

2020 Mid-Year Residential Real Estate Update for Gem County

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Boise Regional REALTORS® Chief Executive Officer

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Key Market Metrics for Gem County

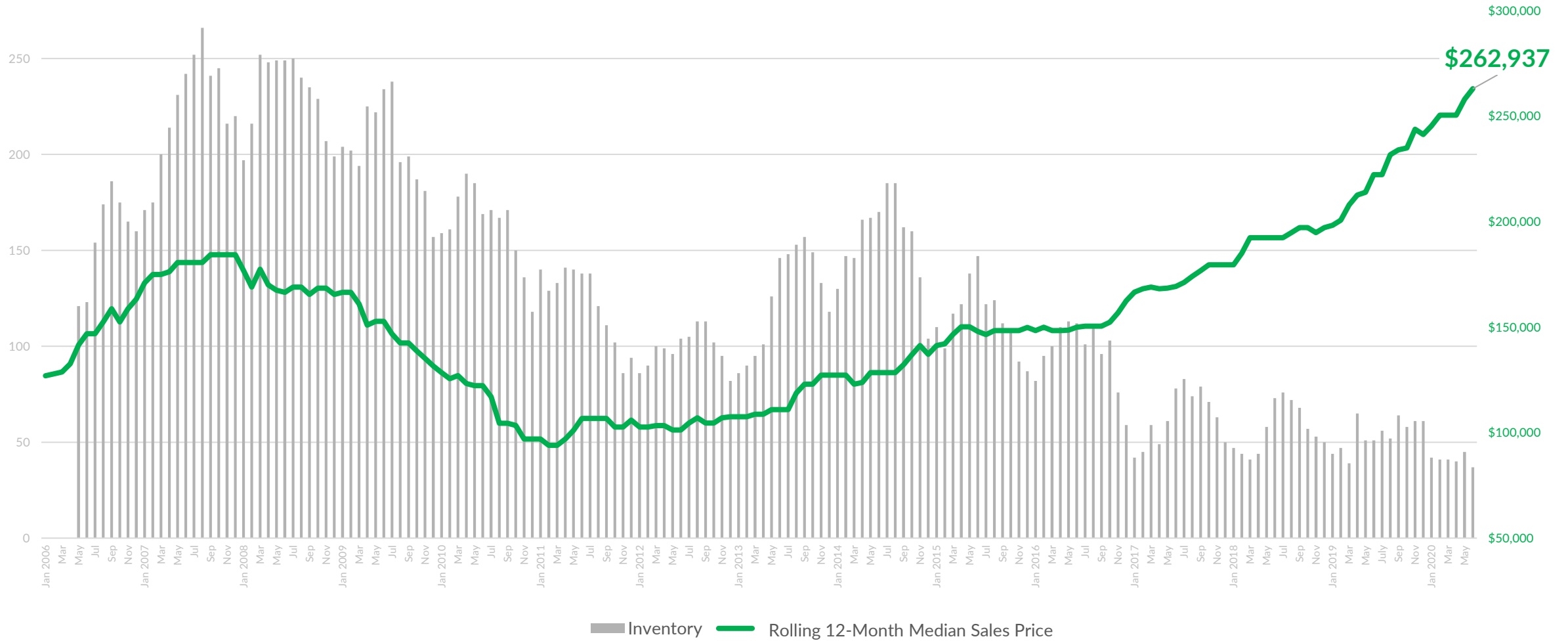
Gem County continues to have constrained supply putting upward pressure on home prices. Inventory is based on the count of active listings on June 30th, while all other metrics measure activity of single-family properties between January-June in 2019 and 2020. While existing sales were down year-over-year during this time period due to the slowdown caused by the statewide stay-home order, looking specifically at June 2020 for existing and new construction combined, closed sales were 88.2% ahead of June 2019 and 68.4% ahead of May 2020. Year-over-year percent changes can look extreme due to small sample sizes.

Existing/Resale	Jan-Jun 2019	Jan-Jun 2020	YOY % Chg
Inventory (as of Jun 30)	40	33	-17.5%
Days on Market	40	40	0.0%
Closed Sales	129	121	-6.2%
Median Sales Price	\$232,000	\$279,900	+20.6%

New Construction	Jan-Jun 2019	Jan-Jun 2020	YOY % Chg
Inventory (as of Jun 30)	11	4	-63.6%
Days on Market	47	75	+59.6%
Closed Sales	9	15	+66.7%
Median Sales Price	\$240,570	\$282,899	+17.6%

Historical Median Sales Price vs. Inventory in Gem County

Activity for existing and new single-family homes combined between Jan 2006–Jun 2020. The sales price reported is based on a rolling 12-month median. This smooths out potential month-over-month swings due to seasonality, a very high or low number of transactions in one month, very high or low sales prices that may occur one month but are not common, or other activity that may not be representative of the overall price trends for the area. Sales price and inventory rose and fell together between 2006 and 2011. Since then, inventory has not kept up with demand, contributing to prices being pushed upwards.



Where Will National Home Prices Go?

Mark Fleming, Chief Economist at First American Financial Corporation: “Our research has found that in past recessions, house prices show their ‘downside stickiness,’ meaning they remain flat or their growth slows during economic downturns, but often do not decline much with one exception – the Great Recession. Because of the downside stickiness of home prices, and the supply and demand imbalance that exists in the market today, we anticipate nominal house price appreciation to actually accelerate this summer. House prices are going up!”



Lawrence Yun, Chief Economist at the National Association of REALTORS®: Noted that May 2020 was likely the low point in this cycle, and expects as states re-open, home sales will rebound and may end up higher this year than last year – assuming we don’t experience a second wave of the virus. As long as homes are priced correctly, sellers should expect multiple offers and rising prices due to pent-up demand, although there does seem to be some softening among higher price points.

Ralph McLaughlin, Chief Economist at Haus and previously for CoreLogic: “We think price growth is going to slow, and even possibly turn negative, by the beginning of next year, as lower aggregate demand emerges and legislation that protects homeowners from foreclosure expire. However, we do expect price grow quite strongly by the end of next year, growing between 4-6% on a year-over-year basis.”



Robert Dietz, Chief Economist at the National Association of Home Builders: “A reminder of resale housing market dynamics: Limited existing home inventory is supporting prices in the short-run, but if elevated unemployment persists into 2021, pricing will be under pressure. Builder price incentive use for new homes is fading going into the summer.”

Economists Debate on a V- or W-Shaped Recovery

Positive Trends

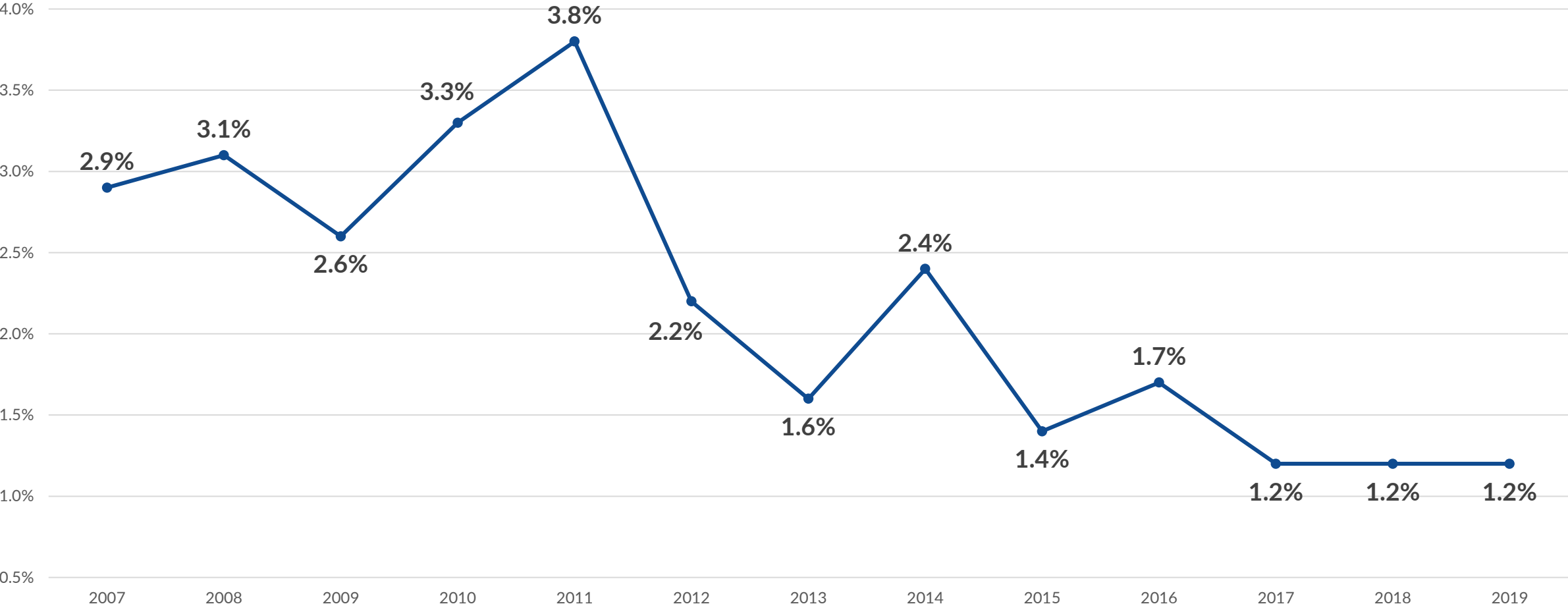
- Low vacancy (not as many empty houses)
- Low mortgage delinquency rates
- Large home equity cushion
- Pent-up buyer demand paired with lower debt payments, higher personal savings rates, and low mortgage rates (3.2% vs. 6.4% in 2006)
- *Comparative* affordability vs. nearby markets, plus desire to relocate from more dense metros

Trends and Metrics to Watch

- Months supply of inventory (MSI) especially for the existing/resale segment
- Unemployment rates, consumer confidence, and potential shifts in purchase behaviors
- Foreclosure filings after August 31
- COVID-19 vaccine availability and efficacy
- Local affordability concerns from lack of lower-priced supply

