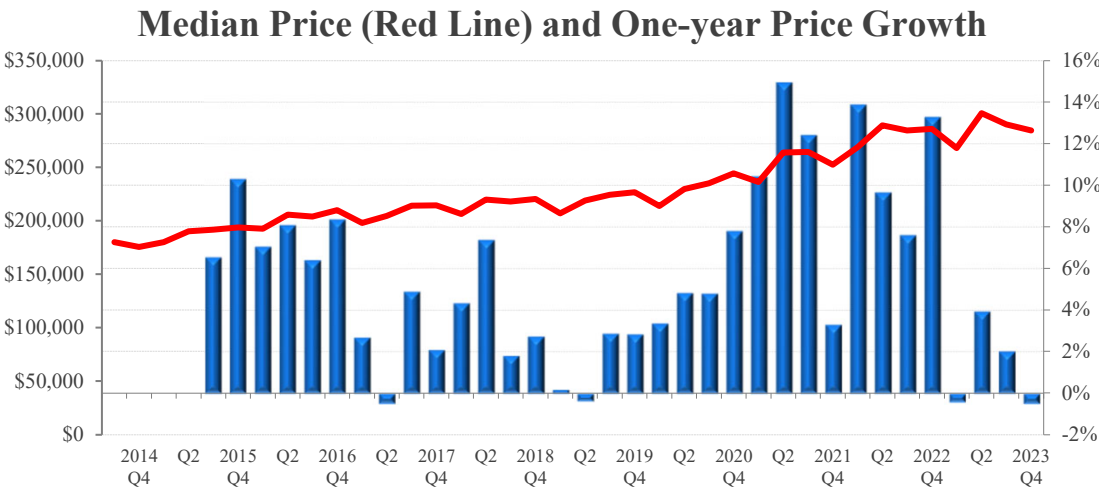


Fargo Area
Local Market Report, Fourth Quarter 2023

Today's Market...



Local Price Trends			
Price Activity	Fargo	U.S.	Local Trend
Current Median Home Price (2023 Q4)	\$285,900	\$387,300	Year-over-year price growth swung negative this quarter after growing last quarter
1-year (4-quarter) Appreciation (2023 Q4)	-0.5%	3.9%	
3-year (12-quarter) Appreciation (2023 Q4)	16.5%	24.5%	
3-year (12-quarter) Housing Equity Gain*	\$40,200	\$76,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$74,500	\$153,367	
9-year (36 quarters) Housing Equity Gain*	\$108,800	\$179,667	
*Note: Equity gain reflects price appreciation only			

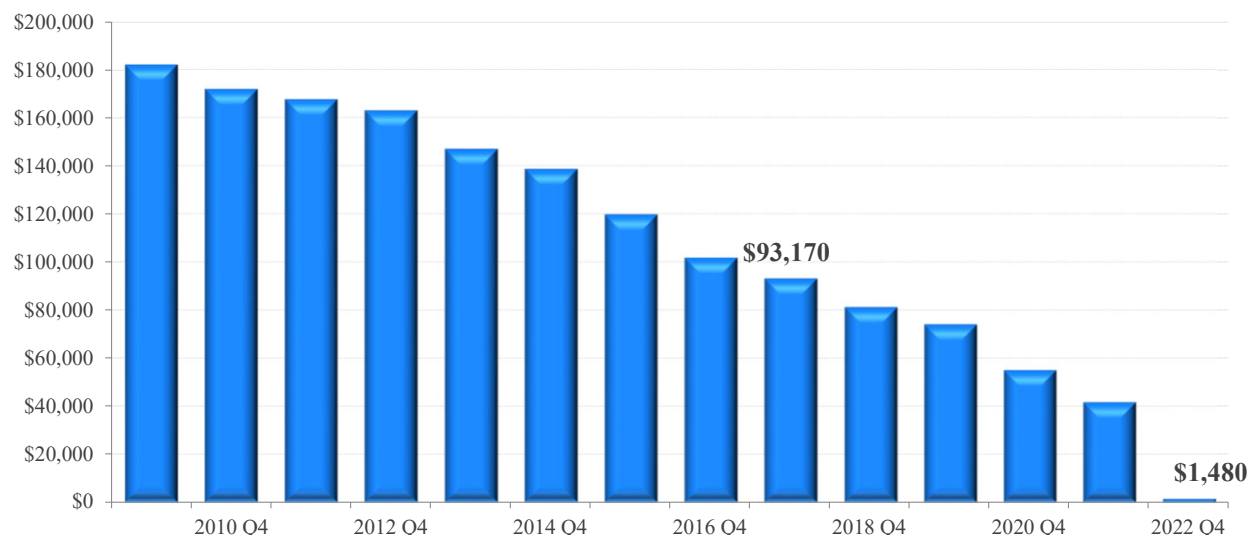
	Fargo	U.S.	
Conforming Loan Limit**	\$766,550	\$1,149,825	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$498,257	\$1,149,825	
Local Median to Conforming Limit Ratio	37%	not comparable	
Note: limits are current and include the changes made on January 1st 2024.			

