

EASTERN IDAHO

# 2025 MARKET OUTLOOK

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YOUR GUIDE TO **EASTERN IDAHO'S COMMERCIAL REAL ESTATE MARKET**

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An aerial photograph of a city, likely Boise, Idaho, showing a mix of commercial and residential buildings, a river with a dam, and a bridge. The image is framed by a blue gradient overlay on the left and right sides.

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# EASTERN IDAHO **2025** MARKET OUTLOOK

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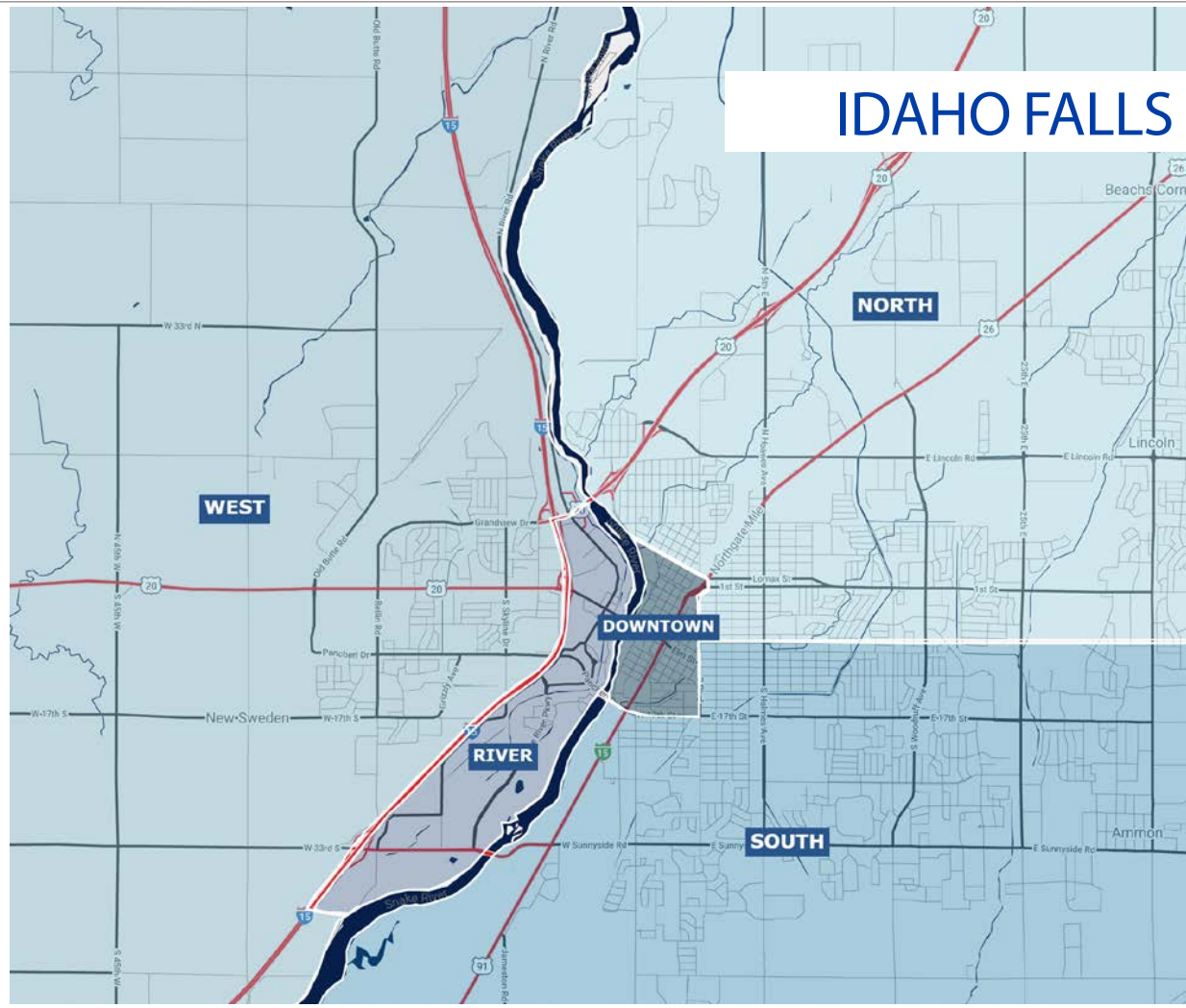
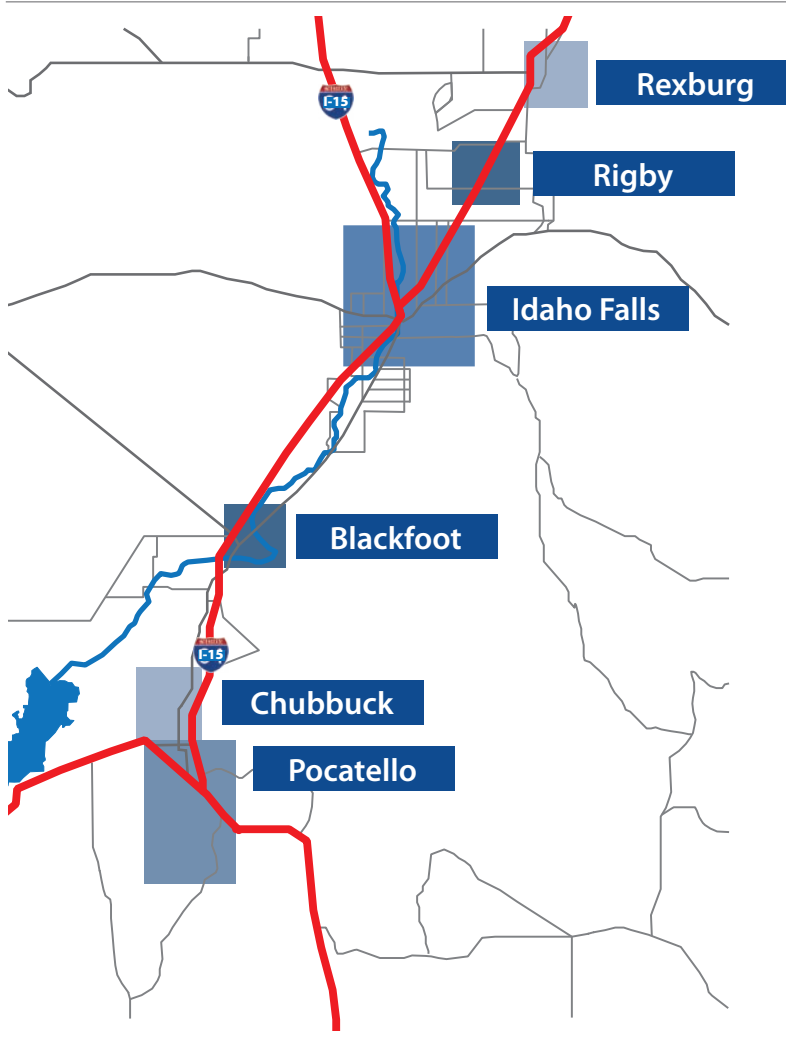
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To subscribe to TOK's Eastern Idaho Market Outlook, email us: [info@tokcommercial.com](mailto:info@tokcommercial.com)  
Contributors: Taylor Hill, Coralie Mattox, Brenna Phillips, & Chiara Kitcher

