

# VIEWPOINT

## 2020 BOISE, ID RETAIL ANNUAL REPORT

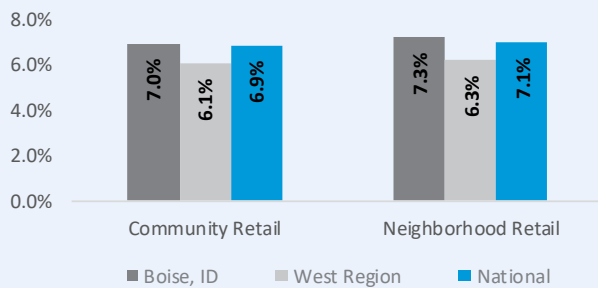
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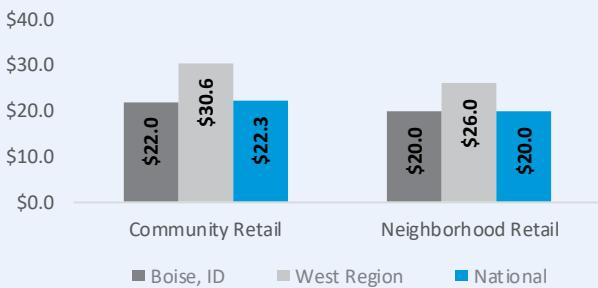
### Market Rate Indicators (Y/Y)

Categories	Community Retail	Neighborhood Retail
Going In Cap Rate (%)	▲	◀▶
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▲	▼

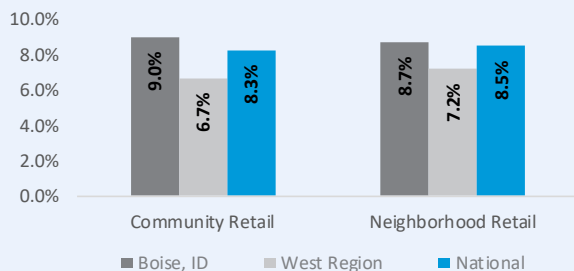
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/SF)



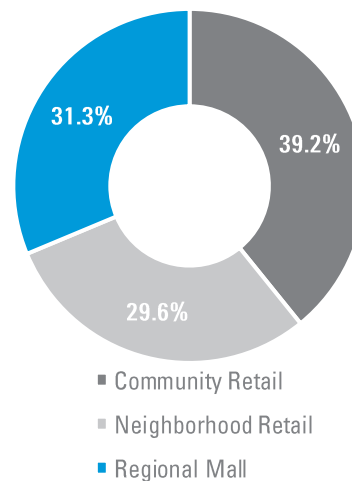
### Vacancy Rates (%)



### Boise, ID Retail Market Overview

According to Thornton Oliver Keller Commercial Real Estate, overall retail vacancy was at 9.0% as of the end of October 2019, while unanchored vacancy had dropped to 6.5% – the lowest tracked level since 2000. Typically, unanchored vacancy levels are higher than anchored vacancy rates, but in 2018 the trendlines reversed due to the closure of some box stores that have yet to be backfilled. For the same reason, overall metrowide supply is just under 26 months, driven by 4 of 13 survey districts having more than 30 months of supply, whereas 7 districts have less than 15 months of supply (3 of them having 6 months or less). Reported lease rates were up YTD, albeit flat for the quarter, vacancy rates were up for the year and the quarter, new construction was down for the year but up for the most recent quarter, and net absorption was down, per TOK. CoStar reports that despite employment rate growth at twice the national average, retail rent growth has not exceeded 2% per annum in the past several years. This source reports the overall vacancy rate at 4.1%, with net absorption of 68,000 SF for the past 12 months, and 132,000 SF under construction. CoStar reports the sale volume is down, but prices are up, with an average price per foot cited at \$174 (as compared to \$206/SF nationally), and an average cap rate of 6.9% (vs. 7.1% nationally). 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 quite small). 2019 Retail net absorption has been skewed by the closure of three Shopko and one Sears closures, combining for over 400,000 SF. Smaller retailers, niche shops and stores that have been able to navigate the balance between physical and online sales have been faring relatively favorably.

### Distribution of Total Inventory



13,355,425 SF  
Retail Inventory

0.97% - 12 Mo. Proj.  
Construction/Inventory



## Change In Value Next 12 Months



2% - 3.9%

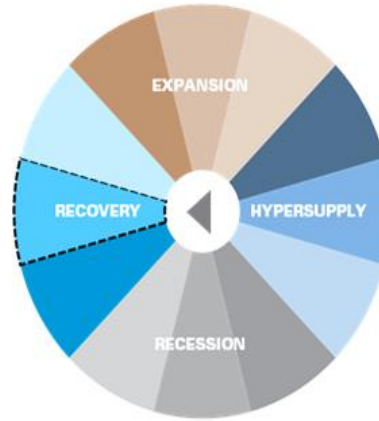
Community Retail



2% - 3.9%

Neighborhood Retail

## Market Cycle: Recovery Stage 2



- Decreasing Vacancy Rates
- Low/Moderate Employment Growth
- Moderate Absorption
- Neg/Low Rental Rate Growth
- Low New Construction

## Forecasts

### Boise, ID 12-Month Retail Forecasts

Categories	Community Retail	Neighborhood Retail
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)	130,000	
Years to Balance	1	In Balance

### Boise, ID 36-Month Retail Forecasts

Categories	Community Retail	Neighborhood Retail
Market Rent Change	2.50%	2.50%
Expense Rate Change	2.50%	2.50%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	150,000	75,000

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