

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.2% Stabilized Vacancy Rate	▲	▼
159 Net Absorption, units	▼	▲
\$2,188 Effective Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
75K Bozeman Employment	▲	▲
2.1% Bozeman Unemployment Rate	▼	▲
2.9% Bozeman Household Growth Rate	▲	▲

Source: Montana Dept. Labor & Industry, BLS, ESRI

ECONOMY: POPULATION GROWTH FUELS EXPANSION

Bozeman maintained a strong economic trajectory in Q3 2025, with population growth of 1.7% annually, reaching 135,227 residents in the metro area. This expansion is driven by sustained in-migration and a growing tech sector. Nonfarm employment stands at approximately 75,000, though growth slowed 3.8% year-over-year due to softening in leisure, hospitality, and construction sectors. Healthcare and professional services remain key growth drivers, with healthcare employment projected to rise 12% over the next decade, supported by Bozeman Health and affiliated providers. Median household income climbed to \$100,053, while per capita income exceeds \$52,700. The unemployment rate remains exceptionally low at 2.3%, positioning Bozeman among the most stable labor markets in the Mountain West.

SUPPLY: STRONG DEMAND MEETS EXPANDING SUPPLY

The Bozeman multifamily market closed Q3 2025 with healthy rental demand, as stabilized vacancy declined 180 basis points quarter-over-quarter and 70 basis points year-over-year, settling at 5.2%. While this marks continued improvement, vacancy remains above the 10-year average of 2.7%, leaving room for further tightening.

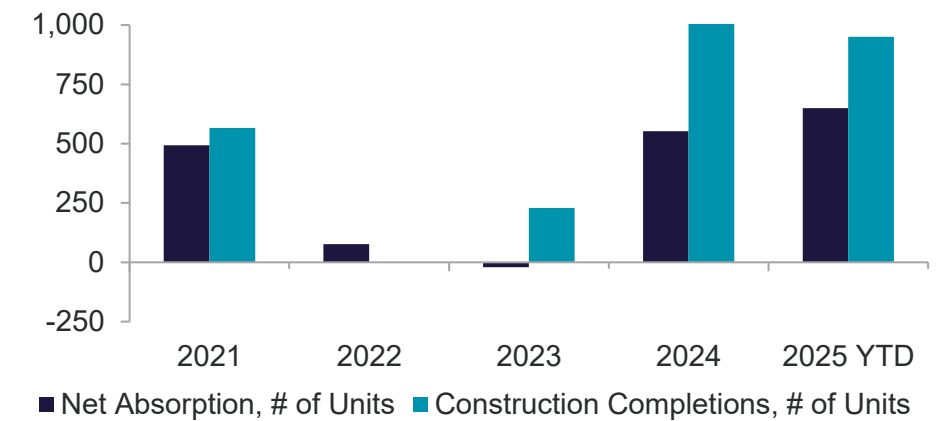
Unstabilized properties continue to elevate overall vacancy, which reached 9.9% due to lease-up challenges in newly delivered projects totaling 576 units, where occupancy was just 50.7% at quarter-end. Despite these headwinds, absorption trends remain positive: 159 units absorbed in Q3, bringing year-to-date absorption to 649 units.

Bozeman's inventory now totals 4,599 units across 33 properties, with 950 units delivered year-to-date. The development pipeline remains robust, with 897 units under construction and 1,062 units planned, signaling competitive pressure will persist into 2026.

