

Quarterly Economic Report

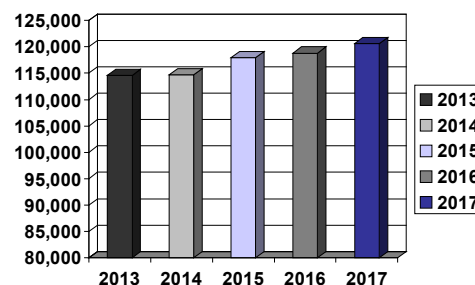
Rochester Area Economic Development, Inc. (RAEDI)

Fourth Quarter, 2017

Total Employment Up At Year-End

Nonagricultural wage and salary employment for the Rochester MSA grew over the last year at a rate of 1.5 percent. The gain of 1,790 jobs brought the total employment figure up to 120,588 from last year's December level of 118,798. Service providing reported an increase of 1.8 percent while goods producing reported a decrease of .5 percent for the year.

Total Employment Fourth Quarter



Rochester MSA Employment Past 5 Years

	<u>Dec.</u> <u>2013</u>	<u>Dec.</u> <u>2014</u>	<u>Dec.</u> <u>2015</u>	<u>Dec.</u> <u>2016</u>	<u>Dec.</u> <u>2017</u>
Total Employment					
Nonfarm	114,584	114,651	117,905	118,798	120,588
Goods Producing					
Construction, Mining, Logging	3,841	4,065	4,319	4,242	4,368
Manufacturing	10,711	10,831	10,616	10,223	10,026
Service Providing					
Wholesale Trade	2,746	2,694	2,808	2,682	2,696
Retail Trade	12,732	12,419	13,115	13,807	12,661
Transportation/Warehousing	2,861	2,913	2,913	2,963	2,952
Information	1,935	1,985	1,926	1,879	1,857
Financial Activities	2,832	2,699	2,677	2,696	2,771
Professional/Business Services	5,813	5,682	5,581	5,374	5,259
Educational/Health	45,257	45,196	45,210	46,814	49,976
Leisure/Hospitality	9,763	9,890	10,536	10,006	10,617
Other Services	3,715	3,731	3,782	4,040	4,013
Government	12,439	12,532	12,818	13,049	13,392

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate decreased by .5 percent from one year ago ending at 2.8 percent for the 2017 year. The Rochester average remains well below the state and U.S. averages of 3.4 and 3.9 percent respectively.

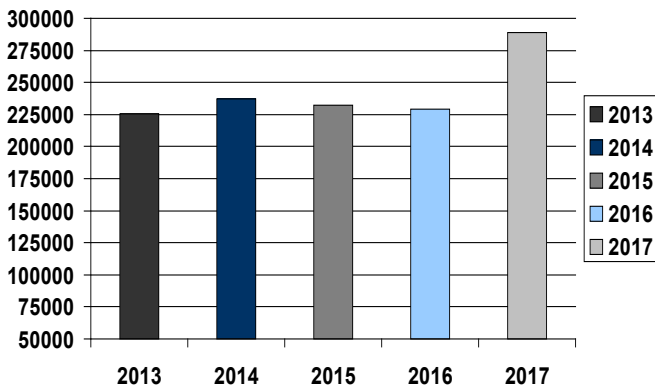
The December labor force figure of 119,391 represents an increase of .8 percent from the December 2016 figure of 118,462.

Unemployment Rates Past 5 Years Fourth Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
2013 3.8%	2013 4.6%	2013 6.5%
2014 3.1%	2014 3.6%	2014 5.4%
2015 2.9%	2015 3.7%	2015 4.8%
2016 3.3%	2016 4.0%	2016 4.5%
2017 2.8%	2017 3.4%	2017 3.9%

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Annual Comparison



Quarterly Airport Traffic

The Rochester International Airport serviced 289,214 passengers during 2017. This is an increase of 26.3 percent over 2016 (229,062), and 2.2 percent over 2015 (237,341).

The increase in passenger totals is due to RST offering new flight options with United Airlines, and Delta Airlines increasing frequency on routes to Atlanta and Minneapolis. Eighty-six local businesses and organizations, including Mayo Clinic, have adopted policies to "Fly Local" which has also added to the increase.

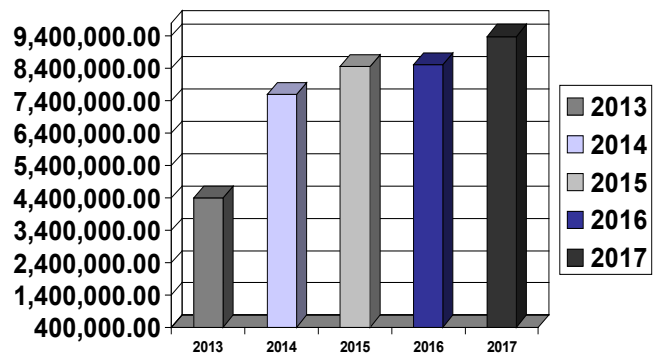
Air cargo shipments were down 8 percent from a year ago.

