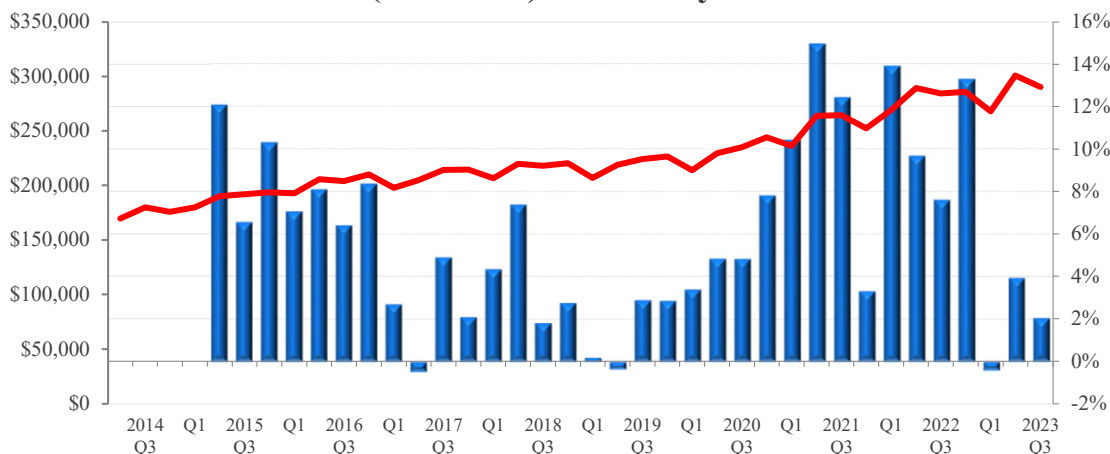


Fargo Area

Local Market Report, Third Quarter 2023

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends

Price Activity	Fargo	U.S.	Local Trend
Current Median Home Price (2023 Q3)	\$284,400	\$400,867	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2023 Q3)	2.0%	2.4%	
3-year (12-quarter) Appreciation (2023 Q3)	23.4%	29.7%	
3-year (12-quarter) Housing Equity Gain*	\$55,100	\$91,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$86,100	\$161,400	
9-year (36 quarters) Housing Equity Gain*	\$120,800	\$184,500	

*Note: Equity gain reflects price appreciation only

	Fargo	U.S.	
Conforming Loan Limit**	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$472,030	\$1,089,300	
Local Median to Conforming Limit Ratio	39%	not comparable	

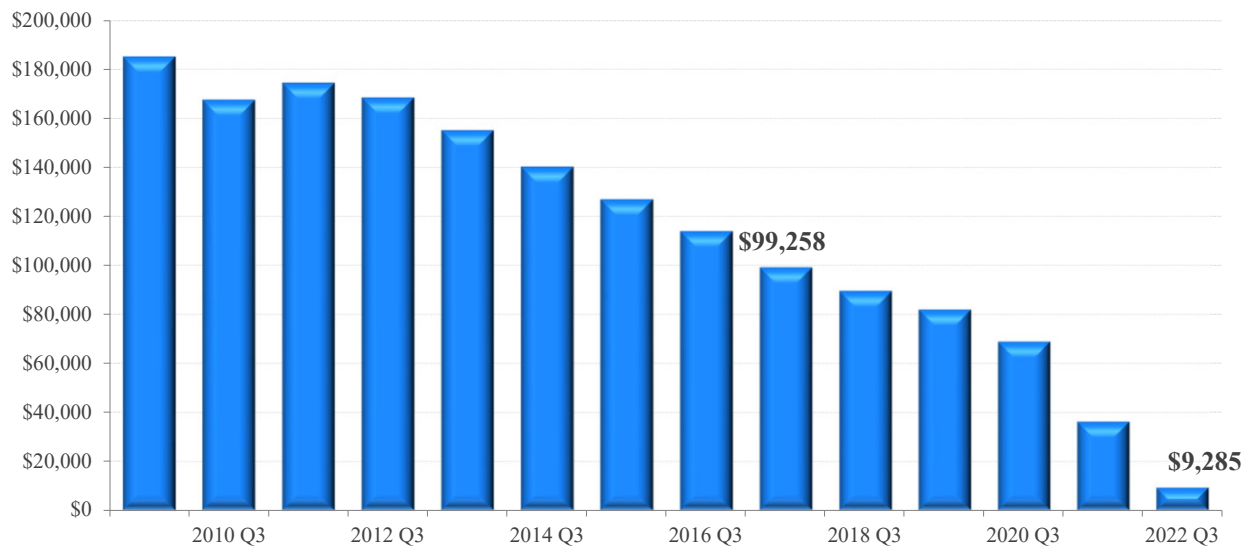
Note: limits are current and include the changes made on January 1st 2023.

