

## BOISE OFFICE

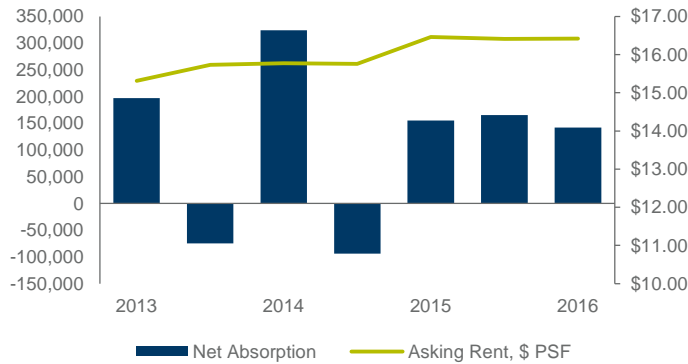
### Economic Indicators

	Q2 2015	Q2 2016	12-Month Forecast
Boise Employment	326k	330k	▲
Boise Unemployment	4.1%	3.6%	▼
U.S. Unemployment	5.4%	4.9%	▼

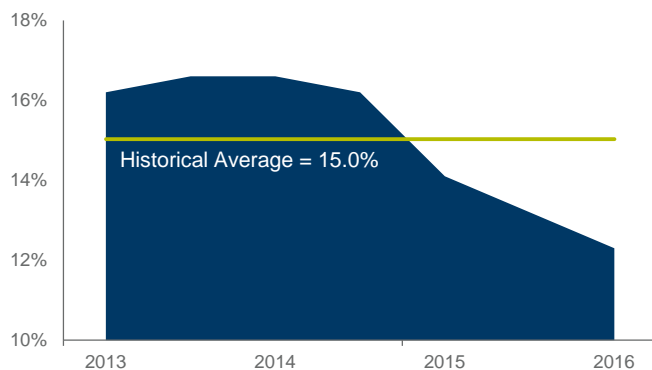
### Market Indicators

	Q2 2015	Q2 2016	12-Month Forecast
Overall Vacancy	13.2%	12.3%	▼
Net Absorption	321k	142k	▼
Under Construction	525k	525k	■
Average Asking Rent	\$16.41	\$16.42	▲

### Net Absorption/Asking Rent



### Overall Vacancy



### Economic Overview

Job growth across the U.S. remained modest as year-to-date growth trailed the same period in 2015. This combined with light growth in GDP caused the Fed to once again hold off on pushing its benchmark interest rates any higher.

Idaho's unemployment rate remained at 3.7% for the third straight month as job growth continued at the high rate of 2.8%. Construction led all categories of growth, increasing by 6% on a year-over-year basis, while four of the ten categories were above 3.0%.

Boise saw an increase of 2.4% over the past year in its labor force as the labor participation rate increased. The largest jump occurred in June of 2016 which pushed the unemployment rate up to 3.6%. Thus the increase in the unemployment rate is a factor of more potential workers seeking employment rather than a loss of employment. In fact job growth in Boise continued to outpace both the national and statewide average coming in at 2.9%.

### Market Overview

The Boise office market continued to perform well as tenants looked to expand and new tenants entered the market. Demand for office space remained high due to lack of inventory, particularly in Downtown Boise where inventory is tight for the 5,000 sf and up users. Vacancy for Downtown Boise is the lowest of the submarkets we track at just 10%, much lower than the overall market average of 12.3%.

Throughout the market, any new product coming available is quickly absorbed by both existing and new tenants. Pre-leasing of new construction projects has been very strong as any well located new buildings are fully leased before they are completed.

Southwest Boise also showed strength as the Internet Truckstop, LLC leased 15,500 square feet (sf) at the Stevens-Henager Building. This and other activity helped push the overall vacancy rate down by 3.3 percentage points (pps) to 10.4% on a year-over-year basis.

