

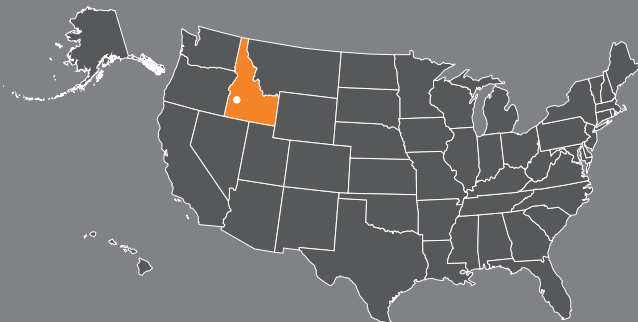
HUD PD&R Housing Market Profiles

Boise City, Idaho



Quick Facts About Boise City

- **Current sales market conditions: tight**
- **Current rental market conditions: slightly tight**
- **The city of Boise, in Ada County, is the state capital and home to Boise State University (BSU), which enrolled approximately 26,300 students during the fall semester of 2019.**



By Holi Urbas | As of June 1, 2020

Overview

Situated in the Treasure Valley of southwestern Idaho, the Boise City metropolitan area (hereafter, Boise) consists of Ada, Boise, Canyon, Gem, and Owyhee Counties, and it is the largest metropolitan area in the state of Idaho. The principal counties of Ada and Canyon comprise 95 percent of the metropolitan area population.

- As of June 1, 2020, the population of the metropolitan area is estimated at 766,700, reflecting an average annual increase of 14,750, or 2.2 percent a year since 2010; nearly three-fourths of the growth was from net in-migration (Census Bureau population estimates as of July 1 and estimates by the analyst).
- Population growth was strongest from 2015 to the current date, corresponding with the strongest years of job growth, increasing by an average of 18,750, or 2.6 percent, annually; 81 percent of the growth was from net in-migration.
- In percentage terms, the city of Meridian in Ada County was the sixth-fastest growing large city in the country from 2010 to 2019 (Census Bureau). The population in the city increased

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48.9 percent during the 9-year period, or an average of 4.4 percent annually, to 114,200 as of July 2019, surpassing the

city of Nampa as the second-largest city in the state of Idaho in 2014.

Economic Conditions

The interventions that were taken in mid-March to slow the spread of COVID-19, including enforcing social distancing and discouraging non-essential travel, caused economic activity in the metropolitan area to slow dramatically. Prior to the pandemic, economic conditions in the metropolitan area were strong, with 9 years of consecutive nonfarm payroll growth averaging 10,000 jobs, or 3.5 percent, annually from 2011 through 2019. During the 12 months ending May 2020, payrolls totaled 343,500, reflecting an increase of 5,700, or 1.7 percent, compared with the same 12-month period a year ago. By comparison, during the 12 months ending May 2019, payrolls increased by 14,800, or 4.6 percent. However, during the 3 months ending May 2020—which illustrates the impacts of COVID-19—payrolls in the Boise metropolitan area declined by 11,500, or 3.4 percent, compared with the number of jobs reported during the 3 months ending May 2019. By comparison, payrolls increased by 13,400, or 4.1 percent during the 3 months ending May 2019.

During the 3 months ending May 2020—

- Payroll sectors most impacted by the countermeasures applied to slow the spread of COVID-19 were those that rely heavily on in-person interactions. Approximately two-thirds of total jobs lost in the metropolitan area were in the leisure and hospitality sector, which declined by 7,700 jobs, or 21.5 percent, from the 3 months ending May 2019. By comparison, leisure and

hospitality payrolls increased at an average annual rate of 5.3 percent from 2011 to 2019.

- Job losses in the education and health services sector totaled 4,300, down 8.4 percent from a year ago. More than one-third of jobs lost in the sector were in the ambulatory health care services industry, which includes outpatient clinics, dentist offices, and private practice medical offices, all of which were limited to emergency response only, one of the many interventions used to slow the spread of COVID-19. For context, the sector added jobs every year for the past two decades.
- Job growth accelerated in two sectors: mining, logging, and construction and financial activities. Most construction jobs remained essential, contributing to a 10.4-percent increase in mining, logging, and construction sector payrolls compared with a 9.7-percent increase a year prior. The financial activities sector increased 5.3 percent during the most recent 3 months compared with 4.6 percent a year ago; many of these jobs are easily transitioned to a telework model.
- The unemployment rate increased to 8.0 percent compared with 2.7 percent during the 3 months ending May 2019 and a high of 9.6 percent in 2009 because of the Great Recession.

