



Colliers

Treasure Valley

Office

23Q3

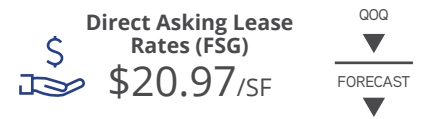
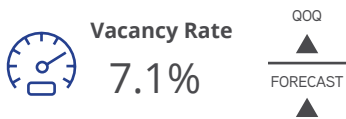
The Treasure Valley **vacancy rates remain low** compared to national averages. Despite inconsistent conditions in the Office market, plans for **major moves** are **pushing forward**.

Accelerating success.



Highlights

- The State of Idaho has sold what was the headquarters of the Idaho Transportation Department. The 44-acre property, which consists of multiple office buildings and large parking lots, was sold to a trio of developers whose plans for the property remain uncertain.
- Micron has filed a set of applications for its recently announced microchip fab. The plant is expected to bring in 2,000 direct Micron jobs and 17,000 jobs to support the project. The plan includes a 440,000 square foot administration building, designed to provide office space and amenities for new employees.



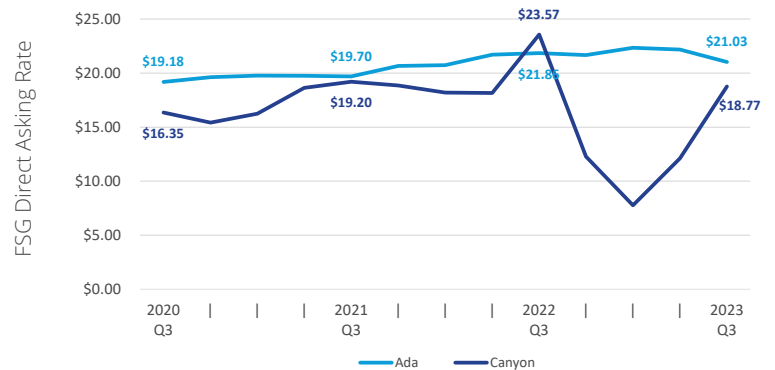
Overview

2023 continues to be an interesting year for the Treasure Valley's office market. Negative net absorption and an increase in vacancy continued in Q3, along with a drop in asking rates. At 3.0%, the unemployment rate in the Boise MSA is still a full 100 basis points below the national average of 3.8%. However, the drop in net absorption and increase in vacancy appears to be slowing, and employment numbers continue to rise with 967,100 employed in Idaho in August 2023. Expectations remain for growth in the Boise MSA over the next decade.

Asking Rate

Asking rates decreased this quarter after a slight increase in Q1 and Q2. The overall Treasure Valley asking rate dropped from \$22.08 to \$20.97 per square foot. This quarter, asking rates in Ada County fell to \$21.03 per square foot, while Canyon County remained steady at \$18.77 per square foot.

