

COMPREHENSIVE HOUSING MARKET ANALYSIS

# Bozeman, Montana

**U.S. Department of Housing and Urban Development,  
Office of Policy Development and Research**

As of June 1, 2025



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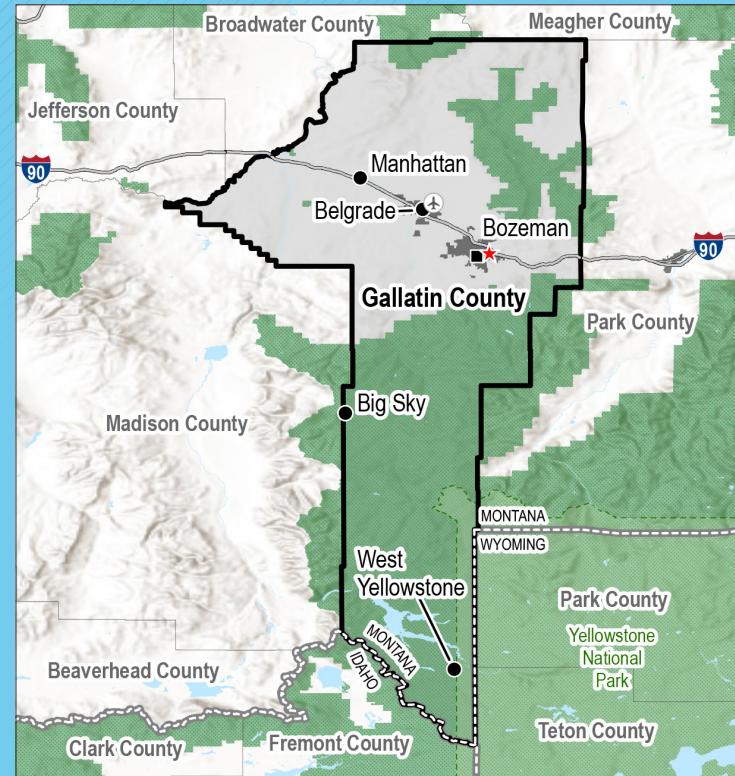
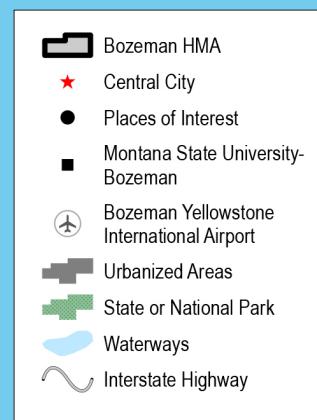


# Executive Summary

## Housing Market Area Description

The Bozeman Housing Market Area (HMA) is coterminous with the Bozeman, MT Metropolitan Statistical Area (MSA) and is defined as Gallatin County in southwest Montana. The Bozeman HMA is the third most populous MSA in Montana, behind Billings and Missoula. Tourism supports the Bozeman HMA economy; the West Entrance to Yellowstone National Park, Bridger Bowl Ski Area, and a portion of the Big Sky ski resort are in the HMA, which, together with numerous trails and rivers, make the area attractive to outdoor enthusiasts year-round.

The current population of the HMA is estimated at 128,800.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

## Market Qualifiers

### Economy



**Stable:** During the 12 months ending May 2025, nonfarm payrolls in the Bozeman HMA increased by 1,000 jobs, or 1.3 percent, from a year earlier to 75,300 jobs, similar to the 1.2-percent national job growth.

Job growth in the HMA during the most recent 12 months slowed from the 2.5-percent annual gains in the previous 12-month period. Tourism is a major industry in the HMA, and the leisure and hospitality sector led job growth during the most recent 12-month period, accounting for approximately one-half of the job gains. The labor market is tight; the unemployment rate was 2.2 percent during the 12 months ending May 2025, unchanged from a year earlier and well below the 4.0-percent national rate. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.3 percent.

### Sales Market



**Balanced:** The sales vacancy rate in the HMA is 1.5 percent, up slightly from 1.4 percent in April 2020, when conditions were also balanced.

During the 12 months ending May 2025, new and existing home sales increased 4 percent from a year earlier to 2,175 homes sold, a reversal from the 8-percent decline in home sales during the previous 12-month period (Zonda). The average home sales price increased 1 percent from a year earlier to \$885,900, moderating from the 8-percent increase during the 12 months ending May 2025. Homes are expensive in the HMA; the average home price during the past 12 months was 82 percent higher than the national average. During the next 3 years, demand is expected for 2,625 homes in the HMA; the estimated 750 homes under construction will meet a portion of the demand during the first year of the forecast period.

### Rental Market



**Soft:** The overall rental vacancy rate in the HMA is estimated at 15.0 percent, increasing from 4.9 percent in April 2020, when the market was tight.

The apartment market in the HMA is also soft. As of the second quarter of 2025, the apartment vacancy rate was 21.2 percent, up from 15.6 percent a year earlier (CoStar Group). The soft market conditions contributed to declining rents; as of the second quarter of 2025, the average rent decreased 7 percent from a year earlier to \$2,171. Although demand for rental units is expected to increase during the next 3 years because of household growth, that demand will be met entirely by the current excess supply of vacant units available in the HMA, many of which are new units at properties in lease up, and by the estimated 900 units under construction.

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| 3-Year Housing Demand Forecast |                           |              |
|--------------------------------|---------------------------|--------------|
|                                | Sales Units               | Rental Units |
| <b>Bozeman HMA</b>             | <b>Total Demand</b>       | <b>2,625</b> |
|                                | <b>Under Construction</b> | <b>750</b>   |
|                                |                           | <b>900</b>   |

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2025. The forecast period is June 1, 2025, to June 1, 2028.  
Source: Estimates by the analyst



**PD&R**

# Economic Conditions

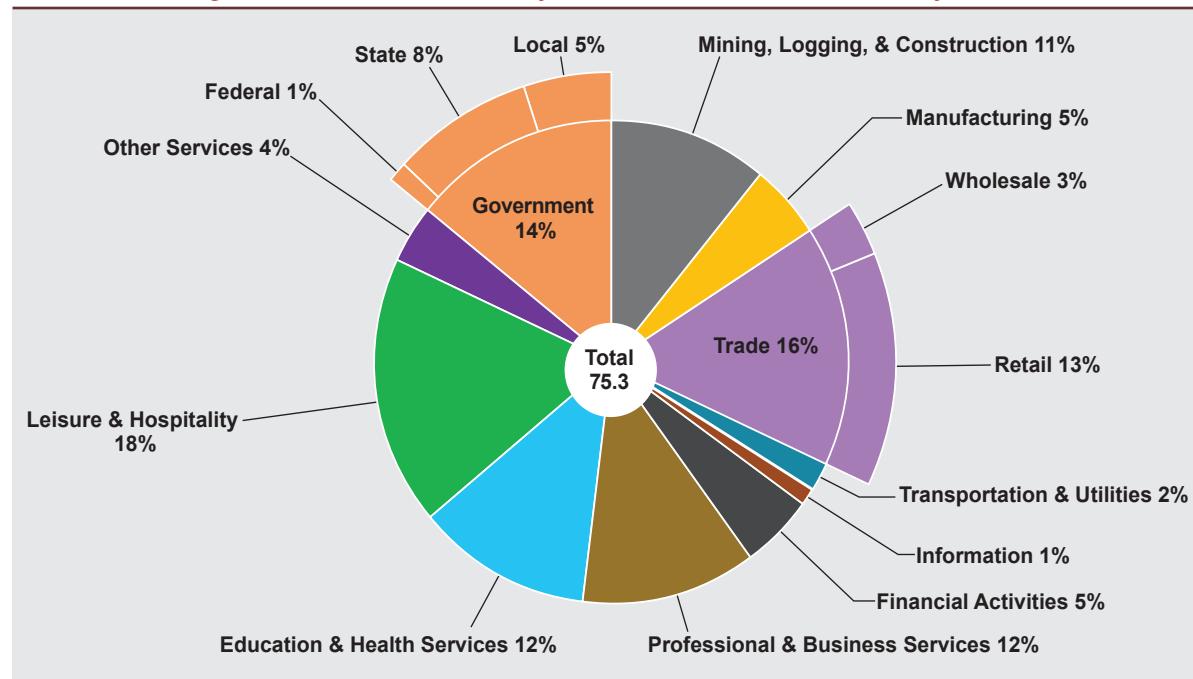
## Largest Sector: Leisure and Hospitality

Destinations such as the Big Sky ski resort, Bridger Bowl Ski Area, Yellowstone National Park, and other outdoor attractions draw visitors to the HMA; in 2019, visitors spent nearly \$1 billion in the HMA (University of Montana Institute for Tourism and Recreation Research).

## Primary Local Economic Factors

The tourism industry anchors the economy in the Bozeman HMA, supporting payrolls in multiple job sectors. The leisure and hospitality and the wholesale and retail trade sectors are the two largest employment sectors, together accounting for 34 percent of nonfarm payrolls during the 12 months ending May 2025 (Figure 1). By comparison, these sectors combined accounted for 25 percent of nonfarm payrolls nationally. Tourism spending in the HMA was estimated at nearly \$1 billion in 2019, with approximately 43 percent of the spending on bars, restaurants, hotels, guides, and outfitters (University of Montana Institute for Tourism and Recreation Research). Of the five entrances to Yellowstone National Park, the West Entrance, located in the HMA in the town of West Yellowstone, is the busiest, accounting for 43 percent of the traffic in and out of the park (National Park Service). The North Entrance, located outside the HMA in Park County, Montana, and the only entrance open

**Figure 1. Share of Nonfarm Payroll Jobs in the Bozeman HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through May 2025. Source: U.S. Bureau of Labor Statistics

year-round, is located closer to the city of Bozeman than the West Entrance and is the second busiest entrance, accounting for 27 percent of park traffic. The 3 busiest years at Yellowstone National Park, as measured by the number of recreational visitors, have occurred since 2021. During the 12 months ending May 2025, 4.79 million people visited the park, up 5 percent from the previous 12 months. The Big Sky Resort Area District (BSRAD) administers a resort tax for the area that includes the Big Sky ski resort. The resort includes 5,850 skiable acres and spans portions of Gallatin and Madison Counties. In 2022, BSRAD had an economic impact estimated at \$1.3 billion on the two counties combined and an additional \$1.0 billion on the rest of Montana (Northern Rocky Mountain Economic Development District). Skier visits to the Big Sky ski resort increased an average of 11 percent annually from 2014 to 2019, with a record 700,000 visits during the 2018–19 season (most recent data available; Lone Mountain Land Company). Bridger Bowl Ski Area, with 2,000 skiable acres, had approximately 363,900 skier visits during the 2024–25 ski season, second only to the 377,000 skier visits during the 2022–23 ski season (Bridger Bowl Association).

