

# Real Estate and Construction

Brietta Russell, Derek Sheehan  
Bureau of Business and Economic Research  
University of Montana

# Three Housing Periods



## 2017 - 2019

### 4% mortgage rates

- Ambient second home market
- “Normal” strong migration
- Steady appreciation

# Three Housing Periods



## 2020 - 2022

- Below 3% mortgage rate
- Cash buyers
- Strong second home demand
- **Historic** domestic in-migration
- **Rapid** housing cost appreciation

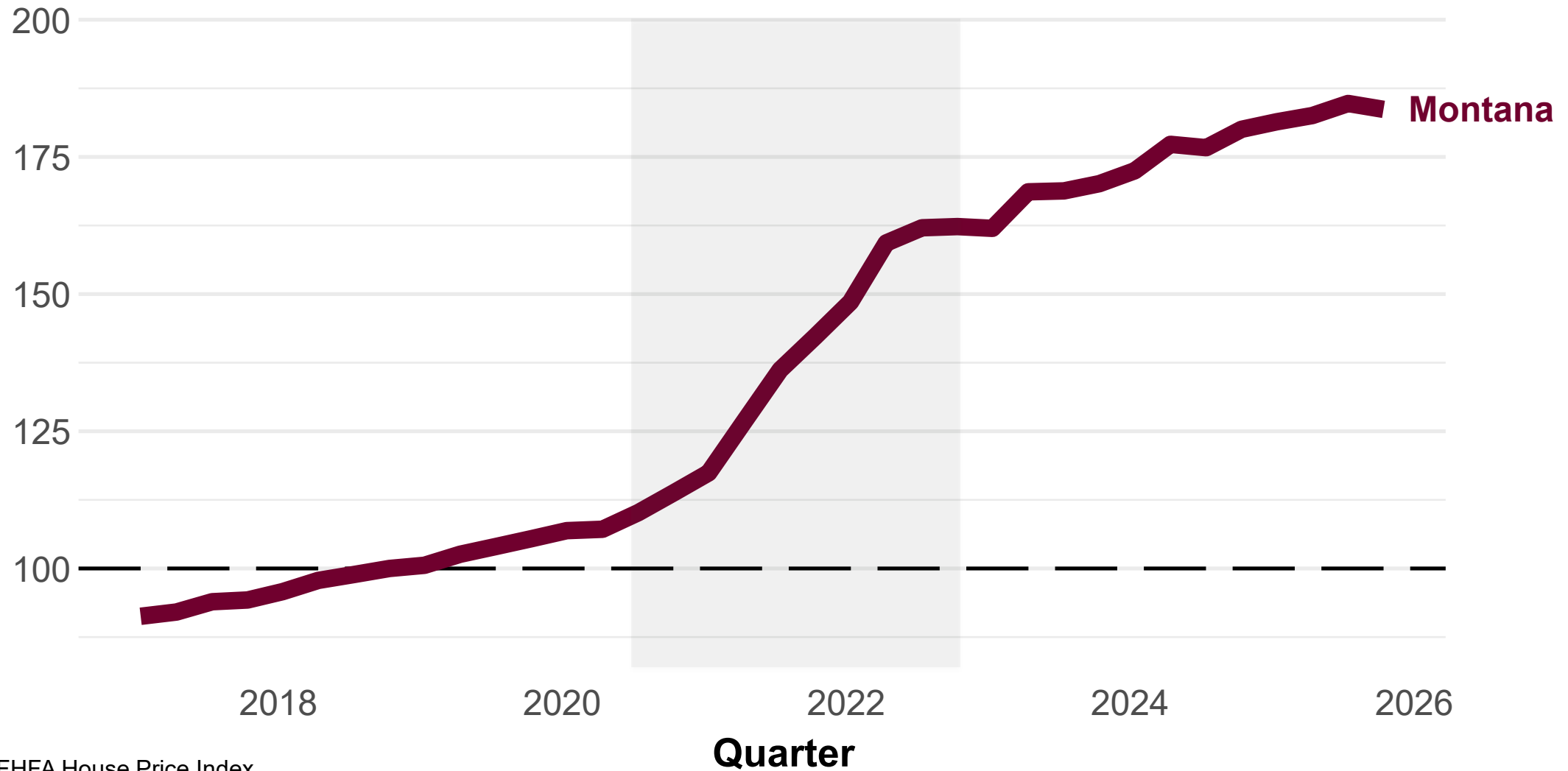
# Three Housing Periods

## 2023 - 2025

- Above 6% mortgage rates
  - Rate lock fades slowly
- “Normal” strong migration
- Higher housing costs, but returning to steady appreciation
- Generally strange housing conditions
  - Low transaction volume

