



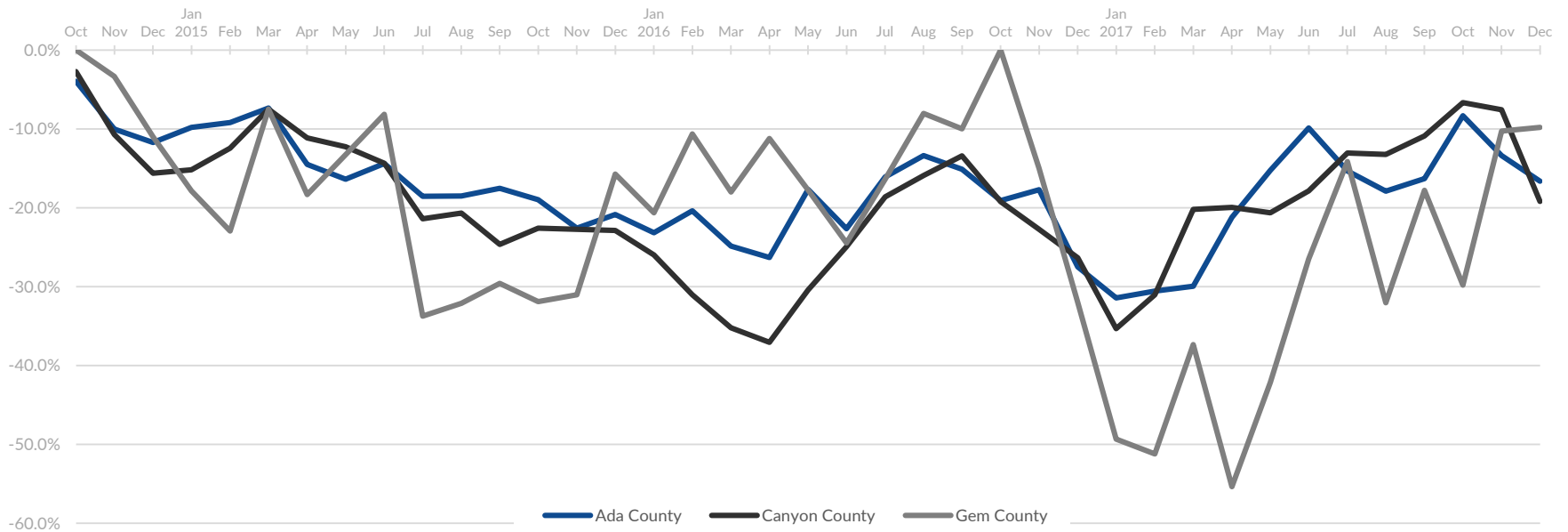
# 2017 RESIDENTIAL REAL ESTATE MARKET REPORT

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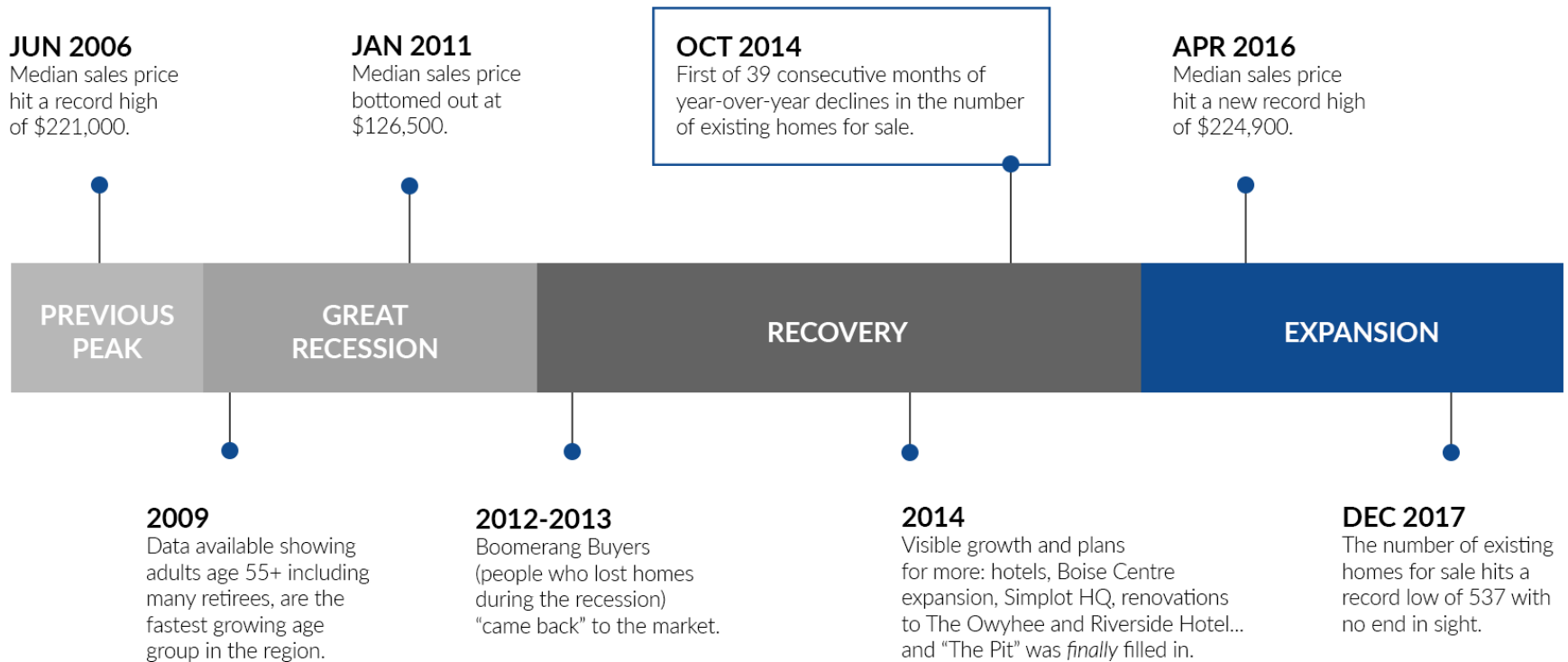
**Our market reports have been  
focused on the effects of  
low inventory on our housing  
market... *and for good reason.***

# December 2017 marked **39 consecutive months** of year-over-year declines in the number of existing homes for sale, in Ada, Canyon, and Gem counties.



