

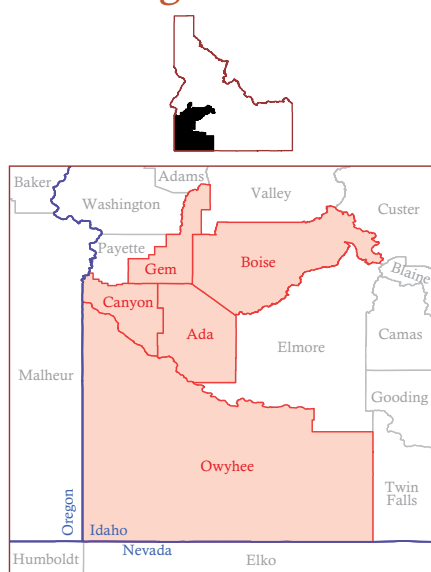


Boise City, Idaho

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of February 1, 2018

PD&R

Housing Market Area



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 comprise 95 percent of the HMA population. The city of Boise in Ada County is the state capital and home to Boise State University (BSU), which enrolled an average of 22,000 students in 2017.

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Summary

Economy

Nonfarm payroll growth in the Boise HMA averaged 3.6 percent annually from 2014 through 2016, contributing to very strong economic conditions. During the 12 months ending January 2018, nonfarm payrolls averaged 317,500, an increase of 12,500 jobs, or 4.1 percent, from a year ago, and the unemployment rate declined from 3.7 to 3.0 percent. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 10,500 jobs, or 3.3 percent, each year.

Sales Market

Sales housing market conditions in the HMA are currently very tight, with an estimated vacancy rate of 1.0 percent, down from 3.4 percent in April 2010. Approximately 25,000 new and existing homes sold during 2017, up 2 percent from a year ago, and the average sales price increased more than 8 percent to \$261,600 (CoreLogic, Inc., with adjustments by the analyst). During the forecast period, demand is expected for 15,050 new homes (Table 1). The 2,850 homes currently under construction will meet a portion of the forecast demand.

Rental Market

The overall rental housing market in the HMA is slightly tight, with an estimated vacancy rate of 4.5 percent, down from 8.2 percent in April 2010. Apartment market conditions are also slightly tight, with a 4.7-percent vacancy rate during the fourth quarter of 2017, down from 5.8 percent the previous year, and the average rent increased 4 percent to \$872 (Reis, Inc.). During the forecast, demand is estimated for 4,000 new market-rate rental units (Table 1). The 1,125 units currently under construction and 1,300 units expected to start construction in the next year will meet a portion of that demand.

Table 1. Housing Demand in the Boise City HMA During the Forecast Period

	Boise City HMA	
	Sales Units	Rental Units
Total demand	15,050	4,000
Under construction	2,850	1,125

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of February 1, 2018. The forecast period is February 1, 2018, to February 1, 2021.

Source: Estimates by analyst

Economic Conditions

The Boise HMA is the largest employment center in the state of Idaho, with a diverse economy and job growth across the board. All nonfarm payroll sectors, with the exception of information, added at least 300 jobs during the past 12 months. Currently, economic conditions in the HMA are very strong, with a gain of 12,500 jobs, or 4.1 percent, during the 12 months ending January 2018 to 317,500 jobs compared with an increase of 12,600 jobs, or 4.3 percent, during the 12 months ending January 2017 (Table 2). The 7-year period since economic recovery began in 2011 has been the longest period of sustained job growth in the HMA since the

1990s, with nonfarm payroll gains averaging 9,100 jobs, or 3.3 percent, a year. During this time, the wholesale and retail trade, the mining, logging, and construction, the leisure and hospitality, the education and health services, and the professional and business services sectors accounted for almost 73 percent of total job gains.

By comparison, the economic expansion from 2002 through 2007 that followed the 2001 dot-com recession but preceded the Great Recession averaged job growth of 6,900 jobs, or 2.8 percent, annually. Approximately 77 percent of all job gains during the expansion occurred in the mining, logging, and construction, the wholesale and retail trade, the education and health services, and the professional and business services sectors. Robust labor market conditions during this time led to an influx of new residents, increasing the demand for residential construction, which further increased the demand for labor, especially in the construction industry. Elevated population growth during this time led to an increase in the demand for health-care services as well. Subsequently, the Great Recession caused payrolls to decline by an average of 7,900 jobs, or 2.9 percent, annually from 2008 through 2010, and the unemployment rate spiked, averaging 8.1 percent. Job declines were greatest in the mining, logging, and construction sector as new home construction slowed dramatically. The unemployment rate averaged 3.0 percent during the 12 months ending January 2018, down from 3.7 percent a year prior and equal to the 3.0-percent rate recorded in 2007 before the economy began to lose jobs. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2017.

