

MARKETBEAT

Boise

Retail Q4 2017



ECONOMIC INDICATORS

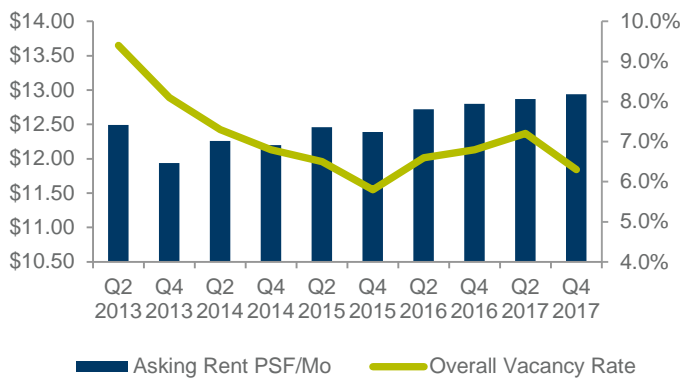
National			
	Q4 16	Q4 17	12-Month Forecast**
GDP Growth	1.8%	2.3%*	▲
CPI Growth	1.8%	2.0%*	▲
Consumer Spending Growth	2.8%	2.6%*	▼
Retail Sales Growth	3.7%	4.3%*	▲

Regional			
	Q4 16	Q4 17	12-Month Forecast
Household Income	\$53,693	\$54,535	▲
Population Growth	1.95%	2.2%	▲
Unemployment	3.6%	2.8%	▼

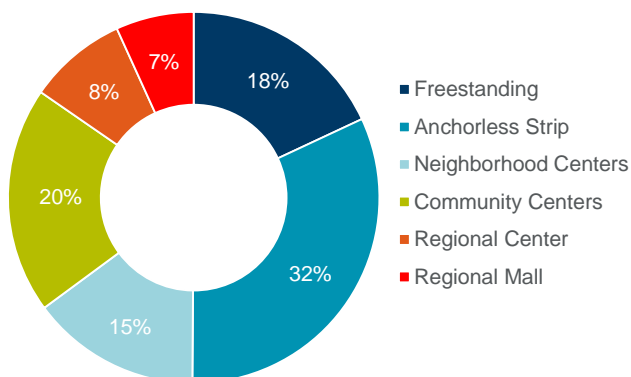
*Q3 Values. **Forecast by Cushman & Wakefield. Values Represent Year-over-year % change.

Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

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 also 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 2.8%, down by 0.8 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.

Market Overview

The retail market in Boise remains healthy, with a consistent low vacancy rate of 6.3% which is the lowest we have seen since 2015. The overall asking rent rose to \$12.94 per square foot per year (psf) in fourth quarter 2017 from \$12.80 psf at this time last year.

There was a record number of big box retailer bankruptcy and store closure announcements in the general merchandise and apparel categories in 2017. The weakest and outdated restaurant concepts increasingly struggled from a saturated marketplace and began to close locations.

Restaurant and grocery chains continued to drive the retail market. Boise-based Albertsons is in expansion mode backfilling former Shopko and Gordmans locations, they announced a new location in Barber Valley and broke ground on a new flagship store in Boise. Oregon-based Bi-Mart opened a store in Kuna and plans to open additional locations in Caldwell and Star in 2018.

Outlook

Retailer bankruptcy announcements will continue in 2018. This could lead to an increase of strategic closures from smaller tenants as they exercise co-tenancy clauses to close underperforming stores.

As land prices continue to inch upward and construction costs rise, we will see an increase in asking lease rates. We expect continued development of quick service restaurants, sit-down restaurants, and drive-thru properties through 2018.

With a population growth rate three times the national average, the overall retail market is expected to remain strong, with low vacancy and rising rents.

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SUBMARKET	TOTAL BLDGS	INVENTORY	VACANCY RATE	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (NNN)
Boise	245	12,683,140	6.8%	187,800	25,000	\$12.48
Eagle	12	912,752	8.3%	29,400	22,000	\$12.38
Meridian	66	4,364,010	6.1%	43,700	45,000	\$16.67
Nampa/Caldwell	113	6,337,010	5.2%	36,300	25,000	\$11.26
TOTALS	436	24,296,912	6.3%	297,200	117,000	\$12.94

*Rental rates reflect NNN asking \$psf/year

PROPERTY TYPE	TOTAL BLDGS	INVENTORY	VACANCY RATE	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (NNN)
Freestanding	119	5,328,609	5.2%	55,399	30,000	\$13.86
Anchorless Strip	206	5,328,471	9.2%	874	0	\$13.57
Neighborhood Center	58	4,071,824	5.6%	181,394	32,000	\$10.22
Community Center	35	4,441,548	6.8%	53,189	55,000	\$13.49
Regional Center	16	3,485,614	3.8%	-323	0	\$8.32
Regional Mall	2	1,620,159	6.4%	6,667	0	NA

