



BOISE  
REGIONAL  
**REALTORS**<sup>®</sup>

# 2016 MID-YEAR MARKET UPDATE

June 23, 2016

Breanna Vanstrom, MBA, RCE  
Chief Executive Officer

**In 2015, Ada County surpassed  
\$2 billion in total dollar volume sold.**

**The first year since 2006.**

**In May 2016, the median sale price  
in Ada County reached \$242,400.**

**Just 2% lower than the peak in July 2006.**

**So... are we in another  
real estate bubble?**

# These people say “no.”



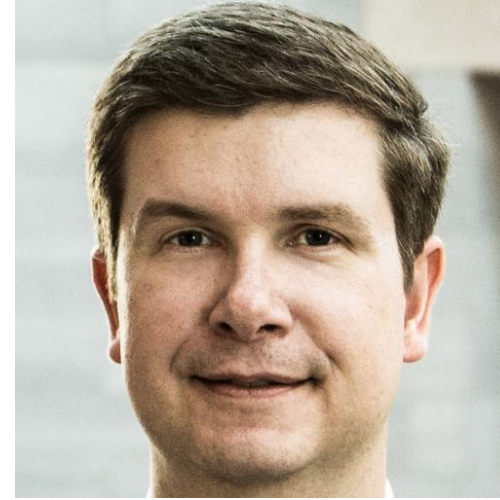
Sam Khater  
CoreLogic  
Deputy Chief  
Economist



Tom O'Grady  
ProTeck Valuation  
Chief Executive  
Officer



Dr. Svenja Gudell  
Zillow Group  
Chief Economist



Jonathan Smoke  
Realtor.com  
Chief Economist



Dr. Lawrence Yun  
National Association  
of REALTORS®  
Chief Economist

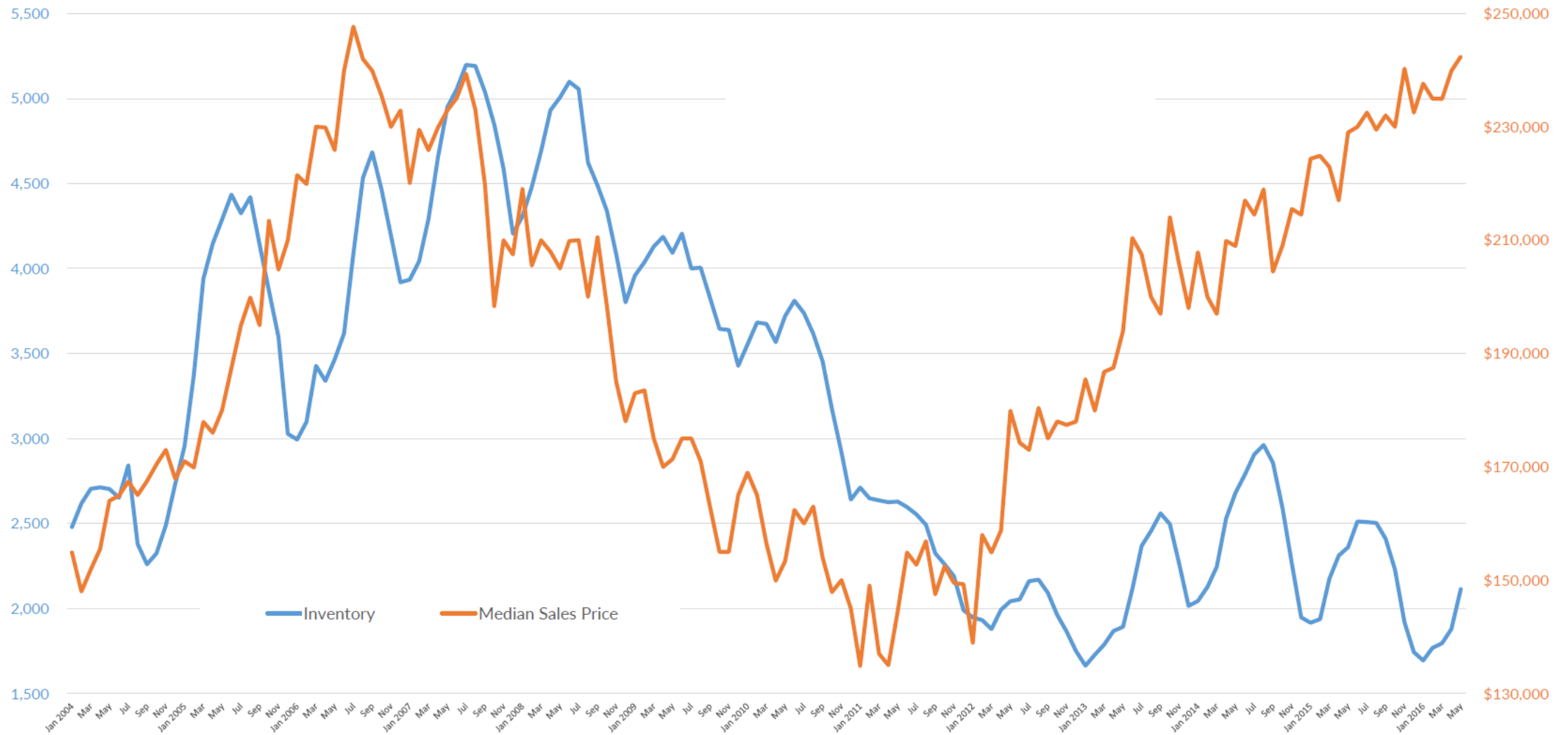
# Economists' Thoughts on the U.S. Housing Market

- Khater: “I think the market is overvalued but we are not in a bubble.”
- O’Grady: “I don’t think we are in a bubble situation... because [it’s] a much more regulated lending situation.”
- Gudell: “Most [markets have] regained all the value lost during the Great Recession.”
- Smoke: “Demographics and employment gains are driving housing demand.”
- Yun: Forecasts a modest increase existing home sales over the next couple of years as pendings are moving faster than anticipated which is “a good sign [for] 2016.”

**Home prices are rising  
because of consumer demand  
vs. supply — *not* speculation.**

# Historical Monthly Inventory vs. Median Sales Price for Ada County

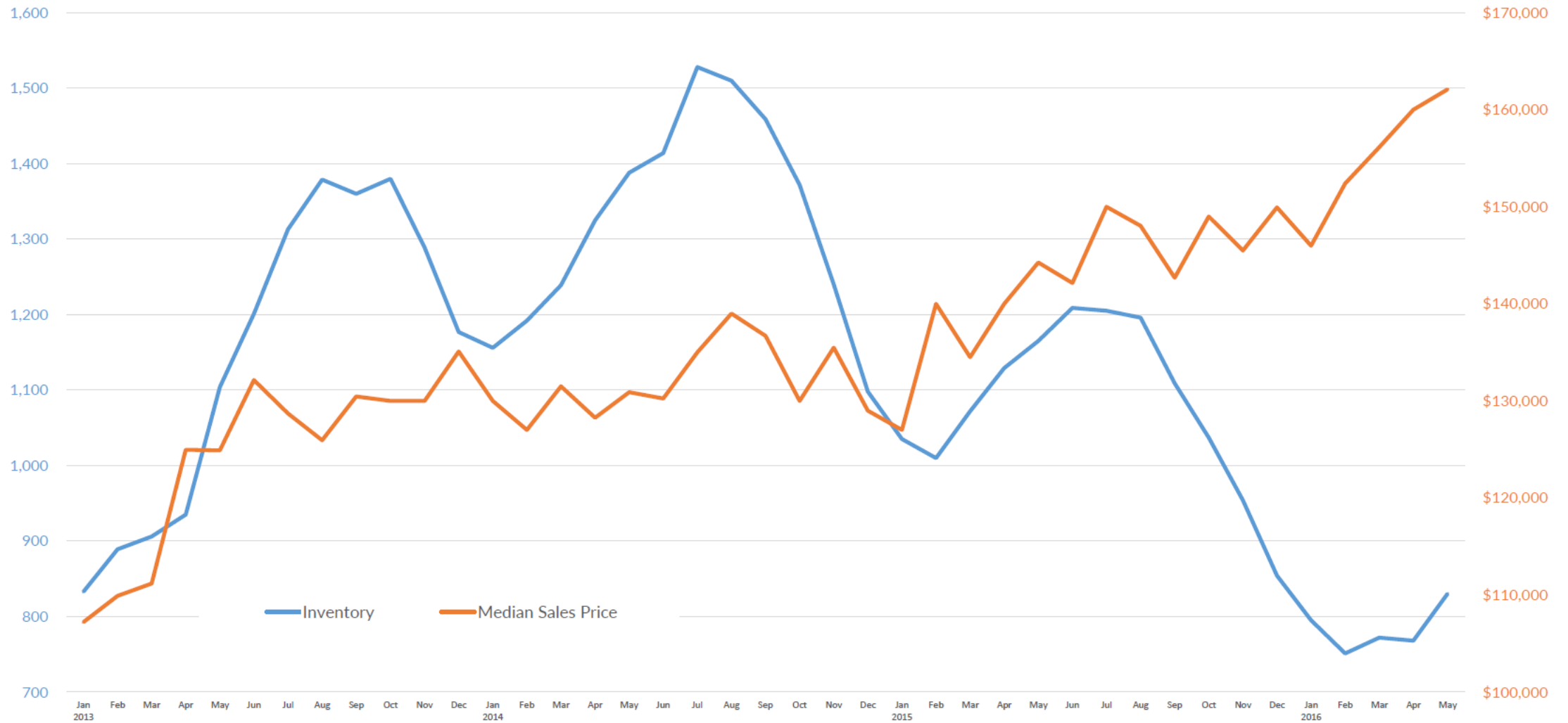
Activity for existing and new single-family homes combined between January 2004–May 2016. Prices have increased 79.6% from the bottom of January 2011.





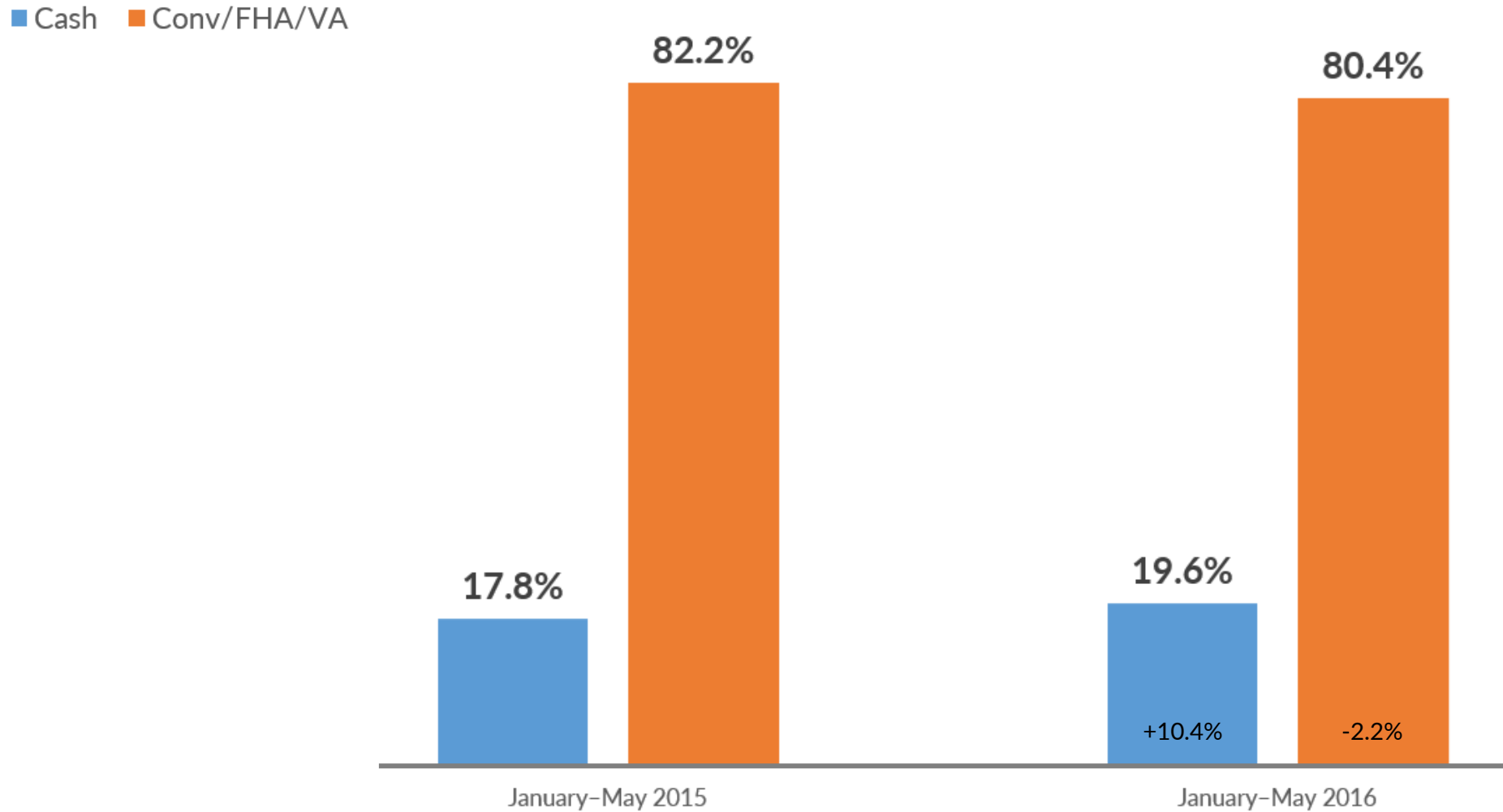
# Historical Monthly Inventory vs. Median Sales Price for Canyon County

Activity for existing and new single-family homes combined between January 2004–May 2016. Prices have increased 51.2% from the bottom of January 2013.



