

LOCAL HOUSING MARKET & ECONOMIC IMPACT REPORT ADA COUNTY

Presented by:

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Building Contractors Association of Southwestern Idaho

January 30, 2019

Boise, ID



Introduction & Welcome



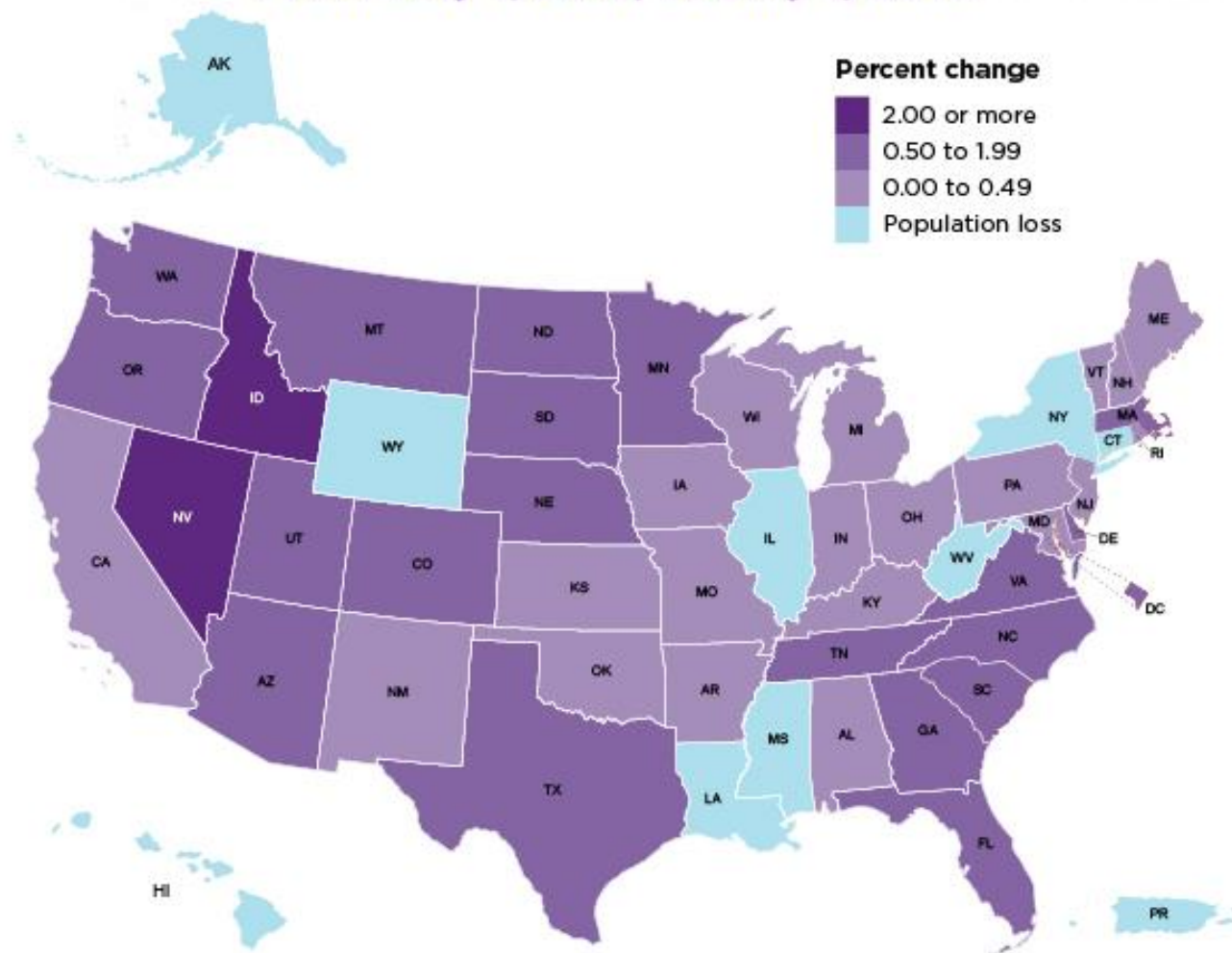
Topics:

1. 2018 Local Housing Report & 2019 Forecast
2. Economic Impact of Local Home Building
3. Local Government Issues Addressed by BCA
and Savings

Local Housing Report

How Does Your State Stack Up?

Population Change for States (and Puerto Rico)
From July 1, 2017, to July 1, 2018

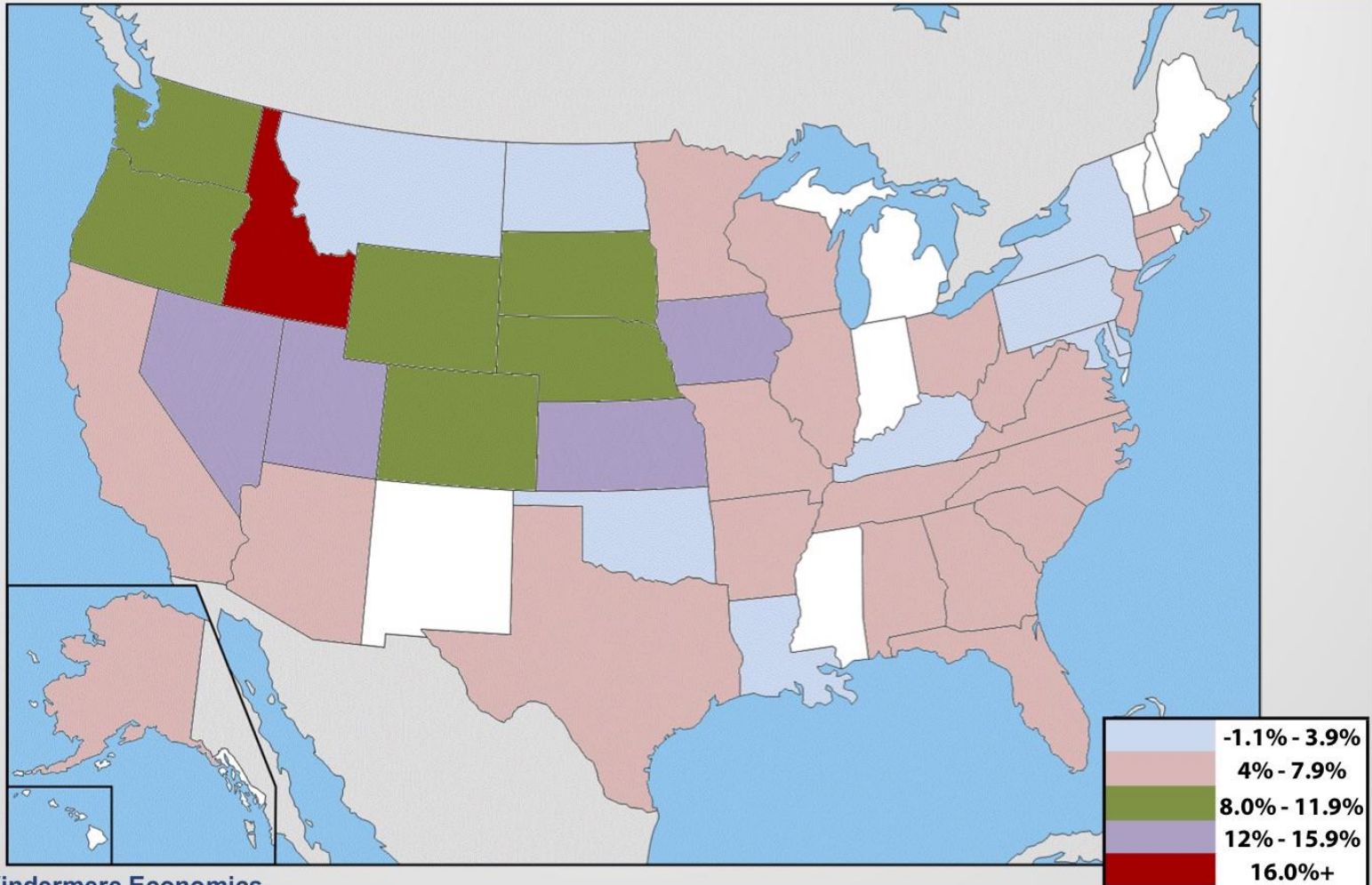


All Markets are Not Created Equal

(12-Mo. Home Price Appreciation)

