Market conditions remained stable despite localized occupancy losses

▲8.5%	▼(104,000)	▼25,000	▼187,000	▼$23.70
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	FSG/YR Direct Lease Rate

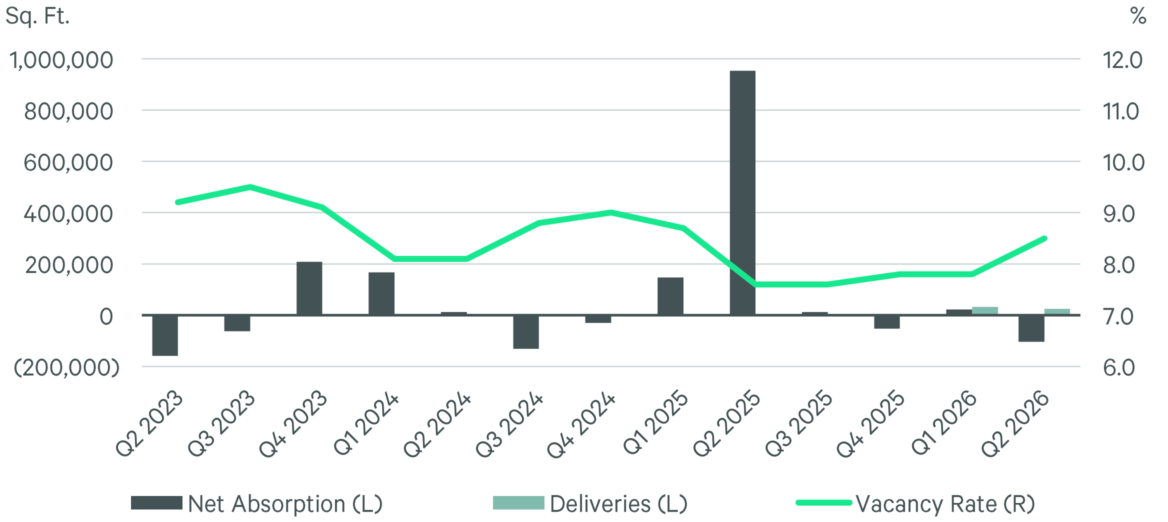
Note: Arrows indicate change from previous quarter.

Market Overview

Office fundamentals in the Boise metro softened in Q2 2026 as occupancy losses outweighed pockets of positive demand. Net absorption totaled negative 104,000 sq. ft. during the quarter, bringing year-to-date absorption to negative 82,000 sq. ft. through the first half of 2026. Consequently, overall vacancy increased 70 basis points (bps) quarter-over-quarter to 8.5%, while total availability rose 110 bps to 9.7%. Despite broader market softness, Class A properties posted the only positive absorption during the quarter, reflecting continued occupier preference for premium office space. Class A availability increased 110 bps quarter-over-quarter to 10.6% but remained 170 bps below the year-ago level.

Supply conditions remained measured despite softer occupancy trends. Space under construction declined to 187,000 sq. ft. in Q2 2026 following the delivery of Eagle River VII, a 25,000-sq.-ft. office building in the Eagle submarket. Development activity remained subdued, with no new projects breaking ground during the quarter and all remaining construction concentrated in Downtown Boise. Looking ahead, limited near-term supply and disciplined development activity should help support market stability as occupiers continue to evaluate long-term space needs.

Figure 1: Historical Net Absorption, Deliveries, and Total Vacancy



Source: CBRE Research, Q2 2026

Vacancy

Overall vacancy trended higher in Q2 2026, increasing 70 basis points (bps) quarter-over-quarter to 8.5%, partially offsetting the steady improvement recorded through much of 2025. Class A vacancy increased 10 bps quarter-over-quarter to 8.9%, but remained 200 bps below year-earlier levels, reflecting continued tenant preference for newer, higher-quality buildings even as vacancy edged higher. Class B vacancy increased 80 bps quarter-over-quarter to 9.1%, reflecting several new direct vacancies, with some of the larger additions occurring in the Southeast and Bench submarkets, and was 200 bps higher year-over-year.

