

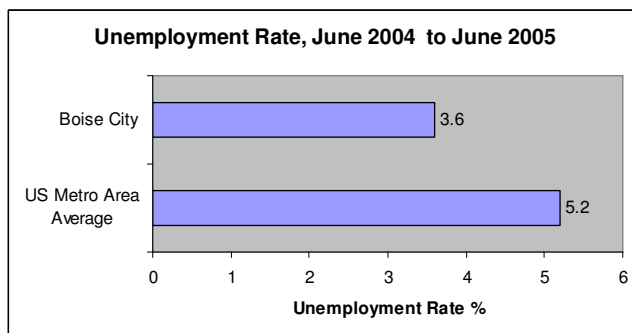
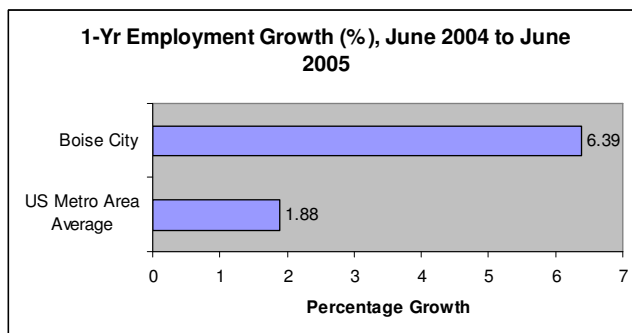


September 12, 2005

## Boise City-Nampa, Idaho

### Market Overview

The Boise-Nampa metro area consists of Ada, Boise, Canyon, Gem, and Owyhee counties. Boise is the area's main city (located in Ada county), and is located near the foot of the Rocky Mountains and along the Boise River. The area is experiencing an employment growth rate that is more than double the average for US metropolitan regions. The area's low cost of doing business is a major contributor to its ability to add new employees at a faster rate than the national average. Its unusually high quality of life, with ready access to hiking, skiing, mountain climbing and other outdoor activities is attracting families, retirees and young professionals. As more people move into the area, the demand for both retail and professional services jobs to serve these new residents increases, further fueling the economy.



Source: US Bureau of Labor Statistics

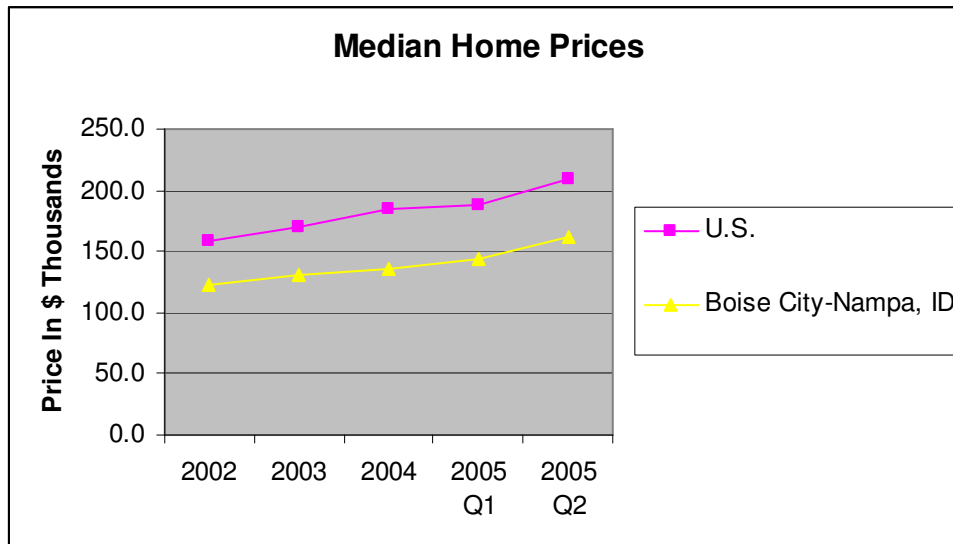
## Reasons Why Boise is a Strong Investor's Market:

### ***I. Sustainable Employment Growth***

The area has been particularly good at attracting small technology oriented firms. The percentage of technology professionals living in the region is significantly above average. Information-related jobs in particular are growing at a rate of about 10% per year. The region has a higher than average employment in the healthcare sector, and is known for quality healthcare. Boise is also home to Micron Technology, Inc., which is the second largest semiconductor manufacturer, and Hewlett Packard's printer division. The combination of large technical/professional skill-base, good healthcare, entrepreneurial spirit and outstanding quality of life positions the region well for continued growth.

