

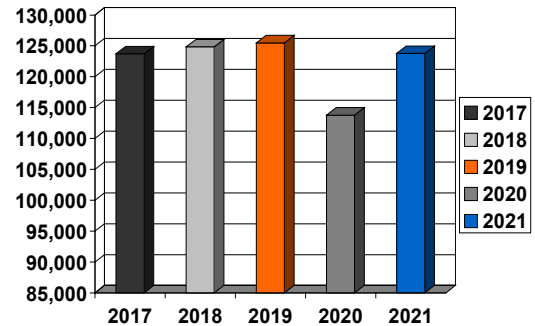
Quarterly Economic Report

Total Employment

Nonagricultural wage and salary employment for the Rochester MSA increased by 8.8% over the last year. The gain of 9,960 jobs brought the total employment figure to 123,767 from the June 2020 level of 113,807. Goods Producing showed a loss of 695 jobs over the last 12 months while Service Providing reported a gain of 10,655 jobs.

Read more about southeast Minnesota economic trends here: <https://bit.ly/semnjobs>

Total Employment Second Quarter



Rochester MSA Employment Past 5 Years - Second Quarter

| | <u>June 2017</u> | <u>June 2018</u> | <u>June 2019</u> | <u>June 2020</u> | <u>June 2021</u> |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total Employment | 123,732 | 124,830 | 125,480 | 113,807 | 123,767 |
| Goods Producing | | | | | |
| Construction, Mining, Logging | 5,030 | 5,126 | 5,504 | 5,471 | 5,449 |
| Manufacturing | 11,048 | 10,905 | 11,282 | 10,678 | 10,005 |
| Service Providing | | | | | |
| Wholesale Trade | 2,769 | 2,919 | 2,949 | 2,796 | 2,841 |
| Retail Trade | 12,555 | 12,415 | 11,906 | 11,393 | 12,425 |
| Transportation/Warehousing | 2,789 | 2,684 | 2,559 | 2,404 | 2,336 |
| Information | 1,911 | 1,746 | 1,504 | 1,338 | 1,302 |
| Financial Activities | 2,864 | 2,909 | 2,888 | 2,736 | 2,737 |
| Professional/Business Services | 6,260 | 6,259 | 5,754 | 5,363 | 6,100 |
| Educational/Health | 49,788 | 50,868 | 51,793 | 47,236 | 53,332 |
| Leisure/Hospitality | 11,346 | 11,881 | 11,916 | 8,504 | 10,295 |
| Other Services | 4,011 | 3,846 | 3,926 | 3,365 | 3,688 |
| Government | 13,361 | 13,272 | 13,499 | 12,513 | 13,257 |

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate decreased by 5.0% from the same period last year and was 3.1% at the end of the second quarter 2021. The Rochester average continues to remain well below the state and U.S. averages of 4.4% and 6.1% respectively.

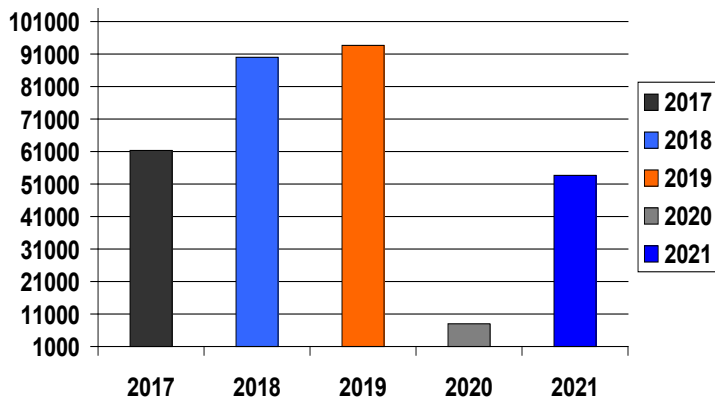
The labor force in June 2021 was 125,853 which was 1.2% lower than the June 2020 figure of 127,344.

