F.Y.I.

FOR YOUR INFORMATION

Idaho's Hot Construction Growth Beginning to Cool

Rampant home construction was the major contributor to Idaho's strong economic expansion following the national recession in 2001, and that sector's slowdown in 2007 is a sign that the state economy is stabilizing on the foundation laid over the past four years.

Construction of new housing units hit 20,000 between mid-2005 and mid-2006, according to the U.S. Census Bureau, a 3.4 percent increase from a year earlier to cap an amazing period of growth spurred not only by a rapidly rising population but a steady move to one- and two-person households.

It was the culmination of a remarkable run that saw new building values soar, construction payrolls skyrocket and home values escalate dramatically.

From 2003 through 2006, over 60,000 housing permits worth $9 billion were issued statewide, fully two-thirds of new construction value for those four years. Construction payrolls exceeded 52,000, rising 43 percent to rank second only to Nevada. One of every five new jobs created in Idaho during that post-recession period was in construction.

The average value of new housing jumped significantly from $118,244 in 2003 to $170,927 in 2006, according to statistics compiled by Wells Fargo Bank, and the value of all housing appreciated at one of the fastest rates in the nation. From April 2006 through March 2007, home values in Idaho appreciated at a quarterly average of 16 percent. Only Utah was higher at 16.8 percent.

Since 2002, Idaho's population has grown over 9 percent, and 77,000 of the 122,000 new residents came from other states or other countries. Only Nevada, Arizona, Utah and Georgia grew faster.

The 1990s left some pent up demand for housing. Population grew by nearly 29 percent while housing units increased less than 28 percent. Contractors addressed that since the recession, providing an increase of over 11 percent in housing while the population grew 9 percent.

Despite the steady migration from rural to urban Idaho — eight counties lost population from mid-2002 to mid-2006 — every county but Butte saw its housing stock increase, and the number of housing units in Butte County, which posted a population decline of 143, was essentially unchanged.

At the same time, Idaho baby boomers were becoming empty nesters, and with the number of younger families growing more slowly than the population overall housing density was slowly declining.

Average housing density has been dropping slightly every year, from 2.43 people per unit in mid-2002 to 2.38 last year. But in 2002 there were two counties — Madison, where Brigham Young University-Idaho is located, and Jefferson just north of Idaho Falls — with densities over three persons per unit and 12 counties below two per unit. In mid-2006, the Census Bureau found no counties over three and 13 below two.

Over that period, the percentage of Idaho housing units with more than two people dropped two full points to 39 percent, slightly lower than the national figure, and single-person households rose almost a full point to nearly 24 percent.

Had the density rate remained the same over the four years, 12,000 fewer housing units would have been built. At the average price over those four years of nearly $150,000 per home, that's $1.7 billion in construction activity attributable to fewer people living in more houses.

But there have been signs for some time that home construction was cooling off. Construction's quarterly contribution to total personal income declined steadily between April and December last year. It picked up during the winter quarter this year but was down again for the April-June quarter.

During the first half of 2007, residential building permits and their value were both off 33 percent from the first half of 2006, according to Wells Fargo, and construction values were lower in all four regions of the state. Demand for housing was easing up as well, based on appreciation rates. Homes in Idaho appreciated 8.4 percent this spring over spring 2006, but that compares to 20.6 percent appreciation in spring 2006 over spring 2005.

Commercial construction and remodeling have picked up some of the slack but not all. Construction jobs have been running below year-earlier levels since April, and the increases in March and April over 2006 were fractional.

But even with the slippage in construction — and construction remains a major part of the economy — the state has been generating an average of just under 1,000 jobs a month so far this year, according to the U.S. Bureau of Labor Statistics.

This growth is following the population. Leading sectors include professional, technical, financial and administrative services, health care and restaurants and hotels.

