

# LOCAL HOUSING MARKET & ECONOMIC IMPACT REPORT ADA COUNTY

Presented by:

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Building Contractors Association of Southwestern Idaho

January 15, 2020

Boise, ID



# Introduction & Welcome

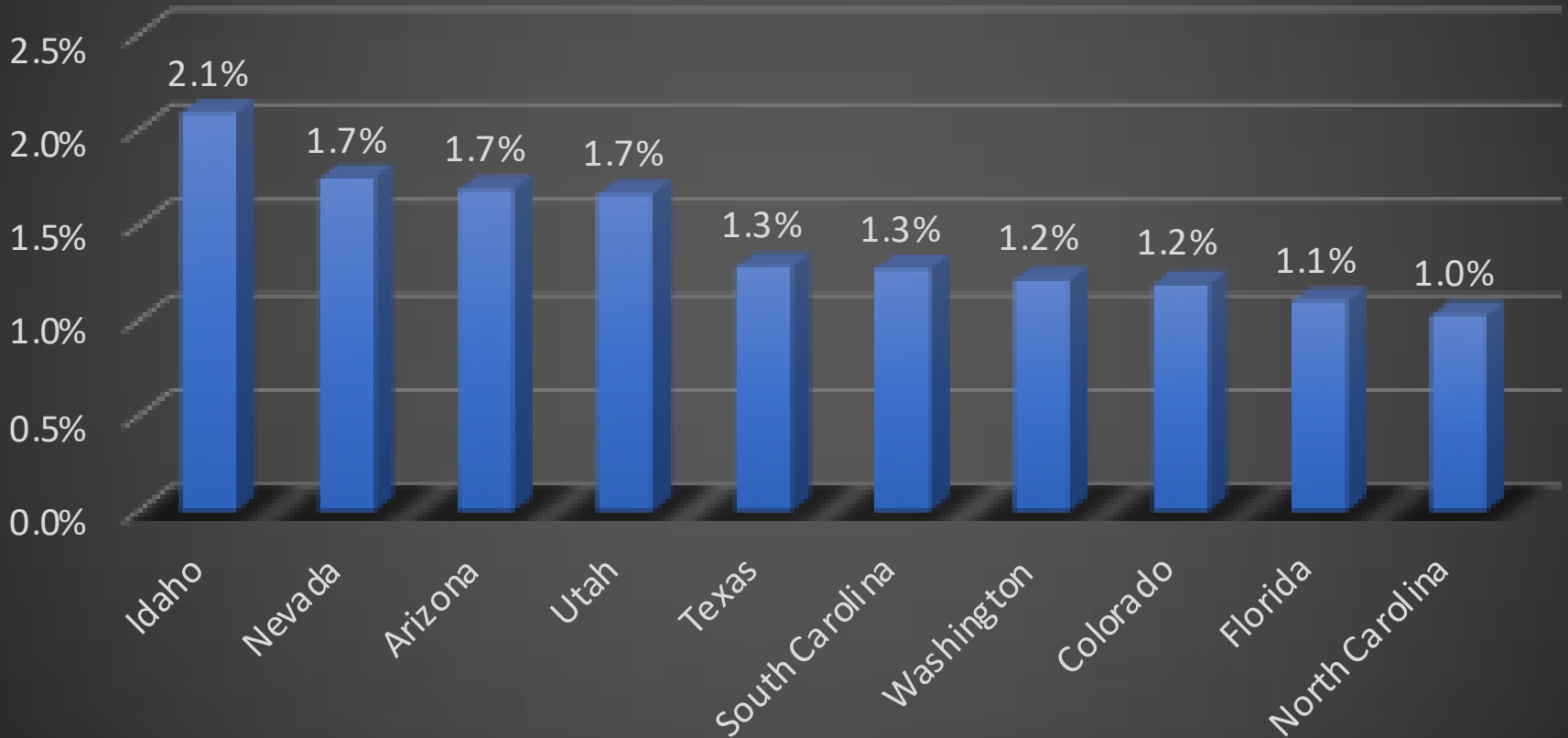


## Topics:

1. 2019 Local Housing Report & 2020 Forecast
2. Economic Impact of Local Home Building
3. Local Government Issues Addressed by BCA  
and Savings

