Executive Summary
To: Great Falls Development Alliance and Partners
From: The Concord Group
Date: April 2024
Re: Housing Market Demand Assessment for Great Falls, Montana

In April 2024, The Concord Group ("TCG") completed a Housing Market Demand Assessment for the Great Falls MSA (Cascade County) for Great Falls Development Alliance ("GFDA") and its partners – NeighborWorks Great Falls, the Great Falls Association of Realtors, and the Great Falls Homebuilders Association. TCG had previously conducted a Housing Demand Assessment in December 2021.

- Notable trends in the Great Falls MSA since our 2021 Housing Demand Assessment include:
    - 2,800 new jobs, above prior projections
    - Household income growth of 3.4% per year, above many 'peer markets' in Montana and the Intermountain West region
    - Positive population and household growth
    - Delivery of over 500 apartment units in 3 new projects, with very strong lease-up demand
    - Nearly 11% annual home price appreciation

- TCG projects demand for approximately 650 new housing units per year in the Great Falls MSA, up from our prior projections
    - 270 new rental units per year
    - 370 new for-sale units per year

- Significant under-supply of housing forecasted over the next 10 years
    - If all known units in the planning pipeline get built as planned, projected total under-supply of:
        - 1,600 rental housing units
        - 2,400 for-sale housing units

- Demand for new housing across all income levels, but large share of demand for new housing comes from households earning over $75,000 in annual household income

- There is a mismatch between current housing supply in the Great Falls MSA and potential demand given household incomes. Broadly speaking, there is a lack of supply at higher rent and sales price points versus what households in the MSA can afford, leading many to 'settle' for lower-value, older housing inventory.

- Demand for new housing in the Great Falls MSA is driven primarily by:
    - Job Growth
        - The MSA added 2,800 jobs between 2021 and 2023 and is above pre-COVID levels by over 1,100 total jobs. Oxford Economics projects an additional 500 new jobs in the MSA by the end of 2026.
    - In-migration
        - The MSA's relatively low cost of living and continued national work-from-anywhere trends make the area an attractive place for relocation of Montanans and out-of-staters
    - Old Housing Stock
        - Nearly 70% of the MSA's housing stock was built before 1980, a higher rate than all other major Montana markets
    - Lifestyle Choices
        - Desirability of living near services and cultural offerings, in communities with significant amenities, and in new product types opens up demand opportunities

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Please see our Housing Market Demand Assessment report for additional information.