

HOUSING MARKET REPORT

&

ECONOMIC IMPACT

for ADA COUNTY and IDAHO

Presented by:

Dave Yorgason, MBA, CLC

Building Contractors Association of Southwestern Idaho

January 28, 2021

Boise, ID



Introduction & Welcome



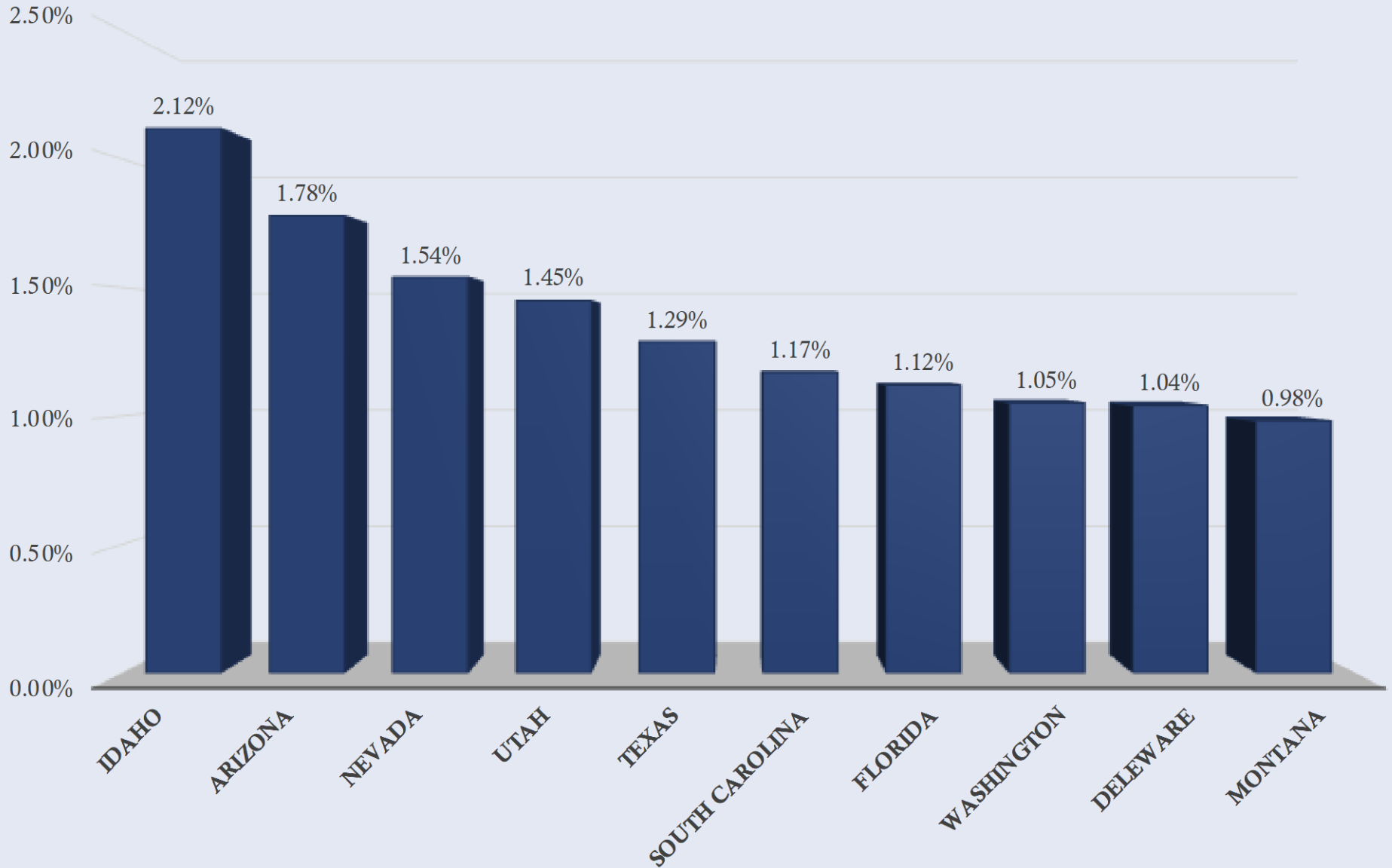
Topics:

1. 2020 Housing Market Report &
2021 Forecast for Ada County and Idaho
2. Economic Impact of Home Building
3. Local Government Issues Addressed by BCA

Housing Market Report

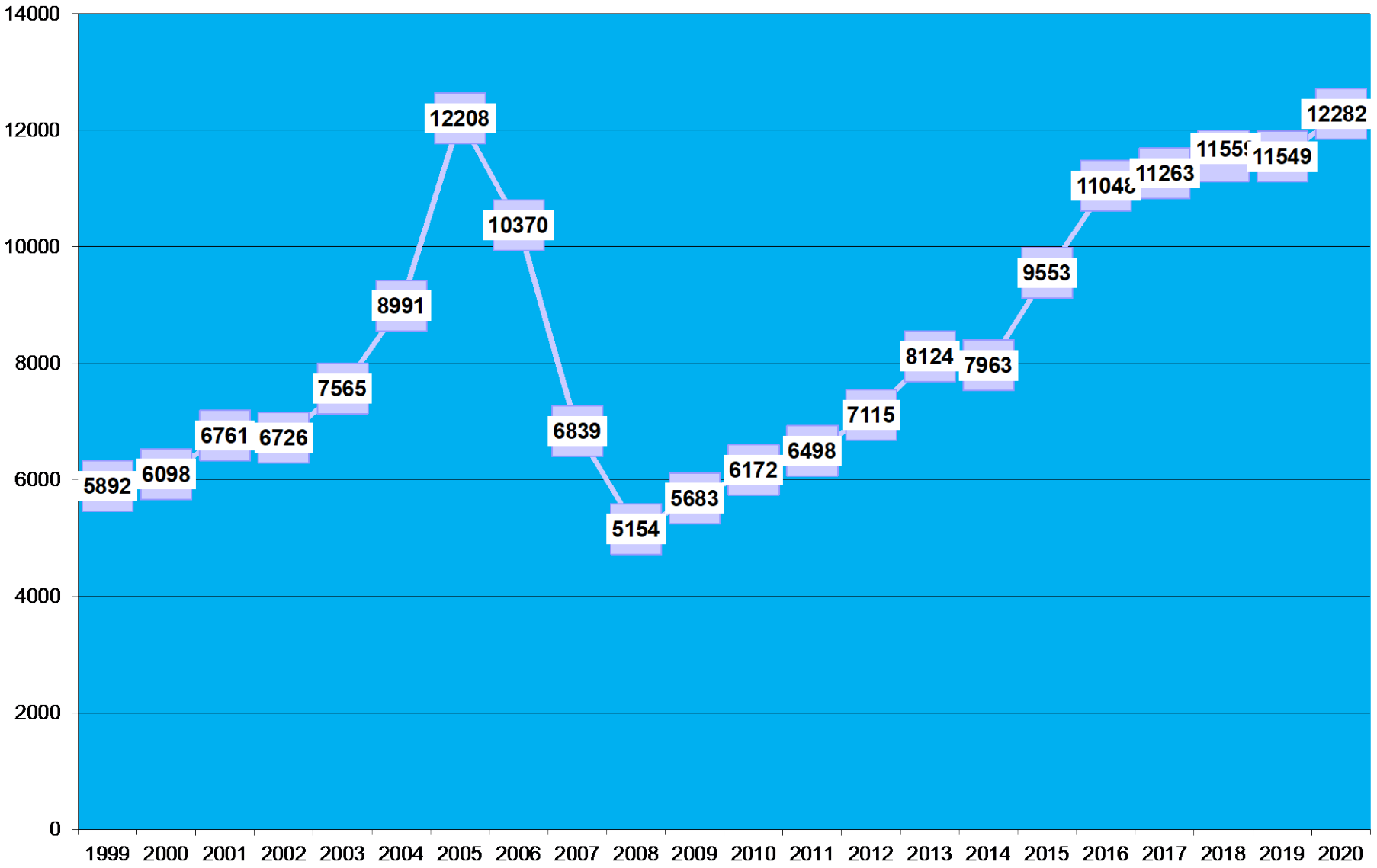
ADA County

Top 10 States in Percent Growth 2020



A1 - Ada County Yearly Sales HISTORY

Total Single Family Home Sales



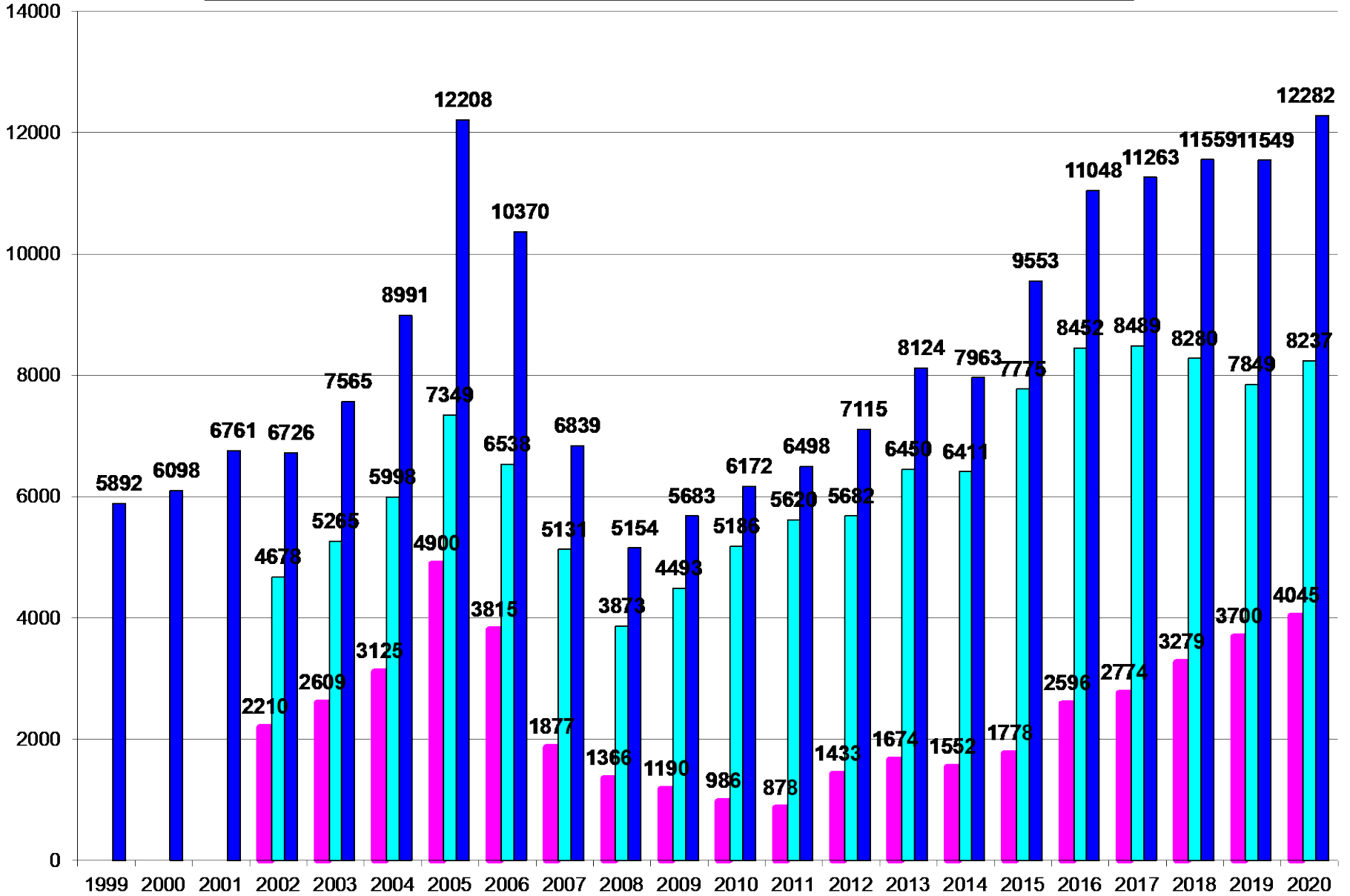
BOOM 2004-2007

BUST 2008-2011

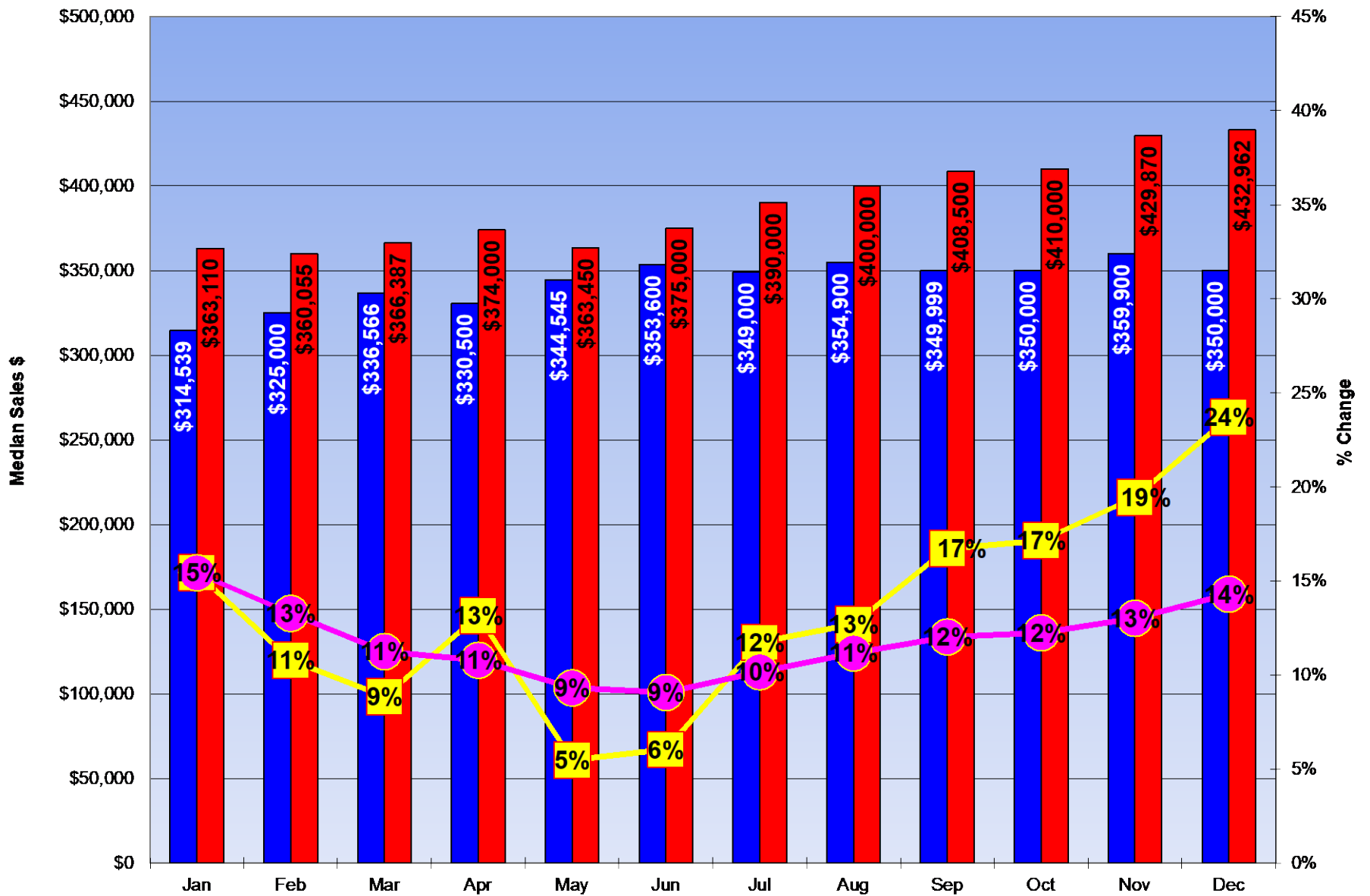
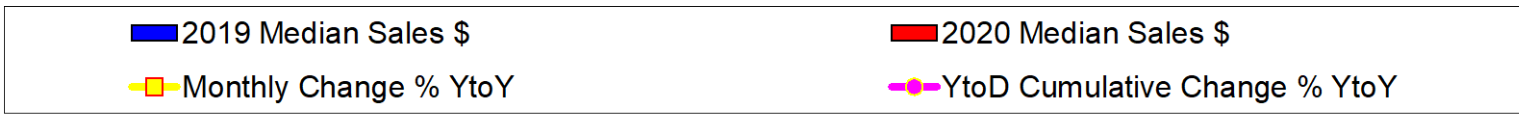
RECOVERY

