

IDAHO REAL ESTATE PERSPECTIVE

A DEVELOPER'S VIEW

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1. HOUSING BUBBLE OR CORRECTION ?

A. NATIONAL MEDIA

Valley housing market still sluggish

October sales were 41% below October 2005, and prices were down 6%

ARTICLE PUBLISHED OCT 6, 2006

'Flat' home prices expected in Idaho

Construction industry job growth could shrink, but report sees state doing better than many areas of the U.S.

Median prices of homes post record decline

Associated Press
Nov. 28, 2006 08:09 AM



Construction of housing falls to lowest rate since '00

Martin Grutsinger
Associated Press
Nov. 18, 2006 12:00 AM

Growth of home prices across nation takes steep plunge

Sept. 6, 2006 12:00 AM

Housing fall likely to be felt broadly

Alex Frangos
Wall Street Journal
Oct. 28, 2006 12:00 AM

2006 NATIONAL DATA (Nov. vs. Oct.)

- **New Homes Sales up 3.4%**
- **Median Price Up 3.2%**
- **Sales Rose 19% in West**
- **Backlog Dropped 1.4% - 4th Straight Month**
- **Existing Home Sales Rose 0.6%**
 - **Up 0.5% Oct. – 1st Back to Back Increase Since Spring**
 - **6.3 Month Supply vs. 7.2 Month Supply in July**
- **Existing Home Inventory Down 1%**
- **Existing Home Median Price Down 3.1% to \$218k vs. Nov/05**

CONFERENCE BOARD

- **Consumer Confidence at 8 Month High**

HOUSING CORRECTION...NOT A COLLAPSE

2007 NATIONAL HOUSING FORECAST

NAHB

- Starts to Slide 13.2%
 - Vary by Market eg. up 4.7% in Seattle
- Interest Rates to Remain at Historic Lows
- Economy in Good Shape
- Prices More in Line with HH incomes

NAR

- Price Declines of Existing Housing Through 2006 & Early 2007
- Sales Down 9% in 2006 & 1% in 2007
- September was Market Bottom

MEDIA

2007 VS. 2006 COMPARISONS

- Better News Ahead

IDAHO HOUSING PROSPECTS – SUNCOR VIEW

- High Population Growth
- Strong Job Creation
- Surge in HH Incomes
- Western Pricing Advantage
- Idaho Late to “Housing Appreciation” Party vs. Other States
 - 2000 to 2002 Hi-Tech Recession
 - Shorter Correction
 - Return to “Normal” in 2007...aka 2004?

	<u>BOISE MSA</u>	<u>PHOENIX MSA</u>
'04 - '05 Median Price	+ 16%	+ 47%
'05 - '06 Median Price	+ 29%	+ 6%
Current Median Price	Ada Co. - \$231K Canyon Co. - \$165K	\$259K
'06 – '05 YTD Sales	Ada Co. (down 14%) Canyon Co. (down 7%)	New (down 9%) Resale (down 33%)

IDAHO TO GROW ITS WAY OUT OF HOUSING DOWNTURN

2. THE OPPORTUNITY AHEAD

A. Unstoppable Trends

- **US Population Growth**

- 1967- 200 Million

- 2006- 300 Million

- 2043- ? 400 Million

- 3rd fastest growing country
behind China, India

Domestic Migration Over Four Decades

- Northeasterners & Midwesterners → south & west**
- West Coasters → inland**
- Shift from largest urban area to quality of life communities**

2000-2004 Census

Florida, AZ, Nevada- attracted most

NY, CA, Illinois- lost most

18 of 25 largest metros lost population

IDAHO: Third Fastest Growing State 2005-2006

	<u>2005-2006</u>	<u>2000-2006</u>
AZ	3.6%	20.2%
NV	3.5%	24.9%
ID	2.6%	13.3%
UT	2.4%	14.2%
WA	1.7%	8.5%
OR	1.7%	8.2%
CA	0.8%	7.6%
US Avg.	1.0%	6.0%

US West – Fastest Growing Region

Census Bureau Projections (2000-2030)