Local NAR Leadership

The Fargo market is part of region 8 in the NAR governance system, which includes all of Minnesota, Iowa, North Dakota, South Dakota, and Nebraska. The 2023 NAR Regional Vice President representing region 8 is Scott Wendl.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2023 Q3 from quarter in which home was of purchased**

Price Activity	Fargo	U.S.	Local Trend
1-year (4-quarter)	\$9,285	\$14,262	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$68,952	\$109,915	
5-year (20-quarter)*	\$89,611	\$158,012	
7-year (28 quarters)*	\$113,980	\$194,111	
9-year (36 quarters)*	\$140,245	\$220,615	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

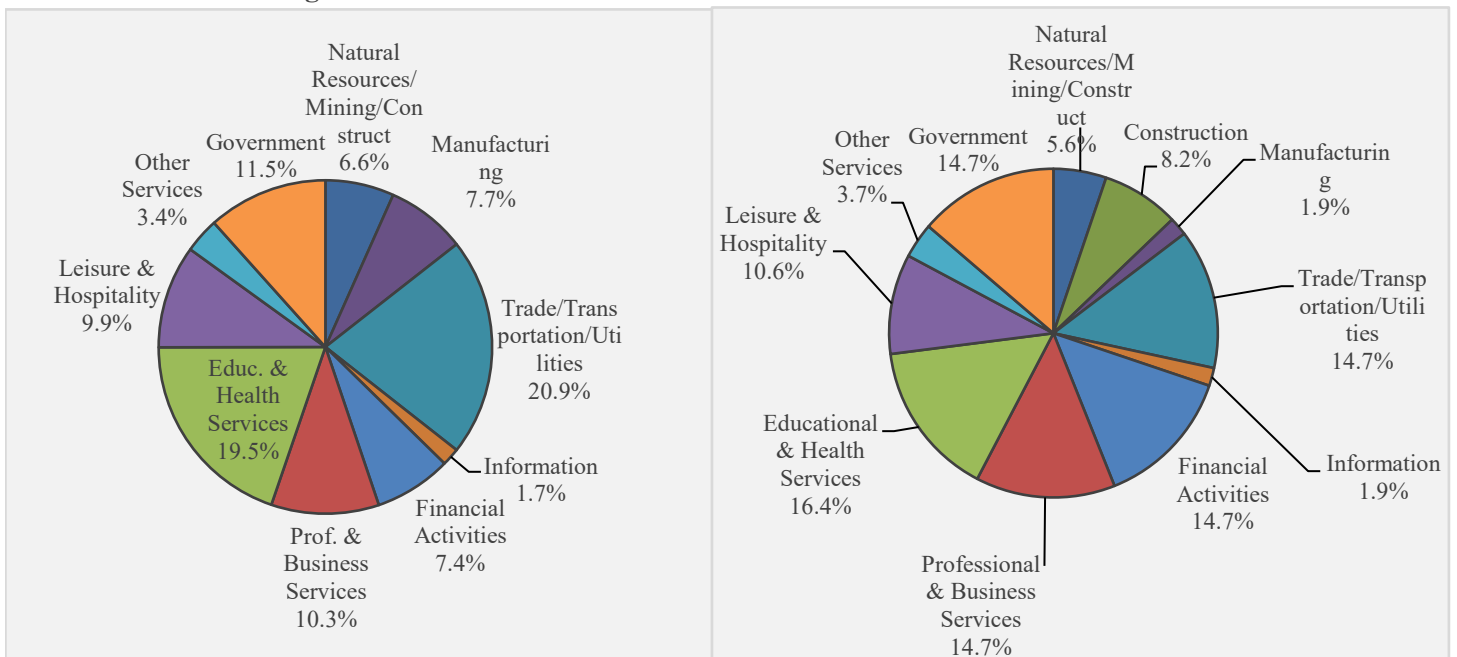
Drivers of Local Supply and Demand...

