

# BOZEMAN, MT

## RETAIL

Bozeman’s retail market remains remarkably tight and stable, with a vacancy rate of just 1.5% as of Q2 2025—virtually unchanged from a year ago and well in line with the market’s five-year average of 1.4%. Despite minimal net absorption (-1,500 SF) and modest deliveries (2,300 SF), the market continues to maintain near-full occupancy, signaling healthy demand and limited turnover.

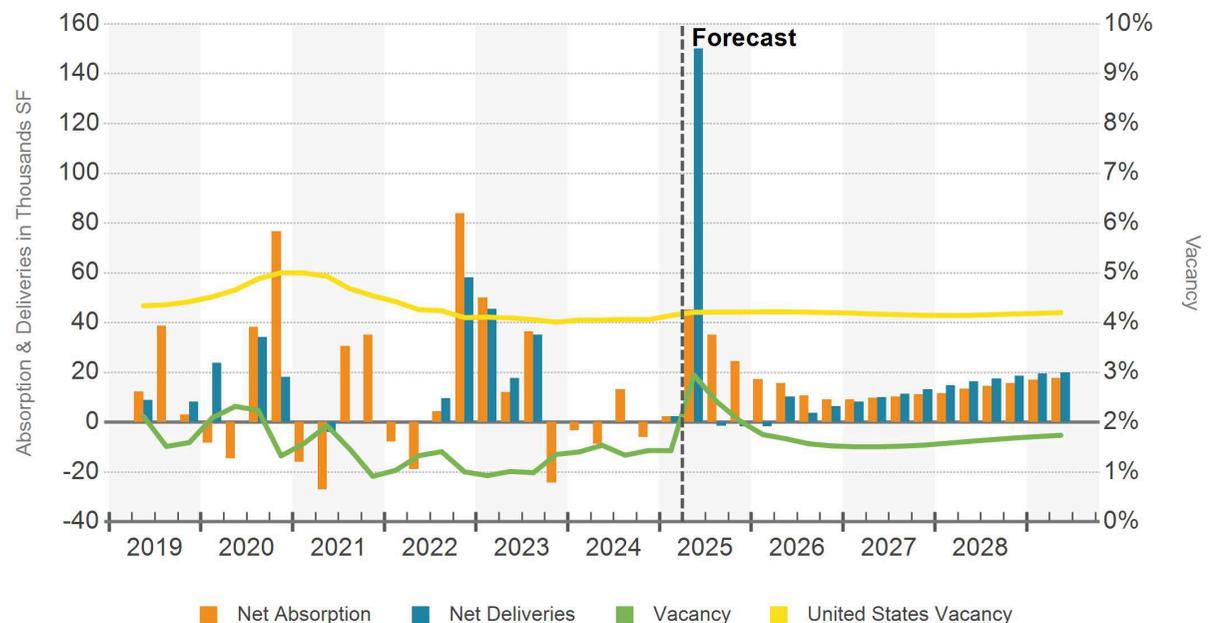
Across retail subtypes, fundamentals remain strong. Strip centers and malls report near to zero vacancy, while general retail sits at just 1.3%, and neighborhood centers at 3.0%. Approximately 260,000 SF of space is listed as available, translating to a still-manageable 3.8% availability rate.

New construction activity sits steady from 2024 year end, remaining around 48,000 +/- SF. This consistency reflects both developer confidence and the ongoing evolution of Bozeman’s retail landscape as the city grows.

Asking rents average \$19.90 per SF, with modest 0.9% year-over-year rent growth, slightly below the national rate of 1.8%. Subtype performance is mixed, with neighborhood and mall properties both seeing 1.5% growth, while strip center rents declined slightly by 0.5%. Overall, Bozeman has maintained a strong rent trajectory over time, with five- and ten-year average annual growth rates of 2.6% and 2.3%, respectively.

With low vacancy, steady rent performance, and an expanding development pipeline, Bozeman’s retail market continues to show signs of long-term strength and resilience, underpinned by the region’s steady population growth and vibrant local economy.

### ABSORPTION, NET DELIVERIES & VACANCY



\*All data points sourced from CoStar 2025



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# GREATER BOZEMAN

## MULTIFAMILY

The multifamily market in Gallatin County, centered around Bozeman, is in a period of adjustment, as elevated new supply reshapes the rental landscape. As of Q1 2025, the vacancy rate stands at 17.3%, up 5.4 percentage points year-over-year. This increase is largely due to 1,065 new units delivered over the past year (including ERES project, Yellowstone Landing in Belgrade), nearly doubling the 526 units of net absorption. While above historical norms (9.4% five-year average), this increase reflects a market preparing for sustained long-term growth.

