



# TREASURE VALLEY *Colliers* MARKET REVIEW

## RESEARCH & FORECAST REPORT

### COVID-19'S IMPACT ON THE Q2 MARKET

Q2 2020 was the first months of known impact due to the pandemic declaration. Overall, our analysis indicates that the Treasure Valley saw nearly zero major impact in any specialty. We will continue to monitor changes and we encourage you to speak with your Colliers broker for the latest trends and market data.

An aerial photograph of a commercial district in Treasure Valley, showing a mix of retail buildings, large parking lots filled with cars, and surrounding greenery. The image is partially obscured by geometric blue and yellow overlays.

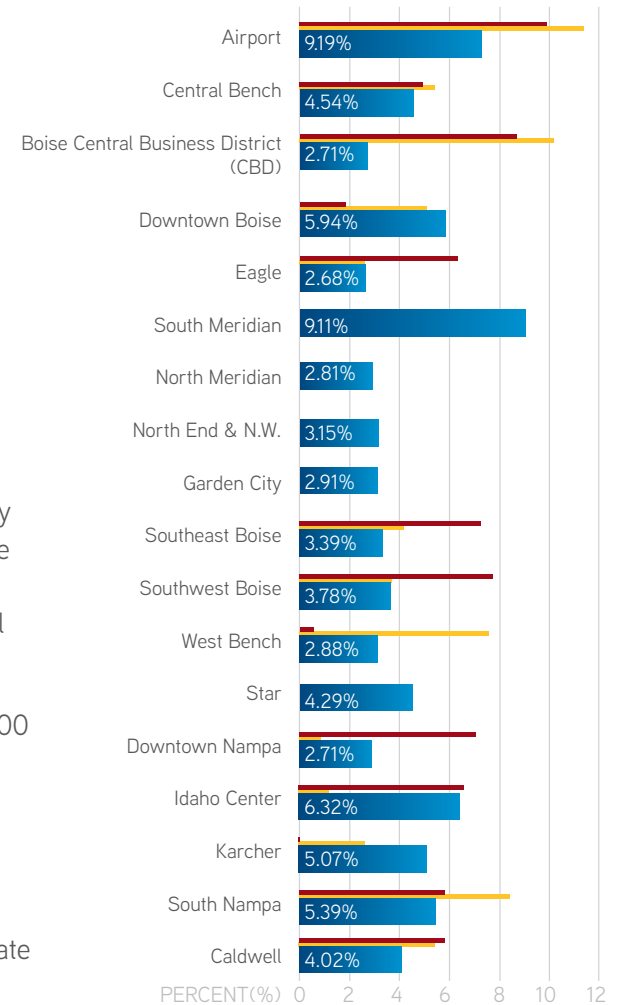
2020  
Q2



# Office

## Q2 OFFICE TRENDS

- » Landlords and office tenants are now, more than ever, having to prioritize cleanliness and safety as they welcome employees back into the office. Reopening work places is presenting challenges (and resulting in many creative solutions!), especially for those companies with collaborative workspaces, many of which were freshly designed in 2019 & 2020 – all prior to COVID-19.
- » Clarivate Analytics leased nearly 13,000 SF of office space in Meridian. The company has multiple affiliate brands which offer everything from research and insights to pharmaceutical and biotech intelligence. Colliers worked closely with CBRE New York to facilitate this transaction.