Montana State University (MSU), a public research university in the city of Bozeman, supports the local economy. Partly due to the presence of the university, the government sector accounts for 14 percent of nonfarm payrolls, making it the third largest sector in the HMA. The university is included in the state government subsector, which accounts for nearly 60 percent of sector payrolls in the HMA. MSU is the largest university in the state by enrollment, with nearly 17,150 students enrolled during the fall of 2024, and it is the largest employer in the HMA (Table 1), with approximately 3,550 employees (MSU). The research conducted at MSU had a statewide economic impact estimated at \$314.0 million in 2019 (University of Montana Bureau of Business and Economic Research). In 2023, the Economic Development Administration, an agency in the U.S. Department of Commerce, designated western Montana as the Headwaters Regional Technology and Innovation Hub, and in 2024, awarded \$41 million for five research projects. Research at MSU and in collaboration with other regional organizations includes projects such as smart photonic sensor systems, which can potentially increase the speed and efficiency of communication and data processing.

## Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are stable, with nonfarm payroll growth continuing during the past year but slowing from the strong growth a year earlier, similar to national trends. During the 12 months ending May 2025, nonfarm payrolls in the HMA increased by 1,000 jobs, or 1.3 percent, to 75,300 jobs, compared with an increase of 1,800 jobs, or 2.5 percent, during the previous 12-month period. Nationally, nonfarm payrolls increased 1.2 percent during the 12 months ending May 2025, down from 1.7 percent during the previous 12 months.

Seven nonfarm payroll sectors contributed to job growth in the HMA during the past 12 months, led by the leisure and hospitality sector, which added 500 jobs, or 3.8 percent, to reach 13,700 jobs (Table 2). Field & Stream Lodge Co. opened a 179-room hotel in Bozeman in May 2025. Other hotels, with a total of approximately 320 hotel rooms, have opened in the HMA during the past 12 months, including two Home2 Suites by Hilton and the EVEN Hotel near the Bozeman Yellowstone International Airport. Despite leading job growth in the HMA during the past year, gains in the leisure and hospitality sector slowed from an increase of

**Table 1. Major Employers in the Bozeman HMA**

| Name of Employer                  | Nonfarm Payroll Sector           | Number of Employees |
|-----------------------------------|----------------------------------|---------------------|
| Montana State University          | Government                       | 3,550               |
| Bozeman Health Deaconess Hospital | Education & Health Services      | 2,000–2,999         |
| Big Sky Resort LLC                | Leisure & Hospitality            | 1,000–1,999         |
| Brider Bowl Inc.                  | Leisure & Hospitality            | 500–999             |
| Town Pump, Inc.                   | Wholesale & Retail Trade         | 500–999             |
| Kenyon Noble Lumber Company       | Wholesale & Retail Trade         | 250–499             |
| Oracle America, Inc.              | Professional & Business Services | 250–499             |
| Ranch & Home Supply, LLC          | Wholesale & Retail Trade         | 250–499             |
| Ressler Motor Company             | Wholesale & Retail Trade         | 250–499             |
| Town & Country Foods, Inc.        | Wholesale & Retail Trade         | 250–499             |

Note: Excludes local school districts.

Sources: Montana Department of Labor & Industry; Montana State University; estimates by the analyst

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Bozeman HMA, by Sector**

|                                   | 12 Months Ending May 2024 | 12 Months Ending May 2025 | Absolute Change | Percentage Change |
|-----------------------------------|---------------------------|---------------------------|-----------------|-------------------|
| <b>Total Nonfarm Payroll Jobs</b> | <b>74.3</b>               | <b>75.3</b>               | <b>1.0</b>      | <b>1.3</b>        |
| <b>Goods-Producing Sectors</b>    | 11.8                      | 11.6                      | -0.2            | -1.7              |
| Mining, Logging, & Construction   | 8.1                       | 8.0                       | -0.1            | -1.2              |
| Manufacturing                     | 3.7                       | 3.6                       | -0.1            | -2.7              |
| <b>Service-Providing Sectors</b>  | <b>62.5</b>               | <b>63.7</b>               | <b>1.2</b>      | <b>1.9</b>        |
| Wholesale & Retail Trade          | 11.8                      | 11.9                      | 0.1             | 0.8               |
| Transportation & Utilities        | 1.6                       | 1.5                       | -0.1            | -6.3              |
| Information                       | 0.8                       | 0.7                       | -0.1            | -12.5             |
| Financial Activities              | 4.0                       | 4.1                       | 0.1             | 2.5               |
| Professional & Business Services  | 8.9                       | 9.1                       | 0.2             | 2.2               |
| Education & Health Services       | 8.9                       | 9.1                       | 0.2             | 2.2               |
| Leisure & Hospitality             | 13.2                      | 13.7                      | 0.5             | 3.8               |
| Other Services                    | 2.8                       | 2.9                       | 0.1             | 3.6               |
| Government                        | 10.6                      | 10.7                      | 0.1             | 0.9               |

Notes: Based on 12-month averages through May 2024 and May 2025. Numbers may not add to totals due to rounding. Data are in thousands.

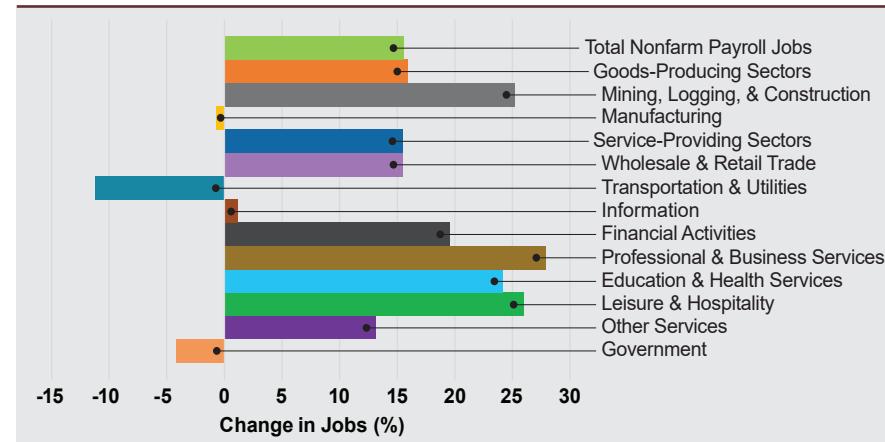
Source: U.S. Bureau of Labor Statistics

1,000 jobs, or 8.0 percent, during the previous 12-month period. The professional and business services and the education and health services sectors added 200 jobs each, or 2.2 percent, from a year ago, to 9,100 jobs in each sector. The wholesale and retail trade, the financial activities, the other services, and the government sectors each increased by 100 jobs year over year. Four sectors shed jobs year over year, partially offsetting the gains. The mining, logging, and construction, the manufacturing, the information, and the transportation and utilities sectors were each down by 100 jobs compared with the previous 12 months. The decline in the mining, logging, and construction sector was a reversal from a gain of 700 jobs, or 9.4 percent, during the 12 months ending May 2024, and is partly attributed to the 9-percent decline in residential construction starts (single-family and multifamily combined) during the past 12 months. Despite overall job gains in recent years, recovery from the economic downturn caused by the COVID-19 pandemic has been unequal across sectors. Payrolls in the leisure and hospitality, the mining, logging, and construction, and the professional and business services sectors are each more than 25 percent higher than 2019 levels, whereas the government, the manufacturing, and the transportation and utilities sectors are below 2019 levels (Figure 2).

## Current Conditions—Unemployment

Since 2022, the annual unemployment rate in the HMA has been lower than in any year from 2010 through 2021. During the 12 months ending May 2025, the unemployment rate averaged 2.2 percent, unchanged from a year earlier and slightly higher than the recent low of 1.6 percent during the 12 months ending September 2022 (Figure 3). The unemployment rate steadily declined from 6.7 percent in 2010 to 2.4 percent in 2019 because of strong economic growth. Due to the brief recession in 2020, the unemployment rate spiked to 5.3 percent during the 12 months ending March 2021, reaching a monthly high during that period of 12.8 percent in April 2020. Despite that increase, the unemployment rate in the HMA has consistently remained well below the national rate. The national unemployment rate was 4.1 percent during the 12 months ending May 2025, up from 3.7 percent during the previous 12-month period and down from a recent peak of 8.7 percent during the 12 months ending March 2021.

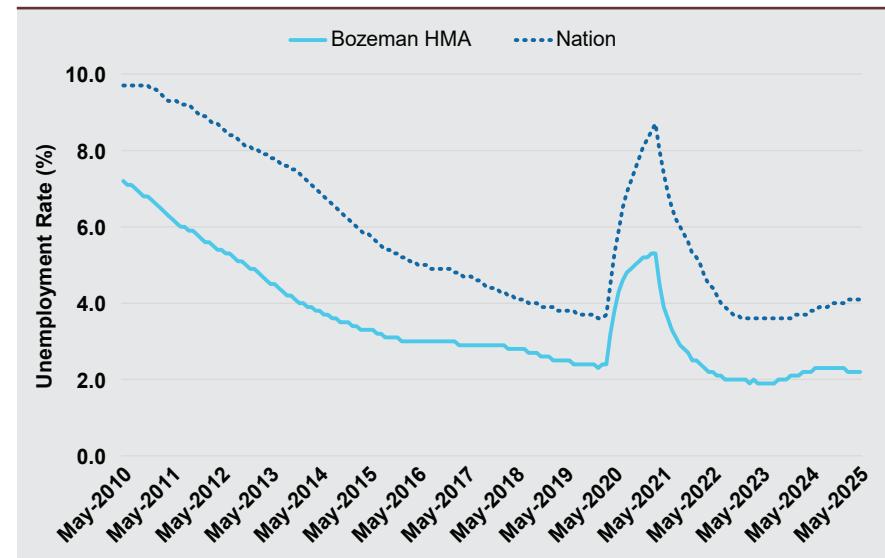
**Figure 2. Sector Growth in the Bozeman HMA, 2020 to Current**



Note: Current data are based on the 12-month averages ending May 2025.

Source: U.S. Bureau of Labor Statistics

**Figure 3. 12-Month Average Unemployment Rate in the Bozeman HMA and the Nation**



Note: Based on the 12-month moving average.