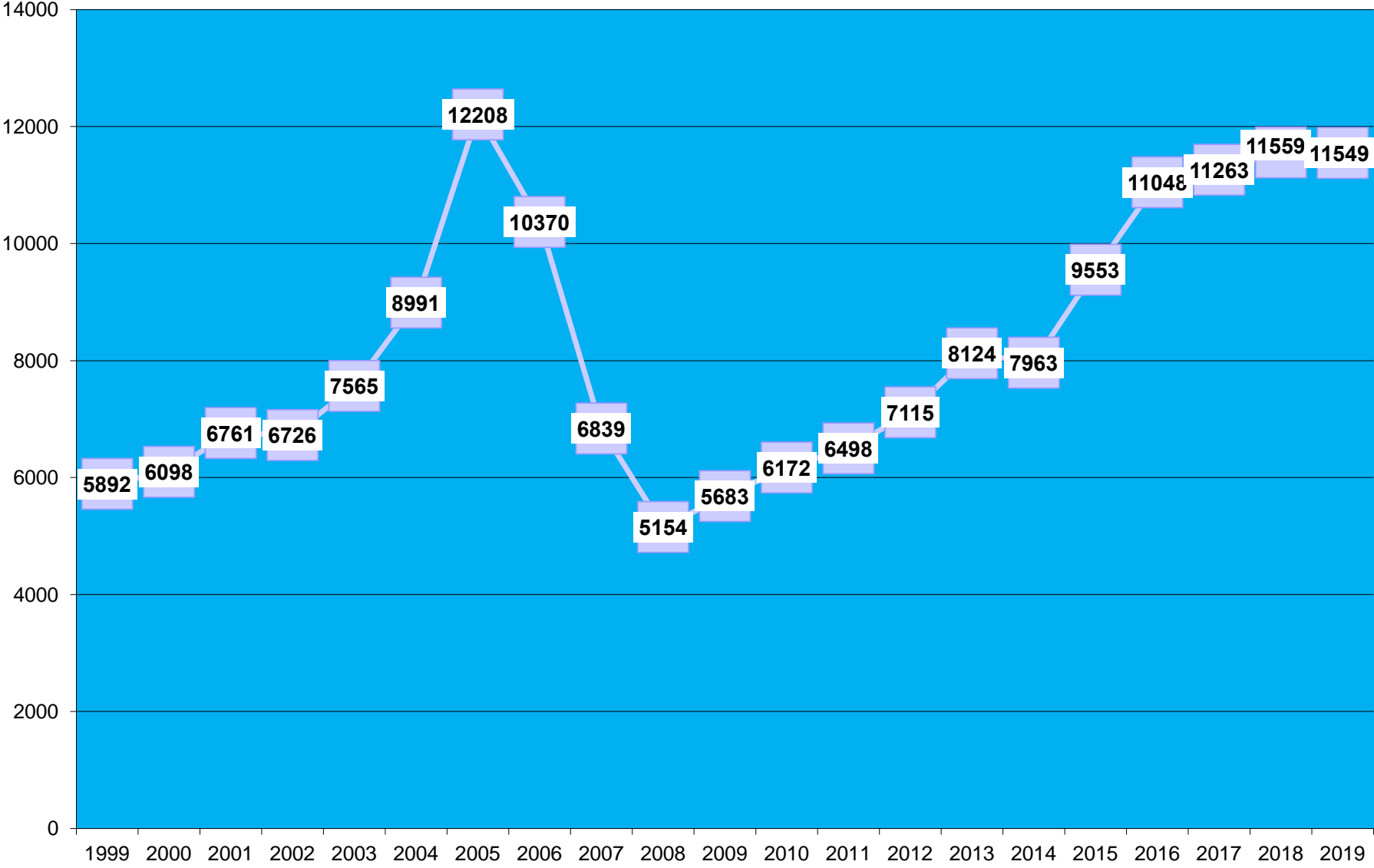
# **Local Housing Report**

# Top 10 States in Percent Growth 2019



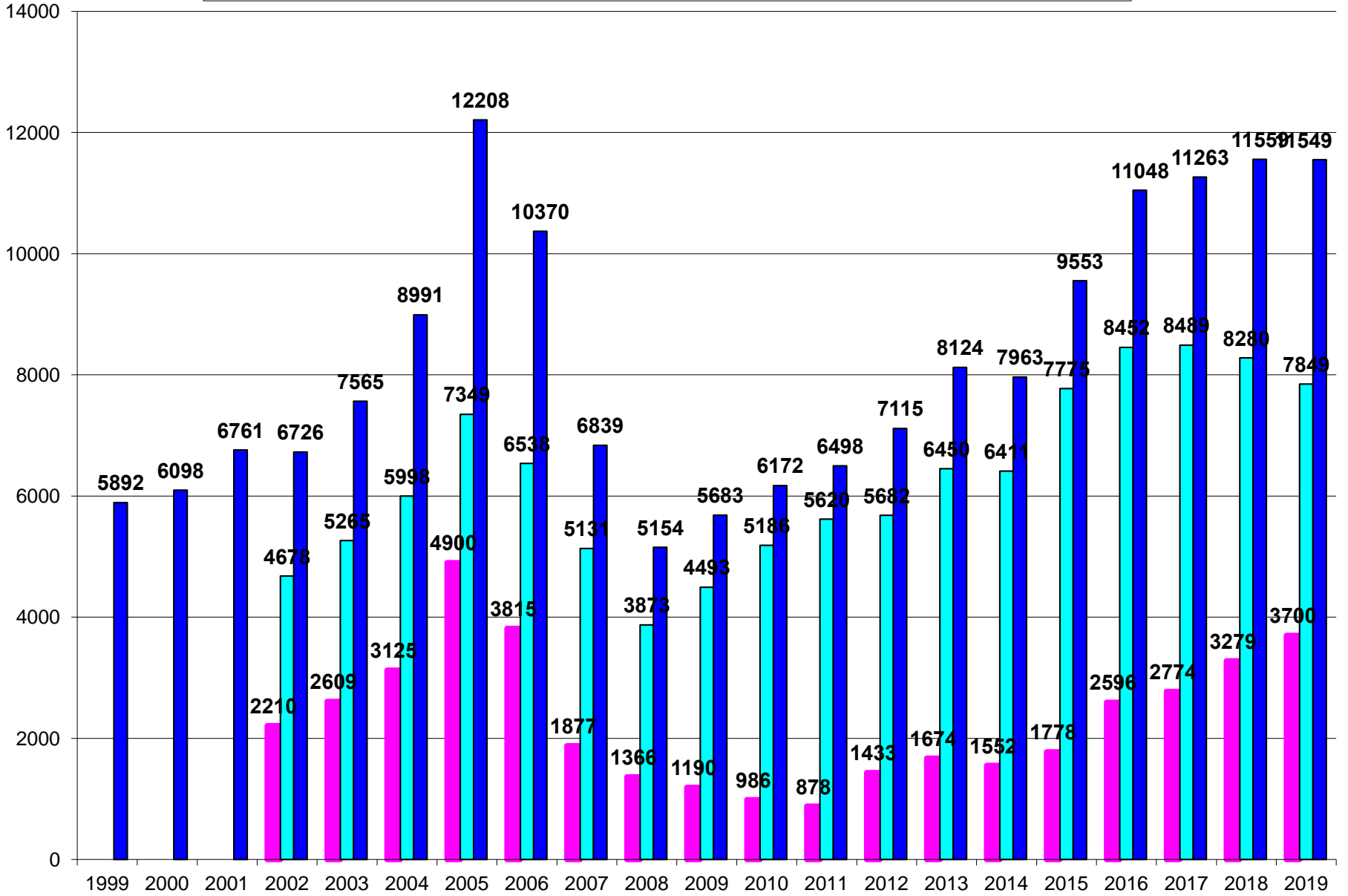
# A1 - Ada County Yearly Sales HISTORY

Total Single Family Home Sales

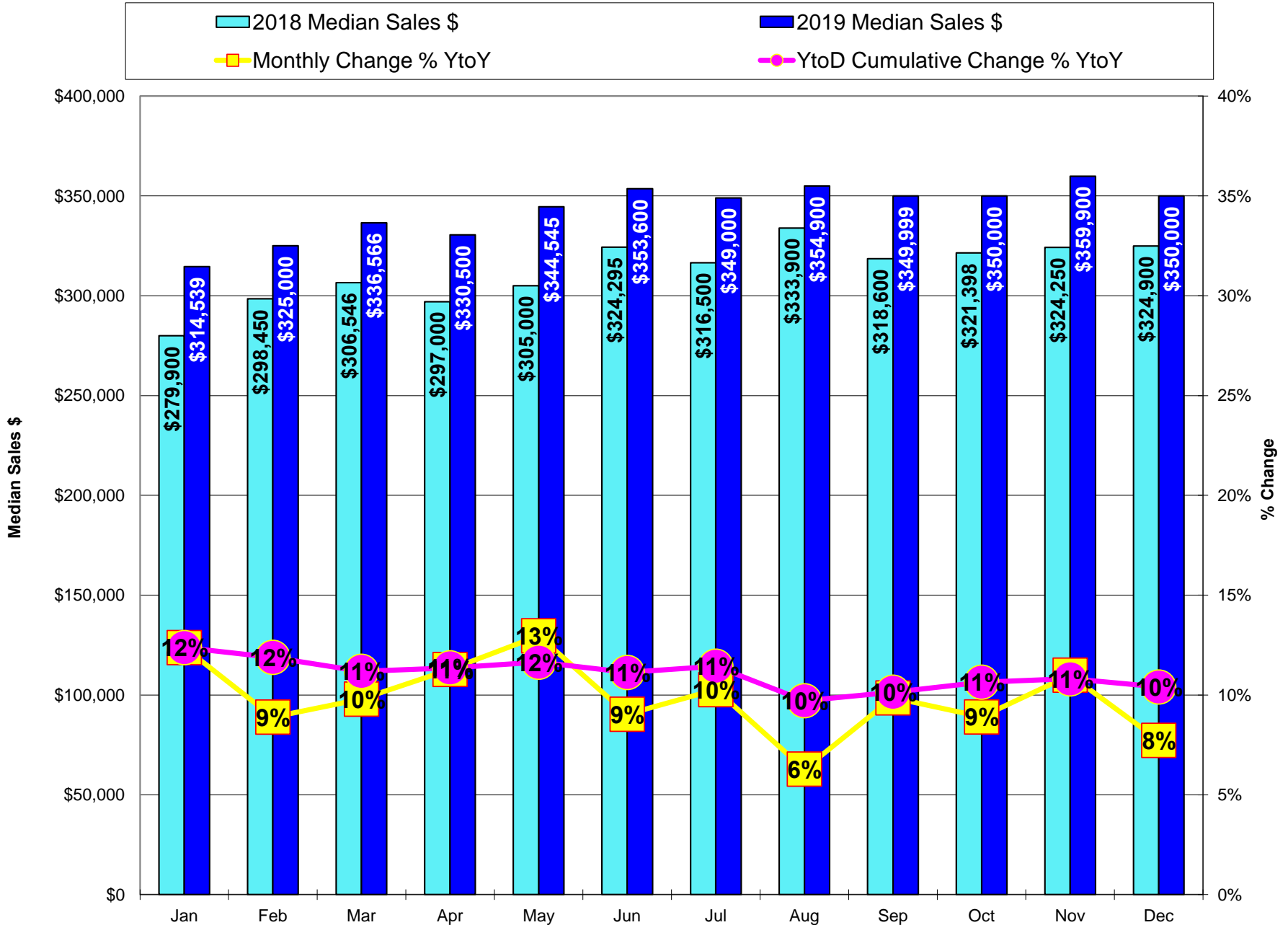


