

TREASURE VALLEY *Colliers* MARKET REVIEW



Q4
2019

Research & Forecast Report
Treasure Valley | Q4 and Year End 2019

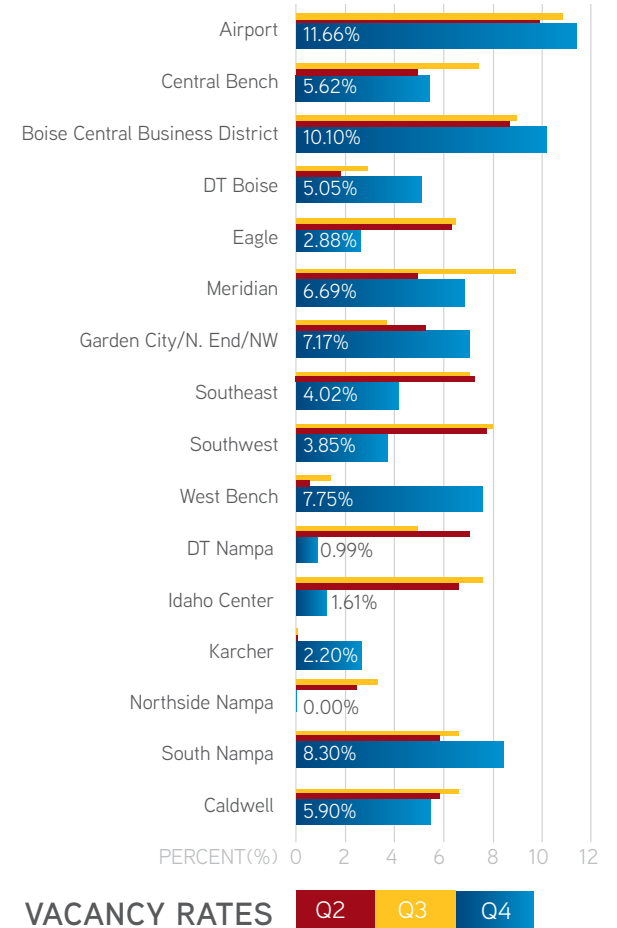


Office

Nationally, the office vacancy has dropped to a record low of 11.4% and has remained below its historic average for 19 consecutive quarters.

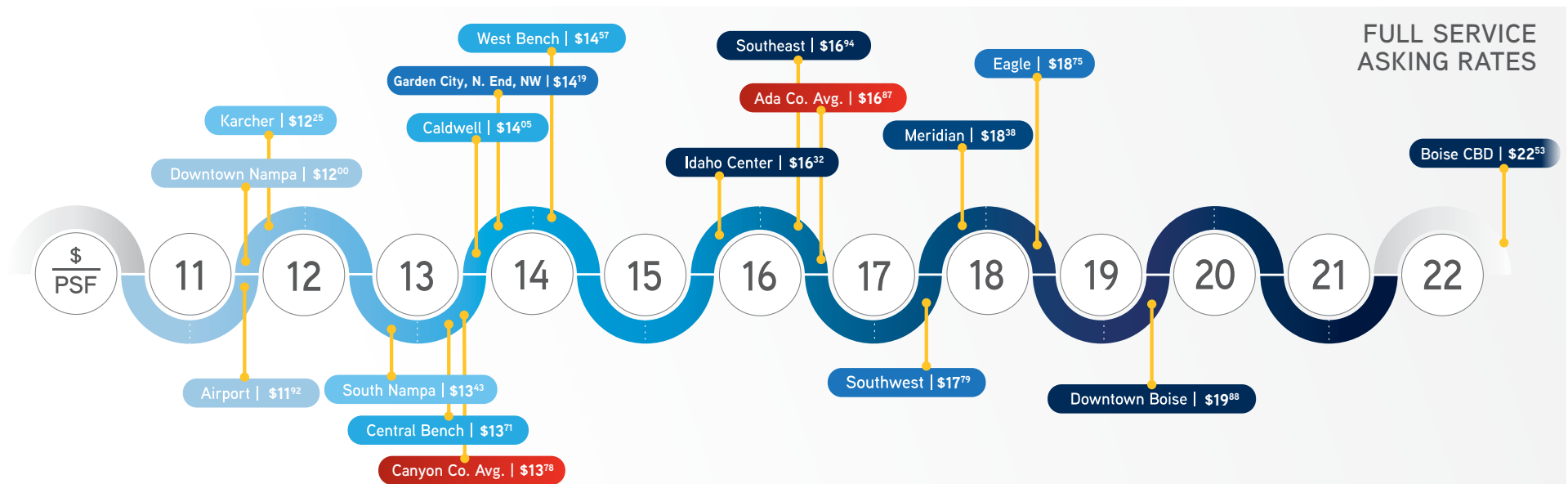
86% of markets nationwide saw positive absorption and there is currently 150 million square feet of new office space being constructed across the country.