# Share of Homes Purchased with Cash vs. Conv/FHA/VA in Ada County

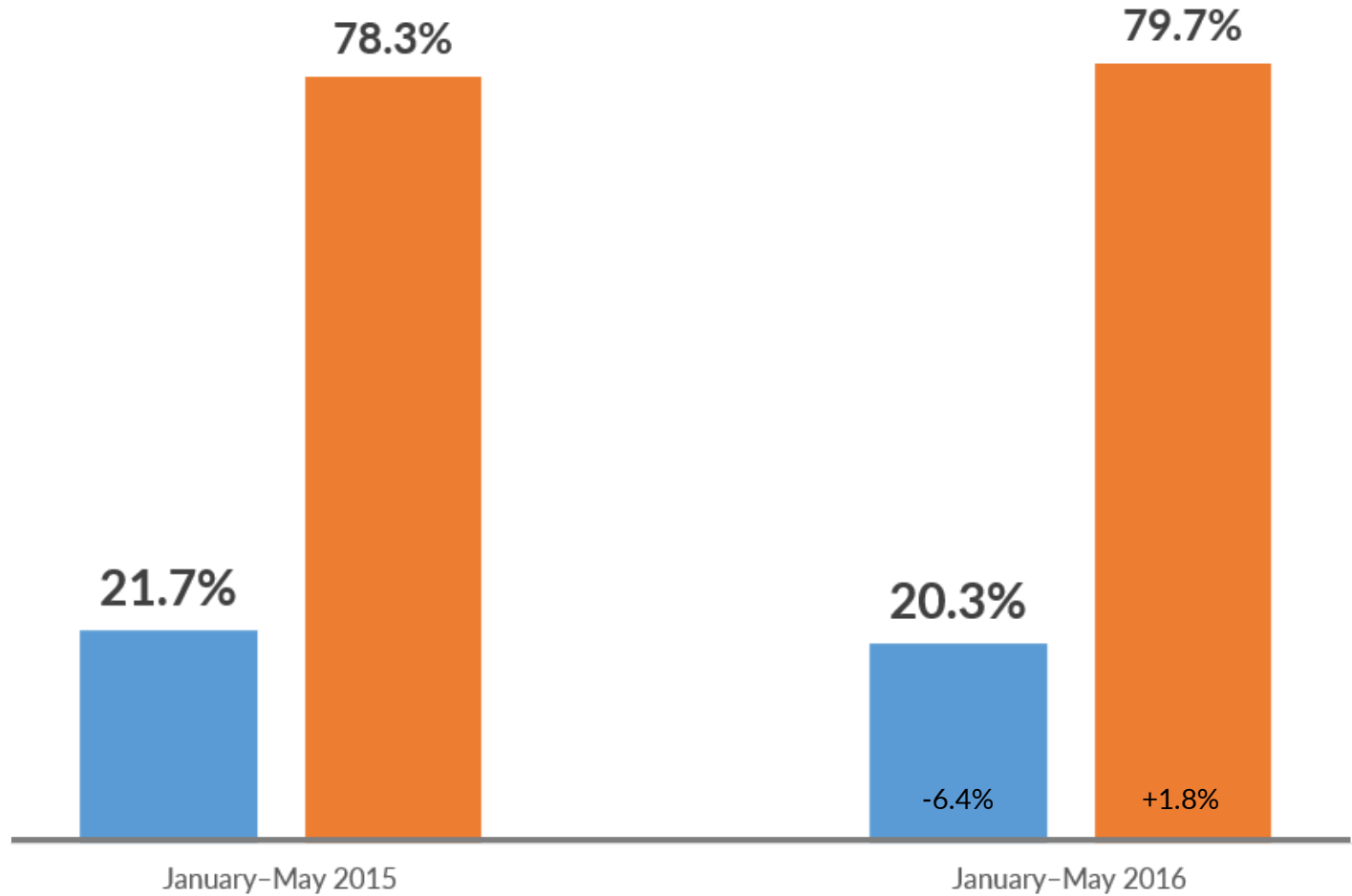
NOTE: Homes purchased by other means (contract for deed, owner financing, IHFA, etc.) during these periods are not represented.



# Share of Homes Purchased with Cash vs. Conv/FHA/VA in Canyon County

NOTE: Homes purchased by other means (contract for deed, owner financing, IHFA, etc.) during these periods are not represented.

■ Cash ■ Conv/FHA/VA



## Ada County Single-Family Market Data – Jan-May 2016 (YTD)

<u>Metrics</u>	<u>YTD 2015</u>	<u>YTD 2016</u>	<u>YOY % Change</u>
<b>Closed Sales</b>			
Existing/Resale	2,735	2,952	+7.9%
New Construction	612	828	+35.3%
<b>Median Sales Price</b>			
Existing/Resale	\$207,760	\$220,000	+5.9%
New Construction	\$298,350	\$306,999	+2.8%
<b>Days on Market</b>			
Existing/Resale	49	39	-20.4%
New Construction	96	88	-8.3%



## Canyon County Single-Family Market Data – Jan-May 2016 (YTD)

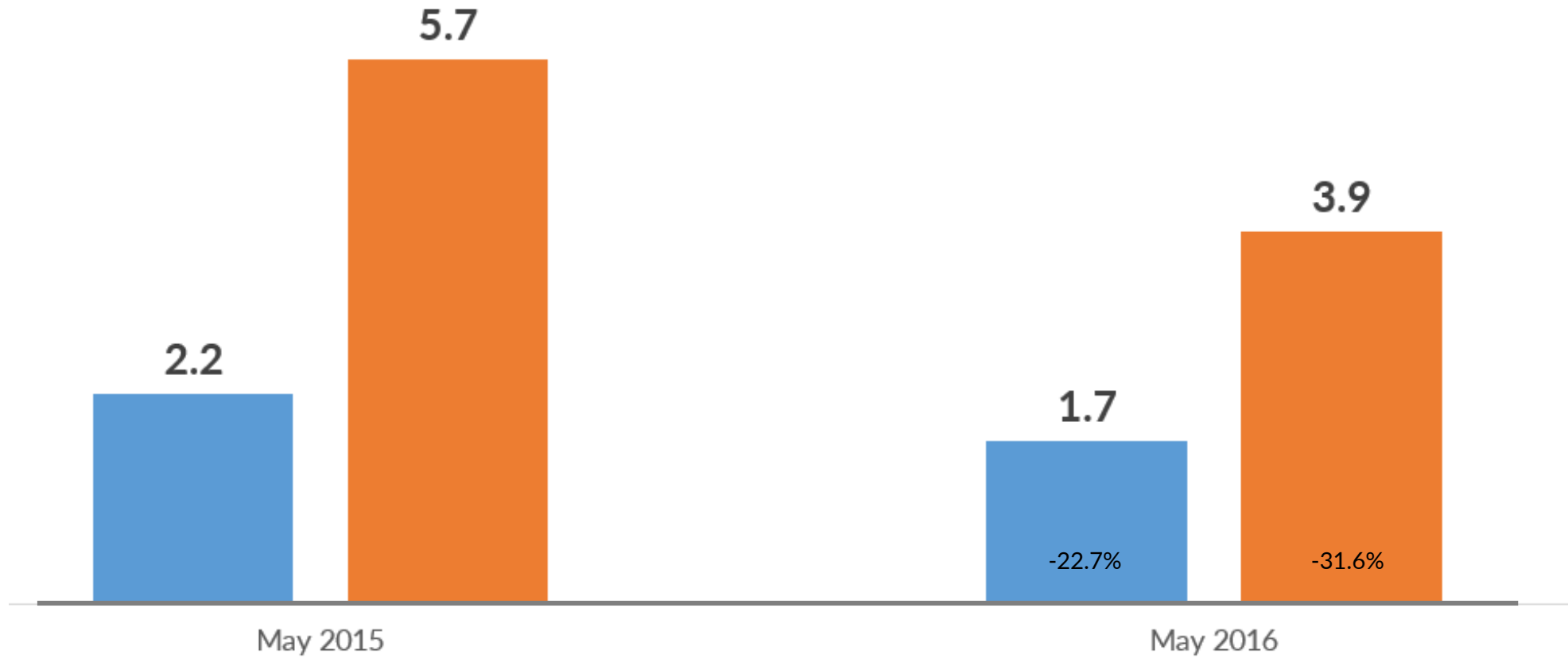
<u>Metrics</u>	<u>YTD 2015</u>	<u>YTD 2016</u>	<u>YOY % Change</u>
<b>Closed Sales</b>			
Existing/Resale	1,227	1,358	+10.7%
New Construction	193	232	+20.2%
<b>Median Sales Price</b>			
Existing/Resale	\$133,000	\$150,000	+12.8%
New Construction	\$187,400	\$214,900	+14.7%
<b>Days on Market</b>			
Existing/Resale	60	46	-23.3%
New Construction	113	81	-28.3%



# Months Supply of Inventory in Ada County

Takes the number of homes for sale divided by the average number of closed sales by month for the preceding twelve months. A balanced market—not favoring buyers or sellers—is typically between 4-6 months of supply.

- Existing/Resale
- New Construction

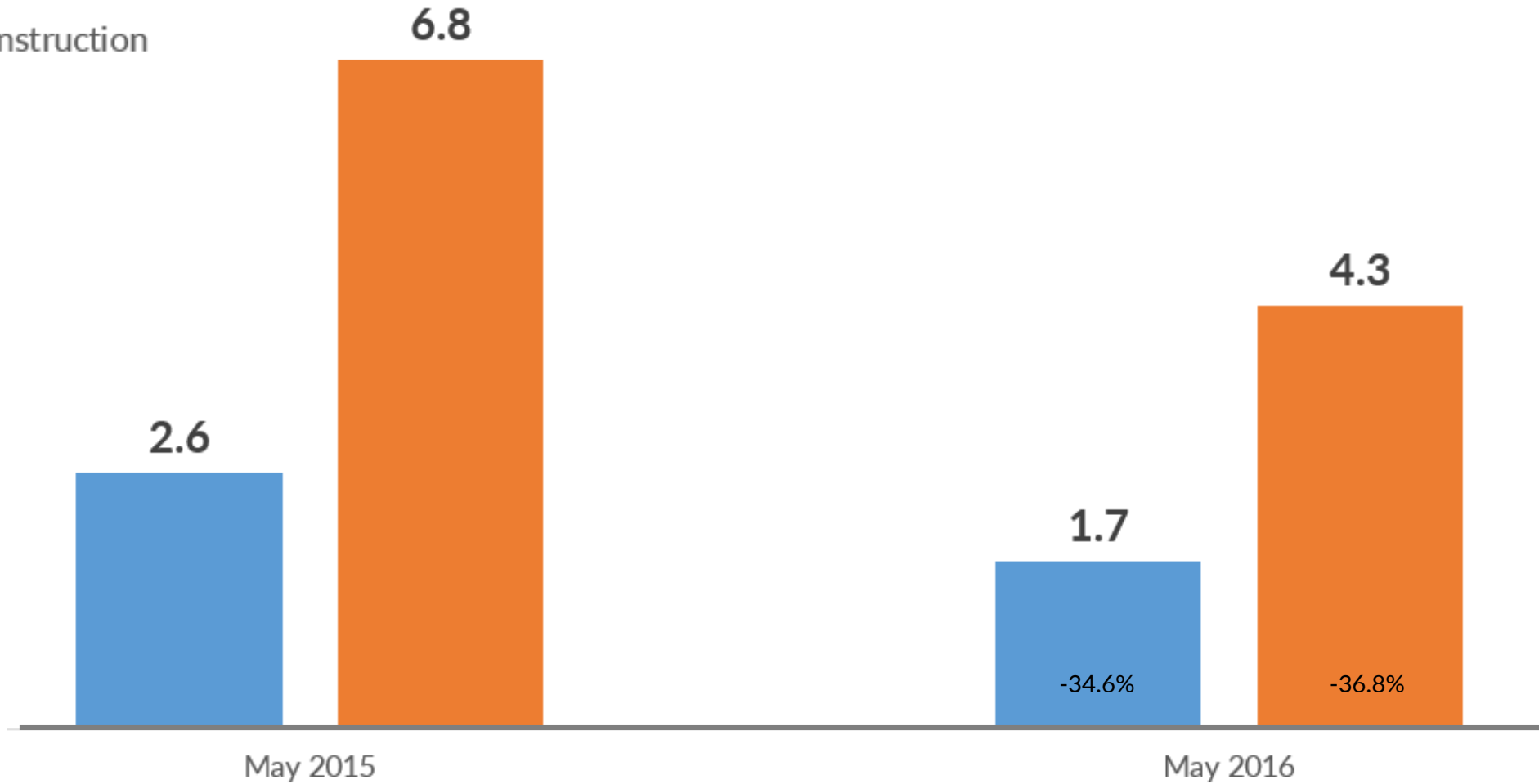


# Months Supply of Inventory in Canyon County

Takes the number of homes for sale divided by the average number of closed sales by month for the preceding twelve months. A balanced market—not favoring buyers or sellers—is typically between 4-6 months of supply.

