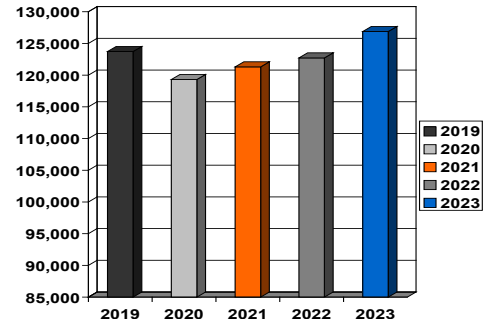


Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA increased by 3.4% over the last year. The gain of 4,167 jobs brought the total employment figure to 126,881 from the September 2022 level of 122,714. Goods Producing has shown a loss of 146 jobs over the last 12 months while Service Providing reported a gain of 4,313 jobs.

Total Employment Third Quarter



Rochester MSA Employment Past 5 Years - Third Quarter

	<u>Sept. 2019</u>	<u>Sept. 2020</u>	<u>Sept. 2021</u>	<u>Sept. 2022</u>	<u>Sept. 2023</u>
Total Employment	123,725	119,314	121,306	122,714	126,881
Goods Producing					
Construction, Mining, Logging	5,487	5,247	5,376	5,619	5,603
Manufacturing	11,157	10,144	9,615	9,746	9,616
Service Providing					
Wholesale Trade	2,650	2,505	2,521	2,557	2,496
Retail Trade	11,436	11,544	11,320	11,585	12,704
Transportation/Warehousing	2,689	2,356	2,471	2,502	2,539
Information	1,420	1,229	1,123	1,087	1,040
Financial Activities	2,749	2,663	2,764	2,848	2,793
Professional/Business Services	5,824	6,157	6,260	6,693	6,563
Educational/Health	51,745	52,040	53,085	52,848	55,736
Leisure/Hospitality	11,543	9,512	10,678	10,866	10,958
Other Services	3,822	3,498	3,633	3,667	3,837
Government	13,203	12,419	12,460	12,493	12,996

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate increased by .6% from the same period last year and was 2.1% at the end of the third quarter. The Rochester average continues to remain below the state and U.S. averages of 2.6% and 3.6% respectively.

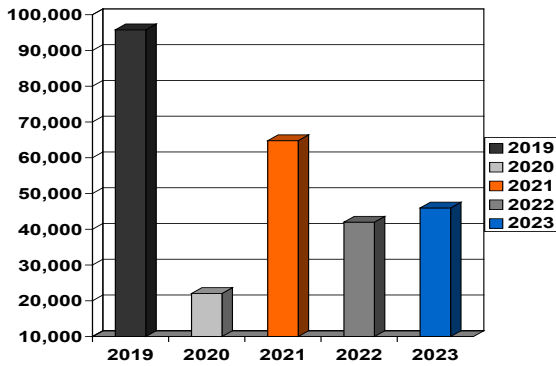
The labor force in September was 129,925, which was 2.4% higher than the September 2022 figure of 126,828.

Unemployment Rates Past 5 Years Third Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
2023 2.1%	2023 2.6%	2023 3.6%
2022 1.5%	2022 1.8%	2022 3.3%
2021 2.3%	2021 2.8%	2021 4.6%
2020 4.2%	2020 5.4%	2020 7.7%
2019 2.1%	2019 2.6%	2019 3.3%

Source: Minnesota Department of Employment & Economic Development

Airport Traffic Third Quarter



Rochester International Airport (RST) Traffic

RST served 45,966 passengers during third quarter 2023. This is an increase of 9% over 2022 (41,988 passengers). Passenger totals for July, August, and September were 13,705, 15,807, and 16,454 respectively. Cargo operations were up 4% from second quarter 2023.

Delta's third daily flight to MSP has improved available seat capacity which helps meet the demand in the overall catchment. Despite this, six times more RST catchment passengers drive to and from MSP for flights rather than use RST, with an average of 1,372 Passenger Daily Each Way (PDEW) making the drive when they take a flight. RST needs your support to reverse this trend.

Sun Country Airlines is offering its "Rochester to MSP for No Fee" promotion aboard Landline Motorcoach Service for trips booked to and from RST to any of Sun Country's 90+ destinations, connecting through MSP. The fee will be waived on connections through Dec.15, 2023.

The U.S. Department Of Transportation Federal Aviation Administration recently awarded two airport improvement grants to RST's Runway Safety Project 2/20 totaling \$22,438,732. This critical investment in the airport's infrastructure allows continuation of Phase IV and development of design plans earlier than anticipated for Phase V through VII. Phase IV entailed acquisition of approximately 25 acres of land before rerouting a nearby roadway and pipeline. Crews are currently moving 1.5 million cubic yards of material to reconstruct Runway 3 safety area and extend it an additional 1,647 feet south while also completing the installation of a CAT II ILS.

