

# The Outlook for Real Estate and Construction

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Outlook Seminar  
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## Reasons for Optimism?

- Strong volumes nationally
- Steady price increases
- Mortgage risk subsiding
- Positive industry sentiment
- 2018 volumes down
- 2019 volumes looking stronger
- Bifurcated market
- Affordability getting worse
- Tight inventories

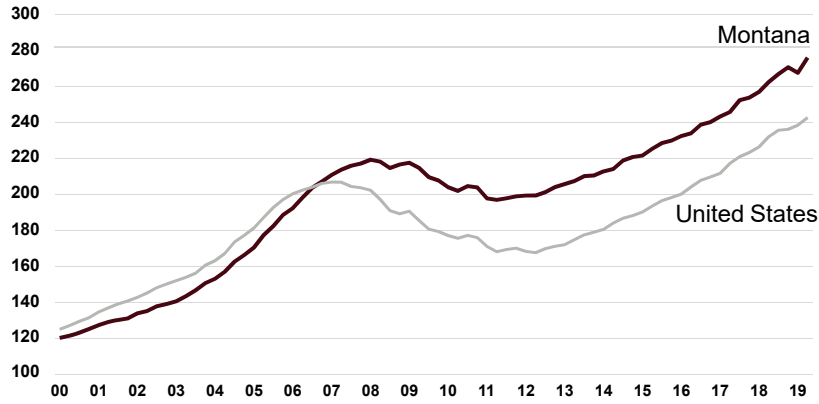


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### Strong Housing Price Growth Since 2011

FHFA Housing Price Index, U.S., 1995=100



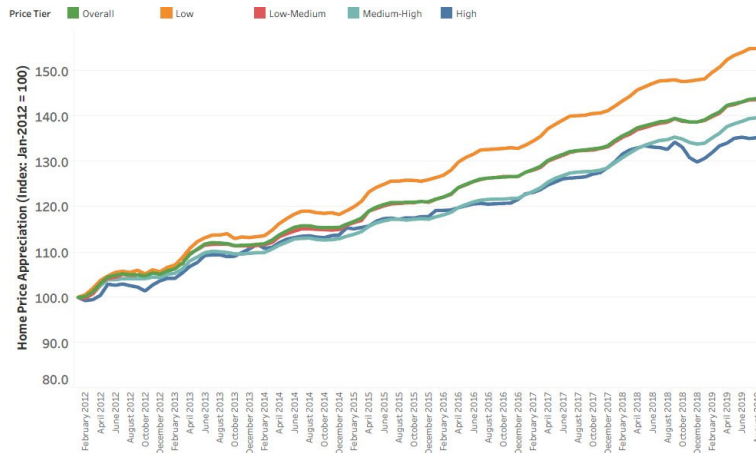
Source: Federal Housing Finance Agency



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### National Price Growth Not Evenly Distributed Across Price Tiers



Source: AEI Center on Housing Markets and Finance

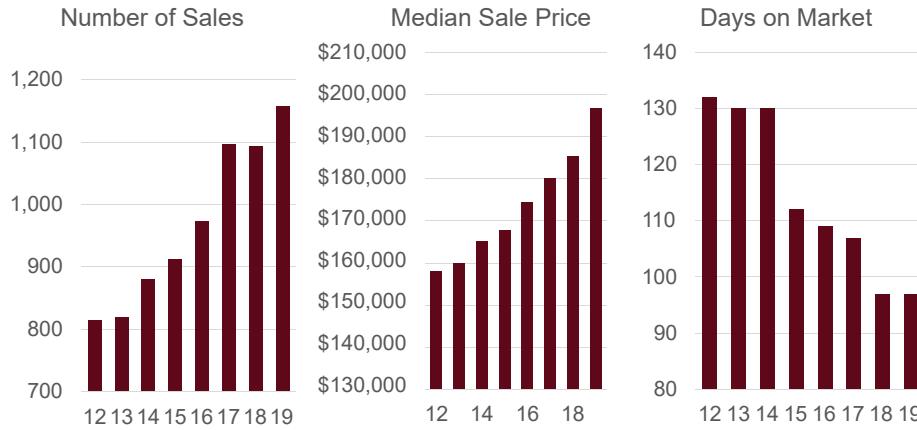


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## Markets Looking Much Healthier

Cascade County Market Statistics for Single Family Homes



Source: Great Falls Association of Realtors.

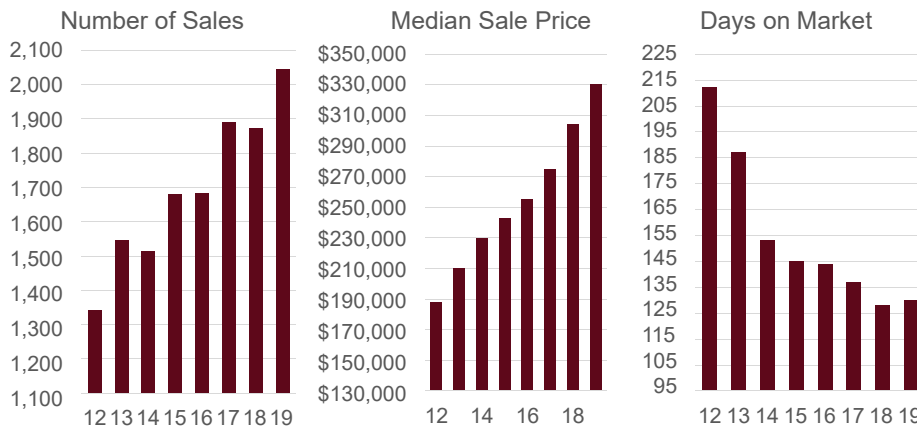


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## Markets Remaining Strong

Flathead County Market Statistics for Single Family Homes



Source: Montana Regional MLS.

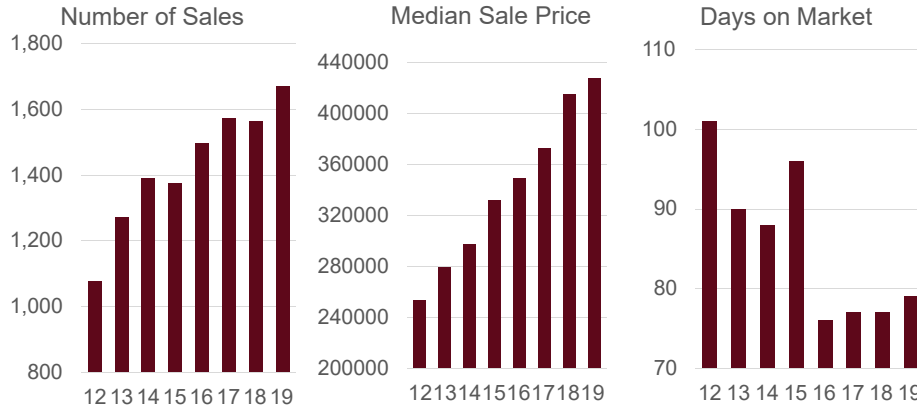


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# Market Continues to Heat Up

Gallatin County Market Statistics for Single Family Homes



Source: Gallatin Association of Realtors.

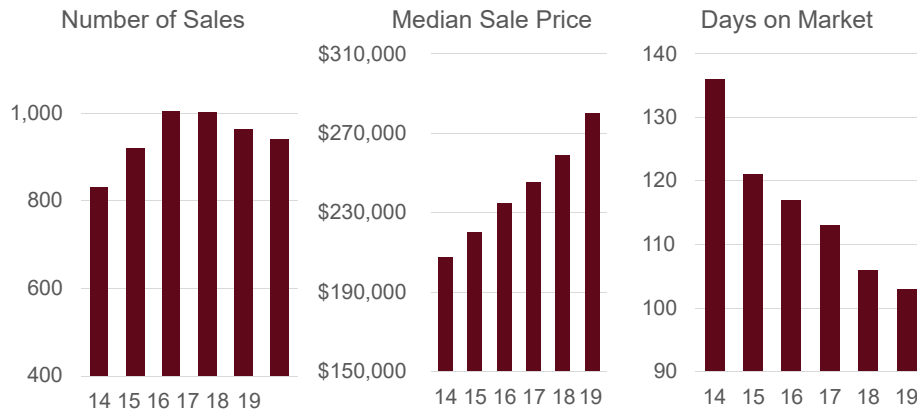


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# Market Price Increasing

Lewis & Clark County Market Statistics for Single Family Homes



Source: Montana Regional MLS.

