

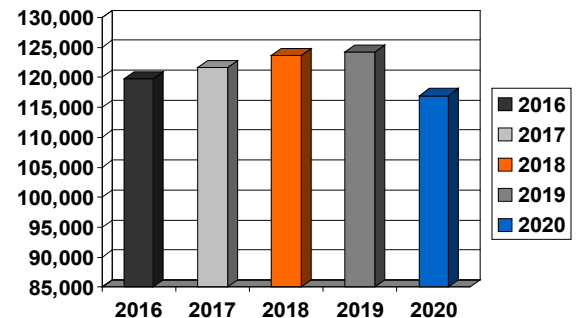
Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA decreased by 5.9% over the last year. The loss of 7,296 jobs brought the total employment figure to 116,912 from the September 2019 level of 124,208. Goods Producing has shown a gain of 171 jobs over the last 12 months while Service Providing reported a loss of 7,467 jobs.

The Covid-19 pandemic has played a significant role in the reduction of jobs in the service sector.

Total Employment Third Quarter



Rochester MSA Employment Past 5 Years - Third Quarter

	<u>Sept. 2016</u>	<u>Sept. 2017</u>	<u>Sept. 2018</u>	<u>Sept. 2019</u>	<u>Sept. 2020</u>
Total Employment	119,763	121,581	123,621	124,208	116,912
Goods Producing					
Construction, Mining, Logging	4,776	5,011	5,155	5,625	5,662
Manufacturing	10,948	10,874	11,150	11,167	11,301
Service Providing					
Wholesale Trade	2,739	2,745	2,868	2,859	2,781
Retail Trade	12,312	12,051	12,014	11,527	11,971
Transportation/Warehousing	2,900	2,838	2,839	2,705	2,614
Information	1,886	1,901	1,637	1,444	1,160
Financial Activities	2,690	2,850	2,817	2,776	2,732
Professional/Business Services	6,061	6,020	6,138	5,759	5,285
Educational/Health	48,292	49,368	50,928	51,594	48,061
Leisure/Hospitality	10,689	11,213	11,543	11,599	9,185
Other Services	4,044	3,864	3,739	3,871	3,570
Government	12,426	12,846	12,793	13,282	12,590

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate increased by 2.1% from the same period last year and was 4.2% at the end of the third quarter. Despite the pandemic, the Rochester average continues to remain below the state and U.S. averages of 5.4% and 7.7% respectively.

The labor force in September was 121,821, which was 3.4% lower than the September 2019 figure of 126,100.

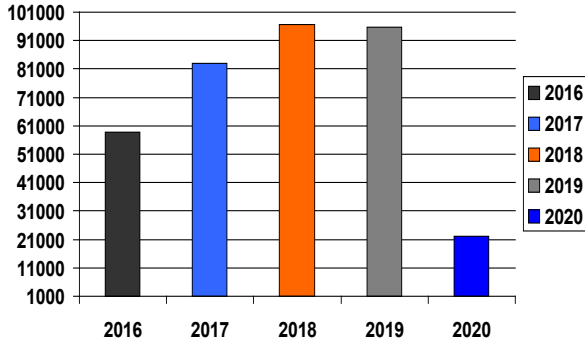
Unemployment Rates Past 5 Years Third Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
2020 4.2%	2020 5.4%	2020 7.7%
2019 2.1%	2019 2.6%	2019 3.3%
2018 1.9%	2018 2.3%	2018 3.6%
2017 2.5%	2017 2.8%	2017 4.1%
2016 3.1%	2016 3.5%	2016 4.8%

Source: Minnesota Department of Employment & Economic Development

Airport Traffic

Airport Passenger Traffic Third Quarter Comparison



The Rochester International Airport serviced 22,051 passengers during the third quarter of 2020. This is an increase of 173% over second quarter 2020 (8,068 passengers). The impact of Covid-19 during second and third quarters severely impacted the number of travelers compared to first quarter 2020 (73,035). Numbers started to drop the last half of March during first quarter. Passenger totals for July, August, and September were 5,549, 8,151, and 8,351 respectively.

United Express flights, operated by SkyWest Airlines, began offering direct flights out of Rochester to Denver, Colorado on October 1, 2020. The new flights provide travelers access to United's global network via the airline's Denver hub.

The U.S. Department of Transportation announced Airport Improvement Program (AIP) grants on September 1, 2020, including \$9.2 million awarded to Rochester International Airport (RST). The \$9.2 million grant will be primarily used to initiate Phase 1 of construction on RST's runway safety improvements.