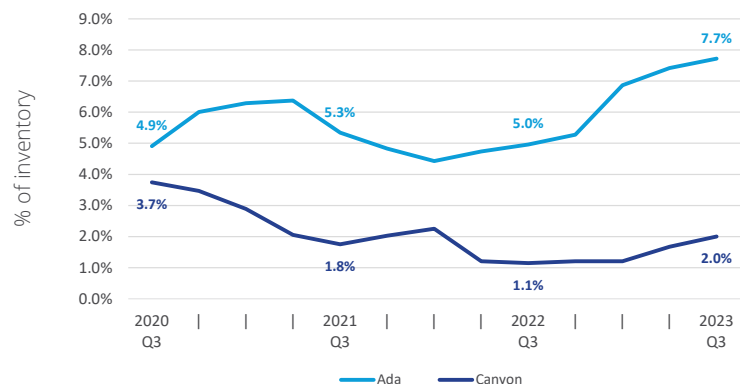
FSG Direct Asking Rate



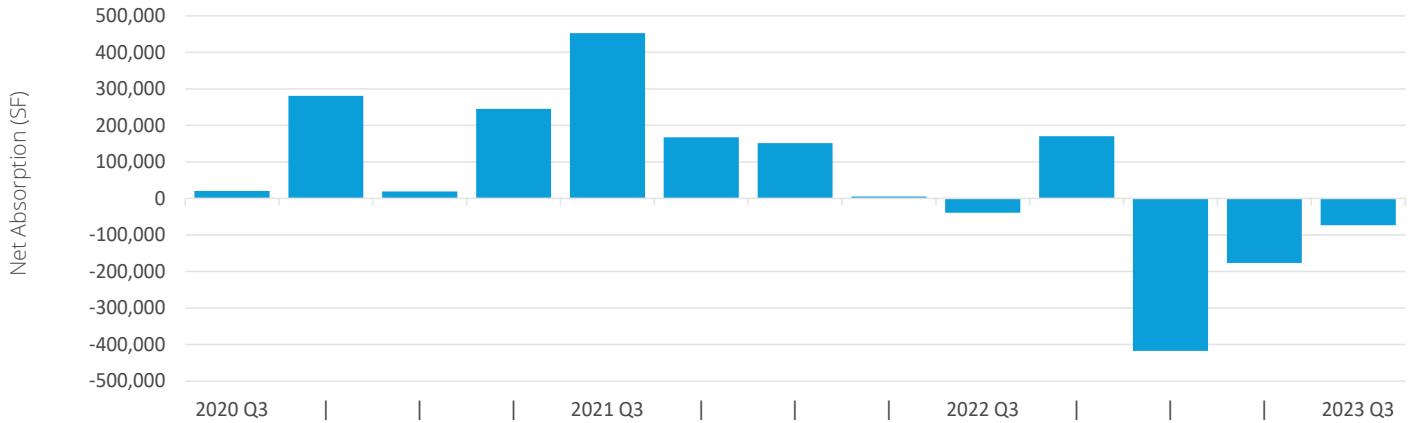
Vacancy & Absorption

In Q2, office assets once again saw a decrease in net absorption with an additional 81,700 square feet bringing the year-to-date net absorption loss to a total of 670,000 square feet. Vacancy in Ada County increased to 7.7% this quarter. In Canyon County, vacancy increased slightly to 2.0%, but both counties vacancy rates remain extremely low in comparison to national average of 19.2%.

