

The US and Montana Economic Outlook: December 2025

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**BUREAU OF BUSINESS AND
ECONOMIC RESEARCH**
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50
YEARS

**MONTANA ECONOMIC
OUTLOOK SEMINAR**

2025 Economic Outlook Seminar | Jan. 27 – March 11 | 9 Cities

January 27, 2026
HELENA

January 28, 2026
GREAT FALLS

January 30, 2026
MISSOULA

February 3, 2026
BILLINGS

February 4, 2026
BOZEMAN

February 5, 2026
BUTTE

February 10, 2026
KALISPELL

March 10, 2026
LEWISTOWN

March 11, 2026
HAVRE

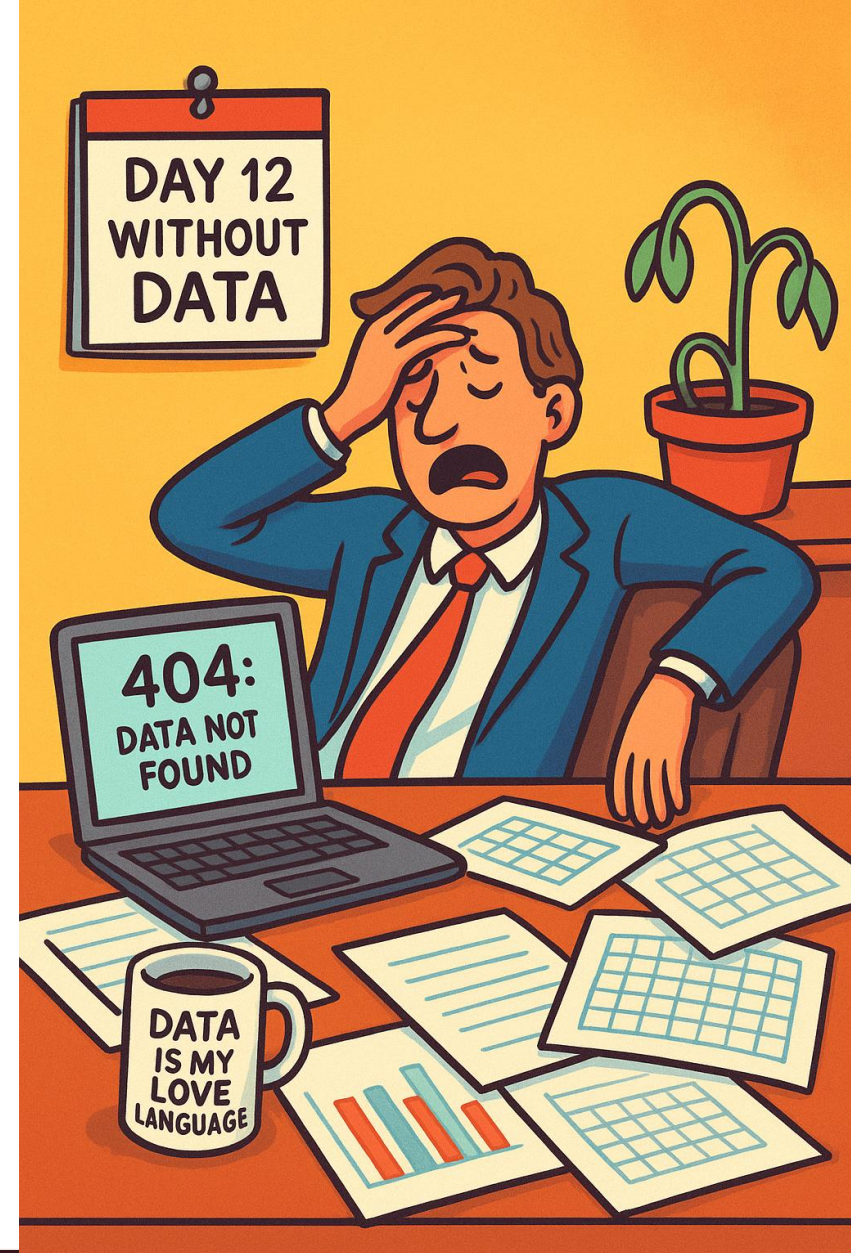
SALES TAX IN MONTANA: IS IT TIME?



Register: EconomicOutlookSeminar.com



How the Government Shutdown Impacted Economists



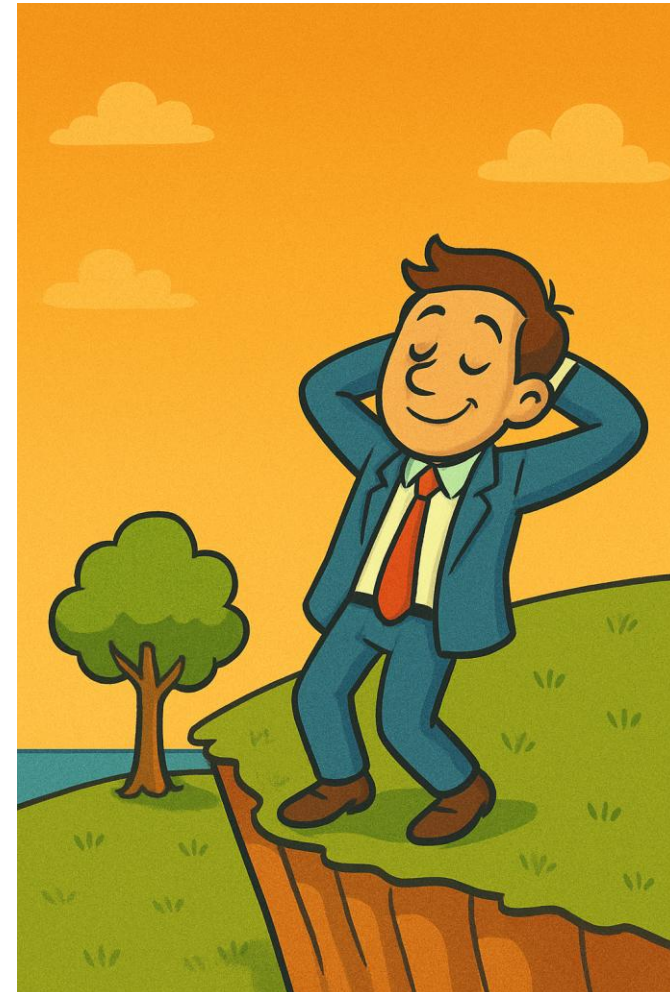
How the government shutdown impacted the economy

Anticipation



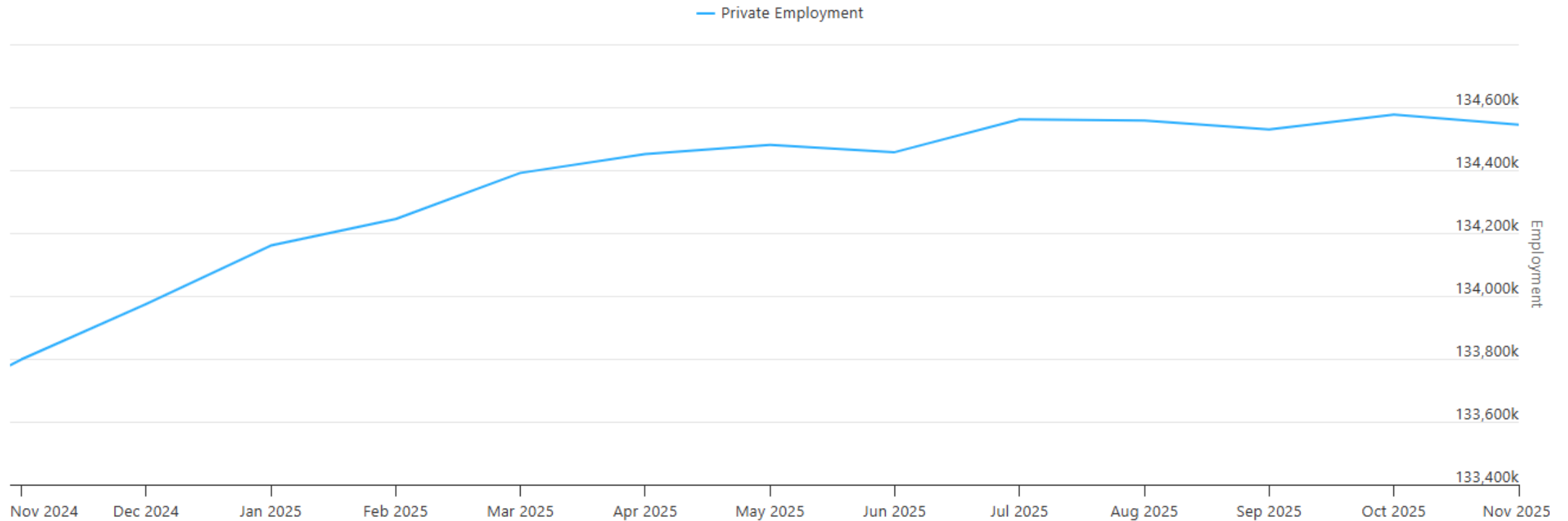
Reality:

