

Q2 2023

Idaho

GARDNER

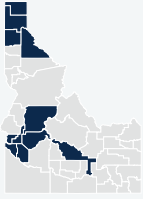
REPORT

This analysis of select Idaho real estate markets is provided by Windermere Real Estate Chief Economist Matthew Gardner to help you make informed real estate decisions.



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Q2 2023 Idaho

ECONOMIC OVERVIEW

Idaho's annual pace of employment growth has started to slow. However, the addition of 25,400 new jobs over the past year represented an impressive 3.1% growth rate. All of Idaho's metro areas except Lewiston saw solid year-over-year nonfarm job gains. Coeur d'Alene had the greatest increase at 3.9%, followed by Pocatello (+3.6%), Boise (+3.4%), Idaho Falls (3.2%), and Twin Falls (2%). Lewiston saw a very modest decline of 200 jobs, or .2%.

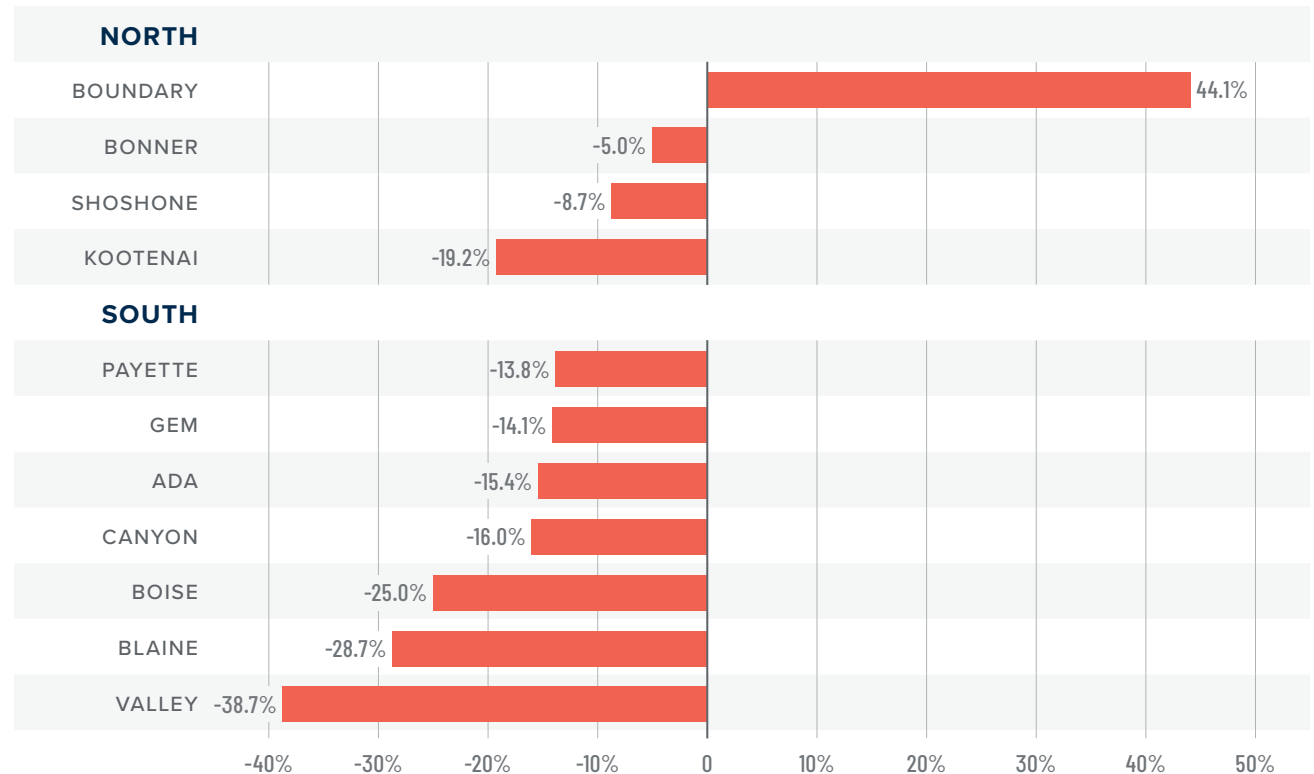
The state unemployment rate was a healthy 2.6%, marginally above the 2.5% we saw at this time in 2022, but still the 13th lowest rate in the nation. The lowest regional jobless rate was in Lewiston and Idaho Falls at 2.6%. Boise's rate was 2.8% and the highest rate was in Coeur d'Alene at 3.3%. Jobs continue to be added across the state. Even if the pace has cooled slightly, the economy appears to be solid. Although I expect the pace of job growth to continue to cool, I do not anticipate jobs to be shed this year, even as the national economy slows.

