Demand remains positive as industrial market absorbs new supply

▲9.9%	▲312,000	▼406,000	▼1.3M	▶$0.91
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/MTH Direct Lease Rate

Note: Arrows indicate change from previous quarter.

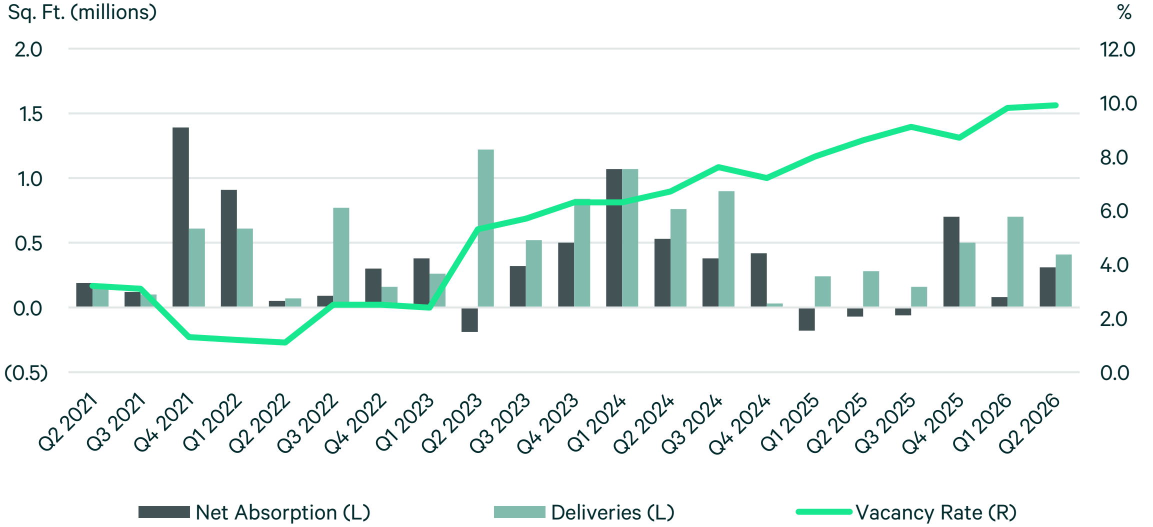
Market Overview

The Boise industrial market remained in a supply-driven phase in Q2 2026, though development activity continued to moderate. Space under construction declined to 1.3 million sq. ft., down from 1.4 million sq. ft. in the prior quarter, while quarterly deliveries fell to 406,000 sq. ft. The slowdown in new construction should help the market gradually work through the supply overhang created by several years of elevated development activity.

Tenant demand remained positive but was insufficient to offset recent deliveries. As a result, vacancy increased 10 basis points (bps) quarter-over-quarter to 9.9%, reaching its highest level of the current market cycle. Net absorption totaled 312,000 sq. ft. during the quarter, improving from Q1 levels by 287%.

Recent performance reflects longer-term market trends. Over the past five years, the Boise industrial market has absorbed 7.2 million sq. ft. of space, but construction activity has outpaced demand, contributing to a 680-bps increase in vacancy over the same period. Despite softer occupancy fundamentals, pricing has remained resilient. Average asking rents held at $0.91 per sq. ft. in Q2 and were 5.8% higher than one year ago. Over the past five years, asking rents have increased 21.3% despite the higher level of available space.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