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 2024 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 Q4 from quarter in which home was of purchased**

Price Activity	Fargo	U.S.	Local Trend
1-year (4-quarter)	\$1,480	\$18,387	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$55,013	\$95,158	
5-year (20-quarter)*	\$81,248	\$151,356	
7-year (28 quarters)*	\$101,802	\$183,780	
9-year (36 quarters)*	\$138,763	\$215,076	

*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

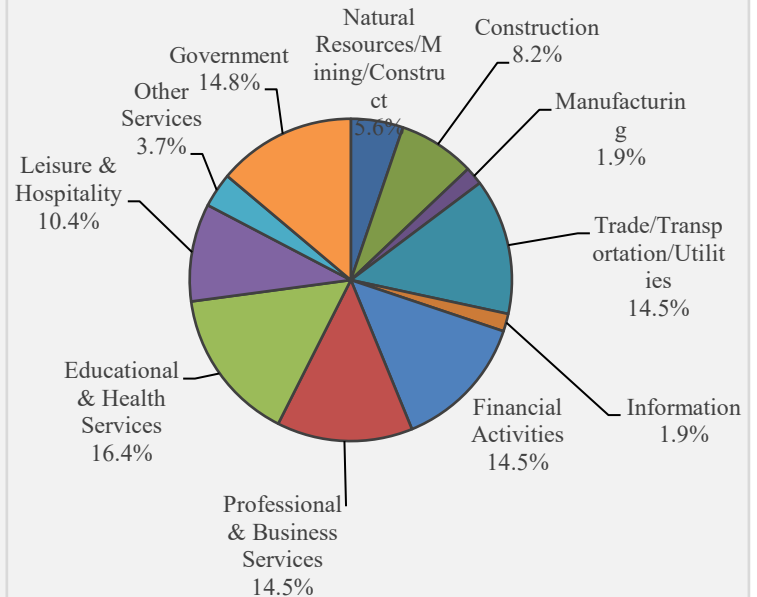
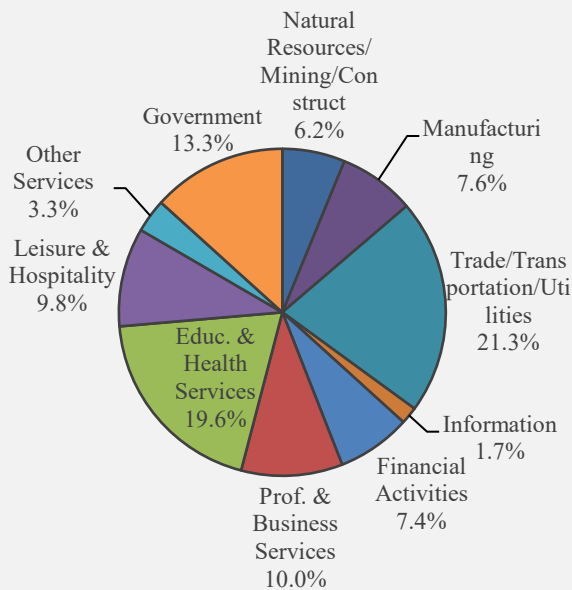
Drivers of Local Supply and Demand...

