

Real Estate and Construction

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Bureau of Business and Economic Research
University of Montana



50 YEARS MONTANA ECONOMIC OUTLOOK SEMINAR

Agenda: Understanding the Current Housing Market

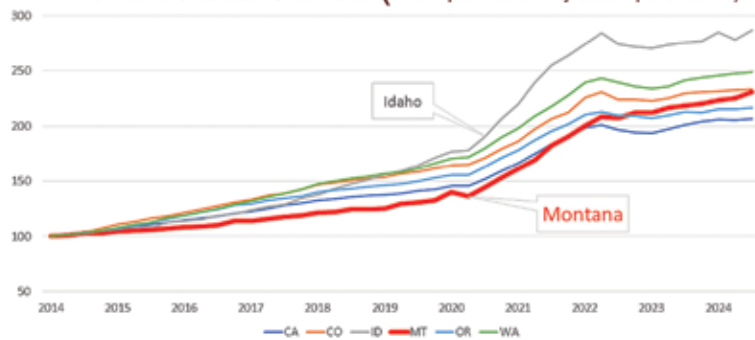
- Market Indicators
- Demand: Migration, Incomes, Interest Rates
- Supply: Rate Lock, Construction Costs, Permits
- Conclusions

Answering big social and policy questions around housing starts with understanding the market.



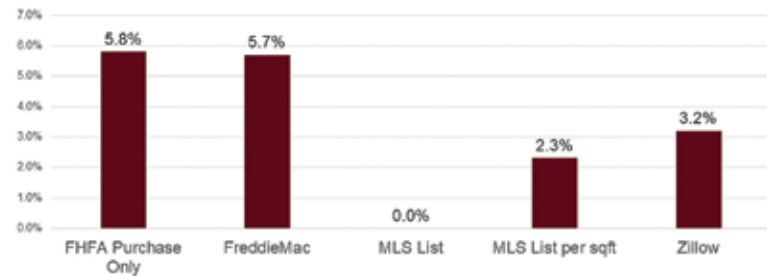
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Montana Home Price Trend Compared To Five Western States (FHFA purchase-only home price index)