# House Price Index

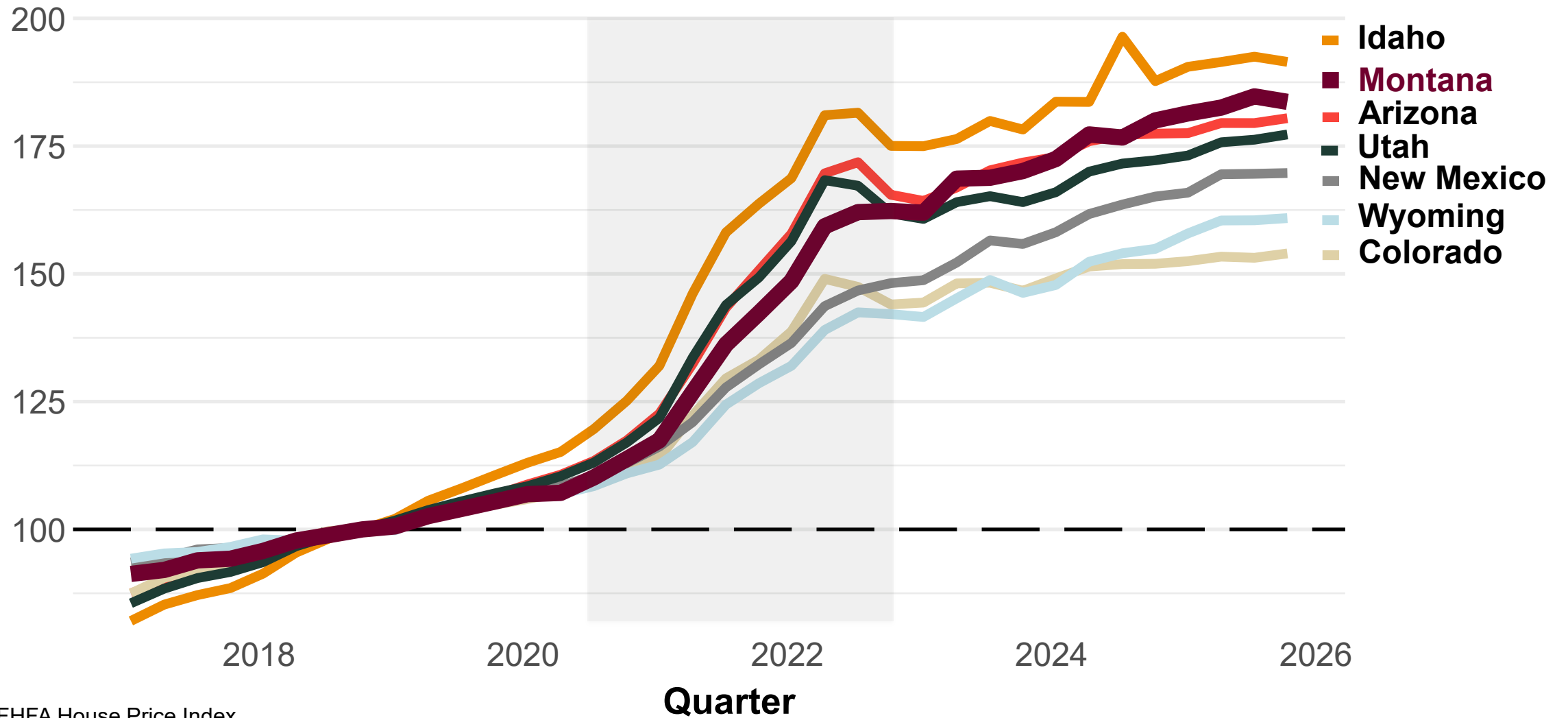
Base: Q4 2018



Source: FHFA House Price Index

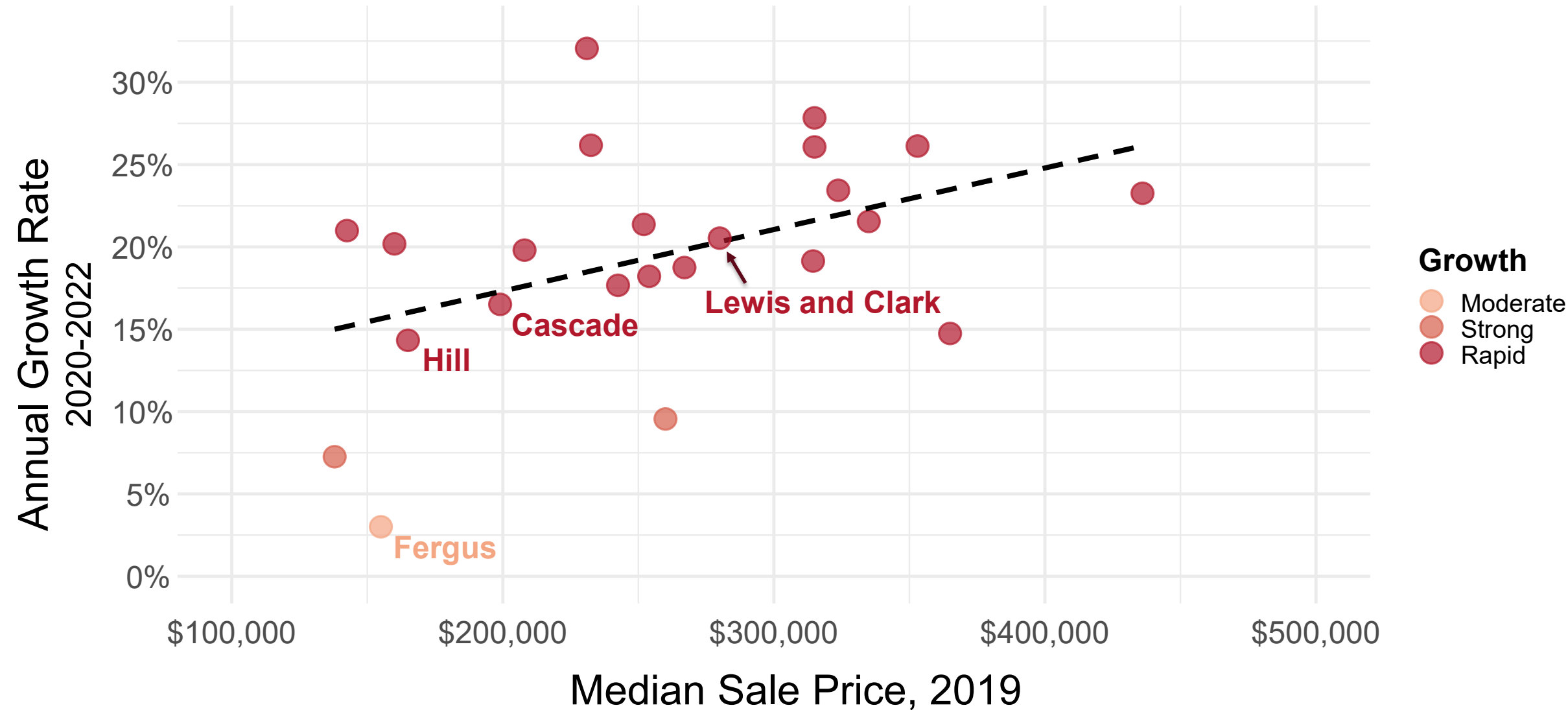
# House Price Index

Base: Q4 2018



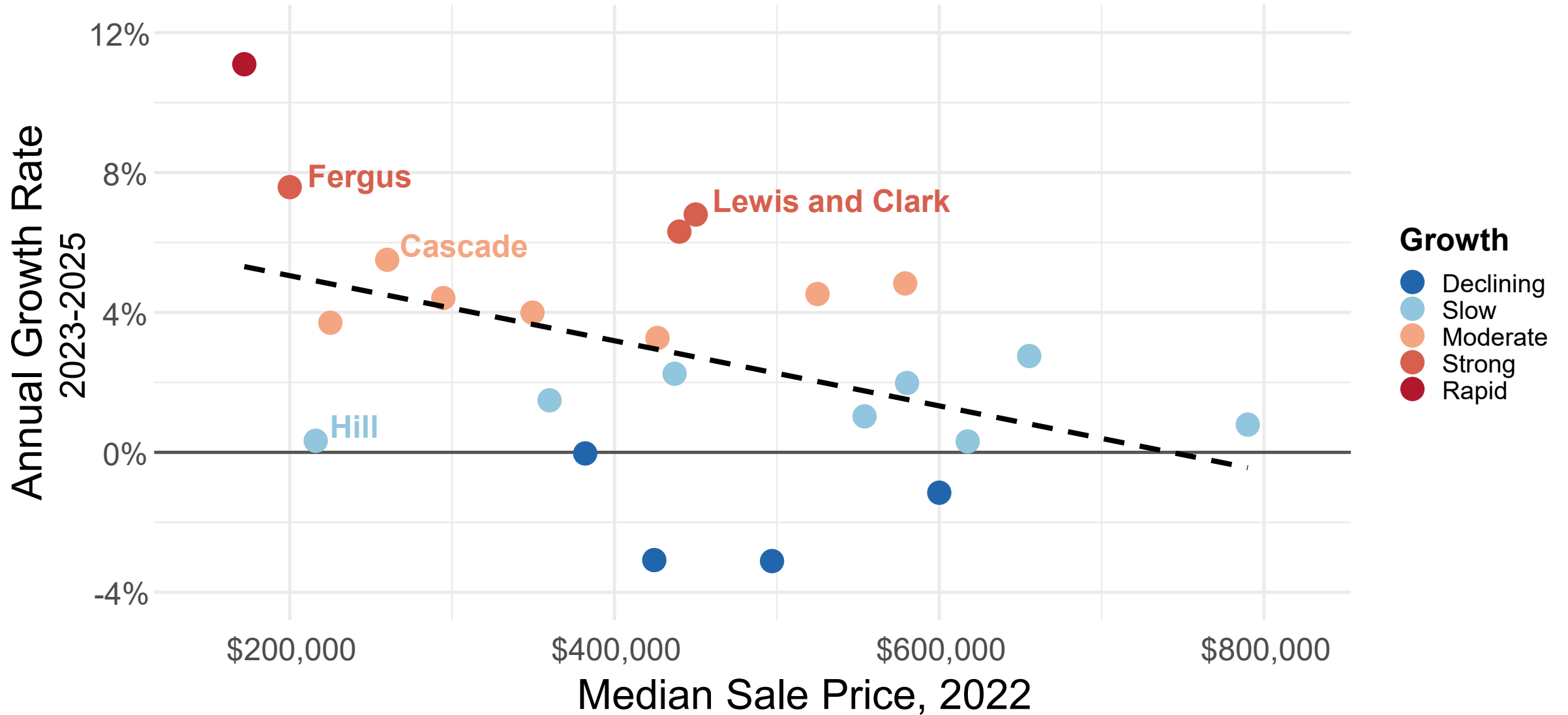
Source: FHFA House Price Index

