

BOISE OFFICE

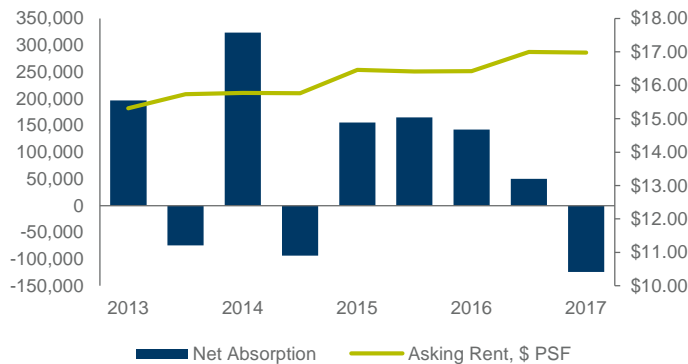
Economic Indicators

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

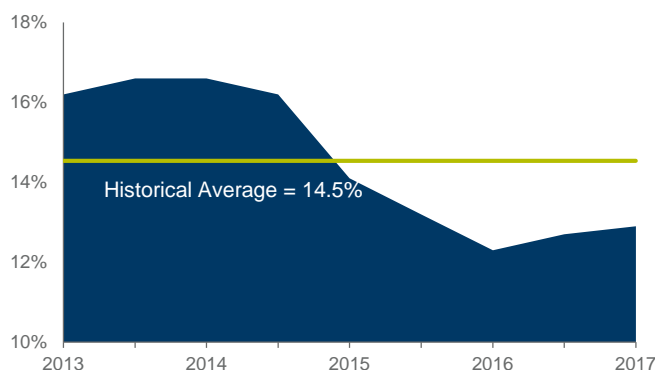
Market Indicators

| | Q2 2016 | Q2 2017 | 12-Month Forecast |
|---------------------|---------|---------|-------------------|
| Overall Vacancy | 12.3% | 12.9% | ▲ |
| Net Absorption | 321k | (124k) | ▼ |
| Under Construction | 525k | 400k | ▼ |
| Average Asking Rent | \$16.42 | \$16.98 | ▲ |

Net Absorption/Asking Rent



Overall Vacancy



Economic Overview

The U.S. economy reported modest growth in the second quarter of 2017. The Federal Reserve raised its target interest rate for the third time in six months, up 25 basis points (bps) to a range of 1.00% to 1.25%. The unemployment rate was below 5.0% for the sixth straight quarter.

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 dominant factor across the Boise market has been the new office space scheduled for completion. Cushman & Wakefield Pacific is currently tracking approximately 400,000 square feet of office space under construction, equivalent to 3.0% of existing inventory. Most of the new construction is concentrated to Meridian, Downtown Boise, and Nampa.

There continued to be parking shortages in Downtown Boise causing Tenants to look for space in the periphery or outside downtown. New Downtown Boise parking garages have been proposed, it was announced that a local Boise developer plans a garage for 700 spaces.

Appetite for smaller availabilities remained strong and created a tight market for small to medium sized users. The environment for rental rate growth heavily favored Landlords with Class-A product. The Class-A asking lease rate has increased nearly \$3.00 per square foot (psf) since 2013. The average asking lease rate for the overall market is now around \$17.00 psf, which is about a 3.5% increase since this time last year.

Office investment sales volume increased in the first half of the year and saw an average cap rate of 7.0%, which is reflective of the trend towards Tenants expanding their footprint and opting for a longer-term lease commitment than seen in recent history.

PINE 43 in Meridian is a planned mixed-use development with 100,000 square foot (sf) office space and is expected to break ground in Q4 2017.

Office Snapshot Mid-Year 2017

Boise



New corporate headquarters at Ten Mile Crossing for Brighton Corporation and Ameriben are now under construction off Ten Mile Road in Meridian. Paylocity announced plans to locate its 500 person Idaho headquarters to this new development.

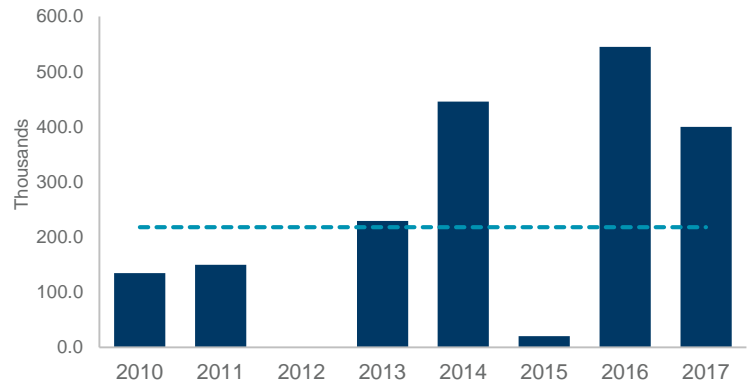
A mixed-use development, Pioneer Crossing, includes a hotel, parking garage, minimal retail and 130,000 square feet of office is under construction in Downtown Boise. The Class-A office building will be 5 stories with an estimated construction completion of Q1 2018.