Local Economic Outlook	Fargo	U.S.	
12-month Job Change (Oct)	100	NOT Comparable	Employment growth has eased, but remains positive
12-month Job Change (Sep)	500	NOT Comparable	
36-month Job Change (Oct)	8,600	NOT Comparable	Unemployment has risen since the same period last year, but Fargo's labor market has been more resilient than the national average
Current Unemployment Rate (Oct)	1.5%	3.9%	
Year-ago Unemployment Rate	1.3%	3.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.1%	2.6%	

Share of Total Employment by Industry

Fargo Area

U.S.



12-month Employment Change by Industry (Oct - 2023)

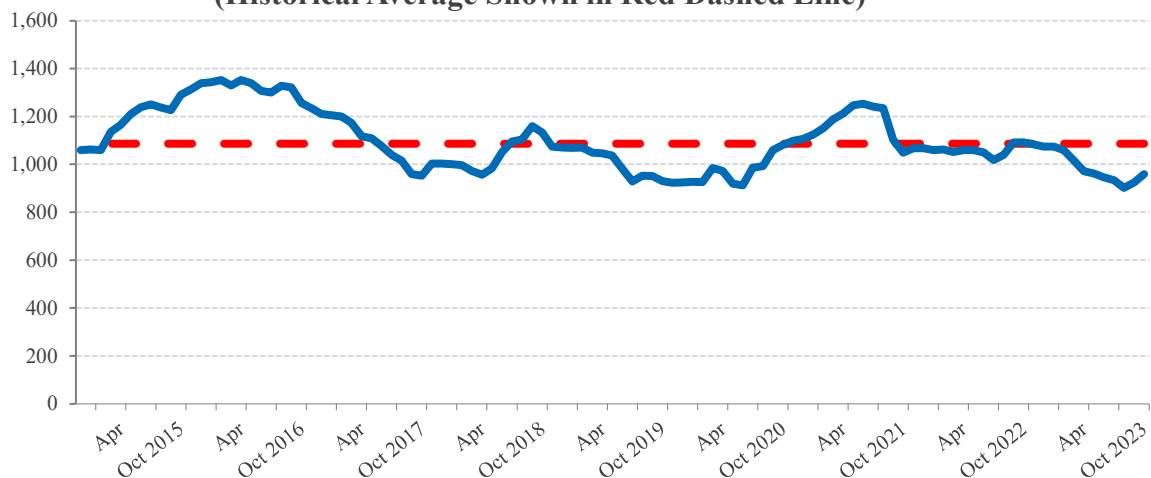
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	-600	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	200
Construction	NA	Educ. & Health Services	600
Manufacturing	-100	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	300	Government	-300

State Economic Activity Index	North Dakota	U.S.	
12-month change (2023 - Oct)	3.4%	3.0%	The economy of North Dakota has outpaced the rest of the nation and improved modestly from last month's 2.83% change
36-month change (2023 - Oct)	20.7%	14.2%	

