

Quarterly Economic Report

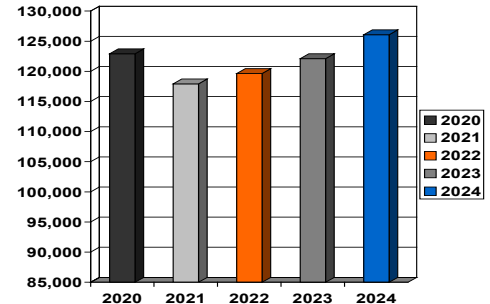
Total Employment

Nonagricultural wage and salary employment for the Rochester MSA increased 3% over the last 12 months but was down 347 jobs during the first quarter of 2024 compared to 4th quarter 2023.

The gain of 3,736 jobs in the last 12 months brought the total employment figure to 125,833 from the March 2023 level of 122,097.

Both Goods Producing and service providing reported job losses of 388 and 207 jobs respectively during first quarter 2024.

Total Employment First Quarter



Rochester MSA Employment Past 5 Years

	<u>March 2020</u>	<u>March 2021</u>	<u>March 2022</u>	<u>March 2023</u>	<u>March 2024</u>
Total Employment	122,920	117,916	119,646	122,097	125,833
Goods Producing					
Construction, Mining, Logging	4,431	4,317	4,407	4,520	4,538
Manufacturing	10,725	9,772	9,526	9,430	9,232
Service Providing					
Wholesale Trade	2,570	2,467	2,498	2,575	2,629
Retail Trade	11,607	11,653	11,736	11,747	11,649
Transportation/Warehousing	2,719	2,397	2,496	2,373	2,365
Information	1,368	1,223	1,104	1,123	1,073
Financial Activities	2,746	2,746	2,757	2,777	2,696
Professional/Business Services	5,989	6,078	6,407	6,802	6,579
Educational/Health	52,872	52,331	53,326	53,201	56,979
Leisure/Hospitality	10,821	8,912	10,124	10,644	10,770
Other Services	3,772	3,772	3,614	3,797	3,875
Government	13,300	12,439	12,651	13,108	13,448

Source: Minnesota Department of Employment & Economic Development

Unemployment

The Rochester MSA unemployment rate was down by .2% in March 2024 from the same period last year and was 2.5% at the end of the first quarter 2024. The rates for January and February were 2.7% and 3.0% respectively. The Rochester average continues to remain below the state and U.S. averages of 3.2% and 3.9% respectively.

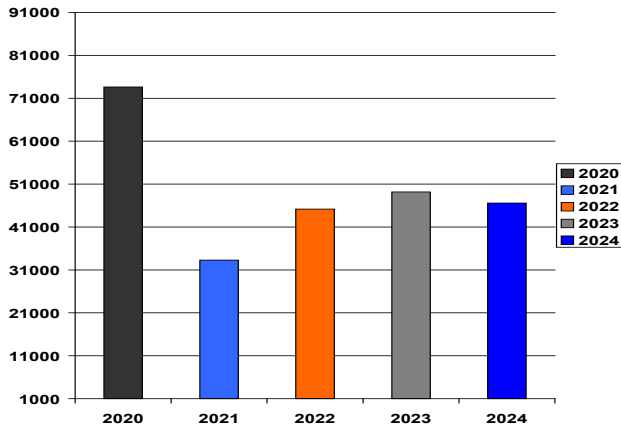
The labor force in March was 130,224, which was 1.7% higher than the 4th quarter December 2023 figure of 128,011.