## VACANCY RATES



DESPITE GLOBAL PANDEMIC,  
IDAHO OFFICE MARKET  
REMAINS STRONG





	SUBMARKET	FULL SERVICE AVERAGE ASKING RATE	ASKING RATE CHANGE Q1- Q2	TOTAL SQUARE FEET IN SUBMARKET	VACANT SQUARE FEET	VACANCY	VACANCY CHANGE Q1- Q2	NET ABSORPTION Q1-Q2
 Ada	Airport	\$10.79	\$(1.41)	362,155	33,272	9.19%	0.00%	-
	Central Bench	\$14.46	\$0.74	3,520,535	159,764	4.54%	0.12%	(4,051)
	Boise Central Business District (CBD)	\$22.06	\$(0.67)	1,161,208	31,474	2.71%	-0.27%	3,090
	Downtown Boise	\$20.68	\$1.57	6,042,209	359,146	5.94%	-1.52%	91,967
	Eagle	\$18.32	\$(0.35)	1,204,563	32,238	2.68%	1.04%	(12,537)
	South Meridian	\$19.88	\$(0.85)	1,772,002	161,363	9.11%	0.31%	(5,454)
	North Meridian	\$19.10	\$2.68	3,483,439	97,988	2.81%	0.05%	(1,908)
	North End & N.W.	\$14.52	-	749,684	23,648	3.15%	-1.15%	8,651
	Garden City	\$14.65	-	241,628	7,032	2.91%	-2.72%	6,580
	Southeast Boise	\$16.23	\$(0.91)	2,344,594	79,489	3.39%	0.90%	(21,025)
	Southwest Boise	\$17.26	\$(0.40)	1,113,220	42,058	3.78%	0.61%	(6,764)
	West Bench	\$14.48	\$0.49	5,303,415	152,583	2.88%	-0.57%	30,229
	Star	\$14.00	-	103,757	4,446	4.29%	2.95%	(3,056)
	<b>ADA COUNTY TOTAL</b>	<b>\$16.65</b>	<b>\$0.09</b>	<b>27,402,409</b>	<b>1,184,501</b>	<b>4.32%</b>	<b>-0.31%</b>	<b>85,722</b>
 Canyon	Downtown Nampa	\$13.24	\$1.43	598,223	16,233	2.71%	0.74%	(4,440)
	Idaho Center	\$21.18	\$3.09	553,054	34,965	6.32%	0.23%	(1,278)
	Karcher	\$13.27	\$0.87	605,146	30,658	5.07%	-0.03%	205
	Northside Nampa	-	-	62,099	-	-	-	-
	South Nampa	\$13.17	\$0.20	437,664	23,601	5.39%	-1.14%	4,998
	Caldwell	\$16.21	\$1.41	1,061,935	42,739	4.02%	-0.52%	5,524
	Middleton	-	-	33,842	-	-	-	-
	<b>CANYON COUNTY TOTAL</b>	<b>\$15.41</b>	<b>\$1.40</b>	<b>3,351,963</b>	<b>148,196</b>	<b>4.42%</b>	<b>-0.15%</b>	<b>5,009</b>
	<b>TREASURE VALLEY TOTAL</b>	<b>\$16.03</b>	<b>\$0.74</b>	<b>30,754,372</b>	<b>1,332,697</b>	<b>4.33%</b>	<b>-0.30%</b>	<b>90,731</b>

# BRACING FOR THE WORST

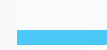
VACANCY

ASKING RATE

ABSORPTION

Ada

Canyon



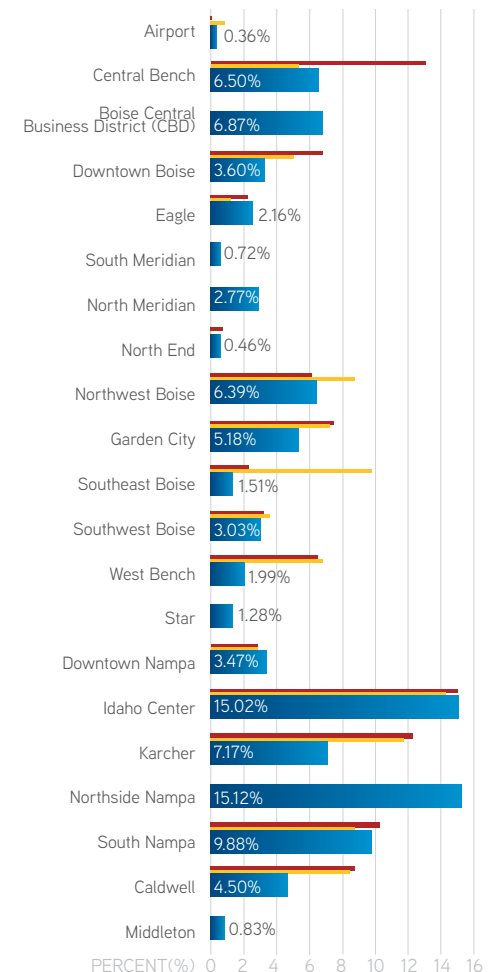
## Retail

Idaho's seasonally adjusted unemployment rate fell to 8.9 percent in May (a 3.5 percent recovery over April), and non-farm payrolls regained 24,300 jobs as the state's economy began a rebound from the COVID-19 pandemic. June unemployment numbers have yet to be reported by the State as of July 1, 2020.