Key Lease Transactions 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Westgate Shopping Center	22,105	Fly High Management, LLC	Lease	Southwest Boise
Franklin Towne Plaza	9,120	4 Wheel Parts	Lease	Southwest Boise
4379 Chinden	15,500	Advance Auto Parts	Lease	North Boise
6241 N Linder Rd	10,019	Dollar Tree	Lease	Meridian

Key Sales Transactions 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Advance Auto Parts	15,500	Northwest Development/Barry Entertainment	\$2,900,000 / \$199	North Boise
Dollar Tree	10,019	Northwest Development/Glenbrook West	\$2,300,000 / \$234	Meridian
Library Plaza	82,123	Library Plaza/Chinatown Plaza	\$2,300,000 / \$28	West Boise

Statistical Methodology:

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

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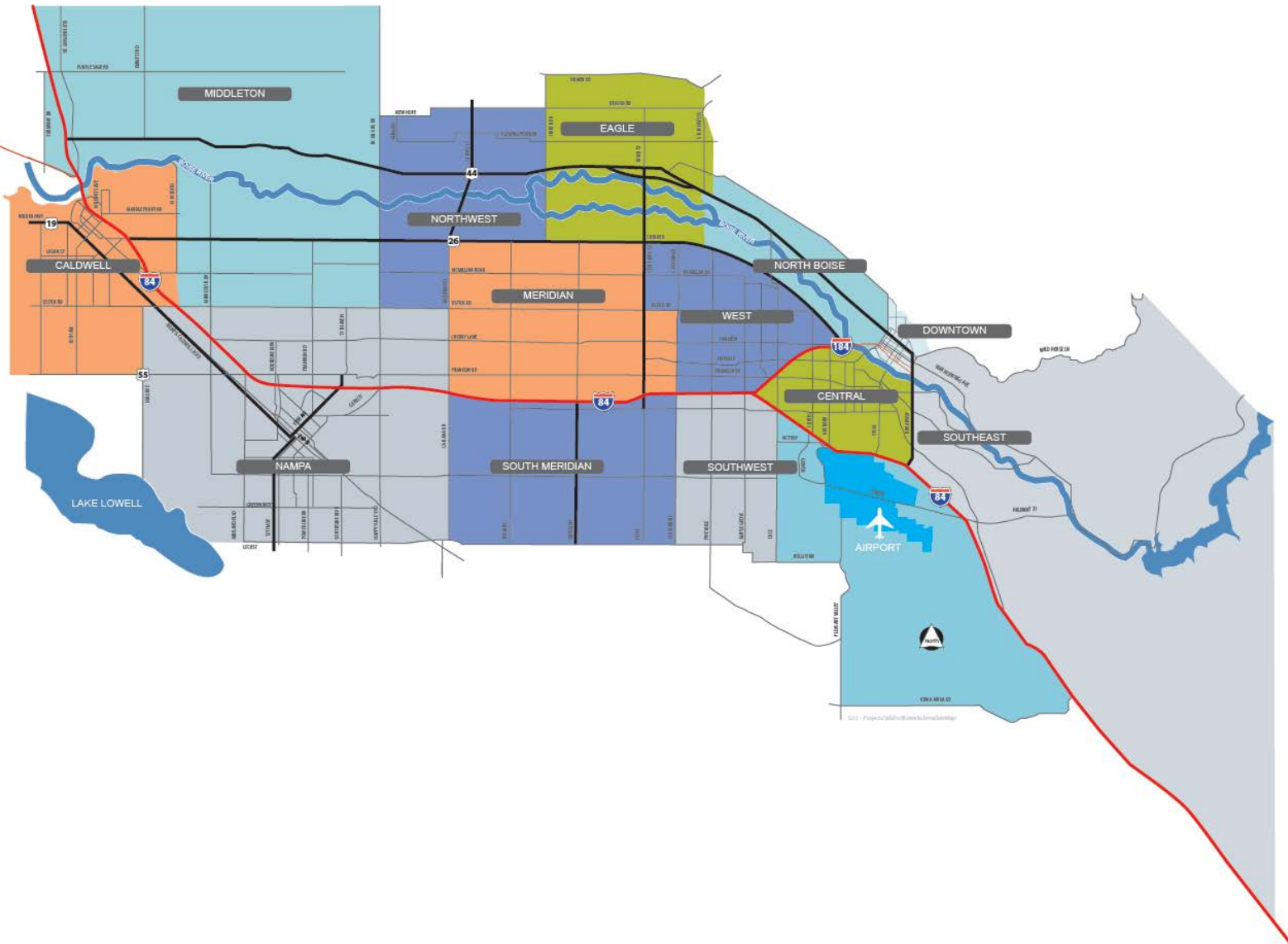
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RETAIL SUBMARKETS

BOISE



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