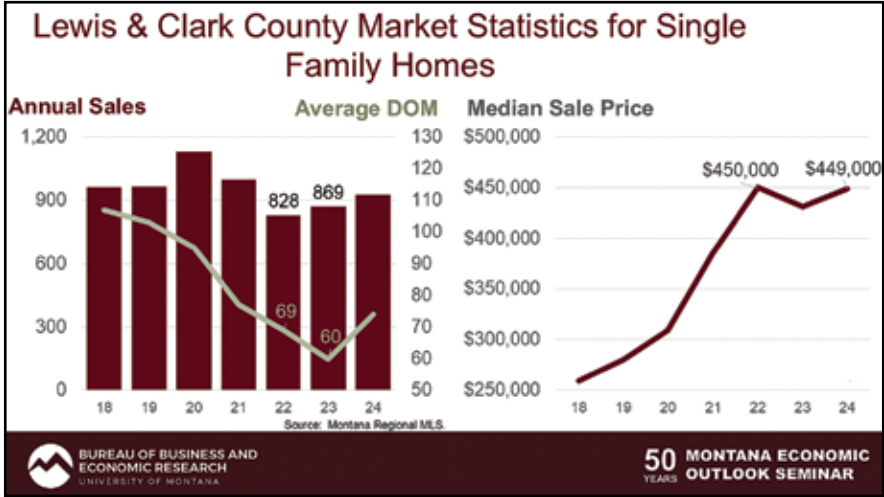
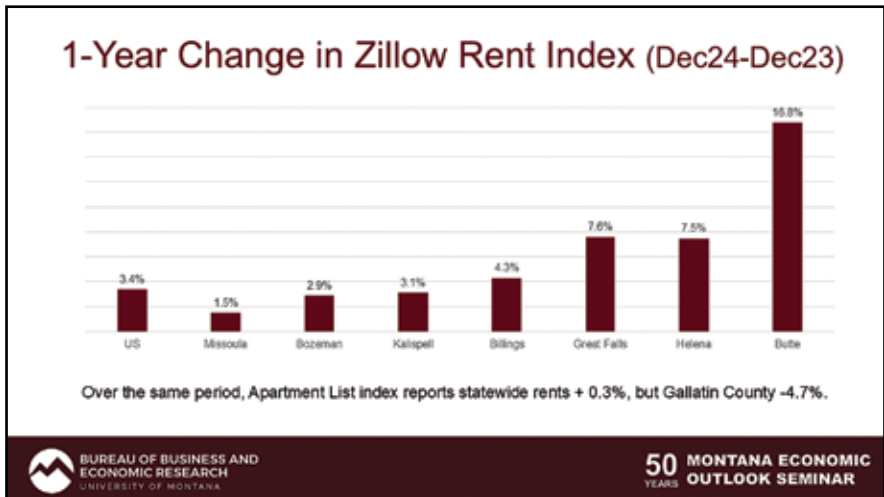
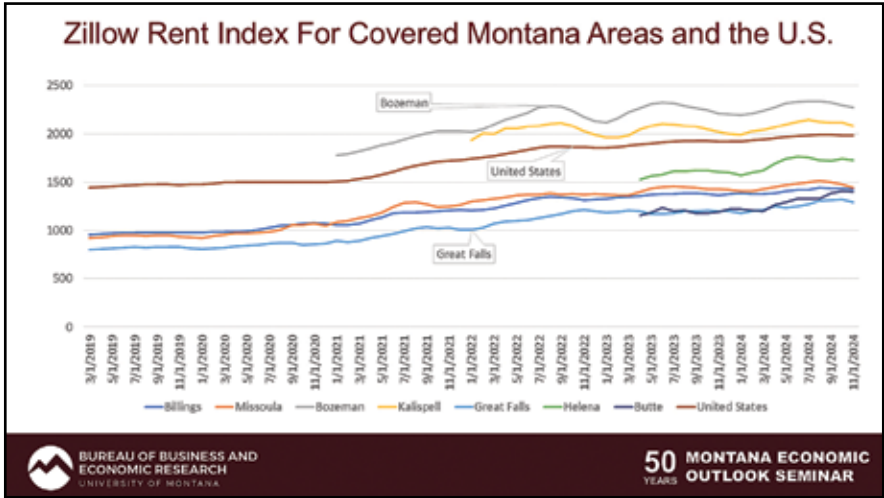
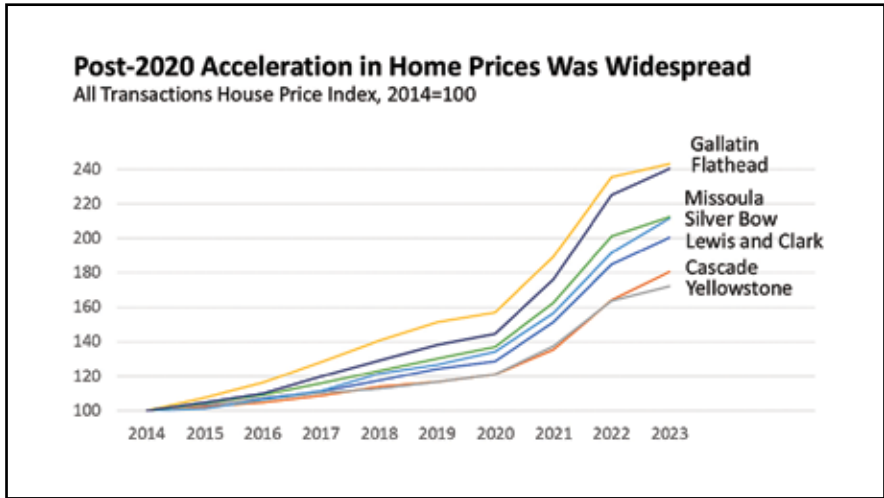


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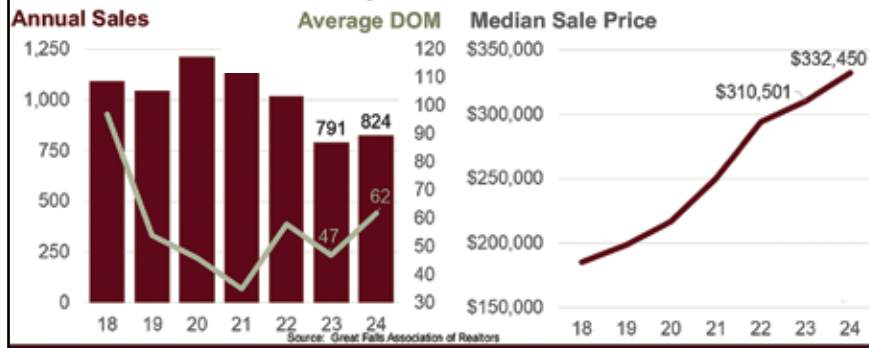
One-Year Change in Montana Home Prices (2024 Aug/Q3 – 2023 Aug/Q3)



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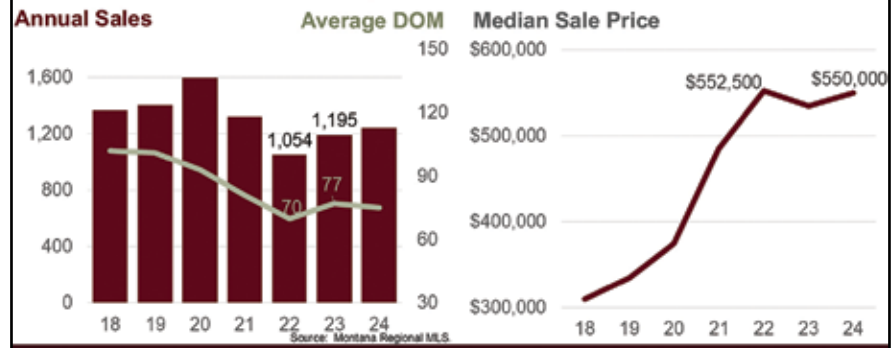
Cascade County Market Statistics for Single Family Homes



