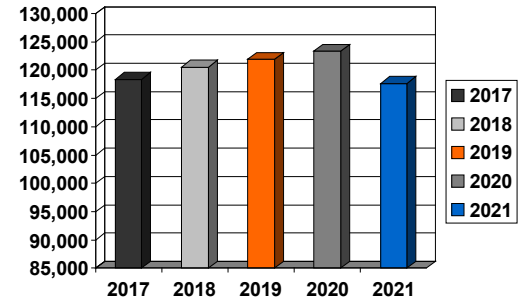


Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA decreased by 4.6% over the last year. The loss of 5,675 jobs brought the total employment figure to 117,633 from the March 2020 level of 123,308. Goods Producing has shown a loss of 1,099 jobs over the last 12 months while Service Providing reported a loss of 4,576 jobs.

Total Employment First Quarter



Rochester MSA Employment Past 5 Years

	March <u>2017</u>	March <u>2018</u>	March <u>2019</u>	March <u>2020</u>	March <u>2021</u>
Total Employment	118,377	120,523	121,865	123,308	117,633
Goods Producing					
Construction, Mining, Logging	3,926	4,051	4,418	4,509	4,313
Manufacturing	10,277	10,365	10,900	10,741	9,838
Service Providing					
Wholesale Trade	2,593	2,807	2,842	2,766	2,698
Retail Trade	12,193	12,093	11,833	11,643	11,876
Transportation/Warehousing	2,789	2,773	2,765	2,781	2,320
Information	1,854	1,748	1,516	1,444	1,290
Financial Activities	2,791	2,791	2,752	2,281	2,724
Professional/Business Services	5,848	5,980	5,597	5,645	5,755
Educational/Health	48,938	50,437	51,447	52,961	51,181
Leisure/Hospitality	10,110	10,742	11,058	10,870	8,601
Other Services	3,973	3,719	3,794	3,828	3,614
Government	13,085	13,017	12,943	13,300	12,434

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate was up by 0.6% from the same period last year and was 4.0% at the end of the first quarter. The rates for January and February were both 4.4%. The Rochester average remains below the state and U.S. averages of 4.5% and 6.2% respectively.

The labor force in March was 123,638, which was .56% lower than the March 2020 figure of 124,332.

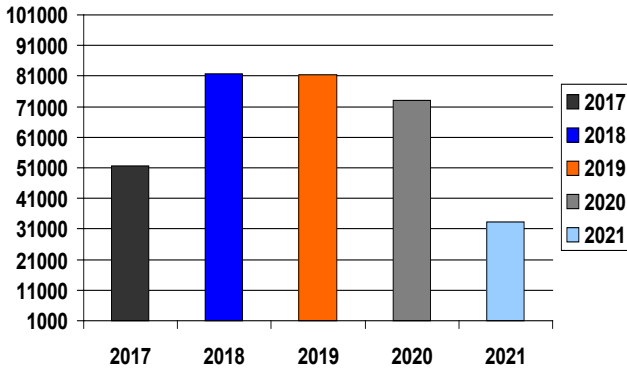
Unemployment Rates Past 5 Years First Quarter- Rochester MSA

<u>Rochester</u>		<u>Minnesota</u>		<u>United States</u>	
2021	4.0%	2021	4.5%	2021	6.2%
2020	3.4%	2020	3.9%	2020	4.5%
2019	3.6%	2019	3.9%	2019	3.9%
2018	3.4%	2018	3.7%	2018	4.1%
2017	3.7%	2017	4.2%	2017	4.6%

Source: Minnesota Department of Employment & Economic Development

Quarterly Airport Traffic

Airport Passenger Traffic First Quarter Comparison



The Rochester International Airport served 33,297 passengers during the first quarter of 2021. This is a decrease of 55% over first quarter 2020 (73,635 passengers). The impact of Covid-19 since March 2020 has influenced the low number of travelers. Passenger totals for January, February and March were 10,297, 10,555 and 12,445 respectively. Passenger volumes have continued to grow year-to-date with vaccines in circulation and some travel restrictions easing.

RST reported this week that Sun Country Airlines is adding direct flights from Rochester to Fort Myers, Florida and Phoenix, Arizona starting in February 2022. RST currently offers non-stop flights to Minneapolis, Chicago, Denver, and Atlanta.

Runway and taxiway improvements will begin next month at the airport. These improvements are part of a multi-year \$80 million runway improvements project. The Rochester City Council recently approved the RST Master Plan update, which lays out infrastructure needs over the next 20 years. At least \$146.8 million of the 20-year budget is expected to be funded by the Federal Airport Improvement Program, with the state covering nearly \$22.7 million.

