

****ATTENTION****

The City Council meeting will be held in a hybrid format that may include both in-person AND virtual attendance via Zoom. Unless they have cause to appear virtually, Councilmembers will attend the meeting in person in Council Chambers, fifth floor of City Hall, 316 N. 26th Street. In order to honor the Right of Participation and the Right to Know in Article II, Sections 8 and 9, of the Montana Constitution, the City of Billings and City Council are making every effort to meet the requirements of the open meeting laws.

Citizens are invited to:

- . Review the Agenda Packet on the City's website at: www.billingsmt.gov and click on "Your Government," "City Council," and "Agendas & Minutes".
- . View the meeting:
 - . On Community 7 TV - Channel 7 or Channel 507 -- Spectrum Cable. *(On evenings when there is a conflict with School District No. 2 Board meetings, the City Council meeting will be broadcast on Channel 8 - Spectrum Cable.)* Channel 7 or Channel 978 - TDS Fiber.
 - . Online at www.comm7tv.com and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel.
 - . On the City's website at www.billingsmt.gov and click on "Watch Meetings Online" on the homepage.
 - . In-Person.

Citizens may submit public comment via the following methods:

- . Mail: City Clerk, P.O. Box 1178, Billings, MT 59103
- . Email: Council@billingsmt.gov.
 - . Emails received after 3:00 PM on the day of the meeting, may be posted on the Council's webpage the following day for public viewing.
- . Attend the meeting in person

Please contact Denise Bohlman, City Clerk, at bohlmand@billingsmt.gov, or at 406.657.8210, with any questions.



VISION STATEMENT:
"The Magic City: A diverse,
welcoming community
where people prosper and
business succeeds."

SPECIAL WORK SESSION AGENDA

COUNCIL CHAMBERS
316 N. 26th Street, 5th Floor

MARCH 16, 2026

12:00 Noon

CALL TO ORDER: Mayor Nelson

PUBLIC COMMENT ON ALL ITEMS. This is the time to comment on any matter (Agenda or Non-Agenda) falling within the scope of the Billings City Council. There will also be time in conjunction with each agenda item for public comment relating to that item. You may only speak once for each item during the meeting.

Please note, the City Council cannot take action on any item of significant interest to the public that does not appear on the agenda. Comments are limited to three (3) minutes during each public comment period or as set by the Mayor. **Speaker sign-in required.** Please sign the roster at the back of Council Chambers.

AGENDA:

1. Montana Land Use Planning Act/Billings 2045 Update, Session 2.

PUBLIC COMMENT on "NON-AGENDA ITEMS". Speaker Sign-in required. (*Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes. Please sign the roster located at the back of Council chambers.*)

ADJOURN:

Note:

- This meeting is an "informal" meeting of the City Council. The content of the Agenda is subject to change at the meeting.
- In the event there is a Closed Executive Session, the sole purpose is to discuss litigation strategy. The other parties to the case(s) discussed are not public bodies or associations as described in Section 2-3-203(1) and (2), MCA. The meeting is closed, as allowed by Section 2-3-203(4) (a), MCA, "to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position" of the City of Billings.

City Council Special Session

Meeting Date: 03/16/2026
Title: Montana Land Use Planning Act/Billings 2045 Update Session 2
Presented by: Anna Vickers, Planning Division Manager
Department: Planning & Community Services **Division:** Planning

RECOMMENDATION

Staff recommends the City Council receive this informational update on the implementation of the Montana Land Use Planning Act (MCA Title 76, Chapter 25) through Billings 2045. No formal action is requested at this time. Staff is seeking general direction and feedback from City Council to ensure alignment between Council and the Interim Planning Commission (IPC) on specific elements as the process moves forward. This afternoon's focus will be continued discussion on the Encouragement of Development of Housing in MCA 76-25-302, a brief overview of the economic analysis, and an introduction to the future land use categories.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

In 2023, the Montana State Legislature passed Senate Bill 382, the Montana Land Use Planning Act (MLUPA), codified in Title 76, Chapter 25 of the Montana Code Annotated. The intent of the Act is to provide a comprehensive land use planning system that promotes the health, safety, and welfare of the people of Montana. The Act outlines that a municipality with a population at or exceeding 5,000 located within a county with a population at or exceeding 70,000 in the most recent decennial census shall comply with the provisions. The Montana Land Use Planning Act mandates that municipalities develop and implement a Land Use Plan and Future Land Use Map (Billings 2045) to guide future development. Billings 2045 will serve as a comprehensive plan that addresses land use, economic development, housing, public services, and natural resources.

Staff will review the following items with City Council:

- Continued discussion to achieve direction associated with the Encouragement of Development of Housing in MCA 76-25-302
- Overview of the Economic Analysis Report for Billings 2045
- Overview of the Future Land Use Designations for the Future Land Use Map

ALTERNATIVES

No formal alternatives are presented, as no action is being requested of the City Council. This item is intended to provide an update and receive general feedback and direction from Council to ensure consistency with the Interim Planning Commission as implementation of the Montana Land Use Planning Act and Billings 2045 continues.

FISCAL EFFECTS

There are no fiscal impacts associated with this item at this time. This special session is informational only and does not involve budgetary commitments.

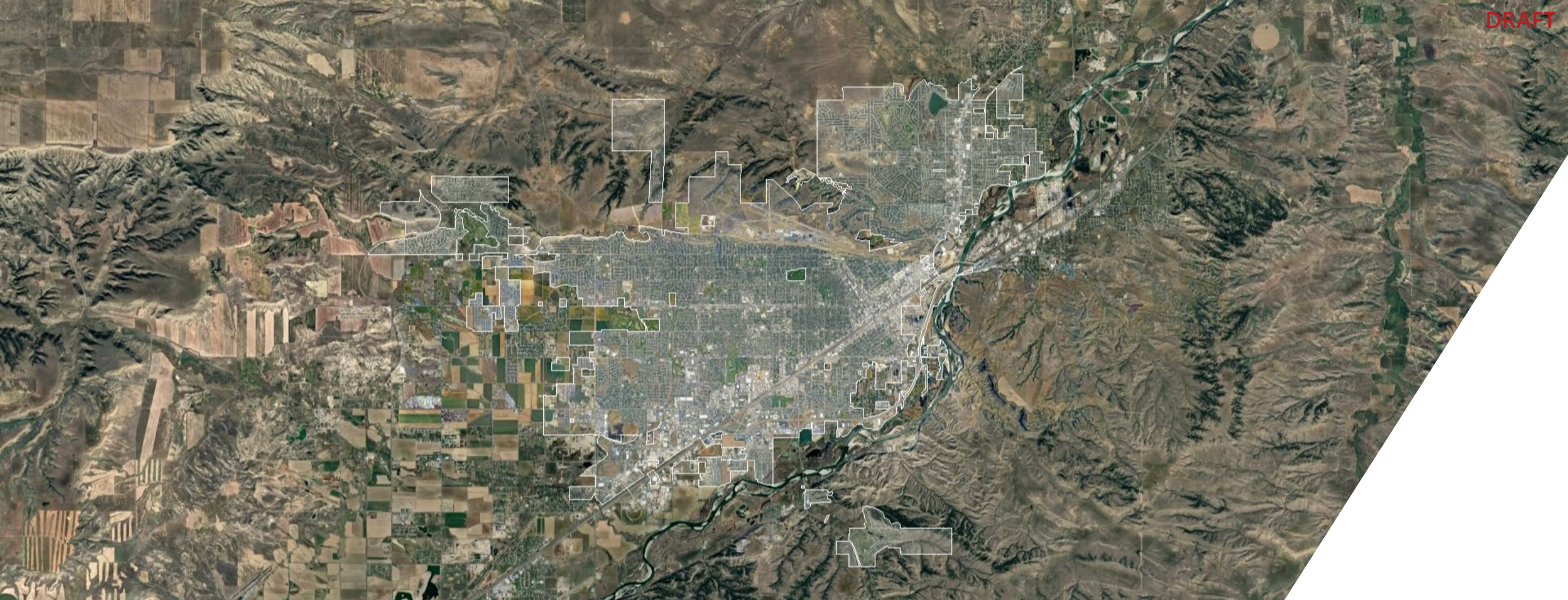
Updated Incentives Spreadsheet
Economic Analysis Draft
FLUM Land Use Categories

MCA 76-25-302 Encouragement of development of housing.

(1) The zoning regulations authorized in 76-25-301 must include a minimum of five of the following housing strategies, applicable to the majority of the area, where residential development is permitted in the jurisdictional area:

| Requirement | Notes | Discussion with IPC | Council Direction |
|---|--|--|--|
| (a) Allow, as a permitted use, for at least a duplex where a single-unit dwelling is permitted | 2023, SB323 - Was not correctly added to MLUPA remains an incentive option | Implement | Implement |
| (b) Zone for higher density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers, as determined by the local government | | Create an overlay in appropriate areas throughout the city | Create an overlay in appropriate areas throughout the city |
| (c) Eliminate or reduce off-street parking requirements to require no more than one parking space per dwelling unit | 2025, HB492 – Will be required in October 2026 | Implement | Implement |
| (d) Eliminate impact fees for accessory dwelling units or developments that include multi-unit dwellings or reduce the fees by at least 25% | | Navigate when reviewing incentives within the Infill Policy, winter 2026/spring 2027 | Navigate when reviewing incentives within the Infill Policy, winter 2026/spring 2027 |
| (e) Allow, as a permitted use, for at least one internal or detached accessory dwelling unit on a lot with a single-unit dwelling occupied as a primary residence | 2023, SB323 - Was not correctly added to MLUPA remains an incentive option | Implement | Implement |
| (f) Allow for single-room occupancy developments | Already within the zoning code | Implement | Implement |
| (g) Allow, as a permitted use, a triplex or fourplex where a single-unit dwelling is permitted | | Navigate when reviewing incentives within the Infill Policy, winter 2026/spring 2027 | Do not investigate further |
| (h) Eliminate minimum lot sizes or reduce the existing minimum lot size required by at least 25% | Already not in the zoning code (we comply) | Implement | Implement |
| (i) Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multi-unit dwellings or mixed-use developments or remove at least half of those requirements | | Do not implement | |
| (j) Provide for zoning that specifically allows or encourages the development of tiny houses, as defined in Appendix Q of the International Residential Code as it was printed on January 1, 2023 | Already allowed within the zoning code, need to explicitly state | Implement | Implement |
| (k) Eliminate setback requirements or reduce existing setback requirements by at least 25% | | Do not implement | |
| (l) Increase building height limits for dwelling units by at least 25% | | Do not implement | |
| (m) Allow multi-unit dwellings or mixed-use development as a permitted use on all lots where office, retail, or commercial are primary permitted uses | 2023, SB245 - Was not correctly added to MLUPA remains an incentive option | Implement | Implement |
| (n) Allow multi-unit dwellings as a permitted use on all lots where triplexes or fourplexes are permitted uses | | Still exploring | |