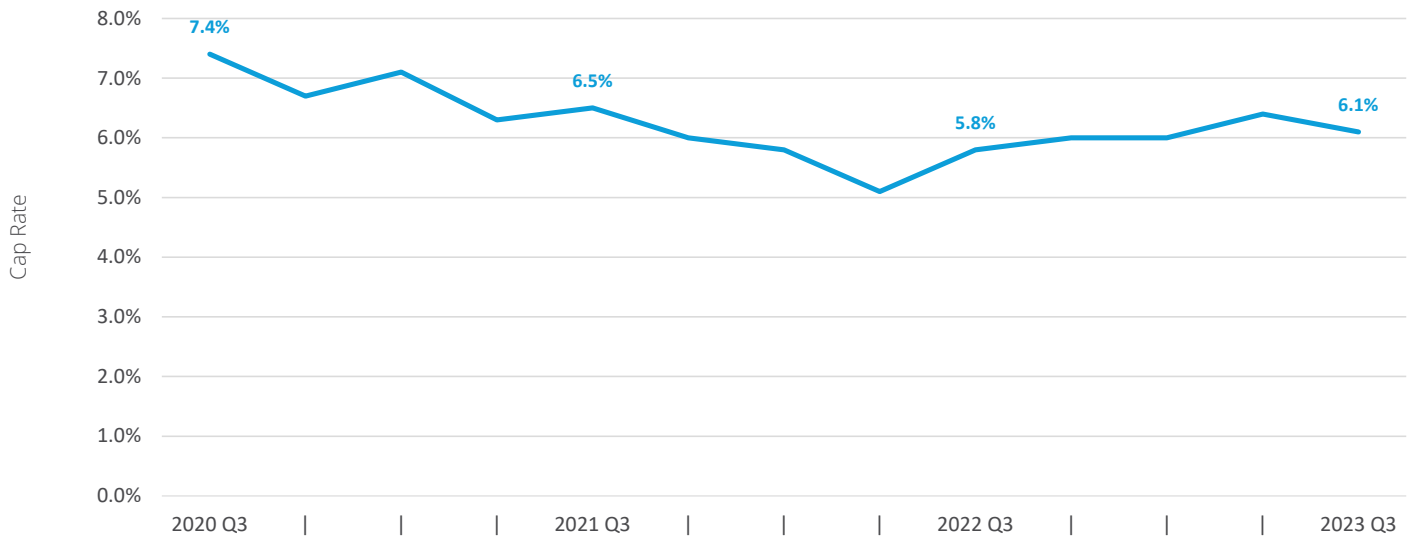
Market Vacancy



Net Absorption by Quarter



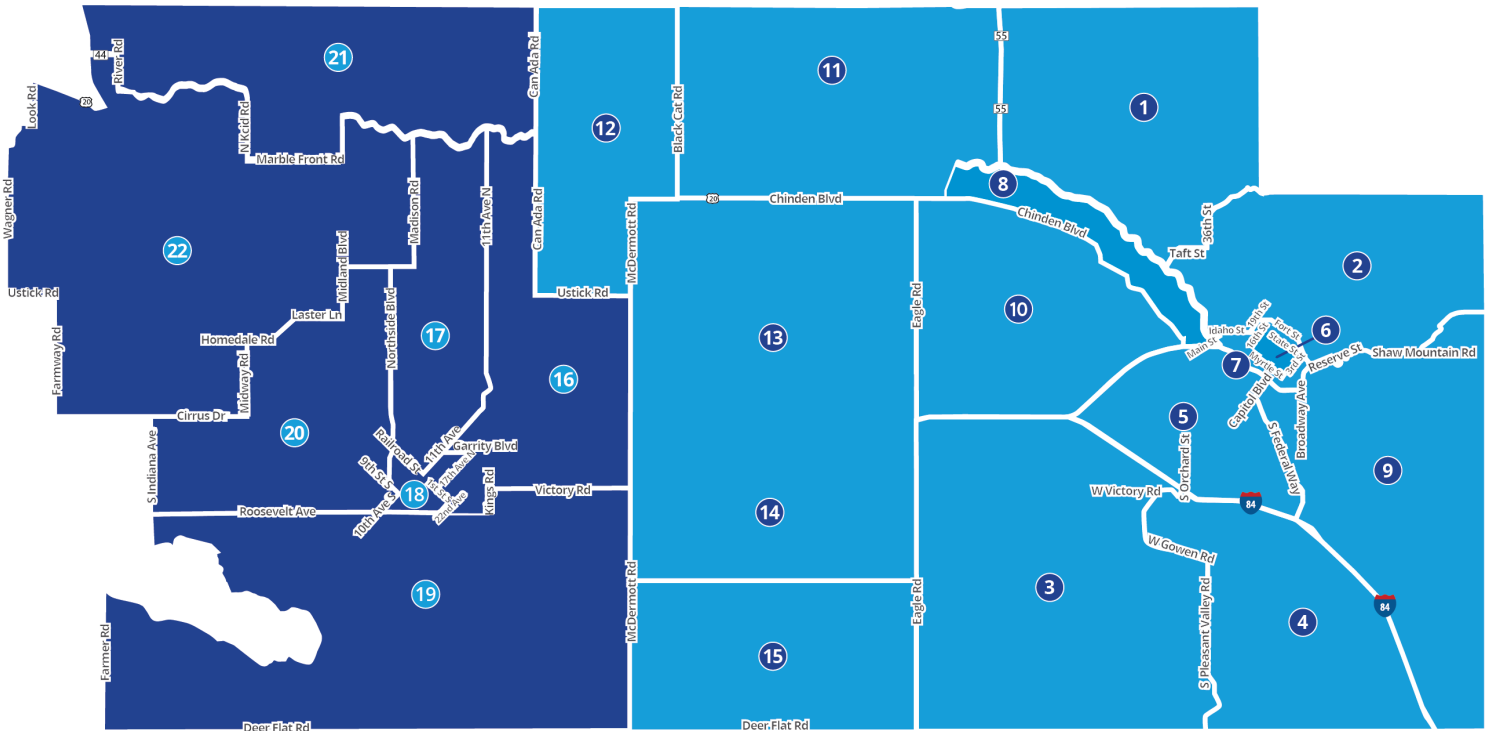
Cap Rate by Quarter



Market Direction Q2 2023 - Q3 2023

	 Vacancy	 Asking Rate	 Absorption
Ada	↑	↓	↑
Canyon	↑	↑	↑

Submarket Map



- | | | | |
|--------------------|--------------------|--------------------|-----------------|
| 1. Northwest Boise | 7. Downtown Boise | 13. North Meridian | 19. South Nampa |
| 2. North End | 8. Garden City | 14. South Meridian | 20. Karcher |
| 3. Southwest Boise | 9. Southeast Boise | 15. Kuna | 21. Middleton |
| 4. Airport | 10. West Bench | 16. Idaho Center | 22. Caldwell |
| 5. Central Bench | 11. Eagle | 17. Northside | |
| 6. Downtown CBD | 12. Star | 18. Downtown Nampa | |

Notable Transactions



Lease 5.1k SF
 Nampa | Idaho
 St. Luke's Regional
 Medical Center, Ltd.



