

# 2017 Mid-Year Residential Real Estate Update

A map of Ada County, Idaho, showing major cities and highways. The map is overlaid with a large text box. The text box contains the following text: "In 2015, Ada County surpassed \$2 billion in total dollar volume sold." The map shows cities such as Star, Eagle, Hidden Springs, Boise, Meridian, Kuna, Pleasant Valley, Owyhee, Melba, Guffey, and Murphy. Major highways like I-84, I-26, and I-21 are also visible.

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

The first year since 2006.



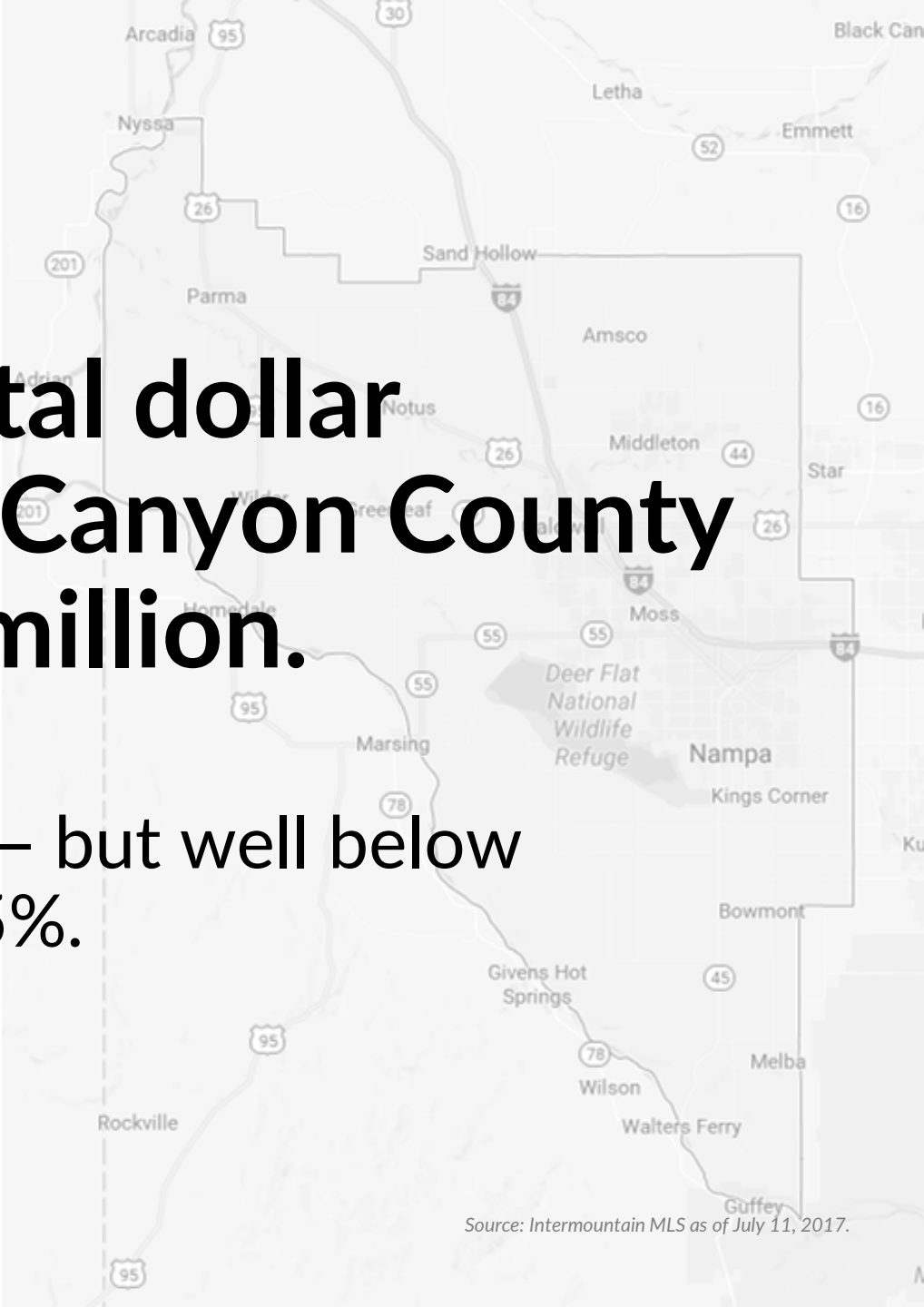
**In 2016, the total dollar volume sold in Ada County was \$2.95 billion.**

Up 20.2% from 2015 as more homes sold at overall higher prices.

A light gray map of Ada County, Idaho, serves as the background. It shows major roads like I-84, I-26, and I-16, and towns such as Boise, Meridian, Nampa, and Eagle. The Snake River is visible in the south.


