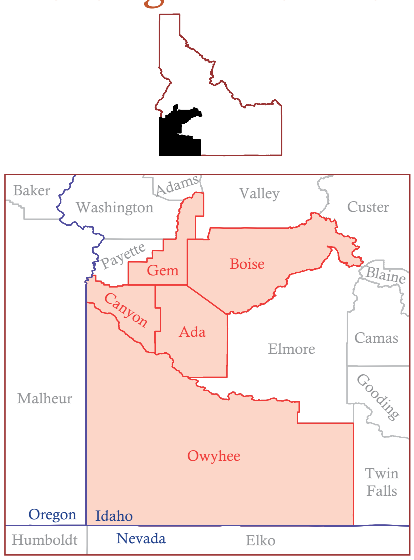
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Boise-Nampa, Idaho

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of May 1, 2014

PD&R

Housing Market Area



The Boise-Nampa Housing Market Area (HMA) in the Treasure Valley of southwestern Idaho consists of Ada, Boise, Canyon, Gem, and Owyhee Counties and is coterminous with the Boise City-Nampa, 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 estimated 22,000 students in the fall of 2013.

Market Details

Summary

Economy

Economic conditions in the Boise-Nampa HMA have improved steadily since the beginning of 2011, after losing 23,400 jobs, or an average of 7,800 jobs annually, from the beginning of 2007 through 2010. During the 12 months ending April 2014, nonfarm payrolls increased by 8,100 jobs, or 3.0 percent, to 276,600 compared with nonfarm payrolls during the 12 months ending April 2013. During the same period, increased employment in the HMA brought the average unemployment rate down from 6.8 to 5.5 percent. Nonfarm payrolls are expected to continue growing during the 3-year forecast period at an average annual rate of 2.6 percent, or 7,200 jobs.

Sales Market

Sales housing market conditions in the HMA are currently balanced, with an estimated vacancy rate of 2.0 percent compared with 3.4 percent in April 2010. During the next 3 years, demand is expected for 10,550 homes (Table 1). The 1,100 homes currently under construction and some of the 7,700 other vacant units that may return to the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is tight, with an estimated overall vacancy rate of 4.0 percent, down from 8.2 percent in April 2010. The average apartment rent increased 2 percent, to $751, during the first quarter of 2014 compared with the average rent during the first quarter of 2013 (Reis, Inc.). During the next 3 years, demand is expected for 3,250 new market-rate rental units (Table 1). Approximately 1,375 units are currently under construction and will meet a portion of the forecast demand.

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

	Boise-Nampa HMA	
	Sales Units	Rental Units
Total demand	10,550	3,250
Under construction	1,100	1,375

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2014. A portion of the estimated 7,700 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is May 1, 2014, to May 1, 2017.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Boise-Nampa HMA have improved steadily since the beginning of 2011 after 3 years of economic decline. From 2003 through 2007, nonfarm payrolls increased by an average of 10,600 jobs, or 4.3 percent, annually. The mining, logging, and construction, professional and business services, and education and health services sectors were among the leading growth sectors during that period. The effects of the national recession that began in December 2007 were severe in the HMA; from the end of 2007 through 2010, nonfarm payrolls declined by an average of 7,800 jobs, or 2.9 percent, annually. Job declines were greatest in the mining, logging, and construction sector, because of a sharp decrease in homebuilding, and in the wholesale and retail trade sector, because the weak economy caused a decrease in consumer spending. Economic recovery began in 2011, when nonfarm payrolls increased by 4,500 jobs, or 1.8 percent, and strengthened in 2012 and 2013, when payrolls increased by an average of 8,200 jobs, or 3.1 percent, each year. Economic conditions remained strong during the 12 months ending April 2014, as nonfarm payrolls increased by an average of 8,100 jobs, or 3.0 percent, to 276,600 compared with an increase of 7,900 jobs, or 3.0 percent, during the previous 12 months (Table 2). The unemployment rate averaged 5.5 percent during the 12 months ending April 2014, down from 6.8 percent a year earlier because of an increase in employment opportunities. By comparison, from 2003 through 2007, when economic conditions were strongest, the unemployment rate averaged 3.6 percent. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2013.

