

BOISE INDUSTRIAL

Economic Indicators

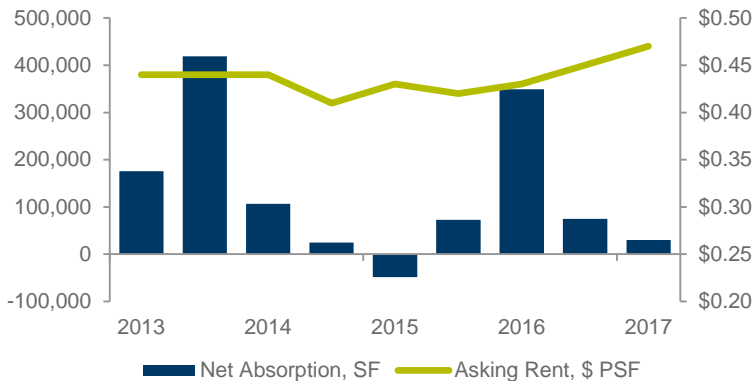
	Q2 2016	Q2 2017	12-Month Forecast
Boise Employment	303k	314k	▲
Boise Unemployment	3.4%	3.2%	▼
U.S. Unemployment	4.9%	4.4%	▼

Market Indicators

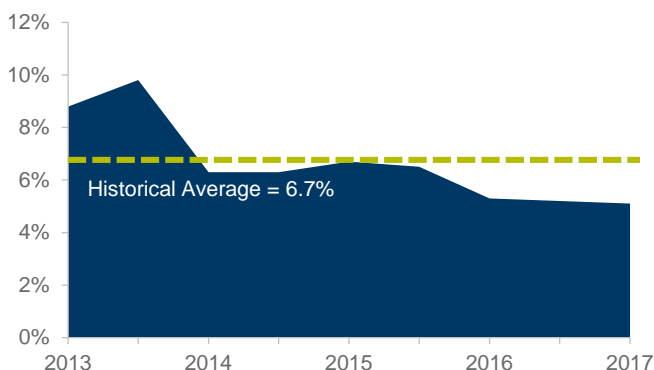
	Q2 2016	Q2 2017	12-Month Forecast
Overall Vacancy	5.3%	5.1%	▼
Net Absorption	349k	300k	▼
Under Construction	120k	400k	▲
Overall Average Asking Rent	\$0.43	\$0.47	■

Net Absorption/Asking Rent

TRAILING AVERAGE



Overall Vacancy



Economy

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 to fall to 3.2%, well below the national average. The tech and medical industries remain key drivers on employment.

Market Overview

The first half of 2017 saw the Industrial market continue to tighten leaving fewer options for companies looking to expand or relocate. With vacancy rates near historic lows, Landlords with quality assets in good locations have been able to capture top of the market rents which are approaching the mid to low \$0.60 per square foot (psf) range.

The Beechcraft Building, a speculative project located in the Airport submarket, consisting of 52,500 square feet (sf) of distribution space was absorbed upon completion. The same developer also delivered their Slipstream Building, a 60,000 sf building to the Caldwell Submarket, continuing a trend of Caldwell being one of the most active submarkets in the Treasure Valley. Other such notable transactions include Corson Distilling leasing 37,300 sf in Boise and Limitless Entertainment leasing 42,000 sf in Meridian.

The owner-user market has remained extremely tight. Many of the companies that prefer to own have had a difficult time finding properties that will accommodate their expansion needs. It's common place for properties that are well positioned and priced accordingly to receive multiple offers. Due to lack of inventory and high construction costs, many of these companies buy land and build a facility that will fit their needs. This trend is likely to continue since much of the industrial space in the Treasure Valley is occupied by owner-users.

Outlook

While vacancy has continued to trend downward, rental rates for new and quality assets has continued to rise, which will create more opportunity for developers looking to build speculative projects. The Treasure Valley is likely to see a healthy amount of speculative development in the industrial sector in the 2nd half of 2017 and into 2018.

MARKETBEAT

Industrial Snapshot Mid-Year 2017

Boise



SUBMARKET	TOTAL BLDGS	INVENTORY	VACANT SF	OVERALL VACANCY RATE	DIRECT WEIGHTED AVG. NET RENT
Airport	73	4,716,263	320,781	6.8%	\$0.49
Nampa/Caldwell	147	10,260,236	202,291	2.0%	\$0.40
Meridian/Eagle	69	3,844,140	304,343	7.9%	\$0.57
Boise	190	11,044,545	697,587	6.3%	\$0.47
BOISE TOTALS	479	29,440,369	1,525,002	5.1%	\$0.47

PROPERTY TYPE	TOTAL BLDGS	INVENTORY	VACANT SF	OVERALL VACANCY RATE	DIRECT WEIGHTED AVG. NET RENT
Manufacturing	88	10,694,077	282,501	2.6%	\$0.60
Flex	92	3,041,830	152,102	5.0%	\$0.36
Warehouse/Distribution	299	16,129,277	1,090,399	6.8%	\$0.48
BOISE TOTALS	479	29,440,369	1,525,002	5.1%	\$0.47

*Rental rates reflect asking NNN \$psf/month

Key Lease Transactions 2017

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
Beechcraft Building	37,500	PODS Enterprises	Warehouse/Distribution	Southeast Boise
Distribution Facility	37,320	UFP Caldwell, LLC	Warehouse/Distribution	Southeast Boise
Creamline IV	22,500	TBD	Warehouse/Distribution	Meridian
Madison Road Facility	16,080	Lippert Components, Inc	Warehouse/Distribution	Nampa

Key Sales Transactions 2017

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
Alside Supply Center	40,000	Michell Investments / HIS Liquidation	\$3,150,000 / \$78.75	Meridian
255 Steelhead Way	61,119	PWS HC, LLC / Diamond Tail Realty, LLC	Undisclosed	West Boise
11801 W Executive Dr	52,850	Lorlan Development / Ruth Armstrong Family	Undisclosed	Central Boise

Statistical Methodology:

Cushman & Wakefield, Commerce tracks all properties in the market; however, only for-lease properties 20,000 square feet and larger are used for the provided statistics.

About Cushman & Wakefield

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