Unemployment Rates Past 5 Years First Quarter- Rochester MSA

<u>Rochester</u>		<u>Minnesota</u>		<u>United States</u>	
2024	2.5%	2024	3.2%	2024	3.9%
2023	2.7%	2023	3.1%	2023	3.6%
2022	2.4%	2022	2.8%	2022	3.8%
2021	3.9%	2021	4.4%	2021	6.2%
2020	3.1%	2020	5.2%	2020	4.5%

Source: Minnesota Department of Employment & Economic Development

Airport Passenger Traffic First Quarter Comparison



First Quarter Airport Traffic

The Rochester International Airport served 46,586 passengers during the first quarter of 2024. This is a decrease of 6% over fourth quarter 2023 (49,172 passengers). Passenger totals for January, February, and March were 13,294, 15,326, and 17,966 respectively.

Cargo operations increased 5% over fourth quarter 2023 with 2,153,026 pounds of landed weight and is down 14% compared to first quarter last year.

Phase III of VII is complete of the multi-year Runway Safety Project 2/20. The CAT II Instrument Landing System (ILS) improves the all-weather capabilities of RST. The new approach lighting stations on the airfield and extending east across Hwy 63 are operated from a new equipment shelter. This upgrade allows aircraft to land in increasingly deteriorating visibility and is on par with ILS systems at MSP.

The airport is excited to announce a fourth daily flight by American Airlines to Chicago O'Hare (ORD). The new schedule offers departures at approximately 6am, 8am, 1:30pm, and 7pm with arrivals at noon, 4pm, 8pm, and 10pm. With this additional frequency, passengers will find shorter layovers and improved connections when traveling through or to Chicago. American Airlines is one of the largest airlines in the world and has been a long-time partner of the airport. American offers connections to over 350 destinations worldwide, providing passengers with access to an extensive network of flights.

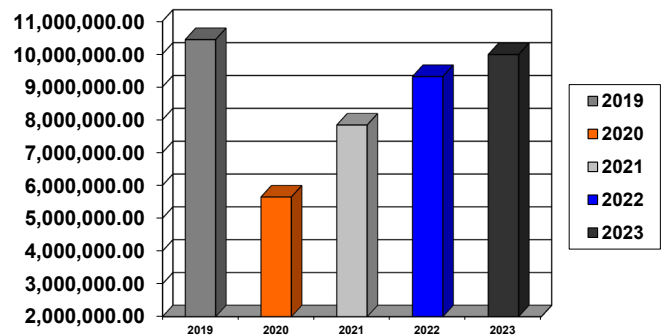
Source: Rochester International Airport

Hotel/Motel Sales Tax City of Rochester 12 months

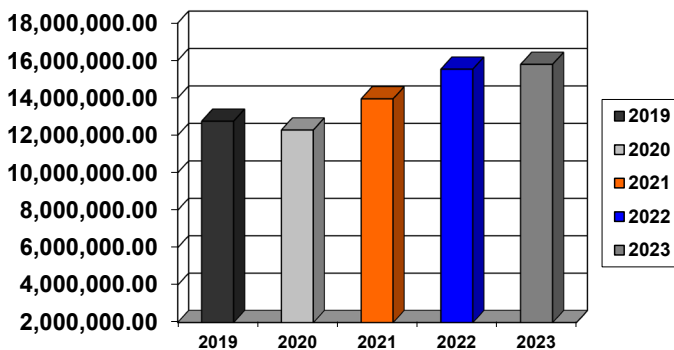
2019	\$10,439,911.33
2020	\$ 5,647,345.37
2021	\$ 7,837,773.49
2022	\$ 9,315,538.68
2023	\$10,405,509.13

Source: City of Rochester Finance Department

Hotel/Motel Sales Tax Past 5 Years



Net Sales Tax Past 5 Years

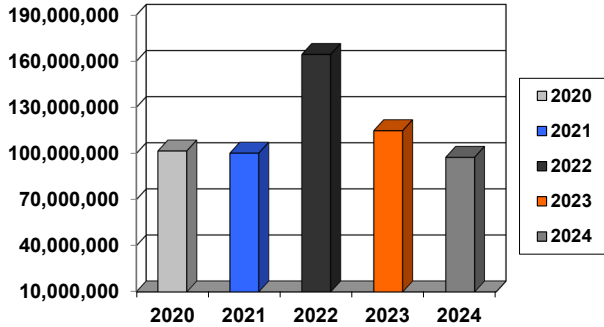


Net Sales Tax City of Rochester 12 months

2019	\$12,757,100.83
2020	\$12,287,489.78
2021	\$13,950,484.11
2022	\$15,540,090.66
2023	\$15,830,964.66

