

2025 MONTANA LABOR DAY REPORT



Montana Department of
LABOR & INDUSTRY

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2025 MONTANA LABOR DAY REPORT

SEPTEMBER 2025

STATE OF MONTANA

Greg Gianforte, Governor

MONTANA DEPARTMENT OF LABOR & INDUSTRY

Sarah Swanson, Commissioner

PRIMARY AUTHOR

Amy Watson, Chief Economist

CONTRIBUTORS

Emily Trautman, Senior Economist

Nicholas Holom, Senior Economist

Logan Hendrix, Senior Economist

Olivia Hayes, Economist

Becka Stone, Graphic Designer

Rob Marvin, Contributing Designer

EXECUTIVE SUMMARY

On Labor Day in 2025, the Montana economy continues to expand steadily. Employment reached a record-high over the last year, unemployment remains near record-lows, and Montanans continue to experience some of the fastest wage growth in the nation. Rapid wage growth and continued net in-migration propelled the state's labor force to new heights. The Montana labor force reached a record-high in 2024, helping to ease the state's historically tight labor market. Labor market highlights include:

- Over 560,000 Montanans were employed in 2024 – a record-high for the state.
 - Employment grew by 0.5% in 2024, adding over 3,000 jobs. Job growth in the state's service sector helped offset declines in real estate and natural resource employment.
 - Healthcare, the state's largest employing industry, added the most jobs in 2024.
- The Montana economy added nearly 60,000 jobs over the last five years, growing by 11% through the first half of 2025.
 - Leisure activities, professional services, construction, and trade are the primary drivers of employment – accounting for 60% of all jobs added since 2020.
- Montana ranks 3rd in the nation for fastest wage growth since 2020 – growing by 2.3% per year on an inflation-adjusted basis.
 - The average wage earned by Montana workers reached \$60,037 in 2024.
 - Real wages grew by 1.9% in 2024, the 10th fastest among states.
 - Professional service workers saw the fastest real wage growth of 4.8% in 2024. The average wage reached \$102,000, making it the second highest paying industry in Montana after natural resources.
- The Montana labor force reached a record high of 578,500 people in 2024, driven primarily by continued net in-migration. Over 4,700 workers were added to the Montana labor force in 2024, translating to 0.8% growth.
 - Montana has faster migration than many other states – ranking 8th in the nation for the highest rate of net migration since 2020.
 - The state's population grew by 5.2% from 2020 to 2024 due to migration, translating to an additional 56,000 people.
 - About 68% of in-movers participate in the labor force, which is higher than the labor force participation rate of existing residents.
- Tight labor market conditions persisted in 2024, with nearly two job openings for every one unemployed person.

- The state's aging population and increased retirements have driven long run declines in labor force participation. Nearly 340,000 Montanans are out of the labor force, meaning they are not working or actively seeking work. Most (61%) of these individuals are 55 years or older and retired.
- An estimated 17,000 Montanans were unemployed in 2024 – near a record low.
- The strength of Montana's labor market supports economic growth in the state. Business growth and entrepreneurial activity propelled economic output to new heights. Robust economic growth translated to more income for Montana households. Montana workers and businesses drove economic expansion throughout the state in 2024.
- The Montana economy grew by 2% in 2024, stabilizing after a period of rapid growth exiting the pandemic recession.
 - Construction and trade were the largest contributors to growth – accounting for over half of GDP growth.
 - Professional services are the fastest growing industry in Montana since 2020, reporting over 11% annual growth in production.
- Montana ranks 4th in the nation for the fastest growth in construction over the last five years. Montana's construction output increased by 3.7% per year since 2019.
- Montana recorded 4,800 new businesses in 2024 – near record highs. The number of business applications reached an all-time high in 2024, and filings remain strong through the first half of 2025.
 - Montana ranks 3rd nationally for the highest rate of self-employment, with approximately 29.3% of the workforce operating their own businesses.
- Montana personal income grew by an average of 7.2% per year since 2020 – ranking 8th fastest among states.
 - Per capita income rose to \$67,615 in 2024 – ranking 29th highest among states.
 - Low-income households experienced faster income growth than higher income households on average since 2020.
- Price growth slowed in 2024 across a variety of goods and services. Inflation averaged 2.9% throughout 2024 and continued to fall to 2.7% in June 2025.
- Housing prices continue to be the primary driver of inflation. However, the pace of home price growth has moderated since its peak in 2022.
 - The typical home value in Montana averaged \$467,000 in the first half of 2025 – representing a 65% rise in home values since the beginning of 2020.
 - Montana home price appreciation slowed through the first quarter of 2025, rising 3.8% on a year-over-year basis.

The Montana economy has returned to a more stable growth trajectory over the last few years, following tremendous growth exiting the pandemic recession. Growth is broad-based, with nearly every industry expanding over the last five years. A strong labor market and business innovation form the basis for continued economic growth. Productivity enhancements, investments in worker training, and tapping into underutilized labor sources, will ensure Montana's economy continues to flourish.



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Dear Governor Gianforte,

It is my privilege to present to you the Montana Department of Labor & Industry's 2025 Labor Day Report. Montana's economy continues to show robust growth under your leadership. Over 560,000 Montanans are now actively employed – a record high – and unemployment remains near historic lows. Wages have likewise surged, rising faster in Montana than most other states in the nation. These achievements reflect the hard work of Montanans and the success of your pro-jobs agenda, which has helped position Montana as a leader in economic and workforce growth.

This year, we stand on the cusp of an even greater transformation in our state workforce system. The launch of the 406 JOBS initiative, announced on August 11th, is a catalyst for positive change across the state workforce system. 406 JOBS – encapsulating Four Pathways to Work, Zero Barriers to Employment, and Six High-Demand sectors – sets a bold vision to ensure every Montanan has a pathway to a career and a plan to achieve it. This initiative modernizes Montana's approach to workforce development and aligns Montana's efforts with federal workforce priorities. Between now and Labor Day 2026, we anticipate transformational change in opportunity and prosperity for all Montanans.

In alignment with your 406 JOBS Executive Order, we are advancing your call for a unifying state workforce framework to coordinate workforce development efforts across state agencies, in partnership with industry, labor, education and training, and economic development partners. As directed the State Workforce Innovation Board is leading the charge, ensuring that our strategies are industry-led, responsive to labor market demands, and inclusive of Montana's tribal governments and colleges.

Guided by your order, our work is prioritizing efforts to upskill workers into in-demand occupations with higher wages, greater stability, and lower risk of automation, while also reengaging individuals of prime working age who have exited the labor force through targeted outreach and flexible training pathways that remove barriers to employment. We are further implementing your directive to expand AI skill training, promote skills-based hiring, and accelerate digital modernization across workforce services – ensuring that Montanans are prepared to thrive in the future economy.

As we celebrate Labor Day 2025, I am excited at the tremendous opportunities before us. With the foundation we have laid and the momentum now underway, we have a chance to fundamentally improve how we serve the people of Montana. Now is the time to accelerate our efforts – to tear down every remaining barrier to employment, to ask industry to lead the way, to innovate how we connect workers with opportunity, and to equip every Montanan with the skills to thrive. I look forward to continuing this critical work together in the coming year.

Sincerely,



Sarah Swanson, Commissioner
MT Department of Labor & Industry



INTRODUCTION

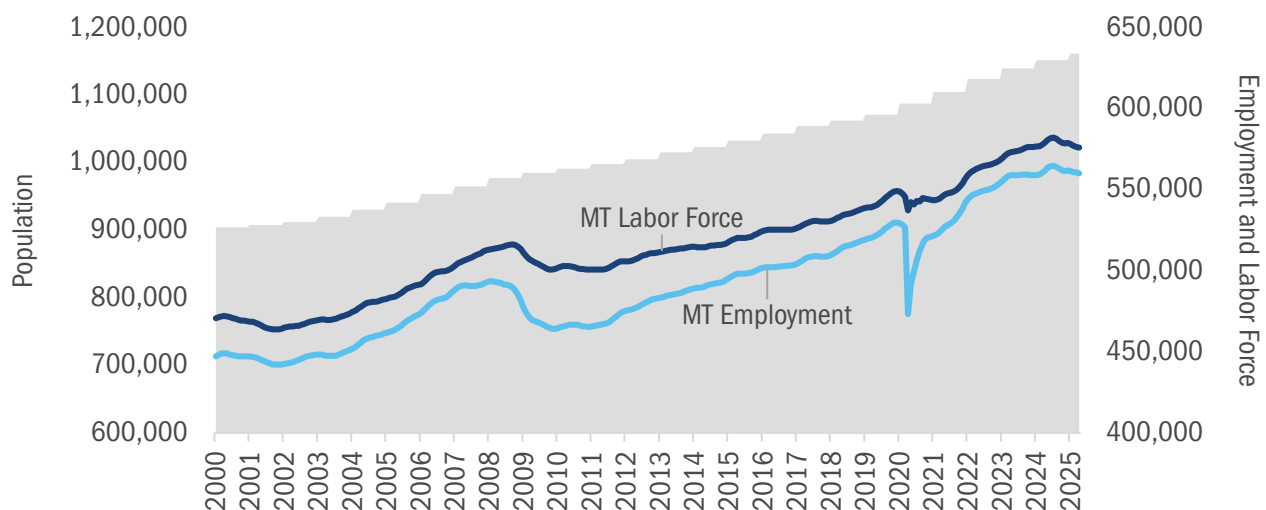
The Montana economy continued its path of steady growth in 2024. The state's employment and labor force reached an all-time high, unemployment remained near record lows, and economic production grew across a variety of sectors. Employment growth moderated in 2024 to a more stable long-run rate. Despite the recent slowdown, job growth remains strong. The Montana economy added nearly 60,000 jobs over the last five years – a record high for the state.

Stable economic growth in 2024 translated to increased income for Montana households. Montana ranks 3rd in the nation for fastest real wage growth since 2020, suggesting Montana workers can afford more goods and services with their wages than before. On Labor Day in 2025, the Montana economy shows continued resiliency and is poised for future growth. A strong economy creates greater opportunities for Montanans throughout our state.

01. THE MONTANA LABOR MARKET

The Montana labor market continued to expand in 2024, growing by 0.5% and adding over 3,000 jobs. This growth represents a slowdown relative to three years of above-average growth exiting the pandemic. Despite this slowdown, post-pandemic employment growth remains strong. Over the last five years, total employment grew by 11%, adding nearly 60,000 jobs to the economy.¹ Over 560,000 Montanans were employed in 2024 – a record-high for the state. Figure 1 shows the change in Montana’s population, labor force, and employment levels since 2000.

FIGURE 1. MONTANA POPULATION, LABOR FORCE, AND EMPLOYMENT GROWTH SINCE 2000

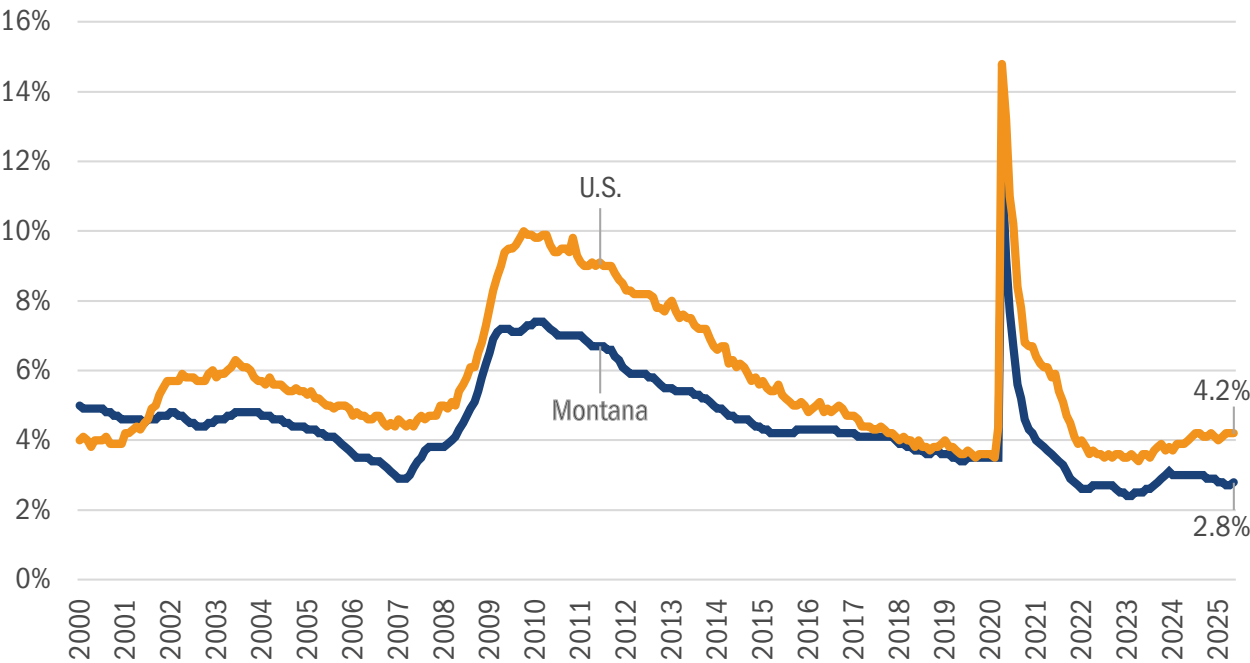


Source: U.S. Census Bureau and Local Area Unemployment Statistics (LAUS), January 2000 through May 2025. Population in 2025 represents MT Census and Economic Information Center (CEIC) projection.

The labor force grew faster than employment, helping to ease the state’s historically tight labor market. Over 4,700 workers were added to the Montana labor force in 2024, translating to 0.8% growth. Due to this influx of new workers, the unemployment rate grew slightly in 2024 to 3.0% – remaining near the record-setting low of 2.6% in 2022. Figure 2 shows the unemployment rate in Montana compared to the U.S. over the last twenty-five years. The unemployment rate dipped back down to 2.8% through the first half of 2025, continuing a trend of unemployment below the historical average and below the national rate.

Montana ranks **3rd**
in the nation for **fastest**
wage growth since 2020.

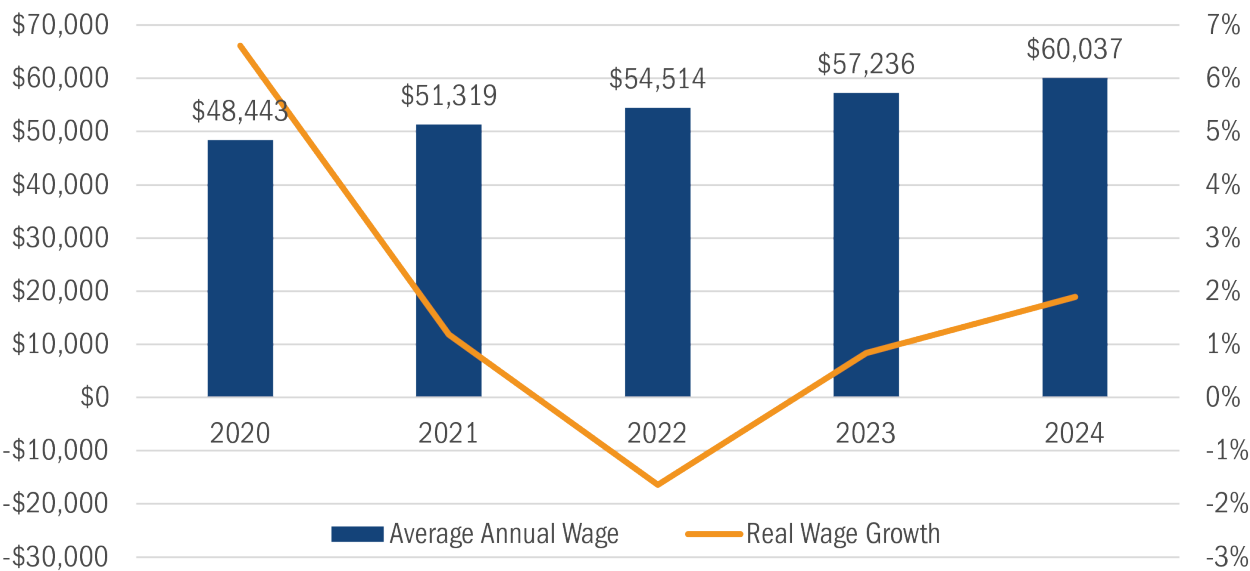
FIGURE 2. UNEMPLOYMENT RATE FOR MONTANA AND U.S. SINCE 2000



Source: BLS Local Area Unemployment Statistics, through May 2025.

The average wage for Montana workers surpassed \$60,000 in 2024, growing by 1.9% on an inflation-adjusted basis over the year. Real wage growth suggests an increase in the standard of living for working Montanans. Figure 3 shows the average annual wage and real wage growth for Montana workers since 2020. Persistently tight labor markets since the pandemic have helped facilitate some of the fastest wage growth in the nation for working Montanans. Since 2020, the real wages have grown by 2.3% per year – ranking Montana 3rd nationally for the fastest growth.

FIGURE 3. MONTANA AVERAGE ANNUAL WAGE AND REAL WAGE GROWTH

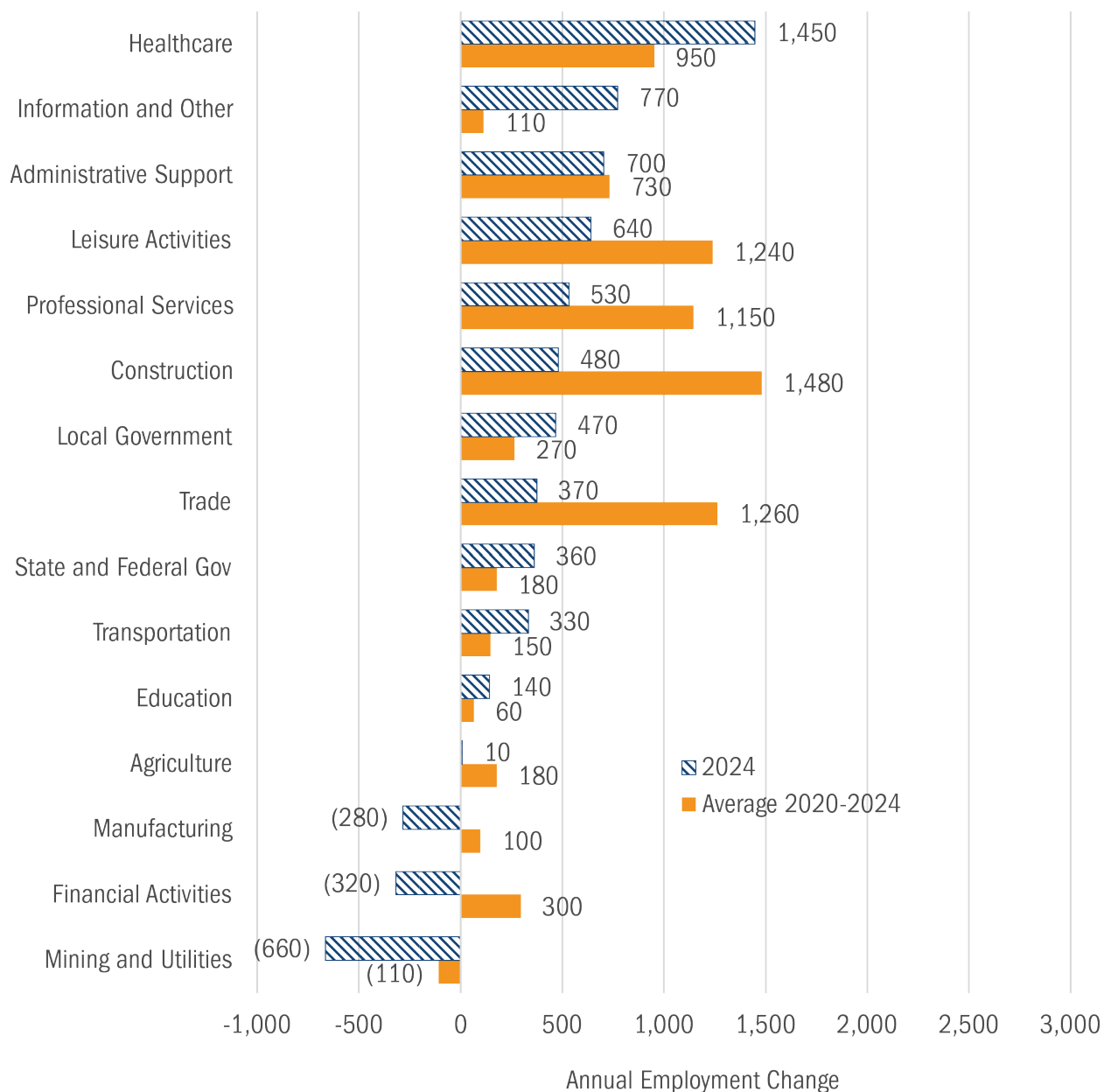


Source: U.S. BLS and MTDLI, CPI-U and QCEW.