**What happened  
39 months ago – in October  
2014 or leading up to it –  
that made homeowners across  
the Boise Region stay put?**

# Milestones *before and after* October 2014 affecting Ada County's existing inventory:



**1**

**Retirees**

**2**

**Boomerang Buyers**

**3**

**Housing Affordability**

**4**

**Opportunity**

# 1

## Retirees

For at least the past nine years, the share of the region's population that grew the most, was adults 55-74 years old.

We know from REALTORS® that a good portion of those are out-of-state buyers purchasing retirement homes that they'll hold long-term.

Further, as current residents “age into” this group, many are choosing to renovate and “age in place” instead of selling and moving elsewhere.

# Average Population Growth by Age Group, 2009 to 2016

Between 2009 and 2016 (most current Census data available), the share of the region's population that grew the most was adults aged 55-74 years old, and especially among adults aged 65 to 74 years old in Ada and Canyon counties. Anecdotally, we know a good portion of that growth is from out-of-state buyers purchasing retirement homes that they'll hold long-term.

County	16 to 19 Years Old	20 to 24 Years Old	25 to 44 Years Old	45 to 54 Years Old	55 to 64 Years Old	65 to 74 Years Old	75 Years Old +
Ada	2.5%	1.3%	0.8%	1.3%	4.7%	8.0%	3.1%
Canyon	2.4%	1.9%	0.8%	1.9%	4.3%	7.1%	1.9%
Gem	1.3%	-0.5%	-1.1%	-0.6%	2.8%	5.1%	1.5%



## 2

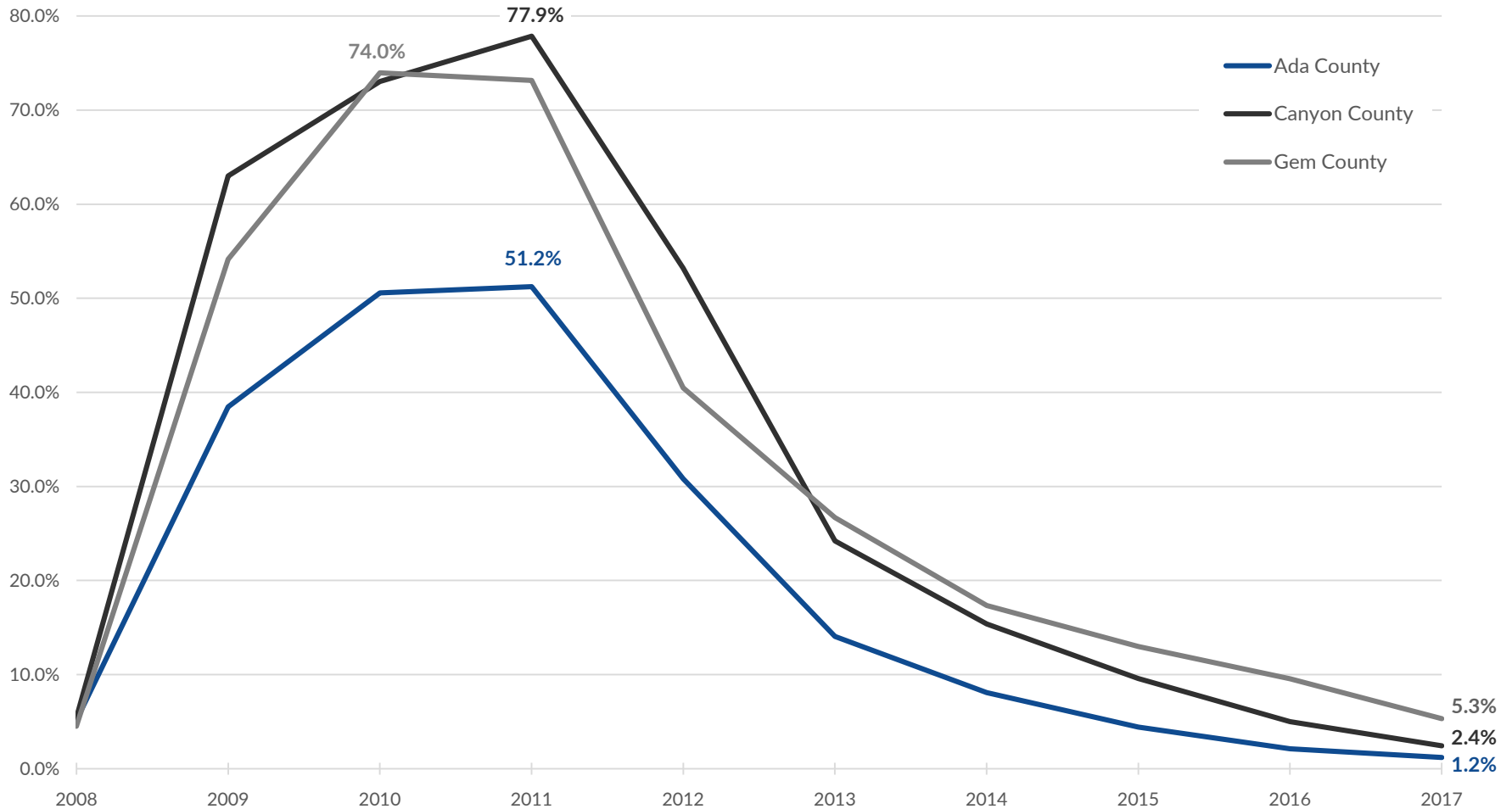
# Boomerang Buyers

Refers to people who lost homes to foreclosures or short sales, and then *“came back”* to the market to purchase a home, after spending a few years repairing credit, saving for a down payment, etc.