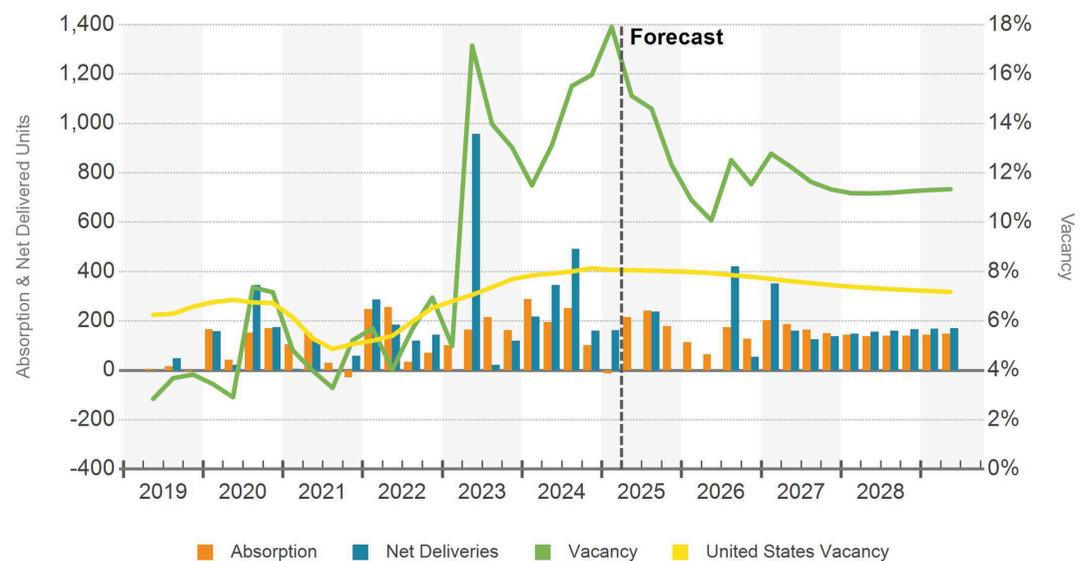
Rental rates have softened over the past year, declining 3.2% overall, with mid-level properties seeing a slightly steeper drop at -4.4%. Despite this, average asking rents remain strong at \$2,170/month (well above the national average of \$1,760) with top-tier properties reaching an average hovering around \$2,310/month.

Development activity remains robust, with nearly 1,900 units currently under construction—staying well above the historical average. Of these properties, several are expected to deliver in Q2, providing a wave of new supply to the region.

On the investment side, activity has slowed, with three properties trading in the past year totaling 67 units and \$1.4 million in volume—below long-term averages. Market pricing remains competitive at \$230,000 per unit, with cap rates at 6.8%, offering potential upside for opportunistic investors.

While current conditions reflect a near-term supply imbalance, Bozeman’s strong rental fundamentals, premium pricing, and active development pipeline position the market for long-term resilience and growth.

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# GALLATIN & PARK COUNTY

## HOSPITALITY

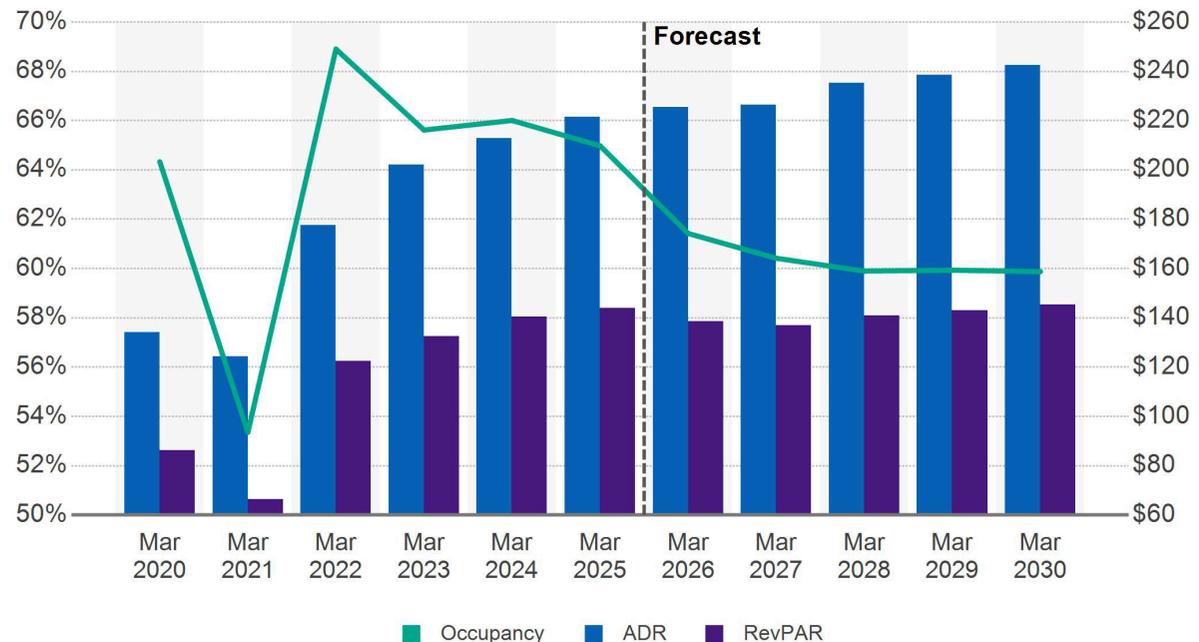
The Gallatin & Park County hospitality submarket continues to show resilience and growth potential. Over the past 12 months, the region posted an occupancy rate of 65.0%, an ADR of \$221.56, and a RevPAR of \$143.96. While occupancy dipped slightly year-over-year, strong gains in room rates—up 4.1%—contributed to a 2.5% increase in RevPAR, reflecting steady demand and pricing power.

