

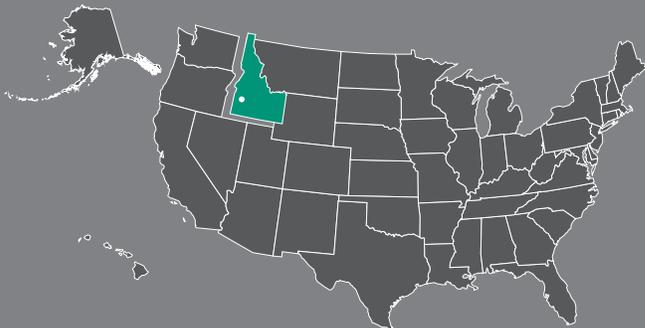
HUD PD&R Housing Market Profiles

Boise City, Idaho



Quick Facts About Boise City

- **Current sales market conditions: slightly tight.**
- **Current apartment market conditions: slightly tight.**
- **The city of Boise ranked second on *Forbes's* 2015 list for the Top 10 Up-and-Coming Cities for Recent College Grads. Strong labor market conditions, a relatively low cost of living as compared with other nearby metropolitan areas, and year-round outdoor recreation opportunities contributed to this ranking.**



By Holi M. Weaver | As of January 1, 2016

Overview

Situated in the Treasure Valley of southwestern Idaho, the Boise City (hereafter, Boise) metropolitan area consists of Ada, Boise, Canyon, Gem, and Owyhee Counties, and is the largest metropolitan area in the state of Idaho. The principal counties of Ada and Canyon comprise 95 percent of the metropolitan area's population. The city of Boise, in Ada County, is the state capital and home to Boise State University (BSU), which enrolled approximately 22,100 students in the fall of 2015.

- As of January 1, 2016, the estimated population of the Boise metropolitan area is 684,100, reflecting an average annual increase of 13,100, or 2.0 percent, since 2014, with net in-migration accounting for 8,500 people a year, or 65 percent of the increase.
- Population growth in the metropolitan area was strongest from 2004 to 2007, averaging 21,450 people, or 3.9 percent, annually because strong economic conditions boosted net in-migration to an average of 15,700 people a year, or 73 percent of population growth during that time.
- Weak labor and housing markets brought on by the national recession slowed population growth to an average of 7,350 people, or 1.2 percent, annually from 2008 to 2010; net in-migration fell to an average of 1,975 people a year, comprising only 27 percent of population growth.
- Economic growth returned in 2011, leading to increased population growth, which averaged 11,600 people, or 1.8 percent, annually, from 2011 to 2014; net in-migration increased to an average of 7,150 people annually, or 62 percent of population growth.



In the fourth quarter of 2015, the Boise area recorded approximately 292,000 nonfarm payroll jobs, surpassing the prerecession peak by 5.0 percent.

	3 Months Ending		Year-Over-Year Change	
	December 2014 (thousands)	December 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	286.1	292.0	5.9	2.1
Goods-producing sectors	42.7	46.6	3.9	9.1
Mining, logging, and construction	17.8	20.7	2.9	16.3
Manufacturing	24.8	26.0	1.2	4.8
Service-providing sectors	243.4	245.4	2.0	0.8
Wholesale and retail trade	47.9	48.3	0.4	0.8
Transportation and utilities	9.2	9.5	0.3	3.3
Information	4.4	4.2	-0.2	-4.5
Financial activities	16.0	16.6	0.6	3.8
Professional and business services	40.3	39.3	-1.0	-2.5
Education and health services	43.0	44.6	1.6	3.7
Leisure and hospitality	26.8	26.5	-0.3	-1.1
Other services	10.2	10.7	0.5	4.9
Government	45.5	45.8	0.3	0.7
	(percent)	(percent)		
Unemployment rate	4.1	3.6		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

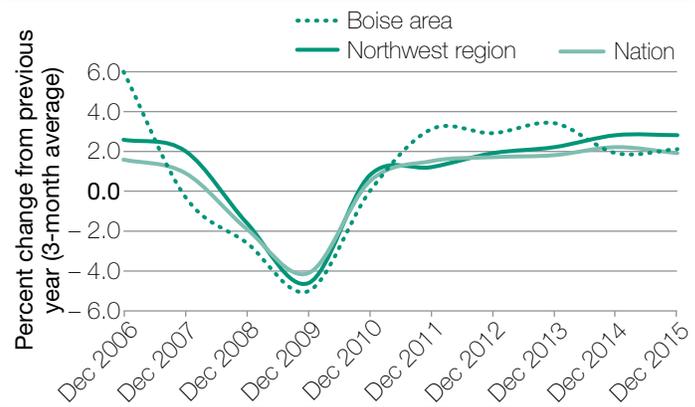
Nonfarm payroll growth exceeded 3.0 percent annually from 2012 through 2014, contributing to strong economic conditions in the Boise metropolitan area. During 2015, nonfarm payroll growth slowed to an average of 5,500 jobs, or 1.9 percent, compared with a gain of 8,300 jobs, or 3.0 percent, in 2014.