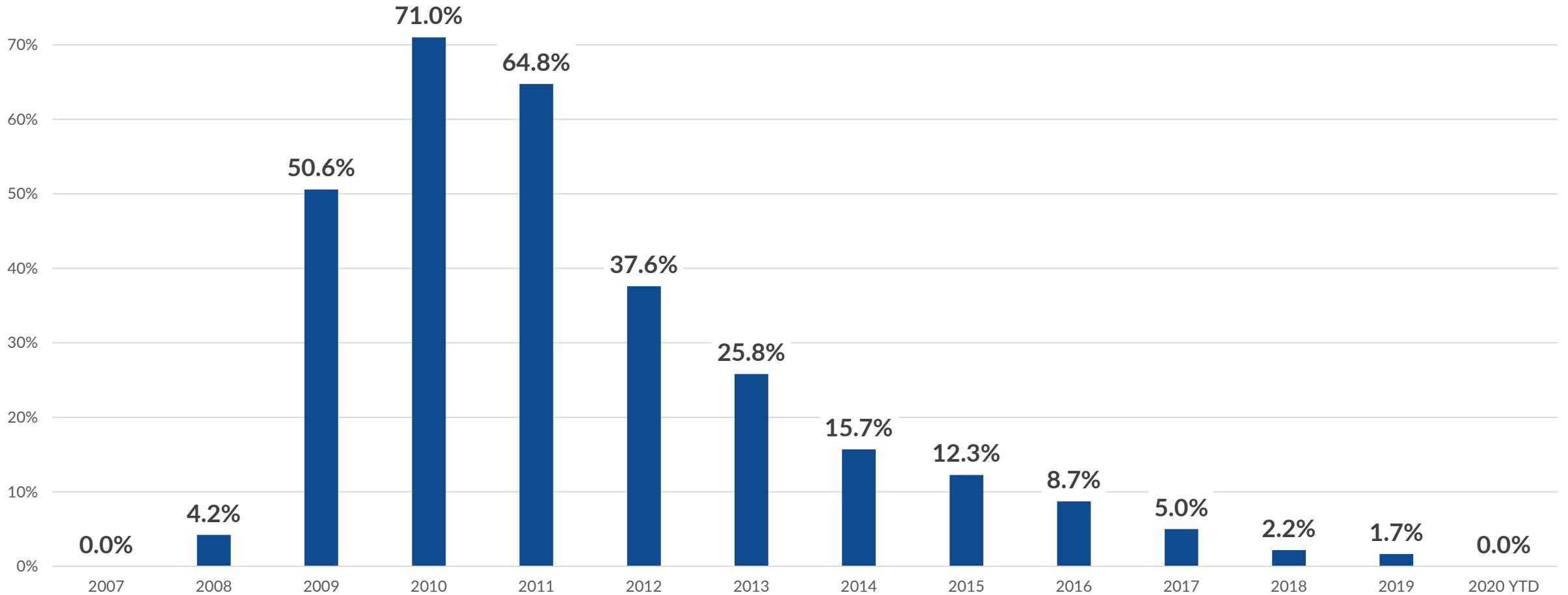
Home Vacancy Rate for Idaho, 2007-2019

CoreLogic's Q1-2020 Home Equity Report notes one of the differences of today's market compared to the Great Recession is the vacancy rate for homes (excluding rentals). Many homes sat vacant after foreclosures during that time, pushing Idaho's home vacancy rate to a record 3.8% in 2011. This rate has only gone above three percent in 2008 at 3.1% and 1987 at 3.2% in 1987. Since 2017, Idaho's rate as remained at 1.2%.



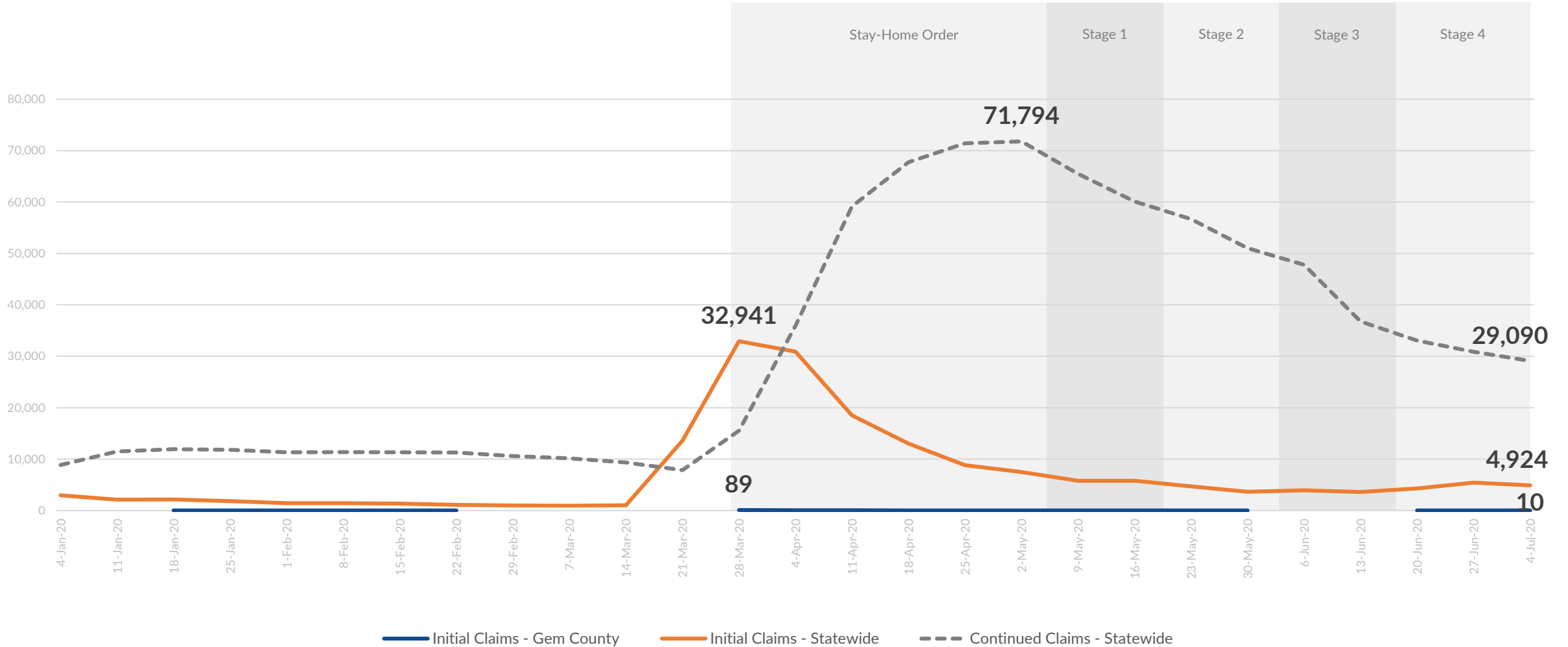
Share of Closed Sales that were Distressed in Gem County, 2007–2020 YTD

2020 figures based on six months of activity (Jan-Jun) while all others are full years. Distressed properties are those listed in IMLS as “HUD Owned,” “In Foreclosure,” “REO/Bank Owned,” or “Potential Short Sale.” Distressed activity peaked in 2011 when 71.0% of all closed sales were distressed, representing 158 transactions. That share has been dropping dramatically ever since and halfway through 2020, there have been no distressed sales. As of July 10, 2020, there was just one distressed active listing in IMLS in all of Gem County.

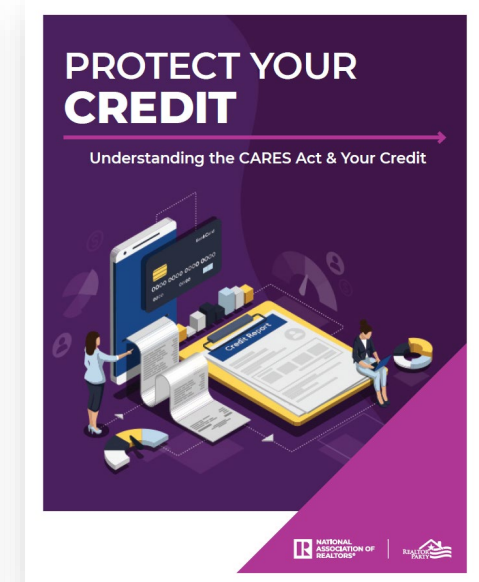


Weekly Unemployment Claims for Idaho and Gem County, Jan–Jun 2020

Between January 1st and the week ending March 14th, initial unemployment insurance claims were averaging 1,582 per week across Idaho. After the statewide stay-home order went into effect March 25th, initial claims peaked at 32,941 statewide. Gem County was averaging nine initial claims per week but also saw a jump the week ending March 28th with 89 claims. Since settled back down to 11 per week, on average. This will be a key metric to watch to gauge economic recovery, particularly on a statewide perspective.



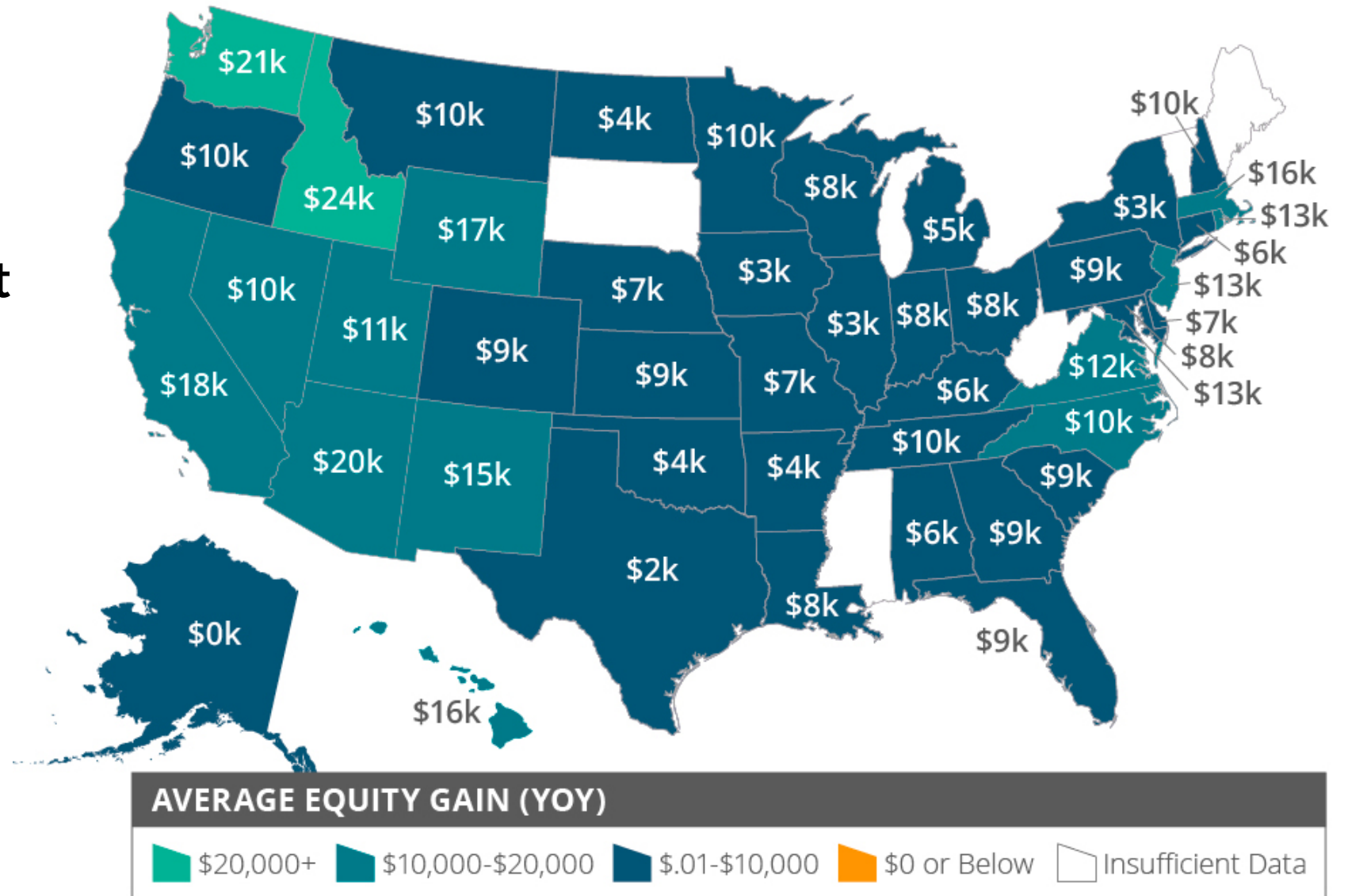
Financial assistance for property owners and renters...