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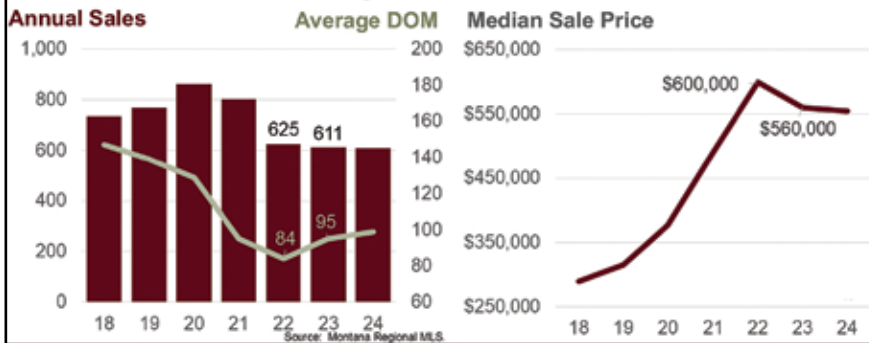
Missoula County Market Statistics for Single Family Homes



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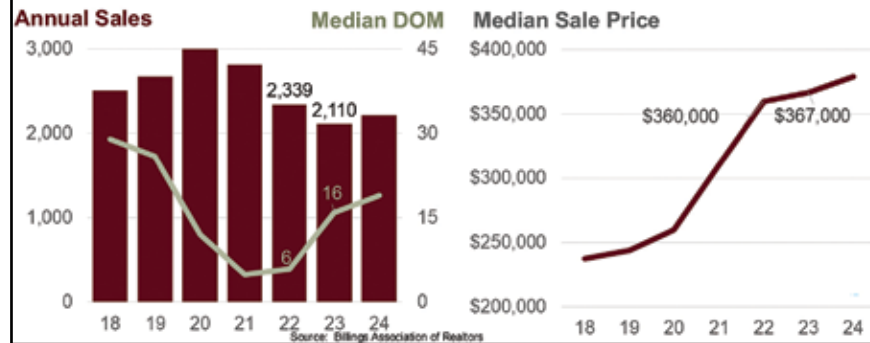
Ravalli County Market Statistics for Single Family Homes



