



# Boise Industrial Market

## Record Construction Numbers Push Development to New Heights

### Current Conditions

- Direct vacancy increased 90 basis points quarter-over-quarter but remained 70 basis points lower than where the market stood one year ago.
- Absorption contracted in the third quarter of 2022 by 140,116 square feet; however, net absorption is expected to increase as buildings close to completion deliver in the coming quarters with leases already in place.
- Asking rents held steady quarter-over-quarter; rents have increased by 48.1% over the last five years in the metro as new, high-quality developments enter the market and push rates upwards.
- Construction for the metro is the highest its ever seen; sitting at 6.4 million square feet at the end of third-quarter 2022, 37.0% higher than second-quarter’s record of 4.7 million square feet. As construction costs increased across the nation, the metro’s growth, demographics, and cost of business have attracted companies and developers to the

### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory	51.4 MSF	51.1 MSF	49.9 MSF	↑
Vacancy Rate	2.5%	1.6%	3.2%	→
Quarterly Net Absorption (SF)	(140,116) SF	444,201 SF	355,676 SF	→
Average Asking Rent PSF	\$0.80	\$0.80	\$0.70	↑
Under Construction (SF)	6,435,224 SF	4,698,116 SF	1,758,677 SF	↓
Deliveries (SF)	332,528 SF	98,307 SF	295,283 SF	↑

### New Construction Rates

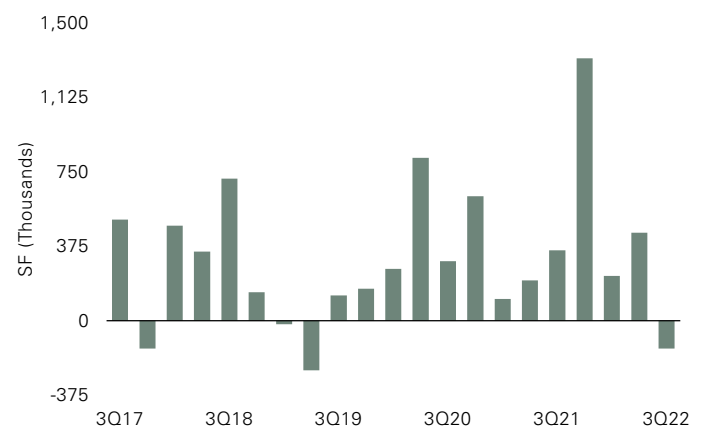
Average Asking Rates	\$0.75-0.80 NNN Monthly PSF
NNN Operating Expenses	\$0.15-0.18 NNN Monthly PSF

### Market Analysis

#### ASKING RENT AND VACANCY RATE

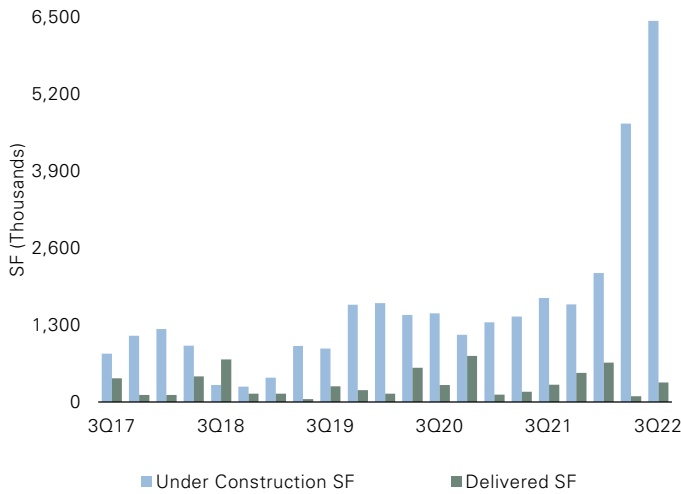


#### NET ABSORPTION



### Construction Overview

#### UNDER CONSTRUCTION AND DELIVERED SF



### Notable Projects Under Construction

Property Name	City	Estimated Delivery	Total Square Feet
Boise Gateway Industrial Park	Boise	Q3 2023	1,000,000
Red River Logistics Center	Boise	Q2 2023	900,981
Bldv Logistics	Nampa	Q2 2023	655,020
Park 84	Nampa	Q2 2023	605,570
Madison Logistics Center	Nampa	Q1 2023	345,024
North Ranch Logistics 1	Caldwell	Q4 2023	305,295
Northside Logistics Center	Nampa	Q2 2023	270,000
16764 Northside Blvd.	Nampa	Q3 2023	260,000
Al Gowen Industrial Park	Boise	Q1 2023	220,160
16810 Northside Blvd.	Nampa	Q3 2023	210,000

