

# Industrial Market Report

Treasure Valley | Idaho | Q1 2021



Vacancy Rate — 1.4%



Absorption SF — 1.1M



Asking Rate — \$0.75

## Overview

Last quarter, we predicted continued strong growth in both Ada and Canyon County in the industrial sector and are observing that this quarter. Industrial properties continue to lead the asset classes in the Treasure Valley and display tremendous growth, historic low vacancy rates and high absorption levels.

With more companies looking to have a presence in the Treasure Valley, it has been increasingly difficult to find existing buildings to lease. Industrial developers are working hard to construct warehouse for companies as well as local companies needing to expand. Overall, these buildings are being leased prior to the completion of construction, leaving many industrial users without options. As a result, we are seeing more build-to-suit projects due to the lack of spec development.

## Highlights

2021 starts off with a significant quarter for the industrial market in the Treasure Valley.

After LDK Ventures purchased the 347k square foot previous Shopko distribution warehouse, they attracted and signed a lease with a large manufacturer, The AZEK Company. Northwest Fulfillment Company took the remaining 50,400 SF at the Boise Gateway Industrial Park in SE Boise.

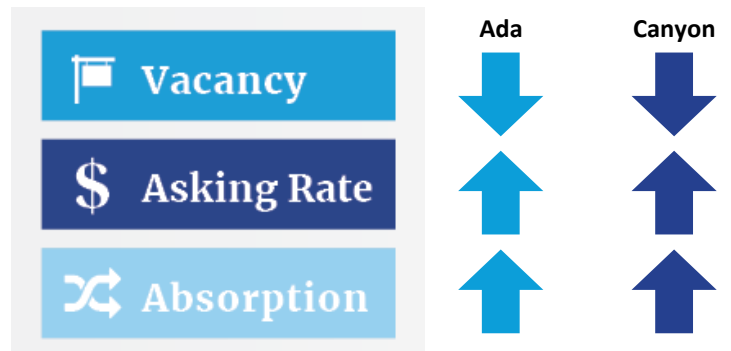
There is an increasing volume of sizable industrial users inquiring how to expand operations into Idaho; we do not see that change any time soon with the population growth the Treasure Valley is experiencing.

## Vacancy & Absorption

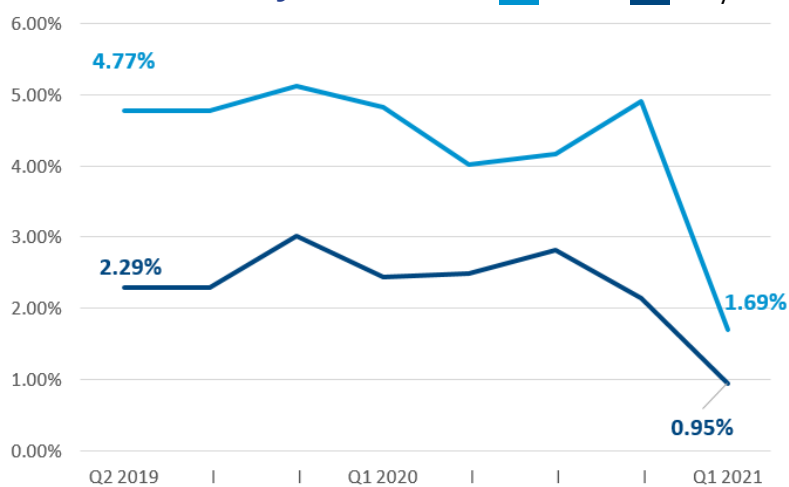
Industrial continues to see low vacancy in the Treasure Valley. With higher absorption rates than the previous quarter, the bench, southeast Boise and the airport submarkets show the most significant levels.

Vacancy rates have decreased in both Ada and Canyon Counties to a low we haven't seen in years. Low vacancy rates demonstrate the impact of warehousing and industrial demand starting out this quarter.