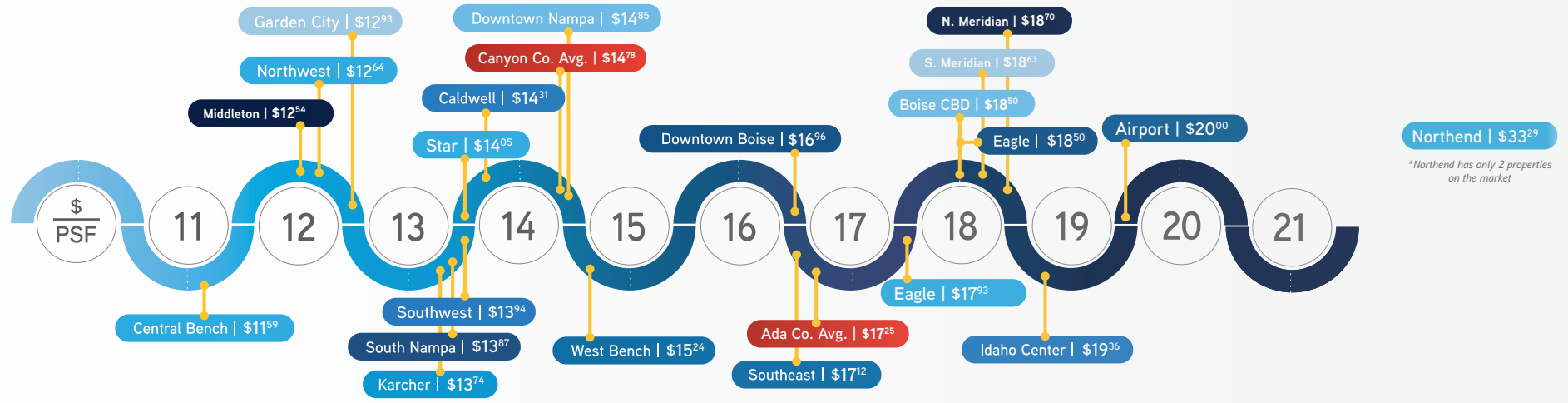
Since the beginning of April, the retail segment has experienced the most uncertainty. Idaho quickly progressed from stage 1 to stage 4 of reopening and then at the end of June, Central District Health (including Ada County) rolled back to stage 3 after a spike in cases – consequently closing bars and nightclubs just after reopening. During this quarter, the City of Boise quickly reacted and created “restaurant row”. The pedestrian-only solution is intended to resolve space issues and allow patio expansion for eateries along one block of 8th St. in Downtown Boise. We expect neighboring cities will adopt similar measures.