To be determined at next meeting



BILLINGS 2045 FUTURE LAND USE PLAN

Market Analysis & Growth Projections

Briefing Book | February 24, 2025



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

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INTRODUCTION

PROJECT INTRODUCTION

Billings Land Use Plan & Future Land Use Map

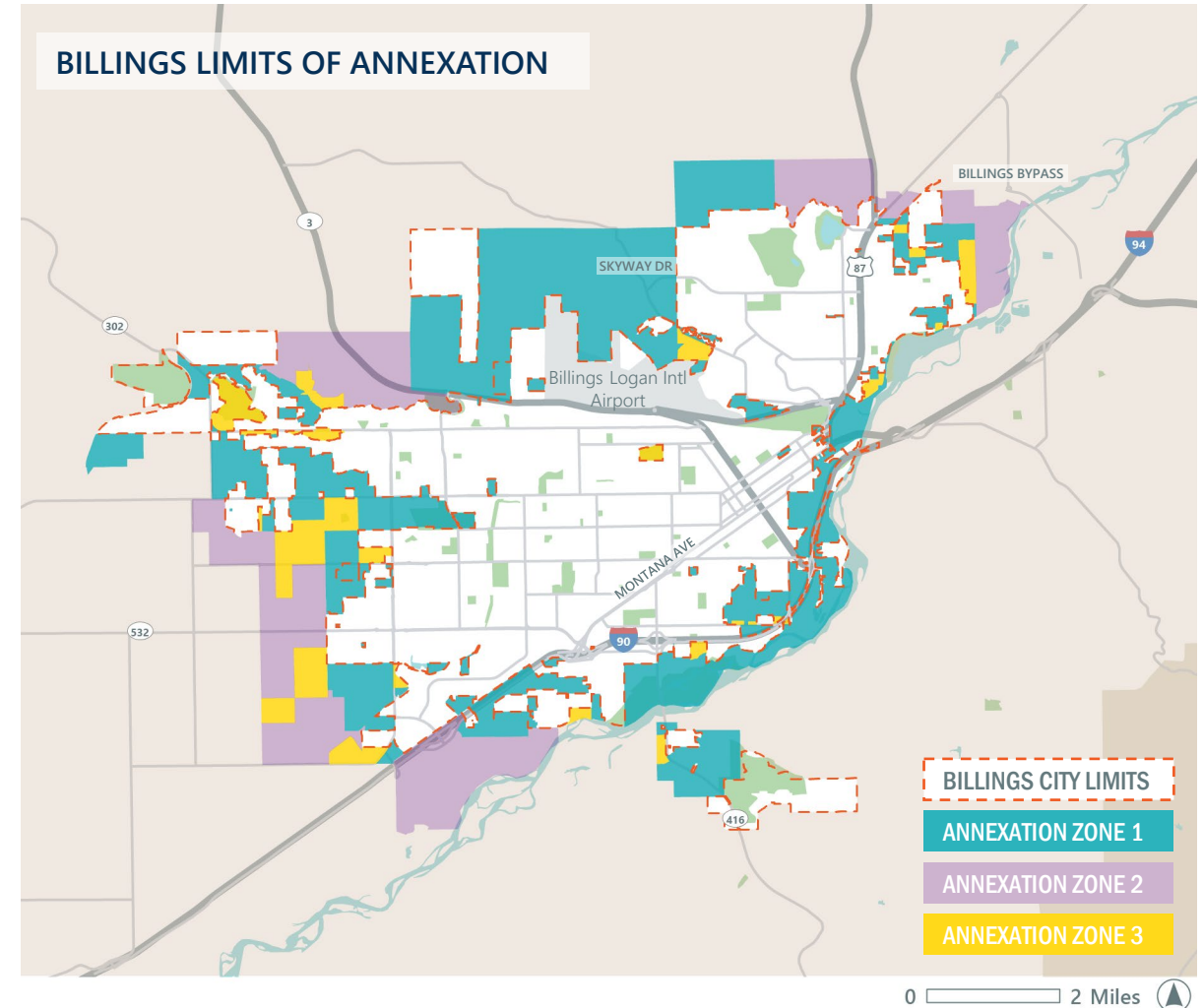
- In 2023, the Montana Legislature adopted the Montana Land Use Planning Act (MLUPA), which requires certain Montana cities to adopt a new land use plan and update local zoning and subdivision regulations. Cities have up to three years from the effective date (May 2023) of the MLUPA to adopt new regulations.
- In April 2025, the City of Billings (the “City”) engaged a planning team led by Orion Planning + Design (Orion) with SB Friedman Development Advisors, LLC (SB Friedman) and Kittleson & Associates to develop a citywide land use plan and future land use map in conformance with MLUPA requirements.
- As part of this work, SB Friedman analyzed the city’s existing and projected housing needs given anticipated population growth; assessed current and future economic development conditions and opportunities; and evaluated potential market constraints on future development. These analyses will inform the forthcoming City of Billings land use plan and future land use map.



ANNEXATION ZONES

Billings has identified three different types of annexation zones in surrounding Yellowstone County

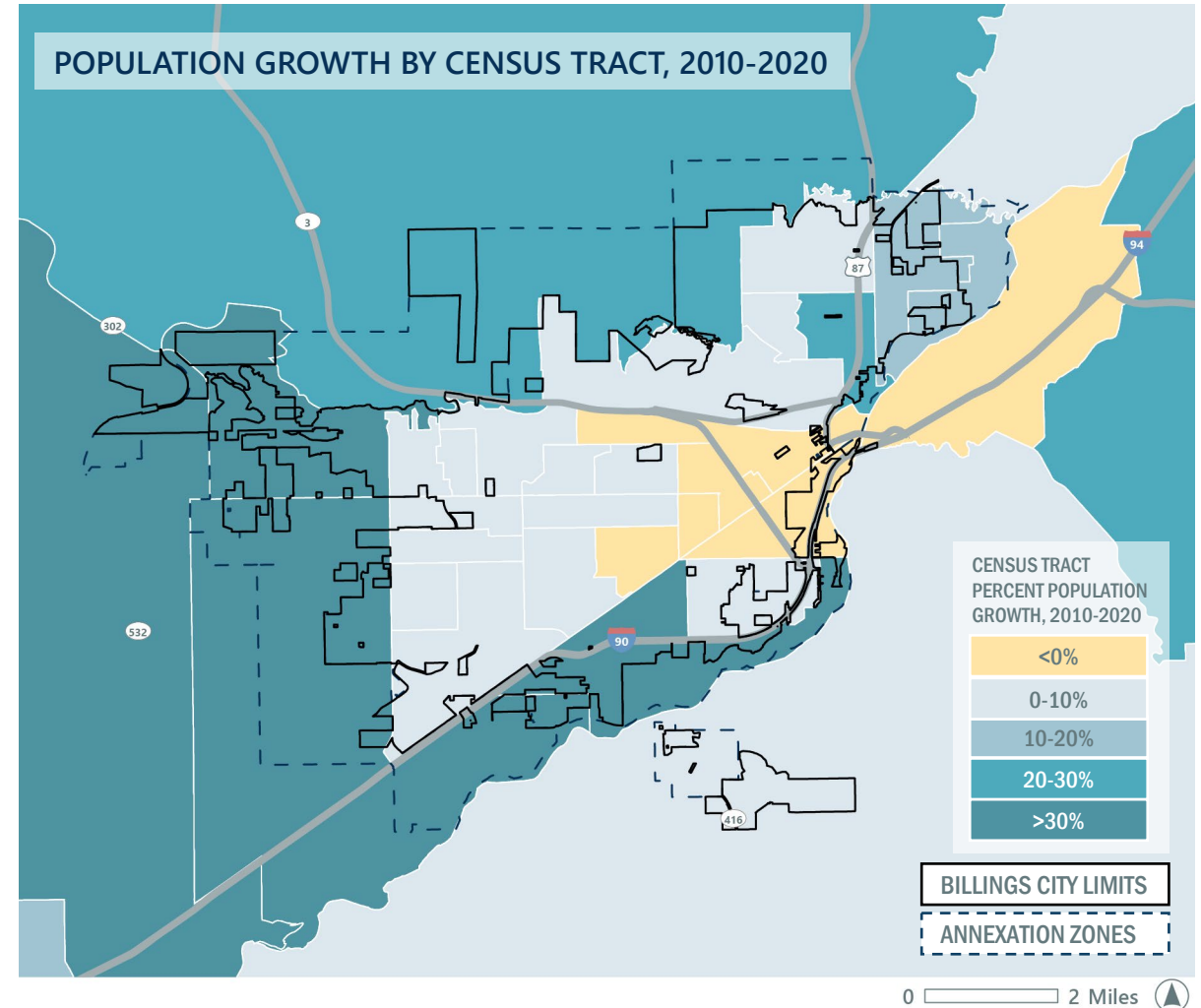
- Land within Yellowstone County can be incorporated into the city of Billings through annexation. The City's Annexation Policy provides guidance on evaluating potential annexations with a focus on orderly growth, adequate provision of municipal services, and equal benefits to annexed land and existing city land.
- The City's Annexation Policy divides potential annexation areas into three zones:
 - **Zone 1 (City Annexation Petition Area).** Zone 1 is the primary area in which City Council considers petitions for annexation.
 - **Zone 2 (Long Range Urban Planning Area).** Zone 2 includes areas that can be considered for inclusion into Zone 1. With certain exceptions, properties cannot be included in Zone 1 without first being in Zone 2.
 - **Zone 3 (County Developed Area).** Zone 3 includes properties developed by the county that are not using municipal services but are adjacent to or near municipally-serviced properties. City Council can consider petitions in Zone 3 as well as Zone 1.



AREA POPULATION CHANGE, 2010-2020

Census tracts at the western edges of Billings experienced up to 95% population growth

- According to the U.S. Census, the population of Yellowstone County was 147,972 in 2010. By 2020, the population increased by 16,759 to 164,731. From 2010 to 2020, the population of Yellowstone County grew at a compound annual growth rate (CAGR) of 1.1%.
- From 2010 to 2020, Billings' population grew by 12.4%. However, population growth was not distributed evenly throughout the city.
- Most areas within the city limits experienced moderate growth between 0 and 10% from 2010 to 2020. The historic core of Billings, including Census tracts overlapping downtown, experienced population decline during this period.
- Areas on the edges of Billings, including Billings Heights and West Billings, grew much more rapidly and saw population increases above 20%. The population in tracts overlapping annexation areas to the west of city limits increased by up to 95%.

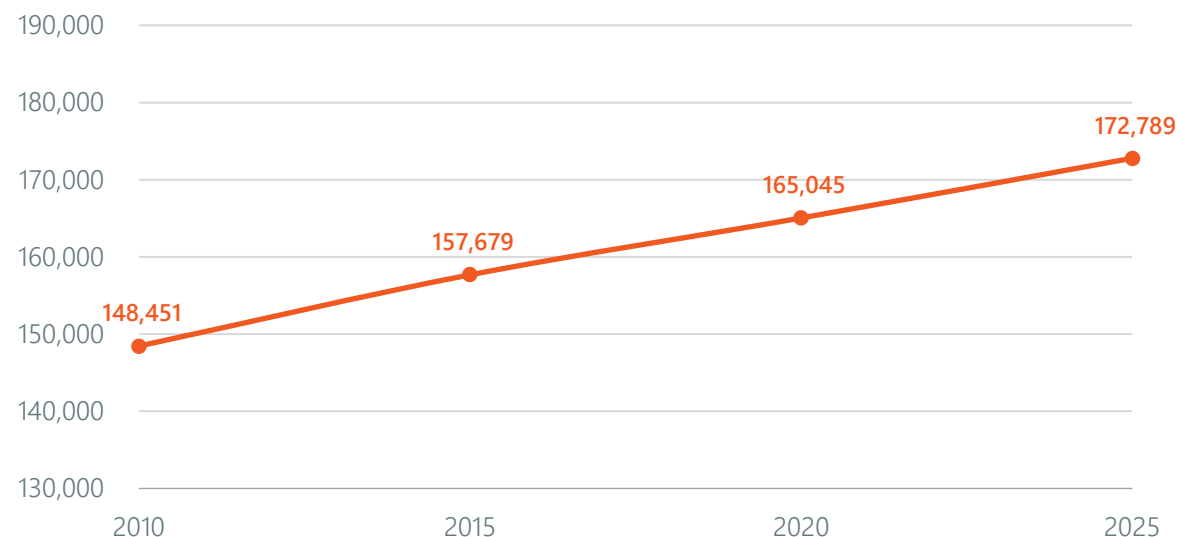


POPULATION PROJECTIONS

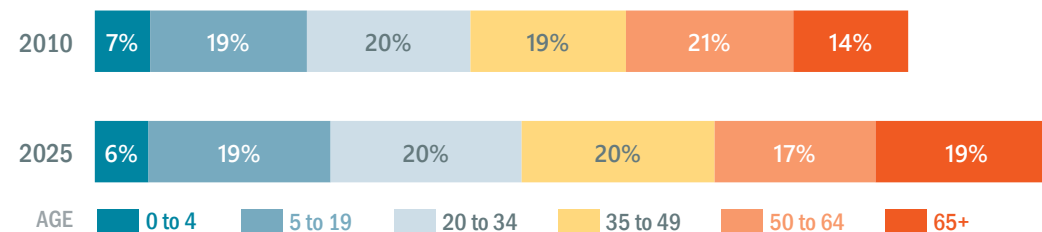
Yellowstone County's population is projected to continue growing, albeit at a slower rate

- Based on estimates published by the Big Sky Economic Development Agency, the 2025 population of Yellowstone County was 172,789. This 2025 population projection reflects an increase of over 24,000 in the span of fifteen years.
 - During stakeholder interviews, interviewees attributed population growth to people moving from outside of Montana in search of a different lifestyle, as well as people moving to Billings from other parts of Montana where the cost of living has increased.
 - According to IRS tax return data, Yellowstone County gained 2,200 households or approximately 4,200 individuals, due to net migration between 2020 and 2022.
- The population of Yellowstone County has aged over the last 15 years. The share of the population that was less than 19 years old was 26% in 2010 and is projected to be 25% in 2025. Meanwhile, the share of the population age 65 and older was 14% in 2010 and is projected to be 19% in 2025.

YELLOWSTONE COUNTY POPULATION AND PROJECTED POPULATION, 2010-2025



YELLOWSTONE COUNTY POPULATION BY AGE, 2010-2025



HOUSING

PRIOR HOUSING STUDIES

Studies identify rising home prices as a challenge for Billings

Recently, several housing studies have assessed local and regional housing market conditions. Though the geographic focus of the studies ranges from local to regional, each study identifies rising median home prices, affordability gaps and financial barriers to residential development as ongoing challenges in Billings.