Unemployment Rates Past 5 Years Second Quarter- Rochester MSA

| | <u>Rochester</u> | | <u>Minnesota</u> | | <u>United States</u> |
|------|------------------|------|------------------|------|----------------------|
| 2021 | 3.1% | 2021 | 4.4% | 2021 | 6.1% |
| 2020 | 8.1% | 2020 | 8.8% | 2020 | 11.2% |
| 2019 | 3.0% | 2019 | 3.2% | 2019 | 3.8% |
| 2018 | 2.6% | 2018 | 3.1% | 2018 | 4.2% |
| 2017 | 3.1% | 2017 | 3.5% | 2017 | 4.5% |

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic Second Quarter Comparison



Source: Rochester Airport Company

Airport Traffic

The Rochester International Airport serviced 53,695 passengers during the second quarter of 2021. This is an increase of 565.7% over second quarter 2020 (8,066 passengers). The impact of Covid-19 during second quarter 2020 severely impacted the number of travelers. Passenger totals for April, May, and June in 2021 were 13,514, 18,365, and 21,815 respectively.

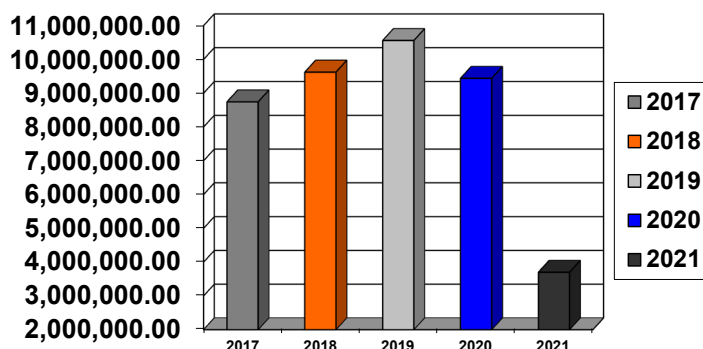
Leisure travel is by far driving air travel demand nationally, while business travel is returning at a slower pace. International travel restrictions are still having a massive impact on the air travel industry. Passenger volumes will likely continue to increase at RST at a steady pace through the end of 2021 and airlines will continue to adjust capacity to meet travel demand.

Hotel/Motel Sales Tax - City of Rochester

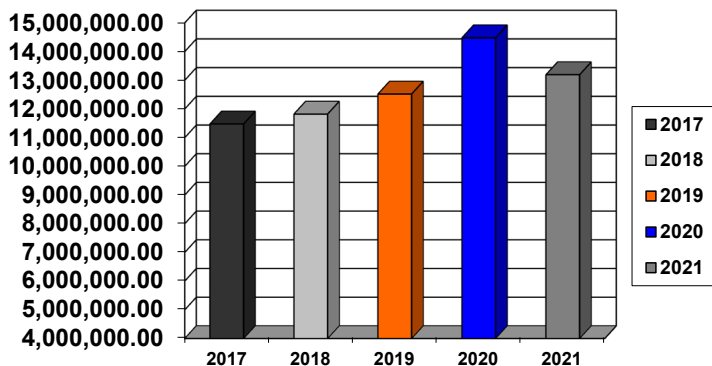
| | |
|---------------------|-----------------|
| May 2020-April 2021 | \$ 3,700,945.50 |
| May 2019-April 2020 | \$ 9,441,611.59 |
| May 2018-April 2019 | \$10,559,628.48 |
| May 2017-April 2018 | \$ 9,623,851.88 |
| May 2016-April 2017 | \$ 8,742,688.85 |

