BOISE INVESTMENT PROPERTIES.NET

We Are Invested!

Here's what you will find inside the March Boise Investment Properties newsletter:

- Timing is Everything!
- Single Family Market Update
- Ada County Fourplex Update
- April AVID Invitation
- Featured Listing

Timing is Everything!

At February's AVID Investors round table meeting, facilitated by Tony Drost, we dove into the pressing issue of extended rental vacancies, lower rents, and even some concessions to get units filled. Through insightful discussions, we pinpointed that the timing of the lease terms played a more pivotal role.

Traditionally, late fall and winter months tend to witness a sluggish rental market, leading to decreased rents and prolonged vacancies. One key strategy identified by the group of avid investors is to prevent leases from converting to month-to-month during the off-season. Instead, we advocate for aligning lease term dates and renewals to be no later than August. In certain cases, such as properties near BSU, securing leases by the end of July can be helpful.

Additionally, attendees explored the benefits of staggering leases for multi-family or within your own portfolio of rentals. By diversifying lease expiration dates - for instance, having a lease expire per unit over different months (e.g, March, April, May, and June), landlords can mitigate the risk of having all units vacant simultaneously and minimize the expense associated with the make-ready and tenant turnover process.

Time constraints didn't allow us to dive into this aspect, but it is worth considering the advantage of offering flexible lease terms, such as six, 12, 18, and even 24 month leases and making sure those leases terminate in the warmer months. While tenants turnover and make-ready costs are significant expenses, some argue that opting for a 2-year lease could yield cost savings for landlords, even with the risk of missing out on potential rent increases if the market strengthens the 2nd year.

In summary, strategic lease management is paramount for optimizing rental returns and maximizing vacancies. By aligning lease terms and market dynamics and implementing staggered leasing approaches, landlords can navigate seasonal fluctuations and enhance overall profitability.

By Danielle Costa

Single Family Market Update

Ada County

FEBRUARY 2024
MARKET SNAPSHOT

ADA COUNTY
SINGLE-FAMILY HOMES

$522,000
MEDIAN SALES PRICE
+5.7% Year-Over-Year

527
HOMES SOLD
-15.3% Year-Over-Year

49
DAYS ON MARKET
-36.4% Year-Over-Year

1,126
INVENTORY
+8.4% Year-Over-Year

Provided by Boise Regional REALTORS® – BOIREALTORS.COM
Data from the Intermountain MLS as of March 14, 2024.

Canyon County

FEBRUARY 2024
MARKET SNAPSHOT

CANYON COUNTY
SINGLE-FAMILY HOMES

$409,818
MEDIAN SALES PRICE
+5.1% Year-Over-Year

328
HOMES SOLD
17.6% Year-Over-Year

50
DAYS ON MARKET
-41.9% Year-Over-Year

726
INVENTORY
+13.1% Year-Over-Year

Provided by Boise Regional REALTORS® – BOIREALTORS.COM
Data from the Intermountain MLS as of March 14, 2024.

ADA COUNTY FOURPLEXES

The following graphs have been updated to include data from February, which once again, only resulted in one 4-ple being sold within Ada County. This 4-plex, was built in 2015 and features a pinwheel design, with each side of the building serving as the entrance to one of the four units. Two units within the building are 3/2, while the other two units are 2/2. This building is part of a fourplex development, requiring the buyer to utilize a common property manager selected by the HOA.

Activity:
At the time, when this article was written, there were only 8 listings with 3 pending. The listings showing pending are new or relatively new construction and had very few days on market. Meanwhile, the remaining 5 in active status have an average of 88 days on market.

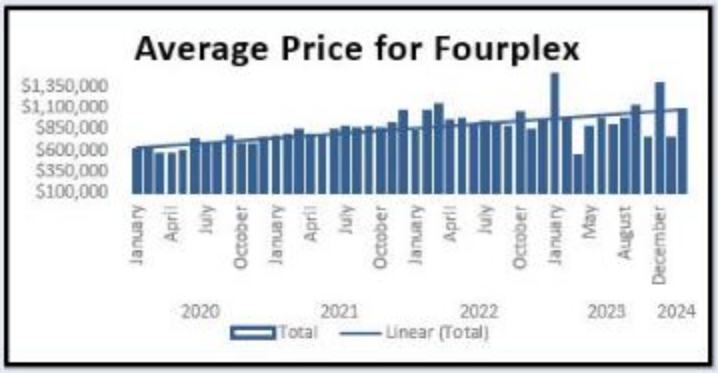
Price:
The sold prices continue to follow a gradual upward trend.