ACCELERATING PRODUCTION OF ATTAINABLE HOUSING

NOVEMBER 2024

The Billings Association of REALTORS® estimates an annual deficit of up to 1,300 housing units and a current shortage of almost 10,000 housing units. Additionally, the study reports that four of the five top occupations in Billings do not provide enough income to buy a median-priced home.

The study identifies infill development, expediting review processes, and establishing design-build toolkits as avenues to address the shortage of affordable, workforce and family housing in Billings.

DOWNTOWN BILLINGS HOUSING STUDY UPDATE

SEPTEMBER 2022

Downtown has seen relatively little new residential development, as much of the new residential development has occurred on the edges of Billings. In addition, single-family homes have remained the most common form of new residential development.

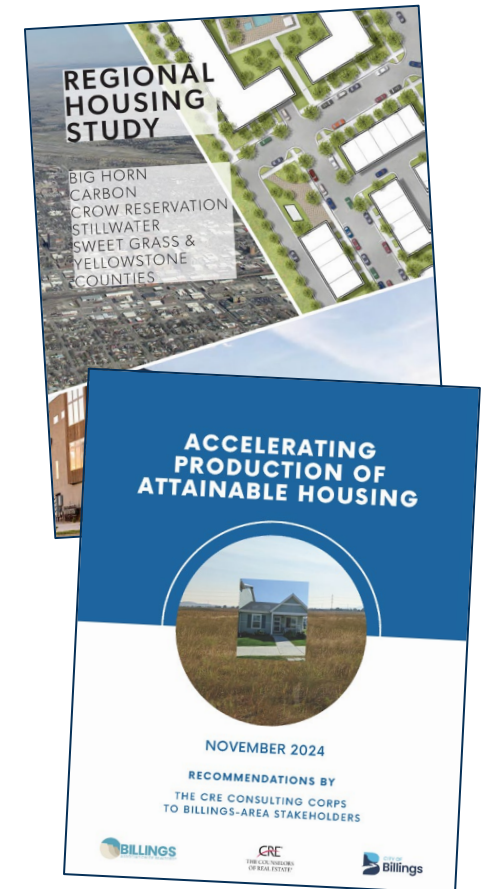
The study suggests that the downtown market cannot support rents high enough to offset rising construction costs. The study recommends the use of incentives to make downtown residential development financially feasible and more attractive.

BRCO REGIONAL HOUSING STUDY

MAY 2022

This regional housing study identifies cost burdens, lack of inventory, and displacement as challenges present in the Billings housing market.

The study identifies market-rate rental housing, affordable rental housing, and first-time buyer and missing middle homeownership as priorities for Yellowstone County. The study recommends the use of fee deferrals/waivers, tax increment financing, land banking, Housing Trust Funds, park lands and revisions to land use codes as strategies to address housing priorities.

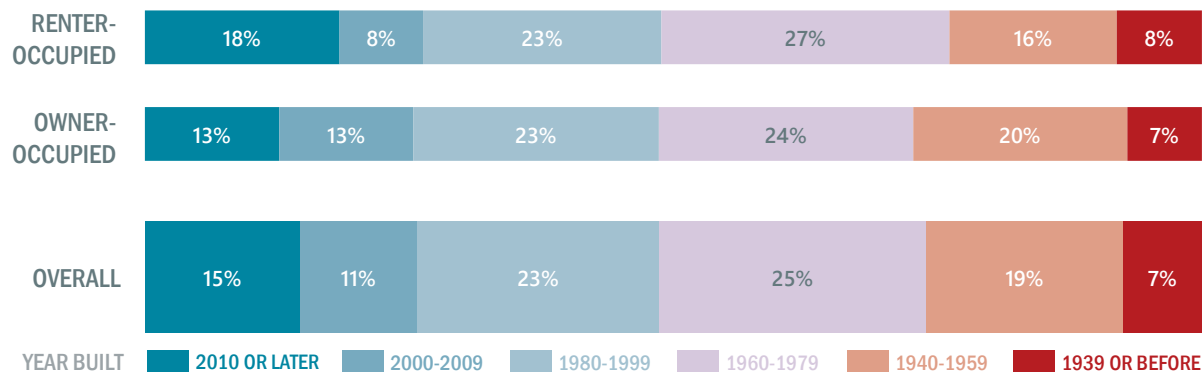


BILLINGS EXISTING HOUSING STOCK

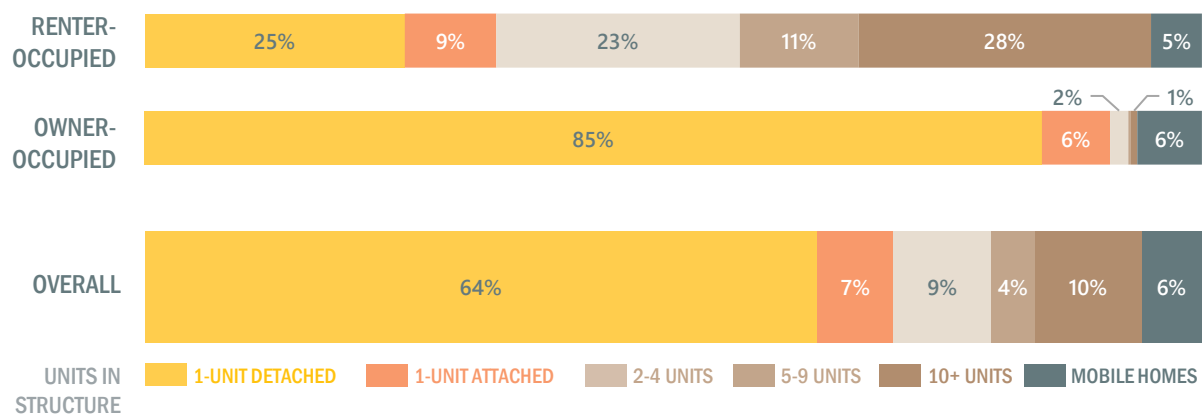
64% of Billings' housing units are single-family detached; 61% of housing units are owner-occupied

- Billings has approximately 53,540 total housing units. Of all housing units in Billings, 61% are owner-occupied (32,600 units) and 33% are renter-occupied (17,700 units). The remaining 3,200 units are vacant. This figure includes 290 units that are sold/rented but not yet occupied, and 310 units occupied seasonally. There are 850 vacant units available for rent and 290 units for sale, per the American Community Survey. The 6% vacancy rate indicates a healthy housing market.
- Over a quarter (26%) of the housing units in Billings were built in or after 2000. While only 13% of owner-occupied units have been built since 2010, 18% of rental units have been built since 2010.
- The majority (71%) of housing units in Billings are single-family homes. Approximately 64% of all housing units are single-family detached units and 7% are single-family attached units. Meanwhile, 23% of all housing units are in multifamily structures (2+ units). An additional 6% of all housing units are mobile homes.
- The housing composition in Billings varies by tenure. Of the owner-occupied units, 85% are single-family detached units, compared to 25% of renter-occupied units. Only 3% of owner-occupied units are in multifamily structures, compared to 62% of renter-occupied. The shares of owner- and renter-occupied single-family attached units and mobile homes are more evenly split.

SHARE OF BILLINGS HOUSING UNITS BY TENURE AND YEAR BUILT, 2023



SHARE OF BILLINGS HOUSING UNITS BY TENURE AND UNITS IN STRUCTURE, 2023



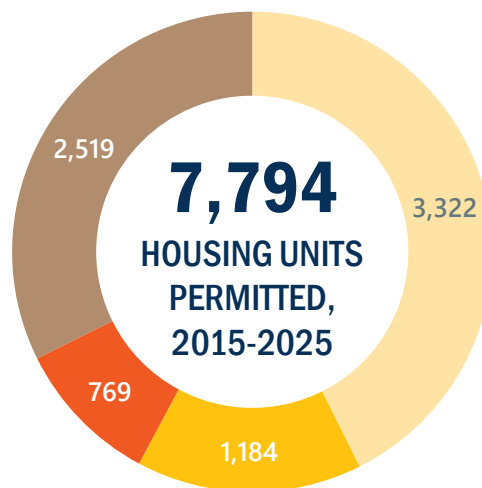
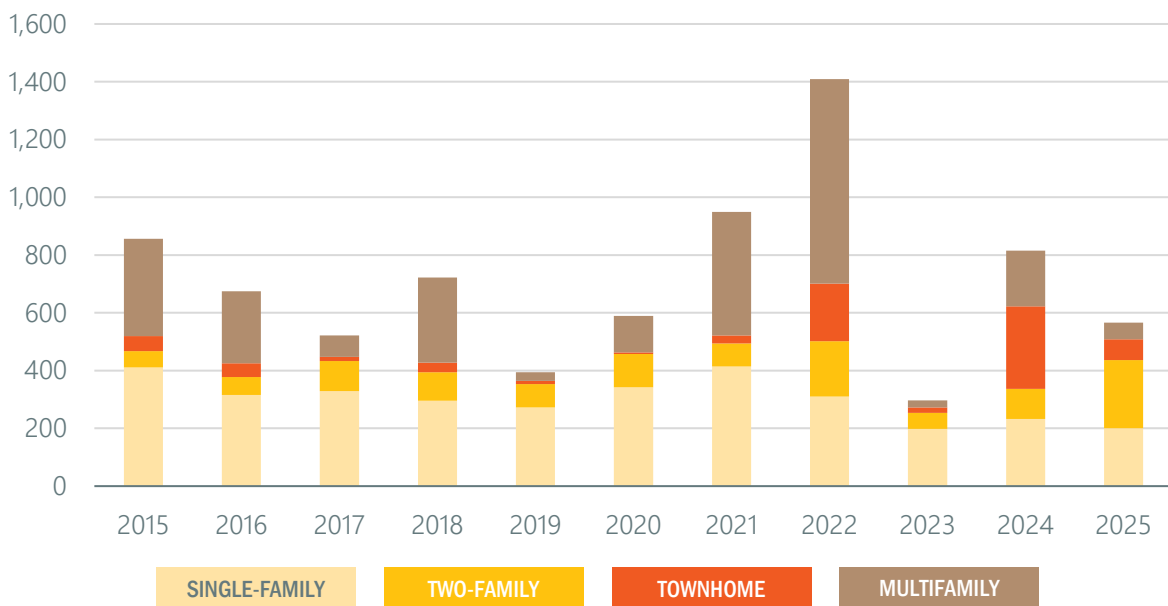
Source: American Community Survey (ACS) 5-Year Estimates (2023), SB Friedman Development Advisors, LLC

BILLINGS RESIDENTIAL BUILDING PERMITS

Since 2020, new housing production in Billings has shifted towards denser housing typologies

Since 2015, approximately 7,800 residential units have been permitted in Billings. Of the residential housing units permitted, 43% have been single-family homes, 15% have been two-family homes, 10% have been townhomes and 32% have been multifamily homes. The mix of new housing has shifted towards denser options, while total housing production has also grown. From 2015 to 2020, 328 single-family homes and 299 homes in two-family, townhome, and multifamily buildings were permitted annually, on average. Between 2021 and 2025, the average number of single-family homes permitted annually fell to 271, while the average annual number of homes in other typologies increased to 537. Per City data, as of February 2026 subdivision applications have been submitted for over 500 additional residential units.

BILLINGS RESIDENTIAL UNITS PERMITTED, 2015-2025



AVERAGE UNITS PERMITTED ANNUALLY

| | 2015-2020 | 2021-2025 |
|---------------|------------|------------|
| SINGLE-FAMILY | 328 | 271 |
| TWO-FAMILY | 86 | 134 |
| TOWNHOME | 28 | 121 |
| MULTIFAMILY | 185 | 282 |
| TOTAL | 627 | 808 |

MARKET-RATE MULTIFAMILY SUPPLY IN BILLINGS

Almost a third of existing market-rate multifamily units were built since 2015

- According to CoStar, Billings has 7,894 market-rate multifamily rental units. An additional 60 units are located in annexation zones. Market-rate multifamily rents average \$1.57 per square foot (SF). The overall vacancy rate is 7.7%, which indicates a healthy market; per Cushman & Wakefield, the U.S. average is 9.0%.
- Market-rate units are distributed throughout Billings, with a large concentration of older, smaller developments near the downtown.
- Since 2015, 23 market-rate multifamily developments have been built, adding 2,304 units total, or 29% of Billings' total market-rate multifamily units.
- Newer market-rate developments tend to have more units and are located toward the edges of the city. Market-rate multifamily developments built before 2015 have an average of 29 units compared to those built since 2015, which have an average of 100 units.
- Per CoStar, there are 139 units currently under construction (one project) and 16 additional units proposed (one project) in Billings.

