

ULI – Trends in Housing

Boise, Idaho

March 2013



LOCAL
CONSTRUCT

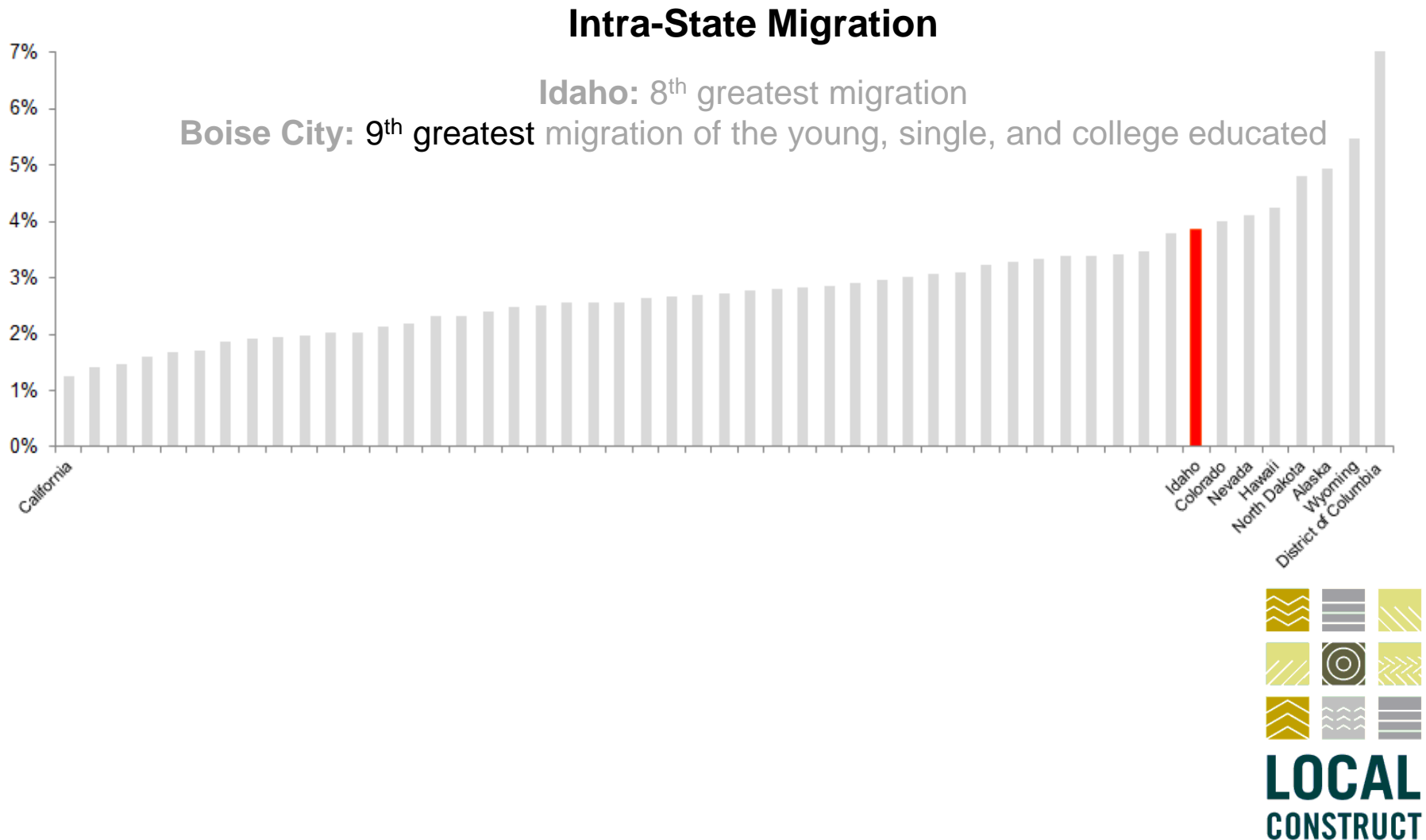
Retrofitting the urban core for a sustainable future

Overview of LocalConstruct

- Infill residential developer
- Active in CA, CO & ID
- Focus on MFR and urban for sale SFR

