

# Report



# Bozeman 2023 Economic and Market Update

Prepared for:

**City of Bozeman, MT**  
**Economic Development Department**

**BOZEMAN**<sup>MT</sup>

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*The Economics of Land Use*

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# 1. City Snapshot and Summary

This report provides an overview of the City of Bozeman and Gallatin County, Montana economy, key growth trends, commercial real estate trends, and the housing market and housing demand. The intended audiences are economic developers, real estate developers and investors, lenders, and policymakers. The purpose is to provide information on growth trends by area, economic growth by industry, wages, and housing demand and affordability to help the community track trends, progress, and potential threats. This 2023 report is part of a series of annual updates to track market conditions in the city and county.

## City Snapshot

Bozeman, situated within Gallatin County (pop. 128,966), has a population of roughly 59,000 residents (Table 1). Bozeman stands out with a diverse economy, a highly educated workforce, and exceptional quality of life—a combination not often found in small cities.

Montana State University (MSU) is an anchor in the community and a strong research institution with almost 17,000 enrolled students and 4,200 faculty and staff. The area has excellent access to year-round outdoor recreation activities and uncrowded spaces. The combination of these factors has supported strong job and wage growth and demand for housing. One of the most pressing issues for the City and greater Bozeman is increasing the housing supply as the median home price is currently \$767,500 up from \$755,000 in 2022.

Bozeman is one of the fastest growing cities in the U.S. Between 2010 and 2023, the City added an estimated 22,400 residents, which translates to a growth rate of 1,721 new residents per year or an annual growth rate of 3.8 percent (**Table 1**). Bozeman has also added an average of 1,100 housing units annually since 2018.



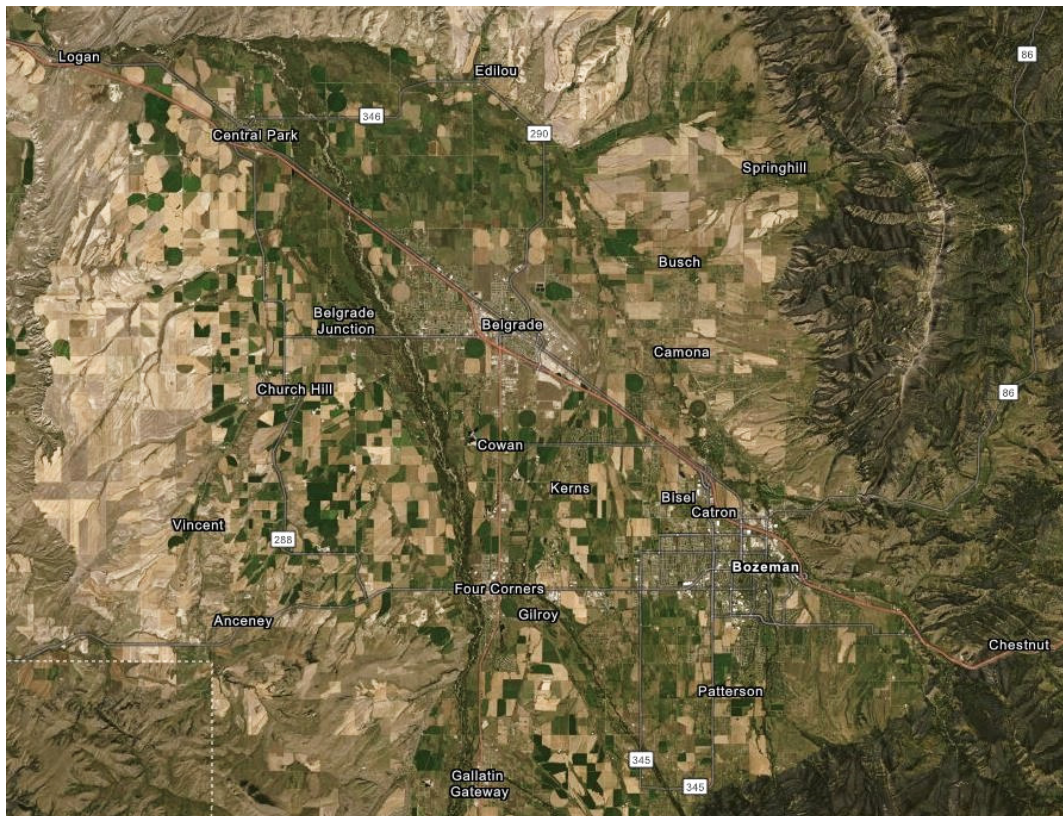
**Table 1. Population and Housing Units, 2010-2023**

Description	2010	2015	2020	2023	2010-2023		
					Total	Ann. #	Ann. %
<b>Population</b>							
Bozeman	36,440	40,319	53,293	58,814	22,374	1,721	3.8%
Belgrade	7,281	7,738	10,460	11,314	4,033	310	3.4%
Manhattan	1,396	1,191	2,086	2,167	771	59	3.4%
Other/Uninc.	44,541	51,491	53,121	56,671	12,130	933	1.9%
Gallatin County	<b>89,658</b>	<b>100,739</b>	<b>118,960</b>	<b>128,966</b>	<b>39,308</b>	<b>3,024</b>	<b>2.8%</b>
Bozeman % of County Pop.	<b>40.6%</b>	<b>40.0%</b>	<b>44.8%</b>	<b>45.6%</b>	<b>56.9%</b>		
<b>Housing Units</b>							
Bozeman	16,761	18,293	23,535	26,189	9,428	725	3.5%
Belgrade	3,154	3,308	4,339	4,714	1,560	120	3.1%
Manhattan	574	653	872	914	340	26	3.6%
Other/Uninc.	20,841	23,715	24,089	25,678	4,837	372	1.6%
Gallatin County	<b>41,330</b>	<b>45,969</b>	<b>52,835</b>	<b>57,495</b>	<b>16,165</b>	<b>1,243</b>	<b>2.6%</b>
Bozeman % of County (HU)	<b>40.6%</b>	<b>39.8%</b>	<b>44.5%</b>	<b>45.6%</b>	<b>58.3%</b>		

Source: US Census; ESRI Business Analyst; Economic & Planning Systems

Most of the county’s population is within the Gallatin Valley, which is the area comprised of Manhattan, Belgrade, Bozeman (I-90 Corridor), and Four Corners and Gallatin Gateway (both unincorporated). The most urbanized area of the county is the “Triangle” area that includes Belgrade, Bozeman, and Four Corners (**Figure 1**).

**Figure 1. Gallatin Valley Region**



The Bozeman economy has eight key segments that distinguish it from other mid-sized cities and recreation or resort-oriented mountain communities:

- **Higher Education** – In 2022, Montana State University (MSU) had 16,688 students enrolled and 4,250 faculty and staff. MSU is one of [131 R1 research institutions](#) with “very high research activity” within the Carnegie Classification of Institutions of Higher Education (Indiana University).

**Table 2. MSU Enrollment, 2001-2022**

Enrollment Trends	2001	2010	2015	2020	2021	2022	2001-2022	
							Total	Ann. %
Undergraduate	10,538	11,579	13,707	14,240	14,668	14,631	4,093	1.6%
Graduate	1,208	1,986	1,981	2,009	2,173	2,057	849	2.6%
<b>Total</b>	<b>11,746</b>	<b>13,565</b>	<b>15,688</b>	<b>16,249</b>	<b>16,841</b>	<b>16,688</b>	<b>4,942</b>	<b>1.7%</b>

Source: Montana State University; Economic & Planning Systems

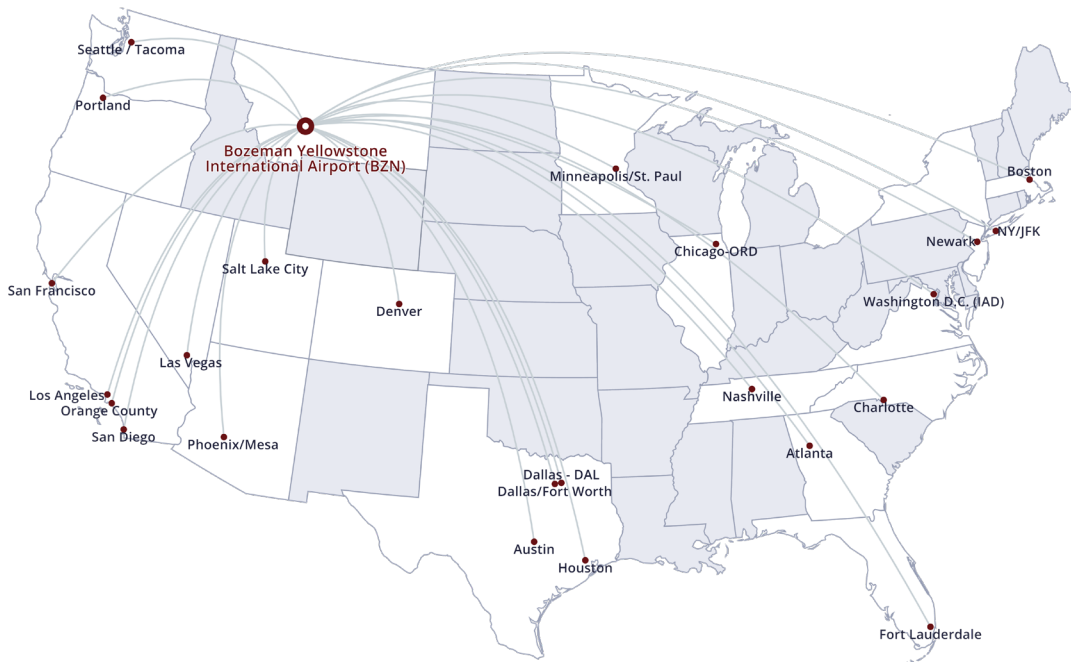
- **Tourism and Recreation** – Bozeman is a “gateway community” for world class recreation including the Bridger Bowl and Big Sky ski areas, pristine rivers and streams, and Yellowstone and Glacier National Parks. Bozeman Yellowstone International Airport (BZN) is a major tourism (and business) driver with over 2.2 million passengers in 2022. Many of the 1.6 million visitors entering Yellowstone National Park at West Yellowstone pass through BZN and Bozeman, making this region an international destination. During the busy seasons, one can hear several foreign languages spoken on the streets and in restaurants in Bozeman.
- **Health Care** – Bozeman Health is a regional hub for health care in Southwest Montana, employing over 1,000 people. There are numerous other clinics and medical offices clustered around the hospital and located throughout Bozeman.
- **Technology** – Bozeman is a hub for technology and research and development companies that have both started in or moved to Montana. Major employers range from companies focusing on software development to photonics R&D and manufacturing. Photonics and optical technology are an important technological cluster, as are technology firms such as Oracle, Workiva, Aurora, Hyundai, Zoot Enterprises, and numerous startups. The new MonArk Quantum Foundry, a partnership between MSU and the University of Arkansas, is advancing quantum technologies (using the quantum states of subatomic particles in computing). It is funded with more than \$20 million in grants through a program designed to make the United States a leader in the next quantum revolution as part of the National Science Foundation’s “10 Big Ideas”.
- **Manufacturing** – There are numerous manufacturing firms in Greater Bozeman ranging from outdoor companies (Simms Fishing, Mystery Ranch) to optical technology, materials science, electronics, and aerospace, and even a Gibson Guitar factory.

