

# RAEDI Bank Survey - June

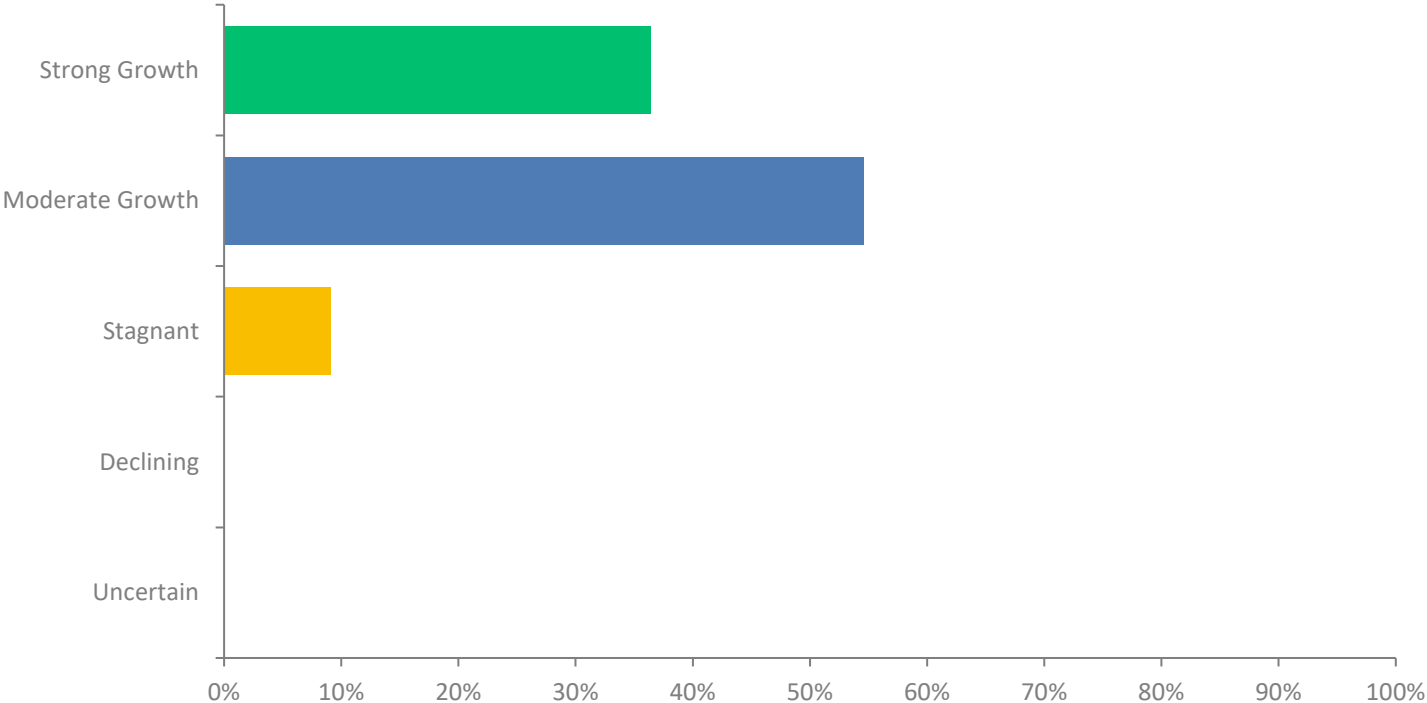
June 2025

Conducted by Rochester Area Economic  
Development, Inc. (RAEDI)