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Only three nonfarm payroll sectors in the Boise metropolitan area added jobs during the 3 months ending May 2020.

	3 Months Ending		Year-Over-Year Change	
	May 2019 (Thousands)	May 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	342.6	331.1	-11.5	-3.4
Goods-Producing Sectors	55.1	57.7	2.6	4.7
Mining, Logging, & Construction	26.0	28.7	2.7	10.4
Manufacturing	29.1	29.0	-0.1	-0.3
Service-Providing Sectors	287.5	273.5	-14.0	-4.9
Wholesale & Retail Trade	53.4	52.3	-1.1	-2.1
Transportation & Utilities	11.4	11.7	0.3	2.6
Information	4.5	4.1	-0.4	-8.9
Financial Activities	19.0	20.0	1.0	5.3
Professional & Business Services	50.6	50.5	-0.1	-0.2
Education & Health Services	51.1	46.8	-4.3	-8.4
Leisure & Hospitality	35.8	28.1	-7.7	-21.5
Other Services	12.4	10.9	-1.5	-12.1
Government	49.3	49.2	-0.1	-0.2
Unemployment Rate	2.7%	8.0%		

Note: Numbers may not add to totals due to rounding.

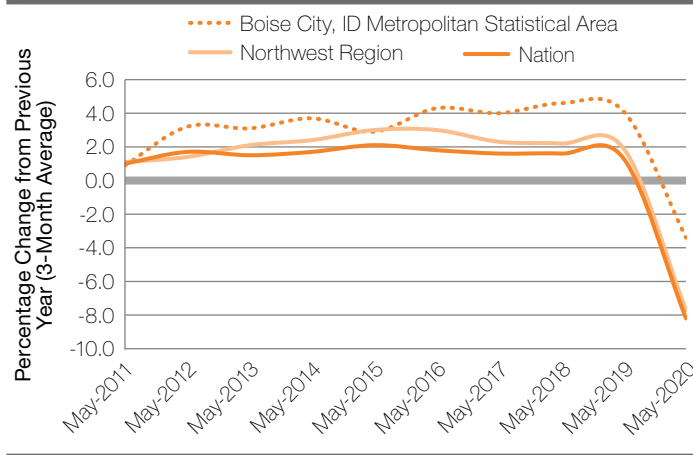
Source: U.S. Bureau of Labor Statistics



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As of the end of May 2020, the Boise metropolitan area was in Stage 2 of the Idaho reopening plan, which allowed restaurants, gyms, and close-contact services (hair and nail salons, spas, and

During the past year, nonfarm payrolls in the Boise metropolitan area declined at a slower rate than regional and national payrolls.



Source: U.S. Bureau of Labor Statistics

so on) to reopen—conditional on meeting health safety standards set by the state. As of mid-July, every county in Idaho was in Stage 4 except for Ada County, which reverted to Stage 3 upon experiencing a sharp uptick in new COVID-19 cases. These latter stages allow for an increasing amount of non-essential businesses to reopen if they can adhere to social distancing requirements, although the effects of reopening are not captured in the currently available jobs data (as of June 1, 2020). Initial unemployment claims in the metropolitan area spiked during the 5-week period ending April 18, 2020, when a total of 27,100 initial claims were filed compared to 1,375 during the corresponding period in 2019 (Idaho Department of Labor). Since peaking, weekly initial unemployment claims generally declined.

Largest Employers in the Boise Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Luke's Health System	Education & Health Services	13,600
Micron Technology, Inc.	Manufacturing	6,000
Boise State University	Government	3,600

Note: Excludes local school districts.