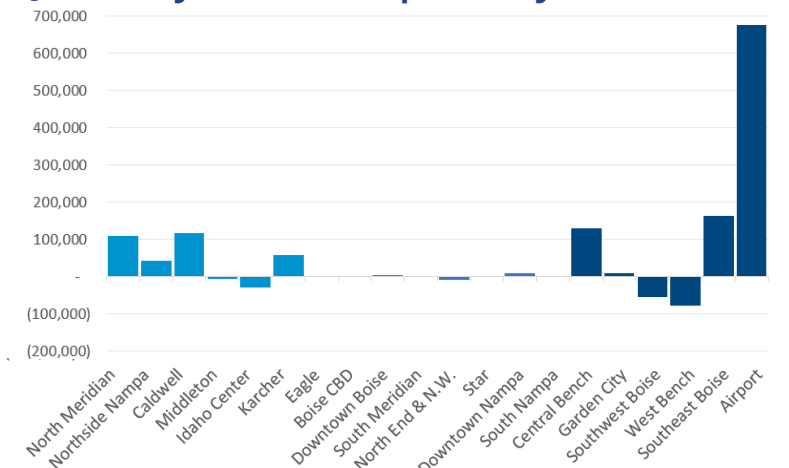
## Market Direction Q4 2020-Q1 2021



## Market Vacancy (24 Mo.)



## Quarterly Net Absorption by Submarket



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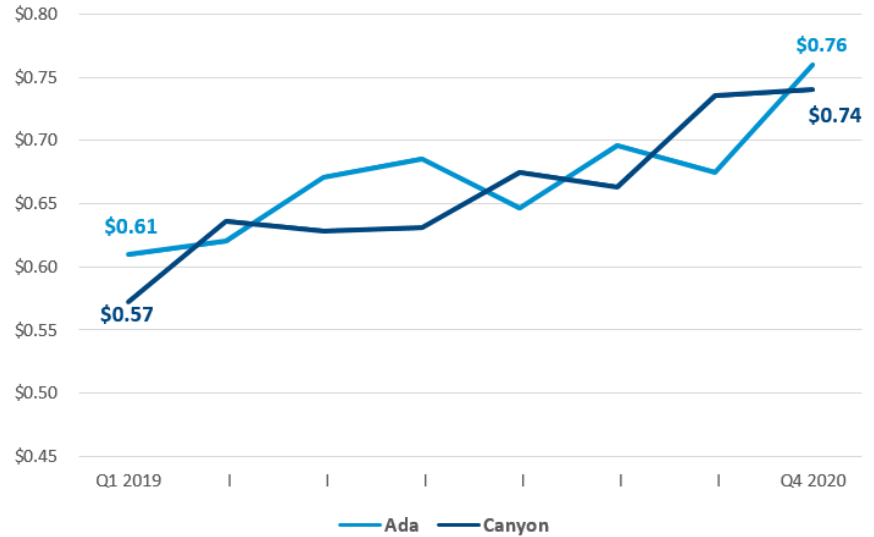
## Asking Rate

In the last 2 years, asking rates have increased at an average of 13% per year.

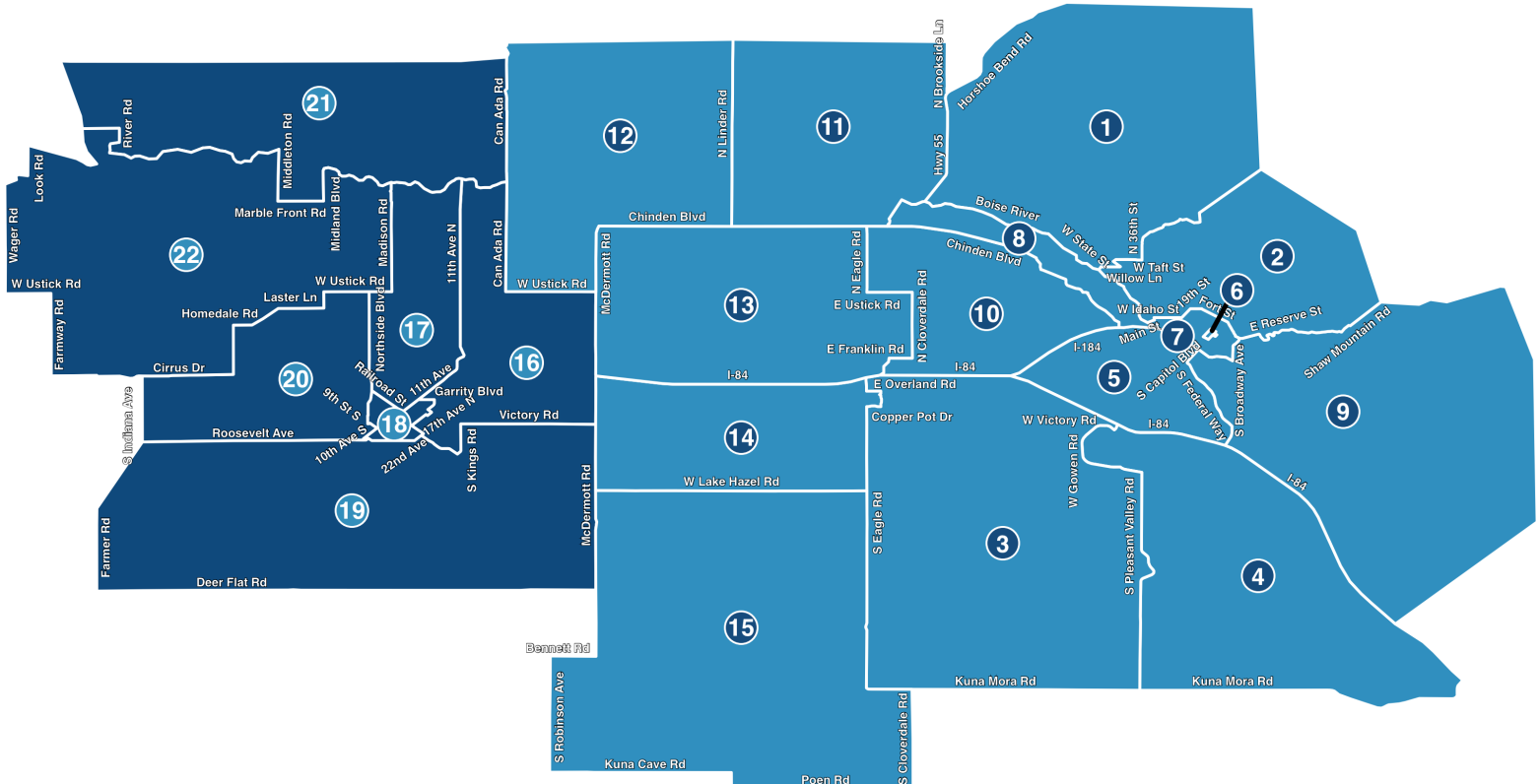
Growth in e-commerce and a very strong construction market which continues to demand large amounts of warehouse during the pandemic has proven to be a driver in increasing asking rates over the last year.