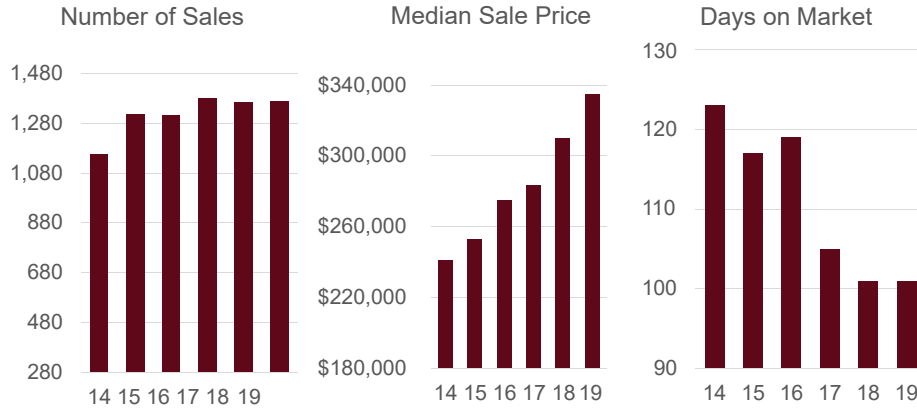


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# Market Continues to Heat Up

Missoula County Market Statistics for Single Family Homes



Source: Montana Regional MLS.

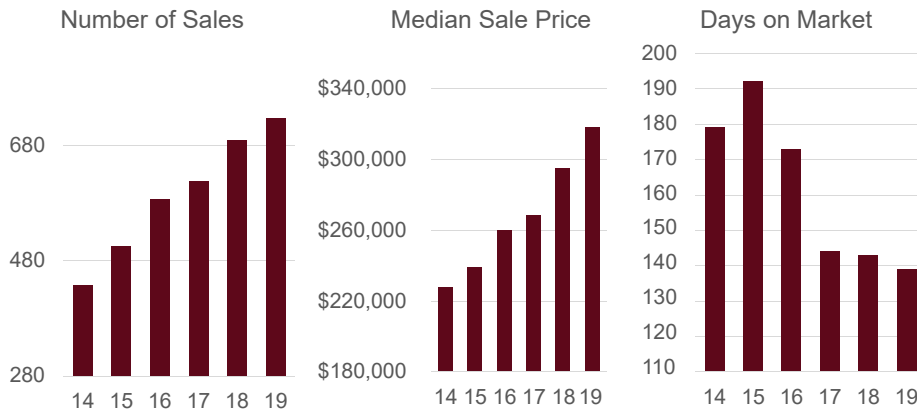


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# Market Continues to Heat Up

Ravalli County Market Statistics for Single Family Homes



Source: Montana Regional MLS.

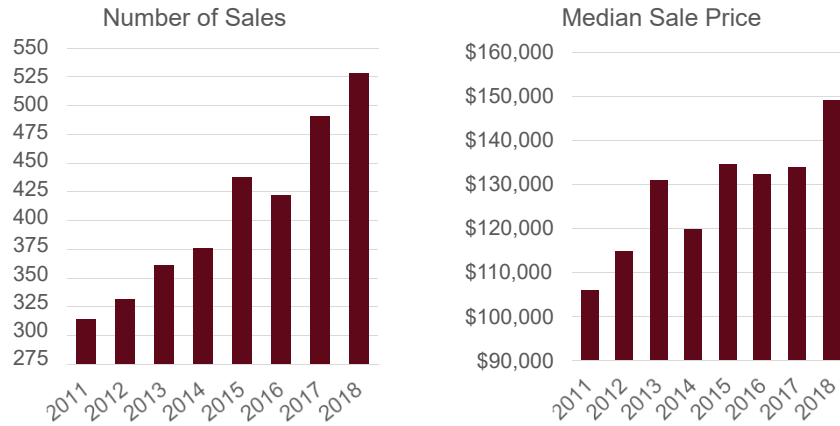


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# Markets Looking Healthier

Silver Bow County Market Statistics



Source: Montana Department of Revenue.

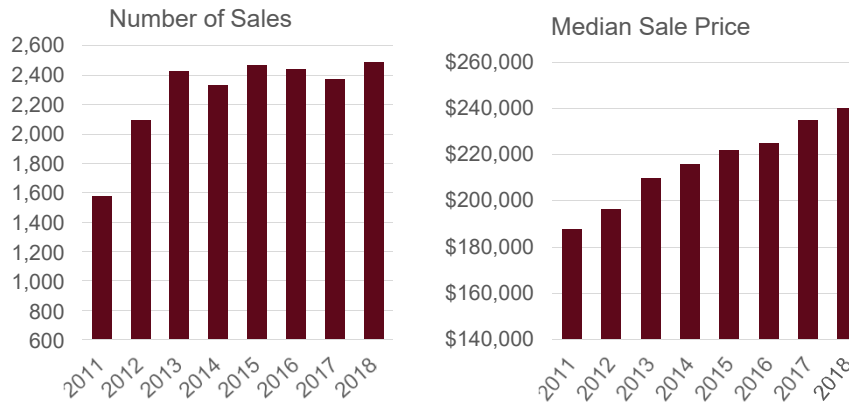


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# Sale Price Growth

Yellowstone County Market Statistics



Source: Montana Department of Revenue

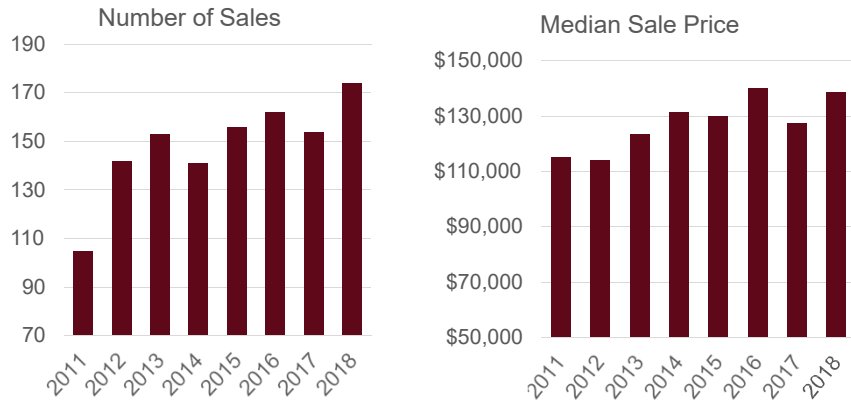


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# Volumes Rising

Fergus County Market Statistics



Source: Montana Department of Revenue.

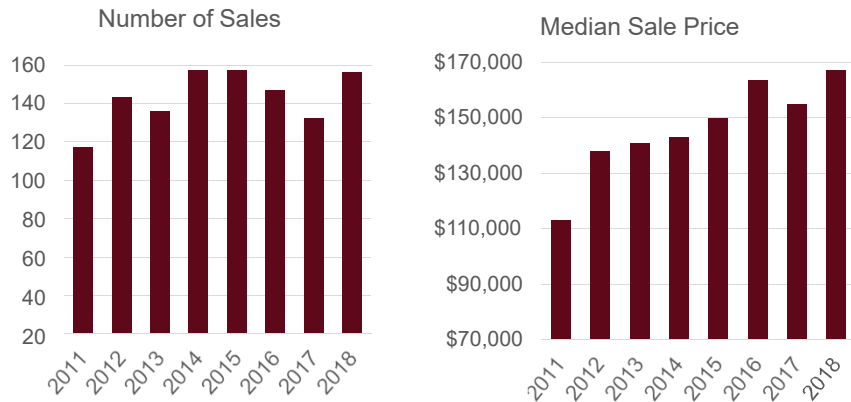


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# Markets Looking Healthier

Hill County Market Statistics



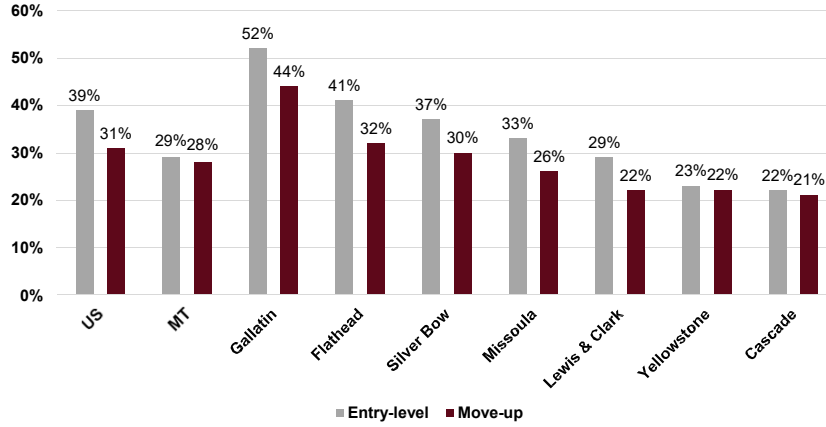
Source: Montana Department of Revenue.