# Q1: How would you describe the current state of the local economy?

Answered: 11 Skipped: 0



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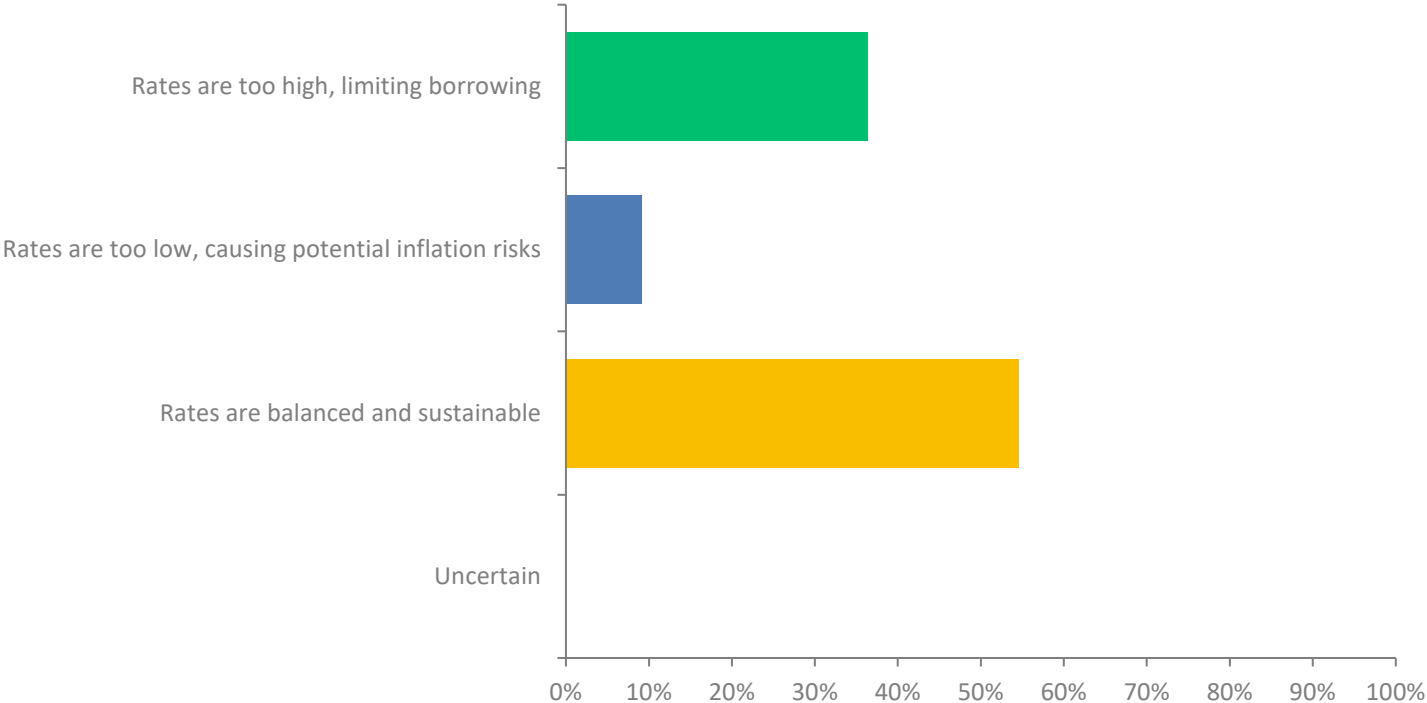
ANSWER CHOICES	RESPONSES	
Strong Growth	36.36%	4
Moderate Growth	54.55%	6
Stagnant	9.09%	1
Declining	0.00%	0
Uncertain	0.00%	0
TOTAL		11

**Comments:**

1. The low amount of single-family home permits the past few years certainly was not healthy growth for what was needed.

# Q2: What is your assessment of the current interest rate environment?

Answered: 11 Skipped: 0



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Answered: 11 Skipped: 0

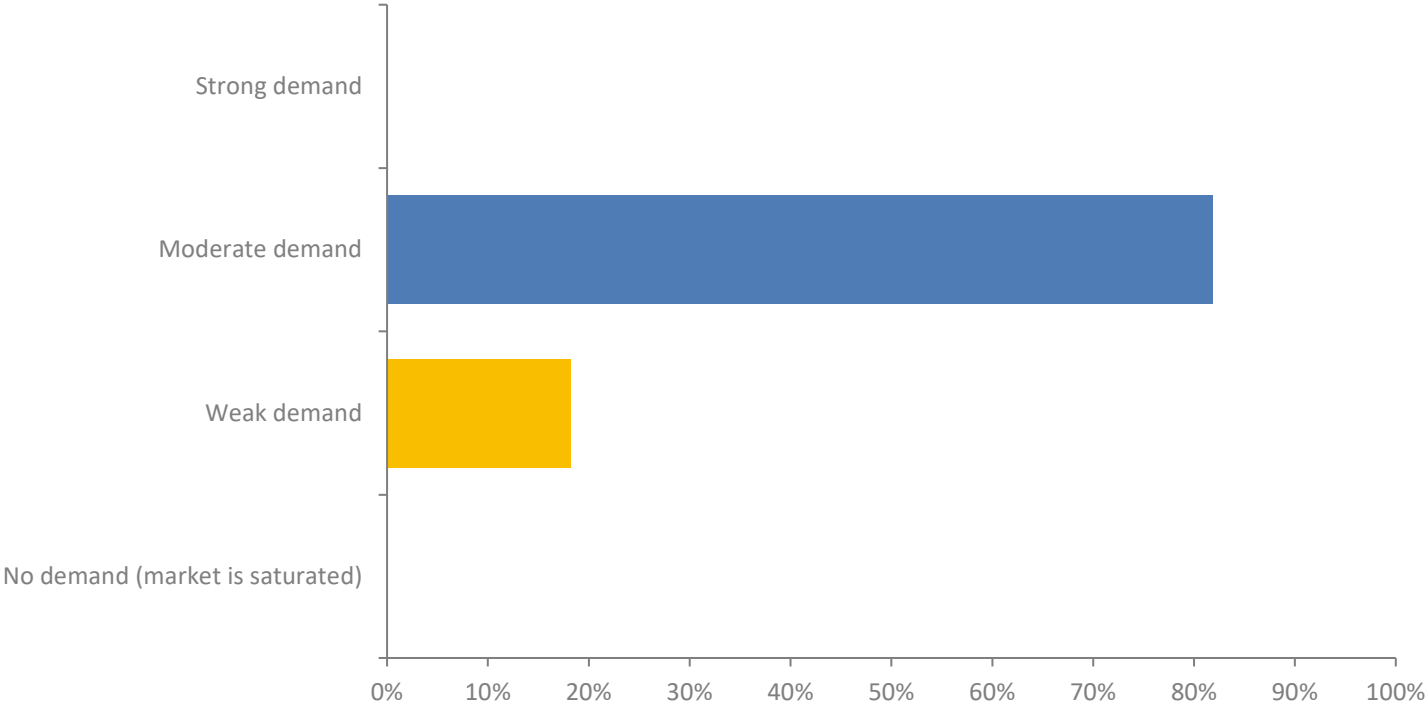
ANSWER CHOICES	RESPONSES	
Rates are too high, limiting borrowing	36.36%	4
Rates are too low, causing potential inflation risks	9.09%	1
Rates are balanced and sustainable	54.55%	6
Uncertain	0.00%	0
TOTAL		11

