

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

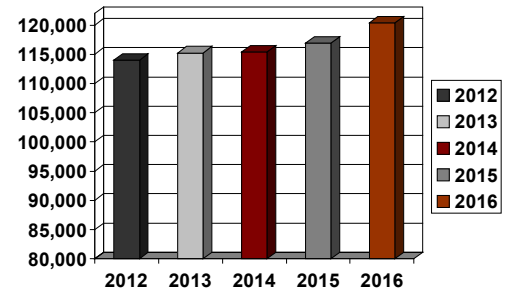
Third Quarter, 2016

Total Employment Up for Quarter

Nonagricultural wage and salary employment for the Rochester MSA grew over the last year at a rate of 3.0 percent. The gain of 3,508 jobs brought the total employment figure up to 120,392 from last year's September level of 115,392. Goods Producing showed a gain of 243 jobs while Service Providing reported an increase of 3,265 jobs in the last 12 months.

Annual job growth in the third quarter has continued to climb since 2010.

Total Employment Third Quarter



Rochester MSA Employment Past 5 Years

	Sept. <u>2012</u>	Sept. <u>2013</u>	Sept. <u>2014</u>	Sept. <u>2015</u>	Sept. <u>2016</u>
Total Employment					
Nonfarm	113,980	115,233	115,392	116,884	120,392
Goods Producing					
Construction, Mining, Logging	4,012	4,440	4,564	4,812	5,025
Manufacturing	11,696	11,138	11,242	11,156	11,181
Service Providing					
Wholesale Trade	2,862	2,799	2,594	2,823	2,913
Retail Trade	11,715	12,345	11,988	12,313	12,792
Transportation/Warehousing	2,603	2,752	2,792	2,688	2,992
Information	1,742	1,920	1,998	1,980	1,999
Financial Activities	2,696	2,821	2,775	2,677	2,639
Professional/Business Services	5,805	5,991	5,959	5,706	5,948
Educational/Health	45,197	45,083	45,204	46,608	48,354
Leisure/Hospitality	9,997	10,238	10,277	9,964	10,313
Other Services	3,877	3,710	3,735	3,758	3,784
Government	11,778	11,996	12,264	12,399	12,517

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate decreased by .5 percent from second quarter ending the third quarter rate in September at 2.8 percent. The rates for July and August were 3.1 percent and 3.2 percent respectively. The Rochester average remains below the state and U.S. averages of 3.4 and 4.8 percent respectively.

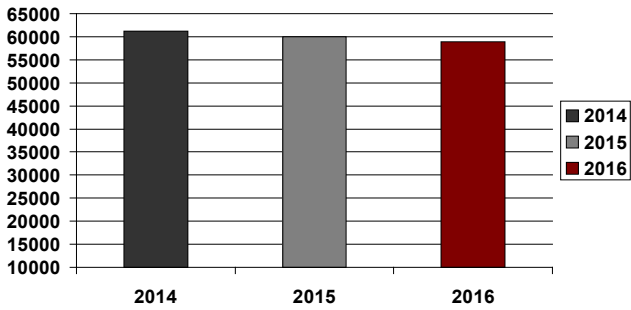
The September labor force figure of 118,474 represents an increase of .4 percent from the September 2015 figure of 118,030.

Unemployment Rates Past 5 Years Third Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
2012 4.4%	2012 5.3%	2012 7.6%
2013 3.9%	2013 4.6%	2013 7.0%
2014 3.1%	2014 3.6%	2014 5.7%
2015 2.7%	2015 3.2%	2015 4.9%
2016 2.8%	2016 3.4%	2016 4.8%

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Third Quarter Comparisons



Quarterly Airport Traffic

The Rochester International Airport serviced 58,839 passengers during the third quarter of 2016. This represents a decrease of 1.8 percent over third quarter 2015 (59,939 passengers) and a decrease of 3.8 percent over third quarter 2014 (61,155 passengers). Passenger totals for July, August and September were 18,257, 20,696 and 19,886 respectively.

Air cargo shipments were down 9.6 percent from third quarter 2015.