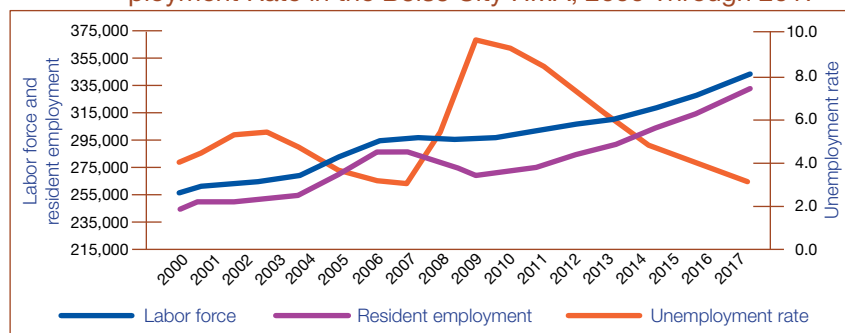
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Boise City HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	January 2017	January 2018		
Total nonfarm payroll jobs	305,000	317,500	12,500	4.1
Goods-producing sectors	46,200	49,700	3,500	7.6
Mining, logging, & construction	20,100	21,900	1,800	9.0
Manufacturing	26,100	27,800	1,700	6.5
Service-providing sectors	258,800	267,800	9,000	3.5
Wholesale & retail trade	50,100	51,100	1,000	2.0
Transportation & utilities	9,700	10,100	400	4.1
Information	4,700	4,600	-100	-2.1
Financial activities	17,000	17,900	900	5.3
Professional & business services	45,100	47,200	2,100	4.7
Education & health services	44,700	46,600	1,900	4.3
Leisure & hospitality	30,700	32,100	1,400	4.6
Other services	11,000	11,300	300	2.7
Government	45,800	46,900	1,100	2.4

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through January 2017 and January 2018.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Boise City HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics

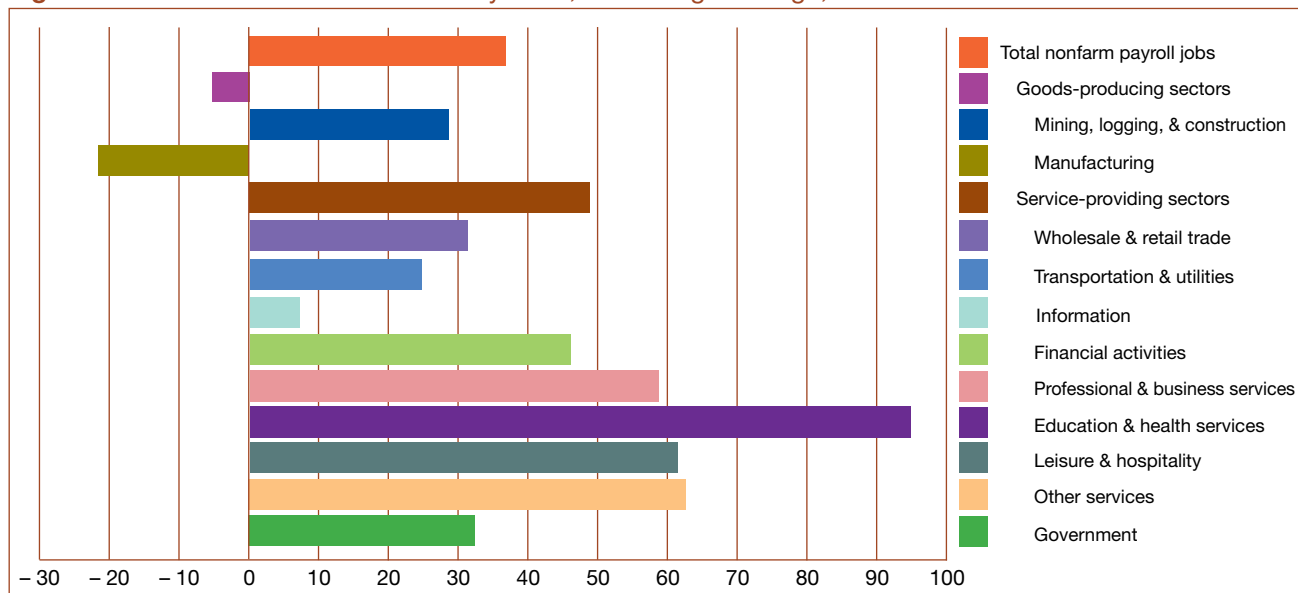
The largest nonfarm payroll gains during the 12 months ending January 2018 occurred in the professional and business services sector, which added 2,100 jobs, or 4.7 percent, to 47,200 jobs compared with a gain of 3,400 jobs, or 8.1 percent, during the previous period. Job growth in the sector is attributable to the broad-based hiring among many firms in the HMA capitalizing on the current economic expansion. Professional and business services sector payrolls mirrored overall economic conditions in the HMA, contracting during the Great Recession, then steadily adding jobs since the recovery began in 2011. The sector is expected to continue adding jobs during the 3-year forecast period as the economy is expected to continue to grow at a robust pace.