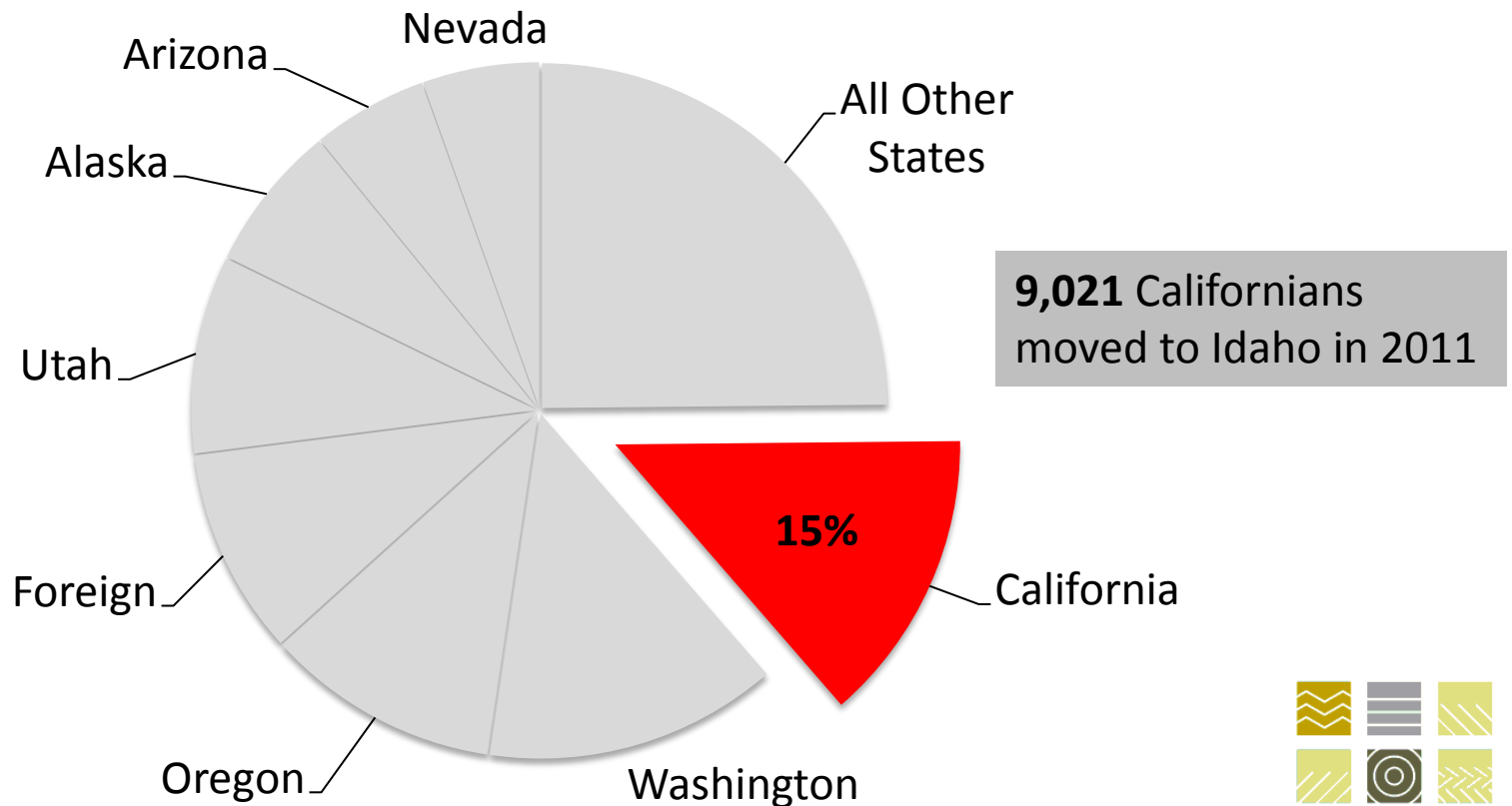


People from other states seem to like Idaho



Especially Californians

State to State Migration to Idaho - 2011



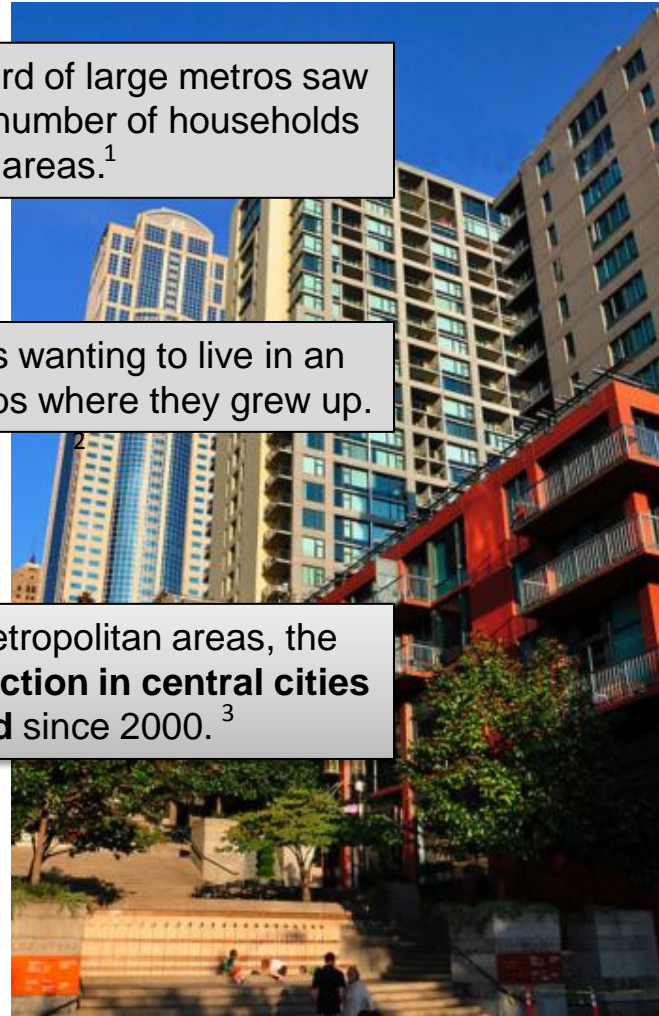
Secular trend = changing housing choices



During the 2000s, about a third of large metros saw **double-digit growth** in the number of households living in core areas.¹

77% of generation Y reports wanting to live in an **urban core**, not in the suburbs where they grew up.

In 52% of the 50 largest metropolitan areas, the share of **residential construction in central cities** more than doubled since 2000.³