### VACANCY RATES

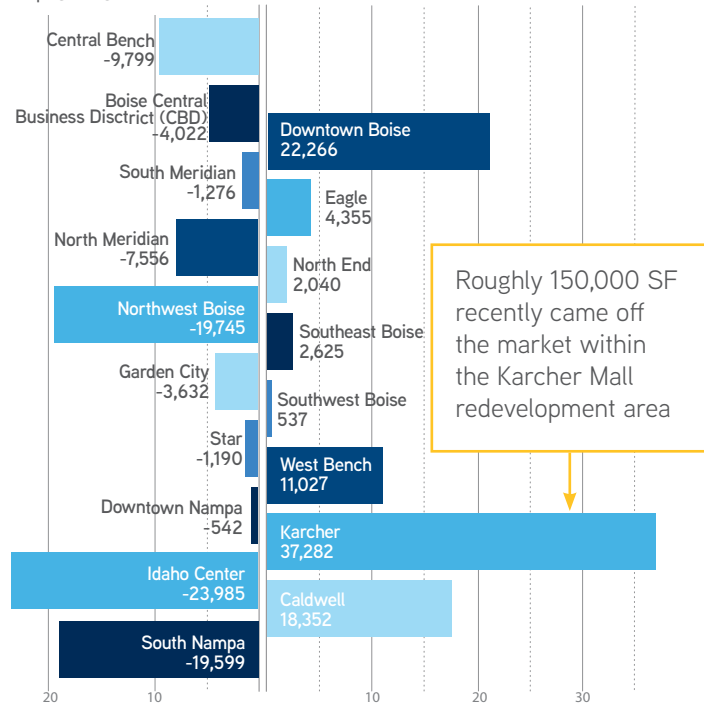
Q4 Q1 Q2



## ASKING RATES NNN



## SUBMARKET ABSORPTION SF | Q1-Q2





## Q2 RETAIL TRENDS

- » The total economic impact to the restaurant industry is more than \$2.5 trillion. In a study conducted by the National Restaurant Association, commercial restaurant services — 75% of which consist of eating places, bars and taverns — is forecasted to generate \$828.8 million in 2020.
- » While Pier 1 has more or less been up for sale since 2018, the company has been in and out of bankruptcy court due to COVID-19. Consequently, the store off Franklin adjacent to the Boise Square Mall is closing their doors and the space will be available for occupancy in September 2020.
- » Bed Bath & Beyond is another national retailer that has been in trouble financially, recently laying off hundreds more in a second wave since August 2019. With stores in Boise, Meridian and Nampa, we are predicting that at least one of these stores will close their doors by the end of 2020.
- » Treasure Valley Escape Rooms leased out nearly 5,000 SF in Boise off Overland Road. The experience-based retailer will offer intellectual adventure games - having to use elements of the room to solve a series of puzzles, find clues, and escape the room within a set time limit. The grand opening is slated for late October.

# Retail

## MARKET STATISTICS

	SUBMARKET	FULL SERVICE AVERAGE ASKING RATE	ASKING RATE CHANGE Q1- Q2	TOTAL SQUARE FEET IN SUBMARKET	VACANT SQUARE FEET	VACANCY	VACANCY CHANGE Q1- Q2	NET ABSORPTION Q1-Q2
 Ada	Airport *	\$20.00	-	423,397	1,510	0.36%	0.00%	-
	Central Bench	\$11.59	\$(2.38)	3,250,285	211,203	6.50%	0.30%	(9,799)
	Boise Central Business District (CBD)	\$18.50	-	346,701	23,818	6.87%	1.16%	(4,022)
	Downtown Boise	\$16.96	\$(1.93)	2,013,061	72,565	3.60%	-1.11%	22,266
	Eagle	\$17.93	\$(0.57)	1,428,539	30,838	2.16%	-0.30%	4,355
	South Meridian	\$18.63	\$(0.96)	1,047,570	7,509	0.72%	0.12%	(1,276)
	North Meridian	\$18.70	\$(2.63)	5,158,958	143,135	2.77%	0.15%	(7,556)
	North End *	\$33.29	-	550,501	2,532	0.46%	-0.37%	2,040
	Northwest Boise	\$12.64	-	1,427,399	91,219	6.39%	1.38%	(19,745)
	Garden City	\$12.93	-	872,657	45,224	5.18%	0.42%	(3,632)
	Southeast Boise	\$17.12	\$(0.39)	1,703,193	25,781	1.51%	-0.15%	2,625
	Southwest Boise *	\$13.94	\$(3.50)	1,757,789	53,300	3.03%	-0.03%	537
	West Bench	\$15.24	\$(1.09)	7,743,177	154,108	1.99%	-0.14%	11,027
	Star	\$14.05	-	186,894	2,390	1.28%	0.64%	(1,190)
ADA COUNTY TOTAL		\$17.25	\$(1.68)	27,910,121	865,132	3.10%	0.02%	(4,370)
 Canyon	Downtown Nampa	\$14.85	\$0.85	1,006,251	34,867	3.47%	0.05%	(542)
	Idaho Center *	\$19.36	\$3.61	1,436,330	215,667	15.02%	1.67%	(23,985)
	Karcher	\$13.74	\$(2.13)	3,436,317	246,497	7.17%	-1.08%	37,282
	Northside Nampa *	-	-	233,162	35,247	15.12%	0.00%	-
	South Nampa	\$13.87	\$(0.59)	1,194,811	118,013	9.88%	1.64%	(19,599)
	Caldwell	\$14.31	\$0.69	2,555,762	114,947	4.50%	-0.72%	18,352
CANYON COUNTY TOTAL		\$14.78	\$0.48	10,125,066	767,423	7.58%	-0.11%	11,508
TREASURE VALLEY TOTAL		\$16.01	\$(0.60)	38,035,187	1,632,555	4.29%	-0.02%	7,138