- **Retail and Hospitality** – Bozeman retailers serve at least a 50-mile radius trade area, making it the premier retail, services, and health care hub in Southwest Montana. Downtown Bozeman is a vibrant main street with independent shops, restaurants, and breweries serving locals and visitors.
- **Creative Arts** – The City has many businesses that provide goods and services based on intellectual property and individual creativity. These businesses include publishing, film, TV, media, design, technology, performing arts, and museums and galleries.
- **Montana State University Innovation Campus** – The MSUIC hosts the only SCIF (Secure Compartmental Information Facility) in the State of Montana and facilitates classified research for both government agencies and the private sector.

## BZN Airport

In 2022, Bozeman Yellowstone International Airport (BZN) handled a record-breaking 2,264,424 passengers, marking a 16.7% increase from the previous year's record of 1,940,191. BZN served as the choice for over 40% of air travelers to or from Montana in 2022, solidifying its role as a crucial transportation hub in the state.

BZN also supports the tourism and recreation economy of the region, including numerous guide services and Big Sky and Bridger Bowl ski areas. BZN has direct flights to numerous metropolitan areas.



## Comparison Cities

In **Table 3**, Bozeman is compared to several other western cities with similar characteristics including Missoula, MT; Fort Collins, CO; Boulder, CO; Bend, OR; and Billings, MT. Bozeman is a young city with a median age of 28.2. Like Boulder and Fort Collins, the age is influenced by the presence of a large university.

Bozeman is one of the highest income cities in Montana, with a median household income among homeowners of just under \$98,495 compared to \$80,420 in Billings and \$86,284 in Missoula (host city of the University of Montana). The income among homeowners is the most relevant comparison here because the overall median household income in communities with a large college or university is often skewed lower by the large student population (often renters), as the data show.

The mix of jobs in each community is similar, with retail trade and health care being among the largest sectors in each community. In addition, sectors that experienced the largest growth from 2017 through 2022 among the peer communities included health care, professional and technical services, and construction.

In each community, the number of students as a percentage of population is significant. In Bozeman, students equate to an estimated 28.4 percent of the population similar to Boulder and Bend. In Fort Collins, the largest of the comparison cities, the student population equates to about 17 percent of the population. The large student population has an impact on the rental housing supply and Bozeman is interested in additional multifamily and student housing.



**Table 3. Peer City Summary**

Description	Bozeman, MT	Billings, MT	Missoula, MT	Fort Collins, CO	Boulder, CO	Bend, OR
<b>Demographics</b>						
Population	58,814	115,689	73,300	166,788	104,930	97,042
Median Age	28.2	37.6	33.6	30.0	28.9	38.8
% Renter Households	55.4%	35.5%	53.5%	47.0%	52.3%	37.7%
<b>Median Household Income</b>						
Owner	\$98,495	\$80,420	\$86,284	\$107,459	\$130,314	\$90,683
Renter	\$49,543	\$38,725	\$36,854	\$47,690	\$43,834	\$57,135
All Households	\$67,354	\$63,608	\$54,423	\$72,932	\$74,902	\$74,253
<b>Employment<sup>1</sup></b>						
# of Jobs (2022)	58,482	76,410	53,277	134,929	164,074	78,982
Top 3 Sectors						
#1	Retail	Health Care	Health Care	Retail	Prof. and Tech. Svcs.	Health Care
#2	Hotel/Restaurant	Retail	Retail	Hotel/Restaurant	Manufacturing	Retail
#3	Construction	Hotel/Restaurant	Hotel/Restaurant	Health Care	Health Care	Hotel/Restaurant
Top 3 Growth Sectors ('17-'22)						
#1	Construction	Construction	Prof. and Tech. Svcs.	Prof. and Tech. Svcs.	Prof. and Tech. Svcs.	Health Care
#2	Hotel/Restaurant	Health Care	Construction	Health Care	Manufacturing	Construction
#3	Retail	Finance	Manufacturing	Manufacturing	Information	Prof. and Tech. Svcs.
<b>Higher Education</b>						
Major Colleges/Universities	Montana State University	Montana State University	University of Montana	Colorado State University	University of Colorado	Oregon State University - Cascades
Enrollment (Fall 2022)	16,688	4,057	9,955	27,956	36,122	1,271
% of Total Population	28.4%	3.5%	13.6%	16.8%	34.4%	1.3%

Source: U.S. Census ACS 2021 5-year, QCEW, Economic & Planning Systems

<sup>1</sup> Employment data is at the county level

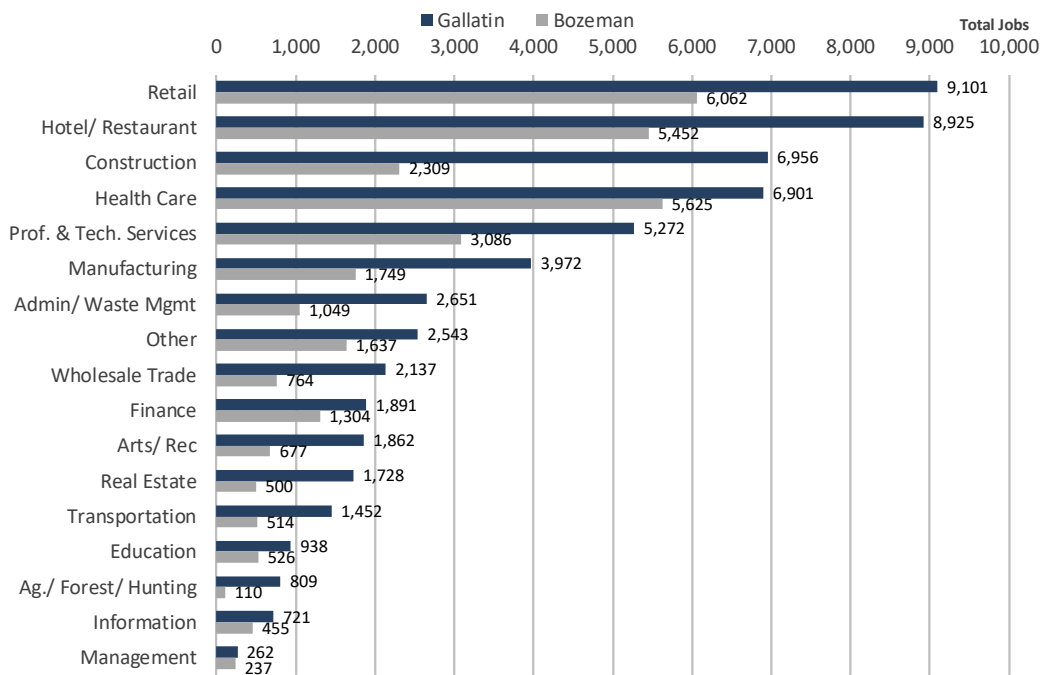
## 2. Economy

### Economic Trends

Bozeman and Gallatin County have a diverse economy driven by key segments that distinguish it from other midsize cities. While retail trade and hotels and restaurants are large sectors, Bozeman and Gallatin County also have significant numbers of jobs in construction, health care, professional and technical services, manufacturing, finance and insurance, and business services (admin./waste mgt. services). The largest employers in the city, each with over 1,000 employees, include Montana State University and Bozeman Health Deaconess Regional Medical Center. As of 2022 there were approximately 69,632 private wage and salary jobs in the county and at least 98,000 total jobs including proprietors and government (including MSU). Over half of the jobs in the county are within the City of Bozeman. A key industry cluster in Bozeman is photonics with over 1,000 workers spanning multiple industries (approximately 0.3 percent of the U.S. photonics jobs<sup>1</sup>).



**Figure 2. Private Wage and Salary Employment, Bozeman and Gallatin County, 2022**

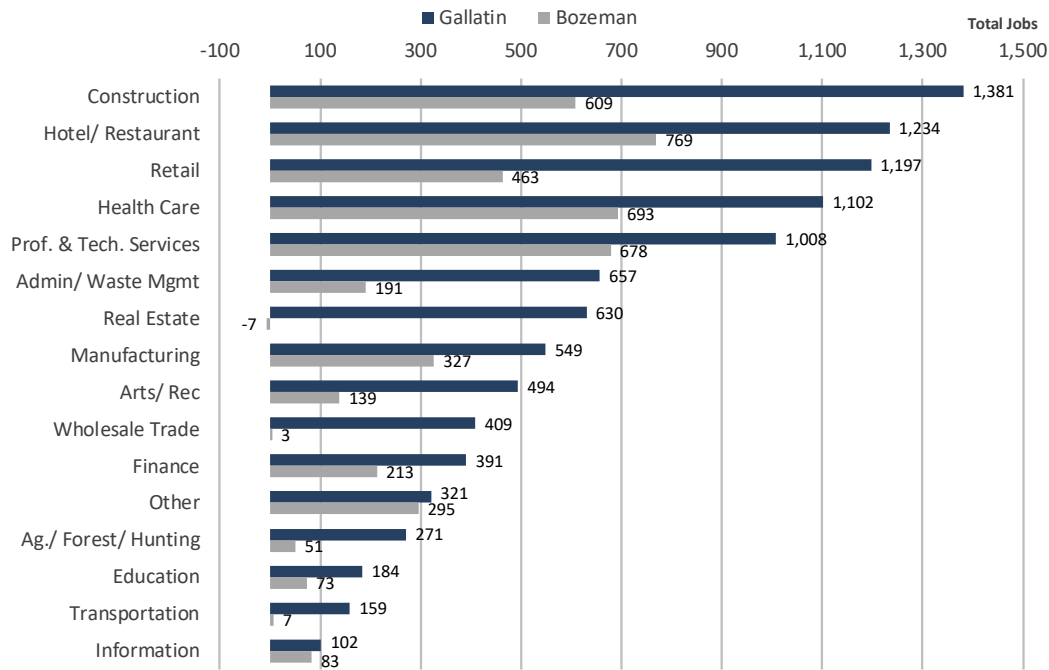


Source: Montana DLI, BLS QCEW, Economic & Planning Systems

<sup>1</sup> <https://www.montanaphotonics.org/>

Between 2017 and 2022, Gallatin County added 10,191 private wage and salary jobs (3.9 percent per year), with Bozeman capturing approximately 45 percent of the growth. Employment growth was driven by Construction, Hotels and Restaurants, and Retail (**Figure 3**). Construction jobs, which are largely cyclical, experienced the highest amount of job growth in the county. In Bozeman, construction was outpaced by job growth in hotels and restaurants, professional and technical services, and health care.