### Comments:

1. Borrowers believe rates are too high. Interest rates, along with costs, are hindering transactions from coming to fruition. A little give on both the costs and interest rates would be beneficial.
2. Rates are moderately high.
3. Just slightly too high, though. A more balanced rate would be .5% to 1.0% lower.

### Q3: How would you rate the demand for commercial loans in your market?

Answered: 11 Skipped: 0



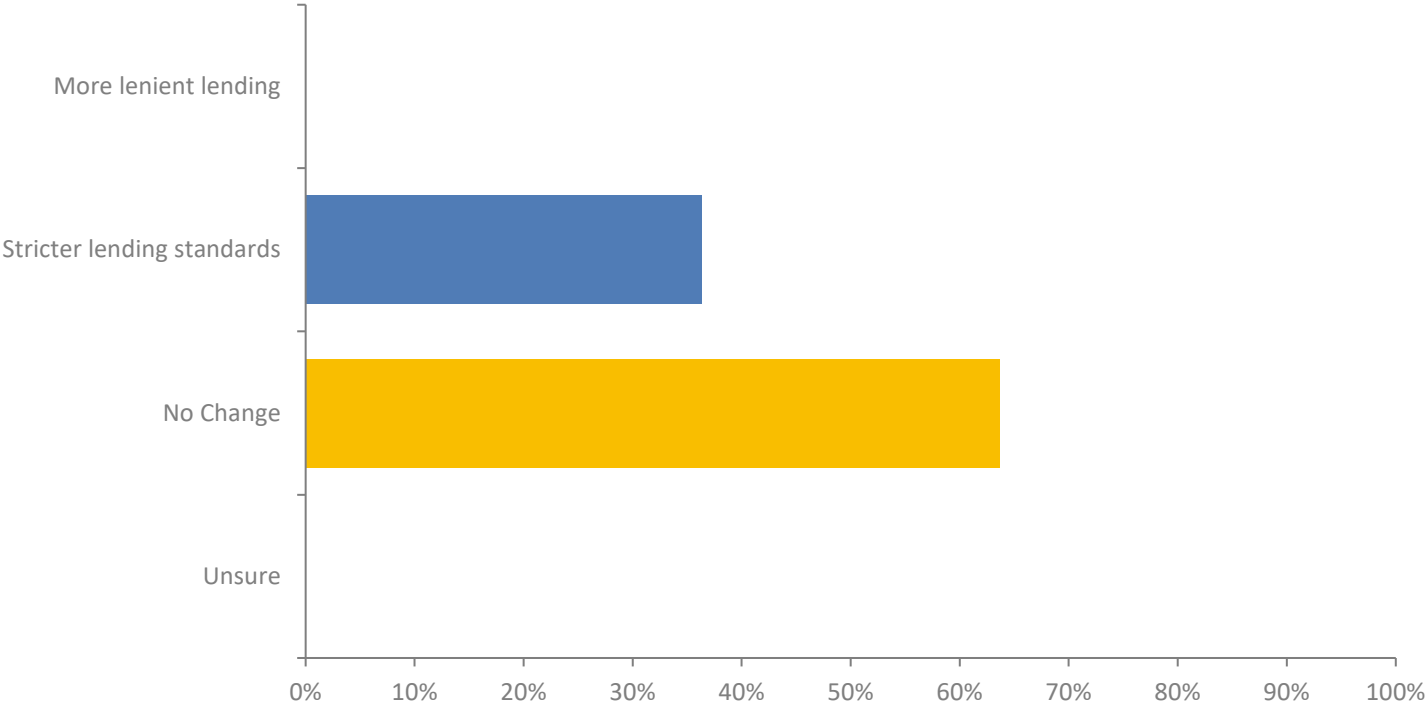
### Q3: How would you rate the demand for commercial loans in your market?

