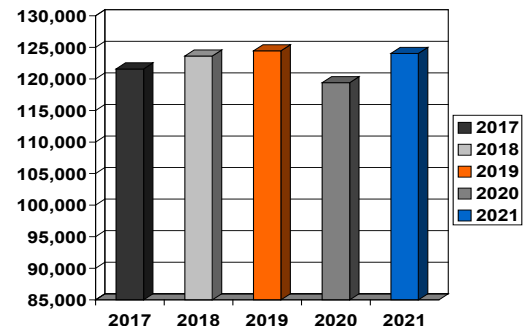


Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA increased by 3.9% over the last year. The gain of 4,636 jobs brought the total employment figure to 124,034 from the September 2020 level of 119,401. Goods Producing has shown a gain of 293 jobs over the last 12 months while Service Providing reported a gain of 4,383 jobs.

Total Employment Third Quarter



Rochester MSA Employment Past 5 Years - Third Quarter

| | <u>Sept. 2017</u> | <u>Sept. 2018</u> | <u>Sept. 2019</u> | <u>Sept. 2020</u> | <u>Sept. 2021</u> |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Employment | 121,581 | 123,621 | 124,439 | 119,401 | 124,037 |
| Goods Producing | | | | | |
| Construction, Mining, Logging | 5,011 | 5,155 | 5,637 | 5,349 | 5,469 |
| Manufacturing | 10,874 | 11,150 | 11,175 | 10,171 | 10,304 |
| Service Providing | | | | | |
| Wholesale Trade | 2,745 | 2,868 | 2,864 | 2,696 | 2,772 |
| Retail Trade | 12,051 | 12,014 | 11,479 | 11,490 | 11,850 |
| Transportation/Warehousing | 2,838 | 2,839 | 2,753 | 2,404 | 2,290 |
| Information | 1,901 | 1,637 | 1,461 | 1,349 | 1,276 |
| Financial Activities | 2,850 | 2,817 | 2,820 | 2,738 | 2,708 |
| Professional/Business Services | 6,020 | 6,138 | 5,721 | 5,637 | 5,918 |
| Educational/Health | 49,368 | 50,928 | 51,841 | 52,030 | 54,118 |
| Leisure/Hospitality | 11,213 | 11,543 | 11,592 | 9,599 | 10,781 |
| Other Services | 3,864 | 3,739 | 3,893 | 3,523 | 3,664 |
| Government | 12,846 | 12,793 | 13,203 | 12,415 | 12,887 |

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate decreased by 1.9% from the same period last year and was 2.3% at the end of the third quarter. Despite the pandemic, the Rochester average continues to remain below the state and U.S. averages of 2.8% and 4.6% respectively.

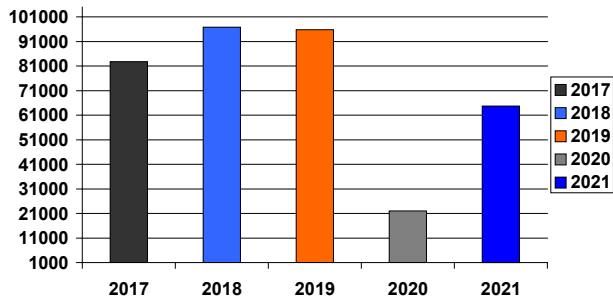
The labor force in September was 125,870, which was 3% higher than the September 2020 figure of 122,211.

Unemployment Rates Past 5 Years Third Quarter- Rochester MSA

| <u>Rochester</u> | <u>Minnesota</u> | <u>United States</u> |
|------------------|------------------|----------------------|
| 2021 2.3% | 2021 2.8% | 2021 4.6% |
| 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% |

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Third Quarter Comparison



Airport Traffic

The Rochester International Airport serviced 64,781 passengers during the third quarter of 2021. This is an increase of 194% over third quarter 2020 (22,051 passengers). Consumer confidence in traveling has improved in 2021 after a dismal 2020 due to the impact of Covid-19. Passenger totals for July, August, and September were 24,714, 21,672, and 18,395 respectively.

Expanded Airline Service in 2022

Nonstop service to Phoenix and Fort Myers is departing this winter with Sun Country Airlines. Travel from RST to Phoenix Sky Harbor International Airport (PHX) and Southwest Florida International Airport (RSW) beginning Feb. 3, 2022.

Runway Improvements Update

Phase 1 of construction on RST's Runway Improvement project is nearly complete. Phase 1 improvements include removing and recycling over 275,000 square yards of pavement. Old, crushed concrete filled a layer of new 40 inch pavement section (sand, gravel, pavement). Paving and painting will wrap up this phase before winter. Construction on Phase 2 will begin Spring 2022.