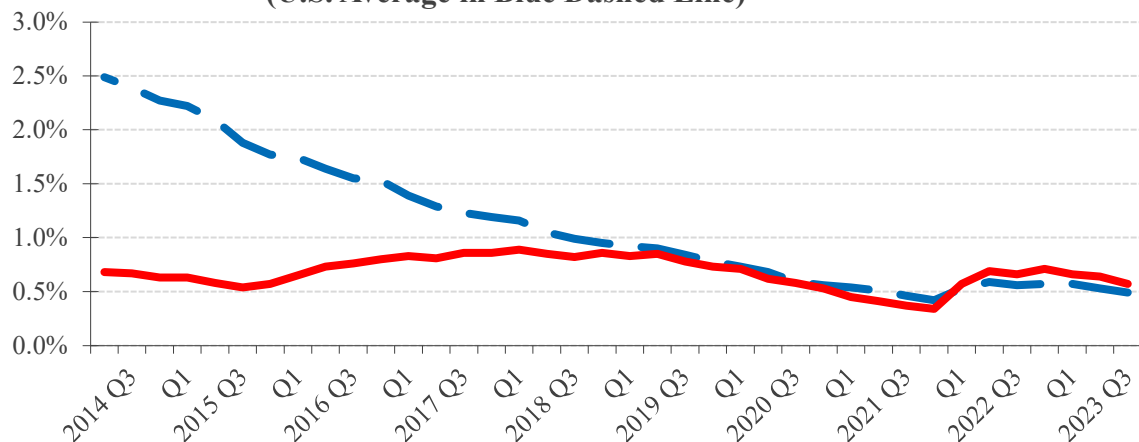
New Housing Construction

Local Fundamentals	Fargo	U.S.	
12-month Sum of 1-unit Building Permits through Oct 2023	959	not comparable	The current level of construction is 11.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,087	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Oct 2023) 12-month sum vs. a year ago	-12.1%	-14.1%	Construction is down from last year, but appears to have bottomed.