The greatest nonfarm payroll gains during the 12 months ending April 2014 occurred in the wholesale and retail trade sector, which added 2,400 jobs, an increase of 5.4 percent. Part of this growth can be attributed to Albertsons LLC, a national grocery store chain headquartered in the city of Boise that has hired 500 employees since early 2013, and to Wal-Mart Stores, Inc., which added 200 employees when it opened a new store in September 2013 in Meridian. The wholesale and retail trade sector is the largest sector in the economy, accounting for 17 percent of all nonfarm payrolls (Figure 2). During the recent economic recession, this sector

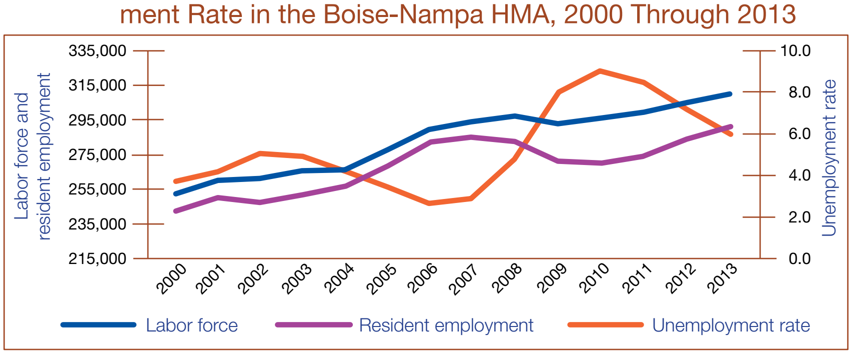
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Boise-Nampa HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	April 2013	April 2014		
Total nonfarm payroll jobs	268,500	276,600	8,100	3.0
Goods-producing sectors	38,500	40,500	2,000	5.2
Mining, logging, & construction	14,300	16,000	1,700	11.9
Manufacturing	24,200	24,500	300	1.2
Service-providing sectors	230,100	236,100	6,000	2.6
Wholesale & retail trade	44,700	47,100	2,400	5.4
Transportation & utilities	8,500	8,300	– 200	– 2.4
Information	4,400	4,500	100	2.3
Financial activities	14,600	14,800	200	1.4
Professional & business services	39,300	38,800	– 500	– 1.3
Education & health services	40,600	41,900	1,300	3.2
Leisure & hospitality	25,100	26,400	1,300	5.2
Other services	9,500	9,800	300	3.2
Government	43,500	44,600	1,100	2.5

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through April 2013 and April 2014.

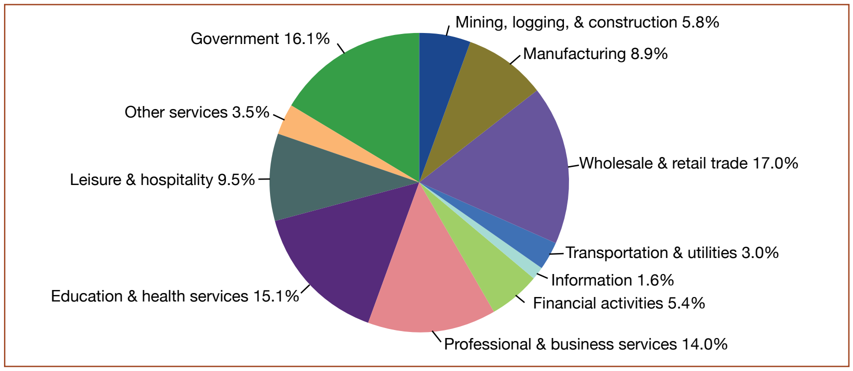
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Boise-Nampa HMA, 2000 Through 2013



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Boise-Nampa HMA, by Sector



Note: Based on 12-month averages through April 2014.
Source: U.S. Bureau of Labor Statistics