# Office Snapshot Mid-Year 2016

Boise

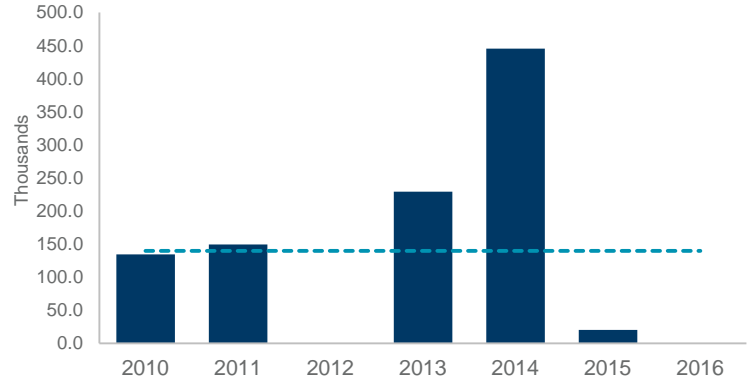


Major new construction in the market will continue as Brighton Corporation and Ameriben announced plans for new corporate headquarters on a new 300 acre campus off Ten Mile Rd in Meridian. Construction is expected to begin in 3Q 2016 for a 2017 opening.

The Village at Meridian announced the addition of 100,000 sf of office space over the next 2 years, nearly doubling the current office footprint for the center.

## New Supply

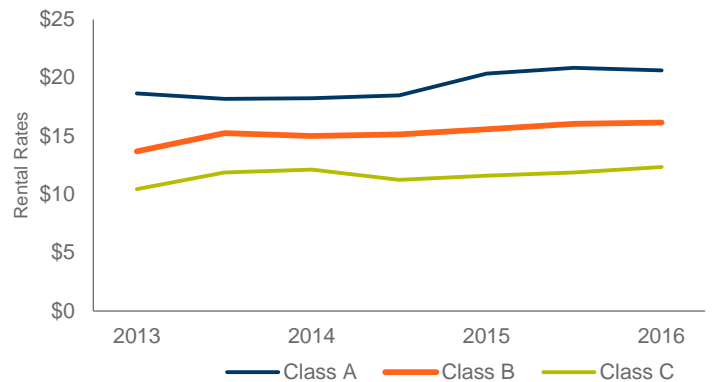
NEW SUPPLY REMAINED BELOW ITS 5 YEAR AVERAGE



## Outlook

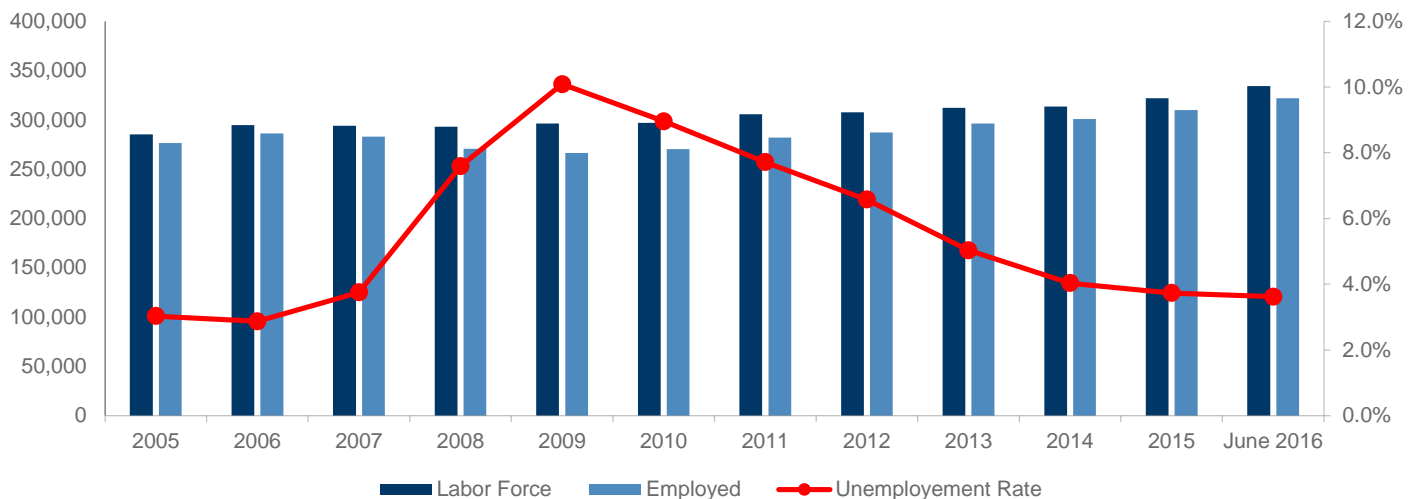
- Job growth will continue to be a positive indicator in Boise's economy as more and better jobs are added.
- Absorption will accelerate in 2016, largely as a result of the completion of City Center Plaza which will include approximately 200,000 sf of new space, all of which is pre-leased.
- Vacancy will continue to trend downward as very little product will be added to the market in 2016 that isn't already pre-leased.
- Limited supply is expected to continue putting upward pressure on average asking lease rates.

