The COVID-19 pandemic has resulted in unprecedented large and rapid changes in many data series, and similarly unprecedented large policy responses, making analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

Boise City, Idaho

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of December 1, 2020

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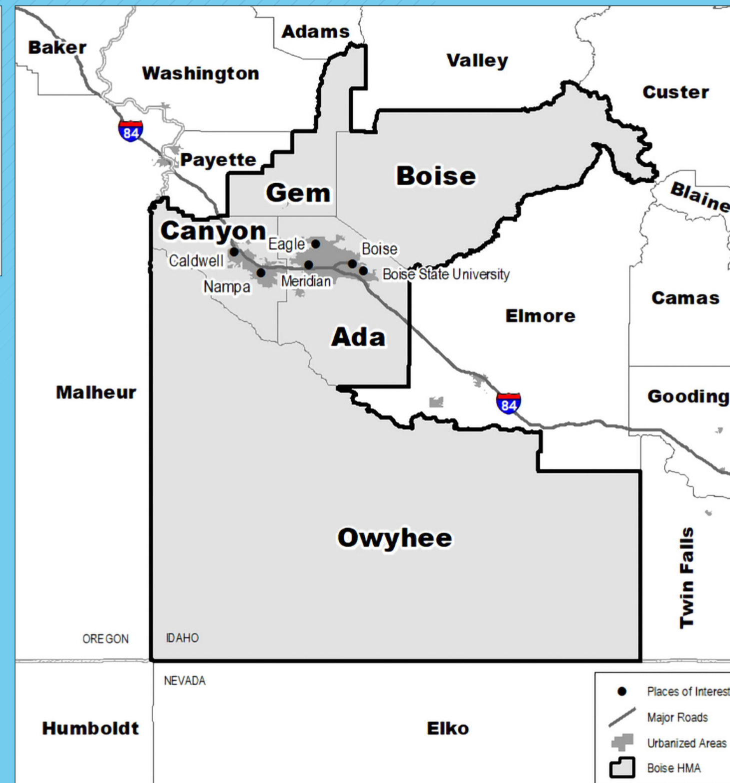

Executive Summary

Housing Market Area Description

The Boise City Housing Market Area (hereafter, Boise HMA) in the Treasure Valley of southwestern Idaho consists of Ada, Boise, Canyon, Gem, and Owyhee Counties and is coterminous with the Boise City, ID Metropolitan Statistical Area. The principal counties of Ada and Canyon account for more than 95 percent of the HMA population. The city of Boise in Ada County is the state capital and home to Boise State University (BSU), a public university that enrolled approximately 26,300 students during the 2019–20 academic year.

The population of the HMA is estimated at 771,100 as of December 1, 2020.

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Weak, but Improving. On a month-to-month basis, all the jobs lost during the pandemic in April 2020 were recovered by the end of November 2020 (not seasonally adjusted), but nonfarm payrolls declined 0.2 percent during the 12 months ending November 2020 compared with a year ago.

Economic conditions weakened in the HMA during the past year because of efforts to contain the spread of COVID-19, and nearly 34,000 jobs were lost in April 2020. Nonfarm payrolls in November 2020 returned to March 2020 levels—before the impacts of the pandemic (not seasonally adjusted). During the 12 months ending November 2020, payrolls were down by 600, or 0.2 percent, year over year. By comparison, payrolls increased by 12,700, or 3.8 percent, year over year during the 12 months ending November 2019. The unemployment rate averaged 5.3 percent during the past 12 months, up from 2.8 percent a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.2 percent.

Sales Market

Very Tight. There was a 0.3-month supply of homes for sale as of November 2020 compared with 2.3 months of for-sale inventory a year ago (Redfin, a national real estate brokerage).

The home sales market in the HMA is currently very tight, largely resulting from a prolonged shortage of for-sale housing coupled with high levels of net in-migration. New and existing home sales totaled 26,450 during the 12 months ending November 2020, up more than 6 percent from a year ago, and the average home sales price increased nearly 13 percent to $375,200 (Zonda). During the forecast period, demand is expected for 18,750 new homes, and the estimated 3,075 homes currently under construction will meet a portion of that demand.

Rental Market

Slightly Tight. The overall rental market has an estimated 4.0-percent vacancy rate, down from 8.2 percent in April 2010 when conditions were soft.

Apartment market conditions are also slightly tight, with a 3.7-percent vacancy rate during the third quarter of 2020, down from 4.8 percent a year ago, but the average rent increased less than 1 percent to $1,014, compared with a 5-percent year-over-year increase during the third quarter of 2019 (Moody's Analytics REIS). During the 3-year forecast, demand is estimated for 5,200 new rental units; the 1,450 units currently under construction will meet part of that demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Boise HMA	Total Demand	18,750	5,200
	Under Construction	3,075	1,450

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2020. The forecast period is December 1, 2020, to December 1, 2023.
Source: Estimates by the analyst

Economic Conditions

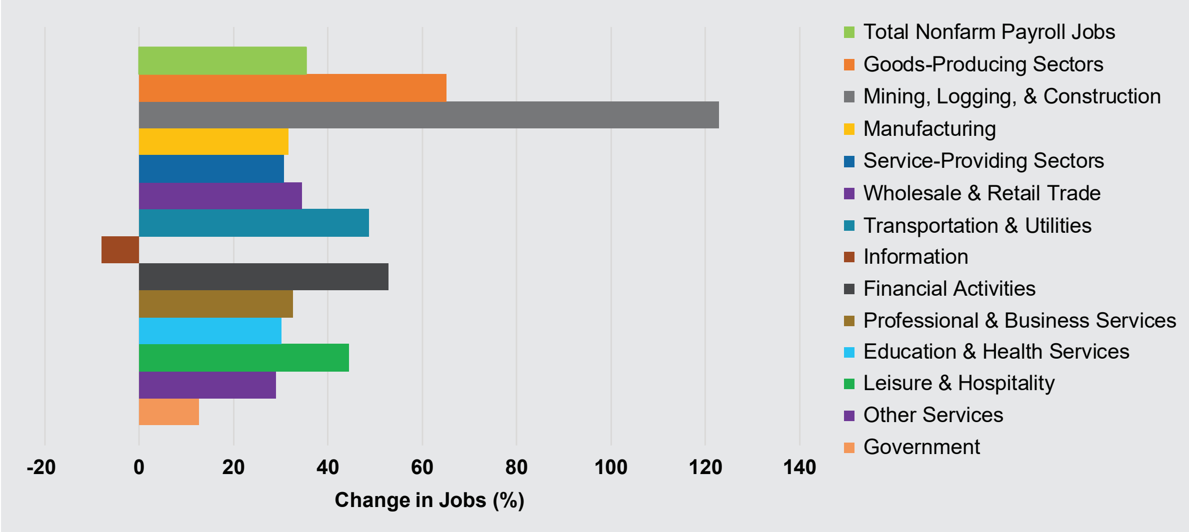
Largest Sector: Wholesale and Retail Trade

On a monthly basis, nonfarm payrolls in the HMA returned to pre-pandemic (March 2020) levels by the end of November 2020.

Primary Local Economic Factors

One of the main economic influences in the HMA 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. Since 2011, when economic recovery began after the Great Recession, the mining, logging, and construction sector has been the fastest growing sector in the economy, increasing more than 120 percent (Figure 1). From 2015 through 2019—a period that corresponds with the highest levels of annual net in-migration—the sector added an average of 1,900 jobs, or 9.4 percent, each year, still the fastest growing sector during the period and tying with education and health services for the most jobs added. During the same time, 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).

Figure 1. Sector Growth in the Boise HMA, 2011 to Current



Note: The current date is December 1, 2020.
Source: U.S. Bureau of Labor Statistics

Numerous residential and commercial construction projects are underway in the HMA, with a heavy concentration in downtown Boise and the city of Meridian. Meridian was the sixth fastest growing large city (population over 50,000) in the country from 2010 to 2019 (U.S. Census Bureau). The population in the city increased 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. Two of the larger developments underway in Meridian include phase one of Meridian Station and a new Amazon.com, Inc. facility. Meridian Station is a mixed-use development that will contain more than 380 apartments and 29,000 square feet of retail space. The new Amazon.com, Inc. facility, approved by the city in November 2020, will encompass more than 140,000 square feet upon completion, which is expected within the next 2 years (BoiseDev.com).

Current Nonfarm Payroll Trends

Although economic conditions weakened considerably during the past year, all of the nearly 34,000 jobs lost in April 2020—as a consequence of the efforts used to slow the spread of COVID-19, including enforcing social distancing and health safety standards—were recovered by the end of November 2020 (on a monthly basis, not seasonally adjusted). During the 12 months ending November 2020, payrolls totaled 343,000, reflecting a decrease of 600 jobs, or 0.2 percent (Table 1), compared with the same 12-month period a year ago. By comparison, during the 12 months ending November 2019, payrolls increased by 11,600, or 3.4 percent from a year earlier. Before the pandemic, economic conditions in the HMA were very strong, with 9 years of consecutive job growth (Figure 2). From 2011 through 2014, payrolls increased by an average of 7,300 jobs, or 2.8 percent, annually, and accelerated to an average gain of 12,400 jobs, or 4.1 percent, annually, through 2019. The latter period corresponds with a period of elevated net in-migration to the HMA. For context, payrolls increased at an average annual rate of 4.1 percent from 2004 through 2007, before the Great Recession, and declined an average of 2.9 percent annually through 2010.