**BOOM 2004-2007**    **BUST 2008-2011**    **RECOVERY**    **BOOM 2015-**

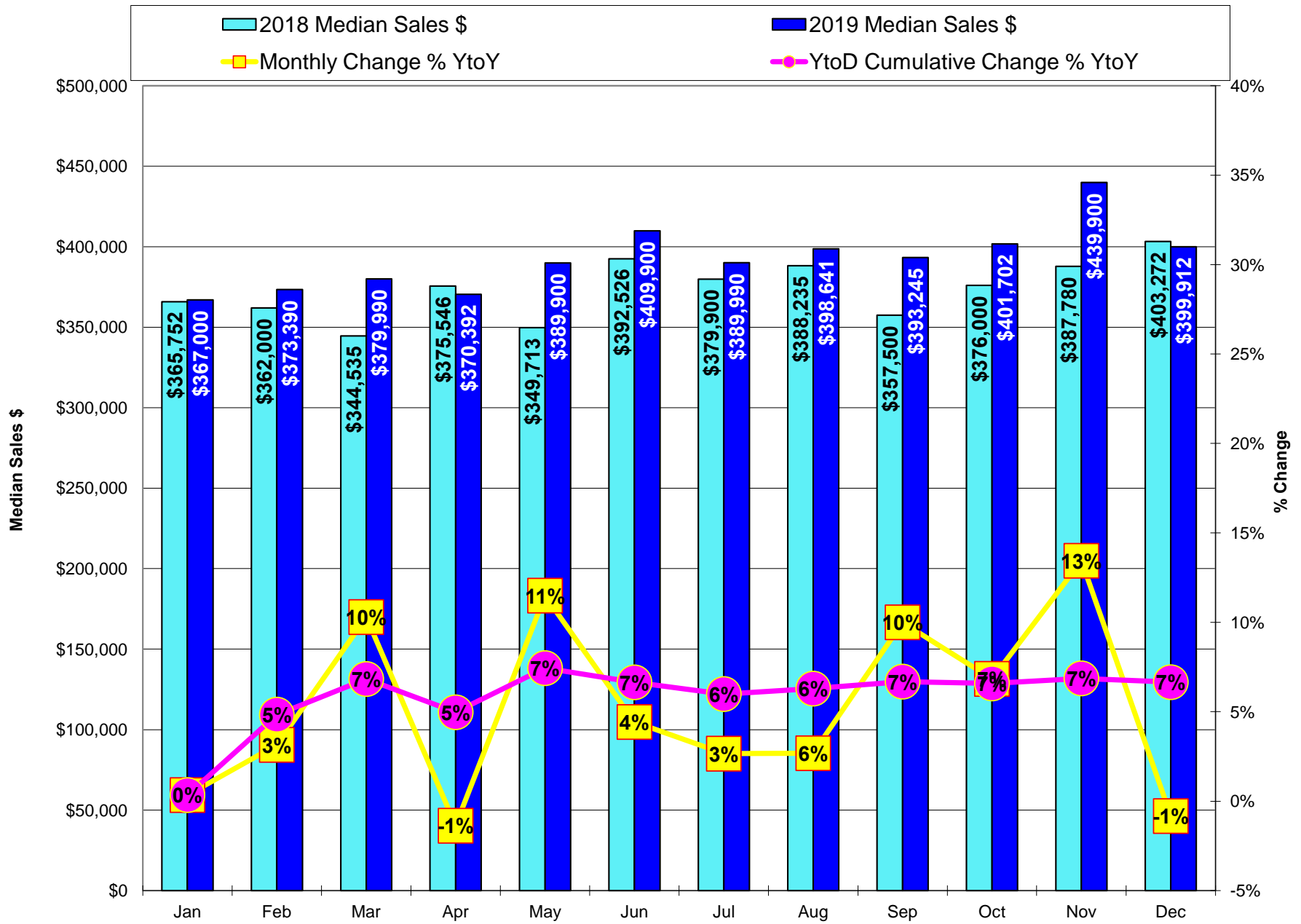
# A1A - Ada County Yearly Sales HISTORY



# A10 - Ada County Monthly MEDIAN Sales Price

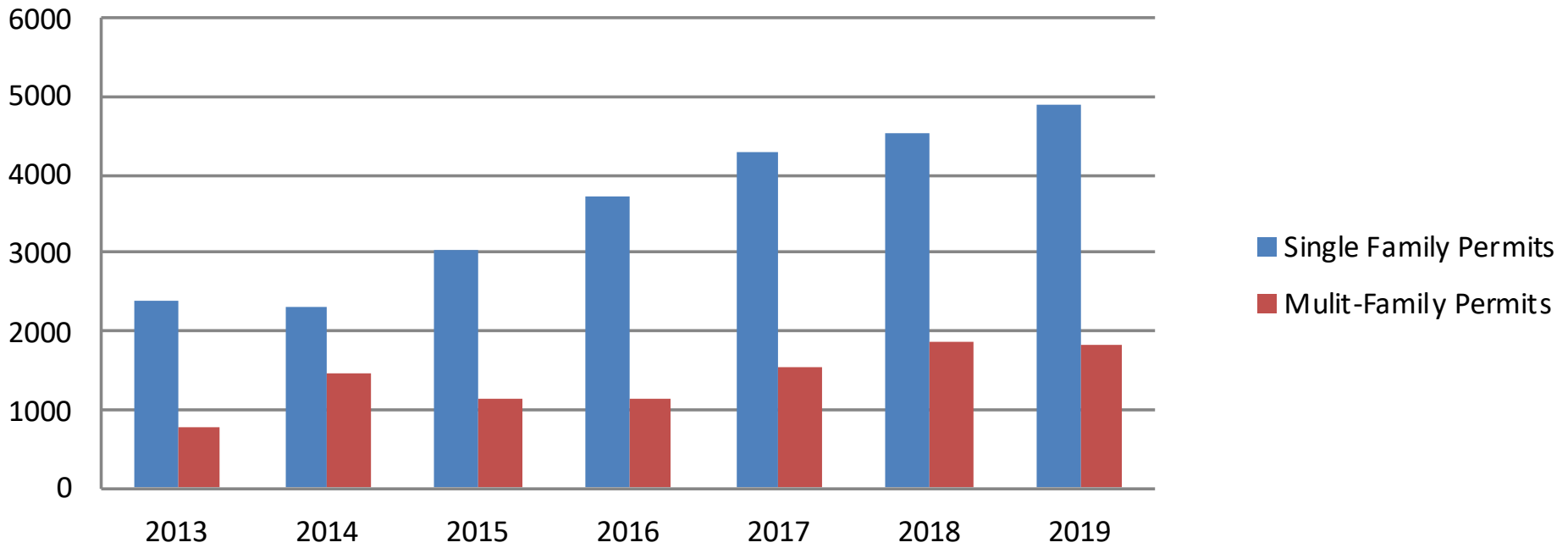


# A11 - Ada County NEW CONSTRUCTION Monthly MEDIAN Sales Price

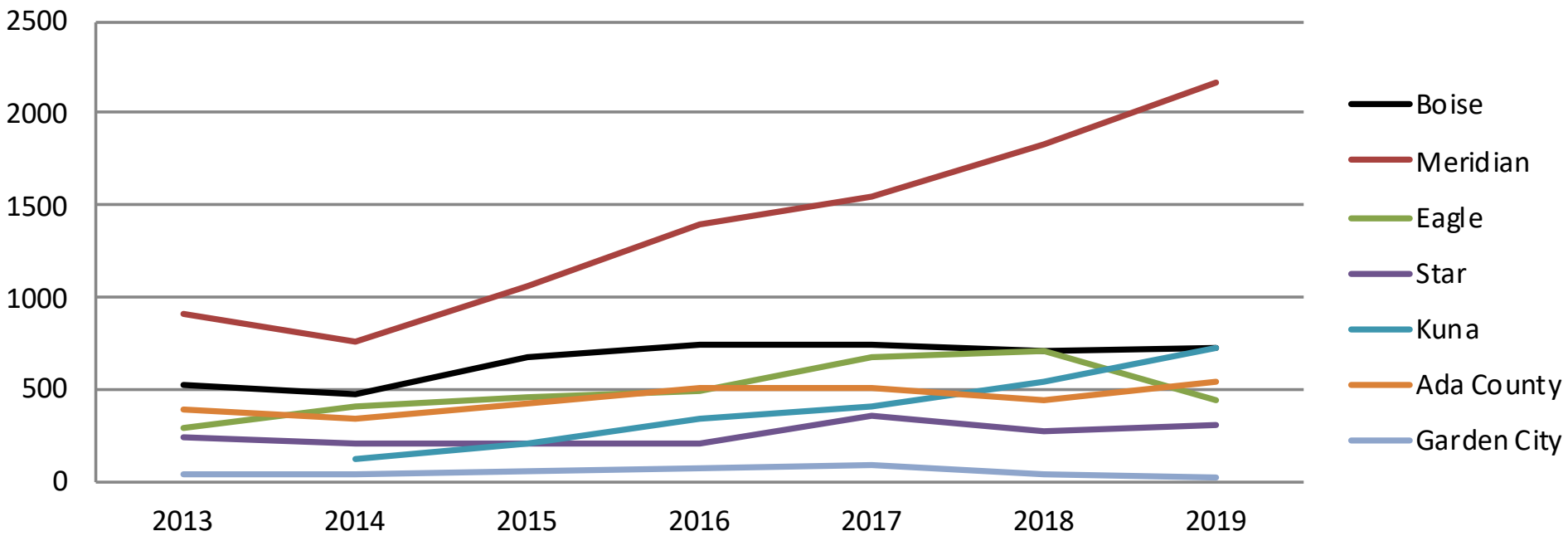




