

Ada County Residential Income Property Trends and Market Analysis

By

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Analytical Purpose, Construct, and Limitations:

The purpose of this report is to give insight into the market price, rent, gross rent multiplier trends, and the general condition of the market for residential income properties of two to four units within the Ada County jurisdiction. This report analyzes data from the perspective of both historical sales data and current income property listing information to derive trends present in distressed market transactions, market price, rent rates, and corresponding changes in Gross Rent Multipliers (GRM) over time. Current market data and derived factors are stratified within this report by property dwelling categories and by location to show representation of market areas within this study, though typically GRM's do not fluctuate dramatically between market areas, as market price of these property types are driven by investor expectations of capitalization, given an expected stabilized income stream.

Data from this report includes sales and listing information as reported to the Intermountain Multiple Listing Service and to the Ada County Assessor's Office between the years 2004 and 2013. While every effort has been made to gather all transactions available for these property types, there is an inhibiting factor to market sampling for studies of this nature, as Idaho is a non-sales disclosure state. Therefore, this sample represents only the market sale prices and rental amounts reported by buyers, sellers, and their agents within the analytical timeframe.

Market Observations:

The market for Residential Income properties in Ada County has continued to improve over the past year, and many leading indicators are showing progression and strength in the market to come. Demand for rental properties has continued to remain high as many potential home buyers have been pushed into the rental markets as a result of economic constraints and enhanced lending standards stemming from the economic downturn of 2008. Conversely, supply of rental properties available for investor purchase has continued to decline in the past year as recovery in the local market progresses.

Market prices for income properties in Ada County have steadily increased over the past couple of years and have continued to gain momentum in the last year with market prices increasing by slightly over 1% per month throughout 2013. Market rents have increased correspondingly from 2012 to 2013, though at a slower rate than market price appreciation; therein, observed GRM's have increased correspondingly for each income property type sampled.

Distressed transactions in this market segment have dwindled over the past two years to a current level of below 5% of the total number of reported market transactions of income properties in Ada County. Current market of listings for residential income properties are indicating high sales to asking price ratios, median prices indicating a logical progression of price appreciation in the market, and an overall limited availability of properties being marketed for sale.

Overall, the market for residential income properties in Ada County bears many signs of strength. Leading indicators appear to be equally bright, though only time will tell whether these trends continue as there are many economic drivers and determinants influencing the overall health and well-being of this market.

List of Exhibits:

Exhibit A. Ada County Residential Income Property Market Trend Analysis

Exhibit B. Ada County Residential Income Property Gross Rent Multiplier Study 2013

Exhibit C. Ada County Residential Income Property Gross Rent Multiplier Statistics
Stratified by City/Area 2013

Exhibit D. Ada County Income Property Statistics: Active/Pending Listings

Exhibit E. Ada County Income Property Listing Counts by Year and Quarter 2004 – 2014