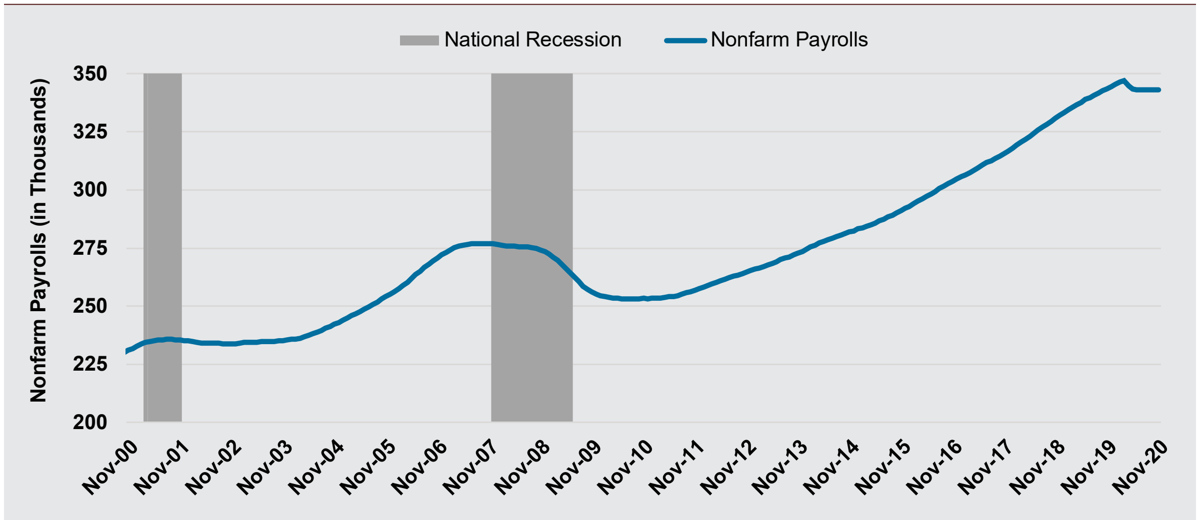
During the past 12 months, the mining, logging, and construction sector added the most jobs of any sector in numeric and percentage terms, up by 2,700 jobs, or 10.3 percent. By comparison, sector payrolls increased by 2,100, or 8.7 percent, during

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Boise HMA, by Sector

	12 Months Ending November 2019	12 Months Ending November 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**343.6**	**343.0**	**-0.6**	**-0.2**
Goods-Producing Sectors	55.6	58.3	2.7	4.9
Mining, Logging, & Construction	26.3	29.0	2.7	10.3
Manufacturing	29.3	29.3	0.0	0.0
Service-Providing Sectors	288.0	284.7	-3.3	-1.1
Wholesale & Retail Trade	53.8	55.3	1.5	2.8
Transportation & Utilities	11.4	12.0	0.6	5.3
Information	4.5	4.1	-0.4	-8.9
Financial Activities	19.3	20.6	1.3	6.7
Professional & Business Services	51.0	51.2	0.2	0.4
Education & Health Services	51.1	48.6	-2.5	-4.9
Leisure & Hospitality	35.8	32.6	-3.2	-8.9
Other Services	12.5	11.9	-0.6	-4.8
Government	48.5	48.6	0.1	0.2

Notes: Based on 12-month averages through November 2019 and November 2020. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. 12-Month Average Nonfarm Payrolls in the Boise HMA

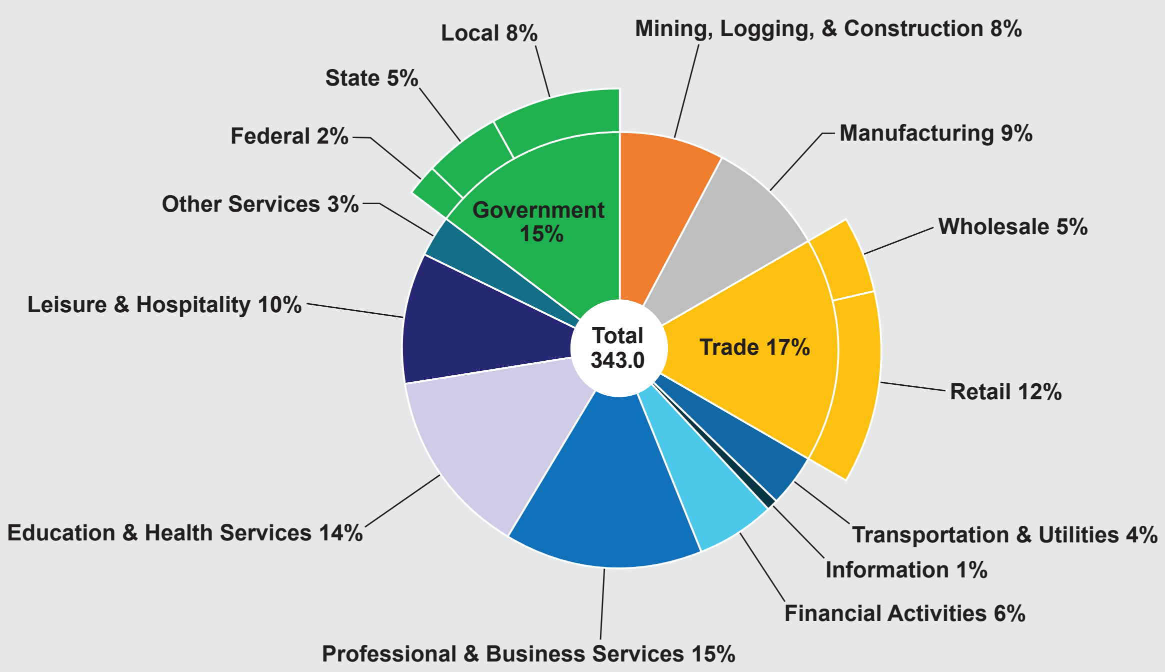


Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

the 12 months ending November 2019. This strong job growth reflects the high demand for construction labor for residential and commercial developments, propelled by high levels of net in-migration to the HMA from other high-cost metropolitan areas, especially from California. Since 2018, payrolls in the mining, logging, and construction sector have surpassed levels from before the Great Recession and the housing market collapse in the mid-2000s.

The wholesale and retail trade sector, which is the largest payroll sector in the HMA (Figure 3), added 1,500 jobs, or 2.8 percent, during the 12 months ending November 2020, compared with year-over-year growth of 1,600 jobs, or 3.1 percent, during the 12 months ending November 2019. Much of the recent job growth is attributable to hiring at Amazon.com, Inc., which opened a new distribution facility in Nampa that employs 2,000 people. The sector added an average of 1,400 jobs, or 2.8 percent, annually from 2015 through 2018. The transportation and utilities sector, which includes many distribution-related jobs, also benefits from hiring at Amazon.com, Inc. facilities; the sector added 600 jobs, or 5.3 percent, during the past 12 months, compared with a gain of 400 jobs, or 4.0 percent a year ago. Payrolls in this sector increased by an average of 600, or 6.0 percent, annually, from 2015 through 2018.

Figure 3. Share of Nonfarm Payroll Jobs in the Boise HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2020.
Source: U.S. Bureau of Labor Statistics

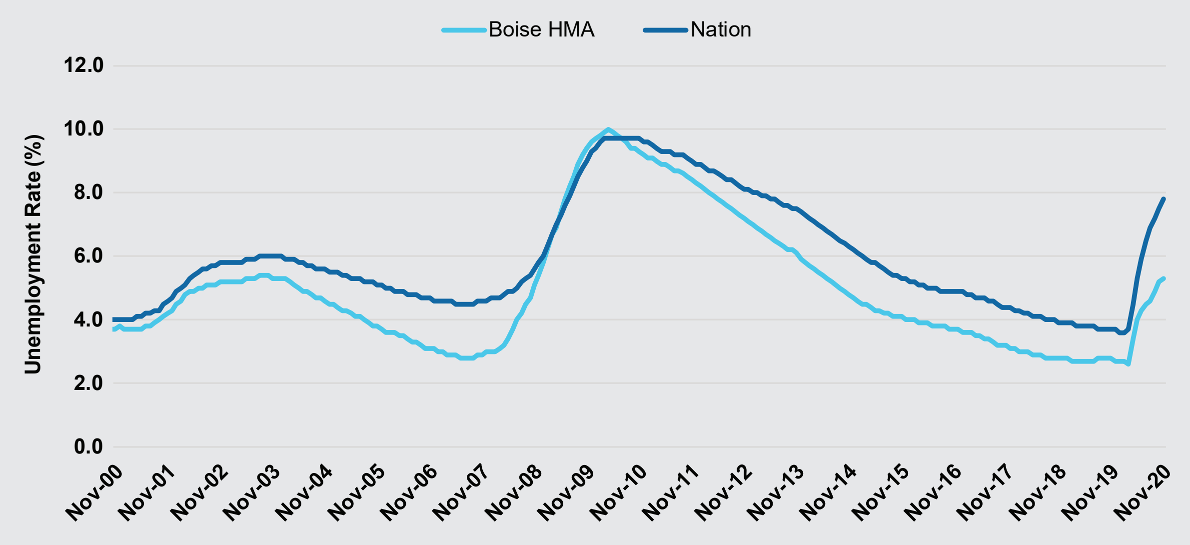
Payroll sectors most negatively affected by the countermeasures used to slow the spread of COVID-19 are those with a high concentration of occupations that rely on in-person interaction, while those with a large number of jobs that can be done remotely fared better. Payroll growth accelerated in the financial activities sector, which added 1,300 jobs, or 6.7 percent, during the 12 months ending November 2020, compared with a gain of 900 jobs, or 4.9 percent a year before. Conversely, despite adding 12,000 jobs since April 2020, the leisure and hospitality sector was down by 3,200, or 8.9 percent, during the 12 months ending November 2020, compared with the same period a year earlier. Similarly, the education and health services sector was down by 2,500 jobs, or 4.9 percent, compared with the same time a year ago, even after adding

4,000 jobs since April 2020, mainly because elective medical procedures were put on hold as one of the many countermeasures to contain the pandemic. For context, before the pandemic, the education and health services sector added jobs every year since 2000, and the leisure and hospitality sector did so every year since 2010.

