

2Q2014

boise

THE RALSTON REPORT



Idaho's Most Precious Natural Resource Runs Deep?

We're all prone to take our water supplies for granted and as limitless – even as we complain about rising water bills during peak demand of summer months. Living in Idaho, we're fortunate beneficiaries of the rivers, lakes, streams, and snow-pack that we depend on for our personal use, irrigation, and for much of our recreation.

In 2001, then Governor Kempthorne stated "that high wholesale power prices and low snow-pack and reservoir levels have set the stage for an energy and water supply shortage in Idaho." Kempthorne urged businesses and consumers to take conservation steps "to deal with the energy and water challenges we face here in Idaho."

Water is essential to sustain life – we can't live very long without it. Its availability impacts our quality of life, and has profound implications for the health of our economy and ecosystem. Whether living in a downtown condo, in a subdivision, or on a ranch – whether serviced by a public water system or

a well, availability of water touches everyone. Continued scarcity, whether attributed to climate change or normal dry cycles, will effect cost of food, energy, water, and recreation (boating, fishing, skiing, whitewater rafting – our Idaho lifestyle), and many other things including over time potentially impacting the value and livability of your real estate.

Idaho isn't immune to the western drought. Blaine County had a drought declaration by the Idaho Department of Water Resources (IDWR) signed by the Governor this year (April 24th, 2014). This isn't meant to instill fear, but rather to inform. The media gives us enough to worry about on a daily basis, but with much of the west in extended drought and growing evidence of climate change, Idahoans should take note.

Drought, *a prolonged period of dryness*, is a normal part of almost every climate. Drought is defined in many different ways –

meteorological, agricultural, hydrological, and socioeconomic. Socioeconomic drought occurs when water supply shortages negatively impact people, either individually or collectively. Consequently, drought is not simply a lack of rainfall or snow accumulation, although lower than normal precipitation is usually the cause of specific problems creating a drought situation. In addition to lower than normal precipitation, drought problems are compounded by related soil moisture and groundwater deficiencies as well as lack of surface water in streams and rivers or storage in lakes and reservoirs. The precise beginning and end of drought is difficult to define. The issue of whether to formally declare a drought statewide is both controversial and important.

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 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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Water Conservation

21 Tips:

1. Keep drinking water in the refrigerator instead of letting the faucet run until water is cool
2. Wash fruits & veggies in a basin. Use a vegetable brush
3. Don't use water to defrost frozen foods, thaw in the refrigerator overnight
4. If washing dishes by hand, use a dishpan for rinsing dishes
5. Scrape, rather than rinse, dishes before loading into the dishwasher
6. Operate the dishwasher only when completely full
7. Use the appropriate water level or load size selection on the washing machine
8. Never use your toilet as a wastebasket
9. Don't let water run while shaving or brushing teeth
10. Take short showers instead of baths - if you use a tub fill only half full
11. Turn off water flow in shower while soaping or shampooing
12. Never pour water down the drain when there may be another use for it - such as watering plants or garden
13. Sweep drives, sidewalks, porches rather than hosing off
14. When using a hose, control flow with an automatic shut-off nozzle
15. Consider using a commercial carwash that recycles water vs. washing your car at home
16. Repair all leaks - a leaky toilet can waste 200 gallons per day (see tip below)
17. If you have a pool, consider water-saving filters, lowering water level to reduce amount splashed out, and a pool cover to reduce evaporation when not in use
18. Install ultra-low flow toilets and low-flow aerators and shower heads
19. Consider purchasing a high efficiency washing machine that can save 50%+ in water & energy use
20. Use native plants and low-water-use landscaping
21. Water during the coolest part of the day and use mulch to reduce evaporation

Continued from Page 1...

