A WHITE PAPER ON THE HELENA MARKET

# UNDER ALL IS LAND

Growth, Constraint, and Where Value Moves Next in the Helena Metropolitan Statistical Area

Lewis and Clark · Jefferson · Broadwater Counties

**Tyler Warne, CCIM**
TD Commercial LLC
Coldwell Banker Commercial Green & Green · Helena, Montana

*July 2026*

## THE SHORT VERSION

*Helena is building more than it has in a generation, into an economy that added no net jobs last year. Both of those statements are true at the same time, and holding them together is the entire job of underwriting this market in 2026.*

The three-county Helena Metropolitan Statistical Area — Lewis and Clark, Jefferson, and Broadwater — reached an estimated 97,153 residents as of July 1, 2025, up 8.2% since the 2020 Census. Over roughly that same window, the region passed a $283 million school bond, delivered or financed roughly 600 new apartment units, opened a $107 million museum, and pushed $34.2 million of commercial construction value through the City of Helena permit desk in the first six months of 2026 alone.

Meanwhile, Helena MSA payroll employment in June 2026 was 45,700 — precisely what it was in June 2025, and still below the June 2024 peak of 46,000. The University of Montana Bureau of Business and Economic Research described the state economy this year as "no-hire, no-fire."

That gap between construction activity and job growth is not a contradiction. It is a timing problem. Timing problems are where money gets made and lost, and they are the reason this paper exists.

### FIVE THINGS TO TAKE FROM THIS PAPER

1. The demand base is deeper and wealthier than Helena gets credit for. Within a 15-minute drive of the city center there are 25,242 households, 44.8% of them earning $100,000 or more, and a daytime population of 67,500 against 57,375 residents. That net in-commute of roughly 10,000 people every day is a real, measurable retail and office demand driver.

2. The employment base is unusually stable and unusually concentrated. Government, education, and health care together account for 46% of the 50,098 jobs across the three counties. Public administration alone is 28.8%. That combination produces a market that does not boom and does not crash — and that behaves very differently from Bozeman or Kalispell.

3. Multifamily is oversupplied at the top and starved in the middle. Roughly 600 units delivered or financed since 2024 are almost all priced at the ceiling of what this market will bear. The $1,200–$1,400 workforce unit is what is actually missing, and current construction costs do not allow anyone to build it without subsidy.

4. Class B is the strongest part of the office market, not Class A. New-condition Class A space is asking $36 per square foot gross with parking included and it is sitting. Average-to-good Class B is leasing at $18–$22 NNN — roughly the same effective cost to a tenant — and it is moving. State agencies, the market's dominant tenant, are staying in the buildings they are already in.

5. Everything eventually reduces to land — and land here is priced by regulation as much as by dirt. Water rights, sewer capacity, and a zoning code currently being rewritten will decide more about Helena land values over the next five years than any demographic trend in this report.

# PART ONE: THE MARKET

## What the Helena MSA actually is

It is worth being precise, because a surprising number of published sources are not. Under OMB Bulletin No. 23-01, the Helena, MT Metropolitan Statistical Area (CBSA 25740) comprises three counties: Lewis and Clark, Jefferson, and Broadwater. Older references still describe it as two counties. They are out of date, and the difference matters — Broadwater County is the fastest-growing piece of the region.

**Helena MSA population, Census Vintage 2025 estimates**

| Geography | July 1, 2025 | April 1, 2020 | Change |
|---|---|---|---|
| Lewis and Clark County | 75,331 | 70,973 | +6.1% |
| Jefferson County | 13,329 | 12,085 | +10.3% |
| Broadwater County | 8,493 | 6,774 | +25.4% |
| **Helena MSA total** | **97,153** | **89,832** | **+8.2%** |
| City of Helena | 35,138 | 32,091 | +9.4% |

*Source: U.S. Census Bureau QuickFacts, Vintage 2025 estimates. Percentage changes as published; recomputed from the columns shown they round to 8.1% for the MSA and 9.5% for the city.*

Two observations from that table are worth more than the headline number. First, Broadwater County grew 25.4% in five years — off a small base of 6,774 residents in 2020, an increase of 1,719 people, but Townsend and the Canyon Ferry corridor are absorbing growth at a rate no other part of the region approaches. Second, and contrary to the conventional wisdom, the City of Helena has been outgrowing its own county since 2020. The city is up 9.4% while Lewis and Clark County overall is up 6.1%; backing the city out, the balance of the county grew roughly 3.4%.

That is a genuine reversal, and it matters. Lewis and Clark County's 2025 Growth Policy — looking at an earlier and longer window — recorded unincorporated county growth of 8.3% against the city's 4.0%, and noted that the Helena Valley alone holds roughly 89% of all homes in the county. That valley, largely on wells and septic systems and outside the city's ability to zone or service it, is still where most of the county's housing sits. But the recent momentum has moved back inside the city limits, and the drive-time data later in this paper says the same thing independently.