■ Existing/Resale

■ New Construction



**So... why is there so much demand for housing?**



**1. Inventory Pressures**

**2. Economic Development**

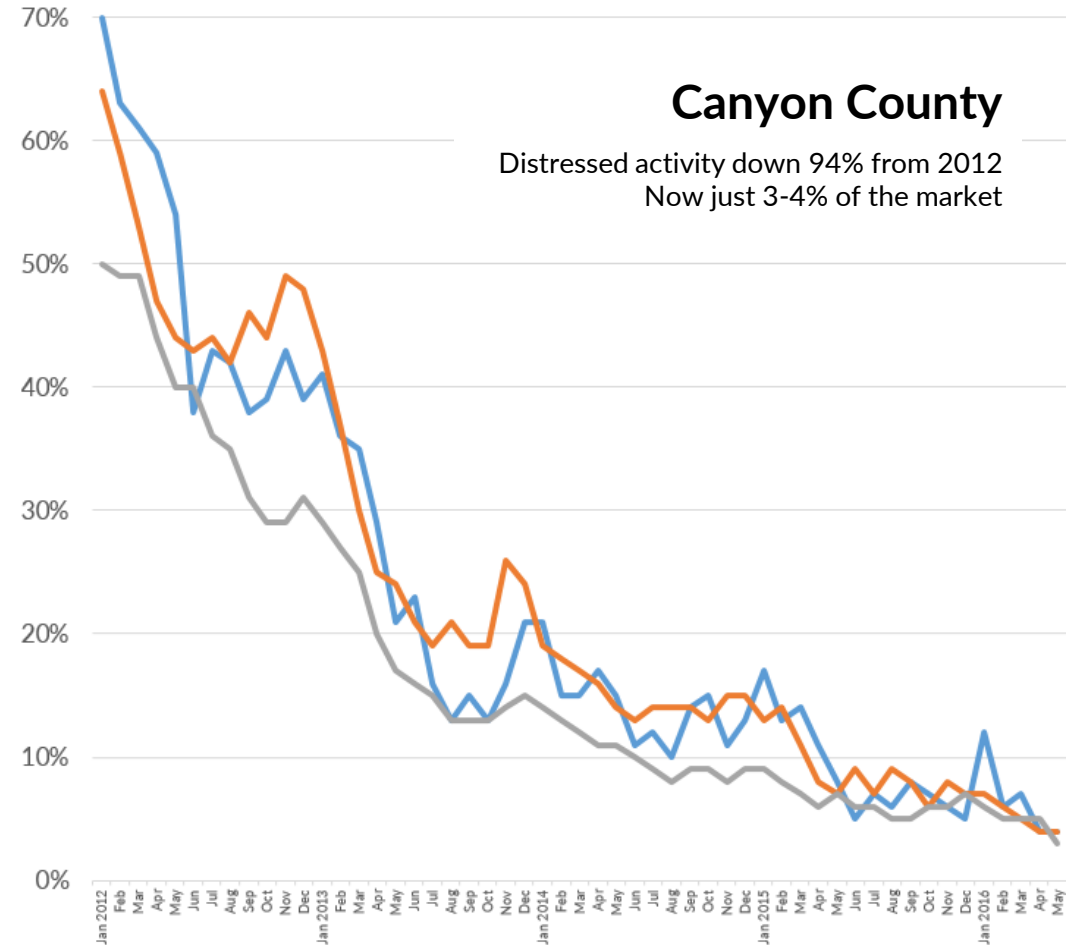
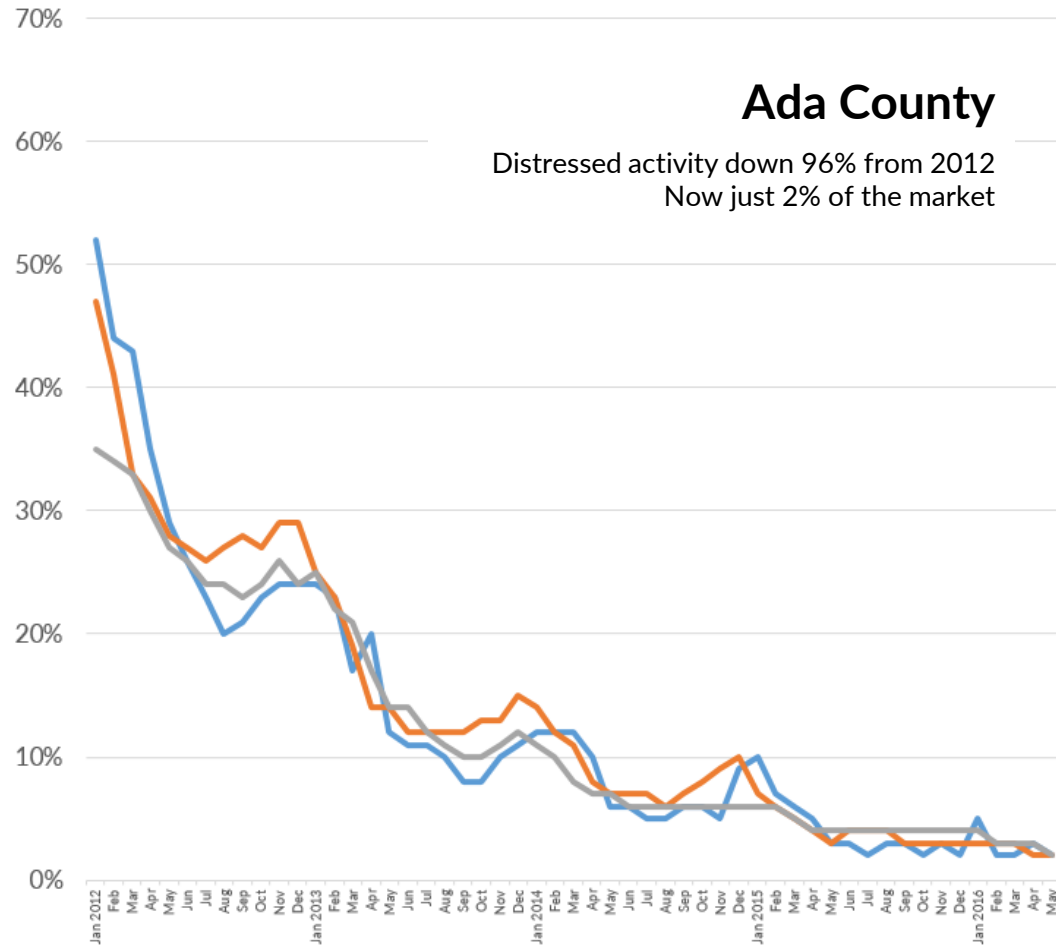
**3. People**

# Inventory Pressures

- Some homeowners regaining equity after the recession and can't yet afford to sell.
- Homeowners choosing to stay in their homes longer, or, they want to buy *before* they list.
- Not enough *lower-priced* new construction to keep up with demand, or to make up for restricted supply of existing homes.

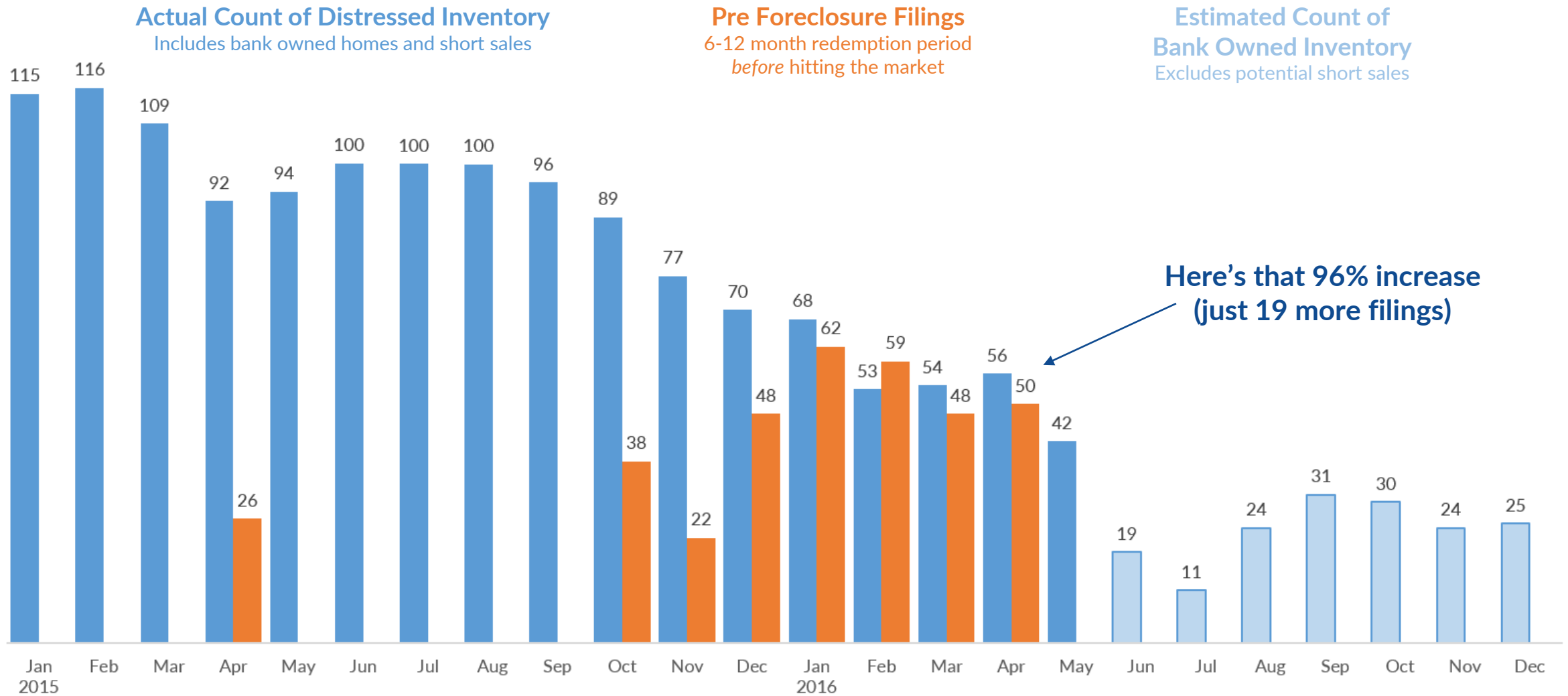
# Change in Distressed Activity between January 2012-May 2016

— Share of Closed Sales — Share of Pending Sales — Share of Inventory



**RealtyTrac shows pre foreclosures  
were up 96% in Ada County and  
up 123% in Canyon County,  
Apr 2015 to Apr 2016, *but...***

# Potential Impact of RealtyTrac's Pre Foreclosure Estimate for Ada County



# Potential Impact of RealtyTrac's Pre Foreclosure Estimate for Canyon County

## Actual Count of Distressed Inventory

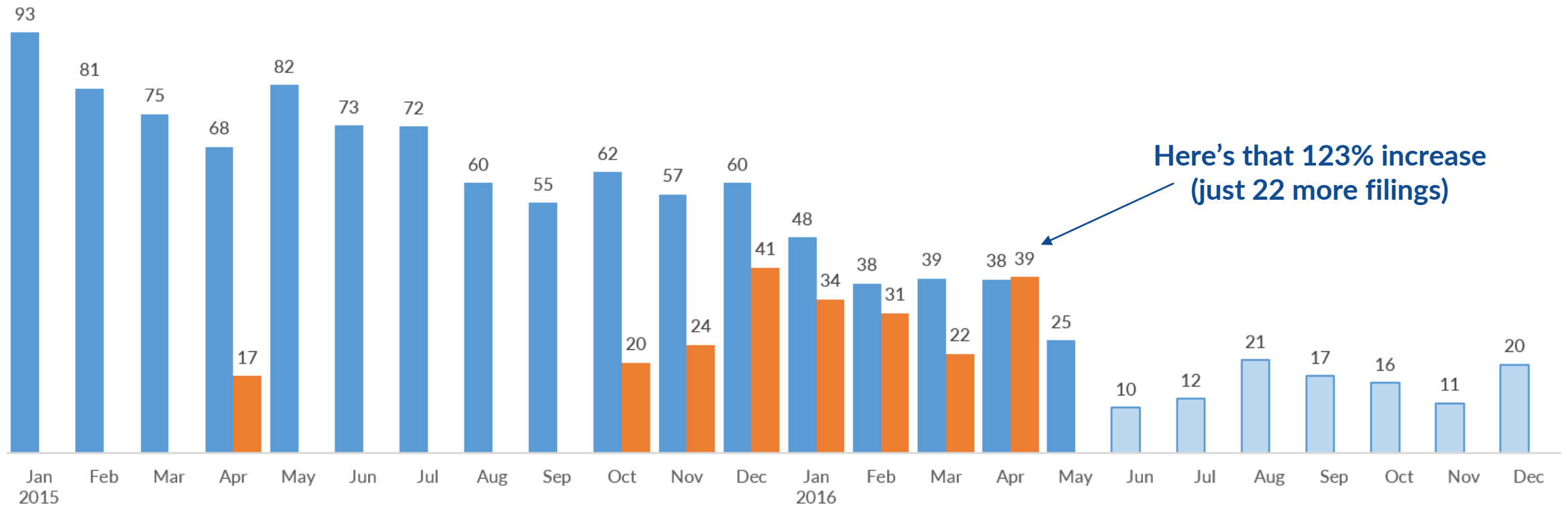
Includes bank owned homes and short sales

## Pre Foreclosure Filings

6-12 month redemption period  
before hitting the market

## Estimated Count of Bank Owned Inventory

Excludes potential short sales



# Economic Development Trends

- Huge wins in local and statewide economic development.
- Gaining people from higher-priced, nearby markets like Portland, Seattle, Denver, Salt Lake City, San Francisco, and Los Angeles.
- Increasing public interest in our city and lifestyle.