Current Conditions—Unemployment

The unemployment rate in the HMA, which peaked at 10.0 percent during the 12 months ending April 2010 because of the Great Recession, averaged 5.3 percent during the 12 months ending November 2020, up from 2.8 percent a year prior (Figure 4). By comparison, the national jobless rate peaked at 9.7 percent during each 12-month period from March through November 2010. During the 12 months ending November 2020, the rate was 7.8 percent, up from 3.7 percent a year ago. The increase in the rate during the past year is the result of job declines due to the efforts employed to contain the spread of COVID-19.

Figure 4. 12-Month Average Unemployment Rate in the Boise HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Sectors of Significance

Government

The government sector is vital to the economy of the HMA, which is home to the state capitol and BSU, accounting for 48,600 jobs in the HMA, or 15 percent of total payrolls. During the 12 months ending November 2020, government payrolls increased by 100 jobs, or 0.2 percent, compared with an increase of 800 jobs, or 1.7 percent, during the 12 months ending November 2019. During the most recent period, job growth occurred in the federal and state government subsectors, which added 300 and 100 jobs, or 4.5 and 0.7 percent, respectively. The local government subsector, which accounts for more than 50 percent of government payrolls, declined by 400 jobs, or 1.4 percent, largely the result of furloughs and layoffs in response to declining tax revenue brought on by the pandemic. Slightly more than 30 percent of government payrolls are in the state government subsector, which includes almost 3,500 full and part-time employees at BSU. Since the pandemic began, the state of Idaho reduced funding to the university by almost 7 percent, or $8 million, and the university lost $15 million due to the postponement of fall sports, a figure that may rise to $30 million if football is not rescheduled (*The Arbiter*). Generally, the government sector has been a source of steady job growth in the HMA, increasing by an average of 700 jobs, or 1.7 percent, annually from 2001 through 2019, including a 2-year dip during the Great Recession in which sector payrolls fell by 1,100 jobs. Budget shortfalls at the state and local levels are likely to continue during at least the first year of the forecast, and most of the job gains at the federal level were temporary hires for the Decennial Census count, which has concluded. These factors are likely to curtail payroll growth in the government sector during the forecast period.

Education and Health Services

Payrolls in the education and health services sector more than doubled in the HMA since 2000, despite declining by 2,500 jobs, or 4.9 percent, during the 12 months ending November 2020. Nearly all jobs lost during the past year were in the ambulatory health care services industry. This industry 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 from 2001 through 2019 by an average of 1,400 jobs, or 4.1 percent, in large part a response to rapid population growth, especially among seniors. The largest employer in the HMA, St. Luke's Health System, Ltd. (Table 2), opened a new building at their campus in Nampa in June 2020, offsetting some of the job losses in the sector during the past year. Payroll growth in this sector is expected to resume at a pace highly correlated with the rate of distribution and efficacy of the COVID-19 vaccine. Furthermore, the growing and aging population of the HMA will continue to support the demand for healthcare services. In the interim, several medical facility expansions are planned. Zoom+Care is opening two new medical offices, one in Boise and the other in Meridian, providing patients with virtual medical appointments. Saint Alphonsus has plans for a 45,000 square-foot outpatient clinic for the city of Caldwell.

Table 2. Major Employers in the Boise HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Luke's Health System, Ltd.	Education & Health Services	13,600
Micron Technology, Inc.	Manufacturing	5,900
Boise State University	Government	3,500
Saint Alphonsus Regional Medical Center	Education & Health Services	3,400
Walmart Inc.	Wholesale & Retail Trade	2,800
Wells Fargo & Company	Financial Activities	2,282
The Kroger Company	Wholesale & Retail Trade	2,076
Idaho Power Company	Transportation & Utilities	2,057
J.R. Simplot Company	Manufacturing	1,800
HP Inc.	Manufacturing	1,800

Note: Excludes local school districts.
Source: Moody's Analytics REIS

Employment Forecast

During the forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.2 percent. Job growth is expected to be slow in the first year of the forecast as industries continue to adjust employment in response to the ongoing pandemic-induced economic challenges, and increase each subsequent year as the vaccine is distributed and the virus is contained. The plurality of job growth is expected to occur in response to the rapidly growing population. The mining, logging, and construction sector should continue to add jobs as the demand for housing outpaces supply.

Service-providing sectors are expected to expand to accommodate the ever-growing population, including the education and health services, the professional and business services, and the leisure and hospitality sectors, especially in the second and third years of the forecast as the public health crisis is controlled. The wholesale and retail trade sector should continue adding jobs, in large part due to a surge in online shopping; Amazon.com, Inc. has two fulfillment centers under construction in the HMA with the potential of creating thousands more jobs. The company is also planning a call center in Meridian for its subsidiary, PillPack, Inc., which will add 500 jobs, mainly in the professional and business services sector.

Population and Households

Current Population: 771,100

The homeownership rate in the HMA has increased from 69.5 percent in 2010 to a current estimate of 72.4 percent.

Table 3. Boise HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	616,561	771,100	822,100
	Average Annual Change	15,150	14,500	17,000
	Percentage Change	2.9	2.1	2.2
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	225,594	290,100	311,600
	Average Annual Change	5,525	6,050	7,175
	Percentage Change	2.9	2.4	2.4

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (December 1, 2020) to December 1, 2023.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Population Trends

As of December 1, 2020, the population of the Boise HMA was estimated at 771,100, reflecting an average annual growth rate of 2.1 percent, or 14,500 people, since 2010 (Table 3), with 73 percent of the growth coming from net in-migration. As the economy expanded during the build up to the Great Recession, the population increased by an average of 3.3 percent, or 18,150, a year, from 2003 to 2008, and net in-migration averaged 12,400 people a year. During the same time, job growth in the mining, logging, and construction sector increased more than 50 percent to meet the rising demand for new homes. Service-related industries in the HMA, such as healthcare services and retail trade, expanded to serve the increase in population, which resulted in even stronger labor market conditions, prompting further net in-migration from jobseekers and creating additional demand for new homes.

The Great Recession and the ensuing foreclosure crisis caused home prices to decline rapidly, and the economic weakness resulted in a sharp reduction in homebuilding activity. The economic decline and reduction in building led to a quick downturn in construction-related payrolls and the number of new people moving to the HMA who had previously been attracted to strong hiring in the construction industry and other payroll sectors. In response to the weak labor market, population growth slowed to an average of 7,625, or 1.3 percent, a year from 2008 to 2010, and net in-migration fell to an average of 1,600 annually, or 21 percent of the growth. From 2010 to 2015, as economic and housing market conditions improved, the population growth rate increased to an average of 1.7 percent, or 11,050, annually; net in-migration increased more than fourfold, averaging 6,725 people annually accounting for 61 percent of growth. Population growth gained momentum in stride with the economy, increasing by an average of 17,800 people, or 2.5 percent, from 2015 to the current date; net in-migration during this time accounted for 80 percent of population growth, or 14,300 people each year. Figure 5 shows the components of population change in the HMA, annually, since 2000.

Migration Trends

The relative affordability of housing in the HMA has enticed jobseekers and retirees for decades, although the disparity in housing costs has shrunk in recent years. Table 4 lists the top metropolitan areas for migration flows in, out, and net of the HMA. Net in-migration to the HMA was highest from metropolitan areas in California and Colorado, where housing costs are much higher. Figure 6 illustrates the average home sales prices for metropolitan areas with the highest net in-migration to the HMA, indexed to the average sales price in the HMA for each year. Net in-migration to the HMA in 2019 was highest from the Los Angeles-Long Beach-Anaheim, CA metropolitan area, where the average sales price of a home was 2.6 times greater than in the Boise HMA, compared with 3.1 times higher in 2014. If the current trajectory holds, the relative affordability of the HMA will diminish, which could slow net in-migration to the HMA.