## Asking Rent by Class Trend



## Labor Market

THE UNEMPLOYMENT RATE CONTINUED TO DROP



MARKETBEAT

# Office Snapshot Mid-Year 2016

Boise



SUBMARKET	TOTAL BLDGS	INVENTORY	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	COMPLETED CONSTRUCTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)
Airport	11	395,977	52,230	13.2%	(2,130)	0	0	\$13.04
Central Boise	43	1,433,375	209,735	14.6%	1,455	0	0	\$13.10
Downtown Boise	62	3,904,347	389,369	10.0%	37,358	0	525,000	\$18.76
Eagle	16	469,465	52,444	11.2%	1,741	0	0	\$18.95
Meridian	34	1,315,348	120,857	9.2%	26,335	0	0	\$16.74
Nampa/Caldwell	29	1,037,072	117,184	11.3%	74,802	20,126	0	\$15.71
North Boise	16	390,998	67,408	17.2%	(6,314)	0	0	\$16.56
South Meridian	22	848,908	97,210	11.5%	2,525	0	0	\$20.54
Southeast Boise	28	1,475,601	180,407	12.2%	(5,472)	0	0	\$17.09
Southwest Boise	13	668,491	69,852	10.4%	19,052	0	0	\$16.68
West Boise	61	3,652,462	563,684	15.4%	(7,267)	0	0	\$15.22
<b>TOTAL</b>	<b>335</b>	<b>15,592,044</b>	<b>1,920,380</b>	<b>12.3%</b>	<b>142,085</b>	<b>20,126</b>	<b>525,000</b>	<b>\$16.42</b>

SUBMARKET	TOTAL BLDGS	INVENTORY	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	COMPLETED CONSTRUCTION	UNDER CNSTR	AVERAGE ASKING RENT
Class A	41	5,471,507	517,703	9.5%	72,046	0	525,000	\$20.58
Class B	251	8,772,595	1,146,407	13.1%	68,536	20,126	0	\$16.16
Class C	43	1,346,942	256,270	19.0%	1,503	0	0	\$12.35
<b>TOTAL</b>	<b>335</b>	<b>15,591,373</b>	<b>1,920,380</b>	<b>12.3%</b>	<b>142,085</b>	<b>20,126</b>	<b>525,000</b>	<b>\$16.42</b>

## Key Lease Transactions 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Stevens-Henager Building	15,548	The Internet Truckstop, LLC	New Lease	Southwest Boise
1655 Fairview	9,000	Tomorrow's Hope	Renewal	Downtown Boise
846 Parkcentre Way	7,728	DaVita Healthcare	New Lease	Nampa
Parkway Plaza – 3071 Franklin	5,843	Swapp Law PLLC	New Lease	Meridian

## Key Sales Transactions 2016

PROPERTY	SF	BUYER/SELLER	PRICE	SUBMARKET
Portico Office Tower	134,207	St Lukes Health System Ltd / Gardner Company	Confidential	Meridian

## Key Projects Under Construction

PROPERTY	SF	MAJOR TENANT	COMPLETION DATE	SUBMARKET
City Center Plaza	200,000	Clearwater Analytics / Boise State University	3Q 2016	Downtown Boise
Simplot Headquarters	325,000	J.R. Simplot Company	3Q 2016	Downtown Boise

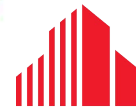
### Statistical Methodology:

Cushman & Wakefield, Pacific tracks all properties in the market; however, only for-lease properties 15,000 square feet and larger are used for the provided statistics.

