



Downtown Great Falls

Market Demand Assessment & Economic Vitality Transformation Strategy

PREPARED FOR



PREPARED BY



NOVEMBER 2024

Project Overview

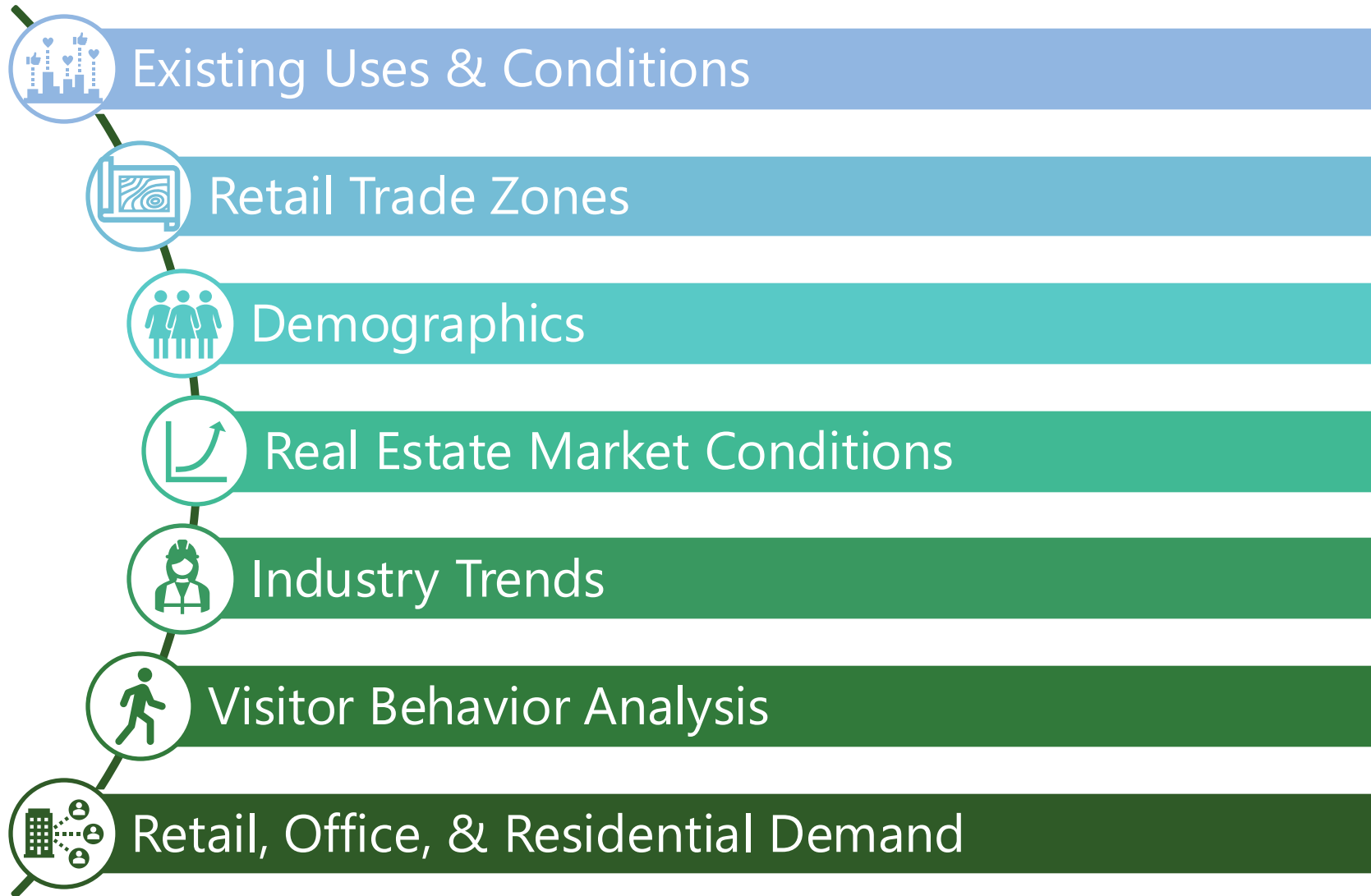
Economic Vitality Strategy: Holistic Recommendations

- **Economic Vitality (GFDA)**
 - Build on GFDA's Strengths
 - Focus on Key Areas
 - Provide Training & Networking Opportunities
- **Design (BID)**
- **Promotion (DGFA)**
- **Organization (DDP)**



All four points of the community transformation strategy need to work together to build a thriving downtown

Market Analysis



Market Assessment



Key Takeaways

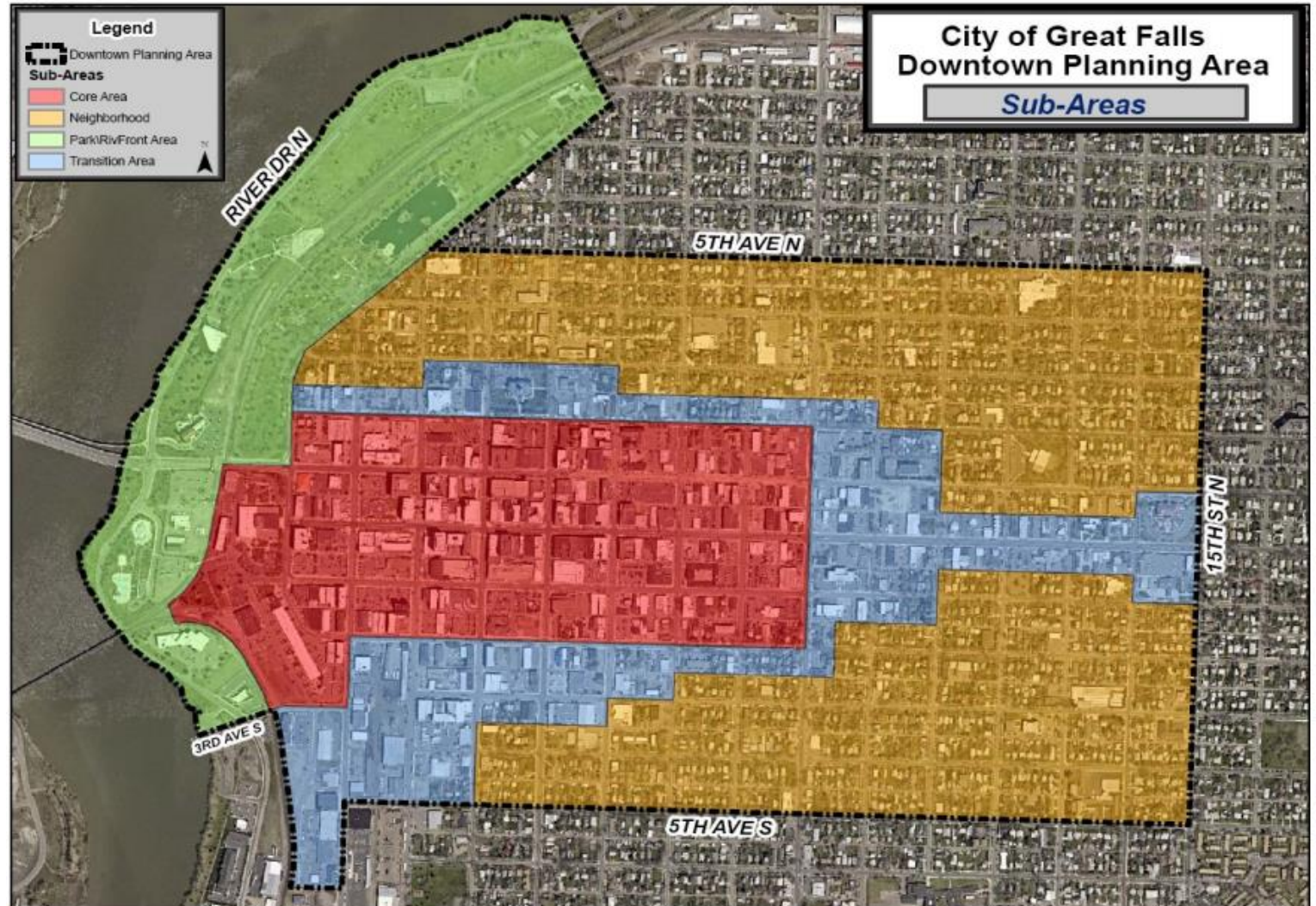
- Downtown Great Falls is showing **significant momentum**
- **Year-round programming** brings a wide variety of people downtown
- **Recent investments** in housing and retail help demonstrate demand
- GFDA's **financial tools** help support business investment
- There is an opportunity to **concentrate more retail** downtown
- Adding a **variety of housing types** downtown will help support local businesses
- Nationwide office market challenges make **new office space unlikely** in the near term
- There could be an opportunity for more **boutique hospitality** rooms as downtown continues to grow



Existing Conditions & Demographics

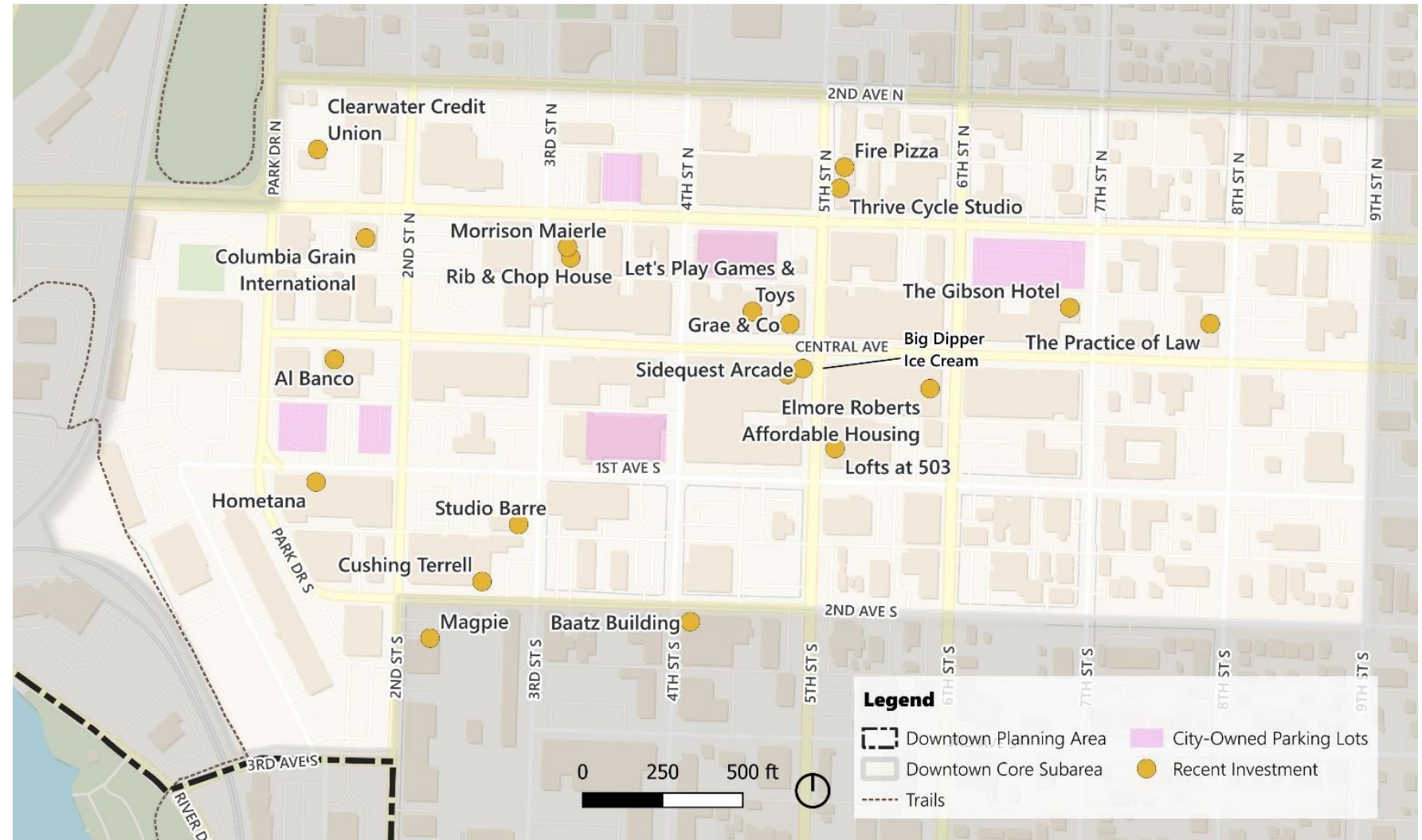
Downtown Planning Area

- Includes riverfront parks
- Core Area – 2nd Ave N to 2nd Ave S
- Transition area between Core Area and residential neighborhood



Recent Investments

- Expansions, relocations, renovations, and new businesses in the Core Area of Downtown
- Food & beverage is seeing strong growth in the downtown core