During the fourth quarter of 2015—

- Nonfarm payrolls averaged 292,000 jobs, reflecting an average annual increase of 5,900 jobs, or 2.1 percent, compared with nonfarm payrolls during the fourth quarter of 2014. During the same time, the unemployment rate declined from 4.1 to 3.6 percent because employment growth far outpaced growth in the labor force.
- The greatest nonfarm payroll gain occurred in the mining, logging, and construction sector, up 2,900 jobs, or 16.3 percent, from a year ago; more than 90 percent of payrolls in the sector are in the construction subsector. Part of the job growth is a result of strong in-migration that led to increased demand for new homes and construction labor.
- Nonfarm payrolls in the education and health services sector increased by 1,600 jobs, or 3.7 percent, compared with the number of jobs a year ago. Despite the economic recession, the education

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Job growth in the Boise area has lagged growth in the Northwest region since 2014.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Boise Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Saint Luke's Health System	Education and health services	8,450
Micron Technology, Inc.	Manufacturing	5,750
Boise State University	Government	4,550

Note: Excludes local school districts.
Source: Boise Valley Economic Partnership



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and health services sector has added jobs every year since 2000. Saint Alphonsus Health System, one of the largest employers in the metropolitan area, has begun construction on an \$80 million medical center in the city of Nampa that is scheduled to be complete in 2017.

- Job losses were greatest in the professional and business services sector, down 1,000 jobs, or 2.5 percent, from a year ago, mainly because Maximus, a call center that provided customer support for the Affordable Care Act, laid off 1,500 people in 2015. Some of these job losses were mitigated by Sykes opening a call center in the summer of 2015, hiring 300 people with plans to expand to 900 employees during 2016.

The mining, logging, and construction sector has been one of the fastest-growing sectors since the economic recovery began, despite being the hardest hit during the economic recession and housing market collapse, losing an average of 2,300 jobs, or 12.0 percent, annually from 2007 through 2011. By comparison, from 2012 to the current date, the sector increased by an average of 1,600 jobs, or

10.6 percent, annually. Much of the job growth during the past 4 years can be attributed to increased demand for construction labor as the demand for new homes and apartments returned and to a boost in commercial construction. Approximately 5 million square feet of retail, office, and industrial space has been added to the Boise metropolitan area since 2010 (Colliers International). Large-scale commercial development activity began with the \$76 million, 18-story Eighth & Main building in downtown Boise that opened in February 2014. The site, which had been vacant since 1987 and known as the “Boise Hole,” now houses the tallest building in Idaho, with Zions Bank Idaho headquarters and Ruth’s Chris Steakhouse as two of the larger tenants. The largest commercial construction project currently under way is the \$79 million City Center Plaza and underground transit center, which employs 150 people and is expected to be finished in mid-2016. In addition to these larger projects, numerous medical centers, smaller retail centers, hotels, and apartments are currently under construction, contributing to strong job growth in the mining, logging, and construction sector.

Sales Market Conditions

Sales housing market conditions in the Boise metropolitan area are currently slightly tight, with an estimated sales vacancy rate of 1.6 percent, down from 3.4 percent in April 2010. The decline in vacancies reflects increased demand for homes because household finances and access to credit are improving, and much of the excess inventory that resulted from the foreclosure crisis has been absorbed. The amount of for-sale inventory peaked in July 2008 at more than a

10-month supply. As of December 2015, the HMA had a 2.4-month supply of unsold, available inventory, down from a 3.4-month supply in December 2014 (Intermountain Multiple Listing Service).

- Approximately 17,550 existing single-family homes, townhomes, and condominiums (hereafter, existing homes) sold during the 12 months ending November 2015, up 14 percent from the previous 12 months, and the average sales price increased 7 percent, to \$226,500 (CoreLogic, Inc., with adjustments by the analyst).

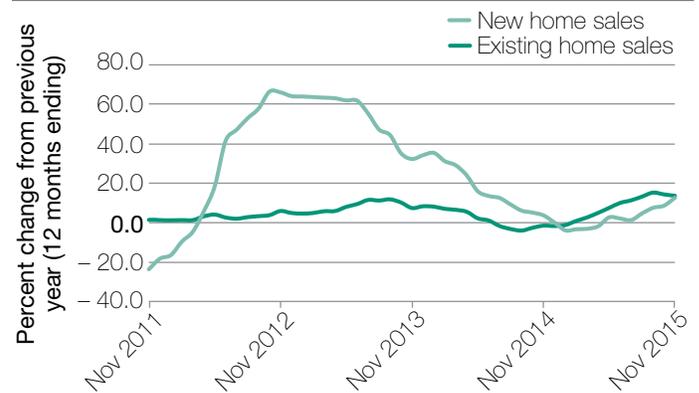
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New and existing home sales prices in the Boise area continued to increase, but at a slower rate, as market conditions became more balanced.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

