

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

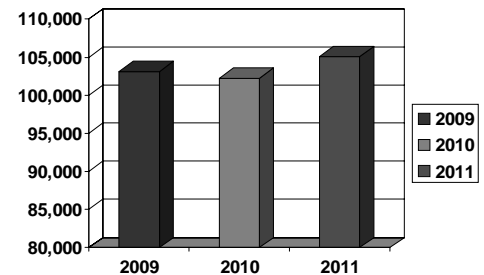
Third Quarter, 2011

Total Employment

Total employment in the last 12 months has increased by 2,813 jobs. Both the Good Producing and Service Providing sectors posted increases from a year ago.

This is the first time since 2007 that third quarter has shown an annual increase over previous third quarter results. It follows a pattern of first and second quarter annual gains.

Total Employment Third Quarter

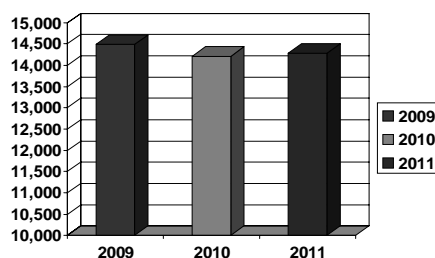


Goods Producing

The Goods Producing sector posted a gain of 110 jobs during third quarter. Manufacturing added 108 jobs while Natural Resources/Construction/Mining gained 2.

Overall, the Goods Producing sector added 67 jobs in the past 12 months.

Goods Producing Employment Third Quarter

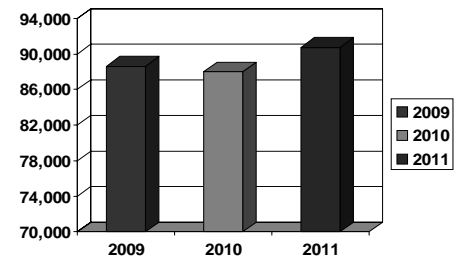


Service Providing

Service Providing payroll levels have increased by 2,746 jobs in the last year. Educational and Health Services and Government posted the largest year-to-date gains adding 1,813 and 377 jobs respectively.

Service Providing employment for third quarter employment reached 90,753 which is the first time it has been up since 2007.

Service Providing Employment

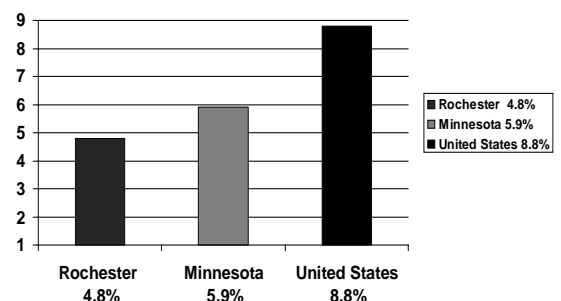


Unemployment Rate

The unemployment rate for the Rochester MSA decreased by six-tenths of one percent from second quarter ending the third quarter rate in September at 4.8 percent. The rates for July and August were 5.8 and 5.5 percent respectively. The Rochester MSA average continues to remain well below the state and U.S. averages of 5.9 and 8.8 percent respectively. During the past 12 months, the average unemployment rate for the Rochester area was 5.6 percent.

The September labor force figure of 107,364 represents a decrease of 1.1 percent from the June figure of 108,535.

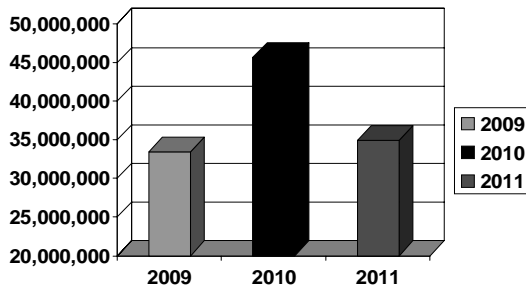
Third Quarter Unemployment



Source: Minnesota Workforce Center

Third Quarter

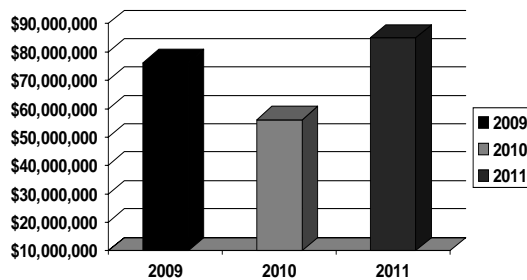
Third Quarter Commercial & Residential Valuation Comparison



Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2011 totaled \$34,908,313. This represents a decrease of 23.5 percent over third quarter 2010 (\$45,617,589) and an increase of 4.4 percent over third quarter 2009 (\$33,429,392). Permits over \$1 million for third quarter 2011 included: Mayo Foundation (GIM Consolidation - Mayo Diagnostic), Rochester Methodist Hospital's CNL MR Phase (B-D3 Lobb Level in Mayo Charlton), new underground pedestrian tunnel from Charlton North Building to future Jacobson Building, fitup of the transit office area and the transit repair bays (Rochester Public Works).

Third Quarter MLS Sales



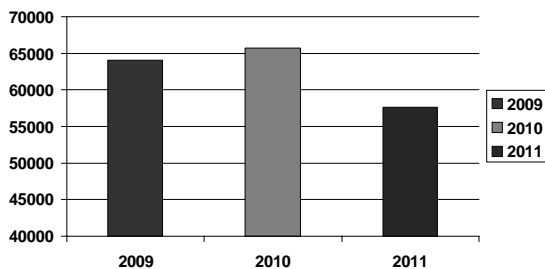
Third Quarter Home Sales

Third quarter sales of single family homes in Rochester were \$84,922,330. This represents increases of 51.4 percent over third quarter 2010 (\$56,077,147) and 7.25 percent over third quarter 2009 (\$79,181,521).

Low interest rates and affordable prices play a role in the market showing signs of stability. The average time a house remains on the market in Rochester is 146 days and the average price of a home sold is \$185,015.

Source: SE Minnesota Association of Realtors

Airport Passenger Traffic Third Quarter Comparison



Quarterly Airport Traffic

The Rochester Int'l Airport serviced 57,609 passengers during the third quarter of 2011. This represents decreases of 12.4 percent over third quarter 2010 (65,739 passengers) and 10 percent over third quarter 2009 (64,028 passengers).

Air cargo shipments were up 3.5 percent from third quarter 2010 and 16.2 percent from 2009.

Source: Airport Manager

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.

Third Quarter