Local Economic Outlook	Fargo	U.S.	
12-month Job Change (Dec)	800	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	1,300	Not Comparable	
36-month Job Change (Dec)	9,400	Not Comparable	Unemployment in Fargo is better than the national average and improving
Current Unemployment Rate (Dec)	1.7%	3.7%	
Year-ago Unemployment Rate	1.9%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.5%	2.3%	

Share of Total Employment by Industry

Fargo Area

U.S.



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

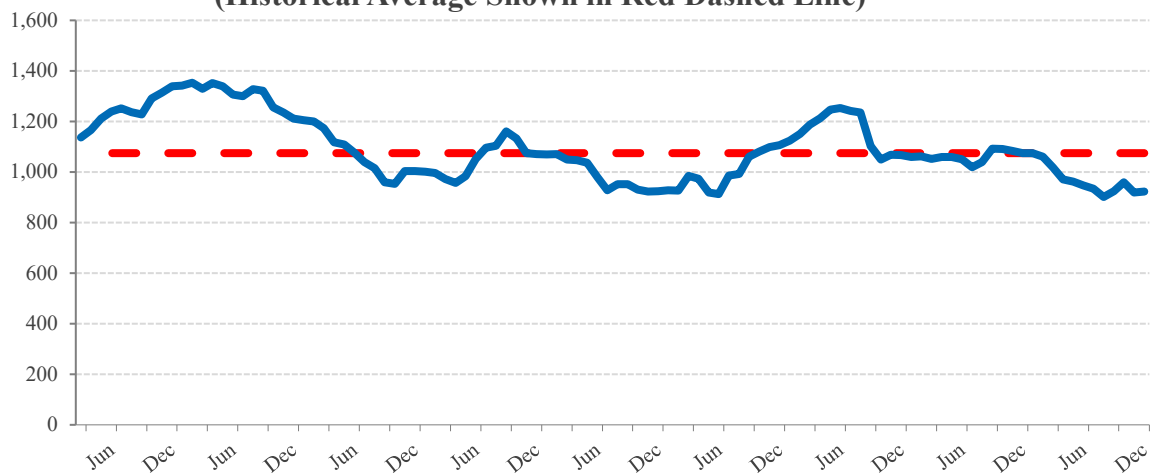
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	-700	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	100
Construction	NA	Educ. & Health Services	1,200
Manufacturing	-300	Leisure & Hospitality	200
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	800	Government	0

State Economic Activity Index	North Dakota	U.S.	
12-month change (2023 - Dec)	3.4%	3.0%	The economy of North Dakota has outpaced the rest of the nation and improved modestly from last month's 3.39% change
36-month change (2023 - Dec)	18.5%	14.3%	