U.S. Drought Monitor - July 1, 2014

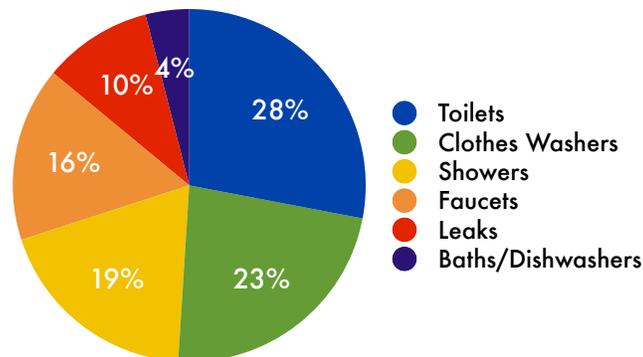


Yellow means an area is abnormally dry. Orange represents severe drought; Red shows areas of extreme drought; Brick/Brown areas are in exceptional drought conditions.



When we asked a representative of IDWR what he felt was important for soon-to-be new Idahoans and existing Idahoans, he stated that, "When purchasing a piece of land it's extremely important to examine and research the properties potential water issues. I'm shocked at the number of people we get calls from that do not do this until after they've purchased the property and there's an issue. People don't think about water. I think they take it for granted." He also shared that, "People in Boise need to understand that the municipalities delivering public water are all taking it out of the same aquifer system, and that aquifer system is linked to the Boise River. We (IDWR) are still trying to understand the link between Idaho's groundwater and surface water."

Residential Water Usage



The average person uses more than 60 gallons of water each day inside the home. Most of the water is used in toilets, washing machines and showers. On average, leaks comprise 10% of water use. Add outdoor activities such as watering your lawn, washing your car and gardening and you use considerably more water - approximately 180 gallons per day. Simple water-conservation methods can reduce residential water use significantly. The average household can readily reduce water wasted through leaks by 77%. Installing ultra low-flow toilets can reduce your usage by 43%. You can also reduce your usage by 34% by washing full loads of clothes and dishes, and taking shorter showers or installing a low-flow shower head (18%). Reducing water use saves energy and money. SOURCE: EPA

As population and demand increases, supplies are not necessarily increasing. We shouldn't think for a second that this doesn't affect all of us. People in towns across the west will tell you that lack of water is much more than just an inconvenience. Intelligent water stewardship is of critical importance to our community, state, and region, and it begins with each of us as individuals. Our small steps make a difference. Water conservation is both good economics, and it's the right thing to do.

Tip: To detect leaks in a toilet, add food coloring to the tank water. If colored water appears in the bowl, the toilet is leaking

Market Update

Residential Single-Family Homes - Ada County	2Q2014
Statistics referenced herein are for single-family homes – unless otherwise noted – which includes existing homes, new construction, and condominiums/townhouses	APR-MAY-JUN
Average Sold Price	\$245,562
Average Sold Price Compared to Prior Year (1Q2013)	up 7.3%
Average Days on Market	46
Total Dollar Volume	\$541.1M
Total Dollar Volume Compared to Prior Year (1Q2013)	down less than 1%
New Construction Sold Based On # of Units	16.8% (382 units)
Existing Homes Sold Based On # of Units	83.2% (1888 units)

Still A Seller's Market

The average sales (i.e, sold) price in Ada County rose 5.4 percent from the previous quarter, and increased 7.3 percent from second quarter a year ago (2Q2013).

The number of new homes sold was down 3.0 percent from a year ago; Total dollar volume of new construction was down 10.8 percent. New construction accounted for 16.8 percent of sales and existing homes the remaining 83.2 percent. The average price of new construction increased 12.6 percent from a year ago.

The number of existing homes sold in 2Q14 was down 2.0 percent, while total dollar volume of existing homes sold was up 2.8 percent from second quarter a year ago.

In 2Q14, lack of inventory continued to be a challenge especially in our core coverage areas. Second quarter inventory was approximately nine months in the \$500,000 to \$699,999 price range, but 20+ months in the \$700,000 to \$999,999 price range. Average inventory neared four months for properties in the \$200,000 to \$499,999 price range.

Inventory for homes over \$1 million continued to grow north of 45 months.

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."

Days on market was 46 compared to 48 days on market second quarter a year ago.

Total dollar volume was up 62.9 percent from the previous quarter. Second quarter dollar volume was similar to last year second quarter – \$541.1 million (2Q14) compared to \$542.4 million (2Q13). Of the \$541.1 million, \$118.1 million was new construction, down 10.8 percent from second quarter a year ago (2Q2013).