1135 Pier View Dr, Ste 120 | Idaho Falls, Idaho | 208.227.8148 | [tokcommercial.com](http://tokcommercial.com)

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## KEY FACTS

378,272

Total Population

31.3

Median Age

2.8

Average Household Size

\$75,646

Median Household Income

## EDUCATION

6%

No High School Diploma



26%

High School Graduate



34%

Some College



34%

Bachelor's/Grad/Prof Degree

## BUSINESS



12,444

Total Businesses



135,313

Total Employees

## EMPLOYMENT



64%

White Collar



22%

Blue Collar



14%

Services

2.7%

Unemployment Rate

## INCOME



\$75,646

Median Household Income



\$31,505

Per Capita Income



\$217,722

Median Net Worth

## 2024 Households by income (Esri)

The largest group: \$100,000 - \$149,999 (20.3%)

The smallest group: \$200,000+ (6.3%)

Indicator ▲	Value	Diff	
<\$15,000	7.3%	+0.7%	
\$15,000 - \$24,999	7.8%	+1.8%	
\$25,000 - \$34,999	7.2%	+0.3%	
\$35,000 - \$49,999	9.6%	-1.0%	
\$50,000 - \$74,999	17.5%	-0.8%	
\$75,000 - \$99,999	16.2%	+0.5%	
\$100,000 - \$149,999	20.3%	+0.9%	
\$150,000 - \$199,999	7.8%	-0.1%	
\$200,000+	6.3%	-2.4%	

Bars show deviation from Idaho



**OFFICE AT A GLANCE**



ANNUAL



QUARTERLY

**-1,500 SQ. FEET**  
NET ABSORPTION



ANNUAL



QUARTERLY

**8.5%**  
MULTITENANT VACANCY



ANNUAL



QUARTERLY

**\$15.00**  
AVERAGE NNN LEASE RATE (ANNUALLY)

## OFFICE CONDITIONS

In 2024, the Office sector experienced negative net absorption for the first time since 2020, finishing at -1,500 square feet. This is largely due to significant move-outs over 20,000 square feet, such as On Semiconductor vacating 28,800 square feet in Pocatello and Wells Fargo closing their 22,300 square foot location in Downtown Idaho Falls. As a result, total vacancy rose from 4.1 to 5.5 percent, while multitenant vacancy also increased from 7.8 to 8.5 percent. Despite the rise in vacancy, the office market remained active, with 124 office deals completed, marking a 14.8 percent increase from 2023.

Leasing activity was strongest in South Idaho Falls, with the area recording the highest number of deals and net absorption at over 27,000 square feet. Organic growth remained a key driver, most notably more businesses moved their footprint with 40 percent of deals involving businesses relocating their offices. Some of these tenants included Stukent Inc leasing 24,100 square feet at 1755 International Way and Rudd & Company occupying a new 12,000 square foot office building.

65,400 square feet of new construction delivered in 2024, down from 83,500 square feet in 2023. High construction costs kept speculative development limited, with fewer than 25,000 square feet of spec space completed. Overall average asking lease rates are \$15.00 per square foot (NNN, annually), up 7.1 percent from 2023. In addition, Class A rates are averaging \$22.00 per square foot, their highest level on record.

## OFFICE OUTLOOK

The Office market in Eastern Idaho is expected to remain cautious but steady. Vacancy rates are anticipated to stabilize around 5 to 6 percent, with leasing activity being driven by smaller users relocating or expanding. Lease rates are likely to rise further, especially for Class A spaces, as spec development remains limited.

A key development that could influence the Office market in 2025 is the Idaho National Laboratory's (INL) announcement of a phased return to in-person work for its employees. Hybrid workers are expected to return by June 2025, while remote workers should be back by January 2026. As one of the largest employers in the region, INL's return-to-office plan is likely to drive a higher demand for office space in the area. Additionally, as INL staff return to physical workspaces, there could be an uptick in demand for amenities and services around the INL campus, including restaurants, cafes, and public transportation options. Overall, while this move could initially result in some logistical challenges, it could also present new opportunities for office leasing, construction, and related services in the region.

### TAKEAWAYS:

- THE OFFICE MARKET SAW **NEGATIVE NET ABSORPTION** FOR THE FIRST TIME SINCE 2020, HOWEVER **LEASING ACTIVITY** REMAINED **HEALTHY** WITH NUMBER OF **DEALS UP 14.8%**.
- **INL'S RETURN-TO-OFFICE MANDATE** IS LIKELY TO **INCREASE DEMAND FOR BOTH OFFICE SPACE AND SURROUNDING AMENITIES** IN IDAHO FALLS.

