



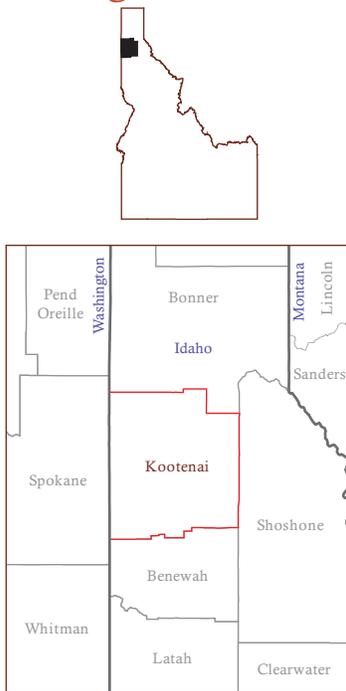
Coeur d'Alene, Idaho

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2012



Summary

Housing Market Area



The Coeur d'Alene Housing Market Area (HMA), which consists of Kootenai County, is located in northwest Idaho, on the Idaho/Washington border. Situated on the northern shore of Lake Coeur d'Alene, the HMA attracts tourists and retirees from California and Washington for its quality of life, beautiful surroundings, and relatively low housing costs.

Market Details

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Economy

The economy in the Coeur d'Alene HMA is primarily based on the government, trade, and leisure and hospitality sectors. The largest employers include Kootenai Health, Center Partners, and the Coeur d'Alene Resort. Economic conditions remain weak in the HMA since job losses began in 2009, as nonfarm payrolls averaged 52,700 during 2011, a decrease of 100 jobs, or 0.2 percent, compared with nonfarm payrolls recorded during 2010. Nonfarm payrolls are estimated to increase by 2 percent a year during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is soft, with an estimated vacancy rate of 3.2 percent because of the declining in-migration of retirees. In 2011, home sales fell 4 percent to 2,975 homes, down from the number sold during 2010. Demand is estimated for 1,400 new homes during the forecast period (including 100 mobile homes). The 200 homes under construction may meet a portion of that demand (Table 1). In addition, the HMA has an estimated 6,825 other vacant units,

a portion of which may come back on the market and satisfy some of the demand.

Rental Market

Rental housing market conditions in the HMA are tight, with an overall rental vacancy rate estimated at 5.5 percent, down from the 7.7-percent rate recorded in April 2010. During the forecast period, demand is estimated for about 1,050 new rental units. The 250 rental units currently under construction will satisfy some of the forecast rental demand (Table 1).

Table 1. Housing Demand in the Coeur d'Alene HMA, 3-Year Forecast, January 1, 2012 to January 1, 2015

| | Coeur d'Alene HMA | |
|--------------------|-------------------|--------------|
| | Sales Units | Rental Units |
| Total Demand | 1,400 | 1,050 |
| Under Construction | 200 | 250 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2012. A portion of the estimated 6,825 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 100 mobile homes.

Source: Estimates by analyst

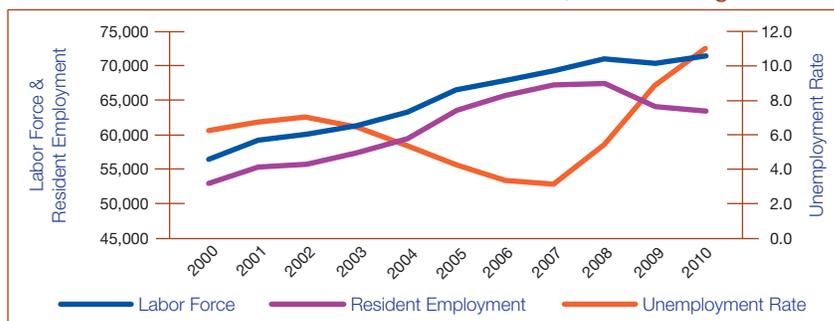
Economic conditions have been weak in the Coeur d'Alene HMA since 2009 but are beginning to improve. During 2011, the HMA lost 100 nonfarm payroll jobs, or 0.2 percent, compared with the loss of 900 nonfarm payroll jobs, or 1.7 percent, during 2010. Nonfarm payrolls experienced their first decline in 20 years starting in 2009, falling by 3,600 jobs, or 6.3 percent, compared with the nonfarm payrolls recorded during 2008. From 2003 through 2007, nonfarm payrolls in the HMA increased by an average of 2,700 jobs, or 5.1 percent, each year because of increased employment in the construction subsector and the wholesale and retail trade and financial activities sectors to accommodate an influx of retirees migrating from California and Washington. As the housing market began to soften and the nation's economic conditions began to weaken, the HMA lost 3,600 jobs, or 6.3 percent, in 2009, compared with the number of jobs in 2008. During 2011, the average unemployment rate remained relatively unchanged at 10.9 percent compared with 11 percent during 2010. Figure 1 shows labor force, resident employment, and unemployment rate trends in the HMA since 2000.

