



Q2 | 2025 MARKET SNAPSHOT

BOZEMAN, MT

RETAIL

The Bozeman retail market remains one of the tightest in the region, with vacancy sitting near 1.1% as of Q3 2025—well below national averages and even its own five- and ten-year trends. The market absorbed 31,000 SF over the past year while only 5,300 SF was delivered, pushing vacancy down by 40 basis points year-over-year. Submarket performance remains strong across the board: mall and strip center vacancies hover around 0.0%, general retail is at 0.8%, and neighborhood centers hold at a healthy 2.8%.

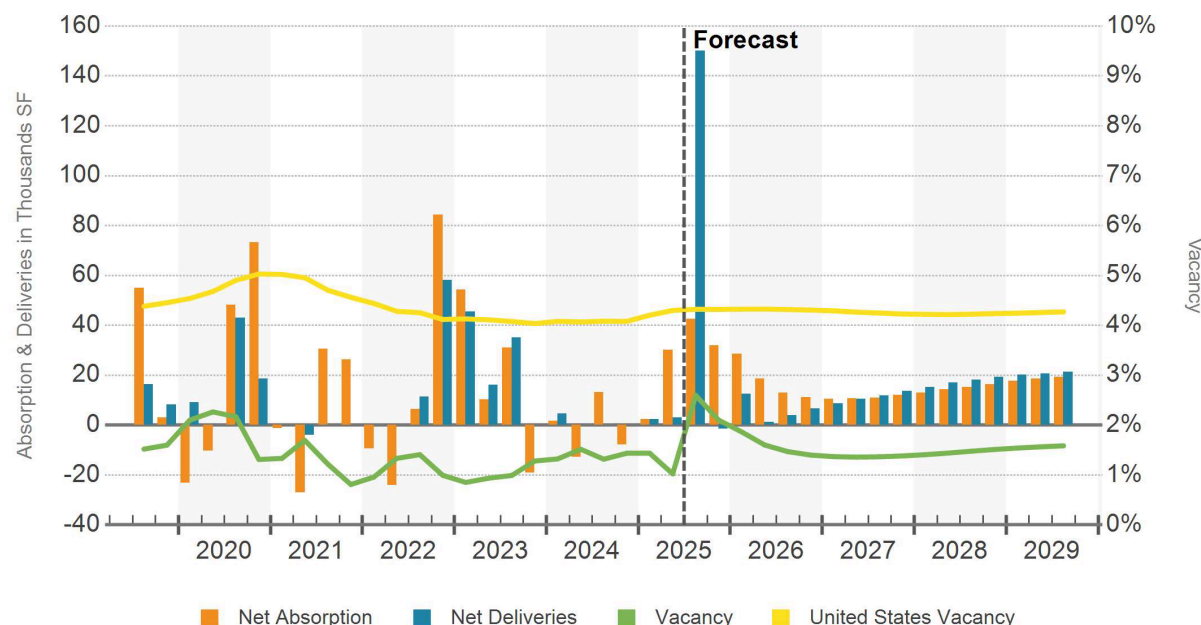
While 230,000 SF is currently listed as available, that only translates to a 3.4% availability rate, with demand for high-visibility and foot-traffic-driven locations—especially along Main Street—remaining strong. Notable Q2 sales include a 25,000 +/- SF freestanding retail condo at 2320 West Main Street and another at 511 North 7th Ave spanning 17,115 +/- SF (price undisclosed on both).

Nearly 50,000 +/- SF of retail space is under construction, primarily at Gallatin Crossing. Future occupants include Arhaus Furniture & Lululemon, among others. Mixed-use developments that integrate retail and residential space are also on the horizon, particularly near the urban core.

Rents in Bozeman have remained steady at around \$19.80/SF, showing modest 0.3% annual growth, in contrast to the 2.0% national average. Although rent growth has moderated, landlords in Bozeman's most sought-after corridors continue to achieve \$25–\$35/SF NNN, particularly for prime storefronts and build-to-suit opportunities. For those seeking more flexible pricing, nearby Belgrade offers attractive alternatives—such as **ERES's** 31 E Main Street, which provides versatility in size, use, and affordability without compromising accessibility.

With strong tourism, steady population growth, and an expanding base of mixed-use and service-driven retail concepts, Bozeman's retail landscape is thriving. Though rising construction costs may temper near-term development, ultra-low vacancy and localized demand continue to support a highly competitive market for both investors and occupiers.

