

Real Estate and Construction

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Three Economic Periods

1. The before times...

2017-2019

- 4% mortgage rates
- Ambient second home market
- “Normal” strong migration
- Steady appreciation

2. Interest (ing) times...

2020-2022

- < 3% mortgage rates
- Cash buyers
- Strong second home demand
- **Historic** domestic in-migration
- **Historic** housing cost appreciation
- Global pandemic

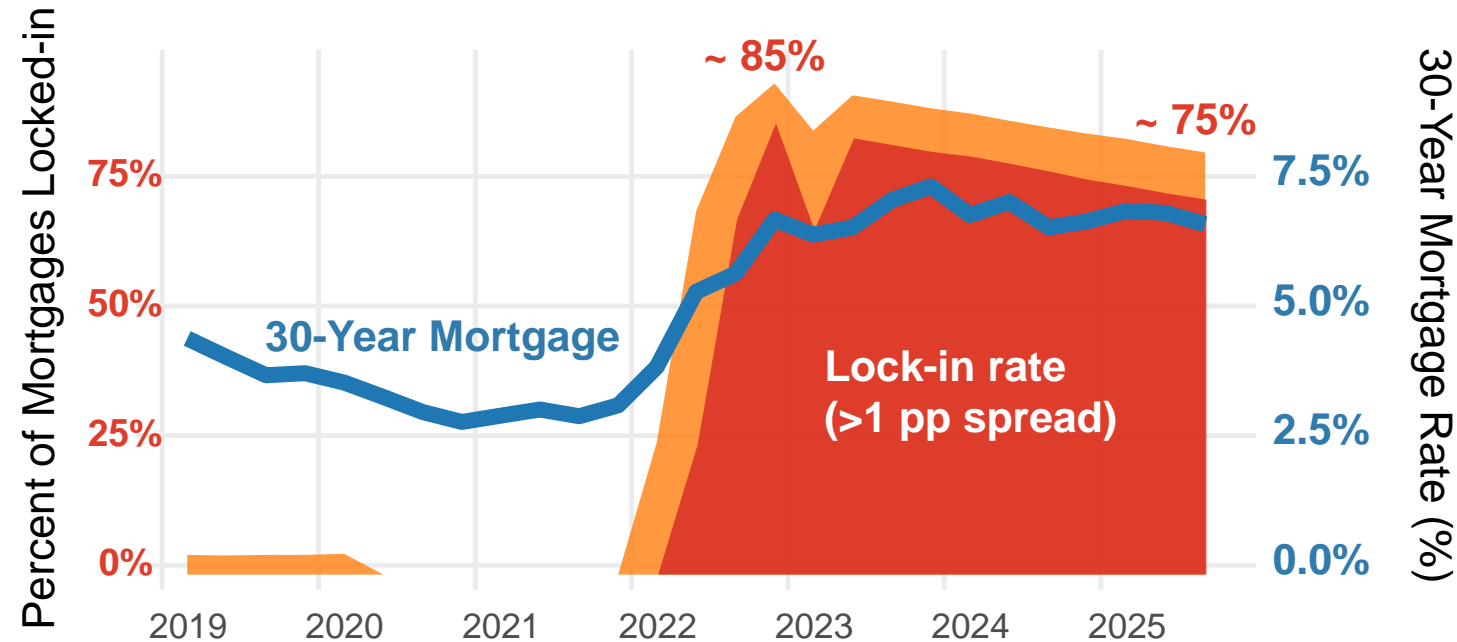
Which brings us to the most recent period...

3. The aftermath...

2023-2025

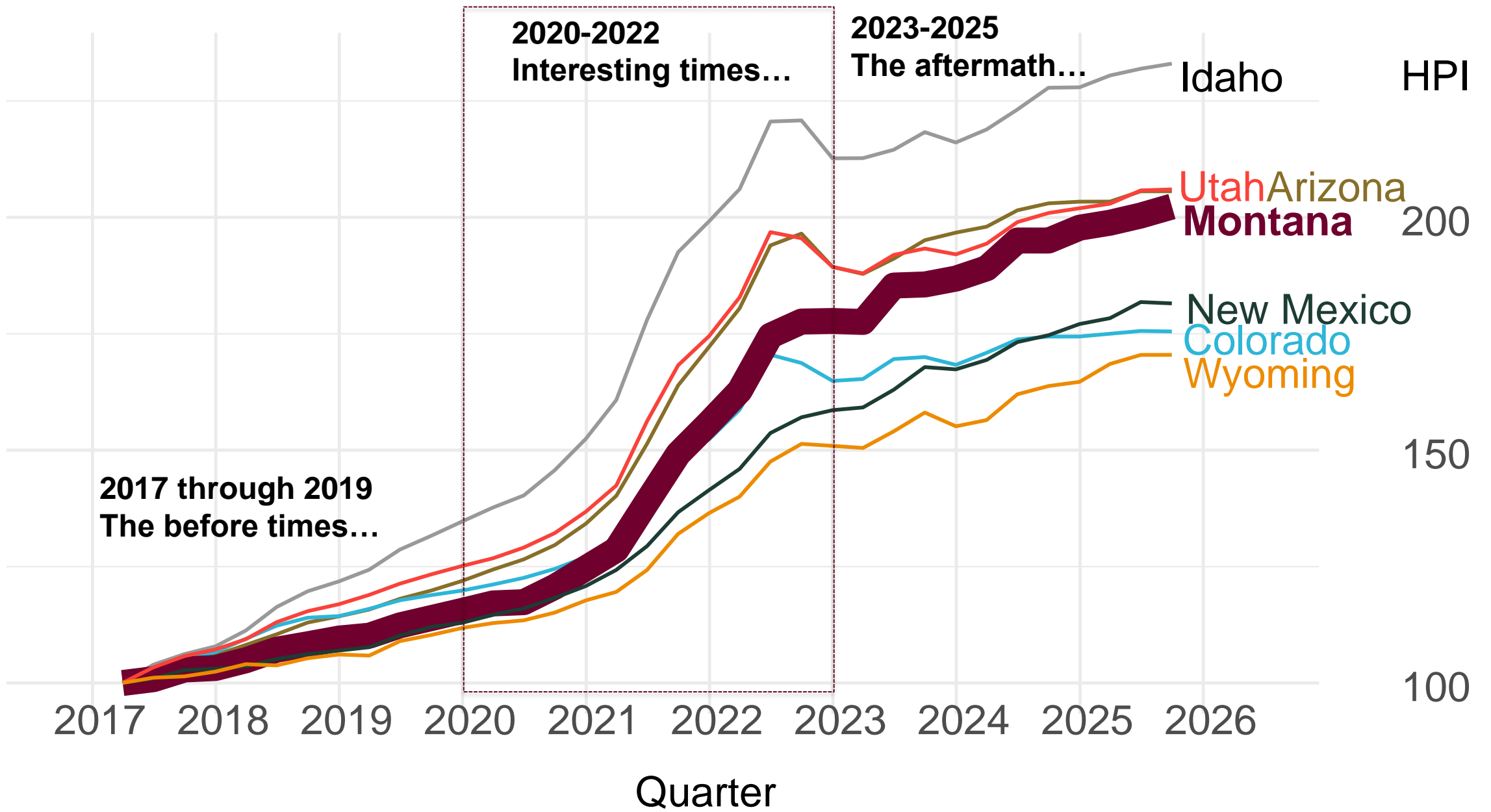
- Normal in-migration
- Higher prices
- > 6% mortgage rates
 - Rate lock fades slowly

