

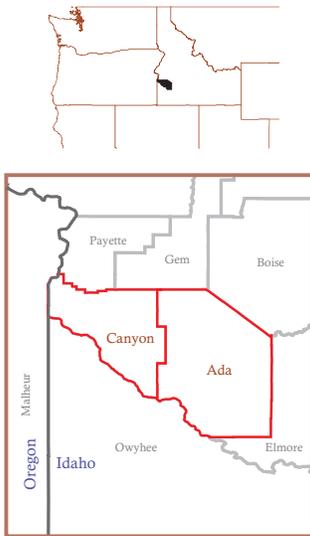


Boise-Nampa, Idaho

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2008



Housing Market Area



The Boise-Nampa, Idaho Housing Market Area (HMA) consists of Ada and Canyon Counties. The city of Boise, located in Ada County, is the state capital. The HMA is the economic and service-providing hub for southwestern Idaho and northwestern Oregon. Affordable housing, low business costs, and quality-of-life factors have made the HMA one of the fastest growing urban areas in the Northwest during this decade.

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Summary

Economy

The Boise-Nampa HMA labor market is tight. During the 12 months ending May 2008, the unemployment rate averaged 2.6 percent, compared with 2.8 percent recorded during the same period a year ago. Led by hiring in the health services industries and local government subsector, employment increased by 0.3 percent during the 12-month period ending May 2008. Job growth decelerated during the past 2 years due to reduced construction activity and layoffs in the semiconductor industry. Nonfarm employment growth is forecast to grow at an annual average rate of 2.2 percent during the 3-year forecast period as firms in the service-providing sectors expand to support continued population growth.

Sales Market

A slowing economy, reduced population growth, and a large inventory of unsold new and existing homes combined to create soft sales housing market conditions in the HMA during the 12-month period ending May 2008. Sales of new and existing homes fell by 36 percent and the average sales price declined by 2 percent during the past 12 months. Slower but steady population growth and more-attractive

home prices will result in demand for 13,175 new sales housing units during the forecast period (see Table 1).

Rental Market

The rental housing market is balanced. The rental vacancy rate is 6.3 percent as of June 2008 and rents increased by 4 percent during the 12-month period ending May 2008. During the first 5 months of 2008, the rental market remained balanced due to continued household growth and minimal multifamily construction activity. Steady population growth and tighter lending standards are major factors that will contribute to demand for 1,525 new market-rate rental units during the forecast period (see Table 1).

Table 1. Housing Demand in the Boise-Nampa HMA, 3-Year Forecast, June 1, 2008 to June 1, 2011

	Boise-Nampa HMA	
	Sales Units	Rental Units
Total Demand	13,175	1,525
Under Construction	825	425

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2008.

Source: Estimates by analyst

Economic Conditions

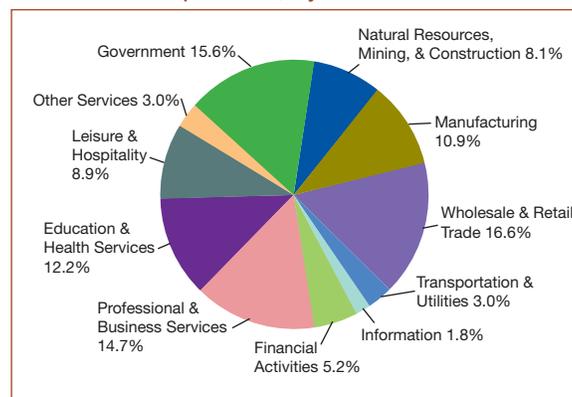
Since 2000, nonfarm employment in the Boise-Nampa HMA has increased by 5,700 jobs, or 2.5 percent, a year compared with a 5.1-percent annual rate of growth posted during the 1990s. During that decade, job growth in the manufacturing sector represented 20 percent of total employment growth. Since 2000, however, employment growth has occurred primarily in the service-providing sectors and construction sector. Strong residential, office, and retail development activity, along with several public infrastructure projects, resulted in an increase in construction employment by an average of 800 jobs a year, reaching a peak of 25,500 jobs in 2007. Since 2000, job growth in the professional and business services sector has accounted for 27 percent of the total employment growth in the HMA; much of this growth has resulted from hiring at call centers by major employers such as DIRECTV, Inc.; Qwest Communications International, Inc.; and Citigroup, Inc. During the same period, employment in the education and health services sector has grown by 1,300 jobs a year, accounting for 18 percent of employment growth in the HMA. Approximately