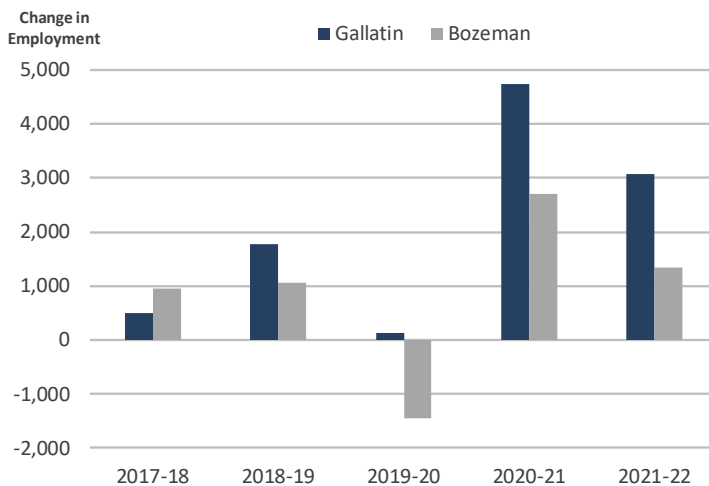
**Figure 3. Private Employment Growth, Bozeman and Gallatin County, 2017-2022**



Source: Montana DJI, BLS QCEW, Economic & Planning Systems

Bozeman and Gallatin County experienced only minor job impacts from the COVID-19 pandemic. From 2019-2020, the data recorded a small increase in jobs in the county as a whole, and a loss of about 1,500 jobs in Bozeman (**Figure 4**). There has been a strong recovery since the pandemic with Gallatin County adding more than 4,500 jobs in 2021, over half of which were within Bozeman. Job growth continued to be strong into 2022.

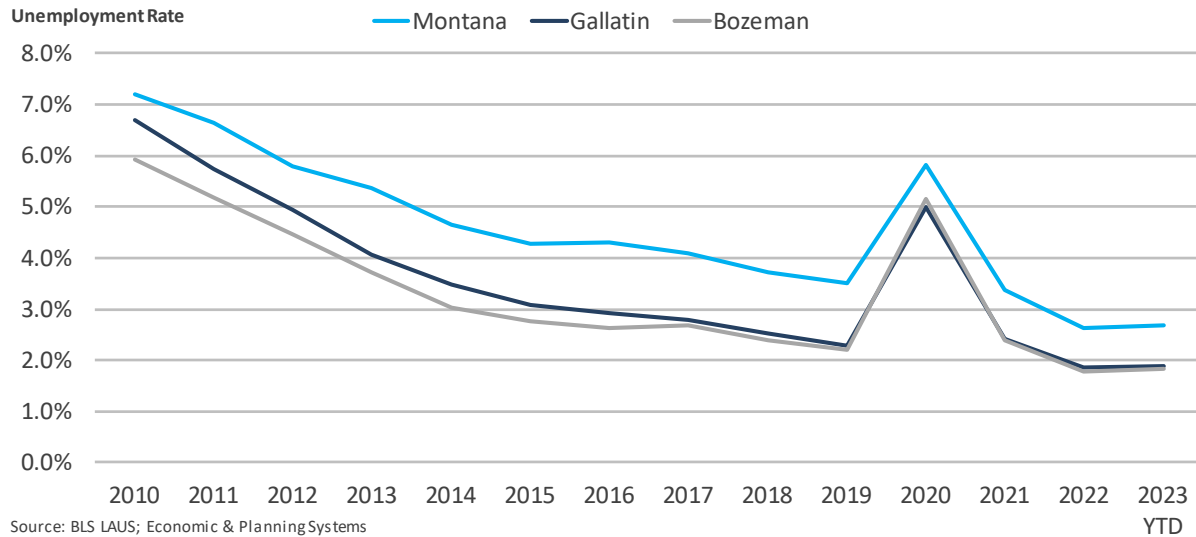
**Figure 4. Annual Change in Private Employment, 2017-2022**



Source: QCEW, Montana DJI, Economic & Planning Systems

Since peaking in 2020 due to COVID-19, unemployment rates in Bozeman and Gallatin County sharply dipped in 2021 and continued to reduce at a lower rate in 2022, mirroring statewide trends in Montana. In May 2023, both Bozeman and Gallatin County had unemployment rates of 1.9 percent.

**Figure 5. Unemployment Rate, 2010-2023**



### GALLATIN COUNTY TOP PRIVATE EMPLOYERS, 2022

DESCRIPTION	INDUSTRY/ EMPLOYMENT TYPE	NUMBER OF EMPLOYEES
Albertsons	Retail Trade	100 to 249
Bozeman Health Regional Medical Center	Health Care	1,000 and over
Bozeman Health Medical Group	Health Care	100 to 249
Bridger Bowl	Ski Resort	100 to 249
Community Food Co-Op	Retail Trade	100 to 249
Costco	Retail Trade	100 to 249
Gibson Guitars	Manufacturing	100 to 249
Glacier Bancorp	Finance/ Insurance	100 to 249
Kenyon Noble Lumber & Hardware	Retail Trade	250 to 499
Lone Mountain Land Company	Construction	100 to 249
Montage Big Sky	Hotel/ Restaurant	100 to 249
Murdoch's Ranch & Home Supply	Retail Trade	100 to 249
Oracle America	Technology	250 to 499
Ressler Motors	Retail Trade	100 to 249
Target	Retail Trade	100 to 249
Town & Country Foods	Retail Trade	100 to 249
Town Pump	Retail Trade	250 to 499
Wal Mart	Retail Trade	250 to 499
Williams Plumbing & Heating	Construction	100 to 249
Zoot Enterprises	Technology	100 to 249

Source: Montana Department of Labor and Employment, Economic & Planning Systems

# Wages

The region continues to experience strong wage growth. Average annual wages in Gallatin County increased at a rate of 7 percent per year between 2017 and 2022 (**Table 4** and **Table 5**). The construction industry added more than 1,300 jobs, while the average wages within the Administrative and Support and Waste Management and Remediation Services and the Accommodation and Food Services industries grew at 8.5% and 8.3% annually. Wages in technology and professional service jobs grew by 6.1 percent per year.

**Table 4. Job and Wage Growth, Top Sectors, Gallatin County, 2017-2022**

Description	2017-2022 Job Growth	2017 Avg. Wage	2022 Avg. Wage	Annual Wage Growth
<b>All Jobs/Sectors</b>	<b>10,191</b>	<b>\$41,855</b>	<b>\$58,645</b>	<b>7.0%</b>
Construction	1,381	\$52,333	\$71,702	6.5%
Hotel/ Restaurant	1,234	\$20,505	\$30,528	8.3%
Retail	1,197	\$32,106	\$44,516	6.8%
Health Care	1,102	\$46,977	\$60,672	5.2%
Prof. & Tech. Services	1,008	\$72,550	\$97,540	6.1%
Admin/ Waste Mgmt	657	\$33,943	\$50,961	8.5%

Source: Bureau of Labor Statistics QCEW; Economic & Planning Systems

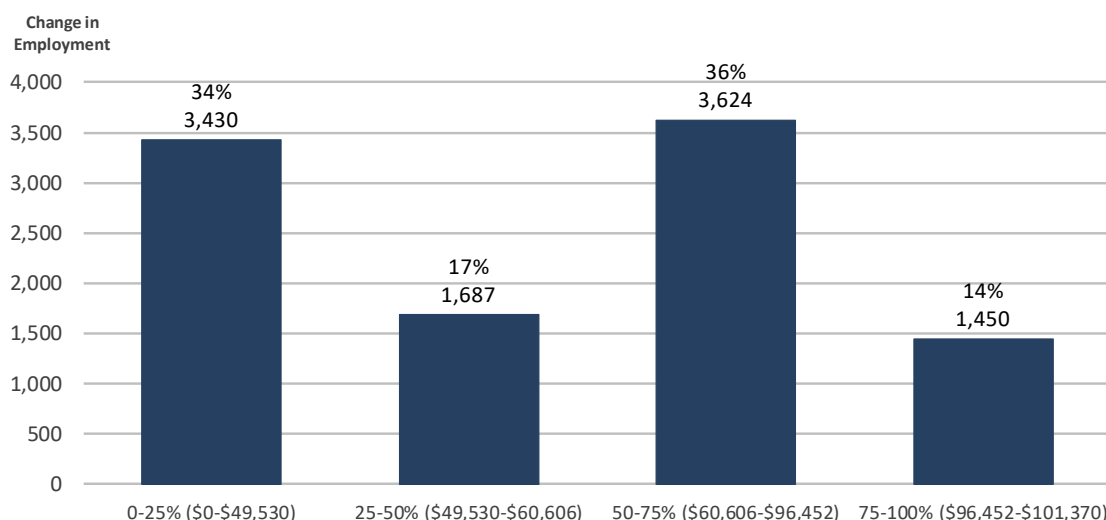
**Table 5. Changes in Jobs and Wages for Key Sectors, Gallatin County, 2019-2022**