Source: U.S. Bureau of Labor Statistics

## Economic Periods of Significance

### 2010 Through 2019

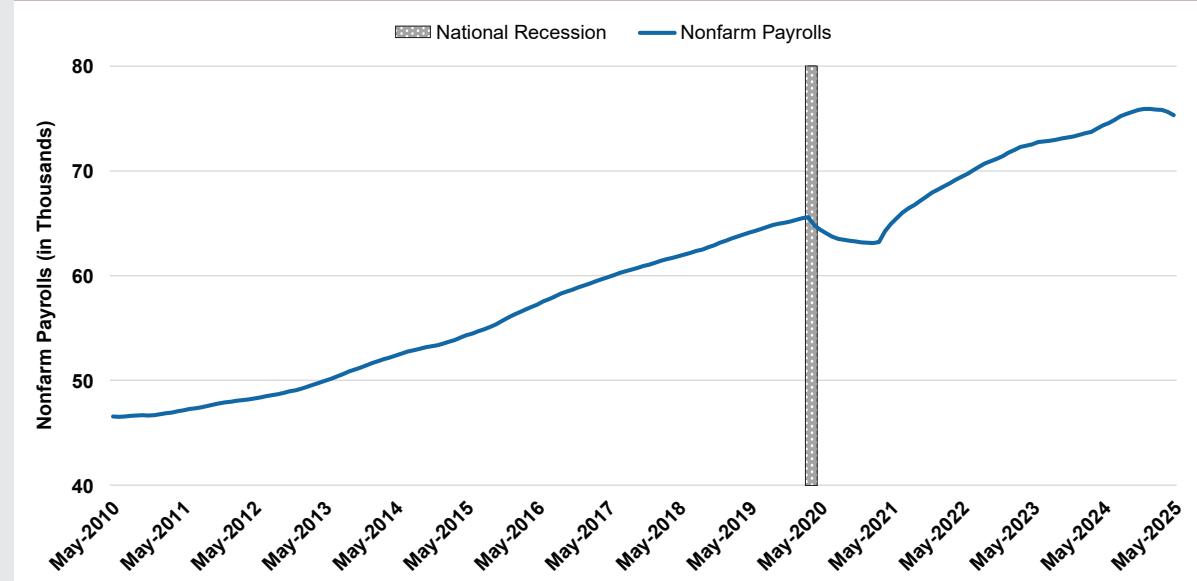
Job gains during the 2010s were steady and strong. Job losses from the Great Recession ended in 2010, when nonfarm payrolls totaled 46,700 jobs. Annual job gains resumed in 2011, and the HMA economy recovered the number of jobs lost during 2013, a year before the national recovery. From 2011 through 2019, nonfarm payrolls in the HMA increased by an average of 2,100 jobs, or 3.8 percent, annually—the eighth fastest rate of job growth among MSAs in the nation during that period. All nonfarm payroll sectors contributed to gains during the period. The leisure and hospitality sector led job growth in the HMA, adding an average of 400 jobs, or 4.4 percent, annually. The mining, logging, and construction, the professional and business services, and the wholesale and retail trade sectors each added respective averages of 300 jobs, or 6.9, 4.7, and 3.0 percent, a year.

### 2020 Through 2024

The recession in 2020 caused by the COVID-19 pandemic severely impacted the tourism-dependent HMA. During 2020, nonfarm payrolls decreased by 2,000 jobs, or 3.1 percent, and 85 percent of the losses were in the leisure and hospitality sector. In addition to temporary closures of local businesses, such as dining and entertainment venues, in 2020, the Big Sky and

Bridger Bowl ski areas ended their seasons early, and all Montana entrances into Yellowstone National Park were closed from late March until June. Despite broad-based job losses across many sectors in the HMA, modest increases in the mining, logging, and construction, the financial activities, and the professional and business services sectors partially offset declines, with gains of 200, 100, and 100 jobs, respectively. The subsequent recovery was swift. Outdoor activities generally conformed to social distancing recommendations, supporting some of the recovery in the tourism industry. The HMA recovered the number of jobs lost during the 2020 recession by the end of 2021, a year ahead of the national recovery. From 2021 through 2024, nonfarm payrolls in the HMA increased by an average of 3,200 jobs, or 4.7 percent, a year (Figure 4). The leisure and hospitality sector led job growth, adding an average of 1,200 jobs, or 11.3 percent, annually. In 2021, the Montage Big Sky resort opened with 139 hotel rooms. The resort also includes residences, six restaurants, a spa, and direct ski access to the Big Sky ski resort. The professional and business services and the education and health services sectors each had average gains of 500 jobs, or 5.7 percent, annually.

**Figure 4. 12-Month Average Nonfarm Payrolls in the Bozeman HMA**



Note: Based on the 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

## Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.3 percent annually to approximately 80,700 jobs. Although stronger than the job gains during the past year, the growth will be significantly slower than the increases during the 2010s. Growth is expected to occur across several sectors. Expansions at Big Sky ski resort will increase jobs in BSRAD, including in the leisure and hospitality sector and construction

jobs, creating additional accommodations for many resort workers living in the HMA. Elsewhere in the HMA, construction is underway on a Ferguson Enterprises Inc. distribution center in the city of Belgrade that is expected to open in the summer of 2025 and will also include office space and a showroom. Intermountain Health is opening its second clinic, with a specialty clinic and surgery center, in the city of Bozeman late in the summer of 2025, contributing to jobs in the education and health services sector.

# Population and Households

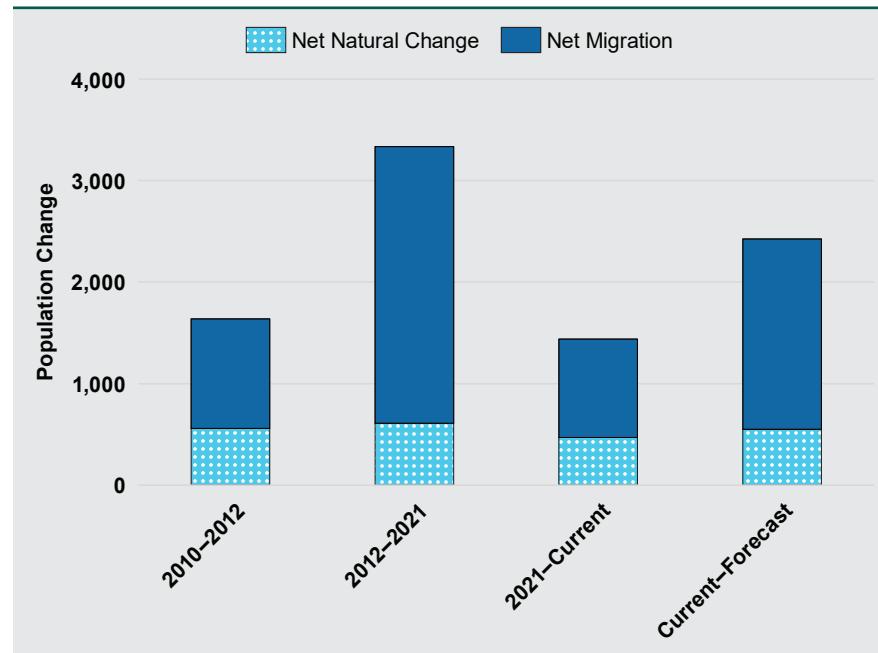
Current Population: 128,800

Based on percent growth, the Bozeman HMA was the fifth fastest growing HMA among 958 metropolitan and micropolitan areas in the nation from 2010 to 2020, and it had the fastest growth in Montana; however, population growth in the HMA has slowed since 2021.

## Population Trends

Population growth was rapid in the HMA from 2010 to 2021 but has since decelerated because job growth has moderated. A decline in housing affordability has also limited net in-migration. During the start of the recovery from the Great Recession, population growth was relatively moderate; the population increased by an average of 1,650, or 1.8 percent, annually from 2010 to 2012 (Census Bureau decennial census counts and population estimates as of July 1). Net in-migration, averaging 1,100 people a year, accounted for 67 percent of the population growth (Figure 5). When the HMA entered a period of strong economic expansion, net in-migration increased as people were attracted by job opportunities. The elevated level of net in-migration continued through the early months of the COVID-19 pandemic, partly because expanded remote work opportunities enabled many workers to move farther away from their traditional commuting areas to locations catering to their lifestyle preferences, such as those offering the outdoor recreation opportunities available in the HMA. From 2012 to 2021, the population increased by an average of 3,325, or 3.1 percent, annually. Net in-migration more than doubled from the 2010-to-2012 period to an average of 2,725 people a year, accounting for 82 percent of the population growth. Since 2021, population growth has slowed. The return to office policies following the pandemic have limited how far people can live from work and contributed to a decline in net in-migration. This was compounded by slowing job growth in the past year and rapidly rising home prices that reduced housing affordability. Since 2021, the population has increased by an average of 1,450, or 1.2 percent, annually, the slowest rate of population growth in the HMA since 2010. The population was estimated at 128,800 as of June 1, 2025 (Table 3). Net in-migration, averaging 980 people

**Figure 5. Components of Population Change in the Bozeman HMA, 2010 Through the Forecast**



Notes: Data displayed are average annual totals. The forecast period is the current date (June 1, 2025) to June 1, 2028.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

**Table 3. Bozeman HMA Population and Household Quick Facts**

|                               | 2020                  | Current | Forecast |
|-------------------------------|-----------------------|---------|----------|
| <b>Population Quick Facts</b> | <b>Population</b>     | 118,960 | 128,800  |
|                               | Average Annual Change | 2,950   | 1,900    |
|                               | Percentage Change     | 2.9     | 1.6      |
| <b>Household Quick Facts</b>  | <b>Households</b>     | 47,117  | 54,650   |
|                               | Average Annual Change | 1,050   | 1,450    |
|                               | Percentage Change     | 2.6     | 2.9      |

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (June 1, 2025) to June 1, 2028. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

a year, accounted for 68 percent of the population growth. Net natural increase was at its lowest level since 2010, averaging 470 people a year since 2021, down nearly 23 percent from the annual rate from 2012 to 2021 and 16 percent lower than the rate from 2010 to 2012. The low level of net natural increase since 2021 is attributed to a decline in birth rates and elevated deaths during the pandemic.