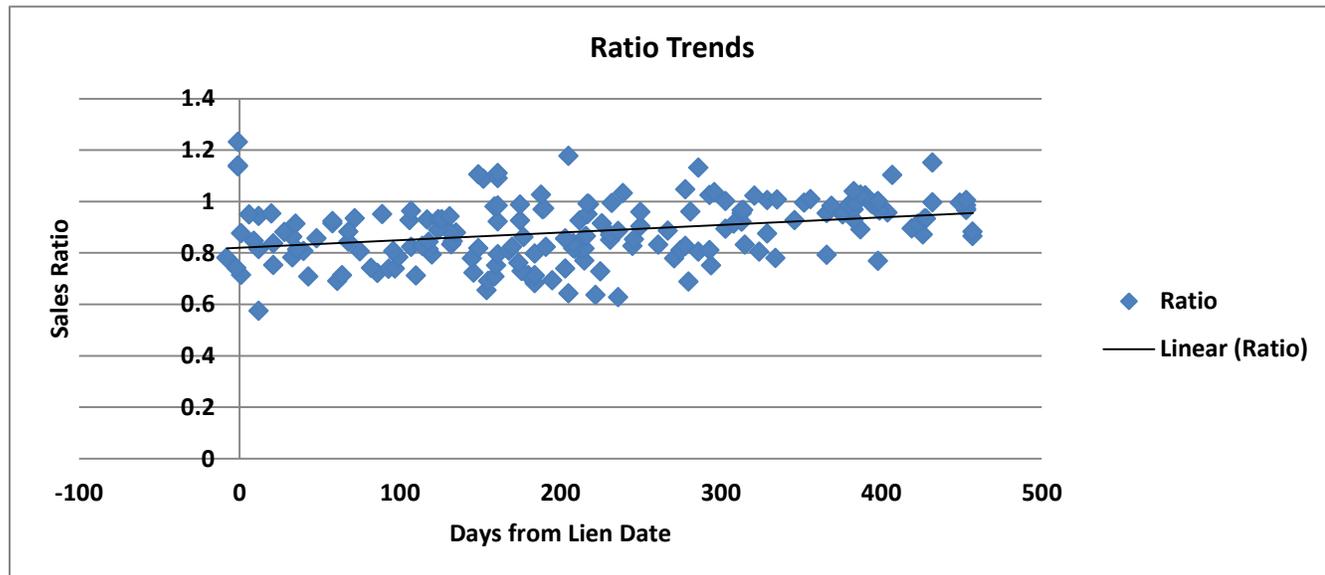
Exhibit F. Ada County Residential Income Property Distressed Sale Rates 2013

Exhibit G. Ada County Residential Income Property Distressed Sale Rates 2012 – 2013

Exhibit H. Ada County Income Property Trends 2004 – 2013

Ada County Residential Income Property Ratio Time Trend Analysis 2013

Current Lien Date	1/1/2014		
Regression Statistics			
Slope Y	0.000296483	0.819963412	Y-Intercept
St Err Slope	6.52346E-05	0.016355302	St Err Intercept
R^2	0.101926271	0.113544031	St Err Y Est.
F Stat	20.65596701	182	Deg. Freedom
Reg. S of S	0.266301829	2.34638896	Resid. S. of S.



Deg. Freedom	182
T Stat	4.544883608
Y-Intercept	0.819963412
Slope	0.000296483
Market Adj./Day	0.0362%
Market Adj./Year	13.20%
Market Adj./Month	1.10%

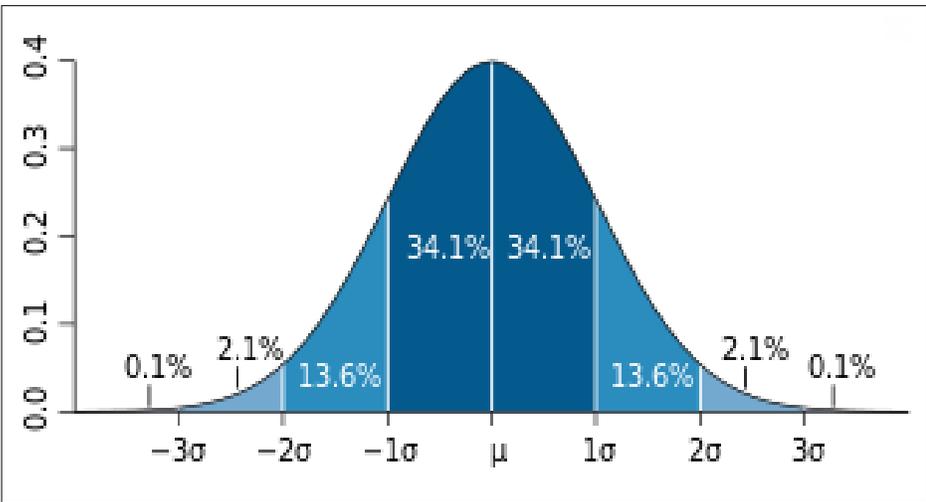
<u>Sig F. P-Value</u>
0.00000999503279
<u>Sig F. Confidence Level</u>
100.00%