A total of 2,270 units sold (existing and new construction) in 2Q14, down 5.8 percent compared to 2Q13.

Second quarter records indicate that 12 condos in downtown Boise sold at an average of \$284/SF up from \$253/SF a year ago. 30% 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.

North Boise: 8 (\$204,612)
 N. East Boise: 5 (\$241,400)
 S. East Boise: 3 (\$100,000)
 Boise Bench: 3 (\$48,000)
 Eagle: 34 (\$170,622)

Market Update

Residential & Commercial - Blaine County <small>NOTE: Blaine Co. is defined as Hailey, Ketchum & Sun Valley in the table below. Bellevue has not been included in the table below. Bellevue statistics are included on page 10.</small>	2Q2014 APR-MAY-JUN
Average Sold Price Single-Family Home	\$991,000
Average Sold Price Single-Family Compared to Prior Year (2Q2013)	up 48.7%
Average Days on Market Single-Family	242
Total Dollar Volume Single-Family	\$31.7M
Total Dollar Volume Single-Family Compared to Prior Year (2Q2013)	down 1.9%
Average Sold Price Condominium/Townhouse	\$309,573
Average Days on Market Condominium/Townhouse	178
Total Dollar Volume Condominium/Townhouse	\$12.7M
Total Dollar Volume Condominium/Town House Compared to Prior Year (2Q2013)	down 83.5%
Average Sold Price Commercial	\$475,000
Average Days on Market Commercial	135
Total Dollar Volume Commercial	\$2.4M
Total Dollar Volume Commercial Compared to Prior Year (2Q2013)	down 37.5%

First quarter records indicate that 33 single-family homes sold at an average of \$305/SF. Forty-one condominiums sold at an average of \$258/SF. Land, which is not included in the data above or that follows, included 19 sold properties at an average sold price of \$589,373 and an average days on market of 271. Total dollar volume of land was up 52.1% from first quarter a year ago. Five commercial properties sold at an average of \$261/SF. The commercial data in the table above was gathered from the Sun Valley MLS. Loopnet-only properties have not been included in the data.



1703 N 25th Street
 Courtesy of Andrea Pettitt - Group One

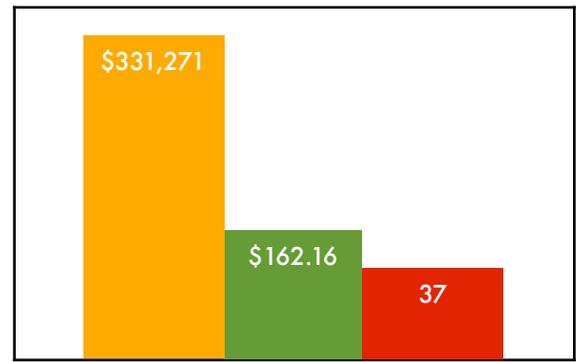
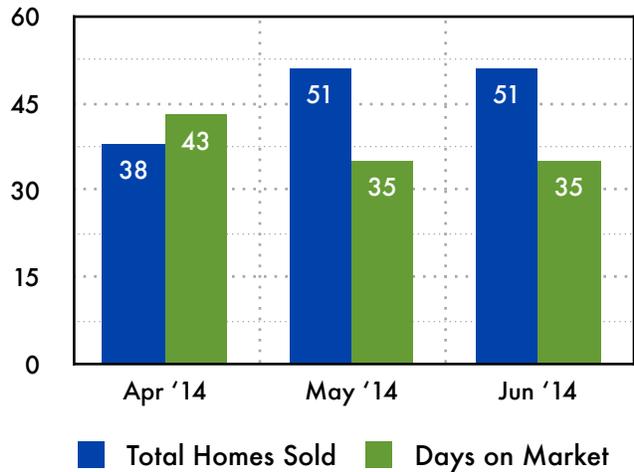


2705 W Sunset Avenue
 Courtesy of Jill Donahue - Ralston Group Properties



2402 W Pleasanton
 Courtesy of Eric DeBord - Red Pheasant Realty

North Boise (Area 100)



North Boise

In April, 38 single-family homes sold in North Boise with an average days on market of 43 and at an average price of \$300,883. May and June shared similar numbers with the sale of 51 homes in May at an average sales price of \$356,995 (35 days on market), and 51 homes in June at 35 days on market (average sold price of \$328,188). The highest sold price recorded in North Boise was \$1,950,000, with a lowest recorded sale of \$80,000. During 2Q2014, average sold price in North Boise was \$331,271 (\$162 per square foot), and 37 days on market.