Boomerang buyers, by definition, would not have an existing house to sell when they buy, further constricting inventory levels.

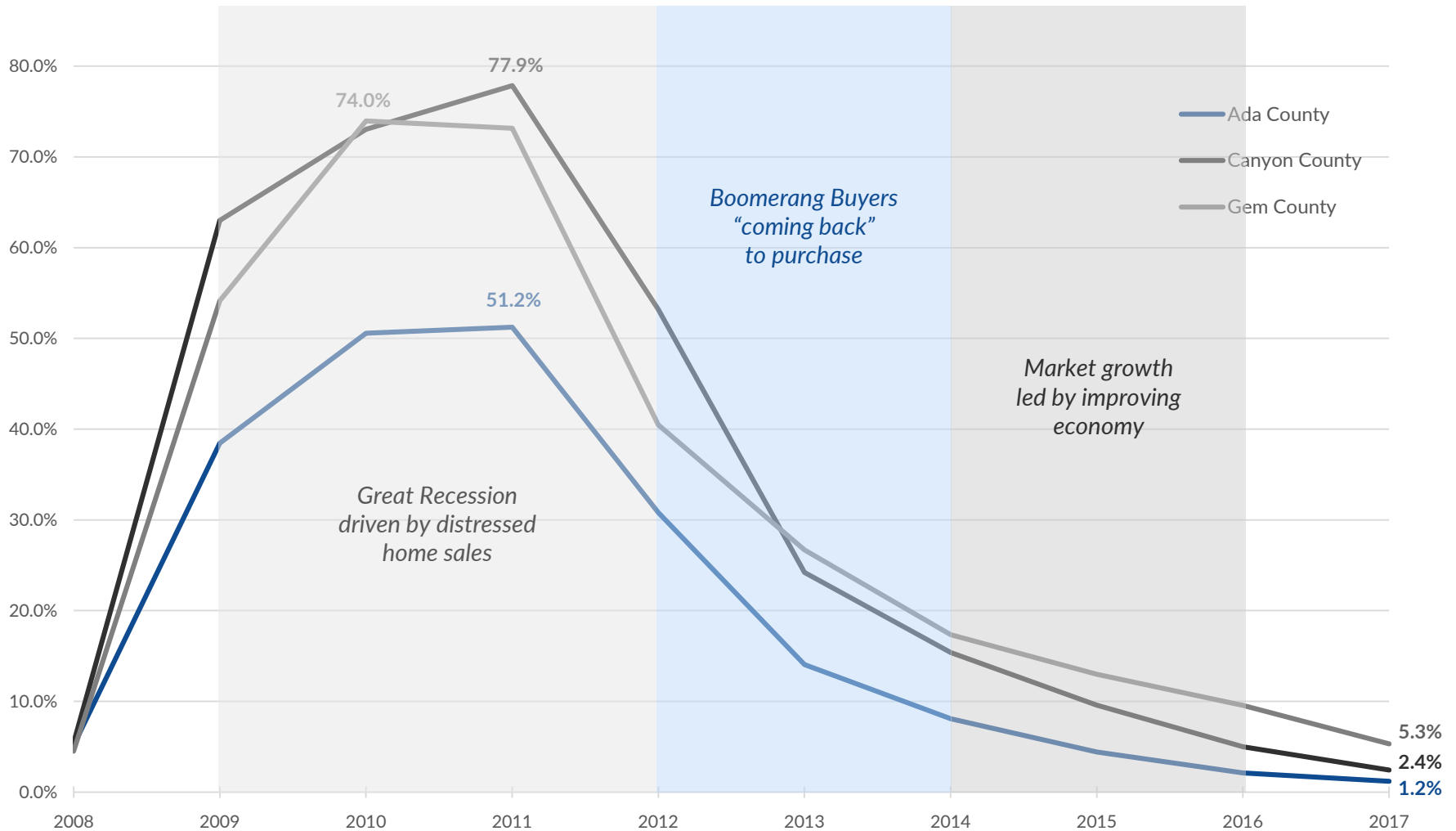
# Share of Closed Sales that were Distressed, 2008–2017

Activity for existing and new single-family homes combined between January 2008–December 2017, for Ada, Canyon, and Gem counties. “Distressed” refers to foreclosure, short sale, REO/bank-owned, or HUD-owned properties. The share peaked in 2011 in Ada and Canyon counties, with 51.2% and 77.9% of closed sales being distressed, respectively, and in 2010 in Gem County with 74.0% of closed sales being distressed. At the end of 2017, the share of distressed sales across all three counties was down more than 90% from the peak.



# Share of Closed Sales that were Distressed, 2008–2017

Activity for existing and new single-family homes combined between January 2008–December 2017, for Ada, Canyon, and Gem counties. “Distressed” refers to foreclosure, short sale, REO/bank-owned, or HUD-owned properties. Boomerang Buyers are those who “came back” to purchase after experiencing a foreclosure or short sale during the Great Recession.