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### Home Price Appreciation Since 2012 by Market Segment



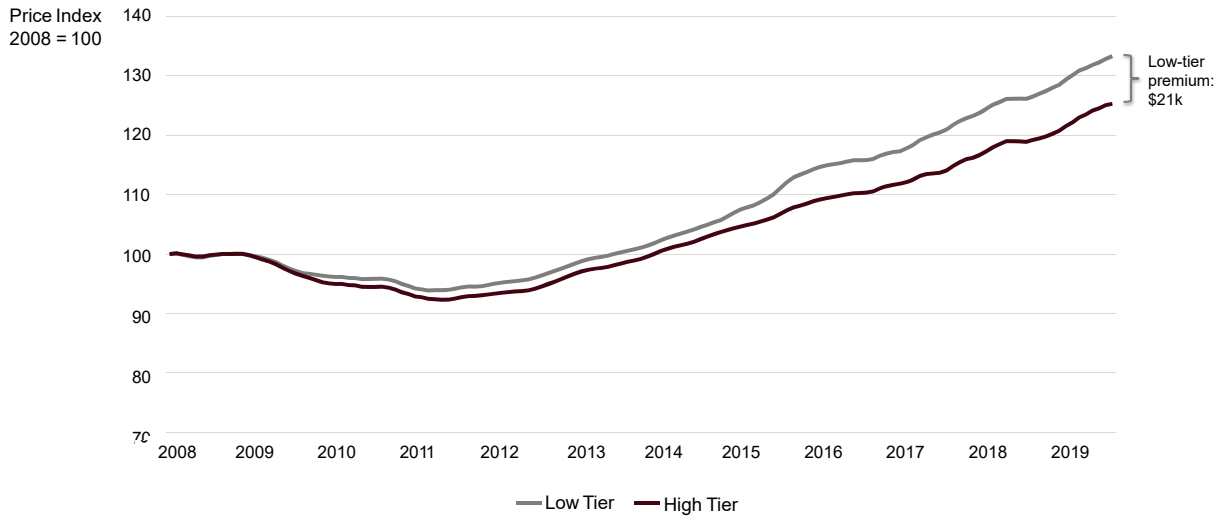
Source: American Enterprise Institute



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### Lewis and Clark County HPI Since 2008 by Market Segment



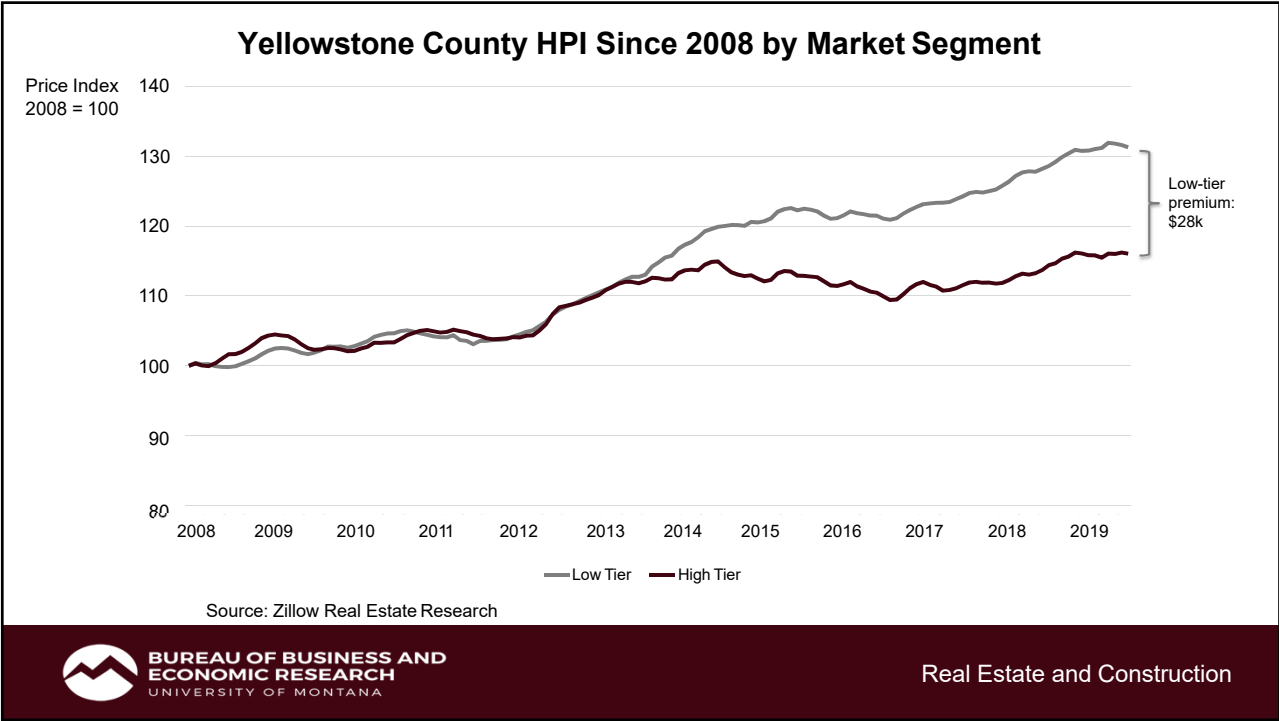
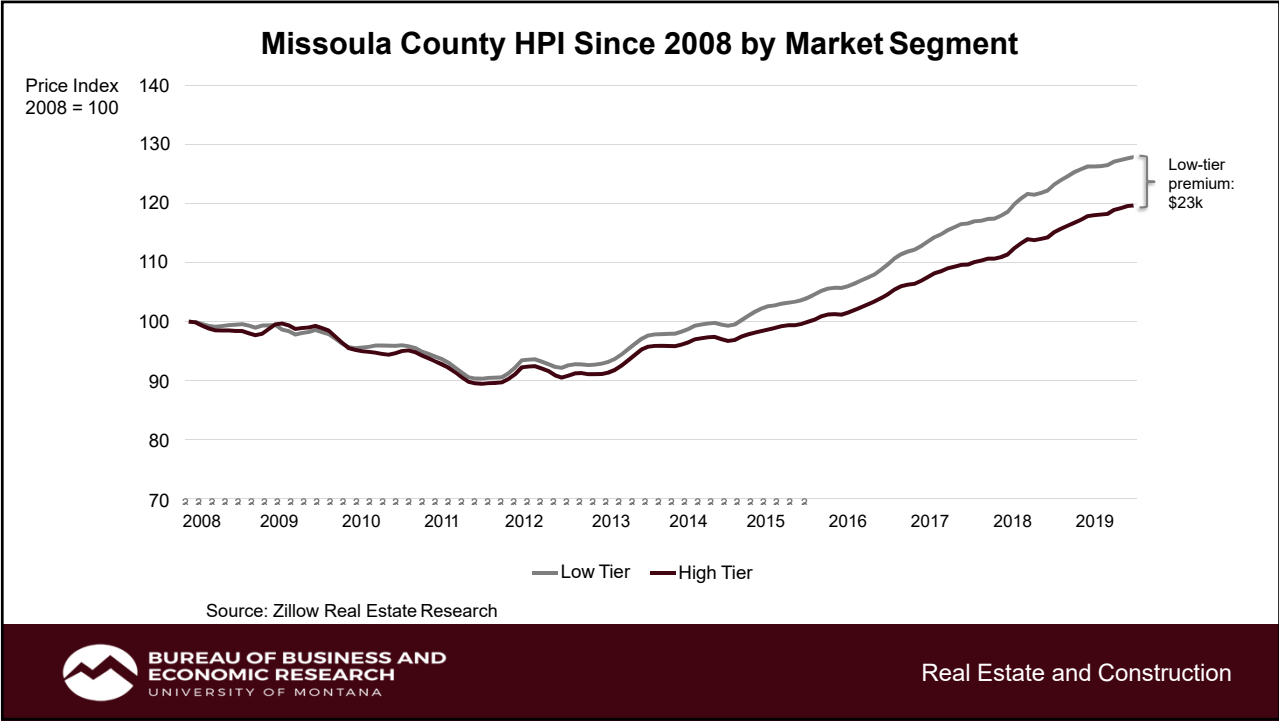
Source: Zillow Real Estate Research

