



Q1 | 2023

INDUSTRIAL MARKET SNAPSHOT

BOZEMAN, MT



260,000

UNDER CONSTRUCTION
(SF)



3,800,000+

TOTAL MARKET
(SF)



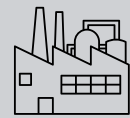
5.15%

AVERAGE CAP
RATE



\$153.35

AVERAGE SALE PRICE
(PER SF)



27

TOTAL BUILDINGS SOLD
(OVER 24 MONTHS)

INDUSTRIAL EXPANSION CONTINUES IN GALLATIN VALLEY

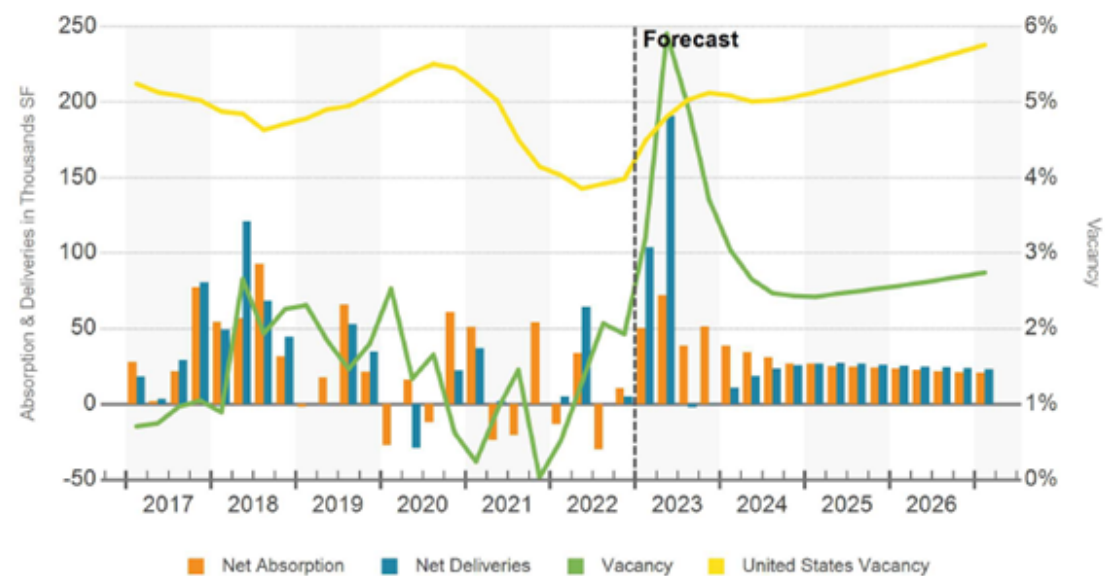
The Bozeman/Gallatin Valley industrial market remains in expansion mode, with demand far outweighing supply. The increasing need is driven by a combination of robust employment growth and the rise of e-commerce in the region. Though many are eager to find suitable space in the area and construction levels have hit near-record highs, the only industrial currently listed on LoopNet & Crexi is a 192,800 SF build-to-suit, slated to become a FedEx ground distribution center upon completion, and four for-lease properties totaling approximately 31,735 SF. In Q1 2022, a 39,000 SF warehouse on 4.35 AC built in 1983 sold for \$5.8MM (\$145/PSF) and previously, a 9,876 SF industrial on 0.7 AC built in 1980 closed on Q3 2021 for \$1,825,230 (\$185/PSF) at a 5.2% cap rate. Additionally, a 7,000 SF warehouse on N Rouse leased for \$15.00/NNN in January of this year, along with a 2,342 SF manufacturing building on Evergreen Drive for \$16.00/NNN in February.

Developer interest in the Bozeman market has also ramped up in recent years, largely due the strong rent growth and sustained demand of years past. Industrial rents in the area have posted average annual gains of 5.1% over the last three years, hitting 5.7% during this first quarter of 2023. Currently, the average asking lease rate sits at \$13.40/NNN.

With its location along the major East-West arteries of I-90 and a Class II BNSF Railroad, Bozeman will continue to act as a tertiary distribution hub for Gallatin and Madison counties. The continued population growth and low supply could mean years before Bozeman finds a stabilized industrial vacancy rate closer to the national average of 5%.

To learn more, contact Mike Elliott in our Bozeman office.

NET ABSORPTION, NET DELIVERIES & VACANCY



*All Data Points Sourced from CoStar 2023



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