Investors continue to favor suburban assets such as Ten Mile Crossing & Eagle Landing in addition to Boise's central business district properties.



THE SUBURBAN OFFICE MARKET IS HEATING UP






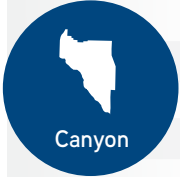
Q4 OFFICE TRENDS

- » Ten Mile Crossing continues to see growth. Ball Ventures Ahlquist (BVA) recently broke ground on its fourth building in the business complex. The new building, Lasalle, will be five stories, and will offer more than 125,000 square feet of office space, of which, 65,000 square feet will be occupied by Perspecta. At full build out, it will bring the development at Ten Mile Crossing to over 800,000 square feet of Class A commercial space.
- » The Treasure Valley currently has close to half a million square feet of Class A office space currently under construction or about to break ground.
- » Average asking rates across the Treasure Valley have increased \$0.54 in 2019. This is expected to continue into 2020, especially on new construction.
- » BVA also recently broke ground on two office buildings at the former Farmstead site just south of I-84 in Meridian. They have four Saltzer urgent care clinics planned, the first of which recently broke ground at Meridian and Victory road.
- » The Treasure Valley saw nearly half a million square feet of office space absorbed in 2019. Expect this trend to continue into 2020 new product becomes available and as out of state companies continue to move their back office work to Boise, and as local companies continue to grow.

