

4Q2013

boise

THE
RALSTON
REPORT



Who's Moving To Boise?

Who is moving to Boise is a question we get on a regular basis. It's a question that we so enjoy answering as it allows us to reflect on who we had the opportunity to help over the past year.

We recognize how lucky we are to have interesting, engaging, and kind people calling on us from different parts of the country. Our clientele may or may not be representative of "Who's Moving To Boise" day in and day out, but we enjoy thinking that it is.

In 2013, 27 percent of RGP clients were from out-of-state, and since 2004 29 percent have been from out-of-state. In 2013, 67 percent were Professionals under the age of 30, as well as first time homebuyers. Of that 67 percent, half were entrepreneurs. The remaining 33 percent were Executives (defined as physicians, professors, & vice

presidents with an annual gross salary north of \$250,000).

When asked the #1 reason for moving to Boise in 2013, 67 percent stated quality of life and 33 percent indicated that he/she moved to be closer to family. In 2013, "job" was not given as a reason for his/her move. In 2013, 27 percent of RGP clientele paid in cash.

In 2012, half of RGP out-of-state clients were Professionals and the other half were Retirees (defined as current or nearing retirement within 12 months). In 2012, 22 percent of RGP clients were from out-of-state. Fifty percent stated that the #1 reason for his/her move was quality of life, with the remaining half moving for his/her job.

Since 2004, a quarter of RGP out-of-state clientele have been Retirees. Since 2004, 52 percent of RGP out-of-state clients have shared

that the #1 reason for moving to Boise was for quality of life.

January 2014 is shaping up with 38 percent of RGP clients coming from out-of-state – 67 percent Executives and 33 percent in a new category we call "Getting Off The Grid," which could very well become one of our special project niches. These are people looking for privacy and land for farming his/her own food, well or spring water with water shares (preferably geothermal), and alternative energy potential. Really.

RGP clients have come to RGP from AK, AZ, CA, CO, DC, FL, IA, MA, MN, NV, NY, PA, SC, TX, VA, and WA.

The Ralston Report is distributed on a quarterly basis. It is intended to provide meaningful information (focused in our core specialty areas) that is fair and balanced, as well as an update of specific downtown projects. We hope that our quarterly cover story and Q&A from our expert lender and members of our community is both interesting and enjoyable for you. We always welcome suggestions, and will be happy to prepare an individual report specific to your area or need.

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Top Lists:

Everybody Loves Top Lists. Below are just a few.

Top 10 Cities Searched By International Consumers in 4Q13

Los Angeles, CA
Miami, FL
New York, NY
Las Vegas, NV
Detroit, MI
Orlando, FL
Houston, TX
Fort Lauderdale, FL
Chicago, IL
Washington, DC

7 Ways To Add Value To Your Home In 2014 & Its Return On Investment (ROI)

Steel entry door - 96.6%
Wood Deck - 87.4%
Attic Conversion - 84.3%
Garage Door Replacement - 82.9%
Fiber Cement Siding - 87%
Window Replacement - 78.7%
Kitchen Upgrade - 82.7%

The Best 9 Neutral Colors That Will Work In Any Home

Shale - Benjamin Moore
Storm - Benjamin Moore
Accessible Beige - Sherman Williams
Backdrop - Sherman Williams
Montpelier Ashlar Gray - Velspar
French Grey - Behr
Caviar - Sherman Williams
Manhattan Mist - Behr
Alexandra Beige - Benjamin Moore