BOOM 2015-

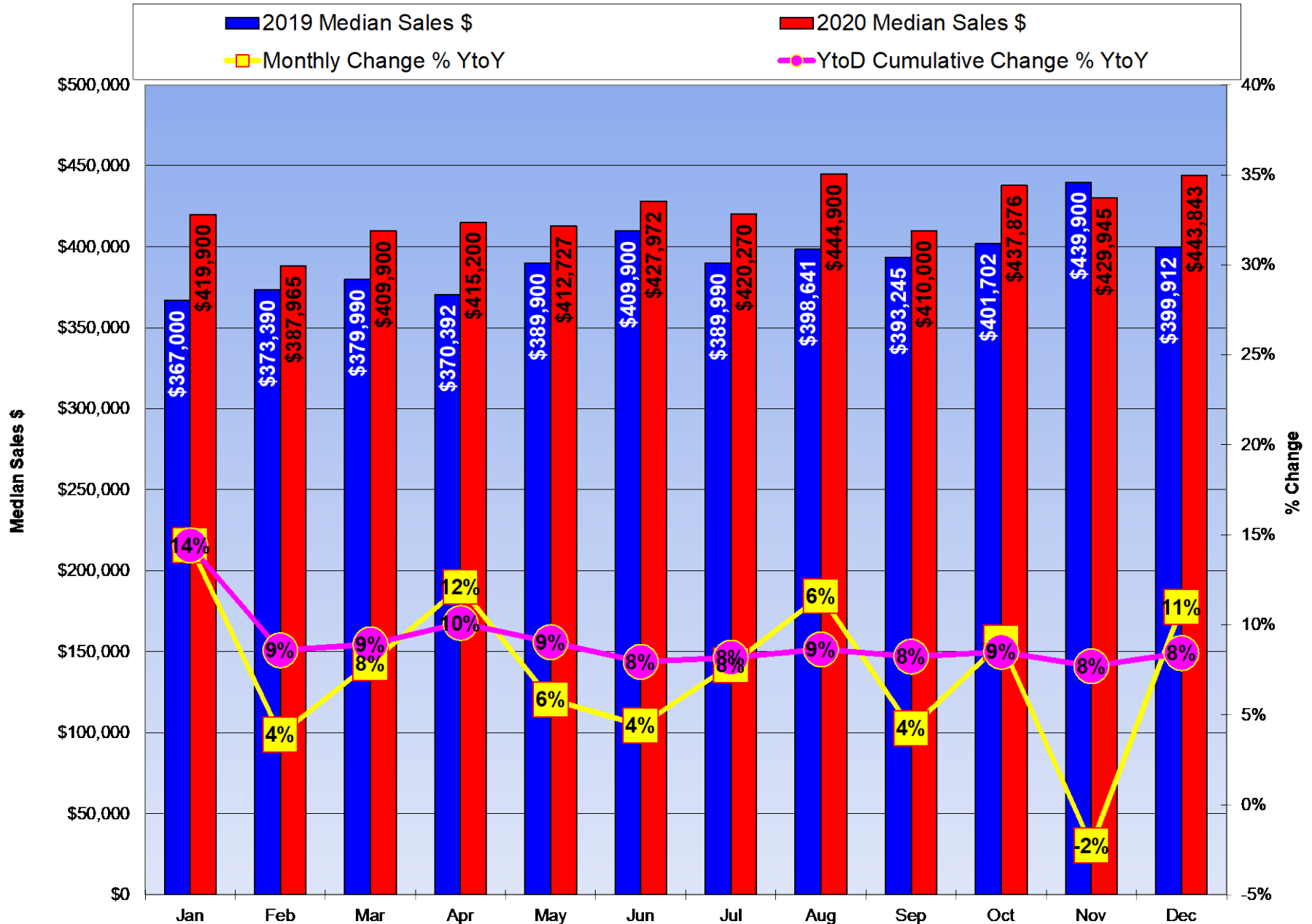
A1A - Ada County Yearly Sales HISTORY



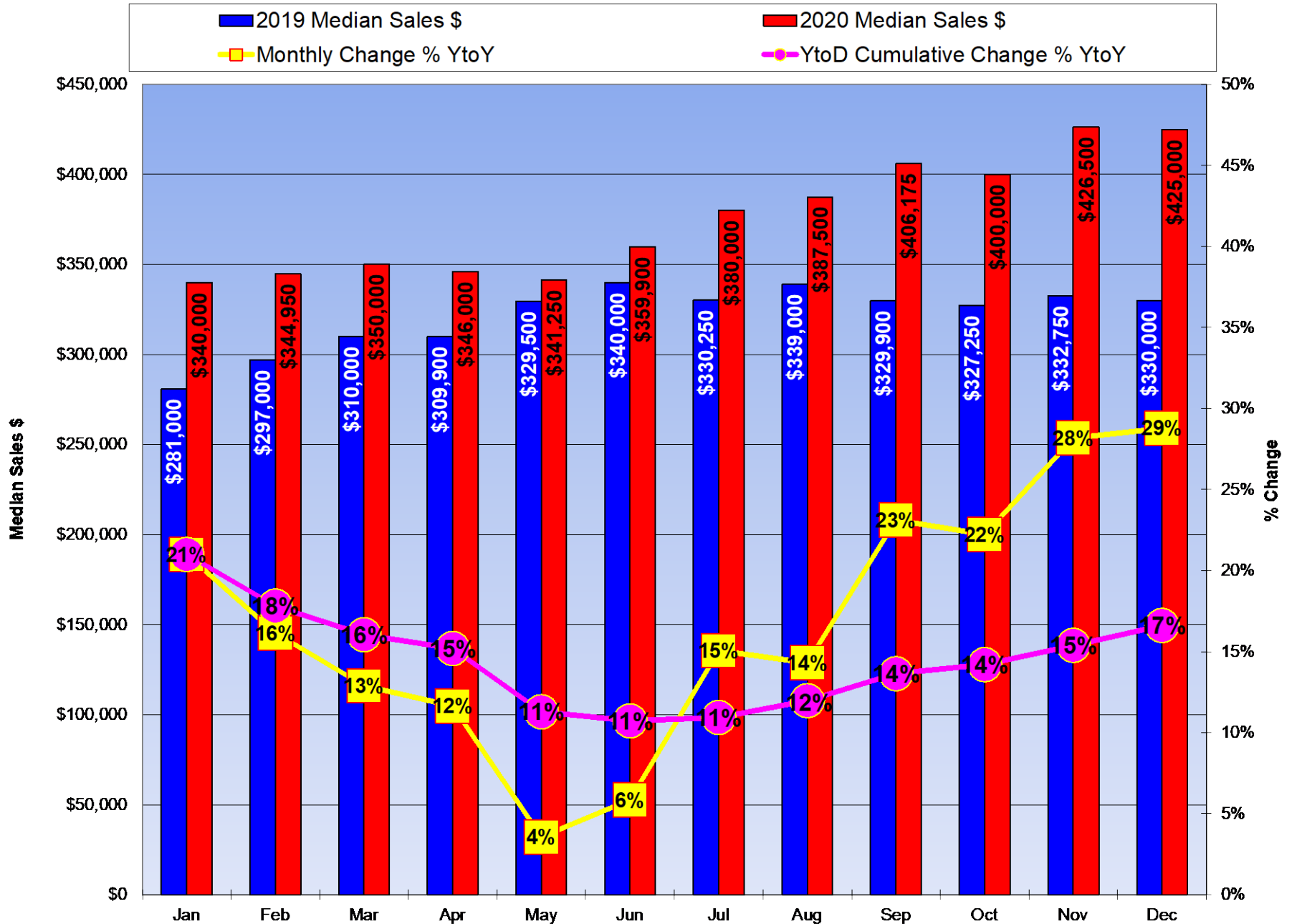
A10 - Ada County Monthly MEDIAN Sales Price



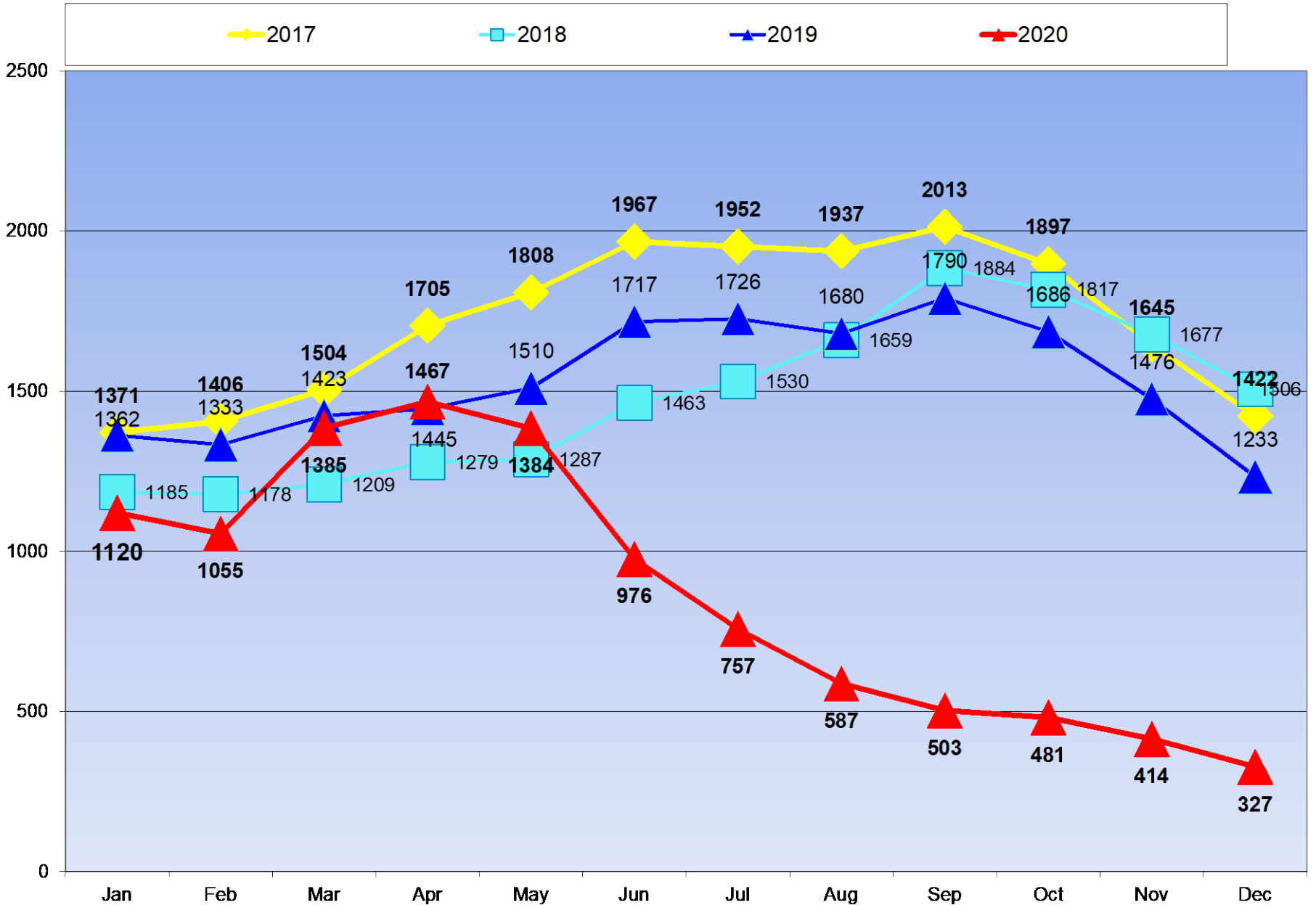
A11 - Ada County NEW CONSTRUCTION Monthly MEDIAN Sales Price



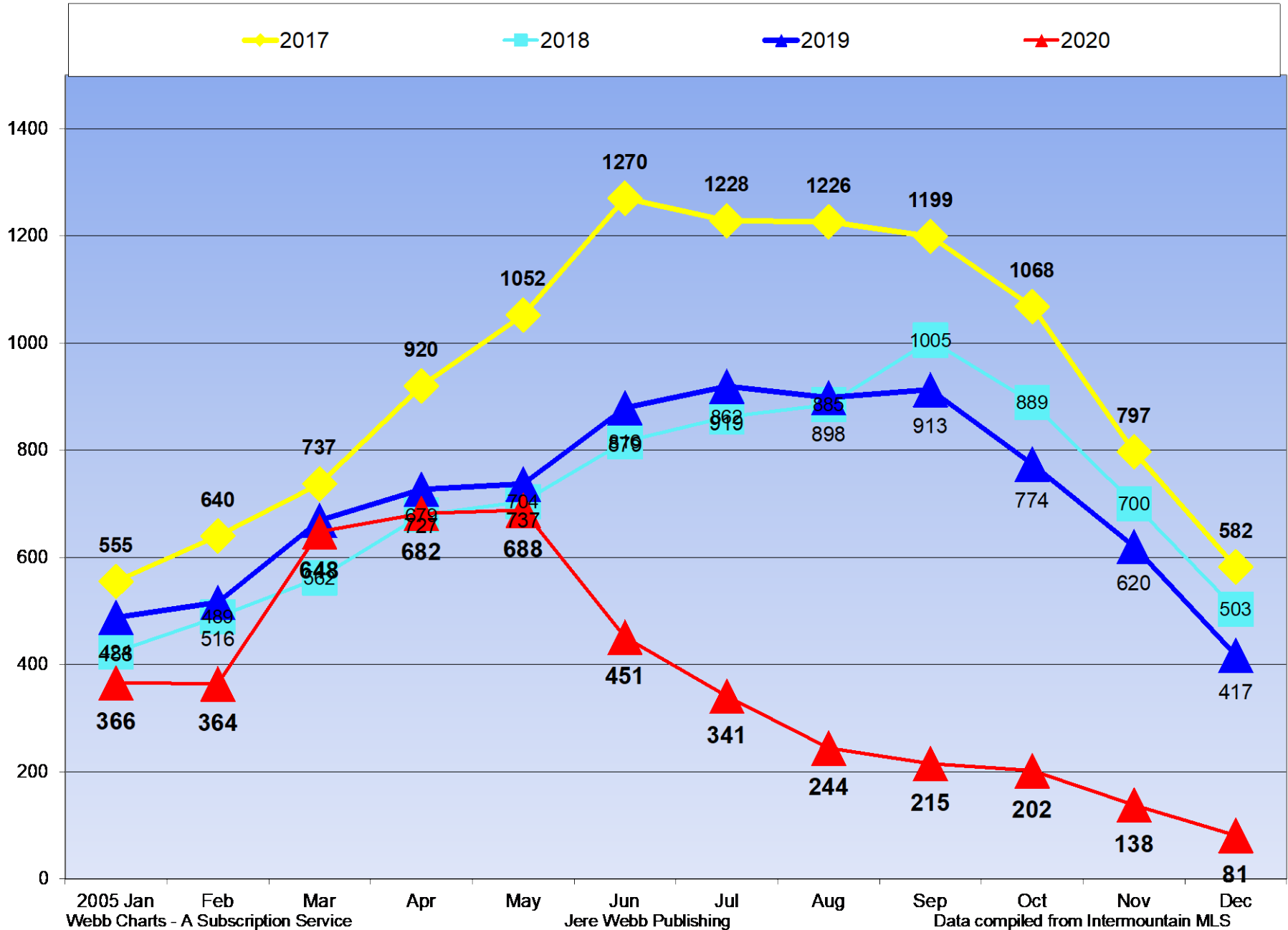
A12 - Ada County EXISTING Monthly MEDIAN Sales Price



