

FIGURES | BOISE INDUSTRIAL & LOGISTICS | Q4 2024

# Record net absorption driven by class a space sets stage for 2025

▲ 8.0%

Total Availability

▲ \$0.84 NNN

Avg. Asking Lease Rate Per Month

▼ 0.6M

SF Under Construction

▲ 2.6M

SF YTD Deliveries

▲ 2.1M

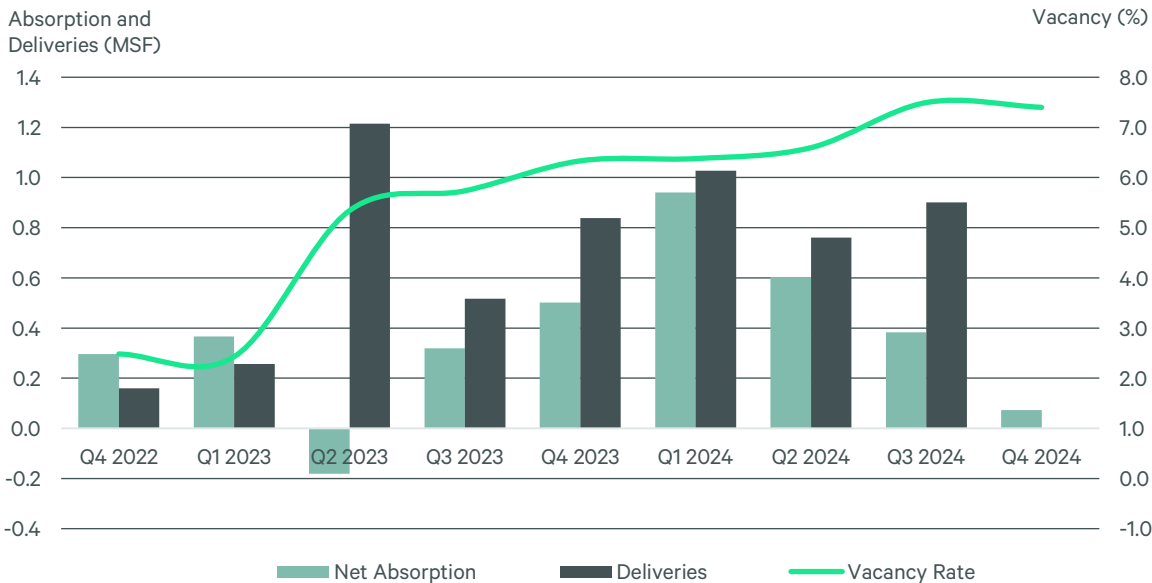
SF YTD Lease Activity

Note: Arrows indicate YOY Change.

HIGHLIGHTS

- Just over 70,000 sq. ft. of positive net absorption was recorded in Q4 2024, bringing the year-to-date total to just under 2.0 million sq. ft.
- The market wide average asking lease rate remained stagnant with no quarter-over-quarter growth.
- In Q4 2024 no new space delivered for the first time Since Q1 2020. However, 2024 finished the year falling just shy of 2023’s record construction deliveries.
- The market wide availability rate decreased by 10 basis-points quarter-over-quarter to 8.0%. This marked the first quarter over quarter decrease since Q1 2023.
- A strong local economy thanks to a growing population and a healthy unemployment rates drove demand for industrial space in the Boise market in 2024.

FIGURE 1: Net Absorption (SF), Deliveries (SF), and Vacancy Rate (%)

