

Quarterly Economic Report

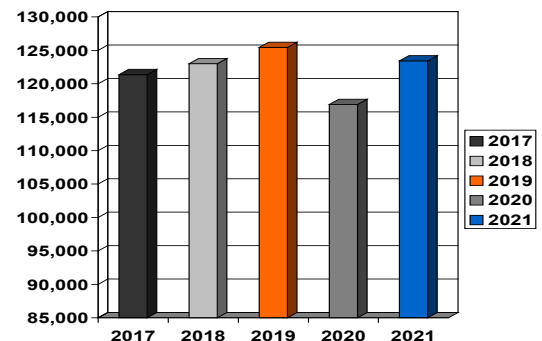
Rochester Area Economic Development, Inc. (RAEDI)

Fourth Quarter, 2021

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA was up for the year by 5.6% from 2020. The gain of 6,520 jobs brought the total employment figure to 123,429 from last year's December level of 116,909. Both service providing and goods producing reported gains of 5,893 and 627 jobs respectively.

Total Employment Fourth Quarter



Rochester MSA Employment Past 5 Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Employment					
Nonfarm	121,375	123,010	125,447	116,909	123,429
Goods Producing					
Construction, Mining, Logging	4,429	4,609	4,936	4,674	5,025
Manufacturing	10,351	10,784	10,868	9,791	10,067
Service Providing					
Wholesale Trade	2,748	2,869	2,814	2,681	2,791
Retail Trade	12,707	12,524	12,210	12,493	12,261
Transportation/Warehousing	2,784	2,872	2,925	2,558	2,454
Information	1,897	1,602	1,460	1,321	1,267
Financial Activities	2,808	2,822	2,872	2,754	2,761
Professional/Business Services	5,889	5,861	5,512	5,630	6,055
Educational/Health	49,970	51,291	52,867	52,373	53,407
Leisure/Hospitality	10,715	10,914	11,235	6,857	10,373
Other Services	3,879	3,839	3,940	3,543	3,720
Government	13,198	13,023	13,806	12,229	13,248

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate decreased by 1.6% from one year ago ending at 2.3% for the 2021 year. The Rochester average remains below the state and U.S. averages of 2.7% and 3.7% respectively.

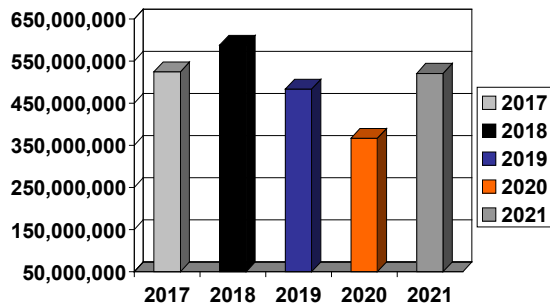
The December labor force figure of 125,644 represents an increase of 3.2% from the December 2020 figure of 121,785.

Unemployment Rates Past 5 Years Fourth Quarter- Rochester MSA

<u>Rochester</u>	<u>Minnesota</u>	<u>United States</u>
2021 2.3%	2021 2.7%	2021 3.7%
2020 3.9%	2020 4.6%	2020 6.5%
2019 3.0%	2019 3.5%	2019 3.4%
2018 2.8%	2018 3.3%	2018 3.7%
2017 2.8%	2017 3.2%	2017 3.9%

Source: Minnesota Department of Employment & Economic Development

Commercial & Residential Valuation Comparison Past 5 Years



Commercial and Residential Annual Building Permits Past 5 Years

	<u>Valuation</u>	<u>Total Permits</u>
2021	\$521,166,413	2,254
2020	\$366,671,424	1,970
2019	\$483,468,201	2,270
2018	\$587,794,238	2,305
2017	\$524,691,279	2,665

Source: Building Safety - City of Rochester

Building Activity

Commercial and residential building permits issued for 2021 totaled \$521,166,413. Permit valuation totals were up 42% from 2020, 7.8% from 2019, and down 11.3% from 2018, and .7% from 2017.

Permits over \$1 million during fourth quarter 2021 included: Radiology phase 3 (St. Mary's), fit-up of existing bldg for a restaurant (Sorellina's), 18,000 sq climate controlled self-storage bldg, CORCC expansion (41st St. Professional Bldg), bid pack 02 including waterproofing, structural concrete, reinforcing steel, & post tensioning (Kellen bldg), pool & locker room addition to Century High School, Alzheimer's disease research & development expansion (41st St. Bldg), construction of new office/meeting bldg (Mayo Employees Federal Credit Union), partial phase footing/foundation for new bldg (Quality Woods Furniture Store), CV echo stress consolidation (St. Mary's Campus), centralized improvements 2019 scope B (St. Mary's Campus), grading work & associated site improvements for new office bldg (Wings Financial), grading work for construction of trade shop with aggregate storage yard (Weller Brothers Landscaping), partial phase/footing & foundation for new construction of an auto dealership (Luther Park Place), HVAC work for a new 180 unit apartment bldg (Bryk on Broadway).