7,894

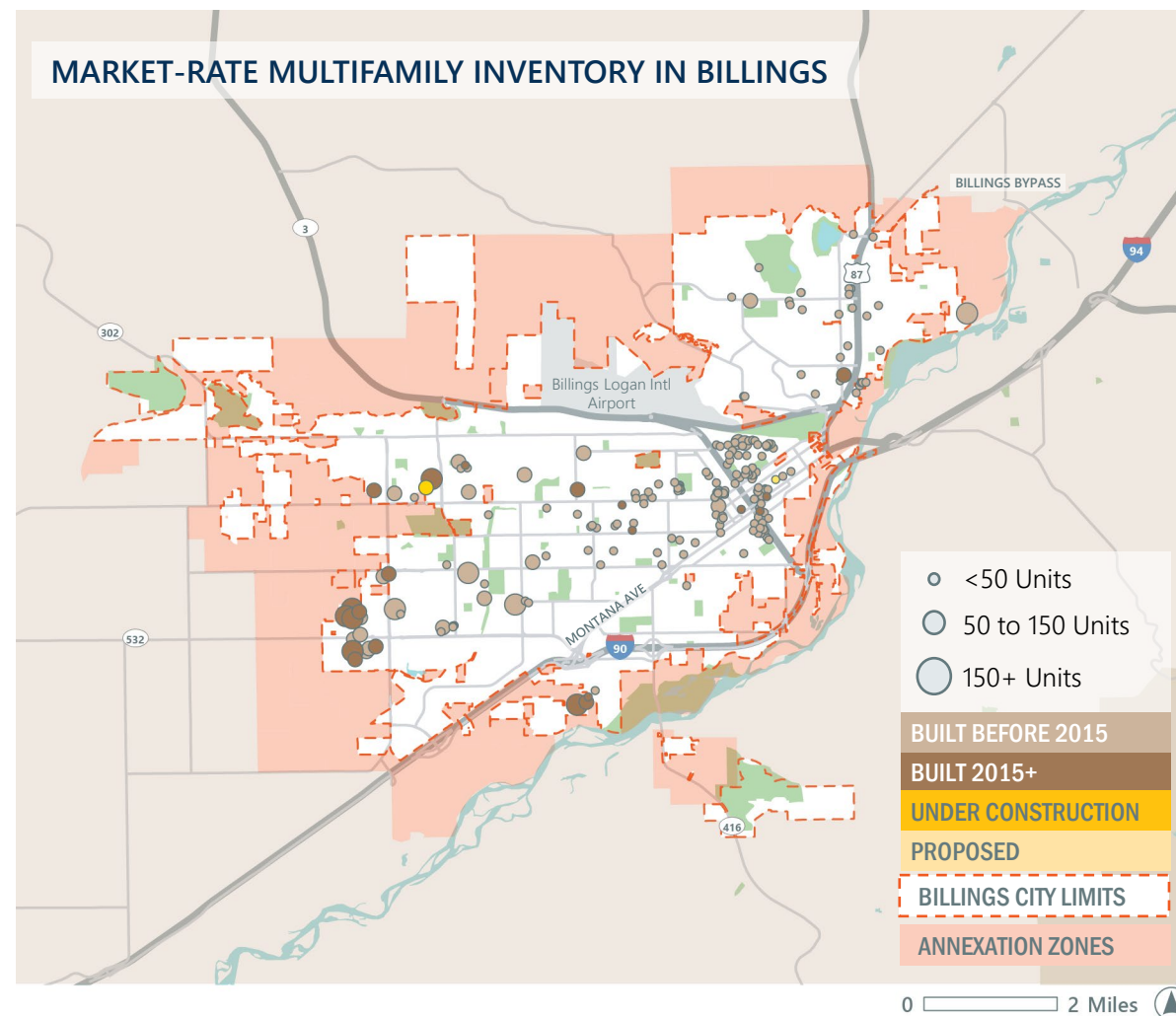
TOTAL MARKET-RATE
UNITS

2,444

MARKET-RATE UNITS
BUILT SINCE 2015

7.7%

MARKET-RATE
VACANCY RATE

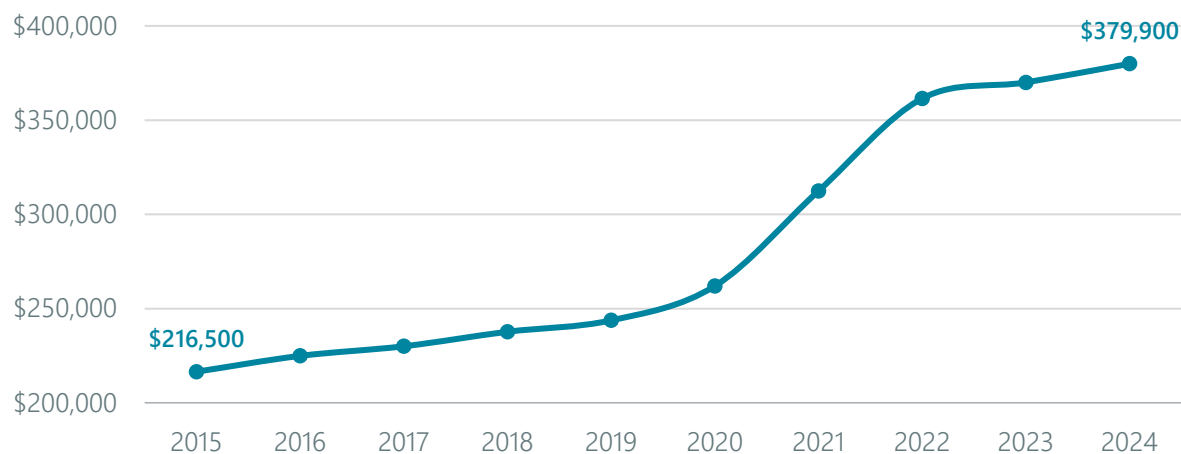


BILLINGS RESIDENTIAL SALE TRENDS

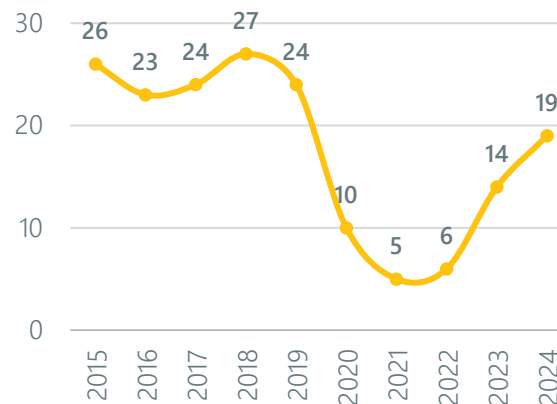
The median home sales price in Billings has increased by over \$163,000 since 2015

- In 2015, the median home sales price in Billings was \$216,500. The median price increased to \$379,900 by 2024 (75% growth since 2015).
- Most of the recent increase in median home sales price occurred between 2020 and 2024. The median home sales price grew at a CAGR of 3.9% from 2015 to 2020. From 2020 to 2024, the median price grew at a higher rate of 9.7%. Over the entire period, the median price increased at a CAGR of 6.4%.
- The median number of days on market for residential property in Billings has varied over the last decade. Between 2015 to 2019, the median number of days on market for residential property ranged from 23 to 27 days. Between 2020 and 2024, the median number of days on the market ranged from 5 to 19 days. The shorter time on market coincided with sharp increases in median sales prices.
- From 2016 to 2020, the number of sales closed increased each year, reaching a high of 2,733 in 2020. From 2020 to 2023, the number of sales closed decreased each year, reaching 1,953 in 2023. In 2024, the number of sales closed increased to 1,979.

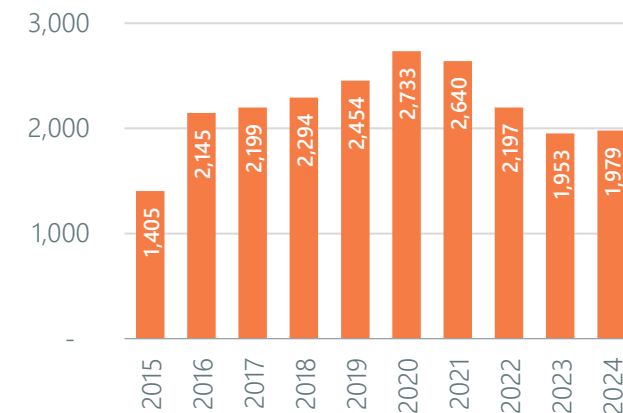
BILLINGS MEDIAN RESIDENTIAL SALES PRICE, 2015-2024



MEDIAN DAYS ON MARKET



RESIDENTIAL SALES CLOSED



AFFORDABLE MULTIFAMILY SUPPLY IN BILLINGS

Several affordable multifamily developments have been completed in Billings since 2015

- According to Homefront, Billings has 2,013 legally-restricted affordable multifamily rental units (housing with income and rent limits and enforced by legal agreements often tied to funding sources). This figure is inclusive of 216 public housing units operated by Homefront. The overall vacancy rate for affordable multifamily rental units is 5.5%. There are no legally restricted affordable multifamily developments currently located in annexation zones.
- Affordable multifamily rental units are relatively evenly distributed throughout Billings. Clusters of affordable developments are concentrated in the northwest portion of Billings and near the downtown.
- Six affordable multifamily developments (254 units) have been built since 2015, according to Homefront.

