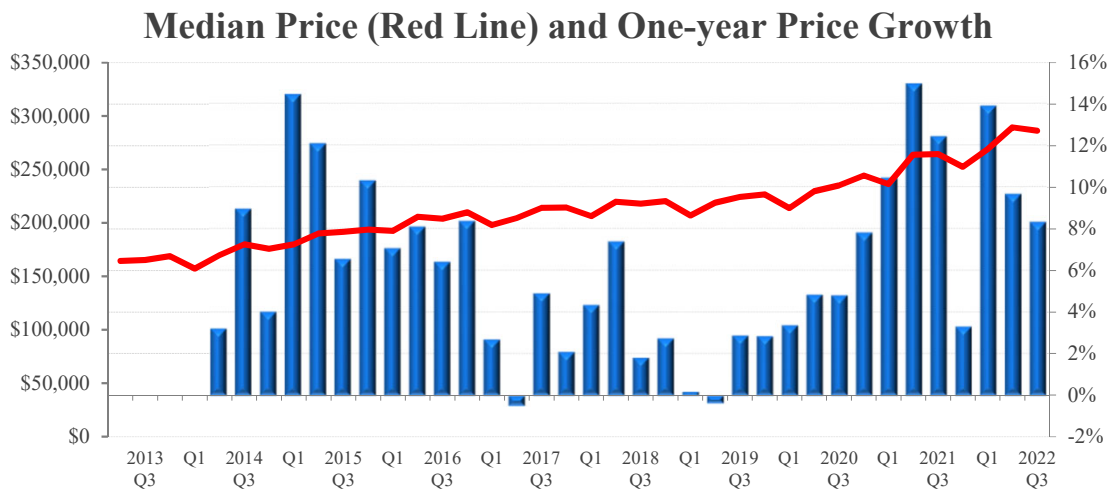


Fargo Area Local Market Report, Third Quarter 2022

Today's Market...



Local Price Trends			
Price Activity	Fargo	U.S.	Local Trend
Current Median Home Price (2022 Q3)	\$286,300	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	8.3%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	27.6%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$62,000	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$94,500	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$121,100	\$184,600	

*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	

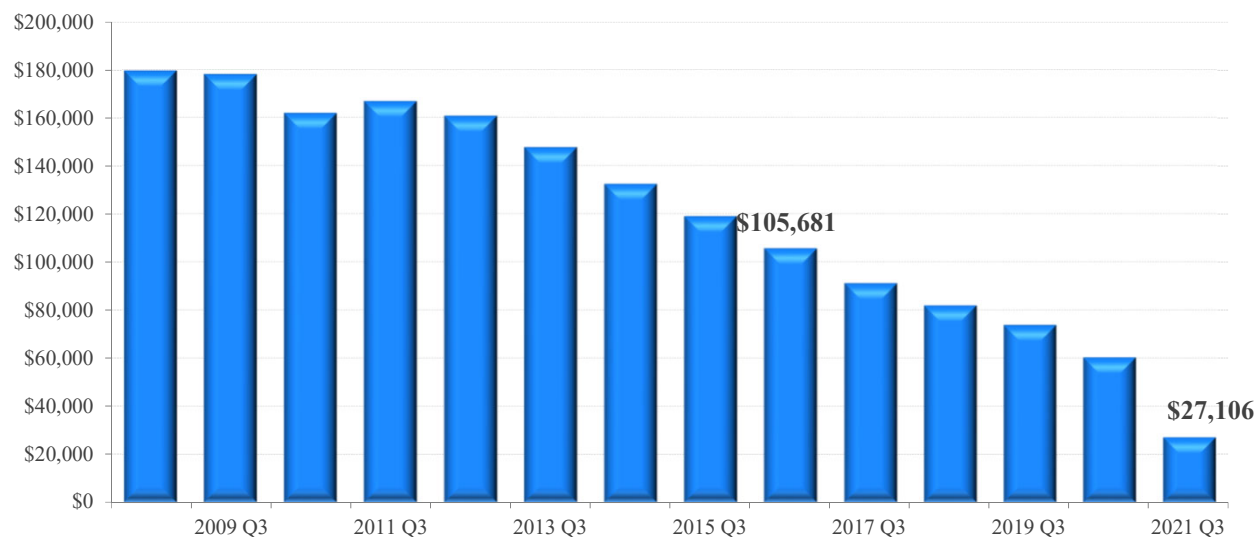
Note: limits are current and include the changes made on January 1st 2023.

