

## BOISE OFFICE

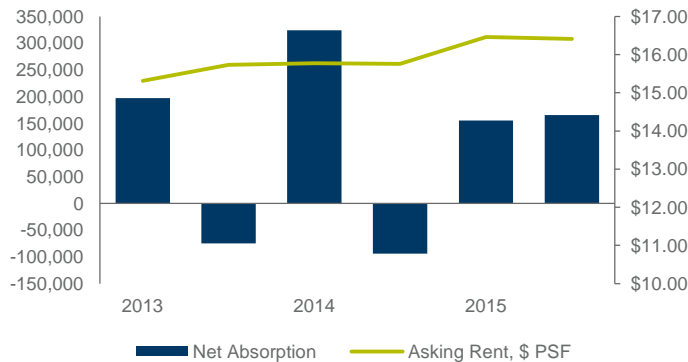
### Economic Indicators

	2014	2015	12-Month Forecast
Boise Employment	301k	310k	▲
Boise Unemployment	4.0%	3.7%	▼
U.S. Unemployment	5.7%	5.0%	▼

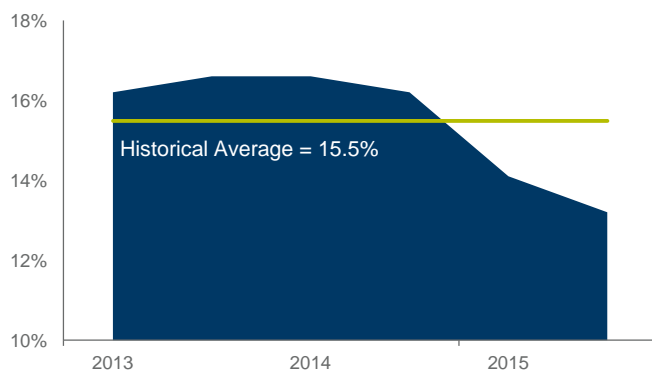
### Market Indicators

	2014	2015	12-Month Forecast
Overall Vacancy	16.2%	13.2%	▼
Net Absorption	230k	321k	▲
Under Construction	200k	220k	■
Average Asking Rent	\$15.76	\$16.41	■

### Net Absorption/Asking Rent



### Overall Vacancy



## Economy

The U.S. economy continued to post modest growth as evidenced by the Fed's recent decision to begin raising interest rates. A high dollar and lower global demand was a damper on manufacturing and exports, but construction spending in both residential and commercial properties reported healthy growth. The unemployment rate for the U.S. declined to 5.0% as job growth of 1.9% was realized.

Idaho's annual job growth of 4.2% led the nation as 27,600 new jobs were added to the economy pushing the state's unemployment rate to just 3.9%. Job growth in Boise remained well above the U.S. average which continued to push the unemployment rate lower. The Boise-Nampa Metropolitan Statistical Area (MSA) is currently at full employment with a rate of just 3.7%.

## Market Overview

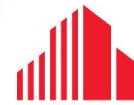
Velocity in the office market for 2015 continued to be brisk with many submarkets, including downtown and Eagle, achieving their lowest vacancy rates since the recession. Demand for space downtown showed the greatest strength as exhibited by new tenants such as Paylocity taking 13,100 square feet (sf) at the CW Moore Plaza. Simplot will own and occupy 265,000 sf at its new headquarters building which is adjacent to JUMP and expected to be completed in the second part of 2016. Tenants also continued to want to move west toward the central part of Treasure Valley as exhibited by The Village at Meridian leasing over 52,000 sf with Mark Monitor and MassMutual. Absorption of these tenants helped push the vacancy rate in Meridian to just 11.2%. However in the case of MarkMonitor, at the expense of the West Boise submarket which they vacated where vacancy rose to 15.2%.

**Idaho's annual job growth of 4.2% led the nation as 27,600 new jobs were added to the economy on a year-over-year basis.**

The trend toward a more landlord centric market continued as demand for quality space has become more and more sparse. Tenants have not only seen lease rates increase and concession decline; they have also made adjustments to ensure they have greater control of their space. Rental rate, while always a consideration, is often not the deciding factor in where a tenant

# Office Snapshot Year-End 2015

Boise



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chooses to sign a lease; instead, flexibility and the need to control their space for longer has taken a more important role.