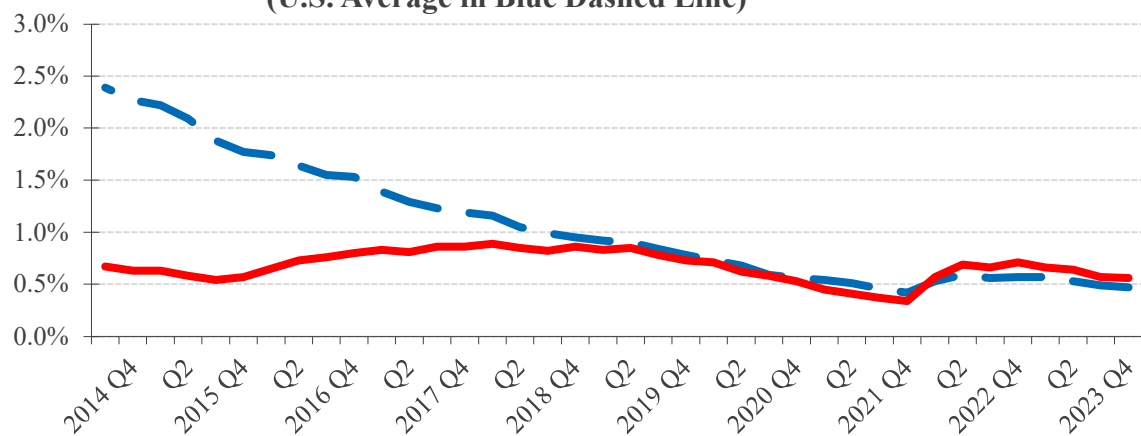
New Housing Construction

Local Fundamentals	Fargo	U.S.	
12-month Sum of 1-unit Building Permits through Dec	923	not comparable	The current level of construction is 14.1% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,075	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	-14.1%	-6.1%	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)



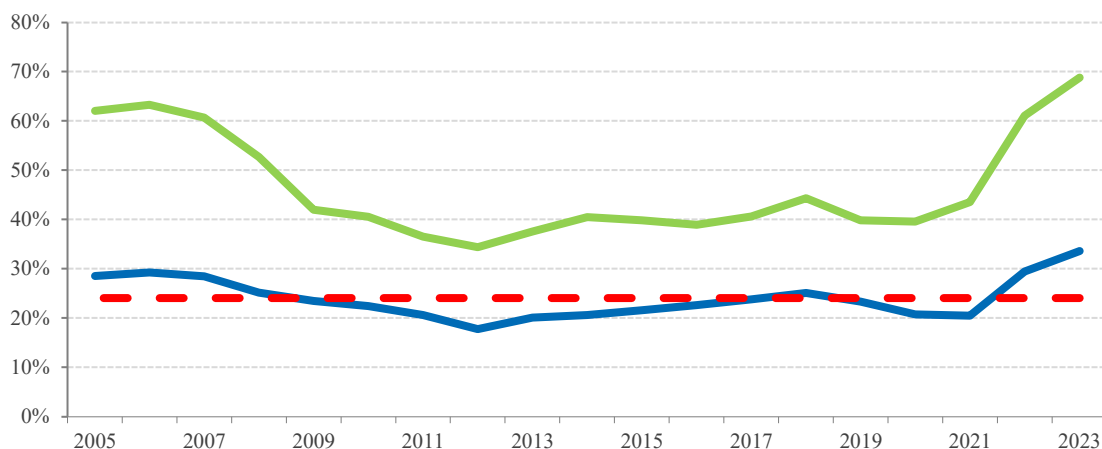
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Source: Mortgage Bankers' Association