Local resources available at idahohousing.com, eladacap.org, and 211.idaho.gov, search “Mortgage Payment Assistance” at boirealtors.com, and access guides from the National Association of REALTORS® to share with clients in need.

CoreLogic reported the average homeowner in the U.S. gained approximately \$9,600 in equity during the past year, through Q1-2020.

Idaho had the highest year-over-year average increase at \$24,400.



More people are taking cash out of their homes

Amy Scott

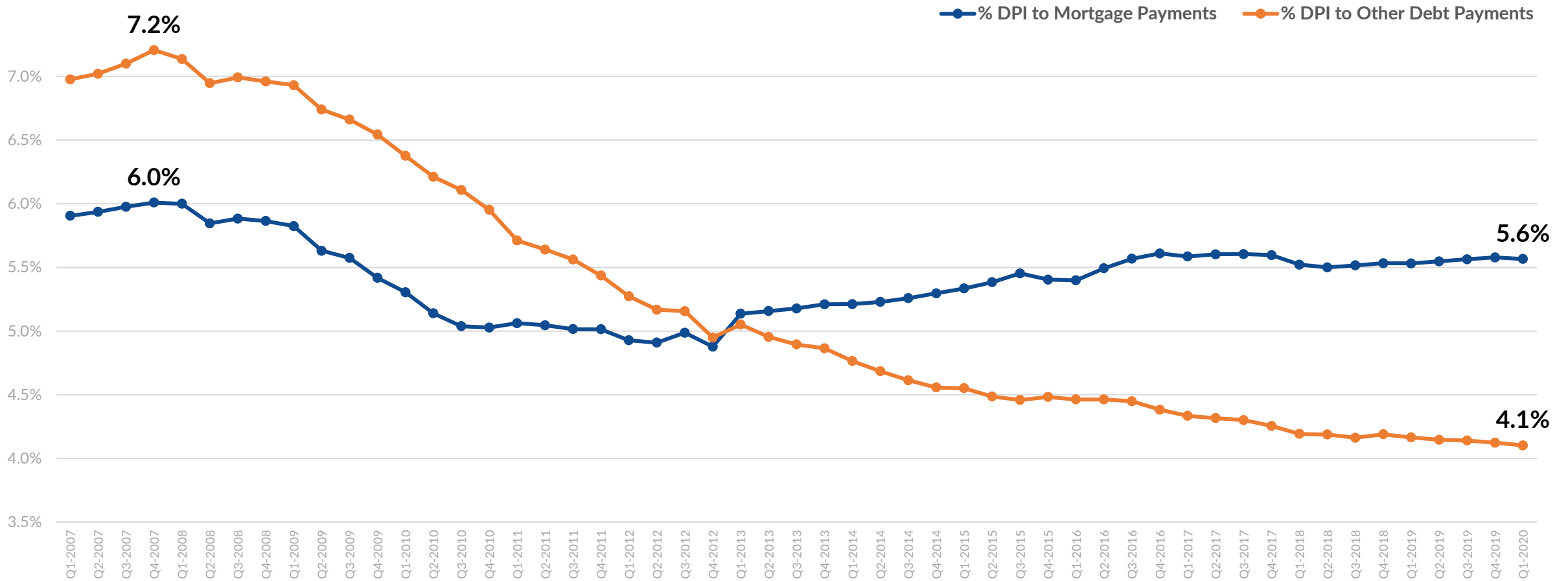
Feb 5, 2020



“The recent wave of refinancing seems to be more about people taking advantage of lower rates to reduce monthly payments... pay off a loan faster, [or] for repairs. In 2006, homeowners extracted about \$320 billion of equity through refinancing, compared to an estimated \$80 billion [in 2019].”

Quarterly National Household Debt Payments as a Percent of Disposable Personal Income, Q1-2007 through Q1-2020

Another positive trend today versus the Great Recession (2007-2008), is the decline in the percent of disposable personal income (DPI) spent on mortgage and other debt payments (also referred to as “debt service”). It has fallen 26.8% from it’s high of 13.2% in Q4-2007 for all debt payments combined, to 9.7% for Q1-2020. Despite rising home prices, the drop in mortgage rates is likely a contributing factor.



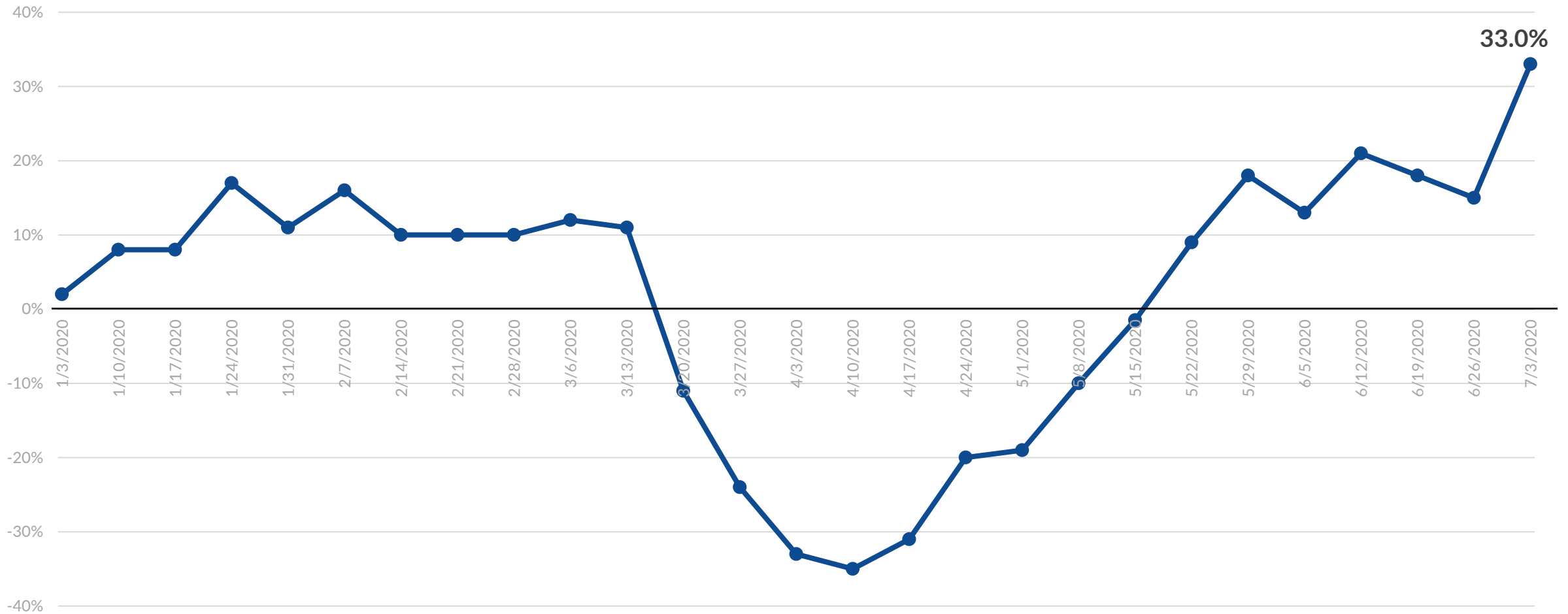
Monthly National Personal Savings Rate as a Percent of Disposable Personal Income, January 2007–May 2020

“The personal savings rate hit a historic 33% in April [2020]. This rate — how much people save as a percentage of their disposable income — is by far the highest since the department started tracking in the 1960s. The previous record savings rate was 17.3% in May 1975. There is a tremendous uncertainty... restraining people’s desire to go out and spend as they normally would,” according to an article from CNBC.com. In addition to stimulus checks distributed in April (with 12% of Americans reportedly saving them) many businesses were closed, so people could not spend as they normally would have, even if they wanted to.



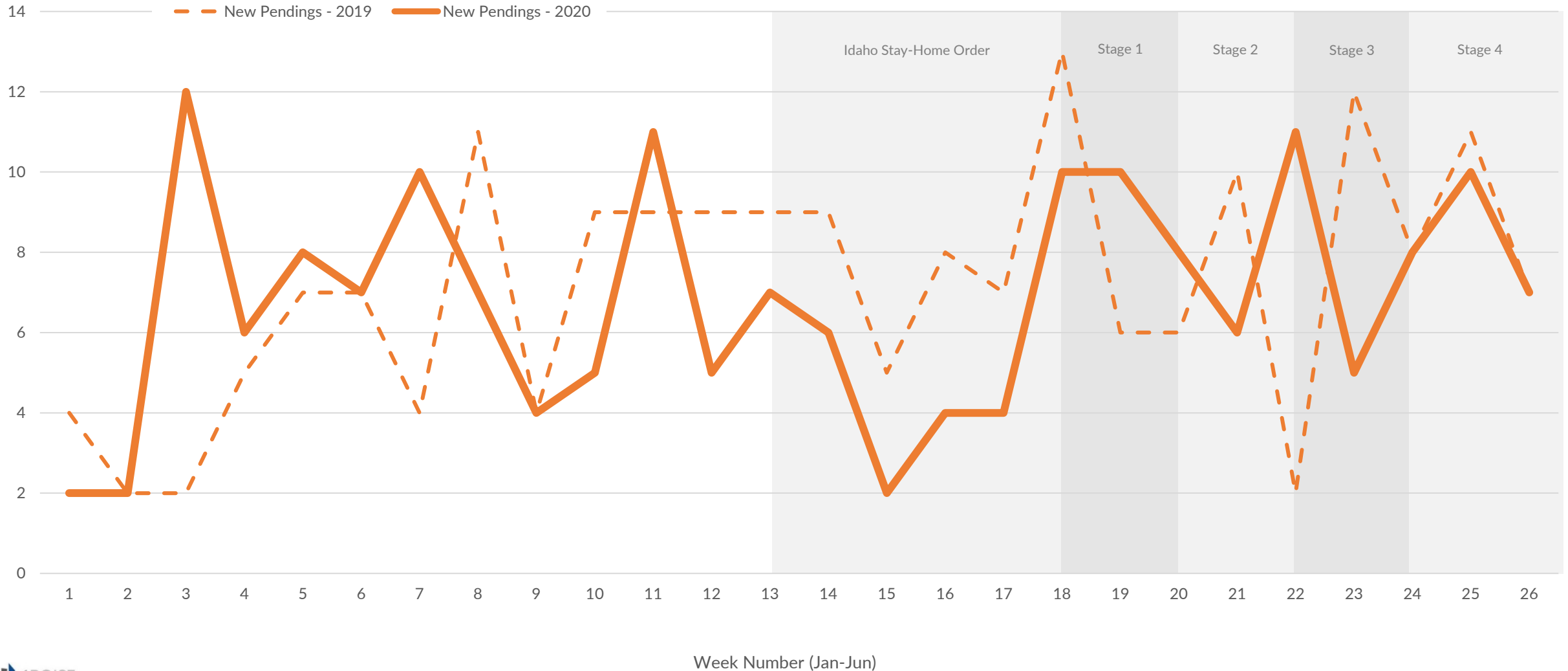
Weekly YOY Percent Change in National Mortgage Applications, Jan-Jun 2020

National purchase application data showing the year-over-year percent change by week between January 1st and July 3rd. Applications were tracking ahead of 2019 levels through mid-March when national recommendations for social distancing were announced and conversations about a recession ramped up. Potential homebuyers stepped back around that time, as evidenced by the drop in purchase applications as compared to the previous year, falling through mid-April. As states (including Idaho) began to re-open, purchase application activity picked back up, exceeding 2019 levels by mid-May.