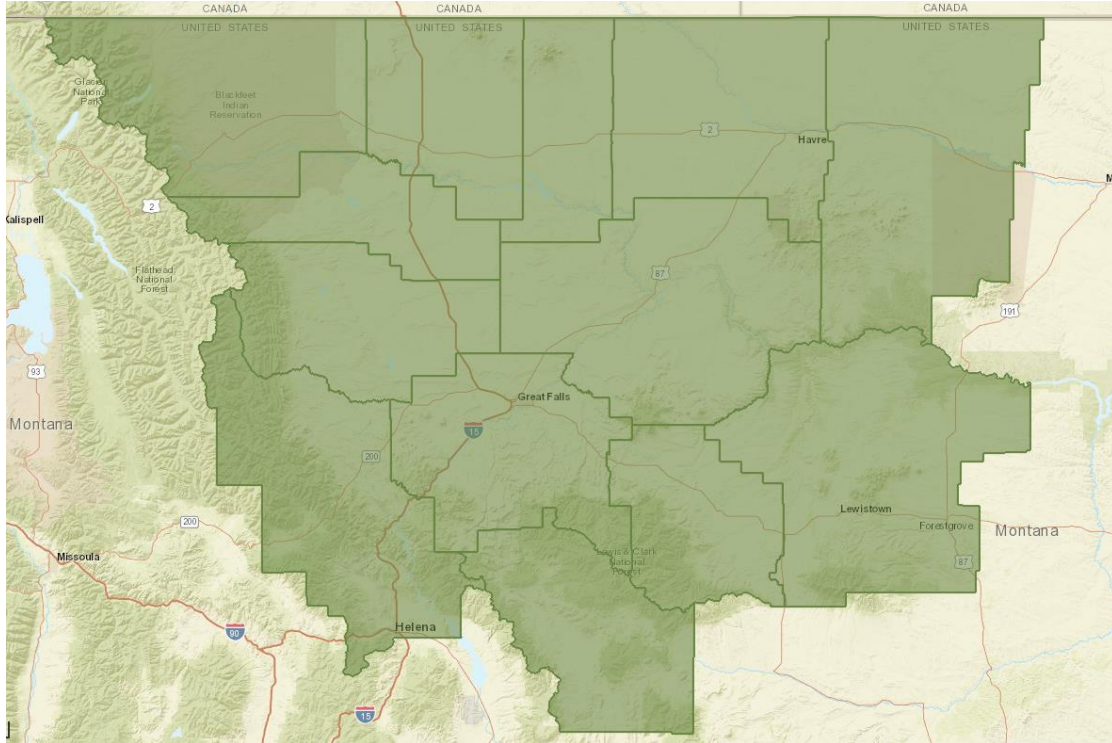


Renovations, Adaptive Reuse, & New Construction



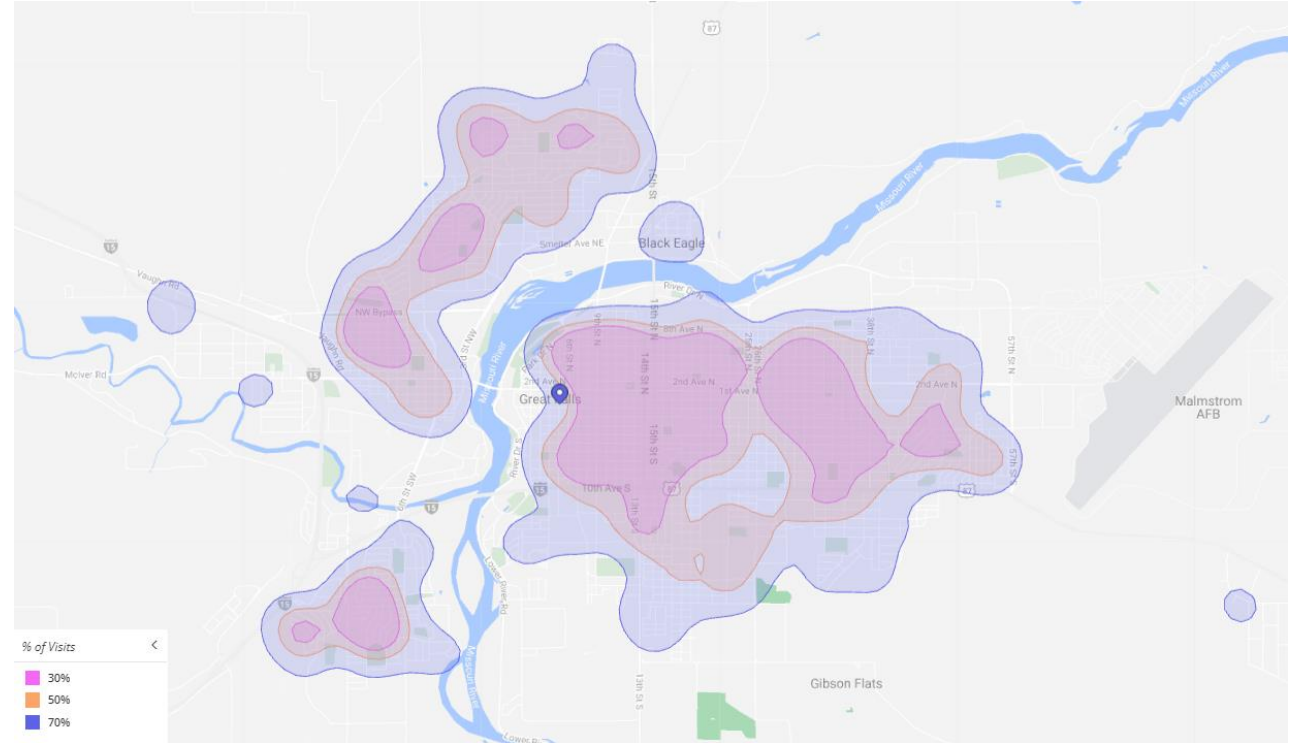
Retail Trade Zones

Golden Triangle 13-County Trade Area



Source: Esri Business Analyst.

Central Avenue Primary Trade Area

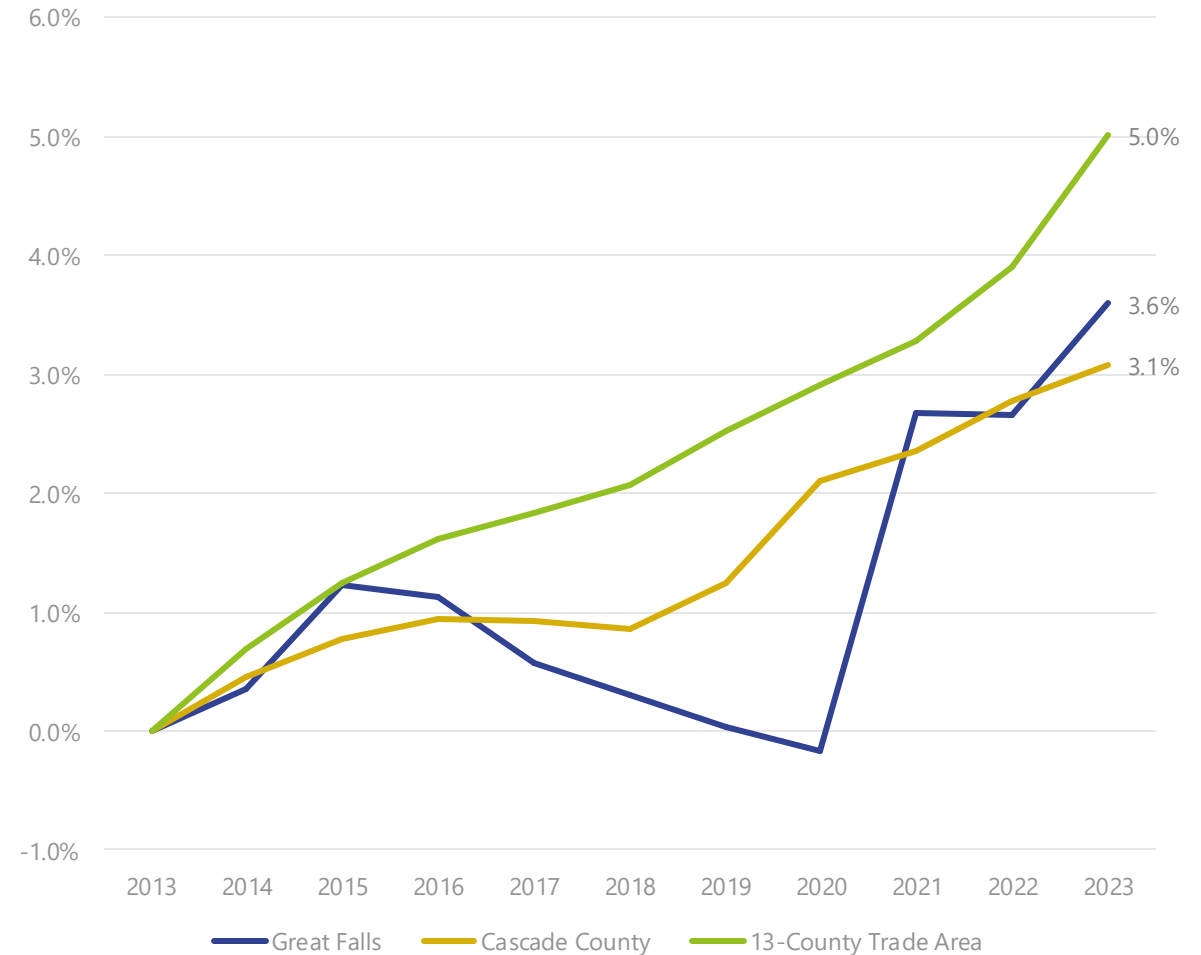


Source: Placer.AI.

Cumulative Population Growth

- Great Falls' population makes up over a quarter of the 13-county trade area's
- Between 2013 and 2023, the population of Great Falls grew by 3.6%

Cumulative Population Growth, 2013-2023

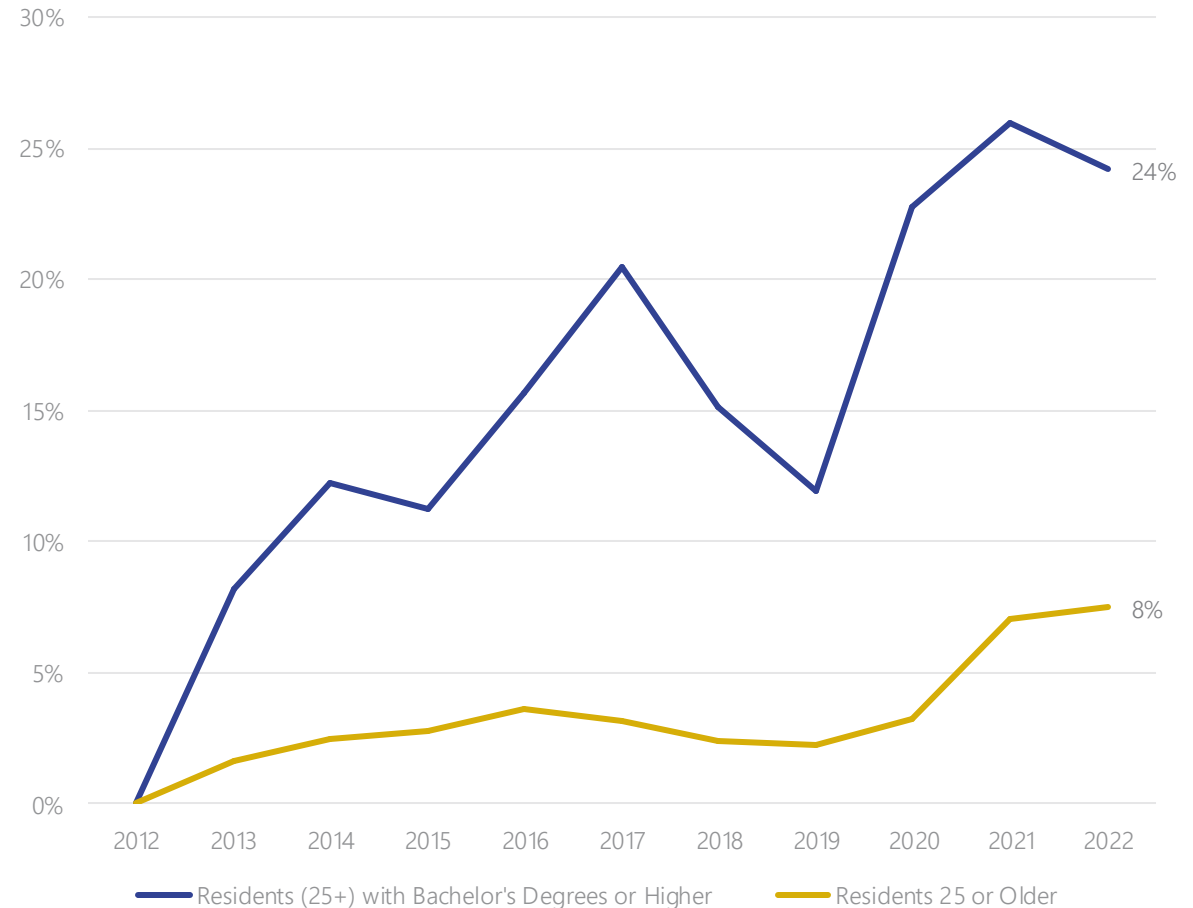


Source: US Census via Esri Business Analyst.

Population & Education Growth

- **Rising education rates will help attract employers**
- Population of those aged 25+ with a Bachelor's Degree or higher is growing faster than the number of residents in that age group
- As of 2023, nearly 29% of Great Falls residents over 25 had at least a Bachelor's Degree, up from 23% in 2012

Cumulative Growth of Residents 25+ and Those with a Bachelor's Degree in Great Falls



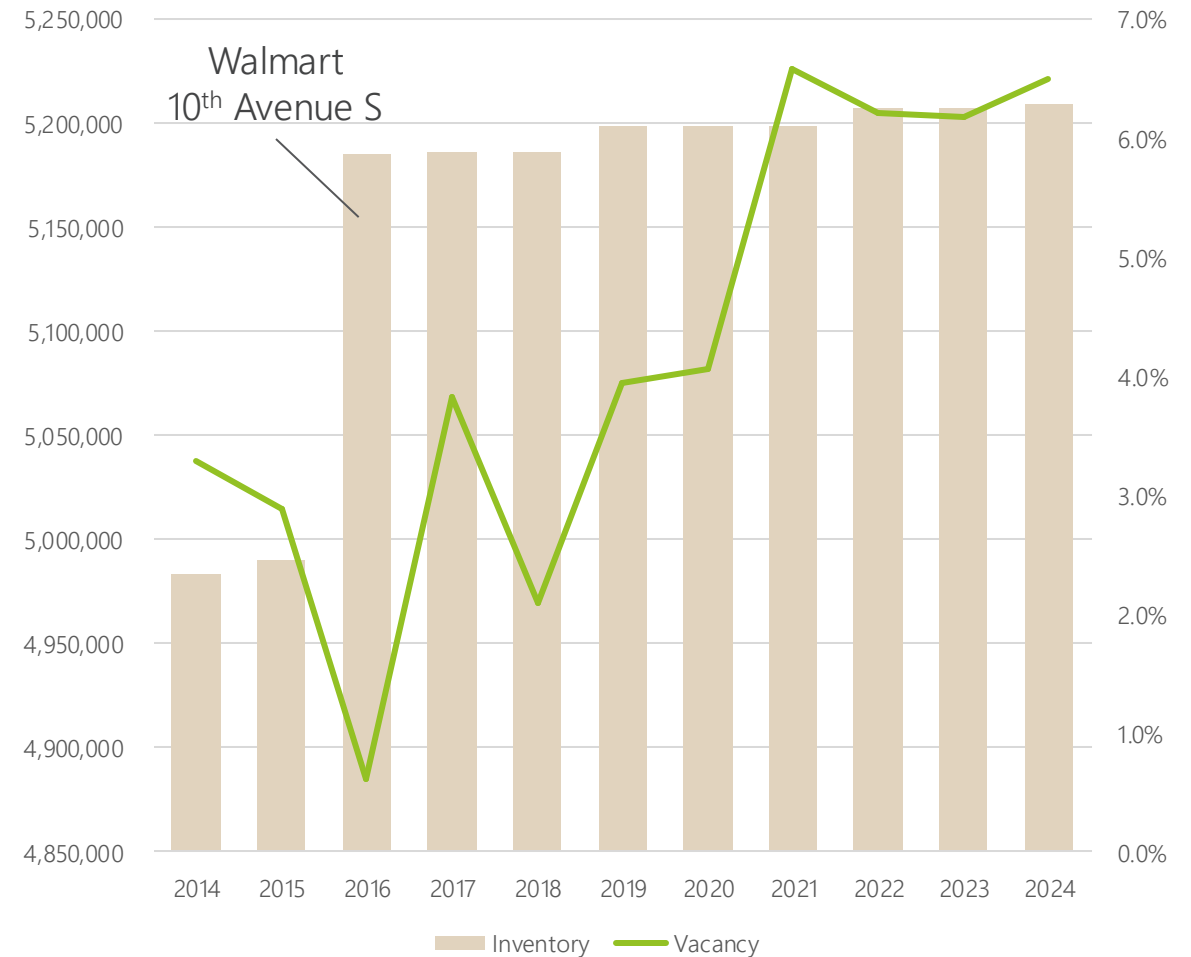
Source: US Census Bureau 5-Year ACS.

