

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

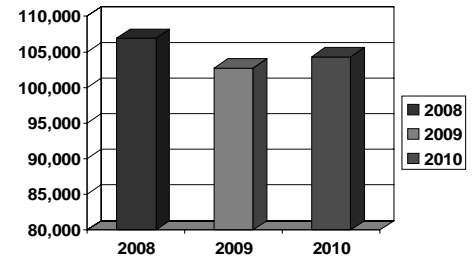
Third Quarter, 2010

Total Employment

Total employment in the last 12 months has increased by 1,507 jobs since third quarter 2009. This job increase is indicative of the fact that our area is starting to come out of the economic recession.

As expected, there was a seasonal slowdown in total employment from second to third quarter of 2010. The loss of 1,772 jobs, or 1.7 percent, brought the total employment figure to 104,248 from the second quarter level of 106,020. Last year's decrease from second to third quarter was 2.1 percent, or nearly 450 more jobs lost than this year. This is another sign that the area economy is improving. Totals for July, August and September were 105,362, 105,434, and 104,248.

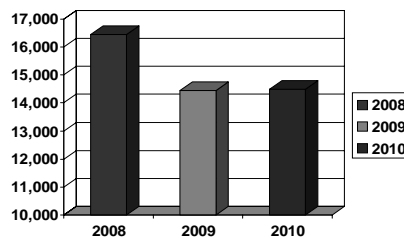
**Total Employment
Third Quarter Comparison**



Goods Producing

The Goods Producing sector showed an increase in employment for third quarter with a job gain of 73. Manufacturing gained 109 jobs while Natural Resources/Construction/Mining lost 36. Goods Producing employment totals for July, August and September were 14,556, 14,628 and 14,490 respectively.

**Goods Producing Employment
Third Quarter Comparison**

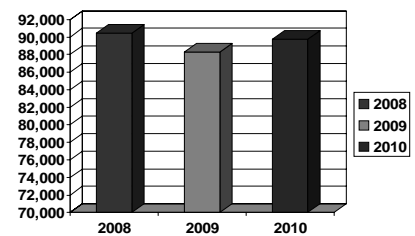


Overall, the Goods Producing sector is up with a gain of 43 jobs in the past 12 months.

Service Providing

Over the last 12 months, Service Providing payroll levels have increased by 1,464 jobs or, 1.7 percent. Educational and Health Services and Government were the two sectors that showed the largest year-to-date gains adding 1,296 and 220 jobs respectively.

**Service Providing Employment
Third Quarter Comparison**



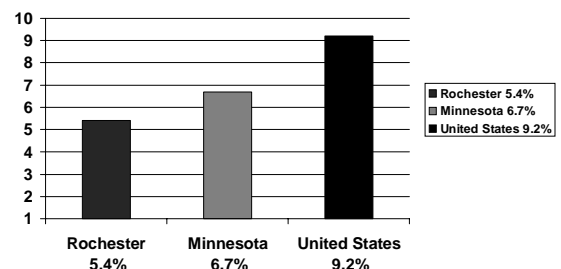
For the quarter, the Service Providing sector reported a seasonal loss of 1,845 jobs for a decrease of 2.0 percent over second quarter.

Unemployment Rate

The unemployment rate decreased by two-tenths of one percent from second quarter for the Rochester MSA ending the third quarter rate in September at 5.4 percent. The rates for July and August were both 5.6 percent. The Rochester MSA average continues to remain well below the state and U.S. averages of 6.7 and 9.2 percent respectively. During the past 12 months, the average unemployment rate for the Rochester area was 5.9 percent.

The September labor force figure of 107,527 represents a decrease of 1.16 percent from the June figure of 108,785.

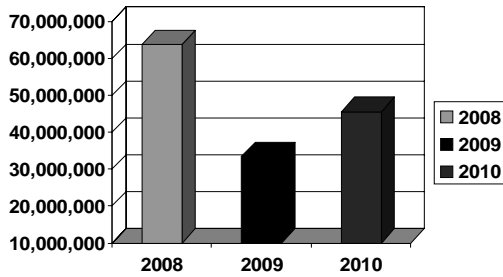
**Third Quarter Unemployment 2010
Comparison Percentage**



Source: Minnesota Workforce Center

Third Quarter

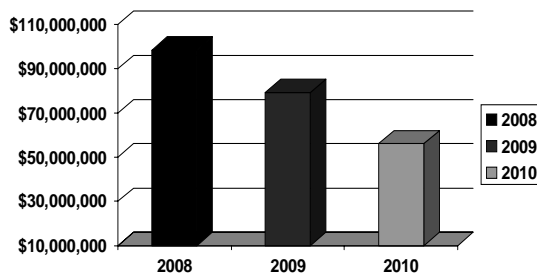
Third Quarter Commercial & Residential Valuation Comparison



Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2010 totaled \$45,617,589. This represents an increase of 36 percent over third quarter 2009 (\$33,429,392) and a decrease of 28 percent over third quarter 2008 (\$63,702,624). Permits over \$1 million for third quarter 2010 included: Fitup of 4 new operating rooms at St. Mary's, City of Rochester's new public works vehicle & material storage building, reroofing of RPU's customer service center, alterations for the C/F renovation of St. Mary's Mary Brigh project, and a new Olmsted Medical Center Northwest Clinic.

Third Quarter MLS Sales



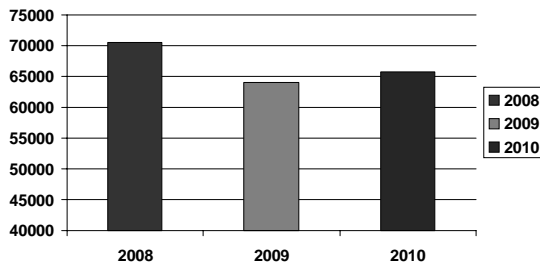
Third Quarter Home Sales

Third quarter sales of single family homes in Rochester were \$56,077,147. This represents decreases of 29 percent over third quarter 2009 (\$79,181,521) and 43 percent over third quarter 2008 (\$98,400,760).

As the change in sales volume indicates, the Rochester real estate market has fewer buyers, which is partly due to the expiration of the home buyer tax credit program. Mortgage rates continue to remain very low. The average time a house remains on the market in Rochester is 126 days and the average price of a home sold in Rochester during third quarter was \$183,859.

Source: SE Minnesota Association of Realtors

Airport Passenger Traffic Third Quarter Comparisons



Quarterly Airport Traffic

The Rochester Int'l Airport serviced 65,739 passengers during the third quarter of 2010. This represents an increase of 2.67 percent over third quarter 2009 (64,028 passengers) and a decrease of 6.77 percent over third quarter 2008 (70,509 passengers). Passenger totals for July, August and September were 22,490, 22,372 and 20,877 respectively.

Air cargo shipments were up 8 percent from third quarter 2009 and down 12.4 percent from 2008.

Source: Airport Manager

RAEDI

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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.

Third Quarter