2019 TRANSACTION HIGHLIGHT

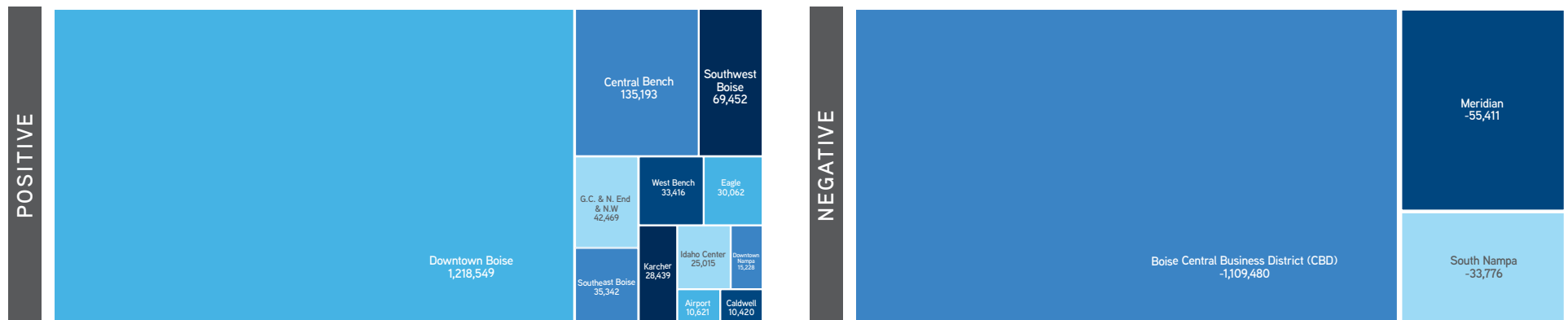


Office MARKET STATISTICS

	SUBMARKET	FS AVERAGE ASKING RATE	ASKING RATE CHANGE 2018-2019	TOTAL SF IN SUBMARKET	TOTAL SF AVAILABLE	Q4 VACANCY	VACANCY CHANGE Q3-Q4	VACANCY CHANGE 2018-2019	ABSORPTION Q3-Q4	ABSORPTION 2018-2019
	Airport	\$11.92	\$0.58	367,906	42,897	11.66%	1.69%	-2.89%	(16,207)	10,621
	Central Bench	\$13.71	\$0.63	2,576,385	144,733	5.62%	1.12%	-5.25%	(28,748)	135,193
	Boise Central Business District (CBD)	\$22.53	\$1.79	3,511,216	354,577	10.10%	-0.47%	0.82%	16,353	(1,109,480)
	Downtown Boise	\$19.88	\$1.02	3,591,446	181,263	5.05%	-1.97%	1.48%	70,803	1,218,549
	Eagle	\$18.75	\$2.75	843,713	24,324	2.88%	1.00%	-3.56%	(8,452)	30,062
	Meridian	\$18.38	\$(0.79)	3,596,205	240,627	6.69%	0.30%	1.54%	(10,719)	(55,411)
	Garden City & N. End & N.W.	\$14.19	\$(0.13)	839,158	60,157	7.17%	2.29%	-5.06%	(19,178)	42,469
	Southeast Boise	\$16.94	\$(1.10)	1,639,085	65,934	4.02%	-1.37%	-2.16%	22,401	35,342
	Southwest Boise	\$17.79	\$0.47	1,041,867	40,096	3.85%	-3.73%	-6.67%	38,893	69,452
	West Bench	\$14.57	\$0.28	3,765,104	291,888	7.75%	-0.07%	-0.89%	2,561	33,416
	ADA COUNTY TOTAL	\$16.87	\$0.63	21,772,085	1,446,496	6.64%	-0.36%	-1.35%	77,707	410,213
	Downtown Nampa	\$12.00	\$1.63	588,571	5,827	0.99%	0.27%	-2.59%	(1,605)	15,228
	Idaho Center	\$16.32	\$(2.18)	531,618	8,585	1.61%	-4.99%	-4.71%	28,771	25,015
	Karcher	\$12.25	\$(1.49)	344,403	7,574	2.20%	-4.41%	-8.26%	15,172	28,439
	Northside Nampa	N/A	N/A	196,919	0	0.00%	0.00%	0.00%	0	0
	South Nampa	\$13.43	\$2.00	511,853	42,471	8.30%	5.98%	6.60%	(30,618)	(33,776)
	Caldwell	\$14.05	\$1.13	500,116	29,514	5.90%	0.00%	-2.08%	0	10,420
	CANYON COUNTY TOTAL	\$13.78	\$0.46	2,673,480	93,971	3.51%	-0.44%	-1.70%	11,720	45,326
	TREASURE VALLEY TOTAL	\$15.33	\$0.54	24,445,565	1,540,467	6.30%	-0.37%	-1.38%	89,427	455,539

OFFICE SUBMARKET ABSORPTION SF | 2018-2019

*Due to the reconfiguration of our Downtown Boise submarket in 2019, we saw a dramatic absorption number at year end.