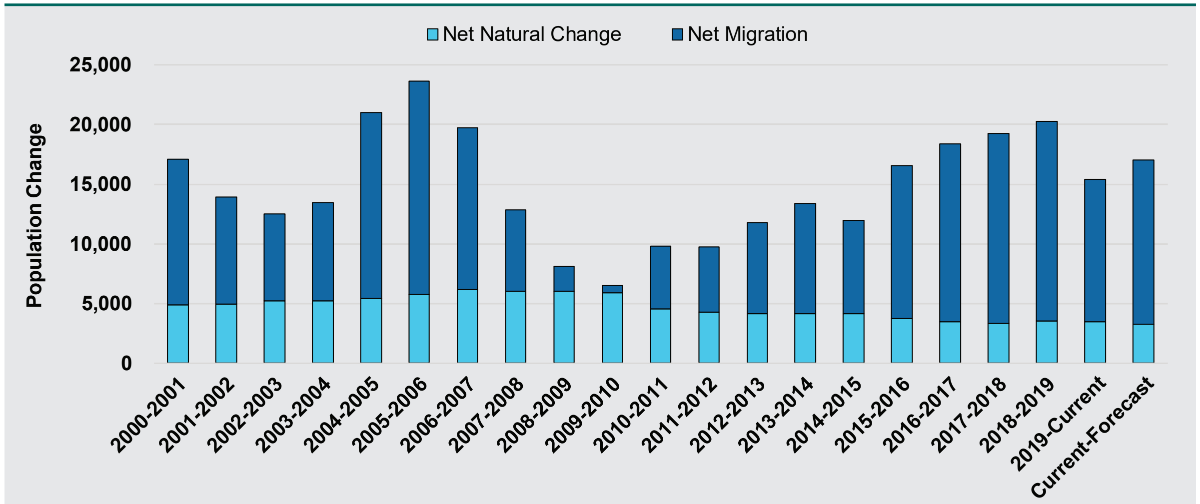
Age Cohort Trends

The largest age cohort in the HMA in 2019 was residents 18 to 39 years of age, constituting approximately 36 percent of the total population, and has been relatively stable since 2010 (Figure 7). Residents 65 years of age and older represent the fastest growing age cohort in the HMA, increasing at an average annual rate of 4.6 percent from 2015 to 2019, constituting almost 15 percent of the total population in 2019, up from 13 and 11 percent in 2015 and 2010, respectively. In a 2020 SmartAsset study, the city of Boise was ranked as the fourth best large city (population over 200,000) in the country for retirees to live, estimating that housing costs make up less than 26 percent of retirement income. Growth in this age cohort will support job growth in the healthcare industry and also temper net natural change during the forecast period and beyond.

Household Trends

An estimated 290,100 households reside in the HMA, reflecting an average annual increase of 6,050 households, or 2.4 percent, since 2010. By comparison, from 2000 to 2010, the number of households increased by an average of 5,525 households, or 2.9 percent, annually. An

Figure 5. Components of Population Change in the Boise HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (December 1, 2020) to December 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Table 4. Metro-to-Metro Migration Flows in the Boise HMA: 2014–2018

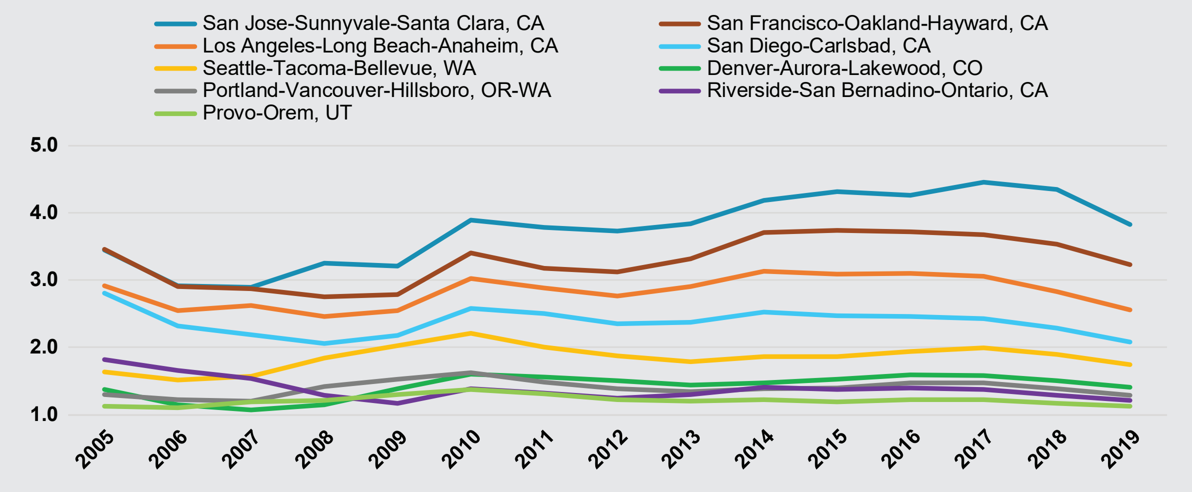
Into the HMA	
Los Angeles-Long Beach-Anaheim, CA	1,768
Portland-Vancouver-Hillsboro, OR-WA	1,353
Twin Falls, ID	1,196
Pocatello, ID	1,120
Seattle-Tacoma-Bellevue, WA	1,001
Out of the HMA	
Portland-Vancouver-Hillsboro, OR-WA	1,198
Idaho Falls, ID	1,088
Seattle-Tacoma-Bellevue, WA	1,068
Twin Falls, ID	973
Provo-Orem, UT	634
Net Migration	
Los Angeles-Long Beach-Anaheim, CA	1,402
San Diego-Carlsbad, CA	820
Denver-Aurora-Lakewood, CO	713
Riverside-San Bernadino-Ontario, CA	705
San Francisco-Oakland-Hayward, CA	517

Sources: U.S. Census Metro-to-Metro Migration Flows; 2014–2018 American Community Survey, 5-year data estimated 72.4 percent of current households, or 210,000 households, are homeowners, and the remaining 80,200 are renter households (Figure 8). Corresponding with the national trend of declining homeownership—largely a result of the Great Recession—the homeownership rate in the HMA declined from 71.8 percent in 2000 to 69.5 percent in 2010. The current uptick in the homeownership rate is due to the 9 years of economic expansion that followed the Great Recession coupled with affordable for-sale housing and low interest rates. From 2010 to the current date, the number of owner households increased at an average annual rate of 2.8 percent, or 5,000 households, compared with 2.5 percent average annual growth from 2000 to 2010. Renter households increased at an average annual rate of 1.4 percent, or 1,075 households, from 2010 to the current date compared with an average annual increase of 3.7 percent, or 2,075 households, from 2000 to 2010.

Population and Household Forecast

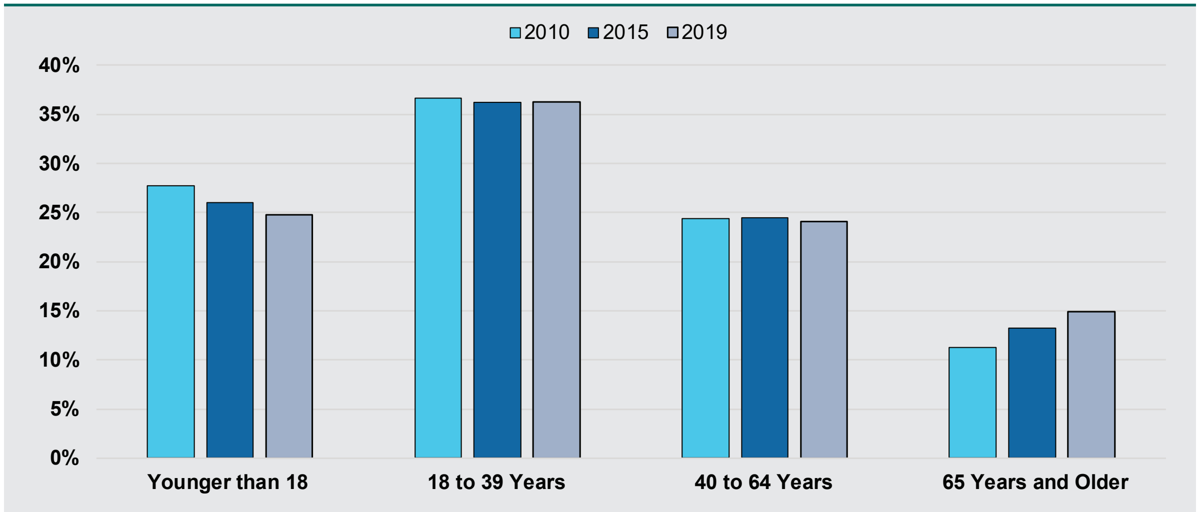
Population growth is expected to continue during the 3-year forecast period, but at a slower rate than growth since 2015, as the economy recovers from the economic uncertainty and public health crisis brought on by the pandemic. The population is expected to reach 822,100 people by December 1, 2023, reflecting average

Figure 6. Metropolitan Area Average Home Sales Prices Relative to the Boise HMA



Notes: Sales prices have been indexed to the corresponding average sales price in the Boise City HMA. A value of 1 indicates the average sales prices are the same, and a value greater than 1 means the average sales price is greater than in the Boise HMA.
Source: Zonda

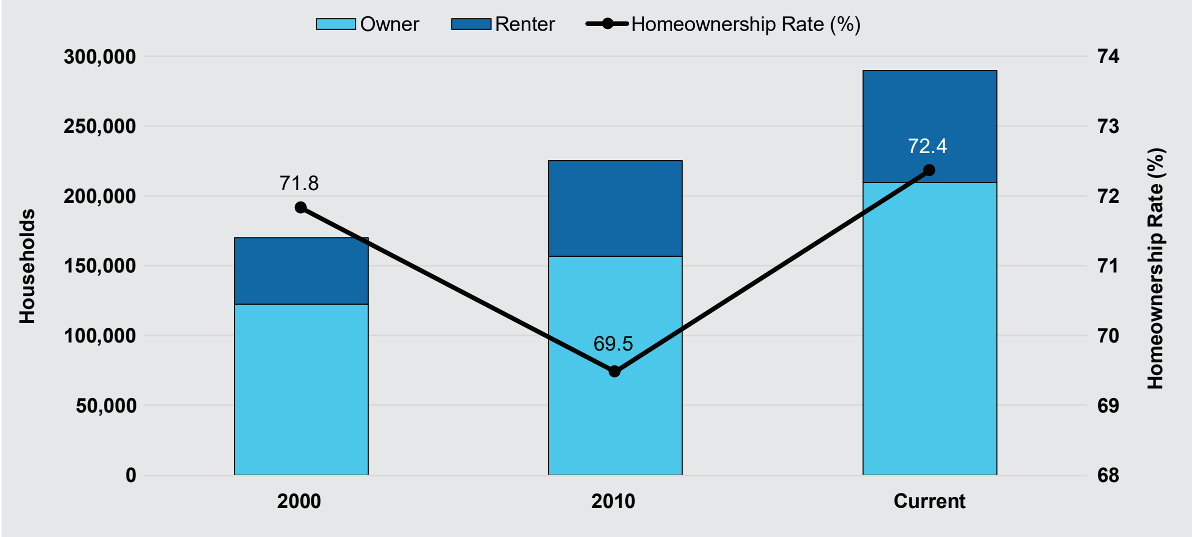
Figure 7. Population by Age Range in the Boise HMA



Sources: 2010, 2015, and 2019 American Community Survey, 1-year estimates annual growth of 17,000 people, or 2.2 percent. Approximately 81 percent of the growth will come from net in-migration, especially from retirees. This trend may slow if home sales price growth in the HMA continues to outpace that of other metropolitan areas in the West, reducing the relative affordability in the HMA.