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax Past 5 Years



Annual Net Sales Tax Past 5 Years

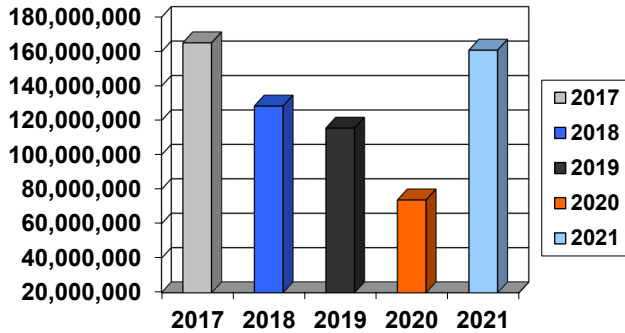


Net Sales Tax - City of Rochester

| | |
|---------------------|-----------------|
| May 2020-April 2021 | \$13,193,146.89 |
| May 2019-April 2020 | \$14,478,549.70 |
| May 2018-April 2019 | \$12,519,921.14 |
| May 2017-April 2018 | \$11,820,956.58 |
| May 2016-April 2017 | \$11,476,194.00 |

Source: City of Rochester Finance Department

Commercial & Residential Building Permits Second Quarter



Commercial and Residential Building Permits Second Quarter Past 5 Years

| | <u>Valuation</u> | <u>Total Permits</u> |
|------|------------------|----------------------|
| 2021 | \$160,946,660 | 737 |
| 2020 | \$73,932,243 | 478 |
| 2019 | \$115,685,000 | 634 |
| 2018 | \$128,517,764 | 721 |
| 2017 | \$165,224,234 | 812 |

Source: Building Safety - City of Rochester

Second Quarter Building Activity

Commercial and residential building permits issued for second quarter 2021 totaled \$160,946,660. This is an increase of 117.7% over 2020.

Permits over \$1 million for second quarter 2021 included: tenant fit-up of offices, conference rooms & lab spaces (Discovery Square), Mayo Clinic Mary Brigh Core 500 West renovation, Rochester Rec Center structural & electrical updates, construction of a 25,000 two-story business center shell (Northwest Commercial Phase II), reroof for Charlton/Eisenberg Methodist campus, repository expansion, Pines Development, clubhouse & pool (the Pines Clubhouse), CT scan work at St. Mary's east tower, electrical wiring for 127-unit senior housing building with underground parking (Bella Vita of Rochester), furniture replacement in lecture halls & associated work (Mayo Clinic Guggenheim), work related to remodel on 7th floor of Eisenberg, new construction of 2-story 100,000 square-foot k-5 elementary school (Longfellow Elementary), remodeling of 2nd floor of 318 Commons for U of M offices & collaboration spaces, electrical work on new school including main service & all electrical in the building, remodel of existing damaged office area & small addition of loading docks (Crenlo), building shell for future daycare (Creekside Tierra Rochester Daycare), interior demolition & new exterior refrigeration unit, new shop-in combo cooler, new, remodeled & relocated refrigerated cases (Sam's Club), elevator modernization (Harwick), new construction of a 2-story 99,000 square-foot elementary school & associated site work including demolition of the existing school (Harriot Bishop Elementary), CV exam build-out (Gonda 6), elevator modernization, electrical, HVAC, & plumbing work for the new Longfellow Elementary School.

Second 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> |
|------|----------------------|---------------------|-----------------------|---------------------|----------------------|---------------------|
| 2021 | \$289,891 | \$265,000 | 24 | 2,112 | 618 | 1,872 |
| 2020 | \$251,750 | \$228,250 | 52 | 1,977 | 769 | 1,614 |
| 2019 | \$242,118 | \$219,900 | 41 | 2,394 | 598 | 1,825 |
| 2018 | \$226,880 | \$206,000 | 41 | 2,211 | 578 | 1,789 |
| 2017 | \$216,688 | \$184,200 | 57 | 2,299 | 606 | 1,912 |

Source: Southeast Minnesota REALTORS

Second Quarter Housing Activity

Home listings in southeastern Minnesota increased by 6.9% from a year ago, while pending sales decreased by 15.7% from the same period last year. Prices moved higher as the median sales price was up 16.2% to \$265,000, while the average sales price was up by 15.1%.

The increase in sales prices comes with a slight decline in existing home sales nationwide, as home buyers struggle with declining affordability amid a lack of inventory, forcing some buyers to simply wait it out in hopes of more inventory and less competition.