415 N Bacon

Courtesy of Marilyn Van Dorne - Group One



726 N Eastridge Place

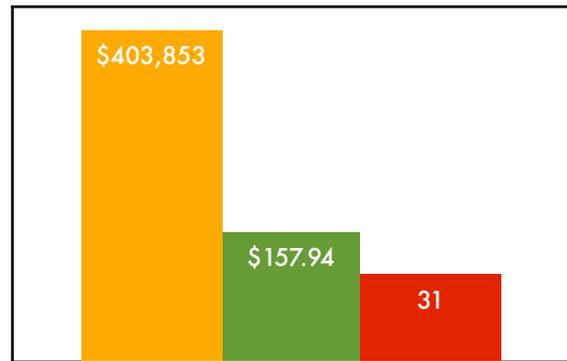
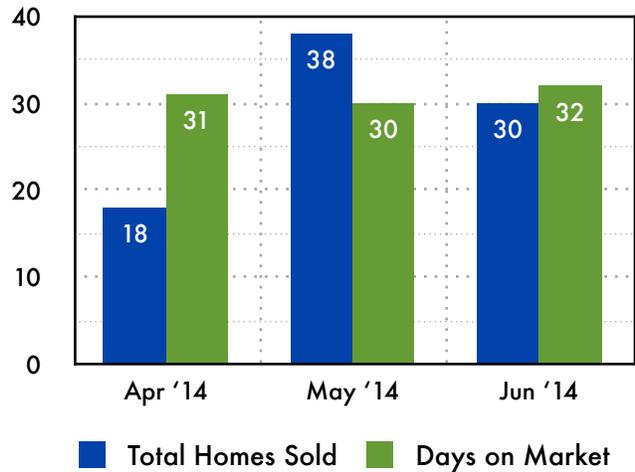
Courtesy of Alicia Ralston - Ralston Group Properties



107 N Castello Place

Courtesy of Lisa Stevenson - Group One

Northeast Boise (Area 200)



Northeast Boise

In April, 18 single-family homes sold in Northeast Boise with an average days on market of 31 and at an average price of \$392,891. May included the sale of 38 homes at an average sales price of \$384,669 (30 days on market), and 30 homes sold in June at 32 days on market. Average sold price in June was \$434,728. The highest sold price recorded in Northeast Boise was \$955,000, with a lowest recorded sale of \$105,000. During 2Q2014, average sold price in Northeast Boise was \$403,853 (\$158 per square foot), and 31 days on market.



3986 S Oakbrook Way

Courtesy of Alicia Ralston - Ralston Group Properties



2554 S Swallowtail

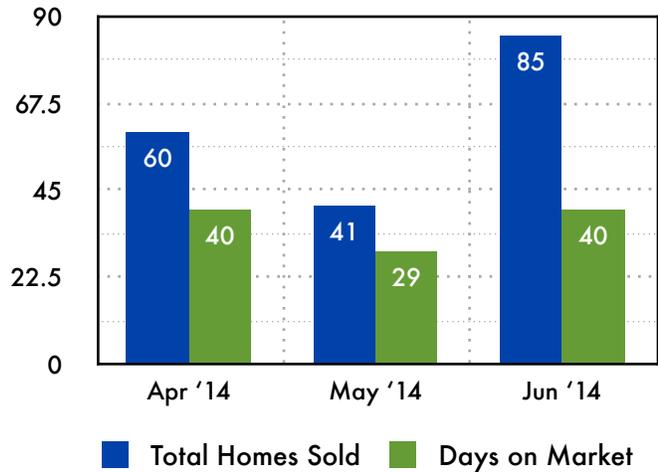
Courtesy of Patrick Williamson - Group One



2021 S White Pine

Courtesy of Melissa Galli - Group One

Southeast Boise (Area 300)



Southeast Boise

In April, 60 single-family homes sold in Southeast Boise with an average days on market of 40 and at an average price of \$238,228. The remainder of the quarter shared similar numbers with the sale of 41 homes in May at an average sales price of \$258,947 (29 days on market), and 85 homes in June at 40 days on market with an average sold price of \$256,234. The highest sold price recorded in Southeast Boise was \$1,300,000, with a lowest recorded sale of \$95,000. During 2Q2014, average sold price in Southeast Boise was \$251,862 (\$132.92 per square foot), and 36 days on market.



