

Housing Market Profile

Northwest • HUD Region X



Boise City-Nampa, Idaho

The Boise City-Nampa metropolitan area consists of Ada, Boise, Canyon, Gem, and Owyhee Counties in southwestern Idaho. Located in Ada County, the city of Boise is the state capital and home to Boise State University (BSU). As of January 1, 2012, the population of the metropolitan area was estimated at 630,700, an increase of 8,375, or 1.3 percent, during the past year, with net in-migration accounting for 28 percent of the growth. By comparison, strong employment growth from 2004 through 2007 resulted in an average annual population growth of 4 percent, or 21,450 people, with net in-migration accounting for 78 percent of the increase during that period. The three largest private employers in the metropolitan area are Wal-Mart Stores, Inc., St. Luke's Health System, and Micron Technology, Inc., with 7,125, 6,975, and 5,000 employees, respectively.

Nonfarm payrolls in the metropolitan area have declined by 8.7 percent since peaking at 277,000 jobs in 2007. Economic conditions showed signs of improvement during the 12 months ending November 2011, when nonfarm payrolls increased by 2,000, or 0.8 percent, to a total of 254,100 jobs, a significant improvement from the 12 months ending November 2010, when nonfarm payrolls declined by 4,600 jobs, or 1.8 percent. During the 12 months ending November 2011, the largest nonfarm payroll increase occurred in the education and health services sector, which added 1,000 jobs, a 2.5-percent increase, due in part to the 860 jobs added by St. Luke's Health System since early 2011. Nonfarm payrolls increased in the manufacturing sector by 800 jobs, or 3.5 percent. Despite a gain of 1,000 jobs, or 4.3 percent, in local government subsector payrolls, the government sector increased by only 200 jobs, or 0.3 percent, because of losses in state and federal subsector payrolls. The government sector, the second largest in the metropolitan area, accounts for 17 percent of nonfarm payrolls, including the 2,900 employees at BSU. As conditions improved, the average unemployment rate declined slightly, from 9.6 to 9.4 percent, during the 12 months ending November 2011.

The home sales market in the Boise City-Nampa metropolitan area is currently soft, as a result of tighter lending practices and slowing population growth. According to Hanley Wood, LLC, 12,250 existing single-family homes sold during the 12 months ending November 2011, a 4-percent decrease compared with the 12,550 homes sold

during the previous 12 months. During the same period, the average sales price of an existing home decreased 8 percent, from \$166,700 to \$154,100. Foreclosed properties comprise a significant portion of existing home sales, putting downward pressure on prices. During the 12 months ending November 2011, nearly 45 percent of existing home sales were REO (Real Estate Owned) properties, up from 39 percent during the previous 12 months. According to LPS Applied Analytics, in October 2011, 6.1 percent of total home loans in the area were 90 or more days delinquent, in foreclosure, or in REO, down from 8.1 percent in October 2010. The market for new homes remains soft. During the 12 months ending November 2011, new home sales declined by 43 percent, to 1,025 compared with 1,825 new homes sold during the previous 12 months, and the average sales price of a new home increased almost 20 percent, from \$179,700 to \$213,600.

Homebuilding activity, as measured by the number of building permits issued, continued to decrease in the metropolitan area because of the soft sales market, a trend that began in 2006. Based on preliminary data, during the 12 months ending November 2011, 1,525 single-family building permits were issued, a 9-percent decrease compared with the 1,675 single-family homes permitted the previous 12 months. By comparison, an average of 4,700 homes were permitted annually from 2006 through 2008.

Rental housing market conditions in the Boise City-Nampa metropolitan area are balanced but tightening, because of a shift in household preferences towards renting. According to Reis, Inc., the apartment vacancy rate declined from 8.1 percent in the third quarter of 2010 to 5.4 percent in the third quarter of 2011. The average monthly rent increased by 3 percent to \$710 compared with rents during the previous year, averaging \$640 for a one-bedroom unit, \$740 for a two-bedroom unit, and \$850 for a three-bedroom unit. The apartment market in Ada County, the area's most populous, is tighter than that of the overall metropolitan area. Based on data from Mountain States Appraisal and Consulting, Inc., the apartment vacancy rate in Ada County as of October 2011 was 3.7 percent compared with 5.5 percent the previous year. BSU enrolls 19,700 students, nearly 90 percent of whom reside off campus in privately owned housing, accounting for approximately 24 percent of the total renter households in the metropolitan area. A new 90-unit townhome project on campus will begin leasing units in January 2012. Each unit will have four bedrooms and three bathrooms, with rents ranging from \$460 to \$500 per bedroom. The campus currently has only 2,200 beds.



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U.S. Housing Market Conditions
4th Quarter 2011

A total of 240 multifamily units were permitted during the 12 months ending November 2011, up from the 65 units permitted during the previous 12 months, based on preliminary data. One-half of the multifamily units permitted during the past 12 months were in the city of Nampa, located in Canyon County. A 53-unit subsidized apartment complex for seniors in Boise is

currently under construction and scheduled to be complete in June 2012. Two other apartment projects for seniors are also currently under way: The Traditions, with 150 units scheduled for completion in June 2012, and a 70-unit expansion at Touchmark at Meadow Lake Village in Meridian, expected to be finished in 2013.