

Rochester, Minnesota MSA Data Book



Historical and Projected Growth

Last Update: August 2011

This report was prepared to provide the reader a historical and forecasted view of Rochester, Minnesota's growth.

2.75 MILLION VISITORS IMPACT ROCHESTER'S RETAIL MARKETPLACE

Rochester, Minnesota, has a unique retail marketplace. Home to Mayo Clinic, this healthcare facility forms the core of Rochester's economy. Mayo is not your typical clinic. It is a medical destination where people come to Rochester from all over the country and abroad for medical attention. As a result, nearly 2.75 million people visit Rochester each year. This effectively increases the size of the Rochester retail marketplace. The effect of these visitors is apparent in consumer expenditure reports. Therefore, those looking at our retail marketplace should not ignore the impact visitors have on our market. To do so will result in underestimating the retail sales potential of our market place. For a nominal fee, Rochester Area Economic Development, Inc. can provide those interested with customized market reports. Please contact us for more information.

I. ROCHESTER, MINNESOTA-OVERVIEW

The Rochester, Minnesota, MSA comprises all of Olmsted, Dodge and Wabasha Counties. The Minnesota State Demographer's Office estimated the population of the Rochester MSA at 186,011 in 2010. Rochester is one of the nation's fastest growing MSAs.

Located in southeastern Minnesota, the Rochester MSA's strong diverse economy is built around health care, high technology, and agriculture. Major employers include: IBM-Rochester, Mayo Clinic, Benchmark, Crenlo, McNeilus Companies and Seneca. The Mayo Clinic and IBM, combined, employ more than 34,500 people. The Milken Institute's study of America's High Tech Economy identified Rochester as having one of the highest concentration of high tech businesses among all 315 U.S. metro areas. Rochester's technology base continues to grow with the addition of over 20 new technology firms in the past 10 years.

For over 140 years, the city of Rochester has remained the regional center for industry and commerce in southeastern Minnesota. The transportation infrastructure in the MSA includes Interstate and U.S. highways, rail freight, and international air passenger and cargo facilities.

The Rochester MSA continually ranks high in polls relating to quality of life and worker productivity. *Businessweek.com* listed Olmsted County in the top five counties as best affordable places to live. The *Kiplinger Personal Finance Magazine* listed Rochester in the top "10 Best Cities for the Next Decade" and as "A Great Place to Raise a Family." The *Atlantic* cited Rochester, Minnesota, as number 1 among 20 metros with the fastest growing jobs.

The smaller cities surrounding Rochester represent rural living at its best. Whether you are searching for a new corporate home, a place to expand your business, or a new place to live, the Rochester MSA offers the finest in business climate, labor force, real estate, utilities, transportation, education, and quality of life.

The Minnesota BioBusiness Center opened in Rochester in April 2009. This facility is located downtown in close proximity to Mayo Clinic, the Minnesota Partnership for Biotechnology and Medical Genomics, and the University of Minnesota Rochester. It offers more than 150,000 square feet of office/lab space for companies who could benefit by being near Rochester bioscience assets.

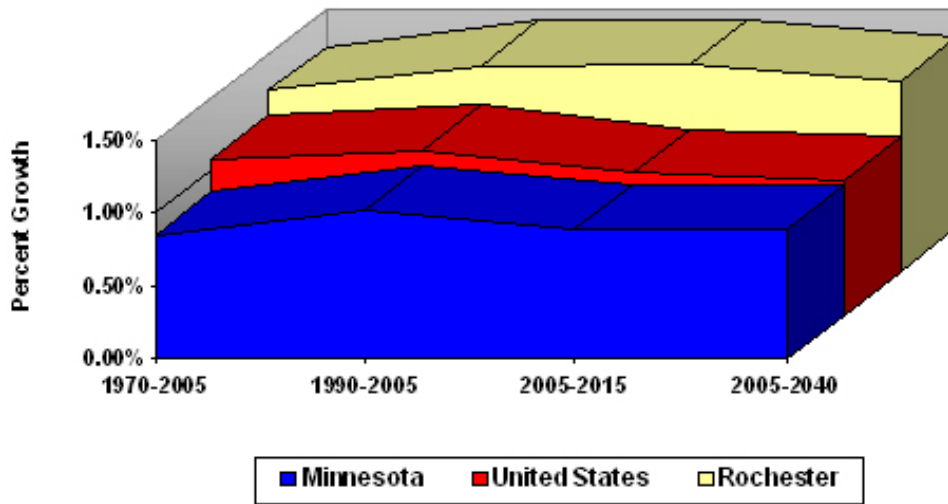
While many significant events have occurred during this time period testing the resiliency of the local economy, the net result has been that the Rochester economy remains strong and viable. The economy here continues to grow at a pace faster than that of the state and nation as a whole.