# 3

## Housing Affordability

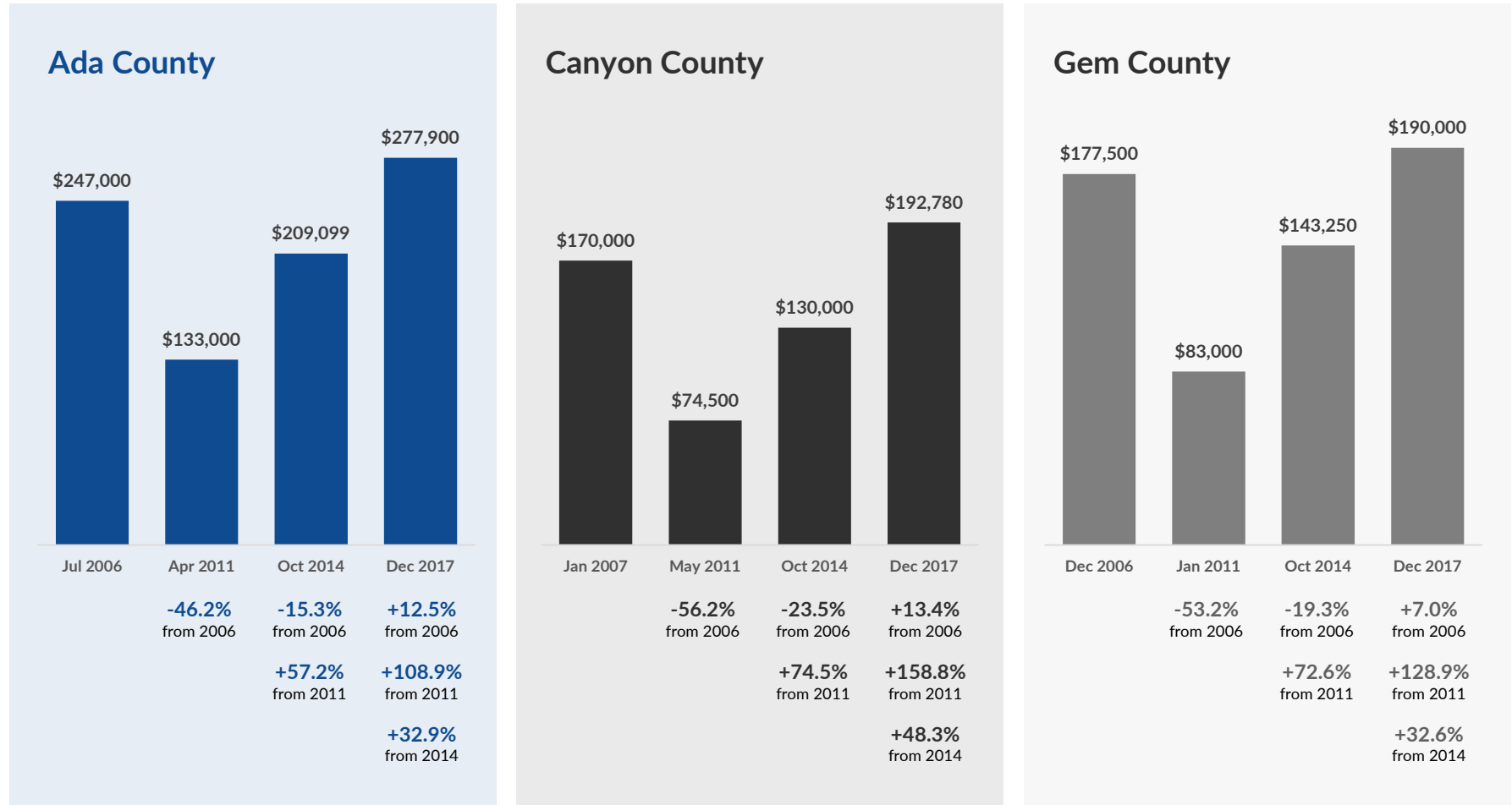
*Those who purchased at the peak in 2006...* many were unable to sell as home prices fell 45-56% through 2011. After a decade, they are just now seeing gains of 7-13%.

*Those who purchased at the bottom in 2011...* some may have equity to roll into another home, but today's median prices are up 108-158% since then, potentially out of reach for some, especially when looking at income changes over that period.

Add to that, the median family income in Ada County grew 7.2% between 2011 and 2017, but fell 4.5% for Canyon County and 8.9% for Gem County.

# Changes in the Median Sales Price from the Great Recession (2009-2011), Recovery (2012-2014), and Expansion (2015–Present)