Outlook

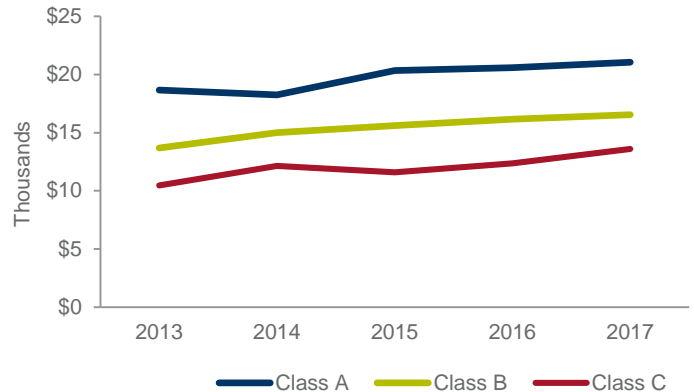
- New construction appears to be at its inflection point as the amount of new inventory comes online. High construction costs compared to low rental rates will contribute to new construction starts slowing.
- The limited existing and new supply is expected to continue putting upward pressure on average asking lease rates.
- Tenants will continue to seek out efficient, Class A work environments for their employees.
- Boise will continue to benefit from the improved economy and strong employment base as a key driver to the office market.

New Supply

NEW SUPPLY REMAINED BELOW ITS 5 YEAR AVERAGE



Asking Rent by Class Trend



Labor Market

THE UNEMPLOYMENT RATE CONTINUED TO DROP



MARKETBEAT

Office Snapshot Mid-Year 2017

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 | 73,017 | 18.4% | (20,787) | 0 | 0 | \$15.60 |
| Central Boise | 43 | 1,433,375 | 202,316 | 14.1% | 7,419 | 0 | 0 | \$14.20 |
| Downtown Boise | 63 | 4,104,347 | 495,593 | 12.1% | (106,224) | 525,000 | 130,000 | \$20.20 |
| Eagle | 16 | 469,465 | 50,387 | 10.7% | 2,057 | 0 | 65,000 | \$19.75 |
| Meridian | 34 | 1,315,348 | 133,914 | 10.2% | (109,707) | 0 | 200,000 | 17.36 |
| Nampa/Caldwell | 29 | 1,037,072 | 111,548 | 10.8% | 5,636 | 0 | 0 | \$15.78 |
| North Boise | 16 | 390,998 | 59,393 | 15.2% | 8,015 | 0 | 0 | \$16.24 |
| South Meridian | 22 | 848,908 | 135,964 | 15.2% | 57,896 | 0 | 0 | \$17.15 |
| Southeast Boise | 28 | 1,475,601 | 154,043 | 10.4% | 26,364 | 0 | 0 | \$17.76 |
| Southwest Boise | 13 | 668,491 | 43,717 | 6.5% | 26,135 | 0 | 0 | \$15.30 |
| West Boise | 61 | 3,700,188 | 584,569 | 15.8% | (20,885) | 0 | 0 | \$15.35 |
| TOTAL | 336 | 15,839,770 | 2,044,461 | 12.9% | (124,081) | 525,000 | 395,000 | \$16.98 |

| SUBMARKET | TOTAL BLDGS | INVENTORY | TOTAL VACANT | VACANCY RATE | CURRENT NET ABSORPTION | COMPLETED CONSTRUCTION | UNDER CNSTR | AVERAGE ASKING RENT |
|--------------|-------------|-------------------|------------------|--------------|------------------------|------------------------|----------------|---------------------|
| Class A | 42 | 5,471,507 | 563,729 | 9.9% | 310,781 | 525,000 | 395,000 | \$21.07 |
| Class B | 251 | 8,772,595 | 1,258,174 | 14.3% | (243,260) | 0 | 0 | \$16.56 |
| Class C | 43 | 1,346,942 | 222,558 | 16.5% | 75,080 | 0 | 0 | \$13.60 |
| TOTAL | 336 | 15,839,770 | 2,044,461 | 12.9% | (124,081) | 525,000 | 395,000 | \$16.98 |

Key Lease Transactions 2017

| PROPERTY | SF | TENANT | TRANSACTION TYPE | SUBMARKET |
|---------------|--------|----------------------------|------------------|-----------------|
| River Quarry | 31,632 | PacificSource Health Plans | New Lease | Southeast Boise |
| 999 Main | 17,000 | Moffatt Thomas | New Lease | Downtown Boise |
| US Bank Plaza | 2,177 | Diligence, LLC | New Lease | Downtown Boise |