2,013

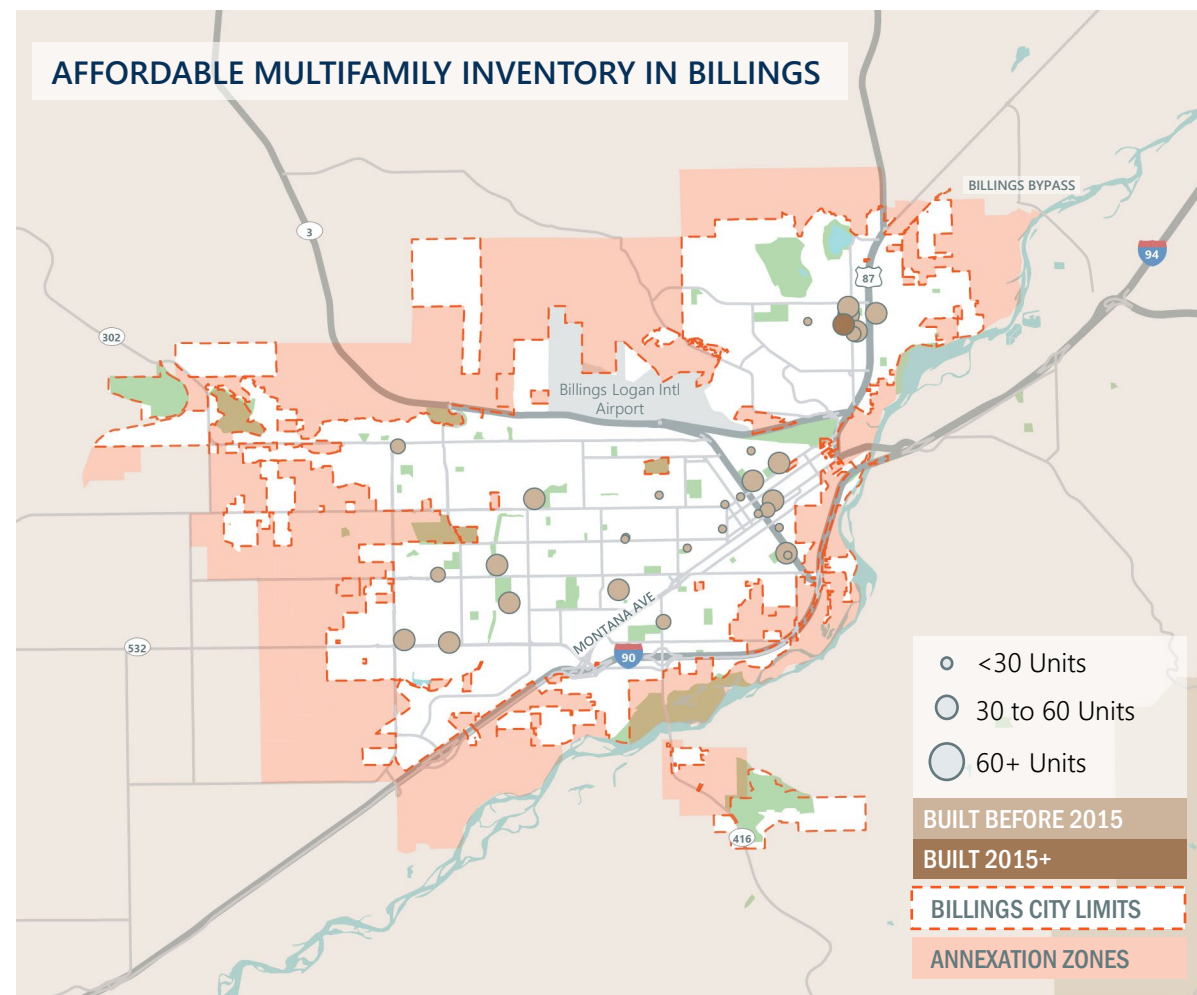
TOTAL AFFORDABLE
UNITS

254

AFFORDABLE UNITS
BUILT SINCE 2015

5.5%

AFFORDABLE
VACANCY RATE



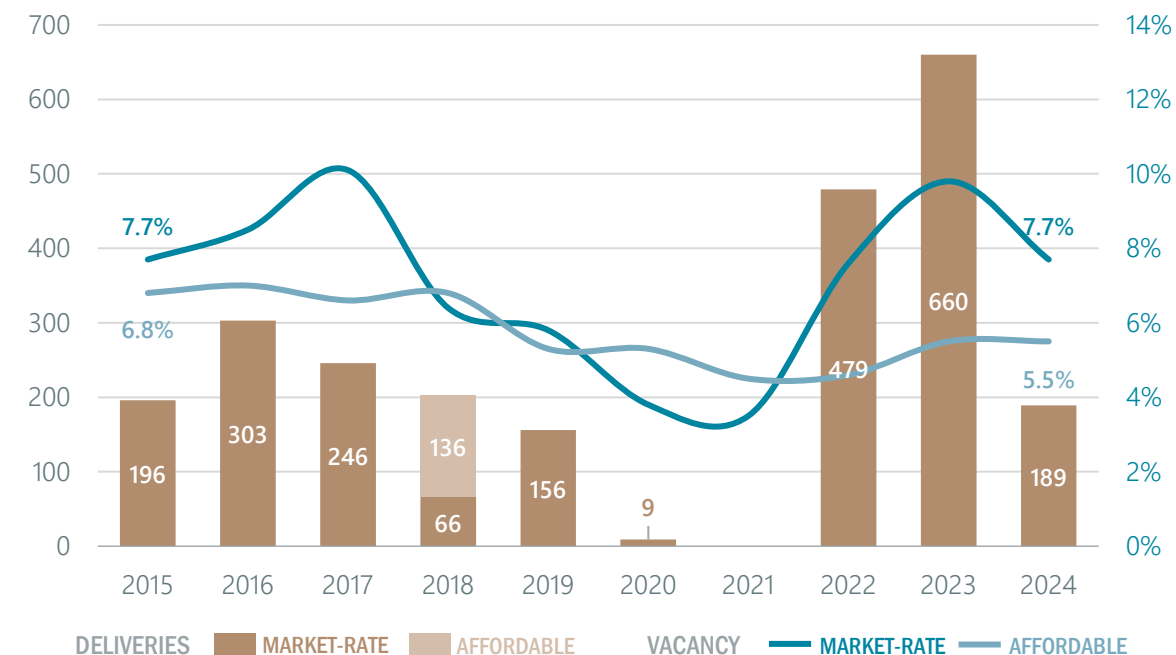
Map does not include public housing inventory.

BILLINGS MULTIFAMILY PERFORMANCE TRENDS

Multifamily deliveries increased post-COVID with over 1,300 units delivered between 2022 and 2024

- Approximately 2,440 multifamily rental units have been built in Billings since 2015. Of these units, 2,304 are market-rate and 136 are affordable. All the affordable units were delivered in 2018, whereas the market-rate unit deliveries were distributed throughout the period.
- After the delivery of 549 market-rate units in 2016 and 2017, the market-rate multifamily vacancy rate reached 10.1% in 2017. Once deliveries slowed over the next couple years, this vacancy decreased, eventually reaching a low of 3.5% in 2021. In 2022 and 2023, 1,139 market-rate units were delivered, resulting in vacancy rising to 9.8%. As of 2024, market-rate vacancy decreased to 7.7%.
- The affordable multifamily vacancy rate has remained between 4.5% and 7.0% from 2015 to 2024.

BILLINGS MULTIFAMILY UNITS DELIVERED AND VACANCY RATE

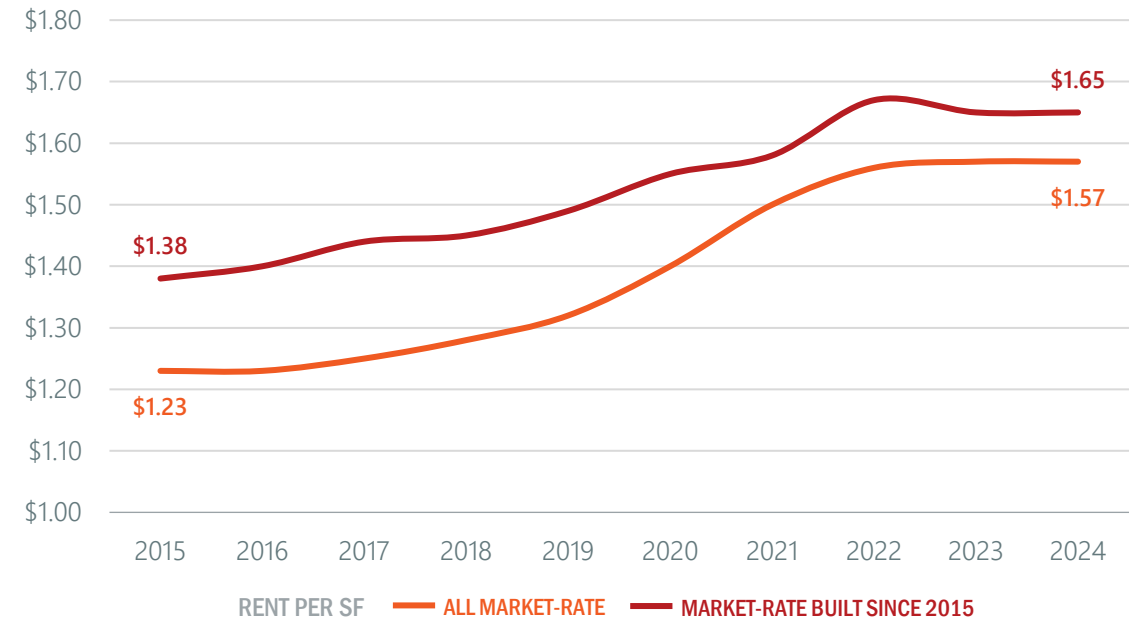


MARKET-RATE MULTIFAMILY RENT TRENDS

Market-rate multifamily rents increase steadily between 2015 and 2022, but have since levelled off

- Since 2015, market-rate rents across all units have increased from \$1.23 per SF to \$1.57 per SF. Market-rate rents have grown at a CAGR of 2.7%. Market-rate rents for projects built since 2015 have increased from \$1.38 per SF in 2015 to \$1.65 per SF in 2024.
- Compared to all market-rate projects, rents of projects built since 2015 have grown at a slower CAGR of 2.0%. From 2015 to 2024, projects built since 2015 have had a premium between \$0.08 and \$0.19 per SF over all market-rate projects.

BILLINGS MARKET-RATE MULTIFAMILY EFFECTIVE RENT PER SF



CONCLUSIONS

Home sale prices and rents have increased over the last decade; affordability is a growing concern

- Billings has over 53,500 total housing units, a majority of which (64%) are single-family detached homes. An additional 7% are single-family attached units, 23% are multifamily units, and 6% are mobile homes.
- Since 2000, approximately 15,500 residential units have been permitted in Billings, 77% of which have been single-family homes and the remaining 23% have been multifamily units. Since 2020, multifamily permitting has increased relative to previous years.
- Housing affordability remains a challenge in Billings. From 2015 to 2025, the median home sales price grew at a CAGR of 6.4%, increasing by over \$163,000. Multifamily rents have also increased from 2015 to 2024, albeit at a more moderate CAGR of 2.7%.
- Amidst housing affordability concerns, several recent studies identified infill residential development as a potential avenue to increasing the supply of housing attainable to Billings residents. While 2,444 market-rate multifamily units have been built since 2015, most have been built near the edges of city limits. Additionally, only one affordable multifamily development with 136 units has been built since 2015.
- Recent housing studies also identified development incentives, land banking and zoning revisions as strategies, among others, to address housing priorities.

| | |
|---|------------------|
| Market-Rate Multifamily Units | 7,894 |
| <i>Built Since 2015</i> | <i>2,444</i> |
| Vacancy | 7.7% |
| Average Rent/SF | \$1.57 |
| Affordable Multifamily Units | 1,748 |
| <i>Built Since 2015</i> | <i>136</i> |
| Vacancy | 5.5% |
| Average Rent/SF | \$1.34 |
| Single-Family Owner-Occupied Units [1] | 29,772 |
| <i>Closed Sales 2015-2024</i> | <i>21,999</i> |
| 2024 Median Days on Market | 19 |
| 2024 Median Sales Price | \$379,900 |

- Planning for a diversity of housing types, including single-family detached homes, townhomes, affordable and market-rate multifamily or condominium homes, would help ensure that there are housing options for people and households at different stages of life and with varying needs.

ECONOMIC DEVELOPMENT

YELLOWSTONE COUNTY WORKFORCE PROFILE

Wholesale and Retail Trade is the largest employment sector in Yellowstone County

- The 2024 Yellowstone County workforce consists of 88,924 people. This accounts for 15.4% of Montana's total workforce. Yellowstone County and Billings serve as a regional hub and catchment area for people and businesses within approximately 500 miles.
- With 2,493 unemployed people in the Yellowstone County workforce, the overall unemployment rate is 2.8%. The Yellowstone County workforce unemployment rate of 2.8% is slightly lower than the unemployment rate of Montana's overall workforce, which is 3.0%. Both Yellowstone County and Montana have unemployment rates below the national average of 4.0%.
- Wholesale and Retail Trade is the largest employment sector in Yellowstone County, followed by Health Care and Social Assistance, Accommodation and Food Services, and Construction. Together, the four largest employment sectors account for 54% of all jobs in Yellowstone County.
- Yellowstone County's two largest private employers, Billings Clinic and Intermountain Health, are in the Health Care and Social Assistance sector. Each of these private employers provides over 1,000 jobs. The third- and fourth-largest private employers, Walmart and Albertsons, are in the Wholesale and Retail Trade sector and provide over 1,000 and between 500 and 999 jobs, respectively.

LARGEST PRIVATE EMPLOYERS IN YELLOWSTONE COUNTY, 2021

Billings Clinic (1,000+ jobs)
 Intermountain Health (1,000+ jobs)
 Walmart (1,000+ jobs)
 Albertsons (500-999 jobs)

LARGEST PUBLIC EMPLOYERS IN YELLOWSTONE COUNTY, 2024

City of Billings (1,000+ jobs)
 Billings Public Schools (1,000+ jobs)

LARGEST EMPLOYMENT SECTORS IN YELLOWSTONE COUNTY, 2024

Wholesale and Retail Trade
 Health Care and Social Assistance
 Accommodation and Food Services
 Construction

88,924

YELLOWSTONE COUNTY
 WORKFORCE

15.4%

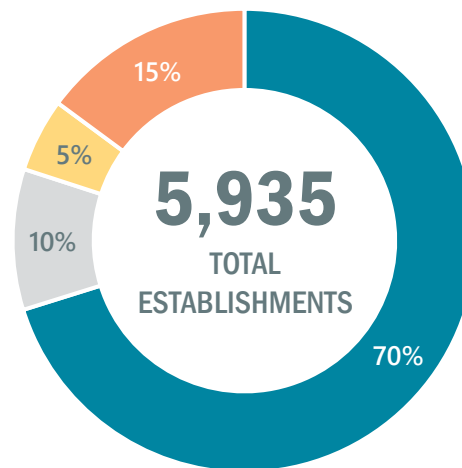
SHARE OF MONTANA WORKFORCE
 IN YELLOWSTONE COUNTY

YELLOWSTONE COUNTY SMALL BUSINESS PROFILE

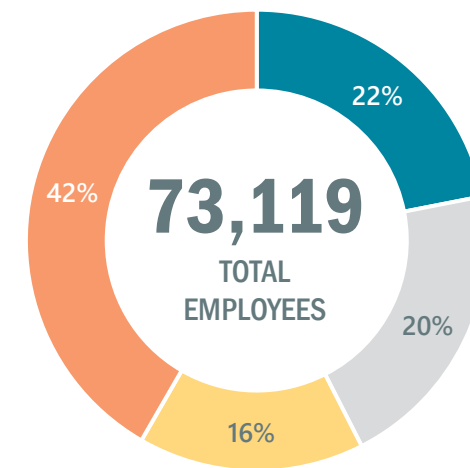
Approximately 70% of establishments in Yellowstone County have less than 20 employees

- In 2022, Yellowstone County had approximately 5,935 business establishments. Of the 5,935 establishments, 70% had fewer than 20 employees, while another 10% of establishments had between 20 and 99 employees. Only 5% of establishments had between 100 and 499 employees and the remaining 15% had at least 500 employees.
- Of the 73,100 employees in Yellowstone County, approximately 22% worked at establishments with fewer than 20 employees. Meanwhile, approximately 42% of total employees worked at establishments with over 500 employees. While most establishments are small businesses with fewer than 20 employees, the majority (58%) of employees in Yellowstone County work at establishments with 100 or more employees.
- Average employee pay in Yellowstone County increases with establishment size. Establishments with over 500 employees had an average annual pay of \$66,030, whereas those with fewer than 20 employees had an average pay of \$44,573.
- During interviews, multiple business and economic development stakeholder identified Billings as a “business-friendly” city.