90 percent of the job growth in the sector occurred in the health services subsector as physicians, dentists, specialty therapists, and medical support services expanded operations, adding 1,150 jobs a year in support of a growing and aging population. Since 2000, government, the second leading employment sector in the HMA (see Figure 1), has grown by 19 percent and added 975 jobs a year, mainly as a result of local city and county efforts to expand services in response to the growing population.

Hiring at hospitals, medical clinics, restaurants, and schools sustained tight labor market conditions during the 12-month period ending May 2008. During the period, nonfarm wage and salary employment increased by slightly less than 1,000 jobs, or 0.3 percent, to a total of 276,350 jobs. In contrast, during the 12-month period ending May 2007, nonfarm employment grew by 14,250 jobs, or 4 percent. Employment growth in the HMA decelerated because of a decline in homebuilding activity and layoffs in the computer and related-goods industry and the financial activities sector. During the 12 months ending May 2008, the unemployment rate averaged 2.6 percent, compared with the 2.8-percent rate recorded during the previous 12-month period. Figure 2 presents trends in the labor force, resident employment, and unemployment in the HMA from 1990 to 2007.

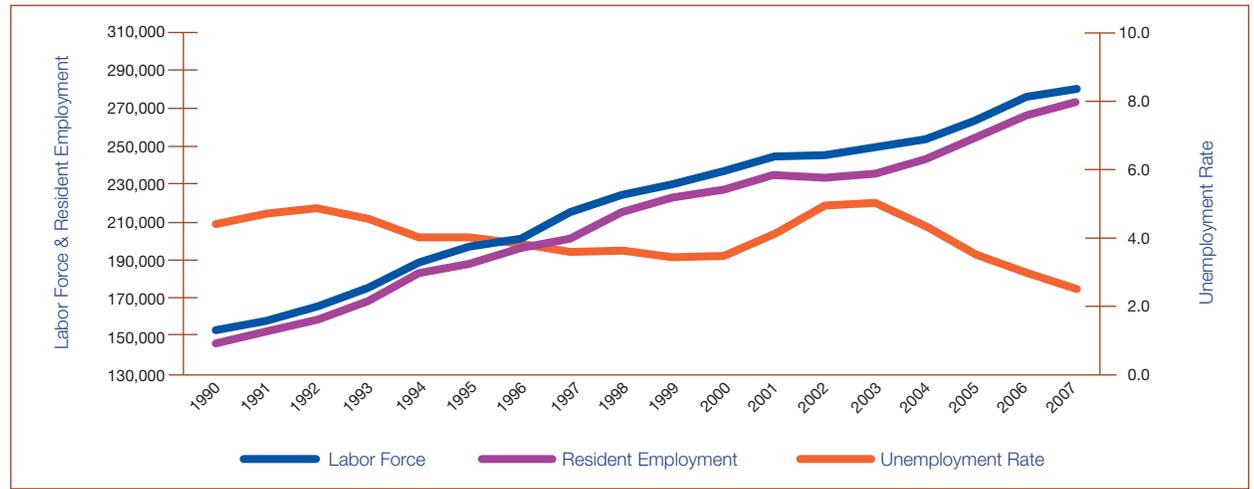
During the 12-month period ending May 2008, major employers Saint Alphonsus Regional Medical Center and St. Luke's Health System expanded their facilities and contributed to the addition of 1,800 jobs in the education and health services sector, which grew by 5.3 percent as a result of the expan-

Figure 1. Current Employment in the Boise-Nampa HMA, by Sector



Note: Based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Boise-Nampa HMA, 1990 to 2007

Source: U.S. Bureau of Labor Statistics

sions (see Table 2). During the same period, several fast- and specialty-food establishments opened in the HMA, increasing employment in the leisure and hospitality sector by 400 jobs, or 1.7 percent. The only other sector that posted significant employment gains during the period was the local government subsector, which added 1,400 jobs in local schools and government support services in response to the HMA's growing population.

