



COMMERCIAL

BOISE MERIDIAN EAGLE KUNA NAMPA CALDWELL

Q2 2025

INDUSTRIAL MARKET REPORT

YOUR GUIDE TO THE **BOISE VALLEY'S INDUSTRIAL MARKET**



TOK INDUSTRIAL MARKET

MARKET **SNAPSHOT**

THROUGH MARCH 2025



ANNUAL



QUARTERLY

-266,000 SQ. FEET
NET ABSORPTION



ANNUAL



QUARTERLY

8.9%
TOTAL VACANCY RATE



ANNUAL



QUARTERLY

\$1.08
AVERAGE NNN LEASE RATE (MONTHLY)

MARKET SUMMARY

INDUSTRIAL CONDITIONS

In the first quarter of 2025, the Boise Valley saw a few major players exit the Industrial market, including Heartland RV closing their 251,000 square foot manufacturing facility and DuraVent vacating 152,000 square feet. As a result, net absorption ended the quarter with -266,000 square feet recorded. This is the first time in 5 years that net absorption has ended a quarter at a negative level.

Despite the drop in net absorption, leasing activity has remained healthy with a 3 percent increase in industrial deals when compared to this time last year. Activity was strongest in the Caldwell submarket where almost 76,000 square feet of net absorption recorded. Additionally, there were a few notable deals in other parts of the valley, such as Modern Machinery Co. leasing nearly 48,000 square feet in the Southeast submarket and Supply Network Inc. leasing over 40,500 square feet in Nampa. With healthy leasing activity and the remainder of the year ahead, there is opportunity to recover from this early quarter dip in net absorption.

Industrial development saw a significant slowdown in Q1 2025, with only 120,000 square feet delivered. This is an 85 percent decrease compared to the start of 2024. Following the record breaking construction activity seen over the past 2 years, it is anticipated that development will remain subdued until some of the new speculative product leases. Multitenant vacancy did start to trend downward, ending Q1 at 22 percent. However, overall vacancy continued to rise, reaching just over 8.9 percent for the first time since 2013.

INDUSTRIAL OUTLOOK

Despite vacancy rates remaining higher than usual, lease rates have continued to climb. In Q1, overall average lease rates hit a new high of \$1.08 per square foot (NNN, monthly). Class A asking rates also set a record at \$1.10 per square foot, with 5 submarkets seeing rates soar to \$1.25 per square foot or more. Nearly 68 percent of current industrial listings are for Class A space, with the majority of that inventory targeting larger users.

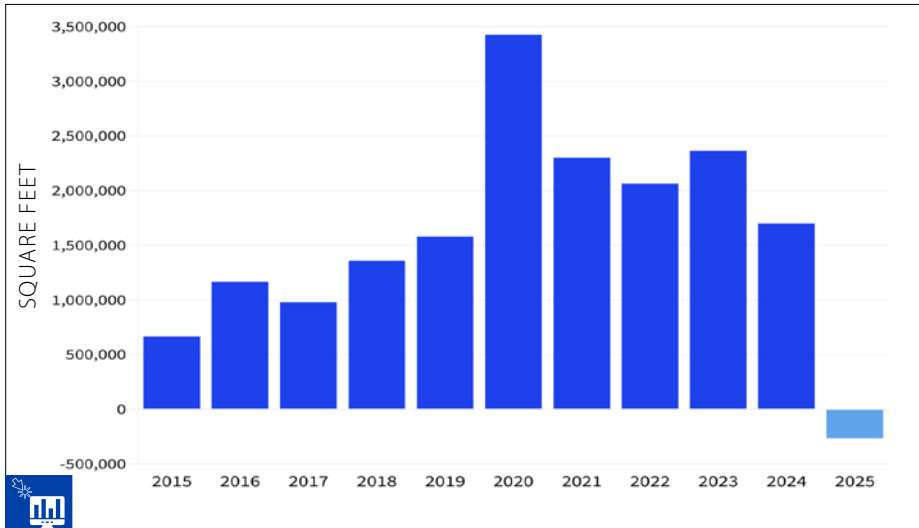
As a result, tenants seeking spaces over 10,000 square feet have more options, which gives them greater leverage in negotiations. Over the past 12 months, the average lease rate for industrial spaces larger than 10,000 square feet was \$0.84 per square foot. This is significantly lower than the average rate for smaller spaces, which is \$1.01 per square foot. As demand for smaller spaces remains high, lease rates in this segment continue to stay elevated. However, with vacancy rates higher than usual and developers working to fill larger speculative projects, lease rates for large Class A industrial spaces are expected to soften. This divergence in trends highlights the “tale of two markets” currently unfolding in the industrial real estate sector.

TAKEAWAYS:

- DESPITE THE **NEGATIVE ABSORPTION**, LEASING ACTIVITY IS STILL **HEALTHY**, WITH A **3% INCREASE** IN INDUSTRIAL DEALS **COMPARED TO THIS SAME TIME LAST YEAR**.
- **INDUSTRIAL DEVELOPMENT** HAS **SLOWED SIGNIFICANTLY**, WITH DELIVERIES **DOWN 85%** COMPARED TO Q1 2024, FOLLOWING THE **PEAK CONSTRUCTION ACTIVITY** OF THE PAST **TWO YEARS**.

