

COMPREHENSIVE HOUSING MARKET ANALYSIS

Missoula, Montana

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

As of August 1, 2024



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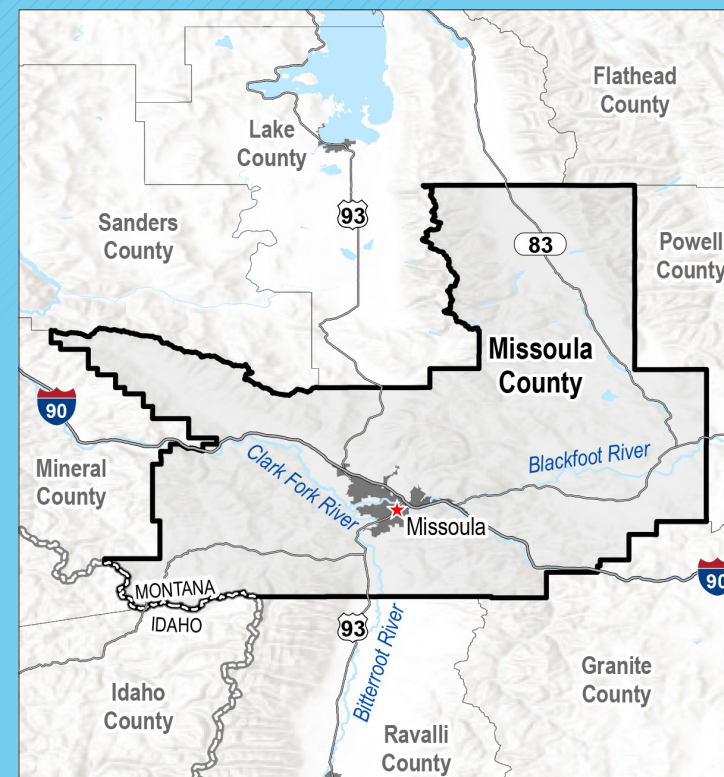
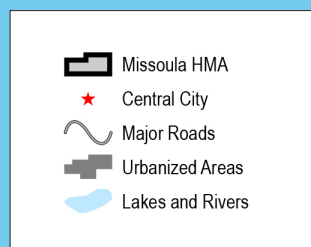
Executive Summary

Housing Market Area Description

The Missoula Housing Market Area (HMA) is in western Montana, approximately 110 miles south of Glacier National Park and 250 miles north of Yellowstone National Park. The HMA is coterminous with the Missoula, MT Metropolitan Statistical Area (MSA), which is defined as Missoula County, Montana, and is the second most populous metropolitan area in Montana after Billings (U.S. Census Bureau population estimates as of July 1, 2023). The principal city of Missoula is the economic center and a hub for healthcare and other services for the HMA and surrounding counties.

The current population of the HMA is estimated at 123,000.

With five valleys nestled among mountain ranges and the confluence of the Bitterroot, Blackfoot, and Clark Fork Rivers, the HMA is a year-round tourist destination for outdoor adventurers. The city of Missoula has 40 miles of on-street bike lanes and more than 22 miles of off-street trails and was named one of the 36 Gold-level Bicycle Friendly Communities in the United States by the League of American Bicyclists in 2023 (City of Missoula; bikeleague.org). Many working-age and retired people move to the HMA to enjoy the outdoor recreation amenities and natural beauty in and near the area.



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: The pace of economic expansion following the recovery of jobs lost due to the national recession in 2020 has slowed from recent-high growth rates in 2022 and 2023.

During the 12 months ending July 2024, nonfarm payrolls averaged 68,400 jobs, up by 1,200 jobs, or 1.9 percent, from the previous 12 months. The education and health services and the trade, transportation, and utilities sectors added the most jobs, accounting for a combined 67 percent of nonfarm payroll gains in the Missoula HMA. The unemployment rate averaged 3.2 percent during the 12 months ending July 2024, up from 2.6 percent a year earlier. Job growth is expected to average 1.6 percent annually during the 3-year forecast period.

Sales Market



Tight: The sales vacancy rate in the HMA is estimated at 0.5 percent as of July 2024, down from 0.9 percent in April 2020, when the sales market was slightly tight.

Conditions in the sales market have eased since 2021 and 2022, when the market was very tight. New and existing home sales declined 9 percent from a year earlier to 1,675 sales during the 12 months ending July 2024, and the average home sales price increased 1 percent to a record-high level of \$523,300 (CoreLogic, Inc.). By comparison, during the 12 months ending July 2023, home sales fell 28 percent, and the average home price increased 3 percent. During the next 3 years, demand is estimated for 1,325 additional homes. The 300 homes under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market



Balanced: The overall rental market has an estimated vacancy rate of 4.7 percent, up slightly from 4.6 percent in April 2020.

Conditions in the apartment market are also balanced, with an apartment vacancy rate of 6.3 percent as of the second quarter of 2024, down from 10.3 percent as of the second quarter of 2023 (CoStar Group). The average monthly apartment rent in the HMA was \$1,386 as of the second quarter of 2024, up nearly 1 percent from a year earlier. During the forecast period, demand is estimated for 2,050 new rental units. The 530 rental units under construction and 45 rental units in final planning are expected to satisfy a portion of that demand during each year of the forecast period, partly because of lengthy construction and planning times.

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3-Year Housing Demand Forecast			
Missoula HMA	Sales Units		Rental Units
	Total Demand	1,325	2,050
	Under Construction	300	530

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2024. The forecast period is August 1, 2024, to August 1, 2027.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Trade, Transportation, and Utilities

The trade, transportation, and utilities sector currently accounts for 20 percent of nonfarm payroll jobs and has been the largest payroll sector in the Missoula HMA since at least 2010.

Primary Local Economic Factors

In 2023, 97 percent of all local jobs in the trade, transportation, and utilities nonfarm payroll sector were in the retail trade, wholesale trade, transportation, and warehousing industries. Approximately 68 percent of jobs in the trade, transportation, and utilities sector were in the retail trade industry in 2023, partly because of the presence of Walmart Inc., a major employer in the HMA (Quarterly Census of Employment and Wages [QCEW]; Table 1). By comparison, the wholesale trade industry accounted for approximately 18 percent of payrolls in the sector. The third largest employer in the HMA, the BNSF Railway Company, Montana Rail Link Subdivision (formerly Montana Rail Link), contributed to local transportation and warehousing industry jobs, accounting for approximately 11 percent of sector jobs in 2023.

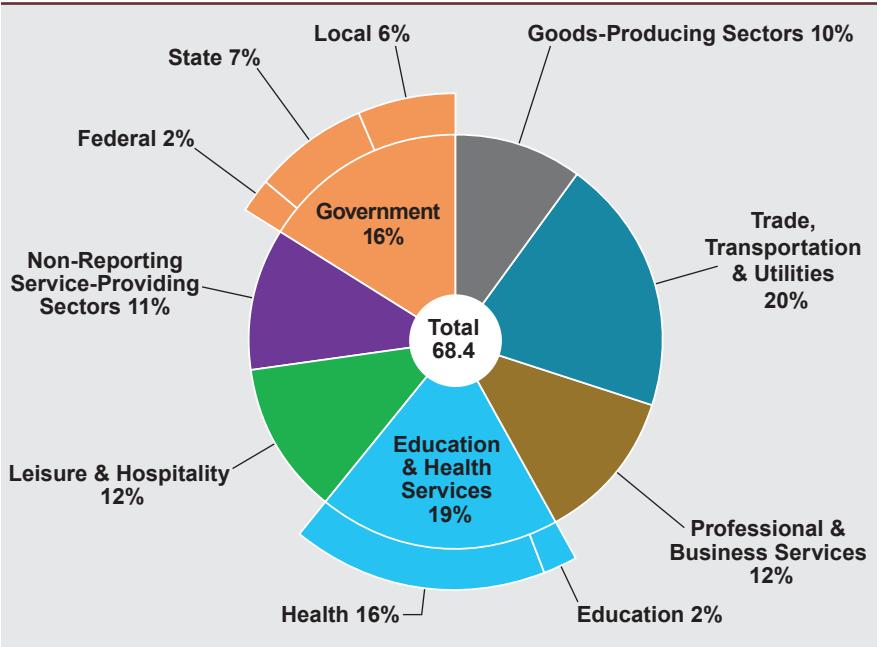
Table 1. Major Employers in the Missoula HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Montana	Government	2,842
Providence St. Patrick Hospital	Education & Health Services	1,321
BNSF Railway Company, Montana Rail Link Subdivision	Trade, Transportation & Utilities	1,056
Community Medical Center	Education & Health Services	1,015
Missoula County	Government	948
City of Missoula	Government	730
Allegiance Benefit Plan Management, Inc.	Financial Activities	661
Walmart Inc.	Trade, Transportation & Utilities	471
Consumer Direct Care Network Montana	Education & Health Services	451