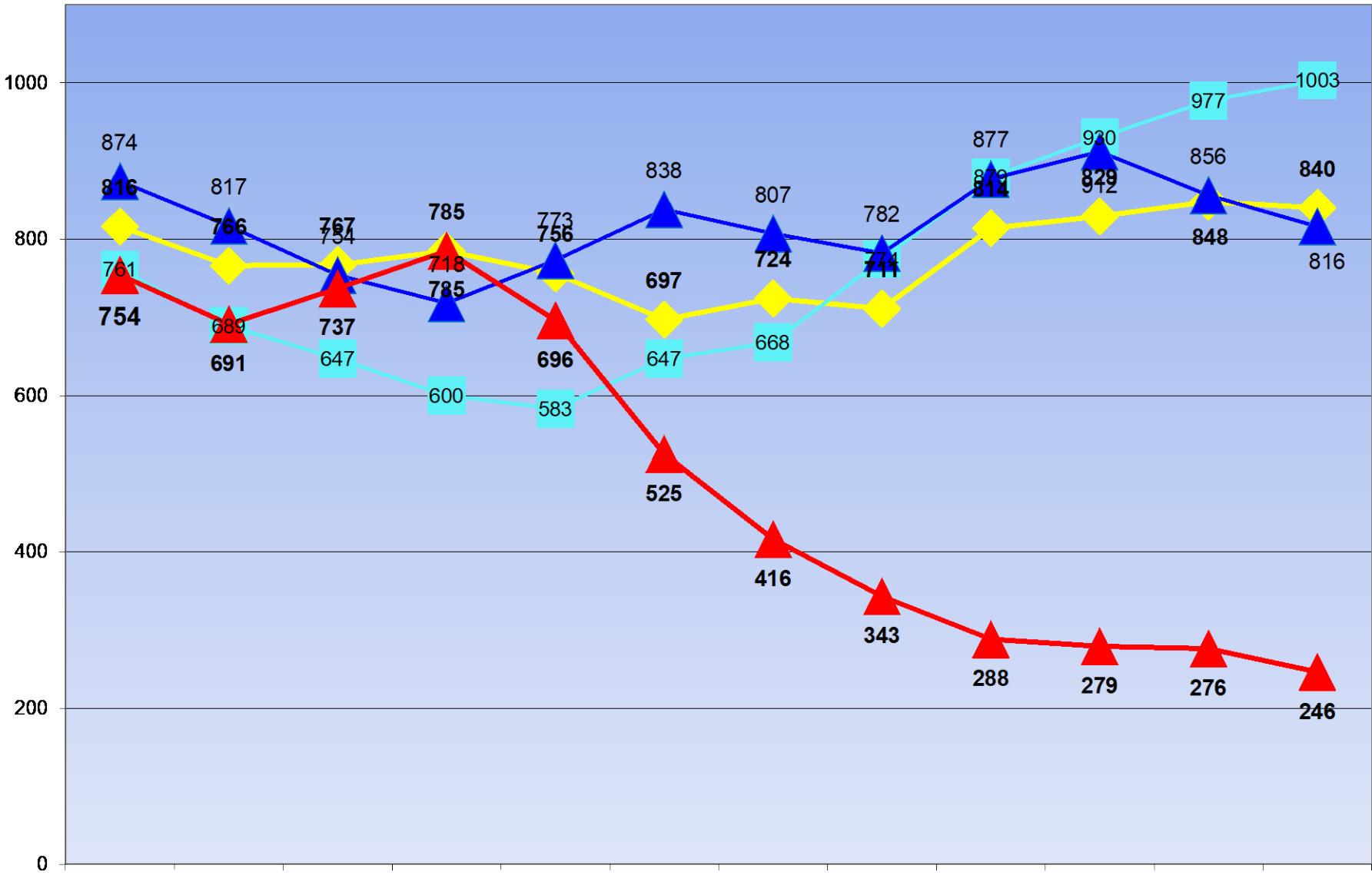
A16 - Ada County Residential INVENTORY



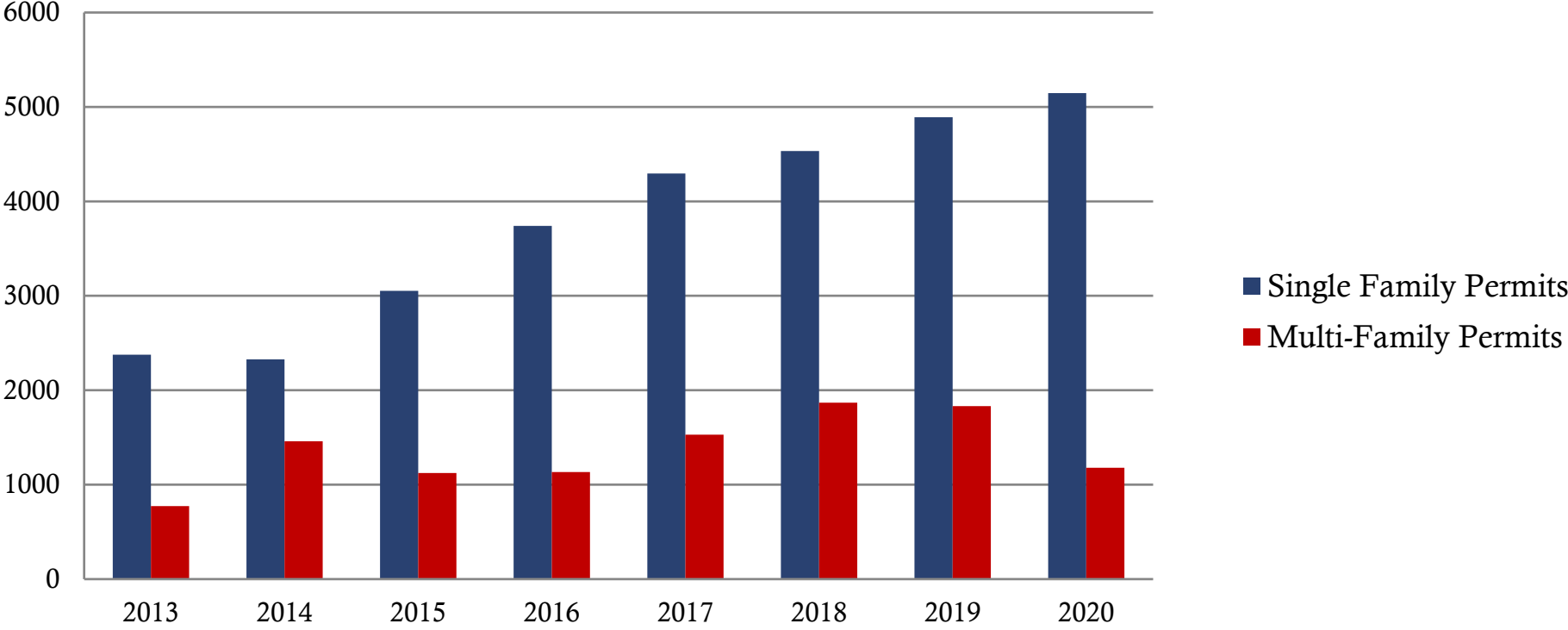
A60 - Ada County RESALE INVENTORY



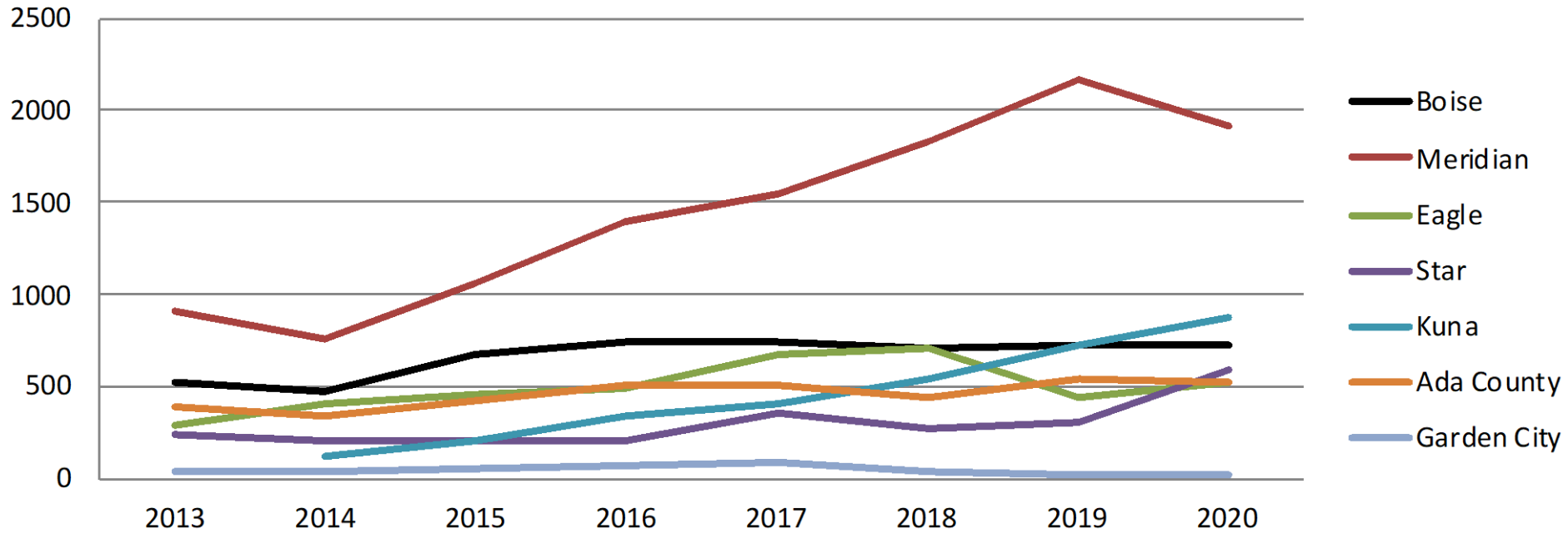
A59- Ada County NEW CONSTRUCTION INVENTORY



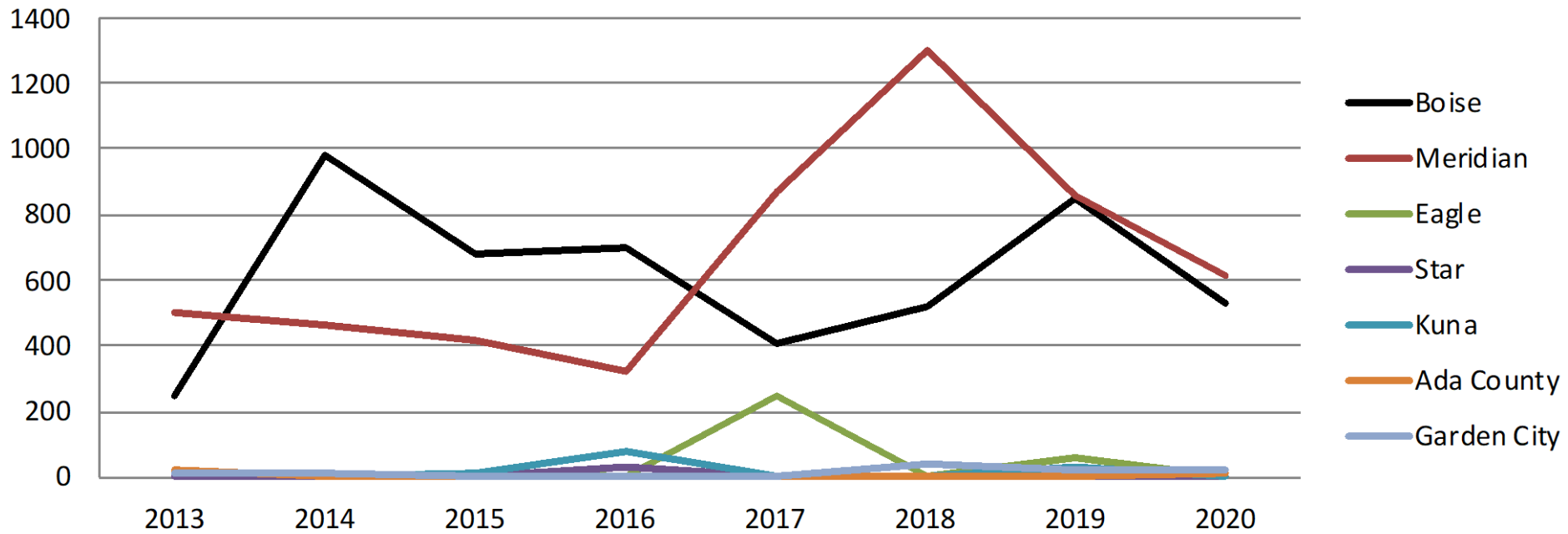
Ada County Permits



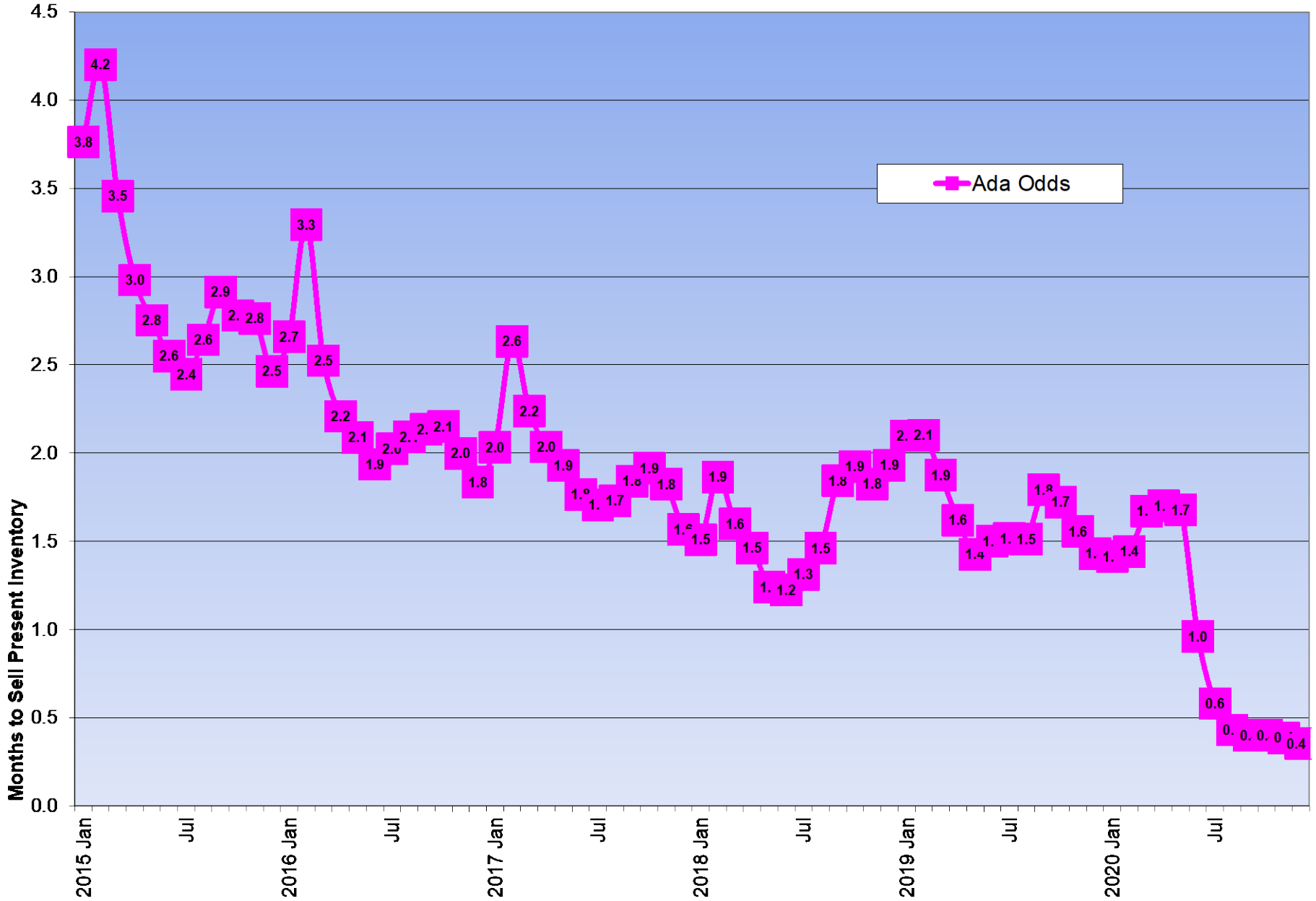
Single Family Permits



Multi-Family Permits



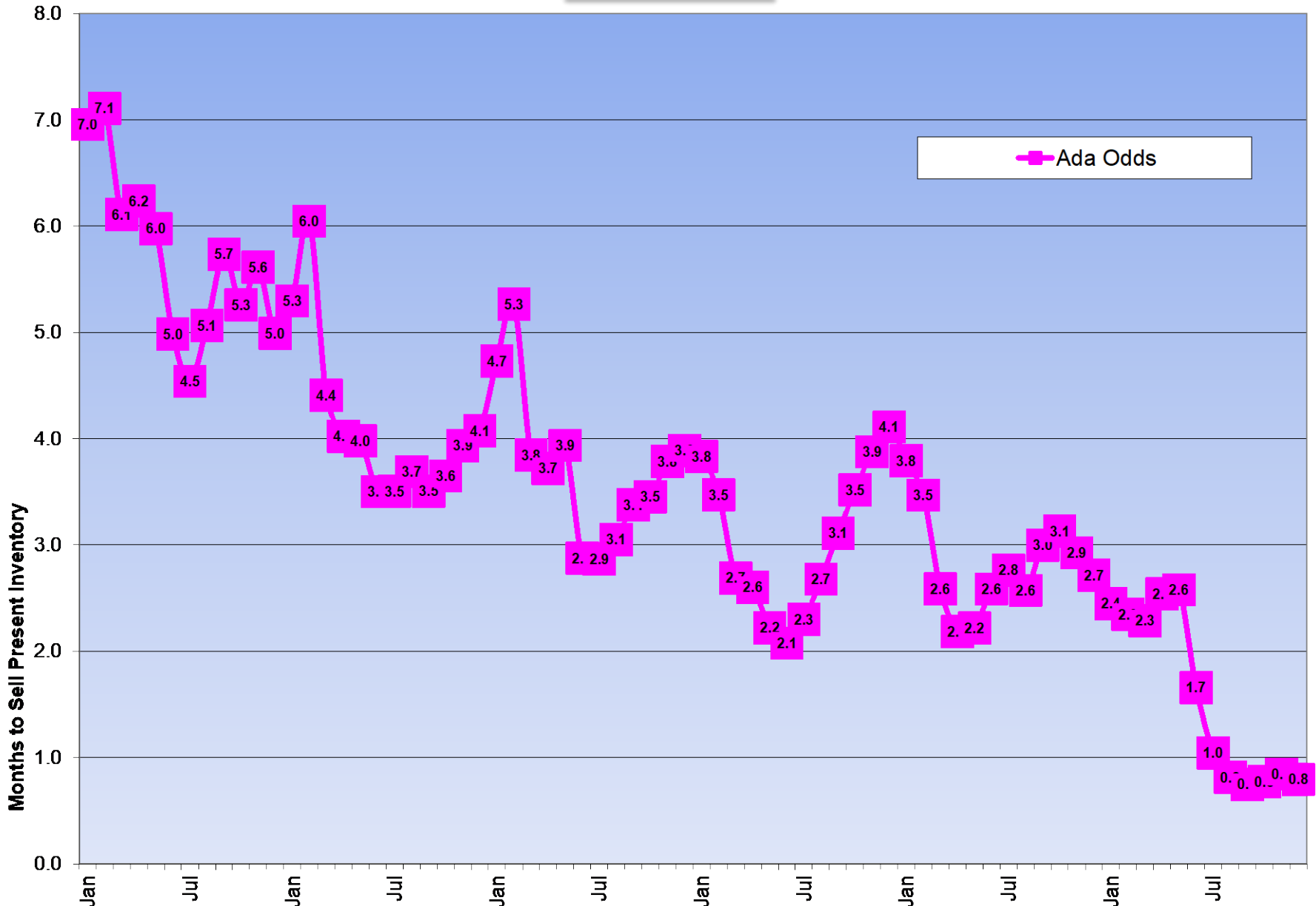
A28 - Ada Odds Progression w 2 Month Rolling Sales Ave.