Payrolls in the education and health services sector have nearly doubled since 2000, making it the fastest growing sector in the HMA (Figure 2). During the 12 months ending January 2018, sector payrolls increased by 1,900 jobs, or 4.3 percent, to 46,600

jobs compared with an increase of 1,000 jobs, or 2.4 percent, during the same time a year prior. The education and health services sector has added jobs every year since 2000, including during the Great Recession. Part of the recent job growth can be attributed to Saint Alphonsus Regional Medical Center and Saint Luke's Health System, two of the largest employers in the HMA (Table 3), opening new hospitals in Canyon County in the summer and fall of 2017, respectively. The respective investments for these new hospitals were \$80 and \$96 million. Additionally, both healthcare providers have plans to expand in 2018; Saint Luke's will break ground on a 230,000-square-foot hospital west of downtown Boise focused on orthopedic care, and Saint Alphonsus will begin construction on a smaller neighborhood hospital near downtown Boise, which will support further growth in the sector during the next 3 years.

The wholesale and retail trade sector added 1,000 jobs, or 2.0 percent, to

Figure 2. Sector Growth in the Boise City HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through January 2018.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Boise City HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Luke's Health System	Education & health services	13,600
Micron Technology, Inc.	Manufacturing	6,500
Boise State University	Government	4,500
Saint Alphonsus Regional Medical Center	Education & health services	4,300
J.R. Simplot Company	Manufacturing	3,150
HP Inc.	Manufacturing	3,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	2,550
Albertsons	Wholesale & retail trade	2,300
Wells Fargo	Financial activities	2,275
The Kroger Co.	Wholesale & retail trade	2,075

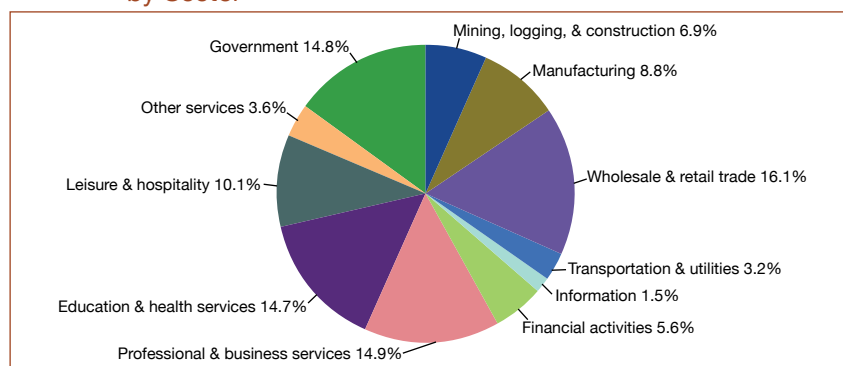
Note: Excludes local school districts.

Source: Moody's Economy.com

51,100 jobs during the 12 months ending January 2018 and is the largest payroll sector in the economy, accounting for approximately 16 percent of total nonfarm payrolls in the HMA (Figure 3). By comparison, payrolls increased by 1,200 jobs, or 2.4 percent, during the 12 months ending January 2017. Job growth in this sector benefits from hiring in all sectors of the economy, because as economic conditions improve, so do household finances, and better household finances tend to encourage increased spending. During the fourth quarter of 2017, the retail vacancy rate was approximately 7.5 percent in the HMA, relatively unchanged from a year ago (Colliers International). However, downtown Boise has been undergoing successful

redevelopment the past several years, and in the downtown core, the retail vacancy rate declined 1.4 percentage points from a year ago to 4.6 percent. Sector payrolls paralleled the overall economy during the Great Recession but has added the most jobs of any sector since the recovery began, increasing by an average of 1,400 jobs, or 3.1 percent, a year. Job growth is expected to continue in this sector during the forecast period, as the economy continues to expand and population growth remains strong.

The government sector is vital to the economy of the HMA, which is home to the state capital and BSU, accounting for 46,900 jobs in the HMA, or almost 15 percent of total payrolls. During the 12 months ending January 2018, government payrolls increased by 1,100 jobs, or 2.4 percent, compared with an increase of 800 jobs, or 1.8 percent, during the 12 months ending January 2017. State and local government are the predominant subsectors, with 14,700 and 25,700 employees respectively. The university enrolled approximately 22,000 students in 2017 and employed 4,500 people, relatively unchanged from a year prior. A recent study suggests the economic impact of BSU on the HMA was \$589.5 million in 2015 (BSU). The government sector has

Figure 3. Current Nonfarm Payroll Jobs in the Boise City HMA, by Sector

Note: Based on 12-month averages through January 2018.