The absolute numbers stay modest. The City of Helena added 452 residents between July 2024 and July 2025, up from 360 the year before — accelerating, but still a fraction of the pandemic-era migration that reshaped Bozeman and the Flathead. Statewide, Montana added only 7,137 residents in that year, its second-lowest growth rate in fifteen years. Helena never got the 2021 spike, which is precisely why it is not now absorbing the 2025 hangover.

## Inside the trade area

Metro-level numbers are useful for context and nearly useless for siting a building. The following is Esri's 2026 estimate for concentric drive-time rings measured from the North Montana Avenue commercial corridor — the practical center of Helena's retail and service geography.

**Helena drive-time trade areas, 2026 estimates**

| | 5 minutes | 10 minutes | 15 minutes |
|---|---|---|---|
| Population | 16,799 | 38,482 | 57,375 |
| Households | 8,090 | 17,827 | 25,242 |
| Daytime population | 28,800 | — | 67,500 |
| Median household income | $77,849 | $85,675 | $88,516 |
| Average household income | $111,312 | $117,167 | $116,580 |
| Per capita income | $53,902 | $54,111 | $51,546 |
| Median age | 40.1 | 41.5 | 41.5 |
| Median net worth | $173,000 | — | $304,000 |
| Wealth Index (U.S. = 100) | 80 | 90 | 91 |
| Housing Affordability Index | 82 | 84 | 88 |
| Population growth, 2026–31 (annual) | 1.10% | 0.80% | 0.70% |
| Household growth, 2026–31 (annual) | 1.30% | 0.90% | 0.90% |
| Median income growth, 2026–31 (annual) | 3.20% | 3.30% | 3.30% |

*Source: Esri 2026 and 2031 forecasts; U.S. Census Bureau 2020 decennial data.*

Four things in that table deserve to be pulled out.

The daytime population is the most commercially important number in this report. The 15-minute trade area holds 57,375 residents and 67,500 people during the working day — a net in-commute of roughly 10,000. Tighten to the 5-minute ring and the effect is dramatic: 16,799 residents become 28,800 daytime, a 71% increase. That is what a state capital looks like in data. It is also the reason well-located Helena retail and service space outperforms what the residential population alone would predict, and the single best argument to make to a restaurant, medical, or convenience tenant evaluating this market.

Incomes are higher than the reputation. Median household income in the 15-minute trade area is $88,516 against a U.S. median of $85,893, and 44.8% of households earn $100,000 or more. Per capita income of $51,546 exceeds the national $48,241. Helena is not a wealthy market by Bozeman standards — the Wealth Index of 91 sits just below the national average — but it is a solidly middle-to-upper-middle income market with very little poverty at the bottom of the distribution.

Incomes are also projected to grow faster here than nationally: 3.30% annually through 2031, against 2.90% for Montana and 3.10% for the U.S. In a market where rents have flattened, income growth is what eventually restores affordability and absorption.

And the core is growing faster than the ring. The 5-minute area is projected to add households at 1.30% annually against 0.90% for the 15-minute area. After two decades of valley-ward sprawl, the densest part of Helena is now the fastest-growing part of Helena. That is a meaningful signal for infill, for downtown, and for the zoning rewrite discussed later in this paper.

## Housing tenure: two different markets

Owner-occupancy in the Helena trade area is not one number, and treating it as one leads to bad decisions.

**Occupied and vacant housing units, 2026**

| | 5-minute ring | 15-minute ring |
|---|---|---|
| **Total housing units** | **8,693** | **26,564** |
| Owner occupied | 3,844 (44.2%) | 15,962 (60.1%) |
| Renter occupied | 4,246 (48.8%) | 9,280 (34.9%) |
| Vacant | 603 (6.9%) | 1,322 (5.0%) |
| U.S. comparison (owner / renter / vacant) | 57.6% / 32.4% / 10.0% | 57.6% / 32.4% / 10.0% |

*Source: Esri 2026 estimates; percentages calculated from unit counts. See methodology note.*

Helena's urban core is a majority-renter market: 4,246 of its 8,090 occupied units — 52.5% — are renter-occupied. The broader 15-minute trade area is the opposite, at 60.1% owner-occupied and well above the national ownership rate. Essentially all multifamily demand in this MSA concentrates in the City of Helena, and within the city, in this inner ring. Anyone underwriting apartments off a county-wide tenure figure is underwriting the wrong market.

Note also the vacancy rates: 6.9% in the core and 5.0% across the trade area, both well below the 10.0% national figure. This is a tight housing stock by national standards, even after the recent apartment deliveries.

## The age curve, and what it is telling us

Median age in the trade area is 41.5 and rising to 42.6 by 2031. More usefully: 22.4% of the 15-minute-area population is 65 or older today, rising to 23.9% by 2031. In absolute terms the 75-and-over cohort grows from 5,577 to 7,230 — a 29.6% increase in five years, the fastest-growing segment in the market by a wide margin.