Description	Employment	2017 Avg. Wage	Employment	2022 Avg. Wage	Employment	2021-2022 Wages
<b>Actual Change</b>						
<b>All Jobs/Sectors</b>	<b>125</b>	<b>\$5,485</b>	<b>4,730</b>	<b>\$3,701</b>	<b>3,079</b>	<b>\$3,844</b>
Construction	318	\$3,015	382	\$5,287	173	\$6,492
Hotel/ Restaurant	-1,267	\$1,671	1,328	\$3,868	686	\$2,331
Retail	-139	\$3,571	624	\$3,247	287	\$3,282
Health Care	-26	\$4,044	561	-\$1,918	347	\$6,528
Prof. & Tech. Services	161	\$12,048	281	\$770	163	\$9,363
Admin/ Waste Mgmt	-72	\$2,921	146	\$3,920	246	\$8,054
<b>Percentage Change</b>						
<b>All Jobs/Sectors</b>	<b>0.2%</b>	<b>12.0%</b>	<b>9.3%</b>	<b>7.2%</b>	<b>5.6%</b>	<b>7.0%</b>
Construction	5.2%	5.3%	6.0%	8.8%	2.6%	10.0%
Hotel/ Restaurant	-15.5%	7.4%	19.2%	15.9%	8.3%	8.3%
Retail	-1.7%	10.4%	7.6%	8.5%	3.3%	8.0%
Health Care	-0.4%	7.8%	9.4%	-3.4%	5.3%	12.1%
Prof. & Tech. Services	3.4%	16.0%	5.8%	0.9%	3.2%	10.6%
Admin/ Waste Mgmt	-3.1%	8.1%	6.5%	10.1%	10.2%	18.8%

Source: Bureau of Labor Statistics QCEW; Economic & Planning Systems

Wage growth in the region is concentrated below about \$50,000 per year (below \$24 per hour) and between \$60,000 and \$90,000 per year (\$29 to \$46 per hour) from 2017 through 2022 (**Figure 6**). The 25<sup>th</sup> percentile of wages accounted for 34 percent of job growth, or 3,400 jobs, with wages up to just under \$50,000 per year. Jobs in the 50<sup>th</sup> to 75<sup>th</sup> percentile wages comprised 36 percent of new jobs, or 3,600 new jobs. In addition, 14 percent of jobs added between 2017 and 2022 were between the 75<sup>th</sup> and 100<sup>th</sup> percentile of wages, at \$96,000 to \$101,000 per year (\$46 to \$48 per hour). The drivers of high-wage jobs include construction, health care, and professional/technical services.

**Figure 6. Change in Employment by Wage Quartile, Gallatin County, 2017-2022**



Source: BLS QCEW, Economic & Planning Systems

## Economic Drivers

The regional workforce is highly skilled and well educated. Approximately 59.8 percent of Bozeman’s workforce has a bachelor’s degree or higher (**Table 6**). Only Boulder exceeds Bozeman in this ranking, with 62.8 percent of its population having a bachelor’s degree or higher. The presence of MSU and the high concentration of professional and high skill jobs—such as technology and health care—are drivers of the highly educated local workforce. Places with a high quality of life are also able to attract skilled labor as highly educated skilled workers have more choices and flexibility in where they choose to work and live.

**Table 6. Population 25+ by Educational Attainment, Bozeman, 2022**

Education Level	Bozeman	Billings	Boulder	Bend	Fort Collins	Missoula
Population 25+	37,259	84,973	64,468	74,433	107,845	51,832
High School or Less, No Diploma	1.9%	4.5%	2.7%	3.7%	2.9%	3.1%
High School Graduate or Equivalent	12.8%	26.5%	5.4%	15.4%	14.5%	17.4%
Some College, No Degree	17.1%	22.1%	9.0%	21.1%	15.3%	19.7%
Associate's Degree	5.3%	9.0%	4.3%	10.4%	8.8%	8.5%
Bachelor's Degree	35.8%	24.5%	38.7%	30.2%	33.7%	30.6%
Graduate/ Professional Degree	<u>27.0%</u>	<u>13.5%</u>	<u>40.0%</u>	<u>19.0%</u>	<u>24.7%</u>	<u>20.7%</u>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Bachelor’s Degree or Higher</b>	<b>62.8%</b>	<b>38.0%</b>	<b>78.7%</b>	<b>49.2%</b>	<b>58.4%</b>	<b>51.3%</b>

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

### 3. Commercial Real Estate

This chapter provides an overview of the commercial real estate trends and conditions in Bozeman and Gallatin County. This analysis includes a summary of the total inventory, rental rates, vacancy rates, and deliveries. Commercial real estate data comes from CoStar, a subscription real estate database and market information service.

#### Office Market Trends

From 2010 to the second quarter of 2023, total office space in Gallatin County grew by approximately 972,000 square feet, or an average of 78,000 square feet annually. This upward trend has persisted in recent years, with roughly 153,000 square feet added to the region since 2020. Net inventory growth is determined by subtracting the square footage lost due to demolitions or conversions from the square footage gained through new construction (**Table 7**). Bozeman is the central hub for office space with Gallatin County, holding 72.3 percent of the entire county's office inventory. In terms of the direction of the market, Bozeman captured 66 percent of new office construction in Gallatin County since 2010 and nearly 100 percent of the market since 2020.

Bozeman average office lease rates have increased from \$21.98 in 2020 to \$26.35 per square foot this year. New construction rents are considerably higher in the \$30 per square foot range. Over the last decade, office vacancy rates in Gallatin County and Bozeman have consistently stayed below 4.0 percent. By the close of 2022, both the city and county reached unprecedented lows in average vacancies, recording rates of 1.7 percent and 1.4 percent, respectively. Presently, vacancy rates stand at 2.8 percent for the city and 2.7 percent for the county.

Data on office construction or “deliveries” show more detail on market activity than the broader inventory trends. Since 2014, all newly developed office space tracked by CoStar has been exclusively located in Bozeman. From 2010 to Q2 2023 Bozeman delivered 620,210 square feet of office, accounting for roughly 66 percent of the total office growth in all of Gallatin County (**Figure 7**).



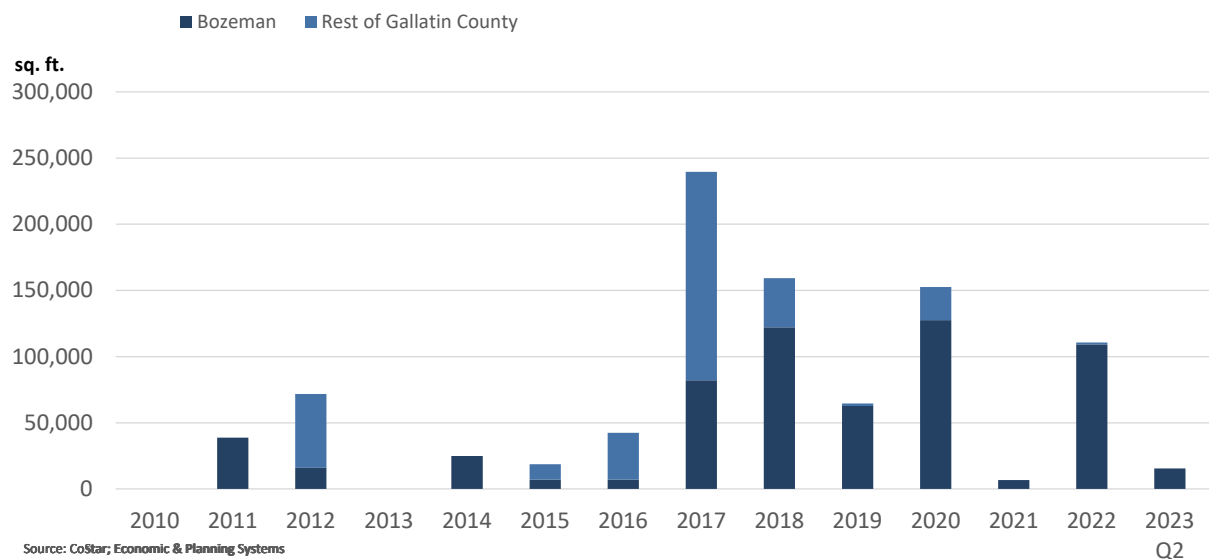


**Table 7. Office Summary , 2010-2023 Q2**

Description	2010	2015	2020	2021	2022	2023 Q2		
<b>Inventory</b>								
Bozeman	2,201,835	2,288,786	2,690,529	2,718,398	2,827,611	2,843,221		
Gallatin County	2,963,002	3,117,373	3,780,726	3,808,595	3,919,198	3,934,808		
<i>Bozeman as Pct. of County</i>	74.3%	73.4%	71.2%	71.4%	72.1%	72.3%		
<b>Avg. Rent</b>								
Bozeman	\$11.76	\$14.64	\$21.98	\$22.34	\$24.58	\$26.35		
Gallatin County	\$11.75	\$14.60	\$20.98	\$20.98	\$22.30	\$24.33		
<b>Avg. Vacancy</b>								
Bozeman	3.3%	3.1%	2.9%	2.4%	1.7%	2.8%		
Gallatin County	3.0%	3.4%	2.5%	2.6%	1.4%	2.7%		
			<b>Change 2010-2023 Q2</b>			<b>Change 2020-2023 Q2</b>		
Description	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %		
<b>Inventory</b>								
Bozeman	641,386	51,311	2.1%	152,692	61,077	2.2%		
Gallatin County	971,806	77,744	2.3%	154,082	61,633	1.6%		
<i>Pct. of County</i>	66.0%			99.1%				
<b>Avg. Rent</b>								
Bozeman	\$14.59	\$1.17	6.7%	\$4.38	\$1.75	7.5%		
Gallatin County	\$12.58	\$1.01	6.0%	\$3.34	\$1.34	6.1%		

Source: CoStar; Economic & Planning Systems

**Figure 7. Office Deliveries, 2010-2023 Q2**



Some notable office and office/mixed use projects built since 2021 are listed below (**Table 8**). From 2021 to Q2 2023, Bozeman has added 132,906 square feet of office space. These newer buildings have higher rents averaging \$30 per square foot, which is higher than the market average of \$26 per square foot.

**Table 8. Recent Office Development, Bozeman**

Description	Address	Year Built	RBA	Avg Rent per sq. ft.
<b>Notable Deliveries</b>				
The Oz	2952 Technology Blvd W	2023	15,610	\$32.60
Aspen Crossing	505 W Aspen St	2022	64,000	\$35.00
DA Davidson, VA Clinic	1101 E Main St	2022	33,213	\$30.00
Security Title Building	1160 29	2022	12,000	\$31.00
155 Mill Town Loop Unit A	155 Mill Town Loop Unit A	2022	1,390	\$29.46
1150 S 29th Ave	1150 S 29th Ave	2021	3,716	\$28.87
718 W Babcock St	718 W Babcock St	2021	2,977	\$29.10
<b>Total/Average</b>			<b>132,906</b>	<b>\$30.17</b>

Source: CoStar; Economic & Planning Systems

Other notable and proposed office and mixed-use developments are listed and described below.