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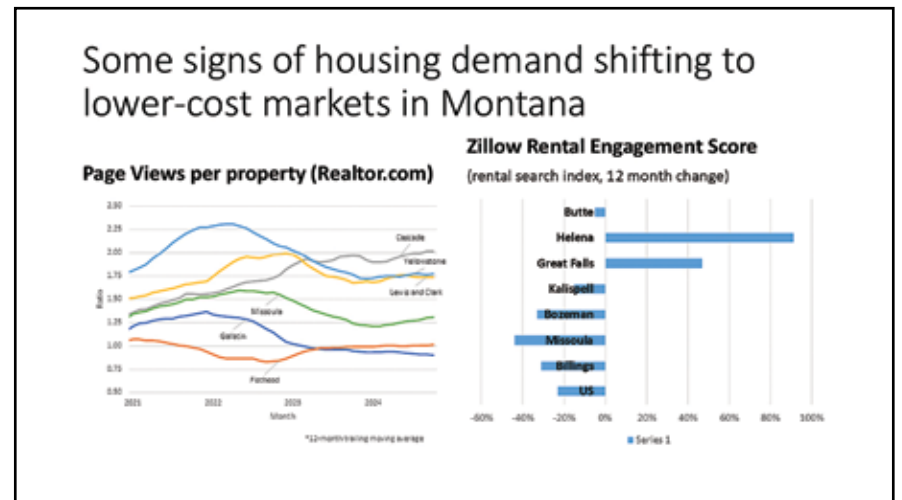
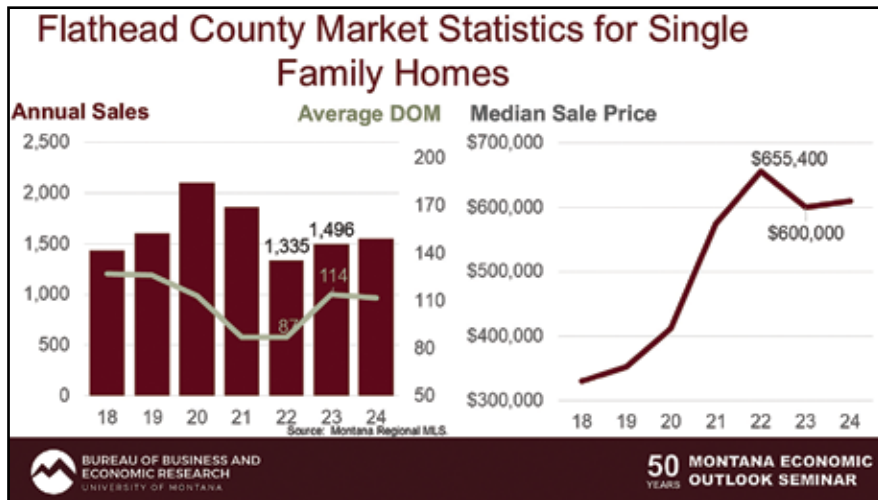
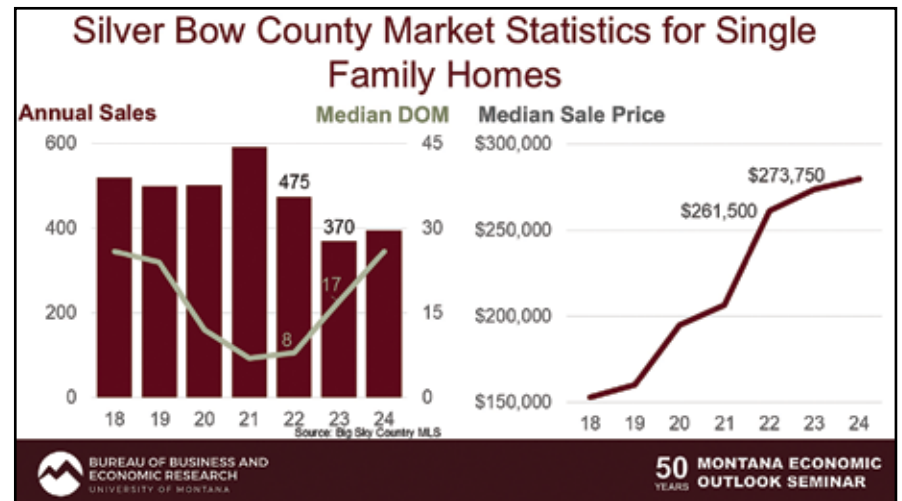
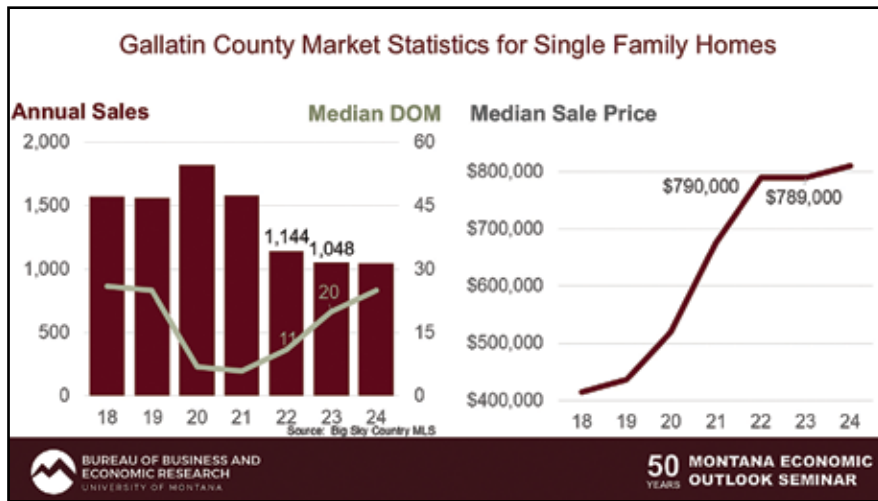
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Yellowstone County Market Statistics for Single Family Homes