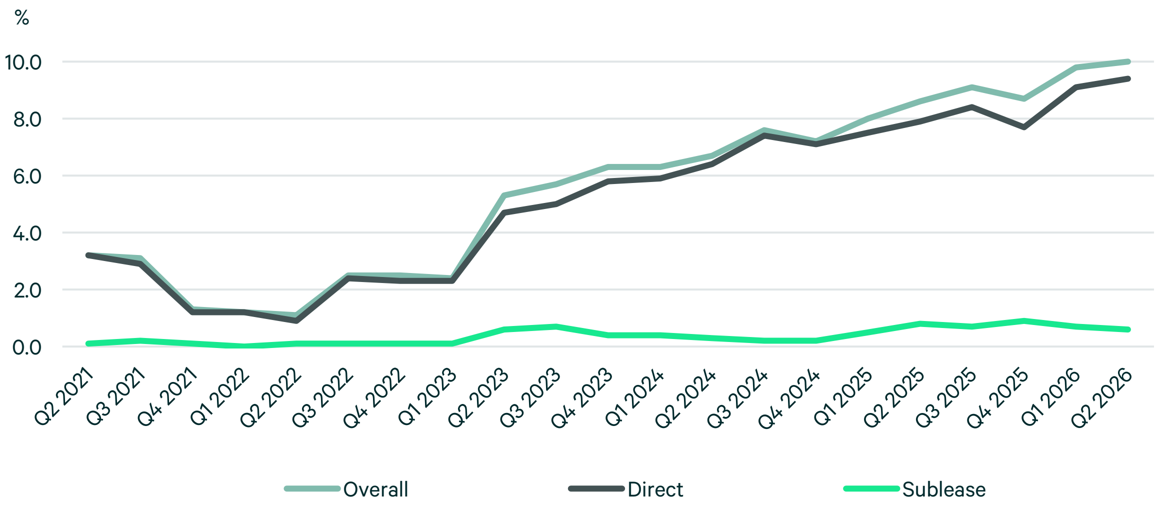
Source: CBRE Research, Q2 2026

Vacancy Rate

Vacancy continued to trend higher in Q2 2026, reflecting the market's ongoing adjustment to elevated levels of new supply. Overall vacancy increased 10 basis points (bps) quarter-over-quarter to 9.9%, marking a 130-bps increase from one year ago and a 460-bps rise since Q2 2023. The increase was driven entirely by direct space, as direct vacancy climbed to 9.3%, while sublease vacancy declined to 0.6%. The relatively limited sublease inventory suggests that softening fundamentals are being driven primarily by recently delivered product rather than occupiers shedding existing space.

Performance varied considerably across submarkets. Eagle and Southeast remained the tightest industrial markets, each posting a vacancy rate of 1.3%, followed by North Boise at 1.7%. In contrast, Airport continued to absorb the bulk of recent development activity and recorded the market's highest vacancy rate at 25.6%, highlighting the uneven distribution of supply pressures across the region. Despite rising vacancy, sublease availability remained modest at 315,000 sq. ft., reinforcing that most available space is concentrated within direct inventory rather than secondary market offerings.