That is a durable, non-cyclical demand signal for medical office, outpatient and diagnostic space, senior housing at multiple care levels, and single-level residential product. St. Peter's Health serves roughly 97,000 people across five counties, and a 2022 third-party study concluded the Helena area needed 30 additional providers within three years. The demographic case for health-care real estate here is stronger than the case for almost anything else in this report.

# PART TWO: THE ECONOMIC ENGINE

Across the three MSA counties there are 4,563 businesses employing 50,098 people — an employee-to-population ratio of 52.2 per 100, which is high, and reflects the region's role as an employment center for a much larger rural catchment.

**Employment by sector, Helena MSA (three counties)**

| Sector | Businesses | Employees | % of jobs |
|---|---|---|---|
| Public Administration | 406 | 14,417 | 28.8% |
| Health Care & Social Assistance | 434 | 5,937 | 11.8% |
| Retail Trade | 493 | 4,495 | 9.0% |
| Professional, Scientific & Technical | 396 | 3,809 | 7.6% |
| Accommodation & Food Services | 289 | 3,499 | 7.0% |
| Educational Services | 119 | 2,740 | 5.5% |
| Other Services | 645 | 2,667 | 5.3% |
| Construction | 345 | 2,284 | 4.6% |
| Finance & Insurance | 183 | 2,143 | 4.3% |
| Arts, Entertainment & Recreation | 127 | 1,321 | 2.6% |
| Manufacturing | 127 | 1,262 | 2.5% |
| Wholesale Trade | 130 | 1,231 | 2.5% |
| Transportation & Warehousing | 111 | 1,002 | 2.0% |
| Real Estate, Rental & Leasing | 183 | 856 | 1.7% |
| All other sectors | 575 | 2,435 | 4.8% |
| **Total** | **4,563** | **50,098** | **100.0%** |

*Source: Esri / Data Axle 2026, NAICS-based business summary for Broadwater, Jefferson, and Lewis and Clark counties. Columns may not sum exactly due to rounding. The employee-to-population ratio cited above is computed against the Esri/Data Axle 2026 three-county population base of 95,915, which differs slightly from the Census Vintage 2025 estimate of 97,153.*

## What this table means for real estate

Government, education, and health care together are 46.1% of employment. Nearly half of every paycheck in this region is written by an institution that does not relocate, does not offshore, and does not disappear in a recession. That is why Helena's unemployment rate was 2.7% in May 2026, and why in the last two years it has exceeded 4% in exactly one month — January 2026, at 4.1%. (No October 2025 estimate exists; BLS suspended publication during the 2025 lapse in appropriations.)

It also means Helena will never produce the growth curve that Gallatin or Flathead County produces. This market rewards patience, income durability, and basis discipline. It punishes anyone underwriting appreciation-driven exits.

Note the shape of the small-business base as well. Retail Trade has 493 establishments averaging nine employees. "Other Services" — repair shops, salons, laundries, civic organizations — has 645 establishments averaging four. Construction has 345 firms averaging seven. This is a market of small owner-operators, which is exactly why the owner-user buyer is such a persistent force in Helena commercial sales, and why small-bay industrial and flex space stays leased.

## The employment picture right now

Total nonfarm employment in the Helena MSA was 45,700 in June 2026 — unchanged from June 2025 and still below the June 2024 peak of 46,000. Underneath that flat total, the composition shifted meaningfully.

**Payroll employment by sector, June 2025 to June 2026 (thousands)**

| Sector | June 2025 | June 2026 | Change |
|---|---|---|---|
| **Total nonfarm** | **45.7** | **45.7** | **0** |
| **Total private** | **33.3** | **33.2** | **−100** |
| State government | 7.0 | 7.4 | +400 |
| Local government | 3.3 | 3.2 | −100 |
| Federal government | 2.1 | 1.9 | −200 |
| Private education & health services | 7.4 | 7.5 | +100 |

*Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, not seasonally adjusted. Metro-level estimates are survey-based and subject to annual benchmark revision.*

State government added roughly 400 jobs. Federal employment fell about 200, part of a longer decline from a 2024 peak. Private payrolls were flat to slightly negative. Lewis and Clark County total employment declined 0.3% over the twelve months ending December 2025, and the county was not among the four Montana urban counties — Flathead, Gallatin, Yellowstone, and Silver Bow — that added jobs in 2025.

The honest read: Helena’s employment base is stable, not growing. Stability is genuinely valuable in commercial real estate — it is the reason cap rates here have not blown out the way they have in more volatile secondary markets. But it does not generate the absorption needed to lease up 600 apartment units and several hundred thousand square feet of new commercial space in short order. It generates that absorption slowly.

One forward-looking caution worth carrying: the State of Montana faces a structural budget imbalance of roughly $36 million in FY2027, projected to grow substantially in the following biennium. In a market where state government is the largest employer and one of the largest office tenants, state budget cycles are a leading indicator worth watching more closely than national interest rates.