A32 - Ada Odds Progression Existing w 2 Month Rolling Sales Ave.



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



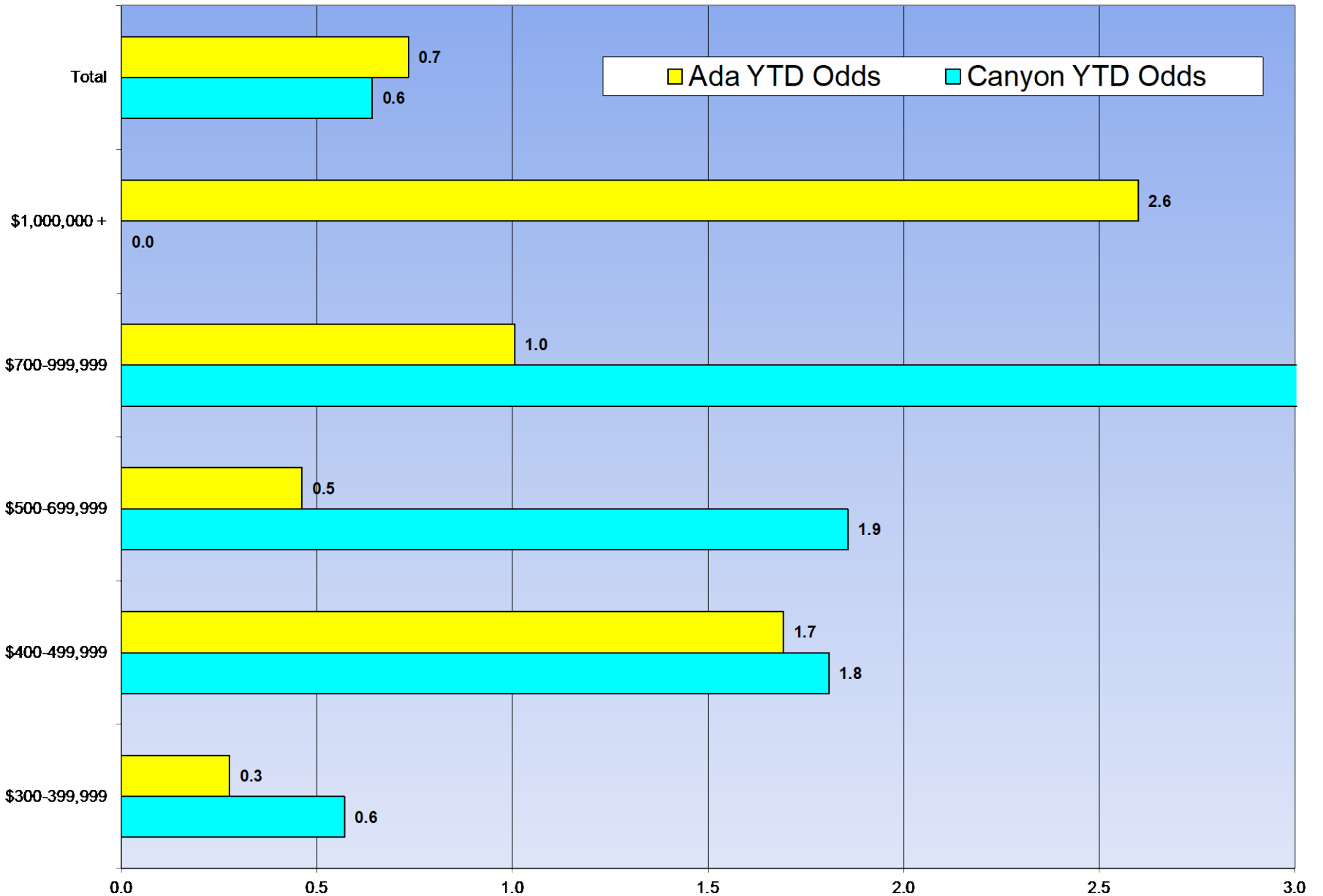
A30 - Ada Odds Progression New Construction w 2 Month Rolling Sales Ave.



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



AC24 DECEMBER 2020 YTD SELLING ODDS New Construction

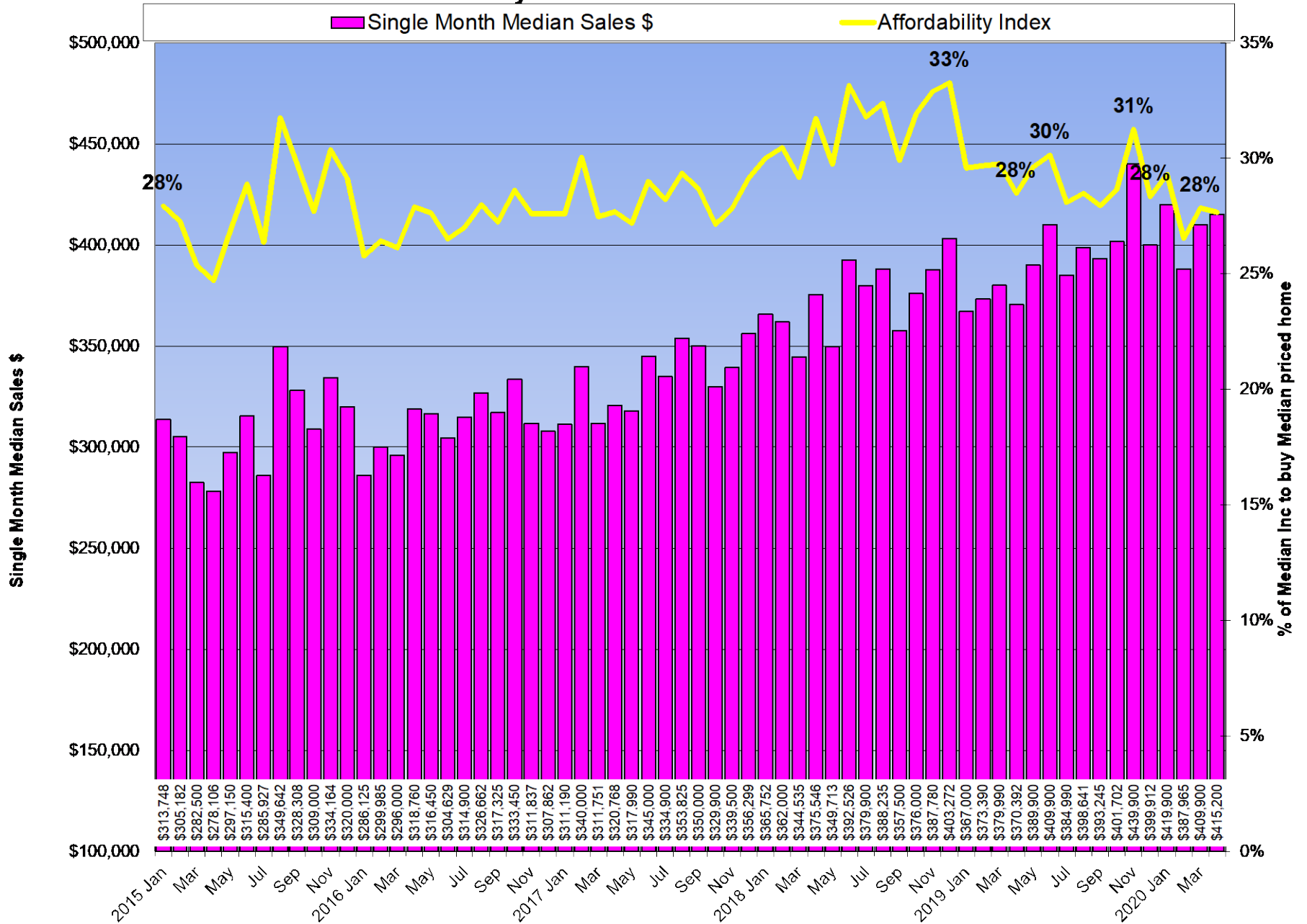


Months to Sell Present Inventory

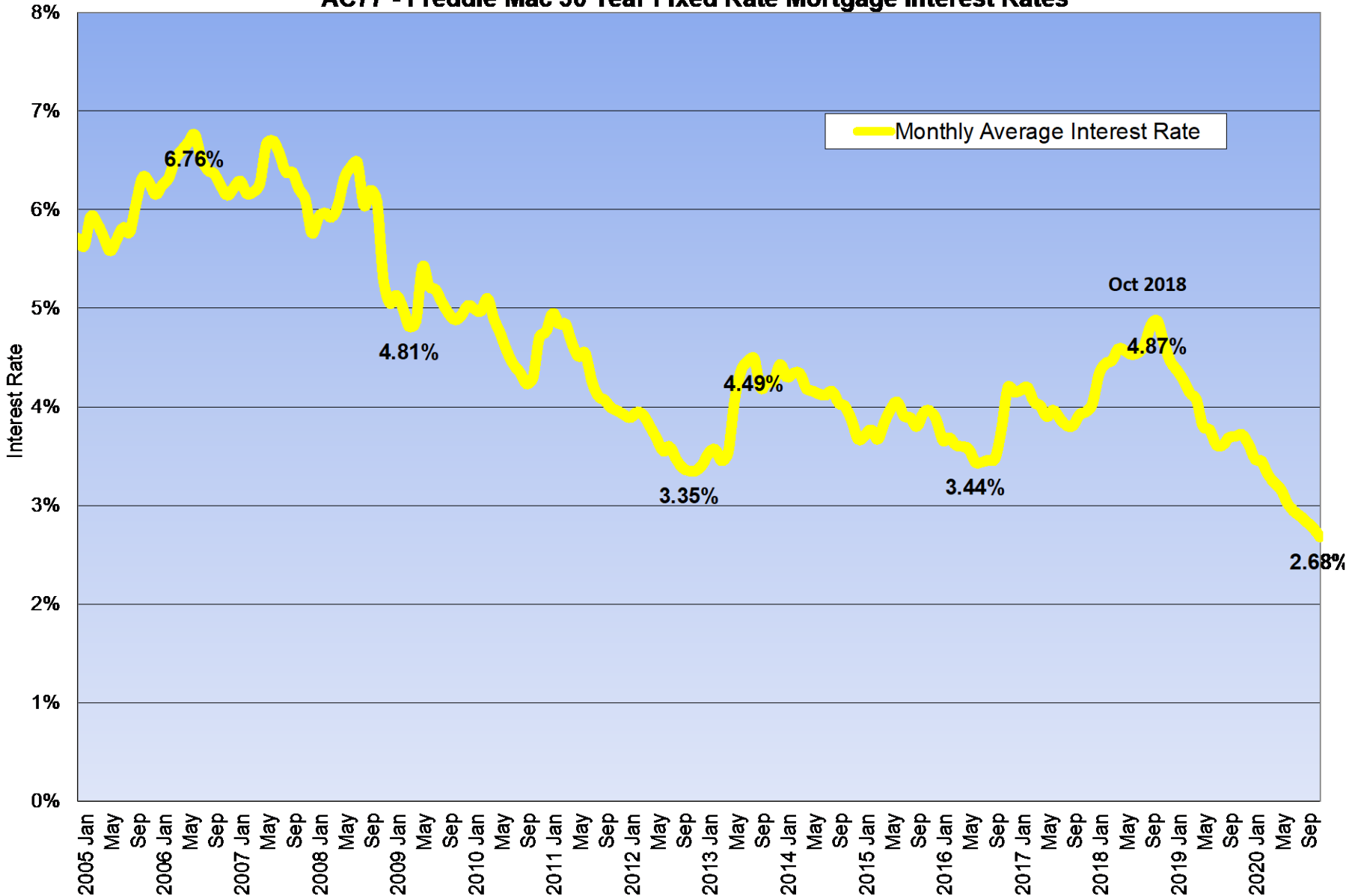
A40 - Ada County NEW CONSTRUCTION AFFORDABILITY Index

