

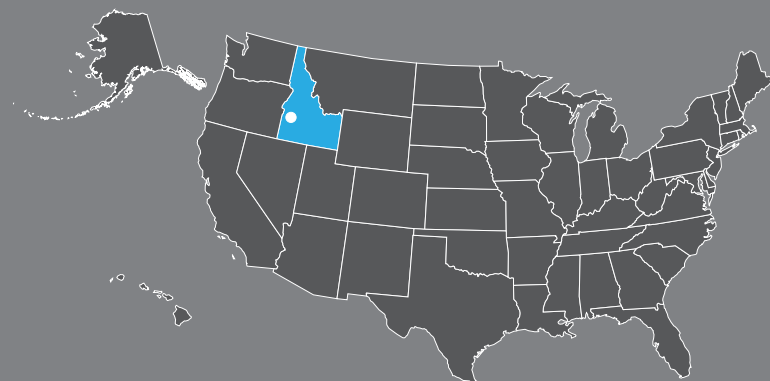
HUD PD&R Housing Market Profiles

Boise City, Idaho



Quick Facts About Boise City

- Current sales market conditions: very tight
- Current apartment market conditions: balanced
- The Boise City metropolitan area ranked second on the Realtor.com® list of the Top 10 Housing Markets Positioned for Growth in 2022, as measured by the combined year-over-year growth in home sales and prices relative to the 100 largest markets in the country.



By Holli Urbas | As of November 1, 2021

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 it is the largest metropolitan area in the state of Idaho. Approximately 95 percent of the metropolitan area population reside in the principal counties of Ada and Canyon. The city of Boise in Ada County is the state capital and home to Boise State University (BSU), a public university that enrolled 25,800 students during the 2020–21 academic year. By December 2020, the economy of the metropolitan area had recovered the 35,000 jobs lost in April 2020 due to COVID-19 mitigation efforts, and in October 2021, payrolls were 1.0 percent above the prepandemic high in March 2020 (monthly, non-seasonally adjusted). Sales housing market conditions are very tight, partly because of a limited supply of for-sale inventory and strong demand. Contributing greatly to demand are robust net in-migration and historically low mortgage interest rates, which are increasing the pool of eligible homeowners. Apartment market conditions are balanced in the metropolitan area compared with tight conditions a year ago. During the third quarter of 2021,

continued on page 2



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continued from page 1

a record level of apartment completions led to the highest third quarter vacancy rate since 2011 (Moody's Analytics REIS).

- As of November 1, 2021, the population of the metropolitan area is estimated at 794,700, reflecting an average annual increase of 18,950, or 2.6 percent, since 2015; more than 80 percent of the growth was from net in-migration (Census Bureau and estimates by the analyst). By comparison, the population increased by an average of 11,350, or 1.8 percent, annually from 2010 to 2015, and net in-migration accounted for almost 63 percent of the increase.
- In percentage terms, Idaho was the second fastest growing state in the nation from 2010 to 2020, up 17.3 percent—second only to Utah, at 18.5 percent (Census Bureau). During the same period, the city of Meridian in Ada County was the fourth fastest growing large city in the country, increasing almost 57 percent during the decade, or an average of 4.6 percent annually, to 117,650.

- The relative affordability of housing in the HMA has enticed job-seekers and retirees for decades, although the disparity in housing costs has shrunk in recent years. In 2019, net in-migration to the HMA was highest from the Los Angeles, CA metropolitan area (U.S. Census Bureau, Metro-to-Metro Migration Flows 2015–19), where the median sales price of a home was 2 times greater than in the Boise metropolitan area, compared with 2.5 times higher in 2015 (Redfin, a national real estate brokerage). In December 2021, the gap shrunk further, and the median sales price in Los Angeles was 1.7 times higher than in the Boise metropolitan area.
- Home sales totaled 28,950 during the 12 months ending October 2021, down 5 percent from a year ago, and the average sales price was up 24 percent year over year to \$461,000 (CoreLogic, Inc., with adjustments by the analyst). The apartment vacancy rate increased year over year during the third quarter of 2021, from 3.7 to 5.4 percent, and the average rent was up 13 percent to \$1,174 (Moody's Analytics REIS).

