

# COMMERCIAL REAL ESTATE REPORT Q3 2022

Sioux Falls, SD Metro Area

## Demographics and Economy

### Demographics

1.6%	35.5%	11.5%	53.3%
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

-1.0%	7,900	4.8%	4.6%
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%
\$50,873	1.5%	13.9%	39.9%
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	-32,584	326,005	2.0%	\$20	4.8%
Q3 2021	12,624	31,477	2.6%	\$20	6.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	10,812,775	0	175,918	\$0	9.0%
Q3 2021	10,636,857	0	27,150	\$6,100,000	8.8%

### 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
Q3 2022	346	954	7.3%	\$1,044	\$1,038	5.4%
Q3 2021	615	1,417	4.9%	\$973	\$968	5.8%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	23,129	118	914	6.3%		
Q3 2021	22,215	603	1,133	6.4%		

### 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	13,981	130,488	3.3%	\$16	2.6%
Q3 2021	81,162	261,013	1.7%	\$15	2.7%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	15,475,047	7.5%	\$2,837,500	\$66	
Q3 2021	15,355,610	7.7%	\$2,969,962	\$154	

### 4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents 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	-19,309	72,972	7.4%	\$8	2.0%
Q3 2021	50,938	263,665	5.7%	\$7	1.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	14,765,717	145,200	150,760	8.7%	\$2,445,000
Q3 2021	14,614,957	11,450	25,750	8.5%	\$1,150,000

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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