Note: Excludes local school districts.
Source: City of Missoula, *Annual Comprehensive Financial Report*, 2023

The education and health services and the government sectors combined account for nearly 35 percent of all nonfarm payroll jobs in the HMA. The education and health services sector has a significant impact on the HMA, accounting for 19 percent of payrolls (Figure 1), and includes three of the largest employers in the HMA. The government sector accounts for nearly 16 percent of local nonfarm payrolls. Nearly one-half of the jobs in the government sector are in the state government subsector, much of which is attributable to the largest employer in the HMA, the University of Montana. Total enrollment at the university was nearly 10,250 students in the fall of 2023 (University of Montana).

Figure 1. Share of Nonfarm Payroll Jobs in the Missoula 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 July 2024. The Non-Reporting Service-Providing Sectors category in the Missoula HMA includes the finance, the information, and the other services nonfarm payroll sectors. The category is the sum of all job sectors not reported in the U.S. Bureau of Labor Statistics nonfarm payroll data and is calculated by subtracting from total nonfarm payrolls the number of nonfarm payrolls from the other reported sectors. Source: U.S. Bureau of Labor Statistics



The leisure and hospitality and the professional and business services sectors each account for approximately 12 percent of payrolls in the HMA. The tourism industry, which supports jobs in the leisure and hospitality sector, has a notable economic impact, partly because the climate and topography of the region provide opportunities for year-round outdoor activities. In 2022, visitors to the area spent an estimated \$390 million in the HMA, with approximately 9 percent of the expenditures occurring in the outfitter-guide category, which typically includes businesses that provide gear and guide services for excursions (University of Montana). The professional and business services sector includes engineering and architectural jobs, many of which support the goods-producing sectors. The professional and business services and the goods-producing sectors account for a combined 22 percent of nonfarm payrolls in the HMA.

Current Conditions— Nonfarm Payrolls

During the 12 months ending July 2024, nonfarm payrolls totaled 68,400 jobs, an increase of 1,200, or 1.9 percent, from the previous 12 months. The recent pace of growth has slowed from strong growth during the previous 12-month period, when payrolls increased by approximately 2,100, or 3.2 percent, to 67,200 jobs. During the past 12 months, the education and health services

sector led nonfarm payroll growth, increasing by 400 jobs, or 3.9 percent, compared with a 6.1-percent increase a year earlier (Table 2). The opening of the Greater Good Health clinic and the new emergency department at Community Medical Center contributed to sector gains during the past 24 months. The trade, transportation, and utilities sector increased by 400 jobs, or 2.8 percent, from the previous 12 months, when sector jobs increased 2.1 percent. Recent job gains in the sector are partly attributed to Amazon.com, Inc. opening a distribution facility, which hired 100 warehouse employees and 80 drivers in March 2024. The professional and business services sector increased during the 12 months ending July 2024 by 200 jobs, or 2.5 percent, from the previous 12 months, when sector payrolls rose 6.2 percent. Growth in the professional, scientific, and technical industry supported payroll gains in the sector. During the 12 months ending July 2024, payrolls in the goods-producing sectors increased by 100 jobs, or 0.8 percent, from a year ago, when payrolls increased 3.8 percent. Several construction projects supported job gains in the mining, logging, and construction sector, including the \$17.9 million heart and vascular center expansion by Community Medical Center and the Scott Street-Ravara mixed-use housing development. The recent opening of the approximately \$3.6 million LOGE hotel contributed to payrolls in the leisure and hospitality sector, which increased by 100 jobs, or 0.9 percent, during the 12 months ending July 2024. With this job gain, all the jobs lost in the sector in 2020 due to countermeasures to slow the spread of COVID-19 have been recovered. By comparison, payrolls in the sector rose 3.7 percent during the same period a year earlier.

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

	12 Months Ending July 2023	12 Months Ending July 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	67.2	68.4	1.2	1.9
Goods-Producing Sectors	7.0	7.1	0.1	0.8
Service-Providing Sectors	60.2	61.4	1.2	2.0
Trade, Transportation & Utilities	13.3	13.6	0.4	2.8
Professional & Business Services	7.9	8.1	0.2	2.5
Education & Health Services	12.3	12.7	0.4	3.9
Leisure & Hospitality	8.4	8.5	0.1	0.9
Non-Reporting Service-Providing Sectors	7.5	7.6	0.1	0.9
Government	10.9	10.9	0.0	0.0

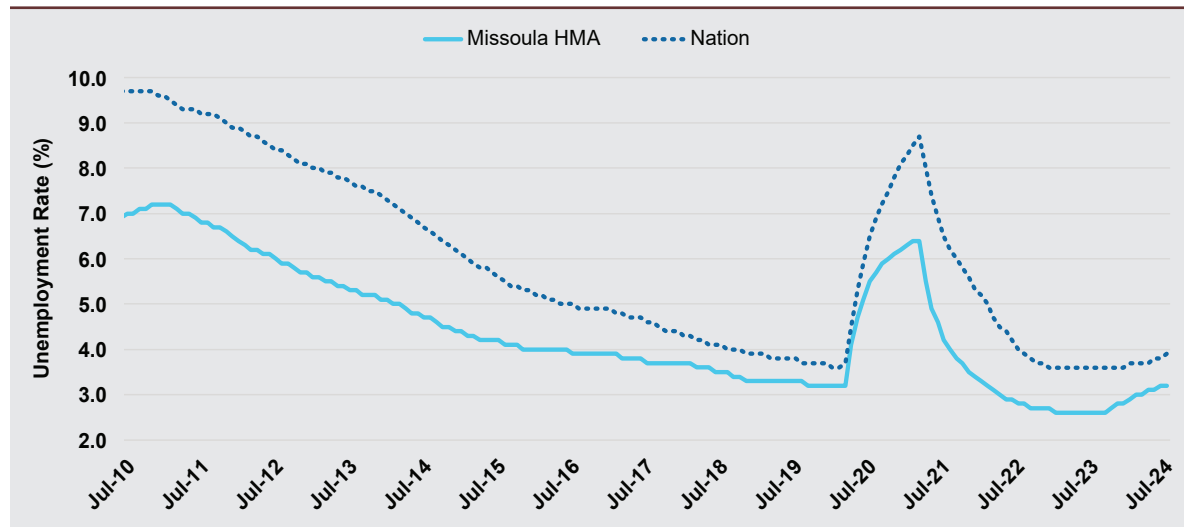
Notes: Based on 12-month averages through July 2023 and July 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



Current Conditions— Unemployment

The unemployment rate in the HMA averaged 3.2 percent during the 12 months ending July 2024, up from an average of 2.6 percent a year earlier but down from the recent high of 6.4 percent during the 12 months ending February 2021 (Figure 2). By comparison, the national unemployment rate averaged 3.9 percent during the 12 months ending July 2024, up from 3.6 percent a year earlier but down from a recent high of 8.7 percent during the 12 months ending March 2021. The unemployment rate increased in the HMA during the most recent 12-month period because a 1.4-percent increase in the labor force outpaced the 0.8-percent increase in resident employment.