Students T Test for Correlation (Time of Sale/Sale Ratio) Confidence Level		
Hypothesis Test Results: Time Adj. Correlation Confidence Level	T-Stat	Deg. Freedom
	4.544883608	182
	Sig T (P-Value)	Confidence Level (1 - P-Value)
	9.99503E-06	100.00%

Confidence Interval Data For Time Adjustment		
80% Confidence Interval Data		
	Slope	Intercept
	6.16318E-06	0.001545204
High	0.000302647	0.821508615
Low	0.00029032	0.818418208
T.A. Yr. High	13.50%	
T.A. Yr. Low	12.90%	
T.A./ Month High	1.12%	
T.A./ Month Low	1.07%	

90% Confidence Interval Data		
	Slope	Intercept
	7.91036E-06	0.001983248
High	0.000304394	0.821946659
Low	0.000288573	0.817980164
TA Yr. High	13.58%	
TA Yr. Low	12.81%	
T.A./ Month High	1.13%	
T.A./ Month Low	1.07%	

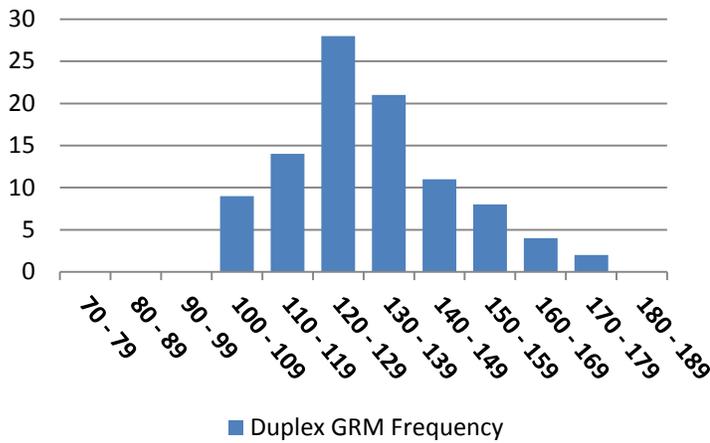
Time Adjustment Estimates Based on Approximate Normal Distribution of Error Terms				
	1 Std. Error High	1 Std. Error Low	2 Std. Error High	2 Std. Error Low
Slope	0.000361718	0.000231249	0.000426953	0.000166014
Intercept	0.836318714	0.803608109	0.852674016	0.787252807
Time Adj./Mo.	1.37%	0.84%	1.65%	0.59%
Assuming Approximately Normal Distribution	68% Population Estimate		95% Population Estimate	
	34%	-34%	47.5%	-47.5%



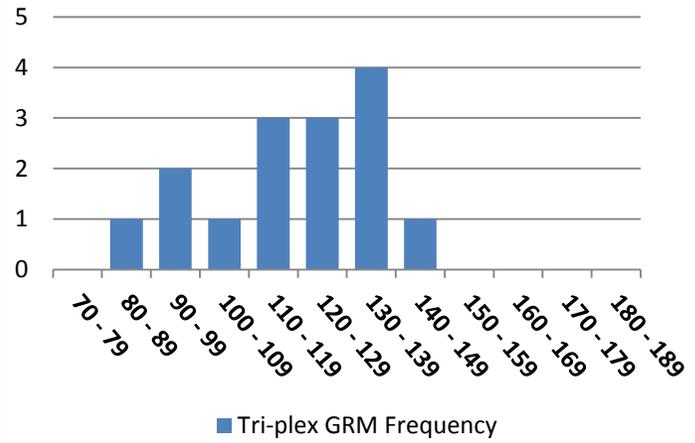
Ada County Residential Income Property Gross Rent Multiplier Statistics 2013