ABSORPTION, NET DELIVERIES & VACANCY



*All data points sourced from CoStar 2025

**Montana is a non-disclosure state. Therefore, data points may vary by source and fluctuate over time.



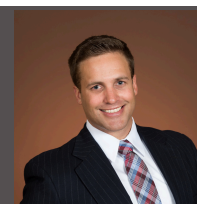
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Q2 | 2025

MARKET SNAPSHOT

GREATER BOZEMAN

MULTIFAMILY

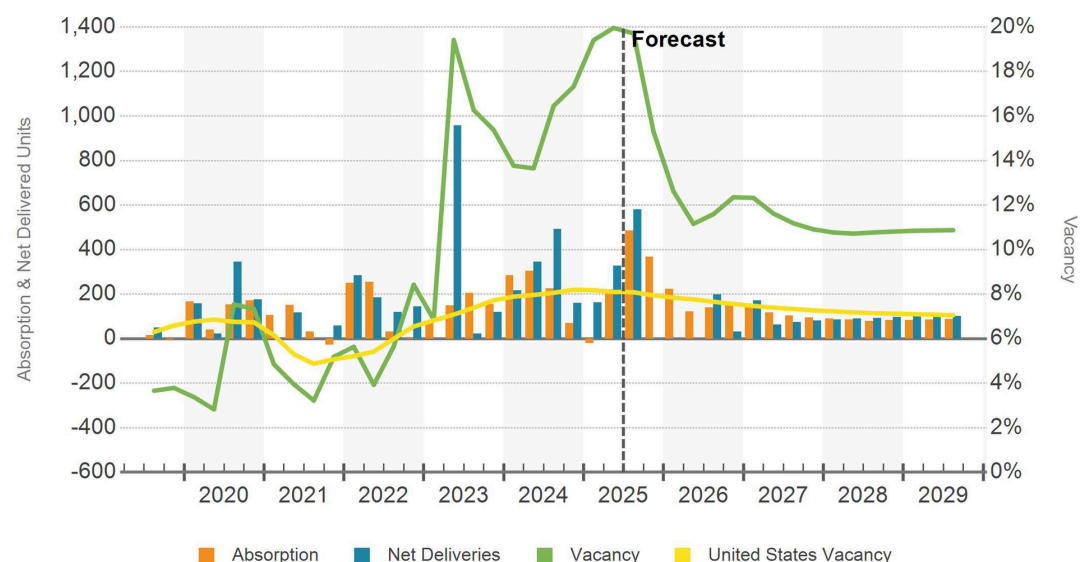
The multifamily market in the Greater Bozeman area continues its period of recalibration, as renter demand continues to lag behind new supply. As of the start of Q3 2025, vacancy has reached about 10-12%. This recent increase is tied to 1,100 reported new units delivered over the past 12 months, while net absorption totaled just 480 units, reflecting an oversupplied market still absorbing the impact of its recent development boom.

Despite high vacancy, construction activity remains elevated. At the close of Q2, nearly 1,400+ units are currently under construction in Bozeman alone, surpassing the region's 10-year average of 782 annually. In total, Bozeman's multifamily inventory sits at approximately 7,800 units, with a strong concentration in Class A and B product. Average market rents have fallen sharply—down 6.6% year over year to \$2,170/month—with the steepest declines in mid-range 3 Star properties (-8.6%) and luxury product (-5.9%). These figures stand in stark contrast to the national rent growth of +0.9%.

While the downturn has impacted lease-ups and pricing, opportunity remains in targeted development. Oversupply is heaviest in one- and two-bedroom formats, which account for 90% of current availability, suggesting room for niche strategies aimed at families, empty nesters, or affordability-focused renters. Mixed-use developments are also gaining momentum. **ERES's** Yellowstone Landing exemplifies this trend—set to launch its Phase II expansion, which will incorporate much-needed retail space into its Belgrade footprint, filling a gap in one of the region's fastest-growing submarkets.

Investment activity has slowed alongside market fundamentals. Three properties have traded over the past year in Bozeman, totaling 64 units and \$1.4 million in sales volume—well below the five-year average of \$8.5 million. Pricing remains relatively stable, averaging around \$240,000/unit, with higher valuations for Class A properties (approximately \$280,000/unit).