Economic Conditions

The economy of the Boise metropolitan area is currently strong after recovering all of the jobs lost during the pandemic-related downturn. During the 3 months ending October 2021, nonfarm payrolls increased year over year by 11,200 jobs, or 3.2 percent, to 358,100 jobs. By comparison, during the 3 months ending October 2020, payrolls were down by 2,300 jobs, or 0.7 percent year over year. For context, the economy expanded for 9 consecutive years before the pandemic, at an average annual rate of 3.5 percent from 2011 through 2019.

During the 3 months ending October 2021 —

- Payrolls in the Boise metropolitan area were 2.5 percent higher than the same 3-month period in 2019, reflecting a much stronger economic recovery than the nation, for which current payrolls were 2.9 percent below the same period in 2019. A high concentration of jobs that can be done remotely, a trend that has increased since the onset of the pandemic, supported the strong economic recovery; the

continued on page 3

During the 3 months ending October 2021, 9 of 11 payroll sectors added jobs year over year in the Boise metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	October 2020 (Thousands)	October 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	346.9	358.1	11.2	3.2
Goods-Producing Sectors	58.1	59.4	1.3	2.2
Mining, Logging, & Construction	29.5	31.4	1.9	6.4
Manufacturing	28.6	28.0	-0.6	-2.1
Service-Providing Sectors	288.8	298.7	9.9	3.4
Wholesale & Retail Trade	55.2	56.8	1.6	2.9
Transportation & Utilities	12.2	13.2	1.0	8.2
Information	3.5	3.8	0.3	8.6
Financial Activities	20.5	22.9	2.4	11.7
Professional & Business Services	53.4	53.8	0.4	0.7
Education & Health Services	52.0	50.7	-1.3	-2.5
Leisure & Hospitality	32.8	35.6	2.8	8.5
Other Services	12.1	12.8	0.7	5.8
Government	47.0	49.0	2.0	4.3
Unemployment Rate	5.1%	2.3%		

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

Source: U.S. Bureau of Labor Statistics



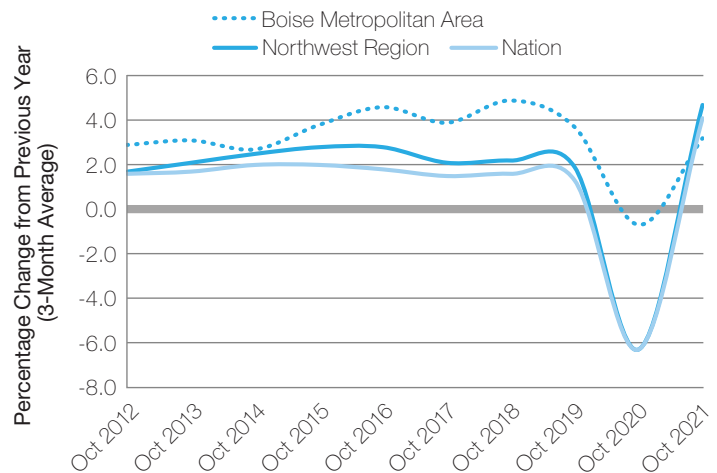
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metropolitan area was ranked third on the list of Best Cities for Remote Work in 2021 (Apartment List).

- Six of the 11 payroll sectors added 1,000 or more jobs year over year, and of those, 3 gained 2,000 or more. In percentages terms, the financial activities sector grew the fastest, partly because many of the jobs in the sector can be done remotely, and payrolls during the current quarter were nearly 17 percent above the same period in 2019.
- Nationwide supply chain disruptions continue to affect the Boise metropolitan area by slowing the production of goods, specifically in the food-processing industry, and partially contributed to the loss of 600 manufacturing sector jobs, or 2.1 percent, to 28,000 jobs. Those losses were preceded by a year-over-year decline of 500 jobs, or 1.8 percent, during the 3 months ending October 2020, and current payrolls are 6.9 percent below the level of payrolls during the 3 months ending October 2019.
- The unemployment rate in the Boise metropolitan area averaged 2.3 percent—down from 5.1 percent a year ago and equal to the rate during the 3 months ending October 2019.