Figure 2. 12-Month Average Unemployment Rate in the Missoula HMA and the Nation

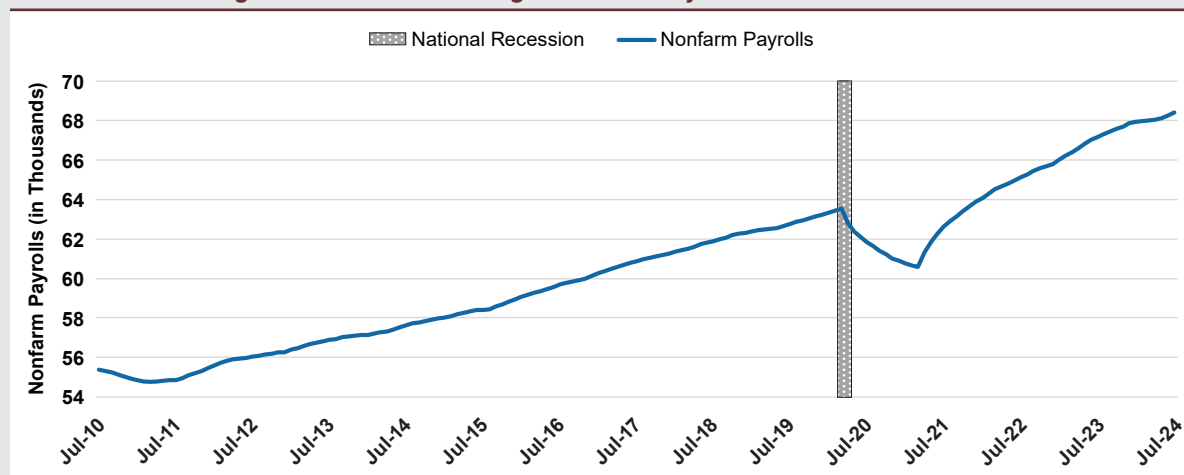


Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance 2011 Through 2014

The economy in the HMA began to recover from the economic downturn of the late 2000s in 2011. From 2011 through 2014, nonfarm payrolls increased by an average of 800 jobs, or 1.4 percent, annually to 58,000 jobs in 2014, when the local economy transitioned from recovery to expansion (Figure 3). By comparison, growth in nonfarm payrolls nationwide was stronger, averaging an annual increase of 1.7 percent during the same period. All the job growth in the HMA occurred in the service-providing sectors and was strongest in the education and health

Figure 3. 12-Month Average Nonfarm Payrolls in the Missoula HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

services and the leisure and hospitality sectors, which rose by annual averages of 300 and 200 jobs, or 2.6 and 2.4 percent, respectively.

2015 Through 2019

Job growth accelerated from 2015 through 2019 as the local economic expansion continued, and nonfarm payrolls increased by an average of 1,000 jobs, or 1.7 percent, annually to 63,200 jobs in 2019. During this period, 30 percent of the job growth was in the goods-producing sectors, which rose by an average of 300 jobs, or 5.8 percent, annually. An increase in homebuilding activity and the expansion of facilities to serve the growing population, including the commencement of Phase 1 of the Missoula Montana Airport terminal expansion in 2018, supported job growth in the mining, logging, and construction sector. By comparison, the service-providing sectors increased by an average of 700 jobs, or 1.3 percent, annually, accounting for the remaining 70 percent of job growth. In the service-providing sectors, the education and health services sector led job growth during the period, rising by an average of 300 jobs, or 2.4 percent, annually, with growth partly due to the 2017 opening of the Community Medical Center Wound Healing & Hyperbaric Center.

2020

Job losses associated with the national recession of 2020 were moderate in the HMA compared with the job losses sustained nationally. In 2020, nonfarm payrolls in the HMA declined on an annual basis from 2019 levels by 2,300 jobs, or 3.6 percent, to 60,900 jobs compared with a 5.8-percent decline nationally. Payrolls in the goods-producing sectors in the HMA increased by a combined 100 jobs, or 1.6 percent, slightly offsetting job loss in the service-providing sectors, which fell by a combined 2,400 jobs, or 4.2 percent. Notable gains in the utility system construction and the heavy and civil engineering construction industries, which increased 25 and 10 percent,

respectively, partially supported payroll gains in the goods-producing sectors (QCEW). Approximately 52 percent of the total nonfarm payroll job loss was in the leisure and hospitality sector, which fell by 1,200 jobs, or 14.3 percent, primarily because of travel restrictions and limitations on bars and restaurants to slow the spread of the COVID-19 virus.

2021 Through 2022

By 2021, the local economy recovered the total number of nonfarm payroll jobs lost due to the economic downturn in 2020 and then began to expand. In 2022, nonfarm payrolls in the HMA were 4.0 percent higher than 2019 payroll levels. By comparison, national payrolls in 2022 surpassed 2019 levels by 1.1 percent. In 2021 and 2022, nonfarm payrolls in the HMA increased by an average of 2,400 jobs, or 3.9 percent, annually to 65,800 jobs in 2022. The leisure and hospitality and the trade, transportation, and utilities sectors accounted for nearly 42 percent of the payroll gains in the HMA during the period. Both sectors rose by averages of 500 jobs annually, or 6.7 and 4.1 percent, respectively. Despite growing at the fastest pace of all payroll sectors in the HMA during the period, the leisure and hospitality sector did not recover all the jobs lost in 2020. Sector gains during 2021 and 2022 were partially supported by growth in outdoor recreational activities in the state of Montana, which increased 12 percent from \$2.57 billion in 2021 to \$2.89 billion in 2022 (U.S. Bureau of Economic Analysis). During 2021 and 2022, job gains in the HMA were also strong in the professional and business services sector, which rose by an average of 400 jobs, or 4.9 percent, annually. Expanding jobs in the architectural services and the engineering services industries partly supported growth in the sector, increasing by annual averages of 6 and 12 percent, respectively (QCEW). Payrolls in the goods-producing sectors increased by an average of 300 jobs combined, or 4.7 percent, annually, partly because of construction projects in the HMA, including the \$14.4 million Community Medical Center emergency department renovation and expansion.

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 1.6 percent, slower than the current growth but comparable to the average annual rate of growth from 2011 through 2019.

Job gains in the HMA are expected to be strong in the goods-producing sectors, supported by planned apartment development projects and nearly \$52 million of transportation infrastructure improvements tied to federal funding from the Bipartisan Infrastructure Law.



Population and Households

Current Population: 123,000

The period of strongest population growth in the Missoula HMA since 2010 was during the first part of the COVID-19 pandemic.

Population Trends

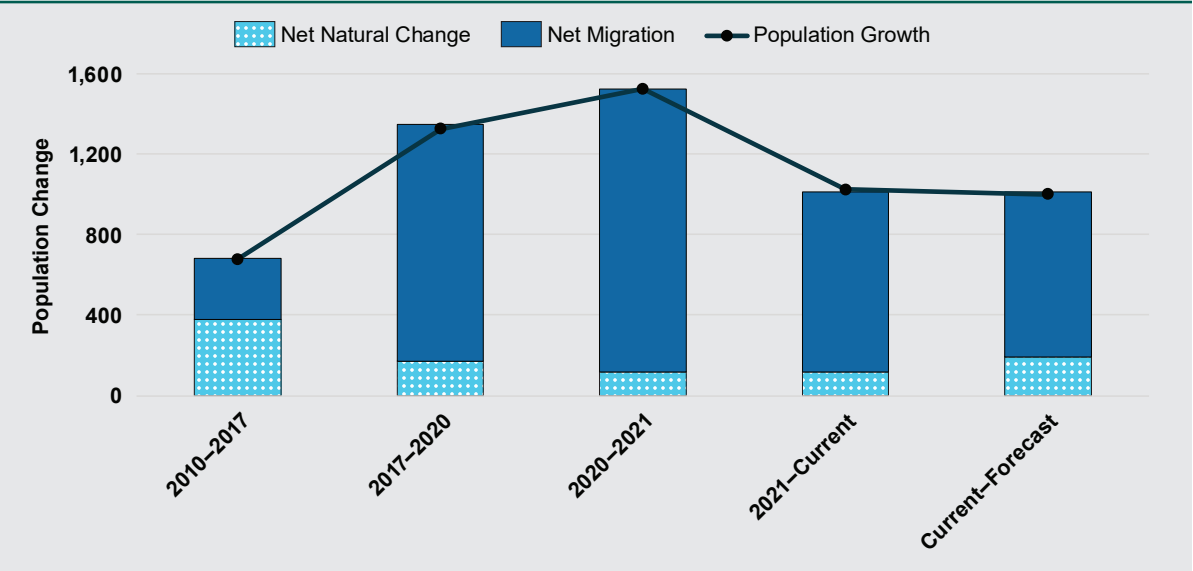
As of August 1, 2024, the population of the HMA is estimated at 123,000, an average increase of 1,175, or 1.0 percent, annually since April 2020 (Table 3). From April 2010 to 2017, population growth averaged 680 people, or 0.6 percent, annually as the local economy recovered from the national recession of the late 2000s and transitioned to expansion in 2014 (Figure 4). From April 2010 to 2017, net in-migration averaged 300 people annually, accounting for 44 percent of the population growth, and net natural change averaged 380 people annually. Population growth accelerated from July 2017 to April 2020, rising an average of 1,325 people, or 1.2 percent, annually, supported by the migration of workers and retirees. From July 2017 to April 2020, net in-migration averaged 1,150 people annually, approximately 3.8 times the average annual net in-migration during the previous period, whereas net natural change slowed to an average of approximately 170 people annually, nearly 54 percent less than the previous period, partly because of the aging population. Population growth continued to accelerate from April 2020 to July 2021, rising an average of 1,525 people,