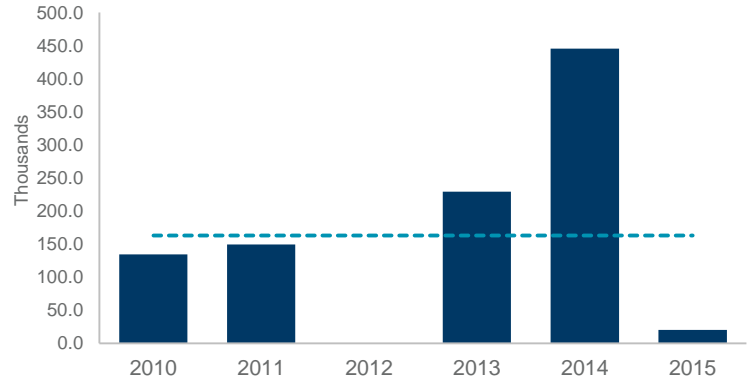
Availability of large contiguous office space, especially over 10,000 square feet, is low. It will be critical for building owners to analyze the competition in their submarket to other availabilities of comparable size, not necessarily overall vacancy rates, in order to price their property correctly and better understand lease negotiations..

## Outlook

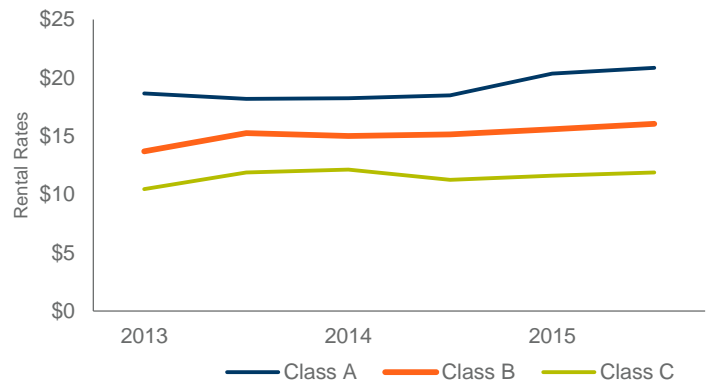
- Job growth will continue to be a positive indicator in Boise's economy as more and better jobs are added.
- Absorption will accelerate in 2016, largely as a result of the completion of City Center Plaza which will include approximately 200,000 sf of new space, all of which is pre-leased.
- Vacancy will continue to trend downward as very little product will be added to the market in 2016 that isn't already pre-leased.
- Limited supply is expected to continue putting upward pressure on average asking lease rates

