

Spokane-Kootenai Real Estate Market Forum

KOOTENAI/BONNER Residential Market Report

Presented By Lindsay Allen

2022



BUSINESS

Is California to blame for soaring home prices in Idaho and Utah?

By Katie McKellar | @KatieMcKellar1 | Jan 6, 2022, 9:34pm MST

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The western states of Utah and Idaho have been close contenders for top states in the nation for their raging housing markets.

The metro areas of Salt Lake City and Boise were recently ranked the No. 1 and No. 2 markets in the nation, respectively, by Realtor.com for their forecasted markets headed into 2022 based on predicted sales and price increases.

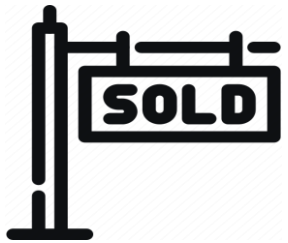
As those prices continue to soar — and as both states see in-migration adding to their



daho

NOT
SURE IF
YOU
HEARD
OR SAW
THE
NEWS...

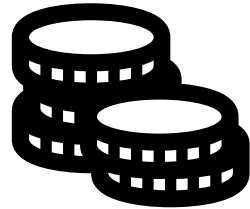
Kootenai/Bonner 2021 Highlights



3,934

↓ 5.7%

**TOTAL
HOMES
SOLD**



\$500,417

↑ 24%

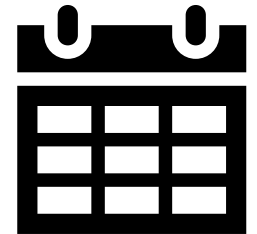
**MEDIAN SOLD
PRICE**



124

As of 2/11/22

**CURRENT
ACTIVE
LISTINGS**



76

↓ 17.4%

**DAYS ON
MARKET**

* Data provided by CDA MLS and may not reflect all real estate activity, Kootenai/Bonner Site Built < 2 Acres, new construction included

HOW DID WE GET HERE?