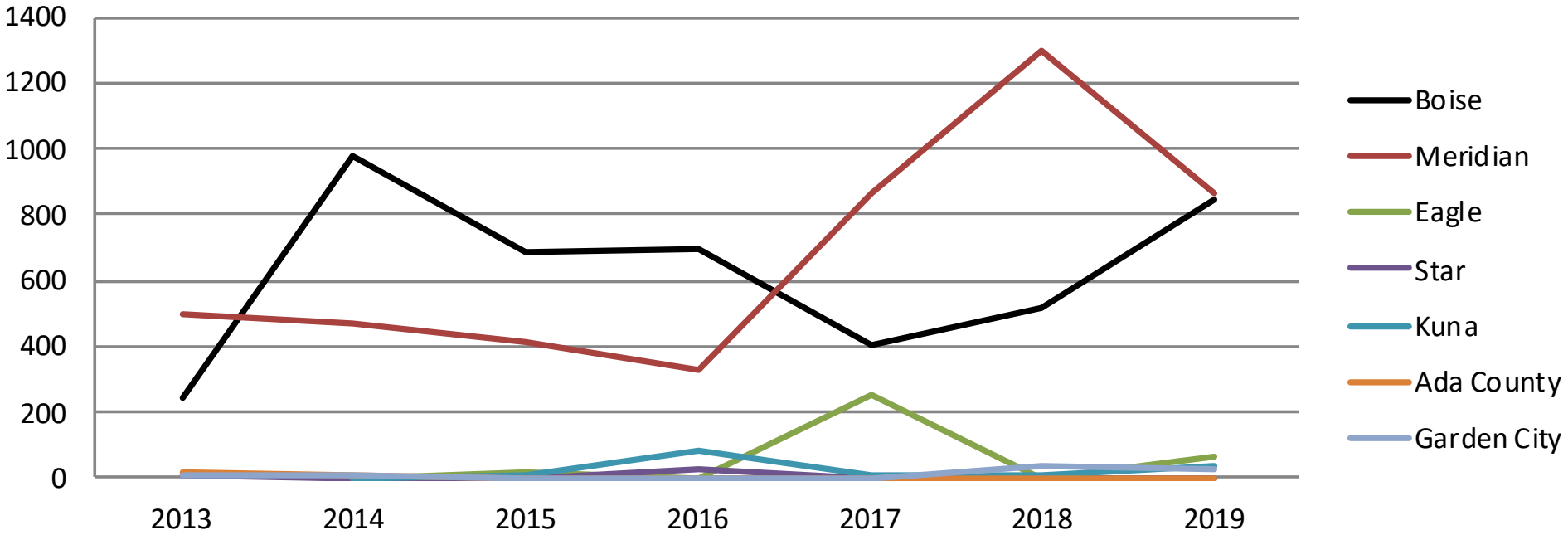
# Ada County Permits



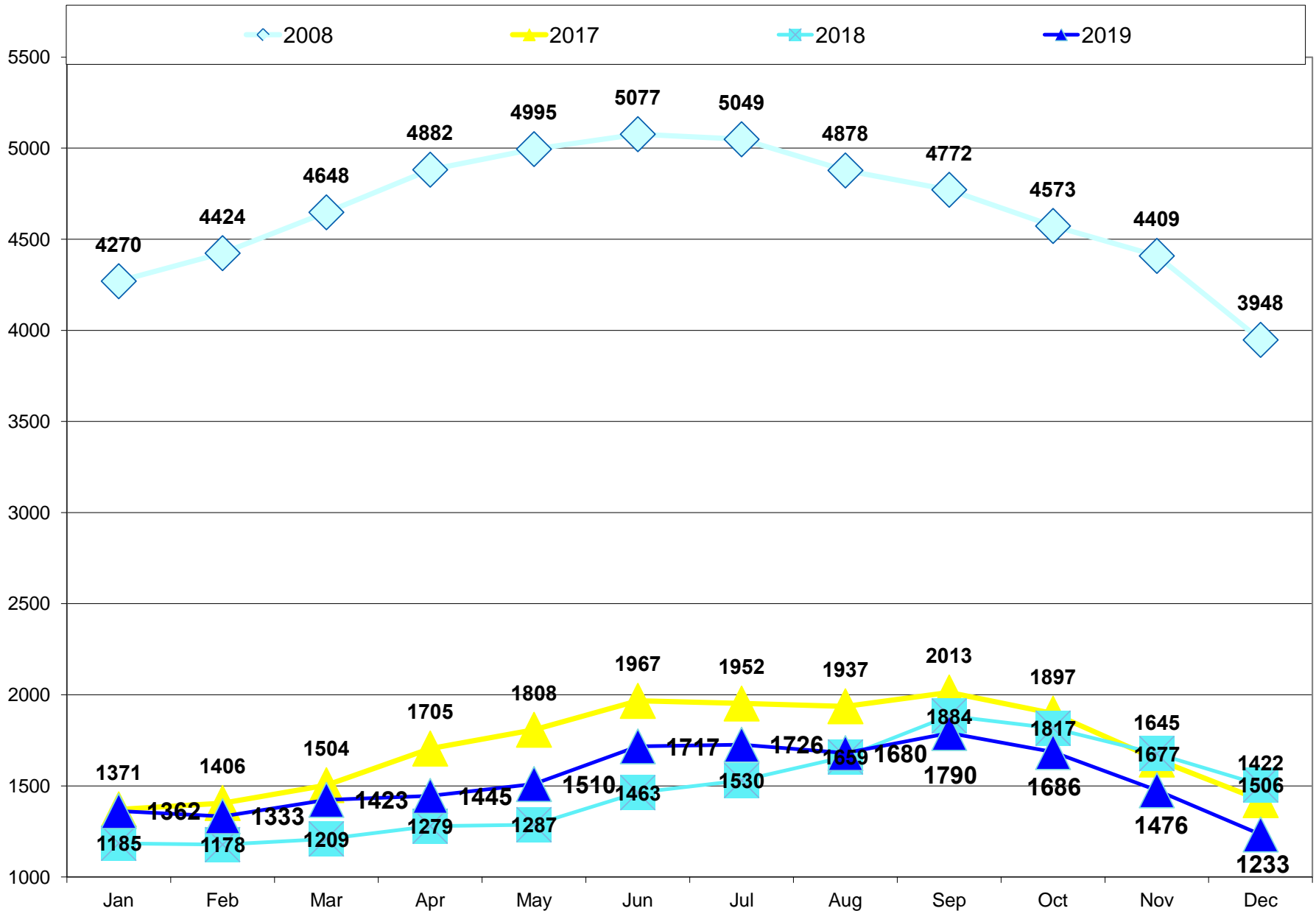
# Single Family Permits



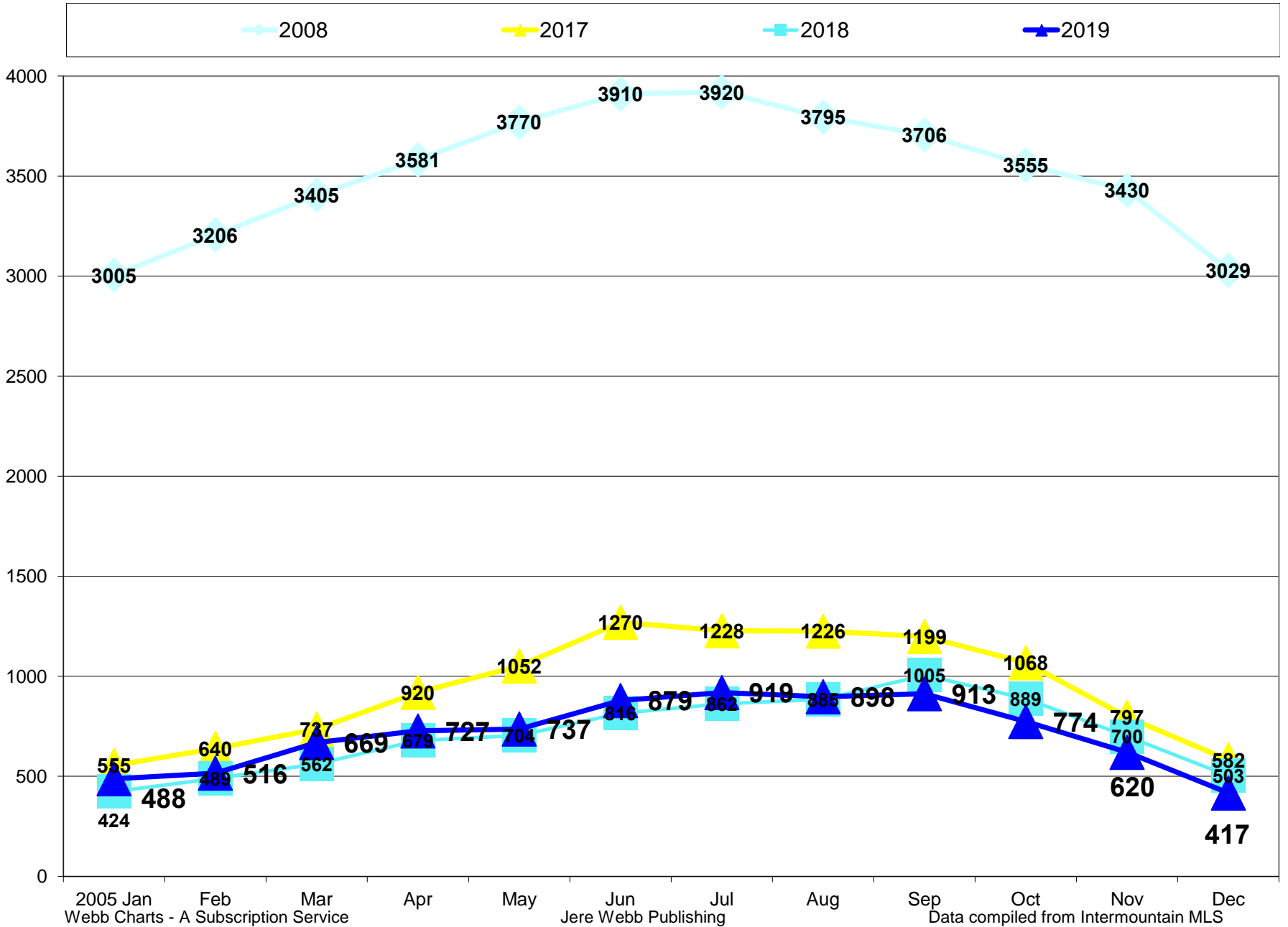
# Multi-Family Permits



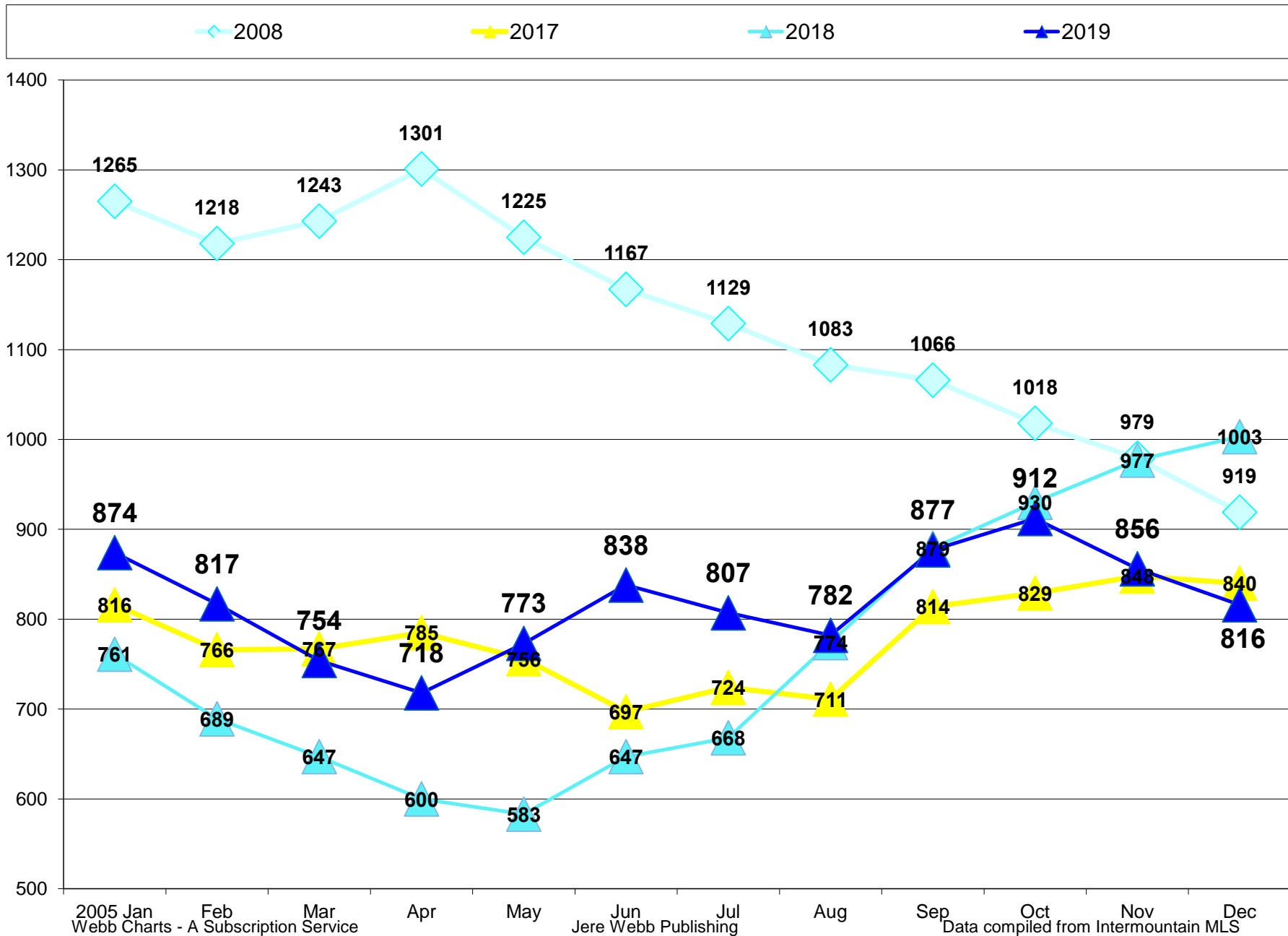
# A16 - Ada County Residential INVENTORY



