

COMMERCIAL REAL ESTATE REPORT Q4 2023

Bismarck, ND Metro Area

Select a Metro Area
Bismarck, ND Metro Area

Demographics and Economy

Demographics

0.3%	28.0%	9.9%	Net Migration in North Dakota
population growth (2022)	share of renters (2022)	renter household formation (2022)	2,289 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	-1,467 (2022)

Economy

6.8%	100	0.1%	17.0%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$69,670	2.0%	9.9%	International Migration in North Dakota
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	2,298 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	1,260 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-122,072	-10,992	1.5%	\$19	8.4%
2022 Q4	31,041	16,650	3.3%	\$19	7.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	4,446,748	0	25,000	\$0.00M	10.2%
2022 Q4	4,421,748	0	0	\$0.00M	10.2%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	4	116	4.7%	\$1,109	\$1,103	4.7%
2022 Q4	7	27	5.6%	\$1,059	\$1,055	3.9%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	6,777	0	169	9.5%		
2022 Q4	6,608	0	0	8.7%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	15,886	68,659	2.4%	\$18	4.5%
2022 Q4	-5,732	-88,230	2.8%	\$17	5.4%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	7,778,211	7.7%	\$0.00M		
2022 Q4	7,778,211	7.7%	\$6.29M	\$259	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	8,180	64,868	3.6%	\$10	2.5%
2022 Q4	235,519	230,324	6.8%	\$10	3.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	5,792,320	15,000	33,060	9.7%	\$0.00M
2022 Q4	5,759,260	217,323	234,843	8.9%	\$2.96M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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Fargo, ND-MN Metro Area

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Fargo, ND-MN Metro Area

Demographics and Economy

Demographics

2.6%	43.4%	-3.1%	Net Migration in North Dakota
population growth (2022)	share of renters (2022)	renter household formation (2022)	2,289 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	-1,467 (2022)

Economy

7.6%	600	0.4%	7.7%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$55,520	1.9%	10.0%	International Migration in North Dakota
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	2,298 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	1,260 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	99,358	-83,151	1.5%	\$20	4.8%
2022 Q4	51,192	152,407	3.5%	\$20	3.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	10,837,693	45,997	61,197	\$2.31M	10.4%
2022 Q4	10,776,496	0	62,063	\$5.20M	9.9%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	92	548	4.6%	\$1,008	\$1,002	5.6%
2022 Q4	-24	561	5.6%	\$963	\$959	5.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	37,957	222	805	8.5%		
2022 Q4	37,152	219	807	8.0%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	27,606	79,842	3.0%	\$17	3.5%
2022 Q4	-2,599	-31,197	3.0%	\$16	3.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	15,239,019	8.4%	\$5.66M	\$147	
2022 Q4	15,119,576	8.4%	\$4.93M	\$115	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	129,830	759,652	4.7%	\$9	3.3%
2022 Q4	834,932	1,108,844	6.8%	\$8	5.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	20,039,731	215,138	423,510	9.7%	\$3.22M
2022 Q4	19,616,221	1,027,500	1,566,800	9.0%	\$6.65M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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