

Market Watch

Properties of the Month

Office Market Review - May 2014

Overview

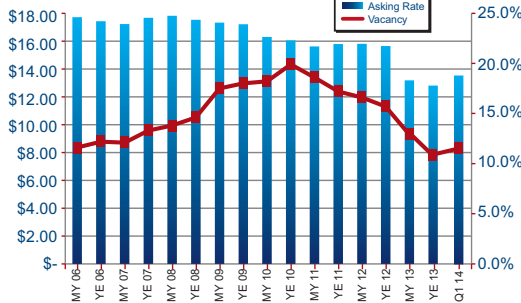
Activity in the Office market held steady in the first quarter of 2014. While both vacancy rates and asking rates were up over the 2013 year end, the trend continued to demonstrate positive change in this segment.

Vacancy rates throughout the Treasure Valley for the first quarter of 2014 were mixed, with seven submarkets showing an increase in vacancy rates over the 2013 year end, and eight submarkets showing a decrease in vacancy rates. The overall outcome resulted in a 102 basis point reduction for Ada County, a 101 basis point increase for Canyon County, and a 100 basis point increase for the Treasure Valley as a whole. The greatest quarter-to-quarter increase occurred in Southeast Boise, rising from 11.0% at the end of 2013 to 17.3% at the end of the first quarter of 2014. The Southwest submarket experienced the largest decrease, from 19% at the end of 2013 to 6.0% at the end of the first quarter of 2014.

Asking Rates

Asking rates throughout the Treasure Valley were on the rise, ending the first quarter at \$13.35. Ada County witnessed an \$0.29 increase in asking rates for the first quarter of 2014 versus the fourth quarter of 2013, while Canyon County experienced a \$1.11 increase between quarters. The Karcher and Idaho Center submarkets contributed the highest increases, at \$3.33 and \$1.37 respectively

OFFICE VACANCY & ASKING RATES
2006 - to Present



10TH & MAIN
RETAIL AND PROFESSIONAL OFFICE CONDOS
FOR SALE OR LEASE

- Space Available: 9,996 SF - 42,023 SF
- Parking on-site
- Under new ownership and renovations under way!
- Variety of size options available from partial floors to entire floors



9TH & IDAHO
OFFICE SPACE FOR LEASE

- Excellent Downtown location in historic building
- Showers & locker room available
- Five perimeter offices, one of which is a large corner office
- Building Size: 84,650 SF
- Space Available for Lease: 3,040 SF

OFFICE TRENDS		
	Ada Co.	Canyon Co.
	Q1 2014 - Q4 2013	Q1 2014 - Q4 2013
VACANCY RATES	↓	↑
ASKING RATES	↑	↑

LEASE TRANSACTION DATA Q1 TOP 5				
\$18.20 FSEJ	DT Periphery	3,896 SF	Class A	
\$12.56 FSEJ	West Bench	5,000 SF	Class A	
\$14.03 FSEJ	Meridian	1,225 SF	Class B	
\$14.14 FSEJ	Southeast	2,724 SF	Class A	
\$6.00 FSEJ	West Bench	1,700 SF	Class B	

*Top 5 based on total consideration



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Office Term of the Month

Capitalization Rate

Capitalization Rate (Cap Rate) is defined as a rate of return on a real estate investment property based on the expected income that the property will generate. Capitalization rate is used to estimate the investor's potential return on his or her investment. This is done by dividing the income the property will generate called net operating income (income after fixed costs and variable costs) by the total value of the property. An example of how to calculate cap rate is as follows:

Building A generates \$125,000 per year in Net Operating Income (Total Income less vacancy, credit losses, and operating expenses), and the current asking price is \$1,200,000.00. This means the Cap Rate at asking for Building A is 10.4% ($\$125,000 / \$1,200,000.00$). This Cap Rate should be compared to other cap rates of similar properties to determine investment potential. As a general rule of thumb, the lower the cap rate, the more stable the asset.

Colliers Office Transactions

May, 2014

PROPERTY NAME & ADDRESS	SIZE OF DEAL	TENANT OR BUYER
SOLD 1001 Main Street Boise, ID	50,000 SF	Swing Down LLC
SOLD 4720 Emerald Boise, ID	16,000 SF	Quail Hollow Holdings LLC
SOLD 1119 E Plaza Drive Eagle, ID	5,800 SF	
LEASED Meridian, ID	3,900 SF	Idaho Primary Care Association
SOLD Meridian, ID	2,000 SF	F&M Tile Contractors
LEASED 1620 Topaz Way Meridian, ID	3,119 SF	Auto-Owners Insurance Co.

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Using our services is free of cost to tenants looking to relocate or renegotiate their current leases. Contact us today for a free lease analysis and a comprehensive guide to office relocation.

Have a question? Ask via email or call us at 208 345 9000



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