# A60 - Ada County RESALE INVENTORY

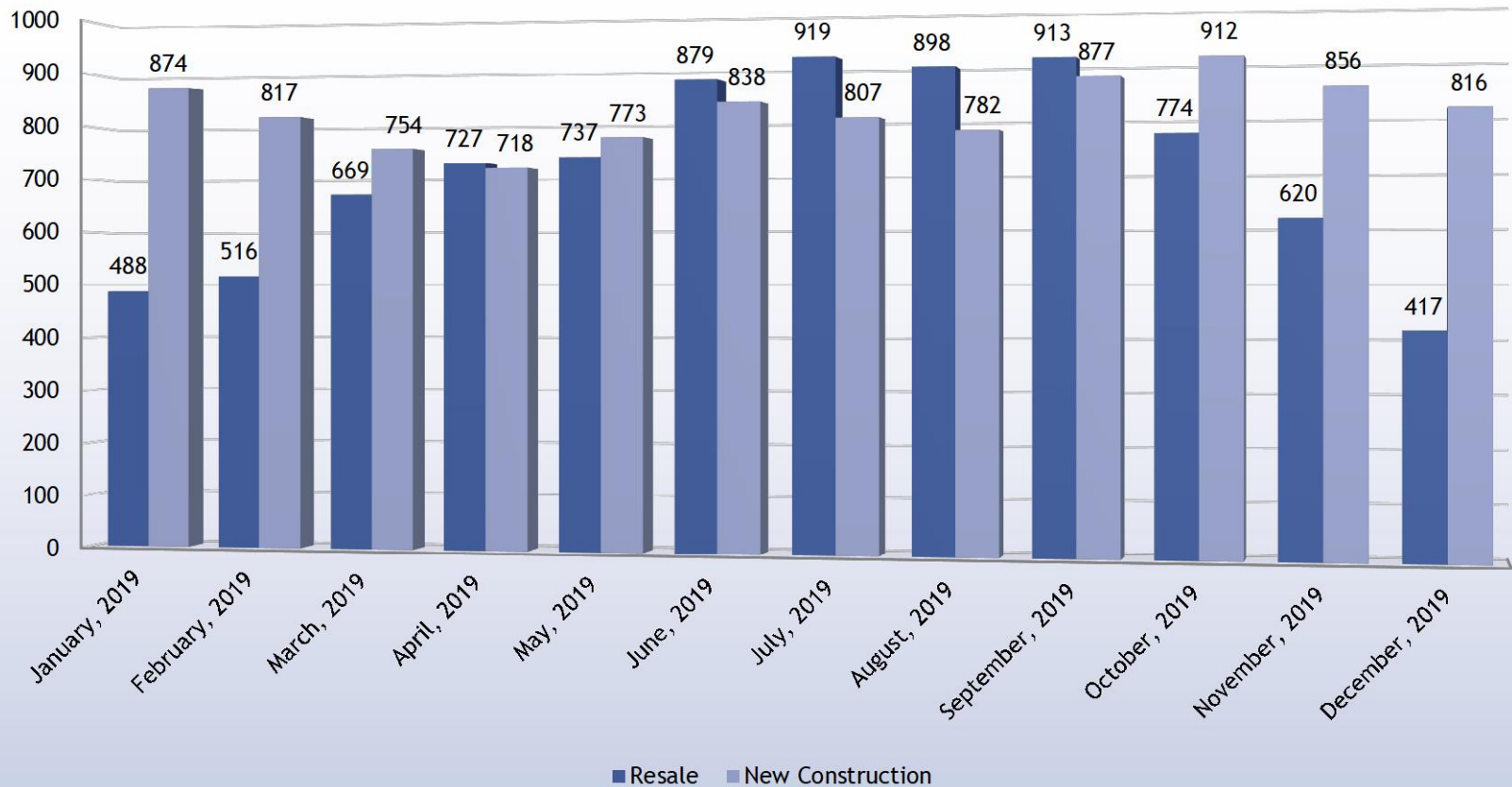


# A59- Ada County NEW CONSTRUCTION INVENTORY



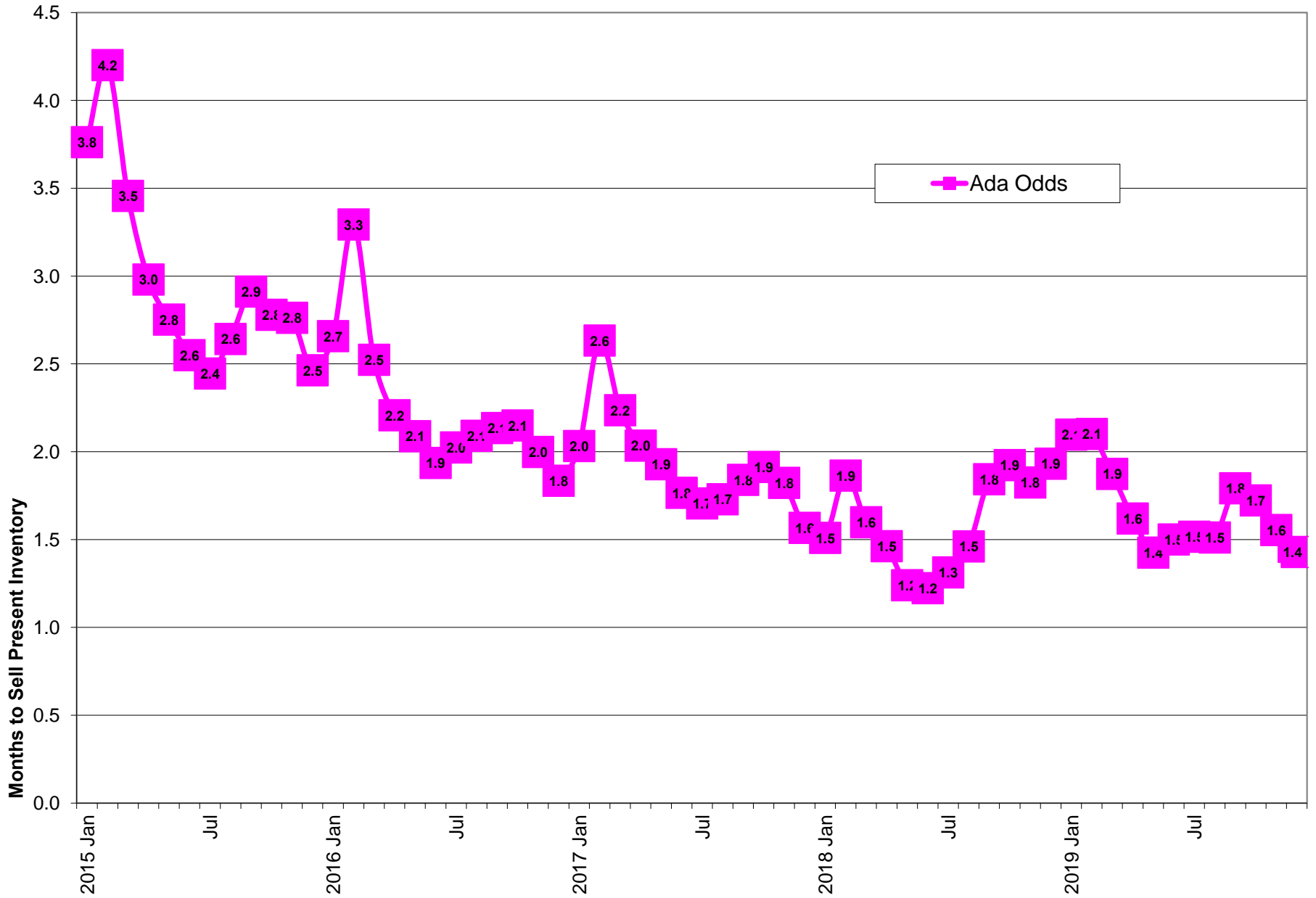
# Resale vs. New Construction Inventory

Ada County



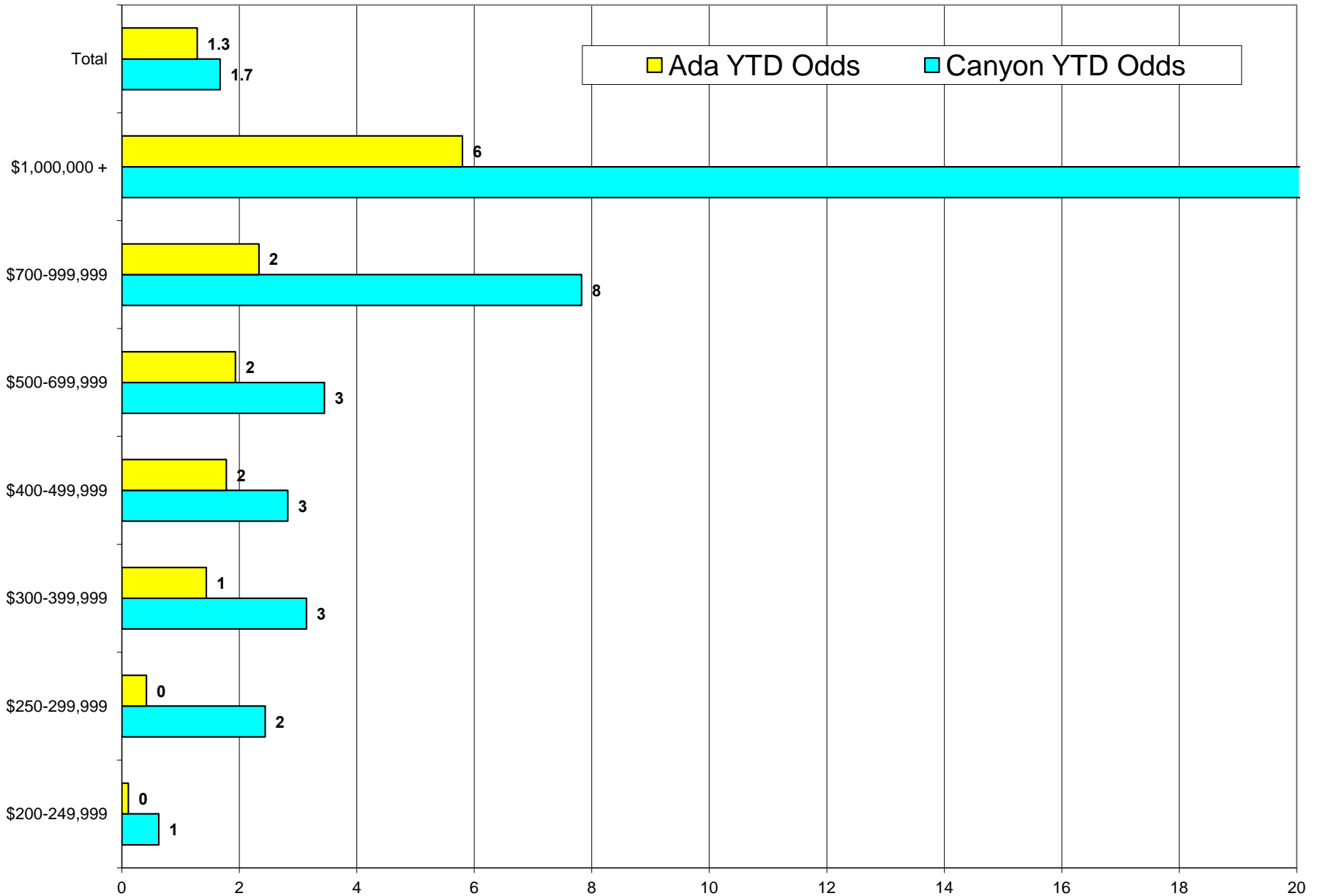
2018 / 2019

## A28 - Ada Odds Progression w 2 Month Rolling Sales Ave.



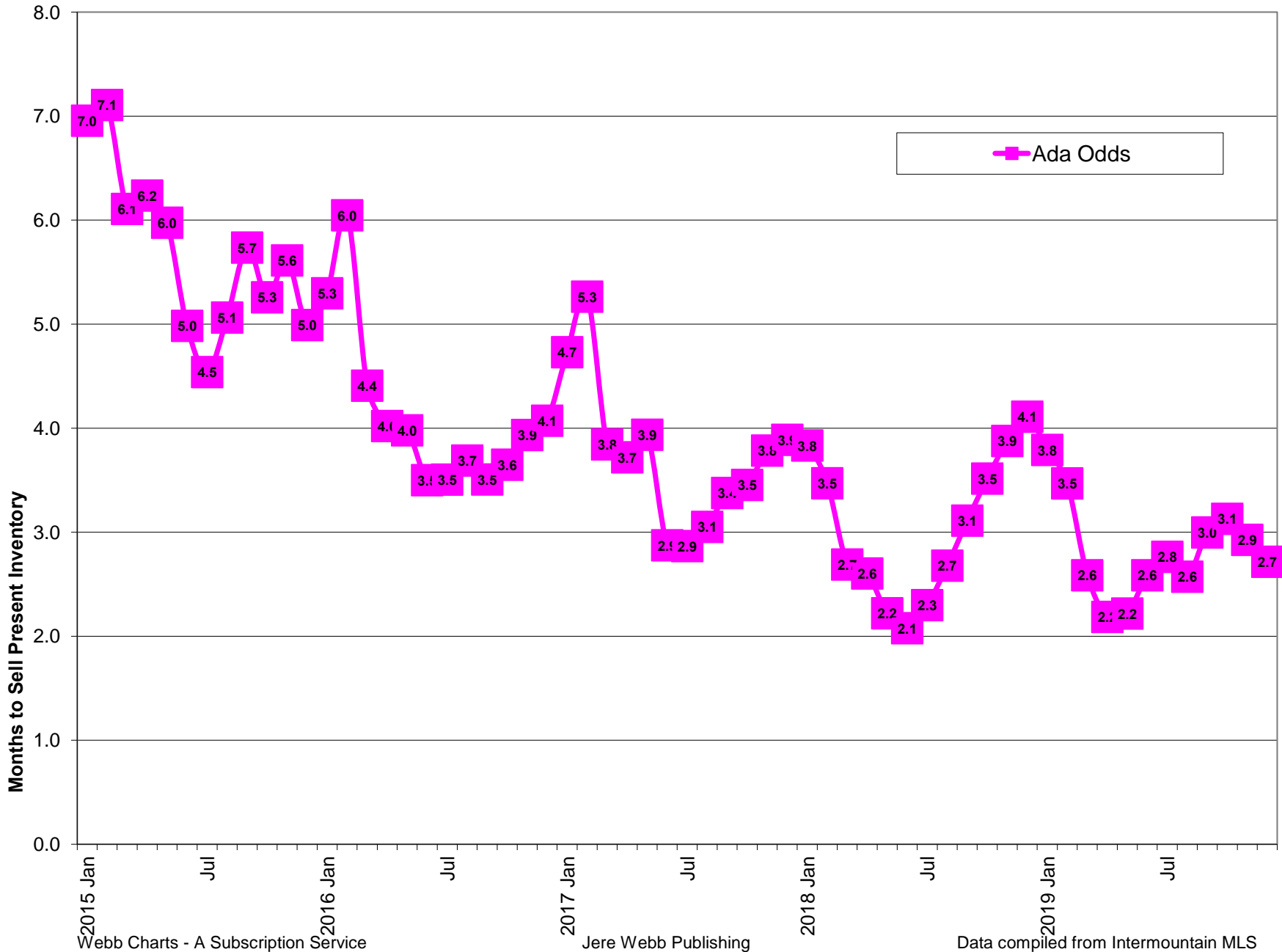