# PART THREE: WHAT IS BEING BUILT

Permit activity through the first half of 2026 is up across every category that matters.

**City of Helena permits issued, January 1 – June 30**

| Permit type | 2026 | 2025 | Change |
|---|---|---|---|
| Utility water / sewer | 377 | 298 | +26.5% |
| Electrical | 292 | 248 | +17.7% |
| Residential building — single unit | 258 | 201 | +28.4% |
| Plumbing | 233 | 197 | +18.3% |
| Public right-of-way | 145 | 123 | +17.9% |
| Commercial building | 102 | 86 | +18.6% |
| Residential building — multi-family | 55 | 43 | +27.9% |
| Signs | 26 | 18 | +44.4% |

*Source: City of Helena, Community Development, Permits Issued by Type. These are permit counts by category, not dwelling unit counts — single-unit residential includes remodels and additions alongside new construction.*

Aggregate commercial construction valuation for those 102 permits was $34,157,701 in the first six months of 2026 — a figure that includes one subsequently cancelled $1.13 million project. Utility water and sewer permits — the leading indicator that precedes vertical construction by six to eighteen months — were up 26.5%. Pre-application meetings with the City planning division ran at roughly fifteen in the first seven months of 2026, against about ten in all of 2025.

The pipeline is real. Here is what is in it.

## Schools: the largest construction program in the region

Helena voters narrowly approved $283 million in school bonds on September 9, 2025 — a $240 million high school measure that passed by 361 votes and a $43 million elementary measure that passed by 382. Turnout was roughly 60%.

The new Helena High School broke ground June 16, 2026. Roughly $167.4 million covers the new high school, the PAL alternative school, and a district kitchen, with Dick Anderson Construction as general contractor. Construction documents complete in August 2026; the building is scheduled to be operational in fall 2028, after which the 1955 structure comes down. Kessler Elementary — a $42 million replacement of a 1936 building — is expected to break ground in October 2026. A $14 million infrastructure renovation at Capital High is already underway.

The countervailing signal is important and largely unremarked: on May 5, 2026, all three Helena Public Schools operating and technology levies failed, as did East Helena’s operational levy. Voters funded the buildings and declined to fund the operations. For anyone underwriting residential demand off school-district quality, that split is worth watching.

## Multifamily: roughly 600 units delivered or under construction

### Recent and in-progress multifamily, Helena

| Project | Units | Status |
|---|---:|---:|
| Artisan Grove, 2605 N. Sanders St. | 288 | $70M HUD 221(d)(4) construction-to-perm loan at 5.55%, 40-year fully amortizing, closed March 17, 2026. Developer Thrive Development, Salt Lake City. |
| Summerville Flats | 133 | Four-story, delivered. |
| Confluence Apartments, 3710 Appellate Ave. | 108 | Built 2025. All 2BR/2BA, 1,067 SF, asking $1,979–$2,019. Roughly 26 units still available in lease-up. |
| Twin Creek Apartments | 72 | 2.1-acre eastside site, United Housing Partners. Broke ground September 2024 on an 18-month schedule. |
| **Total** | **601** | |

*Sources: Berkadia; Apartments.com; Montana Governor's Office; contractor releases.*

Six hundred units is a large number for a market of 25,242 households in the primary trade area. It is roughly 6.5% of the entire renter-occupied stock arriving in a compressed window. Additional proposals are in the pipeline, including approximately 150 affordable units at 2388 Shorthorn Avenue at the pre-application stage and 22 multifamily lots in the Crystal Springs Village annexation now under City review.

## Retail: the Costco and North Montana corridors are where the activity is

The Cromwell Dixon Lane and North Washington node has four projects under construction or in review: a City Brew Coffee, a Veterans Affairs dental clinic of roughly 11,400 square feet at about $4 million in valuation, a Blue Cow Car Wash, and a three-story Independence Bank building permitted at $4,040,031.

That same node is absorbing most of the market's new retail: a ground-up Chick-fil-A on North Washington at $1,154,313, plus a new Bath & Body Works, a Club Pilates, and a Qdoba refresh along Cromwell Dixon Lane. On North Montana, the former 132,174-square-foot Shopko box at 3101 is being subdivided and re-tenanted, with Dunham's Sports confirmed and $2.58 million permitted at that address year-to-date. Elsewhere, a ground-up McDonald's on Euclid Avenue ($847,881) and a Buffalo Wild Wings refresh on North Sanders are underway.

The counterweight: Bob Ward's closed its Helena store on December 31, 2025, its only Montana closure.