One of the main economic influences in the metropolitan area is the mining, logging, and construction sector. This sector has expanded rapidly to meet the increased demand for housing brought on by a prolonged period of elevated net in-migration, especially retirees moving from higher cost metropolitan areas in the West. From 2015 to the current date—a period that corresponds with the highest levels of annual net in-migration—the sector added an average of 2,000 jobs, or 9.0 percent, each year, and from 2015 to 2019, the proportion of seniors (ages 65 and older) increased from slightly more than 13 percent to nearly 15 percent of the population (American Community Survey [ACS] 1-year estimates). During the 3 months ending October 2021, sector payrolls increased

The economic contraction in 2020 was less severe in the Boise metropolitan area than in the Northwest Region or the nation.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Boise Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Luke's Health System	Education & Health Services	6,000–6,999
Micron Technology, Inc.	Professional & Business Services	5,000–5,999
Saint Alphonsus Health System	Education & Health Services	5,000–5,999

Note: Excludes local school districts.

Source: Boise Valley Economic Partnership

by 1,900 jobs, or 6.4 percent, to 31,400 jobs. The 2,000 jobs gained, or 7.4 percent, year over year during the 3 months ending October 2020, was the strongest job growth of any sector during that time.

Sales Market Conditions

Sales housing market conditions are currently very tight, with an estimated sales vacancy rate of 1.0 percent, down from 3.4 percent in 2010. A limited supply of for-sale inventory, in combination with strong demand for housing because of elevated population growth and low mortgage rates, 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, a national real estate brokerage). This trend was exacerbated by supply chain disruptions stemming from the COVID-19 pandemic, affecting new home construction, and in October 2021, a 1.4-month supply of homes were available for sale, compared with 1.1 months of inventory a year ago.

The percentage of home loans in the Boise metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status fell to 0.8 percent in October 2021 from 1.7 percent in October 2020 but is elevated compared with the 0.3-percent rate in October 2019, before the pandemic (CoreLogic, Inc.). The current rate is below the 0.9-percent rate for Idaho and the 2.3-percent rate for the nation. The economic contraction during the COVID-19 pandemic made staying current on mortgage payments more difficult for some homeowners, causing a rise in the rate at the onset of the pandemic. Many borrowers were able to avoid foreclosure by taking advantage of forbearance programs. Despite the increase in the percentage compared with prepandemic levels, the rate in the metropolitan

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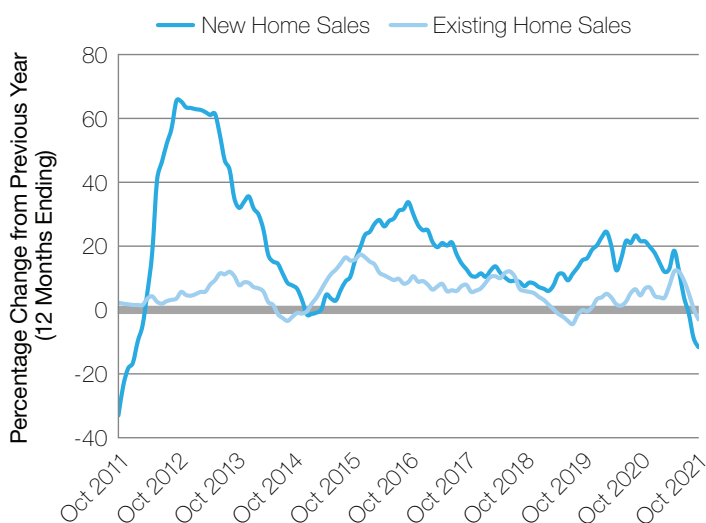
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area has decreased each month since reaching a high of 1.8 percent in August 2020.