Source: U.S. Bureau of Labor Statistics

been a source of slow but steady job growth in the HMA, increasing by an average of 600 jobs, or 1.6 percent, annually from 2001 through 2016, despite a 2-year dip during the Great Recession in which sector payrolls fell by 1,100 jobs. Modest growth in the government sector is expected to continue during the forecast period.

After 5 solid years of job growth, mining, logging, and construction sector payrolls are currently 70 percent greater than the trough during the Great Recession and 10 percent less than the prerecession high. During the 12 months ending January 2018, sector payrolls increased by 1,800 jobs, or 9.0 percent, to 21,900 jobs compared with an increase of 2,000 jobs, or 10.8 percent, a year ago; more than 90 percent of the jobs in this sector are construction related. Most of the job growth during the past 5 years can be attributed to increased demand for construction labor, as the demand for new housing intensified along with a boost in commercial construction. Dozens of large residential and commercial construction projects are under way in the HMA, with a heavy

concentration in downtown Boise and the city of Meridian. Meridian, once considered a suburb of Boise, surpassed Nampa to become the second largest city in the state and ranked as the 13th fastest growing city in the country in 2016 (U.S. Census Bureau). Two of the larger developments under way in Meridian include the 55-acre Ten Mile Creek and 75-acre Ten Mile Crossing, both of which will contain of a mix of office, retail, industrial, and multifamily components. Growth in this sector is expected to continue during the forecast period, as new commercial and residential development continues throughout the HMA and the demand for construction labor remains high.

During the forecast period, nonfarm payrolls are projected to increase by an average of 10,500 jobs, or 3.3 percent, annually. Job growth is expected to be broad based, occurring in all sectors of the economy, with growth slowing during the second and third years of the forecast period to a more sustainable rate. Table DP-1 at the end of this report provides additional employment data.

Population and Households

As of February 1, 2018, the population of the Boise HMA was estimated at 716,700, reflecting an average annual growth rate of 1.9 percent, or 12,800 people, since 2010, with net in-migration accounting for two-thirds of the increase. From 2000 to 2003, population growth in the HMA averaged 3.0 percent, or 14,500 people, annually with net in-migration accounting for approximately 9,475 people each year, or 65 percent of the

increase (Census Bureau population estimates as of July 1). As the economy expanded from 2003 to 2008, the population increased by an average of 3.3 percent, or 18,150, a year, and net in-migration increased to 12,400 people a year. Job growth in the mining, logging, and construction sector increased sharply to meet the rising demand for new homes, which stemmed from rapid population growth. Service-related industries in

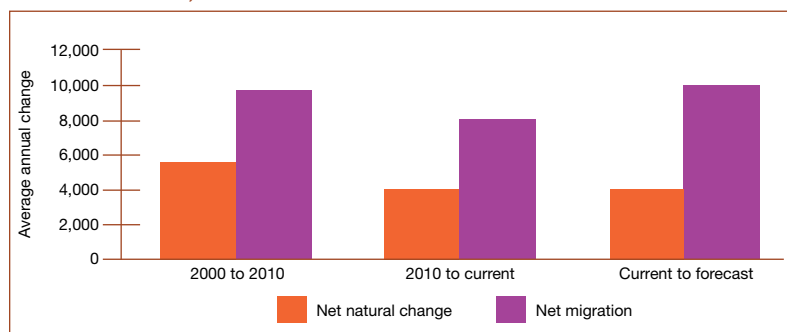
the HMA, such as healthcare services and retail trade, expanded to serve the increase in population, which resulted in even stronger labor market conditions, prompting further net in-migration from jobseekers and creating even more demand for new homes. Most people moving to the HMA came from California, Washington, Oregon, Alaska, and Arizona (Census Bureau, State-to-State Migration Flows).