Answered: 11    Skipped: 0

ANSWER CHOICES	RESPONSES	
Strong demand	0.00%	0
Moderate demand	81.82%	9
Weak demand	18.18%	2
No demand (market is saturated)	0.00%	0
TOTAL		11

# Q4: Have you noticed any significant shifts in lending standards for commercial loans or credit availability in the past 6 months?

Answered: 11 Skipped: 0





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Answered: 11 Skipped: 0

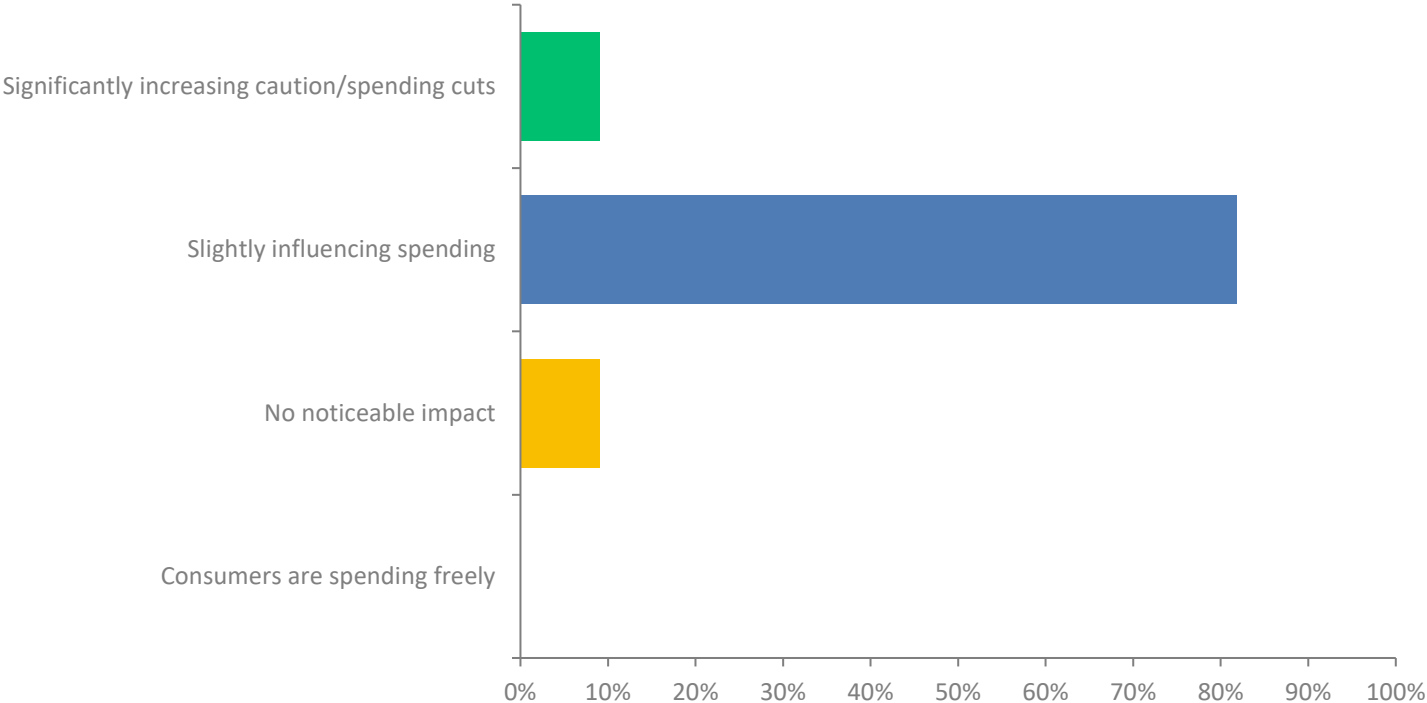
ANSWER CHOICES	RESPONSES	
More lenient lending	0.00%	0
Stricter lending standards	36.36%	4
No Change	63.64%	7
Unsure	0.00%	0
TOTAL		11

Comments:

1. We need to ensure the investment property has a minimum DSCR standing on its own, without the excess income of the owner.

