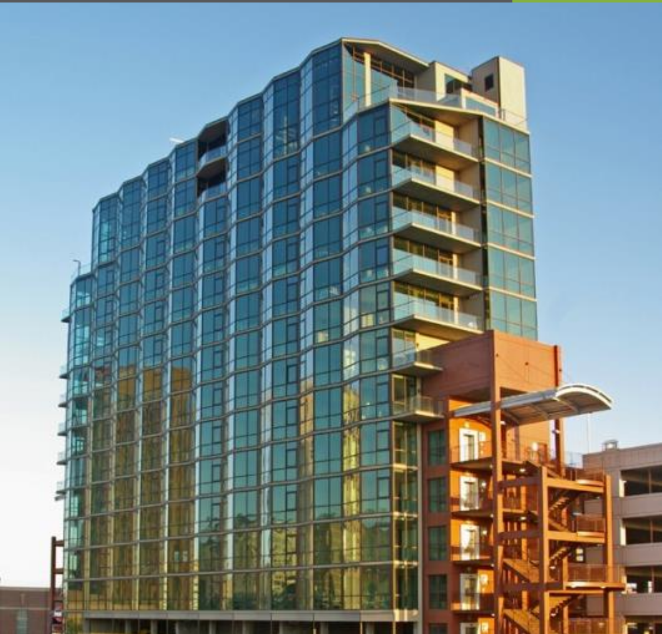


Downtown Boise Housing Market Analysis & Strategy

PREPARED FOR:

Urban Land Institute Idaho

PREPARED BY:

LELAND CONSULTING GROUP
People Places Prosperity

ECONorthwest
ECONOMICS • FINANCE • PLANNING

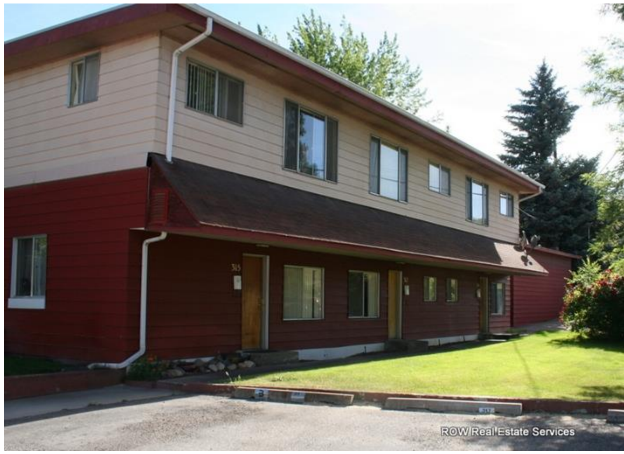
May 2015

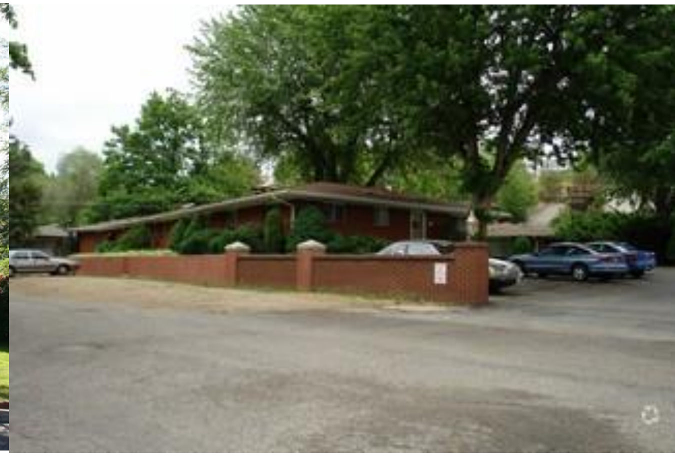
Research Goals

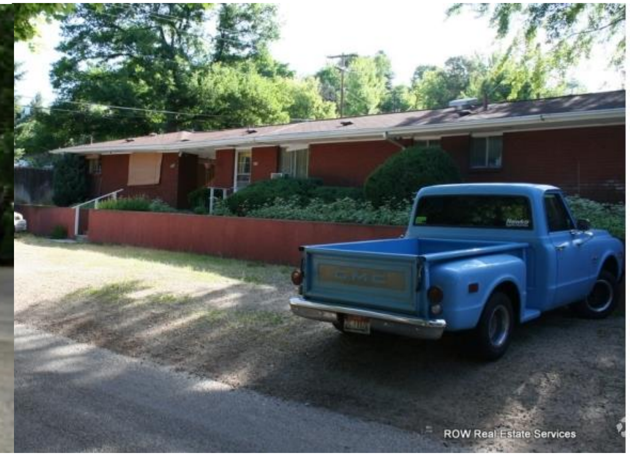
- Understand the depth of the market
- Estimate achievable rents
- Identify best practices
- Recommend implementation strategies