Historical and Projected Population

| City | 1970 | 1980 | 1990 | 2000 | 2010 | 2015 | 2025 | 2040 |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rochester MSA | 114,670 | 126,590 | 142,650 | 164,430 | 188,820 | 205,040 | 238,430 | 289,190 |
| Minnesota | 3,815,020 | 4,086,730 | 4,389,860 | 4,934,270 | 5,319,380 | 5,590,700 | 6,158,900 | 7,025,670 |
| United States | 203,982,310 | 227,225,620 | 249,622,810 | 282,171,960 | 310,009,240 | 325,343,430 | 357,504,320 | 406,585,790 |

Source: Woods & Poole Economics, 2011

Historical and Projected Growth Rates



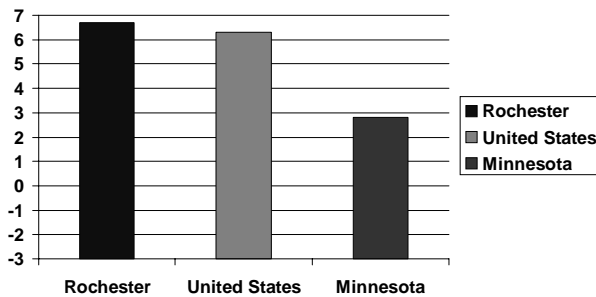
Historical and Projected Population Growth Rates

| City | 1970-2005 | 1990-2005 | 2005-2015 | 2005-2040 |
|---------------|-----------|-----------|-----------|-----------|
| Minnesota | .84% | 1.01% | .91% | .92% |
| United States | 1.07% | 1.14% | .96% | .91% |
| Rochester | 1.23% | 1.41% | 1.54% | 1.43% |

Source: Woods & Poole Economics, 2011

Labor Force Growth Rates

Average Rate of Growth 2001-2010



From 2001-2010, the Rochester area's labor force grew 6.3 percent while the U.S. and Minnesota's rates were 6.3 percent and 2.8 percent respectively.

Sources:

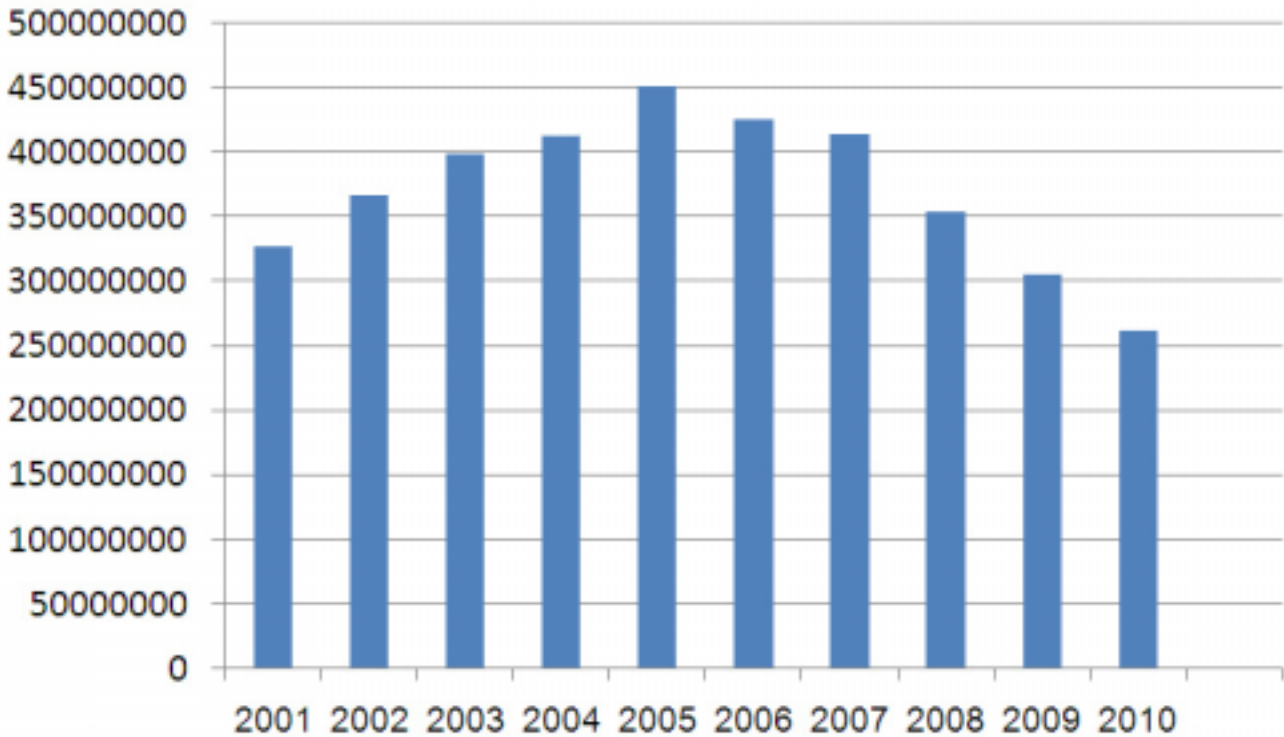
Minnesota Dept. of Employment & Economic Development

Source: U.S. Dept. of Labor & Minnesota Department of Employment & Economic Development

III. Real Estate Data and Trends

The real estate market in the Rochester area is historically strong but like all real estate markets, it's been impacted by the current economic conditions. (Chart below reflects the city of Rochester only).

