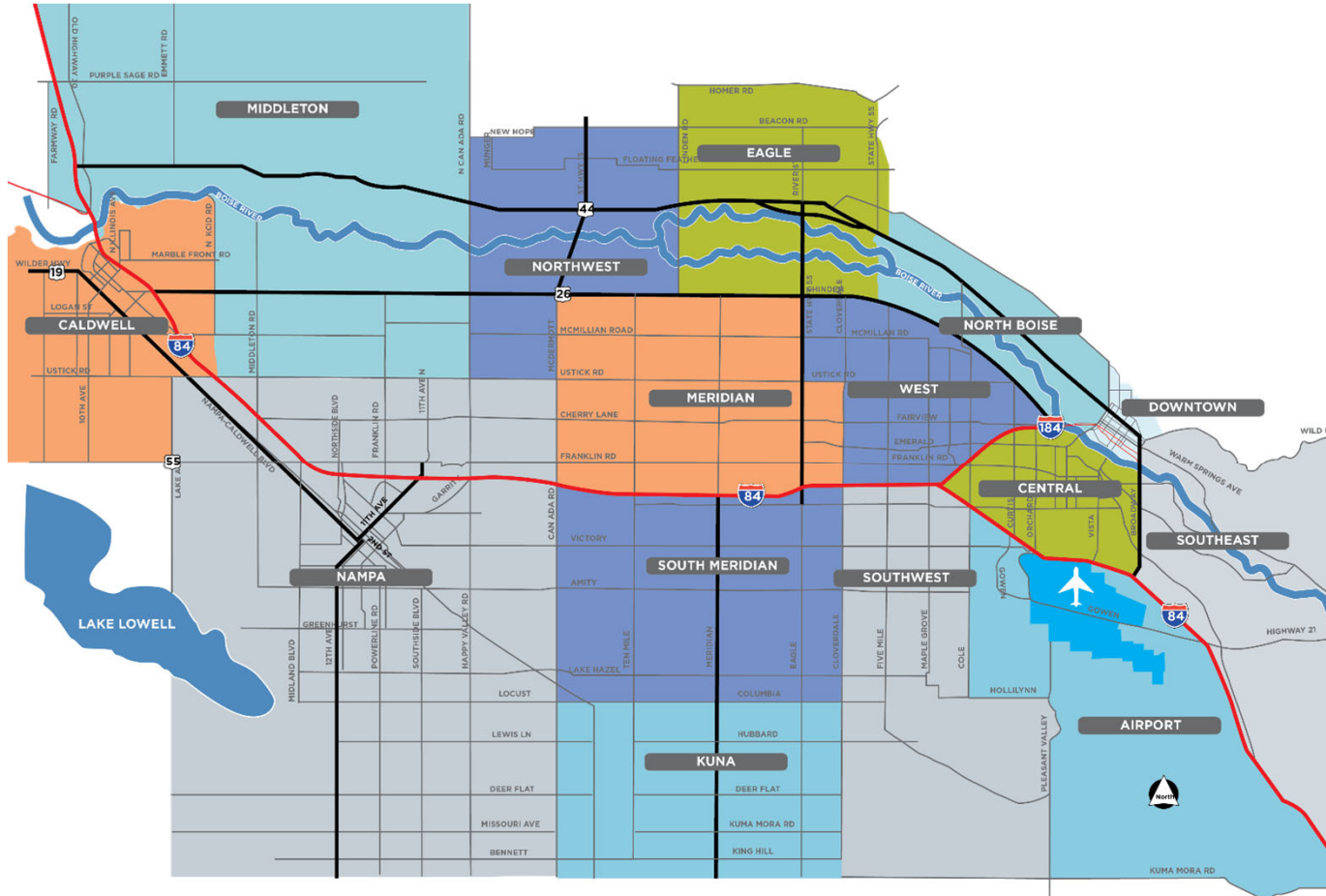
### KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2802 E Comstock Avenue	Nampa	Undisclosed	150,735	Direct
5300 E Franklin Road	Nampa	Undisclosed	101,790	Direct
2711 S Fry Street	Airport	Undisclosed	83,087	Direct

### KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
535 E Gowen Road	Airport	Adler AB Owner V LLC / Prospect Ridge	220,160	Inquire
1000 W Amity Road	Airport	Kowallis Limited Partnership / Wasatch Clean Energy LLC	22,235	Inquire
423 N Ancestor Place	Airport	423 N Ancestor LLC / SEA Sierra LLC	15,092	Inquire

### INDUSTRIAL SUBMARKETS



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