Type	Central Tendency Metrics		90 % Confidence Interval Data Median		90% Confidence Interval Data Mean	
	Median Gross Rent Multiplier	Mean Gross Rent Multiplier	90% Confidence Interval Max.	90% Confidence Interval Min.	90% Confidence Interval Max.	90% Confidence Interval Min.
Duplex	119	121	121	116	124	119
Tri-Plex	110	109	118	103	112	107
Four-Plex	112	113	114	109	115	110

Duplex Gross Rent Multiplier Frequency



Tri-plex Gross Rent Multiplier Frequency



Four-Plex Gross Rent Multiplier Frequency

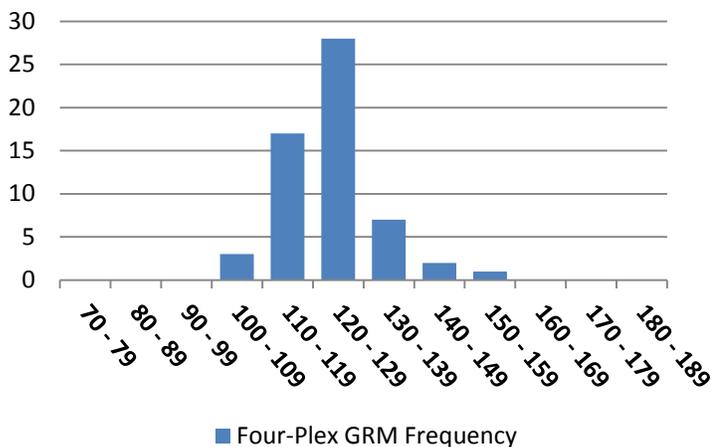


Exhibit C. Ada County Residential Income Property Gross Rent Multiplier Statistics Stratified by City/Area

Type	Median Gross Rent Multiplier	Mean Gross Rent Multiplier
Boise-Garden City Duplex	119	121
Meridan-W. Ada Duplex	117	117
Boise-Garden City Tri-Plex	110	110
Meridan-W. Ada Tri-Plex	108	108
Boise-Garden City Four-Plex	112	113
Meridan-W. Ada Four-Plex	111	111
Low Sample Size		

Exhibit D. Ada County Income Property Statistics: Active/Pending Listings

Ada County Residential Income Property Active Listing Market Statistics					
Design	Asking/ Sale Price Ratio	Current Active Listings Count.	Median Asking Price	Median Rent/Unit	Median Gross Rent Multiplier
Duplex	97.48%	67	\$189,900	\$763	129
Tri-Plex	97.28%	3	\$265,000	\$542	148
Four-Plex	98.90%	23	\$329,900	\$644	126
Low Sample Size					

Exhibit E. Ada County Income Property Listing Counts by Year and Quarter 2004 - 2014