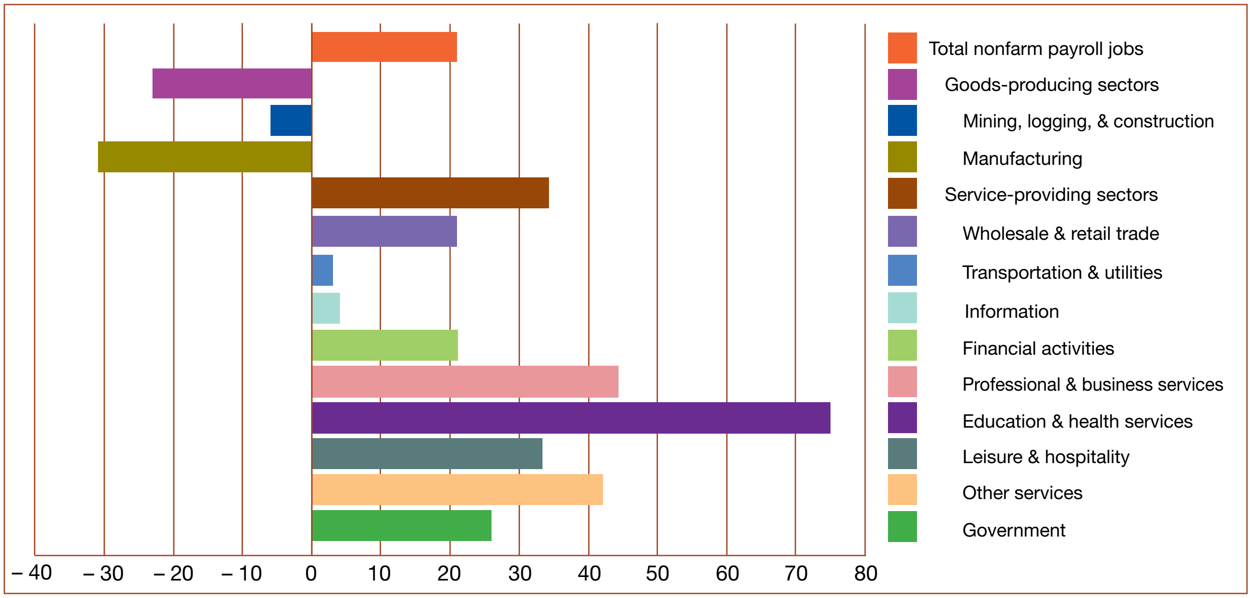
lost an average of 1,700 jobs, or 3.7 percent, annually from 2007 through 2010. By contrast, it has been the fastest growing sector since the economic recovery began, adding an average of 1,600 jobs, a 3.7-percent increase, a year from the beginning of 2011 through 2013. This sector is expected to continue adding jobs during the 3-year forecast period as people become increasingly confident in both the national and local economic recoveries and consumer spending increases.

The mining, logging, and construction sector was the second fastest growing sector during the 12 months ending April 2014, increasing by 1,700 jobs, or 11.9 percent, to 16,000 jobs. Much of the job growth can be attributed to improvements in the housing markets, with single-family and multifamily home construction rapidly increasing. By contrast, from 2006 through 2010, sector payrolls declined by an average of 2,300 jobs, or 11.5 percent, annually, corresponding with the collapse of the local housing markets. The sector accounted for 24,400 jobs, or nearly 9 percent of total nonfarm payrolls in the HMA, in 2006 and subsequently fell to a low of 12,900 jobs, or 5 percent of total payrolls, at the end of 2011. The sector has added jobs every year since 2011 and is expected to continue growing during the forecast period as homebuilding increases.

During the 12 months ending April 2014, nonfarm payrolls in the leisure and hospitality sector increased by an average of 1,300 jobs, or 5.2 percent, compared with an increase of 1,100 jobs, or 4.6 percent, during the previous 12 months, mainly because of restaurant and bar expansions and openings. By comparison, from 2007 through 2010, sector payrolls declined by an average of 800 jobs, or 3.4 percent, annually because weak labor market conditions put a strain on household finances, causing spending to decline. Job growth strengthened as the labor market started improving, and sector payrolls increased by an average of 1,100 jobs, or 4.6 percent, annually from the beginning of 2011 through 2013. This sector is expected to continue adding jobs during the forecast period because it is directly affected by increased consumer spending, which is gaining momentum as the local economic recovery remains strong.

The education and health services sector has grown more than any other sector since 2000 (Figure 3) and

Figure 3. Sector Growth in the Boise-Nampa HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through April 2014.
Source: U.S. Bureau of Labor Statistics

currently accounts for slightly more than 15 percent of total nonfarm payrolls in the HMA, including the largest employer in the HMA, St. Luke's Health System, with more than 8,000 workers (Table 3). During the 12 months ending April 2014, payrolls increased by an average of 1,300 jobs, or 3.2 percent, compared with an increase of 900 jobs, or 2.3 percent, during the previous 12 months. Some of the growth can be attributed to hiring at local hospitals and healthcare clinics. The education and health services sector is the only sector that did not lose jobs during the most recent economic downturn, increasing by an average of 1,400 jobs, or 4.4 percent, annually from 2000 through 2012. Growth in this sector is expected to remain strong as the population continues to grow and age and the demand for healthcare services increases.