The number of jobs in most of the service-providing sectors either increased or remained the same during

2011, led by the addition of approximately 125 jobs, or 1.9 percent, in the leisure and hospitality sector. The leisure and hospitality sector has a significant effect on the local economy. Coeur d'Alene is known as a premier resort destination in the Pacific Northwest and is popular among golf enthusiasts for featuring the world's only movable floating green. The sector is the third largest in the HMA and accounts for approximately 14 percent of nonfarm payrolls, with an average of 7,275 jobs during 2011. After 2 years of flat to negative growth, the leisure and hospitality sector is rebounding. According to the Idaho Department of Commerce, during the 12 months ending November 2011 (the latest data available), lodging revenues in the HMA increased for the first time in 2 years to \$2.6 billion), an increase of nearly 9 percent from the previous 12 months.

Job growth also occurred in the wholesale and retail trade, education and health services, and transportation and utilities sectors during 2011, which added 75, 50, and 25 jobs, or 0.8, 0.5, and 2.3 percent, respectively, compared with the number of jobs in 2010 (Table 2). The education and health services sector has been the fastest growing sector in the HMA during the past decade, adding 2,900 jobs, an 80-percent increase, up from 2000 through 2010. Figure 2 illustrates the percentage change in nonfarm payrolls by sector from 2000 to the current date. Because of the aging population and growth in retiree immigration, the education and health services sector is expected to continue to add new jobs during the forecast period as demand increases for health-care services from the population that is 65 years of age and older.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Coeur d'Alene HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

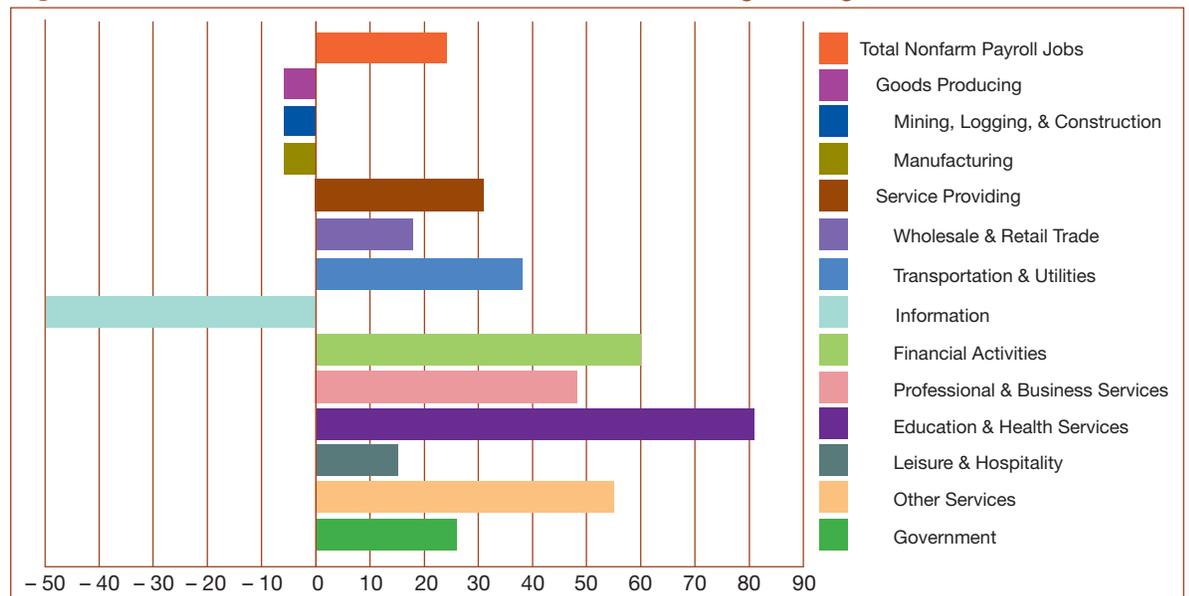
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Coeur d'Alene HMA, by Sector