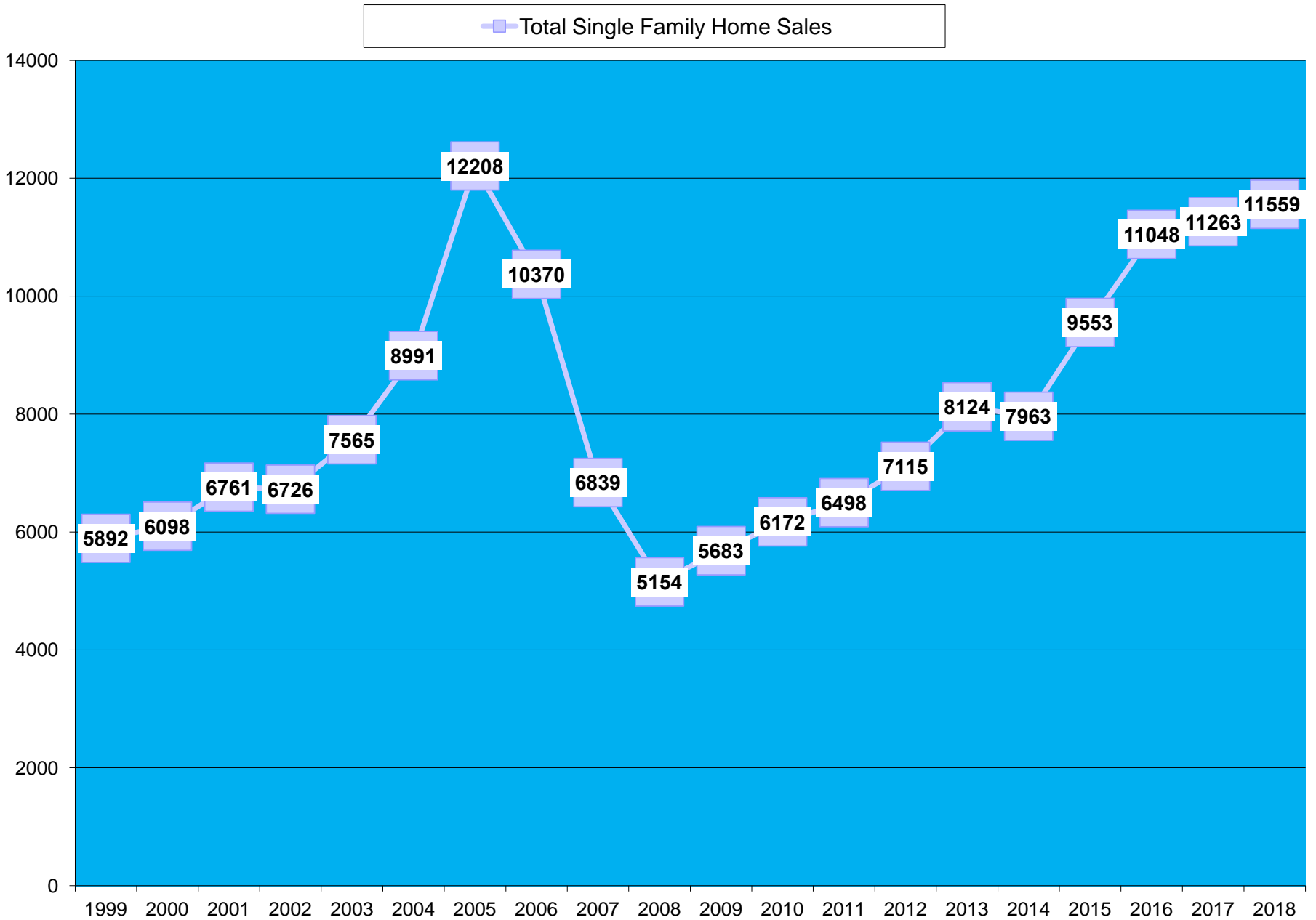


WINDERMERE
Economics

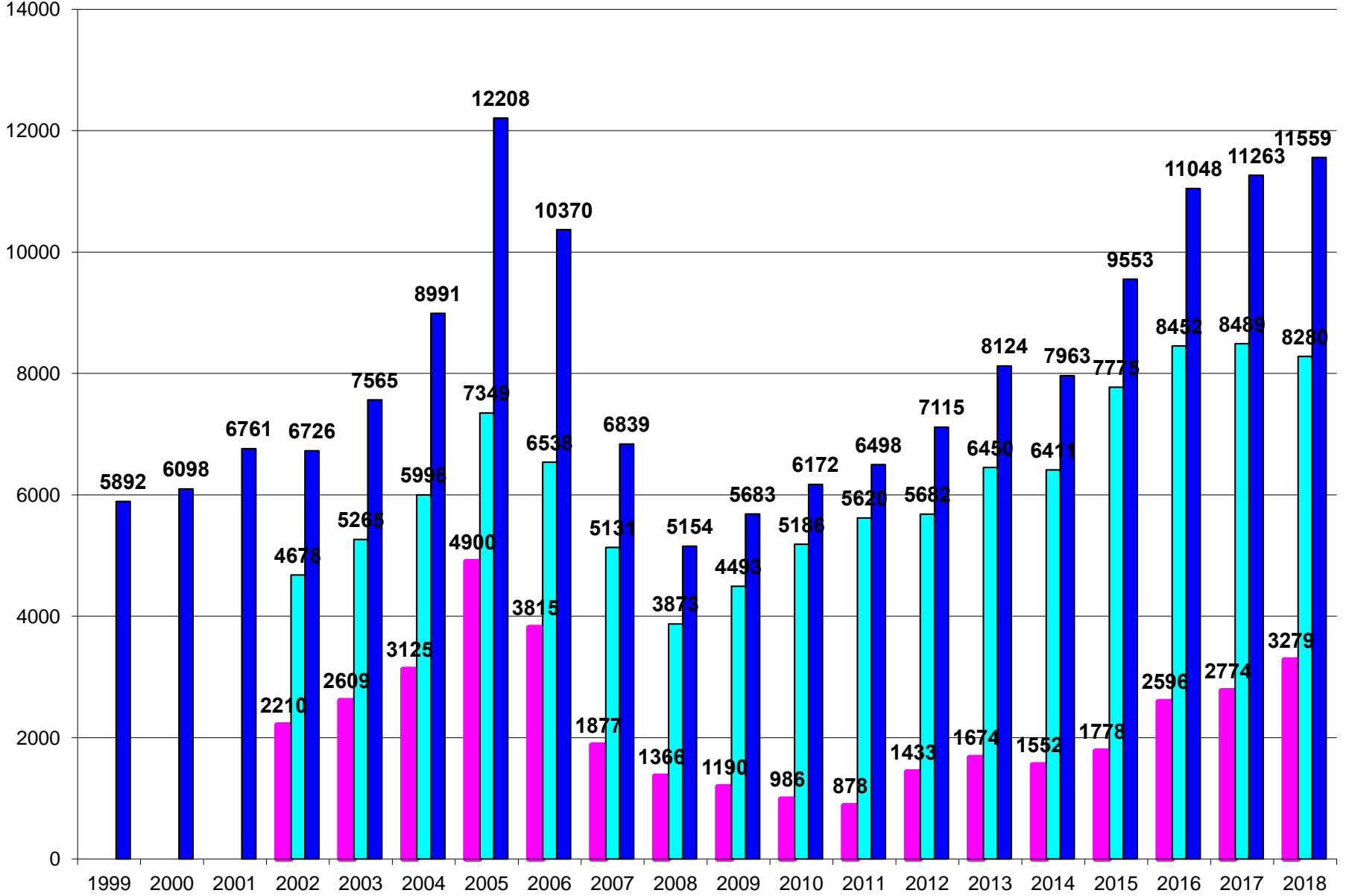


Source: Windermere Economics

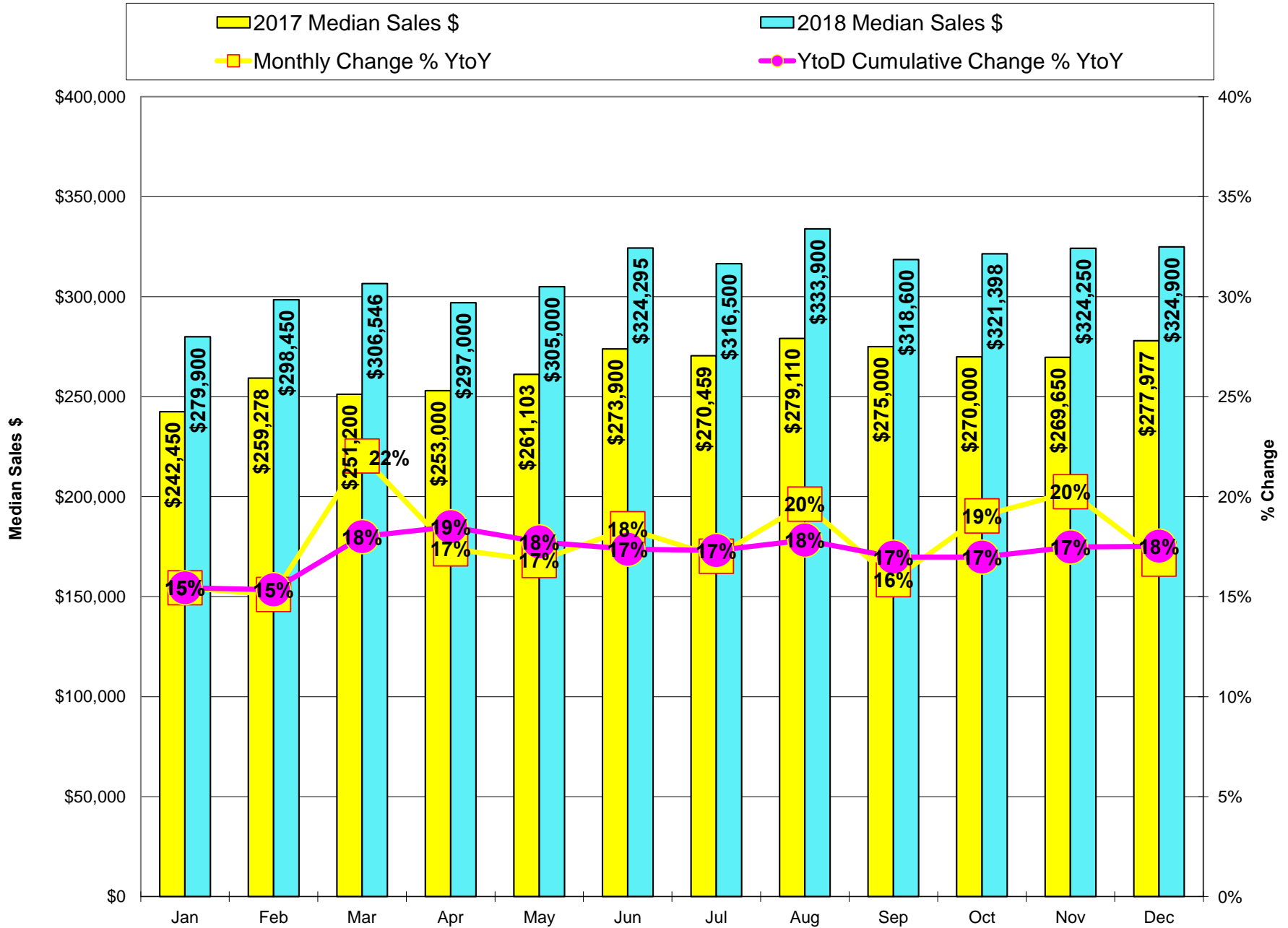
A1 - Ada County Yearly Sales HISTORY



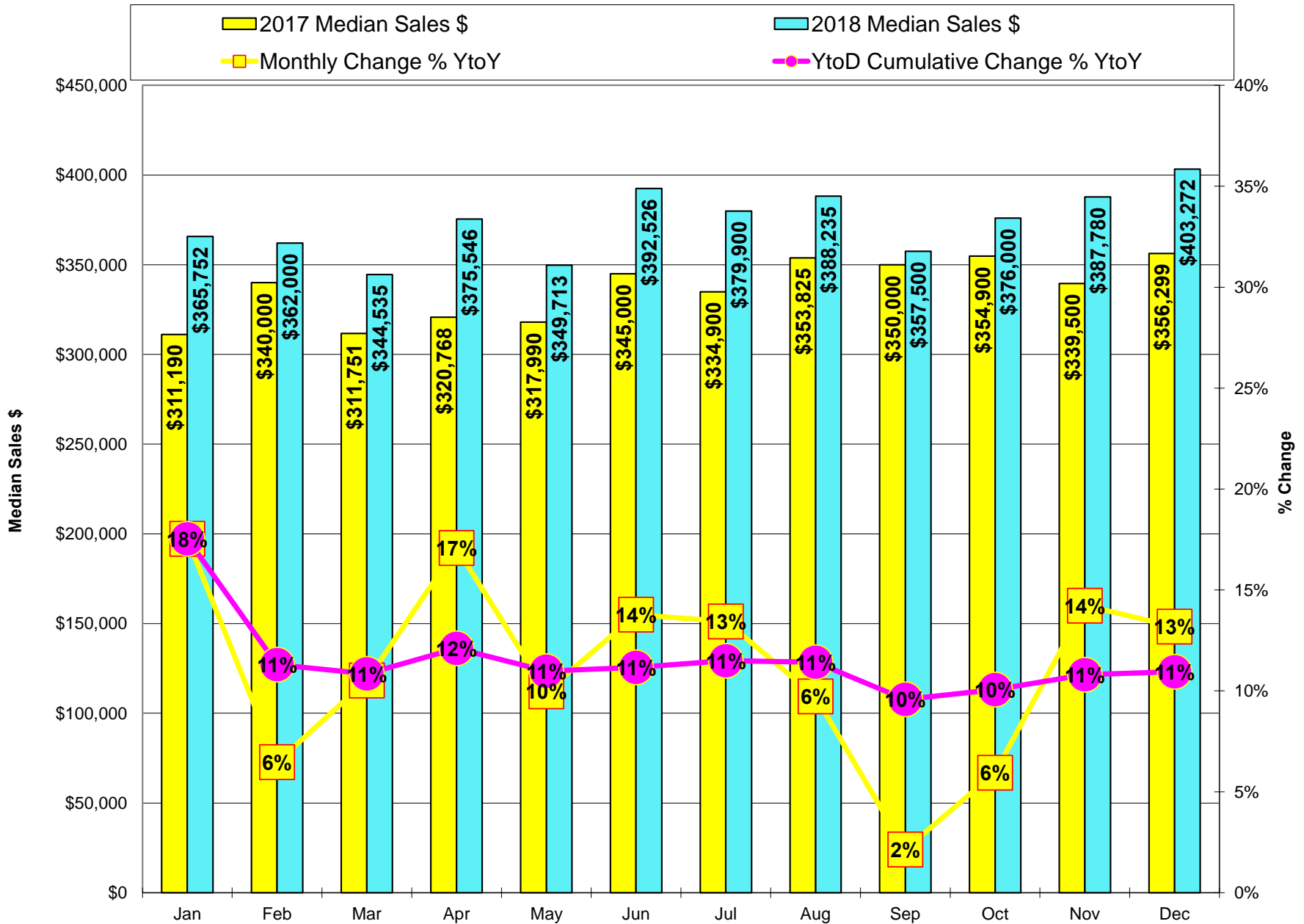