**Ada County's total dollar  
volume sold YTD 2017  
was 7.4% higher than  
the same time last year.**

Potentially on track to break the  
\$3 billion-mark for the first time.

A map of Canyon County, Idaho, showing major roads and towns. The map is overlaid with a large text box. The text box contains the following text: "In 2016, the total dollar volume sold in Canyon County reached \$635 million." The map shows towns such as Arcadia, Nyssa, Parma, Sand Hollow, Amsco, Middleton, Nampa, and Marsing. Major roads like I-84, I-95, and US-26 are also visible.

**In 2016, the total dollar volume sold in Canyon County reached \$635 million.**

Up 22.7% from 2015 – but well below the 2006 peak by 32.5%.

A map of Canyon County, Idaho, showing major roads and towns. The map is overlaid with a large text box. The text box contains the following text: "Canyon County's total dollar volume sold YTD 2017 was 14.7% higher than the same time last year." The map shows towns such as Arcadia, Nyssa, Parma, Sand Hollow, Amsco, Notus, Wilder, Greenleaf, Caldwell, Marsing, Rockville, Wilson, Walters Ferry, Guffey, Melba, Nampa, Kings Corner, Bowmont, Melba, Walters Ferry, Guffey, and Rockville. Major roads shown include 95, 26, 30, 52, 16, 201, 19, 44, 26, 84, 55, 78, 45, 78, 95, and 95.

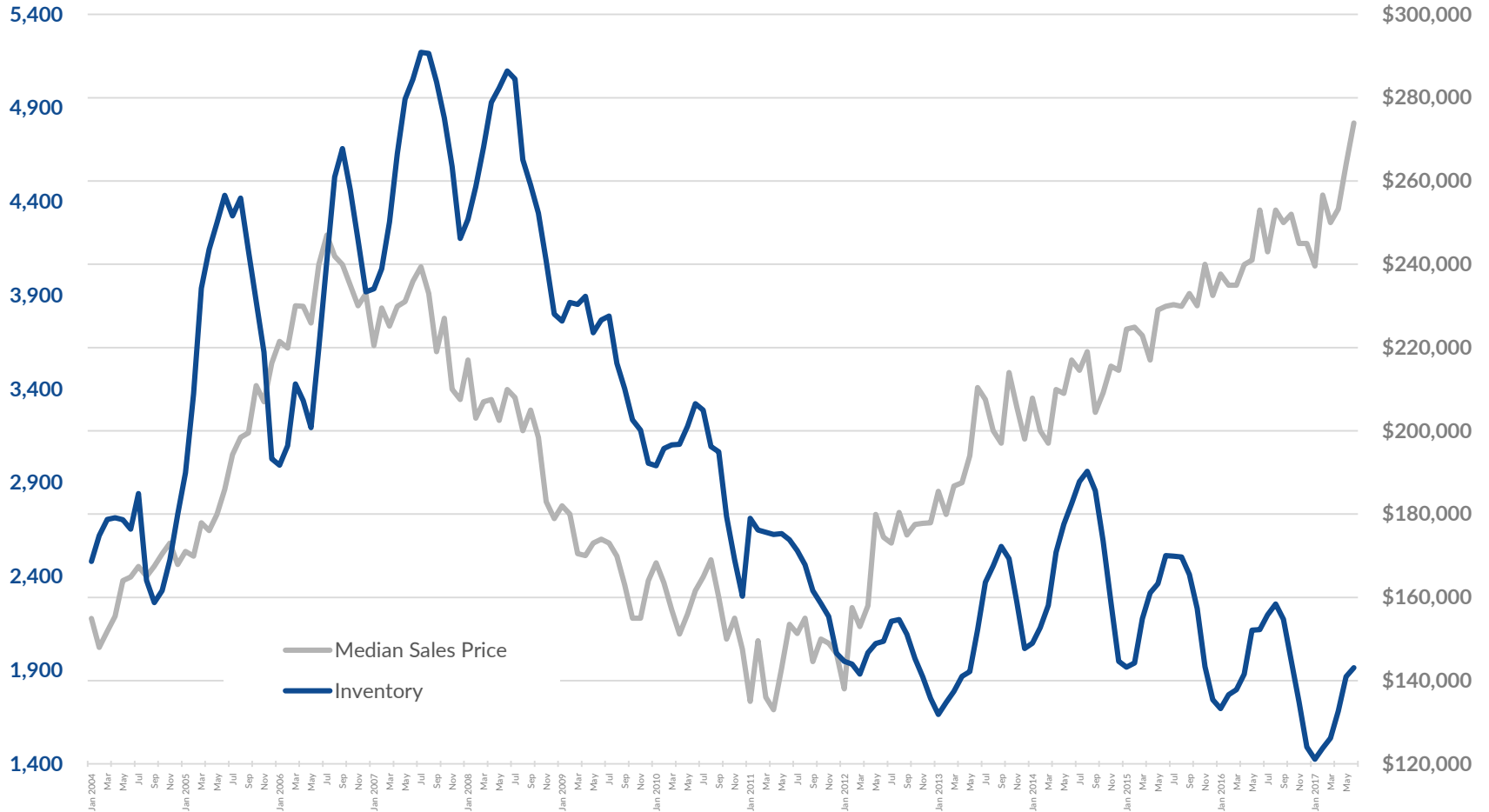
**Canyon County's total dollar volume sold YTD 2017 was 14.7% higher than the same time last year.**

New construction volume is driving this growth, up 50.2% compared to YTD 2016.