\* Airport rent inflated due to only one property on the market

\* SW Boise rent skewed by Dollar tree coming for rent far below market price

\* North End only has 2 properties on the market

\* Idaho Center only has 1 property on market

\* Northside Nampa has 1 property vacant, but listed for sale not for lease

# THE LEAST DISRUPTED SECTOR?



VACANCY



ASKING RATE



ABSORPTION

Ada



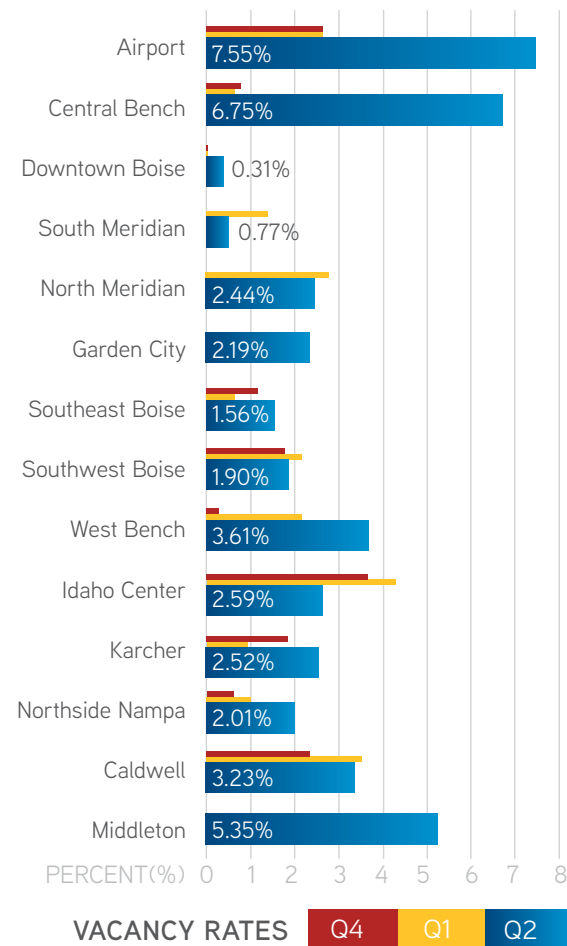
Canyon



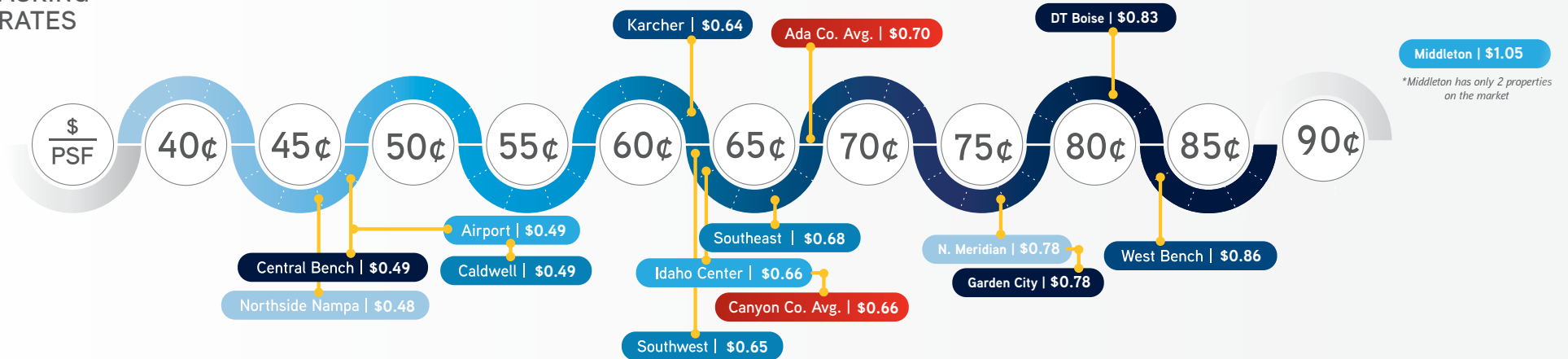
## Industrial

### Q4 INDUSTRIAL TRENDS

- » Both nationally and locally, the industrial sector appears to be the preferred asset class during the time of this pandemic. According to Real Capital Analytics Q2 report, the industrial activity on a national level is just 5% off of the long term average level of volume for a second quarter; with flex assets faring better than warehouse product-type.
- » Of the Colliers Idaho lease volume for the quarter, 34% of the transactions were industrial which equated to over 1.2 million square feet of leased space.
- » A private investor purchased over 55,000 square feet of industrial (warehouse) space in Nampa off Karcher Road. Colliers Idaho represented the seller.