NATIONAL + LOCAL RETAIL MARKETS REMAIN BRIGHT

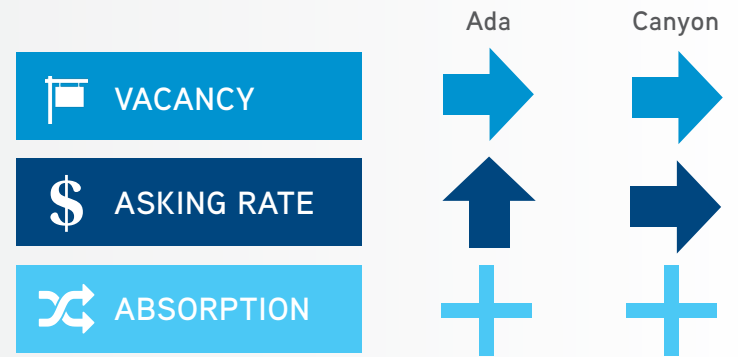


Retail

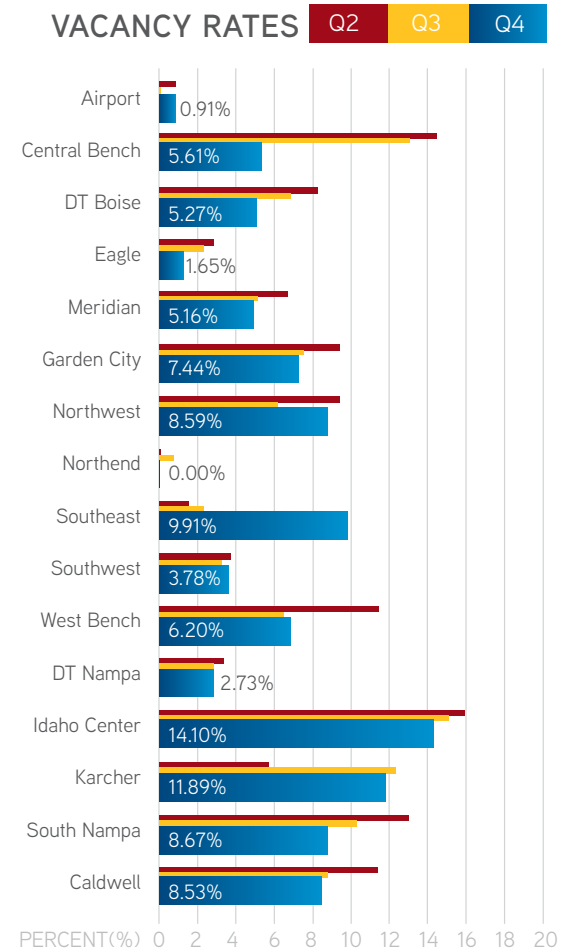
The majority of retail sales will continue to go through physical stores rather than online. 78% of the top retailers in the U.S say they are optimistic about their shops and believe they have a bright future.

Look for retailers to invest more in physical locations going into 2020.

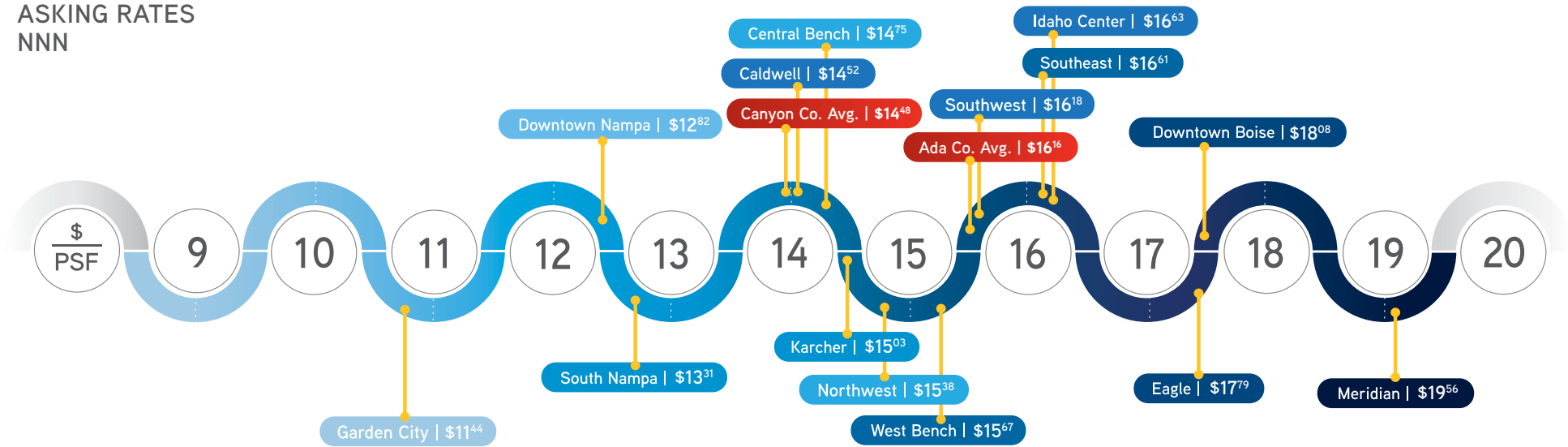
Kristen Armstrong's Pivot Lifestyle + Fitness has officially opened their second location. A ribbon cutting was held in mid-November at Pioneer Crossing in Downtown Boise to celebrate its grand opening. A third location will open in the spring of 2020 at Barber Station in southeast Boise and will consist of 10,000 square feet of fitness space.



