

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

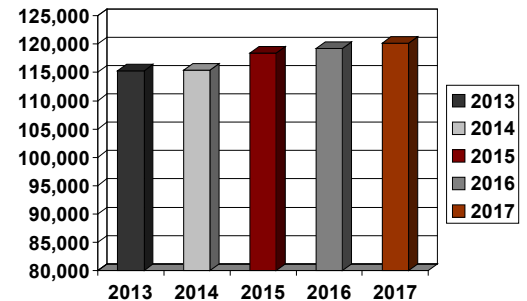
Third Quarter, 2017

Annual Total Employment During Third Quarter

Nonagricultural wage and salary employment for the Rochester MSA grew during third quarter over the last year at a rate of .9 percent. The gain of 1,088 jobs brought the total employment figure up to 120,094 from last year's September level of 119,209. Goods Producing showed a gain of 515 jobs while Service Providing reported an increase of 370 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

	<u>Sept. 2013</u>	<u>Sept. 2014</u>	<u>Sept. 2015</u>	<u>Sept. 2016</u>	<u>Sept. 2017</u>
Total Employment					
Nonfarm	115,233	115,392	118,355	119,209	120,094
Goods Producing					
Construction, Mining, Logging	4,440	4,564	4,798	4,756	5,120
Manufacturing	11,138	11,242	11,123	10,866	11,017
Service Providing					
Wholesale Trade	2,799	2,594	2,839	2,777	2,710
Retail Trade	12,345	11,988	12,366	12,338	12,190
Transportation/Warehousing	2,752	2,792	2,848	2,897	2,782
Information	1,920	1,998	2,002	1,893	1,887
Financial Activities	2,821	2,775	2,699	2,672	2,748
Professional/Business Services	5,991	5,959	5,788	5,557	5,724
Educational/Health	45,083	45,204	46,723	48,340	48,478
Leisure/Hospitality	10,238	10,277	11,021	10,693	10,817
Other Services	3,710	3,735	3,765	3,977	4,064
Government	11,996	12,264	12,383	12,443	12,557

Source: Minnesota Department of Employment & Economic Development

Third Quarter Unemployment

The Rochester MSA unemployment rate decreased by .6 percent from second quarter ending the third quarter rate in September at 2.5 percent. The rates for July and August were both 2.9 percent respectively. The Rochester average remains below the state and U.S. averages of 2.9 and 4.1 percent respectively.

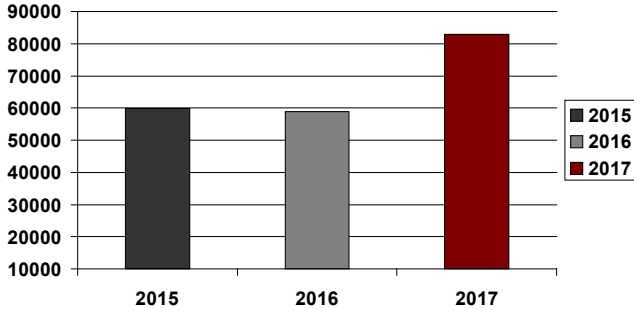
The September labor force figure of 119,804 represents an increase of 1.3 percent from the September 2016 figure of 118,212.

Unemployment Rates Past 5 Years Third Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
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%
2017 2.5%	2017 2.9%	2017 4.1%

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Third Quarter Comparisons



Third Quarter Airport Traffic

The Rochester International Airport serviced 82,836 passengers during the third quarter of 2017. This represents an increase of 40.8 percent over third quarter 2016 (58,836 passengers) and an increase of 38.2 percent over third quarter 2015 (59,939 passengers). Passenger totals for July, August and September were 25,480, 29,166 and 28,190 respectively.

Passenger totals have shown a significant increase in the last year do to the addition of more flights offered and an endorsement from Mayo Clinic requiring employees to use RST when traveling for work.

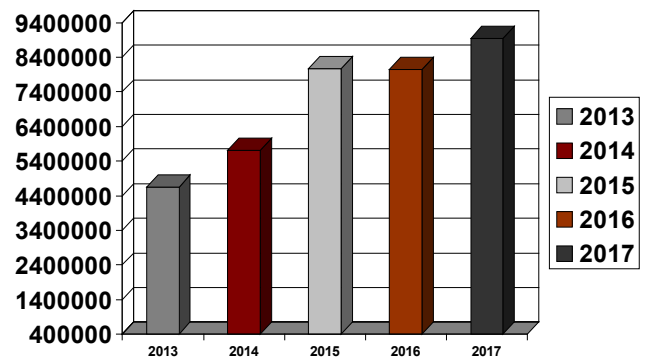
Air cargo shipments were down .4 percent from third quarter 2016.

