



## ECONOMIC INDICATORS

National			
	Q2 2015	Q2 2016	12-Month Forecast
GDP Growth	2.7%	1.8%	▲
CPI Growth	0.0%	1.1%	▲
Consumer Spending Growth	3.3%	2.8%	▲
Retail Sales Growth	2.1%	2.6%	▲

Regional			
	Q2 2015	Q2 2016	12-Month Forecast
Household Income	\$49,295	\$50,525	▲
Population Growth	1.2%	1.4%	■
Unemployment	4.2%	3.7%	▼

Source: Moody's Analytics

## 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%.

## Retail Sales and Consumer Confidence Trends

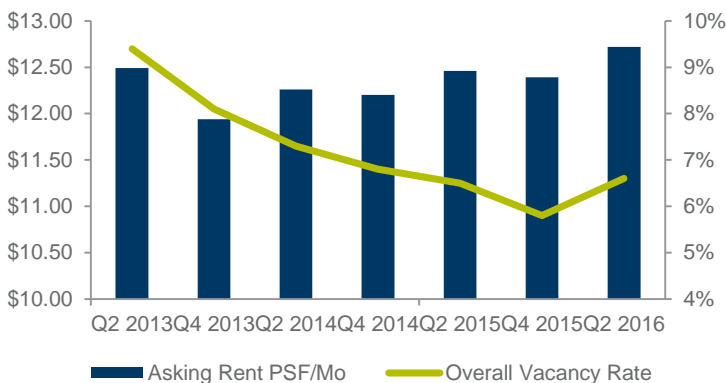


## Market Overview

In the first half of 2016, Boise continued to attract tenants from all over the nation looking to expand or open new locations. The average vacancy rate for the total market shrank to 5.8% from 6.5% year-over-year. Meridian remains to be the tightest market with 5.5% vacancy and commands the highest asking rates of \$15.50 triple net (NNN) per square foot (PSF)

Occupancy loss for big box retail increased with the closures of Sports Authority, Kmart, Hastings, Home Fabrics, and Cost Plus relocation. The Albertson's purchase of Paul's Market also resulted in three Paul's Market store closures. The 2016 store closure season was heavier than usual due in part to normal life cycle closures but also due to footprint right-sizing.

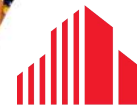
## Rental Rate vs. Overall Vacancy



Dollar stores, off-price apparel and food related concepts (both restaurants and grocery store chains) are the sectors currently driving growth in the overall market. New breweries/restaurants continued to open and existing breweries expanded. Payette Brewing Company expanded into a 35,582 sf production facility in Downtown Boise, White Dog Brewing Company is opening, and at least 4 additional breweries plan to open this year increasing the number of breweries in the Boise market to around 25.

# Retail Snapshot Mid-Year 2016

Boise

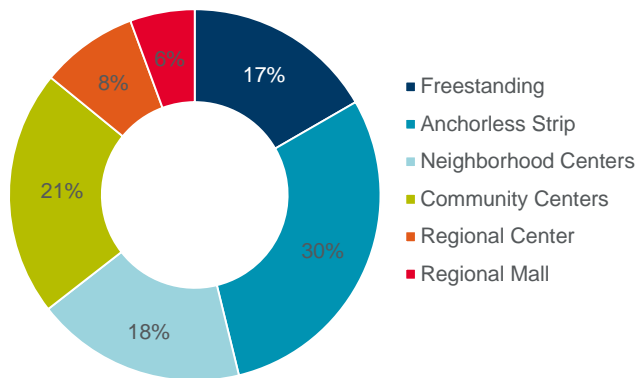


Downtown Boise saw 16 new openings in the first half of the year with 12 more coming. West Elm, the first in Idaho, opened in 13,000 sf on Idaho St. The new downtown development City Center Plaza is expected to open in Q3, 2016 with a strong retail line-up including Buffalo Wild Wings, Menchie's Frozen Yogurt, Gyro Shack, and Bronco Shop. The new Simplot Headquarters will bring additional retail and restaurant opportunities to the market.