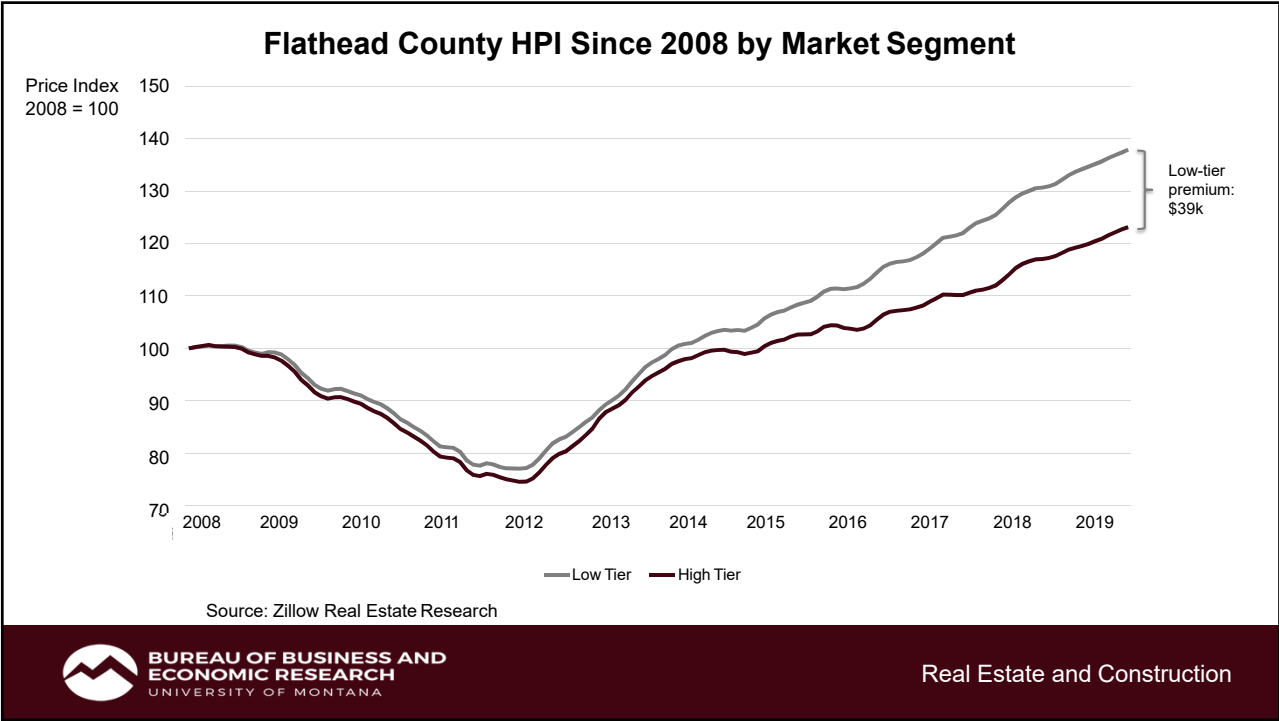
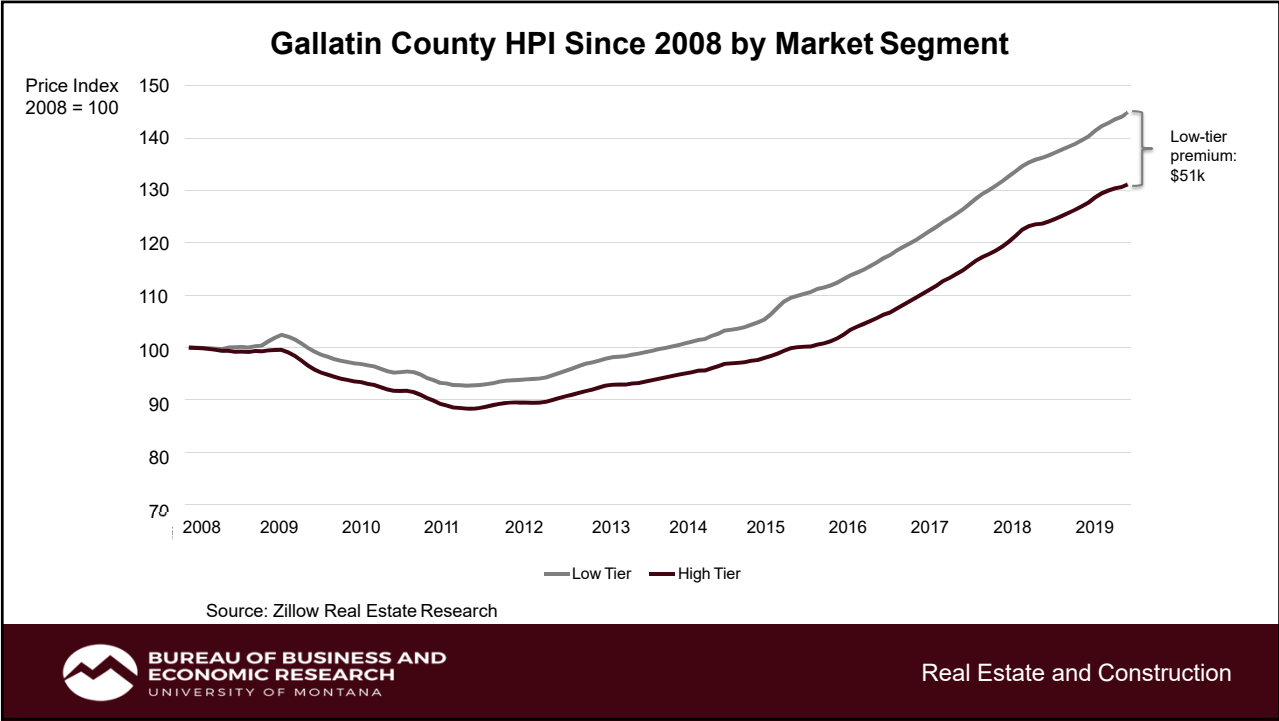


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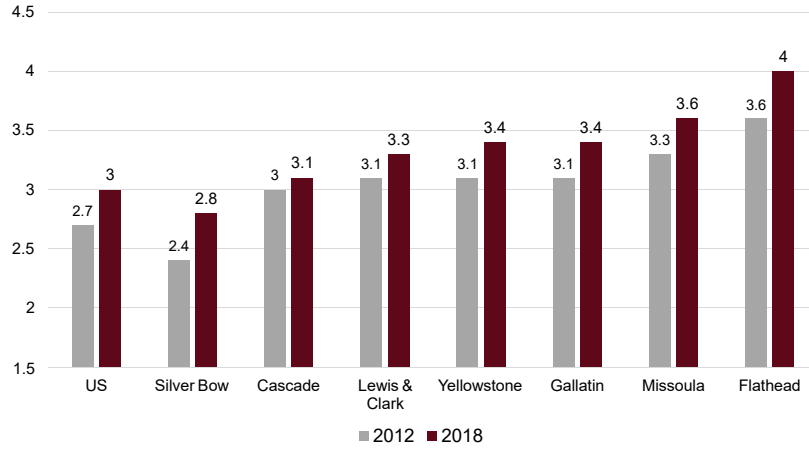
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### Median Price-to-Income Ratio for Entry-Level Homes



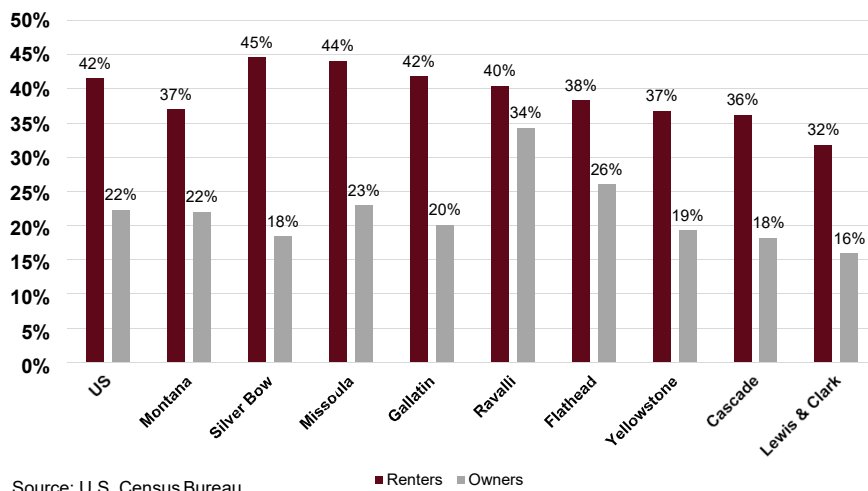
Source: American Enterprise Institute



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### Percent of Households That Are Cost Burdened