No changes to policy, No job cuts, Full Back Pay



Non-Government Employment Data: ADP

U.S. Private Employment



ADP Data Over Past 6 Months:

Net Gain of 72,000 private jobs (11,500 monthly)

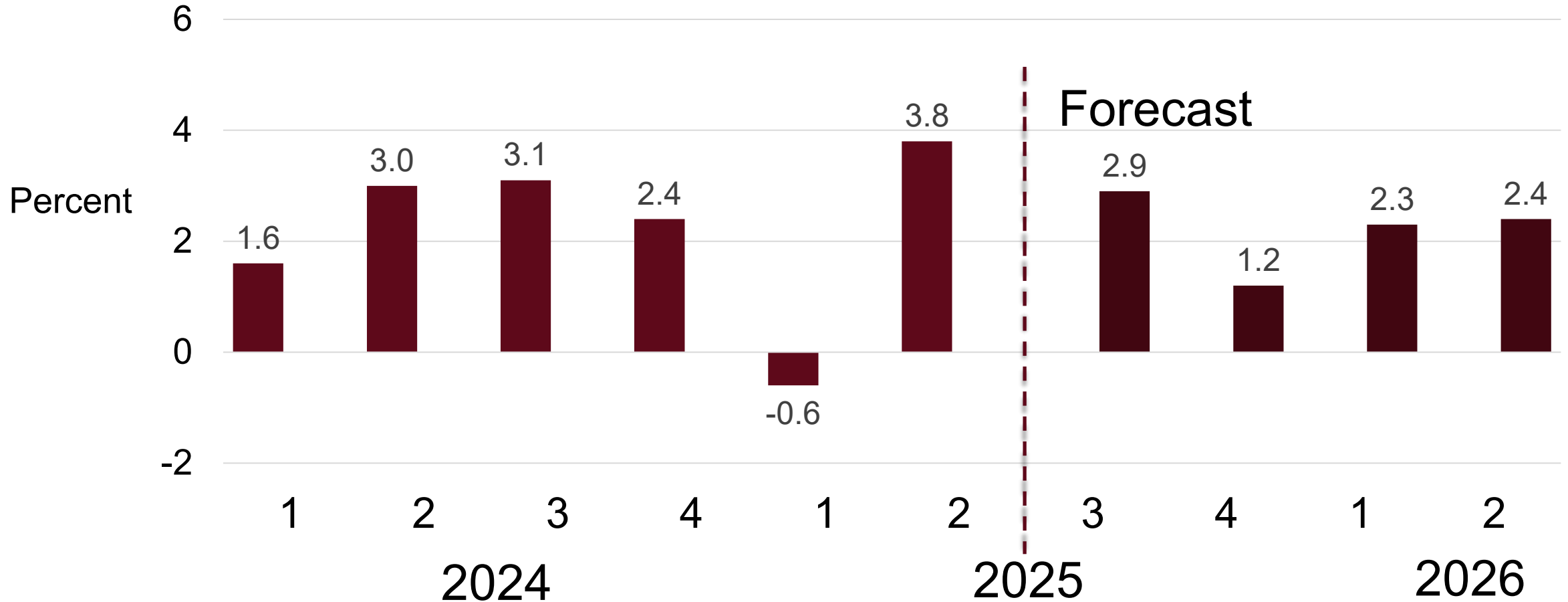
Notable Regional Trends

- Biggest decreases in West South Central (-86,000), New England (-83,000) and Mid-Atlantic (-58,000).
- Biggest increases in Pacific coast (+165,000) and East South Central (+66,000)
- Mountain Region, no change.

Notable Industry Changes

- Big declines in Professional and Business Services (-103,000) and Information (-30,000).
- Biggest increases in Leisure and Hospitality (+78,000) and Trade/Transportation (+75,000).

U.S. GDP Growth: AI Investment Surge Outweighs Tariff Whiplash and Growth Drag



Source: BEA and S&P Global Forecast

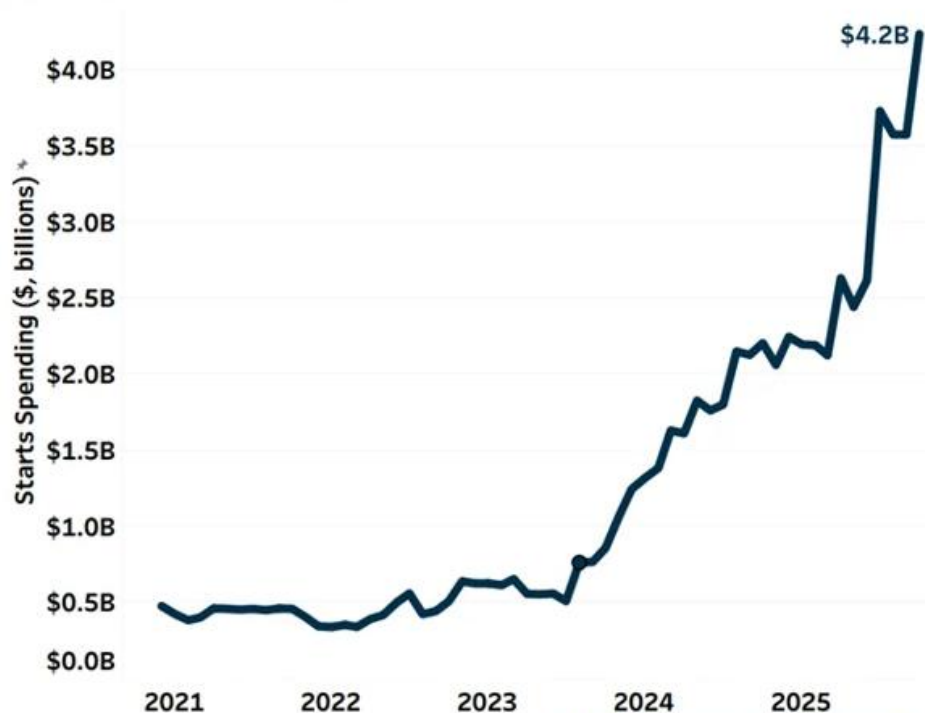


AI Related Investment Is Driving GDP Growth:

- Big Montana Projects In Planning, Could Start Construction Late Next Year

Monthly Average Data Centers Starts Spending

Average monthly data center spending has increased over 400% in the last 2-years (12-MMA in \$, Billions)

