

	YoY Chg	12-Mo. Forecast
<b>6.7%</b> Vacancy Rate	▲	▲
<b>512K</b> Net Absorption, SF	▲	▲
<b>\$0.89</b> Asking Rent, PSF	▼	▲

Overall, Net Asking Rent (Monthly)

**ECONOMIC INDICATORS Q2 2024**

	YoY Chg	12-Mo. Forecast
<b>401.3K</b> Boise Employment	▲	▲
<b>3.3%</b> Boise Unemployment Rate	▲	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

**ECONOMY: Economy Thrives – Population Growth, Job Expansion, and Income Surge**

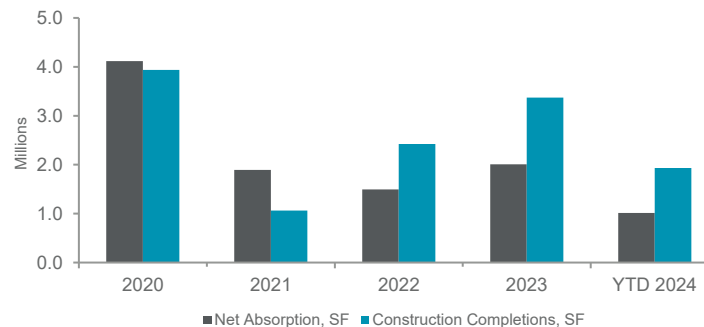
Boise and the Treasure Valley continued to exhibit an impressive economic performance in the second quarter of 2024. Once again, Boise secured the second spot nationwide for annual population growth, boasting a robust 2.2% increase with further growth projected. The Boise economy expanded at a 2.4% year-over-year (YOY) rate, adding 9,500 nonfarm jobs to the local workforce. The median household income in Boise surged 3.0% YOY to \$89,900, with expectations of continued growth. Boise’s unemployment rate experienced a 40 basis points (bps) jump YOY, reaching 3.3%, placing it among the nine lowest rates nationwide. In comparison, the U.S. reported a 0.5% population growth, a median household income of \$82,400, and an unemployment rate of 4.1%. Despite challenges, Boise’s economy remained resilient, with new nonfarm jobs declining by only 3.1% YOY, while real gross product increased by 100 bps YOY to 5.6%.

**SUPPLY & DEMAND: Strong Demand & Volatile Vacancy**

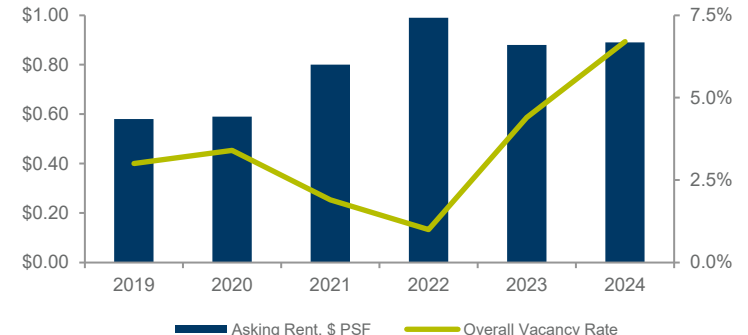
Driven by robust demand, the overall vacancy rate in Q2 2024 declined by 10 bps to 6.7% and rose by 230 bps YOY. Direct vacant space rose by 6.0% quarter-over-quarter (QOQ) and 93.4% YOY. Sublease space decreased by 19.1% QOQ but surged by 90.8% YOY. Leasing activity (excluding renewals), declined by 2.6% QOQ but grew by 17.3% YOY. The majority of leasing activity in Q2 2024 came from pre-existing construction, with speculative deliverables accounting for 39.9% of all direct leasing year-to-date (YTD). Anticipated new speculative deliverables in the latter half of 2024, potentially totaling 1.5 million square feet, may lead to an increase in vacancy rates as supply surpasses demand in the upcoming quarters. In Q2 2024, new construction significantly slowed down. The market delivered 487,832 square feet (sf) compared to 1.4 million square feet (msf) in Q1 2024. Out of the 3.6 msf of current projects, approximately 1.9 msf were speculative. Specifically, 44.5% of speculative deliverables, and 94.2% (1.8 msf) of speculative projects under construction were available. The overall absorption (net change in occupied space) reached 511,963 sf, surpassing deliveries for the first time since Q1 2023. Large projects by Micron and Meta continued to impact the availability of labor and materials for developers.