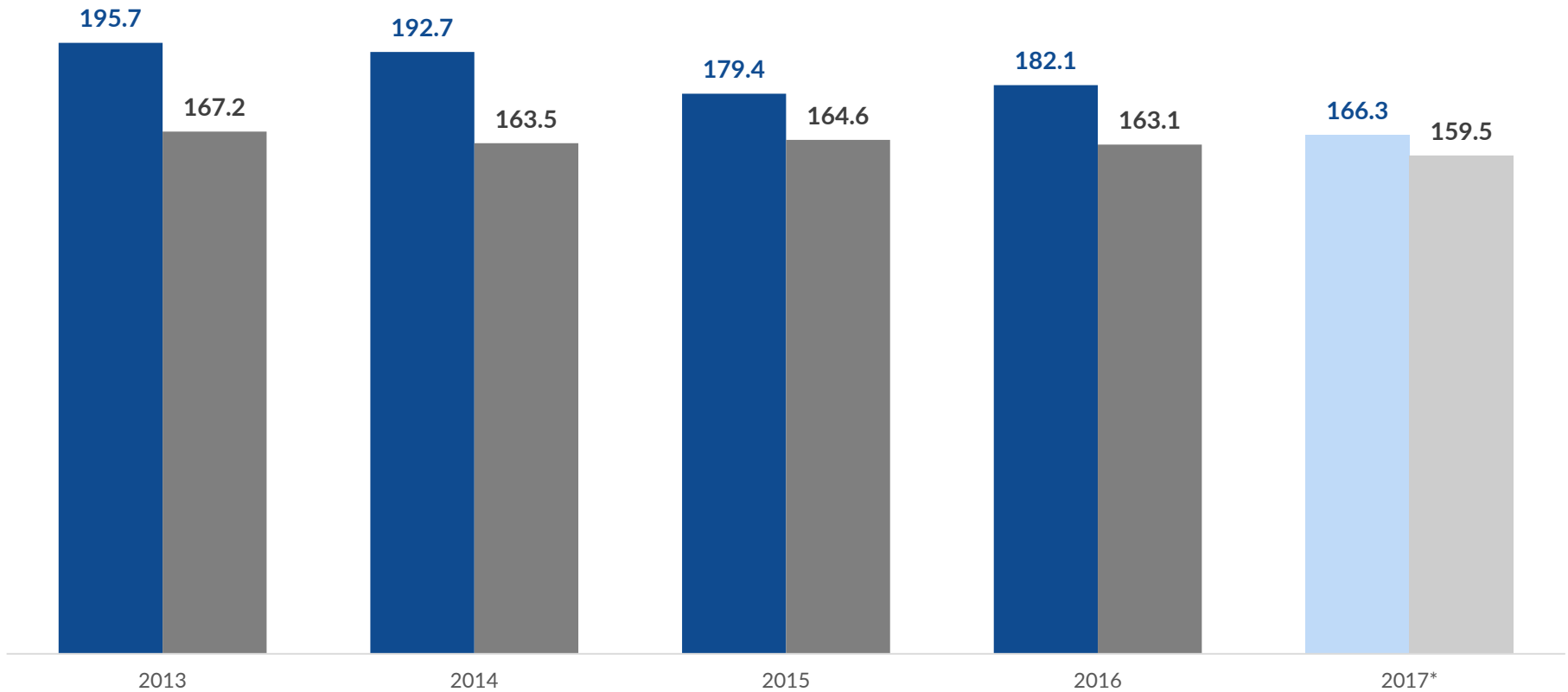
Many who purchased in 2006 were unable to sell as prices fell 45-56% through 2011, across the three counties. After a decade, they are just now seeing gains of 7-13%. Those who purchased in 2011 may have equity to roll into another home, but today's prices are up 108-158% since then, making them potentially out of reach for some, especially when looking at income changes over that period. The median family income in Ada County grew 7.2% between 2011 and 2017, but fell 4.5% for Canyon County and 8.9% for Gem County.



# Housing Affordability Index (HAI) for Existing Homes, Ada County vs. U.S.

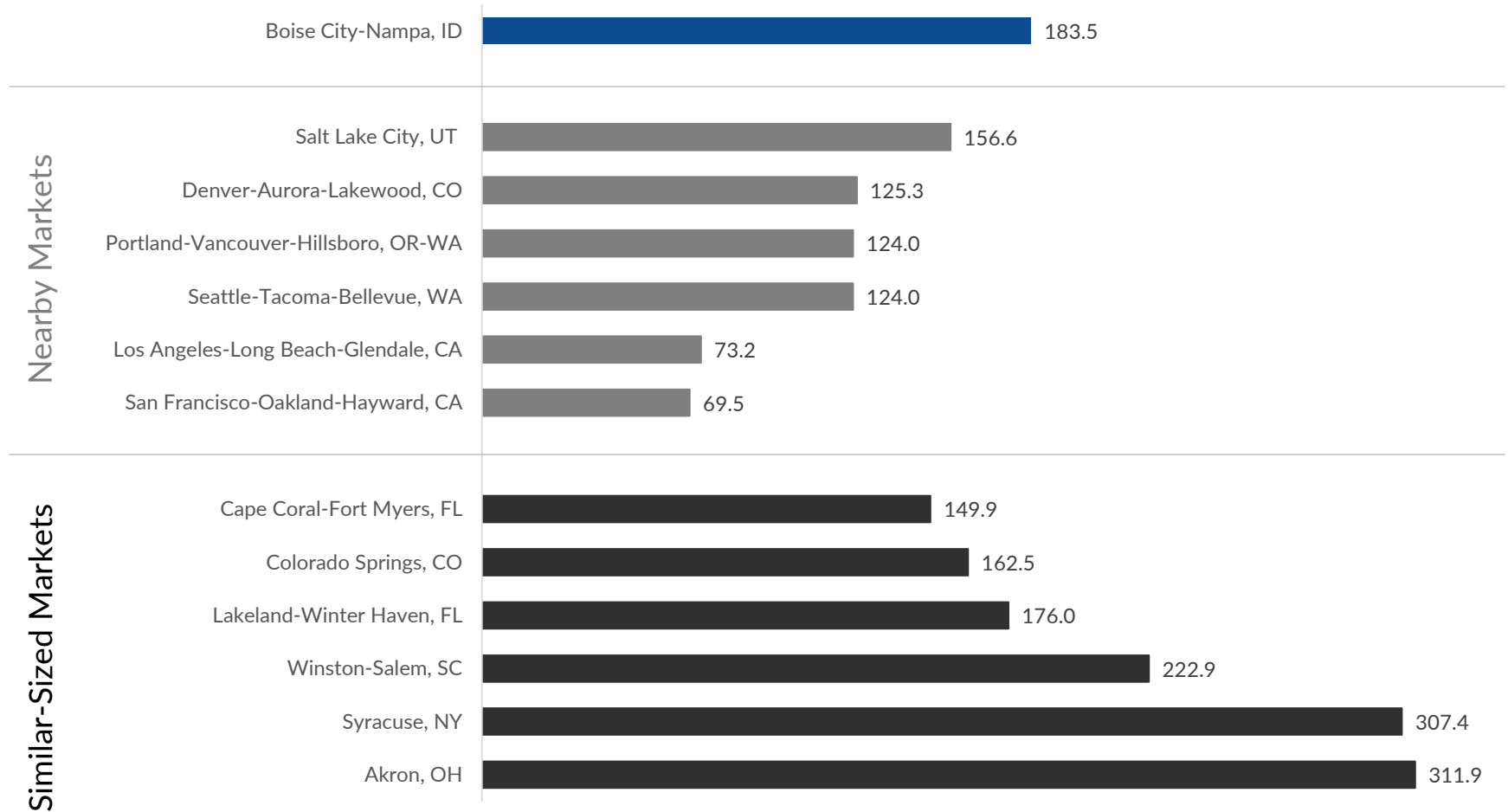
To interpret the index, a value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced existing home. An index above 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced existing home. The higher the number the more affordable homes are in comparison to the median family income. NOTE: NAR uses FHFA's Monthly Interest Rate Survey (MIRS) in its index, which looks at adjustable rate mortgage averages. BRR uses the 30-Year Fixed Rate Mortgage averages in our index, as reported by the Federal Reserve Bank of St. Louis. \* 2017 income data is estimated and 2017 U.S. HAI is YTD through November.