1104 N Garden

Courtesy of Patrick Duynslager - Silvercreek Realty



925 N Balsam

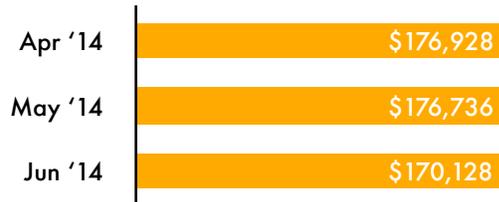
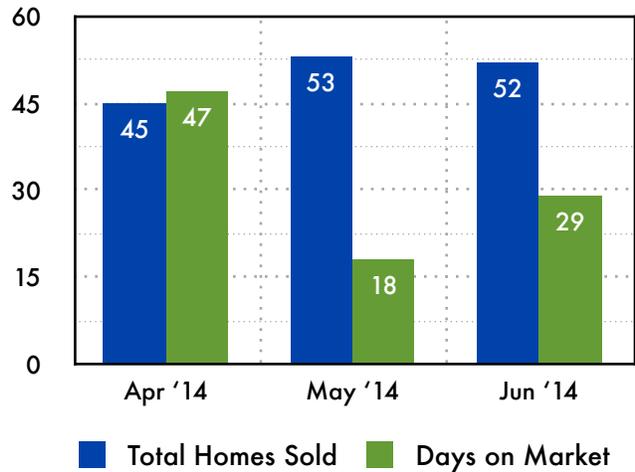
Courtesy of Dave Kallas - Silvercreek Realty



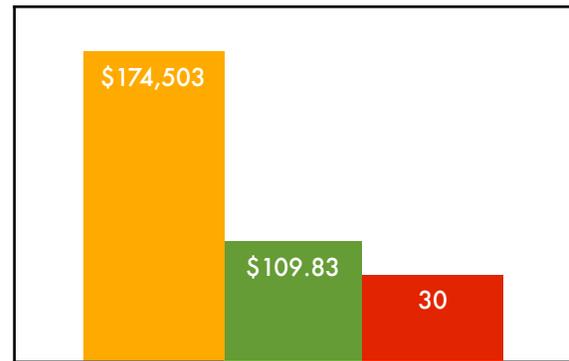
3801 W Kootenai Street

Courtesy of Jill Donahue - Ralston Group Properties

Boise Bench (Area 400)



Average Sold Price



Average Sold Price This Quarter
 Average Sold Price Per SQFT This Quarter
 Average Days on Market This Quarter

Boise Bench

In April, 45 single-family homes sold on the Boise Bench with an average days on market of 47 and at an average price of \$176,928. Fifty-three homes sold in May at an average sales price of \$176,736 (18 days on market), and 52 homes in June at 29 days on market with an average price of \$170,128. The highest sold price recorded on the Boise Bench was \$725,000, with a lowest recorded sale of \$87,500. During 2Q2014, average sold price on the Boise Bench was \$174,503 (\$110 per square foot), and 30 days on market.