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

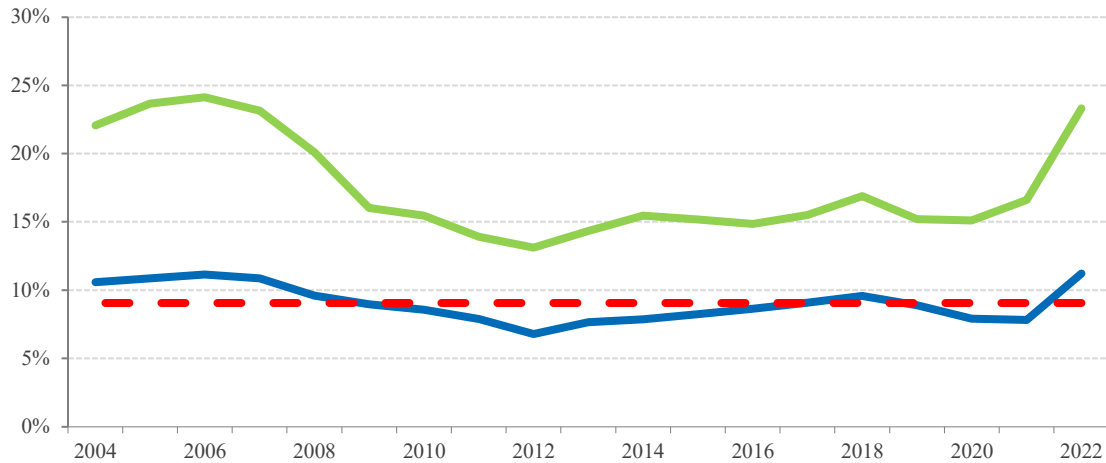


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



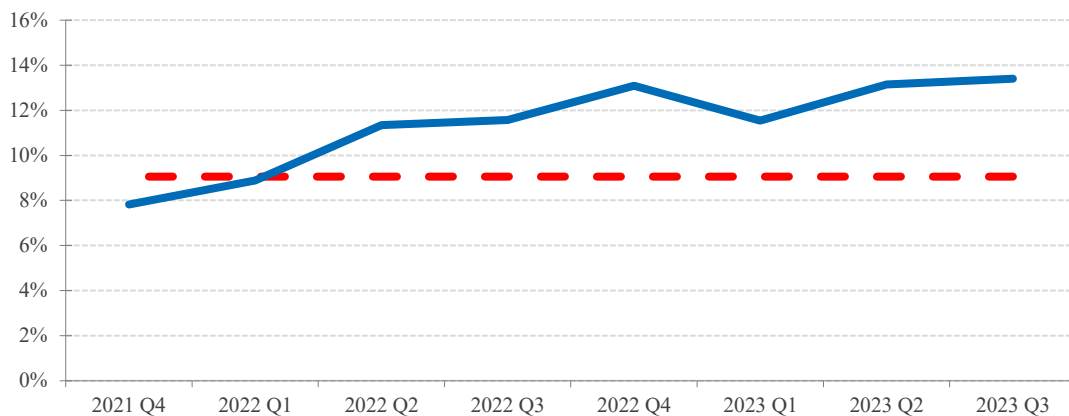
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

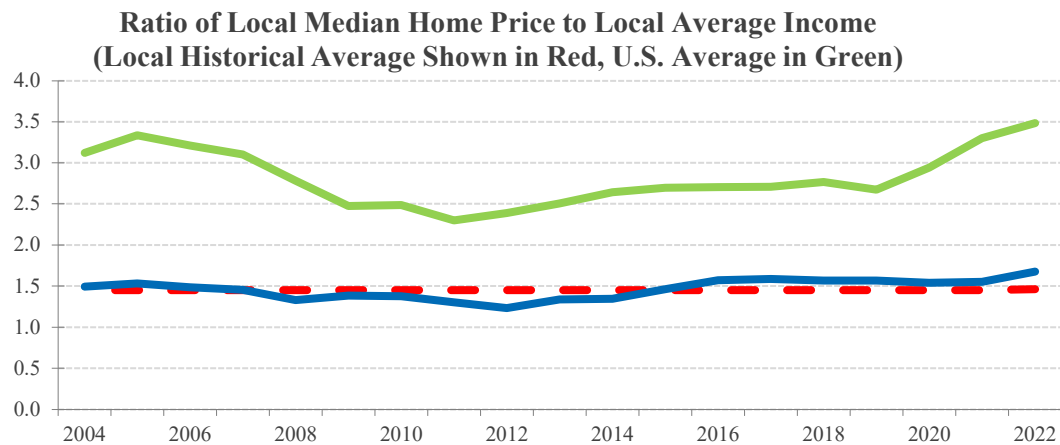


Monthly Mortgage Payment to Income	Fargo	U.S.	
Ratio for 2022	11.2%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q3	13.4%	27.3%	
Historical Average	9.1%	17.8%	More affordable than most markets

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Fargo	U.S.	
Ratio for 2022	1.7	3.5	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2023 Q3	1.7	3.4	
Historical Average	1.5	2.8	Affordable compared to most markets



The Mortgage Market



For the most part of the third quarter, mortgage rates hovered above 7 percent, pushing down affordability to record lows. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.04 percent in the third quarter of 2023 from 5.58 percent the previous year. With this increase, Americans are cost burdened, spending \$1,800 above their budget every year. Nevertheless, the outlook appears more optimistic. If inflation continues to cool, the Federal Reserve will start reducing its interest rates as early as the beginning of next year. NAR forecasts the 30-year fixed mortgage rate to conclude the year at 7.8 percent but then drop to 7.5 percent in the first quarter of next year.

Geographic Coverage for this Report

The Fargo area referred to in this report covers the geographic area of the Fargo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Clay County, MN; Cass County, ND

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/