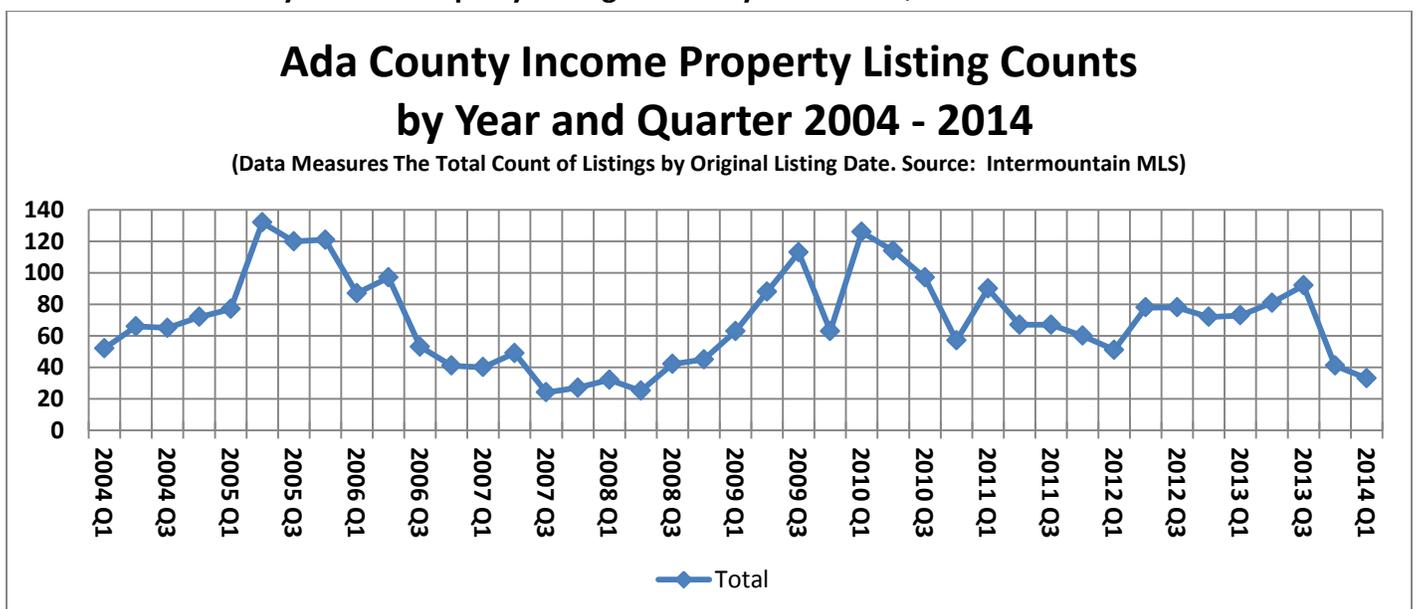


Exhibit F. Ada County Residential Income Property Distressed Sale Rates 2013

Ada County Residential Income Property Distressed Sale Rates 2013						
Design Type	Year/Quarter	Distressed	Non Distressed	Grand Total	% Distressed	
Duplex	2013 Q1	1	17	18	5.56%	
	2013 Q2	1	27	28	3.57%	
	2013 Q3	3	33	36	8.33%	
	2013 Q4	1	22	23	4.35%	
	2013 Total	6	99	105	5.71%	
Tri-Plex	2013 Q1	0	1	1	0.00%	
	2013 Q2	0	3	3	0.00%	
	2013 Q3	0	5	5	0.00%	
	2013 Q4	0	5	5	0.00%	
	2013 Total	0	14	14	0.00%	
Four-Plex	2013 Q1	0	16	16	0.00%	
	2013 Q2	0	24	24	0.00%	
	2013 Q3	2	17	19	10.53%	
	2013 Q4	0	16	16	0.00%	
	2013 Total	2	73	75	2.67%	
Grand Total		8	186	194	4.12%	

Exhibit G. Ada County Residential Income Property Distressed Sale Rates 2012 - 2013