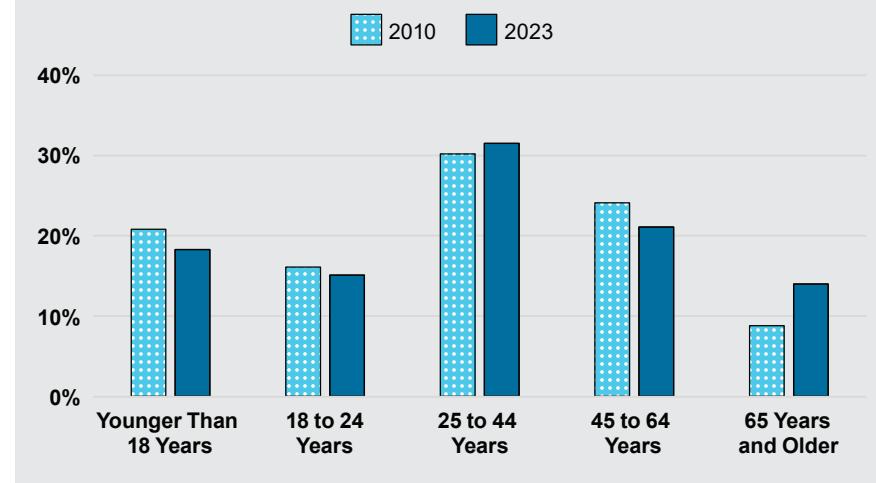
## Age Cohort Trends

Although the population of the HMA is young compared to the rest of the nation, the median age is rising. In 2023, the median age in the HMA was 34.6 years, up from 31.9 in 2010 but lower than the median age of 39.2 years nationally (American Community Survey [ACS] 1-year estimates). Since 2010, only two age cohorts have increased as a share of the population in the HMA: younger working-age people and those of retirement age. The working-age population, many of whom moved into the HMA during the 2010s in a period of robust job growth, increased more rapidly than other cohorts. As a result, the share of the population aged 25 to 44 increased from 30 percent of the population in 2010 to nearly 32 percent in 2023 (Figure 6). During the same period, the population aged 65 years and older has increased from 9 to 14 percent of the population. Although enrollment at MSU increased, gains in other age cohorts outpaced growth in the number of young adults, and the share of the population aged 18 to 24 years, which includes most of the college student population, declined slightly from 16 percent to 15 percent.

## Student Population

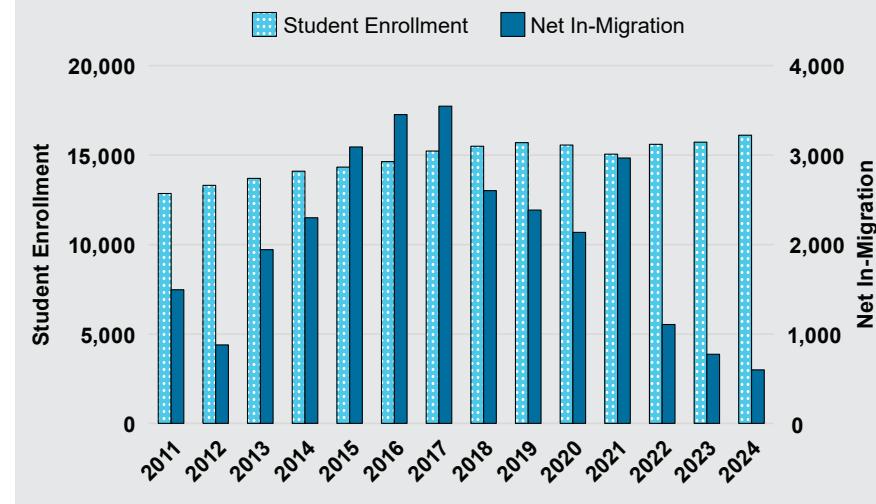
Enrollment at MSU has increased an average of 2 percent annually since 2010 to approximately 17,150 students as of the fall of 2024, and students are estimated to be slightly more than 13 percent of the HMA population. In the fall of 2024, approximately 9 percent of students at MSU were from the HMA, 32 percent were from elsewhere in Montana, 56 percent were from other states, and less than 3 percent were international students (MSU Office of the Registrar). Because more than 90 percent of students come from outside the HMA, students at MSU are a significant part of the net in-migration to the HMA (Figure 7). Approximately 5,475 students, primarily freshmen, live on campus;

**Figure 6. Share of the Population by Age Range in the Bozeman HMA**



Sources: 2010 and 2023 American Community Survey 1-year data

**Figure 7. Student Enrollment and Net Migration Trends in the Bozeman HMA**



Notes: Annual enrollment data are for the spring semester. Annual net in-migration is through July 1. Sources: Montana State University; U.S. Census Bureau

most of the remaining students live in renter households throughout the HMA. Students living in dormitories on campus are included in the group quarters population and are not counted in the household population.

## Household Trends

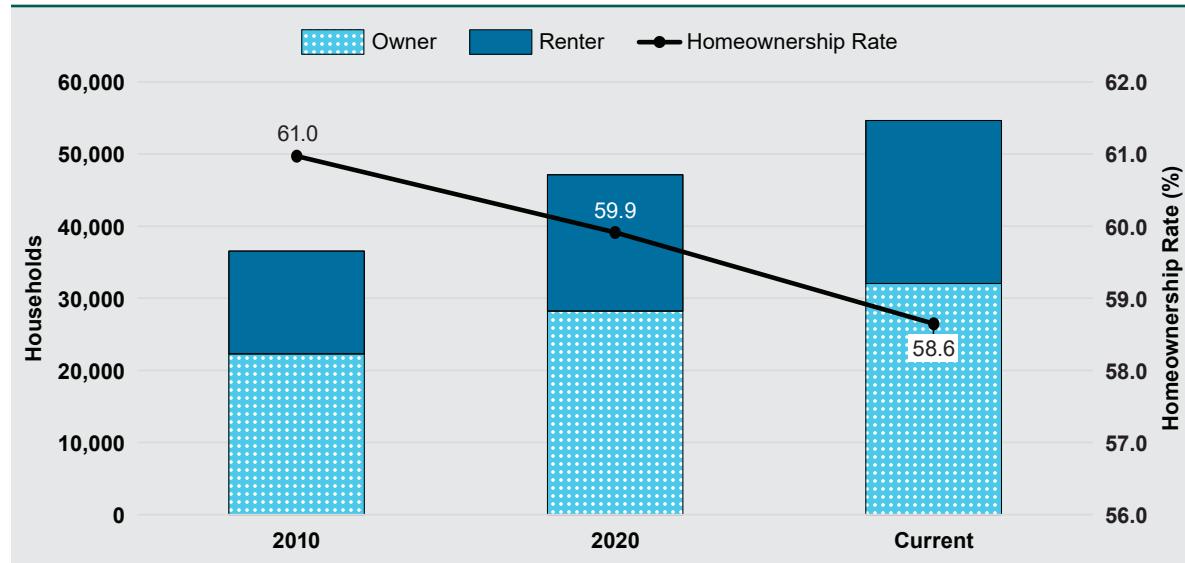
During the 2010s, household growth generally mirrored population growth, but since 2020, household growth has accelerated despite the slowdown in population growth. From 2010 to 2020, households increased by an average of 1,050 a year or 2.6 percent. Since 2020, households increased by an average of 1,450 a year, or 2.9 percent, to an estimated 54,650. A trend toward smaller household sizes has contributed to household growth outpacing population growth since 2020. Households with four or more people accounted for 21 percent of the HMA total in 2021, essentially unchanged from 2010, but the share decreased to less than 19 percent in 2023 (ACS 1-year estimates). By contrast, from 2021 to 2023, the share of households with 2 or 3 persons increased from 55 to 57 percent of the HMA total.

## Households by Tenure

Renter households have increased faster than owner households since 2010, which is reflected in a decline in the homeownership rate. Renter households increased an average of 2.8 percent annually from 2010 to 2020, accelerating to an

average increase of 3.5 percent annually since 2020. By comparison, owner households increased an average of 2.5 percent a year since 2020, up slightly from 2.4 percent a year in the previous decade. As a result, the homeownership rate has decreased from 61.0 percent in 2010 to 59.9 percent in 2020 and is estimated at 58.6 percent currently (Figure 8). Decreasing affordability in the home sales market and increasing student enrollment have contributed to the comparatively faster growth in renter households.

**Figure 8. Households by Tenure and Homeownership Rate in the Bozeman HMA**



Note: The current date is June 1, 2025.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

## Forecast

During the next 3 years, the population is expected to increase by an average of 2,425, or 1.8 percent, a year to 136,000 as of June 1, 2028. Although net in-migration and net natural increase are expected to be stronger compared with the period since 2020, they are not anticipated to be as strong as the rates during the 2010s. The number of households is expected to increase by an average of 1,150, or 2.1 percent, annually to 58,100 households as of June 1, 2028. Renter households are expected to continue to increase faster than owner households, contributing to a decline in the homeownership rate.

# Home Sales Market

## Market Conditions: Balanced

During the 12 months ending May 2025, total home sales in the HMA increased 4 percent from the previous 12 months, with a 7-percent increase in existing home sales more than offsetting a 27-percent decline in new home sales (Zonda).

## Current Conditions

The sales housing market in the HMA is currently balanced. The overall sales vacancy rate is estimated at 1.5 percent, up slightly from 1.4 percent in 2020, when conditions were also balanced (Table 4). Market conditions tightened in the early 2020s, after the onset of the pandemic, when demand increased strongly. Conditions eased when mortgage interest rates rose in 2022, causing home sales to decline and home price growth to slow considerably. The rate for 30-year, fixed-rate mortgages averaged 6.7 percent during the 12 months ending May 2025, down from 7.0 percent during the previous 12 months, and compared with a low of 3.0 percent in 2021 (Freddie Mac). Spurred by the small decline in the interest rate, new and existing home sales during the 12 months ending May 2025 increased 4 percent year over year to 2,175 homes sold, reversing from the 8-percent decline in home sales during the previous

**Table 4. Home Sales Quick Facts in the Bozeman HMA**

| Home Sales Quick Facts | Bozeman HMA                      | Nation    |
|------------------------|----------------------------------|-----------|
|                        | <b>Vacancy Rate</b>              | 1.5%      |
|                        | <b>Months of Inventory</b>       | 6.5       |
|                        | <b>Total Home Sales</b>          | 2,175     |
|                        | 1-Year Change                    | 4%        |
|                        | <b>New Home Sales Price</b>      | \$573,200 |
|                        | 1-Year Change                    | -18%      |
|                        | <b>Existing Home Sales Price</b> | \$906,800 |
|                        | 1-Year Change                    | 2%        |
|                        | <b>Mortgage Delinquency Rate</b> | 0.3%      |