Rochester Home Sales 2001-2010

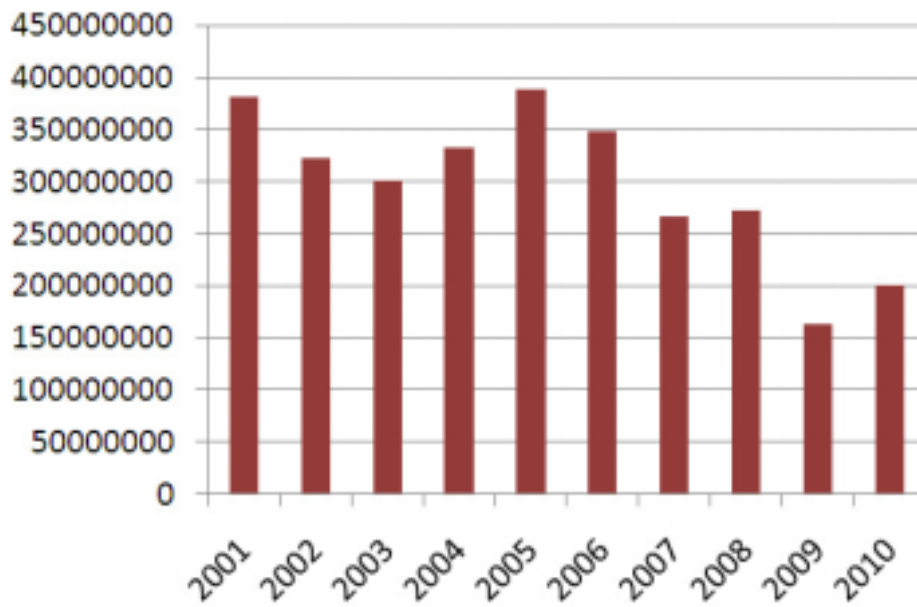


Rochester MLS Home Sales

| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
| \$326,265,103 | \$366,692,670 | \$398,518,915 | \$412,035,199 | \$451,242,727 |
| <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| \$425,270,425 | \$413,401,099 | \$353,546,264 | \$305,538,165 | \$261,695,334 |

Source: Southeast Minnesota Association of Realtors

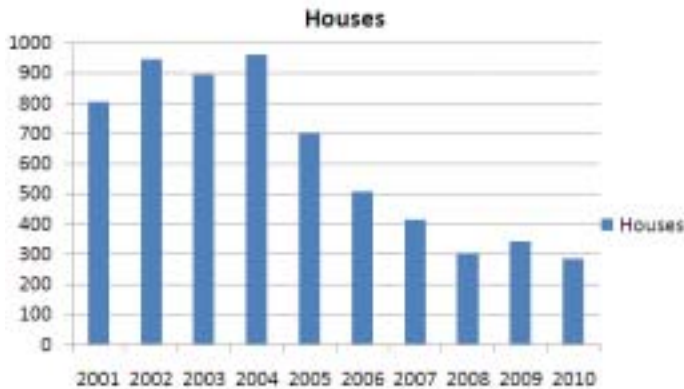
Commercial & Residential Building Permit 2001-2010



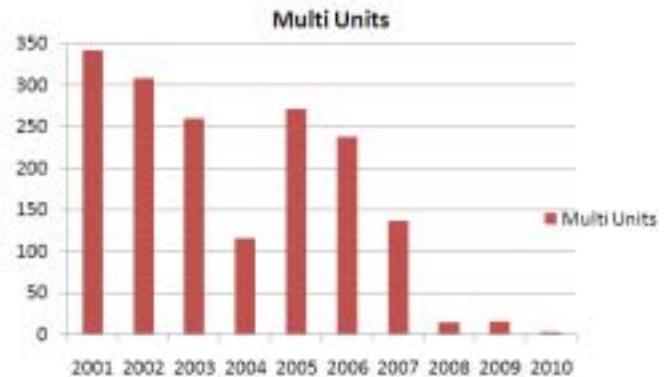
Source: Rochester Building & Safety

| | |
|-------------|---------------|
| 2001 | \$381,797,190 |
| 2002 | \$322,260,328 |
| 2003 | \$300,982,482 |
| 2004 | \$332,798,185 |
| 2005 | \$389,258,146 |
| 2006 | \$348,298,986 |
| 2007 | \$266,928,265 |
| 2008 | \$272,812,191 |
| 2009 | \$162,778,307 |
| 2010 | \$199,855,733 |