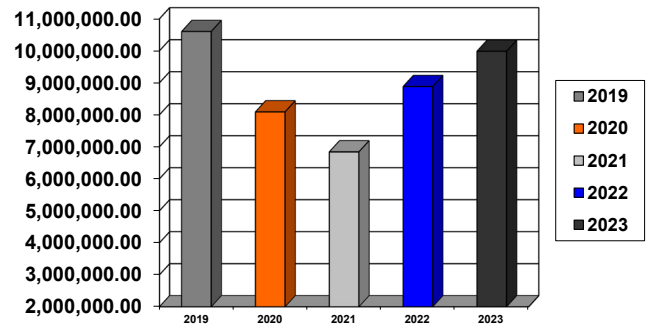
Source: Rochester Airport Company

Hotel/Motel Sales Tax - City of Rochester

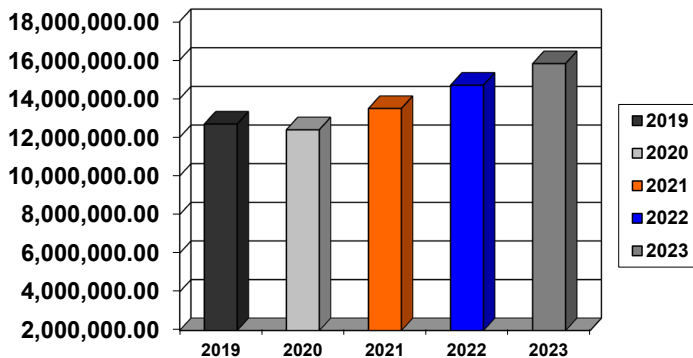
Aug 2022-July 2023	\$ 9,984,514.05
Aug 2021-July 2022	\$ 8,882,052.55
Aug 2020-July 2021	\$ 6,840,702.56
Aug 2019-July 2020	\$ 8,090,456.81
Aug 2018-July 2019	\$10,601,458.44

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax Past 5 Years



Net Sales Tax Past 5 Years

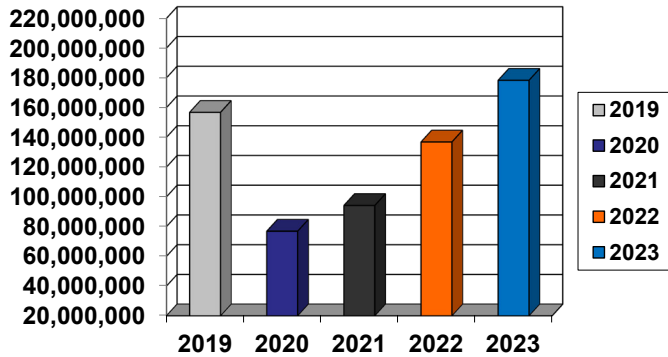


Net Sales Tax - City of Rochester

Aug 2022 - July 2023	\$15,819,794.50
Aug 2021 - July 2022	\$14,703,838.20
Aug 2020 - July 2021	\$13,497,701.70
Aug 2019 - July 2020	\$12,395,991.83
Aug 2018 - July 2019	\$12,691,876.75

Source: City of Rochester Finance Department

Commercial & Residential Building Permits Third Quarter



Commercial and Residential Building Permits Third Quarter Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2023	\$178,351,042	659
2022	\$136,878,287	603
2021	\$94,166,285	558
2020	\$76,869,921	576
2019	\$156,787,780	633

Source: Building Safety - City of Rochester

Third Quarter Building Activity

Commercial and residential building permits issued for third quarter 2023 totaled \$178,351,042. This is an increase of 30.3% over third quarter 2022.

Permits over \$1 million for third quarter 2023 included: Rochester Methodist Hospital surgical services renovation phase 3, reroofing of the Government Center, new childcare center for O2B Kids, renovation & new loading dock of Olmsted County 2118 bldg, installation of dedicated drain pipe system for a new fire suppression system for Mary Brigh, Peds CVICU 11-bed unit on Mary Brigh 3D&E, Hilton Lab Automation Digital Microbiology Culture Platform DiMPI, electrical work for Mayo Surgical Services renovation Phase 3, Mayo Kellen Pedestrian Tunnel fitup, fitup for Center of Regenerative Biotherapeutics and other facilities on the 4th floor at Two Discovery Square, new maintenance shop for Waste Management, Kerry, Inc. Rochester facility HVAC modification, Siebens Project 3 Classrooms and support level 10, upgrade current kitchen hoods/exhaust system and remodeling the Harwick Cafeteria, and Midwest Bible Baptist building addition.

Third Quarter Housing Activity in Southeast Minnesota

	<u>Average Price</u>	<u>Median Price</u>	<u>Days on Market</u>	<u>New Listings</u>	<u>Pending Sales</u>	<u>Closed Sales</u>
2023	\$295,086	\$257,750	35	1,728	414	1,436
2022	\$289,566	\$259,900	31	1,820	443	1,693
2021	\$286,499	\$245,500	24	2,116	554	1,888
2020	\$254,377	\$228,075	44	2,051	642	2,088
2019	\$225,712	\$204,985	51	2,250	521	1,892

Source: Southeast Minnesota REALTORS

2023 Third Quarter Housing Activity

New Listings in Southeast Minnesota were down 5.1% in third quarter from a year ago. Pending Sales decreased 6.5 percent to 414 during September from a year ago. Inventory shrank 0.8 percent to 983 units.

Prices moved lower as the Median Sales Price was down 0.8 percent to \$257,750. Days on Market increased 12.9 percent to 35 days. Months Supply of Inventory was up 20.0 percent to 2.4 months.

Prices have continued to increase this fall despite softening home sales nationwide, as a lack of inventory has kept the market competitive for prospective buyers.

Source: Southeast Minnesota REALTORS