Key Sales Transactions 2017

| PROPERTY | SF | BUYER/SELLER | PRICE | SUBMARKET |
|------------------|--------|--|-----------------|----------------|
| One Front Plaza | 71,596 | Bennett One Front, LLC / Leavitt Capital Companies | \$14,500,000.00 | Downtown Boise |
| Premier Building | 30,493 | Calmar Properties, LLC / Premier Building Nampa, LLC | \$3,775,000 | Nampa |

Key Projects Under Construction

| PROPERTY | SF | MAJOR TENANT | COMPLETION DATE | SUBMARKET |
|-------------------------|---------|---------------------------------|-----------------|----------------|
| Pioneer Crossing | 130,000 | Boise Metro Chamber of Commerce | Q1 2018 | Downtown Boise |
| Ten Mile Crossing | 200,000 | Brighton / Ameriben / Paylocity | 2017 | Meridian |
| The Bridges at Lakemoor | 65,000 | TSheets | Q3 2017 | Eagle |

Statistical Methodology:

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

MARKETBEAT

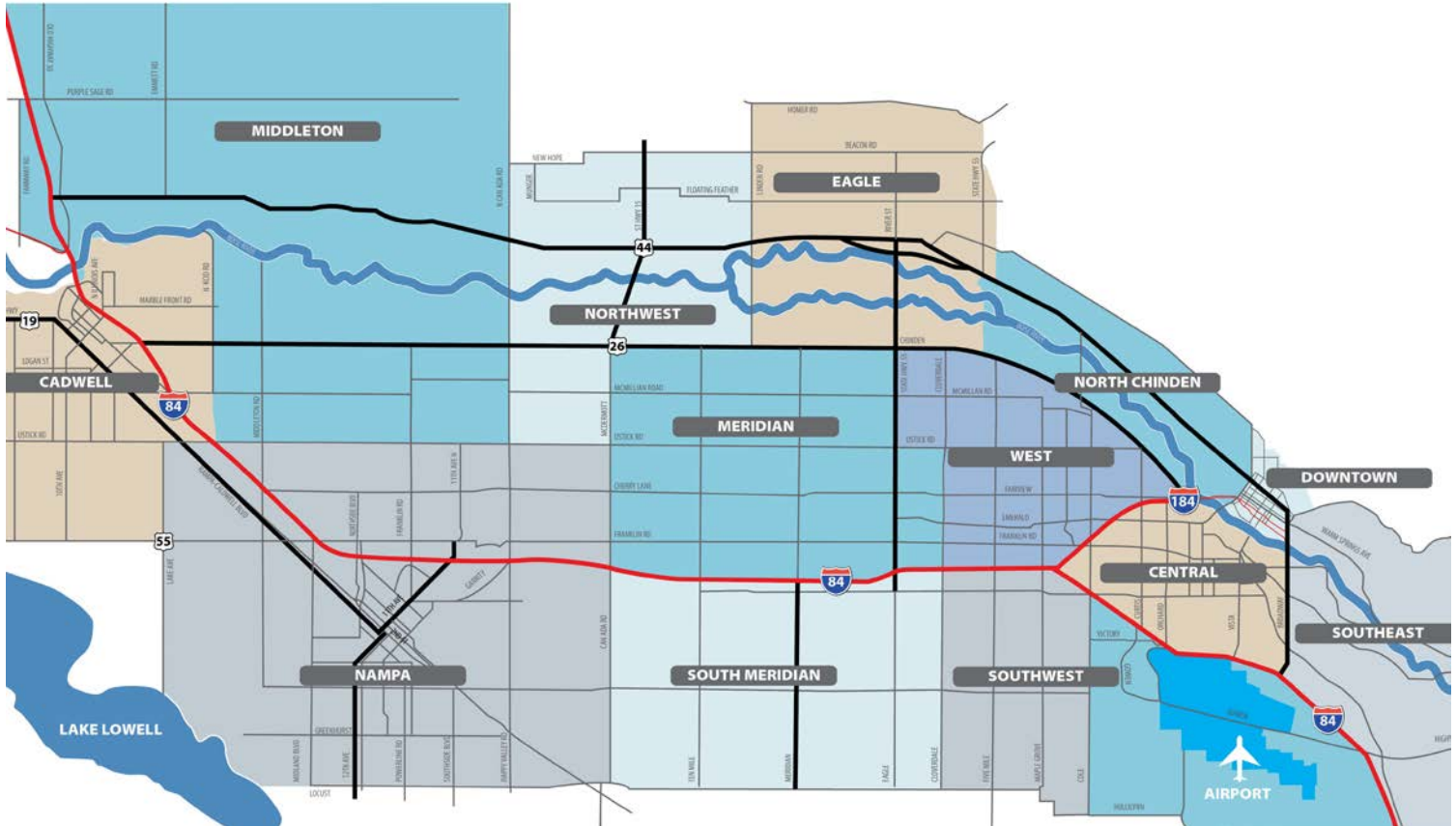
Office Snapshot Mid-Year 2017

Boise



OFFICE SUBMARKETS

Boise



About Cushman & Wakefield

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