INDUSTRY GROWTH

Nearly every industry in Montana added jobs in 2024. Healthcare, the state's largest employing industry, added the most jobs. Healthcare employment grew by 1,450 over the year. Leisure activities, professional services, construction, and trade are the primary drivers of employment growth over the last five years – accounting for 60% of all jobs added since 2020. Employment growth in these industries slowed in 2024 to a more sustainable rate of growth consistent with long-run trends. Figure 4 shows employment growth by industry in 2024 compared to the average over the last five years.

FIGURE 4. MONTANA EMPLOYMENT GAINS BY INDUSTRY



Source: Quarterly Census of Employment and Wages (QCEW). Other services include information, management of companies, and other services. Industry employment includes public and private sector.



Some of Montana's smaller industries experienced significant growth in 2024. Employment in public administration and other services temporarily accelerated in 2024 due to the national election cycle. Public administration job growth occurred primarily in state and local government from April to October. Local and state government employment has fallen by about 1,800 jobs since the national election in November. Public administration employment in the first quarter of 2025 was the same as it was at the end of 2023.

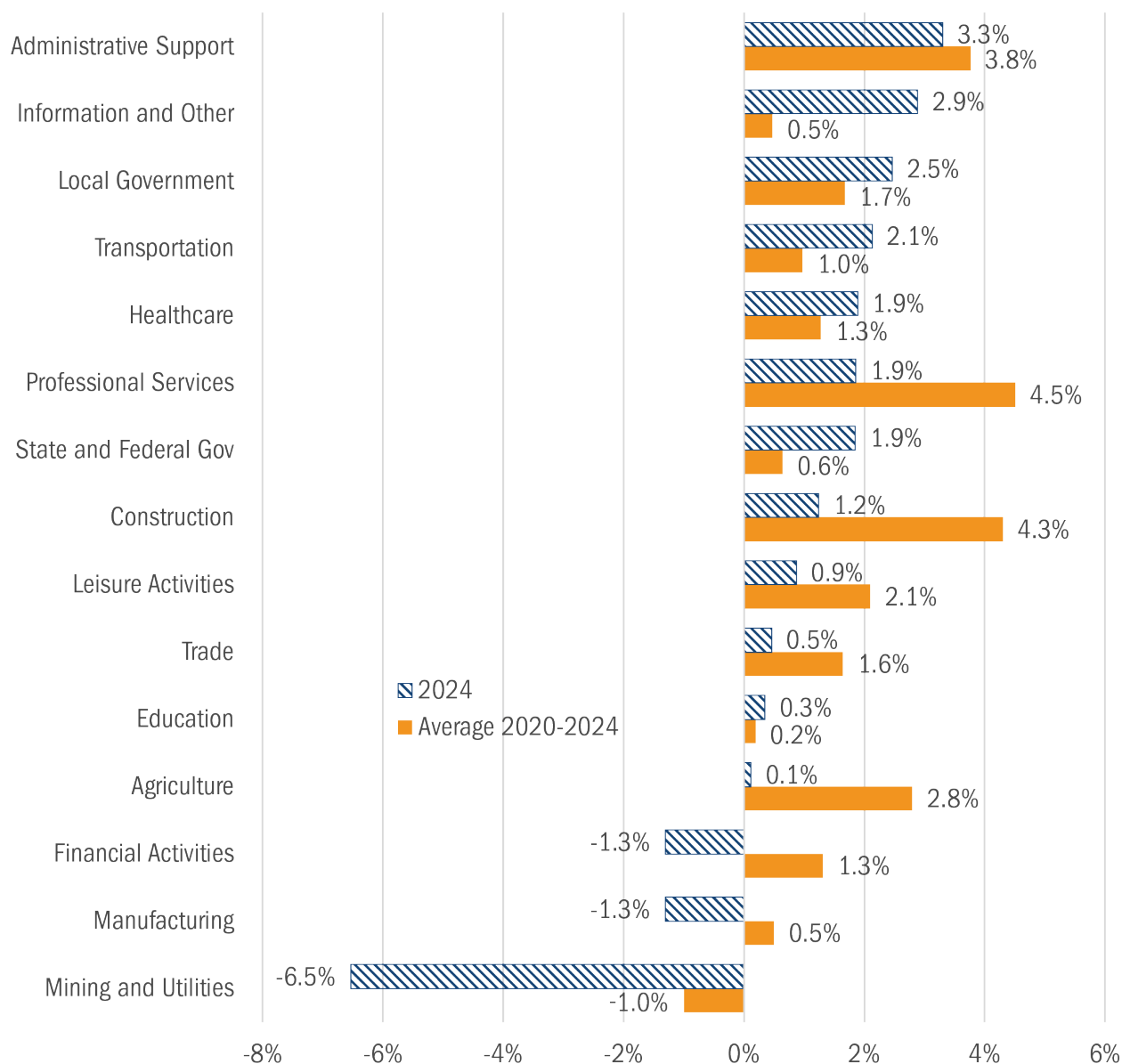
Manufacturing was one of the few industries to experience a decline in employment in 2024, primarily due to the closure of two lumber mills in the first half of the year.² However, job growth remained positive since 2020. Manufacturing employment gains over the last five years are strongest in computer and electronic products, machinery, and transportation equipment manufacturing. As a newly recognized Regional Technology and Innovation Hub, Montana saw historic investment in advanced manufacturing.³ Due in part to this investment, MTDLI anticipates a return to growth over the next ten years. Manufacturing employment is projected to grow by 0.7% per year through 2034, below the industry's long-run growth rate of 1.3%.⁴

Employment in financial activities fell in 2024. Rising borrowing costs and a slowdown in home sales generated job losses in banking and real estate.⁵ These losses were partially offset by gains in insurance and financial investment employment. Since 2020, financial activities employment remained positive, growing by an average of 1.3% per year. While Montana's real estate market has cooled from its rapid post-pandemic growth, employment in real estate remains above pre-pandemic levels and is consistent with a more stable housing market. Figure 5 shows the employment growth rate by industry since 2020.

Mining and utilities were the most significant drag on employment growth in 2024. Employment fell by 6.5% in 2024, due in part to layoffs at one of the largest mining operations in Montana. In September 2024, the Sibanye-Stillwater Mining Company announced plans to lay off approximately 40% of its workforce in Montana.⁶ In addition to the layoffs at Sibanye-Stillwater, businesses that provide support for mining activities also reduced employment in 2024, contributing to the overall decrease in mining jobs.

In response to these layoffs, Montana Department of Labor & Industry and Governor Gianforte successfully appealed for dislocated worker funds from the U.S. Department of Labor, which were used to provide support services and workforce retraining for the affected workers and their families. MTDLI has worked with over 380 affected workers to provide opportunities and additional resources during their job transition; helping individuals enhance their skills, pursue further education or training, enroll in apprentice training, and find new jobs.⁷

FIGURE 5. MONTANA EMPLOYMENT GROWTH BY INDUSTRY

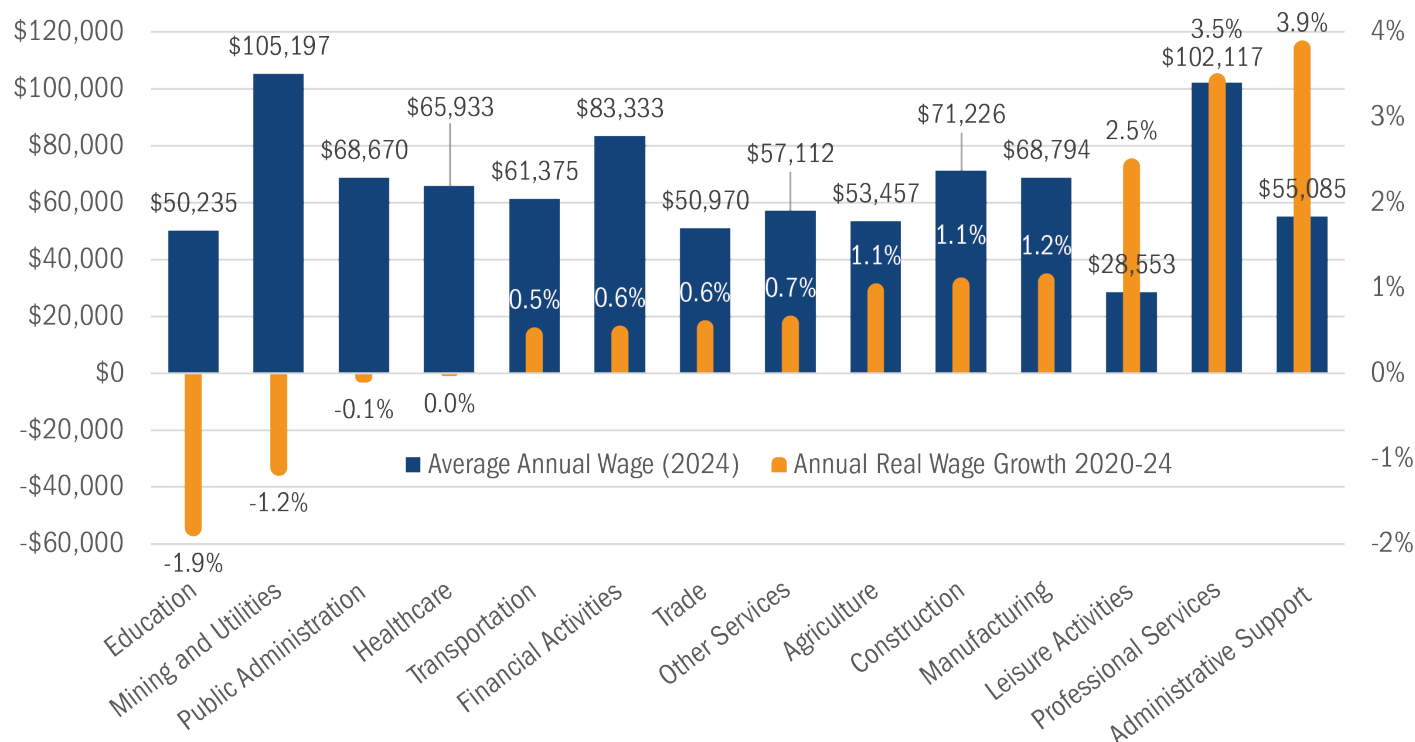


Source: Quarterly Census of Employment and Wages (QCEW). Other services include information, management of companies, and other services. Industry employment includes public and private sector.

Administrative and support services grew the fastest in 2024, tapering only slightly from the industry's rapid growth over the last five years. Administrative support employment accelerated alongside growth in professional services during 2021 and 2022. The growing prevalence of remote work made moving to Montana possible for many tech workers, resulting in significant growth in the professional and administrative services industries.

Employment gains were coupled with significant wage growth for both professional and administrative services industries. Since 2020, administrative support saw the fastest real wage growth, averaging nearly 4% per year. Admin support is one of only four industries to report real wage gains in 2022, when inflation hit a forty-year high of over 9%. Professional services also reported real wage growth in 2022. Real wage growth continued to accelerate for professional service workers in 2023 and 2024. Wages in professional services grew the fastest of any industry in the state in 2024, growing by 4.8% on an inflation-adjusted basis. Figure 6 shows the average wage and inflation-adjusted growth since 2020.

FIGURE 6. MONTANA AVERAGE ANNUAL WAGE AND REAL WAGE GROWTH BY INDUSTRY



Source: U.S. BLS and MTDLI, CPI-U and QCEW. Other services include information, management of companies, and other services. Industry employment includes public and private sector.

Education experienced the slowest wage growth among Montana's industries since 2020, falling by an average of 1.9% per year on an inflation-adjusted basis. In 2024, wage growth in education outpaced inflation for the first time since 2020, generating 0.4% real wage growth over the year. Much of this real wage growth was generated by a shift in the distribution of education employment toward higher-wage occupations. Education employment gains were concentrated in post-secondary institutions, offsetting employment losses in elementary and secondary education.

HOW ARTIFICIAL INTELLIGENCE COULD RESHAPE WORK IN MONTANA

Artificial intelligence (AI) is starting to influence the way people work across a range of occupations in Montana. While some technologies automate routine tasks, others act more like digital assistants—supporting workers rather than replacing them. The MTDLI finds approximately 21% of the state's workforce are employed in occupations highly-exposed to AI.⁸ AI exposure is measured based on how much of a typical occupation's day-to-day work involves tasks that AI can perform. The types of occupations most highly exposed to AI include office and administrative support, business and finance, legal, architecture, and engineering.

Montana ranks 36th in the nation for workforce exposure to AI.⁹ Montana's workforce is less exposed to AI than the national average, due to the state's higher concentration of hands-on occupations – such as construction, healthcare, agriculture, and food service. While AI's impact is still unfolding, these findings suggest some workers should expect greater reskilling and retooling than others.



On August 11, 2025, Governor Gianforte signed Executive Order 5-2025, launching the 406 JOBS Initiative to modernize Montana's workforce system. The 406 JOBS framework identifies six high-priority sectors with chronic workforce shortages – health careers, education and childcare, construction, hospitality, financial & professional services, and advanced manufacturing & computing. These sectors provide thousands of jobs and contribute billions to the state's GDP.

\$40.3B

Dollars in economic production in Montana

312,000

Montanans employed in 406 JOBS industries.

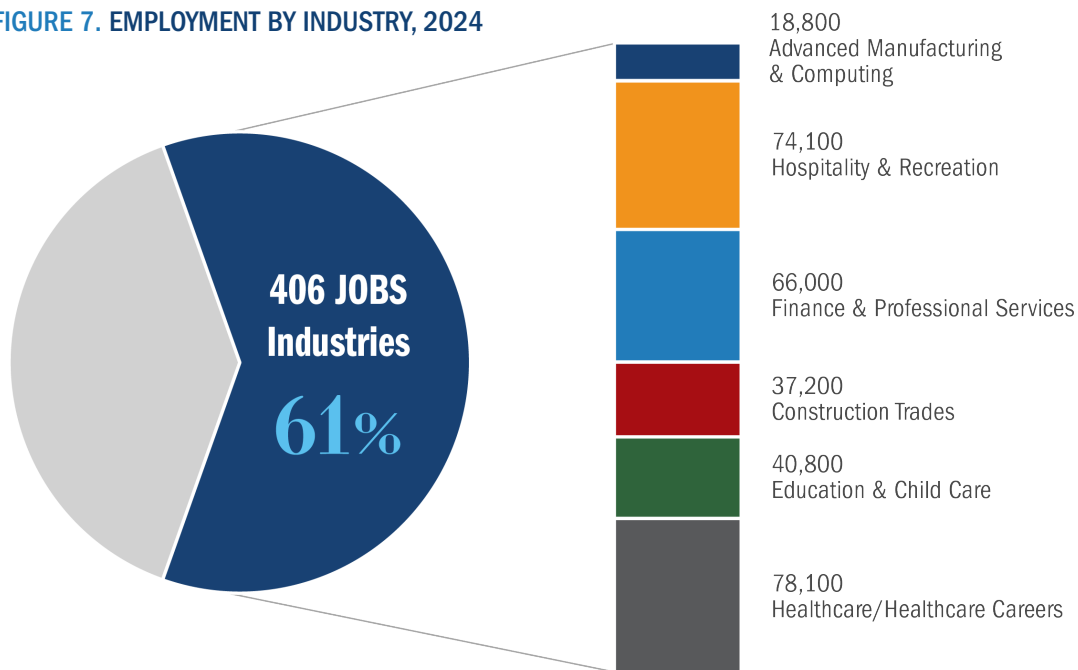
53%

Of Montana GDP in 406 JOBS industries

58%

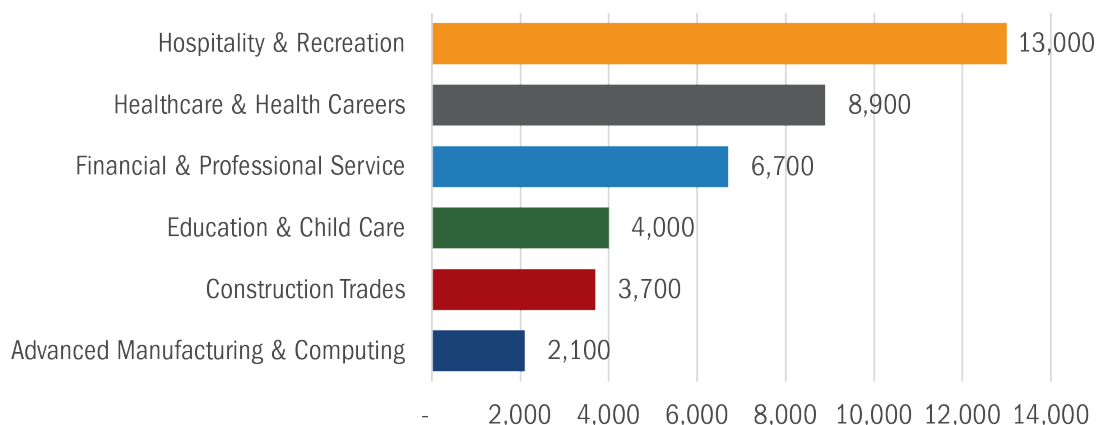
The share of projected job openings in 406 JOBS industries

FIGURE 7. EMPLOYMENT BY INDUSTRY, 2024



Source: MTDLI analysis of Quarterly Census of Employment and Wages, 2024 payroll employment.