Table 3. Missoula HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	117,922	123,000
	Average Annual Change	860	1,175
	Percentage Change	0.8	1.0
Household Quick Facts	2020	Current	Forecast
	Households	50,645	54,450
	Average Annual Change	470	880
	Percentage Change	1.0	1.7

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 (August 1, 2024) to August 1, 2027. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Missoula HMA, 2010 Through the Forecast Period



Notes: Data displayed are average annual totals. The forecast period is the current date (August 1, 2024) to August 1, 2027. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

or 1.3 percent, annually, with net in-migration averaging 1,400 annually. The rise in remote work following the onset of the pandemic, combined with the strong job growth in 2021 and an increase in retirees moving to the HMA, supported net in-migration. The University of Montana, with 6,725 full-time students enrolled during the spring of 2020, transitioned to online learning in March 2020 (University of Montana). However,



the university did not close its residence halls, allowing students the option of remaining in the HMA and reducing student out-migration, thereby limiting the effect on population changes from April 2020 to July 2021. Net natural change averaged approximately 120 people annually during the period, 29 percent less than the previous period. Since 2021, population growth has averaged 1,025 people, or 0.8 percent, annually. Net in-migration slowed to an average of 910 people annually, and net natural change was relatively unchanged from the previous period, averaging nearly 120 people annually. Net in-migration decelerated from the previous period despite strong local economic growth, partly because rising housing costs limited the number of people moving to the HMA.

Age Cohort Trends

Partly because of students attending the University of Montana, the HMA has a relatively young resident population, with a median age of 37.7 years compared with 39.2 years nationally (2023 American Community Survey [ACS] 1-year data). However, the portion of retirement-age residents in the HMA was only slightly below that of the nation. The cohort of residents aged 65 and older grew at a rate of 5.2 percent annually from 2010 to 2019 and a rate of 2.3 percent annually from 2019 to 2023 (2010, 2019, and 2023 ACS 1-year data). As a result, the cohort of residents aged 65 and older increased from 11.3 percent of the HMA population in 2010 to 16.3 percent in 2019 and 17.5 percent in 2023, slightly below the 17.7-percent national rate in 2023. The increasing share of older residents has contributed to the declining rate of net natural change in the HMA.

Migration Trends

Most migration into the HMA has been due to domestic migration from across the nation. Among metropolitan areas, the Billings, MT MSA and the Seattle-Tacoma-Bellevue, WA MSA (hereafter, Seattle MSA) were the two largest sources of in-migration to the HMA from 2016 through 2020 (Census Bureau Metro-to-Metro Migration Flows; 2016–20 ACS 5-year data; Table 4). The San Jose-Sunnyvale-Santa Clara, CA MSA was also

Table 4. Metro-to-Metro Migration Flows in the Missoula HMA, 2016–20

Into the HMA	
Billings, MT	694
Seattle-Tacoma-Bellevue, WA	610
Great Falls, MT	575
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	233
San Jose-Sunnyvale-Santa Clara, CA	193
Out of the HMA	
Billings, MT	559
Great Falls, MT	325
Spokane-Spokane Valley, WA	300
Orlando-Kissimmee-Sanford, FL	189
Tucson, AZ Metro	185

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

a source of movers. For some people, the HMA offered relatively more affordable housing, which contributed to in-migration from 2016 through 2020. In 2020, the average sales prices of homes in the Seattle and the San Jose-Sunnyvale-Santa Clara MSAs were 85 and 213 percent, respectively, greater than the average price of a home in the HMA (CoreLogic, Inc.). For other people—including some from the Billings, MT, and Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSAs—the HMA offered better job opportunities.

Household Trends

The current number of households in the HMA is estimated at 54,450, representing an average annual increase of 880 households, or 1.7 percent, since April 2020, a faster pace than the 1.0-percent population growth rate during the period. By comparison, the number of households increased an average of 1.0 percent annually during the 2010s, only slightly faster than the 0.8-percent population growth rate during the period. The rate of household formation since 2020 has accelerated compared with the 2010s. In addition, the share of single-person households in the HMA has risen, and the share

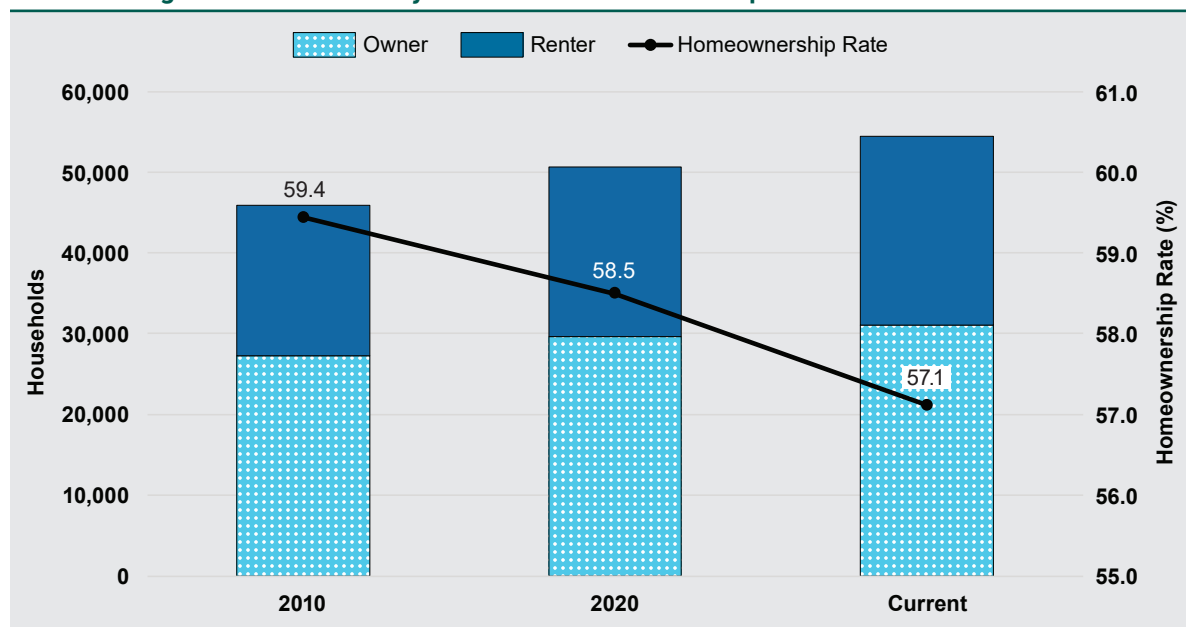


of households with children has declined—trends that also occurred during the 2010s. The share of single-person households increased from 27 percent in 2010 to 33 percent in 2023, and the share of households with a child younger than 18 years old fell from 28 to 24 percent during the period (ACS 1-year data). Owner households currently account for 57.1 percent of all households in the HMA, down from 58.5 percent in 2020 (Figure 5).

