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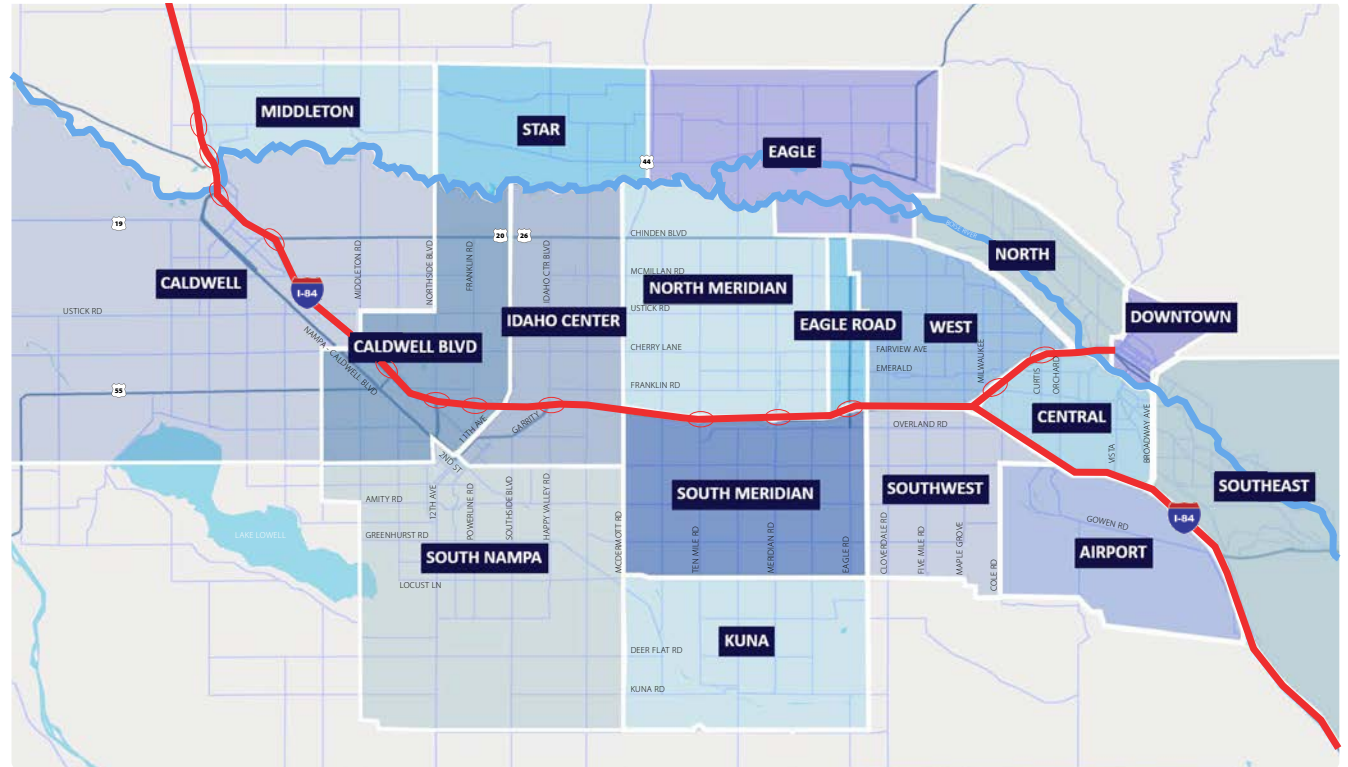
BOISE MERIDIAN EAGLE KUNA NAMPAL CALDWELL

Q1 2025

INVESTMENT MARKET REPORT



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



TOX INVESTMENT MARKET

MARKET SNAPSHOT

THROUGH DECEMBER 2024



ANNUAL

\$482 MILLION
TRANSACTION VOLUME



ANNUAL

6.1%
OFFICE: AVERAGE BOISE CAP RATE



ANNUAL

6.1%
INDUSTRIAL: AVERAGE BOISE CAP RATE



ANNUAL

6.2%
RETAIL: AVERAGE BOISE CAP RATE



ANNUAL

5.3%
MULTIFAMILY: AVERAGE BOISE CAP RATE

MARKET SUMMARY

INVESTMENT CONDITIONS

In 2024, the Boise Investment market experienced a moderate slowdown compared to the previous year. Total transaction volume decreased by 16 percent, falling from \$574 million in 2023 to \$482 million in 2024. In addition, number of deals also declined year-over-year by 5 percent. The office sector was particularly impacted, with the number of deals down by over 50 percent from 2023. Despite a decrease in transaction volume, the multifamily sector still led the market in sales volume, recording over \$162 million in 2024. Two high-profile deals, including Ridgecrest Commons and 1010 Southside Townhomes, contributed significantly to this volume. Additionally, the retail sector continues to see strong activity, accounting for 37 percent of all investment sales in 2024. This reflects a 15 percent increase in the number of deals, totaling \$129 million in sales volume.

Cap rates for all sectors increased, with office, industrial, and retail cap rates rising to just over 6 percent. Notably, multifamily cap rates remained stable at 5.3 percent. Nationally, cap rates for office and industrial properties increased, though multifamily and retail saw declines. This trend reflects a more cautious investment approach amid ongoing economic uncertainty.