With approximately 120 hotel properties and 7,700 rooms, the Bozeman/Yellowstone Country market features a well-balanced mix across all segments, including Luxury, Upper Midscale, and Economy accommodations. Development remains active yet strategic, with seven hotels—totaling 794 rooms, including the Hampton Inn & Suites by ERES—currently under construction, representing a 10.3% increase in total inventory. Over the past year, four new hotels opened, collectively adding 440 rooms to help meet the region’s evolving traveler demand. Notably, one of these additions was an ERES-developed EVEN Hotel, located in the Yellowstone Airport Plaza in Belgrade, MT.

Investment activity remains healthy, with four properties sold in the past year, totaling \$9 million in transaction volume and an average price of \$125,000 per room. The average cap rate of 9.8% slightly exceeds the area’s market average of 8.5%, which itself remains competitive against the Montana average of 9.0%.

Overall, the market is well-positioned for continued success, bolstered by strong fundamentals, a strategic location near Yellowstone, and ongoing interest from both travelers and investors.

## OCCUPANCY, ADR & REVPAR



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## INDUSTRIAL

Bozeman’s industrial market remains one of stability and strong fundamentals, even as construction activity pauses. As of the start of Q2 2025, the market recorded a vacancy rate of 2.0%, virtually unchanged year-over-year and consistent with long-term averages. Over the past 12 months, 196,000 SF were delivered, closely matched by 190,000 SF of net absorption, highlighting steady tenant demand and balanced growth.

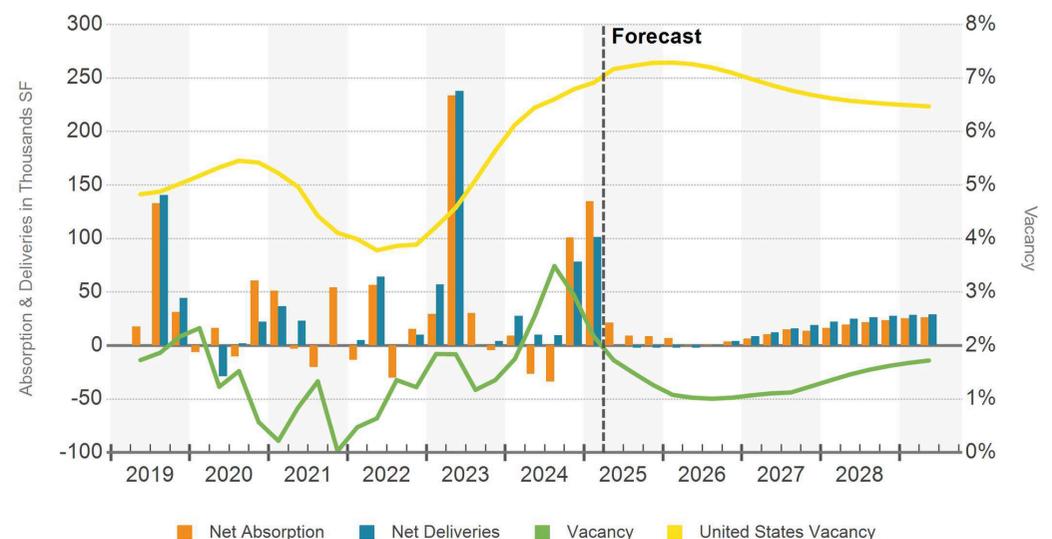
Bozeman's industrial inventory totals approximately 4.7 million SF. Currently only about 120,000 SF are available, yielding a modest 2.5% availability rate. While there is no industrial space under construction (compared to the 10-year average of 140,000 SF) the market’s tight vacancy suggests potential for future development opportunities.

