

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Bismarck, ND

Core-Based Statistical Area Code:

13900

The Bismarck, ND commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

40.0

Overall economic conditions are stronger than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is not as strong than nationally.
 The industrial property market is about the same than nationally.
 The retail property market is not as strong than nationally.
 The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	Bismarck, ND			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	73	73	71	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	1	2	(1)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	1.8%	2.1%	-0.8%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	2.5%	2.9%	3.8%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$1,008	\$990	\$905	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	11.3%	5.2%	1.2%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-3.3%	-0.7%	-1.8%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic	(0.0)	(0.0)	(0.6)	0	0	0	Area is experiencing net domestic out-migration
Net domestic migration ('000)	134	129	129	331,501	328,330	326,838	
Population ('000)	3.56%	0.43%	0.21%	0.97%	0.46%	0.53%	Population is growing faster than nationally
Population growth (%)							

II. Multifamily

Demand indicators	Bismarck, ND			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	3.9%	3.9%	4.5%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	1	(25)	75	58,097	61,951	187,113	
Absorption of units in past 12 months	112	186	146	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	1.8%	3.0%	2.4%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$958	\$955	\$922	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	3.9%	4.1%	1.3%	11.4%	11.3%	2.4%	
Effective rent per unit	\$954	\$951	\$917	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	4.0%	4.3%	1.3%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	10.9%	11.1%	11.7%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	6,251	6,251	6,140	17,251,546	17,194,020	16,685,925	
Inventory	74	74	52	387,022	391,271	417,342	
Net delivered units in past 12 months	1.2%	1.2%	0.8%	2.2%	2.3%	2.5%	
Net delivered units, as % of inventory	143	143	217	774,864	744,997	732,144	
Units under construction	2.3%	2.3%	3.5%	4.5%	4.3%	4.4%	Construction is weaker than nationally
Units under construction, as % of inventory	17.6	20.3	(11.5)	17.1	17.2	(15.9)	More jobs per delivered units than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Sales transactions	-	\$2	\$1	\$50,395	\$113,844	\$30,199	
Total investment acquisitions (in million \$)	-	\$80,000	\$78,750	\$220,078	\$227,367	\$157,676	
Transaction sales price per unit	8.6%	8.5%	8.4%	5.1%	5.1%	5.2%	Cap rates are higher than nationally
Market cap rate							

III. Office

Demand indicators	Bismarck, ND			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	9.7%	8.2%	7.5%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(62,143)	(1,488)	(16,859)	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	(94,223)	(48,939)	(36,379)	5,610,472	(41,726,112)	(119,807,672)	The area has lower absorption than nationally
Absorption in past 12 months as % of inventory	-2.4%	-1.2%	-0.9%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$17.3	\$17.3	\$17.1	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	1.7%	1.5%	-0.4%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	0.2	0.1	0.0	1,153	1,161	(283)	
	2020	2019	2018	2020	2019	2018	
Supply indicators	3,860,719	3,922,862	3,954,942	7,256,351,232	7,252,931,072	7,250,434,560	
Inventory in sq. ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered over 12 months, in sq.ft.	-	-	-	0.8%	0.8%	0.7%	
Net delivered units, as % of inventory	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction in sq.ft.	-	-	-	2.0%	2.0%	2.1%	
Under construction, as % of inventory							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$1	\$1	\$0	\$26,711	\$35,335	\$17,487	Sales transactions are rising faster than nationally
Total investment acquisitions (in million \$)	\$44	\$100	\$148	\$324	\$295	\$325	Prices are not rising as fast than nationally
Transaction sale price per sq.ft.	9.4%	9.4%	9.3%	7.0%	7.0%	7.0%	Cap rates are higher than nationally
Market cap rate							

- Some data may not be available for the quarter

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Bismarck, ND

Core-Based Statistical Area Code:

13900

IV. Industrial

	Bismarck, ND			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	3.9%	3.4%	6.5%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(27,699)	233,554	(140,502)	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	233,639	120,836	(78,932)	521,957,216	515,712,512	267,819,536	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	4.6%	2.3%	-1.6%	3.1%	3.1%	1.6%	
Market rent per sq.ft.	\$9.2	\$9.0	\$8.7	\$10.2	\$9.9	\$9.2	Rent growth is slower than nationally
Market rent growth, y/y % chg.	6.3%	5.3%	3.1%	11.0%	9.3%	5.5%	
Supply indicators							
Inventory in sq. ft.	5,120,212	5,147,911	4,886,573	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	100,000	100,000	1,700	316,015,277	299,570,240	290,668,397	More deliveries relative to inventory than nationally
Net delivered units, as % of inventory	2.0%	1.9%	0.0%	1.9%	1.8%	1.8%	
Under construction in sq.ft.	67,520	67,520	100,000	591,536,384	531,512,224	391,175,904	Less delivered space relative to inventory than nationally
Under construction, as % of inventory	1.3%	1.3%	2.0%	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	\$4	\$4	\$0	\$21,817	\$51,629	\$16,323	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$149	\$301	\$81	\$140	\$136	\$105	Prices are rising faster nationally
Market cap rate	8.5%	8.5%	8.5%	6.3%	6.3%	6.3%	Cap rates are higher than nationally