FIGURE 8. ANNUAL PROJECTED JOB OPENINGS, 2024-2034



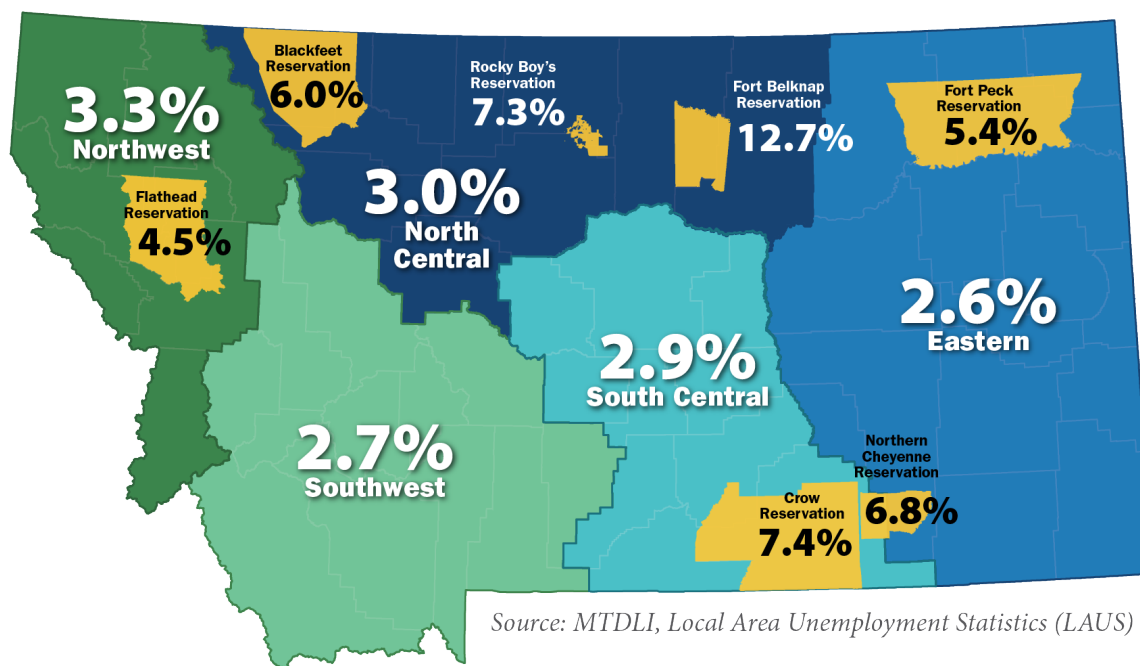
Source: MTDLI Forecasts of Job Openings by Industry 2024-2034.

REGIONAL LABOR MARKET TRENDS

Labor markets throughout the state experienced an increase in available workers in 2024, providing some relief from historically tight labor markets. The labor force grew most significantly in the western portion of the state. The Northwest and Southwest regions experienced 1.2% growth in the workforce, compared to less than 1% labor force growth in the Eastern and South Central regions. The North Central region experienced a decline in the labor force driven by out-migration.

Labor force growth outpaced employment growth in nearly every region of the state, generating a slight uptick in unemployment rates. However, unemployment remains near record-lows. Figure 9 shows the annual unemployment rates by region and reservation in 2024, with nearly every region at or below 3.0% unemployment.

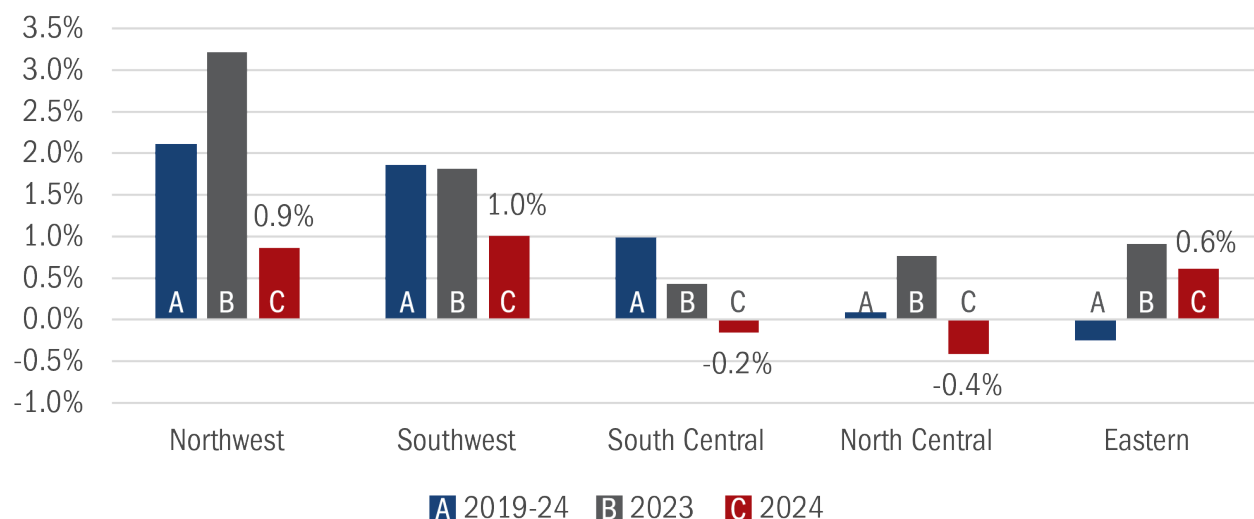
FIGURE 9. UNEMPLOYMENT RATE BY REGION AND RESERVATION, 2024



The Southwest region had the fastest employment growth of 1.0% in 2024, adding nearly 1,700 jobs. The Northwest region followed closely behind, reporting 0.9% employment growth and adding 1,540 jobs in 2024. Business and professional services, healthcare, retail trade, and construction were the primary contributors to job growth in the west. However, headwinds to job growth differed between the two regions. The Northwest region experienced a decline in manufacturing employment related to the closure of two lumber mills at the beginning of the year. Whereas, the Southwest region reported declines in financial activities employment, driven by increased borrowing costs and a slowdown in home sales.

The central regions of Montana experienced modest employment declines in 2024. The South Central region experienced the most significant job losses in the mining sector, caused by layoffs at Stillwater mine at the end of 2024. Declines in mining offset job growth in healthcare, retail trade, transportation, and professional services. Overall employment declined by 0.2%, translating to about 170 jobs. The North Central region experienced a slightly larger drop in employment. Employment in the region fell by 0.4%, translating to roughly 275 jobs in 2024. The most significant job losses were in construction—related to the conclusion of large infrastructure projects in the region. The decline in construction employment offset significant growth in professional services. Manufacturing, financial services, and leisure activities all added jobs as well.

FIGURE 10. ANNUAL EMPLOYMENT GROWTH BY REGION



Source: BLS Local Area Unemployment Statistics (LAUS)

Employment growth in the Eastern region remained positive in 2024, growing by 0.6% and adding over 220 jobs. The construction industry was the leading contributor to job growth, driven by an increase in infrastructure development in the region. Construction employment grew by 14.8% over the year, offsetting declines in manufacturing generated by the closure of Sidney Sugars in 2023. Retail trade, healthcare, financial activities, and professional services added jobs in the Eastern region as well.

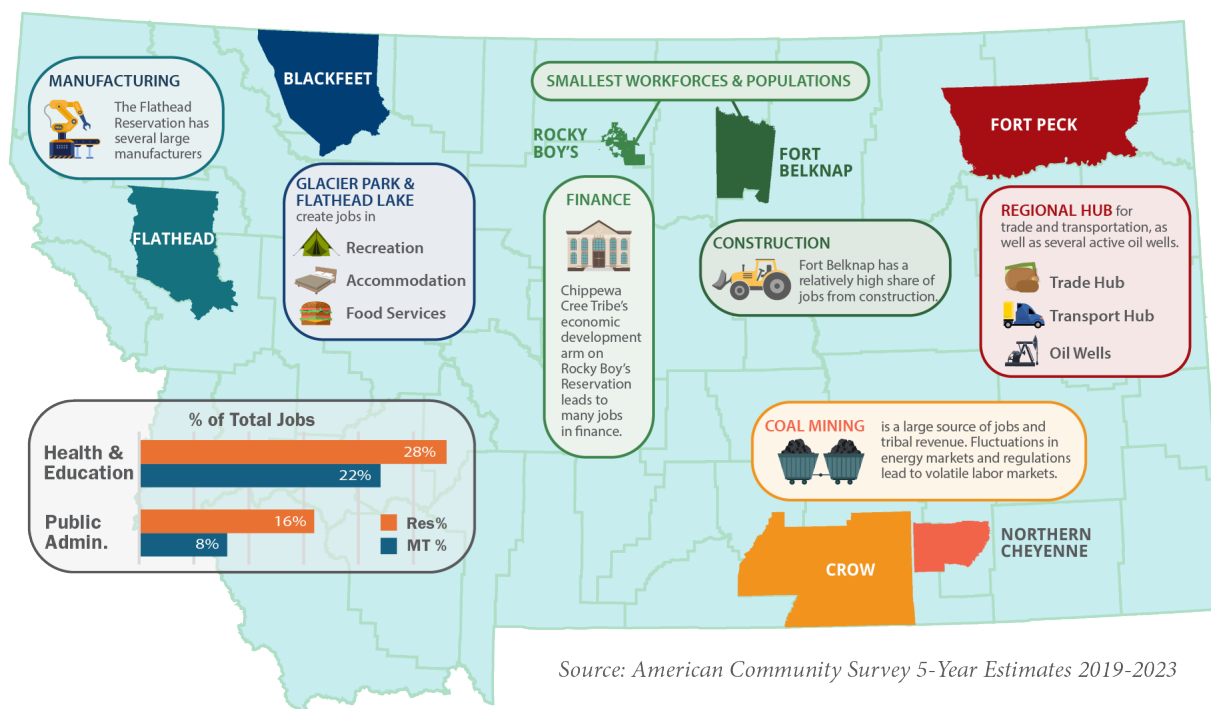
All regions are projected to experience job gains over the next ten years. The Northwest and Southwest regions are expected to have the strongest job growth, fueled by population increases and expansion in various sectors such as construction, healthcare, manufacturing, and professional services. Employment growth in the South Central region is projected to stabilize after the recent loss of mining jobs — adding jobs in healthcare, manufacturing, construction, and agriculture. The North Central and Eastern regions are forecasted to have moderate job growth, limited by lower in-migration rates than the western regions.¹⁰

TRIBAL ECONOMIES

Montana shares geography with seven Indian reservations and eight federally recognized Native nations representing thirteen Tribes. Over half of American Indians in Montana live on tribal lands, with the local economies supporting the livelihoods of those who live there. Most of the reservation areas reported stable or slight declines in employment during 2024. The Northern Cheyenne reservation was the only area to report job gains, with employment growth of 0.3%. Since 2020, the Blackfeet, Flathead, and Rocky Boy's reservations all have employment matching or exceeding pre-pandemic levels.

Public administration, education, and healthcare are the largest employing industries across the reservations. Each reservation has a tribal college, an Indian Health Service unit, and tribal government that are all large employers. Beyond those large sectors, the reservation economies are closely tied to their area's resources and local specialties, creating variation in economic opportunities between reservation areas. For example, the Blackfeet reservation's economy benefits from tourism to Glacier National Park, and the Flathead reservation includes several large manufacturers. The Crow and Northern Cheyenne economies fluctuate with changes in the energy market due to the jobs and revenues from coal mining. Figure 11 highlights the variation in tribal economies across the state's seven reservations.

FIGURE 11. MONTANA RESERVATIONS WITH INDUSTRY HIGHLIGHTS



While the tribal communities are unique and varied across the state, they remain some of the more economically sensitive areas of Montana. Reservation areas consistently report higher unemployment rates and lower labor force participation than the statewide average. Across the state, 56% of American Indians were employed or actively seeking work, seven percentage points lower than the state average.¹¹ Figure 12 shows the variation in select characteristics of the American Indian population residing on each reservation.

FIGURE 12. AMERICAN INDIAN POPULATION QUICK FACTS BY RESERVATION AREA

	Blackfeet	Crow	Flathead	Fort Belknap	Fort Peck	Northern Cheyenne	Rocky Boy's
Population (% AI)	8,896 (86%)	5,999 (82%)	10,140 (32%)	3,277 (97%)	6,965 (70%)	4,110 (95%)	3,469 (98%)
Labor Force Participation	54%	51%	61%	55%	44%	57%	45%
Median Household Income	\$37,429	\$54,082	\$43,558	\$51,736	\$34,250	\$38,477	\$43,600

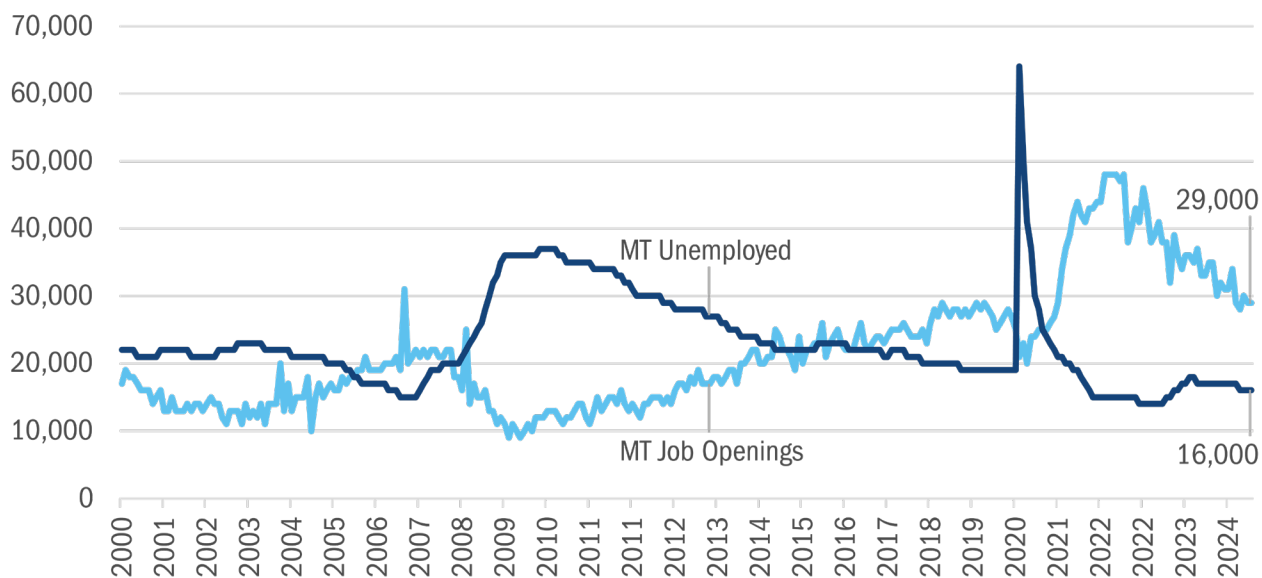
Source: U.S. Census Bureau ACS 2019-2023. Population includes American Indian only and in combination with another race.

Montanans identifying as American Indian are also more likely than average to become unemployed. Those that are unemployed experience longer periods of unemployment than non-native Montanans. Native Montanans were unemployed for an average of 31 weeks, compared to 10 weeks for their white counterparts.¹² Continued efforts to engage this population in the workforce through education and training will help promote economic growth.

02. MONTANA LABOR FORCE DYNAMICS

For the last decade the Montana labor market has been characterized by a shortage of available workers. Since 2015, the number of job openings has consistently been greater than the number of people looking for work. Figure 13 shows the number of job openings compared to the number of unemployed people in the state. At its peak in 2022, there were more than three job openings for every one job seeker. The gap has closed substantially since then, but worker shortages persist. In 2024, there were less than two job openings for every one unemployed person.

FIGURE 13. NUMBER OF JOB OPENINGS AND UNEMPLOYED PERSONS IN MONTANA



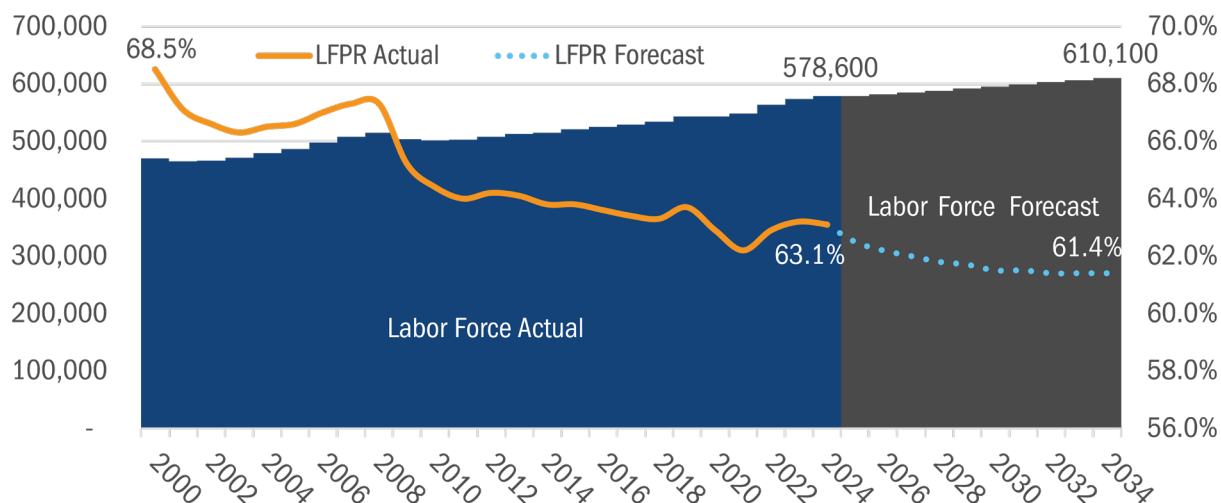
Source: JOLTS and LAUS, December 2000 to April 2025. Unemployment level and job openings are rounded to the nearest thousand.

Labor force growth over the last year has helped to ease the state's historically tight labor market. Over 4,700 workers were added to the Montana labor force in 2024, translating to 0.8% growth. Much of this growth was driven by in-migration, which has been elevated in Montana since 2020. Rapid in-migration helped overcome long-run declines in labor force participation due to Montana's aging population. In 2024, there were over 578,000 Montanans working or actively looking for work – a record high for the state.

LABOR FORCE PARTICIPATION

Of the approximately 920,000 Montanans who are old enough to work, 63% participate in the labor force.¹³ The labor force includes everyone who is working or actively seeking work. Labor force participation rates are declining in Montana and across the nation for the last few decades due to demographic shifts in the population. As baby boomers continue to retire, the state is witnessing a structural decline in labor force participation. Demographic trends indicate that the aging population will continue to exert downward pressure on labor force participation over the next decade. Figure 14 shows the size of the labor force and the participation rate from 2000 projected through 2034.

