

Rochester Area

COMMUNITY PROFILE 2023

Rochester, Minnesota MSA



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OVERVIEW

Located in the southeastern section of Minnesota, the Rochester MSA's strong diverse economy is built around health care, high technology, and agriculture. The Minnesota State Demographer's Office reported the 2021 population of the Rochester MSA at 228,205. Rochester's MSA includes Olmsted, Dodge, Fillmore, and Wabasha counties.

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 city of Rochester is 32,096.2 acres and 50.15 square miles while Olmsted County is 654.8 square miles and 419,093.4 acres.

The Rochester MSA continually ranks high in polls relating to quality of life and worker productivity. Money magazine reported that the city of Rochester "radiates cosmopolitan style without big city ills." 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.

While many significant events have occurred during the last 20 years testing the resiliency of the local economy, the net result has been that the Rochester area 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.



ROCHESTER MSA & MINNESOTA RANK HIGH!

Rochester MSA has #1 hospital in the world in 2023

...

Minnesota #1 Fortune 500 Companies per Capita

...

Minnesota ranked #2 as best state for economic opportunity

...

Rochester MSA #3 best place to live in the Midwest in 2023

...

Minnesota #4 in nation for 5-year business survival rate (business startups)

...

Rochester MSA #3 as most innovative cities in 2018

...

BASIC BUSINESS TAXES

CORPORATE INCOME TAX:
9.8 PERCENT

STATE SALES AND USE TAXES:
6.875 PERCENT of gross receipts of retail sales, use, storage, or consumption of tangible personal property. There is no sales tax on new capital equipment used for manufacturing, fabricating, or refining a product. Replacement capital used for manufacturing, fabricating, or refining a product incurs no sales tax. A refund method is used to relieve tax burden.

CITY OF ROCHESTER, MN
SALES TAX RATE: 8.125%
Rochester currently has a .75 percent local sales tax and Olmsted County has a special district sales tax of .5. There are also state-imposed liquor, lodging, and rental taxes.

*For a complete listing of fees, go to:
www.sos.state.mn.us*

STATE OF MINNESOTA BUSINESS FEE SCHEDULE

Business Entity	Registration Fee
Assumed Name Certificate	\$50
Business, Corporation, Domestic	\$155
Limited Liability Companies	\$155
Business Corporation (Foreign)	\$220
Foreign Limited Liability Companies	\$205
Cooperatives - Articles of Incorporation	\$80
Non-Profit Corporations	\$90

For further information, contact: Minnesota Secretary of State (651) 296-2803 www.sos.state.mn.us

BUSINESS DEVELOPMENT INCENTIVES

All cities within the Rochester MSA, including Olmsted County, have access to development incentives from state and local sources. The primary development tools used at local governments disposal include Tax Increment Financing (TIF) and Industrial Development Revenue Bonds.

RAEDI administers the Rochester Economic Development Fund and the Southeast Minnesota Capital Fund. These funds are available for qualifying businesses who are relocating, expanding, or starting in the Rochester MSA.

Rochester Economic Development Fund (EDF)

The EDF provides funds for business development and business growth projects that facilitate growth and diversification of the local economy. EDF investments of up to \$250,000 are intended for projects resulting in business investment, creation/retention of living wage jobs, and generation of property tax revenue thus facilitating growth of the local economy. The EDF will also leverage business financing provided by other private/public lenders. Contact RAEDI at 507.288.0208 for more information.

Southeast Minnesota Capital Fund

RAEDI administers the fund which is led by a group of angel investors whose goal is to help support the growing number of startup companies in the medical and technology fields and who have the potential to deliver significant returns. While not geographically limited, the primary investment focus of the fund will be the southeast Minnesota region.