Single Month Median Sales \$

Affordability Index



AC77 - Freddie Mac 30 Year Fixed Rate Mortgage Interest Rates



BOOM 2004-2007

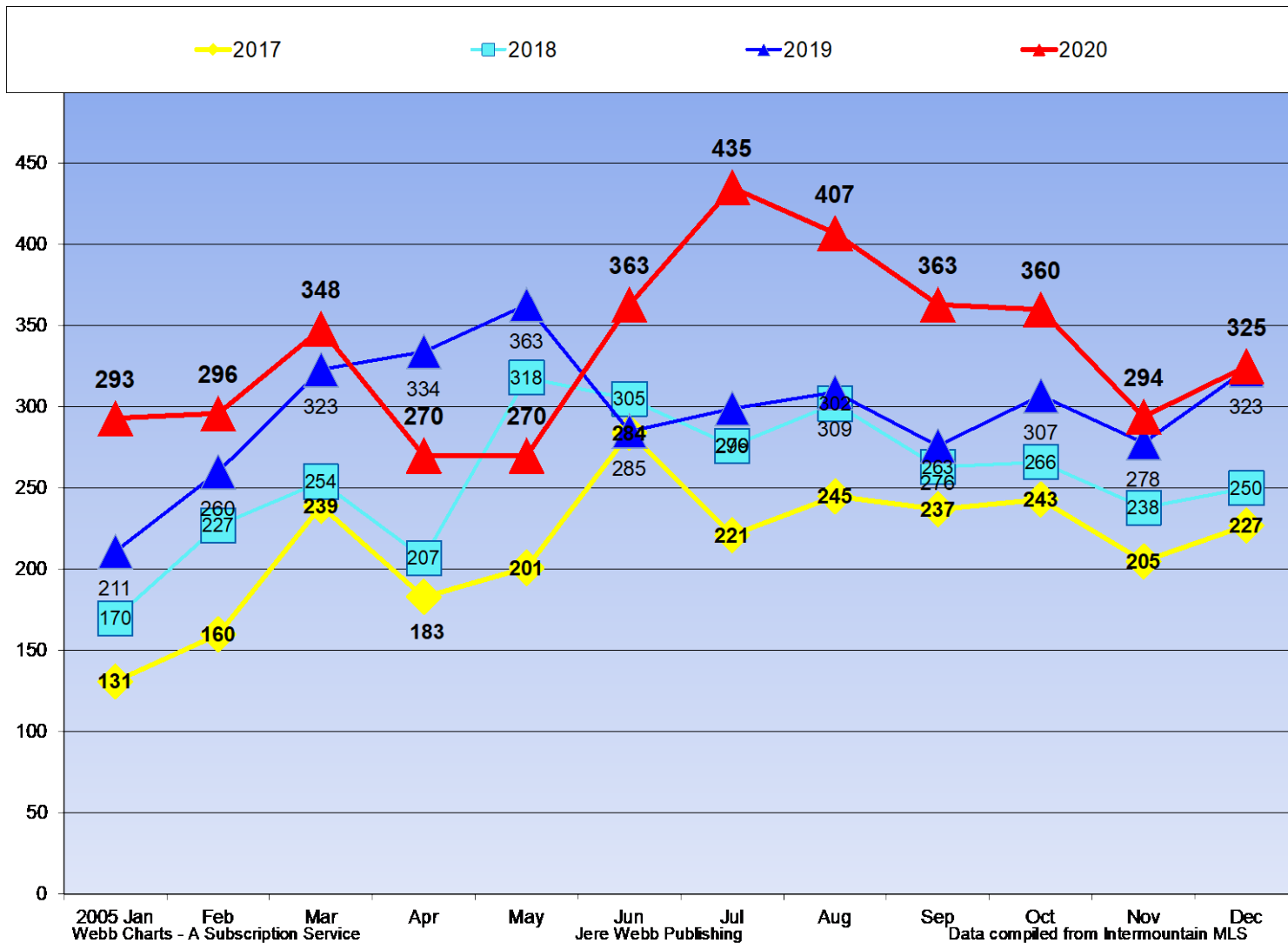
BUST 2008-2011

RECOVERY

BOOM 2015-

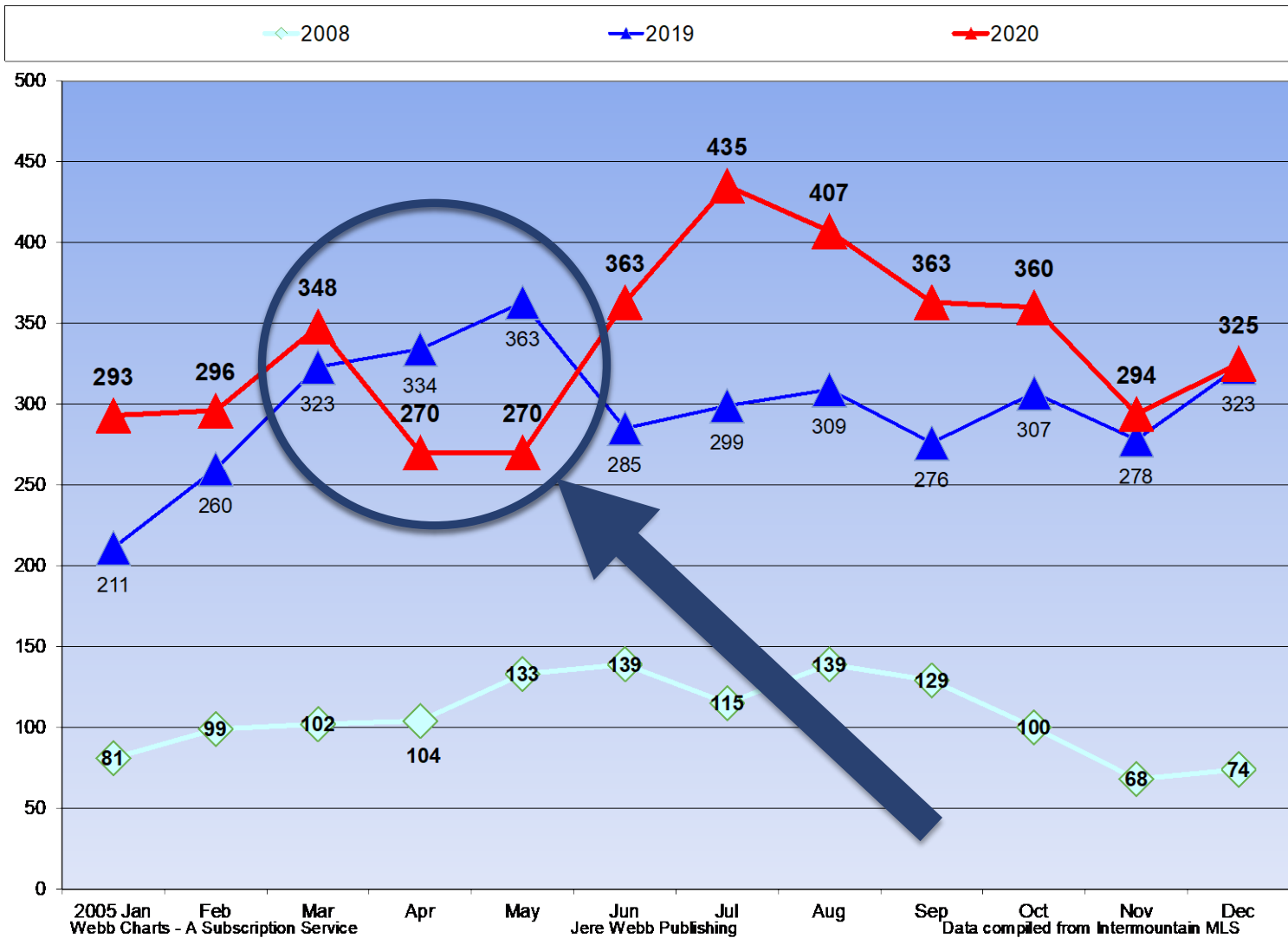
Pandemic Impact on Sales

A63- Ada County NEW CONSTRUCTION SALES



Pandemic Impact on Sales

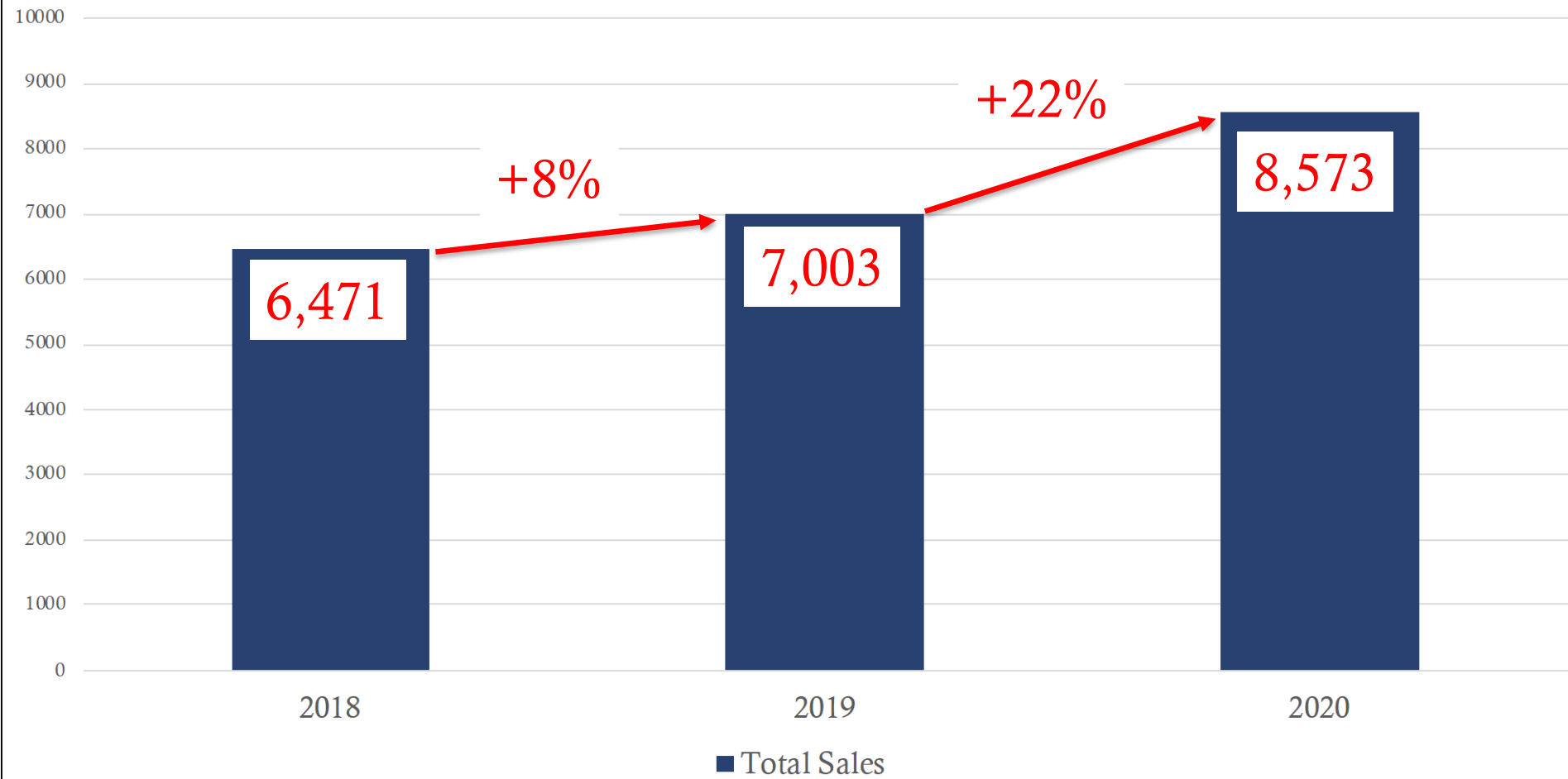
A63L - Ada County NEW CONSTRUCTION SALES



