

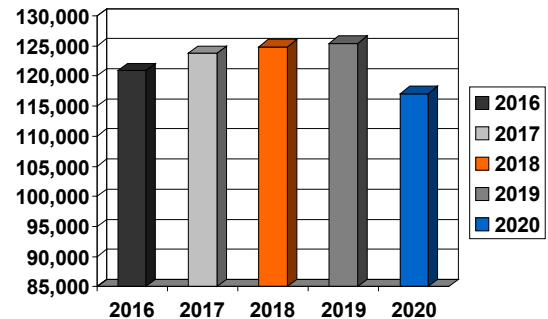
Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA decreased by 6.7% over the last year. The loss of 8,352 jobs brought the total employment figure to 117,088 from the June 2019 level of 125,440. Goods Producing has shown a gain of 292 jobs over the last 12 months while Service Providing reported a loss of 8,644 jobs.

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

Total Employment Second Quarter



Rochester MSA Employment Past 5 Years - Second Quarter

	<u>June 2016</u>	<u>June 2017</u>	<u>June 2018</u>	<u>June 2019</u>	<u>June 2020</u>
Total Employment	120,918	123,732	124,830	125,440	117,088
Goods Producing					
Construction, Mining, Logging	4,903	5,030	5,126	5,484	5,627
Manufacturing	11,089	11,048	10,905	11,316	11,465
Service Providing					
Wholesale Trade	2,839	2,769	2,919	2,932	2,853
Retail Trade	12,709	12,555	12,415	11,928	12,026
Transportation/Warehousing	2,763	2,789	2,684	2,559	2,565
Information	1,933	1,911	1,746	1,417	1,174
Financial Activities	2,663	2,864	2,909	2,861	2,752
Professional/Business Services	6,184	6,260	6,259	5,785	5,363
Educational/Health	47,859	49,788	50,868	51,632	41,886
Leisure/Hospitality	11,091	11,346	11,881	12,053	9,133
Other Services	3,983	4,011	3,846	3,929	3,448
Government	12,902	13,361	13,272	13,544	12,796

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate increased by 5.0% from the same period last year and was 8.0% at the end of the second quarter. Despite the pandemic, the Rochester average continues to remain below the state and U.S. averages of 8.5% and 11.2% respectively.

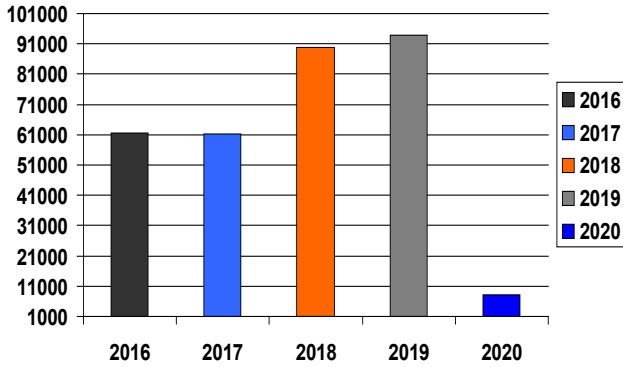
The labor force in June was 128,861, which was .8 higher than the June 2019 figure of 127,784.

Unemployment Rates Past 5 Years Second Quarter- Rochester MSA

	<u>Rochester</u>		<u>Minnesota</u>		<u>United States</u>
2020	8.0%	2020	8.5%	2020	11.2%
2019	3.0%	2019	3.2%	2019	3.8%
2018	2.6%	2018	2.9%	2018	4.2%
2017	3.1%	2017	3.4%	2017	4.5%
2016	3.3%	2016	4.0%	2016	5.1%

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Second Quarter Comparison



Airport Traffic

The Rochester International Airport serviced 8,066 passengers during the second quarter of 2020. This is a decrease of 91.4% over second quarter 2019 (93,764 passengers). The impact of Covid-19 during second quarter 2020 severely impacted the number of travelers. Passenger totals for April, May, and June were 1,121, 2,985, and 3,960 respectively.

United Airlines temporarily suspended flights out of Rochester beginning on July 6. United says this move is being taken under the 2020 CARES Act passed by Congress to assist many businesses suffering from the coronavirus-induced lockdowns affecting much of the

American economy. Under the Act, the U.S. Department of Transportation can authorize airlines to suspend flights in selected markets based on demand. "We remain hopeful that United will reinstate services when the overall demand for air travel begins to improve," said John Reed, Executive Director of Rochester International Airport.

The Airport and airlines have all instated measures to ensure travel is safe for those with essential travel needs.