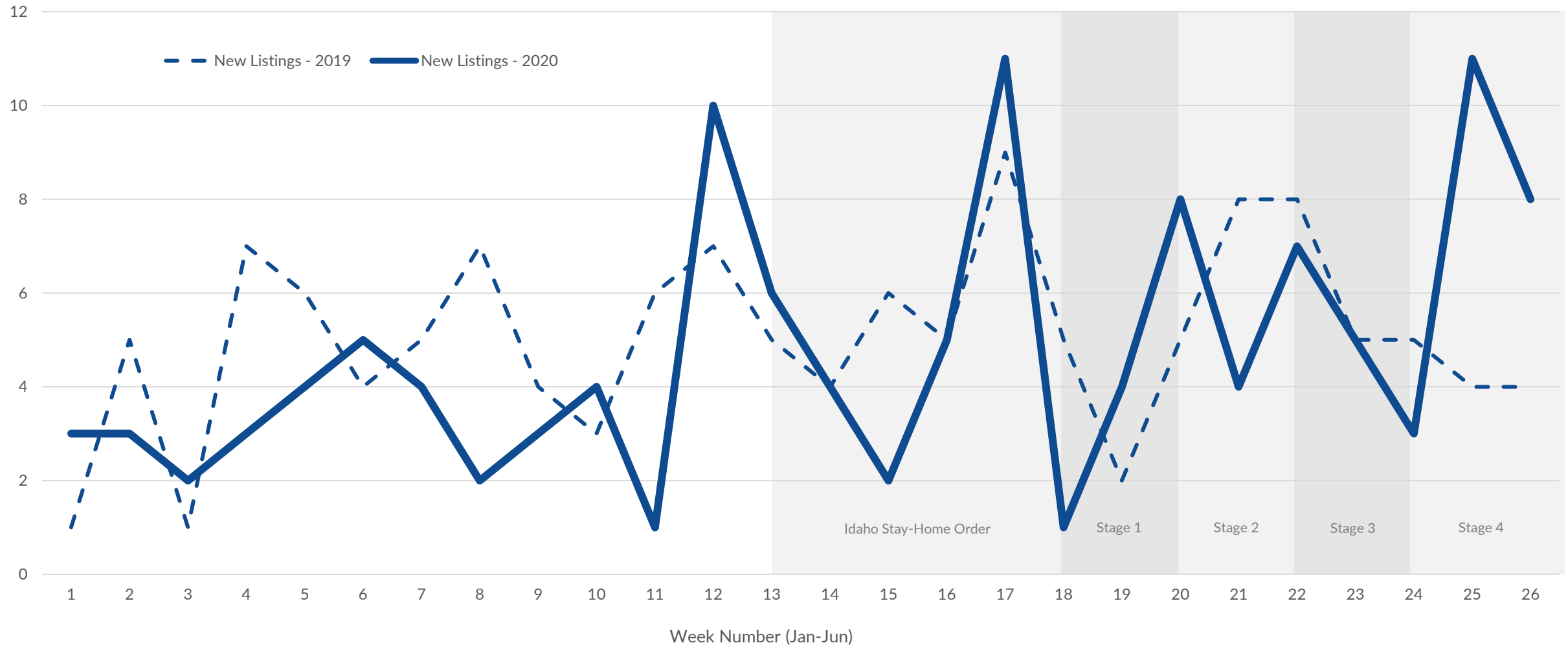
Weekly Home Buyer Activity in Gem County, Jan-Jun 2019 vs. 2020

New pending sales for existing/resale and new construction combined, as reported to IMLS. Shaded areas represent statewide stay-home order and subsequent stages of the Idaho Rebounds Plan. Home buyer activity was ahead of 2019 levels by six transactions between January 1 and the week ending March 28th – which is when the statewide order went into effect. Since then pending sales have fluctuated weekly but were off by 13 transactions when compared to the same 12-week period a year before.



Weekly Home Seller Activity in Gem County, Jan-Jun 2019 vs. 2020

New listings for existing/resale properties only, based on cumulative days on market (CDOM) of less than 7, according to IMLS. Shaded areas represent statewide stay-home order and subsequent stages of the Idaho Rebounds Plan. Seller activity was off by 12 properties compared to 2019 between January 1 and the week ending March 28th when the stay home went into effect. Despite a few weeks outperforming last year, year-to-date there have been eight fewer homes listed in 2020 compared to 2019.



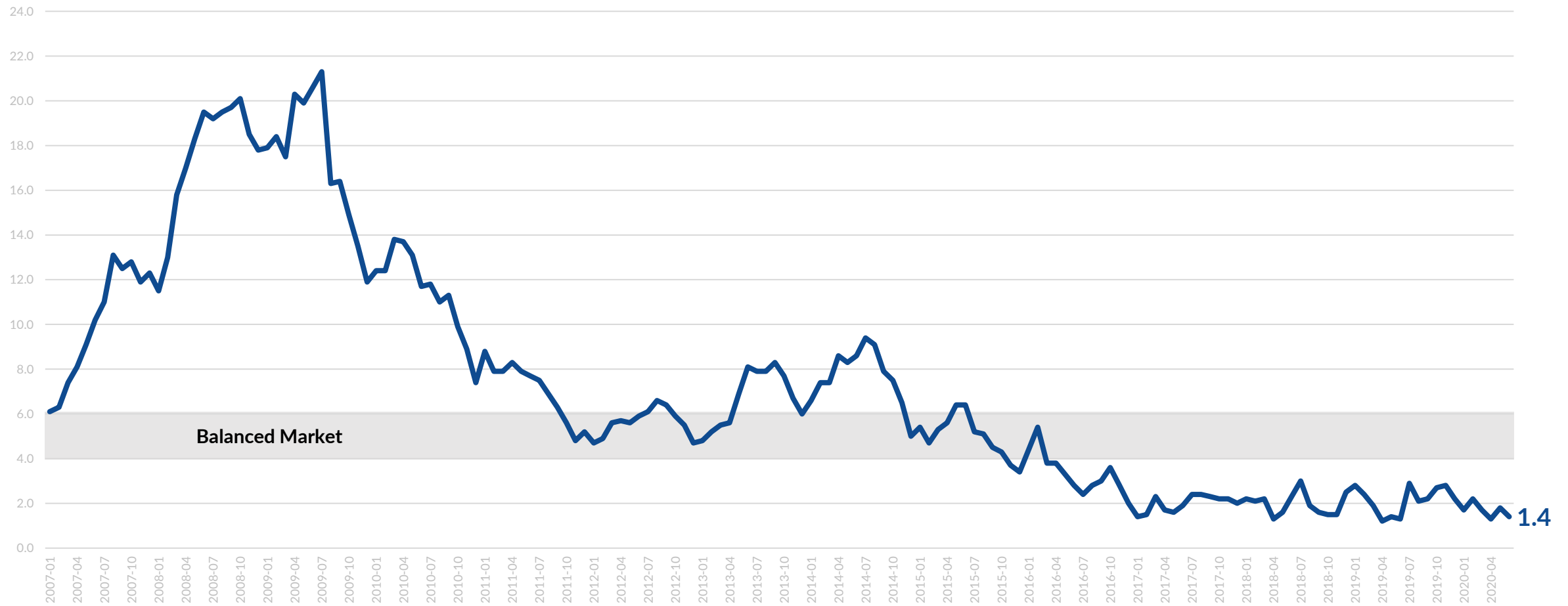
Gem County's home prices have been driven by...

A shrinking supply of inventory compared to demand, as well as, increased purchase power due to *low mortgage rates...*

***not from speculation* as was common more than a decade ago.**

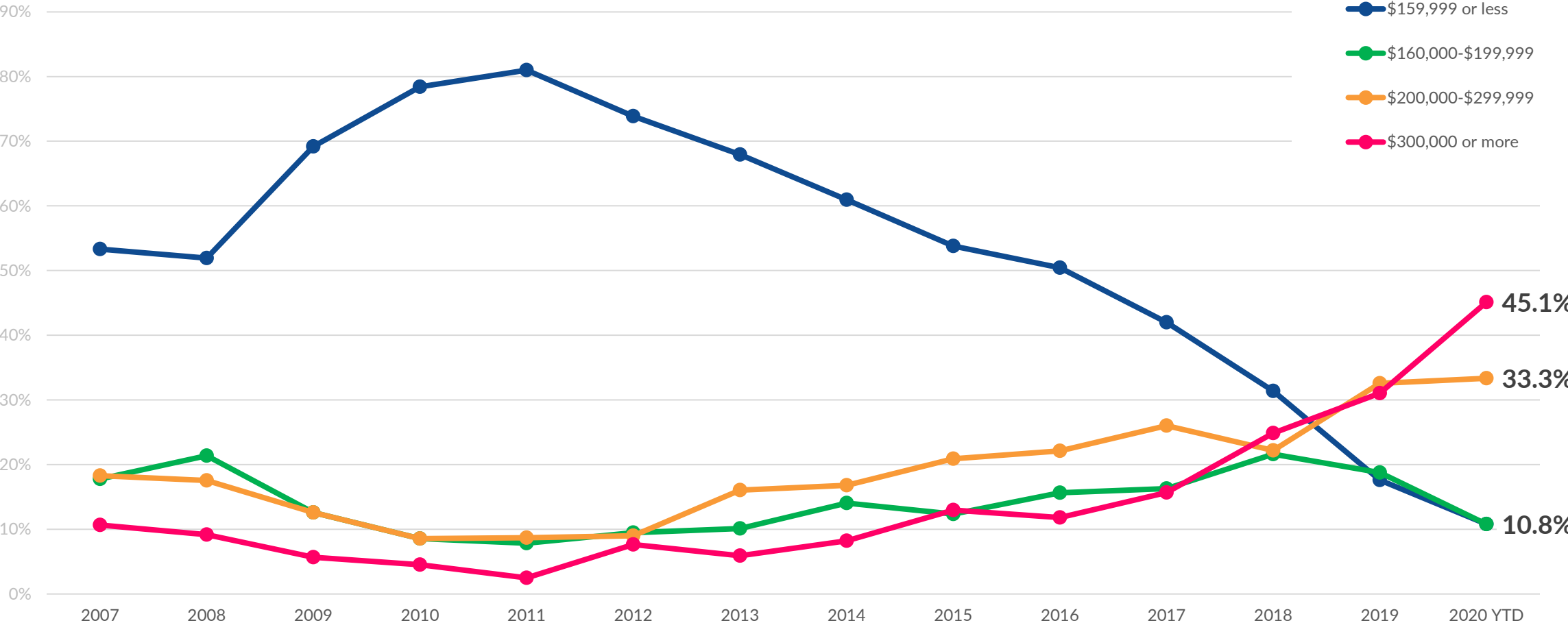
Months Supply of Inventory for Gem County, Jan 2007–Jun 2020

Activity for single-family homes between Jan 2007–Jun 2020. Months Supply of Inventory (MSI) 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. As of June 2020, MSI for Gem County was at just 1.4 months of supply, meaning, if no additional homes were listed, the supply of homes for sale would run out by mid-July.