## Downtown Boise saw 16 new openings in the first half of the year with 12 more coming.

The Downtown Boise retail market will continue to do well with the approximately 40,000 sf expansion of events space at Boise Centre opening and hotels Residence Inn, Hyatt Place, and Inn at 500 currently under construction.

### Availability by Type



The retail market in Eastern Idaho is also strengthening as a result of the improving economy. Developers are looking to these tertiary markets in Idaho for multi-use developments. Leasing activity is high as new tenants enter the market and compete for quality retail space.



Four new multitenant retail buildings were completed at North Pointe Shopping Center and occupied by Jersey Mike's, Smashburger, and Chipotle in North Boise. This Jersey Mike's was the first to open in Idaho. Additional tenants are opening at this development in the second half of the year including Massage Envy and Foxy Nails. The North Pointe development will be mixed use with a residential component and office buildings on the approximate 23 acre property.

The Village at Meridian announced the addition of 125,000 sf of retail space over the next 2 years and will bring the total gross leasable area of the center to 1.3 million square feet (sf) with 565,012 sf of that being retail. The Village also saw new to market tenants Athleta and Carhart, the retail portion is nearly 90% occupied.

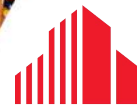
### Outlook

- Service and food related retail, which has little exposure to eCommerce, will continue to post strong growth.
- Restaurants, particularly fast casual concepts, will continue to be the strongest growing sector of retail, but saturation is increasingly an issue.
- Owners of big boxes may find that demising their properties to accommodate multiple smaller tenants is a necessity to lease up these vacancies.
- The combination of continued income growth, low unemployment and gas savings should translate into modest consumer spending gains.

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# Retail Snapshot Mid-Year 2016

Boise



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SUBMARKET	TOTAL BLDGS	INVENTORY	VACANCY RATE	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (NNN)
Boise	241	12,578,804	7.1%	(97,688)		\$12.26
Eagle	12	912,752	8.2%	1,490		\$12.22
Meridian	64	4,316,545	4.4%	(99,212)		\$15.50
Nampa/Caldwell	111	6,238,600	5.5%	54,254		\$11.37
<b>TOTALS</b>	<b>427</b>	<b>24,046,701</b>	<b>5.8%</b>	<b>(141,156)</b>		<b>\$12.72</b>

\*Rental rates reflect NNN asking \$psf/year

PROPERTY TYPE	TOTAL BLDGS	INVENTORY	VACANCY RATE	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (NNN)
Freestanding	113	5,187,005	5.1%	(104,834)		\$15.11
Anchorless Strip	205	5,306,142	8.8%	35,745		\$12.17
Neighborhood Center	57	4,006,233	7.3%	(21,921)		\$10.36
Community Center	35	4,441,548	7.7%	(102,595)		\$15.59
Regional Center	16	3,485,614	3.9%	48,879		\$16.60
Regional Mall	2	1,620,159	5.5%	3,570		NA

## Key Lease Transactions 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
West Elm - Idaho St	13,000	West Elm	Urban Center	Downtown Boise
16808 N Marketplace Blvd	6,028	Native Grill & Wings	Restaurant	Nampa/Caldwell
2810 W Idaho St	6,000	AER Auto Repair	Freestanding	North Boise
Five Mile Plaza	4,184	NorthWest Pets	Community Center	Southwest Boise

## Key Sales Transactions 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
3421 N Eagle Rd – Panera Bread	5,100	Tanklage Family LP	\$4,187,386	Meridian
1555 S Broadway Ave - Tilted Kilt	8,300	Ram of Idaho Land Co LLC / James A Kissler, LLC	Confidential	Central Boise
700 E Avalon St – Paul's Market	49,328	Paul's Market / Albertsons LLC	Confidential	Kuna

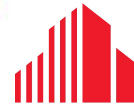
### Statistical Methodology:

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.