Direct vacancy increased to 7.4%, rising 50 bps quarter-over-quarter, while sublease vacancy remained relatively stable at 1.1% and continued to represent a limited share of total vacancy. Among submarkets, Kuna, Southeast, and Downtown continued to record elevated vacancy, with rates of 27.3%, 13.6%, and 13.3%, respectively, well above the market average. In contrast, the West submarket remained tightly constrained at 3.2%, despite accounting for roughly 20% of total market inventory.

Figure 2: Vacancy Rates by Class (%)

Source: CBRE Research, Q2 2026

Asking Rent

Direct asking rents remained relatively stable at $23.70 per sq. ft. FSG in Q2 2026, declining 0.3% quarter-over-quarter while remaining essentially flat compared with one year earlier. Rent performance reflected a modest bifurcation in the market, with premium assets maintaining stronger pricing power than commodity space. Class A direct asking rents averaged $26.37 per sq. ft. FSG and remained 2.9% ($0.75) above year-ago levels despite a slight quarterly decline. In contrast, Class B direct asking rents remained largely unchanged at $22.58 per sq. ft. FSG, increasing just $0.04 from one year earlier.

Premium pricing remained concentrated in high-growth areas on the west side of the Boise metro, where the Eagle submarket commanded the highest average rent at $26.40 per sq. ft. FSG, followed by South Meridian at $26.16 per sq. ft. FSG. In contrast, North Boise and the Bench continued to offer more affordable options, with larger second-generation Class B and Class C spaces driving lower average rents. Sublease space continued to offer a slight discount, with average asking rents of $23.37 per sq. ft. FSG, approximately 1.4% below the market-wide direct average, as new sublease offerings narrowed the spread between direct and sublease asking rents during Q2 2026.

Figure 3: Average Direct Asking Rate by Class ($/SF/Yr FSG)

Source: CBRE Research, Q2 2026

Net Absorption

Net absorption totaled negative 104,000 sq. ft. in Q2 2026, reversing the modest occupancy gains recorded in the prior quarter and bringing year-to-date absorption to negative 82,000 sq. ft. Demand continued to favor Class A assets, which remained the only segment to record positive absorption, posting 18,000 sq. ft. of occupancy gains during the quarter. In contrast, Class B and Class C properties recorded negative absorption of 85,000 sq. ft. and 37,000 sq. ft., respectively.

Geographically, positive absorption was concentrated in the South Meridian and Eagle submarkets, which recorded 31,000 sq. ft. and 29,000 sq. ft. of occupancy gains. Downtown and Airport also posted modest positive absorption during the quarter. In contrast, the Southeast submarket recorded negative 111,000 sq. ft. of net absorption, accounting for the majority of the market's quarterly decline and more than offsetting gains elsewhere.

Figure 4: Net Absorption Trend (SF)