Montana Mortgage Lock-in % Over Time



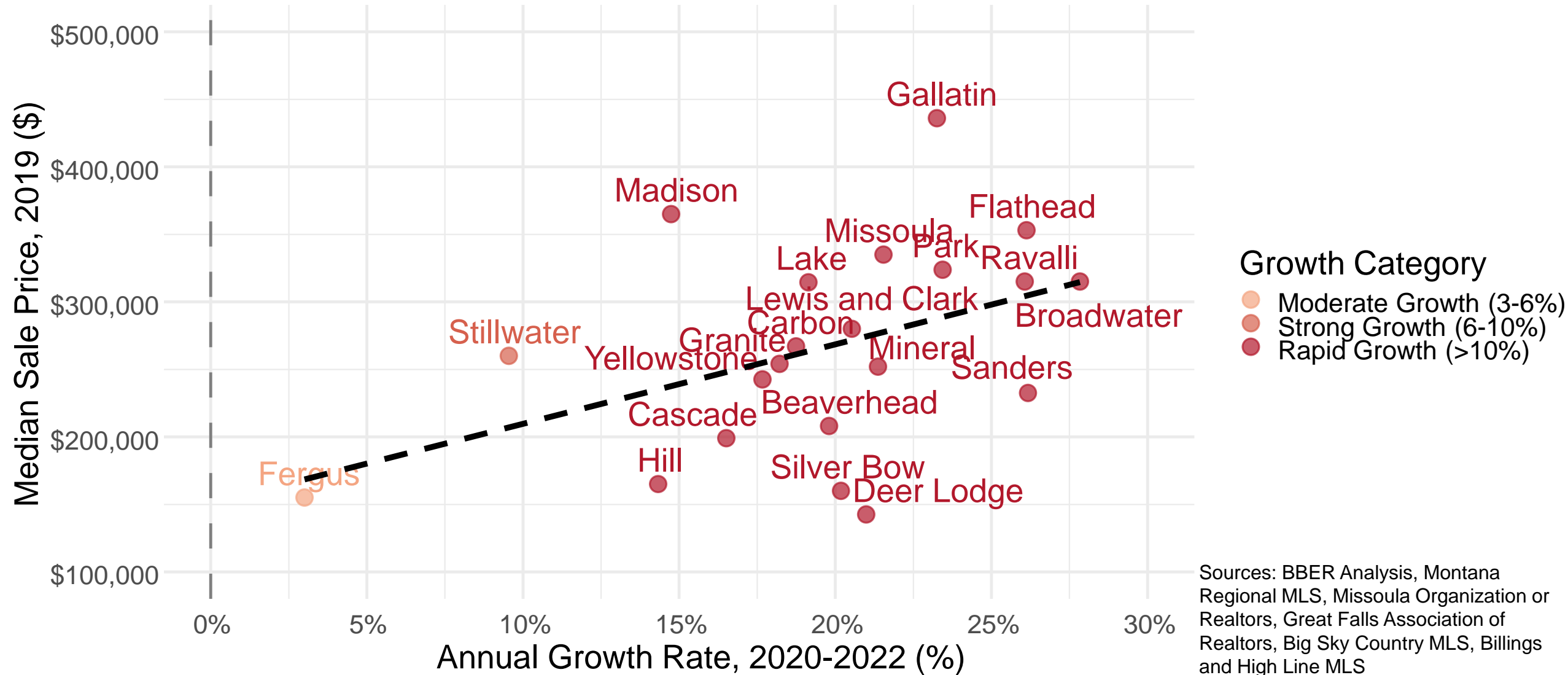
Note: Lock-in percentage is measured as the percentage of mortgages at least 1 percentage point lower than average 30-year market rate

Sources: BBER Analysis,
FHFA National Mortgage Database, Freddie Mac PMMS



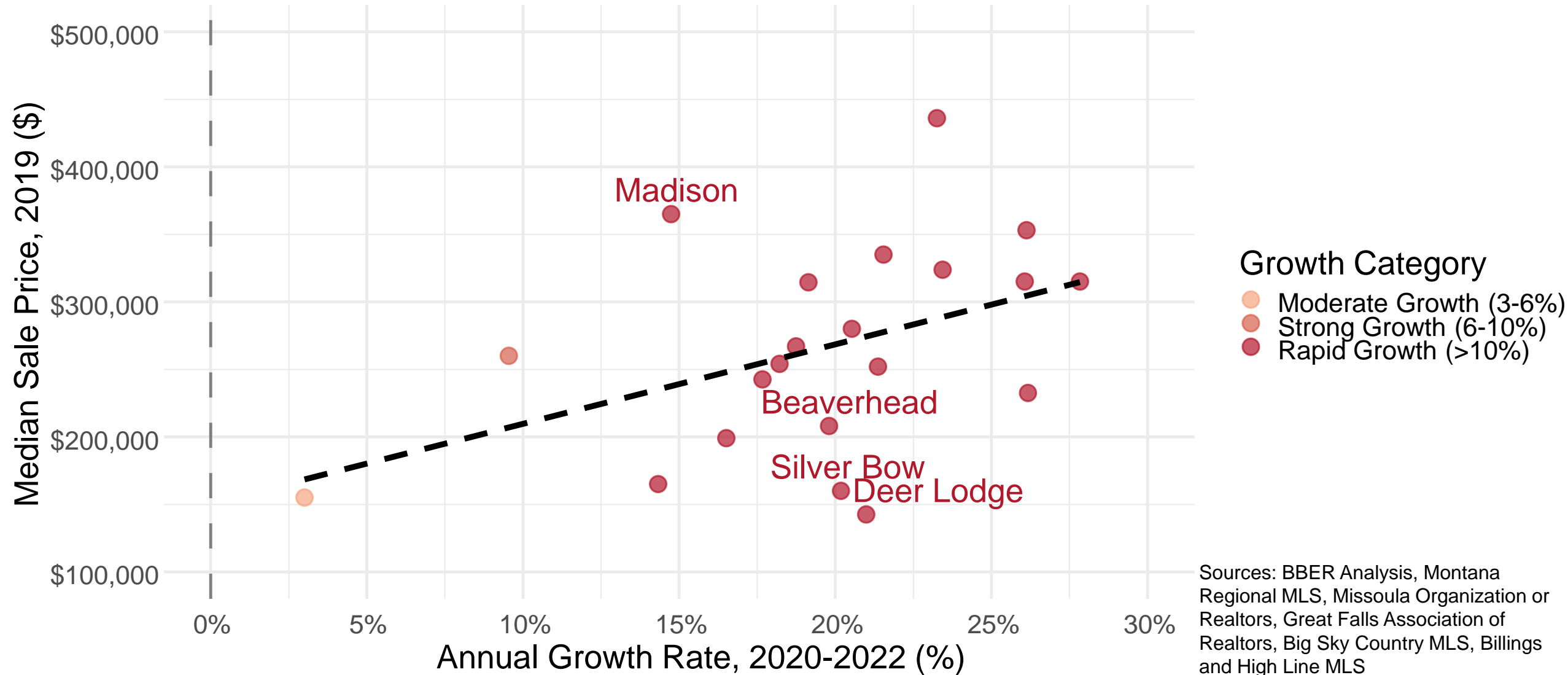
Montana Housing Market Dynamics: 2019 Price Levels vs. Recent Growth

Did higher-priced markets heat up in 2020-2022?