Real Estate Market Conditions

Great Falls Retail Market

- There is high retail vacancy in Great Falls, but downtown is still attractive to retailers
- There are 5.2 million square feet of retail in Great Falls
- Downtown retail space is historic, not necessarily suited to modern business needs
- Opportunity to utilize existing space in interesting ways

Retail Inventory & Vacancy, Great Falls

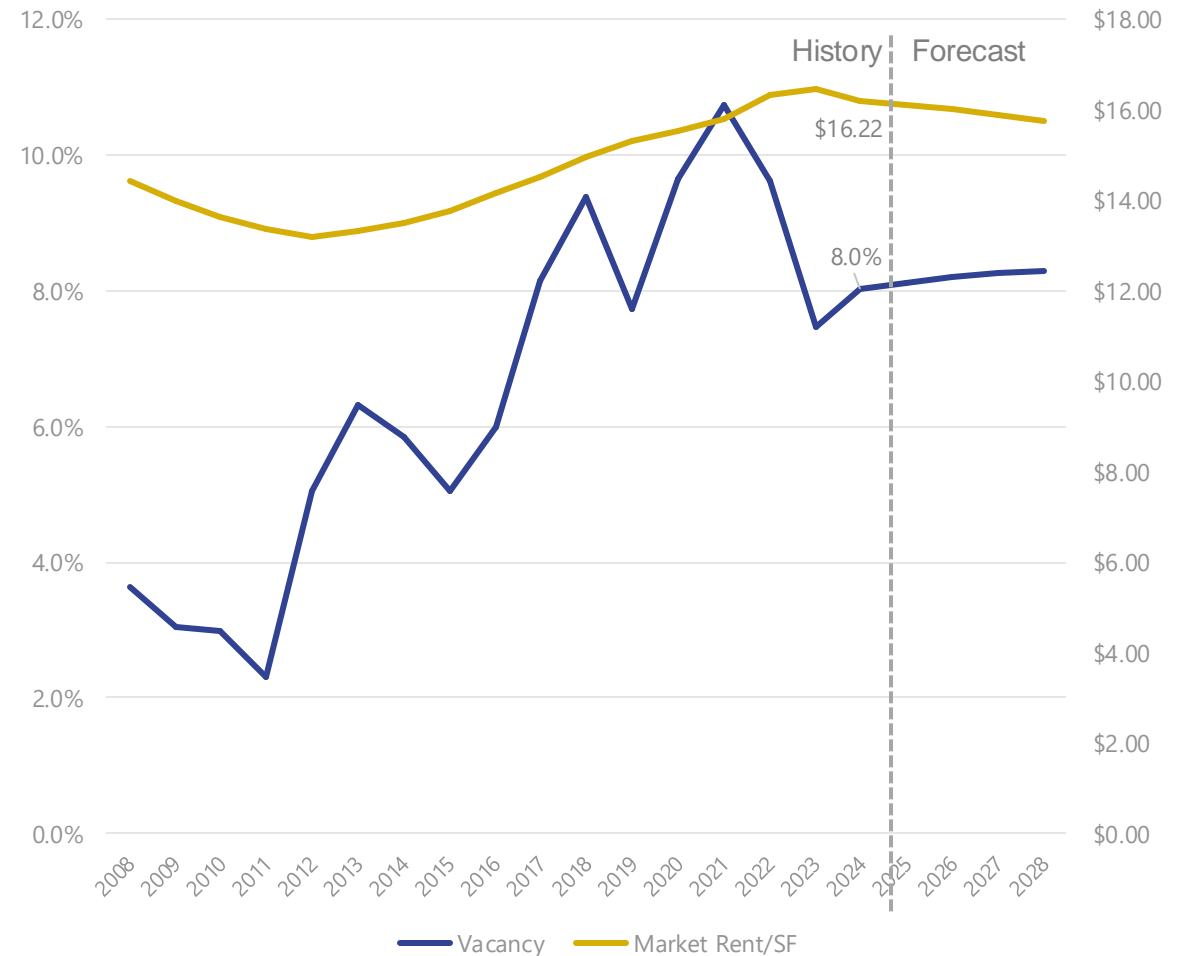


Source: CoStar.

Great Falls Office Market

- Vacancy impacted by COVID-19 pandemic, but had started to rise prior to that in 2016
- In the near term, office will not be a major driver of downtown activity
- Work from home – housing as the new office

Office Rent & Vacancy, Great Falls

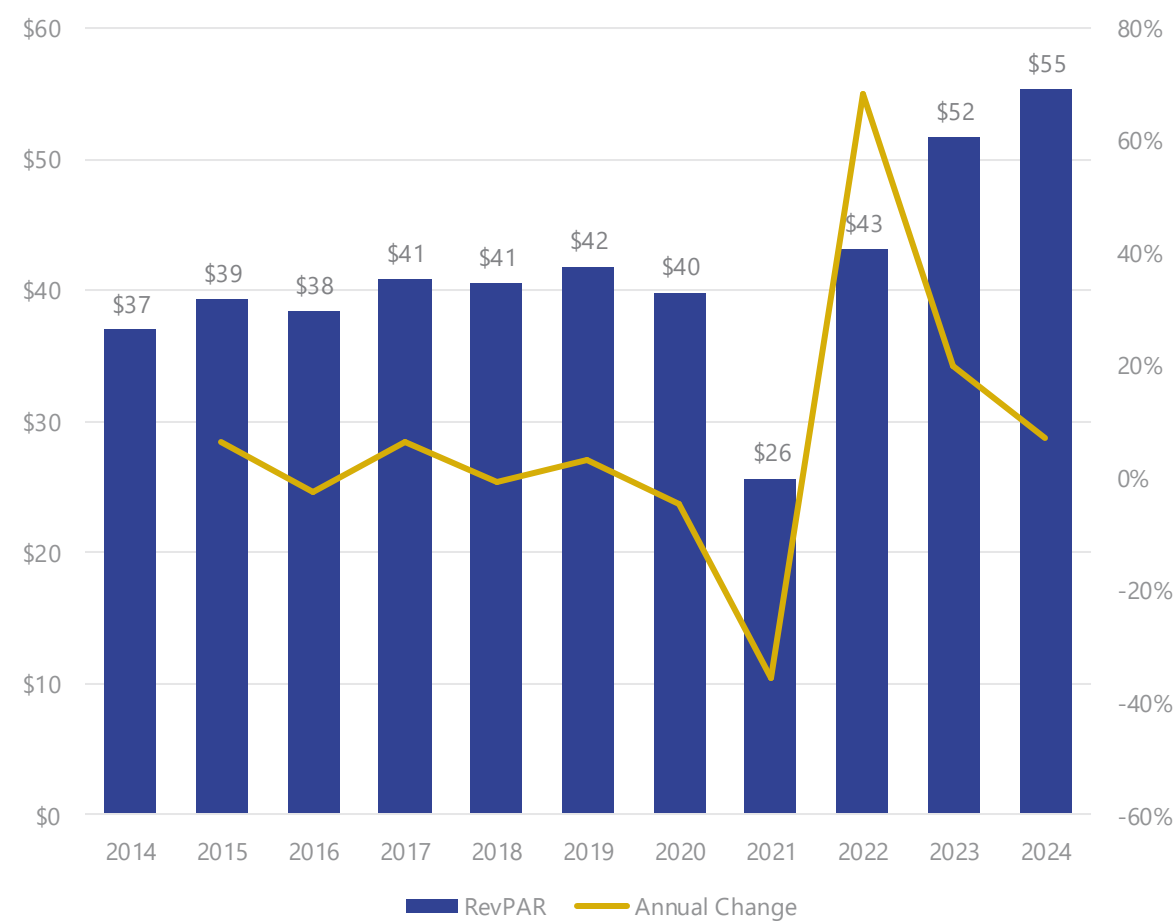


Source: CoStar.

Great Falls Hospitality Market

- Downtown hotel revenue has been increasing with addition of new, higher-end hotel rooms
- Just 14% of the city's hotel rooms are located Downtown

Revenue per Available Room (RevPAR) & Annual Change, Downtown Great Falls

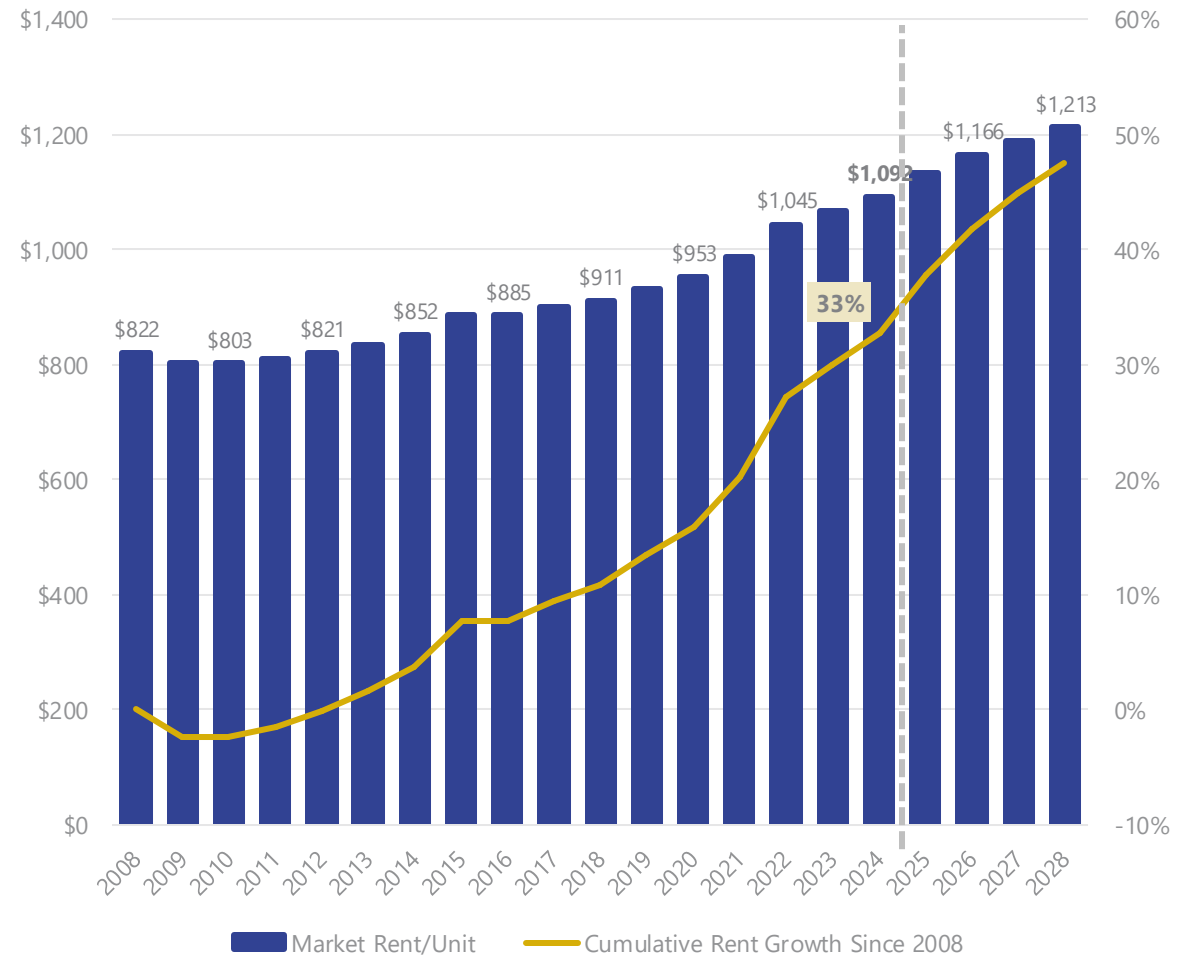


Source: CoStar.

Rental Housing in Great Falls

- There is demand for new multifamily units downtown
- As of 2024, market rent for multifamily housing in Great Falls is \$1,092
- Across all rentals, vacancy rate is 5.5%
- Units at Station Lofts renting for **40 percent premium over market rent**, proves market for high-end rentals downtown

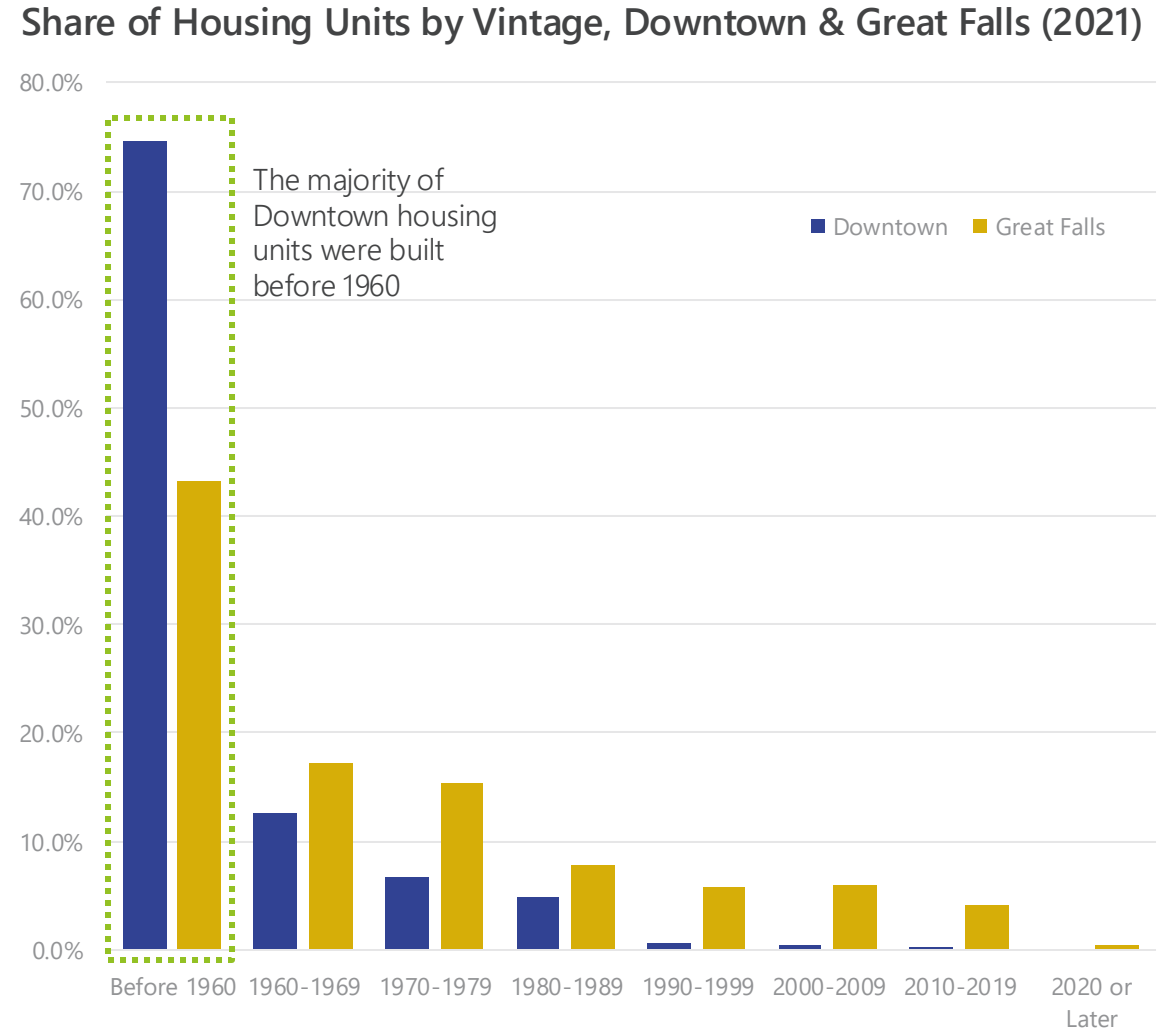
Multifamily Rent per Unit & Cumulative Rent Growth since 2008



Source: CoStar.