| | 12 Months Ending December 2010 | 12 Months Ending December 2011 | Percent Change |
|----------------------------------|--------------------------------------|--------------------------------------|-------------------|
| Total Nonfarm Payroll Jobs | 52,800 | 52,700 | - 0.2 |
| Goods Producing | 7,725 | 7,550 | - 2.3 |
| Mining, Logging, & Construction | 3,725 | 3,575 | - 4.0 |
| Manufacturing | 4,000 | 3,975 | - 0.6 |
| Service Providing | 45,100 | 45,150 | 0.1 |
| Wholesale & Retail Trade | 9,125 | 9,200 | 0.8 |
| Transportation & Utilities | 1,075 | 1,100 | 2.3 |
| Information | 670 | 600 | - 11.1 |
| Financial Activities | 3,100 | 3,050 | - 1.6 |
| Professional & Business Services | 5,925 | 5,900 | - 0.3 |
| Education & Health Services | 6,475 | 6,525 | 0.5 |
| Leisure & Hospitality | 7,150 | 7,275 | 1.9 |
| Other Services | 1,700 | 1,700 | 0.0 |
| Government | 9,900 | 9,850 | - 0.6 |

Notes: Based on 12-month averages through December 2010 and December 2011.

Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Coeur d'Alene HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through December 2011.

Source: U.S. Bureau of Labor Statistics

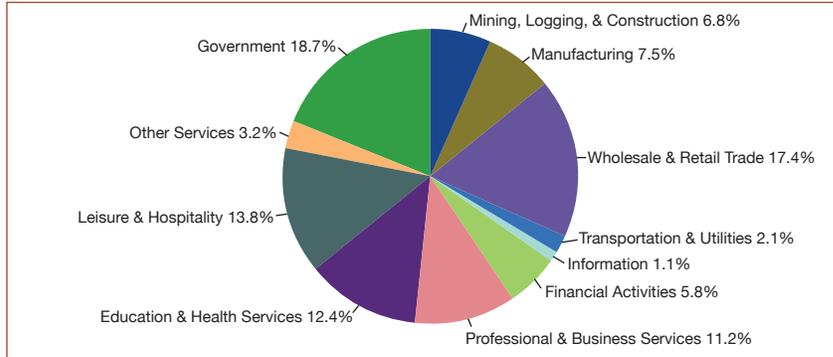
The government sector is the largest nonfarm payroll sector in the HMA. The sector accounts for approximately 19 percent of nonfarm payrolls in the HMA, with an average of 9,850 jobs during 2011, down 50 jobs, or 0.6 percent, from 2010 (Figure 3). Of the 10 largest employers in the HMA, 4 are government entities, including Kootenai Health, North Idaho College,

Kootenai County government, and the city government of Coeur d'Alene. The publicly funded Kootenai Health is the largest employer in the area, with approximately 1,850 employees. Table 3 shows major employers in the HMA. Job growth in the government sector is expected to increase during the forecast period as a result of the \$9.5 million Kootenai Technical

Education Campus, which broke ground in October 2011. The new vocational high school is expected to open by the fall of 2012 and will offer occupational programs in health, welding, construction, and

automotive jobs to high school juniors and seniors in the Coeur d'Alene, Post Falls, and Lakeland school districts.