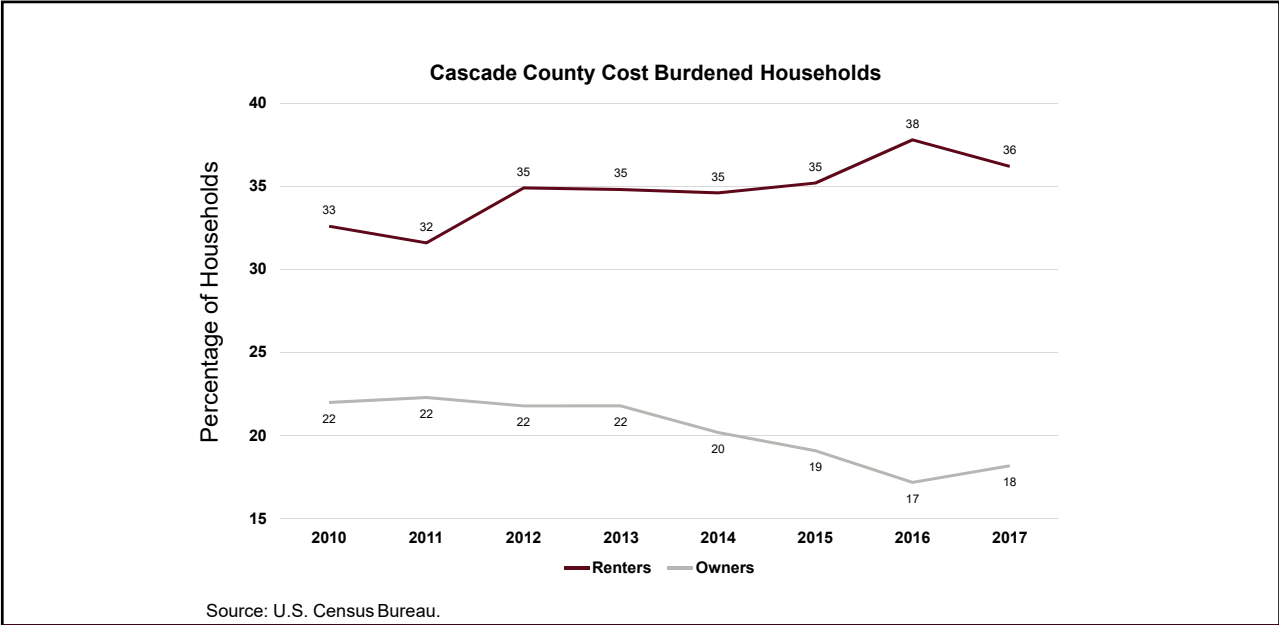
Source: U.S. Census Bureau.