Source: Moody's Analytics

Sales Market Conditions

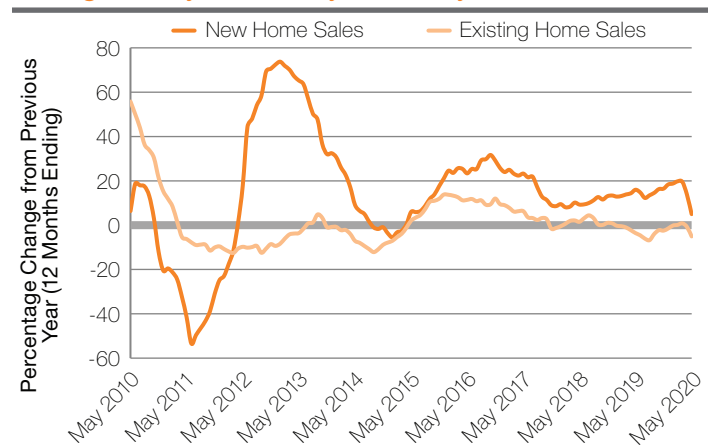
Sales housing market conditions in the metropolitan area are currently tight, with an estimated vacancy rate of 1.2 percent, down from 3.4 percent in April 2010. A limited supply of for-sale inventory, in conjunction with strong population growth and demand for housing, contributed to the decline in the vacancy rate. The inventory of homes for sale has been less than 6 months (typically indicative of a balanced market) since the beginning of 2015, and less than 3 months since the beginning of 2018 (Redfin). As of May 2020, a 1.2-month supply of homes was available for sale, compared with 2.1-months' worth of inventory a year ago. A 4-week rolling average shows that the number of new listings in the metropolitan area increased from January 2020 through March 2020; new listings were down approximately 20 percent from the same period in 2019 but followed a similar upward trend. Subsequently, new listings fell 30 percent through the end of May 2020. On a year-over-year basis, there were 73 percent fewer listings in May 2020. As part of the social distancing mandates, limitations were placed on buyers viewing homes in March and April 2020.

New and existing home sales totaled 23,250 during the 12 months ending May 2020, down 3 percent from the same period a year ago, and the average sales price increased 11 percent to \$343,700 (Metrostudy, a Hanley Wood Company, with adjustments by the analyst). By comparison, new and existing home sales increased an average of 5 percent annually from 2015 through 2019, and

the average annual price growth was 9 percent. The share of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the metropolitan area was 0.5 percent in May 2020 compared with the national rate of 1.4 percent (CoreLogic, Inc.).

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Existing home sales in the Boise metropolitan area have generally declined year over year since 2017.



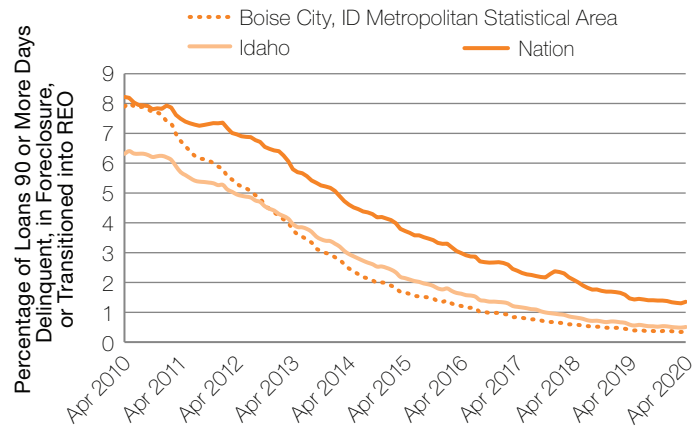
Note: Includes single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



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The percentage of seriously delinquent home loans and REO properties in the Boise metropolitan area has been consistently below that of the state and nation since 2013.



REO = real estate owned.
Source: CoreLogic, Inc.