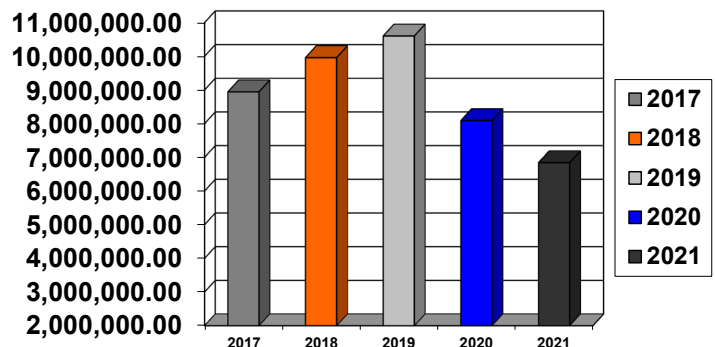
Source: Rochester Airport Company

Hotel/Motel Sales Tax - City of Rochester

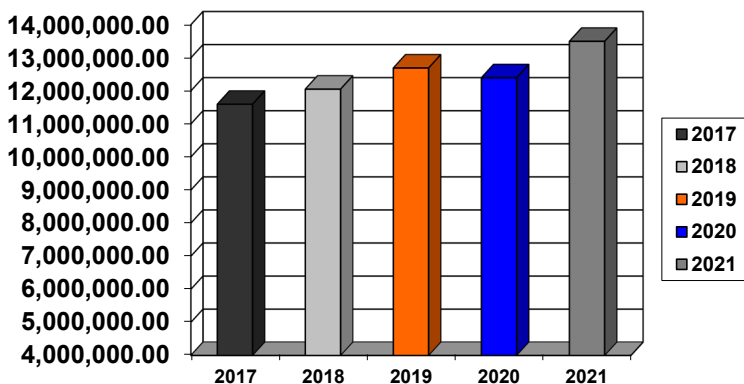
| | |
|--------------------|-----------------|
| Aug 2020-July 2021 | \$ 6,840,702.56 |
| Aug 2019-July 2020 | \$ 8,090,456.81 |
| Aug 2018-July 2019 | \$10,601,458.44 |
| Aug 2017-July 2018 | \$ 9,959,271.05 |
| Aug 2016-July 2017 | \$ 8,942,513.70 |

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax Past 5 Years



Net Sales Tax Past 5 Years

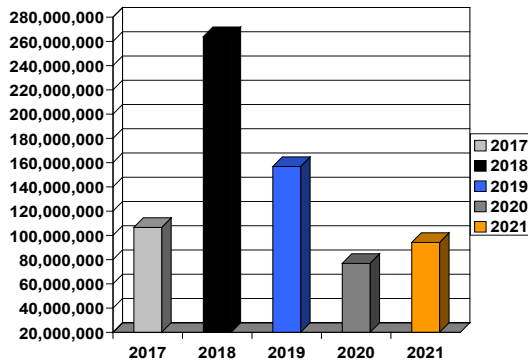


Net Sales Tax - City of Rochester

| | |
|----------------------|-----------------|
| Aug 2020 - July 2021 | \$13,497,701.70 |
| 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 |

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> |
|------|------------------|----------------------|
| 2021 | \$ 94,166,285 | 558 |
| 2020 | \$ 76,869,921 | 576 |
| 2019 | \$156,787,780 | 633 |
| 2018 | \$263,946,865 | 663 |
| 2017 | \$106,590,704 | 514 |

Source: Building Safety - City of Rochester

Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2021 totaled \$94,166,285. This is an increase of 22.5% over third quarter 2020.

Permits over \$1 million for third quarter 2021 included: Outpatient hematology & CAR-T move to Charlston-Eisenberg, Bid-pack #1-deep foundations, excavation & backfill shoring, utilities & site concrete (Kellen bldg), CV Echo Stress consolidation (St. Mary's Campus-Joseph West 4), renovation of cafeteria, kitchen & offices (Superior Drive Support Center), tenant improvement of the existing Shopko South bldg, (At Home Store), increase capacity for chemo chairs (Gonda), renovation to existing offices & cubicles into a new lab space (Superior Drive Support Center), block 6 parking ramp, complete mechanical system in a new 192 unit apartment (the Pines Phase 3), remodel of chemo pharmacy for IV compounding robot (Gonda 10), fit-up of existing bldg for restaurant (Sorellina's), construction of new 9,300 pool addition, re-alignment of the roadway, new storm infrastructure, sanitary and water services for Century High School, grading work for Sorellina's Restaurant, and footing & foundations for Forte Senior Housing - a 127-unit, 3-story multi-family apartment bldg.

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> |
|------|----------------------|---------------------|-----------------------|---------------------|----------------------|---------------------|
| 2021 | \$286,499 | \$245,500 | 24 | 2,116 | 554 | 1,888 |
| 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 |

Source: Southeast Minnesota REALTORS

2021 Third Quarter Housing Activity

Home listings in southeastern Minnesota increased by 3.2% from a year ago, and pending sales decreased by 13.7% from the same period last year. Prices moved higher as the median sales price was up 7.6% to \$245,500 while the average sales price was up by 12.6%.

There are signs the market may be shifting, however. New listings have continued to hit the market, bucking seasonality trends commonly seen in the fall, a time when listing and sales activity typically slows as children return to school. As inventory increases, competition for homes may soften, and could even bring a moderation in sales prices, which, after 114 months of year-over-year gains, would be music to the ears of homebuyers throughout the country.

Source: Southeast Minnesota REALTORS