A1A - Ada County Yearly Sales HISTORY



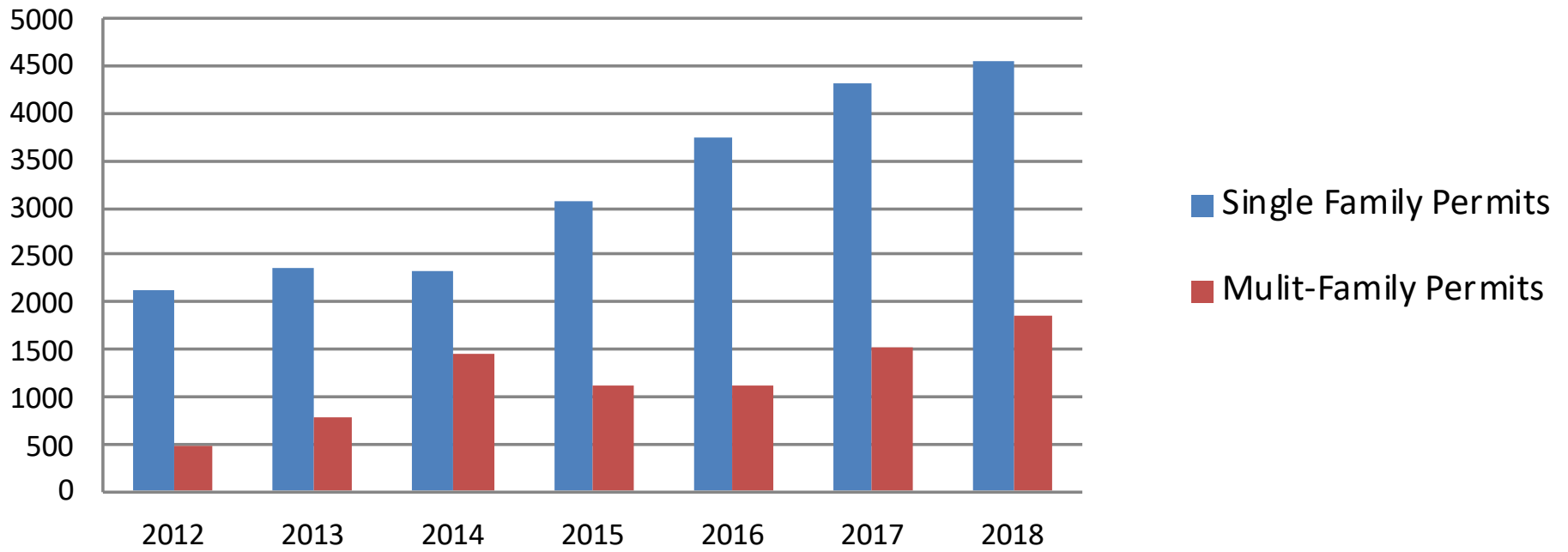
A10 - Ada County Monthly MEDIAN Sales Price



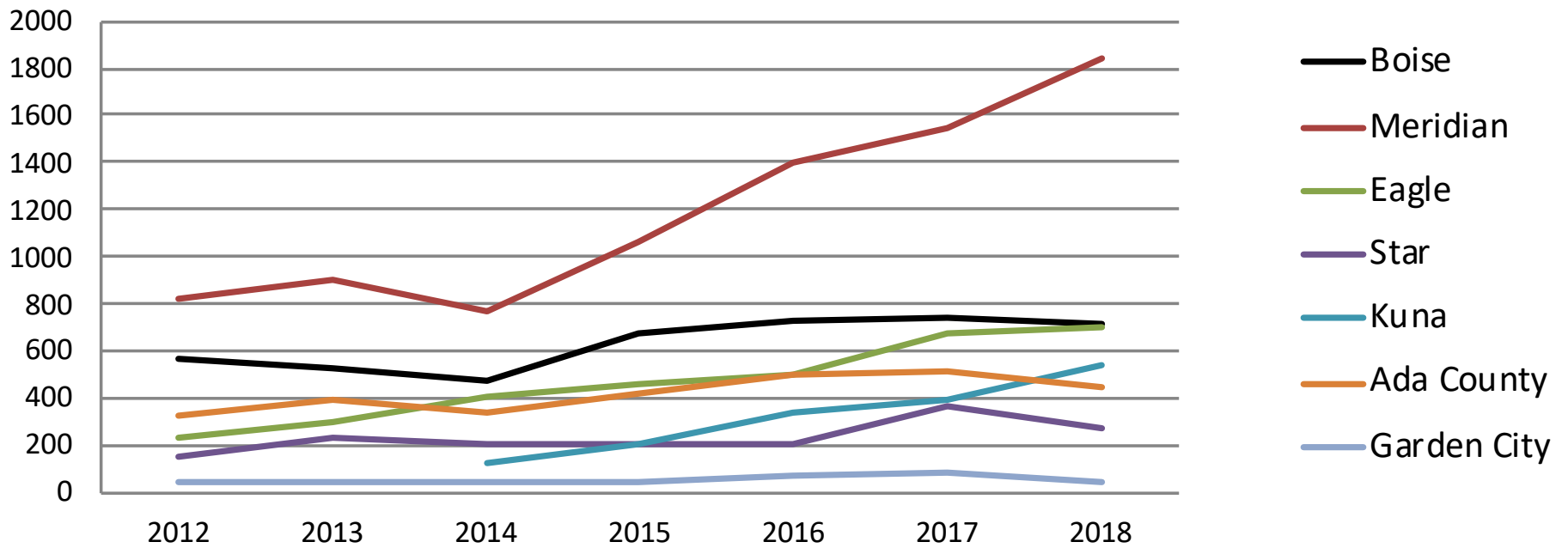
A11 - Ada County NEW CONSTRUCTION Monthly MEDIAN Sales Price