## NOTABLE ACTIVITY

**1755 INTERNATIONAL WAY**  
24,100 SF - IDAHO FALLS  
LEASED TO STUKENT INC.



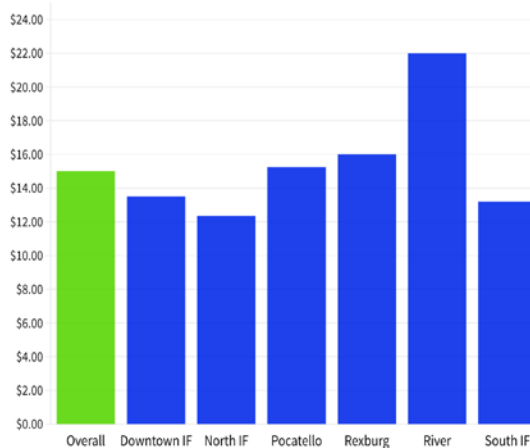
**1690 INTERNATIONAL WAY**  
12,900 SF - IDAHO FALLS  
LEASED TO USRA



**1040 PIER VIEW DRIVE**  
12,000 SF - IDAHO FALLS  
OCCUPIED BY RUDD & COMPANY

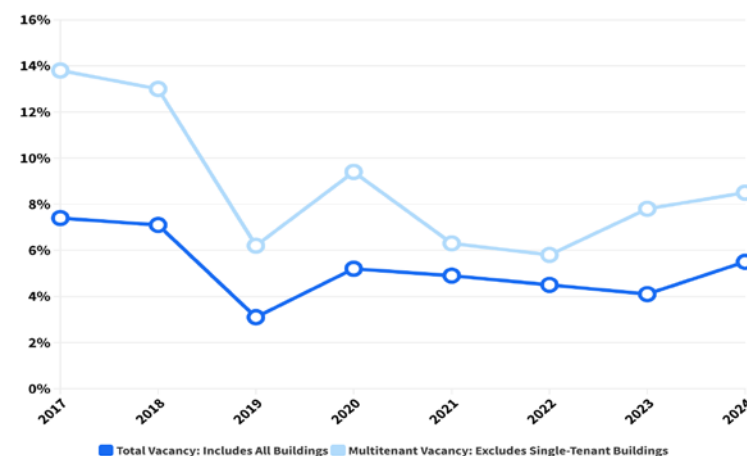


## ASKING LEASE RATES



OVERALL ASKING lease rates are UP 7.1% from 2023.

## VACANCY RATES



TOTAL VACANCY ended ABOVE 5% for the first time SINCE 2020.

**INDUSTRIAL AT A GLANCE**



ANNUAL



QUARTERLY

**548,000 SQ. FEET**  
NET ABSORPTION



ANNUAL



QUARTERLY

**7.8%**  
TOTAL VACANCY RATE



ANNUAL



QUARTERLY

**\$0.85**  
AVERAGE NNN LEASE RATE (MONTHLY)

## INDUSTRIAL CONDITIONS

2024 was another standout year for the Industrial market, with net absorption reaching 548,000 square feet. Transaction volume surged, with over 120 deals completed, a 49 percent increase from 2023, representing the highest transaction volume on record. Notable deals included Elevate Fulfillment leasing an additional 56,000 square feet at Gem Lake Industrial Park in West Idaho Falls and Lansing Building Products leasing 55,000 square feet at the Idaho Falls Business Park. Smaller spaces under 10,000 square feet drove activity, accounting for 80 percent of 2024 deals. The demand for industrial space was fueled by service, trade, and construction related businesses, spurred on by residential growth. Spaces such as Gem Lake Industrial Park and the Titan Center also attracted larger industrial users with 12 percent of deals involving spaces over 20,000 square feet. Many of these larger tenants were driven by organic growth within Eastern Idaho, with 80 percent either moving location, adding a location or expanding an existing location.