## Industrial, institutional, and infrastructure

- Boeing is actively recapitalizing its Helena plant at 3200 Skyway Drive. Two permits issued in 2026, totaling $1,458,158, cover foundations and MEP for new MAZAK lathes and the installation of two new Mandelli horizontal machining centers. This is verifiable evidence — largely unreported — that Boeing is deepening rather than trimming its Helena capability.
- A 13.83-acre pre-zoning and annexation application at 3645 Alice Street proposes a warehouse distribution center. Amazon is not named in the application, though the consultant has worked on Amazon facilities elsewhere. The application was delayed pending a complete transportation impact study.

- The Montana Department of Revenue built a $22 million, 31,000-square-foot automated liquor warehouse addition near the airport, scheduled for completion in spring 2025.
- The Montana Heritage Center opened December 3, 2025 — $107 million, 160,000 square feet, with roughly $60 million in private funding.
- The Bell Hotel opened in 2026 at 40 E. Lyndale Avenue: 14 rooms, roughly $4 million, independent and unfranchised, on a site cleared with 2022 tax increment financing.
- St. Peter's Health purchased the historic Armory building for $8 million in 2024 with up to $27 million in total planned investment for clinical space. Current construction status is not publicly confirmed.
- Shodair Children's Hospital is building a $915,343 addition; Helena Fire Station #3 is permitted at $1,733,091.

**THE ONE THAT CUTS THE OTHER WAY**

On July 9, 2026 the State of Montana opened a new, permanent, state-owned Department of Labor and Industry facility consolidating programs previously housed in multiple leased locations. The Governor explicitly cited "the uncertainty of year-to-year lease renewals and rising rents." The project delivered seven months early and 15% under budget. For the Helena office leasing market, the state's largest tenant just demonstrated a willingness to build rather than renew. That is a precedent worth taking seriously.

## Roads, rails, and pipes

Infrastructure is where Helena's next decade of land value is being quietly determined.

A $1.3 million federal RAISE grant is funding planning and design for the East Side Arterial Connector — a road linking the South Helena I-15 interchange to US Highway 12. Of every public project in this report, this is the one most likely to change where value sits. It opens the east side, and the Mayor has been explicit that it would expand housing development potential there.

A separate $3.2 million Railroad Crossing Elimination grant is funding the Montana Avenue grade separation study, which would eliminate the at-grade BNSF crossing and reconfigure the adjacent five-point intersection. Field investigation and survey work began in May 2026, targeting 30% design with public outreach anticipated in fall 2026.

The City is also pursuing federal funding for two roundabouts — the downtown "mini-malfunction junction" at $4.5 million and Custer Avenue at Henderson Street at $3.5 million — with a grant decision expected later in 2026. On the utility side, the roughly $3 million Crosstown Connector water main replacement runs in phases through spring 2027, and the City and Lewis and Clark County jointly commissioned an infrastructure study of the Urban Standards Boundary, the land adjacent to city limits designated as the priority area for future service extension and annexation. Its Future Conditions Report was published in April 2026 and is the single best available document on where serviced land actually exists.

## The rules are changing — and this is the underrated story

Helena adopted the Helena Forward Land Use Plan on November 17, 2025, a twenty-year framework required under Montana's 2023 Land Use Planning Act. A complete rewrite of Title 11 (Zoning) and Title 12 (Subdivision) has been in front of the City Commission since March 2026. Adoption is pending.

Behind it sits a stack of state legislation that Helena, as one of Montana's ten largest cities, cannot opt out of. On March 18, 2026 the Montana Supreme Court unanimously upheld the 2023 reform package: duplexes permitted on residential lots, expanded accessory dwelling units, and municipal planning obligations. The 2025 session added more — six-story buildings allowed in downtown, industrial, and heavy commercial zones; single-stair residential up to six stories; impact fee limits; and, effective October 2026, an exemption from parking mandates for homes under 1,200 square feet.

Read together, these substantially increase what can legally be built on a given Helena parcel. Zoning capacity is being expanded by statute, in a market where the physical constraint has never been zoning — it has been water, sewer, and construction cost. Whether that translates into value depends entirely on whether the infrastructure follows. Where it does, land is being repriced right now and most owners have not noticed.

## PART FOUR: FROM THE FIELD

*What follows is our own transaction and leasing experience in this market, not third-party data. Where it conflicts with published figures, we have said so.*

### Office: the strongest part of the market is Class B

This is the finding most likely to surprise people, and it is consistent across our portfolio.

We have Class A space in new-like condition asking $36 per square foot on a gross lease with parking included, and it is sitting. We have average-to-good quality Class B space leasing at $18 to $22 per square foot NNN — which, once operating expenses are added, lands at roughly the same all-in cost to a tenant. The Class B space moves. The Class A space does not.

The reason is tenant composition. State agencies are the dominant office tenant in this market, and they are staying in the buildings they already occupy. They favor older buildings, average-quality gross leases, and predictable occupancy cost over prestige. Helena is not a market where a tenant pays a premium for a lobby.

The practical implication for owners: a well-maintained Class B building with parking and a gross-lease structure is a better asset in Helena today than a trophy building. For investors, that is a mispricing worth exploiting — Class B is where the durable cash flow is, and it is not priced as though that were true.