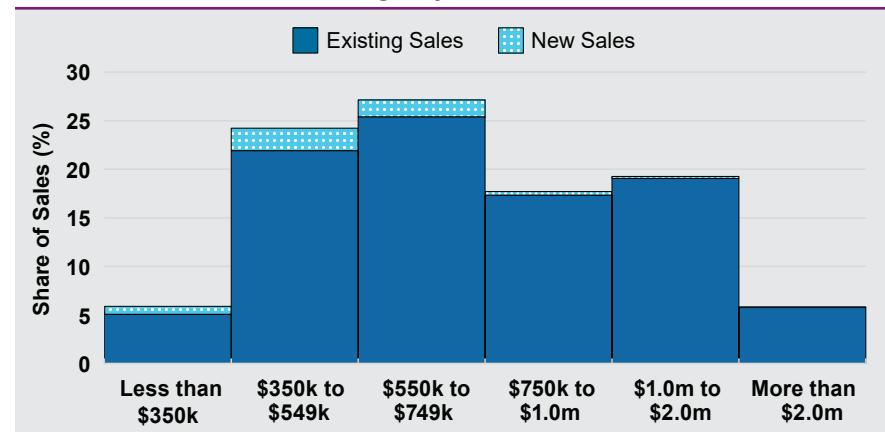
NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2025; months of inventory are as of May 2025; and mortgage delinquency data are as of April 2025. The current date is June 1, 2025.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate—Cotality; home sales and prices—Zonda

12-month period (Zonda). The average home price during the 12 months ending May 2025 increased 1 percent from a year earlier to \$885,900, slowing from the 8-percent year-over-year increase during the 12 months ending May 2024. Homes in the HMA are priced 82 percent higher than the national average. Price growth continued in the HMA after mortgage rates increased, despite the decline in sales, partly because the inventory of homes for sale was relatively low. The initial rise in mortgage interest rates in 2022 deterred many potential sellers from listing their homes if a subsequent purchase would require financing at a higher rate, limiting the increase in the supply of for-sale housing and helping prevent market conditions from becoming soft. In the past 2 years, however, the for-sale supply has increased from a low of 2.6 months in May 2022. As of May 2025, the inventory of homes for sale represented 6.5 months of supply, up from 6.3 months a year earlier and the highest level since 2014 (Redfin, a national real estate brokerage, with adjustments by the analyst). Approximately 51 percent of new and existing home sales in the HMA during the 12 months ending May 2025 were priced between \$350,000 and \$749,999; however, reflecting the high average home price in the HMA, approximately 25 percent of home sales were priced at more than \$1.0 million (Zonda; Figure 9).

**Figure 9. Share of Overall Home Sales by Price Range During the 12 Months Ending May 2025 in the Bozeman HMA**



Note: Sales include new and existing single-family homes, townhomes, and condominiums.

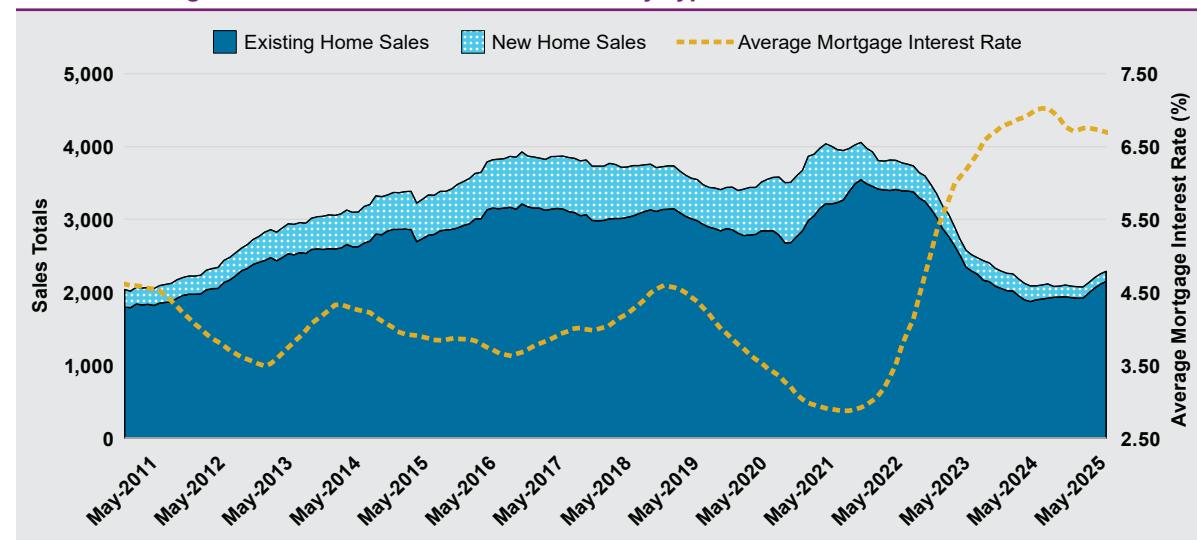
Source: Zonda

## Existing Home Sales and Price Trends

Existing home sales increased through the 2010s, supported by population and job growth and by generally steady and moderate mortgage rates. The number of existing home sales increased an average of 5 percent annually from 2011 through 2019 to 2,800 homes sold (Figure 10). In the early 2020s, historically low interest rates increased demand for homes, and in 2020 and 2021, sales increased an average of 10 percent annually to 3,400 existing homes sold. Rising interest rates and the limited inventory of homes for sale subsequently constrained home sales, and from 2022 through 2024, existing home sales decreased an average of 14 percent annually. During the 12 months ending May 2025, existing home sales increased 7 percent year over year, reversing the decline of 7 percent during the previous 12-month period.

The average price of an existing home increased steadily through the 2010s and then accelerated in the early 2020s. However, price growth has slowed significantly during the past year. During the 12 months ending May 2025, the average price of an existing home was \$906,800, up 2 percent from the previous 12 months and moderating from the 10-percent year-over-year growth during the 12 months ending May 2024 (Figure 11). From 2011 through 2019, the average price of an existing home increased 7 percent annually, with price gains supported by the rapidly expanding

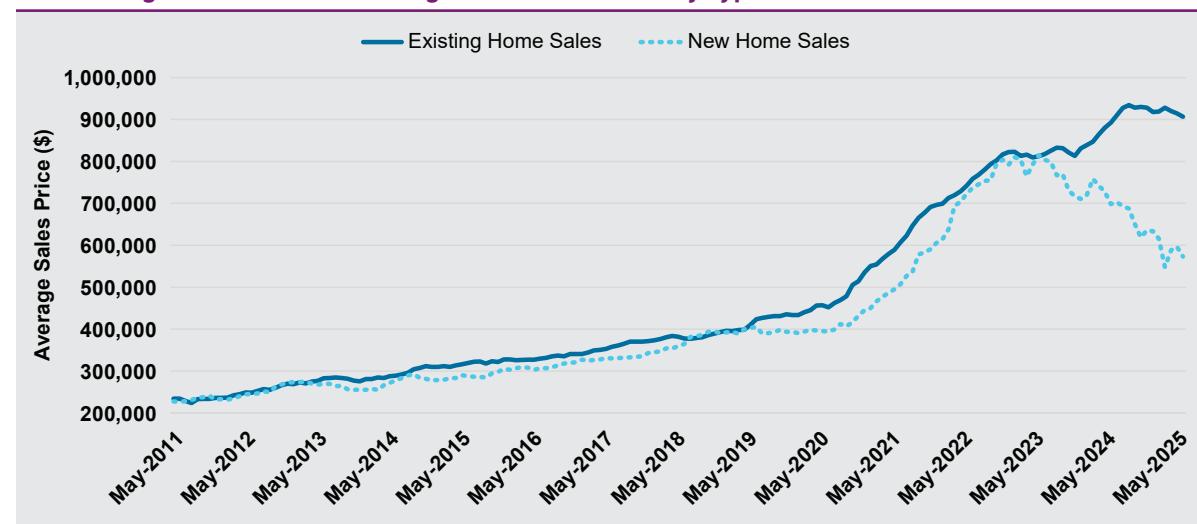
Figure 10. 12-Month Home Sales Totals by Type of Sale in the Bozeman HMA



Note: The mortgage interest rate is the 52-week moving average for a 30-year, fixed-rate mortgage.

Sources: Home sales—Zonda; mortgage interest rates—Freddie Mac

Figure 11. 12-Month Average Home Sales Price by Type of Sale in the Bozeman HMA



Source: Zonda

population in the HMA. The market tightened during the following 3 years because of strong demand for homes, and in 2020 and 2021, price growth was exceptionally strong, averaging 27 percent each year. From 2022 through 2024, growth in the average price of an existing home moderated but was strong, with prices increasing an average of 10 percent a year. Because of the strong price growth since 2020, the average price of an existing home during the 12 months ending May 2025 is more than double the average price of \$433,400 during 2019. Existing homes in the HMA are expensive; during the 12 months ending May 2025, the average price was 87 percent higher than the average existing home price nationally.

## New Home Sales and Price Trends

New home sales have declined as a share of total homes sold since 2022, partly because of a slowdown in population growth. During the 12 months ending May 2025, 140 new homes sold, a 27-percent decline from the previous 12-month period, accounting for 6 percent of total home sales. The recent decrease in sales accelerated from the 17-percent decline during the 12 months ending May 2024, when new home sales accounted for 9 percent of all homes sold. New home sales peaked in 2020. From 2011 through 2020, new home sales increased an average of 6 percent annually to 830 homes sold. During this period of mostly strong job and population growth, new home sales as a share of total homes sold increased from 11 percent in 2011 to 21 percent in 2020. Since peaking in 2020, new home sales have been declining, partly because of the slower population growth. From 2021 through 2024, new home sales decreased an average of 34 percent annually.

Within the HMA, prices for new homes have often been less than existing home sales prices, partly because of the geography of new home development, with much of the homebuilding in lower-cost areas, and new and existing home prices have diverged sharply in the past 2 years. From 2011 through 2019, new home prices increased by an average of 6 percent annually to \$393,400, nearly 10 percent lower than the average existing

home price. From 2020 through 2022, new home prices increased an average of 26 percent annually to \$792,500, but were 4 percent less than the average existing home price. In early 2023, new home prices peaked at \$814,700 and then began to decrease. In 2023 and 2024, new home prices decreased an average of 11 percent annually, in contrast to the continued increases in existing home sales prices. During the 12 months ending May 2025, new home prices decreased 18 percent from a year earlier to \$573,200, an acceleration from the 14-percent decrease in prices during the previous 12-month period. Because of the strong price growth from 2020 through 2022, however, the average new home price during the 12 months ending May 2025 was approximately 46 percent higher than the price in 2019. The average price of a new home in the HMA during the 12 months ending May 2025 was also 12 percent higher than the national average.