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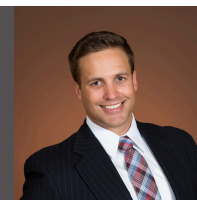
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GALLATIN & PARK COUNTY

HOSPITALITY

The hospitality market across Gallatin & Park County continues to demonstrate resilience, supported by robust visitor traffic and steady development. The region consists of 130 hotel properties totaling approximately 8,100 rooms, spanning luxury, midscale, and economy segments. As of May 2025, the 12-month occupancy rate sat at 64.5%, down slightly by 2.3% year-over-year, reflecting some seasonal normalization after a period of post-pandemic tourism highs.

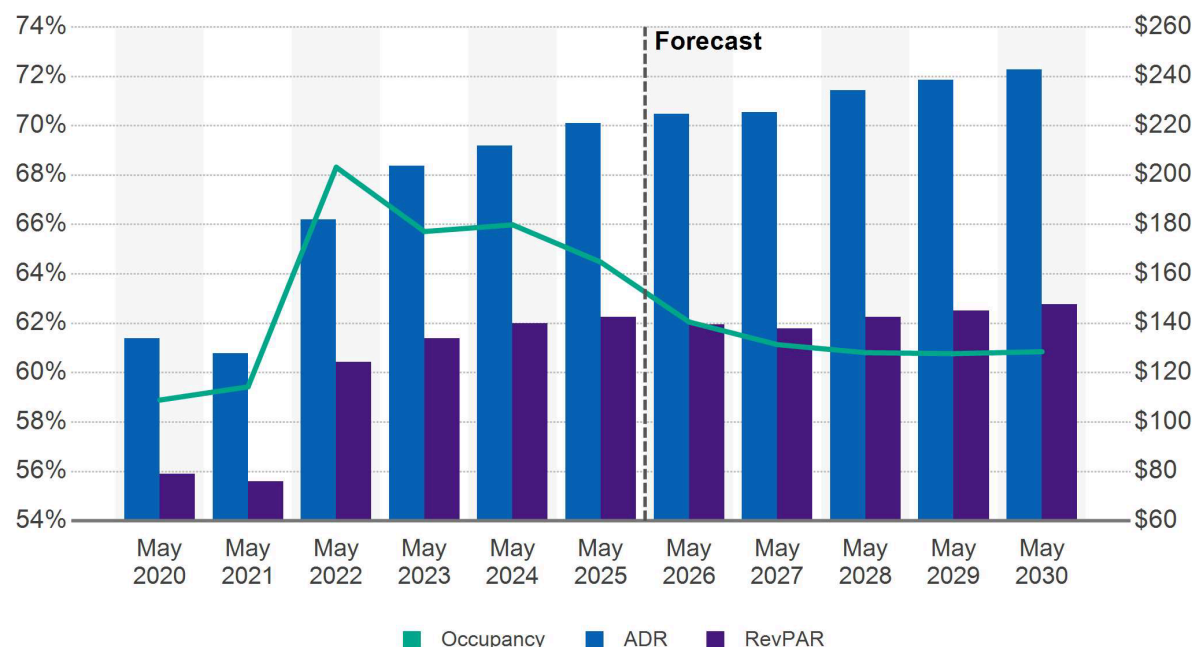
Despite the modest dip in occupancy, ADR has grown by 4.3% year-over-year to \$220, pushing RevPAR up 1.9% to \$142. These metrics continue to outperform many regional benchmarks, suggesting that the Bozeman area remains a premium destination for both leisure and business travelers.

Development continues at a steady pace, with 570 rooms currently underway—7.1% of the region’s total inventory—and 450 new rooms delivered in the past year. Despite the development pipeline, transaction volume remains muted, with no hotel properties traded over the last 12 months, compared to a three-year annual sales volume average of \$12.7 million. The estimated market cap rate sits at 8.4%, slightly below the Montana average of 9.0%, indicating continued institutional confidence. **ERES's** EVEN Hotel in Belgrade is among the top performers in the local market, reporting strong occupancy of 70.83% as of July 2, alongside competitive ADR & RevPAR metrics.

ERES is also spearheading the upcoming Hampton Inn & Suites, a 125-room, four-story hotel currently under construction in Yellowstone Airport Plaza. Slated for delivery in Q2 2026, the project will further enhance lodging options near the airport and support continued growth in regional visitation.