■ Renters ■ Owners



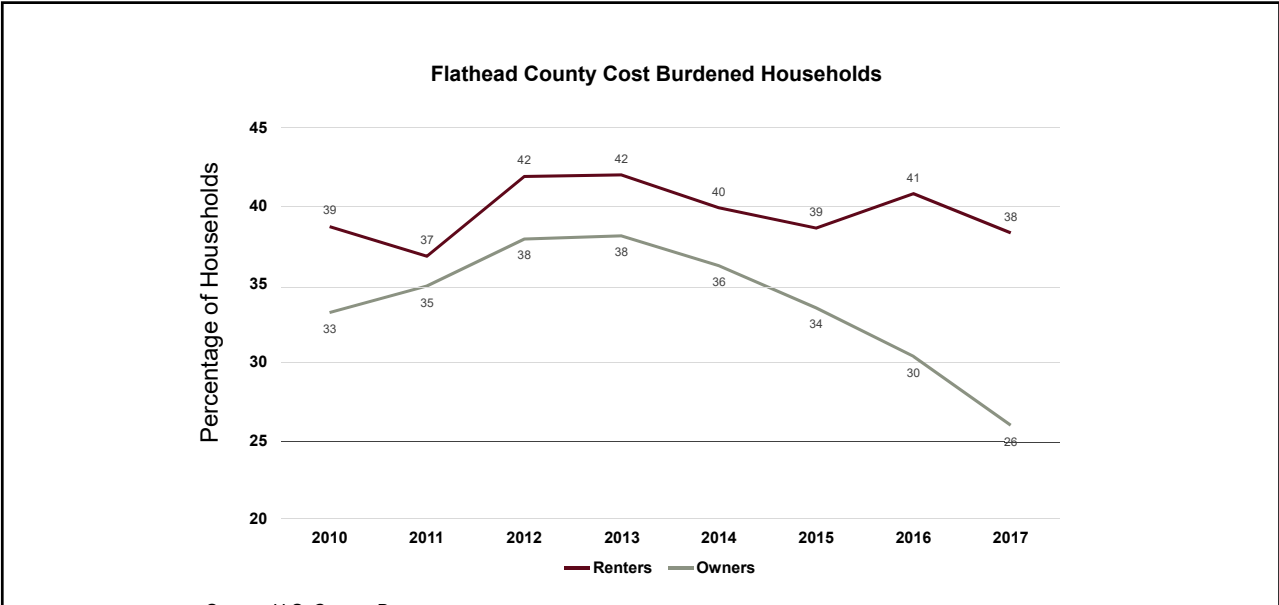
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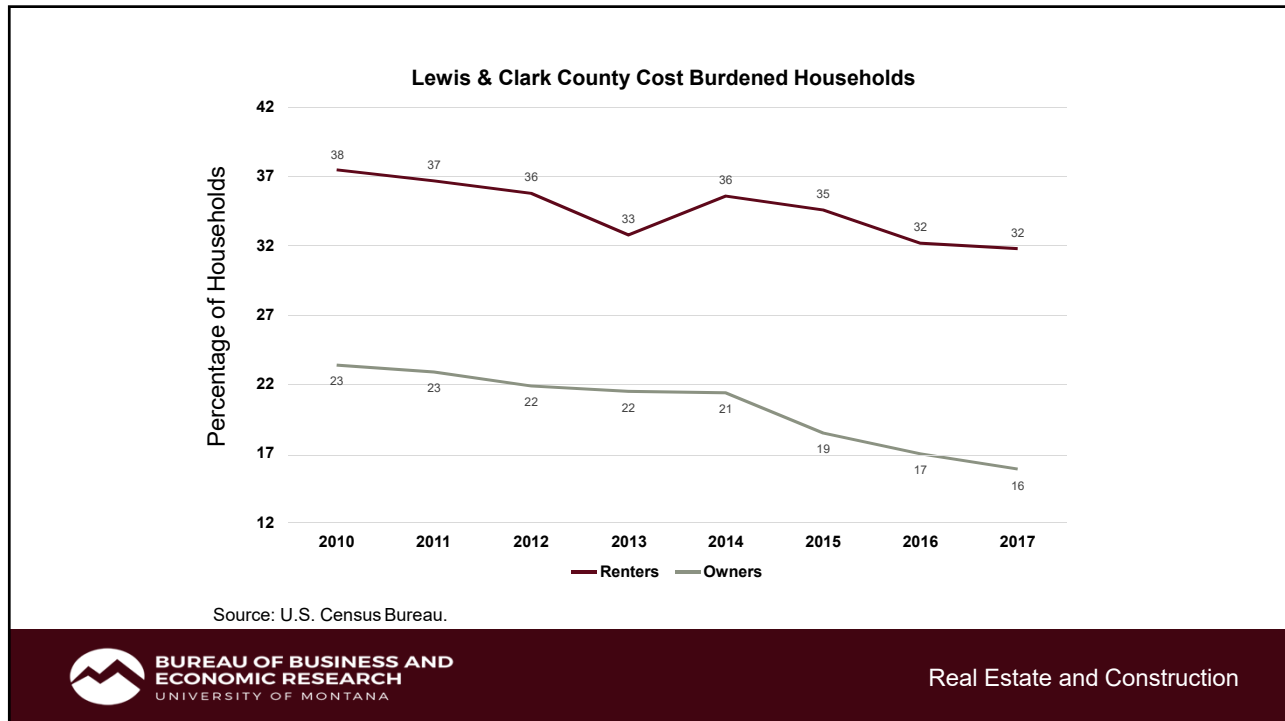
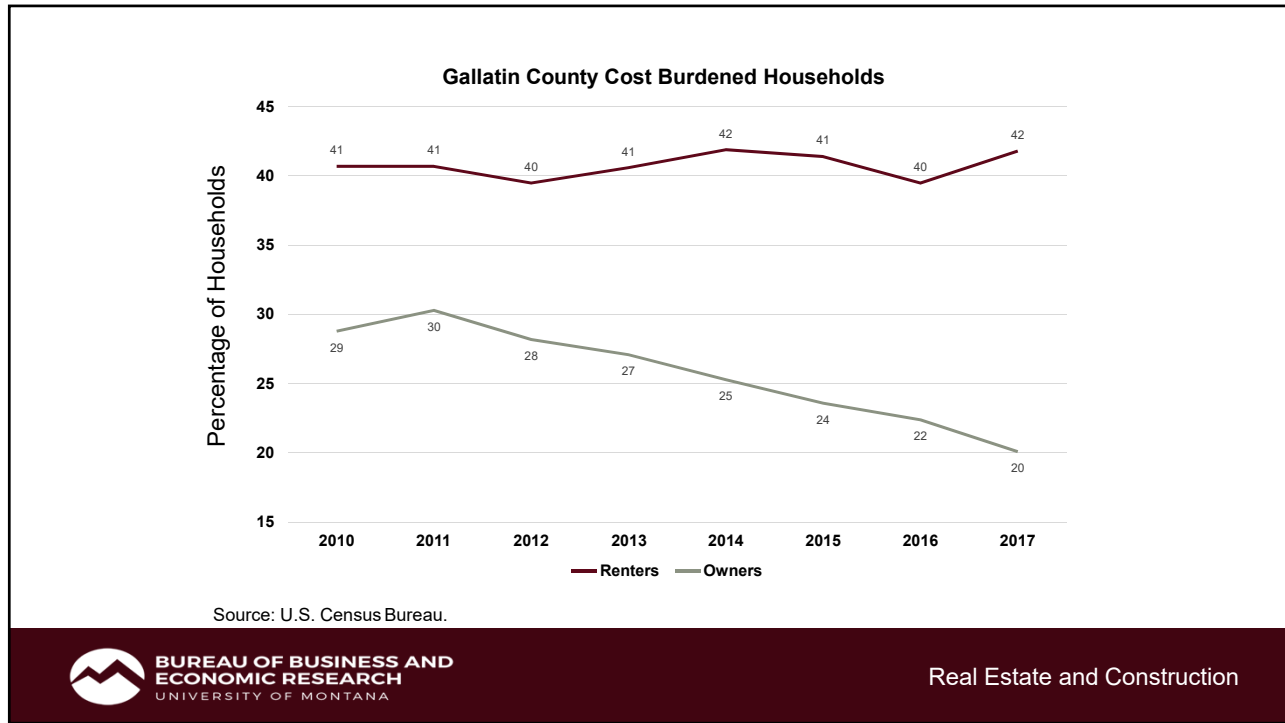
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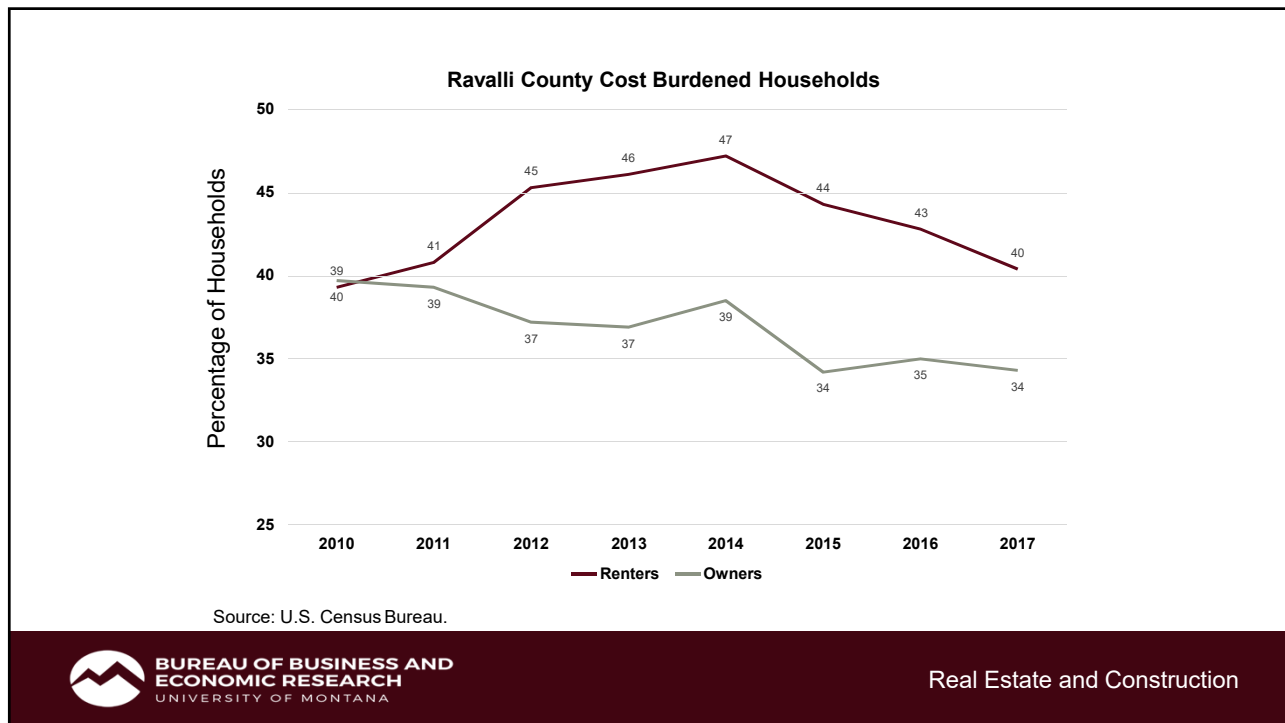
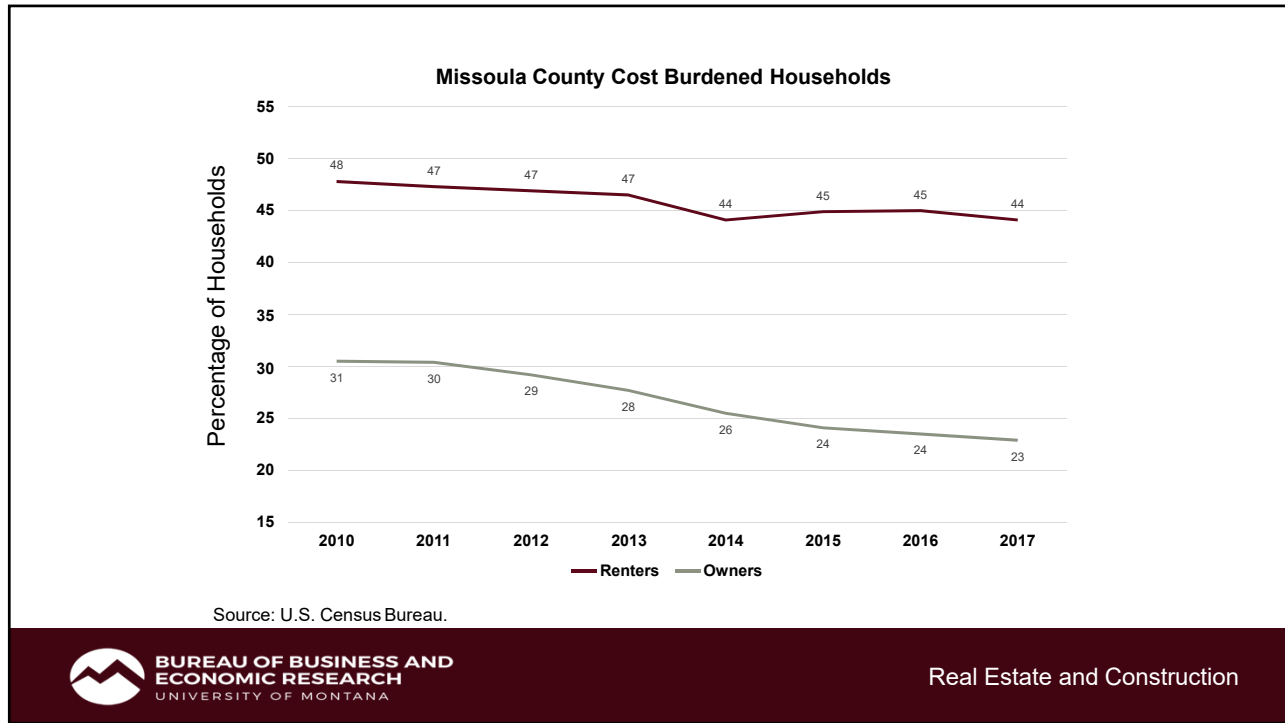
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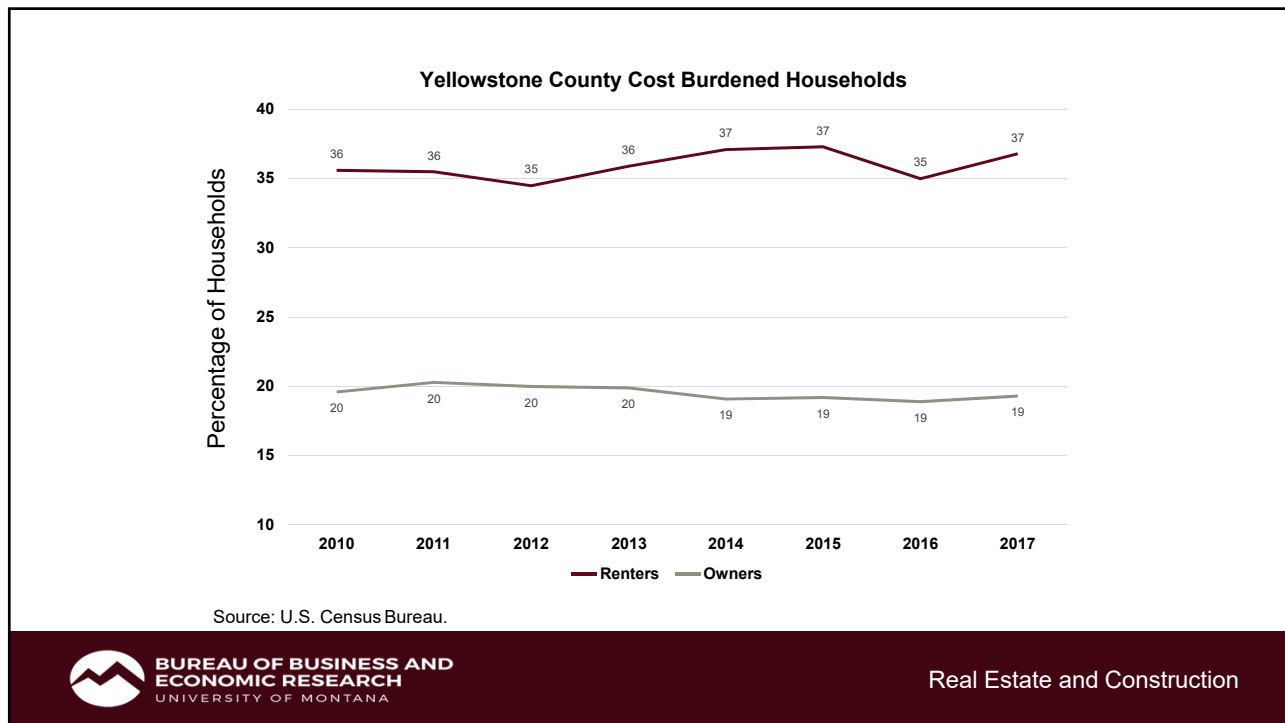
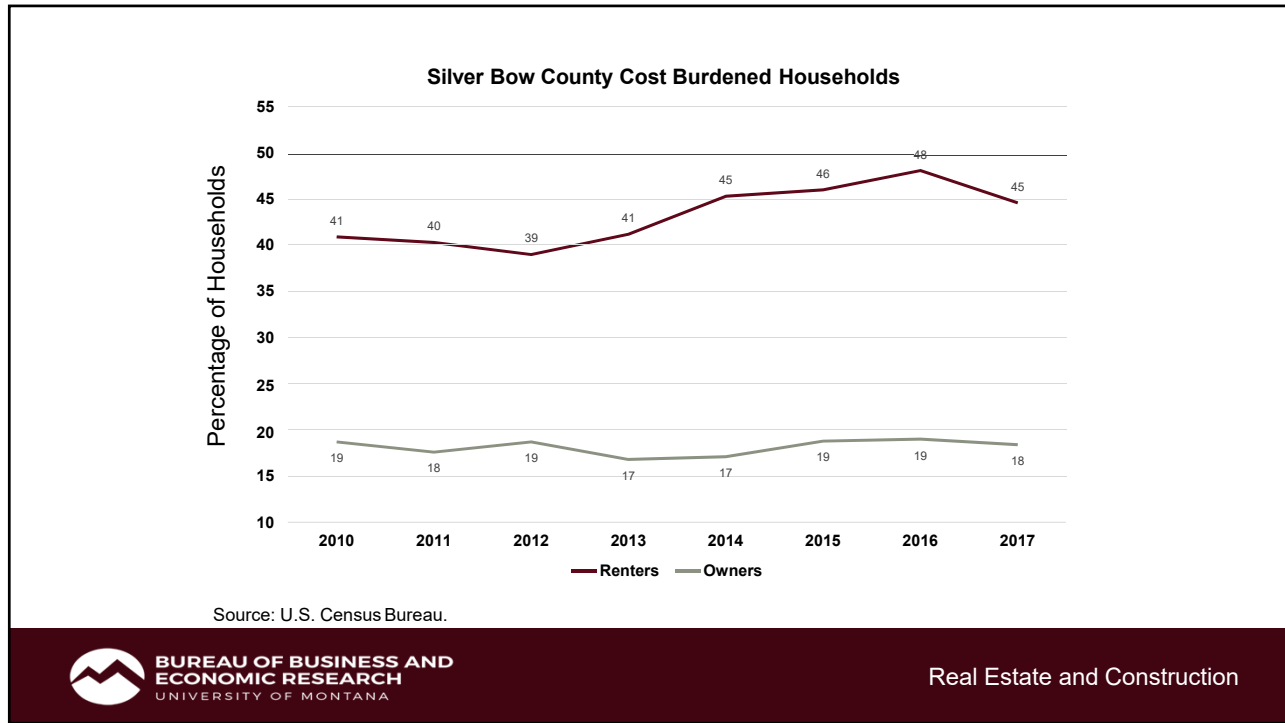