VACANCY RATES



ASKING RATES NNN



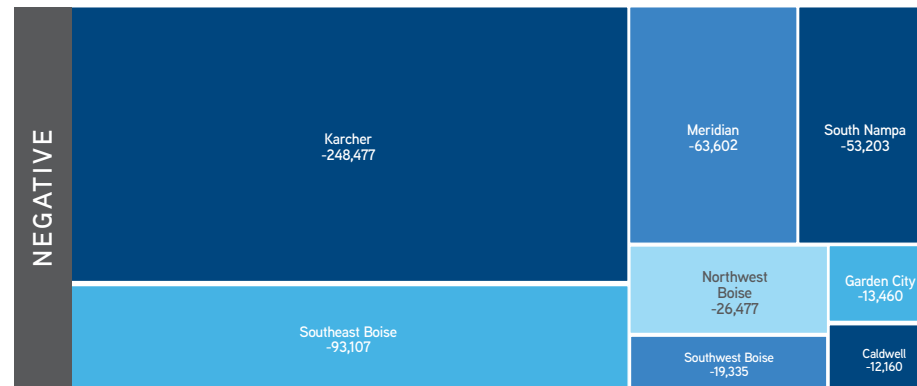
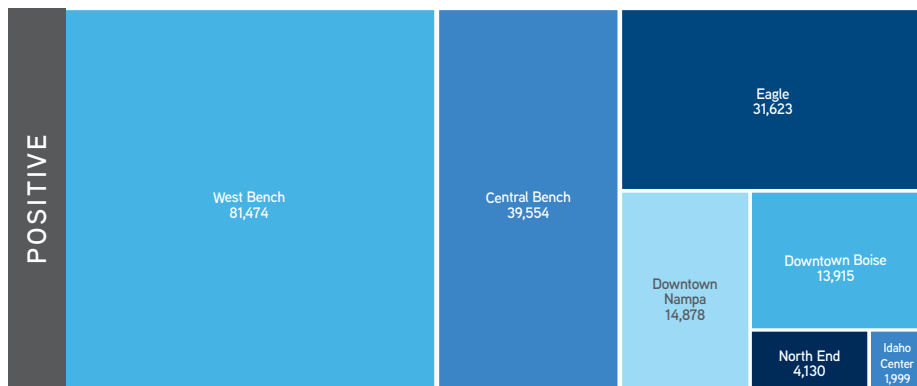
Q4 RETAIL TRENDS

- » Asking rates rose slightly across the Treasure Valley and vacancy held steady, hovering around 7%. As big box space is filled across Ada and Canyon counties, we will see vacancy drop, as there is currently over 460,000 square feet of big box space available for lease. If removed from the current data table, the Treasure Valley Total Retail Vacancy Rate would drop from just over 7% to below 5%.
- » The Karcher Mall will soon have a new name: The Karcher Marketplace. Rhino Investment Group recently broke ground on the redevelopment of Karcher Mall. In total, Rhino Investments will spend \$11 million to turn it into an open-air mall. They intend to add new restaurants, additional retail, and multifamily units during the redevelopment.
- » Asking rates for new construction (buildings currently under construction or that were completed in 2019) have an average asking rate of \$27.83/Sf NNN. That is near double the asking rate of the Treasure Valley (see page 7).
- » Redevelopment of the Nampa Shopko is currently under way, according to BoiseDev. Planet Fitness will be the first new tenant in what will now be a multi-tenant space.



2019 TRANSACTION HIGHLIGHT



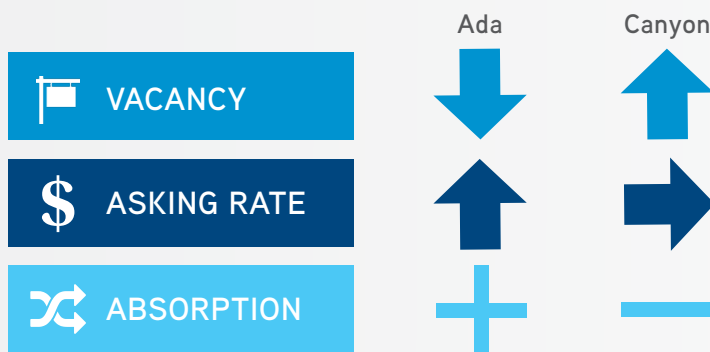
RETAIL SUBMARKET ABSORPTION SF | 2018-2019