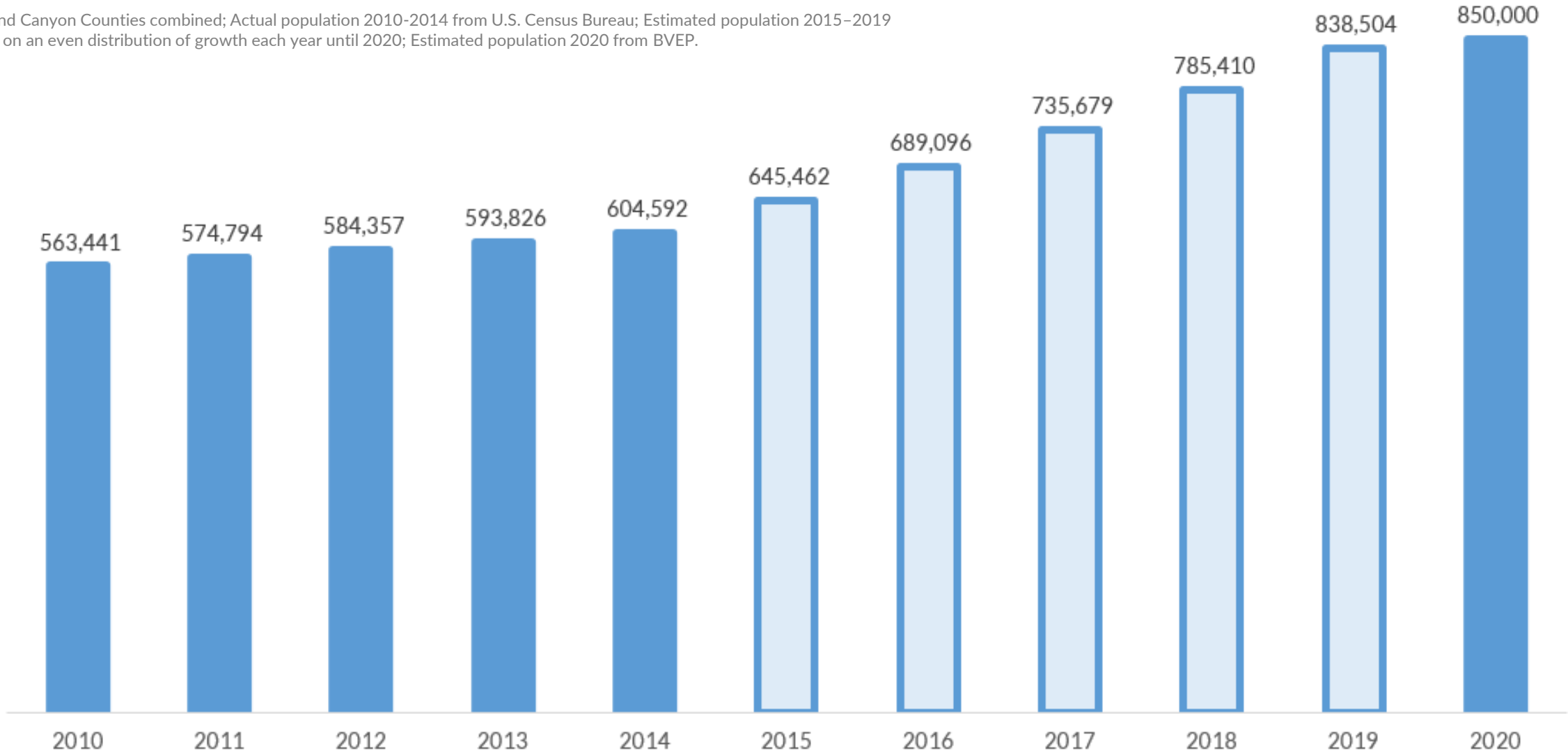
# People Trends

- Boise Metro population expected to grow 30% by 2020.
- Millennials “aging into” homeownership and have distinct housing and transportation preferences.
- Strong 10-year employment outlook in all industries, especially real estate and construction.

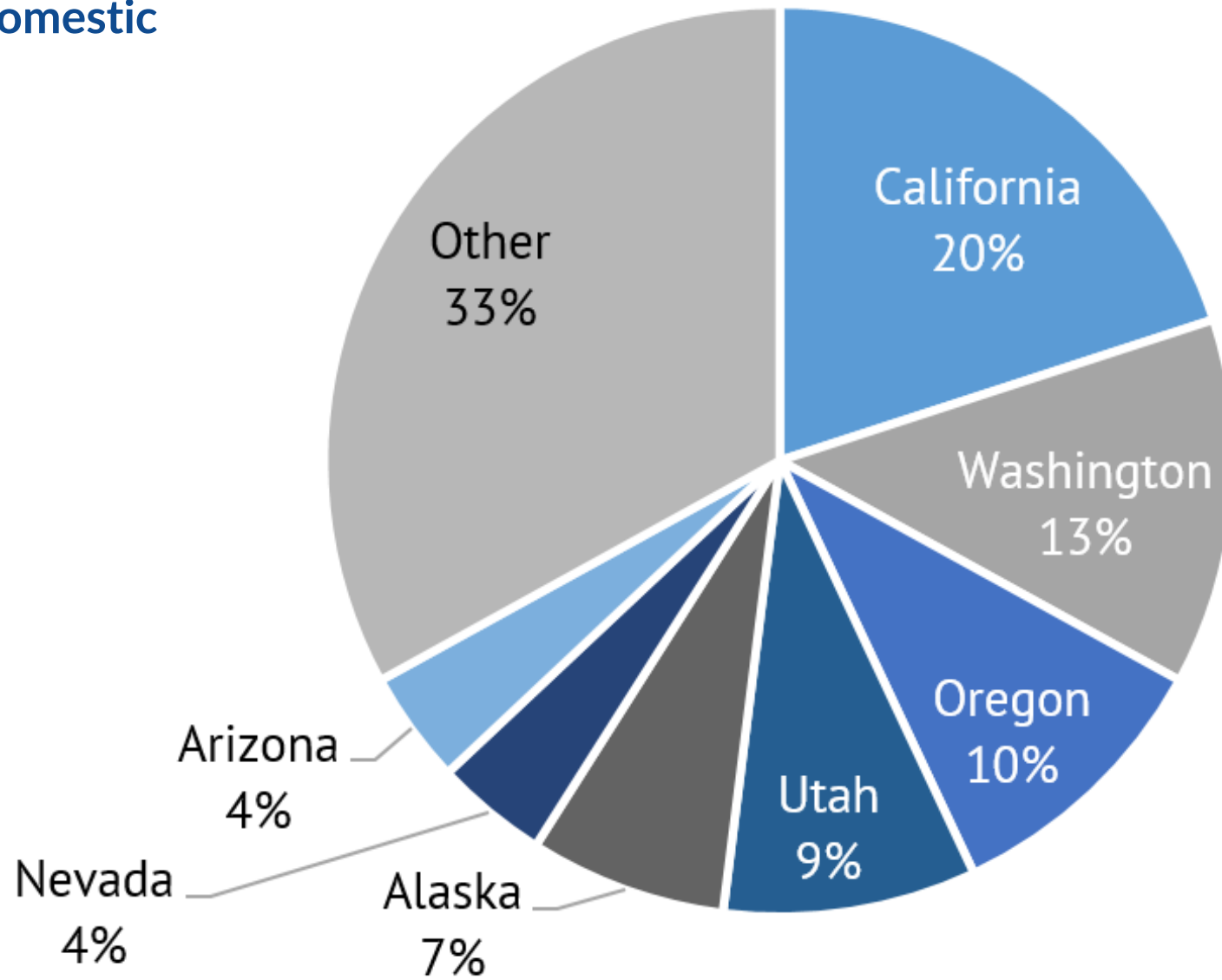


# Boise Metro Population Trends and Estimated Growth

Ada and Canyon Counties combined; Actual population 2010-2014 from U.S. Census Bureau; Estimated population 2015-2019 based on an even distribution of growth each year until 2020; Estimated population 2020 from BVEP.