Single Family Housing Construction



Multi Family Housing Construction

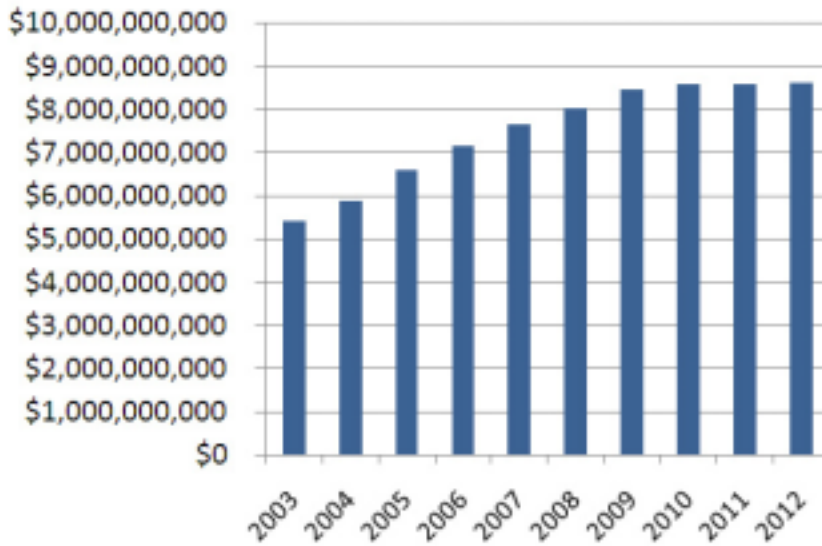


Housing Unit Construction

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Single Family Homes | 805 | 946 | 895 | 962 | 701 | 507 | 415 | 302 | 343 | 284 |
| Multi Family Units | 342 | 308 | 260 | 115 | 271 | 237 | 136 | 14 | 15 | 3 |

Source: Rochester Building & Safety

2003-2012 Rochester Assessed Market Property Values Commercial and Residential

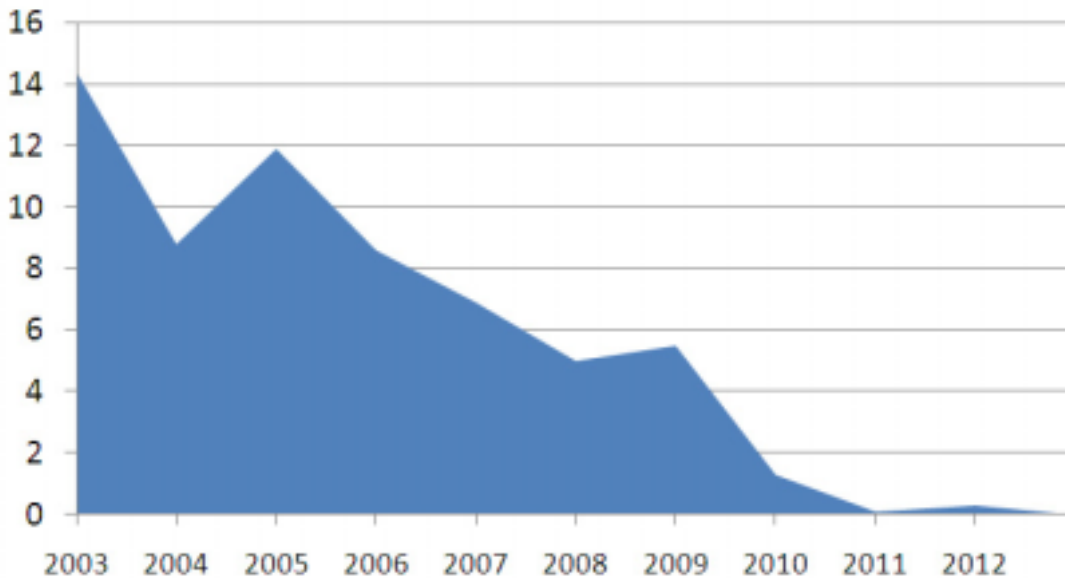


| |
|----------------------------|
| <u>Payable 2003</u> |
| \$5,403,202,800 |
| <u>Payable 2004</u> |
| \$5,877,675,200 |
| <u>Payable 2005</u> |
| \$6,577,092,000 |
| <u>Payable 2006</u> |
| \$7,141,076,300 |
| <u>Payable 2007</u> |
| \$7,636,795,900 |
| <u>Payable 2008</u> |
| \$8,020,809,900 |
| <u>Payable 2009</u> |
| \$8,464,214,300 |
| <u>Payable 2010</u> |
| \$8,577,284,200 |
| <u>Payable 2011</u> |
| \$8,578,570,400 |
| <u>Payable 2012</u> |
| \$8,600,985,600 |

*Market value assessed January 2 of one year and payable the next year.