MARKETBEAT

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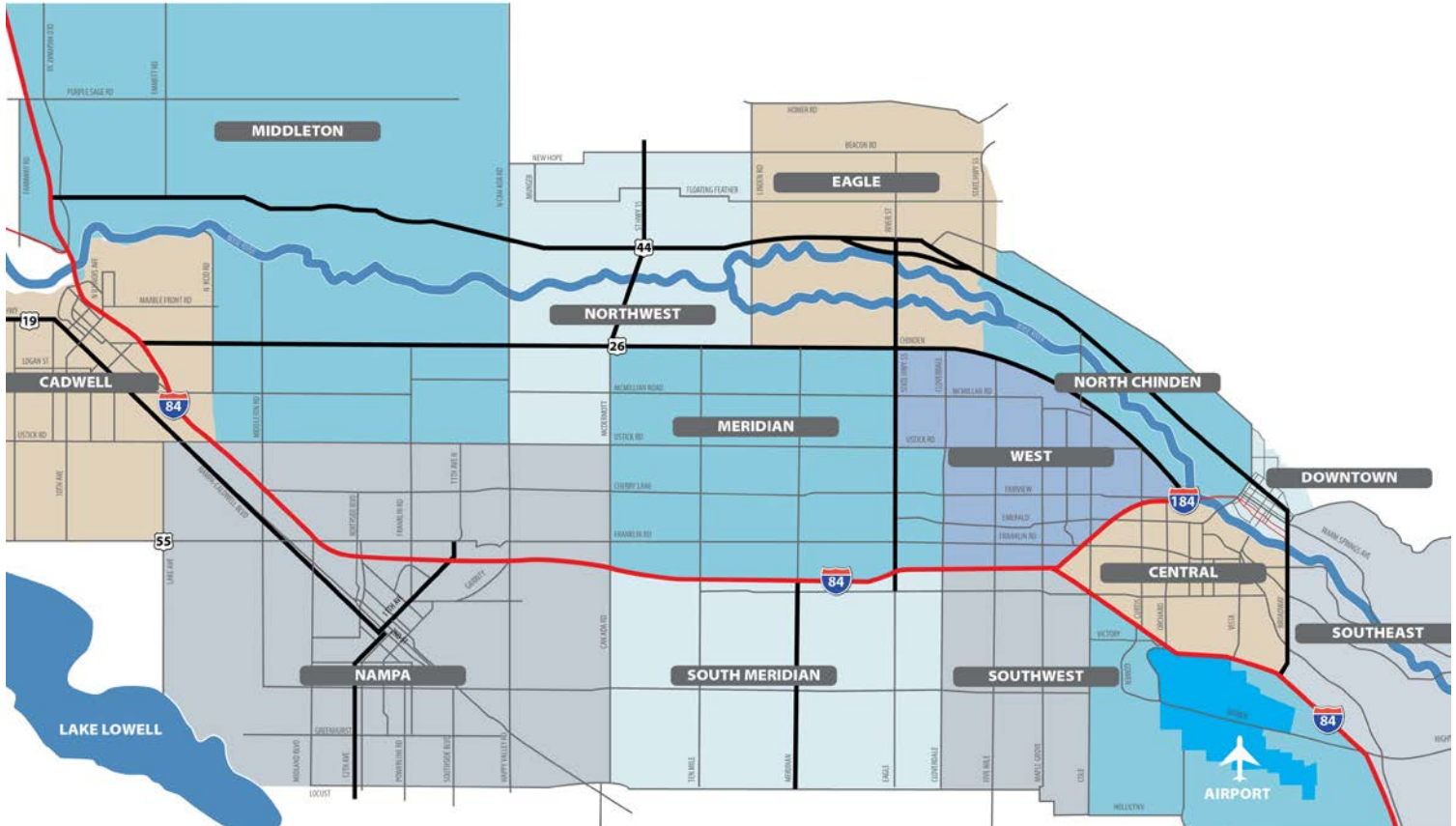
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## OFFICE SUBMARKETS

Boise



### About Cushman & Wakefield

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