The Great Recession and foreclosure crisis that followed caused home prices to decline rapidly, which resulted in a sharp reduction in homebuilding activity. This reduction led to a quick downturn in construction-related payrolls and in 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. The recession had a similar but milder effect on other sectors, including the manufacturing, the leisure and hospitality, and the wholesale and retail trade sectors. The weak labor and housing markets slowed the rate of population growth to an average of 1.2 percent, or 7,400 people, a year from 2008 to 2010, and the net in-migration fell to an average of 1,975 a year, accounting for only

27 percent of the growth. From 2010 to 2012, as economic and housing market conditions began to improve, the population growth rate increased to an average of 1.6 percent, or 9,750, annually; net in-migration almost tripled, averaging 5,325 people annually, accounting for 56 percent of population growth. Population growth gained momentum in stride with the economy, increasing by an average of 14,200 people, or 2.1 percent, from 2012 through the current date; net in-migration during this time comprised approximately 70 percent of population growth, or 10,000 people each year. As the economy of the HMA continues to expand, inducing net in-migration from jobseekers, the population is expected to grow at an average annual rate of 2.0 percent, or 14,350, during the 3-year forecast period, with about 71 percent resulting from net in-migration. The population of the HMA is expected to reach 759,700 by February 1, 2021. Figure 4 shows the components of population change from 2000 to the forecast date.

An estimated 264,500 households reside in the HMA, reflecting an average annual increase of 4,975 households, or 2.1 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 estimated 68.2 percent of current households, or 180,400 households, are homeowners, and the remaining 84,100 are renter households (Figure 5). Corresponding with the national trend of declining homeownership, the rate in the Boise HMA has declined since 2010 and 2000, when 69.5 and 71.8 percent of households were homeowners, respectively. As the economy continues

Figure 4. Components of Population Change in the Boise City HMA, 2000 to Forecast



Notes: The current date is February 1, 2018. The forecast date is February 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

to expand and net in-migration increases, household growth is expected to average 5,925 households, or 2.2 percent, a year during the forecast

period, reaching 282,300 households by February 1, 2021. Figure 6 shows population and household growth trends from 2000 to the forecast date.

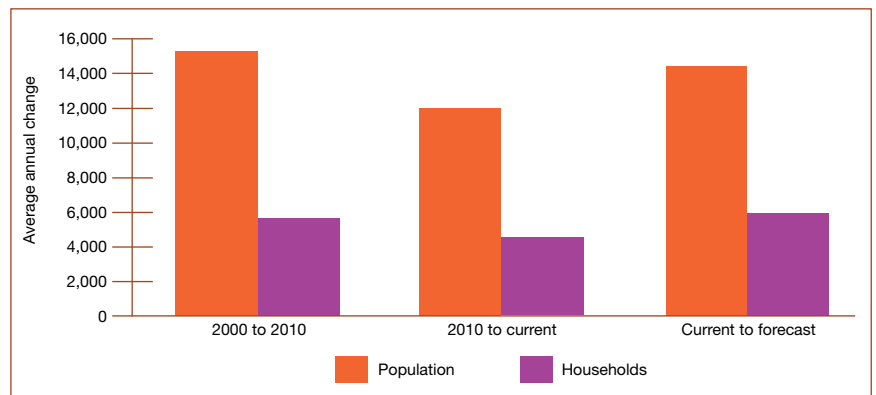
Figure 5. Number of Households by Tenure in the Boise City HMA, 2000 to Current



Note: The current date is February 1, 2018.

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

Figure 6. Population and Household Growth in the Boise City HMA, 2000 to Forecast



Notes: The current date is February 1, 2018. The forecast date is February 1, 2021.

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

Housing Market Trends

Sales Market

Sales housing market conditions in the Boise HMA are currently very tight, with an estimated vacancy rate of 1.0 percent, down from 3.4 percent in April 2010. The decline in vacancies reflects increased demand for homes

because household finances and access to credit are improving, and much of the excess inventory that resulted from the foreclosure crisis has been absorbed. The amount of for-sale inventory peaked in July 2008 at more

than 10 months of supply. Less than one month of for-sale inventory was available in Ada and Canyon Counties in January 2018, unchanged from a year ago (Intermountain Multiple Listing Service).

During 2017, sales of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) totaled 20,550, reflecting a 3-percent increase compared with the 19,900 existing home sales in 2016 (CoreLogic, Inc., with adjustments by the analyst). Existing home sales peaked in 2005 and 2006, with an average of 23,700 sales a year because of strong population growth and increased demand. Despite strong economic conditions in 2006, sales declined from 2006 through 2008 by an average of 23 percent a year to a low of 11,400 sales. Existing home sales increased moderately in 2009, in part, because of an increase in homes purchased by investors to be held as rental properties, followed by a 15-percent spike in sales during 2010, largely a result of the incentives offered by the first-time homebuyer tax credit program. An average of 15,000 homes sold annually from 2011 through 2014. As economic growth accelerated, home sales increased, averaging 19,100 sales a year in 2015 and 2016.

The average existing home sales price was \$256,200 during 2017, up 8 percent from the previous year. The average sales price increased at an average annual rate of 18 percent from 2004 through 2006 to a high of \$271,100. The market softened as economic growth slowed, however, and the average sales price held steady in 2007, followed by an average annual decline of 12 percent from 2008 through 2011 to a low of \$159,200.

