

# VIEWPOINT



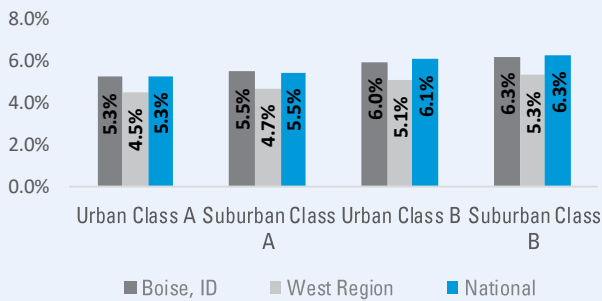
## 2019 BOISE, ID MULTIFAMILY ANNUAL REPORT

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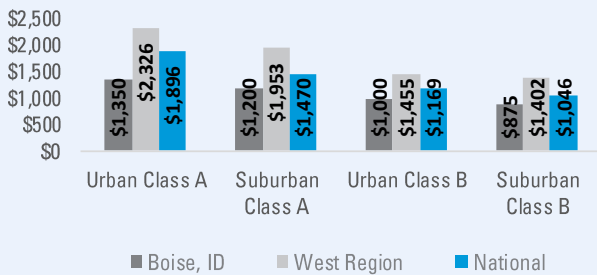
### Market Rate Indicators (Y/Y)

Categories	Urban Class A	Suburban Class A
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	↔	↔

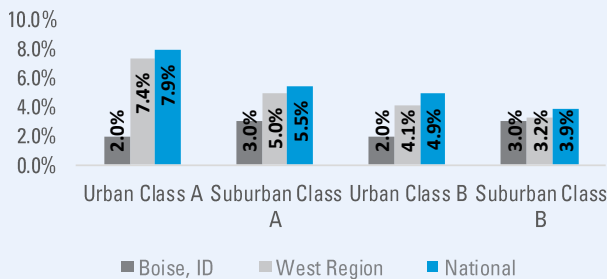
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



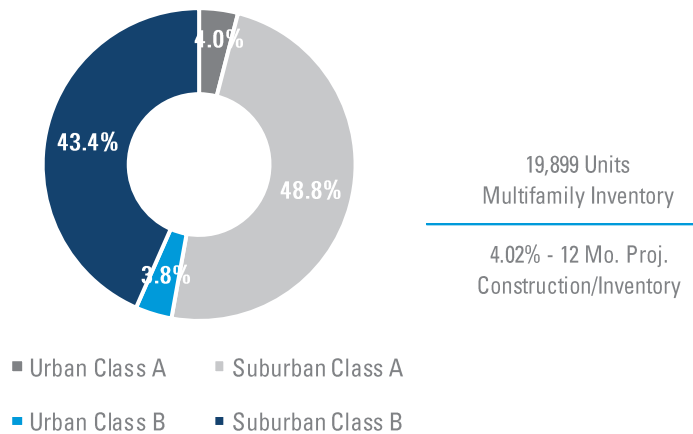
### Vacancy Rates (%)



### Boise, ID Multifamily Market Overview

Despite being well into its sixth year of expansion, the Boise metro area multifamily market accelerated in 2018, with rent growth approaching double-digits, continued low single-digit vacancy, and more than a dozen new projects that were near full occupancy at completion. Total multifamily permits in Ada County are on track to exceed 1,000 units for the fifth straight year, yet the market shows no signs of saturation. The market is being driven by strong fundamentals, primarily job growth. Boise is beginning to attract larger employers, eager to tap the local labor market, which is well-educated but has lower salary expectations than larger metro areas. Much of the development activity over the last five years has been in the suburb of Meridian (one of the region's fastest growing cities) and Downtown Boise (which is experiencing a significant revitalization). However, as rents in core markets continue to increase, multifamily development is pushing into outer suburbs which have heretofore been dominated by single-family housing. These submarkets include Nampa, Caldwell, Eagle, and Kuna. Looking ahead, the pace of apartment development is expected to moderate, as investors and lenders grow more cautious. With the economic expansion widely expected to accelerate, and with interest rates remaining stable, vacancy rates should remain in the low-single digits, with rental rates continuing to climb to new highs, for the foreseeable future. In addition, investor demand remains high, with cap rates at or near record low levels. As interest rates increase, cap rates will likely rise, though the rate of increase will be moderated by continued strong investor demand.

### Distribution of Total Inventory





## Change In Value Next 12 Months



2% - 3.9%

Urban Class A

2% - 3.9%

Urban Class B



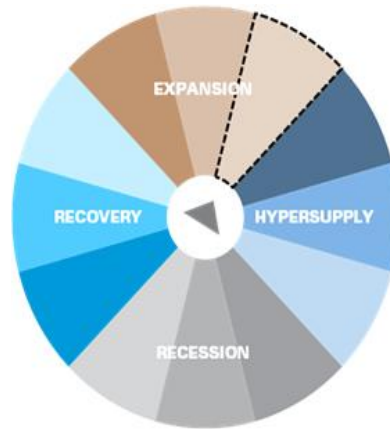
2% - 3.9%

Suburban Class A

.1% - 1.9%

Suburban Class B

## Market Cycle: Expansion Stage 3



- High Absorption
- Moderate/High New Construction
- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- Decreasing Vacancy Rates

## Forecasts

### Boise, ID 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Construction (Units)	800			
Years to Balance	In Balance	In Balance	In Balance	In Balance

### Boise, ID 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	3.00%	3.00%	3.00%	3.00%
Expense Rate Change	3.00%	3.00%	3.00%	3.00%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase 2% - 3.9%	Increase .1% - 1.9%
Annual Absorption (Units)	40	-	700	-

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