Figure 3. Current Nonfarm Payroll Jobs in the Coeur d'Alene HMA, by Sector



Note: Based on 12-month averages through December 2011.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Coeur d'Alene HMA

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|------------------------------------|----------------------------------|---------------------|
| Kootenai Health | Government | 1,850 |
| Center Partners | Professional & Business Services | 1,750 |
| Coeur d'Alene Resort | Leisure & Hospitality | 950 |
| Coeur d'Alene Casino Resort Hotel | Leisure & Hospitality | 850 |
| North Idaho College | Government | 850 |
| Kootenai County Government | Government | 750 |
| Wal-Mart Stores, Inc. | Wholesale & Retail Trade | 750 |
| City of Coeur d'Alene | Government | 350 |
| Esterline Technologies Corporation | Manufacturing | 350 |
| Flexcel International, Inc. | Wholesale & Retail Trade | 350 |

Note: Excludes local school districts.

Source: Idaho Board of Labor

All goods-producing sectors posted declines during 2011. The mining, logging, and construction sector lost the largest number of jobs, declining by 150 jobs, or 4 percent, compared with the number of jobs in 2010. Since 2007, the HMA has lost 2,500 construction jobs because of the soft residential and commercial real estate markets. During the same period, the mining and logging subsector lost an average of 100 jobs annually, leaving the HMA with only one remaining active lumber mill. Although manufacturing job growth has remained flat, with an average of 3,975 jobs during 2011, the sector is expected to add jobs during the forecast period. In October 2011, Ground Force Manufacturing, a global manufacturer of underground mining equipment, broke ground on an expansion that is expected to create 150 new jobs by the time it is completed in April 2012.

During the 3-year forecast period, nonfarm payrolls are estimated to grow at an average annual rate of 830 jobs, or 1.6 percent, to 55,900 jobs.

Population and Households

The population of the Coeur d'Alene HMA is currently estimated at 141,500, indicating an average annual increase of 1,725, or 1.2 percent, from the 2010 Census. (See Table DP-1 at the end of this report.) From 2000 through 2010, population growth in the HMA averaged 2,975,

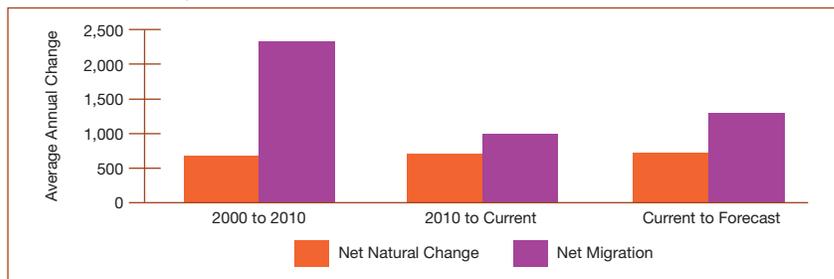
or 2.7 percent. From 2000 through 2010, net in-migration averaged approximately 2,275 annually, accounting for 77 percent of population growth. Figure 4 shows the components of population change in the HMA from 2000 through the forecast period. Net in-migration peaked

during the 2004-through-2005 period, averaging 4,150 annually, but has declined since 2007 because of the national recession and soft housing market conditions in California and Washington, where most migrants originate. Based on 2010 data from the Idaho Division of Motor Vehicles,

the latest data available, 54 percent of surrendered driver's licenses were from new residents previously living in California or Washington. Similarly, according to Internal Revenue Service migration data, from 2009 through 2010, 38 percent of in-migration occurred from residents originating from California or Washington. According to local sources, most net in-migration has been of retirees or soon-to-be retirees who are attracted to the area's natural surroundings. According to the 2010 Census, 42 percent of the HMA population was 45 years old and older compared with only 36 percent at the time of the 2000 Census. Population is forecast to grow by an estimated average of 1,975, or 1.4 percent, annually during the 3-year forecast period.