Figure 2: Vacancy Rate



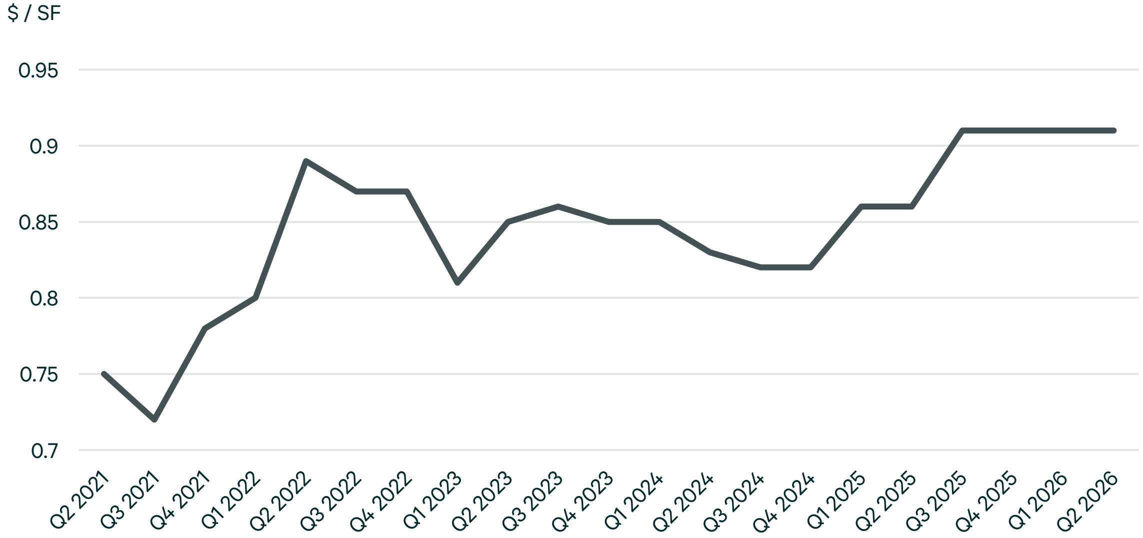
Source: CBRE Research, Q2 2026

Asking Rent

Asking rents remained stable in Q2 2026 despite continued upward pressure on vacancy. The market average asking lease rate held at $0.91 per sq. ft. quarter-over-quarter and increased 5.8% year-over-year, underscoring the resilience of landlord pricing even as available space expanded. Current rates remain slightly above the 2025 annual average of $0.89 per sq. ft. Looking longer term, asking rents have increased more than 21% since Q2 2021, supported by sustained tenant demand, rising replacement costs and the delivery of newer, higher-quality industrial product. While rent growth moderated during the market's recent supply expansion, asking rates have largely maintained their gains.

Significant pricing differences persist across submarkets, reflecting variations in product type, location and tenant demand. Eagle continues to command the market's highest asking rents at $1.76 per sq. ft., followed by Meridian at $1.38 per sq. ft. North Boise ($1.26), West ($1.23), Airport ($1.16) and Southeast ($1.15) also outperform the market average. In contrast, Downtown ($0.79), Southwest ($0.80), Bench ($0.85), Nampa ($0.87) and Caldwell ($0.88) remain among the market's most cost-competitive options, offering tenants lower occupancy costs despite tightening development constraints in some areas.

Figure 3: Average Direct Asking Rate



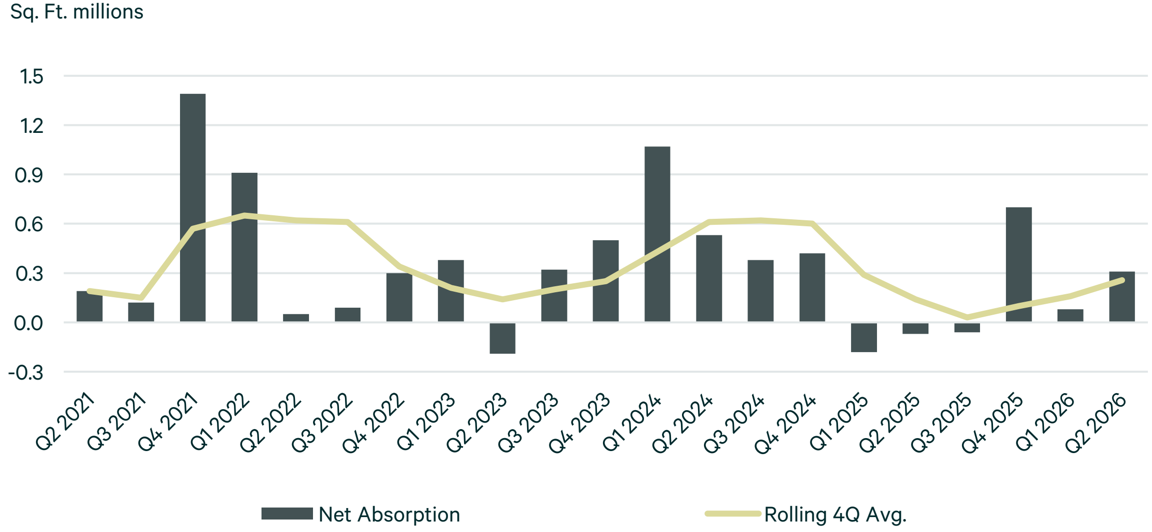
Source: CBRE Research, Q2 2026

Net Absorption

Demand gained momentum in Q2 2026, with net absorption totaling 312,000 sq. ft., marking the strongest quarterly performance since Q3 2024. The quarter represented a significant improvement from both the 77,000 sq. ft. absorbed in Q1 2026 and the 70,000 sq. ft. of negative absorption recorded one year earlier. As a result, the rolling four-quarter average increased to 260,500 sq. ft., signaling a broader stabilization in tenant demand following a period of supply-driven vacancy expansion.