Both local and national occupiers, including those in specialty trade contracting, manufacturing, merchant wholesaling (durable goods), professional scientific and technical services, retail trading, and administrative support services contributed to the supply pipeline in 2024. In 2023, manufacturing dominated the supply pipeline, followed by construction, retail trade, merchant wholesaling (durable goods), professional scientific and technical services, and repair and maintenance

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



**PRICING: Boise Rents Show Stability Amid Strong Demand, National Trends Vary**

Amidst strong demand, overall weighted asking rents in Boise climbed to \$0.89 per square foot (psf) per month on a triple net (NNN) basis. Despite rising vacancy rates, rent stability was observed over the course of a year, with a modest 1.1% YOY increase.

Specific rent categories in Boise exhibited distinct trends: Office service/flex rents remained flat at \$1.01 psf per month QOQ but declined by 19.2% YOY. Manufacturing rents increased by 4.1% YOY, reaching \$0.75 psf per month. Warehouse/distribution rents rose by 6.1% QOQ to \$0.87 psf per month. At the national level, overall rents experienced a slight quarter-over-quarter (QOQ) rise and a more significant 3.6% YOY increase.

**INVESTMENT: Federal Reserve’s Monetary Policy Impacts Investment Amid Inflation Concerns**

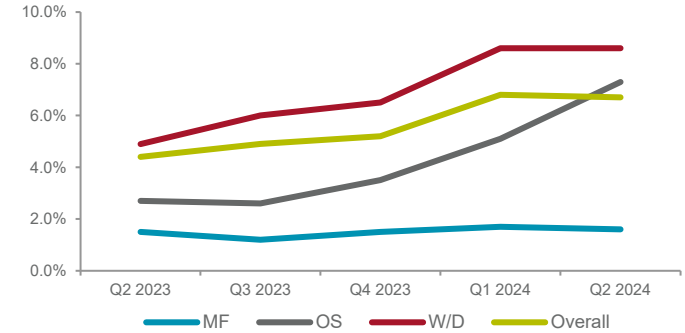
The Federal Reserve’s ongoing efforts to control the 40-year high inflation that began in the second half of 2022 have continued to significantly impact the commercial real estate industrial investment market through Q2 2024. Inflation has slowed by 20 bps to 3.3% as of May 2024, and Federal Reserve officials have signaled that they now expect only one interest rate cut in 2024. This cautious approach to monetary policy has influenced investment transaction levels, which have decreased both QOQ and YOY. The Federal Reserve’s rate hikes over the past two years have increased borrowing costs, making it more challenging for investors to finance new acquisitions. As a result, weighted capitalization rates (cap rates) have expanded to approximately 7.0%.

Despite these challenges, Boise continues to attract private investors seeking quality core real estate and solid economic fundamentals. The city’s strong economic performance, coupled with its relatively low vacancy rates and stable rental prices, makes it an appealing destination for investment. Additionally, the broader economic conditions, such as the slowing inflation and the anticipated stabilization of interest rates, provide a more predictable environment for investors to navigate.

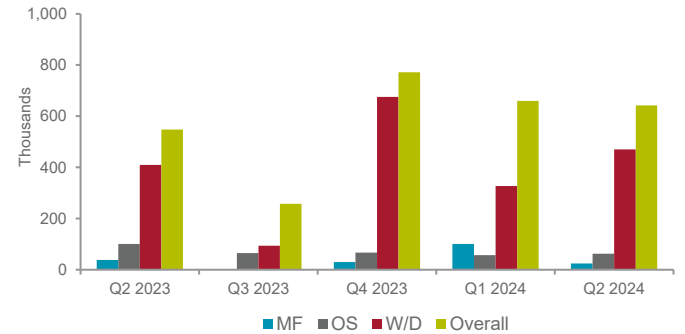
**Outlook**

- 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 the 2<sup>nd</sup> 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.

