

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

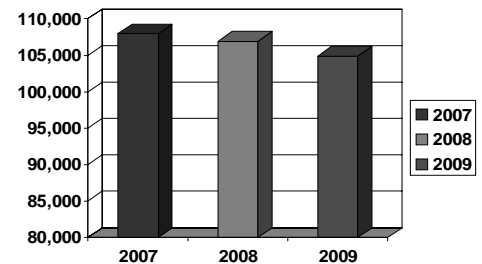
Third Quarter, 2009

Total Employment

Total employment in the last 12 months has decreased by 2,007 jobs since third quarter 2008. This is the first time our economy has experienced two consecutive years of declining employment in the third quarter. Clearly, this job loss is indicative of the fact that our area has not escaped the impact of the current economic recession.

As expected, there was a seasonal slowdown in total employment for the third quarter of 2009. The loss of 1,728 jobs brought the total employment figure down to 104,890 from the second quarter level of 106,618. Totals for July, August and September were 106,024, 105,815 and 104,890.

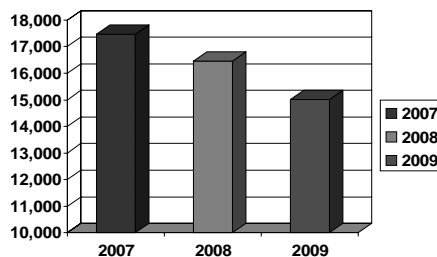
**Total Employment
Third Quarter Comparison**



Goods Producing

**Goods Producing Employment
Third Quarter Comparison**

The Goods Producing sector showed a decrease in employment for third quarter with a job loss of 25. Manufacturing gained two jobs while Natural Resources/Construction/Mining lost 27. Goods Producing employment totals for July, August and September were 15,185, 15,177 and 15,008 respectively.

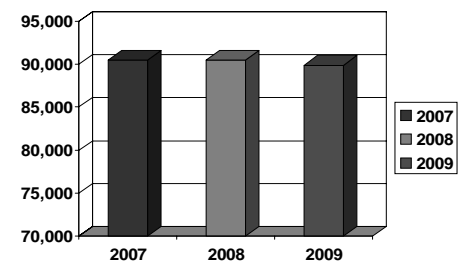


Overall, the Goods Producing sector is down with a loss of 1,435 jobs in the past 12 months.

Service Providing

**Service Providing Employment
Third Quarter Comparison**

Over the last 12 months, Service Providing payroll levels have decreased by 572 jobs or six-tenths of one percent. Educational and Health Services and Other Services were the two sectors that showed year-to-date gains adding 701 and 59 jobs respectively.



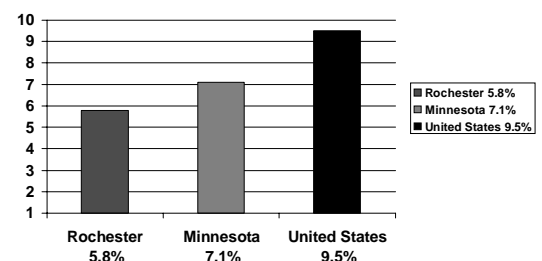
For the quarter, the Service Providing sector reported a seasonal loss of 1,703 jobs for a decrease of 1.9 percent over second quarter.

Unemployment Rate

The unemployment rate decreased by 1.2 percent from second quarter for the Rochester MSA, ending the third quarter rate in September at 5.8 percent. The rates for July and August were 6.2 and 6.1 percent respectively. The Rochester MSA average continues to remain well below the state and U.S. averages of 7.1 and 9.5 percent respectively. During the past 12 months, the average unemployment rate for the Rochester area was 6.2 percent.

The September labor force figure of 105,360 represents a decrease of five-tenths of one percent from the June figure of 105,924.

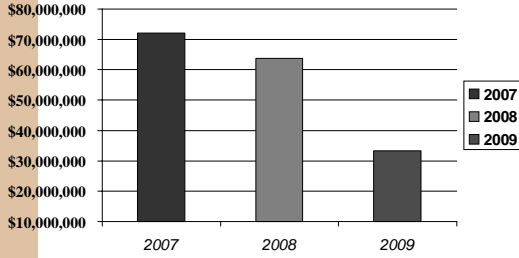
**Third Quarter Unemployment
Comparison Percentage**



Source: Minnesota Workforce Center

Third Quarter

Third Quarter Commercial & Residential Building Valuation Comparison



Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2009 totaled \$33,429,392. This represents a decrease of 48 percent over third quarter 2008 (\$63,702,624). Permits over \$1 million for third quarter 2009 included: Mayo Building 19th Floor, Rochester Senior Housing Apartment Building, Electrical-Medium Voltage Relocation of Feeders/Switches at IBM, and Alterations for the Radiology GU Location - 3rd Level Mayo Building.

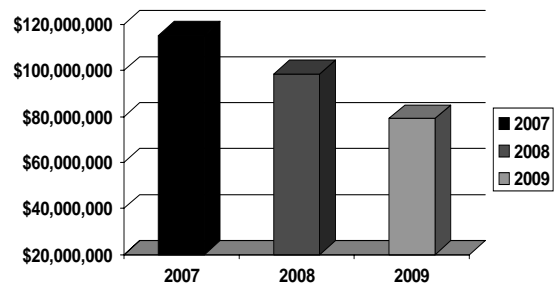
Third Quarter Home Sales

Third quarter sales of single family homes in Rochester were \$79,181,521. This represents decreases of 19.5 percent over third quarter 2008 (\$98,400,280) and 31.3 percent over third quarter 2007 (\$115,261,760).

As the change in sales volume indicates, the Rochester real estate market continues to adjust to fewer buyers and increased market time. This is consistent with state and national trends. Mortgage rates continue to remain relatively low. The average time a house remains on the market in Rochester is 116 days. The average price of a home sold in Rochester during third quarter was \$175,958.

Source: SE Minnesota Association of Realtors

Third Quarter MLS Sales

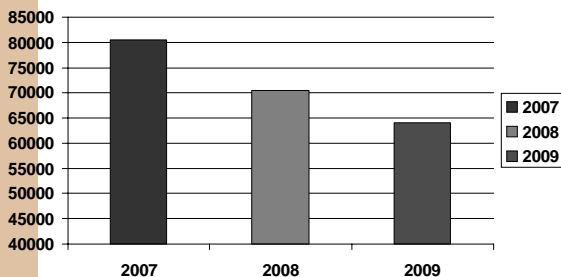


RAEDI

Rochester Area Economic Development, Inc.
220 S. Broadway, Suite 100
Rochester, MN 55904

This report is published quarterly and is available through our website at raedi.com or by calling the Rochester Area Economic Development, Inc. office at (507) 288-0208.

Airport Passenger Traffic Third Quarter Comparison



Quarterly Airport Traffic

The Rochester Airport serviced 64,028 passengers during the third quarter of 2009. This represents decreases of 9.2 percent over third quarter 2008 (70,509 passengers) and 20.5 percent over third quarter 2007 (80,499 passengers). Passenger totals for July, August and September were 21,188, 22,955 and 19,885 respectively.

Air cargo shipments were down 12.4 percent from third quarter 2008 and 46.8 percent from 2007. The drop in cargo shipments is due to DHL Express restructuring and now serving the Rochester area out of the Twin Cities airport. Source: Airport Manager