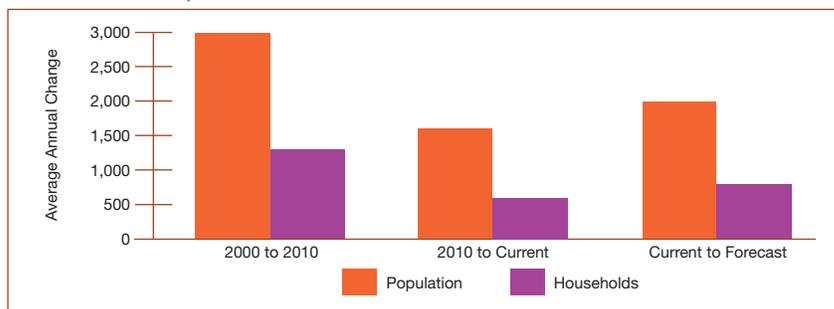
Household growth in the HMA in 2010 has increased by an average of 1,300 households, or 3.1 percent, annually to 54,200, up from 41,300 in 2000. Figure 5 shows trends in population and household growth from 2000 to the forecast period. From 2010 through the current date, household growth has slowed to an annual average of 690, or 1.3 percent. The decline in household growth can be attributed to slower net in-migration, increased doubling up, and delays in younger household formation because of weak economic conditions. Of the current 55,400 households, about 38,500, or 70 percent, are owner households compared with 75 percent in 2000. Figure 6 shows the number of households by tenure from 2000 to the current date. The number of households is expected to grow by an average of 770 households, or 1.4 percent, annually during the forecast period.

Figure 4. Components of Population Change in the Coeur d'Alene HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Coeur d'Alene HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Coeur d'Alene HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

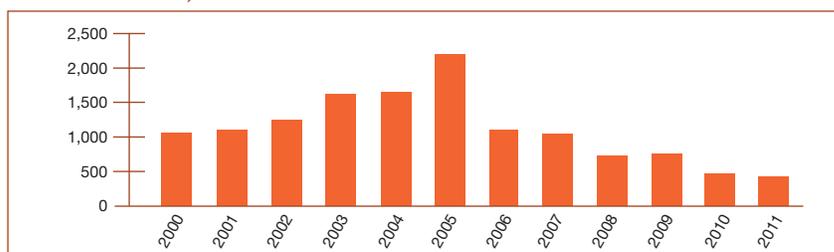
The sales housing market in the HMA is soft, partly because declines in regional home prices have discouraged potential new residents from selling their existing homes and migrating to the area. According to Hanley Wood, LLC, during 2011 new and existing home sales in the HMA fell 4 percent to 2,975 compared with an increase of 7 percent during 2010. The average new and existing home sales price fell 5 percent to \$246,900 compared with a 1-percent increase during 2010. Since reaching its peak in 2007 at \$316,100, the average home sales price in the HMA has fallen by 22 percent. From 2010 to 2011, however, the annual rate of average price decline has slowed to 5 percent compared with a 12-percent average price decline from 2008 to 2009.

New home sales in the HMA during 2011 fell 26 percent, down to 320 from 430 homes sold, and the average sales price of a new home rose 5 percent to \$204,400. New home sales peaked from 2005 through 2007, when an average of 1,325 new homes were sold annually and the average sales price during the period was about \$291,100. From 2010 through 2011, existing sales fell 1 percent to 2,650 and the average sales price fell 7 percent to \$252,000. Existing sales have increased from 2007 through 2009, when an average of 2,125 homes were

sold and the average sales price was \$287,500. After 4 years of substantial increases in Real Estate Owned (REO) sales, REO sales fell 11 percent, down to 800 compared with the 900 sold during 2010. From 2006 through 2010, REO sales increased by an average of 130 percent annually. Foreclosure activity in the HMA is slowing. According to LPS Applied Analytics, as of December 2011, 5.1 percent of home loans in the HMA were 90 or more days delinquent, in foreclosure, or in REO, down from the 5.9-percent rate recorded a year earlier. This current rate compares with 5.5 percent for Idaho and 7.6 percent nationwide as of December 2011. The rate in the HMA has risen significantly since January 2008, the earliest data available, when it was only 1.2 percent.