The structural risk is the one flagged earlier. The state added roughly 400 jobs and simultaneously built itself out of multiple private leases. Growing headcount does not automatically mean growing private office demand.

### Retail: the corridors are performing

Retail is the asset class we would rank first on current performance. The activity is concentrated and it is real: the Costco node, North Montana, and Cromwell Dixon are drawing national credit tenants and holding occupancy. The re-tenanting of the former Shopko box is a genuinely good sign — a 132,000-square-foot vacancy being subdivided and absorbed rather than sitting dark.

The daytime population data explains why. Sixty-seven thousand people in the trade area during business hours against 57,000 residents is a materially better retail story than the population count alone suggests, and it is the number to put in front of any tenant’s site selection committee.

The caveat is that the strength is node-specific. Second-tier locations and older strip centers away from the primary corridors do not share it.

### Industrial: no supply, persistent demand

There are 345 construction firms and 111 transportation and warehousing businesses across the three counties, the overwhelming majority of them small. They all need space, and virtually nothing is available or being built on a speculative basis. Small-bay flex and contractor space stays leased. The warehouse distribution proposal on Alice Street is a signal that larger users are now looking at Helena as a distribution point on the I-15 corridor.

Industrial is the quietest opportunity in this market and the hardest to execute, because construction cost against achievable rent is genuinely difficult to make work.

## Multifamily: oversupplied at the top, starved in the middle

This is our clearest call in the paper.

Every unit delivered or now under construction is priced at the ceiling of this market. Confluence is asking $1,979 to $2,019 for a two-bedroom and had roughly a quarter of the building available in lease-up. Published market-rate estimates for a Helena two-bedroom cluster between $1,475 and $1,763 depending on the source, and the HUD fair market rent for FY2026 is $1,647. New product is asking roughly 12% to 37% above that published band, and about 20% above the HUD fair market rent.

Meanwhile the unit that is genuinely missing — the $1,200 to $1,400 workforce apartment — cannot be built. Construction cost against achievable rent does not pencil, which is why the meaningful new supply here has arrived with HUD debt, tax credits, or out-of-state capital carrying a different basis.

Statewide rental vacancy went from 3.2% in 2022 to 5.9% in 2025. The market is loosening while supply is delivering. We expect eighteen to twenty-four months of concessions and slow lease-up at the top of the market, and no relief at all in the middle.

We are, importantly, achieving market rents on newer construction. The product leases — it just leases more slowly and to a narrower band of tenants than the pro formas assumed.

## Cap rates

There is no published cap rate data for Helena. Based on our transaction experience, the market is trading at 7% to 8% for general commercial product, compressing into the 6% range for credit and NNN deals. Sellers still anchored to 2021 pricing are the most common reason a Helena deal dies.

## Who is buying

All four buyer categories are active simultaneously, which is unusual and is itself a sign of a healthy market. In the last sixty days we have transacted with examples of each.

- Local owner-users are the most consistent force. We closed two properties to local owner-users in the last thirty days. They are frequently the highest bidder because they are not solving for a cap rate — they are solving for occupancy cost and control.
- Local high-net-worth and legacy families are buying underperforming assets. Patient capital, low leverage, long holds, and a willingness to fix what an absentee owner neglected. They are quietly acquiring some of the best long-term positions in the market.
- Out-of-state institutional and developer capital is the newest competitor and is here to build new rather than buy existing. Artisan Grove is the template: a Salt Lake City developer with $70 million of HUD debt and a basis no local buyer can match.

- 1031 exchange money continues to make deals, trading down out of Bozeman, Missoula, and coastal markets into Helena yield with a clock running.

The out-of-state entrant is the change worth noting. Helena spent decades below the radar of institutional capital. It is no longer. Local owners considering a sale in the next three years now have a bidder pool that did not exist five years ago.

# PART FIVE: UNDER ALL IS LAND

*Every one of the preceding sections eventually resolves into a question about dirt. Under all is land — and in the Helena MSA in 2026, land is priced less by what it is than by what the rules will allow you to do with it, and whether there is water.*

## Land and development is a tricky game

We want to be direct about this, because it is the part of the business where we see the most money lost by capable people.

Land can be the best investment you ever make, or it can slowly bleed you for a decade — carrying costs, taxes, interest, and opportunity cost grinding against a parcel that never quite gets its approvals. The difference between those two outcomes is almost never the quality of the dirt. It is planning, and knowing what is actually happening around it.

The movements of land use policy and regulation dictate pricing here more than any market fundamental. A parcel with water, sewer, and a plausible path through the approval process is a fundamentally different asset than the parcel next to it that lacks any of the three, even when the two look identical from the road. Helena is in the middle of a zoning and subdivision code rewrite, a state-mandated land use planning overhaul, an infrastructure study of its annexation boundary, and active litigation over the well rules that most valley development depends on. Every one of those will move land values. Most of them are not yet in the price.