As Bozeman’s appeal as a recreation, business, and lifestyle destination continues, the hospitality market is expected to remain a stronghold for both local operators and national investors.

OCCUPANCY, ADR & REVPAR



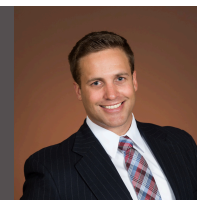
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BOZEMAN, MT

INDUSTRIAL

The Bozeman industrial market continues to demonstrate exceptional stability, with low vacancy, rising demand, and constrained new supply. As of the start of Q3 2025, the vacancy rate stands at just 1.7%, down nearly a full percentage point year-over-year. This drop reflects 190,000 SF of new deliveries met with 230,000 SF of net absorption, underscoring Bozeman's role as a key distribution and light industrial hub for southwest Montana.

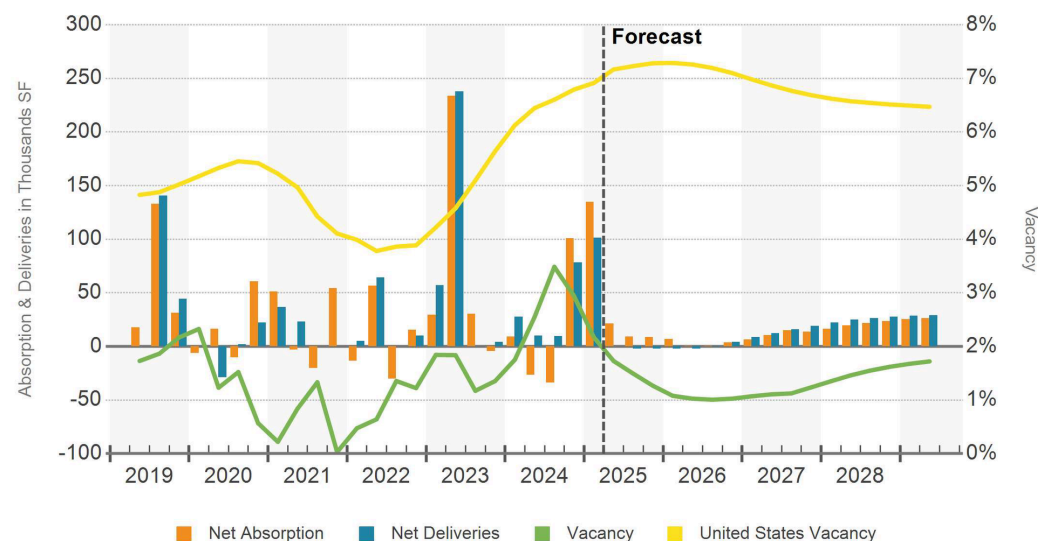
Bozeman's industrial footprint totals approximately 4.8 million square feet, and while the market continues to gain strategic importance, new construction remains limited. Notable 2025 sales include a 9,194 +/- SF industrial retail with office space, which was fully occupied at the time of closing. With no new developments underway - well below the 10-year average of 140,000 SF - the lack of pipeline activity could further tighten already constrained supply. Meanwhile, new growth is concentrated in the broader Belgrade area, positioning Bozeman for continued demand pressure in the near term.

Average asking rents across product types are holding firm at nearly \$13.10/SF, with newer flex properties commanding as much as \$17.50/SF and small bay rates nearing \$18.00/SF. Year-over-year rent growth has remained modest at 0.8%, but five- and ten-year trends reflect stronger momentum, with average annual growth of over 4%. Bozeman's industrial properties remain highly attractive due to their accessibility, quality, and proximity to regional highways, making the city a favored location for e-commerce fulfillment, logistics, and specialty trades.

ERES is proud to represent two premier industrial listings for sublease in Bozeman's rapidly expanding west side. Both 165 and 167 West Trail Drive offer a rare blend of high-quality warehouse, office, and showroom space within modern, professionally managed facilities. Built in 2021 and zoned for mixed use, these properties feature functional layouts, upscale finishes, and flexible configurations suited for a range of industrial or hybrid users. With excellent visibility, ample parking, and proximity to major corridors, they present a standout opportunity in a market defined by limited availability and strong demand.

With availability hovering around 2.2% and minimal new supply in the Bozeman pipeline, much of the industrial under construction is going vertical around Belgrade. As such, the Bozeman industrial market offers strong fundamentals for both investors and operators looking for long-term value in a tightly held, strategically located region.