Sales price growth spiked, increasing by an average of 14 percent annually in 2012 and 2013. During this time, intense competition among investors contributed to strong price growth at the lower end of the market, largely because investors took advantage of the relatively low-priced homes. Increasing home prices moderated to average annual growth of 5 percent in 2014 and 2015.

The housing market collapse had a significant impact on the HMA, causing a sharp increase in the number of seriously delinquent (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties, but conditions have improved. As of December 2017, less than 1.0 percent of all home loans were seriously delinquent or had transitioned into REO status compared with a high of 9.0 percent in February 2010 (CoreLogic, Inc.). REO home sales accounted for 30 percent of total existing home sales from 2009 through 2012 compared with only 3 percent from 2000 through 2008. REO sales have declined steadily since 2012, and during 2017, REO sales comprised less than 2 percent of existing home sales (CoreLogic, Inc., with adjustments by the analyst). From 2009 through 2012, the average sales price of an REO home was 30 percent less than that of a regular resale home compared with 18 percent in 2017.

New single-family homes, townhomes, and condominiums (hereafter, new homes) sales have increased each year since 2011. During 2017, 4,050 new homes sold, up 5 percent from new home sales in 2016 (CoreLogic, Inc., with adjustments by the analyst). An average of 5,400 new homes sold a year from 2003 through 2006, when economic and population growth were

strongest, but from 2007 through 2011, sales fell an average of 27 percent a year to a low of 1,175 new home sales, as demand plummeted because of the Great Recession. The average sales price for a new home during 2017 was \$297,700, up more than 7 percent from a year earlier. By contrast, the price increased by an average of 17 percent a year from 2004 through 2007, peaking at \$308,800. Prices declined in response to decreased demand, and in 2008 and 2009, the average price declined by an average of 25 percent each year to a low of \$175,500. As the economy started adding jobs and population growth increased, the demand for new homes strengthened, and the average sales price increased at an average annual rate of 9 percent from 2010 through 2013. Average home price growth slowed to an average of 4 percent in 2014 and 2015.

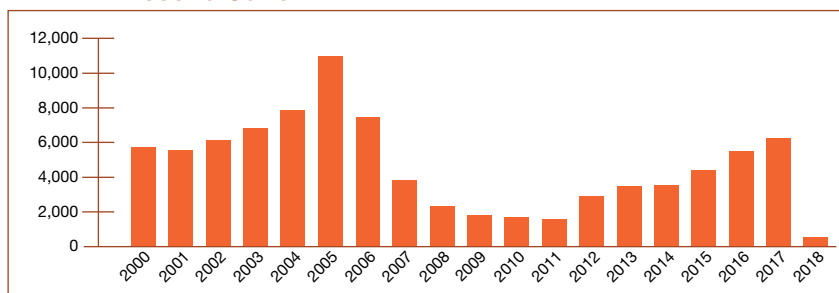
Beginning in 2012, builders responded to the improving sales market by increasing new home construction. During the 12 months ending January 2018, 6,500 single-family homes were permitted, up 24 percent from a year earlier (preliminary data). New home construction peaked in 2005, when population and economic growth were at their highest, and 10,950 single-family homes were permitted (Figure 7). 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 1,575 single-family homes permitted in 2011, the lowest level of new home construction since the late 1980s. Single-family permitting increased an average of 28 percent annually from 2012 through 2016 to 5,375 new homes.

New home construction is occurring across the HMA, with a high concentration in the cities of Boise and Meridian in Ada County. Since 2010, the city of Meridian has had the greatest share of single-family building activity in the HMA, comprising 26 percent of new homes permitted, followed by the city of Boise, which accounted for 15 percent, up from 23 and 11 percent, respectively, from 2000 to 2010. The top subdivisions in the city of Boise, by number of total new homes sold in 2017, were Avimor, with 47 sales and a median price of \$364,200, followed by Harris Ranch, with 35 sales and a median price of \$431,600 (buildidaho.com). Meridian, a suburb of Boise that has experienced rapid growth during the past 15 years, continues to be a popular location for new subdivisions. Paramount in North Meridian sold 115 new homes in 2017, with a median sales price of \$348,000, followed by Bainbridge, with almost 70 new home sales and a median sales price of \$403,300. South Meridian has also grown, with the Reflection Ridge subdivision selling 71 homes in 2017 with a median price of \$416,000.

During the 3-year forecast period, demand is expected for 15,050 new homes, with demand strongest in the first year, slowing in the second and

Figure 7. Single-Family Homes Permitted in the Boise City HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through January 2018.