Forecast

Population growth in the HMA is expected to decelerate during the 3-year forecast period, with the population reaching 126,000 by August 1, 2027, reflecting an average increase of 1,000 people, or 0.8 percent, annually. Net in-migration is expected to slow each year of the forecast period, averaging 810 people annually, partly because local job growth is expected to slow. Nevertheless, net in-migration is expected to account for 81 percent of population growth. Household growth is expected to average 850,

Figure 5. Households by Tenure and Homeownership Rate in the Missoula HMA



Note: The current date is August 1, 2024.

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

or 1.5 percent, annually, with the number of households in the HMA reaching 57,000 by the end of the forecast period. Households are expected to rise at a faster pace compared with the population because the number of single-person households is expected to continue to rise.

Home Sales Market

Market Conditions: Tight

The supply of for-sale housing in the Missoula HMA fell from nearly 640 homes in July 2019 to approximately 330 homes in July 2023 (Redfin, a national real estate brokerage), contributing to market conditions that have ranged from slightly tight to very tight since April 2020.

Current Conditions

The sales housing market in the HMA is tight, with an estimated sales vacancy rate of 0.5 percent, down from 0.9 percent in April 2020, when conditions were slightly tight (Table 5). The market has transitioned from very tight conditions in 2021 and 2022, when the average home sales price increased an average of 19 percent annually (CoreLogic, Inc.). A 16-percent annual decline in the inventory of for-sale housing in July 2021, followed by a 10-percent decline in July 2022 (Redfin, a national real estate brokerage), hindered home sales, declining an average of 17 percent a year, and contributed to large increases in home prices. During the 2-year period, people moving to the HMA for more affordable housing partly fueled strong demand for homes, contributing to low levels of for-sale inventory. Since the end of 2022, sales housing market conditions have eased but remain tight. The inventory of for-sale housing has increased from 380 homes in July 2022 to 450 homes in July 2024. As a result, the decline

Table 5. Home Sales Quick Facts in the Missoula HMA

Home Sales Quick Facts	Missoula HMA		Nation	
	Vacancy Rate	0.5%		NA
	Months of Inventory	5.4		3.0
	Total Home Sales	1,675		4,922,000
	1-Year Change	-9%		-11%
	New Home Sales Price	\$547,700		\$497,600
	1-Year Change	-3%		1%
	Existing Home Sales Price	\$522,100		\$416,200
	1-Year Change	1%		7%
	Mortgage Delinquency Rate	0.4%		0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending July 2024; and months of inventory and mortgage delinquency data are as of July 2024. The current date is August 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate, home sales, and home sales prices—CoreLogic, Inc.

in total home sales has slowed compared with 2022. At the same time, the growth in the average home price has decelerated, partly because the number of people moving to the HMA for more affordable sales housing has slowed. During the 12 months ending July 2024, total home sales were nearly 41 percent below the level of home sales during the 12 months ending March 2020, whereas the current average home price rose to a record high.

Current Home Sales Trends

During the 12 months ending July 2024, total home sales in the HMA, including new and existing home sales, fell by approximately 160 homes, or 9 percent, to approximately 1,675 homes sold, following a 28-percent decline a year earlier (CoreLogic, Inc.). During the 12 months ending July 2024, the average home price increased by \$5,900, or 1 percent, to \$523,300. By comparison, the average home price during the 12 months ending July 2023 increased by \$15,200, or 3 percent, year over year to \$517,400. New home sales totaled approximately 75 homes during the 12 months ending July 2024, reflecting a 12-percent decrease compared with a year earlier, when sales fell 44 percent. The average price for a new home decreased 3 percent to \$547,700 during the 12 months ending July 2024 compared with a 3-percent increase a year earlier. Existing home sales decreased nearly 9 percent to 1,600 homes during the 12 months ending July 2024 compared with a nearly 27-percent decline a year earlier. The average existing home price rose 1 percent to \$522,100 during the 12 months ending July 2024 compared with a 3-percent increase a year earlier. The greatest

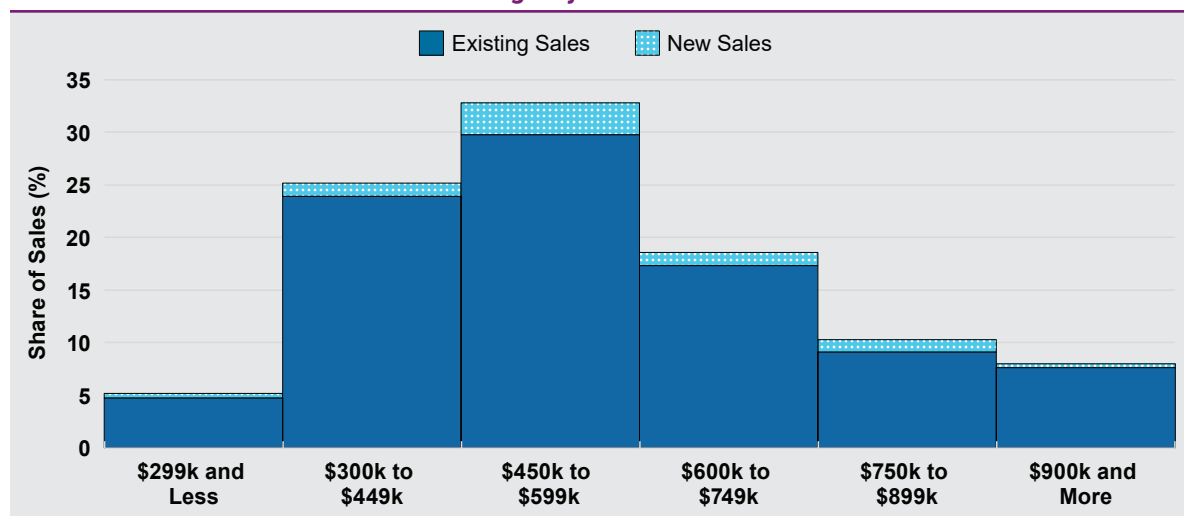


portion of existing homes sold during the 12 months ending July 2024 ranged from \$450,000 to \$599,000 (Zonda; Figure 6).

Resales and New Home Sales Trends

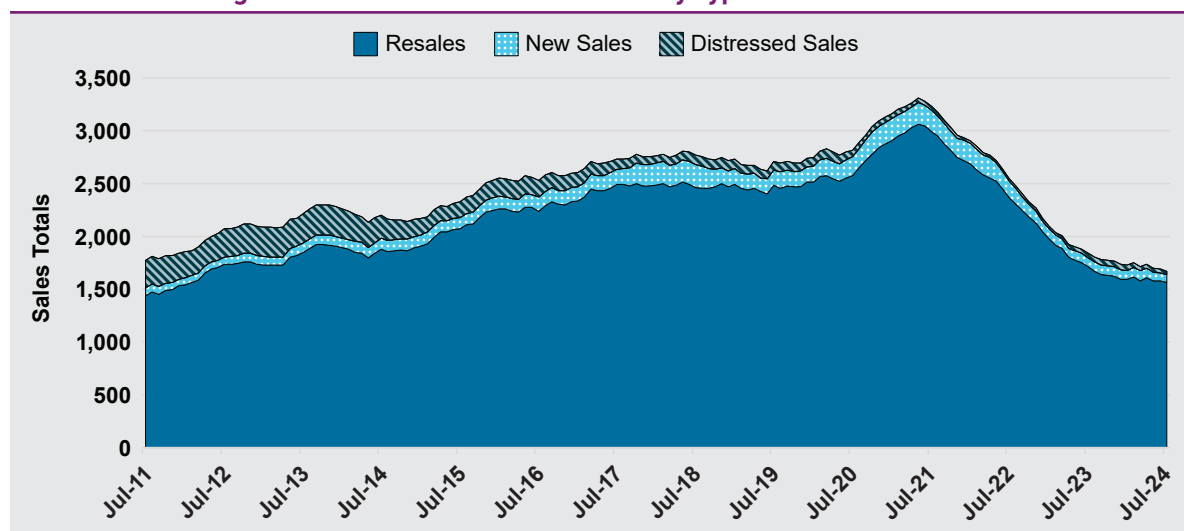
Following the national housing crisis, resales in the HMA fell to 1,525 homes sold during 2011 before generally increasing through 2020 and then declining each of the subsequent years (CoreLogic, Inc.). Despite moderating in 2014 and 2018, resales generally trended upward from 2012 through 2019, increasing by an average of 120, or 6 percent, annually because of economic and population growth in the HMA (Figure 7). Strong net in-migration and very low mortgage interest rates bolstered resales in 2020, and resales rose 15 percent to 2,875 homes sold. Resales increased during the year, and the inventory of for-sale homes in the HMA fell 21 percent from July 2019 to 500 homes in July 2020 (Redfin, a national real estate brokerage). By the 12 months ending June 2021, the decline in the for-sale housing inventory inhibited sales—causing growth in resales to decelerate and ultimately resulting in resales falling 6 percent on an annual basis in 2021 (CoreLogic, Inc.). In 2022, rising mortgage interest rates severely limited resales by making homes less affordable, and further limited the inventory of for-sale housing because many homeowners with mortgages at relatively low interest rates were reluctant to sell if a subsequent purchase would