In the Boise area, the rate of growth in new home sales increased, while that of existing home sales stabilized.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst



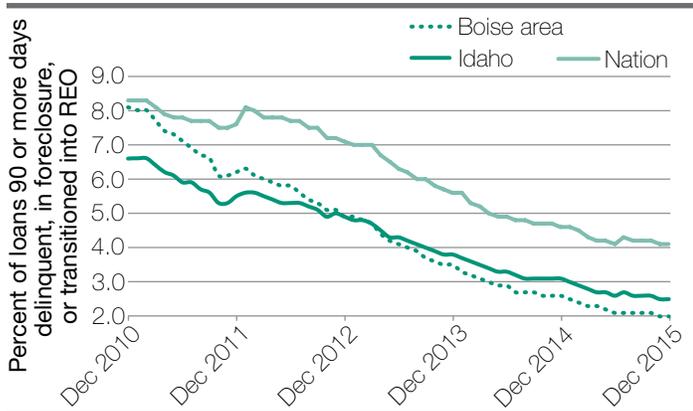
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- A total of 2,900 new homes sold during the 12 months ending November 2015, reflecting an average annual increase of 13 percent from a year ago, and the average sales price increased 1 percent, to \$260,000.
- The percentage of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status peaked in February 2010 at 9.0 percent but declined steadily to only 2.0 percent as of December 2015. As a result of weak economic conditions and the foreclosure crises, REO home sales accounted for approximately 30 percent of existing home sales from 2008 through 2011; however, REO sales comprised only 6 percent of existing home sales during the 12 months ending November 2015.

Single-family home construction, as measured by the number of single-family homes permitted, reached a 20-year low in 2011, when only 1,575 homes were permitted in response to decreased demand for new homes as a consequence of the national recession. Beginning in 2012, however, builders responded to the improving sales market by increasing new home construction.

- During the fourth quarter of 2015, permits were issued for 1,000 single-family homes (preliminary data), up nearly 30 percent from the number of homes permitted during the fourth quarter of 2014. This level of permitting is a considerable increase compared with the average of 360 homes permitted during the same quarter from 2008 through 2011.

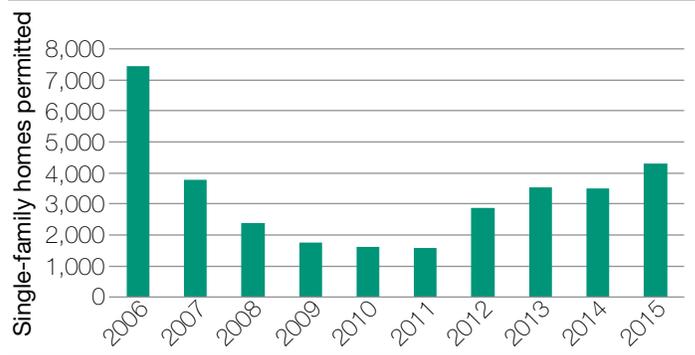
The percentage of seriously delinquent loans and REO properties in the Boise area has been consistently lower than the state and national rates since the second quarter of 2013.



REO = real estate owned.
Source: Black Knight Financial Services, Inc.

- Approximately 4,300 single-family homes were permitted in 2015 compared with an average of 3,300 homes permitted annually from 2012 through 2014. New home construction peaked at 10,950 homes permitted in 2006, when population and job growth were at their peaks, and then declined at an average annual rate of 28 percent to a low of 1,575 homes permitted in 2011.
- New home construction has been concentrated in the cities of Boise and Meridian, in Ada County, and Nampa, in Canyon County. The northeast neighborhood in Boise has more than 15 subdivisions under development, with new home sales prices ranging from the mid-\$200,000s to over \$1 million, with an average sales price of \$392,600 (buildidaho.com).
- Meridian, a suburb of the city of Boise that has experienced rapid growth during the past 15 years, continues to be a popular location for new subdivisions. More than 60 subdivisions in Meridian offer new homes for sale. The northwest area of Meridian is expanding the most, with more than 20 new communities with new homes that sell for an average of \$326,500; however, prices range from the mid-\$100,000s to over \$1 million (buildidaho.com).
- Nampa, the largest city in Canyon County, has over 50 new communities, with the most development occurring in the southern section of the city, where the average new home sales price is \$205,700 (buildidaho.com).

Builders increased single-family home construction in the Boise area during 2015 in response to increasing sales and prices, but new home construction remained well below the previous peak.