### ***II. Prices Increasing at a Healthy Rate, Yet Still Affordable***

The region's growth has been reflected in rising home prices, with prices averaging a 15% annual increase over prior year, compared to 13% increase for the US overall. Prices in Boise-Nampa are still affordable, with the median price of a single family home at \$162,000 in the second quarter of 2005, compared to \$209,000 for the nation as a whole.

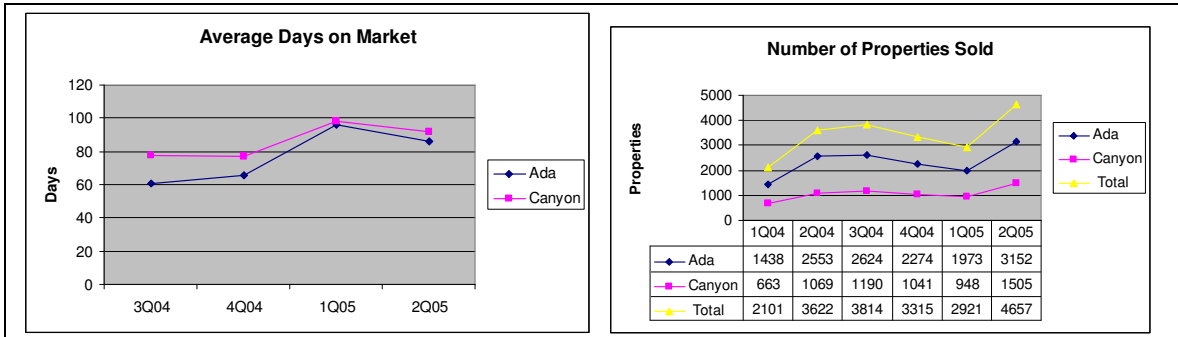


Source: National Association of Realtors, Office of Federal Housing Enterprise Oversight

### ***III. Region is Undergoing Period of Significant Development & Expansion, But Demand Is Still Outpacing Supply***

Boise City-Nampa's percentage of construction jobs is higher than the national average, which reflects the robust development that is underway. The number of building permits issued per month has increased from 623 in January 2005 to over 1,000 units in June 2005.

After a small decline in the number of houses sold toward the end of 2004, home sales volume has increased dramatically in the second quarter of 2005, and third-quarter numbers are projected to be even greater. Average number of Days on Market has declined, after increasing during the winter months.



Source:Intermountain Multiple Listing Service

### Opportunities

As Boise City and its immediate surroundings become increasingly populated, the larger metropolitan region's growth and development follows the path of the Interstate 84. Towns that are in the path of growth are experiencing and should continue to experience good appreciation rates. These include towns of **Meridian, Eagle, Nampa** and **Caldwell**. Demand is currently particularly strong in the town of Meridian which is close to the city. To accommodate demand, builders have been aggressive at completing new developments in this area.



## **Potential Investing Downside**

- Investors going into the market with the intention of holding on to the property for a few years and renting it out may face some challenges. The average price of a 2 bedroom unit is only \$686. House prices have been appreciating at a greater rate than rents. A positive cash flow or break-even scenario for rental properties is getting more difficult.
- It has also gotten more difficult for investors to get into the new housing market as developers have started to put a cap on the number of non-owner occupied housing units that are permissible in a development. New homes have been appreciating at a greater rate than existing homes. Thus investors interested in flipping immediately or in the short term for large gains may not get what they are looking for.
- A significant number of investors have already entered the market, which has contributed to the rising home prices. Market prices are sustained over the long term by home owners who have a vested interest in the area and the area's economy, as opposed to investors who may be more willing to pull out of the market when other opportunities arise. Boise's continued economic growth allows the potential impact of investors' actions to be low; nevertheless it is always a concern as hot markets get discovered.

## **Conclusion**

Robust population movement into the Boise-Nampa region, coupled with a favorable business environment makes this region one with strong potential. The pace of supply of new homes has not yet matched demand, and appreciation over a 5 year period can be expected to be favorable. However, an investor that is getting in now and is interested in rentals may have to look at many deals before finding a cash flow positive property.

Want to talk to a local real estate agent about the Boise-Nampa area? We'll connect you to a knowledgeable agent with experience working with investors. Email [localresources@realmarketsllc.com](mailto:localresources@realmarketsllc.com).

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