Figure 6. Share of Overall Home Sales by Price Range During the 12 Months Ending July 2024 in the Missoula HMA



Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 7. 12-Month Home Sales Totals by Type in the Missoula HMA



Source: CoreLogic, Inc.

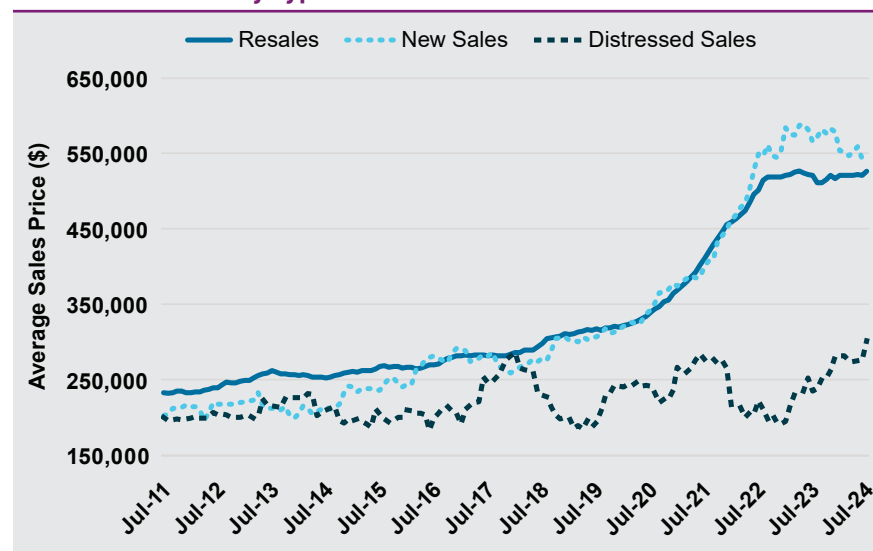
require financing at a higher rate. In 2022, resales declined 25 percent from a year earlier to 2,050 homes sold.

New home sales make up a relatively small share of total home sales in the HMA, accounting for approximately 5 percent of total sales since 2011. New home sales decreased to 60 in 2011 and then rose an average of 17 percent annually during the next 6 years to 200 homes in 2017. Although net in-migration was strong, new home sales declined in 2018 and 2019, averaging 150 new homes each year. Buoyed by low interest rates, new home sales increased 38 percent to 200 homes in 2020. During 2021 and 2022, new home sales declined by an average of 50 homes, or 29 percent, annually to 100 new homes in 2022. Supply chain disruptions and materials shortages, coupled with accelerating new home prices, contributed to the decline in new home sales during 2021. Those factors, combined with elevated mortgage interest rates since early 2022, continued to hinder demand for new homes in the HMA.

Resales and New Home Sales Prices

The average price for a resale home fell to \$233,500 in 2011 before increasing each year through 2022. From 2012 through 2019, the average price of a resale home increased an average of \$10,900, or 4 percent, annually before rising 14 percent to \$364,200 in 2020, when demand was strong and the home sales market was tight (Figure 8). Sales market conditions were very tight during the next 2 years when the average price of a resale home rose by an average of \$77,300, or 19 percent, annually to \$518,800 in 2022. By comparison, the average price of a new home rose an average of 6 percent annually from 2011 through 2017 to \$258,800. Despite declining sales in 2018 and 2019, the average price of a new home rose an average of 11 percent annually to approximately \$316,700 in 2019. In 2020, very low mortgage interest rates—which made it possible for buyers to purchase more expensive homes—combined with strong demand for new homes led to the average price of a new home increasing by \$60,700, or 19 percent. During the next 2 years, higher homebuilding costs, combined with decreasing levels of existing homes

Figure 8. 12-Month Average Home Sales Price by Type of Sale in the Missoula HMA



Source: CoreLogic, Inc., with adjustments by the analyst

available for sale in the HMA, contributed to the average price of a new home increasing an average of \$87,850, or 21 percent, annually to \$553,000 in 2022.

Distressed Sales

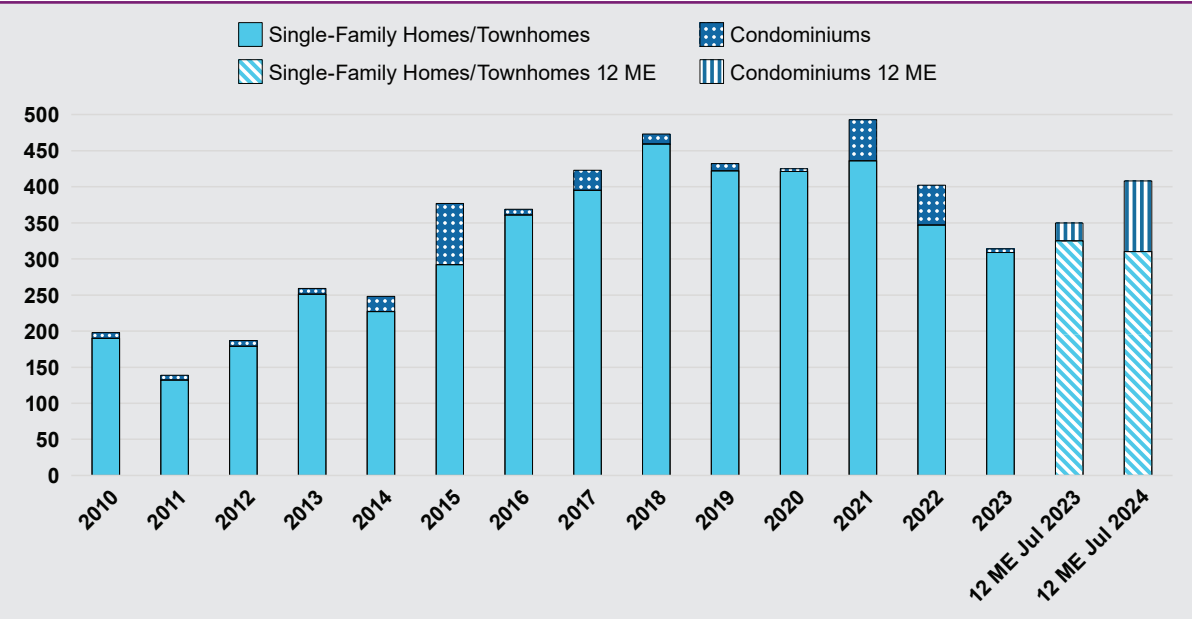
The recession of the late 2000s and the accompanying housing crisis caused distressed sales in the HMA to be relatively high during the early 2010s. The annual number of distressed sales peaked at 280 in 2013, when they accounted for approximately 13 percent of existing home sales (CoreLogic, Inc.). Distressed sales trended downward during the next 8 years, declining to an annual low of 25 homes, or approximately 1 percent of existing home sales, in 2021. Distressed sales rose slightly to nearly 30 homes in 2022 and approximately 40 homes during the 12 months ending July 2023. During the 12 months ending July 2024, distressed sales totaled 30 homes, a 25-percent decrease from a year earlier. The average price for a distressed home during the 12 months ending July 2024

was \$302,400, up 28 percent from the previous 12 months and approximately 49 percent higher than the average price of \$202,300 during 2010.