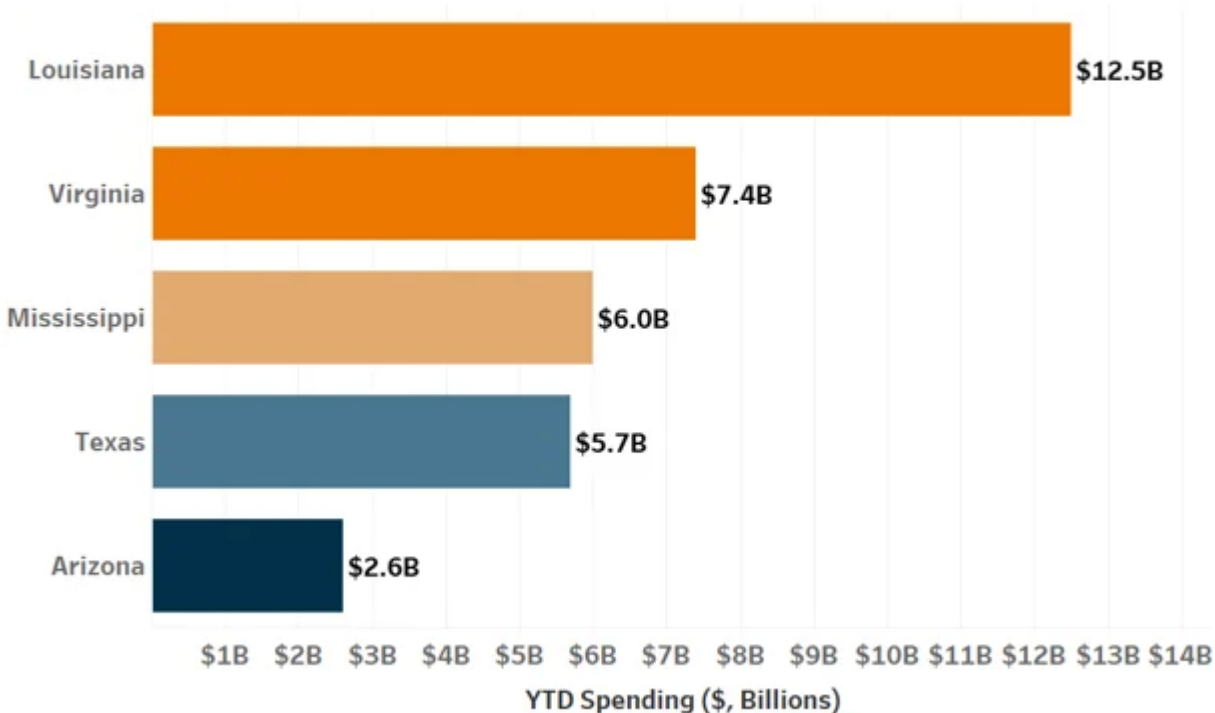


Source: ConstructConnect



Top Five States for Data Center Starts Spending Year-to-Date

(\$, Billions)



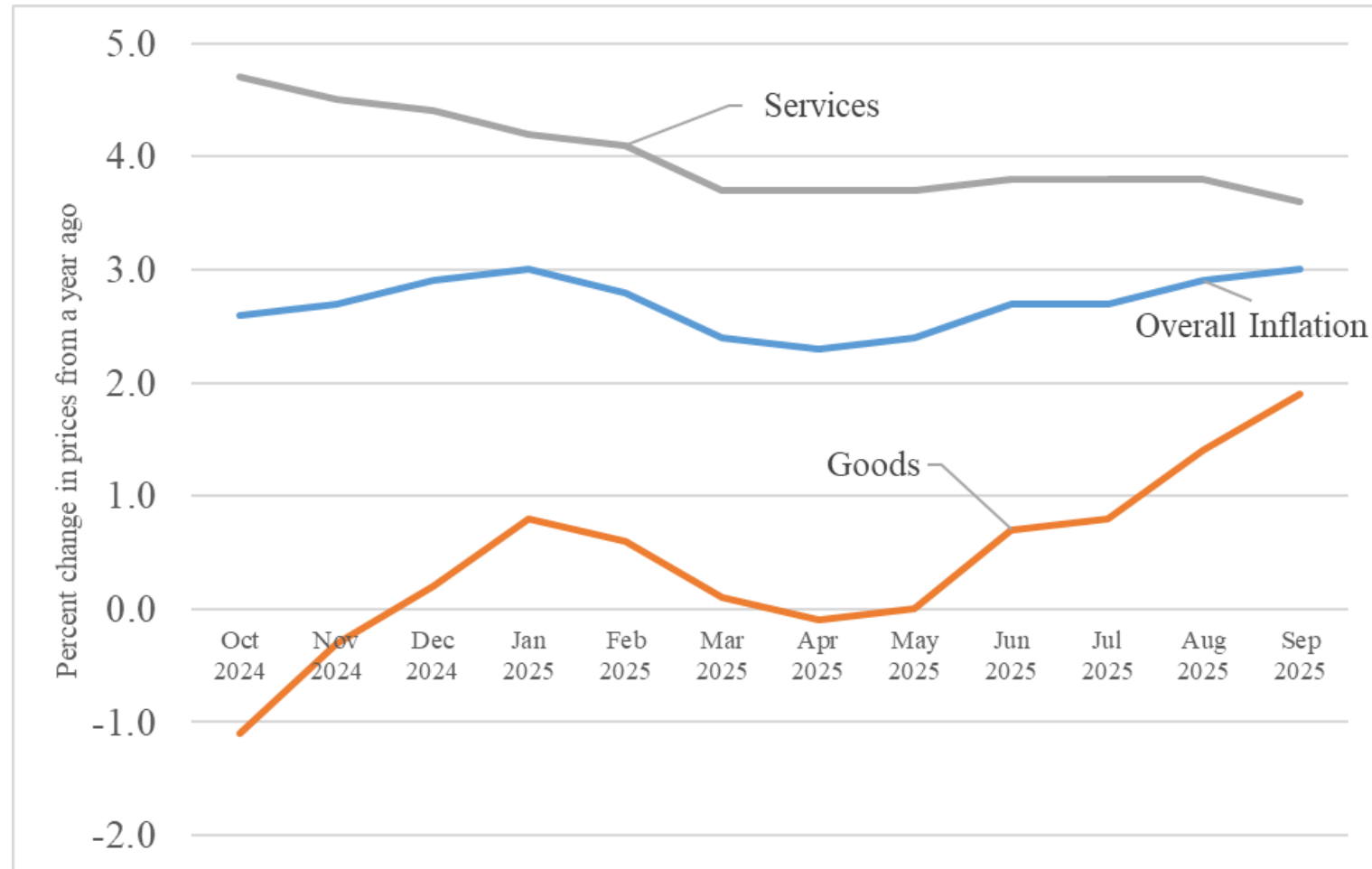
Source: ConstructConnect



Tariffs Starting to Push Inflation Higher

But Slower to Arrive Than Anticipated...

- 1) Many businesses absorbing the cost in the short-run, hoping for relief
- 2) Effective tariff rates have been lower than statutory tariffs in 2025



Manufacturing and Tariffs: Short-term Pain. Long-term gain?

- Protected US Industries Can't Expand Rapidly
 - Volatility & Uncertainty Discourages Long-Term Investment
 - Tariffs Increase Industrial Construction Costs
- ISM Manufacturing Index: Contraction in the Past 9 Months
 - Only element of ISM Manufacturing Index Showing Strong Growth is Input Prices. Higher input costs dominate in short-term.
- Long-run, Manufacturing (especially durable goods) Should See Expansion Due to Tariff Protection.



Tariff, Inflation and Interest Rates: What will 2026 bring?

- Under current policy, tariffs will increase inflation about 1.5 percentage points over 18 months.
 - Inflation should peak in 2026 in 3%-3.5% range.
- However, tariffs seem likely to decrease in 2026.
 - Targeted reductions to address affordability could expand.
 - Supreme Court could strike down “reciprocal tariffs” that most impact consumer goods.
- Fed independence will emerge as the new inflation risk.
 - Long-term rates may stay stubbornly high even as the Fed cuts short-term rates.