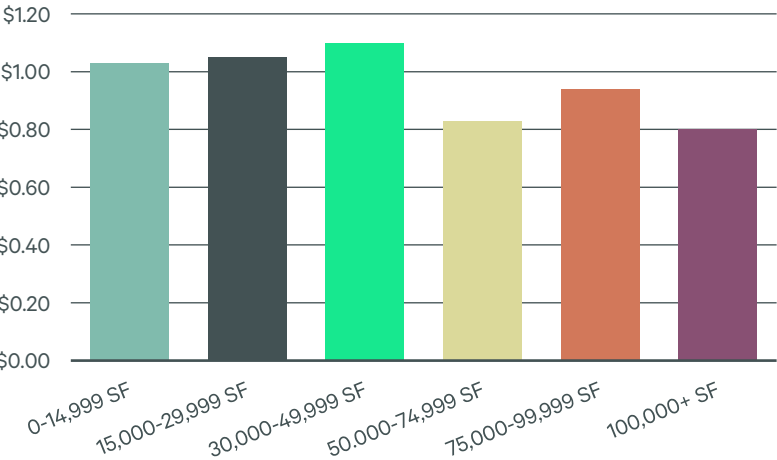


Source: CBRE Research, Q4 2024

## Market Overview

The Boise industrial market experienced another year of robust construction activity and strong leasing activity. Just over 2.6 million sq. ft. was delivered in 2024, falling just shy of the record figure set in 2023. This, coupled with 2.1 million sq. ft. of leasing activity in the market allowed for almost 2.0 million sq. ft. of positive net absorption in 2024, a record since 2020. However, the market wide availability and vacancy rates reached new highs in 2024 thanks to consecutive years of record construction activity and low preleased rates. As construction activity begins to slow, with no new product delivered in Q4 2024 and total sq. ft. under construction reaching at its lowest point since Q4 2020, new supply is expected to fill quickly and bring the availability and vacancy rates back to a stable level. The market wide average asking rate finished the year with no quarter-over-quarter growth at \$0.84 per sq. ft./Mo/NNN. Looking forward to 2025, continued healthy leasing activity will lead to positive net absorption and continued strong market fundamentals.

FIGURE 2: Available Size Range (SF) and Average Asking Lease Rate (\$/SF/Mo NNN)



Source: CBRE Research, Q4 2024

FIGURE 3: Submarket Statistics

	Net Rentable Area (SF)	Availability Rate (%)	Vacancy Rate (%)	YTD Absorption (SF)	Asking Rent (\$/SF/MO NNN)	Under Construction (SF)	YTD Deliveries (SF)
MARKET/SUBMARKET							
Airport	7,435,544	16.0	15.8	449,962	0.86	-	1,087,981
Bench	1,894,698	0.2	0.2	140,192	0.88	-	-
Caldwell	5,645,480	12.6	11.2	126,130	0.81	-	410,880
Downtown	621,267	22.0	22.0	(26,075)	0.79	-	-
Eagle	257,357	1.0	-	-	1.42	-	-
Kuna	203,390	-	-	-	-	-	-
Meridian	6,090,379	0.4	0.2	47,919	1.21	207,704	-
Middleton	265,608	-	-	-	-	-	-
Nampa	14,361,254	12.7	11.3	1,175,283	0.82	340,848	1,190,108
North Boise	1,704,516	0.8	0.5	(2,890)	0.91	-	-
South Meridian	876,649	-	-	10,004	-	-	-
Southeast	4,287,732	0.4	0.4	31,974	0.80	-	-
Southwest	2,369,799	1.3	1.0	88,997	1.01	88,140	-
Star	58,076	-	-	-	-	-	-
West	3,572,338	3.5	2.9	(42,803)	1.04	-	-
West Canyon	1,089,102	-	-	-	-	-	-
Market Total	50,958,659	8.0	7.4	1,998,693	0.84	636,692	2,688,969