Sales Construction

Home sales construction activity in the HMA—as measured by the number of units permitted (see [building permits](#)) for sales housing, including single-family homes, townhomes, and condominiums—rose to a peak in 2021 before declining in 2022 and 2023. After falling to a low of 140 homes in 2011, sales construction activity trended upward, averaging 330 homes permitted annually from 2012 through 2018 (Figure 9). Sales construction activity averaged 430 homes permitted annually in 2019 and 2020 before rising to 490 homes permitted in 2021 in response to rapidly rising new home sales demand from 2020 through mid-2021. Rising mortgage rates and declining home sales during the next 2 years led to sales construction activity falling to an average of 360 homes permitted each year in 2022 and 2023. Recently, sales construction activity has risen because of increased condominium development. During the 12 months ending July 2024, nearly 410 homes were permitted, up 17 percent from the 350 homes permitted during the 12 months ending July 2023 (preliminary data, with adjustments by the analyst). During the most recent 12-month period, condominium permitting accounted for nearly 22 percent of sales construction, representing the greatest

Figure 9. Annual Sales Permitting Activity in the Missoula HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

portion of condominiums as a share of sales permitting activity since 2015, when condominiums accounted for nearly 23 percent of sales units permitted.

New home construction in the HMA has been most prevalent in the city of Missoula. The Scott Street-Ravara housing development broke ground in March 2024. At buildout, the first phase of the development will feature 45 income-restricted condominiums, two income-restricted townhomes, and 42 market-rate units available for sale. Starting prices have not been announced. However, the income-restricted units are expected to be available to households with incomes at or below 120 percent of the Area Median Income (AMI).

Housing Affordability: Sales

Homeownership in the HMA has become increasingly less affordable because wage growth has not kept pace with home price growth. Average annual wages for all industries in the HMA increased an average of nearly 3 percent annually from 2011 through 2019 compared with nearly 4-percent average



annual home price growth (QCEW; CoreLogic, Inc.). The gap between wage growth and home price growth in the HMA has widened since 2020, when sales market conditions ranged from tight to very tight. Wages increased at an average annual rate of 7 percent from 2020 through 2023 compared with 13-percent average annual growth in home prices.

Forecast

During the next 3 years, demand is expected for 1,325 new homes in the HMA (Table 6). The 300 homes under construction are expected to satisfy a portion of the estimated demand during the first year of the 3-year forecast

period. Demand is expected to increase each year of the forecast period, with most new homes expected to be built in the city of Missoula.

Table 6. Demand for New Sales Units in the Missoula HMA During the Forecast Period

Sales Units	
Demand	1,325 Units
Under Construction	300 Units

Note: The forecast period is August 1, 2024, to August 1, 2027.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Rental market conditions are currently balanced despite a record-high number of apartments that entered the market as of the second quarter of 2022, because the increase in renter households in the Missoula HMA since 2020 has facilitated the absorption of the units.

Current Conditions and Recent Trends

Overall rental housing market conditions in the HMA are currently balanced, with an estimated rental vacancy rate of 4.7 percent, up slightly from 4.6 percent in 2020, when market conditions were also balanced (Table 7). Apartment market conditions are balanced, with a 6.3-percent vacancy rate in the second quarter of 2024, and the average apartment rent increased 1 percent to \$1,386 from the same period a year earlier. By comparison, the average apartment vacancy rate was 10.3 percent as of the second quarter of 2023 because of a surge in apartment completions, and the average apartment rent increased 2 percent to \$1,379 from the second quarter of 2022.

In 2023, 42 percent of all renter households in the HMA lived in multifamily structures with five or more units, typically apartments, up slightly from 41 percent in 2021 (ACS 1-year data). By

Table 7. Rental and Apartment Market Quick Facts in the Missoula HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	4.6	4.7
		2021 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	31	27
	Multifamily (2–4 Units)	23	24
	Multifamily (5+ Units)	41	42
	Other (Including Mobile Homes)	5	7
Apartment Market Quick Facts		2Q 2024	YoY Change
	Apartment Vacancy Rate	6.3	-4.0
	Average Rent	\$1,386	1%

2Q = second quarter. YoY = year-over-year.
Notes: The current date is August 1, 2024. 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

comparison, approximately 27 percent of all renter households in the HMA lived in single-family homes in 2023 compared with 31 percent in 2021.

Single-Family Rental Housing Market

Most renter-occupied, single-family homes in the HMA are detached homes. Professionally managed, single-family homes represent only a small portion of the market. Since May 2012, the monthly average vacancy rate for professionally managed, detached, single-family homes has ranged from 1.7 to 2.4 percent (CoreLogic, Inc.). The vacancy rate was 2.0 percent in July 2024, up from 1.8 percent in July 2023, and the average rent for a professionally managed, three-bedroom, detached, single-family home increased approximately 8 percent compared with a year earlier to \$2,601.

Apartment Market Conditions

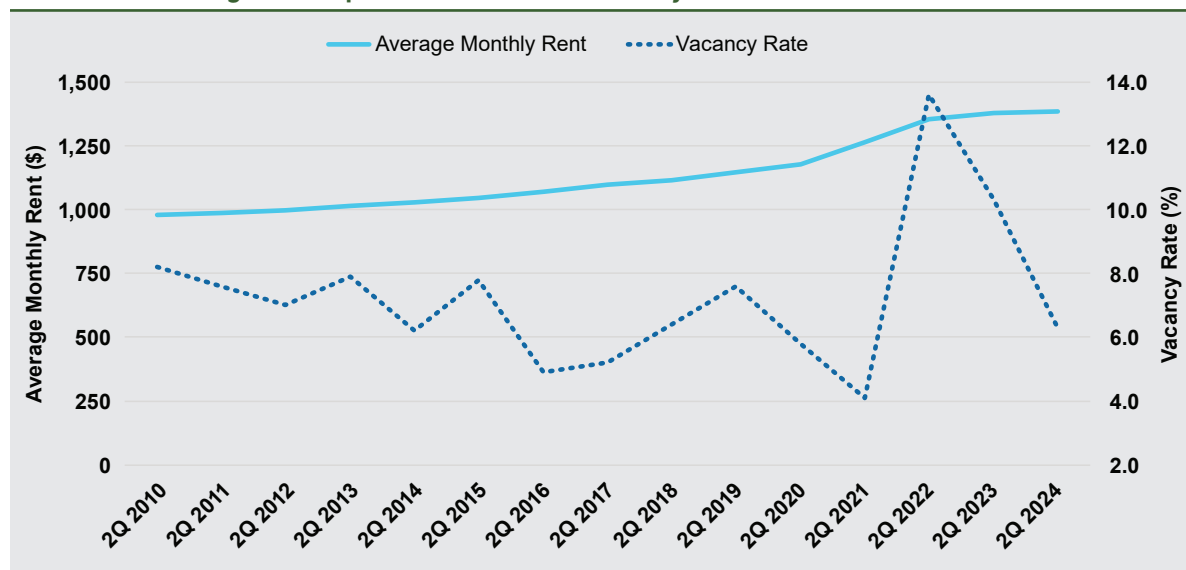
Apartment market conditions in the HMA have fluctuated between tight and slightly soft since 2010 and are currently balanced. Steady net in-migration and economic growth in the HMA contributed to apartment market conditions transitioning from slightly soft as of the second quarter of 2010, when the vacancy rate was 8.2 percent, to slightly tight as of the second quarters of 2016 and 2017, when vacancies averaged 5.1 percent (CoStar Group). The average apartment rent increased 2 percent annually from \$979 as of the



second quarter of 2010 to \$1,098 as of the second quarter of 2017 (Figure 10). During the latter part of the period, builders responded to the slightly tight apartment market conditions with increased apartment construction. Apartment market conditions transitioned to balanced as of the second quarters of 2018 and 2019 because many new units were added to the apartment supply, outpacing the absorption of apartment units. The average apartment vacancy rate rose each year to 7.6 percent as of the second quarter of 2019, and the average apartment rent increased 2 percent annually to \$1,146 during the same period. The large number of people moving to the HMA in 2020 and 2021 caused the apartment vacancy rate to fall to 4.1 percent as of the second quarter of 2021, when apartment market conditions were tight, and the average apartment rent increased 5 percent annually to \$1,265.