Small Business Development Center Rochester (SBDC)

Confidential consulting (at no cost) to help businesses in SE Minnesota identify, understand and overcome the challenges of starting a business, running a successful business, and developing exit strategies. SBDC provides the professional expertise and guidance that every small business owner needs to flourish in today's competitive and ever-changing business world. They do not lend money to small businesses, however they work with the business owners and financial institutions to prepare documentation that lenders require for business loans.



Southern Minnesota Initiative Foundation's Business Loan Program

This program works in partnership with local lending institutions, economic development organizations and government agencies to help "fill the gap" between available and necessary financial resources. The program funds up to \$200,000 and targets economic development opportunities to 6 key areas including bioscience, renewable energy, food/agriculture, manufacturing, and healthcare. For more information, call 507.455.3215 or go to www.smifoundation.org.

Southeastern Minnesota 504 Development, Inc.

This certified SBA company provides assistance to expanding businesses through the SBA 504 Loan Program. The program provides up to 40% of project financing at a very competitive interest rate and term. The 504 Corporation, located in Rochester, can be reached at 507.288.6442.

Tax Increment Financing (TIF)

This is a method local governments use to pay for the costs of qualifying improvements necessary to create new development, redevelopment, or publicly assisted housing. The financing of the qualifying improvements is paid from the increased property taxes generated from the new development, redevelopment, or housing that would not occur "but for" such assistance. Tax increment is the difference between the existing property taxes on a parcel of land before development occurs and the increased property taxes created by the new development. The tax increment revenue is used by the local government for a term of years to assist the financing of qualifying projects.

Industrial Development Revenue Bonds

Cities and counties are authorized to issue industrial development bonds, commonly referred to as industrial revenue bonds or "IRBs", for the purpose of "paying all or part of the cost of purchasing, acquiring, constructing, improving, equipping, or remodeling facilities for commercial and manufacturing purposes." This financing tool is designed to provide a vehicle whereby local governments can assist private companies with economic development in their community.

Launch Minnesota

Launch Minnesota is an initiative spearheaded by Minnesota's Department of Employment and Economic Development

(DEED). The program exists to help grow Minnesota's startup ecosystem. Launch Minnesota has several offerings to grow the innovation ecosystem, including: 1. series of Innovation grants for research and development, business liquidity, even childcare/housing assistance - to make it easier to get your startup off the ground. 2. An angel tax credit to incentivize investments from venture capitalists in Minnesota startups. 3. Education grants that empower community builders to train startups on critical skills in building a technology startups. More details are available at: <https://mn.gov/launchmn/>

The Minnesota Investment Fund

This program assists expanding businesses in creating and retaining high quality jobs with an emphasis on manufacturing, technology, and professional service employment. Grants are awarded to local governments which, in turn, make loans for specific business projects or finance public infrastructure improvements.

Minnesota Job Creation Fund

This fund provides job creation awards of up to \$500,000 and capital investment rebates of up to \$500,000 for qualifying businesses. Businesses may apply through a local government where their new or expanding business will be located and must be primarily engaged in manufacturing, warehousing, distribution, IT, or other eligible activities.

Job Training Incentive Program

This program provides grants to new or expanding businesses located in Greater Minnesota for the purposes of training workers as quickly and efficiently as possible.

Overview

Grants of up to \$200,000 are awarded to eligible businesses to provide training for new jobs. The new jobs must pay wages at least equal to the median weekly wage for the county in which the jobs are located. The new jobs must also provide at least 32 hours of work per week for a minimum of nine months per year. Businesses are required to match the grant on a .5:1 basis.

For more information regarding incentives, companies looking to develop in the Rochester MSA should contact Rochester Area Economic Development, Inc. (RAEDI) at 507.288.0208.