Based on current and anticipated population growth and economic conditions, households in the HMA during the next 3 years are expected to increase by an average of 7,175, or 2.4 percent, annually, reaching 311,600 by December 1, 2023. Owner and renter households are forecast to increase at average annual rates of 2.7 and 1.7 percent, respectively, during the 3-year forecast period.

Figure 8. Households by Tenure and Homeownership Rate in the Boise HMA



Note: The current date is December 1, 2020.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Very Tight

During the 12 months ending November 2020, home sales and prices in the Boise HMA increased 6 and 13 percent, respectively (Zonda).

Current Conditions

Sales housing market conditions in the Boise HMA are currently very tight, with an estimated vacancy rate of 1.0 percent (Table 5), 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, a national real estate brokerage). As of November 2020, a 0.3-month supply of homes was available for sale, compared with 2.3-months worth of inventory a year ago.

Home sales (including new and existing single-family homes, townhomes, and condominiums) totaled 26,450 during the past 12 months, up 6 percent from a year ago, following a 2-percent increase during the 12 months ending November 2019 (Zonda). By comparison, from 2012 through 2018, home sales increased at an average annual rate of 3 percent. The average home sales price increased 13 percent to $375,200 during the 12 months ending November 2020, compared with an 11-percent increase during the previous 12 months. From 2012 through 2018, the average home sales price rose an average of 9 percent annually. The prolonged period of strong price growth in the HMA has reduced the disparity in housing costs compared with other metropolitan areas in the West, most of which experienced a slowdown in price growth during the past couple of years, as illustrated by Figure 6. Figures 9 and 10 show average sales prices and total sales by sales type, respectively, for the HMA since November 2006.

Table 5. Home Sales Quick Facts in the Boise HMA

Home Sales Quick Facts		Boise HMA	Nation
	Vacancy Rate	1.0%	NA
	Months of Inventory	0.3	1.5
	Total Home Sales	26,450	5,704,000
	1-Year Change	6%	-3%
	New Home Sales Price	$384,400	$408,400
	1-Year Change	8%	-1%
	Existing Home Sales Price	$371,300	$337,900
	1-Year Change	15%	10%
	Mortgage Delinquency Rate	1.7%	4.2%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2020; and months of inventory and mortgage delinquency data are as of November 2020. The current date is December 1, 2020.
Sources: Months of inventory—Redfin, a national real estate brokerage; home sales and prices—Zonda; delinquency data—CoreLogic, Inc.; HMA vacancy rate—estimates by the analyst

New Home Sales and Prices

During the 12 months ending November 2020, 6,275 new homes sold, up 13 percent from a year prior, accounting for nearly one-fourth of total home sales in the HMA (Zonda). By comparison, during the previous 12 months, new home sales increased 16 percent year over year. New home sales declined at an average annual rate of 27 percent because of the Great Recession, from almost 7,375 new home sales in 2005 to a low of 1,150 in 2011. As economic conditions and household finances improved, new home sales increased rapidly; from 2012 through 2018, new home sales increased by an average of 520 sales, or 22 percent, annually.

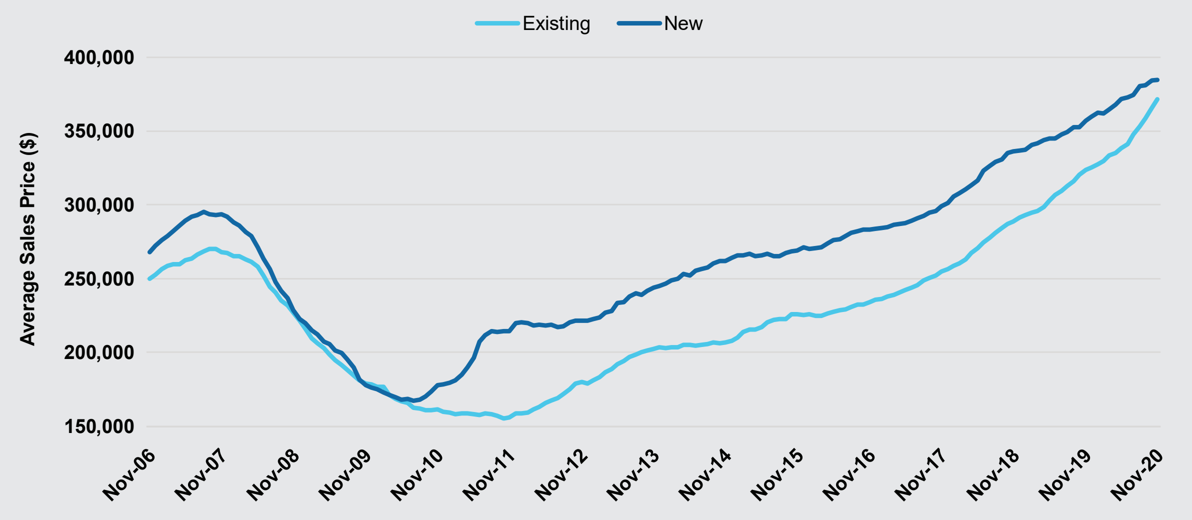
The average new home sales price increased nearly 8 percent during the 12 months ending November 2020, to $384,400, compared with a 7-percent increase a year prior. The current average sales price is 32 percent greater than the prerecession peak in 2006 and more than twice as much as the trough in 2011. From 2012 through 2018, new home sales prices increased at an average annual rate of 6 percent. The largest concentration of new home sales during the past 12 months has been for homes priced from $200,000 to $549,999 (Figure 11).

Existing Home Sales and Prices

During the 12 months ending November 2020, 20,200 existing homes sold, up 4 percent from a year ago and compared with a 2-percent reduction during the 12 months ending November 2019 (Zonda). The trough for existing home sales following the Great Recession occurred in 2008 when 13,150 existing homes were sold; existing home sales increased every year at an average annual rate of 5 percent through 2016 to 19,550. From 2017 through 2019, existing home sales were relatively flat, averaging 19,550 sales each year, largely due to a shortage in for-sale inventory.

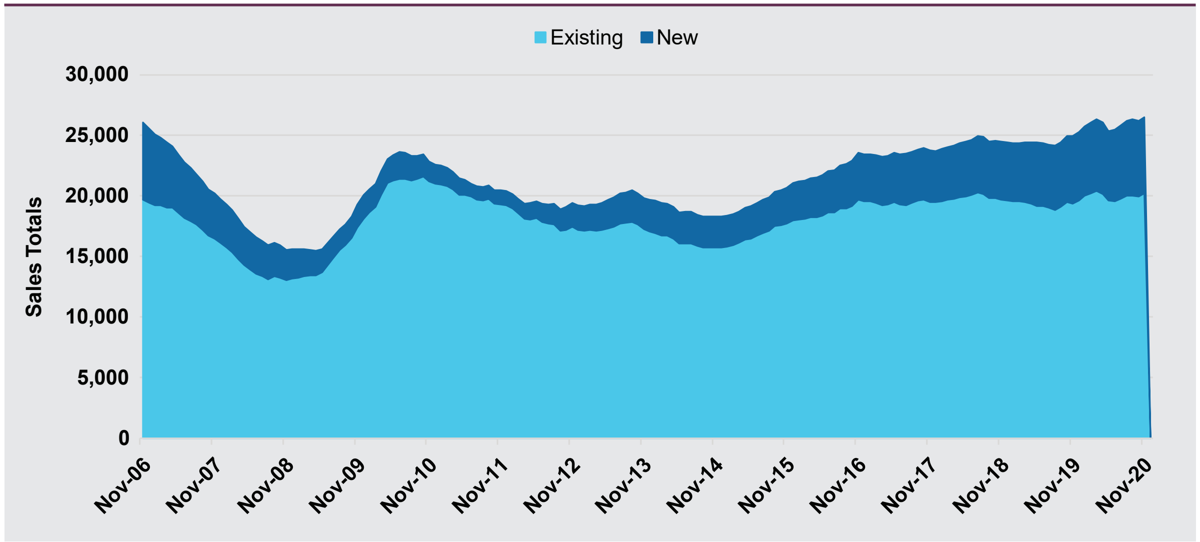
Existing home sales prices increased 15 percent in the HMA during the 12 months ending November 2020, to $371,300, following a 12-percent increase during the 12 months ending November 2019. The current average sales price is 27 percent greater than the prerecession peak in 2007 and more than twice as much as the trough in 2009, having

Figure 9. 12-Month Average Sales Price by Type of Sale in the Boise HMA



Source: Zonda

Figure 10. 12-Month Sales Totals by Type in the Boise HMA



Source: Zonda

increased every subsequent year through 2018 at an average annual rate of 6 percent. The largest concentration of existing home sales during the past 12 months has been for homes priced from $200,000 to $349,999 (Figure 11).