Montana Housing Market Dynamics: 2019 Price Levels vs. Recent Growth

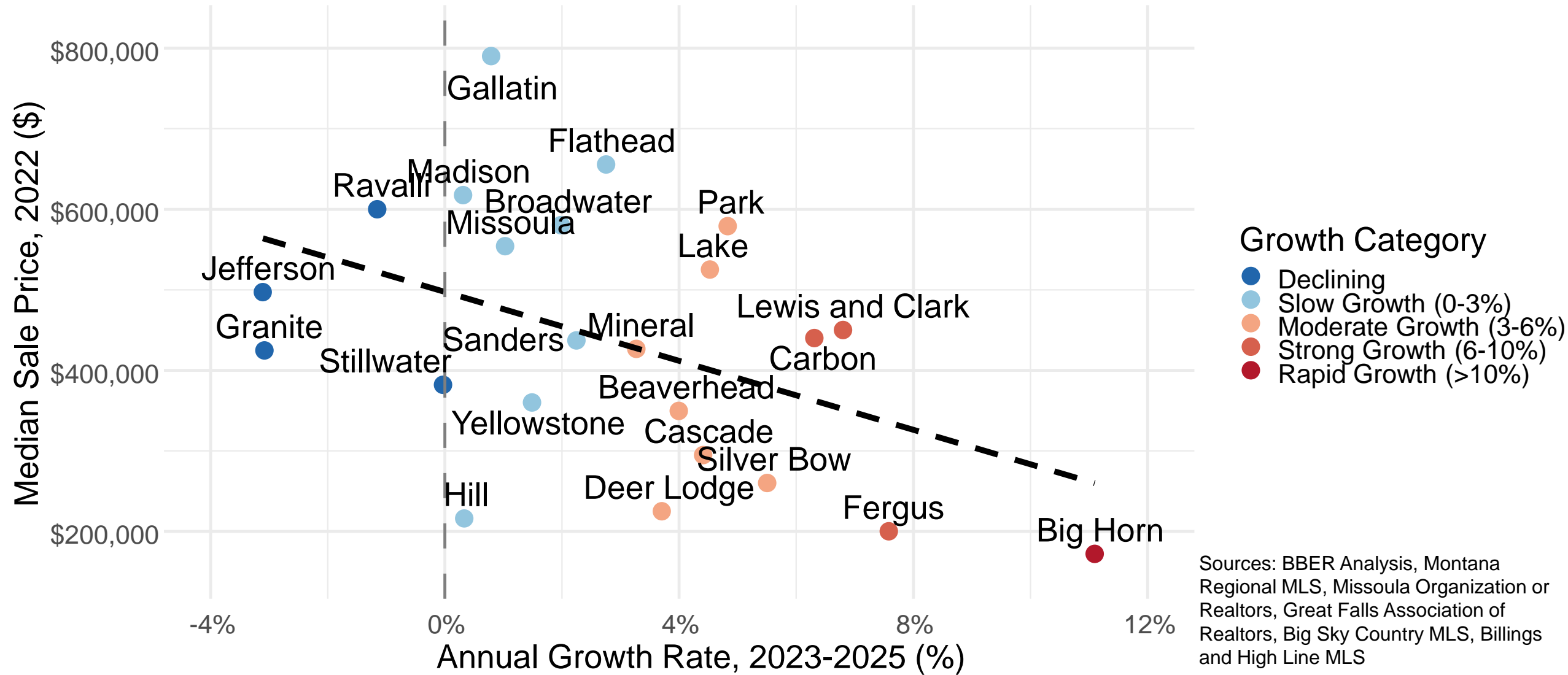
Did higher-priced markets heat up in 2020-2022?



Sources: BBER Analysis, Montana Regional MLS, Missoula Organization of Realtors, Great Falls Association of Realtors, Big Sky Country MLS, Billings and High Line MLS

Montana Housing Market Dynamics: 2023 Price Levels vs. Recent Growth

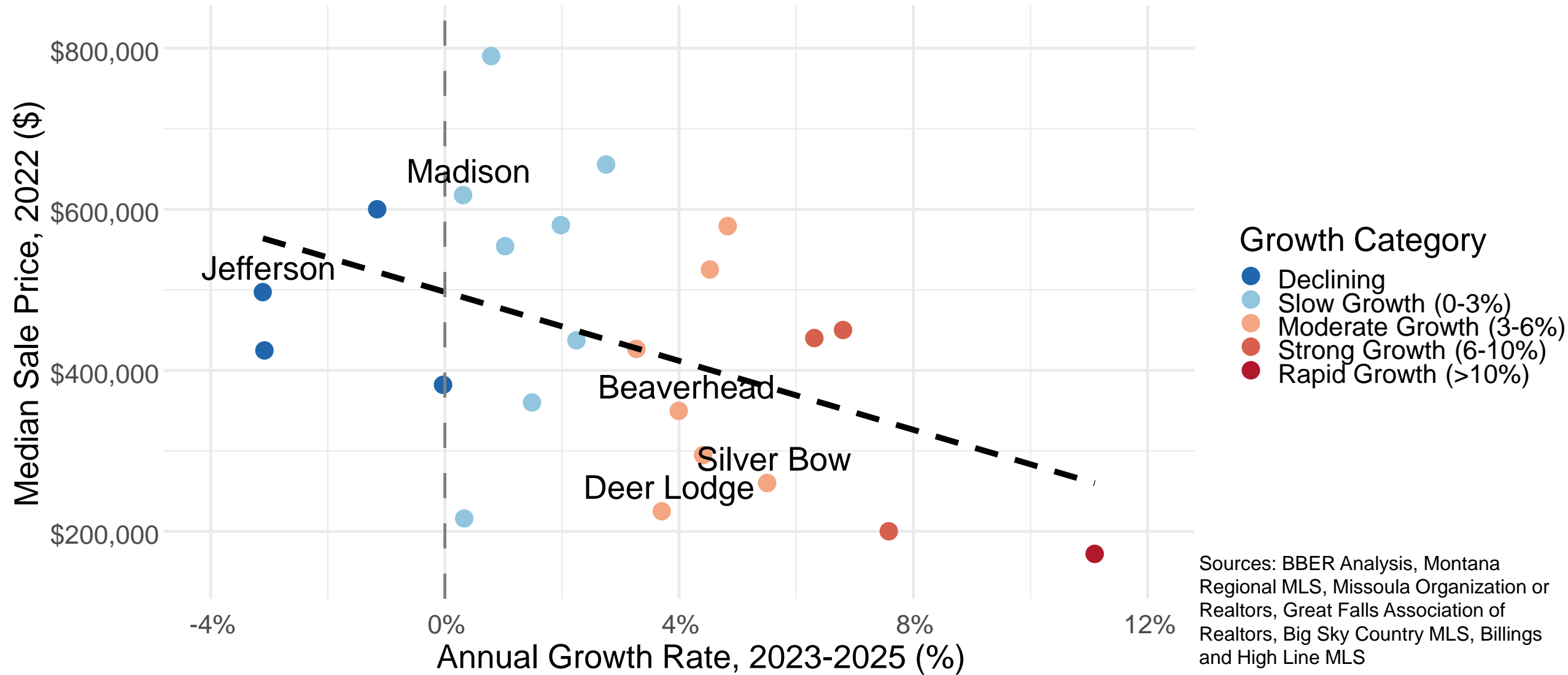
Did higher-priced markets cool faster in 2023-2025?



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Montana Housing Market Dynamics: 2023 Price Levels vs. Recent Growth

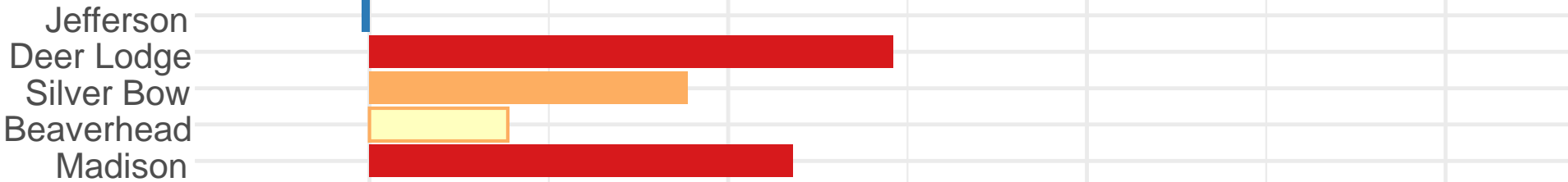
Did higher-priced markets cool faster in 2023-2025?