V. Retail

	Bismarck, ND			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.1%	4.1%	4.7%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(1,474)	13,312	146,244	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	68,345	216,063	(6,319)	94,035,968	73,627,144	(22,757,808)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	1.0%	3.1%	-0.1%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$16.8	\$16.6	\$16.3	\$22.9	\$22.6	\$22.0	Rent growth is slower than nationally
Market rent growth, y/y % chg.	2.7%	1.9%	-0.6%	3.9%	3.1%	1.1%	
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.30	0.30	0.00	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	6,961,257	6,962,731	6,892,912	11,256,099,840	11,231,675,392	11,161,937,920	Relatively more units delivered than nationally
Net delivered over 12 months, in sq.ft.	28,955	37,981	31,452	19,624,738	21,905,704	37,703,262	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	0.4%	0.5%	0.5%	0.2%	0.2%	0.3%	
Under construction in sq.ft.	-	-	28,955	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	-	-	0.4%	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	-	\$5	\$1	\$22,755	\$33,245	\$12,773	Cap rates are higher than nationally
Transaction sale price per sq.ft.	-	\$178	\$152	\$219	\$226	\$182	
Market cap rate	8.0%	8.0%	8.1%	6.8%	6.8%	6.8%	

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	7.1	7.1	6.8	14,939	14,804	12,876	Job creation in the leisure industry is weaker than nationally
Y/Y change ('000)	0.3	0.8	(0.3)	2,063.0	2,337.0	(2,869.0)	Lower fraction of workers in leisure industry than nationally
% share to nonfarm payroll employment	9.8%	9.7%	9.5%	10.0%	9.8%	9.0%	

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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Fargo, ND-MN

Core-Based Statistical Area Code:

22020

The Fargo, ND-MN commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

48.0

Overall economic conditions are stronger than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is stronger than nationally.
 The industrial property market is about the same than nationally.
 The retail property market is not as strong than nationally.
 The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Fargo, ND-MN			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	143	147	141	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	2	6	(3)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	1.3%	4.0%	-2.1%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	2.1%	2.4%	3.3%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$987	\$958	\$893	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	10.5%	9.0%	-1.5%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-2.2%	2.0%	1.6%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	(0.0)	(0.4)	0.7	0	0	0	Area is experiencing net domestic out-migration
Population ('000)	250	247	245	331,501	328,330	326,838	
Population growth (%)	1.44%	0.71%	1.23%	0.97%	0.46%	0.53%	Population is growing faster than nationally

II. Multifamily

Demand indicators	Fargo, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	3.8%	4.2%	4.7%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	112	86	188	58,097	61,951	187,113	
Absorption of units in past 12 months	696	772	796	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	2.1%	2.3%	2.4%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$885	\$874	\$854	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	3.6%	2.8%	1.2%	11.4%	11.3%	2.4%	
Effective rent per unit	\$881	\$870	\$842	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	4.5%	3.2%	0.9%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	10.3%	10.4%	10.9%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory	33,901	33,790	33,212	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	404	454	131	387,022	391,271	417,342	
Net delivered units, as % of inventory	1.2%	1.3%	0.4%	2.2%	2.3%	2.5%	
Units under construction	500	500	794	774,864	744,997	732,144	
Units under construction, as % of inventory	1.5%	1.5%	2.4%	4.5%	4.3%	4.4%	Construction is weaker than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	4.7	12.6	(23.7)	17.1	17.2	(15.9)	Fewer jobs per delivered units than nationally
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$19	\$27	\$11	\$50,395	\$113,844	\$30,199	Sales transactions are not rising as fast than nationally
Transaction sales price per unit	\$193,876	\$118,978	\$60,878	\$220,078	\$227,367	\$157,676	Prices are rising faster nationally
Market cap rate	7.5%	7.6%	7.5%	5.1%	5.1%	5.2%	Cap rates are higher than nationally