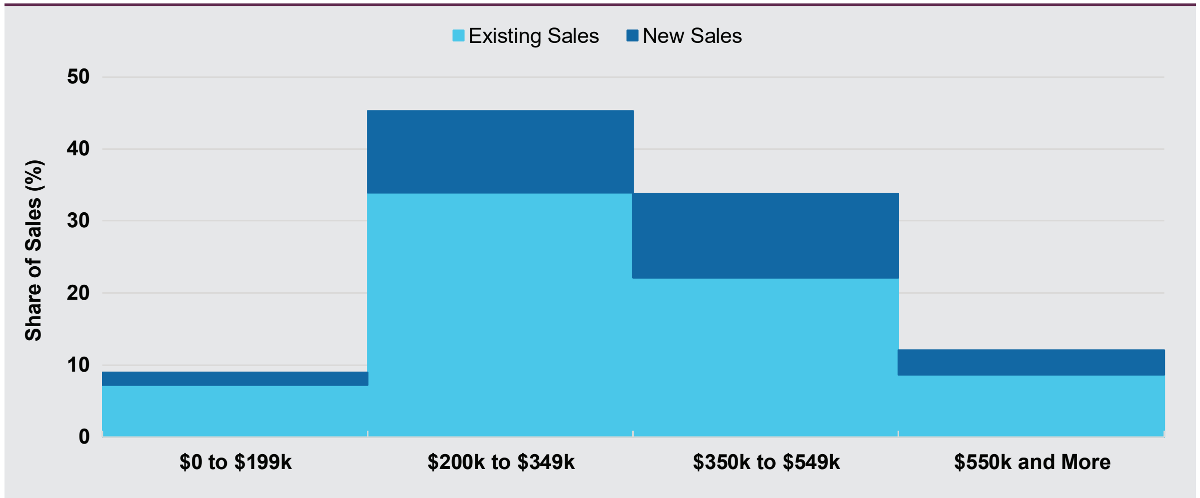
Delinquent Mortgages

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the HMA has remained well below the national rate since 2000 (CoreLogic, Inc.). In mid-2010, the rate of seriously delinquent mortgages and REO properties in the HMA peaked at 8.0 percent; the national rate reached a high of 8.6 percent in February 2010. In November 2020, 1.7 percent of mortgages in the HMA were seriously delinquent or in REO status, up from 0.4 percent a year earlier. Nationally, the rate increased from 1.4 to 4.1 percent during the same period. The current rate in the HMA is significantly higher than the 0.3-percent rate in February 2020 before the pandemic, but down from a recent high of 1.8 percent in August 2020.

Sales Construction Activity

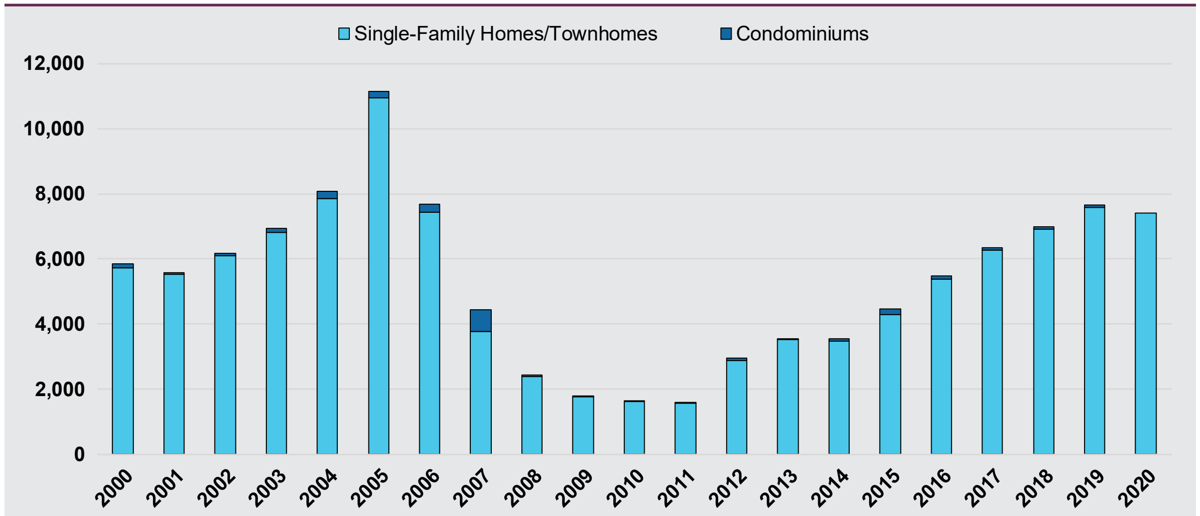
Economic recovery following the Great Recession began in 2011, and the effects were evident in the sales market a year later. Beginning in 2012, homebuilders responded to the improving sales market conditions by increasing new home production. Current new home production, as measured by the number of sales units permitted, is well below the levels before the housing collapse and Great Recession (Figure 12).

Figure 11. Share of Overall Sales by Price Range During the 12 Months Ending November 2020 in the Boise HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Figure 12. Average Annual Sales Permitting Activity in the Boise HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through November 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

During the 12 months ending November 2020, 8,025 homes were permitted, up 7 percent from a year earlier (preliminary data). New home construction peaked in 2005 when population and economic growth were at their highest and 11,150 homes were permitted. Subsequently, economic conditions worsened, household finances suffered, and population growth slowed, causing demand for new housing to drop. New home construction fell by an average of 28 percent annually from 2006 through 2011 to 1,600 homes permitted in 2011, the lowest level of new home construction since the late 1980s. From 2012 through 2019, during a period of strong population growth and economic expansion, sales permitting activity increased an average of 22 percent annually to 7,650 homes permitted.

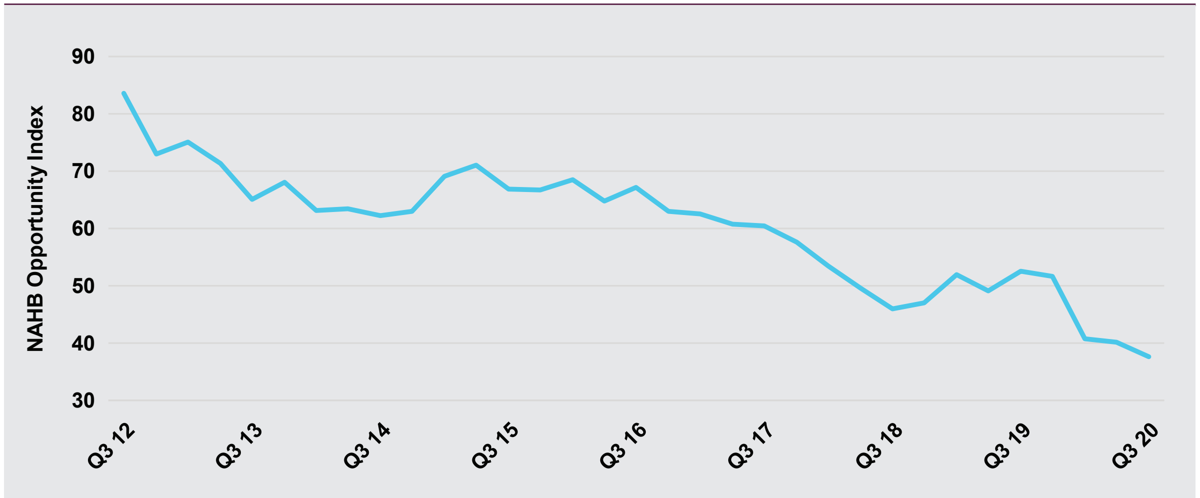
New home construction is occurring across the HMA, with a high concentration in the cities of Boise and Meridian in Ada County and Nampa in Canyon County. Since 2010, the city of Meridian has had the greatest share of new home construction in the HMA, accounting for 26 percent of sales construction activity, followed by the city of Boise, which accounted for 12 percent, up from 22 and 11 percent, respectively, from 2000 to 2010. During the same time, Nampa accounted for 12 percent of sales permitting activity, down from 16 percent from 2000 to 2010. The city of Eagle, in Ada County, accounted for 9 percent of sales construction activity since 2010, up from 5 percent from 2000 to 2010.

The subdivision with the most new homes sales in the HMA year-to-date was in the Legacy Development in Eagle, a 590-acre planned community, which had 150 home sales with a median sales price of $490,600 (Zonda), although prices range from the mid-$300,000s to over $1 million. The second most new home sales occurred in the master-planned community, Century Farm, in Meridian, where 125 new homes sold at a median price of $468,800. Additionally, the next three highest selling subdivisions in the HMA were also in Meridian, with median sales prices that ranged from $376,000 to $532,100. In Canyon County, the most new home sales were in Fairhaven, a new home subdivision in Nampa with 115 new home sales at a median sales price of $341,700.

Sales Housing Affordability

Homeownership is becoming increasingly unaffordable in the HMA—affordability has been declining since 2012 because home prices increased faster than wages. Much of the upward pressure on sales prices has been caused by households moving to the HMA from higher cost metropolitan areas, especially from California, where the average sales price of a home can be in excess of three times that of the HMA. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a household earning the local median income, was 37.7 during the third quarter of 2020, down sharply from 52.6 during the third quarter of 2019, and down substantially from 83.3 during the second quarter of 2012 (Figure 13). During the

Figure 13. Boise HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q3 = third quarter.
Sources: NAHB; Wells Fargo

most recent quarter, 209 metropolitan areas out of the 237 metropolitan areas measured, or 88 percent of metropolitan areas in the nation, had greater housing affordability than the HMA.