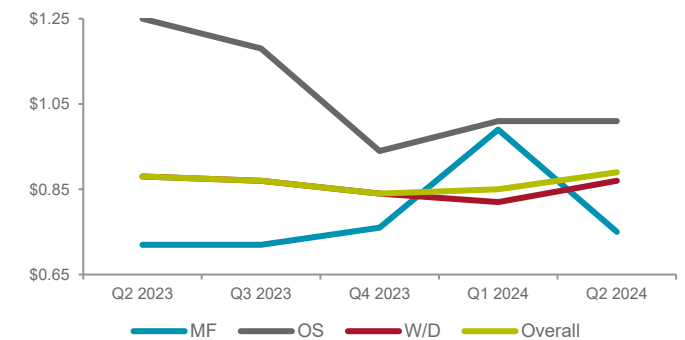
**VACANCY BY QUARTER**



**DIRECT LEASING ACTIVITY**



**ASKING RENTAL RATE TRENDS**



### MARKET STATISTICS

SUBMARKET1	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Airport	8,318,293	555,808	6.7%	21,163	192,326	300,857	1,234,921	585,318	\$1.03	\$0.92	\$0.94
Caldwell	7,016,154	909,314	13.0%	-5,284	37,986	107,493	293,912	478,252	\$0.87	\$0.80	\$0.77
Central Boise	1,952,313	138,713	7.1%	-64,208	-23,421	32,156	0	0	\$0.93	\$0.76	\$0.81
Downtown	499,841	110,664	22.1%	0	0	0	0	0	N/A	\$0.79	\$0.79
Eagle	249,859	0	N/A	4,274	0	4,274	0	0	N/A	N/A	N/A
Meridian	6,647,225	156,809	2.4%	29,628	76,014	88,409	173,586	120,267	\$1.32	\$1.08	\$1.11
Middleton	365,076	0	0	0	0	0	0	0	N/A	N/A	N/A
Nampa	16,397,029	1,449,473	8.8%	595,059	759,148	646,792	761,312	621,934	\$1.00	\$0.88	\$0.89
North Boise	1,684,458	17,381	1.0%	1,371	-953	14,193	0	0	\$1.22	\$0.95	\$1.15
Northwest	154,297	0	N/A	0	0	0	0	0	N/A	N/A	N/A
South Meridian	853,668	34,047	4.0%	0	6,118	0	0	24,480	\$1.19	N/A	N/A
Southeast Boise	5,973,846	59,365	1.0%	51,920	72,080	3,084	96,668	57,441	N/A	\$0.75	\$0.88
Southwest Boise	764,728	54,670	7.2%	-43,129	-43,129	1,350	1,030,600	0	\$1.12	\$1.03	\$1.03
West Boise	3,830,481	164,332	4.3%	-78,831	-63,450	102,934	0	43,214	\$1.05	\$0.92	\$1.00
<b>TOTALS</b>	<b>54,707,268</b>	<b>3,650,576</b>	<b>6.7%</b>	<b>511,963</b>	<b>1,012,719</b>	<b>1,301,542</b>	<b>3,590,999</b>	<b>1,930,906</b>	<b>\$1.05</b>	<b>\$0.87</b>	<b>\$0.89</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