Note: Includes preliminary data from January 2015 through December 2015.
Source: U.S. Census Bureau, Building Permits Survey



Apartment Market Conditions

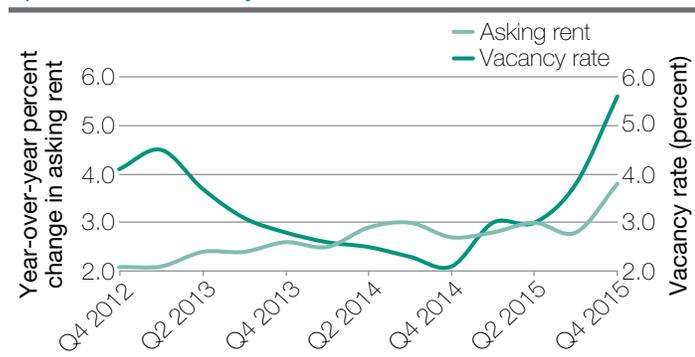
The apartment market in the Boise metropolitan area is currently slightly tight, but conditions have softened recently, largely a result of the considerable number of new units entering the market in the past year and an increase in the number of units still in lease up.

During the fourth quarter of 2015—

- The apartment vacancy rate was estimated at 5.6 percent compared with 2.1 percent in the fourth quarter of 2014 (Reis, Inc.).
- Despite an increase in the vacancy rate, the average asking rent increased 3.8 percent from a year earlier, to \$797, and rents averaged \$558 for studio units, \$722 for one-bedroom units, \$824 for two-bedroom units, and \$931 for three-bedroom units (Reis, Inc.).
- The market was tightest for units built from 1970 to 1979, with an estimated vacancy rate of 2.4 percent and an average asking rent of \$716. Conversely, units built after 2009 recorded the highest vacancy rate at 28 percent, mainly because this rate includes a large portion of newly constructed units still in lease up; the average asking rent was \$983 (Reis, Inc.).
- Approximately 19,750 BSU students live off campus in private housing, providing a stable source of renter demand in the metropolitan area.

In response to increased population growth and tight market conditions, apartment construction in the Boise metropolitan area, as measured by the number of multifamily units permitted, has been strong since the beginning of 2012; however, builders scaled back construction activity during the past year so the large increase in new inventory can be absorbed.

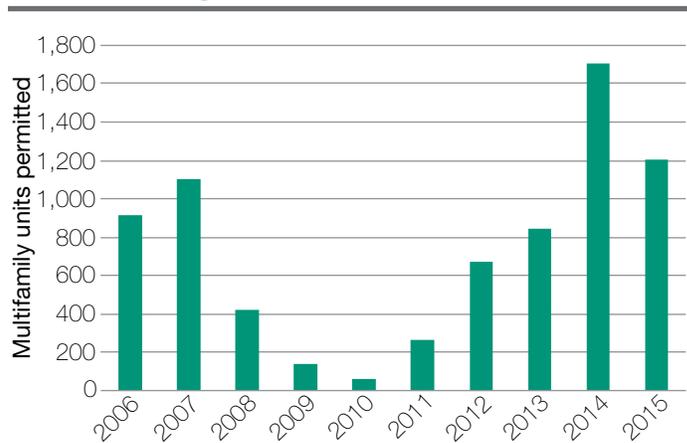
Rent growth spiked in the Boise area during the fourth quarter of 2015 despite an increase in the apartment vacancy rate.



Source: Reis, Inc.

- Approximately 1,200 multifamily units were permitted in 2015 (preliminary data), down nearly 30 percent from the 1,700 multifamily units permitted in 2014. The level of multifamily building in 2014 and 2015 was greater than in any other 2-year period since 1995.
- An average of 150 multifamily units were permitted annually from 2009 through 2011, a consequence of the national recession and very limited access to financing.
- Luxury apartment communities geared toward students have recently become a trend with private developers, offering amenities uncommon in the rest of the market such as tanning booths, hot tubs, sports courts, outdoor movie screens, private study and meeting rooms, and complimentary coffee bars. These new apartments are available to the general public but are leased per bedroom. Three new communities opened in the summer of 2015, adding 541 apartments with approximately 1,500 beds, to the rental housing market. Occupancy rates averaged 65 to 75 percent during the fall semester. One-bedroom units range from \$600 to \$1,000 per month, and bedroom rents decrease as the number of bedrooms per unit increases.
- An estimated 1,375 apartments are currently under construction in the metropolitan area, with an additional 350 units expected to begin construction in early 2016; more than 90 percent of the units under construction are in Ada County. The largest concentration of multifamily construction is occurring in the city of Boise, followed by the city of Meridian with 750 and 460 units under construction, respectively.

Multifamily construction in the Boise area slowed during 2015, following a record high level of construction during 2014.



Note: Includes preliminary data from January 2015 through December 2015. Source: U.S. Census Bureau, Building Permits Survey