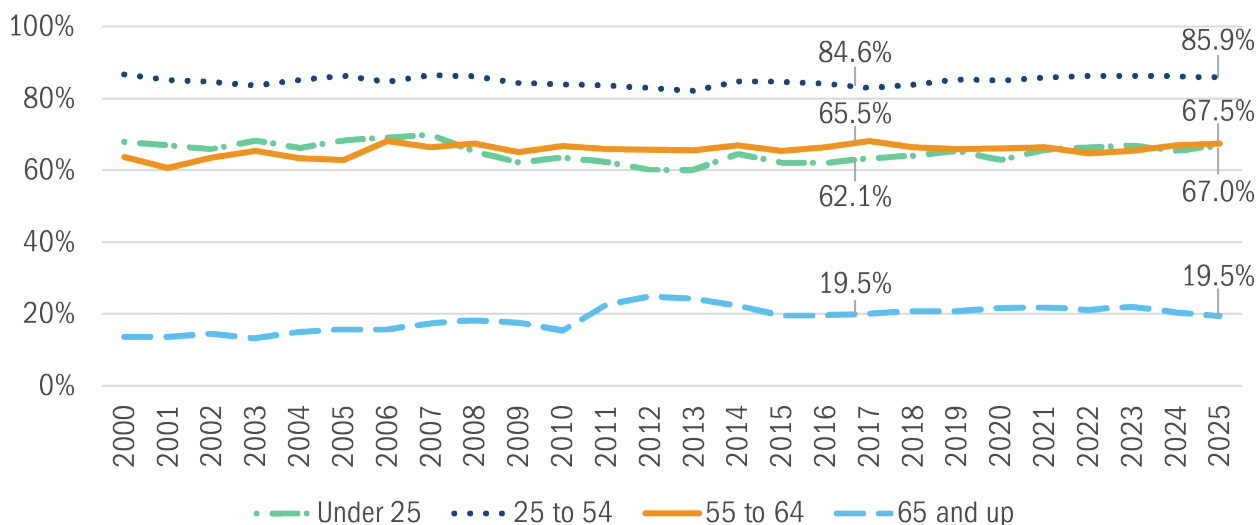
FIGURE 14. LABOR FORCE AND PARTICIPATION RATE, HISTORICAL AND PROJECTED



Source: Local Area Unemployment Statistics, BLS MTDLI 2000-2022. Labor force and Population Projections 2024-2034, MTDLI.

While the statewide labor force participation rate declined over the long-run, labor force participation within age groups remained stable or increased over the last few years (Figure 15). Nearly all age groups report higher labor force participation rates than a decade earlier, with the highest levels of participation reported between the ages of 25 and 54.

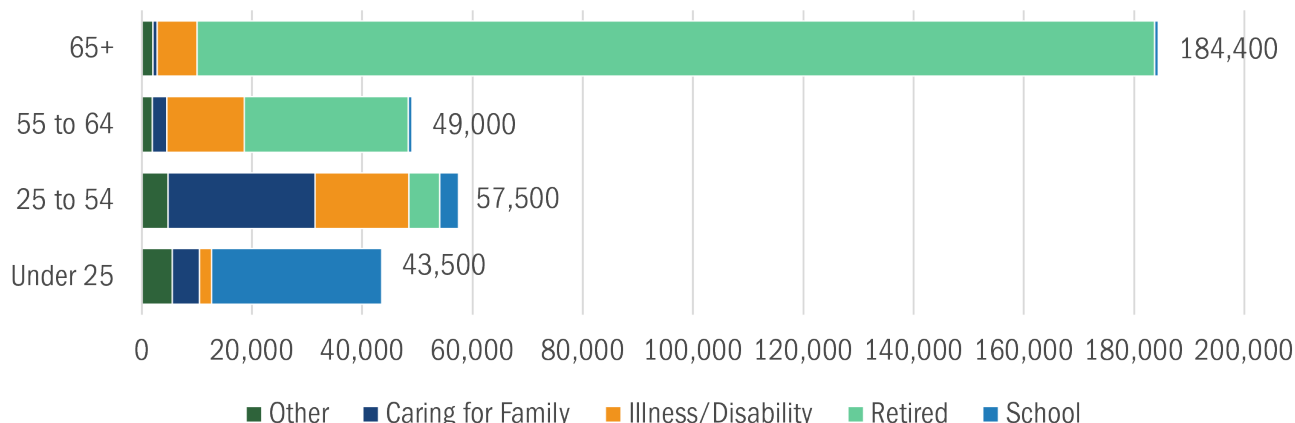
FIGURE 15. LABOR FORCE PARTICIPATION RATES BY AGE GROUP IN MONTANA



Source: IPUMS CPS. Labor force participation rates calculated as the 12-month moving average ending June 2025.

Approximately 67% of Montanans between 16 and 25 years old are working or actively seeking work. Young adults who are not in the labor force most commonly cite educational responsibilities as the reason for their lack of participation. Figure 16 shows the number of Montanans who are out of the labor force by age and reason.

FIGURE 16. MONTANANS OUT OF THE LABOR FORCE BY AGE AND REASON

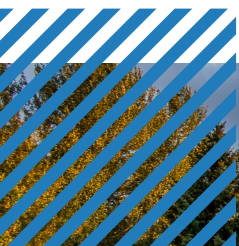


Source: IPUMS CPS 2024 2-Year Moving Average.

Labor force participation rates peak at 86% between the ages of 25 and 54 years old. The most common reason prime-working aged adults aren't participating in the labor force is family responsibilities. An estimated 23,200 Montana parents did not participate in the labor force because they were caring for family in 2024 – accounting for approximately 40% of all prime working age adults out of the labor force.¹⁴

Labor force participations rates decline around age 55 as many Montanans begin to retire, falling from 86% in an individual's prime working years to about 67% between 55 and 64 years old. While retirement is the primary reason Montanans in this age category leave the labor force, the percentage leaving due to illness or disability rose slightly over the last few years. The percentage of Montanans between 55 and 64 years old who were out of the labor force due to illness or disability rose from 26% in 2018 to 29% in 2024.¹⁵

The most significant drop in labor force participation occurs after the age of 64. Only 20% of Montanans 65 years and older are working or actively seeking work. While labor force participation rates are low for this age category, they are above the national average. Nearly all (94%) Montanans over the age of 64 who are not working are retired. The number of retirees has steadily increased in Montana since the 1990s, reaching nearly 217,000 in 2024.¹⁶



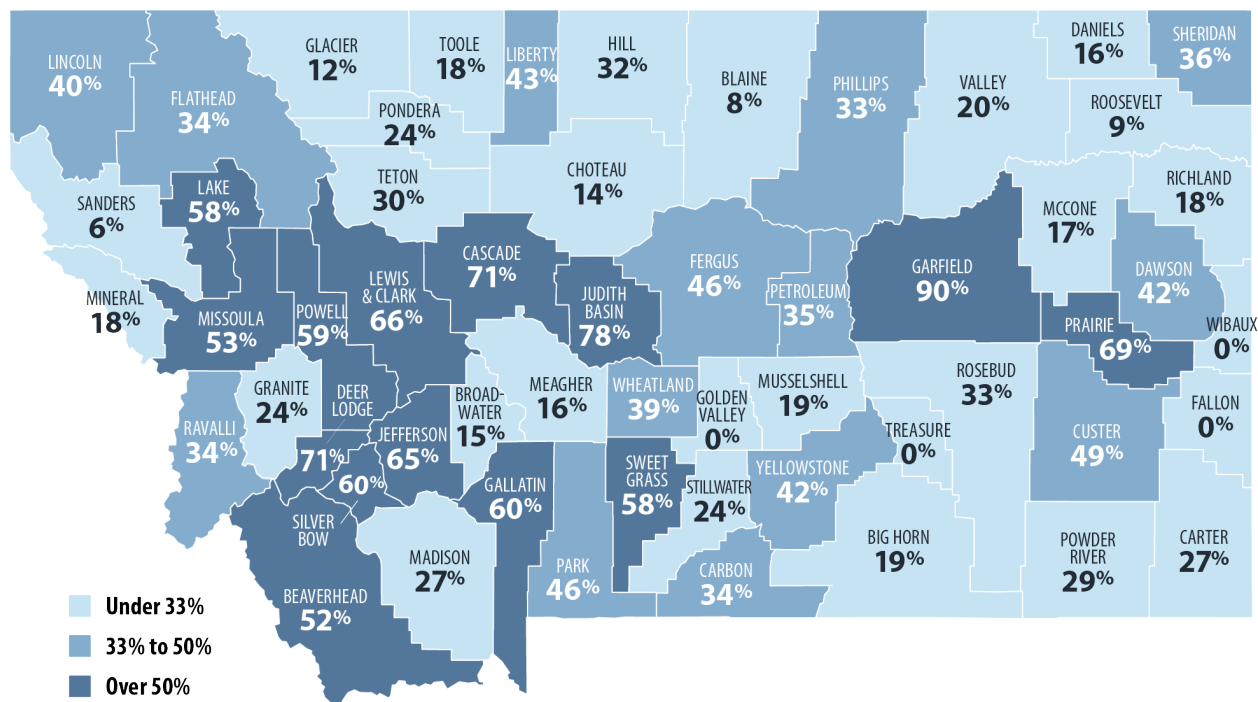
Lack of Childcare Limits Parental Workforce Engagement

Access to child care is essential to a healthy economy, allowing parents of young children to engage in the labor force and preparing the state's future workforce through high-quality early childhood education. Licensed childcare capacity has been consistently undersupplied despite its essential role in supporting the statewide workforce. In 2024, licensed childcare capacity met only 46% of estimated demand.

Childcare shortages exist across the state, with nearly 52% of counties identified as childcare deserts – meaning supply meets less than a third of estimated demand. The most significant unmet demand occurs in the more rural areas of the state. Approximately 19% of children under age six live in a county designated as a child care desert. The map below shows licensed childcare capacity as a percent of demand by county.

A lack of high-quality childcare in Montana has prevented some parents from fully participating in the labor force. In 2024, a monthly average of 23,200 Montana parents were unable to participate in the labor force due to family responsibilities and a lack of childcare. An additional 39,700 Montana parents were underemployed or reported working reduced hours in 2024 – which translates to 7% of the state's labor force. In total, approximately 63,000 Montana parents are unable to fully engage in the workforce.¹⁷

FIGURE 17. CHILD CARE CAPACITY AS A PERCENT OF DEMAND FROM CHILDREN UNDER 6 BY COUNTY IN 2024

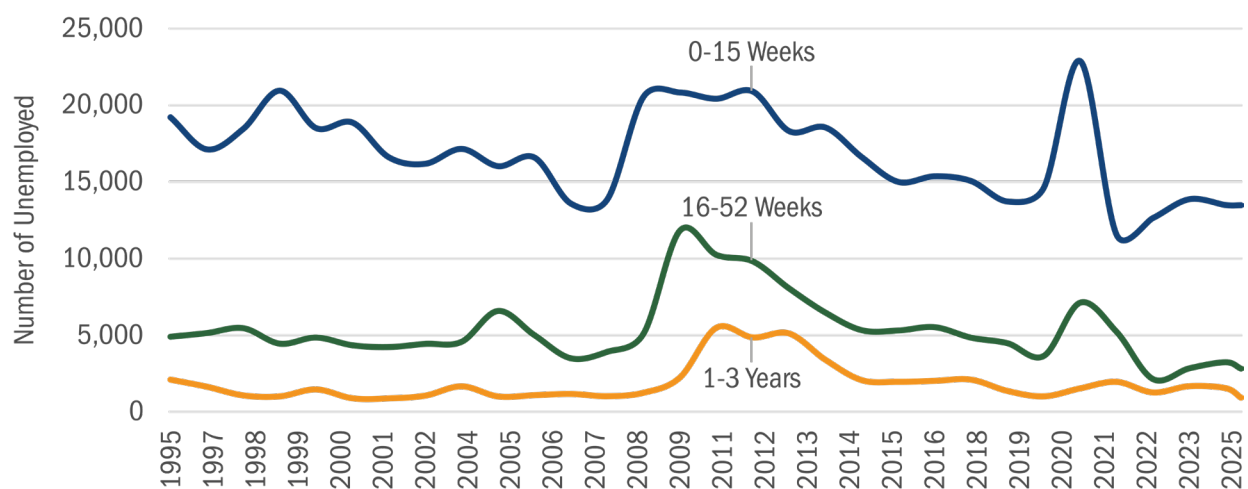


Source: MTDLI analysis of child care capacity data provided by MTDPHHS through 12/2024. MTDLI childcare demand calculation based on U.S. Census Bureau 2023 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2019-2023 American Community Survey (ACS) data produced by the U.S. Census Bureau.

UNEMPLOYED

The Montana labor force reached a record high of 578,500 people in 2024. Over 560,000 of these individuals were employed, and the remainder were actively seeking work.¹⁸ People who are not employed and are actively seeking work are referred to as unemployed. At the end of 2024, there were an estimated 17,000 unemployed Montanans – near a record low. Figure 18 shows the number of unemployed people in Montana over the last three decades by duration of unemployment.

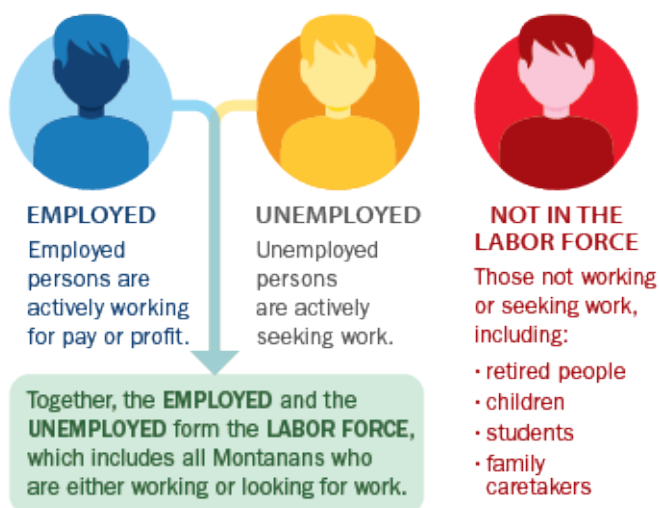
FIGURE 18. NUMBER OF UNEMPLOYED MONTANANS BY DURATION



Source: IPUMS CPS, January 1994-May 2025. 12-month moving averages.

Most people in Montana are unemployed for less than four months. About 74% of the 17,000 unemployed Montanans in 2024 were unemployed for fifteen weeks or less. Over 90% are unemployed for less than a year. Most (70%) of these short-term unemployed were previously employed – either having been laid off, ended a seasonal or temporary job, or voluntarily left their job. The remaining 30% were unemployed after a period out of the labor force, perhaps attending school or taking care of family.¹⁹

All Montanans fall into three groups based on their work status:



Only about 8% of those unemployed have been looking for work for more than a year, translating to roughly 1,500 Montanans.²⁰ Most (53%) Montanans unemployed for over a year are returning to the job market after time spent in school or caring for family. Nearly half (45%) of long-term unemployed are reentering the labor force, and another 8% are looking for their first job.

Often, Montanans who are unemployed for an extended period face significant barriers to employment. The Montana Department of Labor & Industry (MTDLI) works with many of these individuals

to help them overcome their barriers and find stable employment. Figure 20 shows some of the most common challenges these individuals face in looking for employment. The most common barriers being poor health and financial issues.

Workforce Engagement Increases Among Disabled Montanans

In 2023, approximately 81,600 Montanans aged 18 to 64 reported having a disability. These individuals are less likely to participate in the labor force than able-bodied adults, although workforce engagement among Montana's disabled population has been increasing over the last few years. An estimated 57% of disabled Montanans are working or actively seeking work – higher than the national average. Figure 20a shows the labor force participation rate by disability status in Montana compared to the U.S. over the last few years.

FIGURE 19A. LABOR FORCE PARTICIPATION RATES BY DISABILITY STATUS

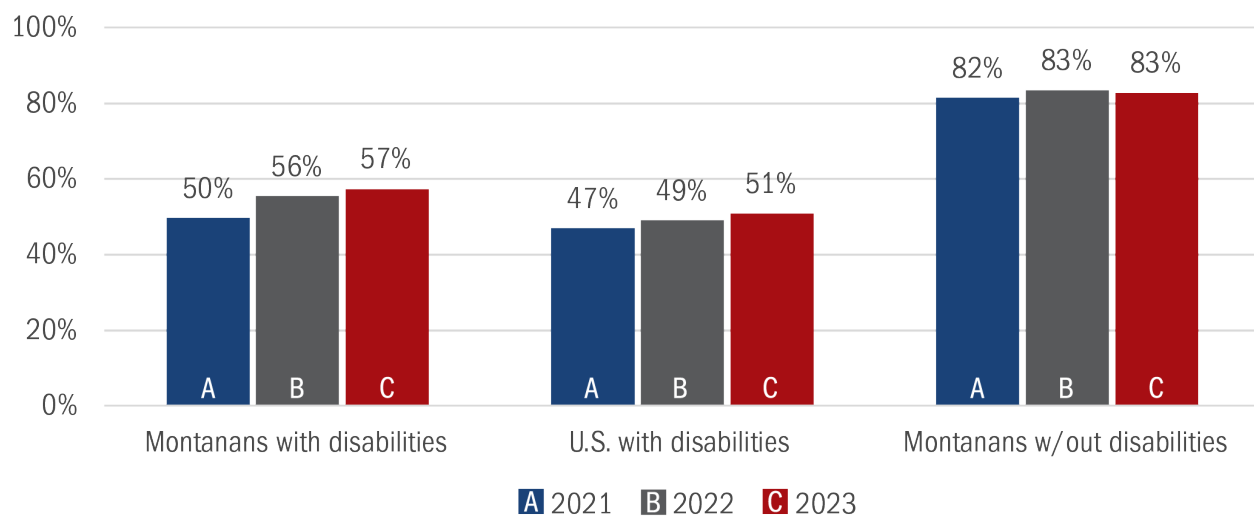
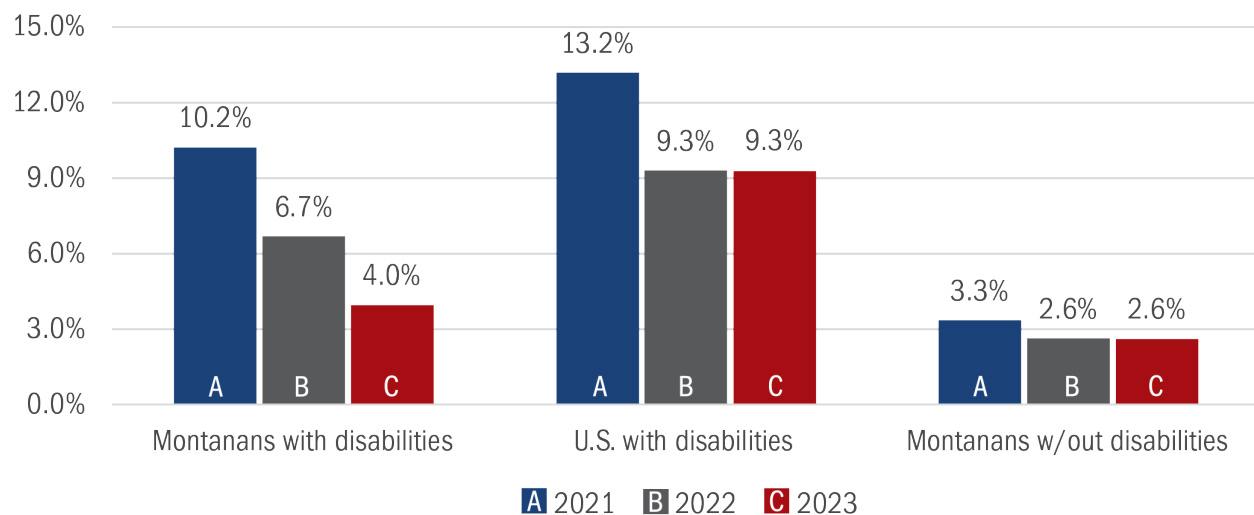


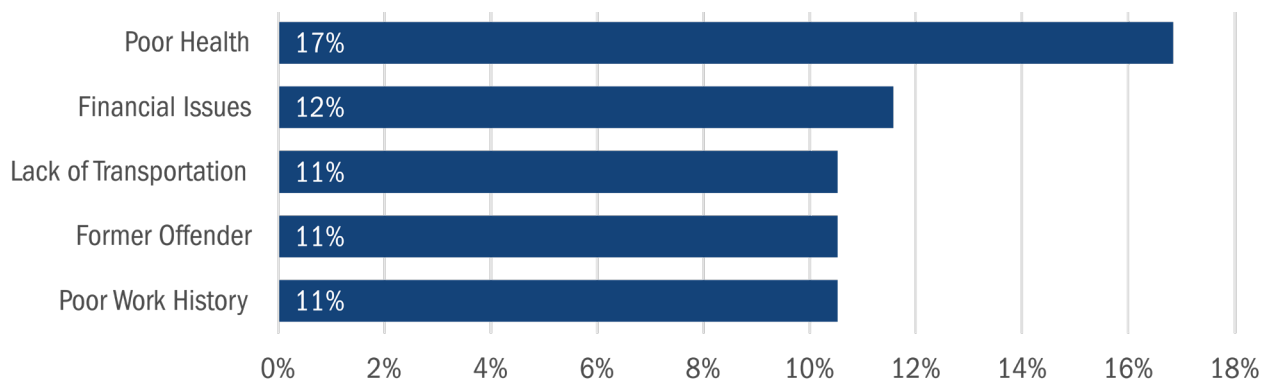
FIGURE 19B. UNEMPLOYMENT RATES BY DISABILITY STATUS



Source: 2021-2023 American Community Survey, 1-Year Estimates. Includes age 18-64.