# Higher-priced markets grew faster between 2020-2022.



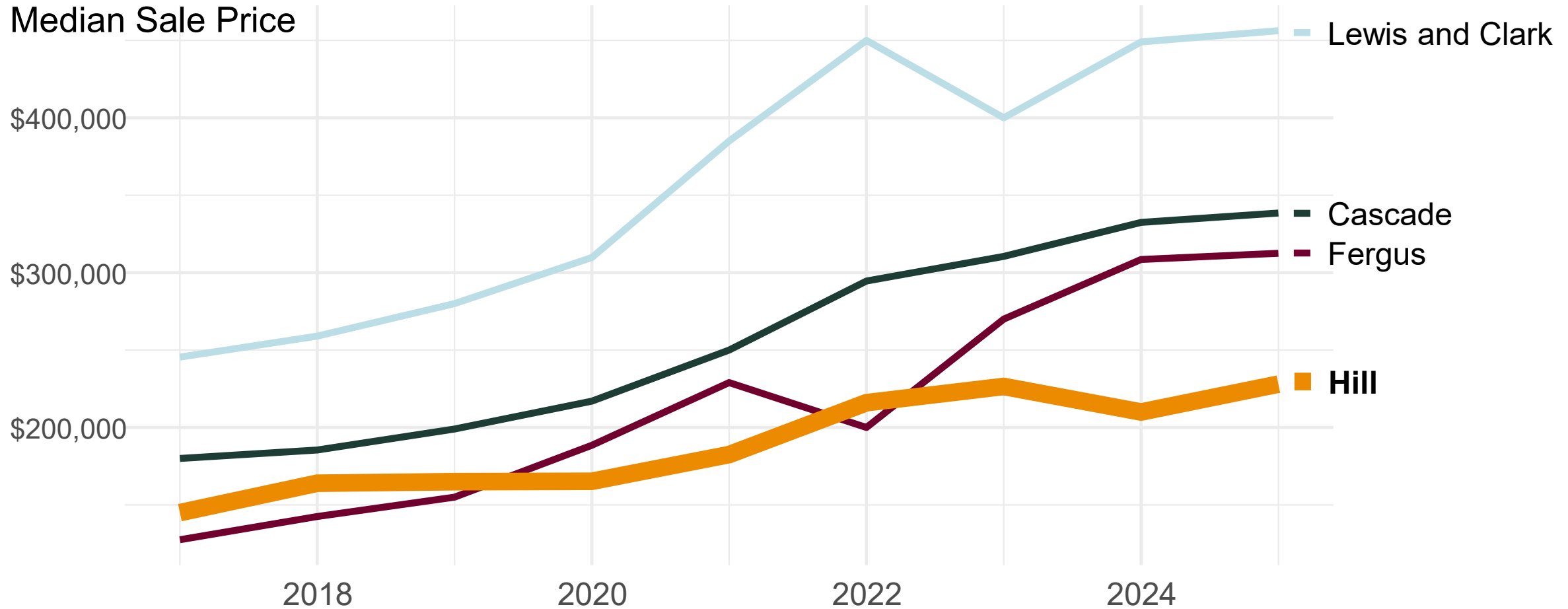
Sources: BBER Analysis, Montana Regional MLS, Missoula Organization of Realtors, Great Falls Association of Realtors, Big Sky Country MLS, Billings and High Line MLS