**RUH Building** – Situated in North 7<sup>th</sup> Midtown Urban Renewal District, the RUH Building is a mixed use building anchored by a brewery on the ground floor and 16 apartments on the upper two floors.



Photo Courtesy: [JDS Architects](#)

**Aurora Building** – Aurora Innovation, an autonomous vehicle company, is building a 78,000 square foot R&D facility on the MSU Innovation Campus. It will include advanced manufacturing space and clean room facility.



**Aspen Crossing** – Aspen Crossing at 505 West Aspen, a prominent 3-story development, stands out as one of the most significant additions to Midtown. It is currently home to Bourbon, a BBQ restaurant and whiskey bar, and the Ponderosa Social Club. The building also has an array of office spaces and third floor condominiums.



Photo Courtesy: [Saul Creative](#)

**Industry** – Industry is an 87,000 square foot collaborative workspace and incubator building proposed by the developer of Industry in the River North neighborhood in Denver, CO. The building broke ground in 2022 and is expected to be complete in 2023. The project will bolster MSU’s 42-acre Innovation Campus, with goals of providing workplace innovation and creating open collaboration between local and national enterprise in conjunction with MSU.



**Cannery District** – Advertised as Bozeman’s most vibrant commercial, retail, and residential community, the Cannery District has approximately 111,000 square feet of office and retail space. It also includes a 52-unit market rate apartment complex built in 2020, aptly named Cannery Flats.

The Cannery District incorporates adaptive reuse of historic buildings and is currently home to 25 professional and technology companies, 13 architecture engineering and design firms, 12 retail shops, 11 health and wellness establishments, 8 restaurants, and 2 nonprofits.



# Industrial/Flex Market

Between 2010 and Q2 2023, industrial space in Gallatin County grew by roughly 827,000 square feet, or an average of 66,000 square feet annually (**Table 9**). Industrial growth in the city has slowed dramatically, with approximately 2,500 square feet added since 2020, or nearly 1,000 square feet per year. In contrast, the rest of the county added about 278,000 square feet of industrial space, indicating that Bozeman's market share was less than one percent of the market growth. The lower land costs in areas outside of the city are a large factor driving the growth of industrial space in other parts of Gallatin County including Four Corners and Belgrade. However, there is still a market in Bozeman for higher value industrial uses and flex/R&D space. This is especially true for companies that are interested in leveraging Bozeman's strategic location and benefiting from the City's well-developed municipal infrastructure and amenities.

Since 2010, rental rates in Gallatin County have grown by 6.2 percent annually, while Bozeman experienced a 3.3 percent growth rate. As of Q2 2023, industrial rents in Bozeman averaged \$16.06 per square foot, compared to \$14.63 in Gallatin County. Average industrial rents in Bozeman actually dropped slightly in Bozeman over the past two and a half years. Vacancy rates in both the city and county have remained low for the past decade, with current vacancy rates at 3.3 percent in Bozeman and 2.0 percent in Gallatin County. These vacancy rates are up compared to the previous year due to the addition of new industrial space, but still remain low.

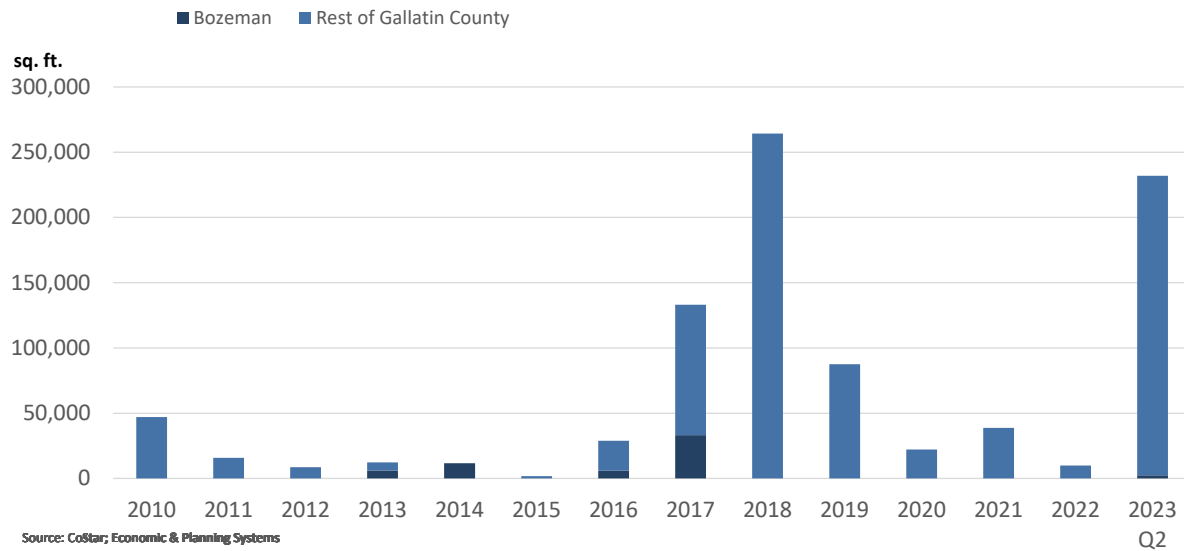
**Table 9. Industrial Summary, Gallatin County, 2010-2021**

Description	2010	2015	2020	2021	2022	2023 Q2
<b>Inventory</b>						
Bozeman	910,616	928,526	938,810	938,810	938,810	941,304
Gallatin County	3,295,993	3,334,838	3,841,931	3,880,686	3,890,686	4,122,668
<i>Bozeman as Pct. of County</i>	27.6%	27.8%	24.4%	24.2%	24.1%	22.8%
<b>Avg. Rent</b>						
Bozeman	\$10.67	\$10.15	\$17.44	\$22.32	\$21.14	\$16.06
Gallatin County	\$6.88	\$6.18	\$12.73	\$14.04	\$16.90	\$14.63
<b>Avg. Vacancy</b>						
Bozeman	1.4%	3.1%	2.1%	0.1%	3.1%	3.3%
Gallatin County	2.5%	2.9%	1.5%	0.6%	1.0%	2.0%
<b>Change 2010-2023 Q2</b>						
Description	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
<b>Inventory</b>						
Bozeman	30,688	2,455	0.3%	2,494	998	0.1%
Gallatin County	826,675	66,134	1.8%	280,737	112,295	2.9%
<i>Pct. of County</i>	3.7%			0.9%		
<b>Avg. Rent</b>						
Bozeman	\$5.39	\$0.43	3.3%	-\$1.38	-\$0.55	-3.2%
Gallatin County	\$7.75	\$0.62	6.2%	\$1.90	\$0.76	5.7%

Source: CoStar; Economic & Planning Systems

In all of Gallatin County, 914,288 square feet of industrial space were delivered since 2010 (**Figure 8**). Of these deliveries, 6.5 percent were located in Bozeman.

**Figure 8. Industrial Deliveries, 2010-2023 Q2**



Most of the recent industrial and flex construction in the area has been outside the city in the Four Corners area of Gallatin County.

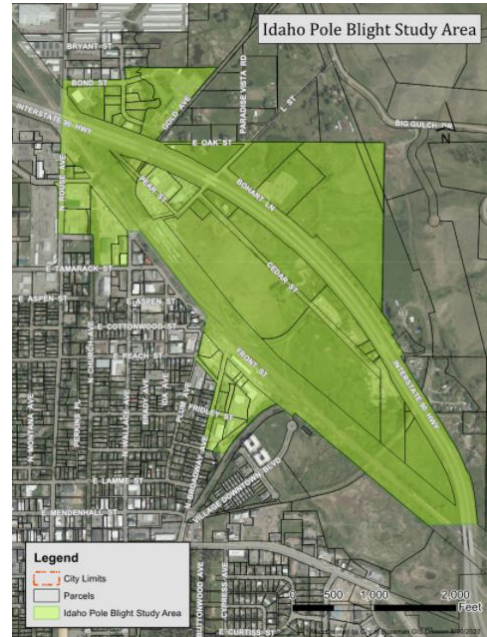
**Table 10. Recent Industrial/Flex Projects, Bozeman**

Description	Address	Year Built	RBA	Avg Rent per sq. ft.
<b>Notable Deliveries</b>				
Revive Salon, Aurore Bakery, Hybrid Motion, LLC	141 Baxter Lane West	2023	34,000	\$6.24
Swiss Plaza Condo	2994-3016 N 27th Ave	2023	2,494	\$5.78
Honey Sour Four Corners	125 Ginger Bear Ln	2022	5,000	\$6.64
<b>Total/Average</b>			<b>41,494</b>	<b>\$6.22</b>

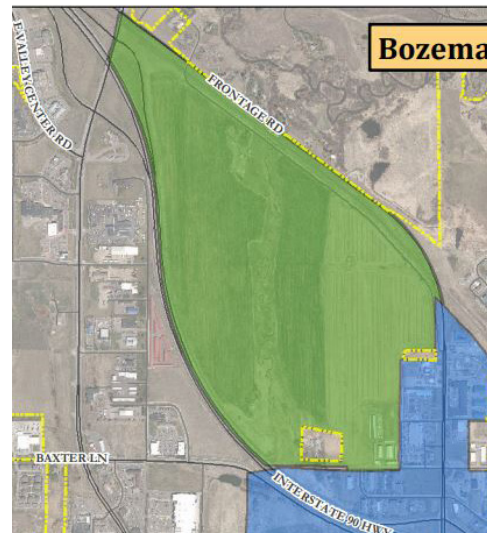
Source: CoStar; Economic & Planning Systems

There are three large sites in Bozeman that can support more industrial and business park development as described on the following page.

**Pole Yard Urban Renewal District** – An 87-acre site located between Interstate 90 corridor and Montana Rail Link right-of-way. Portions of the site include a partially delisted Superfund site owned by the Idaho Pole Company. There are environmental restrictions that limit residential development at the property, and any restrictions must be approved by the EPA and Montana Department of Environmental Quality (DEQ). Nevertheless, the site could still foster commercial development activity in the future.



