

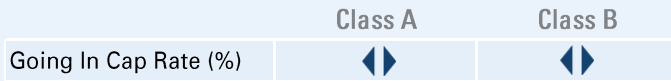
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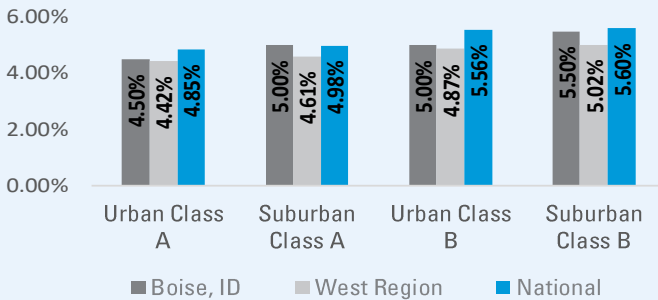
2023 BOISE, ID MULTIFAMILY ANNUAL REPORT

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Cap Rate Indicator (Y/Y)



Going In Cap Rate Comparisons (%)



Change In Value Next 12 Months

▲3%-3.9%

Urban Class A

▲3%-3.9%

Suburban Class A

▲2%-2.9%

Urban Class B

▲1%-1.9%

Suburban Class B

Forecasts

Boise, ID 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	▲1-24 bps	▲1-24 bps	▲1-24 bps	▲1-24 bps
Discount Rate	▲1-24 bps	▲1-24 bps	▲1-24 bps	▲1-24 bps
Reversion Rate	▲1-24 bps	▲1-24 bps	▲1-24 bps	▲1-24 bps
Market Rent Change	+5.00%	+4.00%	+5.00%	+3.00%
Expense Rate Change	+5.00%	+5.00%	+5.00%	+5.00%
Years to Balance	In Balance			

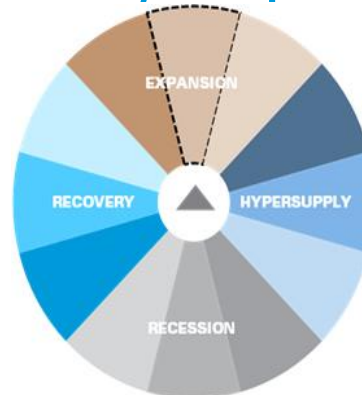
Boise, ID 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Change in Value	▲4%-4.9%	▲3%-3.9%	▲4%-4.9%	▲3%-3.9%

Boise, ID Multifamily Market Overview

In-migration to the Boise area has slowed considerably since the beginning of 2022. This reflects a combination of remote workers being called back into the office, high home prices and rents, and rising interest rates. The impact has been most clearly seen in the ownership housing market, which has seen a significant decline in sales and is beginning to see price reductions. However, the rental market is holding steady. Rental rates, though not growing at the record pace seen in 2020 and 2021, are still rising. New projects are still absorbing at healthy rates, and as a result, market-wide vacancy remains in the 5% to 7% range. The market has consistently delivered between 2,000 and 2,500 new units per year since 2018, equating to a 7% average annual growth rate in supply. This trend is expected to continue, with new projects being developed on a larger scale. There are now over a dozen projects with 100+ units under construction, including four projects with over 200 units, sizes that used to be rare in the local market. Apartment development is spreading throughout the Boise MSA, with projects recently completed or under construction in submarkets such as Kuna, Star, and Middleton, which used to be exclusively single-family home markets. Going forward, the Federal Reserve is expected to continue to aggressively raise interest rates in a bid to fight inflation. This should help the multifamily market by pricing more households out of home ownership. The biggest threats to the multifamily market are oversupply and recession. Construction shows no signs of slowing, and this combined with a recession would be the perfect storm for the first slowdown the multifamily market has seen in over a decade.

Market Cycle: Expansion Stage 2



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

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