# Higher-priced markets cooled through 2023-2025.



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

# Single Family Home Sale Prices

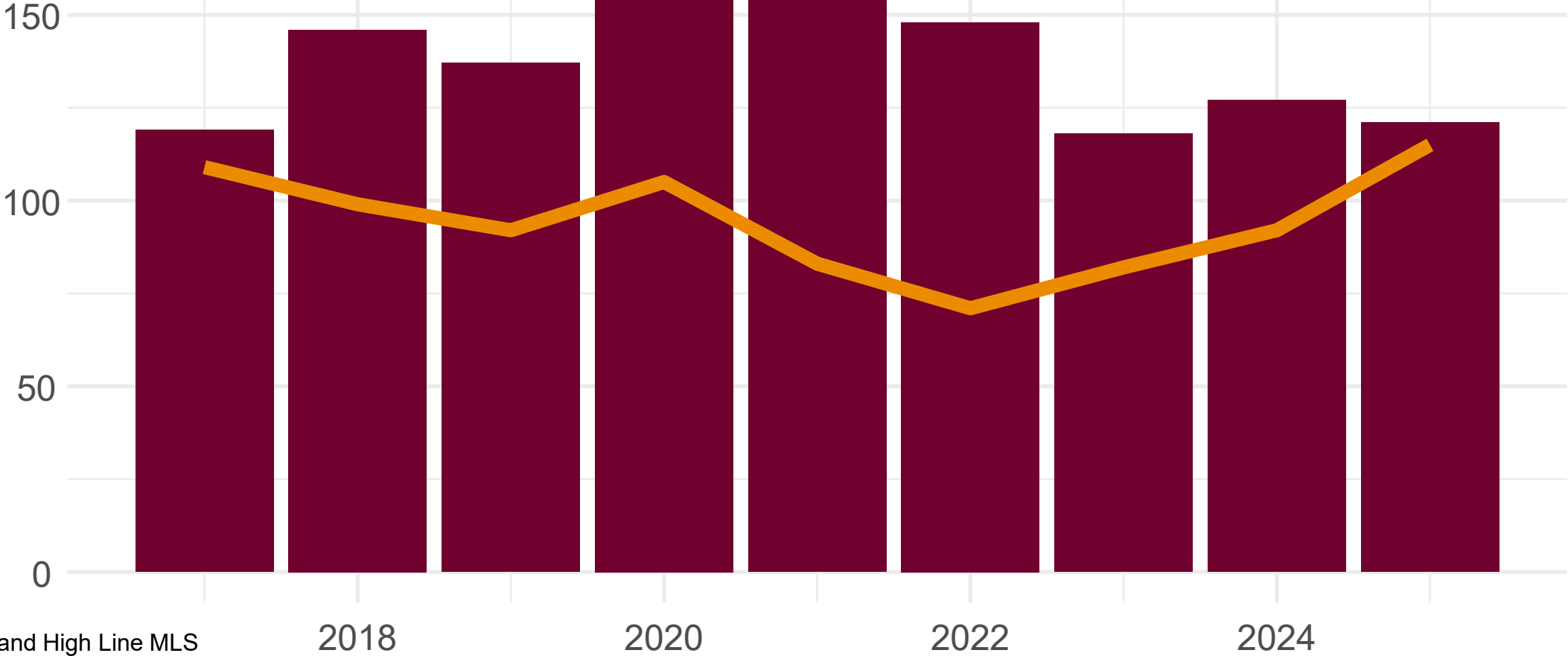


Sources: Billings and High Line MLS, Great Falls Association of Realtors, Montana Regional MLS