During the 12 months ending May 2008, residential construction activity subsided in response to a decline in sales housing demand and commercial construction activity slowed with the completion of several office and retail

developments, bringing an end to 4 years of job gains in the construction sector. During the period, construction sector employment decreased by 2,300 jobs, down 9 percent compared with the level of employment recorded during the previous 12 months. Declining home sales also caused a contraction in the financial activities sector, which decreased by 500 jobs during the 12-month period ending May 2008. During the same period, employment decreased in the manufacturing sector primarily as a result of 1,500 jobs lost in the semiconductor industry due to falling dynamic random access memory chip prices. Table 3 presents average employment in the HMA for the 12-month periods ending May 2007 and May 2008. Figure 3 illustrates sector growth in the HMA from 1990 to the current date.

The current trend of the service-providing sectors leading job growth in the HMA is expected to continue during the forecast period, but at a slower pace than the rate of growth that has occurred since 2000. During the 3-year forecast period, nonfarm employment is anticipated to grow by 2.2 percent a year.

Table 2. Major Employers in the Boise-Nampa HMA

Name of Employer	Employment Sector	Number of Employees
Micron Technology, Inc.	Manufacturing	10,600
St. Luke's Health System	Education & Health Services	6,400
Hewlett-Packard Development Company	Manufacturing	4,000
J.R. Simplot Company	Manufacturing	3,500
Saint Alphonsus Regional Medical Center	Education & Health Services	3,150
Albertsons	Retail Trade	2,730
Wal-Mart Stores, Inc.	Retail Trade	2,400
Boise State University	Government	2,200
Qwest Communications International, Inc.	Information	1,800
DIRECTV, Inc.	Financial Activities	1,450

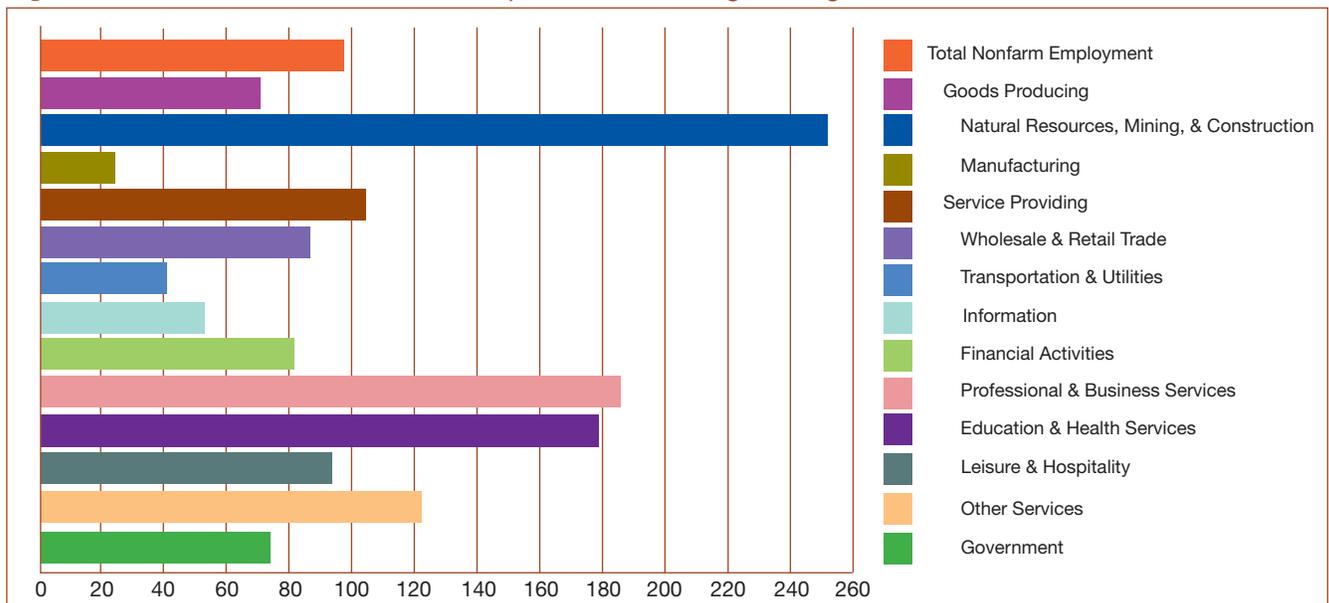
Source: State of Idaho Departments of Commerce and Labor