New home prices are currently 37 percent less than existing home prices, largely because of where the new home development is concentrated. Although most of the existing home inventory is in the city of Bozeman, construction of new homes has been shifting toward outlying areas of the HMA where costs are lower; in particular, recent development activity has been notable in and around the city of Belgrade. Cameron Crossing, near Belgrade, will have more than 200 homes when complete. The subdivision opened in 2024 and is being developed to offer more affordable opportunities for homeownership. The homes are modular construction built off site, and buyers will own the home but lease the lot, reducing the purchase price. Home prices start at \$230,000, and the lot rents of \$850 a month include community amenities. As of May 2025, approximately 30 homes were complete, and 15 homes were under construction.

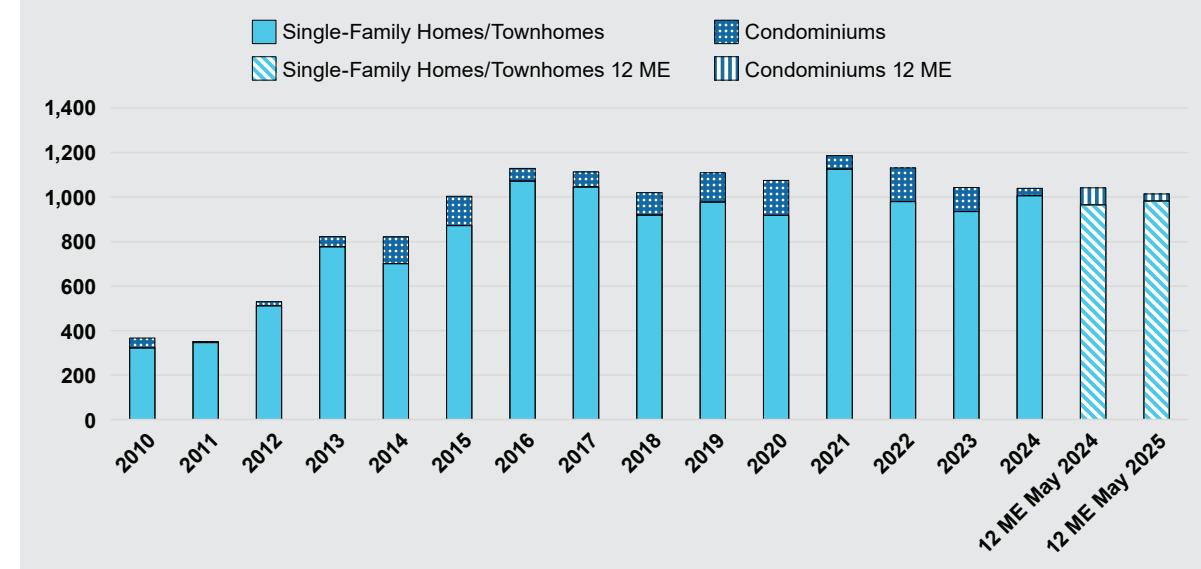
## Sales Construction

The construction of new sales housing in the HMA, as measured by building permits for single-family homes, townhomes, and condominiums, increased from the early through mid-2010s and has since been generally steady.

From 2011 through 2016, permitting of sales units increased an average of 21 percent a year to 1,125 homes permitted (Figure 12). From 2017 through 2024, an average of 1,100 homes were permitted annually. During the 12 months ending May 2025, 1,025 homes were permitted, down 3 percent from the previous 12-month period (preliminary data, with estimates by the analyst). The number of sales units permitted far exceeded the number of new home sales. This excess is partly due to many homebuilders selling directly to the buyer, and to the presence of many custom-built homes, which require permits but are not included in new home sales totals.

Lower construction costs and affordability concerns have led to the shift in home construction away from Bozeman to other areas of the HMA, with much of the shift to the nearby suburb of Belgrade, contributing to the recent decline in new home prices. From 2010 through 2014, 50 percent of the home construction in the HMA occurred in the city of Bozeman, 46 percent occurred in unincorporated areas of the HMA, and the remaining 4 percent was in the city of Belgrade and the towns of Manhattan and West Yellowstone. From 2018 through 2024, the share in Bozeman fell by nearly one-half compared with the early 2010s to approximately 27 percent of home construction in the HMA; the share in unincorporated areas of the HMA increased to 50 percent; the share in Belgrade strongly increased to 20 percent; and the remaining 3 percent of the new construction in the HMA occurred in the towns of Manhattan and West Yellowstone.

**Figure 12. Annual Sales Permitting Activity in the Bozeman HMA**



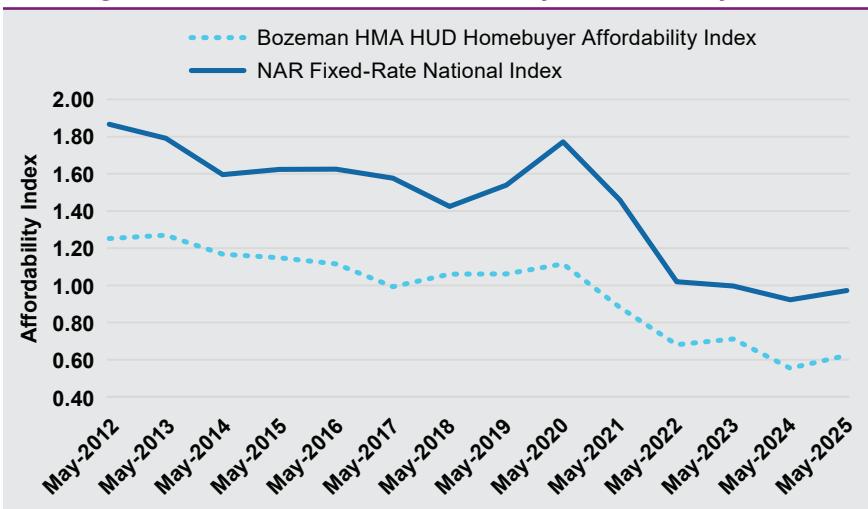
12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024 and past 24 months of data—preliminary data and estimates by the analyst

## Housing Affordability in the Sales Market

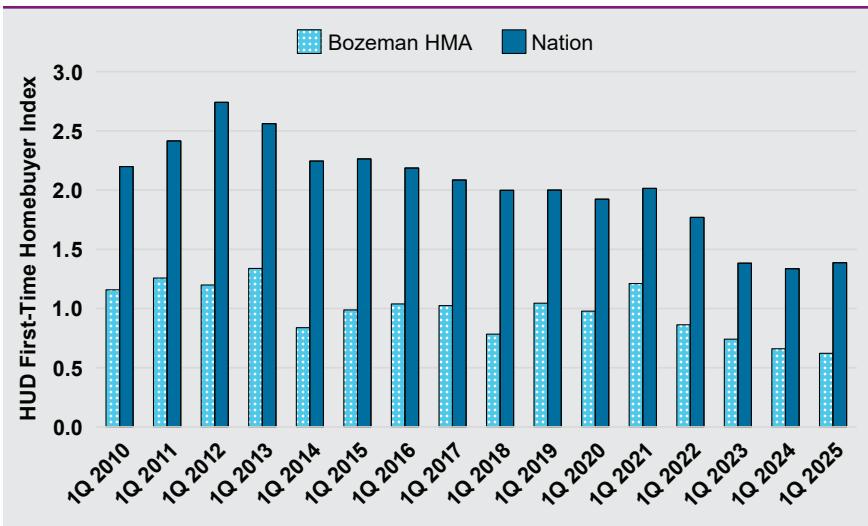
Homeownership has become less affordable in the HMA since the early 2010s, with home prices increasing faster than incomes. The [HUD Homebuyer Affordability Index](#) was at 0.99 or higher from May 2012 to May 2020 (Figure 13). However, the index has declined since 2021 because of surging home prices, primarily in 2020 and 2021, which outpaced wage growth, but slower price growth in the past year resulted in a slight uptick in affordability. The index was 0.62 as of May 2025, up from 0.55 a year earlier but below the index of 0.97 for the nation. Since 2012, the index for the HMA has been well below the nation.

The decline in affordability in the HMA has been particularly pronounced for households in the 25-to-44 age cohort, the prime demographic for first-time homebuyers. The [HUD First-Time Homebuyer Affordability Index](#) measures the median household income for householders aged 25 to 44 relative to the income needed to purchase a home priced at the 25th percentile, which includes many starter homes. The index for the HMA declined from 1.21 in the first quarter of 2021 to 0.62 as of the first quarter of 2025 (Figure 14). Nationally, the index fell from 2.02 to 1.39 during the same period.

**Figure 13. Bozeman HMA HUD Homebuyer Affordability Index**

NAR = National Association of Realtors.

Sources: HUD Median Family Income data; Zonda; Freddie Mac; National Association of Realtors

**Figure 14. Bozeman HMA HUD First-Time Homebuyer Index**

1Q = first quarter.

Sources: American Community Survey 1-year data; HUD Median Family Income data; Freddie Mac; and Zonda

To address affordability concerns in the resort area of Big Sky, the Big Sky Community Housing Trust has focused on “the missing middle,” defined as households with incomes too high to qualify for rental housing with federal or local subsidies but too low to afford many of the market-rate homes for sale. The Cold Smoke subdivision, with 125 sales homes, targets such households. Infrastructure construction at the development will begin in 2026, with the first homes available in 2028. The homes will be restricted to workers living in BSRAD and earning no more than 250 percent of the Area Median Income (AMI).

## Forecast

During the next 3 years, demand is expected for 2,625 homes (Table 5). The 750 homes under construction will meet a portion of the demand during the first year. Similar to job and population growth, demand will be generally steady through the forecast period. Continued affordability concerns will lead to much of the new sales housing construction occurring in the areas of the HMA outside the city of Bozeman.

**Table 5. Demand for New Sales Units in the Bozeman HMA During the Forecast Period**

| Sales Units        |             |
|--------------------|-------------|
| Demand             | 2,625 Units |
| Under Construction | 750 Units   |

Note: The forecast period is June 1, 2025, to June 1, 2028.

Source: Estimates by the analyst

# Rental Market

## Market Conditions: Soft

Although apartment absorption has been strong since 2021, it was outpaced by elevated rental construction, which has contributed to softening apartment market conditions that are reflected in a 21.2-percent apartment vacancy rate and a 7-percent year-over-year rent decline as of the second quarter of 2025 (CoStar Group).