Our housing market is growing from consumer demand vs. supply — *not from speculation* as was common a decade ago.

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

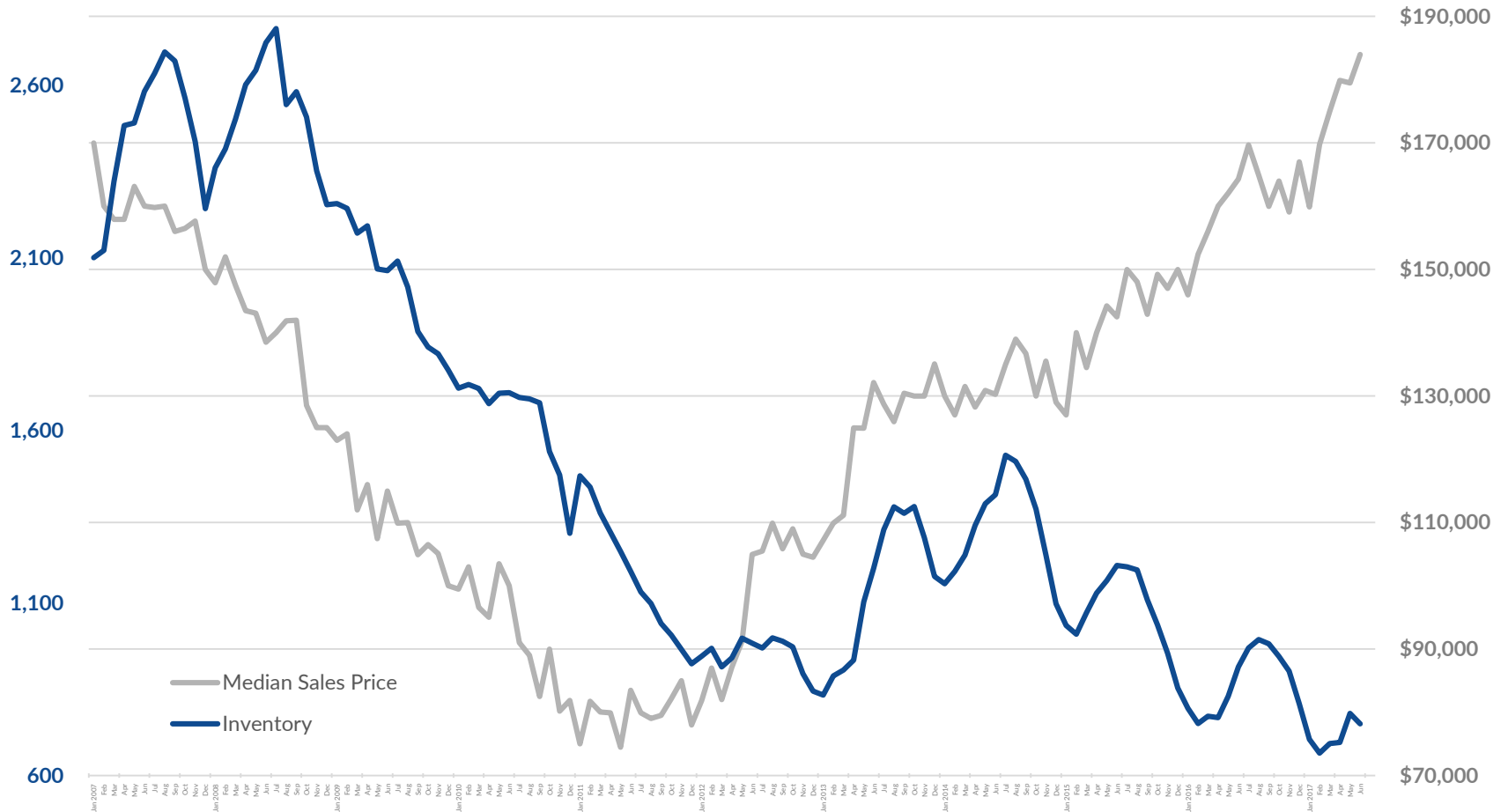
Activity for existing and new single-family homes combined between Jan 2004–Jun 2017. Inventory and median sales price rose together through Jul 2007 and fell together through Jan 2012. Since then, inventory has not kept up with demand, pushing the median sales price up 98.5% since Jan 2012.