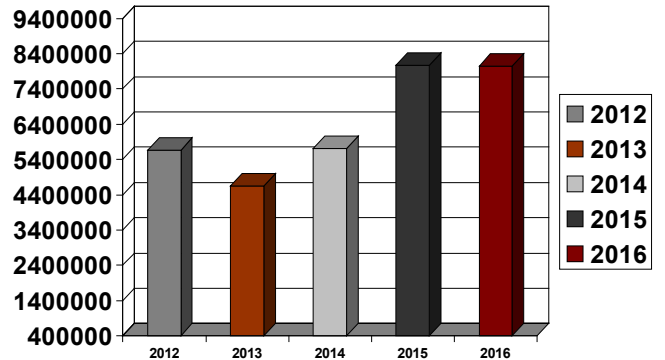
Source: Airport Manager

Hotel/Motel Sales Tax - City of Rochester

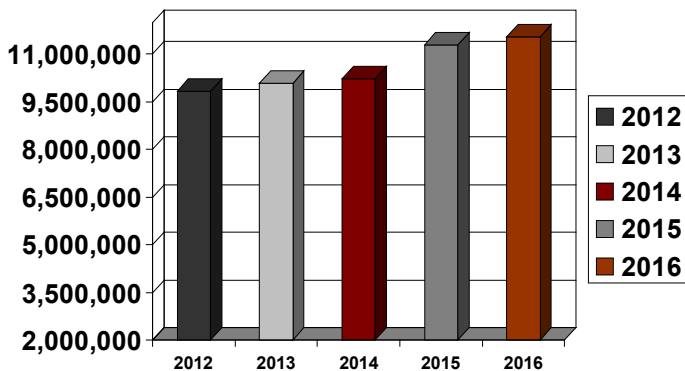
Aug 2011-July 2012	\$3,672,875.92
Aug 2012-July 2013	\$4,643,250.93
Aug 2013-July 2014	\$5,717,227.47
Aug 2014-July 2015	\$8,070,521.75
Aug 2015-July 2016	\$8,040,145.92

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax – Past 5 Years



Net Sales Tax – Past 5 Years

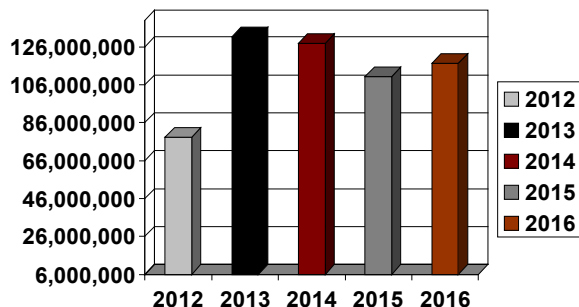


Net Sales Tax - City of Rochester

Aug 2011-July 2012	\$9,826,042.15
Aug 2012-July 2013	\$10,089,428.47
Aug 2013-July 2014	\$10,212,154.74
Aug 2014-July 2015	\$11,289,035.70
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>
2016	\$117,122,931	680
2015	\$110,289,534	691
2014	\$127,766,600	680
2013	\$131,214,277	643
2012	\$78,195,035	567

Source: Building Safety - City of Rochester

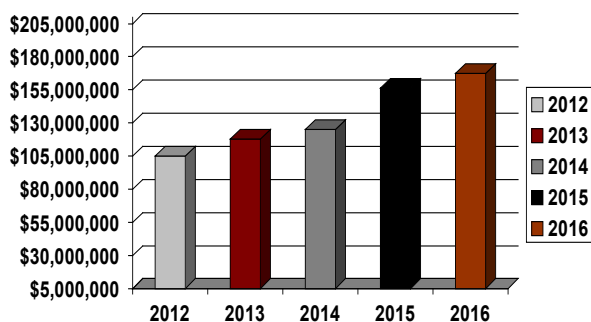
Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2016 totaled \$117,122,931. This represents an increase of 6.2 percent over 2015, decreases of 8.3 and 10.7 percent over 2014 and 2013 respectively, and an increase of 50 percent over 2012.

Permits over \$1 million for third quarter 2016 included: partial phase structural piles for future control building (RPU), alterations for linen services building (Mayo Linen Services Dept), new office building for animal hospital (Quarry Hill Park Animal Hospital), new 74,494 square-foot 4-story apartment with underground parking, alterations to upgrade facility mechanical and electrical systems and window replacements (Northgate Plaza Apartments), partial phase footing and foundations including precast (Maine Heights Apartments), renovation - mechanical & electrical updates and accessibility (MN Army National Guard Armory), plumbing & mechanical for a 159 unit, 5-story with underground parking (Commons on Mayowood Apartments), alterations to facade and reroof eastern portion - Project A (Barlow Plaza), and a new 126,925 square foot 6-story, 92 unit apartment building with underground parking and business tenants on main level (The Buckeye) 3rd Avenue and 4th Street SE.

Source: Rochester Building Safety Department

Third Quarter MLS Sales



Home Sales Third Quarter - Past 5 Years

	<u>Total Sales</u>	<u>Home Price</u>	<u>Units Sold</u>
2016	\$167,358,924	\$222,551	752
2015	\$156,047,319	\$213,179	732
2014	\$125,213,541	\$203,930	614
2013	\$118,004,994	\$195,372	604
2012	\$104,936,402	\$181,550	578

Source: SE Minnesota Association of Realtors

Third Quarter Home Sales Up

Third quarter sales of single family homes in Rochester were \$167,358,924. This represents increases of 7.3 percent over third quarter 2015, 33.7 percent over 2014, 41.8 percent over 2013, and 59.5 percent from 2012.

The average home in Rochester sold for \$222,551 during the third quarter of 2016, and the median sale price was \$190,000. There were 752 units sold during the third quarter. The average time on the market was 52 days.

Source: SE Minnesota Association of Realtors

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