Hotel/Motel Sales Tax - City of Rochester

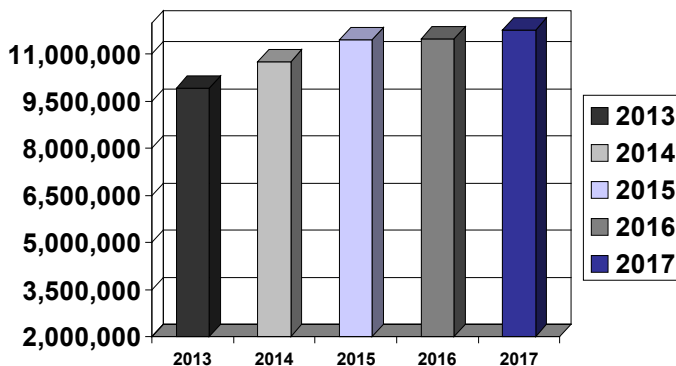
Dec 2012-Nov 2013	\$4,399,969.76
Dec 2013-Nov 2014	\$7,582,701.64
Dec 2014-Nov 2015	\$8,441,798.12
Dec 2015-Nov 2016	\$8,514,445.40
Dec 2016-Nov 2017	\$9,381,636.71

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax – Past 5 Years



Net Sales Tax – Past 5 Years

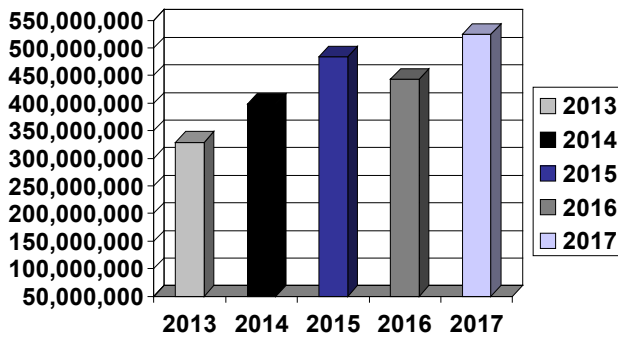


Net Sales Tax - City of Rochester

Dec 2012-Nov 2013	\$ 9,903,189.71
Dec 2013-Nov 2014	\$10,759,923.16
Dec 2014-Nov 2015	\$11,446,003.73
Dec 2015-Nov 2016	\$11,486,085.45
Dec 2016-Nov 2017	\$11,776,709.66

Source: City of Rochester Finance Department

Commercial & Residential Valuation Comparison Past 5 Years



Commercial and Residential Building Permits Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2017	\$524,691,279	2,665
2016	\$442,846,498	2,429
2015	\$484,095,237	2,383
2014	\$397,772,603	2,358
2013	\$329,111,548	2,232

Source: Building Safety - City of Rochester

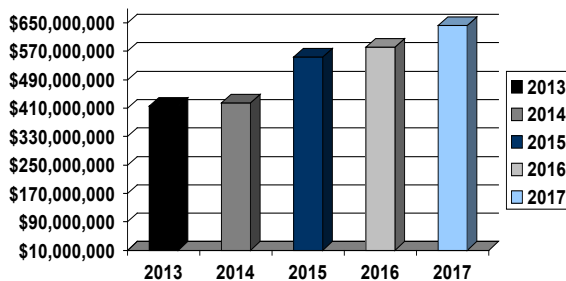
Fourth Quarter Building Activity

Commercial and residential building permits issued for 2017 totaled \$524,691,279. Permit valuation totals were up 18.5 percent from 2016, 8.4 percent over 2015, 31.9 percent over 2014 and 59.4 percent over 2013.

Permits over \$1 million during fourth quarter 2017 included: 10,000 sq. ft 2-story addition (St. Mary’s University Cascade Meadows), new gymnastics building (Rochester Gymnastics Academy), WSB and Associates office build-out, interior fit-up for 396,570 square feet, 19-story, 264 hotel rooms (Hilton on Broadway), new multi-tenant retail center (Mayowoods Common Retail), Category Management/Supply Chain relocation (Mayo Clinic 41st Street building), remodel Baldwin building first floor, phased partial permit for underground civic/MEP utilities, deep foundations and basement construction (Discovery Square Phase 1), office and fleet garage addition and renovation to the existing facility (RPU Customer Service Center).

Source: Rochester Building Safety Department

Annual MLS Sales Comparison



Home Sales Annual - Past 5 Years

	<u>Total Sales</u>	<u>Average Sold Price</u>	<u>Units Sold</u>
2017	\$643,577,434	\$252,285	2,551
2016	\$582,040,768	\$224,639	2,591
2015	\$554,558,045	\$209,341	2,651
2014	\$425,200,005	\$197,951	2,148
2013	\$415,276,440	\$187,061	2,220

Source: SE Minnesota Association of Realtors

2017 Home Sales

Annual sales of single family homes in Rochester were \$643,577,434 in 2017. This represents increases of 10.6 percent over 2016, 16 percent over 2015, 51.4 percent over 2014, and 55 percent over 2013.

The annual average home in Rochester sold for \$252,285 during 2017, and the median sale price was \$215,000. There were 2,551 units sold and the average time on the market was 59 days.

Source: SE Minnesota Association of Realtors

RAEDI

Rochester Area Economic Development, Inc.
220 S. Broadway, Suite 100
Rochester, MN 55904
(507) 288-0208
www.raedi.com