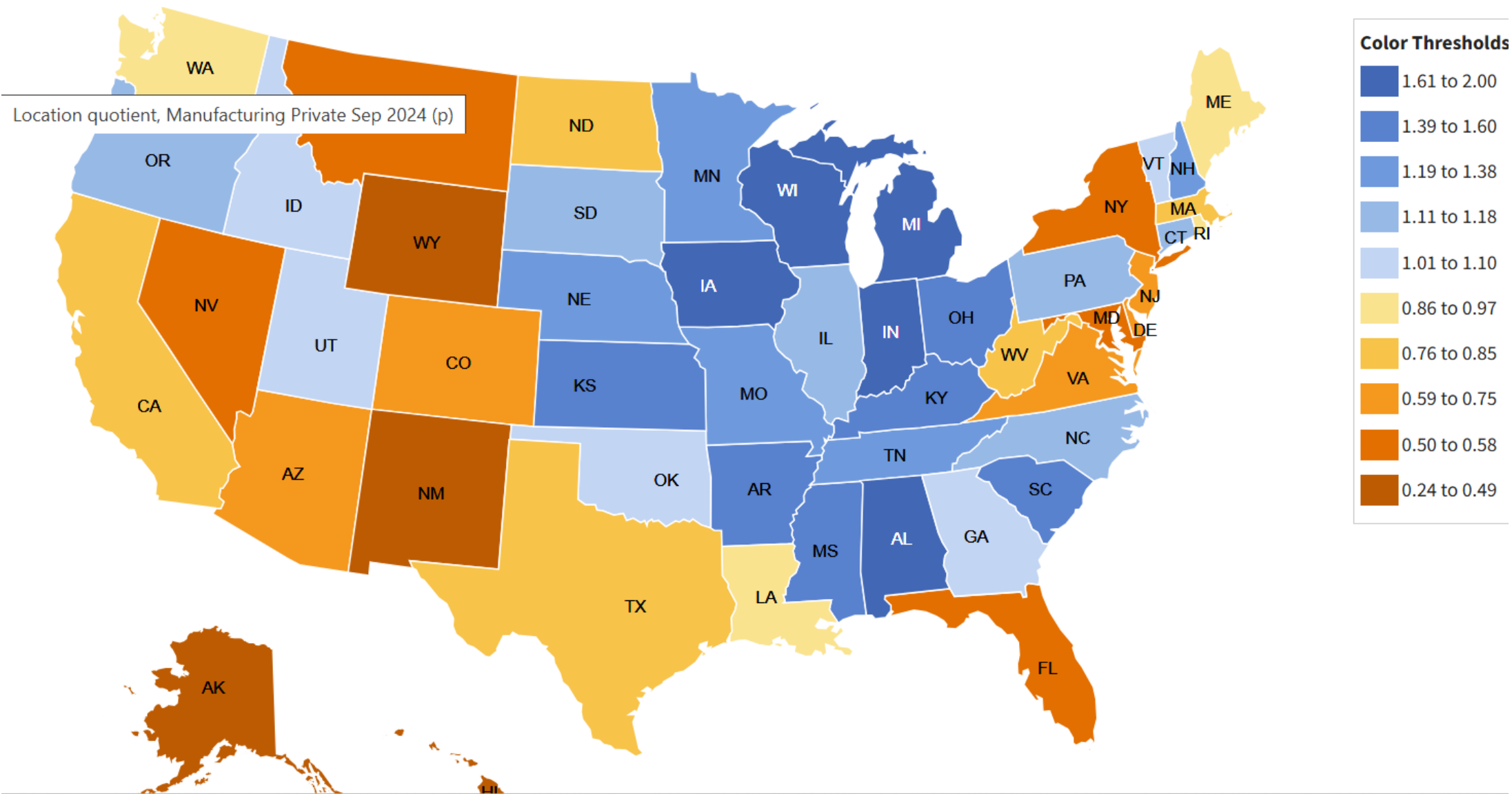


Montana Is Poorly Positioned For High Tariffs

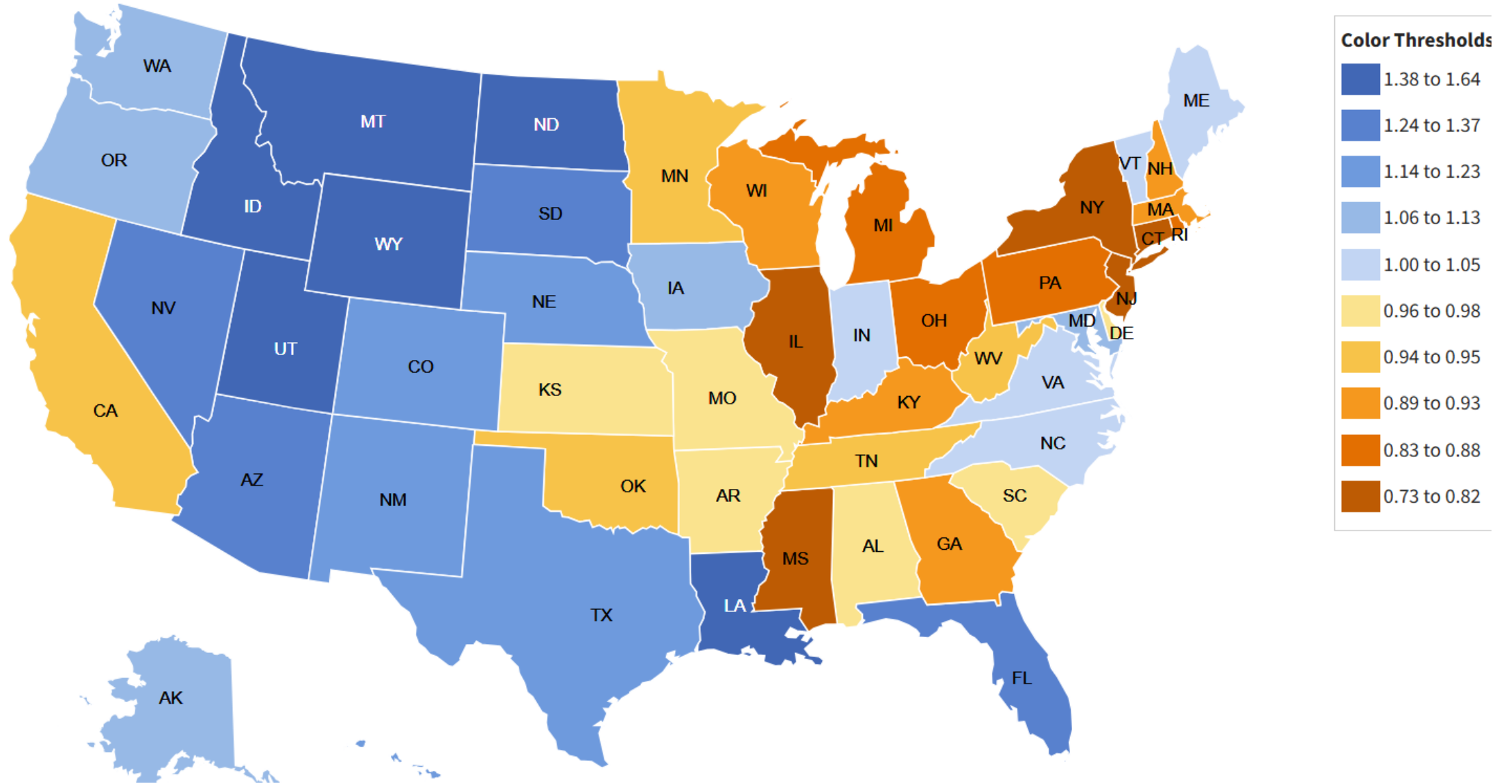
- Relatively Small Manufacturing Sector
 - Most Positively impacted industry
- Large Concentration In Construction
 - Most Negatively impacted sector
- Consumption Patterns Skewed Towards Tariff Impacted Goods

Montanans Spend More On Vehicles, But Do Not Make Them!

Location quotient, Manufacturing Private Sep 2024 (p)



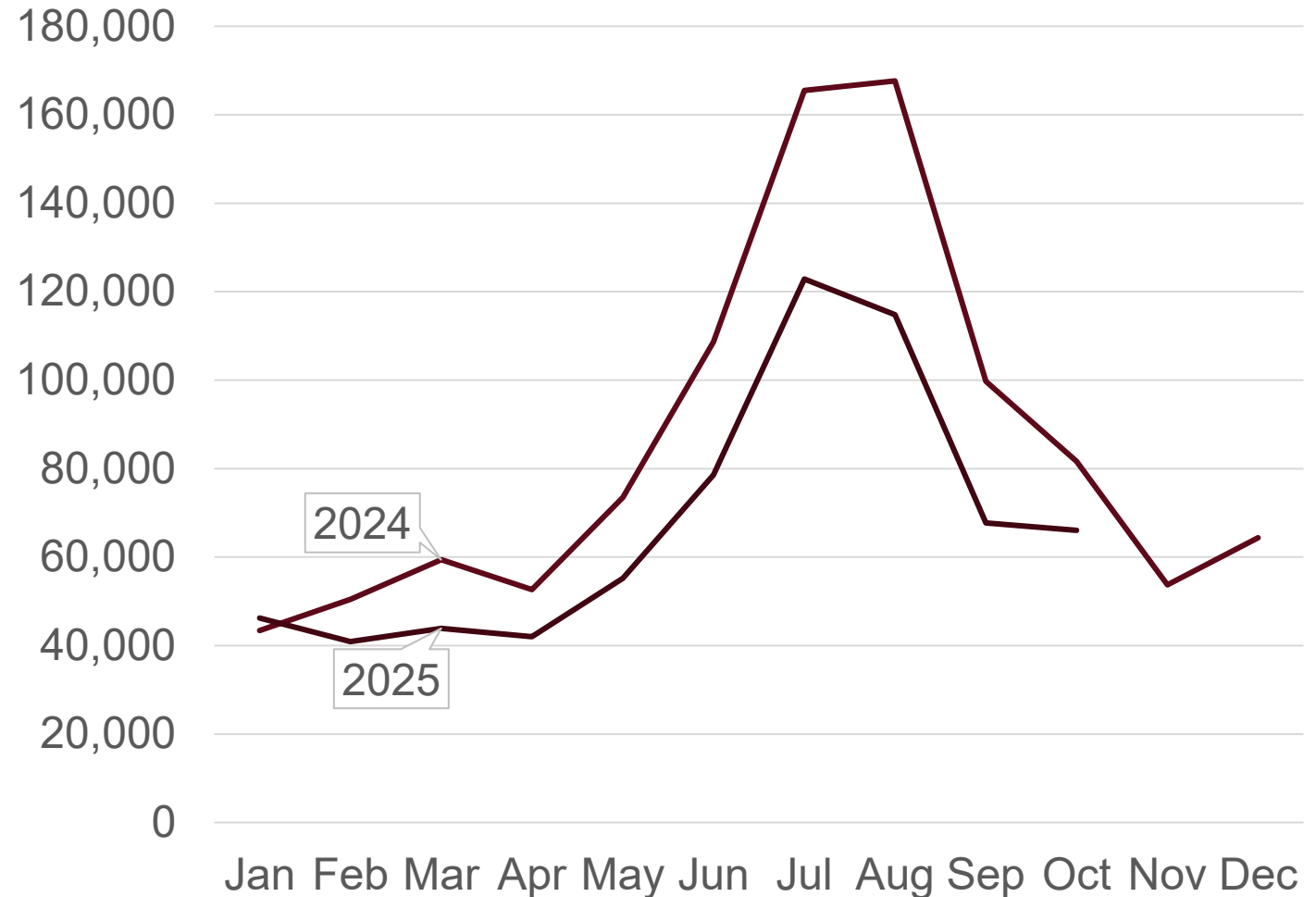
Location quotient, Construction Private Sep 2024 (p)