Source: CBRE Research, Q4 2024

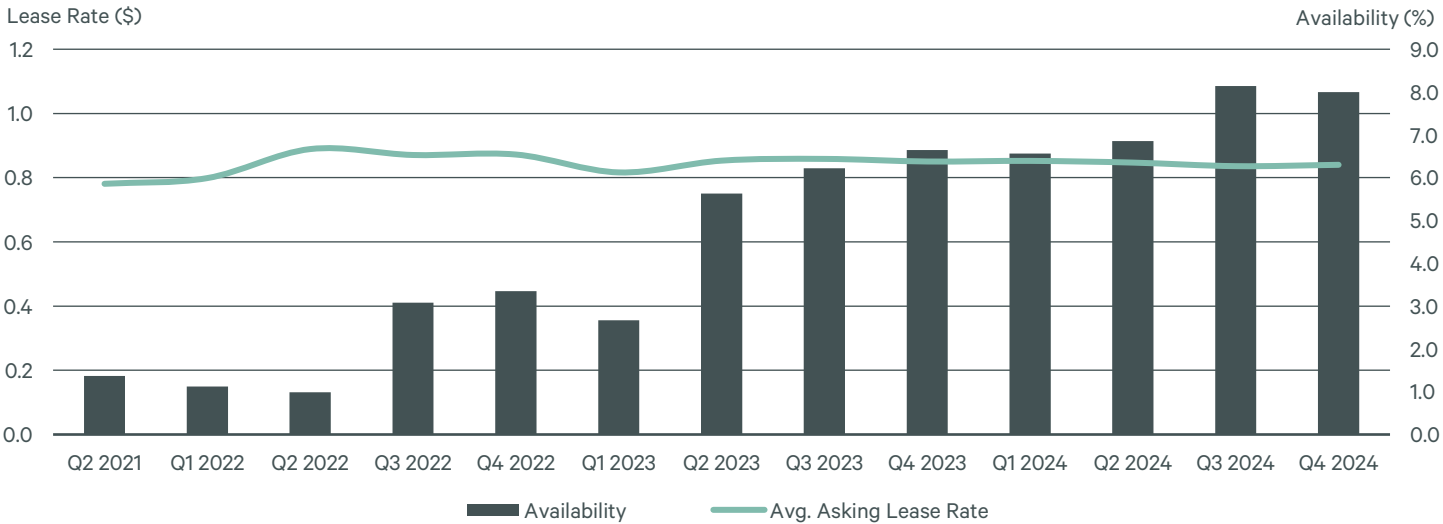
Leasing

Leasing activity was relatively stagnant in Q4 2024 with just over 80,000 sq. ft. leased, but thanks to a strong first three quarters, 2024’s total leasing activity figure finished almost 500,000 sq. ft. above 2023’s total. The largest lease seen in Q4 2024 occurred at Red River Commerce Center- Building B, a Class A spec industrial building that delivered one year ago, where Schenker leased 49,198 sq. ft. Class A recently delivered space drove leasing activity throughout 2024 and accounted for 57.7% of 2024’s total leasing activity. This same space accounted for 68.7% of the total available space on the market so sustained strong leasing activity in recently delivered Class A space will be vital to stabilize the market wide availability rate. Sustained strong demand for industrial space in the Treasure Valley coupled with a wide range of available product will continue to drive leasing activity in 2025.

Sales

Industrial sales activity in the Boise market has started to uptick as 62.3% of 2024’s total sales activity occurred in H2 2024. Despite this uptick, sales activity fell just over 300,000 sq. ft. shy of 2023’s total. Macroeconomic circumstances caused this slowdown as increases in interest rates sidelined investors in the beginning of 2024. As the Federal Reserve has begun to decrease interest rates sales activity has begun to gain steam. Notably, the largest sale of the year occurred in H2 2024, where an investor purchased Madison Logistics Center – Building C, a 115,008 sq. ft. recently delivered fully occupied industrial building. Investor demand for industrial space in the Boise area has been driven by the market's strong fundamentals.

FIGURE 4: Availability (%) and Average Asking Lease Rate (\$/SF/Mo NNN)



Source: CBRE Research, Q4 2024

FIGURE 5: 2024 Notable Lease Transactions

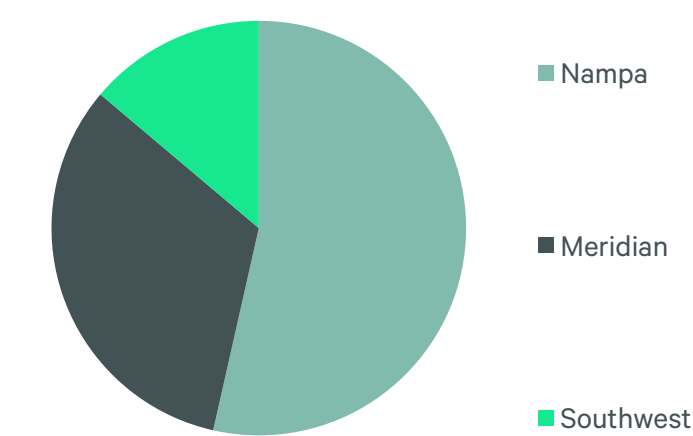
	Tenant	Lease Size (SF)	Submarket
PROPERTY NAME			
Boise Gateway Industrial Park - Building 3	DHL Express	187,000	Airport
Kings Road Commerce Center - Building 1	Confidential	150,735	Nampa
Red River Commerce Center – Building C	Confidential	110,296	Airport
Fuller84 – Building 4	Diversified Fluid Solutions	101,790	Nampa
Kings Road Commerce Center – Building 3	Hensel Phelps Construction	86,199	Nampa

Source: CBRE Research, Q4 2024

## Deliveries & Construction

No new projects delivered in Q4 2024; this marks the first quarter without new space in a single quarter since Q2 2020. Despite this, three new projects broke ground in Q4 2024, notably Nampa Interchange Park – Building A, a 340.848 sq. ft. speculative project in the Nampa submarket. These three new ground breakings brought the total sq. ft. under construction up from an all-time low witnessed at the end of Q3 2024. 2024 finished slightly below 2023 in terms of total sq. ft. delivered but still outpaced all previous years. As demand for industrial space in the region remains strong investors will continue to break ground on new construction despite elevated availability rates, evidenced by two new speculative projects scheduled to break ground in Q1 2025 totaling over 1.0 million sq. ft. Despite this, availability is still expected to lower in 2025 as most of this new space is not expected to deliver until 2026.

