

BOISE INVESTMENT

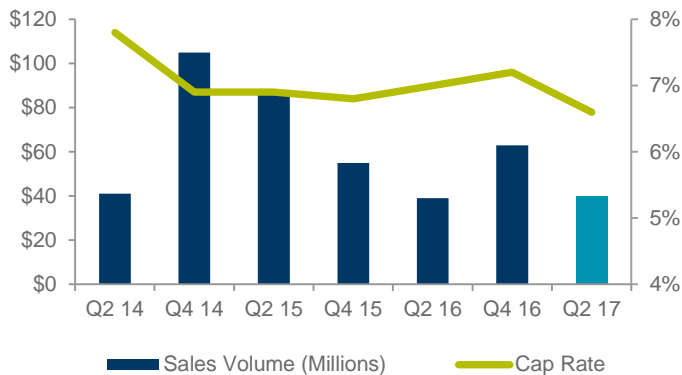
Economic Indicators

	Q2 2016	Q2 2017	12-Month Forecast
Boise Employment	303k	314k	▲
Boise Unemployment	3.4%	3.2%	▼
U.S. Unemployment	4.9%	4.4%	▼

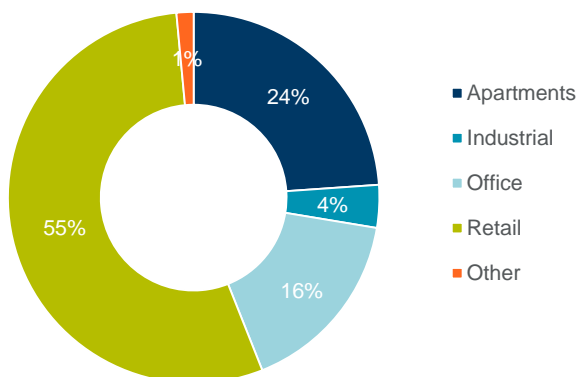
Market Indicators

	Q2 2016	Q2 2017	12-Month Forecast
Total Sales Volume	\$39.0m	\$40.0m	▲
Total SF (Commercial)	930k	775k	▼
Total Units (Multi-Family)	282	767	▲
Number of Transactions	73	76	▲

Investment Sales Volume and Cap Rates



Investment Volume by Property Type



Economy

The U.S. economy reported modest growth in the second quarter of 2017. The Federal Reserve raised its target interest rate for the third time in six months, up 25 basis points (bps) to a range of 1.00% - 1.25%. The unemployment rate was below 5.0% for the sixth straight quarter.

Job growth in the Boise-Nampa Metropolitan Statistical Area (MSA) remained strong as roughly 13,000 jobs were added and continued to push the unemployment rate lower. Boise's unemployment rate continued falling to 3.2%, well below the national average. The tech and medical industries remain key drivers on employment.

Investment Overview

A shortage of available inventory remains a concern for investors in the market across all property types. Due to the lack of product and increased investor competition the overall cap rate decreased to 6.6%, down from 7.2% at last year-end.

Retail sales dominated the investment market with 55% of the overall volume. Tenant quality is critical in retail properties and investors increasingly look for tenants that are insulated from eCommerce growth, such as grocery and service anchored properties.

Reflective of the Treasure Valley's strong economic and population growth, apartments have undergone a period of increased development with around 3,000 apartment units currently under construction across the market. During the first half of 2017, the average sale price for an apartment complex was around \$3.2 million (m), up from \$1.2m year-over-year.

Outlook

The scope of available properties will continue to be below the present level of demand for quality investments in the foreseeable future. Furthermore, the impact of rising interest rates will put pressure on cap rates eventually.

The Treasure Valley will continue to benefit from the improved economy and strong employment base. These factors are key drivers in attracting new investors to the market. This strong economy will foster continued development which will likely bolster supply, bringing the investment property economy closer to a state of equilibrium.

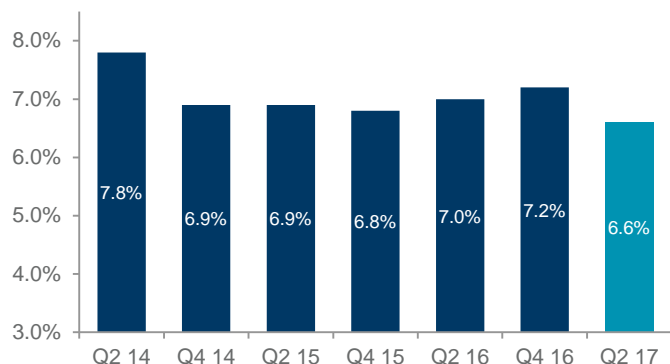
MARKETBEAT

Investment Snapshot Q2 2017

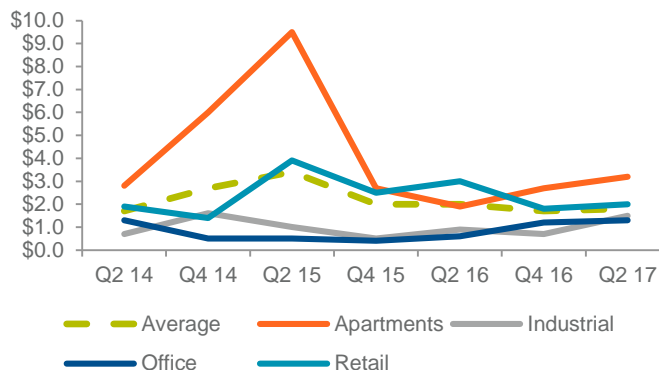
Boise



Average Cap Rates



Average Investment Transactions



PROPERTY TYPE	TOTAL DEALS	SIZE (SF/UNITS)	AVERAGE SALE PRICE	PRICE PER SF OR UNIT	AVERAGE CAP RATES
Apartments	13	767	\$3,200,000	\$126,776	6.0%
Industrial	9	245,646	\$1,500,000	\$82	6.2%
Office	21	153,198	\$1,300,000	\$124	7.5%
Retail	31	371,051	\$2,000,000	\$110	6.1%
Other	2	6,961	\$300,000	\$90	11.5%
Total	76	1,470,465	\$1,800,000	\$111	6.6%

INVESTMENT HISTORY					
TYD 2017	76	1,470,465	\$1,800,000	\$111	6.6%
2016	151	2,285,516	\$1,800,000	\$120	7.1%
2015	143	2,595,299	\$2,700,000	\$93	6.9%
3 Year Average	370	6,351,280	\$2,200,000	\$104	6.9%

Key Investment Transactions 2017

PROPERTY TYPE	NAME	ADDRESS	SF/UNITS	SUBMARKET
Apartments	The Regency at River Valley	3400 E River Valley St	240	Meridian
Apartments	Arbor Crossing	5122 W Stoker Ln	203	North Boise
Other	Hotel 43	981 W Grove St	112	Downtown Boise

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