**LOCAL
CONSTRUCT**

Urbanization driven by demographic change



More Singles



Diverse Families



**Empty Nesters
Baby Boomers**

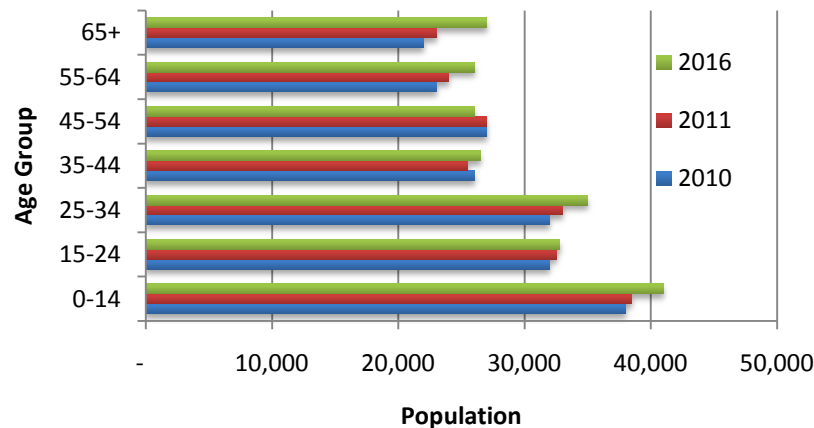


**Childless
Couples**

Boise experiencing many of the same trends

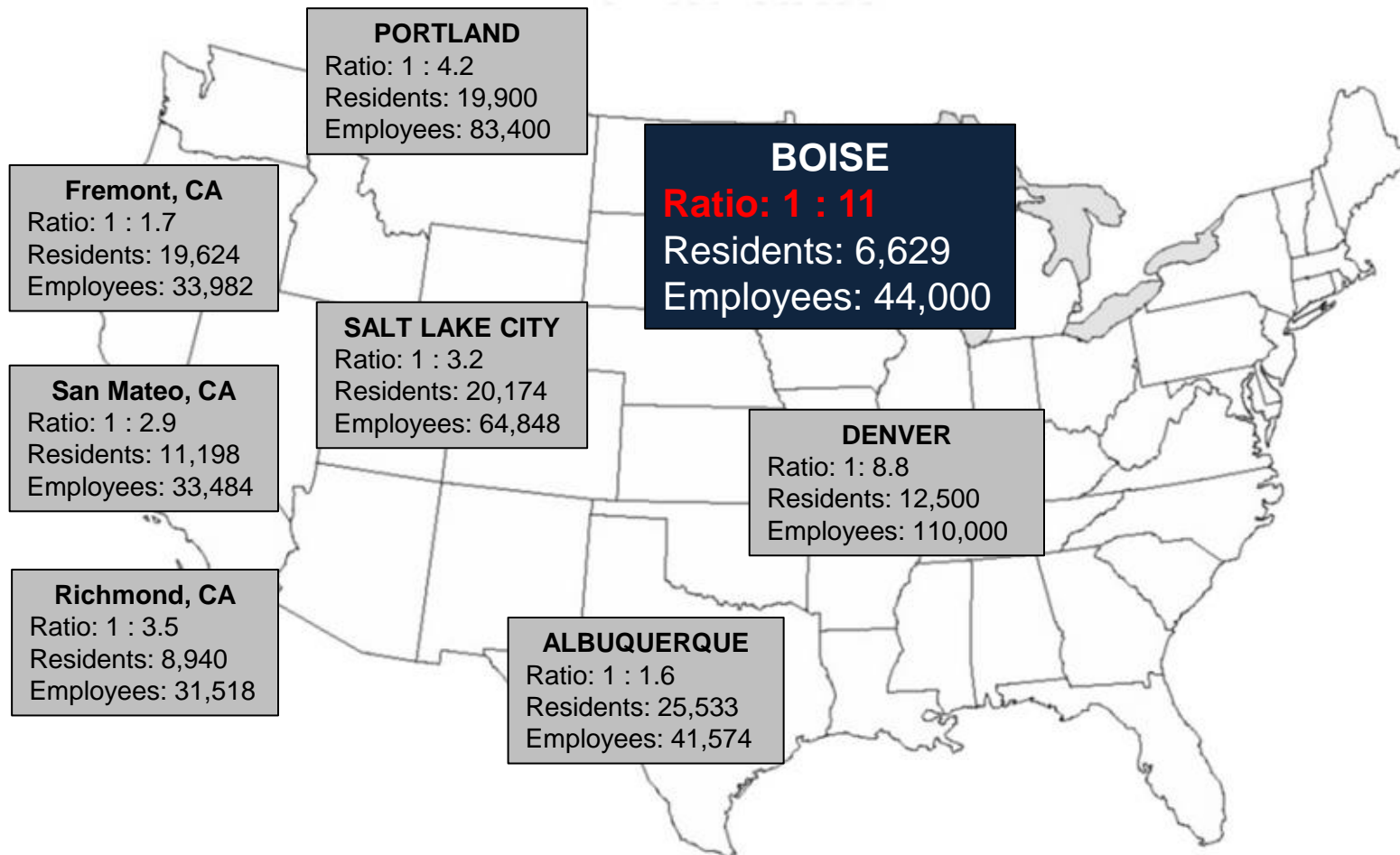
- Seniors & retirees fastest growing age group in Boise
- Idaho fertility rate decreasing for young couples
- Only 12% of BSU students housed on campus
- Multiracial composition of downtown grew by 135% since 2010