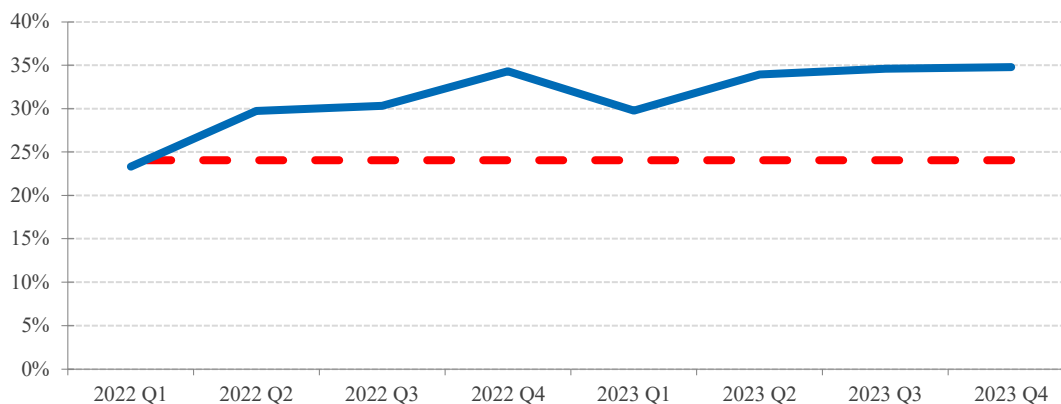
Affordability

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

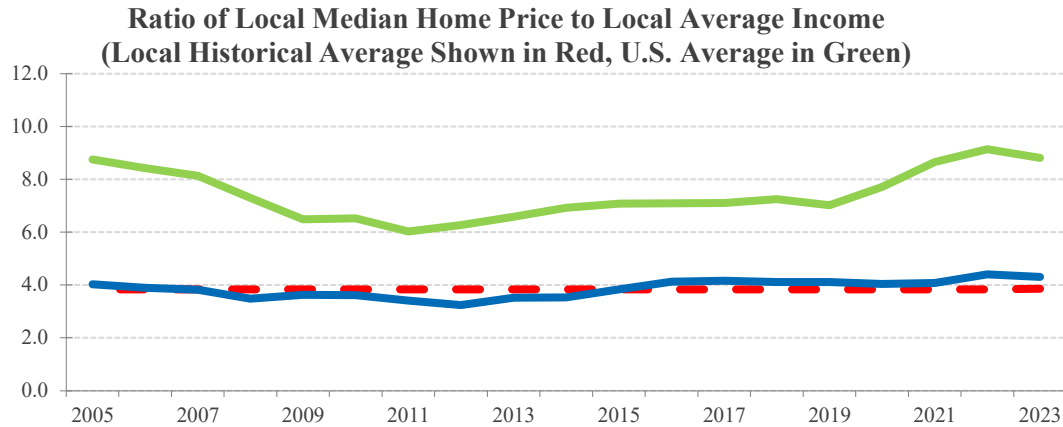


Monthly Mortgage Payment to Income	Fargo	U.S.	
Ratio for 2023	33.6%	68.8%	Weak by local standards and could weigh on demand
Ratio for 2023 Q4	34.8%	68.3%	
Historical Average	24.1%	47.0%	More affordable than most markets

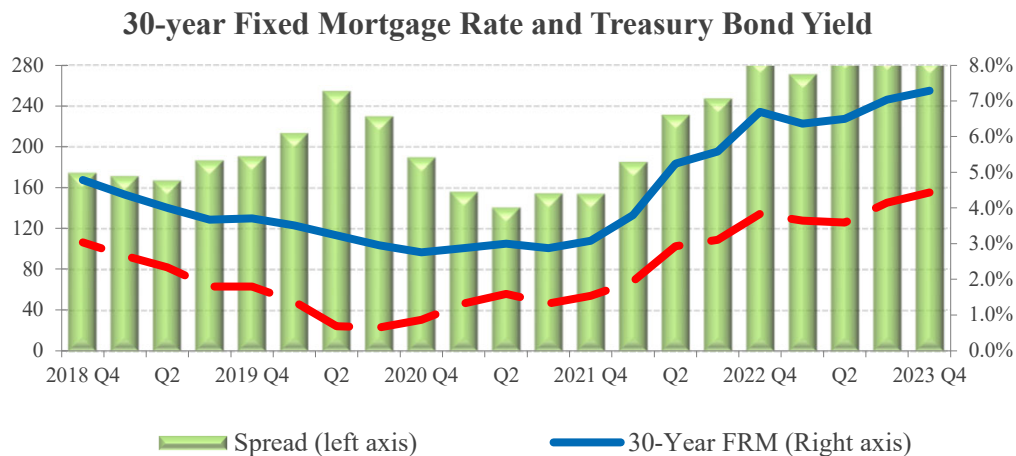
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Fargo	U.S.	
Ratio for 2023	4.3	8.8	The price-to-income ratio eased, but could be better
Ratio for 2023 Q4	4.2	8.3	
Historical Average	3.9	7.4	Affordable compared to most markets



The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers. NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

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/