Housing Units by Vintage

- As of 2021, nearly three quarters of housing units in Downtown Great Falls were built before 1960
- Very few housing units built Downtown since 1990
- The Station Lofts (121 units) opened this year – biggest new Downtown housing development

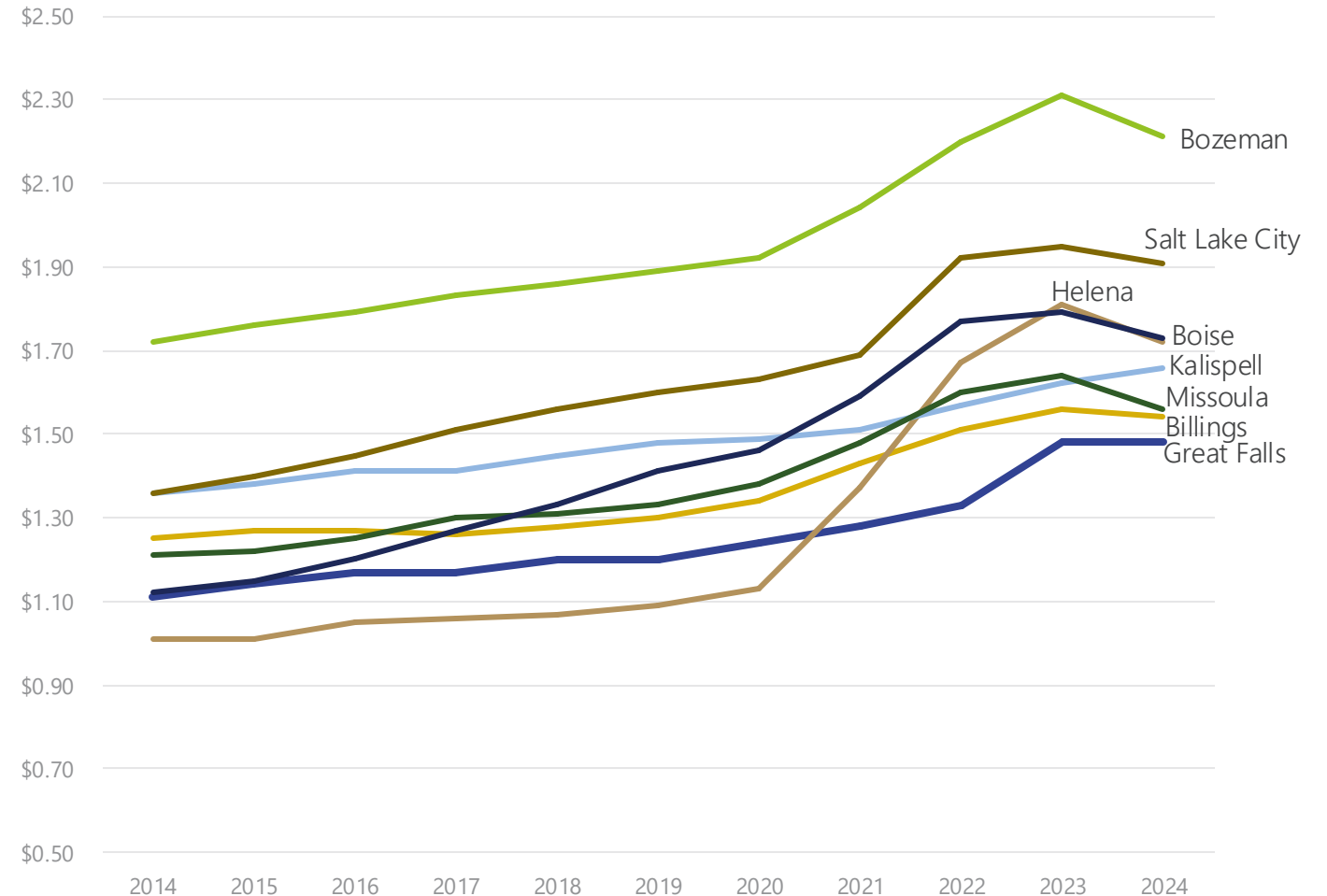


Source: CoStar.

Multifamily Rent: Regional Comparisons

- Great Falls is still “the last affordable place” in Montana
- Rent in Helena increased significantly starting in 2020

Market Multifamily Asking Rent per Square Foot, 2014-2024

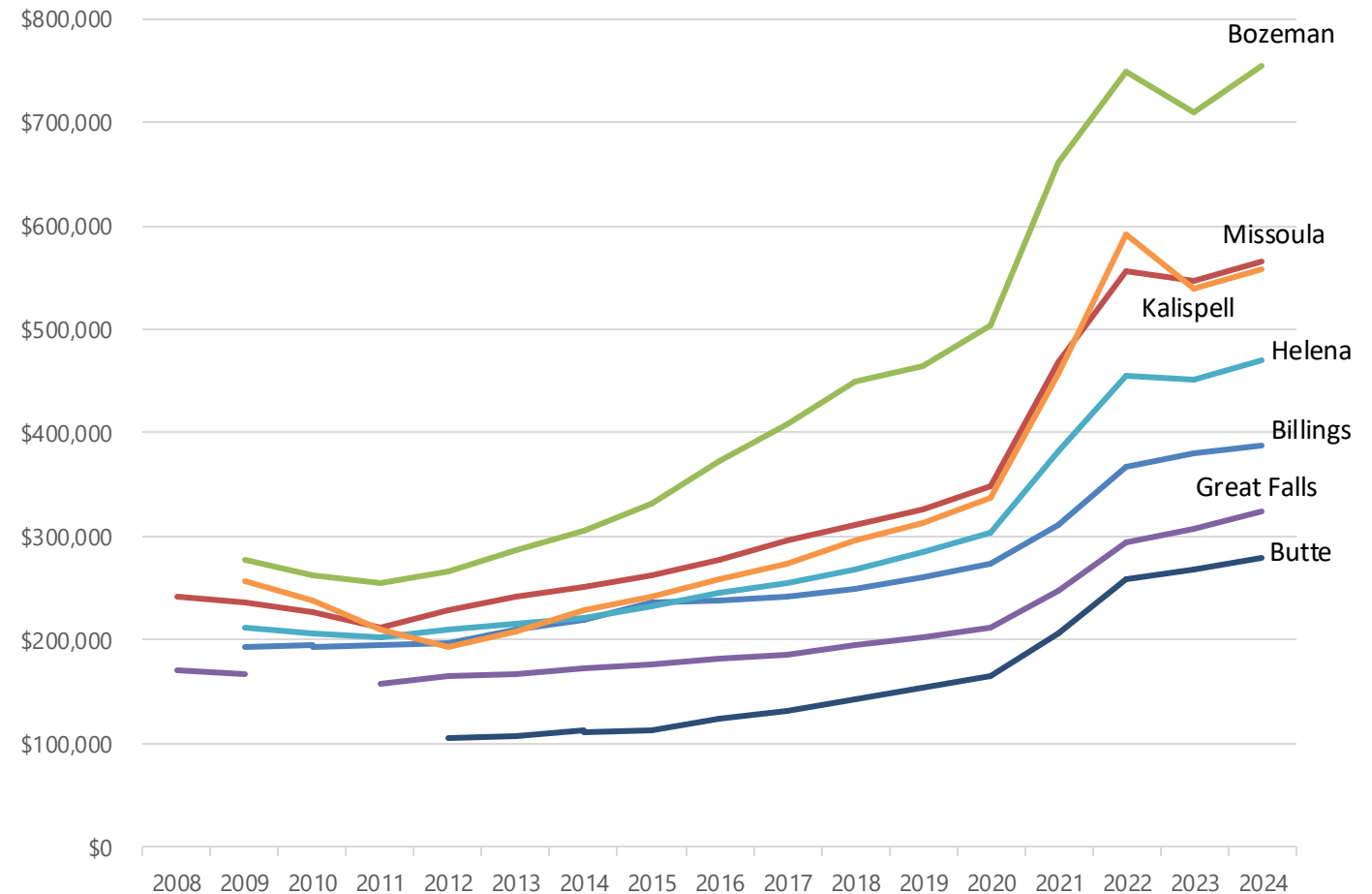


Source: CoStar.

Home Prices

- **Affordability challenges in other MT cities present opportunities for Great Falls**
- Typical home price (30th-60th percentile) in Great Falls is \$325,000 compared with \$433,500 statewide
- Home prices in Great Falls grew by 89% between 2008 and 2023

Typical Home Values for Great Falls & Other Montana Cities, 2008-2024

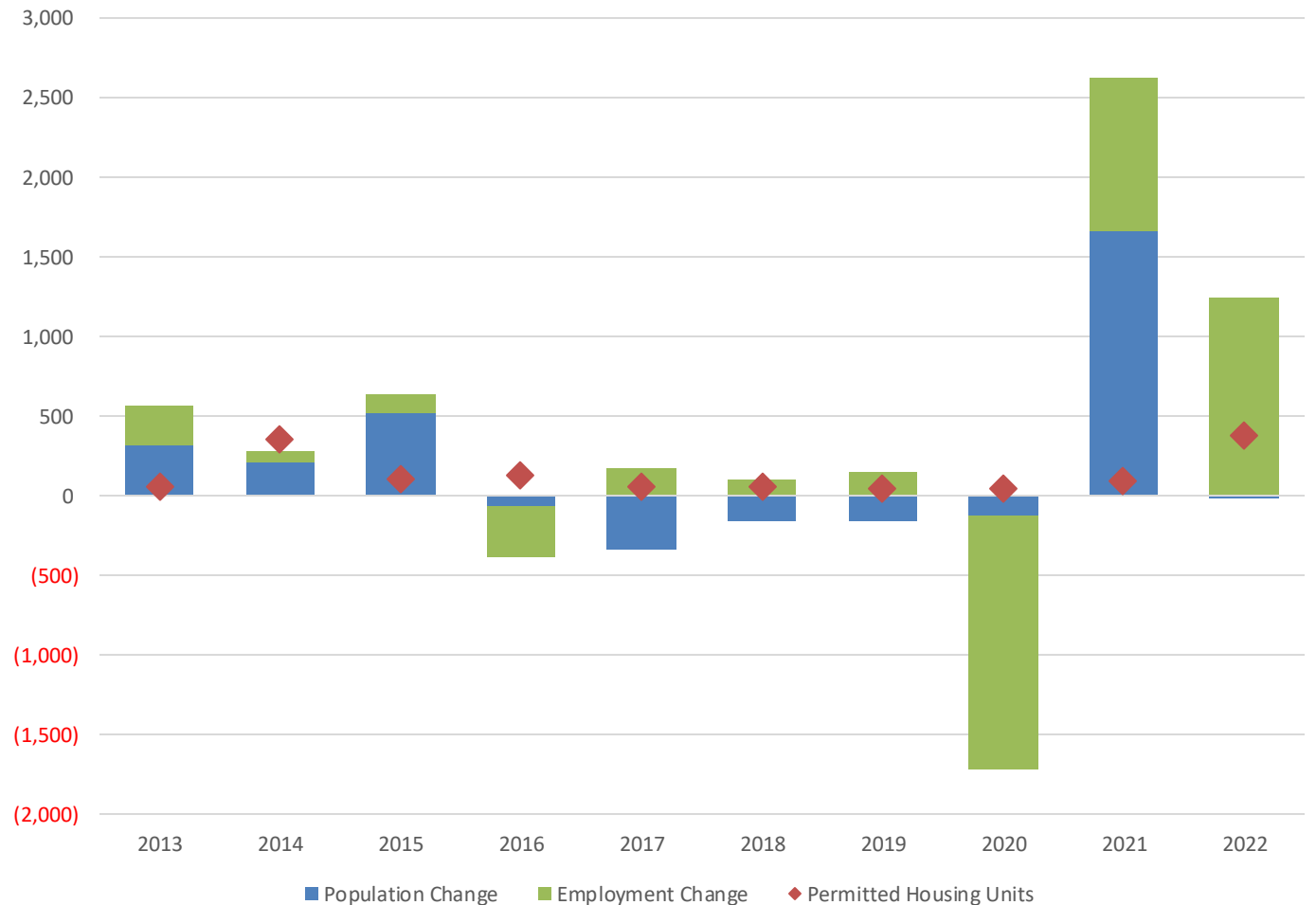


Source: Zillow Home Value Index.

Housing Permits, Population, and Job Growth

- As Great Falls has gained new residents and jobs, housing permits have not kept up
- In 2022, Great Falls added 1,250 new jobs and permitted just 389 housing units
- New housing is needed to support the growing workforce

Change in Employment, Population, & Permitted Housing Units in Great Falls



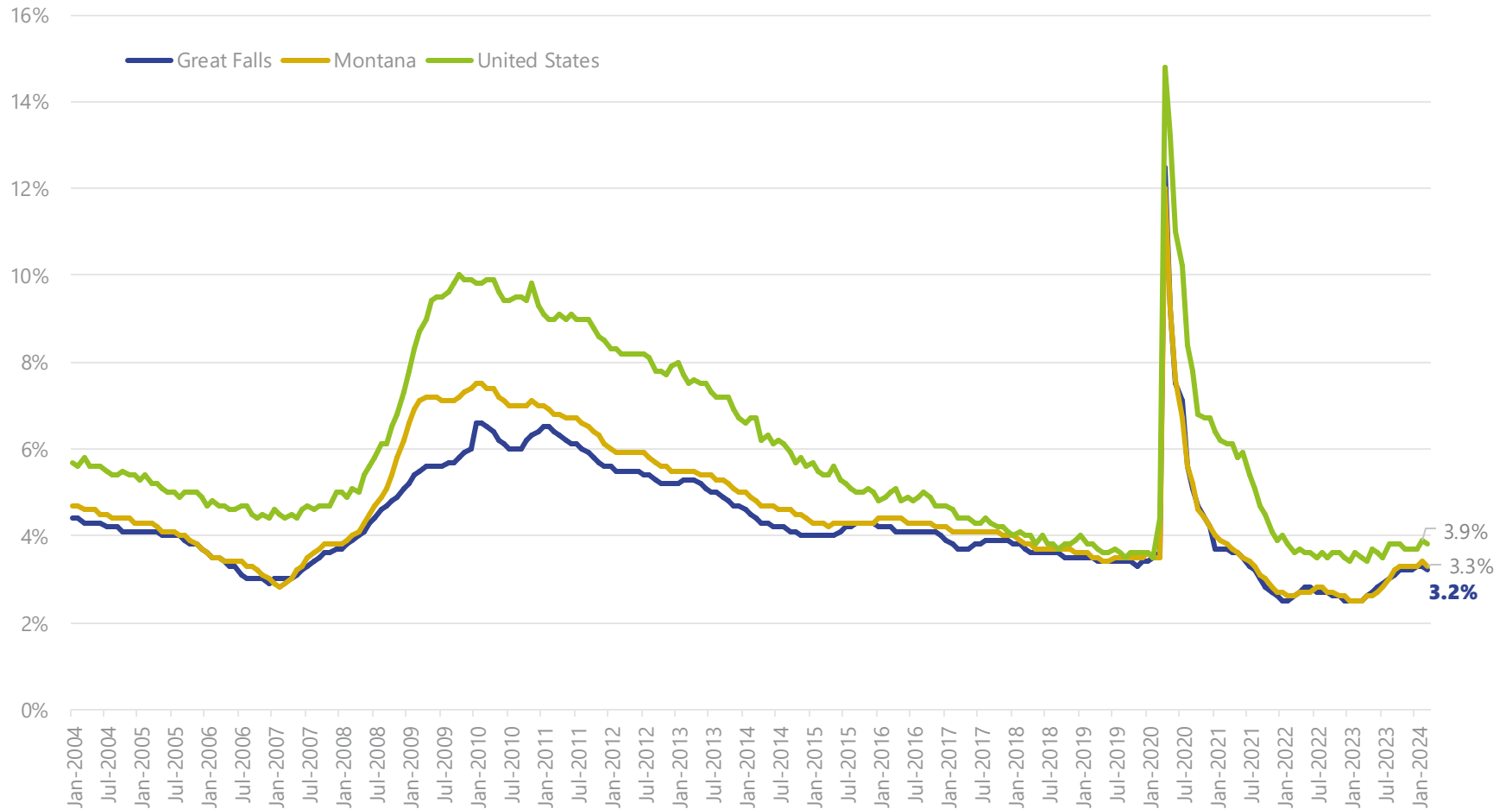
Source: US Census; US HUD; Concord Group.

Employment

Unemployment Rate

- Great Falls
Unemployment rate was 3.2% as of January 2024, lower than nationwide
- Low unemployment indicates that **as businesses grow, more housing will be needed** to support the workforce

Unemployment Rate, 2004-2024



Source: Federal Reserve Bank of St. Louis.

