

# IDAHO REAL ESTATE PERSPECTIVE

## A DEVELOPER'S VIEW

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# **1. HOUSING BUBBLE OR CORRECTION ?**

# A. NATIONAL MEDIA

## Valley housing market still sluggish

October sales were 41% below October 2005, and prices were down 6%

ARTICLE PUBLISHED OCT 6, 2006

### 'Flat' home prices expected in Idaho

Construction industry job growth could shrink, but report sees state doing better than many areas of the U.S.

### Median prices of homes post record decline

Associated Press  
Nov. 28, 2006 08:09 AM



### Construction of housing falls to lowest rate since '00

Martin Grutsinger  
Associated Press  
Nov. 18, 2006 12:00 AM

### Growth of home prices across nation takes steep plunge

Sept. 6, 2006 12:00 AM

### Housing fall likely to be felt broadly

Alex Frangos  
Wall Street Journal  
Oct. 28, 2006 12:00 AM

# ***Boise Metro vs. Phoenix***

## **Moody's Economy.com**

- **Uneven U.S. correction, not collapse**
- **Idaho housing values flat in 2007**
- **Phoenix prices bottom out late spring 2008 (9.3% drop)**

## **Median price increases:**

	<u><b>Boise</b></u>	<u><b>Phoenix</b></u>
<b>2004-2005</b>	<b>15.8%</b>	<b>47%</b>
<b>2005-2006</b>	<b>29%</b>	<b>6%</b>

## **2. THE OPPORTUNITY AHEAD**

# ***A. Unstoppable Trends***

- **US Population Growth**

**–1967-      200 Million**

**–2006-      300 Million**

**–2043- ?    400 Million**

**–3<sup>rd</sup> fastest growing country  
behind China, India**

# **Domestic Migration Over Four Decades**

- Northeasterners & Mideasterners → south & west**
- West Coasters → inland**
- Shift from largest urban area to quality of life communities**

## **2000-2004 Census**

**Florida, AZ, Nevada- attracted most**

**NY, CA, Illinois- lost most**

**18 of 25 largest metros lost population**

# Census Bureau Projections (2000-2030)

	<u>Total</u>	
– NV	4.3M	+ 114%
– AZ	10.7M	+ 108%
– UT	3.5M	+ 56%
– ID	2.0M	+ 52%
– WA	8.6M	+ 46%
– OR	4.8M	+ 41%

**National Average 29%**

# B. Boomers

- **Born 1946-64**
- **Leading edge turning 60. Peak year age-45**
- **78 million entering empty-nest years**
- **Ages 50+ control 70% of US wealth**
- **Not your father's lifestyle**
- **Will redefine markets**