# Hill County Single Family Home Sales

Number of Sales

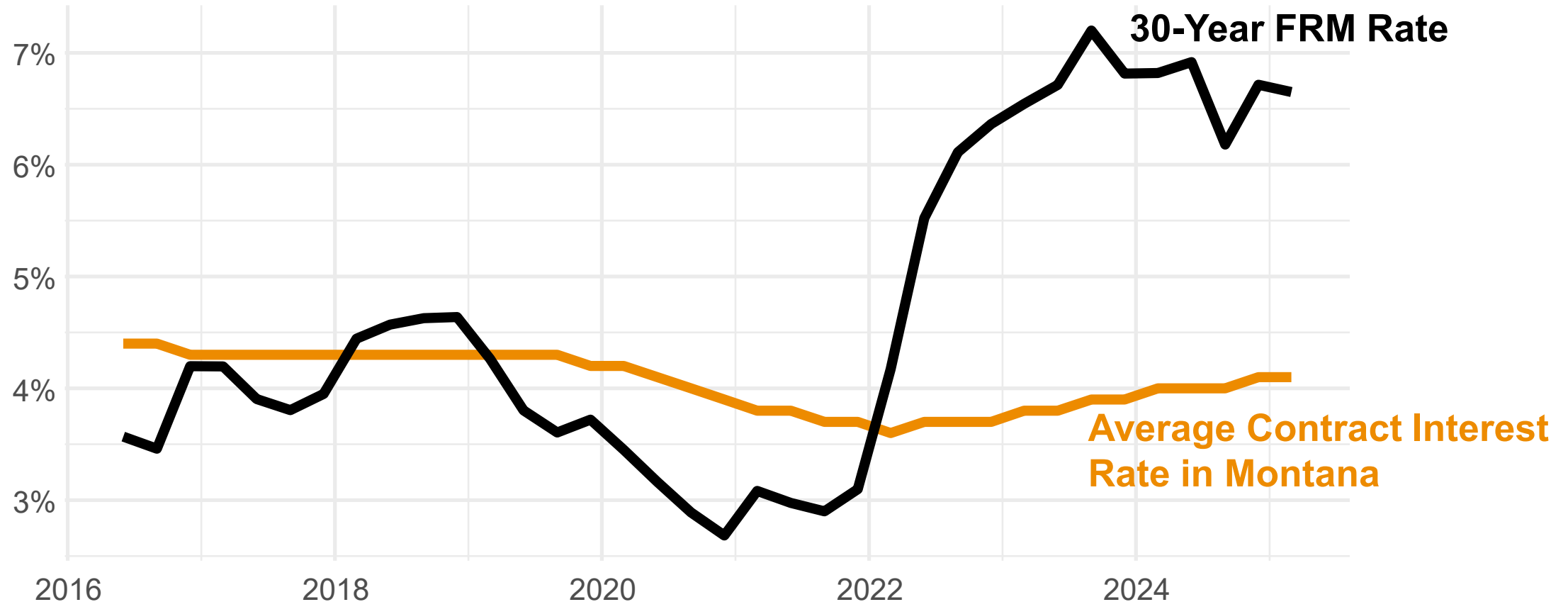
Median Days on Market



Source: Billings and High Line MLS

# Current homeowners hold onto lower interest rates than 30-Year FRM rates.

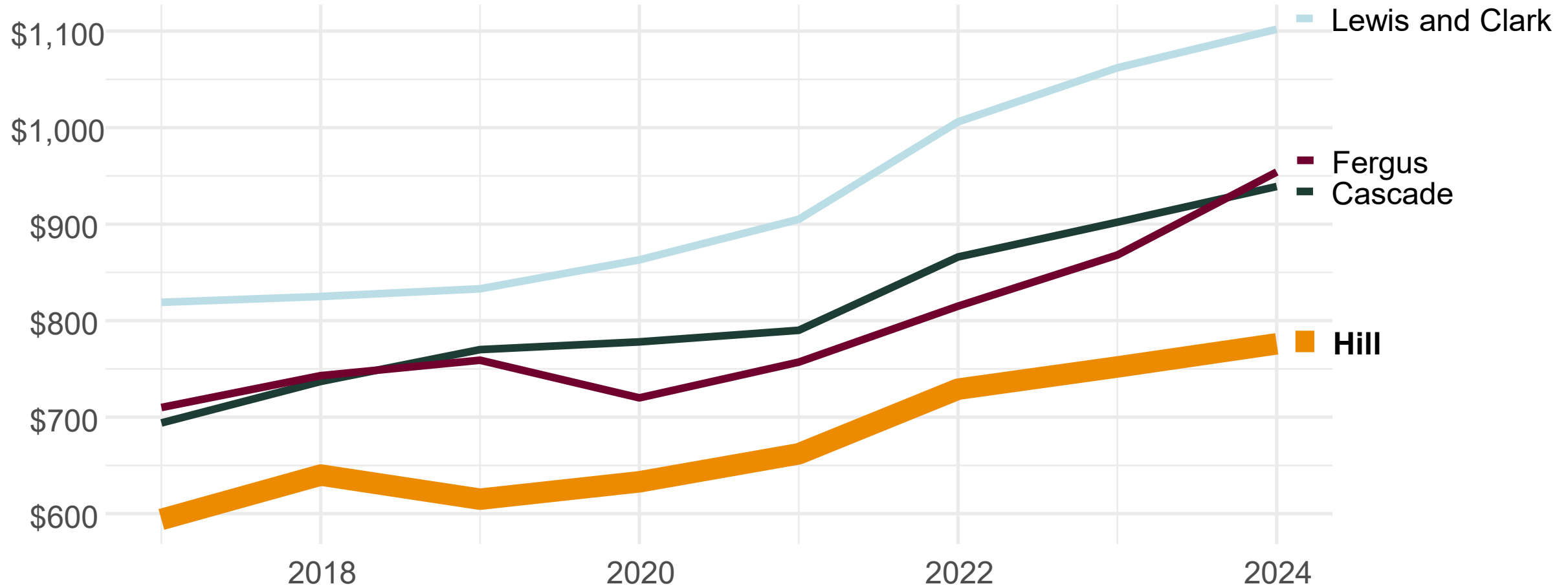
Interest Rate



Source: FreddieMac, National Mortgage Database

# Median rent for all residents slowing down.

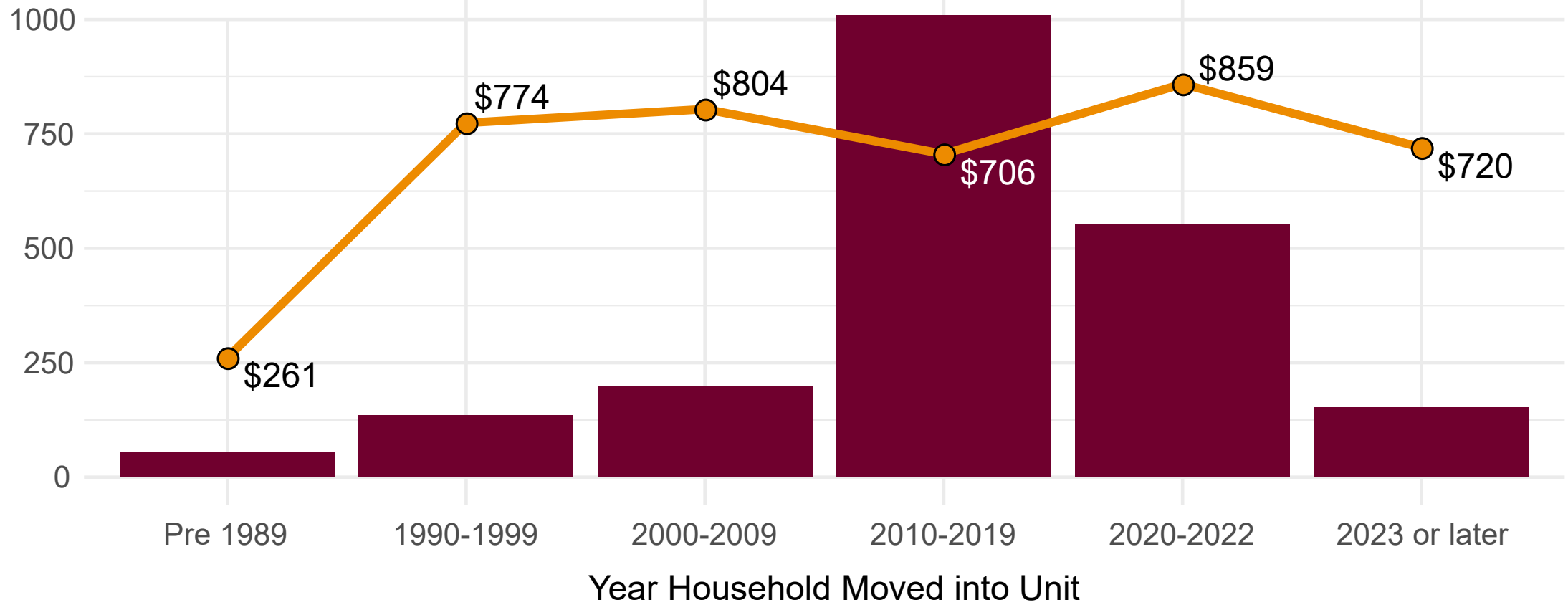
Median Rent (trailing 5-year average)



Source: ACS 5-year estimates (2024)