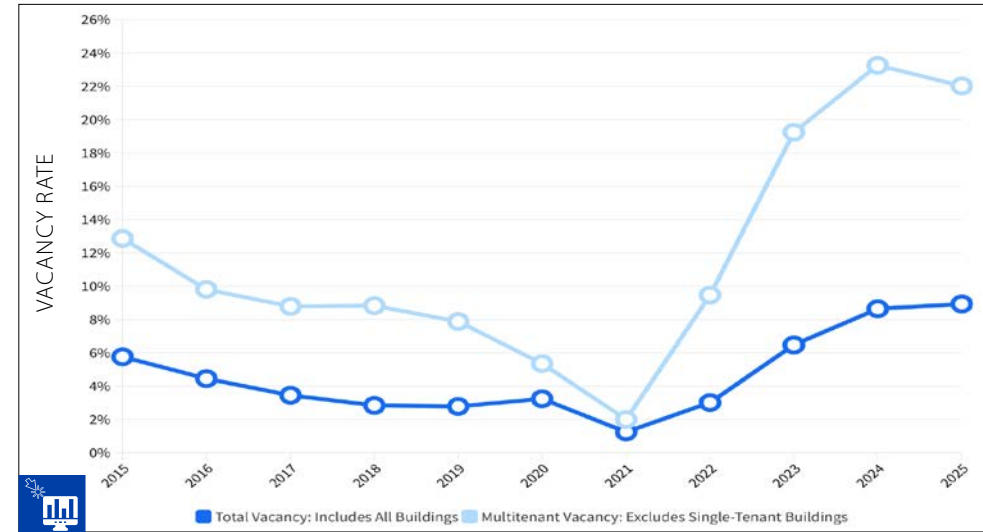
NET ABSORPTION

NET ABSORPTION for Q1 ended in the **NEGATIVE** for the first time **SINCE Q1 2020**, primarily due to Heartland RV's **CLOSURE** of its **251,000 SF** manufacturing plant in **NAMPA**.



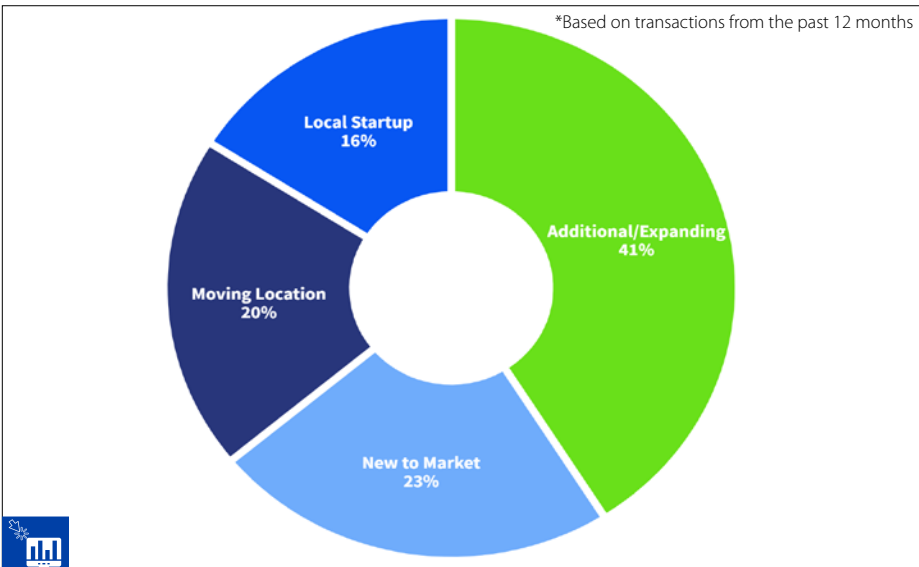
VACANCY TRENDS

After **STEADILY RISING** each year since 2021, **MULTITENANT VACANCY DROPPED TO 22%**. **TOTAL VACANCY** rose to almost 9%, but remains **BELOW 4%** in all but 3 **SUBMARKETS**.