YELLOWSTONE COUNTY ESTABLISHMENTS BY SIZE, 2022



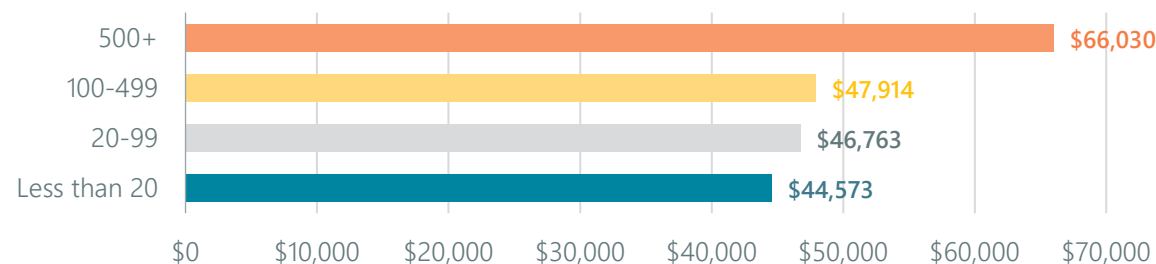
YELLOWSTONE COUNTY EMPLOYEES BY ESTABLISHMENT SIZE, 2022



NUMBER OF EMPLOYEES



YELLOWSTONE COUNTY AVERAGE ANNUAL PAY BY ESTABLISHMENT SIZE, 2022



Source: SB Friedman, U.S. Census Statistics of U.S. Businesses (SUBS) (2022)

ECONOMIC CLUSTERS

Regional economies consist of traded (primary) and local (secondary) clusters

Regional economies can be categorized into economic clusters or industry groups. A cluster is a regional concentration of related industries. Regional economies are made up of two types of clusters, each with different patterns of geographic presence and different competitive dynamics.

- Traded clusters, also known as primary job clusters, are groups of related industries that export products/serve markets beyond the region in which they are located. Since primary clusters compete in cross-regional markets, they are exposed to competition from other regions. Typically, approximately 30% of jobs in a geography are within primary clusters.
 - Examples: Business Services, Financial Services, Hospitality & Tourism, Manufacturing, Transportation & Warehousing
- Local clusters, also known as secondary job clusters, consist of industries that serve the local market. They are found in every region of the country, regardless of the competitive position of a particular location. A region's employment in secondary clusters is usually proportional to the population of that region.
 - Examples: Local Government, Real Estate, Schools & Hospitals

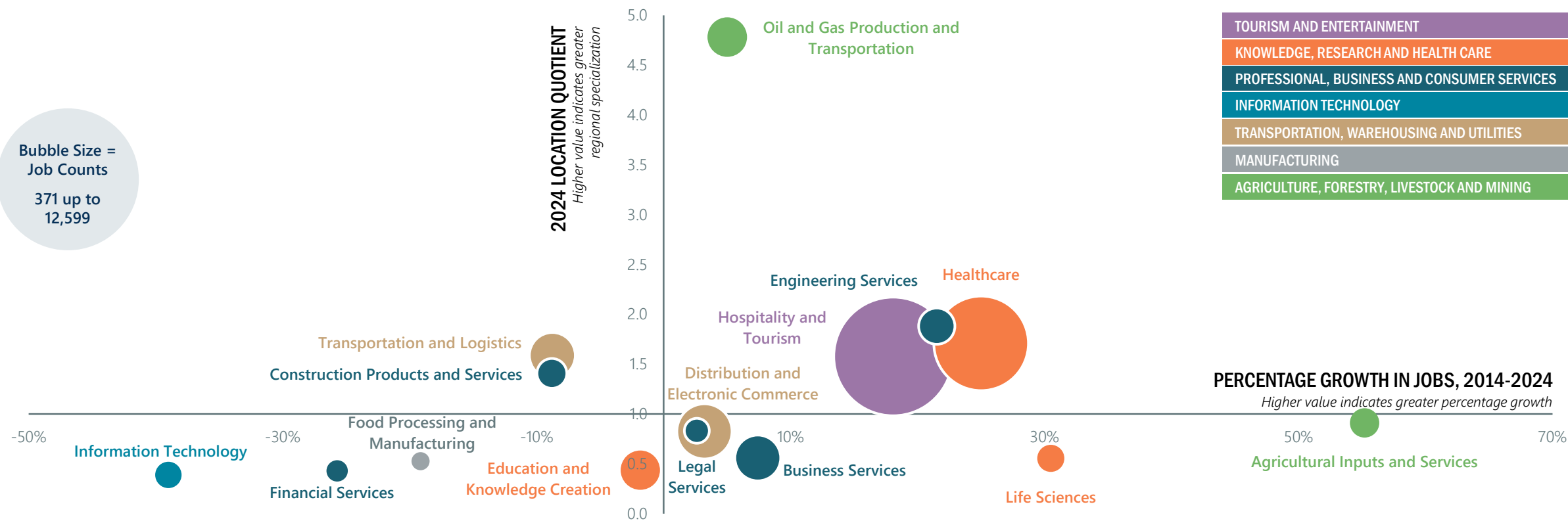
Location quotients (LQ) quantify the specialization of a region's industry compared to national employment averages. High location quotients are typically indicative of high-export businesses. Of the largest industry clusters, Yellowstone County has the highest employment concentrations and specializations within the following sectors:

- Oil and Gas Production and Transportation (LQ=4.78)
- Engineering Services (LQ=1.88)
- Health Care (LQ=1.71)

YELLOWSTONE COUNTY PREDOMINANT ECONOMIC CLUSTERS

Agricultural Inputs and Services was the fastest-growing sector in the last decade

Yellowstone County has experienced growth across many economic clusters since 2014. The Agricultural Inputs and Services cluster grew by over 55% from 2014 to 2024, making it the fastest growing top-ten traded cluster in the county. Despite its significant growth, it only provides 775 jobs, making it the tenth-largest traded cluster in the county. The two largest traded clusters, Hospitality and Tourism and Health Care, which provide 12,599 and 7,985 jobs, respectively, had more moderate growth rates of 18% and 25%.

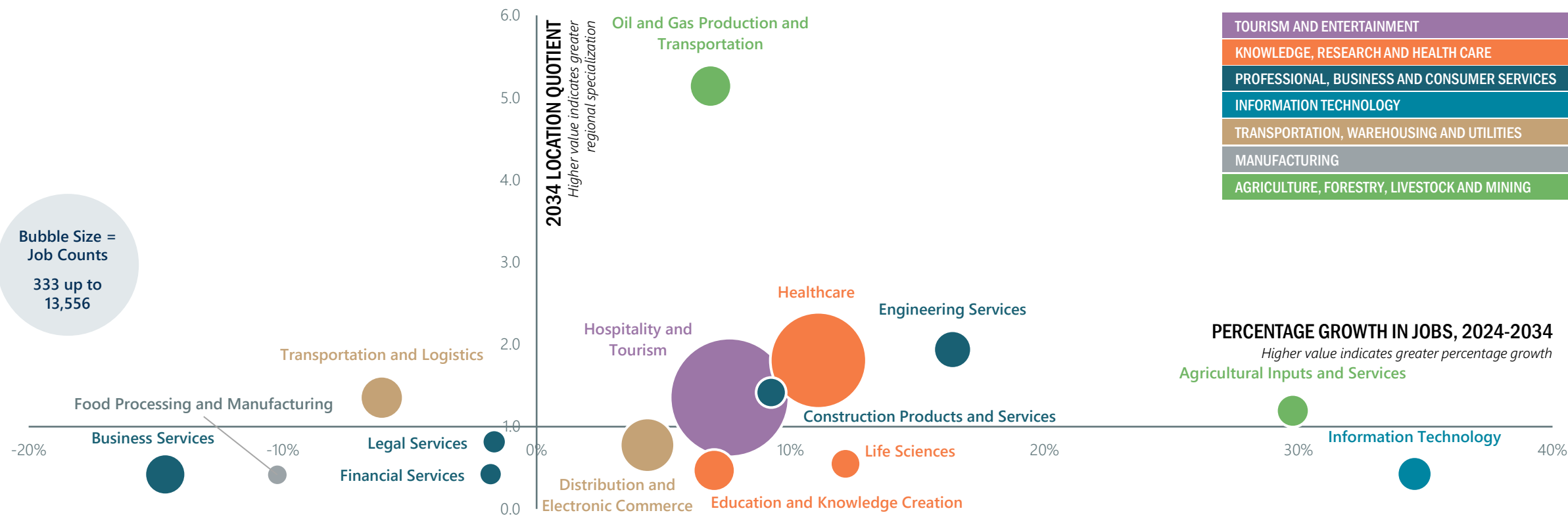


[1] Lightcast projected employment only extends to 2034. Therefore, the analyses are through 2034, rather than 2045 like the growth projections.
Source: Lightcast, SB Friedman

YELLOWSTONE COUNTY PROJECTED CLUSTER GROWTH

Job growth is projected to be driven largely by the Health Care and Hospitality and Tourism sectors

Hospitality and Tourism is projected to remain Yellowstone County’s largest employment cluster and add 960 jobs from 2024 to 2034. Hospitality and Tourism’s growth will account for 16% of projected job growth during the period. Health Care is projected to remain the second-largest traded cluster and add 890 jobs, or 15% of projected job growth, over the same the period. While Information Technology and Agricultural Inputs and Services are projected to be the fastest-growing top-ten traded clusters due to their smaller size, their growth will only account for a combined 8% of net job growth.



[1] Lightcast projected employment only extends to 2034. Therefore, the analyses are through 2034, rather than 2045 like the growth projections.
Source: Lightcast, SB Friedman

HISTORIC & PROJECTED MAJOR ECONOMIC CLUSTER GROWTH

Eight of ten largest traded clusters in the county are projected to grow between 2024 and 2034

Eight of the ten largest traded employment clusters in Yellowstone County are projected to grow from 2024 to 2034. The two major employment clusters that are projected to lose jobs from 2024 to 2034 are Transportation and Logistics and Business Services.

Hospitality and Tourism has remained the largest employment cluster in Yellowstone County since 2014. Hospitality and Tourism provided 12,600 jobs in 2024 and is projected to provide 13,560 jobs in 2034. As a result, there is likely to be greater demand for hotels, event spaces and tourist activities going forward. Although Hospitality and Tourism is the largest sector, it has the lowest average wage of the ten largest employment sectors. Health Care has remained the second-largest cluster in the county since 2014, and Distribution and Electronic Commerce has remained the third-largest cluster.

TOP TEN TRADED EMPLOYMENT CLUSTERS IN YELLOWSTONE COUNTY, 2014-2034

| | Employment, 2014 | Employment, 2024 | Projected Employment, 2034 | Employment CAGR, 2014-2024 | Employment CAGR, 2024-2034 | Average Wage, 2024 |
|---|------------------|------------------|----------------------------|----------------------------|----------------------------|--------------------|
| Hospitality and Tourism | 10,671 | 12,599 | 13,556 | 1.7% | 0.7% | \$30,000 |
| Health Care | 6,388 | 7,985 | 8,871 | 2.3% | 1.1% | \$110,800 |
| Distribution and Electronic Commerce | 2,612 | 2,696 | 2,814 | 0.3% | 0.4% | \$97,700 |
| Transportation and Logistics [1] | 2,041 | 1,862 | 1,749 | -0.9% | -0.6% | \$84,800 |
| Business Services | 1,725 | 1,853 | 1,582 | 0.7% | -1.6% | \$95,700 |
| Oil and Gas Production & Transportation | 1,495 | 1,569 | 1,677 | 0.5% | 0.7% | \$212,500 |
| Education and Knowledge Production | 1,581 | 1,552 | 1,661 | -0.2% | 0.7% | \$41,400 |
| Engineering Services | 952 | 1,157 | 1,346 | 2.0% | 1.5% | \$139,800 |
| Construction Products and Services | 855 | 780 | 852 | -0.9% | 0.9% | \$108,100 |
| Agricultural Inputs and Services | 499 | 775 | 1,006 | 4.5% | 2.6% | \$43,900 |

[1] The decrease in Transportation and Logistics employment appears to be a product of how "traded" and "local" clusters are defined and organized. The traded "Transportation and Logistics" sector lost approximately 180 jobs, largely due to decreases in long distance freight trucking and freight transportation arrangement. However, jobs in local logistical services grew by ~800, driven largely by increases in express delivery services. Local cluster employment is shown on page 26. Source: Lightcast (2025), SB Friedman

HISTORIC & PROJECTED ECONOMIC CLUSTER GROWTH

Yellowstone County is projected to gain over 5,800 jobs from 2024 to 2034

In 2024, Yellowstone County had approximately 89,298 jobs. Local cluster jobs accounted for 58% of total employment in Yellowstone County in 2024. Jobs in the ten largest traded clusters accounted for 37% of Yellowstone County's total employment. Jobs in other traded clusters accounted for an additional 5% of total employment. From 2014 to 2024, Yellowstone County employment increased by approximately 8,450 jobs. During this period, total employment grew at a CAGR of 1.0%, driven by growth in local clusters and the ten largest traded clusters. Yellowstone County is projected to gain 5,861 jobs from 2024 to 2034, bringing total employment to 95,159. During this period, total employment is projected to grow at a CAGR of 0.6%, which is slightly slower than the prior ten-year period.