■ 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.



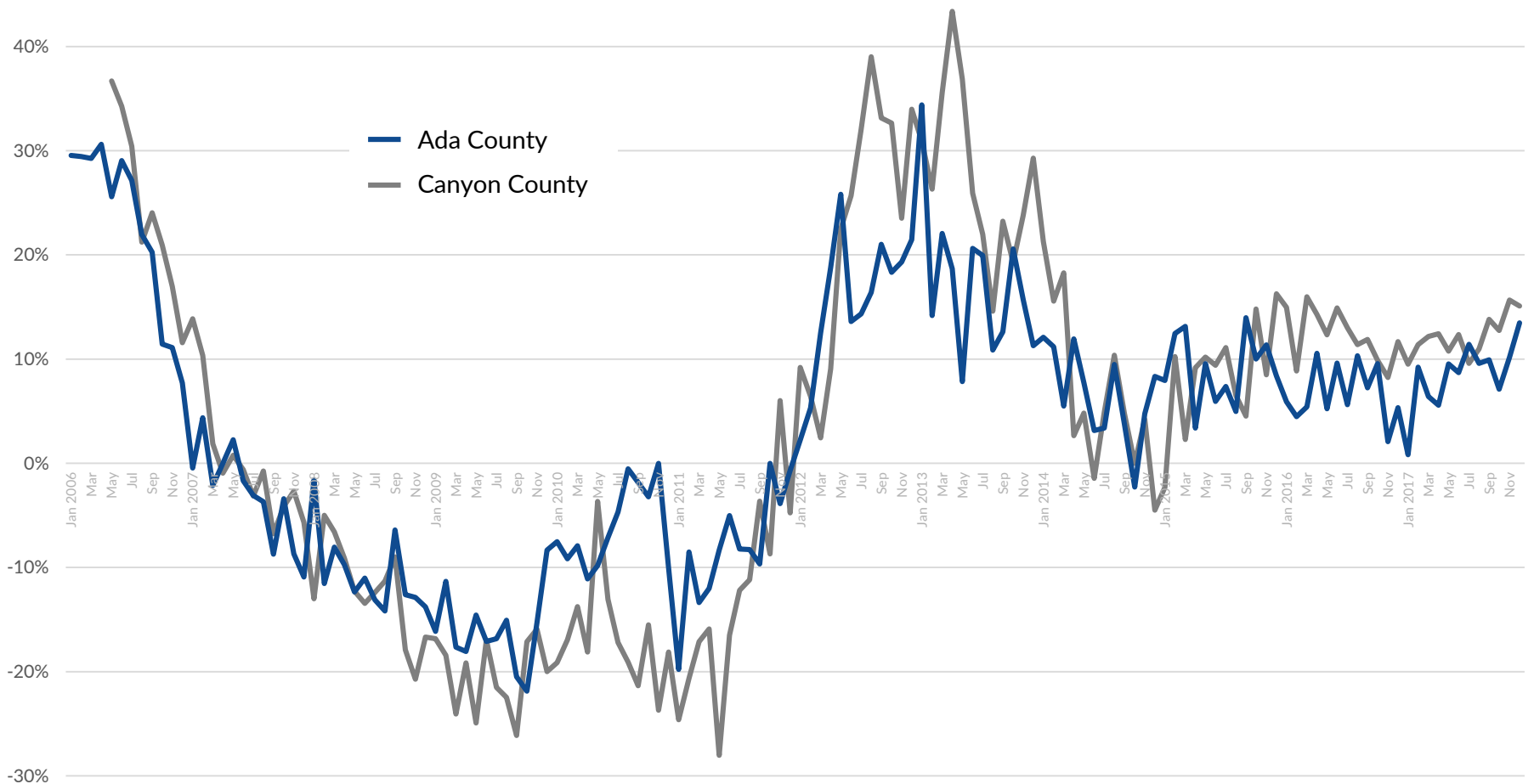
Yet while the *actual* median sales price continues trending upwards – putting pressure on affordability – the *rate* at which it does so has been slowing down.

It's like driving your car up a hill... as the road gets steeper, the speed at which you drive decreases. You're still gaining ground, just not as quickly.