Leasing activity was concentrated in several of the market's key industrial corridors. Nampa accounted for nearly all of the quarter's positive absorption, posting 251,000 sq. ft. of net occupancy gains, while Southwest followed with 91,000 sq. ft. West and Southeast contributed an additional 46,000 sq. ft. and 43,000 sq. ft., respectively. More modest gains were recorded in Airport, Eagle, and North Boise. The breadth of positive absorption across multiple submarkets suggests occupier demand remains active despite elevated vacancy levels and ongoing supply-side pressures.

Figure 4: Net Absorption Trend



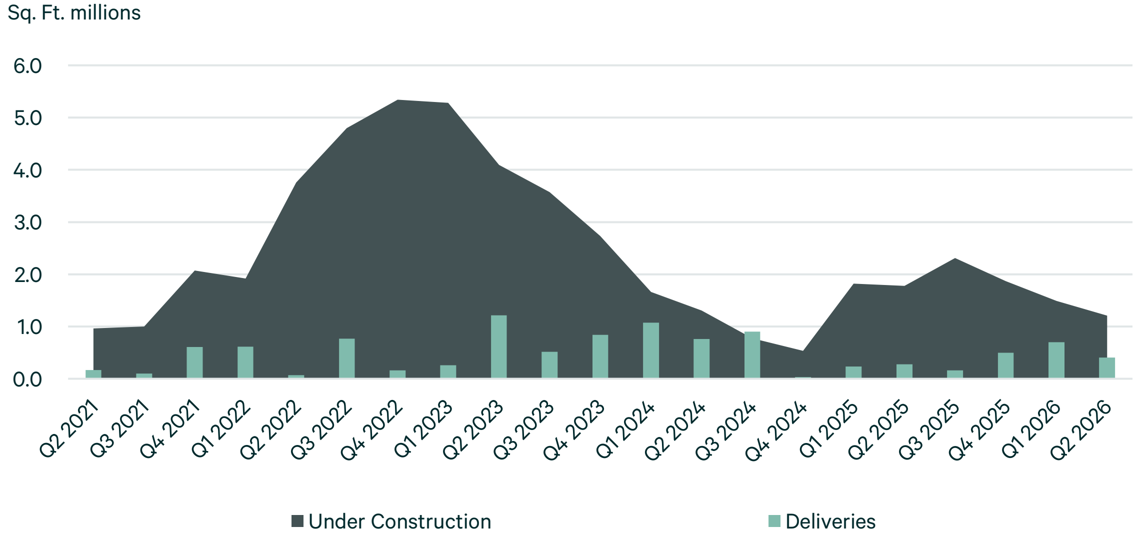
Source: CBRE Research, Q2 2026

Construction Activity

In Q2 2026, Boise's industrial development pipeline continued to contract as the market worked through the substantial wave of new supply delivered over the past three years. Space under construction totaled 1.3 million sq. ft., down 14.0% quarter-over-quarter and 32.0% year-over-year, indicating that developers have become increasingly selective amid rising vacancy and slower leasing velocity. At the same time, 406,000 sq. ft. of new product was delivered during the quarter. While deliveries declined 42.0% from Q1 2026, they remained 45.5% above year-ago levels, suggesting that recently completed projects continue to add available inventory despite a moderating construction pipeline.

Development activity remains concentrated in Boise's primary logistics corridors. The Airport submarket accounts for nearly 53% of all space under construction, with 682,000 sq. ft. underway, led by Eastport Logistics Phase I. Meridian follows with 306,000 sq. ft. under construction across the Ten Mile West development, while Caldwell contains 124,000 sq. ft. underway. As groundbreakings remain muted and projects continue to deliver, the ongoing reduction in the construction pipeline should help alleviate supply-side pressures over the medium term, although elevated vacancy is likely to persist until tenant demand absorbs recently completed space.