# AC23 DECEMBER 2019 YTD SELLING ODDS

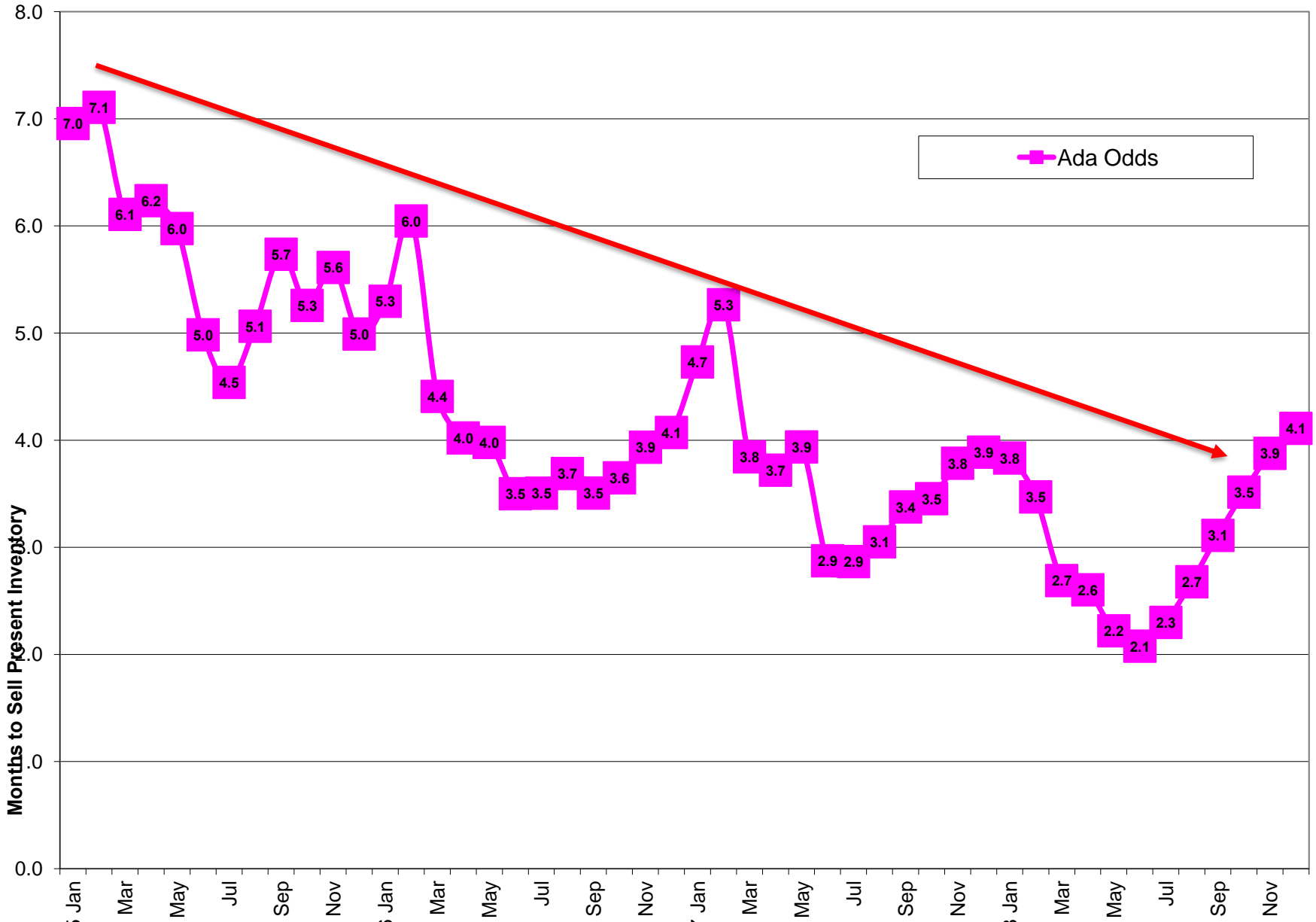


Months to Sell Present Inventory

# A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



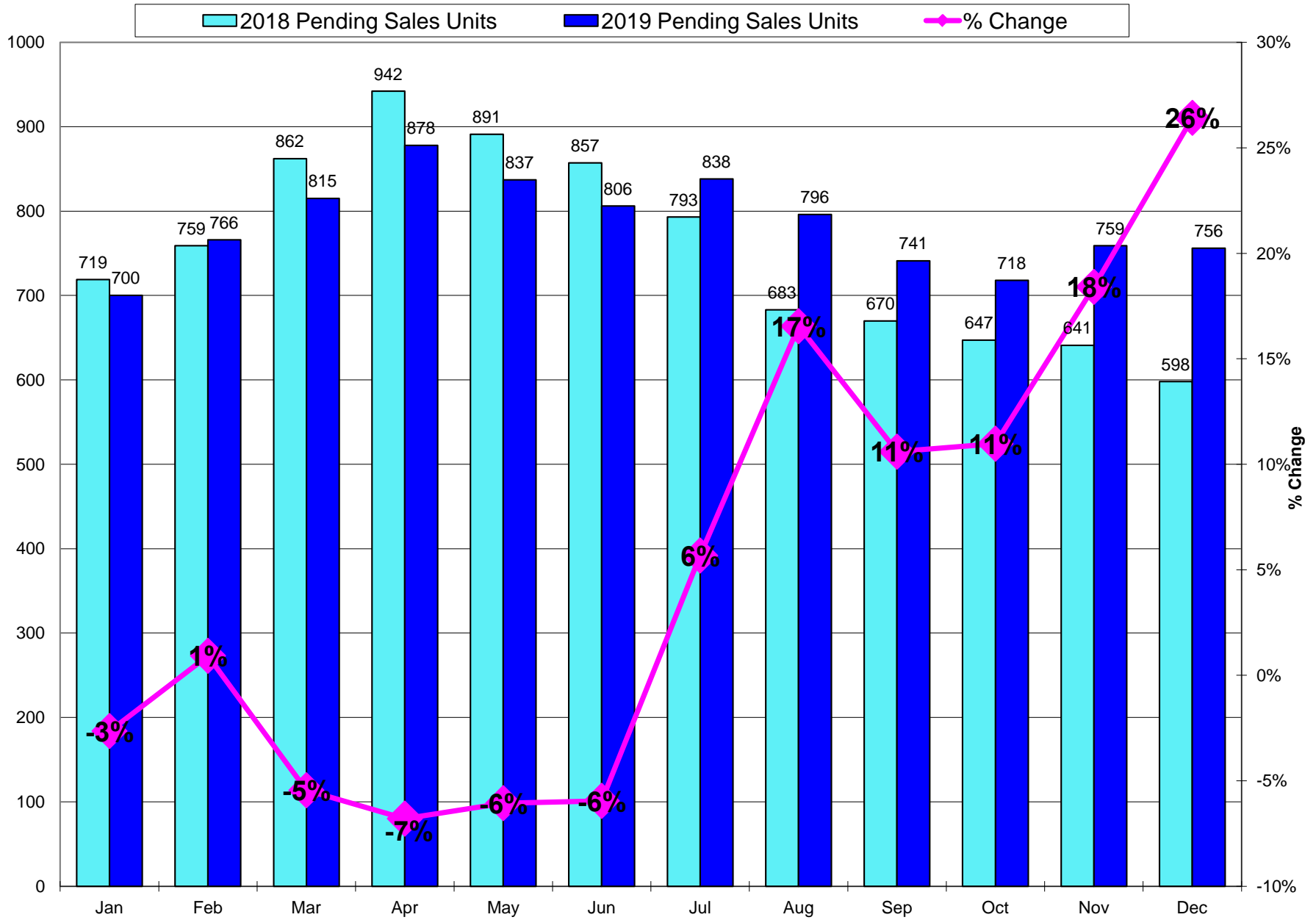
# A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



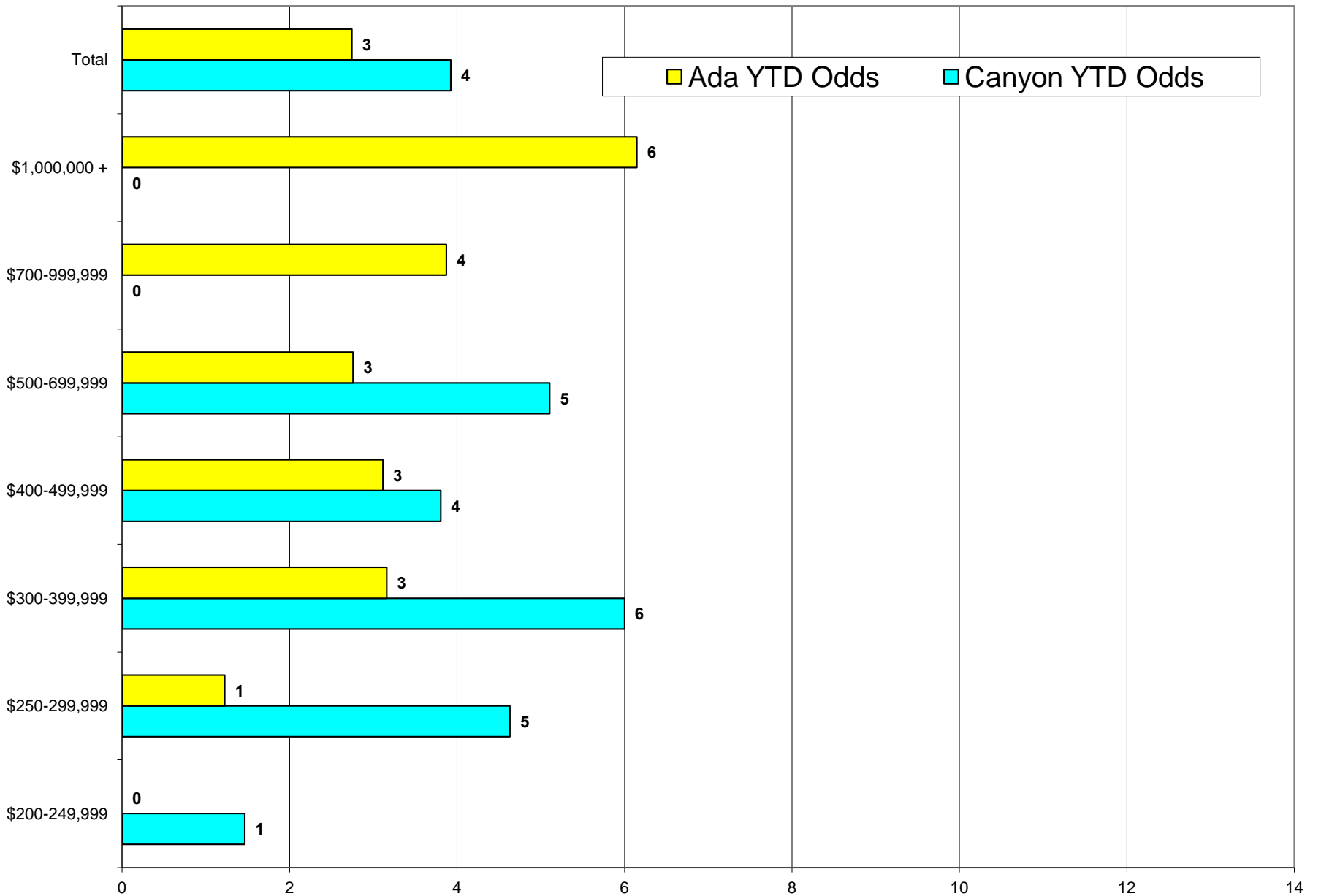
# A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