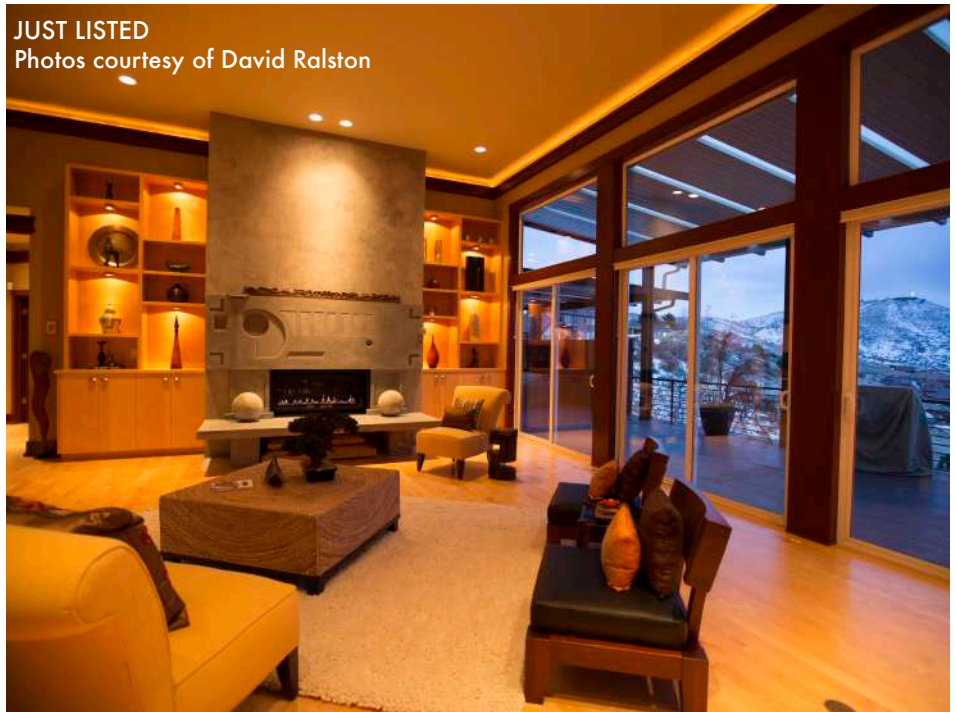
Did You Know?

In 2013, Boise was voted:

#3 "Best U.S. City to Raise a Family"
by MomItForward.com

#3 "Metro Leading the Housing
Recovery" by Forbes

JUST LISTED
Photos courtesy of David Ralston



Nestled in the Boise foothills, this contemporary home harmonizes interior open space, privacy, and a sense of communing with nature, while offering the convenience of being only five minutes from downtown Boise. With inspiring views of Idaho's Capital City, two mountain ranges, and Table Rock plateau, this approximate 5300SF eco-friendly home is designed and built for living life to the fullest – from raising a family or enjoying retirement, to entertaining or savoring Zen-like solitude. Offered For Sale at \$1,200,000. Listed January 2014.

Did You Know?

Boise's airport was recently ranked #7 in the Nation as one of America's Best Airports by Travel + Leisure Magazine. The Boise Airport serves more than 3,000,000 people a year and is just five miles from downtown Boise.

Residential Market Update

Residential Single-Family Homes - Ada County <small>Statistics referenced herein are for single-family homes - unless otherwise noted - which includes existing homes, new construction, and condominiums</small>		4Q2013 OCT-NOV-DEC
Average Sold Price		\$242,954
Average Sold Price Compared to Same Period Prior Year (4Q2012)		up 14.9%
Average Days on Market		54
Total Dollar Volume		\$424.9M
Total Dollar Volume Compared to Same Period Prior Year (4Q2012)		up 17.0%
New Construction Sold		21.7%
Existing Homes Sold		78.3%

Still Climbing

The average sales (i.e, sold) price in Ada County rose 2.2 percent from the previous quarter, and 14.9 percent from fourth quarter a year ago (4Q2012). Days on market was up to 54 compared to 45 in 3Q13, and 45 fourth quarter a year ago.

The number of new homes sold was down 6.0 percent from a year ago; however, total dollar volume of new construction was up 4.6 percent. New construction accounted for 21.7 percent of sales and existing homes the remaining 78.3 percent.