# Q5: To what extent is inflation impacting consumer behavior in your market?

Answered: 11 Skipped: 0



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Answered: 11   Skipped: 0

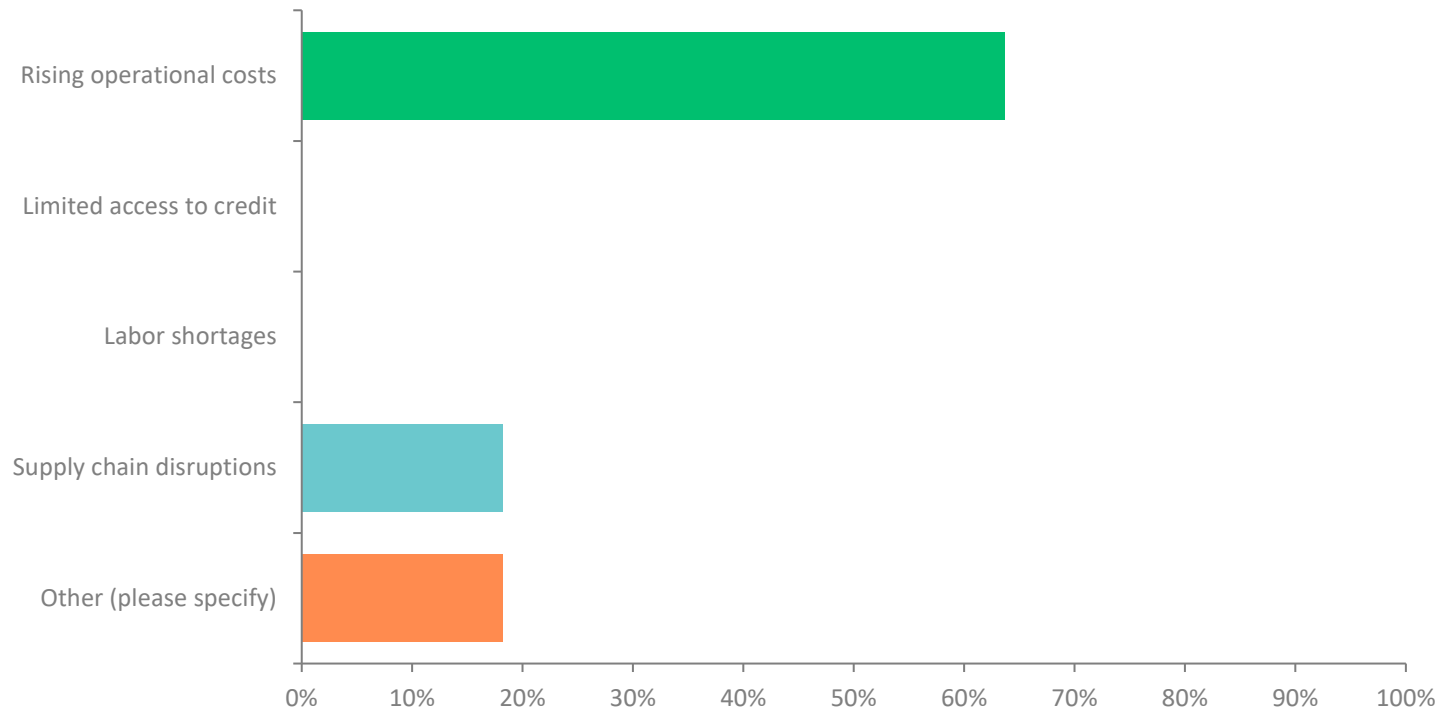
ANSWER CHOICES	RESPONSES	
Significantly increasing caution/spending cuts	9.09%	1
Slightly influencing spending	81.82%	9
No noticeable impact	9.09%	1
Consumers are spending freely	0.00%	0
TOTAL		11

**Comments:**

1. Some business owners are delaying purchases and new construction projects until rates decline further, and they are more confident about the direction of the economy.