Housing Market Report

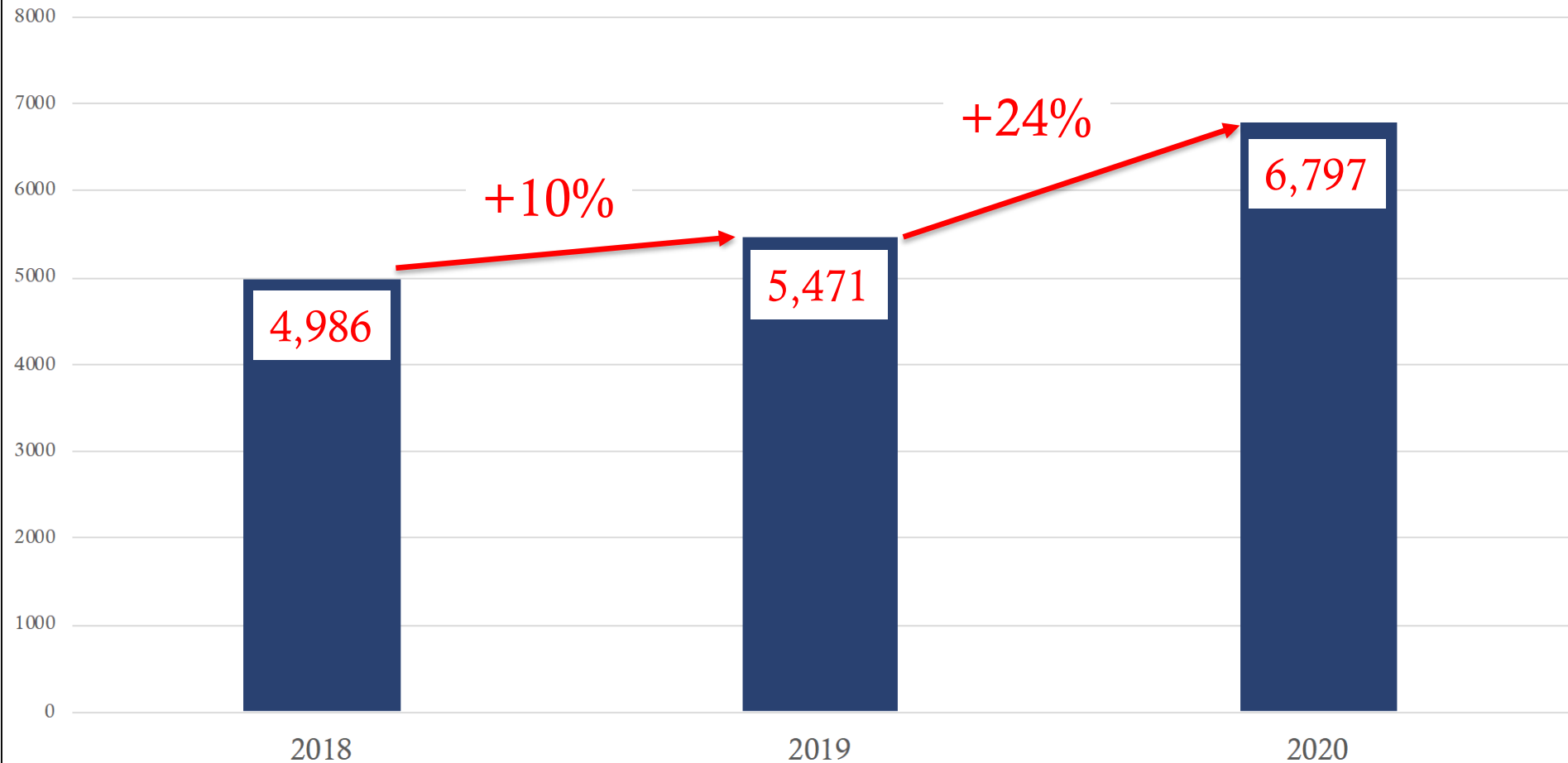
IDAHO

New Construction Home Sales MLS Idaho



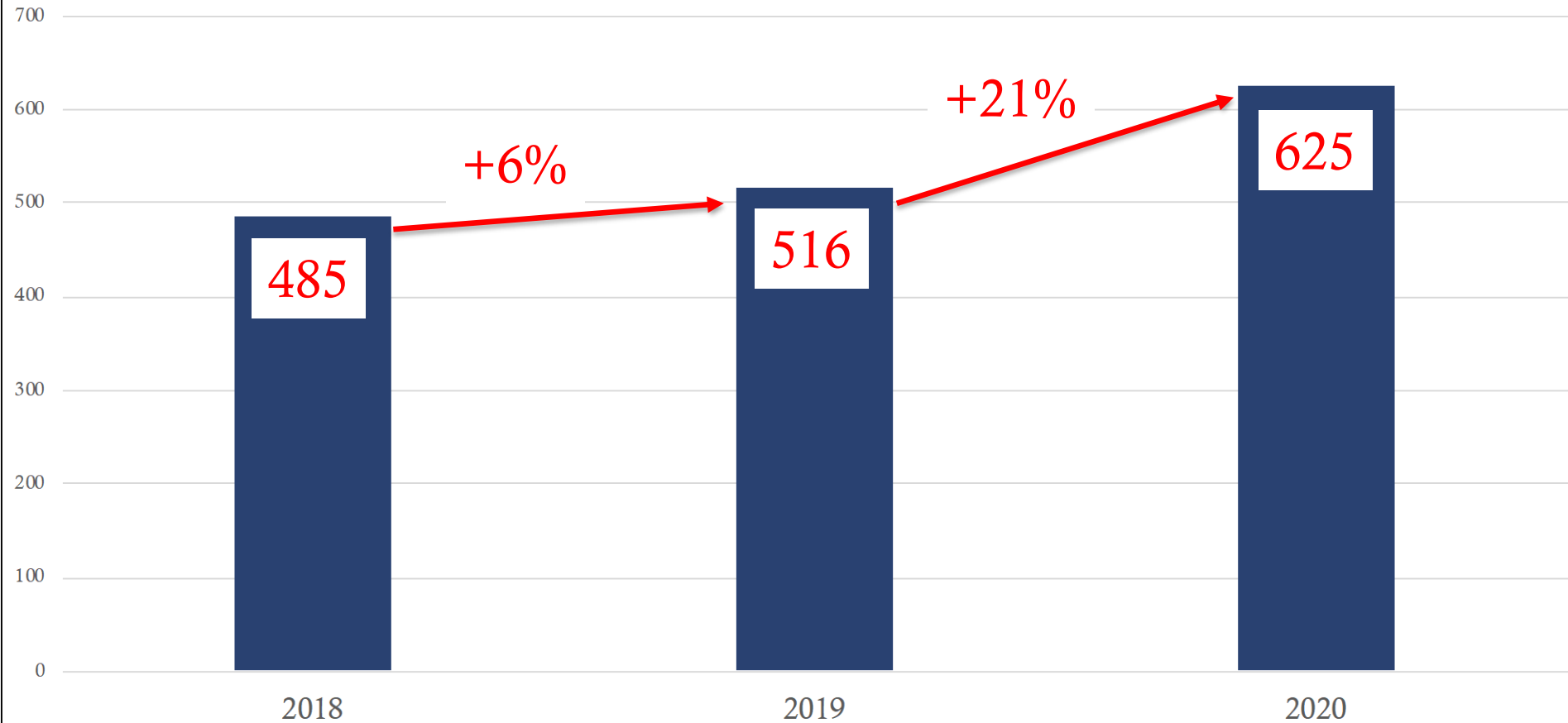
New Construction Unit Sales

Southwest Region



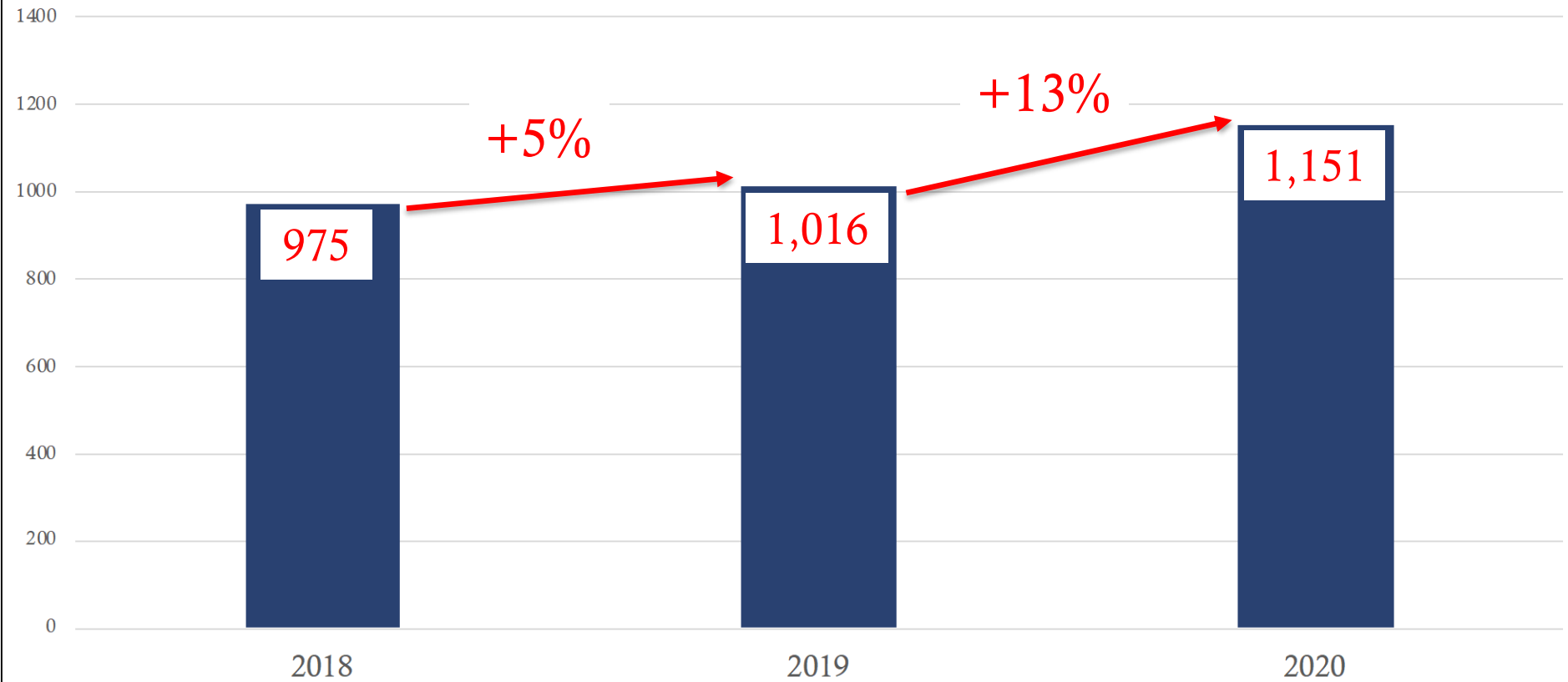
New Construction Unit Sales

Southeast Region

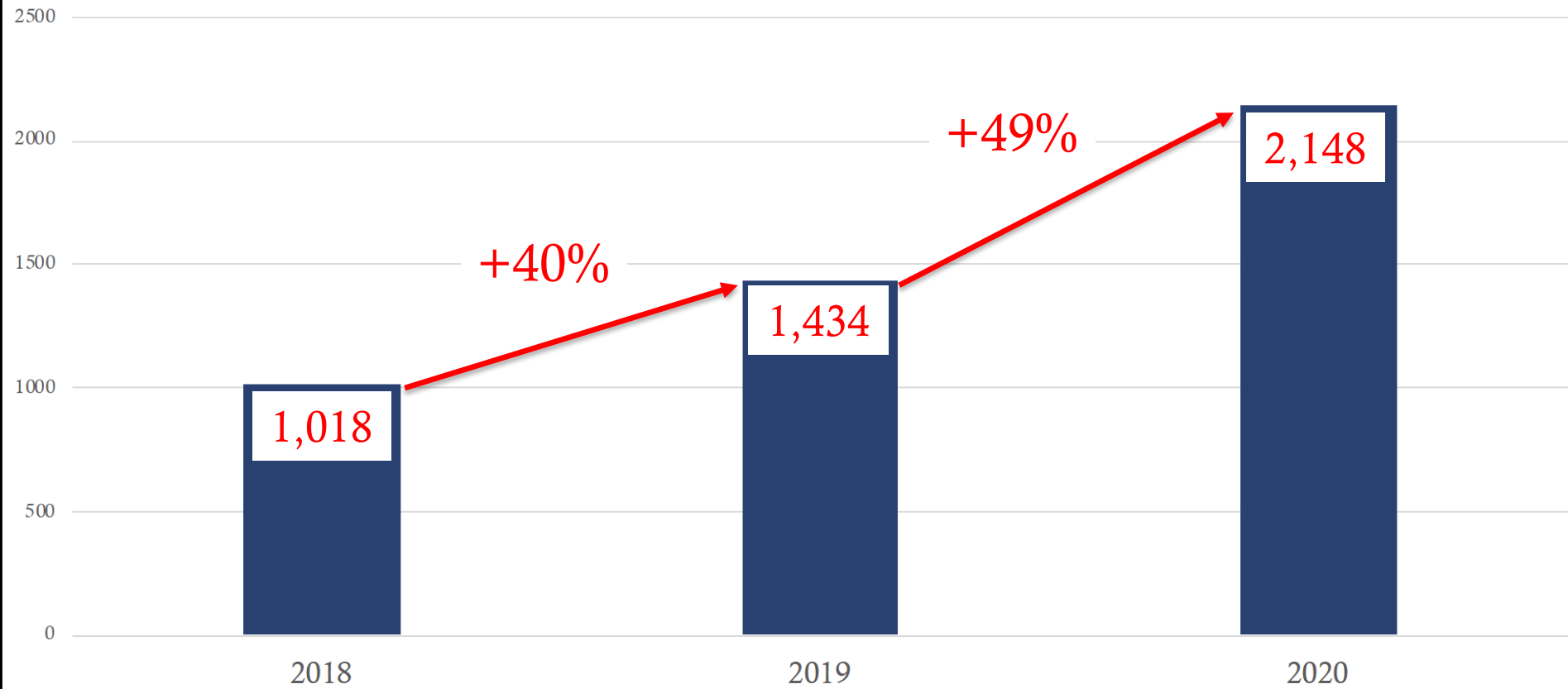


New Construction Unit Sales

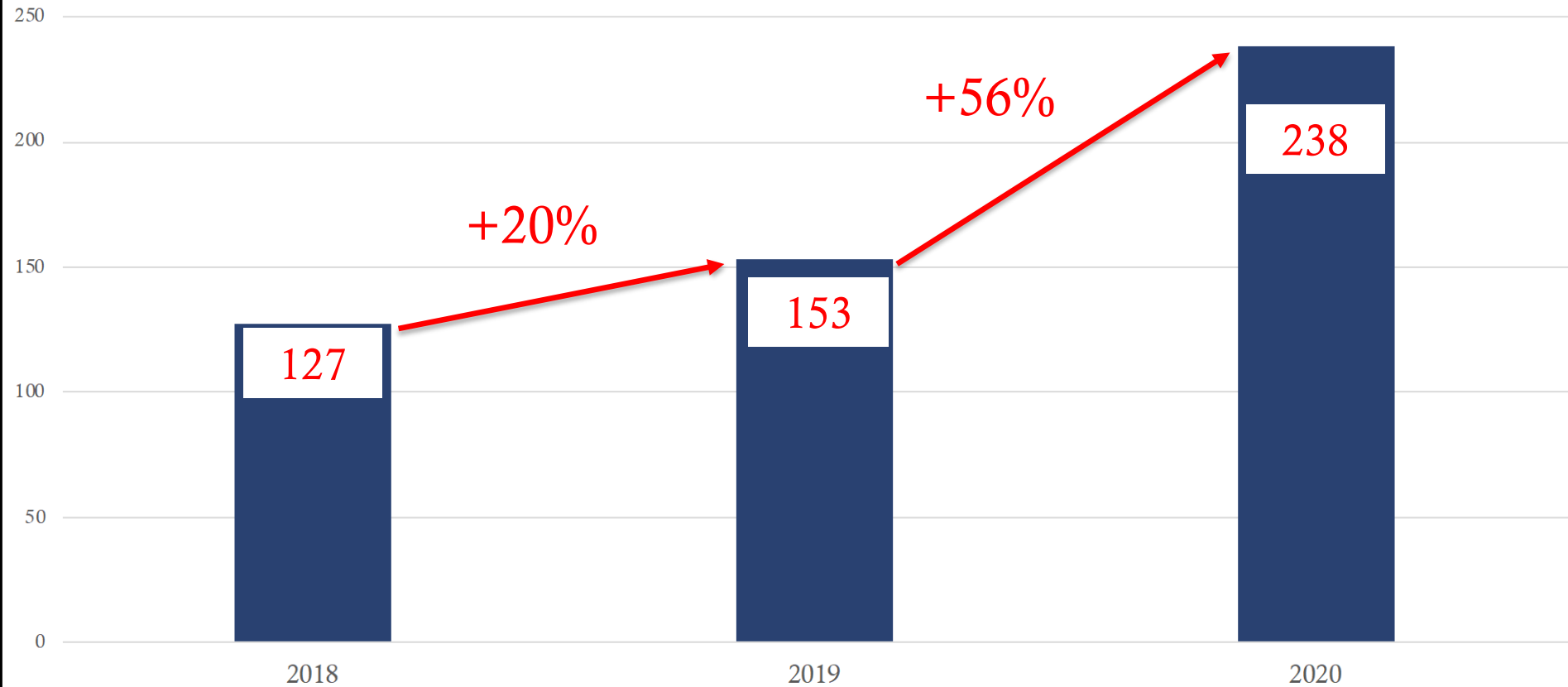
North Region



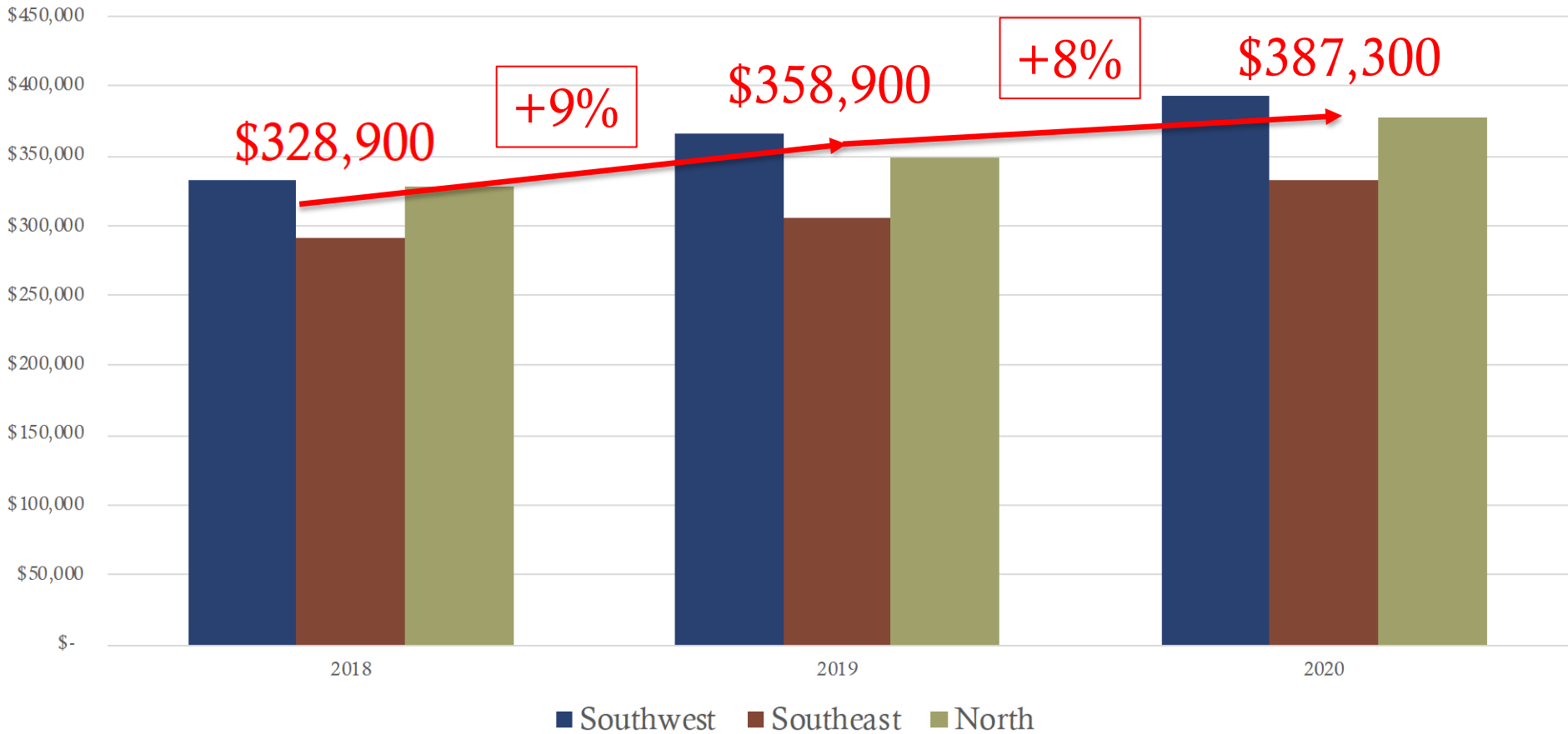
New Construction Sales Canyon County



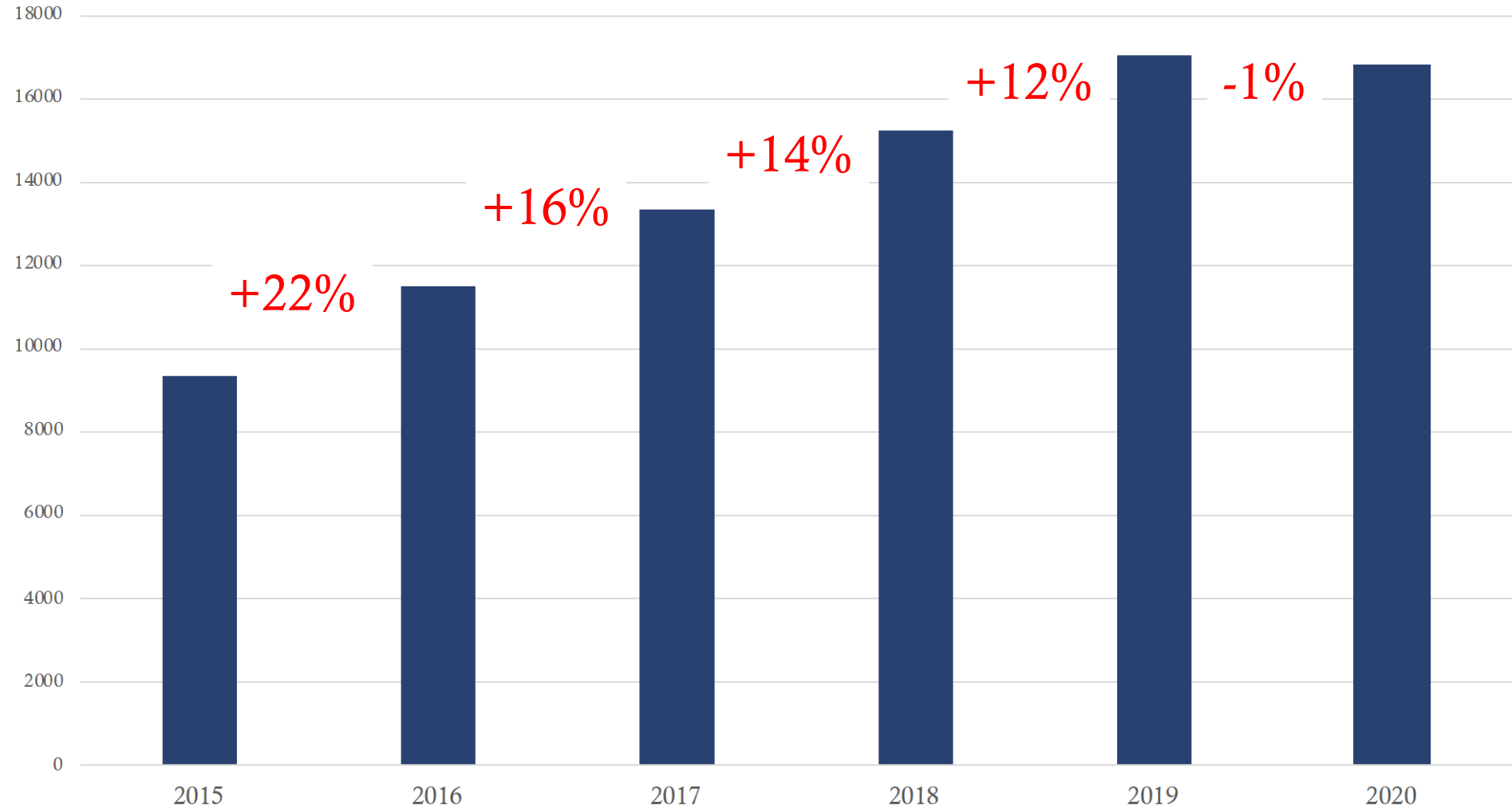
New Construction Sales Twin Falls County