## New Supply

NEW SUPPLY REMAINED BELOW ITS 5 YEAR AVERAGE

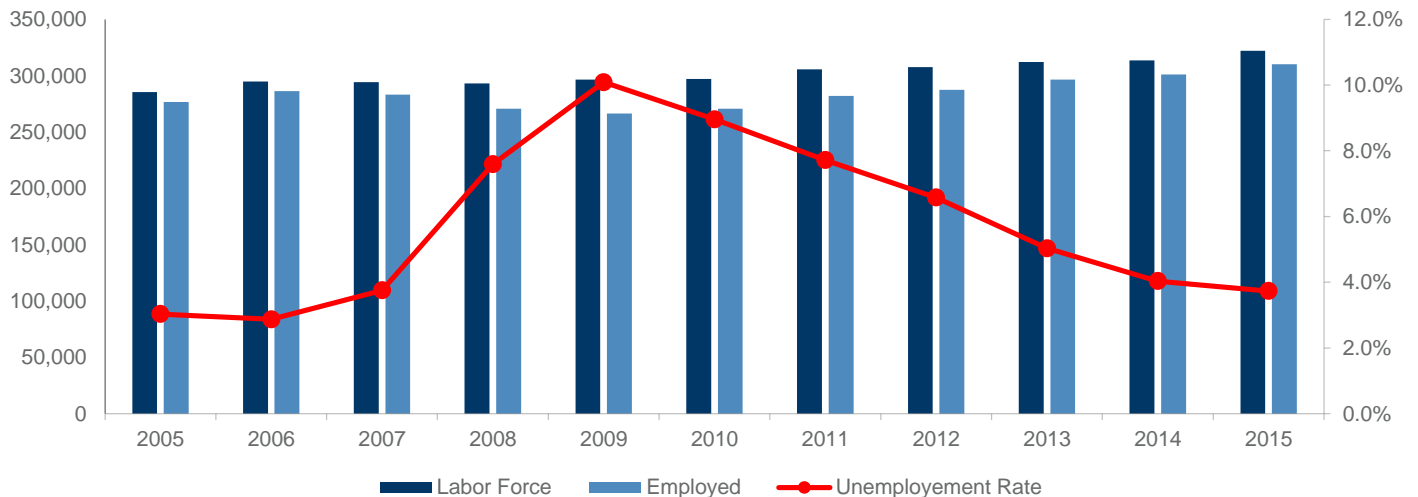


## Asking Rent by Class Trend



## Labor Market

THE UNEMPLOYMENT RATE CONTINUED TO DROP



MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	TOTAL VACANT	VACANCY RATE	NET ABSORPTION	COMPLETED CONSTRUCTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)
Airport	11	395,977	50,100	12.7%	(1,015)	0	0	\$13.53
Central Boise	43	1,433,375	211,190	14.7%	27,111	0	0	\$12.29
Downtown Boise	62	3,904,347	426,727	10.9%	58,155	0	200,000	\$19.25
Eagle	16	469,465	54,185	11.5%	12,976	0	0	\$18.78
Meridian	34	1,315,348	147,192	11.2%	127,498	0	0	\$16.70
Nampa/Caldwell	28	1,019,609	174,523	17.1%	129,447	0	20,126	\$15.98
North Boise	17	407,790	77,886	19.1%	(23,922)	20,043	0	\$15.63
South Meridian	22	848,908	99,735	11.7%	33,596	0	0	\$19.83
Southeast Boise	28	1,475,601	174,935	11.9%	(91,041)	0	0	\$17.14
Southwest Boise	13	668,491	88,904	13.3%	7,297	0	0	\$16.41
West Boise	61	3,652,462	556,417	15.2%	40,488	0	0	\$15.13
<b>TOTAL</b>	<b>335</b>	<b>15,591,373</b>	<b>2,061,794</b>	<b>13.2%</b>	<b>320,590</b>	<b>20,043</b>	<b>220,126</b>	<b>\$16.41</b>

SUBMARKET	TOTAL BLDGS	INVENTORY	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	COMPLETED CONSTRUCTION	UNDER CNSTR	AVERAGE ASKING RENT
Class A	41	5,471,507	589,749	10.8%	241,759	0	200,000	\$20.85
Class B	251	8,772,924	1,214,272	13.8%	111,171	20,043	20,126	\$16.06
Class C	43	1,346,942	257,773	19.1%	(17,654)	0	0	\$11.89
<b>TOTAL</b>	<b>335</b>	<b>15,591,373</b>	<b>2,061,794</b>	<b>13.2%</b>	<b>320,590</b>	<b>20,043</b>	<b>220,126</b>	<b>\$16.41</b>

Statistics include buildings larger than 15,000 sf that are not government or owner occupied buildings

## Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Washington Group Plaza	147,657	St. Luke's Health Systems	New Lease	Southeast Boise
Boise Plaza	53,000	Cradlepoint	New Lease	Downtown Boise
Village at Meridian	40,805	MarkMonitor	New Lease	Meridian
CWI Administration	20,644	College of Western Idaho	Renewal	Nampa/Caldwell
Silverstone	17,100	AECOM-URS	New Lease	Meridian

## Key Sales Transactions 2015

PROPERTY	SF	BUYER/SELLER	PRICE	SUBMARKET
9 <sup>th</sup> & Idaho Center	92,160	H&S Financial/Charles L & Dawn Matthiesen	\$15,500,000 / \$168	Downtown Boise
Drake Cooper Building	23,220	Bennett Industries/8 <sup>th</sup> Street Partners	\$3,200,000 / \$138	Downtown Boise
Alexander Building	22,300	DL Evans Bank/Alexander Bldg Associates	\$2,700,000 / \$121	Downtown Boise