## Current Conditions and Recent Trends

The rental market in the Bozeman HMA is soft. The overall rental vacancy rate is estimated at 15.0 percent, up sharply from 4.9 percent in April 2020, when the market was tight. In 2023, approximately 36 percent of renter households lived in single-family homes, down from 38 percent in 2021, and 34 percent lived in multifamily buildings with five or more units, typically apartments, up from 31 percent in 2021 (ACS 2021 and 2023 1-year estimates; Table 6). The rising share of renters in multifamily buildings is partly due to significant apartment construction since 2020 increasing the inventory of apartments in the HMA.

## Single-Family Rental Market Conditions

The single-family rental market is currently slightly tight. The vacancy rate for professionally managed single-family homes for rent, which

**Table 6. Rental and Apartment Market Quick Facts in the Bozeman HMA**

|   | 2020 (%) | Current (%) |
|---|----------|-------------|
| Rental Market Quick Facts                 | 2021 (%) | 2023 (%)    |
| <b>Occupied Rental Units by Structure</b> |          |             |
| Single-Family Attached & Detached         | 38       | 36          |
| Multifamily (2–4 Units)                   | 27       | 27          |
| Multifamily (5+ Units)                    | 31       | 34          |
| Other (Including Mobile Homes)            | 3        | 3           |
| Apartment Market Quick Facts              | 2Q 2025  | YoY Change  |
| <b>Apartment Vacancy Rate</b>             | 21.2%    | 5.6         |
| <b>Average Rent</b>                       | \$2,171  | -7%         |
| Studio                                    | \$2,180  | -7%         |
| One-Bedroom                               | \$1,959  | -6%         |
| Two-Bedroom                               | \$2,212  | -6%         |
| Three-Bedroom                             | \$2,744  | -6%         |

2Q = second quarter. YoY= year-over-year.

Notes: The current date is June 1, 2025. Percentages may not add to 100 due to rounding.

Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

represent a small portion of all single-family homes for rent in the HMA, was 1.6 percent as of May 2025, unchanged from a year earlier (Cotability). From 2020 to 2023, the May vacancy rate ranged from 1.5 to 1.7 percent. The May vacancy rate was slightly lower from 2013 to 2019, ranging from 1.2 to 1.4 percent. As of May 2025, the average rent for a three-bedroom single-family home was \$3,179, up 4 percent from a year earlier and slowing slightly from 5-percent annual growth as of May 2024. The average rent increased 8 percent annually from May 2013 to May 2019, slowing to 1 percent a year from May 2020 to May 2021 before rent growth spiked to 16 percent year over year from May 2022 to May 2023.

## Apartment Market Conditions

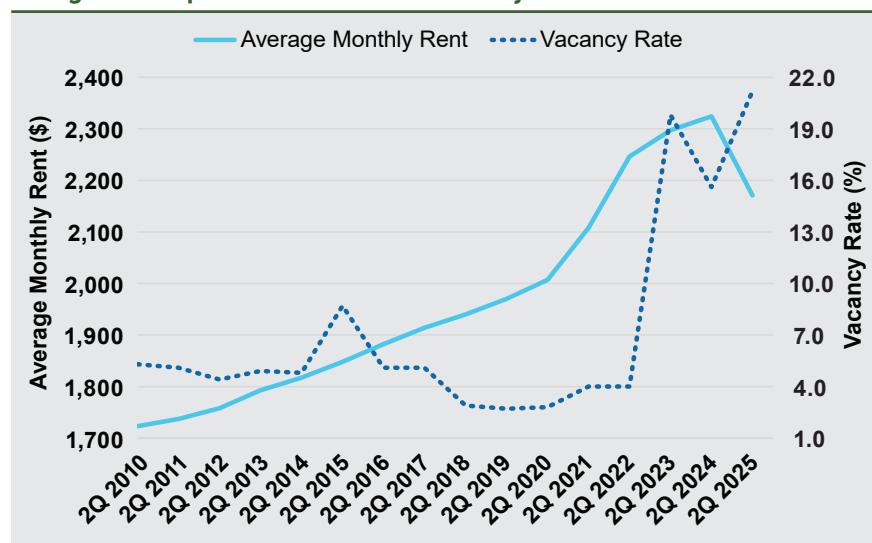
Apartment market conditions are soft. The vacancy rate was 21.2 percent as of the second quarter of 2025, up from 15.6 percent a year earlier (CoStar Group; Figure 15). For the first time since at least 2010, the second quarter apartment rent decreased on a year-over-year basis, down 7 percent to \$2,171 as of the second quarter of 2025. From the second quarter of 2010 to the second quarter of 2020, the apartment vacancy rate generally decreased, and rent growth was moderate. The second quarter vacancy rate decreased



from 5.3 percent in 2010 to 2.8 percent in 2020, and the average rent increased 2 percent annually to \$2,007. In 2021 and 2022, the second quarter vacancy rate increased modestly, reaching 4.0 percent as of the second quarter of 2022, but rent growth was strong, averaging 6 percent annually to reach \$2,246. Beginning in 2023, a surge of apartment completions contributed to soft market conditions, with double-digit vacancy rates and slower rent growth averaging 2 percent year over year in 2023 and 2024.

The absorption of apartment units in the HMA has been strong since 2021; however, it was far outpaced by a wave of new apartments completed, and completions have accelerated since 2023. During the 12 months ending June 2025, 510 apartment units were absorbed, down from 860 units during the previous 12 months. By comparison, an average of 460 apartment units were absorbed annually from 2020 through 2023, up from an average of 90 units each year from 2010 through 2019. Completions, which slightly lagged absorption in the 2010s, increased strongly in the 2020s to surpass

**Figure 15. Apartment Rents and Vacancy Rates in the Bozeman HMA**



absorption. From 2010 to 2019, an average of 80 units were completed annually, increasing to an average of 560 units a year from 2020 through 2022 and surging to 1,300 units in 2023. During the 12 months ending June 2025, nearly 1,150 apartment units were completed, up from 700 units during the previous 12 months.

## Apartment Market Conditions by Geography

Approximately 98 percent of the HMA apartment inventory is in the cities of Belgrade and Bozeman, where vacancy rates are the highest in the HMA. Although the vacancy rate increased dramatically in Belgrade only in the past year, the vacancy rate has been above 10.0 percent in Bozeman for 3 years (CoStar Group). In the city of Belgrade, the vacancy rate was 11.4 percent as of the second quarter of 2025, up from 4.7 percent a year earlier, and the average rent decreased 16 percent year over year to \$2,168. In the city of Bozeman, the vacancy rate was 22.7 percent as of the second quarter of 2025, up from 17.2 percent a year earlier, and the average rent decreased 6 percent year over year to \$2,203. The vacancy rate and average rent are higher in the areas of Bozeman surrounding MSU. As of the second quarter of 2025, the vacancy rate at properties within a 2-mile radius of MSU was 25.3 percent, up from 11.0 percent a year earlier, and the average rent decreased 7 percent year over year to \$2,219.

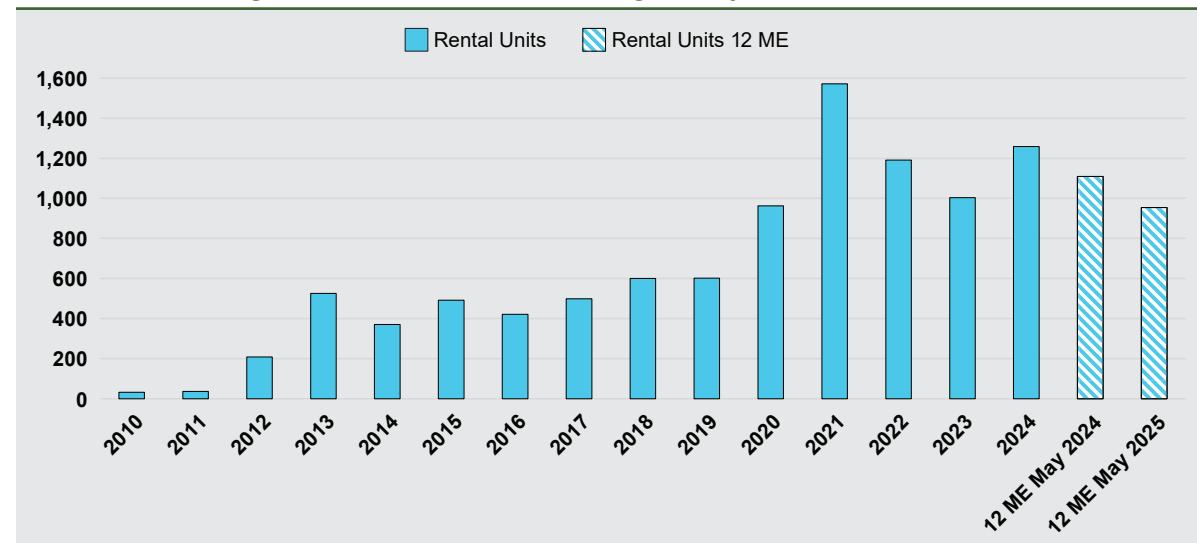
In tourist areas such as West Yellowstone and Big Sky, the vacancy rates are much lower. In West Yellowstone, the vacancy rate was 10.3 percent in the second quarter of 2025, up from 1.1 percent a year earlier. In Big Sky, the vacancy rate was 3.8 percent as of the second quarter of 2025, up from 1.9 percent a year earlier, and the vacancy rate has been below 4.0 percent since 2019.