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

Activity for existing and new single-family homes combined between Jan 2007–Jun 2017. Inventory and median sales price fell together through Dec 2011. Since then, inventory has not kept up with demand, pushing the median sales price up 136.0%.

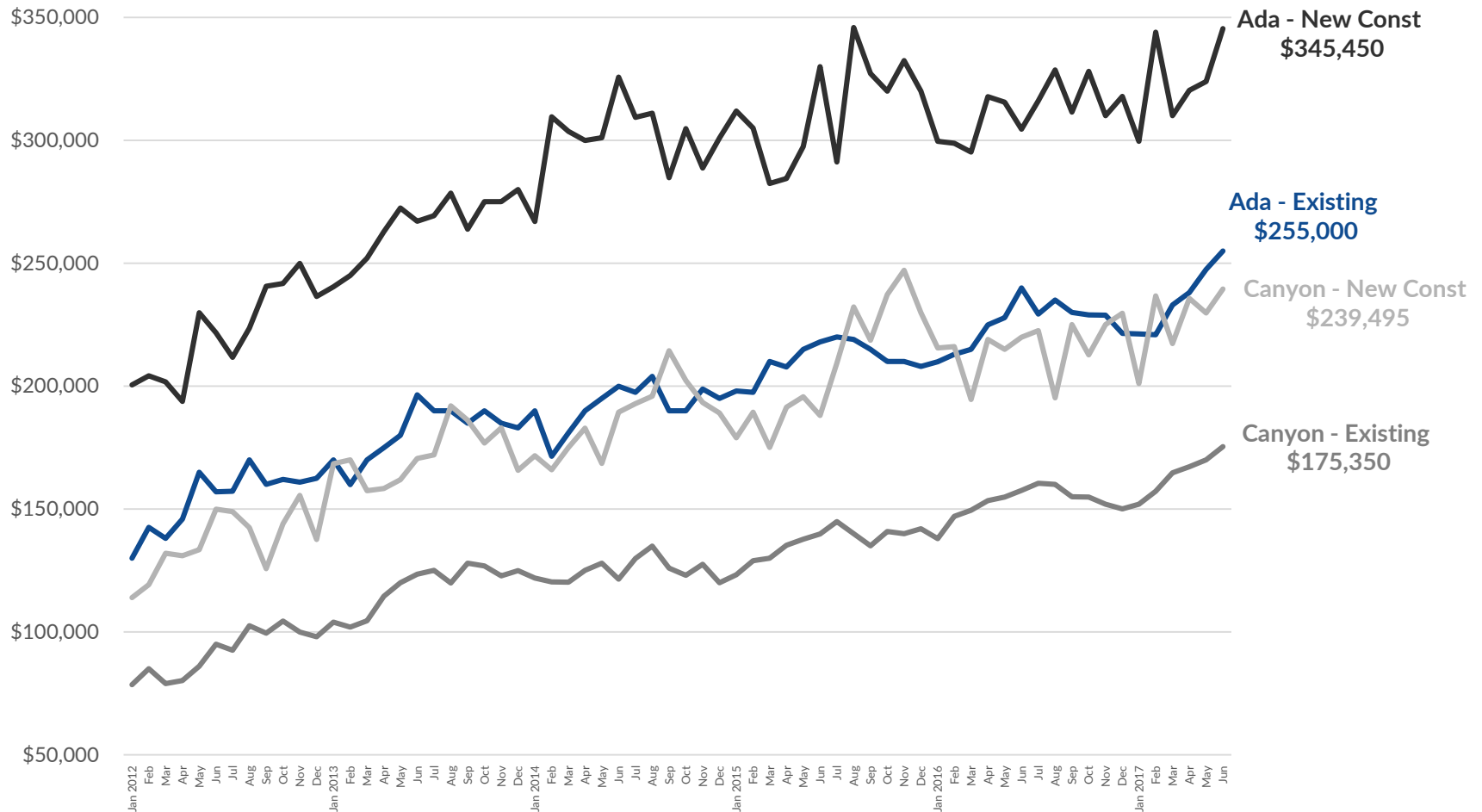


**Total dollar volume and sales prices are also being driven up by higher costs for new construction.**

- **Higher cost of materials** – Lumber +12.9% YTD through May 2017, now higher than previous peak in April 2004<sup>(1)</sup>
- **Higher labor costs due to scarcity of workers** – Unfilled construction jobs at highest level since Sep 2016, although 14% lower than the high in July 2016<sup>(2)</sup>
- **Higher land prices effect on home values** – In Q1-2016 (most recent data), land as 34.9% of a home's total value in Idaho, up 19.2% from Q1-2015<sup>(3)</sup>

# Comparing Existing and New Construction Median Sales Prices

Monthly median sales price activity for existing vs. new single-family homes between Jan 2012–Jun 2017. As of Jun 2017, the new construction median sales price in Ada County was 35.8% higher than existing homes, 44.2% higher than Canyon County new construction, and 97.0% higher than existing homes in Canyon County. New construction in Canyon County was 36.6% higher than existing in the county, but 31.2% lower than Ada County's existing median sales price.