Figure 5: Construction Activity



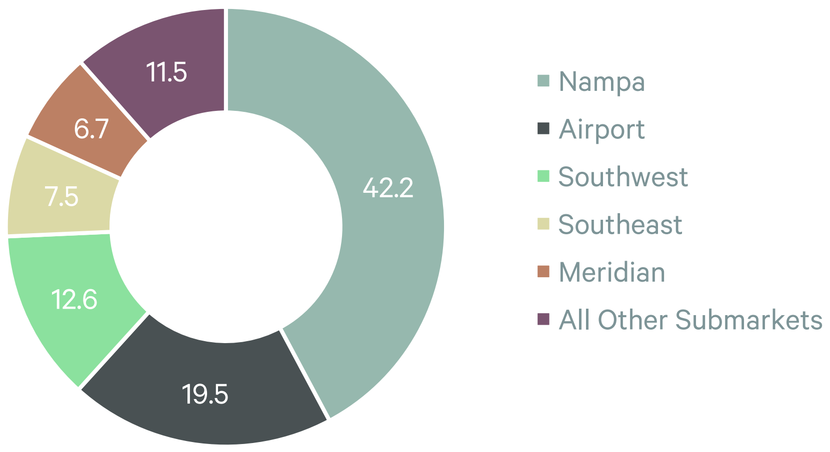
Source: CBRE Research, Q2 2026

Leasing Activity

Despite rising vacancy and a growing supply of available space, asking rents remained resilient in Q2 2026. The market average asking lease rate held steady at $0.91 per sq. ft. quarter-over-quarter and increased 5.8% year-over-year, remaining above the 2025 annual average of $0.89 per sq. ft. Rent growth has moderated as the market digests a significant wave of new supply, but tenant demand remains active. Several notable lease transactions during the quarter helped support occupancy and pricing across the market. Consumer Crusadors and Lippert Components Manufacturing committed to a combined 208,000 square feet in Nampa, while Mesa Systems leased 87,000 square feet in the Airport submarket.

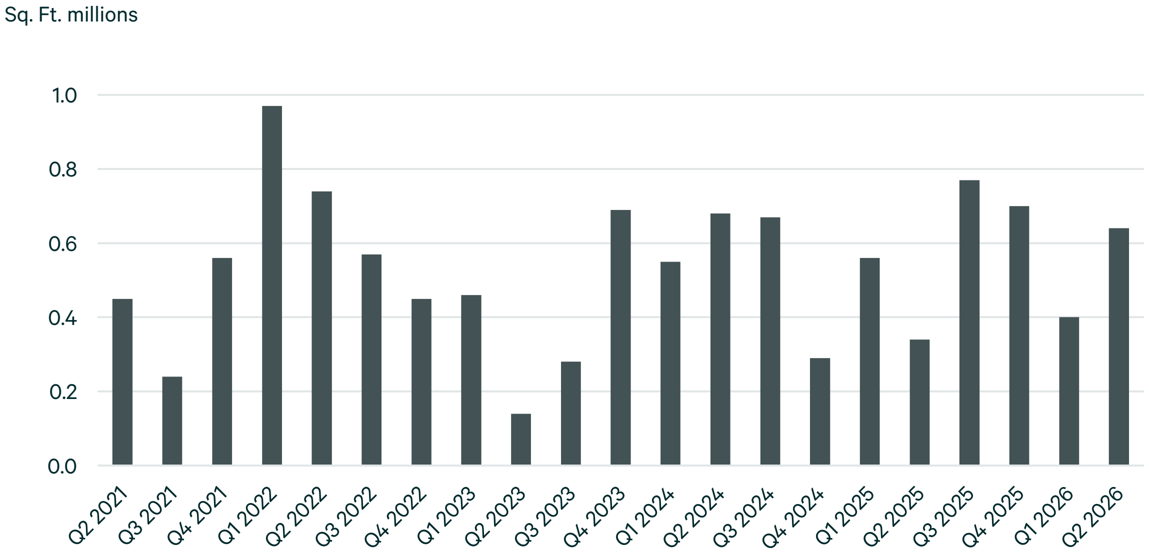
Since Q2 2021, average asking rents have increased more than 21%, supported by a growing share of modern industrial inventory, elevated replacement costs and continued tenant demand for high-quality logistics space. Rent levels remain highly dependent on location and product quality. Eagle commands the market's highest asking rents at $1.76 per sq. ft., followed by Meridian at $1.38 per sq. ft. North Boise ($1.26), West ($1.23), Airport ($1.16) and Southeast ($1.15) also outperform the market average, reflecting sustained demand for infill and strategically located industrial product. Meanwhile, Downtown ($0.79), Southwest ($0.80), Bench ($0.85), Nampa ($0.87) and Caldwell ($0.88) remain among the region's most cost-competitive options, providing occupiers with lower-cost alternatives as vacancy levels continue to rise.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Consumer Crusadors	105,000	New Lease	16740 Madison Rd	Nampa
Lippert Components Manufacturing	103,000	New Lease	900 E Karcher Rd	Nampa
Mesa Systems	87,000	New Lease	7031 S Eisenman Rd	Airport
Confidential Tenant	52,000	New Lease	1201 W Gowen Rd	Airport
Awm Fulfillment	28,000	New Lease	2546 S Fry St	Southwest