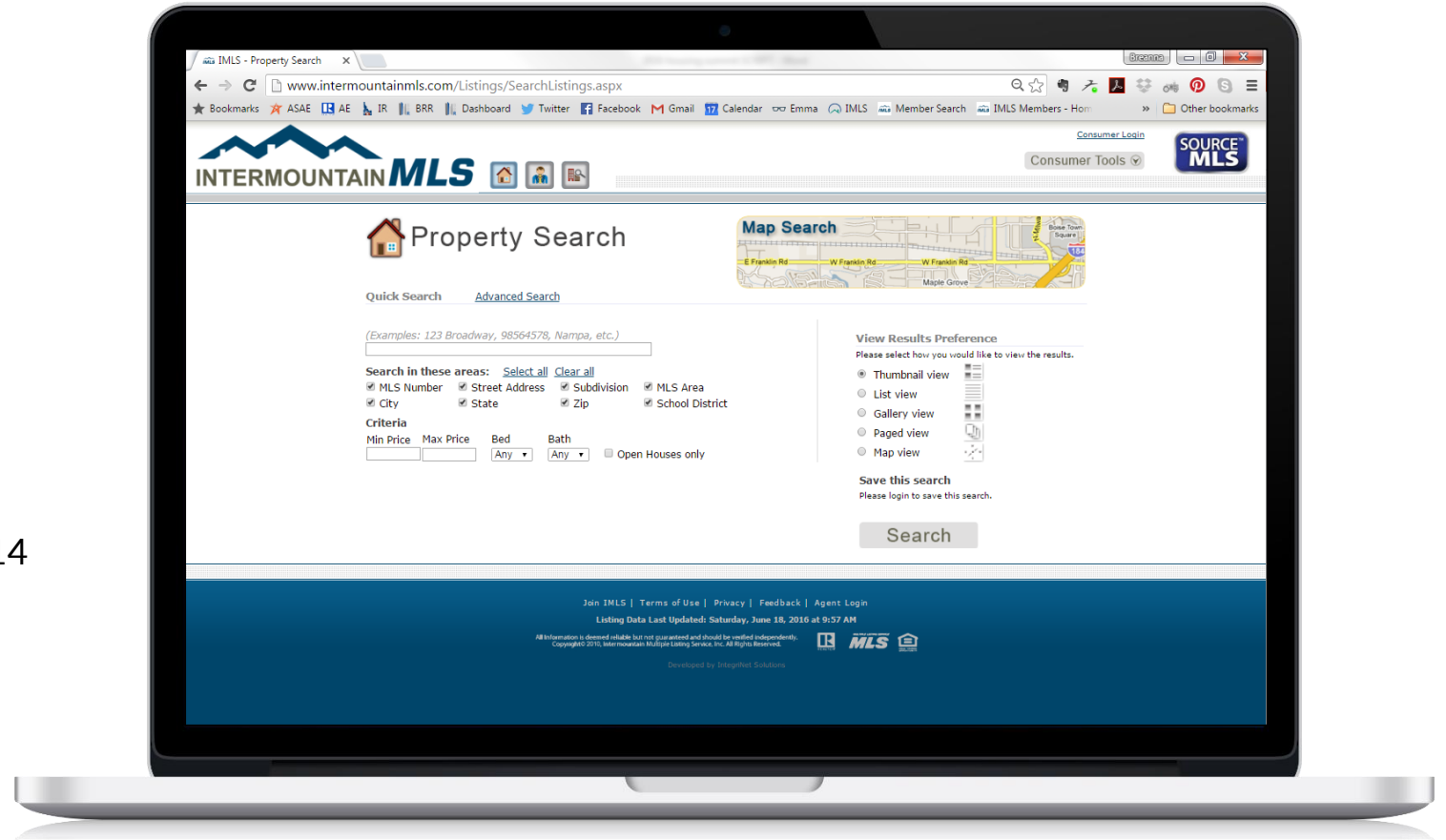


## Top Sources of Idaho's Domestic In-Migration in 2015



# Top Sources of Consumer Traffic on IMLS Property Search in 2015

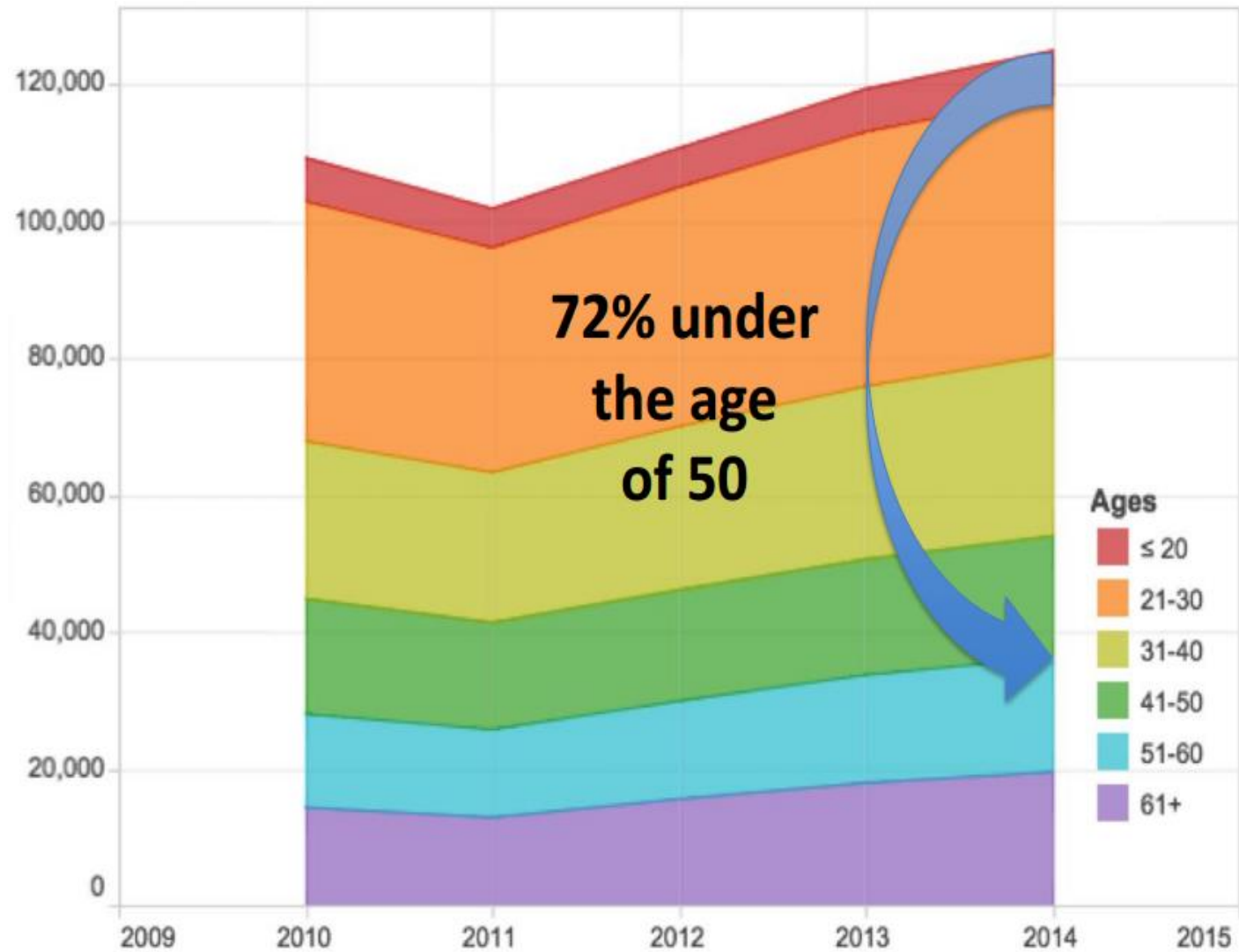
1. Boise, ID
2. Salt Lake City, UT
3. Meridian, ID
4. Twin Falls, ID
5. Nampa, ID
6. Eagle, ID
7. Los Angeles, CA – up 180% over 2014
8. Caldwell, ID
9. Denver, CO
10. San Francisco, CA



In May 2016, NAR cited Boise as one of the top cities where people from the Bay Area are choosing to move...



## Age Groups Moving into Idaho, 2009-2014



# Home Buying Interest by Age Group

Top Age Group by Zip

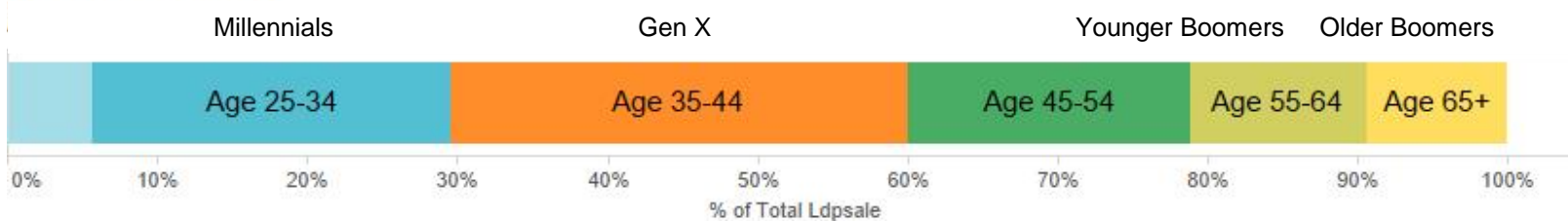
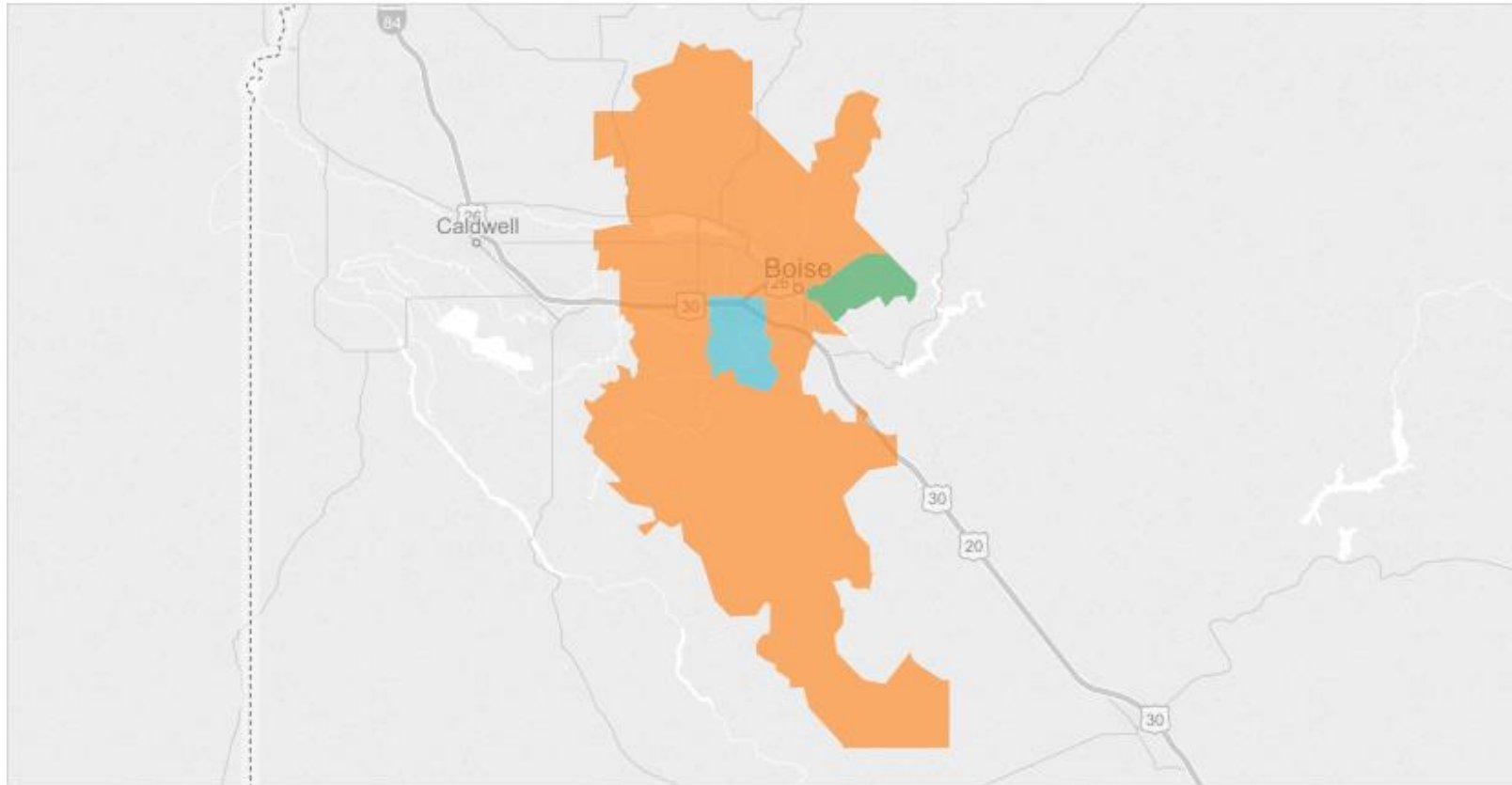
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State  
ID

County  
Ada, ID

Map Extent  
Contiguous US

Spring 2016



# Home Buying Interest by Age Group

Top Age Group by Zip

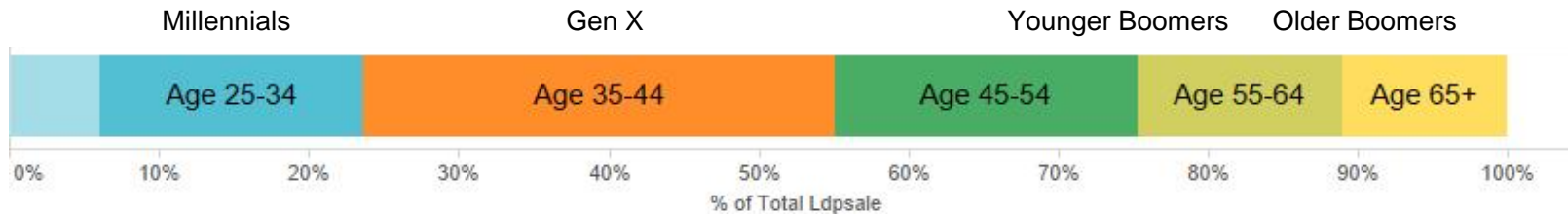
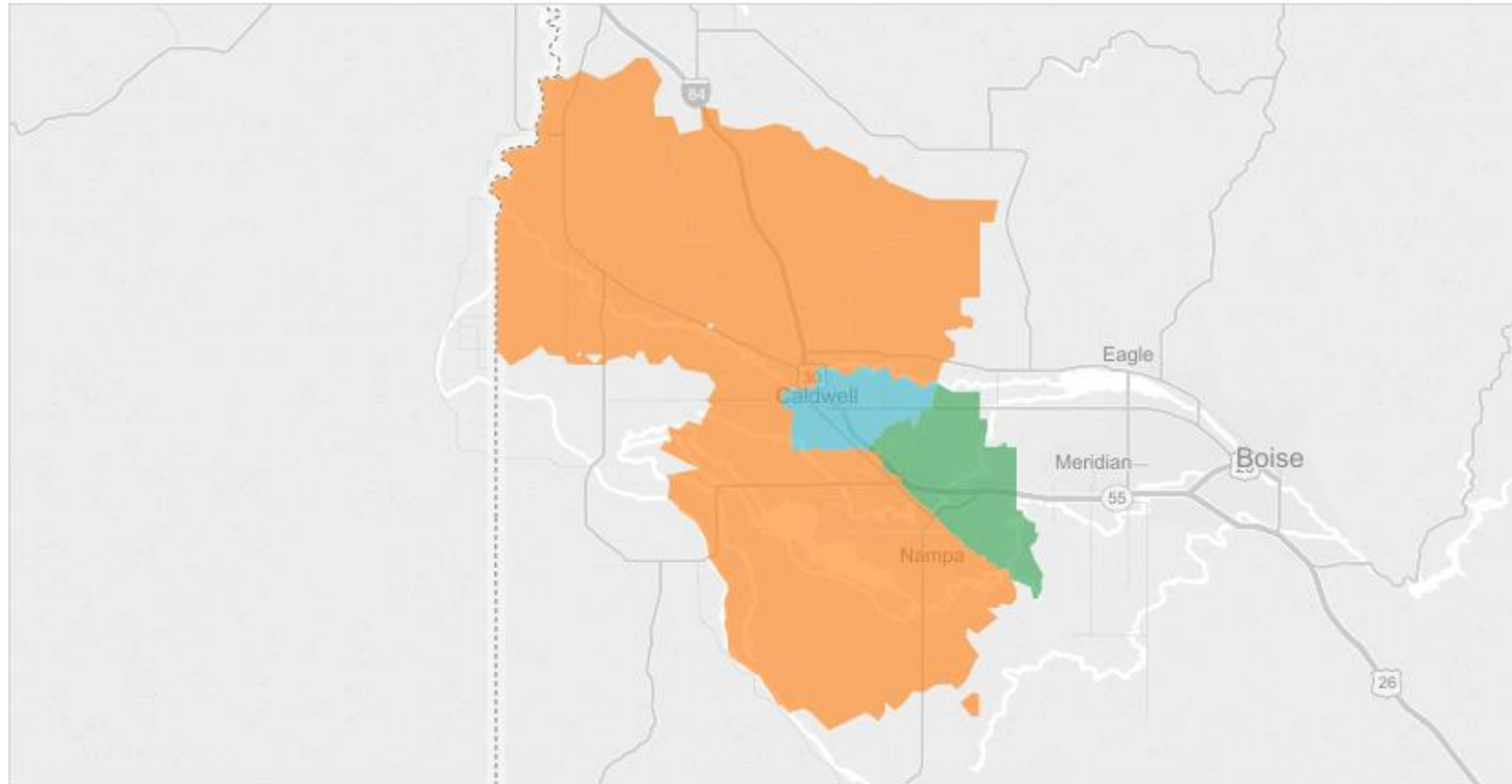
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State ID

County Canyon, ID

Map Extent Contiguous US

Spring 2016



# Distinct Needs for *Younger Boomers* (Age 51-60)

- “Sandwich Generation”
  - Only 16% of buyers in 2015, but this may increase over time.
  - May have children under 18 at home (their children or their grandchildren).
  - May also be taking care of aging parents (at home or nearby).
  - May need larger homes or homes with long-term livability amenities or accessibility features.
- Different needs than the “Empty Nesters” and “Snowbird Retirees” focused on downsizing or second homes, which we often think of when talking about Baby Boomers.