Source: Olmsted County Assessor

2003-2012 Rochester Assessed Market Property Value Annual Growth Rates Commercial and Residential



Annual Growth Rates

| | | | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| 14.4% | 8.8% | 11.9% | 8.6% | 6.9% | 5.0% | 5.5% | 1.3% | .1% | .3% |

Source: Olmsted County Assessor

IV. Personal and Per Capita Income Trends

Rochester’s average annual rate of growth in total personal income exceeded the national average rate of growth for the period 1999-2008.

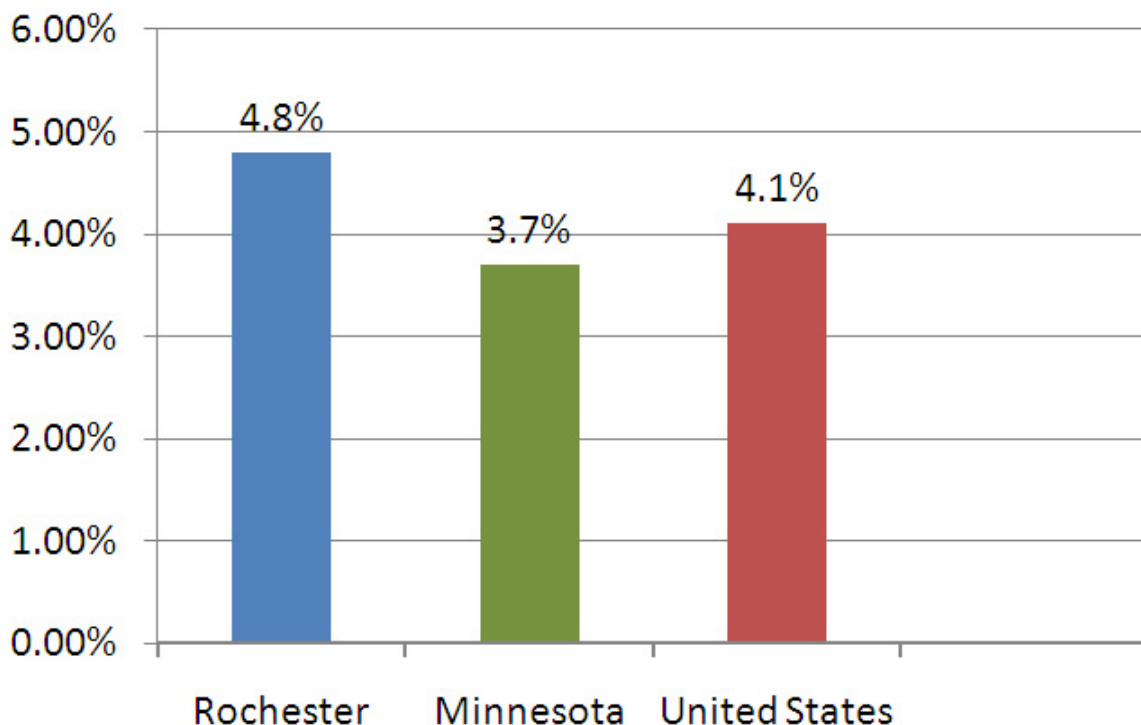
Total Personal Income

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|---------------|------------------|------------------|-----------------|-----------------|------------------|
| Rochester | \$ 5,611,408 | \$ 5,914,828 | \$ 6,282,486 | \$ 6,543,498 | \$ 6,644,852 |
| Minnesota | \$ 166,167,270 | \$ 170,998,033 | \$ 178,146,661 | \$ 188,329,945 | \$ 193,989,644 |
| United States | \$ 8,878,830,000 | \$ 9,054,782,000 | \$9,369,072,000 | \$9,928,790,000 | \$10,476,669,000 |