During the 12 months ending October 2021 —

- Existing home sales totaled 22,800, down 3 percent from a year ago and following a 5-percent increase during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). By comparison, existing home sales increased at an average annual rate of 9 percent from 2015 through 2018 and slowed to growth of less than 1 percent in 2019.
- The average sales price of an existing home increased 26 percent, to \$460,400, compared with a 15-percent increase a year ago. By comparison, average annual price growth was 13 percent during 2018 and 2019, an acceleration compared with an average increase of 7 percent annually from 2015 through 2017.
- Approximately 5,925 new homes sold, down nearly 12 percent year over year and preceded by a 22-percent increase during the 12 months ending October 2020. For context, new home sales increased at an average annual rate of 17 percent from 2015 through 2019.
- New home sales prices increased an average of 20 percent, to \$463,500—the swiftest annual price growth since 2011, indicating that demand remains strong despite declining new home sales during the period. By comparison, the average sales price of a new home increased at an average annual rate of 7 percent from 2015 through 2019.

Limited for-sale inventory in the Boise metropolitan area resulted in decreased home sales during the 12 months ending October 2021.

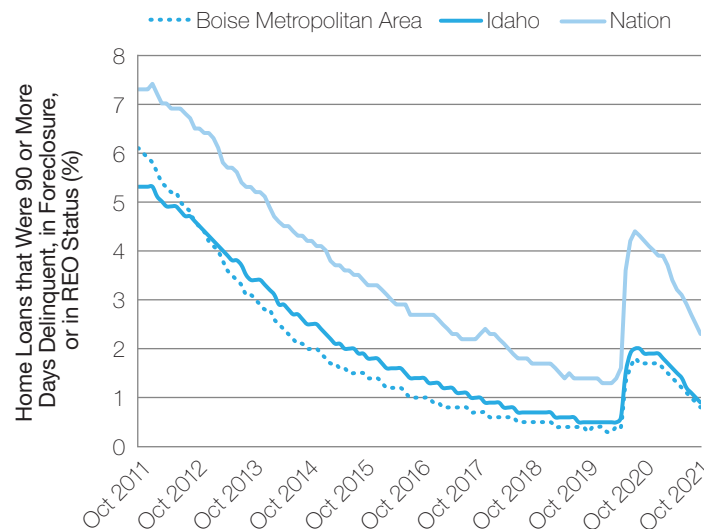


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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 and Nampa in Canyon County. Since 2015, approximately 25 percent of all new home construction in

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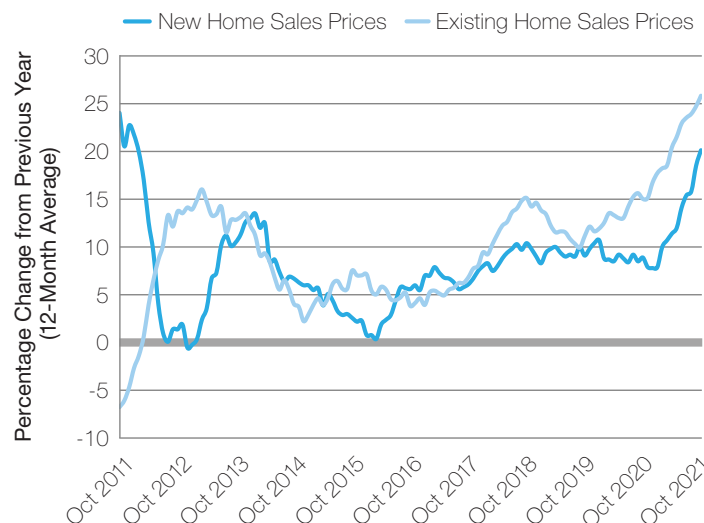
The percentage of delinquent home loans and REO properties in the Boise metropolitan area has been consistently below the statewide and national rates.



REO = real estate owned.

Source: CoreLogic, Inc.

In the Boise metropolitan area, existing home sales price growth has been stronger than new home sales price growth since mid-2019.