FIGURE 6: Active Construction by Submarket (%)



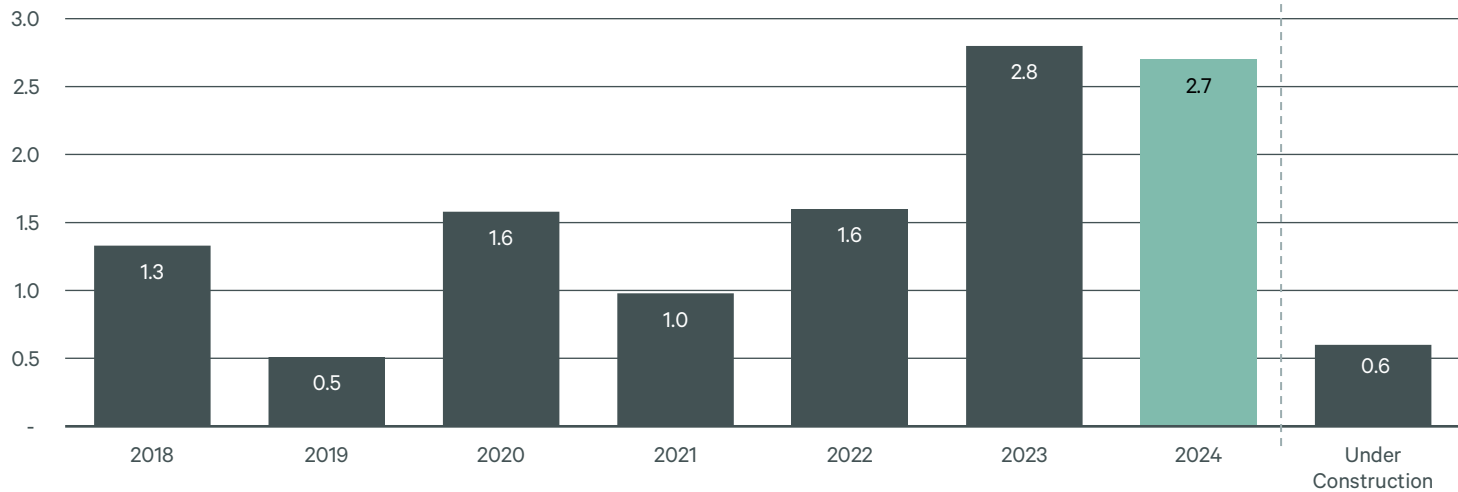
Source: CBRE Research, Q4 2024

FIGURE 7: 2024 Notable Construction Completions

	Property Size (SF)	Submarket	Spec/BTS
PROPERTY NAME			
Red River Logistics Center	900,981	Airport	Spec
Park84 – Buildings 1-7	605,570	Nampa	Spec
Adler Midland Industrial Park – Building 9	539,538	Nampa	BTS
Sky Ranch Logistics – Buildings 1&2	396,480	Caldwell	Spec

Source: CBRE Research, Q4 2024

FIGURE 8: Historical Construction Completions (MSF)