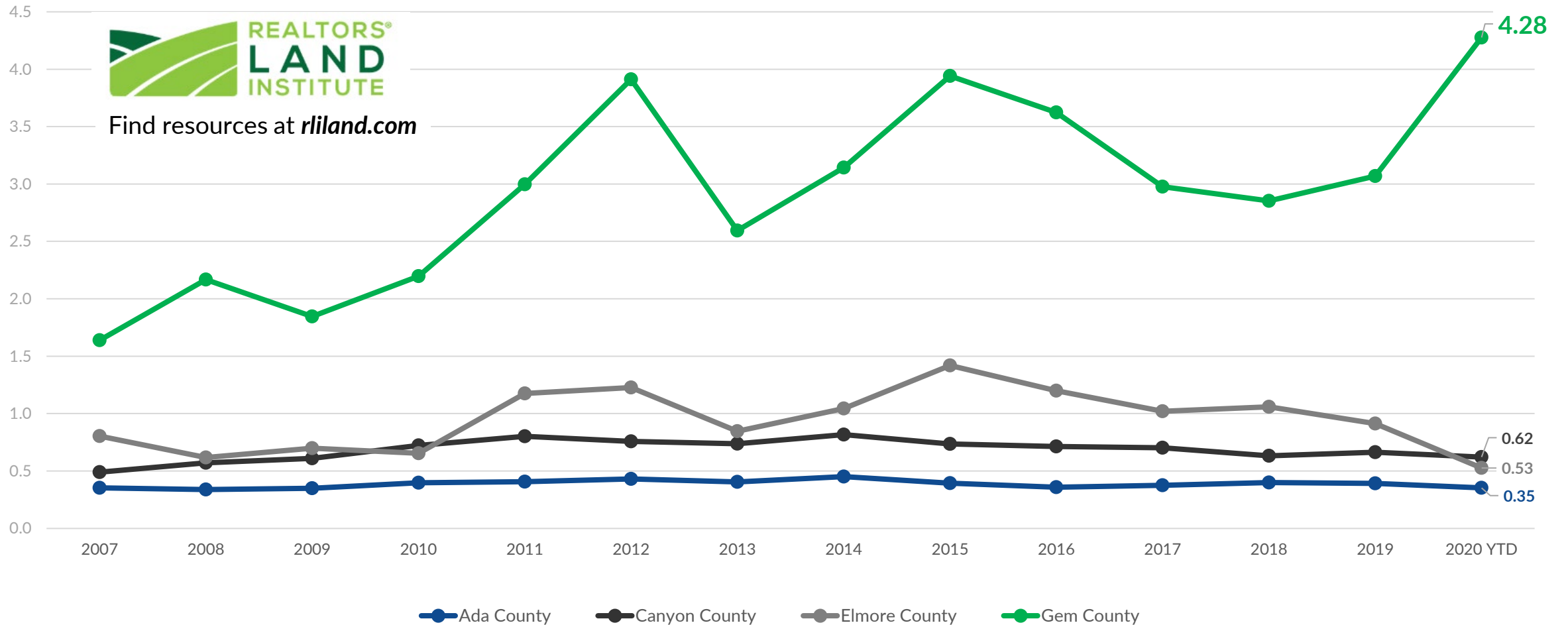
Share of Existing Home Sales by Price Range in Gem County, 2007-2020 YTD

Activity for existing single-family homes between Jan 2007–Jun 2020. The increase of lower-priced sales between 2008-2011 represents the rise in distressed activity (foreclosures, short sales, etc.) which pushed home prices down across the county. As the market rebounded and buyer demand outpaced supply, list prices (and eventually sales prices) began to climb. In 2020, homes priced \$300,000 or more became the dominant price range, at 45.1% of all existing homes sales year-to-date, driven in large part by homes with acreage. For example, the average lot size in Ada County was 0.35 acres compared to 4.27 acres in Gem as of June 2020.



Average Acreage for Existing Homes Sold by County, 2007-2020 YTD

In 2020, homes priced \$300,000 or more became the dominant price range in Gem County driven in large part by properties with acreage. While Gem County lot sizes have always been larger, on average, than Ada, Canyon, and even Elmore counties, it jumped from an average of approximately 3.0 acres in 2019 to 4.28 acres year-to-date 2020. In comparison, the average lot size for an existing home sold in Ada County, year-to-date through June, was at 0.35 acres. Elmore County was at 0.53 acres, and Canyon County was at 0.62 acres.

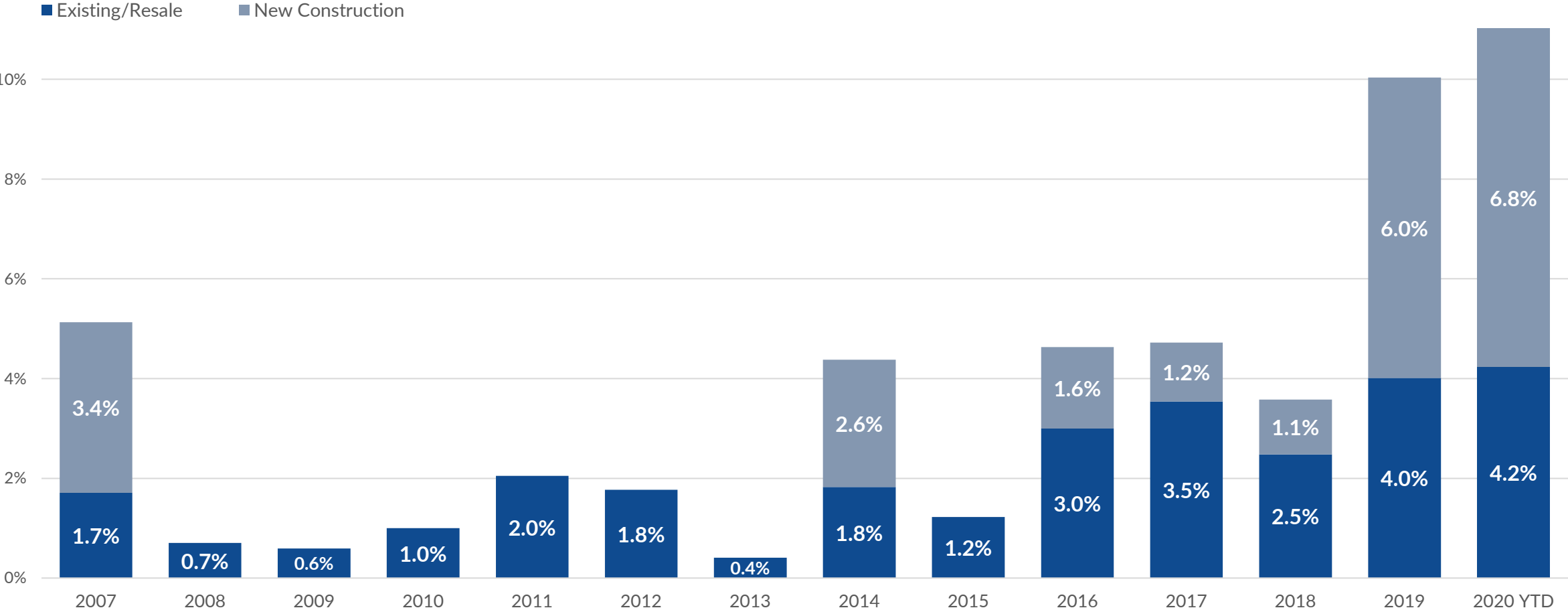


Primary Factors Limiting Housing Supply

- More people “aging in place” instead of selling their primary residence, possibly exacerbated by COVID-19 concerns at senior facilities.
- Homeowners may delay listing until they find their next home, which then takes longer due to already limited inventory.
- Despite equity, some homeowners may still hold off listing if their existing mortgage rate or monthly payment is affordable, especially compared to current home prices.
- Low level of new home activity in Gem County, as new homes represented just 10.8% of inventory as of June, and only 11.0% of sales year-to-date through June.