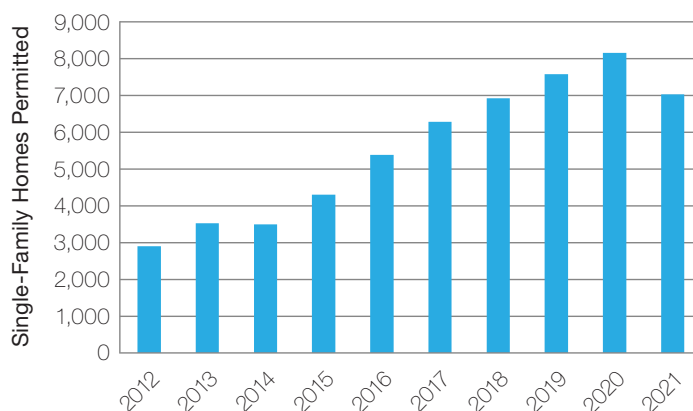
Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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the metropolitan area has been in Meridian, followed by 13 percent in Nampa and 11 percent in Boise. From 2010 through 2014, the respective shares were 27, 8, and 17 percent.

- During the 12 months ending October 2021, approximately 8,475 single-family homes were permitted, up 8 percent from the 7,850 homes permitted during the same 12-month period a year ago (preliminary data). For context, new home construction increased at an average annual rate of 17 percent from 2015 through 2019.
- Current new home construction is significantly higher than the average of 2,625 homes permitted annually from 2007 through 2014, a period that spans the slowdown in activity leading up to and during the Great Recession and the subsequent recovery. Conversely, the 8,150 homes permitted in 2020 marks the highest level of new home construction since 2000 except in 2005, when permitting peaked at 10,950.
- The subdivision with the most new home sales year-to-date in the city of Boise was Cartwright Ranch, in the foothills of north Boise, where 20 new homes sold at a median sales price of \$564,553 (Build Idaho). In Meridian, four

New home construction in the Boise metropolitan area rose consistently from 2015 through 2020 due to increased demand from elevated population growth.



Note: Includes preliminary data from January 2021 through October 2021.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

subdivisions had 20 or more home sales each, with median sales prices ranging from \$420,000 to \$543,900. Median sales prices ranged from \$178,500 to \$405,000 for the three subdivisions in Nampa that had 20 or more home sales.

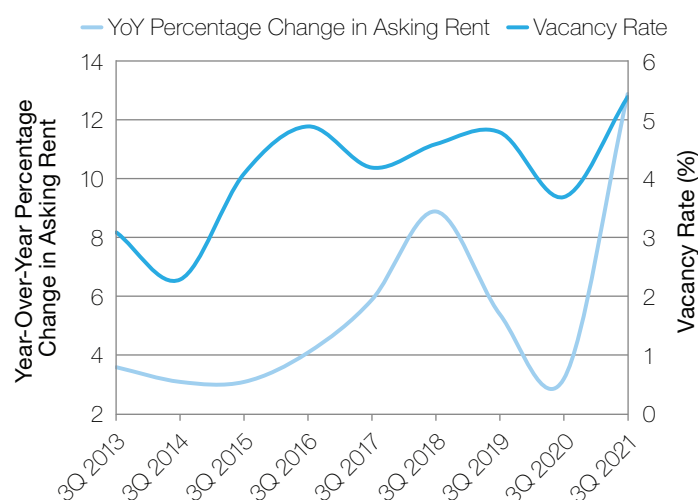
Apartment Market Conditions

Apartment market conditions in the Boise metropolitan area are currently balanced compared with slightly tight conditions a year ago. Approximately 46 percent of renter households in the metropolitan area live in single-family homes compared with 52 percent in 2015 (2015 and 2019 ACS 1-year data). Part of the decline in renter-occupied single-family homes is due to a surge in apartment construction beginning in 2014; from 2014 through 2019, approximately 10,950 apartments were completed, compared with only 2,400 completions from 2008 through 2013, due to the local effects of the national housing market collapse.

During the third quarter of 2021 —

- A record level of apartment completions led to a 5.4-percent vacancy rate, the highest third quarter rate since 2011 (Moody's Analytics REIS). The 3.7-percent vacancy rate during the third quarter of 2020 was the lowest third quarter rate since 2.3 percent in 2014.
- Units built in the 1990s represented 31 percent of the apartment inventory in the metropolitan area and had the lowest vacancy rate, at 3.3 percent. The highest vacancy rate, 17.0 percent, was for units built since 2019, which account for 13 percent of all apartment inventory.
- The wave of new inventory—which included 780 units completed during the third quarter of 2021 and tend to

Rent growth in the Boise metropolitan area spiked during the third quarter of 2021 despite an elevated vacancy rate.