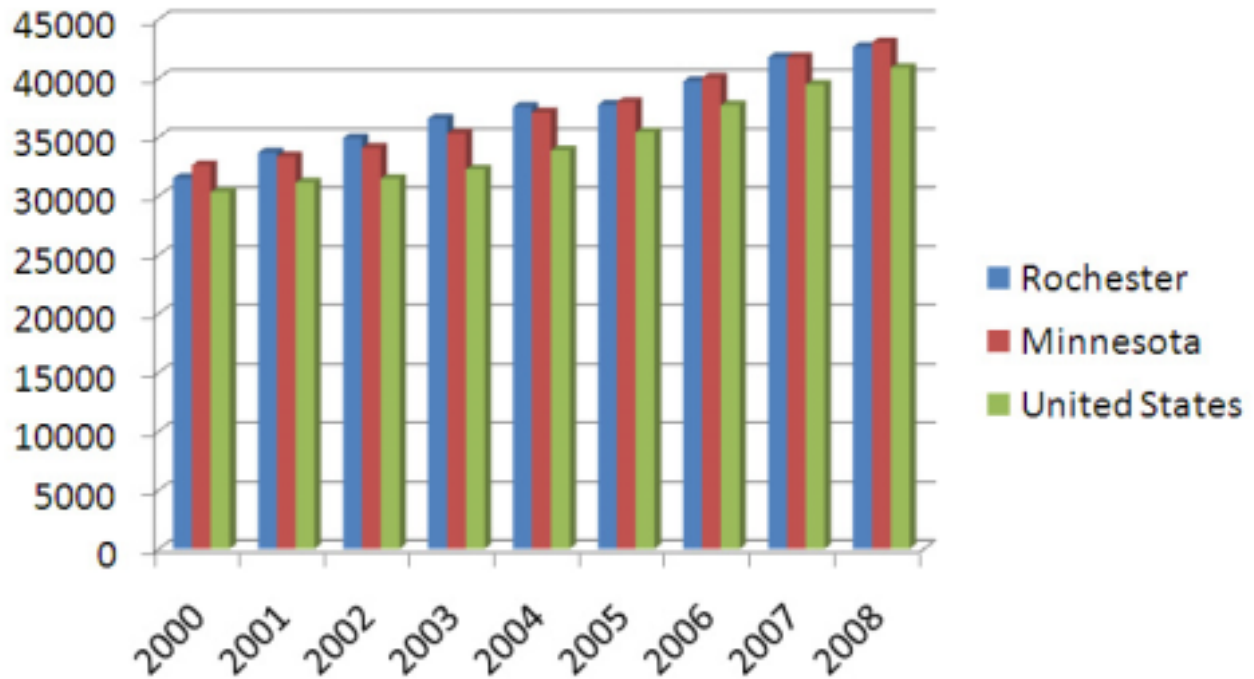
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---------------|------------------|------------------|------------------|------------------|------------------|
| Rochester | \$ 7,100,582 | \$ 7,548,789 | \$ 7,823,281 | \$ 7,836,067 | \$ 8,310,000 |
| Minnesota | \$ 205,857,404 | \$ 216,840,348 | \$ 226,148,739 | \$ 220,412,913 | \$ 227,234,349 |
| United States | \$11,256,516,000 | \$11,900,562,000 | \$12,380,225,000 | \$12,168,161,000 | \$12,530,101,184 |

