

# COMMERCIAL REAL ESTATE REPORT Q4 2023

## Sioux Falls, SD Metro Area

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Sioux Falls, SD Metro Area

### Demographics and Economy

#### Demographics

2.4%	32.5%	1.6%	Net Migration in South Dakota
population growth (2022)	share of renters (2022)	renter household formation (2022)	6,600 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	11,155 (2022)

#### Economy

7.2%	4,900	2.9%	9.4%
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%
\$53,640	1.8%	11.5%	International Migration in South Dakota
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	1,788 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	2,781 (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	95,442	339,811	1.5%	\$21	4.5%
2022 Q4	45,595	71,417	3.7%	\$21	4.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	11,342,542	23,202	364,725	\$1.76M	10.4%
2022 Q4	10,977,817	16,000	20,918	\$0.74M	10.1%

#### 2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher 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	891	1,931	0.0%	\$1,078	\$1,064	10.8%
2022 Q4	154	814	5.1%	\$1,078	\$1,072	8.3%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	27,543	746	2,839		7.6%	
2022 Q4	24,704	543	1,332		6.8%	

#### 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	45,805	90,356	2.3%	\$17	2.0%
2022 Q4	52,061	382,935	3.0%	\$16	2.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	16,094,479	7.4%	\$1.99M	\$316	
2022 Q4	16,040,149	7.6%	\$1.47M	\$121	

#### 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	42,331	567,496	4.5%	\$8	1.7%
2022 Q4	636,338	600,962	7.4%	\$8	1.7%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	16,503,789	30,800	581,888	9.9%	\$0.70M
2022 Q4	15,921,901	616,240	755,842	9.2%	\$0.00M

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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