Table 3. 12-Month Average Employment in the Boise-Nampa HMA, by Sector

	12 Months Ending May 2007	12 Months Ending May 2008	Percent Change
Total Nonfarm Employment	275,400	276,350	0.3
Goods Producing	56,500	52,700	-6.7
Natural Resources, Mining, & Construction	24,800	22,500	-9.3
Manufacturing	31,800	30,200	-5.0
Service Providing	218,900	223,600	2.1
Wholesale & Retail Trade	45,600	45,900	0.7
Transportation & Utilities	7,800	8,200	5.1
Information	4,800	4,900	2.1
Financial Activities	15,000	14,500	-3.3
Professional & Business Services	40,400	40,600	0.5
Education & Health Services	32,100	33,800	5.3
Leisure & Hospitality	24,200	24,600	1.7
Other Services	7,800	8,200	5.1
Government	41,000	43,100	5.1

Notes: Based on 12-month averages through May 2007 and May 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Boise-Nampa HMA, Percentage Change, 1990 to Current

Note: Current is based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

Population and Households

The population of the Boise-Nampa HMA as of June 1, 2008, is estimated at 564,625, indicating an increase of 132,300 from the April 2000 Census Bureau count

of 432,335. Nearly 70 percent of population growth from 2000 to the current date has resulted from net immigration. Migration to the HMA has been strong because of an expanding

job market, affordable housing, and attractive lifestyle qualities such as a mild climate, short commute times, and abundant outdoor recreational opportunities. Figure 4 illustrates components of population change in the HMA from 1990 to the forecast date. Since 2000, population growth

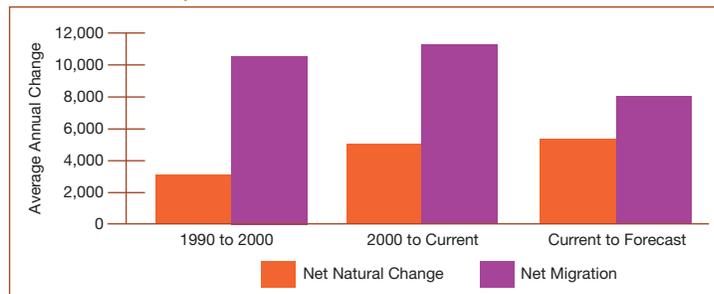
has averaged 16,200 people a year for an average annual increase of 3.3 percent. During the 3-year forecast period, population growth is anticipated to slow to an average annual rate of 2.3 percent, or 13,225 people, a year, mainly due to slower job growth in the local economy and reduced housing sales volume in California and the Pacific Northwest, where 60 percent of migrants to the HMA originate.

Since 2000, the number of households in the HMA has grown by 6,600, or 3.6 percent, a year. The number of households totaled 158,426 in 2000 and currently stands at 212,025. Of the nearly 54,000 new households formed in the HMA since 2000, three-fourths are located in the small cities of Meridian, Kuna, Star, Caldwell, and Nampa. New home sales prices in these communities are among the lowest in the northwestern United States, attracting homebuyers not only from the city of Boise but also from throughout the West. As a result, the number of owner-occupied households in the HMA increased from 113,140 in 2000 to 156,925 as of the current date.