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

third years, following the projected trend for the economy. The 2,850 homes currently under construction will satisfy some of the demand (Table 1). Meridian is expected to account for a significant share of new

home construction during the forecast period, because prices are lower and land availability is greater than in Boise proper. Demand is expected to be greatest in the \$300,000-to-\$499,999 range (Table 4).

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Boise City HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	299,999	1,800	12.0
300,000	399,999	5,275	35.0
400,000	499,999	4,525	30.0
500,000	599,999	2,700	18.0
600,000	and higher	750	5.0

Notes: The 2,850 homes currently under construction will likely satisfy some of the forecast demand. The forecast period is February 1, 2018, to February 1, 2021.

Source: Estimates by analyst

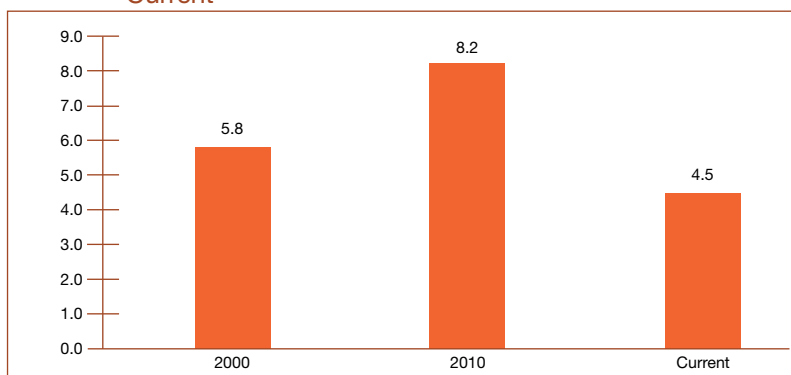
Rental Market

The rental housing market in the Boise HMA is slightly tight, with an estimated overall vacancy rate of 4.5 percent as of February 1, 2018, down from 8.2 percent in April 2010 (Figure 8). The market tightened rapidly in 2010 and 2011, because weak labor market conditions and stricter lending standards brought on by the foreclosure crisis contributed to a decrease in homeownership and an increase in demand for rental units. Conditions continued to tighten in 2012 and 2013 but at a slower rate, as more investors

purchased homes to be put on the market as rentals and new apartment construction increased significantly.

Approximately 50 percent of all renter households in the HMA occupy apartments compared with 61 percent nationally (2016 American Community Survey 1-year estimates). The apartment market in the HMA was balanced during the fourth quarter of 2017, with a 4.9-percent vacancy rate, down from 5.8 percent a year ago despite the addition of more than 1,900 units in the past year (Reis, Inc.). The apartment vacancy rate peaked in 2009 at 9.0 percent and has since fallen because of a shift in preferences toward renting and record low inventory growth from 2008 through 2011. From the fourth quarter of 2016 to the fourth quarter of 2017, the average asking rent increased 4 percent to \$832, and rents averaged \$626 for studio units, \$782 for one-bedroom units, \$902 for two-bedroom units, and \$1,048 for three-bedroom units.

Figure 8. Rental Vacancy Rates in the Boise City HMA, 2000 to Current



Note: The current date is February 1, 2018.

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

Housing Market Trends

Rental Market *Continued*

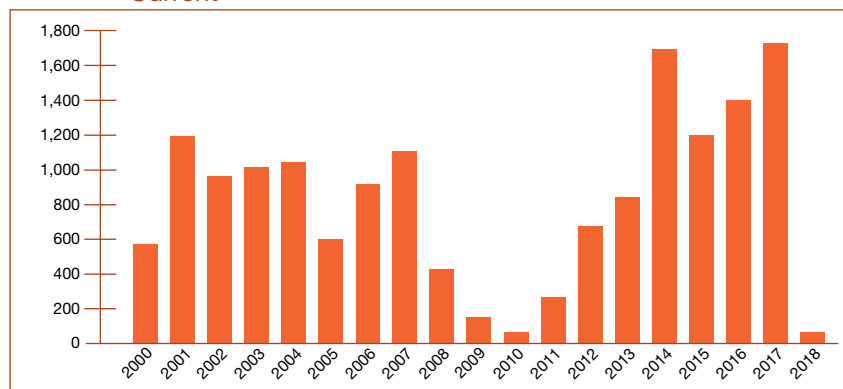
An estimated 19,000 BSU students live off campus in private housing, comprising close to 8 percent of total renter households in the HMA, providing a stable source of renter demand in the HMA. The university has 3,100 beds of student housing, including the 600-bed Honors College and Sawtooth Hall dormitory that opened for fall semester 2017. The average cost per bed in the new dormitory (excluding a meal plan) ranges from \$589 to \$672 a month (assuming a 12-month lease). Recently, however, private developers have been very active, building new luxury apartment communities geared toward students, with amenities uncommon in the rest of the market, some of which include tanning booths, hot tubs, game rooms, basketball and volleyball courts, outdoor movie screens, private study and meeting rooms, and complimentary coffee bars. These new apartments are available to the general public but are leased per-bedroom, and managers help match students with roommates. Three communities opened in the summer of 2015, adding approximately 1,500 beds in 540 apartment units to the rental housing market. The 94-unit, 295-bed Identity Apartments is under construction and slated to open in

time for the fall 2018 semester. The building contains furnished rooms, with a mix of studios and up to five-bedroom units. Per-bedroom rents are highest for studio units, averaging \$989, and decrease as the bedroom count increases, with 4- and 5-bedroom units renting for \$783 and \$689 per bedroom, respectively.