According to preliminary building permit data, about 420 single-family homes were permitted during 2011, a 13-percent decrease compared with the number permitted during 2010. Single-family homebuilding activity peaked from 2003 through 2005, when an average of approximately 2,025 homes were permitted annually, but it has declined every year since (Figure 7). The Crown Pointe development, previously known as Ashworth, in suburban Post Falls has started constructing new homes priced between \$120,000 and \$200,000. As of January 2012, the infrastructure has been developed for the first phase of 82 residential lots and home construction has begun. The development plans to eventually have 450 single-family homes, 200 multifamily units, and commercial space. The entire development is projected to be complete within the next 6 years.

Figure 7. Single-Family Building Permits Issued in the Coeur d'Alene HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through December 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

As the economy begins to improve and net in-migration increases, demand is estimated for 1,400 new homes during the 3-year forecast period, including 100 mobile homes (Table 1). Because of the 200 homes currently under construction and a portion of the 6,825

other vacant units that may return to the sales market during the forecast period, new units should not be needed until the second year of the forecast period. Demand for new market-rate sales housing by price range is illustrated in Table 4.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Coeur d'Alene HMA, January 1, 2012 to January 1, 2015

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 100,000 | 199,999 | 710 | 55.0 |
| 200,000 | 299,999 | 300 | 23.0 |
| 300,000 | 399,999 | 160 | 12.0 |
| 400,000 | 499,999 | 50 | 4.0 |
| 500,000 | and higher | 80 | 6.0 |

Notes: The 200 homes currently under construction and a portion of the estimated 6,825 other vacant units in the HMA will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

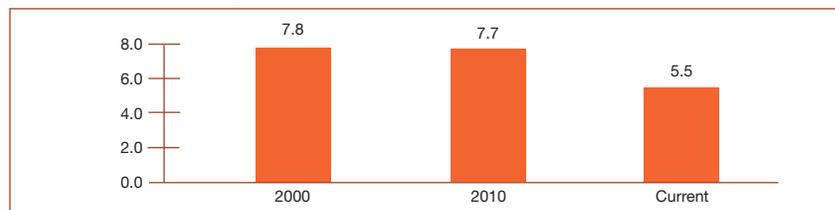
Rental Market

Because of an increased rental demand from former owner households that have recently gone through the foreclosure process, the rental housing market in the Coeur d'Alene HMA is currently tight with an overall estimated rental vacancy rate of 5.5 percent. According to The Real Estate Report: Regional Research on Spokane and Kootenai Counties, the apartment vacancy rate declined significantly to 2.3 percent, down from 7.4 percent in March 2010. Figure 8 shows the overall rental vacancy rate for 2000, 2010, and the current date. The average monthly apartment rent for the HMA, however, has remained flat throughout the past 3 years at around \$650.

As of March 2011, the latest data available, the average apartment rents were \$566 for a one-bedroom apartment; \$603 for a two-bedroom, one-bath apartment; \$754 for a two-bedroom, two-bath apartment; and \$774 for a three-bedroom, two-bath apartment. In addition, according to the 2010 American Community Survey, 44 percent of the rental market consists of single-family homes.