## Q6: What do you perceive to be the biggest challenge for businesses in your area right now?

Answered: 11 Skipped: 0



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Answered: 11 Skipped: 0

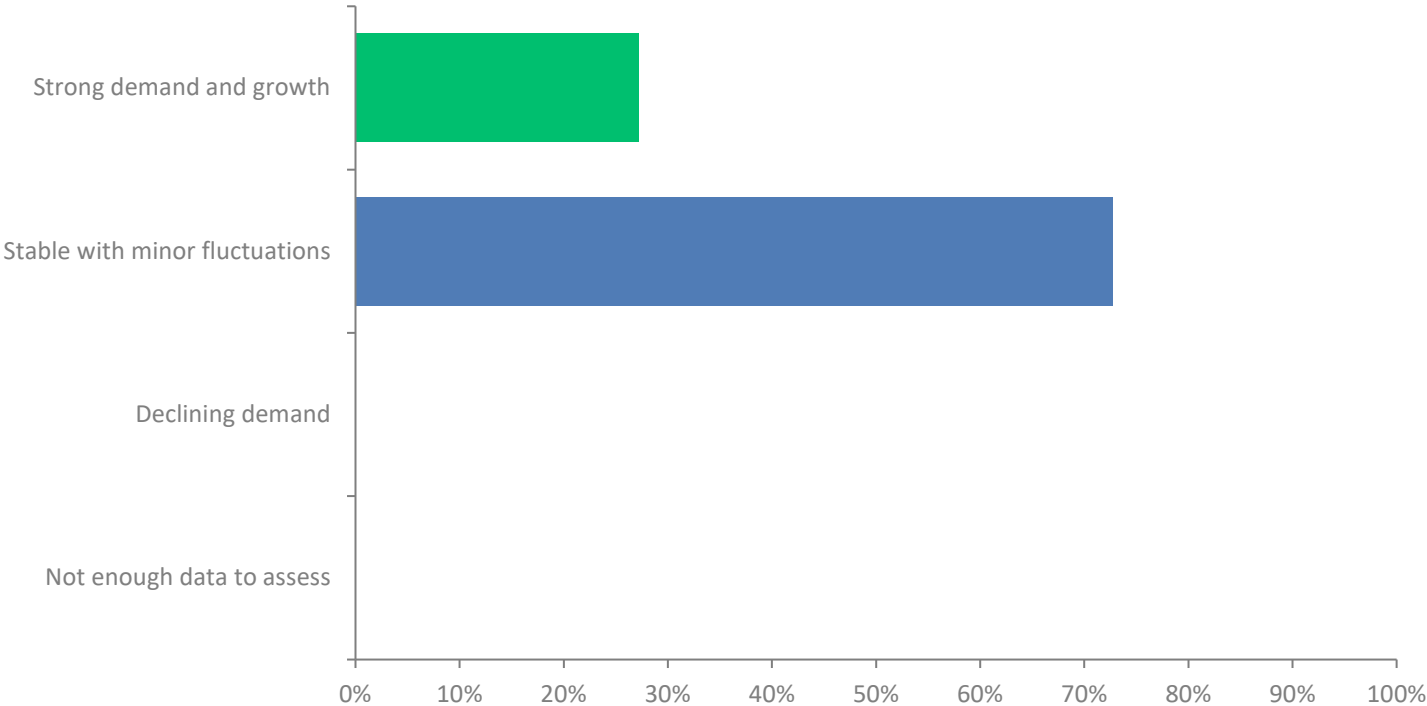
ANSWER CHOICES	RESPONSES	
Rising operational costs	63.64%	7
Limited access to credit	0.00%	0
Labor shortages	0.00%	0
Supply chain disruptions	18.18%	2
Other (please specify)	18.18%	2
TOTAL		11

**Comments:**

1. Operational costs, inclusive of insurance and property tax increases, in particular.
2. Operating costs increases include rising taxes, and costs of doing business in Minnesota - paid family leave, for instance, and rising property taxes.
3. Negative consumer sentiment is driving down end-user purchases.
4. The increase in property insurance and property taxes has been hard for many real estate owners. The local units of government need to benchmark their per capita operating costs to similarly sized cities to ensure we are spending money efficiently and to justify any future increases. Personally, my City of Rochester services are the worst of any of the 3 states I've previously lived in, though my property taxes, sales tax, state income tax, and license taxes are FAR greater.
5. Consumer sentiment is reducing end-user spending.

# Q7: How have commercial real estate market conditions changed in your area in the past 6 months?

Answered: 11 Skipped: 0



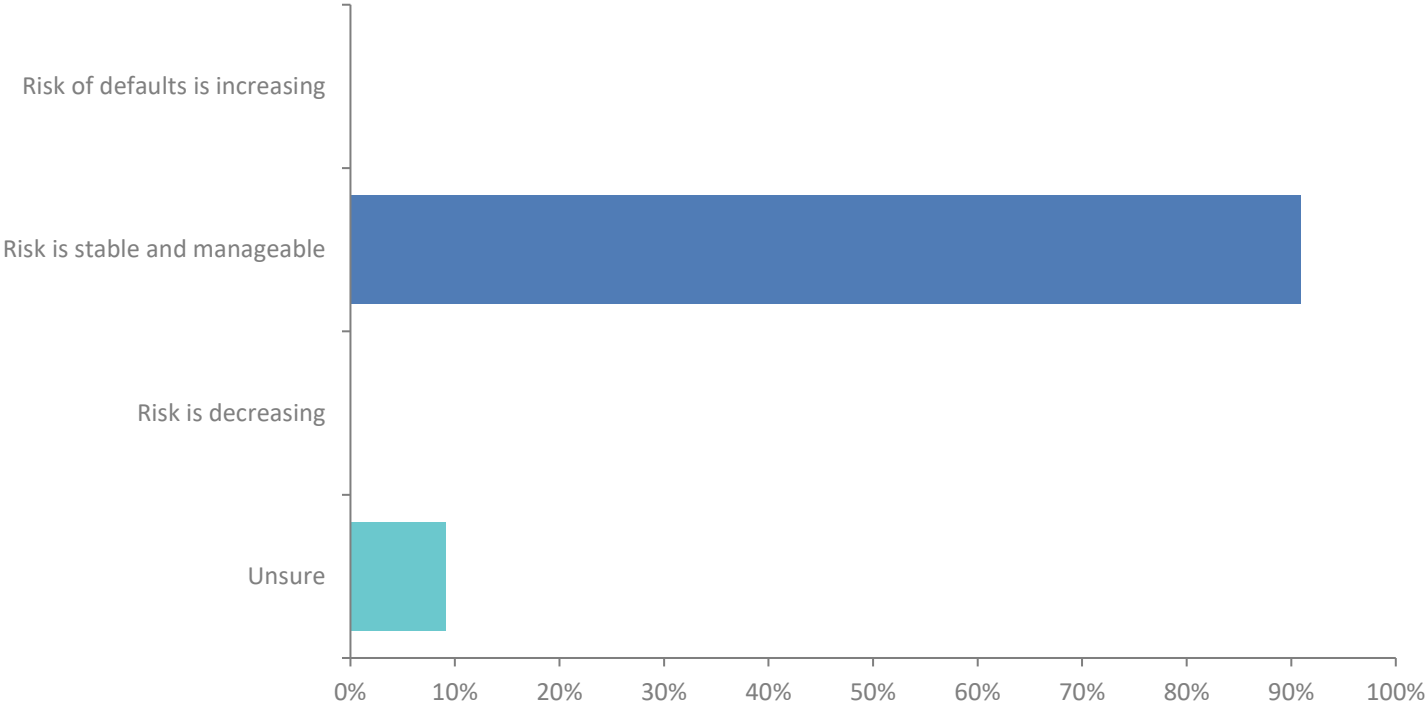
# Q7: How have commercial real estate market conditions changed in your area in the past 6 months?

