

July 18, 2025

To: Todd Feland, City of Grand Forks
From: Mark Schill, Praxis Strategy Group
RE: Assessment of apartment vacancy
Mr. Feland,



Here is a compilation of recent apartment vacancy in the city of Grand Forks.

Key takeaway: the current rental vacancy in Grand Forks is very low, at or below 3.5%.

Grand Forks Apartment Association Vacancy Survey

The latest local GF Apartment Association survey shows that **vacancy for private sector units in the first quarter of 2025 is 3.5%** in the city of Grand Forks (3.6% if including East Grand Forks). According to historical data from this survey published on the City's housing dashboard, the local vacancy rate in this survey dropped below 6% in Q2 2022 and has remained below 6% for all but one quarter since.

This drop below 6% corresponds with the start of a period of rapid rent price growth in Grand Forks County according to the Zillow Observed Rent Index. Part of this rise might be attributed to the lack any of new multifamily housing units permitted in 2024 and 2025 in Grand Forks.

The recent apartment survey covers 6,160 private-sector units withing Grand Forks. According to the U.S. Census American Community Survey, there are 13,849 renter-occupied housing units in the city of Grand Forks. Of those, 2,651 are single-family units, duplexes, mobile homes, or other structures. This leaves 11,695 units in the city that could be considered "apartments" with at least three units and subject to the Apartment Association vacancy survey. This means that the 3.5% vacancy figure (214 vacant units) is based upon a sample of 53% of the apartments in Grand Forks.

This 53% sample of units is significant. For instance, if we were to add another 2,000 units to the survey and those newly added units had a very high vacancy rate of 10%, this would move the overall vacancy rate in the survey up to just 5.1%.

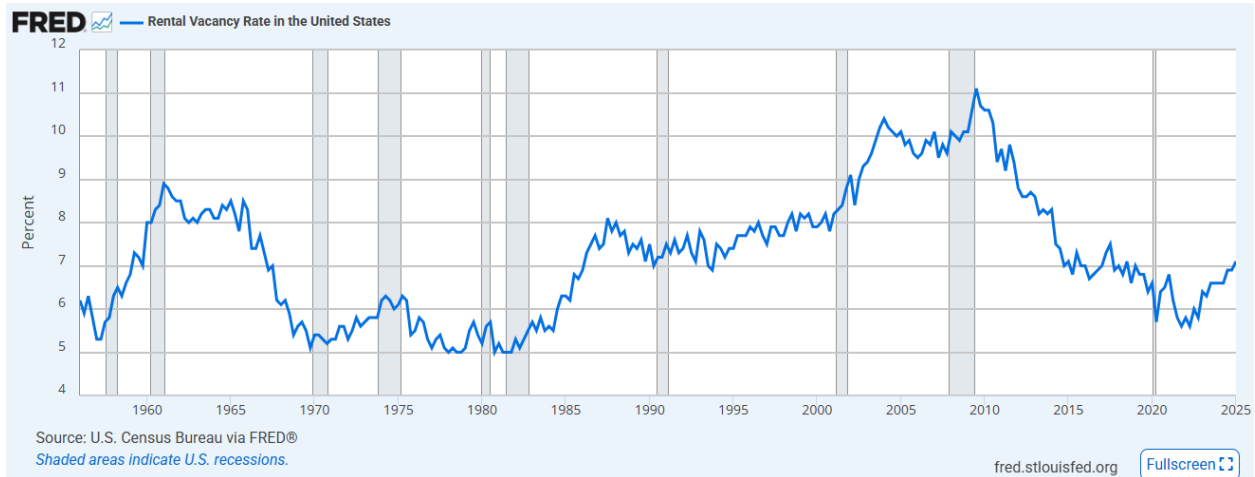
Other Recent Vacancy Information

A recent market study by Maxfield Research in April 2025 polled eight Grand Forks apartment developments constructed since 2014. **Across the 876 units sampled, the study found 11 vacant units or 1.3% vacancy.**

In the past two weeks we contacted four large property management firms in the Grand Forks area which account for about 5,600 apartment units. Collectively these four firms have a **vacancy of under 1% across their roughly 5,600 units.**

What is a “Normal” Vacancy Rate in Grand Forks?

Historically at the national level, rental vacancy rates have fluctuated between roughly 5% and 11% over the past 70 years.



Housing policy experts generally suggest that a 5-10% vacancy rate should be considered a “healthy” market. Dating back to the 2012 Grand Forks housing task force, a target rate of 6% or above has often been discussed.

A study by Parli and Miller in the Journal for Real Estate Portfolio Management found that that a reliable method to calculate an equilibrium vacancy rate for commercial property is to calculate the average vacancy over time. The equilibrium vacancy is the rate where supply and demand are balanced, producing little pressure on rent increases or decreases.

We conclude that an equilibrium rate is reliably and easily extracted from a market by simply determining the market’s mean vacancy rate over an extended period of time. ⁱ

From Q1 2008 to Q3 2024 the Grand Forks Apartment Association vacancy survey ranged from a high of 9.4% to a low of 2.3%.ⁱⁱ The average vacancy rate over this time periodⁱⁱⁱ is 6.6%. This estimated equilibrium vacancy rate is in line with anecdotal reports of optimum vacancy.

Conclusion

These vacancy data – along with the recent rise of rental prices in Grand Forks – suggest a supply shortage of housing in Grand Forks that seems to have started in 2022-2023. This

situation could also be caused by an increase in demand for rental units in the community which would be a boon for local businesses in the area as well as employers looking for workers.

ⁱ <https://www.normmiller.net/wp-content/uploads/2015/04/Revisiting-the-Derivation-of-an-Equilibrium-Vacancy-Rate1.pdf>

ⁱⁱ <https://www.grandforksgov.com/business/housing-dashboard>

ⁱⁱⁱ N=48