Bureau of Economic Analysis

2001-2010 Total Personal Income Growth



Per Capita Income 2000-2008



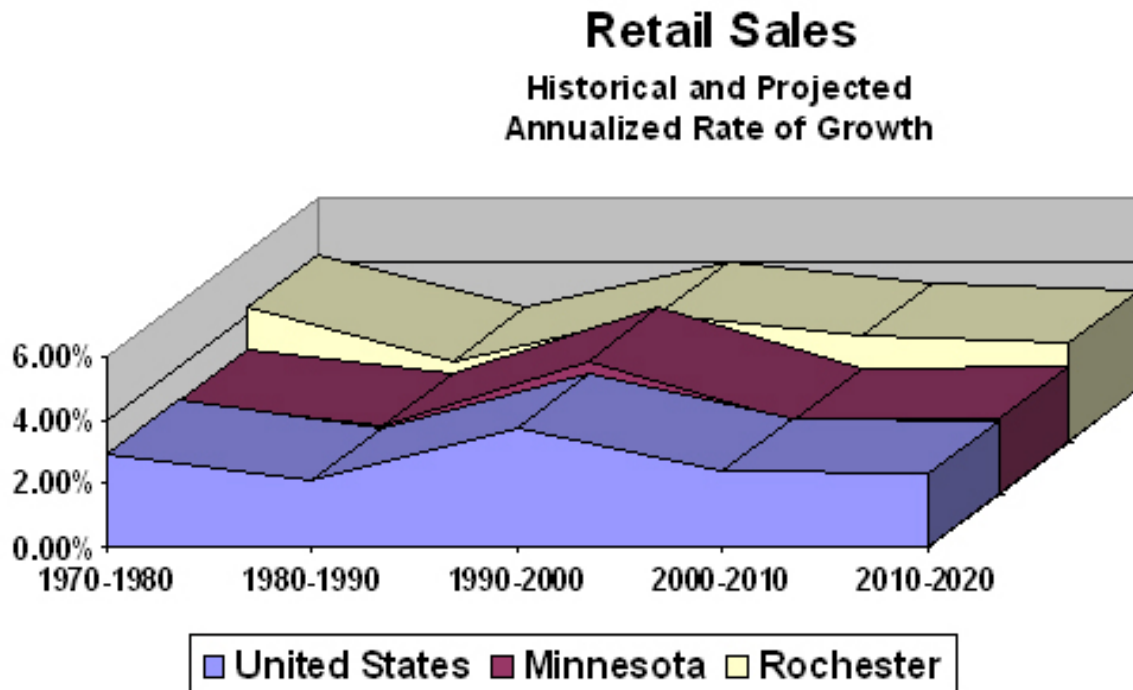
Per Capita Income

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Rochester | \$31,492 | \$33,664 | \$34,894 | \$36,560 | \$37,571 |
| Minnesota | \$32,597 | \$33,342 | \$34,071 | \$35,281 | \$37,069 |
| United States | \$30,318 | \$31,145 | \$31,462 | \$32,271 | \$33,881 |
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | |
| Rochester | \$37,738 | \$39,721 | \$41,624 | \$42,208 | |
| Minnesota | \$37,978 | \$39,975 | \$41,693 | \$42,953 | |
| United States | \$35,424 | \$37,698 | \$39,392 | \$40,166 | |

Source: Bureau of Economic Analysis

V. Retail Sales History and Forecast

Retail sales annualized rate of growth in the Rochester marketplace has consistently outpaced the national rates of growth. This trend can be expected to continue through the year 2020.



Retail Sales Average Rate of Growth

| | <u>1970-1980</u> | <u>1980-1990</u> | <u>1990-2000</u> | <u>2000-2010</u> | <u>2010-2020</u> |
|----------------------|------------------|------------------|------------------|------------------|------------------|
| Rochester | 4.24% | 2.51% | 4.50% | 1.44% | 2.82% |
| Minnesota | 2.92% | 2.20% | 4.26% | .4% | 2.10% |
| United States | 3.00% | 2.10% | 3.80% | .6% | 2.10% |

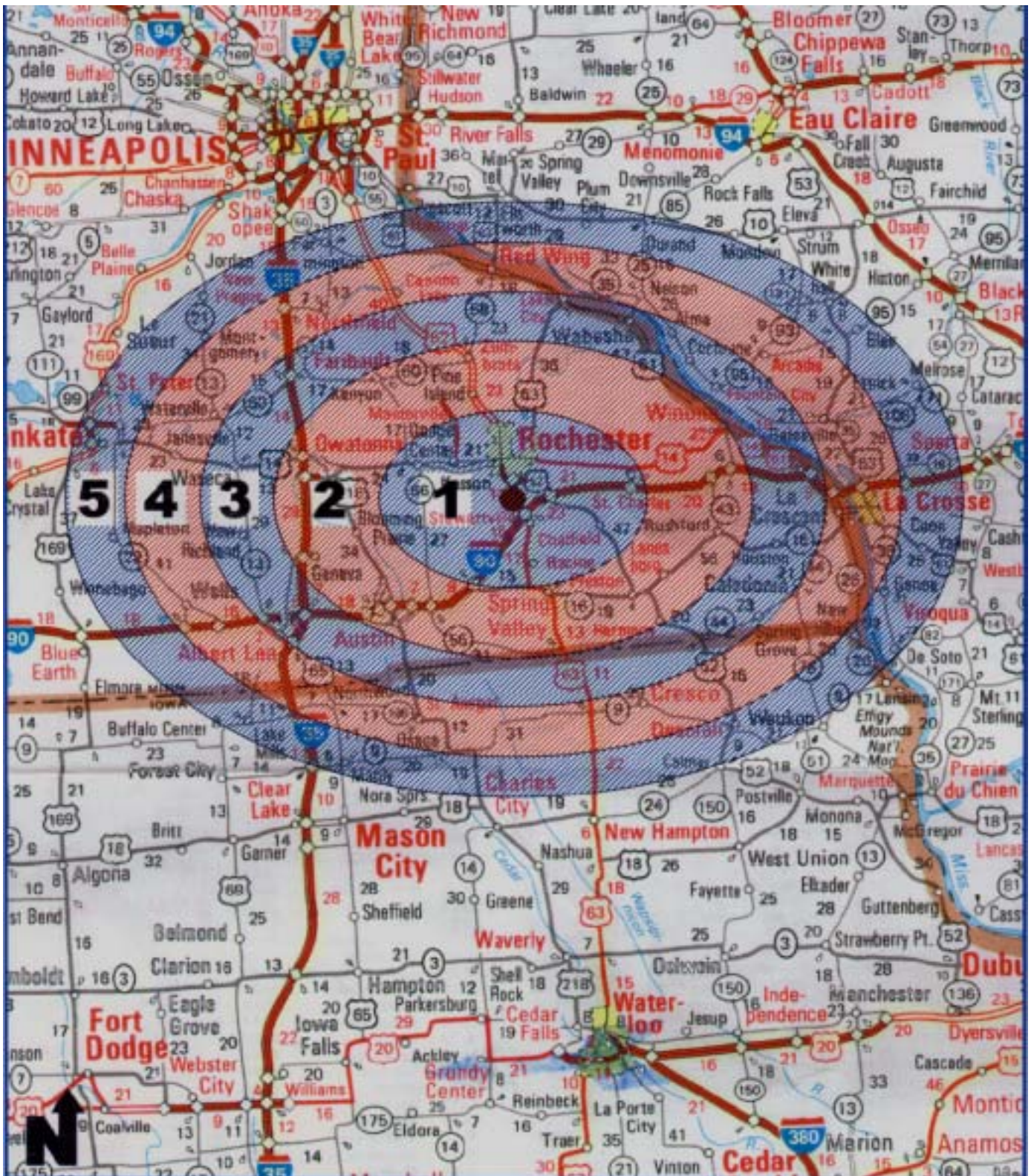
Source: Historical and Estimated Retail Sales data prepared by Woods and Poole Economics, Inc. 2011