**North Park Urban Renewal District** – A 275-acre area in north Bozeman east of I-90 and west of Frontage Road. The site is currently vacant, but previous plans at the site have included 790,000 square feet of light industrial space and nearly 500,000 square feet of flex space. A rail siding off the Burlington-Northern Santa Fe main rail line was recently completed.



**Nelson Meadows Business Park** – A master planned commercial subdivision located in northwest Bozeman at the corner of Nelson Road and Frontage Road. The site is comprised of 27 building lots that vary in size from 0.7 acres to 5.27 acres. The site has direct access to I-90 and is zoned M-1 for Light Manufacturing. All but 4 lots have been sold.



# Retail Market

Bozeman is the regional trade hub for Gallatin County and serves a roughly 50-mile radius. Gallatin County has an estimated 6.2 million square feet of retail inventory, 73.4 percent or 4.6 million square feet of which is located within Bozeman (**Table 11**). Average retail rents are similar in both the city and county at approximately \$19.00 per square foot. Retail rents grew slowly at about 2.2 percent per year, which was slower than the growth in office rents at 6.0 percent per year. Vacancy rates for retail space in Bozeman and Gallatin County have been notably low since 2010 and are currently 1.1 percent.

**Table 11. Retail Summary, 2010-2023 Q2**

Description	2010	2015	2020	2021	2022	2023 Q2
<b>Inventory</b>						
Bozeman	4,149,498	4,358,021	4,481,195	4,552,195	4,583,913	4,585,599
Gallatin County	5,713,199	5,973,505	6,129,850	6,200,850	6,232,568	6,250,254
<i>Bozeman as Pct. of County</i>	72.6%	73.0%	73.1%	73.4%	73.5%	73.4%
<b>Avg. Rent</b>						
Bozeman	\$17.57	\$10.05	\$20.29	\$21.16	\$21.32	\$19.42
Gallatin County	\$14.63	\$10.03	\$20.19	\$21.38	\$21.23	\$19.24
<b>Avg. Vacancy</b>						
Bozeman	1.8%	4.3%	2.3%	1.7%	1.5%	1.2%
Gallatin County	2.1%	4.3%	2.1%	1.6%	1.3%	1.1%
<b>Change 2010-2023 Q2</b>						
Description	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
<b>Inventory</b>						
Bozeman	436,101	34,888	0.8%	104,404	41,762	0.9%
Gallatin County	537,055	42,964	0.7%	120,404	48,162	0.8%
<i>Pct. of County</i>	81.2%			86.7%		
<b>Avg. Rent</b>						
Bozeman	\$1.85	\$0.15	0.8%	-\$0.88	-\$0.35	-1.7%
Gallatin County	\$4.61	\$0.37	2.2%	-\$0.95	-\$0.38	-1.9%

Source: CoStar; Economic & Planning Systems

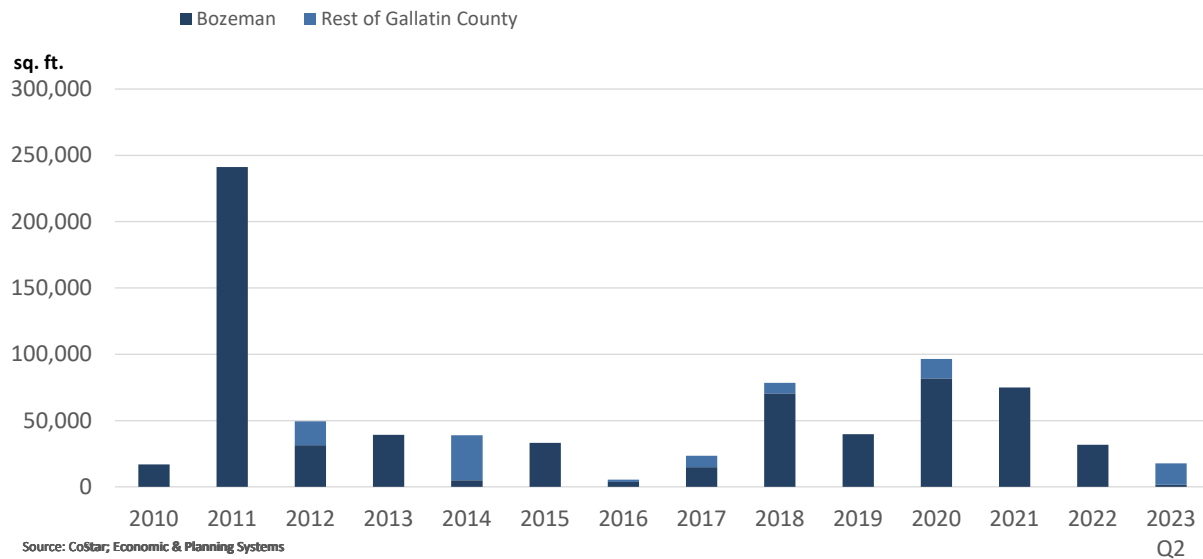
**Table 12. Recent Retail Projects, Bozeman**

Description	Address	Year Built	RBA	Avg Rent per sq. ft.
<b>Notable Deliveries</b>				
Bozeman Shopping Center	N 15th Ave	2023	22,000	\$23.60
Whole Foods	2905 W Main St	2022	31,718	\$24.36
WinCo Foods	2913 Max Ave	2021	75,000	---
<b>Total/Average</b>			<b>128,718</b>	<b>\$23.98</b>

Source: CoStar, Economic & Planning Systems

Between 2010 and Q2 2023, Bozeman delivered roughly 653,000 square feet of retail space (**Figure 9**), or 54,000 square feet per year. Just over 200,000 square feet of this was in 2011 when two large car dealerships were built on S. Cottonwood. Bozeman continues to have nearly 88 percent market share in new retail construction. Recent new retail projects include the first Whole Foods and a new WinCo Foods supermarket.

**Figure 9. Retail Deliveries, 2010-2023 Q2**





Bozeman's retail inventory is comprised of a wide variety of national grocery chains, big box retailers, and smaller local stores. There are eight full-service supermarkets in Bozeman (including the Walmart Supercenter) plus several smaller specialty food stores and independent grocers such as the Community Food Co-op. Bozeman also has several national general merchandise and home improvement anchor retailers including Costco, Target, Home Depot, Lowe's, Kohl's, and Macy's.

## BOZEMAN RETAIL INVENTORY

DESCRIPTION	STORE TYPE AVG. SQ.FT.	DESCRIPTION	STORE TYPE AVG. SQ.FT.
<b><u>Supermarkets and Grocery Stores</u></b>		<b><u>Shoppers' Goods</u></b>	
Walmart	200,550	Costco	114,512
Target	107,694	Kohl's	57,045
Rosauers Food & Drug Center	60,045	Macy's	51,828
Safeway	56,117	Sportsman's Warehouse	44,018
Smith's	55,000	Hobby Lobby	41,796
Albertsons	53,746	Bob Ward's Sports & Outdoors	30,495
Whole Foods Market	31,718	Ross Dress For Less	30,130
Heebs Fresh Market	26,449	REI	25,177
Town and Country Foods	20,404	Barnes & Noble	25,000
<b><u>Building Material and Garden</u></b>		Joann	25,000
Lowe's	99,440	Staples	22,194
The Home Depot	95,337	T.J. Maxx	21,064
Murdoch's Ranch & Home Supply	48,904	Michaels	20,372
Ashley HomeStore	30,800	Universal Athletic	20,000
Ace Hardware	24,302	Bed Bath & Beyond	19,711
Commercial Metals	24,275		
Harbor Freight Tools	19,582		

## Notable Projects

A major retail repositioning project underway is the redevelopment of the Gallatin Valley Mall. Whole Foods will be a new anchor for the redevelopment, plus the existing Macy's, Barnes & Noble, Regal Cinemas, and JoAnn Fabrics. The redevelopment strategy includes an additional 15,000 square feet of retail space, with a general concept of creating public gathering space, a main street feel, and a broad mix of tenants, including healthcare, and entertainment. SCL Health and J-Crew Factory Outlet are recent major tenants locating in the project.



Ferguson Farm is a roughly 50-acre commercial district being developed on Bozeman's west side at S. Cottonwood and Huffine (U.S. 191). It began with the Ikon Apartments, a 336 unit highly amenitized apartment building. Phase I is anchored by The Market, a 21,000 sq. ft. food hall with several food and beverage vendors and specialty shops in a common



Photo Courtesy: [Bozeman Real Estate Group](#)

space. Phase II is an additional 31 acres of mixed use development with the potential for approximately 850,000 square feet of development.

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## 4. Housing

This chapter provides an overview of the housing market in Bozeman. It summarizes building permit trends, home prices, the rental market, and key affordability indicators.

### Construction

Between 2018 and 2023 the City of Bozeman issued approximately 5,600 residential building permit units (**Table 13**), which is an average of 1,100 per year. The highest year was 2021 with 1,383 new construction permits issued.

Bozeman is building a range of housing types. Since 2018, multifamily construction (apartments and condominiums) have been the largest share of new construction with 3,700 units permitted, or 66 percent of the total. Single family detached made up 17 percent of construction, or just under 1,000 new units. Single family attached (duplex, triplex, fourplex) were 9.4 percent of construction. In 2021, the City started tracking detached accessory dwelling units (ADUs), and 64 have been permitted since then. Construction has remained strong in 2023, with 913 new permits issued as of June

**Table 13. Bozeman Building Permit Unit Trends**

Description	2018	2019	2020	2021	2022	June 2023	2018-2023		
							Total	Avg.	%
Single Family	229	167	150	195	116	112	969	194	17.3%
Duplex	--	--	--	106	40	44	190	38	3.4%
Triplex	--	--	--	39	51	63	153	31	2.7%
Fourplex	--	--	--	92	68	24	184	37	3.3%
Detached Accessory Dwelling Unit	--	--	--	25	26	13	64	13	1.1%
Multifamily / Condo	593	546	734	866	337	624	3,700	740	66.0%
Townhome	37	78	61	60	81	33	350	70	6.2%
<b>Total</b>	<b>859</b>	<b>791</b>	<b>945</b>	<b>1,383</b>	<b>719</b>	<b>913</b>	<b>5,610</b>	<b>1,122</b>	<b>100.0%</b>

Source: Economic & Planning Systems

# Housing Prices

Greater Bozeman has seen unprecedented appreciation in home prices. The current median home price is \$767,500, up 1.7 percent from 2022 YTD. Prices are still high, but the rate of appreciation has slowed. The largest price increases occurred between 2020 and 2021 with an almost 30 percent increase (**Table 14**). The median home price in the city is now \$767,500 compared to \$359,500 in 2016. This rapid increase is related to amenity migration away from large metro areas during the COVID-19 pandemic. Bozeman has already experienced steady and rapid appreciation since 2016 averaging 12.4 percent per year on the median sale price. The surrounding communities and entire county have also experienced similar trends with prices essentially doubling over the past six years.