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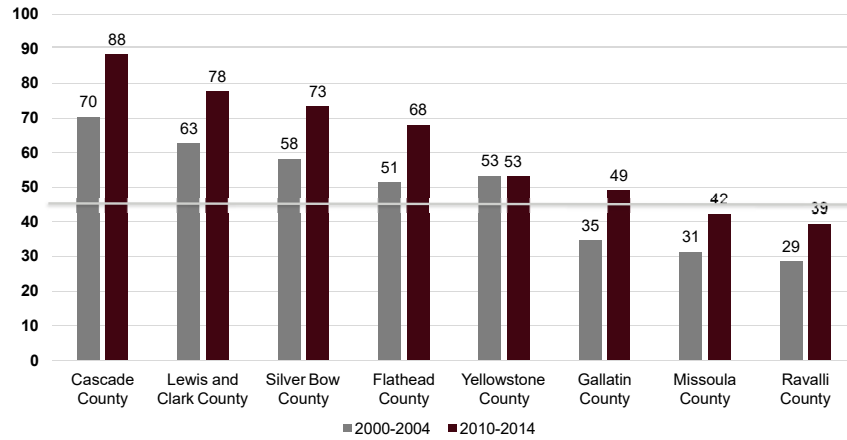
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### Affordable Housing Units Per 100 Extreme Low Income Households



Source: The Urban Institute

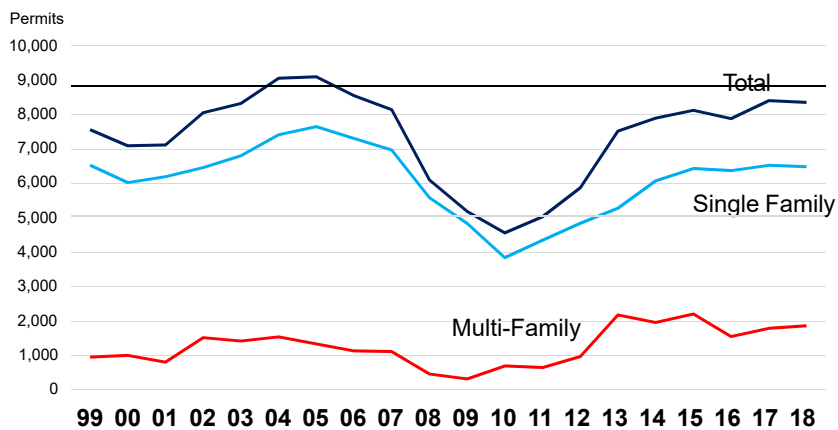


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### New Home Construction Leveling Off