# A48 - Ada County PENDING NEW CONSTRUCTION Sales

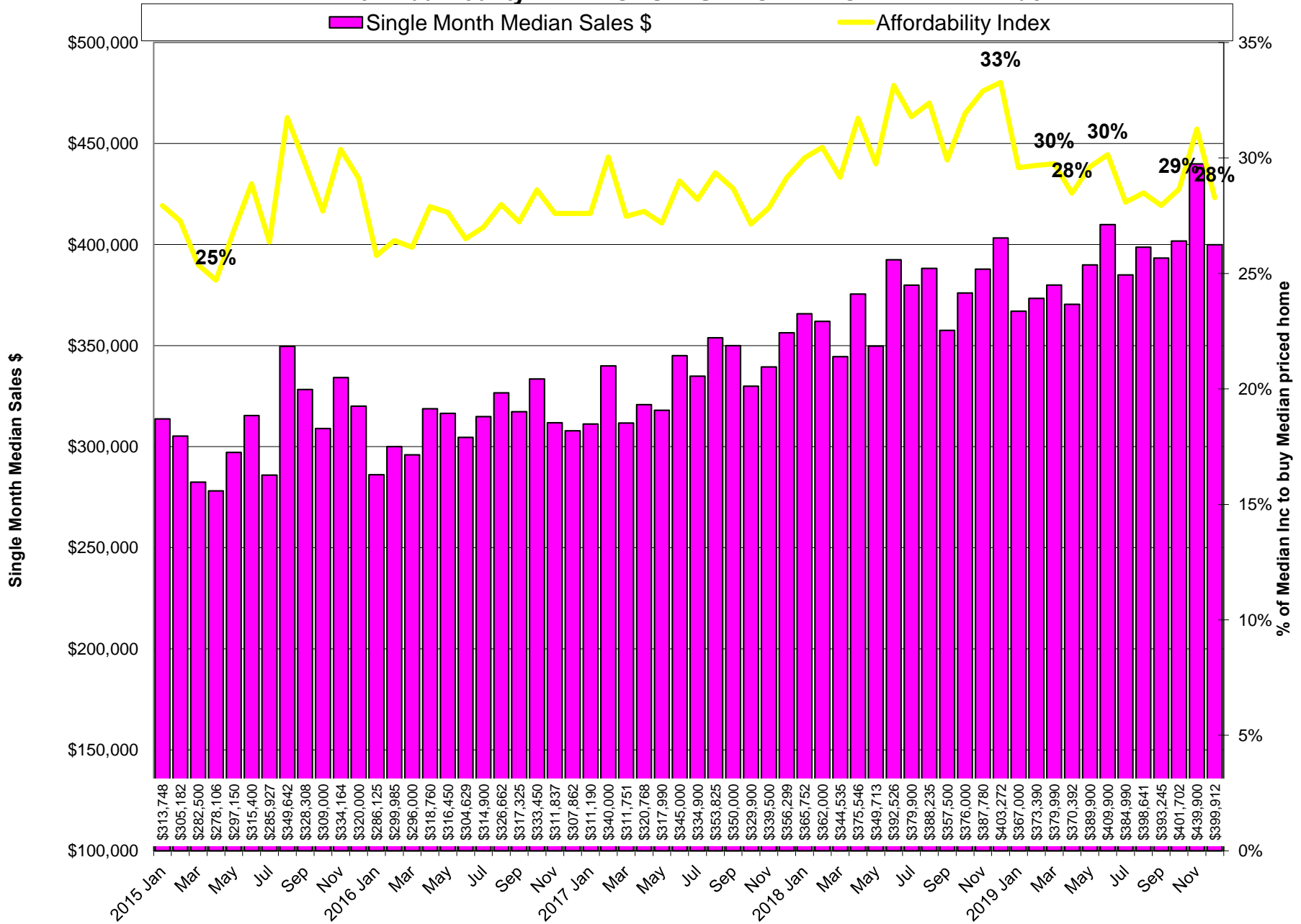


# AC24 DECEMBER 2019 YTD SELLING ODDS New Construction



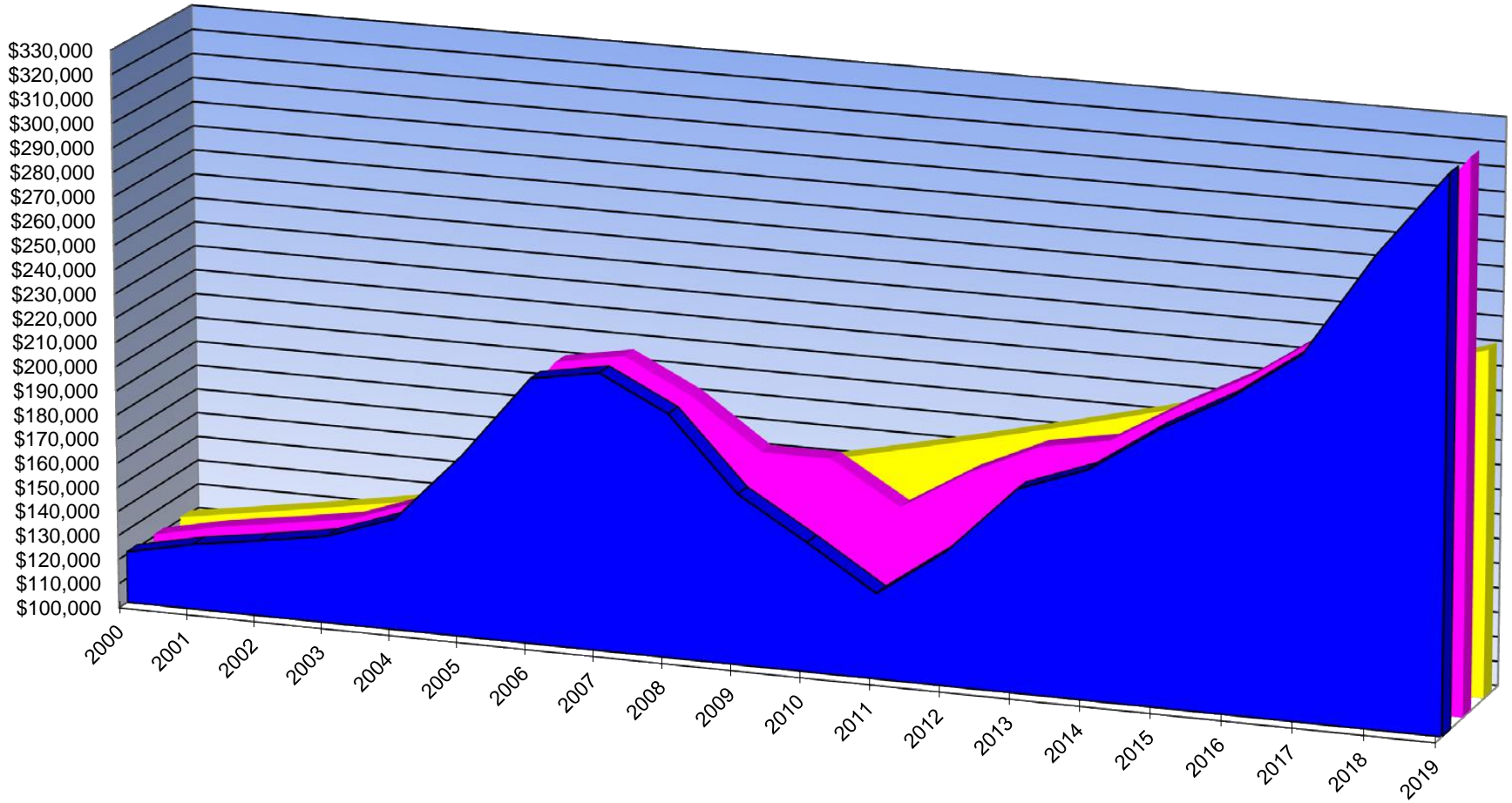
Months to Sell Present Inventory

# A40 - Ada County NEW CONSTRUCTION AFFORDABILITY Index



# A57 - Ada County Market Correction - DECEMBER 2019

■ Yearly Existing Median Sales Price   ■ Equity Existing Median Sales Price   ■ 3.7% Appreciation Line - 2000 Base Year





# Local Housing Report

## 2019 New Construction Summary

- **Sales:** UP (12+%)
- **Price:** UP
- **Permits:** UP (7.5%)
- **Inventory:** DOWN (Balanced)
- **Distressed Inventory:** VERY LOW
- **Months Supply:** DOWN
- **Affordability:** UP

# **New Construction Forecast**

# New Construction Forecast



- ✓ 2019 Prediction: **Strong Sales and Price Resistance**
  - ✓ Price gains not the same % increase as last year
  - ✓ “Later innings”
  
- ✓ 2019 Wild Cards:
  - ✓ Inventories (Homes and Lots) ... continue as a disciplined recovery?
  - ✓ Interest Rates will rise ..... how much?
  - ✓ Inflation: Building Costs, Land & Lot Prices
  - ✓ Labor shortages .... impacts inventory production and costs
  - ✓ Government Regulations - Local and National
  - ✓ Trump Effect ??? – Trade Wars, Government Shutdowns, Trump vs. all

# New Construction Forecast



- ✓ 2020 Prediction: Growth at a slower Pace
  - ✓ Sales Still Strong, especially first ½ of year and....More Price Resistance (Be Smart)
  - ✓ Price gains similar to, or less than, last year's % increase
  - ✓ “Later innings”