Table 3. Major Employers in the Boise-Nampa HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Luke's Health System	Education & health services	8,000–8,199
Micron Technology, Inc.	Manufacturing/professional & business services	5,900–5,999
St. Alphonsus Health System	Education & health services	3,400–3,499
Wal-Mart Stores, Inc.	Wholesale & retail trade	2,400–2,499
Albertsons, LLC	Wholesale & retail trade	2,200–2,499
Hewlett-Packard Development Company, L.P.	Manufacturing	1,900–1,999
J.R. Simplot Company	Manufacturing	1,900–1,999
Idaho Power Company	Transportation & utilities	1,500–1,599
Wells Fargo Bank, N.A.	Financial activities	1,400–1,499
McDonald's-Darmody Enterprises, Ltd.	Leisure & hospitality	1,300–1,399

Note: Excludes local school districts.
Source: Boise Valley Economic Partnership

The economy of the Boise-Nampa HMA, which is home to the state capital and BSU, is largely supported by government sector employment, which accounts for 44,600 jobs, or slightly more than 16 percent of nonfarm payrolls. State and local government are the predominant subsectors, with 13,900 and 24,700 employees, respectively, including 2,700 employees at BSU. The university, with 22,000 enrolled students in the fall of 2013 and total expenses of nearly $292.4 million in 2012, has a considerable impact on the local economy. An economic impact study commissioned by the university in 2010 estimated that students spend $195 million a year on living expenses and an additional $17 million on indirect expenses. During the 12 months ending April 2014, government payrolls increased by 1,100 jobs, or 2.5 percent, compared with an increase of 900 jobs, or 2.1 percent, during the previous 12-month period. By comparison, from 2000 through 2009, government sector payrolls increased by an average of 900 jobs, or 2.4 percent, annually. Subsequently, the economic downturn caused budget shortfalls, resulting in the loss of 600 jobs, or 1.3 percent, annually, in 2010 and 2011. As the labor market began improving, government revenue increased and the sector added an average of 800 jobs a year in 2012 and 2013. Modest growth in the government sector is expected to continue during the forecast period.

The professional and business services sector lost 500 jobs, or 1.3 percent, during the 12 months ending April 2014 compared with an increase of 800 jobs, or 2.1 percent, during the previous 12 months, partially a result of a decrease in call center jobs. The sector was a strong source of job growth from 2000 through 2008, increasing by an average of 1,900 jobs, or 5.7 percent, annually, but, as economic conditions weakened, payrolls fell by an average of 1,800 jobs, or 4.3 percent, a year in 2009 and 2010. Payroll growth was modest coming out of the economic downturn, increasing by an average of 600 jobs, or 1.6 percent, annually in 2011 and 2012. The professional and business services sector is expected to continue declining during the next 3 years, partially because Micron Technology, Inc., the second largest employer in the HMA, announced in August 2013 that it would lay off 5 percent of its workforce worldwide, or approximately 1,500 people. In addition, Maximus Inc., a call center that helped people sign up for health insurance under the Affordable Care Act, announced in April 2014 that it would lay off 1,600 workers.

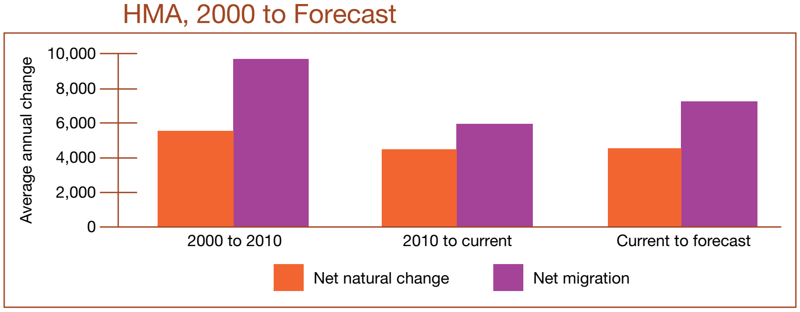
During the forecast period, nonfarm payrolls are expected to increase by an average of 7,200 jobs, or 2.6 percent, annually, with the growth rate slowing slightly in the first year relative to the 12 months ending April 2014 and flattening in the second and third years. The education and health services, leisure and hospitality, and mining, logging, and construction sectors are expected to lead growth. Table DP-1 at the end of this report provides additional employment data.

Population and Households

As of May 1, 2014, the population of the Boise-Nampa HMA was estimated at 659,600, reflecting an average annual growth rate of 1.7 percent, or 10,550 people, since 2010, with net in-migration accounting for 57 percent of the increase. From 2000 to 2003 (intercensal based on Census population estimates as of July 1), population growth in the HMA averaged 2.9 percent, or 14,250 people, annually with net in-migration accounting for approximately 9,260 people each year, or 65 percent of the increase. As the economy expanded from 2004 to 2007, the population increased an average of 3.9 percent, or by 21,450, a year. During this period, the relatively affordable cost of living compared with that in other nearby metropolitan areas coupled with increased employment opportunities boosted net in-migration to an average of 15,650 people a year. A weak labor market and the foreclosure crisis hampered residential mobility, slowing the rate of population growth to an average of 1.5 percent, or 9,225 people, a year from 2008 to 2010; net in-migration fell to an average of 3,600 people a year, accounting for only 35 percent of the growth during that period. From 2011 to 2012, as economic and housing market conditions began to improve, the population growth rate increased to 1.8 percent, or 11,350 people; net in-migration nearly doubled to 6,625 people annually, accounting for nearly 58 percent of population growth. As the economy continues to recover and household mobility returns, the population is expected to grow at an average annual rate of 1.8 percent, or by 11,850, with nearly 62 percent of the increase resulting from net in-migration. The population of the HMA is expected to reach 695,200 by May 1, 2017. Figure 4 shows the components of population change from 2000 to the forecast date.