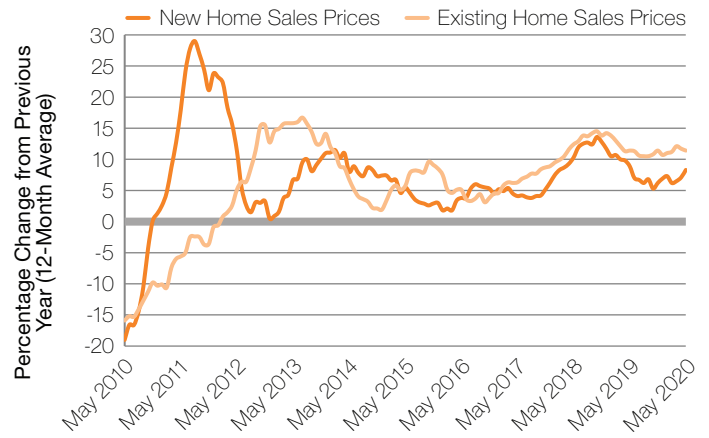
During the 12 months ending May 2020—

- Existing home sales totaled 17,800, reflecting a 5-percent decline from a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). By comparison, existing home sales increased at an average annual rate of 5 percent from 2015 through 2019.
- The average price of an existing home was \$338,200, up more than 11 percent from a year ago. By comparison, the average existing home sales price increased at an average annual rate of 9 percent from 2014 through 2019.
- New home sales, which account for 18 percent of total home sales, increased 5 percent to 5,450 sales compared with a year ago. From 2012 through 2019, new home sales increased at an average annual rate of 22 percent.
- The average sales price of a new home was \$373,400 during the 12 months ending May 2020, up 8 percent from the previous 12 months. By comparison, average annual price growth was 9 percent from 2012 through 2019.

New home construction, as measured by the number of single-family homes permitted, is occurring across the metropolitan area, with a high concentration in the cities of Boise and Meridian in Ada County. Since 2010, approximately 27 percent of all new home construction in the metropolitan area has been in the city of Meridian, followed by the city of Boise, which accounted for 13 percent, up from 22 and 11 percent, respectively, from 2000 through 2009.

- New home construction totaled 7,275 homes during the 12 months ending May 2020, down 1 percent from the 7,375 homes permitted the previous 12 months (preliminary data).

New and existing home sales prices in the Boise metropolitan area increased during the past year, continuing an almost 10-, and 8-year trend, respectively.

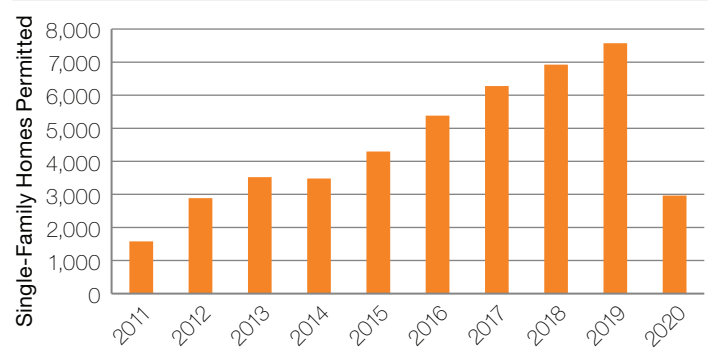


Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

- Strict measures employed to slow the spread of COVID-19 resulted in pronounced declines in new home construction. During the 3 months ending May 2020, which encompasses the period with the most severe measures up to the as-of date, new home construction declined nearly 25 percent to 1,625 homes, compared with 2,125 homes during the 3 months ending May 2019 (preliminary data).
- New home construction averaged 8,275 homes a year from 2003 through 2006, and only 2,675 homes a year from 2007 through 2014, due to the national recession and housing market collapse. From 2015 through 2019, new home construction increased at an average annual rate of 17 percent to a decade high of 7,575 homes permitted.

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New home construction in the Boise metropolitan area has generally increased every year since 2011.



Note: Includes preliminary data from January 2020 through May 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



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- Year-to-date, the development with the most new home sales was Bainbridge, a new home subdivision in the city of Meridian in Ada County, where 68 new homes sold, with a median sales price of \$476,200 (Metrostudy, A Hanley Wood Company).

In Canyon County, the most new home sales were in the Whitney Springs subdivision in the city of Nampa, where 32 new homes sold at a median price of \$270,500.

Rental Market Conditions

Rental market conditions have tightened considerably since 2010, a result of strong net in-migration and a low inventory of affordable for-sale housing. The overall rental market is slightly tight, with an estimated 4.0-percent vacancy rate, down from 8.2 percent in April 2010 when conditions were soft. Approximately 44 percent of renter households in the metropolitan area live in single-family homes compared with nearly 50 percent in 2010 (2010 and 2018 American Community Surveys, 1-year data). Part of the decline in renter-occupied single-family homes is due to a surge in apartment construction beginning in 2012; from 2012 through 2019, approximately 4,250 apartments were completed compared with zero completions from 2008 through 2011 due to the housing market collapse. The full impact of COVID-19 on the local rental market is not reflected in the first quarter of 2020 data because most of the data collection took place before the virus was declared a pandemic.