LABOR FORCE & POPULATION

The labor force of the Rochester MSA is often misunderstood. At a first glance, the MSA draws qualified workers from 30 to 50 miles away. The estimated labor force willing to commute and work in the Rochester MSA is about 120,000 people. There are 45 two and four-year colleges within 90 miles of Rochester. Students from these institutions show a strong tendency of seeking employment after graduation within this region. The Rochester MSA, historically, has maintained a steady rate of population growth. As a result, the labor force has continued to grow as well. The Rochester MSA, not unlike many upper Midwest cities of similar size, has experienced record low unemployment

SECTOR EMPLOYMENT ROCHESTER MSA

	2018	2019	2020	2021	2022
Total Non Farm	121,580	123,387	118,271	120,665	120,873
Goods Producing	15,365	16,037	15,258	14,769	14,839
Manufacturing	10,746	11,039	10,339	9,731	9,681
Construction	4,619	4,998	4,919	5,038	5,157
Service Providing	106,214	107,350	103,014	105,896	107,259
Wholesale Trade	2,678	2,658	2,551	2,514	2,556
Retail Trade	12,218	11,842	11,406	11,823	11,914
Transportation	2,697	2,685	2,469	2,475	2,515
Information	1,649	1,453	1,279	1,179	1,092
Financial Activities	2,759	2,755	2,693	2,793	2,828
Prof/Business Serv	5,709	5,737	5,983	6,222	6,606
Educational/Health	50,869	51,868	51,594	52,841	52,765
Leisure/Hospitality	11,196	11,402	9,013	9,897	10,636
Other Services	3,724	3,805	3,406	3,621	3,656
Government	12,895	13,145	12,620	12,530	12,691

Source: Minnesota Dept. of Employment & Economic Development

2022 UNEMPLOYMENT - SE MN COUNTIES

	Labor Force	Employed	Unemployed	Unemployment Rate		
				County	MN	US
Dodge	12,005	11,664	381	3.2%	3.2%	3.3%
Fillmore	11,604	11,214	391	3.4%	3.2%	3.3%
Goodhue	26,758	25,931	1,827	3.1%	3.2%	3.3%
Houston	10,720	10,396	324	3.0%	3.2%	3.3%
Mower	20,866	20,242	624	3.0%	3.2%	3.3%
Olmsted	91,033	88,837	2,196	2.4%	3.2%	3.3%
Steele	19,551	18,900	651	3.3%	3.2%	3.3%
Wabasha	12,320	11,921	399	3.2%	3.2%	3.3%
Winona	28,427	27,669	728	2.6%	3.2%	3.3%

Source: Minnesota Dept. of Employment & Economic Development

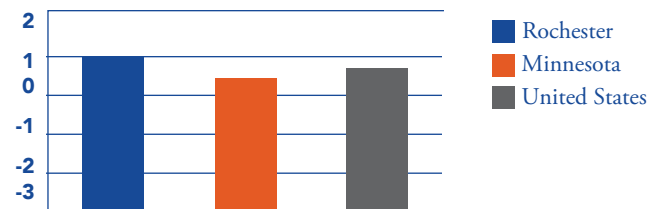
For salary survey information for southeastern Minnesota, go to <http://www.raedi.com/doing-business-here/workforce.php>

POPULATION ROCHESTER MSA

YEAR	POPULATION	MEDIAN AGE
1970	136,620	25.59
1980	148,540	28.65
1990	163,430	31.77
2000	185,170	35.36
2010	207,220	37.15
2020	226,510	37.94
2030	241,880	39.59
2040	256,970	39.64
2050	271,580	38.70

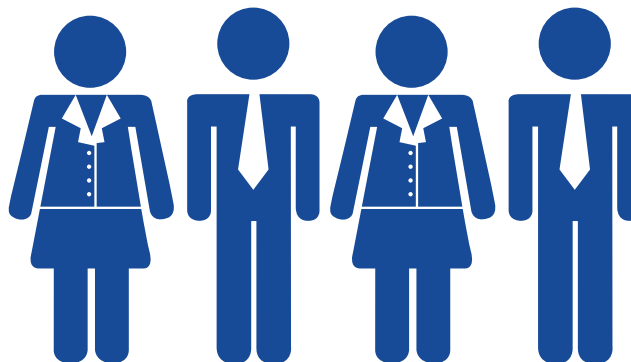
Source: Woods & Poole Economics 2022

LABOR FORCE GROWTH RATES Average Rate of Growth 2013-2022



From 2013-2022, the Rochester area's labor force grew .83 percent annually while the U.S. and Minnesota's rates grew at .6 percent and .45 percent annually.