Concentration of Jobs by Industry

- Within the 13-county trade area, **Great Falls is a hub for professional services, health care, accommodation & food services, and wholesale and retail trade**
- The health care industry, in particular, is a major driver of economic growth

Sector	Employees in Great Falls	Employees in the 13-County Trade Area	Share in Great Falls
Professional, Scientific & Tech Services	3,831	8,656	44%
Health Care & Social Assistance	8,033	19,579	41%
Accommodation & Food Services	3,645	9,973	37%
Wholesale Trade	1,235	3,426	36%
Retail Trade	4,911	13,870	35%

Employers Investing in Great Falls

Employer	Sector	Investment	Expected New Jobs
Touro University College of Osteopathic Medicine	Healthcare / Education	\$60 million – new campus	90
Great Falls Clinic	Healthcare	\$78 million - expansion	125
Benefis Health System	Healthcare	\$20 million – expansion	80
Montana State University Great Falls	Education / Healthcare	\$15 million – new nursing school building	
Calumet	Renewable Energy	\$550 million – renewable diesel & green hydrogen facility	40

Downtown Employment

- There is an opportunity to concentrate more dining & entertainment jobs in the Downtown core
- Just 15% of the city's Arts, Entertainment, & Recreation jobs and 14% of Accommodation & Food Services jobs are Downtown

Share of Jobs in Downtown Great Falls by NAICS Sector

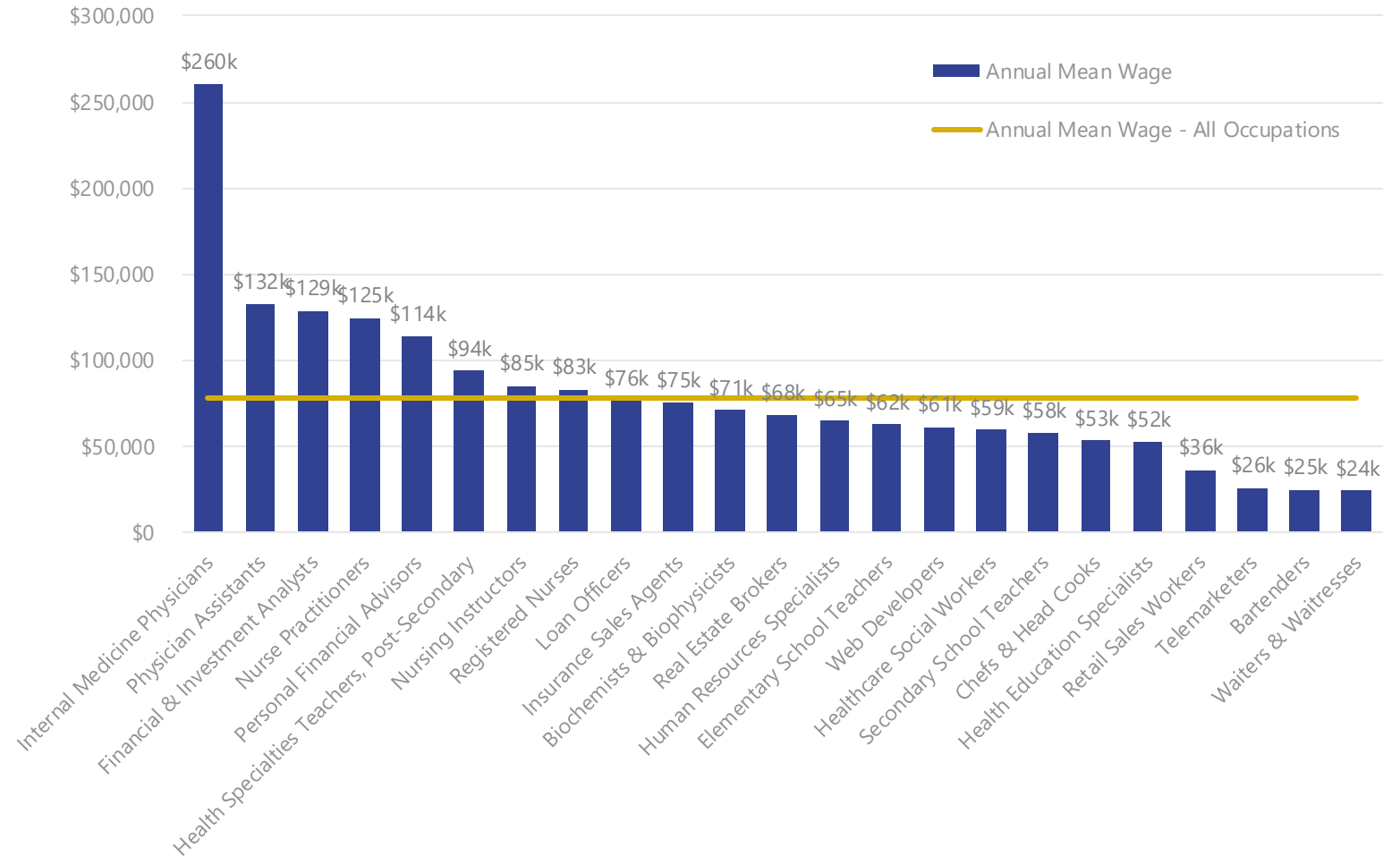
	2023		% of Jobs in Downtown
	Downtown	Great Falls	
Utilities	25	37	68%
Finance & Insurance	971	1,611	60%
Public Administration	1,003	2,805	36%
Management of Companies & Enterprises	2	6	33%
Real Estate, Rental & Leasing	169	519	33%
Other Services (excl. Public Administration)	585	2,051	29%
Transportation & Warehousing	238	872	27%
Information	204	784	26%
Agriculture, Forestry, Fishing & Hunting	14	57	25%
Waste Mgmt Administration & Support	106	570	19%
Professional, Scientific & Tech Services	685	3,831	18%
Wholesale Trade	209	1,235	17%
Arts, Entertainment & Recreation	126	858	15%
Manufacturing	129	892	14%
Accommodation & Food Services	507	3,645	14%
Construction	136	1,129	12%
Health Care & Social Assistance	965	8,033	12%
Retail Trade	390	4,911	8%
Educational Services	97	1,954	5%

Source: US Census via Esri Business Analyst.

Top Sector Wages

- There is a need for housing and services to meet the needs of workers at a variety of wage levels

Annual Mean Wage in Montana for Great Falls Top Sector Professions (2023)



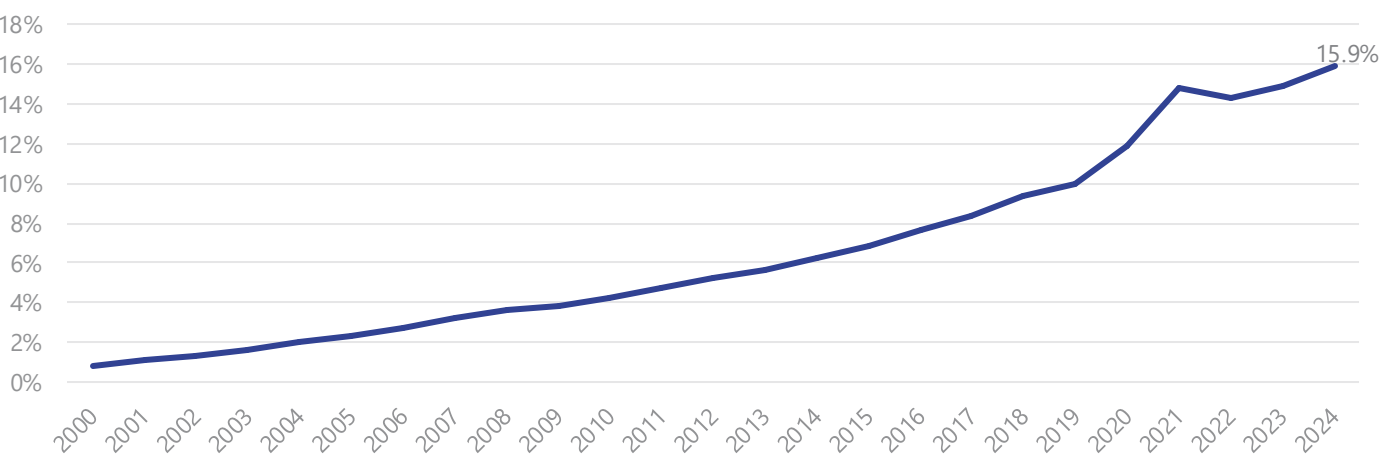
Source: US Bureau of Labor Statistics.

Industry Trends

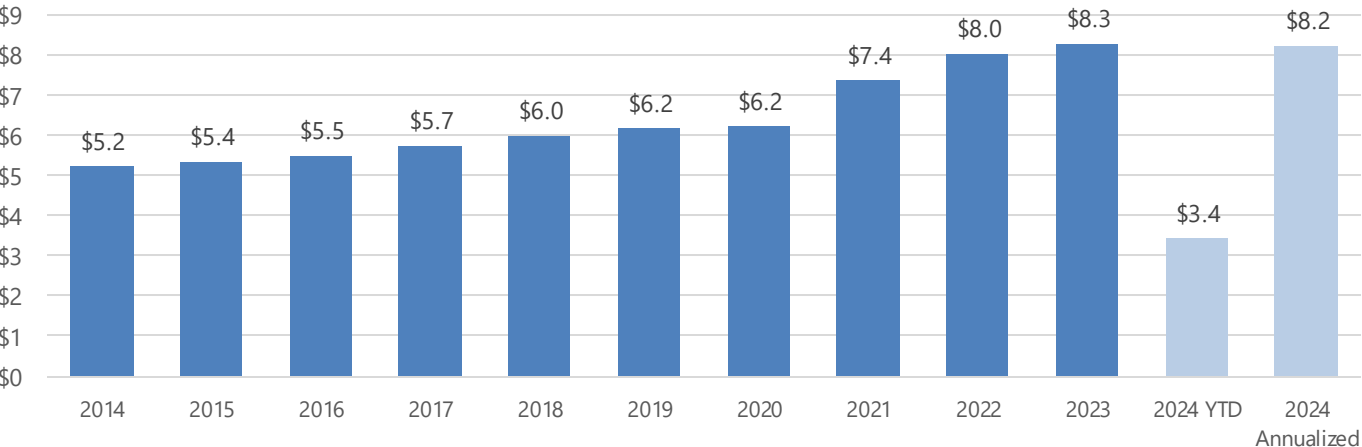
Ecommerce & Retail Trends

- Opportunity for businesses to incorporate e-commerce & brick and mortar sales
- E-Commerce share of all retail sales is rising

E-Commerce as a Percent of Retail Sales in the US, 2000-2024



US Annual Retail Sales, 2014-2024 (Trillions of Dollars)

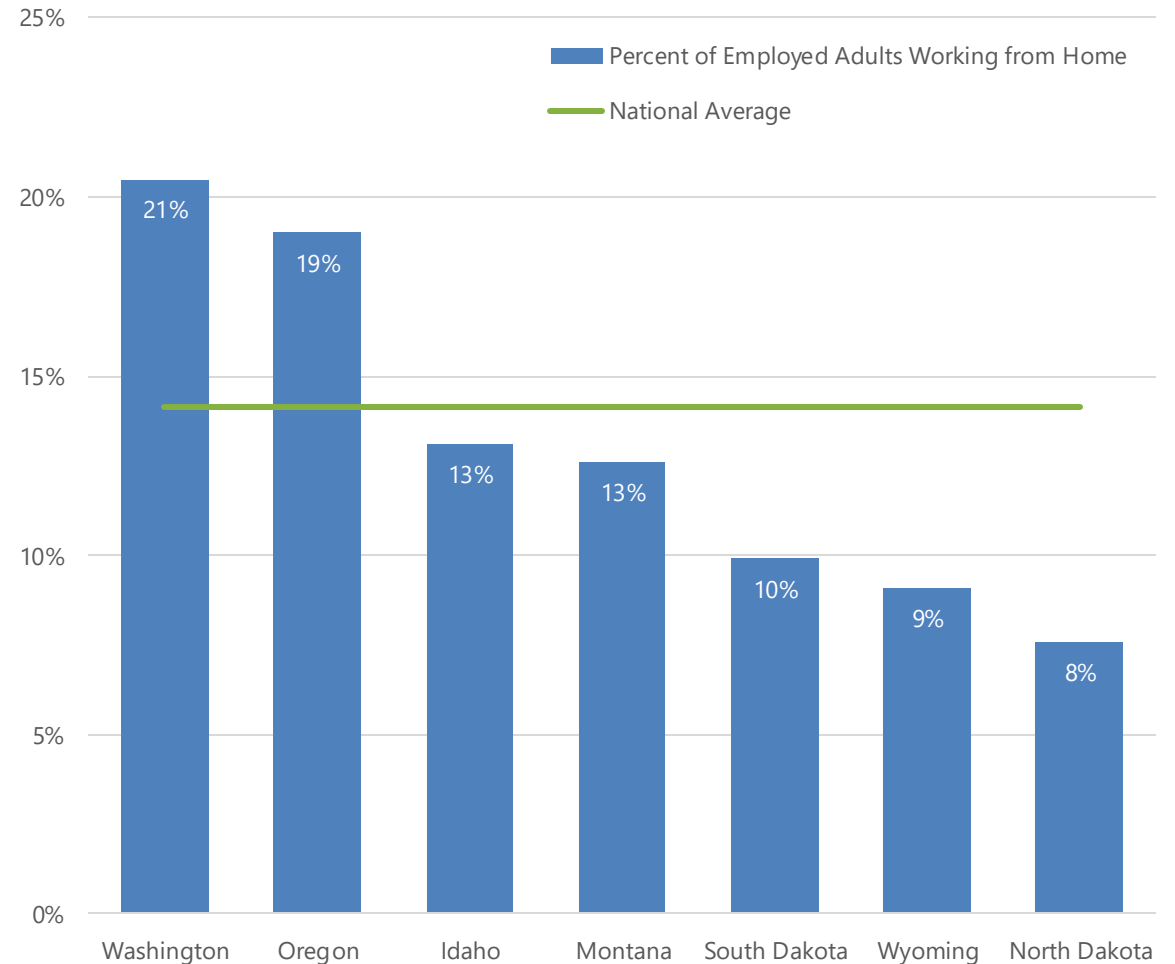


Source: Federal Reserve Bank of St. Louis; US Census Bureau Monthly Retail Trade Report (April 2024).

Remote Work Trends

- **Reduced demand for office space has slowed speculative construction & leasing activity**
- In Montana, 13% of employed adults work from home – just below the national average of 14%
- Remote work trends impacted telemarketing companies operating in Downtown Great Falls – those jobs are likely to remain remote

Percent of Employed Adults Working from Home by State

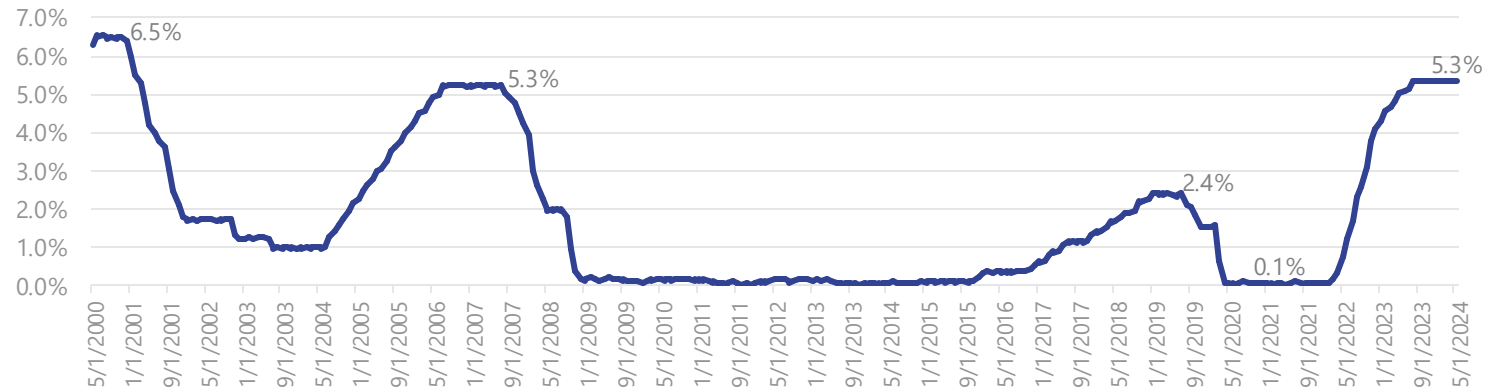


Source: US Census Bureau (2022).