The unemployment rate among Montanans with disabilities fell from 10.2% in 2021 to 4.0% in 2023. Nationally, the unemployment rate for disabled persons remains high, at 9.3%. Figure 20b shows the unemployment rate by disability status in Montana compared to the national average. Tight labor markets in Montana underscore the importance of engaging underutilized worker populations, including Montanans with disabilities.

FIGURE 20. PREVALENCE OF SELECT EMPLOYMENT BARRIERS AMONG LONG-TERM UNEMPLOYED



Source: MTDLI Wagner-Peyser Clients between March and May 2025 who had been unemployed for at least a year.

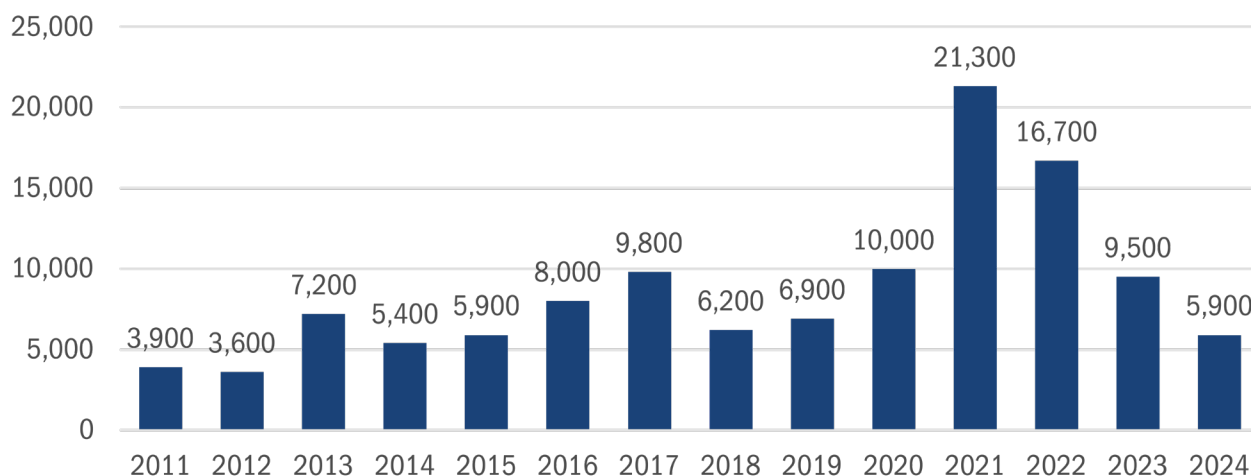
Unemployed Montanans reporting a disability tend to experience longer periods of unemployment than able-bodied adults. Nearly a quarter of unemployed disabled adults are job-hunting for over a year, compared to only 8% across all unemployed Montanans.²¹ Challenges include mobility, cognitive, and independent living difficulties. Montanans identifying as American Indian also experience longer periods of unemployment than non-native Montanans. Native Montanans were unemployed for an average of 31 weeks in 2024, compared to only 10 weeks for their white counterparts.²²

The number of unemployed people in Montana varies significantly over the past few decades, peaking during periods of economic recession and reaching record lows during periods of economic expansion. Some unemployment always exists as a natural byproduct of the fluctuations and evolution of workforce supply and demand.

MIGRATION DRIVES LABOR FORCE GROWTH

Montana's labor force reached a record-high in 2024, despite long-run declines in the state's labor force participation rate. Net in-migration continued to be the primary driver of labor force growth in 2024, adding 5,900 people to the state's population. Domestic migration slowed over the last year, following a post-pandemic surge. Positive net migration is projected to continue due to factors such as Montana's business-friendly environment, quality of life, an emerging professional services industry, and opportunities for remote work. Figure 21 shows net migration in Montana since 2011.

FIGURE 21. MONTANA NET MIGRATION



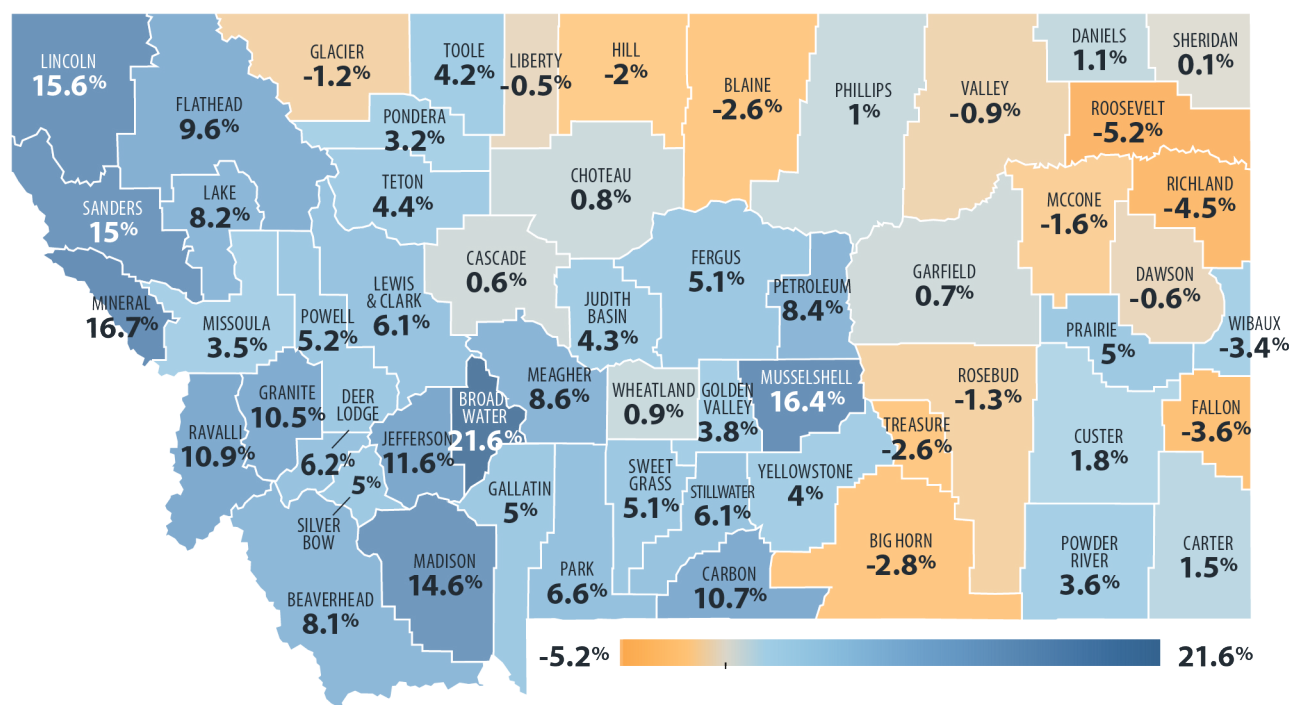
Source: U.S. Census Bureau Components of Population Change. Vintage 2020 and 2024. Rounded to nearest 100.

Montana has had faster migration than many other states – ranking 8th in the nation for the highest rate of net migration since 2020. The state's population grew by 5.2% from 2020 to 2024 due to migration, translating to an additional 56,000 people.²³ This post-pandemic surge in migration was driven by an increase in domestic migration, particularly among prime working-age adults. International in-migration has remained modest throughout this period, staying below 1,000 people annually. Net migration peaked in 2021, adding 21,300 people to the state's population. Since then, domestic net migration slowed to a more sustainable rate consistent with long-run trends.

Montana ranks **8th** in the nation for the largest percentage of in-migration from 2020 to 2024.

Most of the in-migration occurred in the western portion of the state since the pandemic. Significant population growth in the state's largest cities spilled over into the neighboring counties. Among smaller counties with less than 30,000 people, those bordering larger urban areas had the fastest population growth over the last four years. Figure 22 shows the net migration as a percentage of the population by county since 2020.

FIGURE 22. POPULATION GROWTH DUE TO MIGRATION, 2020 TO 2024



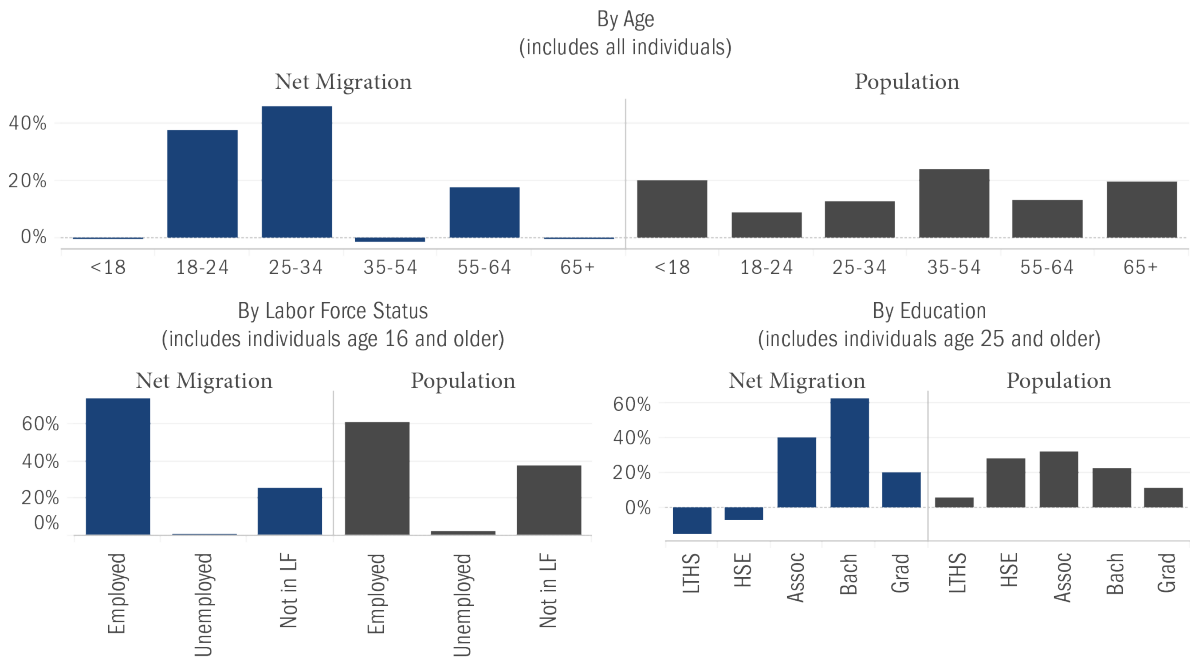
Source: U.S. Census Bureau, Annual Resident Population Estimates, Components of Resident Population Change: April 1, 2020 to July 1, 2024.

Migration in and out of the state impact the labor force participation of Montana's population. People who move to Montana are more likely to be engaged in the labor force than the existing population, helping to increase the size of the state's workforce. About 68% of in-movers participate in the labor force, which is higher than the labor force participation rate of existing residents.²⁴

Individuals moving to Montana tend to have higher levels of education than the existing population. Net migration is positive for individuals with a post-secondary education, and negative for those with a high school diploma or less. The number of people moving to Montana with less than a high school diploma declined over the last five years, while out-migration increased.

Newcomers are younger than the statewide average, slowing the aging of Montana's population. More young adults, between 18 and 34 years old, move to Montana than leave the state each year. Net migration among those aged 35 to 54 is near zero, suggesting migration does not impact the population of middle-aged adults in Montana. Figure 23 shows the demographic and labor force characteristics of net migrants compared with Montana's population.

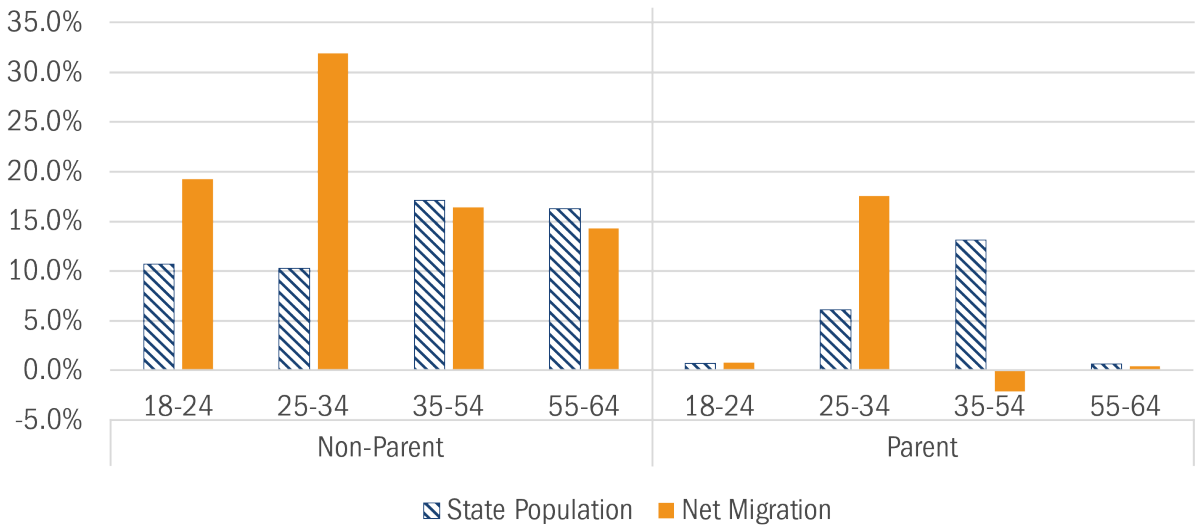
FIGURE 23. NET MIGRATION COMPARED WITH TOTAL POPULATION



Source: U.S. Census Bureau, ACS 2019-2023. Labor force status accessed via IPUMS USA, University of Minnesota, www.ipums.org

Out-migration among middle-aged parents, between 35 and 54 years old, picked up slightly over the last few years. This increase in out-migration resulted in negative net migration for parents between 35 and 54 years old. Younger parents, however, still report positive net migration – meaning more young parents move to the state than leave each year. Figure 24 shows the net migration by age category and parental status compared to the existing population.

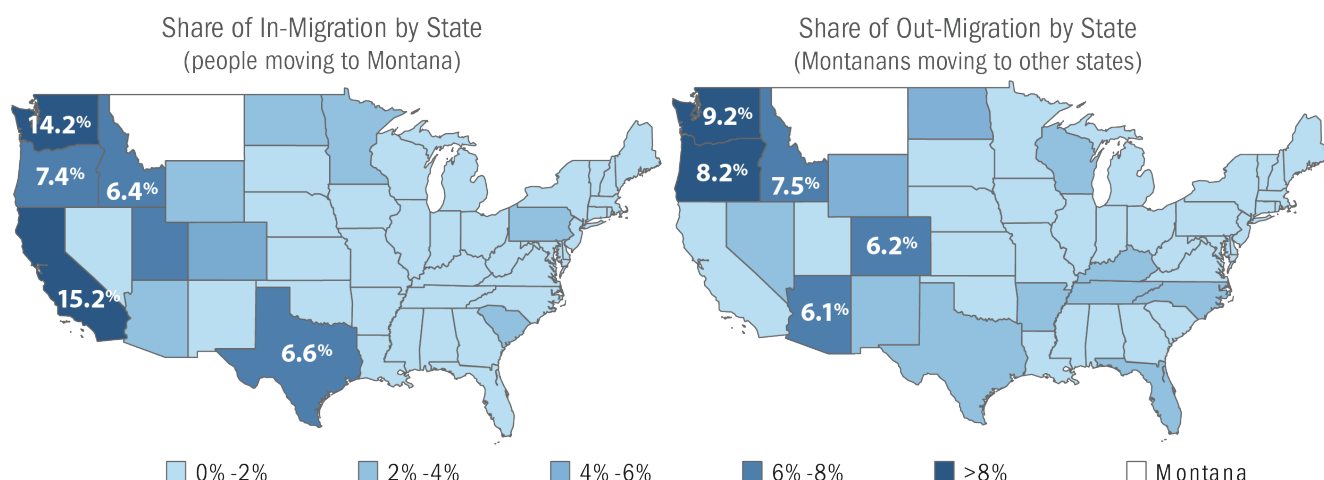
FIGURE 24. NET MIGRATION COMPARED WITH TOTAL POPULATION BY AGE AND PARENTAL STATUS



Source: U.S. Census Bureau, ACS 2019-2023. Labor force and parental status accessed via IPUMS USA, University of Minnesota, www.ipums.org

Most people who move to Montana come from another western state. About 50% of newcomers move from California, Washington, Oregon, Texas, or Idaho. Likewise, many Montanans who move out-of-state move to another western state. The most common destinations are Washington, Oregon, Idaho, Colorado, or Arizona. Montanans aged 55 and older are more likely than other age groups to move to Arizona. Figure 25 shows migration patterns by state.

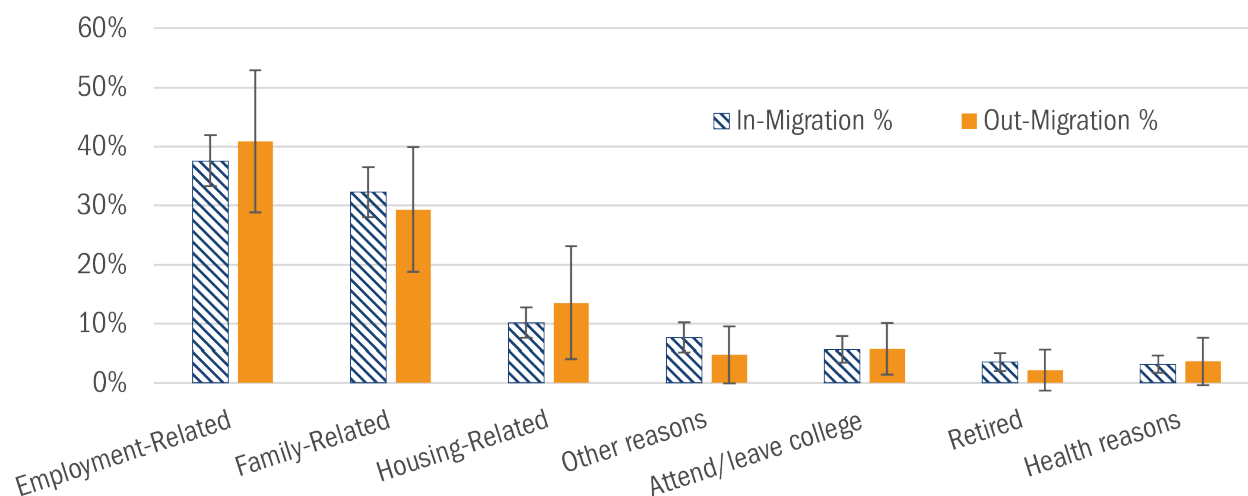
FIGURE 25. MIGRATION FLOWS BY STATE



Source: U.S. Census Bureau. State-to-State Migration Flows: 2023, using 2023 ACS 1-year estimates.