Market Analysis: Achievable Rents

The problem: No good comps







- Older product
- Few unit amenities

Benchmarking Against Peer Cities

Very low vacancy

	MSA		Downtown	
	2013	5-Year Change (Basis Points)	2013	5-Year Change (Basis Points)
Boise	**2.9%**	**-4.80**	**1.1%**	**-5.40**
Spokane	3.5%	-4.00	2.1%	-
Reno	4.1%	-4.42	-	-
Chattanooga	4.6%	*-4.00	-	-
Colorado Springs	5.5%	-4.30	**6.8%	-6.50

* 3-Year Averge for Chattanooga

** Central Submarket covers areas outside the Downtown

Demand Drivers

- Low vacancy and rising rents
- Young population
- Strong income and education levels
- Significant downtown employment and low unemployment

	Median Age
Chattanooga MSA	40
Spokane	38
Reno MSA	37
Boise MSA	**35**
Colorado Springs MSA	34

	Median Income (2008-2012)	Per Capita Personal Income (2012)
Colorado Springs MSA	$57,549	$40,031
Reno MSA	$54,077	$43,371
U.S.	$53,046	$42,693
Boise MSA	**$50,619**	**$40,226**
Spokane MSA	$49,615	$36,990
Chattanooga MSA	$45,463	$39,276

	MSA		Downtown	
	Jobs	Unemployment Rate	Jobs	Share of MSA
Boise	**261,028**	**3.1%**	**33,526**	**12.8%**
Colorado Springs	228,138	4.7%	20,360	8.9%
Chattanooga	219,688	6.2%	29,369	13.4%
Spokane	213,356	6.7%	22,358	10.5%
Reno	188,208	6.1%	22,469	11.9%

Market Analysis: Predictive Model

- Model predicts the achievable rents based on:
  - Unit features
  - Building amenities
  - Neighborhood amenities
- Predicts rent for each building in sample (193 buildings) and for future development
- Primary goal: explain the highest percentage of the variance in rent (88%)
- Identify and measure the unit and building amenities that increase rental rates

Achievable Rents Findings

Unit Amenities

Variable	Impact on Price
Square Footage (per 100 additional square feet)	4% - 5%
2 Bathrooms (2-Bedroom units only)	15%
Fireplace (Not statistically significant)	
Washer and Dryer In Unit	3% - 6%

Achievable Rents Findings

Building Amenities

Variable	Impact on Price
Year Built or Renovated (Change for every 10 years more recent)	2%
Garage/Covered Parking (Not statistically significant)	2%
Clubhouse	0.5% - 4%
Pool or Spa	9% - 11%

Achievable Rents Findings

Neighborhood Amenities

Variable	Impact on Price
High End Grocery (Within 1 mile, not statistically significant)	3% - 4%
Coffee Shop (Within 0.5 mile, retail proxy)	2% - 4%
Proximity to Downtown (Least significant variable)	
School Quality (Elementary test score proficiency per 10% increase)	1% - 4%
Downtown Neighborhood Proxy (Census Block Group)	16% 1Bd; 3% 2Bd