	<u>Total</u>	
– NV	4.3M	+ 114%
– AZ	10.7M	+ 108%
– UT	3.5M	+ 56%
– ID	2.0M	+ 52%
– WA	8.6M	+ 46%
– OR	4.8M	+ 41%

National Average 29%

B. Boomers

- **Born 1946-64**
- **Leading edge turning 60. Peak year age-45**
- **78 million entering empty-nest years**
- **Ages 50+ control 70% of US wealth**
- **Not your father's lifestyle**
- **Will redefine markets**

C. Connectivity “The World Is Flat” (Thomas Friedman)

- Quality of life communities enhanced**
- Digital access equal to metros**
- Telecommuting**
 - business and personal choices**
 - Growing 15% /yr est.**
 - 51M workers, 14M from home full time
(2008 projection)**

3. POSITIONING IDAHO

What Others Are Saying

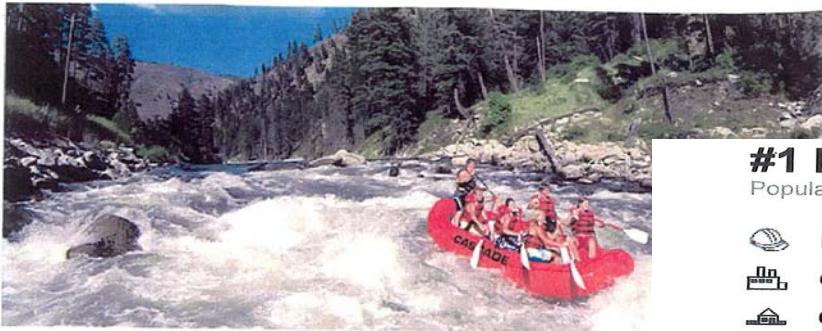
A. MEDIA RATINGS

The New York Times

36 HOURS

Boise, Idaho

Escapes



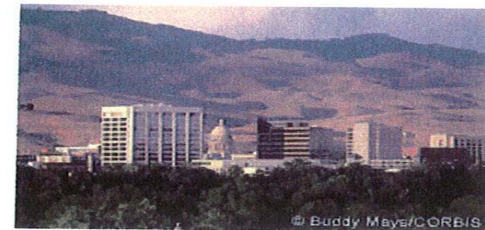
Boise attracts young, single, educated folks

Census report finds city is a magnet for this highly coveted group

#1 Boise ID

Population: 488,000

	RANK
Engineers ¹	4
Cost of Doing Business ²	22
Cost Of Living ³	67
Crime Rate ⁴	42
Culture & Leisure ⁵	125
Attainment ⁶	57
	38
	8
	18



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Fairmont to manage Tamarack project



This is the Belvedere Ridge portion of a hotel/condo/resort development planned for Tamarack Resort by a development team that includes retired tennis stars Andre Agassi and Steffi Graf.
 Rendering courtesy of V&G Inc.
 Andre Agassi, Steffi Graf development will include luxury hotel, condos, homes

ARTICLE PUBLISHED MAY 5, 2006

City drops from first to fourth place in Forbes' annual Best Places for Business and Careers list



See Also:

