

VIEWPOINT



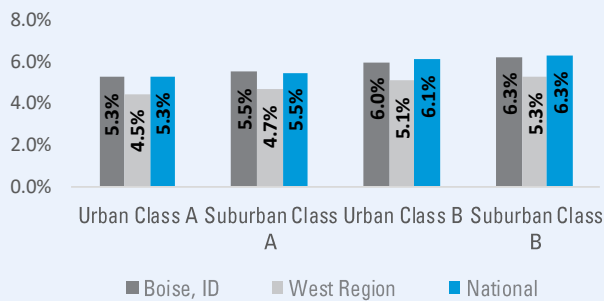
2019 BOISE, ID MULTIFAMILY MID-YEAR REPORT

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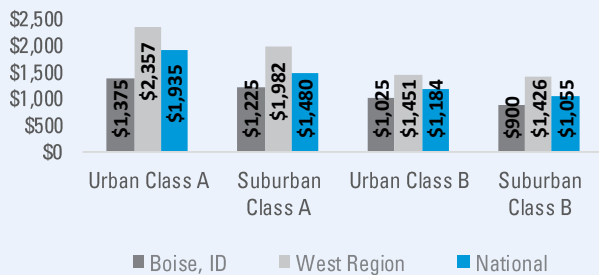
Market Rate Indicators (Y/Y)

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

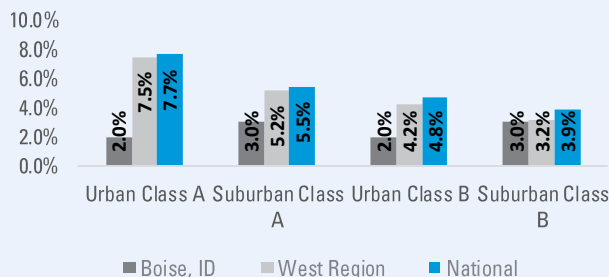
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



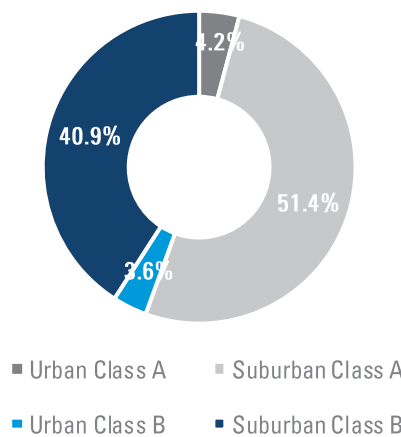
Vacancy Rates (%)



Boise, ID Multifamily Market Overview

The multifamily market in the Boise MSA continues to defy expectations, with construction activity continuing to set new records, but absorption rates keeping pace. As a result, vacancy rates are still near historic lows, and rental rates are still at record highs. Multifamily development activity is beginning to spread to smaller, peripheral submarkets that heretofore had been exclusively single-family bedroom communities, including Kuna, Star, and Middleton. In addition, Downtown Boise is seeing a surge in multifamily development activity, with one project completed in mid-2019 (the Gibson, a mid-rise building with 80 units) and two other large-scale projects in the planning stages. The multifamily is thriving on a sustained increase in demand, mostly from new households relocating to Boise from other cities in the Western United States (California being the largest source). Thus, a significant percentage of renters (particularly in the newer, Class A projects) are actually only seeking short-term housing until they find a house to purchase. Going forward, the market is expected to remain strong for the foreseeable future (at least the next 12 to 18 months). Demand will be buoyed by the housing market, where prices are increasingly locking a large segment of the population out of homeownership. An upward bias in interest rates will also keep some would-be homebuyers on the sidelines and in the rental market. The wild card is construction, which currently includes over 3,500 units under construction – the most ever, and well ahead of the ±2,500 units per year seen over the last few years. There will come a point at which supply growth outstrips demand growth, and Boise may be approaching the tipping point. However, as of yet, the market is showing no signs of oversupply.

Distribution of Total Inventory



21,119 Units
Multifamily Inventory

16.41% - 12 Mo. Proj.
Construction/Inventory



Change In Value Next 12 Months



2% - 3.9%

Urban Class A

2% - 3.9%

Urban Class B



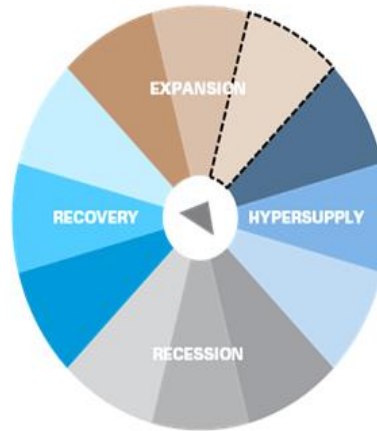
2% - 3.9%

Suburban Class A

.1% - 1.9%

Suburban Class B

Market Cycle: Expansion Stage 3



- Moderate/High New Construction
- High Absorption
- 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	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	3,466			
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)	125	0	1,250	0

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