Average inventory in Ada County by the end of fourth quarter (4Q2013) was 3.6 months, compared to 3.2 months at the end of the previous quarter. At the end of fourth quarter inventory was 4.5 months in the \$500,000 to \$699,999 price range, and 6.0 months in the \$700,000 to \$999,999 price range. The previous quarter (3Q2013) inventory was just over six months and 10.3 in those same price ranges, respectively.

Inventory for homes over \$1 million increased from 25.0 months at the end of 3Q13 to 36.0 months by the end of the 4Q13.

Months of inventory indicates the amount of time it would take to sell all current listings at the current sales price if no new listings became available. It is widely accepted in the real estate industry that 0-4 months is a "Seller's Market;" 5-7 months a "Balanced Market;" and 8-12+ months is a "Buyer's Market."

Total dollar volume was down 35.0 percent from the previous quarter, and up 17.0 percent – \$424.9 million compared to \$363.2 million – from a year ago fourth quarter (4Q2012). Of the \$424.9 million, \$109.5 million was new construction, up 4.6 percent from fourth quarter a year ago (4Q2012). In 2013, total volume of homes sold in Ada County was \$1.9 billion, at an average price of \$233,538.

The National Association of Realtors showed that 5.09 million existing homes were sold in 2013 – up 9.0 percent from 2012, and the best annual performance since 2006.

Fourth quarter records indicate that 10 condominiums in downtown sold at an average of \$280/SF. Of the 10 transactions, five were cash closings.

Land, which is not included in the data above or that follows, recorded the following number of sales and average sold price in our core coverage areas (shared on Pages 3-7).

North Boise: 1 (\$95,900)
Northeast Boise: 3 (\$212,925)
Southeast Boise: 6 (\$167,316)
Boise Bench: 1 (\$90,000)
Eagle: 18 (\$172,858)

6 of the 29 parcels where >5ac.



2709 N 30th Street

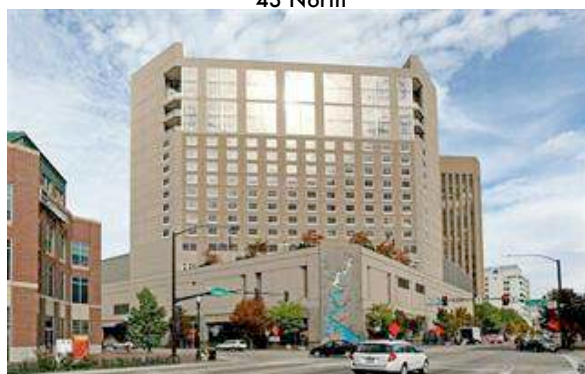
Courtesy of Denise Thiry - Keller Williams Realty