# Year-Over-Year Percent Change in the Monthly Median Sales Price for Ada and Canyon Counties, 2006-2017

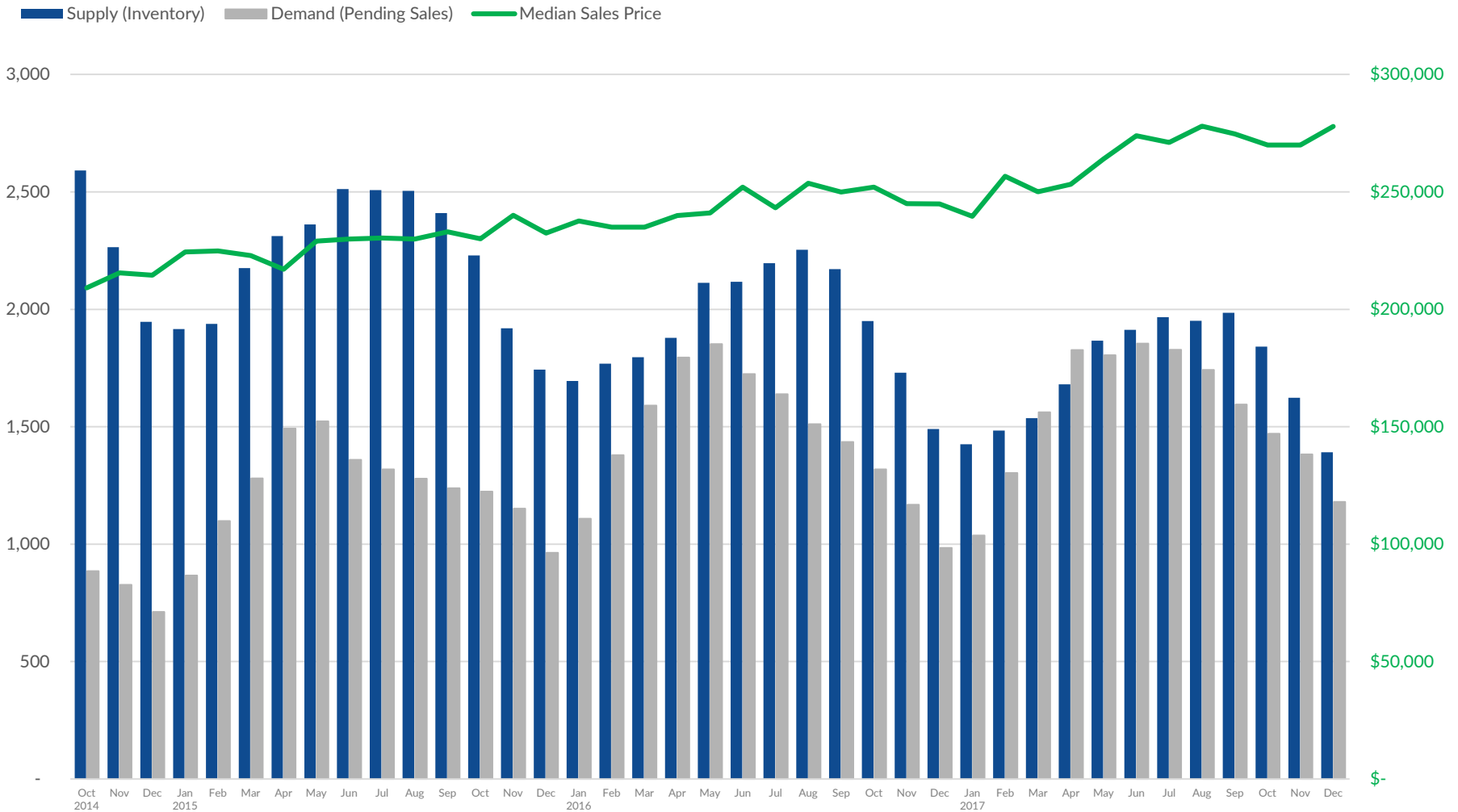
Median Sales Price is the price at which half the homes sold for more and half sold for less, existing and new construction combined. This chart shows the year-over-year percent change by month in Median Sales Price since the previous market peak in 2006. Year-over-year price gains began falling in mid-2006 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 continues to trend upwards, the rate at which it does so has been slowing down.



**Slowing price increases could be an early indicator of the market coming back into balance, but as long as consumer demand outpaces the number of homes for sale, that low supply versus high demand relationship should keep actual prices moving up.**

# Impact of Supply vs. Demand on Median Sales Price in Ada County, October 2014 through December 2017

Slowing year-over-year price increases could be an early indicator of the market coming back into balance, but as long as consumer demand (measured through pending sales) outpaces the number of homes for sale (inventory), this low supply/high demand relationship should keep actual prices moving up. Data based on existing and new construction combined.



# 4

## Opportunity

According to BSU’s “Second Annual Treasure Valley Survey,” current residents most enjoy the quality of life, thriving economy, and neighborhood safety.

Add in the visible growth taking place since 2014 — *8<sup>th</sup> & Main, Boise Centre expansion, new downtown hotels, and more* — in addition to the national accolades and “best of” lists, *perhaps* people don’t want to miss out by leaving.

On the other hand, some would-be sellers may be trying to “time the market” to cash out near the next peak.