County-Level Price Growth Across Three Economic Periods

Annualized median sale price growth

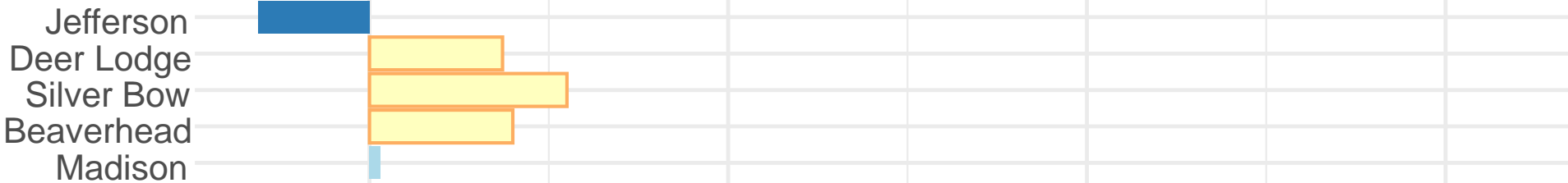
2017-2019



2020-2022



2023-2025



0 10 20 30

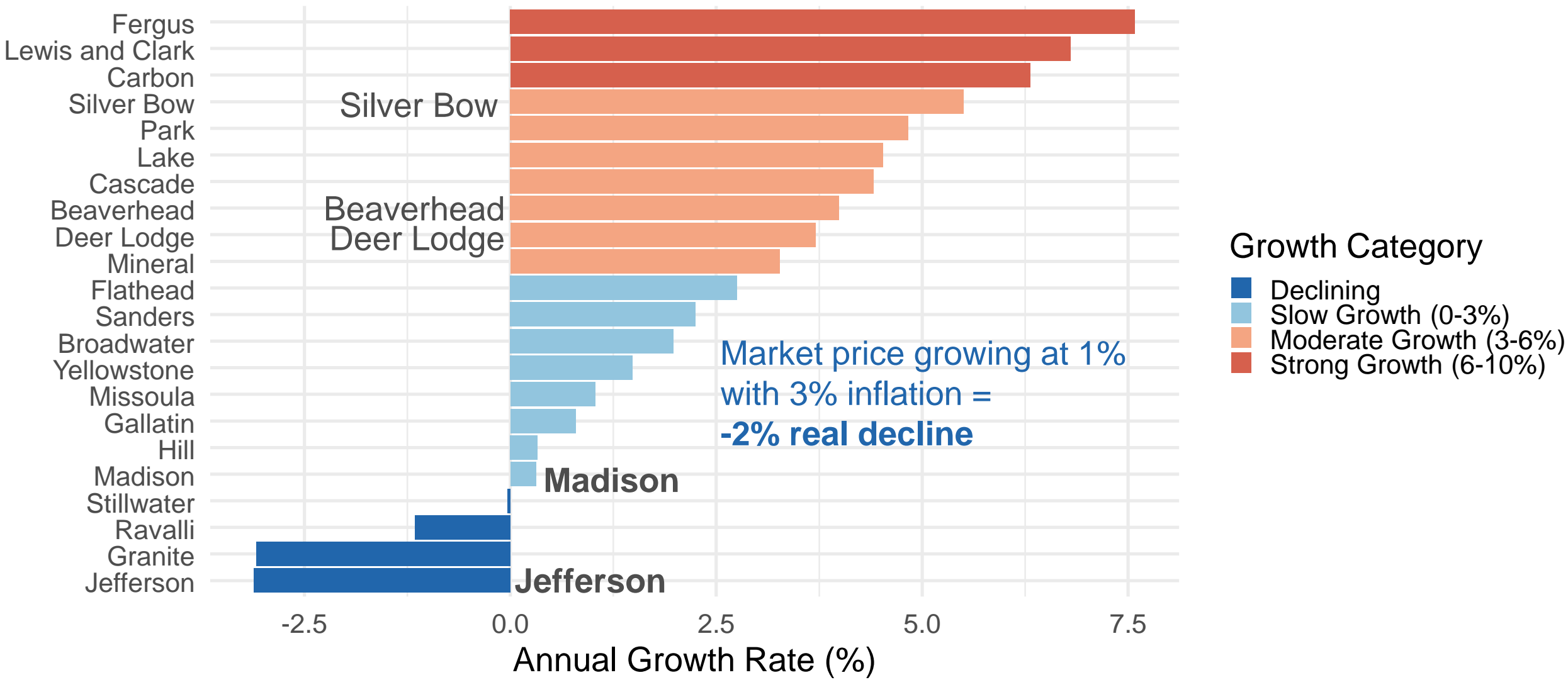
Annual Growth Rate (%)

Growth Category

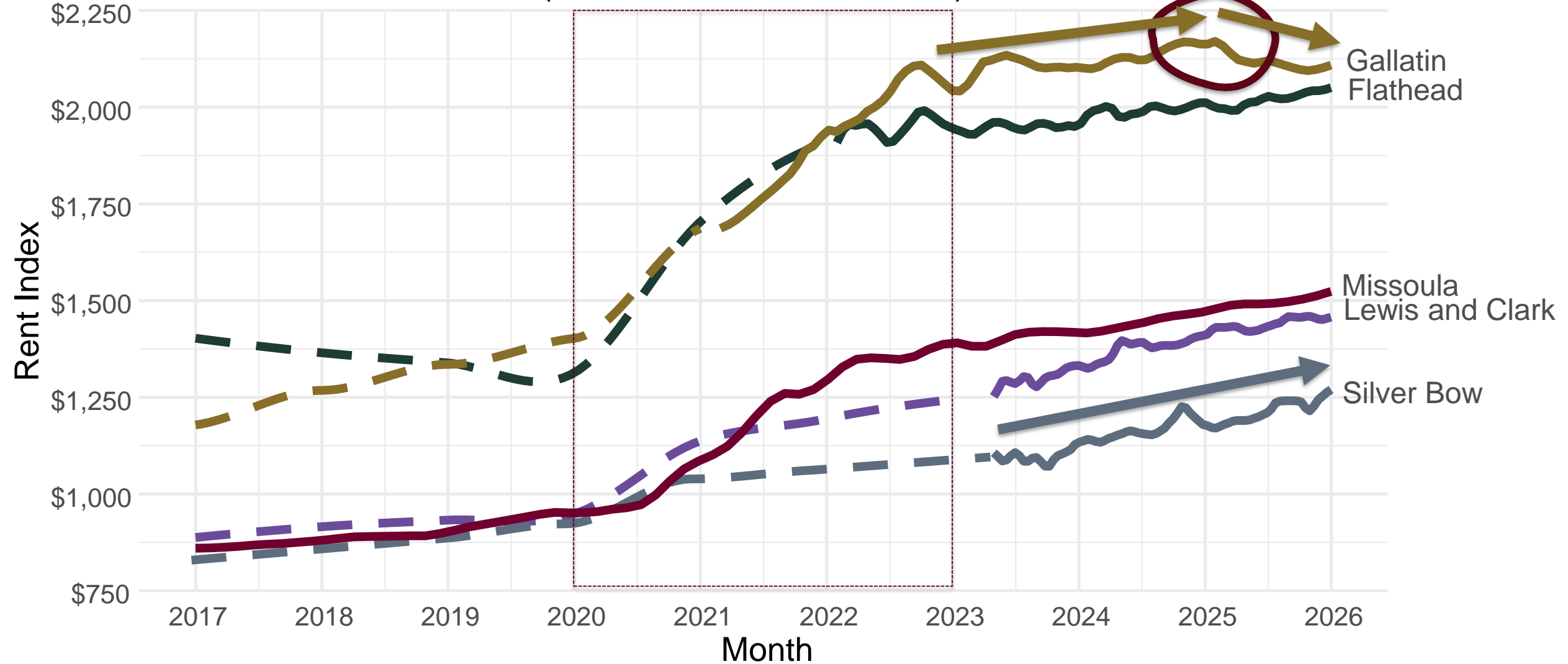
- Declining
- Slow Growth (0-3%)
- Moderate Growth (3-6%)
- Strong Growth (6-10%)
- Rapid Growth (>10%)