Tourism Impacts?

- Decrease to Canadian Visitation is Significant
 - But Offset By Domestic Visitation Increase.
- Yellowstone and Glacier NP visits up 1-2% compared to 2024 (through August)
- Montana Airport Traffic Up 6% Compared to 2024 (through October)

Canadian Border Crossings Into Montana
(passenger vehicle individuals)



The Montana Economy in ~~2024~~ 2025

1. NAR ranks Montana as the “least affordable” state.
 - 2025: incremental progress
2. Population growth lowest in two decades, 0.52%.
 - 2025: no hard data yet, estimate 0.4% growth.
3. Job growth strong through summer 2024, stalled late.
 - 2025: jobs and labor force appear flat.
4. Tech continues to lead earnings growth.
 - 2025: same
5. 2024: Bad year for resources: mining, wood and crops.
 - 2025: mostly the same, high copper and cattle prices

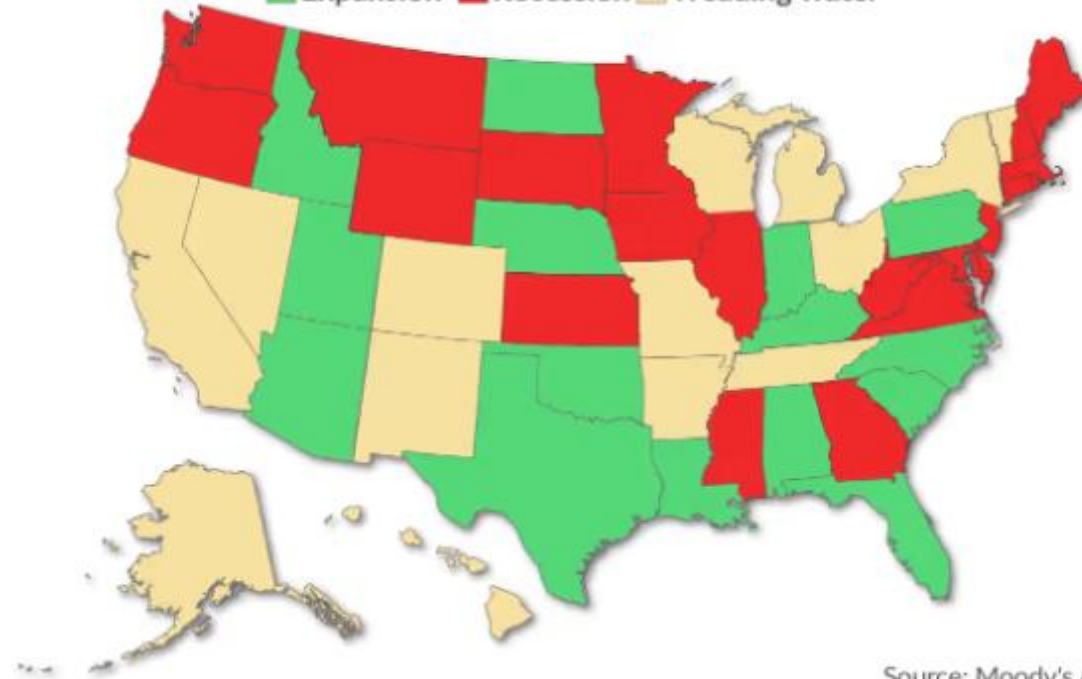


Moody's Opinion, October 2025

These 22 states are now in recession

A state-by-state look at which local economies are growing, shrinking or treading water