Sources: Minnesota Dept. of Employment & Economic Development



MAJOR EMPLOYERS IN THE ROCHESTER MSA

Please note that this list is not all inclusive and represents a snapshot of business and industry in the Rochester area. Minnesota is not a right-to-work state. Although organized labor is prevalent in the state of Minnesota, Rochester traditionally has lower union employment than other areas of the state.

Besides the usual labor organizations representing hotels, teachers, nurses, construction, and government employees, very few employees are represented by organized labor. These numbers below reflect full and part-time employees.

Updated: May 2023

Est.	Firm	Employees	Type of Business
1914	Mayo Clinic	42,000	Medical/Hospital
1858	Rochester Public Schools	2,833	Education Services
1911	IBM	2,791	Electronics/Computer
1949	Olmsted Medical Center	1,371	Medical/Hospital Services
1855	Olmsted County	1,321	County Government
1868	City of Rochester	1,166	Local Government
1970	McNeilus Truck & Manuf.	791	Mobile concrete mixers, garbage trucks
1994	Benchmark Electronics	625	Contract Mfg/Design/Engineering
1993	Charter Communications	577	Cable Television/High Speed Internet
1948	McNeilus Steel, Inc.	490	Steel fabrication
1984	Federal Medical Center	452	Corrections/Medical
1990	Geotek	417	Pultruded fiberglass products
1995	Cardinal of Minnesota	425	Res. Services/Dev. Disability
1915	RCTC	492	Post Secondary Education
1961	Crenlo	450	Fabricated Metal
1997	Reichel Foods	423	Quick snack food manufacturer, Dippin Stix
1978	Halcon	400	Furniture Manufacturer
1922	Samaritan Bethany, Inc.	210	Health Care of the Aging
1970	Pace Dairy	285	Dairy Processing
1976	Hiawatha Homes	260	Residential Services/Dev. Disabilities
1961	Think Mutual Bank	255	Banking
1971	Rochester Meat Company	240	Meat Processor
1928	Kemps	225	Dairy Processing
2003	Home Instead Senior Care	177	Home Care Services
1877	Rochester Post Office	185	Postal/Delivery Service
1852	Rochester Catholic Schools	331	Education Services
1951	Hayfield Window & Door	200	Manufacturer of Windows and Doors
1949	Seneca Foods	201	Food Processing
1966	Zumbro Valley Mental Health	195	Human Services
1956	Ability Building Center	180	Rehabilitation Services
1934	Home Federal Savings Bank	179	Banking
1976	Harris Rochester Inc.	173	Mechanical Contractor
1972	Families First of Minnesota	170	Child Care Oversight
1912	Taylor Print Impressions	150	Printing/Publishing
1965	Lawrence Transportation Co.	150	Refrigerated over-the-road trucking
1982	Superior Mechanical Systems	150	Air Conditioning, Refrigeration, Heating
1972	Kerry Bio-Science	145	Food ingredients, bio & pharma ingredients
1972	Strongwell Corporation	140	Pultruded fiberglass products
1964	Tuohy Furniture	150	Wood Office Furniture Manufacturer
1998	EZ Fabrication	110	Metal fabrication, assembly, and engineering

COUNTIES NEAR ROCHESTER MSA

Counties within 30 minutes of Rochester, Minnesota

County	Population
Olmsted	164,020
Dodge	20,981

Counties within 45-60 minutes of Rochester, Minnesota

County	Population
Dodge	20,981
Fillmore	21,414
Goodhue	48,813
Mower	40,140
Olmsted	164,020
Steele	37,398
Wabasha	21,648
Winona	49,478