367 N Odle Park Way

Courtesy of Elisabeth Keeney - Gold Key Real Estate



639 E Knoll

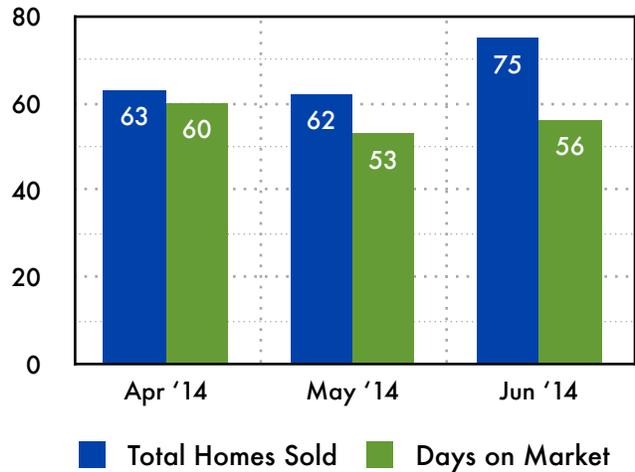
Courtesy of Slyvia Dixon - Coldwell Banker Tomlinson



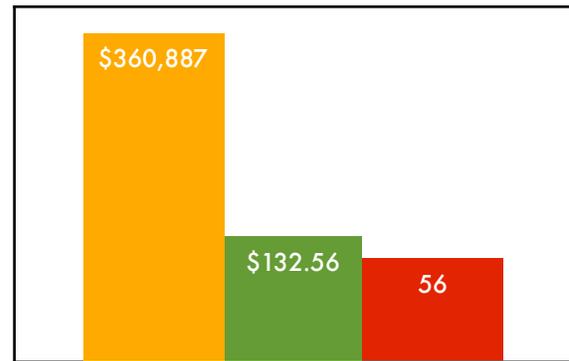
648 S Rivervine Way

Courtesy of Julie Hess - Silvercreek Realty

Eagle (Area 900)



Average Sold Price



Average Sold Price This Quarter
 Average Sold Price Per SQFT This Quarter
 Average Days on Market This Quarter

Eagle

In April, 63 single-family homes sold in Eagle with an average days on market of 60 and at an average price of \$316,428. Sixty-two homes sold in May at an average price of \$371,750 (53 days on market), and 75 homes in June at 56 days on market; Average sold price was \$389,252. The highest sold price recorded in Eagle was \$825,000, with a lowest recorded sale of \$75,000. During 2Q2014, average sold price in Eagle was \$360,887 (\$133 per square foot), and 56 days on market.



2658 Ridge Lane

Courtesy of Penny Leopold - Ralston Group Properties



330 Sweetbrier Road

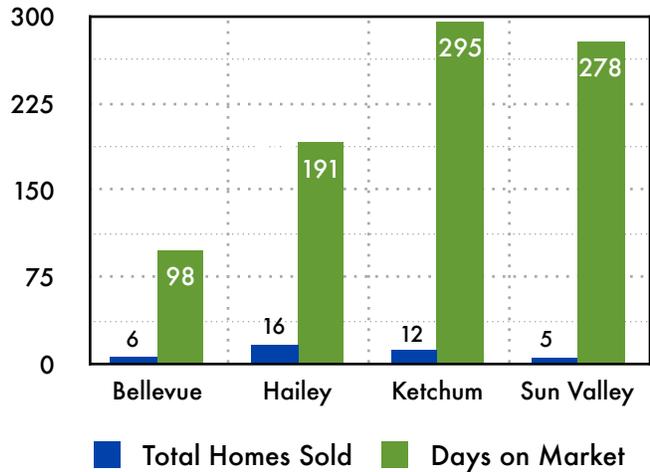
Courtesy of Penny Leopold - Ralston Group Properties



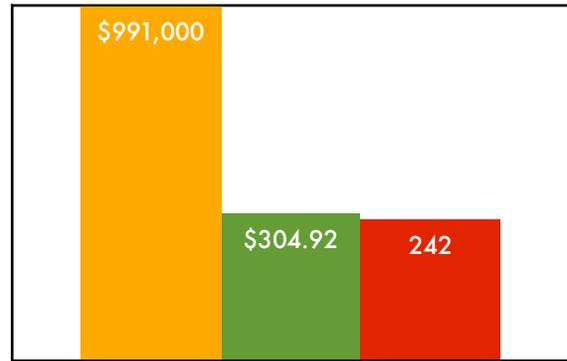
248 Elkhorn Road

Courtesy of Brad DuFur - Sun Valley Real Estate, LLC

Bellevue, Hailey, Ketchum & Sun Valley



NOTE: Bellevue has not been included in the Blaine Co. graph below



■ Blaine Co. Average Sold Price This Quarter
■ Blaine Co. Average Sold Price Per SQFT This Quarter
■ Blaine Co. Average Days on Market This Quarter