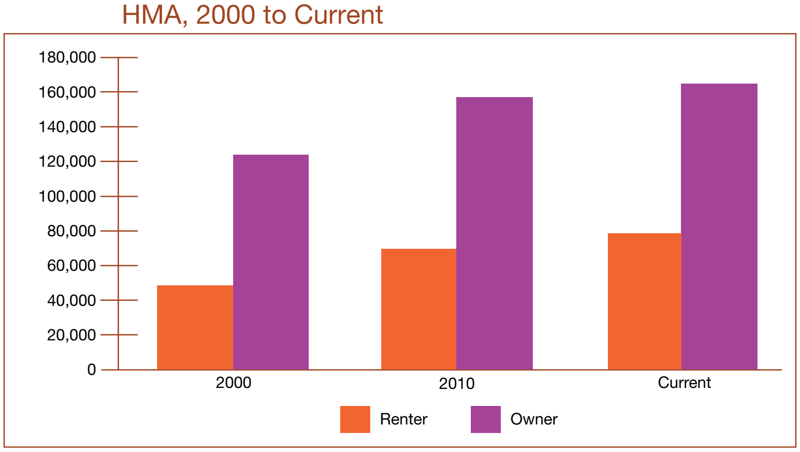
An estimated 241,750 households reside in the HMA, reflecting an average annual increase of 3,950 households, or 1.7 percent, since 2010. By comparison, from 2000 to 2010, when population growth was stronger, the number of households increased at an average annual rate of 2.9 percent, or 5,525. An estimated 67.7 percent of current households, or 163,600 households, are homeowners and the remaining 78,150 are renter households. The homeownership rate has declined since 2010, when 69.5 percent of households were homeowners, because of weaker sales housing market conditions, stricter lending practices, and a shift in household preferences toward renting. Figure 5 shows the distribution of households by tenure for 2000, 2010, and the current date. As employment and financial conditions improve and net in-migration increases, household growth is expected to average 4,225 households, or 1.7 percent, a year during the 3-year forecast period, reaching 254,400 households by May 1, 2017. Figure 6 shows population and household growth trends from 2000 to the forecast date.

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



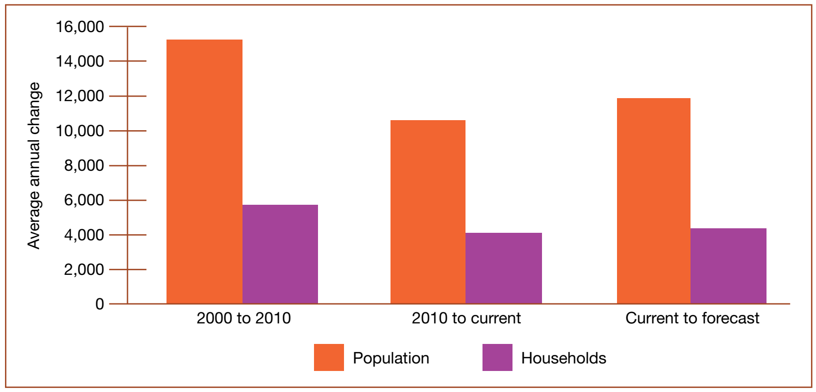
Notes: The current date is May 1, 2014. The forecast date is May 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

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



Note: The current date is May 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

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



Notes: The current date is May 1, 2014. The forecast date is May 1, 2017.
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-Nampa HMA are currently balanced, representing a significant improvement from the 2008-through-2012 period, when the foreclosure crisis and weak economy resulted in soft market conditions. The estimated sales vacancy rate is 2.0 percent, down from 3.4 percent in April 2010. The decline reflects increased demand because consumer confidence is returning, and much of the excess inventory that resulted from the recent housing crisis has been absorbed.

During the 12 months ending April 2014, sales of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) totaled 15,050, reflecting an increase of 4 percent from the previous 12 months, the most existing homes sold since 2007 (CoreLogic, Inc.). Existing home sales peaked from 2005 through 2007, averaging 21,150 sales annually. Sales began to decline in 2007, even though 2007 was part of the peak period. Existing home sales declined by an average of 4,950 sales, or 25 percent, a year from 2007 through 2009 to a record low of 10,600. The first-time homebuyer's tax credit program boosted home sales 19 percent in 2010, to 12,600. From 2011 through 2013, an average of 13,800 existing homes sold a year.