Rents continue to rise modestly, with asking rates averaging \$12.80/SF, reflecting a year-over-year rent growth of 1.3% (higher than the national rate of 0.3%). Bozeman’s five- and ten-year rent growth averages—4.8% and 4.1%, respectively—reflect the market’s long-standing upward trajectory.

The investment landscape saw significant activity, with 29 properties trading over the past year, totaling 360,000 SF. However, total sales volume reached just \$1.2 million, a notable dip from the five-year average of \$15.8 million. Pricing currently averages \$90/SF, with significantly higher valuations seen in flex (\$171/SF) and specialized (\$156/SF) assets. The market’s estimated cap rate hovers 2% higher than the national average at 9.3%.

Despite a lull in new construction, Bozeman’s industrial sector remains healthy, supported by low vacancy, steady absorption, and consistent rent growth. The current pause in development may set the stage for new opportunities as the market continues to mature and evolve.

### ABSORPTION, NET DELIVERIES & VACANCY



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## OFFICE

Bozeman’s office market is experiencing a period of adjustment following several years of expansion. As of the start of Q2 2025, the vacancy rate stands at 4.8%, up from the prior year due to 41,000 SF of new deliveries and -31,000 SF of net absorption. While this is above the five- and ten-year averages of 2.5% and 2.2%, respectively, it remains low by national standards, signaling a generally healthy environment with room for normalization.

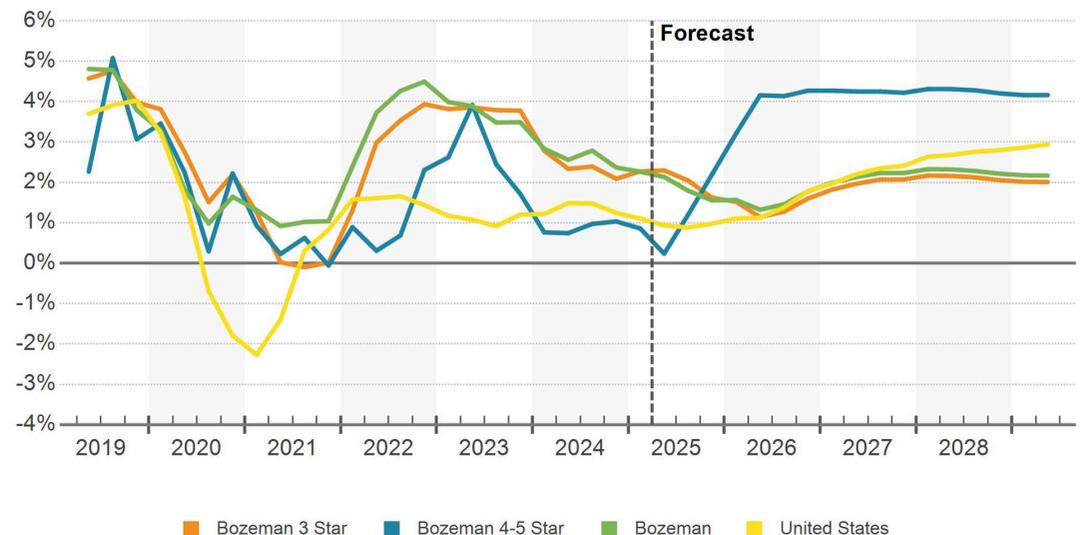
Bozeman currently has 260,000 SF of space listed, representing a 6.5% availability rate. The total office inventory is around 4.0 million SF. 85,000 SF of office space is under construction, in line with the markets 10-year average of 87,000 SF and showcasing the sustainable building pace put forth by developers in the region.

Market rents remain strong, averaging \$28.00/SF, with 2.2% year-over-year rent growth, outpacing the national average of 1.1%. Bozeman continues to show stable long-term rent appreciation, with five- and ten-year annual growth averages of 2.5% and 3.3%, respectively.

Investment activity remained active, with 31 office properties trading over the past 12 months, totaling 220,000 SF in turnover. While sales volume reached \$3.0 million, this is below the five-year average of \$10.5 million, reflecting a more measured investment pace. Market pricing is estimated at \$134/SF, with average cap rates of 11.3%, offering a higher yield relative to the national average of 9.1%.

Despite slightly elevated vacancy rates, Bozeman’s office market remains well-positioned, supported by strong rent growth, active development, and investor interest. As supply and demand rebalance, the market is poised for renewed stability and long-term strength.

## MARKET ASKING RENT GROWTH (YOY)



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