Population Growth



Underbuilding new homes, and fluctuating costs



Historically low mortgage interest rates



Restrictions in neighboring states



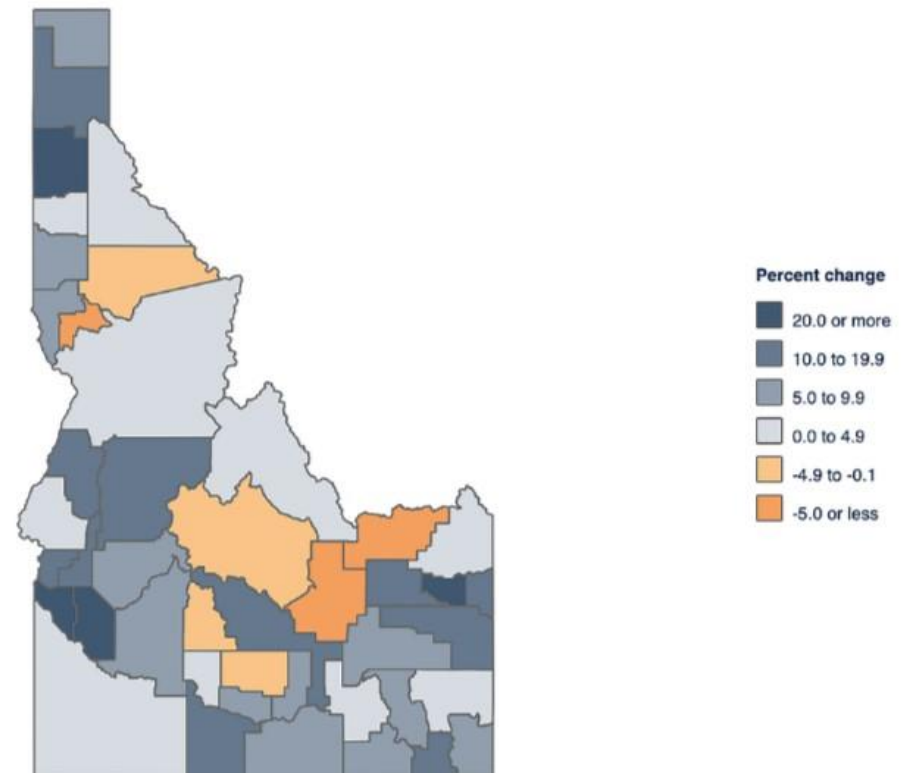
Already contracted inventory levels

ID Population BOOM

**23.7 %
Increase**

**Sandpoint alone saw a
population increase of 27%
in this same period**

Percent Change in Population for Idaho Counties:
2010–2020



* Data provide by US Census

Study shows we underbuilt over the past decade by 32,000 units

And a University of Idaho study recently concluded that 2,140 new housing units per year must be built to conservatively meet anticipated growth of Kootenai County by the year 2030 (21,397 units)



170%

**New Construction
Cost Increase**

Skilled labor shortages

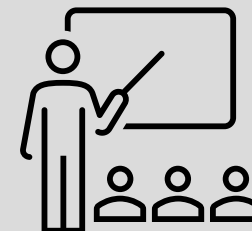
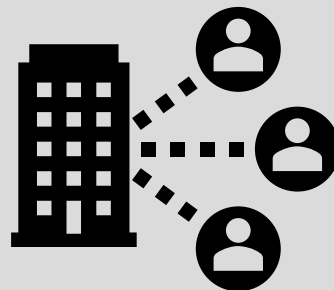
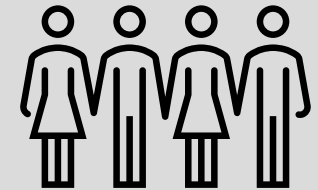
Supply chain disruption

Rising land costs

HISTORICALLY LOW INTEREST RATES

- The 30-year fixed rate fell to an all time low in January of 2021 (2.68%)
- Cash out refinance accounted for 41% of all refinances in 2021
- Sellers chose to remodel/update existing homes, and ended up staying put
- 2nd and vacation homeowners, as well as investors and builders all took advantage of the low cost to borrow money
- Low interest rates allowed many buyers to offset the increased cost of purchasing their next home