2812 W Hill Road

Courtesy of Marley Abraham - Better Homes & Gardens

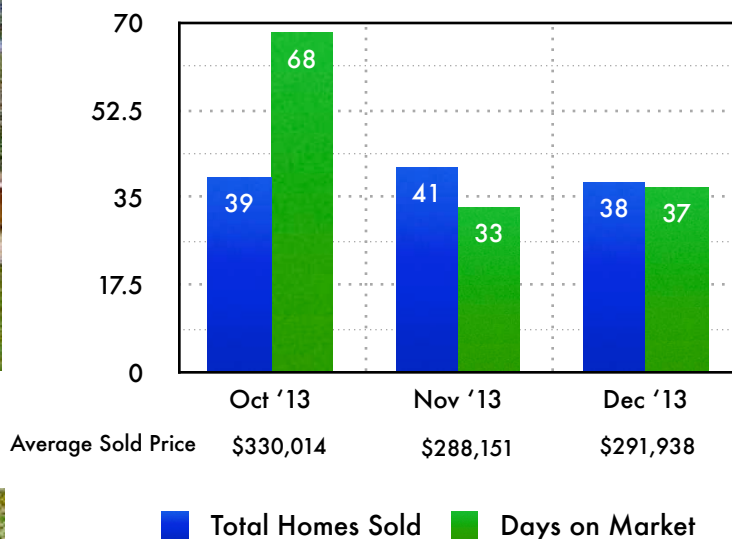
43 North



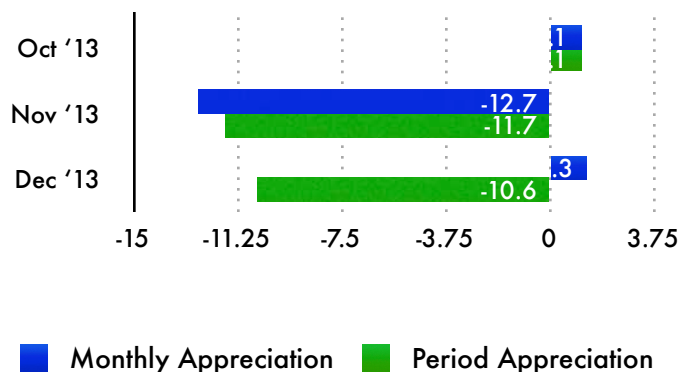
255 S Capitol Boulevard #1606

Courtesy of Ann Edmark-Reed - Group One

North Boise (Area 100)



North Boise (Area 100)



4Q13 Total Volume: \$34.9 million

4Q13 Average Sold Price: \$303,368

North Boise

In the October 2013, 39 single-family homes sold in North Boise with an average days on market of 68 and at an average price of \$330,014. In November days on market improved to 33 as average sold price fell 14.5 percent to \$288,151. December numbers were similar with the sale of 38 homes at an average sales price of \$291,938 and 37 days on market. Fourth quarter ended with period appreciation down 10.6 percent. The highest sold price recorded in North Boise in 4Q13 was \$1,525,000, with a lowest recorded sale of \$70,000. During 4Q13, average price per square foot was \$161. In 4Q13, North Boise had a total volume of \$34.9 million at an average price of \$303,368.



700 San Jose

Courtesy of Steven Herrick - Homeland Realty



1064 E Krall

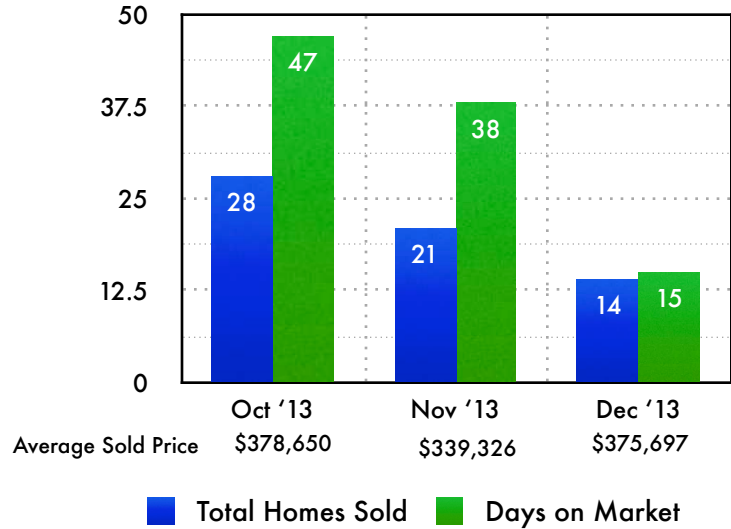
Courtesy of Stephanie Trail - Group One



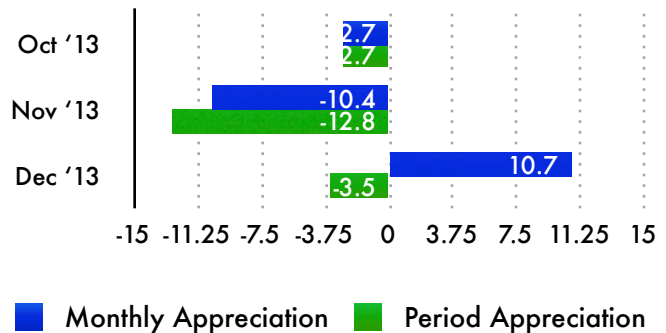
2092 E Parkside

Courtesy of Alicia Ralston - Ralston Group Properties

Northeast Boise (Area 200)