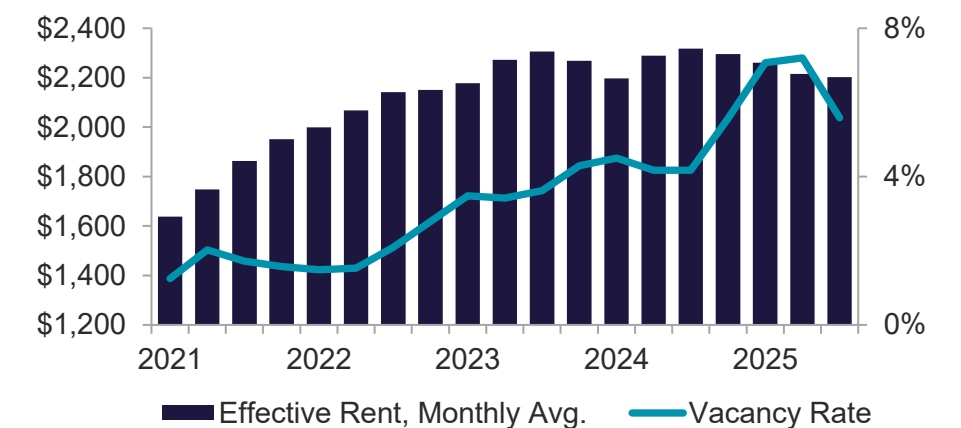
PRICING: EFFECTIVE RENTS DECLINE AS CONCESSIONS RISE

Effective rents peaked at \$2,324 in July 2024 but declined 5.8% to \$2,188 per unit in Q3 2025, a 5.2% year-over-year drop. Concessions are increasingly prevalent, with 9.5% of properties offering them in Q3, up 100 basis points year-over-year. As a share of overall rental rates, concessions fell 90 basis points year-over-year to 7.2%, while discretionary (Class A) concessions remained flat.

DEMAND / DELIVERIES



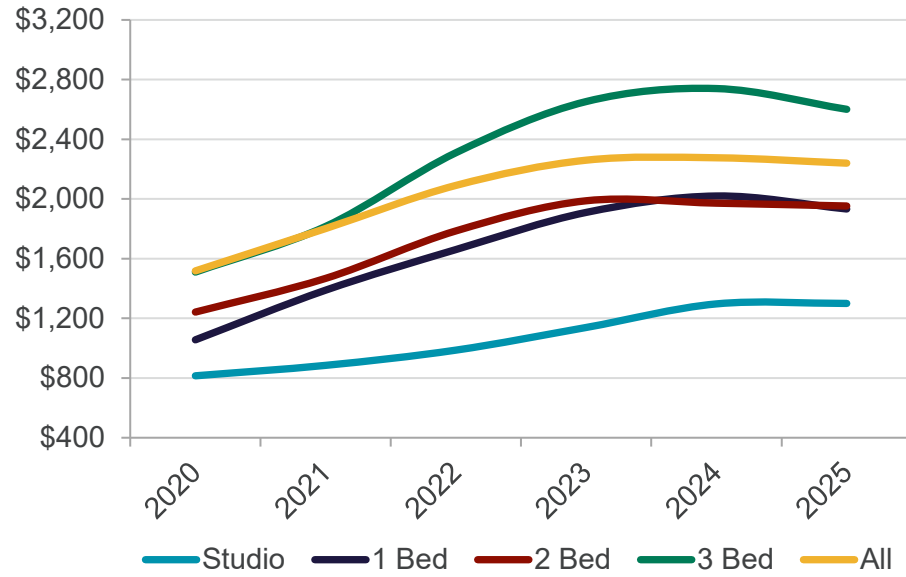
OVERALL VACANCY & EFFECTIVE RENT



Source: Yardi Matrix, ESRI, bls, stlouisfed, nelsberg, explorecity, worldpopulationreview

AVERAGE RENT PER UNIT HISTORY

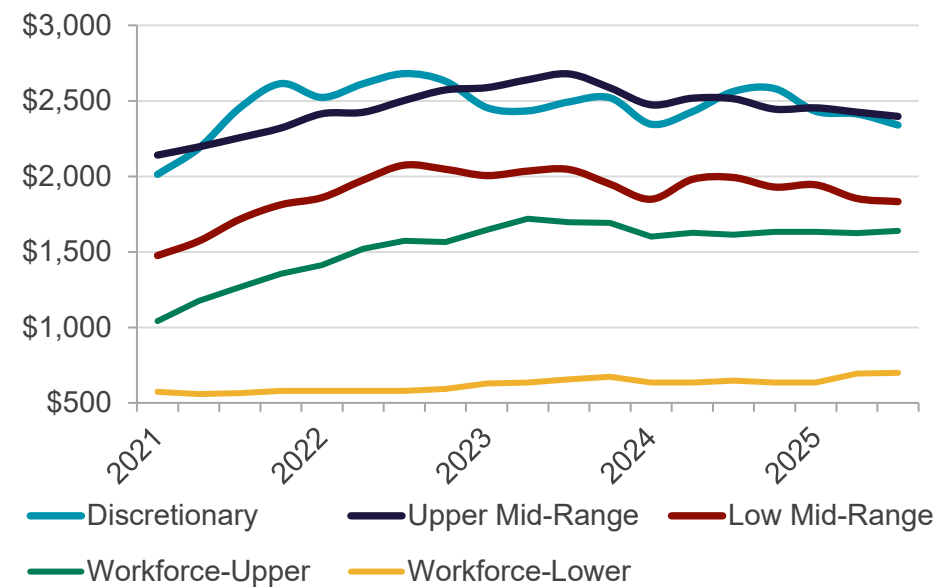
RENTS PEAKED IN 2024 ACROSS MOST UNIT TYPES, WITH STUDIOS AND LARGER UNITS HOLDING NEAR HIGHS WHILE 1- AND 2-BEDROOMS EASED SLIGHTLY IN 2025.