Counties within 75 minutes of Rochester, Minnesota

County	Population
Dodge	20,981
Fillmore	21,414
Freeborn	30,718
Goodhue	48,013
Houston	18,800
Mower	40,140
Olmsted	164,020
Rice	67,693
Steele	37,398
Wabasha	21,648
Winona	49,478

Iowa Counties

Howard	9,533
Mitchell	10,532
Winneshiek	19,974

Wisconsin Counties

LaCrosse	120,294
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Counties within 90 minutes of Rochester, Minnesota

County	Population
Carver	110,034
Dakota	443,341
Dodge	20,981
Fillmore	21,414
Freeborn	30,647
Goodhue	48,013
Houston	18,800
Le Sueur	29,153
Mower	40,140
Olmsted	164,020
Rice	67,693
Scott	154,520
Steele	37,398
Wabasha	21,648
Waseca	18,893
Washington	275,912
Winona	49,478

Iowa Counties

Allamakee	13,960
Cerro Gordo	42,409
Chickasaw	11,716
Floyd	15,337
Howard	9,533
Mitchell	10,532
Winneshiek	19,974

Wisconsin Counties

Buffalo	13,391
LaCrosse	120,294
Pierce	42,532
Trempealeau	30,899

Total population within 30 minutes: 185,072

Total population within 45-60 minutes: 403,963

Total population within 75 minutes: 680,636

Total population within 90 minutes: 1,882,733

Sources: U.S. Census Bureau 2021 Population

NATURAL GAS & ELECTRICAL UTILITIES

Natural Gas Utilities

Throughout the Rochester MSA, natural gas service is provided by Minnesota Energy. Gas rates are available in the classifications of residential, commercial, small volume interruptible, large volume interruptible, and industrial firm. Small volume interruptible is defined as using less than 200 MCF per day. Large volume interruptible is defined as using more than 200 MCF per day. Very large volume and new development incentives are available. Minnesota Energy Contact: Paul O'Sullivan, 507.529.5117

Electrical Utilities

The Rochester MSA is offered by the following electrical utilities.

Rochester Public Utilities (RPU)

Operates the city of Rochester's utility with power supplied by Southern Minnesota Municipal Power Agency (SMPA) and its own generation plants. Other local communities within the Rochester MSA also have their own utility including the cities of Lanesboro, Preston, Spring Valley, and Kasson. <https://www.rpu.org/>

Xcel Energy

Provides electrical service for Byron and Pine Island, and People's Energy Cooperative provides electric service to nearly 19,000 members in six area counties including Dodge, Fillmore, Mower, Olmsted, Wabasha and Winona. <https://www.xcelenergy.com/>, <https://peoplesrec.com/>

MiEnergy Cooperative

Formed in 2017 from the merger of Hawkeye REC and Tri-County Electric Cooperative. Hawkeye REC was founded in 1936 and since then the membership has covered a range of home, farm, business and commercial consumers in Chickasaw, Howard and Winneshiek counties in Iowa. Before the merger with Tri-County Electric Cooperative, HREC had about 6,700 electrical services.

Tri-County Electric Cooperative

Founded in 1936 when power was not available to rural residents. Local citizens banded together to build lines going out to their homes and farms. For 80 years, TEC served three counties in Minnesota including Winona, Houston and Fillmore and parts of Olmsted and Mower counties and also served portions of Howard, Winneshiek and Allamakee

PHONE NUMBERS FOR ELECTRICAL UTILITIES

Rochester Public Utilities (RPU)

507.280.1500

Xcel Energy

800.895.1999

Peoples Energy Cooperative

507.367.7000

MiEnergy Cooperative

507.864.7783

Transportation

Air

The Rochester International Airport (RST) is located seven miles south of Rochester in the heart of the Rochester MSA. Three major commercial carriers serve the Rochester International Airport. American Airlines offers daily service to and from Chicago.