New construction delivered 482,500 square feet of space to the market, a 36 percent decline from 2023. Of this, 65 percent was speculative, with half already leased. Notable projects delivered include two buildings at Idaho Falls Business Park (122,600 square feet) and a 24,000 square foot building at 5354 Hancock Avenue in South Idaho Falls. Despite the new spec space, demand continues to outweigh supply. Class A rates average \$0.99 per square foot (NNN, Monthly), a 30 percent increase from 2023, while overall lease rates rose 13 percent to \$0.85 per square foot.

## INDUSTRIAL OUTLOOK

Spec development is expected to slow with only a limited number of projects slated to deliver in 2025. Developers are opting for smaller scale projects over large scale developments such as Gem Lake Industrial Park. Spec projects expected to deliver in 2025 include 4045 Bombardier Avenue (25,000 SF) and Hitt Road Plaza (20,000 SF).

Although supply chain issues and construction costs have softened, the construction of major facilities like Micron and Meta in the Boise metro may divert labor resources from Eastern Idaho, presenting new challenges for developers in 2025. With a limited number of new projects on the horizon, it's anticipated that lease rates will continue to rise potentially reaching the \$0.90 to \$0.95 per square foot range. Organic growth is expected to continue to drive activity, as local startup businesses and tenants expanding or opening new locations accounted for 61 percent of transactions in 2024. This trend is likely to persist in 2025, further fueling demand for industrial space in Eastern Idaho.

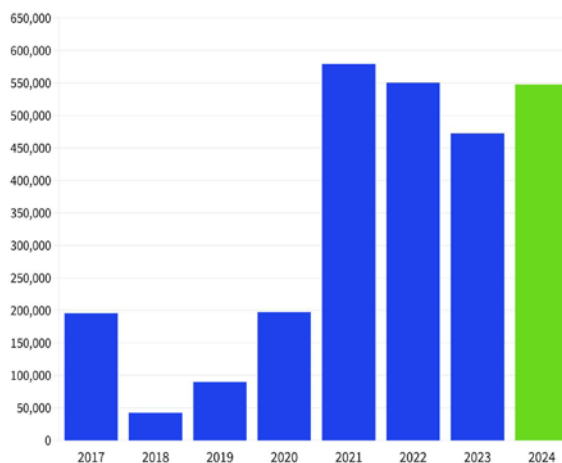
### TAKEAWAYS:

- **2024 WAS A STRONG YEAR WITH NET ABSORPTION REACHING 548,000 SQUARE FEET AND TOTAL NUMBER OF TRANSACTIONS INCREASING BY 49%.**
- **LEASE RATES ARE EXPECTED TO INCREASE WITH ONLY A LIMITED NUMBER OF SPEC DEVELOPMENTS SLATED TO DELIVER IN 2025.**

## NOTABLE ACTIVITY

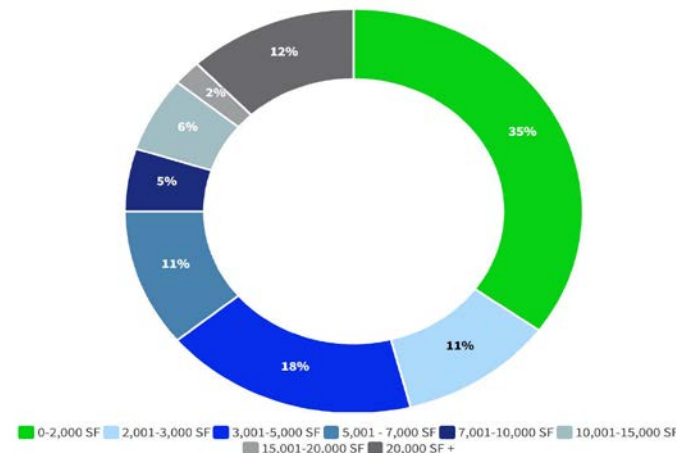
<b>GEM LAKE INDUSTRIAL PARK</b> 56,000 SF - IDAHO FALLS LEASED TO ELEVATE FULFILLMENT	
<b>IDAHO FALLS BUSINESS PARK</b> 54,600 SF - IDAHO FALLS LEASED TO LANSING BUILDING PRODUCTS	
<b>TITAN CENTER</b> 43,100 SF - POCATELLO LEASED TO PORTNEUF VALLEY SOCCER CLUB	

## NET ABSORPTION



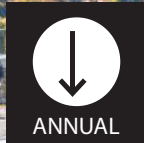
2024 WAS THE 4TH CONSECUTIVE YEAR with over 400,000 square feet of NET ABSORPTION.