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	36,990,000	13.1	13.3	12.5	0.8	0.86	67,000	229,000	406,000	1,280,000
Manufacturing - General	6,480,000	3.6	3.9	3.5	0.4	1.20	130,000	120,000	-	-
R&D/Flex	3,450,000	6.2	6.6	6.5	0.1	0.95	61,000	18,000	-	-
Other Industrial	7,190,000	1.4	1.5	1.5	-	1.18	54,000	21,000	-	-
Total	**54,110,000**	**10.0**	**10.2**	**9.6**	**0.6**	**0.91**	**312,000**	**389,000**	**406,000**	**1,280,000**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	20,110,000	2.5	2.9	2.7	0.2	1.12	87,000	56,000	-	-
50K-99,999 SF	9,980,000	6.4	6.6	5.6	1.0	0.98	185,000	152,000	-	393,000
100K-249,999 SF	13,710,000	13.1	13.1	11.8	1.3	0.83	200,000	246,000	406,000	511,000
250K-499,999 SF	4,600,000	18.9	18.9	18.9	-	0.80	(159,000)	(65,000)	-	379,000
500K-749,999 SF	3,700,000	18.9	18.9	18.9	-	-	-	-	-	-
750,000 SF +	2,000,000	45.0	45.0	45.0	-	-	-	-	-	-
Total	**54,110,000**	**10.0**	**10.2**	**9.6**	**0.6**	**0.91**	**312,000**	**389,000**	**406,000**	**1,280,000**