Employment opportunities are the most common reason individuals move to and from the state. Family reasons are the second most common motivation for moving, including a change in marital status or the formation of a new household. However, there are many different reasons an individual may choose to move, making it difficult to identify a single motivating factor. Figure 26 shows the primary reason for moving among in and out migrants.

FIGURE 26. PRIMARY REASON FOR MOVING BY MIGRATION STATUS

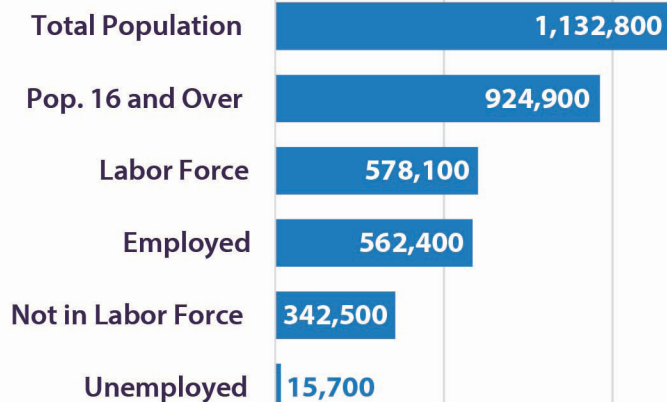


Source: CPS microdata accessed via IPUMS USA, University of Minnesota, www.ipums.org. Average between 2019 and 2024. Error bars represent 90% confidence interval.

Over the next decade, migration is expected to remain the dominant source of labor force growth in the state. Positive net migration is projected to continue as the Montana economy capitalizes on the state's scenic beauty and natural amenities that draw people to the state every year.

The Montana Worker By the Numbers

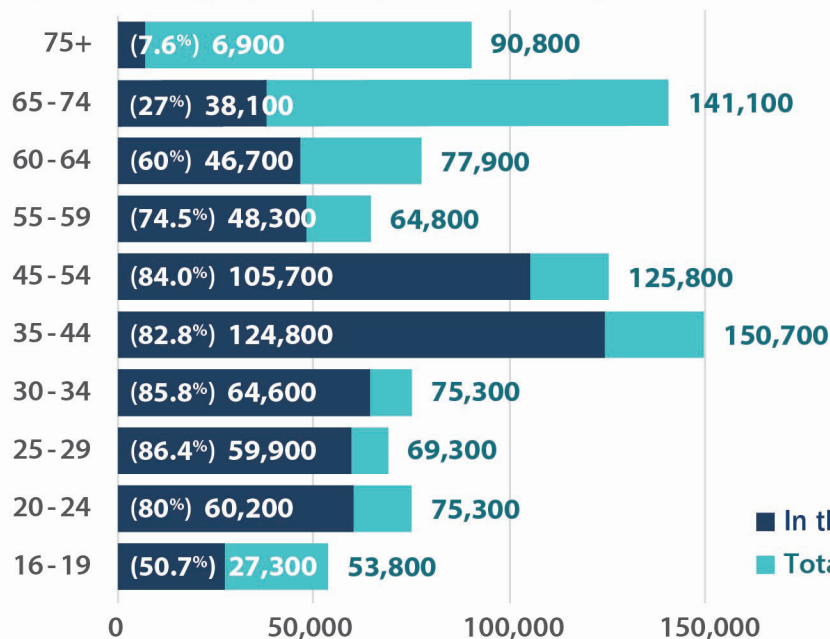
Montana Population by Labor Force Status



63% of Montanans 16 and over are in the labor force, with Montana ranking 31st among states by labor force participation rate.

Source: Census Bureau American Community Survey 2023 1-year estimates, Montana.

Population by Age Group and Participation in Labor Force



■ In the Labor Force
■ Total Population

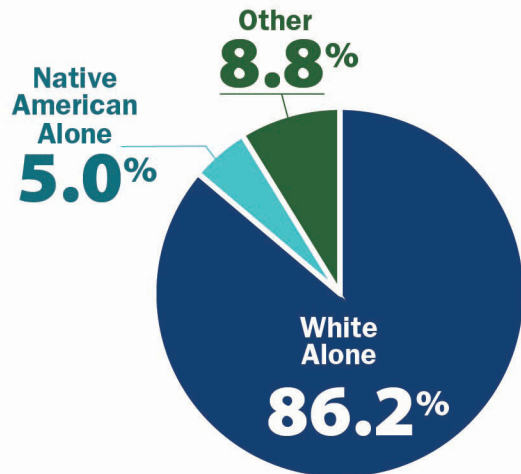
Source: Census Bureau American Community Survey 2023 1-Year Estimates. Labor force participation rates are in parenthesis. Totals rounded to nearest hundred.

7th

Montana ranks 7th by share of the working age in their retirement years, with 25% over the age of 65. Montana's labor force participation rate among younger workers (16-19) is higher than many states, ranking 12th.

The Montana Worker By the Numbers

Working-Age Population by Race



Source: American Community Survey 2023 1-Year Estimates, Montana.

MT Population 20-64 Years by Gender

Female - Total: 312,500



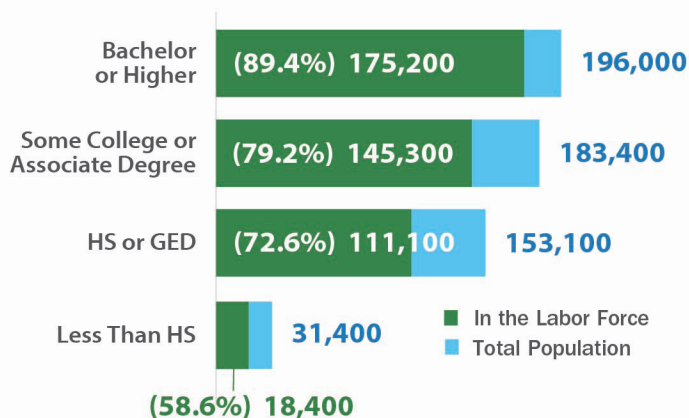
Male - Total: 326,700



0 100K 200K 300K

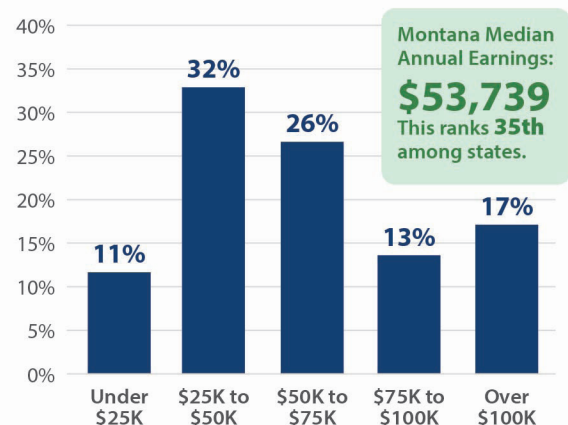
Source: Census Bureau American Community Survey 2023 1-Year Estimates. Population 20-64 years. Labor force participation rates are in parenthesis. Totals rounded to nearest hundred.

Population and Labor Force Participation by Educational Attainment



Source: Census Bureau American Community Survey 2023 1-year estimates, Montana, Age 25-64. Labor force participation rates are in parenthesis.

Montana Annual Earnings for Full-Time, Year-Round Workers



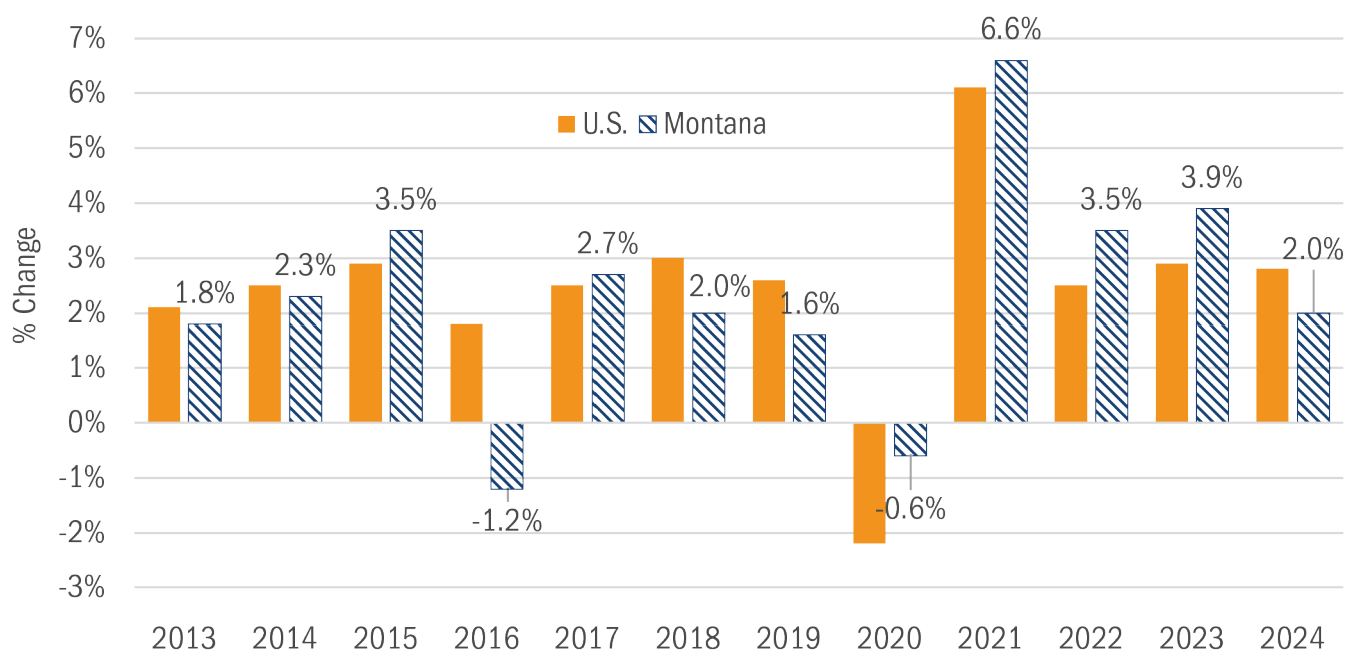
Source: American Community Survey 2023 1-Year Estimates, Montana.

Montana ranks **3rd** by percent of veterans with veterans making up **9.4%** of the population 18 and up. Veterans have slightly lower labor force participation (75.5% compared to 78.5% for non-veterans), partially due to veterans being older and having higher rates of disability. 31.8% of veterans have a disability compared to 15.6% of non-veterans

03. MONTANA ECONOMIC GROWTH

The Montana economy continued to expand steadily in 2024. Economic growth slowed from its rapid post-pandemic growth to a more sustainable long-run rate. Montana's total economic output, as measured by real gross domestic product, grew by 2% in 2024. Growth began to taper in the second half of the year and turned negative to start 2025, following the national trend. Figure 27 shows real annual GDP growth in Montana and the nation since 2013.

FIGURE 27. REAL GDP GROWTH IN MONTANA AND THE U.S.



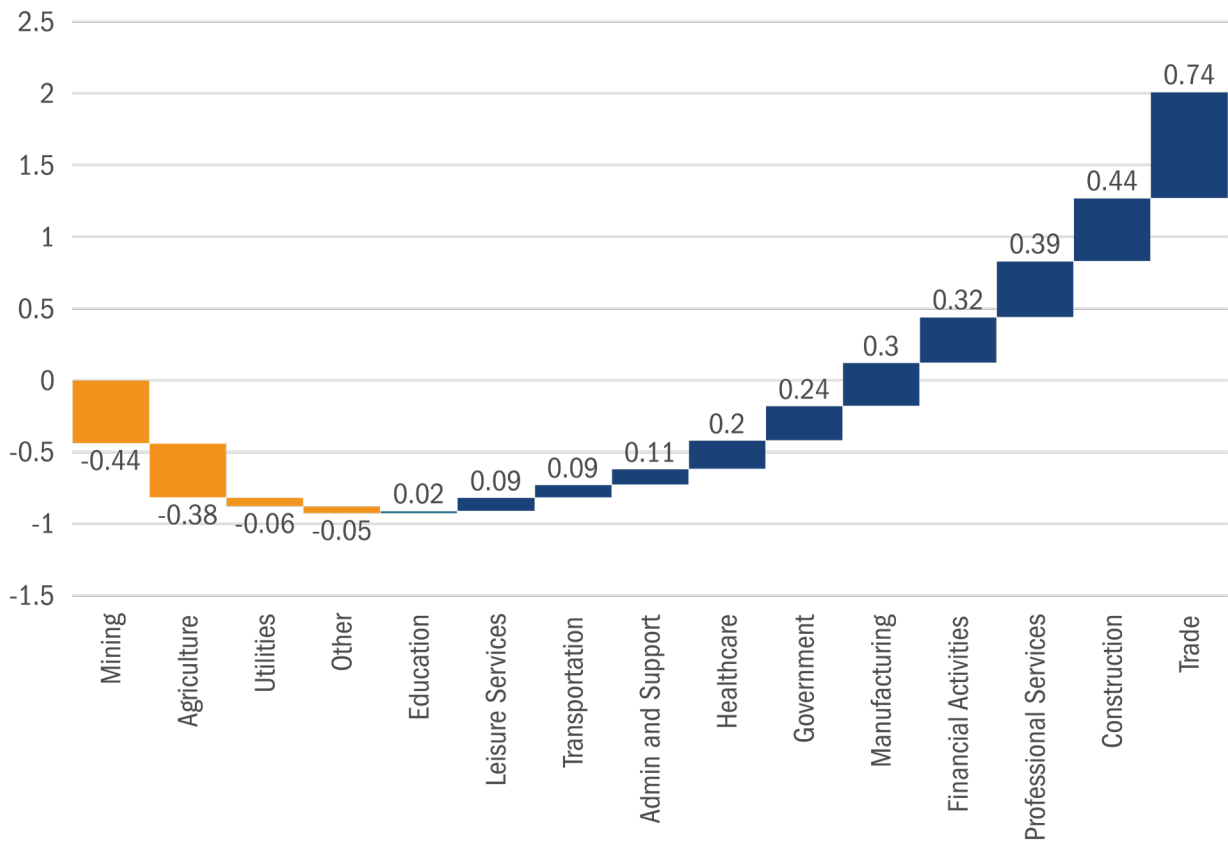
Source: U.S. Bureau of Economic Analysis

Montana's economic growth was driven by gains in some of the state's largest industries. Construction and trade were the largest contributors to growth – accounting for over half of GDP growth. However, most industries made a positive contribution to economic growth in 2024. Figure 28 shows the contribution of each industry to real GDP growth in 2024.

Retail trade, including the sale of motor vehicles, groceries, clothing, and other merchandise, was the leading contributor to growth in Montana. Nationally, motor vehicle sales were the primary driver of retail trade growth in 2024, growing by 25% over the year. Initial data suggests vehicle sales in Montana increased as well. In FY 2024 vehicle registrations increased by 1.5% over the year, primarily from an increase in truck and SUV registrations.²⁵

Construction was the second largest contributor to economic growth in 2024. The rapid growth in Montana’s population and economy over the last few years pushed construction demand to historic levels. Montana’s construction output increased by 3.7% per year since 2019 – ranking 4th fastest growth among states. Construction output continued to accelerate in 2024, increasing by 7% on an inflation adjusted basis.

FIGURE 28. CONTRIBUTIONS TO PERCENT CHANGE IN REAL GDP BY INDUSTRY, 2024



Source: U.S. Bureau of Economic Analysis. Professional Services includes NAICS 54,55, and 56.

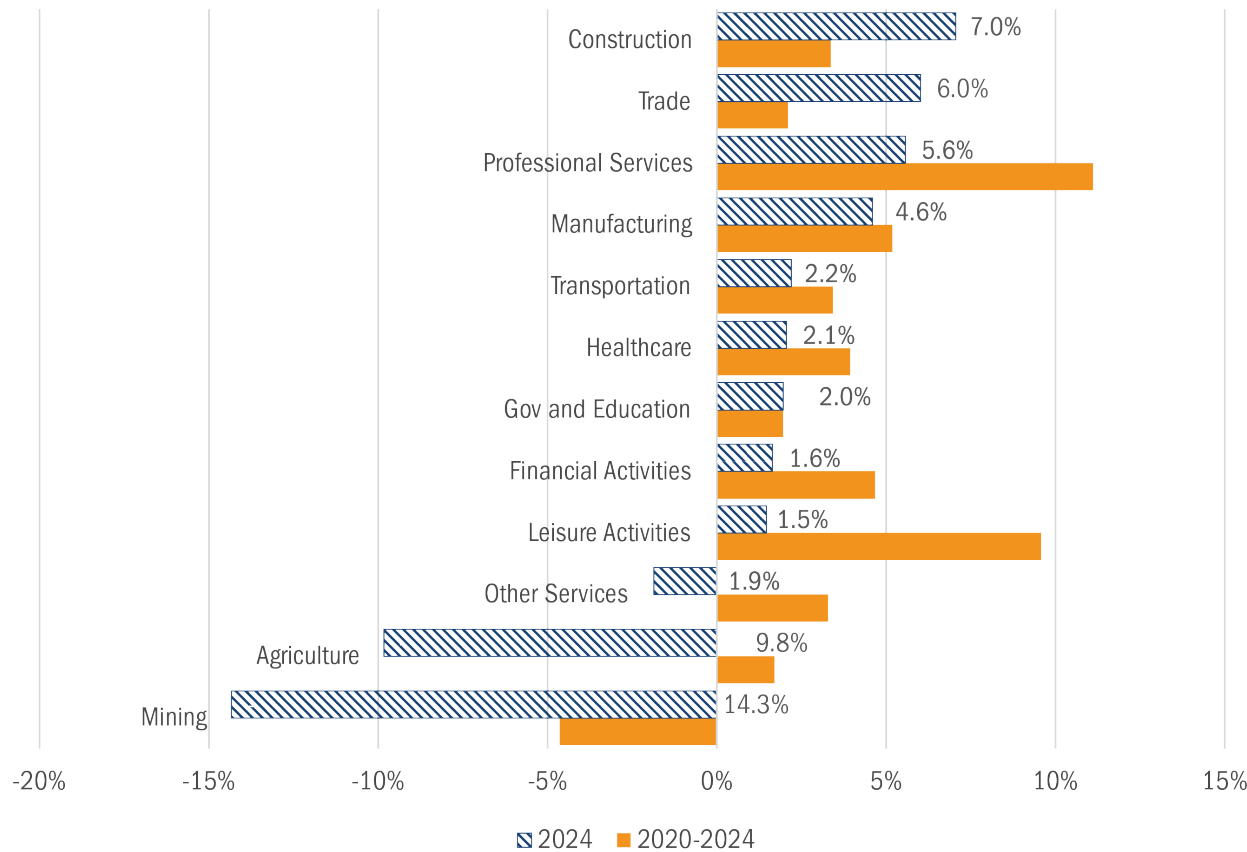
Growth in construction and trade production offset declines in natural resource industries. Mining production fell most significantly in 2024, caused by a significant drop in production at the Stillwater palladium mine at the end of the year. Reduced production from the Stillwater mine also resulted in a reduction in output from businesses that provide support for mining activities. Overall, mining GDP fell by over 14% in 2024 and averaged a 2.7% decline in production per year since 2020. Figure 29 shows the annual growth in real GDP by industry since 2020.