3Q = third quarter. YoY = year-over-year.

Source: Moody's Analytics REIS

command higher-than-average rents—contributed to a 13-percent increase in the average rent, to \$1,174. From 2015 through 2020, third quarter apartment rents increased at an average annual rate of 5 percent.

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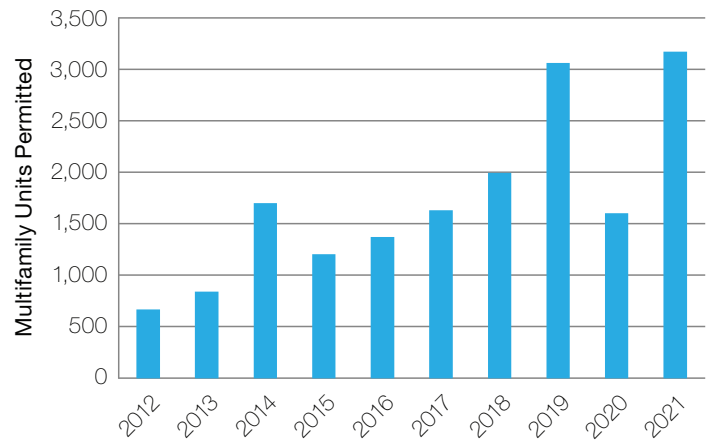
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- Rents averaged \$1,014, \$1,061, \$1,232, and \$1,260 for studios and one-, two-, and three-bedroom units, respectively. These rents are 33, 39, 41, and 38 percent less than the average for the Western Region (all states west of the Rocky Mountains), respectively.
- The vacancy rate for student housing was 0.1 percent compared with 0.6 percent a year ago and a high of 4.2 percent in 2016. An estimated 22,650 full- and part-time BSU students live off-campus, providing a steady source of rental demand in the metropolitan area.

Part of the increase in the apartment vacancy rate during the past year is due to the record level of multifamily home permitting in 2019, most of which entered the market within the past 12 months. A more-than-50-percent drop in multifamily permitting in 2020, largely due to a steep decline during the early months of the pandemic, was followed by another surge in 2021; year-to-date, apartment construction, as measured by the number of multifamily units permitted, is higher than any annual level in the past 2 decades.

- During the 12 months ending October 2021, 3,450 multifamily units were permitted—more than double the 1,600 units permitted a year earlier and higher than the previous peak of 3,075 units permitted in 2019 (preliminary data).
- For context, apartment construction averaged 975 units annually during the buildup to the housing market crash from 2001 through 2007 and subsequently fell to an average of 400 units annually from 2008 through 2013. Improved economic conditions and increased net in-migration caused builders to increase apartment construction, which averaged 1,575 units, annually, from 2014 through 2018.
- From 2015 to the current date, the plurality of apartment construction in the metropolitan area, 33 percent, was in Meridian, with 30 and 20 percent in Boise and Nampa, respectively. By comparison, from 2010 through 2014, Boise

The number of multifamily units permitted during the first 10 months of 2021 exceeds the annual total for any year during the past 2 decades in the Boise metropolitan area.



Note: Includes preliminary data from January 2021 through October 2021.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

and Meridian each accounted for one-third of all apartment construction, and 17 percent was in Nampa.

- One of the most recent—and largest—developments to open in Meridian was the 235-unit The Flats at Ten Mile, with rents ranging from \$1,495 for a one-bedroom unit to \$2,326 for a three-bedroom unit (ALN). The property is nearly 80-percent occupied and began leasing in June 2021.
- In Boise, Jules on 3rd, a 173-unit apartment complex in downtown, opened in June 2021 and was 92-percent occupied as of October 2021; rents start at \$1,265 for studios, \$1,635 for one-bedroom units, and \$2,010 for two-bedroom units. The 102-unit The Summit Apartments opened in 2021 in Nampa and was 95-percent occupied. Rents start at \$1,250 for a one-bedroom unit and \$1,450 for a two-bedroom unit.