Hotel/Motel Sales Tax - City of Rochester

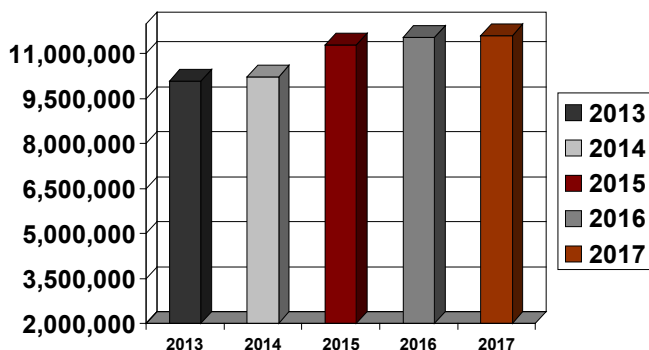
Aug 2012-July 2013	\$4,243,531.49
Aug 2013-July 2014	\$6,282,427.80
Aug 2014-July 2015	\$8,161,521.75
Aug 2015-July 2016	\$8,636,874.78
Aug 2016-July 2017	\$8,942,513.27

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax – Past 5 Years



Net Sales Tax – Past 5 Years

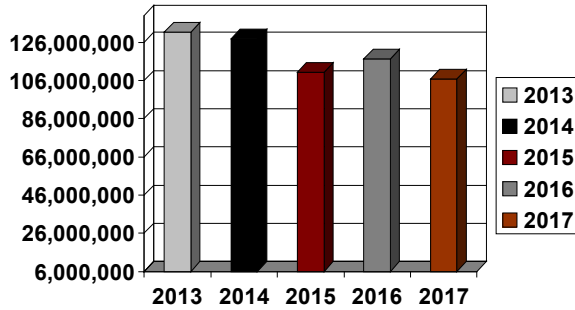


Net Sales Tax - City of Rochester

Aug 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
Aug 2016-July 2017	\$11,596,105.06

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>
2017	\$106,590,704	514
2016	\$117,122,931	680
2015	\$110,289,534	691
2014	\$127,766,600	680
2013	\$131,214,277	643

Source: Building Safety - City of Rochester

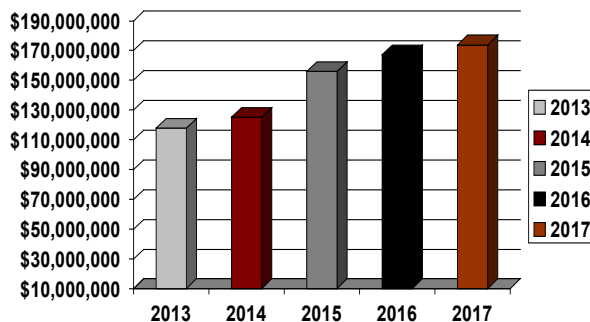
Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2017 totaled \$106,590,704. This represents a decrease of 9 percent over 2016, 3.4 percent over 2015, 16.6 percent over 2014 and 18.8 percent over 2013.

Permits over \$1 million for third quarter 2017 included: cellular molecular immunology & neuro immunology lab relocation (Mayo Hilton Bldg), medical ICU expansion (5MH/Mary Brigh/6th Floor), new one-story shell office/warehouse (WSB Bldg), addition - 4,813 square foot for R3 food sprayer at Kerry Foods, new office and warehouse (Marion Road Storehouse LLC), new 4,356 square foot convenience and gas store (Casey's General Store), interior alterations and finish of an existing shell space (MN Dept. of Transportation - District 6 Rochester Headquarters), new 6-story parking ramp (city of Rochester), OB/GYN REI relocation (Mayo Eisenberg - First Floor), research PET/CT relocation (Mayo Charlton Bldg 6th Floor), alterations for SMOP relocation (St. Mary's Hospital -Alfred Bldg), bldg shell only for new addition (Hoover Elementary), and new 8-unit multi-family bldg (Falcon Heights of Rochester).

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>
2017	\$173,815,577	\$251,906	690
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

Source: SE Minnesota Association of Realtors

Third Quarter Home Sales

Third quarter sales of single family homes in Rochester were \$173,815,577. This represents increases of 3.9 percent over third quarter 2016, 11.4 percent over 2015, 38.8 percent over 2014, and 47.3 percent from 2013.

The average home in Rochester sold for \$251,906 during the third quarter of 2017, and the median sale price was \$218,950. There were 690 units sold during the third quarter. The average time on the market was 60 days.

Source: SE Minnesota Association of Realtors

RAEDI

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