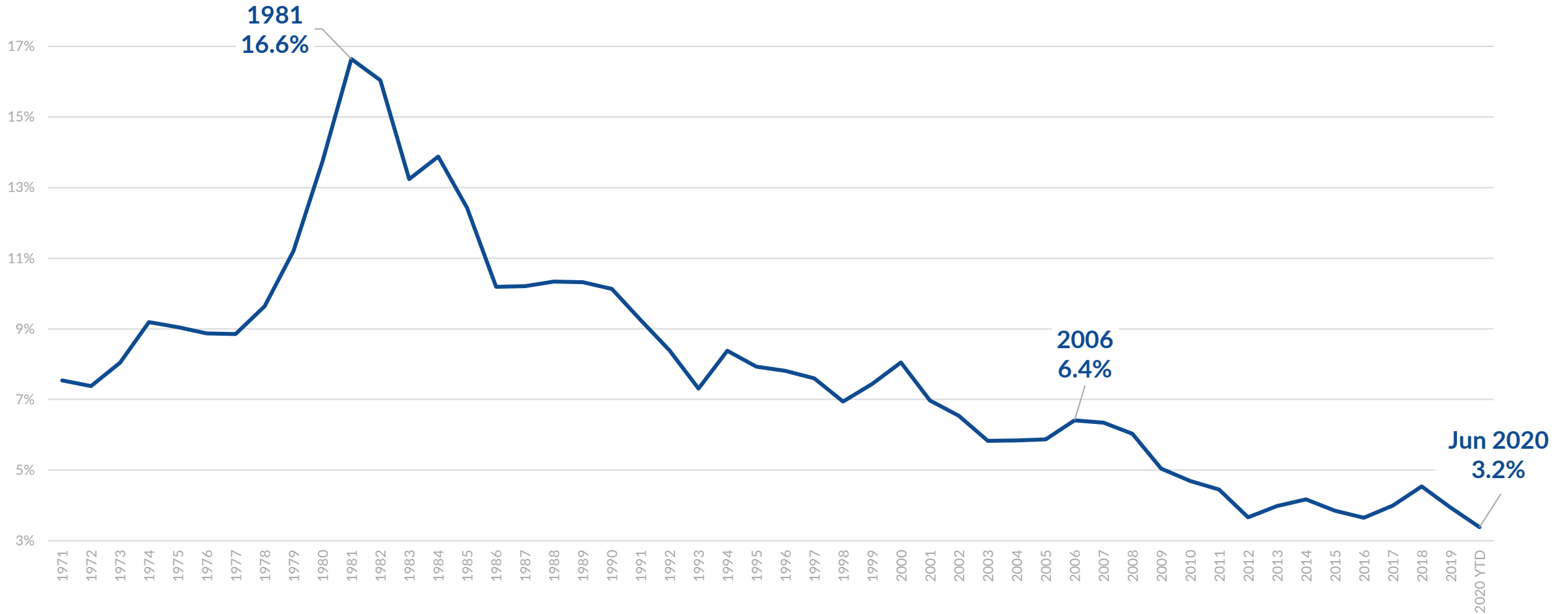
Annual Share of Off-Market Sales in Gem County, 2007-2020 YTD

Activity for single-family homes with or without acreage between Jan 2007–Jun 2020. The percentages show the share of total closings sold off-market each year, further segmented by existing and new construction. We consider a sale to be “off-market” if it had zero cumulative days on market in IMLS (CDOM<=0). So far in 2020, there have been just five existing homes sold off-market and another eight in the new construction segment, representing 4.2% and 6.8% of total closed sales, respectively.



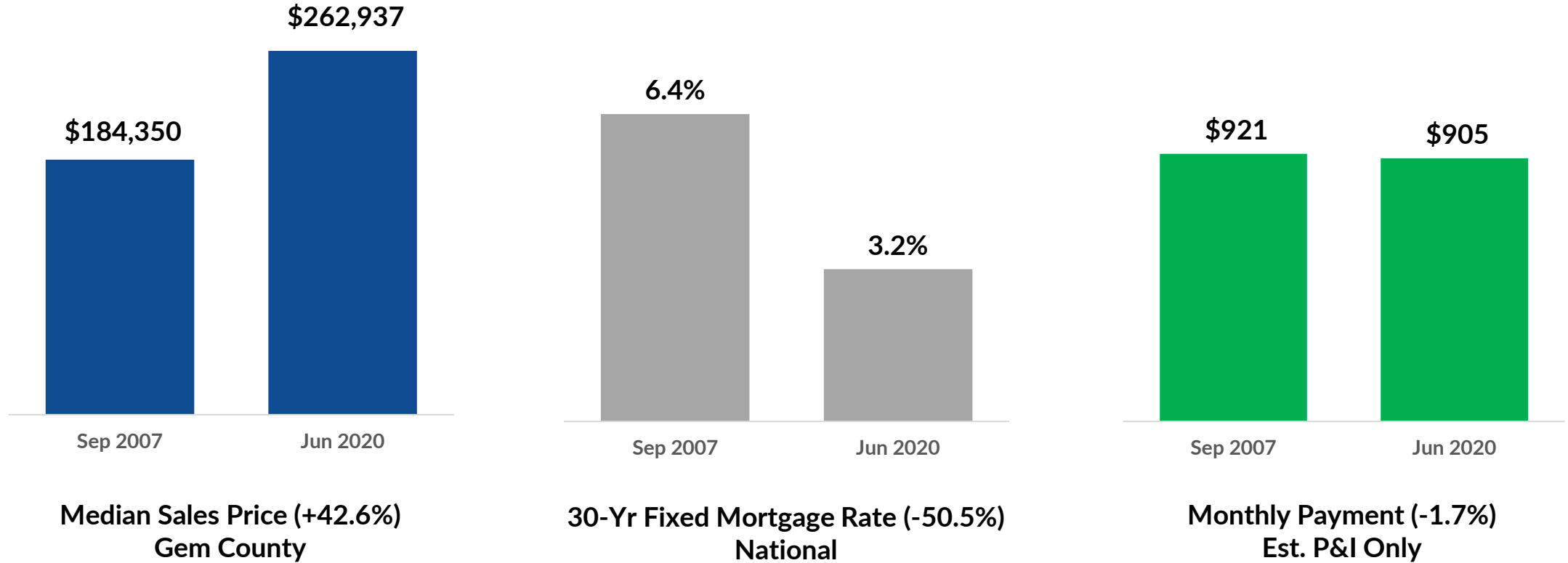
Historical Annual 30-Year Fixed Mortgage Rates for the U.S., 1971-2020

Since today's rates are often compared to those from the 1980s, the annual data since 1971 has been included for reference, but past rates have no meaningful impact on today's buyers. What has had an impact is the increased purchase power today compared to the previous market peak in June 2006, as lower rates are allowing people to afford higher home prices. The rate shown for 2020 is as of June 2020.



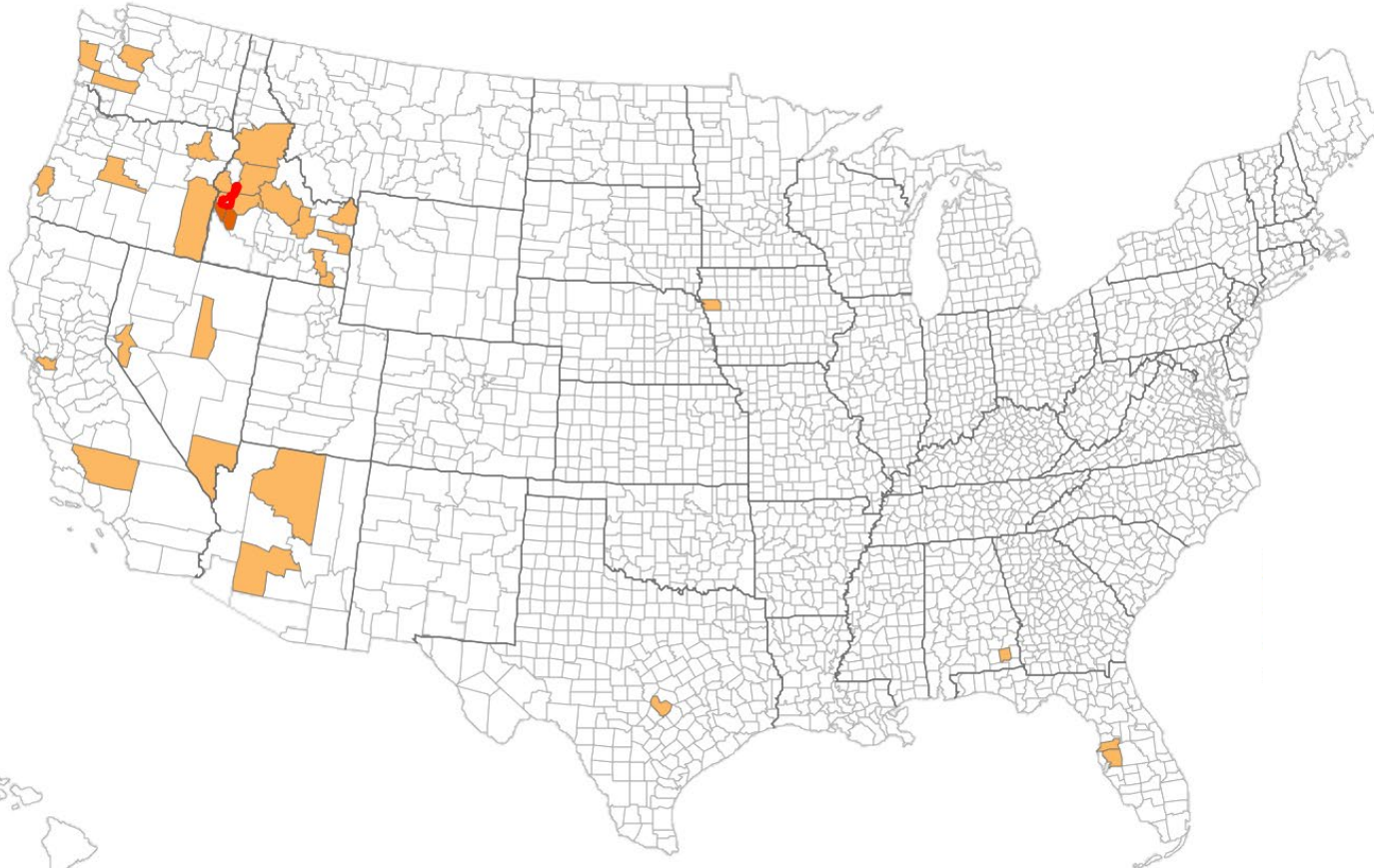
Low Mortgage Rates Have Increased Homebuyers' Purchase Power

Despite the rolling 12-month median home price in Gem County having increased more than \$78,000 since 2007 (although falling \$10,372 when adjusted for inflation) the estimated mortgage payment is \$15 *less* per month today. This is a result of the decline in the 30-year fixed rate mortgage of 50.5% since the market was at its previous peak. Estimated monthly mortgage payment is based on the median sales price and mortgage rate noted, assumes a 20% down payment, and represents principal and interest payments only. A mortgagee's actual payment will depend on credit, mortgage rate received, down payment, purchase price, etc.



Total **Inbound** Migration Flows for Gem County, 2013-2017

During this period, 46.0% of all moves were within Gem County; however, 88.0% of residents did not move.