Montana County Housing Price Growth, 2023-2025

Annualized median sale price growth



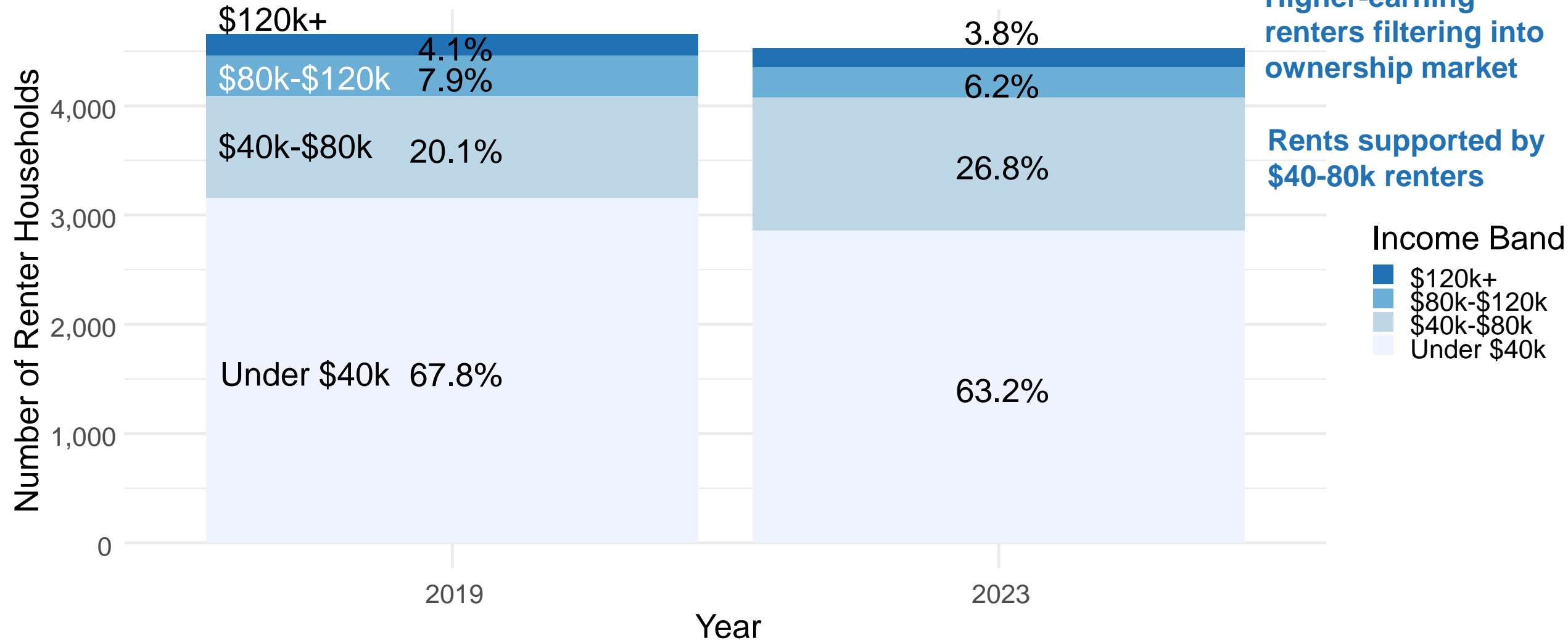
Montana Rental Index (ACS Historical + Zillow)



Source: ACS B25113 (dotted, backcasted), Zillow ZORI (solid)
 ACS data scaled and lagged 2 years, 2018 interpolated

Silver Bow County Renter Households by Income Band

Total households fell, and composition shifted



Source: ACS 5-year estimates, 2019 adjusted to 2023 dollars using CPI-U

Renter Market Summary

Rents still rising across most counties

- Exceptions: Bozeman, Kalispell, Whitefish are seeing stabilization

Why do rents continue to climb despite “flatter” home prices?

- Would-be buyers remain renters, competing in rental market
- Prevents multi-family construction from putting downward pressure rents in the short term

Multi-family construction response

Past Wave (2020-2023)

- Permitting peaked 2020-2022
 - Supply translated into occupancy 2023-2025
- Some signs of slowing rent growth

Next Wave (Current)

- Multi-family permitting rebounding
- Bodes well for future rental affordability
- However, Near-term gap persists for first-time buyers

Building Construction (2026...)

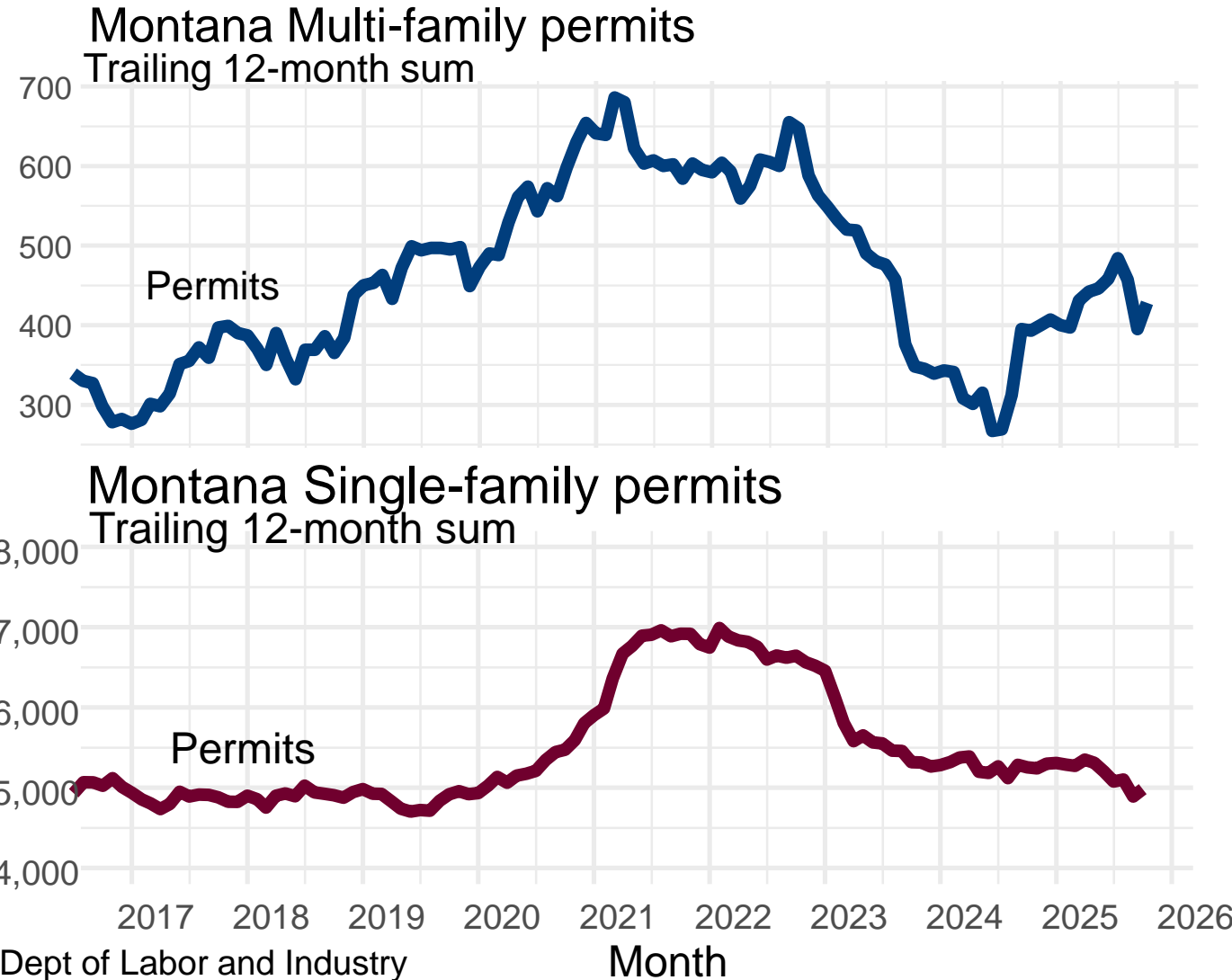
Multi-family

- Permitting rebounded to ~400 permits (trailing 12 months)