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 2022 NAR Regional Vice President representing region 8 is Patty Zuzek.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2022 Q3 from quarter in which home was of purchased

Price Activity	Fargo	U.S.	Local Trend
1-year (4-quarter)	\$27,106	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$73,837	\$129,179	
5-year (20-quarter)*	\$91,121	\$160,886	
7-year (28 quarters)*	\$118,976	\$193,144	
9-year (36 quarters)*	\$147,629	\$217,820	

*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...

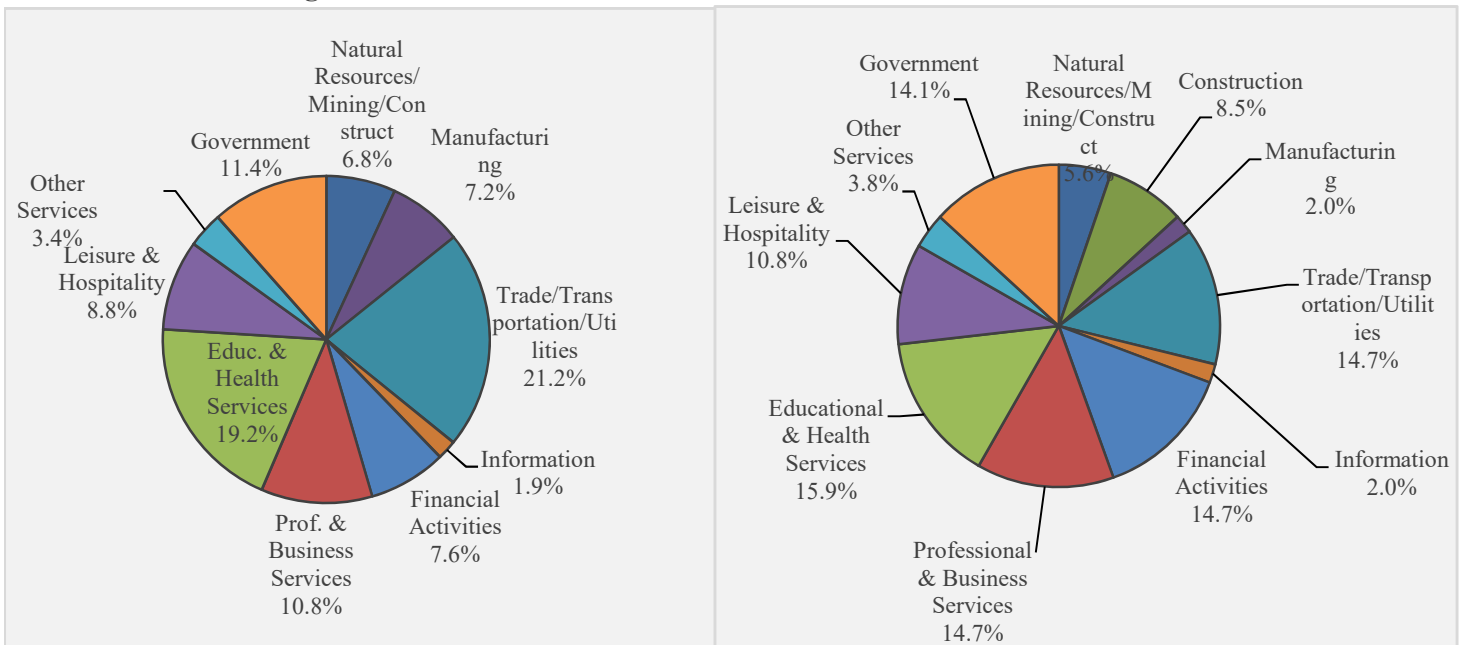


Local Economic Outlook	Fargo	U.S.	
12-month Job Change (Sep)	1,600	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	3,400	Not Comparable	
36-month Job Change (Sep)	1,200	Not Comparable	Unemployment in Fargo is better than the national average and improving
Current Unemployment Rate (Sep)	1.4%	3.5%	
Year-ago Unemployment Rate	2.0%	4.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.1%	4.3%	

Share of Total Employment by Industry

Fargo Area

U.S.