## TRANSACTIONS BY SQUARE FOOTAGE



TRANSACTIONS under 7,000 SF accounted for 75% of industrial deals in 2024.

**RETAIL AT A GLANCE**

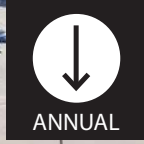


ANNUAL



QUARTERLY

**82,000 SQ. FEET**  
NET ABSORPTION

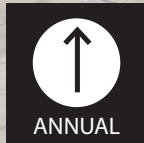


ANNUAL



QUARTERLY

**3.1%**  
TOTAL VACANCY RATE



ANNUAL



QUARTERLY

**\$18.25**  
AVERAGE NNN LEASE RATE (ANNUALLY)

## RETAIL CONDITIONS

In 2024, the Eastern Idaho Retail sector experienced a slowdown in leasing activity, with both net absorption and transaction volume decreasing compared to the previous year. Net absorption for the year ended at 82,000 square feet, marking the lowest net absorption of the past 4 years. The Rexburg submarket led the region in net absorption with two national retailers securing space at the Valley River Center, namely Hobby Lobby leasing 51,100 square feet and Ross leasing 20,500 square feet. Other notable transactions included Out West Bible Church taking over the 35,200 square foot former Planet Doom space in North Idaho Falls and Pocatello Pickleball, a local startup, leasing 13,800 square feet at the Westwood Mall in Pocatello.

Retail activity was primarily driven by local startup businesses and tenants opening additional locations, accounting for 67 percent of deals. New to the market tenants made up 13 percent of deals, a slight decrease from 2023. Among these new entries were Chipotle, Dollar Loan Center, and Bricks & Minifigs.

High construction costs continued to limit new retail development, with 43,900 square feet of new construction delivered in 2024. This is half the amount delivered last year. The combination of limited new inventory and high demand led to total vacancy ending 2024 at 3.1 percent. This posed significant challenges for out-of-area businesses looking to enter the Eastern Idaho market, as quality retail space is increasingly scarce.

## RETAIL OUTLOOK

Demand in the Retail sector will remain strong, but limited supply is expected to continue driving lease rates higher through 2025. By the end of 2024, overall asking lease rates had reached \$18.25 per square foot (NNN, annual), reflecting a 35 percent increase from the previous year, with some submarkets seeing overall asking rates of \$28.00 per square foot. Despite the anticipated closure of larger retailers like Big Lots, Joann Fabrics, and Advanced Auto Parts, total vacancy is expected to remain low, hovering in the 3 to 5 percent range.

Several notable developments are set to shape the market in 2025. The Pine Ridge Mall redevelopment in Chubbuck will transform the 2.5 million square foot property into an open-air shopping center, attracting national retailers to the area. In addition, the Riviera Park development across from the Costco in Idaho Falls will soon break ground, with tenants such as Broulim's, Taco Bell, O'Reilly, and Sport Clips already signed on. WinCo Foods also announced plans for a 84,000 square-foot supermarket in Rexburg. Both the Riviera Park and WinCo projects are expected to deliver in 2026.

### TAKEAWAYS:

- ➔ **LIMITED NEW INVENTORY AND HIGH DEMAND LED TO A LOW TOTAL VACANCY OF 3.1%.**
- ➔ **MORE RETAIL CONSTRUCTION IS ANTICIPATED TO BREAK GROUND IN 2025 MOST NOTABLY AT RIVIERA PARK IN IDAHO FALLS.**