Home Sales



- › In the second quarter of 2023, 5,069 homes sold, which was down 16.1% from the second quarter of 2022. Sales were up 20.8% from the first quarter of this year.
- › Listing activity was marginally higher than in the second quarter of 2022, but jumped 24.6% from the first quarter of this year, which caused the pace of sales to rise significantly.
- › Compared to the same period a year ago, sales fell in every market other than Boundary County, but this is a small market that can be prone to extreme swings. Compared to the first quarter of this year, sales rose in all markets other than Valley County, where they fell by a modest 2.1%.
- › Pending sales were up 13% from the first quarter of the year, suggesting that sales may continue to rise in the upcoming quarter.

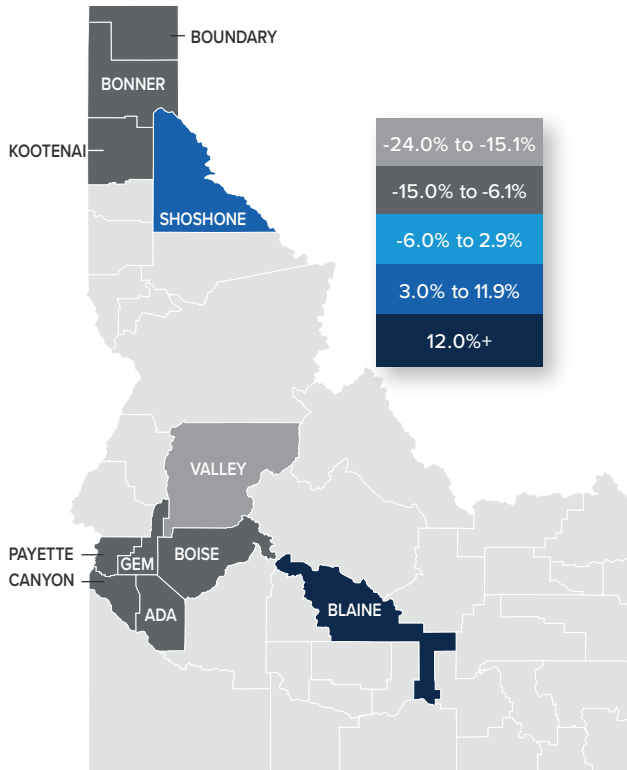
Annual Change in Home Sales by County / Q2 2022 to Q2 2023