The average existing home sales price was $204,000 during the 12 months ending April 2014, up 6 percent from the previous 12 months, marking the third consecutive 12-month period of increasing prices. Sales prices peaked in 2007, at $273,100, and subsequently declined at an average annual rate of 12 percent from 2008 through 2011 to $155,200. Prices stabilized in 2012 with a 3.1-month inventory of homes for sale, down from the 4.8-month inventory during the previous period

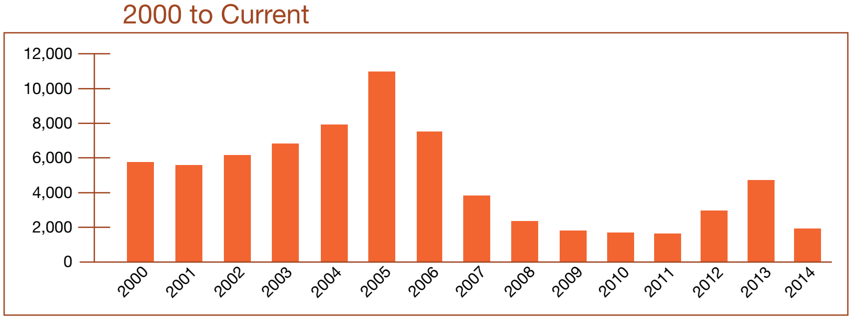
(Intermountain Multiple Listing Service, Inc.), and the average sales price was $167,500, relatively unchanged from the previous year. In 2013, the supply of homes for sale declined even further, to a 2.6-month supply, putting greater upward pressure on prices, which increased 17 percent to $195,900.

The foreclosure crisis had a significant impact on the HMA, causing a sharp increase in the number of distressed properties, but conditions improved recently. In 2009, the rate of distressed properties peaked when 9,400 loans, or 9.0 percent of all home loans, were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status compared with 2.1 percent in 2008 (Black Knight Financial Services, Inc.). REO home sales averaged 4,525 annually from 2010 through 2012, accounting for nearly 35 percent of all existing home sales (CoreLogic, Inc.). By contrast, from 2001 through 2009, approximately 470 REO homes sold annually, accounting for only 3 percent of existing home sales. REO home sales declined nearly 50 percent, to 2,375, in 2013, accounting for 16 percent of existing home sales. As the economy and sales market continued to improve, REO home sales fell a further 33 percent, to 1,525, during the 12 months ending April 2014 compared with REO sales during the previous 12 months. The rate of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO status declined to 3.0 percent in April 2014, down from 4.4 percent in April 2013.

The market for new single-family homes, townhomes, and condominiums (hereafter, new homes) has improved since 2013, after 6 consecutive years of decline, in response to improving economic conditions and increased population growth. During the 12 months ending April 2014, 2,550 new homes sold, up 20 percent from the previous 12-month period. By comparison, 2,125 new homes sold during the 12 months ending April 2013, an increase of 63 percent from the previous period, marking the first 12-month period of increasing sales volume since 2006. New home sales peaked from 2004 through 2007, when economic and population growth was strongest and an average of 5,375 new homes sold annually. New home sales fell sharply as the economy began to weaken, averaging 1,925 sales annually from 2008 through 2012 and declining at an average annual rate of 23 percent. The average sales price for a new home during the 12 months ending April 2014 was $251,200, reflecting an increase of 12 percent from a year earlier. By contrast, prices increased an average of 20 percent a year from 2004 through 2006, peaking in 2007 at approximately $308,100. Prices began to decrease in 2008 in response to decreased demand, and, from 2008 through 2010, the average price declined an average of 17 percent annually, reaching a low of $175,000. An increase in demand coupled with a limited supply of new homes caused prices to increase beginning in 2011; from 2011 through 2012, the average sales price increased an average of 7 percent annually.