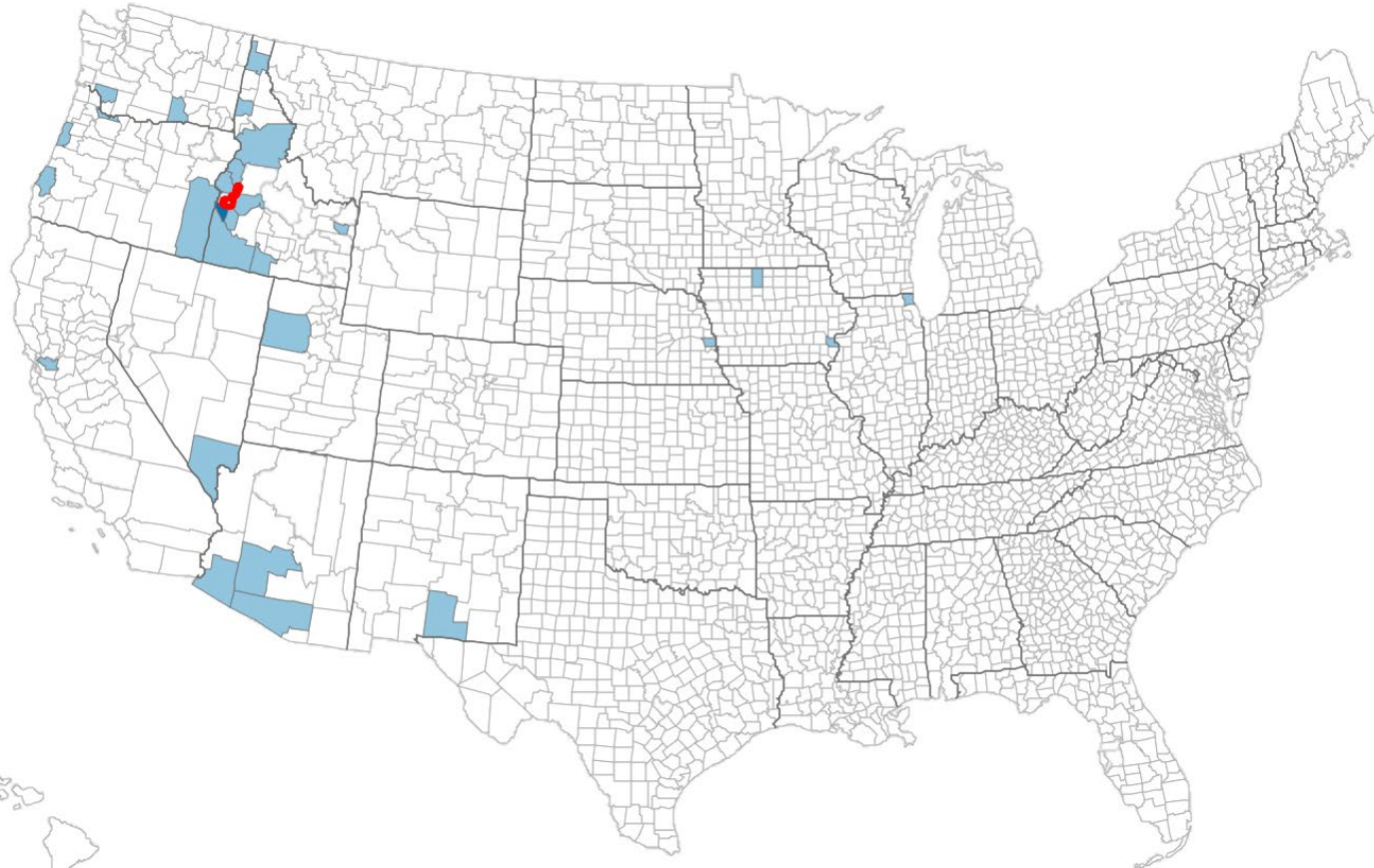


Top 10 U.S. Counties from which new residents moved **into** Gem County:

1. Ada County (271; 25.4%)
2. Canyon County (132; 12.4%)
3. Clark County, NV (53; 5.0%)
4. Washington County (51; 4.8%)
5. Dale County, AL (50; 4.7%)
6. Franklin County (47; 4.4%)
7. Kern County, CA (45; 4.2%)
8. Grays Harbor County, WA (43; 4.0%)
9. Custer County (40; 3.7%)
10. Nome Census Area, AK (38; 3.6%)

Total Outbound Migration Flows for Gem County, 2013-2017

During this period, 46.0% of all moves were within Gem County; however, 88.0% of residents did not move.



Top 10 U.S. Counties *to which* Gem County residents moved:

1. Canyon County (460; 42.4%)
2. Ada County (99; 9.1%)
3. Kossuth County, IA (79; 7.3%)
4. Madison County (49; 4.5%)
5. Lincoln County, OR (47; 4.3%)
6. Cowlitz County, WA (45; 4.1%)
7. Washington County (41; 3.8%)
8. Pima County, AZ (29; 2.7%)
9. Benton County, WA (28; 2.6%)
10. Tooele County, UT (23; 2.1%)

Median Sales Prices around Idaho, Year-to-Date through June 2020

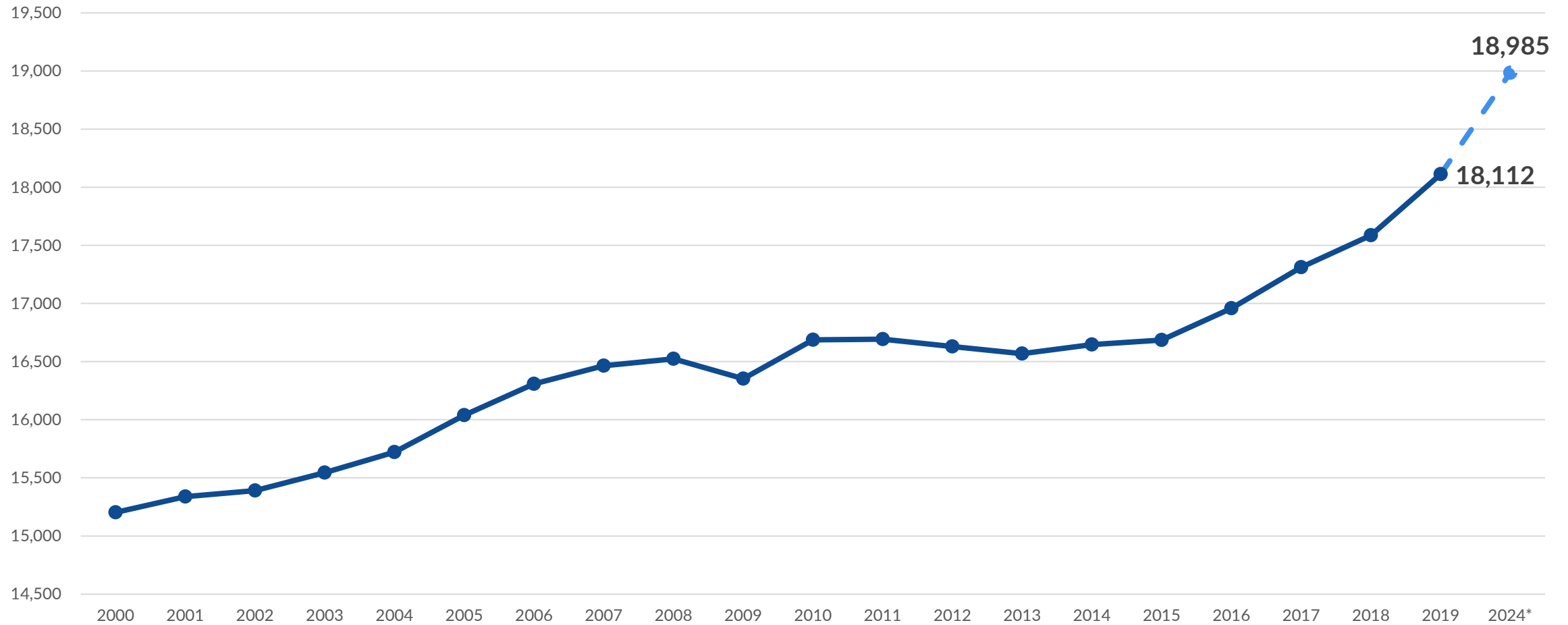
Median sales price (MSP) year-to-date through June 2020 for counties in BRR's service area (Ada, Elmore, and Gem), those in the Boise City Metropolitan Statistical Area (MSA; Ada, Boise, Canyon, Gem, and Owyhee), and others in the list of top counties to which Ada County residents moved to between 2013-2017 per the U.S. Census.

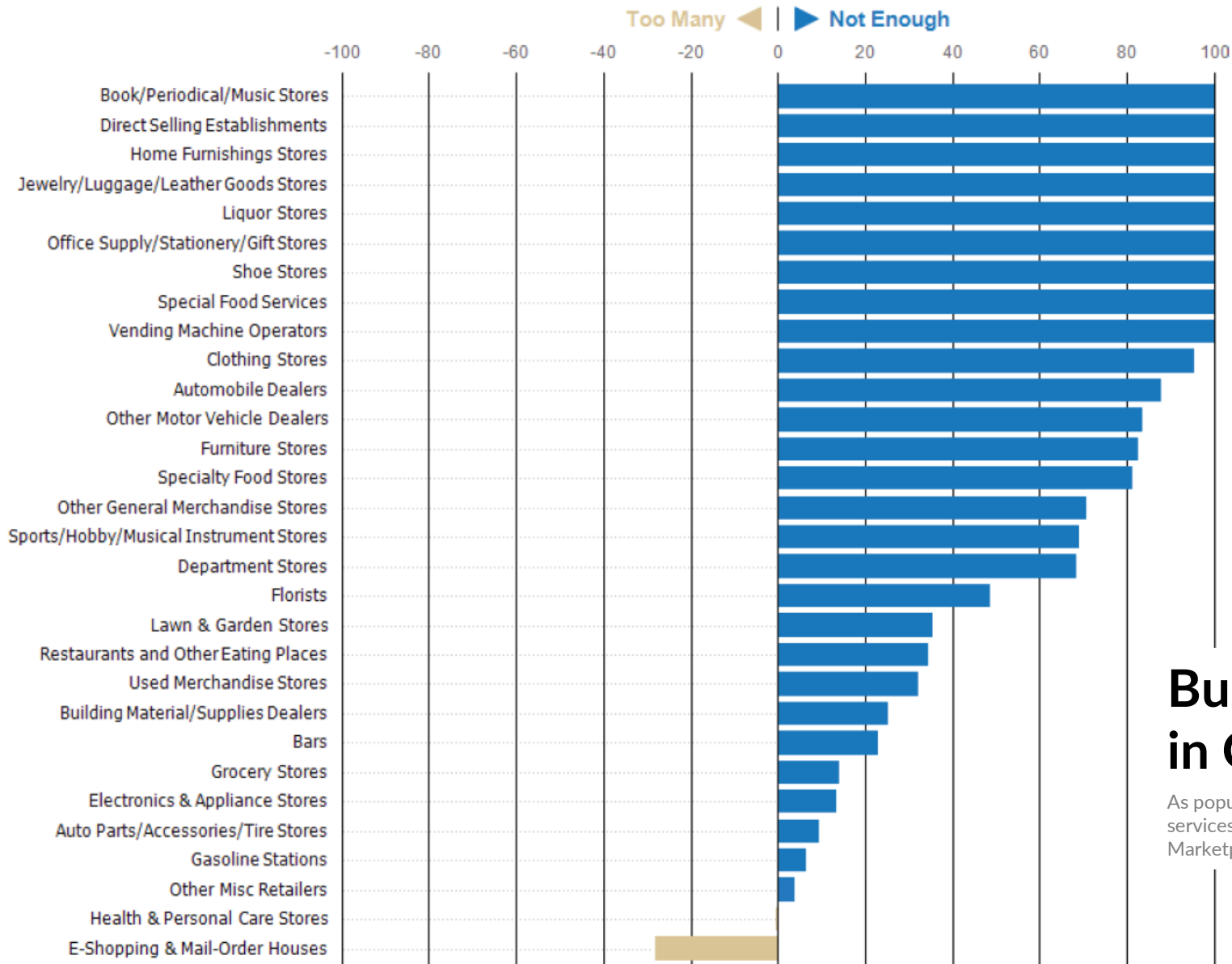
Selected Counties (in alphabetical order)	Existing/Resale		New Construction	
	YTD thru June 2020	YOY % Chg	YTD thru June 2020	YOY % Chg
Ada County	\$349,900	+11.1%	\$410,000	+7.9%
Bannock County	\$199,000	+14.5%	\$322,000	+28.2%
Boise County	\$347,450	+25.0%	\$243,000	+13.2%
Bonneville County	\$229,900	+12.1%	\$350,700	+33.7%
Canyon County	\$260,000	+14.5%	\$298,490	+10.6%
Elmore County	\$207,500	+14.3%	\$278,000	+11.9%
Gem County	\$279,900	+20.7%	\$282,889	+17.6%
Latah County	\$265,250	+0.3%	\$432,000	+7.8%
Owyhee County	\$247,500	-3.0%	\$252,500	-11.3%
Twin Falls County	\$217,000	+5.9%	\$289,900	+9.8%