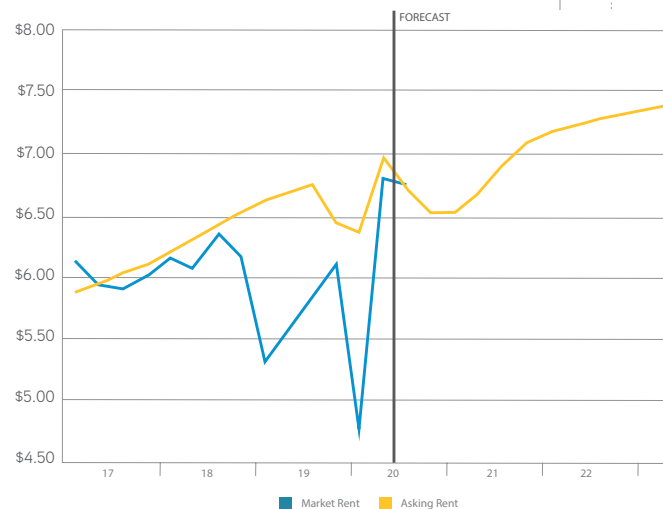
## ASKING RATES



## Q4 INDUSTRIAL TRENDS

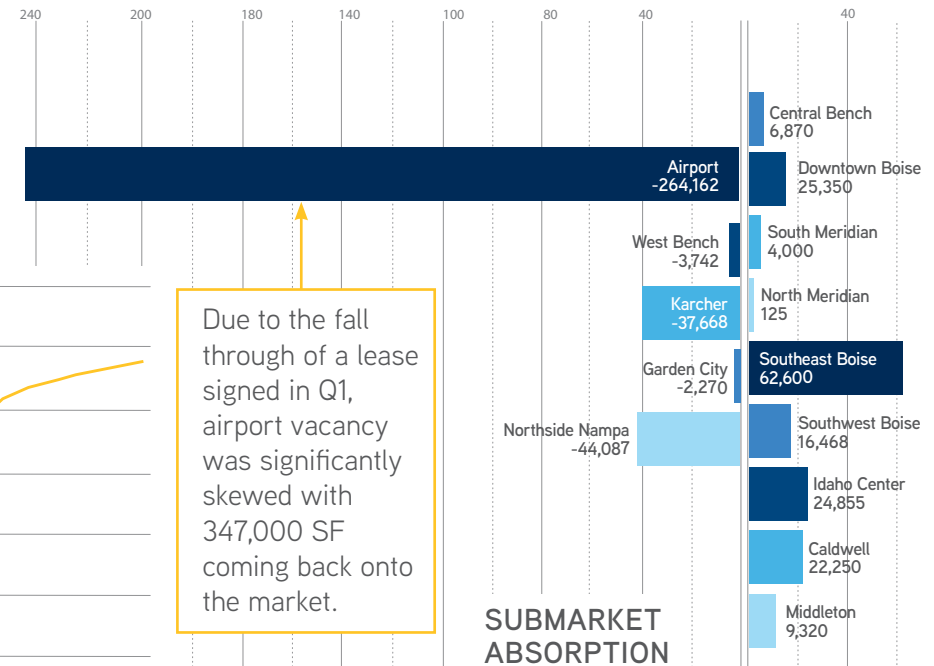
- » According to Costar data, the Treasure Valley saw record high asking rates in the industrial sector for Q2 of this year. While we may see a small reduction in Q3, the forecast is that asking rates will continue to increase based on the continuous low vacancy the region has seen over the last few years.
- » Boise-based Albertsons, with 2,260 stores across 34 states, went public at the end of June as sales at grocery stores for essential and shelf-stable products increase month over month since the start of the pandemic. As resources within the supply chain are continuously relied upon, industrial and warehouse demand is expected to increase.

### MARKET RENT & ASKING RENT PER SF





Due to the fall through of a lease signed in Q1, airport vacancy was significantly skewed with 347,000 SF coming back onto the market.