Northeast Boise (Area 200)



4Q13 Total Volume: \$22.3 million

4Q13 Average Sold Price: \$364,558

Northeast Boise

In October, 28 single-family homes sold in Northeast Boise with an average days on market of 47, and an average price of \$378,650. The number of homes sold in November decreased to 21, and average days on market improved to 38. Average sold price in November dropped to \$339,326. In December, 14 homes sold with an average of 15 days on market. December's average sold price was \$375,697. In 4Q13, the highest sold price recorded in Northeast Boise was \$782,000, with a lowest recorded sales price of \$36,000. During this period, average price per square foot was \$148. 4Q13 in Northeast Boise saw \$22.3 million total sales volume and an average home price of \$364,558.



1722 S Leadville

Courtesy of Mogie Holm - Keller Williams Realty



2105 S Manitou

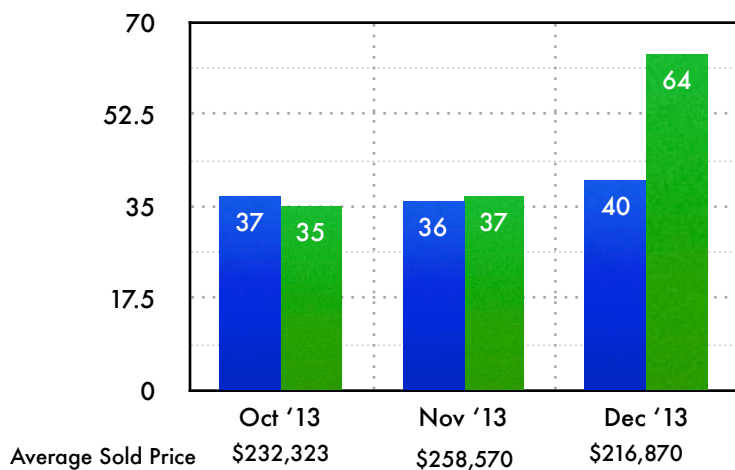
Courtesy of Jill Donahue - Group One



2682 S Swallowtail

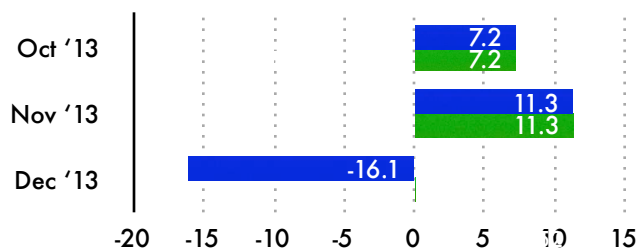
Courtesy of Andrew Knowles - Keller Williams Realty

Southeast Boise (Area 300)



■ Total Homes Sold ■ Days on Market

Southeast Boise (Area 300)



■ Monthly Appreciation ■ Period Appreciation

4Q13 Total Volume: \$25.6 million

4Q13 Average Sold Price: \$235,921

Southeast Boise

Thirty seven single-family homes sold in Southeast Boise with an average days on market of 35 in October. In November, 36 homes sold with an average of 37 days on market; December recorded 40 sold homes at an average of 64 days on market. Average home prices declined in December to \$216,870. The highest recorded sold price in Southeast Boise in 4Q13 was \$701,000. The lowest recorded sale was \$65,000. Average price per square foot during this period was \$122. Fourth quarter in Southeast Boise resulted in \$25.6 million in total sales volume at an average price of \$235,921.