Seniors and Retirees Are Fastest Growing Group in Boise



The exception: urban housing

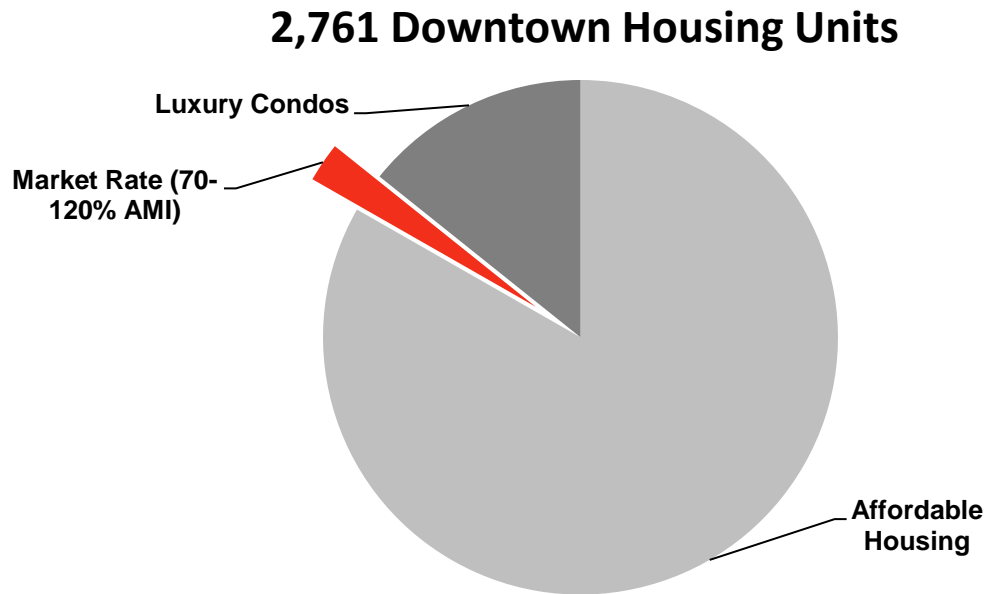
- Downtown Boise has one of the lowest resident/employee ratios in the US



Sources: 1. Boise CCDC Custom Statistics 2. "Boise Downtown Housing Analysis" CCDC, 2003
3. Apartment Realty Advisors Market Report 3Q, 2012

Affordable units dominate housing stock

- Government subsidies facilitated growth of affordable housing stock
- Luxury condos viewed as profitable in the housing bubble



Boise City
Monthly Market Rate Rents
70% AMI Rent: \$821
120% AMI Rent: \$1,400



Is there a lack of demand for urban housing?

- Qualitative & quantitative studies have historically estimated strong unmet demand

“Dissatisfied with having to commute to both work and play in Los Angeles, I fantasized about giving up the crowded city for a place with lower home prices, less traffic, and rapid access to the sports I love.” – Dan Koeppel, National Geographic



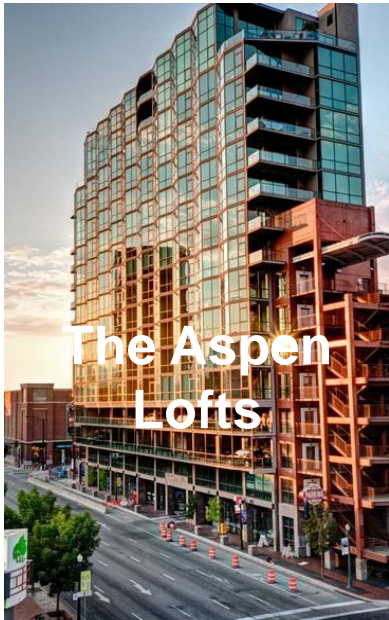
Estimated Demand for Downtown Boise Housing (units)	
Study 1	701
Study 2	668
Study 3	1,041
Study 4	1,219
Study 5	1,072

Average Estimated Downtown Demand: **940 Units**



New data points suggest demand exists

Condos turned
premium rentals



\$1.72+ PSF

Single family rentals proximate to
downtown indicate a pool of
downtown renters



Supply Limited

Data-driven retailers
selecting Downtown

WHOLE FOODS
MARKET



lululemon  athletica



LOCAL
CONSTRUCT

So why has nothing been built?

Cyclical, not secular trends:

- Market timed out prematurely
- Condos and affordable housing built instead
- No existing precedent

Infrastructural issues

- Existing building stock difficult to adapt to residential
- Higher density construction typologies more expensive

Opportunity abounds



LOCAL
CONSTRUCT