ABSORPTION, NET DELIVERIES & VACANCY



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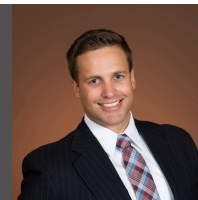
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OFFICE

Bozeman's office market is navigating a period of recalibration, marked by modest vacancy increases yet continued demand for thoughtfully located, modern workspaces. At the close of Q2 2025, the market reports a 6.7% vacancy rate, up from previous years due to the delivery of 100,000 SF in new inventory paired with -83,000 SF of net absorption over the past year. While this shift reflects evolving workplace preferences, it still compares favorably to national trends—and highlights Bozeman's ability to adapt.

With no new office projects currently under construction - aside from limited activity at the Innovation Campus - Bozeman's existing 4.2 million SF office inventory, and roughly 280,000 SF of available space, must continue to support a tenant base increasingly focused on smaller, high-performing modern footprints. Properties built post-2020 continue to outperform, offering flexible layouts, upgraded tech, and energy-efficient systems that align with hybrid work demands.

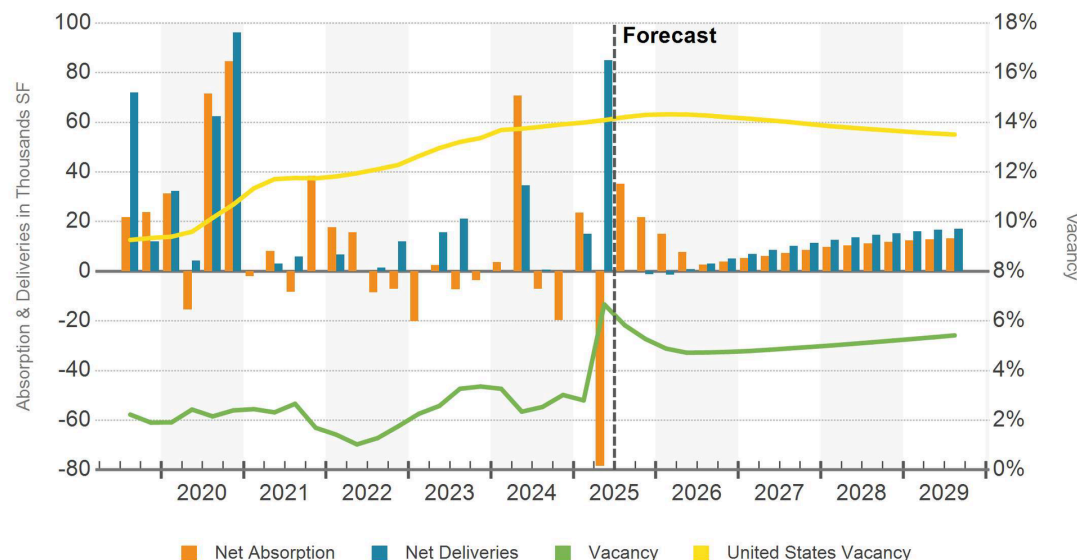
Although few office sales were recorded in Q2, early-year activity included the noteworthy investment trade of 274 Discovery Drive - a fully leased office asset that sold well below replacement cost, signaling value-driven investor interest in stabilized product.

Asking rents average \$29/SF, ranging from \$20 to \$30/SF triple net, with downtown and South Ferguson commanding the highest premiums. Smaller professional office condos, like those in Pinewood Professional Center, remain in demand as firms in healthcare, legal, and tech seek efficient, ownership-oriented options.

Several **ERES** listings meet the growing preference for versatility and modern amenities, including two industrial flex offerings at 165 and 167 West Trail Drive, which both feature expansive office components. Additionally, 31 E Main Street - currently marketed as retail - boasts an adaptable floorplan well-suited to an office user seeking visibility and centralized location.

Overall, Bozeman's office sector is shifting away from large-scale leasing toward flexible, high-performing spaces in core locations, positioning it well for long-term stability despite short-term headwinds.

ABSORPTION, NET DELIVERIES & VACANCY



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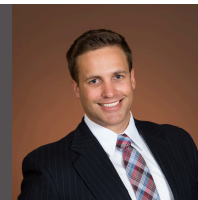
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