Bellevue, Hailey, Ketchum & Sun Valley

Six single-family home sales were recorded in Bellevue in 2Q14 at an average of 98 days on market and an average sales price of \$299,150. Second quarter in Hailey resulted in 16 homes sold with an average days on market of 191 and at an average price of \$326,594 (\$171 per square foot). In Ketchum, 12 homes sold at an average sales price of \$1.8 million at an average of 295 days on market; per square foot price was \$473. Sun Valley records indicated 5 home sales at an average price of \$1.4 million (\$365 per square foot) and at an average of 278 days on market. During 2Q2014, average sold price in Blaine County was \$991,000 – \$305 per square foot and 242 average days on market. Bellevue sales are not included in the Blaine County graph.

Commercial Downtown Boise at a glance

Multi-Family

Trend data indicates an increase of +2.1% in median asking sales price per unit compared to the prior 3 months, with an increase of +36.6% from last year's prices. Median price was \$89,401 per unit for Multi-family properties in Boise. Rental data was not available

Office

Trend data indicates a decrease of -4.9% in median asking sales price per square foot (sf) compared to prior 3 months, with a decrease of -2.8% from prior year's prices. Median price was \$109/sf. Rental rates increased +1.1% from prior 3 months, a +5.5% increase from last year. Average asking rent/sf/year was \$12.86

Retail

Trend data indicates a +1.2% increase in asking rental rate/sf/year from prior 3 months – average asking rent/sf/year was \$12.94. This is a +3.5% increase from a year ago. Asking sales price/sf downtown was not available

The information provided in this report was compiled from multiple sources including: Idaho's Intermountain Multiple Listing Service (IMLS), Sun Valley MLS, & various community websites. The data is believed to be accurate and reliable, but cannot be warranted by Ralston Group Properties. The commercial data provided in the table above is merely "trend data," and was collected from LOOPNET. Statistics for the 2Q14 Ralston Report were current as of 7/8/14.

Community Q&A

Melinda Kim

What are the top 5 things a millennial should do to prepare for purchasing a home?

Build your credit! Establish and use credit responsibly – use a gas card or other credit card for routine purchases, but pay the full balance off each month to avoid interest charges. Student loans can make a difference – know when you need to start re-paying your student loans, and what your monthly payments will be. Don't open new credit with retailers just to get a one time discount; be watchful of new credit inquiries. Put utilities, leases and insurance in your own name.

Save and organize your paperwork. Financial planning and the loan process go much more smoothly if you have complete and accurate documentation. Here's the list that is generally required: most recent 30 days of paystubs; most recent 2 years of

federal taxes, including W-2s; most recent 2 months of bank statements, all pages, for checking, savings and investment accounts; a copy of a current driver's license; and as appropriate, divorce decrees, support orders, and bankruptcy paperwork. This list gets modified for self employed borrowers.

Understand your tax situation. Often owning a home can be less expensive than renting after factoring in the tax savings. It's helpful to visit with your accountant or financial planner (or a good mortgage consultant), to look at your whole financial picture, before deciding on a specific strategy.

Start saving monthly! Even if you're only setting aside a small amount each month, having some money in savings for down payment, closing costs or just to show reserves can make a difference in how much you qualify for.

Get an official loan pre-approval. This process will determine: what you qualify for; what the best loan programs and down payment options are for your situation; and what monthly payments you're comfortable with (very important). Once you've done this

homework, you'll be ready to meet with your favorite realtor to start house hunting!



Melinda Kim is a leading Idaho lending expert. More about Melinda can be found on our website. Melinda

earned a MBA from Harvard Business School and BS degrees in Finance and Marketing from the University of Utah.

Downtown Update



Let's Get Ready to JUMP

In 2Q14, JUMP celebrated the "Topping Out" of the steel structure. To commemorate the momentous event, JUMP held a Topping Out Celebration that included the signing of the final and highest beam, an appreciation lunch and the hoisting of that final beam into place. As is tradition, the beam was painted white and topped by a small evergreen tree and the American flag. Did you know that both the American flag and the evergreen tree both have symbolic meanings dating back hundreds of years?