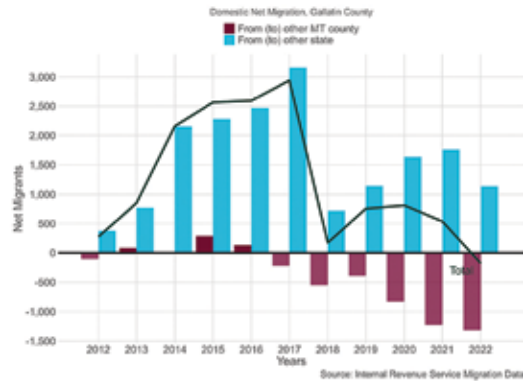


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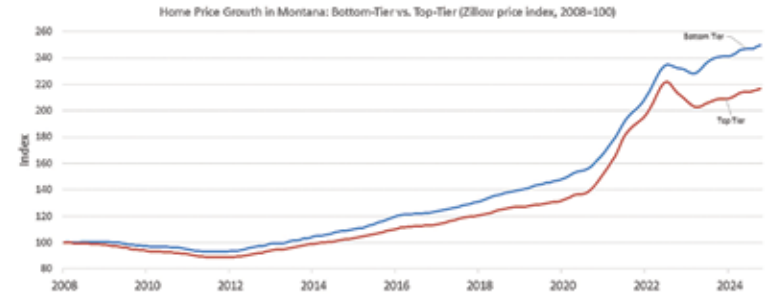
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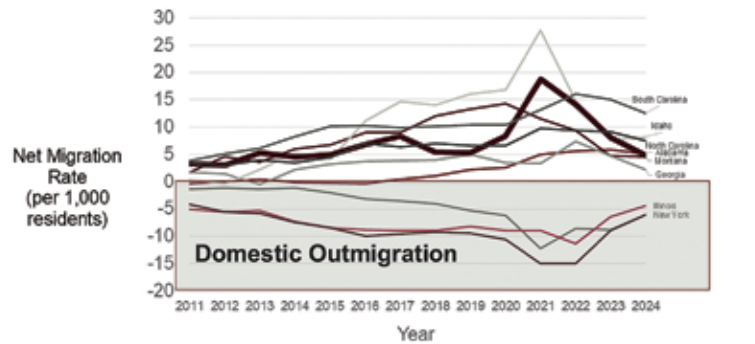
High Housing Cost Counties Are Seeing Out-Migration To Other Counties in the State



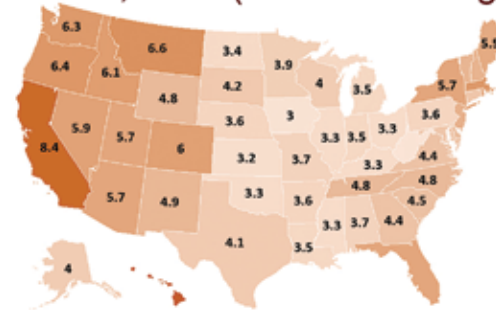
Since peak of pandemic-surge & interest rate increase, more affordable, "bottom tier" properties have appreciated more in Montana

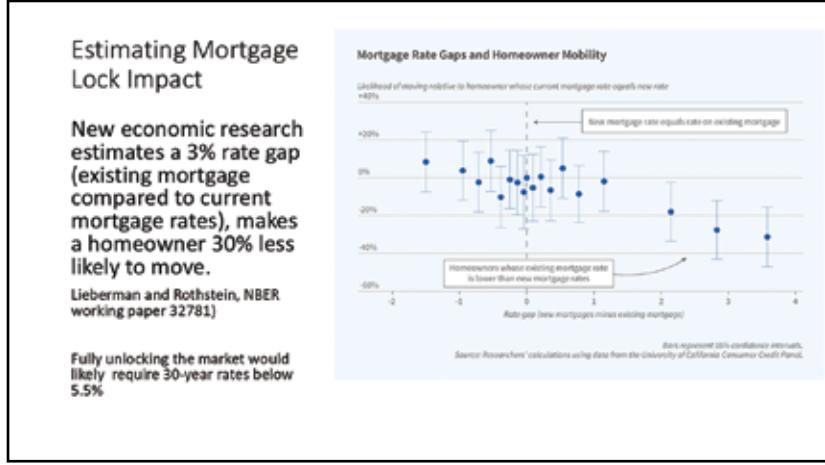
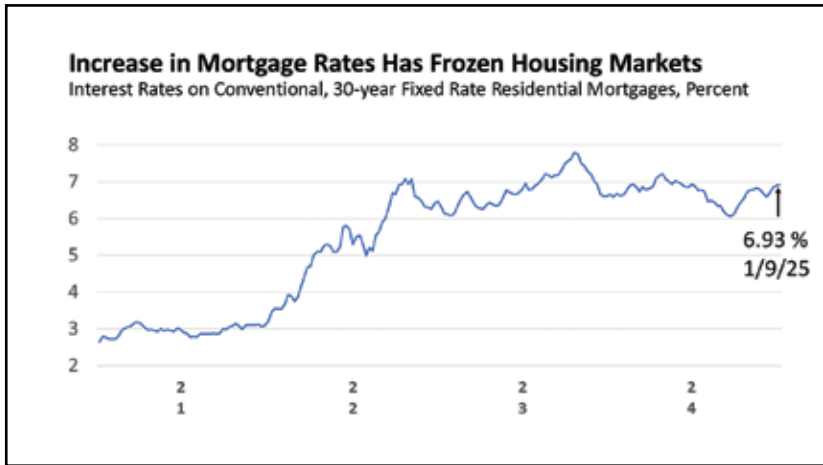
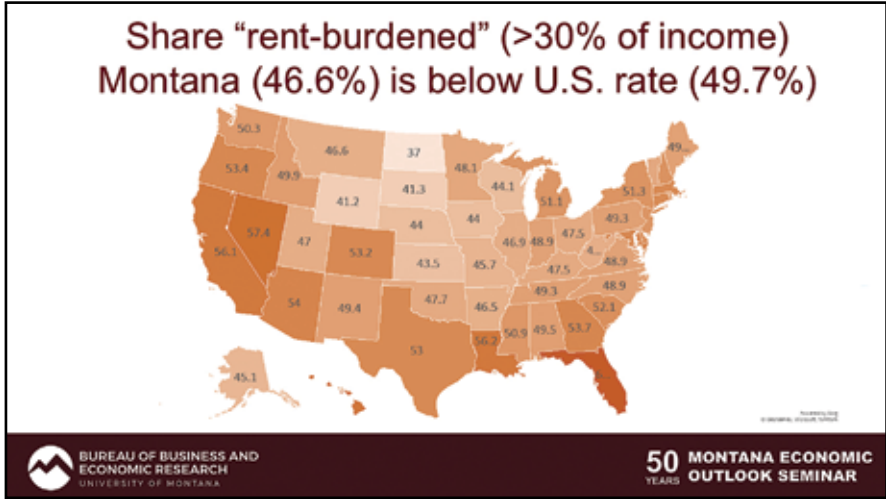
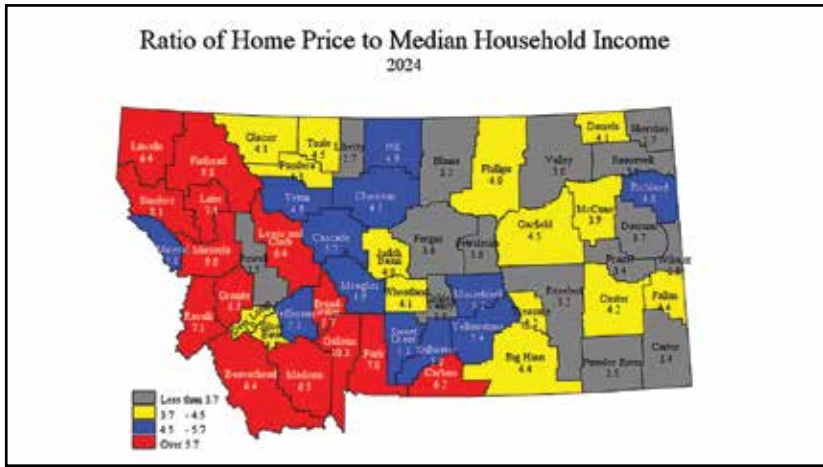