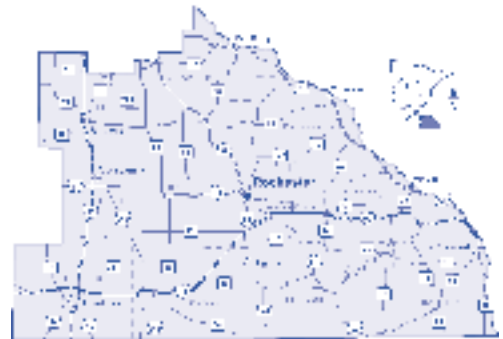
Delta Airlines provides daily service to and from Minneapolis. Sun Country Airlines operates seasonal direct flights to Phoenix, Arizona, and Fort Myers, Florida, from December to April. In addition to features like an on-site bar and grill, skycaps, car rentals, Mayo Clinic concierge, and FAA control tower, the U.S. Customs Service maintains an office at the airport for international passengers and cargo.

Federal Express conducts daily cargo operations at the Rochester International Airport. RST has over 385,000 square feet of useable cargo ramp space. RST offers green field development opportunities within the air cargo area.

Signature Flight Support, a full-service Fixed Base Operator (FBO), provides a pilot lounge, hangars, GPUs, de-icing, and more for corporate and general aviation aircraft.

Hangar space is also available for general aviation aircraft owners. The hangars support single-engine aircraft, feature electric bi-fold doors, personnel swings doors in each unit.

An adjacent business park features a hotel, restaurant, event center, business services, childcare, and additional office space with land available for development. Flexible lot sizes are available with city utilities.



Daily Departures: 5

Runways: 2

Runway 13/31: Length, 9,033 feet

Runway 03/21: Length, 7,300 feet

Passengers served: 168,870

Landed Cargo: 103 million lbs.

**Aeronautical Developable Acres
(with airfield access): 30**

Business Park Developable Acres: 42

**Business Park Amenities: water, sewer,
natural gas, data communications**

The Rochester MSA serves as a regional transportation hub serving southeastern Minnesota, northern Iowa, and western Wisconsin with vital road, rail, and air service links to the entire nation and foreign destinations.

Roadway

Traversing the entire Rochester MSA is east/west bound Interstate 90. In addition, three major U.S. highways intercept in Rochester. U.S. Highway 52 heads north to the Twin Cities and south to eastern Iowa. U.S. Highway 63 leads north towards northern Wisconsin and south to central Iowa. U.S. Highway 14 crosses the state of Minnesota to the west and enters Wisconsin at LaCrosse. In addition, there are many 10-ton secondary roads throughout the MSA.

Railroad

Rochester is located on the east-west route of the Dakota Minnesota and Eastern (DM&E) railroad. Daily rail freight service is available in Rochester by the DM&E. The nearest Amtrak station is located in Winona, one hour (45 miles) east of Rochester. Several key development sites in Byron, Eyota, and Rochester are located on or near the main line or spurs.

The DM&E is willing to participate with economic development incentives for prospective businesses requiring rail service including spur development and car moving equipment.

EDUCATION

The Rochester area school districts have over 40,000 students enrolled in public and private elementary and secondary schools. Post-secondary opportunities are available at Rochester Community and Technical College (RCTC), University of Minnesota Rochester (UMR), Winona State University - Rochester, St. Mary's University, Rochester, and Augsburg University, Rochester.

To meet the increasing demand for highly trained health professionals, Mayo School of Health-Related Sciences has over 1,800 students enrolled annually in 145 MSHS programs. For additional information, go to www.mayo.edu/mshs/. Over 51% of the Rochester MSA population has an associate's degree or higher.

The state of Minnesota also provides funding for employers seeking to develop training programs specific to their business. Employers partner with Rochester Community and Technical College to develop the curriculum, and the training may be conducted at the school or workplace.