Lease 5.59k SF
 Boise | Idaho
 SigmaSense, LLC.



Lease 7.1k SF
 Boise | Idaho
 Studio Lotus Sauna, LLC.



Lease 12k SF
 Meridian | Idaho
 Lightforce USA, Inc.



County/ Submarket	Total Inventory SF	Vacant SF	Vacant SF (Last Quarter)	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)	Vacancy %
Ada County									
Airport	360,588	3,700	3,700	0	595	0	0	\$11.99	1.0%
Boise CBD	1,285,074	95,252	72,255	-22,997	-40,297	0	0	\$21.55	7.4%
Central Bench	3,642,248	181,573	183,667	2,094	33,757	2,165	0	\$18.99	5.0%
Downtown Boise	7,661,264	750,383	706,892	-43,491	-332,574	0	0	\$21.26	9.8%
Eagle	1,368,377	120,418	120,821	403	-18,330	0	0	\$25.40	8.8%
Garden City	240,657	6,951	3,734	-3,217	9,871	2,912	0	\$23.60	2.9%
Kuna	119,889	0	0	0	350	0	0	N/A	N/A
North End	342,522	4,055	5,074	1,019	-4,055	0	0	\$14.21	1.2%
North Meridian	4,427,870	134,262	138,738	9,845	93,100	86,615	30,389	\$21.42	3.0%
Northwest Boise	423,850	39,206	47,066	7,860	-3,399	0	0	\$19.80	3.2%
South Meridian	2,740,119	580,942	544,652	-36,290	-215,001	150,000	85,432	\$23.82	1.6%
Southeast Boise	2,416,234	77,943	77,378	-565	-13,456	0	0	\$20.09	3.2%
Southwest Boise	1,127,733	93,413	89,283	-4,130	-59,142	0	0	\$19.70	8.3%
Star	114,058	0	0	9,294	9,294	0	9,294	N/A	0.0%
West Bench	5,488,221	363,173	361,592	-1,581	-130,495	0	0	\$15.67	6.6%
TOTAL	31,758,704	2,451,271	2,354,852	-81,756	-669,782	241,692	125,115	\$21.03	7.7%
Canyon County									
Caldwell	1,095,176	15,093	20,092	26,499	30,020	900	21,500	\$16.06	1.4%
Downtown Nampa	607,692	4,909	2,181	-2,728	3,254	0	0	\$20.10	8.0%
Idaho Center	559,173	10,247	9,130	-1,117	-4,911	0	0	19.76	1.7%
Karcher	903,233	37,786	18,624	-19,162	-25,052	0	0	\$15.82	4.2%
Middleton	33,842	0	0	0	0	0	0	\$17.40	0.0%
Northside Nampa	65,204	0	0	0	0	0	0	N/A	N/A
South Nampa	449,352	7,246	12,466	5,220	-3,473	0	0	\$16.23	1.6%
TOTAL	3,753,672	75,281	62,493	8,712	-162	900	21,500	\$18.77	2.0%
Treasure Valley Total									
Ada County	31,758,704	2,451,271	2,354,852	-81,756	-669,782	241,692	125,115	\$21.03	7.7%
Canyon County	3,753,672	75,281	62,493	8,712	-162	900	21,500	\$18.77	2.0%
TOTAL	35,512,376	2,526,552	2,417,345	-73,044	-669,944	242,592	146,615	\$20.97	N/A

Sources

- <https://cre.moodyanalytics.com/insights/cre-trends/q3-2023-preliminary-trend-announcement/>
- <https://www.idahostatesman.com/news/business/article279783764.html>
- <https://www.ktvb.com/article/news/local/growing-idaho/boise-micron-expansion-planning-zoning-new-fab-semiconductor/277-35909baa-0305-430a-8dda-9492a1a6a105>

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Market Contacts:

Jim Shipman, JD, MBA
Managing Owner | Market Leader
Boise, Idaho
208 472 2862
jim.shipman@colliers.com



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