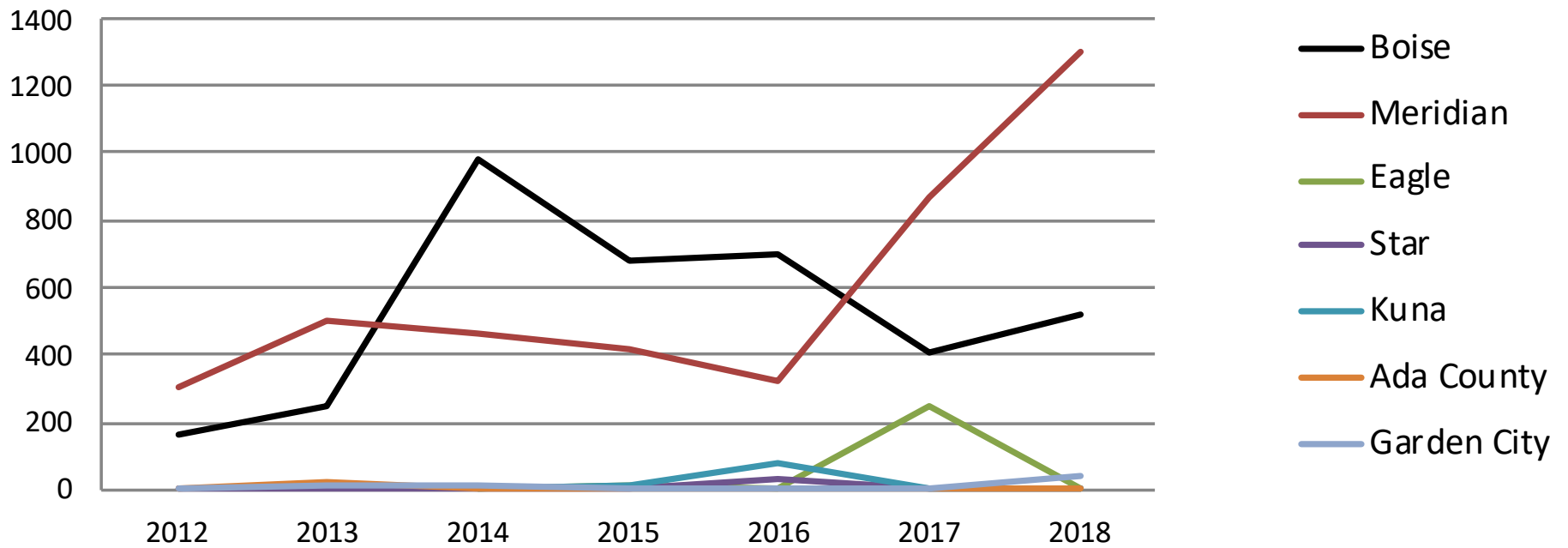
Ada County Permits



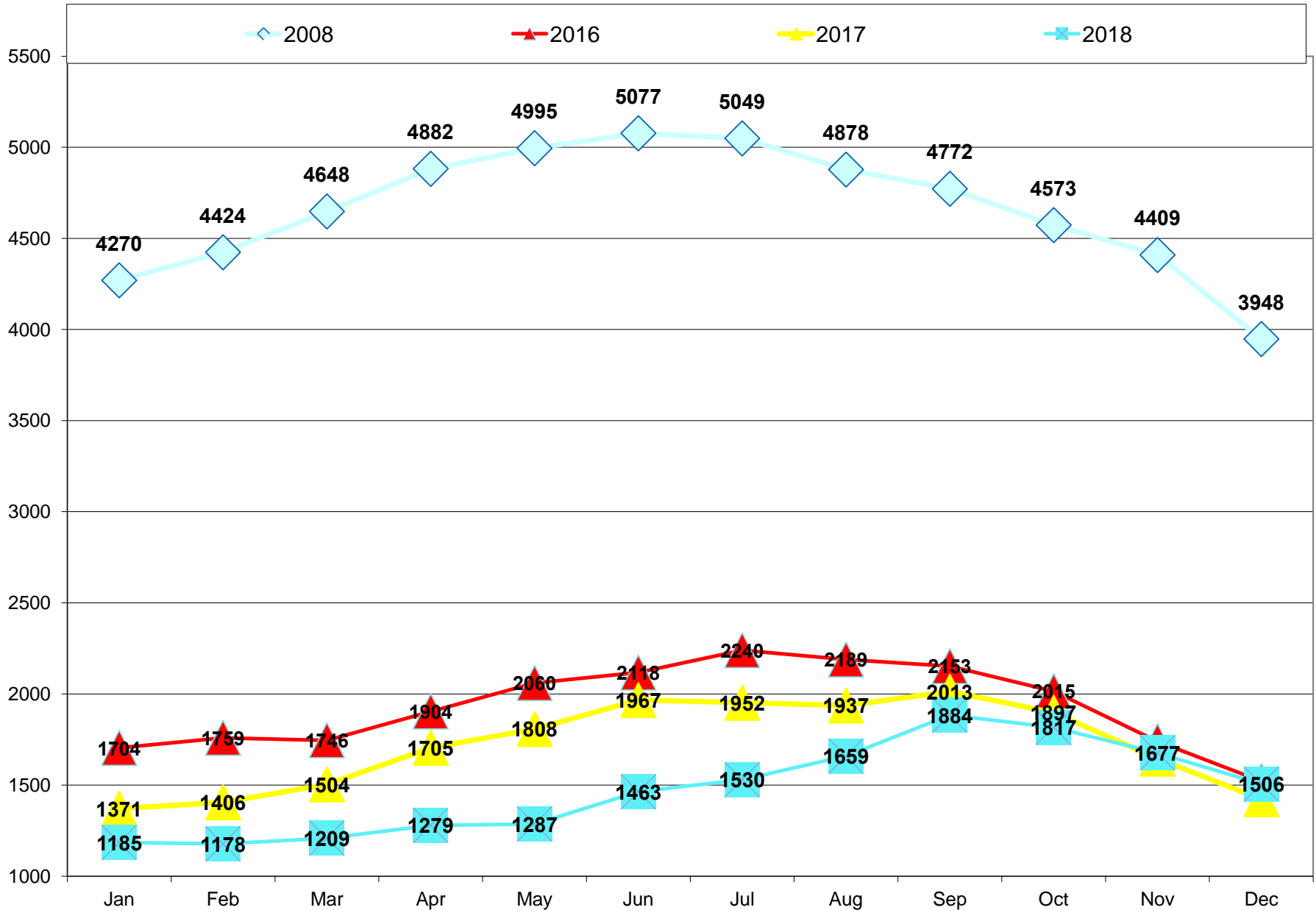
Single Family Permits



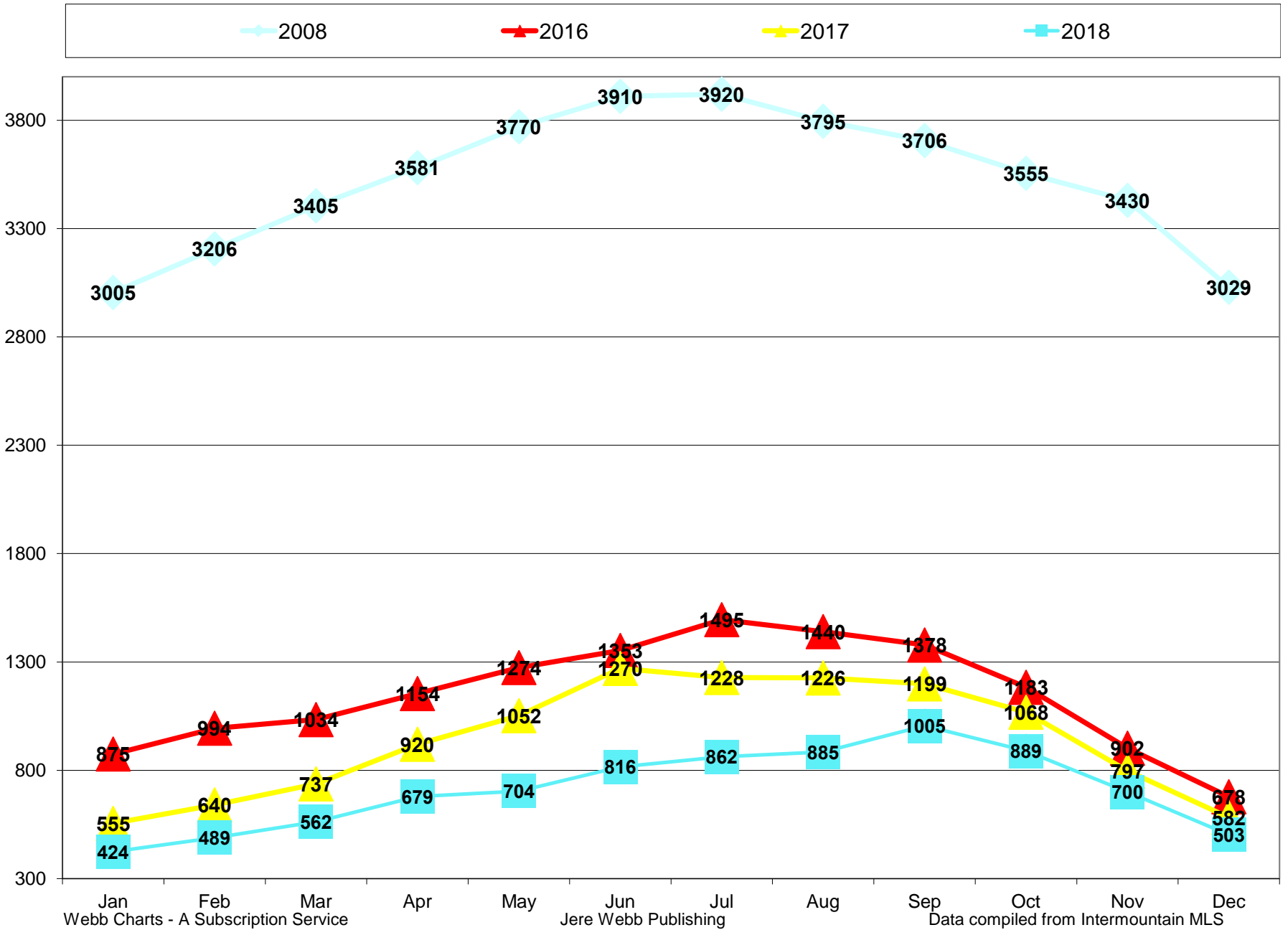
Multi-Family Permits



A16 - Ada County Residential INVENTORY



A60 - Ada County RESALE INVENTORY

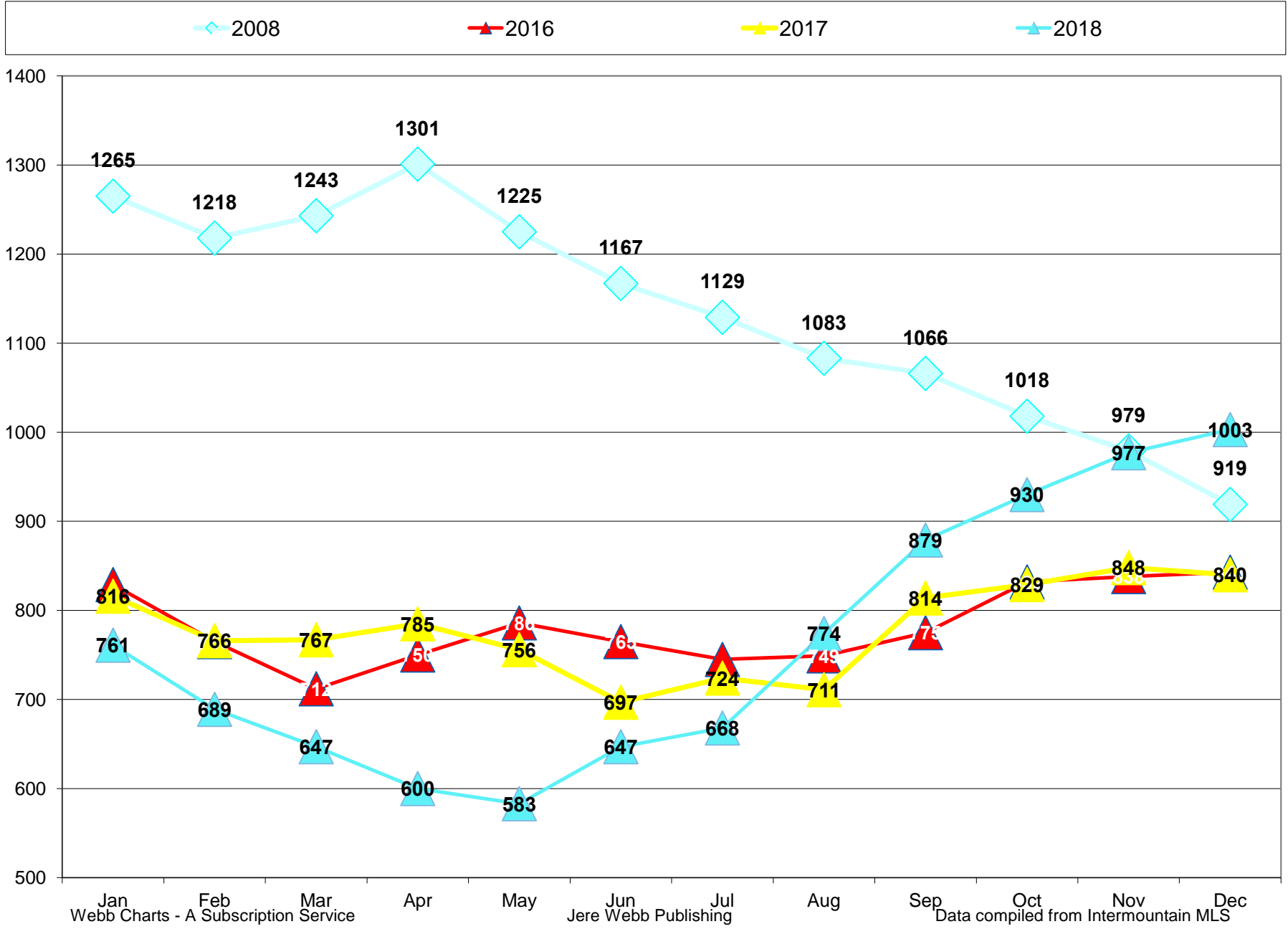