## NOTABLE ACTIVITY

**VALLEY RIVER CENTER**  
51,100 SF - REXBURG  
LEASED TO HOBBY LOBBY



**680 1ST STREET**  
35,200 SF - IDAHO FALLS  
LEASED TO OUTWEST BIBLE CHURCH



**VALLEY RIVER CENTER**  
20,500 SF - REXBURG  
LEASED TO ROSS

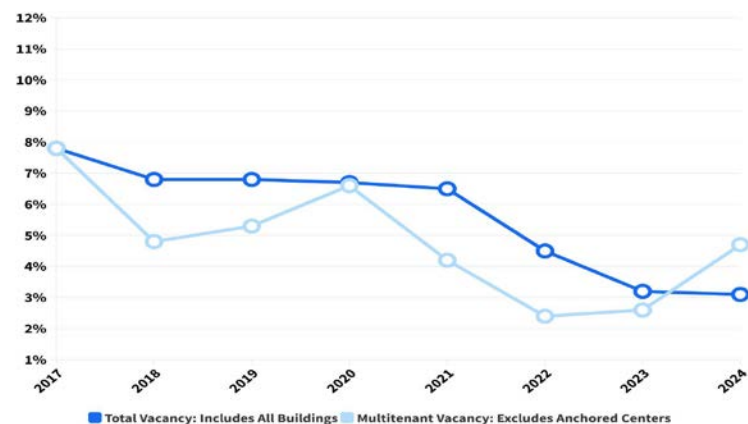


## TENANT ORIGIN



LOCAL STARTUPS and businesses ADDING LOCATIONS made up 67% of deals.

## VACANCY RATES



TOTAL VACANCY continued to decline, ending 2024 AT 3.1%.

# TOK EASTERN IDAHO INVESTMENT MARKET

## INVESTMENT AT A GLANCE



ANNUAL

# \$214 MILLION

TRANSACTION VOLUME



ANNUAL

# 7.8 %

OFFICE: AVERAGE NATIONAL CAP RATE



ANNUAL

# 5.3%

INDUSTRIAL: AVERAGE NATIONAL CAP RATE



ANNUAL

# 7.3%

RETAIL: AVERAGE NATIONAL CAP RATE



ANNUAL

# 5.2%

MULTIFAMILY: AVERAGE NATIONAL CAP RATE

## INVESTMENT CONDITIONS

Eastern Idaho's Investment market experienced a notably strong year in 2024, defying trends seen in other regions. Investment activity surged, with the number of deals increasing by 53 percent from 2023. A total of 46 transactions were completed in 2024, compared to 30 in 2023. Total sales volume more than doubled, reaching \$214 million in 2024, up from \$80 million the previous year. While this marked a significant improvement over 2023 and 2022, it still lagged behind 2021's performance.

Multifamily properties led the charge in sales volume, accounting for 42 percent of the total volume. Notably, four large transactions significantly contributed to this figure, including three multifamily deals that traded for over \$20 million. Additionally, the 633,000 square foot Pine Ridge Mall in Chubbuck sold.

Investment deals spanned various sectors, with retail leading the pack at 35 percent, followed by industrial, multifamily, and office. Nationally, capitalization rates saw the most significant rise in the office sector, climbing from 6.7 to 7.8 percent. Other sectors experienced relatively steady changes in cap rates. Industrial saw a slight increase while both retail and multifamily saw modest declines.

## INVESTMENT OUTLOOK

Investment activity in the Eastern Idaho market appears optimistic, driven by an influx of capital and a growing appetite from both buyers and sellers. The new presidential administration has also contributed to a sense of stability, with many investors feeling more confident about the next four years. This sense of certainty is likely to spur further interest in Eastern Idaho as an investment destination.

While there is strong interest in the region, a gap remains between buyer and seller expectations, particularly concerning capitalization rates. This continues to add an element of uncertainty to negotiations, as sellers are holding on to the record low cap rates seen in 2021, while buyers are seeking more favorable terms reflective of the current market conditions. Eastern Idaho is anticipated to continue to see interest from out-of-state buyers, most notably investors coming from Oregon and Washington. However, supply remains limited, as many local property owners remain hesitant to sell, creating a competitive environment. As of the end of January, only 20 investment properties had been listed over the past 90 days.