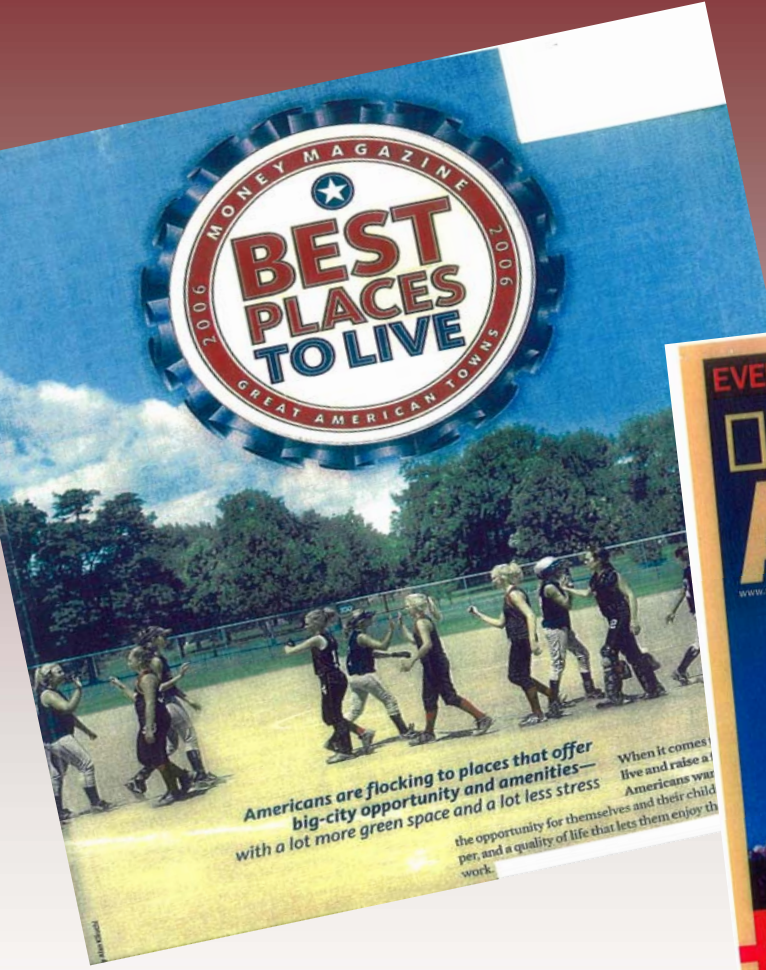
## **C. Connectivity “The World Is Flat” (Thomas Friedman)**

- Quality of life communities enhanced**
- Digital access equal to metros**
- Telecommuting**
  - business and personal choices**
  - Growing 15% /yr est.**
  - 51M workers, 14M from home full time  
(2008 projection)**

### **3. POSITIONING IDAHO**

**What Others Are Saying**





**8 Boise, Idaho**  
**POPULATION:** 193,200  
**TYPICAL SINGLE-FAMILY HOME:** \$215,000  
**EST. PROPERTY TAXES:** \$2,900  
**PROS** Outdoor sports; low unemployment; vibrant downtown  
**CONS** Climbing property taxes; sprawl

In Idaho's largest city, people prefer to ride their bikes to work. If commuters have to drive, the trip often takes less than 20 minutes. "There is a low hassle factor here," says Tom Hadzor, 42, owner of a local video production company. "You have more time to enjoy life." Boiseans have a lot to enjoy besides biking (and good potatoes): The city boasts 2,700 acres of green space and trails, with the foothills of the Rocky Mountains serving

106 August 2006 Money



# **Developer/Builder/Land Broker Insights**

## **Quality of Life Factors**

- **Scenic resources & public lands**
- **Recreation orientation**
- **Diverse job market/job creation leader**
- **Housing affordability**
- **Medical facilities**
- **Quality public education**
- **Medium size city**
- **Boise downtown**
- **BSU/cultural institutions**
- **Boise Airport-hassle free**

# Idaho

## Competitive Advantages

- **Strong in migration- equity refugees**
- **Quality of life aligned with Boomers**
- **Critical mass achieved**
- **2<sup>nd</sup> home potential & strong retirement market**
- **Reasonable commutes**
- **Water availability**
- **Western property rights tradition**
- **Shorter entitlement process**
- **No growth boundaries**
- **Emerging market not dominated by nationals**
- **Business growth vs. capped home markets**

# Reasons for Concern

- **Market maturity for some products**
- **Uncertain volume for nationals**
- **Capacity of trades**
- **Thin job market, especially hi-tech**
- **Infrastructure financing**
- **Too much land in play vs. demand**
- **Market timing-last one buying**
- **Market correction in “home” market**

# **4. Idaho Real Estate Challenges**

## **Clash of Ideologies**

- Growth Acceptance vs. Denial**
- Rural vs. Urban**
- Property Rights vs. Growth Management**
- Newcomers vs. Long Time Residents**
- Opinions vs. Choices with Consequences**
- Homegrown Solutions but, only Living at Home**

# 5. TOSTITOS FIESTA BOWL

- Showcasing Idaho
- National & Regional Media
- Primetime National Audience