Expansion Recession Treading water

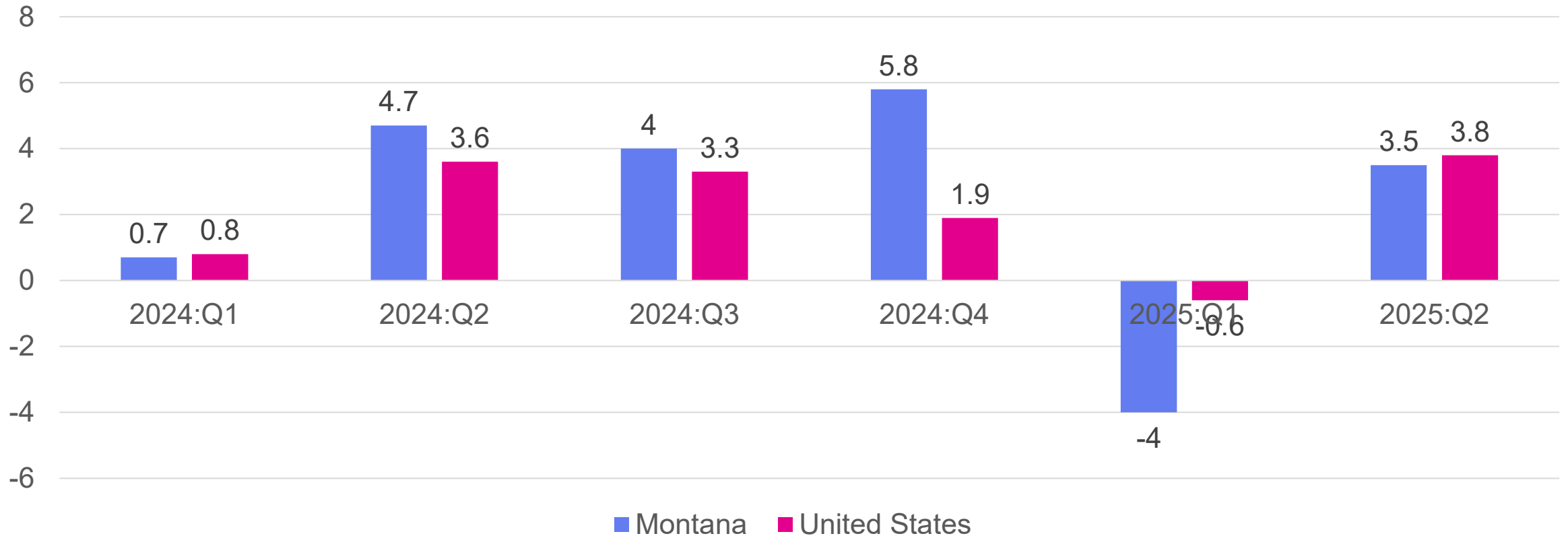


Source: Moody's Analytics

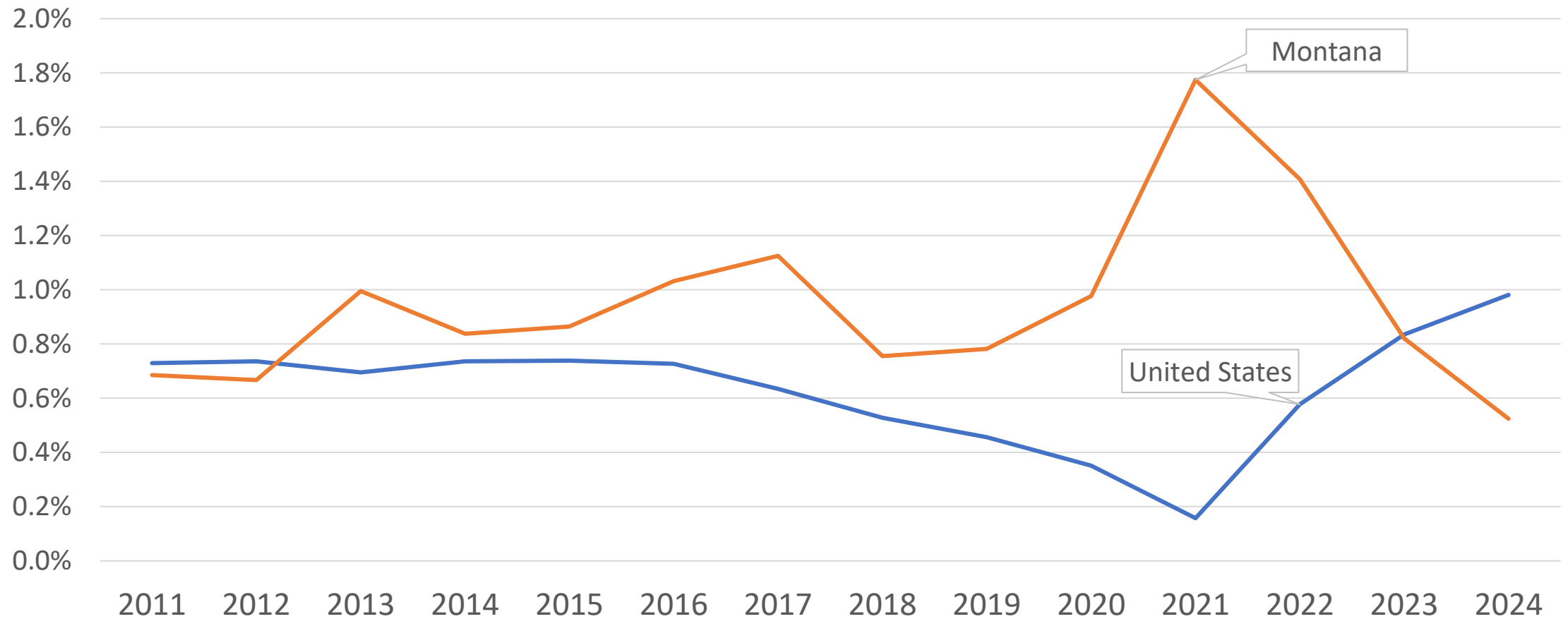


Montana vs. U.S. GDP Growth

(% change annual rate, source: BEA)



Montana and US Population Growth



Preliminary data suggests MT population growth is about 0.3% for 2025. (down from 0.52% in 2024)

Personal Income, 2025Q2. (growth over a year)

Fastest Growing Sectors (%)

Arts, entertainment, and recreation	12.4%
Management of companies and enterprises	11.5%
Professional, scientific, and technical services	11.1%

Fastest Growing Sectors (Millions \$)

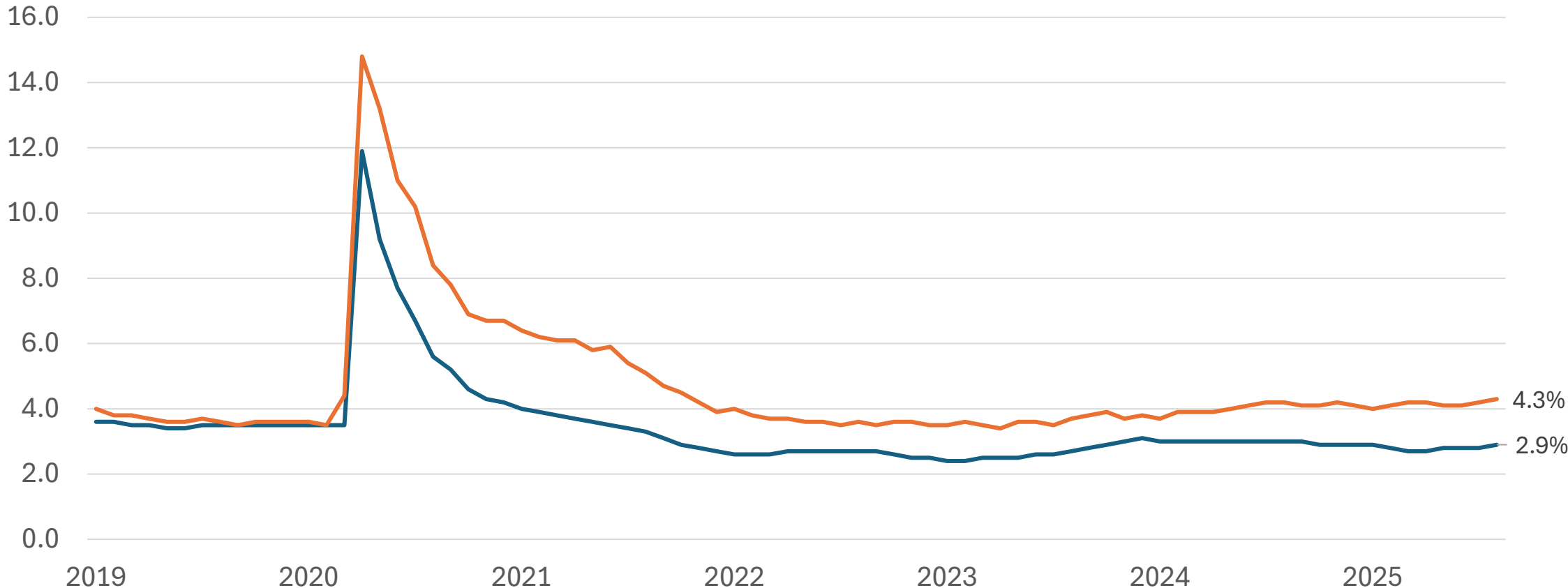
Professional, scientific, and technical services	\$444
Health care and social assistance	\$395
Construction	\$221
Finance and insurance	\$211

Earnings Decrease in Forestry (-2.5%) and Mining (-7.7%)



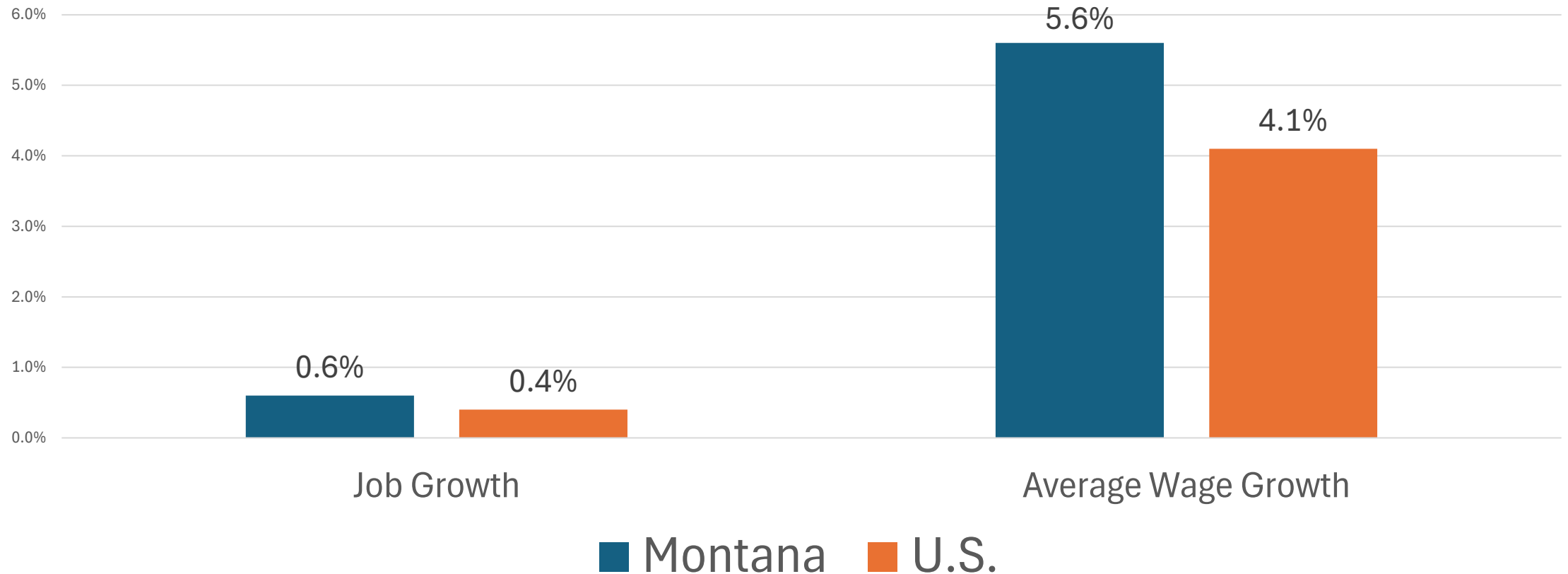
Unemployment Rate (%)