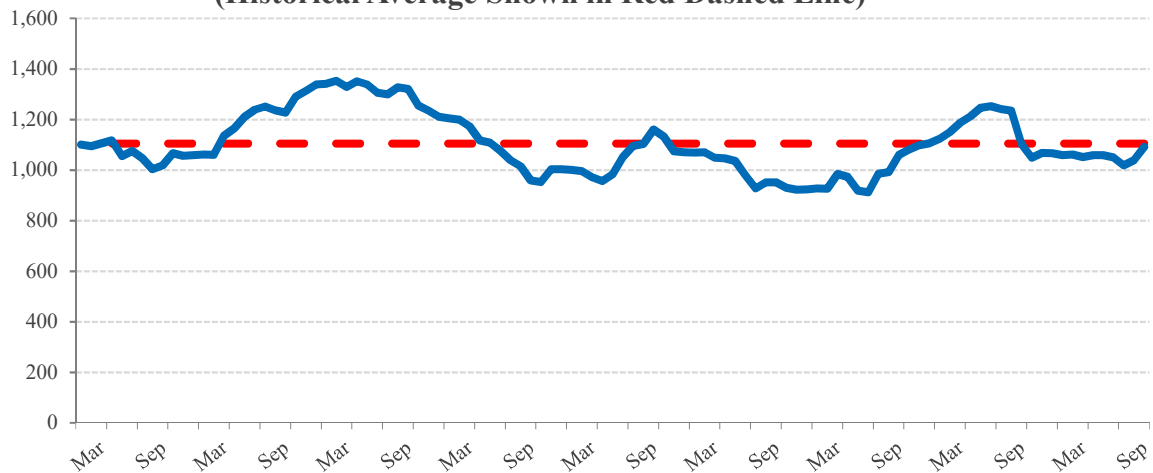
12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	0	Financial Activities	-700
Natural Resources and Mining	NA	Prof. & Business Services	1,200
Construction	NA	Educ. & Health Services	1,100
Manufacturing	100	Leisure & Hospitality	-100
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	1,100	Government	600

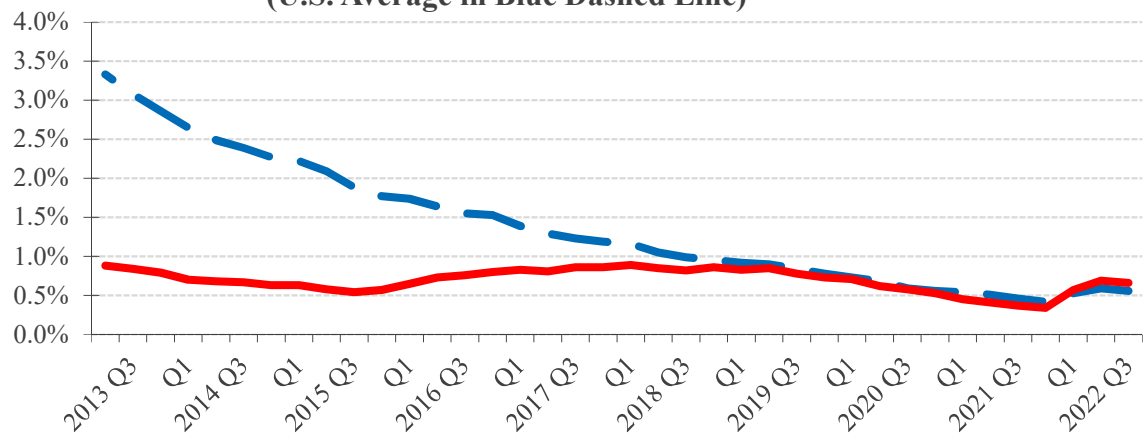
State Economic Activity Index	North Dakota	U.S.	
12-month change (2022 - Sep)	7.0%	4.9%	The economy of North Dakota has outpaced the rest of the nation and improved modestly from last month's 6.71% change
36-month change (2022 - Sep)	5.9%	5.2%	

New Housing Construction			
Local Fundamentals	Fargo	U.S.	
12-month Sum of 1-unit Building Permits through Sep	1,092	not comparable	The current level of construction is 1.2% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,105	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	-0.9%	-7.7%	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)