ECONOMICS EXPLAINED

Gross Domestic Product (GDP) measures the total value of all goods and services produced in Montana, while personal income measures the value Montanans receive from economic activity, regardless of whether that activity occurs within Montana or outside the state. Both GDP and personal income are used as overall measures of economic activity.

Agriculture production was also a drag on economic growth in Montana. Wheat prices fell sharply in 2024, from \$8.80 a bushel to around \$5.70 a bushel. In addition, Montana farmers had lower wheat harvests in 2024. Total production was down 7% in 2024 to 172 million bushels, with yields down 8% per acre.²⁶ Many other crops in Montana also had lower harvests and yields, including corn for grain, barley, and dry hay. Safflower and flaxseed production were both down by 50 percent or more. Sugar beet, lentil, and chickpea production all increased in 2024. While agricultural production is subject to significant volatility, the industry has grown by 1.7% per year since 2020.

FIGURE 29. REAL ANNUAL GDP GROWTH BY INDUSTRY



Source: US Bureau of Economic Analysis. Professional Services includes NAICS 54,55, and 56.

Most industries in Montana experienced a slowdown in economic growth following a period of rapid post-pandemic expansion. Professional services is the fastest growing industry in Montana since 2020, reporting over 11% annual growth in production. Much of this growth stemmed from the increase in remote work opportunities and the surge in new business formation within professional services immediately following the pandemic. While professional services growth slowed in 2024, it remained a key contributor to the state’s economic growth—accounting for nearly 20% of GDP growth.

Manufacturing production increased by 4.6% in 2024, with the fastest growth in non-durable goods. Food and beverage manufacturing and petroleum and coal products manufacturing are the largest non-durable goods industries in Montana. All non-durable goods production increased by 5.9% in 2024, compared with 2.2% growth of durable goods manufacturing. Durable goods production was slowed by the closure of two lumber mills at the beginning of the year. Whereas non-durable goods production accelerated compared to the post-pandemic trend.

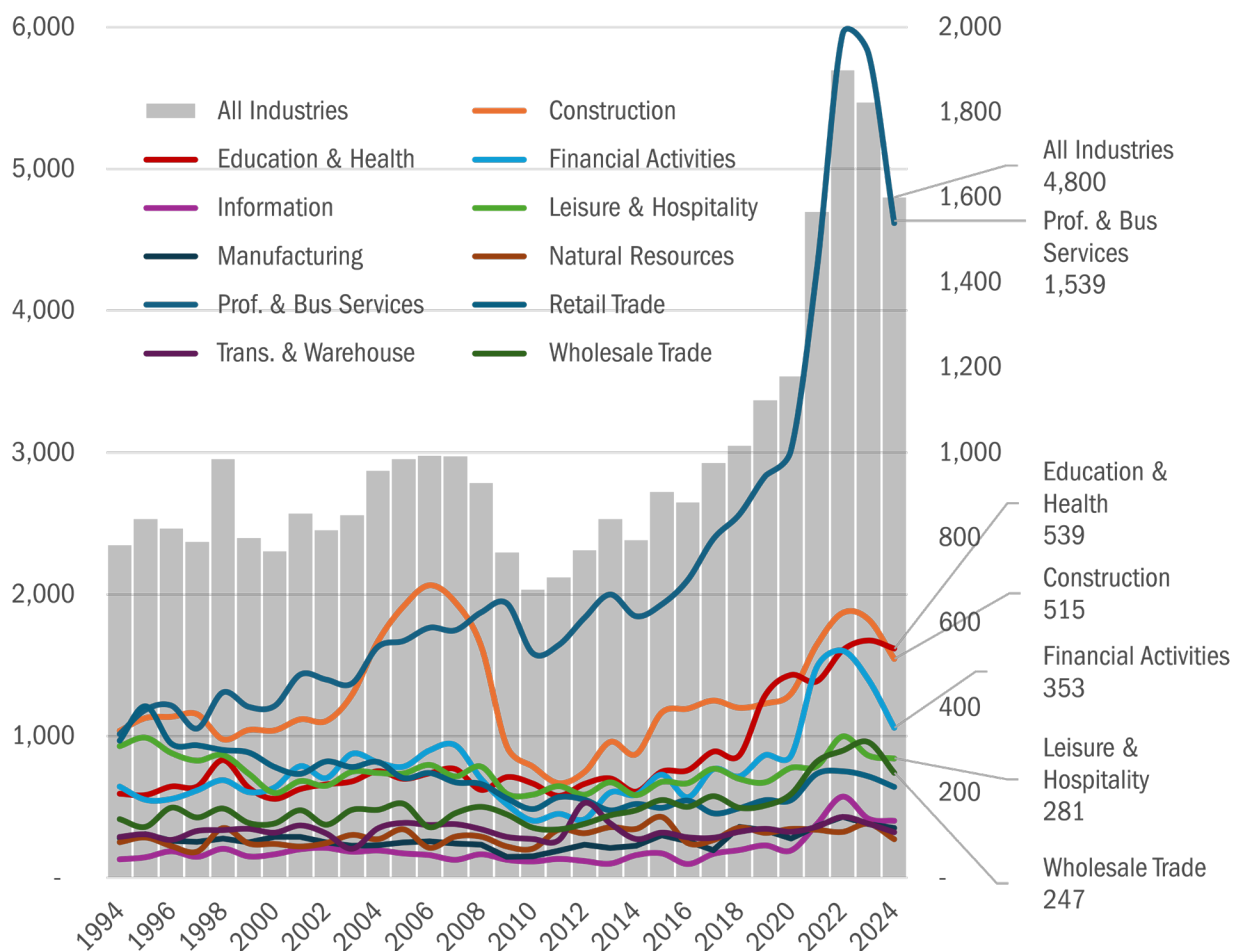
Strong Business Formation Reflects Montana's Entrepreneurial Momentum

Montana's robust economic growth continues to be fueled by entrepreneurial activity. The state ranks third nationally for self-employment, with approximately 29.3% of the workforce operating their own businesses. This high rate of self-employment also leads to more business income for Montanans. Proprietor income accounted for 9.8% of total personal income in 2024.

Entrepreneurial activity surged in the years following the pandemic, supported by population gains and favorable tax conditions. Business applications rose from 14,390 in 2019 to an estimated 26,890 in 2024. As of mid-June 2025, filings remained strong, suggesting continued momentum heading into 2026.

This wave of entrepreneurship translated into the formation of thousands of new business establishments. In 2024 alone, Montana recorded 4,800 new businesses. Roughly one-third of these—1,539 establishments—were in the professional and business services sector. Growth in the construction and financial activities sectors also remained strong, driven by continued demand for housing, real estate, and related financial services. However, overall business formation has slowed from its peak in 2022.

FIGURE 30. NEW ESTABLISHMENTS FOR SELECT INDUSTRIES IN MONTANA

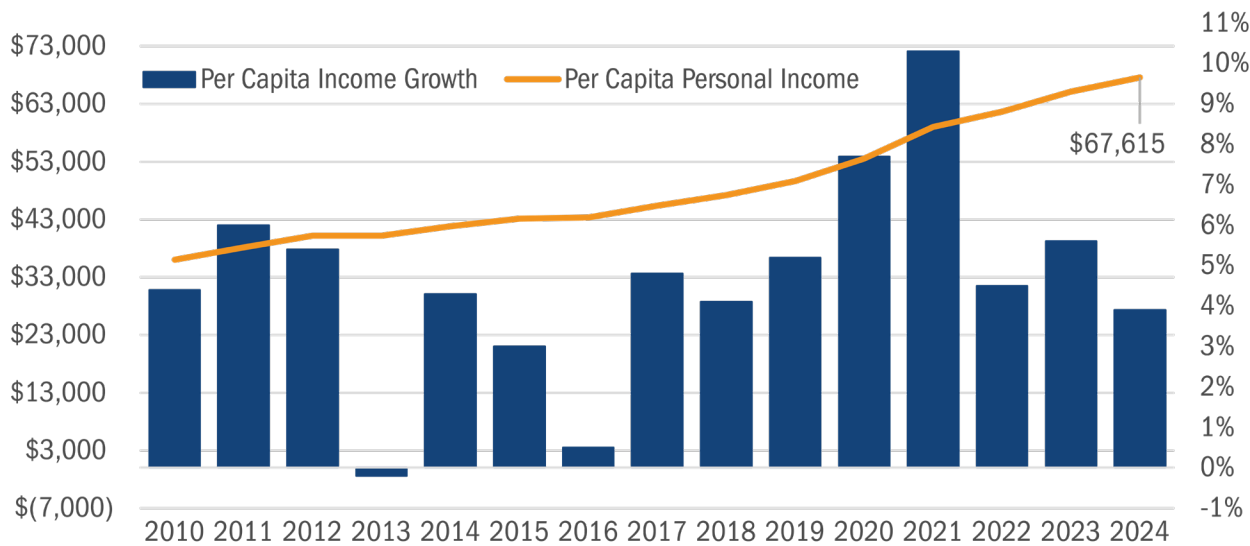


Source: Bureau of Labor Statistics, Business Employment Dynamics, age and size tables.

PERSONAL INCOME GROWTH

Personal income, which measures the value Montanans receive from their economic activity, increased steadily in 2024. Per capita income rose to \$67,615 in 2024 – ranking 29th highest among states. While Montana’s per capita income still falls below the national average, is growing faster in recent years. Since 2020, per capita income has grown by 6% per year, compared to 4% in the decade prior.²⁷ Figure 31 shows the growth in per capita income since 2010.

FIGURE 31. MONTANA PER CAPITA INCOME AND ANNUAL GROWTH



Source: U.S. Bureau of Economic Analysis

Montanans earn income from a variety of different sources. The largest share of income comes from wages (39%), followed by investment income (24%), transfers (18%), and business income (10%). Montanans receive a larger portion of their income from non-wage sources than the national average (Figure 32). A quarter of Montanans’ income comes from investments, which includes things like retirement and rental income. Montanans also receive slightly more of their income from business activity and self-employment income relative to the national average. The prevalence of these income sources in Montana reflects the state’s innovative and entrepreneurial culture.

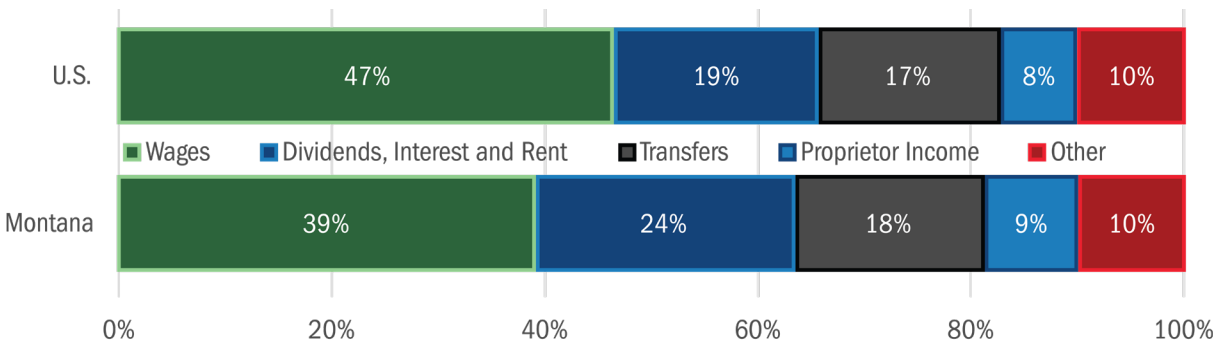
6%

Annual growth in per capita income since 2020.

6th

Fastest per capita income growth among states.

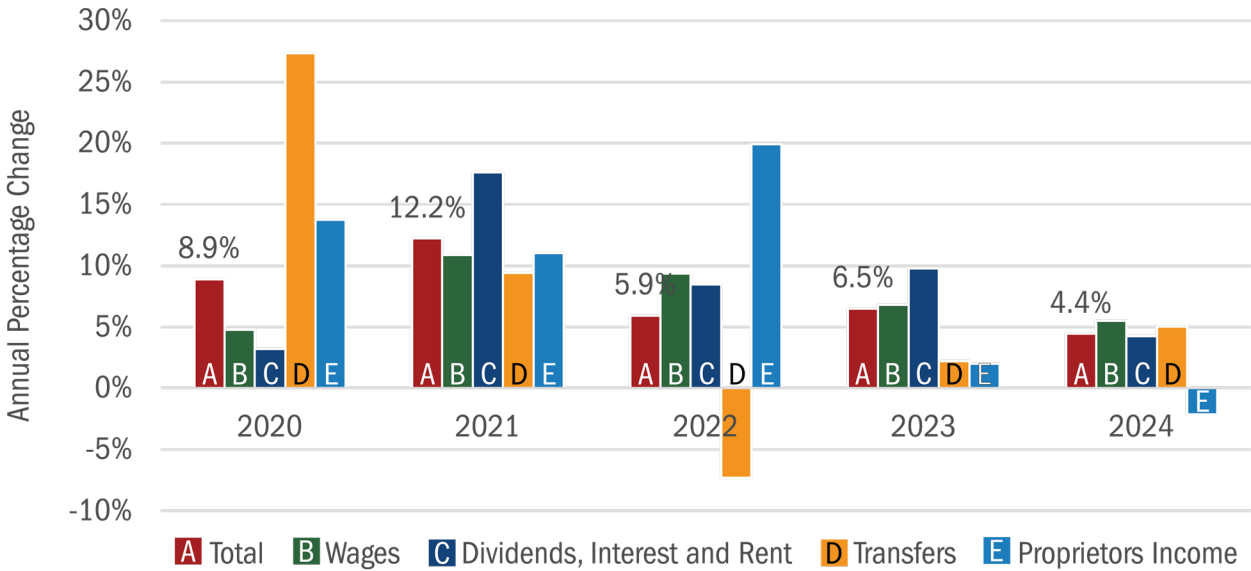
FIGURE 32. COMPOSITION OF PERSONAL INCOME IN MONTANA AND THE U.S., 2024



Source: U.S. Bureau of Economic Analysis

Wage growth was the primary driver of income growth in 2024, growing by 5.5% over the year. Investment income and transfer payments increased as well. Business income was a drag on income growth, falling by 2.1%. Farm income declined by 45% in 2024, driving the overall decline in business income. Many farmers had reduced yields per acre planted or received lower prices on their sold crops.²⁸ Non-farm business income rose by 4%. Figure 33 shows the annual growth in personal income by component over the last five years in Montana.

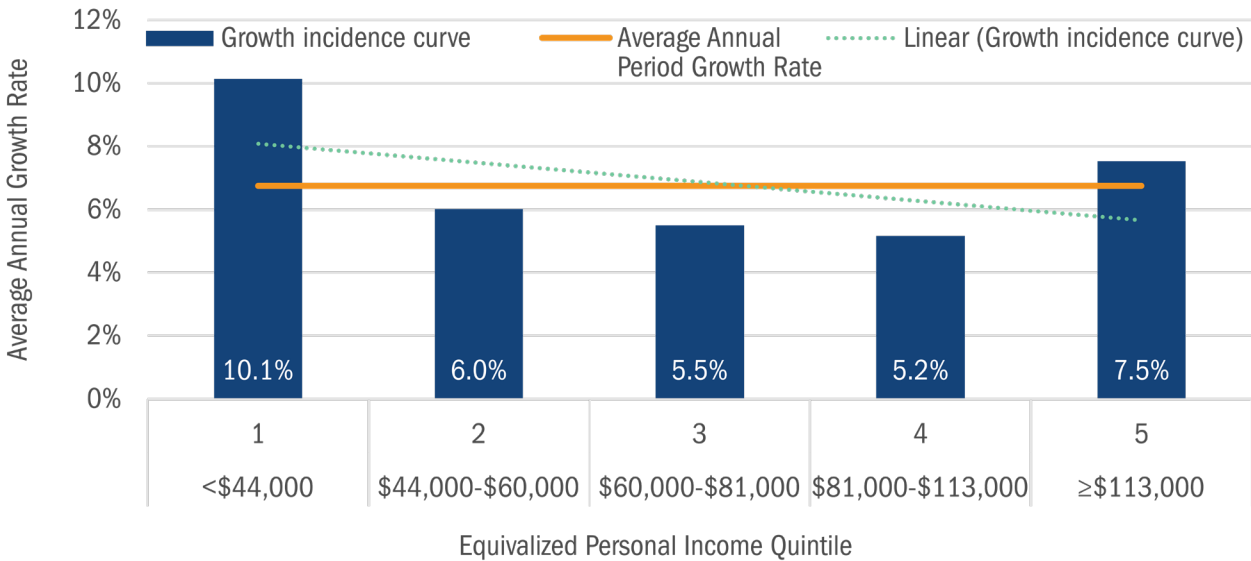
FIGURE 33. PERSONAL INCOME GROWTH BY MAJOR COMPONENT IN MONTANA



Source: U.S. Bureau of Economic Analysis

Montana personal income grew by an average of 7.2% per year since 2020 – ranking 8th fastest among states. However, this rapid income growth was not evenly distributed across all Montana households. Low-income households experienced faster income growth than higher income households on average since 2020. Figure 34 shows the growth in personal income for households in different segments of the income distribution, as represented by the growth incidence curve.²⁹

FIGURE 34. MONTANA AVERAGE PERSONAL INCOME GROWTH BY QUINTILE, 2020-2023



Source: U.S. Bureau of Economic Analysis, Distribution of Personal Income by state. Quintile range of per-household equivalized income in 2023 shown on horizontal axis. Equivalized income adjusts household income to account for differences in household size and composition. Average annual growth rate reflects average growth across all quintiles.

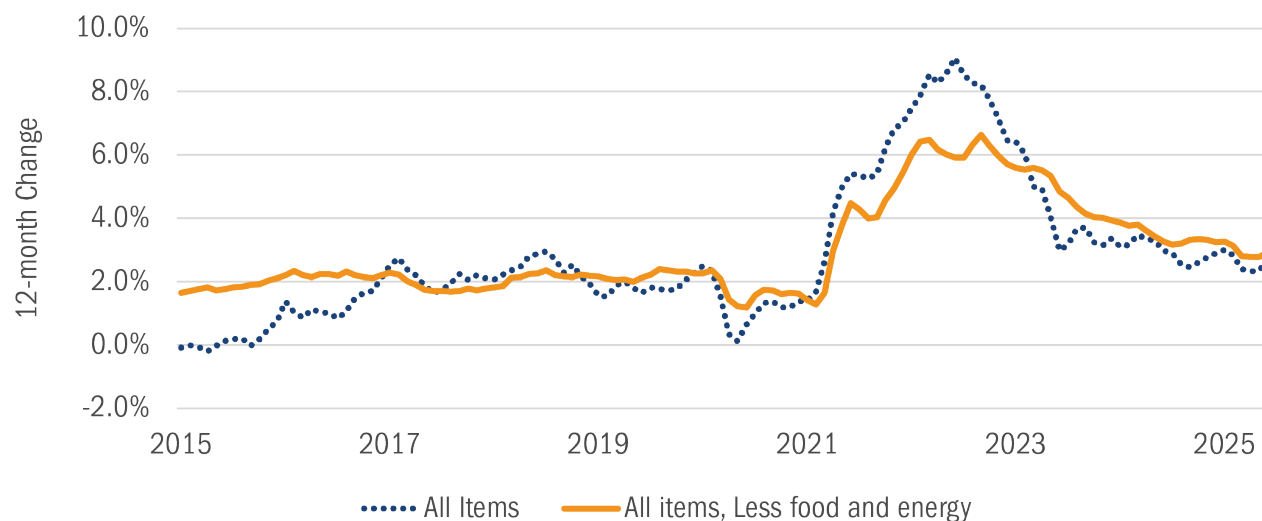
Over the period 2020–2023, low-income households had a higher rate of personal income growth than high-income households, on average. The lowest income households, in the bottom 20th percentile, reported the fastest income growth of over 10% per year. These households earned an average of \$18,200 in 2023 and received a higher portion of their income from transfer payments and wages. Wage growth in Montana has been exceptionally strong over the last few years as tight labor markets increased competition for workers.

