

WILLISTON, ND

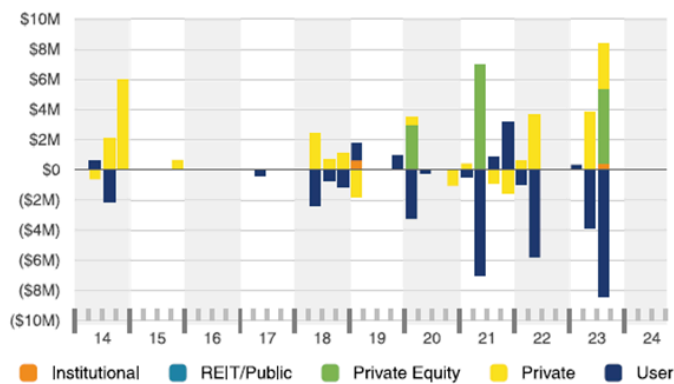
INDUSTRIAL

Vacancy rates in the Williston industrial market are bottoming out around 5% as Q2 comes to a close. Vacant inventory is comprised mostly of larger industrial leading to inflating vacancy metrics due to buildings too large, expensive, and/or specialized for the average user in this market. A handful of smaller shops (<10,000 SF) are available for lease or purchase and with no new inventory in the pipeline thus, inventory will remain scarce. Industrial rents average \$15.80/SF, a 3.3% increase from this time last year. In the past three years, rents have increased a cumulative 15.5%. Furthermore, this is a structurally expensive market, with rents significantly higher than the national average of \$12/SF.

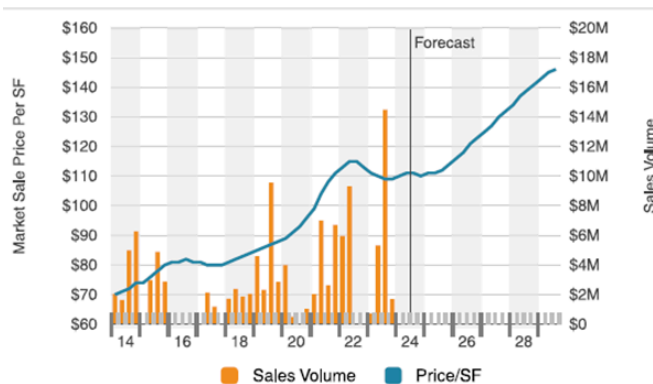
Industrial sales volume and sale price PSF continue to climb. The past 12 months saw 14 sales averaging \$142/SF. 62 sales have been recorded over the past three years, totaling an estimated \$54.3 million. The market cap rate for Williston is 10.0%, moderately above its trailing three-year average of 9.2%.

The share of end-user owners has shrunk as investment firms purchase more industrial real estate to sell or lease to operators in the Bakken. In short, these factors reflect a robust rental market in which limited inventory will likely continue to drive up rental rates. This should keep the market tight and competitive for the foreseeable future.