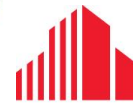
## Key Projects Under Construction

PROPERTY	SF	MAJOR TENANT	COMPLETION DATE	SUBMARKET
City Center Plaza	200,000	Boise State University	2Q 2016	Downtown Boise

MARKETBEAT

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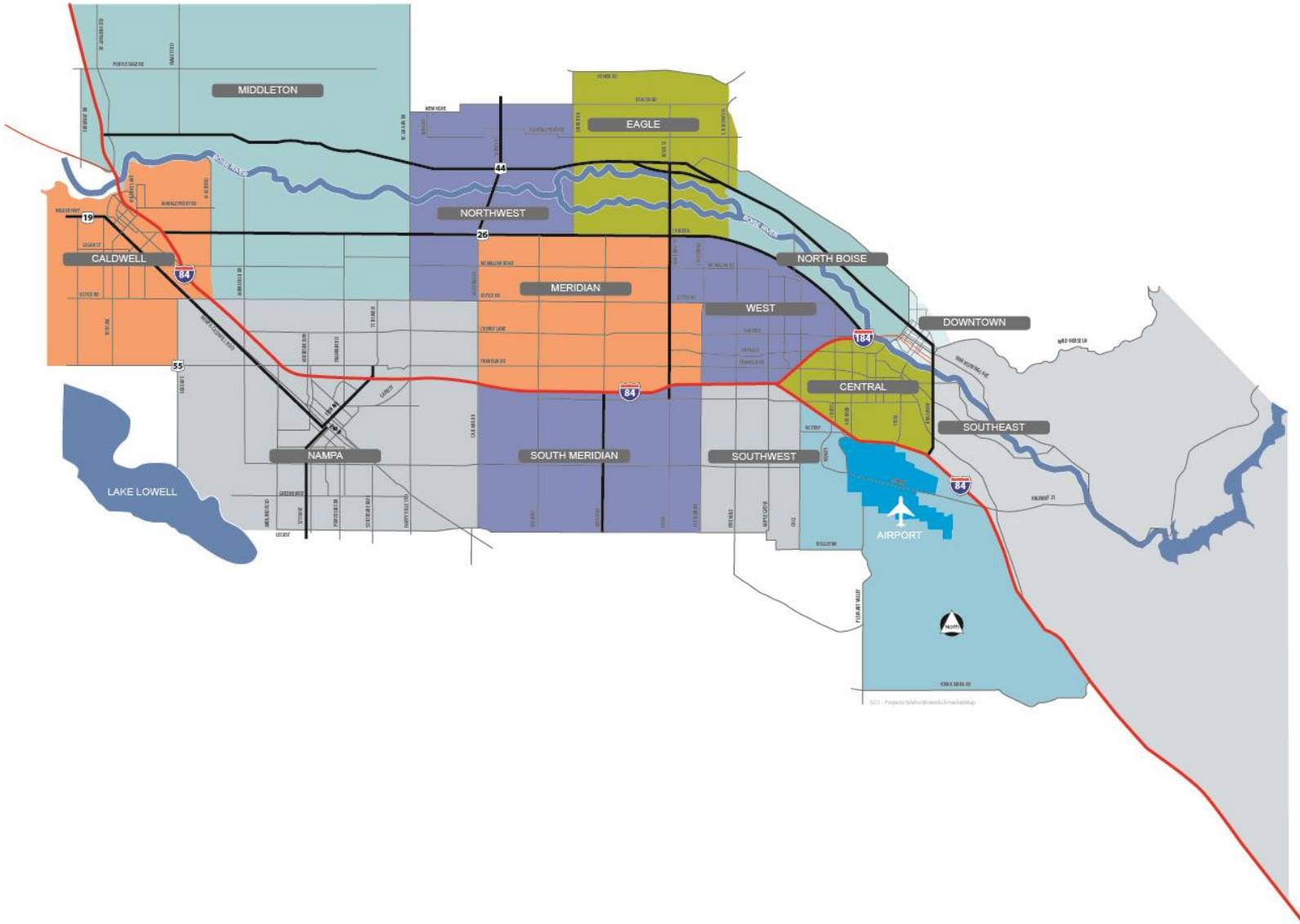
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## OFFICE SUBMARKETS

Boise



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