# New renters face lower costs.

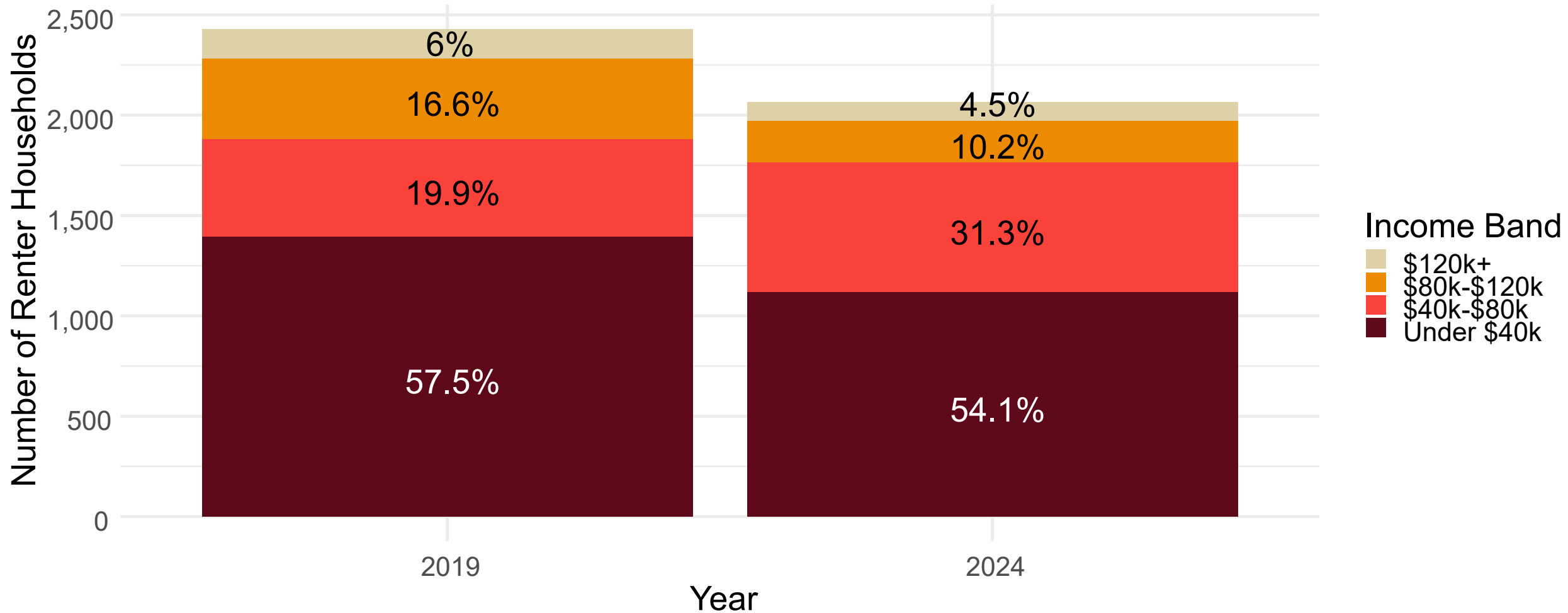
Number of Households  
Monthly Rent (\$)



● Rent (\$) ■ Households

Source: ACS 5-year estimates (2024)

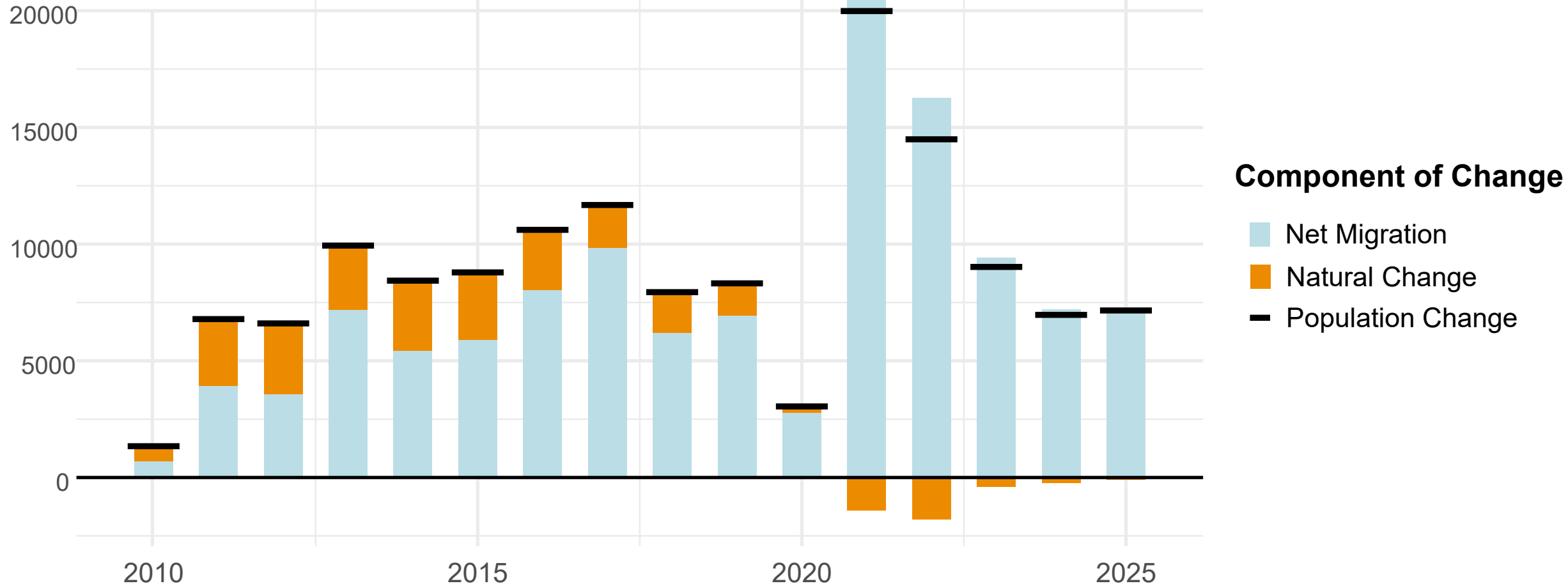
# Renter income shifting to the \$40-\$80k range.



Source: ACS 5-year estimates, 2019 adjusted to 2024 dollars using CPI-U

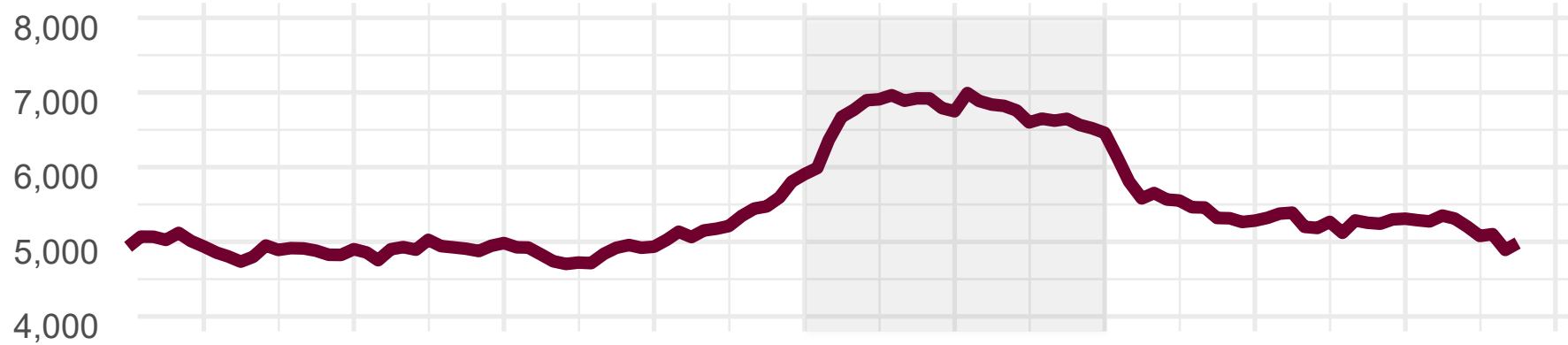
# Migration in Montana is slowing down but continues to increase the population.