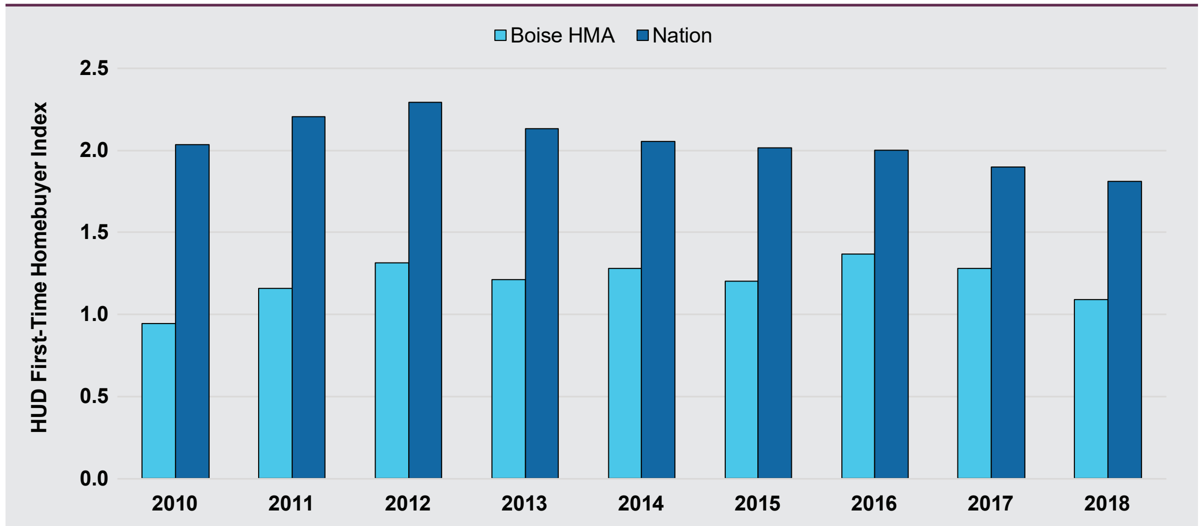
The HMA is young, with a median age of 37 compared with the national average of 38.5 in 2019 (ACS). With the largest age cohort of residents 18 to 39 years of age (Figure 6), low housing affordability has made it difficult for first-time homebuyers to enter homeownership. The HUD First-Time Homebuyer Affordability Index is a measure of the median household income for householders ages 25 to 44 years old relative to the income needed to purchase the 25th percentile-priced home. The index value in the HMA has been above 1.00 since 2010, indicating most entry-level homes are affordable for young households, but the index has declined in recent years (Figure 14). Since a high of 1.32 in 2012, the index has generally trended down and was 1.09 in 2018. Nationwide, the index also declined from 1.90 in 2017 to 1.81 in 2018, but the national index has remained above 1.80 every year during the past decade. Although this index indicates relative affordability for first-time homebuyers in the HMA, it assumes a down payment equal to 20 percent of the home value, one of the major obstacles impeding homeownership for this age group.

Several state and local programs are aimed at providing down payment assistance to qualifying households, typically first-time homebuyers or low-income households earning at or below 80 percent of the Area Median Family Income (AMFI), which was $74,800 in the HMA in 2020. One example is the Ada County Housing Authority, which offers grants up to $25,000 to qualifying households that purchase a home in the city limits of Meridian, funded by the City of Meridian Community Development Block Grant Program (CDBG). The city of Boise offers similar incentives to qualifying households. The Idaho Department of Finance provides free homebuyer education classes and counseling. In addition to loan and down payment assistance programs, the Idaho Housing and Finance Association provides eligible homebuyers with a Mortgage Credit Certificate (MCC). Through this program, buyers receive an annual federal tax reduction of up to 35 percent of the interest paid on their mortgage with a maximum of $2,000 a year.

Forecast

During the next 3 years, demand is estimated for 18,750 new homes (Table 6). The 3,075 homes currently under construction will meet a portion of the demand during the first year of the forecast. Residential development is expected to be focused in the cities of Meridian and Eagle in Ada County and throughout Canyon County.

Figure 14. Boise HMA HUD First-Time Homebuyer Index



Sources: American Community Survey, 1-year data; Federal Housing Finance Agency; and Zonda

Table 6. Demand for New Sales Units in the Boise HMA During the Forecast Period

	Sales Units
Demand	18,750 Units
Under Construction	3,075 Units

Note: The forecast period is from December 1, 2020, to December 1, 2023.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Tight

The apartment vacancy rate was 3.7 percent during the third quarter of 2020, the lowest third-quarter vacancy rate since 2014 (Moody's Analytics REIS).

Current Conditions and Recent Trends

Rental housing market conditions in the Boise HMA are currently slightly tight, with an overall estimated vacancy rate of 4.0 percent, down from 8.2 percent in April 2010 (Table 7). Strong net in-migration, relatively slow rental construction during the Great Recession (Figure 15), and increased rental household growth spurred by the housing crisis contributed to declining vacancy rates and rising rents (Figure 16).

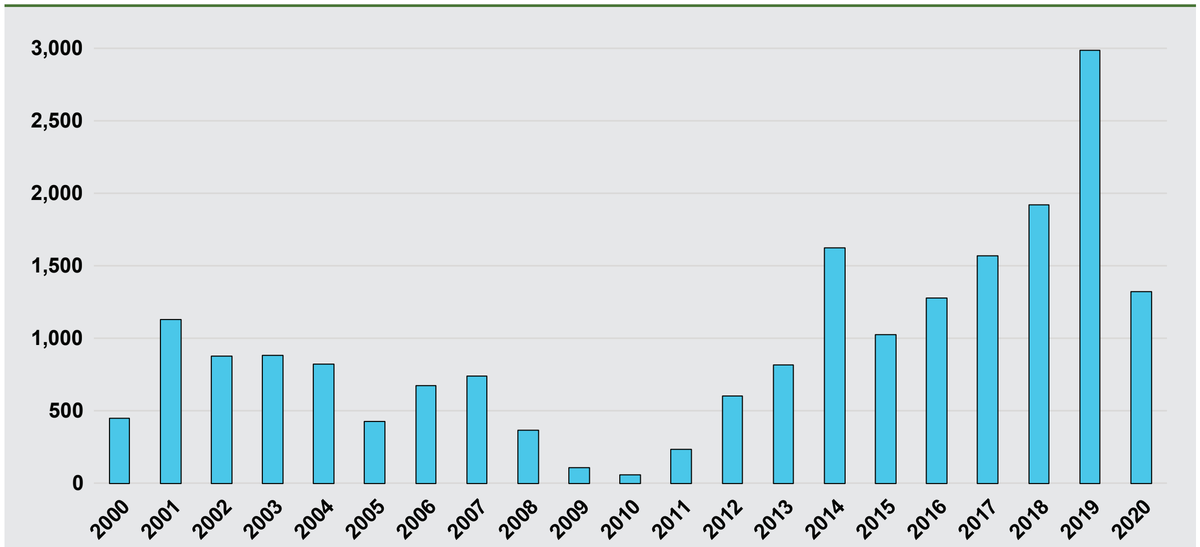
Approximately 54 percent of renter households in the HMA live in apartments (buildings with two or more units in the structure) compared with 52 percent in 2010 (2010 and 2019 ACS, 1-year estimates). Despite record-high levels of apartment construction since the beginning of 2014—and the recent economic shock to the economy from the countermeasures to slow the spread of COVID-19—apartment market conditions were slightly tight during the third quarter of 2020, with an estimated vacancy rate of 3.7 percent, down from 4.8 percent a year ago, and the lowest third-quarter vacancy rate since 2.3 percent in 2014 (Moody's Analytics REIS). During the third quarter of 2020, the average rent in the HMA increased less than 1 percent to $1,014, compared with year-over-year rent growth of 5 percent during the third quarter of 2019. Federal and state level eviction protection policies likely helped mitigate some of the negative effects from the countermeasures used to slow the spread of COVID-19.