Figure 5 shows the number of households by tenure in the HMA from 1990 to the current date. Figure 6 illustrates population and household growth in the HMA from 1990 to the forecast date. See Table DP-1 at the end of this report for additional information about employment, households, and population in the HMA.

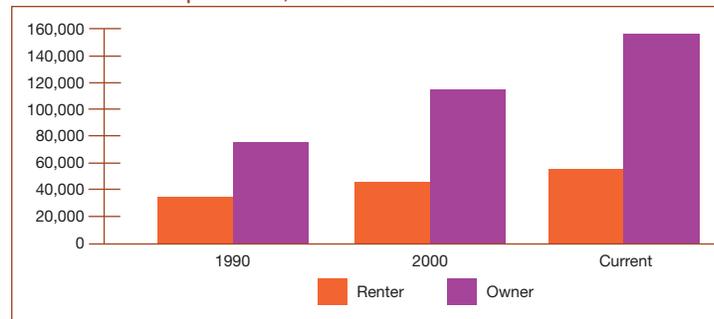
Due to anticipated reduced net in-migration, household growth is forecast to slow to an increase of 5,100 households a year, or an average annual growth rate of 2.3 percent during the next 3 years.

Figure 4. Components of Population Change in the Boise-Nampa HMA, 1990 to Forecast



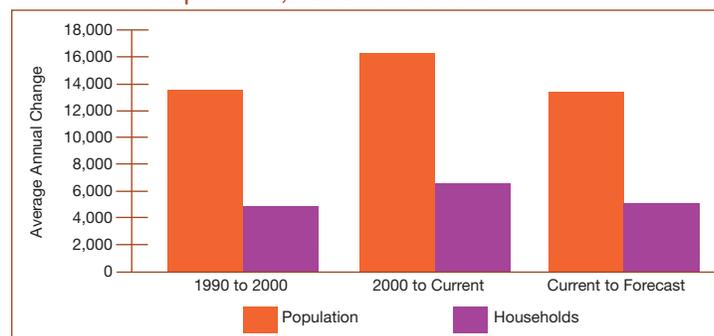
Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Boise-Nampa HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Boise-Nampa HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

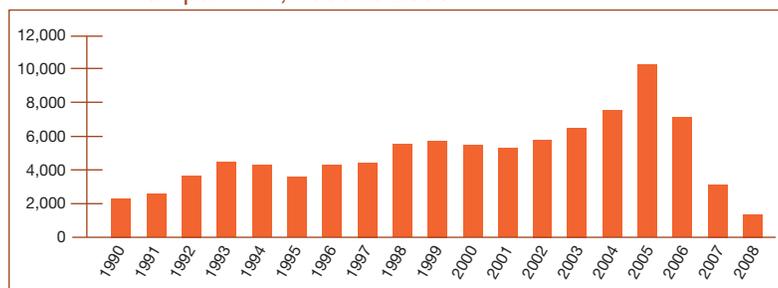
A slowing economy, reduced population growth, and more-restrictive lending standards combined to create soft sales housing market conditions in the Boise-Nampa HMA during the 12-month period ending May 2008. During the period, new and existing home sales totaled 8,400, down 36 percent compared with the 13,200 homes sold during the same period a year ago. Sales of newly constructed homes declined by 46 percent, and sales of existing homes fell by 32 percent. The rapid slowdown in sales during the past 12 months led to a 40-percent decline in the construction of new single-family housing, as measured by the number of building permits issued. During the 12-month period ending May 2008, 3,020 single-family homes were permitted. Figure 7 illustrates single-family building permit trends in the HMA from 1990 to the current date.

During the 12-month period ending May 2008, the average price of new and existing homes was \$236,300, down 2 percent from the average price recorded a year earlier. During the most recent 12-month period, the average price of new homes declined 5 percent to \$261,800, from \$276,550, but the average price of existing homes increased by 1 percent from \$221,150 to \$224,400.