EMPLOYMENT IN YELLOWSTONE COUNTY, 2014-2034

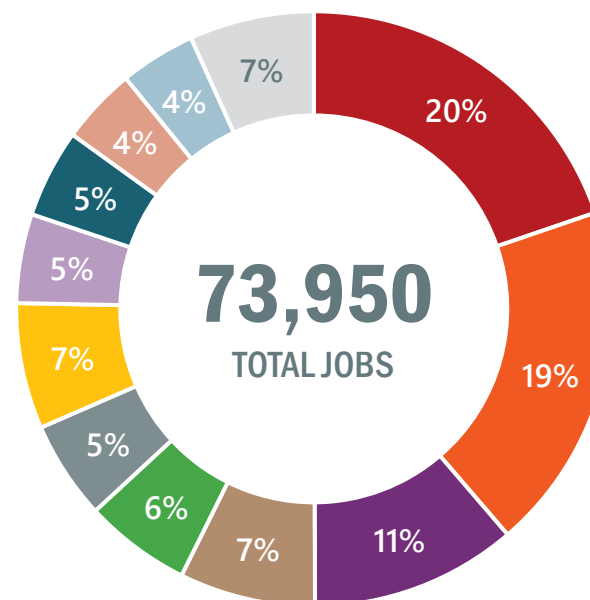
| | Employment, 2014 | Employment, 2024 | Projected Employment, 2034 | Employment CAGR, 2014-2024 | Employment CAGR, 2024-2034 | Weighted Average Wage, 2024 |
|---|------------------|------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| Ten Largest Traded Clusters | 28,820 | 32,830 | 35,114 | 1.3% | 0.7% | \$77,327 |
| All Other Traded Clusters | 5,061 | 4,781 | 5,289 | -0.6% | 1.0% | \$93,950 |
| Real Estate, Construction & Development | 6,583 | 8,055 | 8,698 | 2.0% | 0.8% | \$80,435 |
| Local Health Services | 4,757 | 5,241 | 5,924 | 1.0% | 1.2% | \$73,519 |
| Local Motor Vehicle Products & Services | 4,145 | 4,426 | 4,526 | 0.7% | 0.2% | \$71,793 |
| Local Education and Training | 3,593 | 3,913 | 3,994 | 0.9% | 0.2% | \$65,455 |
| Local Commercial Services | 3,466 | 3,561 | 3,601 | 0.3% | 0.1% | \$57,468 |
| All Other Local Clusters | 24,423 | 26,491 | 28,012 | 0.8% | 0.6% | \$67,613 |
| YELLOWSTONE COUNTY TOTAL | 80,848 | 89,298 | 95,159 | 1.0% | 0.6% | |

BILLINGS EMPLOYMENT BASE

Health Care and Social Assistance is the largest employment sector in Billings

- Billings has a total of 73,950 jobs. The three largest sectors in Billings, Health Care and Social Assistance, Wholesale and Retail Trade, and Accommodation and Food Services account for half of all jobs in Billings.
- Health Care and Social Assistance is the largest employment sector in Billings and provides 14,600 jobs. Wholesale and Retail Trade, the second-largest employment sector, provides another 14,000 jobs. The next largest sectors are Accommodation and Food Services and Professional, Scientific & Technical Services, which provide 8,300 and 5,500 jobs, respectively.

BILLINGS JOBS BY SECTOR, 2022

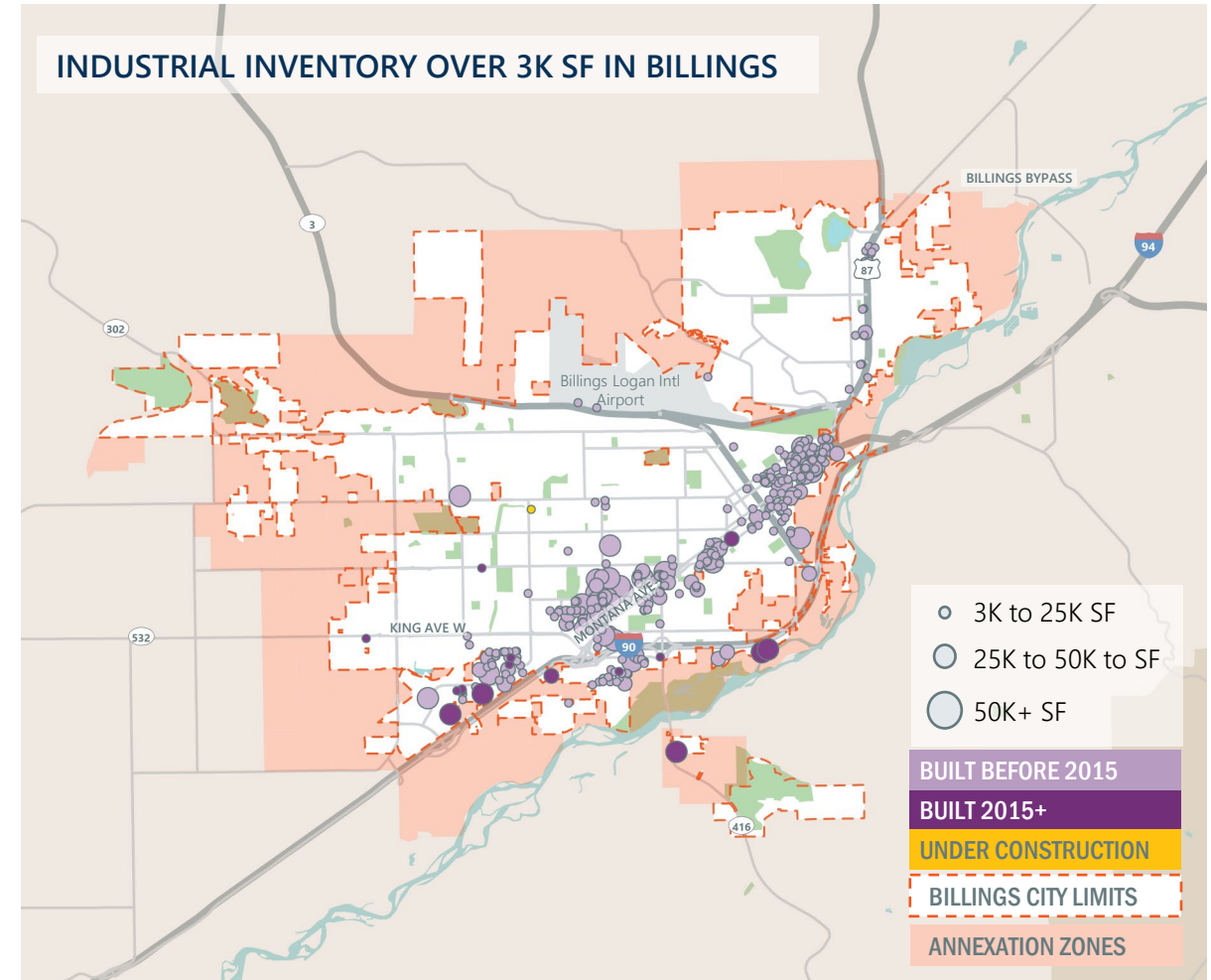


| |
|---|
| HEALTH CARE AND SOCIAL ASSISTANCE |
| WHOLESALE AND RETAIL TRADE |
| ACCOMMODATION AND FOOD SERVICES |
| PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES |
| EDUCATIONAL SERVICES |
| ADMIN & SUPPORT, WASTE MGMT & REMEDIATION |
| FINANCE, INSURANCE, AND REAL ESTATE |
| PUBLIC ADMINISTRATION |
| CONSTRUCTION |
| OTHER SERVICES (EXCLUDING PUBLIC ADMIN) |
| TRANSPORTATION AND WAREHOUSING |
| OTHER |

INDUSTRIAL SUPPLY IN BILLINGS

Industrial developments are densely concentrated along Montana Ave and I-90

- Billings has approximately 7,912,000 SF of existing industrial space. The industrial building supply in Billings is largely concentrated along Montana Avenue or near I-90. The overall vacancy rate is 4.6% and the average triple-net rent is \$8.79 per SF, according to CoStar. The vacancy rate indicates a healthy market; the U.S. average is 6.2%, per Cushman & Wakefield.
- Approximately 719,000 SF of industrial space has been built since 2015, which accounts for 9.4% of Billings' existing inventory. There is one 3,100-SF industrial development currently under construction in Billings.
- In addition, there is approximately 1,710,800 SF of existing industrial space in annexation zones, 648,200 SF of which have been built since 2015. While the city has more than four times as much industrial supply as the annexation zones, development since 2015 in the two geographies has been comparable.
- Per the City, as of February 2026 subdivision applications encompassing nearly 450 acres of land for proposed commercial uses have been submitted.



Map excludes industrial properties smaller than 3,000 SF

0 2 Miles

OFFICE SUPPLY IN BILLINGS

Less than 2% of the 6.3 million SF of office space in Billings was built since 2015

- Billings has approximately 6,273,000 SF of existing office space. The overall vacancy rate is 3.5% and the average triple-net rent is \$20.40 per SF, according to CoStar. The vacancy rate indicates a constrained market, as the U.S. average is 19.9%, per Cushman & Wakefield. However, some of the office properties may be leased, but not fully occupied due to remote or hybrid work policies.
- Approximately 66,100 SF of additional office space is located in annexation zones.
- Much of the existing office inventory is concentrated in and around the downtown. There are additional office clusters in the western half of the city.
- Approximately 101,000 SF of office space has been built since 2015; therefore, 98.4% of the city's existing office inventory was built before 2015. There is one 5,000-SF office development currently under construction in Billings.