While income growth has been faster for lower-income households, households in the highest quintile of income experienced faster growth in personal income than average since 2020. Growth in investment and business income are the leading drivers of income growth among the state's top earners. Nearly 90% of all business income is earned by the wealthiest Montanans. Similarly, almost 80% of all investment income goes to Montana households in the top 20% of earners.³⁰ Business and investment income grew rapidly from 2021 to 2023, generating significant income growth for high-income households. Since 2020, personal income grew by 7.5% per year for households in the top 20% of earners. The average income reached nearly \$167,000 for Montana's highest income households in 2023.

INFLATION AND AFFORDABILITY

One of the primary headwinds to economic growth over the last few years is the rising cost of living. Inflation eroded some of the income growth for Montana households since 2020. Rising prices outpaced income growth in 2022, when inflation reached a forty-year high of 9.1%. Inflation moderated since then, falling below 3% in 2024. Inflation averaged 2.9% throughout 2024 and continued to fall to 2.7% in June 2025. Figure 35 shows historical inflation as measured by the Consumer Price Index (CPI-U).

FIGURE 35. HISTORICAL INFLATION RATE



Source: BLS. Consumer Price Index (CPI). Inflation measured as a 12-month change in CPI.

Price growth slowed in 2024 across a variety of goods and services. Gasoline prices, one of the initial drivers of inflation in 2022, fell by 5% over the year. Gas prices continued to fall through the first half of 2025, declining 8% in June compared to a year ago. Declining gas prices helped quell rising transportation costs, growing by a modest 1.4% in 2024.

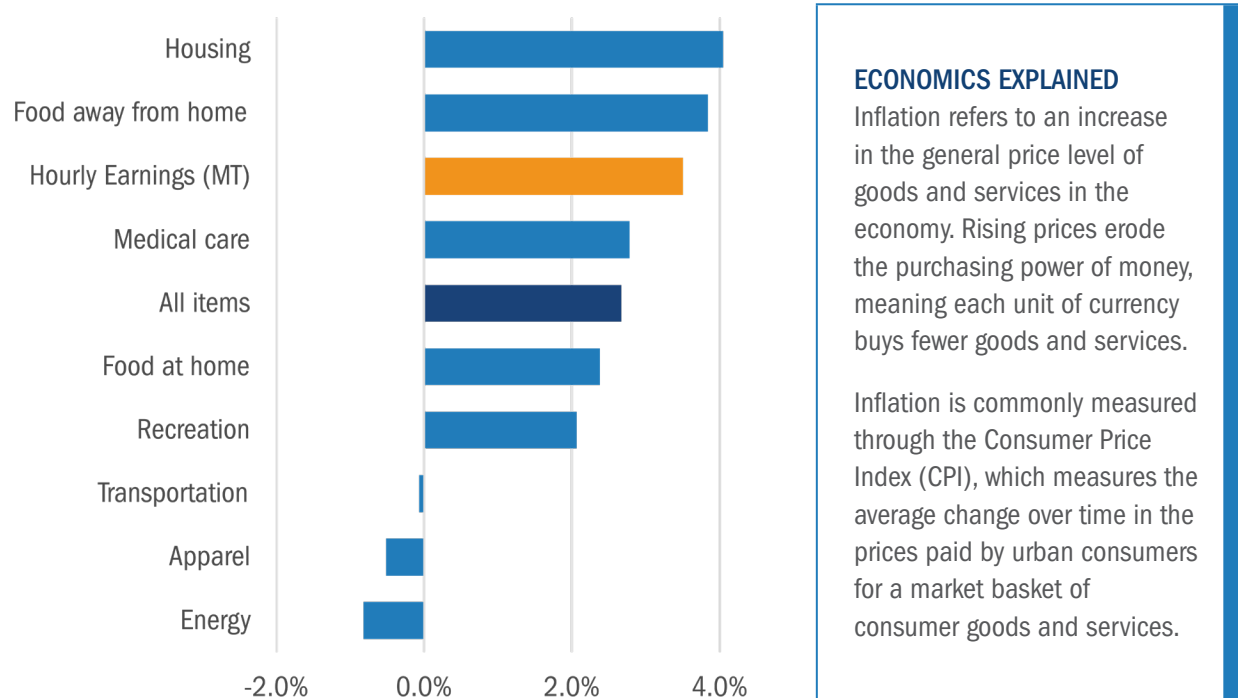
Energy and transportation prices affect the cost of delivering goods to stores. The price of food and beverages accelerated in 2022 following a spike in gasoline prices, increasing 11% over the year. Grocery prices still rose in 2024, but at a much slower pace – up 1.2% over the year. Recently, food and beverage prices began accelerating again and are up 2.9% in June from one year prior. Prices for restaurants and other food away from home are increasing faster than the price of groceries.

The cost of new and used vehicles fell throughout 2024. Used car prices, which skyrocketed in 2022 due to a shortage of new vehicles, decreased by over 6% in 2024. New car prices also declined as inventories improved and dealerships returned to offering incentives to help offset increased borrowing costs. However, the first half of 2025 brought renewed price growth. New vehicle prices increased by 0.2% in June compared with a year ago. Used vehicle prices grew by 2.8% over the last twelve months.

Shelter continues to be the primary driver of inflation in 2025. In June, the shelter index increased 3.8% nationally and was responsible for about half of the total increase in inflation. Strong demand caused by robust in-migration propelled shelter costs in Montana and the surrounding Mountain region to an annual increase of 10% in 2022. Since then, rising interest rates softened demand, leading to a moderation in home price growth particularly in the Mountain region. Shelter costs rose about 2.5% in the Mountain region in June 2025 from a year earlier, reflecting a significant slowdown in home price growth in Montana and the surrounding states. The price of shelter is lagged relative to home values due to long-term rental contracts and fixed-rate mortgages.

In Montana hourly earnings grew by 3.5% over the year, ending in June 2025, outpacing price growth for most goods and services. The cost of housing and dining out were the only two categories where prices grew faster than wages over the year. Figure 36 shows how various prices increased over the last year across the nation relative to Montana hourly earnings.

FIGURE 36. PERCENT CHANGE IN U.S. PRICES



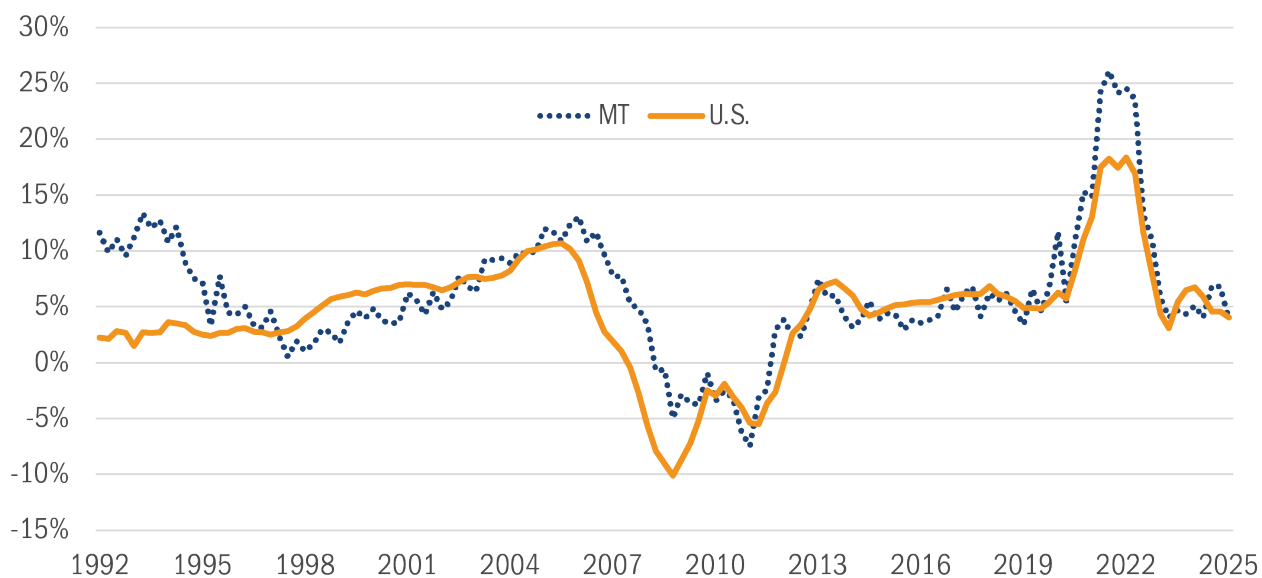
Source: BLS. CPI and CES. Shows select special aggregate indexes.

Wage growth for Montana consumers exceeded growth in grocery prices and transportation costs through the first half of 2025. Transportation costs include new and used vehicle prices, gasoline, vehicle parts and maintenance, and insurance. Wage growth also outpaced medical cost growth, and recreation expenses. With overall inflation at 2.7%, this suggests an increase in the purchasing power for Montana households.

HOUSING MARKET TRENDS

The Montana housing market continued to stabilize in 2024, after a confluence of factors led to rapid price growth a few years earlier. The post-pandemic spike in in-migration and income led to a substantial increase in the demand for housing. At the same time, supply chain constraints and labor shortages limited home builders' ability to meet the surge in demand. The result was a dramatic increase in home values, up 44% from 2020 to 2022. Figure 37 shows the annual percentage change in home prices since 2000.

FIGURE 37. ANNUAL PERCENT CHANGE IN HOUSE PRICES



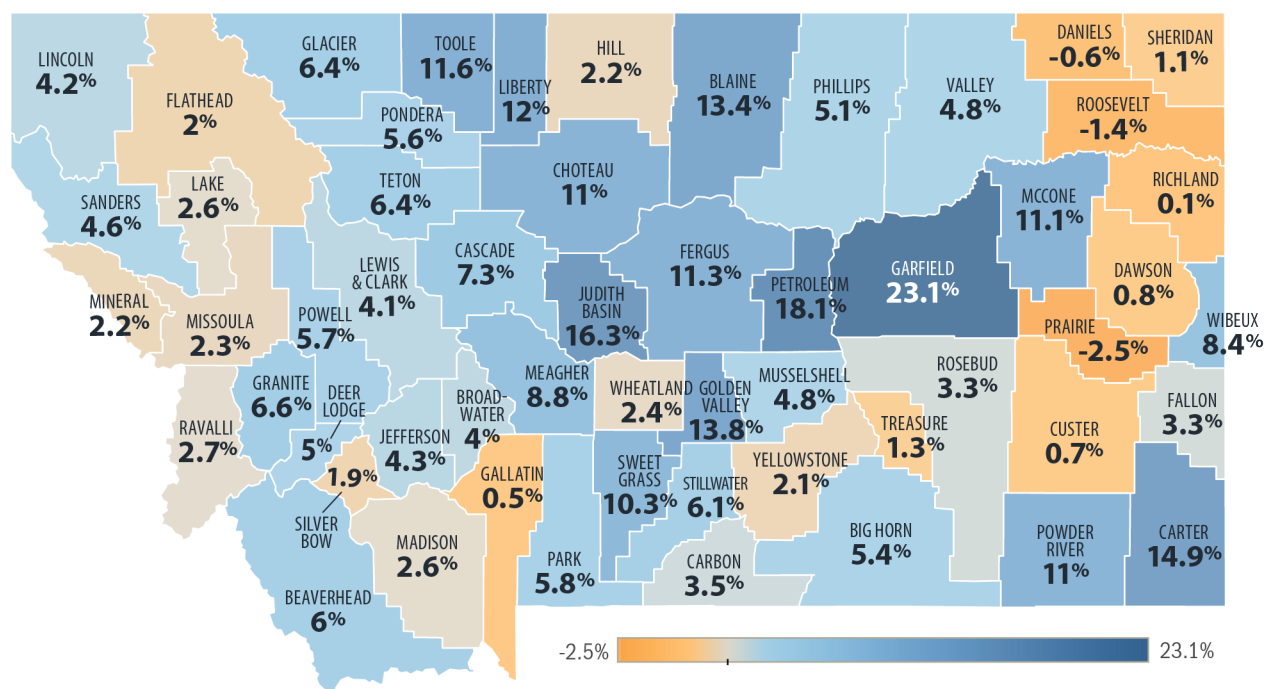
Source: FHFA. HPI. Purchase-Only Index.

Rising interest rates in 2022 helped to dampen housing demand. Housing starts also accelerated rapidly, indicating some alleviation of supply constraints.³¹ These changing market conditions helped normalize Montana house price growth by the end of 2022. Home prices remained relatively stable over the next two years, rising 11% from 2022 to 2024. Montana's home prices grew at a similar rate to the national average since 2022 – ranking 29th fastest among states.

Home price appreciation continued to moderate in the first quarter of 2025, rising 3.8% on a year-over-year basis. However, appreciation rates varied significantly across the state. Most of the initial rapid rise in home values occurred in the western areas of the state with the highest in-migration rates. As the housing market stabilized since 2022, some of those areas with the most rapid increase in prices leveled off. Figure 39 shows the percentage change in the typical home value for Montana counties through the first half of 2025.



FIGURE 39. PERCENT CHANGE IN TYPICAL HOME VALUES (2024Q2 TO 2025Q2)



Source: Zillow Research Data. ZVHI for All Homes.

The typical home value in Montana averaged \$467,000 in the first half of 2025 – representing a 65% rise in home values since the beginning of 2020. The rapid pace of home price growth has raised concerns about affordability. Montana is one of 25 states in the nation where a family with the median income does not earn enough income to qualify for a mortgage on a median-priced home.³² The average mortgage rate for existing home owners in Montana is 4.1%, nearly three percentage points lower than the current 30-year fixed rate. Increased mortgage rates have left many existing Montana homeowners reluctant to move and made it more difficult for first-time homebuyers to enter the market. Sales in 2024 increased slightly but remained below pre-pandemic levels.

Affordability concerns are most acute in the western portion of the state where house price growth significantly outpaced wage growth. If overall inflation remains low then mortgage rates are expected to decrease in late 2025 or 2026, which will improve affordability over the coming year.³³ Nevertheless, the trend of low affordability is not expected to significantly reverse in the near term, as chronically low inventory and price increases in many areas will likely mitigate any affordability benefits that come from a reduction in mortgage rates.



CONCLUSION

The Montana economy continues to demonstrate steady economic growth, despite a recent slowdown in employment and economic production. Growth remains stable across a variety of industries, business formation remains strong, and Montanans have enjoyed some of the fastest wage growth in the nation over the last five years. More Montanans continue to enter the labor force, helping to ease the state's historically tight labor markets. Policy efforts to improve employment outcomes for youth and to build bridges back to the workforce can strengthen those trends.

The Montana economy demonstrated tremendous resiliency over the last five years and remains poised for economic growth in the years to come. As 406 JOBS begins to reshape the state workforce system by reducing barriers to work, building talent pipelines, and fostering innovation, Montana's economy will continue to flourish.

ENDNOTES

- 1 BLS Local Area Unemployment Statistics, seasonally adjusted total employment. June 2020 - June 2025
- 2 Pyramid Mountain Lumber and Roseburg Forest Products announced closures in March 2024. <https://montanafreepress.org/2024/03/22/missoula-area-wood-industry-closures-mean-ripple-effects/>
- 3 U.S. Economic Development Administration. “Headwaters Hub.” <https://www.eda.gov/funding/programs/regional-technology-and-innovation-hubs/2023/Headwaters-Hub>
- 4 BLS Quarterly Census of Employment and Wages, 2014-2024 annual average growth rate
- 5 Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>, June 26, 2025
- 6 <https://dailymontanan.com/2024/09/12/sibanye-stillwater-plans-to-lay-off-700-montana-mining-workers/>
- 7 MTDLI assisted workers impacted by the fall 2024 Sibanye-Stillwater layoffs through a combination of documented job service counseling and Unemployment Insurance claims.
- 8 MT 2024 Occupational Employment Estimates and Work Activities AI Exposure Classification Kochar (2023)
- 9 Occupational Exposure to Artificial Intelligence by Geography and Education. Schendenstok & Wertz. April 2024. <https://home.treasury.gov/system/files/136/AI-Combined-PDF.pdf>
- 10 MTDLI 2024-2034 Employment Projections
- 11 U.S. Census Bureau, ACS 2019-2023 5-year estimates
- 12 IPUMS Current Population Survey, 2024
- 13 BLS LAUS 2024 annual
- 14 IPUMS Current Population Survey, 2024 12-month average
- 15 IPUMS Current Population Survey, 2024 12-month average

- 16** BLS Current Population Survey (CPS) 12-month average Jan to Dec 2024
- 17** MTDLI analysis of Current Population Survey microdata from IPUMS through December 2024. Reported as 12-month average from January 2024 through December 2024
- 18** U.S. BLS Local Area Unemployment Statistics, 2024
- 19** IPUMS Current Population Survey, Jan to Dec 2024 12-month moving average
- 20** IPUMS Current Population Survey, Jan to Dec 2024. Twelve-month average
- 21** IPUMS CPS 12-month moving average ending April 2025
- 22** IPUMS Current Population Survey, 2024
- 23** U.S. Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change. Vintage 2024. April 1, 2020 to July 1, 2024
- 24** ACS 2019-2023 5-Year estimates accessed via IPUMS USA, University of Minnesota, www.ipums.org
- 25** <https://mvdmt.gov/by-the-numbers/>
- 26** [MT-Crop-Production-01102025.pdf](https://www.mt.gov/MT-Crop-Production-01102025.pdf)
- 27** U.S. Bureau of Economic Analysis, 2010 to 2020 continuous annual growth rate
- 28** USDA Annual Crop Summary – 2024. Montana Highlights. https://www.nass.usda.gov/Statistics_by_State/Montana/Publications/News_Releases/2025/MT-Crop-Production-01102025.pdf
- 29** The growth incidence curve (GIC) is generated by taking the average of equivalized personal income within a certain quintile at two points in time, computing the percentage change between the averages, and dividing by the number of years in the respective time period.
- 30** U.S. Bureau of Economic Analysis. Distribution of Personal Income, 2022
- 31** Housing starts measure the number new residential construction projects by the U.S. Census Bureau.
- 32** S&P Global Market Intelligence, Home affordability index, 2024
- 33** S&P Global Market Intelligence, Fed Brief June 2025



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