Single-family

- Permits stabilized at ~5,000 (trailing 12 months)

Decent pipeline of units to be completed over the next few years



Sources: BBER Analysis, U.S. Census Building Permits Survey, MT Dept of Labor and Industry

Silver Bow - Single-family Permits

Trailing 12-month sum



Silver Bow - Multi-family Permits

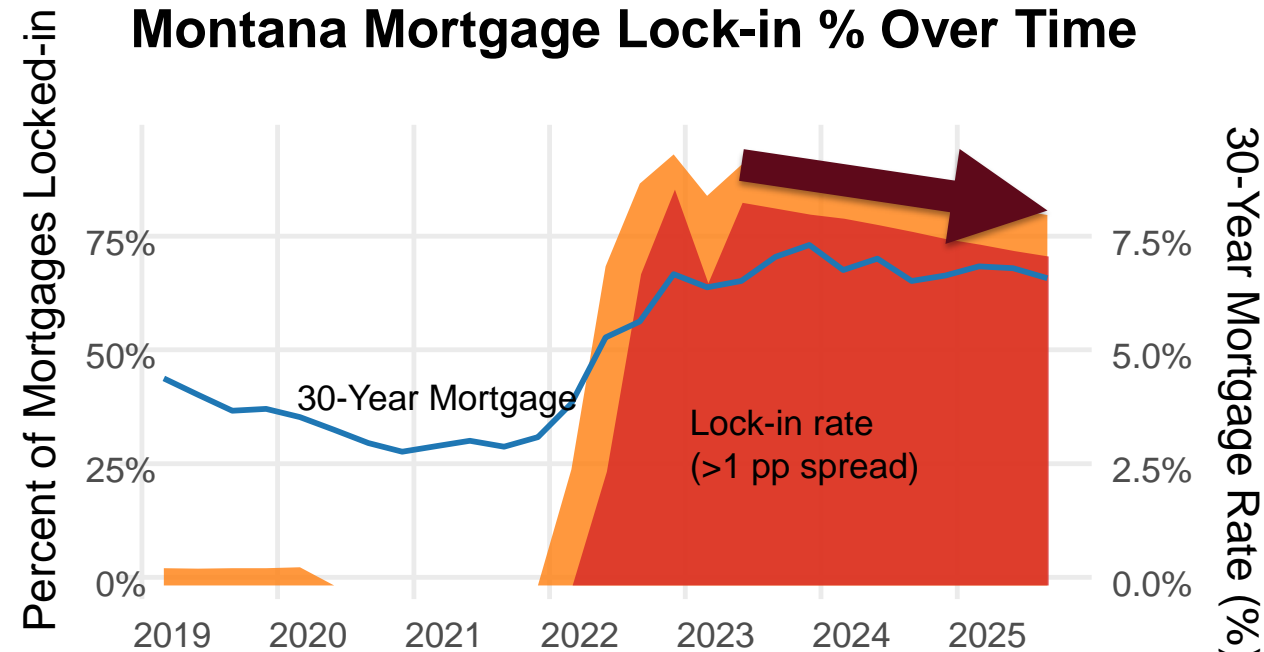
Trailing 12-month sum



Three-Year Outlook (2026-2028)

Slow supply shifts:

- “Locked-in” owners will eventually sell
 - New jobs, divorce
 - Babies
- Demographics
 - Baby boomers will be 64 to 82...



Note: Lock-in percentage is measured as the percentage of mortgages at least 1 percentage point lower than average 30-year market rate

Sources: BBER Analysis,
FHFA National Mortgage Database, Freddie Mac PMMS

(per 1,000 residents)

Butte-Silver Bow County
Births – Deaths = - 158

Natural Change Rate

10
5
0
-5

Natural Decrease

2011 2013 2015 2017 2019 2021 2023 2025

Utah
Texas
Alaska
Montana
-0.1
Vermont
Maine
Butte-Silver Bow - 4
West Virginia

Three-Year Outlook (2026-2028)

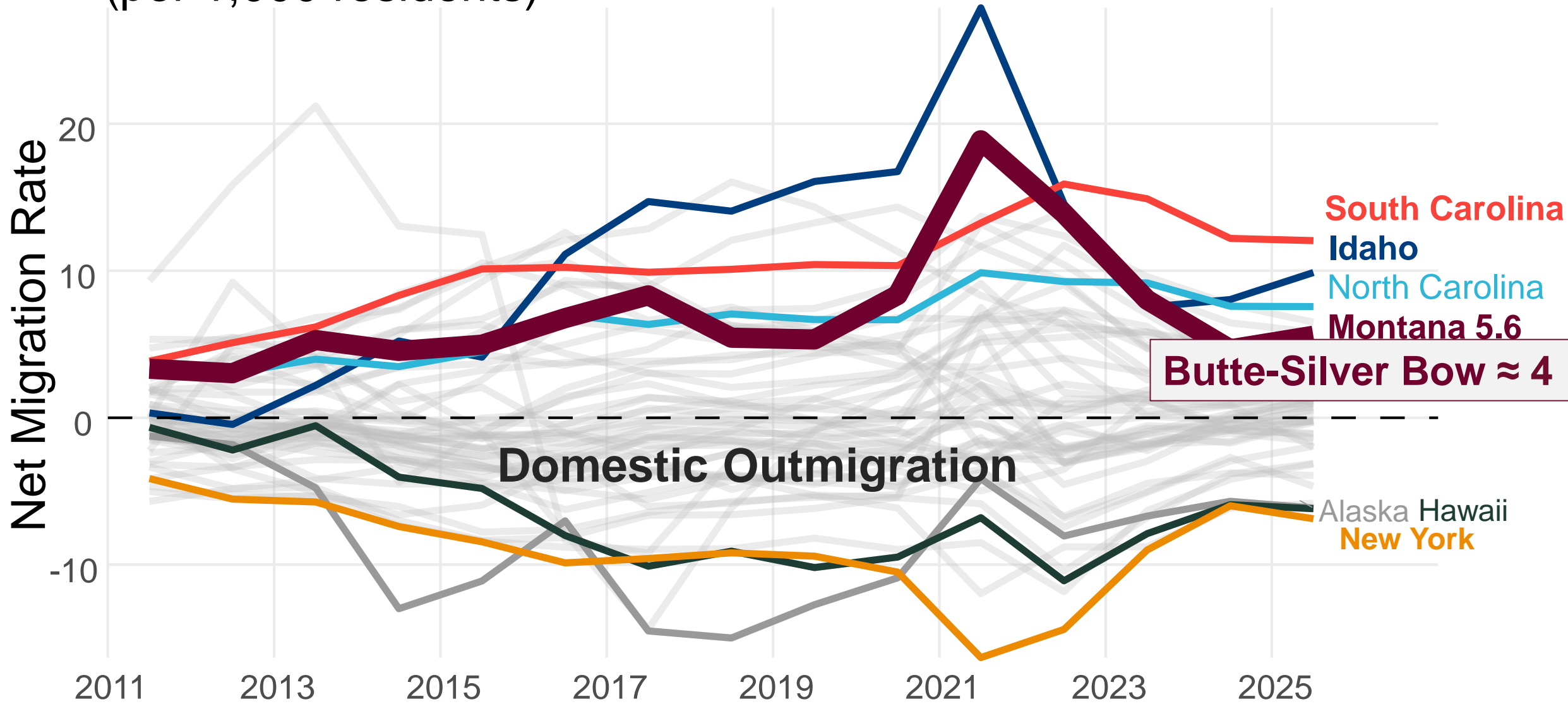
Domestic Migration Changes

- Sharp pullback from peak migration

Expectation: Migration stabilizes at elevated levels

- Continues to put some upward pressure on housing costs
- Regional variation intensifies
 - “Location, Location, Location”