# Changing Preferences of Boomers

- Boomers are “aging in place” instead of selling their long-term homes, restricting existing inventory options for Gen X and Millennial buyers.
- More homeowners are remodeling so that they can age comfortably in them, thus “nesting” is seen as a powerful form of investing.
- Top “aging in place” amenities include walk-in showers, comfort-height toilets, and automated lighting systems.

# Changing Preferences of Boomers... *and Millennials*

- Interestingly, aging in place (or rather, long-term livability) is *also* starting to resonate with Millennials.
- 75% of Millennial FTHBs said they would rather bypass the starter home and buy a place that meets their long-term needs, even if they have to *wait* to save more. But can they?
  - *If* this trend pans out, what could that mean for resale activity long-term?  
Or for the housing product that builders offer in the future?

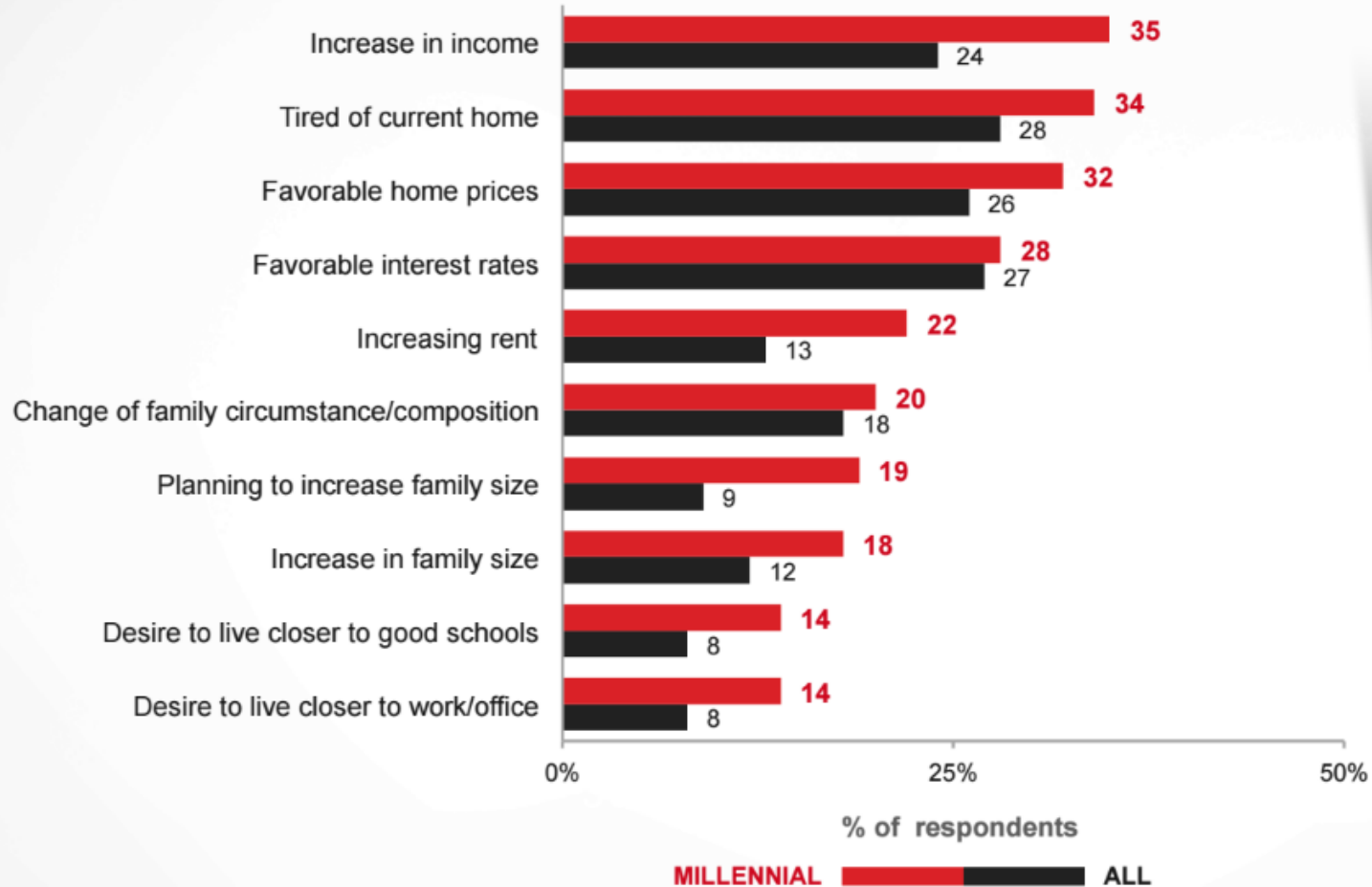
# Changing Preferences of Millennials

- Despite the image of the “tech-crazed, city-loving Millennial,” many are looking at the suburbs, just like generations before them.
- According to NAR’s “2015 Profile of Home Buyers and Sellers,” only 17% of Millennials bought a home in an urban area last year.

# LIFE DRIVES HOUSING DEMAND

Today's Millennial home shoppers are propelled by success

## Top 10 millennial triggers



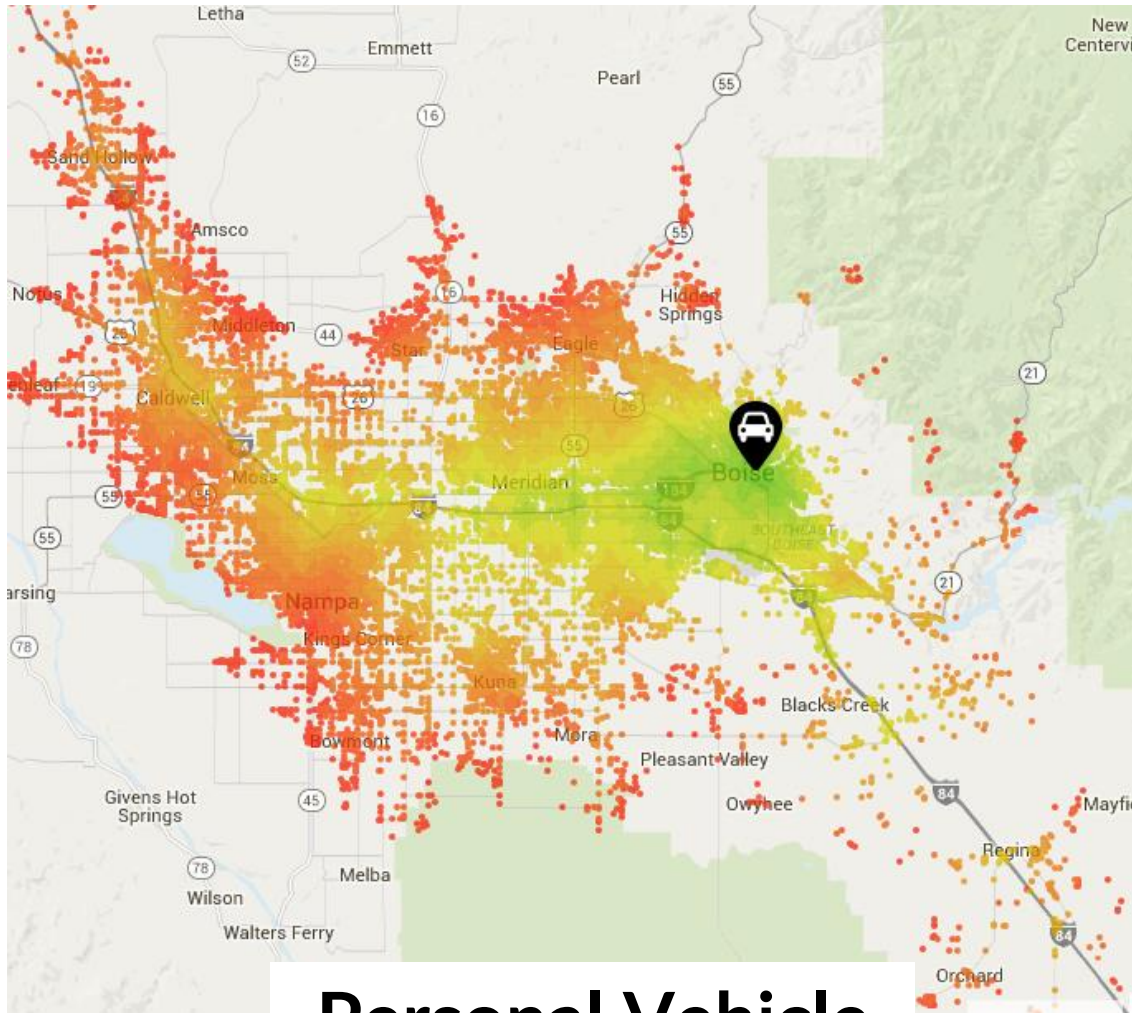
69% of Millennial shoppers indicate some form of change in family size\* as a trigger

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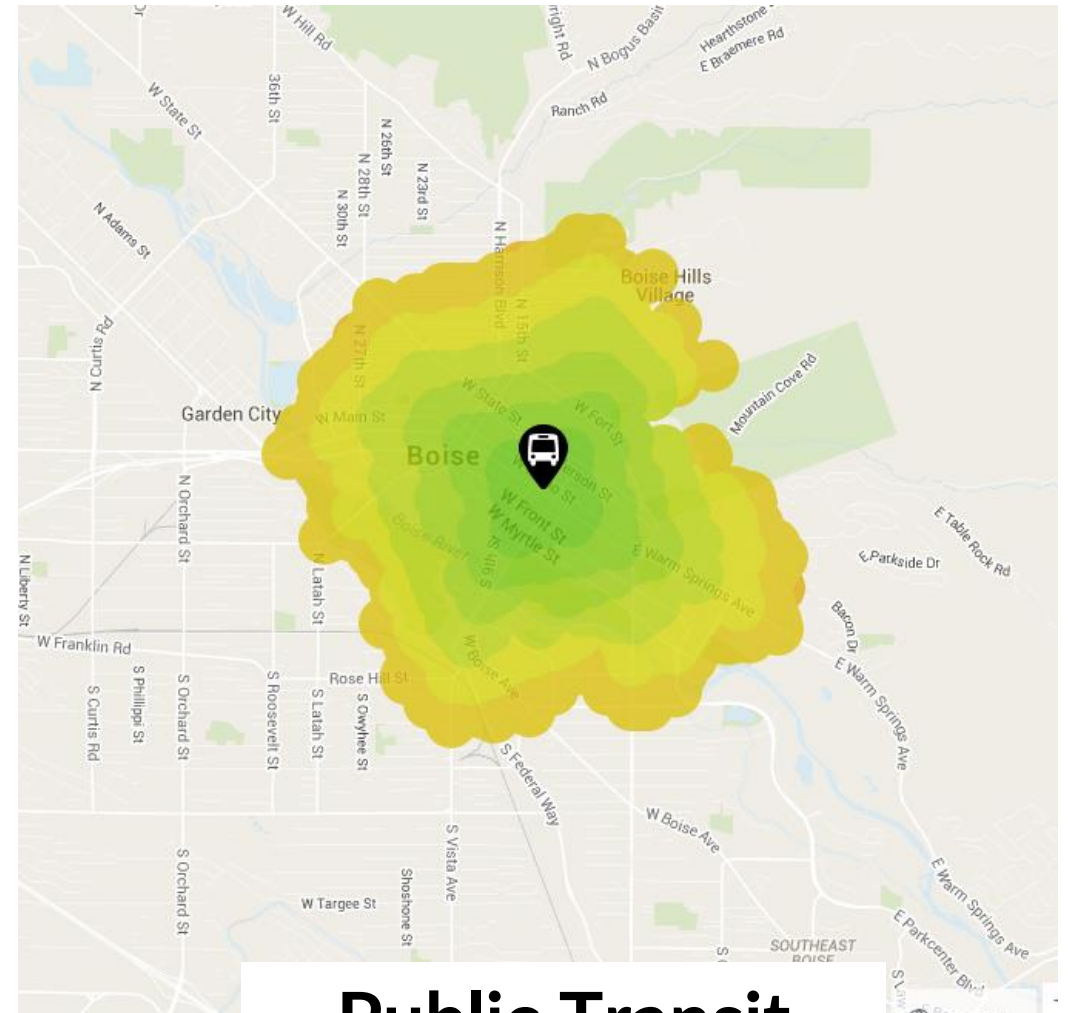
# Changing Preferences of Millennials (cont.)

- More specifically, Millennials are looking for high-density, closer-in “semi suburbs” – communities with mixed-use development and diverse transit options – often where housing is more affordable.
- Where could those be in our region in the next 5-10 years?

