

# COMMERCIAL REAL ESTATE REPORT Q3 2022

Bismarck, ND Metro Area

## Demographics and Economy

### Demographics

0.6%	28.5%	-4.2%	47.8%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

### Economy

-2.0%	900.0	1.2%	16.9%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$59,148	1.6%	9.1%	44.0%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 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 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	44,337	-15,879	1.7%	\$17	8.5%
Q3 2021	-34,656	-60,844	1.1%	\$17	8.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	4,329,101	0	0	\$5,700,000	9.2%
Q3 2021	4,329,101	0	0	\$740,000	9.3%

### 2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, 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
Q3 2022	6	-14	4.2%	\$1,002	\$998	3.8%
Q3 2021	21	216	2.1%	\$962	\$959	3.6%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	6,572	0	0	8.2%		
Q3 2021	6,572	0	85	8.2%		

### 3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents 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
Q3 2022	8,911	-67,086	3.5%	\$17	5.3%
Q3 2021	7,484	209,291	0.9%	\$17	4.2%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	7,399,301	7.7%	\$7,230,000	\$275	
Q3 2021	7,384,775	7.9%	\$10,394,175	\$137	

### 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
Q3 2022	-19,686	225,659	6.9%	\$10	3.8%
Q3 2021	-60,540	-103,837	5.3%	\$9	5.9%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	5,420,376	0	117,520	8.4%	\$2,760,000
Q3 2021	5,302,856	0	1,700	8.3%	\$5,000,000

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

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# COMMERCIAL REAL ESTATE REPORT Q3 2022

Fargo, ND-MN Metro Area

## Demographics and Economy

### Demographics

0.8%	45.0%	16.7%	47.3%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

### Economy

0.0%	1,700	1.2%	7.8%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$53,836	1.4%	13.4%	28.6%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 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 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-107,787	97,299	1.9%	\$20	4.0%
Q3 2021	100,996	588,244	1.9%	\$20	4.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	10,430,755	10,996	27,539	\$7,300,000	8.9%
Q3 2021	10,403,216	96,969	581,247	\$5,100,000	9.0%

### 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. However, 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
Q3 2022	161.0	763.0	5.1%	\$925	\$921	3.6%
Q3 2021	302.0	912.0	2.3%	\$880	\$877	4.4%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	36,072	154	490	7.4%		
Q3 2021	35,582	306	585	7.5%		

### 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
Q3 2022	-28,370	119,880	3.3%	\$16	3.0%
Q3 2021	15,654	-25,322	1.6%	\$15	3.5%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	14,558,188	8.3%	\$2,400,000	\$359	
Q3 2021	14,518,035	8.3%	\$3,750,800	\$144	

### 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 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
Q3 2022	-109,621	1,516,150	7.2%	\$8	4.8%
Q3 2021	40,543	1,686	5.2%	\$8	4.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	17,244,435	157,440	1,586,700	8.4%	\$11,317,500
Q3 2021	15,657,735	0	202,500	8.2%	\$5,685,000

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

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