YOUR GUIDE TO THE BOISE VALLEY’S INDUSTRIAL MARKET
INDUSTRIAL MARKET

MARKET SNAPSHOT
THROUGH JUNE 2023

- **899,000 SQ. FEET**
  - Net Absorption
- **5.2%**
  - Total Vacancy Rate
- **$0.98**
  - Average NNN Lease Rate (Monthly)
INDUSTRIAL CONDITIONS

The Industrial market saw an uptick in leasing activity in Q2 with total number of deals increasing 18 percent from Q1. In addition, net absorption reached nearly 600,000 square feet in Q2 bringing the mid-year total to 899,000 square feet. The Airport submarket has the highest level of absorption so far in 2023 with 225,400 square feet. However, activity has been strong among large industrial users in Canyon County with three of the four Canyon County submarkets currently at net absorption levels over 100,000 square feet. Top deals from the past quarter include Ferguson Enterprises leasing 164,600 square feet of new construction in Nampa and Builders First Source leasing 89,000 square feet at North Ranch Logistics in Caldwell.

Development remains a key highlight for the industrial sector with over two million square feet of new construction completed halfway through 2023. The majority of development has occurred in Canyon County, accounting for 83 percent of total construction. In addition, 91 percent of total construction in the Boise MSA is speculative space. Some notable spec projects delivered in the first half of 2023 include Phase 2 of Fuller84 Business Park (439,600 square feet) and Madison Logistics Center (345,000 square feet), both located in Nampa. The growth in supply has ultimately resulted in both total and multitenant vacancy rising. Total vacancy increased from 1.2 to 5.2 percent over the past 12 months, while multitenant vacancy reached its highest level in a decade (16.6%) at the end of Q2. In addition, months of supply at the end of June surpassed 10 months for the first time since 2016.

INDUSTRIAL OUTLOOK

The second half of 2023 will continue to see strong industrial development. The Boise MSA is on track for a record breaking year with an additional 1.8 million square feet currently under construction and expected to be completed by year end. The majority of growth will remain in Canyon County with top anticipated deliveries including 270,000 square feet at Northside Logistics and nearly 475,000 square feet at Park84. The rise in quality space in the market has ultimately kept lease rates at record highs. Class A rates are above $1.00 per square foot (NNN, monthly) in the majority of submarkets, with the overall Class A market rate up eight percent from the previous year. In addition, overall asking lease rates have risen consecutively year over year for the past decade and are currently at a record high $0.98 per square foot.

Tenant origin activity has remained evenly split over the past 12 months with new to market tenants accounting for the most deals at 28 percent. The majority of new to market deals are attributed to large users considering 51 percent of spaces have been absorbed by tenants over 10,000 square feet. More new industrial companies are expected to establish their presence in the Boise MSA as upcoming projects such as Meta and Micron’s $15 billion dollar expansion draw semiconductor and electronic manufacturing industries to the area.

TAKEAWAYS:

- **INDUSTRIAL LEASING ACTIVITY WAS STRONG IN Q2 WITH BOTH NUMBER OF TRANSACTIONS AND TOTAL NET ABSORPTION RISING.**

- **2023 IS ON PACE TO BE A RECORD BREAKING YEAR FOR CONSTRUCTION WITH OVER 2 MILLION SQUARE FEET DELIVERED SO FAR.**
A mid-year high 1.8 MILLION SQUARE FEET OF SPECULATIVE SPACE has delivered so far in 2023. 83% of total construction has delivered in CANYON COUNTY with most projects over 50,000 SF.

NET ABSORPTION

NET ABSORPTION has reached a total of 899,000 SF halfway through the year, with an increase from 327,600 SF in Q1 to 571,600 SF in Q2.

VACANCY TRENDS

VACANCY in CANYON COUNTY is 11.3% while vacancy in ADA COUNTY remains low at 1.4%. MULTITENANT VACANCY reached its HIGHEST LEVEL in 10 years (16.6%) at the END OF Q2.

TENANT ORIGIN

Over 1 MILLION SF was absorbed by TENANTS moving location in the past 12 months. 51% of NEW TO MARKET deals leased to tenants OVER 10,000 SQUARE FEET.

CONSTRUCTION TRENDS

*Based on transactions from the past 12 months

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**INDUSTRIAL MARKET ACTIVITY**

16680 NORTHSIDE BLVD

**CALDWELL BLVD**
164,600 SF
LEASED TO FERGUSON ENTERPRISES

NORTH RANCH LOGISTICS

**CALDWELL**
89,000 SF
LEASED TO BUILDERS FIRST SOURCE

FULLER84 BUSINESS PARK PHASE 1

**IDAHO CENTER**
108,200 SF
LEASED TO TWO TENANTS

MADISON LOGISTICS CENTER

**CALDWELL BLVD**
79,100 SF
LEASED TO TWO TENANTS

BOISE GATEWAY INDUSTRIAL PARK - BLDG 1

**AIRPORT**
50,400 SF
LEASED TO VERDE FULFILLMENT

12000 EXECUTIVE DRIVE

**WEST**
26,400 SF
LEASED TO ANIXTER

KARCHER INDUSTRIAL PARK

**CALDWELL BLVD**
25,600 SF
LEASED TO UNITS

71 13TH PLACE

**N MERIDIAN**
24,500 SF
LEASED TO CODALE ELECTRIC

1604 FARGO

**CALDWELL BLVD**
20,000 SF
LEASED TO IDAHO YOUTH RANCH
OUR EXPERTISE IS YOUR ADVANTAGE

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MARKET INSIGHT
57 MILLION SQUARE FEET TRACKED REAL TIME ACROSS IDAHO MARKETS

RESULTS
24,000 SQUARE FEET LEASED OR SOLD PER BUSINESS DAY

BOISE VALLEY OFFICES

REACH
AS IDAHO’S LARGEST CRE FIRM, WE CAN COVER REQUIREMENTS ACROSS THE STATE

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