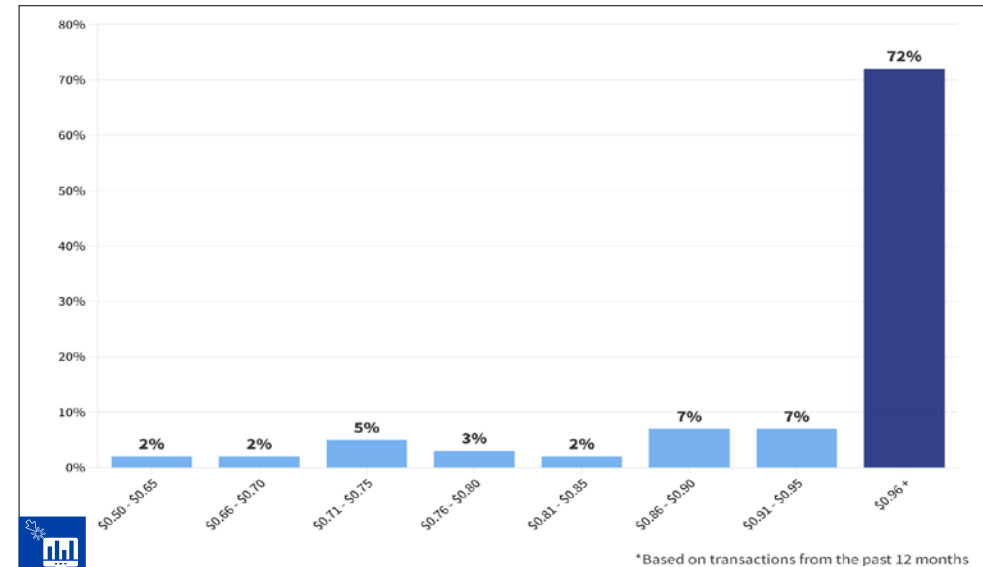
TENANT ORIGIN

Over **1.7 MILLION SF** was absorbed by tenants **EXPANDING** or opening an **ADDITIONAL LOCATION** in the last 12 months. **70% of NEW TO MARKET** deals leased to tenants over **7,000 SF**.



LEASED SPACE BY ASKING RATE

OVERALL ASKING lease rates have **RISEN BY 8%** over the **PAST YEAR**. **CLASS A** rates in **5 SUBMARKETS** reached **\$1.25** or more (NNN, monthly).



9391 FEDERAL WAY



SOUTHEAST
47,800 SF
OCCUPIED BY MODERN MACHINERY CO.

NORTHSIDE LOGISTICS CENTER



CALDWELL BLVD
40,600 SF
LEASED TO SUPPLY NETWORK INC.

SKY RANCH LOGISTICS



CALDWELL
36,300 SF
LEASED TO FINDLAY FOOD COATINGS

INDIAN CREEK BUSINESS PARK



CALDWELL
33,400 SF
LEASED TO CRESCENT ELECTRIC SUPPLY

4320 CHALLENGER WAY



CALDWELL
31,000 SF
LEASED TO FRESCA MEXICAN FOODS

GOWEN INDUSTRIAL PARK



AIRPORT
20,700 SF
LEASED TO TRINITY WAREHOUSE

2210 ELDER



CALDWELL BLVD
16,000 SF
SOLD TO ASTEGOS, INC.

11915 EXECUTIVE DRIVE



WEST
10,000 SF
LEASED TO GYM STARS, LLC

BUNTING BUILDING



SOUTHEAST
9,700 SF
LEASED TO ACCO ENGINEERED SYSTEMS

TOK

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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 THE REGION'S
LARGEST CRE FIRM, WE
CAN COVER REQUIREMENTS
ACROSS THE STATE

BOISE VALLEY OFFICES

OUR EXPERTISE IS YOUR ADVANTAGE



MICHAEL BALLANTYNE, SIOR, CCIM
MANAGING PARTNER
208.947.0831
mjb@tokcommercial.com



DEVIN PIERCE, SIOR
208.947.0850
devin@tokcommercial.com



CHRIS PEARSON, SIOR
208.947.0859
chris@tokcommercial.com



LENNY NELSON
208.947.0831
lenny@tokcommercial.com



NICK SCHUITEMAKER, CCIM
208.947.0802
nick@tokcommercial.com



SEAN EDWARDS
208.579.2304
sean@tokcommercial.com



KEKAULA KANIHO
208.947.0853
kekaula@tokcommercial.com



MOSES MUKENZEZI
208.947.0836
moses@tokcommercial.com



JOHN STEVENS, CCIM
SALES MANAGER
208.947.0814
john@tokcommercial.com



PETER OLIVER, SIOR, CCIM
208.947.0816
peter@tokcommercial.com



SAM MCCASKILL, CCIM
208.947.0814
sam@tokcommercial.com



JP GREEN, CCIM
208.947.0852
jpgreen@tokcommercial.com



PATRICK SHALZ, SIOR
208.947.0834
pat@tokcommercial.com



ANDREW BOESPFLUG
208.947.5524
andrew@tokcommercial.com



LAURIE REYNOLDSON
CCIM, CLS
208.947.5514
laurie@tokcommercial.com



MIKE ARNOLD
208.957.5609
mikea@tokcommercial.com



DAN MINNAERT, SIOR, CCIM
208.947.0845
dan@tokcommercial.com



MIKE GREENE, SIOR, CCIM
208.947.0835
mikeg@tokcommercial.com



GAVIN PHILLIPS, SIOR
208.947.0812
gavin@tokcommercial.com



HOLLY CHETWOOD, CCIM
208.947.0827
holly@tokcommercial.com



AL MARINO, SIOR
208.947.0811
al@tokcommercial.com



BRIANNA MILLER, CCIM, CLS
208.947.5519
briannam@tokcommercial.com



MIKE KELLER
208.947.0844
mtk@tokcommercial.com



LANCE HENDRICKS
208.957.5623
lance@tokcommercial.com