Source: City of Rochester Finance Department

Commercial & Residential Building Permits First Quarter



Commercial and Residential Building Permits First Quarter

	<u>Valuation</u>	<u>Total Permits</u>
2024	\$ 97,579,061	369
2023	\$114,905,092	435
2022	\$164,489,669	395
2021	\$100,254,482	429
2020	\$101,680,065	379

Source: Building Safety - City of Rochester

First Quarter Building Activity

Commercial and residential building permits issued for first quarter 2024 totaled \$97,579,061. This is a decrease of 17.8 percent over 2023.

Permits over \$1 million for first quarter 2024 included: new clubhouse and pool for the Flats on Felty Building D, mechanical upgrades to Chateau Theater, Soldiers Field Park improvements - west area restroom and pavilion buildings, remodel existing 471 office area of Gonda 02, new 110,000 sf facility Andersen Building will add two new proton treatment rooms. The project also includes a 50,000 SF renovation of two floors in the existing Jacobson Proton Center, expansion of the Saint Marys Campus (Mayo Clinic) Mary Brigh Building canopy, mechanical, electrical, hydronic & plumbing work for existing Jacobson floors and new Anderson Building, New 105-unit Apartment Building C - Flats on Felty, New 60-unit Apartment Building B - Flats on Felty, New Building A for Flats on Felty (69 units), First and Banks 218 unit multifamily apartment building, Fit-up of space to accommodate the new Cryo-EM Microscope Center Building 1st floor, Tenant fit-up for Hanger Clinic, Olmsted County Justice Systems remodel on 4th and 5th floors, Adult & Teen Challenge building to be reroofed, remove existing metal roofing down to substrate, install new HT roof underlayment and and new metal standing seam panels, fascia and soffits, City of Rochester Cascade Lake Park improvements - event center & restrooms, Ozmun Information Technology relocation Rosa Parks Pavilion, New 12-unit apartment building--The Pines II, architectural, mechanical, plumbing, and electrical upgrades to the existing 190,000 square foot Kellogg Middle School, Comprehensive Cancer Center (CCC) administrative office relocation, and multi-family dwelling condominium building structural repairs and concrete structural columns.

First Quarter Housing Activity

The rebound in home sales comes amid fluctuating mortgage rates and elevated sales prices, indicating there is plenty of buyer demand heading into the spring selling season.

New listings in southeast Minnesota were up 7.2 percent for first quarter to 1,249. Pending sales increased 14.1 percent to 1,190.

First 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>
2024	\$336,405	\$295,000	60	1,249	1,190	955
2023	\$307,494	\$269,900	57	1,165	1,043	823
2022	\$289,767	\$260,000	46	1,285	1,231	950
2021	\$266,234	\$242,000	43	1,259	1,234	957
2020	\$238,826	\$214,000	69	1,363	1,190	961

Prices moved higher as the Median Sales Price was up 9.3 percent to \$295,000. Days on the market increased 5.3 percent to 60 days. Months supply of inventory remained flat at 1.6 months.

The recent surge in home sales was likely due to a dip in mortgage rates in December and an increase in housing supply nationwide. According to NAR, total inventory grew 5.9% month-over-month and 10.3% year-over-year to 1.07 million units, for a 2.9 months' supply at the current sales pace. Buyer demand remains robust, and the limited supply of inventory helped push the median exiting-home sales price up 5.7% year-over-year to \$384,500, the eighth consecutive month of annual price increases.

Source: Southeast Minnesota REALTORS