III. Office

Demand indicators	Fargo, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	4.4%	4.8%	5.2%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	45,398	20,384	227,458	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	259,863	441,923	353,687	5,610,472	(41,726,112)	(119,807,672)	
Absorption in past 12 months as % of inventory	2.8%	4.8%	3.9%	0.1%	-0.6%	-1.7%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$19.9	\$19.8	\$19.6	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	1.7%	1.5%	0.3%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	0.9	2.0	0.5	1,153	1,161	(283)	Stronger office job creation than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory in sq. ft.	9,288,952	9,243,554	9,029,089	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	192,116	495,429	395,928	54,741,303	57,123,296	47,997,877	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	2.1%	5.4%	4.4%	0.8%	0.8%	0.7%	
Under construction in sq.ft.	44,452	56,139	213,885	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	0.5%	0.6%	2.4%	2.0%	2.0%	2.1%	Construction activity is slower than nationally
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$1	\$14	\$6	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$163	\$236	\$81	\$324	\$295	\$325	Prices are rising faster nationally
Market cap rate	9.0%	9.0%	9.1%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Fargo, ND-MN

Core-Based Statistical Area Code:

22020

IV. Industrial

	Fargo, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	3.2%	3.2%	4.9%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	5,056	1,505,018	(122,317)	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	1,525,199	1,397,826	138,434	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	9.3%	8.6%	0.9%	3.1%	3.1%	1.6%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$8.1	\$7.9	\$7.5	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	7.2%	5.6%	2.9%	11.0%	9.3%	5.5%	Rent growth is slower than nationally
Supply indicators							
Inventory in sq. ft.	16,325,776	16,320,720	14,800,577	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	1,300,000	1,300,000	388,922	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	8.0%	8.0%	2.6%	1.9%	1.8%	1.8%	More deliveries relative to inventory than nationally
Under construction in sq.ft.	1,550,900	1,550,900	1,445,200	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	9.5%	9.5%	9.8%	3.5%	3.2%	2.4%	More delivered space relative to inventory than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$5	\$10	\$21	\$21,817	\$51,629	\$16,323	Sales transactions are not rising as fast as nationally
Transaction sale price per sq.ft.	\$119	\$90	\$55	\$140	\$136	\$105	Prices are rising faster nationally
Market cap rate	8.6%	8.5%	8.4%	6.3%	6.3%	6.3%	Cap rates are higher than nationally

V. Retail

	Fargo, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	3.0%	2.7%	3.7%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(55,570)	177,147	56,737	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	154,599	266,906	38,409	94,035,968	73,627,144	(22,757,808)	
Absorption in past 12 months as % of inventory	1.1%	1.9%	0.3%	0.8%	0.7%	-0.2%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$15.4	\$15.3	\$15.0	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	2.8%	2.2%	0.6%	3.9%	3.1%	1.1%	Rent growth is slower than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.20	(0.30)	0.00	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	14,127,887	14,183,457	13,973,288	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	53,327	53,327	40,554	19,624,738	21,905,704	37,703,262	Relatively more units delivered than nationally
Net delivered units, as % of inventory	0.4%	0.4%	0.3%	0.2%	0.2%	0.3%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	67,976	44,155	29,163	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.5%	0.3%	0.2%	0.5%	0.5%	0.5%	Construction activity is slower than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$4	\$20	\$8	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$33	\$30	\$69	\$219	\$226	\$182	Prices are not rising as fast than nationally
Market cap rate	8.3%	8.3%	8.4%	6.8%	6.8%	6.8%	Cap rates are higher than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	12.6	13.3	12.1	14,939	14,804	12,876	
Y/Y change ('000)	0.5	2.2	(1.7)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is stronger than nationally
% share to nonfarm payroll employment	8.8%	9.1%	8.6%	10.0%	9.8%	9.0%	Lower fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

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NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

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For information about this report, email data@nar.realtor.

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NAR Commercial Real Estate Metro Market Report | 2022.Q1

Grand Forks, ND-MN

Core-Based Statistical Area Code:

24220

The Grand Forks, ND-MN commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

28.0

Overall economic conditions are not as strong than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is stronger than nationally.
 The industrial property market is not as strong than nationally.
 The retail property market is not as strong than nationally.
 The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	Grand Forks, ND-MN			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	53	53	51	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	2	2	(3)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	2.9%	3.9%	-4.8%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	2.5%	3.0%	3.8%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$825	\$840	\$807	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	2.2%	3.5%	0.4%	4.7%	5.2%	6.9%	Wages are rising at a slower pace than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	0.3%	0.6%	0.6%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	(1.1)	(1.6)	(1.0)	0	0	0	Area is experiencing net domestic out-migration
Population ('000)	104	101	102	331,501	328,330	326,838	
Population growth (%)	3.08%	-1.02%	-0.31%	0.97%	0.46%	0.53%	Population is growing faster than nationally