Lease rates will continue to climb due to land prices and construction cost (both material and labor) surging, forcing developers to charge higher lease rates to counter balance this increasing development cost.

## Treasure Valley NNN Asking Rate



## Submarket Map



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

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## Notable Transactions

### Lease

1001 E. Gowen Road  
Boise, ID  
355,426 SF  
Tenant: *The AZEK Company*



### Lease

2260 S. Cole Road  
Ste. 140, 150, 160  
Boise, ID  
16,304 SF  
Tenant: *Schenker Inc.*



## Data Tables

Submarkets	NNN Asking Rate	Total Square Feet in Submarket	Vacant Square Feet	Vacancy	Vacancy Change Q4-Q1	Net Absorption Q4-Q1	Net Absorption YTD
Airport	\$ 0.61	6,855,854	37,285	0.54%	-8.89%	675,829	675,829
Central Bench	\$ 0.83	2,021,263	6,584	0.33%	-6.31%	127,607	127,607
Boise Central Business District	N/A	0	0	0.00%	0.00%	0	0
Downtown Boise	N/A	716,994	0	0.00%	-0.30%	2,116	2,116
Eagle	N/A	181,708	0	0.00%	0%	0	0
South Meridian	N/A	815,518	0	0.00%	0.00%	0	0
North Meridian	\$ 1.00	5,062,883	17,166	0.34%	-1.40%	107,011	107,011
North End & N.W.	\$0.70	208,865	10,280	4.92%	4.92%	(10,280)	(10,280)
Garden City	\$ 0.73	1,648,138	41,869	2.54%	-0.49%	8,150	8,150
Southeast Boise	\$ 0.80	3,150,805	39,930	1.27%	-4.25%	163,108	163,108
Southwest Boise	\$ 0.65	1,183,542	67,670	5.72%	4.71%	(55,712)	(55,712)
West Bench	\$ 0.76	3,137,924	202,929	6.47%	2.53%	(79,401)	(79,401)
Star	N/A	61,647	0	0.00%	0.00%	0	0
<b>ADA COUNTY TOTAL</b>	<b>\$ 0.76</b>	<b>25,045,141</b>	<b>423,713</b>	<b>1.69%</b>	<b>-3.22%</b>	<b>938,428</b>	<b>938,428</b>
Downtown Nampa	N/A	230,742	0	0.00%	-3.68%	8,500	8,500
Idaho Center	\$ 0.66	2,324,834	56,702	2.44%	1.26%	(29,298)	(29,298)
Karcher	\$ 0.70	1,651,223	0	0.00%	-3.41%	56,318	56,318
Northside Nampa	\$ 0.75	5,466,292	21,626	0.00%	-0.77%	41,983	20,357
South Nampa	\$0.60	575,201	2,500	0.43%	0.43%	(2,500)	(2,500)
Caldwell	\$ 0.65	4,934,101	76,748	1.56%	-2.36%	116,420	116,420
Middleton	\$ 1.05	210,531	10,000	4.75%	3.55%	(7,480)	(7,480)
<b>CANYON COUNTY TOTAL</b>	<b>\$ 0.74</b>	<b>15,392,924</b>	<b>145,950</b>	<b>0.95%</b>	<b>-1.19%</b>	<b>183,943</b>	<b>183,943</b>
<b>TREASURE VALLEY TOTAL</b>	<b>\$ 0.75</b>	<b>40,438,065</b>	<b>569,663</b>	<b>1.41%</b>	<b>-2.45%</b>	<b>1,122,371</b>	<b>1,122,371</b>