## Population Change

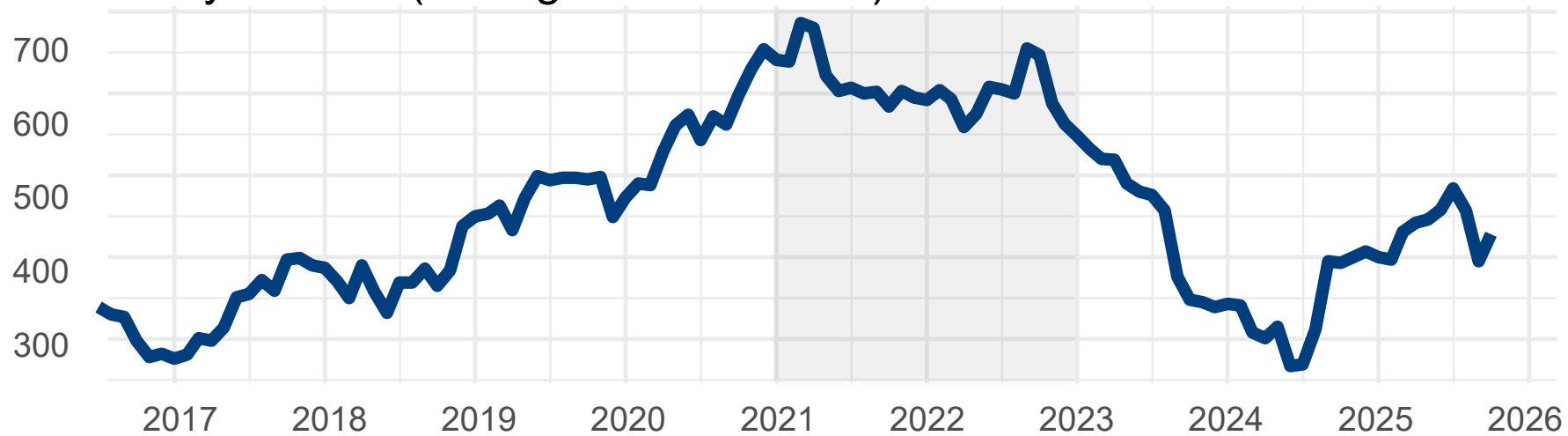


# Montana Construction Permits

Single-family Permits (trailing 12-month sum)

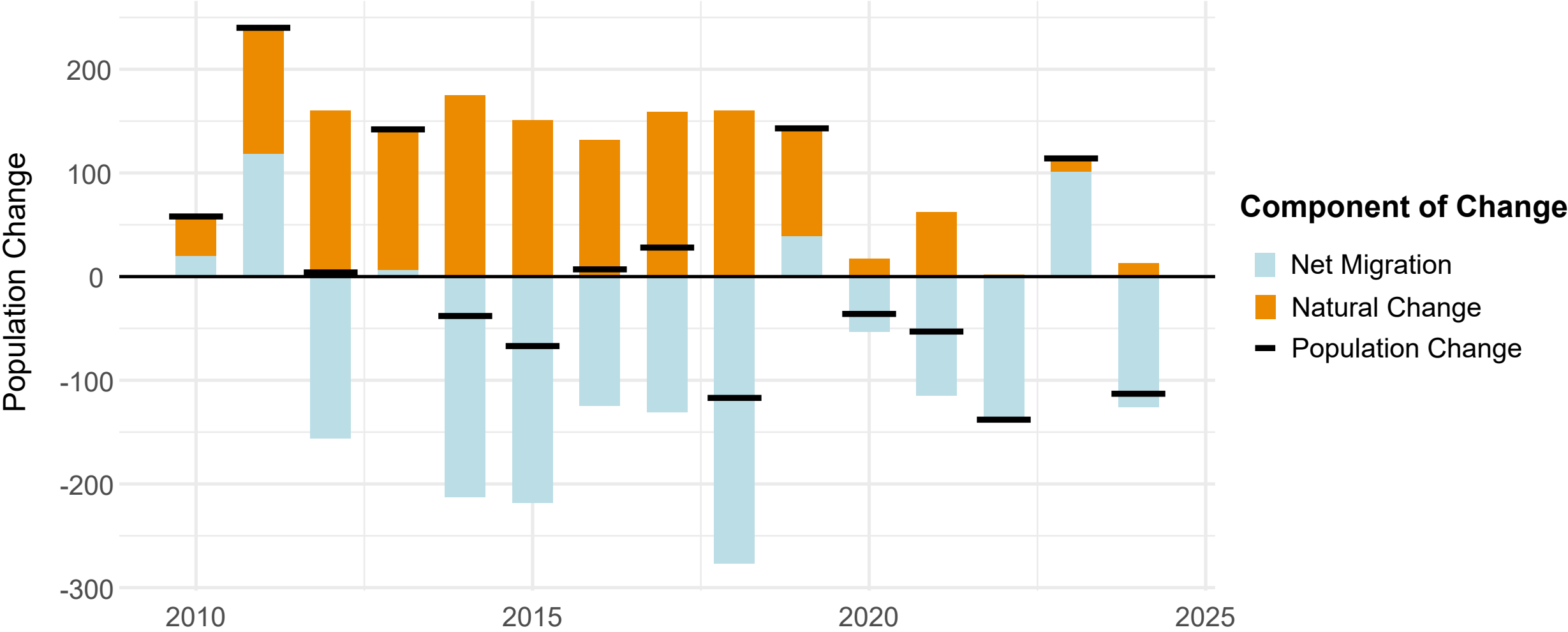


Multi-family Permits (trailing 12-month sum)