# Why is there so much demand for housing in our region?

# Same as last year...

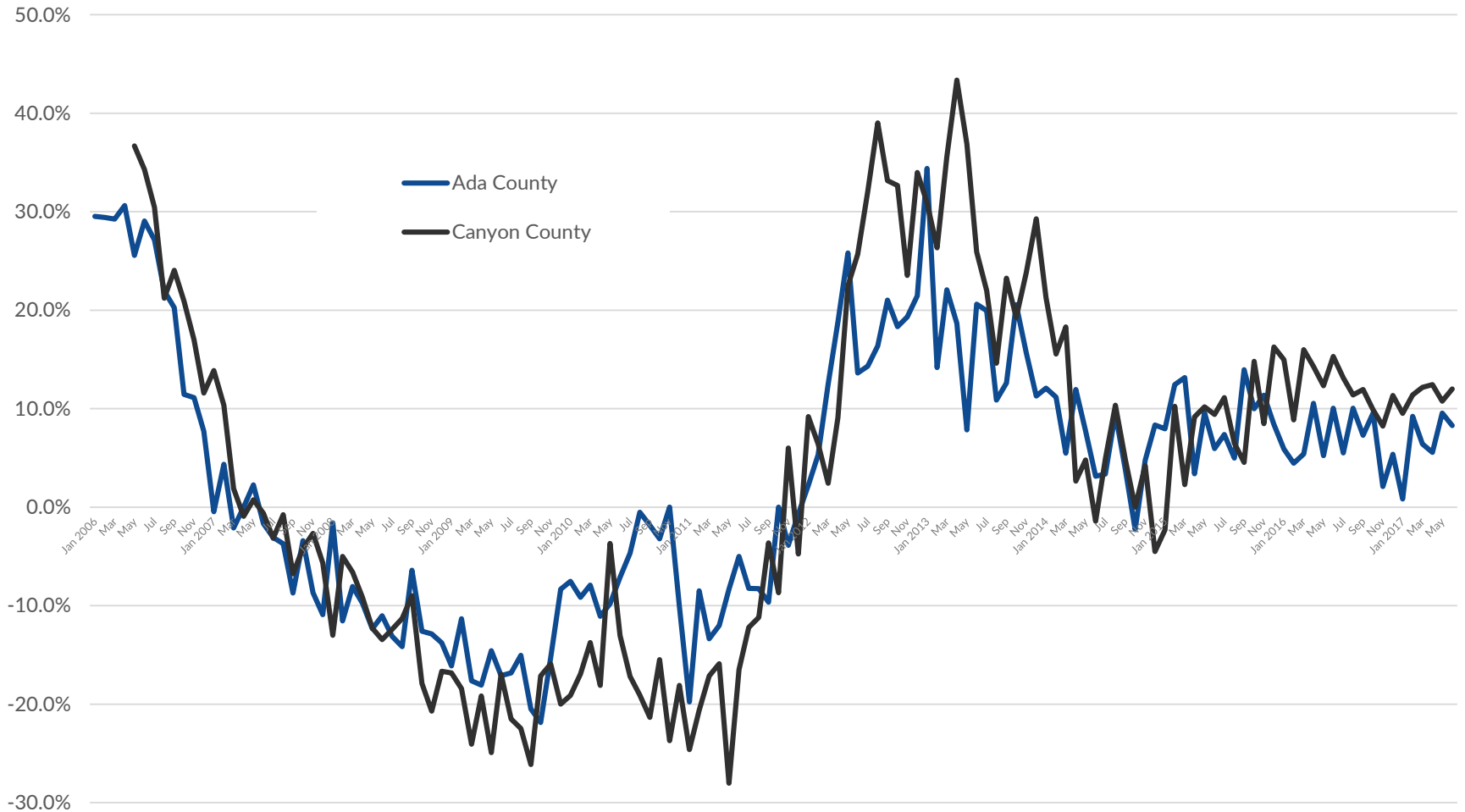
- **Economic Development**
- **Inventory Pressures**
- **People**

# But different from last year...

While the *actual* median sales price continues to trend upwards, the *rate* at which it is increasing is slowing down.