Answered: 11   Skipped: 0

ANSWER CHOICES	RESPONSES	
Strong demand and growth	27.27%	3
Stable with minor fluctuations	72.73%	8
Declining demand	0.00%	0
Not enough data to assess	0.00%	0
TOTAL		11

# Q8: How would you assess the risk of defaults or delinquencies in your commercial portfolio?

Answered: 11 Skipped: 0





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Answered: 11 Skipped: 0

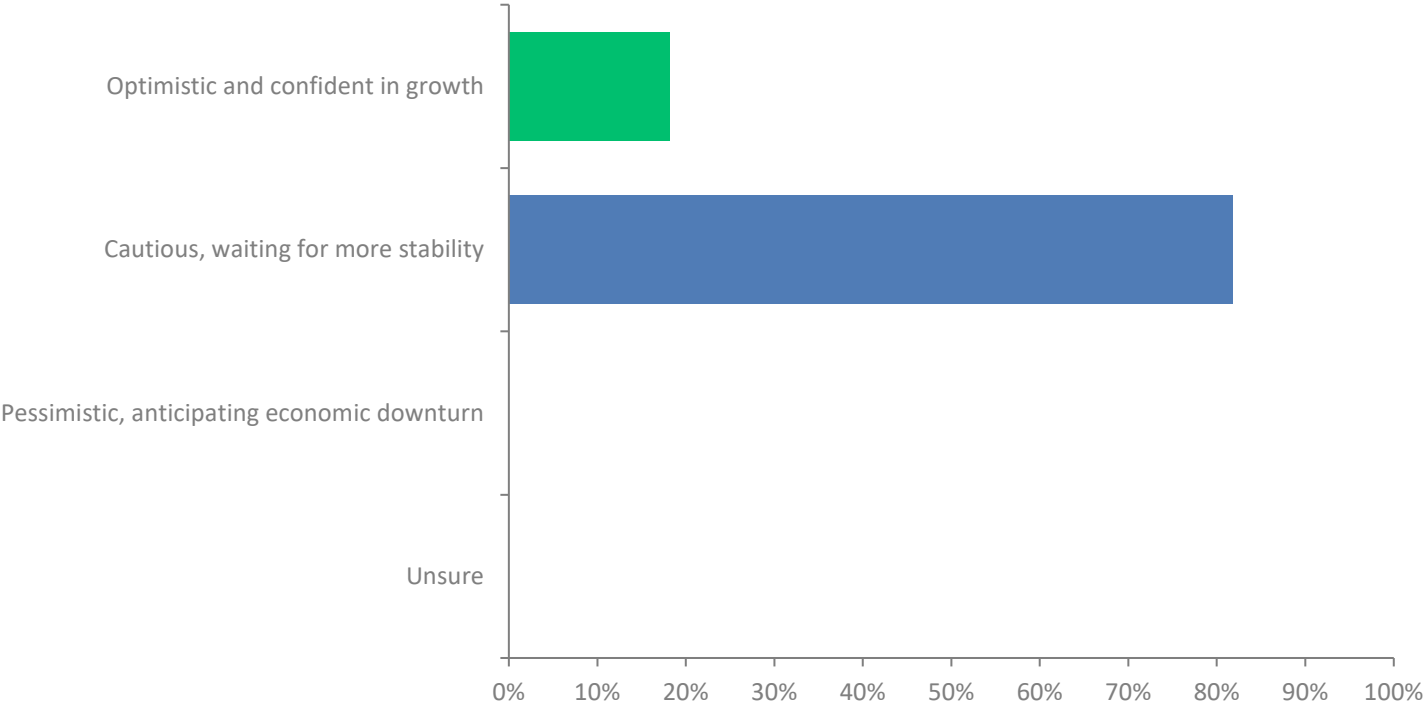
ANSWER CHOICES	RESPONSES	
Risk of defaults is increasing	0.00%	0
Risk is stable and manageable	90.91%	10
Risk is decreasing	0.00%	0
Unsure	9.09%	1
TOTAL		11

### Comments:

1. The risk of defaults is increasing but remains manageable and within normal cyclical patterns.
2. Due to our quality credit criteria.
3. Slight risk uptick over the last 12 months, but still within normal and manageable range.