The increase in prices has serious implications for affordability, workforce attraction and retention, and quality of life. From an investor standpoint it indicates robust demand, tight supply, and opportunities to develop in a strong market. The City is interested in ways to increase the housing supply responsibly in a way that maintains community health and wellbeing. The City has incentives for affordable and workforce housing up to 120 percent of AMI including funding for gap closure, a density bonus program, and leveraging tax increment financing through their robust urban renewal program.

**Table 14. Home Price Trends, 2016-2023 Q2**

Description	2016	2017	2018	2019	2020	2021	2022	2023 Q2	2016-2023 Q2	
									Total	Ann. %
<b>Median Sales Price</b>										
Bozeman	\$359,500	\$381,500	\$427,500	\$460,000	\$540,000	\$700,000	\$755,000	\$767,500	\$408,000	12.4%
Belgrade	\$255,000	\$287,250	\$320,000	\$340,950	\$375,000	\$535,000	\$625,000	\$614,950	\$359,950	14.5%
Greater Manhattan	\$280,000	\$307,000	\$389,000	\$416,000	\$564,750	\$640,950	\$832,500	\$585,000	\$305,000	12.0%
Gallatin County	\$310,000	\$331,150	\$374,660	\$397,500	\$439,900	\$685,000	\$811,000	\$741,500	\$431,500	14.4%
<b>YOY % Change</b>										
Bozeman	---	6.1%	12.1%	7.6%	17.4%	29.6%	7.9%	1.7%		
Belgrade	---	12.6%	11.4%	6.5%	10.0%	42.7%	16.8%	-1.6%		
Greater Manhattan	---	9.6%	26.7%	6.9%	35.8%	13.5%	29.9%	-29.7%		
Gallatin County	---	6.8%	13.1%	6.1%	10.7%	55.7%	18.4%	-8.6%		

Source: Gallatin Association of Realtors; Economic & Planning Systems

## Apartment Market

In Q2 2023, CoStar reported 5,590 apartment units in Bozeman, and an inventory increase of 208 units per year on average (**Table 15**). This only includes units within apartment buildings and does not include other rented homes. Bozeman has approximately 90 percent of the multifamily inventory in Gallatin County, as tracked by CoStar. From 2010 to Q2 2023, Bozeman delivered 2,074 apartment units (**Figure 10**), which is nearly all of the multifamily market in Gallatin County as a whole.

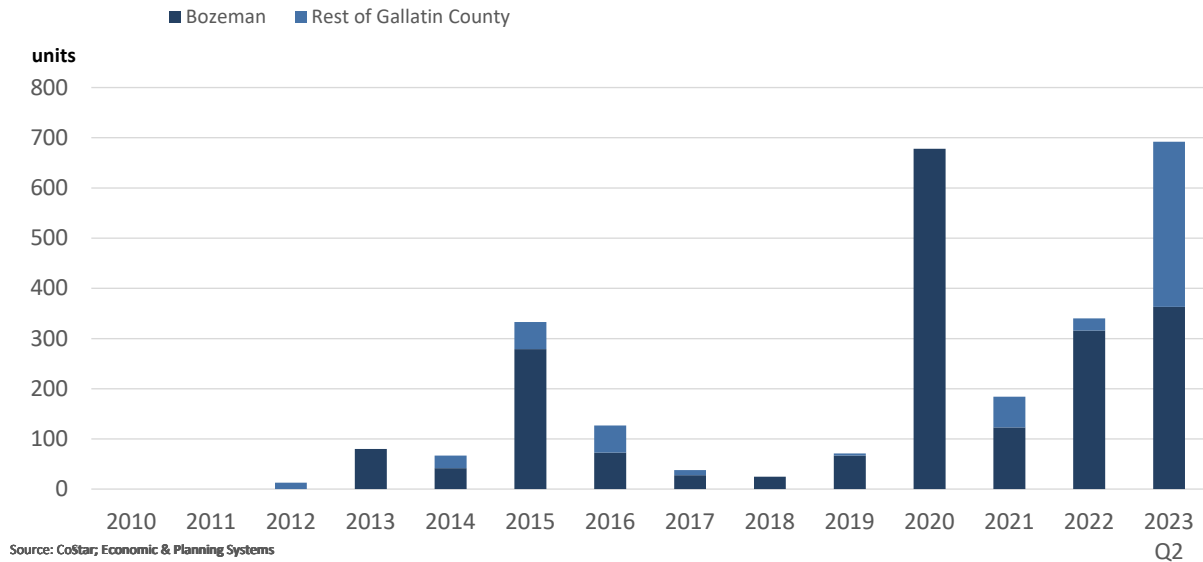
On average, vacancy rates have been consistently low over the past decade. Because the rental market in Bozeman is undersupplied, the vacancy rates have followed a pattern of increasing when new inventory enters the market, and then quickly decreasing as the units are quickly absorbed, thus explaining the high vacancy rates in 2015 and the current rate of 8.2 percent. While Bozeman's current vacancy rate is up significantly compared to 2022, given that Bozeman just delivered an estimated 700 units to the market, it is likely that these rates will normalize by the end of the year.

**Table 15. Multifamily Summary, 2010-2023 Q2**

Description	2010	2015	2020	2021	2022	2023 Q2
<b>Inventory</b>						
Bozeman	2,533	2,934	3,805	3,928	4,244	4,607
Gallatin County	3,539	4,032	4,971	5,155	5,507	6,199
<i>Bozeman as Pct. of County</i>	71.6%	72.8%	76.5%	76.2%	77.1%	74.3%
<b>Avg. Rent (per unit)</b>						
Bozeman	\$1,328	\$1,410	\$1,608	\$1,768	\$1,902	\$1,961
Gallatin County	\$1,382	\$1,467	\$1,660	\$1,804	\$1,930	\$1,976
<b>Avg. Vacancy</b>						
Bozeman	1.8%	4.3%	2.3%	1.7%	1.5%	1.2%
Gallatin County	2.1%	4.3%	2.1%	1.6%	1.3%	1.1%
<b>Change 2010-2023 Q2</b>						
Description	Total	Ann. #	Ann. %	<b>Change 2020-2023 Q2</b>		
<b>Inventory</b>						
Bozeman	2,074	166	4.9%	802	321	8.0%
Gallatin County	2,660	213	4.6%	1,228	491	9.2%
<i>Pct. of County</i>	78.0%			65.3%		
<b>Avg. Rent</b>						
Bozeman	\$633.25	\$50.66	3.2%	\$352.75	\$141.10	8.3%
Gallatin County	\$593.50	\$47.48	2.9%	\$315.75	\$126.30	7.2%

Source: CoStar; Economic & Planning Systems

**Figure 10. Multifamily Deliveries, 2010-2023 Q2**



Since 2021, Bozeman has seen the completion of eight major (50 units or more) apartment buildings, six of which are market rate. The two affordable apartment buildings have a combined total of 270 units, with typical rents ranging from \$1,251 to \$2,209. Of the market rate apartments, average rents range from \$2,150 to \$2,521 per unit. The largest of these apartment buildings with 268 units, The Oxbow, built in 2023, has an average rent of \$2,410 and an average unit size of 887 square feet. Following closely is the 19th and Graf Apartment Homes, featuring 195 units with an average unit size of 1,052 square feet and rents averaging \$2,521. Nexus Point, constructed in 2022, offers an average rent of \$2,253 and an average square footage of 1,043 per unit. The Silver Creek Apartments, built in 2021, has an average rent of \$2,150 and an average unit size of 877 square feet. Lastly, Haymaker commands an average rent of \$2,352 with an average unit size of 851 square feet.

Arrowleaf Park is a 135-unit affordable rental building that used low-income housing tax credits (LIHTC) in its financing and is restricted to people earning up to 60 percent of AMI. It was developed in partnership with the local housing and social services nonprofit HRDC and GMD Development. The Annex of Bozeman combines student housing and workforce rental housing with rents restricted to people earning between 80 and 120 percent of AMI.

**Table 16. Recent Multifamily Development, Bozeman**

Notable Deliveries	Address	Year Built	Units	Avg. Effective Rent Per Unit
<b>Market Rate</b>				
The Oxbow	5503 S Cottonwood Rd	2023	268	\$2,410
19th and Graf Apartment Homes	2900 S 21st Ave	2023	195	\$2,521
Nexus Point	2145-2075 W Arnold St	2022	120	\$2,253
Silver Creek Apartments	1481 N 25th Ave	2021	118	\$2,150
Haymaker	1624 W Babcock St	2023	95	\$2,352
Penrose Apartments	300 Enterprise Blvd	2021	60	\$2,346
<b>Total/Average</b>			<b>856</b>	<b>\$2,339</b>
<b>Affordable/Rent Subsidized</b>				
Arrowleaf Park	1683 Tschache Ln	2022	136	\$1,251
The Annex of Bozeman	1800s 22nd St	2023	134	\$2,209
<b>Total/Average</b>			<b>270</b>	<b>\$1,730</b>

Source: CoStar; Economic & Planning Systems



The Oxbow



19th and Graf Apartment Homes



Nexus Point



Haymaker



Silver Creek Apartments



# Affordability

The rapid increase in housing prices has priced many people out of the market. In 2016, a household earning about 110 percent of the HUD area median income (AMI) could afford the median priced home. In 2022, a household needed to earn 183 percent of AMI to afford a median priced home and 173 percent of AMI in 2023. The combination of a shortage of inventory, a spike in construction costs, and pandemic-related migration has driven up housing prices sharply. Increasing the supply of housing will be important to addressing the shortage of affordable and workforce housing.