Annual Resident Population for Gem County, 2000-2019 + 2024 Projection

Idaho was the fastest growing state for the third year in a row in 2019 – with expectations that it will be among the top again in 2020. While much of that growth has happened in the Boise City Metropolitan Statistical Area (MSA; of which Gem County is included along with Ada, Boise, Canyon, and Owyhee counties) Gem County's own growth has been strong more nearly two decades despite a dip in 2009.





Business Opportunities in Gem County

As population continues to grow, so will the need for additional businesses and services. This chart shows areas of opportunity based on ESRI's Retail Marketplace Survey as of 2017 (most recent data available).

REALTORS® are encouraged to post commercial and vacant land listings to [gemstateprospector.com](https://www.gemstateprospector.com) to help cities, counties, and companies identify opportunities for economic and residential development. If you are interested in engaging further with this issue, BRR has resources to help you learn more, or connect you with someone about development opportunities, on behalf of yourself or your clients.

The collage features four main components:

- Property Results Screenshot:** Shows a search interface for 'Property Results' with 106 total properties. It lists three properties:
 - Wilderness Dr.:** Address: Wilderness Dr., City: Featherville, County: Elmore County, Zip Code: 83647, Min Size: 27 Acres, Max Size: 27 Acres.
 - TBD Grand View Highway:** Address: TBD Grand View Highway, City: Mountain Home, County: Elmore County, Zip Code: 83647, Min Size: 22.80 Acres, Max Size: 22.80 Acres.
 - 84.94 Acres N Wildflower Way:** Address: 84.94 Acres N Wildflower Way, City: Prairie, County: Elmore County, Zip Code: 83647, Min Size: 84.94 Acres, Max Size: 84.94 Acres.
- Map:** A map of Idaho with green shaded regions, likely representing Qualified Opportunity Zones. Labels include Regina, Orchard, Cleft, Mountain Home AFB, Grand View, and Bruneau.
- Guide to Civic Engagement:** A document cover with the title 'Guide to Civic Engagement' and the subtitle 'Would you like to have a voice in public settings? Here is how to get started'.
- Qualified Opportunity Zones Toolkit:** A document cover with the title 'Qualified Opportunity Zones' and subtitle 'A Toolkit for State and Local REALTOR® Associations'. It lists resources such as Background & Foundational Support, Program Timeline and Deadlines, and RPR Resources.

Serving Clients in Today's Market

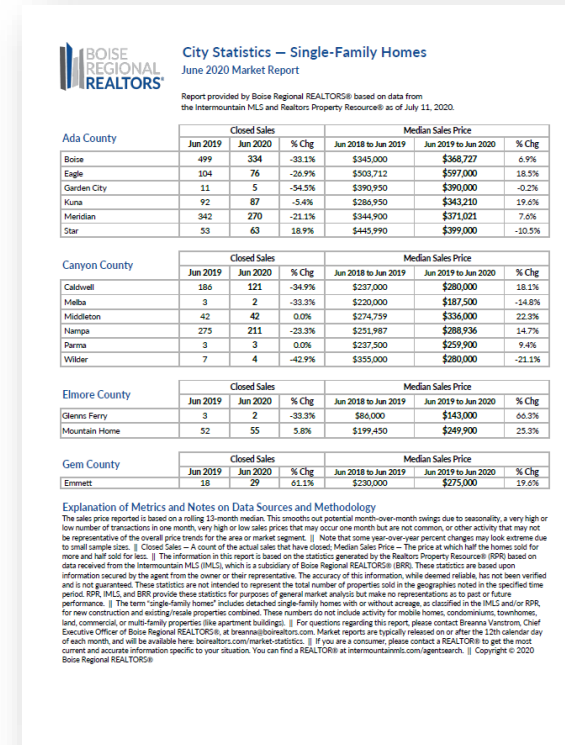
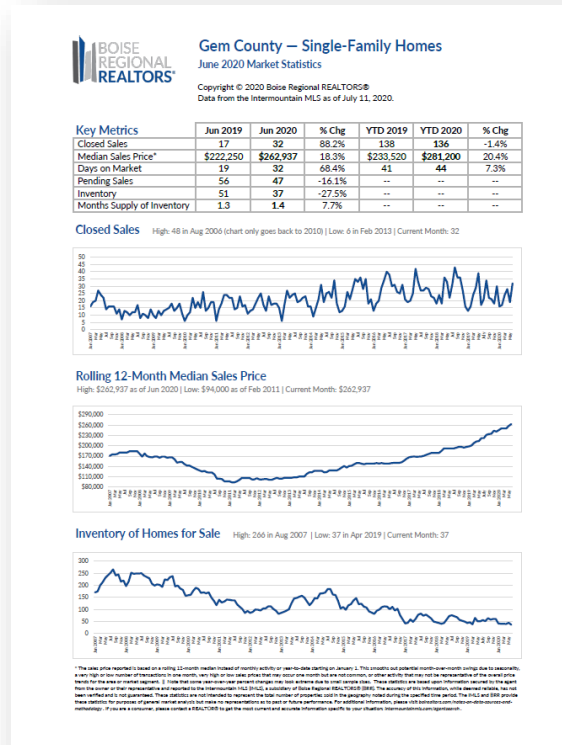
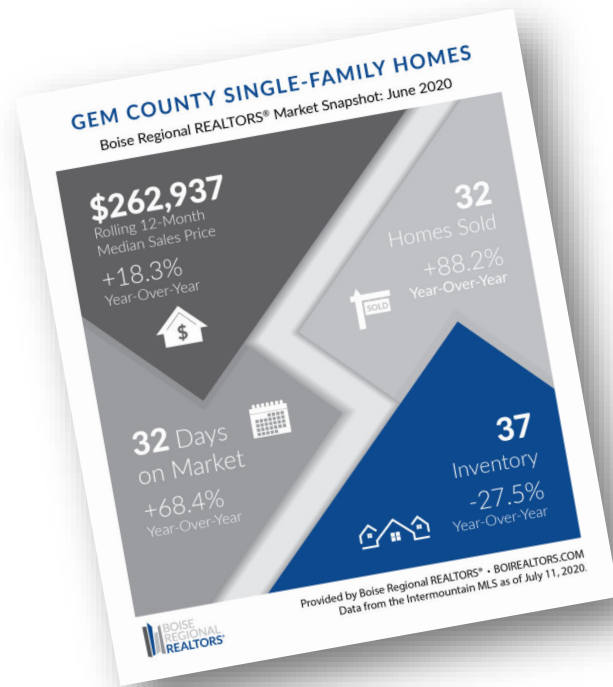
- **Know your market stats.** There are differences between the existing and new construction segments, between various price ranges, and as always, the adjustments made for amenities, finishes, square footage, lot sizes, etc.
- **Share resources that outline an area's growth plan.** Show buyers where they can do their own research on potential developments, school boundaries, road construction, etc., and never promise their new neighborhood *won't* change.
- **Educate clients about the pros and cons of various offer strategies** – higher prices, fewer contingencies, delayed move-in dates, etc. Determine which work for *their situation* and which don't. A competitive market doesn't mean buyers should go over budget, sign contracts without reading them, or give away important protections just “to win.”

Serving Clients in Today's Market *cont.*

- **Prepare clients for the inspection report.** What *should* sellers fix from the inspection report instead of moving on to another buyer? Which minor items can buyers handle later to avoid losing a home over an inexpensive repair?
- **Continue following all local, state, and CDC guidelines.** While real estate in Idaho was deemed essential, it is *not* business as usual. Utilize virtual, online, and remote options whenever possible, and observe social distancing and enhanced sanitization practices when in-person interactions are necessary.
- **Talk to homeowners about preserving equity.** Many have positive equity for the first time in years, and, we're seeing more owner-occupant, cash buyers. Both are good trends for our market's long-term stability if that equity isn't used elsewhere.

Market Reports

Market Reports are delivered to members via email on or after the 12th calendar day of the month and are always accessible on our website at boirealtors.com/market-statistics. Reports include analysis, snapshot graphics of key metrics, printable PDF reports for Gem, Ada, Canyon, and Elmore counties, and a report with city-level data.



Sources and Methodologies

The information included in this report is based primarily on the data available through Intermountain MLS (IMLS), a wholly-owned subsidiary of Boise Regional REALTORS® (BRR). IMLS data is based upon information secured by the agent from the owner or their representative. The accuracy of this information, while deemed reliable, has not been verified and is not guaranteed. These statistics are not intended to represent the total number of properties listed or sold in the geographies noted during the specified time periods. IMLS and BRR provide these statistics for purposes of general market analysis but make no representations as to past or future performance.

Historical data from IMLS has not been adjusted for seasonality or inflation, unless noted. Data was also secured from the following sources, some of which may or may not have been seasonally adjusted or adjusted for inflation: ATTOM Data, Inc.; Black Knight, Inc.; CNBC.com; CoreLogic, Inc.; Federal Reserve Bank of St. Louis; Forbes.com; Freddie Mac; gemstateprospector.com; Idaho Department of Labor; Marketplace.org; Mortgage Bankers Association; National Association of REALTORS®; Office of the Comptroller of the Currency; realtorparty.realtor; REALTORS® Property Resource; Snake River Multiple Listing Service; Urban Institute; U.S. Bureau of Economic Analysis; U.S. Census Bureau; and, U.S. Department of Housing and Urban Development.

Comparisons between sources were made using the most similar time periods available for each data set. While done infrequently, some averages were taken, or data was estimated for time periods in which data was unavailable.

For questions, clarifications, or corrections, please contact BRR Chief Executive Officer, Breanna Vanstrom, at 208-376-0363.