1410 S Arcadia

Courtesy of Jacob Detweiler - Silvercreek Realty



912 N Marshall

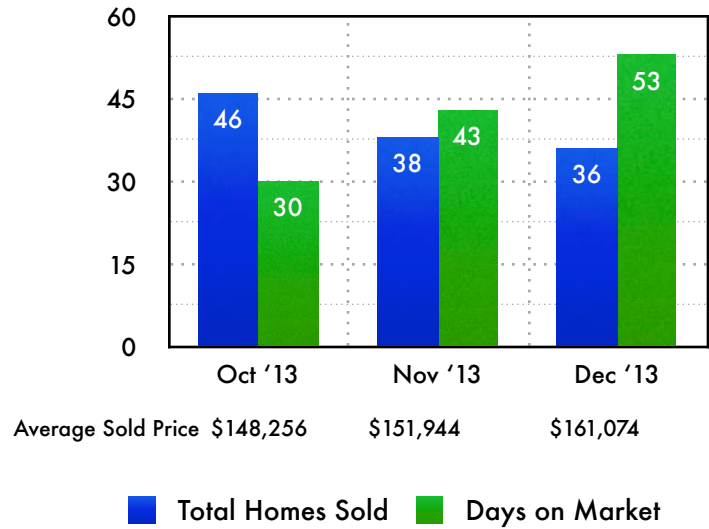
Courtesy of Mary Puccio - Keller Williams Realty



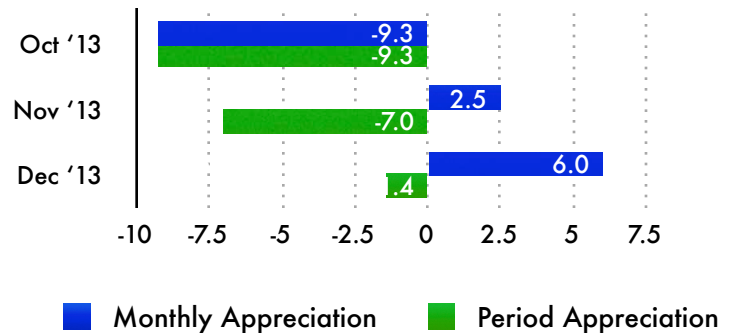
42 S Mesa Vista

Courtesy of Donny Heck - Keller Williams Realty

Boise Bench (Area 400)



Boise Bench (Area 400)



4Q13 Total Volume: \$17.4 million

4Q13 Average Sold Price: \$153,758

Boise Bench

In October, 46 single-family homes sold on the Boise Bench with an average of 30 days on market. November experienced an increase to 43 days on market with the sale of 38 homes. In December 36 homes sold at an average of 53 days on market. Average sales price of a Boise Bench home in October was \$148,256. By the end of December, the average sales price was \$161,074, increasing 6.0 percent from the prior month. The highest recorded sold price on the Bench in 4Q13 was \$639,845, with the lowest at \$14,500. Average price per square foot during this period was \$106. Total sales volume on the Bench in 4Q13 was \$17.4 million, with an average sales price of \$153,758.