# Historical Year-Over-Year Percent Change in Median Sales Price for Ada and Canyon Counties, January 2006–June 2017

Year-over-year price gains began falling in mid-2006 through the end of 2009, with fluctuations through 2011. Year-over-year price gains grew consistently through 2012, led by low mortgage rates and more sales at higher price points. And while the actual median sales price for both counties continues to trend upwards, the rate at which it does so has been more balanced since January 2015.



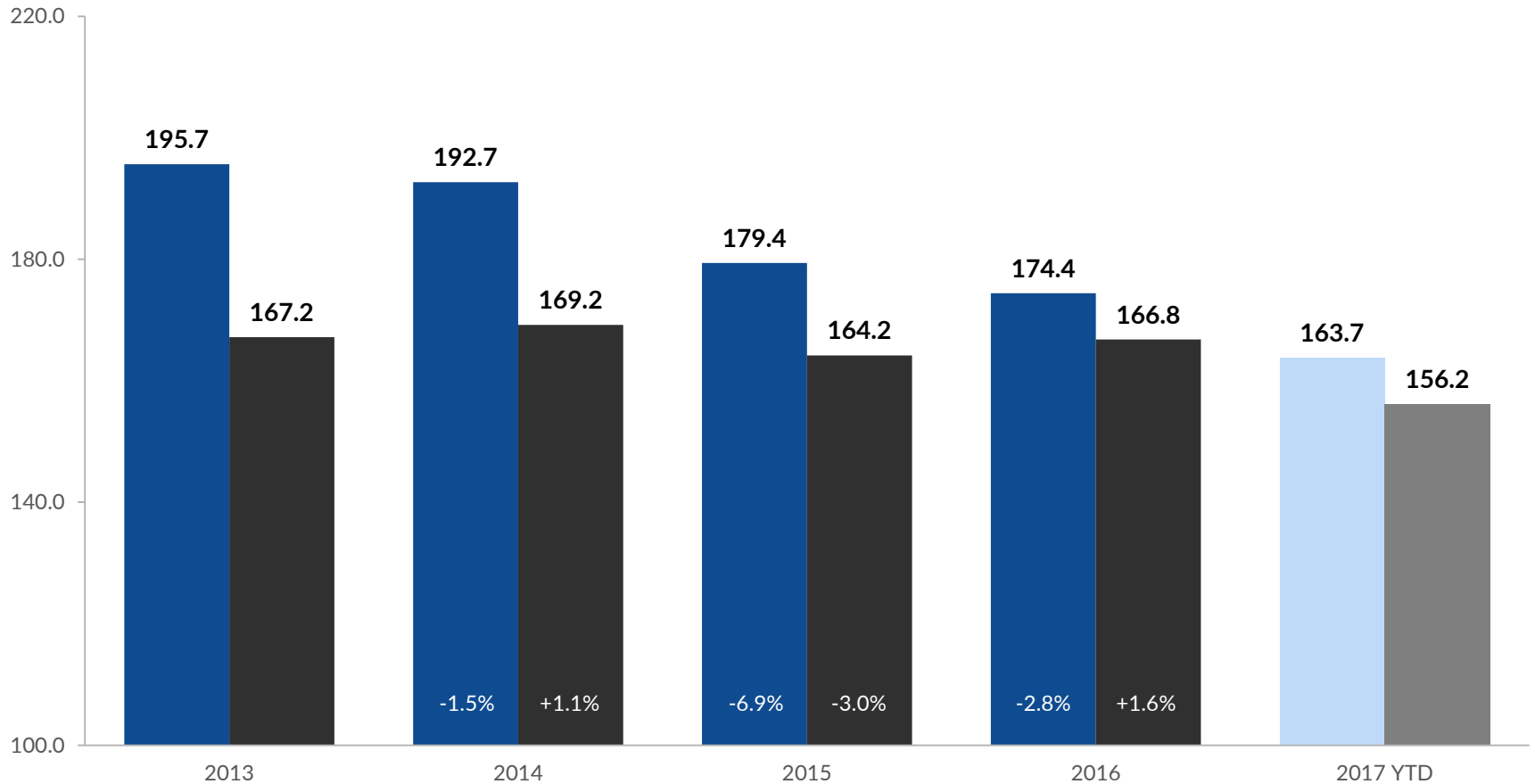