## Rental Construction

Rental construction, as measured by the number of rental units permitted, in the HMA increased in 2020 and has been elevated since, contributing to the soft rental market because of the wave of new completions entering the market. From 2010 through 2012, rental construction was subdued when

population growth was modest during the recovery from the Great Recession. An average of 35 rental units were permitted annually from 2010 through 2011 (Figure 16). Rental construction increased beginning in 2012, coinciding with the period of stronger job and population growth. From 2012 through 2019, an average of 470 rental units were permitted annually. Rental construction surged during the early 2020s, and permitting peaked at nearly 1,575 units in 2021. Strong net in-migration through 2021 led to rising demand and strong rent growth, contributing to the initial increase. In addition, low interest rates made financing large projects more affordable. An average of 1,150 units were permitted annually from 2022 through 2024. Despite the subsequent slowdown in population growth, rising interest rates, and softening apartment market conditions, construction has been elevated. During the 12 months ending May 2025, 950 rental units were permitted, down 14 percent from the previous 12 months but notably high compared with historical levels (preliminary data, with estimates by the analyst). During the most recent 12 months, approximately 82 percent of the rental construction occurred in the city of Bozeman and 12 percent was in Belgrade, with the remaining 6 percent of the construction throughout the HMA; this pattern is generally consistent with historic trends. The 336-unit Northwest Crossing Apartments opened in May 2024 near the western edge of Bozeman. Rents for the one-, two-, and three-bedroom units

**Figure 16. Annual Rental Permitting Activity in the Bozeman HMA**



12 ME = 12 months ending.

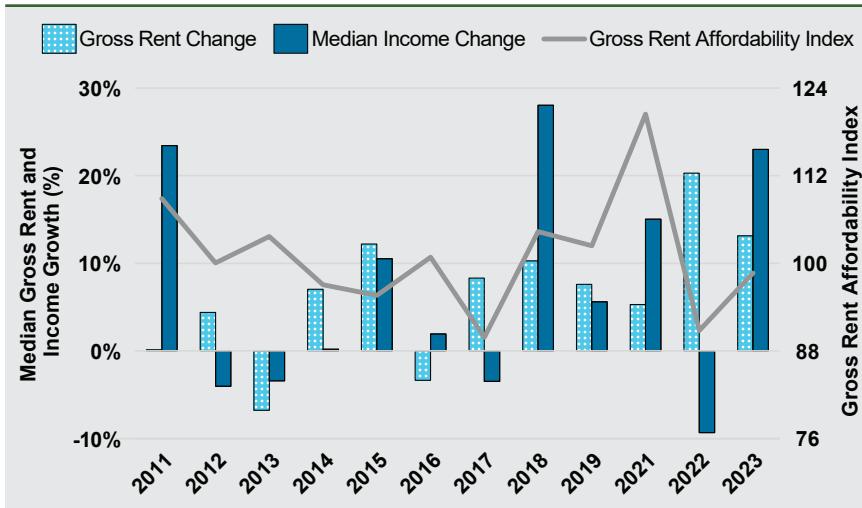
Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024 and past 24 months of data—preliminary data and estimates by the analyst

start at \$2,265, \$2,587, and \$3,208, respectively. Located approximately 1 mile from MSU in downtown Bozeman, the 121-unit Freestone Apartments is nearing completion. The one- and two-bedroom units are preleasing, with rents starting at \$2,050 and \$2,750, respectively, and the property is offering concessions of 2 months of free rent.

## Housing Affordability in the Rental Market

Increasing incomes since 2011 have mostly offset rising rents in the HMA, contributing some stability to housing affordability among renters. The Gross Rent Affordability Index in the HMA was 98.7 in 2023, up from 90.8 in 2022 (Figure 17). The index has ranged from a low of 89.9 in 2017 to 120.4 in 2021. Although the median rents in the HMA are higher than in the nation, median incomes for renters are also higher. As a result, the HMA is relatively more affordable than the nation. The Gross Rent Affordability Index was 92.0 in the nation in 2023, down from 94.6 a year earlier. Since 2010, the national index ranged from a low of 88.8 in 2011 to 96.8 in 2019. Affordability concerns persist, however, with the indices for both the HMA and the nation below 100 throughout much of the 2010s and since at least 2022.

**Figure 17. Bozeman HMA Gross Rent Affordability Index**

Notes: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.

Source: American Community Survey 1-year data

Renters in the HMA are slightly less likely to be cost burdened than in the nation, with the exception of very low-income households, who are more likely to be severely cost burdened. Approximately 20 percent of all renter households in the HMA have a moderate to high cost burden, spending 31 to 50 percent of income toward housing costs, compared with nearly 22 percent nationally (Table 7). Those shares are significantly higher for lower-income households. Among renter households in both the HMA and the nation with incomes below 50 percent of the HUD Area Median Family Income, approximately 26 percent face a moderate to high cost burden. Nearly 55 percent of very low-income renter households in the HMA spend more than 51 percent of their income on housing costs, and are thus severely cost burdened, compared with 50 percent nationally.

The number of households receiving housing assistance in the HMA has decreased since 2010, in contrast to an increase nationally. From 2010

to 2024, total assisted households in the HMA decreased 2 percent, whereas assisted households increased nearly 4 percent nationally during the same period (Table 8). These trends are consistent for households with a Housing Choice Voucher (HCV). Total HCV households decreased 9 percent in the HMA compared with a 19-percent increase nationally. In addition, households in the HMA with HCVs contributed a higher share to rent, up nearly 1 percent, and the amount paid by HUD decreased approximately 14 percent. The opposite occurred nationally, where HCV tenant contributions decreased less than 1 percent, and the HUD subsidy amounts increased nearly 17 percent.

Some organizations within the HMA are addressing local housing concerns, particularly for tourism workers, with workforce and employee housing options.

**Table 7. Percentage of Cost-Burdened Renter Households by Income in the Bozeman HMA and the Nation, 2017–21**

|  | Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs |        | Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs |        |
|--|--|--------|---|--------|
|  | Bozeman HMA  | Nation | Bozeman HMA   | Nation |
| Renter Households with Income <50% HAMFI | 25.7   | 25.9   | 54.6  | 49.9   |
| Total Renter Households                  | 19.8   | 21.7   | 21.0  | 22.2   |

HAMFI = HUD area median family income.

Sources: Consolidated Planning/Comprehensive Housing Affordability Strategy Data; 2017–21 American Community Survey 5-year estimates

**Table 8. Picture of Subsidized Households in the Bozeman HMA and the Nation, 2024**

|   | Bozeman HMA | HMA Change Since 2010 | National Total | National Change Since 2010 |
|---|-------------|-----------------------|----------------|----------------------------|
| <b>Total Assisted Households (2024)</b> | 578         | -1.9%                 | 4,584,691      | 3.5%                       |
| <b>Total HCV Households (2024)</b>      | 305         | -9.2%                 | 2,424,876      | 18.9%                      |
| Average HCV Tenant Monthly Contribution | \$426       | 0.5%                  | \$468          | -0.2%                      |
| Average Monthly HUD Subsidy             | \$709       | -14.1%                | \$1,174        | 16.6%                      |

HCV = housing choice voucher.

Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers. Source: HUD Picture of Subsidized Households

One notable area, BSRAD, is located nearly an hour south of the city of Bozeman. The district spans portions of Gallatin and Madison Counties, including much of the Big Sky ski resort and many of the vacation homes in Madison County. Many of the year-round residents, including workers, are in Gallatin County. Approximately 41 percent of the full-time year-round workers live in BSRAD, and the majority of the remaining 59 percent of workers commute from areas in the HMA. Two hotels, Gallatin Gateway Inn and Buck's T-4 Lodge and Restaurant, have been renovated into workforce housing since 2021, with nearly 290 units. RiverView Apartments is a new construction project nearing completion with 60 units for employees in BSRAD. An additional 25 income-restricted units at the property are funded through federal low-income housing tax credits. The income restrictions range from 30 to 80 percent of the AMI. The first residents moved in in late 2024, and completion is expected before the start of the 2025 ski season. The Cold Smoke subdivision will include 264 apartments with income restrictions ranging from 30 to 100 percent of the AMI.

## Forecast

Although demand for rental housing is expected to increase during the forecast period, no demand is expected for construction of additional rental units in the HMA during the next 3 years (Table 9). Despite strong growth in demand for apartment units, partly due to increasing student enrollment, all of the forecast demand will be met by the excess supply of vacant units already in the market that have contributed to the elevated vacancy rate. In addition, the estimated 900 units under construction in the HMA are expected to add to the excess supply. In some areas, however, such as near BSRAD, where the vacancy rates are persistently low, additional units affordable to tourism workers would be quickly absorbed.

**Table 9. Demand for New Rental Units in the Bozeman HMA During the Forecast Period**

| Rental Units              |           |
|---------------------------|-----------|
| <b>Demand</b>             | No Units  |
| <b>Under Construction</b> | 900 Units |

Note: The forecast period is June 1, 2025, to June 1, 2028.

Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

|   |   |
|---|---|
| Absorption                                  | The net change, positive or negative, in the number of occupied units in a given geographic range.  |
| Apartment Vacancy Rate/Average Monthly Rent | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once the occupancy rate has reached 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.  |
| Building Permits                            | Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Cost Burdened                               | Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.   |
| Demand                                      | The demand estimates in the analysis are not a forecast of building activity. They are estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.   |
| Existing Home Sales                         | Includes regular resales and real estate owned sales. Regular resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.  |
| Forecast Period                             | 6/1/2025–6/1/2028—Estimates by the analyst.   |
| Gross Rent Affordability Index              | The Gross Rent Affordability Index is calculated as a ratio of the median renter household income in the HMA to the income required to qualify for a median-priced rental unit, based on the standard eligibility requirement that a household spend no more than 30 percent of income on rent and utilities. An index greater than 100 indicates that a renter household earning the median income is able to afford a unit at the median rent.  |

|   |  |
|---|--|
| Home Sales/<br>Home Sales<br>Prices                   | Includes single-family home, townhome, and condominium sales.  |
| HUD<br>Homebuyer<br>Affordability<br>Index            | The HUD Homebuyer Affordability index is calculated as the ratio of the HUD median family income in the HMA to the income required to purchase a median-priced home while spending no more than 30 percent of income for housing costs, including mortgage, insurance, and taxes. An index greater than 1.0 indicates that a family earning the median income is able to afford a median-priced home.  |
| HUD First-Time<br>Homebuyer<br>Affordability<br>Index | The HUD First-Time Homebuyer Affordability index is calculated as the ratio of the median household income for the 25–44 age cohort in the HMA to the income required to purchase a home priced at the 25th percentile, spending no more than 30 percent of income for housing costs, including mortgage, insurance, and taxes. Data for median household income by age are not available for 2018, 2020, 2024, and 2025. In those cases, the index is calculated by applying Consumer Price Index inflation factors to 2015, 2017, 2022, and 2023 data, respectively. |
| Net Natural<br>Increase                               | Resident births are greater than resident deaths.  |
| Other Vacant<br>Units                                 | In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the U.S. Census Bureau.   |
| Rental Market/<br>Rental Vacancy<br>Rate              | Includes apartments and other rental units such as single-family, multifamily, and mobile homes.   |

## B. Notes on Geography

|    |  |
|----|--|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated July 21, 2023. |
| 2. | Urbanized areas are defined using the U.S. Census Bureau’s 2020 Census Urban and Rural Classification and the Urban Area Criteria.   |
| 3. | The census tracts referenced in this report are from the 2020 Census.  |

**C. Additional Notes**

|    |   |
|----|---|
| 1. | This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.  |
| 2. | The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions. |

**D. Photo/Map Credits**

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