II. Multifamily

Demand indicators	Grand Forks, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	6.0%	6.1%	5.8%	4.9%	4.8%	6.0%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	10	32	(20)	58,097	61,951	187,113	
Absorption of units in past 12 months	(5)	(35)	8	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	-0.1%	-0.4%	0.1%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$912	\$899	\$895	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	1.9%	0.4%	1.9%	11.4%	11.3%	2.4%	
Effective rent per unit	\$908	\$893	\$886	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	2.6%	0.4%	2.1%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	12.7%	12.2%	12.6%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory	8,815	8,806	8,820	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	23	23	-	387,022	391,271	417,342	
Net delivered units, as % of inventory	0.3%	0.3%	-	2.2%	2.3%	2.5%	
Units under construction	74	74	23	774,864	744,997	732,144	
Units under construction, as % of inventory	0.8%	0.8%	0.3%	4.5%	4.3%	4.4%	Construction is weaker than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	65.2	87.0	-	17.1	17.2	(15.9)	More jobs per delivered units than nationally
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	-	-	\$2	\$50,395	\$113,844	\$30,199	
Transaction sales price per unit	-	-	\$31,667	\$220,078	\$227,367	\$157,676	
Market cap rate	6.9%	6.8%	7.2%	5.1%	5.1%	5.2%	Cap rates are higher than nationally

III. Office

Demand indicators	Grand Forks, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	6.7%	7.7%	7.3%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	16,657	(10,773)	8,269	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	9,416	1,028	(34,621)	5,610,472	(41,726,112)	(119,807,672)	
Absorption in past 12 months as % of inventory	0.6%	0.1%	-2.2%	0.1%	-0.6%	-1.7%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$18.9	\$18.8	\$18.6	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	1.7%	1.4%	0.3%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	0.6	0.6	(0.1)	1,153	1,161	(283)	Slower office job creation than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory in sq. ft.	1,608,542	1,591,885	1,599,126	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	-	-	52,500	54,741,303	57,123,296	47,997,877	
Net delivered units, as % of inventory	-	-	3.3%	0.8%	0.8%	0.7%	
Under construction in sq.ft.	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%	
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$0	\$3	\$2	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$0	\$81	\$108	\$324	\$295	\$325	Prices are not rising as fast than nationally
Market cap rate	9.3%	9.3%	9.3%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Grand Forks, ND-MN

Core-Based Statistical Area Code:

24220

IV. Industrial

	Grand Forks, ND-MN			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.9%	4.6%	4.9%	4.1%	4.2%	5.3%	<i>The area has higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(15,310)	12,900	84,886	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	36,390	136,586	35,111	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	0.8%	2.9%	0.7%	3.1%	3.1%	1.6%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$6.8	\$6.6	\$6.3	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	6.9%	5.4%	2.9%	11.0%	9.3%	5.5%	<i>Rent growth is slower than nationally</i>
Supply indicators							
Inventory in sq. ft.	4,774,700	4,790,010	4,738,310	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	41,800	41,800	105,600	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	0.9%	0.9%	2.2%	1.9%	1.8%	1.8%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	-	-	38,800	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	-	-	0.8%	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	-	\$1	\$6	\$21,817	\$51,629	\$16,323	
Transaction sale price per sq.ft.	-	\$28	\$40	\$140	\$136	\$105	
Market cap rate	8.5%	8.5%	8.3%	6.3%	6.3%	6.3%	<i>Cap rates are higher than nationally</i>
V. Retail							
Demand indicators							
Vacancy rate	2.5%	2.5%	4.8%	4.5%	4.7%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(907)	(7,710)	813	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	155,687	157,407	(192,173)	94,035,968	73,627,144	(22,757,808)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	2.5%	2.6%	-3.2%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$13.5	\$13.3	\$13.1	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	3.1%	2.6%	1.0%	3.9%	3.1%	1.1%	<i>Rent growth is slower than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.10	(0.20)	(0.30)	570.90	382.90	(187.70)	<i>The area has stronger retail trade job creation than nationally</i>
Supply indicators							
Inventory in sq. ft.	6,105,719	6,106,626	5,950,032	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	14,000	14,000	39,842	19,624,738	21,905,704	37,703,262	<i>Relatively fewer units delivered than nationally</i>
Net delivered units, as % of inventory	0.2%	0.2%	0.7%	0.2%	0.2%	0.3%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	21,626	21,626	14,000	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.4%	0.4%	0.2%	0.5%	0.5%	0.5%	<i>Construction activity is slower than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$6	\$4	\$10	\$22,755	\$33,245	\$12,773	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$21	\$66	\$181	\$219	\$226	\$182	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.6%	7.6%	7.5%	6.8%	6.8%	6.8%	<i>Cap rates are higher than nationally</i>
VI. Hotel/Lodging							
2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)		
Leisure and hospitality payroll workers ('000)	5.9	5.7	5.2	14,939	14,804	12,876	
Y/Y change ('000)	0.7	1.0	(0.7)	2,063.0	2,337.0	(2,869.0)	<i>Job creation in the leisure industry is weaker than nationally</i>
% share to nonfarm payroll employment	11.2%	10.8%	10.1%	10.0%	9.8%	9.0%	<i>Higher fraction of workers in leisure industry than nationally</i>

- Some data may not be available for the quarter

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