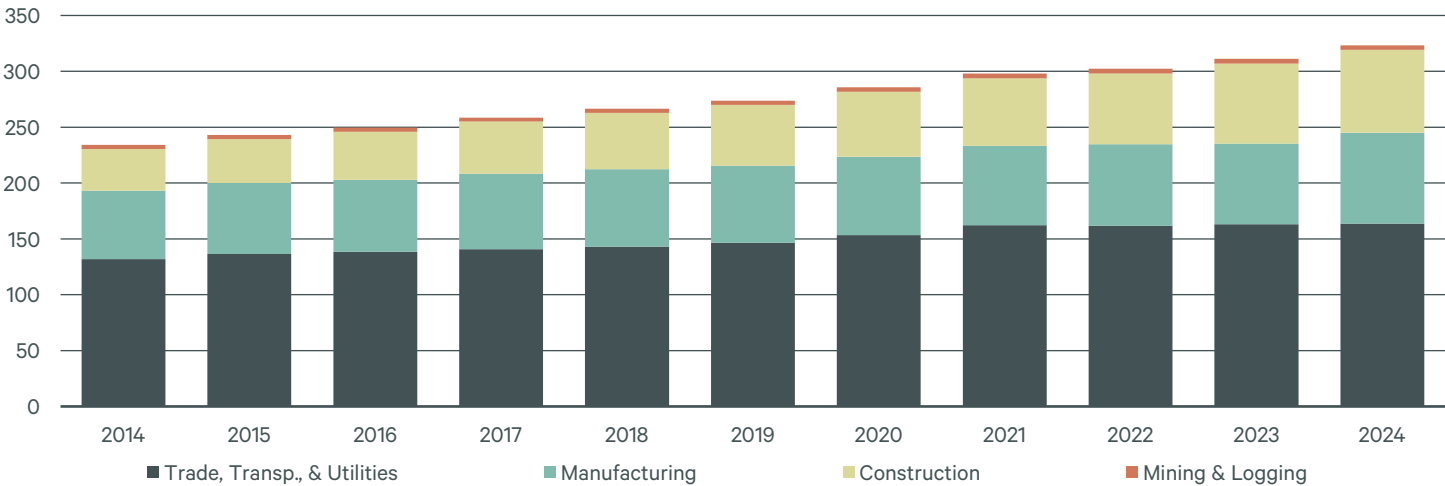
Source: CBRE Research, Q4 2024

## National Economic Overview

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

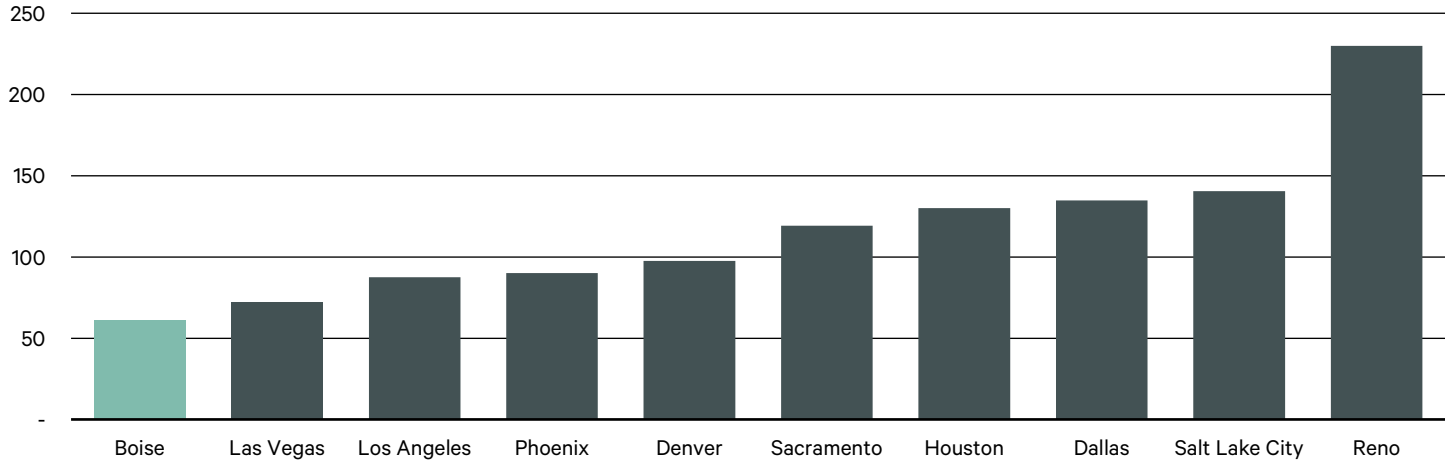
Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

FIGURE 10: Idaho Industrial-Using Employment (000s)

