

VIEWPOINT



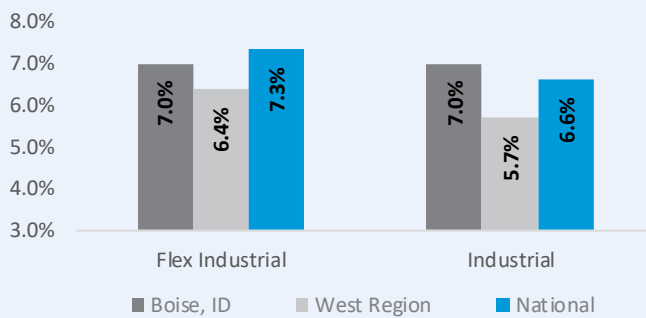
2020 BOISE, ID INDUSTRIAL ANNUAL REPORT

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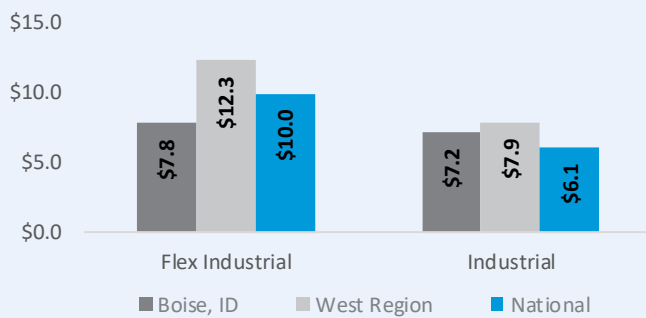
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	↔	▲
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▼	▼

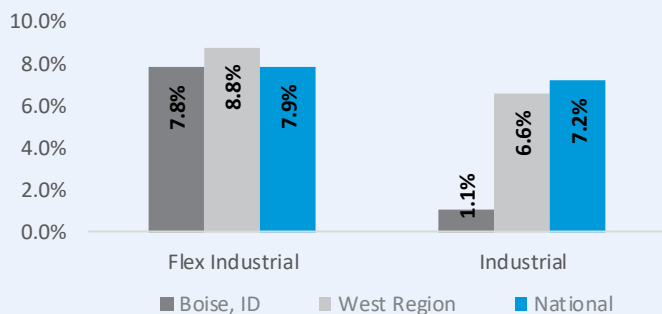
Going In Cap Rate Comparisons (%)



Asking Rents (\$/SF)



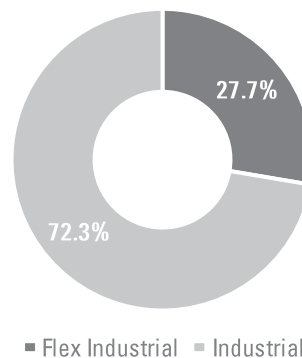
Vacancy Rates (%)



Boise, ID Industrial Market Overview

According to Thornton Oliver Keller Commercial Real Estate, industrial vacancy for the Boise MSA was 3.0% as of the end of October, and the multitenant segment of the overall market was reported at 7.8%. As the numbers imply, supply is limited, what remains vacant tends to be older and less-competitive product, and the market is dominated by user (owner-occupied) properties. TOK's monthly report as of the first of November indicates that lease rates are up for the year but flat for the quarter, vacancy rates are up slightly due to new construction, which has also increased, while net absorption was reported to be down for both the year-to-date and the most recent quarter. Overall supply was reported at 6.3 months, but of the 13 districts surveyed by TOK, 8 of them had below-average supply (2 districts having no available inventory), with only 3 districts having a supply significantly above average. CoStar reports a record pace of sale activity for 2019, with an average sale price of \$83/SF (vs. \$106/SF nationally), and an average cap rate of 7.0% (vs. 6.7% nationally). These metrics should be viewed with due caution, as Idaho is a non-disclosure state, so the vast majority of transactions tracked by CoStar lack any pricing information (the sample size they draw their sale metrics from is very small). In what was described as "perhaps one of the biggest deals in Idaho history", a California developer bought out Idaho's largest industrial developer in early 2019, a transaction that include over 2M SF of inventory and over 400 acres of development land across the Boise MSA. Other large deals for 2019 include Solitco's leasing of the former Shopko distribution center (347,000 SF) and Western Power Sports' expansion of their facility by 105,000 SF. Ravenswood Solutions, a California-based company that specializes in GPS-based mobile instrumentation systems for the military, absorbed 105,000 SF near the Boise Airport. This marks the second consecutive year that the Airport district led the market, now having the lowest vacancy of any submarket since vacancy metrics by district have been tracked.

Distribution of Total Inventory



38,648,130 SF
Industrial Inventory
1.81% - 12 Mo. Proj.
Construction/Inventory



Change In Value Next 12 Months



2% - 3.9%

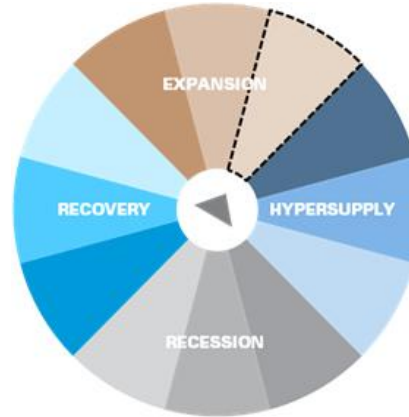
Flex Industrial



2% - 3.9%

Industrial

Market Cycle: Expansion Stage 3



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

Forecasts

Boise, ID 12-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change
Construction (SF)	700,000	
Years to Balance	In Balance	In Balance

Boise, ID 36-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	2.00%	2.00%
Expense Rate Change	2.50%	2.50%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	250,000	650,000

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