# 30-Minute Commute Comparison



## Personal Vehicle



## Public Transit

# 10-Year Job Growth Estimates by Industry

Expected employment growth between 2016 and 2026

Geography	All Industries	Construction	Real Estate, Rental, and Leasing
United States	+14%	--	--
Western States	+19%	--	--
Idaho	+21%	+35% (2 <sup>nd</sup> in the state)	+27% (5 <sup>th</sup> in the state)
Boise Metro	+21%	+40% (1 <sup>st</sup> in the metro)	+37% (2 <sup>nd</sup> in the metro)

- Total employment is expected to grow by 21% by 2026, both in Boise and Idaho, outpacing growth in other Western states and the US.
- Real estate and construction industries are expected to be among the hottest industries for employment growth in the state of Idaho and in the Boise metro over the next decade.

**So... how does all of this  
impact housing affordability?**



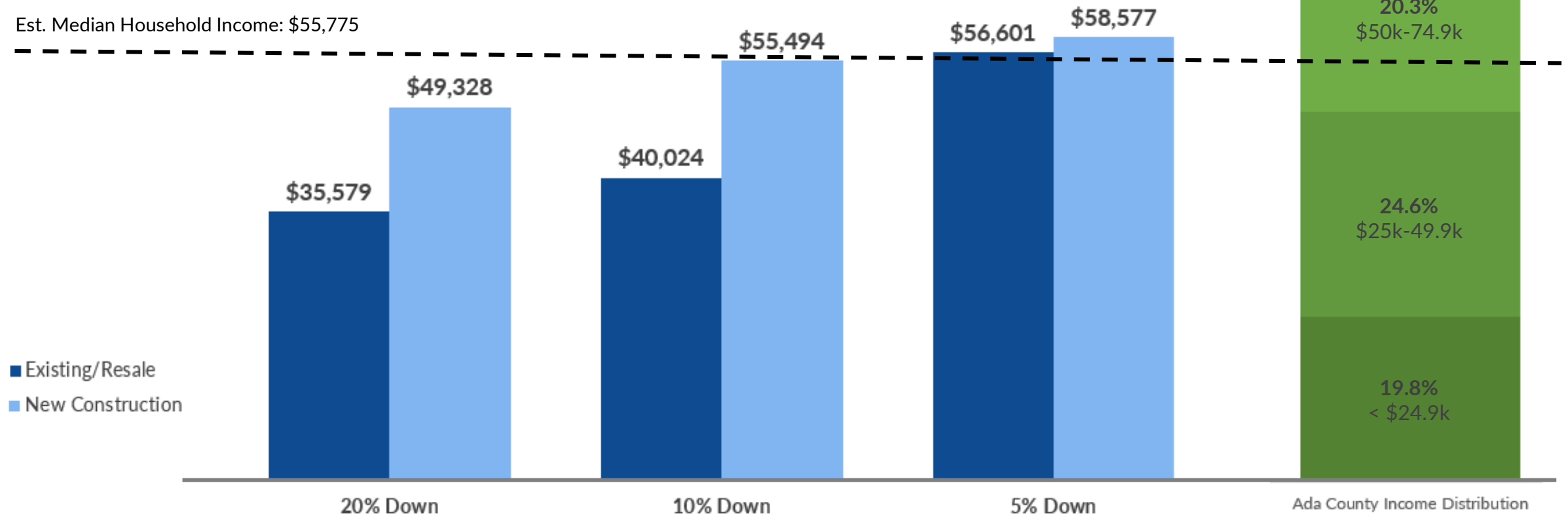
# Income Needed to Purchase Median Priced Home in Ada County Compared to Median Household Income and % Down Payment

Based on May 2016 median sale price of \$228,250 for existing/resale homes and \$316,450 for new homes from IMLS, 30-year fixed conventional mortgage at 3.6% interest, and 28% of household income going towards a mortgage payment. Income Distribution and Estimated Household Income from the U.S. Census Bureau.



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Est. Median Household Income: \$55,775



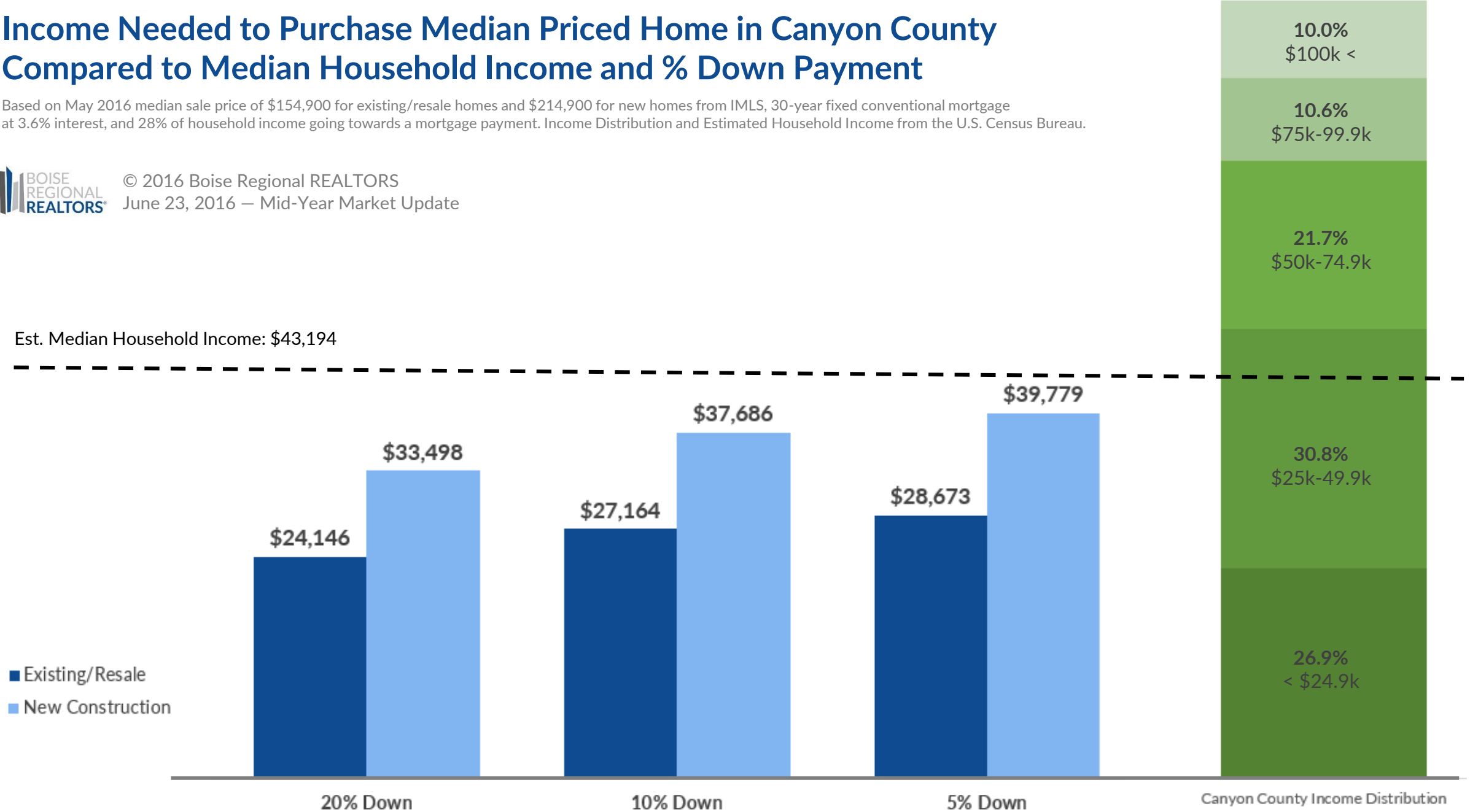
# Income Needed to Purchase Median Priced Home in Canyon County Compared to Median Household Income and % Down Payment

Based on May 2016 median sale price of \$154,900 for existing/resale homes and \$214,900 for new homes from IMLS, 30-year fixed conventional mortgage at 3.6% interest, and 28% of household income going towards a mortgage payment. Income Distribution and Estimated Household Income from the U.S. Census Bureau.



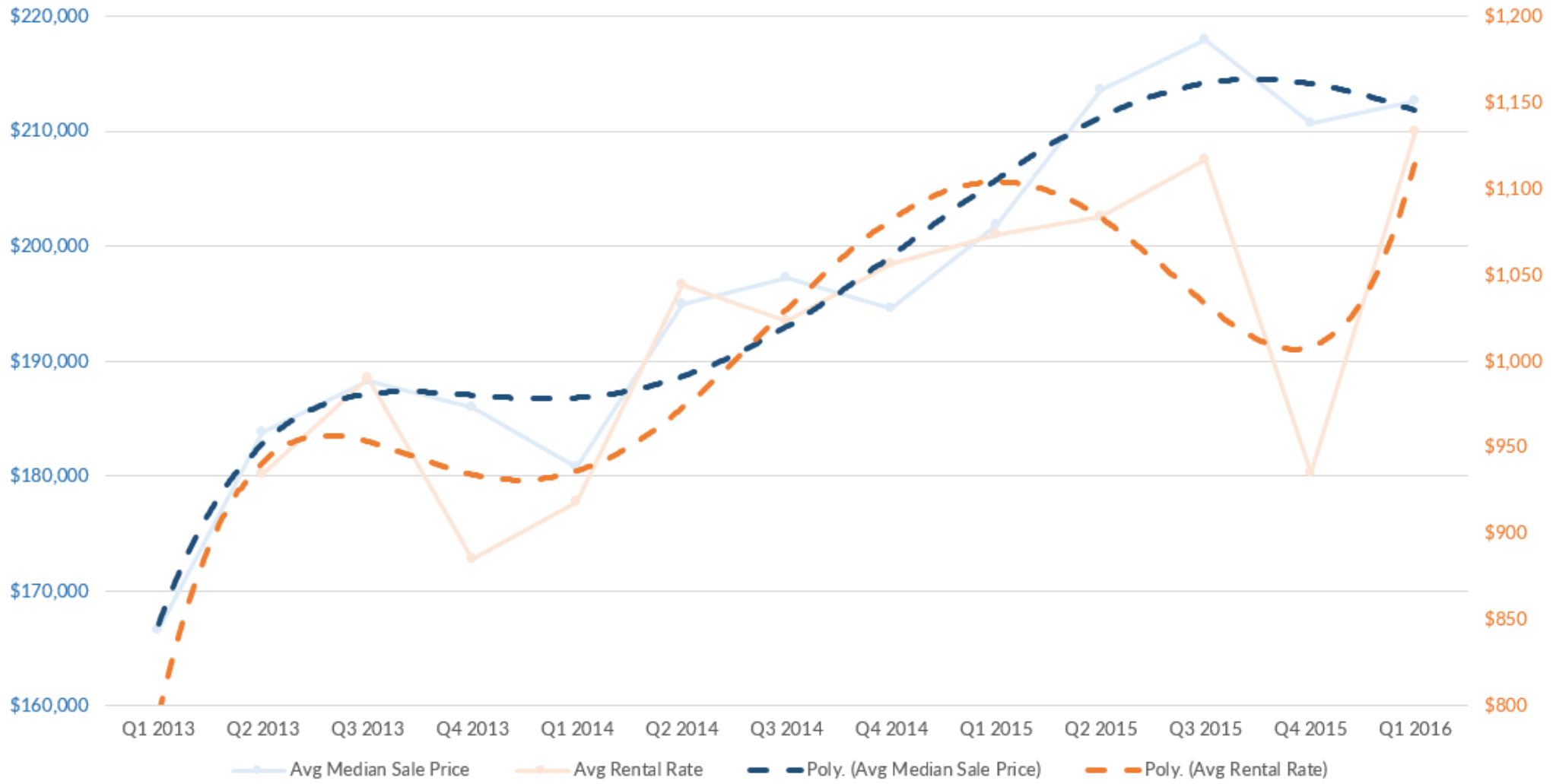
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Est. Median Household Income: \$43,194