Retail MARKET STATISTICS

	SUBMARKET	NNN AVERAGE ASKING RATE	ASKING RATE CHANGE 2018-2019	TOTAL SF IN SUBMARKET	TOTAL SF AVAILABLE	Q4 VACANCY	VACANCY CHANGE Q3-Q4	VACANCY CHANGE 2018-2019	ABSORPTION Q3-Q4	ABSORPTION 2018-2019
	Airport	N/A	N/A	165,517	1,510	0.91%	0.91%	0.00%	(1,510)	0
	Central Bench	\$14.75	\$1.89	1,477,031	82,884	5.61%	-7.74%	-2.68%	114,367	39,554
	Downtown Boise	\$18.08	\$0.87	1,732,238	91,228	5.27%	-1.14%	-0.80%	19,737	13,915
	Eagle	\$17.79	\$(0.21)	946,026	15,627	1.65%	-0.53%	-3.34%	5,040	31,623
	Meridian	\$19.56	\$1.73	3,616,321	186,496	5.16%	-0.20%	1.76%	7,298	(63,602)
	Garden City	\$11.44	\$0.55	752,910	56,004	7.44%	-0.13%	1.79%	990	(13,460)
	Northwest Boise	\$15.38	\$0.88	815,858	70,069	8.59%	2.46%	3.25%	(20,032)	(26,477)
	Northend	N/A	N/A	179,980	0	0.00%	-1.30%	-2.29%	2,332	4,130
	Southeast Boise	\$16.61	\$(1.44)	1,252,620	124,152	9.91%	7.73%	7.43%	(96,889)	(93,107)
	Southwest Boise	\$16.18	\$2.07	1,724,473	65,257	3.78%	0.25%	1.12%	(4,260)	(19,335)
	West Bench	\$15.67	\$0.92	3,003,811	186,285	6.20%	-0.12%	-2.71%	3,696	81,474
	ADA COUNTY TOTAL	\$16.16	\$(0.43)	15,666,785	879,512	5.61%	-0.20%	0.29%	30,769	(45,285)
	Downtown Nampa	\$12.82	\$(1.57)	828,628	22,627	2.73%	0.03%	-1.80%	(250)	14,878
	Idaho Center	\$16.63	\$(1.12)	1,410,717	198,885	14.10%	-1.24%	-0.14%	17,557	1,999
	Karcher	\$15.03	\$5.20	2,662,981	316,552	11.89%	-0.47%	9.33%	12,478	(248,477)
	South Nampa	\$13.31	\$(1.27)	716,417	62,079	8.67%	-2.23%	7.43%	15,976	(53,203)
	Caldwell	\$14.52	\$(0.04)	973,324	83,005	8.53%	-0.29%	1.25%	2,822	(12,160)
	CANYON COUNTY TOTAL	\$14.48	\$0.13	6,665,638	687,144	10.31%	-0.67%	4.52%	44,587	(300,959)
TREASURE VALLEY TOTAL		\$15.32	\$(0.15)	22,258,852	1,562,660	7.02%	-0.33%	1.56%	79,352	(342,248)

INDUSTRIAL MARKET REMAINS ACTIVE + NEW SUPPLY ON THE WAY

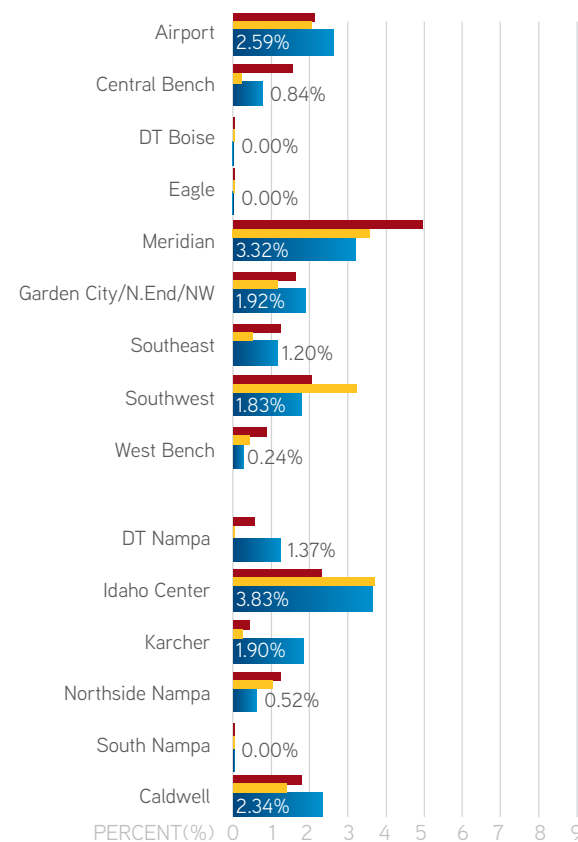


Industrial

The industrial segment remains very healthy, with record high asking rates and product under construction, while year to date net absorption is below last year's pace.