2021 Top Responses on Why Move to Idaho



Vacant Homes

13%

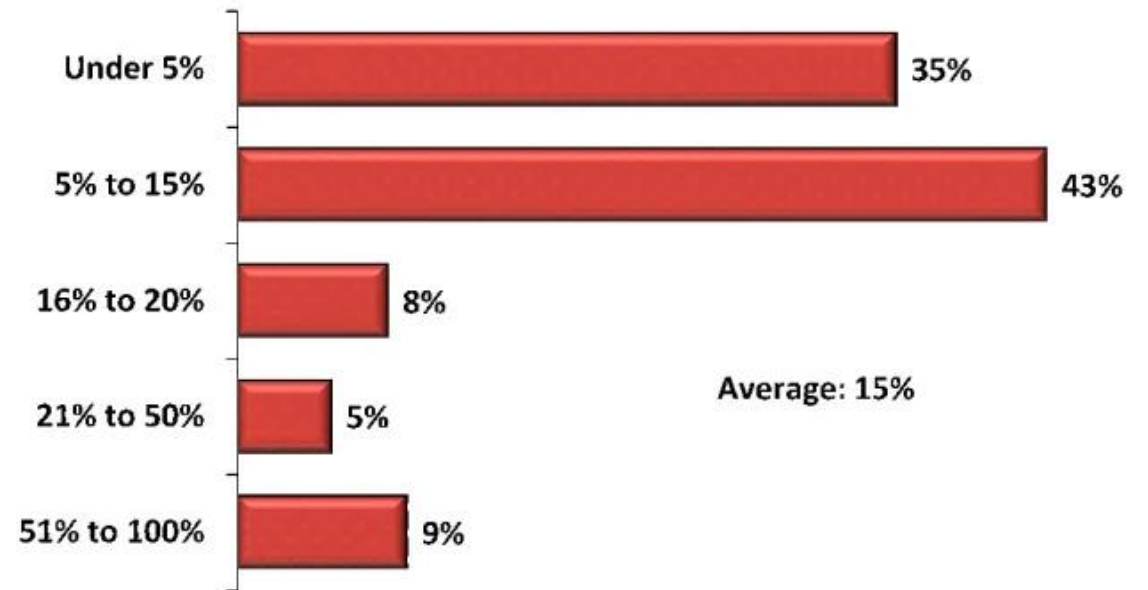
OR

9,700

2020 Census confirms that 74,620
housing units exist in Kootenai Co

**15% of new builds are
sold as a 2nd
home/investment
property**

Share of New Single-family Homes Sold as Second Homes
To Buyers who Are Not Going to Occupy the Home Year-Round
(Percent of Builders Weighted By 2020 Single-Family Starts)

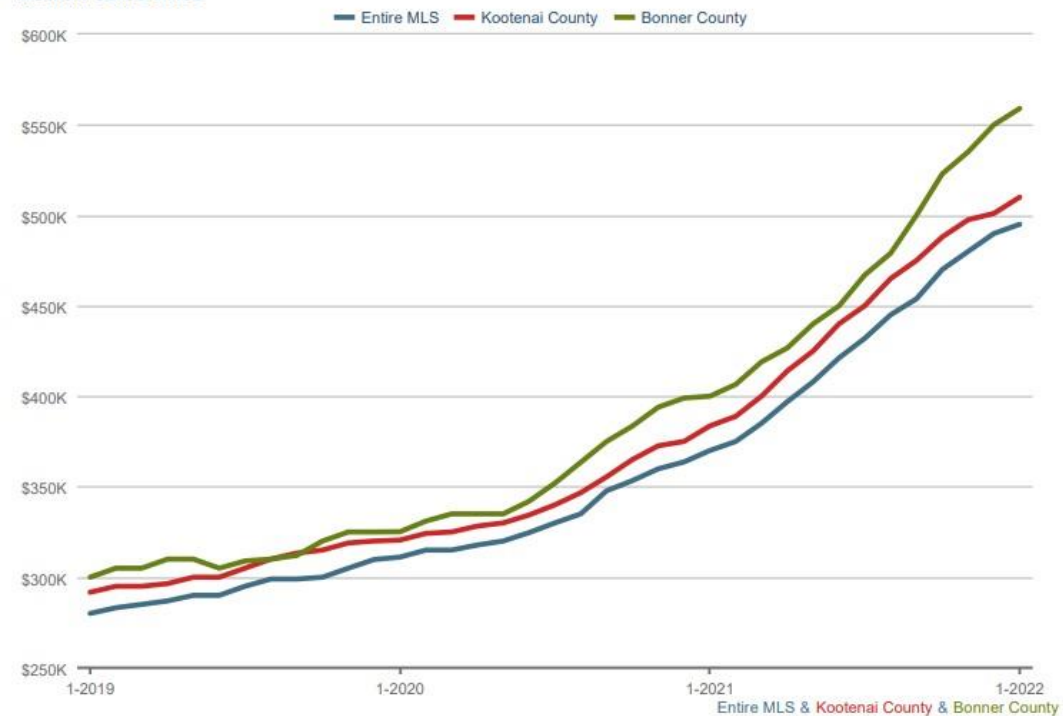


February 2021 survey for the NAHB/Wells Fargo Housing Market Index.
NAHB Economics and Housing Policy Group.