Source: CBRE Research, Q2 2026

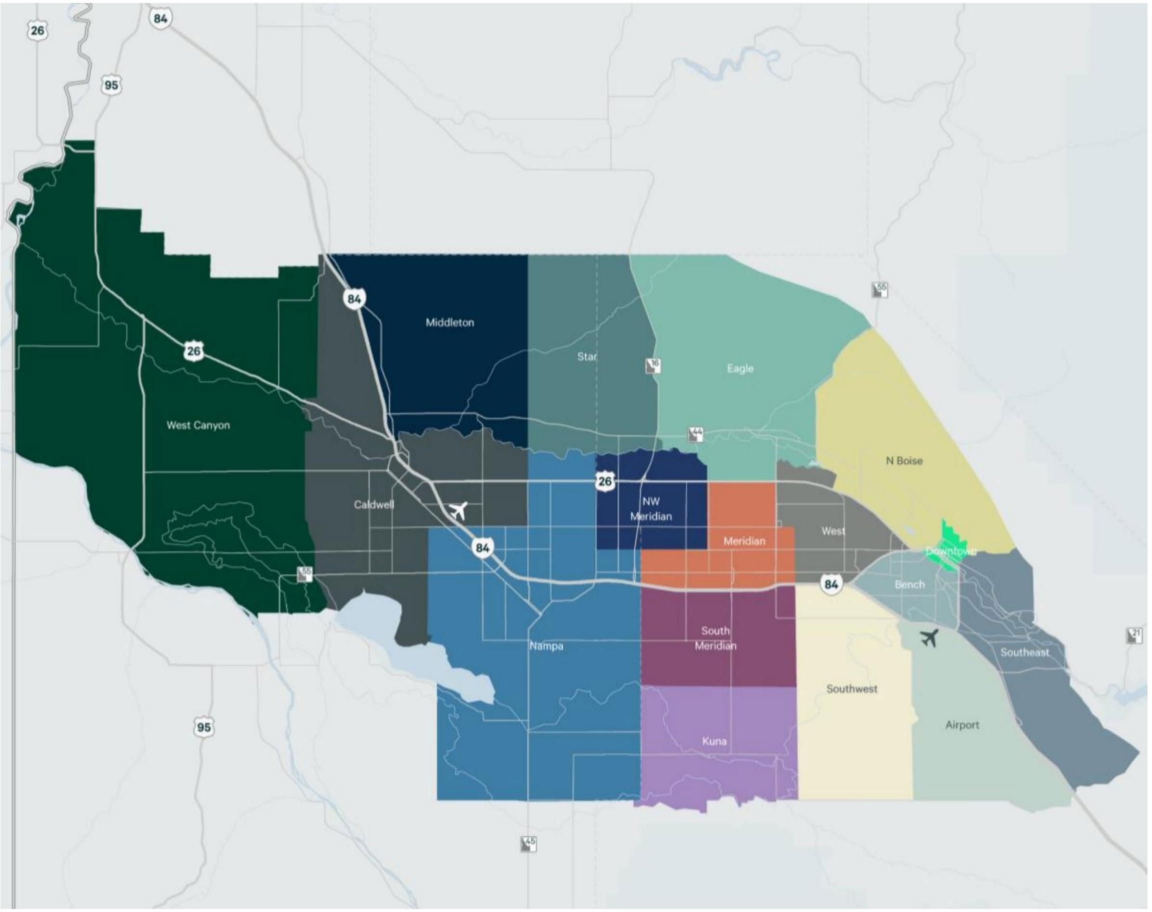
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	8,850,000	26.0	26.2	26.2	-	1.16	37,000	67,000	406,000	682,000
Bench	1,900,000	3.3	5.8	5.1	0.6	0.85	3,000	(20,000)	-	-
Caldwell	6,040,000	12.4	12.5	12.5	-	0.88	(172,000)	(109,000)	-	202,000
Downtown	570,000	14.5	14.5	14.5	-	0.79	-	-	-	-
Eagle	225,000	1.3	6.1	6.1	-	1.76	17,000	14,000	-	-
Kuna	203,000	-	-	-	-	-	-	1,000	-	-
Meridian	7,070,000	5.7	5.8	5.6	0.2	1.38	(11,000)	93,000	-	306,000
Nampa	15,050,000	10.3	10.4	8.8	1.6	0.87	251,000	188,000	-	91,000
North Boise	1,690,000	1.7	0.9	0.9	-	1.26	8,000	(5,000)	-	-
Northwest Meridian	36,000	-	-	-	-	-	-	-	-	-
South Meridian	877,000	-	-	-	-	-	-	-	-	-
Southeast	4,330,000	1.3	1.3	0.6	0.7	1.15	43,000	6,000	-	-
Southwest	2,590,000	3.1	3.3	3.0	0.3	0.80	91,000	124,000	-	-
Star	68,000	-	-	-	-	-	-	-	-	-
West	3,520,000	2.4	2.6	2.3	0.3	1.23	46,000	30,000	-	-
West Canyon	1,090,000	-	-	-	-	-	-	-	-	-
Total	**54,110,000**	**10.0**	**10.2**	**9.6**	**0.6**	**0.91**	**312,000**	**389,000**	**406,000**	**1,280,000**

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
Availability Rate: Total available sq. ft. divided by the total building area.
Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.
Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.
Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions.
Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.
Net Absorption: The change in occupied sq. ft. from one period to the next.
Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a gross lease rate.
Occupied Sq. Ft.: Building area not considered vacant.
Vacancy Rate: Total vacant sq. ft. divided by the total building area.
Vacant Sq. Ft.: Space that can be occupied within 30 days.

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.

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