While the Boise market faces challenges in certain sectors, the overall landscape remains dynamic, with shifts in investment activity offering opportunities for those navigating the changing market.

INVESTMENT OUTLOOK

In 2024, the Federal Reserve began cutting interest rates for the first time since May 2020, with the first reduction occurring in September. November and December also saw rate cuts, bringing the current benchmark range to 4.25 to 4.5 percent. Despite these rate cuts, yields on 10-year U.S. Treasuries rose by more than 100 basis points since their lows in September. This is unusual, as historically, in the seven previous rate-cut cycles, the 10-year Treasury yield was lower 100 percent of the time 100 days after the first cut, according to J.P. Morgan. The unexpected increase in yields was likely due to robust economic growth coupled with significant uncertainty surrounding the new administration's policies, and how these might impact inflation and the Fed's future outlook. The treasury yield has since dropped, following the Fed's decision to keep interest rates unchanged in January. Experts generally expect the Fed to keep rates steady throughout the first half of 2025, as inflation has eased but not enough to warrant substantial rate cuts. Overall, ongoing interest rate volatility is likely to keep investors on edge.

As the new year begins, the Boise investment market is expected to remain subdued, with buyers staying cautious and selective in their decisions. Location, tenant quality, and long-term growth potential will continue to play a crucial role in shaping investment strategies and outcomes. However, finding high-quality investment opportunities will prove challenging, as many sellers are taking a wait-and-see approach, resulting in a limited number of listings. Fewer than 10 investment properties have been listed in the past 30 days.

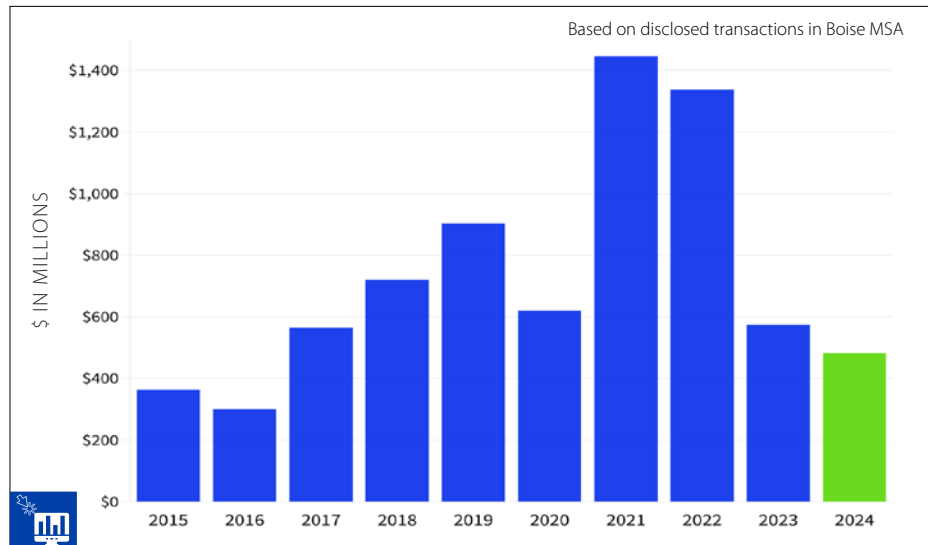
TAKEAWAYS:

- THE BOISE INVESTMENT MARKET EXPERIENCED A **SLOWDOWN** IN 2024, WITH A **DECREASE IN TOTAL TRANSACTION VOLUME** AND THE **NUMBER OF DEALS**, PARTICULARLY IN THE **OFFICE SECTOR**.
- DESPITE THE **MARKET CHALLENGES**, THE **MULTIFAMILY** AND **RETAIL** SECTORS **SHOWED RESILIENCE**, WITH MULTIFAMILY **LEADING IN SALES VOLUME** AND RETAIL ACCOUNTING FOR A **SIGNIFICANT PORTION** OF INVESTMENT SALES.

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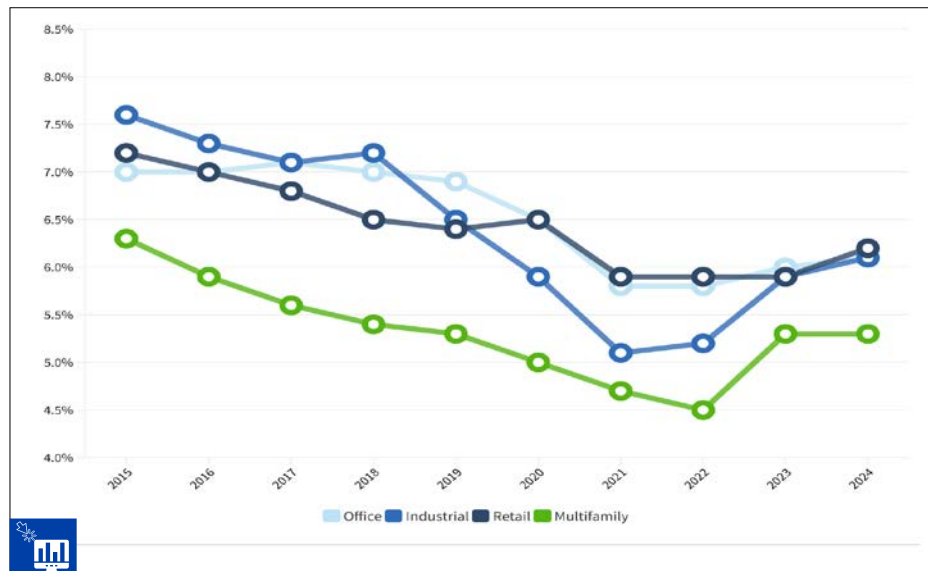
INVESTMENT SALES VOLUME