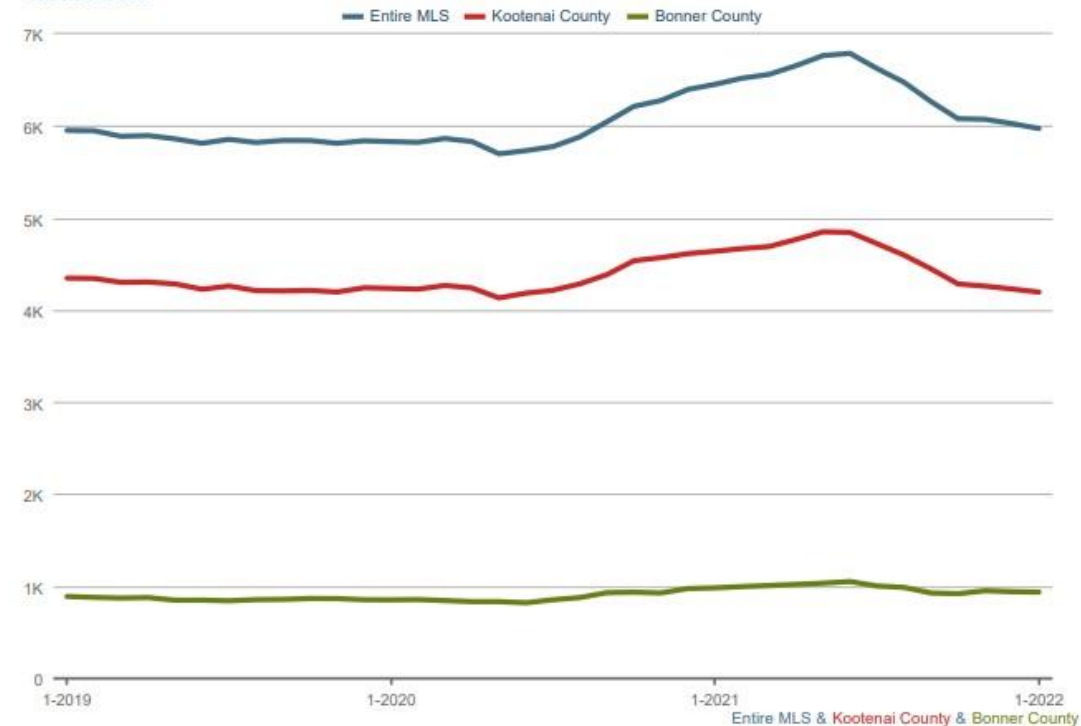
Trending

3 year rolling average

Median Sales Price



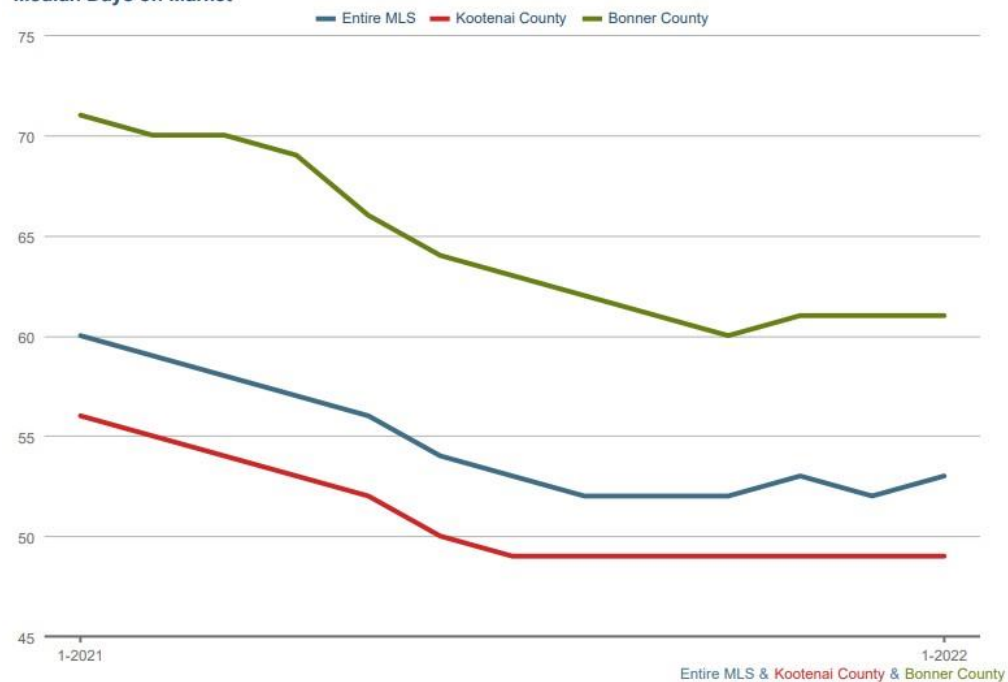
Closed Sales



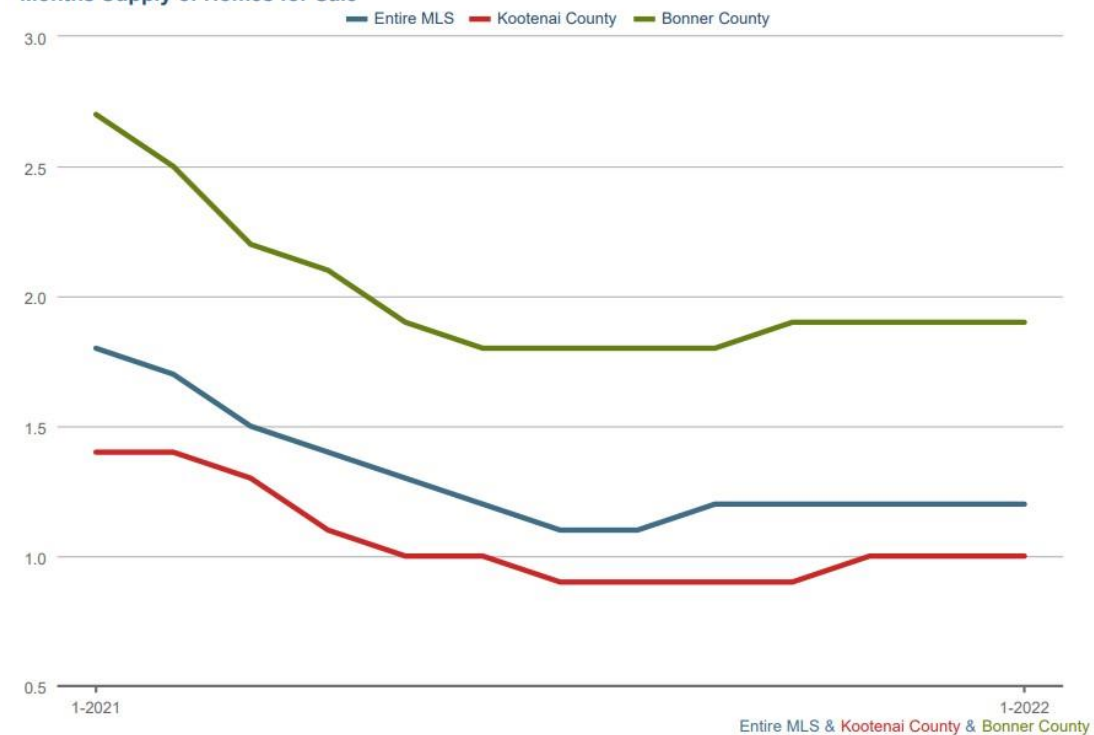
Trending

2021 Only

Median Days on Market



Months Supply of Homes for Sale



Trending

New Construction

7.4%



Table 8: Building Permits January through October 2021

City/Region*	Year 2020	Jan -October 2020	Jan-October 2021
Hayden	228	128	189
Coeur d'Alene	495	386	509
Post Falls	1,364	1,204	787
Other Cities & Rural	788	371	450
Total Kootenai		2,089	1,935

Census Bureau's Building Permits Survey. [Building Permits Survey \(census.gov\)](https://www.census.gov/construction/permits/).

