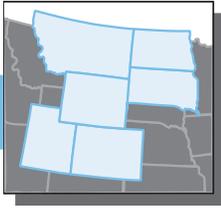


Housing Market Profile

Rocky Mountain • HUD Region VIII



Fargo, North Dakota-Minnesota

The Fargo metropolitan area consists of Cass County in North Dakota and Clay County in Minnesota. Fargo, the largest city in North Dakota, is located in the southwest portion of the state. The Fargo metropolitan area is the retail, manufacturing, healthcare, and education hub for western North Dakota and eastern Minnesota. MeritCare Health System, North Dakota State University (NDSU), and BlueCross BlueShield of North Dakota are the leading employers in the area. As of January 1, 2010, the population in the metropolitan area is estimated to be 200,000, representing an increase of 1.7 percent during the past year, which is relatively unchanged from the rate of population growth recorded in 2008.

Economic conditions in the Fargo metropolitan area declined in 2009 after averaging job growth of almost 2 percent a year for the past 10 years. In 2009, non-farm employment remained unchanged from 2008, at 121,700 jobs, representing a considerable slowdown from the 2.6-percent job growth recorded in 2008. Most job losses occurred in goods-producing sectors, which lost approximately 900 jobs. The Bobcat Company, Microsoft Corporation, and DMI Industries announced layoffs in 2009, with a total decrease of approximately 200 jobs. The J.M. Smucker Company recently announced plans to close its West Fargo plant in April 2010, which will result in a loss of 140 area jobs. In 2009, state government employment increased by approximately 1,000 jobs, or 14 percent, to 7,500 jobs. The large job increase resulted from increased student enrollment at NDSU, which requires additional staff and student work-study positions to meet the needs of the larger student population at the university. In 2009, the metropolitan area's average unemployment rate increased to 4.2 percent, up from 2.8 percent a year earlier.

Student enrollment levels at universities and colleges in the Fargo metropolitan area has increased significantly in recent years. Tri-College University, a consortium of NDSU, Minnesota State University Moorhead, and Concordia College, had a 5-percent increase in student enrollment in 2009. With nearly 25,000 students and 4,500 faculty and staff, Tri-College University has an annual estimated regional economic impact of more than \$1 billion.

The Fargo metropolitan area home sales market remained stable during the economic downturn of 2009 and is currently balanced. In 2009, the median price of single-family homes remained unchanged from the 2008 price, at approximately \$144,900, according to AA Appraisals in Fargo. The number of single-family home sales also remained unchanged, at approximately 2,050. According to data from First American CoreLogic, Inc., the rate of foreclosures among outstanding mortgage loans in the Fargo area increased to 0.8 percent in October 2009 from 0.5 percent a year earlier. During the same time, the number of loans delinquent by 90 days or more also increased from 1.4 to 2.3 percent. The Fargo metropolitan area is well below the national foreclosure and delinquency rates, which are at 3.0 and 7.7 percent, respectively. During 2009, new home construction activity declined. In 2009, single-family home construction, as measured by the number of building permits issued, totaled 725 homes, representing a 6-percent decrease from the 770 permits issued in 2008, based on preliminary data. The sales price for a new two-bedroom, two-bath starter home in the Fargo metropolitan area begins at approximately \$155,000.

The rental market in the Fargo metropolitan area is somewhat tight as the growing student population has increased rental demand. According to Appraisal Services, Inc., the vacancy rate in the Fargo area increased slightly from 5.5 percent in the fourth quarter of 2008 to 5.8 percent in the same period of 2009. The increase in vacancy is attributed to new apartments that have just come on the market and are available for leasing. Multifamily construction, as measured by the number of units permitted, has increased significantly. In 2009, 830 multifamily permits were issued, compared with only 430 permits issued in 2008, based on preliminary data. Increased student enrollment has resulted in new rental development close to NDSU's main campus in West Fargo and near the downtown Fargo campus. Cityscapes Plaza is a new 104-unit, mixed-use development located near downtown Fargo, which opened in late 2009 for students, faculty, and staff. Cityscapes Plaza, managed by the university, rents two-bedroom apartments for \$1,180 a month. Close to NDSU's main campus, the 88-unit Dakota Street Lofts project is currently under construction and its completion is expected by the spring of 2010. In addition to the new construction projects near the NDSU campus, approximately 300 new rental units are under construction in six smaller developments across the southwest portion of the city of Fargo. Monthly rents for newer two-bedroom, two-bath apartments in the area start at approximately \$800.