## Entitlements: the single most important structural point in this paper

Entitlement risk is the dominant risk in Helena-area land, and it should be handled structurally, not optimistically.

Our position, plainly stated: entitlements should be pursued under contract, and the seller should be paid a premium for the time and the option. If a buyer wants the parcel entitled before closing, that is a service with real cost and real risk, and it should be priced accordingly. If the developer is getting a genuine deal on the land, the developer should carry the entitlement work themselves — that is what the discount is compensating them for.

What we see go wrong is the middle case: a seller who agrees to a long, cheap due diligence period and effectively funds a developer's free option, or a buyer who closes on raw ground assuming approvals will come and then discovers the water is not there. Both are avoidable with the right contract structure. Neither is avoidable with optimism.

## Water is the binding constraint

Helena-area land is not supply-constrained. It is water-constrained, and the distinction is worth real money.

The clearest illustration is East Helena, where the former ASARCO smelter site — roughly 2,000 acres targeted for redevelopment, of which about 1,663 acres have already been sold or donated — supports an entitlement pipeline that has been publicly described at up to 6,250 homes. In October 2025 the Lieutenant Governor wrote to the East Helena mayor confirming that the city, having annexed the ASARCO properties, is not a beneficiary of the environmental trust holding the associated water rights. The trust's offer of roughly 40% of those rights would have served about 2,274 homes. The city declined it twice, citing treatment costs in the tens of millions, and the state has moved toward converting the rights to instream flow. East Helena sits in a closed basin, which bars new water rights that would harm existing users.

We take no position on how that gets resolved, and it may well be resolved. But the arithmetic is what it is: the largest entitlement pipeline in the region is currently water-constrained to a fraction of its planned volume. Anyone buying land in that corridor on the assumption of full build-out is buying an assumption, not an entitlement.

The same constraint appears everywhere in the MSA once you look for it. Lewis and Clark County's 2025 Growth Policy notes that the Helena Valley Alluvial Aquifer faces limited availability in certain areas due to over-extraction, and that the county's fifteen multi-user water and sewer systems are mostly privately operated with limited expansion capacity. Clancy, in the growth corridor of northern Jefferson County, has no public water system at all and recent testing found elevated nitrates and uranium; a $4.56 million centralized supply project is in funding. Townsend is the outlier in the right direction — its draft 2025 growth policy documents wastewater capacity for roughly 1,200 additional housing units before upgrades are required, the cleanest quantified serviced-land headroom anywhere in the three counties, though the city lacks a backup well.

And then there is the exempt well question. A coalition including the Montana League of Cities and Towns filed suit in Lewis and Clark County District Court in November 2025 challenging the 1973 exempt well statute. Roughly 141,000 exempt wells have been drilled statewide since 1973, more than two-thirds residential, and over half of Montana's residential development between 2000 and 2021 occurred outside incorporated municipalities. There is already adverse precedent: in February 2024 a district judge invalidated preliminary plat approval for a 41-lot subdivision on 442 acres near Canyon Ferry, finding the environmental assessment deficient and the exempt well authorization improper.

The Helena Valley holds 89% of the county's homes, the bulk of them served by exempt wells rather than municipal water. In our view this is the most under-priced risk in the regional land market. It is also, symmetrically, the strongest argument for the value of land that already has municipal service.

## What land is actually worth

A caution before the numbers: the figures below are asking prices from listing aggregators, not verified closed sales. Montana is a non-disclosure state and there is no public sold-comparable file for Helena land. Treat these as the shape of the market, not as appraised value.

**Helena-area land, indicative asking prices**

| Category | Indicative asking range |
|---|---:|
| Infill commercial pads inside Helena | $400,000 – $1,400,000 (roughly $9–$33/SF) |
| Highway-frontage acreage at the city edge | ~$100,000 |
| Vacant / undeveloped Helena land (81 listings, avg. 7.9 ac) | ~$55,000 average |

| Category | Indicative asking range |
|---|---|
| Raw tracts of 100+ acres | \$25,000 – \$27,000 |
| East Helena land (82 listings) | ~\$25,000 average |
| Finished residential lots, Helena | \$135,000 – \$215,000 per lot |
| Irrigated agricultural, Helena Valley | ~\$14,000 |

*Sources: LandSearch, LoopNet, Zillow, Fay Ranches listings as of July 2026. Asking prices only.*

The spread between an infill commercial pad at \$400,000 an acre and raw acreage at \$25,000 an acre is roughly sixteen to one. Almost none of that gap is dirt quality. It is zoning, service, access, and approval certainty — which is to say, it is entitlement value, and entitlement value is created by work, not by waiting.

One market signal in that data is worth flagging: East Helena land listings carry an average listing age of 60 days, against 179 days for Helena vacant land and 459 days for Helena commercial land. Listing age is not the same as days on market, and it is not proof of transaction velocity — but a listing pool that young, in a corridor with a publicly known water problem, says buyers there are still engaging.

