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# Economic slump is not expected to last

Although the tech sector is struggling, the Boise area's economic outlook for 2008 is upbeat, with the worst of the local housing slump soon to be history, experts said Tuesday.

Speakers at the Boise Metro Chamber of Commerce's Economic Outlook Forum said high population growth and low unemployment will keep the Treasure Valley economy one of the nation's strongest next year.

Here are some key forecasts:

## **Housing: The national slowdown will last, but the Valley's won't**

Portland-based economist Bill Conerly, principal of Conerly Consulting, said robust population growth will help reduce the Valley's excess housing faster than other areas.

"The national housing market is in very sad shape," he said. "We've overbuilt since 2002, when low mortgage rates allowed us to put first-time homebuyers in houses, and then home prices went up and investors moved in. But now home prices are too high for first-time homebuyers, and investors are moving out."

Conerly said he doesn't expect the national housing market to rebound in either 2008 or 2009. But by 2009 the country should see the turnaround coming, he said.

Wayne Forrey, director of Eagle-based Kastera Development, said the local market has reached the bottom, and he expects recovery to begin in 2008.

Falling land, construction and housing costs will help bring buyers back, he said.

Forrey said Boise remains one of the most affordable places to buy a first home. "Anyone in this room today can buy a brand new three-bedroom, two-bath, two-car attached garage in Boise metro for under \$110,000," he told the audience. After the meeting, he said some builders are now offering homes in places like Caldwell below \$110,000.

## **Commercial real estate: Meridian is hot**

Debbie Martin, a commercial real estate agent and principal of DK Commercial, said demand for retail and office property remains strong, although it's not at 2005 levels. Martin said the 2005 growth rate was unsustainable.

The strongest areas of growth are in Meridian and Nampa, with Eagle close behind, she said.

"When we see retail and office space all over the Valley unoccupied, it doesn't mean the sky is falling and there aren't tenants," she said. "It's mostly due to the growth and new construction, not necessarily due to a pull-back in activity."

## **Technology: Startups lack support**

The next company to become a Hewlett-Packard or Micron is already in the Boise area, but business leaders and state leaders need to do more to help smaller technology companies grow, says Jason Crawford, founder and chairman of Treetop Technologies.

"These are the children of our economy," Crawford said. "We as a community - in my opinion - are doing a very poor job of helping these emerging companies."

Crawford said one of the best things Idaho's larger companies can do to help emerging companies is to make sure they seek the services and products of the Idaho companies, because that gives the small companies references to help develop business.

"We're not asking for handouts. This is not welfare. We're good - we're actually damn good at what we do," Crawford said. "Before you look across the planet for solutions, just look across the streets. We're here."

Crawford said technology is the largest industry in the state but lacks the support of Idaho political leaders.

"Technology is bigger than agriculture, forestry and mining combined," he said, "but our public sector has taken for granted what this industry brings to our state. The last 15 years we've grown rapidly, but we've grown despite little help from our government."

In 2005, Crawford said Idaho invested only about \$550,000 in its tech industry while Utah invested \$165 million.

Crawford said the state needs to invest in technology to expand the companies that will have to pay the costs of infrastructure like roads, prisons and schools.

"The last time I checked, agriculture isn't going to pay the bills - it's going to be the science and tech industry," Crawford said. "I'm asking the public officials in our state to stop looking over your shoulder. It's time to look ahead."

## **The national economy: No recession likely**

Conerly gives the country only a one in four chance of going into a recession.

"The American economy is strong and resilient, the American people are strong and resilient, the American economy is strong and resilient," he said. "That's the one economy lesson you should take away."

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