through August 2025



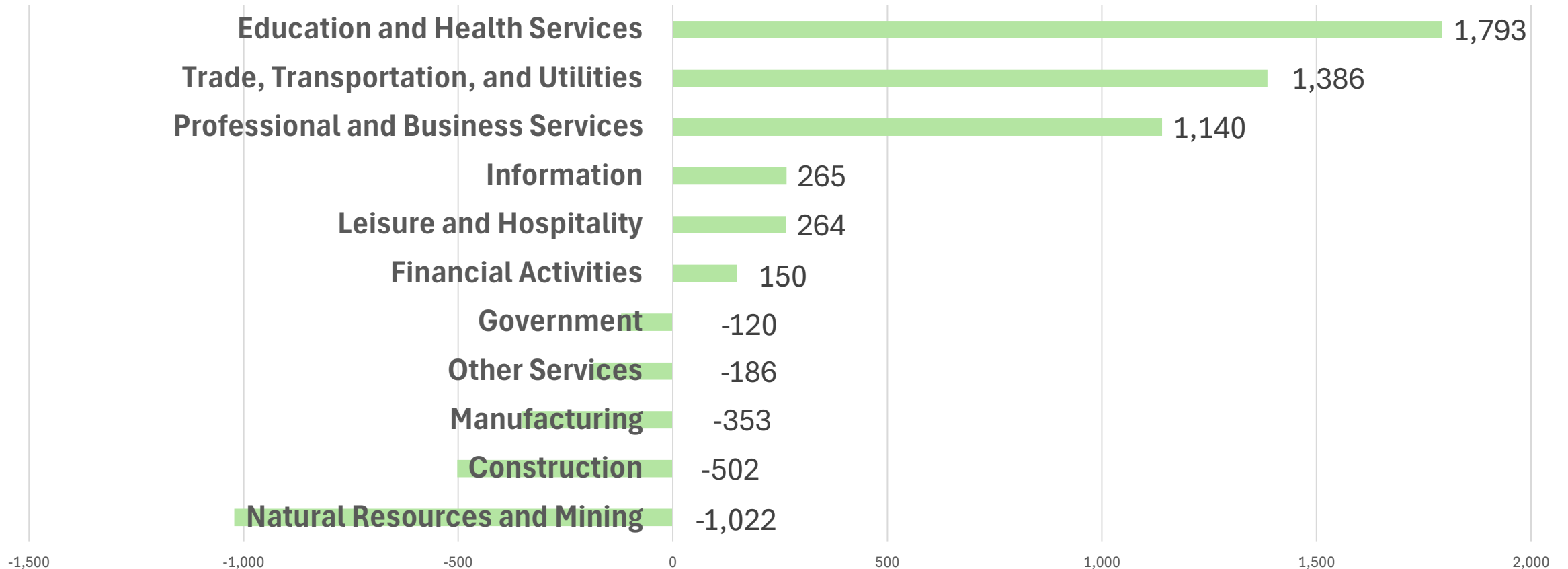
MT Job Growth Now Tracking With US, Average Wage Growth Continues to Be Strong

Mar 2024 – Mar 2025 (BLS QCEW Data)



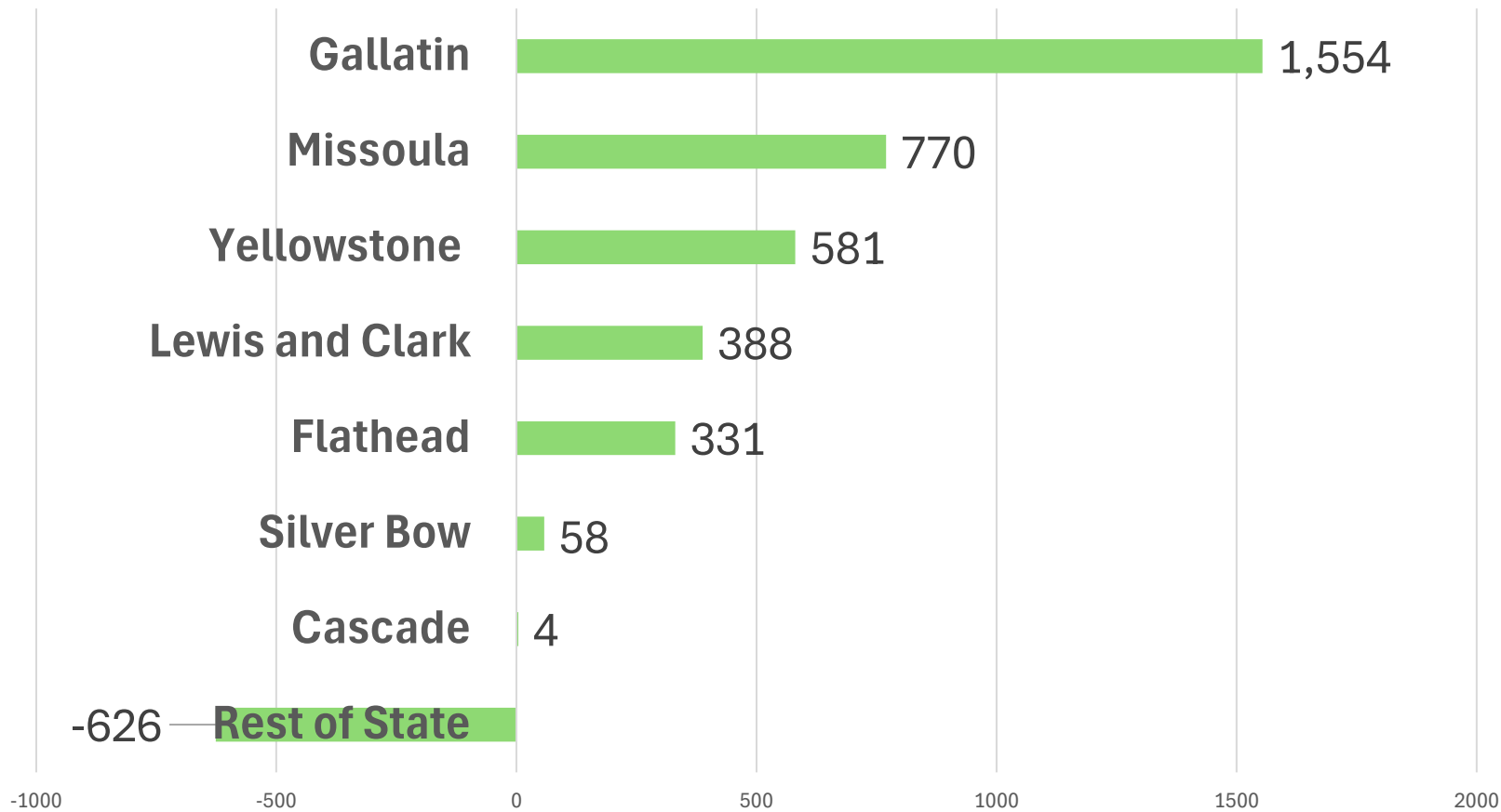
Montana Job Growth By Major Industry

March 2024 – March 2025 (BLS QCEW)