Housing Permits, Montana

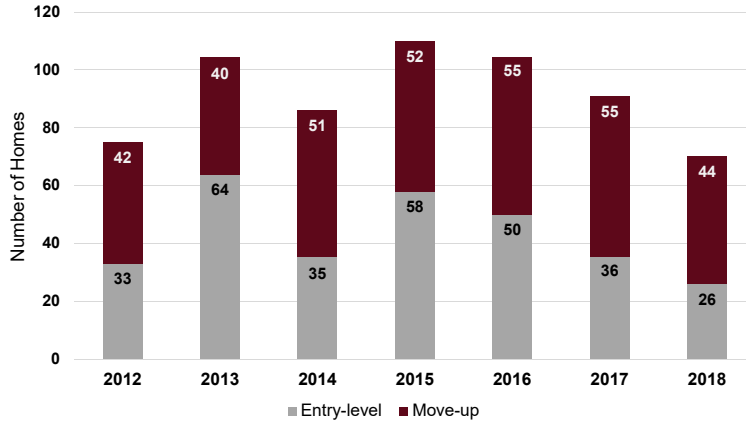


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### New Construction by Market Segment: Cascade County



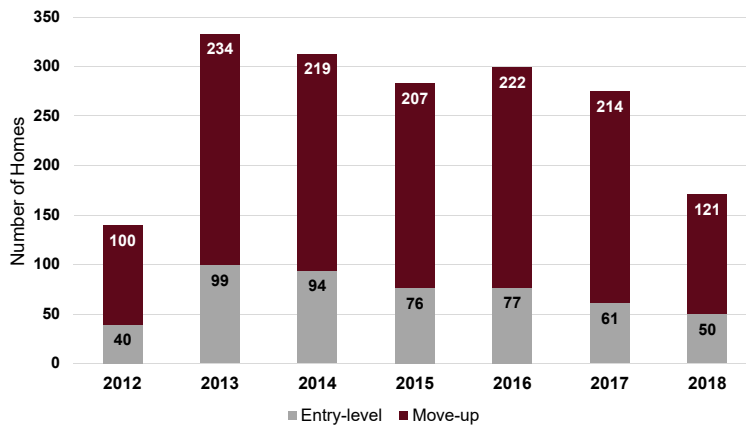
Source: American Enterprise Institute



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### New Construction by Market Segment: Flathead County



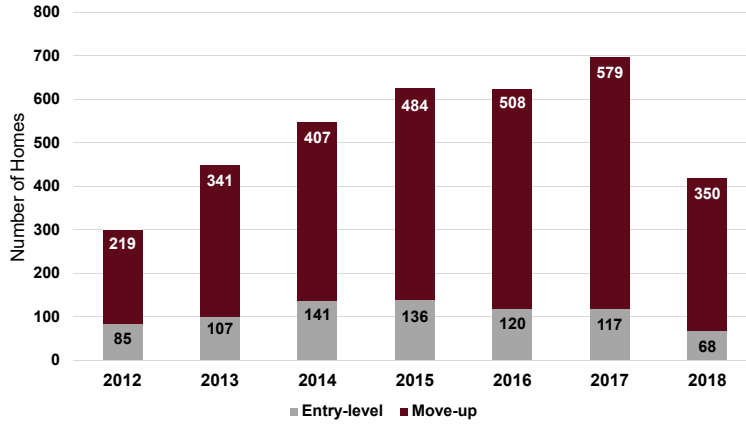
Source: American Enterprise Institute



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### New Construction by Market Segment: Gallatin County



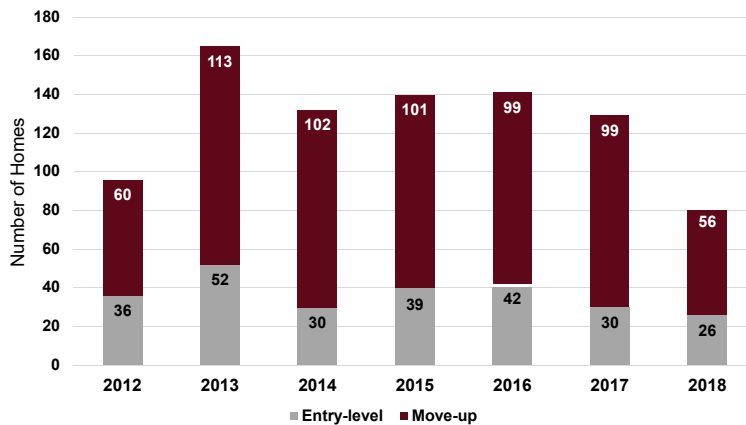
Source: American Enterprise Institute



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### New Construction by Market Segment: Lewis & Clark County



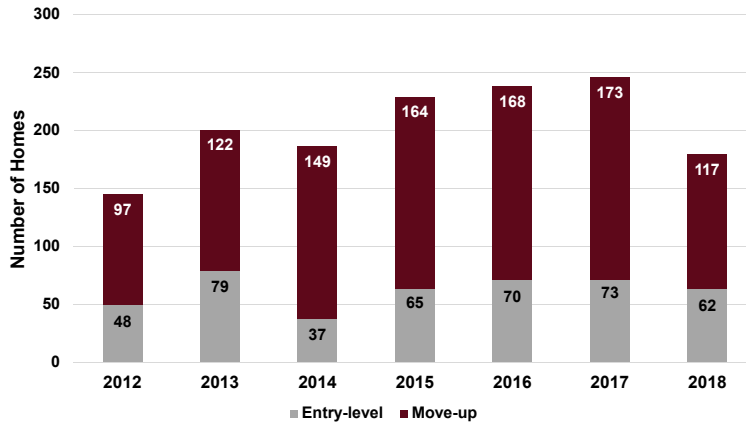
Source: American Enterprise Institute



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### New Construction by Market Segment: Missoula County



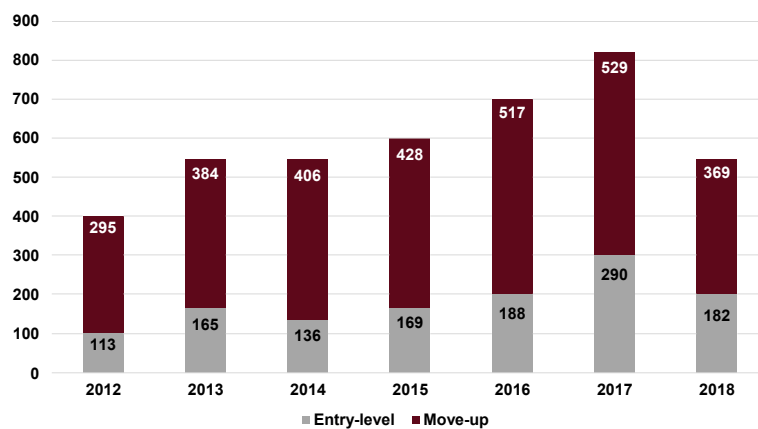
Source: American Enterprise Institute



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### New Construction by Market Segment: Yellowstone County



Source: American Enterprise Institute



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## Looking Ahead to 2020

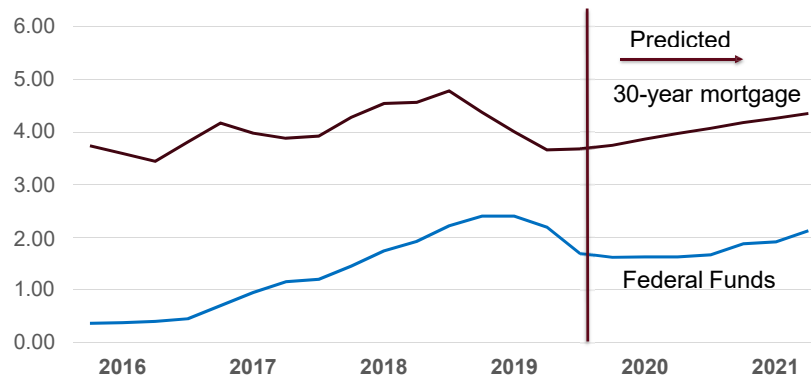
- Interest Rates Likely to Remain Low



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## Mortgage Rates Looking to Bottom Out



Source: IHS Markit



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## Outlook for 2020

- Real estate markets in Montana will remain strong
- Low interest rates will continue to drive demand
- Affordability will get worse, particularly for entry-level homes
- Lowered market risk will boost optimism



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