Has state-to-state migration returned to normal?



Ratio of Median Home Price to Median Income, 2024 (Montana 3rd highest)





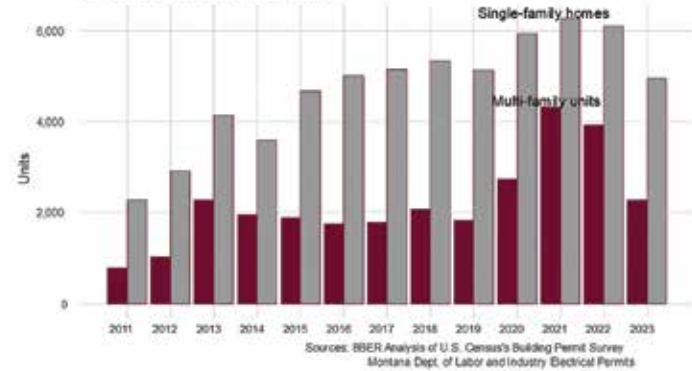
Construction Material Prices Have Decreased Since 2022, But Still 35% Above 2020 Levels



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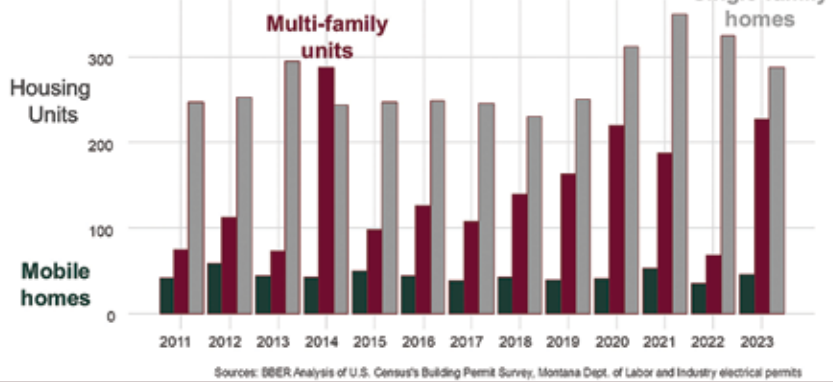
Montana Authorized Units



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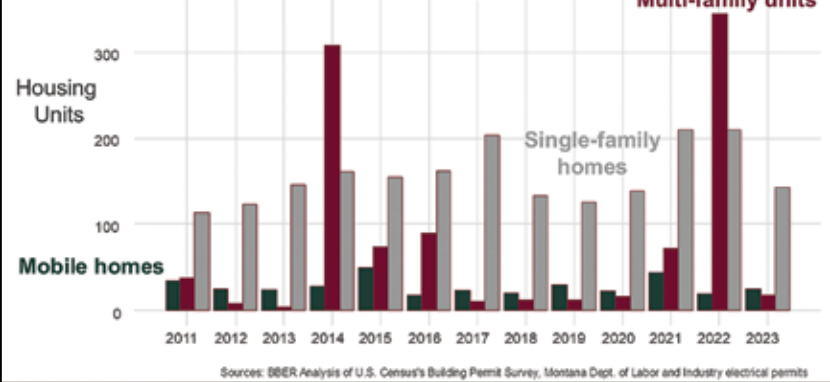
Lewis and Clark County Housing Starts