6.3M

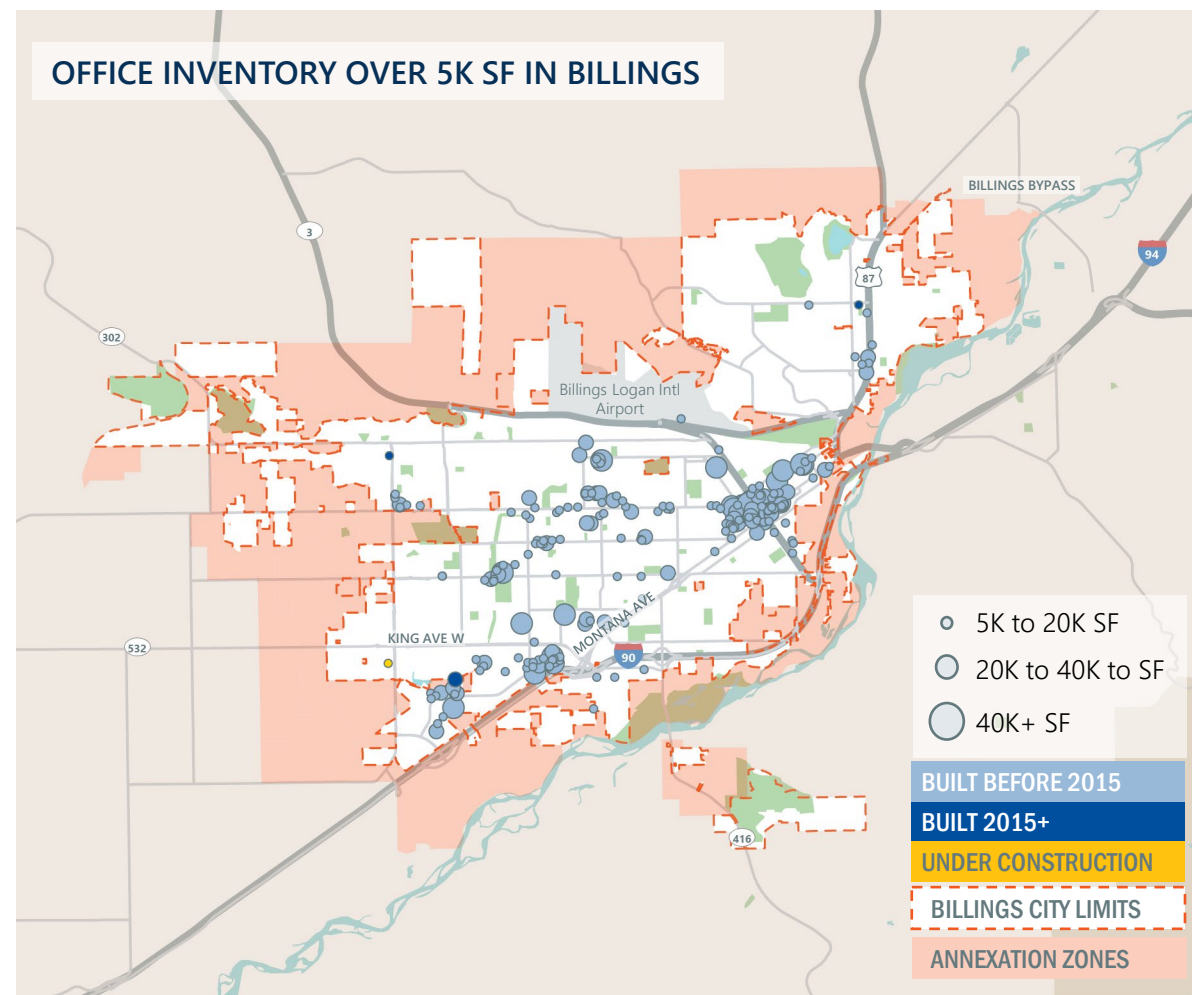
TOTAL
OFFICE SF

0.1M

OFFICE SF BUILT
SINCE 2015

3.5%

OFFICE VACANCY
RATE

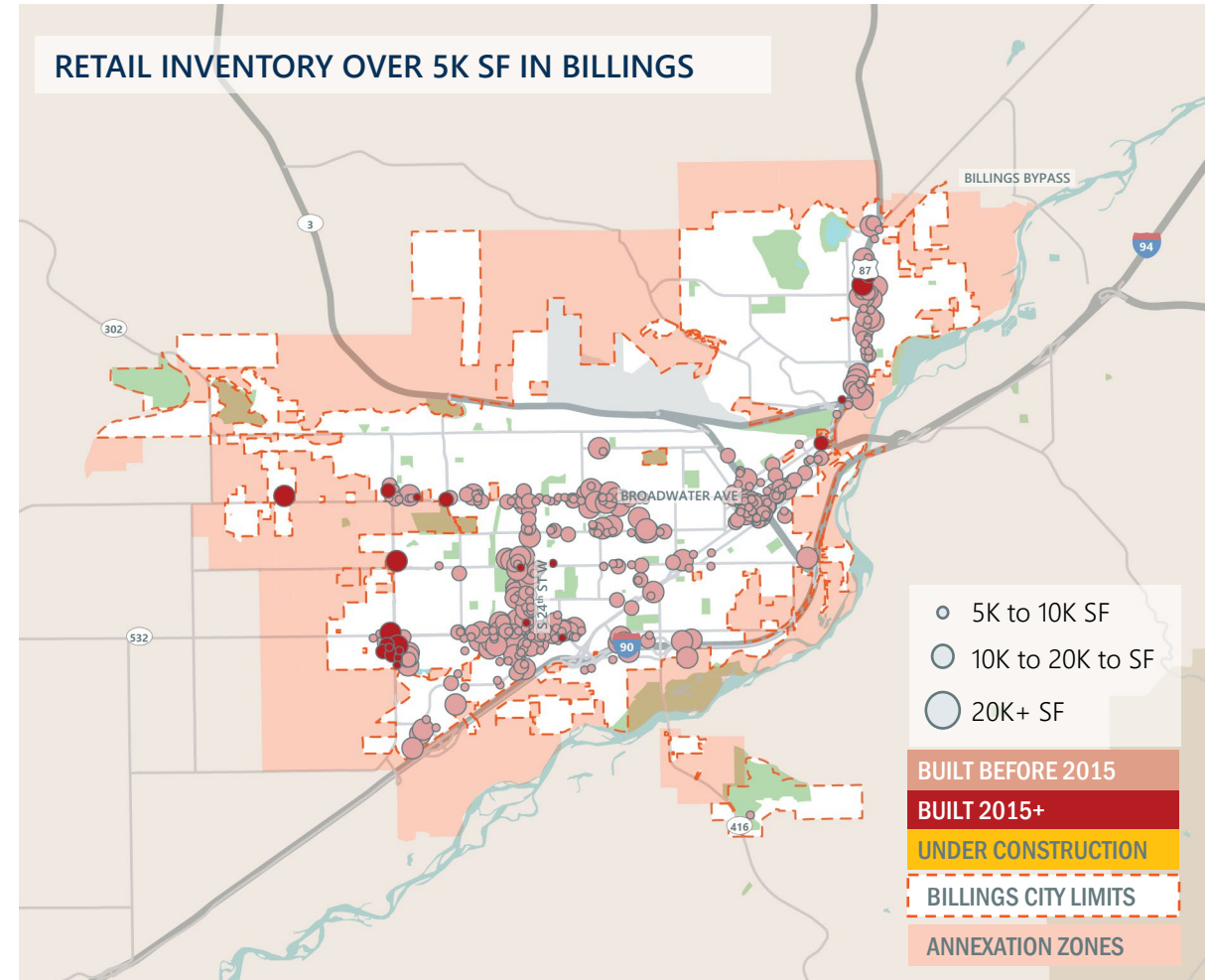


Map excludes office properties smaller than 5,000 SF

RETAIL SUPPLY IN BILLINGS

Less than 5% of the 10.6 million SF of retail space in Billings was built since 2015

- Billings has approximately 10,608,000 SF of existing retail space. According to CoStar, the average triple-net rent is \$10.95 per SF, while the overall vacancy rate is 2.1%, which indicates a constrained market (U.S. average is 5.3%). Approximately 435,500 SF of additional retail space is in annexation zones.
- Much of the retail supply is concentrated in the downtown, along major commercial corridors, including Broadwater Avenue, King Avenue W, 24th Street, or in the northwest portion of the city along US Highway 87.
- Approximately 447,000 SF of retail space has been built since 2015; therefore, 95.8% of Billings' existing retail inventory was built before 2015. There are no retail developments proposed or currently under construction in Billings.
- Although there has been limited new retail space built in Billings since 2015, the city remains an important retail hub for the county, region and state. In 2025, Billings had a \$1.5 billion surplus of retail sales, indicating that the city's retail market captures significant spending from people living outside the city.



Map excludes retail properties smaller than 5,000 SF

[1] Retail properties and square footage estimates account for ground-floor retail space in mixed-use buildings. Source: City of Billings, CoStar (May 2025), Cushman & Wakefield (Q3 2025), SB Friedman

SB Friedman Development Advisors, LLC

CONCLUSIONS

Billings has experienced limited office and retail development; industrial is the strongest product type

- The 2024 Yellowstone County workforce consists of 88,924 people, or approximately 15.4% of Montana's total workforce. The overall county unemployment rate is 2.8%. Eight of the ten largest traded employment clusters in Yellowstone County are projected to grow from 2024 to 2034.
- Billings has a total of 73,950 jobs. The three largest sectors in Billings, Health Care and Social Assistance, Wholesale and Retail Trade, and Accommodation and Food Services account for half of all jobs in Billings.
- Industrial is the strongest commercial product type in Billings. Billings has approximately 7,912,300 SF of existing industrial space within its city limits and an additional 1,710,800 SF in its annexation zones. Approximately 9.4% of the city's industrial inventory has been built since 2015.
- Aligned with national post-COVID trends, Billings' office market has experienced limited growth recently. Billings has approximately 6,273,000 SF of office space. Less than 2% of existing office space has been built since 2015.
- Billings has approximately 10,608,000 SF of existing retail space. Only 447,000 SF of retail space has been built since 2015, which accounts for only 4.2% of the overall inventory. Despite limited recent retail development, Billings remains an important retail hub for the county, region and state.

| | Billings | Annexation Zones |
|----------------------------|-------------------|------------------|
| Total Industrial SF | 7,912,300 | 1,710,800 |
| <i>Built Since 2015</i> | <i>730,000</i> | <i>648,200</i> |
| Vacancy | 4.6% | |
| Average Rent/SF | \$8.79 | |
| Total Office SF | 6,273,100 | 66,100 |
| <i>Built Since 2015</i> | <i>100,800</i> | <i>--</i> |
| Vacancy | 3.5% | |
| Average Rent/SF | \$20.40 | |
| Total Retail SF | 10,608,100 | 435,500 |
| <i>Built Since 2015</i> | <i>447,200</i> | <i>27,100</i> |
| Vacancy | 2.1% | |
| Average Rent/SF | \$10.95 | |

GROWTH PROJECTIONS

BILLINGS GROWTH PROJECTIONS

The population of Billings is projected to grow to 153,800 by 2045

SB Friedman developed population and growth projections based on historic trends and anticipated future needs, which will inform future planning efforts and land use policy. The following assumptions inform the growth projection:

- Population:** Between 2010 and 2023, the population of Billings grew at a 1.11% CAGR. The population projections assume that this historic population growth rate will continue. Population growth projections account for both natural growth (births minus deaths) and net in-migration (including annexation).
- Housing Units:** Housing needs depend in large part on the population. The housing unit projections assume that Billings' current average household size (2.29) and ratio of households to housing units (0.94) will remain constant through 2045.
- Jobs:** Job projections are based on projected population growth and the historic ratio of jobs to population in the labor force. Due to data limitations, job counts are estimated and projected for the four primary ZIP codes overlapping Billings: 59101, 59102, 59105 and 59106.
- Commercial Space:** The projections for industrial, office and retail inventory are informed by existing inventory, recent development trends, historic SF per capita ratios and regional trends specific to each property type. Since 2010, office and retail space per capita has decreased in Billings; the commercial inventory projections assume that these trends continue.

BILLINGS GROWTH PROJECTIONS, 2025-2045

| | 2025 (Estimated) | 2045 (Projected) | 2025-2045 Proj. Change | 2025-2045 CAGR |
|---------------|---------------------|---------------------|---------------------------|-------------------|
| Population | 123,500 | 153,800 | +30,300 | 1.11% |
| Housing Units | 55,300 | 71,500 | +16,200 | 1.29% |
| Jobs | 84,900 | 106,600 | +22,700 | 1.21% |
| Industrial SF | 7,912,300 | 10,169,000 | +2,256,700 | 1.26% |
| Office SF | 6,273,100 | 7,357,000 | +1,083,900 | 0.80% |
| Retail SF | 10,608,100 | 12,397,500 | +1,789,400 | 0.78% |

Source: CoStar (May 2025), Lightcast (2025), Montana Department of Commerce, SB Friedman

CONCLUSIONS

Projected population growth drives demand for additional residential and commercial development

- SB Friedman analyzed the city's existing and projected housing needs given anticipated population growth; assessed current and future economic development conditions and opportunities; and evaluated potential market constraints to future development.
- Billings is projected to continue growing through 2045. To accommodate that growth, the city will need to plan for new housing. Stakeholder interviews identified utilities as one of the biggest constraints to housing development and affordability. As a result, the city will likely need to plan for both infill housing development — which can rely on existing municipal infrastructure — as well as strategic extensions to accommodate residential development outside the existing municipal limits. Planning for a diversity of housing types, including single-family detached homes, townhomes, affordable and market-rate multifamily or condominium homes, would help ensure that there are housing options for people and households at different stages of life and with varying needs.
- Billings is a commercial and employment hub, drawing both consumers and workers from a broader region. As population is projected to grow over the next 20 years so too is employment, as well as the commercial space needed to accommodate the additional demand.
- Industrial is the strongest product type currently. Most recent industrial development has been located on the edges of Billings, or within annexation zones. Given land constraints in the city, we project that these locations will accommodate most of the future industrial development. Like with housing, strategic infrastructure planning will be key to accommodating demand.
- The office market is relatively weak, particularly as work-from-home and hybrid working arrangements become more commonplace, though lease vacancy remains relatively low. Most future office development is likely to be smaller-scale space for professional users like dentists, lawyers or accountants. Conversely, there will likely be less demand for corporate office space. Any near-term corporate office development is likely to be built-to-suit space led by specific companies, rather than speculative development.
- As the population and employment in Billings grows, demand for additional retail space will also increase, albeit at a slower rate given ongoing market trends. Most future retail development will likely be needed to meet the daily needs of new residents and workers, particularly in areas where population grows the most. Over the last decade the Heights and West Billings have grown the most. Given greater land constraints in the core of Billings, it is likely that these areas will accommodate much of the future growth in retail demand.



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