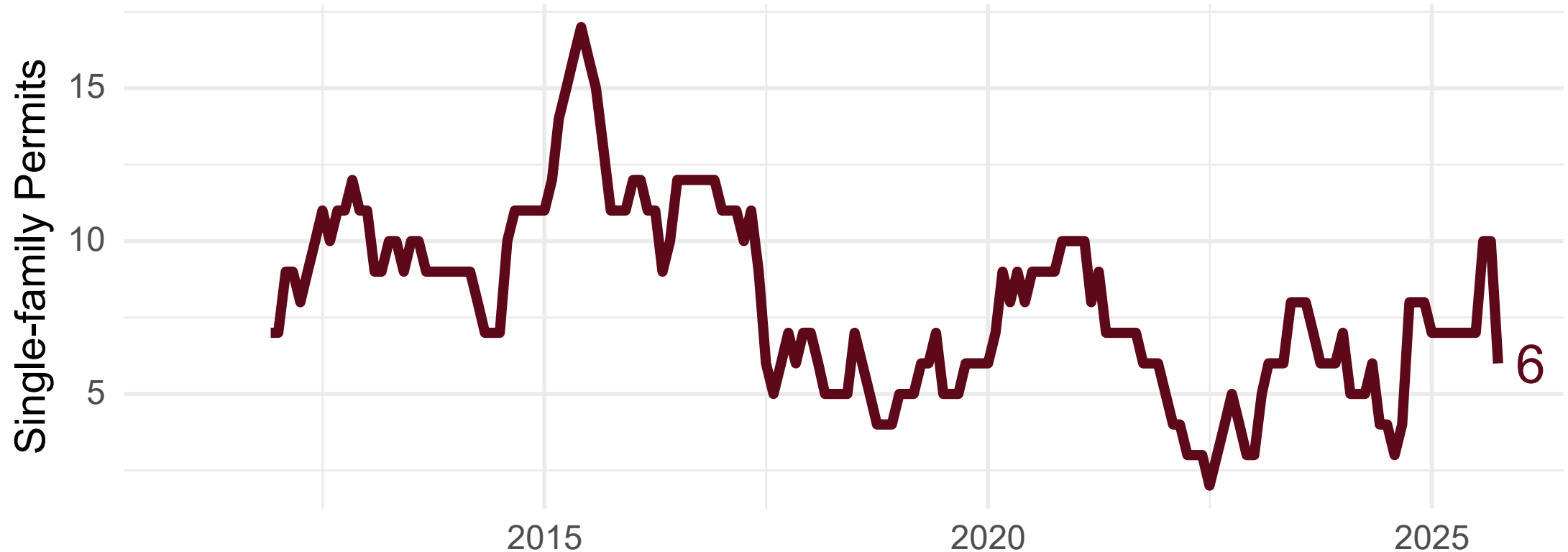
Sources: BBER Analysis, U.S. Census Building Permits Survey, MT Dept of Labor and Industry

# Declining population in Hill County driven by out-migration.



# Hill County: Single-family Permits

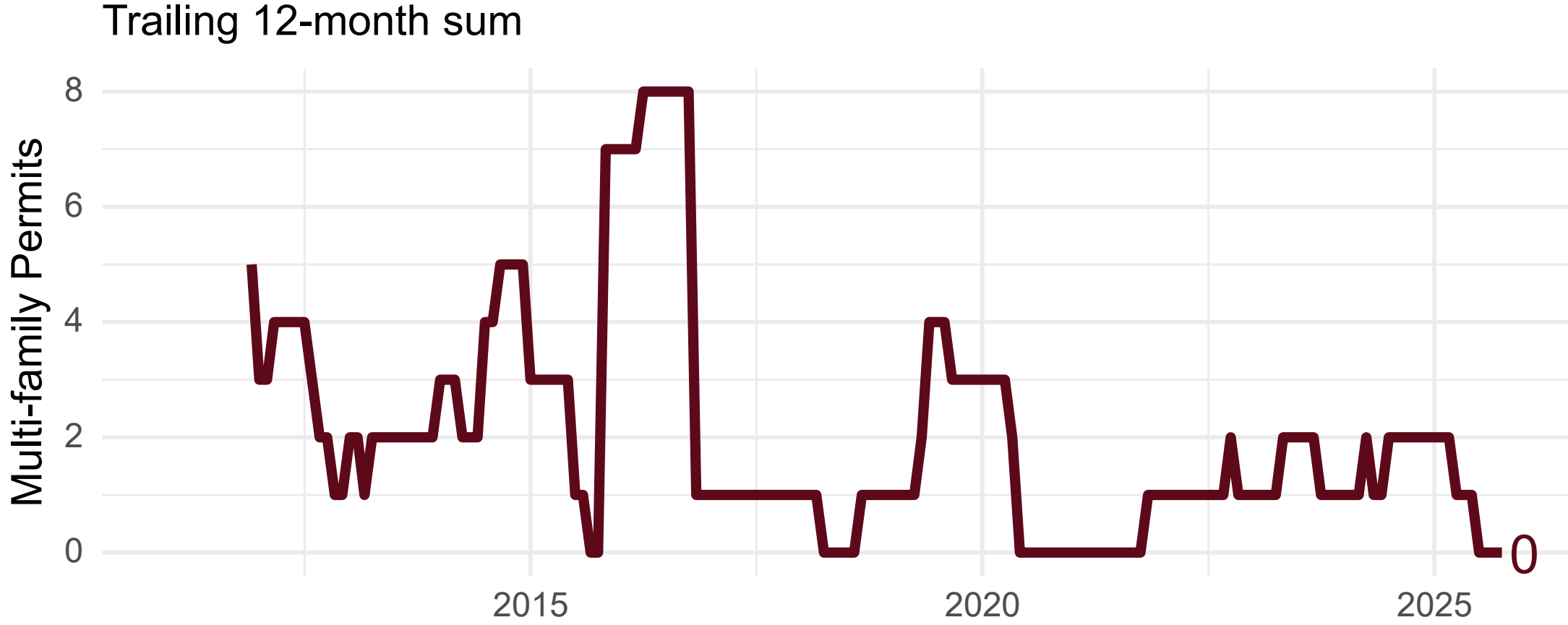
Trailing 12-month sum



6

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

# Hill County: Multi-family Permits



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

# Statewide Summary

- **Past permitting wave delivering now**
  - Increased housing stock, especially multi-family housing
  - Affordability improving, but remains a challenge
- **Migration returning to normal levels**
- **Overall, housing transactions remain low**
  - ~75% of Montana mortgages are locked-in

# Hill County Summary Summary

- **Population decline driven by out-migration and reduced natural changes**
  - Aging populations: 17% of Hill county above 65 years
- **Leading state in recent home price growth**
  - Transactions remain above pre-Covid levels
- **Less demand for rental units, prices stabilizing**