

TRA

Tenant Realty Advisors

OFFICE AND INDUSTRIAL MARKET REPORT

MARCH 6, 2024

Prepared for: Real Properties Practice Group



Office and Industrial

Two very different markets





MARKET SIZE

Office

2013 - 30,653,000 SF



2023 - 35,118,000 SF

13% growth

Industrial

2013 - 44,794,000 SF



2023 - 57,872,000 SF

23% growth

Per costar



ABSORPTION

Office

591,600 SF

Average, last 10 years

Industrial

1,250,000 SF

Average, last 10 years

Per costar



NEW CONSTRUCTION

Office

2023 - 200,000 SF

2024 - Virtually 0 SF

We are out of class A new space!

Industrial

2023 - 3,900,000 SF

2024 - 5,500,000 SF *projected

**This will expand inventory by 9.6%!
Only 2% is preleased!**

Per costar



VACANCY

Office

6% Direct to Landlord

7.3% including subleases

16% National

30% San Fransico

Per costar

Industrial

6% Direct to Landlord

13% includes subleases and under construction

As we head into 2025, we expect vacancy to approach 9% direct



RENT INCREASES

	Office	Industrial
Last 12 months	Flat	2.6%
Historical Average	1.3%	3.3%
Peak	6.8% (2022)	7.9% (2022)
Low	-8% (2009)	-4% (2009)
Average asking rate	\$21 SF/yr	\$10 SF/yr

Per costar



PROPERTY SALES

	Office	Industrial
Average CAP rate	6%	6%
Average price/SF	\$188	\$172
Replacement cost (estimates)	\$500/SF	\$400/SF

Per costar

LOCAL ECONOMY



Unemployment

ID - 3.1% U.S. - 3.8%

Population growth

ID - 2.25% U.S. - 0.44%

Interest rates

7% - 7.25%

Meta/Micron Effect



KEY TAKE-AWAYS

Office

- The Work from home phenomenon is still in flux. Most large office users still don't know what the future of office occupancy looks like.
- Boise is largely insulated from this reality. Most of the space that is being given back is quickly leased.
- We are out of new Class A space....so the market will remain tight and rents will increase.

Industrial

- Boise will see an overbuilding of supply in 2024.
- Demand for the new product will soften
- Space for the majority of our tenants will remain in short supply



About Tenant Realty Advisors

TRA is Boise's only 100% tenant representation firm.

We enjoy having a close relationship with the Idaho legal community having presented CE course and assisted many local firms with their office space needs.

We don't believe dual agency is in the best interest of you and/or your clients.

Best of all, we don't cost our clients any money!

TRA

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THANK YOU!

Connect with us.

BILL BECK

 (208) 841-3530

 beck@tenantrealtyadvisors.com

GREG GADDIS

 (208) 869-9294

 greg@tenantrealtyadvisors.com