Table 7. Rental and Apartment Market Quick Facts in the Boise HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	8.2	4.0
		2010 (%)	2019 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	48.3	46.2
	Multifamily (2–4 Units)	20.4	19.0
	Multifamily (5+ Units)	26.0	30.7
	Other (Including Mobile Homes)	5.2	4.0

Notes: The current date is December 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; Moody's Analytics REIS

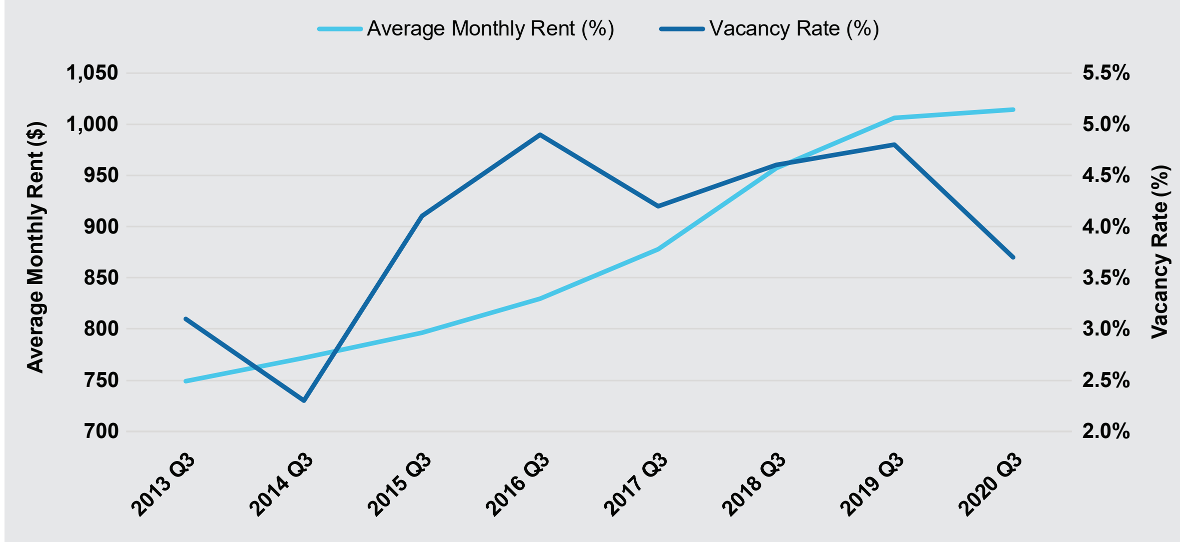
Figure 15. Average Annual Rental Permitting Activity in the Boise HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through November 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

The third-quarter vacancy rate in the HMA peaked at 8.7 percent in 2009 when market conditions were soft. Record low inventory growth from 2008 through 2011, coupled with increased rental demand following the housing market collapse, caused the vacancy rate to fall to a low of 2.3 percent in 2014. During this time, the average rent increased gradually at an average annual rate of 2 percent. Subsequently, builders responded to the improving market conditions by increasing apartment construction. The vacancy rate rose, averaging 4.5 percent during the third quarter of each year from 2015 through 2019, and rent growth averaged nearly 6 percent annually.

Figure 16. Apartment Rents and Vacancy Rates in the Boise HMA



Q3 = third quarter.
Source: Moody's Analytics REIS

Student Housing

BSU can house approximately 3,150 full-time students in on-campus housing, leaving approximately 10,800 full-time students living off campus. Although most BSU courses have been taught remotely since the spring of 2020 and most dormitories remain closed to contain the spread of COVID-19, many students returned to the HMA for the 2020–2021 school year, causing apartment market conditions near the university to remain very tight. Student apartments, defined as privately owned but targeted at students (usually renting beds instead of units), had a vacancy rate of 0.1 percent during the 2020–2021 academic year compared with 0.6 percent during the 2019–2020 academic year (Moody's Analytics REIS). During the same time, the average rent per bed increased 5 percent to $692 compared with an increase of 2 percent a year earlier. The vacancy rate for student housing has been less than 2 percent since the 2016–2017 academic year.

Senior Housing

Vacancies among all types of senior housing increased during the past year, including assisted living, independent living, memory care, and skilled nursing facilities compared with the same time a year ago (Moody's Analytics REIS). Much of the increase is due to the public health crisis, with seniors being one of the most vulnerable groups to suffer serious health consequences from contracting the highly contagious COVID-19 virus. In Ada County, during the third quarter of 2020, the vacancy rate for senior housing increased to 12.4 percent, compared with 7.4 percent a year ago, with memory care facilities experiencing the highest jump, from 9.7 to 18.3 percent. Senior housing in Canyon County followed similar trends; the vacancy rate was 19.8 percent during the third quarter of 2020 compared with 16.3 percent a year earlier, and the rate at skilled nursing facilities increased the most, from 26.9 to 31.1 percent.

Apartment Construction Activity

Apartment construction, as measured by the number of rental units permitted, generally increased every year from 2011 through 2019, and in 2019 the level of apartment construction was the highest since at least 1980. However, the economic uncertainty brought on by the pandemic and slowing rent growth caused apartment construction activity to decrease dramatically during the past year. During the 12 months ending November 2020, apartment construction totaled 1,600 units, down 53 percent from 3,025 a year ago (preliminary data).

For context, apartment construction averaged 790 units annually from 2001 through 2007 and declined 50 percent to 560 units permitted in 2008 as housing market conditions deteriorated. The onset of the recession and the subsequent housing market collapse caused the permitting of rental units to decline, and apartment construction averaged less than 90 units a year in 2009 and 2010. Apartment construction activity remained low but more than doubled in 2011 to 230 units. During this time, financing for new construction was particularly hard to obtain, despite increased demand for rental units brought on by the foreclosure crisis. Lack of financing resulted in a very limited supply of new apartments, which, when coupled with increased demand, caused apartment market conditions to tighten. As lenders became increasingly confident in the economic recovery, and as financing returned, builders responded by significantly increasing apartment construction, and that trend lasted until the pandemic; apartment construction increased at an average annual rate of 54 percent from 2011 through 2019.

The period 2015 through 2019 sustained the highest-level of rental construction activity in the HMA during any 5-year period since at least 1980, averaging 1,750 units annually. This period corresponds with strong job and population growth coupled with a shortage of for-sale housing. More than 400 senior apartments were built during the period, and more than 1,200 rooms were added in assisted living, memory care, and nursing home facilities (CBRE). Approximately 1,800 apartments intended for students attending BSU were completed (Moody's Analytics REIS). An estimated 1,450 apartment units are currently under construction in the HMA; approximately 620, or 42 percent, are in Meridian, 400, or 27 percent are in Nampa, and 340, or 23 percent, are in Boise. The largest development completed year-to-date was The Farmstead Apartments in Nampa, with 260 units completed in June 2020. Asking rents start at $1,295, $1,310, and $1,545 for one-, two-, and three-bedroom units, respectively. The second and third largest apartment complexes to be completed in the HMA year-to-date were in Meridian (CBRE). The Lofts at Ten Mile, with 240 units, opened in January 2020, and the 100-unit Harper Ridge Apartments opened in February. Rents are not publicly available for Harper Ridge Apartments but rents at The Lofts at Ten Mile ranged from $1,341–$1,481 for one-bedroom units and from $1,526–$1,806 for two-bedroom units (apartments.com).

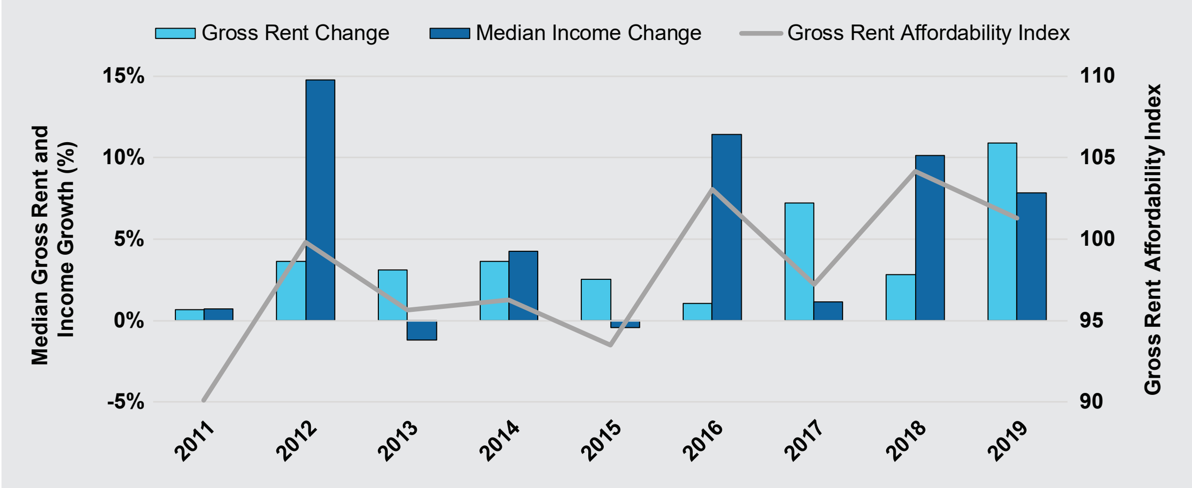
Housing Affordability: Rental

Rental housing has become increasingly affordable for most households in the HMA, unlike trends in the sales market. The HUD Gross Rent Affordability Index, a measure of median renter household income relative to the qualifying income for the median-priced rental unit, has remained above 100 since 2017, indicating that the rental market is generally affordable in the HMA (Figure 17). Income growth outpacing rent growth has caused affordability to increase in the HMA, from a low of 90.1 in 2011 during the worst of the housing market crisis to 101.3 in 2019. This dynamic is perpetuated by households moving to the HMA from higher cost metropolitan areas in the West.

Forecast

Rental demand is expected to increase each year during the 3-year forecast period, but the economic uncertainty stemming from the pandemic and efforts to contain it will likely suppress demand in the first year of the forecast. During the next 3 years, demand is expected for 5,200 apartments (Table 8). The 1,450 apartment units currently under construction will satisfy the demand during most of the first year of the forecast period. Apartment construction is expected to be concentrated in Meridian and Eagle in Ada County and throughout Canyon County.

Figure 17. Boise HMA Gross Rent Affordability Index



Notes: Rental affordability is for the larger Boise Metropolitan Statistical Area. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.
Source: American Community Survey, 1-year data

Table 8. Demand for New Rental Units in the Boise HMA During the Forecast Period

	Rental Units
Demand	5,200 Units
Under Construction	1,450 Units

Note: The forecast period is December 1, 2020, to December 1, 2023.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

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.
Forecast Period	12/1/2020–12/1/2023—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Housing Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Sales/Rental Unit 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.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of 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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D. Photo/Map Credits

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