Job Growth By County

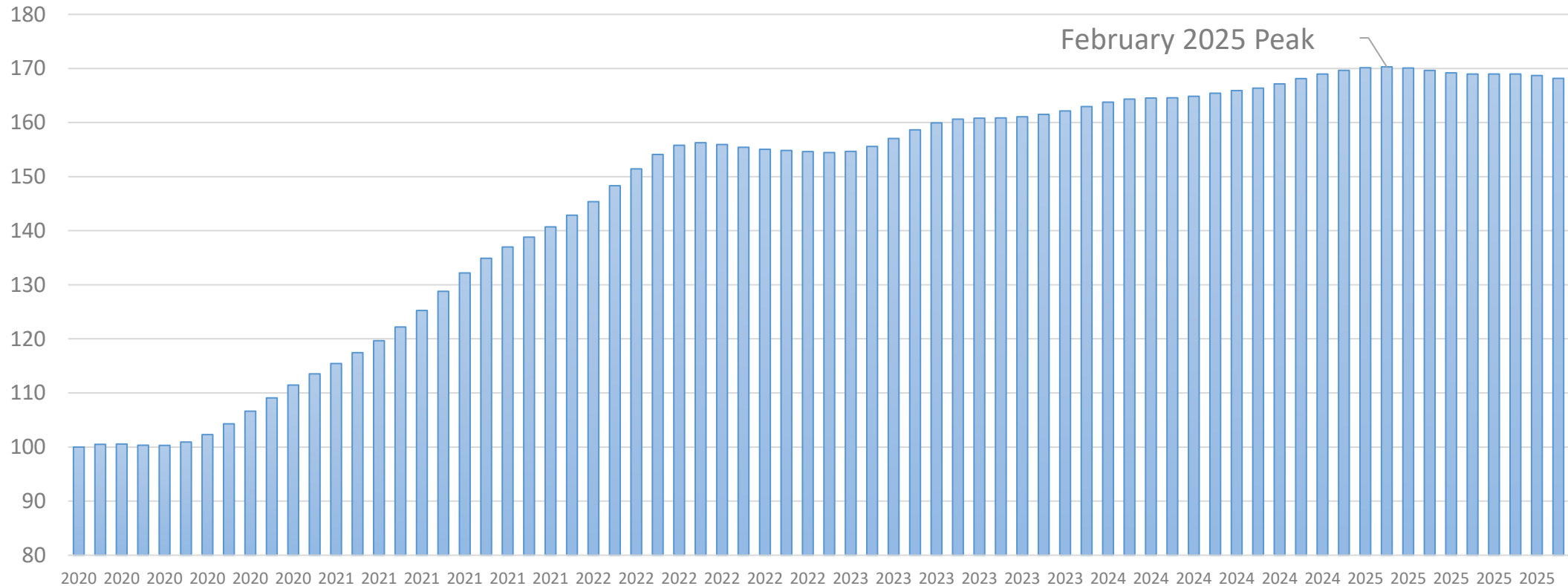
March 2024 – March 2025



Home Prices May Have Peaked

Active Listings Up 14% in August 2025 compared to August 2024.
For-sale inventory is still below pre-Covid levels.

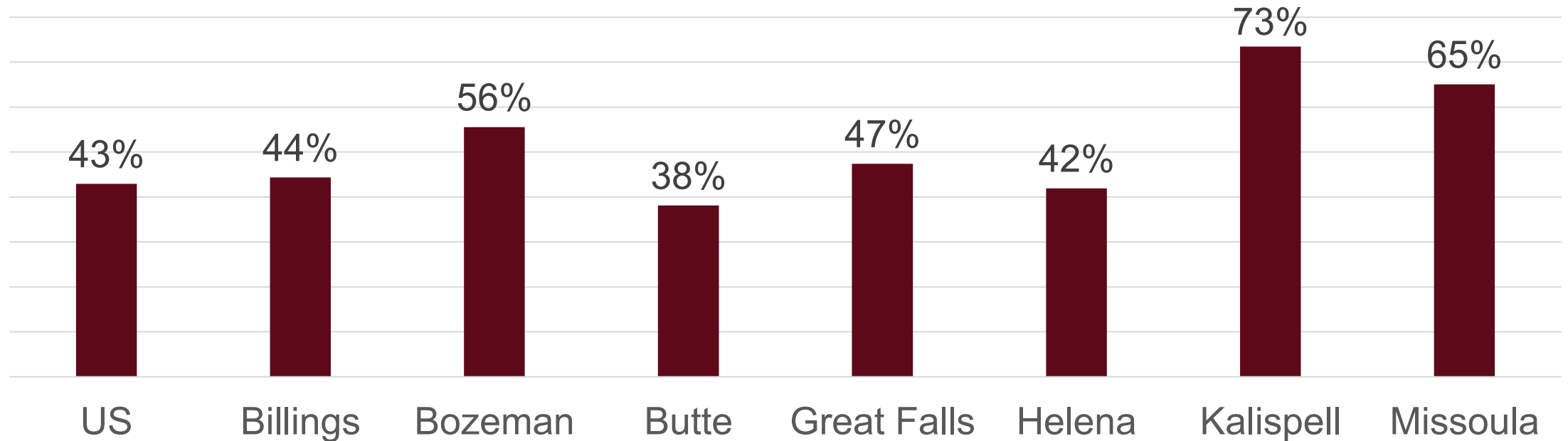
Seasonally-Adjusted FreddieMac Home Price Index for Montana
Down 1.25% in October Compared to February



Home Ownership Affordability: Sept '25

Share of Median Household Income Required To Purchase
Median Priced Home (10% down payment)

Source: Atlanta Fed

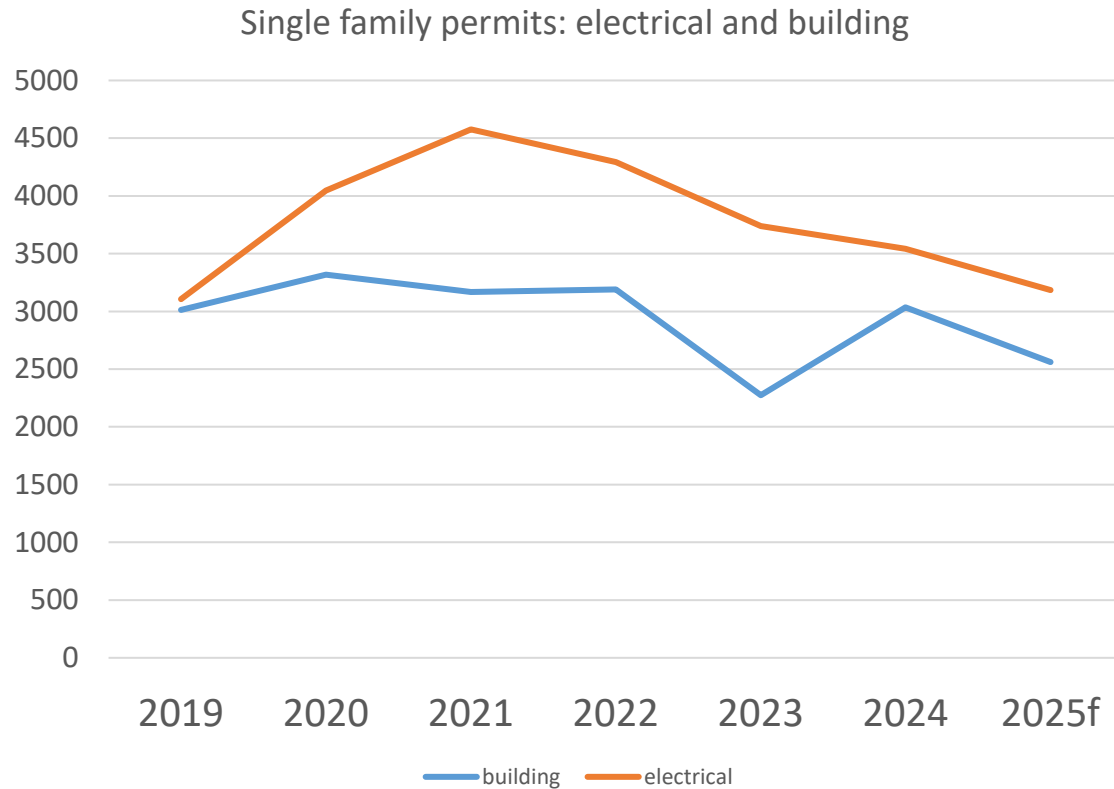


Bozeman, Missoula, Kalispell are down 6 to 10 percentage points from their 2023 peak.



New Housing Production in Montana

**Single family permits trending down.
Back to pre-Covid level.**



**Multi-family permits have fallen back
from 2021-22 surge, still above pre-
Covid.**

No graph: Multi-family data is unreliable due to inconsistent reporting, and electrical permits do not report units.

Montana Outlook for 2026

- Slow Growth Is Likely to Continue for Another Year
- Incremental Progress on Affordability
 - Incomes growing faster than housing costs
 - Property tax cuts on median-priced homes
 - New rental housing supply
- Late 2026 Could See Big Projects Drive Faster Growth In Affected Regions
 - Data Centers, Mining, Tech