## Where we would be looking

- Serviced land inside the Urban Standards Boundary. The City and County have formally designated where infrastructure will extend and annexation will follow. That designation is public, and the land inside it is not yet priced as though it carries a service guarantee.
- The East Side Arterial Connector corridor. A federally funded road connecting the South Helena I-15 interchange to US 12 is the clearest published statement of where the city intends growth to go. Roads are announced years before they are built and land reprices when the pavement arrives, not when the grant does.
- Infill inside the 5-minute ring. The urban core is now the fastest-growing part of the trade area, it is majority-renter, and the state has just legalized six stories downtown, single-stair construction, duplexes by right, and — from October 2026 — no parking mandate for units under 1,200 square feet. The permitted envelope on core Helena parcels expanded substantially without the price adjusting.
- Small-bay industrial and flex land with utilities. Persistent demand from a base of 345 construction firms, no speculative supply, and the lowest execution risk of anything in this list.
- Townsend and the Broadwater corridor, for patient capital. A county growing 25.4% in five years, whose county seat has documented municipal sewer headroom for roughly 1,200 additional units, is a genuine anomaly in Montana. The water system needs work, the timeline is long, and the basis is low enough to be worth the wait.

# WHAT THIS MEANS FOR YOU

### IF YOU OWN COMMERCIAL PROPERTY IN HELENA

You are holding an asset in a market with 2.7% unemployment, 46% of employment in recession-resistant sectors, and — for the first time in decades — out-of-state institutional capital actively looking here. That combination has not existed before. It does not mean sell. It means you should know what you own, in writing, before someone with better information makes you an offer. If your building is well-maintained Class B with parking, you likely own a better asset than the market is pricing.

### IF YOU ARE LOOKING TO BUY OR DEVELOP

The fundamentals support patient, income-focused acquisition. They do not support appreciation-driven underwriting or top-of-market apartment development. The workforce housing gap is real and structural — whoever solves the $1,200 to $1,400 unit in this market will not lack for tenants. On land, structure your entitlement risk contractually before you close, and verify water before you verify anything else.

### IF YOU ARE HOLDING LAND

Know which of the three regulatory processes now underway — the Title 11 and 12 rewrite, the Joint Infrastructure Study, and the exempt well litigation — actually touches your parcel. One of them probably does. Land that is inside the service boundary and land that is outside it are diverging in value right now, and that divergence will be obvious in hindsight and expensive to have missed.

## Talk to us

We track this market parcel by parcel and transaction by transaction, and we produce valuations, broker opinions of value, and full market analyses for owners, lenders, and investors across the Helena MSA. If you want to know what your property is worth today — or what a parcel you are considering will be worth after the rules finish changing — that conversation costs you nothing.

Tyler Warne, CCIM — TD Commercial LLC — Coldwell Banker Commercial Green & Green — Helena, Montana

## SOURCES AND METHODOLOGY

Demographic, income, housing tenure, and business data are from Esri 2026 and 2031 forecasts built on U.S. Census Bureau 2020 decennial data, and from Esri/Data Axle 2026 business establishment data for Broadwater, Jefferson, and Lewis and Clark counties. Drive-time trade areas are measured from the North Montana Avenue commercial corridor.

Population estimates are from U.S. Census Bureau QuickFacts, Vintage 2025. Employment data is from the U.S. Bureau of Labor Statistics Current Employment Statistics and Local Area Unemployment Statistics programs, not seasonally adjusted; metro-level estimates are survey-based and subject to annual benchmark revision. Permit data is from the City of Helena Community Development Department. Listing price and inventory data are from Realtor.com via the Federal Reserve Bank of St. Louis and from Zillow. Fair market rents are from HUD for fiscal year 2026.

Development pipeline facts are drawn from primary sources where available — City of Helena planning files and permit reports, Montana Environmental Trust Group publications, state agency releases, and lender announcements — supplemented by reporting from Montana Free Press, KTVH, KXLH, Daily Montanan, Montana Public Radio, and the Boulder Monitor.

Two methodology notes. First, the narrative summary in the underlying Esri housing report states occupancy percentages that correspond to the 5-minute drive-time ring while referencing the 15-minute unit total; the tenure percentages in this paper were recalculated directly from the unit counts for each ring. Second, City of Helena permit figures are counts by permit type, not dwelling unit counts, and single-unit residential permits include remodels and additions alongside new construction. We have avoided translating permit counts into housing unit counts anywhere in this document.

Land pricing figures are asking prices from listing aggregators, not verified closed sales. Montana is a non-disclosure state. Cap rate, lease rate, and transaction observations in Part Four are from TD Commercial's own portfolio and closed transactions and are identified as such.

This paper is provided for general information. It is not an appraisal, and it is not investment, legal, or tax advice. Property-specific conclusions require property-specific analysis.