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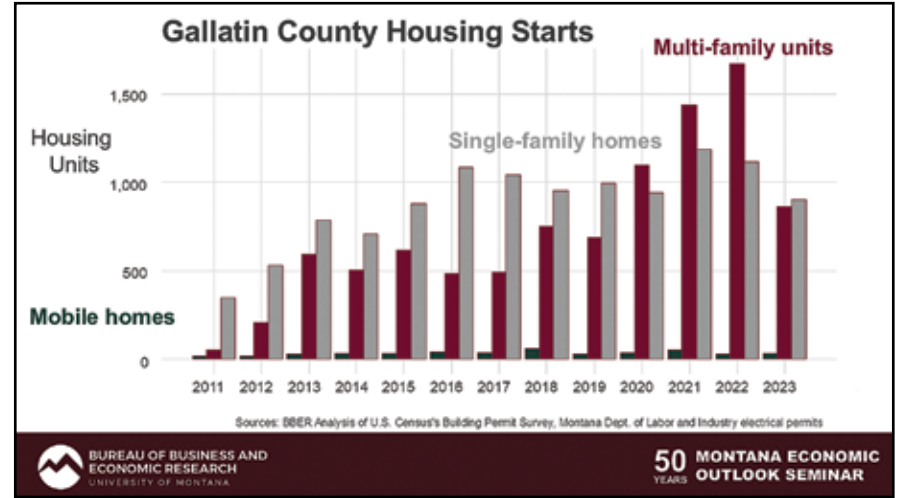
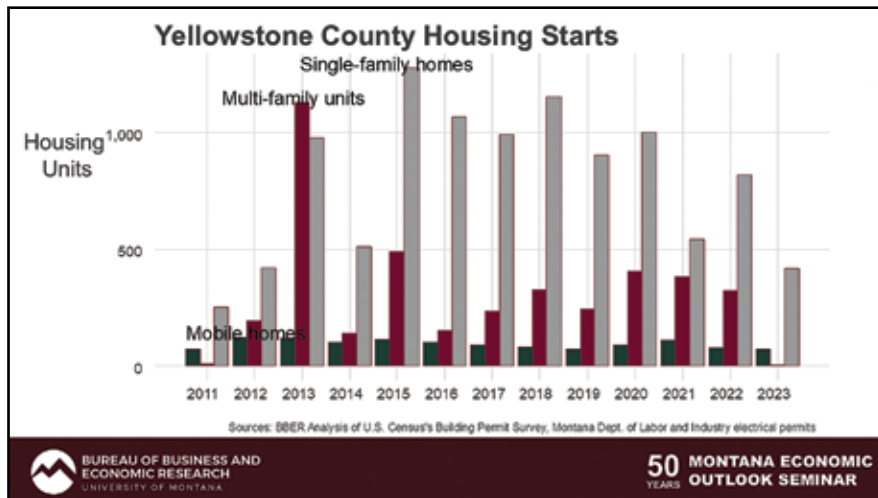
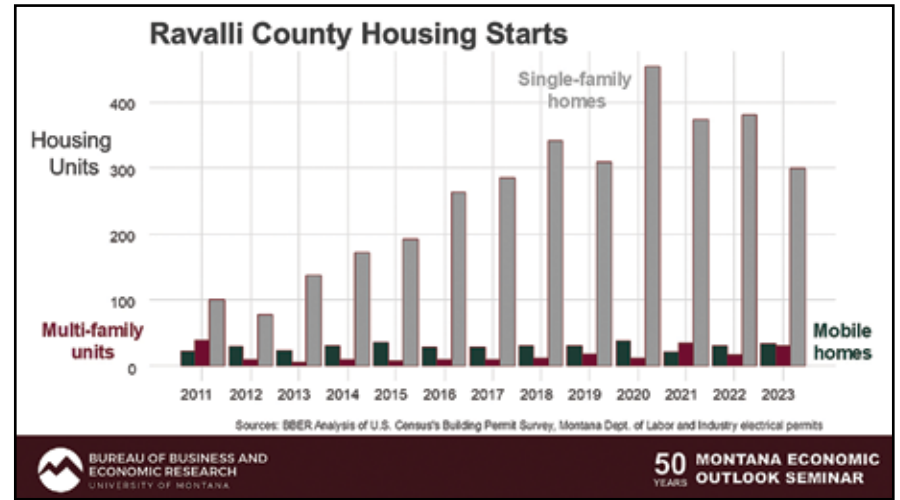
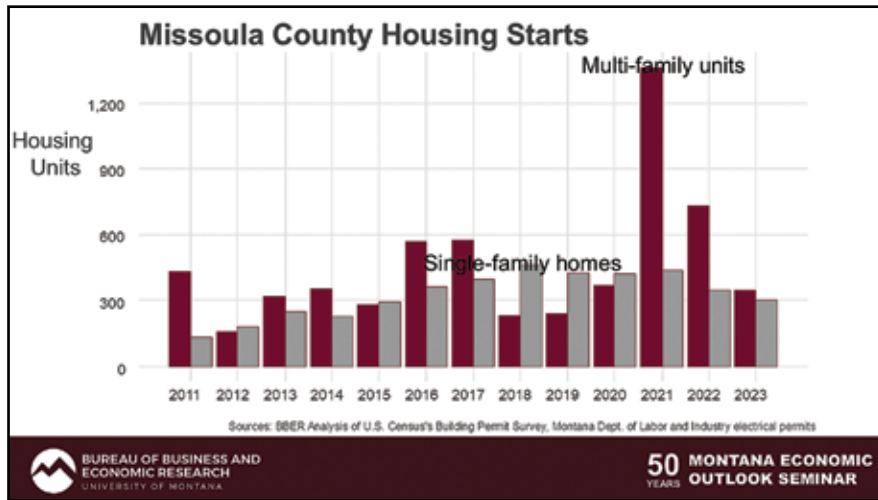
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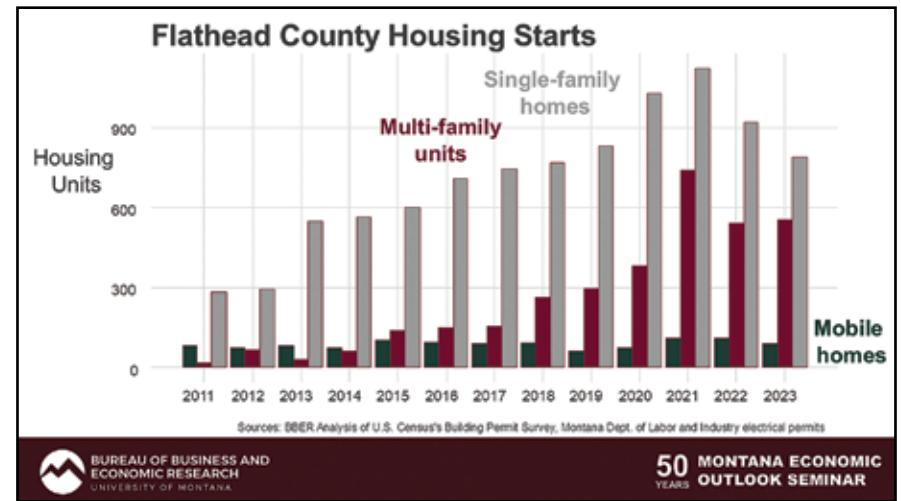
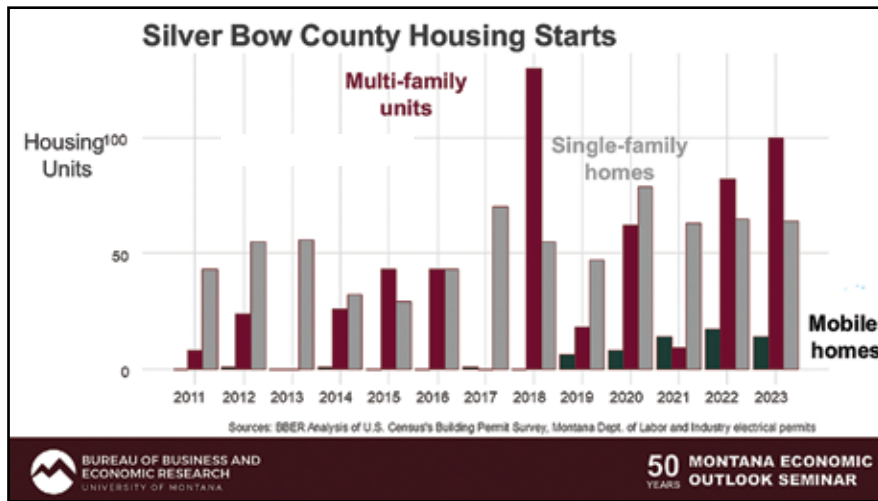
Cascade County Housing Starts



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Some conclusions

- Prices moderating, but it doesn't look like a price bubble
 - Underbuilding + steep increase in construction costs
 - Solid lending standards, low borrower-distress
- In-Migration is back to normal, could decrease further
 - Within state shifts occurring
- For-rent and for-sale market disconnect
 - Multi-family building surge hitting the market
 - Affordability issues are most acute in the for-sale market
- Mortgage rates will stay stubbornly high
 - Will not decrease enough to unlock the market in 2025

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