### 2022 YTD Notable Sale Transactions

Property Name/Address	City	Sold SF	Sold Date	Total Sale Price	Price/SF	Cap Rate	Buyer
7031 S. Eisenman Rd.	Boise	166,562	July 2022	Confidential	N/A	N/A	W.P. Carey Inc.
1820 E. Fargo Ave.	Nampa	135,470	February 2022	\$19,886,717	\$146.80/SF	5.9%	SomeraRoad Holdings
11193 W. Emerald St.	Boise	77,962	May 2022	\$17,750,000	\$227.68/SF	4.7%	Confidential
6700 Business Way	Boise	30,540	July 2022	\$6,700,000	\$219.38/SF	N/A	Michael Boren
Cole Road Plaza	Boise	39,970	June 2022	\$5,500,000	\$137.60/SF	5.0%	Confidential

### 2022 YTD Notable Lease Transactions

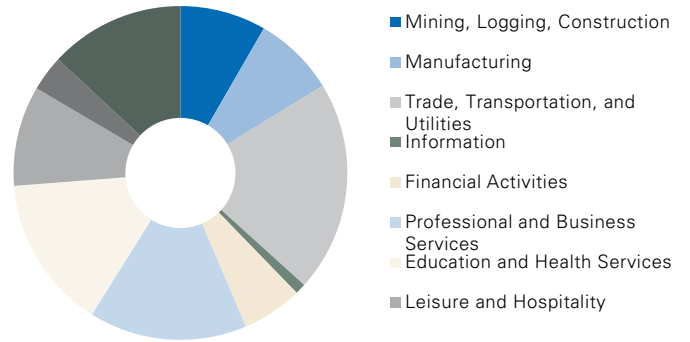
Property Name/Address	City	Leased SF	Leased Date	Tenant
Fuller84	Nampa	83,520	August 2022	Ernest Packaging Solutions
Al Gowen Industrial Park	Boise	72,928	August 2022	PODS
The Linden Building	Caldwell	70,000	March 2022	Ryder
12450 Franklin Rd.	Boise	58,000	June 2022	Dal-Tile
361-443 Steelhead Way	Boise	31,500	Feb 2022	XPO Logistics

## Economic Overview

Boise is the third largest metro in the Northwest and came in as the sixth fastest population growth from 2010-2019 for the nation. With a labor participation rate 4.7% higher than the national rate, the metro recovered well from the COVID-19 economic disruption and sits at a 2.7% unemployment rate as of August 2022. Positive job growth in education and health services and government sectors both exceeded 6.0% year-over-year. Information, other services, and leisure and hospitality job growth contracted year-over-year but all three have recaptured and/or exceeded jobs lost due to the pandemic. With rising inflation costs that match those experienced across the nation, both employers and employees are more mindful than ever about where money is going and watching for ways to cut unnecessary expenses.

## Employment by Industry

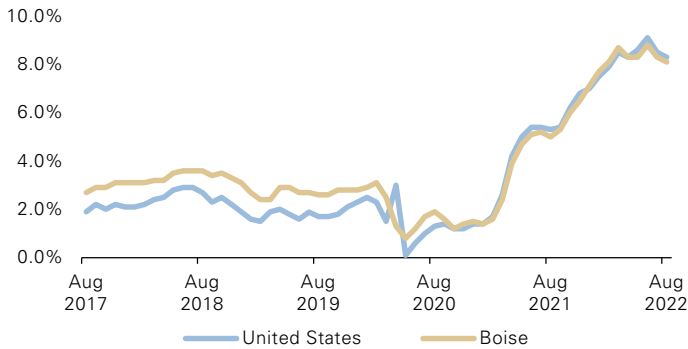
BOISE METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

## Consumer Price Index (CPI)

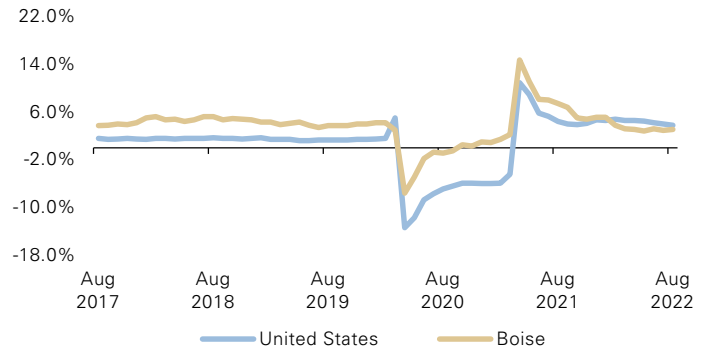
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