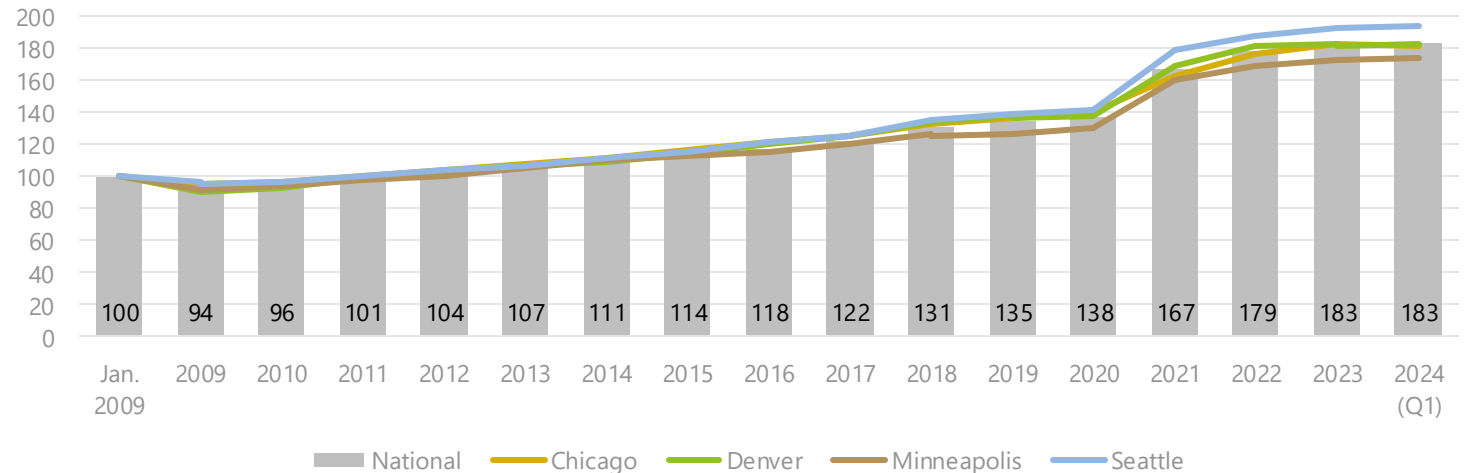
Construction Costs

- High interest rates raise the cost of borrowing for commercial developers, and construction costs have risen significantly since 2020
- Recent rate cuts have been limited
- Construction cost increases are driven by material price increases and a construction labor shortage

Federal Funds Rate, May 2000-May 2024



Mortenson Construction Cost Index, 2009-2024

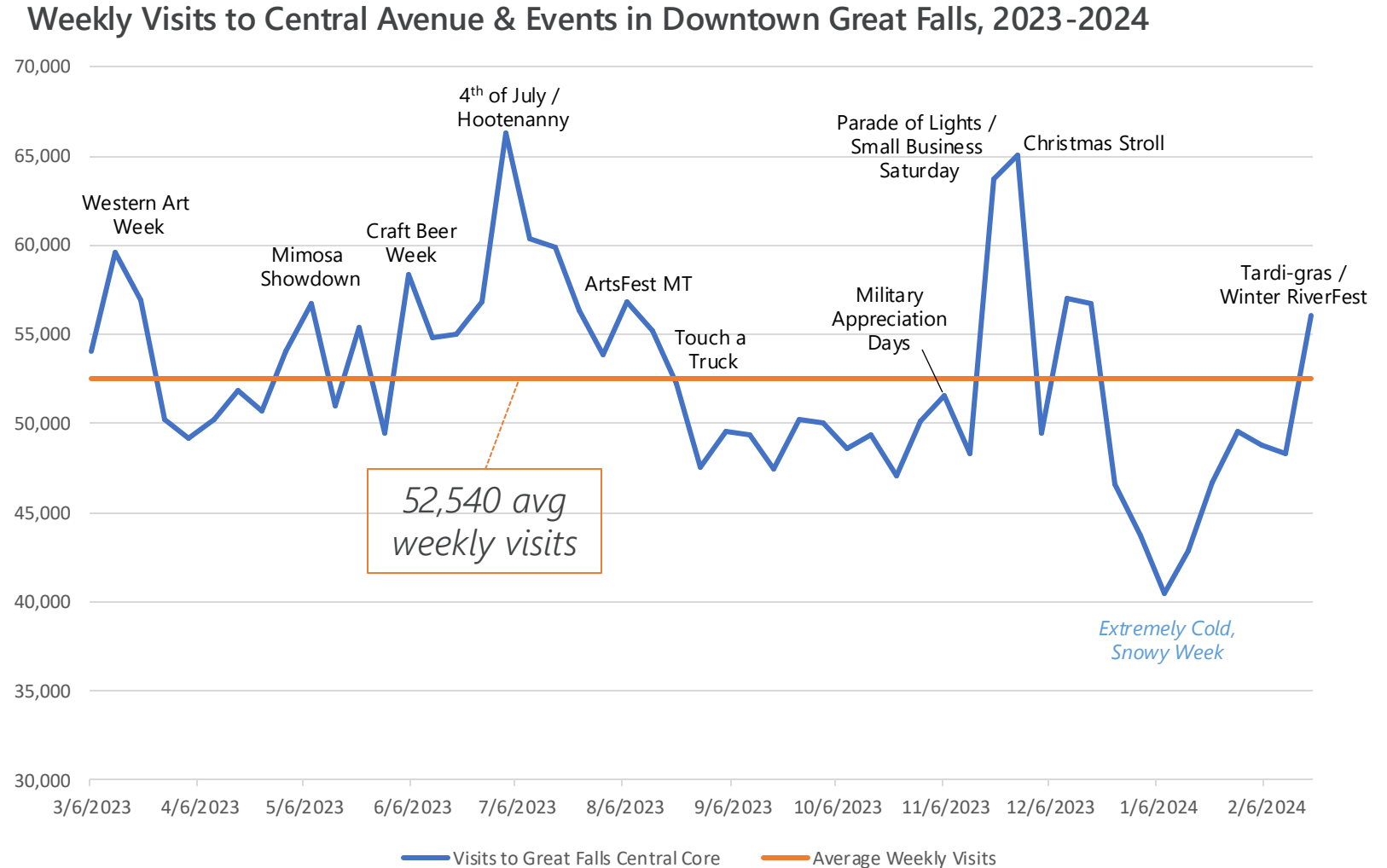


Source: Federal Reserve Bank of St. Louis; Mortenson Construction.

Visitor Behavior Analysis

Events Drive Downtown Visits

- Events like Western Art Week, the 4th of July, Hootenanny, Parade of Lights, Christmas Stroll drive Downtown visits
- **What events could attract students, healthcare workers, military families, etc.?**

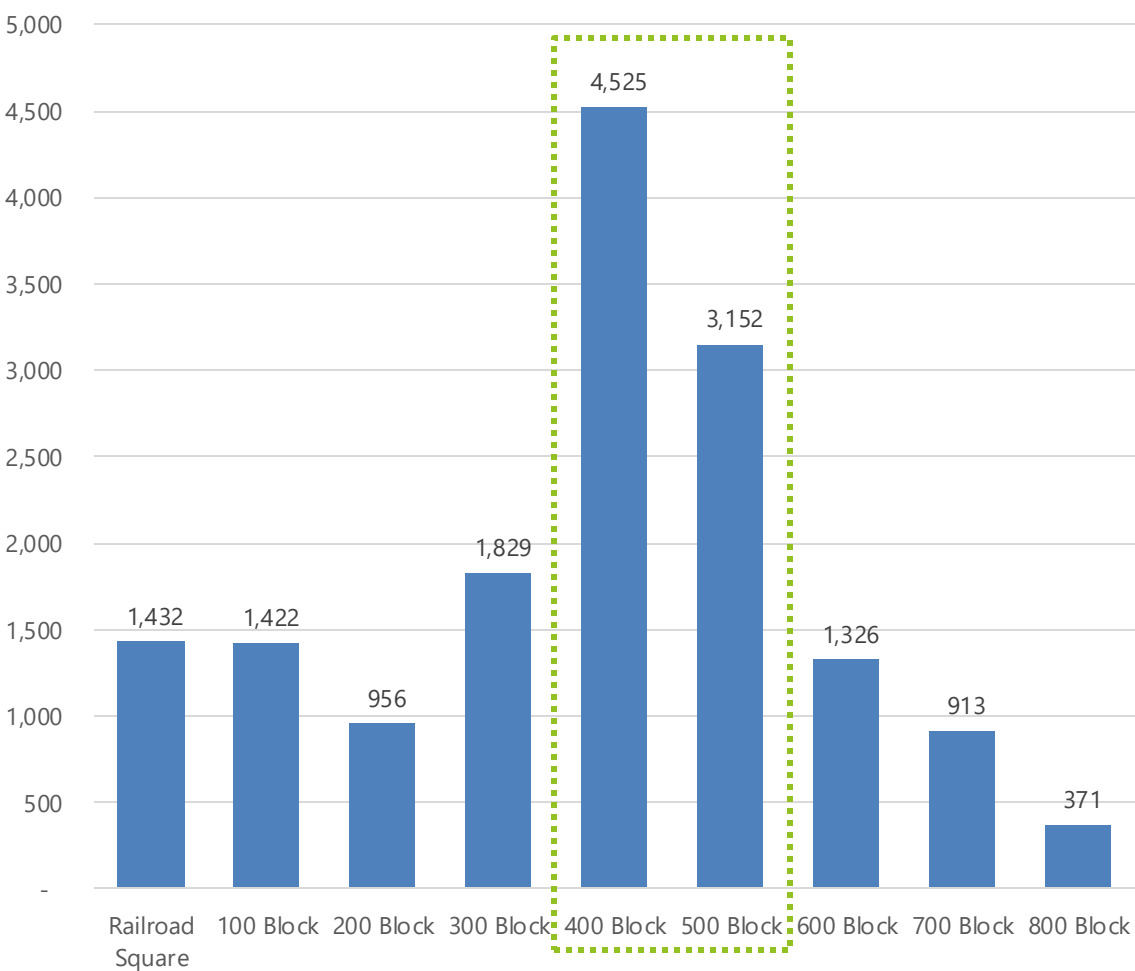


Source: Placer.AI; GFDA.

Central Avenue Activity Hubs

- The 400 and 500 blocks of Central Avenue have the highest average weekly visits
- How can Great Falls build on that momentum to attract investments to other blocks of Central Avenue?

Average Weekly Visits by Block of Central Avenue

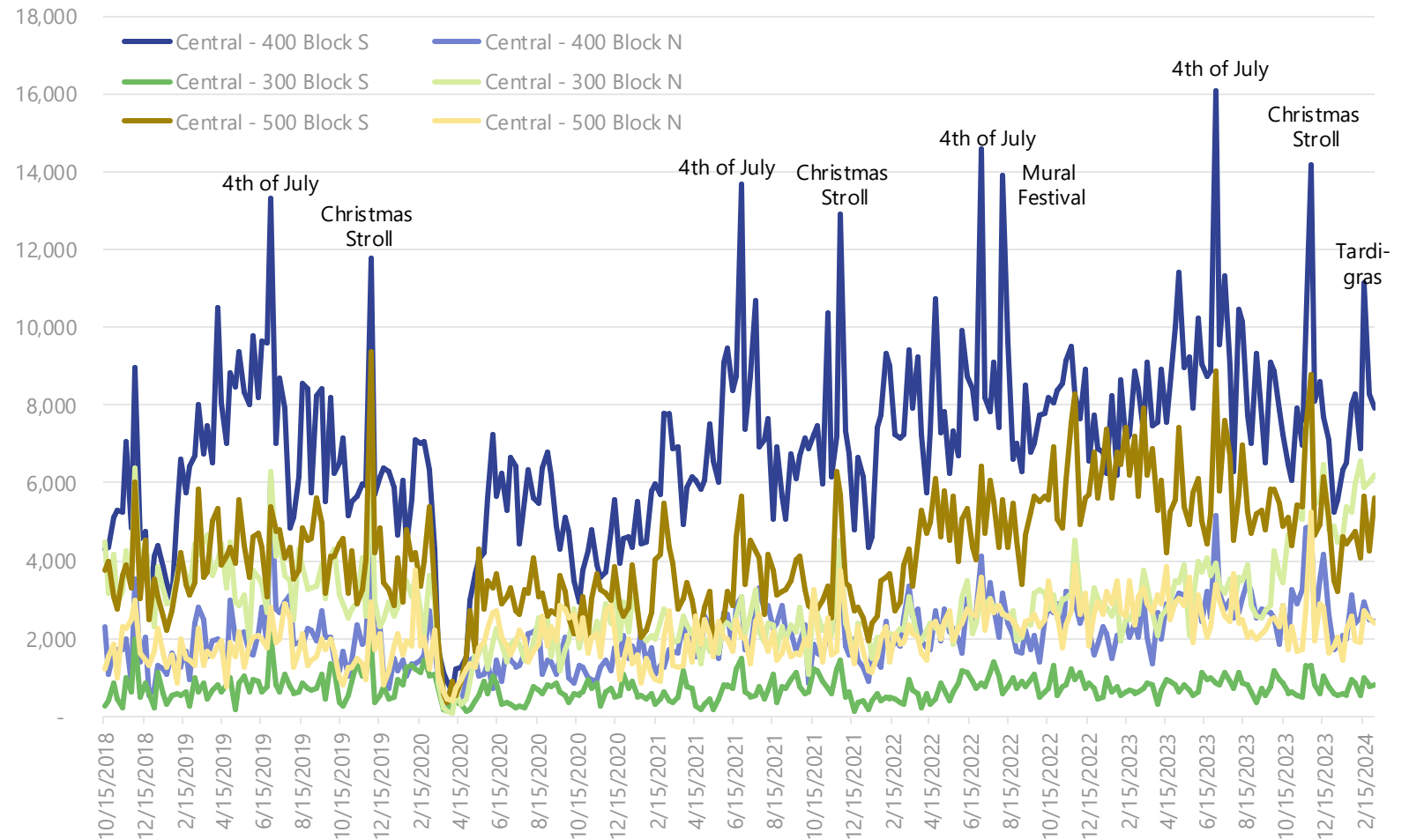


Source: Placer.AI.

Central Avenue: Key Blocks

- 300, 400, and 500 blocks
- **Southern side of 400 Block is the most active half block** – Elevation 3330, Mighty Mo Brewing, Central Avenue Meats, The Newberry, Enbar, The Block
- Southern side of 300 block has fewest visits – high vacancy in US Bank Tower

Weekly Visits to Central Avenue Key Blocks & Events in Downtown Great Falls, 2023-2024

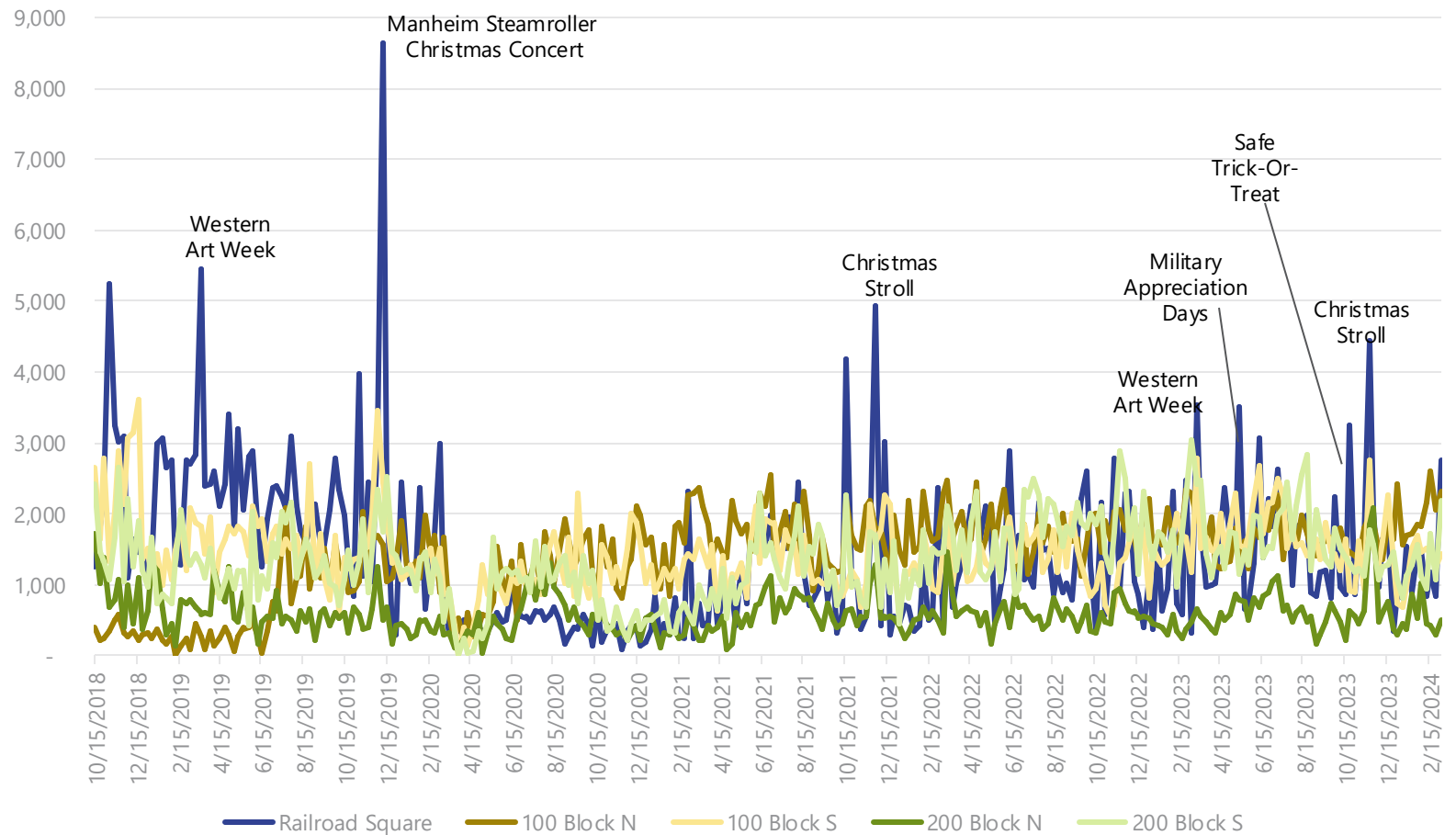


Source: Placer.AI; GFDA.