**So... how does this  
impact affordability?**

# Housing Affordability Index for Existing Homes in Ada County vs. the U.S.

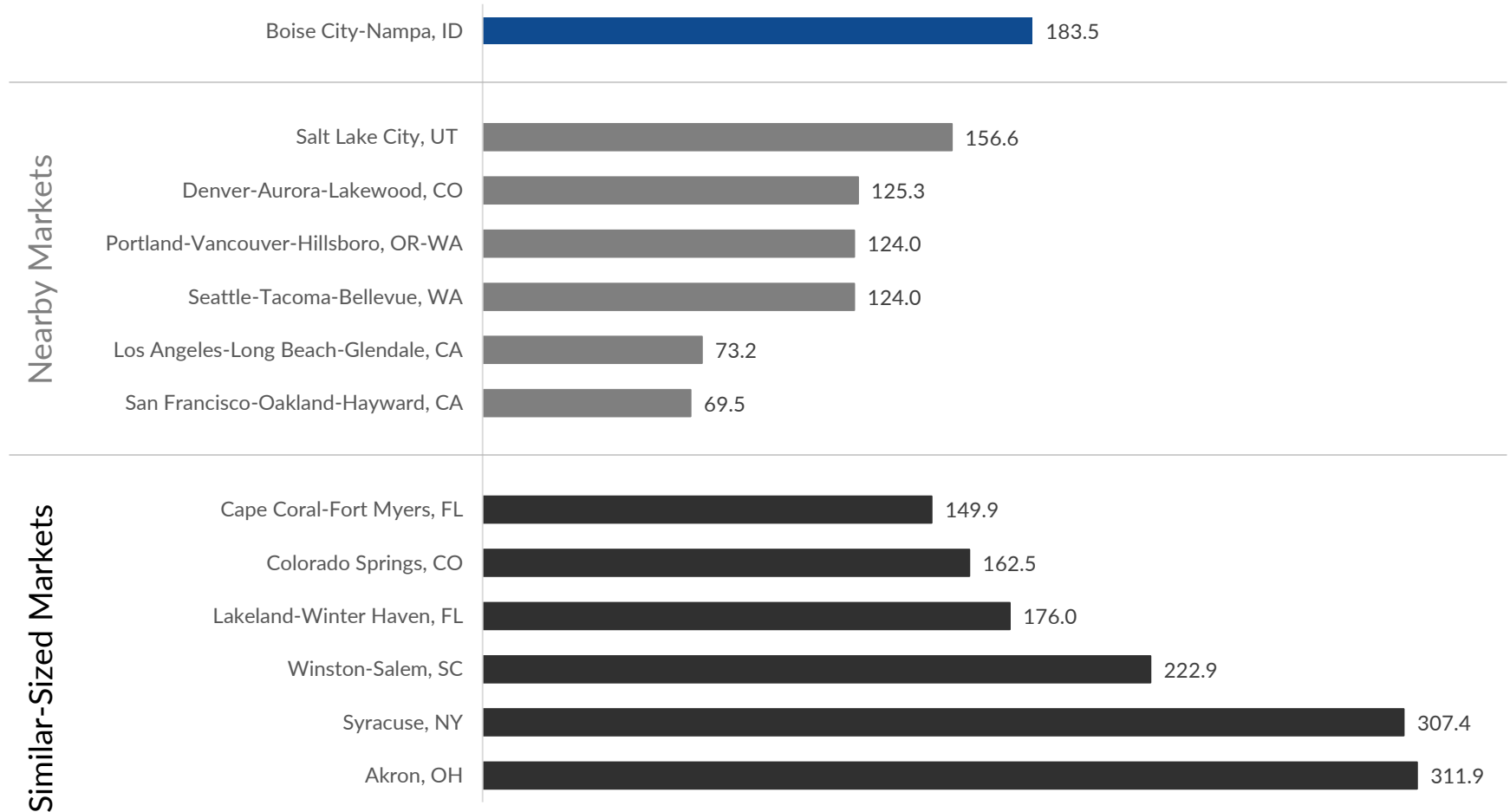
To interpret the index, a value of 100 means that a family with the median income has *exactly* enough income to qualify for a mortgage on a median-priced existing home. An index *above* 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced existing home. *The higher the number the more affordable homes are in comparison to the median income.*