Source: Yardi Matrix

ASKING RENT PER UNIT BY ASSET CLASS

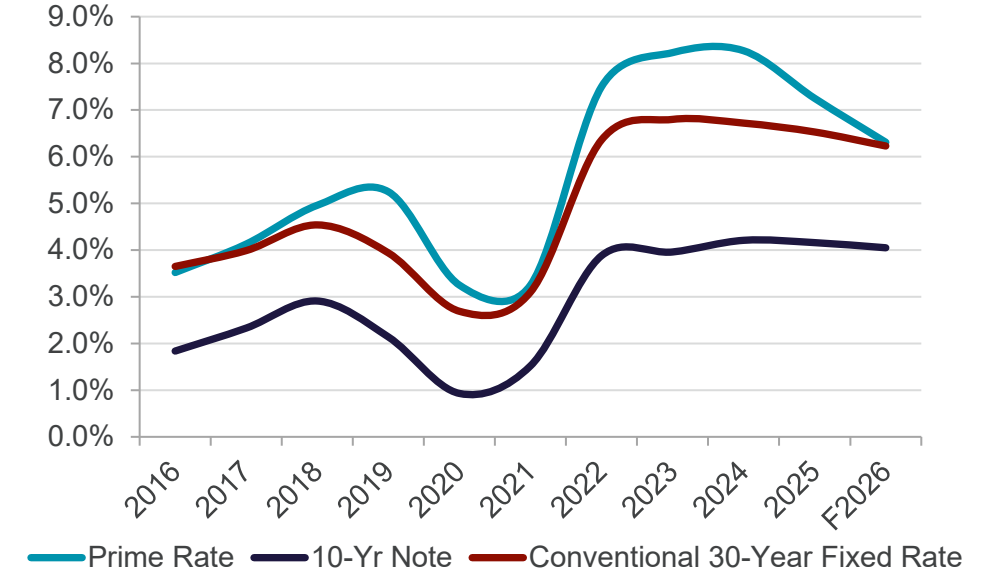
LOWER-TIER WORKFORCE AND LOW MID-RANGE EXCEED 2022 RENTS; DISCRETIONARY AND UPPER MID-RANGE REMAIN BELOW 2023 PEAKS, UPPER-TIER WORKFORCE STABILIZES NEAR HIGHS.



Source: Yardi Matrix

INTEREST RATES

THE FEDERAL RESERVE CUT ITS BENCHMARK INTEREST RATE BY 0.25%. INTEREST RATES REMAIN ELEVATED ACROSS ALL BENCHMARKS COMPARED TO PRE-2022 AVERAGES..



Source: Federal Reserve Board, Wells Fargo

MARKET STATISTICS

Market	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	YOY % EFFECTIVE RENT GROWTH
Bozeman	4,599	950	26%	897	649	5.2%	70	\$2,188	-5.2%
Montana	16,,719	1,862	12.5%	2,855	1,369	4.2%	0	\$1,697	-0.9%
United States	15,127,946	431,361	2.9%	805,986	494,234	5.3%	0	\$1,750	0.6%

Source: Yardi Matrix – 50+ Units; excluding Fully Affordable properties

LOCAL ECONOMIC ANNOUNCEMENTS

- Bozeman is investing \$26 million in 12 infrastructure projects in 2025, including major road upgrades and utility expansions to support growth. Healthy absorption is expected to shore up supply by late 2025 and into 2026, fueling healthier rent growth.
- Bozeman joined the Montana Main Street Program, unlocking access to state funding and support for downtown revitalization and economic development.
- The 2025 Big Sky Economic Summit, hosted in Bozeman, focused on Montana’s energy future, infrastructure, and regulatory reform to support business growth.

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