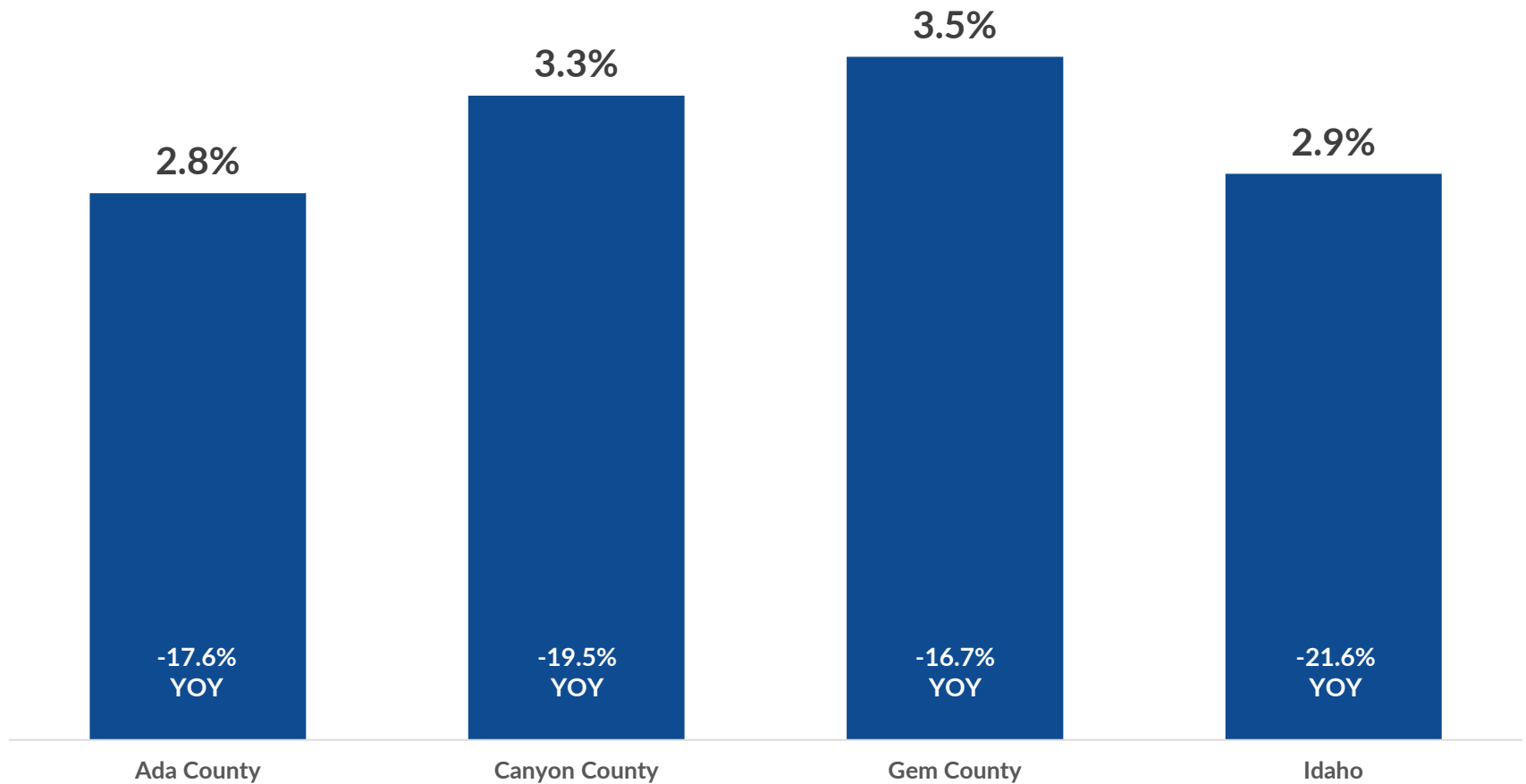
# “Cautious Optimism”

This sentiment may be holding our excitement in check, as we hear from many in the industry that don't want to get too comfortable or over confident... *just in case.*

That said, many economic and demographic factors seem to be working in our favor – specifically record high sales volume and low unemployment – leading to confidence from out-of-state investors that some predict will go on for the next few years.

# Unemployment Rates as of November 2017

Idaho led the country in job growth in 2017, and had one of the lowest unemployment rates of any state. Based on the most recent stats from the U.S. Bureau of Labor Statistics, as of November 2017, Idaho had just 2.9% unemployment, (down 21.6% from November 2016), Ada County was at 2.8 % (down 17.6% from November 2016), Canyon was at 3.3% (down 19.5% year-over-year), and Gem County was at 3.5% unemployment (down 16.7% year-over-year).



*In July 2016 we forecasted...*

**Ada County's total dollar volume was potentially on track to break the \$3 billion-mark for the first time in 2017.**

*And our forecast was correct...*

**By November 2017,  
Ada County's total dollar  
volume exceeded \$3.0 billion.**

**It reached \$3.3 billion for all of 2017.**





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 also hit a record high \$944.6 million for 2017 YTD. An increase of 20.1% from 2016 YTD, putting it on track to break the \$1.0 billion-mark in 2018. The map shows towns such as Arcadia, Nyssa, Parma, Sand Hollow, Amsco, Middleton, Star, Wilder, Homedale, Marsing, Nampa, Kings Corner, Bowmont, Rockville, Wilson, Walters Ferry, and Guffey. Major roads shown include 95, 26, 84, 52, 16, 44, 55, 78, 45, and 78. The Deer Flat National Wildlife Refuge is also visible.

**Canyon County's total dollar volume *also* hit a record high \$944.6 million for 2017 YTD.**

**An increase of 20.1% from 2016 YTD, putting it on track to break the \$1.0 billion-mark in 2018.**

A map of Gem County, Idaho, showing various towns and highways. The map is light gray with white outlines for roads and town boundaries. Labels for towns include Midvale, French Corner, Letha, Emmett, Pearl, Black Canyon, Montour, Sand Hollow, High Valley, Banks, Brownlee, Gardena, Horseshoe Bend, and Smiths. Highway shields for 30, 52, 55, 84, and 16 are visible.

**Gem County's total dollar volume *also* hit a record high \$66.5 million for 2017 YTD.**

**An increase of 5.0% from 2016 YTD.  
The record is based on data going back to 2013.**



**So... what's on tap for 2018?**

# What's on tap for 2018?

- *REALTOR.com*® predicts continued — but slowing — price growth, persistence inventory shortages (especially in the lower price points), and increasing mortgage interest rates.
- The major unknown is how the new tax reform will truly impact the economy, and in turn, the housing market. That's a key area that we'll continue to watch and report its effect on our local economy throughout the year.

# Want more stats?

Visit [boirealtors.com/market-statistics](http://boirealtors.com/market-statistics) for our reports and analysis for Ada, Canyon, and Gem counties, released around the 12<sup>th</sup> calendar day of the month.

# Have Questions?

Contact Boise Regional REALTORS®  
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at 208-947-7228 or [breanna@boirealtors.com](mailto:breanna@boirealtors.com).