# New Construction Forecast



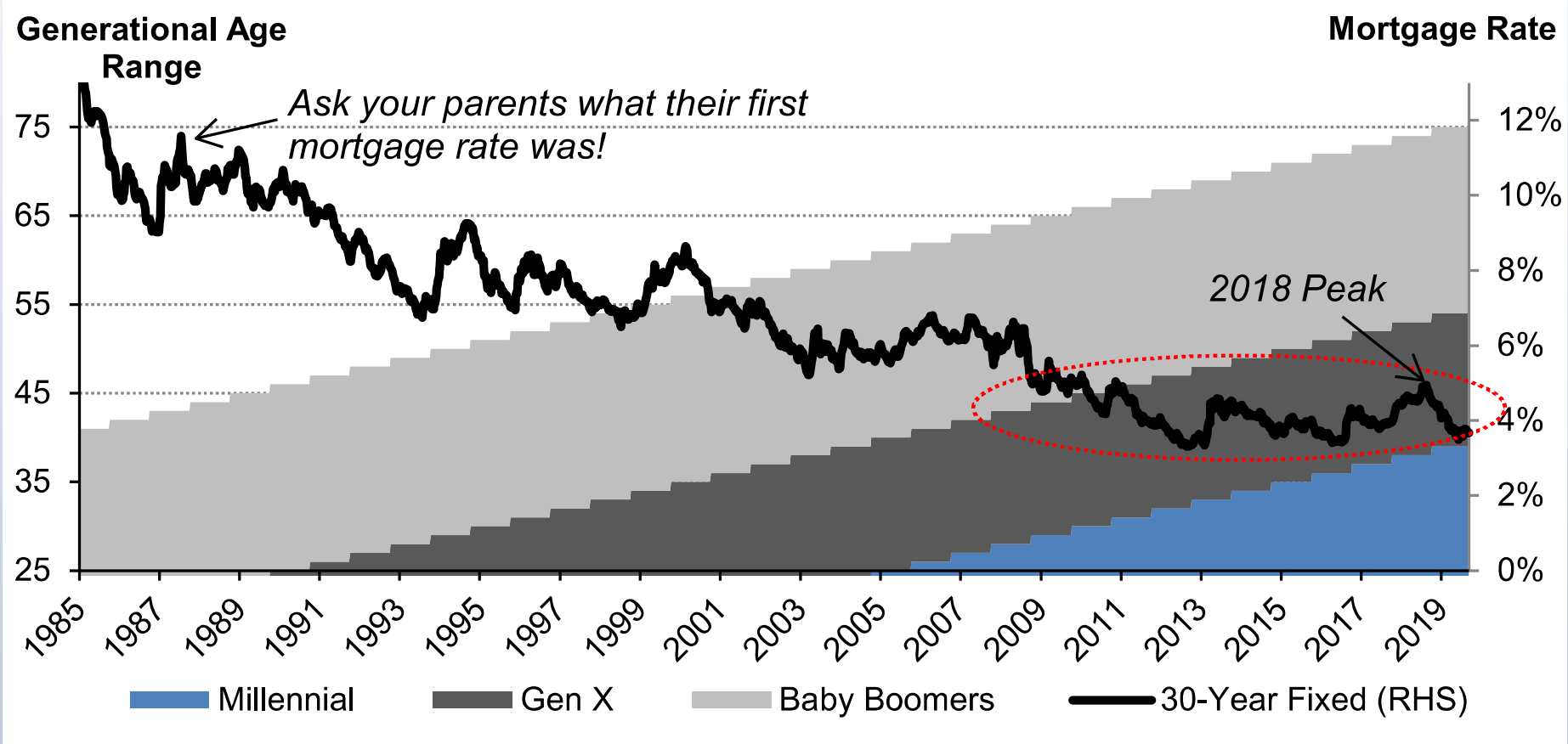
- ✓ 2020 Prediction: **Growth at a slower Pace**
  - ✓ **Sales Still Strong, especially first ½ of year and....More Price Resistance**
  - ✓ Price gains similar to, or less than, last year's % increase
  - ✓ “Later innings”
- ✓ 2020 Wild Cards: Interest Rates
- ✓ 2020 Wild Cards (other):
  - ✓ Inventories (Homes and Lots) ... continue as a disciplined recovery?
  - ✓ Inflation: Building Costs, Land & Lot Prices
  - ✓ Labor shortages .... impacts inventory production and costs
  - ✓ Government Regulations - Local and National. Election Year
  - ✓ Trump Effect ??? – Trade Wars, Impeachment, Trump vs. all
  - ✓ Recession ?

# More Trends & Impacts



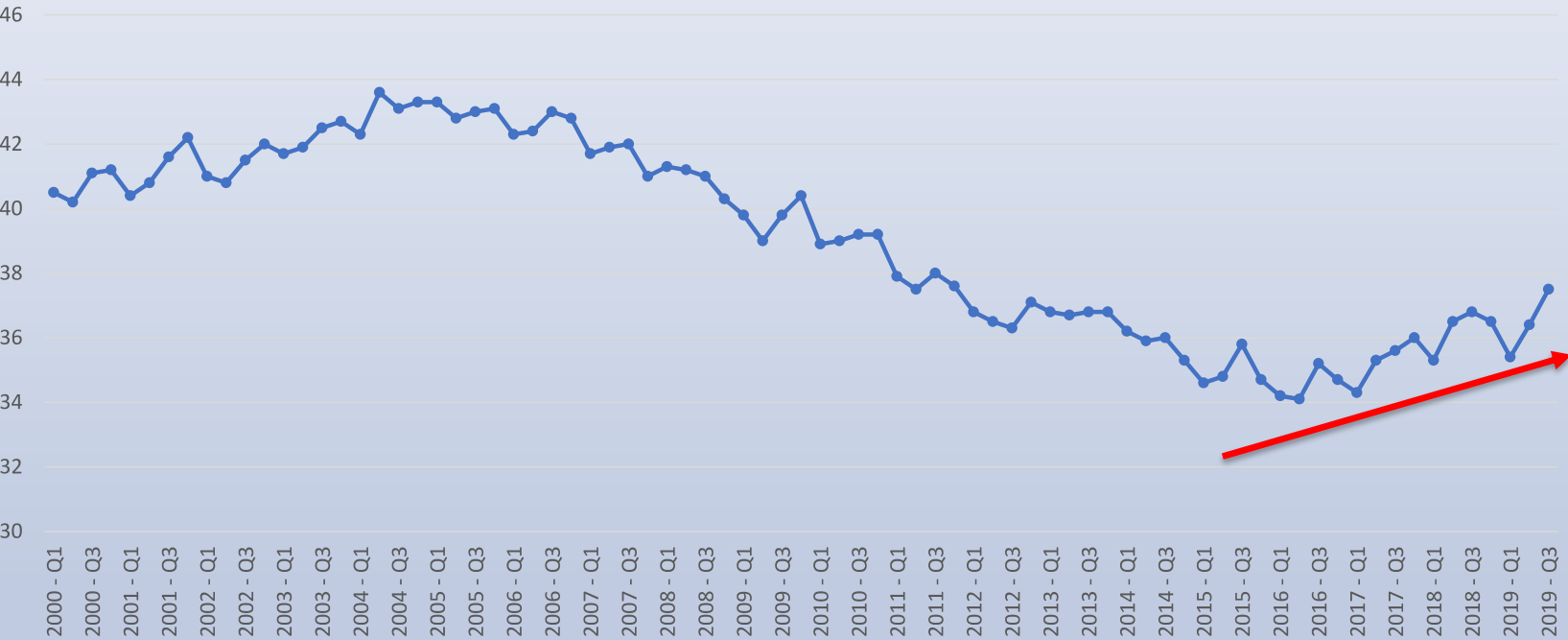
- ✓ Millennials and Boomers will dominate market
- ✓ Price spread between New and Existing Homes
  - ✓ Over 21% is better, but still concerning
- ✓ Fewer homes on the market is the new normal
- ✓ Opposition to new housing will continue
- ✓ Interest Rate sensitivity

**Figure 24: Millennials Are Psychologically Predisposed to Low Rates**



Source: Company Data, Evercore ISI Research

# Millennial (under-35) Homeownership Recovery 34% to 38%





# Recent quotes in the news....



**The Washington Post**

**Experts predict what the 2020 housing market will bring**

Jan. 6, 2020

A strong job market and low mortgage rates should sustain the housing market in 2020. The problem will be finding enough homes for buyers.

# Recent quotes in the news....



## National Association of Home Builders

“While we are seeing near-term positive market conditions with a 50-year low for the unemployment rate and increased wage growth, we are still under-building due to supply-side constraints like labor and land availability,” Dietz said. “Higher development costs are hurting affordability and dampening more robust construction growth.”

# Recent quotes in the news....



## National Association of Realtors

The trade association for real estate agents predicts moderate growth in the housing market and continued low mortgage rates.

“Interest rates will remain low, as long as we have government backing of mortgage-backed securities,” Yun said. “But mortgage rates may increase as inflation kicks in and economic activity markedly picks up.”

# Recent quotes in the news....



## **Zillow**

The online home sale marketing company expects home value growth to slow in 2020.

## **Redfin**

The online real estate brokerage predicts the housing market will be more competitive in 2020 because of low mortgage rates and a lack of homes for sale.

Competition will increase with 1 out of 4 offers facing a bidding war.

# Recent quotes in the news....



## Realtor.com

Home prices nationally will flatten, increasing 0.8 percent.

George Ratiu, senior economist at Realtor.com. “Accordingly, 2020 will prove to be the most challenging year for buyers, not because of what they can afford but rather what they can find.”

Top markets in 2020 include Boise, Idaho; McAllen, Tex.; Tucson; Chattanooga, Tenn.; Columbia, S.C.; Rochester, N.Y.; Colorado Springs; Winston-Salem, N.C.; Charleston, S.C.; and Memphis.

# Recent quotes in the news....



Realtor.com: Boise a hot housing market in 2019

Boise landed No. 8 on the list.

# Recent quotes in the news....



Realtor.com: Boise a hot housing market in ~~2019~~

Boise landed No. ~~8~~ on the list.

# Recent quotes in the news....



Realtor.com: Boise a hot housing market in **2020**

Boise landed No. **1** on the list.



# **NAHB Local Housing Economic Impact Study**

**for Ada County  
December 2018**

# **Economic Direct Impact**

## **2019 SF Residential Construction**



Ada County

2019

# of SF Building Permits:	4,890
Median house price:	\$400,000
Permit/Impact fees:	\$14,000
Annual property taxes:	\$3,570

# Economic Direct Impact

## 2019 SF Residential Construction



Total Taxes & Fees paid to local governments:

Total Permit & Impact Fees:	\$68,460,000
Property Taxes & Other Fees:	<u>\$8,728,000</u>
<b>TOTAL</b>	<b>\$77,188,000</b>

Note: Total Fees Paid = total permits x permit fees

Property Taxes =  $\frac{1}{2}$  of total permits x value (less owner exemption) x avg. levy

# Top Regulatory Issues Addressed by BCA in 2019



<u>Top BCA issues in 2019</u>	<u>Est. Savings / home</u>
1. State Building Codes (Residential, Energy, etc.)	\$6,000
2. Meridian Planning Code & Comp Plan	\$1,500
3. Meridian Building Dept. (Plan Reviews, inspections)	\$600

# Current Local Regulatory Issues



1. State Building Codes: 2018 Residential, Energy, etc.
  - Bring all Idaho Cities/Counties onto the same code
2. Legislative Issues:
  - Contractor Registration vs. Licensing
3. Positive Public Relations Outreach
4. Meridian Open Space Ordinance, etc.
5. DEQ: IPDES (Permit for Storm Water Erosion Control)

# Top Regulatory Issues

## Estimated Savings in 2018 - 2019



**\$19,500 per home**

**... 10 homes = \$195,000**

**... 100 homes = \$1,950,000**

- ✓ For every \$1,000 increase in home = 482 people priced out of the local housing market

# QUESTIONS?

**Dave Yorgason, MBA, CLC**

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**Email: [dyorgason6@gmail.com](mailto:dyorgason6@gmail.com)**



# DATA SOURCES

## LOCAL HOUSING REPORT – YEAR END 2018

- Intermountain MLS, Webb Charts, National Association of Realtors

## NAHB LOCAL HOUSING ECONOMIC IMPACT – DEC. 2018

- Building Costs & Sales Price: Local Builders, Developers & IMLS
- Permits: Ada County and Cities
- Local Gov't Revenue (building permit, impact & connection fees, prop. taxes, etc.): Ada County and City Building Depts & Ada County Assessor
- Local Government Costs (spending): U.S. Census Bureaus' Census of Governments (based on inputs from local agencies)
- Economic Impacts: NAHB, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics & U.S. Census Bureaus' Census of Governments (based on inputs from local agencies)
- Jobs: Idaho Dept. of Labor & Idaho Dept. of Commerce