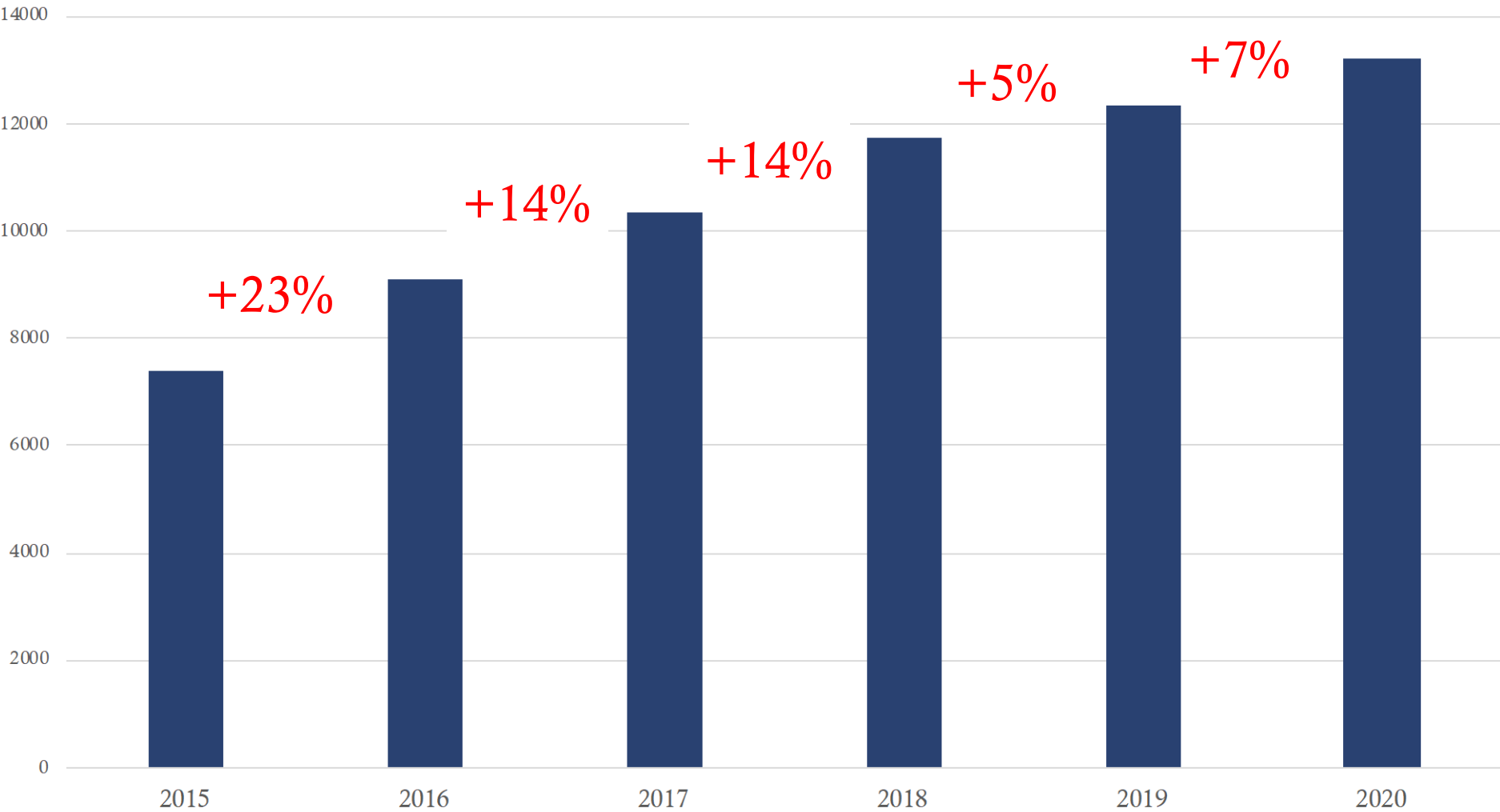
Median Sales Price of New Construction Idaho Homes by Region



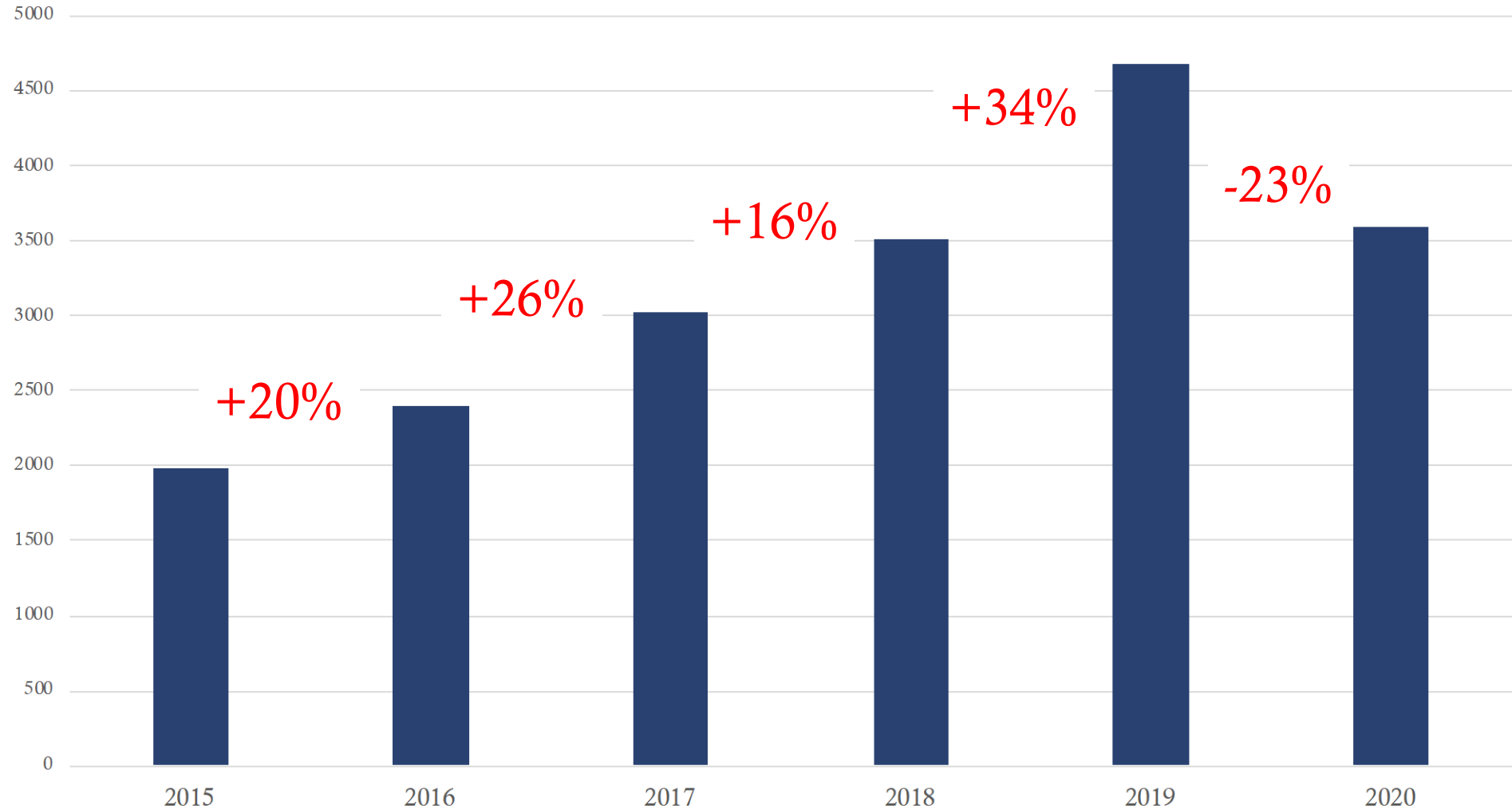
Total Building Permits Issued in Idaho



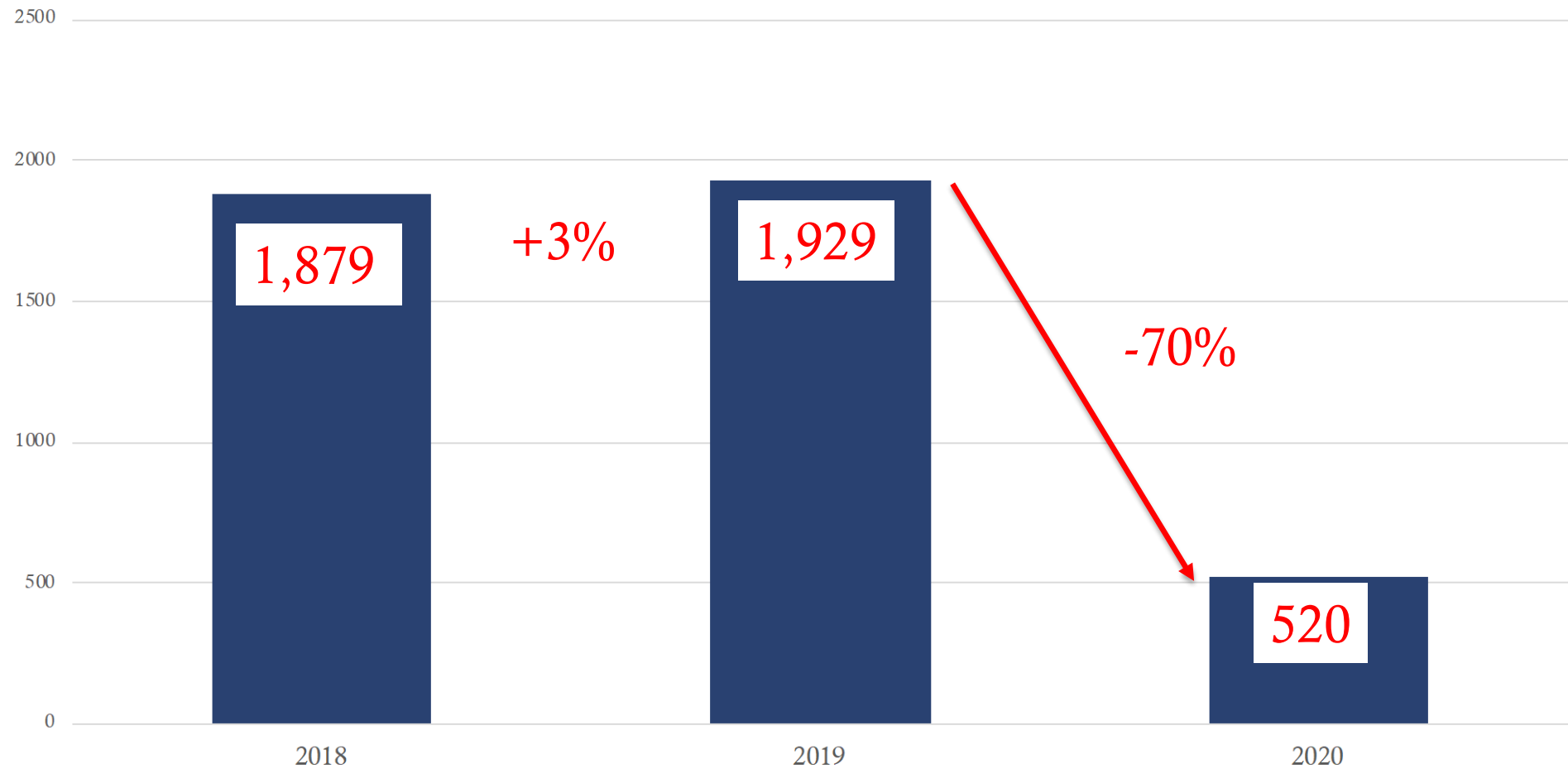
Single Family Building Permits: Idaho



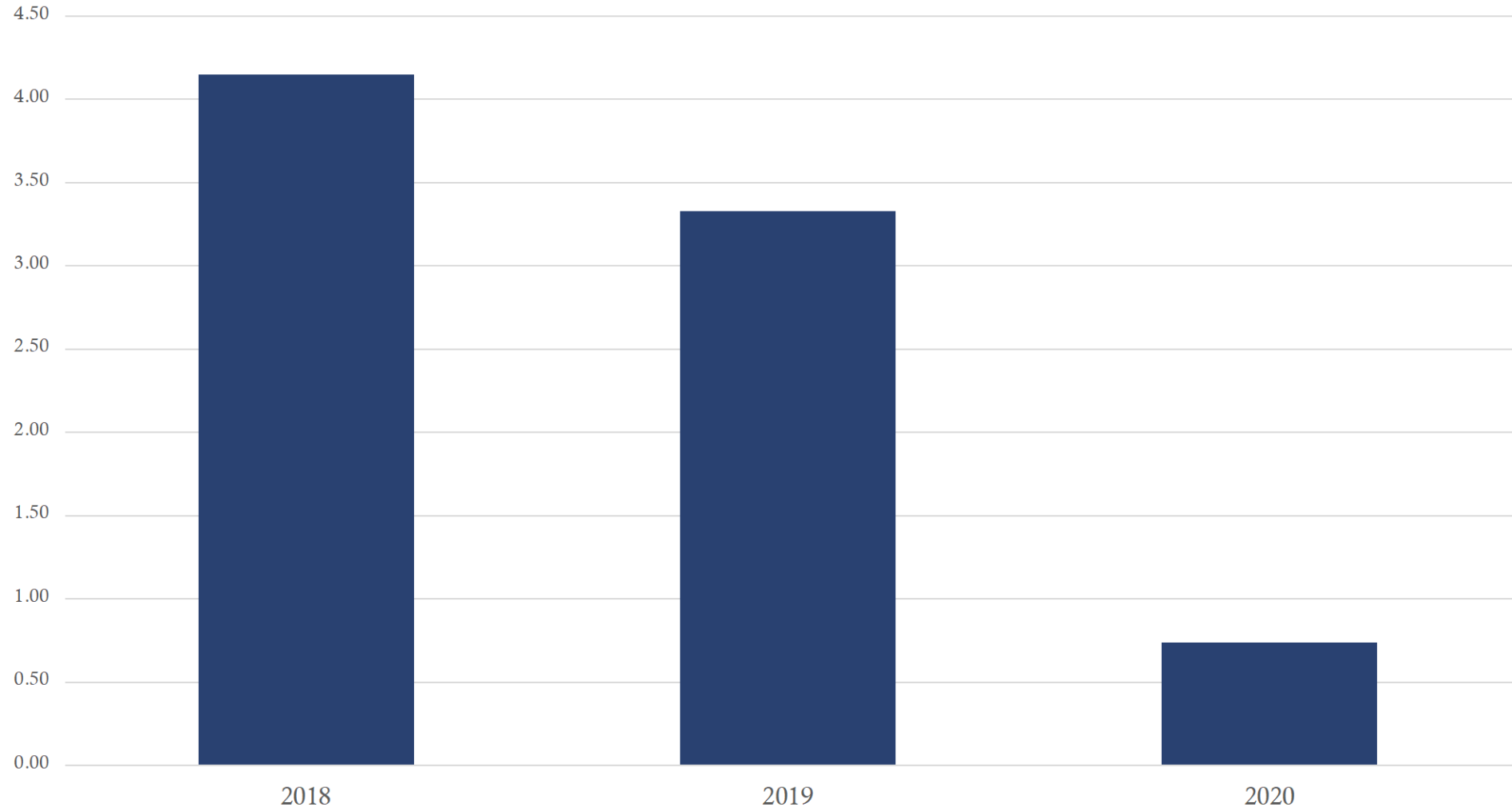
Multi-Family Building Permits Issued: Idaho



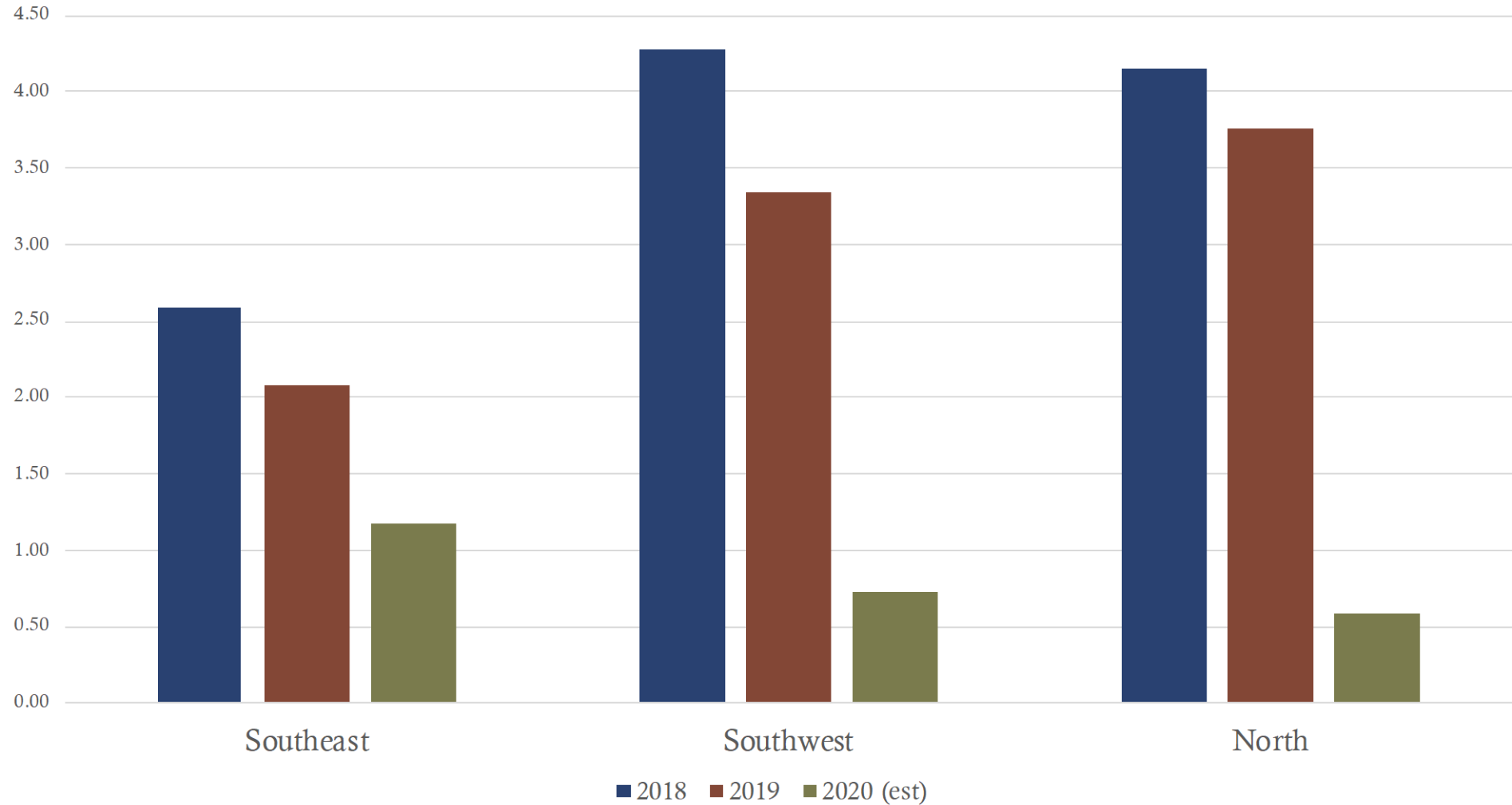
Total Idaho New Construction December Inventory