### TAKEAWAYS:

- EASTERN IDAHO'S INVESTMENT MARKET SAW SIGNIFICANT GROWTH IN 2024, WITH A 53% INCREASE IN DEALS AND A SALES VOLUME MORE THAN DOUBLE THAT OF 2023.
- THE ONGOING GAP BETWEEN BUYER AND SELLER EXPECTATIONS, COUPLED WITH LIMITED SUPPLY, WILL CONTINUE TO POSE CHALLENGES FOR THE INVESTMENT MARKET.

## NOTABLE ACTIVITY

### EAGLES LANDING

168 UNITS - IDAHO FALLS  
MULTIFAMILY SOLD



### PINE RIDGE MALL

632,900 SF - CHUBBUCK  
RETAIL SOLD

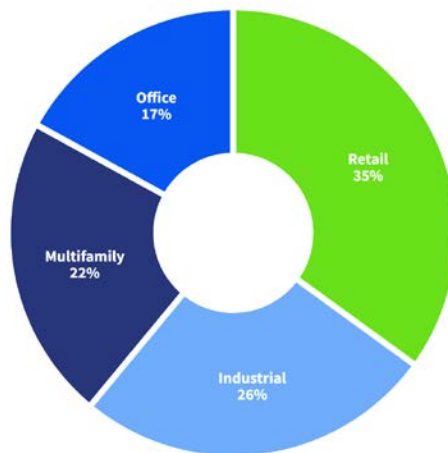


### 1443 MIDWAY AVENUE

16,100 SF - IDAHO FALLS  
INDUSTRIAL SOLD

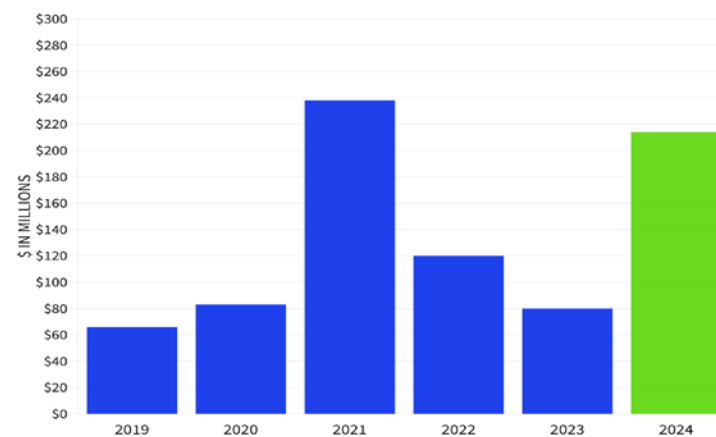


## DEALS BY PROPERTY TYPE



The number of MULTIFAMILY deals TRIPLED from 2023.

## TRANSACTION VOLUME



FOUR sales traded for over \$20 MILLION, three of which were MULTIFAMILY.

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**MARKET INSIGHT**

**+157 MILLION** SQUARE  
FEET TRACKED REAL TIME  
ACROSS IDAHO MARKETS



**RESULTS**

**20,000 SQUARE FEET**  
LEASED OR SOLD  
PER BUSINESS DAY (2024)



**REACH**

AS IDAHO'S LARGEST  
**CRE FIRM**, WE CAN COVER  
REQUIREMENTS ACROSS  
THE STATE

**IDAHO FALLS**  
OFFICE

# Our commercial brokerage expertise is your advantage.



**DARREN PUETZ**  
PARTNER | SALES MANAGER  
208.656.2273  
darren@tokcommercial.com



**BRENT WILSON, CLS**  
PARTNER  
208.656.2270  
brent@tokcommercial.com



**BRIAN WILSON, CCIM**  
208.656.2271  
brian@tokcommercial.com



**NICK TERRY**  
208.357.4678  
nickt@tokcommercial.com



**BLAKE PHIPPEN**  
208.357.4996  
blake@tokcommercial.com



**MARK BOUCHARD**  
208.357.4995  
mark@tokcommercial.com



**BRADLEY NICOLL**  
208.617.3819  
bradley@tokcommercial.com

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