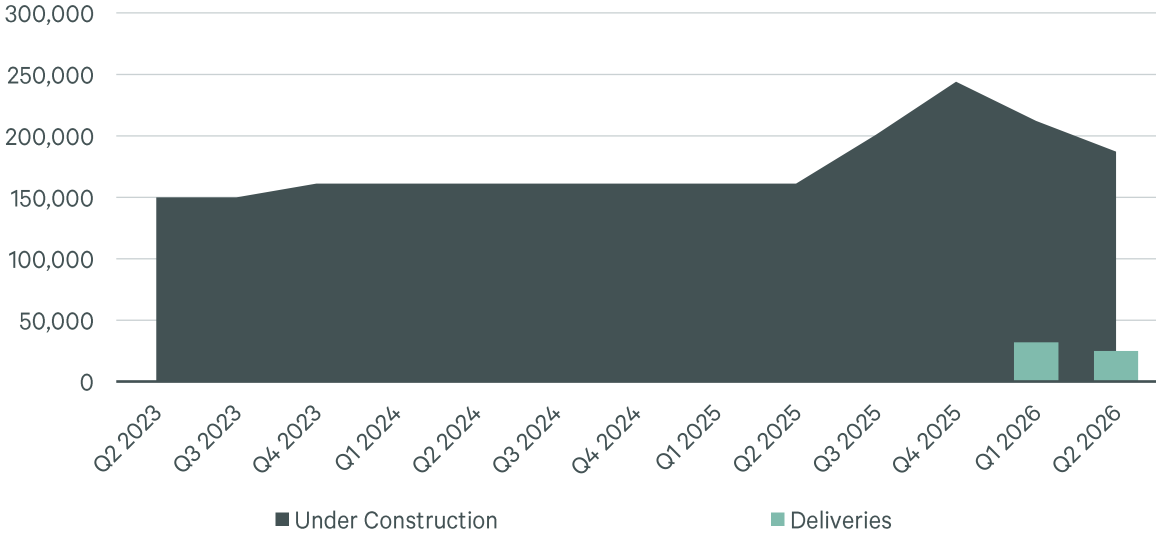
Source: CBRE Research, Q2 2026

Construction Activity

The office construction pipeline totaled 187,000 sq. ft. at the end of Q2 2026, down 11.6% from the prior quarter following the delivery of Eagle River VII, a 25,000-sq.-ft. office building in the Eagle submarket. Despite the quarterly decline, the pipeline remained 16.1% above year-ago levels. All remaining office space under construction was concentrated in the Downtown submarket, where 4th & Idaho (161,405 sq. ft.) and the Idaho Wheat Commission building (26,012 sq. ft.) comprised the market's entire active pipeline. No new projects broke ground during the quarter, and several proposed developments remained in advanced planning as developers awaited stronger preleasing signals, reflecting a continued disciplined approach to new office development.

Looking ahead, office development is expected to remain measured through the remainder of 2026, as all projects currently under construction are scheduled to deliver by year-end. With the active pipeline approximately 73.1% preleased, planned deliveries are not expected to generate significant supply-side pressure, while continued tenant preference for modern, high-quality space should support leasing activity in newly delivered product.

Figure 5: Construction Activity (SF)



Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 6: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	6.05	8.9	10.6	8.7	2.0	26.37	18,000	105,000	25,000	187,000
Class B	11.19	9.1	10.3	8.8	1.5	22.58	(85,000)	(154,000)	-	-
Class C	1.82	3.7	3.4	2.4	1.0	19.70	(37,000)	(33,000)	-	-
Total	**19.06**	**8.5**	**9.7**	**8.1**	**1.6**	**23.70**	**(104,000)**	**(82,000)**	**25,000**	**187,000**

Source: CBRE Research, Q2 2026

Market Statistics

Figure 7: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	4.03	4.6	6.8	4.3	2.5	28.11	31,000	121,000	25,000	-
Class B	8.85	8.3	9.5	8.2	1.3	22.63	(97,000)	(158,000)	-	-
Class C	1.43	4.2	3.9	2.9	1.0	20.00	(41,000)	(38,000)	-	-
Total	**14.31**	**6.9**	**8.2**	**6.6**	**1.6**	**23.40**	**(107,000)**	**(75,000)**	**25,000**	**-**

Source: CBRE Research, Q2 2026

Figure 8: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	2.03	17.3	18.3	17.4	0.9	25.59	(13,000)	(16,000)	-	187,000
Class B	2.34	11.9	13.1	10.8	2.3	22.45	12,000	4,000	-	-
Class C	0.39	1.5	1.4	0.8	0.6	15.60	4,000	5,000	-	-
Total	**4.75**	**13.3**	**14.4**	**12.8**	**1.6**	**24.17**	**3,000**	**(7,000)**	**-**	**187,000**