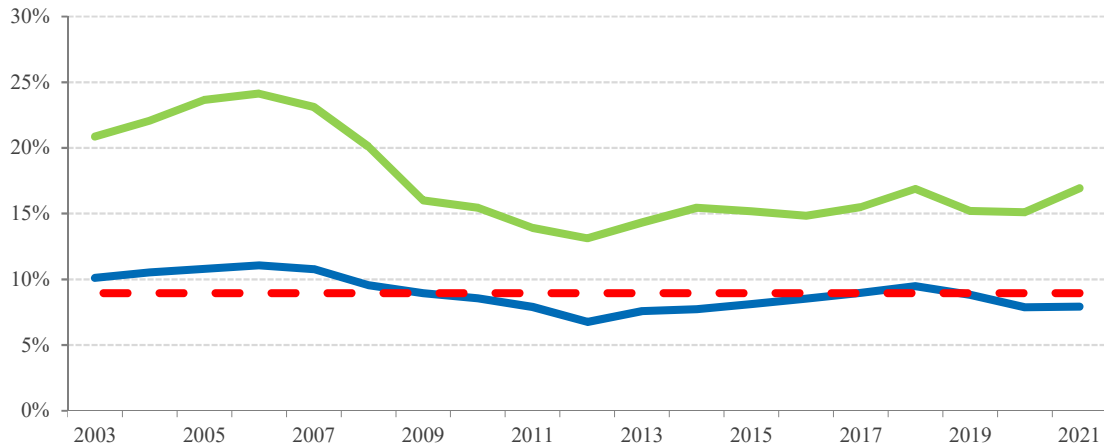


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



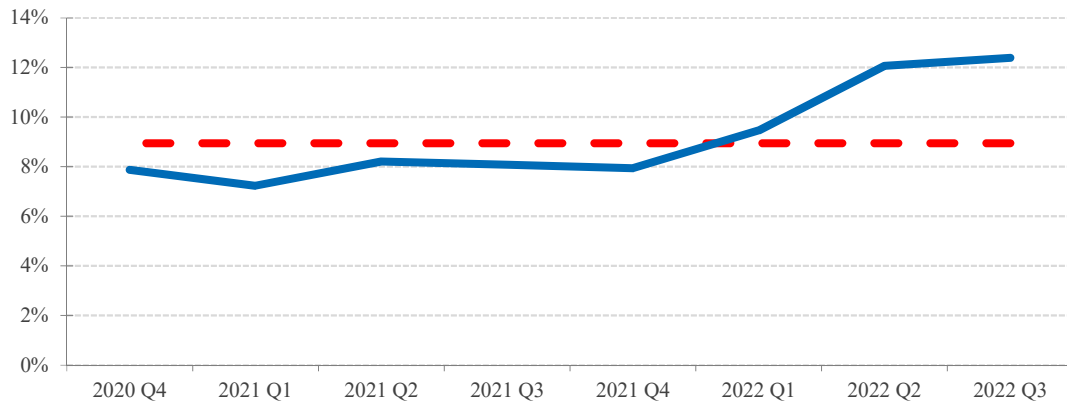
Affordability

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

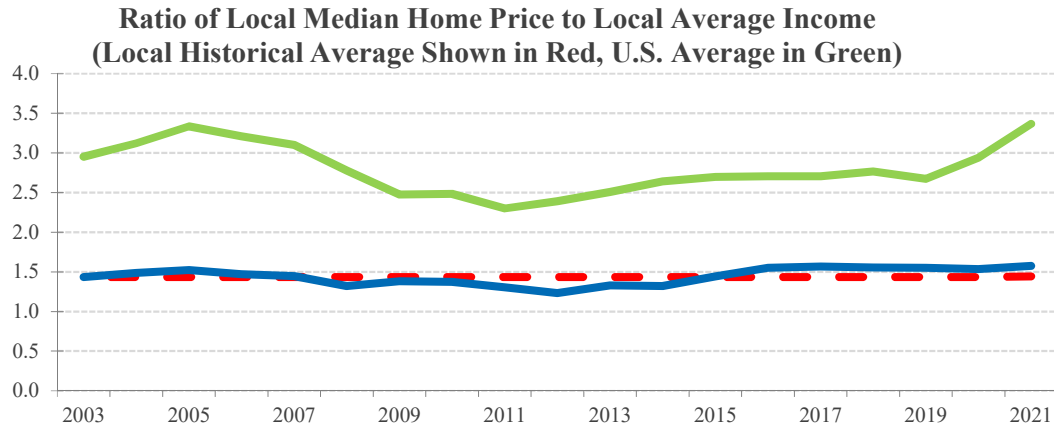


Monthly Mortgage Payment to Income	Fargo	U.S.	
Ratio for 2021	7.9%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	12.4%	24.4%	
Historical Average	9.0%	18.1%	More affordable than most markets

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 2021	1.6	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	1.8	3.6	
Historical Average	1.4	2.7	Affordable compared to most markets



The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the 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/