- The vacancy rate for professionally managed single-family rentals was 1.6 percent in April 2020, relatively unchanged during the past 3 years, and the average rent for a three-bedroom home was \$1,701, up 7 percent from a year ago (CoreLogic, Inc.).
- Apartment market conditions are currently balanced with an estimated 5.8-percent vacancy rate during the first quarter of 2020, up from 4.9 percent a year ago, but down from a high of 8.7 percent in the first quarter of 2010 (Reis, Inc.).

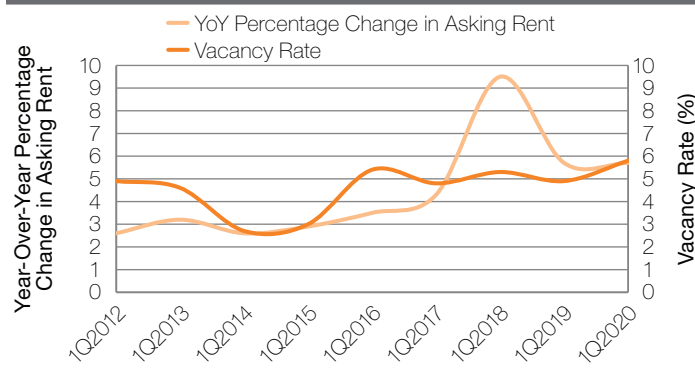
- Despite an increase in the apartment vacancy rate during the past year, the average asking rent increased more than 5 percent from the first quarter of 2019 to the first quarter of 2020, to \$1,033 (Reis, Inc.).
- An estimated 20,000 BSU students live off-campus, providing a stable source of rental demand in the metropolitan area. BSU has announced plans to partially reopen for the fall 2020 semester on August 24, and switch to complete virtual learning after the Thanksgiving break in November. The reopening plan is subject to change, and therefore the impact on the rental market is uncertain.

Multifamily construction, as measured by the number of multifamily units permitted, increased every year since 2010, and in 2019, the level of multifamily construction was the highest since at least 1980. During the 12 months ending May 2020, multifamily construction totaled 3,200 units, up 56 percent from 2,050 units a year ago (preliminary data).

- Multifamily construction averaged 975 units annually from 2001 through 2007, before declining at an average annual rate of 62 percent to a low of 65 units in 2010 because of the national recession and housing market collapse.

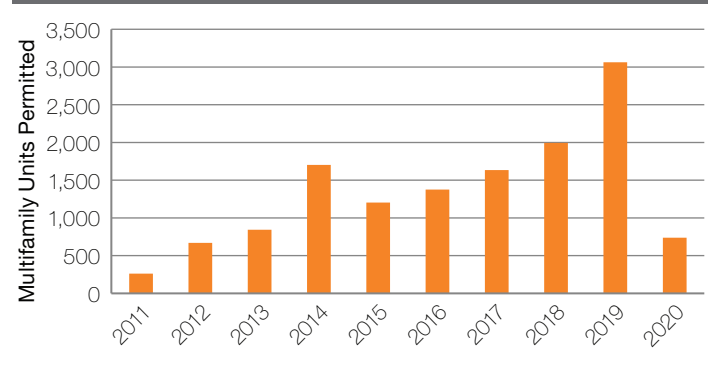
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Rent growth in the Boise metropolitan area slowed recently while vacancy rates slowly increased.



1Q = first quarter. YoY = year-over-year. Source: Reis, Inc.

Apartment construction in the Boise metropolitan area in 2019 was more than 10 times the level of construction in 2011 during the depths of the housing market collapse.



Note: Includes preliminary data from January 2020 through May 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



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- Beginning in 2011, multifamily construction increased at an average annual rate of 54 percent to a record high of 3,050 in 2019.
- An estimated 3,600 multifamily units were under construction in the metropolitan area as of June 1, 2020. From 2010 through the current date, approximately 32 percent of multifamily construction in the metropolitan area has been in the city of Boise, and 38 percent has been in the city of Meridian; the respective share for each city from 2000 through 2009 was 55 and 12 percent.
- The largest development completed year-to-date was The Farmstead Apartments in the city of Nampa, with 260 units completed in February 2020. Asking rents start at \$1,295, \$1,310, and \$1,545 for one-, two-, and three-bedroom units, respectively.
- Three developments under construction in the metropolitan area have more than 200 units each; two are in the city of Meridian, and the third is in the city of Boise. All are expected to open in 2021.