- Idaho Metros
- Richest People In Idaho
- Smaller Idaho Metros



ARTICLE PUBLISHED APR 5, 2006

Idaho 3rd in nation in job growth

Concern remains about rising prices of housing, gasoline

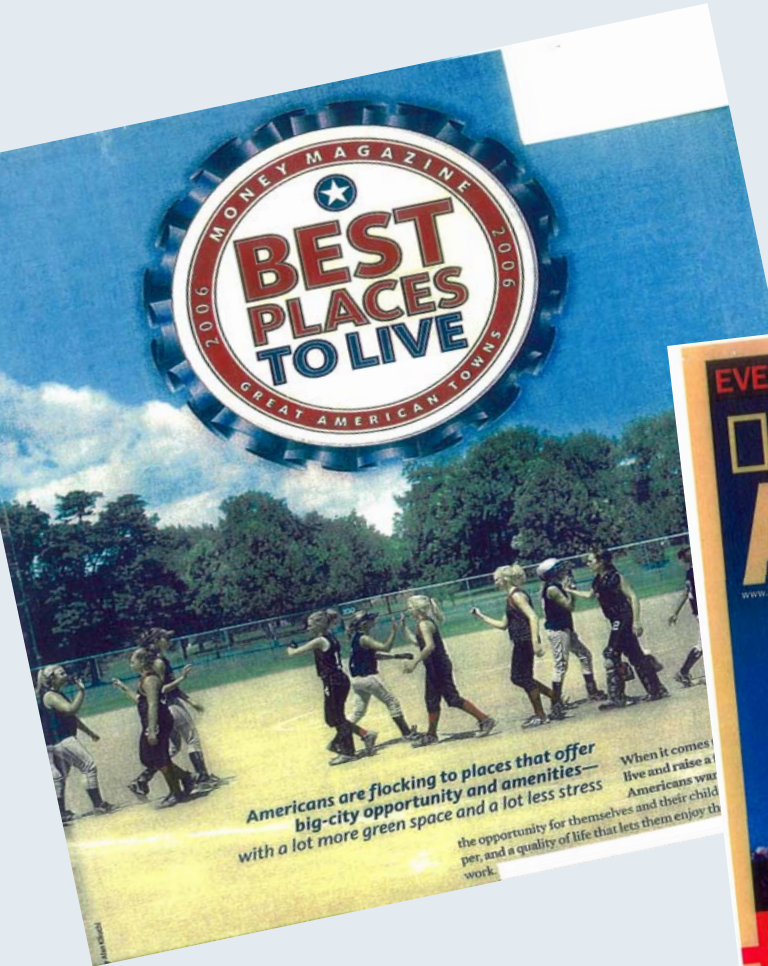
Boise recognized as best place to retire

06:38 PM MDT on Tuesday, September 19, 2006



BOISE -- The city of Boise is topping more national lists.

This time it's named as the number one place to retire in America.



8 Boise, Idaho
 POPULATION: 193,200
 TYPICAL SINGLE-FAMILY HOME: \$215,000
 EST. PROPERTY TAXES: \$2,500

PROS Outdoor sports; low unemployment; vibrant downtown

CONS Climbing property taxes; sprawl

In Idaho's largest city, people prefer to ride their bikes to work. If commuters have to drive, the trip often takes less than 20 minutes. "There is a low hassle factor here," says Tom Hadzor, 42, owner of a local video production company. "You have more time to enjoy life." Boiseans have a lot to enjoy besides biking (and good potatoes): The city boasts 2,700 acres of green space and trails, with the foothills of the Rocky Mountains serving

106 August 2006 Money



2007 TOSTITOS FIESTA BOWL CHAMPIONS BOISE STATE BRONCOS!

- Showcasing Idaho
- National & Regional Media
- Primetime National Audience of 13 Million Viewers



Survey of 10 Regional/National Real Estate Companies

Quality of Life Factors

- **Scenic resources & public lands**
- **Recreation orientation**
- **Diverse job market/job creation leader**
- **Housing affordability**
- **Medical facilities**
- **Quality public education**
- **Medium size city**
- **Boise downtown**
- **BSU/cultural institutions**
- **Boise Airport-hassle free**

Idaho

Competitive Advantages

- **Strong in migration- equity refugees**
- **Quality of life aligned with Boomers**
- **Critical mass achieved**
- **2nd home potential & strong retirement market**
- **Reasonable commutes**
- **Water availability vs. Southwest**
- **Western property rights tradition**
- **Shorter entitlement process**
- **No growth boundaries**
- **Emerging market not dominated by nationals**
- **Business growth vs. capped home markets**

Reasons for Concern

- **Market maturity for some products**
- **Uncertain volume for national builders**
- **Capacity of trades**
- **Thin job market, especially hi-tech**
- **Infrastructure financing**
- **Too much land in play vs. demand**
- **Market timing-last one buying**
- **Market correction in “home” market**