

A word with Clay Anderson and Chap Todd of Colliers

By: Sharon Fisher | January 5, 2021 | 0



Clay Anderson

Anyone who's been paying attention can see that investing in multifamily housing throughout Idaho has become increasingly attractive. One of the companies taking part in this trend is Colliers International Idaho. Clay Anderson and Chap Todd make up Colliers' Northwest Multifamily Team.

Since joining Colliers International Idaho in 2006, Anderson has transacted more than \$1.1 billion in commercial real estate, incorporating apartments, shopping centers, office

buildings, mobile-home parks and net-leased investments. Since arriving in Boise, he has closed over 4,500 multi-housing units in the past 13 years. A native of Idaho, he spent the first eight years of his career in Phoenix. His background includes working as a CPA at Deloitte, energy commodities consulting, and raising capital for structured land deals in Arizona.

Prior to joining Colliers Idaho, Boise native Todd started his real estate career as an intern with Colliers San Diego. In 2019, he joined Colliers International Idaho where he partners with Anderson working to represent buyers and sellers, primarily within the multifamily specialty.



Chap Todd

This interview has been edited for length and clarity.

What trends is Colliers seeing in the buying and renting of multifamily housing?

Since 2015, the Boise multifamily market has been over 97% occupied; about 2 percentage points higher compared with neighboring cities like Salt Lake City, Colorado Springs and West Coast cities. Only in 2019 did we see a 1% dip in occupancy levels and this was mainly due to added inventory coming online, like the new class-A developments downtown, for example.

There is a lot of upside for investors, particularly for our market. Cap rates are low, we have experienced three years' worth of in-migration within one year, and single-family home prices are rising incredibly fast, so many will continue to rent. Multifamily buyers from around the country are looking at smaller markets like Boise for more immediate upside potential.

How is the demographic of the typical multifamily Idaho homeowner or renter changing?

This is hard to say. In general, we are seeing a continually increasing trend inbound residents from the West Coast. Over the last several years, they have accounted for about two-thirds of our in-migration. We're also seeing broader migration from other parts of the country, but mostly from within the west.

What trends is Colliers seeing in the construction of multifamily housing? What new amenities are popular?

Strong demand in apartments is driving large amount of apartment construction. We are seeing demand across the board, from student housing to traditional garden-style, to podium-development (in the right locations).

Boise is a very pet-friendly area, and we're seeing landlords be more pet-centric in what they are offering. Some of the newer projects like The Clara in Eagle have oriented their amenities around the pond/lake that is there.

**What have you been seeing happen to the cost of multifamily housing?**

Construction costs and rents are rising.

How is that affecting affordable and workforce multifamily housing?

Affordability will continue to be an issue. While many markets have seen rents flatten, our rents have upward pressure due to continued growth in the area. Tenants who were looking to purchase a home are now renting longer due to the huge increase in residential pricing. With a strong construction pipeline of multifamily, tenants will be able to have a place to live.

What's happening with the market for luxury multifamily housing?

We are starting to see nicer amenitized projects being delivered to market. Developers are comfortable investing more into the common area amenities (nicer pools, nicer dog parks, pet-washing stations, gyms, clubhouse, garages) because there is a healthy portion of the market willing to pay a premium for in-demand amenities. The nicer downtown podium projects are appealing not only to younger demographics, but also to empty nesters who are enjoying the downtown scene with walkability. More and more, tenants are basing which community they live in on how up-to-date the amenities are.

How much of the in-migration market looks for multifamily housing?

Not sure. In the past, migration from baby-boomers resulted primarily in home purchases. Now that remote working is more acceptable, the younger working class that moves here will have a stronger propensity to rent.

What sort of out-of-state investment interest in multifamily housing is Idaho getting?

We've always had strong interest in capital coming off of the West Coast. This has only amplified in the COVID world we live in. Boise has "landed on the map" for more parts of the country. West Coast is still the driving source of capital, but definitely more players from across the country are looking at Boise as an up-and-coming market.

What are things some other states are doing to increase the supply of workforce multifamily housing that Idaho isn't doing? In particular, what should the role of government be?

From a standpoint of supply and demand, Boise has fewer units per capita than all surrounding major Western metros. If Boise doesn't continue to develop apartments and provide affordable housing for the growing number of tenants, then rent prices will continue to go up. Currently, there are a sufficient number of apartments in the construction pipeline, which will keep prices from rising too quickly.

With COVID, people are reevaluating where they want to live with their ability to work remote anywhere across the country. The government's goal should be to keep Idaho a desired place to move to, while keeping it safe for citizens to live in and small businesses to thrive in.

How is COVID-19 affecting Idaho's multifamily housing market?

We are seeing an increase with Idaho in migration (as previously mentioned). We could see an increase in collection and eviction cases, but this would likely be less than compared to other, more expensive, markets. And while we have not necessarily seen it yet, there is potential for household contraction (millennials move home). The student housing market could be affected negatively with more students going online and living at home.