Retail Sales

| | <u>1970</u> | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2020</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rochester MSA (millions) | 941.73 | 1343.33 | 1729.08 | 2502.36 | 2914.24 | 3785.83 |
| Minnesota (millions) | 31374.17 | 40524.34 | 49420.72 | 70355.79 | 74366.64 | 89944.37 |
| United States (billions) | 1676.68 | 2169.89 | 2620.71 | 3616.91 | 3880.98 | 4684.04 |

Source: Historical and Estimated Retail Sales data prepared by Woods and Poole Economics, Inc. 2011

VI. ROCHESTER MARKET AREA



Circle 1

COUNTIES WITHIN 30 MINUTES OF ROCHESTER

| <u>Minnesota</u> | <u>2010 Population</u> |
|-------------------------|-------------------------------|
| Olmsted | 144,248 |
| Dodge | 20,087 |

Total Population within 30 minutes: 164,872

Circle 2

COUNTIES WITHIN 45 MINUTES OF ROCHESTER

| <u>Minnesota</u> | <u>2010 Population</u> |
|-------------------------|-------------------------------|
| Dodge | 20,087 |
| Fillmore | 20,866 |
| Mower | 39,163 |
| Olmsted | 144,248 |
| Wabasha | 21,676 |

Total Population within 45 minutes: 246,040

Circle 3

COUNTIES WITHIN 60 MINUTES OF ROCHESTER

| <u>Minnesota</u> | <u>2010 Population</u> |
|-------------------------|-------------------------------|
| Dodge | 20,087 |
| Fillmore | 20,866 |
| Goodhue | 46,183 |
| Mower | 39,163 |
| Olmsted | 144,248 |
| Steele | 36,576 |
| Wabasha | 21,676 |
| Winona | 51,461 |

| <u>Iowa</u> | <u>2010 Population</u> |
|--------------------|-------------------------------|
| Howard | 9,566 |
| Winneshiek | 21,056 |

Total population within 60 minutes: 380,260

Circle 4

COUNTIES WITHIN 75 MINUTES OF ROCHESTER

| <u>Minnesota</u> | <u>2010 Population</u> |
|-------------------------|-------------------------------|
| Dodge | 20,087 |
| Fillmore | 20,866 |
| Freeborn | 31,255 |
| Goodhue | 46,183 |
| Houston | 19,027 |
| Mower | 39,163 |
| Olmsted | 144,248 |
| Rice | 64,142 |
| Steele | 36,576 |
| Wabasha | 21,676 |
| Winona | 51,461 |

| <u>Iowa</u> | <u>2010 Population</u> |
|--------------------|-------------------------------|
| Howard | 9,566 |
| Mitchell | 10,776 |
| Winneshiek | 21,056 |

Wisconsin **2010 Population**

| | |
|----------|---------|
| LaCrosse | 114,638 |
|----------|---------|

Total population within 75 minutes: 650,720

Circle 5

COUNTIES WITHIN 90 MINUTES OF ROCHESTER

Minnesota 2010 Population

| | |
|------------|---------|
| Carver | 91,042 |
| Dakota | 398,552 |
| Dodge | 20,087 |
| Fillmore | 20,866 |
| Freeborn | 31,255 |
| Goodhue | 46,183 |
| Houston | 19,027 |
| Le Sueur | 27,703 |
| Mower | 39,163 |
| Olmsted | 144,248 |
| Rice | 64,142 |
| Scott | 129,926 |
| Steele | 36,576 |
| Wabasha | 21,676 |
| Waseca | 19,136 |
| Washington | 238,136 |
| Winona | 51,461 |

Iowa 2010 Population

| | |
|-------------|--------|
| Allamakee | 14,330 |
| Cerro Gordo | 44,151 |
| Chickasaw | 12,439 |
| Floyd | 16,303 |
| Howard | 9,566 |
| Mitchell | 10,776 |
| Winneshiek | 21,056 |

Wisconsin 2010 Population

| | |
|-------------|---------|
| Buffalo | 13,587 |
| LaCrosse | 114,638 |
| Pierce | 41,019 |
| Trempealeau | 28,816 |

Total Population within 90 minutes: 1,725,860

Source: www.census.gov