Source: CBRE Research, Q2 2026

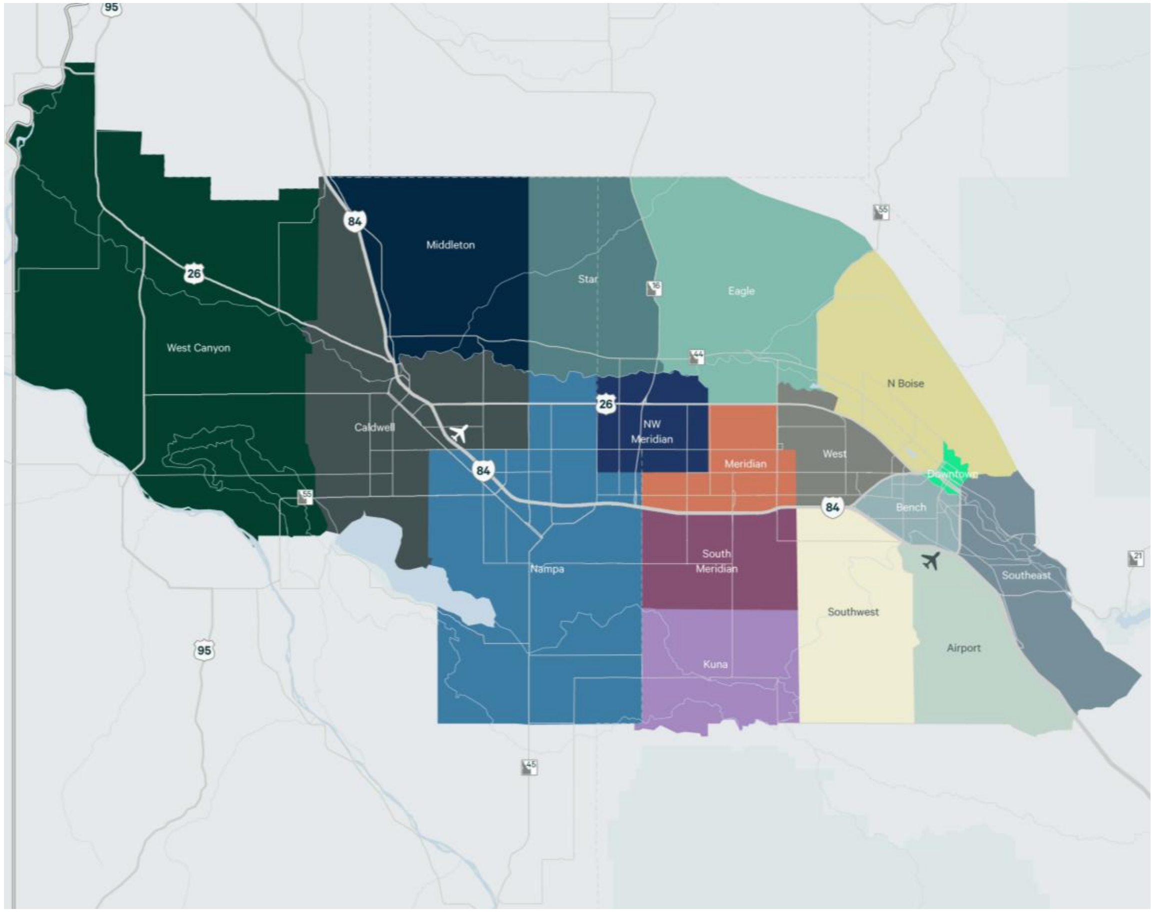
Market Statistics by Submarket

Figure 9: Metro Market Statistics by Submarket

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	0.02	-	-	-	-	-	3,000	3,000	-	-
Bench	2.10	8.0	9.0	7.2	1.8	21.92	(19,000)	(2,000)	-	-
Caldwell	0.37	3.2	3.5	2.9	0.7	21.00	(2,000)	(2,000)	-	-
Downtown	4.75	13.3	14.4	12.8	1.6	24.17	3,000	(7,000)	-	187,000
Eagle	0.48	4.8	5.1	5.1	-	26.40	29,000	26,000	25,000	-
Kuna	0.04	27.3	27.3	27.3	-	-	-	(10,000)	-	-
Meridian	2.44	6.1	7.0	5.2	1.8	22.16	(8,000)	(20,000)	-	-
Nampa	0.74	3.5	3.6	3.6	-	22.95	(4,000)	(16,000)	-	-
North Boise	0.52	6.6	7.3	7.3	-	20.96	(7,000)	(3,000)	-	-
Northwest Meridian	0.01	-	-	-	-	-	-	-	-	-
South Meridian	1.90	12.9	14.0	13.0	1.0	26.16	31,000	52,000	-	-
Southeast	1.06	13.6	13.8	9.6	4.2	23.60	(111,000)	(111,000)	-	-
Southwest	0.78	6.8	7.6	5.7	1.9	22.04	(6,000)	(2,000)	-	-
Star	0.01	-	-	-	-	-	-	-	-	-
West	3.84	3.2	6.0	4.2	1.8	21.89	(13,000)	9,000	-	-
Total	**19.06**	**8.5**	**9.7**	**8.1**	**1.6**	**23.70**	**(104,000)**	**(82,000)**	**25,000**	**187,000**

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 office buildings 10,000 sq. ft. and greater in size in Ada and Canyon counties, excluding owner-occupied and medical office properties. Buildings which have begun construction are evidenced by site excavation or foundation work.

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