TRANSACTION VOLUME is **DOWN 16%** compared to 2023, marking the **LOWEST LEVEL** seen since 2016. The **MULTIFAMILY** sector **ACCOUNTED** for over **34%** of sales volume.



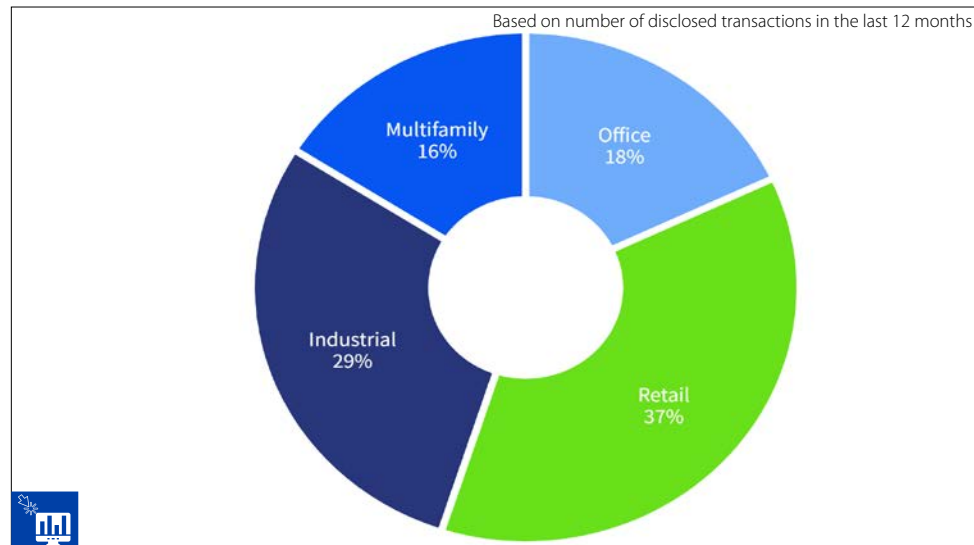
BOISE MSA CAPITALIZATION RATES

BOISE CAP RATES are **AVERAGING** at or near **6%** in all sectors, except for **MULTIFAMILY**, which is at **5.3%**. **MULTIFAMILY** cap rates in **BOISE** are closest to the national average, **5.2%**.



SALES BY PROPERTY TYPE

TOTAL number of **TRANSACTIONS** are **DOWN 5%** compared to last year. The **OFFICE** sector saw the **BIGGEST DROP** in sales, with a **DECREASE** of more than **50%** from 2023.



SALES COMPARABLES

In 2024, **ONLY 11% OF DEALS** traded for **OVER \$10 MILLION**. The **HIGHEST PRICED DEALS** were **MULTIFAMILY** with **2 DEALS** closing for **OVER \$39 MILLION**.

| | SIZE | SALE PRICE | CAP RATE |
|------------------------------------|------------------|--------------------|-------------|
| OFFICE Medical | 6,000 SF | \$6,100,000 | 6.2% |
| INDUSTRIAL Single Tenant | 39,000 SF | \$8,100,000 | 6.0% |
| RETAIL Single Tenant | 2,000 SF | \$3,000,000 | 6.2% |
| MULTIFAMILY | 37 UNITS | \$6,500,000 | 5.2% |

NORTH RANCH INDUSTRIAL



CALDWELL
42,900 SF
INDUSTRIAL - SOLD

16245 NORCO WAY



CALDWELL BLVD
75,000 SF
INDUSTRIAL - SOLD

MADISON LOGISTICS CENTER - BLDG C



CALDWELL BLVD
118,000 SF
INDUSTRIAL - SOLD

RIDGECREST COMMONS APARTMENTS



IDAHO CENTER
172 UNITS
APARTMENTS - SOLD

1010 SOUTHSIDE TOWNHOMES



SOUTH NAMPA
188 UNITS
APARTMENTS - SOLD

FOX RUN OFFICE



NORTH MERIDIAN
9,500 SF
OFFICE - SOLD

PRIMARY HEALTH



CALDWELL BLVD
8,400 SF
OFFICE - SOLD

RIDGECREST PLAZA



IDAHO CENTER
19,900 SF
RETAIL - SOLD

BOISE SPECTRUM



SOUTHWEST
155,400 SF
RETAIL - SOLD

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



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