

MARKETBEAT

Boise

Investment Q4 2017



BOISE INVESTMENT

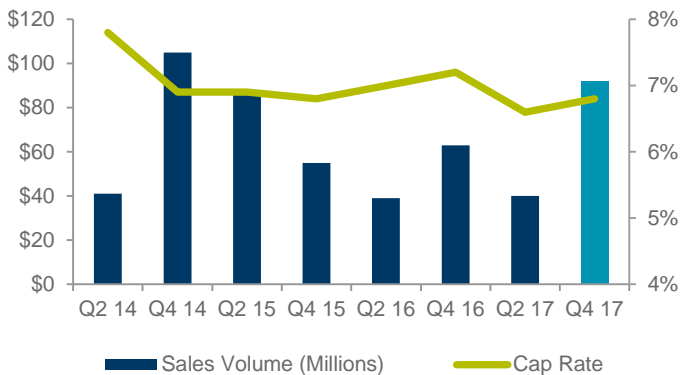
Economic Indicators

	Q2 2017	Q4 2017	12-Month Forecast
Boise Employment	314k	320k	▲
Boise Unemployment	3.2%	2.8%	▼
U.S. Unemployment	4.4%	4.1%	▼

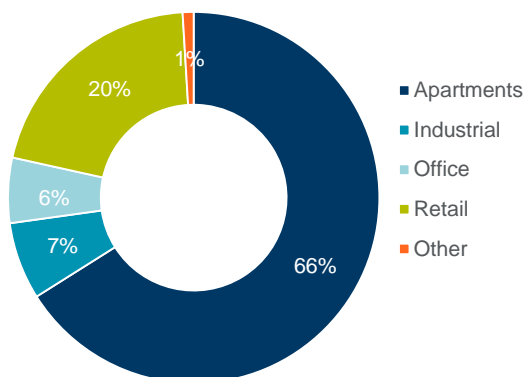
Market Indicators

	Q2 2017	Q4 2017	12-Month Forecast
Total Sales Volume	\$40.0m	\$92.0m	▲
Total SF (Commercial)	775k	2.48m	▲
Total Units (Multi-Family)	767	610	▼
Number of Transactions	76	103	▲

Investment Sales Volume and Cap Rates



Investment Volume by Property Type



Economic Overview

The U.S. economy witnessed strong growth in the second half of 2017 with low inflation and a rising labor market, the national unemployment rate was below 5.0% for the eighth straight quarter.. The Federal Reserve raised its benchmark interest rate for the fourth time in 2017 to a range of 1.25% to 1.50%.

In the Boise City-Nampa Metropolitan Statistical Area (MSA), the unemployment rate decreased to 3.0%, down by 0.6 percentage points year-over-year. Boise City-Nampa MSA's population is one of the fastest growing cities in the U.S. and is expected to continue a 1.8% growth rate, compared to 0.7% for the U.S.

Investment Overview

Boise's investment market is in the midst of a downshift cycle as investors evaluate the increasing interest rates and upward pressure on cap rates. Cap rates increased 2 basis points since mid-year and this trend is expected to continue into next year. Investors took a disciplined approach to real estate acquisitions looking for good value and solid total returns.

The Apartments sector accounted for 66% of the total investment activity for the second half of 2017, compared to 24% at mid-year. There are approximately 2,700 apartment units under construction across the Treasure Valley with the majority (1,000 units) under construction in Boise. With the Boise City-Nampa MSA population surging there is no sign of a drop in demand for multifamily units from potential renters.

Economic and employment indicators remain strong driving new out of state buyers to the market. Private Buyers accounted for 53% of the investors in the second half of the year and 46% of the investors were Institutional Buyers. Cushman & Wakefield Pacific expects Institutional Buyers to be even more active in 2018.

Outlook

With the increase in interest rates, the appetite for real estate risk will tighten and investment sales volumes will diminish.

Land and construction costs will impact all sectors of the market which will increase lease rates and slow down investment volumes in 2018.

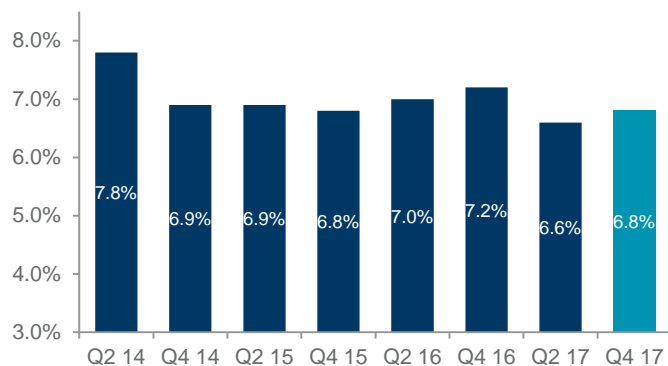
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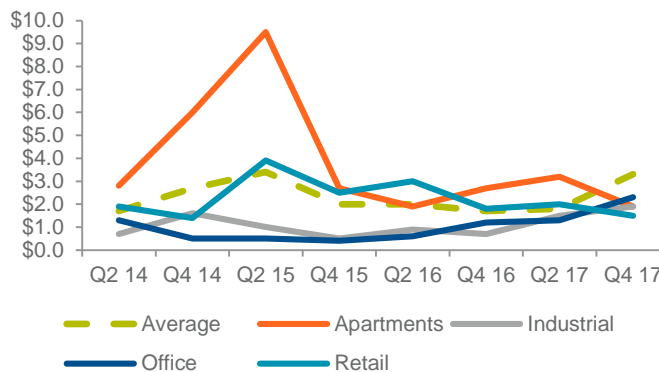
Investment Q4 2017



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	19	610	\$1,900,000	\$95,750	5.7%
Industrial	13	471,377	\$1,900,000	\$63	6.2%
Office	25	309,425	\$16,000,000	\$163	7.1%
Retail	38	659,531	\$1,500,000	\$226	6.5%
Other	2	23,024	\$500,000	\$55	11.5%
Total	103	2,486,549	\$3,300,000	\$92	6.8%

INVESTMENT HISTORY					
YTD 2017	187	4,617,653	\$2,000,000	\$107	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	592	11,950,477	\$2,400,000	\$97	6.8%

Key Investment Transactions 2017

PROPERTY TYPE	NAME	ADDRESS	SF/UNITS	SUBMARKET
Retail	BoDo	8 th St & Broad St	118,977	Downtown Boise
Industrial	Treasure Valley Tech Center	1550 S Tech Ln	105,434	Meridian
Apartments	Heron Village	51 E Blue Heron Dr	108	Meridian

Cushman & Wakefield Pacific
298 S 9th Street, Suite 260
Boise, ID 83702
www.paccra.com

For more information contact
Andi Yanik
Research Specialist
Tel: +1 (208) 287-8448
andi.yanik@paccra.com

About Cushman & Wakefield

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