(per 1,000 residents)



Three-Year Outlook (2026-2028)

Domestic Migration Changes

- Sharp pullback from peak migration

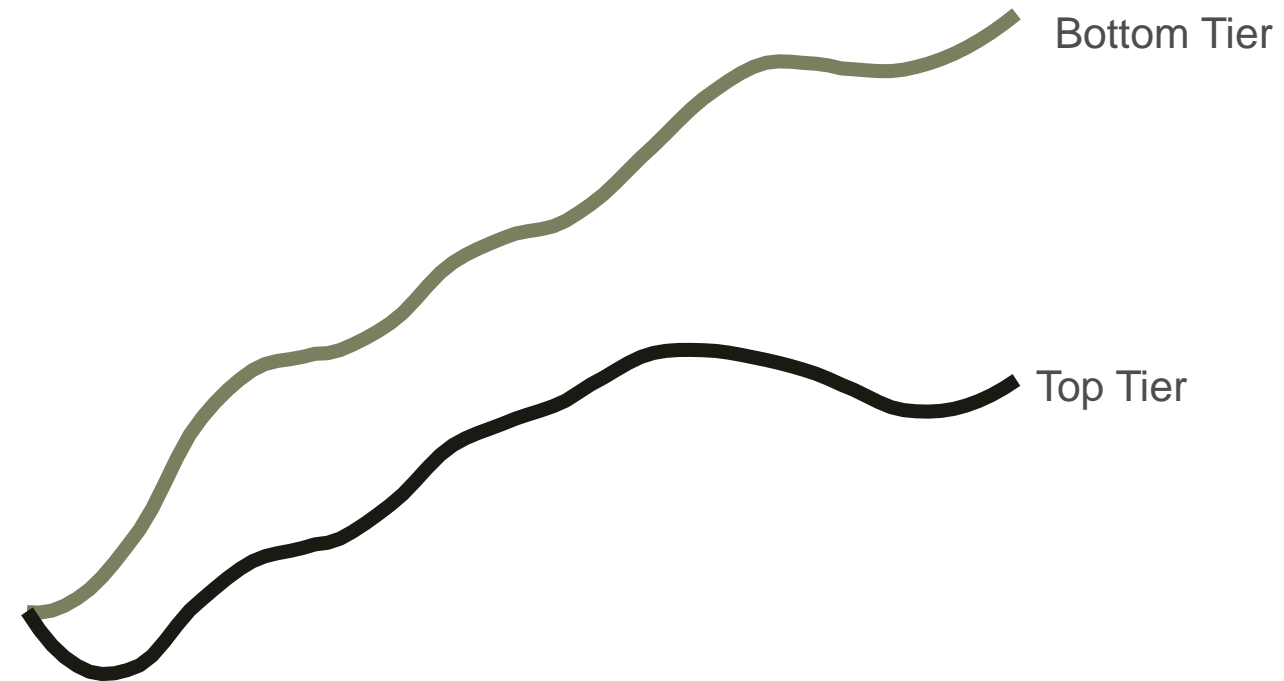
Expectation: Migration stabilizes at elevated levels

- People move where they have family, friends, job connections
 - Larger populations with out of state connections (family, friends, work) usually means higher inflows
- Continues to put some upward pressure on housing costs
- Regional variation intensifies

Three-Year Outlook (2026-2028)

Housing costs trajectory:

- Higher cost markets become slower growth markets
- Affordability: Challenges ahead, but improving



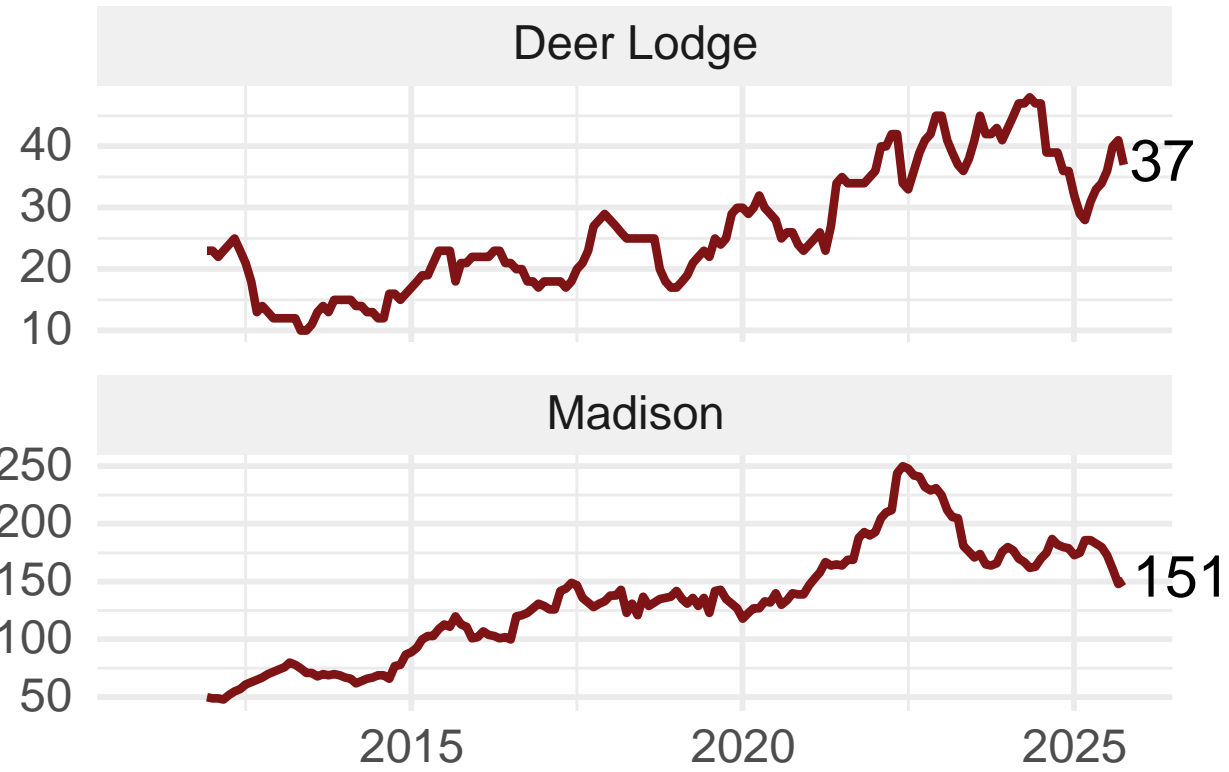
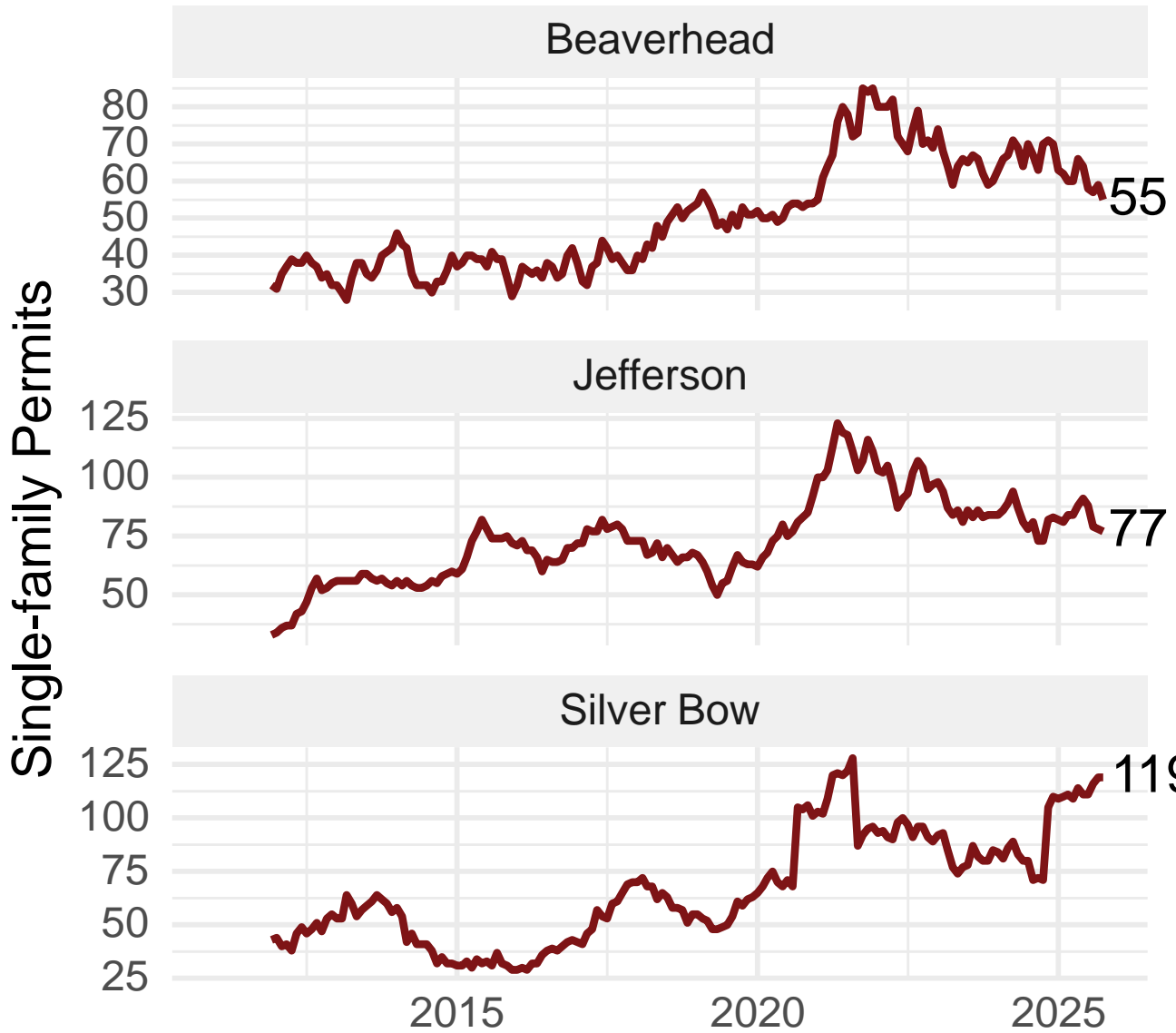
Thank You!