Webb Charts - A Subscription Service

Jere Webb Publishing

Data compiled from Intermountain MLS

A59- Ada County NEW CONSTRUCTION INVENTORY

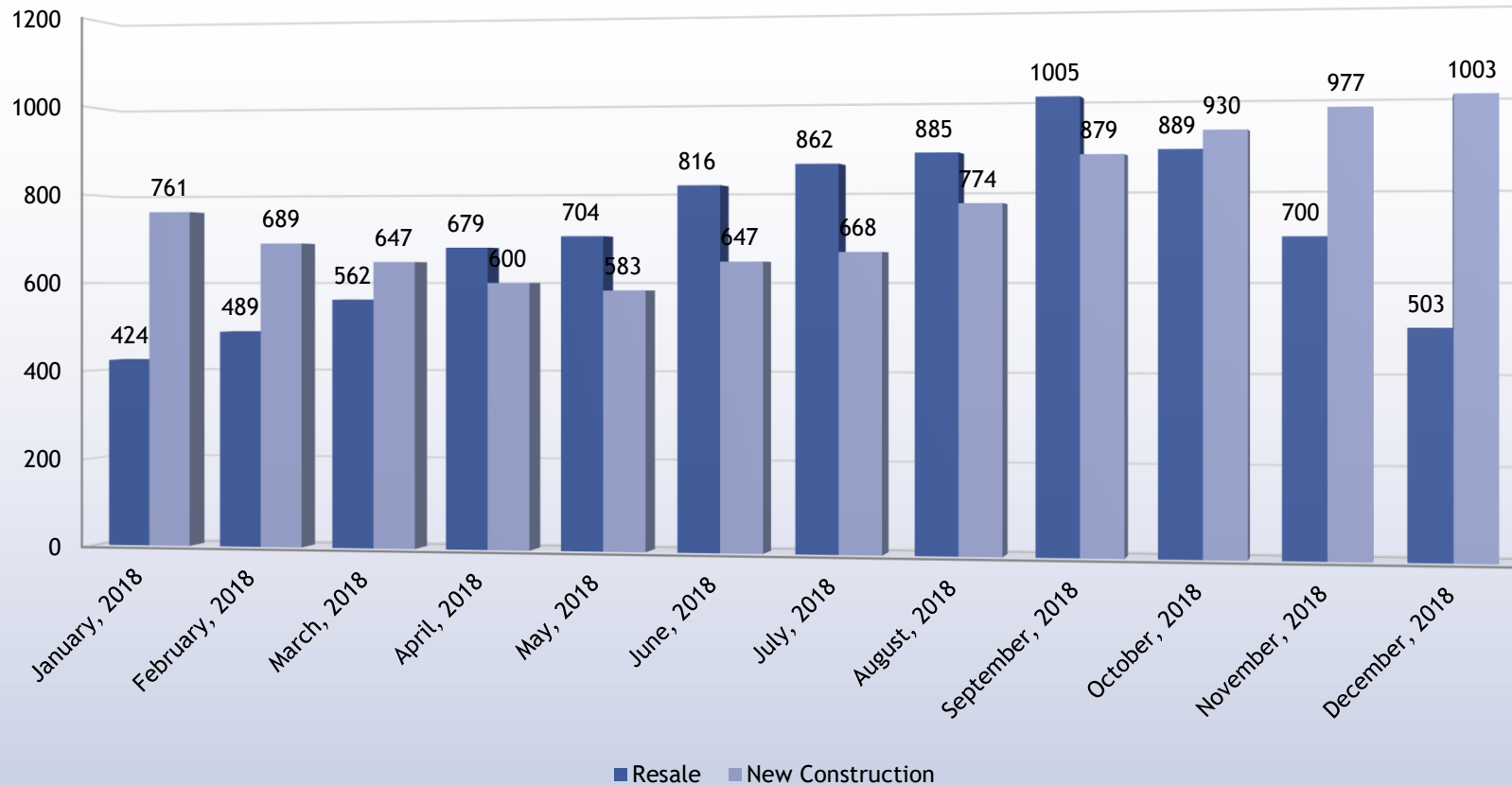


Resale vs. New Construction Inventory

Ada County

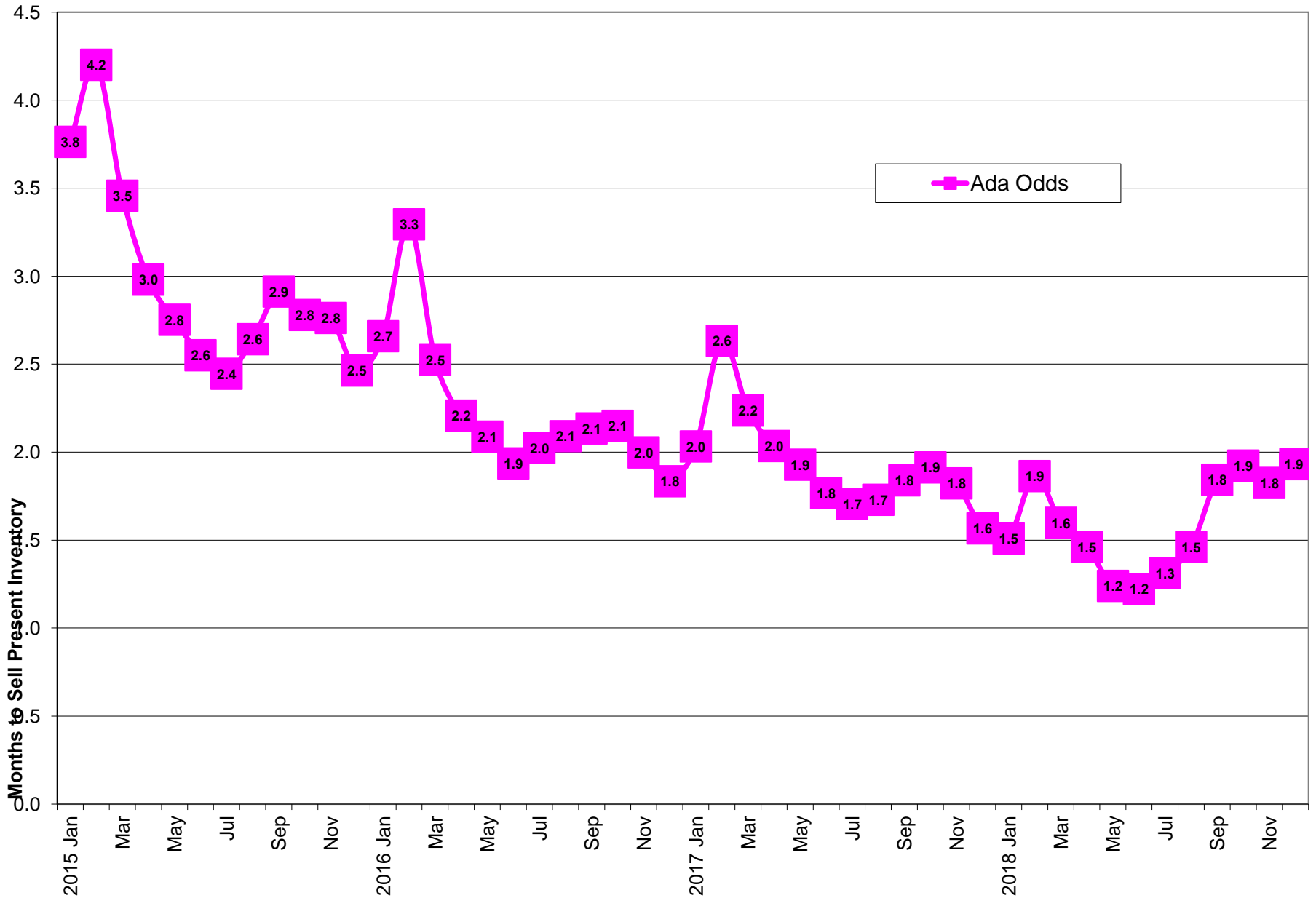


TOMLINSON GROUP