Beginning in 2012, builders responded to the improvement in the sales market by increasing new home construction. During the 12 months ending April 2014, the number of single-family homes permitted increased by 350, or 11 percent, from the previous 12 months, to 3,600 homes permitted (preliminary data). New home construction was strong from 2000 through 2004, when an average of 6,400 new homes were permitted annually. In 2005, when population and economic growth were at their peaks, single-family permitting spiked 40 percent, to 10,950 homes permitted, and then fell 32 percent in 2006, to 7,440 homes as growth began to slow (Figure 7). As economic conditions worsened, unemployment increased and population growth slowed, causing demand for new sales housing to fall sharply. Builders reacted by scaling back new home construction, and single-family home permitting fell by an average of 1,175 homes, or 26 percent, annually from 2007 through 2011. In 2011, approximately 1,575 homes were permitted, which is the lowest level of single-family construction in the HMA since the late 1980s. Record low levels of construction from 2009 through 2011 resulted in a limited supply of new homes for sale, which put upward pressure on prices. Builders responded by increasing new home construction, and an average of 3,250 new homes were permitted annually in 2012 and 2013.

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



Notes: Includes townhomes. Current includes data through April 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Nearly all single-family construction in the HMA is in Ada and Canyon Counties. New home construction is mostly occurring in the cities of Boise, Meridian, and Nampa. One of the fastest growing areas in the city of Boise is in the northeast neighborhood, with several new subdivisions, some of which are Harris Ranch, The Terraces at Harris Ranch, Morningside Heights, and Wildhorse Ranch. New homes in the northeast section of the city of Boise sell at an average of $400,000 and range in price from $200,000 to more than $1 million. Meridian, a suburb of the city of Boise that experienced rapid growth during the past 15 years, continues to be a popular location for new subdivisions. A few of the larger subdivisions include Champion Park, Foxtail, Reflection Ridge, and Tuscany. Prices at these subdivisions range from about $250,000 to more than $600,000. Nampa, the largest city in Canyon County, has numerous new subdivisions. A few of the larger developments are Blackhawk, Castle Peak, and Copper River Basin. New homes at these subdivisions are priced between $120,000 and $350,000.

During the 3-year forecast period, demand is expected for 10,550 new homes, with demand evenly distributed annually during the 3-year period. The 1,100 homes currently under construction and a portion of the 7,700 other vacant units that may reenter the market will satisfy some of the demand (Table 1). Demand is expected to be greatest in the $150,000-to-$300,000 price range (Table 4).

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

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,050	10.0
150,000	199,999	2,100	20.0
200,000	249,999	2,650	25.0
250,000	299,999	2,100	20.0
300,000	349,999	1,050	10.0
350,000	449,999	530	5.0
450,000	549,999	530	5.0
550,000	and higher	530	5.0

Notes: The 1,100 homes currently under construction and a portion of the estimated 7,700 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is May 1, 2014, to May 1, 2017.

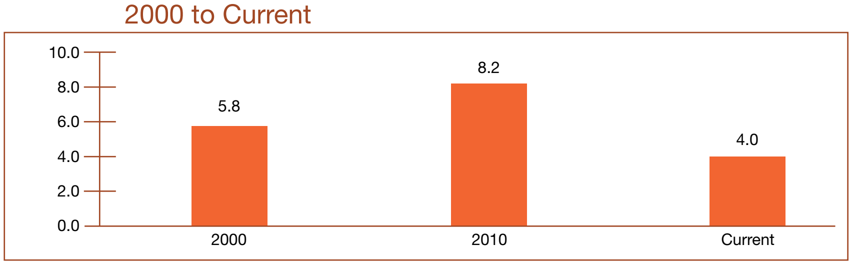
Source: Estimates by analyst

Rental Market

The rental housing market in the Boise-Nampa HMA is tight, with an estimated overall vacancy rate of 4.0 percent as of May 1, 2014, 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 contributed to a decrease in the homeownership rate and an increase in demand for rental units. Conditions continued to tighten in 2012 and 2013, but at a slower rate as more investor homes were purchased to be put on the market as rentals and new apartments were added to the inventory to meet the increase in demand.

Approximately 55 percent of all renter households in the HMA occupy apartments, which have a lower vacancy rate than the overall rental market (2012 American Community Survey 1-year estimates). The apartment vacancy rate was 2.6 percent in the first quarter of 2014, down from 4.5 percent during the first quarter of 2013 (Reis, Inc.). By comparison, the apartment vacancy rate peaked in 2009 at 9.0 percent and has fallen consistently since because of a shift in preferences toward renting and record low inventory growth from 2008 through 2011. In addition, an estimated 17,500 BSU students live off campus in privately owned housing, comprising approximately 8 percent of all renter households in the HMA and providing a stable source of rental demand. From the first quarter of 2013 to the first quarter of 2014, the average asking rent increased 2 percent, to $751, and rents averaged $541 for studios, $670 for one-bedroom units, $786 for two-bedroom units, and $888 for three-bedroom units.