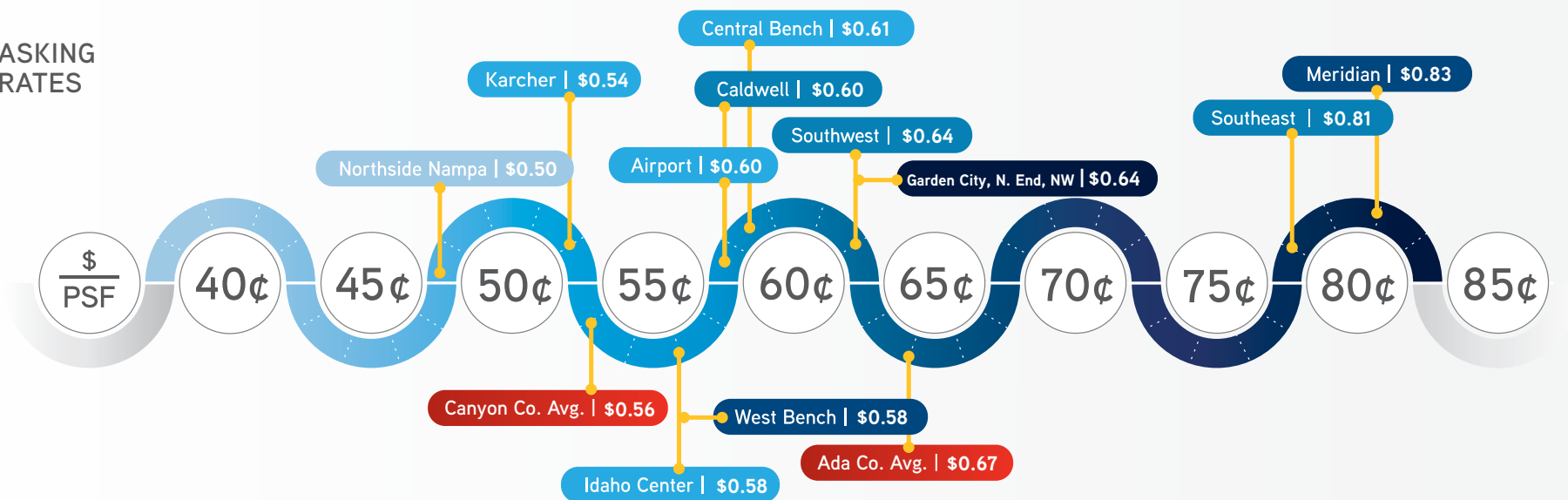
The national vacancy rate did drop slightly this quarter, however has remained essentially stable for the last two years. Look for this trend to continue in the coming quarters.

Look for the transaction volume for industrial space to remain strong due to projected stable economic fundamentals and the increasing need for modern industrial space.



VACANCY RATES Q2 Q3 Q4

ASKING RATES



Q4 INDUSTRIAL TRENDS

- » Locally, new construction is quickly being leased up, in many cases before the building is completed. There is also a high demand for light industrial triple net investments in the valley but not enough supply.
- » With record low vacancies in the Treasure Valley, net absorption volume increasingly relies on new construction. As new supply comes online in 2020 we should see net absorption rise.
- » Boise Gateway Industrial Park is a proposed 159-acre industrial development planned by Salt Lake City based Boyer Company. The proposed development includes 22 buildings with a total of 1 million square feet of industrial space.
- » CTX Inc. will move its Spokane manufacturing facility into a 79,000 square foot building in Nampa. CTX provides highly customized, modular and concrete buildings on a national scale. CTX aims to begin production in early 2020.

2019 TRANSACTION HIGHLIGHT

AMAZON FULFILLMENT CENTER
"PROJECT BRONCO"
 5295 E. Franklin Road
 Nampa
 Sale
 62 Acres