I'm happy to answer any questions or react to comments during the Q&A session.

"Economics is definitive. Reality is frequently inaccurate."

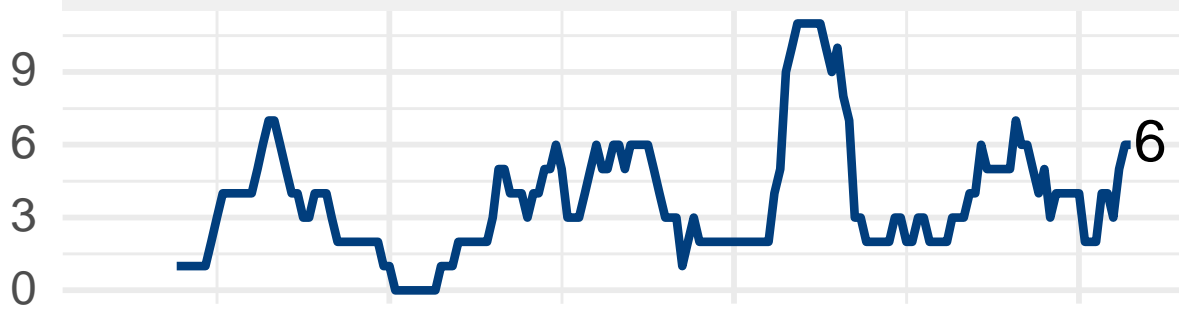
— Adapted from Douglas Adams

Trailing 12-month sum

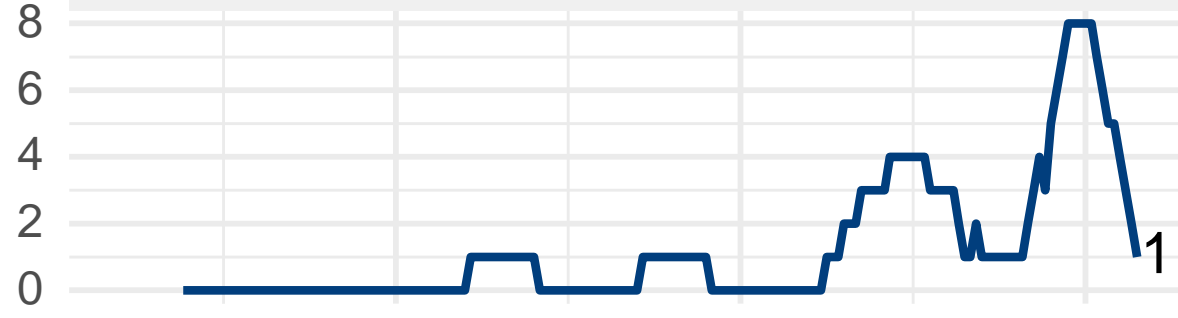


Trailing 12-month sum

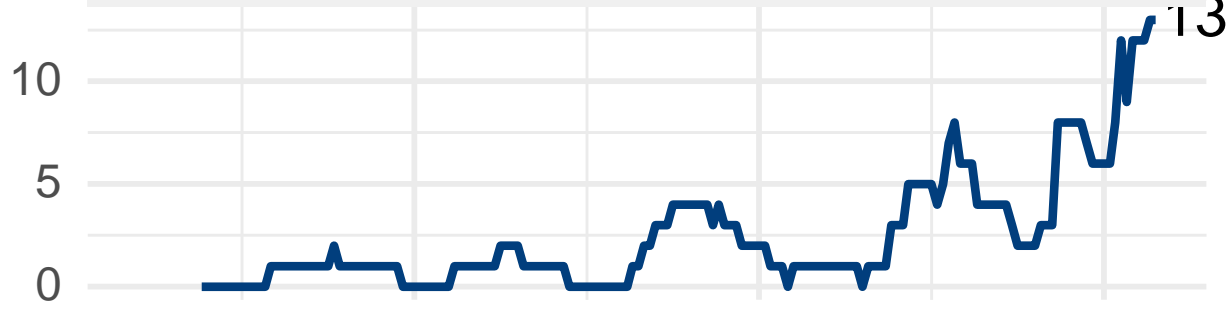
Beaverhead



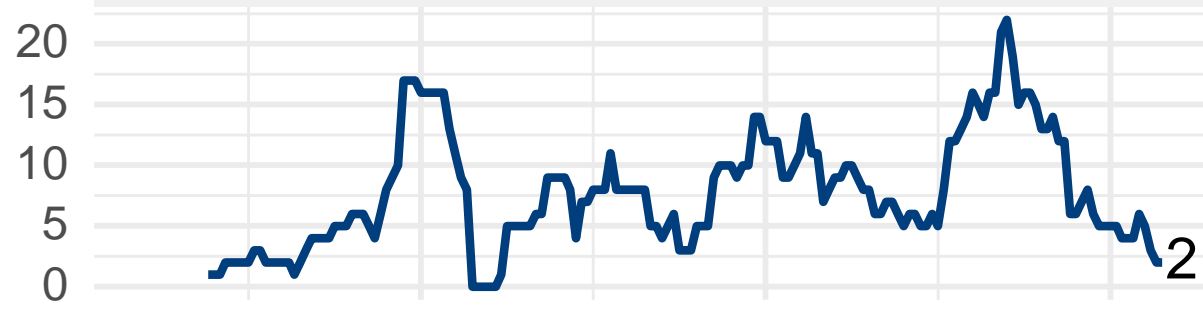
Deer Lodge



Jefferson



Madison



Silver Bow