### SUBMARKET ABSORPTION SF | Q1-Q2



# Industrial

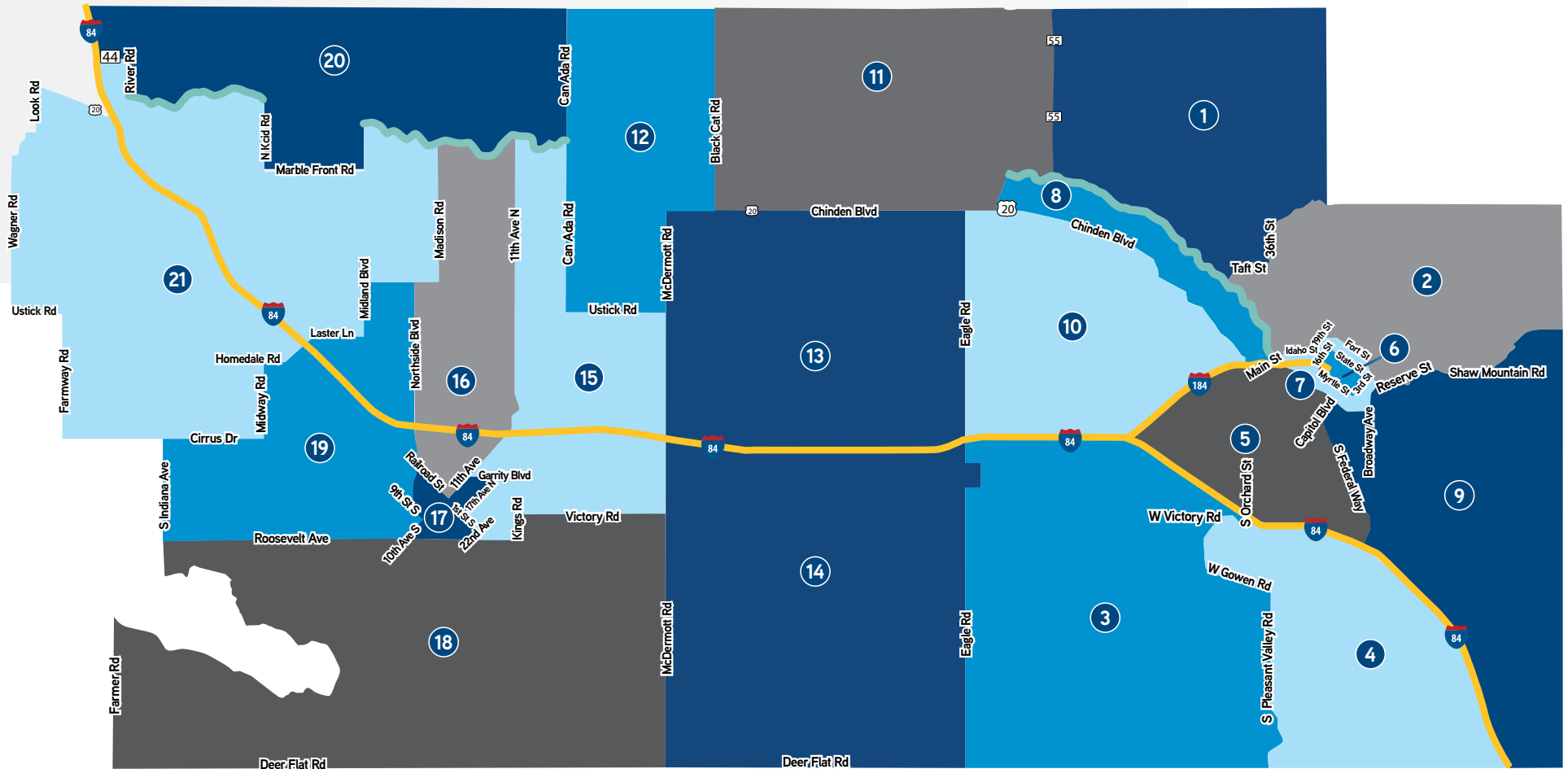
MARKET STATISTICS

	SUBMARKET	FULL SERVICE AVERAGE ASKING RATE	ASKING RATE CHANGE Q1- Q2	TOTAL SQUARE FEET IN SUBMARKET	VACANT SQUARE FEET	VACANCY	VACANCY CHANGE Q1- Q2	NET ABSORPTION Q1-Q2
	Airport	\$0.49	\$(0.10)	6,680,562	504,483	7.55%	3.95%	264,162
	Central Bench	\$0.49	\$(0.12)	2,008,572	135,625	6.75%	-0.34%	6,870
	Boise Central Business District (CBD)	-	-	-	-	-	-	-
	Downtown Boise	\$0.83	-	693,681	2,116	0.31%	-3.65%	25,350
	Eagle	-	-	181,708	-	-	-	-
	South Meridian *	-	-	647,518	5,000	0.77%	-0.62%	4,000
	North Meridian	\$0.78	\$(0.02)	5,063,012	123,456	2.44%	0.00%	125
	North End & N.W.	-	-	208,865	-	-	-	-
	Garden City	\$0.78	-	1,645,166	36,013	2.19%	0.14%	(2,270)
	Southeast Boise	\$0.68	\$0.00	3,139,152	48,942	1.56%	-1.99%	62,600
	Southwest Boise	\$0.65	\$0.05	1,183,542	22,458	1.90%	-1.39%	16,468
	West Bench	\$0.86	\$0.18	3,170,306	114,501	3.61%	0.12%	(3,742)
	Star	-	-	61,647	-	-	-	-
<b>ADA COUNTY TOTAL</b>		<b>\$0.70</b>	<b>\$(0.00)</b>	<b>24,683,731</b>	<b>992,594</b>	<b>4.02%</b>	<b>0.63%</b>	<b>-154,761</b>
	Downtown Nampa	-	-	230,742	-	-	-	-
	Idaho Center	\$0.66	-	2,317,834	60,034	2.59%	-1.07%	24,855
	Karcher	\$0.64	\$(0.07)	1,634,973	41,268	2.52%	2.30%	(37,668)
	Northside Nampa	\$0.48	\$(0.08)	5,296,292	106,543	2.01%	0.83%	(44,087)
	South Nampa	-	-	573,184	-	-	-	-
	Caldwell	\$0.49	\$(0.07)	4,804,947	155,115	3.23%	-0.46%	22,250
	Middleton *	\$1.05	-	210,531	11,269	5.35%	-4.43%	9,320
<b>CANYON COUNTY TOTAL</b>		<b>\$0.66</b>	<b>\$(0.07)</b>	<b>15,068,503</b>	<b>374,229</b>	<b>2.48%</b>	<b>0.17%</b>	<b>(25,330)</b>
<b>TREASURE VALLEY TOTAL</b>		<b>\$0.68</b>	<b>\$(0.04)</b>	<b>39,752,234</b>	<b>1,366,823</b>	<b>3.44%</b>	<b>0.45%</b>	<b>-180,091</b>

\* South Meridian has 1 property vacant. Listed for sale, not for lease

\* Middleton has only 2 properties on the market

# Submarkets



## Ada County Submarkets

- |             |                  |               |