**Table 17. Required Annual Income to Afford Median Home Price, 2016-2023**

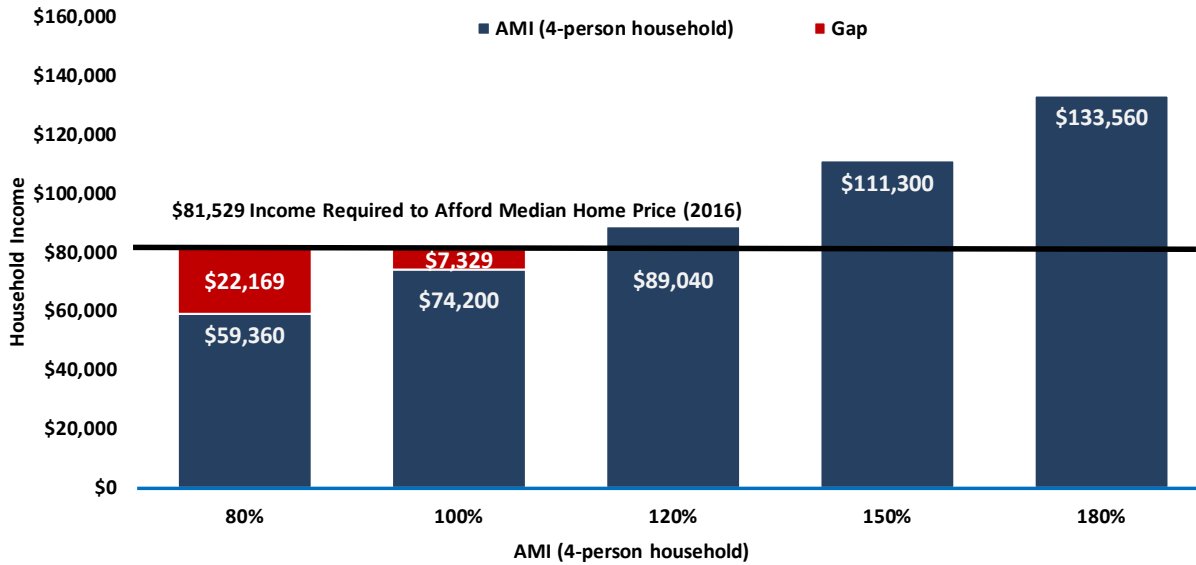
Bozeman	Factor	2016	2017	2018	2019	2020	2021	2022	2023 Q2
<b>Median Home Price</b>		<b>\$359,500</b>	<b>\$381,500</b>	<b>\$427,500</b>	<b>\$460,000</b>	<b>\$540,000</b>	<b>\$700,000</b>	<b>\$755,000</b>	<b>\$767,500</b>
Mortgaged Amount (less: downpayment)	5.0% down pmt	\$341,525	\$362,425	\$406,125	\$437,000	\$513,000	\$665,000	\$717,250	\$729,125
Mortgage Interest Rate		3.7% int.	4.0% int.	4.5% int.	3.9% int.	3.1% int.	3.0% int.	5.3% int.	6.6% int.
Loan Term		30-years	30-years	30-years	30-years	30-years	30-years	30-years	30-years
<b>Monthly Costs</b>									
Mortgage Payment (Monthly)		\$1,572	\$1,730	\$2,058	\$2,061	\$2,191	\$2,804	\$3,983	\$4,657
Less: Insurance	\$1,500/ Year	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Less: Property Taxes	0.9%	\$300	\$318	\$356	\$383	\$450	\$583	\$629	\$640
Less: Miscellaneous	\$500/ Year	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42
<b>Total Monthly Housing Costs</b>		<b>\$2,038</b>	<b>\$2,215</b>	<b>\$2,581</b>	<b>\$2,611</b>	<b>\$2,807</b>	<b>\$3,554</b>	<b>\$4,779</b>	<b>\$5,463</b>
<b>Required Annual Income</b>	30%	<b>\$81,529</b>	<b>\$88,594</b>	<b>\$103,228</b>	<b>\$104,448</b>	<b>\$112,290</b>	<b>\$142,147</b>	<b>\$191,150</b>	<b>\$218,515</b>
<b>100% AMI for Family of 4</b>		<b>\$74,200</b>	<b>\$71,000</b>	<b>\$81,200</b>	<b>\$90,300</b>	<b>\$90,400</b>	<b>\$88,900</b>	<b>\$104,700</b>	<b>\$126,400</b>
<b>AMI for Family of 4</b>		<b>110%</b>	<b>125%</b>	<b>127%</b>	<b>116%</b>	<b>124%</b>	<b>160%</b>	<b>183%</b>	<b>173%</b>

[1] rounded to nearest major AMI category

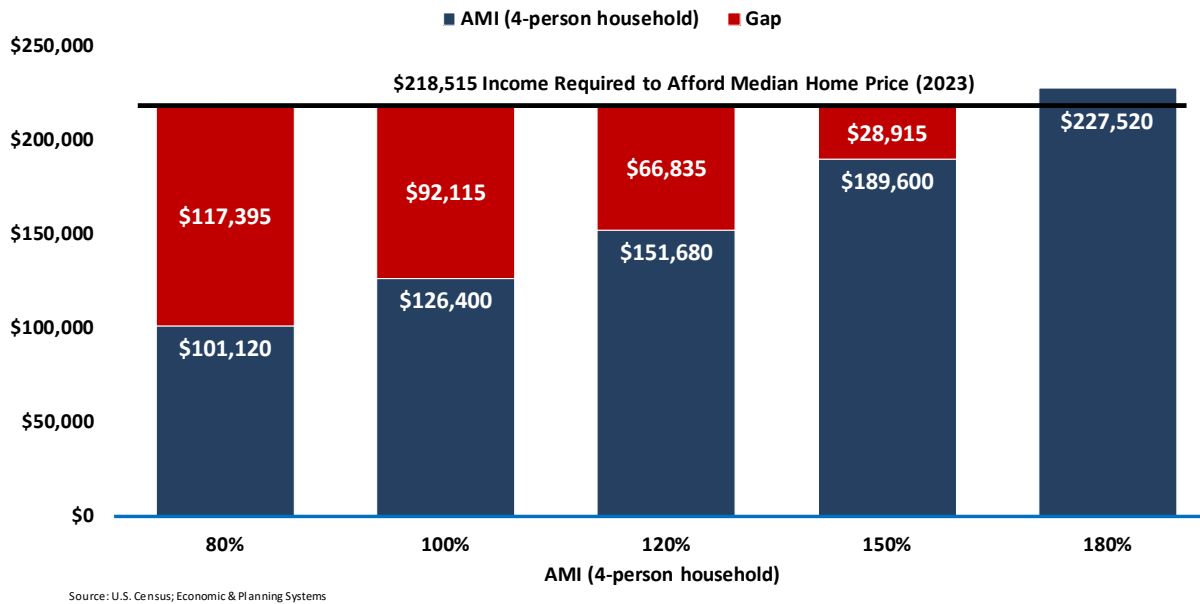
Source: US Census; Economic & Planning Systems

In 2016 the income levels needed to afford the median priced home were at 100 to 120 percent of AMI (**Figure 11**). In 2023 there are income gaps at all AMI levels below about 170 percent of AMI. Households earning 150 percent of AMI (\$189,600) would still need to earn another \$28,900 per year to afford the median priced home (**Figure 12**).

**Figure 11. Income Gap to Afford Median Priced Home, Bozeman, 2016**



**Figure 12. Income Gap to Afford Median Priced Home, Bozeman, 2023**



In housing policy, a household is defined as cost burdened when they are paying more than 30 percent of their income towards rent or mortgage payments. Among renters there is a large amount of cost burdened households – nearly half of all renters (48 percent). About a quarter of Bozeman homeowners are cost burdened and the American Community Survey estimates these households declined slightly from 2010 through 2019. The data mostly reflect people who already own their homes and have not caught up with new buyers in the market at the higher prices noted above.

# Housing Demand

In this section, a housing demand projection is provided to inform the City as well as real estate interests on the growth potential and need in Bozeman. The projection links job growth to housing demand and estimates that the City needs over 700 housing units annually (**Table 18**) just to keep up with job growth at 2.0 percent per year (compared to 3.9 percent annual growth over the past five years).

However, there are other strong market demand drivers that need to be accounted for. First, because Bozeman is becoming more of a destination for second homeowners and part-time residents an additional 10 percent is added to the demand estimate. Second, remote worker in-migration is occurring. There is no data available today that tracks remote workers because their paychecks are often associated with the physical off location of their job outside the Gallatin Valley. We have added another 10 percent to the demand projections to reflect the estimated impact on the market from remote workers.

In total, we estimate that the City can support demand for nearly 900 housing units per year (**Table 18**). A potential housing mix based on past construction and goals of supporting small homes and infill construction is suggested as well (**Table 19**).

**Table 18. Bozeman Housing Demand Projection**

Description	Factor	2022	2032	2022-2032	
				Total	Annual
Total Jobs - Gallatin County	2.0%	100,000	121,900	21,900	2,190
Less: Proprietor Jobs Overcount [1]	-10.0%	-10,000	-12,190	<u>-2,190</u>	<u>-219</u>
Employed People	1.10 jobs/empl.	81,818	99,736	17,918	1,792
Employed Households	1.30 jobs/household	62,940	76,720	13,780	1,378
Normal Vacancy Adjustment	5%	<u>3,310</u>	<u>4,040</u>		
<b>Housing Units - Gallatin County</b>		<b>66,250</b>	<b>80,760</b>	<b>14,510</b>	<b>1,451</b>
<b>Baseline Demand - Bozeman</b>					
<b>Bozeman Market Share</b>	<b>50.0%</b>	<b>31,320</b>	<b>40,090</b>	<b>7,250</b>	<b>725</b>
<b>Other Market Influences</b>					
Part Time Residence Adjustment	10%				<b>806</b>
In-migration and remote worker adjustment	10%				<b>895</b>

[1] Counting of partnerships and LLCs in Bureau of Economic Analysis data often results in double counting of employees.

Source: Economic & Planning Systems

**Table 19. Bozeman Housing Unit Projection**

Description	Factor	2022-2026	2027-2032	Total	Annual
New Unit Demand in Bozeman	895/yr.	4,475	4,475	8,951	895
Bozeman Construction Projection					
Single Family (Detached)	35.0%	1,566	1,566	3,133	313
Townhome/Triplex/Duplex	30.0%	1,343	1,343	2,685	269
Multifamily	35.0%	<u>1,566</u>	<u>1,566</u>	<u>3,133</u>	<u>313</u>
<b>Total</b>	<b>100.0%</b>	<b>4,475</b>	<b>4,475</b>	<b>8,951</b>	<b>895</b>

[1] Mobile homes and other miscellaneous housing types are not included

Source: Economic & Planning Systems