## Payroll Employment

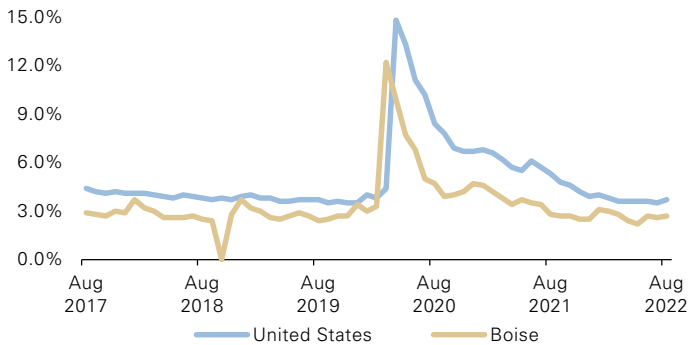
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

## Unemployment Rate

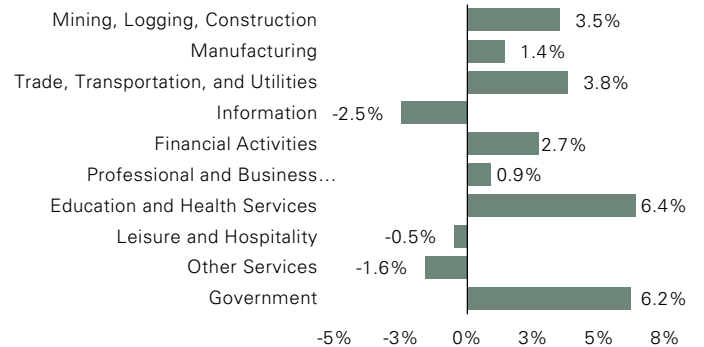
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

## Employment Growth by Industry

BOISE METRO, AUGUST 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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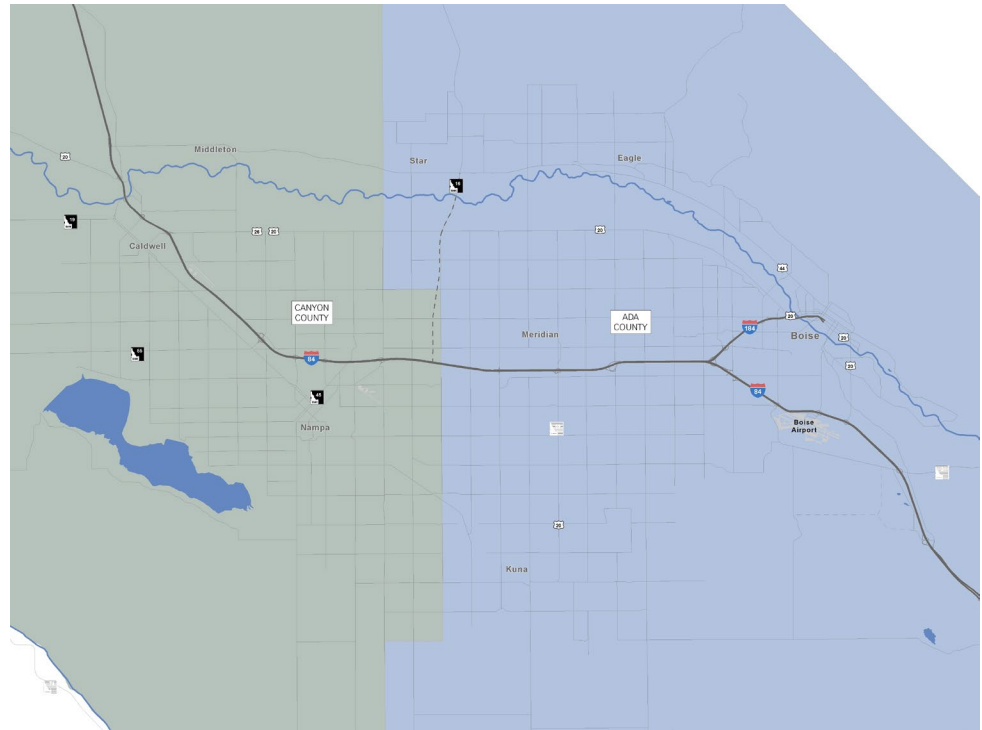
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