|-------------|------------------|---------------|
| 1 Northwest | 5 Central Bench  | 9 Southeast   |
| 2 North End | 6 Downtown CBD   | 10 West Bench |
| 3 Southwest | 7 Downtown Boise | 11 Eagle      |
| 4 Airport   | 8 Garden City    | 12 Star       |

## Canyon County Submarkets

- |                   |              |
|-------------------|--------------|
| 15 Idaho Center   | 19 Karcher   |
| 16 Northside      | 20 Middleton |
| 17 Downtown Nampa | 21 Caldwell  |
| 18 South Nampa    |              |

#### INVESTMENT BROKERAGE SERVICES

Clay Anderson, MBA, CPA  
Lew Goldman  
George Iliff  
Lew Manglos, MBA, CCIM, SIOR  
Chap Todd

#### OFFICE BROKERAGE SERVICES

Scott Feighner  
Oliver Maron  
Scott Raeber, MBA, CCIM  
Kyle Uhlenkott

#### RETAIL BROKERAGE SERVICES

David Cadwell  
Mike Christensen  
Mallisa Jackson  
Kelly Schnebly  
Bryan Vaughn

#### CANYON COUNTY BROKERAGE SERVICES

Lincoln Hagood  
Bryant Jones  
Mike Peña

#### INDUSTRIAL BROKERAGE SERVICES

Steve Foster  
Josh McFadyen  
Michael McNeight  
Devin Ogden, MBA, CCIM, SIOR  
Jake Tucker

#### MARKET CONTACT:

Jim Shipman, JD, MBA  
Managing Partner | Market Leader  
+1 208 472 2862  
jim.shipman@colliers.com

#### LAND BROKERAGE SERVICES

Chris Baird  
Jimmy Roumanis  
John Starr

#### TWIN FALLS BROKERAGE SERVICES

Steve Di Lucca  
Robyn Andersen  
Tami Walker

#### EASTERN IDAHO BROKERAGE SERVICES

Scarlet Poulson  
Don Zebe  
Jared Zebe  
Mike Zebe

#### VALUATION SERVICES

Andrew Boespflug, MAI  
John Campbell, MAI, CMI



*Five Offices Strong  
Locally Owned  
Locally Focused  
Since 2001*

★★ *Boise*  
*Nampa*

★  
*Idaho Falls*

★  
*Pocatello*

★  
*Twin Falls*

Colliers International | 755 W. Front Street, Suite 300 | Boise, Idaho 83702 | +1 208 345 9000 | [www.colliers.com/idaho](http://www.colliers.com/idaho)

Copyright © 2020 Colliers International. The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.