Nearly 690 new apartment units entered the market during the second quarter of 2022, the largest single quarter addition to the apartment stock since at least 2000. Fewer than 170 apartment units were absorbed in the second quarter of 2022. Although absorption was much stronger than during the preceding 4 quarters, the average apartment vacancy rate rose to 13.6 percent as of the second quarter of 2022. During the same period, the average apartment rent increased 7 percent to \$1,354, the largest second quarter, year-over-year increase in the average apartment rent since at least 2000.

Figure 10. Apartment Rents and Vacancy Rates in the Missoula HMA



2Q = second quarter.
Source: CoStar Group

Deliveries of apartment units have slowed since the third quarter of 2022, and absorption levels have been very high, partly because more renters are moving to the HMA and prospective homebuyers have been priced out of the sales housing market.

Rental Construction

In 2021, rental construction activity, as measured by the number of rental units permitted, reached a record-high level in the HMA and was 132 percent greater than the combined production in 2016 and 2017, the highest level of rental unit production during the 2010s. Rental construction activity averaged 260 units permitted annually from 2010 through 2015, then increased in 2016 and 2017 to an average of 560 units annually when builders responded to slightly tight apartment market conditions (Figure 11). From 2018 through 2020, rental construction activity declined to an average of 270 units annually before rising to 1,300 rental units in 2021 in response to tight apartment market conditions. Construction activity slowed to an average of 510 units permitted annually from 2022 through 2023 as builders curtailed production to allow for the absorption of apartment units that entered the market during that period. Builders have

recently slowed production further in response to slowing rent growth since 2023. During the 12 months ending July 2024, approximately 300 rental units were permitted, down 37 percent from approximately 480 rental units permitted during the 12 months ending July 2023 (preliminary data, with adjustments by the analyst).

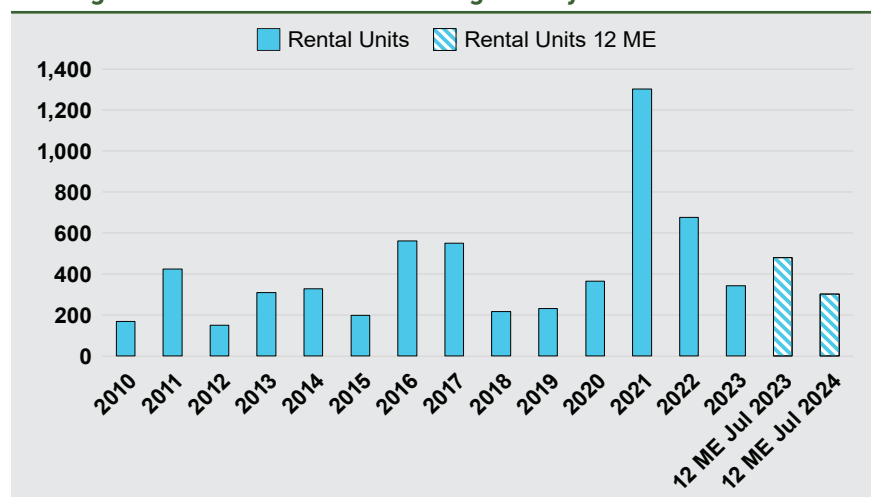
Recent Developments

Most apartment construction in the HMA has been in the city of Missoula. The Villagio apartment development in the city of Missoula was completed in 2023. The 200-unit, affordable community offers two-, three-, and four-bedroom apartments restricted to households with incomes ranging from 30 to 60 percent of AMI. Currently, rents range from \$583 to \$1,062 for two-bedroom units, \$674 to \$1,220 for three-bedroom units, and \$752 to \$1,353 for four-bedroom units. The Pine at Wildroot apartment development, consisting of five mid-rise buildings with 203 units, is under construction in the city of Missoula. The development is expected to be fully complete by late 2025 and is currently leasing studio and one-, two-, and three-bedroom units in the first building; starting rents range from \$1,485 for studio units to \$2,480 for three-bedroom units.

Housing Affordability: Rental

Rental housing in the HMA was relatively affordable from 2010 through 2017, when the median household income for renters rose an average of 3.7 percent annually, outpacing the average 0.7-percent annual rise in the median gross monthly rent (ACS 1-year data). Rental housing affordability declined from 2017 through 2023, when the average annual 7.0-percent increase in median gross monthly rent outpaced the average annual 4.8-percent increase in the median household income for renters in the HMA. The Gross Rent Affordability Index, a measure of median renter household income in the HMA relative to qualifying income for the median-priced rental unit, has remained at or above 103.1 since 2010. The index reached a high of 124.3 in 2017 before trending downward to 110.3 in 2023 (Figure 12).

Figure 11. Annual Rental Permitting Activity in the Missoula HMA

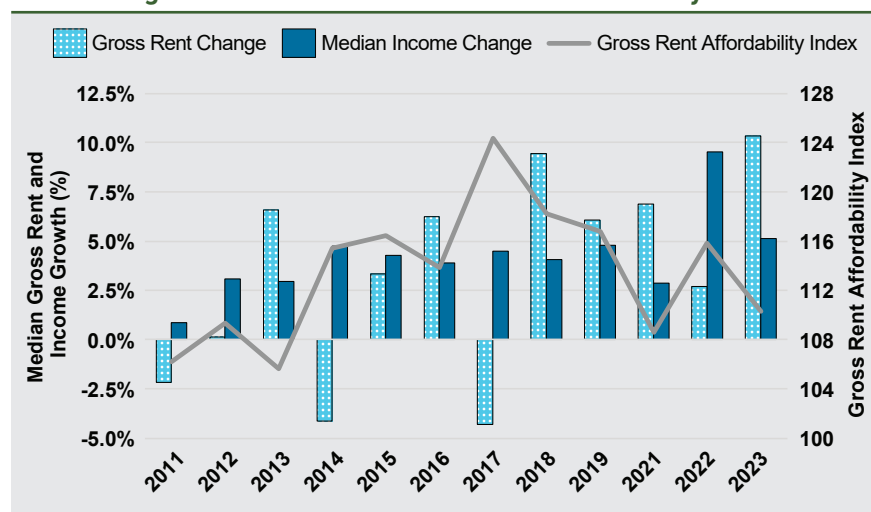


12 ME = 12 months ending.

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; past 12 months of data—preliminary data and estimates by the analyst

Figure 12. Missoula 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

Forecast

Demand is estimated for 2,050 new rental units in the HMA during the 3-year forecast period (Table 8). Demand is expected to be greatest in the first year of the forecast period when population growth is expected to be greatest. Due to construction delays stemming from supply chain disruptions and other constraints that have persisted since the onset of the pandemic, the 530 units under construction and 45 units in final planning that are expected to enter the market throughout the next 3 years will satisfy a portion of rental demand in each year of the forecast period. Demand for rental units is expected to continue to be concentrated in the city of Missoula.

Table 8. Demand for New Rental Units in the Missoula HMA During the Forecast Period

Rental Units	
Demand	2,050 Units
Under Construction	530 Units

Note: The forecast period is August 1, 2024, to August 1, 2027.
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 it has reached an occupancy rate of 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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the 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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	8/1/2024–8/1/2027—Estimates by the analyst.



Goods-Producing Sectors	Includes the mining, logging, and construction and the manufacturing sectors.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These 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.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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.
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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.
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D. Photo/Map Credits

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