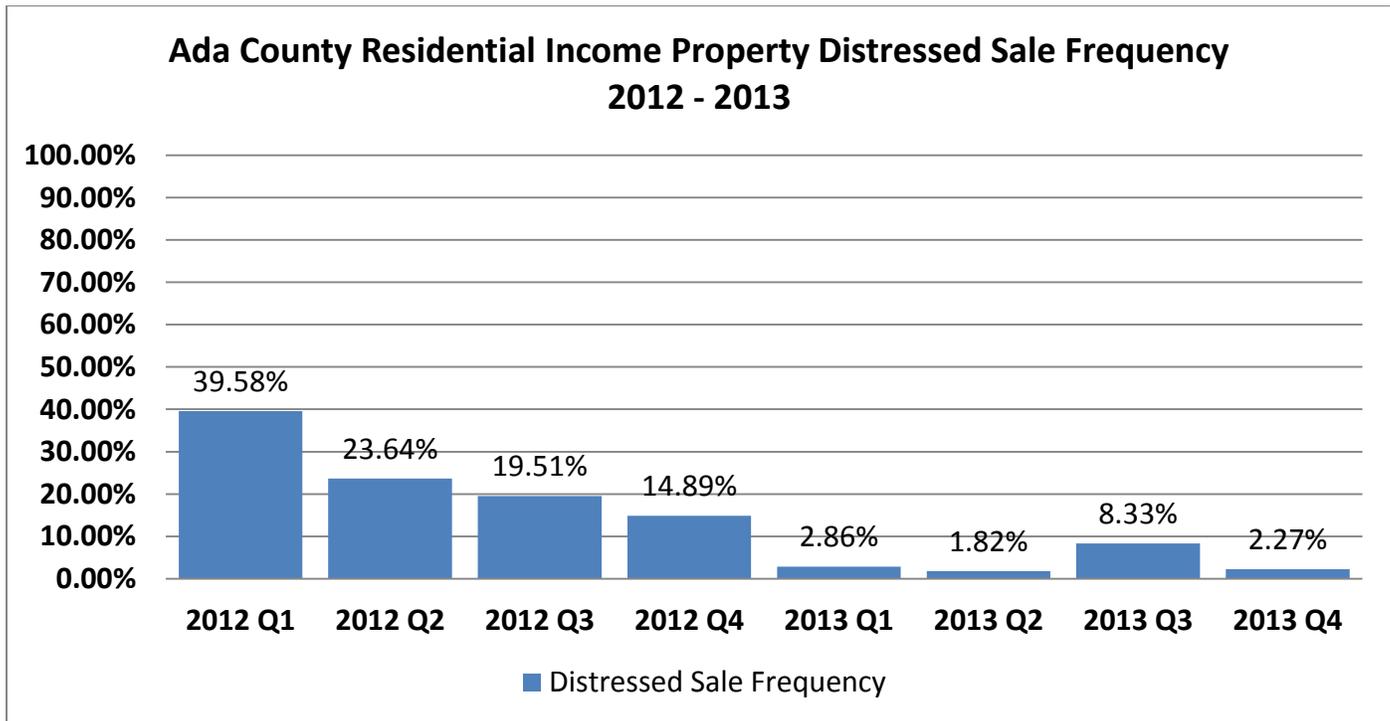
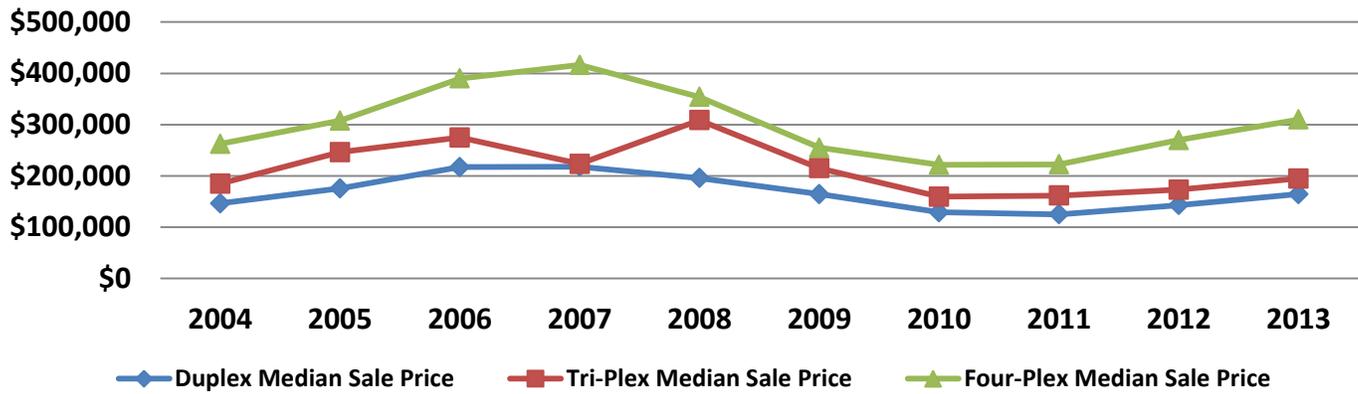