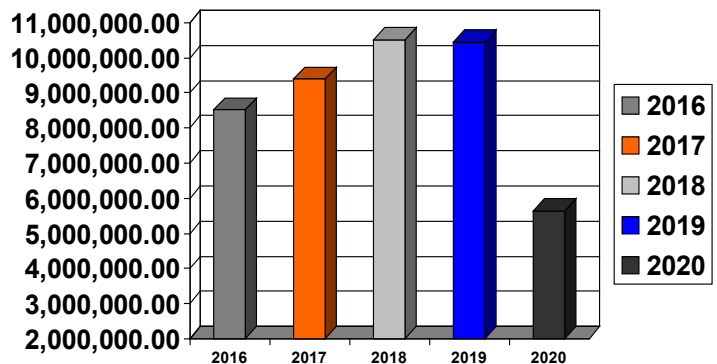
Source: Rochester Airport Company

Hotel/Motel Sales Tax - City of Rochester

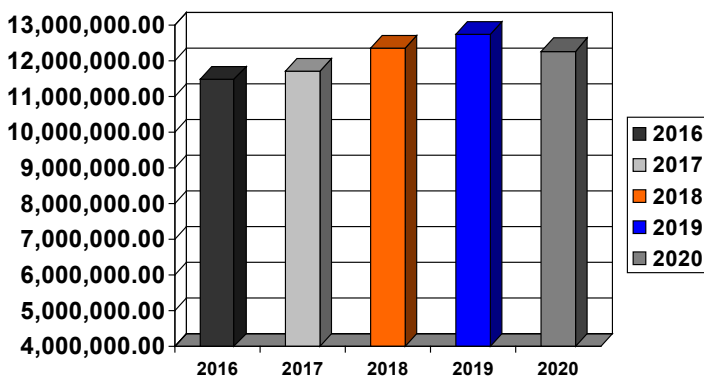
January-December 2016	\$8,517,102.28
January-December 2017	\$9,391,247.91
January-December 2018	\$10,501,151.97
January-December 2019	\$10,439,911.33
January-December 2020	\$5,647,345.37

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax Past 5 Years



Annual Net Sales Tax Past 5 Years

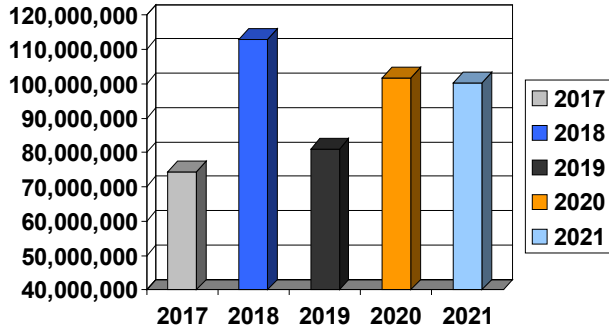


Net Sales Tax - City of Rochester

January-December 2016	\$11,500,132.84
January-December 2017	\$11,720,908.26
January-December 2018	\$12,370,629.98
January-December 2019	\$12,757,100.83
January-December 2020	\$12,287,489.78

Source: City of Rochester Finance Department

Commercial & Residential Building Permits First Quarter



Commercial and Residential Building Permits First Quarter Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2021	\$100,254,482	429
2020	\$101,680,065	379
2019	\$ 80,965,987	381
2018	\$112,879,651	445
2017	\$ 74,348,432	455

Source: Building Safety - City of Rochester

First Quarter Building Activity

Commercial and residential building permits issued for first quarter 2021 totaled \$100,254,482. This is an decrease of 1.4% over 2020.

Permits over \$1 million for first quarter 2021 included: new 2-story 98,000 square-foot K-5 elementary school (Rochester Public Schools), shared procedural SIM Center (St. Mary's Hospital), electrical remodel, renovations to building (Water Reclamation Plant - Phase 1), footing/foundation, interior columns & elevator pit for new 128 unit apartment building (Bella Vista of Rochester), alterations to 12th floor for center for aesthetic medicine and surgery (Gonda 12), remodel Mayo Allergy Procedura area (Mayo Building), tenant fitout of leased space at former Shopko North (Purple Goat Restaurant), new construction fitout of 3-story 175,000 square-foot middle school (grades 6-8, Rochester Public Schools), alterations to frozen section lab (St. Mary's - Mary Brigh), construction of new convenience store (Kwik Trip), new 5-story 126,000 square-foot office lab building next to Discovery Square One (Discovery Square Two), and exterior and interior alterations to Target North.

Source: Rochester Building Safety Department

First Quarter Housing Activity

Home listings in southeast Minnesota decreased by 7.3% from first quarter 2020, and pending sales increased by 4.4% from the same period last year. Prices moved higher as the median sales price was up 7% to \$222,400, and the average sales price was up by 6%.

First 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>
2021	\$249,979	\$222,400	51	1,416	1,417	1,066
2020	\$235,740	\$208,000	73	1,529	1,357	1,090
2019	\$208,380	\$190,000	69	1,407	1,175	946
2018	\$206,705	\$179,000	76	1,400	1,270	916
2017	\$192,288	\$164,900	85	1,555	1,314	995

Normal spring increases in sales activity, coupled with relaxing COVID-19 policies, created a busy real estate market as buyer demand continued largely unabated in the face of rising home prices and mortgage \ rates. Existing home seller and new construction activity continue to remain below levels necessary to bring the market back into balance, pointing to a busy and competitive buyer market in the coming months.

While many homebuilders are working to increase their activity, the cost of lumber and other materials and a backlogged supply chain continue to limit new home construction and have increased costs substantially. New methods of construction, including 3D printed homes, could speed construction and reduce costs in the future, but realistically, it's several years away from making a measurable impact in the market.

Source: SE MN REALTORS