During the 12 months ending January 2018, approximately 1,675 multifamily units were permitted in the HMA, a 34-percent increase compared with the 1,250 multifamily units permitted during the same period in 2017 (preliminary data). By comparison, from 2001 through 2007, an average of 970 units were permitted annually. The onset of the recession and subsequent housing market collapse caused multifamily construction to decline at an average annual rate of 61 percent from 2008 through 2010. During this time, financing for new construction was particularly hard to obtain despite an increased demand for rental units brought on by the foreclosure crisis. This shortage of financing resulted in a very limited supply of new apartments, which coupled with increased demand, caused apartment market conditions to tighten, and 260 units were permitted in 2011. As lenders became increasingly confident in the economic recovery, financing returned, builders increased apartment construction, and an average of 1,175 multifamily units were permitted annually from 2012 through 2016 (Figure 9).

An estimated 1,125 apartments are currently under construction in the HMA; 280 units are in the city of Boise, 440 in Meridian, 200 in Nampa, and the remainder spread throughout other cities in the HMA. An additional 1,300 units are

Figure 9. Multifamily Units Permitted in the Boise City HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through January 2018.

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

expected to begin construction in the next 3 years, with 390 units in the city of Boise, 400 units in Meridian, 390 in Eagle, and the rest in Canyon County. Currently, The Fowler apartments are under construction in downtown Boise and are expected to be move-in ready in March 2018. The 159-unit development will have a mix of studio, one-, and two-bedroom units with rents that start at \$1,100, \$1,250, and \$1,550, respectively. The 37-unit Watercooler apartments opened in downtown Boise in July 2017, and currently only two units are available. Unit rents start at \$1,165, \$1,300, \$1,525, and \$1,740 for studios, one-, two-, and three-bedroom units, respectively. The Franklin at Ten Mile in Meridian is a large development now in its third phase of development. The first 128 units were completed in the spring of 2016, and

phase two, consisting of 132 units, opened in the fall of 2017. Currently, phase three consisting of 100 units is under construction, with an expected completion date in September 2018. Monthly rents at phase one and two start at \$925, \$1,075, and \$1,295 for one-, two-, and three-bedroom units, respectively.

During the next 3 years, demand is expected for 4,000 new market-rate rental units in the HMA, with the highest demand in the first year and tapering off in the second and third years. The 1,125 units currently under construction and 1,300 units expected to begin construction in the next 3 years will satisfy part of the forecast demand (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Boise City HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	170	850 to 1,049	490	950 to 1,149	700	1,100 to 1,299	160
900 or more	30	1,050 to 1,249	700	1,150 to 1,349	1,000	1,300 to 1,499	180
		1,250 or more	210	1,350 or more	300	1,500 or more	60
Total	200	Total	1,400	Total	2,000	Total	400

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,125 units currently under construction will likely satisfy some of the estimated demand. The forecast period is February 1, 2018, to February 1, 2021.

Source: Estimates by analyst

Table DP-1. Boise City HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	241,499	270,116	334,700	1.1	3.1
Unemployment rate	3.8%	9.2%	3.0%		
Nonfarm payroll jobs	231,800	253,000	317,500	0.9	3.3
Total population	464,840	616,561	716,700	2.9	1.9
Total households	170,291	225,594	264,500	2.9	2.1
Owner households	122,323	156,740	180,400	2.5	1.8
Percent owner	71.8%	69.5%	68.2%		
Renter households	47,968	68,854	84,100	3.7	2.6
Percent renter	28.2%	30.5%	31.8%		
Total housing units	181,170	246,052	277,300	3.1	1.5
Owner vacancy rate	2.1%	3.4%	1.0%		
Rental vacancy rate	5.8%	8.2%	4.5%		
Median Family Income	NA	\$62,500	\$62,400	NA	0.0

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through January 2018. Median Family Incomes are for 2009 and 2016. The current date is February 1, 2018.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 2/1/2018—Analyst's estimates
 Forecast period: 2/1/2018–2/1/2021—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_BoiseCityID_18.pdf.

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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.

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

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.