2661 N Park
Courtesy of Sherry Tarrant - Atova

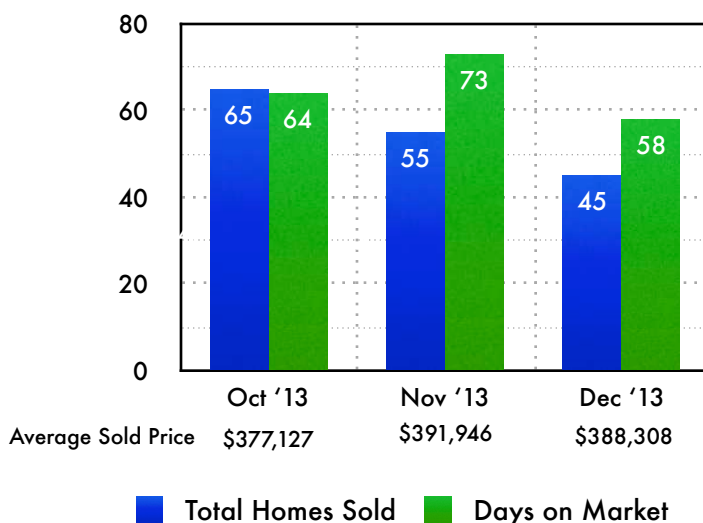


148 E Stonewater
Courtesy of Nick Schlekeway - Amherst Madison

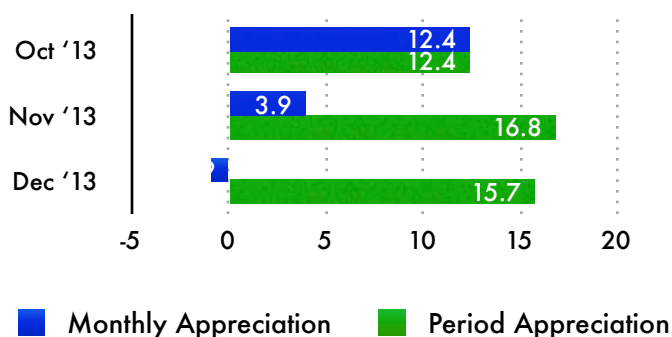


2147 N Emerald Bay
Courtesy of Carey Farmer - Group One

Eagle (Area 900)



Eagle (Area 900)



4Q13 Total Volume: \$61.2 million

4Q13 Average Sold Price: \$385,794

Eagle

In October, 65 single-family homes sold in Eagle with an average of 64 days on market; 55 in November with an average of 73 days on market; and 45 in December averaging 58 days on market. Average home prices were up almost 16 percent from the beginning to the end of 4Q13. The highest recorded sold price in Eagle in 4Q13 was \$2,050,000, with the lowest recorded sale at \$41,000. Average price per square foot during this period was \$129. Eagle's total sales volume in 4Q13 was \$61.2 million, with an average sales price of \$385,794.

The information provided in this report was compiled from multiple sources including: Idaho's Intermountain Multiple Listing Service (IMLS), LOOPNET, CCDCCBoise.org, cityofboise.org, & jacksurbanmeetingplace.org. The data is believed to be accurate and reliable, but cannot be warranted by Ralston Group Properties. The commercial data provided is merely "trend data." Ralston Group Properties provides limited commercial services, specifically multi-family, and office & retail sales and leases in and near downtown Boise.

Commercial Downtown at a glance

MULTI-FAMILY

Asking Price ↑

Trend data indicates an increase of +0.1% in median asking sales price per unit compared to the prior 3 months, with an increase of +40.6% from last year's prices. Median price was \$81,972 per unit for multi-family properties in Boise. Rental data was not available

OFFICE

Lease Rates ↑
Vacancy ↑

Trend data indicates an increase of -1.8% in median asking sales price per square foot (sf) compared to prior 3 months, with an increase of +6.6% from prior year's prices. Median price was \$118/sf. Rental rates increased +0.6% from prior 3 months, +5.0% from last year. Average asking rent/sf/year was \$12.70

RETAIL

Lease Rates ↓
Vacancy ↑

Trend data indicates a -0.9% decrease in asking rental rate/sf/year from prior 3 months – average asking rent/sf/year was \$12.94. This is a +4.3% increase from a year ago. Asking sales price/sf downtown was not available

Community Q&A

Melinda Kim

How do you think 2014 will shape up - can we continue to tick upward, and who benefits Buyers or Sellers?

After a very strong year for Treasure Valley home sales in 2013, with average prices up roughly 16 percent (from 2012), 2014 is shaping up to be another good year for both buyers and sellers!