Source: Rochester Building Safety Department

Airport Traffic

Rochester International Airport (RST) serviced 50,161 passengers during the fourth quarter of 2021. The industry remains in recovery mode while also experiencing an unprecedented pilot shortage. Flight frequencies in all markets have been drastically cut because of a lack of available pilots. Airlines are working hard to re-schedule flights so that shorter, more convenient connections are available.

Air Cargo

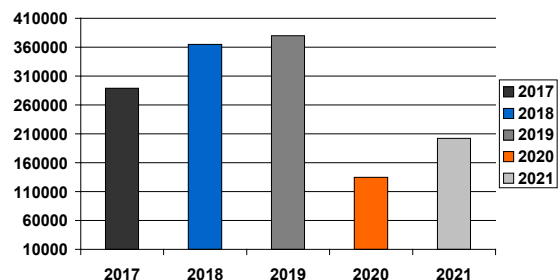
Fourth quarter cargo total was 5,853,355#. Annual weight was 21,501,124#. RST had a 5% growth in air cargo in 2021 over 2020.

New Seasonal Air Service

New seasonal service on Sun Country to Fort Myers, FL began February 3 and to Phoenix, AZ on February 4, 2022. Service is scheduled through April 18. The seasonal routes are expected to return in the fall.

Source: Airport Manager

Airport Passenger Traffic Annual Comparison Last 5 Years



Runway Improvement Update

Phase 2 of the runway reconstruction will begin this spring. Portions of Taxiway B will be rebuilt during this phase. Phase 2 is 100% funded by the FAA through the American Rescue Plan of 2021. The CAT II instrument landing system on RWY 31 is also scheduled for completion in 2022. The CAT II should officially come online in the spring of 2023. This project is 100% funded by the City of Rochester.

2021 Housing Activity

New home listings in southeastern Minnesota increased by 2.4% in 2021, and pending sales decreased by 1.6% from the same period last year. Prices moved higher as the median sales price was up 9.9% to \$245,000, while the average sales price was up by 12%. The average house stayed on the market for 32 days in 2021.

Fervent buyer demand, driven by pandemic-induced changes to housing needs and preferences, reached extraordinary levels in 2021. The inventory of homes for sale remained low, as home seller activity did not rise proportionally to meet this demand. New construction activity, while strong, remains limited by a combination of material and labor shortages, rising material costs, and a regulatory and operational environment that makes it difficult to scale quickly.

The strong seller's market of 2020 continued and even strengthened in 2021, with inventory levels remaining low and multiple offer situations common across much of the housing market both locally and nationally. Multiple offers again drove prices significantly higher for the year.

Source: SE MN REALTORS (Market Focus Report)

Annual 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>
2017	\$204,375	\$176,000	56	7,358	6,499	6,558
2018	\$218,350	\$191,835	52	7,488	6,201	6,206
2019	\$227,919	\$202,000	56	7,388	6,245	6,223
2020	\$247,300	\$223,000	52	6,787	6,664	6,587
2021	\$277,011	\$245,000	32	6,958	6,554	6,549

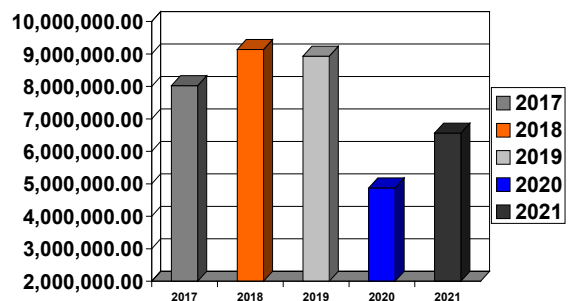
Source: SE MN REALTORS

Hotel/Motel Sales Tax City of Rochester January - October

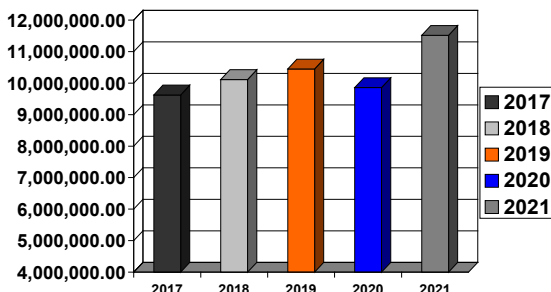
2017	\$ 8,025,802.35
2018	\$ 9,138,831.11
2019	\$ 8,932,523.14
2020	\$ 4,874,287.63
2021	\$6,563,938.52

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax January - October



Net Sales Tax City of Rochester January - October



Net Sales Tax - City of Rochester January - October

2017	\$ 9,624,478.66
2018	\$10,115,458.95
2019	\$10,450,158.24
2020	\$ 9,858,204.47
2021	\$11,517,584.35

Source: City of Rochester Finance Department