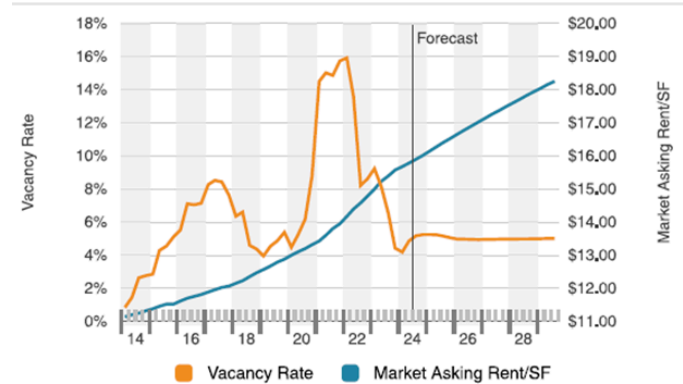
Net Buying & Selling By Owner Type



Sales Volume & Market Sale Price Per SF



Vacancy & Market Asking Rent Per SF



*All data points sourced from CoStar 2024



MIKE ELLIOTT
MANAGING BROKER

 mike.elliott@erescompanies.com

 +1 701.713.6606

 54 25th Street East | Suite E | Williston, ND

 www.erescompanies.com

WILLISTON, ND

MULTIFAMILY

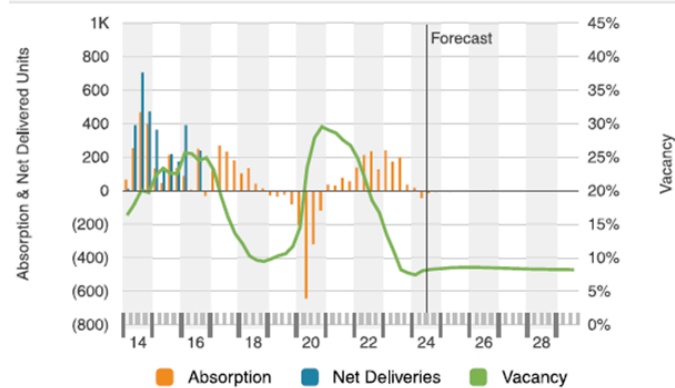
As Q3 commences, Williston’s multifamily market has a vacancy rate of 8.6%, 2.4% lower than this time last year. Vacancy is concentrated in lower-rated multifamily properties located further outside of Williston, the hub city for the Bakken; these properties have few amenities and lower rents compared to more desirable locations. There have been 170 units of positive absorption in the past year whilst net deliveries remained flat at zero.

No new construction has occurred in the Williston multifamily market since 2016 and no development is expected to occur. The total Williston multifamily market comprises roughly 7,100 units of inventory. Average rental rates will need to reach \$1,500/month or higher before investors deem new construction worthwhile in this inherently volatile, commodity-based market.

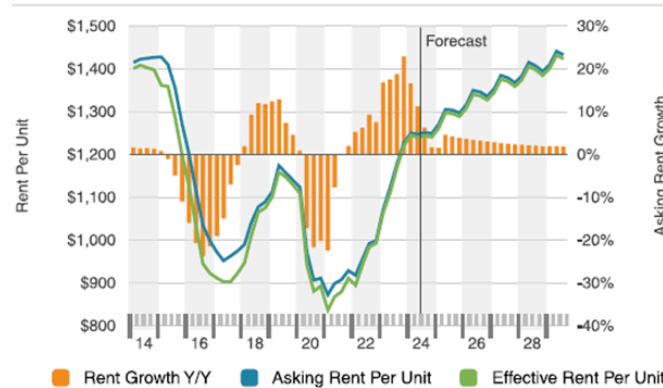
Rental rates have increased 10.9% in the past 12 months and are currently around \$1,240/month. Rents have increased 37.2% over the past three years, well above the national average of 11%. However, the steep upward trajectory in rents since 2021 appears to have plateaued in the first half of 2024. Rent increases are expected during summer, when an influx of workers arrive for the short construction season. Lack of new inventory coming online guarantees that rents will continue to climb if demand remains strong.

The multifamily market in Williston is appealing to investors because of favorable microeconomic conditions (supply-and-demand balance) combined with global energy market strength. The average market cap rate is 11.2%, almost double the national average of 6.1%. Recent sales averaged \$75,000/unit, well below the estimated market price of \$103,280/unit. Data suggests that Williston’s multifamily market is currently lucrative; investors are keen to scoop up cash-flowing properties with below-market price tags.

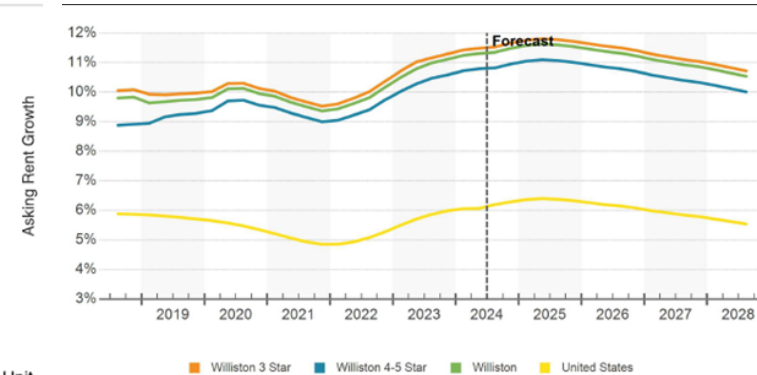
Absorption, Net Deliveries & Vacancy



Market Rent Per Unit & Rent Growth



Market Cap Rate




*All data points sourced from CoStar 2024



MIKE ELLIOTT
MANAGING BROKER

 mike.elliott@erescompanies.com

 +1 701.713.6606

 54 25th Street East | Suite E | Williston, ND

 www.erescompanies.com