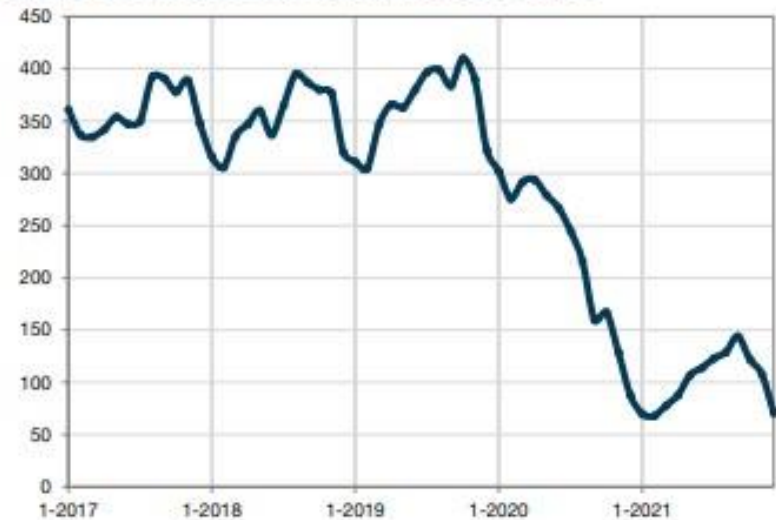
Oct '19

339

Peak of
New Construction Inventory

Drop in New Construction
Inventory from Peak

New Construction Homes for Sale



The Dark Side of 2021

2016

75%

Could afford median priced home

2021

24%

Can afford median priced home

A Decline In Affordability

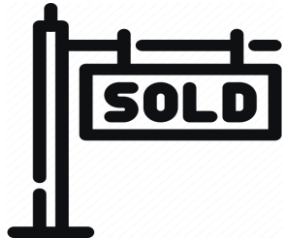
Income Range	Percent Of Pop.	Affordability
\$0 - \$74,999	62%	Unaffordable
\$75,000 - \$99,999	14%	Marginally Affordable
\$100,000 or greater	24%	Affordable

↑ 35% Rent

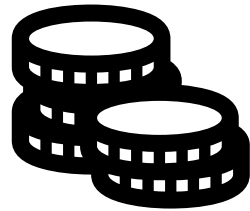
#3 highest
rent growth
in the nation



What's in Store for 2022?



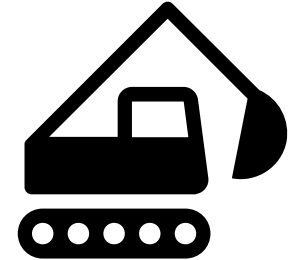
**Crack
4,000
closed
units
again**



**12%
average
price
increase
YOY**



**Strained
resale
inventory
through
2022**



**More
Housing
starts
than in
2021**



“Trees don’t grow tall forever”

- Chad Oakland





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Sources

The Housing Availability and Affordability Study for Kootenai County- A Look at Housing Constraints, population and Demographic Changes and Business Activity. Peterson, Steven; Pagel, Savanna; Cowden, Quinn; Nadreau, Timothy. Dec 2021

CensusReporter.com <https://censusreporter.org/profiles/05000US16055-kootenai-county-id/>

Historically low mortgage interest rates

Spokane Regional Housing Needs Summit- A Market Based Needs Assessment For the Spokane Region. Feb 2021

http://www.freddiemac.com/research/insight/20211029_refinance_trends.page

<https://eyeonhousing.org/2021/03/second-homes-15-percent-of-new-home-sales/>