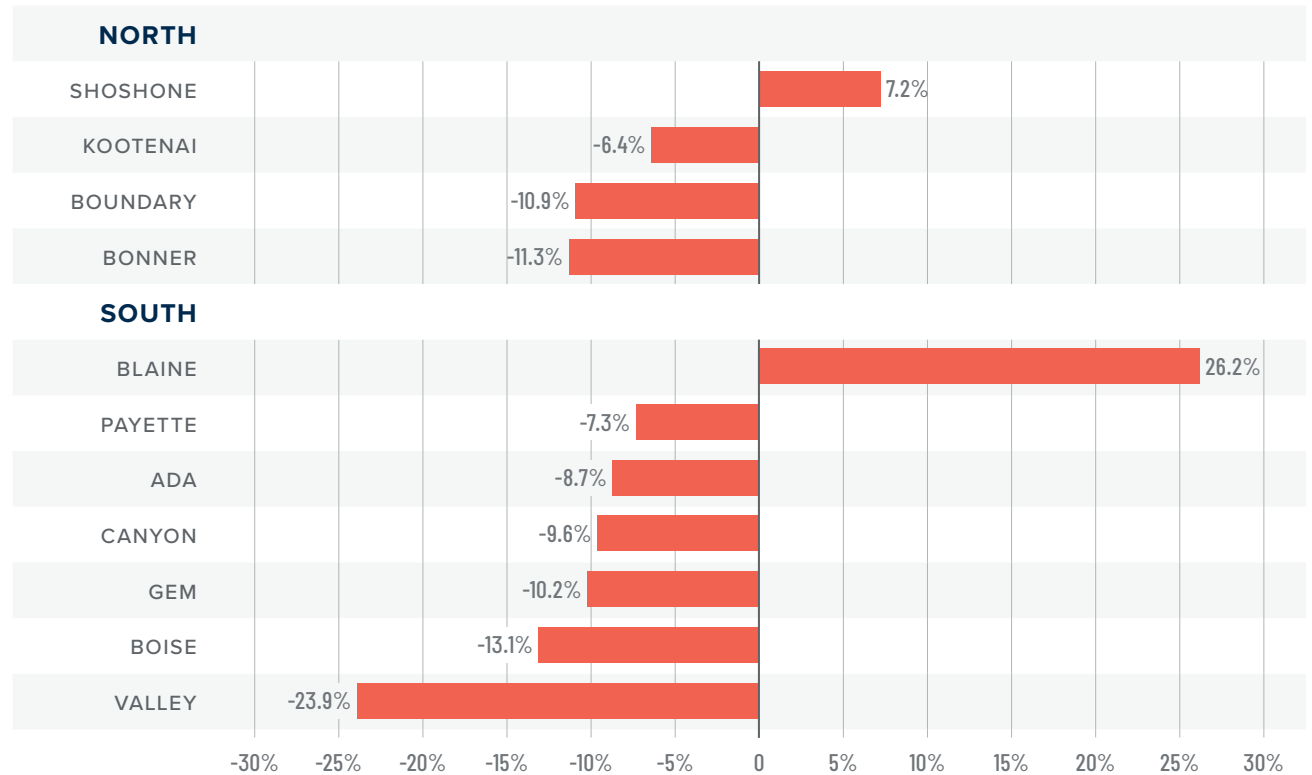
Home Prices



- › The average home price in the region fell 7.9% year over year to \$605,535. Sale prices were 5.7% higher than in the first quarter of 2023.
- › Compared to the first quarter of this year, home prices rose in all the Northern Idaho market areas and rose in every market other than Gem and Valley counties in Southern Idaho.
- › Only one county in each of the northern and southern market areas saw prices rise year over year, while the balance of the region had lower sale prices. Prices fell 8% in the south and 7.6% in the north compared to the second quarter of 2022.
- › Median list prices in the second quarter were down 2.9% from the first quarter. This may have contributed to the increase in sales and prices, as sellers are likely being more cognizant of the higher financing costs buyers are facing.



Annual Change in Home Sale Prices by County / Q2 2022 to Q2 2023



Mortgage Rates

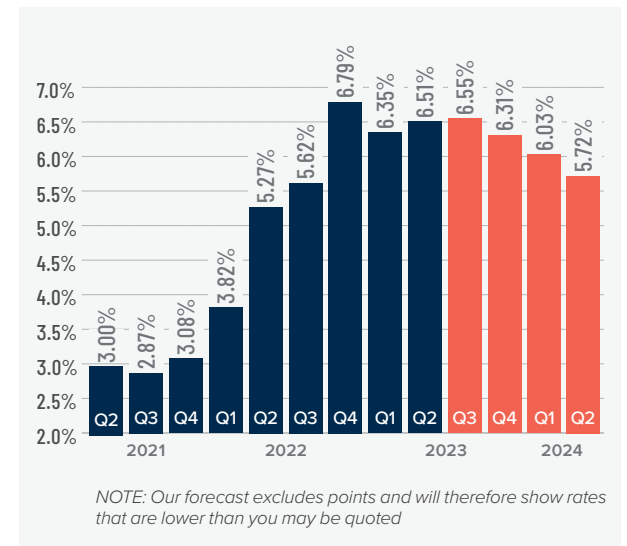


Although they were less erratic than the first quarter, mortgage rates unfortunately trended higher and ended the quarter above 7%.

This was due to the short debt ceiling impasse, as well as several economic datasets that suggested the U.S. economy was not slowing at the speed required by the Federal Reserve.

While the June employment report showed fewer jobs created than earlier in the year, as well as downward revisions to prior gains, inflation has not sufficiently slowed. Until it does, rates cannot start to trend consistently lower.

With the economy not slowing as fast as expected, I have adjusted my forecast: Rates will hold at current levels in third quarter and then start to trend lower through the fall. Although there are sure to be occasional spikes, my model now shows the 30-year fixed rate breaking below 6% next spring.