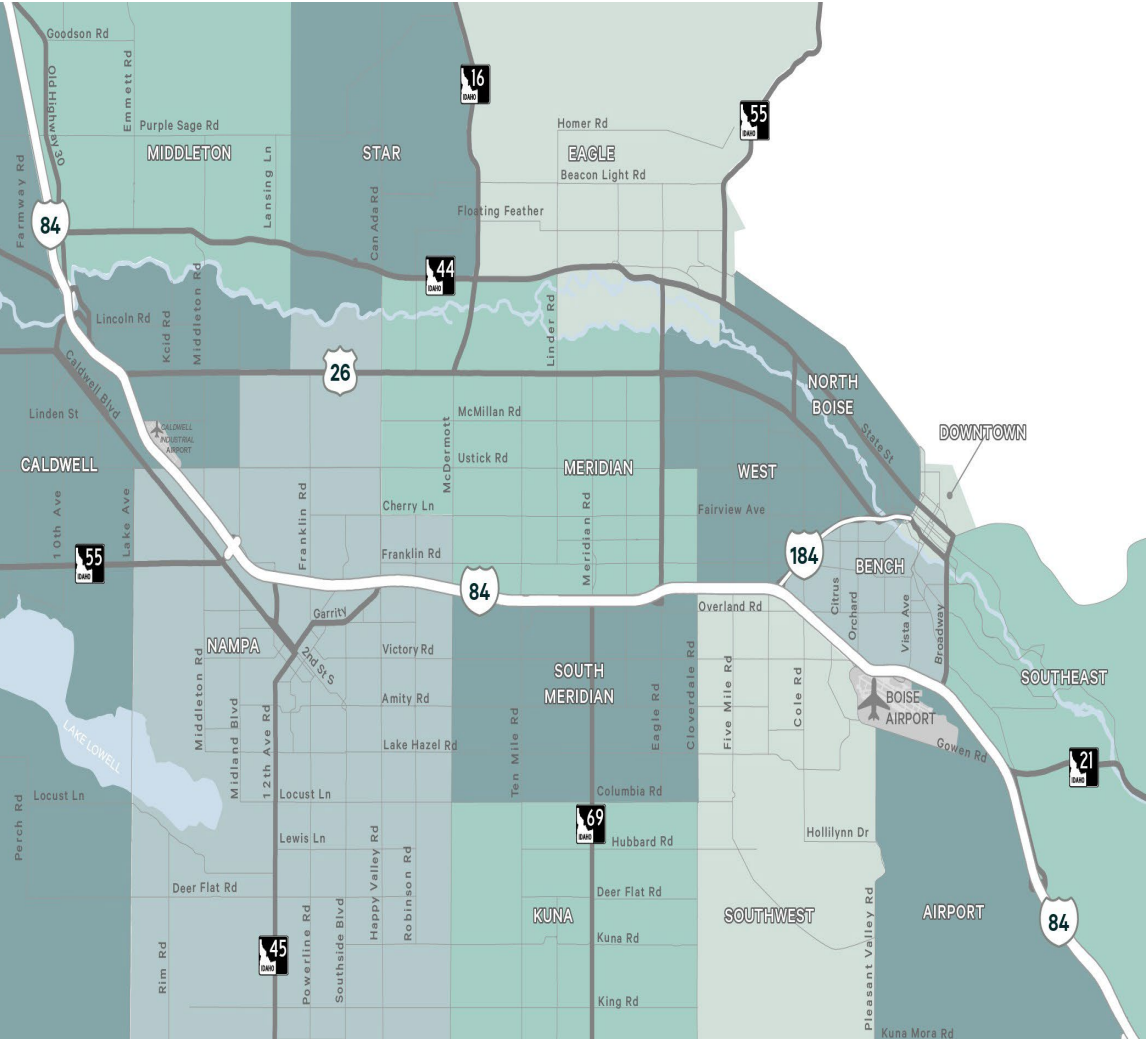


Source: Bureau of Labor Statistics, Dec 2024

Figure 11: Industrial Space per Capita (sq. ft.)



Source: CBRE Research, Q4 2024 US Census Dec 2024



### CBRE Offices

#### Downtown Boise

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### Survey Criteria

Includes all existing industrial properties over 10,000 sq. ft. in Ada and Canyon County. Leasing activity includes renewals, new leases, and extensions. Property must fit within a subtype. Property may be owner-user. Buildings which have begun construction are evidenced by site excavation or foundation work. Positive net absorption is calculated by lease signed date. Only existing buildings are included in vacancy and availability rate calculations.

### Methodology

Positive absorption is based on the date the lease is signed. Achieved lease rates are calculated from base monthly rent for transacted deals, weighted by size/SF of deal. Sublease space can be vacant or occupied. Total Vacancy includes both direct and sublease. Lease activity is the sum of the square footage of leases signed during a designated time period. Data in previous publications is subject to change.

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