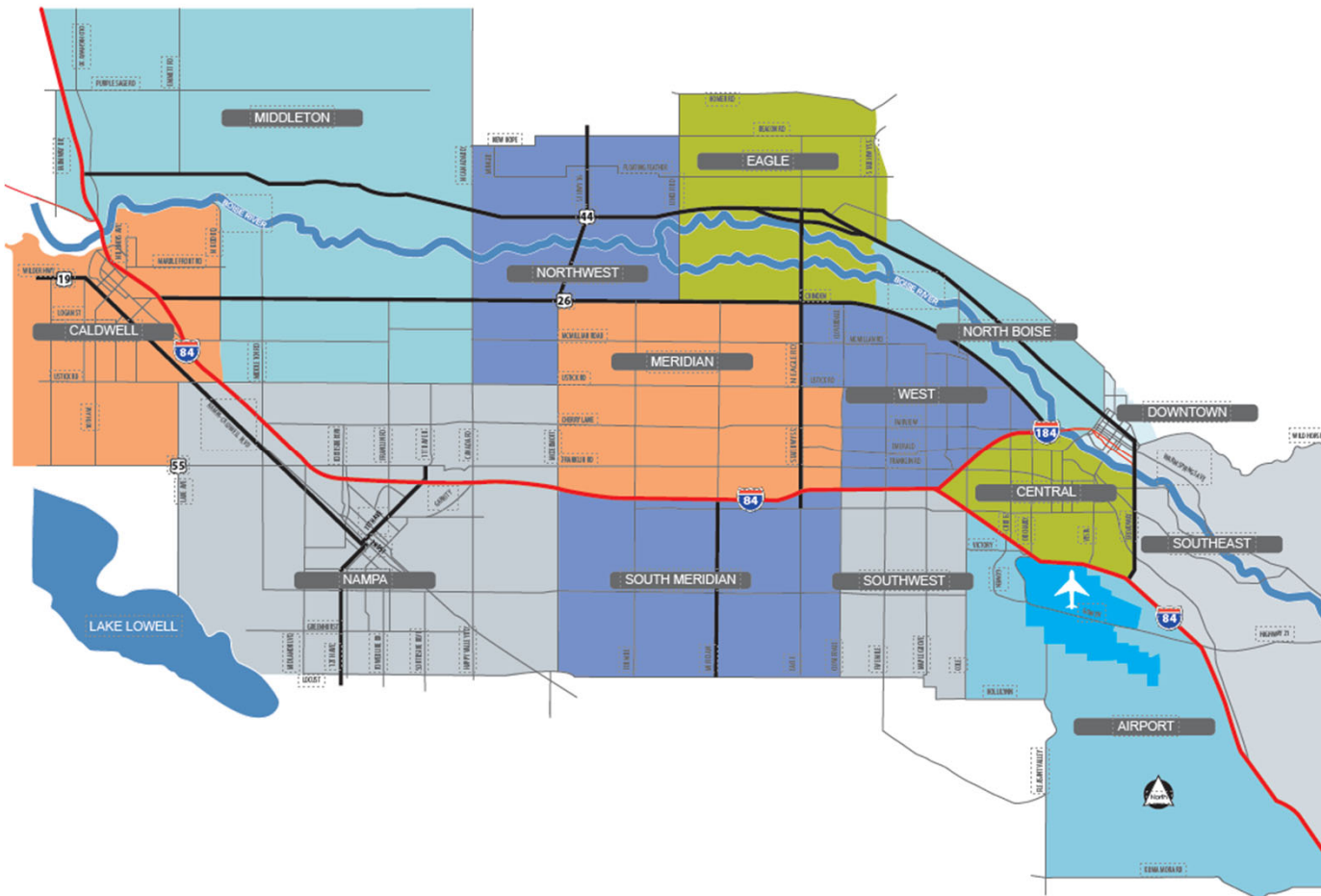
### KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7075 S Eisenman Road	Airport	Undisclosed	110,296	Direct
645-651 E Gowen Road	Airport	Ravenswood Solutions, Inc.	105,000	Renewal
2932 E Comstock Avenue	Nampa	Hensel Phelps Construction	86,199	Direct

### KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6402 W Gowen Road	Airport	Rocket Holdings LLC / Hfmm LLC	27,150	Inquire
6406 W Gowen Road	Airport	Rocket Holdings LLC / Hfmm LLC	27,150	Inquire
504 Millennium Park Lane	Caldwell	Epic Development / ZDC Properties	14,366	Inquire

INDUSTRIAL SUBMARKETS



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