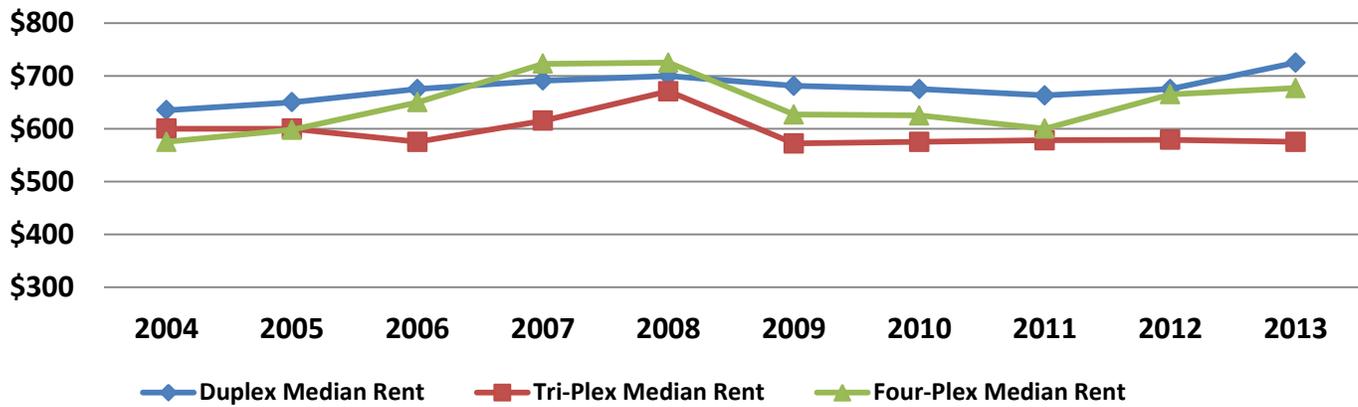
Exhibit H. Ada County Income Property Trends 2004 – 2013

Ada County Residential Income Property Median Price, Rent, and GRM Trends 2004 - 2013										
	Duplex			Tri-Plex			Low Sample Size	Four-Plex		
Year	Median Sale Price	Median Rent	Median GRM	Median Sale Price	Median Rent	Median GRM		Median Sale Price	Median Rent	Median GRM
2004	\$146,500	\$635	119	\$185,000	\$600	107		\$262,500	\$575	112
2005	\$175,500	\$650	139	\$246,450	\$600	129		\$307,725	\$598	134
2006	\$217,100	\$675	163	\$275,000	\$575	153		\$389,900	\$650	146
2007	\$218,250	\$691	160	\$223,500	\$615	126		\$416,450	\$723	143
2008	\$195,750	\$700	137	\$308,750	\$671	154		\$354,000	\$725	119
2009	\$164,500	\$681	117	\$215,000	\$572	92		\$255,000	\$627	101
2010	\$129,000	\$675	100	\$159,350	\$575	94		\$221,500	\$625	89
2011	\$125,000	\$663	100	\$161,750	\$578	96		\$222,450	\$600	87
2012	\$143,000	\$675	110	\$173,000	\$579	101		\$270,000	\$665	102
2013	\$164,500	\$725	119	\$195,000	\$575	110		\$310,000	\$677	112

Ada County Residential Income Property Median Sale Price Trends 2004 - 2013



Ada County Residential Income Property Income Per Unit 2004 - 2013



Ada County Residential Income Property Median Gross Rent Multiplier Trends 2004 - 2013