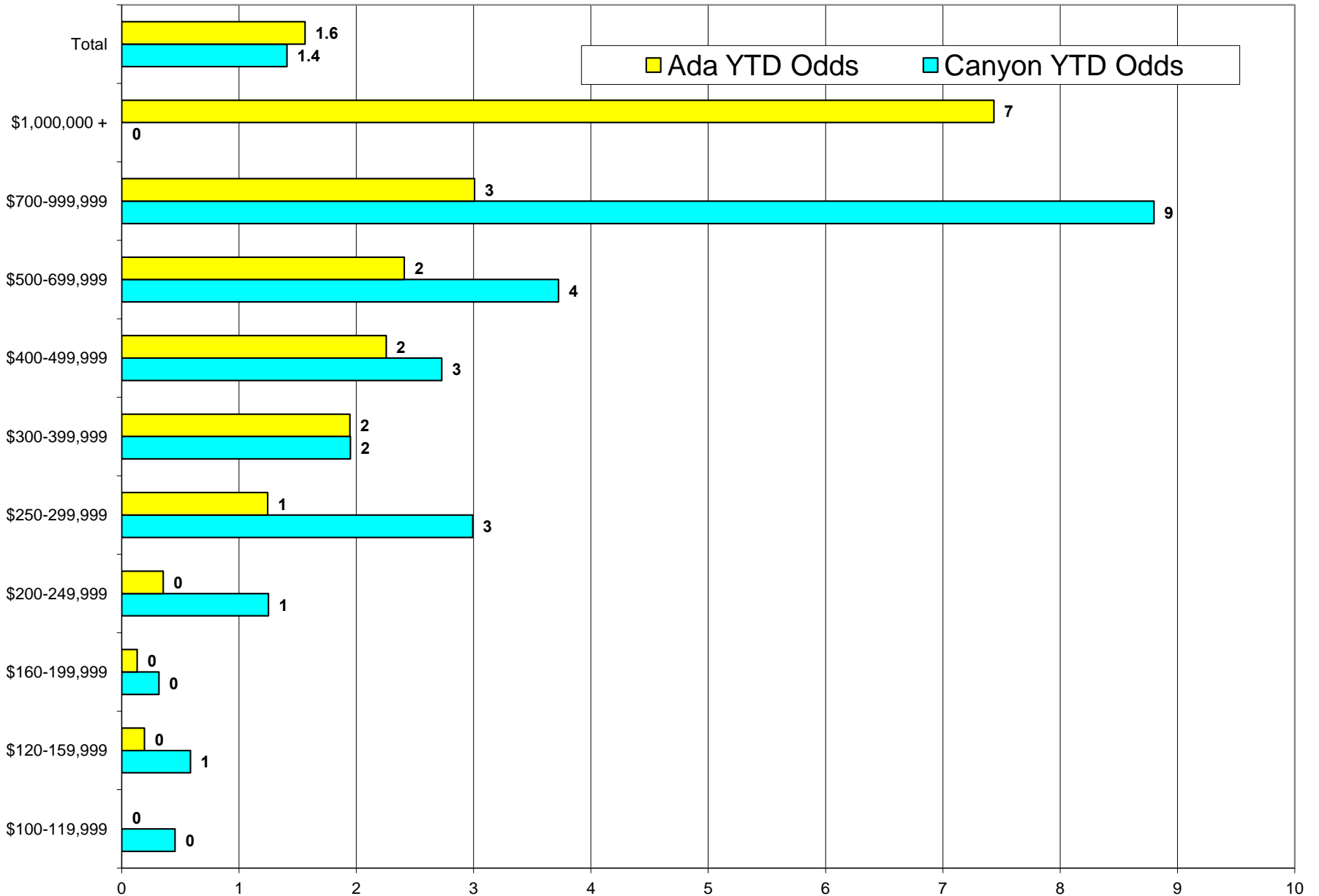


2017 / 2018

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

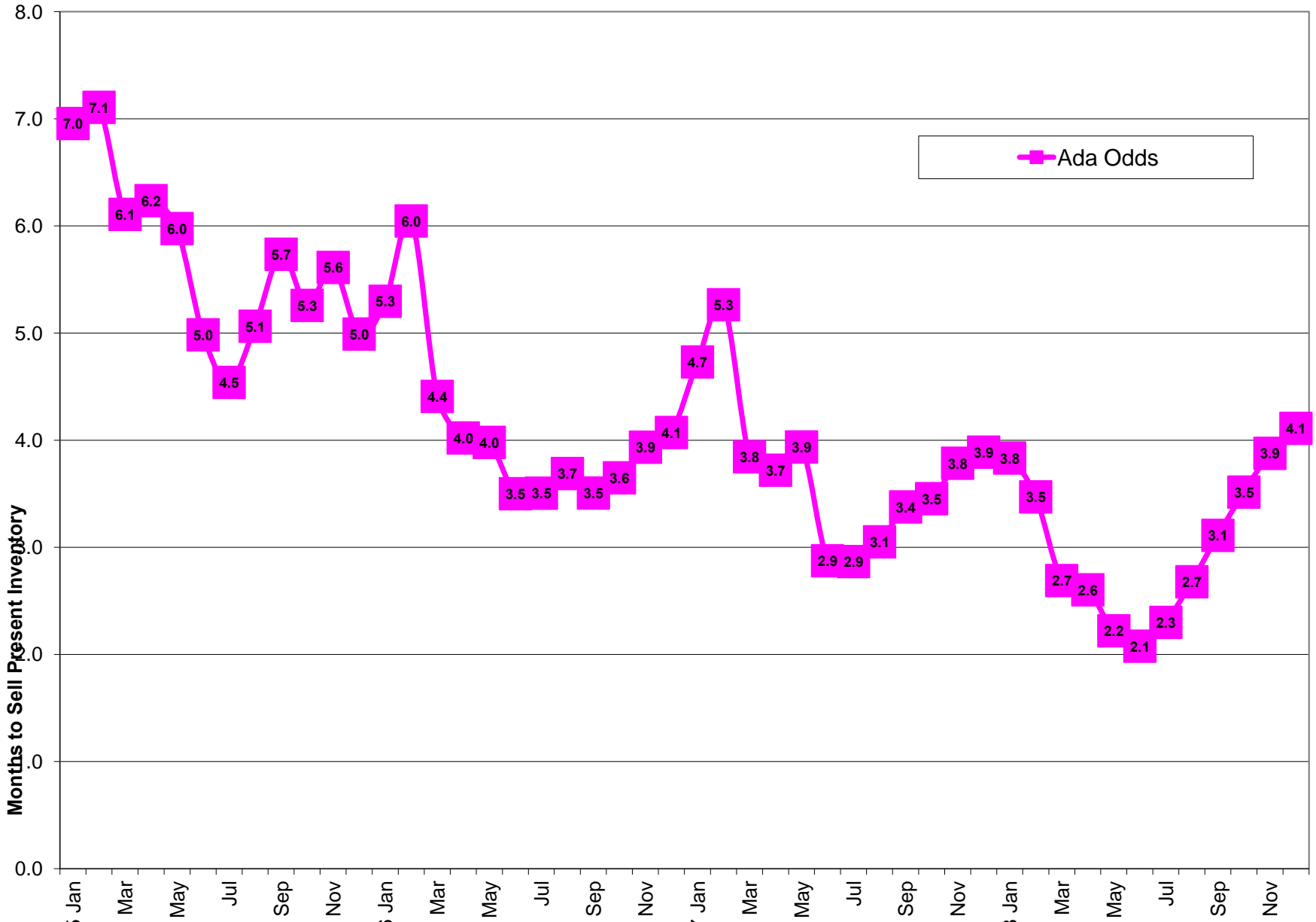


AC23 DECEMBER 2018 YTD SELLING ODDS



Months to Sell Present Inventory

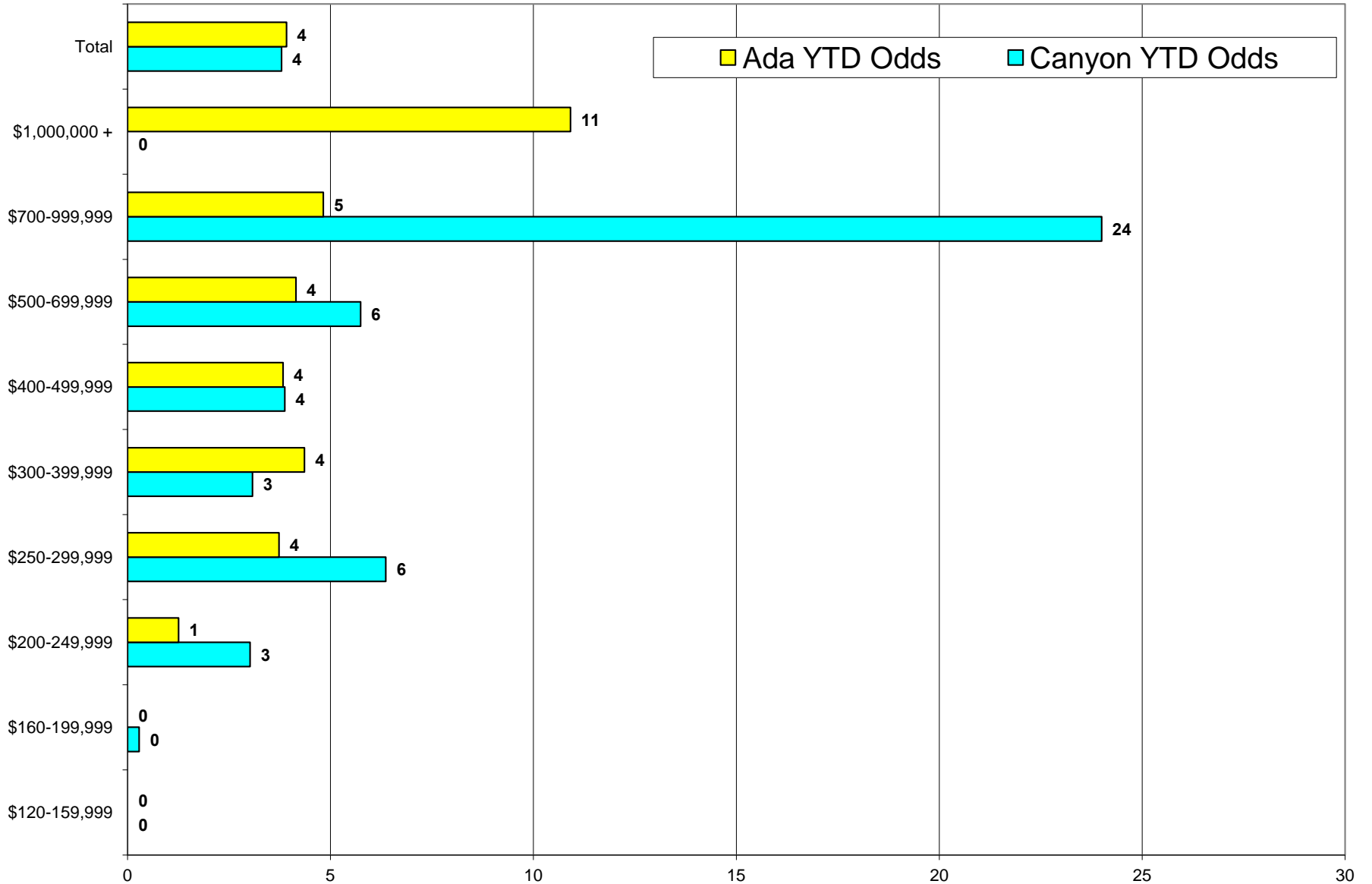
A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