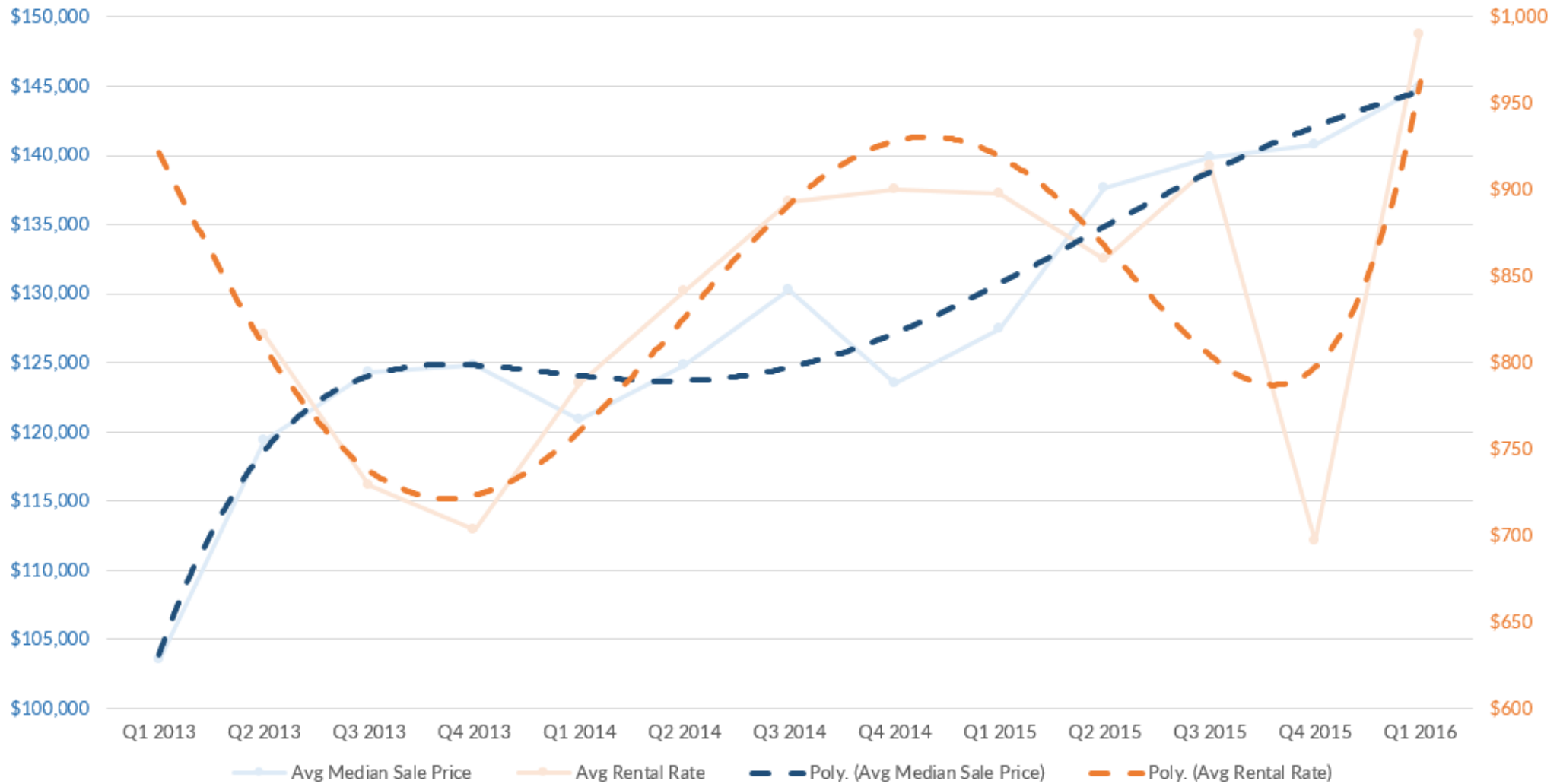
# Historical Rental Rates vs. Median Sale Price in Ada County

Average quarterly rates and existing single-family median sale prices, focused on the trend lines with quarterly data in the background, Q1-2013—Q1-2016.



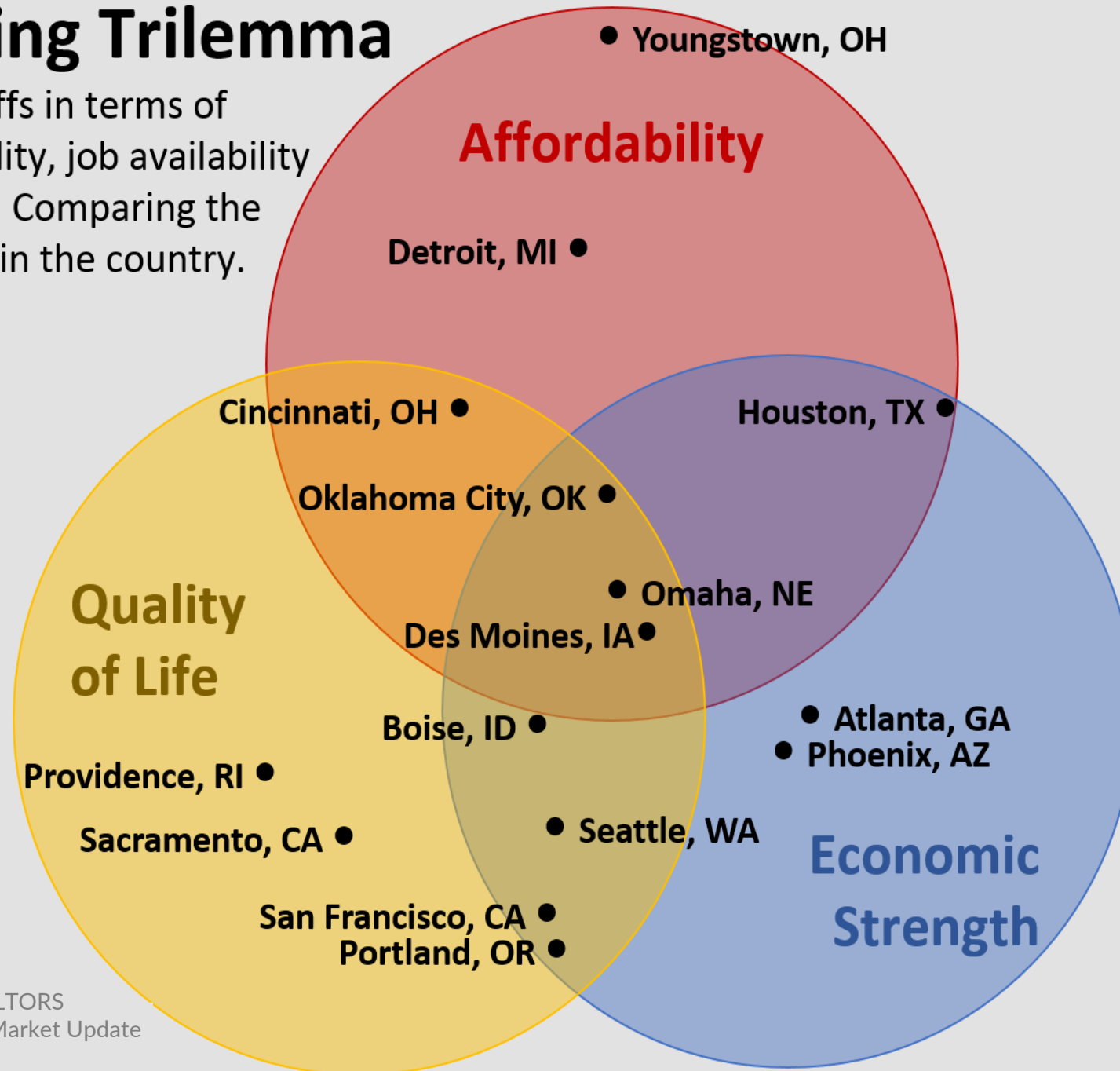
# Historical Rental Rates vs. Median Sale Price in Canyon County

Average quarterly rates and existing single-family median sale prices, focused on the trend lines with quarterly data in the background, Q1-2013—Q1-2016.



# The Housing Trilemma

Cities face tradeoffs in terms of housing affordability, job availability and quality of life. Comparing the 100 largest MSAs in the country.



# The Housing Trilemma Explained

“As people flock to cities [with] economic opportunities and a high quality of life, the increased demand for housing makes rents and property prices spike.”

To meet demand and help with affordability, more new housing and rental/purchase assistance programs are needed, especially for young and first-time renters and buyers, to “offset the premium required to live in a popular place.”



**So... what's on tap for  
the rest of 2016 and 2017?**

# 2016, 2017, and Beyond

- Most economists predict low inventory will last into next year, but price hikes may slow.
  - This *does not* mean that prices will begin to decline, just that year-over-year gains will be smaller, due to affordability.
- As a result, more buyers and builders will be looking for options at the edges of Ada County, throughout Canyon County, and beyond.



# 2016, 2017, and Beyond (cont.)

- NAR is forecasting modest increases for existing home sales over the next couple of years, as pending sales are moving faster than anticipated – which is a good sign for the market overall.
- Based on current conditions, the economy should be able to support continued price increases as the labor market improves, and if unemployment and mortgage rates stay low.

# 2016, 2017, and Beyond (cont.)

- The good news for the Boise region, is that we tend to lag behind the national market by a few years.
- Should there be major changes in the national trends, we can anticipate and prepare for a market shift, whenever that may be.
- Throughout 2017, we should continue to enjoy a strong and growing real estate market across the Boise Region.

# Today's presentation is available at [boirealtors.com](http://boirealtors.com), along with other market stats, updated monthly on or after the 12<sup>th</sup> calendar day.



## Ada County – Single-Family Homes January 2016 Market Statistics

Report provided by Boise Regional REALTORS®  
Data from the Intermountain MLS as of February 11, 2016

Key Metrics	Jan 2015	Jan 2016	% Chg	YTD 2015	YTD 2016	% Chg
Closed Sales	41	42				
Median Sales Price	\$224,000	\$224,000				
Days on Market	7	7				
Pending Sales	8	8				
Inventory	1.5	1.5				
Months Supply of Inventory	3	3				

### Months Supply of Inventory by Price Range



### Explanation of Metrics and Notes

**Closed Sales** – A count of the actual sales that have closed. **Median Sales Price** – The price at which half the homes sold for more, and half for less. **Days on Market** – Average, current day of sale. A count of the homes that were under contract for 120 days or more. **Inventory** – The number of homes currently under contract. **Months Supply of Inventory** – Takes the number of homes for sale, divided by the average number of closed sales by month for the previous 6 months of supply. **NOTE:** "Out" sales may have occurred and inventory may be low.

The information in this report is based primarily on information provided by the Intermountain Multiple Listing Service (MLS), a subsidiary of Boise Regional REALTORS®. These statistics are not intended to be used as a basis for investment or other financial decisions. The accuracy of this information is not guaranteed. Boise Regional REALTORS® provides these statistics for informational purposes only. For more information, please contact Boise Regional REALTORS®, at [boirealtors.com](http://boirealtors.com). Market reports are released on or after the 12th calendar day of each month, and will be available on the website approximately 2-3 business days after the report date. For more information, please contact Boise Regional REALTORS®, at [boirealtors.com](http://boirealtors.com).



## Ada County – Existing/Resale January 2016 Market Statistics for Single-Family Homes

Report provided by Boise Regional REALTORS®  
Data from the Intermountain MLS as of February 11, 2016

Activity by MLS Area	Closed Sales			
	Jan 2015	Jan 2016	% Chg	Jan 2015
Boise N (0100)	20	18	-10.0%	\$275,750
Boise NE (0200)	9	9	0.0%	\$314,750
Boise SE (0300)	23	24	4.3%	\$197,500
Boise Bench (0400)	27	28	3.7%	\$142,900
Boise S (0500)	12	10	-16.7%	\$186,900
Boise SW-Meridian (0550)	37	33	-10.8%	\$186,900
Boise W (0600)	21	24	14.3%	\$154,900
Boise W-Garden City (0650)	28	35	25.0%	\$156,750
Garden City (0700)	1	2	100.0%	\$139,000
Boise NW (0800)	27	21	-22.2%	\$222,000
Eagle (0900)	24	24	0.0%	\$299,000
Star (0950)	9	14	55.6%	\$224,900
Meridian SE (1000)	10	11	10.0%	\$265,250
Meridian SW (1010)	7	7	0.0%	\$284,500
Meridian NE (1020)	19	24	26.3%	\$174,900
Meridian NW (1030)	34	48	41.2%	\$210,000
Kuna (1100)	13	21	61.5%	\$136,000

### Notes on Data Sources and Methodology

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## Canyon County – New Construction January 2016 Market Statistics for Single-Family Homes

Report provided by Boise Regional REALTORS®  
Data from the Intermountain MLS as of February 11, 2016

Key Metrics	Jan 2015	Jan 2016	% Chg	YTD 2015	YTD 2016	% Chg
Closed Sales	201	225	11.9%	201	225	11.9%
Median Sales Price	\$127,000	\$146,000	15.0%	\$127,000	\$146,000	15.0%
Days on Market	75	58	-22.7%	75	58	-22.7%
Pending Sales	400	439	9.7%	---	---	---
Inventory	1,035	795	-23.2%	---	---	---
Months Supply of Inventory	4.7	3.1	-34.0%	---	---	---

### Months Supply of Inventory by Price Range



### Explanation of Metrics and Notes on Data Sources and Methodology

**Closed Sales** – A count of the actual sales that have closed. **Median Sales Price** – The price at which half the homes sold for more, and half for less. **Days on Market** – Average, current day of sale between when a property is listed and when it goes pending. **Pending Sales** – A count of the homes that were under contract and should close within 30-90 days. **Inventory** – A count of the homes for sale on the 12th day of a given month following the end of the reporting period. **Months Supply of Inventory** – Takes the number of homes for sale, divided by the average number of closed sales by month for the preceding twelve months. A balanced market – not favoring buyers or sellers. – is typically between 3-6 months of supply. **NOTE:** "Out" sales may have occurred and inventory may be low.

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## CANYON COUNTY MARKET SNAPSHOT: MAY 2016

**\$162,100**  
Median Sales Price  
**+12.4%**  
Year-Over-Year

**43 Days**  
on Market  
**-20.4%**  
Year-Over-Year

Provided by Boise Regional REALTORS®  
Data from the Intermountain MLS as of May 11, 2016

## ADA COUNTY MARKET SNAPSHOT: MAY 2016

**\$242,400**  
Median Sales Price  
**+5.9%**  
Year-Over-Year

**1,028**  
Homes Sold  
**+13.3%**  
Year-Over-Year

**38 Days**  
on Market  
**-19.1%**  
Year-Over-Year

**2.2 Months**  
of Available  
Inventory  
**-21.4%**  
Year-Over-Year

Provided by Boise Regional REALTORS® • BOIREALTORS.COM  
Data from the Intermountain MLS as of June 11, 2016



# Thank you for attending!



2016  
**MID-YEAR  
HOUSING SUMMIT**

June 23, 2016