■ Ada County Existing HAI ■ U.S. Existing HAI



# Housing Affordability Index for Existing Homes by MSA, 2016

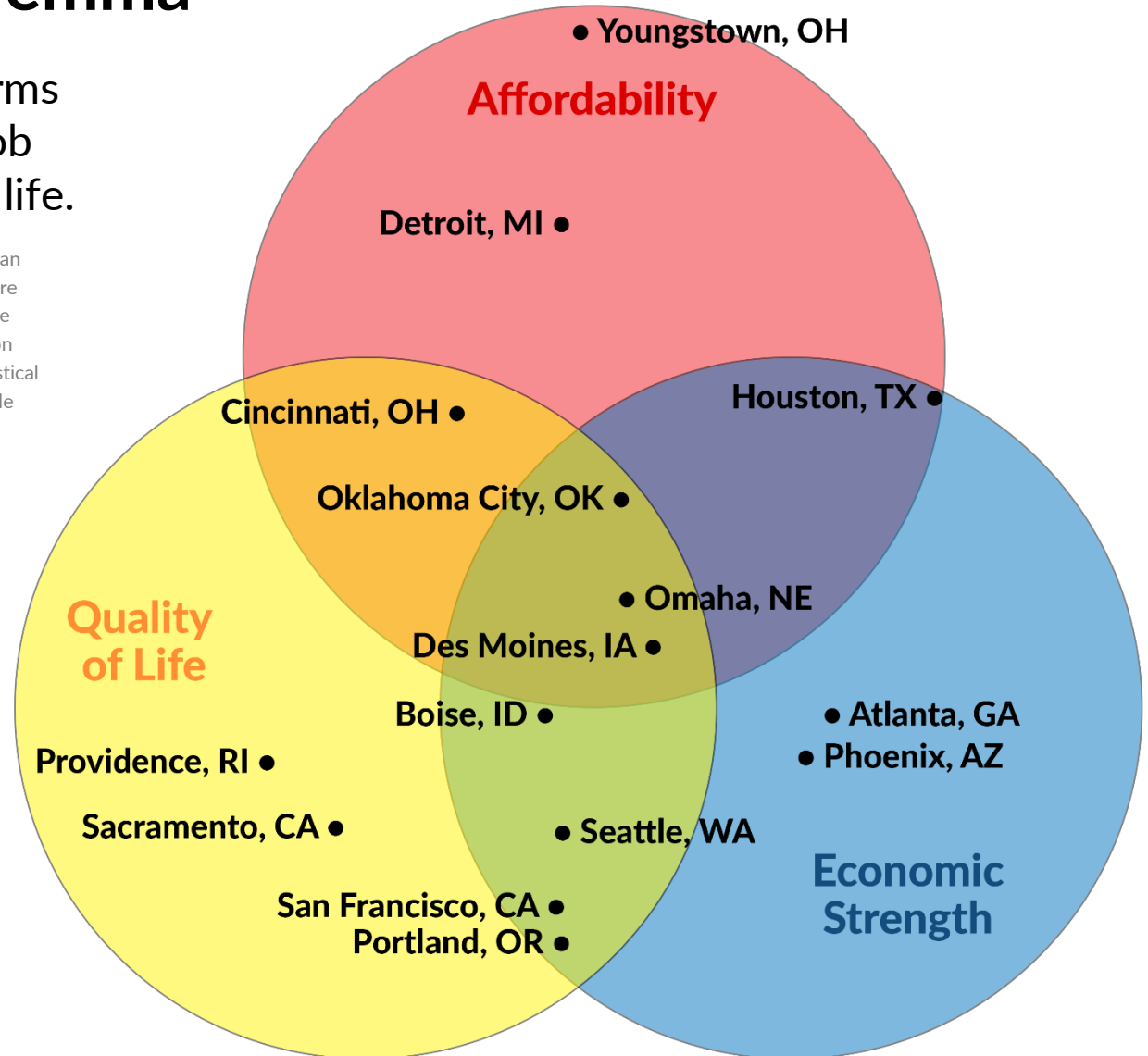
To interpret the index, a value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced existing home. An index above 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced existing home. The higher the number the more affordable homes are in comparison to the median income. The Boise MSA includes Ada, Canyon, and Owyhee Counties.



# The Housing Trilemma

Cities face tradeoffs in terms of housing affordability, job availability, and quality of life.

Affordability is based on 2014 U.S. Census, including median home values compared to median household incomes, share of rental households spending 30% or more of their income on rent, and vacancy rates, excluding seasonal or recreation use properties. This chart shows select Metropolitan Statistical Areas (MSAs), and information on additional MSAs available through the sourced article.



# So what can we do as REALTORS®?

# Strategic Prospecting

## Who can sell but doesn't need to buy locally?

- Relocations for retirement, work, etc.
- Investors with single-family properties
- “Default” landlords

# Strategic Listing Terms

## Acceptance contingent upon...

- Successful purchase of another home or completion of new construction
- Rent-back agreements
- Extended closing periods

# Setting Expectations

- Review market comps at least weekly, and adjust pricing, terms, etc., accordingly to avoid buyer fatigue or disinterest.
- Be realistic about price differences between offers and appraisals (and what to do when there's a gap).
- Handling inspections – What must be fixed vs. trying to move on to another buyer? For buyers, if they ask for too much, could they lose the house and have to start over?
- Know your market stats specific to your listings – it's not a seller's market for everyone.



# Want more stats?

Visit [boirealtors.com/category/market-info](http://boirealtors.com/category/market-info) for our market reports, released on or after the 12<sup>th</sup> calendar day of each month. Feel free to share!

# Have questions?

Contact Boise Regional REALTORS®  
Chief Executive Officer, Breanna Vanstrom,  
at 208-947-7228 or [breanna@boirealtors.com](mailto:breanna@boirealtors.com).