Achievable Rents Findings

Forecasted Rent

1 Bedroom units (650 sf)

- **Rent range of $1,150-$1,260 ($1.75 to $1.95 per SF)**

2 Bedroom units (880 sf, 1.5 baths)

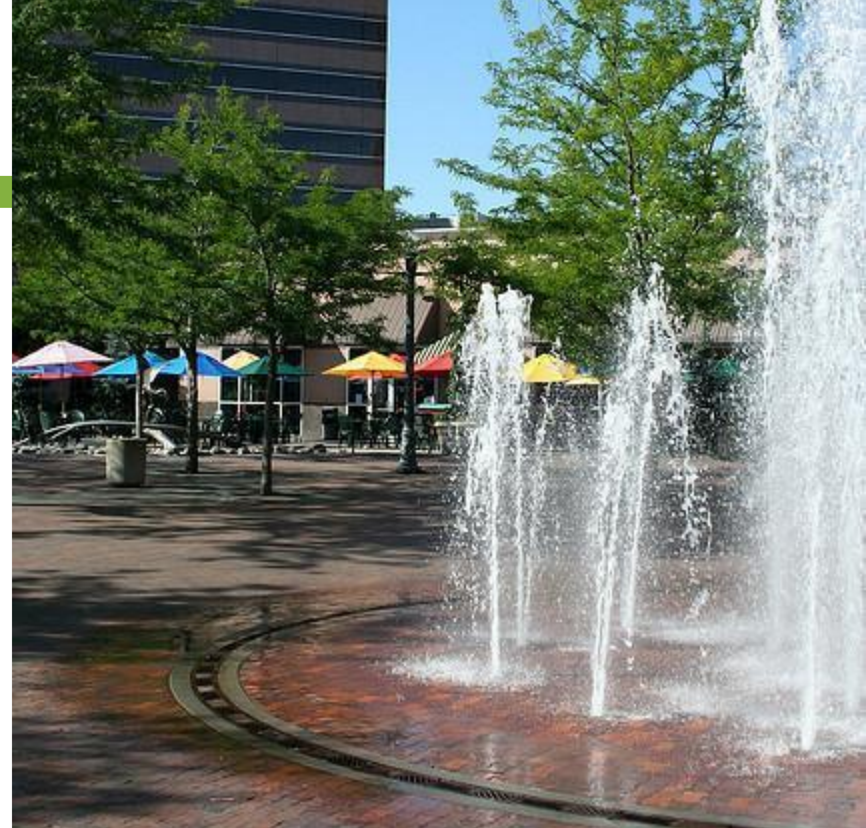
- **Rent of $1,500 ($1.70 per SF)**

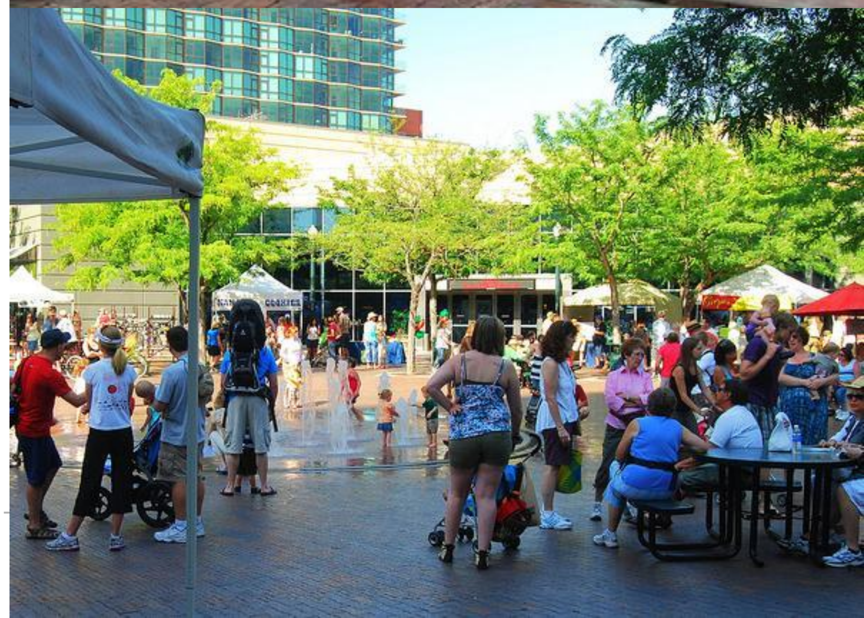
For a hypothetical building located downtown with:

- Garage or Covered Parking
- Clubhouse
- In-unit Washer and Dryer
- Spa

What does this mean for Boise?

- Supply problem, not a demand problem
- If you solve parking…new development is feasible
- Boise is doing a lot of the right things already
- Place making and amenities *do* make a difference
- Planning makes a difference






Thank you.
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