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

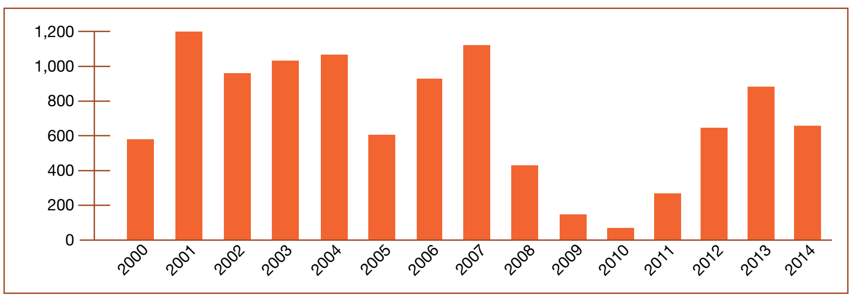


Note: The current date is May 1, 2014.

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

Apartment construction, as measured by the number of multifamily units permitted, has been increasing since 2011 as developers have responded to increased population growth and tight rental market conditions (Figure 9). During the 12 months ending April 2014, approximately 1,375 multifamily units were permitted in the HMA, a significant increase from the 580 units permitted during the 12 months ending April 2013 (preliminary data). Apartment construction was strongest from 2001 through 2007, averaging 975 units permitted annually because economic and population growth were strong. Multifamily permitting fell sharply in 2008, to 420 units permitted, as economic conditions worsened and financing was virtually inaccessible. Apartment construction fell further, to an average of 150 units per year, from 2009 through 2011. As a result, the supply of new units lagged the growth in demand, which led to a spike in permitting in 2012 and 2013, when an average of 760 units were permitted each year. Permitting is expected to continue at a strong pace as developers take advantage of increased rental demand and increasing average rents.

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



Notes: Excludes townhomes. Current includes data through April 2014.

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

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

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
700 to 899	1,025	870 to 1,069	1,600	1,040 to 1,239	290
900 to 1,099	110	1,070 to 1,269	180	1,240 to 1,439	35
Total	1,150	Total	1,800	Total	330

Notes: Numbers may not add to totals because of rounding. The 1,375 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2014, to May 1, 2017.

Source: Estimates by analyst

Of the estimated 1,375 apartments currently under construction in the HMA, 90 percent are in Ada County. Approximately 650 units are under construction in the city of Meridian, including the 230-unit Red Tail Luxury Apartments and the 276-unit The Fields at Gramercy. Red Tail Luxury Apartments will open in phases beginning in May 2014, and starting rents are $850 for one-bedroom units, $1,000 for two-bedroom units, and $1,175 for three-bedroom units. The Fields at Gramercy will begin leasing in phases starting in August 2014, with rents starting at $820 for one-bedroom units and $920 for two-bedroom units. Approximately 400 units are under construction in the city of Boise, including the 68-unit 916 Park Apartments, expected to be complete in early 2015, and the 130-unit Boise Heights apartments, expected to be finished in mid-2015. Proposed rents at these two properties were not available. The 80-unit second phase of Retreat at Union Square was finished in May 2014 and is fully leased; rents start at $758 for one-bedroom units and $925 for two-bedroom units.

During the next 3 years, demand is expected for 3,250 new market-rate rental units in the HMA; 1,250, 1,075, and 925 in the first, second, and third years of the forecast period, respectively (Table 1). The 1,375 units currently under construction will meet a portion of the forecast demand. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Data Profile

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

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	242,887	269,520	292,900	1.0	2.5
Unemployment rate	3.7%	9.0%	5.5%		
Nonfarm payroll jobs	229,000	253,600	276,600	1.0	2.6
Total population	464,840	616,561	659,600	2.9	1.7
Total households	170,291	225,594	241,750	2.9	1.7
Owner households	122,323	156,740	163,600	2.5	1.1
Percent owner	71.8%	69.5%	67.7%		
Renter households	47,968	68,854	78,150	3.7	3.2
Percent renter	28.2%	30.5%	32.3%		
Total housing units	181,170	246,052	256,000	3.1	1.0
Owner vacancy rate	2.1%	3.4%	2.0%		
Rental vacancy rate	5.8%	8.2%	4.0%		
Median Family Income	NA	$62,500	$62,900	NA	0.2

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 April 2014. Median Family Incomes are for 2009 and 2012. The current date is May 1, 2014.

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: 5/1/2014—Analyst's estimates
Forecast period: 5/1/2014–5/1/2017—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 December 1, 2009, and does not reflect changes defined by 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 http://www.huduser.org/publications/pdf/CMARtables_Boise-NampaID_14.pdf.

Contact Information

Holi Weaver, Economist
Seattle HUD Regional Office
206–220–5291
holi.m.woods-weaver@hud.gov

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 www.huduser.org/portal/ushmc/chma_archive.html.