For Buyers... Although I've been saying it for the past 12 months, I continue to say the time to buy is now! The recent uptick in home prices is evidence that the real estate market has finally hit bottom and started to rebound. While we're no longer at the very bottom of the market, I see it much like the stock market – if you can buy close to the bottom, you're doing well!

In addition to this market appreciation, interest rates are still near the historic lows we've seen the last few years. These low rates make mortgage payments much more affordable than in the past. However, there is a general consensus that rates are expected to increase in 2014; the only questions are how much rates will rise and how quickly.

Finally, market experts are also predicting rental costs to grow between 3.1 percent and 3.3 percent in 2014. This is coupled with a projected 40 percent increase in the need for rental properties over the next 10 years. So whether you're considering a primary residence or investment property, the outlook appears to be better for the owners than the renters.

For Sellers... The one thing preventing a "perfect storm" for buyers in 2014 is the lack of inventory. I have many eager buyers that are pre-approved and ready to get into a new home now, before rates and values move higher, but they're having trouble finding the right home. This is the silver lining for sellers as it means less competition for homes that are priced correctly. Inventory in Ada County was 3.6 months at year end; 0-4 months is considered a Seller's Market.

This lack of inventory is proving helpful for buyers that want to trade up or downsize as well, as it's much easier to facilitate simultaneous closings when reasonably priced listings move quickly. Sellers, now is the time to get your home listed, before the spring market!

This last year was decidedly positive for the housing market, and most experts expect the trend to continue into 2014. Prices, sales

and mortgage rates are expected to stay strong in 2014, all with a slightly upward trend as the year progresses.

Many economists predict that strong demand in housing will prompt an acceleration in new home-building activity in the year ahead.

Melinda Kim is a leading Idaho lending expert, and one of RGP's most treasured resources. Melinda earned a MBA from Harvard



Business School and BS degrees in Finance and Marketing from the University of Utah. Melinda will have a permanent presence in The Ralston Report.



Renderings courtesy of projects

Downtown Update

Our downtown landscape has experienced significant change in 4Q2013.

JUMP!

JUMP is beginning to inspire us! Jack's Urban Meeting Place can now be seen towering above the temporary construction fence. JUMP plans to hold program and events throughout its construction phase – watch for details.

Trader Joe's

Two Buck Chuck will be available in downtown Boise February 28th!

Eighth & Main

The building, on the southwest corner of Eighth and Main, now looks like the rendering (right) above with the addition of a neon-blue spire. The spire has had its fair share of controversy.

Tenants are starting to move in and some are opening for business. The building is 85% leased, with the entire 10th floor still

available. There is not a bad view in the building, and running on a treadmill at Zenergy Boise – a 9000+SF urban health club – could actually be quite inspirational. The building will host a Goo Goo Dolls concert free to the public at their grand opening on February 15th.

Foster Building

Two floors (4100SF) in the historic Foster building at 314 S Ninth Street have been turned into a "collaborative office environment." The rebranded space includes nine private offices, two separate conference rooms, lounge, bathrooms and a kitchen. Each office has individual internet, and firewall service, and phone lines available. Lease terms are flexible and are geared toward shorter rather than longer-term commitments.

Closings & Openings

Twelve businesses closed or moved from downtown this year, while 28 opened. The Mode Lounge (formerly the Grape Escape space) & Ruth Chris' Steakhouse will be opening their doors in February.



Local owner and broker

Alicia Ralston created Ralston Group Properties (RGP) determined to

challenge the status quo within the real estate industry. After 14 years on corporate America's "fast track," Alicia left the Environmental & Construction industry in 2004 to pursue her passion for real estate and helping people.



Ralston Group Properties is a Boise-based residential & commercial downtown real estate boutique specializing in and around the downtown including the North End, Highlands & Foothills, East Side (North and South); and the Bench. RGP is often asked to partner on unique projects taking RGP into other beautiful areas in Idaho.

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