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



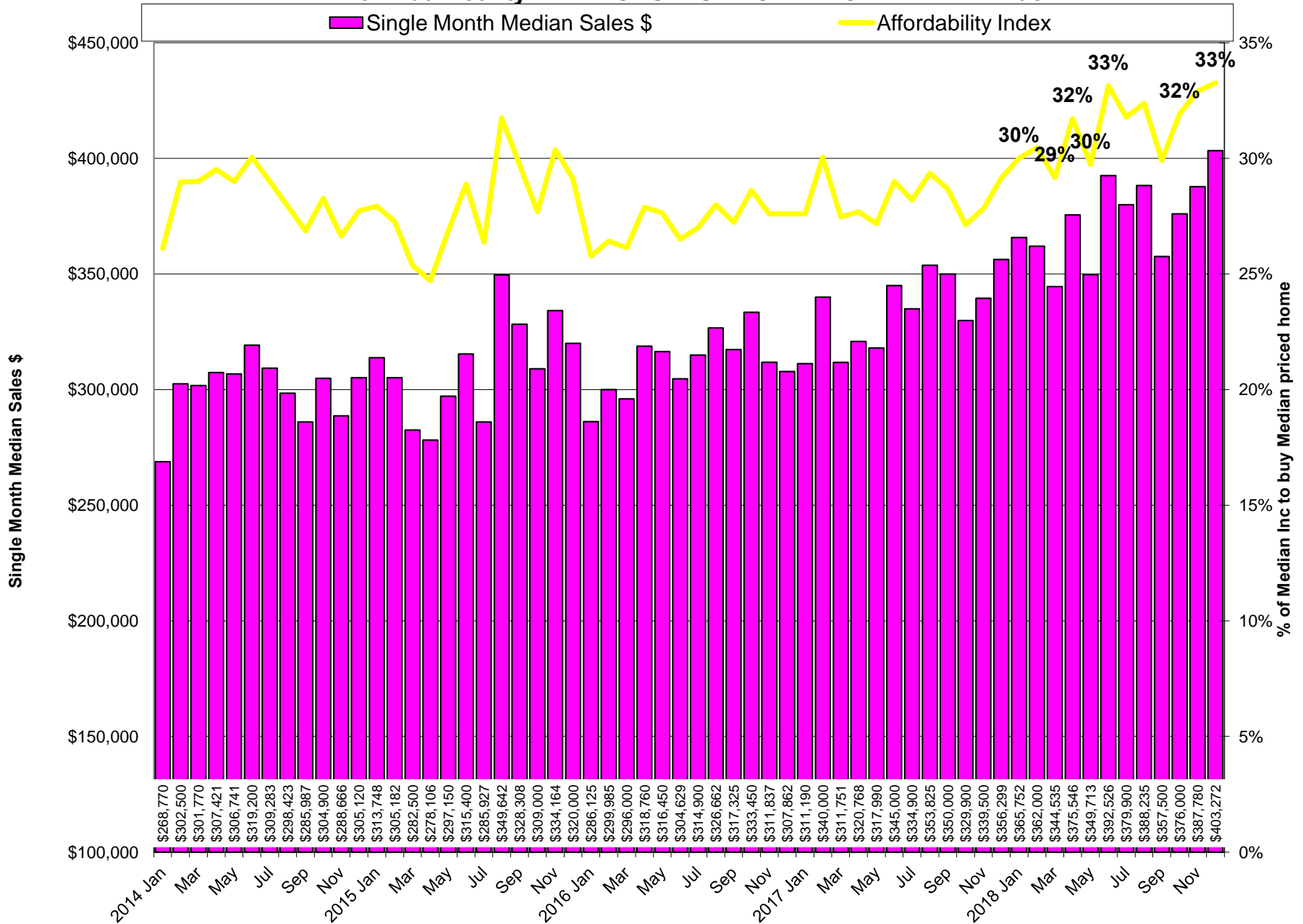
AC24 DECEMBER 2018 YTD SELLING ODDS New Construction



Months to Sell Present Inventory

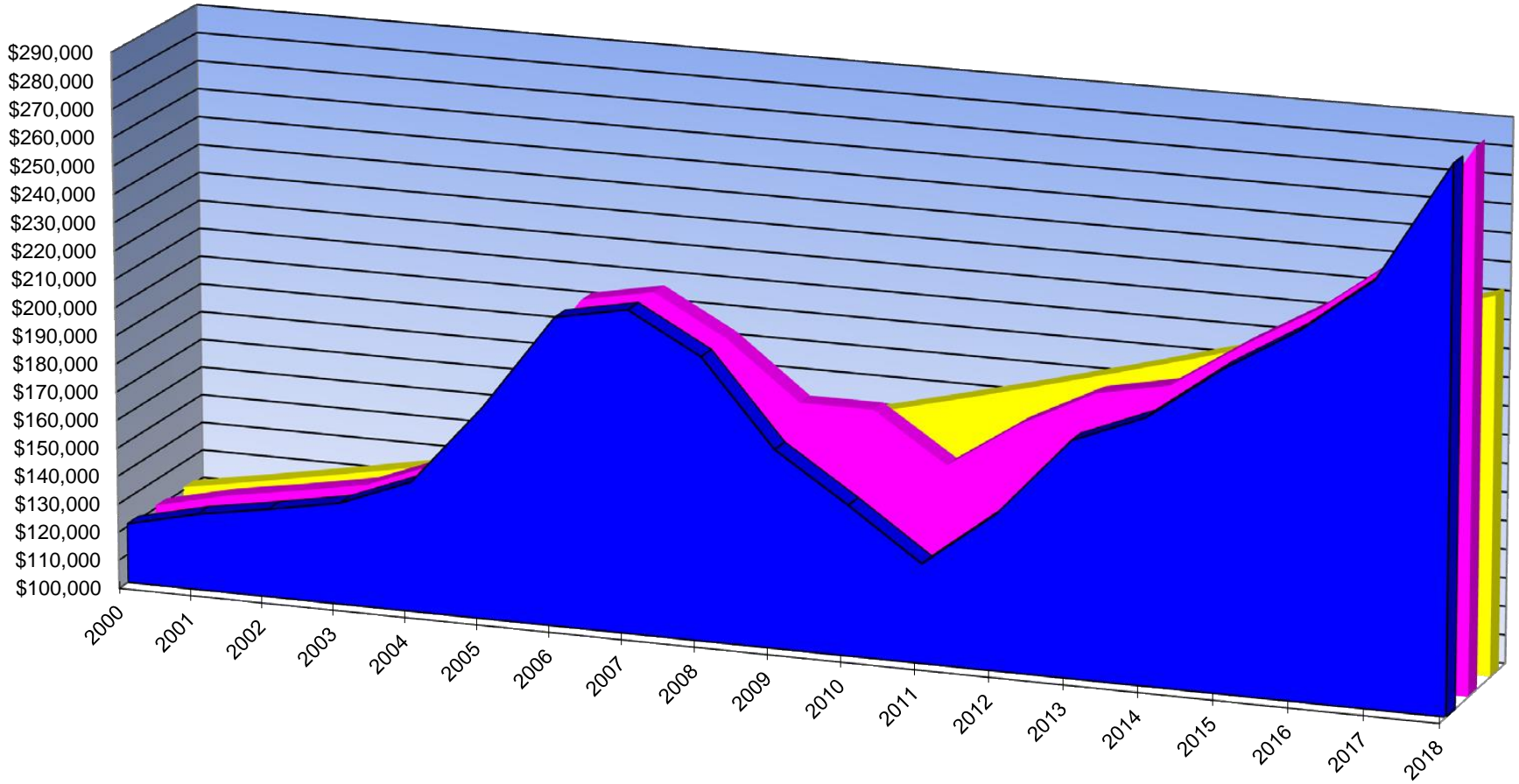
A40 - Ada County NEW CONSTRUCTION AFFORDABILITY Index