The inventory of unsold homes increased by 3 percent from 7,440 homes in May 2007 to 7,650 homes as of the current date. The nearly 200-unit increase in unsold homes consisted entirely of existing homes. The inventory of newly constructed homes fell by approximately 700 due to a 50-percent decline in new single-family construction activity during 2007. During the first 5 months of 2008, the inventory of new and existing homes for sale increased by 680 homes compared with an increase of 1,720 homes during the same period a year ago. Despite the slower pace of inventory growth, market conditions are expected to remain soft because sales during the first 5 months of 2008 totaled 3,025 homes compared with 4,700 homes sold during the same period a year ago. As of May 2008, the HMA has a 9-month supply of homes for sale compared with a 7-month supply as of May 2007.

Redevelopment of Boise's downtown core, increased traffic congestion, and empty nesters choosing to simplify their living situations are some of the factors that have led to an increase in the development of condominiums since 2005. As of the current date, 283 condominium units are under construction, including those at The Aspen Lofts and Cityside Lofts. The Aspen Lofts is a 70-unit project featuring 500- to 4,400-square-foot dwellings priced between \$159,000 and \$1.4 million. The most typical unit in The Aspen is a two-bedroom, 1,200-square-foot condominium that sells for between \$400,000 and \$500,000. The Aspen Lofts is scheduled for completion in November 2008. Cityside Lofts will have 77 units consisting of a combination of lofts, apartments, and townhomes. The

Figure 7. Single-Family Building Permits Issued in the Boise-Nampa HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

condominiums will vary in size between 1,000 and 2,000 square feet, with prices starting at \$269,000. Pre-sale of condominium units has been strong among single women, young professionals, and older couples. Four more condominium projects totaling more than 100 units are expected to start construction in late 2007.

Steady population growth and affordable housing in the HMA, relative to

other west coast housing markets, are the major factors contributing to the demand for 13,175 new sales housing units during the forecast period.

Table 4 shows estimated demand for new sales housing in the Boise-Nampa HMA by price range. The forecast indicates that nearly 45 percent of demand will be for sales housing priced between \$160,000 and \$250,000.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Boise-Nampa HMA, June 1, 2008 to June 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
70,000	119,999	125	0.9
120,000	159,999	800	6.1
160,000	199,999	2,250	17.1
200,000	249,999	3,700	28.1
250,000	299,999	2,300	17.5
300,000	349,999	1,200	9.1
350,000	399,999	1,050	8.0
400,000	449,999	525	4.0
450,000	499,999	475	3.6
500,000	and higher	750	5.7

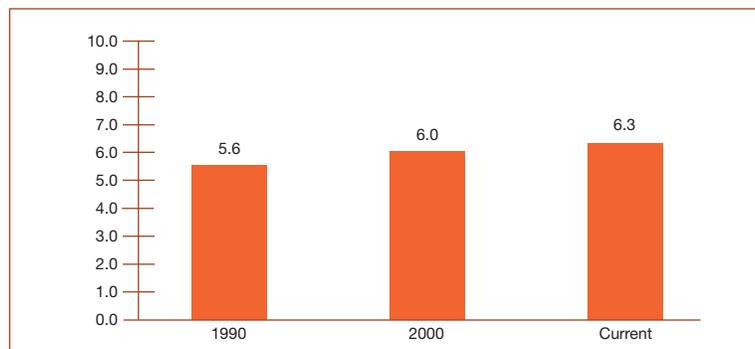
Source: Estimates by analyst

Rental Market

The rental housing market in the HMA is currently balanced. The vacancy rate is 6.3 percent, compared with 5 percent a year ago. Figure 8 shows trends in the rental vacancy rate in the HMA from 1990 to the current

date. During the 12 months ending May 2008, the number of vacant rental units increased as a result of the 1,700 threeplex and fourplex rental apartment buildings that have been added to the inventory during the past 3 years. In addition, the number of single-family homes available for rent increased during the past year because owners were unable to sell their homes at the desired price. According to data from a RealFacts report for the first quarter of 2008, during the 12 months ending March 2008, the average apartment rent increased by 4 percent, from \$713 to \$740, compared with a 0.3-percent average rent increase recorded during the same period a year earlier.