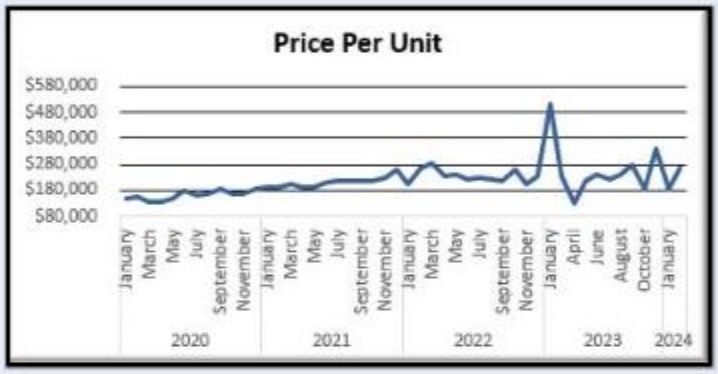
Price Per Square Foot (PPSFT):
The bouncing bar graphs reinforce that PPSFT is not the most reliable method for pricing a fourplex. This emphasizes the importance of engaging an agent with expertise in multi-family transactions.

Gross Rent Multiplier (GRM):
Despite the overall increasing trend in property values, fluctuations in market conditions have led to variation in GRM. However, the trailing 6-month average has been steadily rising since May of 2023. Presently, we are utilizing a GRM range of 185-190.

Cap Rates:
The current 6-month average for cap rates stands at 4.63%.

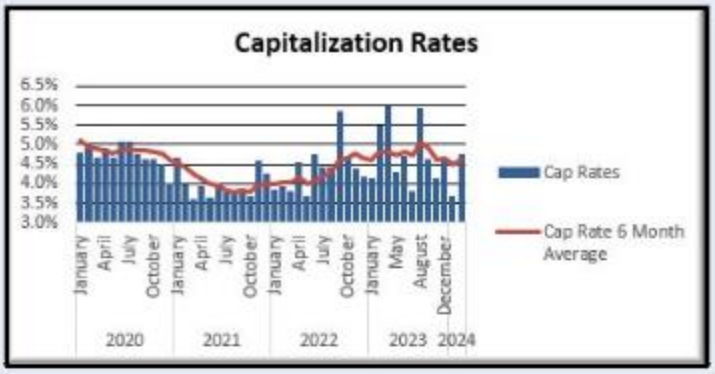
Days-On-Market:
The average number of days a property spends on the market in 2024 is 41.5 days.

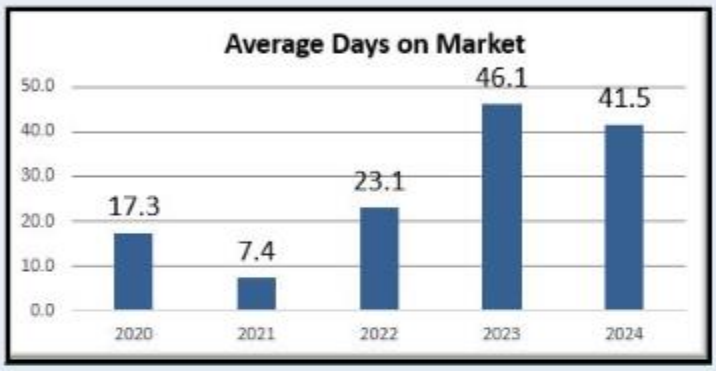

Average Price for Fourplex
$1,350,000
$1,100,000
$850,000
$600,000
$350,000
$100,000
January
April
July
October
January
April
July
October
January
April
July
October
January
May
August
December
2020
2021
2022
2023
2024
Total
Linear (Total)


Price Per Unit
$580,000
$480,000
$380,000
$280,000
$180,000
$80,000
January
March
May
July
September
November
January
March
May
July
September
November
January
March
May
July
September
November
January
April
June
August
October
January
2020
2021
2022
2023
2024

Price Per Square Foot
$340.00
$290.00
$240.00
$190.00
$140.00
$90.00
January
March
May
July
September
November
January
March
May
July
September
November
January
March
May
July
September
November
January
April
June
August
October
January
2020
2021
2022
2023
2024

GRM Trend
250
200
150
100
January
March
May
July
September
November
January
March
May
July
September
November
January
March
May
July
September
November
January
April
June
August
October
January
2020
2021
2022
2023
2024
Sum of GRM
GRM 6 Month Average





Data analyzed by Tony Drost, referencing the Intermountain Multiple Listing and Ada County Fourplex activity.

Join us next month at the AVID Investors Club Meeting where Stacy McBain will provide the market update and the Ada County Assessors will give us a heads up on what the upcoming assessements will looks like. Lots of good information. We hope to see you there!

Our Featured Listing went Pending $15,000 Above Asking

$374,900!!! 6208 W Villa Park St.

This property went fast due, in part, to the seller's proactive maintenance and great record keeping.

WE HOPE YOU STAY IN TOUCH!

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