Central Avenue: Riverfront Transition Zone

- Railroad Square and 100 and 200 blocks of Central Avenue
- Traffic to Railroad Square is driven by events
- Less activity on these blocks than Key Blocks
- Since 2020, northern half of 200 block has the fewest weekly visits

Weekly Visits to Central Avenue Riverfront Transition Zone & Events in Downtown Great Falls, 2023-2024

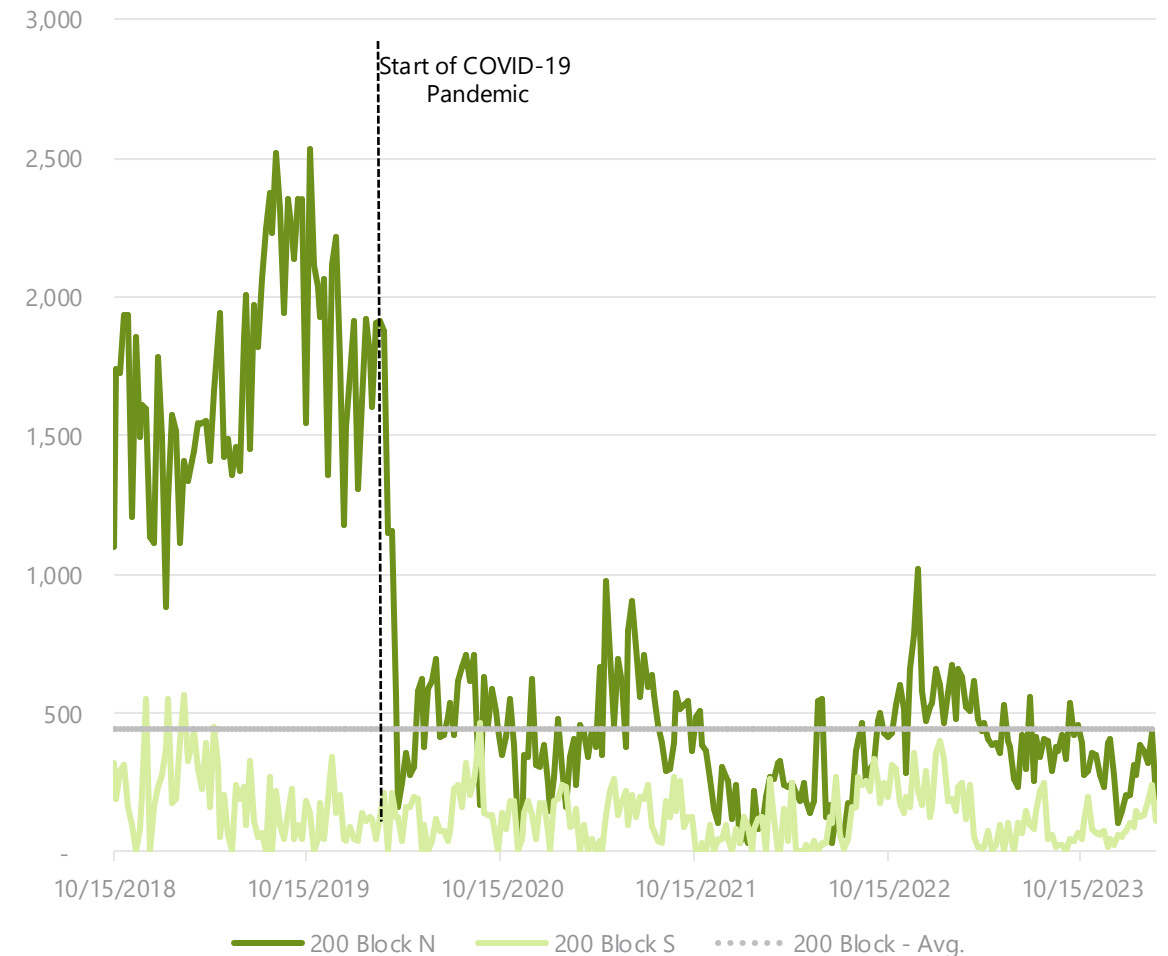


Source: Placer.AI; GFDA.

DA Davidson & Increase in Remote Work

- DA Davidson is located on the northern half of the 200 block
- Although the company is still a major Downtown employer, the **shift to remote work has had a significant impact on worker visits**

Worker Visits to the 200 Block of Central Avenue, 2018-2024

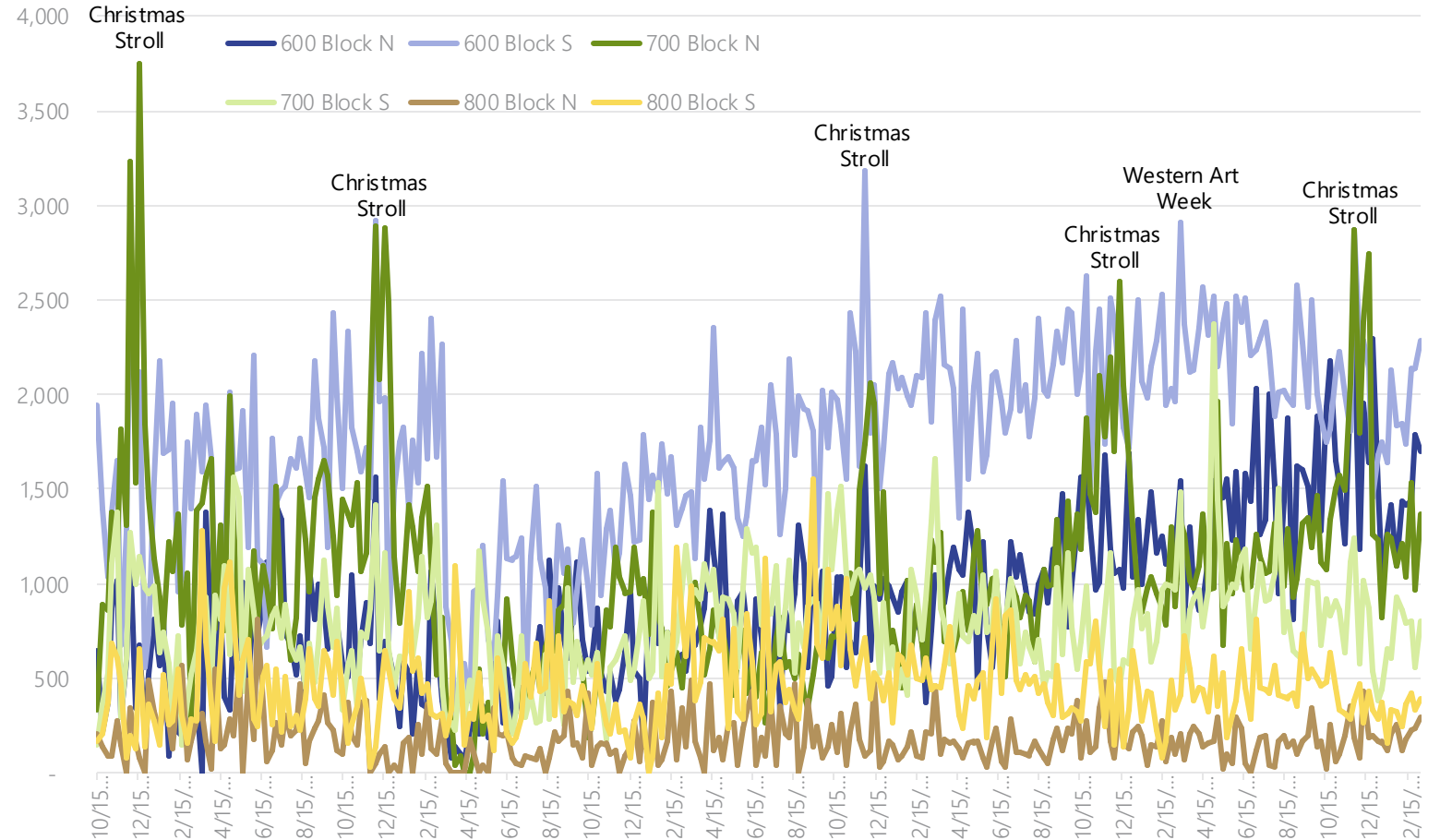


Source: Placer.AI.

Central Avenue: Eastern Node

- 600, 700, and 800 blocks of Central Avenue
- These blocks see fewer weekly visits than Key Blocks or Riverfront Transition Zone

Weekly Visits to Central Avenue Eastern Node Blocks & Events in Downtown Great Falls, 2023-2024



Source: Placer.AI; GFDA.

Applebee's: Prior & Post Visits

- The Applebee's on River Drive South is the most popular Applebee's in Montana
- Despite proximity to Downtown, trips to Applebee's don't drive visitors to other Downtown locations

No
Downtown
Locations

Top Locations: Before & After Applebee's Trips (last 12 months)

	Prior Visits	Post Visits
Walmart (Smelter Ave NE)	4,919	9,878
Holiday Village	4,788	2,104
Walmart (10th Ave S)	3,208	2,908
Scheels	3,192	2,709
MacKenzie River Pizza Co.	3,046	449
Best Western Plus Riverfront Hotel And Suites	2,940	3,336
Westwood Plaza	2,599	2,495
Sam's Club	2,452	3,023
North 40 Outfitters	2,103	955
University of Great Falls	2,005	3,012
Broadwater Bay Park	1,966	1,545
Four Seasons Arena & Exhibition Hall	1,560	245
The Home Depot	1,538	1,388
Holiday Inn Great Falls	1,454	2,357
Heritage Inn	1,398	711
Holiday Inn Express & Suites Great Falls	1,286	1,608
Extended Stay America - Great Falls - Missouri River	1,257	1,150
Benefis Health System	1,174	946
Sam's Club	2,452	3,023
Albertsons (3rd St NW)	836	2,412
Town Pump	165	1,810
Albertsons (10th Ave S)	924	1,520

Source: Placer.AI.

Newberry: Prior & Post Visits

- People visit other downtown locations prior to trips to the Newberry
- Trips after Newberry visits are less dominated by downtown locations
- Cowboy's bar is open later than many downtown bars – having more late-night options could drive more visits

Top Locations: Before & After Newberry Trips (last 12 months)

Name	Prior Visits	Name	Post Visits
Travelodge by Wyndham Great Falls	1,095	Snits Bar	1,140
O'Haire Inn	1,000	O'Haire Inn	1,004
The Burger Bunker	815	McDonald's	697
Snits Bar	774	Taco Bell	581
Dragonfly Dry Goods	654	Taco Bell	548
Public Drug Co.	643	Cowboys Bar	523
Fox's Point S Tire And Auto Service	579	Walmart	459
The Sun Spot	427	McDonald's	384
Pizazz	416	Travelodge by Wyndham Great Falls	335
Elks Lodge	390	The Gibson	324
Hotel Arvon	378	City Bar	307
The Gibson	321	Club Cigar	289
Springhill Suites Great Falls	320	Do Bar	284
City Bar	312	Springhill Suites Great Falls	253
Machinery Row	310	Shopping Center at 2000 10th Ave S	244
Stockman Bank	280	Albertsons	238
Kenny's Downtown Convenience Store	275	Best Western Plus Riverfront Hotel And Suites	226
The Block	250	Heritage Inn	223
Enbar Craft Cocktail Lounge	243	Holiday Station Store	223
Mighty Mo Brewing Co	236	Staybridge Suites Great Falls	205

Downtown businesses

Source: Placer.AI.

Commercial & Residential Demand

Retail Demand: Gap-Pull Analysis

- LCG estimates that there is a demand for around **87,500 square feet of retail** in Downtown Great Falls – **112,000 square feet of vacant retail** in Downtown Great Falls
- New, more modern retail spaces may better suit some businesses
- There may be an **opportunity to concentrate specific types of retail** in Downtown to create an entertainment hub

Downtown Bozeman Retail



Ketchum Retail



Downtown Whitefish Retail



Downtown Fargo Mixed Use



Retail Demand: Peer Cities Analysis

- Downtown Great Falls has a **lower concentration of entertainment, accommodation, and food service** employment than central business districts in peer cities
- Concentrating this type of retail would help make Downtown a destination

Relative Share of Retail & Related Employment in Downtown Areas of Great Falls and Peer Cities

	Great Falls	Minot	Cheyenne	Yakima	Bozeman	Helena	Missoula
Retail Trade	8%	9%	7%	8%	11%	6%	11%
Furniture & Home Furnishings Stores	6%	48%	21%	15%	17%	23%	3%
Electronics & Appliance Stores	34%	10%	9%	25%	45%	29%	8%
Food & Beverage Stores	8%	4%	1%	5%	8%	9%	20%
Health & Personal Care Stores	10%	13%	4%	5%	10%	2%	9%
Clothing, Clothing Accessories, Shoe and Jewelry Stores	22%	11%	19%	19%	28%	36%	13%
Sporting Goods, Hobby, Book, & Music Stores	15%	26%	22%	15%	19%	11%	22%
General Merchandise Stores	4%	2%	2%	1%	4%	2%	4%
Arts, Entertainment & Recreation	15%	40%	31%	3%	12%	19%	31%
Accommodation & Food Services	14%	8%	11%	22%	26%	18%	32%
Accommodation	17%	0%	9%	46%	23%	20%	40%
Food Services & Drinking Places	13%	9%	12%	19%	27%	18%	31%

Source: US Census Data via Esri Business Analyst.