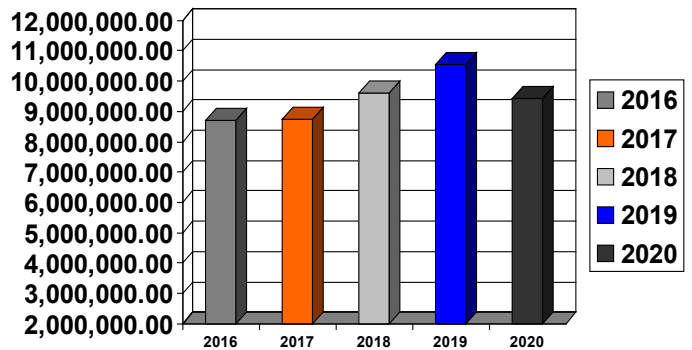
Source: Rochester Airport Company

Hotel/Motel Sales Tax - City of Rochester

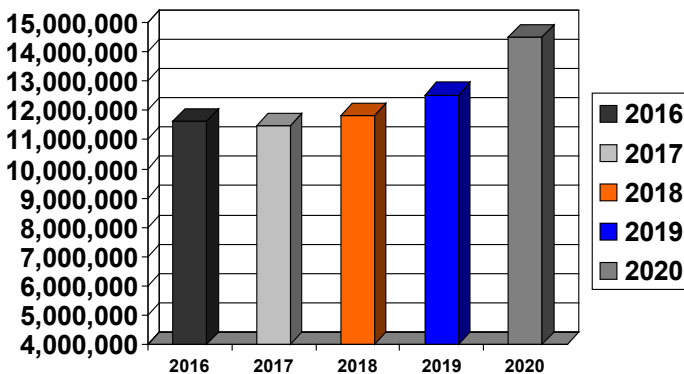
May 2019-April 2020	\$ 9,441,611.59
May 2018-April 2019	\$10,559,628.48
May 2017-April 2018	\$ 9,623,851.88
May 2016-April 2017	\$ 8,742,688.85
May 2015-April 2016	\$ 8,704,970.06

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax – Past 5 Years



Net Sales Tax – Second Quarter

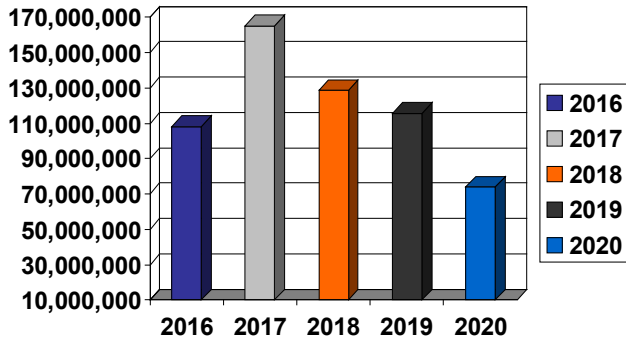


Net Sales Tax - City of Rochester

May 2019-April 2020	\$14,478,549.70
May 2018-April 2019	\$12,519,921.14
May 2017-April 2018	\$11,820,956.58
May 2016-April 2017	\$11,476,194.00
May 2015-April 2016	\$11,607,663.95

Source: City of Rochester Finance Department

Second Quarter Commercial & Residential Valuation Comparison



Commercial and Residential Building Permits Second Quarter Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2020	\$ 73,932,243	478
2019	\$115,685,000	634
2018	\$128,517,764	721
2017	\$165,224,234	812
2016	\$108,091,203	819

Source: Building Safety - City of Rochester

Second Quarter Building Activity

Commercial and residential building permits issued for second quarter 2020 totaled \$73,932,243. This is a decrease of 36.1% over 2019.

Permits over \$1 million for second quarter 2020 included: Building addition interior finishes, exterior enclosure and MEP system for new police department precinct addition (North Services Center and Police Station - BP5), Renovation of second floor, adding kitchen equipment with hood and light fixture replacement (John Adams Middle School), "Mechanical - HVAC work for hotel new 172 room hotel with 2 levels of parking, 1st floor meeting rooms, swimming pool, guest kitchen and lobby bar (Civic on First), 76 unit multi-family apartment building - 4 levels of wood framing over 1 level of precast underground parking (Century Heights), installation of fermenter equipment, remove and replace roof structure upgrade fire sprinkler and MEP, and new platforms and railings (Kerry Foods - Ingredients Buildings), Remodel of the interior spaces of the church and reroof of the entire facility (Zumbro Lutheran Church), New passenger boarding bridge and fixed passenger walkway that connects to terminal building, minor alterations to exterior wall (Rochester International Airport), New slab on grade mental health facility for adolescents and adults (Olmsted County Regional Crisis Center), tenant fit-up into 4th floor One Discovery Square (RION Health).

Second 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	\$251,750	\$228,250	55	1,977	769	1,614
2019	\$242,118	\$219,900	59	2,394	598	1,825
2018	\$226,880	\$206,000	60	2,211	578	1,789
2017	\$216,688	\$184,200	64	2,299	606	1,912
2016	\$217,819	\$185,000	64	2,254	619	1,879

Source: Southeast Minnesota REALTORS

Second Quarter Housing Activity

Home listings in southeastern Minnesota decreased by 17.4% from a year ago, and pending sales increased by 28.5% from the same period last year. Prices moved higher as the median sales price was up 3.8% to \$228,250, while the average sales price was up by 4.8%.

While buyer activity continues to be robust, seller activity continues to be a bit softer, with fewer homes being listed for sale than a year ago. Many housing experts believe sellers remain reluctant to list their homes due to continued concerns over COVID-19, which was beginning to see a resurgence in June.