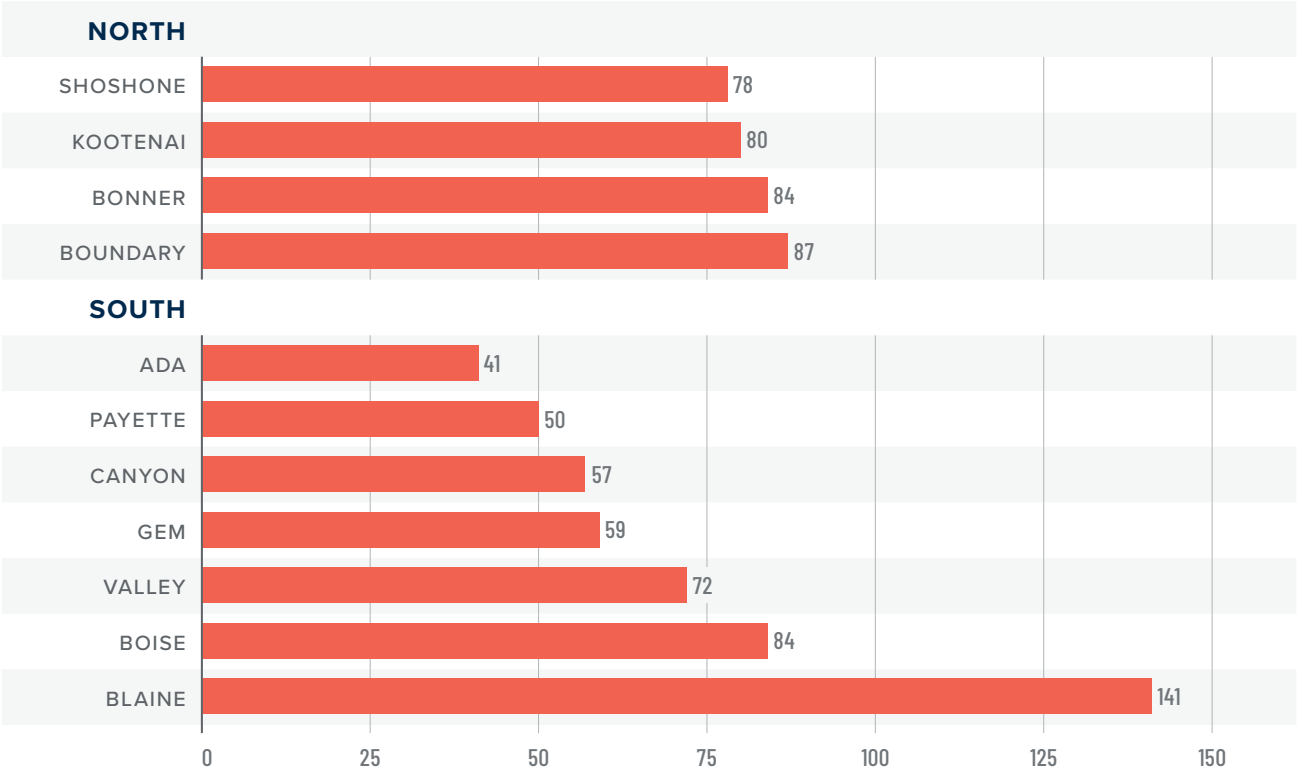


Days on Market



- › The average time it took to sell a home in the region rose 27 days compared to the same quarter of 2022. It took an average of 20 fewer days to find a buyer than in the first quarter of this year.
- › In all Northern and Southern Idaho counties, days on market rose compared to the same period in 2022. But compared to the first quarter of this year, market time fell in every county other than Valley.
- › It took an average of 82 days to sell a home in Northern Idaho and 72 days in the southern counties covered by this report.
- › Homes sold the fastest in Ada County in the southern part of the state and in Shoshone County in Northern Idaho.

Average Days on Market by County / Q2 2023



Conclusions

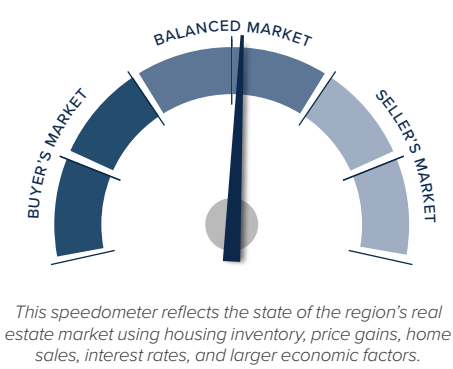


The housing market performed well in the second quarter, even as mortgage rates rose. It will be interesting to see what impact the rate increases in June and July may have on sales activity in the third quarter.

Though list prices have not fallen much, the share of homes on the market that have undergone price cuts has increased. This is likely in response to rising mortgage rates.

Rising inventory levels favor buyers. If sellers are starting to acknowledge that buyers are being stretched given current mortgage rates, that too works in their favor. That said, higher sales activity and home prices, and lower days on the market all favor sellers.

Since there are components of the market that favor both sides, I am leaving the needle in the balanced quadrant, albeit modestly favoring home sellers.



About Matthew Gardner

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