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# Retail Snapshot Mid-Year 2016

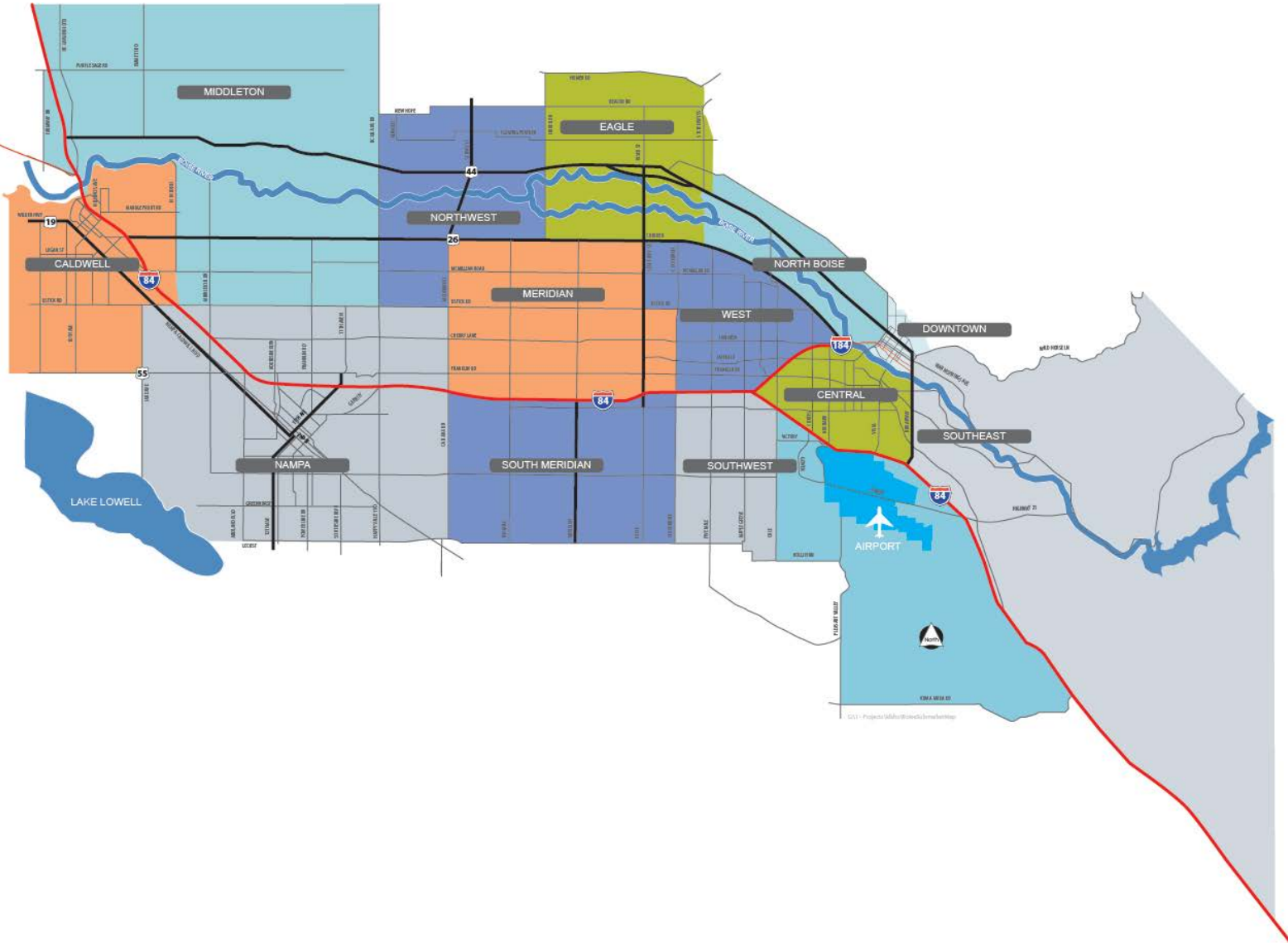
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## RETAIL SUBMARKETS

BOISE



### About Cushman & Wakefield

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