ROCHESTER MSA EDUCATION - 2021

Education

Less than 9th Grade	2.1%
9th to 12th Grade, No Diploma	2.0%
High School Graduate or GED	95.9%
Some College, No Degree	18.0%
Associate's Degree	12.7%
Bachelor's Degree	23.6%
Graduate or Professional Degree	18.5%

Source: U.S. Census Bureau



GROSS SALES & RETAIL SALES

The Rochester MSA supports a tremendous number of visitors each year. Each year, Mayo Clinic sees over 1.3M people from all 50 states and 137 countries worldwide. Support services, especially retail stores, lodging, and restaurants benefit from these visitors. Below are tables that demonstrate the strength of the Rochester MSA economy.

OLMSTED COUNTY GROSS SALES

Industry	2016	2017	2018	2019	2020
Construction	\$481,687,520	\$525,441,705	\$554,743,505	\$591,224,744	\$590,768,396
Manufacturing	\$1,075,940,628	\$1,231,297,675	\$1,326,812,414	\$1,133,029,676	\$999,802,125
Wholesale	\$561,944,614	\$604,799,454	\$715,697,685	\$689,578,760	\$587,168,772
Retail	\$2,538,452,319	\$2,552,560,870	\$2,586,652,303	\$2,688,265,014	\$2,707,718,493
Lodging	\$143,187,403	\$147,473,684	\$163,688,750	\$149,168,317	\$82,683,360
Health Services	\$131,009,420	\$151,946,583	\$163,424,377	\$179,622,365	\$206,579,142
Total Sales	\$4,932,221,904	\$5,213,519,971	\$5,511,019,034	\$5,430,888,876	\$5,174,720,288

Source: Minnesota Department of Revenue, Sales and Use Tax Division

CITY OF ROCHESTER GROSS RETAIL SALES

Retail Industry	2016	2017	2018	2019	2020
Vehicles, Parts	\$452,589,126	\$453,401,159	\$441,246,245	\$531,620,703	\$521,035,634
Furniture Stores	\$81,028,654	\$85,727,775	\$72,264,776	\$64,952,120	\$64,952,660
Electronics	\$65,918,734	\$63,934,976	\$69,214,056	\$60,776,614	\$52,303,642
Building Material	\$180,471,903	\$198,086,732	\$199,196,429	\$189,243,509	\$222,379,563
Food Bev. Store	\$336,276,791	\$241,636,782	\$350,375,084	\$366,730,442	\$417,295,567
Health, Personal	\$95,086,434	\$87,821,127	\$82,411,240	\$83,419,801	\$82,252,994
Gasoline Stations	\$141,636,449	\$157,004,736	\$184,192,593	\$176,134,514	\$149,083,336
Clothing, Acc.	\$112,222,779	\$105,208,092	\$105,455,607	\$106,990,667	\$78,651,496
Leisure Goods	\$103,166,146	\$93,384,137	\$98,848,052	\$102,349,885	\$123,265,882
Gen. Merch.	\$589,774,362	\$616,412,428	\$638,143,808	\$628,727,647	\$633,783,850
Misc. Store Retailer	\$91,222,989	\$84,642,206	\$82,612,052	\$90,943,384	\$77,078,587
Nonstore Retailers	\$8,859,531	\$9,490,741	\$9,169,579	\$10,866,759	\$10,638,676

Source: Minnesota Department of Revenue, Sales and Use Tax Division





HOUSING

2022 Annual Report on the Southeast Minnesota Housing Market

2022 began where 2021 left off: Mortgage rates were near historic lows, buyer competition was fierce, and homes were selling at a breakneck pace, often with multiple bids and all-cash offers, due to pent-up demand and a shortage of housing supply, causing sales prices to soar to new heights. But all that changed a few months later as mortgage rates began to rise, adding hundreds of dollars to monthly mortgage payments and causing housing affordability to plummet to its lowest level in decades. As borrowing costs continued to increase, home sales and home prices began to slow, and after two years of record-breaking activity, the red-hot housing market was finally cooling.