Single Month Median Sales \$ Affordability Index



A57 - Ada County Market Correction - DECEMBER 2018

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



Local Housing Report

2018 New Construction Summary

- **Sales:** **UP (18+%)**
- **Price:** **UP (12%)**
- **Permits:** **UP (5.5%)**
- **Inventory:** **UP (19%)**
- **Distressed Inventory:** **VERY LOW**
- **Months Supply:** **FLAT (4.1)**
- **Affordability:** **DOWN**

New Construction Forecast

New Construction Forecast



- ✓ 2018 Prediction: **More of the same (use caution)**
 - ✓ Sales should be strong, but
 - ✓ Price gains not the same % increase as last year
 - ✓ “Later innings”

- ✓ 2018 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
 - ✓ Commercial construction Will it absorb more trades / labor?
 - ✓ Government Regulations Local and National
 - ✓ Trump Effect ... Trade Wars, Tax Code, Gov’t Spending, Regulations, etc)

New Construction Forecast



- ✓ 2019 Prediction:
 - ✓ Strong Sales, and....
 - ✓ Price Resistance (Be Smart)
 - ✓ Price gains not the same % increase as last year
 - ✓ “Later innings”

New Construction Forecast



- ✓ 2019 Prediction: **Strong Sales and Price Resistance**
 - ✓ “Later innings”

- ✓ **Wild Cards (KNOWN):**
 - ✓ 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

- ✓ **Wild Cards (BIG UNKNOWN):**
 - ✓ Trump Effect ??? – Trade Wars, Government Shutdowns, Trump vs. all

More Trends & Impacts



- ✓ Millennials and Boomers will dominate market
 - ✓ What do Millennials want?
 - ✓ Boomers downsizing = Selling McMansions
- ✓ Price spread between New and Existing Homes
 - ✓ Over 24% is better, but still concerning
- ✓ Fewer homes on the market is the new normal
- ✓ Price pressures in the most expensive markets
- ✓ Opposition to new housing will continue

Recent quotes in the news....



Idaho Statesman

GUEST OPINIONS

Six ways to control Boise growth now. First, stop the self-promotion.

IDAHOBUSINESSREVIEW
.com

Treasure Valley mayors: Housing not keeping pace with population, job growth

While metro-area wages rose 4 percent a year since 2014, median home prices increased about 30 percent

Recent quotes in the news....



Morgan Stanley CEO says

“it is ‘extremely negative’ if the government shutdown goes on much longer”

“if it goes on for months of this year, it’s going to have an extremely damaging effect” on the economy.

Recent quotes in the news....

Realtor.com

Because of diminishing affordability from mortgage rate and price increases, [Realtor.com](#) forecasts a 2 percent decline in home sales.

[Realtor.com](#) expects price growth to slow, rising just 2.2 percent in 2019.

“Inventory will continue to increase next year, but unless there is a major shift in the economic trajectory, we don't expect a buyer's market on the horizon within the next five years,” said Danielle Hale, chief economist for [Realtor.com](#).

Recent quotes in the news....



Realtor.com: Boise a hot housing market in 2019

Boise landed No. 8 on the list.

NAHB Local Housing Economic Impact Study

**for Ada County
December 2018**

**The Metro Area Impact of
Home Building in
Ada County, Idaho:
Income, Jobs and
Taxes Generated**



December 2018

Housing Policy Department



Local Housing Economic Impact Background



Phase I: Construction

Phase II: The Construction Ripple

Phase III: Ongoing Impacts

Economic Direct Impact **2018 SF Residential Construction**



Ada County

2018

# of SF Building Permits:	4,540
Median house price:	\$390,000
Permit/Impact fees:	\$13,500
Annual property taxes:	\$4,463

Economic Impact

2018 SF Residential Construction

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$893,637,000	\$303,294,100	\$590,342,900	\$77,297,500	12,894

Economic Direct Impact

2018 SF Residential Construction



Total Taxes & Fees paid to local governments:

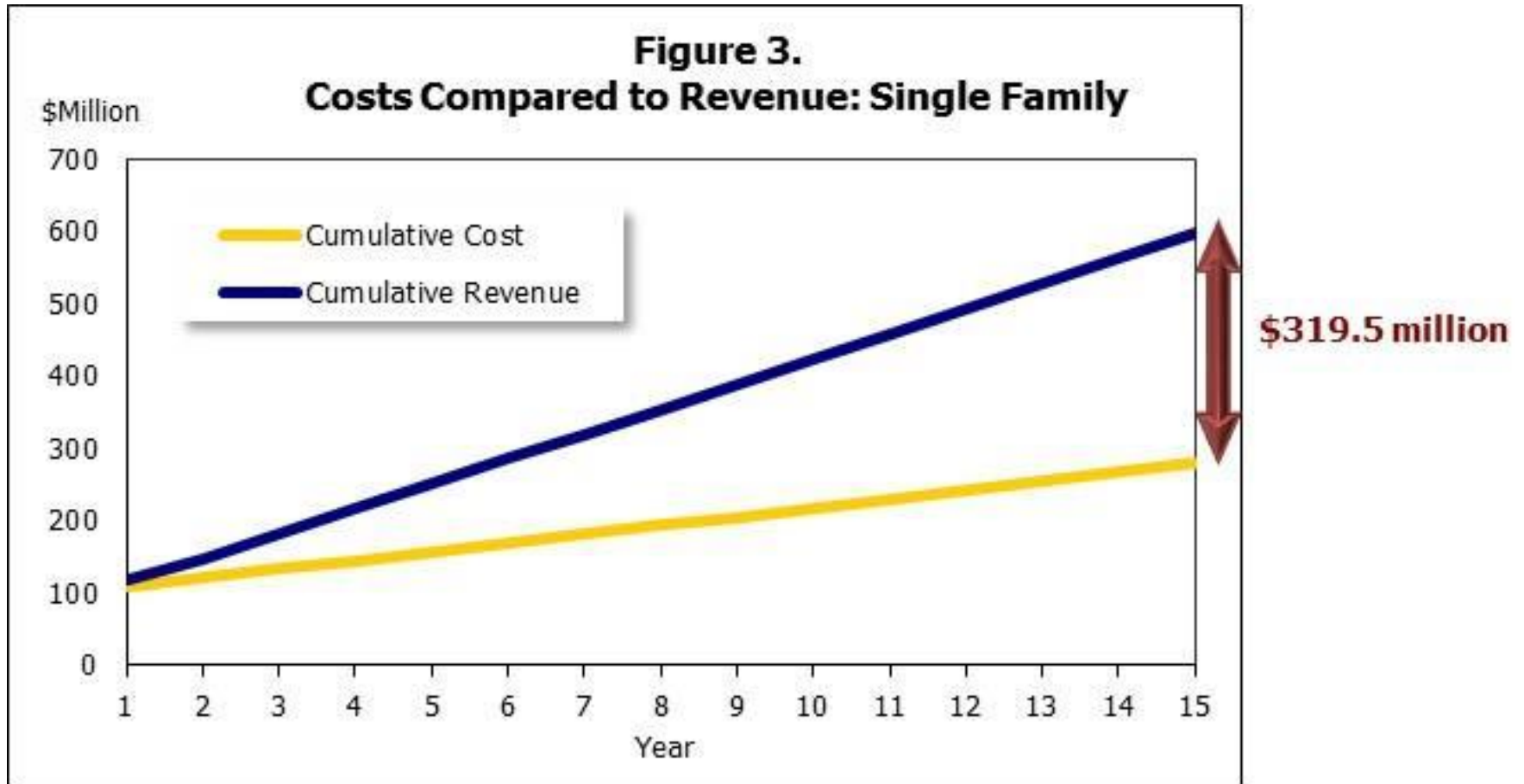
Total Permit & Impact Fees:	\$61,290,000
Property Taxes & Other Fees:	<u>\$16,007,500</u>
TOTAL	\$77,297,500

Note: Total Fees Paid = total permits x permit fees

Property Taxes = $\frac{1}{2}$ of total permits x home value x avg. levy

Local Housing

Does Growth Pay For Itself?



Top Regulatory Issues Addressed by BCA in 2018



<u>Top BCA issues in 2018</u>	<u>Est. Savings / home</u>
1. State Building Codes (Residential, Energy, etc.)	\$7,000
2. ACHD Development Policies	\$2,000
3. Meridian Building Dept. (Plan Reviews, inspections)	\$750
4. Builder Job Site Theft	\$\$\$

Current Local Regulatory Issues



1. State Building Codes

2018 Residential, Energy, etc.

- Boise City uses different codes than other cities

2. Legislative Issues:

- Contractor Registration vs. Licensing

3. Positive Public Relations Outreach

Top Regulatory Issues

Estimated Savings in 2017 - 2018



\$20,000 per home

... 10 homes = \$200,000

... 100 homes = \$2,000,000

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

QUESTIONS?

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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