Teri Stein Joins RGP Downtown

In late June, RGP announced that Teri Stein had joined its affiliated firm, Ralston Group Properties Referral Services.

Teri is a 3rd generation Idahoan, and has deep family and community ties to Boise. Her real estate experience includes working with McLeod/Windermere Capital, and more recently was affiliated with Market Pro, until joining Ralston Group Properties Referral Services where she continues to serve clients as a referral agent.

Teri and her husband Ed Miller, co-managing partner at Givens Pursley, are very engaged in supporting key community initiatives. Active as a volunteer, Teri has supported the Boise School District, the Boise Contemporary Theatre Board, and the Resource Council for the Trey McIntyre Project. Honored as the 2014 recipient of the *Joyce Stein Memorial Award* for her sustained efforts on behalf of the Women's and Children's Alliance, she has continued the Stein/Miller family legacy of compassionate giving for those in need in our community. [Read more about Teri](#)

Downtown Transit Station Is Official

City Center Plaza is officially under construction. The project is on the current US Bank Plaza between Capitol Boulevard and Main, 9th and Front Streets. In addition to becoming the home for a new underground public transportation hub, it will include the new headquarters for Clearwater Analytics (tech firm) and will house part of Boise State's computer science department. It will also involve expansion of the Boise Centre and will include space for new restaurants and covered parking. Expected cost is \$80 million. The developer is Gardner Co, which built Eighth & Main – one of Boise's 2014 additions and the tallest building in Idaho.

The Owy...hee Is Here!

The Owyhee has been converted to feature 36 modern rental apartments, a revitalization of the banquet facilities, 60,000 square feet of modernized office and retail space, and the reopened rooftop terrace. The public was invited to an open house on July 9th. Since its construction more than 100 years ago in 1910, the historic Owyhee has played an important role in the Boise community, hosting famous politicians, musicians, and other prominent visitors as the Owyhee Plaza Hotel.



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. [Read more about Alicia](#)

Ralston Group Properties is small, vibrant residential & commercial real estate "boutique" focused in Boise, Eagle and the Sun Valley/Wood River Valley. In Boise, RGP specializes 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 including, vacation & investment properties, ranches, vineyards & sustainable design/builds.



Scout O'Gara

At RGP, Scout specializes in residential real estate principally in Eagle, west Boise, Meridian, and acreage properties in outlying areas. A perfect fit for the ethos of RGP, she's invested in and passionate about each of her clients' successes. In short, it's not just "another transaction" with Scout, but personal and deeply meaningful. [Read more about Scout](#)

Cell: 208-830-7111
Email: scout@ralstongrp.com



Penny Leopold

Penny Leopold and the phrase "Sun Valley real estate" are virtually synonymous. Widely recognized by clients and peers alike as one of the most knowledgeable, effective professionals in the Wood River Valley and throughout Blaine County, Penny recognizes that real estate is as a business transaction. [Read more about Penny](#)

Cell: 208-309-1130
Email: penny@ralstongrp.com



Jill Donahue

Jill's specialty expertise tends to focus on serving clients interested in access to the Boise foothills trails system, our vibrant downtown area, and the river/greenbelt - essentially the Boise lifestyle! Her market knowledge and the trust she earns with clients and colleagues alike is evidenced by her referrals and repeat business - 95% over career. [Read more about Jill](#)

Cell: 208-861-5455
Email: jill@ralstongrp.com



David Ralston

David is a licensed Realtor but focuses primarily on supporting "back-office" activities that are important to ensuring a sustainable, quality-conscious brokerage. David's contributions to the team include business planning, administrative/compliance support, marketing, and agent coaching/professional development.

Cell: 208-761-5397
Email: david@ralstongrp.com



Teri Stein

Teri is a 3rd generation Idahoan and arguably, is the quintessential "ambassador" for Idaho and the Treasure Valley. Born and raised in Boise, Teri has fostered trust-based relationships with everyone she comes into contact and leads RGP's Referral Services. [Read more about Teri](#)

Cell: 208-830-7222
Email: teri@ralstongrp.com