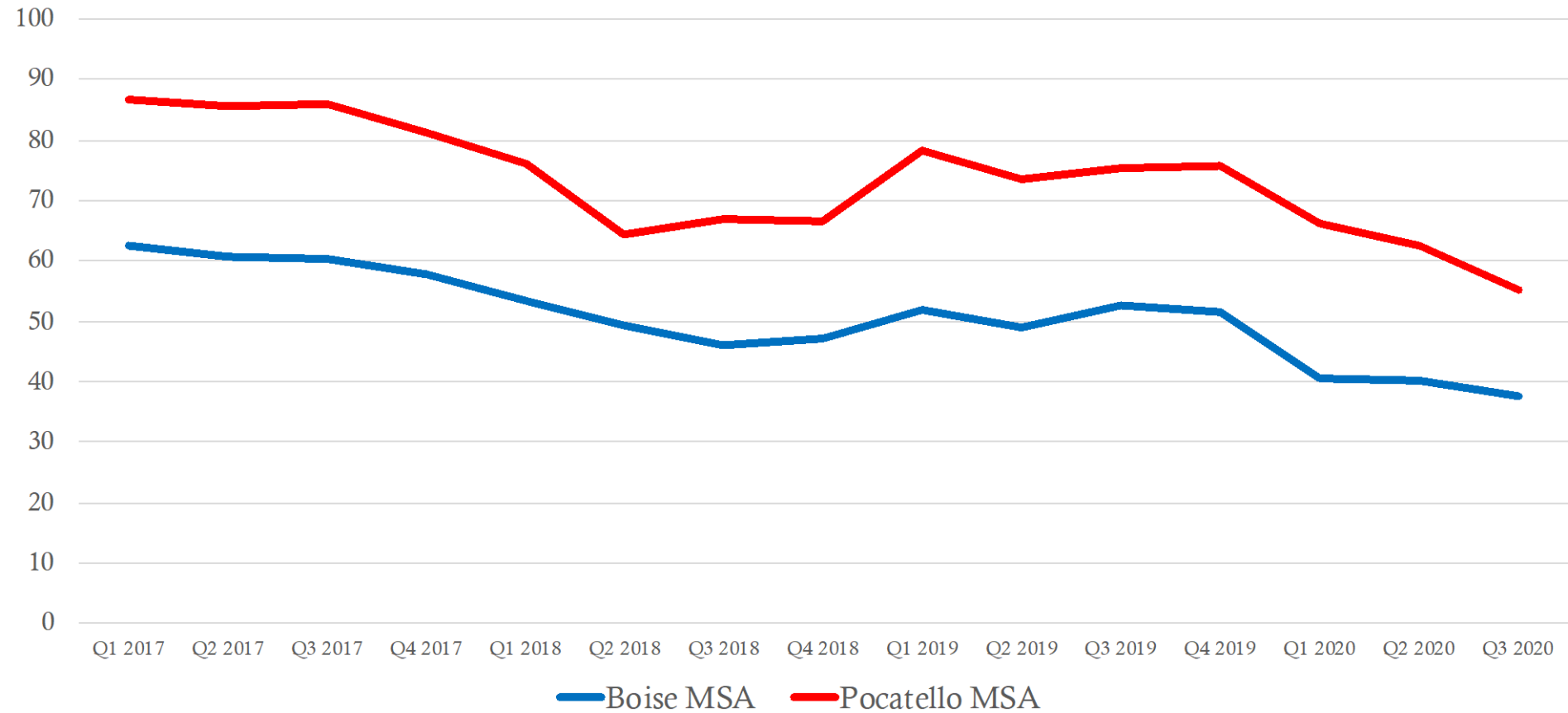
Months Supply Inventory Idaho



Months Supply Inventory by Region



Idaho Housing Opportunity Index (affordability)



Source: National Association of Home Builders November 2020

ADA Housing Summary

2020 New SF Construction

- **Sales:** UP 9% (vs. 12% last yr)
- **Price:** UP 9% (vs. 7% last yr)
- **Permits:** UP 5% (vs. 7.5% last yr)
- **Inventory:** DOWN 70% = VERY LOW
- **Distressed Inv:** VERY LOW
- **Months Supply:** DOWN
- **Affordability:** FLAT / DOWN

IDAHO Housing Summary

2020 New SF Construction

- **Sales:** UP 22% (vs. 8% last yr)
- **Price:** UP 8% (vs. 9% last yr)
- **Permits:** UP 7% (vs. 5% last yr)
- **Inventory:** DOWN 70% = VERY LOW
- **Months Supply:** DOWN
- **Affordability:** FLAT / DOWN

Single-Family New Construction Forecast

SF Housing Forecast



- ✓ 2020 Prediction: **Strong Sales but at a slower pace & more Price Resistance**
 - ✓ “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
 - ✓ Government Regulations - Local and National. Election Year
 - ✓ Trump Effect – Trade Wars, Impeachment

SF Housing Forecast



- ✓ 2021 Prediction: Sales, Price & Inventory = UP
 - ✓ Sales will continue to be strong
 - ✓ Less Price Resistance compared to 2020
 - ✓ New Home inventory may be lower in the short term, probably not the whole year

SF Housing Forecast



- ✓ 2021 Prediction: **Sales, Price & Inventory = UP**
 - ✓ Sales will continue to be strong
 - ✓ Less Price Resistance compared to 2020
 - ✓ New Home inventory may be lower in the short term not the whole year

- ✓ 2021 Wild Cards:
 1. **Resale Inventory**
 2. COVID Pandemic
 3. Interest Rates ... continue to stay low, but for how long?
 4. Government Regulations - Local and National
 5. Inventories (Homes and Lots) ... continue record low?
 6. Inflation: Building Material Costs, Labor, Land & Lot Prices
 7. Time Delays

More Trends & Impacts



- ✓ Price spread between New and Existing Homes
 - ✓ 2019 = 21% gap
 - ✓ 2020 = 5% gap = increase in new home demand
- ✓ Millennials and Boomers will dominate market
- ✓ Fewer homes on the market is the new normal
- ✓ Demand for homes: work/school at home
- ✓ Opposition to new housing will continue

Recent quotes in the news....



The Washington Post

Experts predict what the 2021 housing market will bring

Jan. 11, 2021

Strong housing market in 2021..... First-time buyers to face head winds

Recent quotes in the news....



National Association of Realtors

... the continued decline of housing affordability will limit future homeownership opportunities for younger adults if housing supply is not greatly increased Interest rates remain stable

Recent quotes in the news....



Realtor.com

It will be a robust sellers' market as home prices hit new highs and buyer competition remains strong ...

Inventory is expected to make a slow but steady comeback throughout the year

Recent quotes in the news....



Redfin

The landscape for home builders rising prices for existing homes
will drive more buyers to consider new-built homes

Recent quotes in the news....



Zillow

2021 will be a year unlike any other as the housing market responds to the challenges and changing preferences that emerged in 2020 ...
Sales growth will be highest in 40 years ... affordability challenges

Home price appreciation will reach its fastest pace since 2008, as the inventory crunch continues ... buyers competing for a scarce number of homes for sale

Recent quotes in the news....



National Association of Home Builders

Housing affordability will be the key challenge of 2021. Interest rates are expected to increase somewhat. Prices will rise even higher. Lumber prices are back to near mid-Sept. highs....Growing uncertainty regarding potential tax and regulatory policy changes

... concerns related to material costs and delivery times... and availability of land and lots is a challenge

Expect ongoing growth ...starts will be up more than sales ... due to strong sales in 2020



1-800-231-2310

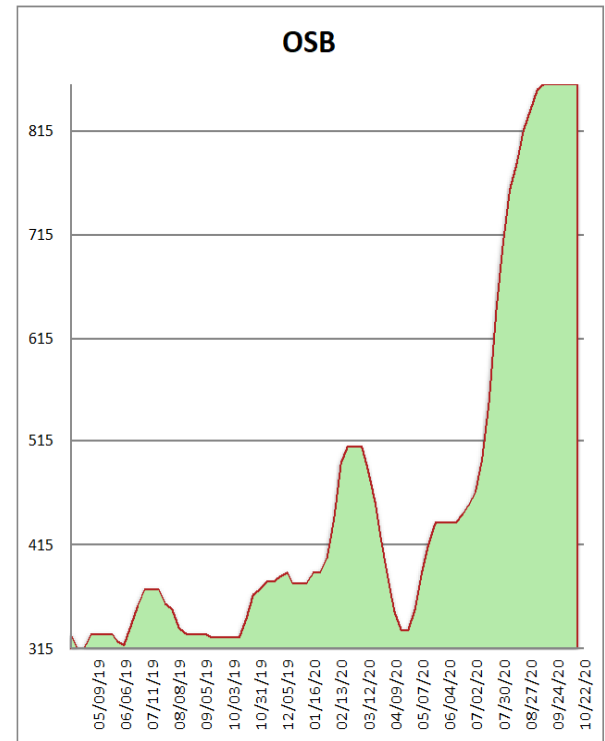
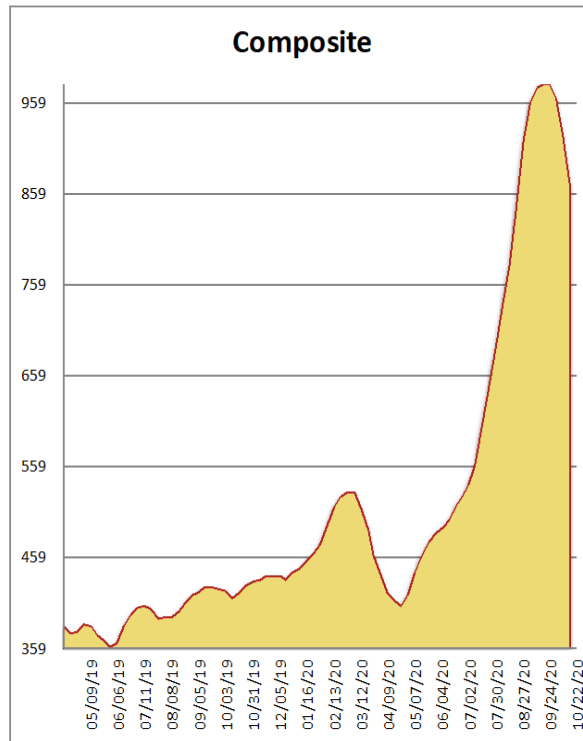
Rocky Mountain Framing Lumber Brief

10/22/20

All items are priced as a general market guide. Please call our sales office for specific quotes in your respective market.

	This Week	Weekly Change	Last Year
2X4 STD/BTR DF/L KD	935	-40	468
2X6 2/BTR DF/L KD	920	-45	515
2X10 2/BTR DF/L KD	865	-40	523
2X12 2/BTR DF/L KD	900	-35	625
2X4 92-5/8 DF/L KD	810	-110	305
2X4 104-5/8 DF/L KD	815	-105	360
2X6 104-5/8 DF/L KD	835	-130	375
4X8 7/16 OSB	750	0	212
4X8 23/32 OSB T&G	970	0	440
Composite Average	867	-56	425

Prices are F.O.B. mill, excluding freight



Recent quotes in the news....



Realtor.com: Boise a hot housing market in 2020

Boise landed No. 1 on the list

Recent quotes in the news....



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

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

Recent quotes in the news....



Realtor.com: Boise a hot housing market in **2021**

Boise landed No. **4** on the list

NAHB Local Housing Economic Impact Study

**for Ada County & Idaho
December 2020**

Economic Impact of Residential Construction

Direct Impact – 100 Single-family homes

- ∞ One-year impacts, including income earned during construction and ripple effect when that income is spent
 - ∞ \$28 million in local income
 - ∞ \$3.6 million in taxes, other revenue to local governments
 - ∞ 394 local jobs

Source: NAHB: “Local Impact of Homebuilding Numbers” April, 2015



Economic Direct Impact And One Year Ripple 2020 Assumptions

Ada County

# of SF Permits:	5,150
Median house price:	\$430,000
Permit/Impact fees:	\$15,200
Property Tax Levy rate	0.0115
Annual property taxes:	\$3,795

Economic Direct Impact And One Year Ripple 2020 Assumptions

Total Paid to local governments in Ada County

Total Permit & Impact Fees: \$78,280,000

1st Year Property Taxes \$9,770,000

Other Fees plus 1st year ripple est. \$97,350,000

TOTAL Taxes & Revenue \$185,400,000

Local Income: \$1.4 Billion & 20,290 Local Jobs

Note: Total Fees Paid = total permits x permit fees. Property Taxes = ½ of total permits x value (less owner exemption) x avg. levy

Economic Direct Impact And One Year Ripple 2020 Assumptions

IDAHO

# of SF Permits:	13,200
Median house price:	\$375,000
Permit/Impact fees:	\$9,000
Property Tax Levy rate:	0.0135
Annual property taxes:	\$3,700

Economic Direct Impact And One Year Ripple 2020 Assumptions

Total Paid to local governments in IDAHO

Total Permit & Impact Fees:	\$118,800,000
1 st Year Property Taxes	\$24,400,000
Other Fees plus 1 st year ripple est.	<u>\$200,000,000</u>
TOTAL Taxes & Revenue	\$343,200,000

Local Income: \$3.7 Billion & 52,000 Local Jobs

Note: Total Fees Paid = total permits x permit fees. Property Taxes = ½ of total permits x value (less owner exemption) x avg. levy

Cost of Regulation



Cost of regulations imposed by government at all levels account for **24%** of the price of a new home

- ☞ Three-fifths (14.6%) is cost of regulation imposed during lot development.
- ☞ Two-fifths (9.7%) is cost incurred by builder after purchasing the lot.
 - ☞ Zoning, plan approval processes, permits, hook-up fees, impact fees, building codes, stormwater permits, etc.

Source: NAHB “Government Regulation in the Price of a New Home” May, 2016



Top Regulatory Issues Addressed by BCA in 2020



<u>Top BCA issues in 2020</u>	<u>Est. Savings / home</u>
1. COVID: Home Building is an essential business	???
2. Positive PR Campaign	???
3. SUEZ Water CIAC Fee	\$700 - 2,500
4. Kuna City Open Space	\$750
5. Star Sewer & Water growth limits (80% rule)	\$500

Current Local Regulatory Issues



1. Legislative Issues: Monitoring
 - Property Taxes, Impact Fees, Contractor Licensing
2. IDEQ: IPDES (Permit for Storm Water Erosion Control)
 - State Historical Preservation Office (SHPO)
3. Several Local Cities and Counties changing zoning codes
4. Positive Public Relations Outreach

Top Regulatory Issues

Estimated Savings in 2019 - 2020



\$16,000 per home

- ✓ For every **\$1,000 increase** in home = **737** Idahoans priced out of the housing market

QUESTIONS?

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Email: dyorgason6@gmail.com



DATA SOURCES

LOCAL HOUSING REPORT – YEAR END 2020

- Intermountain MLS, Webb Charts, National Association of Realtors

LOCAL HOUSING ECONOMIC IMPACT – DEC. 2020

- Building Costs & Sales Price: Local Builders, Developers & IMLS
- Permits: Ada County and Cities, other BCAs
- 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), NAHB
- 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