# Q9: What is the general sentiment among your clients about future economic conditions

Answered: 11 Skipped: 0



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Answered: 11 Skipped: 0

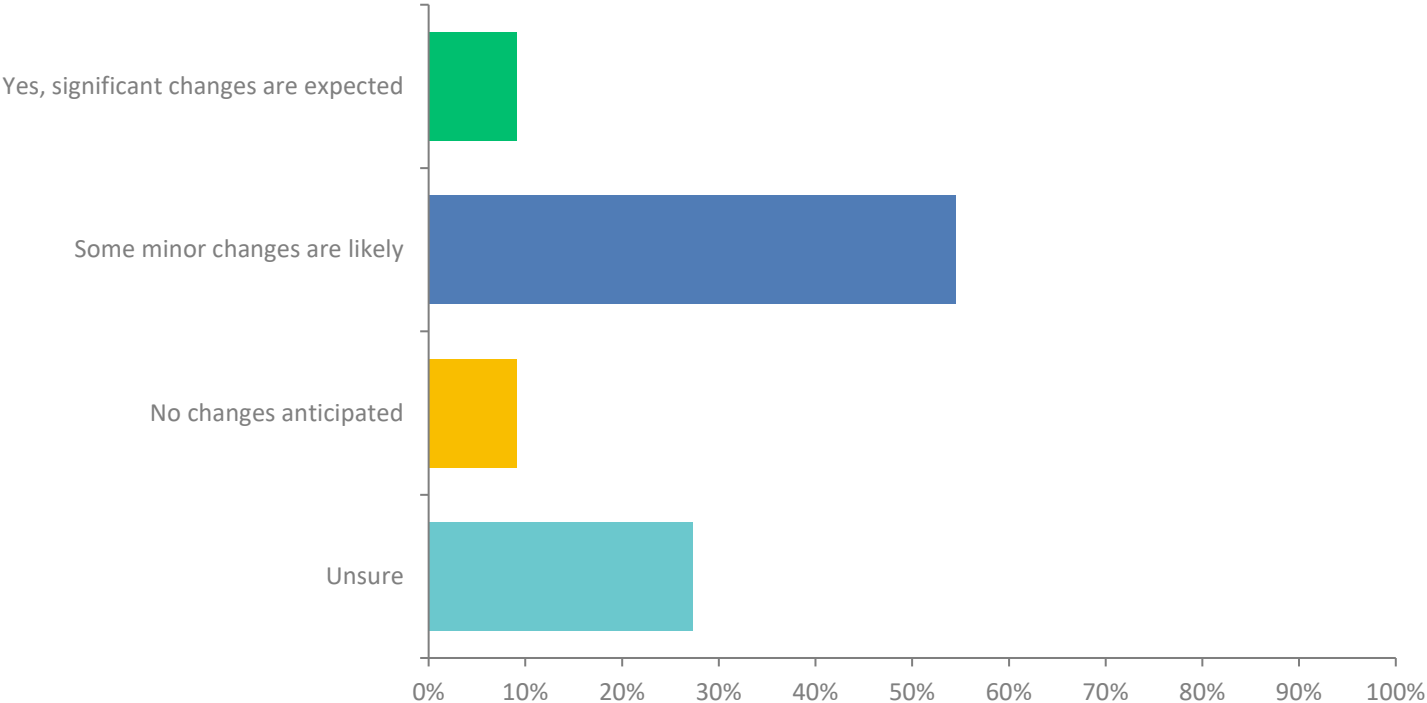
ANSWER CHOICES	RESPONSES	
Optimistic and confident in growth	18.18%	2
Cautious, waiting for more stability	81.82%	9
Pessimistic, anticipating economic downturn	0.00%	0
Unsure	0.00%	0
TOTAL		11

### **Comments:**

1. Optimistic due to the population growth driven by the employment growth of the Mayo Clinic.

# Q10: Do you anticipate any major changes in regulations/tariffs that could affect market conditions in the next year?

Answered: 11 Skipped: 0



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Answered: 11 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes, significant changes are expected	9.09%	1
Some minor changes are likely	54.55%	6
No changes anticipated	9.09%	1
Unsure	27.27%	3
TOTAL		11

### **Comments:**

1. More uncertainty in the near term, with minor permanent changes for the long term