According to annual building permit data, multifamily construction peaked from 2005 through 2007, with an average of 490 multifamily units permitted each year compared with an average of 120 units a year from 2008 through 2010. According to preliminary data, 100 multifamily units were permitted during 2011, down from the 160 units permitted during 2010. Currently, one income-restricted apartment project is under construction in the HMA. The 50-unit Riverstone West Family Apartments will include one-, two-, and three-bedroom units with income-

Figure 8. Rental Vacancy Rates in the Coeur d'Alene HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

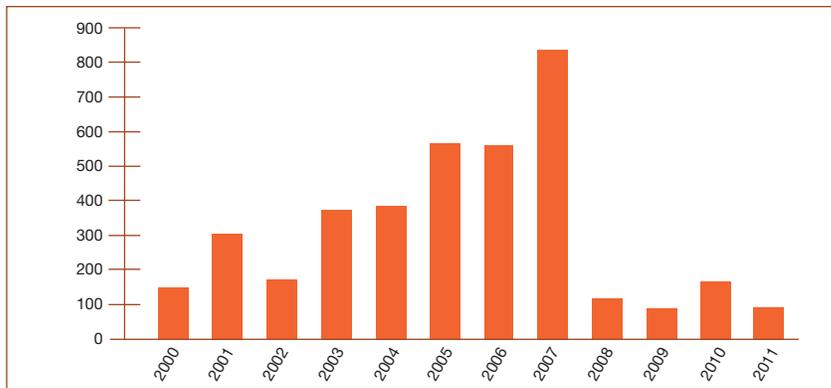
restricted monthly rents starting at \$468, \$557, and \$638, respectively. The low-income housing tax credit project will target families earning between 40 and 50 percent of area median income. Figure 9 illustrates the number of multifamily units permitted since 2000.

In the past 2 years, new apartment construction in the area has been

targeted toward elderly residents. Three new, low-income housing tax credit apartment projects were recently completed and are restricted to residents 55 years old and older. The 50-unit Mill River Seniors, the 42-unit Silver Creek, and the 50-unit Tullamore Senior Apartments will help meet the growing demand for affordable, age-restricted units.

Demand is estimated for 1,050 new rental units during the 3-year forecast period (Table 1). Because of the expected recovery of the sales market, rental demand will be higher in the first and second years of the forecast period. The 250 units currently under construction will meet a portion of the forecast rental demand. Table 5 shows demand for new market-rate apartment units by rent level and number of bedrooms.

Figure 9. Multifamily Building Permits Issued in the Coeur d'Alene HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through December 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Coeur d'Alene HMA, January 1, 2012 to January 1, 2015

| 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 |
| 400 to 599 | 220 | 600 to 799 | 540 | 750 or more | 125 |
| 600 or more | 75 | 800 or more | 95 | | |
| Total | 290 | Total | 630 | Total | 130 |

Notes: Numbers may not add to totals because of rounding. The 250 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Coeur d'Alene HMA Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total Resident Employment | 53,018 | 63,582 | 63,500 | 1.8 | - 0.1 |
| Unemployment Rate | 6.2% | 11.0% | 10.9% | | |
| Nonfarm Payroll Jobs | 42,600 | 52,800 | 52,700 | 2.2 | - 0.2 |
| Total Population | 108,685 | 138,494 | 141,500 | 2.5 | 1.2 |
| Total Households | 41,308 | 54,200 | 55,400 | 2.8 | 1.3 |
| Owner Households | 30,785 | 38,353 | 38,500 | 2.2 | 0.2 |
| Percent Owner | 74.5% | 70.8% | 69.5% | | |
| Renter Households | 10,523 | 15,847 | 16,900 | 4.2 | 3.7 |
| Percent Renter | 25.5% | 29.2% | 30.5% | | |
| Total Housing Units | 46,607 | 63,177 | 64,500 | 3.1 | 1.2 |
| Owner Vacancy Rate | 2.2% | 3.2% | 3.2% | | |
| Rental Vacancy Rate | 7.8% | 7.7% | 5.5% | | |
| Median Family Income | \$42,700 | \$55,100 | \$57,000 | 2.6 | 3.4 |

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2011. Median family incomes are for 1999, 2009, and 2010.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 1/1/2012—Analyst's estimates

Forecast period: 1/1/2012–1/1/2015—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.

Other Vacant Units: In HUD's analysis, these include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied, held for seasonal, recreational or occasional use, used by migrant workers and includes units that fall into the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_CoeurAleneID_12.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 expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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