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FYI Table 1: Housing Units by County, 2006, 2005 and 2002

County	2006			2005		2002			New Units 2002-2006	% Change 2002-2006
	Total	Density	Rank	Total	Density	Total	Density	Rank		
Statewide	**615,624**	**2.38**		**595,623**	**2.40**	**552,379**	**2.43**		**63,245**	**11.45%**
Ada	148,698	2.41	18	141,200	2.45	127,418	2.51	16	21,280	16.70%
Adams	2,356	1.48	41	2,282	1.55	2,090	1.66	39	266	12.73%
Bannock	31,180	2.52	12	30,635	2.54	29,585	2.60	11	1,595	5.39%
Bear Lake	3,585	1.72	36	3,581	1.73	3,408	1.85	35	177	5.19%
Benewah	4,333	2.16	27	4,312	2.13	4,278	2.10	29	55	1.29%
Bingham	15,251	2.89	4	15,024	2.91	14,546	2.91	4	705	4.85%
Blaine	14,140	1.52	40	13,857	1.53	12,977	1.56	41	1,163	8.96%
Boise	4,932	1.55	39	4,792	1.55	4,526	1.56	42	406	8.97%
Bonner	19,849	2.08	29	19,879	2.05	19,715	1.94	33	134	0.68%
Bonneville	36,119	2.62	9	34,663	2.65	31,761	2.68	8	4,358	13.72%
Boundary	4,433	2.44	16	4,303	2.45	4,180	2.39	21	253	6.05%
Butte	1,286	2.16	26	1,289	2.16	1,288	2.27	25	-2	-0.16%
Camas	736	1.48	42	705	1.51	638	1.63	40	98	15.36%
Canyon	63,585	2.73	6	60,524	2.73	52,646	2.76	5	10,939	20.78%
Caribou	3,256	2.15	28	3,245	2.19	3,230	2.24	27	26	0.80%
Cassia	8,087	2.64	7	8,047	2.66	7,948	2.71	7	139	1.75%
Clark	547	1.68	37	542	1.69	522	1.83	36	25	4.79%
Clearwater	4,289	1.94	33	4,267	1.95	4,232	2.00	32	57	1.35%
Custer	3,041	1.37	43	3,039	1.35	3,005	1.39	43	36	1.20%
Elmore	11,648	2.41	19	11,372	2.49	10,905	2.68	9	743	6.81%
Franklin	4,292	2.91	3	4,215	2.94	4,036	2.92	3	256	6.34%
Fremont	7,659	1.61	38	7,490	1.63	7,078	1.68	38	581	8.21%
Gem	6,624	2.50	14	6,426	2.53	6,109	2.55	14	515	8.43%
Gooding	5,909	2.44	17	5,834	2.47	5,656	2.52	15	253	4.47%
Idaho	7,742	2.04	31	7,759	2.02	7,595	2.04	31	147	1.94%
Jefferson	7,526	2.97	1	7,188	3.01	6,511	3.04	2	1,015	15.59%
Jerome	7,152	2.81	5	7,029	2.80	6,833	2.74	6	319	4.67%
Kootenai	57,191	2.30	23	54,648	2.34	49,354	2.32	23	7,837	15.88%
Latah	14,970	2.34	21	14,669	2.39	14,103	2.47	19	867	6.15%
Lemhi	4,421	1.79	35	4,367	1.80	4,243	1.83	37	178	4.20%
Lewis	1,813	2.07	30	1,814	2.06	1,804	2.06	30	9	0.50%
Lincoln	1,763	2.56	11	1,749	2.59	1,693	2.50	17	70	4.13%
Madison	10,758	2.92	2	10,490	2.97	8,057	3.58	1	2,701	33.52%
Minidoka	7,575	2.51	13	7,566	2.51	7,535	2.58	13	40	0.53%
Nez Perce	16,742	2.29	24	16,610	2.29	16,403	2.27	26	339	2.07%
Oneida	1,843	2.27	25	1,841	2.27	1,805	2.29	24	38	2.11%
Owyhee	4,750	2.34	22	4,679	2.36	4,552	2.40	20	198	4.35%
Payette	8,695	2.60	10	8,561	2.58	8,187	2.59	12	508	6.20%
Power	3,018	2.62	8	2,972	2.61	2,894	2.61	10	124	4.28%
Shoshone	7,086	1.86	34	7,088	1.84	7,068	1.85	34	18	0.25%
Teton	3,951	1.98	32	3,693	2.03	3,105	2.19	28	846	27.25%
Twin Falls	28,981	2.47	15	28,025	2.48	26,271	2.49	18	2,710	10.32%
Valley	9,547	0.93	44	9,132	0.91	8,417	0.90	44	1,130	13.43%
Washington	4,265	2.39	20	4,220	2.40	4,172	2.39	22	93	2.23%

Source: Population Division, US Census Bureau