Figure 8. Rental Vacancy Rates in the Boise-Nampa HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

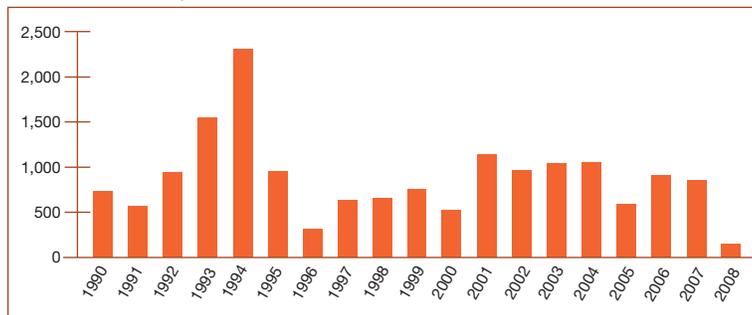
During the 12-month period ending May 2008, multifamily construction, as measured by the number of units permitted, totaled 730 units, a decrease of 38 percent compared with the number permitted during the same period a year ago. Since 2004, a significant change has occurred in the type of multifamily structures permitted for construction in the HMA. Before 2004, approximately 67 percent of multifamily building permits issued were for structures of five or more units. From 2004 through 2007, two-thirds of the multifamily

permits issued have been for structures of three or four units. Figure 9 shows multifamily building permit trends in the HMA from 1990 to the current date.

In the city of Boise, rising land prices have made the development of large-scale apartment complexes at competitive rents prohibitive. Apartments in threeplexes and fourplexes typically are 1,100-square-foot units with two bedrooms and two bathrooms, renting for \$650 a month. During the 12-month period ending May 2008, the construction of threeplex and fourplex units decreased by 32 percent, mainly due to competition from a large inventory of this type of unit and from single-family detached rentals.

Steady in-migration to the HMA and the reduced availability of mortgage loans for purchasing entry-level single-family homes is expected to support demand for 1,525 additional market-rate rental units during the forecast period. Table 5 provides estimated demand for these units by rent level and the number of bedrooms.

Figure 9. Multifamily Building Permits Issued in the Boise-Nampa HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Boise-Nampa HMA, June 1, 2008 to June 1, 2011

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
625	500	750	750	900	275
675	425	800	625	950	250
725	400	850	575	1,000	225
775	350	900	525	1,050	200
825	300	950	450	1,100	150
875	250	1,000	375	1,150	150
925	220	1,050	325	1,200	125
1,025	175	1,150	250	1,300	90
1,125	140	1,250	170	1,400	70
1,225	110	1,350	110	1,500	50
1,325	90	1,450	75	1,600	40
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. Boise-Nampa HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	147,087	228,067	275,450	4.5	2.6
Unemployment Rate (%)	4.4	3.6	2.6		
Nonfarm Employment	139,700	229,700	276,350	5.1	2.5
Total Population	295,851	432,335	564,625	3.9	3.3
Total Households	108,489	158,426	212,025	3.9	3.6
Owner Households	75,031	113,140	156,925	4.2	4.1
Percent Owner (%)	69.2	71.4	74.0		
Renter Households	33,458	45,286	55,100	3.1	2.4
Percent Renter (%)	30.8	28.6	26.0		
Total Housing Units	113,716	166,481	224,875	3.9	3.7
Owner Vacancy Rate (%)	1.6	2.2	2.4		
Rental Vacancy Rate (%)	5.6	6.0	6.3		
Median Family Income	\$33,440	\$49,262	\$60,900	4.0	2.4

Notes: Median family income data are for 1989, 1999, and 2008. Employment data represent annual averages for 1990, 2000, and the 12 months through May 2008.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 6/1/2008—Analyst's estimates

Forecast period: 6/1/2008–6/1/2011—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_BoiseNampaID.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.