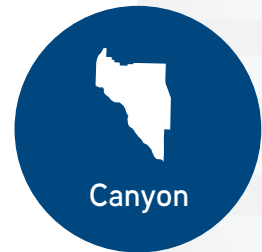
*Rendering courtesy of
City of Nampa*

Industrial MARKET STATISTICS



Ada

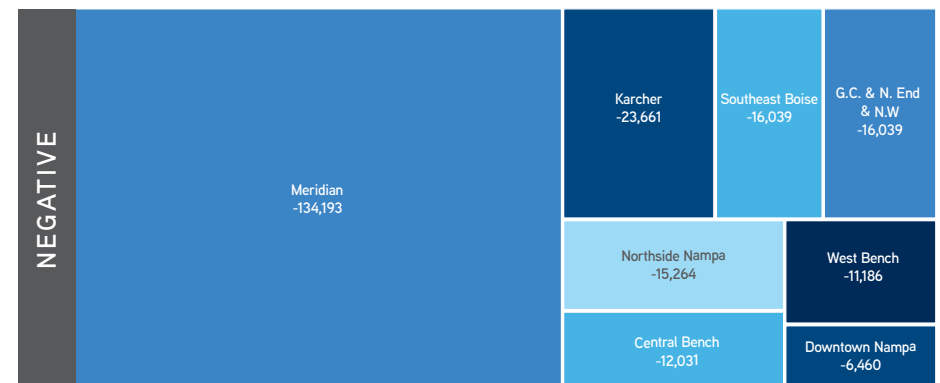
SUBMARKET	NNN AVERAGE ASKING RATE	ASKING RATE CHANGE 2018-2019	TOTAL SF IN SUBMARKET	TOTAL SF AVAILABLE	Q4 VACANCY	VACANCY CHANGE Q3-Q4	VACANCY CHANGE 2018-2019	ABSORPTION Q3-Q4	ABSORPTION 2018-2019
Airport	\$0.60	\$0.09	4,499,744	116,527	2.59%	-0.50%	-5.10%	22,697	363,620
Central Bench	\$0.61	\$0.21	2,645,085	22,231	0.84%	-0.25%	0.45%	6,669	(12,031)
Downtown Boise Total	N/A	N/A	1,000,748	0	0.00%	-0.17%	-0.21%	1,680	2,116
Eagle	N/A	N/A	351,896	0	0.00%	0.00%	0.00%	0	0
Meridian	\$0.83	\$0.08	4,158,439	138,263	3.32%	-0.47%	3.30%	22,353	(134,193)
G.C. / N.End / NW	\$0.64	\$(0.12)	2,191,634	42,024	1.92%	-0.14%	0.73%	3,032	(16,039)
Southeast	\$0.81	\$0.25	5,904,914	71,014	1.20%	-0.30%	0.28%	17,611	(16,520)
Southwest	\$0.64	\$0.17	1,941,561	35,470	1.83%	-1.40%	-4.23%	27,276	82,121
West Bench	\$0.58	\$(0.17)	7,459,815	18,186	0.24%	-0.16%	0.15%	11,965	(11,186)
ADA COUNTY TOTAL	\$0.67	\$0.04	30,153,836	443,715	1.47%	-0.37%	-0.37%	113,283	257,888



Canyon

Downtown Nampa	N/A	N/A	470,293	6,460	1.37%	1.37%	1.37%	-6,460	(6,460)
Idaho Center	\$0.58	N/A	2,040,907	78,258	3.83%	0.00%	0.00%	0	69
Karcher	\$0.54	\$0.09	2,051,079	39,061	1.90%	1.70%	1.15%	-34,861	(23,661)
Northside Nampa	\$0.50	\$(0.15)	6,149,775	32,114	0.52%	-0.48%	0.25%	29,212	(15,264)
South Nampa	N/A	N/A	817,751	0	0.00%	0.00%	0.00%	0	0
Caldwell	\$0.60	\$(0.06)	5,011,252	117,060	2.34%	1.10%	-0.01%	-55,190	411
CANYON COUNTY TOTAL	\$0.56	\$0.12	16,541,057	272,953	1.65%	0.41%	0.27%	-67,299	(44,905)
TREASURE VALLEY TOTAL	\$0.61	\$0.08	46,694,893	716,668	1.53%	-0.09%	-0.14%	42,984	212,983

INDUSTRIAL SUBMARKET ABSORPTION SF | 2018-2019



Submarkets



Ada County Submarkets

- 1 Northwest
- 2 North End
- 3 Southwest
- 4 Airport
- 5 Central Bench
- 6 Downtown CBD
- 7 Downtown Boise
- 8 Garden City

Canyon County Submarkets

- 9 Southeast
- 10 West Bench
- 11 Eagle
- 12 Meridian
- 13 Idaho Center
- 14 Northside
- 15 Downtown Nampa
- 16 South Nampa
- 17 Karcher
- 18 Middleton
- 19 Caldwell

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Idaho Falls

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