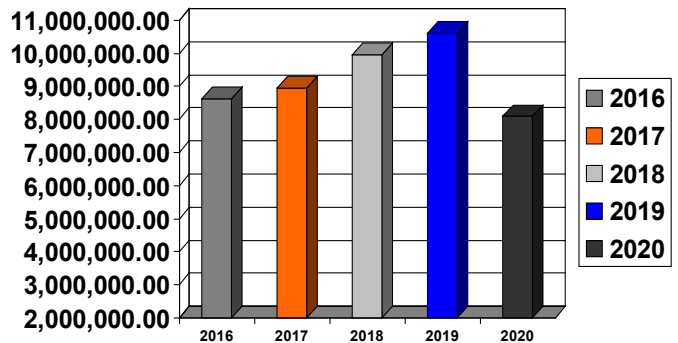
Source: Rochester Airport Company

Hotel/Motel Sales Tax - City of Rochester Third Quarter

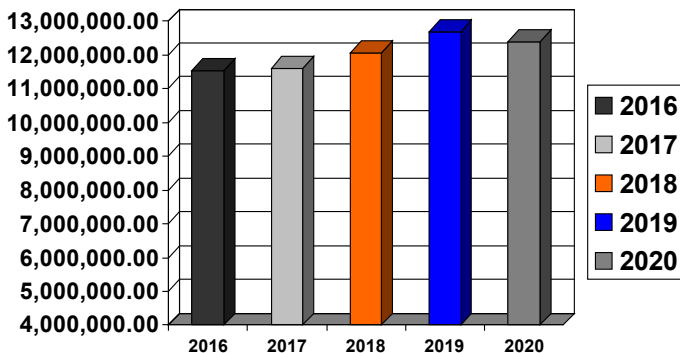
Aug 2019-July 2020	\$ 8,090,456.81
Aug 2018-July 2019	\$10,601,458.44
Aug 2017-July 2018	\$ 9,959,271.05
Aug 2016-July 2017	\$ 8,942,513.70
Aug 2015-July 2016	\$ 8,636,874.78

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax – Third Quarter



Net Sales Tax – Third Quarter

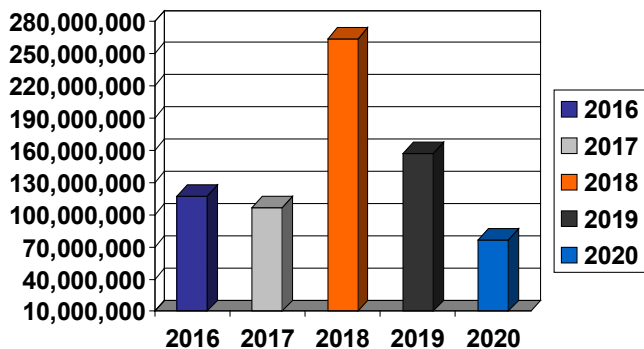


Net Sales Tax - City of Rochester Third Quarter

Aug 2019 - July 2020	\$12,395,991.83
Aug 2018 - July 2019	\$12,691,876.75
Aug 2017 - July 2018	\$12,052,291.83
Aug 2016 - July 2017	\$11,596,105.06
Aug 2015 - July 2016	\$11,543,462.74

Source: City of Rochester Finance Department

Third Quarter Commercial & Residential Valuation Comparison



Commercial and Residential Building Permits Third Quarter Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2020	\$ 76,869,921	576
2019	\$156,787,780	633
2018	\$263,946,865	663
2017	\$106,590,704	514
2016	\$117,122,931	680

Source: Building Safety - City of Rochester

Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2020 totaled \$76,869,921. This is a decrease of 51% over third quarter 2019.

Permits over \$1 million for third quarter 2020 included: Construction of a new 6693 SF building for orthodontics and a small coffee shop. (Collins Orthodontics), tenant improvement for restaurant (Miracle Mile ABC Restaurant), Generose 1 West and 2 East inpatient units safety updates and renovation (St. Marys Campus Generose), 34,004 SF cold storage addition to existing 61770 storage building (W & A Cold Storage LLC), new 6-story 110-guest room hotel with 2 levels of underground parking (TownePlace Suites by Marriott), conversion of fifth floor to a NICU (St Marys Campus - Mary Brigh 5th), new 2-story 98,000 SF K-5 elementary school, core and shell only (Rochester Public Schools), one-story metal building including merchandising, auto service and incidental storage (Firestone Complete Auto Center).

Third Quarter Housing Activity in Southeast Minnesota

	<u>Average Price</u>	<u>Median Price</u>	<u>Days on Market</u>	<u>New Listings</u>	<u>Pending Sales</u>	<u>Closed Sales</u>
2020	\$254,377	\$228,075	44	2,051	642	2,088
2019	\$225,712	\$204,985	51	2,250	521	1,892
2018	\$219,252	\$190,000	51	1,995	502	1,686
2017	\$200,975	\$180,000	55	1,915	506	1,758
2016	\$182,854	\$160,000	73	1,681	505	1,722

Source: Southeast Minnesota REALTORS

Third Quarter Housing Activity

Home listings in southeastern Minnesota decreased by 8.8% from a year ago, and pending sales increased by 23.2% from the same period last year. Prices moved higher as the median sales price was up 11.3% to \$228,075, while the average sales price was up by 12.7%.

Strong buyer activity has continued into the fall, which is normally the start of the seasonal slowing of the housing market. With stronger buyer activity in the market this year and the continued constrained supply of homes for sale, speedy sales and multiple offers are likely to remain a common occurrence and will keep the housing market strong even when the weather is cooling.

Source: Southeast Minnesota REALTORS