Home sales continued to decline throughout much of the year, as affordability challenges took their toll on market participants, forcing many prospective buyers and sellers to the sidelines. To help offset rising costs, some buyers moved from bigger, more expensive cities to smaller, more affordable areas, while others turned to the rental market, where competition and rental prices surged. As mortgage rates continued to climb and market conditions shifted, many homeowners were reluctant to sell their homes, and with buyer demand down, homebuilders eased production, further constraining an already limited supply of housing.

For 2023, much depends on inflation, mortgage interest rates, and the broader state of the economy, although economists predict many of 2022's housing trends will continue into the new year: home sales will soften, price growth will moderate, inventory will remain tight, and there will be greater variability between markets nationally, with some regions possibly seeing price declines while other, more affordable areas of the country remain in high demand and experience price growth.

Source: Southeast Minnesota REALTORS

MEDIAN SALES PRICE FOR HOMES IN ROCHESTER

2015	2016	2017	2018
\$155,000	\$164,900	\$176,000	\$192,000
2019	2020	2021	2022
\$202,000	\$223,000	\$245,000	\$265,000

HOUSING UNIT CONSTRUCTION

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single Family Homes	326	369	364	416	429	346	289	265	249	236
Multi Family Units	60	124	1,156	981	613	1,068	519	297	575	750

Source: Rochester Building & Safety

PERSONAL AND PER CAPITA INCOME

PER CAPITA INCOME 2012- 2021

	2012	2014	2016	2018	2020
Rochester	\$46,219	\$47,492	\$50,369	\$54,918	\$59,428
Minnesota	\$47,851	\$50,243	\$53,058	\$57,346	\$62,210
United States	\$44,598	\$47,058	\$49,995	\$54,581	\$59,763

	2013	2015	2017	2019	2021
Rochester	\$46,559	\$49,492	\$52,427	\$56,050	\$63,052
Minnesota	\$47,932	\$52,336	\$54,930	\$58,830	\$66,232
United States	\$44,851	\$49,003	\$52,096	\$56,474	\$64,117

Bureau of Economic Analysis

ENTREPRENEURIAL SERVICES

Economic Development Center

The RAEDI Economic Development Center (EDC) is a one-stop center intended to accelerate the economic growth for the Rochester area and streamline the collaboration between the partners and diverse non-profits who serve the entrepreneurial community. The partnerships and co-location help with the referral process, increase access to business and startup services, and increases the communication and accessibility between the different providers in the EDC. Organizations located in the EDC include RAEDI, Small Business Development Center (SBDC), Collider, Black Entrepreneurship Team, African Innovation Hub, and SCORE.



Mayo Clinic Business Accelerator

RAEDI provides space for entrepreneurs in the Rochester. RAEDI operates the Mayo Clinic Business Accelerator which provides infrastructure that enables entrepreneurship for the Rochester community.

Founded in 2013 and expanded in 2015 by RAEDI, the City of Rochester, Mayo Clinic Treasury Services, and Mayo Clinic Ventures, the Mayo Clinic Business Accelerator provides collaborative space for new companies, venture capital firms, and entrepreneurs. It also works with existing companies and service providers to support entrepreneurial ventures.

Located in close proximity to Mayo Clinic, our space encompasses over 3,000 square feet within the Skyway level of the Minnesota BioBusiness Center in Rochester. By bringing together like-minded entrepreneurs, investors, and advisors, we create a unique ecosystem for the Rochester community to share ideas, resources and expertise. This ecosystem, in turn, promotes local and regional economic development through new company creation and expansion. www.mcbusaccel.com





The Rochester area is a great place to invest.

The economy here continues to grow
at a pace faster than that of the state
and nation.



Rochester Area Economic Development, Inc.

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