Downtown Residential Demand

- Downtown could capture 12-18% of the total housing demand estimated by The Concord Group – **around 780 to 1,100 units**

Cottage Cluster



Courtyard Apartments



Garden Apartments



Small Lot Single Family



Duplex / Townhomes





Implementation Strategy

Economic Vitality: Building on Strengths



Continue operating **business attraction, retention, and expansion** programs



Continue operating and support expanding **Small Business Development Center** programs



Continue to **promote available funding sources** that allow investors to bring historic buildings up to code and add housing in underutilized upper stories



Increase educational efforts around funding, training, and other opportunities for business and workforce development



Explore opportunities to **increase funding for existing programs** and find new funding streams

Downtown Businesses Supported by GFDA Programs



Economic Vitality: Focus on Key Areas



Identify **catalyst sites** for development



Select **priority areas** for targeted investment



Pursue projects on catalyst sites and/or within targeted investment areas to spur investment activity



Work with the City to pursue the **redevelopment of underutilized City-owned sites** for housing



Facilitate the full utilization of existing buildings by working with the City on **shared parking arrangements**

Economic Vitality: Training & Networking



Partner with schools & institutions to **promote training and incubator or apprenticeship programs**



Facilitate business partnerships



Encourage entrepreneurship through **temporary or mobile activations**



Promote Downtown Great Falls opportunities to developers active in higher-priced markets

Training & Networking

Mountains & Plains University Innovation Alliance
Research, training & business development for high-tech industries



Idaho State
University



University
of Idaho



MONTANA
STATE UNIVERSITY



DAKOTA STATE
UNIVERSITY



ZACC Artist Pop-Up – Missoula, MT



406 Labs – Montana State University
Business accelerator program



Design: Recommended BID Actions



Create **distinct, interesting spaces** to improve visitor experience



Advocate at a local and state level for **street safety improvements**



Conduct a **downtown parking strategy** study



Explore opportunities to create **all-ages third spaces**



Promote downtown through **improvements to access, visibility, and safety**

Placemaking & Safety improvements

The Depot Hangout (Concept) – Charlestown, IN



Pearl Street – Boulder CO



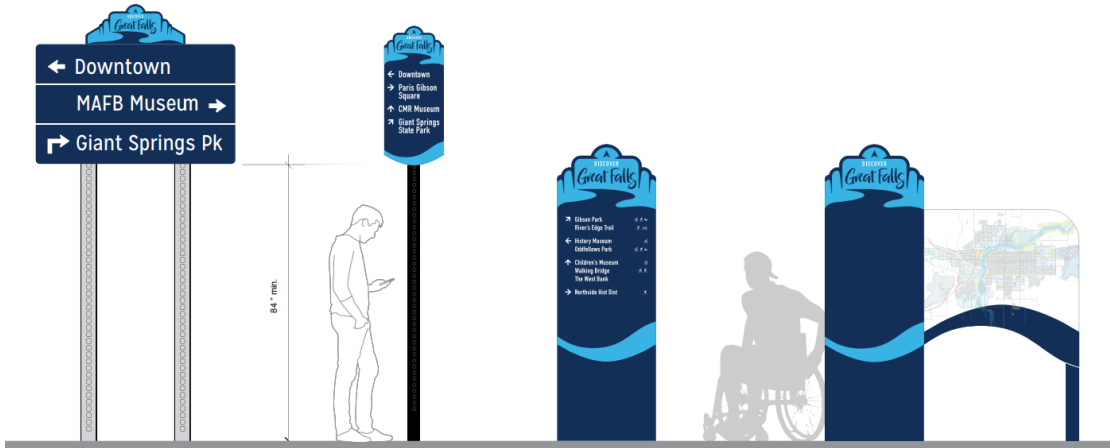
Walawala Plaza – Walla Walla, WA



Kalispell Main Street Safety Action Plan



Great Falls Wayfinding Plan



Promotion: Recommended DGFA Actions



Identify and promote the **Great Falls Brand**



Continue scheduling **regular Downtown events** year-round



Market downtown as a **high-quality place to live**



Utilize programming to **connect downtown and the riverfront**

Programming, Branding, & Riverfront Activation

Landscape Performance Series –
Columbus, OH



“Nothing Like a Suburb” Marketing
Campaign – Berwyn, IL



Waterfront Park Pop-Ups –
Seattle, WA



“Welcome Back for our Comeback” Marketing
Campaign – Ashland, VA



Riverfront Concert Series –
Elk River, MN



Organization: Recommended DDP Actions

Clarify the roles of different organizations that work on downtown revitalization and economic development

Consider creating a **one-stop “ombudsman”** for downtown

Opportunity Sites



Housing on Underutilized Sites

- Concord Report shows high demand for new housing in Great Falls
- Infill housing in downtown & surrounding neighborhoods **promotes efficient use of resources**, city services
- Station Lofts demonstrates **demand for high quality rental housing** downtown
- **Parking lot redevelopment** presents biggest opportunity in downtown core

The Station Lofts



*Avg. Asking Rent: \$1,600 / \$2.24 PSF
Opened October 2024*

Middle Housing: Neighborhood



722 N 4th Street, Coeur d'Alene, ID



618 Westgate Avenue, Bozeman, MT

Townhomes: Transition & Neighborhood



Delaware Street Townhomes, Denver, CO



3132 N Spiceland Lane, Boise, ID

Garden Apartments: Transition



Creek View Apartments, Greeley, CO



19th & Graf Apartments, Bozeman, MT

Podium-Style: Core Area



Old Town Lofts, Meridian, ID

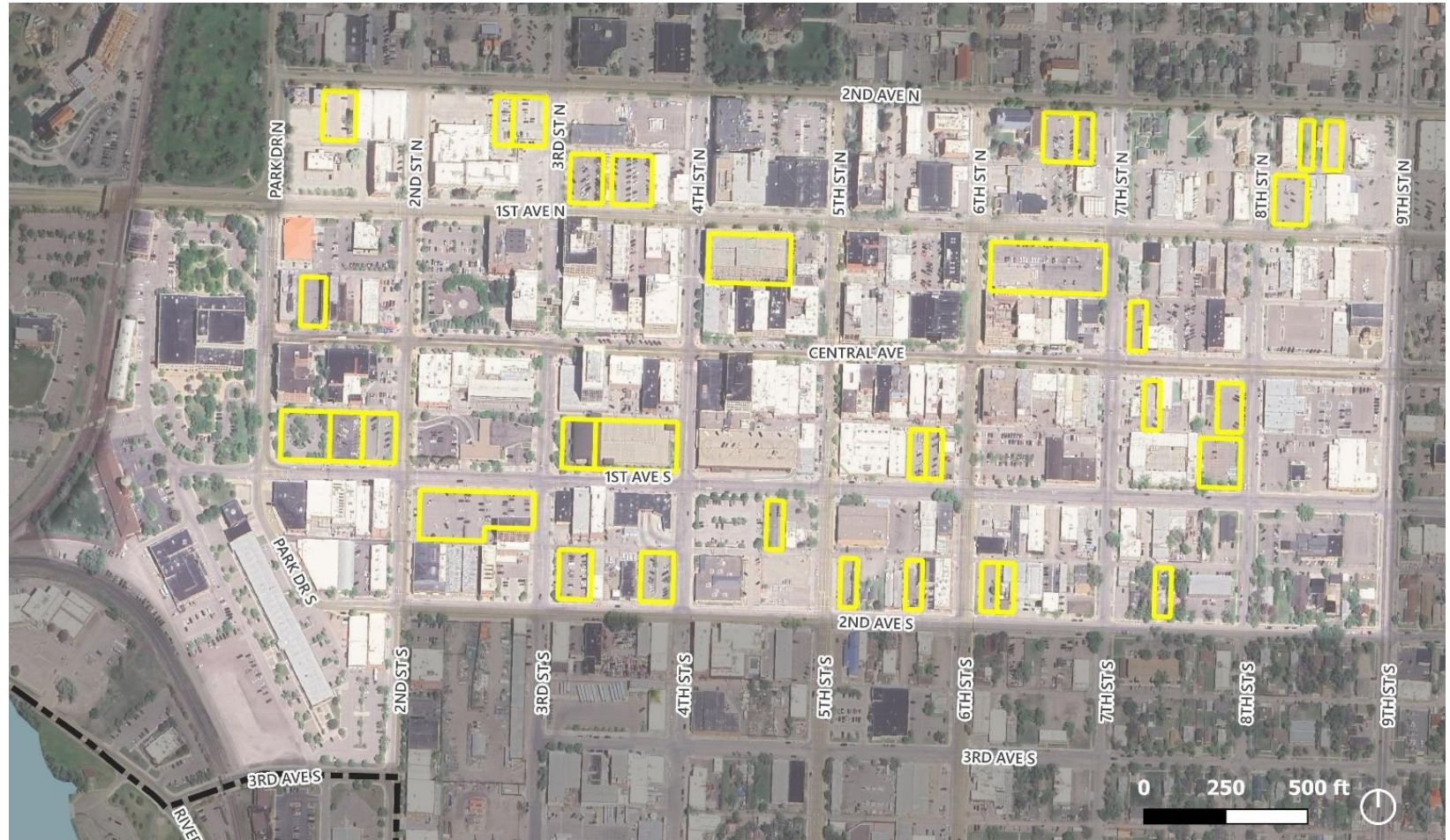


Black Olive, Bozeman, MT

Parking Lots

- Parking Lots, particularly those that are City-owned, are **prime opportunities for housing and mixed-use development**
- Parking lot redevelopment does not require demolition of existing buildings or the relocation of tenants

Surface Parking Lots in Downtown Great Falls



Source: LCG.

Parking Lot Development: Precedents

One11 Lofts – Bozeman, MT (122 Units, ground floor amenities, garage parking)



Hearth on Broad – Boise, ID (161 units, ground floor retail, garage parking)



Source: CoStar.

Targeted Investment Areas

- Way to **prioritize how and where to allocate resources** to make the most impact
- Areas where there is **already significant investment** and activity, where **improvements will be most visible** by the public, as well as areas that are poised to **connect Downtown with the riverfront** or other key amenities
- **Concentrating initial investments** in these target areas will allow them to act as a showcase

The 400 Block of Central Avenue in Downtown Great Falls



Targeted Investment Areas: Precedents

Building Improvement Program – Beaverton, OR



Campus Martius Park – Detroit, MI



Riverfront

- The Missouri River is Great Falls' biggest asset
- **Lack of connection** between the riverfront and the core of the downtown shopping district
- GFDA and its partners should utilize programming, placemaking, and financial incentives to **bridge the gap between the river and the shopping and employment district**

Rivers Edge Trail Anniversary Celebration (2016)



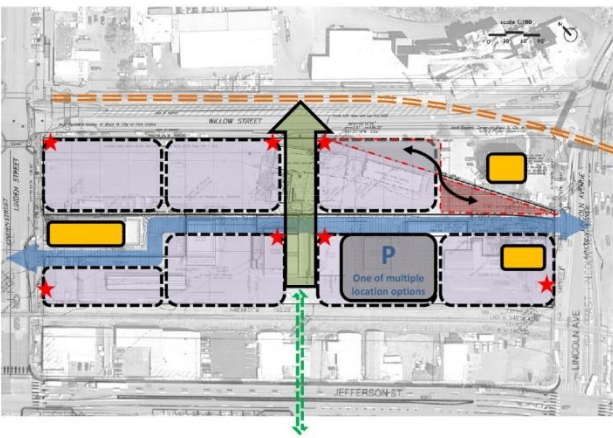
Source: TD&H Engineering.

Riverfront: Precedents

Old Mill District – Bend, OR



River District – Fort Collins, CO



- 1. Maintain existing historically eligible buildings and acknowledge scale relationships
- 2. Assume Keller land swap with Harmony Mill to "square-up" sites and maximize usability. (all concepts) as this makes sense
- 3. Assume Ranch-way rail spur to remain for foreseeable future therefore improvements limited to south of Willow centerline.
- 4. Create typical urban block scale by re-establishing Chestnut Street in its original location as either a dedicated ROW or private street. This also provides address to otherwise internalized Moore site areas.
- 5. When sub-dividing, assure that each parcel has as strong address as possible.
- 6. Anticipate mid-block or thru-block fire and service lanes that will function as narrow streets (lanes or alleys) between Moore and Keller sites.
- 7. Explore access over rail ROW and Jefferson Street to connect to existing Chestnut Street in Old Town.
- 8. Maximize development potential by utilizing structured parking that can potentially be used by on and off-site users. Study various locations and relationships. For initial studies we have used a blended 2.5 spaces/1000 of building area

Conclusion



What's So Great about Great Falls?

"You've got to be nuts if you're not looking at investing in Great Falls!"

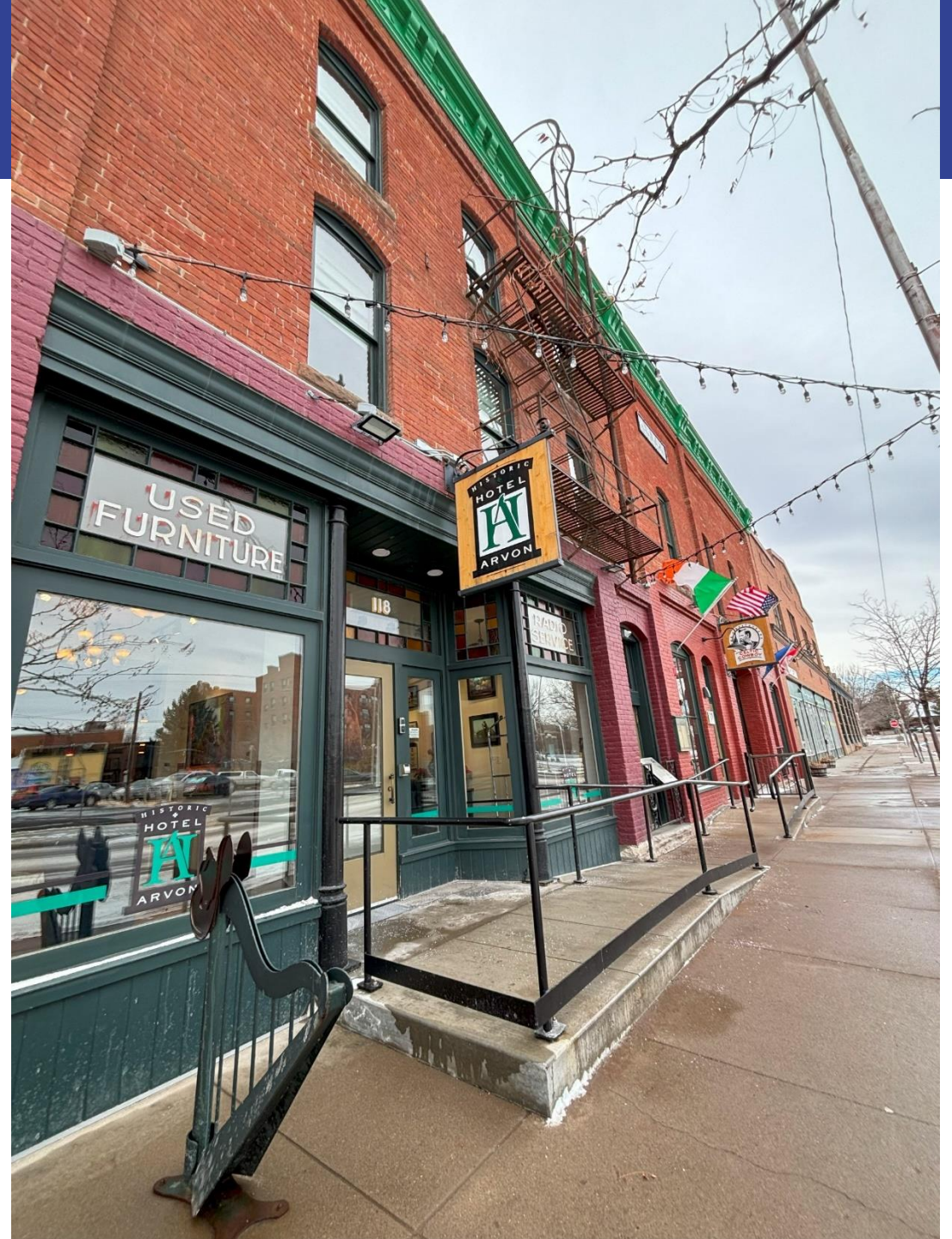
-a local investor in Downtown businesses



What's Next?

Downtown Great Falls is already a success story, but maintaining that success will require ongoing work:

- **Build on downtown's success** and enthusiasm of the local business community to attract new investment
- **Pursue housing development** on catalyst sites in the downtown core
- **Continue and expand downtown programming**, especially programming that connects downtown to the riverfront



Thank you!

